



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
832 12th Street, Suite 600  
Modesto, CA 95354  
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## **AGENDA**

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

**June 23, 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 June 10, 2015 Meeting Minutes [View](#)

b. Approval of Death Benefit – **Sections 31781**

1. Hutchison, Shelley, Deceased, June 9, 2015, Active Member

6. Annual Performance Report White Oak Global Advisors, LLC
7. Strategic Investment Solutions (SIS), Inc.
  - a. Monthly Flash Report for the Month Ending May 31, 2015 [View](#)
  - b. Report on “Top 10 Holdings” of StanCERA Investment Managers as of May 31, 2015 [View](#)
8. Executive Director
  - a. Due Diligence Summary [View](#)
9. Closed Session
  - a. Discussion and Action Regarding Allocation of StanCERA’s Direct Lending 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)
10. Members’ Forum (Information and Future Agenda Requests Only)
11. Adjournment



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## PLEASE POST FOR EMPLOYEE VIEWING

### BOARD OF RETIREMENT MINUTES

June 10, 2015

**Trustees Present:** Maria DeAnda, Jim DeMartini, Michael O'Neal,  
Jeff Grover, Jason Gordo and Mike Lynch

**Trustees Absent:** Donna Riley and Gordon Ford

**Alternate Trustee** 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

**Others Present:** Jim Oliveira, General Legal Counsel

#### 1. Meeting Called to Order

Meeting called to order at 2:00p.m. by Trustee DeAnda, Chair

#### 2. Roll Call

#### 3. Announcements

#### 4. Public Comment

#### 5. Consent Items

- a. Approval of the May 26, 2015 Meeting Minutes
- b. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
  - 1. Alaniz, Esther – CSA – Effective 06-03-2015
  - 2. Barker, Brian – BHRS – Effective 06-16-2015
  - 3. Becker, Nancy – HSA – Effective 06-02-2015
  - 4. Duggan, Wendy – DA – Effective 06-27-2015
  - 5. Goulart, John – DA – Effective 06-16-2015
  - 6. Maben, Carol – Planning – Effective 06-13-2015
  - 7. Owens, Mary – Library – Effective 06-13-2015
  - 8. Rowe, Jeffrey – Alliance Worknet – Effective 06-02-2015
  - 9. Shaffer, Todd – Public Works – Effective 05-30-2015
  - 10. Snyder, Robin – HSA – Effective 06-27-2015

*\* Indicates Safety Personnel*

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

1. Arauza, Anjelica – CSA – Effective 05-22-2015
2. Tolman, Holly – DCSS – Effective 05-29-2015

*\* Indicates Safety Personnel*

d. Approval of Death Benefit – **Sections 31781, 31781.1, and 31781.3**

1. Tidwell, Kimberly, Deceased, May 30, 2015, Active Member

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

Motion carried unanimously

6. Executive Director

a. Legal/Legislation Update

Dawn Lea gave an update on current legislation that could affect StanCERA

b. Discussion and Action for Funding a Confidential IV Position With a Working Title of Communications Specialist

No action was taken.

c. Discussion and Action for Funding for a Manager IV Position With a Working Title of Investment Analyst

No action was taken.

d. Discussion and Action to Upgrade the Manager Classifications

No action was taken.

e. Discussion and Action to Approve Fiscal Year 2015-2016 Administrative Budget

3:44 p.m. Trustee Gordo left.

3:44 p.m. Trustee Grover left.

Motion was made by Trustee Lynch and seconded by Trustee O'Neal to approve the 2015-2016 Administrative budget of \$2,554,507.

Motion carried unanimously

7. 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)

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

9. Adjournment

Meeting adjourned at 3:49 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:  
Jim Oliveira, GENERAL LEGAL COUNSEL

By:   
Jim Oliveira, General Legal Counsel



06/23/15  
Item #7.a

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**MONTHLY FLASH REPORT**

**MAY 31, 2015**

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333 BUSH STREET | SAN FRANCISCO | 94104 | 415.362.3484

## U.S. EQUITY

The month of May was positive across the market capitalization. Small-caps outperformed Large-caps and Growth beat Value; with the exception of Mid-caps where Value edged Growth.

The Russell 3000 ended the month up +1.38%. The Russell 1000 Growth Index was up +1.41% and the Russell 1000 Value Index was up +1.20%. The Russell 2000 Growth Index was up +3.67% and the Russell 2000 Value was also up +0.83% for the month. The S&P 500 Index ended the month up +1.26%.

The S&P 500 Index has a trailing P/E ratio of 21.47 and a forward 12-month estimate P/E ratio of 17.84 and a dividend yield of 1.99%.

Corporate merger highlights for the month included: Penn National Gaming, which operates 26 casinos and hotels around the country, will buy the Tropicana Las Vegas for \$360 million; Alexion Pharmaceuticals will acquire Synageva Biopharma in a deal valued at \$8.4 billion; Mexican conglomerate Alfa Sab de CV and Harbour Energy will buy Canadian oil and gas company Pacific Rubiales Energy for \$4.97 billion; DTZ, a commercial real-estate-services firm backed by private – equity firm TPG, will acquire Cushman & Wakefield for \$2 billion; Noble Energy will acquire Rosetta Resources for about \$3.7 billion; Finland's Friskers will buy luxury home goods maker WWRD, whose brands include Waterford crystal and Wedgwood china, for \$437 million; Verizon will buy AOL in a \$4.4 billion deal that gives the wireless carrier access to AOL's successful digital advertising service and content; Baxter Intl. will buy two drugs to treat a rare form of blood cancer from Italian drug maker Sigma-Tau Finanziaria for \$900 million; Williams Cos plans to take full ownership of its associated company Williams Partners in a \$13.9 billion deal; Owens-Illinois will pay \$2.15 billion to buy Vitro's food and beverage glass container business; Danaher Corp will buy Pall Corp, a maker of water and air filters, for about \$13.5 billion; Teradyne will buy Universal Robots for \$285 million; Cell-tower owner Crown Castle International will sell its Australian subsidiary CCAL for about \$1.6 billion to a consortium of private equity investors; Endo International will buy Par Pharmaceutical Holdings from private-equity firm TPG for about \$8 billion; GrafTech International will be acquired by Brookfield Asset Management in a deal valuing the graphite material company at about \$695

million; Orange secured EU approval for its \$3.87 billion purchase of Spanish broadband and cellphone operator Jazztel; European telecoms group Altice will acquire U.S. regional cable company Suddenlink Communications in a \$9.1 billion deal; CVS Health will pay more than \$10 billion for pharmaceutical distributor Omnicare in a deal primed to feed its fast-growing specialty drug business; The Frisch's Big Boy chain is being sold to a private equity fund for \$175 million; Charter Communications will buy Time Warner Cable for \$55 billion; it will also buy Bright House Networks, a smaller cable provider, for \$10 billion; EMC agreed to buy privately held cloud-software company Virtustream for \$1.2 billion in an all-cash transaction; Hot Topic will buy the parent of ThinkGeek and ThinkGeek Solutions; Nokia is buying U.S. company Eden Rock Communications to boost its offering in its mainstay telecoms network equipment business; Avago Technologies agreed to buy Broadcom for \$37 billion in the largest chip industry deal ever; Johnson & Johnson accepted a \$1.94 billion offer to sell its Cordis heart devices unit to Cardinal Health.

