



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
832 12th Street, Suite 600
Modesto, CA 95354
MAIL: P.O. Box 3150 Modesto 95353-3150

**Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org**

AGENDA

BOARD OF RETIREMENT
832 12th Street, Suite 600 – **Wesley W. Hall Board Room**
Modesto, CA 95354

**April 24, 2012
2:00 p.m.**

The Board of Retirement welcomes you to its meetings, which are regularly held on the second Wednesday and the fourth Tuesday of each month. Your interest is encouraged and appreciated.

CONSENT ITEMS: These matters include routine administrative actions and are identified under the Consent Items heading.

PUBLIC COMMENT: Matters under jurisdiction of the Board, may be addressed by the general public before or during the regular agenda. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined an emergency by the Board of Retirement. Any member of the public wishing to address the Board during the "Public Comment," period shall be permitted to be heard once up to three minutes. Please complete a Public Comment Form and give it to the Chair of the Board. Any person wishing to make a presentation to the Board must submit the presentation in written form, with copies furnished to all Board members. Presentations are limited to three minutes.

BOARD AGENDAS & MINUTES: Board agendas, Minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: www.stancera.org.

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection at StanCERA, 832 12th Street, Suite 600, Modesto, CA 95354, during normal business hours.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (209) 525-6393. Notification 72 hours prior to the meeting will enable StanCERA to make reasonable arrangements to ensure accessibility to this meeting.

1. Meeting Called to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
 - a. Approval of the April 11, 2012, Administrative Meeting Minutes [View](#)
 - b. StanCERA Complaint Log of January 1, 2012, through March 31, 2012 [View](#)
 - c. Approval of Death Benefit
 1. Robert Paris, Deceased April 12, 2012, Active Member, Option Pursuant to Government Code Section 31781

6. Semi-Annual Performance Report by Pyramis Global Advisors [View](#)
7. Semi-Annual Performance Report by LSV Asset Management [View](#)
8. Strategic Investment Solutions (SIS), Inc.
 - a. Monthly Performance Review for the Month Ending March 31, 2012 [View](#)
 - b. Report on “Top 10 Holdings” by StanCERA Investment Managers [View](#)
 - c. Discussion and Action on the Disposition of the Stop Loss on the RAFI Long Short Fund [View](#)
9. Executive Director
 - a. Update on Disposition of Lehman Brothers Holdings Within the Securities Lending Portfolio [View](#)
 - b. Discussion and Action Regarding Pension Cost Saving Measures [View](#)
10. Committee Reports & Recommendations and Action

STANDING COMMITTEES

- a. Internal Governance Committee – Maria De Anda, Chair
 - i. Discussion and Action on Adoption of Policies, Procedures and Guidelines [View](#)
11. Closed Session

Pursuant to Government Code Section 31532 regarding the confidentiality of member records, under the authority set forth in Government Code Section 54956.9 regarding litigation, and under the authority set forth in Government Code Section 54957, et seq., regarding the confidentiality of personnel records, the following disability retirement matter(s) will be heard in closed session. If a disability applicant present wishes to attend the session on his/her application, they may at this time request an open session hearing. If a member so elects, be advised open session rules apply: the general public may be present, notes will be taken, and minutes available to the general public will reflect the discussion held; and under the authority set forth in Government Code Section 54954.5, et seq., regarding the confidentiality of personnel records, the following matter(s) will be heard in closed session.

11. Closed Session (Cont.)

- a. Conference with Legal Counsel – Pending Litigation – One Case:
Voortman v. Stanislaus County Employees' Retirement Association
Court of Appeal of the State of California Fifth Appellate District
Case No. F062610
- b. In Re Bank of New York Mellon Corporation False Claims Act Foreign
Exchange Litigation, Ex rel. FX Analytics v. The Bank of New York Mellon
Corporation
U. S. District Court, Northern District, Case No. 3:11-cv-05683-JCS
- c. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, Santa Clara County
Superior Court Case No. 1-11-CV202224
- d. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Court of Appeal of the State of California Fifth Appellate District
Case No. F061439

12. Members' Forum (Information and Future Agenda Requests Only)

13. Adjournment



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
MAIL: P.O Box 3150, Modesto 95353-3150

Phone (209) 525-6393
Fax (209) 525-4334
www.stancera.org
e-mail: retirement@stancera.org

PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

April 11, 2012

Members Present: Maria De Anda, Jim DeMartini, Darin Gharat, Jeff Grover, Mike Lynch, Ron Martin, Michael O'Neal, Jegan Raja*, and Donna Riley

*Jegan Raja, Assistant Treasurer-Tax Collector representing G. Ford, Treasurer-Tax Collector

Alternate Member Present: Joan Clendenin, (Alternate Retiree Representative)

Members Absent: Gordon Ford*

Staff Present: Rick Santos, Executive Director
Kelly Cerny, Executive Board Secretary
Kathy Herman, Operations Manager
Jamie Borba, Retirement Specialist

Others Present: Kirin Virk, General Legal Counsel
Doris Foster, Chief Executive Office

1. Meeting called to order at 1:59 p.m. by Jim DeMartini, Chair.

2. **Roll Call**

3. **Announcements**

None.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Jeff Grover and seconded by Michael O'Neal to approve the following items as presented.

Motion carried.

a. Approval of the March 27, 2012, Investment Meeting Minutes

5. **Consent Items (Cont.)**

- b. Receipt of the Executive Director's 2012 1st Quarter Update of Goals and 2010-2012 Strategic Action Plan
- c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 - 1. Deborah Brasher, Superior Courts, 03-31-12
 - 2. Debra Bush, CSA, Effective 04-25-12
 - 3. Mary Green, CSA, Effective 03-30-12
 - 4. Kirk Gustafson, CEO, 03-31-12
 - 5. Leticia Huntley, CSA Effective 03-31-12
 - 6. James Hurley, BHRS, Effective 03-31-12
 - 7. Darlene Keuning, HSA, Effective 03-13-12
 - 8. Undine Larson, Sheriff, Effective 03-31-12
 - 9. Laurie Sergent Luna, Probation, Effective 03-30-12
 - 10. Donald Oppman, Assessor, Effective 03-31-12
 - 11. Wayne Staylon, Regional 911, Effective 03-21-12
 - 12. John Webb, Probation, Effective 03-24-12
- d. Approval of Deferred Retirement(s) – **Section 31700**
 - 1. Suzanne Yarberry, CSA, Effective 03-03-12
- e. Approval of Disability Retirement – **Section 31724**
 - 1. James Stephens, City of Ceres, Service-Connected, Effective 08-20-11

6. **Executive Director**

- a. Discussion and Action on the State Association of County Retirement Systems' (SACRS) Nominating Committee's Final Recommended Ballot for the 2012-2013 SACRS Board of Directors at the May 11, 2012, Annual SACRS' Business Meeting

Motion was made by Donna Riley and seconded by Michael O'Neal to accept the SACRS' Nominating Committee's Final Recommended Ballot for the 2012-2013 SACRS Board of Directors, and instruct StanCERA's voting delegate Darin Gharat, Vice Chair, and/or Maria DeAnda, the alternate voting delegate, to vote on StanCERA's behalf as they deem necessary, at the SACRS' May 11, 2012, business meeting.

Motion carried.

J. Clendenin arrived at 2:02 p.m.

- b. Board Study Session – The Discount Rate

7. **Closed Session (Cont.)**

- c. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Court of Appeal of the State of California Fifth Appellate District
Case No. F061439

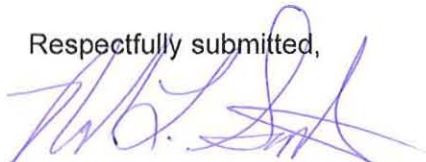
No action taken.

Item #8 Heard Out of Order

9. **Adjournment**

Meeting adjourned at 3:46 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
KIRIN K. VIRK, GENERAL LEGAL COUNSEL



Kirin K. Virk, General Legal Counsel



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
832 12th Street, Suite 600
Modesto, CA 95354
P.O. Box 3150 Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

04/24/12
Item #5b

April 18, 2012

REPORT

TO: Retirement Board Members
FROM: Kathy Herman, Operations Manager
SUBJECT: StanCERA Complaint Log

There were no (0) complaints logged from January 1 through March 31, 2012 in the StanCERA complaint log.

This is a decrease from 2 complaints logged in the prior quarter, which were both insurance related calls. Staff refers insurance related calls to BMTI, but complaints regarding health insurance are still recorded in our complaint log. Staff has been requested to log all complaints, but they do have discretion as to what should be logged. We will continue to update the Board on a quarterly basis providing copies of the complaints received during the previously completed quarter.

04/24/12
Item #6

Pyramis Global Advisors®

International Growth

April 24, 2012

PRESENTATION TO:
Stanislaus County Employees Retirement Association



Brian Hoesly, CFA
Institutional Portfolio Manager

Brian Higgins
Senior Account Executive

Sue Curran
Relationship Manager
401-292-4722
sue.curran@pyramis.com

Table of Contents

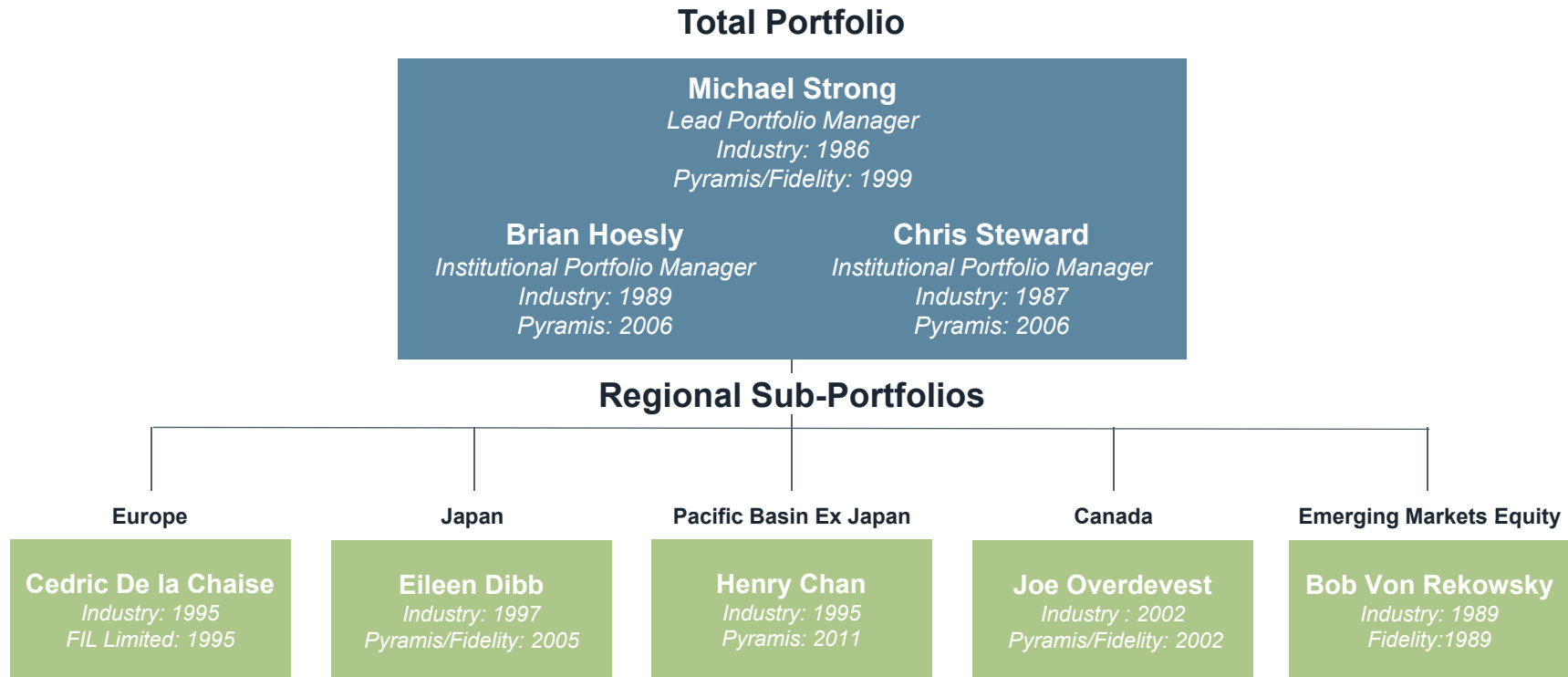
1. Pyramis International Growth Investment Process
2. Investment Performance & Positioning
3. Appendix
 - A. Important Information
 - B. Biographies

See "Important Information" for a discussion of performance data, some of the principal risks related to any of the investment strategies referred to in this presentation and other information related to this presentation.



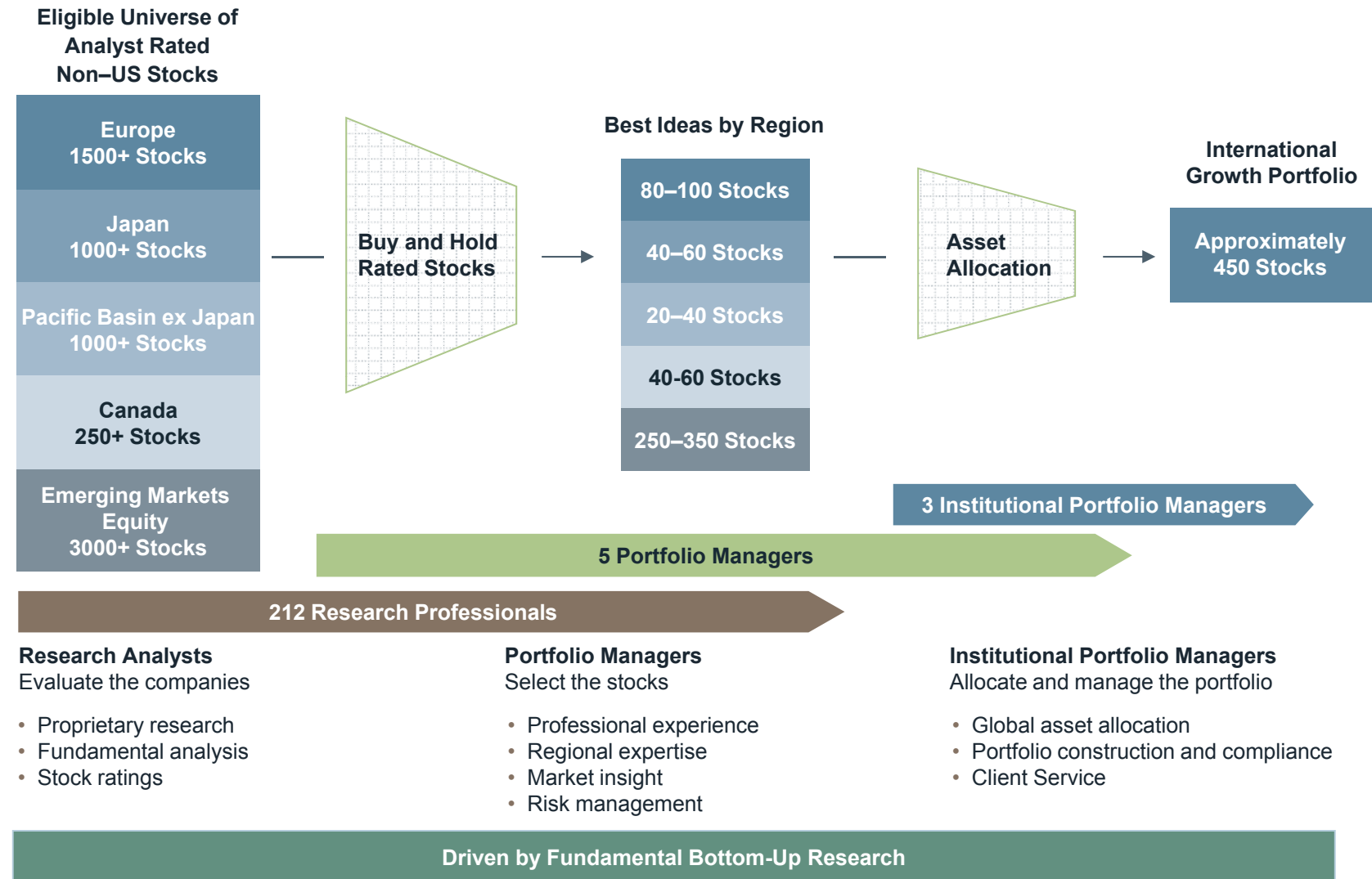
Pyramis International Growth Investment Process

Pyramis International Growth—Investment Team



Research resources described herein include the combined resources of Pyramis and Fidelity Investments. In addition to the above resources, Pyramis also has access to an additional 300 Portfolio Managers, Research Analysts and Associates, and Traders through FIL Limited.

Pyramis International Growth—Investment Process



For illustrative purposes only.

Research resources described herein include the combined resources of Pyramis and Fidelity Investments.

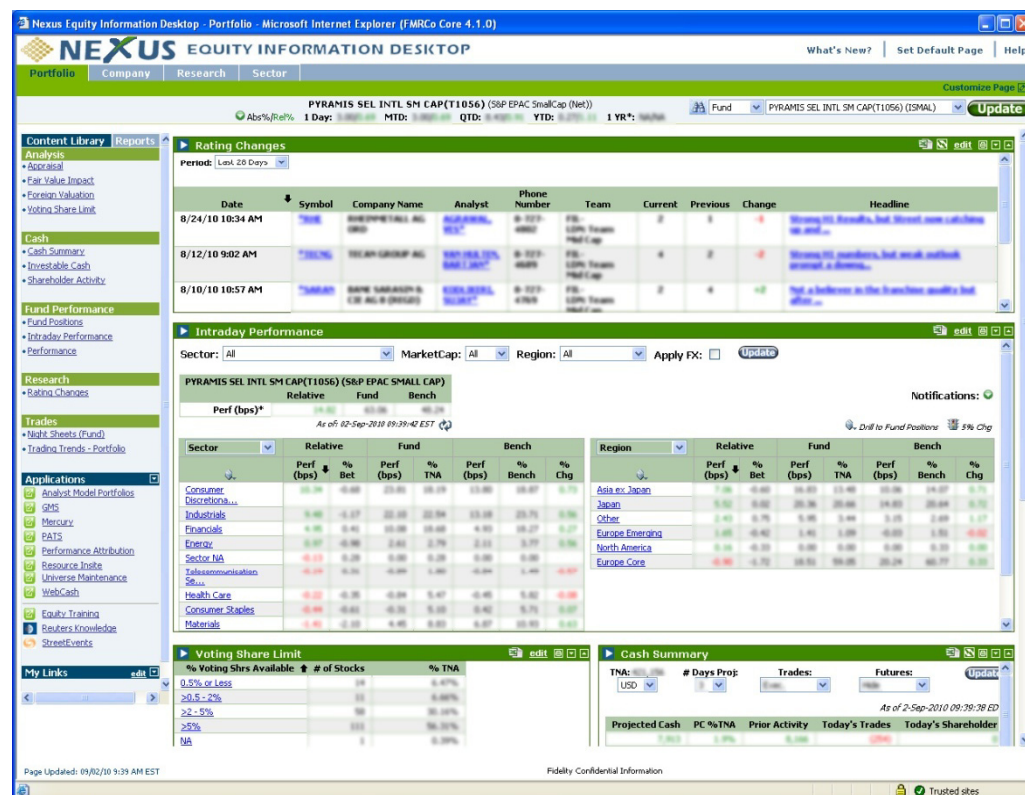
In addition to the above resources, Pyramis also has access to an additional 300 Portfolio Managers, Research Analysts and Associates, and Traders through FIL Limited.

Step 2: Stock Selection

Identify Best Ideas

Selection Process:

- Total return target based on proprietary 2–3 yr forward earnings potential and target valuation metrics
- Fundamental prospects:
 - Top line growth: volume, pricing
 - Operating profit margin evolution
 - Porter Competitive Analysis
 - Secular story tied to company
 - Potential for increasing cash flow
 - Management quality and use of capital
 - Balance sheet strength
 - Strategy and economics of M&A
 - Ownership structure
- Target valuation metrics for company fundamentals



Step 3: Portfolio Construction

Disciplined Portfolio Construction and Risk Management

Buy/Sell Discipline:

- Region, sector and liquidity exposures
- Return potential to target price = “upside”
- Seek to exit positions when full valuations are reached, investment thesis deteriorates or better potential elsewhere
- Monitor investment thesis
- Realization of catalysts
- Monitor liquidity and trade execution

Fund View - Global/Intnl						
Short Name	TE %	Beta	Fund Bas...	Market Capit...	ROA	LT Debt/Capital
ISMAL	4.90%	0.97%	USD			
FOEP	1.46%	0.98%	USD	40,839,007,458.7057	4.6996	35.8479
FCISC	3.53%	0.98%	CAD	1,724,474,848.1426	5.0154	22.8263
CHEVGRP	1.78%	0.98%	USD	42,015,566,237.1832	5.4190	35.5692

Trade	Risk Decomp	Risk Factor Model	GICS Sector	GICS Industry Group	GICS Industry	GICS Sub-Indus
Fund Factor Return & Exposure View: Risk Model - GEM2						
Factor	Fund Exp	Long Fund Exp	BM Exp	Rel Exp	Factor Returns %	
Momentum	0.1243	0.1243	0.1511	-(0.0268)	-(0.0224)	
Volatility	0.0615	0.0615	0.1153	-(0.0538)	0.2677	
Value	-(0.0865)	-(0.0865)	-(0.1893)	0.1028	-(0.6610)	

Trade	Risk Decomp	Risk Factor Model	GICS Sector	GICS Industry Group	GICS Industry	GICS Sub-Indus
Fund GICS Sector View						
GICS Sector	Fund Stoc...	BM Stock ...	Fund %	BM %	Rel %	Fund Ctr... Re
Energy	12	172	4.41	5.79	-(1.38)%	-(0.03)%
Materials	27	414	11.71	13.12	-(1.41)%	-(0.19)%
Industrials	43	736	21.02	22.68	-(1.66)%	-(0.20)%
Consumer Discretionary	35	583	17.83	17.66	0.16%	-(0.22)%
Consumer Staples	12	195	7.15	5.36	1.78%	-(0.06)%
Health Care	10	191	5.92	5.55	0.37%	-(0.04)%
Financials	32	535	16.88	17.03	-(0.14)%	-(0.14)%
Information Technology	19	358	9.88	9.18	0.70%	-(0.04)%
Telecommunication Services	3	28	1.35	1.32	0.03%	-(0.01)%
Utilities	6	68	2.99	2.20	0.79%	-(0.02)%
Undefined	0	9	0.00	0.09	-(0.09)%	0.00%
Cash	1	0	0.85	0.00	0.85%	0.00%

Pyramis International Growth—Investment Parameters

Factors	Parameters
Regional weights	Benchmark weight \pm 5.0%
Country weights	Benchmark weight \pm 5.0%
Industry group weights	Benchmark weight \pm 10.0%
Security weights	Benchmark weight \pm 3.0%
Market capitalization	Benchmark weighted average \pm 15.0%



Investment Performance & Positioning

Pyramis International Growth—Investment Results (Gross)

As of March 31, 2012

Portfolio/Index	Cumulative Return (%)		Annualized Return (%)			Inception Date	TNA (M)
	1Q12	1-Year	3-Year	5-Year	Since Inception		
Stanislaus IG – (G)	12.23	(5.68)	20.66	(0.21)	1.40	05/11/2006	\$126.23
Stanislaus IG – (N)	12.09	(6.16)	20.07	(0.71)	0.90		
MSCI AC World ex US (N)	11.23	(7.17)	19.12	(1.56)	0.35		
Active Return – Gross	1.00	1.49	1.54	1.35	1.05		
Active Return – Net	0.86	1.01	0.95	0.85	0.55		
Stanislaus IG – Europe (G)	14.34	(3.05)	19.95	(0.04)	2.07	05/11/2006	
MSCI Europe (N)	10.64	(7.68)	17.40	(4.08)	(1.09)		
Active Return	3.70	4.63	2.55	4.04	3.16		
Stanislaus IG – Japan (G)	10.10	1.05	13.78	(5.40)	(5.87)	05/11/2006	
MSCI Japan (N)	11.26	0.26	11.93	(5.20)	(4.91)		
Active Return	(1.16)	0.79	1.85	(0.20)	(0.96)		
Stanislaus IG – Pac ex-Japan (G)	10.14	(7.96)	24.67	3.45	7.46	05/11/2006	
MSCI Pac Basin ex Japan (N)	11.26	(5.57)	26.10	3.40	5.98		
Active Return	(1.12)	(2.39)	(1.43)	0.05	1.48		
Stanislaus IG – Canada (G)	5.94	(9.81)			8.03	12/02/2009	
MSCI Canada (N)	6.38	(13.75)			4.61		
Active Return	(0.44)	3.94			3.42		
Stanislaus IG – EME (G)	12.70	(11.44)	25.44	1.75	3.03	05/11/2006	
MSCI Emerging Markets (G)	14.08	(8.80)	25.07	4.67	5.38		
Active Return	(1.38)	(2.64)	0.37	(2.92)	(2.35)		

Performance shown is gross of any fees and expenses, including advisory fees, which when deducted will reduce returns.

Past performance is no guarantee of future results.

(N)= Net Dividend Withholding Taxes

Pyramis International Growth—Top Contributors and Detractors

Six Months Ended March 31, 2012

Top Contributors

Security	Portfolio Average Weight (%)	Benchmark Average Weight (%)	Relative Weight (%)	Relative Return (%)	Sector	Country
Lanxess	0.5	0.0	0.5	55.1	Materials	Germany
Telefonica	0.0	0.5	(0.5)	(27.1)	Telecom Services	Spain
WPP	0.6	0.1	0.5	32.1	Consumer Discretionary	United Kingdom
Saipem	0.6	0.1	0.5	29.6	Energy	Italy
Wolseley	0.6	0.1	0.5	21.6	Industrials	Switzerland

Top Detractors

Security	Portfolio Average Weight (%)	Benchmark Average Weight (%)	Relative Weight (%)	Relative Return (%)	Sector	Country
Mitsubishi Tanabe Pharma	0.3	0.0	0.3	(39.6)	Health Care	Japan
Rakuten	0.4	0.1	0.4	(25.1)	Consumer Discretionary	Japan
Suncor Energy	0.2	0.3	(0.2)	(12.6)	Energy	Canada
Itau Unibanco Holding	0.2	0.3	(0.1)	(18.5)	Financials	Brazil
JS Group	0.3	0.0	0.2	(39.9)	Industrials	Japan

Past performance is no guarantee of future results. Holdings data shown does not represent all of the securities purchased, sold or recommended to clients and may change at any time. Portfolio weights are rounded and a zero weight represents either no holding or a very small weight.

Benchmark: MSCI AC World ex US (N)Index

Client data shown.



Fidelity Asset Management™

Pyramis International Growth—Sector Attribution

Six Months Ended March 31, 2012

Sector	Relative Weight (%) Rescaled	Stock Selection (Bps)	Sector Selection (Bps)	Total Contribution (Bps)
Telecommunication Services	(0.8)	48.8	2.0	50.8
Materials	0.2	48.6	(4.5)	44.1
Energy	1.1	42.0	0.6	42.6
Utilities	(1.0)	24.2	11.5	35.7
Industrials	0.6	28.4	0.3	28.6
Financials	(1.3)	21.8	(4.8)	17.0
Health Care	(0.2)	15.2	1.5	16.7
Information Technology	(0.5)	14.1	1.8	15.9
Consumer Discretionary	2.1	(3.0)	9.2	6.2
Consumer Staples	(0.1)	(15.9)	(3.8)	(19.7)

Benchmark: MSCI AC World ex US (N) Index
 Past performance is no guarantee of future results.
 Client data shown.

