

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

832 12th Street, Suite 600

Phone (209) 525-6393 Fax (209) 558-4976 www.stancera.org

Modesto, CA 95354 email: retirement@stancera.org

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AGENDA

BOARD OF RETIREMENT 832 12th Street, Suite 600 – **Wesley W. Hall Board Room** Modesto, CA 95354 June 26, 2012 2:00 p.m.

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

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

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

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

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

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

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

- 1. Meeting Called to Order
- 2. Roll Call
- 3. Announcements
- 4. Public Comment
- 5. Consent Items
 - a. Approval of the June 13, 2012, Administrative Meeting Minutes View
- 6. Semi-Annual Performance Report by Capital Prospects LLC View

- 7. Semi-Annual Performance Report by Legato Capital Management LLC View
- 8. Strategic Investment Solutions (SIS), Inc.
 - a. SIS, Inc.'s Monthly Performance Review for The Month Ending May 31, 2012 <u>View</u>
 - b. Report on "Top 10 Holdings" by StanCERA Investment Managers View
- 9. Executive Director
 - Discussion and Action on the Disposition of Funds Received from the Cash-Out of the Termination of Research Affiliates Fundamental Index (RAFI) Long Short Portfolio
- 10. Closed Session
 - a. Conference with Legal Counsel Pending Litigation One Case:
 In Re: Bank of New York Mellon Corporation Foreign Exchange
 Transactions Litigation, U.S. District Court, Southern District of New York,
 Case Numbers12-mdl-2335 (LAK) and 1:12-cv-03067 (LAK)
 Government Code Section 54956.9(a)
 - 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(a)
 - 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 Government Code Section 54956.9(b)
- 11. Members' Forum (Information and Future Agenda Requests Only)
- 12. Adjournment

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PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

June 13, 2012

Phone (209) 525-6393

Fax (209) 558-4976

Members Present: Jim De Martini, Darin Gharat, Jeff Grover, Mike Lynch,

Ron Martin, Michael O'Neal, Jegan Raja* and Donna Riley

*Mr. Raja, Assistant Treasurer-Tax Collector, representing ex-officio

Mr. Gordon Ford, Treasurer-Tax Collector

Members Absent: Maria De Anda. Gordon Ford*

Alternate Member

Present: Joan Clendenin (Alternate Retiree Representative)

Staff Present: Rick Santos, Executive Director

Kelly Cerny Executive Secretary Dawn Lea, Benefits Manager Kathy Herman, Operations Manager

Kathy Johnson, Accountant

Jamie Borba, Retirement Specialist

Others Present: Kirin Virk, General Legal Counsel

Doris Foster & Stan Risen Chief Executive Office Rhonda Biesemeier, President, Retired Employees

of Stanislaus County (RESCO)

- 1. Meeting called to order at 2:01 p.m. by Jim DeMartini, Chair.
- 2. Roll Call

Mr. Grover arrived at 2:02 p.m.

3. Announcements

None.

4. Public Comment

None.

5. Consent Items

Motion was made by Darin Gharat and seconded by Michael O'Neal to approve the following items as listed and presented.

Motion carried.

- a. Approval of the May 22, 2012, Administrative/Investment Meeting Minutes
- b. Approval of Service Retirement(s) Sections 31499.14, 31670, 31662.2 & 31810
 - 1. Rowe Barney, Env. Resources, Effective 06-02-12
 - 2. Ruth Bennett, DCSS, Effective 06-11-12
 - 3. Mitchel Boyer, CSA, Effective 05-29-12
 - 4. Linda Carter, Clerk-Recorder, Effective 06-16-12
 - 5. Christopher Dickinson, District Attorney, Effective 06-02-12
 - 6. Susan Guest, Library, Effective 06-29-12
 - 7. Sonya Harrigfeld, Env. Resources/Parks, Effective 06-02-12
 - 8. Bruce Houston, Sheriff, Effective 06-14-12
 - 9. Marcia Houston, CSA, Effective 06-16-12
- 10. Linda Jersild, CSA, Effective 06-02-12
- 11. Wanda Jean Little, CSA, Effective 06-30-12
- 12. Janice Milliken, Law Library, Effective 06-30-12
- 13. Christine O'Neal, CSA, Effective 06-02-12
- 14. Marina Rodriguez, DCSS, Effective 06-02-12
- 15. Patricia Sanwo, BHRS, Effective 06-16-12
- 16. Dorothy, Sinclair, District Attorney, Effective 06-08-12
- c. Approval of Deferred Retirement(s) Section 31700
 - 1. Dyane Burgos, CSA, Effective 04-07-12
 - 2. Stacey L. Della, BHRS, Effective 06-02-12
 - 3. Kelly Hayes, BOS, Effective 12-31-11
 - 4. Stephanie Hernandez, HSA, Effective 03-02-12
 - 5. Alexander M. Kern, Law Library, Effective 05-26-12
 - 6. Corey Morris, CSA, Effective 05-18-12
 - 7. Nicole Phillips, CSA, Effective 05-05-12

6. **Executive Director**

- a. Discussion and Action on StanCERA's Draft Excess Earnings Policy
 - Mr. Santos gave the Board an overview of his memorandum regarding the draft excess earnings policy.

Ms. Biesemeier, RESCO, addressed the Board with her concerns regarding the prior policy and current draft policy. Ms. Biesemeier informed the Board that RESCO's recommendation is to maintain the contingency reserve at 2%. Mr. Risen, County Chief Executive Office, shared the County's concerns about the whole series of decisions the Board will be making over the next year or so and what the combined effect of those decisions will be. Mr. Risen inquired as to what is the purpose of the contingency reserve and what it is to accomplish.

6. Executive Director (Cont.)

a. Discussion and Action on StanCERA's Draft Excess Earnings Policy (Cont.)

Mr. Santos and the Board addressed the concerns expressed by Ms. Biesemeier and Mr. Risen.

Motion was made by Darin Gharat and seconded by Michael O'Neal to approve the following recommendations for the Draft Excess Earnings Policy; notify RESCO of the changes per Government Code Section 31592.5; and bring back to the Board for final approval at the July 11, 2012 Administrative Board of Retirement meeting.

- 1. Reaffirm the intent to maintain a non-valuation contingency reserve at 1%;
- 2. Define excess earnings on a market value basis;
- 3. Define the System's funded ratio on a market value basis;
- 4. Define how earnings are allocated when the System is funded below 100%; and,
- 5. Discontinue the "Prior Years" Excess Earnings Reserves" policy subsection.

Motion carried.

- b. Verbal Update on the Vacant Office Space at 832 12th St., 6th Floor
- c. Verbal Report on StanCERA's May 1, 2012, Pre-Retirement Seminar

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

Joan Clendenin inquired about a recent <u>Wall Street Journal</u> article regarding the Governmental Accounting Standards Board's (GASB) prospective changes. Mr. Santos informed the Board that they will be making decisions on these changes in the coming months.

Mr. O'Neal requested that RESCO be invited to present at StanCERA's Pre-Retirement Seminar in 2013.

Mr. Lynch inquired about the transfer of funds from the termination of the Research Affiliates Fundamental Index (RAFI) Long/Short portfolio. Mr. Santos informed the Board that the money will be received by June 15, 2012. Staff informed the Board that a small portion of it will be used for normal cash flow needs and will ask the Board for direction on the remainder of the funds at the June 26, 2012 Board of Retirement Investment meeting.

Mr. DeMartini requested that staff and legal counsel research whether the retiree death benefit is a vested or ad hoc benefit and the consequences of that determination.

7. Members' Forum (Information and Future Agenda Requests Only) [Cont.]

Mr. Santos distributed a tentative timeline for the Asset Allocation/Experience Study, per a previous request from Mr. Ford.

8. Closed Session

Motion was made by Darin Gharat and seconded by Ron Martin to commence to Closed Session at 3:01 p.m.

Motion carried.

Motion was made by Darin Gharat and seconded by Jegan Raja to return to Open Session at 3:21 p.m.

Motion carried.

Ms. Cerny read the findings of the Closed Session:

a. Discussion and Action on the Application for a Service-Connected Disability Retirement by StanCERA Deferred Member Aaron Gallagher

Motion was made by Darin Gharat and seconded by Jeff Grover that the application for a service-connected disability retirement for deferred member Aaron Gallagher be set for hearing with no further discovery.

Motion carried.

 b. Conference with Legal Counsel – Pending Litigation – One Case: In Re: Bank of New York Mellon Corporation Foreign Exchange Transactions Litigation, U.S. District Court, Southern District of New York, Case Numbers12-mdl-2335 (LAK) and 1:12-cv-03067 (LAK) Government Code Section 54956.9(a)

No report.

Mr. O'Neal and J. Clendenin recused themselves at 3:12 p.m.

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(a)

Motion was made by Mike Lynch and seconded by Jeff Grover to consent to Hanson Bridgett's representation of the County of Stanislaus on the condition that Hanson Bridgett and the County of Stanislaus agree to the revisions to the Hanson Bridgett Consent to Conflict of Interest letter proposed by Counsel Harvey Leiderman.

Mr. Gharat and Mr. Martin opposed.

Vote 6-2. Motion carried.

8. Closed Session (Cont.)

 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 Government Code Section 54956.9(b)

No report.

9. Adjournment

Meeting adjourned at 3:22 p.m.

Respectfully submitted,

Rick Santos, Executive Director

APPROVED AS TO FORM:

KIRIN K. VIRK, GENERAL LEGAL COUNSEL

Kirin K. Virk, General Legal Counsel

Capital Prospects LLC

Stanislaus County Employees' Retirement Association

Small Cap Value Emerging Manager Program Review

June 26, 2012

Marilyn R. Freeman Elizabeth A. Knope



Capital Prospects LLC

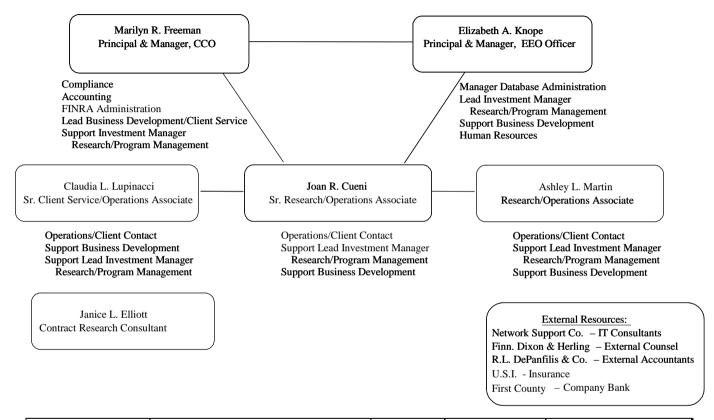
- Formed October, 2002
- SEC Registered Investment Adviser
- 100% women-owned and controlled; Principals each own 50%
- Focus on emerging manager-of-managers investment programs
 - Area of specialty for both partners since 1992
 - Built emerging business to approximately \$2.0 billion and 8 key clients at previous employer
- CP specializes in domestic emerging managers and minority/woman-owned managers
- AUM as of May 31, 2012 (preliminary): \$1,027 million; 8 client relationships

_	Russell 3000	\$ 398 million, 4 clients
_	Russell 2000 Value	\$ 110 million, 2 clients
_	Russell 2000	\$ 116 million, 1 clients
_	Russell 3000/Barclays Capital	\$ 403 million, 1 client

Note: One client migrating from Russell 3000 to Russell 2000.



Capital Prospects LLC - Organizational Chart



			Years	
		Year Joined	Investment	
Name	Title/Role	Firm	Experience	Education/Certifications
Marilyn R. Freeman	Principal & Manager, CCO	2001	30+	BA, MBA
Elizabeth A. Knope	Principal & Manager, EEO	2002	34+	BA, MBA, CFA
Joan R. Cueni	Sr. Research/Operations Associate	2004	10+	BS
Claudia L. Lupinacci	Sr. Client Service/Operations Associate	2006	10+	BA
Ashley L. Martin	Sr. Research/Operations Associate	2008	6+	BBA
Janice L. Elliott	Contract Consultant	2005	20+	BS



Capital Prospects LLC

Marilyn R. Freeman

* Principal and Manager, Capital Prospects LLC

* EVP & Director of Client Service, **Northern Trust Global Advisors, Inc.** and predecess or firm RCB International, Inc.

* Partner and Managing Director, Rogers, Casey & Barksdale, Inc.

* Member of The Greenwich Roundtable

Elizabeth A. Knope, CFA

* Principal and Manager, Capital Prospects LLC

* EVP & Director of U.S. Investment Research, Northern Trust Global Advisors, Inc. and predecess or firm RCB International, Inc.

* Partner and Managing Director, Rogers, Casey & Barksdale, Inc.

* Manager, Pension Fund Planning & Analysis, AT&T and New England Telephone

* Investment Analyst, The Boston Company, Inc.

Joan R. Cueni

* Sr. Research/Operations Associate, Capital Prospects LLC

* Research Assistant, **HEI Hospitality**

* Jr. Analyst, Northern Trust Global Advisors, Inc.

Claudia L. Lupinacci

* Sr. Client Service/Operations Associate, Capital Prospects LLC

* Sr. Analyst, Client Services Team Leader, Northern Trust Global Advisors, Inc.

* Staff Accountant, J.S. Karlton Company, Inc.

Ashley L. Martin

* Sr. Research/Operations Associate, Capital Prospects LLC

* Director Accounting, Reporting, Legal & Compliance, Parenteau Associates LLC

* Assistant, VP of Finance & Administration office, Western CT State University

Janice L. Eliott

* Contract Consultant, Research, Capital Prospects LLC

* Vice President, Sr. Investment Analyst, Northern Trust Global Advisors, Inc.