## FIXED INCOME

The global bond rout deepened to close the month of May. Most notably, the yield on the benchmark 10-year German bunds soared to their highest level in 7 months. ECB President Mario Draghi appears to be getting some of the blame for this most recent eruption of market volatility, because even as his post ECB meetings comments were dovish, he perhaps came across as jarringly complacent to recent volatility. The data were also central factor as the greater than expected uptick in Eurozone inflation further diminished deflation risks and fueled speculation of earlier ECB tapering.

The yield on the bellwether 10-year U.S. Treasury rose to 2.10% at a close of May, up from 2.03% at the end of April. At month end, the 30-year bond yield was 2.89% with the 3-month T-bill at 0.008%. The Barclays Capital US Aggregate Index was down by -0.24% in May.

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

## THE GOOD

\*The number of Americans seeking unemployment aid fell to the lowest level in 15 years in May, evidence that

employers are laying off fewer workers despite a slowdown in economic growth.

\*Optimism about the job market lifted U.S. consumer sentiment in April to its second-highest level since 2007.

\*Home prices rose 2% in March, pushing y/y growth to 5.9%; the fastest annual pace since July 2014.

\*The unemployment rate fell to 5.4% in March, the lowest rate since 2008.

\*The U.S. economy added 223,000 jobs in April, a solid gain that suggested that employers are helping fuel a durable if still subpar recovery.

\*Nationally, the median sale prices of an existing home was \$205,200 in the first quarter, up 7.4% from a year ago.

\*The National Federation of Independent Business said its small business optimism index rose 1.7 points to 96.9.

\*The Treasury Department reported that the federal government ran budget surplus of \$157 billion in April, an increase of \$50 billion from last April.

\*U.S. producer prices fell a seasonally adjusted 0.4% in April to mark the seventh decline in the last nine months, mainly because of lower gasoline and food costs.

\*The Empire State manufacturing index inched up to 3.1 in May from a negative 1.2 in April.

\*Dealmaking in the U.S. in 2015 has climbed 48% y/y to \$565.6 billion, the highest level since 2007.

\*The Commerce Department reported that housing starts jumped 20.2% to a seasonally adjusted annual pace of 1.14 million units, the highest since November 2007.

\*Minutes from the last Federal Reserve meeting showed that most Fed officials think the dramatic slowdown in growth in the 1<sup>st</sup> quarter was transitory and that a moderate rebound would resume in the 2<sup>nd</sup> quarter.

\*The Conference Board's index of leading indicators, which predicts the future health of the economy, rose 0.7% last month, the biggest advance since a 1% rise last July.

\*New-home sales climbed 6.8% last month; the median sales price is up 8.3% from a year ago at \$297,300.

\*The Consumer Board's consumer confidence index rose to 95.4 in May – a year ago, the index stood at 82.2.

\*Americans signed contracts to buy homes in April at the fastest pace in nearly nine years, evidence that steady job growth is strengthening the real estate market.

## THE NOT SO GOOD

\*U.S. factories expanded in April at the same pace as in March, but manufacturers are starting to curtail hiring in a possible sign of weakness.

\*U.S. construction fell in March as an increase in nonresidential construction was offset by declines in home building and government projects.

\*Since the end of 2010, rental prices have surged at nearly twice the pace of average hourly wages, according to Zillow and the Labor Dept.

\*The deficit in the trade balance jumped 43.1% to \$51.4 billion in March, the largest since October 2008.

\*ADP reported that the U.S. created only 169,000 private-sector jobs in April, after a downwardly revised 175,000 jobs were created in March.

\*The Labor Dept. reported that U.S. productivity fell by a 1.9% annual pace in the first quarter, resulting in the first back-to-back drop since 2006.

\*The Commerce Dept. reported that inventories at U.S. businesses rose 0.1% in March, compared with 0.2% growth in the prior month; a declining trend.

\*Retail sales in the past 12 months have slowed to a 0.9% rate, the smallest year-over-year gain since October 2009.

\*The Labor Dept. reported that import prices fell 0.3% in April after slipping 0.2% in March. It was the 10<sup>th</sup> straight month of declines, likely reflecting the impact of a strong dollar.

\*The Univ. of Michigan's gauge of consumer sentiment fell to a preliminary May reading of 88.6, a 7-month low, versus a final April level of 95.9

\*The Federal Reserve reported that industrial output unexpectedly slipped 0.3% in April, the fifth straight month of declines due in part to a further decline in oil and gas drilling.

\*The National Association of Home Builders reported that its homebuilder sentiment dropped to 54 in May from 56 the month before.

\*Sales of existing U.S. homes slipped 3.3% in April due mainly to relatively few listings and rising prices.

\*Core consumer prices outside of food and energy posted the biggest increase in April in more than a year.

## NON-U.S. MARKETS

As universally anticipated, the European Central Bank (ECB) left monetary policy unchanged, thereby keeping the main refinancing rate at 0.05%, the deposit rate (which forms the floor for the overnight rate) at -0.20%



and the marginal lending rate (which forms the ceiling) at 0.30%.

The overall labor market is improving in the Eurozone...albeit slowly. The Eurozone unemployment rate fell another 0.1 percentage point to 11.1% in April, the lowest since March 2012 (when it was heading in the opposite direction).

In Japan, the tight labor market appears to be generating some modest wage inflation. Over the last year, wage inflation has averaged roughly 0.5% y/y. While not all that high, wage inflation was typically negative before 2014 – running around -0.5% y/y from 2011 to 2013 – so some progress has been made.