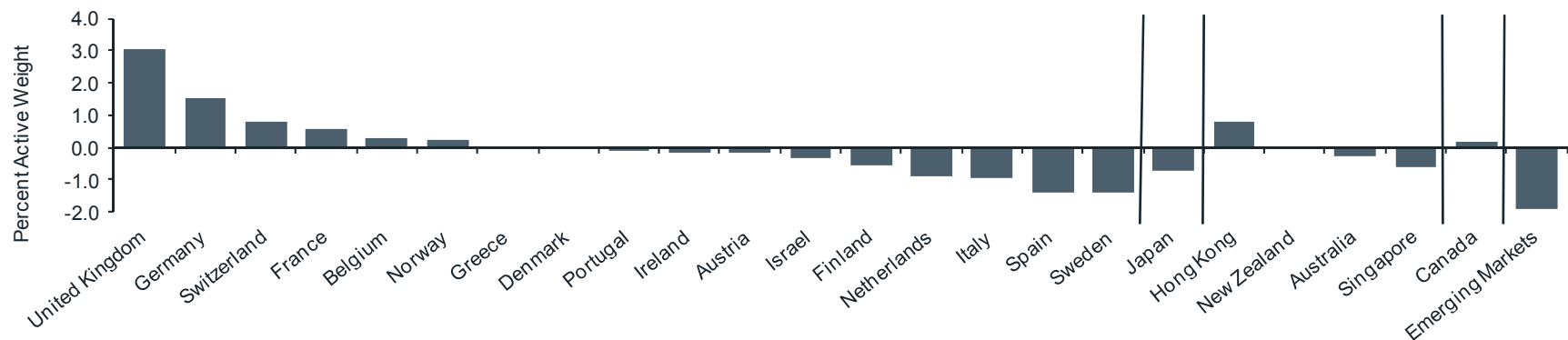
Pyramis International Growth—Regional and Country Allocations

As of March 31, 2012

Regional Allocation

	Portfolio Weight (%)	MSCI AC World ex US (N) (%)	Difference
Europe	45.6	44.1	1.6
Japan	14.2	14.7	(0.5)
Pacific ex Japan	9.1	9.0	0.1
Canada	8.5	8.0	0.4
Emerging Markets	22.6	24.2	(1.6)

Active Weight Versus Index* (%)

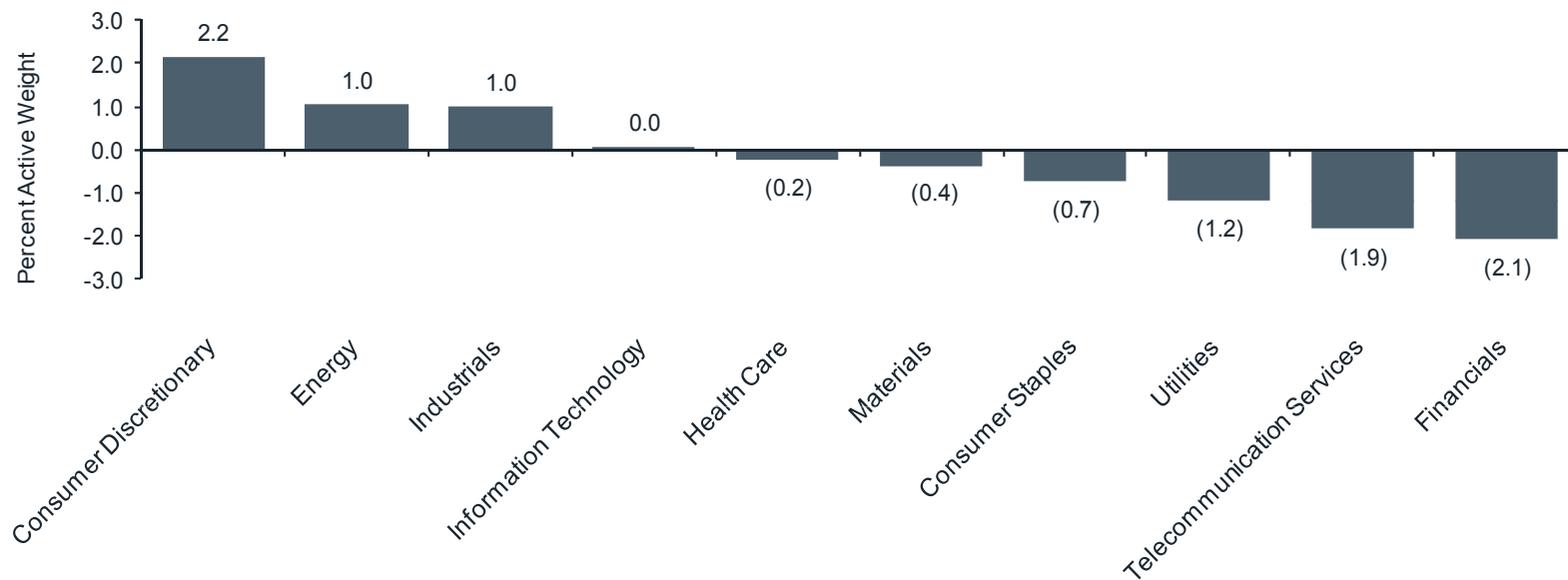


*Relative to the MSCI AC World ex US (N) Index
Client data shown.

International Growth—Sector Active Weights

As of March 31, 2012

Active Weight Versus Index* (%)



*Relative to the MSCI AC World ex US (N) Index
Client data shown.

Pyramis International Growth—Top 10 Active Weights

As of March 31, 2012

Holdings	Top 10 Positive Active* (%)
Xstrata	0.6
Wolseley	0.6
WPP	0.6
UBS	0.6
Allianz	0.5
Lanxess	0.5
Saipem	0.5
SAP	0.5
International Power	0.5
Sanofi	0.5
Total	5.4

Holdings	Top 10 Negative Active* (%)
Novartis	(0.8)
Total	(0.7)
Rio Tinto	(0.5)
Telefonica	(0.4)
Banco Santander	(0.4)
Bank of Nova Scotia	(0.4)
Diageo	(0.4)
Standard Chartered	(0.4)
AstraZeneca	(0.4)
Eni	(0.4)
Total	(4.8)

*Relative to the MSCI AC World ex US (N) Index

Past performance is no guarantee of future results. Not representative of manager's entire portfolio or all recommendations.

Not a recommendation or offer to buy or sell securities.

Client data shown.



Appendix

Important Information

Read this important information carefully before making any investment. Speak with your relationship manager if you have any questions.

Risks

Past performance is no guarantee of future results. An investment may be risky and may not be suitable for an investor's goals, objectives and risk tolerance. Investors should be aware that an investment's value may be volatile and any investment involves the risk that you may lose money.

The value of a strategy's investments will vary day to day in response to many factors, including in response to adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

The performance of international strategies depends upon currency values, political and regulatory environments, and overall economic factors in the countries in which they invest. Foreign markets, particularly emerging markets, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. The risks are particularly significant for strategies that focus on a single country or region.

These materials contain statements that are "forward-looking statements," which are based on certain assumptions of future events. Forward-looking statements are based on information available on the date hereof, and Pyramis does not assume any duty to update any forward looking statement. Actual events may differ from those assumed. There can be no assurance that forward-looking statements, including any projected returns, will materialize or that actual market conditions and/or performance results will not be materially different or worse than those presented.

Performance Data

Unless otherwise indicated performance data shown is client data. Performance data is generally presented gross of any fees and expenses, including advisory fees, which when deducted will reduce returns. All results reflect realized and unrealized appreciation and the reinvestment of dividends and investment income, if applicable. Taxes have not been deducted. In conducting its investment advisory activities, Pyramis utilizes certain assets, resources and investment personnel of FMR Co., which does not claim compliance with the Global Investment Performance Standards (GIPS®).

Important Information, continued

If representative account information is shown, it is based on an account in the subject strategy's composite that generally reflects that strategy's management and is not based on performance.

Index or benchmark performance shown does not reflect the deduction of advisory fees, transaction charges and other expenses, which if charged would reduce performance. Investing directly in an index is not possible.

*

*

*

*

The business unit of Pyramis Global Advisors (Pyramis) consists of: Pyramis Global Advisors Holdings Corp., a Delaware corporation; Pyramis Global Advisors Trust Company, a non-depository limited purpose trust company (PGATC); Pyramis Global Advisors, LLC, a U.S. registered investment adviser (PGA LLC); Pyramis Global Advisors (Canada) ULC, an Ontario registered investment adviser; Pyramis Global Advisors (UK) Limited, a U.K. registered investment manager (Pyramis-UK); Pyramis Global Advisors (Hong Kong) Limited, a Hong Kong registered investment adviser (Pyramis-HK); Pyramis Distributors Corporation LLC, a U.S. registered broker-dealer; and Fidelity Investments Canada ULC, an Alberta corporation (FIC). Investment services are provided by PGATC, PGA LLC, Pyramis Global Advisors (Canada) ULC, Pyramis-UK and/or Pyramis-HK.

"Fidelity Investments" refers collectively to FMR LLC, a US company, and its subsidiaries, including but not limited to Fidelity Management & Research Company (FMR Co.), and Pyramis. "FIL Limited" refers collectively to FIL Limited, a non-US company, and its subsidiaries.

"Fidelity" refers collectively to Pyramis and Fidelity Investments.

Certain data and other information in this presentation have been supplied by outside sources and are believed to be reliable as of the date of this document. Data and information from third-party databases, such as those sponsored by eVestment Alliance and Callan, are self-reported by investment management firms that generally pay a subscription fee to use such databases, and the database sponsors do not guarantee or audit the accuracy, timeliness or completeness of the data and information provided including any rankings. Rankings or similar data reflect information at the time rankings were retrieved from a third-party database, and such rankings may vary significantly as additional data from managers are reported. Pyramis has not verified and cannot verify the accuracy of information from outside sources, and potential investors should be aware that such information is subject to change without notice. Information is current as of the date noted.

Pyramis has prepared this presentation for, and only intends to provide it to, institutional, sophisticated and/or qualified investors in one-on-one or comparable presentations. Do not distribute or reproduce this report.

Third party trademarks and service marks are the property of their respective owners. All other trademarks and services marks are the property of FMR LLC or its affiliated companies. Pyramis does not provide legal or tax advice and we encourage you to consult your own lawyer, accountant or other advisor before making an investment.

Not FDIC Insured • No Bank Guarantee • May Lose Value

Biographies

Chris Steward, CFA

Institutional Portfolio Manager

Chris Steward is an institutional portfolio manager at Pyramis Global Advisors, a unit of Fidelity Investments. He is a member of the portfolio management teams for the Pyramis International Growth and Select International Small Cap strategies.

Prior to joining Pyramis in 2006, Chris was a vice president and portfolio advisor at Wellington Management. In that role, he conducted investment reviews with prospects and clients on a broad range of equity, fixed income, and asset allocation products. Chris also worked with the global asset allocation group at Putnam Investments, served as a portfolio manager for five years in the global bond group at Scudder, Stevens & Clark, and was an analyst in various capacities with the Federal Reserve Bank of New York for five years.

Chris earned a Bachelor of Arts degree from Vassar College and a Master of Arts degree in Economics from Cambridge University in England. In addition to being a Chartered Financial Analyst charterholder, Chris also has authored and co-authored numerous texts on international investing, one of which is a required reading for Level III of the CFA program.

Brian Hoesly, CFA

Institutional Portfolio Manager

Brian Hoesly is an institutional portfolio manager at Pyramis Global Advisors, a unit of Fidelity Investments. He is a member of the portfolio management teams for the Pyramis International Growth, International Value, Global Equity Market Neutral and U.S. Equity Market Neutral strategies.

Prior to joining Pyramis in 2006, Brian was vice president at Wellington Management, working with clients invested in multiple strategies, including international equities and asset allocation. He actively conducted portfolio reviews on a wide array of strategies articulating performance, process, holdings, and investment themes on behalf of portfolio management teams.

Prior to that, he served in the product and investment areas of Mellon Trust, the global data research group at Interactive Data Corporation, and with Kidder, Peabody & Co., Inc. He has more than 19 years of investments industry experience.

Brian earned a Bachelor of Science degree from the University of Wisconsin and a Master's degree in Business Administration from Boston University. He is a Chartered Financial Analyst charterholder and a member of the Boston Securities Analysts Society.

Biographies

Eileen M. Dibb, CFA

Portfolio Manager

Eileen Dibb is a portfolio manager at Pyramis Global Advisors, a unit of Fidelity Investments. She manages Japan equity portfolios including the Japan portion of the Pyramis International Growth strategy.

Prior to assuming her current role at Pyramis, Eileen was responsible for researching and analyzing Asian stocks for a global equity portfolio managed by Fidelity Investments. Prior to joining Fidelity in 2005, Eileen was vice president and regional analyst at Wellington Management Company, where she managed dedicated Japan portfolios. Prior to joining Wellington in 1999, she was an international equity analyst at DuPont Pension Fund, beginning in 1997. Eileen also served in a number of roles at The Dai-ichi Mutual Life Insurance Company from 1992 through 1996.

Eileen earned a Bachelor of Arts degree in International Relations and Japanese Studies from Bucknell University and a Master of Business Administration degree from The Wharton School at the University of Pennsylvania. She completed a program of study at the Center for Japanese Studies at Nanzan University in Nagoya, Japan and is fluent in Japanese. She is a Chartered Financial Analyst (CFA) charterholder, and is a former board member of the Boston Security Analysts Society.

Henry Chan, CPA, CFA

Portfolio Manager

Henry Chan is a portfolio manager at Pyramis Global Advisors, a unit of Fidelity Investments. In this role, Henry is responsible for managing investment strategies focused on the Pacific Basin region.

Prior to joining Pyramis in 2011, Henry was a portfolio manager responsible for Asian investment policy at Baring Asset Management beginning in 2004 where, most recently, he was head of the Asia investment team with specialist research responsibilities on Greater China markets. He had the lead role in Baring's Asian institutional mandates and flagship retail products. At the specialist level, Henry managed the Greater China Fund Inc, a US listed closed end fund, and co-managed the Baring China Absolute Return Fund and Baring Korea Trust. Prior to joining Baring Asset Management he worked at Invesco (formerly LGT) where he handled a number of Pacific Basin (including Japan) and Asia ex Japan portfolios. He has specialist experience in a number of markets including Taiwan, Hong Kong, China, Korea and Japan. He was also the lead fund manager of INVESCO Asia NET Fund, INVESCO GT Taiwan Fund and a number of Greater China portfolios.

Henry earned a Bachelor's degree from the London School of Economics and Political Science in 1992. He is a Certified Professional Accountant and a CFA charterholder. Henry speaks fluent English, Cantonese and Mandarin.

Biographies

Michael C. Strong

Institutional Portfolio Manager

Mike Strong is an institutional portfolio manager at Pyramis Global Advisors, a unit of Fidelity Investments. He is lead portfolio manager for the Pyramis International Growth strategy.

Prior to assuming his current role, Mike was an investment director responsible for Fidelity's institutional international equity strategies. Prior to joining Fidelity in 1998, he spent almost 10 years as a senior investment consultant at Watson Wyatt in London. Prior to that, Mike was the investment manager for Ford Motor Company's European Pension Plans.

Mike earned a Bachelor of Arts degree in Economics from the University of Manchester, England.

Cedric De La Chaise

Portfolio Manager, European Equities

Cedric is a Portfolio Manager in the European Equities Group at FIL Limited. Based in London, he is responsible for managing pan-European equity portfolios on behalf of institutional clients. Prior to assuming his current role, he was an assistant portfolio manager for Fidelity's European Growth fund. Previously, Cedric served as sector leader for the Consumer Team and managed the Global Consumer Sector Fund, was a sector leader for European Financials, and worked as an equity analyst covering European media, insurance, retailers, and micro-cap stocks. He joined FIL Limited in 1995.

Cedric earned his M.Sc. from Warwick Business School.

Biographies

Joe Overdevest

Portfolio Manager

Joe Overdevest is a portfolio manager for the Canadian Focused Equity strategy, the Canadian equity sub-portfolio of Pyramis International Growth strategy, and Fidelity Global Fund. He is a co-portfolio manager of Fidelity Global Natural Resources Fund and the equity sub-portfolio of the Fidelity Canadian Asset Allocation Fund. He is also co-portfolio manager of Pyramis Canadian Systematic Equity at Pyramis Global Advisors, a Fidelity Investments company.

Prior to assuming his current role, Joe was a research analyst with Team Canada, the research and portfolio management team for investment products sold through Fidelity Investments Canada ULC. Previous areas of coverage include: Canadian oil and gas, diversified financials, telecommunications, retail, consumer durables, and automotive parts.

Joe earned a Bachelor of Business Administration honors degree from Wilfrid Laurier University.

Bob von Rekowsky

Portfolio Manager

Bob manages all of Fidelity's emerging markets equity funds. He also manages several institutional and retail funds available to domestic and overseas investors.

Bob joined Fidelity's Fixed Income Division in 1989. In 1995, he moved along with the emerging markets debt group into the company's high income division as a sovereign debt analyst. Bob continued in that role while working out of Fidelity's London office from 1996 to mid-1998, when he then transitioned into European equity research. From mid-1998 to 2002, Bob split his time as a research analyst between Emerging and pan-European equities. During that time, Bob was sector leader for emerging markets in London.

From 2002 to 2004, Bob was an associate fund manager for the emerging markets funds, responsible for the EMEA region. In January 2004, Bob relocated to Boston to take over management of all of Fidelity's global emerging market equity funds. Bob received his B.A. from the University at Albany, SUNY, his M.A. from Northeastern University, and his M.S. in Finance from Brandeis University. Bob is a member of the Boston Economic Club, the Boston Committee on Foreign Relations and World Boston. He is also a coordination board member for the Armenia 2020 project.

Bob authored "Investor's Outlook" in Russian Investment Review's June to October 2003 edition. He was voted "Best of the Buyside" in Institutional Investor magazine in 2001, 2002 and 2003.

Biographies

Brian Higgins

Senior Account Executive

Brian Higgins is a senior account executive at Pyramis Global Advisors, a unit of Fidelity Investments. In this role, Brian is responsible for account management and serves as the day-to-day contact for public and private institutional clients, as well as endowment and foundation clients.

Prior to assuming his current role, Brian held various positions at Fidelity Pricing and Cash Management Services and Fidelity Management Trust Company. Prior to joining Fidelity in 1999, Brian served in the accounting operations group at First Data Investor Services Group, 440 Financial and State Street Bank. He has more than 17 years of investment industry experience.

Brian earned a Bachelor of Arts degree from Stonehill College. He holds the Financial Industry Regulatory Authority (formerly NASD) Series 7 and 63 licenses.

Sue Curran

Senior Vice President, Relationship Manager

Sue Curran is a senior vice president and relationship manager at Pyramis Global Advisors, a unit of Fidelity Investments.

Prior to assuming her current role, she was a director at Deutsche Asset Management, responsible for covering public funds in the western region of the U.S. Before joining Deutsche Asset Management, Sue was a vice president of public funds at Bank of America. Prior to that, she held various management and sales positions at Merrill Lynch. Sue has over 21 years of experience.

Sue earned a Bachelor of Arts degree from Wheaton College. She holds the Financial Industry Regulatory Authority (formerly NASD) Series 7 and 63 licenses.

Stanislaus County Employees'
Retirement Association

April 24, 2012

Keith Bruch, CFA
Partner & Director, Client Portfolio Services
(312) 460-2336

Bhaskaran Swaminathan, Ph.D.
Partner & Director of Research
(312) 327-5103

Organizational Update

- ◆ LSV'S KEY ORGANIZATIONAL STRENGTHS:
 - ◆ ACADEMIC FOUNDATION
 - ◆ 25+ YEARS OF RESEARCH
 - ◆ SUCCESSFULLY APPLIED MODELS FOR OVER 15 YEARS
 - ◆ VALUE EQUITY FOCUS – OUR SOLE BUSINESS
 - ◆ CONSISTENCY OF PEOPLE, PHILOSOPHY & PORTFOLIO
 - ◆ EMPLOYEE OWNERSHIP
- ◆ ALL STRATEGIES BUILT FROM SAME INVESTMENT MODEL
 - ◆ \$64.9 BILLION IN FIRMWIDE ASSETS UNDER MANAGEMENT
 - ◆ \$14.7 BILLION IN INTERNATIONAL LARGE CAP VALUE ASSETS
 - ◆ LIMITED CAPACITY OFFERINGS

U.S.

Large Cap Value
Mid Cap Value (Closed)*
Small/ Mid Cap Value (Closed)*
Small Cap Value (Closed)*
Micro Cap Value (Closed)*
S&P 500 Enhanced
Russell 1000 Value Enhanced
Managed Volatility

Non-U.S.

Large Cap Value
Small Cap Value (Closed)
Europe Small Cap Value (Closed)
Japan Small Cap Value (Closed)
Global Value
Emerging Markets Value (Closed)
MSCI EAFE Enhanced
MSCI World Enhanced

* Select Strategies Open to Existing Clients

Organizational Structure

Portfolio Services

James Owens
Partner & Director
Client Portfolio Svcs.

Keith Bruch, CFA
Partner & Director
Client Portfolio Svcs.

Peter Young, CFA
Partner & Director
Client Portfolio Svcs.

Scott Kemper
Partner & Director
Client Portfolio Svcs.

Paul Halpern, Ph.D.
Director, Client
Portfolio Svcs., Canada

David Beata
Partner & Senior Analyst
Client Portfolio Svcs.

Marketing

Jason Ciaglo
Partner & Director
Business Development

Eamon McGuinness
Consultant
Taft-Hartley Sales & Svcs.

Marisa Rosenblatt
Senior Client Services
Analyst

Jessica Deely
Jennifer Horowitz
Summer Rottinger
Client Services Analysts

Research & Portfolio Construction

Menno Vermeulen, CFA
Partner
Portfolio Manager
Senior Quantitative Analyst

Puneet
Mansharamani, CFA
Partner, Portfolio Manager,
Senior Quantitative Analyst

Bala Ragothaman, CFA
Partner
Senior Quantitative Analyst

Titus Liu
Systems Analyst

Greg Sleight
Partner
Quantitative Analyst

Guy Lakonishok, CFA
Quantitative Analyst

Bhaskaran
Swaminathan, Ph.D.
Partner
Director of Research

Jason Karceski, Ph.D.
Partner
Senior Research Analyst

Han Qu
Partner
Senior Research Analyst

Simon Zhang, CFA
Partner
Senior Quantitative Analyst

Louis K.C. Chan, Ph.D.
Academic Advisor
Professor of Finance
University of Illinois

Dan Givoly, Ph.D.
Academic Advisor
Chair, Dept. of Accounting
Penn State University

Operations & Compliance

Tremaine Atkinson, Partner
Chief Operating Officer
Chief Compliance Officer

Trading

Eric Miller
Partner
Senior Trader

Dan Newman
Partner
Senior Trader

Kevin Phelan
Partner
Trader

Claude O'Malley
Assistant Trader

Brian Weber
Operations Specialist

Compliance

Leslie Kondziola
Compliance Officer,
Legal Services Manager

Barry Garrett
Compliance Analyst

Operations

Tracy Bolger
Partner
Operations Manager

Jill Pusateri
Portfolio Compliance
Manager

Rajeev Uppalapati
Systems Analyst

Monika Quinn
Portfolio Accounting
Manager

Gloria Balta
Beth Chambers
Kris Lewis
Lisa Lewis
Mirrin McDougald
Laura Nelson
Portfolio Accountants

Bus. Mgmt.

Tanya Kregul
Business Manager

Relationship Summary

Stanislaus County Employees' Retirement Association

Investment Strategy:	International Large Cap Value Equity		<u>Portfolio Growth</u>
Inception Date:	September 14, 2004	Beginning Value - 9/14/04:	\$ 81,163,381
Initial Funding:	\$81,163,381	Net Contributions/Withdrawals:	\$ (27,100,000)
Custodian:	Mellon	Return on Investment:	\$ 68,030,547
Consultant:	Strategic Investment Solutions	Ending Value - 3/31/12:	<u>\$ 122,093,928</u>
Benchmark:	MSCI ACWI Ex U.S.		
Restrictions:	None		

Objectives/Investment Process:

The objective of our International Large Cap Value Equity strategy is to outperform the benchmark by at least 250 basis points (gross of fees) per annum over a full investment cycle. LSV will attempt to meet this performance objective with a tracking error of approximately 5-6% relative to the Index.

The process used to select stocks is a **quantitative** approach developed by our founding partners through years of academic research on a variety of investment and investor behavior topics. The process ranks a broad universe of stocks on a combination of **value and momentum** factors and seeks to invest approximately 150-175 stocks in the most attractive securities possible within our strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio will be **broadly diversified** across industry groups and **fully invested** (cash balances are typically less than 1% of the portfolio). Initial positions must be in stocks with a market capitalization greater than \$500 million.

Market Update

	Periods Ending 3/31/2012					
<u>Large Cap International Indices</u>	<u>1Q12</u>	<u>1 Yr</u>	<u>2 Yrs</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
MSCI EAFE	10.9%	-5.8%	2.0%	17.1%	-3.5%	5.7%
MSCI EAFE Value	9.7%	-7.8%	-0.1%	16.5%	-5.2%	5.8%
MSCI ACWI Ex-U.S.	11.2%	-7.2%	2.5%	19.1%	-1.6%	7.4%
MSCI World Ex-U.S.	10.4%	-6.6%	2.1%	17.6%	-3.0%	6.1%
MSCI EAFE (Local)	10.2%	-4.1%	-1.4%	12.1%	-5.4%	1.5%
MSCI EAFE Value vs Growth Spread:	-2.3%	-4.1%	-4.2%	-1.2%	-3.3%	0.3%
<u>Small Cap International Indices</u>						
S&P Developed ex US Small Cap	13.6%	-7.4%	6.1%	23.9%	-2.4%	9.8%
S&P Developed ex US Small Cap Value	14.0%	-7.8%	5.9%	23.8%	-2.5%	10.9%
Value vs Growth Spread:	0.9%	-0.9%	-0.5%	-0.2%	-0.3%	2.2%
<u>Emerging Markets Indices</u>						
MSCI Emerging Markets	14.1%	-8.8%	3.9%	25.1%	4.7%	14.1%
MSCI Emerging Markets Value	14.4%	-8.7%	4.2%	26.0%	6.5%	16.0%
Value vs Growth Spread:	0.6%	0.3%	-5.0%	1.8%	3.6%	3.8%
<u>Comparative U.S. Indices</u>						
S&P 500	12.6%	8.5%	12.0%	23.4%	2.0%	4.1%
Russell 2000	12.4%	-0.2%	12.1%	26.9%	2.1%	6.5%

All returns are in USD; periods longer than one year are annualized.

International Value Equity Investment Performance

Periods Ended March 31, 2012

Assets Managed: \$122,093,928

<u>LSV International Value Equity</u>	<u>1Q12</u>	<u>6 Mo.</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>Return Since Inception*</u>
Stanislaus County Portfolio- Gross	11.2%	15.8%	-7.0%	23.6%	-1.7%	5.5%	7.4%
Stanislaus County Portfolio- Net	11.0%	15.4%	-7.6%	22.8%	-2.4%	4.8%	6.8%
MSCI ACWI Ex US	11.2%	15.4%	-7.2%	19.1%	-1.6%	5.1%	6.8%
MSCI ACWI Ex US Value	10.7%	14.4%	-8.1%	19.4%	-2.4%	4.6%	6.5%

Calendar Years

<u>LSV International Value Equity</u>	<u>YTD 2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004*</u>
Stanislaus County Portfolio- Gross	11.2%	-12.3%	13.4%	48.6%	-47.9%	12.0%	32.2%	16.0%	16.9%
Stanislaus County Portfolio- Net	11.0%	-12.9%	12.7%	47.7%	-48.3%	11.4%	31.4%	15.3%	16.7%
MSCI ACWI Ex US	11.2%	-13.7%	11.2%	41.5%	-45.5%	16.7%	26.7%	16.6%	15.6%
MSCI ACWI Ex US Value	10.7%	-13.2%	7.8%	44.3%	-45.5%	12.3%	29.8%	16.4%	16.2%

*Inception Date: 9/15/2004

Note: All returns are in USD; indices shown net of withholding taxes. Periods greater than one year are annualized.