* Manager, **KPMGLLP**

* Senior International Research Analyst, Evaluation Associates

30+ years investment experience B.A. State University of NY at Stony Brook

M.B.A. University of Connecticut

34+ years investment experience

B.A. Skidmore College

M.B.A. Boston University

10+ years investment experience

B.S. Iona College

10+ years investment experience

B.A. Pace University

6 years investment experience

B.B.A. Western Connecticut State University

20+ years investment experience

B.S. Sacred Heart University



Research Universe

- Specialized focus on domestic emerging managers
 - More recently established investment firms
 - Established firms newly entering the institutional arena
 - Emerging talent/products within larger organizations on an opportunistic basis
- "Focus List" of 180 firms includes those subject to more extensive research/monitoring and those currently funded; secondary list of firms (currently numbers 130) are either very early on in the research process or those still monitored but of less interest
- Since beginning coverage of managers in these universes in the early 1990's, we have screened over 2,000 firms, evaluated over 1,000 firms and funded over 75 managers



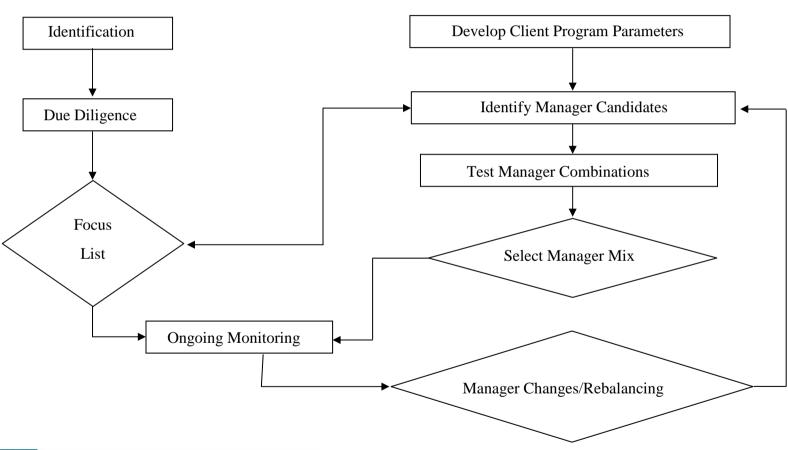
Investment Strategy and Objectives

- Primary investment program goal is to add value over the chosen benchmark within acceptable risk parameters
 - Benchmark, risk tolerances and return expectations determined in conjunction with client
- Manager research focuses on identifying investment managers able to develop unique insights/strategies, who have solid implementation processes that prospectively give them a performance advantage
- Investment program construction keys off the profile and dynamics of the benchmark. We engineer the manager mix so that the overall program will be:
 - Tailored to risk specifications
 - Well-diversified
 - Benchmark "style" neutral
- At every step, judgments are developed based upon an assessment of both qualitative and quantitative factors
- Value added results in part from our construction decisions but is primarily expected to come from the active decisions of the individual managers in terms of:
 - Security selection
 - Sector/industry bets
 - Investment/economic themes



Manager Research Effort

<u>Decision Making Process</u> <u>Investment Program Management</u>





Investment Process

Ongoing Manager Research and Evaluation

- Identify managers of interest
 - Managers contacting us
 - Our networking
 - Conferences
 - Trade press articles
 - Database analysis
- Review background material
 - Firm profile/history
 - People
 - Investment philosophy and process
 - Performance
- Interviews with key professionals
 - Including on-site meetings
- Quantitative assessment
 - Portfolio characteristics
 - Performance history
- Reference checks

Research Focus List



Manager Evaluation

Qualitative Factors

- Organization
 - History/development of firm, business profile, financial resources, growth plans
 - Investment professionals' backgrounds/experience, commitment
 - Strength of support structure and operational/administrative controls
 - Any regulatory issues
- Investment philosophy and process
 - Thoroughness and depth
 - Caliber of research effort and adequacy of resources
 - Flexibility of thought process
 - Effectiveness of implementation buy and sell disciplines, trading
 - Consistency of characteristics with style
 - Potential to add value / "uniqueness" versus peers

Quantitative Factors

- Portfolio characteristics and risk factor exposures
 - Consistency over time and with style
- Risk profile
 - Diversification characteristics, volatility measures, tracking error
- Historical performance comparisons
 - Versus benchmark, peers, style and in different market environments
- Value added expectations



Investment Process

Investment Program Management

- Define parameters of client program
 - Investment objectives
 - Manager qualifications
 - Benchmark
 - Risk and return expectations
- Develop manager candidate list (from Research Focus List)
- Program construction
 - Test manager combinations for optimal mix versus benchmark
 - Diversification
 - Risk profile
 - Value added potential
- Ongoing monitoring
 - Results versus selection criteria
 - Performance analysis and attribution
- Program rebalancing; manager changes/graduation
 - Rebalance to original style, capitalization and specific manager allocations periodically
 - Terminations typically result from adverse firm developments, inconsistent strategy, excessive asset growth, undesirable volatility or persistent underperformance
 - Graduation policy set in conjunction with the client in our view, these may be case-by-case decisions driven by expected value-added potential



Resource Commitment

Continued due diligence on vendors of analytical systems to support our manager research, investment program management and client service requirements

Currently have agreements in place with:

 eVestment Alliance Manager database: Manager profiles, performance, returns-based

analytics, peer group comparisons

Thomson Reuters Fundamental analytics:

Risk model, portfolio analytics, holdings-based performance attribution, market

data and analysis, broad market and custom

benchmarks, fixed income analytics

Strategic Investment Solutions Returns-based analytics: Performance and risk analytics, optimizer

Pertrac

Vestek/TPA

Index Data: Russell Index constituent data and Russell RIO

analytics

We are committed to acquiring additional tools, as we identify them, that we believe will enhance our ability to deliver a consistently superior investment product



Asset Allocation

• Funding date: 1/1/09

• Funding amount: \$49.1 million

• 2010 Scheduled Cash Flow: (\$300k) monthly

• Cash Flow 5/3/10: (\$7.5 million)

• 2011 Scheduled Cash Flow through 7/15/11: (\$250k) monthly

• Cash Flow 6/3/11: (\$10 million)

• Current value 5/31/2012: \$60.5 million

	Total Assets (\$000)	% of Fund
Bernzott	\$8,733	14.4 %
Channing	13,907	23.0
InView	13,573	22.4
Keeley	7,937	13.1
Ten	8,165	13.5
Walthausen	8,200	13.5
Total Fund	\$60,515	100.0 %



Equity Investment Characteristics – 3/31/2012

			Wtd. Avg.			Forecast	
<u>Manager</u>	% Total	# Holdings	Mkt. Cap (\$B)	Forecast P/E	Price/Book	Growth (%)	Yield (%)
Bernzott	14.2 %	29	\$3.3	13.9 x	3.7 x	12.5 %	1.3 %
Channing	23.4	40	1.6	14.0	2.3	16.3	1.4
InView	22.2	59	2.1	12.1	1.6	14.4	2.1
Keeley	13.0	63	2.6	14.5	2.7	16.5	1.3
Ten	13.4	130	1.3	10.5	1.9	9.6	2.1
Walthausen	13.8	76	1.3	12.3	2.2	12.8	1.2
Total Equity Portfolio	100.0 %	342	\$2.0	12.8 x	2.3 x	14.0 %	1.6 %
Russell 2000 Value		1,362	\$1.2	14.8 x	1.8 x	14.4 %	2.1 %

- All managers employ varying degrees of quantitative, fundamental and technical analysis: objective is to achieve a balanced mix
- "Core" position (60%) combines Ten's quantitative, sector-neutral relative value approach with Channing's and InView's intrinsic value focus on currently undervalued, high quality companies with improving outlooks
- Remaining 40% more "eclectic"
 - Bernzott: Long term support from dividend/earnings growth plus critical assessment of management
 - Keeley: Corporate restructurings (especially spin-offs)
 - Walthausen: Cash flow generation; value creation strategies
- Resulting portfolio:
 - Well-diversified
 - Higher ROE than benchmark (19.3% vs. 9.5%)
 - PEG ratio (on forecast growth & P/E) at an 11% discount to the benchmark
 - Moderate risk level (forecast tracking error of 3.62)



Sector Allocation – 3/31/2012

	Bernzott	Channing	InView	Keeley	Ten	Walthausen	Total Equity	Russell 2000 Value
Energy	4.8 %	4.9 %	5.4 %	6.5 %	5.9 %	6.3 %	5.5 %	4.6 %
Materials	6.0	5.1	6.4	8.2	4.3	10.6	6.6	5.1
Industrials	22.9	20.3	17.6	27.0	11.7	20.1	19.7	14.9
Consumer Discretionary	31.6	17.6	17.2	15.2	12.5	15.5	18.1	12.2
Consumer Staples	6.4	4.5	3.5	5.1	4.0	1.8	4.2	2.9
Healthcare	8.8	5.0	5.3	3.8	8.8	6.0	6.1	4.9
Financials	3.4	25.8	26.6	22.2	34.3	23.5	23.3	37.6
Information Technology	16.0	14.4	11.7	6.6	14.6	16.2	13.3	10.8
Telecommunication Services	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.6
Utilities	0.0	2.3	6.3	5.4	3.8	0.0	3.2	6.4



Top Ten Holdings – 3/31/12

Bernzott	%
Equifax Inc	5.9
Petsmart, Inc	5.0
Teleflex Inc	5.0
Dresser-Rand Group Inc	4.8
Jack Henry & Associate	4.7
Broadridge Financial S	4.7
Cintas Corp	4.4
Energizer Holdings Inc	4.3
Hillenbrand Inc	4.3
International Game Tec	4.2
Total	47.3

Channing	%
Hanesbrands Inc	3.7
Cytec Inds Inc	3.5
Anixter International	3.3
Littelfuse Inc	3.3
Meredith Corp	3.1
Regal Beloit Corp	3.0
ANN Inc	3.0
Belden Inc	3.0
Waddell & Reed	3.0
Hexcel Corp New	<u>3.0</u>
Total	31.9

InView	%
Tech Data Corp	3.0
Ares Cap Corp	2.8
Crown Holdings, Inc	2.8
Flextronics	2.6
ASBURY	2.5
Littelfuse Inc	2.4
American Equity	2.4
CMS Energy Corp	2.3
Avista Corporation	2.3
Regal Beloit Corp	<u>2.3</u>
Total	25.4

Keeley	%
Wabtec Corporation	2.9
Kansas City Southern	2.7
Wright Express Corp	2.7
Wyndham	2.6
Sally Beauty Hldgs Inc	2.5
Hanesbrands Inc	2.4
Hill-Rom Holdings, Inc	2.3
Broadridge Financial S	2.3
Flowers Foods Inc	2.3
Chicago Bridge and Iro	<u>2.2</u>
Total	24.9

Ten	%
SVB Finl Group	2.5
Kulicke and Soffa Indu	2.2
Cno Financial	1.8
Comtech Telecommunicat	1.7
Amkor Technology Inc	1.7
Multimedia Games	1.7
Aircastle Ltd	1.7
Boise Inc	1.7
Republic Bancorp, Inc	1.6
Protective Life Corp	<u>1.6</u>
Total	18.3

Walthausen	%
LPS	3.9
Ocwen Finl Corp	3.4
Vishay Intertechnology	3.3
Standex Intl Corp	2.7
Primerica, Inc	2.3
Hexcel Corp New	2.2
Altisource Portfolio S	2.0
Columbia BKG Sys Inc	2.0
Magellan Health Svcs I	1.9
McGrath Rentcorp	1.8
Total	25.6



Top Ten Holdings – 3/31/12 (continued)

Total Composite	%
Regal Beloit Corp	1.4
Littelfuse Inc	1.3
Belden Inc	1.2
Hanesbrands Inc	1.2
Meredith Corp	1.1
The Brink's Co	1.1
Gulfport Energy Corp	1.0
Newell Rubbermaid Inc	1.0
Hexcel Corp New	1.0
Broadridge Financial S	<u>0.9</u>
Total	11.3



Comparative Investment Performance – Periods through May 2012 Preliminary

Subadvisers	Total Assets May 31, 2012 (\$000)	% of Fund	April/May 2012	1Q12	YTD	2011	2010	2009	1 Year Ending 3/31/2012	1 Year Ending 5/31/2012	2 Years Ending 3/31/2012	2 Years Ending 5/31/2012	3 Years Ending 3/31/2012	3 Years Ending 5/31/2012	Since* Inception Mar-12	Since* Inception May-12
Bernzott	\$8,733	14.4 %	-5.72 %	7.23 %	1.10 %	10.33 %	21.12 %	41.41 %	10.49 %	0.40 %	14.74 %	12.54 %	26.71 %	17.61 %	24.27 %	20.86 %
Channing	13,907	23.0	-8.72	10.36	0.74	-5.93	33.00	23.47	-6.04	-11.45	10.32	7.05	24.39	15.02	17.84	13.82
Inview	13,573	22.4	-6.23	13.34	6.28	-8.13	17.48	41.27	-2.80	-8.61	6.16	4.98	25.61	15.47	18.33	15.18
Keeley	7,937	13.1	-6.24	11.67	4.71	-4.99	21.53	18.72	-1.51	-9.04	10.33	9.65	24.23	13.99	14.00	11.16
Ten	8,165	13.5	-6.22	14.55	7.43	-3.74	31.03	19.49	5.14	-3.47	15.26	12.38	28.70	18.51	18.30	15.15
Walthausen	8,200	13.5	-8.97	15.25	4.91	-3.99	43.57	37.96	1.32	-6.15	17.28	10.93	41.25	26.22	27.31	22.40
Fund Composite	\$60,515	100.0 %	-7.12 %	11.92 %	3.96 %	-4.03 %	28.02 %	30.04 %	-0.34 %	-7.53 %	11.70 %	8.81 %	27.76 %	17.31 %	19.58 %	16.04 %
Net of Fees			-7.24	11.73	3.64	-4.71	27.08	29.10	-1.03	-8.23	10.89	8.02	26.84	16.47	18.72	15.17
Russell 2000 Value	!		-7.47	11.59	3.26	-5.50	24.50	20.58	-1.07	-8.28	9.24	6.17	25.36	15.48	15.18	11.82

[•]Fund Performance Inception Date: January 2, 2009. Returns for periods greater than one year are annualized.



[•]The portfolio Custodian bank is Bank of New York Mellon. We recommend comparing our report with the account statement you receive from the underlying Custodian to verify the accuracy of our statement.

Comparative Investment Performance – Overall Comments

- The investment program began during the tail end of the severe contraction covering late 2007 through early 2009 that accompanied the financial crisis and economic recession. The market turned sharply upward starting in March 2009 but was characterized by better relative performance from lower quality stocks for much of the time and significant volatility within a "risk on/risk off" investor mindset. More recently, the market has generally returned to a focus on underlying fundamentals, providing an environment in which careful stock selection should be rewarded.
- Over the 41 months since inception, the Fund outperformed the benchmark by 335 basis points annualized (net of fees), with value added in each calendar year and year-to-date 2012. Through 2010, outperformance was driven about equally by stock selection and sector positioning since 2011 stock selection has been a greater source and on balance for the entire time value added came 60% from stock selection and 40% from sector positioning. Notable sources of value added included strong relative performance in industrials, technology, healthcare and consumer staples; underweighting financials (especially banks), and overweighting materials and consumer discretionary (specialty retailing; consumer services).
- Risk model factor positioning was a negative over the full period due to active exposures toward lower book to price and dividend yield and toward higher earnings yield and capitalization (within the small cap value spectrum), which more than offset positives from tilts toward higher long term growth and earnings revisions and away from higher momentum.
- With the exception of Keeley, whose investment performance was impacted by a lower level of market activity in their area of focus (corporate reorganizations) tied to the economic contraction, all of the managers have outperformed the benchmark since inception. Keeley's performance has improved as the economy gained strength, and the outlook for their strategy is favorable. Ten remains on Watch List status due to continuing business development challenges.



Performance Overview

Key market dynamics:

YTD to May 2012

- Investors exhibited considerable optimism in the early part of the year, as visible (though still minor) improvement in the economy was evident. As spring advanced, however, the Eurozone debt crisis and slowing economies in other regions re-ignited investors' fears, prompting the market to retreat. Through May, the Russell 3000 was up 5.2% (down from +12.9% at the end of March). Large and mid cap, with returns ranging from 5.0% to 5.5%, outperformed small cap, which gained 3.4% (Russell 2000). The Russell 2000 Value was ahead 3.3%. Growth outperformed value across the board, though by a very small margin in small cap.
- Within small cap value, consumer discretionary, financials and consumer staples were outperformers, largely in line with the broad market. Healthcare and industrials posted modest five month gains. The weakest sector was energy, followed by utilities, technology, materials and telecommunications.
- Higher market cap, long term growth and positive earnings revisions were the more rewarded risk model factors; lower p/e, higher beta and higher momentum were penalized.

2011

- Despite ongoing economic concerns and various global "shocks," upward biased market momentum continued into April until investors expressed renewed concern over the sustainability of the economic recovery. Things worsened over the summer months as concerns in particular over sovereign debt issues in the Eurozone mounted. Macro issues became predominant and investors moved between "risk- on" and "risk-off" postures (mostly "risk-off") during a period of increased volatility. Correlations were high, with the market showing little discrimination in individual stock performance relative to fundamentals.
- The year ended largely where it began, with the Russell 3000 returning 1.0%. Larger cap "safe" stocks were the winners, with the Russell Top 200 up 2.8%. In contrast, the Russell 2000 fell -4.2% for the year. Growth generally outperformed value. The Russell 2000 Value returned -5.5%.

(continued on next page)

Fund Results:

YTD To May 2012 4.0% vs. 3.3% for the benchmark

- Outperformance was due to stock selection, which added the most value in technology, materials, industrials and consumer discretionary. Sector positioning was negative on balance due mainly to underweighting financials and overweighting technology, energy and materials, which more than offset positives from overweighting consumer discretionary and underweighting utilities.
- Factor positioning added value due mostly to a tilt toward the higher end of the small cap value capitalization range. Tilts toward higher long term growth and away from momentum were rewarded, offset to some degree by active exposures away from higher book to price and toward higher earnings yield.

