



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

Phone (209) 525-6393
Fax (209) 558-5976
www.stancera.org
e-mail: retirement@stancera.org

AGENDA

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

July 22, 2014
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.

AUDIO: All Board of Retirement regular meetings are audio recorded. Audio recordings of the meetings are available after the meetings at <http://www.stancera.org/sections/aboutus/agendas>.

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 July 9, 2014, Administrative Meeting Minutes [View](#)
 - b. Approval of the StanCERA's Holiday Closure Schedule [View](#)

6. Annual Update and Review – Jackson Square Partners [View](#)
 - a. Quarterly Value Added Report [View](#)
7. Strategic Investment Solutions (SIS), Inc.
 - a. Monthly Performance Review for the Month Ending June 30, 2014 [View](#)
 - b. Report on “Top 10 Holdings” by StanCERA Investment Managers as of June 30, 2014 [View](#)
 - c. Discussion and Action Regarding Infrastructure Investment Option [View](#)
8. Executive Director
 - a. Discussion and Action Regarding Investment Policy Change [View](#)
9. Correspondence
 - a. Letter Dated July 16, 2014 from White Oak Global Advisors, LLC [View](#)
10. Closed Session
 - a. Discussion and Action Regarding Allocation of StanCERA’s Real Estate Assets Government Code Section 54956.81
 - b. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees’ Retirement Association v. Buck Consultants, LLC,
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)
 - c. Conference with Legal Counsel – Pending Litigation – One Case:
O’Neal et al v. Stanislaus County Employees’ Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
 - d. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate
District, Case No. H038894 Government Code Section 54956.9(d)(1)

Board of Retirement Agenda
July 22, 2014

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



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PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

July 9, 2014

Members Present: Gordon Ford, Maria De Anda, Donna Riley, Jason Gordo
Mike Lynch, Jim DeMartini, Jeff Grover, Darin Gharat
and Michael O'Neal

Alternate Member Present: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Kellie Gomes, Executive Board Secretary
Dawn Lea, Benefits Manager
Kathy Herman, Operations Manager
Natalie Elliot, Accountant

Others Present: Fred Silva, General Legal Counsel

1. Meeting called to order at 2:01 p.m. by Gordon Ford, Chair.

2. **Roll Call**

3. **Announcements**

Director announced that Strategic Objective #1 from StanCERA's 2014-2016 Strategic Objectives, "Creation of a glide path plan for pension risk mitigation", was being put off until 2015. Originally, this item was due to be completed by 2014, however, the data auditing project which will require staff resources originally designated for the glide path is taking priority.

4. **Public Comment**

5. **Consent Items**

Ms. Clendenin requested to pull Consent Item #5c for discussion.

Consent Item Pulled for Discussion

c. Correspondence – Stanislaus County Termination of 2006 MOU

Motion was made by Darin Gharat and seconded by Maria De Anda to approve consent item 5c.

Motion carried.

Motion was made by Maria De Anda and seconded by Jeff Grover to approve Consent Items as presented.

Motion carried.

- a. Approval of the June 24, 2014 Administrative Meeting Minutes
 - b. Approval of Executive Director Goals Update Quarter 2 2014
 - d. Correspondence – RESCO, INC. Third Party Administrator Change
 - e. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Anderson, Sandra – CSA – Effective 07-08-2014
 2. Ayers, Azucena – DER – Effective 07-11-2014
 3. Davis, Charlene – CSA – Effective 07-07-2014
 4. Diaz, Carolyn – DCSS – Effective 07-25-2014
 5. Goehring, Sally – BOS – Effective 06-26-2014
 6. Goldstein, Max – Probation – Effective 07-01-2014
 7. Hummer, Michael – GSA – Effective 07-11-2014
 8. Mc Daniel, Gay – D.A. – Effective 07-26-2014
 9. Nichols, Tanya – CSA – Effective 07-12-2014
 10. Rosata, Brenda – DA – Effective 07-12-2014
 11. Scott, Paris – Auditor/Controller – Effective 07-01-2014
 12. Sires, Ronald – Alliance Worknet – Effective 07-10-2014
 13. Sweet, Debra – HSA – Effective 06-13-2014
 14. Tackett, Velinda – BHRS – Effective 07-08-2014
 15. Yost, John – BHRS – Effective 07-26-2014
 - f. Approval of Deferred Retirement(s) – **Section 31700**
 1. Diaz, Crystina – CSA – Effective 06-03-2014
 2. Freitas, Mary Joanne – Env Res – Effective 04-19-2014
 3. Guerrero, Brian – Planning – Effective 05-03-2014
 4. Hernandez, Fabiola – Probation – 03-01-2014
 5. Hicks, Cheryl – CSA – 01-24-2014
 6. Smith, Ashley – Probation – 05-17-2014
 - g. StanCERA Complaint Log
6. Executive Director
- a. StanCERA Monthly Staff Report
 - b. Legal - Legislative Update – Dawn Lea

7. Closed Session

Motion made by Maria De Anda and seconded by Michael O'Neal to enter into closed session at 2:25 p.m.

Motion made by Darin Gharat and seconded by Jason Gordo to enter into open session at 3:02 p.m.

No Report

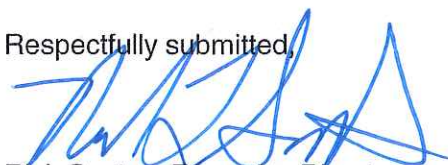
- a. Discussion and Action Regarding Alternative Investments
Government Code Section 54956.81
- b. Discussion and Action Regarding Allocation of StanCERA's Real Estate Assets
Government Code Section 54956.81
- c. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)
- d. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
- e. Conference with Legal Counsel – Pending Litigation – One Case:
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Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate
District, Case No. H038894 Government Code Section 54956.9(d)(1)

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

9. Adjournment

Meeting adjourned at 3:03 p.m.

Respectfully submitted,



Rick Santos, Executive Director

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

By: 
Fred A. Silva, General Legal Counsel



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**For the Retirement Board meeting
Held on July 22, 2014**

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Holiday Office Closure
- II. ITEM NUMBER: 5.b.
- III. ITEM TYPE: Consent
- IV. SUBJECT: Holiday Office Closure
- V. STAFF RECOMMENDATION: Close the office all day on Wednesday, December 24 and Friday, December 26
- VI. ANALYSIS: The normal office closure for the Christmas Holiday is noon on Christmas Eve December 24 (if it falls on a work day) and all day on Christmas, December 25.

This year Christmas is on a Thursday, which would require StanCERA to open for ½ day on Wednesday, close for a day and reopen for one day and close for the weekend. Absent specific directions from the Retirement Board, StanCERA staff normally follows Stanislaus County personnel policies including (but not limited to) pay, leave time and holidays.

With the Board's approval, staff has utilized furlough time over the past three years to accommodate closing the office during the holiday season. This action has followed similar action by the County.

I would like to recommend that in addition to the normal Holiday closure, we close the office the additional half-day, December 24 and all day, December 26. Staff will use vacation or compensatory time off as approved for all County employees. This will allow StanCERA to maintain its customer service and still enjoy the holidays with family and friends.