Value Equity

Investment Specialists

Sector Attribution

6 Months Ending March 31, 2012

Sector	Avg. Portfolio Weight	Avg. Bench Weight	Weight Diff.	Port Return	Bench Return	Return Diff.	Sector Selection	Stock Selection	Total Effect
Utilities	4.30%	4.11%	0.19%	25.12	4.64	20.48	-0.01	0.87	0.86
Financials	23.67%	23.28%	0.38%	20.50	16.94	3.57	0.01	0.84	0.85
Materials	9.78%	12.08%	-2.30%	17.89	12.70	5.19	0.03	0.53	0.57
Consumer Discretionary	6.25%	9.18%	-2.93%	24.73	19.17	5.56	-0.10	0.29	0.19
Industrials	9.85%	10.54%	-0.69%	17.95	18.44	-0.48	-0.02	-0.05	-0.07
Energy	14.53%	11.46%	3.08%	17.68	19.78	-2.11	0.18	-0.30	-0.12
Consumer Staples	5.91%	9.77%	-3.85%	13.97	16.08	-2.12	0.00	-0.14	-0.14
Health Care	8.34%	6.92%	1.41%	7.22	11.63	-4.41	-0.07	-0.39	-0.46
Information Technology	6.47%	6.53%	-0.05%	12.77	20.47	-7.70	-0.01	-0.50	-0.51
Telecommunication Services	10.90%	6.14%	4.76%	2.49	4.23	-1.74	-0.56	-0.19	-0.75
TOTAL	100.00%	100.00%		15.95	15.54	0.41	-0.54	0.96	0.41

1 Year Ended March 31, 2012

Sector	Avg. Portfolio Weight	Avg. Bench Weight	Weight Diff.	Port Return	Bench Return	Return Diff.	Sector Selection	Stock Selection	Total Effect
Industrials	9.62%	10.72%	-1.10%	-2.79	-9.17	6.38	0.04	0.61	0.65
Energy	14.09%	11.35%	2.73%	-6.64	-11.07	4.42	-0.01	0.59	0.57
Utilities	4.46%	4.13%	0.34%	0.82	-11.61	12.43	0.02	0.49	0.51
Health Care	7.97%	6.61%	1.36%	7.55	8.80	-1.24	0.17	-0.08	0.08
Telecommunication Services	10.38%	5.94%	4.44%	-5.39	-4.47	-0.92	0.13	-0.12	0.01
Consumer Discretionary	5.87%	9.11%	-3.25%	4.50	1.96	2.55	-0.29	0.14	-0.15
Materials	10.50%	12.51%	-2.01%	-21.64	-17.35	-4.29	0.26	-0.45	-0.18
Financials	24.16%	23.86%	0.30%	-12.81	-11.41	-1.40	-0.02	-0.36	-0.37
Information Technology	6.79%	6.47%	0.32%	-15.58	-2.51	-13.07	0.00	-0.91	-0.92
Consumer Staples	6.16%	9.30%	-3.13%	4.32	13.05	-8.73	-0.47	-0.49	-0.96
TOTAL	100.00%	100.00%		-7.34	-6.55	-0.78	-0.18	-0.59	-0.77

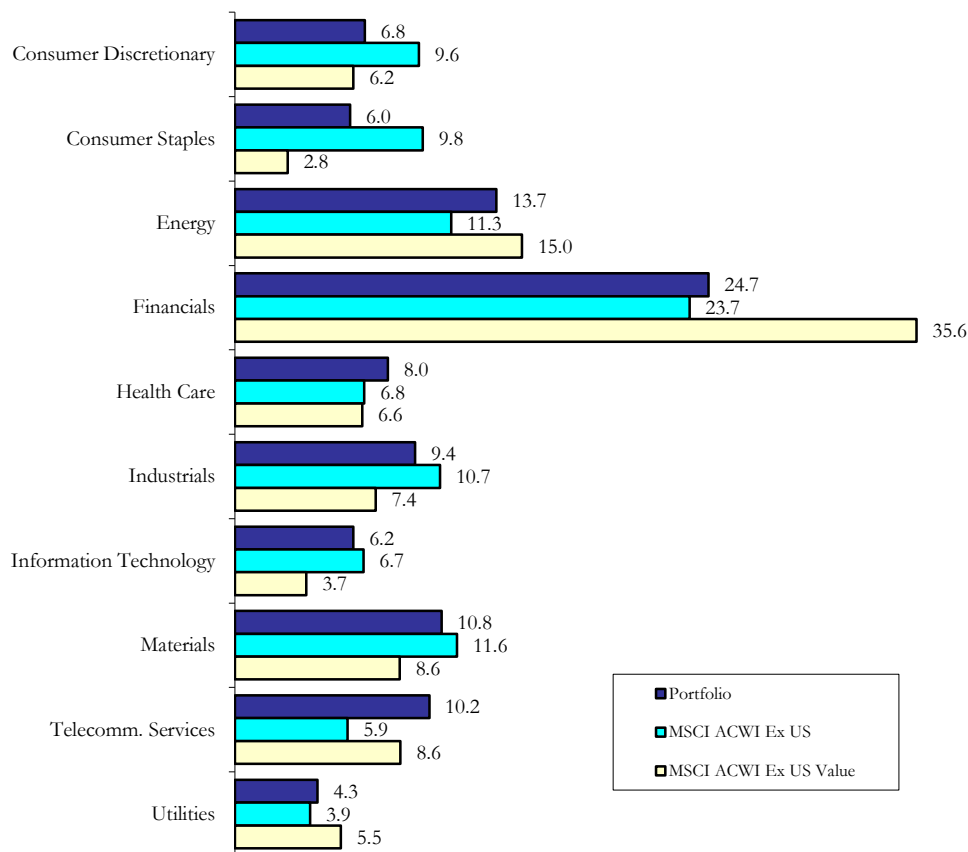
Portfolio Characteristics

International Large Cap Value As of 3/31/12

	<u>Stanislaus Portfolio</u>	<u>MSCI ACWI Ex US</u>	<u>MSCI ACWI Ex US Value</u>
Price / Earnings (FY1)	9.5x	12.8x	11.1x
Price / Earnings (FY2)	8.7x	11.5x	10.1x
Price / Cash Flow	5.1x	7.6x	5.8x
Price / Book	1.1x	1.5x	1.1x
Dividend Yield	4.2%	3.2%	4.0%
Weighted Average Market Cap	\$39.8 billion	\$51.4 billion	\$57.3 billion
Weighted Median Market Cap	\$15.3 billion	\$29.7 billion	\$32.8 billion

Portfolio Characteristics

Diversification by Sector as of 3/31/12



Top Ten Holdings as of 3/31/12

<u>DESCRIPTION</u>	<u>% PORT.</u>
ROYAL DUTCH SHELL PLC	2.7%
SANOFI	1.9%
CHINA PETROLEUM & CHEMICAL CORP	1.5%
ASTRAZENECA	1.5%
CIA SANEAMENTO BASICO DE	1.5%
NOVARTIS AG	1.4%
ENI SPA	1.4%
OLD MUTUAL PLC	1.4%
BASF AG NPV	1.4%
ALLIANZ AG	1.3%

Country Weights

Developed Countries	Stanislaus Portfolio	MSCI ACWI Ex US	MSCI ACWI Ex US Value	Emerging Countries	Stanislaus Portfolio	MSCI ACWI Ex US	MSCI ACWI Ex US Value
Australia	5.04	5.69	5.91	Brazil	4.15	3.54	3.57
Austria	1.27	0.17	0.30	Chile	0.00	0.44	0.46
Belgium	0.68	0.70	0.45	China	3.48	4.10	4.19
Canada	7.03	8.00	8.28	Colombia	0.00	0.26	0.26
Denmark	0.23	0.78	0.19	Czech Republic	0.00	0.08	0.08
Finland	0.63	0.60	0.74	Egypt	0.00	0.09	0.09
France	6.70	6.31	7.19	Hungary	0.00	0.07	0.07
Germany	5.68	5.90	6.01	India	0.73	1.55	1.53
Greece	0.05	0.06	0.05	Indonesia	0.48	0.65	0.64
Hong Kong	1.52	1.94	1.89	Korea (South)	3.33	3.60	3.55
Ireland	0.02	0.19	0.19	Malaysia	0.26	0.80	0.81
Israel	0.48	0.44	0.46	Mexico	0.80	1.13	1.11
Italy	1.93	1.57	2.08	Morocco	0.00	0.03	0.04
Japan	14.71	14.65	14.91	Peru	0.00	0.16	0.18
Netherlands	2.42	1.68	1.65	Philippines	0.00	0.19	0.19
New Zealand	0.00	0.08	0.08	Poland	0.00	0.33	0.35
Norway	1.59	0.66	0.67	Russia	2.80	1.58	1.66
Portugal	0.00	0.14	0.14	South Africa	3.72	1.81	1.84
Singapore	0.53	1.21	1.23	Taiwan	2.65	2.63	2.63
Spain	2.92	1.96	2.77	Thailand	0.00	0.49	0.50
Sweden	1.49	2.18	1.72	Turkey	<u>1.45</u>	<u>0.33</u>	<u>0.32</u>
Switzerland	4.98	5.83	4.21	Total	24%	24%	24%
UK	<u>16.27</u>	<u>15.43</u>	<u>14.79</u>				
Total	76%	76%	76%				

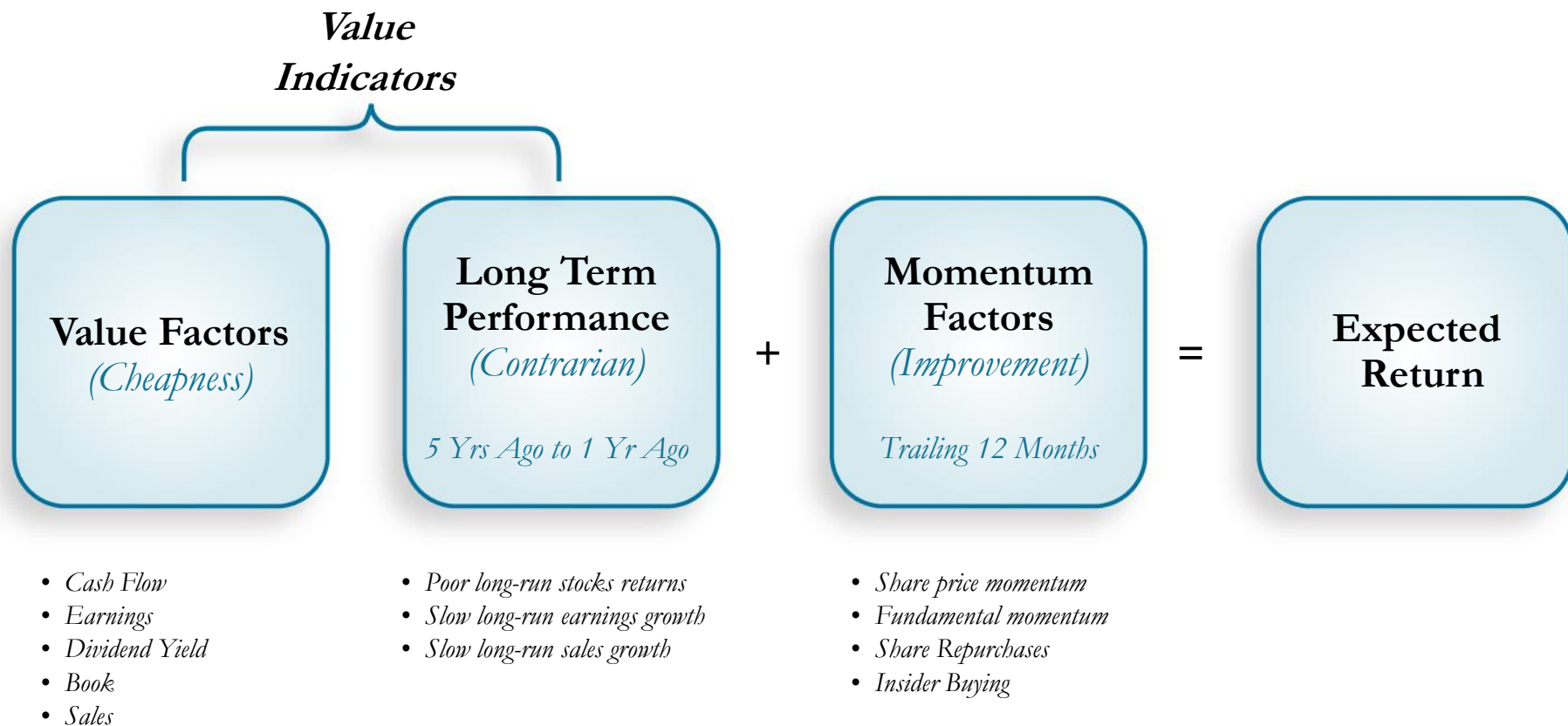
Portfolio Holdings by Country

<u>COUNTRY</u>	<u>% PORT.</u>	<u>COUNTRY</u>	<u>% PORT.</u>	<u>COUNTRY</u>	<u>% PORT.</u>
AUSTRALIA	5.0%	CHINA	3.4%	GREAT BRITAIN (continued)	
MACQUARIE GROUP LIMITED	0.9%	CHINA PETROLEUM AND CHEMICAL CORP	1.5%	VODAFONE GROUP PLC	1.3%
RIO TINTO LIMITED	0.8%	BANK OF CHINA LTD	1.1%	BT GROUP PLC	1.3%
TELSTRA CORP LTD	0.6%	YANZHOU COAL MININ	0.4%	BP PLC	1.2%
METCASH LTD	0.6%	WEIQIAO TEXTILE CO LTD - H	0.3%	LEGAL & GENERAL GROUP PLC	1.1%
BANK OF QUEENSLAND LTD	0.6%	GLOBAL BIO-CHEM TECHNOLOGY	0.0%	ROYAL DUTCH SHELL PLC	0.9%
ONESTEEL LIMITED	0.5%			GLAXOSMITHKLINE	0.9%
DOWNER EDI LTD	0.4%	DENMARK	0.2%	J SAINSBURY PLC	0.7%
MOUNT GIBSON IRON NPV	0.3%	DANSKE BANK AS	0.2%	BAE SYSTEMS PLC	0.7%
PANORAMIC RESOURCES LTD	0.3%			COOKSON GROUP PLC	0.6%
BLUESCOPE STEEL LTD	0.1%	FINLAND	0.6%	WM MORRISON SUPERMARKETS PLC	0.6%
PAPERLINX LIMITED	0.0%	HUHTAMAKI OYJ	0.6%	BARCLAYS PLC	0.6%
				DRAX GROUP PLC	0.4%
AUSTRIA	1.3%	FRANCE	6.6%	LOGICACMG PLC	0.4%
OMV AG	0.9%	SANOFI	1.9%	AVIVA PLC	0.4%
AUSTRIA TECHNOLOGIE & SYSTEM	0.4%	TOTAL SA	1.1%	GREENE KING PLC	0.3%
		BNP PARIBAS	0.7%		
BELGIUM	0.7%	SOCIETE GENERALE	0.7%	GREECE	0.0%
DELHAIZE GROUP	0.7%	ARKEVA	0.6%	HERACLES GENERAL CEMENT S.A.	0.0%
		SCOR REGROUPE	0.6%		
BRAZIL	4.1%	THALES	0.4%	HONG KONG	1.5%
CIA SANEAMENTO BASICO DE - ADR	1.5%	AXA	0.4%	DAH CHONG HONG	0.6%
BANCO DO BRASIL SA	0.9%	VIVENDI UNIVERSAL SA	0.3%	YUE YUEN INDUSTRIAL HLDG	0.5%
PETROLEO BRASILEIRO SA - ADR	0.8%			KINGBOARD CHEMICALS HOLDINGS	0.4%
CIA VALE DO RIO DOCE (CVRD)	0.7%	GERMANY	5.6%		
CENTRAIS ELEC BRAS - SP ADR CM	0.3%	BASF AG NPV	1.4%	INDIA	0.7%
		ALLIANZ AG - REG	1.3%	TATA STEEL LTD	0.6%
CANADA	7.0%	BAYER AG ORD NPV	0.7%	PATNI COMPUTER SYSTEMS LTD	0.1%
CDN IMPERIAL BK OF COMMERCE	1.2%	E.ON AG	0.6%		
MAGNA INTERNATIONAL INC- CL A	1.0%	RWE AG (NEU)	0.6%	INDONESIA	0.5%
METRO INC - A	0.9%	DEUTSCHE BANK AG - REG	0.5%	TIMAH TBK PT	0.5%
NATIONAL BK CDA MONTREAL QUE	0.8%	THYSSEN KRUPP AG	0.4%		
EMPIRE CO LTD 'A'	0.7%			IRELAND	0.0%
CELESTICA INC	0.6%	GREAT BRITAIN	16.1%	TOTAL PRODUCE PLC	0.0%
ATCO LTD - CL I	0.5%	ROYAL DUTCH SHELL PLC - B SHS	1.8%	BK OF IRELAND	0.0%
RONA INC	0.4%	ASTRAZENECA	1.5%		
ALIMENTATION COUCHE - TARD -B	0.4%	OLD MUTUAL PLC	1.4%	ISRAEL	0.5%
RESEARCH IN MOTION	0.3%			ELBIT SYSTEMS LTD	0.5%
CORUS ENTERTAINMENT	0.2%				

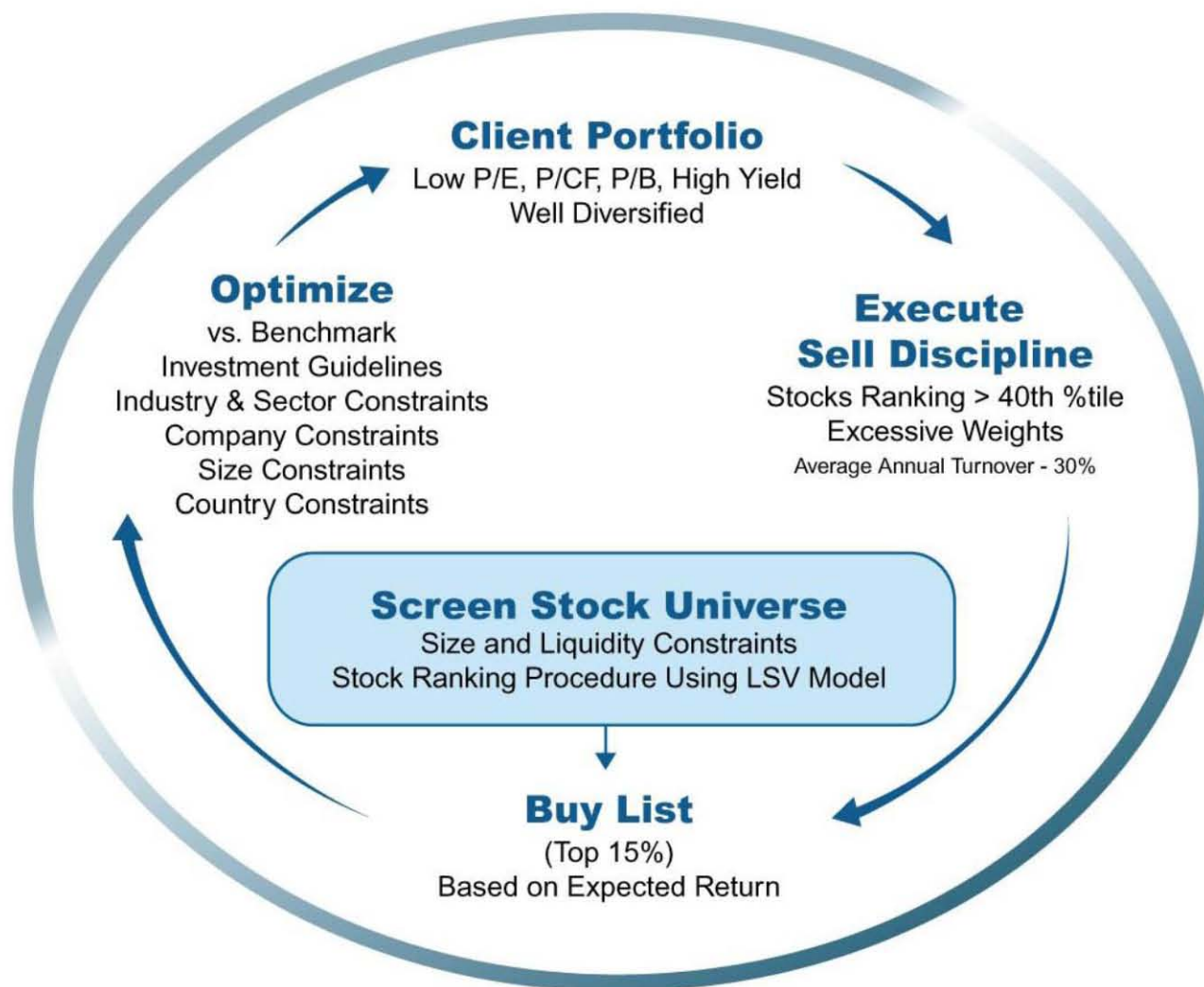
Portfolio Holdings by Country

<u>COUNTRY</u>	<u>% PORT.</u>	<u>COUNTRY</u>	<u>% PORT.</u>	<u>COUNTRY</u>	<u>% PORT.</u>
ITALY	1.9%	MEXICO	0.8%	SOUTH KOREA (continued)	
ENI SPA	1.4%	GRUMA SA	0.8%	SK TELECOM CO LTD	0.5%
ENEL	0.4%			DAISHIN SECURITIES CO LTD	0.2%
FINMECCANICA SPA	0.1%	NETHERLANDS	2.4%		
BANCO POPLARE SCARL	0.0%	DSM NV	0.9%	SPAIN	2.9%
		KONINKLIJKE KPN NPV	0.8%	REPSOL SA	1.1%
JAPAN	14.5%	AEGON NV	0.4%	BANCO SANTANDER	0.9%
MARUBENI CORPORATION	1.1%	ING GROEP NV	0.4%	TELEFONICA SA	0.6%
NIPPON TEL & TEL CORP	1.0%			BANCO BILBAO VIZCAYA ARGENTA	0.4%
SUMITOMO CORP JPY 51	1.0%	NORWAY	1.6%		
KDDI CORP	0.9%	DNB HOLDING ASA	0.6%	SWEDEN	1.5%
BROTHER INDUSTRIES LTD	0.7%	STA TOILHYDRO ASA	0.6%	BOLIDEN AB	0.8%
ITOCHU CORPORATION	0.7%	STOLT NIELSEN SA	0.3%	TRELLEBORG AB SERBSEK26	0.7%
NTT DOCOMO NPV	0.7%				
HANWA CO LTD	0.6%	RUSSIAN FEDERATION	2.8%	SWITZERLAND	4.9%
KYORIN CO LTD	0.6%	JSC MMC NORILSK NICKEL-ADR	0.9%	NOVARTIS AG	1.4%
JX HOLDINGS INC	0.6%	OA O GAZPROM-SPON ADR	0.8%	SWISS RE LTD	1.1%
MITSUBISHI TOKYO F NPV	0.6%	MOBILE TELESYSTEMS-SP ADR	0.7%	CREDIT SUISSE GROUP	0.7%
MIZUHO FINL GP NPV	0.6%	LUKOIL - SPONS ADR	0.4%	ZURICH FINANCIAL SVCS	0.7%
SEINO TRANSPORTN	0.5%			BALOISE HOLDING - R	0.5%
NISSAN SHATAI CO LTD	0.5%	SINGAPORE	0.5%	CLARIANT AG-REG	0.4%
MIRACA HOLDINGS INC	0.5%	UTD O/S BANK	0.5%		
GEO CORP	0.5%			TAIWAN	2.6%
SAPPORO HOKUYO HOLDINGS INC	0.5%	SOUTH AFRICA	3.7%	COMPAL ELECTRONICS	0.6%
FUJI MACHINE MFG CO LTD	0.4%	IMPERIAL HOLDINGS LTD	0.9%	ASUSTEK COMPUTER	0.6%
ITOCHU TECHNOSCIE JPY 50	0.4%	MMI HOLDINGS LTD	0.7%	TECO ELECTRIC & MACHINERY	0.5%
EIZO NANO O CORPORATION	0.4%	MTN GROUP LTD	0.7%	LITE-ON IT CORP	0.4%
NIPPON ELEC GLASS CO	0.4%	EXXARO RESOURCES LTD	0.7%	GIGABYTE TECHNOLOGY CO LTD	0.4%
KYOWA EXEO CORP	0.3%	ASTRAL FOODS LIMITED	0.6%		
MAEDA ROAD CONST	0.3%	EQSTRA HOLDINGS LTD	0.0%	TURKEY	1.4%
SUMITOMO MITSUI GR NPV	0.3%			TOFAS TURK OTOMOBIL FABRIKASI AS	0.6%
YODOGAWA STEEL WORKS LTD	0.3%	SOUTH KOREA	3.3%	FORD OTOMOTIV SANAYI AS	0.4%
HITACHI CAPITAL CORP	0.2%	KT CORPORATION	0.8%	SELCUK ECZA DEPOSU TICARET V	0.4%
		KOREA EXCHANGE BANK	0.7%		
MALAYSIA	0.3%	BS FINANCIAL GROUP INC	0.6%	CASH	1.2%
DRB-HICOM BHD	0.3%	DGB FINANCIAL GROUP CO LTD	0.5%	TOTAL	100%

Expected Return Model



Rebalancing Process



How Cheap Are Cheap Stocks?

<u>LSV Strategy</u>	<u>Price/Earnings</u>	<u>Price/Cash Flow</u>	<u>Price/Book</u>	<u>Dividend Yield</u>
U.S. Large Cap Value	10.4x	6.6x	1.5x	2.4%
U.S. Mid Cap Value	10.1x	6.1x	1.3x	2.4%
U.S. Small Cap Value	10.6x	6.1x	1.2x	1.9%
U.S. Micro Cap Value	11.1x	6.9x	1.1x	1.9%
International Large Cap Value	9.6x	5.2x	1.1x	4.1%
International Small Cap Value	10.5x	6.1x	0.9x	3.4%
Emerging Markets Value	8.9x	4.9x	1.1x	4.1%

Global Equity Valuations

<u>Market Index</u>	<u>Price/Earnings</u>	<u>Price/Cash Flow</u>	<u>Price/Book</u>	<u>Dividend Yield</u>
S&P 500	13.7x	9.8x	2.3x	2.0%
Russell Mid Cap	15.9x	10.5x	2.2x	1.6%
Russell 2000	17.9x	12.3x	1.9x	1.3%
MSCI World ex U.S.	13.0x	7.5x	1.4x	3.4%
S&P Developed ex US Small Cap	14.8x	8.9x	1.3x	2.7%
MSCI Emerging Markets	12.3x	7.7x	1.7x	2.7%

Research and Investment Team

Name	Years of Experience/LSV	Role and Responsibilities	Education
Josef Lakonishok	34/17	CEO, CIO Founding Partner Portfolio Manager	Ph.D. Cornell University, Finance MS Cornell University, Statistics MBA/BA Tel-Aviv University, Economics & Statistics
Menno Vermeulen, CFA	20/16	Partner Portfolio Manager Senior Quantitative Analyst	MS Erasmus University-Rotterdam, Econometrics
Puneet Mansharamani, CFA	13/11	Partner Portfolio Manager Senior Quantitative Analyst	MS Case Western Reserve University, Engineering BS Delhi University, Engineering
Bhaskaran Swaminathan	22/6	Partner Director, Research	Ph.D. University of California at Los Angeles, Finance MBA University of Denver, Finance; BE College of Engineering, Guindy, Madras, India, Mechanical Engineering
Jason Karceski	18/3	Partner Senior Research Analyst	Ph.D. University of Illinois, Finance; MBA University of North Florida; BS California Institute of Technology, Electrical Engineering
Han Qu	18/17	Partner Senior Research Analyst	MS University of Illinois, Finance MS University of Illinois, Statistics BS Shanghai University, Computer Science
Simon Zhang, CFA	13/13	Partner Senior Quantitative Analyst	MBA/MS University of Illinois, Finance & MIS Civil Engineering MS Tongji University, Shanghai, Engineering Management BS Shanghai Institution of Building Material, Engineering
Bala Ragothaman, CFA	14/5	Partner Senior Quantitative Analyst	MS University of Iowa, Computer Science and Networks BS PSG College, Bharathiar University, Computer Engineering
Titus Liu	10/1	Systems Analyst	MBA University of Chicago, Finance, Econometrics & Accounting BS University of Illinois, Electrical Engineering
Greg Sleight	5/5	Partner Quantitative Analyst	MBA University of Chicago, Econometrics, Econ. & Analytic Fin. BS University of Illinois, Material Science & Engineering
Guy Lakonishok, CFA	11/3	Quantitative Analyst	MBA University of Chicago, Analytical Finance & Accounting BS Washington University, Electrical Engineering
Dan Givoly, CPA (Isr.)	27/6	Academic Advisor; Ernst & Young Professor of Accounting; Chairman, Department of Accounting, Pennsylvania State University	Ph.D. New York University, Accounting & Finance MBA Tel-Aviv University; BA Hebrew University, Jerusalem Economics & Statistics
Louis Chan	29/11	Academic Advisor Professor Finance, University of Illinois	Ph.D. University of Rochester, Finance & Applied Economics BS University of Hawaii, Business Administration

Client Portfolio Services Team

Name	Years of Experience/LSV	Role and Responsibilities	Education
James Owens	22/11	Partner Director, Client Portfolio Services	BA Iowa State University, Finance
Keith Bruch, CFA	23/8	Partner Director, Client Portfolio Services	MBA University of Chicago, Finance BA Northwestern University, Economics
Peter Young, CFA	23/7	Partner Director, Client Portfolio Services	BS Wake Forest University, Business/Mathematics
Scott Kemper	15/5	Partner Director, Client Portfolio Services	MBA University of Chicago BA DePauw University
Jason Ciaglo	13/3	Partner Director, Business Development	MBA University of Chicago BA University of California-Berkeley, English
Paul Halpern	40/7	Director, Client Portfolio Services, Canada Director, Capital Markets Institute The University of Toronto, Rotman	Ph.D. University of Chicago MBA University of Chicago Bcomm University of Toronto
Tremaine Atkinson	23/13	Partner Chief Operating Officer Chief Compliance Officer	BA University of California-San Diego, Economics

Representative Client List

Public Clients

Alberta Investment Management Corporation
 Arizona State Retirement System
 AustralianSuper
 Bayerische Versorgungskammer (BVK)
 Baltimore County Employees' Retirement System
 Bristol County Retirement System
 Chicago Firemen's Annuity & Benefit Fund
 City and County of San Francisco Employees' Retirement System
 City of Atlanta Police Officers' Pension Fund
 City of El Paso, Texas Employees Retirement System
 City of Gainesville Police Officers' & Firefighters' Ret. Plan
 City of Kansas City Employee's Retirement System
 City of Richmond
 City of Stamford, CT Employees' Retirement Fund
 City of St. Louis Employees Retirement System
 Denver Employees Retirement Plan
 District of Columbia Retirement Board
 El Paso County Retirement Plan
 Fairfax County Employees' Retirement System
 Firefighters' Retirement System of Louisiana
 Frederick County Employees' Retirement Plan
 Howard County (MD) Master Trust
 Illinois Municipal Retirement Fund
 Illinois State Board of Investment
 Kansas City Police Employees' Retirement System
 Louisiana State Employees' Retirement System
 Minnesota State Board of Investment
 Municipal Police Employees' Ret. System of Louisiana
 Municipal Employees' Annuity & Benefit Fund of Chicago
 New Hampshire Retirement System
 New Jersey Transit Corporation
 New Zealand Superannuation Fund
 Nexcom
 North Dakota State Investment Board
 Ohio Highway Patrol Retirement System
 Ohio Public Employees Retirement System

Public Clients (Cont.)

