



**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) 558-5976  
www.stancera.org  
e-mail: retirement@stancera.org**

## **AGENDA**

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

**April 28, 2015  
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](http://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.

**AUDIO:** All Board of Retirement regular meetings are audio recorded. Audio recordings of the meetings are available after the meetings at [http://www.stancera.org/agenda\\_schedule](http://www.stancera.org/agenda_schedule).

**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 March 24, 2015 Meeting Minutes [View](#)
  - b. Approval of the April 8, 2015 Meeting Minutes [View](#)

6. Annual Performance Report PIMCO [View](#)
  - a. Value Added Report [View](#)
7. Executive Director
  - a. Discussion and Action Regarding Information Technology Solutions [View](#)
  - b. Discussion and Action Regarding Direct Lending Asset Class [View](#)
  - c. Discussion and Action Regarding Financial Auditor Services
  - d. Discussion and Action Regarding Portfolio Rebalancing [View](#)
    1. Strategic Investment Solutions Memo [View](#)
8. Strategic Investment Solutions (SIS), Inc.
  - a. Monthly Flash Report for the Month Ending March 31, 2015 [View](#)
  - b. Report on “Top 10 Holdings” of StanCERA Investment Managers as of March 31, 2015 [View](#)
9. Closed Session
  - a. Conference with Legal Counsel – Pending Litigation – One Case:  
Stanislaus County Employees’ Retirement Association v. Buck Consultants, LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152  
Government Code Section 54956.9(d)(4)
  - b. Conference with Legal Counsel – Pending Litigation – One Case:  
O’Neal et al v. Stanislaus County Employees’ Retirement Association  
Stanislaus County Superior Court Case No. 648469  
Government Code Section 54956.9(d)(1)
  - c. Conference with Legal Counsel – Pending Litigation – One Case:  
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County  
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate  
District, Case No. H038894  
Government Code Section 54956.9(d)(1)
10. Members’ Forum (Information and Future Agenda Requests Only)
11. Adjournment



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**PLEASE POST FOR EMPLOYEE VIEWING**

**BOARD OF RETIREMENT MINUTES**

**March 24, 2015**

**Trustees Present:** Maria DeAnda, Donna Riley, Gordon Ford, Jason Gordo,  
Mike Lynch, Jim DeMartini, Jeff Grover

**Trustees Absent:** Michael O'Neal

**Alternate Trustee  
Absent:** Joan Clendenin, Alternate Retiree Representative

**Staff Present:** Rick Santos, Executive Director  
Kathy Herman, Fiscal Services Manager  
Dawn Lea, Benefits Manager  
Kellie Gomes, Executive Board Secretary  
Mary Williams, Administrative Assistant

**Others Present:** Jim Oliveira, General Legal Counsel  
Doris Foster, Chief Executive Office  
Mandip Dhillon, Chief Executive Office  
Nathan Pratt, Strategic Investment Solutions  
John Meier, Strategic Investment Solutions

1. Meeting Called to Order

Meeting called to order at 2:01p.m. by Trustee DeAnda, Chair

2. Roll Call

3. Announcements

4. Public Comment

5. Consent Item

a. Approval of the Board of Retirement Minutes for meeting on March 11, 2015

Motion was made by Trustee Riley and seconded by Trustee Gordo to approve consent item as presented.

Motion carried unanimously

2:12 p.m. Trustee Ford arrived at meeting.

6. Annual Performance Report by Legato Capital Management, LLC

a. Value Added Report

7. Strategic Investment Solutions (SIS), Inc.

Nate Pratt and John Meier presented February 28, 2015, reports on StanCERA's investments.

3:01p.m. Trustee Gordo left meeting.

3:04p.m. Trustee Gordo returned to meeting.

a. Monthly Flash Report for the Month Ending February 28, 2015

Monthly Performance:	3.83%
Active Return:	.46%
Fiscal YTD Return:	3.93%
Total Fund Value as of 2/28/2015:	\$1,834,568,751

b. Report on "Top 10 Holdings" of StanCERA Investment Managers as of February 28, 2015

8. Closed Session

a. Discussion and Action Regarding Allocation of StanCERA's Infrastructure Assets  
Government Code Section 54956.81

b. Conference with Legal Counsel – Pending Litigation – One Case:  
Stanislaus County Employees' Retirement Association v. Buck Consultants,  
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152  
Government Code Section 54956.9(d)(4)

c. Conference with Legal Counsel – Pending Litigation – One Case:  
O'Neal et al v. Stanislaus County Employees' Retirement Association  
Stanislaus County Superior Court Case No. 648469  
Government Code Section 54956.9(d)(1)

d. Conference with Legal Counsel – Pending Litigation – One Case:  
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County  
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate  
District, Case No. H038894  
Government Code Section 54956.9(d)(1)

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

Kathy Herman announced that 3 proposals have been received in response to RFP for Financial Audit Services. These will be given to Trustee Grover.

10. Adjournment

Meeting adjourned at 3:23 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Rick Santos", written over a horizontal line.

Rick Santos, Executive Director

APPROVED AS TO FORM:  
JIM OLIVEIRA, GENERAL LEGAL COUNSEL

By: \_\_\_\_\_  
Jim Oliveira, General Legal Counsel





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## **BOARD OF RETIREMENT MINUTES**

**April 8, 2015**

**Trustees Present:** Maria DeAnda, Donna Riley, Gordon Ford,  
Jeff Grover, Mike Lynch, Jim DeMartini,  
and Michael O'Neal

**Trustees Absent:** Jason Gordo

**Alternate Trustee  
Present:** Joan Clendenin, Alternate Retiree Representative

**Staff Present:** Rick Santos, Executive Director  
Kathy Herman, Fiscal Services Manager  
Dawn Lea, Member and Employer Services Manager  
Kellie Gomes, Executive Board Secretary

**Others Present:** Fred Silva, General Legal Counsel  
Jody Hayes, Chief Executive Office

1. Meeting Called to Order

Meeting called to order at 2:01 p.m. by Trustee DeAnda, Chair

2. Roll Call

3. Announcements

Kellie Gomes announced the minutes for the meeting held on March 24, 2015 were not signed by Legal Counsel prior to the agenda deadline. They will be available at the April 28, 2015 meeting.

4. Public Comment

5. Consent Items

a. StanCERA Quarterly Complaint Log

5. Consent Items (Cont.)

b. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

1. Jenner, Dennis – SBT – Effective 03-23-2015
2. Kwartz, Barbara – Library – Effective 03-28-2015
3. McFarland, Carol – Probation – Effective 03-30-2015
4. Miller, James Scott – City of Ceres – Effective 03-01-2015 \*
5. Perez, Rachel – BHRS – Effective 03-31-2015
6. Phillips-Bland, Samantha – HSA – Effective 03-30-2015
7. Simac, Shelene – DCSS – Effective 03-20-2015
8. Wright, Georgeanna – CSA – Effective 03-30-2015

*\* Indicates Safety Personnel*

c. Approval of Deferred Retirement(s) – **Section 31700**

1. Diederich, Gregory – HSA – Effective 01-03-2015
2. Kamienski, Sarah – Regional 911 – Effective 03-01-2015
3. Romero, Maribel – CSA – Effective 01-10-2015
4. Williams, Felisha – DA – Effective 01-08-2015

d. Executive Director Goals Update Quarter 1 2015

Motion was made by Trustee Grover and seconded by Trustee O'Neal to approve Consent Items as presented.

Motion carried unanimously.

6. Executive Director

a. Action and Discussion Regarding SACRS 2015 – 2016 Board of Directors Elections

Motion was made by Trustee Ford and seconded by Trustee Lynch to allow Trustee Grover to vote as he determines while attending the Business meeting at SACRS on May 15, 2015

Motion passed 6 yes and 1 abstention by Jeff Grover

b. Monthly Staff Report

c. New Quarterly Investment Reports

d. Legal/Legislation Update

7. Closed Session

Motion was made by Trustee Riley and seconded by Trustee O'Neal to move to closed session at 3:02 p.m.

Motion carried unanimously.

- a. Discussion and Action Regarding Allocation of StanCERA's Infrastructure Assets  
Government Code Section 54956.81
- b. Conference with Legal Counsel – Pending Litigation – One Case:  
Stanislaus County Employees' Retirement Association v. Buck Consultants,  
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- d. Conference with Legal Counsel – Pending Litigation – One Case:  
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Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate  
District, Case No. H038894  
Government Code Section 54956.9(d)(1)

Motion was made by Trustee Grover and seconded by Trustee Riley to approve move to Open session at 3:21 p.m.

Motion carried unanimously.

Read out from closed session

On September 23, 2015 in closed session action was taken on Item 9.a. Motion was made by Trustee DeMartini and seconded by Trustee Grover to allocate \$50 million to Morgan Stanley Infrastructure Partners II LP and direct staff to begin the legal review process with Hanson & Bridgett and Negotiate the Contracts. A roll call vote was recorded as follows:

Trustee Ford No  
Trustee De Anda No  
Trustee Riley Yes  
Trustee DeMartini Yes  
Trustee Grover Yes  
Trustee Gharat No  
Trustee O'Neal Yes  
Motion Passed 4/3



Read out from closed session (Cont.)

Today April 8, 2015 in closed session regarding Item 7.a motion was made by Trustee Grover and seconded by Trustee O'Neal to approve Staff Recommendation to:

Approve the negotiated terms of the Limited Partnership Agreement and accompanying Side Letter and to invest \$50,000,000 in the Morgan Stanley Infrastructure Partners II LP global infrastructure fund.

Authorize the Executive Director to sign all documents authorizing the acquisition and execution of the Partnership Agreement, the Subscription Agreement and other documentation necessary to facilitate the agreement.

Authorize the Executive Director or his designee to allocate and transfer cash for this investment during the 5 year investment period.

Motion carried 6/1 with a roll call vote as follows:

Trustee Ford	No
Trustee De Anda	Yes
Trustee Riley	Yes
Trustee DeMartini	Yes
Trustee Grover	Yes
Trustee O'Neal	Yes
Trustee Lynch	Yes

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

9. Adjournment

Meeting adjourned at 3:35 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:  
FRED A. SILVA, GENERAL LEGAL COUNSEL



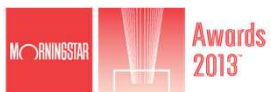
Fred A. Silva, General Legal Counsel

Strategy review

## Stanislaus County Employees' Retirement Association

22 April 2015

4/28/15  
Item #6.a.



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Client-specific update –  
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# Disclosures

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# Biographical information

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## **R. Matthew Clark, CFA**

Mr. Clark is a senior vice president and account manager in the Newport Beach office with a focus on institutional client servicing. Prior to joining PIMCO in 2002, he served as an officer in the U.S. Army for eight years, achieving the rank of captain. He has 13 years of investment experience and holds an MBA from Harvard Business School. He received an undergraduate degree from Trinity University, San Antonio.



# Agenda

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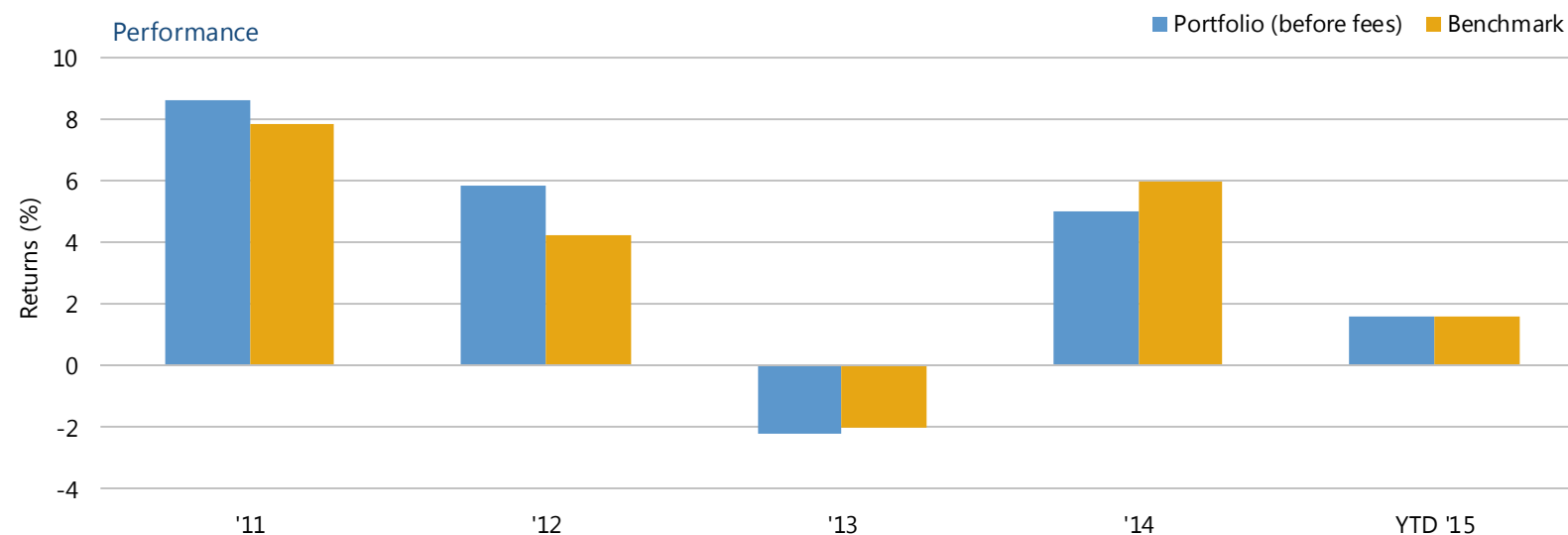
1. Performance, portfolio positioning, and market review
2. Economic outlook and portfolio strategy
3. PIMCO update

Performance, portfolio positioning,  
and market review

# Performance review – Stanislaus County Employees' Retirement Association

## Stanislaus County Employees' Retirement Association

Market value as of Mar '15	\$	111,858,740
Initial funding (14 May 2010)	\$	75,000,000



## Stanislaus County Employees' Retirement Association

	Since inception 14 May '10	3 yrs.	1 yr.	Q1 2015
Before fees (%)	4.6	3.2	5.0	1.6
After fees (%)	4.2	2.8	4.6	1.5
Benchmark (%)	4.1	3.1	5.7	1.6

As of 31 March 2015  
 All periods longer than one year are annualized  
 Benchmark: Barclays U.S. Aggregate Index

# Q1 summary: Central banks in the spotlight

## Q1 recap

### **Amid a wave of global policy easing, the Fed was a notable outlier**

- The European Central Bank (ECB) launched a larger-than-expected quantitative-easing (QE) program that headlined a host of easing measures undertaken by many global central banks
- Fed policy appeared set to become less accommodative amid sustained strength in the U.S. economy, in stark contrast to the easing trend prevalent in many regions abroad

### **ECB QE-fueled sovereign rallies pulled U.S. yields lower while markets exhibited choppiness**

- Global sovereigns rallied behind German rates, which fell to record lows following the start of the ECB's QE purchases. Even as the Fed appeared poised to normalize policy, U.S. rates were pulled lower
- Fed policy debate, heightened global central bank activity, and ongoing oil price uncertainty all contributed to vacillating market sentiment and choppiness across markets

### **The dollar continued its rally as global policies diverged**

- Even with gyrations in markets, dollar-strength continued as the ECB's QE program amplified the divergence in monetary policy between the Fed and much of the developed world
- Continued labor market strength underscored the case for policy normalization in the U.S. even as a stronger dollar may have contributed to a moderation in business sentiment

## Drivers of PIMCO performance

### **Dollar-strength positions**

- We held long-dollar currency positions that benefited from the heightened divergence in rate expectations between the U.S. and increasingly accommodative regions such as the Eurozone and Japan

### **Spread strategies**

- Corporate credit strategies and an overweight to dollar-denominated EM debt contributed to performance
- Mortgage positioning also added as an underweight to Agency MBS as well as non-agency holdings were beneficial

### **Interest rate strategies**

- Rate strategies detracted from performance as duration and curve positioning hurt amid falling global rates. Some of this detraction was offset by Eurozone exposure, which rallied with the start of ECB QE

As of 31 March 2015  
SOURCE: PIMCO

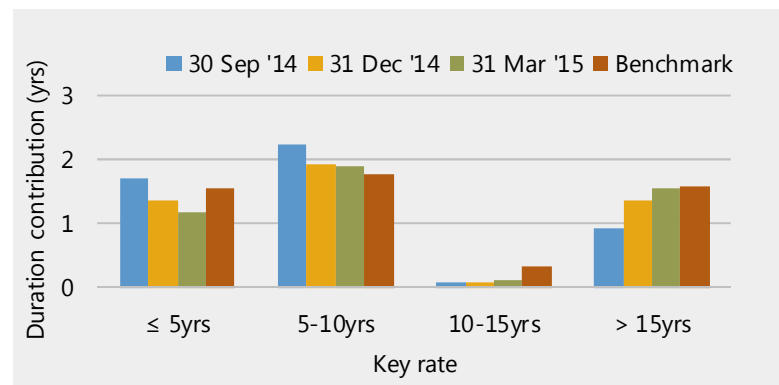


# Portfolio positioning – Stanislaus County Employees' Retirement Association

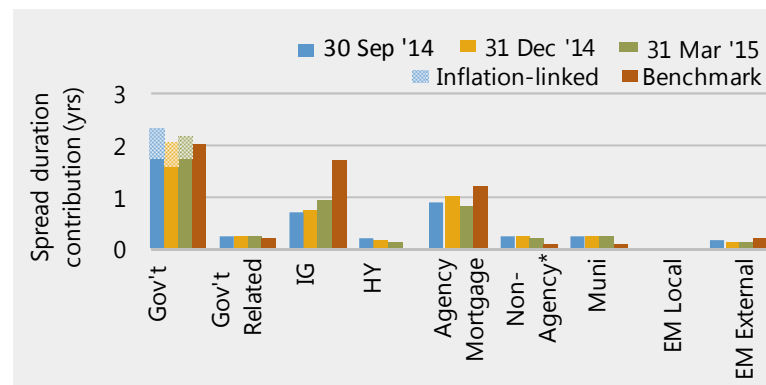
## Stanislaus County Employees' Retirement Association