2011

-4.0% vs. -5.5% for the benchmark

- Outperformance was all due to stock selection, with the strongest relative performance in consumer discretionary, technology, energy, consumer staples and industrials. Sector positioning was negative on balance, due mainly to underweighting utilities and overweighting industrials.
- Factor positioning was a positive as a result of tilts toward lower book to price, higher earnings revisions and the higher end of the market cap spectrum within small cap value, offsetting the negative impact of a tilt away from higher dividend yield.



Note: All returns are gross of fees.

Performance Overview

Key market dynamics:

2011 continued

- Utilities was the strongest small cap value sector, returning 17%. Other outperforming sectors were healthcare, consumer staples and financials. The weakest sectors were energy and telecommunications (both at -14%), followed by technology, consumer discretionary, materials and industrials.
- Higher dividend yield, momentum and earnings revision were the factors most rewarded for the year; higher book to price and historical beta were most penalized.

2010

- Stock market rally that started in March 2009 continued into April 2010, and despite some perceived broadening was still dominated by low quality; from spring on, the market "see-sawed" reflecting alternating moods of investor pessimism and optimism regarding the economic recovery and longer term growth prospects. While interrupted at times by a preference for lower quality issues, a more sustainable environment where underlying fundamentals and valuations are more rationally linked (which favors stock picking) was taking hold by year-end.
- Mid and small cap stocks rose 26%-27%, handily leading the market; mega cap rose 13% and large cap was up about 16%. Russell 2000 Value returned 24.5%.
- Within small cap value, outperforming sectors were materials, industrials, consumer discretionary energy and technology.
- Factors rewarded most notably were higher dividend yield, higher beta and higher longer term growth.

2009

- Equity market rally off 3/9/09 low resulted in a 28.3% full year gain for the Russell 3000 while the Russell 2000 Value advanced 20.6%.
- Performance dominated by low price, lower quality stocks at the expense of more fundamentally strong companies virtually throughout the last three quarters.
- Mid cap stocks were strongest (+41%), followed by large cap (+28%) and small cap (+27%)
 mega cap stocks advanced the least (+24%) for the year.

Fund Results:

2010

28.0% vs. 24.5% for the benchmark

- About half of the value added came from sector positioning and was due to alignment with sectors of strength – i.e., overweighting industrials, materials and consumer discretionary and underweighting financials and utilities.
- Stock selection accounted for the other half of value added and was principally due to favorable relative performance in financials, materials, energy and healthcare.
- From a risk model standpoint, factor positioning was negative due mainly to tilts toward the higher end of the small cap stock segment and toward lower dividend yield and lower book to price.

2009

30.0% vs. 20.6% for the benchmark

- Underweighting (low exposure to banks) and stock selection in financials a significant positive.
- Other positives: overweighting materials (paper/packaging), consumer discretionary (apparel, leisure time), energy (services/equipment); underweighting utilities; stock selection in industrials, technology, healthcare, consumer staples.



Note: All returns are gross of fees.

Performance Overview

Key market dynamics:

2009 continued

- Growth outpaced value across the capitalization spectrum.
- Materials, consumer discretionary, technology, energy and telecommunications were the leading sectors in the Russell 2000 Value, while financials (which declined), utilities, industrials and consumer staples underperformed.
- Factor returns rewarded for the year were higher book to price, higher forward e/p, higher long term expected growth, and in particular higher beta; those penalized were lower dividend yield, higher earnings revision yield, higher market cap and especially higher momentum.

Fund Results:

2009 continued

- On balance, outperformance was 65% attributable to sector/industry positioning and 35% to stock selection.
- Tilt toward lower book to price and minimal exposure to micro cap were negatives and more than offset positives from higher forward earnings to price, less negative long term growth and historical beta exposure, and lower momentum.



Note: All returns are gross of fees.

Small Cap Value Emerging Manager Program Sub-Manager Firm Characteristics

Bernzott Capital Advisors

Kevin Bernzott

Style: Small Cap Value

Benchmark: Russell 2000 Value

Camarillo, CA Majority-Owned 3/31/12 AUM:\$378MM

Bernzott focuses on identifying stable, sustainable long term returns through extensive evaluation of value metrics and company management. Initially, screens are applied targeting companies with consecutive ten year periods of accelerating earnings and/or dividend growth. Additional ratios are applied to develop a select list of companies with attractive value characteristics. Key to the process is extensive discussion with top management, which enables Bernzott to determine their opinion as to the true worth of the underlying business. Buy prices are carefully determined to minimize downside risk.

Channing Capital Management

Eric T. McKissack, Wendell Mackey

Style: Small Cap Value

Benchmark: Russell 2000 Value

Chicago, IL African-American 3/31/12 AUM:\$928MM

Channing utilizes a fundamental, bottom up value approach that focuses on undervalued and neglected stocks (i.e., companies trading at a 40% or greater discount to their intrinsic value) that have improving returns and attractive growth opportunities. Screening disciplines focus on numerous variables, including cash flow multiples, earnings multiples, return on equity, return on capital and earnings growth rates. Companies of interest are high quality with strong management teams and have leading market positions or competitive advantages that will drive future earnings and cash flow growth but which are currently misunderstood and underfollowed by Wall Street. Extensive fundamental research conducted in-house is a hallmark of Channing's approach. Valuation disciplines focus on p/e and cash flow ratios and are examined relative to history, peers, growth rate, overall market and in light of the current stage in the business cycle.



Small Cap Value Emerging Manager Program Sub-Manager Firm Characteristics

InView Investment Management

Glen Kleczka

Style: Small Cap Value

Benchmark: Russell 2000 Value

Chicago, IL Majority-Owned 3/31/12 AUM:\$119MM

InView's investment process starts with the premise that equity prices systematically overreact to transitory psychology or events without regard to long term outlook or intrinsic value but do trend toward intrinsic value over time. Through quantitative screens they identify such companies displaying price/value disparities that are also good businesses with solid managements, favorable outlooks and improving financials. Fundamental research delves further into management's strength. Models are produced to develop InView's opinion as to intrinsic value and normalized earnings power, revealing the most attractive opportunities relative to current price.

Keeley Asset Management

John L. Keeley, Jr.

Style: Small Cap Value

Benchmark: Russell 2000 Value

Chicago, IL Majority-Owned 3/31/12 AUM:\$4,886MM

Investment strategy focuses primarily on companies involved in corporate restructurings (including spin-offs), as well as companies trading at or below perceived book value, companies emerging from bankruptcy and financial institution conversions. Stocks of companies in those categories traditionally have traded at discounts to inherent market value, and opportunities exist for a move to premium valuations as successful management of these typically focused businesses becomes evident in the marketplace. This is a heavily research-driven process, focusing on company-by-company analysis.



Small Cap Value Emerging Manager Program Sub-Manager Firm Characteristics

Ten Asset Management, Inc.

Jeffrey K. Kerrigan

Style: Small Cap Value

Benchmark: Russell 2000 Value

San Diego, CA Majority-owned 3/31/12 AUM:\$55MM

Ten's quantitative model focuses on stock selection. The underlying theory is that collective investor behavior produces market dynamics and quantifiable factors that are predictive of future returns. In their process, securities are evaluated in terms of fundamental, technical, market opinion and management behavior factors to arrive at an estimate of expected relative return. The process emphasizes understanding the economic basis as to why each factor should be predictive. Stock weightings are determined through optimization via their risk model. The modeling process is dynamic, with a significant ongoing research effort to determine the effectiveness of current factors and to identify potential additional factors.

Walthausen & Co. LLC

John B. Walthausen

Style: Small Cap Value

Benchmark: Russell 2000 Value

Clifton Park, NY Majority-owned 3/31/12 AUM:\$650MM

Walthausen's investment approach emphasizes neglected stocks and value on an individual basis relative to the full universe of small cap stocks. The process begins with a scoring process using 12 specific criteria grouped into value, insider sentiment, Street enthusiasm, financial strength and relative momentum categories. Top scoring stocks are subject to proprietary fundamental research that looks carefully at management's historical success in creating value for shareholders, in their ability to generate cash flow going forward and at their opportunities and strategies to enhance future value. Portfolio construction focuses on each holding's contribution to the overall risk profile.

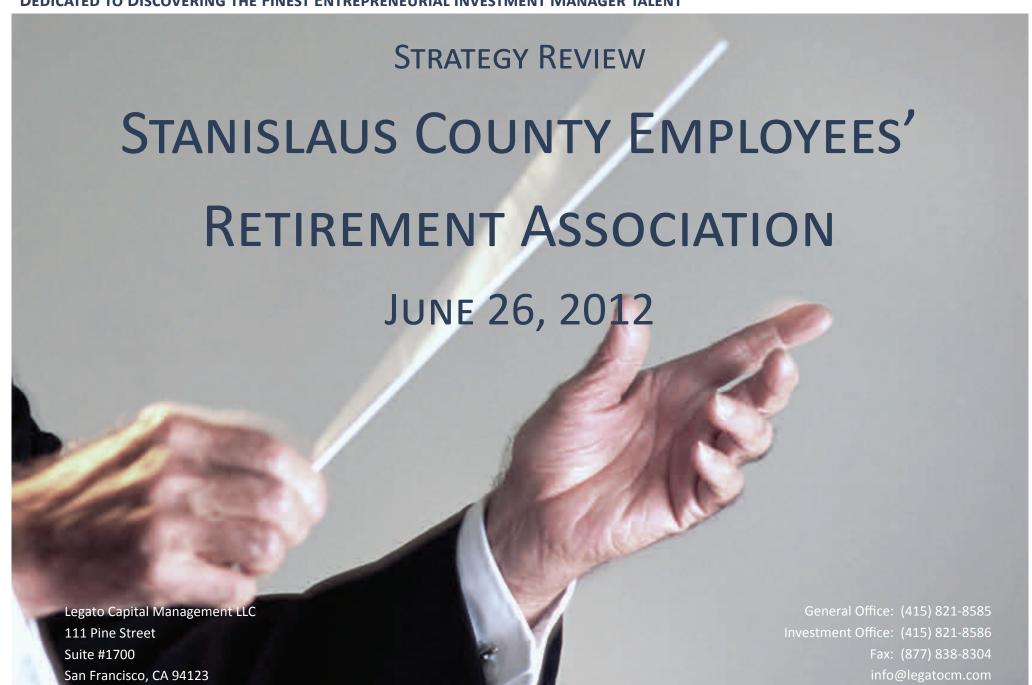




Le-ga-to

(adj. & adv.) smooth, connected; without breaks

DEDICATED TO DISCOVERING THE FINEST ENTREPRENEURIAL INVESTMENT MANAGER TALENT





Biographical Information

Adam S. Lawlor, CFA

lawlor@legatocm.com Direct line: (415) 821-8561

Mr. Lawlor is a senior vice president and member of the investment team of Legato Capital Management, LLC. Prior to co-founding Legato in 2004, he held the position of Director of Manager Research at Cazenave Partners, LLC. From 2000 to 2002, he directed the Investment Consulting Group at Robertson Stephens. From 1995 to 2000, he was a member of the Global Manager Research Group at Callan Associates. Mr. Lawlor has 20 years of investment experience. He received his undergraduate degree from the University of Connecticut, where he studied business administration. He is a member of both the CFA Institute and the CFA Society of San Francisco.

Douglas W. Porter, CFA, CAIA, FRM

porter@legatocm.com Direct line: (415) 821-8564

Mr. Porter is a senior vice president and member of the investment team at Legato Capital Management, LLC. Prior to joining Legato in 2010, he spent seven years as an analyst at Russell Investments, which included positions within Russell's US Equity manager research, multi-asset class portfolio management, institutional consulting, and institutional client service teams. From 2001 to 2003, Mr. Porter was an Index Analyst for Russell/Mellon Analytical Services. Mr. Porter has 11 years of investment experience. He received his undergraduate degree from the University of Puget Sound, where he studied business administration. He is a member of the CFA Institute, the CAIA Association, and Global Association of Risk Professionals, where he received certification as a Financial Risk Manager.



Outline of Presentation

- I. Portfolio Objective and Review
- II. Investment Philosophy and Process
- III. Team and Organization



Section I.

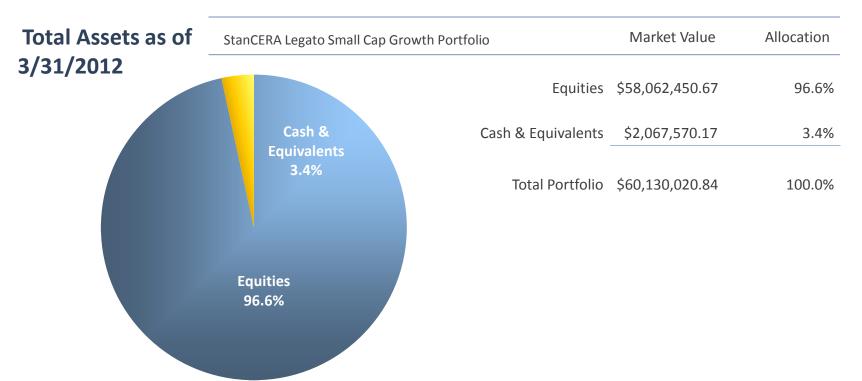
Portfolio Objective and Review



Investment Objective

A manager-of-managers (MOM) portfolio that seeks to consistently produce alpha by utilizing entrepreneurial managers with complementary styles, generally with less than \$2 billion in assets under management.

Tracking Error: Tracking error is expected to be between 300 and 500 basis points on an annualized basis.



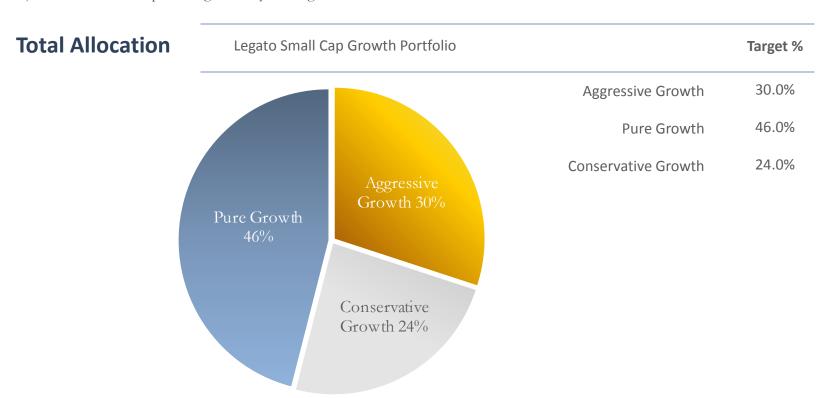


Investment Strategy

Engage the finest entrepreneurial talent and leverage their collective skill for the purpose of enhancing institutional investment performance.

Long-Term Objective

Build and manage customized portfolios comprised of entrepreneurial investment managers, seeking to deliver competitive risk-adjusted returns while providing industry-leading client service.





Manager Allocations as of 3/31/2012

Manager	Target Weight Allocation	Current Weight	Difference
CastleArk Management	17.0%	16.9%	-0.1%
Lee Munder (Crosswind)	22.5%	20.8%	-1.7%
EAM Investors	12.5%	12.5%	0.0%
Riverbridge Partners	24.0%	24.9%	+0.9%
Stephens Investment Management	24.0%	24.9%	+0.9%



Manager Overview as of 3/31/2012

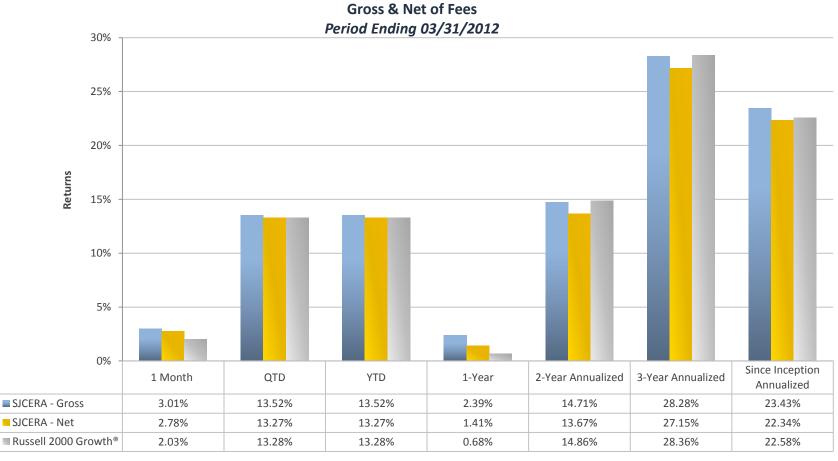
Manager	Manager Strategy Assets (\$millions)	Manager Total Firm Assets (\$millions)	StanCERA Market Value (millions)	# of Holdings
CastleArk Management	\$326	\$3,100	\$10.2	97
Lee Munder (Crosswind)	\$52	\$5,300	\$12.5	67
EAM Investors	\$183	\$343	\$7.5	251
Riverbridge Partners	\$2,200	\$3,500	\$14.9	54
Stephens Investment Management	\$1,041	\$1,139	\$15.0	125
Total Portfolio			\$60.1	



Investment Performance

The portfolio for the first quarter outperformed the benchmark gross of fees: 13.52% versus 13.28% for the Russell 2000 Growth® index. Since inception, the portfolio has outperformed the benchmark gross of fees, 23.43% versus 22.58%, annualized.