Ohio School Employees' Retirement System
 Parochial Employees' Retirement System of Louisiana
 Pennsylvania Municipal Retirement System
 RTD (Denver) Salaried Employees' Pension Trust
 Sacramento County Employees' Retirement System
 San Antonio Fire and Police Pension Fund
 South Carolina Retirement System Investment Commission
 Stanislaus County Employees' Retirement Association
 State of Idaho Endowment Fund
 State of Michigan Retirement Systems
 State of Wisconsin Investment Board
 Teachers' Retirement System of Illinois
 Teachers' Retirement System of Louisiana
 Virgin Islands Government Employees' Retirement System
 Virginia Retirement System
 West Virginia Investment Management Board

Taft Hartley Clients

1199 National Benefit & Pension Fund
 Automobile Mechanics Local 701
 Bricklayers & Trowel Trades International Pension Fund
 Carpenters Labor Management Pension Trust Fund
 Carpenters Pension Fund of Illinois
 Carpenters Pension Trust of St. Louis
 Central Pennsylvania Teamsters Pension Fund
 Chicago Laborers
 Empire State Carpenters
 I.A.T.S.E. National Pension Fund
 I.B.E.W. Local #103
 I.B.E.W. Local #134
 I.U.O.E. Local 302 & 612
 I.U.O.E. Local 825
 International Union of Painters and Allied Trades
 Laborers' National Pension Fund

Taft Hartley Clients (Cont.)

Masters, Mates & Pilots Pension Plan
 Mid-Atlantic Regional Council of Carpenters
 National Asbestos Workers Pension Fund
 National Roofing Industry Pension Fund
 NECA IBEW Pension Trust Fund
 New England Healthcare Workers
 New York City District Council of Carpenters
 Northern Illinois Plumbers Local 501
 Northwest Indiana Carpenters
 Service Employees Int'l Union Master Pension Trust
 S.E.I.U. Local 25
 Sheet Metal Workers Local 73
 Teamsters Joint Council No. 83 of Virginia
 Twin City Pipe Trades
 U.A. Plumbers & Pipefitters Nat'l Pension Fund Staff Plan
 U.M.W.A. 1974 Pension Trust
 U.F.C.W. International Union-Industry Pension Fund
 U.F.C.W. Midwest Pension Fund

Not-For-Profit & Eleemosynary

American Baptist Home Mission Society
 Archdiocese of Cincinnati
 Archdiocese of New York
 Diocese of Buffalo
 Evangelical Lutheran Church in America
 General Board of Global Ministries
 Ministers and Missionaries Benefit Board
 National Geographic Society
 Pacific Salmon Commission
 Reform Pension Board
 The Salvation Army
 The Seeing Eye, Inc.
 TriHealth, Inc.
 Sisters of St. Francis of Philadelphia
 United Church of Canada
 YMCA

Value Equity

Investment Specialists

Representative list is selected based on regional and client type considerations. Some clients choose not to be listed.

For a full client list please call (312) 242-2489.

It is not known whether the listed clients approve or disapprove of LSV Asset Management or the advisory services provided.

Representative Client List

Corporate Clients

ACT, Inc. (American College Testing)
Altria Group
Anadarko Petroleum Corporation
Armstrong World Industries
AT&T
Avery Dennison Corporation
Bank of America
BASF
Bridger Coal Company - Reclamation Trust
Caterpillar Inc.
Chrysler Group
Cox Enterprises, Inc.
Daimler NA
Deere & Company
Desjardins Global Asset Management
Diebold, Inc.
Dominion
Duke Energy
Educational Testing Service
El Paso Corporation
FM Global
Harbor Capital
Harsco Corporation
Hess Corporation
Hoogovens Pensioenfond
ipac
Kraft Foods
L-3 Communications Corporation
Lufkin Industries, Inc.
LyondellBasell
Marsh & McLennan Companies, Inc.

Corporate Clients (Cont.)

NCR Corporation
Nissan North America
Olin Corporation
OnePath
PacifiCorp
Pensioenfond Vervoer
Prudential
Raytheon Company
SEI Funds, Inc.
Shell Pensioenfond
Stagecoach PLC
Telstra Super Pty, Ltd
Thomson Reuters
Towers Watson
Twin Disc, Inc.
Washington Mutual
Wells Fargo Funds
Westpac Staff Superannuation Plan
Wilmington Trust Investment Advisors

Endowment & Foundation Clients

Alma College Endowment
Ancilla Systems, Inc.
Buffalo Fine Arts Academy
Roy J. Carver Charitable Trust
Chagnon Foundation
College of the Ozarks
Cullen Foundation
DePaul University
Irving S. Gilmore Foundation

Endowment & Foundation Clients (Cont.)

Jewish Healthcare Foundation
John D. & Catherine T. MacArthur Foundation
McConnell Foundation
McGill University
New Jersey Health Foundation
Princeton Theological Seminary
Saint Louis University
Stanford University
Texas Presbyterian Foundation
Triad Foundation
University of Guelph
University of Manitoba
York University

Health Care

Advocate Health Care
Carolinas HealthCare Foundation, Inc.
Catholic Healthcare West
Christiana Care Health Services
CHRISTUS Health
Covenant Health
Froedtert Health
Kaiser Foundation Hospitals
Methodist Hospital System
Methodist Le Bonheur Healthcare
Pinnacle Health System
Trinity Health
WellSpan Health System

Stanislaus County Employees'
Retirement Association

April 24, 2012

Keith Bruch, CFA
Partner & Director, Client Portfolio Services
(312) 460-2336

Bhaskaran Swaminathan, Ph.D.
Partner & Director of Research
(312) 327-5103

Organizational Update

- ◆ LSV'S KEY ORGANIZATIONAL STRENGTHS:
 - ◆ **ACADEMIC FOUNDATION**
 - ◆ **25+ YEARS OF RESEARCH**
 - ◆ **SUCCESSFULLY APPLIED MODELS FOR OVER 15 YEARS**
 - ◆ **VALUE EQUITY FOCUS – OUR SOLE BUSINESS**
 - ◆ **CONSISTENCY OF PEOPLE, PHILOSOPHY & PORTFOLIO**
 - ◆ **EMPLOYEE OWNERSHIP**

- ◆ ALL STRATEGIES BUILT FROM SAME INVESTMENT MODEL
 - ◆ **\$64.9 BILLION IN FIRMWIDE ASSETS UNDER MANAGEMENT**
 - ◆ **\$14.7 BILLION IN INTERNATIONAL LARGE CAP VALUE ASSETS**
 - ◆ **LIMITED CAPACITY OFFERINGS**

U.S.

Large Cap Value
Mid Cap Value (Closed)*
Small/ Mid Cap Value (Closed)*
Small Cap Value (Closed)*
Micro Cap Value (Closed)*
S&P 500 Enhanced
Russell 1000 Value Enhanced
Managed Volatility

Non-U.S.

Large Cap Value
Small Cap Value (Closed)
Europe Small Cap Value (Closed)
Japan Small Cap Value (Closed)
Global Value
Emerging Markets Value (Closed)
MSCI EAFE Enhanced
MSCI World Enhanced

* Select Strategies Open to Existing Clients

Organizational Structure

Portfolio Services

James Owens
Partner & Director
Client Portfolio Svcs.

Keith Bruch, CFA
Partner & Director
Client Portfolio Svcs.

Peter Young, CFA
Partner & Director
Client Portfolio Svcs.

Scott Kemper
Partner & Director
Client Portfolio Svcs.

Paul Halpern, Ph.D.
Director, Client
Portfolio Svcs., Canada

David Beata
Partner & Senior Analyst
Client Portfolio Svcs.

Marketing

Jason Ciaglo
Partner & Director
Business Development

Eamon McGuinness
Consultant
Taft-Hartley Sales & Svcs.

Marisa Rosenblatt
Senior Client Services
Analyst

Jessica Deely
Jennifer Horowitz
Summer Rottinger
Client Services Analysts

Research & Portfolio Construction

Menno Vermeulen, CFA
Partner
Portfolio Manager
Senior Quantitative Analyst

Puneet
Mansharamani, CFA
Partner, Portfolio Manager,
Senior Quantitative Analyst

Bala Ragothaman, CFA
Partner
Senior Quantitative Analyst

Titus Liu
Systems Analyst

Greg Sleight
Partner
Quantitative Analyst

Guy Lakonishok, CFA
Quantitative Analyst

Bhaskaran
Swaminathan, Ph.D.
Partner
Director of Research

Jason Karceski, Ph.D.
Partner
Senior Research Analyst

Han Qu
Partner
Senior Research Analyst

Simon Zhang, CFA
Partner
Senior Quantitative Analyst

Louis K.C. Chan, Ph.D.
Academic Advisor
Professor of Finance
University of Illinois

Dan Givoly, Ph.D.
Academic Advisor
Chair, Dept. of Accounting
Penn State University

Operations & Compliance

Tremaine Atkinson, Partner
Chief Operating Officer
Chief Compliance Officer

Trading

Eric Miller
Partner
Senior Trader

Dan Newman
Partner
Senior Trader

Kevin Phelan
Partner
Trader

Claude O'Malley
Assistant Trader

Brian Weber
Operations Specialist

Compliance

Leslie Kondziola
Compliance Officer,
Legal Services Manager

Barry Garrett
Compliance Analyst

Operations

Tracy Bolger
Partner
Operations Manager

Jill Pusateri
Portfolio Compliance
Manager

Rajeev Uppalapati
Systems Analyst

Monika Quinn
Portfolio Accounting
Manager

Gloria Balta
Beth Chambers
Kris Lewis
Lisa Lewis
Mirrin McDougald
Laura Nelson
Portfolio Accountants

Bus. Mgmt.

Tanya Kregul
Business Manager

Relationship Summary

Stanislaus County Employees' Retirement Association

Investment Strategy:	International Large Cap Value Equity		<u>Portfolio Growth</u>
Inception Date:	September 14, 2004	Beginning Value - 9/14/04:	\$ 81,163,381
Initial Funding:	\$81,163,381	Net Contributions/Withdrawals:	\$ (27,100,000)
Custodian:	Mellon	Return on Investment:	\$ 68,030,547
Consultant:	Strategic Investment Solutions	Ending Value - 3/31/12:	\$ 122,093,928
Benchmark:	MSCI ACWI Ex U.S.		
Restrictions:	None		

Objectives/Investment Process:

The objective of our International Large Cap Value Equity strategy is to outperform the benchmark by at least 250 basis points (gross of fees) per annum over a full investment cycle. LSV will attempt to meet this performance objective with a tracking error of approximately 5-6% relative to the Index.

The process used to select stocks is a **quantitative** approach developed by our founding partners through years of academic research on a variety of investment and investor behavior topics. The process ranks a broad universe of stocks on a combination of **value and momentum** factors and seeks to invest approximately 150-175 stocks in the most attractive securities possible within our strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio will be **broadly diversified** across industry groups and **fully invested** (cash balances are typically less than 1% of the portfolio). Initial positions must be in stocks with a market capitalization greater than \$500 million.

Market Update

	Periods Ending 3/31/2012					
<u>Large Cap International Indices</u>	<u>1Q12</u>	<u>1 Yr</u>	<u>2 Yrs</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
MSCI EAFE	10.9%	-5.8%	2.0%	17.1%	-3.5%	5.7%
MSCI EAFE Value	9.7%	-7.8%	-0.1%	16.5%	-5.2%	5.8%
MSCI ACWI Ex-U.S.	11.2%	-7.2%	2.5%	19.1%	-1.6%	7.4%
MSCI World Ex-U.S.	10.4%	-6.6%	2.1%	17.6%	-3.0%	6.1%
MSCI EAFE (Local)	10.2%	-4.1%	-1.4%	12.1%	-5.4%	1.5%
MSCI EAFE Value vs Growth Spread:	-2.3%	-4.1%	-4.2%	-1.2%	-3.3%	0.3%
<u>Small Cap International Indices</u>						
S&P Developed ex US Small Cap	13.6%	-7.4%	6.1%	23.9%	-2.4%	9.8%
S&P Developed ex US Small Cap Value	14.0%	-7.8%	5.9%	23.8%	-2.5%	10.9%
Value vs Growth Spread:	0.9%	-0.9%	-0.5%	-0.2%	-0.3%	2.2%
<u>Emerging Markets Indices</u>						
MSCI Emerging Markets	14.1%	-8.8%	3.9%	25.1%	4.7%	14.1%
MSCI Emerging Markets Value	14.4%	-8.7%	4.2%	26.0%	6.5%	16.0%
Value vs Growth Spread:	0.6%	0.3%	-5.0%	1.8%	3.6%	3.8%
<u>Comparative U.S. Indices</u>						
S&P 500	12.6%	8.5%	12.0%	23.4%	2.0%	4.1%
Russell 2000	12.4%	-0.2%	12.1%	26.9%	2.1%	6.5%

All returns are in USD; periods longer than one year are annualized.

International Value Equity Investment Performance

Periods Ended March 31, 2012

Assets Managed: \$122,093,928

<u>LSV International Value Equity</u>	<u>1Q12</u>	<u>6 Mo.</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>Return Since Inception*</u>
Stanislaus County Portfolio- Gross	11.2%	15.8%	-7.0%	23.6%	-1.7%	5.5%	7.4%
Stanislaus County Portfolio- Net	11.0%	15.4%	-7.6%	22.8%	-2.4%	4.8%	6.8%
MSCI ACWI Ex US	11.2%	15.4%	-7.2%	19.1%	-1.6%	5.1%	6.8%
MSCI ACWI Ex US Value	10.7%	14.4%	-8.1%	19.4%	-2.4%	4.6%	6.5%

Calendar Years

<u>LSV International Value Equity</u>	<u>YTD 2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004*</u>
Stanislaus County Portfolio- Gross	11.2%	-12.3%	13.4%	48.6%	-47.9%	12.0%	32.2%	16.0%	16.9%
Stanislaus County Portfolio- Net	11.0%	-12.9%	12.7%	47.7%	-48.3%	11.4%	31.4%	15.3%	16.7%
MSCI ACWI Ex US	11.2%	-13.7%	11.2%	41.5%	-45.5%	16.7%	26.7%	16.6%	15.6%
MSCI ACWI Ex US Value	10.7%	-13.2%	7.8%	44.3%	-45.5%	12.3%	29.8%	16.4%	16.2%

*Inception Date: 9/15/2004

Note: All returns are in USD; indices shown net of withholding taxes. Periods greater than one year are annualized.

Value Equity

Investment Specialists

Sector Attribution

6 Months Ending March 31, 2012

Sector	Avg. Portfolio Weight	Avg. Bench Weight	Weight Diff.	Port Return	Bench Return	Return Diff.	Sector Selection	Stock Selection	Total Effect
Utilities	4.30%	4.11%	0.19%	25.12	4.64	20.48	-0.01	0.87	0.86
Financials	23.67%	23.28%	0.38%	20.50	16.94	3.57	0.01	0.84	0.85
Materials	9.78%	12.08%	-2.30%	17.89	12.70	5.19	0.03	0.53	0.57
Consumer Discretionary	6.25%	9.18%	-2.93%	24.73	19.17	5.56	-0.10	0.29	0.19
Industrials	9.85%	10.54%	-0.69%	17.95	18.44	-0.48	-0.02	-0.05	-0.07
Energy	14.53%	11.46%	3.08%	17.68	19.78	-2.11	0.18	-0.30	-0.12
Consumer Staples	5.91%	9.77%	-3.85%	13.97	16.08	-2.12	0.00	-0.14	-0.14
Health Care	8.34%	6.92%	1.41%	7.22	11.63	-4.41	-0.07	-0.39	-0.46
Information Technology	6.47%	6.53%	-0.05%	12.77	20.47	-7.70	-0.01	-0.50	-0.51
Telecommunication Services	10.90%	6.14%	4.76%	2.49	4.23	-1.74	-0.56	-0.19	-0.75
TOTAL	100.00%	100.00%		15.95	15.54	0.41	-0.54	0.96	0.41

1 Year Ended March 31, 2012

Sector	Avg. Portfolio Weight	Avg. Bench Weight	Weight Diff.	Port Return	Bench Return	Return Diff.	Sector Selection	Stock Selection	Total Effect
Industrials	9.62%	10.72%	-1.10%	-2.79	-9.17	6.38	0.04	0.61	0.65
Energy	14.09%	11.35%	2.73%	-6.64	-11.07	4.42	-0.01	0.59	0.57
Utilities	4.46%	4.13%	0.34%	0.82	-11.61	12.43	0.02	0.49	0.51
Health Care	7.97%	6.61%	1.36%	7.55	8.80	-1.24	0.17	-0.08	0.08
Telecommunication Services	10.38%	5.94%	4.44%	-5.39	-4.47	-0.92	0.13	-0.12	0.01
Consumer Discretionary	5.87%	9.11%	-3.25%	4.50	1.96	2.55	-0.29	0.14	-0.15
Materials	10.50%	12.51%	-2.01%	-21.64	-17.35	-4.29	0.26	-0.45	-0.18
Financials	24.16%	23.86%	0.30%	-12.81	-11.41	-1.40	-0.02	-0.36	-0.37
Information Technology	6.79%	6.47%	0.32%	-15.58	-2.51	-13.07	0.00	-0.91	-0.92
Consumer Staples	6.16%	9.30%	-3.13%	4.32	13.05	-8.73	-0.47	-0.49	-0.96
TOTAL	100.00%	100.00%		-7.34	-6.55	-0.78	-0.18	-0.59	-0.77

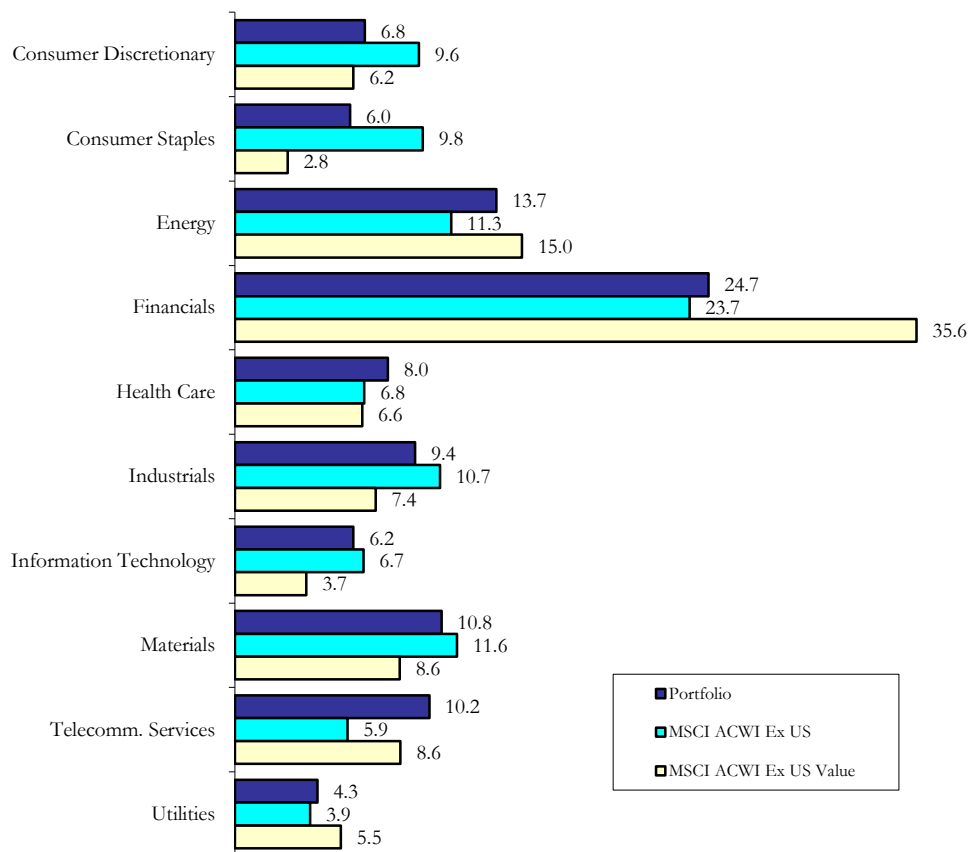
Portfolio Characteristics

International Large Cap Value As of 3/31/12

	Stanislaus <u>Portfolio</u>	MSCI ACWI <u>Ex US</u>	MSCI ACWI <u>Ex US Value</u>
Price / Earnings (FY1)	9.5x	12.8x	11.1x
Price / Earnings (FY2)	8.7x	11.5x	10.1x
Price / Cash Flow	5.1x	7.6x	5.8x
Price / Book	1.1x	1.5x	1.1x
Dividend Yield	4.2%	3.2%	4.0%
Weighted Average Market Cap	\$39.8 billion	\$51.4 billion	\$57.3 billion
Weighted Median Market Cap	\$15.3 billion	\$29.7 billion	\$32.8 billion

Portfolio Characteristics

Diversification by Sector as of 3/31/12



Top Ten Holdings as of 3/31/12

<u>DESCRIPTION</u>	<u>% PORT.</u>
ROYAL DUTCH SHELL PLC	2.7%
SANOFI	1.9%
CHINA PETROLEUM & CHEMICAL CORP	1.5%
ASTRAZENECA	1.5%
CIA SANEAMENTO BASICO DE	1.5%
NOVARTIS AG	1.4%
ENI SPA	1.4%
OLD MUTUAL PLC	1.4%
BASF AG NPV	1.4%
ALLIANZ AG	1.3%

Country Weights

Developed	Stanislaus	MSCI ACWI	MSCI ACWI	Emerging	Stanislaus	MSCI ACWI	MSCI ACWI
Countries	Portfolio	Ex US	Ex US Value	Countries	Portfolio	Ex US	Ex US Value
Australia	5.04	5.69	5.91	Brazil	4.15	3.54	3.57
Austria	1.27	0.17	0.30	Chile	0.00	0.44	0.46
Belgium	0.68	0.70	0.45	China	3.48	4.10	4.19
Canada	7.03	8.00	8.28	Colombia	0.00	0.26	0.26
Denmark	0.23	0.78	0.19	Czech Republic	0.00	0.08	0.08
Finland	0.63	0.60	0.74	Egypt	0.00	0.09	0.09
France	6.70	6.31	7.19	Hungary	0.00	0.07	0.07
Germany	5.68	5.90	6.01	India	0.73	1.55	1.53
Greece	0.05	0.06	0.05	Indonesia	0.48	0.65	0.64
Hong Kong	1.52	1.94	1.89	Korea (South)	3.33	3.60	3.55
Ireland	0.02	0.19	0.19	Malaysia	0.26	0.80	0.81
Israel	0.48	0.44	0.46	Mexico	0.80	1.13	1.11
Italy	1.93	1.57	2.08	Morocco	0.00	0.03	0.04
Japan	14.71	14.65	14.91	Peru	0.00	0.16	0.18
Netherlands	2.42	1.68	1.65	Philippines	0.00	0.19	0.19
New Zealand	0.00	0.08	0.08	Poland	0.00	0.33	0.35
Norway	1.59	0.66	0.67	Russia	2.80	1.58	1.66
Portugal	0.00	0.14	0.14	South Africa	3.72	1.81	1.84
Singapore	0.53	1.21	1.23	Taiwan	2.65	2.63	2.63
Spain	2.92	1.96	2.77	Thailand	0.00	0.49	0.50
Sweden	1.49	2.18	1.72	Turkey	<u>1.45</u>	<u>0.33</u>	<u>0.32</u>
Switzerland	4.98	5.83	4.21	Total	24%	24%	24%
UK	<u>16.27</u>	<u>15.43</u>	<u>14.79</u>				
Total	76%	76%	76%				

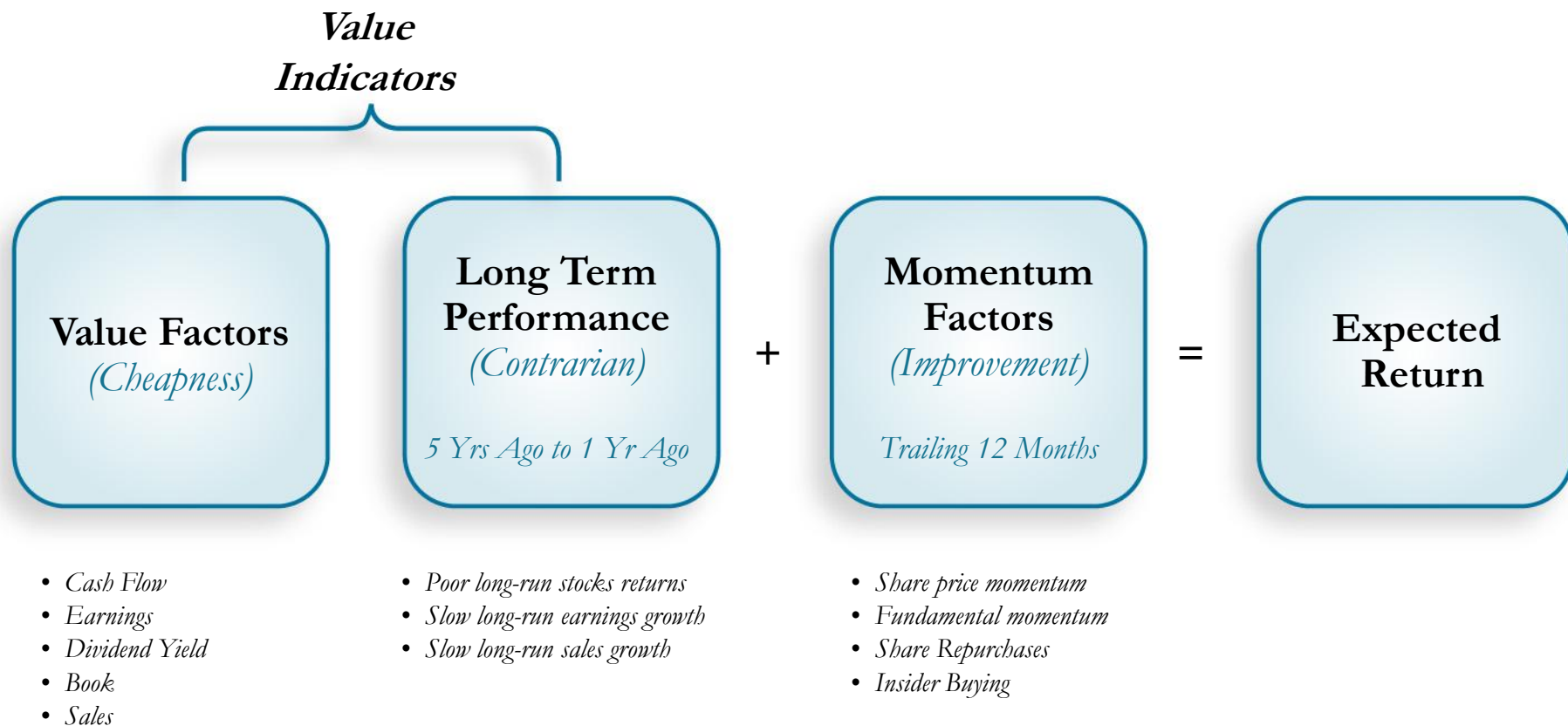
Portfolio Holdings by Country

<u>COUNTRY</u>	<u>% PORT.</u>	<u>COUNTRY</u>	<u>% PORT.</u>	<u>COUNTRY</u>	<u>% PORT.</u>
AUSTRALIA	5.0%	CHINA	3.4%	GREAT BRITAIN (continued)	
MACQUARIE GROUP LIMITED	0.9%	CHINA PETROLEUM AND CHEMICAL CORP	1.5%	VODAFONE GROUP PLC	1.3%
RIO TINTO LIMITED	0.8%	BANK OF CHINA LTD	1.1%	BT GROUP PLC	1.3%
TELSTRA CORP LTD	0.6%	YANZHOU COAL MININ	0.4%	BP PLC	1.2%
METCASH LTD	0.6%	WEIQIAO TEXTILE CO LTD - H	0.3%	LEGAL & GENERAL GROUP PLC	1.1%
BANK OF QUEENSLAND LTD	0.6%	GLOBAL BIO-CHEM TECHNOLOGY	0.0%	ROYAL DUTCH SHELL PLC	0.9%
ONESTEEL LIMITED	0.5%			GLAXOSMITHKLINE	0.9%
DOWNER EDI LTD	0.4%	DENMARK	0.2%	J SAINSBURY PLC	0.7%
MOUNT GIBSON IRON NPV	0.3%	DANSKE BANK AS	0.2%	BAE SYSTEMS PLC	0.7%
PANORAMIC RESOURCES LTD	0.3%			COOKSON GROUP PLC	0.6%
BLUESCOPE STEEL LTD	0.1%	FINLAND	0.6%	WM MORRISON SUPERMARKETS PLC	0.6%
PAPERLINX LIMITED	0.0%	HUHTAMAKI OYJ	0.6%	BARCLAYS PLC	0.6%
				DRAX GROUP PLC	0.4%
AUSTRIA	1.3%	FRANCE	6.6%	LOGICACMG PLC	0.4%
OMV AG	0.9%	SANOFI	1.9%	AVIVA PLC	0.4%
AUSTRIA TECHNOLOGIE & SYSTEM	0.4%	TOTAL SA	1.1%	GREENE KING PLC	0.3%
		BNP PARIBAS	0.7%		
BELGIUM	0.7%	SOCIETE GENERALE	0.7%	GREECE	0.0%
DELHAIZE GROUP	0.7%	ARKEVA	0.6%	HERACLES GENERAL CEMENT S.A.	0.0%
		SCOR REGROUPE	0.6%		
BRAZIL	4.1%	THALES	0.4%	HONG KONG	1.5%
CIA SANEAMENTO BASICO DE - ADR	1.5%	AXA	0.4%	DAH CHONG HONG	0.6%
BANCO DO BRASIL SA	0.9%	VIVENDI UNIVERSAL SA	0.3%	YUE YUEN INDUSTRIAL HLDG	0.5%
PETROLEO BRASILEIRO SA - ADR	0.8%			KINGBOARD CHEMICALS HOLDINGS	0.4%
CIA VALE DO RIO DOCE (CVRD)	0.7%	GERMANY	5.6%		
CENTRAIS ELEC BRAS - SP ADR CM	0.3%	BASF AG NPV	1.4%	INDIA	0.7%
		ALLIANZ AG - REG	1.3%	TATA STEEL LTD	0.6%
CANADA	7.0%	BAYER AG ORD NPV	0.7%	PATNI COMPUTER SYSTEMS LTD	0.1%
CDN IMPERIAL BK OF COMMERCE	1.2%	E.ON AG	0.6%		
MAGNA INTERNATIONAL INC- CL A	1.0%	RWE AG (NEU)	0.6%	INDONESIA	0.5%
METRO INC - A	0.9%	DEUTSCHE BANK AG - REG	0.5%	TIMAH TBK PT	0.5%
NATIONAL BK CDA MONTREAL QUE	0.8%	THYSSEN KRUPP AG	0.4%		
EMPIRE CO LTD 'A'	0.7%			IRELAND	0.0%
CELESTICA INC	0.6%	GREAT BRITAIN	16.1%	TOTAL PRODUCE PLC	0.0%
ATCO LTD - CL I	0.5%	ROYAL DUTCH SHELL PLC - B SHS	1.8%	BK OF IRELAND	0.0%
RONA INC	0.4%	ASTRAZENECA	1.5%		
ALIMENTATION COUCHE - TARD -B	0.4%	OLD MUTUAL PLC	1.4%	ISRAEL	0.5%
RESEARCH IN MOTION	0.3%			ELBIT SYSTEMS LTD	0.5%
CORUS ENTERTAINMENT	0.2%				