- VII. RISK: None
- VIII. STRATEGIC PLAN: Goal 3. Continue to foster an organizational culture that values and promotes team work, education, awareness, accountability and achievement
- IX. ADMINISTRATIVE BUDGET IMPACT: None

Rick Santos, Executive Director

Kathy Herman, Operations Manager



7/22/14
Item #6

Large-Cap Growth Equity

Presentation to:

Stanislaus County ERA

Agenda:

- Firm overview
- Philosophy, people and process
- Portfolio, performance and characteristics
- Biographies

July 22, 2014

Jackson Square Partners • 101 California Street • Suite 3750 • San Francisco, CA 94111- 5868



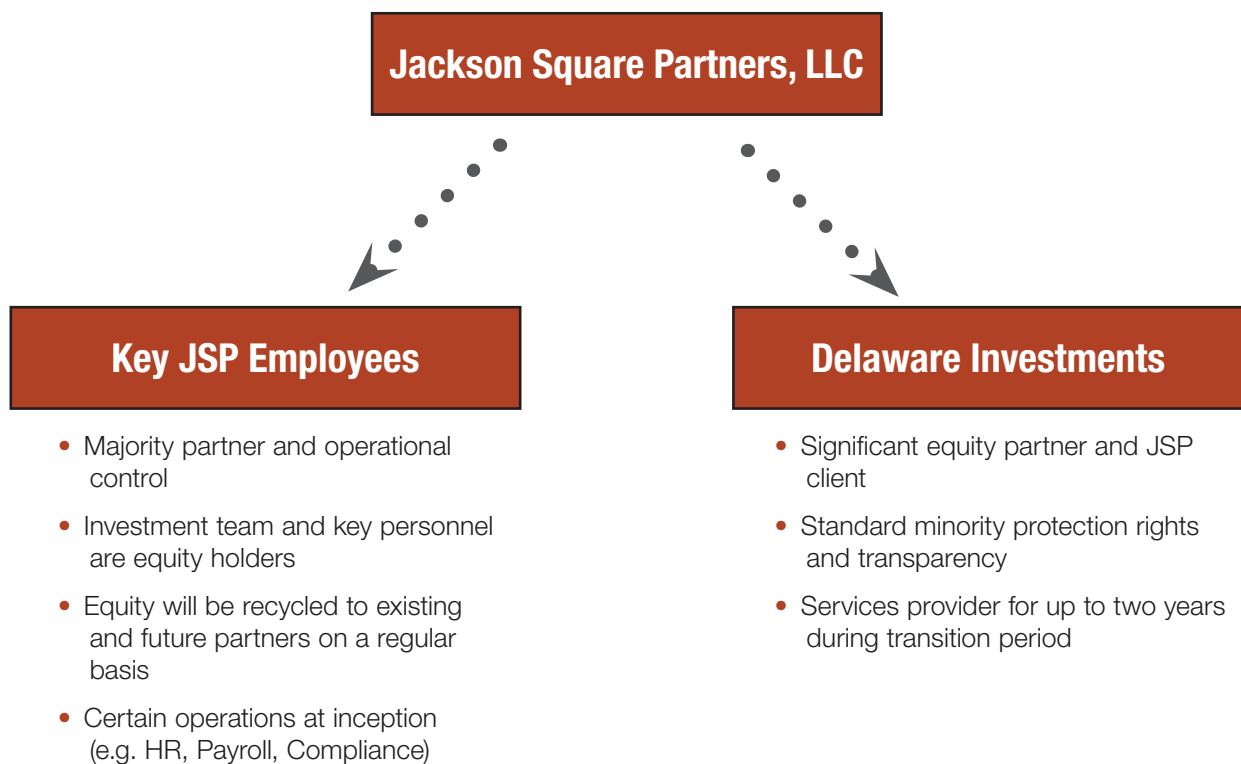
Team History

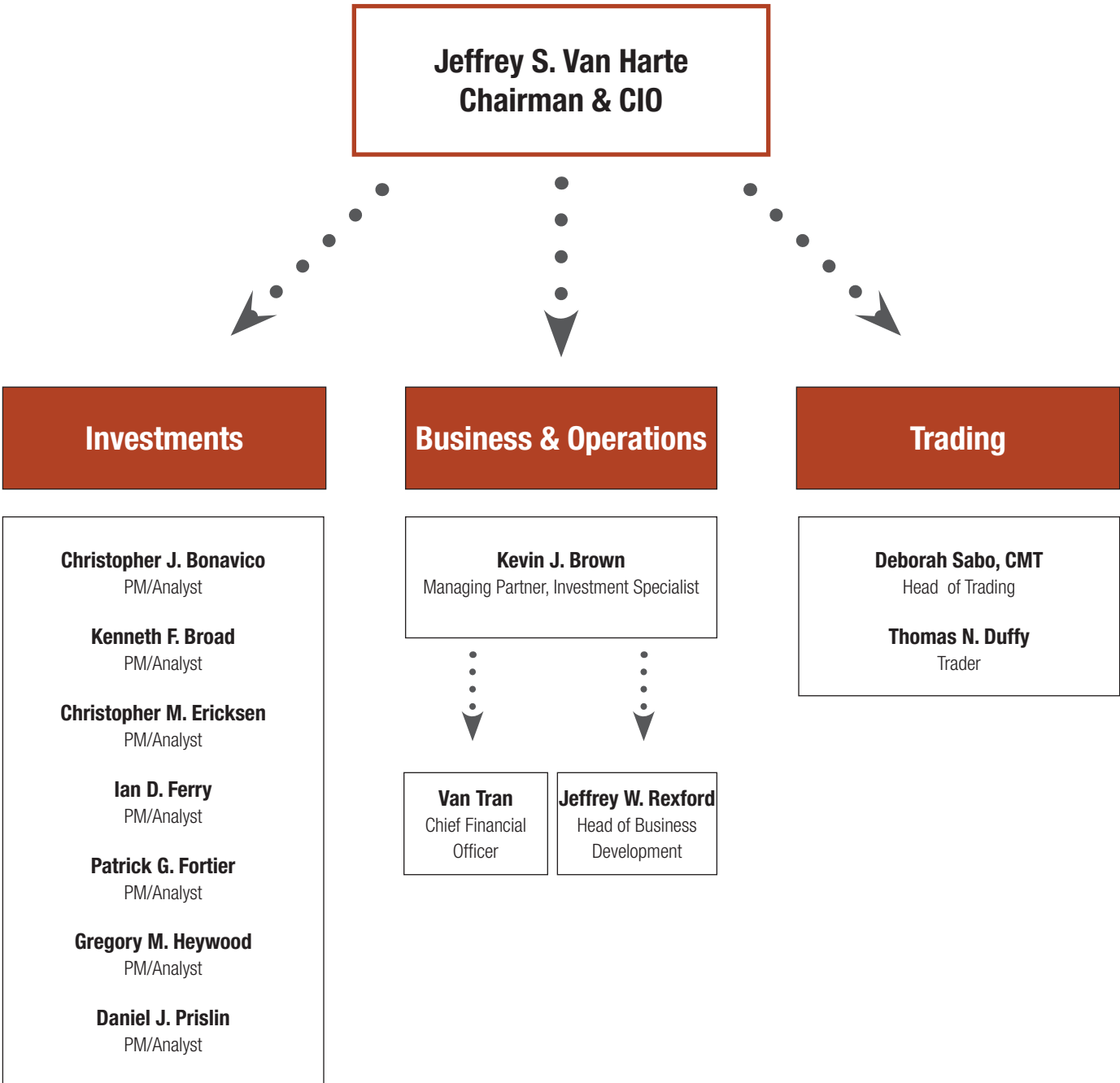
- 1980's - 1990's:** Transamerica, managed general account and captive retail vehicles
- 2000 - 2005:** Formed and developed an outside book of institutional accounts
- 2005 - 2014:** Delaware Investments "firm of boutiques" operating structure
- May 2014:** Formation of Jackson Square Partners, LLC