The Reserve Bank of Australia (RBA) left its policy rate unchanged at 2.00% as expected. This followed two quarter point cuts this year including one last month, which on top of 2.25% percentage points in cuts from 2011 to 2013 leaves the stance of monetary policy highly accommodative.

China's official manufacturing PMI edged up 0.1 point in May to 50.2, it's highest since November. Even so, the PMIs signal that manufacturing remains sluggish, suggesting that broader growth may be still slowing.

India's central bank cut its administered rates a quarter point, leaving the repo rate at 7.25% and the reverse repo rate at 6.25%. This is the third quarter point cut this year.

Russia's inflation appears to have peaked, although it remains extremely high. The CPI inflation rate posted at 15.8% y/y in May, down 0.6 point from April and 1.1 points from the March peak.

As expected, Brazil's central bank raised its policy rate a half point to 13.75%. This is the 15<sup>th</sup> hike in the last two years for a cumulative increase of 6.50 percentage points to the highest SELIC rate since January 2009.

Greece's unemployment rate posted at 25.6% in March, unchanged from February. Although down from the 27.9% peak, it is still well up from the 7.3% low posted just before the Global Financial Crisis.

Non-U.S. equities gave back some of the positive returns achieved YTD in May. The MSCI ACWI Ex-U.S. was down -1.47%. Developed stocks (EAFE) were down -0.40% while Emerging Markets fell -3.99% for the month.

## CONCLUSION

Economic growth in most major economies still shows up subpar. Call it the aftermath of the great financial crisis or something much more complex. With a persistence of zero policy rates in most advanced economies, and zero or negative real bond yields, we also have an abnormal surge in the volume of public and private debt. And with that comes a new anxiety – central banks now fear that a change in policy might rattle markets and abort still fragile recovery paths.

While developed markets accounted for the majority of financial crisis problems, it is now in some key emerging countries, least affected by the past crisis, where both growth and debt appear on collision paths. Some of the shifts evident in the new World Competitiveness rankings are very telling.

## Monthly Market Update

### US Equity Indices Trailing Performance

Annualized Performance to Date: Ending May-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	1.38	0.81	3.68	11.86	16.13	19.92	16.54	8.57	8.41
Russell TOP 200 Index	1.24	0.83	3.26	11.66	16.09	19.43	16.45	8.14	7.77
Russell TOP 200 Growth Index	1.51	0.75	5.80	14.73	18.73	19.46	17.82	9.79	9.03
Russell TOP 200 Value Index	0.95	0.90	0.70	8.58	13.49	19.38	15.06	6.44	6.49
S&P 500 Index	1.29	0.64	3.23	11.81	16.05	19.67	16.54	8.36	8.12
Russell 1000 Index	1.31	0.76	3.65	11.91	16.32	19.97	16.68	8.53	8.38
Russell 1000 Growth Index	1.41	0.76	5.83	14.73	18.38	19.76	17.67	9.61	9.26
Russell 1000 Value Index	1.20	0.76	1.41	9.03	14.19	20.06	15.62	7.35	7.38
Russell Mid-Cap Index	1.46	0.60	4.52	12.47	16.81	21.21	17.20	9.53	9.92
Russell Mid-Cap Growth Index	1.19	0.76	5.88	14.72	17.69	20.64	17.52	9.40	10.07
Russell Mid-Cap Value Index	1.77	0.43	3.05	10.09	15.89	21.61	16.85	9.55	9.52
Russell 2000 Index	2.28	1.41	3.98	11.32	14.02	19.45	15.04	9.07	8.73
Russell 2000 Value Index	0.83	0.34	0.63	5.10	10.83	17.27	12.70	7.73	7.32
Russell 2000 Growth Index	3.67	2.43	7.30	17.73	17.22	21.60	17.37	10.33	10.06
DJ US REIT Index	-0.04	-4.14	-1.39	11.04	10.68	12.32	14.21	6.49	7.81
DJ-UBS US Commodity Index	-2.70	-2.40	-4.85	-24.55	-12.06	-7.65	-4.18	-10.02	-2.63
DJ-UBS US Gold Index	0.54	-2.09	-1.12	-4.90	-7.91	-9.14	-0.97	3.52	10.14

### Non-US Indices Trailing Performance

Annualized Performance to Date: Ending May-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	-1.47	1.97	7.29	-0.47	7.00	13.10	8.56	1.10	6.50
MSCI AC World Index	-0.05	1.36	5.40	5.62	11.52	16.37	12.35	4.43	7.33
MSCI EAFE Index	-0.40	2.27	8.93	-0.06	8.84	16.13	10.44	1.62	6.05
MSCI Emerging Markets index	-3.99	1.97	5.78	0.33	2.45	6.32	4.41	0.04	9.10
ML Global Government Bond Ex. U.S. Index	-3.17	-3.06	-4.77	-12.37	-4.09	-6.68	-0.33	1.16	2.26
Euro	-2.16	-2.26	-9.40	-19.66	-8.02	-3.93	-2.23	-4.86	-1.18
Japanese Yen	-3.57	-3.67	-3.38	-18.01	-9.80	-14.19	-6.01	-2.28	-1.40
UK Pound Sterling	-0.70	-1.26	-2.14	-9.03	0.32	-0.29	0.99	-3.63	-1.76

### US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending May-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	0.01	0.02	0.04	0.07	0.08	0.24	1.44
BarCap Aggregate Bond Index	-0.24	-0.14	1.00	3.03	2.87	2.21	3.90	4.74	4.61
ML U.S. Corp/Govt Master Index	-0.32	-0.32	1.02	3.19	2.83	2.29	4.23	4.86	4.61
ML U.S. Corporate Master Index	-0.51	-0.67	1.20	2.87	3.84	4.28	6.03	6.57	5.47
BarCap Mortgage Backed Securities Index	-0.02	0.39	1.08	3.34	3.36	2.22	3.28	4.55	4.68
ML U.S. High Yield Master Index	0.30	0.96	4.08	1.87	4.81	8.01	9.00	8.84	8.04
JPM EMBI Global	-0.54	1.89	3.51	0.72	2.76	5.25	7.31	7.41	7.71