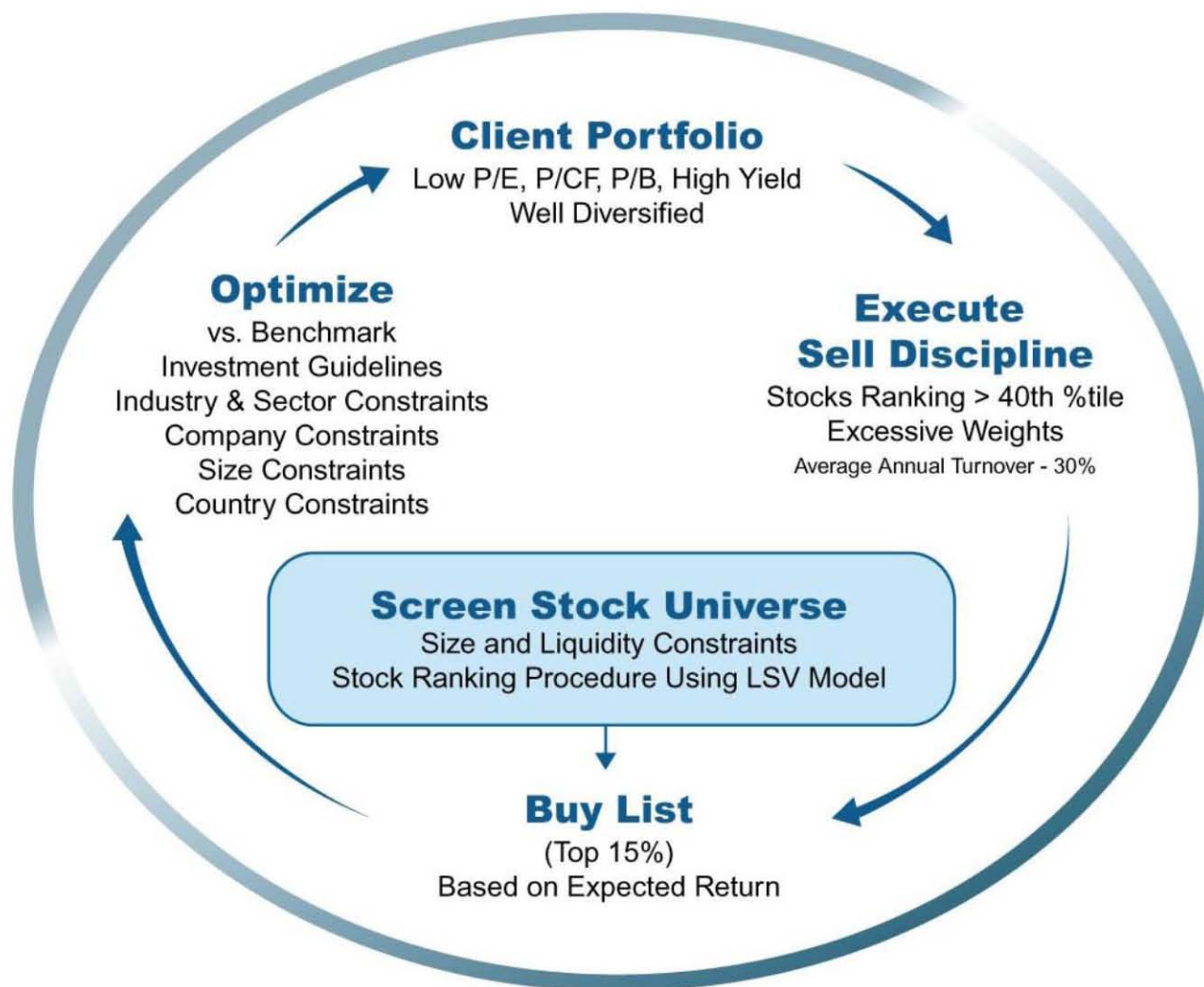
Portfolio Holdings by Country

<u>COUNTRY</u>	<u>% PORT.</u>	<u>COUNTRY</u>	<u>% PORT.</u>	<u>COUNTRY</u>	<u>% PORT.</u>
ITALY	1.9%	MEXICO	0.8%	SOUTH KOREA (continued)	
ENI SPA	1.4%	GRUMA SA	0.8%	SK TELECOM CO LTD	0.5%
ENEL	0.4%			DAISHIN SECURITIES CO LTD	0.2%
FINMECCANICA SPA	0.1%	NETHERLANDS	2.4%		
BANCO POPLARE SCARL	0.0%	DSM NV	0.9%	SPAIN	2.9%
		KONINKLIJKE KPN NPV	0.8%	REPSOL SA	1.1%
JAPAN	14.5%	AEGON NV	0.4%	BANCO SANTANDER	0.9%
MARUBENI CORPORATION	1.1%	ING GROEP NV	0.4%	TELEFONICA SA	0.6%
NIPPON TEL & TEL CORP	1.0%			BANCO BILBAO VIZCAYA ARGENTA	0.4%
SUMITOMO CORP JPY 51	1.0%	NORWAY	1.6%		
KDDI CORP	0.9%	DNB HOLDING ASA	0.6%	SWEDEN	1.5%
BROTHER INDUSTRIES LTD	0.7%	STA TOILHYDRO ASA	0.6%	BOLIDEN AB	0.8%
ITOCHU CORPORATION	0.7%	STOLT NIELSEN SA	0.3%	TRELLEBORG AB SERBSEK26	0.7%
NTT DOCOMO NPV	0.7%				
HANWA CO LTD	0.6%	RUSSIAN FEDERATION	2.8%	SWITZERLAND	4.9%
KYORIN CO LTD	0.6%	JSC MMC NORILSK NICKEL-ADR	0.9%	NOVARTIS AG	1.4%
JX HOLDINGS INC	0.6%	OA O GAZPROM-SPON ADR	0.8%	SWISS RE LTD	1.1%
MITSUBISHI TOKYO F NPV	0.6%	MOBILE TELESYSTEMS-SP ADR	0.7%	CREDIT SUISSE GROUP	0.7%
MIZUHO FINL GP NPV	0.6%	LUKOIL - SPONS ADR	0.4%	ZURICH FINANCIAL SVCS	0.7%
SEINO TRANSPORTN	0.5%			BALOISE HOLDING - R	0.5%
NISSAN SHATAI CO LTD	0.5%	SINGAPORE	0.5%	CLARIANT AG-REG	0.4%
MIRACA HOLDINGS INC	0.5%	UTD O/S BANK	0.5%		
GEO CORP	0.5%			TAIWAN	2.6%
SAPPORO HOKUYO HOLDINGS INC	0.5%	SOUTH AFRICA	3.7%	COMPAL ELECTRONICS	0.6%
FUJI MACHINE MFG CO LTD	0.4%	IMPERIAL HOLDINGS LTD	0.9%	ASUSTEK COMPUTER	0.6%
ITOCHU TECHNOSCIE JPY 50	0.4%	MMI HOLDINGS LTD	0.7%	TECO ELECTRIC & MACHINERY	0.5%
EIZO NANO O CORPORATION	0.4%	MTN GROUP LTD	0.7%	LITE-ON IT CORP	0.4%
NIPPON ELEC GLASS CO	0.4%	EXXARO RESOURCES LTD	0.7%	GIGABYTE TECHNOLOGY CO LTD	0.4%
KYOWA EXEO CORP	0.3%	ASTRAL FOODS LIMITED	0.6%		
MAEDA ROAD CONST	0.3%	EQSTRA HOLDINGS LTD	0.0%	TURKEY	1.4%
SUMITOMO MITSUI GR NPV	0.3%			TOFAS TURK OTOMOBIL FABRIKASI AS	0.6%
YODOGAWA STEEL WORKS LTD	0.3%	SOUTH KOREA	3.3%	FORD OTOMOTIV SANAYI AS	0.4%
HITACHI CAPITAL CORP	0.2%	KT CORPORATION	0.8%	SELCUK ECZA DEPOSU TICARET V	0.4%
		KOREA EXCHANGE BANK	0.7%		
MALAYSIA	0.3%	BS FINANCIAL GROUP INC	0.6%	CASH	1.2%
DRB-HICOM BHD	0.3%	DGB FINANCIAL GROUP CO LTD	0.5%	TOTAL	100%

Expected Return Model



Rebalancing Process



How Cheap Are Cheap Stocks?

<u>LSV Strategy</u>	<u>Price/Earnings</u>	<u>Price/Cash Flow</u>	<u>Price/Book</u>	<u>Dividend Yield</u>
U.S. Large Cap Value	10.4x	6.6x	1.5x	2.4%
U.S. Mid Cap Value	10.1x	6.1x	1.3x	2.4%
U.S. Small Cap Value	10.6x	6.1x	1.2x	1.9%
U.S. Micro Cap Value	11.1x	6.9x	1.1x	1.9%
International Large Cap Value	9.6x	5.2x	1.1x	4.1%
International Small Cap Value	10.5x	6.1x	0.9x	3.4%
Emerging Markets Value	8.9x	4.9x	1.1x	4.1%

Global Equity Valuations

<u>Market Index</u>	<u>Price/Earnings</u>	<u>Price/Cash Flow</u>	<u>Price/Book</u>	<u>Dividend Yield</u>
S&P 500	13.7x	9.8x	2.3x	2.0%
Russell Mid Cap	15.9x	10.5x	2.2x	1.6%
Russell 2000	17.9x	12.3x	1.9x	1.3%
MSCI World ex U.S.	13.0x	7.5x	1.4x	3.4%
S&P Developed ex US Small Cap	14.8x	8.9x	1.3x	2.7%
MSCI Emerging Markets	12.3x	7.7x	1.7x	2.7%

Research and Investment Team

Name	Years of Experience/LSV	Role and Responsibilities	Education
Josef Lakonishok	34/17	CEO, CIO Founding Partner Portfolio Manager	Ph.D. Cornell University, Finance MS Cornell University, Statistics MBA/BA Tel-Aviv University, Economics & Statistics
Menno Vermeulen, CFA	20/16	Partner Portfolio Manager Senior Quantitative Analyst	MS Erasmus University-Rotterdam, Econometrics
Puneet Mansharamani, CFA	13/11	Partner Portfolio Manager Senior Quantitative Analyst	MS Case Western Reserve University, Engineering BS Delhi University, Engineering
Bhaskaran Swaminathan	22/6	Partner Director, Research	Ph.D. University of California at Los Angeles, Finance MBA University of Denver, Finance; BE College of Engineering, Guindy, Madras, India, Mechanical Engineering
Jason Karceski	18/3	Partner Senior Research Analyst	Ph.D. University of Illinois, Finance; MBA University of North Florida; BS California Institute of Technology, Electrical Engineering
Han Qu	18/17	Partner Senior Research Analyst	MS University of Illinois, Finance MS University of Illinois, Statistics BS Shanghai University, Computer Science
Simon Zhang, CFA	13/13	Partner Senior Quantitative Analyst	MBA/MS University of Illinois, Finance & MIS Civil Engineering MS Tongji University, Shanghai, Engineering Management BS Shanghai Institution of Building Material, Engineering
Bala Ragothaman, CFA	14/5	Partner Senior Quantitative Analyst	MS University of Iowa, Computer Science and Networks BS PSG College, Bharathiar University, Computer Engineering
Titus Liu	10/1	Systems Analyst	MBA University of Chicago, Finance, Econometrics & Accounting BS University of Illinois, Electrical Engineering
Greg Sleight	5/5	Partner Quantitative Analyst	MBA University of Chicago, Econometrics, Econ. & Analytic Fin. BS University of Illinois, Material Science & Engineering
Guy Lakonishok, CFA	11/3	Quantitative Analyst	MBA University of Chicago, Analytical Finance & Accounting BS Washington University, Electrical Engineering
Dan Givoly, CPA (Isr.)	27/6	Academic Advisor; Ernst & Young Professor of Accounting; Chairman, Department of Accounting, Pennsylvania State University	Ph.D. New York University, Accounting & Finance MBA Tel-Aviv University; BA Hebrew University, Jerusalem Economics & Statistics
Louis Chan	29/11	Academic Advisor Professor Finance, University of Illinois	Ph.D. University of Rochester, Finance & Applied Economics BS University of Hawaii, Business Administration

Client Portfolio Services Team

Name	Years of Experience/LSV	Role and Responsibilities	Education
James Owens	22/11	Partner Director, Client Portfolio Services	BA Iowa State University, Finance
Keith Bruch, CFA	23/8	Partner Director, Client Portfolio Services	MBA University of Chicago, Finance BA Northwestern University, Economics
Peter Young, CFA	23/7	Partner Director, Client Portfolio Services	BS Wake Forest University, Business/Mathematics
Scott Kemper	15/5	Partner Director, Client Portfolio Services	MBA University of Chicago BA DePauw University
Jason Ciaglo	13/3	Partner Director, Business Development	MBA University of Chicago BA University of California-Berkeley, English
Paul Halpern	40/7	Director, Client Portfolio Services, Canada Director, Capital Markets Institute The University of Toronto, Rotman	Ph.D. University of Chicago MBA University of Chicago Bcomm University of Toronto
Tremaine Atkinson	23/13	Partner Chief Operating Officer Chief Compliance Officer	BA University of California-San Diego, Economics

Representative Client List

Public Clients

Alberta Investment Management Corporation
 Arizona State Retirement System
 AustralianSuper
 Bayerische Versorgungskammer (BVK)
 Baltimore County Employees' Retirement System
 Bristol County Retirement System
 Chicago Firemen's Annuity & Benefit Fund
 City and County of San Francisco Employees' Retirement System
 City of Atlanta Police Officers' Pension Fund
 City of El Paso, Texas Employees Retirement System
 City of Gainesville Police Officers' & Firefighters' Ret. Plan
 City of Kansas City Employee's Retirement System
 City of Richmond
 City of Stamford, CT Employees' Retirement Fund
 City of St. Louis Employees Retirement System
 Denver Employees Retirement Plan
 District of Columbia Retirement Board
 El Paso County Retirement Plan
 Fairfax County Employees' Retirement System
 Firefighters' Retirement System of Louisiana
 Frederick County Employees' Retirement Plan
 Howard County (MD) Master Trust
 Illinois Municipal Retirement Fund
 Illinois State Board of Investment
 Kansas City Police Employees' Retirement System
 Louisiana State Employees' Retirement System
 Minnesota State Board of Investment
 Municipal Police Employees' Ret. System of Louisiana
 Municipal Employees' Annuity & Benefit Fund of Chicago
 New Hampshire Retirement System
 New Jersey Transit Corporation
 New Zealand Superannuation Fund
 Nexcom
 North Dakota State Investment Board
 Ohio Highway Patrol Retirement System
 Ohio Public Employees Retirement System

Public Clients (Cont.)

Ohio School Employees' Retirement System
 Parochial Employees' Retirement System of Louisiana
 Pennsylvania Municipal Retirement System
 RTD (Denver) Salaried Employees' Pension Trust
 Sacramento County Employees' Retirement System
 San Antonio Fire and Police Pension Fund
 South Carolina Retirement System Investment Commission
 Stanislaus County Employees' Retirement Association
 State of Idaho Endowment Fund
 State of Michigan Retirement Systems
 State of Wisconsin Investment Board
 Teachers' Retirement System of Illinois
 Teachers' Retirement System of Louisiana
 Virgin Islands Government Employees' Retirement System
 Virginia Retirement System
 West Virginia Investment Management Board

Taft Hartley Clients

1199 National Benefit & Pension Fund
 Automobile Mechanics Local 701
 Bricklayers & Trowel Trades International Pension Fund
 Carpenters Labor Management Pension Trust Fund
 Carpenters Pension Fund of Illinois
 Carpenters Pension Trust of St. Louis
 Central Pennsylvania Teamsters Pension Fund
 Chicago Laborers
 Empire State Carpenters
 I.A.T.S.E. National Pension Fund
 I.B.E.W. Local #103
 I.B.E.W. Local #134
 I.U.O.E. Local 302 & 612
 I.U.O.E. Local 825
 International Union of Painters and Allied Trades
 Laborers' National Pension Fund

Taft Hartley Clients (Cont.)

Masters, Mates & Pilots Pension Plan
 Mid-Atlantic Regional Council of Carpenters
 National Asbestos Workers Pension Fund
 National Roofing Industry Pension Fund
 NECA IBEW Pension Trust Fund
 New England Healthcare Workers
 New York City District Council of Carpenters
 Northern Illinois Plumbers Local 501
 Northwest Indiana Carpenters
 Service Employees Int'l Union Master Pension Trust
 S.E.I.U. Local 25
 Sheet Metal Workers Local 73
 Teamsters Joint Council No. 83 of Virginia
 Twin City Pipe Trades
 U.A. Plumbers & Pipefitters Nat'l Pension Fund Staff Plan
 U.M.W.A. 1974 Pension Trust
 U.F.C.W. International Union-Industry Pension Fund
 U.F.C.W. Midwest Pension Fund

Not-For-Profit & Eleemosynary

American Baptist Home Mission Society
 Archdiocese of Cincinnati
 Archdiocese of New York
 Diocese of Buffalo
 Evangelical Lutheran Church in America
 General Board of Global Ministries
 Ministers and Missionaries Benefit Board
 National Geographic Society
 Pacific Salmon Commission
 Reform Pension Board
 The Salvation Army
 The Seeing Eye, Inc.
 TriHealth, Inc.
 Sisters of St. Francis of Philadelphia
 United Church of Canada
 YMCA

Value Equity

Investment Specialists

Representative list is selected based on regional and client type considerations. Some clients choose not to be listed.

For a full client list please call (312) 242-2489.

It is not known whether the listed clients approve or disapprove of LSV Asset Management or the advisory services provided.

Representative Client List

Corporate Clients

ACT, Inc. (American College Testing)
Altria Group
Anadarko Petroleum Corporation
Armstrong World Industries
AT&T
Avery Dennison Corporation
Bank of America
BASF
Bridger Coal Company - Reclamation Trust
Caterpillar Inc.
Chrysler Group
Cox Enterprises, Inc.
Daimler NA
Deere & Company
Desjardins Global Asset Management
Diebold, Inc.
Dominion
Duke Energy
Educational Testing Service
El Paso Corporation
FM Global
Harbor Capital
Harsco Corporation
Hess Corporation
Hoogovens Pensioenfond
ipac
Kraft Foods
L-3 Communications Corporation
Lufkin Industries, Inc.
LyondellBasell
Marsh & McLennan Companies, Inc.

Corporate Clients (Cont.)

NCR Corporation
Nissan North America
Olin Corporation
OnePath
PacifiCorp
Pensioenfond Vervoer
Prudential
Raytheon Company
SEI Funds, Inc.
Shell Pensioenfond
Stagecoach PLC
Telstra Super Pty, Ltd
Thomson Reuters
Towers Watson
Twin Disc, Inc.
Washington Mutual
Wells Fargo Funds
Westpac Staff Superannuation Plan
Wilmington Trust Investment Advisors

Endowment & Foundation Clients

Alma College Endowment
Ancilla Systems, Inc.
Buffalo Fine Arts Academy
Roy J. Carver Charitable Trust
Chagnon Foundation
College of the Ozarks
Cullen Foundation
DePaul University
Irving S. Gilmore Foundation

Endowment & Foundation Clients (Cont.)

Jewish Healthcare Foundation
John D. & Catherine T. MacArthur Foundation
McConnell Foundation
McGill University
New Jersey Health Foundation
Princeton Theological Seminary
Saint Louis University
Stanford University
Texas Presbyterian Foundation
Triad Foundation
University of Guelph
University of Manitoba
York University

Health Care

Advocate Health Care
Carolinas HealthCare Foundation, Inc.
Catholic Healthcare West
Christiana Care Health Services
CHRISTUS Health
Covenant Health
Froedtert Health
Kaiser Foundation Hospitals
Methodist Hospital System
Methodist Le Bonheur Healthcare
Pinnacle Health System
Trinity Health
WellSpan Health System

MARKET UPDATE

FOR MARCH 2012

U.S. EQUITY

Easing concerns about the euro zone's debt crisis and improving U.S. economic data have lifted the S&P 500 more than 12% for the year and over 25% from an October low. The first quarter (until the last few days) was very kind to risky assets.

March was once again a positive month for domestic equity markets and concluded a very strong first quarter. Growth performed in-line with Value for the month and large caps outperformed small caps. The Russell 1000 Growth Index was up 3.3% for the month and the Russell 1000 Value Index was up 3.0%. The Russell 2000 Growth Index was up 2.0% and the Russell 2000 Value was up 3.1%. The S&P 500 Index ended the month up 3.3%.

The S&P 500 Index has a trailing 12-month P/E ratio of 16.3 (estimated P/E ratio of 13.4 on forward looking twelve-month operating earnings) and a dividend yield of 2.0%.

Corporate stockpiles of cash reached a record \$2.23 trillion in the 4th quarter, up from \$2.12 trillion in the 3rd quarter. U.S. based companies stockpiled an additional \$187 billion in untaxed overseas profits over the past year, boosting their offshore holdings by 18.4%.

Corporate merger highlights for the month included: BNP Paribas will sell its stake in French real-estate company Klepierre to Simon Property Group for \$2 billion; Spain's Gamesa will sell four wind parks in the U.S. to Canada's Algonquin Power for nearly \$900 million; Quest Software agreed to be taken private by NY-based Insight Venture Partners for \$2 billion; Molycorp will buy Neo Material Technologies for about \$1.3 billion giving Molycorp access to rare earth processing capabilities and patents; Japan's Asahi Kasei will buy U.S. medical equipment maker Zoll Medical for \$2.2 billion; BCE will buy Astral Media for \$3 billion, giving Canada's largest telecom company twenty-two new television channels; UPS is acquiring rival delivery service company TNT Express in a \$6.8 billion deal to expand in Europe, Asia and Latin America; Cisco Systems is in talks to buy Israel NDS, a developer of software for multi-channel TV networks, for \$5 billion; Glencore the world's number one commodity trader will buy Viterro, Canada's largest grain handler in a \$6.2 billion deal; Watson Pharmaceuticals is close to buying Swiss-based Actavis for around \$7 billion; US Airways is

reportedly seeking support for a possible American Airlines takeover; Amylin Pharmaceuticals rejected a \$3.5 billion unsolicited takeover bid from Bristol-Myers Squibb; and, Roche increased its unsolicited offer to buy U.S. gene-sequencing company Illumina to \$51 per share, valuing the company at \$6.5 billion.

FIXED INCOME

U.S. employers' added 227,000 jobs to their payrolls in February, the Labor Dept. reported, while the unemployment rate held at a 3-year low of 8.3%.

The Federal Reserve in mid-March offered a more positive view of the economy but left its current efforts to boost the recovery unchanged. Bernanke commented to economists that the U.S. job market remains weak despite three months of strong hiring implying that the Fed will stick with its plan for low interest rates. GDP rose 3.0% (annualized) in the fourth quarter and year-over-year, rose 1.6%.

Long-term interest rates were higher in the month of March. The bellwether 10-year Treasury note ended the month yielding 2.21% up from 1.97% at the close of February. At month-end, the 30-year bond yield was 3.35% with the 3-month T-bill at 0.07%. The Barclays Capital US Aggregate Index was down -0.55% in March.

In the next five years, a total of \$5.9 trillion in debt will come due in the U.S. The average maturity on the Treasury's marketable debt is 62.8 months and the average rate of interest is 2.2%.

On the economic front, the following key data was released in March:

THE GOOD

*The Commerce Dept. reported that personal income rose 0.3% in January after a 0.5% jump in December and that consumer spending edged up 0.2%.

*The Institute for Supply Management reported that its services index rose to 57.3 in February from 56.8 in January and was at its highest level since February 2011.

*The Labor Dept. reported that productivity, the amount of output per hour of work, rose at a revised annual rate of 0.9% in the 4th quarter.

*The Federal Reserve reported that net worth for households and non-profit groups increased by \$1.2 trillion, or 2.1%, to \$58.5 trillion in the 4th quarter from the previous quarter.

*Retail sales increased 1.1% in February, the largest gain in five months.

*U.S. factories increased production in February for the third straight month, as output rose 0.3%.

*The Philadelphia Federal Reserve's business activity index rose to 12.5 in March from 10.2 in February, the 4th straight monthly increase.

*The past two months made up the best winter for sales of previously occupied homes in five years.

*Personal consumption expenditures (PCE) jumped 0.8% in February, including a 1.6% surge in durables and strong gains of 0.9% in nondurables and 0.6% in services.

Consumer confidence was mixed in March, but still seems to be generally improving. The Conference Board index fell 1.4 points to 70.2 but followed a 10.1 point jump in February. Meanwhile, the Univ. of Michigan index was revised up 1.9 points to 76.2 in March, leaving it 0.9 point higher than February.

THE NOT SO GOOD

*The Commerce Dept. reported that construction spending slipped 0.1% in January to a seasonally adjusted annual rate of \$827 billion.

*The Institute for Supply Management's manufacturing index slipped to 52.4% in February.

*Over 11 million U.S. residential properties were underwater with borrowers owing more on mortgages than their homes were worth in the 4th quarter.

*Total consumer credit grew by \$17.8 billion in January, beating expectations of a \$10 billion increase.

*The U.S. trade gap jumped by more than 4% to \$52.6 billion in January, the highest since October 2008.

*The Treasury Dept. reported that the U.S. government ran a \$231.7 billion deficit in February, up from the deficit of \$222.5 billion in the same month one year ago.

*The Commerce Dept. reported that the current account deficit widened much more than expected to \$124.1 billion in the 4th quarter of 2011, as imports rose and exports dropped.

*The Labor Dept. reported that the producer price index rose a seasonally adjusted 0.4% in February.

*Sales of U.S. new homes fell in February for the second straight month, a reminder that the depressed housing market remains weak.

*Personal income rose just 0.2% in February reflecting a 0.3% increase in key wage and salary component.

NON-U.S. MARKETS

GDP fell -0.3% in Q4 in the UK, slightly worse than the -0.2% originally reported. GDP has now fallen in three of the last five quarters. Consumer confidence eroded in March in the UK with the headline sentiment index falling 2 points on the month to -31, its lowest this year.

Euro-zone countries formally approved Greece's second bailout. Greece shortly thereafter received the first \$9.9 billion of aid from its new bailout, with the bulk of it going to repay bonds held by the euro zone's central banks.

The European Central Bank disbursed \$712 billion in a second round of three-year loans to banks at a low current interest rate of 1.0%. The first round of lending in the ECB's Long-Term Refinancing Operation last December provided much needed liquidity to these banks that were struggling to refinance their debt in the credit markets.

Germany says it is speeding up its plans to cut borrowing as it works to balance its budget by 2016. Spain's long-term borrowing costs rose above Italy for the first time in 8 months, after Mariano Rajoy, the Spanish prime minister stated that Spain's deficit this year would be above that agreed with the EU.

Industrial production for the overall Eurozone showed tentative signs of stabilizing early this year after falling sharply over the final four months of 2011. Output edged up 0.2 % in January.

The German labor market continues to be quite strong. The number of unemployed is at just 2.84 million, the lowest since December 1991 and the unemployment rate is at 6.7% the lowest in the over 20-year history of the series.

Overall Eurozone consumer price (CPI) inflation decelerated to 2.6% year-over-year in March from 2.7% one month earlier.

Ireland dropped back into recession at the end of 2011, a worrying sign for its efforts to emerge from a bailout.

Japanese labor market data was quite strong in February. Employment rose by 290,000 and the unemployment rate fell a tick to 4.5%. Retail sales appear to be picking up in Japan with sales rising 1.3% in February following a 2.1% increase in January.

China's government pronounced that it will aim for an economic growth rate of 7.5% this year, the first time in eight years that the official target has been below 8%. China reported a trade deficit of \$31.5 billion in February, the largest in at least a decade, as imports grew at twice the rate of exports.

India's industrial production rose 6.8% year-over-year in January, down 1.5% from 12 months earlier.

Non-U.S. equities were slightly down for the month of March. The MSCI ACWI Ex-U.S. was down -1.3% (US dollars) in March. Developed stocks (EAFE) were down -0.4% while Emerging Markets lost -3.3% for the month.