Assets Under Management (\$25.5 billion)

As of May 1, 2014

Large-Cap Growth	\$18.0 billion
Smid-Cap Growth	\$3.1 billion
Focus Global Growth	\$1.8 billion
All-Cap Growth	\$1.7 billion
Select 20 Growth	\$0.9 billion





Firm Overview (continued)

As of June 30, 2014



Our team

	Industry experience	Portfolio management	Analysis	Trading	Business & Operations
Jeff Van Harte	34 years	●	●		
Chris Bonavico	26	●	●		
Ken Broad	26	●	●		
Dan Prislín	20	●	●		
Chris Ericksen	20	●	●		
Patrick Fortier	19	●	●		
Greg Heywood	20	●	●		
Ian Ferry	10	●	●		
Deborah Sabo	20			●	
Tom Duffy	18			●	
Kevin Brown	19				●
Van Tran	18				●
Jeff Rexford	22				●

Our philosophy

We are growth investors. We believe that attractive returns can be realized by maintaining a **concentrated** portfolio of companies that we believe have enhanced business models, strong cash flows, and the opportunity to generate **consistent, long-term** growth of **intrinsic business value**.

Our strengths

- **Differentiated growth philosophy**, emphasizing intrinsic business value and cash economics
- **Concentrated portfolio** construction **reflects conviction** rather than benchmark
- Stable, veteran team with **high level of accountability** and **peer scrutiny**
- Flat team structure — **all team members are analysts** first and foremost
- **Entrepreneurial boutique structure** and **significant personal stakes** in products managed
- Performance-driven investment culture **limits asset capacity** in all products

Because the strategy expects to hold a concentrated portfolio of a limited number of securities, the strategy's risk is increased because each investment has a greater effect on the account's overall performance.

One Team, One Philosophy

- Concentrated portfolios
- Long-term investment horizon
- Intrinsic value analysis

Large Cap Growth

Market cap range: >\$3B

Primary managers

Jeff Van Harte
Chris Bonavico
Chris Ericksen
Dan Prislin

Focus Global Growth

Market cap range: >\$1B

Primary managers

Greg Heywood
Patrick Fortier
Chris Bonavico

Small-Mid Cap Growth – Focus

Market cap range: <\$5B at purchase to \$10-12B

Primary managers

Chris Bonavico
Ken Broad

Select 20 Growth

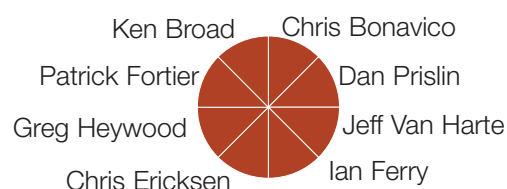
Primary managers

Jeff Van Harte
Ken Broad
Chris Bonavico
Dan Prislin

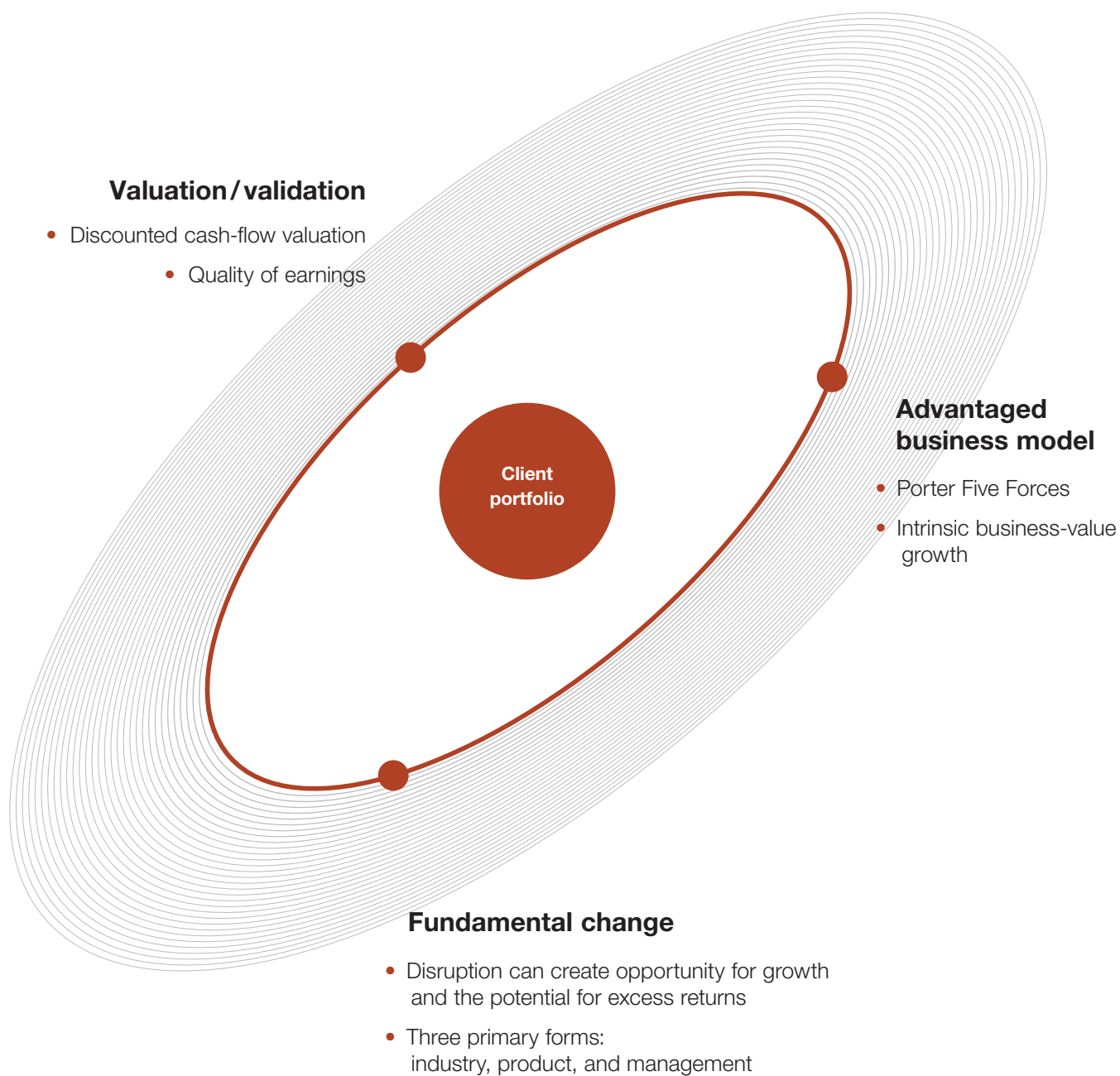
- Most concentrated product: 20 stocks or fewer
- Managed by four most seasoned portfolio managers
- Most opportunistic orientation