	Market Value	1 Mo	4/1/15 - 4/30/15	Fiscal YTD
<b>Total Fund</b>	<b>\$1,838,145,401</b>	<b>0.33%</b>	<b>1.10%</b>	<b>5.20%</b>
<b>US Equity</b>	<b>\$848,420,340</b>	<b>1.52%</b>	<b>0.48%</b>	<b>8.92%</b>
<i>US Equity Blended</i>		<u>1.50%</u>	<u>0.06%</u>	<u>8.75%</u>
Excess Return		0.02%	0.42%	0.17%
BlackRock Russell 1000 Growth	\$113,455,949	1.41%	0.51%	12.61%
<i>Russell 1000 Growth</i>		<u>1.41%</u>	<u>0.50%</u>	<u>12.54%</u>
Excess Return		0.00%	0.01%	0.07%
Jackson Square	\$168,900,282	2.03%	0.72%	13.97%
<i>Russell 1000 Growth</i>		<u>1.41%</u>	<u>0.50%</u>	<u>12.54%</u>
Excess Return		0.62%	0.22%	1.43%
BlackRock Russell 1000 Value	\$126,102,201	1.21%	0.94%	6.37%
<i>Russell 1000 Value</i>		<u>1.20%</u>	<u>0.94%</u>	<u>6.26%</u>
Excess Return		0.01%	0.00%	0.11%
Dodge & Cox-Equity	\$188,640,457	1.22%	2.63%	6.29%
<i>Russell 1000 Value</i>		<u>1.20%</u>	<u>0.94%</u>	<u>6.26%</u>
Excess Return		0.02%	1.69%	0.03%
<b>Legato Capital</b>	<b>\$88,182,365</b>	<b>2.43%</b>	<b>-2.55%</b>	<b>9.66%</b>
<i>Russell 2000 Growth</i>		<u>3.67%</u>	<u>-2.94%</u>	<u>10.85%</u>
Excess Return		-1.24%	0.39%	-1.19%
<b>Capital Prospects</b>	<b>\$88,100,145</b>	<b>0.81%</b>	<b>-1.93%</b>	<b>3.53%</b>
<i>Russell 2000 Value</i>		<u>0.83%</u>	<u>-2.14%</u>	<u>0.65%</u>
Excess Return		-0.02%	0.21%	2.88%
Mellon S&P 500	\$75,038,939	1.59%	0.96%	9.90%
<i>S&amp;P 500</i>		<u>1.29%</u>	<u>0.96%</u>	<u>9.54%</u>
Excess Return		0.30%	0.00%	0.36%

	Market Value	1 Mo	4/1/15 - 4/30/15	Fiscal YTD
<b>International Equity</b>	<b>\$361,450,190</b>	<b>-2.41%</b>	<b>5.11%</b>	<b>-1.92%</b>
MSCI ACWI ex US		-1.47%	5.12%	-2.16%
Excess Return		-0.94%	-0.01%	0.24%
LSV Asset Mgt	\$182,162,059	-1.99%	5.91%	-2.16%
MSCI ACWI ex USA Gross		-1.47%	5.12%	-2.16%
Excess Return		-0.52%	0.79%	0.00%
Pyramis	\$179,288,131	-2.83%	4.33%	-1.69%
MSCI ACWI ex USA Gross		-1.47%	5.12%	-2.16%
Excess Return		-1.36%	-0.79%	0.47%
<b>US Fixed Income</b>	<b>\$492,272,694</b>	<b>-0.15%</b>	<b>0.01%</b>	<b>2.88%</b>
Barclays Aggregate		-0.24%	-0.36%	2.98%
Excess Return		0.09%	0.37%	-0.10%
Dodge & Cox-Fixed	\$380,859,767	-0.15%	0.05%	2.96%
Barclays Aggregate		-0.24%	-0.36%	2.98%
Excess Return		0.09%	0.41%	-0.02%
PIMCO	\$111,412,927	-0.16%	-0.15%	2.60%
Barclays Aggregate		-0.24%	-0.36%	2.98%
Excess Return		0.08%	0.21%	-0.38%
<b>Real Estate</b>	<b>\$30,800,526</b>	<b>5.36%</b>	<b>-2.72%</b>	<b>16.87%</b>
DJ US Select RESI		-0.06%	-5.80%	10.12%
Excess Return		5.42%	3.08%	6.75%
American Strategic Value Realty	\$7,973,478	0.00%	0.00%	--
NCREIF Property Index		0.00%	0.00%	9.53%
Excess Return		0.00%	0.00%	

	Market Value	1 Mo	4/1/15 - 4/30/15	Fiscal YTD
BlackRock US Real Estate	\$13,273,611	-0.06%	-5.80%	10.08%
<i>DJ US Select RESI TR USD</i>		<u>-0.06%</u>	<u>-5.80%</u>	<u>10.12%</u>
Excess Return		0.00%	0.00%	-0.04%
Greenfield Gap	\$9,553,305	19.73%	0.00%	--
<i>NCREIF ODCE +1%</i>		<u>0.08%</u>	<u>0.08%</u>	<u>11.09%</u>
Excess Return		19.65%	-0.08%	
<b>Direct Lending</b>	<b>\$102,685,743</b>	<b>0.65%</b>	<b>0.47%</b>	<b>6.64%</b>
Medley Capital	\$32,358,659	0.00%	0.00%	5.84%
Raven Capital	\$30,382,517	-0.14%	1.60%	5.16%
White Oak Pinnacle	\$39,944,567	1.79%	0.00%	10.76%
12th Street Building	\$2,500,000	0.00%	0.00%	0.00%
Cash Account	\$15,909	0.01%	11.19%	514.64%