CHARACTERISTICS		30 Sep '14	31 Dec '14	31 Mar '15
Effective duration (yrs.)	Portfolio	4.9	4.7	4.7
	Index	5.3	5.3	5.2
Total Carry (bps)		310	269	241

### KEY RATE DURATION EXPOSURE



### SECTOR EXPOSURE



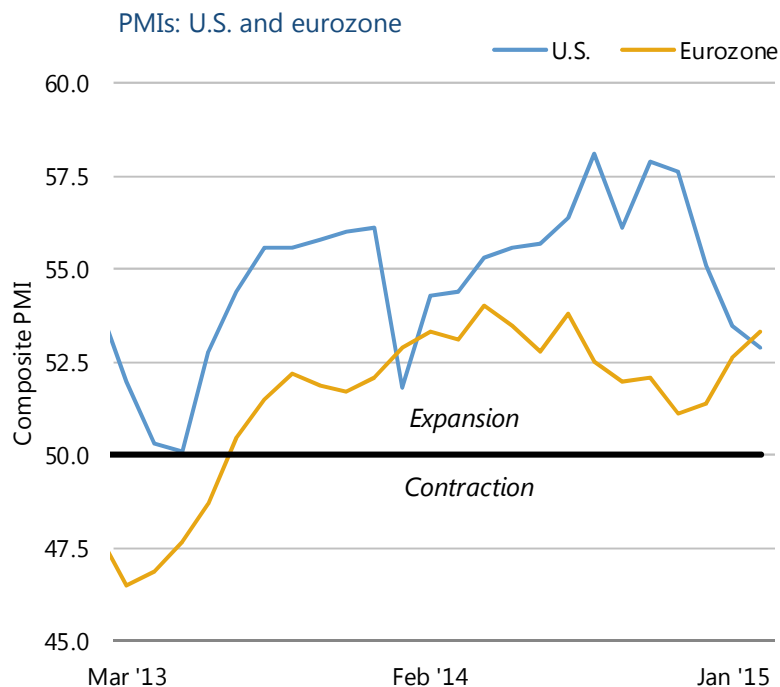
As of 31 March 2015

Benchmark: Barclays U.S. Aggregate Index

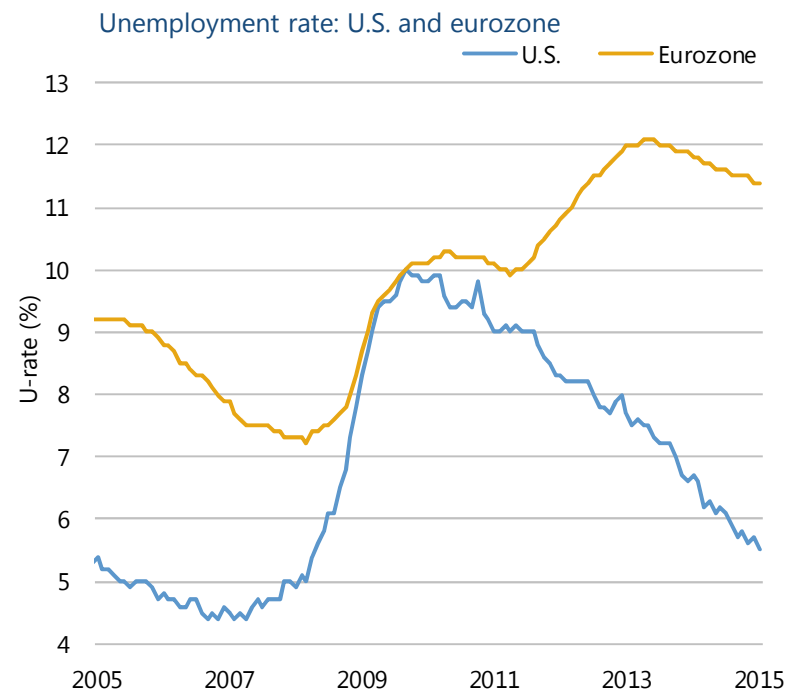
Benchmark interest rate and spread durations calculated using PIMCO proprietary analytics and risk models

\* Non-agency may include non-agency mortgage backed securities, asset backed securities, and commercial mortgage backed securities

# Economic sentiment shifted at the margin



The ECB's QE boosted Eurozone sentiment, while a stronger dollar and softer data dulled U.S. optimism



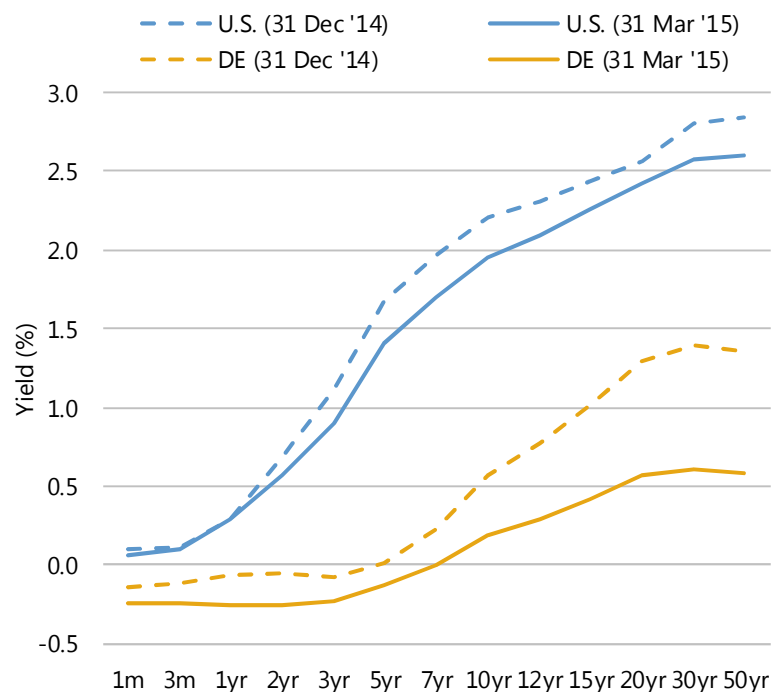
Underlying U.S. fundamentals remained strong, while Europe continued to face structural headwinds

Sentiment recovered in Europe while falling back from lofty heights in the U.S., but the growth differential remained large

As of 31 March 2015  
SOURCE: Bloomberg

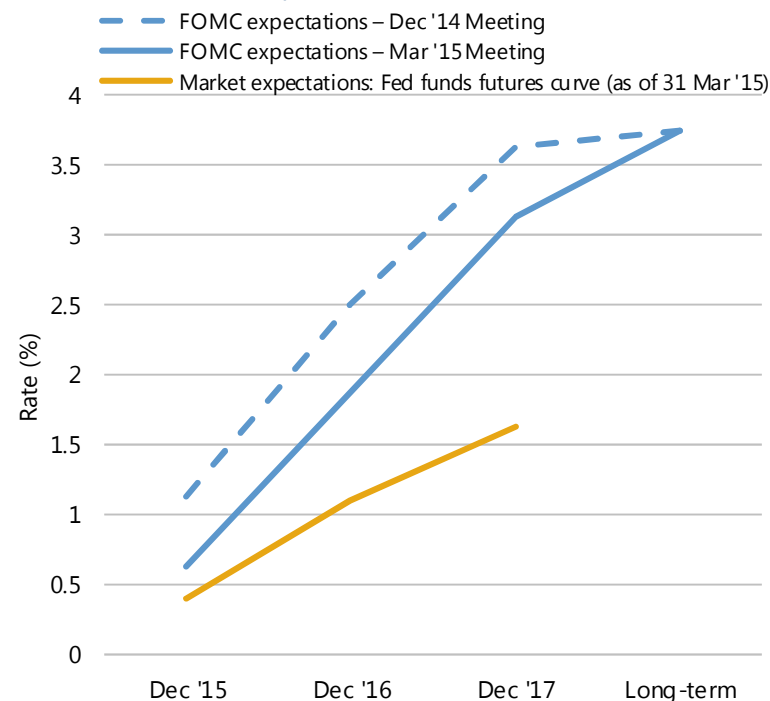
# The Fed remained an outlier as central banks eased globally

Sovereign yield curves: Germany and the U.S.



The ECB's massive QE program drove down eurozone yields and pulled U.S. rates lower

FOMC vs. market expectations for the federal funds rate



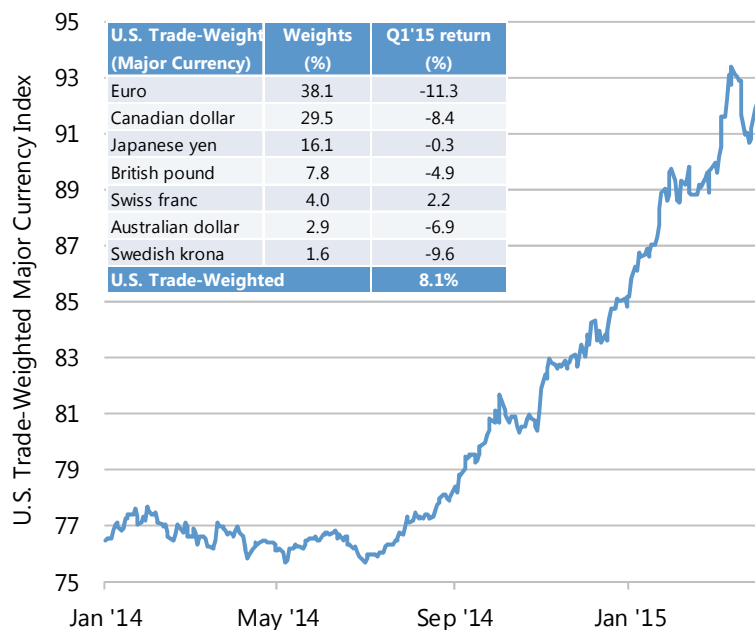
The FOMC lowered the expected path of interest rates but the market's own estimates were lower still

While central banks around the world eased, in the U.S. the debate was around the expected pace of Fed rate hikes

As of 31 March 2015  
SOURCE: Bloomberg, Federal Reserve

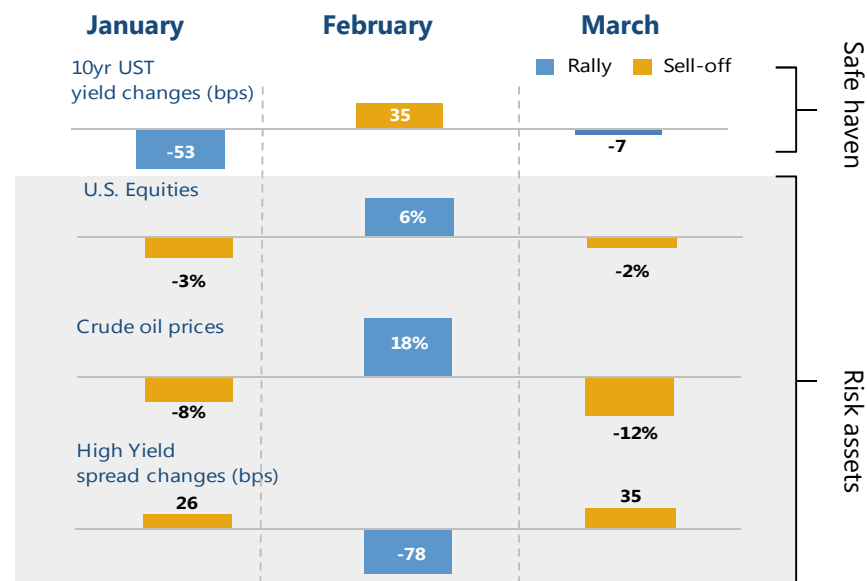
# The dollar gained momentum as market sentiment ebbed and flowed

U.S. trade-weighted dollar



The U.S. dollar's strength accelerated amid a wave of global monetary policy easing

Monthly returns for select asset classes



Intensifying debate about the FOMC's plans and uncertainty on oil prices contributed to market gyrations

Policy divergence accelerated the dollar's appreciation even as risk markets were choppy

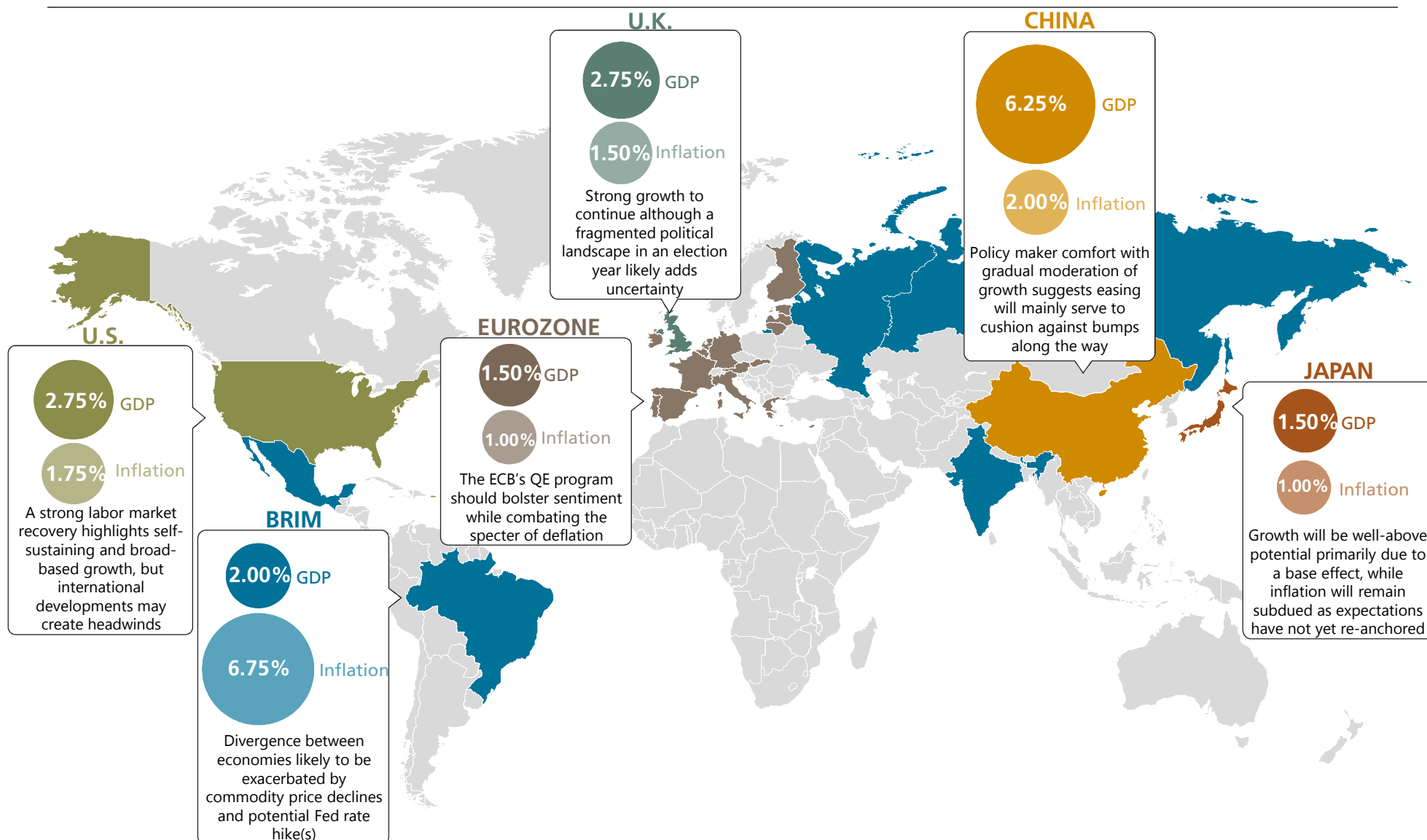
As of 31 March 2015  
SOURCE: Bloomberg





## Economic outlook

# PIMCO's cyclical outlook





























PIMCO forecast as of 6 March 2015

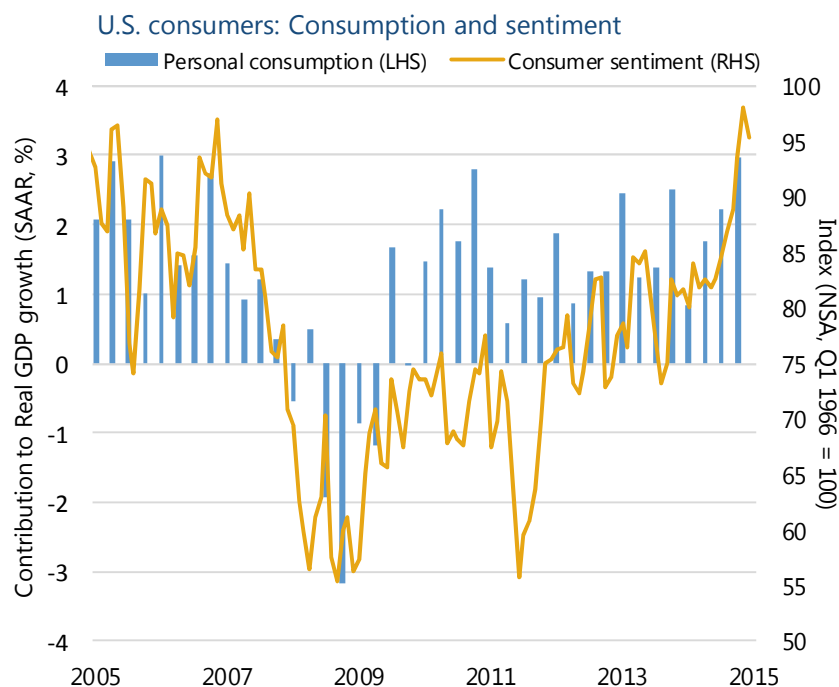
BRIM is Brazil, Russia, India and Mexico