All Cap Growth

- Most diversified product: typically 40-60 stocks
- Sleeve weightings important for signaling degree of conviction



Focus Growth Equity investment process



Investment process



Idea sourcing

- Rely primarily on qualitative idea generation (make little use of quantitative screens)
- Well-defined investment criteria preclude most companies from consideration
- Continuous pressure from new-idea pipeline

Fundamental change

- Disruption creates opportunity for growth and excess returns
- Three primary forms: industry, product, and management

Advantaged business model

- Seek strong barriers to entry and sustainable competitive advantage
- Returns on invested capital must be forecast to substantially exceed cost of capital
- Evaluate from a business owner's perspective

Valuation/validation

- Discounted cash-flow (DCF) analysis based on conservative projections of cash economics and risk-adjusted discount rate
- Seeking attractive absolute, not relative valuations
- Accounting earnings must reconcile with cash economics

Portfolio construction

- Concentrated portfolio: typically 25-35 holdings
 - high-return/low-risk positions at 4+%
 - moderate-return/low-risk positions at 3%-4%
 - high-return/high-risk positions at 2%-3%
 - maximum weight is typically 8%
- Seeks sector and industry diversification
 - Less than 20% non U.S.
- Low turnover: 25%-35% expected in most years
- Cash policy limit is 10% (typically 2-3%)

Sell discipline

- Better idea emerges from research "bench"
- Unexpected, negative fundamental change
- Valuation becomes stretched
- Portfolio construction considerations

Relationship summary

Stanislaus County ERA
As of June 30, 2014



Relationship inception August 18, 2006

Investment style Large-Cap Growth

Benchmark Russell 1000 Growth

Financials

Initial investment 104,130,987

Net contributions/withdrawals (42,917,090)

Net portfolio gain/loss 93,783,681

Current portfolio value 154,997,578

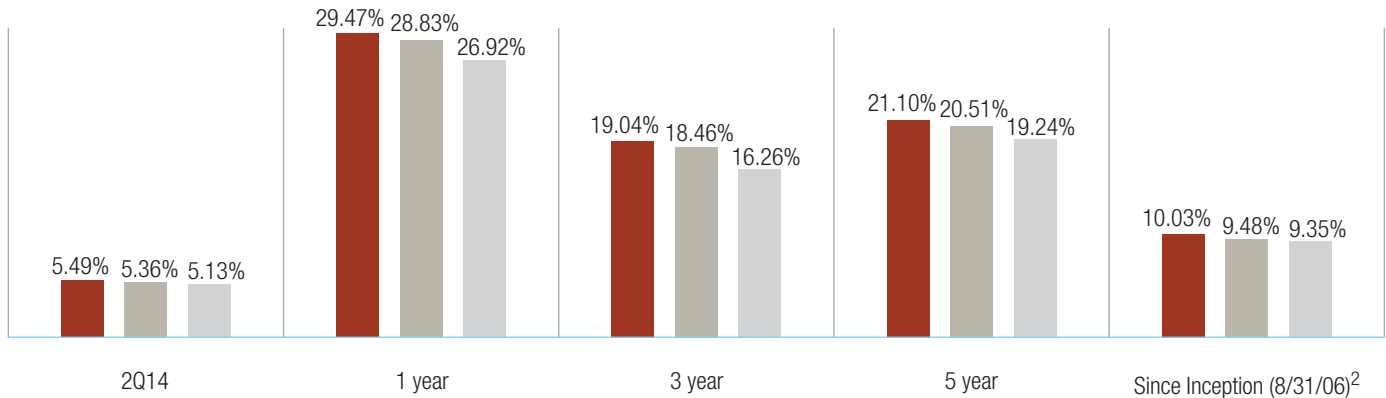
Relationship summary

Stanislaus County ERA
Periods ended June 30, 2014



Returns¹

■ Stanislaus County ERA (gross of fees) ■ Stanislaus County ERA (net of fees) ■ Russell 1000 Growth Index



Top five contributors to relative performance

Name	Sector	Contribution %
ALLERGAN	HEALTHCARE	1.15
CELGENE	HEALTHCARE	0.76
EOG RESOURCES	ENERGY	0.64
WILLIAMS COMPANIES	ENERGY	0.40
WALGREEN	CONSUMER STAPLES	0.34

Bottom five contributors to relative performance

EBAY	CONSUMER DISCRETIONARY	-0.46
TERADATA	TECHNOLOGY	-0.39
VISA - CLASS A	FINANCIAL SERVICES	-0.33
MASTERCARD - CLASS A	FINANCIAL SERVICES	-0.27
INTERCONTINENTAL EXCHANGE	FINANCIAL SERVICES	-0.25

¹ Performance results are presented after the deduction of Jackson Square Partners investment advisory fees. Management fees and any other expenses incurred in the management of the account will reduce your return.

² Performance is calculated as of the first full month following inception.

Portfolio holdings

Stanislaus County ERA
As of June 30, 2014



Technology 29.56

<i>Russell 1000 Growth</i>	23.31
Microsoft	5.25
QUALCOMM	5.11
Adobe Systems	4.41
Equinix	3.21
Intuit	3.06
Google - Class A	2.30
Google - Class C	2.26
Yelp - Class A	1.16
Baidu ADR - Class A	1.14
VeriFone Systems	1.05
Teradata	0.61

Financial Services 20.64

<i>Russell 1000 Growth</i>	7.70
Visa - Class A	5.30
MasterCard - Class A	4.91
Crown Castle International	4.46
Intercontinental Exchange	2.60
CME Group - Class A	1.84
Progressive	1.53

Consumer Discretionary 18.14

<i>Russell 1000 Growth</i>	20.49
Liberty Interactive - Class A	4.08
Priceline Group	4.02
eBay	3.38
L Brands	3.22
NIKE - Class B	2.16
Sally Beauty Holdings	1.28

Healthcare 15.65

<i>Russell 1000 Growth</i>	12.63
Celgene	5.77
Allergan	5.21
Novo Nordisk ADR - Class B	2.84
Perrigo	1.83

Energy 8.57

<i>Russell 1000 Growth</i>	6.39
EOG Resources	5.59
Williams Companies	2.98

Consumer Staples 5.40

<i>Russell 1000 Growth</i>	9.69
Walgreen	5.40

Materials & Processing 1.66

<i>Russell 1000 Growth</i>	5.07
Syngenta ADR	1.66

Cash 0.38

Holdings are as of the date indicated and subject to change.

See page bfc1 for index descriptions. Indices are unmanaged and not available for direct investment.