ASSET CLASS	MARKET VALUE	PERCENT	CURRENT POLICY		TARGET POLICY	
			ALLOCATION	RANGE	ALLOCATION	RANGE
<b>DOMESTIC EQUITIES</b>	<b>848,420,340</b>	<b>46.2%</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	113,455,949	6.2%	5.5%	4.0% - 6.0%	4.6%	
Jackson Square	168,900,282	9.2%	8.5%	7.0% - 10.0%	6.7%	
BlackRock Russell 1000 Value	126,102,201	6.9%	6.5%	5.5% - 6.5%	5.5%	
Dodge & Cox - Equity	188,640,457	10.3%	9.7%	7.7% - 11.7%	8.9%	
Legato Capital	88,182,365	4.8%	5.5%	4.0% - 6.0%	3.7%	
Capital Prospects	88,100,145	4.8%	5.5%	4.0% - 6.0%	4.0%	
Mellon S&P 500	75,038,939	4.1%	5.5%	4.0% - 6.0%	4.8%	
<b>INTERNATIONAL EQUITIES</b>	<b>361,450,190</b>	<b>19.7%</b>	<b>18.0%</b>	<b>15.0% - 21.0%</b>	<b>18.0%</b>	<b>15.0% - 21.0%</b>
LSV Asset Mgt	182,162,059	9.9%	9.0%	7.5% - 10.5%	9.0%	
Pyramis	179,288,131	9.8%	9.0%	7.5% - 10.5%	9.0%	
<b>FIXED INCOME</b>	<b>492,272,694</b>	<b>26.8%</b>	<b>29.8%</b>	<b>26.0% - 33.6%</b>	<b>29.8%</b>	<b>26.0% - 33.6%</b>
Dodge & Cox - Fixed	380,859,767	20.7%	23.8%	20.8% - 26.8%	23.8%	
PIMCO	111,412,927	6.1%	6.0%	5.0% - 7.0%	6.0%	
<b>ALTERNATIVES:</b>	<b>135,986,269</b>	<b>7.4%</b>	<b>5.5%</b>		<b>14.0%</b>	
<b>REAL ESTATE</b>	<b>33,300,526</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	7,973,478	0.4%				
BlackRock US Real Estate	13,273,611	0.7%	1.5%	0.0% - 2.0%	0.0%	
Greenfield Gap	9,553,305	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>102,685,743</b>	<b>5.6%</b>	<b>4.0%</b>	<b>2.0% - 6.0%</b>	<b>7.5%</b>	<b>2.5% - 9.0%</b>
Medley Capital	32,358,659	1.8%	1.0%	1.0% - 3.0%	2.1%	
Raven Capital	30,382,517	1.7%	1.5%	1.0% - 3.0%	2.7%	
White Oak Pinnacle	39,944,567	2.2%	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>15,909</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>1,838,145,401</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
<b>MARKET VALUE</b>					
DOMESTIC EQUITIES	848,420,340	885,878,028	-4.23%	826,293,776	2.68%
INTERNATIONAL EQUITIES	361,450,190	329,929,394	9.55%	323,318,338	11.79%
FIXED INCOME	492,272,694	494,035,809	-0.36%	506,204,642	-2.75%
DIRECT LENDING	102,685,743	102,026,011	0.65%	71,145,125	44.33%
REAL ESTATE	33,300,526	31,733,749	4.94%	27,897,469	19.37%
CASH	15,909	15,908	0.01%	932,996	N/A
<b>TOTAL PORTFOLIO</b>	<b>1,838,145,401</b>	<b>1,843,618,900</b>	<b>-0.30%</b>	<b>1,755,792,347</b>	<b>4.69%</b>
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	46.16%	48.05%	-1.9%	47.06%	-0.9%
INTERNATIONAL EQUITIES	19.66%	17.90%	1.8%	18.41%	1.2%
FIXED INCOME	26.78%	26.80%	0.0%	28.83%	-2.0%
DIRECT LENDING	5.59%	5.53%	0.1%	4.05%	1.5%
REAL ESTATE	1.81%	1.72%	0.1%	1.59%	0.2%
CASH	0.00%	0.00%	0.0%	0.05%	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					

STANCERA  
Price Monitor Position Report

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

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	5/31/2015 \$ PX	6/15/2015 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	60,002	\$7,817,115	6.89%	0.43%	130.28	126.92	-2.58%	-1.62%
Microsoft Corp.	MSFT	53,992	\$2,530,068	2.23%	0.14%	46.86	45.48	-2.94%	-1.98%
Verizon Communications	VZ	40,618	\$2,008,170	1.77%	0.11%	49.44	47.00	-4.94%	-3.97%
Gilead Sciences Inc	GILD	16,775	\$1,883,369	1.66%	0.10%	112.27	118.16	5.25%	6.21%
Amazon Com inc	AMZN	3,912	\$1,679,148	1.48%	0.09%	429.23	423.67	-1.30%	-0.33%
Walt Disney	DIS	15,111	\$1,667,802	1.47%	0.09%	110.37	110.18	-0.17%	0.79%
Facebook Inc.	FB	20,917	\$1,656,457	1.46%	0.09%	79.19	80.71	1.92%	2.88%
Coca-Cola Co.	KO	39,887	\$1,633,766	1.44%	0.09%	40.96	39.59	-3.34%	-2.38%
IBM Co	IBM	9,496	\$1,611,074	1.42%	0.09%	169.65	166.26	-2.00%	-1.04%
Google Inc. - Class A	GOOG	2,985	\$1,588,383	1.40%	0.09%	532.11	527.20	-0.92%	0.04%
TOP TEN HOLDINGS			\$24,075,352	21.22%	1.31%	Russell 1000 Growth:		<b>-0.96%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$113,455,949**  
\$1,838,145,401

STANCERA  
Price Monitor Position Report

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

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	5/31/2015 \$ PX	6/15/2015 \$ PX	Position % Change	Relative % Change
EXXON MOBIL CORP	XOM	52,099	\$4,438,797	3.52%	0.24%	85.20	83.72	-1.74%	-1.02%
WELLS FARGO & CO	WFC	59,491	\$3,329,098	2.64%	0.18%	55.96	56.98	1.82%	2.54%
GENERAL ELECTRIC CO	GE	121,617	\$3,316,488	2.63%	0.18%	27.27	27.21	-0.22%	0.50%
BERKSHIRE HATHAWAY INC	BRK-B	22,046	\$3,152,555	2.50%	0.17%	143.00	139.40	-2.52%	-1.80%
JPMORGAN CHASE & CO	JPM	47,734	\$3,139,945	2.49%	0.17%	65.78	67.99	3.36%	4.08%
JOHNSON & JOHNSON	JNJ	28,837	\$2,887,740	2.29%	0.16%	100.14	97.49	-2.65%	-1.92%
PFIZER INC	PFE	76,206	\$2,648,146	2.10%	0.14%	34.75	34.04	-2.04%	-1.32%
PROCTER & GAMBLE CO	PG	31,851	\$2,496,824	1.98%	0.14%	78.39	78.12	-0.34%	0.38%
CHEVRON CORP	CVX	22,405	\$2,307,670	1.83%	0.13%	103.00	99.29	-3.60%	-2.88%
BANK OF AMERICA	BAC	133,745	\$2,206,789	1.75%	0.12%	16.50	17.47	5.88%	6.60%
TOP TEN HOLDINGS			\$29,924,052	23.73%	1.63%	Russell 1000 Value		<b>-0.72%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$126,102,201</b>
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\$1,838,145,401