Real GDP and inflation projections represent PIMCO's forecasts for the four quarters ending Q1 2016

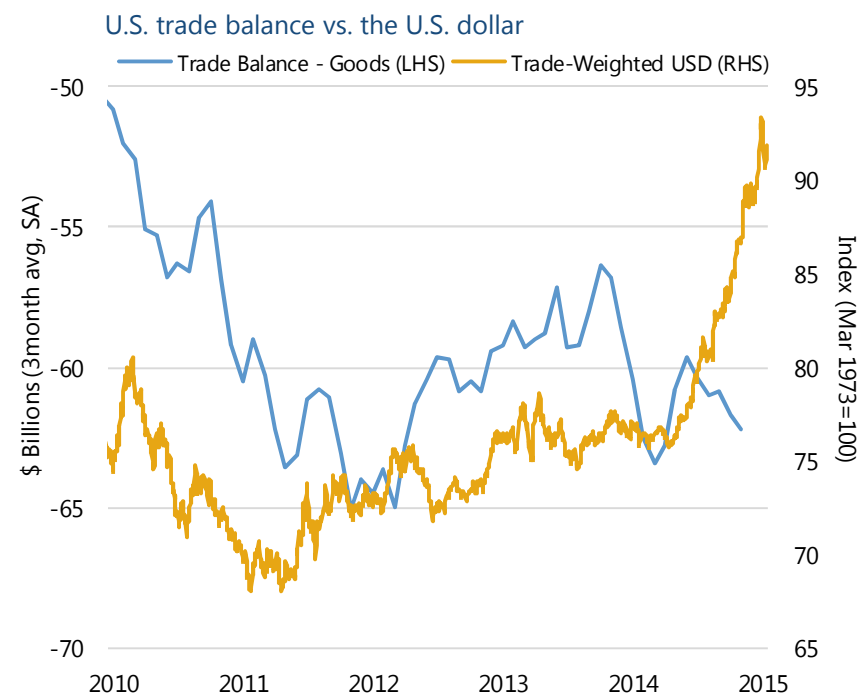
# A global wave of monetary policy accommodation

	Central Bank	Date	Action
	National Bank of Romania	7 Jan '15	Rate cut -25bp
	Reserve Bank of India	15 Jan '15	Rate cut -25bp
	Central Bank of Egypt	15 Jan '15	Rate cut -50bp
	Central Reserve Bank of Peru	15 Jan '15	Rate cut -25bp
	National Bank of Denmark	19 Jan '15	Rate cut -15bp
	Central Bank of Turkey	20 Jan '15	Rate cut -50 bp
	Bank of Canada	21 Jan '15	Rate cut -25bp
	National Bank of Denmark	22 Jan '15	Rate cut -15bp
	European Central Bank	22 Jan '15	Announced QE of €60bn/month
	Monetary Authority of Singapore	28 Jan '15	Reduced slope of its policy band for the SGD NEER
	National Bank of Denmark	29 Jan '15	Rate cut -15bp
	Reserve Bank of India	2 Feb '15	Rate cut -50bp
	Reserve Bank of Australia	3 Feb '15	Rate cut -25bp
	People's Bank of China	4 Feb '15	Rate cut -50bp
	National Bank of Romania	4 Feb '15	Rate cut -25bp
	Riksbank	12 Feb '15	Rate cut -10bps & launch of QE approx. \$1.2B
	Bank of Indonesia	17 Feb '15	Rate cut -25bp
	Bank of Israel	23 Feb '15	Rate cut -15bp
	Central Bank of Turkey	24 Feb '15	Rate cut -25bp
	People's Bank of China	28 Feb '15	Rate cut -25bp
	Reserve Bank of India	4 Mar '15	Rate cut -25bp
	National Bank of Poland	4 Mar '15	Rate cut -50bp
	Riksbank	18 Mar '15	Rate cut -15bp & expanded QE
	State Bank of Pakistan	21 Mar '15	Rate cut -50bp
	Hungarian National Bank	24 Mar '15	Rate cut -15bp
	National Bank of Romania	31 Mar '15	Rate cut -25bp

# U.S.: Cheaper oil bolsters consumers, but a strong dollar may weigh on other parts of the economy



Consumption should remain robust as sentiment is boosted by lower gas prices and a strong labor market



A strong U.S. dollar raises concerns about net exports and corporate earnings

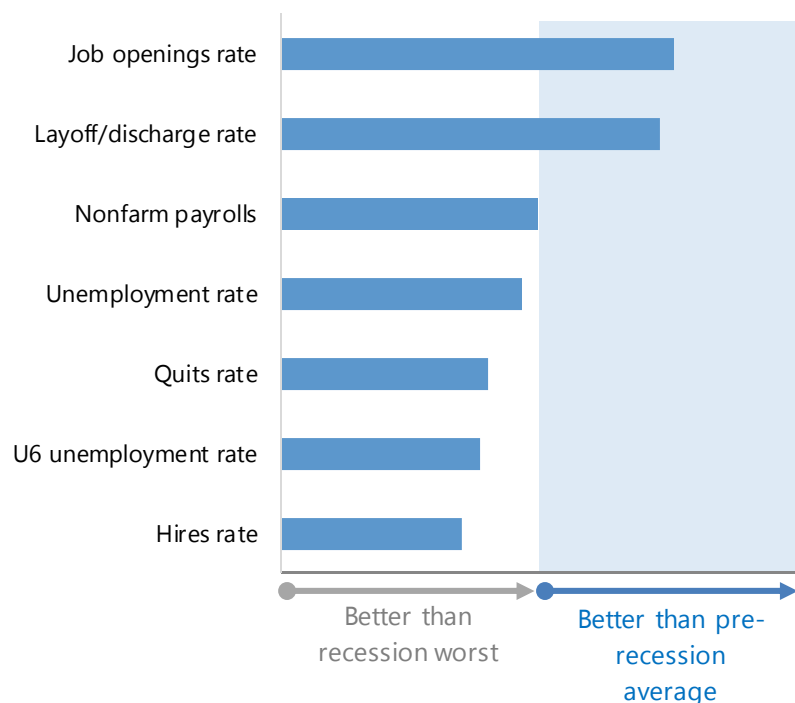
A reinvigorated consumer continues to support economic strength, even as U.S. dollar strength poses headwinds

As of 31 March 2015  
SOURCE: Bloomberg



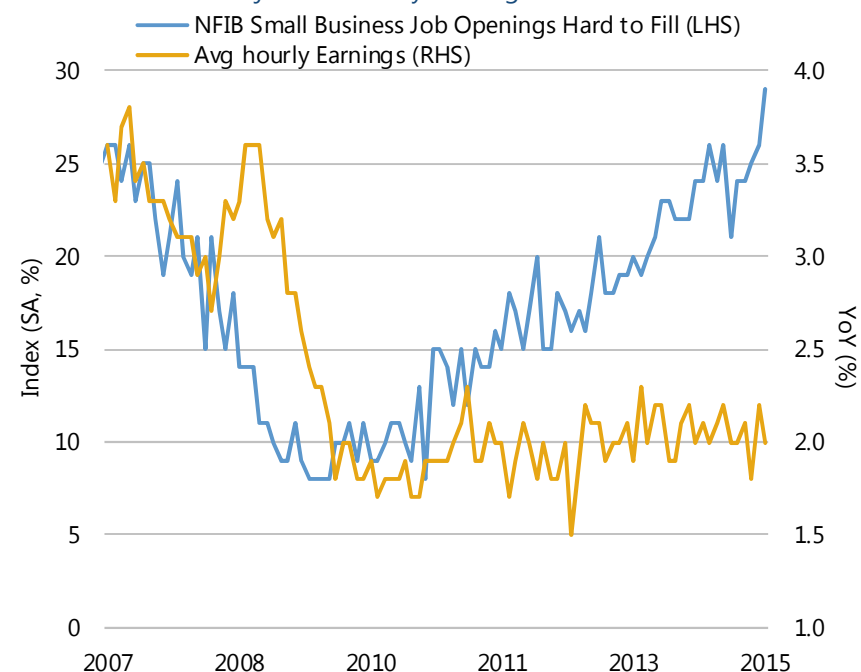
# U.S.: Labor market strength warrants a reduction in the Fed's easy-money policies

Labor market dashboard\*



A variety of job measures show that the post-crisis labor market recovery appears to be self-sustaining

"Hard to fill" jobs vs. hourly earnings



Leading indicators for wages show a tightening labor market, leaving the Fed hesitant to keep rates at zero

As signs of slack are fast diminishing, all signs point to the Fed tempering its easing policies in 2015

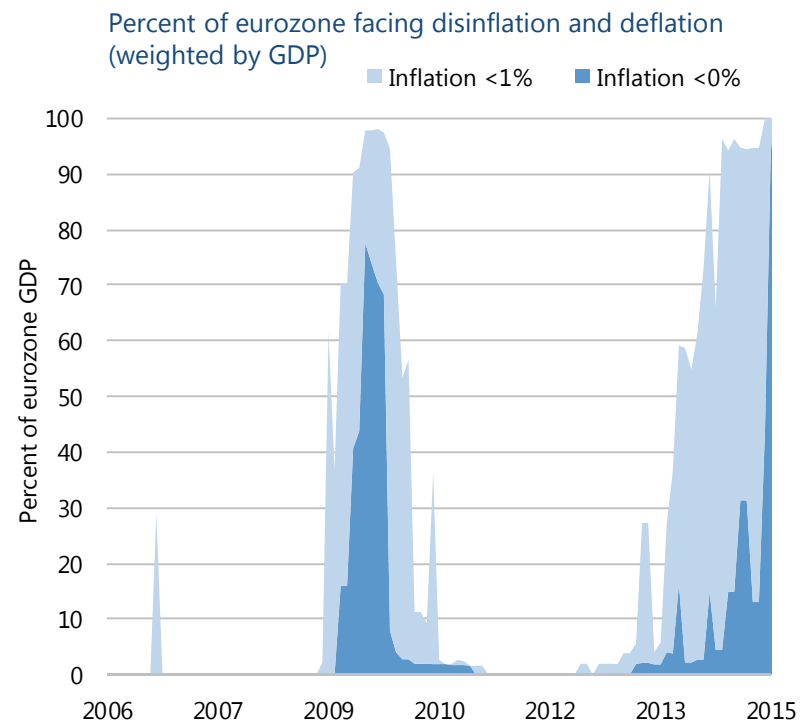
As of 31 March 2015

SOURCE: Bloomberg, HAVAR, PIMCO

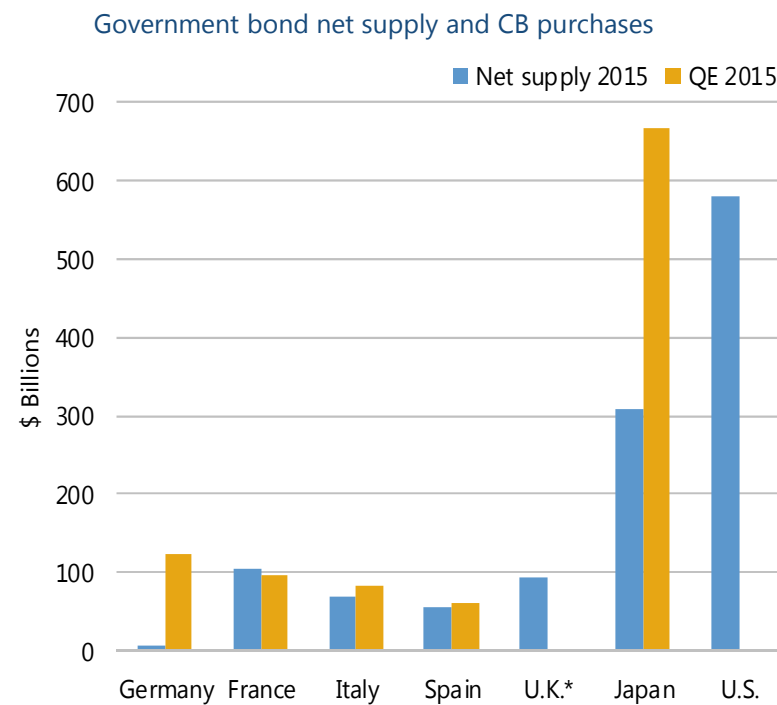
\* "Recession Worst" - Worst level for indicator since 2007 recession. "Pre-Recession Average" - Average from 12/31/01 – 11/30/07.

The horizontal bars reflect how far current labor market measures have improved from the worst levels at the height of the last recession

# Eurozone: Draghi delivers by launching traditional QE and linking it to the ECB's inflation target



The risk of a deflationary spiral spurred ECB action, which exceeded the market's lofty expectations for QE



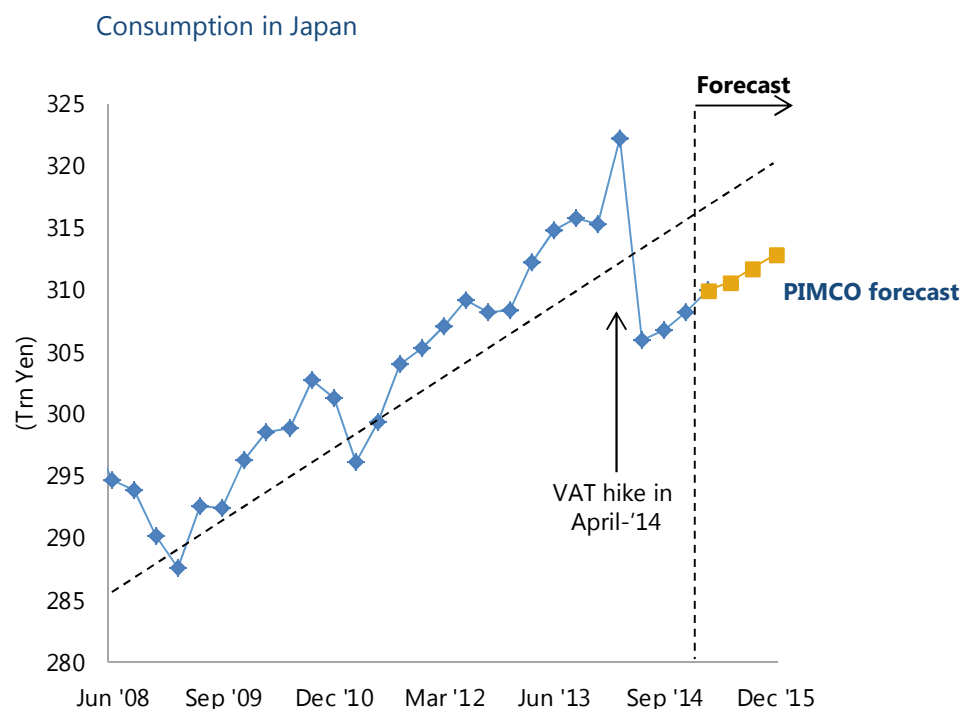
The size and scope of ECB's QE program provides a tailwind for European sovereign debt and risk assets

The ECB's 60B euro/month of purchases should support financial assets and weaken the euro

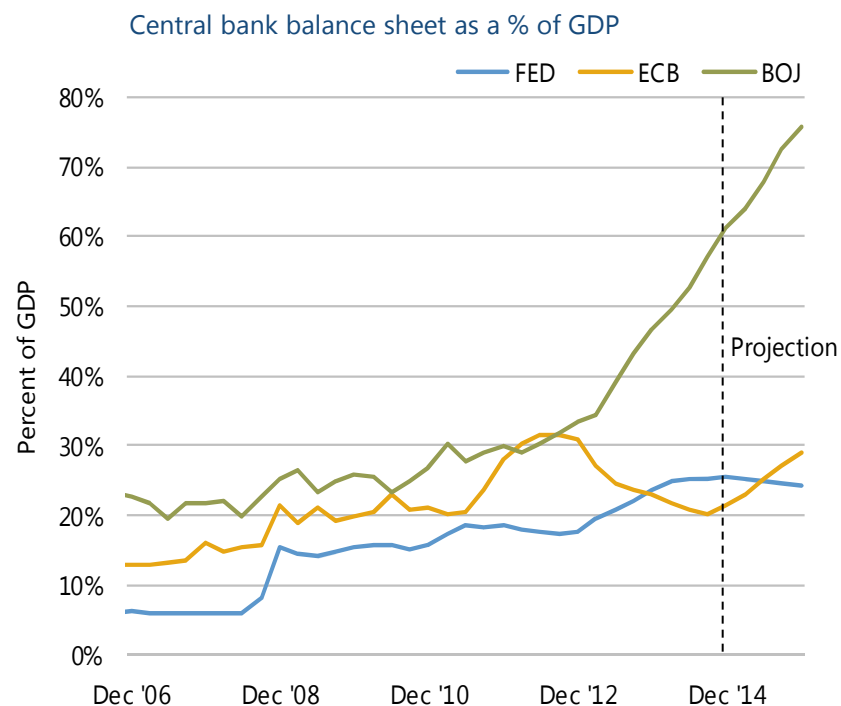
As of 31 March 2015

\* UK data uses the UK financial year. Net supply refers to estimated gross issuance less redemptions.  
SOURCE: PIMCO and broker estimates for net supply