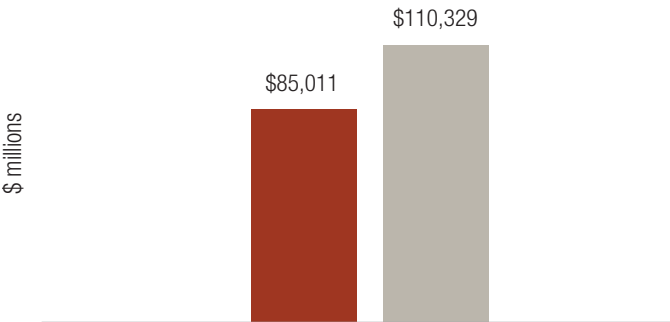
Portfolio characteristics

Stanislaus County ERA
As of June 30, 2014

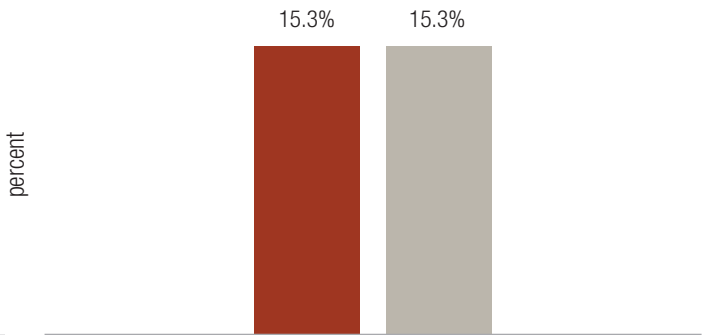


■ Stanislaus County ERA ■ Russell 1000 Growth Index

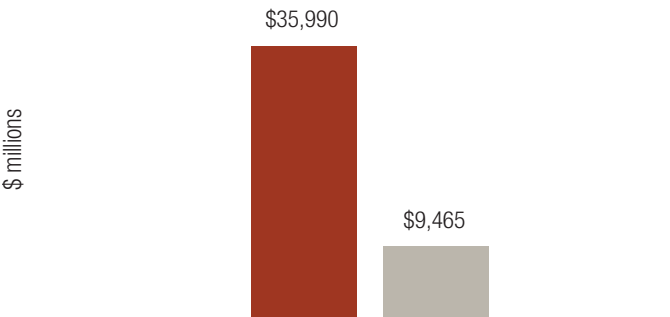
Weighted-average market capitalization



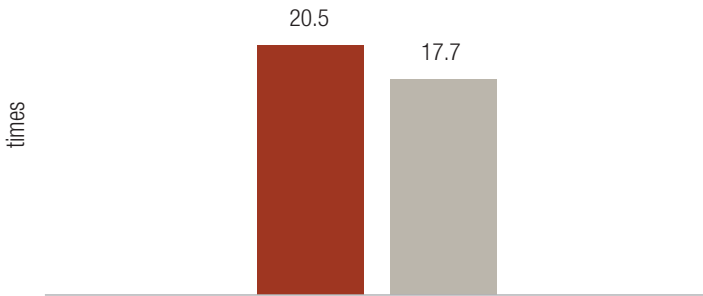
Five-year EPS growth rate



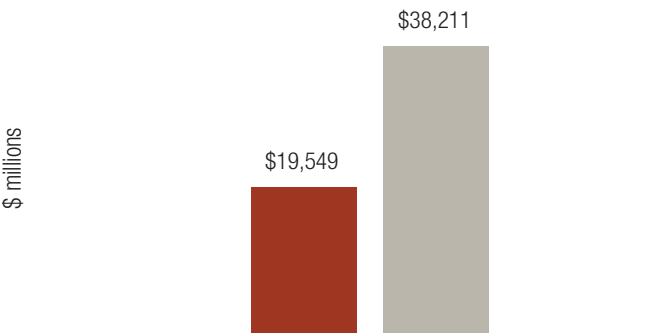
Median market capitalization



Price/earnings (weighted-average next 12 months)*



Weighted Average Revenues



Turnover (12 months trailing): **22.30%**

*Forward earnings projections do not predict stock price or investments performance and do not represent past performance. There is no guarantee that forward earnings projections will accurately predict the actual earnings experience of any of the companies involved, and no guarantee that owning securities with relatively high (or low) price-to-earnings ratios will cause the portfolio to outperform its benchmark or index.

Characteristics are as of the date indicated and subject to change.

See page bfc1 for index descriptions. Indices are unmanaged and not available for direct investment.

Team biographies



Jeffrey S. Van Harte, CFA

Chief Investment Officer

INDUSTRY EXPERIENCE: 34 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

1980 – 2005 Transamerica Investment Management

California State University, Fullerton, BA

Christopher J. Bonavico, CFA

Senior Portfolio Manager / Analyst

INDUSTRY EXPERIENCE 26 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

1993 – 2005 Transamerica Investment Management

1988 – 1993 Salomon Brothers

University of Delaware, BS

Kenneth F. Broad, CFA

Senior Portfolio Manager / Analyst

INDUSTRY EXPERIENCE 26 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

2000 – 2005 Transamerica Investment Management

1994 – 2000 Franklin Templeton Group

1988 – 1992 KPMG Peat Marwick

Colgate University, BA

University of California, Los Angeles, MBA

Daniel J. Prislin, CFA

Senior Portfolio Manager / Analyst

INDUSTRY EXPERIENCE 20 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

1998 – 2005 Transamerica Investment Management

1994 – 1998 Franklin Templeton Group

University of California, Berkeley, BS and MBA

Christopher M. Ericksen, CFA

Portfolio Manager / Analyst

INDUSTRY EXPERIENCE 20 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

2004 – 2005 Transamerica Investment Management

1994 – 2004 Goldman Sachs

Carnegie Mellon University, BS

Patrick G. Fortier, CFA

Portfolio Manager / Analyst

INDUSTRY EXPERIENCE 19 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

2000 – 2005 Transamerica Investment Management

1995 – 2000 Olde Equity Research

University of Kentucky, BBA

Gregory M. Heywood, CFA

Portfolio Manager / Analyst

INDUSTRY EXPERIENCE 20 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

2004 – 2005 Transamerica Investment Management

2003 – 2004 Wells Capital Management

1996 – 2003 Montgomery Asset Management

1994 – 1996 Globalvest Management

University of California, Berkeley, BA and MBA

Ian D. Ferry

Portfolio Manager / Analyst

INDUSTRY EXPERIENCE 10 YEARS

2014 – Present Jackson Square Partners

2011 – 2014 Delaware Investments

2010 – 2011 Fidelity

2005 – 2008 Harbourvest Partners

2004 – 2005 Houlihan, Lokey, Howard & Zukin

Tulane University, BS

Wharton, University of Pennsylvania, MBA

Deborah Sabo, CMT

Head of Trading

INDUSTRY EXPERIENCE 20 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

2003 – 2005 Morgan Stanley & Company

2002 – 2003 Husic Capital Management

1999 – 2001 Robertson Stephens

1996 – 1999 Deutsche Bank

1994 – 1996 Merrill Lynch

University of Pittsburgh, BA

Thomas N. Duffy

Trader

INDUSTRY EXPERIENCE 18 YEARS

2014 – Present Jackson Square Partners

2010-2014 – Snyder Capital Management

2004-2010 – Husic Capital Management

1999-2004 – Fremont Investment Advisors

1996-1999 – AIM Funds (Formerly GT Global)