StanCERA Legato Small Cap Growth





Investment Performance as of 3/31/2012

		Market Value	1 Month	QTD	YTD	FYTD*	1-Year	2-Year Annualized	3-Year Annualized	Since Inception Annualized*
Fund	: Total Legato Portfolio-Gross	\$ 60,130,020.83	3.01%	13.52%	13.52%	0.87%	2.39%	14.71%	28.28%	23.43%
	Total Legato Portfolio- Net		2.78%	13.27%	13.27%	0.17%	1.41%	13.67%	27.15%	22.34%
Benchmark	: Russell 2000 Growth®		2.03%	13.28%	13.28%	1.28%	0.68%	14.86%	28.36%	22.58%
Excess Return	:		0.98%	0.24%	0.24%	-0.41%	1.71%	-0.15%	-0.08%	0.85%
Sub-advisers	: CastleArk Management**	\$ 10,193,470.72	2.55%	10.76%	10.76%	0.41%	-0.03%	13.81%	-	-
	EAM Investors ***	\$ 12,503,796.36	2.34%	16.05%	16.05%	-4.98%	-2.04%	13.09%	-	-
	Lee Munder (Crosswind)**	\$ 7,492,065.28	5.49%	17.11%	17.11%	0.43%	-	-	-	-
	Riverbridge Partners	\$ 14,948,638.50	2.89%	9.57%	9.57%	4.06%	4.65%	16.58%	30.11%	24.25%
St	ephens Investment Management	\$ 14,992,049.97	2.79%	15.78%	15.78%	3.54%	7.24%	19.76%	31.10%	26.30%

^{*} Portfolio inception date: 12/22/2008. Fiscal Year End June 30

^{**}CastleArk and Lee Munder performance starts 3/8/2010

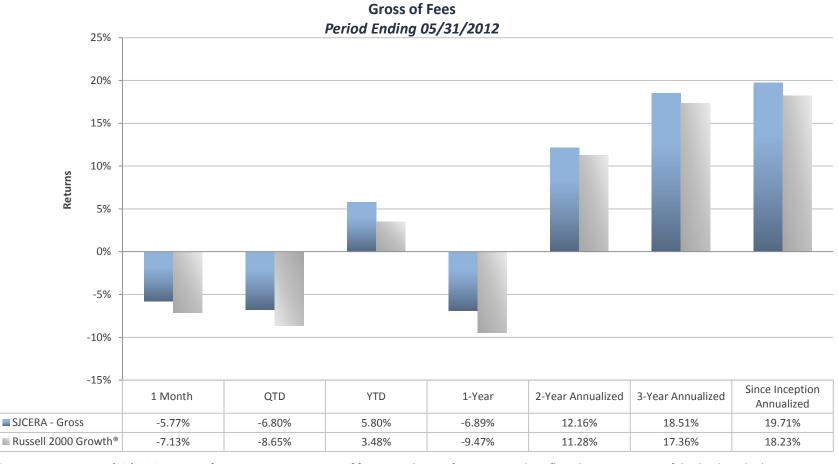
^{***} EAM Investors performance starts 4/6/2011



Investment Performance (estimated as of 5/31/2012)

The first two months of the second quarter have outperformed the benchmark gross of fees: -6.80% versus -8.65% for the Russell 2000 Growth® index. Since inception, the portfolio has outperformed the benchmark gross of fees, 19.71% versus 18.23%, annualized.

StanCERA Legato Small Cap Growth





Investment Performance as of 5/31/2012 (estimated)

		Market Value	1 Month	QTD	YTD	FYTD*	1-Year	2-Year Annualized	3-Year Annualized	Since Inception Annualized*
Fund:	Total Legato Portfolio-Gross	\$ 56,036,879.78	-5.77%	-6.80%	5.80%	-5.99%	-6.89%	12.16%	18.51%	19.71%
Benchmark:	Russell 2000 Growth®		-7.13%	-8.65%	3.48%	-7.49%	-9.47%	11.28%	17.36%	18.23%
Excess Return:			1.35%	1.85%	2.32%	1.50%	2.58%	0.89%	1.15%	1.48%
Sub-advisers:	CastleArk Management**	\$ 9,248,615.57	-8.39%	-9.26%	0.51%	-8.90%	-10.43%	10.28%	-	-
	EAM Investors ***	\$ 6,782,591.73	-8.41%	-9.45%	6.03%	-9.07%	-11.37%	-	-	-
	Lee Munder (Crosswind)**	\$ 11,516,022.35	-6.63%	-7.91%	6.87%	-12.47%	-14.34%	10.27%	-	-
	Riverbridge Partners	\$ 14,270,215.58	-2.91%	-4.54%	4.60%	-0.66%	-1.04%	14.42%	21.69%	21.31%
Step	hens Investment Management	\$ 14,219,434.56	-4.81%	-5.15%	9.81%	-1.80%	-3.10%	18.24%	22.54%	25.29%

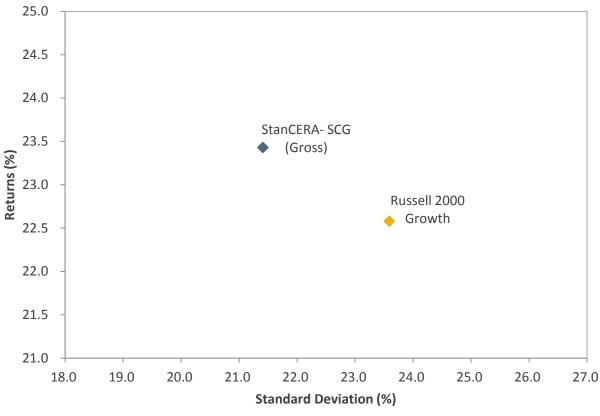
^{*} Portfolio inception date: 12/22/2008. Fiscal Year End June 30

^{**}CastleArk and Lee Munder performance starts 3/8/2010

^{***} EAM Investors performance starts 4/6/2011



Statistics Relative to Russell 2000 Growth Since Inception of Portfolio* Ending March 31, 2012



Information Sharpe **Alpha Tracking** Standard Correlation **Up Market Down Market** Returns Beta Deviation Ratio Ratio **Error** Capture Capture 23.43% 21.41% 0.90 1.09 2.58 0.90 0.99 3.61% 89.59 91.16 22.58% 23.59% 0.95 1.00 1.00 100.00 100.00

StanCERA- SCG (Gross)
Russell 2000 Growth



Attribution Analysis from 12/31/2011 to 3/31/2012

The portfolio's outperformance was the result of positive stock selection. Poor stock selection in healthcare was the biggest detractor to performance, while cash holdings also lagged in this up market. Stock selection in consumer discretionary and an underweight and good stock selection in financial services were the largest contributors to performance.

	PORTFOLIO)		BENCHMARK			ATTRIBUTION EFFECT		
Sector	Average Weight	Return	Contribution	Average Weight	Return	Contribution	Sector Allocation	Stock Selection	Total	
Total Portfolio	100.00	13.62	13.62	100.00	13.28	13.28	-0.19	0.53	0.34	
Consumer Discretionary	15.06	22.19	3.18	17.16	18.65	3.04	-0.09	0.46	0.37	
Consumer Staples	2.91	11.94	0.35	3.21	5.58	0.18	0.02	0.18	0.21	
Energy	6.45	6.65	0.49	8.94	6.58	0.66	0.15	-0.02	0.13	
Financial Services	7.00	11.78	0.83	9.38	10.03	0.94	0.10	0.12	0.22	
Health Care	21.22	13.92	2.99	19.88	16.00	3.12	0.03	-0.44	-0.42	
Materials & Processing	2.93	16.58	0.46	6.90	13.02	0.93	-0.01	0.08	0.07	
Producer Durables	16.84	12.10	2.02	14.12	10.70	1.52	-0.05	0.22	0.17	
Technology	23.54	13.62	3.15	19.37	14.21	2.83	0.00	-0.15	-0.14	
Utilities	1.19	11.61	0.14	1.06	5.36	0.06	-0.01	0.08	0.07	
Cash	2.86	0.02	0.00	0.00	0.00	0.00	-0.34	0.00	-0.34	

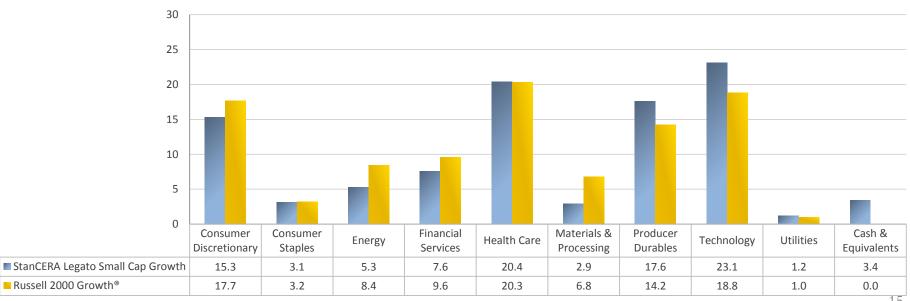
FactSet analysis includes cash & cash equivalents. Legato returns (from our GIPS® compliant performance system) differs from FactSet returns (from our attribution system) due to various factors. Among these are the way they treat large portfolio flows and corporate actions. Numbers may not add up due to rounding. Benchmark is Russell 2000 Growth® index.



Top Ten Holdings & Sector Allocation as of 3/31/2012

- The majority of the top holdings contributed negatively to relative performance
- The portfolio is overweight in producer durables and technology, and underweight in consumer discretionary, energy, financial services, and materials and processing

Company Name	Sector	StanCERA Legato Small Cap Growth	Weight in Russell 2000 Growth®	Contribution to Performance
Portfolio Recovery Associates Inc.	Financial Services	1.31%	0.47%	-0.08%
Cepheid	Health Care	1.22%	1.04%	0.05%
Ultimate Software Group Inc.	Technology	1.16%	0.72%	-0.01%
Knology Inc.	Consumer Discretionary	1.13%	0.19%	0.12%
HealthSouth Corp.	Health Care	1.10%	0.00%	0.02%
United Natural Foods Inc.	Consumer Staples	1.09%	0.86%	0.02%
Semtech Corp.	Technology	1.07%	0.71%	-0.01%
Geo Group Inc.	Producer Durables	1.02%	0.00%	0.00%
LKQ Corp.	Consumer Discretionary	1.02%	0.00%	-0.10%
National Instruments Corp.	Producer Durables	1.00%	0.00%	-0.03%
	Total:	11.13%	3.98	-0.02%





Top Portfolio Characteristics as of 3/31/2012

- The portfolio is broadly diversified with over 450 securities
- The weighted average and median market cap are higher than the benchmark's. EAM Investors manages a small allocation in micro cap stocks
- Valuation: Price/Book is lower, and forward Price/Earnings higher
- Growth: Long Term EPS Growth is higher
- Quality as measured by Return On Equity is lower and as measured by Total Debt/Equity is higher

Characteristic	StanCERA Legato Small Cap Growth	Russell 2000 Growth® Index
Number of Securities	455	1,145
Cash (%)	3.40	-
Weighted Average Market Cap (mm)	\$1,610	\$1,539
Median Market Cap (mm)	\$957	\$586
Dividend Yield	0.40	0.71
Price to Book	2.84	3.16
Price to Earnings	22.61	20.06
Price to Earnings using FY1 Est	19.18	17.81
EPS Growth (Historical 5 Year)	11.26	11.01
EPS Growth (Est. LTG)	19.03	17.86
PEG Ratio (Forecast 12-Month)	2.45	2.04
Price to Sales	1.08	1.28
Price to CF	9.96	9.55
ROE	10.42	12.43
Total Debt to Equity	0.24	0.38
Axioma- Predicted Beta	0.96	
Predicted Tracking Error (Std Dev)	2.52	



Portfolio Active Risk Exposures as of 3/31/2012

	Portfolio Exposure	Benchmark Exposure	Active Exposure	Percent Factor Contr. to Total Active Risk
<u>Style</u>	-0.58	-0.95	0.37	11.13
Exchange Rate Sensitivity	-0.25	-0.41	0.15	6.62
Short-Term Momentum	0.19	0.07	0.13	3.44
Medium-Term Momentum	0.17	0.08	0.08	0.43
Value	-0.35	-0.43	0.08	-0.36
Leverage	-0.30	-0.37	0.07	0.00
Volatility	0.54	0.52	0.02	-1.26
Size	-0.67	-0.68	0.02	-0.06
Liquidity	-0.10	-0.09	-0.01	0.09
Market Sensitivity	0.24	0.29	-0.05	2.11
Growth	-0.05	0.07	-0.11	0.12
ndustries	0.97	1.00	-0.03	28.95
Total				40.08



Section II.

Investment Philosophy and Process



Investment Philosophy & Process

Our Philosophy

We believe the greatest stability of alpha can be achieved by combining high conviction managers whose approaches are diversified

Our Mission

Engage the finest entrepreneurial talent and leverage their collective skill for the purpose of enhancing institutional investment performance

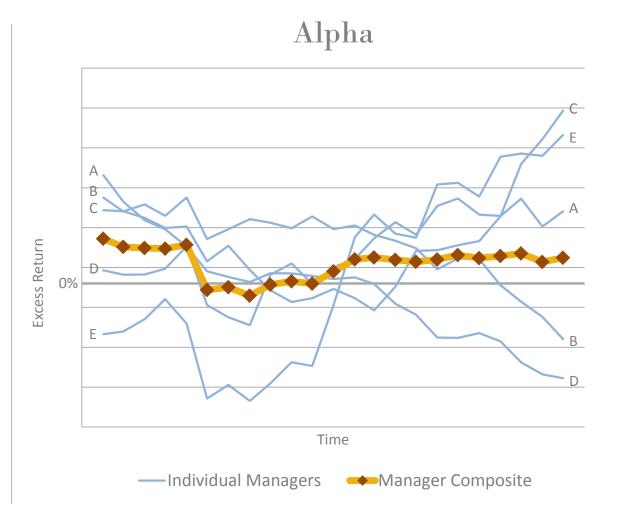
Long-Term Objective

Production of competitive, risk-adjusted returns while providing industryleading client service



Diversified Sources of Excess Return

Improved prospects for stable alpha generation through the *Diversification* of Sources of Excess Return





Reduction of Manager-Specific Risk

1

Reduction of Manager-Specific Risk and overall portfolio risk as measured by tracking error





Investment Philosophy & Process

Conviction Ranking

We assign each manager a
Conviction Ranking. Our
conclusions are not the result of
a simple averaging scheme, but
are based on our overall
assessment of an organization's
most powerful drivers.