# Japan: Amid a recovery in consumption, record stimulus to continue



Growth is expected to rebound after last year's tax hike drove consumption lower



The yen may continue to face downward pressure as the BoJ expands its balance sheet

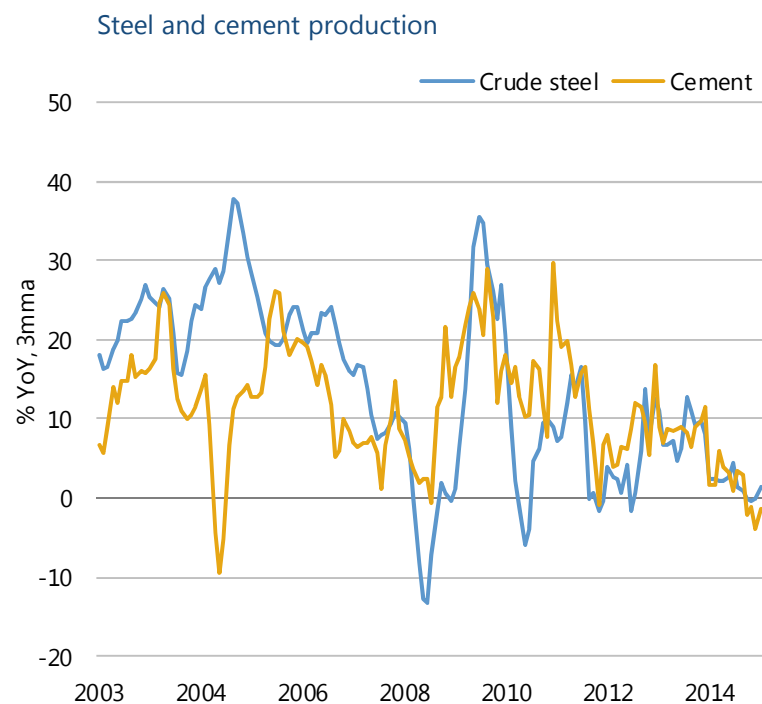
Cyclical growth likely to improve and the BoJ will continue to buy assets at a record pace

As of 31 December 2014

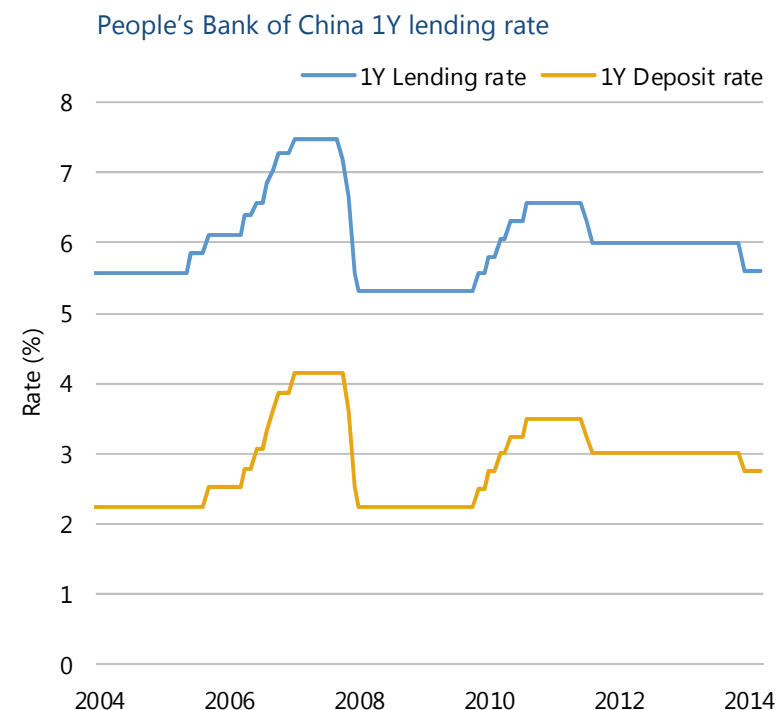
SOURCE: PIMCO

\* CB balance sheet projections assume nominal growth per PIMCO March Cyclical Economic forecasts. Balance sheet assumptions: stable for Fed, increase at a 80tn Yen ann. rate for BoJ, and a target of 3tn euro for ECB by end-2015. Actual path will vary based on repayment and auction schedules and outcomes.

# China: Policy cushioning the slowdown



Many tangible indicators point to a notable slowdown in growth



The central bank has eased policy to soften the slowdown and has further room to cut rates if needed

Policymakers are keen to gradually guide growth to a lower, more sustainable pace

As of 31 March 2015

SOURCE: People's Bank of China, National Bureau of Statistics of China, CEIC, Haver

# Strategic outlook

## Select investment themes in Total Return

	Position	Rationale
1. U.S. interest rates	Underweight duration	<ul style="list-style-type: none"> <li>▪ We remain underweight overall duration in the U.S. as the economy continues to show signs of a broad-based and self-sustaining recovery</li> <li>▪ We are underweight the very front-end of the curve given the potential for volatility as the Fed's first rate hike approaches. We remain overweight the intermediate part of the curve, which continues to offer the most attractive carry and roll-down.</li> </ul>
2. Inflation-protection	Long TIPS exposure	<ul style="list-style-type: none"> <li>▪ We maintain a position in TIPS as medium- and long-term inflation expectations embedded in markets appear far too depressed in light of the Fed's efforts to reflate the U.S. economy</li> <li>▪ While markets have reduced inflation expectations amid falling oil prices, this decline may eventually put upward pressure on core inflation through its impact on growth</li> </ul>
3. Dollar-strength	Long-dollar bias via currency positions	<ul style="list-style-type: none"> <li>▪ We are long the dollar versus the currencies of Japan and the eurozone, where growth challenges highlight the divergence from the strong growth in the U.S.</li> <li>▪ While the Fed prepares for policy normalization, the BoJ and the ECB remain firmly – and increasingly – in easing mode. This divergence in policy should reflect diverging rate expectations and continue to strengthen the dollar against both currencies.</li> </ul>
4. Corporate credit	Underweight IG corporates with select positions in HY and municipals	<ul style="list-style-type: none"> <li>▪ While we see value in specific investment grade corporate securities, we remain underweight the sector overall in favor of select positions in high yield and municipals</li> <li>▪ We continue to place an emphasis on security selection and holding credit positions that provide attractive risk-return profiles, especially as volatility may rise amid impending policy normalization in the U.S. and more pronounced divergence globally</li> </ul>

As of 31 March 2015  
SOURCE: PIMCO



## PIMCO update

# PIMCO today

## Strong culture, unique process

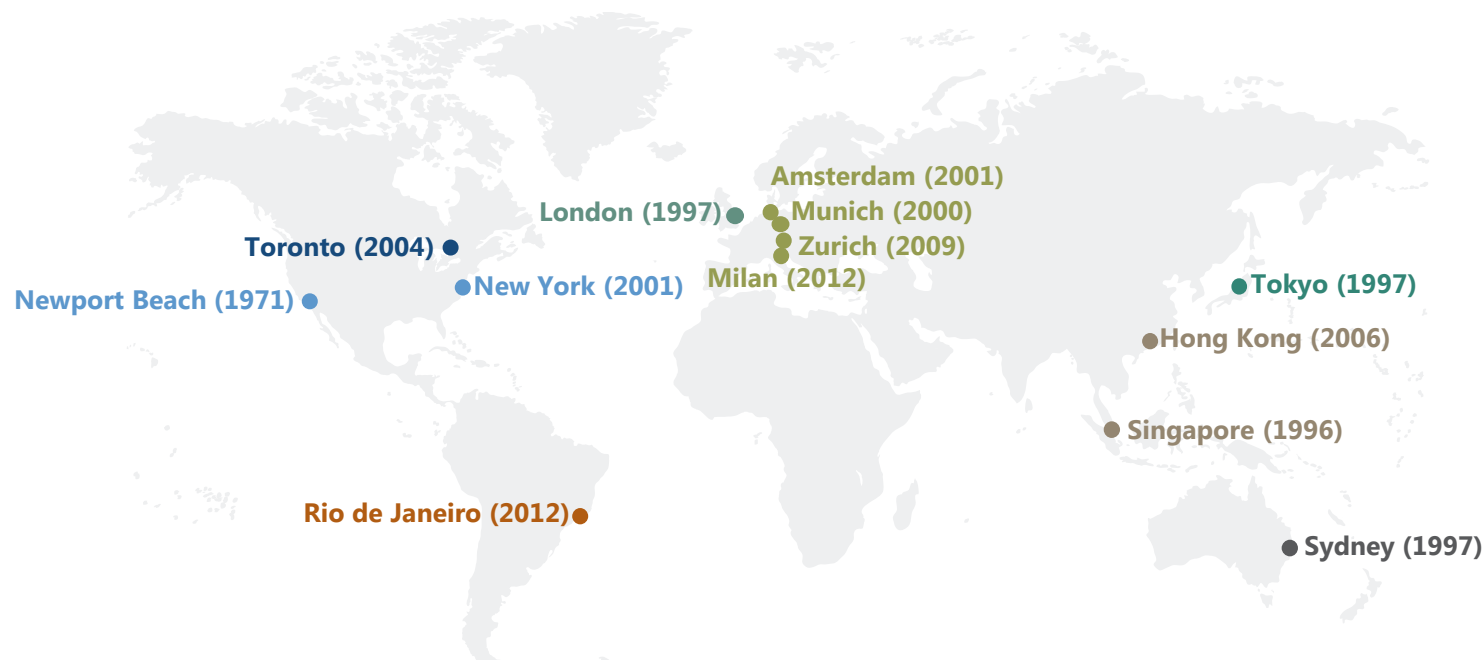
- Innovator on behalf of our clients for over 40 years
- CIO structure recognizes proven investment talent
- Depth of team: 260+ PMs, 60+ analysts, 13 global offices
- Rigorous risk management navigates changing market environment

## Relentless focus on our clients

- 30 senior investment professionals hired in last 12 months
- 79% of AUM outperformed benchmark over five-year period
- 26 funds received a Morningstar 5-star or 4-star rating over three-year period
- Solutions-oriented approach

## Diversified and global business

- Over 80% of firm-wide AUM in non-core strategies
- One of top performing large-cap equity fund managers in U.S.
- One of largest alternatives platforms in the world
- 100+ funds with inflows globally over six-month period





# PIMCO overview

## Snapshot

AUM
<ul style="list-style-type: none"> <li>▪ \$1.59 trillion</li> <li>▪ \$1.19 trillion in third-party client assets</li> </ul>
INVESTMENT STRATEGIES
<ul style="list-style-type: none"> <li>▪ Fixed income <ul style="list-style-type: none"> <li>– Core</li> <li>– Specialty sectors</li> </ul> </li> <li>▪ Equities <ul style="list-style-type: none"> <li>– Enhanced equities</li> <li>– Active</li> </ul> </li> <li>▪ Alternatives</li> <li>▪ Asset allocation</li> </ul>
INVESTMENT VEHICLES
<ul style="list-style-type: none"> <li>▪ Mutual funds</li> <li>▪ Separate accounts</li> <li>▪ ETFs</li> <li>▪ LPs and others targeted to client needs</li> </ul>

## Resources

GLOBAL PRESENCE		
<ul style="list-style-type: none"> <li>▪ 13 global offices</li> <li>▪ Collaborative team-oriented approach</li> </ul>		
EMPLOYEES		
<ul style="list-style-type: none"> <li>▪ Total employees</li> </ul>	2,444	
<ul style="list-style-type: none"> <li>– Investment professionals</li> </ul>	775	
<ul style="list-style-type: none"> <li>– Technical and support</li> </ul>	1,669	
HIGHLY EXPERIENCED		
	Avg. Yrs Experience	Avg. Yrs at PIMCO
<ul style="list-style-type: none"> <li>▪ All investment professionals</li> </ul>	14	6
<ul style="list-style-type: none"> <li>▪ Senior professionals</li> </ul>	19	9

## Expertise

TIME-TESTED INVESTMENT PROCESS
<ul style="list-style-type: none"> <li>▪ Macro themes <ul style="list-style-type: none"> <li>– Economic forums</li> <li>– Global and regional investment committees</li> </ul> </li> <li>▪ Bottom-up portfolio ideas <ul style="list-style-type: none"> <li>– 14 sector specialty desks</li> <li>– 60+ analysts across global offices</li> </ul> </li> </ul>
THOUGHT LEADERSHIP
<ul style="list-style-type: none"> <li>▪ <i>Outlook and Investment Themes</i></li> <li>▪ <i>Global Central Bank Focus</i></li> <li>▪ <i>Global Credit Perspectives</i></li> <li>▪ <i>Viewpoints</i></li> </ul>
SOLUTIONS ORIENTATION
<ul style="list-style-type: none"> <li>▪ Asset allocation and optimization</li> <li>▪ Liability driven investing</li> <li>▪ Analysis of alternatives</li> <li>▪ Research Affiliates partnership</li> </ul>

As of 31 March 2015

Effective 31 March 2012, PIMCO began reporting the assets managed on behalf of its parent's affiliated companies as part of its assets under management

# An influx of talent at PIMCO's senior-most levels

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## **Mohsen Fahmi**

Managing Director,  
Portfolio Manager

*30 years of investment  
experience*

- Senior Portfolio Manager & COO, Moore Capital Management
- Co-head of Bond and Currency Proprietary Trading, Tokai Bank Europe



## **Geraldine Sundstrom**

Managing Director,  
Portfolio Manager Asset Allocation

*17 years of investment  
experience*

- Partner & Portfolio Manager, Brevan Howard
- Portfolio Manager, Moore Capital Management



## **Marc P. Seidner, CFA**

Managing Director,  
CIO Non-traditional Strategies

*27 years of investment  
experience*

- Head of Fixed Income, GMO LLC
- Managing Director & Generalist Portfolio Manager, PIMCO

# PIMCO media update: Lower profile and more balanced coverage

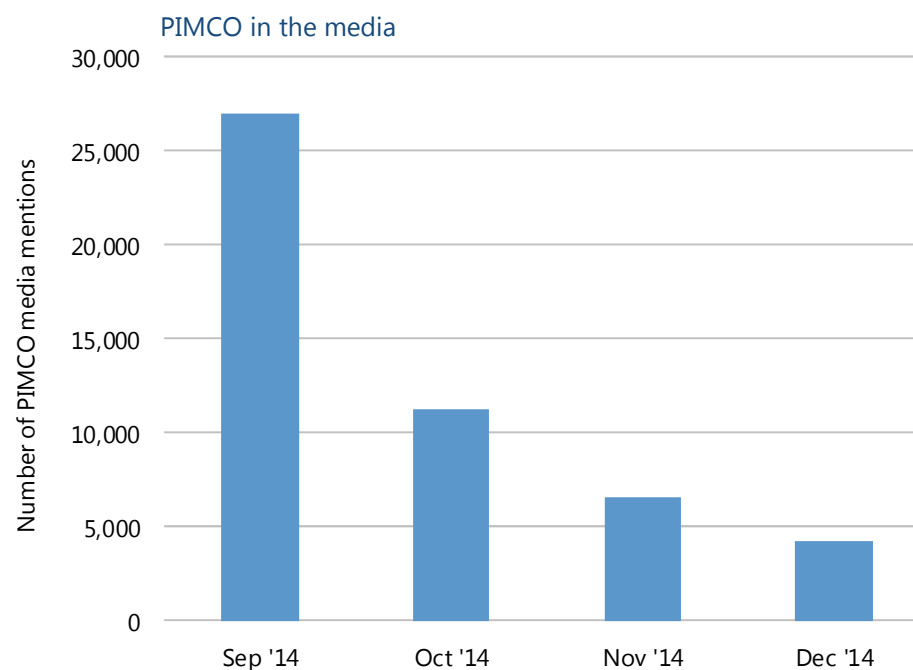
Following elevated media coverage in September, in months following, PIMCO's media coverage steadily returned back to normal levels

## Notable PIMCO headlines

“ PIMCO Total Return Fund Outpaces Most Of Its Rivals ”  
– *Wall Street Journal*, March 25, 2015

“ A PIMCO Stock Fund Makes Good ”  
– *Kiplinger's Personal Finance*, May 2015

“ PIMCO hires former Morgan Stanley chief economist Joachim Fels ”  
– *Reuters*, February 10, 2015



## Increased attention to thought leadership and performance

- Media coverage more balanced, with focus on positive performance
- Easier access to thought leadership at new PIMCO blog, [blog.pimco.com](http://blog.pimco.com)

As of 31 March 2015

# PIMCO resources: Expansion of Research Affiliates relationship

PIMCO manages more than \$50 billion in equity strategies

## PIMCO RA Equity

### PIMCO StocksPLUS

Portable alpha strategy with excess return driven by an independent, absolute return bond alpha strategy

- Systematic, rules-based stock selection, based on Research Affiliates Fundamental Index (RAFI) methodology
- Approach breaks the link between stock price and portfolio weight
- Active enhancements using additional metrics and processes designed to improve returns

### PIMCO Active Equity

Fundamental research driven stock selection and high active share portfolio construction

PIMCO expanding equity platform to include RA Equity common stock portfolios

# Assets under management by strategy

*PIMCO manages \$1.59 trillion in assets, including \$1.19 trillion in third-party client assets*

Alternatives		Billions (\$)
Liquid Absolute Return	Unconstrained bond strategies, credit absolute return, other absolute return strategies	23.83
Hedge Funds	Global macro, long/short credit, multi-asset volatility arbitrage strategies, relative value commodities	15.34
Opportunistic/Distressed	Opportunistic strategies focusing on real estate related assets (residential, commercial), corporate credit	5.40
Asset Allocation		
Asset Allocation Strategies	Global Multi Asset, All Asset, EM Multi Asset, Real Retirement, Inflation-Response Multi Asset, DRA	63.31
Equities		
Equity Strategies	Combines enhanced equities and active equities	23.73
Real Return		
Real Return Strategies	Combines inflation linked strategies, actively managed commodities, and real-estate linked exposure	73.56
Fixed Income		
Total Return <sup>1</sup>	Total Return	141.66
Intermediate <sup>2</sup>	Core Strategies, Moderate Duration	148.25
Credit	Investment Grade Corporates, Bank Loans, High Yield Corporates, Convertibles	167.92
Long Duration	Focus on long-term bonds; asset liability management	130.25
Global	Non-U.S. and global multiple currency formats	102.04
Cash Management <sup>2</sup>	Money Market, Short-Term, Low Duration	94.06
Income	Income-oriented, insurance income	80.73
Emerging Markets	Local debt, external debt, currency	49.71
Mortgages	Agency MBS, structured credit (non-Agency MBS, CMBS, and ABS)	33.39
Diversified Income	Global credit combining corporate and emerging markets debt	21.52
Municipals	Tax-efficient total return management	12.82
Other	Custom mandates	9.05
Total assets under management		\$ 1,196.55 B
Stable Value <sup>2</sup>	Stable income with emphasis on principal stability	25.38
Tail-Risk Hedging <sup>3</sup>	Pooled and customized portfolios of actively managed tail-risk hedges	46.47

As of 31 March 2015

SOURCE: PIMCO

Assets reflect those managed on behalf of third-party clients and exclude affiliated assets. Fund of funds assets have been netted from each strategy.