Arizona State University, BS

Kevin J. Brown

Managing Partner, Investment Specialist

INDUSTRY EXPERIENCE 19 YEARS

2014 – Present Jackson Square Partners

2006 – 2014 Delaware Investments

2003 – 2006 Merrill Lynch

2000 – 2003 Credit Suisse First Boston

1999 – 2000 Donaldson, Lufkin & Jenrette

1997 – 1999 JP Morgan

1995– 1997 Robertson Stephens

University of California, Berkeley, BA

University of California, Los Angeles, MBA

Van Tran

Chief Financial Officer

INDUSTRY EXPERIENCE 18 YEARS

2014 – Present Jackson Square Partners

2005 – 2014 Delaware Investments

2000 – 2005 Transamerica Investment Management

1999 – 2000 PaineWebber

1996 – 1999 CIBC Oppenheimer

University of California, San Diego, BS

Golden Gate University, MS

Jeffrey W. Rexford

Head of Business Development

INDUSTRY EXPERIENCE 22 YEARS

2014 – Present Jackson Square Partners

2002-2014 Delaware Investments

1997-2002 Tucker, Anthony, and RL Day

1995-1997 Freedom Chemical

1992-1995 Chase Manhattan Bank

Washington College, BA

Composite statistics and performance

December 31, 2013



Composite statistics and performance

Period End	Composite return gross- of-fees (%)	Composite return net-of- fees (%)	Russell 1000® Growth Index return (%)	Composite Internal dispersion (%)	3-Year Annualized Standard Deviation (%)		As of December 31 st		
					Composite	Russell 1000 Growth Index	Number of Portfolios	Composite Assets (\$mm)	Total Firm Assets (\$mm)
2013	35.6	35.1	33.5	0.1	12.3	12.4	46	15,270	n/a
2012	17.1	16.6	15.3	0.2	15.3	15.9	49	10,981	n/a
2011	8.9	8.4	2.6	0.1	17.2	18.0	49	9,160	n/a
2010	14.9	14.4	16.7	0.2	n/a	n/a	52	8,279	n/a
2009	44.0	43.5	37.2	0.6	n/a	n/a	54	7,474	n/a
2008	-42.6	-42.9	-38.4	0.3	n/a	n/a	62	6,119	n/a
2007	13.6	13.2	11.8	0.3	n/a	n/a	58	10,585	n/a
2006	3.0	2.6	9.1	0.3	n/a	n/a	62	11,016	n/a
2005*	22.8	22.5	11.9	n/a	n/a	n/a	47	7,862	n/a

*2005 Performance from inception (May 1) Through December 31.

Performance disclosures: Large-Cap Growth Equity composite

Jackson Square Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Jackson Square Partners has not been independently verified.

Jackson Square Partners is a registered investment advisor that was established on May 1, 2014. Jackson Square Partners, LLC manages domestic and global growth equity strategies for institutional and retail clients. Performance shown prior to May 1, 2014 represents results achieved by the Jackson Square team at Delaware Investments prior to the establishment of Jackson Square Partners. The investment strategy of this composite remains the same. Firm assets prior to May 1, 2014 are only applicable since the date Jackson Square Partners was established. Delaware Investments was independently verified for the periods from January 1, 1992 through December 31, 2011. A list of composite descriptions is available upon request.

The Large Cap Growth Equity Composite ("Composite") emphasizes long-term ownership of dominant companies which are taking advantage of fundamental change to drive growth in their intrinsic business value. This composite was created in April 2014. In April 2005, responsibility for Large Cap Growth Equity investment management was assumed by the Jackson Square Partners team therefore performance of the Composite is presented since May 2005 only. The Composite includes all discretionary, fee paying accounts, including pooled funds and excluding wrap-fee accounts, managed in this strategy. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains, are presented before and after the deduction of actual investment advisory fees, and are calculated in U.S. dollars. The returns of some accounts in the composite may include income from securities lending. Jackson Square Partners investment advisory fees are described in Part II of our Form ADV. The Large Cap Growth Equity fee schedule is as follows: first \$25 million, 0.75%; next \$25 million, 0.65%; next \$50 million, 0.55%; next \$200 million, 0.45%; amounts over \$300 million, 0.40%. Net returns are calculated using actual management fees, which includes performance fees. Some clients may utilize a performance-based fee, therefore actual fees paid may be higher or lower than the maximum fixed fee. Management fees, and any other expenses incurred in the management of the account, will reduce your return. The actual fee schedule may vary. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. Past performance is not an indicator of future results.

Internal dispersion is calculated using the asset-weighted standard deviation of the annual returns of all the portfolios that were included in the composite for the entire year. Internal dispersion is only shown if the composite has at least six accounts that were managed for the full calendar year.

The three-year annualized standard deviation measures the variability of the composite and the benchmark over the preceding 36-month period. This measure is not required to be presented for annual periods ended prior to 2011 or when 36 monthly composite returns are not yet available.

The benchmark for the composite is the Russell 1000® Growth Index. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. For comparison purposes, the index is fully invested and includes the reinvestment of income. Index returns do not reflect management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index. Benchmark information contained herein has been obtained from third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. All third-party marks are the property of their respective owners.

Because the strategy expects to hold a concentrated portfolio of a limited number of securities, the strategy's risk is increased because each investment will have a greater effect on the strategy's overall performance.

This is not an offer of any product or service in any jurisdiction where it would be unlawful to do so under the laws of that jurisdiction.

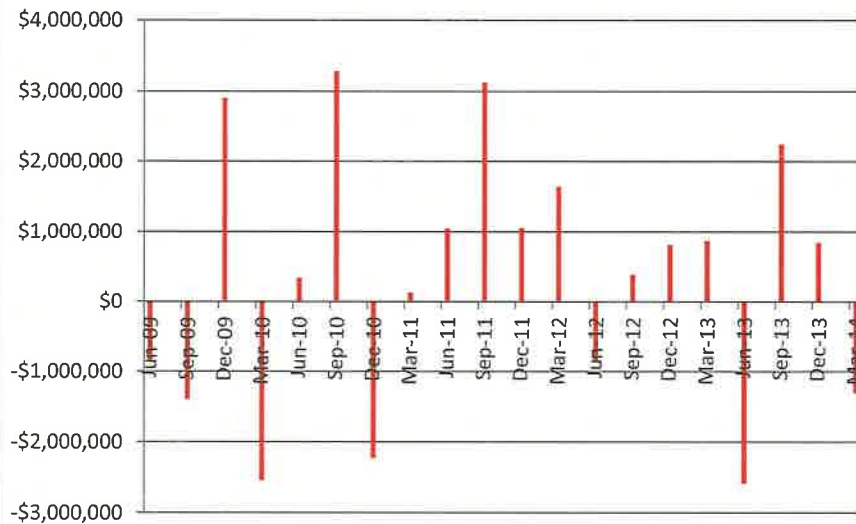
The information presented is available for institutional one-on-one presentations only. It is not intended and should not be construed to be a presentation of information concerning any J.S. mutual fund. The firm's registration as an investment adviser does not imply any level of skill or training.