STANCERA  
Price Monitor Position Report

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

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	5/31/2015 \$ PX	6/15/2015 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	22,924	\$2,986,550	3.98%	0.16%	130.28	126.92	-2.58%	-1.61%
Microsoft Corp	MSFT	32,507	\$1,523,290	2.03%	0.08%	46.86	45.48	-2.94%	-1.98%
Exxon Mobil Corp	XOM	16,822	\$1,433,244	1.91%	0.08%	85.20	83.72	-1.74%	-0.77%
Johnson & Johnson	JNJ	11,090	\$1,110,576	1.48%	0.06%	100.14	97.49	-2.65%	-1.68%
General Electric Co	GE	40,450	\$1,103,072	1.47%	0.06%	27.27	27.21	-0.22%	0.74%
Wells Fargo & Co.	WFC	19,310	\$1,080,561	1.44%	0.06%	55.96	56.98	1.82%	2.79%
Berkshire Hathaway Inc.	BRK-B	7,189	\$1,028,033	1.37%	0.06%	143.00	139.40	-2.52%	-1.55%
JPMorgan Chase & Co.	JPM	15,628	\$1,028,033	1.37%	0.06%	65.78	67.99	3.36%	4.32%
Procter & Gamble	PG	11,104	\$870,452	1.16%	0.05%	78.39	78.12	-0.34%	0.62%
Pfizer Inc.	PFE	24,185	\$840,436	1.12%	0.05%	34.75	34.04	-2.04%	-1.08%
TOP TEN HOLDINGS			\$13,004,248	17.33%	0.71%	S&P 500 Index:		<b>-0.96%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$75,038,939</b>
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\$1,838,145,401



STANCERA  
Price Monitor Position Report

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

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	5/31/2015 \$ PX	6/15/2015 \$ PX	Position % Change	Relative % Change
WELLS FARGO & CO	WFC	138,072	\$7,726,509	4.10%	0.42%	2.60%	55.96	56.98	1.82%	2.79%
CAPITAL ONE FINANCIAL CORP	COF	90,000	\$7,520,400	3.99%	0.41%	0.50%	83.56	87.49	4.70%	5.67%
MICROSOFT CORP	MSFT	160,000	\$7,497,600	3.97%	0.41%	1.30%	46.86	45.48	-2.94%	-1.98%
HEWLETT-PACKARD CO	HPQ	210,005	\$7,014,167	3.72%	0.38%	0.60%	33.40	31.71	-5.06%	-4.10%
NOVARTIS AG-SPONSORED ADR	NVS	66,500	\$6,831,545	3.62%	0.37%	0.00%	102.73	100.11	-2.55%	-1.59%
TIME WARNER CABLE	TWC	35,068	\$6,343,450	3.36%	0.35%	0.00%	180.89	178.34	-1.41%	-0.45%
TIME WARNER INC	TWX	72,032	\$6,085,263	3.23%	0.33%	0.70%	84.48	86.18	2.01%	2.97%
SCHWAB (CHARLES) CORP	SCHW	175,000	\$5,538,750	2.94%	0.30%	0.30%	31.65	33.05	4.42%	5.39%
SCHLUMBERGER LTD	SLB	61,000	\$5,536,970	2.94%	0.30%	0.00%	90.77	89.43	-1.48%	-0.51%
BANK OF NEW YORK MELLON CORP	BK	125,000	\$5,420,000	2.87%	0.29%	0.50%	43.36	43.29	-0.16%	0.80%
TOP TEN HOLDINGS			\$65,514,654	34.73%	3.56%	6.50%	Russell 1000 Growth:		<b>-0.96%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$188,640,457**  
\$1,838,145,401

STANCERA  
Price Monitor Position Report

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

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	5/31/2015 \$ PX	6/15/2015 \$ PX	Position % Change	Relative % Change
QUALCOMM Incorporated	QCOM	143,916	\$10,028,067	5.94%	0.55%	1.06%	69.68	66.63	-4.38%	-3.41%
Celgene Corporation	CELG	79,575	\$9,106,563	5.39%	0.50%	0.82%	114.44	111.00	-3.01%	-2.04%
Visa Inc. Class A	V	125,375	\$8,610,755	5.10%	0.47%	1.24%	68.68	68.57	-0.16%	0.80%
eBay Inc.	EBAY	133,150	\$8,170,084	4.84%	0.44%	0.70%	61.36	60.00	-2.22%	-1.25%
Equinix Inc	EQIX	28,699	\$7,693,341	4.55%	0.42%	0.14%	268.07	255.86	-4.55%	-3.59%
Walgreens Boots Alliance Inc	WBA	87,696	\$7,527,825	4.46%	0.41%	0.55%	85.84	84.42	-1.65%	-0.69%
MasterCard Incorporated Class A	MA	81,475	\$7,516,884	4.45%	0.41%	0.83%	92.26	93.30	1.13%	2.09%
Valeant Pharmaceuticals International, Inc.	VRX	28,497	\$6,804,229	4.03%	0.37%	0.00%	238.77	230.56	-3.44%	-2.48%
Liberty Interactive Corporation QVC Group	QVCA	224,175	\$6,270,175	3.71%	0.34%	0.06%	27.97	28.17	0.72%	1.68%
Actavis Plc	ACT	19,753	\$6,060,418	3.59%	0.33%	1.00%	306.81	298.98	-2.55%	-1.59%
TOP TEN HOLDINGS			\$77,788,339	46.06%	4.23%	6.41%	Russell 1000 Growth:		<b>-0.96%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$168,900,282**  
\$1,838,145,401