CONCLUSION

The first quarter was very strong for global equities which were bolstered by signals of improved growth prospects in the U.S. and added global central bank liquidity. As we look forward to the second quarter investors are reassessing opportunities for equities and other risk assets. Investors may be concerned with the continued negative outlook in Europe; specifically that of Spain and Portugal, high oil prices, and slowing in both China and India. Seemingly ever-present geopolitical tensions accompanied by a major U.S. election year will likely impact business and consumer confidence. As Abraham Gulkowitz states in the latest issue of The Punchline, "The uncomfortable truth is that this readjustment course may turn out to be a long-winded process with many ups and downs."

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Mar-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	3.08	12.87	12.87	7.18	12.18	24.26	2.18	5.10	4.67
Russell TOP 200 Index	3.50	12.88	12.88	9.88	11.74	22.13	1.89	4.39	3.34
Russell TOP 200 Growth Index	3.72	14.76	14.76	14.02	14.58	23.97	5.49	6.30	3.57
Russell TOP 200 Value Index	3.26	11.00	11.00	5.88	8.94	20.31	-1.63	2.47	3.12
S&P 500 Index	3.29	12.59	12.59	8.54	12.04	23.42	2.01	4.71	4.12
Russell 1000 Index	3.13	12.90	12.90	7.86	12.19	24.03	2.19	5.04	4.53
Russell 1000 Growth Index	3.29	14.69	14.69	11.02	14.58	25.28	5.10	6.49	4.28
Russell 1000 Value Index	2.96	11.12	11.12	4.79	9.85	22.82	-0.81	3.49	4.58
Russell Mid-Cap Index	2.24	12.94	12.94	3.31	13.31	29.13	3.03	6.73	7.85
Russell Mid-Cap Growth Index	2.22	14.52	14.52	4.43	14.98	29.16	4.44	7.23	6.92
Russell Mid-Cap Value Index	2.26	11.41	11.41	2.28	11.82	29.18	1.26	5.96	8.02
Russell 2000 Index	2.56	12.44	12.44	-0.18	12.05	26.90	2.13	5.77	6.45
Russell 2000 Growth Index	2.03	13.28	13.28	0.68	14.86	28.36	4.15	6.86	6.00
Russell 2000 Value Index	3.10	11.59	11.59	-1.07	9.24	25.36	0.01	4.57	6.59
DJ US REIT Index	5.24	10.76	10.76	13.53	18.86	44.48	-0.75	7.58	10.36
DJ-UBS US Commodity Index TR	-4.14	0.89	0.89	-16.28	3.72	9.05	-2.78	0.07	5.49
DJ-UBS US Gold Index TR	-2.45	6.37	6.37	15.36	21.64	20.95	19.04	20.25	17.67

Good
Month
+ 3 Mos
US Stocks.

Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Mar-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	-1.32	11.34	11.34	-6.75	2.93	19.65	-1.11	5.53	7.74
MSCI AC World Index	0.71	12.02	12.02	-0.19	6.96	21.38	0.34	5.18	5.86
MSCI EAFE Index	-0.40	10.98	10.98	-5.31	2.47	17.68	-3.04	3.73	6.16
MSCI Emerging Markets index	-3.32	14.14	14.14	-8.52	4.24	25.42	4.97	12.51	14.47
ML Global Government Bond Ex. U.S. Index	-1.20	-2.64	-2.64	5.44	8.59	8.28	8.31	5.78	8.45
Euro	-0.45	2.58	2.58	-6.16	-0.79	0.10	0.01	0.35	4.32
Japanese Yen	-1.65	-6.51	-6.51	0.71	6.56	6.27	7.49	3.82	4.88
UK Pound Sterling	0.02	2.81	2.81	-0.32	2.63	3.69	-4.02	-2.37	1.16

Non-US
Stocks
down March
watch Spain!

US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Mar-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.01	0.01	0.01	0.06	0.11	0.13	1.23	2.10	1.91
BarCap Aggregate Bond Index	-0.55	0.30	0.30	7.71	6.41	6.83	6.25	5.72	5.80
ML U.S. Corp/Govt Master Index	-0.76	0.17	0.17	8.43	6.89	7.23	6.21	5.64	5.90
ML U.S. Corporate Master Index	-0.59	2.44	2.44	9.07	8.35	13.59	6.76	6.09	6.61
BarCap Mortgage Backed Securities Index	0.07	0.57	0.57	6.21	5.29	5.26	6.33	5.89	5.65
ML U.S. High Yield Master Index	-0.10	5.05	5.05	5.71	9.84	23.38	7.74	8.20	8.86
JPM EMBI Global	0.09	4.86	4.86	12.59	10.60	16.47	8.59	9.65	10.94

BC Agg
up 30bps
YTD

A

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING MAR 31, 2012
PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

ASSET CLASS	MARKET VALUE	PERCENT	POLICY		
			TARGET	RANGE	
DOMESTIC EQUITIES	610,586,972	↑ 42.8%	40.9%	35.9%	45.9%
INTERNATIONAL EQUITIES	247,728,617	↓ 17.4%	19.0%	16.0%	22.0%
FIXED INCOME	526,019,093	36.9%	37.1%	33.4%	40.8%
SPECIAL SITUATIONS	34,079,562	2.4%	3.0%	2.0%	4.0%
SECURITY LENDING	(2,476,383)	-0.2%	0.0%	0.0%	0.0%
CASH (equity managers only)	11,359,897	0.8%	0.0%	0.0%	3.0%
TOTAL PORTFOLIO	1,427,297,758	100.0%	100.0%		

	CURRENT	TARGET
DODGE & COX · LARGE CAP VALUE	9.6%	9.8%
BGI · R1000 VALUE INDEX	6.4%	6.0%
DELAWARE · LARGE CAP GROWTH	8.4%	6.8%
BGI · R1000 GROWTH INDEX	5.5%	5.0%
CAPITAL PROSPECTS	4.6%	4.5%
LEGATO CAPITAL	4.2%	4.0%
BNY · S&P 500 INDEX	4.6%	4.8%
LSV ASSET MGMT · INTL EQ	8.6%	9.5%
PYRAMIS · INTL EQ	9.0%	9.5%
DODGE & COX FIXED INCOME	29.4%	29.6%
PIMCO	7.4%	7.5%
INVESCO · GLOBAL REIT	1.4%	1.5%
RAFI · LONG SHORT	1.0%	1.5%
SECURITY LENDING	-0.2%	0.0%
TOTALS	100.0%	100.0%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING MAR 31, 2012
PRELIMINARY BASIS

GROWTH OF ASSETS AND CHANGES IN ALLOCATION

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
MARKET VALUE					
DOMESTIC EQUITIES	610,586,972	594,662,110	2.68%	627,367,300	-2.67%
INTERNATIONAL EQUITIES	247,728,617	248,827,068	-0.44%	295,587,596	-16.19%
FIXED INCOME	526,019,093	528,691,138	-0.51%	457,760,736	14.91%
SPECIAL SITUATIONS	34,079,562	34,607,990	-1.53%	18,683,979	82.40%
SECURITIES LENDING	(2,476,383)	(2,559,513)	3.25%	(2,612,016)	5.19%
CASH (equity managers only)	11,359,897	10,333,378	9.93%	10,272,291	10.59%
TOTAL PORTFOLIO	1,427,297,758	1,414,562,172	0.90%	1,407,059,886	1.44%
		+ \$13 MM		+ \$20 MM	
ASSET ALLOCATION (ACTUAL)					
DOMESTIC EQUITIES	42.78%	42.04%	0.7%	44.59%	-1.8%
INTERNATIONAL EQUITIES	17.36%	17.59%	-0.2%	21.01%	-3.7%
FIXED INCOME	36.85%	37.37%	-0.5%	32.53%	4.3%
SPECIAL SITUATIONS	2.39%	2.45%	-0.1%	1.33%	1.1%
SECURITY LENDING	-0.17%	-0.18%	0.0%	-0.19%	0.0%
CASH (equity managers only)	0.80%	0.73%	0.1%	0.73%	0.1%
TOTAL PORTFOLIO	100.0%	100.0%	0.0%	100.0%	0.0%


* % Change represents changes in cash balances, including cash transfers, and does not represent investment returns

Page 2

2

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING MAR 31, 2012
PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	RANGE
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	137,677,622	9.6%	9.8%	7.8% - 11.8%
BLACKROCK - R1000 VALUE INDEX	91,195,209	6.4%	6.0%	5.0% - 7.0%
DELAWARE - LARGE CAP GROWTH	120,489,602	8.4% 	6.8%	5.3% - 8.3%
BLACKROCK - R1000 GROWTH INDEX	77,812,505	5.5%	5.0%	4.0% - 6.0%
CAPITAL PROSPECTS - SMALL CAP VALUE	65,151,317	4.6%	4.5%	3.5% - 5.5%
LEGATO CAPITAL - SMALL CAP GROWTH	60,129,943	4.2%	4.0%	3.0% - 5.0%
BNY - S&P 500 INDEX	66,231,891	4.6%	4.8%	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	618,688,090	43.3%	40.9%	
FIXED INCOME				
DODGE & COX	419,763,305	29.4%	29.6%	27.1% - 32.1%
PIMCO	106,255,788	7.4%	7.5%	6.0% - 9.0%
TOTAL FIXED INCOME	526,019,093	36.9%	37.1%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT	122,512,447	8.6%	9.5%	8.0% - 11.0%
PYRAMIS	128,474,949	9.0%	9.5%	8.0% - 11.0%
TOTAL INTERNATIONAL EQUITIES	250,987,397	17.6%	19.0%	
SPECIAL SITUATIONS				
INVESCO (Global REITs)	19,346,925	1.4%	1.5%	0.0% - 3.0%
RAFI (Global Long/Short Equity)	14,732,637	1.0%	1.5%	0.0% - 3.0%
TOTAL SPECIAL SITUATIONS	34,079,562	2.4%	3.0%	0.0% - 3.0%
SECURITIES LENDING	(2,476,383)	-0.2%	0.0%	0.0% - 0.0%
TOTAL STANCERA PORTFOLIO	1,427,297,758	100.0%	100.0%	

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING MAR 31, 2012
PRELIMINARY

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	2,108,810		135,568,812	137,677,622
BLACKROCK R1000 VALUE INDEX	6,244		91,188,965	91,195,209
DELAWARE - LARGE CAP GROWTH	1,726,818		118,762,784	120,489,602
BLACKROCK R1000 GROWTH INDEX	0		77,812,505	77,812,505
CAPITAL PROSPECTS - SMALL CAP VALUE	1,980,130		63,171,187	65,151,317
LEGATO CAPITAL - SMALL CAP GROWTH	1,778,906		58,351,036	60,129,943
BNY - S&P 500 INDEX	500,209		65,731,682	66,231,891
TOTAL DOMESTIC EQUITIES	8,101,118		610,586,972	618,688,090
FIXED INCOME				
DODGE & COX	8,672,661	411,090,644		419,763,305
PIMCO	13,370,541	92,885,247		106,255,788
TOTAL FIXED INCOME	22,043,202	503,975,891		526,019,093
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	1,697,841		120,814,606	122,512,447
PYRAMIS	1,560,938		126,914,011	128,474,949
TOTAL INTERNATIONAL EQUITIES	3,258,779		247,728,617	250,987,397
SPECIAL SITUATIONS				
INVESCO (Global REITs)	0		19,346,925	19,346,925
RAFI (Global Long/Short Equity)	0		14,732,637	14,732,637
TOTAL SPECIAL SITUATIONS	0		34,079,562	34,079,562
SECURITIES LENDING	(2,476,383)			(2,476,383)
TOTAL STANCERA PORTFOLIO	30,926,716	503,975,891	892,395,151	1,427,297,758
	2.2%	35.3%	62.5%	100.0%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING MAR 31, 2012

PRELIMINARY BASIS

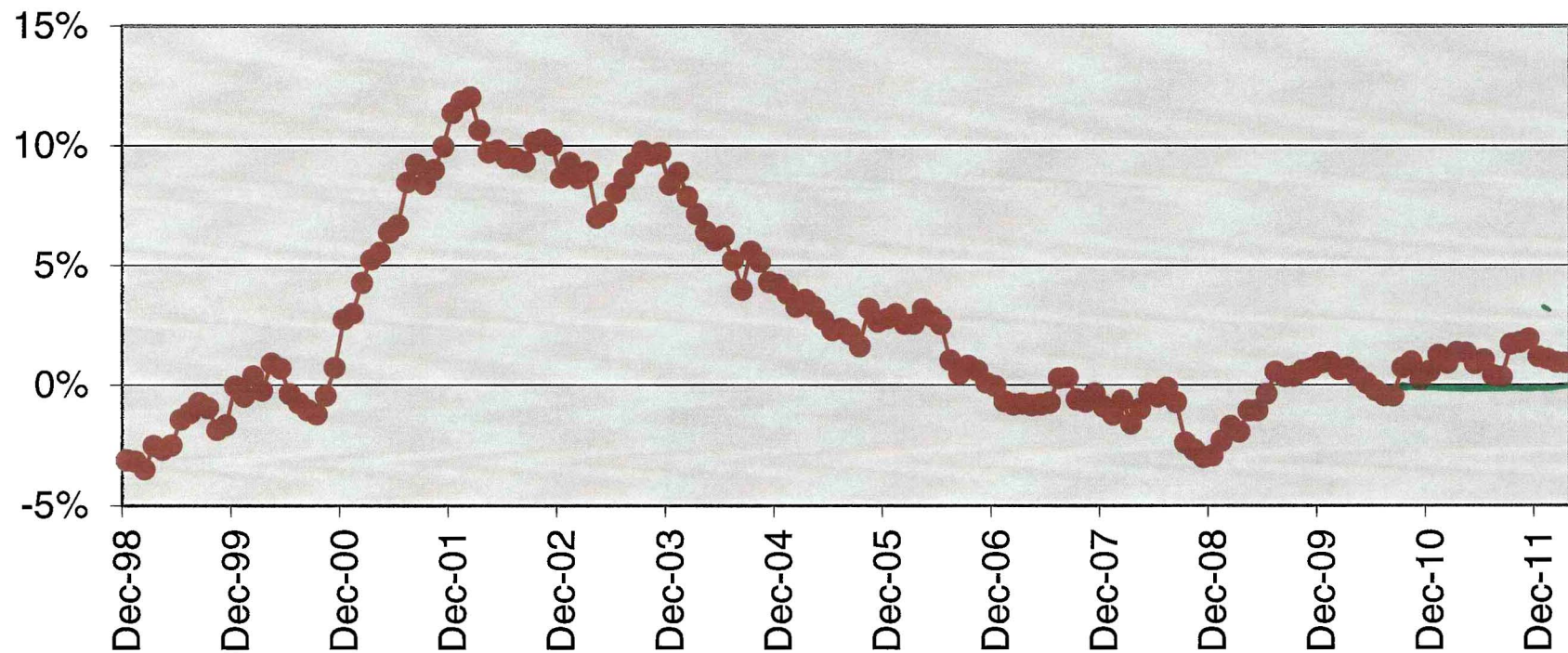
CURRENT PERFORMANCE

	MARKET VALUE	MAR	ALPHA	FEB	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES							
DODGE & COX - LARGE CAP VALUE	135,568,812	2.49%	-0.47%	4.49%	0.50%	2.50%	-2.83%
RUSSELL 1000 VALUE		2.96%		3.99%		5.33%	
BLACKROCK - R1000 VALUE INDEX	91,188,965	2.98%	0.02%	4.00%	0.01%	5.40%	0.07%
RUSSELL 1000 VALUE		2.96%		3.99%		5.33%	
DELAWARE - LARGE CAP GROWTH	118,762,784	3.34%	0.05%	8.14%	3.36%	16.93%	6.74%
RUSSELL 1000 GROWTH		3.29%		4.78%		10.19%	
BLACKROCK - R1000 GROWTH INDEX	77,812,505	3.31%	0.02%	4.79%	0.01%	10.30%	0.11%
RUSSELL 1000 GROWTH		3.29%		4.78%		10.19%	
CAPITAL PROSPECTS	63,171,187	1.66%	-1.44%	3.48%	1.99%	2.28%	0.65%
RUSSELL 2000 VALUE		3.10%		1.49%		1.64%	
LEGATO CAPITAL	58,351,036	3.01%	0.98%	4.08%	0.79%	0.86%	-0.40%
RUSSELL 2000 GROWTH		2.03%		3.29%		1.27%	
BNY - S&P 500 INDEX	65,731,682	3.30%	0.01%	4.31%	-0.01%	8.45%	0.01%
S&P 500		3.29%		4.32%		8.44%	
TOTAL DOMESTIC EQUITY	610,586,972	2.88%	-0.20%	4.97%	0.74%	6.73%	-0.48%
Russell 3000 Index		3.08%		4.23%		7.21%	
FIXED INCOME							
DODGE & COX	419,763,305	0.07%	0.62%	0.85%	0.87%	5.08%	-0.22%
BARCLAYS US AGGREGATE BOND		-0.55%		-0.02%		5.30%	
PIMCO	106,255,788	-0.44%	0.11%	-0.08%	-0.06%	6.00%	0.70%
BARCLAYS US AGGREGATE BOND		-0.55%		-0.02%		5.30%	
TOTAL FIXED INCOME	526,019,093	-0.03%	0.52%	0.67%	0.69%	5.15%	-0.15%
BARCLAYS US AGGREGATE BOND		-0.55%		-0.02%		5.30%	
INTERNATIONAL INVESTMENTS							
LSV ASSET MGMT	120,814,606	-1.46%	-0.14%	5.12%	-0.53%	-7.77%	-0.37%
MSCI ACWI Free ex-US		-1.32%		5.65%		-7.40%	
PYRAMIS	126,914,011	1.07%	2.39%	5.96%	0.31%	-4.87%	2.53%
MSCI ACWI Free ex-US		-1.32%		5.65%		-7.40%	
TOTAL INTERNATIONAL EQUITY	247,728,617	-0.16%	1.16%	5.54%	-0.11%	-6.27%	1.13%
MSCI ACWI Free ex-US		-1.32%		5.65%		-7.40%	
SPECIAL SITUATIONS							
INVESCO	19,346,925	1.88%	0.67%	2.94%	-0.58%	-0.03%	-0.25%
FTSE EPRA/NAREIT Global REIT		1.21%		3.52%		0.22%	
RAFI - LS	14,732,637	-5.67%	-5.67%	-0.24%	-0.25%	-26.34%	-26.41%
US 1- month LIBOR		0.00%		0.01%		0.07%	
SECURITIES LENDING							
BNY MELLON	(2,476,383)						
CASH and SHORT-TERM INVESTMENTS							
CASH	11,359,897	0.01%	0.00%	0.01%	0.02%	0.09%	0.06%
90 DAY TREASURY BILL		0.01%		-0.01%		0.03%	
TOTAL Stancera Fund	1,427,297,758	1.15%	0.35%	3.37%	0.62%	2.95%	-1.04%
Policy Index		0.80%		2.75%		4.00%	
Actuary Rate of Assumption (8.00%)		0.66%	0.49%	0.66%	2.72%	6.00%	-3.05%
Actuary Rate of Inflation (3.50%)		0.29%	0.86%	0.29%	3.08%	2.63%	0.33%

99p 19-20w

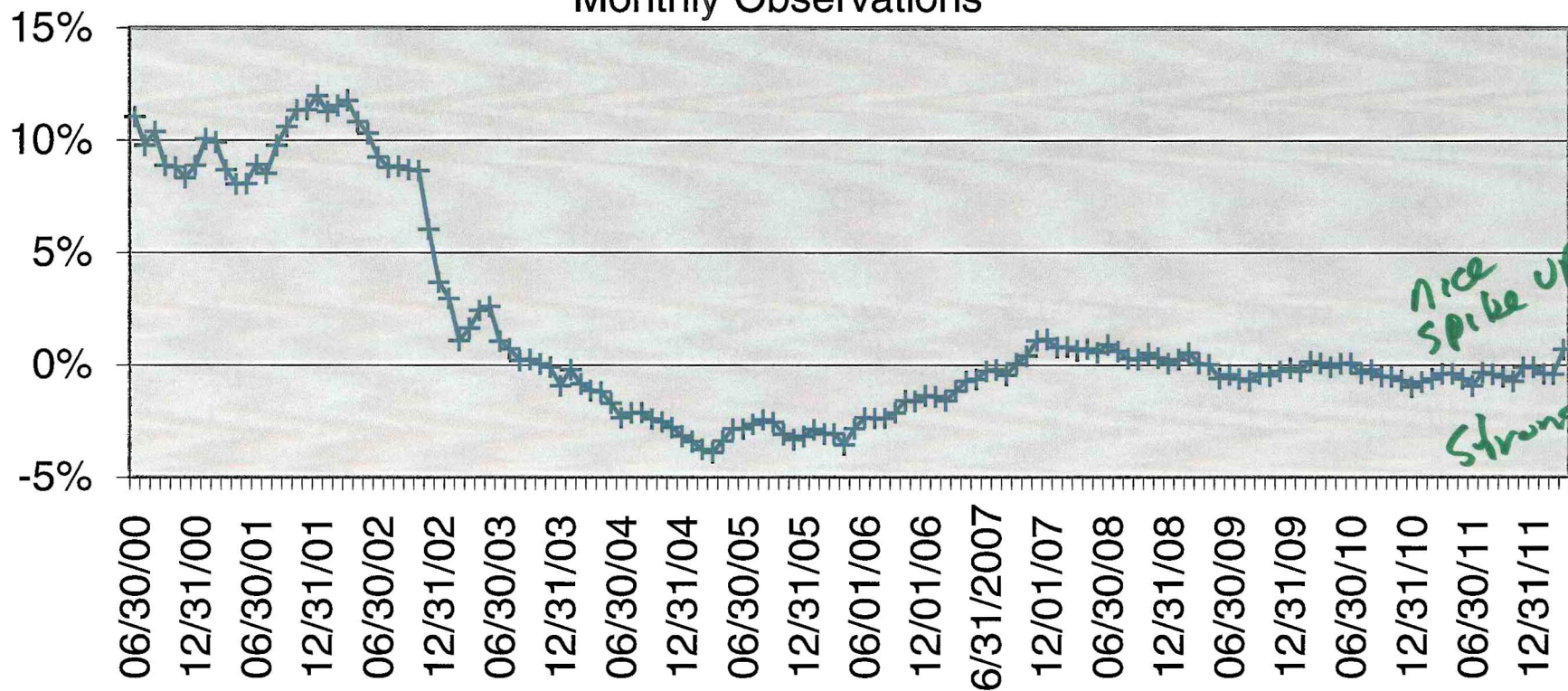
5

Dodge & Cox Equity
Rolling 3-Years Annualized Alpha
Monthly Observations



3 year alpha
positive

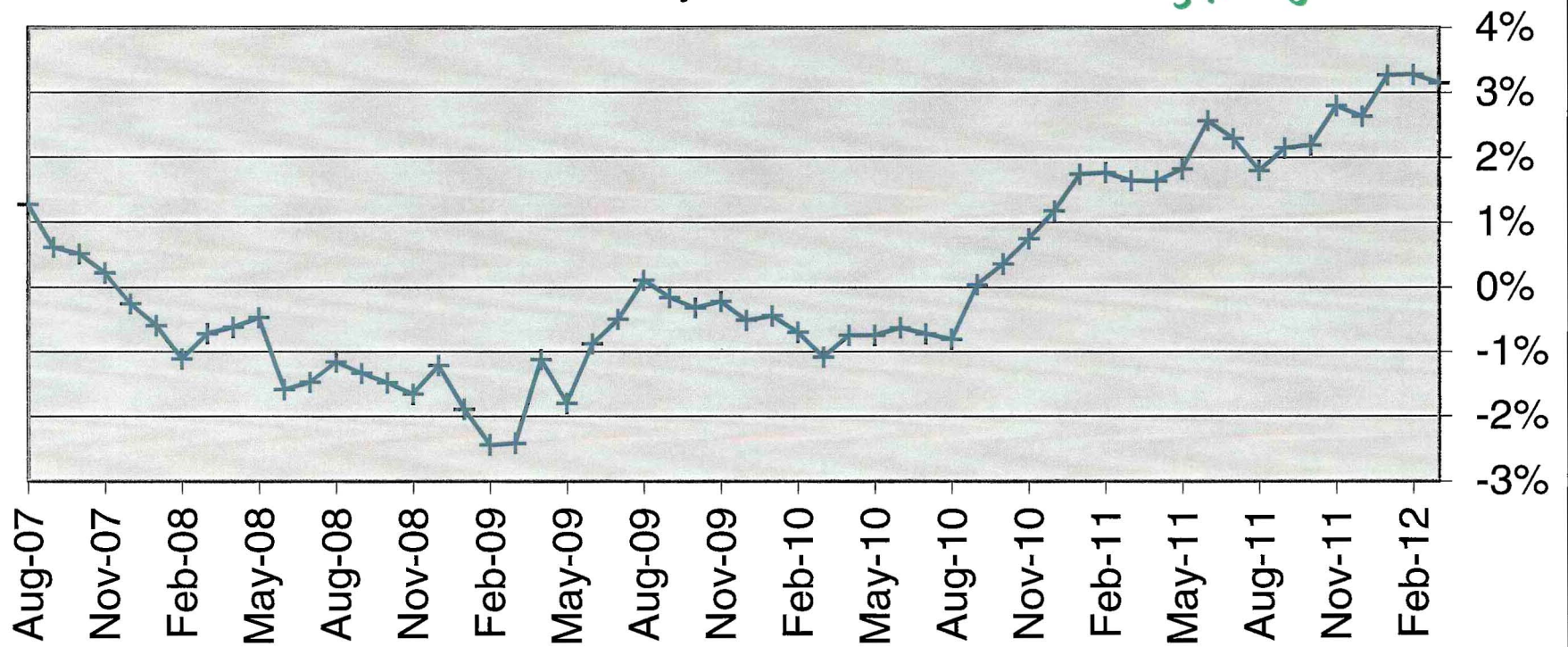
Pyramis (May 2006)
Rolling 3-Years Annualized Alpha
Monthly Observations