Delaware/Jackson Square Quarterly Value Added

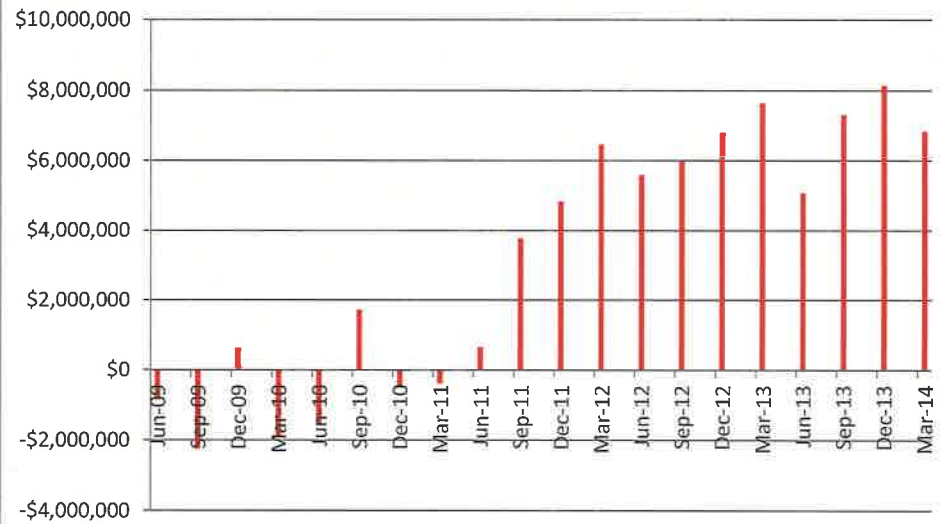
Quarter	Begin Date	End Date	Fees			Value Added
			Alpha	Managerial	Custodial	
1	3/31/2009	6/30/2009	-\$731,767	\$116,062	\$2,078	-\$849,907
2	6/30/2009	9/30/2009	-\$1,263,475	\$131,961	\$2,431	-\$1,397,867
3	9/30/2009	12/31/2009	\$3,043,032	\$143,212	\$2,680	\$2,897,140
4	12/31/2009	3/31/2010	-\$2,395,031	\$144,649	\$2,754	-\$2,542,434
5	3/31/2010	6/30/2010	\$442,133	\$106,047	\$2,162	\$333,923
6	6/30/2010	9/30/2010	\$3,378,675	\$101,839	\$1,869	\$3,274,967
7	9/30/2010	12/31/2010	-\$2,113,459	\$115,269	\$2,140	-\$2,230,869
8	12/31/2010	3/31/2011	\$253,486	\$125,411	\$2,342	\$125,734
9	3/31/2011	6/30/2011	\$1,170,665	\$129,638	\$2,425	\$1,038,603
10	6/30/2011	9/30/2011	\$3,241,561	\$123,443	\$1,098	\$3,117,020
11	9/30/2011	12/31/2011	\$1,180,312	\$127,986	\$1,178	\$1,051,148
12	12/31/2011	3/31/2012	\$1,778,217	\$141,840	\$1,694	\$1,634,683
13	3/31/2012	6/30/2012	-\$723,810	\$142,009	\$1,954	-\$867,773
14	6/30/2012	9/30/2012	\$528,838	\$145,968	\$1,824	\$381,046
15	9/30/2012	12/31/2012	\$957,854	\$147,904	\$2,026	\$807,924
16	12/31/2012	3/31/2013	\$1,030,783	\$159,111	\$4,988	\$866,684
17	3/31/2013	6/30/2013	-\$2,421,912	\$156,738	\$4,430	-\$2,583,080
18	6/30/2013	9/30/2013	\$2,406,424	\$160,682	\$4,282	\$2,241,460
19	9/30/2013	12/31/2013	\$1,015,086	\$173,996	\$4,333	\$836,758
20	12/31/2013	3/31/2014	-\$1,120,390	\$177,076	\$4,840	-\$1,302,306

7/22/14
Item #6a

Delaware/Jackson Square Quarterly Value Added



Delaware/Jackson Square - Quarterly Cumulative Value Added



U.S. EQUITY

June was once again another positive month for global equity markets. In the U.S., Value outperformed Growth and Small Caps outperformed Large Caps. For the month, the Russell 1000 Growth Index was up by +2.0% and the Russell 1000 Value Index up by +2.6%. The Russell 2000 Growth Index was up by +6.2% and the Russell 2000 Value was up by +4.4%. The S&P 500 Index ended the month higher by +2.1%.

The S&P 500 Index has a trailing P/E ratio of 19.3, a forward 12-month estimate P/E ratio of 16.6 and dividend yield of 1.9%.

Corporate merger highlights for the month included: Marathon Oil selling its Norwegian business to Det Norske Oljeselskap in a deal valued at \$2.7 billion; Japanese insurer Dai-ichi Life Insurance will acquire Alabama-based Protective Life for about \$5.7 billion; Kohlberg Kravis Roberts will buy Internet Brands in a deal estimated at \$1.1 billion; Volkswagen plans to sell as much as \$2.7 billion in preferred shares to help finance the full takeover of Swedish truck producer Scania; Sprint has agreed to pay about \$32 billion to buy T-Mobile in an attempt to merge the 3rd and 4th-largest U.S. mobile network operators; American Energy Partners will buy shale oil and gas assets in Texas, Ohio and West Virginia for \$4.25 billion; Merck will acquire Idenix Pharmaceuticals for \$3.85 billion; Tyson Foods won the bidding war over Pilgrim's Pride to acquire Hillshire Brands with an increased offer totaling \$8.55 billion; Analog Devices will acquire Hittite Microwave for \$2.45 billion; Siemens is in talks with Mitsubishi Heavy Industries about a joint bid to buy Alstom's energy business and counter a \$17 billion offer by General Electric; Priceline will pay \$2.6 billion to buy OpenTable, a service that allows customers to book tables online in exchange for monthly fees from restaurants; Amaya Gaming will acquire Poker Stars for \$4.9 billion; Royal Dutch Shell will sell its stake in Australia's Woodside Petroleum for \$5.7 billion; Oracle will acquire Micros Systems for \$5.3 billion; U.S. medical device maker Medtronic will buy Covidien for \$42.9 billion; Siemens offered \$5.3 billion to buy the gas turbine business of French rival Alstom; SanDisk will acquire Fusion-io for about \$1.1 billion to increase its flash storage business; Williams Cos. will pay nearly \$6 billion to expand its ownership of Access Midstream Partners; Starwood Capital will buy seven U.S. malls from Taubman Centers for about \$1.4 billion; Dublin-based drug maker Shire rejected an unsolicited \$46.2 billion buyout offer from

U.S. based AbbVie; Wisconsin Energy will buy Integrys Energy Group for \$5.7 billion; Banco Santander will buy GE Capital's consumer finance business in Sweden, Norway and Denmark for \$950 million; PPG Industries will acquire architectural and industrial coatings company Consorcio Comex for \$2.3 billion and, Carlos Slim will buy AT&T's stake in American Movil for \$5.6 billion.