Potential differences in asset totals are due to rounding. Represents assets of strategy group in dedicated and non-dedicated portfolios.

<sup>1</sup> Total Return has been segregated to isolate the assets of PIMCO sponsored U.S. Total Return 1940-act fund and foreign pool fund accounts. All other U.S. Total Return portfolios are included in the Intermediate category.

<sup>2</sup> Stable value assets have not been netted from U.S. Total Return, U.S. Moderate Duration and U.S. Low Duration assets

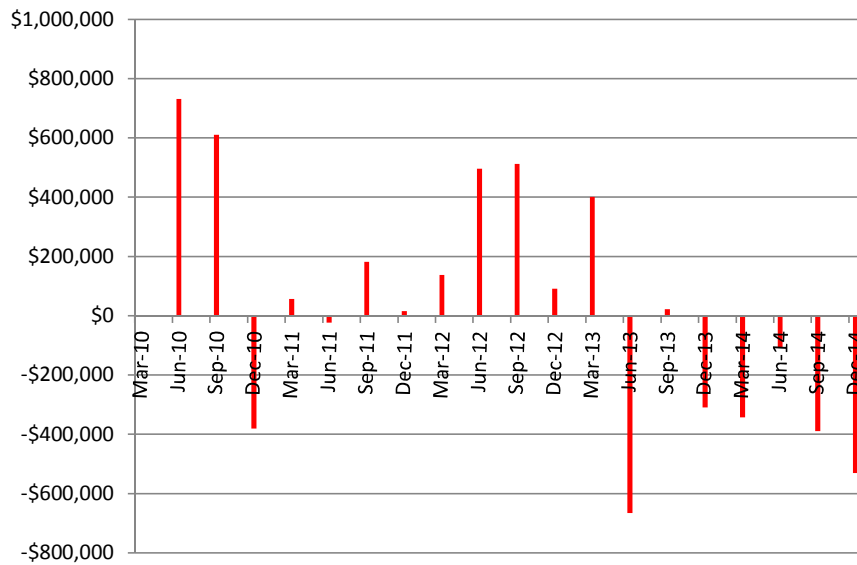
<sup>3</sup> Tail-risk hedging assets reflect total notional value of dedicated mandates and are not counted towards PIMCO total assets under management

# PIMCO Quarterly Value Added

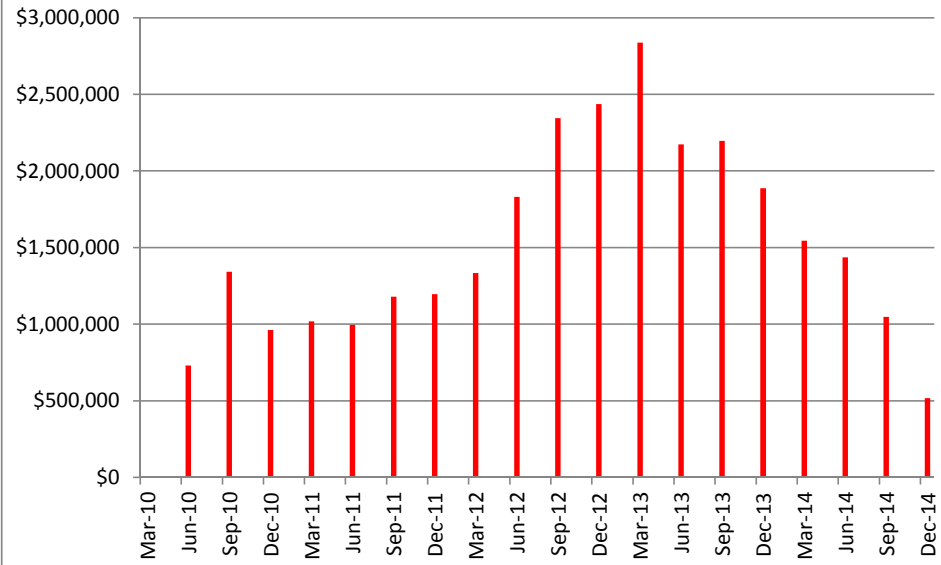
4/28/15  
Item #6.a

Quarter	Begin Date	End Date	Fees			Value Added
			Alpha	Managerial	Custodial	
1	12/31/2009	3/31/2010	\$0	\$0	\$0	\$0
2	3/31/2010	6/30/2010	\$780,844	\$46,533	\$2,719	\$731,591
3	6/30/2010	9/30/2010	\$689,748	\$73,608	\$4,686	\$611,454
4	9/30/2010	12/31/2010	-\$302,620	\$72,769	\$4,742	-\$380,131
5	12/31/2010	3/31/2011	\$134,401	\$73,072	\$4,688	\$56,641
6	3/31/2011	6/30/2011	\$56,698	\$74,250	\$4,779	-\$22,331
7	6/30/2011	9/30/2011	\$263,605	\$76,362	\$4,339	\$182,904
8	9/30/2011	12/31/2011	\$100,614	\$79,352	\$4,814	\$16,448
9	12/31/2011	3/31/2012	\$233,707	\$89,913	\$5,312	\$138,482
10	3/31/2012	6/30/2012	\$592,931	\$91,631	\$4,314	\$496,986
11	6/30/2012	9/30/2012	\$610,260	\$93,044	\$4,589	\$512,627
12	9/30/2012	12/31/2012	\$190,266	\$93,384	\$4,741	\$92,141
13	12/31/2012	3/31/2013	\$502,849	\$93,617	\$8,030	\$401,202
14	3/31/2013	6/30/2013	-\$564,526	\$91,614	\$8,540	-\$664,680
15	6/30/2013	9/30/2013	\$121,688	\$89,248	\$9,381	\$23,058
16	9/30/2013	12/31/2013	-\$212,034	\$89,017	\$8,072	-\$309,124
17	12/31/2013	3/31/2014	-\$243,594	\$90,077	\$8,159	-\$341,830
18	3/31/2014	6/30/2014	-\$8,476	\$91,410	\$7,769	-\$107,655
19	6/30/2014	9/30/2014	-\$293,684	\$91,348	\$3,950	-\$388,982
20	9/30/2014	12/31/2014	-\$435,352	\$92,321	\$2,263	-\$529,936

PIMCO Quarterly Value Added



PIMCO Quarterly Cumulative Value Added





**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
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**Phone (209) 525-6393**  
**Fax (209) 558-4976**  
**www.stancera.org**  
**e-mail: retirement@stancera.org**

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**April 28, 2015, Retirement Board Meeting**

TO: Retirement Board

FROM: Kathy Herman, Fiscal Services Manager

- I. SUBJECT: Information Technology Solutions (ITS)
- II. ITEM NUMBER: 7.a
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Select three trustees to establish an Ad Hoc Committee to assist and guide staff through the implementation of multiple technology solutions.
- V. ANALYSIS: In 2014, Tyler Technologies, StanCERA's current vendor for its Pension Administration Software (PAS) announced it has discontinued the sale and/or enhancement of its pension software. On October 8, 2014 the Board of Retirement was presented with a 10 year Strategic Realignment plan. As part of the plan, staff outlined what would be necessary to maintain and/or update the PAS as well as other IT solutions.  
  
Although there are multiple options for software solutions, the following list gives an idea of what is needed to address the concerns presented at the October 8, 2014 meeting. 1) Pension Administration System (PAS), 2) Electronic Document Management System (EDMS), 3) Disaster Recovery/Business Continuity Planning (DR/BCP), 4) PAS Reporting, 5) Case Management Workflow, 6) Web site Redesign – including ADA requirements, and 7) Web Self Service/Member Web Portal.  
  
Proceeding with a plan of this size requires forethought and a continuity of leadership.
- VI. Establishing the Information Technology Solutions Committee (ITSC). "it see" now could prevent, delayed implementation, cost overruns or unfinished projects.
- VII. RISK: None
- VIII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently
- IX. BUDGET IMPACT: None

*Kathy Herman*

---

Kathy Herman, Fiscal Services Manager

*Rick Santos*

---

Rick Santos, Executive Director





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e-mail: retirement@stancera.org

**For the Board of Retirement meeting  
Held on April 28, 2015**

TO: The Board of Retirement

FROM: Rick Santos, Executive Director

- I. SUBJECT: Decision to deploy additional capital to the Direct Lending asset class
- II. ITEM NUMBER: 7.b
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Agree to commit \$15,000,000 to the Raven III Fund and wait until the asset liability study in the fall before deciding on whether to continue to fund this asset class
- V. ANALYSIS: In May of 2013, StanCERA began funding the direct lending asset class. About 6 months ago, it became obvious that StanCERA was never going to fully reach its 7.5% commitment to this class. As of February 28<sup>th</sup>, 2015, the fund had \$96.8 million invested which represents 5.3% of the portfolio. This is a dollar shortfall of approximately \$40 million. However, it should be noted that today's commitment is still well within the target range of 2.5% to 9%. Using projections from the 3 direct lenders, staff projects the allocated assets to this class at the end of 2015 to be \$89 million. This should still be around 5% of the total portfolio and well within the target range.

The main reason for the shortfall is the duration of these types of investments. The investments are generally short-term in nature, require large amounts of cash in the beginning and can begin to throw off large amounts of cash early into the investment. The following is an actual cash flow pattern from one of StanCERA's direct lending investments for the first few months:

<u>Date</u>	<u>Cash Flow</u>
5/16/2013	\$ (7,500,000)
5/18/2013	(13,808,430)
5/31/2013	1,020,522
7/30/2013	2,349,915

As can be seen, this particular investment began distributing cash back to the plan within *two weeks* of the investment and well before the commitment period ended.

Other reasons for the shortfall include circumstances that may require the borrower to repay the loan sooner than anticipated and some funds may simply run out of time before all the capital can be deployed. As a result, the likelihood is quite high that these investments will never reach full commitment.

### *Today's Decision*

Staff sees 4 potential paths to proceed down today.

1. *Do not allocate any more capital towards these investments and let the investments exhaust themselves naturally*
2. *Fund the asset class to its intended target (7.5%)*
3. *Wait until the asset liability study in the fall before making any decision*
4. *Make a contribution to the Raven Fund III (see below) to reserve capacity and preserve MFN terms then decide in the fall whether to continue to fund this asset class*

If StanCERA chooses today to continue to fund this asset class to its intended target (#2 above), the following questions should be answered:

1. *Should we make this a "rolling" investment?*
2. *Should we entertain one or more of our current managers or seek new ones?*
3. *If we consider our current managers, should we "re-interview" them?*

The decision whether to begin re-investing in this space today depends of what may change between now and our asset liability study in the fall.

### *The Investment Landscape*

In October or November this year, the Organization will embark upon its triennial asset liability study. This is a rigorous examination of forward looking capital market expectations. The decision to continue to fund this space should be predicated on a thorough examination of how this investment fits into StanCERA's long-term funding objectives and whether the investment continues to offer a good risk/reward tradeoff in the context of the entire portfolio.

Additionally, StanCERA is currently engaged in the RFP process for an investment consultant. While there may not be a change in this area, it is possible that an alternative view on this subject may be presented later.

### *The Ability and Cost to Reinvest*


The ability to reinvest with our current managers could change between now and the fall. Staff reached out to all 3 current direct lenders and learned that only one fund, Raven, could potentially not be able to accommodate us in the fall. Raven's current fund III has a limit on capacity of \$350 million AUM. If the entire capacity has been committed by the fall, then there would be no room for StanCERA in that fund. Today, Raven has approximately 40% committed to that fund. Raven projects the next fund after that (IV) to begin funding in about 3 years. Currently, there is nothing that would prevent us from reinvesting with our other 2 direct lenders in the fall.

For two of our current managers, Raven and Medley, there are costs to waiting until the fall to reinvest. Generally, fee breaks can be had the earlier one invests with the fund, carrying costs can be smaller and interest paybacks to initial investors will occur (MFN status). After talking with our current managers, staff estimates that waiting until the fall to reinvest could result in approximately a \$1 to \$1.2 million opportunity cost per investment.


*Alternative Solution*

Raven has stated that they will reserve capacity for StanCERA in the fall for Fund III if we commit \$15,000,000 by the first close in June. This would preserve our MFN rights in terms of fees and carried interest and mitigate some of the interest payback to earlier investors. This solution allows StanCERA time to wait until the asset liability study in the fall to make a final decision on whether to commit fully to this asset class and preserve a lower fee structure.

- VI. RISK: Choosing to reinvest now could be premature, since a rigorous study of the capital market expectations in the fall may suggest otherwise. Choosing not to reinvest now and waiting until the fall to reinvest, could produce an opportunity cost in the form of higher fees, carrying costs and interest payments to earlier investors
- VII. STRATEGIC PLAN: Invest StanCERA assets in such a way that efficiently maximizes the ability to meet current and future benefit obligations while balancing the need for contribution stability and sustainability
- VIII. ADMINISTRATIVE BUDGET IMPACT: None



Rick Santos, Executive Director



Kathy Herman, Fiscal Services Manager



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**April 28, 2015, Retirement Board meeting**

TO: Retirement Board

FROM: Kathy Herman, Fiscal Services Manager

I. SUBJECT: Portfolio Rebalancing

II. ITEM NUMBER: 7.d

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Approve the recommendation as stated by Consultants, John Meier and Nathan Pratt, Strategic Investment Solutions on page 3 of the attached memo.

"Reduce US Equity by \$40 million, \$7 million from Legato, \$13 million from Capital Prospects and \$20 million from Mellon Capital and increase international Equity by \$40 million, \$22 million to LSV and \$18 million to Pyramis."

V. ANALYSIS: On November 11, 2012, the Board of Retirement approved the following asset allocation with reasonable ranges for efficiency.

US Equities	38.2%
International Equities	18.0%
Fixed Income	29.8%
Alternatives	14.0%

While still within acceptable ranges, StanCERA is slightly overweight in US Equities. Staff along with the Investment Consultants have determined a rebalance is appropriate. Please see the attached memo from Strategic Investment Solutions.

VI. RISK: Investment decisions are subject to various market, currency, economic, political and business risks. While every effort is made to mitigate risk and ensure positive returns, the future performance of any investment cannot be guaranteed.

VII. STRATEGIC PLAN: Strategic Objective #1, Invest StanCERA assets in such a way that efficiently maximizes the ability to meet current and future benefit obligations while balancing the need for contribution stability and sustainability.

VIII. ADMINISTRATIVE BUDGET IMPACT: None

  
Kathy Herman, Fiscal Services Manager

  
Rick Santos, Executive Director



**TO:** Stanislaus County Employee Retirement System

**FROM:** Strategic Investment Solutions, Inc.

**DATE:** April 20, 2015

**SUBJECT:** Portfolio Rebalancing Recommendation

**Introduction:**

The March 31, 2015 Monthly Flash Report shows the following actual asset allocation for the plan:

	Current Portfolio	Current Policy	Policy Range
US Equity	48.3%	46.7%	41.7 – 51.7%
Int'l. Equity	17.2%	18.0%	15.0 – 21.0%
Fixed Income	27.2%	29.8%	26.0 – 33.6%
Alternatives	7.3%	5.5%	3.0 – 8.0%

Even though the portfolio is still with policy range, Staff and SIS discussed whether or not it would be appropriate to rebalance the portfolio on the margin. Given recent market performance and SIS's long term capital market expectations, staff and SIS examined and discussed two alternatives of rebalancing. Both alternatives only rebalanced the portfolio between US and International Equity leaving the allocations to Alternatives and Fixed Income unchanged.