Investment Philosophy & Process

Portfolio and Risk Management

Ongoing Portfolio and Risk Management

On-going Due Diligence

- Portfolio Monitoring
- Manager Meetings
- Revision of Conviction Rankings
- Performance and Risk Attribution
- Formal Quarterly Reviews

Risk Management

- Changes in Organization and Financial Stability
- Changes in Process and Execution
- Asset Growth Characteristics
- Style and Sector Exposures
- Tracking Error and Overall Risk Exposures

Rebalancing Procedures

- Changes in Conviction Ranking
- Target Allocation Drift
- Diversification and Risk Controls

Sell Discipline

- Inconsistent Implementation of the Investment Process
- Fundamental Changes in Ownership or Investment Team Personnel
- Unexplained Style Drift
- Capacity Constraints at the Individual Manager Level
- Consistent Underperformance









Section III.

Team and Organization



Organization





Organization & People

Investment Team Professionals

Victor L. Hymes CEO & Chief Investment Officer

Oberlin College, BM Stanford University, MBA

Years with the Firm: 8 Years of Experience: 29 Adam S. Lawlor, CFA Senior Vice President

University of Connecticut, BS

Years with the Firm: 8 Years of Experience: 20

Client Portfolio

Eric C. Pollack, CPA Senior Vice President

Hofstra University, BBA Pace University, MBA

Years with the Firm: 1 Years of Experience: 19

Douglas W. Porter, CFA, FRM CAIA Senior Vice President

University of Puget Sound, BA

Years with the Firm: 2 Years of Experience: 11



PORTFOLIO STRATEGY AND IMPLEMENTATION

Client Portfolio Guidelines and Restrictions

Governance

Incentive Structure

Proxy Voting and Best Execution

Background Checks

Qualitative Analysis

Construction

Transition Management

Performance Measurement and Monitoring



MANAGER RESEARCH AND DUE DILIGENCE

Quantitative Analysis

Risk Management

Trading

Initial Manager Funding

Stress Testing

Quarterly Investment Review

Portfolio Rebalancing

Focus List

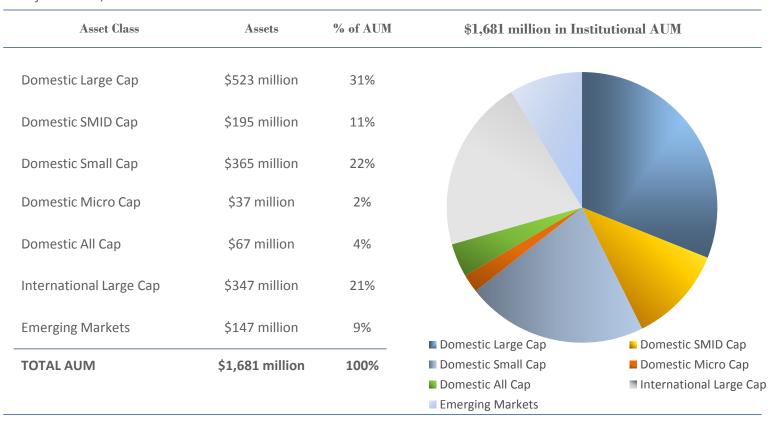
Manager Operational and Compliance Due Diligence



Firm Overview

Assets Under Management (AUM) by Strategy

As of March 31, 2012



Strategies: S&P 1500, Russell 1000, Russell 2500, Russell 2000, Russell 2000 Growth, Russell Micro Cap



Firm Overview Assets Under Management (AUM) by Client Type

Client Type	Assets	% of AUM	\$1,681 million in Institutional AUM
blic	\$1,317 million	78%	
rporate	\$57 million	3%	
undations & Endowments	\$231 million	14%	
surance	\$76 million	5%	
TAL AUM	\$1,681 million	100%	
			■ Public Foundations



Firm Overview Client List as of 03/31/2012

Institutional Focus

- Kaiser Foundation Hospitals
- CalPERS
- Southern California Edison
- San Joaquin County Employees' Retirement Association
- Stanislaus County Employees' Retirement Association
- San Diego County Employees Retirement Association
- Employees Retirement System of Texas
- Pacific Gas and Electric Company
- New York State Insurance Fund

MARKET UPDATE

FOR MAY 2012

U.S. EQUITY

Global equities lost nearly all of their 2012 gains in May, posting their largest monthly decline since last September. The Eurozone continues to be the center of investor fears as concerns escalated from Greece to Spain. This has sent Spanish government borrowing costs up over 1.7% in two months and its stock market to nine year lows. Asia and North America markets generally reported weaker than expected but still positive economic growth. Equity investors assumed a risk adverse posture as low beta and less volatile stocks enjoyed a significant return advantage, particularly in Europe and the U.S. Recession fears caused cyclical stocks to underperform. Investors were also weary of weakening Chinese growth and the safety of the U.S. banking sector. The lack of a consistent Eurozone political commitment and a comprehensive debt solution, will likely cause near-term anxiety in the markets, including the potential for a Greek exit from the Eurozone.

May was a poor month for equities and International was almost doubly as bad as Domestic. Value for the month outperformed growth and large caps once again outperformed small caps. The Russell 1000 Growth Index was down -6.4% for the month and the Russell 1000 Value Index was down -5.9%. The Russell 2000 Growth Index was down -7.1% and the Russell 2000 Value was down -6.1%. The S&P 500 Index ended the month down -6.0%.

The S&P 500 Index has a trailing 12-month P/E ratio of 15.0 (estimated P/E ratio of 12.6 on forward looking twelve-month operating earnings) and a dividend yield of 2.4%.

History suggests that the correction that occurred in May was due as the S&P 500 Index had experienced a 171-day rally without a 5% correction leading up to May.

Corporate merger highlights for the month included: Wolverine Worldwide partnered with Blum Capital and Golden Gate Capital to buy Payless shoe chain parent Collective Brands for about \$2 billion; Microchip Technology, a maker of microcontrollers and memory products, will buy Standard Microsystems; Ascena Retail will buy Charming Shoppes, the parent company of Lane Bryant, for \$890 million; Fresenius made a \$4.1 billion offer to buy Rhoen Klinikum that makes it the largest operator of private hospitals in Germany; Novartis will

pay \$1.5 billion for Fougera Pharmaceuticals to become the top seller of generic skin medications; Hutchinson Whampoa offered \$2.6 billion to acquire Irish phone company Eircom Group; Micron Technology won the right to negotiate exclusively to buy Elpida Memory after offering over \$2.5 billion for the failed Japanese chipmaker; The U.S. Treasury will sell \$5 billion of shares in AIG with the bailed-out insurer buying \$2 billion of the total; Japanese beer maker Asahi Group will acquire mill producer Calpis for \$1.5 billion; Bed, Bath & Beyond will buy home goods retailer Cost Plus World Market for about \$517 million; Hilltop will buy financial holding company PlainsCapital for \$520 million; Liberty Media will spend \$650 million to increase its effective control of Sirius XM Radio to 45%; Agilent Technologies will pay \$2.2 billion to buy Dako, a cancer diagnostic company based in Denmark; ArcelorMittal sold the Skyline Steel and Astralloy business in the NAFTA region to Nucor for \$605 million; Diversified industrial manufacturer Eaton will acquire electrical equipment maker Cooper Industries for \$11.8 billion; Chinese company Wanda will buy AMC, the 2nd largest theater chain in the U.S., for \$2.6 billon; Barclays, the U.K.'s 2nd largest bank, will sell its entire \$6.1 billion stake in U.S. asset manager BlackRock; DaVita will merge with HealthCare Partners, the largest operator of medical groups and physician networks in the U.S., in a deal worth \$4.42 billion; Blackstone Group will acquire Motel 6 and Studio 6, an extended-stay economy chain, from Accor for \$1.9 billion; SAP will buy software and information technology service company Ariba for about \$4.5 billion; Lehman Brothers will buy the remaining 26.5% of Archstone that it doesn't already own from Barclays Capital and Bank of America for \$1.6 billion; Interline Brands agreed to be acquired by GS Capital Partners, the direct private investment unit of Goldman Sachs in a deal valued at \$1.1 billion; Japanese trading house Marubeni will buy U.S. grains merchant Gavilon for \$3.6 billion; American Movil offered \$3.3 billion to boost its stake in Royal KPN to 28%; and, CGI Group, a Canadian provider of information technology services, will acquire rival Anglo-Dutch IT services firm Logica for \$2.6 billion.

FIXED INCOME

Employers decreased hiring for the third straight month, adding 115,000 workers in April, well below forecasts of 170,000. The May employment report was even a bigger

MARKET UPDATE

disappointment as payrolls rose just 69,000 and April's gains were revised down to a net 49,000.

The Commerce Dept. estimated that the U.S. economy grew at a slower than expected annual rate of 1.9% in the 1st quarter, down from the 2.2% rate initially reported. U.S. growth has moderated to about 2% as the peak effects of stimulation have passed and financial conditions have turned less stimulative.

Long-term interest rates were once again lower in the month of May. The bellwether 10-year Treasury note ended the month yielding 1.57% down sharply from 1.92% at the close of April. At month-end, the 30-year bond yield was 2.64% with the 3-month T-bill at 0.03%. The Barclays Capital US Aggregate Index was up +0.9% in May with Long U.S. Government the strongest sector up +7.2%.

Market participants will have to re-evaluate their stances on monetary policy with specific attention being paid to any hints from the U.S. Federal Reserve regarding plans after "Operation Twist" expires at the end of June.

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

THE GOOD

*The Institute for Supply Management reported that its index of national factory activity increased to 54.8 in April, the strongest rate in 10 months.

*The Commerce Dept. reported that U.S. wholesale inventories rose 0.3% in March to \$480.4 billion, while wholesale sales rose 0.5% to \$411.1 billion.

*The percentage of homeowners behind on their mortgage payments dropped to 5.78% in the 1st quarter, the lowest level since 2009.

*The U.S. Government posted a \$59.1 billion budget surplus in April, the first in more than three years. The CBO currently projects a deficit of \$1.2 trillion (7.6% of GDP) for fiscal 2012, compared to \$1.3 trillion (8.7% of GDP) in fiscal 2011.

*The Labor Dept. reported that producer prices fell a seasonally adjusted 0.2% in April to mark the biggest decline since October as a 1.4% drop in energy more than offset 0.2% gains in both food and core.

*The Labor Dept. reported that its Consumer Price Index was unchanged in April as households paid less for energy.

*The Commerce Dept. reported that housing starts rose 2.6% in April to a seasonally adjusted annual rate of 717,000 units.

*The Federal Reserve reported that production at the nation's mines, factories and utilities rose 1.1% in April, the largest gain since December 2010.

*The National Association of Realtors reported that existing home sales increased 3.4% to an annual rate of 4.62 million units in April, the highest since May 2010.

*The Commerce Dept. reported that new home sales increased 3.3% in April to a seasonally adjusted 343,000 unit annual rate.

*The median price of homes rose 1.8% to \$177,400 in April.

*The Commerce Dept. reported that durable goods orders rose a better-than-expected 0.2% to a seasonally adjusted \$215.5 billion in April.

The Univ. of Michigan consumer confidence index rose 2.9 points to 79.3 in May, the ninth consecutive increase and the highest level since October 2007.

THE NOT SO GOOD

*The Commerce Dept. reported that orders for manufactured goods dropped 1.5%, the biggest decline in 3 years as demand for transportation equipment and a range of other goods slumped.

*The Labor Dept. reported that productivity slipped at a 0.5% annual rate in the 1st quarter, after rising at an upwardly revised 1.2% rate in the 4th quarter of 2011.

*The Institute for Supply Management's services sector index dropped to 53.5% in April from 56.0% in March to mark the worst reading since December.

*The Federal Reserve reported that U.S. consumers increased their debt in March by a seasonally adjusted \$21.3 billion, the 7th straight monthly gain in consumer borrowing.

*The U.S. trade deficit increased a more-than-expected 14.1% to \$51.8 billion in March, the biggest jump in nearly a year as a 5.2% jump in imports more than offset a 2.9% gain in exports.

*The Philadelphia Federal Reserve reported that its manufacturing index sank to negative 5.8 in May from 8.5 in April, marking the first negative reading since September.

*The Conference Board reported that its index of leading indicators dipped 0.1% in April, the first decline since September.

MARKET UPDATE

*The Chicago Fed's national activity index 3-month average fell in April to a negative 0.06 from a plus 0.02 in March, the first negative reading since November.

*Personal income rose by 0.2% in April while personal consumption expenditures rose a slightly faster 0.3%. That combination pushed down the savings rate a tick to 3.4%, the lowest level so far in this recovery.

*The S&P/Case-Shiller index of property values fell 2.6% in March from a year earlier after a 3.5% drop in February, the slowest pace in more than a year.

The Conference Board reported that its index of consumer attitudes dropped from April's 68.7 to 64.9 in May, the lowest level in four months.

NON-U.S. MARKETS

Canadian GDP rose at a lackluster 1.9% annual rate for the second straight quarter in Q1. Final domestic demand rose a sluggish 1.3% overall.

As expected, the Bank of England left monetary policy unchanged with the Bank Rate held at 0.50% and the asset purchase target also left unchanged at 325 billion pounds, the level to which it was raised in February. Industrial production fell 0.3% in March. Retail sales plunged 2.3% in April, their largest decline in more than two years. GDP in the U.K. fell -0.3% in the first quarter, a tick worse than the preliminary print.

The European Commission issued its Spring Forecast projecting that euro zone GDP will contract by -0.3% in 2012 and then rises 1.0% in 2013. Manufacturing activity has weakened sharply in the euro zone over the last three months as the overall purchasing managers' index fell another 0.9 point in May to 45.0 and the lowest level since June 2009.

The European Central Bank's massive 600 billion euros in three-year liquidity is nearly exhausted, funding markets appear to be largely closed, and both bank and sovereign spreads are retracing their highs. Europe is once again facing a critical period of uncertainty and distress, most notably the ongoing question on whether Greece remains in the Eurozone and what is going to happen to Spain.

German factor orders rose a greater than expected 2.2% in March giving the encouraging impression that this leading indicator of industrial activity is stabilizing.

German industrial production also rose a greater than expected 2.8% in March, its largest gain since last July. German GDP rose 0.5% in the first quarter, unchanged from the preliminary estimate.

The Bank of Japan left its policy interest rate unchanged at 0.0-0.1%. The Japanese all-industry activity index fell 0.3% in March, the fourth decline in the last five months.

China's CPI inflation rate fell two ticks in April to 3.4% year-over-year. Since peaking at 6.5% last July, inflation has moderated significantly but appears now to be stabilizing just above 3.0%.

Non-U.S. equities were down sharply for the month of May. The MSCI ACWI Ex-U.S. was down -11.2% (US dollars) in May. Developed stocks (EAFE) were down -11.3% while Emerging Markets lost -11.2% for the month.

CONCLUSION

The cumulative divergences over the past five years between countries' stock markets has been huge. It can be partly explained by the differences in their indebtedness and their policy responses to these conditions. The U.S., which is in a deleveraging environment but has flexible exchange rate policies and quantitative easing, has consistently outperformed Japan and European developed countries.

The divergence between growth stocks and value stocks over this same 5-year period has also been quite large.

Clients are advised to remain true to rebalancing as these divergences have likely caused Non-US equities to be under targets and also value style to be under targets in relation to growth.