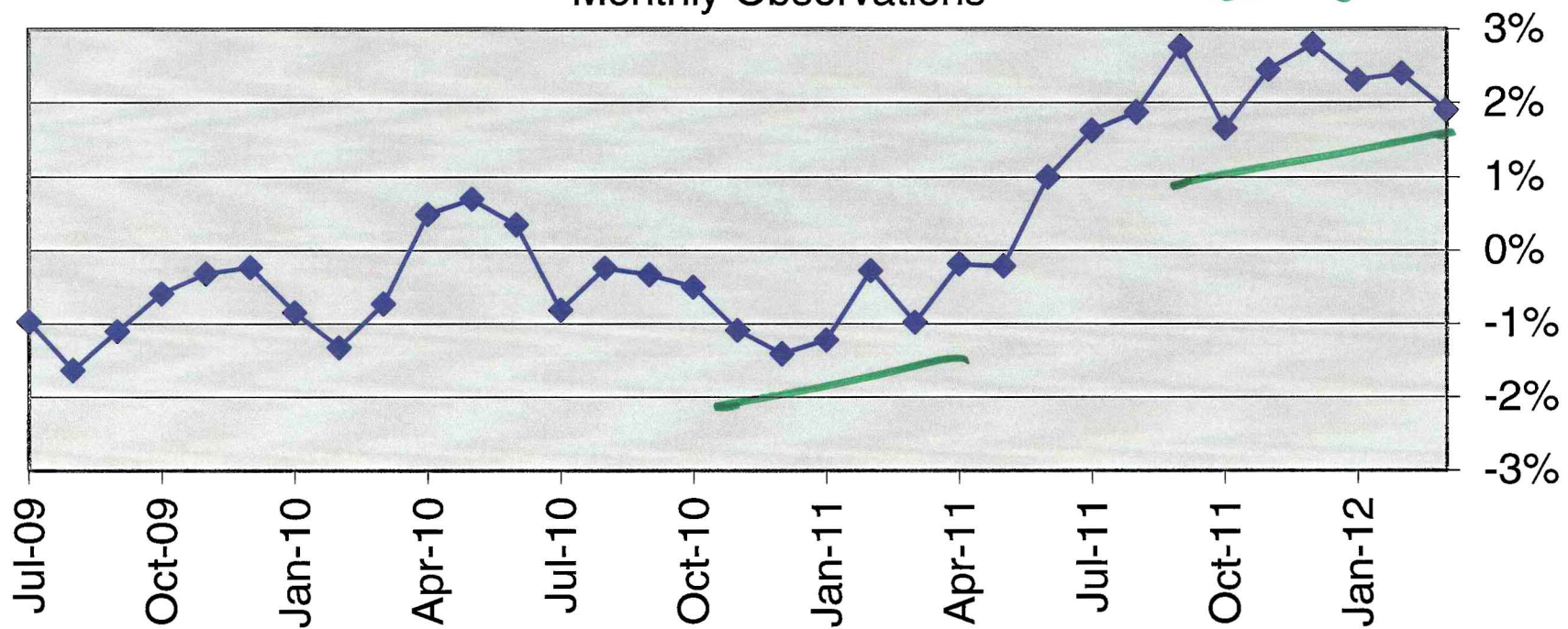
Nice
Spike up
Strong March

LSV
Rolling 3-Years Annualized Alpha
Monthly Observations

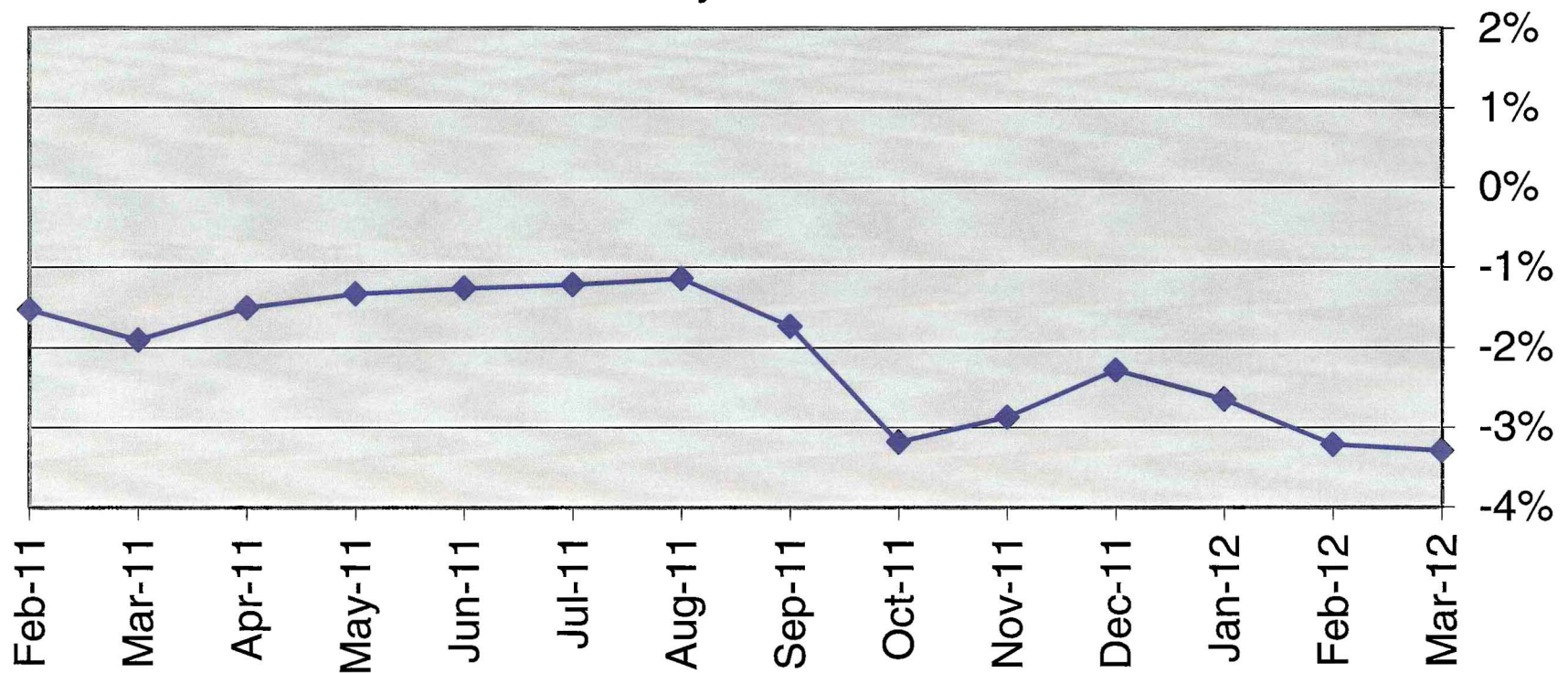
strong alphas



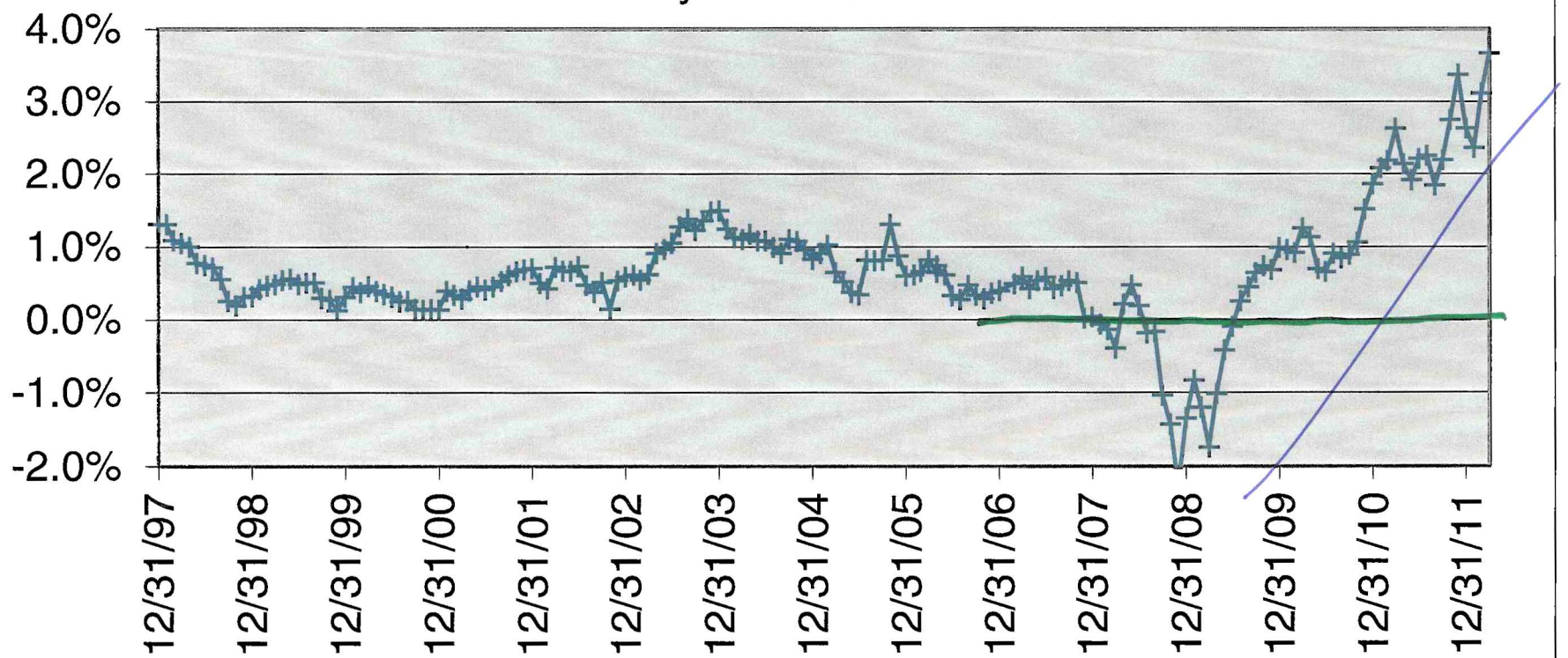
Delaware
Rolling 3-Years Annualized Alpha
Monthly Observations



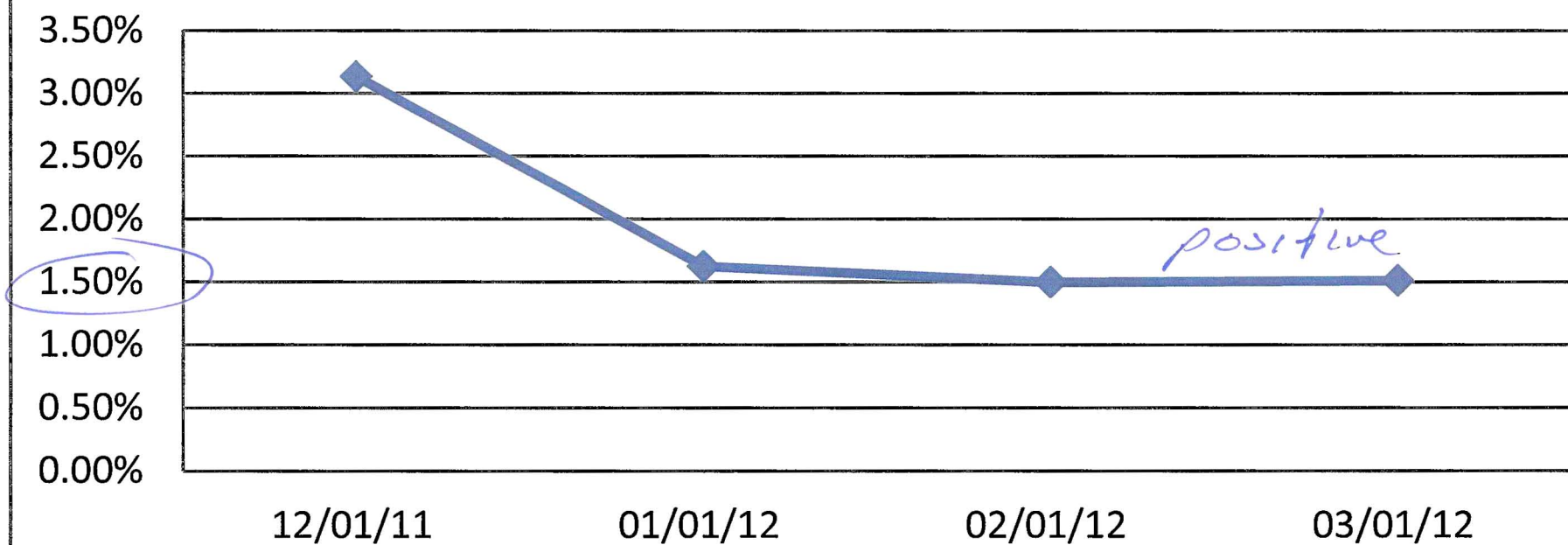
INVESCO
Rolling 3-Years Annualized Alpha
Monthly Observations



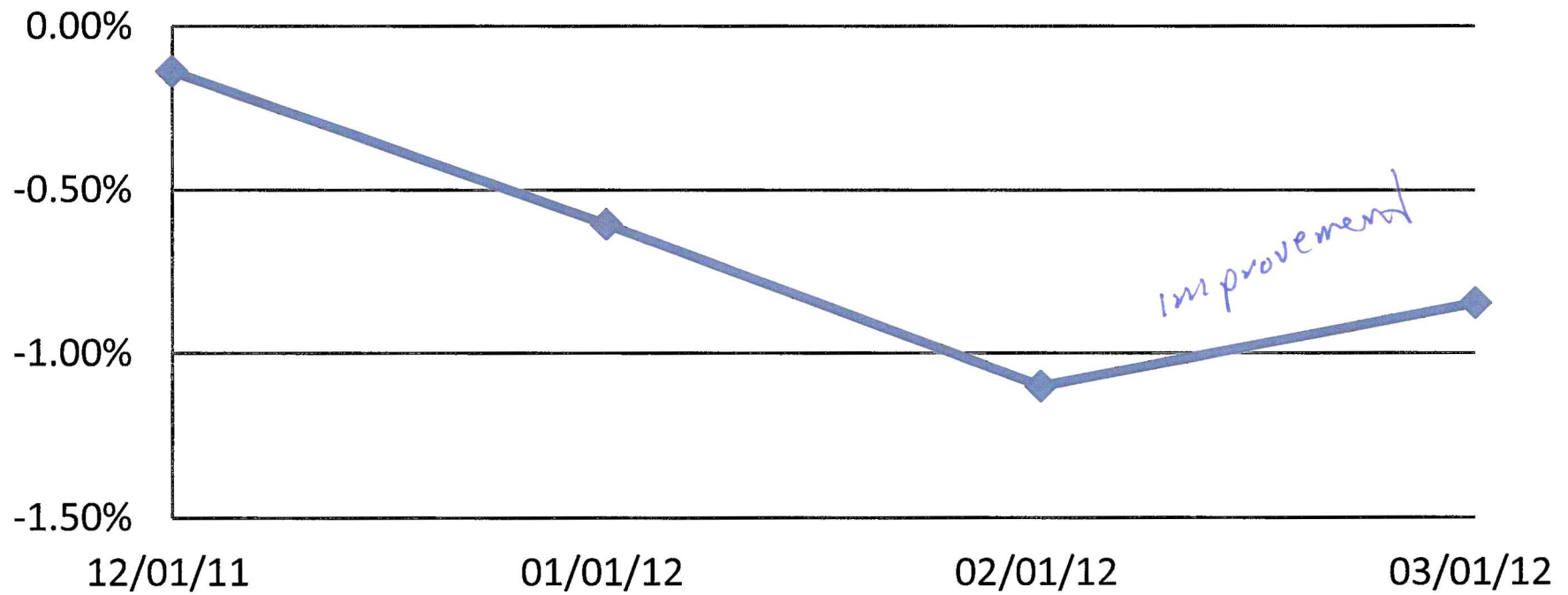
Dodge & Cox Fixed Income
Rolling 3-Year Alphas Annualized
Monthly Observations



Capital Prospects
Rolling 3-Year
Alphas
Monthly Observatons



Legato Rolling
3-Year Alphas
Annualized
Monthly Observations



ENHANCED RAFI® GLOBAL LONG SHORT, L.P.

Partner's Statement of Capital Account (Unaudited)

For the Period Ending March 31, 2012

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PO Box 3150

Modesto, CA 95353-3150

Statement of Changes in Capital Account

	<u>Month-to-Date</u>	<u>Year-to-Date</u>
Beginning Capital Account Balance	\$ 15,618,256.05	\$ 15,912,656.71
Capital Contributions		
Capital Withdrawals		
Capital Transfers		
Gross Income (Loss)	(885,618.92)	(1,180,019.58)
Management Fee		
Incentive Allocation		
Ending Capital Account Balance	\$ 14,732,637.13	\$ 14,732,637.13

Performance Summary

	<u>Month-to-Date</u>	<u>Quarter-to-Date</u>	<u>Year-to-Date</u>	<u>Inception-to-Date (Cumulative)</u>
Net Rate of Return*	-5.67%	-7.42%	-7.42%	-26.15%
1-Month Treasury Bill	0.00%	0.01%	0.01%	0.03%

Inception Date: 7/1/2011

*Net performance return is calculated net of incentive allocation.

Past performance is not a guarantee of future returns. These figures are based on unaudited numbers and not to be used for tax purposes

Prepared By: HedgeCount, LLC



Research Affiliates, LLC • 620 Newport Center Drive • Suite 900 • Newport Beach, CA 92660 • (949) 325-8700

This statement contains confidential information. It is intended solely for the use of the recipient to whom it is addressed. If you received this statement in error and are not the intended recipient, please immediately discard. You are hereby advised that any dissemination, distribution or copying of this statement is strictly prohibited.

04/24/12
Item #8b

STANCERA
Price Monitor Position Report

BlackRock
Passive Large Cap Growth Manager
Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	10,097	\$6,053,813	7.78%	0.42%	599.55	580.13	-3.24%	-0.84%
Exxon Mobil Corp	XOM	37,592	\$3,260,344	4.19%	0.23%	86.73	84.01	-3.14%	-0.74%
INTL Business Machines	IBM	12,717	\$2,653,406	3.41%	0.19%	208.65	202.75	-2.83%	-0.43%
Microsoft Corp.	MSFT	76,703	\$2,474,438	3.18%	0.17%	32.26	31.08	-3.66%	-1.26%
Google Inc.	GOOG	2,645	\$1,696,313	2.18%	0.12%	641.24	624.60	-2.59%	-0.19%
Coca-Cola Co.	KO	20,817	\$1,540,688	1.98%	0.11%	74.01	72.44	-2.12%	0.28%
Philip Morris Intl.	PM	17,212	\$1,525,125	1.96%	0.11%	88.61	87.84	-0.87%	1.53%
Qualcomm, Inc.	QCOM	17,721	\$1,206,094	1.55%	0.08%	68.06	66.25	-2.66%	-0.26%
Oracle Corp	ORCL	40,561	\$1,182,750	1.52%	0.08%	29.16	28.64	-1.78%	0.62%
Pepsico Inc.	PEP	16,770	\$1,112,719	1.43%	0.08%	66.35	65.99	-0.54%	1.86%
TOP TEN HOLDINGS			\$22,705,689	29.18%	1.59%	Russell 1000 Growth:		-2.40%	

Total Portfolio Value
Total StanCERA Value

\$77,812,505
\$1,427,297,758

STANCERA
Price Monitor Position Report

BlackRock
Passive Large Cap Value Manager
Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change	Relative % Change
GENERAL ELECTRIC CO	GE	132,226	\$2,653,781	2.91%	0.19%	20.07	18.9	-5.83%	-2.87%
CHEVRON CORP	CVX	10,471	\$1,122,586	2.77%	0.08%	107.21	101.51	-5.32%	-2.36%
AT&T INC	T	36,073	\$1,126,567	2.63%	0.08%	31.23	30.61	-1.99%	0.97%
JPMORGAN CHASE & CO	JPM	49,783	\$2,289,000	2.51%	0.16%	45.98	43.33	-5.76%	-2.80%
PFIZER INC	PFE	100,254	\$2,270,761	2.49%	0.16%	22.65	21.98	-2.96%	0.00%
PROCTER & GAMBLE CO	PG	33,786	\$2,270,761	2.49%	0.16%	67.21	66.78	-0.64%	2.32%
WELLS FARGO & CO	WFC	23,670	\$808,103	2.18%	0.06%	34.14	33.15	-2.90%	0.06%
INTEL CORP	INTL	38,110	\$804,122	2.04%	0.06%	21.10	20.00	-5.21%	-2.25%
JOHNSON & JOHNSON	JNJ	12,614	\$831,988	2.01%	0.06%	65.96	63.98	-3.00%	-0.04%
BERKSHIRE HATHAWAY INC	BRK/B	22,476	\$1,823,904	2.00%	0.13%	81.15	78.82	-2.87%	0.09%
TOP TEN HOLDINGS			\$16,001,571	24.03%	1.14%	Russell 1000 Value		-2.96%	

Total Portfolio Value
Total StanCERA Value

\$91,195,209
\$1,427,297,758

STANCERA

Price Monitor Position Report

Capital Prospects

Active US Small Cap Value Manager

Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000V	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change	Relative % Change
Regal Beloit Corp	RBC	14,312	\$938,179	1.44%	0.07%	0.00%	65.55	63.88	-2.55%	0.95%
Littelfuse Inc	LFUS	13,612	\$853,482	1.31%	0.06%	0.03%	62.70	60.20	-3.99%	-0.49%
Belden Inc	BDC	20,967	\$794,846	1.22%	0.06%	0.04%	37.91	35.05	-7.54%	-4.04%
Hanesbrands Inc	HBI	26,025	\$768,786	1.18%	0.05%	0.00%	29.54	27.41	-7.21%	-3.71%
Meredith Corp	MDP	22,279	\$723,180	1.11%	0.05%	0.19%	32.46	30.97	-4.59%	-1.09%
The Brink's Co	BCO	28,659	\$684,089	1.05%	0.05%	0.02%	23.87	22.04	-7.67%	-4.17%
Gulfport Energy Corp	GPOR	23,045	\$671,059	1.03%	0.05%	0.00%	29.12	25.62	-12.02%	-8.52%
Newell Rubbermaid Inc	NWL	36,823	\$658,028	1.01%	0.05%	0.00%	17.87	17.19	-3.81%	-0.31%
Hexcel Corp New	HXL	27,406	\$658,028	1.01%	0.05%	0.07%	24.01	26.06	8.54%	12.04%
Broadridge Financial S	BR	25,614	\$612,422	0.94%	0.04%	0.00%	23.91	23.01	-3.76%	-0.26%
TOP TEN HOLDINGS			\$7,362,099	11.30%	0.52%	0.35%	Russell 2000 Value:		-3.50%	

Total Portfolio Value
Total StanCERA Value

\$65,151,317
\$1,427,297,758

STANCERA

Price Monitor Position Report

Delaware Investments Advisers
 Active Large Cap Growth Portfolio
 Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	16,900	\$10,132,395	8.41%	0.71%	7.55%	599.55	580.13	-3.24%	-0.84%
QUALCOMM Inc.	QCOM	97,100	\$6,608,626	5.49%	0.46%	1.55%	68.06	66.25	-2.66%	-0.26%
Visa Inc.	V	54,300	\$6,407,400	5.32%	0.45%	0.27%	118.00	123.16	4.37%	6.77%
EOG Resources Inc.	EOG	54,950	\$6,104,945	5.07%	0.43%	0.41%	111.10	102.77	-7.50%	-5.10%
MasterCard Inc. CI A	MA	14,500	\$6,097,830	5.06%	0.43%	0.61%	420.54	440.46	4.74%	7.14%
Crown Castle International Corp.	CCI	105,800	\$5,643,372	4.68%	0.40%	0.21%	53.34	54.26	1.72%	4.12%
priceline.com Inc.	PCLN	7,800	\$5,596,500	4.65%	0.39%	0.49%	717.50	735.18	2.46%	4.86%
Google Inc. CI A	GOOG	8,700	\$5,578,788	4.63%	0.39%	2.20%	641.24	624.60	-2.59%	-0.19%
Allergan Inc.	AGN	57,400	\$5,477,682	4.55%	0.38%	0.40%	95.43	94.08	-1.41%	0.99%
Intuit Inc.	INTU	77,700	\$4,674,432	3.88%	0.33%	0.25%	60.16	60.31	0.25%	2.65%
TOP TEN HOLDINGS			\$62,321,970	51.74%	4.37%	13.93%	Russell 1000 Growth:		-2.40%	

Total Portfolio Value
 Total StanCERA Value

\$120,489,602
 \$1,427,297,758

STANCERA
Price Monitor Position Report

Dodge & Cox Equity
Active US Large Cap Value Manager
Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000V	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change	Relative % Change
COMCAST CORP-CLASS A	CMCSA	200,063	\$6,030,280	4.38%	0.42%	0.70%	30.01	29.77	-0.80%	2.16%
WELLS FARGO & CO	WFC	160,072	\$5,479,569	3.98%	0.38%	2.20%	34.14	33.15	-2.90%	0.06%
CAPITAL ONE FINANCIAL CORP	COF	92,500	\$5,176,679	3.76%	0.36%	0.40%	55.74	53.28	-4.41%	-1.45%
HEWLETT-PACKARD CO	HPQ	205,005	\$4,901,323	3.56%	0.34%	0.70%	23.83	24.31	2.01%	4.97%
MERCK & CO. INC.	MRK	122,500	\$4,722,342	3.43%	0.33%	1.70%	38.40	37.95	-1.17%	1.79%
GENERAL ELECTRIC CO	GE	230,000	\$4,625,968	3.36%	0.32%	3.00%	20.07	18.90	-5.83%	-2.87%
PFIZER INC	PFE	190,000	\$4,323,077	3.14%	0.30%	2.50%	22.66	21.98	-3.00%	-0.04%
SANOFI-ADR	SNY	98,255	\$3,813,670	2.77%	0.27%	-	38.75	36.55	-5.68%	-2.72%
TIME WARNER INC	TWX	100,032	\$3,786,135	2.75%	0.27%	0.50%	37.75	35.71	-5.40%	-2.44%
MICROSOFT CORP	MSFT	115,000	\$3,717,296	2.70%	0.26%	-	32.25	31.08	-3.63%	-0.67%
TOP TEN HOLDINGS			\$46,576,340	33.83%	3.26%	11.70%	Russell 1000 Value:		-2.96%	

Total Portfolio Value
Total StanCERA Value

\$137,677,622
\$1,427,297,758

STANCERA
Price Monitor Position Report

Legato Capital Management
Active US Small Cap Growth Manager
Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000G	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change	Relative % Change
PORTFOLIO RECOVERY ASSOCIATES II	praa	11,022	\$817,767	1.36%	0.06%	0.20%	71.72	67.96	-5.24%	-1.06%
CEPHEID INC	cphd	17,536	\$757,637	1.26%	0.05%	0.45%	41.83	38.39	-8.22%	-4.04%
ULTIMATE SOFTWARE GROUP INC	ulti	9,486	\$721,559	1.20%	0.05%	0.31%	73.28	71.97	-1.79%	2.39%
KNOLOGY INC	knol	37,429	\$703,520	1.17%	0.05%	0.08%	18.20	17.76	-2.42%	1.76%
HEALTHSOUTH CORP	hls	32,292	\$685,481	1.14%	0.05%	-	20.48	20.04	-2.15%	2.03%
UNITED NATURAL FOODS INC	unfi	14,077	\$679,468	1.13%	0.05%	0.37%	46.66	47.01	0.75%	4.93%
SEMTECH CORP	smtc	22,651	\$667,442	1.11%	0.05%	0.30%	28.46	26.60	-6.54%	-2.36%
GEO GROUP INC	geo	32,421	\$637,377	1.06%	0.04%	-	19.01	20.20	6.26%	10.44%
LKQ CORP	lkqx	19,670	\$637,377	1.06%	0.04%	-	31.17	30.05	-3.59%	0.59%
NATIONAL INSTRUMENTS CORP	nati	21,025	\$619,338	1.03%	0.04%	-	28.52	26.37	-7.54%	-3.36%
TOP TEN HOLDINGS			\$6,926,969	11.52%	0.49%	1.71%	Russell 2000 Growth:		-4.18%	

Total Portfolio Value
Total StanCERA Value

\$ 60,129,943
\$1,427,297,758

Legato recommends the client compare these statements independently against custodial records.