STANCERA  
Price Monitor Position Report

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

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000V	5/31/2015 \$ PX	6/15/2015 \$ PX	Position % Change	Relative % Change
Hillenbrand, Inc	HI	41,297	\$1,268,642	1.44%	0.07%	0.11%	30.72	31.15	1.40%	0.25%
Regal Beloit Corp	RBC	15,324	\$1,198,162	1.36%	0.07%	0.00%	78.19	75.86	-2.98%	-4.13%
Littelfuse, Inc	LFUS	10,751	\$1,039,582	1.18%	0.06%	0.14%	96.70	96.54	-0.17%	-1.32%
Allete, Inc	ALE	20,297	\$1,021,962	1.16%	0.06%	0.14%	50.35	47.81	-5.04%	-6.19%
MB Financial, Inc	MBFI	28,164	\$907,431	1.03%	0.05%	0.12%	32.22	34.51	7.11%	5.96%
Cinemark Holdings, Inc	CNK	20,433	\$828,141	0.94%	0.05%	0.00%	40.53	41.63	2.71%	1.56%
Verint Systems Inc	VRNT	12,806	\$828,141	0.94%	0.05%	0.21%	64.67	62.61	-3.19%	-4.34%
Amern Equity	AEL	31,551	\$801,711	0.91%	0.04%	0.00%	25.41	26.34	3.66%	2.51%
First AM	SCS	46,099	\$792,901	0.90%	0.04%	0.21%	17.20	18.24	6.05%	4.90%
Iberiabank Corp	FAF	21,217	\$757,661	0.86%	0.04%	0.11%	35.71	34.75	-2.69%	-3.84%
TOP TEN HOLDINGS			\$9,444,336	10.72%	0.51%	1.04%	Russell 2000 Value:		1.15%	

Total Portfolio Value  
Total StanCERA Value

**\$88,100,145**  
\$1,838,145,401

STANCERA  
Price Monitor Position Report

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

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000G	5/31/2015 \$ PX	6/15/2015 \$ PX	Position % Change	Relative % Change
LifeLock, Inc.	LOCK	110,457	\$1,681,156	1.91%	0.09%	0.13%	15.22	16.57	8.87%	7.39%
Synchronoss Technologies, Inc.	SNCR	35,448	\$1,561,130	1.77%	0.08%	0.17%	44.04	48.77	10.74%	9.26%
AmSurg Corp.	AMSG	20,474	\$1,378,719	1.56%	0.08%	0.07%	67.34	69.50	3.21%	1.72%
Constant Contact, Inc.	CTCT	45,705	\$1,245,918	1.41%	0.07%	0.09%	27.26	28.65	5.10%	3.62%
Echo Global Logistics, Inc	ECHO	36,955	\$1,189,212	1.35%	0.06%	0.08%	32.18	32.46	0.87%	-0.61%
Cardtronics, Inc.	CATM	30,313	\$1,106,425	1.26%	0.06%	0.17%	36.50	37.81	3.59%	2.11%
Stamps.com Inc.	STMP	15,845	\$1,066,210	1.21%	0.06%	0.09%	67.29	70.15	4.25%	2.77%
FleetMatics Group Ltd.	FLTX	25,466	\$1,064,733	1.21%	0.06%	0.17%	41.81	45.90	9.78%	8.30%
Advisory Board Company	ABCO	20,074	\$1,019,157	1.16%	0.06%	0.23%	50.77	52.13	2.68%	1.20%
Shutterfly, Inc.	SFLY	21,399	\$995,054	1.13%	0.05%	0.12%	46.50	46.30	-0.43%	-1.91%
TOP TEN HOLDINGS			\$12,307,713	13.97%	0.67%	1.32%	Russell 2000 Growth:		1.48%	

Total Portfolio Value  
Total StanCERA Value

<b>\$88,100,145</b>
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\$1,838,145,401

STANCERA  
Price Monitor Position Report

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

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	5/31/2015 \$ PX*	6/15/2015 \$ PX*	Position % Change	Relative % Change
MAGNA INTERNATIONAL INC	MGA	Canada	54,481	\$3,133,187	1.72%	0.17%	0.13%	57.51	57.80	0.50%	2.30%
ROYAL DUTCH SHELL	RDS	London	15,116	\$2,841,728	1.56%	0.15%	1.03%	188.00	178.70	-4.95%	-3.15%
SAMSUNG ELECTRONICS COMPANY LIM	SSNLF	Korea	2,297	\$2,641,350	1.45%	0.14%	0.82%	1150.00	1200.00	4.35%	6.14%
NIPPON TELEGRAPH AND TELEPHONE C	NTT	Japan	69,880	\$2,422,755	1.33%	0.13%	0.14%	34.67	35.44	2.22%	4.01%
DAIMLER AG	DAI.DE	Germany	28,196	\$2,404,539	1.32%	0.13%	0.49%	85.28	82.25	-3.55%	-1.76%
VOLKSWAGEN AG	VOW3.DE	Germany	10,468	\$2,313,458	1.27%	0.13%	0.22%	221.00	208.75	-5.54%	-3.75%
SANOFI S.A.	SNY	London	46,453	\$2,295,242	1.26%	0.12%	0.64%	49.41	49.44	0.06%	1.85%
BANK OF CHINA LIMITED	IDCBY	China	131,925	\$2,277,026	1.25%	0.12%	0.29%	17.26	16.57	-4.00%	-2.21%
ALLIANZ SE	ALV.DE	Germany	15,313	\$2,185,945	1.20%	0.12%	0.39%	142.75	139.75	-2.10%	-0.31%
BAE SYSTEMS PLC	BAESY	London	63,947	\$2,021,999	1.11%	0.11%	0.14%	31.62	30.08	-4.87%	-3.08%
TOP TEN HOLDINGS				\$24,537,229	13.47%	1.33%	4.29%	MSCI ACWI ex-U.S.		<b>-1.79%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$182,162,059</b>
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\$1,838,145,401