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending May-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	-6.18	-3.92	5.20	-1.87	11.65	15.38	-0.75	3.82	4.62
Russell TOP 200 Index	-5.91	-3.29	5.48	1.05	12.11	14.07	-1.03	3.13	3.46
Russell TOP 200 Growth Index	-6.03	-2.74	7.60	5.02	15.39	16.44	2.47	4.84	4.09
Russell TOP 200 Value Index	-5.79	-3.85	3.35	-2.78	8.87	11.68	-4.46	1.41	2.82
S&P 500 Index	-6,01	-3.53	5.16	-0.41	12.00	14.92	-0.92	3.52	4.14
Russell 1000 Index	-6.15	-3.77	5.35	-1.23	11.91	15.28	-0.75	3.76	4 52
Russell 1000 Growth Index	-6.41	-3.49	7.17	1.49	14.61	16.89	2.01	5.05	4.72
Russell 1000 Value Index	-5.86	-4.06	3.54	-3.88	9.28	13.66	-3.59	2.36	4.15
Russell Mid-Cap Index	-6.71	-4.93	5.01	-6.34	11.44	18.48	0.04	5.40	7.40
Russell Mid-Cap Growth Index	-7.36	-5.31	6.09	-6.31	13.01	18.45	1.17	5.83	7.00
Russell Mid-Cap Value Index	-6.05	-4.56	3.98	-6.36	10.06	18.57	-1.41	4.72	7.30
Russell 2000 Index	-6.62	-5.71	3.37	-8.88	8.73	16.47	-0.73	4.44	5.94
Russell 2000 Growth Index	-7.13	-6.80	3.48	-9.46	11.29	17.37	0.86	5.45	5.91
Russell 2000 Value Index	-6.11	-4.60	3.26	-8.28	6.17	15.48	-2.44	3.32	5.76
DJ US REIT Index	-4.56	3.46	8.88	3.75	17.09	29.59	-1.10	5.94	9.96
DJ-UBS US Commodity Index TR	-9.13	-13.26	-8.72	-22.88	1.28	1.01	-4.94	-0.39	4.60
DJ-UBS US Gold Index TR	-6.14	-8.85	-0.61	1.07	12.68	16.05	17.54	19.61	16.00
Non-US Indices Trailing Performance									
Annualized Performance to Date: Ending May-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years

Annualized Performance to Date: Ending May-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCLAC World Indox ov LISA	-11.25	-13.73	-2.66	-20.11	2.10	5.01	-5.12	3.80	6.11
MSCI AC World Index ex 05A	-8.88	-9.22	0.97	-11.81	6.57	9.38	-3.17	3.67	5.09
MSCI EAFE Index	-11.35	-13.34	-3.43	-20.08	2.42	3.87	-6.88	2.00	4.48
MSCI Emerging Markets index	-11.16	-15.12	0.20	-20.06	1.62	8.22	0.36	10.32	13.10
ML Global Government Bond Ex. U.S. Index	0.31	1.50	0.02	4.63	10.02	7.64	9.26	6.35	7.97
Euro	-6.58	-7.57	-4.75	-13.99	0.38	-4.41	-1.68	0.02	2.84
Japanese Yen	1.82	3.22	-1.88	3.60	7.75	6.77	9.21	4.65	4 70
UK Pound Sterling	-5.22	-3.65	-0.96	-6.49	2.92	-1.54	-4.89	-2.39	0.51

US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending May-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.01	0.03	0.03	0.05	0.11	0.12	1.06	2.03	1.88
BarCap Aggregate Bond Index	0.90	1.46	2.33	7.12	6.48	7.12	6.72	5.65	5.72
ML U.S. Corp/Govt Master Index	1.25	1.84	2.79	8.23	7.21	7 78	6.82	5.62	5.88
ML U.S. Corporate Master Index	0.58	1.26	4.35	7.70	8.72	11.55	7.21	5.98	6.54
BarCap Mortgage Backed Securities Inde	0.32	1.03	1.54	4.95	4.89	5.40	6.55	5.75	5.47
ML U.S. High Yield Master Index	-1.16	-0.25	4.89	3.48	10.51	16.37	7.27	8.06	8.73
JPM EMBI Global	NA	NA	NA	NA	NA	NA	NA	NA	NA

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STANCERA

MONTHLY PERFORMANCE REVIEW PERIOD ENDING MAY 31, 2012

PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

				POL	ICY
ASSET CLASS	MARKET VALUE		PERCENT	TARGET	RANGE
DOMESTIC EQUITIES	565,068,938		41.9%	40.9%	35.9% 45.9%
NTERNATIONAL EQUITIES	213,417,635		15.8%	19.0%	16.0% - 22.0%
FIXED INCOME	528,166,071		39.2%	37.1%	33.4% - 40.8%
SPECIAL SITUATIONS	30,384,738		2.3%	3.0%	2.0% 4.0%
SECURITY LENDING	(2,521 195)		-0.2%	0.0%	0.0% - 0.0%
CASH (equity managers only)	13,558,998		1.0%	0.0%	0.0% - 3.0%
OTAL PORTFOLIO	1,348,075,185		100.0%	100.0%	
		CURRENT	TARGET		
DODGE & COX - LARGE CAP VALUE	_	9.4%	9.8%		
BGI - R1000 VALUE INDEX		6.3%	6.0%		
DELAWARE - LARGE CAP GROWTH		8.3%	6.8%		
BGI - R1000 GROWTH INDEX		5.4%	5.0%		
CAPITAL PROSPECTS LEGATO CAPITAL		4.5% 4.2%	4.5%		
BNY - S&P 500 INDEX		4.5%	4.8%		
LSV ASSET MGMT INTL EQ		7.9%	9.5%		
PYRAMIS INTL EQ		8.3%	9.5%		
DODGE & COX FIXED INCOME		31.1%	29.6%		
PIMCO		8.1%	7.5%		
INVESCO - GLOBAL REIT		1.4%	1.5%		
RAFI - LONG SHORT		0.9%	1.5%		
SECURITY LENDING		-0.2%	0.0%		
TOTALS		100.0%	100.0%		



STANCERA

MONTHLY PERFORMANCE REVIEW PERIOD ENDING MAY 31, 2012

PRELIMINARY BASIS

GROWTH OF ASSETS AND CHANGES IN ALLOCATION

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
MARKET VALUE					
DOMESTIC EQUITIES	565,068,938	606,488,179	-6.83%	631,348,226	-10.50%
INTERNATIONAL EQUITIES	213,417,635	241,230,243	-11.53%	300,173,027	-28.90%
FIXED INCOME	528,166,071	528,756,489	-0 11%	468,806,339	12.66%
SPECIAL SITUATIONS	30,384,738	32,657,049	-6.96%	19,847,816	53.09%
SECURITIES LENDING	(2,521,195)	(2,651,393)	4.91%	(2,603,265)	3.15%
CASH (equity managers only)	13,558,998	10,379,496	30.63%	14,441,593	-6.11%
TOTAL PORTFOLIO	1,348,075,185	1,416,860,064	-4.85%	1,432,013,736	-5.86%
ASSET ALLOCATION (ACTUAL)		-*68.8	^	-1847	
DOMESTIC EQUITIES	41.92%	42.81%	-0.9%	44.09%	-2.2%
INTERNATIONAL EQUITIES	15.83%	17.03%	-1.2%	20.96%	-5.1%
FIXED INCOME	39.18%	37.32%	1.9%	32.74%	6.4%
SPECIAL SITUATIONS	2.25%	2.30%	-0.1%	1.39%	0.9%
SECURITY LENDING	-0.19%	-0.19%	0.0%	-0.18%	0.0%
CASH (equity managers only)	1.01%	0 73%	0.3%	1.01%	0.0%
TOTAL PORTFOLIO	100.0%	100.0%	0.0%	100.0%	0.0%
* % Change represents changes in cash balances, includir	ng cash transfers, and does not represent inve	estment returns			Page 2

STANCERA

MONTHLY PERFORMANCE REVIEW PERIOD ENDING MAY 31, 2012

PRELIMINARY BASIS

MANAGER ALLOCATION

			POLICY		
ASSET CLASS DOMESTIC EQUITIES 11 14 14 14 14 14 14 14 14 14 14 14 14	MARKET VALUE	PERCENT	TARGET	RANGE	
DODGE & COX LARGE CAP VALUE	127,245,964	9.4%	9.8%	7,8% - 11.8%	
BLACKROCK R1000 VALUE INDEX	84,985,885	6.3%	6.0%	5.0% - 7.0%	
DELAWARE LARGE CAP GROWTH	111,681,678	8.3%	6.8%	5.3% - 8.3%	
BLACKROCK - R1000 GROWTH INDEX	72,713,001	5.4%	5.0%	4.0% - 6.0%	
CAPITAL PROSPECTS - SMALL CAP VALUE	60,514,640	4.5%	4.5%	3.5% - 5.5%	
LEGATO CAPITAL SMALL CAP GROWTH	56,036,809	4.2%	4.0%	3.0% - 5.0%	
BNY S&P 500 INDEX	60,899,450	4.5%	4.8%	3.8% - 5.8%	
TOTAL DOMESTIC EQUITIES	574,077,428	42.6%	40.9%		
DXEDDNCOME					
DODGE & COX	419,270,329	31 1%	29.6%	27.1% - 32.1%	
PIMCO	108,895,741	8.1%	7.5%	6.0% - 9.0%	
TOTAL FIXED INCOME	528,166,071	39.2%	37.1%		
YTERNATIONAL INVESTMENTS					
LSV ASSET MGMT	106,306,853	7.9%	9,5%	8.0% - 11.0%	
PYRAMIS	111,661,290	8.3%	9,5%	8.0% - 11.0%	
TOTAL INTERNATIONAL EQUITIES	217,968,143	16.2%	19.0%		
reciau situations					
INVESCO (Global REITs)	18,515,316	1.4%	1.5%	0.0% - 3.0%	
RAFI (Global Long/Short Equity)	11,869,422	0.9%	1.5%	0.0% - 3.0%	
TOTAL SPECIAL SITUATIONS	30,384,738	2.3%	3.0%	0.0% - 3.0%	
ECURITIES LENDING	(2,521,195)	-0.2%	0.0%	0.0% - 0.0%	
OTAL StanCERA PORTFOLIO	1,348,075,185	100.0%	100.0%		

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STANCERA

MONTHLY PERFORMANCE REVIEW PERIOD ENDING MAY 31, 2012

	TOTAL FUND				
DOMESTIC EQUITIES ** A **	CASH	BONDS	EQUITIES	TOTAL	
DODGE & COX LARGE CAP VALUE	3,251,466		123,994,498	127,245,964	
BLACKROCK R1000 VALUE INDEX	6,244		84,979,641	84,985,885	
DELAWARE LARGE CAP GROWTH	1,975,884		109,705,794	111,681,678	
BLACKROCK - R1000 GROWTH INDEX	0		72,713,001	72,713,001	
CAPITAL PROSPECTS SMALL CAP VALUE	1,785,562		58,729,078	60,514,640	
LEGATO CAPITAL - SMALL CAP GROWTH	1,989,119		54,047,690	56,036,809	
BNY - S&P 500 INDEX	215	- I Wall to be	60,899,235	60,899,450	
TOTAL DOMESTIC EQUITIES	9,008,490		565,068,938	574,077,428	
FIXED INCOME TO THE TANK OF THE PARTY OF THE				No recent	
DODGE & COX	5,435,410	413,834,919		419,270,329	
PIMCO	12,683,545	96,212,197		108,895,741	
TOTAL FIXED INCOME	18,118,955	510,047 116		528,166,071	
INTERNATIONAL INVESTMENTS	* 1.50 S. S.	1 26		41. 1.7014	
LSV ASSET MGMT.	2,794,065		103,512,789	106,306,853	
PYRAMIS	1,756,443		109,904,846	111,661,290	
TOTAL INTERNATIONAL EQUITIES	4,550,508		213,417,635	217,968,143	
SPECIAL SITUATIONS	Başiralı, Dill	1,15,4		474-174-1	
INVESCO (Global REITs)	0		18,515,316	18,515,316	
RAFI (Global Long/Short Equity)	0		11,869,422	11,869,422	10
TOTAL SPECIAL SITUATIONS	0		30,384,738	30,384,738	
SECURITIES LENDING	(2,521,195)			(2,521,195)	
TOTAL STANCERA PORTFOLIO	29,156,758	510,047,116	808,871,311	1,348,075,185	