STANCERA
Price Monitor Position Report

BNY - S&P 500 Index
Passive S&P 500 Index Fund
Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	5,026	\$3,013,551	4.55%	0.21%	599.55	580.13	-3.24%	-0.48%
Exxon Mobil Corp	XOM	24,055	\$2,086,305	3.15%	0.15%	86.73	84.01	-3.14%	-0.38%
INTL Business Machines	IBM	5,999	\$1,251,783	1.89%	0.09%	208.65	202.75	-2.83%	-0.07%
Microsoft Corp.	MSFT	38,187	\$1,231,913	1.86%	0.09%	32.26	31.08	-3.66%	-0.90%
General Electric Co.	GE	53,131	\$1,066,333	1.61%	0.07%	20.07	18.9	-5.83%	-3.07%
Chevron Corp	CVX	9,946	\$1,066,333	1.61%	0.07%	107.21	101.51	-5.32%	-2.56%
AT&T	T	30,963	\$966,986	1.46%	0.07%	31.23	30.61	-1.99%	0.77%
Procter & Gamble	PG	14,388	\$966,986	1.46%	0.07%	67.21	66.78	-0.64%	2.12%
Johnson & Johnson	JNJ	14,158	\$933,870	1.41%	0.07%	65.96	63.98	-3.00%	-0.24%
Wells Fargo & Co	WFC	27,160	\$927,246	1.40%	0.06%	34.14	33.15	-2.90%	-0.14%
TOP TEN HOLDINGS			\$13,511,306	20.40%	0.95%	S&P 500 Index:		-2.76%	

Total Portfolio Value
Total StanCERA Value

\$66,231,891

\$1,427,297,758

STANCERA
Price Monitor Position Report

LSV Asset Management
International Large Cap Value
Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	3/30/2012 PX	4/16/2012 PX	Position % Change	Relative % Change
ROYAL DUTCH SHELL PLC	RDS/A	47,517	\$3,332,339	2.72%	0.23%	1.45%	70.13	67.84	-3.27%	0.09%
SANOFI S.A.	SNY	61,019	\$2,364,490	1.93%	0.17%	0.58%	38.75	36.55	-5.68%	-2.32%
CHINA PETROLEUM & CHEMICAL	SNP	17,579	\$1,911,194	1.56%	0.13%	0.12%	108.72	105.58	-2.89%	0.47%
ASTRAZENECA PLC	AZN	41,856	\$1,862,189	1.52%	0.13%	0.38%	44.49	44.72	0.52%	3.87%
COMPANIA SANEAMENTO BASICO	SBS	23,505	\$1,800,933	1.47%	0.13%	0.03%	76.62	75.55	-1.40%	1.96%
NOVARTIS AG	NVS	32,281	\$1,788,682	1.46%	0.13%	0.85%	55.41	55.20	-0.38%	2.98%
ENI - ENTE NAZIONALE IDROCARBURI	ENI	87,379	\$1,764,179	1.44%	0.12%	0.37%	20.19	19.65	-2.67%	0.68%
OLD MUTUAL PLC	OML.L	10,892	\$1,727,426	1.41%	0.12%	0.09%	158.60	152.20	-4.04%	-0.68%
BASF SE	BASFY.PK	19,455	\$1,702,923	1.39%	0.12%	0.53%	87.53	82.90	-5.29%	-1.93%
ALLIANZ SE	ALV.DE	18,623	\$1,666,169	1.36%	0.12%	0.36%	89.47	82.00	-8.35%	-4.99%
TOP TEN HOLDINGS			\$19,920,524	16.26%	1.40%	4.76%	MSCI ACWI ex-U.S.		-3.36%	

Total Portfolio Value
Total StanCERA Value

\$122,512,447
\$1,427,297,758

STANCERA

Price Monitor Position Report

Pyramis Global Advisors

Active Non-US Growth Manager

Positions as of March 30, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change	Relative % Change
ROYAL DUTCH SHELL PLC CL A(NL)	B09CBL4	58142	\$2,068,575	1.61%	0.14%	1.61%	26.38	26.70	1.21%	4.57%
NESTLE SA (REG)	7123870	31626	\$2,022,710	1.57%	0.14%	1.35%	47.24	46.84	-0.85%	2.51%
BP PLC	798059	231129	\$1,738,395	1.35%	0.12%	0.91%	45.00	42.00	-6.67%	-3.31%
VODAFONE GROUP PLC	B16GWD5	550781	\$1,542,213	1.20%	0.11%	0.90%	27.67	27.24	-1.55%	1.80%
SAMSUNG ELECTRONICS CO LTD	6771720	1222	\$1,399,606	1.09%	0.10%	0.81%	1125.28	1111.16	-1.25%	2.10%
SANOFI	5671735	17407	\$1,373,783	1.07%	0.10%	0.57%	77.54	73.14	-5.68%	-2.32%
ROCHE HLDGS GENUSSSCHEINE	7110388	7348	\$1,299,781	1.01%	0.09%	0.79%	173.81	174.53	0.41%	3.77%
BRITISH AMER TOBACCO PLC (UK)	287580	23900	\$1,224,366	0.95%	0.09%	0.64%	50.34	50.09	-0.49%	2.86%
SAP AG	4846288	16697	\$1,184,924	0.92%	0.08%	0.42%	69.73	63.65	-8.72%	-5.37%
UBS AG (REGD)	B18YFJ4	80964	\$1,153,191	0.90%	0.08%	0.33%	14.00	12.48	-10.86%	-7.50%
TOP TEN HOLDINGS			\$15,007,544	11.73%	1.05%	8.34%	MSCI ACWI ex-US:		-3.36%	

Total Portfolio Value

\$128,474,949

Total StanCERA Value

\$1,427,297,758

STANCERA
Price Monitor Position Report

Research Affiliates
Enhanced Rafi Global Long Short
Positions as of March 30, 2012

Long Positions	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change
Bank of America Corp.	BAC	37,409	\$358,003	2.43%	0.03%	9.57	8.79	-8.15%
Royal Dutch Shell PLC (CL A)	B09CBL	9,261	\$243,089	1.65%	0.02%	26.25	25.39	-3.27%
Citigroup Inc.	C	6,530	\$238,669	1.62%	0.02%	36.55	34.00	-6.98%
BP PLC	79805	47,412	\$219,516	1.49%	0.02%	4.63	4.43	-4.32%
Total S.A.	B15C55	5,432	\$207,730	1.41%	0.01%	38.24	36.35	-4.95%
UniCredit S.p.A.	B5M1SM	52,113	\$195,944	1.33%	0.01%	3.76	3.02	-19.68%
Allianz SE	523148	2,141	\$191,524	1.30%	0.01%	89.47	82.00	-8.35%
ConocoPhillips	COP	2,500	\$190,051	1.29%	0.01%	76.01	73.83	-2.87%
JPMorgan Chase & Co.	JPM	3,781	\$173,845	1.18%	0.01%	45.98	43.33	-5.76%
General Electric Co.	GE	8,515	\$170,899	1.16%	0.01%	20.07	18.90	-5.83%
TOP TEN HOLDINGS			\$2,189,270	14.86%	0.15%			

Short Positions	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	3/30/2012 \$ PX	4/16/2012 \$ PX	Position % Change
Apple Inc.	AAPL	587	\$352,110	2.39%	0.02%	599.55	580.13	3.24%
Unilever PLC	B10RZP	9,024	\$297,599	2.02%	0.02%	32.98	32.56	1.26%
Cisco Systems Inc.	CSCO	8,986	\$190,051	1.29%	0.01%	21.15	19.73	6.71%
BG Group PLC	87628	7,704	\$178,265	1.21%	0.01%	23.14	22.37	3.31%
Unibail-Rodamco S.A.	707624	826	\$165,006	1.12%	0.01%	199.69	190.65	4.52%
Philip Morris International Inc.	PM	1,829	\$162,059	1.10%	0.01%	88.61	87.04	1.77%
Schlumberger Ltd.	SLB	2,275	\$159,112	1.08%	0.01%	69.93	67.44	3.56%
Saipem S.p.A.	476876	3,085	\$159,112	1.08%	0.01%	51.58	49.28	4.47%
Google Inc. Cl A	GOOG	248	\$159,112	1.08%	0.01%	641.24	606.07	5.48%
BHP Billiton PLC	5665	5,172	\$157,639	1.07%	0.01%	30.48	29.82	2.15%
TOP TEN HOLDINGS			\$1,980,066	13.44%	0.14%			

Total Portfolio Value
Total StanCERA Value

\$14,732,637
\$1,427,297,758

Date	eRAFI Global L/S Estimated MTD Return	StanCERA Asset Value	Is Current Value below \$10 M?	Official Ops StanCERA NET Mo. Return
12/30/2011		\$15,912,657	N	1.64%
1/31/2012	-1.20%	\$15,655,393	N	-1.62%
2/29/2012	-0.10%	\$15,618,256	N	-0.24%
3/31/2012	-4.34%	\$14,732,637	N	-5.67%
4/18/2012	-9.88%	\$13,277,053	N	

Notes: Blue color = estimate. Black color = final. If Current Value is under \$10 M, formula is set up to indicate a red "Y"

References	From Product Performance Estimate Report in MyRA. 1 day lag: Comes out about 1 p.m. day after.	Month end values are official from Operations statements. Intra-Month values are estimates, based on a prelim MTD return multiplied by previous month end official asset value.	From official statements, but NET of fees.
------------	--	---	--



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
P.O. Box 3150 Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

04/24/12
Item #9a

April 24, 2012, Board of Retirement Meeting

TO: Board of Retirement

FROM: Rick Santos, Executive Director

**SUBJECT: DISPOSITION OF LEHMAN BROTHERS HOLDINGS WITHIN THE
SECURITIES LENDING PORTFOLIO**

- I. RECOMMENDATION: No action required. For informational purposes only.
- II. ANALYSIS:

History

Sometime in 2006, our custodial bank Bank of New York Mellon (BNYM), purchased securities issued by the investment banking firm, Lehman Brothers Holdings, on behalf of StanCERA. The Lehman Brothers securities were purchased with cash collateral posted by borrowers of StanCERA securities within its securities lending program. StanCERA allows BNYM to purchase securities with the posted collateral in order to earn a return over the period of time these securities are lent out.

In September of 2008, Lehman Brothers filed for Chapter 11 bankruptcy protection and essentially defaulted on most of their outstanding securities, including those held in StanCERA's securities lending portfolio. At that time, the value of the Lehman securities held was worth approximately \$5,000,269.

Payment

In March 2012, we were informed by BNYM that the Bankruptcy Trustee for the Lehman Estate will begin liquidation of the remaining Lehman assets. BNYM believes that instead of a one-time lump sum disbursement, payments will be made in increments beginning around April 17, 2012, and continuing semi-annually thereafter. BNYM does not know how large the payments will be, or how long they will continue, since this is a function of the market value of the remaining assets and will ultimately be determined as the last of these assets are liquidated. As per StanCERA's agreement with BNYM, they will cover 30% of our losses. This amount will be disbursed semi-annually as a formula-defined percentage of the semi-annual payment received from the Trustee (**Attachment 1**).

Loss Calculation

Staff has estimated the ultimate payout from the Trustee and BNYM based on market information as of March 31, 2012. The following is a calculation of the expected recovery based on the assumption that StanCERA recovers the full market value as of that date.

Calculation of Loss Estimate

a) Value of Lehman securities at the time of default:	\$5,000,269
b) Estimated market value as of March 31, 2012:	1,462,579
c) Amount of loss (a) – (b)	3,537,690
d) Amount of loss recovered from BNYM 30% x (c)	1,061,307
e) Total loss incurred by StanCERA (c) - (d)	2,476,383
f) Total recovered by StanCERA (a) – (e)	2,523,886
g) Loss as a % of value at time of default (e)/(a) – 1	49.5%



Rick Santos, Executive Director

Attachment



BNY MELLON
ASSET SERVICING

William P. Kelly, Managing Director

March 28, 2012

Mr. Rick Santos
StanCERA Retirement Administrator
Stanislaus County Employees' Retirement Association
1100 H Street
Modesto, CA 95353-3150

Re: Loss sharing arrangement made available by The Bank Of New York Mellon ("BNYM") related to securities of Lehman Brothers Holdings Incorporated held in your securities lending cash collateral account (the "Lehman Assets"), pursuant to Letter Agreement between BNYM and **STANISLAUS COUNTY EMPLOYEES' RETIREMENT SYSTEMS** (the "Client") and **THE BANK OF NEW YORK MELLON** (the "Client") dated as of _____, _____ (the "Agreement")

Dear Securities Lending Client,

This letter is to further update you regarding the status of the Lehman Assets and BNYM's undertaking to provide support for certain Losses under and as defined in the Agreement. Unless otherwise defined herein, capitalized terms used in this letter have the meaning assigned to those terms in the Agreement.

Since our last update, we have received additional information which leads us to believe that instead of a one-time disbursement, payments in respect of the Lehman Assets will be made in increments by the Bankruptcy Trustee beginning as early as April 17, 2012 and continuing semiannually thereafter (each an "Incremental Payment"). The amount of each Incremental Payment received by us will be credited to your securities lending cash collateral account in accordance with the provisions of the Agreement.

In addition, although the Incremental Payments will not constitute the Disposition of the Lehman Assets under the Agreement, (and the ultimate calculation and amount of the BNY Mellon Contribution in respect of the Loss Sharing under the Agreement remains a function of the Disposition and the other terms of the Agreement), as an accommodation to our Clients who have elected to participate in the Loss Sharing, BNY Mellon will begin paying the BNY Mellon Contribution in proportional amounts substantially contemporaneously with the receipt of each Incremental Payment based upon our estimation of the total expected Loss (as opposed to the payment of the entire BNY Mellon Contribution in full upon Disposition as originally contemplated).

Specifically, upon receipt of each Incremental Payment, BNY Mellon will

- (a) estimate the amount of the anticipated Loss using a BNY Mellon estimate of the total recovery expected in respect of the Lehman Assets based upon the current market value of the Lehman Assets (or any other commercially reasonable basis selected by BNY Mellon in its sole discretion) (the "Estimated Loss Amount");

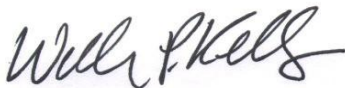
(b) calculate an estimated amount of the anticipated BNY Contribution pursuant to the Agreement based upon the Estimated Loss Amount and the assumption that the Client will continuously satisfy the Lehman Support Condition until the Disposition Date (the "Estimated BNY Mellon Contribution Amount"); and

(c) Deposit to the securities lending cash collateral account of the Client an amount equal to the same percentage of the Estimated BNY Mellon Contribution Amount as the particular Incremental Payment bears to the estimated aggregate total amount of all anticipated Incremental Payments (each such payment a "Partial BNY Mellon Contribution Amount").

Upon Disposition, an actual calculation of the BNY Mellon Contribution will be made in accordance with the Agreement based upon the aggregate of actual Proceeds received in respect of the Lehman Assets and other relevant factors prescribed by the Agreement. In the event that the actual BNY Mellon Contribution payable pursuant to the Agreement exceeds the aggregate amount of all Partial BNY Mellon Contribution Amounts paid to or for the Client's account prior to the Disposition date (a "BNY Mellon Underpayment"), BNY Mellon shall deposit the amount of such BNY Mellon Underpayment to or for the Client's account on the Payment Date in accordance with the Agreement. In the event that the actual BNY Mellon Contribution payable pursuant to the Agreement is less than the aggregate amount of all Partial BNY Mellon Contribution Amounts paid to or for the Client's account prior to the Disposition date (a "BNY Mellon Overpayment"), the Client agrees to repay the amount of such BNY Mellon Overpayment to BNY Mellon immediately on demand.

Should you have any questions regarding this communication or the next steps, please contact your securities lending representative.

Very truly yours,



William P. Kelly
Managing Director

Acknowledged and agreed to this ____ day of ____ 2012
by **STANISLAUS COUNTY EMPLOYEES' RETIREMENT SYSTEMS**

By: _____

Name: _____

Title _____



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
P.O. Box 3150 Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

04/24/12
Item #9b

April 24, 2012, Board of Retirement Meeting

TO: Board of Retirement

FROM: Rick Santos, Executive Director

SUBJECT: PENSION COST SAVING MEASURES

I. RECOMMENDATION: None. Staff seeks direction from the Board.

II. ANALYSIS:

History

At the Board of Retirement's Administration meeting on April 11, 2012, Trustee Lynch requested an agenda item seeking Board discussion and potential action on the implementation of pension cost saving measures in the event of a fiscal emergency. Some of the issues discussed included:

1. A recent ballot measure proposal by the City of San Jose which will give the City the ability to temporarily eliminate COLA payments in the event of a fiscal emergency.
2. StanCERA seeking similar legislation or an amendment to 1937 Act law to allow this type of discretion
3. Letting Sacramento and the Governor know that:
 - StanCERA would like to have flexibility to make these types of changes
 - It would be helpful to address this matter in its current reform proposal
4. Getting local representatives involved.

San Jose City Ballot Measure

As of April 4, 2012, the Courts have upheld a ballot measure that will be brought before the voters in June regarding pension reform. There are several components of the proposed ballot measure, but with regard to the COLA (**Attachment 1**), the measure gives the City the ability to declare a fiscal emergency and temporarily suspend COLAs to both current and future retirees for a period of up to five years. It also requires the City to restore the COLA when it deems the fiscal emergency to be over.

San Jose City Ballot Measure (Cont.)

It should be noted that Government Section Code 31870.1 already exists and pays 40% of the change in a Consumer Price Index (CPI). Currently, this code section can only be used by Los Angeles County Retirement System. It would take legislation to allow another 1937 Act system the ability to adopt. This type of change would not be considered temporary. However, it would have immediate cash flow implications the first April after its adoption.

StanCERA Seeking Similar Legislation

Staff has put together a typical timeline of the process for introducing legislation:

- June 2012 – 1937 Act retirement systems submit proposals for inclusion in the SACRS Legislative platform
- August 2012 – Deadline for requests to be received by the SACRS lobbyist. Systems must answer the following questions as fully as possible:
 1. Description of issue, recommended solution, and specific language
 2. Why the proposed legislation should be sponsored by SACRS rather than the individual retirement system?
 3. Does the proposed legislation conflict with Prop 162 or have any effect on other 1937 Act systems?
 4. Identify groups that may support or oppose the legislation
 5. Who from each system will be available to testify before the Legislature?
- Early September 2012 – Lobbyist will mail legislative requests to the SACRS Legislative Committee members
- Late September 2012 – Legislative Committee meets. Systems' requests will be discussed
- October 2012 – Legislative Committee will submit proposals to all retirement systems for consideration
- November 2012 – Proposals recommended by SACRS will be discussed at the SACRS Fall 2012 Conference. The proposal is then either voted "In or Out"

If the issue is accepted by SACRS to be included in the SACRS Legislative platform in 2013, most likely the issue will not be resolved or passed for a minimum of two years.

Additionally, staff has been having ongoing discussions with a former SACRS lobbyist and has uncovered the following:

- If the proposed change would only apply to one system, a better strategy is usually to proceed without SACRS
- Optional changes always have a better chance to secure SACRS backing
- Historically, SACRS usually will not sponsor anything that's benefit-related
- It is generally easier for a system to acquire the ability to adopt a code section that already exists in 1937 Act law

Making Sacramento Aware

Currently, pension reform appears to be in a state of flux. The threat of public initiatives this November no longer exists. At the local level, both cities of San Diego and San Jose are seeking to pass pension reform on their own.

Democratic lawmakers and the Governor continue trying to link legislative pension reform to voter approved tax increases this November. In general, Democratic lawmakers are still considering changes that incorporate at least some of the Governor's 12-point plan introduced late last year. Most notably, the hybrid component. They have openly said they expect to pass legislation this year.

The Joint Legislative Committee on pensions appears to have held its last meeting this April. Republicans have embraced the Governor's plan and have called for a Committee vote on it. Committee members, through consensus, are expected to present pension reform legislation within the next month.

Given this recent activity, it appears a clearer path forward may emerge shortly. If the Board decides to inform Committee Members, the Legislature and the Governor, it should probably be soon. Should the StanCERA Board wish to take action, staff would need precise direction on how to proceed. The questions that follow flow naturally from the general dialogue that took place at the Board Administrative meeting on April 11, 2012, and would assist staff in crafting a statement:

- Who should receive this information?
 - How should it be transmitted?
 - What is the intended time frame for delivery of this information?
 - What message specifically does the Board wish to convey?
1. Ability to temporarily reduce benefits in emergency situations
 - What is the definition of an "emergency"?
 - Is the COLA benefit the only one in question?
 - Does the County of Stanislaus support this?
 - Do employee groups support this?
 2. Ability to be more flexible in benefit administration
 - Are there other solutions to propose?
 3. General statement that pension reform should include some flexibility at the local level
 - If so, what are some examples?
 4. StanCERA's official position on pension reform

Getting Local Representatives Involved

As noted earlier, additions or changes to 1937 Act law can be cumbersome and extremely time consuming. A former SACRS lobbyist advised that if the proposed legislation had anything to do with benefits or only would appeal to one or two 1937 Act systems, then SACRS would be inclined not to throw its weight behind it and a better route might be to seek local help.

The process to seek local help is fairly straightforward. StanCERA would provide some background information to our local legislator who then would decide whether or not to sponsor the bill.

- III. **RISK:** There are no direct risks. Obviously, if a reduced COLA were implemented, cash flow demands on the system would be reduced and as a consequence, the system's viability would be enhanced.

The actions listed above would most likely produce opposition from certain interested parties. While this is not necessarily a risk, the system and Board members will need to be prepared.

- IV. **BUDGET IMPACT:** Currently none. Should the Board wish to pursue legislation, considerable staff time will probably be required. Staff can outline this at a later date.



Rick Santos, Executive Director

Attachment

Attachment 1

San Jose City Ballot Language Regarding Suspension of Pension COLA

Section 10: Emergency Measures to Contain Retiree Cost of Living Adjustments

If the City Council adopts a resolution declaring a fiscal and service level emergency, with a finding that it is necessary to suspend increases in cost of living payments to retirees the City may adopt the following emergency measures, applicable to retirees (current and future retirees employed as of the effective date of this Act):

(a) Cost of living adjustments (“COLAs”) shall be temporarily suspended for all retirees in whole or in part for up to five years. The City Council shall restore COLAs prospectively (in whole or in part), if it determines that the fiscal emergency has eased sufficiently to permit the City to provide essential services protecting the health and well-being of City residents while paying the cost of such COLAs.

(b) In the event the City Council restores all or part of the COLA, it shall not exceed 3% for Current Retirees and Current Employees who did not opt into the VEP and 1.5% for Current Employees who opted into the VEP and 1.5% for employees in Tier 2.



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
P.O. Box 3150 Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

April 24, 2012, Retirement Board Meeting

04/24/12

Item #10a.i.

TO: Retirement Board

FROM: Internal Governance Committee (IGC)
Maria DeAnda, Chair; Ron Martin & Donna Riley, Trustees

SUBJECT: ADOPTION OF POLICIES AND PROCEDURES

II. RECOMMENDATION: Adopt the approved policies and recommended procedures necessary to meet the I.T. Security Assessment recommendations of Macias, Gini & O'Connell (MGO) and Vavrinek, Trine, Day and Company, LLP (VTD).

III. ANALYSIS: The audit firm of VTD performed a risk assessment of the operations of StanCERA in 2010 and provided StanCERA with numerous comments in VTD's audit report to improve StanCERA's operations. Some of the comments concerned StanCERA's I.T. security, others concerned the formal adoption of written policies and procedures which this Board adopted on June 28, 2011. VTD recommended a few more language changes to the adopted policies and three were brought back and approved by the IGC at the March 27, 2012 meeting.

1. I.T. Security Assessment Recommendations - Approved by the IGC as recommended. StanCERA I.T. Security Processes and annual policy reviews have been defined and are in place.
2. Purchasing Policy – Approved by the IGC as recommended. (*Attachment A*)
VTD recommended that a person be named as the purchasing agent for StanCERA. The policy has been revised to list the Executive Director or his designee to act in this capacity.
3. Electronic Data Security Policy - Approved by the IGC as recommended. (*Attachment B*)
Language was added to include response to Public Record Requests.
4. Desk and Process Manual Policy - Approved by the IGC with changes. (*Attachment C*)
Language was revised to more accurately reflect current and efficient practices; however review by management was added back in by the IGC committee.
5. Dissolution of Marriage or Registered Domestic Partnership Policy - Approved by the IGC as recommended. (*Attachment D*)
This policy was not recommended by the Auditor, however retirement benefits earned during marriage are considered community property assets. These benefits must be considered in the property settlement agreement and are subject to disposition by the court. This policy establishes a formal process to insure that all members are treated equally and that domestic relation orders will be written in a manner that conforms to the requirements of the 1937 Act and StanCERA Bylaws.

IV. BUDGET IMPACT: There is no additional impact to the budget.

V. STRATEGIC PLAN:

Goal 2 Strategy B: Exchange information with other systems to benchmark StanCERA's performance and keep abreast of best practices;

Goal 3 Strategy C: Regularly update policies, procedures, and systems to ensure organizational effectiveness and consistency

Goal 4 Strategy C: Implement current technology to ensure organizational efficiency.

Stanislaus County Employees' Retirement Association's
Purchasing Policy
(Board Approved June 28, 2011)

Stanislaus County purchasing policies and procedures are meant to manage all aspects of the County procurement process (they are located @ <http://intranet/departments/GSA/gsa-files/divisions/policies-procedures.pdf> . StanCERA views these policies and procedures as fair and adequate. StanCERA will adopt and will abide by the Stanislaus County purchasing policies and procedures with the following exceptions:

“StanCERA **Executive Director or his designee**” should be substituted for “purchasing or purchasing department” through out the policy except for the sale of surplus property section. StanCERA will coordinate monitor, and record all phases of StanCERA’s procurement of supplies equipment, materials, and services. StanCERA will also be responsible for the leasing of any StanCERA property. StanCERA will administer and manage all of its own contracts. StanCERA will use County purchasing agent to sell any StanCERA surplus personal property. StanCERA will consult with County purchasing agent as necessary for any assistance.

References in the policy to the County Board of Supervisors and County affiliations are not applicable to StanCERA procurements.

As a separate legal entity, StanCERA reserves the right to modify and/or reject any of the County purchasing policies and procedures as it deems appropriate. Any such modifications and/or rejections will be documented and approved by the Retirement Board.

Revised 3/27/2012

Stanislaus County Employees' Retirement Association's
Electronic Data Security Policy
Effective June 28, 2011

In addition to complying with the County's Computer Security – end user policy, found in Tab 16 pages 26-30 of the County personnel manual, StanCERA augment that policy with the following policy:

StanCERA member data is considered the Property of StanCERA and subject to all implied property rights. It may not be shared, distributed, published, disposed of, or otherwise released without explicit direction of the ~~Administrator~~ StanCERA Executive Director

1. Electronic member data

All electronic member data will reside in the Tyler database
Access to member data is limited to authorized StanCERA staff
Modification of member data may only be done by authorized StanCERA staff
Any data extracted will be limited, secure and temporary

At times member data must be extracted and shared. Some examples are; actuarial valuations, yearly audits, death audits, and state and federal reporting and authorized Public Records Act requests. Secure procedures are in place for all these processes that include password security, data encryption and/or secure file transfer protocol (SFTP). Excluding these required functions, identifiable member data will not be transported off StanCERA premises. Identifiable member data is considered to be any data that includes SSN, birth date, name or address.

Electronic identifiable member data will not be:

- attached to emails for sharing or distribution outside of StanCERA
- saved to any transportable media including flash drives and CDs or other external storage device.
- saved to any Laptop or portable computer

Extracted member data will only be stored on the StanCERA network drives. Temporary storage on desktop PCs should be cleared daily or at the end of the project/assignment.

2. PERA Application Security

Access authorizations will be reviewed and verified quarterly

3. Consequences

An employee who violates this policy will be subject to the appropriate disciplinary action, which may include suspension, demotion or termination from County

employment. Additionally an employee may be subject to civil, and/or criminal prosecution.

A vendor who violates this policy may be subject to termination of relations with StanCERA. Additionally vendors may be subject to civil, and/or criminal prosecution.

Stanislaus County Employees' Retirement Association's
Desk and Process Manual Policy
(Board Approved June 28, 2011)

Attachment C

The desk and process manuals for StanCERA staff functions (located @ V/Desk and Process Manuals) are adopted by the Board of Retirement. Staff will update manuals as procedures and processes change. Changes will be approved by the Operations and/or the Benefits Manager prior to implementation. Revision dates will be used to ensure manuals are reviewed and updated on a regular schedule. Manuals will be maintained electronically and reloaded to the Tyler Help Menu and Continuity of Operations application annually by January 1. ~~—The Internal Governance committee will review all changes at least annually. These revisions will be brought before the Retirement Board on or before December 31 of each year.~~

Revised 3/27/2012

**DISSOLUTION OF MARRIAGE OR REGISTERED DOMESTIC
PARTNERSHIP POLICY**

Stanislaus County Employees' Retirement Association (StanCERA) retirement benefits are generally payable only to members or their beneficiaries and cannot be paid to others. California state law recognizes an exception to this rule in the case of dissolution of marriage or registered domestic partnership. Because retirement benefits earned during marriage or registered domestic partnership are considered community property assets, they must be considered in the property settlement agreement and are subject to disposition by the court.

For consistency, the parties referenced in all documents, including court documents, **shall** be referred to as "Member" or "Non-Member."

- **"Member"** represents the member of StanCERA, and
- **"Non-Member"** represents the party with a community property interest in the Member's StanCERA account.

The Non-Member has an interest in the Member's retirement account if he/she was married or registered to a StanCERA Member while the Member worked for a StanCERA employer. To protect the Member and Non-Member's interest in the plan, StanCERA **must be notified in writing** that the Non-Member is asserting a claim for a community property interest in the Member's benefit.

StanCERA requires that it be joined as a party to the dissolution proceeding pursuant to California Family Code Sections 2060-2065.

I. Active/Deferred Members

When StanCERA is served with a Joinder, and the Member has ***not*** retired, the pending dissolution is noted in the Member's account. StanCERA will not distribute any payments from the Member's account until the dissolution is resolved and the Member has retired or withdraws his/her monies.

Prior to filing the Domestic Relations Order ("DRO") with the court, the parties shall submit their draft DRO to StanCERA's Counsel to obtain preapproval **before** obtaining the signatures of the Member and Non-Member. StanCERA's staff and StanCERA's Counsel will review the draft DRO for consistency with StanCERA's policies. Once the DRO is preapproved, the DRO will be returned for signing by the Member and Non-Member and their attorneys, if any. After the parties and their attorneys have signed the DRO, it must be returned to StanCERA's Counsel for final approval and the signatures of StanCERA and StanCERA's Counsel. To be clear, this process involves both preapproval and final approval by StanCERA and StanCERA's Counsel. The fully executed DRO will then be returned to the appropriate party for filing with the court. Once the court approves and signs the DRO Order, StanCERA requires that it be provided with a conformed, file-marked copy.

StanCERA will not recognize any court orders addressing a Member's account unless StanCERA and StanCERA's Counsel have approved the DRO pursuant to the foregoing process.

II. Retired Members

For retired Members who are receiving a benefit, the retirement option a Member previously elected cannot be changed. If the Member's marriage or registered domestic partnership is dissolved after retiring, the Member's retirement benefit is reduced to provide retirement income to the Non-Member based on the retirement option selected at retirement and the percentage formula provided in the DRO.

After StanCERA is served with a Joinder, StanCERA will pay the retired member only fifty percent (50%) of the retirement benefit and will withhold the remaining 50% of the retirement benefit until StanCERA receives the DRO which has been executed by all parties and signed by the Court. StanCERA will disburse the 50% of the retirement benefit that was withheld pursuant to the terms of the DRO.

If, at the time of retirement, the unmodified option was chosen, the marriage or registered domestic partnership is dissolved and the retired Member dies first, the Non-Member is no longer eligible to receive a retirement benefit. A Non-Member is not considered a surviving spouse or registered domestic partner for any purpose under the County Employees Retirement Law of 1937; therefore, the Non-Member's community interest terminates upon the death of the retired Member.

If the Non-Member dies first, the portion of the retired Member's benefit payable to the Non-Member will continue to be paid to the Non-Member's estate or designated beneficiary during the Member's lifetime, unless otherwise stated in the Domestic Relations Order.

Prior to filing the DRO with the court, the parties shall submit their draft DRO to StanCERA's Counsel to obtain preapproval before obtaining the signatures of the Member and Non-Member. StanCERA's staff and StanCERA's Counsel will review the draft DRO for consistency with StanCERA's policies. Once the DRO is preapproved, the DRO will be returned for signing by the Member and Non-Member and their attorneys, if any. After the parties and their attorneys have signed the DRO, it must be returned to StanCERA's Counsel for final approval and the signatures of StanCERA and StanCERA's Counsel. To be clear, this process involves both preapproval and final approval by StanCERA and StanCERA's Counsel. The fully executed DRO will then be returned to the appropriate party for filing with the court. Once the court approves and signs the DRO Order, StanCERA requires that it be provided with a conformed, file-marked copy.

StanCERA will not recognize any court orders addressing a Member's account unless StanCERA and StanCERA's Counsel have approved the DRO pursuant to the foregoing process.

III. Revocation of California Government Code Section 31764

Upon the StanCERA Retirement Board's approval of this policy, California Government Code Section 31764¹ (Option Settlement 4) will no longer be an option for StanCERA members. California Government Code Section 31764 is repealed from policy adoption forward.

¹ Cal. Gov't Code § 31764 states, "[o]ptional settlement 4 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death and thereafter to have other benefits as are approved by the board, upon the advice of the actuary, continued throughout the life of and paid to the persons, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement. The designation shall not, in the opinion of the board and the actuary, place any additional burden upon the retirement system."