\*Company quotes are provided directly in USD



STANCERA  
Price Monitor Position Report

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

Company	Ticker	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	5/31/2015 PX*	6/15/2015 PX*	Position % Change	Relative % Change
ROCHE HLDGS AG (GENUSSCHEINE)	RHHBY	7110388	Switzerland	9,556	\$2,797,866	1.56%	0.15%	1.10%	38.46	35.44	-7.85%	-6.06%
NESTLE SA (REG)	NESN.VX	7123870	Switzerland	35,410	\$2,736,406	1.53%	0.15%	1.34%	72.95	69.40	-4.87%	-3.07%
NOVARTIS AG (REG)	NVS	7103065	Switzerland	25,219	\$2,579,778	1.44%	0.14%	1.26%	102.73	100.11	-2.55%	-0.76%
MITSUBISHI UFJ FINL GRP INC	MTU	6335171	Japan	313,100	\$2,324,249	1.30%	0.13%	0.51%	7.37	7.18	-2.58%	-0.79%
TOYOTA MOTOR CORP	TM	6900643	Tokyo	33,100	\$2,294,955	1.28%	0.12%	1.02%	137.89	135.51	-1.73%	0.07%
HSBC HOLDINGS PLC (UK REG)	HSBA.L	540528	London	229,940	\$2,184,911	1.22%	0.12%	0.98%	622.70	600.00	-3.65%	-1.85%
LLOYDS BANKING GROUP PLC	LLDTF	870612	London	1,439,826	\$1,928,397	1.08%	0.10%	0.41%	1.33	1.38	3.76%	5.55%
ING GROEP NV CVA	ING	7154182	Amsterdam	115,850	\$1,902,007	1.06%	0.10%	0.34%	16.48	16.18	-1.82%	-0.03%
SAP SE	SAP	4846288	Germany	24,995	\$1,846,706	1.03%	0.10%	0.36%	73.90	72.47	-1.94%	-0.14%
SANOFI	SNY	5671735	Paris	18,637	\$1,821,573	1.02%	0.10%	0.63%	49.41	49.44	0.06%	1.85%
TOP TEN HOLDINGS					\$22,416,848	12.50%	1.22%	7.95%	MSCI ACWI ex-US:		<b>-1.79%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$179,288,131**  
\$1,838,145,401

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



**STANISLAUS COUNTY  
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## June 23, 2015, Retirement Board meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Due Diligence Summary
- II. ITEM NUMBER: 8.a
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

During the week of June 1, the Due Diligence Committee met onsite with 5 of StanCERA's investment managers. Assisting the Committee on this trip were the Director and Nate Pratt and John Meier from Strategic Investment Solutions. The trip took place over 4 days and the team visited managers located in San Francisco, New York, Rhode Island and Connecticut. This trip was somewhat different from past trips as the team met prior to discuss the questionnaires submitted by the managers. Given this discussion, the team focused specifically on certain issues that they felt needed addressing during the visits.

### *White Oak*

The Committee addressed the following issues with White Oak:

1. **Correlation between market environments and White Oak's performance** – Claim is that market cycles are not relevant to their products and their investment process seems to insulate them from credit risk. They tend to stay away from exposure to commodities, equipment and cyclical products. Under stress testing, they feel our portfolio can withstand significant market downturns and they feel that most of the loans can still perform under those conditions.
2. **Pay day lending** – Staff claims that their borrower is a loan developer that provides funds to pay day lenders. They feel that shortly the banks will be entering the market as typical payday loans will move from an average maturity of 3 weeks to 6 months. They also feel the industry is getting much more regulation heavy. Regarding the current investment in StanCERA's portfolio, they expect shortly to reduce that outstanding loan from \$50 million to \$35 million and there's a good chance that the loan will be refinanced elsewhere.
3. **Valuation of Assets** – The team had some concerns that White Oak's investment Committee had independent authority to place values on all investments. They stated that they have a 3<sup>rd</sup> party firm set values then compare and reconcile any differences. Further, they stated they have another firm audit their valuation processes every year to make sure they are using best practices when deriving values.

### *Raven*

The Committee addressed the following issues with Raven:

1. **Think Finance** – The group asked Raven to discuss the Think Finance investment and came up with the following facts. The investment is a pipeline to the direct lending business (much like White Oak) where the borrower uses a web portal to lend. The loans were not predatory in the sense that there were absolutely no rollover type loans and were generally longer term in nature. The loan refunded on April 30, 2014 and returned 18% over a 1 year investment period. Raven intimated that they will not do these types of loans in the future.
2. **Recessionary pressures on portfolio performance and Fund III Strategy** – Raven states that they seek very tight covenants when they loan money. Breaking the covenants leads to serious discussions with the borrower. In general, covenant breaches lead to higher interest charges and their biggest downside protection are the assets that back a good portion of their investments. Regarding Fund III, elder care, intellectual property and “California” are areas they feel can generate above average returns. They also are seeking deals that are much more defensive in nature, such as businesses that derive a good part of their revenues from government payments/consumer incentive rebates. In this way, they feel they are somewhat insulated from recessionary environments.

### *Medley*

The Committee spent most of the discussion on the capital structure of the firm and their recent IPO. While nothing of significance surfaced, the Medley team does devote significant time and resources towards managing their firm’s capital structure. The Committee also confirmed that Medley has completely exited the American Web Loan investment and stated that is not an investment that the firm would make in the future. Overall, the Committee felt that the business atmosphere and the Medley team was extremely focused and professional.

### *Capital Prospects*

Prior to the visit, the Committee found little in Capital Prospects’ questionnaire that prompted investigation. As such, the Committee focused on how Capital Prospects develops their line up of prospective managers and firm succession planning:

1. **Development of manager pipeline** – Potential managers actually contact the firm for inclusion into their database. Managers are generally seasoned (not new to the industry) and are typically refugees from larger investment houses. Most are moving from high net worth individuals to institutional funds. Most are typically \$2 billion AUM or less. Capital Prospects uses a rating process to grade the success of a manager and just recently, StanCERA was provided several examples of this rating process. Capital Prospects stated that they are in constant contact with current managers and generally tend to look for signs of changes within the Organization that could affect future performance.
2. **Capital Prospects succession planning** – The Committee quizzed the group on succession planning and it was revealed that they have just begun planning on who will take over when the two principals decide to retire. The firm recently hired 2 individuals that they feel will be primed to step into leadership roles at the appropriate time. While it appears that the firm had just really begun exploring this issue recently, it appears that considerable time does exist for them to get an exit plan securely in place. Additionally, the Committee anticipates there wouldn’t necessarily be any type of transition by the two principals until this process is securely in place.

*Pyramis*

Perhaps the single most important issue for the Committee was the exodus of top management at the upper levels of the Organization. Pyramis relayed that some of the changes at the top were due to people leaving the firm for various reasons. However, as these individuals left, the firm felt that this would be a natural point in time to look at strategy changes from a business perspective. The firm felt that the combined effect of the changes have helped to better leverage the available resources. Some of the process changes included combining trading desks, enhancing the trading platforms and aligning interests across portfolio teams. They feel that because of this, analysts have become more focused and specialized in their specific areas. The firm also iterated that compensation across most of the Organization is now directly aligned with portfolio performance.

*Conclusion*

Overall, each firm satisfactorily addressed all of the concerns that the Committee presented them. The Committee feels that there are no reasons to question whether StanCERA would again reinvest with each of these firms today.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective I: 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. BUDGET IMPACT: None



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Rick Santos, Executive Director