37.8%

60.0%

100.0%





STANCERA

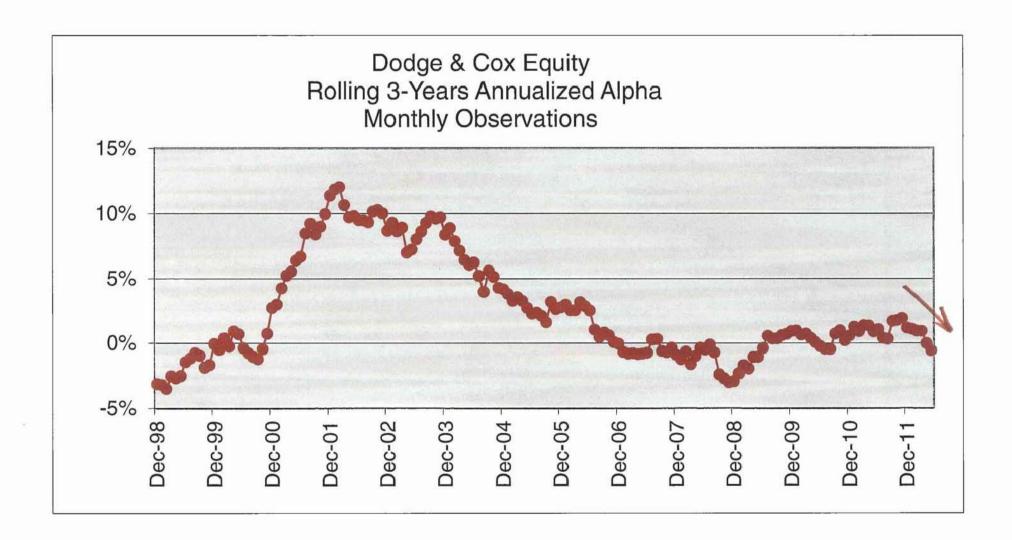
MONTHLY PERFORMANCE REVIEW PERIOD ENDING MAY 31, 2012 PRELIMINARY BASIS

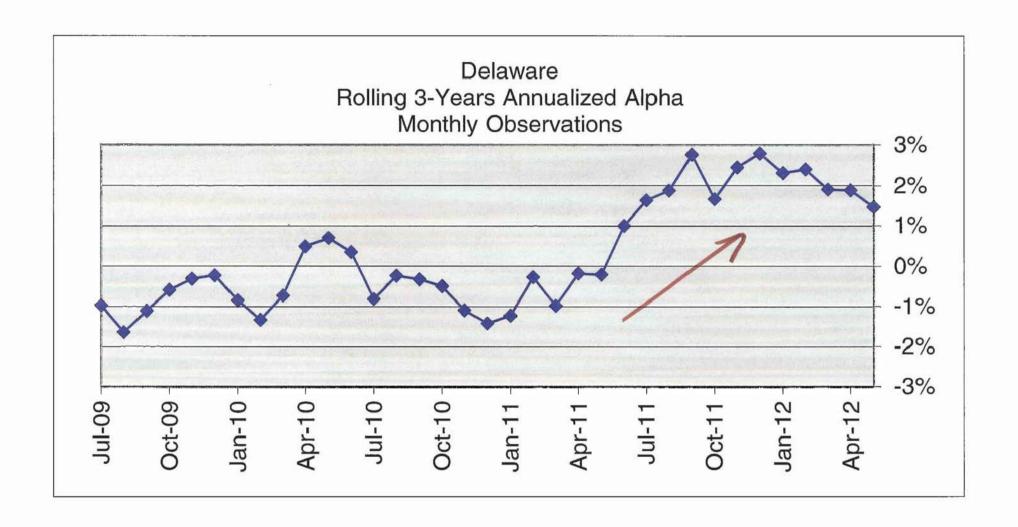
CURRENT PERFORMANCE

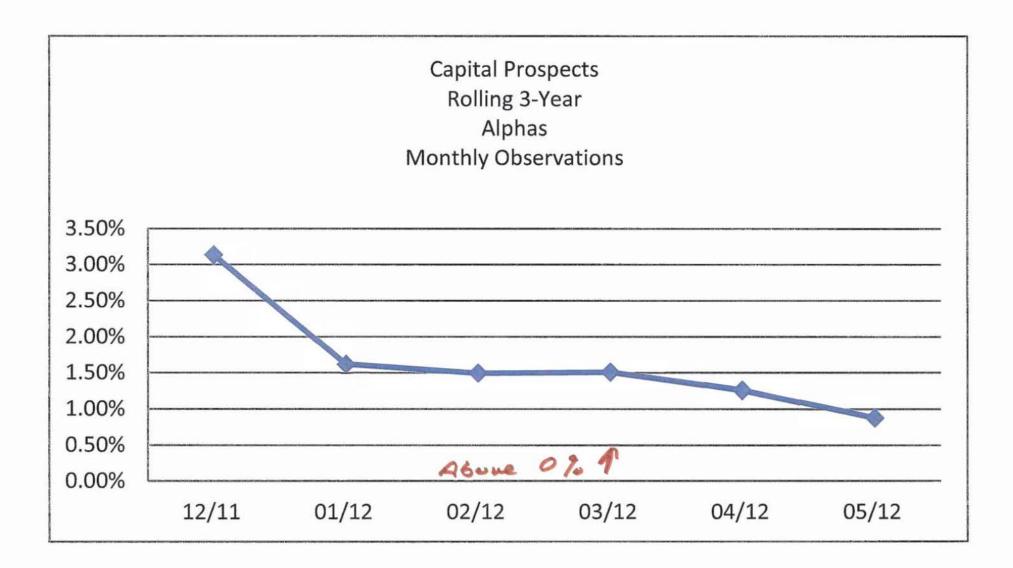
	MARKET VALUE	MAY	ALPHA	APR	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES DODGE & COX - LARGE CAP VALUE RUSSELL 1000 VALUE	123,994,498	-6.61% -5.86%	-0.75%	-1.04% -1.02%	-0.02%	-5.26% -1.85%	-3.41
BLACKROCK - R1000 VALUE INDEX RUSSELL 1000 VALUE	84,979,641	-5.86% -5.86%	0.00%	-1.01% -1.02%	0.01%	-1.78% -1.85%	0.07
DELAWARE - LARGE CAP GROWTH RUSSELL 1000 GROWTH	109,705,794	-6.42% -6.41%	-0.01%	-0.95% -0.15%	-0.80%	8.38% 4	5.419
BLACKROCK R1000 GROWTH INDEX RUSSELL 1000 GROWTH	72,713,001	-6.40% -6.41%	0.01%	-0.16% -0.15%	-0.01%	3.07% 2.97%	0.105
CAPITAL PROSPECTS RUSSELL 2000 VALUE	58,729,078	-6.15% -6.11%	-0.04%	-1.03% -1.45%	0.42%	-5.00% -5.67%	0.67%
LEGATO CAPITAL RUSSELL 2000 GROWTH	54,047,690	-5.78% -7.13%	1.35%	-1.10% -1.64%	0.54%	-6.00% -7.49%	1.499
BNY - S&P 500 INDEX S&P 500	60,899,235	-6.01% -6.01%	0.00%	-0.65% -0.63%	-0.02%	1.27%	-0.019
TOTAL DOMESTIC EQUITY Flussell 3000 Index	565,068,938	-6.25% -6.18%	-0.07%	-0.87% -0.66%	-0.21%	-0.81% -0.08%	-0.73%
FIXED INCOME DODGE & COX BARCLAYS US AGGREGATE BOND	419,270,329	0.17% 0.90%	-0.73%	0.91% 1.11%	-0.20%	6.21% 7.43%	-1.229
PIMCO BARCLAYS US AGGREGATE BOND	108,895,741	1.11% 0.90%	0.21%	1.36% 1.11%	0.25%	8.64% 7.43%	1,219
TOTAL FIXED INCOME BARCLAYS US AGGREGATE BOND	528,166,071	0.36% 0.90%	-0.54%	1.00% 1.11%	-0.11%	6.58% 7.43%	-0.85%
INTERNATIONAL INVESTMENTS			J. "Hr." De				
LSV ASSET MGMT MSCI ACWI Free ex-US	103,512,789	-11.16% -11.25%	0.09%	-2.32% -1.49%	-0.83%	-19.97% -19.04%	-0.937
PYRAMIS MSCI ACWI Free ex-US	109,904,846	-11.12% -11.25%	0.13%	-2.22% -1.49%	-0.73%	• -17.32% -19.04%	1,729
TOTAL INTERNATIONAL EQUITY MSCI ACWI Free ex-US	213,417,635	-11.14% -11.25%	0.11%	-2.27% -1.49%	-0.78%	-18.60% -19.04%	0.449
SPECIAL SITUATIONS INVESCO FISE EPRANAREIT Global REIT	18,515,316	-6.11% -6.34%	0.23%	1.93% 2.35%	-0.42%	-4.33% -3.92%	1
RAFI - LS US 1- month LIBOR	11,869,422	-8.25% 0.00%	-8.25%	-12.19% 0.00%	-12.19%	-40.65% 0.04%	-40.699
SECURITIES LENDING BNY MELLON	(2,521,195)						.,, 'dde', .,
CASH and SHORT-TERM INVESTMENTS CASH 90 DAY TREASURY BILL	13,558,998	0.01% 0.01%	0.00%	0.01% -0.01%	0.02%	0.09%	0.05%
TOTAL StanCERA Fund Policy Index	1,348,075,185	-4.87% -4.45%	-0.42%	-0.52% -0.15%	-0.37%	-2.53% -1.16%	-1,379
Actuary Rate of Assumption (8.00%) Actuary Rate of Inflation (3.50%)		0.66% 0.29%	-5.53% -5.16%	0.66% 0.29%	-1.18% -0.81%	7.34% 3.21%	-9.87% -5.74% Page 9

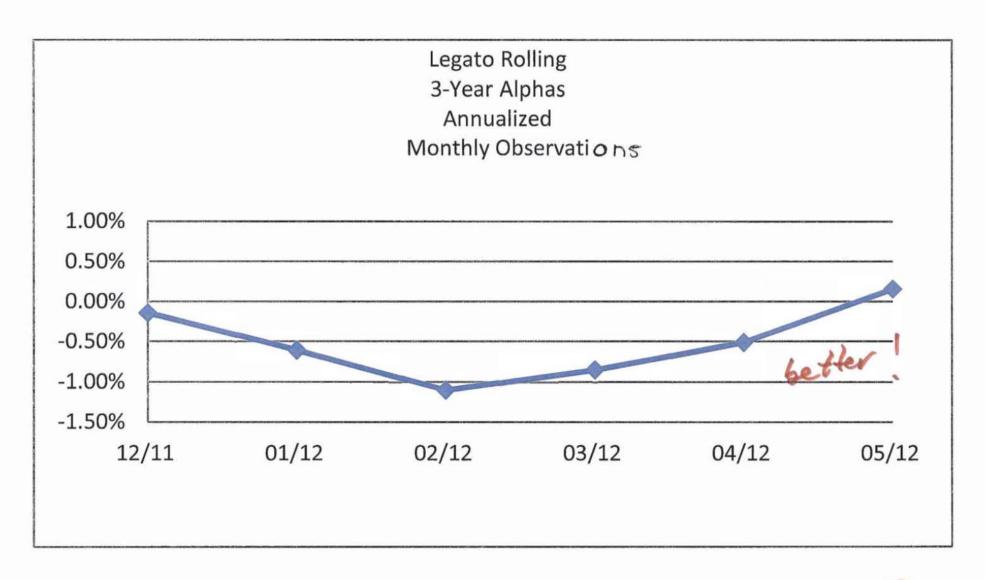
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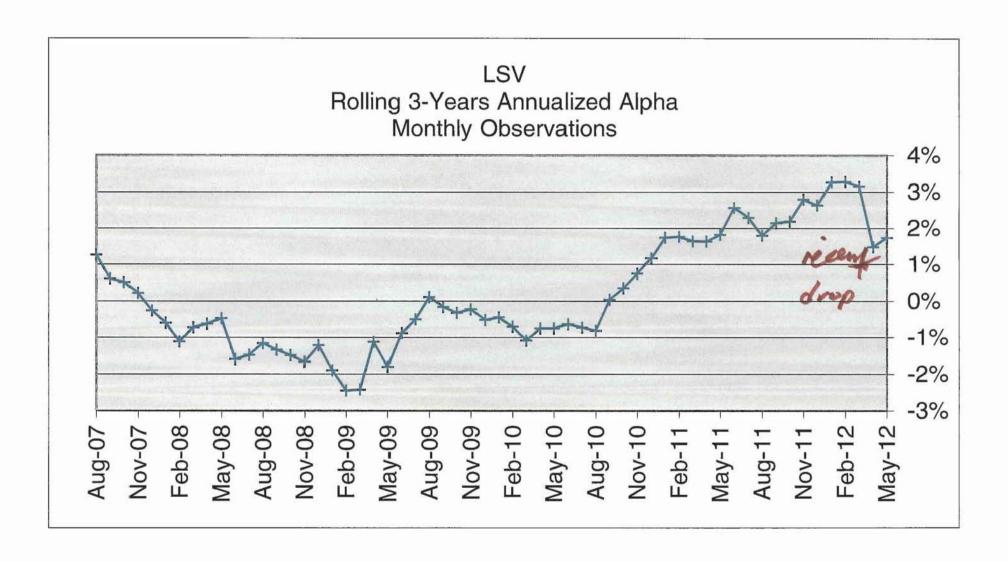


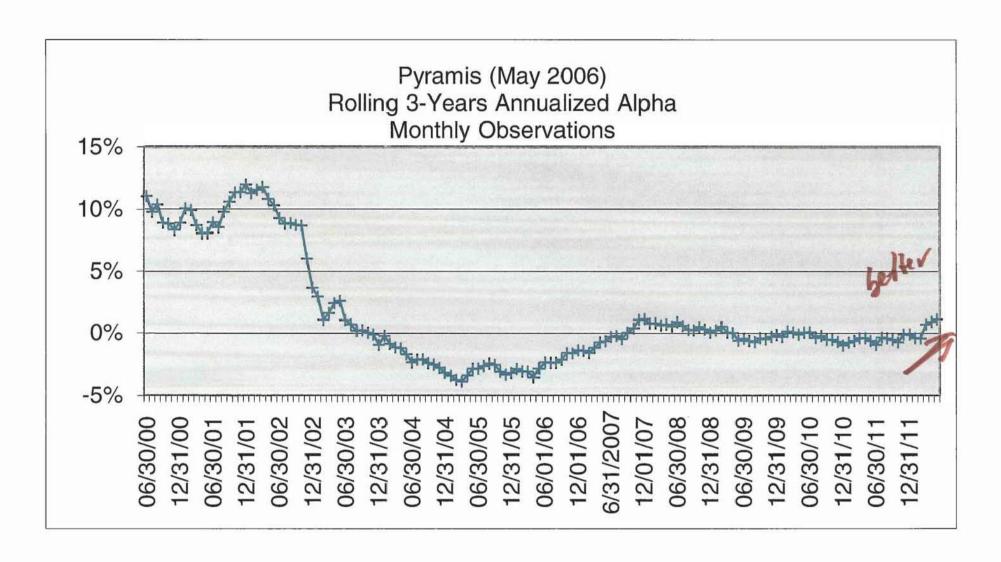


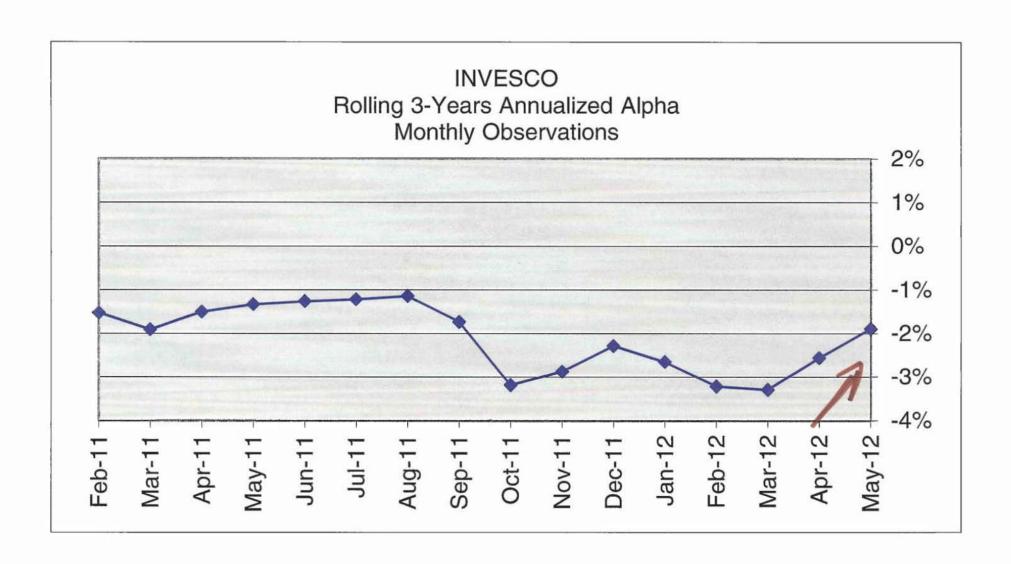


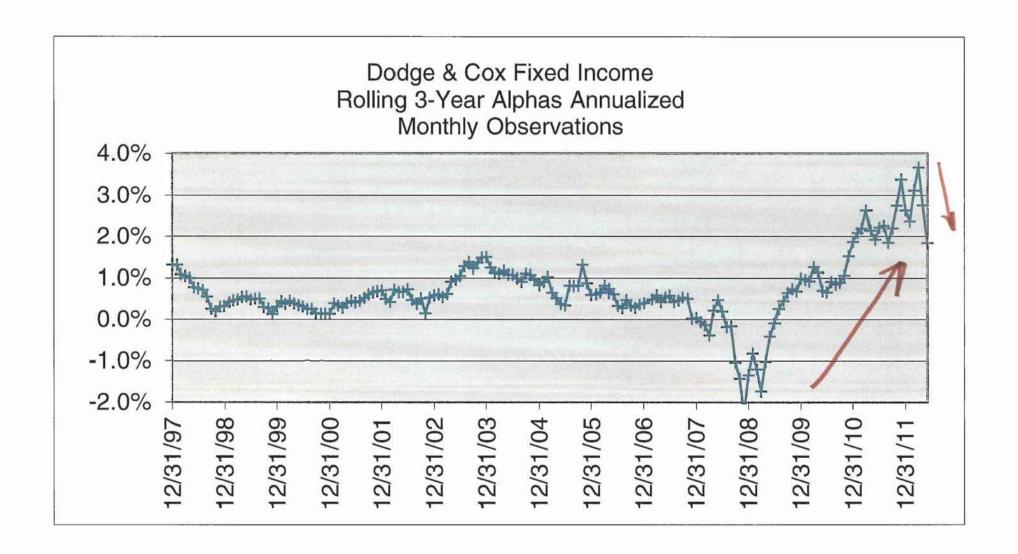












06/26/12 Item #8b

STANCERA Price Monitor Position Report

BlackRock Passive Large Cap Growth Manager Positions as of May 31, 2012

			\$ Value	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	# Shares	Position	Manager	StanCERA	\$ PX	\$ PX	% Change	% Change
Apple Inc.	AAPL	9,679	\$5,591,630	7.69%	0.41%	577.73	574.13	-0.62%	-2.20%
Exxon Mobil Corp	XOM	38,470	\$3,024,861	4.16%	0.22%	78.63	83.22	5.84%	4.26%
INTL Business Machines	IBM	13,155	\$2,537,684	3.49%	0.19%	192.90	199.1	3.21%	1.63%
Microsoft Corp.	MSFT	80,460	\$2,348,630	3.23%	0.17%	29.19	30.02	2.84%	1.26%
Coca-Cola Co.	KO	21,357	\$1,585,143	2.18%	0.12%	74.22	76.09	2.52%	0.94%
Google Inc.	GOOG	2,579	\$1,497,888	2.06%	0.11%	580.86	564.51	-2.81%	-4.39%
Philip Morris Intl.	PM	17,552	\$1,483,345	2.04%	0.11%	84.51	87.73	3.81%	2.23%
Pepsico Inc.	PEP	17,040	\$1,156,137	1.59%	0.09%	67.85	69.48	2.40%	0.82%
Oracle Corp	ORCL	42,304	\$1,119,780	1.54%	0.08%	26.47	27.70	4.65%	3.07%
Qualcomm, Inc.	QCOM	17,382	\$996,168	1.37%	0.07%	57.31	56.50	-1.41%	-2.99%
TOP TEN HOLDINGS			\$21,341,266	29.35%	1.58%	Russell 1000 G	rowth:	1.58%	