**The Options:**

The two options are 1) Reduce the US Equity Small Cap exposure by \$20 million (\$13 million from Capital Prospects and \$7 million from Legato) with a corresponding increase in International Equity. This would move US Equity from 48.3% to 47.2% relative to a current target weight of 46.7%, still an overweight of 0.5%. This move would increase International Equity to 18.3% relative to a target of 18%. All managers are within their specified ranges. 2) Reduce the US Equity exposure by an additional \$20 million, from Mellon's S&P500 account with a further increase in International Equity.

This would move US Equity from 48.3% to 46.1% relative to a current target weight of 46.7%, a slight underweight of 0.6%. This move would increase International Equity to 19.4% relative to a target of 18%. In this option, the 1000 Growth and 1000 Value index funds are weighted slightly more than the max of the policy but the portfolio remains appropriate balanced because of an offsetting underweight in the S&P 500 index fund.

Option 1 reduces but does not eliminate the overweight in US Equity while moving International equity to slight overweight. Option 2 moves US Equity to a slight underweight and funds a slight overweight to International Equity. We recommend Option 2. It maintains the slight overweight to risk assets which we believe is warranted given the current economic environment, interest rates and valuations. Option 2 also eliminates the overweight to US Equity and creates a small overweight to international equity. Again, given recent relative performance of US and International stocks and current valuations, we favor Option 2. The following tables provide the details of the two options based on 3/31/2015 values:

	Current		Option 1			Policy		
	\$	%	\$	%	Change	Target %	Min	Max
US Equity	881.6	48.3%	861.6	47.2%		46.7%	41.7%	51.7%
BR 1000G	111.3	6.1%	111.3	6.1%		5.5%	4.0%	6.0%
JS	164.4	9.0%	164.4	9.0%		8.5%	7.0%	10.0%
BR100V	123.4	6.8%	123.4	6.8%		6.5%	5.5%	6.5%
DC	181.6	9.9%	181.6	9.9%		9.7%	7.7%	11.7%
Legato	95.4	5.2%	88.4	4.8%	-7.0	5.5%	4.0%	6.0%
Cap Prospects	102.3	5.6%	89.3	4.9%	-13.0	5.5%	4.0%	6.0%
Mellon S&P500	103.2	5.7%	103.2	5.7%		5.5%	4.0%	6.0%
Intl Eq	313.9	17.2%	333.9	18.3%		18.0%	15.0%	21.0%
LSV	154.5	8.5%	166.5	9.1%	12.0	9.0%	7.5%	10.5%
Pyramis	159.4	8.7%	167.4	9.2%	8.0	9.0%	7.5%	10.5%
FI	496.0	27.2%	496.0	27.2%		29.8%	26.0%	33.6%
Alts	134.1	7.3%	134.1	7.3%		5.5%	3.0%	8.0%
Total	1,825.6	100.0%	1,825.6	100.0%				

	Current		Option 2			Policy		
	\$	%	\$	%	Change	Target %	Min	Max
US Equity	881.6	48.3%	841.6	46.1%		46.7%	41.7%	51.7%
BR 1000G	111.3	6.1%	111.3	6.1%		5.5%	4.0%	6.0%
JS	164.4	9.0%	164.4	9.0%		8.5%	7.0%	10.0%
BR100V	123.4	6.8%	123.4	6.8%		6.5%	5.5%	6.5%
DC	181.6	9.9%	181.6	9.9%		9.7%	7.7%	11.7%
Legato	95.4	5.2%	88.4	4.8%	-7.0	5.5%	4.0%	6.0%
Cap Prospects	102.3	5.6%	89.3	4.9%	-13.0	5.5%	4.0%	6.0%
Mellon S&P500	103.2	5.7%	83.2	4.6%	-20.0	5.5%	4.0%	6.0%
Intl Eq	313.9	17.2%	353.9	19.4%		18.0%	15.0%	21.0%
LSV	154.5	8.5%	176.5	9.7%	22.0	9.0%	7.5%	10.5%
Pyramis	159.4	8.7%	177.4	9.7%	18.0	9.0%	7.5%	10.5%
FI	496.0	27.2%	496.0	27.2%		29.8%	26.0%	33.6%
Alts	134.1	7.3%	134.1	7.3%		5.5%	3.0%	8.0%
Total	1,825.6	100.0%	1,825.6	100.0%				

#### Recommendation:

Reduce US Equity by \$40 million, \$7 million from Legato, \$13 million from Capital Prospects and \$20 million from Mellon Capital and increase international Equity by \$40 million, \$22 million to LSV and \$18 million to Pyramis.



4/28/15  
Item 8.1

# STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## MONTHLY FLASH REPORT

**MARCH 31, 2015**

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333 BUSH STREET | SAN FRANCISCO | 94104 | 415.362.3484

## U.S. EQUITY

Equity markets were mixed in March with Large cap stocks underperforming Small cap stocks.

For the month, the Russell 1000 Growth Index was down -1.1% compared to the Russell 1000 Value Index down -1.4%. However, the Russell 2000 Growth Index advanced +1.8% and the Russell 2000 Value Index was up +1.7%. The S&P 500 Index ended the month down -1.6%.

The S&P 500 Index has a trailing P/E ratio of 20.3, a forward 12-month estimate P/E ratio of 17.4 and a dividend yield of 2.0%.

Corporate merger highlights for the month included:

Cardinal Health will acquire Johnson & Johnson Cordis business, a leading global manufacturer of cardiology and endovascular devices, for \$1.9 billion; NXP

Semiconductors will buy smaller peer Freescale Semiconductor and merge operations in a deal valuing the combined company at over \$40 billion; Hewlett-Packard will buy Wi-Fi network gear maker Aruba Networks for about \$2.7 billion; Endo International will sell its men's health and prostate businesses to Boston Scientific for \$1.6 billion; EBay's PayPal payments unit will buy mobile wallet firm Paydiant; Citigroup will sell its consumer finance unit OneMain Financial Holdings to subprime lender Springleaf Holdings for \$4.25 billion; Alcoa will acquire titanium supplier RTI International metals; Concordia Healthcare will acquire certain assets of privately held Covis Pharma for \$1.2 billion; Perishing Square purchased a \$3.3 billion stake in Valeant Pharmaceuticals; Bain Capital will acquire Blue Coast Systems from Thoma Bravo; IFM Global Infrastructure Fund will pay \$5.7 billion to buy ITR Concession, the company that currently operates and maintains the Indiana Toll Road; PetSmart was taken private in a \$8.7 billion deal; Two years after buying Romano's Macaroni Grill for \$55 million, Ignite Restaurant Group is selling the pasta chain for \$8 million; Private equity company EQT and funds advised by Goldman Sachs sold their 19.3% stake in Danish business services firm ISS for \$1.04 billion; General Electric will sell its consumer lending business in Australia and New Zealand to a group of investors in a deal valued at roughly \$6.3 billion; Life Time Fitness will be taken private by Leonard Green & Partners and TPG in a deal valued at over \$4 billion; A. Schulman will buy Citadel Plastics for \$800 million; Scripps Networks Interactive will buy a majority stake in Polish broadcaster TVN for \$619 million; Ocwen

Financial will sell residential mortgage servicing rights worth \$9.6 billion to Green Tree Loan Servicing; Japanese online retailer Rakuten is buying U.S. eBook company OverDrive for about \$410 million; TSB, Britain's 7<sup>th</sup> largest bank, has accepted a \$2.6 billion cash offer from Spain's Banco Sabadell; China National Chemical will buy Pirelli, the world's fifth-largest tire maker, in a \$7.7 billion deal; Humana will sell its Concentra urgent care and physical therapy services unit for about \$1.06 billion; Amer Sports, the parent company of Wilson Sporting Goods, will pay \$70 million to acquire U.S. baseball brand Louisville Slugger; Sunoco reached a deal valued at \$816 million to acquire a portion of Energy Transfer Partner's retail business; Tenet Healthcare will form a joint venture with United Surgical Partners in a deal valued at \$1.93 billion; Optimal Payments will buy the maker of the Skrill e-wallet, the biggest competitor to its Neteller business, for about \$1.2 billion; Hutchison Whampoa finalized a deal to buy Telefonica's British mobile unit O2 for \$15.2 billion; Ocwen Financial will sell an additional \$25 billion of servicing rights on agency loans to a subsidiary of Nationstar; Kraft Foods, the maker of Velveeta cheese, will merge with ketchup maker H.J. Heinz, creating the world's fifth-biggest food and beverage company; Lexmark International will acquire software maker Kofax for \$1 billion; UnitedHealth Group will acquire Catamaran Corp in a deal worth about \$12.8 billion to boost its pharmacy benefit business; Teva Pharmaceutical will buy Auspex Pharmaceuticals in a \$3.2 billion deal; Ireland's Horizon Pharma will buy U.S. drug maker Hyperion Therapeutics for about \$1.1 billion; Fortune Brands Home & Security will buy kitchen and bathroom cabinet maker Norcraft for about \$600 million; Japan's Fujifilm Holdings will acquire U.S. biotechnology firm Cellular Dynamics for \$307 million.

## FIXED INCOME

Fed Chair Janet Yellen's recent speech on monetary policy was revealing on two very different levels. First, the hawkish – she added to the many signals coming from the Fed that markets should expect rate lift-off this year. Second, the dovish – she suggested that after lift-off, rates could be lower for longer than expected.

The yield on the bellwether 10-year Treasury fell to 1.94% at the close of March, down from 2.02% at the end of February. At month-end, the 30-year bond yield was 2.55% and the 3-month T-bill was 0.036%. The

Barclays Capital US Aggregate Index was up +0.5% in March.

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

## THE GOOD

\*For all of 2014, the economy expanded 2.4%, up slightly from growth of 2.2% in 2013.

\*The personal savings rate jumped to 5.5% in January from 5% in December, the highest since the end of 2012.

\*The Business Roundtable CEO Economic Outlook Index, a composite index of expectations for the next six months for sales, capital spending and employment, rose to 90.8 from 85.1 in the 4<sup>th</sup> quarter.

\*The U.S. trade deficit in January dropped sharply to \$41.8 billion as both exports and imports fell.

\*The Labor Dept. reported that job openings climbed 2.5% in the first month of 2015 to a seasonally adjusted 5 million, the highest level since 2001.

\*The Federal Reserve reported that overall industrial production rose 0.1% in February following a revised 0.3% decline in January.

\*The National Association of Realtors reported that sales of existing homes increased 1.2% to an annual rate of 4.88 million units in February.

\*The Commerce Department reported that sales of single-family homes rose to a seasonally adjusted annual rate of 539,000 up 7.8% from January.

\*The Labor Department reported that its Consumer Price Index increased 0.2% in February, ending three straight months of declines in the index.

\*The Commerce Department reported that consumer spending edged up 0.1% in February after an unrevised 0.2% drop in January.

## THE NOT SO GOOD

\*The University of Michigan's index of consumer sentiment slid to 95.4 in February from an 11-year high of 98.1 in January, probably due to harsh winter weather.

\*Gross domestic product grew at an annual rate of 2.2% in the fourth quarter, weaker than the 2.6% first estimated last month.

\*The Institute for Supply Management reported that its index of national factory activity fell to 52.9 in February; it's slowest in 13 months.

\*The Commerce Department reported that consumer spending slipped 0.2% in January after falling 0.3% in December.

\*The University of Michigan's preliminary March reading on the overall index on consumer sentiment came in at 91.2, down from the final 95.4 in February.

\*The Commerce Department reported that wholesale inventories unexpectedly increased 0.3% in January as sales recorded their biggest decline since 2009.

\*U.S. retail sales fell in February for a third month, as auto purchases dropped by the most in more than a year and Americans spent less at restaurants and home improvement stores.

\*The Labor Department reported that its producer price index for final demand fell 0.5% in February after dropping 0.8% in January. It was the fourth straight monthly decline in the PPI.

\*The Commerce Department reported that housing starts plunged 17% in February to the lowest level in a year as snowstorms blanketed the Northeast and Midwest.

\*The U.S. trade deficit widened to \$113.5 billion in the fourth quarter as the stronger dollar made American products less competitive overseas.

\*The Conference Board's index of leading indicators rose a paltry 0.2% last month, matching the January increase and indicating the economy's momentum may have slowed.

\*The Commerce Department reported that orders for durable goods dropped 1.4% in February following a 2% increase in January.

## NON-U.S. MARKETS

Retail sales are soaring in the United Kingdom. Retail sales volume rose 0.7% in February, the fifth consecutive gain to yet another record high. However, U.K. home price appreciation is slowing with the Office of National Statistics national home price index rising 8.4% y/y in January, down 1.4 points from December, the fourth straight decline. Headline CPI inflation rate fell another 0.3 point to 0.0% y/y, a record low, primarily attributable to plummeting energy prices.

The overall Eurozone labor market continues to improve slowly. The unemployment rate slipped 0.1 point to 11.3% in February, the lowest level since mid-2012, and 0.8 point below the peak of 12.1% hit in mid-2013. Rates vary from 23.2% in Spain (data for Greece are not available) to 4.8% in Germany.

Overall Eurozone consumer price (CPI) inflation has reaccelerated over the last two months as oil prices have stabilized, although it remains negative. After falling to a multi-year low of -0.6% y/y in January, CPI inflation accelerated to -0.3% in February and -0.1% March. However, core CPI inflation (which excludes food, energy, alcohol and tobacco) decelerated 0.1 point to 0.6%, the lowest in the history of the series.

Japanese industrial production appears to be trending modestly and erratically higher. Output plunged 3.4% in February after jumping 3.7% in January, leaving it up just 0.9% from last September.

Business confidence in Japan appears to be stable at a relatively high level, led by large manufacturers. However, sentiment among medium and small manufacturers (who export less and thus obtain fewer benefits from the weaker yen) declined.

China's official manufacturing PMI (which covers mostly large firms) unexpectedly edged up 0.2 point in March to 50.1. And the HSBC PMI (which also covers smaller firms) rose 0.4 point on the month to 49.6. Even so, the PMIs signal that manufacturing remains sluggish (by pre-financial crisis standards); further suggesting that broader growth may be still slowing.

Russia's real GDP rose an anemic 0.4% y/y in Q4, the weakest growth in five years. The economy is expected to contract at least 5.0% in 2015.

Non-U.S. equities delivered negative returns across the board in March. The MSCI ACWI Ex-U.S. gave up -1.5% (US dollars) for the month. International Developed stocks (EAFE) were down -1.4% and Emerging Markets were down -1.4% for the month.

## CONCLUSION

Even though U.S. job growth has accelerated, overall economic statistics in the U.S. have been disappointing in the fourth quarter and similarly weak for the start of the year. Though a difficult winter takes some of the blame, there is more weakness than weather related disruptions.

Continued easy money from most central banks inflames the risk of creating awful distortions in asset values and investment patterns. Evidence is obvious in equity, fixed income, and real estate markets. In the long run, the

pricing distortions created by the current regimes of QE may likely lead to a suboptimal allocation of capital and investment, a distortion that may result in years of lower output and lower standards of living.

## Monthly Market Update

### US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Mar-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	-1.02	1.80	1.80	12.37	17.38	16.43	14.71	9.37	8.38
Russell TOP 200 Index	-1.84	0.54	0.54	12.30	17.01	15.73	14.12	8.51	7.67
Russell TOP 200 Growth Index	-1.79	3.13	3.13	16.34	19.53	15.93	15.39	10.51	9.10
Russell TOP 200 Value Index	-1.88	-2.08	-2.08	8.29	14.50	15.49	12.82	6.46	6.22
S&P 500 Index	-1.58	0.95	0.95	12.73	17.21	16.11	14.47	8.95	8.01
Russell 1000 Index	-1.25	1.59	1.59	12.73	17.47	16.45	14.73	9.27	8.34
Russell 1000 Growth Index	-1.14	3.84	3.84	16.09	19.60	16.34	15.63	10.68	9.36
Russell 1000 Value Index	-1.36	-0.72	-0.72	9.33	15.29	16.44	13.75	7.73	7.21
Russell Mid-Cap Index	0.06	3.95	3.95	13.68	18.50	18.10	16.16	11.17	10.02
Russell Mid-Cap Growth Index	0.28	5.38	5.38	15.56	19.81	17.41	16.43	11.24	10.19
Russell Mid-Cap Value Index	-0.18	2.42	2.42	11.70	17.19	18.60	15.84	10.94	9.61
Russell 2000 Index	1.74	4.32	4.32	8.21	16.26	16.27	14.57	10.47	8.82
Russell 2000 Value Index	1.69	1.98	1.98	4.43	13.17	14.79	12.54	8.94	7.53
Russell 2000 Growth Index	1.80	6.63	6.63	12.06	19.39	17.74	16.58	11.90	10.02
DJ US REIT Index	1.79	4.71	4.71	25.26	14.33	13.95	15.89	8.37	9.45
DJ-UBS US Commodity Index TR	-5.14	-7.52	-7.52	-27.04	-15.48	-11.52	-5.71	-9.58	-3.56
DJ-UBS US Gold Index TR	-2.55	-1.59	-1.59	-8.15	-14.20	-11.32	0.63	2.93	9.75

### Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Mar-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	-1.54	3.59	3.59	-0.57	5.91	6.88	5.29	1.71	5.93
MSCI AC World Index	-1.49	2.44	2.44	5.97	11.43	11.35	9.57	5.07	7.00
MSCI EAFE Index	-1.43	5.00	5.00	-0.48	8.40	9.52	6.64	2.04	5.43
MSCI Emerging Markets index	-1.40	2.28	2.28	0.79	-0.15	0.66	2.08	0.95	8.82
ML Global Government Bond Ex. U.S. Index	-1.29	-3.03	-3.03	-9.34	-5.64	-5.27	0.05	0.55	2.34
Euro	-4.25	-11.24	-11.24	-22.07	-8.55	-6.92	-4.52	-5.40	-1.89
Japanese Yen	-0.32	-0.03	-0.03	-14.13	-11.46	-11.80	-4.87	-2.63	-1.14
UK Pound Sterling	-3.94	-4.79	-4.79	-10.96	-1.12	-2.42	-0.43	-4.08	-2.38

### US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Mar-15	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	0.00	0.00	0.00	0.03	0.05	0.07	0.09	0.26	1.49
BarCap Aggregate Bond Index	0.46	1.61	1.61	5.72	2.77	3.10	4.41	4.69	4.93
ML U.S. Corp/Govt Master Index	0.54	1.90	1.90	6.26	2.84	3.47	4.83	4.73	4.99
ML U.S. Corporate Master Index	0.37	2.26	2.26	6.77	4.06	5.29	6.50	6.68	5.85
BarCap Mortgage Backed Securities Index	0.37	1.06	1.06	5.53	2.83	2.54	3.63	4.48	4.87
ML U.S. High Yield Master Index	-0.55	2.53	2.53	1.98	4.71	7.42	8.38	9.30	7.96
JPM EMBI Global	0.46	2.06	2.06	4.08	1.48	4.38	6.83	7.36	8.04

## Monthly Market Update

## US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Mar-15	<u>1</u> <u>Month</u>	<u>3</u> <u>Month</u>	<u>1</u> <u>Year</u>	<u>2</u> <u>Years</u>	<u>3</u> <u>Years</u>	<u>5</u> <u>Years</u>	<u>7</u> <u>Years</u>	<u>10</u> <u>Years</u>
Russell 3000 Index	-1.02	1.80	12.37	11.51	16.43	14.71	17.23	8.38
Russell TOP 200 Index	-1.84	0.54	12.30	10.94	15.73	14.12	15.89	7.67
Russell TOP 200 Growth Index	-1.79	3.13	16.34	13.48	15.93	15.39	18.16	9.10
Russell TOP 200 Value Index	-1.88	-2.08	8.29	8.38	15.49	12.82	13.55	6.22
S&P 500 Index	-1.58	0.95	12.73	11.65	16.11	14.47	16.65	8.01
Russell 1000 Index	-1.25	1.59	12.73	11.86	16.45	14.73	17.21	8.34
Russell 1000 Growth Index	-1.14	3.84	16.09	13.68	16.34	15.63	19.02	9.36
Russell 1000 Value Index	-1.36	-0.72	9.33	9.99	16.44	13.75	15.30	7.21
Russell Mid-Cap Index	0.06	3.95	13.68	13.92	18.10	16.16	20.62	10.02
Russell Mid-Cap Growth Index	0.28	5.38	15.56	14.10	17.41	16.43	21.46	10.19
Russell Mid-Cap Value Index	-0.18	2.42	11.70	13.79	18.60	15.84	19.65	9.61
Russell 2000 Index	1.74	4.32	8.21	7.47	16.27	14.57	17.45	8.82
Russell 2000 Growth Index	1.80	6.63	12.06	9.96	17.74	16.58	19.94	10.02
Russell 2000 Value Index	1.69	1.98	4.43	4.99	14.79	12.54	14.99	7.53
Bloomberg Commodity Index TR	-5.14	-7.52	-27.04	-17.98	-11.52	-5.71	-2.72	-3.56
DJ US REIT Index	1.79	4.71	25.26	29.56	13.95	15.89	18.89	9.45
DJ-UBS US Gold Index TR	-2.55	-1.59	-8.15	-1.58	-11.32	0.63	4.11	9.75

## Non-US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Mar-15	<u>1</u> <u>Month</u>	<u>3</u> <u>Months</u>	<u>1</u> <u>Year</u>	<u>2</u> <u>Years</u>	<u>3</u> <u>Years</u>	<u>5</u> <u>Years</u>	<u>7</u> <u>Years</u>	<u>10</u> <u>Years</u>
MSCI AC World Index ex USA	-1.54	3.59	-0.57	0.03	6.88	5.29	10.53	5.93
MSCI AC World Index	-1.49	2.44	5.97	5.76	11.35	9.57	13.51	7.00
MSCI EAFE Index	-1.43	5.00	-0.48	0.23	9.52	6.64	10.29	5.43
MSCI Emerging Markets index	-1.40	2.28	0.79	0.34	0.66	2.08	12.02	8.82
ML Global Government Bond Ex. U.S. Index	-1.29	-3.03	-9.34	-5.51	-5.27	0.05	0.15	2.34
Japanese Yen	-0.32	-0.03	-14.13	-10.01	-11.80	-4.87	-4.38	-1.14
Euro	-4.25	-11.24	-22.07	-18.07	-6.92	-4.52	-4.04	-1.89
UK Pound Sterling	-3.94	-4.79	-10.96	-8.39	-2.42	-0.43	0.51	-2.38

## US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Mar-15	<u>1</u> <u>Month</u>	<u>3</u> <u>Month</u>	<u>1</u> <u>Year</u>	<u>2</u> <u>Years</u>	<u>3</u> <u>Years</u>	<u>5</u> <u>Years</u>	<u>7</u> <u>Years</u>	<u>10</u> <u>Years</u>
ML 3-month T-bill Total Return Index	0.00	0.00	0.03	0.03	0.07	0.09	0.11	1.49
BarCap Aggregate Bond Index	0.46	1.61	5.72	6.09	3.10	4.41	4.77	4.93
BarCap Mortgage Backed Securities Index	0.37	1.06	5.53	5.72	2.54	3.63	4.10	4.87
ML U.S. Corp/Govt Master Index	0.54	1.90	6.26	6.75	3.47	4.83	4.92	4.99
ML U.S. Corporate Master Index	0.37	2.26	6.77	7.88	5.29	6.50	8.72	5.85
ML U.S. High Yield Master Index	-0.55	2.53	1.98	4.01	7.42	8.38	15.42	7.96
JPM EMBI Global	0.46	2.06	4.08	6.11	4.38	6.83	10.42	8.04

ASSET CLASS	MARKET VALUE	PERCENT	CURRENT POLICY		TARGET POLICY	
			ALLOCATION	RANGE	ALLOCATION	RANGE
<b>DOMESTIC EQUITIES</b>	<b>881,603,478</b>	<b>48.3%</b>	<b>46.7%</b>	<b>41.7% - 51.7%</b>	<b>38.2%</b>	<b>32.2% - 44.2%</b>
BlackRock Russell 1000 Growth	111,306,124	6.1%	5.5%	4.0% - 6.0%	4.6%	
Jackson Square	164,352,777	9.0%	8.5%	7.0% - 10.0%	6.7%	
BlackRock Russell 1000 Value	123,436,706	6.8%	6.5%	5.5% - 6.5%	5.5%	
Dodge & Cox - Equity	181,588,380	9.9%	9.7%	7.7% - 11.7%	8.9%	
Legato Capital	95,396,144	5.2%	5.5%	4.0% - 6.0%	3.7%	
Capital Prospects	102,293,744	5.6%	5.5%	4.0% - 6.0%	4.0%	
Mellon S&P 500	103,229,602	5.7%	5.5%	4.0% - 6.0%	4.8%	
<b>INTERNATIONAL EQUITIES</b>	<b>313,902,989</b>	<b>17.2%</b>	<b>18.0%</b>	<b>15.0% - 21.0%</b>	<b>18.0%</b>	<b>15.0% - 21.0%</b>
LSV Asset Mgt	154,532,774	8.5%	9.0%	7.5% - 10.5%	9.0%	
Pyramis	159,370,215	8.7%	9.0%	7.5% - 10.5%	9.0%	
<b>FIXED INCOME</b>	<b>496,006,015</b>	<b>27.2%</b>	<b>29.8%</b>	<b>26.0% - 33.6%</b>	<b>29.8%</b>	<b>26.0% - 33.6%</b>
Dodge & Cox - Fixed	384,240,594	21.0%	23.8%	20.8% - 26.8%	23.8%	
PIMCO	111,765,421	6.1%	6.0%	5.0% - 7.0%	6.0%	
<b>ALTERNATIVES:</b>	<b>134,093,310</b>	<b>7.3%</b>	<b>5.5%</b>		<b>14.0%</b>	
<b>REAL ESTATE</b>	<b>33,399,902</b>	<b>1.8%</b>	<b>1.5%</b>	<b>1.0% - 2.0%</b>	<b>3.5%</b>	<b>1.0% - 4.5%</b>
American Strategic Value Fund	7,676,519	0.4%				
BlackRock US Real Estate	14,098,032	0.8%	1.5%	0.0% - 2.0%	0.0%	
Greenfield Gap	9,125,225	0.5%	0.0%	0.0% - 1.5%	1.0%	
12th Street Building	2,500,000	0.1%	0.0%		0.0%	
Unallocated Private Real Estate	0	0.0%	0.0%		2.5%	
<b>DIRECT LENDING</b>	<b>100,693,408</b>	<b>5.5%</b>	<b>4.0%</b>	<b>2.0% - 6.0%</b>	<b>7.5%</b>	<b>2.5% - 9.0%</b>
Medley Capital	31,752,243	1.7%	1.0%	1.0% - 3.0%	2.1%	
Raven Capital	30,307,900	1.7%	1.5%	1.0% - 3.0%	2.7%	
White Oak Pinnacle	38,633,265	2.1%	1.5%	1.0% - 3.0%	2.7%	
<b>INFRASTRUCTURE</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0% - 0.0%</b>	<b>3.0%</b>	<b>0.0% - 4.0%</b>
<b>CASH</b>	<b>14,309</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0% - 3.0%</b>	<b>0.0%</b>	<b>0.0% - 3.0%</b>
<b>TOTAL PORTFOLIO</b>	<b>1,825,620,101</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	



As of March 31, 2015

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
<b>MARKET VALUE</b>					
DOMESTIC EQUITIES	881,603,478	891,401,142	-1.10%	821,792,971	7.28%
INTERNATIONAL EQUITIES	313,902,989	317,507,476	-1.14%	313,224,358	0.22%
FIXED INCOME	496,006,015	496,090,625	-0.02%	501,598,607	-1.11%
DIRECT LENDING	100,693,408	97,110,455	3.69%	69,256,685	45.39%
REAL ESTATE	33,399,902	32,456,461	2.91%	26,421,516	26.41%
SECURITIES LENDING	0	0	0.00%	(501,827)	100.00%
DISTRIBUTION RECEIVABLE	0	0	0.00%	0	#DIV/0!
CASH	14,309	2,589	452.68%	-	N/A
<b>TOTAL PORTFOLIO</b>	<b>1,825,620,101</b>	<b>1,834,568,750</b>	<b>-0.49%</b>	<b>1,731,792,310</b>	<b>5.42%</b>
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	48.29%	48.59%	-0.3%	47.45%	0.8%
INTERNATIONAL EQUITIES	17.19%	17.31%	-0.1%	18.09%	-0.9%
FIXED INCOME	27.17%	27.04%	0.1%	28.96%	-1.8%
DIRECT LENDING	5.52%	5.29%	0.2%	4.00%	1.5%
REAL ESTATE	1.83%	1.77%	0.1%	1.53%	0.3%
SECURITY LENDING	0.00%	0.00%	0.0%	-0.03%	0.0%
RECEIVABLES	0.00%	0.00%	0.0%	0.00%	0.0%
CASH	0.00%	0.00%	0.0%	-	N/A
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>
* % Change represents changes in cash balances, including cash transfers, and does not represent investment returns					

	Market Value	1 Mo	2/1/15 - 2/28/15	Fiscal YTD
<b>Total Fund</b>	<b>\$1,825,620,100</b>	<b>-0.38%</b>	<b>3.82%</b>	<b>3.54%</b>
<i>Policy Index</i>		<u>-0.38%</u>	<u>3.37%</u>	<u>3.93%</u>
Excess Return		0.00%	0.45%	-0.39%
<b>US Equity</b>	<b>\$881,603,478</b>	<b>-0.68%</b>	<b>6.28%</b>	<b>6.70%</b>
<i>US Equity Blended</i>		<u>-0.65%</u>	<u>5.81%</u>	<u>7.07%</u>
Excess Return		-0.03%	0.47%	-0.37%
BlackRock Russell 1000 Growth	\$111,306,124	-1.15%	6.66%	10.48%
<i>Russell 1000 Growth</i>		<u>-1.14%</u>	<u>6.67%</u>	<u>10.42%</u>
Excess Return		-0.01%	-0.01%	0.06%
Jackson Square	\$164,352,777	-0.99%	7.29%	10.77%
<i>Russell 1000 Growth</i>		<u>-1.14%</u>	<u>6.67%</u>	<u>10.42%</u>
Excess Return		0.15%	0.62%	0.35%
BlackRock Russell 1000 Value	\$123,436,706	-1.36%	4.86%	4.12%
<i>Russell 1000 Value</i>		<u>-1.36%</u>	<u>4.84%</u>	<u>4.02%</u>
Excess Return		0.00%	0.02%	0.10%
Dodge & Cox-Equity	\$181,588,380	-1.68%	6.37%	2.27%
<i>Russell 1000 Value</i>		<u>-1.36%</u>	<u>4.84%</u>	<u>4.02%</u>
Excess Return		-0.32%	1.53%	-1.75%
<b>Legato Capital</b>	<b>\$95,396,144</b>	<b>1.66%</b>	<b>6.46%</b>	<b>9.62%</b>
<i>Russell 2000 Growth</i>		<u>1.80%</u>	<u>7.20%</u>	<u>10.16%</u>
Excess Return		-0.14%	-0.74%	-0.54%
<b>Capital Prospects</b>	<b>\$102,293,744</b>	<b>1.80%</b>	<b>6.13%</b>	<b>4.53%</b>
<i>Russell 2000 Value</i>		<u>1.69%</u>	<u>4.64%</u>	<u>2.00%</u>
Excess Return		0.11%	1.49%	2.53%

	Market Value	1 Mo	2/1/15 - 2/28/15	Fiscal YTD
Mellon S&P 500	\$103,229,602	-1.58%	5.75%	7.15%
<i>S&amp;P 500</i>		<u>-1.58%</u>	<u>5.75%</u>	<u>7.13%</u>
Excess Return		0.00%	0.00%	0.02%
<b>International Equity</b>	<b>\$313,902,989</b>	<b>-1.14%</b>	<b>5.64%</b>	<b>-4.46%</b>
<i>MSCI ACWI ex US</i>		<u>-1.54%</u>	<u>5.36%</u>	<u>-5.53%</u>
Excess Return		0.40%	0.28%	1.07%
LSV Asset Mgt	\$154,532,774	-1.60%	6.50%	-5.79%
<i>MSCI ACWI ex USA Gross</i>		<u>-1.54%</u>	<u>5.36%</u>	<u>-5.53%</u>
Excess Return		-0.06%	1.14%	-0.26%
Pyramis	\$159,370,215	-0.68%	4.82%	-3.13%
<i>MSCI ACWI ex USA Gross</i>		<u>-1.54%</u>	<u>5.36%</u>	<u>-5.53%</u>
Excess Return		0.86%	-0.54%	2.40%
<b>US Fixed Income</b>	<b>\$496,006,015</b>	<b>0.39%</b>	<b>-0.45%</b>	<b>2.98%</b>
<i>Barclays Aggregate</i>		<u>0.46%</u>	<u>-0.94%</u>	<u>3.60%</u>
Excess Return		-0.07%	0.49%	-0.62%
Dodge & Cox-Fixed	\$384,240,594	0.38%	-0.34%	3.02%
<i>Barclays Aggregate</i>		<u>0.46%</u>	<u>-0.94%</u>	<u>3.60%</u>
Excess Return		-0.08%	0.60%	-0.58%
PIMCO	\$111,765,421	0.41%	-0.83%	2.84%
<i>Barclays Aggregate</i>		<u>0.46%</u>	<u>-0.94%</u>	<u>3.60%</u>
Excess Return		-0.05%	0.11%	-0.76%
<b>Real Estate</b>	<b>\$30,899,902</b>	<b>0.82%</b>	<b>-1.66%</b>	<b>11.96%</b>
<i>DJ US Select RESI</i>		<u>1.79%</u>	<u>-3.54%</u>	<u>16.97%</u>
Excess Return		-0.97%	1.88%	-5.01%
American Strategic Value Realty	\$7,676,519	0.00%	0.00%	--

	Market Value	1 Mo	2/1/15 - 2/28/15	Fiscal YTD
BlackRock US Real Estate	\$14,098,032	1.78%	-3.53%	16.91%
<i>DJ US Select RESI TR USD</i>		<u>1.79%</u>	<u>-3.54%</u>	<u>16.97%</u>
Excess Return		-0.01%	0.01%	-0.06%
Greenfield Gap	\$9,125,225	0.00%	0.00%	--
<b>Direct Lending</b>	<b>\$100,693,408</b>	<b>0.60%</b>	<b>0.72%</b>	<b>3.72%</b>
<i>9% Annual</i>		<u>0.72%</u>	<u>0.72%</u>	<u>6.68%</u>
Excess Return		-0.12%	0.00%	-2.96%
Medley Capital	\$31,752,243	0.00%	1.87%	3.85%
Raven Capital	\$30,307,900	0.46%	0.32%	4.79%
White Oak Pinnacle	\$38,633,265	1.24%	0.00%	5.82%
12th Street Building	\$2,500,000	0.00%	0.00%	0.00%
Cash Account *	\$14,309	452.58%	0.00%	452.74%

\*Return of 452.58% is due to class action proceeds (Citigroup, Computer Sciences, and Diamond Foods) received on March 30, 2015, in the amount of \$11,719.23.