Total Portfolio Value Total StanCERA Value **\$72,713,001** \$1,348,075,185

BlackRock Passive Large Cap Value Manager Positions as of May 31, 2012

			\$ Value	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	# Shares	Position	Manager	StanCERA	\$ PX	\$ PX	% Change	% Change
GENERAL ELECTRIC CO	GE	140,233	\$2,677,055	3.15%	0.20%	19.09	20.00	4.77%	1.91%
AT&T INC	Т	32,853	\$1,122,586	3.14%	0.08%	34.17	35.71	4.51%	1.65%
CHEVRON CORP	CVX	11,459	\$1,126,567	2.93%	0.08%	98.31	104.33	6.12%	3.26%
PFIZER INC	PFE	97,538	\$2,133,146	2.51%	0.16%	21.87	22.61	3.38%	0.52%
PROCTER & GAMBLE CO	PG	33,154	\$2,065,157	2.43%	0.15%	62.29	62.88	0.95%	-1.91%
WELLS FARGO & CO	WFC	58,337	\$1,869,689	2.20%	0.14%	32.05	32.45	1.25%	-1.61%
BERKSHIRE HATHAWAY INC	BRK/B	10,183	\$808,103	2.14%	0.06%	79.36	82.57	4.04%	1.18%
JOHNSON & JOHNSON	JNJ	12,880	\$804,122	2.14%	0.06%	62.43	66.01	5.73%	2.87%
JPMORGAN CHASE & CO	JPM	25,098	\$831,988	2.06%	0.06%	33.15	35.03	5.67%	2.81%
INTEL CORP	INTL	94,377	\$1,725,213	2.03%	0.13%	18.28	19.34	5.80%	2.94%
TOP TEN HOLDINGS			\$15,163,627	24.73%	1.13%	Russell 1000 Va	alue	2.86%	

Total Portfolio Value Total StanCERA Value **\$84,985,885** \$1,348,075,185

Capital Prospects Active US Small Cap Value Manager Positions as of May 31, 2012

			\$ Value	Weight	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	# Shares	Position	Manager	StanCERA	R2000V	\$ PX	\$ PX	% Change	% Change
Regal Beloit Corp	RBC	14,301	\$862,213	1.42%	0.06%	0.00%	60.29	61.84	2.57%	1.26%
The Brink's Co	BCO	32,548	\$741,123	1.22%	0.05%	0.03%	22.77	22.32	-1.98%	-3.29%
Hanesbrands Inc	HBI	26,083	\$726,660	1.20%	0.05%	0.00%	27.86	29.04	4.24%	2.93%
Littelfuse Inc	LFUS	11,888	\$684,057	1.13%	0.05%	0.03%	57.54	58.24	1.22%	-0.09%
Meredith Corp	MDP	22,539	\$666,932	1.10%	0.05%	0.19%	29.59	30.65	3.58%	2.27%
Belden Inc	BDC	20,963	\$654,042	1.08%	0.05%	0.04%	31.20	32.80	5.13%	3.82%
Newell Rubbermaid Inc	NWL	35,510	\$653,377	1.08%	0.05%	0.00%	18.40	18.49	0.49%	-0.82%
Polyone Corporation	POL	46,382	\$611,319	1.01%	0.05%	0.06%	13.18	13.20	0.15%	-1.16%
Meadowbrook	MIG	64,238	\$571,077	0.94%	0.04%	0.08%	8.89	8.82	-0.79%	-2.10%
A. O. Smith Corp	3SM.F	15,067	\$545,116	0.90%	0.04%	0.31%	36.18	37.15	2.68%	1.37%
TOP TEN HOLDINGS			\$6,715,915	11.10%	0.50%	0.74%	Russell 2000 Valu	ie:	1.31%	

Total Portfolio Value Total StanCERA Value \$60,514,640

\$1,348,075,185

Delaware Investments Advisers Active Large Cap Growth Portfolio Positions as of May 31, 2012

			\$ Value	Weight	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	# Shares	Position	Manager	StanCERA	R1000G	\$ PX	\$ PX	% Change	% Change
Apple Inc.	AAPL	16,900	\$9,765,446	8.74%	0.72%	7.84%	577.73	574.13	-0.62%	-2.20%
Crown Castle International Corp.	CCI	105,800	\$5,777,740	5.17%	0.43%	0.23%	54.60	57.75	5.77%	4.19%
Visa Inc.	V	49,250	\$5,674,658	5.08%	0.42%	0.29%	115.20	118.40	2.78%	1.20%
MasterCard Inc. CI A	MA	13,725	\$5,580,398	5.00%	0.41%	0.64%	406.51	426.69	4.96%	3.38%
QUALCOMM Inc.	QCOM	97,100	\$5,565,768	4.98%	0.41%	1.40%	57.31	56.50	-1.41%	-2.99%
EOG Resources Inc.	EOG	54,950	\$5,457,549	4.89%	0.40%	0.39%	99.30	96.64	-2.68%	-4.26%
Allergan Inc.	AGN	57,400	\$5,181,248	4.64%	0.38%	0.40%	90.25	92.45	2.44%	0.86%
priceline.com Inc.	PCLN	7,800	\$4,879,708	4.37%	0.36%	0.46%	625.49	673.50	7.68%	6.10%
Google Inc. CI A	GOOG	7,700	\$4,473,410	4.01%	0.33%	2.15%	580.86	564.51	-2.81%	-4.39%
Intuit Inc.	INTU	77,700	\$4,369,881	3.91%	0.32%	0.25%	56.23	58.32	3.72%	2.14%
TOP TEN HOLDINGS			\$56,725,805	50.79%	4.21%	14.05%	Russell 1000 Gro	wth:	1.58%	

6/15/2012

Total Portfolio Value Total StanCERA Value **\$111,681,678** \$1,348,075,185

Dodge & Cox Equity Active US Large Cap Value Manager Positions as of May 31, 2012

			\$ Value	Weight	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	# Shares	Position	Manager	StanCERA	R1000V	\$ PX	\$ PX	% Change	% Change
COMCAST CORP-CLASS A	CMCSA	200,063	\$5,783,821	4.55%	0.43%	0.70%	28.91	31.09	7.54%	4.68%
WELLS FARGO & CO	WFC	160,072	\$5,130,307	4.03%	0.38%	2.20%	32.05	32.45	1.25%	-1.61%
CAPITAL ONE FINANCIAL CORP	COF	92,500	\$4,751,725	3.73%	0.35%	0.40%	51.37	53.81	4.75%	1.89%
HEWLETT-PACKARD CO	HPQ	205,005	\$4,649,513	3.65%	0.34%	0.70%	22.68	21.64	-4.59%	-7.45%
MERCK & CO. INC.	MRK	122,500	\$4,603,550	3.62%	0.34%	1.80%	37.58	38.94	3.62%	0.76%
GENERAL ELECTRIC CO	GE	230,000	\$4,390,700	3.45%	0.33%	3.10%	19.09	20.00	4.77%	1.91%
TIME WARNER INC	TWX	100,032	\$3,448,103	2.71%	0.26%	0.50%	34.47	36.42	5.66%	2.80%
GLAXOSMITHKLINE PLC-SPON ADR	GSK	77,500	\$3,418,525	2.69%	0.25%	-	44.11	45.07	2.18%	-0.68%
MICROSOFT CORP	MSFT	115,000	\$3,356,850	2.64%	0.25%	-	29.19	30.02	2.84%	-0.02%
PFIZER INC	PFE	153,100	\$3,348,297	2.63%	0.25%	2.60%	21.87	22.61	3.38%	0.52%
TOP TEN HOLDINGS	•		\$42,881,391	34.70%	3.18%	12.00%	Russell 1000 Valu	ie:	2.86%	

Total Portfolio Value Total StanCERA Value \$127,245,964

\$1,348,075,185

Legato Capital Management Active US Small Cap Growth Manager Positions as of May 31, 2012

			\$ Value	Weight	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	# Shares	Position	Manager	StanCERA	R2000G	\$ PX	\$ PX	% Change	% Change
ULTIMATE SOFTWARE GROUP INC	ulti	10,578	\$849,731	1.52%	0.06%	0.37%	80.33	87.40	8.80%	7.44%
PORTFOLIO RECOVERY ASSOCIATES I	praa	11,521	\$796,216	1.42%	0.06%	0.21%	69.11	76.35	10.48%	9.12%
LKQ CORP	lkqx	19,740	\$719,326	1.28%	0.05%	-	36.44	35.26	-3.24%	-4.60%
UNITED NATURAL FOODS INC	unfi	13,757	\$697,480	1.24%	0.05%	0.44%	50.70	51.13	0.85%	-0.51%
CEPHEID INC	cphd	17,616	\$666,413	1.19%	0.05%	0.44%	37.83	39.88	5.42%	4.06%
GEO GROUP INC	geo	30,011	\$653,039	1.17%	0.05%	-	21.76	21.57	-0.87%	-2.23%
HEALTHSOUTH CORP	hls	30,923	\$591,866	1.06%	0.04%	-	19.14	21.11	10.29%	8.93%
ROLLINS INC COM	rol	26,442	\$561,628	1.00%	0.04%	0.24%	21.24	21.77	2.50%	1.14%
NATIONAL INSTRUMENTS CORP	nati	21,095	\$549,314	0.98%	0.04%	-	26.04	26.25	0.81%	-0.55%
SEMTECH CORP	smtc	22,577	\$543,880	0.97%	0.04%	0.28%	24.09	23.96	-0.54%	-1.90%
TOP TEN HOLDINGS			\$6,628,893	11.83%	0.49%	1.98%	Russell 2000 Grow	vth:	1.36%	

Total Portfolio Value Total StanCERA Value **\$ 56,036,809** \$1,348,075,185

BNY - S&P 500 Index Passive S&P 500 Index Fund Positions as of May 31, 2012

			\$ Value	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	# Shares	Position	Manager	StanCERA	\$ PX	\$PX	% Change	% Change
Apple Inc.	AAPL	4,670	\$2,697,846	4.43%	0.20%	577.73	574.13	-0.62%	-3.10%
Exxon Mobil Corp	XOM	24,862	\$1,954,872	3.21%	0.15%	78.63	83.22	5.84%	3.36%
INTL Business Machines	IBM	5,967	\$1,151,000	1.89%	0.09%	192.90	199.1	3.21%	0.73%
Microsoft Corp.	MSFT	38,597	\$1,126,640	1.85%	0.08%	29.19	30.02	2.84%	0.36%
General Electric Co	GE	55,827	\$1,065,740	1.75%	0.08%	19.09	20	4.77%	2.29%
AT&T	T	30,833	\$1,053,560	1.73%	0.08%	34.17	35.71	4.51%	2.03%
Chevron Corp	CVX	10,531	\$1,035,291	1.70%	0.08%	98.31	104.33	6.12%	3.64%
Johnson & Johnson	JNJ	14,535	\$907,402	1.49%	0.07%	62.43	66.01	5.73%	3.25%
Procter & Gamble	PG	13,883	\$864,772	1.42%	0.06%	62.29	62.88	0.95%	-1.53%
Wells Fargo	WFC	26,982	\$864,772	1.42%	0.06%	32.05	32.45	1.25%	-1.23%
TOP TEN HOLDINGS			\$12,721,895	20.89%	0.94%	S&P 500 Index:		2.48%	

Total Portfolio Value Total StanCERA Value **\$60,899,450** \$1,348,075,185

LSV Asset Management International Large Cap Value Positions as of May 31, 2012

				\$ Value	Weight	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	Market	# Shares	Position	Manager	StanCERA	ACWI xUS	PX	PX	% Change	% Change
ROYAL DUTCH SHELL PLC	RDS/A	London	47,743	\$3,072,268	2.89%	0.23%	2.97%	64.35	68.83	6.96%	4.13%
SANOFI S.A.	SNY	Paris	62,478	\$2,126,137	2.00%	0.16%	0.58%	34.03	35.49	4.29%	1.46%
ASTRAZENECA PLC	AZN	London	42,881	\$1,732,802	1.63%	0.13%	0.39%	40.41	41.79	3.41%	0.58%
NOVARTIS AG	NVS	Switzerland	32,895	\$1,711,540	1.61%	0.13%	0.91%	52.03	53.68	3.17%	0.34%
COMPANIA SANEAMENTO BASICO EST	SBS	Brazil	23,935	\$1,669,018	1.57%	0.12%	0.03%	69.73	74.07	6.22%	3.39%
CHINA PETROLEUM & CHEMICAL CORP	SNP	Hong Kong	17,865	\$1,594,603	1.50%	0.12%	0.11%	89.26	90.55	1.45%	-1.38%
VODAFONE GROUP PUBLIC LIMITED CC	VOD	London	60,617	\$1,562,711	1.47%	0.12%	1.00%	25.78	27.54	6.83%	4.00%
ENI - ENTE NAZIONALE IDROCARBURI	ENI	Italy	85,911	\$1,477,665	1.39%	0.11%	0.35%	17.20	17.46	1.51%	-1.32%
CANADIAN IMPERIAL BANK OF COMMER	СМ	Canada	20,488	\$1,424,512	1.34%	0.11%	0.21%	69.53	70.04	0.73%	-2.10%
BT GROUP PLC	BT	London	43,724	\$1,392,620	1.31%	0.10%	0.19%	31.85	31.68	-0.53%	-3.36%
TOP TEN HOLDINGS				\$17,763,875	16.71%	1.32%	6.74%	MSCI ACWI e	x-U.S.	2.83%	

Total Portfolio Value Total StanCERA Value **\$106,306,853** \$1,348,075,185

Pyramis Global Advisors Active Non-US Growth Manager Positions as of May 31, 2012

				\$ Value	Weight	Weight	Weight	5/31/2012	6/15/2012	Position	Relative
Company	Symbol	Market	# Shares	Position	Manager	StanCERA	ACWI xUS	\$ PX	\$PX	% Change	% Change
ROYAL DUTCH SHELL PLC CL A(NL)	B09CBL4	Amsterdam	58095	\$1,798,655	1.61%	0.13%	1.49%	62.18	66.52	6.98%	4.15%
NESTLE SA (REG)	7123870	Switzerland	30756	\$1,743,027	1.56%	0.13%	1.41%	56.65	58.88	3.94%	1.11%
VODAFONE GROUP PLC	B16GWD5	London	535681	\$1,426,936	1.28%	0.11%	1.01%	26.79	27.54	2.80%	-0.03%
BP PLC	798059	London	225629	\$1,371,938	1.23%	0.10%	0.87%	36.46	40.21	10.29%	7.46%
SAMSUNG ELECTRONICS CO LTD	6771720	So. Korea	1290	\$1,323,918	1.19%	0.10%	0.85%	1026.05	1031.13	0.50%	-2.33%
SANOFI	5671735	Paris	17956	\$1,221,576	1.09%	0.09%	0.58%	34.03	35.49	4.29%	1.46%
BRITISH AMER TOBACCO PLC (UK)	287580	London	24300	\$1,144,372	1.02%	0.08%	0.70%	94.08	97.93	4.09%	1.26%
ROCHE HLDGS GENUSSSCHEINE	7110388	Switzerland	7146	\$1,115,267	1.00%	0.08%	0.82%	39.17	41.20	5.18%	2.35%
TORONTO-DOMINION BANK	2897222	Canada	13000	\$992,775	0.89%	0.07%	0.52%	76.37	77.30	1.22%	-1.61%
GLAXOSMITHKLINE PLC	925288	London	44789	\$991,705	0.89%	0.07%	0.84%	44.11	45.07	2.18%	-0.65%
TOP TEN HOLDINGS	•			\$13,130,168	11.73%	0.97%	9.09%	MSCI ACWI e	x-US:	2.83%	

Total Portfolio Value
Total StanCERA Value

\$111,661,290 \$1,348,075,185

1.004954583