STANCERA  
Price Monitor Position Report

BlackRock  
Passive Large Cap Growth Manager  
Positions as of March 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	3/31/2015 \$ PX	4/17/2015 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	61,007	\$7,591,078	6.82%	0.42%	124.43	124.75	0.26%	-0.13%
Microsoft Corp.	MSFT	55,297	\$2,248,384	2.02%	0.12%	40.66	1.00	-97.54%	-97.92%
Verizon Communications	VZ	42,115	\$2,048,033	1.84%	0.11%	48.63	48.90	0.56%	0.17%
Coca-Cola Co.	KO	39,801	\$1,613,939	1.45%	0.09%	40.55	40.30	-0.62%	-1.00%
Facebook Inc.	FB	19,630	\$1,613,939	1.45%	0.09%	82.22	80.78	-1.75%	-2.14%
Gilead Sciences Inc	GILD	15,993	\$1,569,416	1.41%	0.09%	98.13	101.38	3.31%	2.93%
Walt Disney	DIS	14,856	\$1,558,286	1.40%	0.09%	104.89	106.69	1.72%	1.33%
Home Depot Inc	HD	13,618	\$1,547,155	1.39%	0.08%	113.61	112.10	-1.33%	-1.71%
IBM Co	IBM	9,570	\$1,536,025	1.38%	0.08%	160.50	160.67	0.11%	-0.28%
Google Inc. - Class A	GOOG	2,762	\$1,513,763	1.36%	0.08%	548.00	524.05	-4.37%	-4.75%
TOP TEN HOLDINGS			\$22,840,017	20.52%	1.25%	Russell 1000 Growth:		<b>0.38%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$111,306,124**  
\$1,825,620,101

STANCERA  
Price Monitor Position Report

BlackRock  
Passive Large Cap Value Manager  
Positions as of March 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	3/31/2015 \$ PX	4/17/2015 \$ PX	Position % Change	Relative % Change
EXXON MOBIL CORP	XOM	52,715	\$4,480,752	3.63%	0.25%	85.00	86.93	2.27%	1.38%
GENERAL ELECTRIC CO	GE	132,342	\$3,283,416	2.66%	0.18%	24.81	27.25	9.83%	8.94%
WELLS FARGO & CO	WFC	56,953	\$3,098,261	2.51%	0.17%	54.40	54.05	-0.64%	-1.54%
BERKSHIRE HATHAWAY INC	BRK-B	21,382	\$3,085,918	2.50%	0.17%	144.32	140.70	-2.51%	-3.40%
JPMORGAN CHASE & CO	JPM	47,068	\$2,851,388	2.31%	0.16%	60.58	62.84	3.73%	2.84%
JOHNSON & JOHNSON	JNJ	28,344	\$2,851,388	2.31%	0.16%	100.60	99.58	-1.01%	-1.91%
PFIZER INC	PFE	76,993	\$2,678,577	2.17%	0.15%	34.79	35.04	0.72%	-0.17%
PROCTER & GAMBLE CO	PG	30,882	\$2,530,452	2.05%	0.14%	81.94	82.53	0.72%	-0.17%
CHEVRON CORP	CVX	23,751	\$2,493,421	2.02%	0.14%	104.98	109.11	3.93%	3.04%
AT&T CORP	T	62,002	\$2,024,362	1.64%	0.11%	32.65	32.51	-0.43%	-1.32%
TOP TEN HOLDINGS			\$29,377,936	23.80%	1.61%	Russell 1000 Value		<b>0.89%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$123,436,706**  
\$1,825,620,101

STANCERA  
Price Monitor Position Report

BNY - S&P 500 Index  
Passive S&P 500 Index Fund  
Positions as of March 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	3/31/2015 \$ PX	4/17/2015 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	33,185	\$4,129,184	4.00%	0.23%	124.43	124.75	0.26%	-0.48%
Exxon Mobil Corp	XOM	23,925	\$2,033,623	1.97%	0.11%	85.00	86.93	2.27%	1.53%
Microsoft Corp	MSFT	47,984	\$1,951,039	1.89%	0.11%	40.66	41.62	2.36%	1.62%
Johnson & Johnson	JNJ	15,392	\$1,548,444	1.50%	0.08%	100.60	99.58	-1.01%	-1.75%
General Electric Co	GE	60,748	\$1,507,152	1.46%	0.08%	24.81	27.25	9.83%	9.10%
Berkshire Hathaway Inc.	BRK-B	9,942	\$1,434,891	1.39%	0.08%	144.32	140.70	-2.51%	-3.24%
Wells Fargo & Co.	WFC	25,997	\$1,414,246	1.37%	0.08%	54.40	54.05	-0.64%	-1.38%
JPMorgan Chase & Co.	JPM	21,641	\$1,311,016	1.27%	0.07%	60.58	62.84	3.73%	2.99%
Procter & Gamble	PG	15,118	\$1,238,755	1.20%	0.07%	81.94	82.53	0.72%	-0.02%
Pfizer Inc.	PFE	34,123	\$1,187,140	1.15%	0.07%	34.79	35.04	0.72%	-0.02%
TOP TEN HOLDINGS			\$17,755,492	17.20%	0.97%	S&P 500 Index:		<b>0.74%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$103,229,602</b>
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\$1,825,620,101

STANCERA  
Price Monitor Position Report

Dodge & Cox Equity  
Active US Large Cap Value Manager  
Positions as of March 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	3/31/2015 \$ PX	4/17/2015 \$ PX	Position % Change	Relative % Change
WELLS FARGO & CO	WFC	138,072	\$7,511,116	4.14%	0.41%	2.60%	54.40	54.05	-0.64%	-1.03%
CAPITAL ONE FINANCIAL CORP	COF	90,000	\$7,093,800	3.91%	0.39%	0.40%	78.82	82.00	4.03%	3.65%
NOVARTIS AG-SPONSORED ADR	NVS	66,500	\$6,557,565	3.61%	0.36%	0.00%	98.61	102.46	3.90%	3.52%
HEWLETT-PACKARD CO	HPQ	210,005	\$6,543,755	3.60%	0.36%	0.60%	31.16	32.53	4.40%	4.01%
MICROSOFT CORP	MSFT	160,000	\$6,504,800	3.58%	0.36%	1.20%	40.66	41.62	2.36%	1.98%
TIME WARNER INC	TWX	72,032	\$6,082,382	3.35%	0.33%	0.70%	84.44	83.40	-1.23%	-1.62%
SCHWAB (CHARLES) CORP	SCHW	175,000	\$5,327,000	2.93%	0.29%	0.30%	30.44	30.25	-0.62%	-1.01%
TIME WARNER CABLE	TWC	35,068	\$5,255,991	2.89%	0.29%	0.00%	149.88	149.61	-0.18%	-0.56%
SCHLUMBERGER LTD	SLB	61,000	\$5,089,840	2.80%	0.28%	0.00%	83.44	92.86	11.29%	10.91%
BANK OF NEW YORK MELLON CORP	BK	125,000	\$5,030,000	2.77%	0.28%	0.50%	40.24	40.50	0.65%	0.26%
TOP TEN HOLDINGS			\$60,996,249	33.59%	3.34%	6.30%	Russell 1000 Growth:		<b>0.38%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$181,588,380**  
\$1,825,620,101



STANCERA  
Price Monitor Position Report

Jackson Square Partners  
Active Large Cap Growth Portfolio  
Positions as of March 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	3/31/2015 \$ PX	4/17/2015 \$ PX	Position % Change	Relative % Change
QUALCOMM Incorporated	QCOM	135,597	\$9,402,296	5.72%	0.52%	1.07%	69.34	67.11	-3.22%	-3.60%
Celgene Corporation	CELG	79,575	\$9,173,406	5.58%	0.50%	0.84%	115.28	113.47	-1.57%	-1.95%
Visa Inc. Class A	V	125,375	\$8,200,779	4.99%	0.45%	1.20%	65.41	64.52	-1.36%	-1.74%
eBay Inc.	EBAY	133,150	\$7,680,092	4.67%	0.42%	0.67%	57.68	55.79	-3.28%	-3.66%
Walgreens Boots Alliance Inc	WBA	87,696	\$7,426,097	4.52%	0.41%	0.55%	84.68	86.96	2.69%	2.31%
MasterCard Incorporated Class A	MA	81,475	\$7,038,625	4.28%	0.39%	0.79%	86.39	86.93	0.63%	0.24%
Equinix Inc	EQIX	28,699	\$6,682,562	4.07%	0.37%	0.11%	232.85	236.14	1.41%	1.03%
Liberty Interactive Corporation Class A	QVCA	224,175	\$6,543,668	3.98%	0.36%	0.07%	29.19	28.79	-1.37%	-1.75%
Crown Castle International Corp	CCI	72,400	\$5,975,896	3.64%	0.33%	0.25%	82.54	85.84	4.00%	3.61%
Actavis Plc	ACT	19,754	\$5,879,179	3.58%	0.32%	0.99%	297.62	297.05	-0.19%	-0.58%
TOP TEN HOLDINGS			\$74,002,601	45.03%	4.05%	6.53%	Russell 1000 Growth:		<b>0.38%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$164,352,777</b>
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\$1,825,620,101

STANCERA  
Price Monitor Position Report

Capital Prospects  
Active US Small Cap Value Manager  
Positions as of March 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000V	3/31/2015 \$ PX	4/17/2015 \$ PX	Position % Change	Relative % Change
Hillenbrand, Inc	HI	47,717	\$1,473,030	1.44%	0.08%	0.11%	30.87	30.10	-2.49%	-2.01%
Regal Beloit Corp	RBC	17,535	\$1,401,424	1.37%	0.08%	0.00%	79.92	76.37	-4.44%	-3.96%
Littelfuse, Inc	LFUS	12,351	\$1,227,525	1.20%	0.07%	0.12%	99.39	94.23	-5.19%	-4.71%
Cinemark Holdings, Inc	CNK	24,966	\$1,125,231	1.10%	0.06%	0.00%	45.07	42.77	-5.10%	-4.62%
MB Financial, Inc	MBFI	32,998	\$1,033,167	1.01%	0.06%	0.11%	31.31	30.48	-2.65%	-2.17%
Amern Equity	AEL	34,765	\$1,012,708	0.99%	0.06%	0.00%	29.13	28.42	-2.44%	-1.95%
Steelcase Inc	SCS	51,849	\$982,020	0.96%	0.05%	0.09%	18.94	18.29	-3.43%	-2.95%
Verint Systems Inc	VRNT	15,361	\$951,332	0.93%	0.05%	0.20%	61.93	63.78	2.99%	3.47%
First AM	FAF	26,089	\$930,873	0.91%	0.05%	0.21%	35.68	35.68	0.00%	0.48%
Belden Inc	BDC	9,840	\$920,644	0.90%	0.05%	0.22%	93.56	91.91	-1.76%	-1.28%
TOP TEN HOLDINGS			\$11,057,954	10.81%	0.61%	1.06%	Russell 2000 Value:		<b>-0.48%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$102,293,744**  
\$1,825,620,101

STANCERA  
Price Monitor Position Report

Legato Capital Management  
Active US Small Cap Growth Manager  
Positions as of March 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000G	3/31/2015 \$ PX	4/17/2015 \$ PX	Position % Change	Relative % Change
Synchronoss Technologies, Inc.	SNCR	39,961	\$1,896,549	1.99%	0.10%	0.18%	47.46	49.39	4.07%	3.57%
Constant Contact, Inc.	CTCT	47,361	\$1,809,664	1.90%	0.10%	0.13%	38.21	38.15	-0.16%	-0.66%
AmSurg Corp.	AMSG	27,288	\$1,678,758	1.76%	0.09%	0.06%	61.52	64.53	4.89%	4.39%
LifeLock, Inc.	LOCK	113,930	\$1,607,552	1.69%	0.09%	0.12%	14.11	14.38	1.91%	1.41%
Cardtronics, Inc.	CATM	33,026	\$1,241,778	1.30%	0.07%	0.18%	37.60	37.00	-1.60%	-2.10%
Stamps.com Inc.	STMP	18,314	\$1,232,349	1.29%	0.07%	0.09%	67.29	66.33	-1.43%	-1.93%
FleetMatics Group Ltd.	FLTXX	25,440	\$1,140,984	1.20%	0.06%	0.18%	44.85	45.51	1.47%	0.97%
Advisory Board Company	ABCO	20,358	\$1,084,674	1.14%	0.06%	0.24%	53.28	52.31	-1.82%	-2.32%
Shutterfly, Inc.	SFLY	21,950	\$993,018	1.04%	0.05%	0.11%	45.24	45.85	1.35%	0.85%
Echo Global Logistics, Inc	ECHO	35,612	\$970,783	1.02%	0.05%	0.07%	27.26	25.50	-6.46%	-6.96%
TOP TEN HOLDINGS			\$13,656,109	14.32%	0.75%	1.36%	Russell 2000 Growth:		0.50%	

Total Portfolio Value  
Total StanCERA Value

<b>\$95,396,144</b>
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\$1,825,620,101

STANCERA  
Price Monitor Position Report

LSV Asset Management  
International Large Cap Value  
Positions as of March 31, 2015

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	3/31/2015 \$ PX*	4/17/2015 \$ PX*	Position % Change	Relative % Change
MAGNA INTERNATIONAL INC	MGA	Canada	54,141	\$2,905,216	1.88%	0.16%	0.12%	53.66	53.63	-0.06%	-3.88%
ROYAL DUTCH SHELL	RDS	London	15,860	\$2,889,763	1.87%	0.16%	1.08%	182.20	182.50	0.16%	-3.66%
ALLIANZ SE	ALV.DE	Germany	14,895	\$2,410,711	1.56%	0.13%	0.44%	161.85	161.25	-0.37%	-4.20%
DAIMLER AG	DAI.DE	Germany	25,316	\$2,271,632	1.47%	0.12%	0.52%	89.73	84.81	-5.48%	-9.31%
SWISS RE LTD	SSREY	Germany	21,756	\$2,101,646	1.36%	0.12%	0.19%	96.60	99.26	2.75%	-1.07%
SANOFI S.A.	SNY	London	39,696	\$1,962,566	1.27%	0.11%	0.66%	49.44	51.68	4.53%	0.71%
BANK OF CHINA LTD-H	BACHY	China	135,070	\$1,962,566	1.27%	0.11%	0.26%	14.53	16.89	16.24%	12.42%
MACQUARIE GROUP LIMITED	MIC	Australia	23,849	\$1,962,566	1.27%	0.11%	0.09%	82.29	83.83	1.87%	-1.95%
OLD MUTUAL PLC	OML.L	London	8,767	\$1,947,113	1.26%	0.11%	0.09%	222.10	236.40	6.44%	2.61%
BASF SE	BAS.DE	Germany	20,705	\$1,916,206	1.24%	0.10%	0.51%	92.55	89.18	-3.64%	-7.47%
TOP TEN HOLDINGS				\$22,329,986	14.45%	1.22%	3.96%	MSCI ACWI ex-U.S.		<b>3.83%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$154,532,774</b>
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\$1,825,620,101

\*Company quotes are provided directly in USD

STANCERA  
Price Monitor Position Report

Pyramis Global Advisors  
Active Non-US Growth Manager  
Positions as of March 31, 2015

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	3/31/2015 PX*	4/17/2015 PX*	Position % Change	Relative % Change
NESTLE SA (REG)	7123870	Switzerland	32,145	\$2,429,160	1.52%	0.13%	1.33%	73.40	75.85	3.34%	-0.49%
TOYOTA MOTOR CORP	6900643	Tokyo	32,400	\$2,264,826	1.42%	0.12%	1.15%	139.89	138.43	-1.04%	-4.87%
ROCHE HLDGS AG (GENUSSSCHEINE)	7110388	Switzerland	8,119	\$2,241,021	1.41%	0.12%	1.08%	34.38	35.44	3.08%	-0.74%
NOVARTIS AG (REG)	7103065	Switzerland	22,115	\$2,189,187	1.37%	0.12%	0.64%	98.61	102.46	3.90%	0.08%
ROYAL DUTCH SHELL PLC CL A(NL)	B09CBL4	Amsterdam	71,415	\$2,134,936	1.34%	0.12%	0.68%	27.84	29.04	4.31%	0.49%
HSBC HOLDINGS PLC (UK REG)	540528	London	211,032	\$1,798,210	1.13%	0.10%	0.38%	574.00	600.00	4.53%	0.70%
BAYER AG	5069211	Germany	11,741	\$1,764,746	1.11%	0.10%	0.43%	34.38	35.44	3.08%	-0.74%
SANOFI	5671735	Paris	16,962	\$1,674,706	1.05%	0.09%	0.45%	49.44	51.68	4.53%	0.71%
SAP SE	4846288	Germany	22,789	\$1,652,823	1.04%	0.09%	0.86%	72.17	71.73	-0.61%	-4.44%
LLOYDS BANKING GROUP PLC	870612	London	1,350,324	\$1,569,166	0.98%	0.09%	0.75%	1.20	1.19	-0.83%	-4.66%
TOP TEN HOLDINGS				\$19,718,781	12.37%	1.08%	7.75%	MSCI ACWI ex-US:		3.83%	

Total Portfolio Value  
Total StanCERA Value

**\$159,370,215**  
\$1,825,620,101

\*Company quotes are provided in foreign currency and then converted to USD