FIXED INCOME

Gross domestic product contracted much worse than expected in the first quarter, revised at an annual rate of -2.9%. U.S. economic growth should accelerate in the second quarter and remain healthy for the rest of the year, according to a forecast by a group of U.S. business economists. The IMF forecasts global economic growth of +2.0% this year, below the 2.8% rate it predicted in April due to the weak first quarter. The World Bank trimmed its global growth forecast to +2.8% for the year, down from its +3.2% projection in January. However the organization left its estimate for world growth unchanged at +3.4% for 2014.

The yield on the bellwether 10-year Treasury note rose to +2.53% at the close of June from its May close at +2.48%. At month-end, the 30-year bond yield was +3.34% with the 3-month T-bill at +0.04%. The Barclays Capital US Aggregate Index was up +0.05% in June and is now up +3.93% through the first six months of 2014.

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

THE GOOD

*Markit reported that its final U.S. Manufacturing Purchasing Managers Index increased to a 3-month high of 56.4 in May from a 55.4 in April.

*The Commerce Dept. reported that new orders for manufactured goods rose +0.7% in April, the third straight month of increases.

*Chrysler's U.S. vehicle sales jumped +17.0% in May, GM's rose +12.6%, Ford's increased +3.0%, Nissan's surged +18.8% and Volkswagen's dropped -15.4%.

*The Institute for Supply Management reported that its service sector index rose to 56.3 in May from 55.2 in April.

*U.S. households and non-profits added \$1.5 trillion in net worth in the first quarter.

*The National Federation of Independent Business' small business optimism index increased to 96.6 in May, the highest since September 2007.

*U.S. wholesale inventories increased +1.1% in April, while wholesale sales climbed +1.3%.

*The Labor Dept. reported that its producer price index for final demand declined -0.2% in May.

*The N.Y. Federal Reserve said its Empire State general business conditions index rose to 19.28 this month, the highest reading since 2010.

*The Conference Board's index of leading indicators increased +0.5% in May, the fourth consecutive monthly increase.

*The National Association of Realtors reported that existing home sales rose +4.9% in May to an annual rate of 4.89 million units, the highest increase since August 2011.

*New home sales surged +18.6% to a seasonally adjusted annual rate of 504,000 units, the highest level since May 2008.

The Conference Board's Consumer Confidence Index rose to 85.2 in June from 83.0 in May, the highest since January 2008.

THE NOT SO GOOD

*Consumer spending, which accounts for 70% of overall economic activity, fell -0.1% in April, the Commerce Dept. announced. The drop was the first in twelve months.

*The Bureau of Labor Statistics reported that productivity fell at an annual rate of -3.2% in the 1st quarter, more than the -1.7% initially estimated.

*The Commerce Dept. reported that the trade deficit widened to \$47.2 billion in April, the highest since July 2012 and up over \$3 billion since March.

*The Commerce Dept. reported retail sales, which account for one-third of consumer spending, increased +0.3% in May; less than expected.

*The Labor Dept. reported that its Consumer Price Index increased +0.4% last month, with food prices posting their largest rise since August 2011.

*The Commerce Dept. reported that housing starts fell -6.5% in May to an annual seasonally adjusted pace of 1.0 million units.

*The Commerce Dept. reported that the U.S. current account deficit widened to \$111 billion in the 1st quarter,

or 2.6% of gross domestic product, from \$87 billion or 2.0%, in the 4th quarter of 2013.

*U.S. consumers increased their spending by just +0.2% in May, after no gain in April, a disappointment to economists who said the weaker than expected gain likely means a weaker than forecasted economic rebound in the second quarter.

Non-U.S. Markets

Industrial production in the U.K. remains on a distinct recovery trail. Overall output rose +0.4% in April, the third consecutive gain, lifting it to a solid +3.0% year-over-year.

The preliminary estimates of the June purchasing managers' indexes in the Eurozone were disappointing, suggesting momentum is continuing to erode in the already anemic recovery. The overall Eurozone PMI fell -0.3 point to 51.9; its fourth decline in the last five months.

Japan's GDP was revised upwards one tick in the first quarter to +1.6%.

India's economy grew by +4.6% in the first three months of the year, well below what many consider optimal for the emerging market country.

Non-U.S. Developed equities were also once again positive in June. The MSCI ACWI Ex-U.S. was up +1.7% (US dollars) for the month. International Developed stocks (EAFE) were up +1.0% while Emerging Markets gained +2.7% for the month.

CONCLUSION

Higher equity prices and fixed income spreads narrowing have been fairly consistent over the first six months of 2014 following a very strong year in 2013. U.S. equities as measured by the Russell 3000 Index are up +6.9%. Non-U.S. equities as measured by the MSCI All Country World ex-US Index are up +5.6%. Global High Yield Bonds as measured by the BofA Merrill Lynch Global High Yield Index are up +5.9% for the first six months of the year.

Market returns are driven in large part by how various events transpire relative to what has already been discounted by the markets and how the discounting of the future changes. Returns for markets have been positive and modest over the first six months of 2014.

wow
what a great Fiscal Year 6/14!

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Jun-14	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	2.51	4.87	6.94	25.22	23.33	16.46	19.33	6.47	8.23
Russell TOP 200 Index	1.83	5.18	6.64	24.69	22.08	16.84	18.14	5.98	7.31
Russell TOP 200 Growth Index	1.40	5.48	6.21	27.33	20.92	17.06	18.60	8.11	7.69
Russell TOP 200 Value Index	2.25	4.88	7.10	22.19	23.24	16.63	17.67	3.86	6.92
S&P 500 Index	2.07	5.23	7.14	24.61	22.59	16.58	18.83	6.16	7.78
Russell 1000 Index	2.27	5.12	7.27	25.35	23.28	16.63	19.25	6.46	8.19
Russell 1000 Growth Index	1.95	5.13	6.31	26.92	21.89	16.26	19.24	7.98	8.20
Russell 1000 Value Index	2.61	5.10	8.28	23.81	24.56	16.92	19.23	4.80	8.03
Russell Mid-Cap Index	3.29	4.97	8.67	26.85	26.13	16.09	22.07	7.66	10.43
Russell Mid-Cap Growth Index	3.13	4.37	6.51	26.04	24.45	14.54	21.16	7.89	9.83
Russell Mid-Cap Value Index	3.46	5.62	11.14	27.76	27.71	17.56	22.97	7.14	10.66
Russell 2000 Index	5.32	2.05	3.19	23.64	23.92	14.57	20.21	6.73	8.70
Russell 2000 Value Index	4.42	2.38	4.20	22.54	23.65	14.65	19.88	5.46	8.24
Russell 2000 Growth Index	6.20	1.72	2.22	24.73	24.20	14.49	20.50	7.90	9.04
DJ US REIT Index	0.86	7.15	18.24	13.27	10.44	11.38	23.76	4.32	9.41
DJ-UBS US Commodity Index TR	0.60	0.08	7.08	8.21	-0.23	-5.17	1.99	-2.69	0.87
DJ-UBS US Gold Index TR	6.10	2.96	9.88	7.71	-9.68	-4.73	6.68	9.73	11.97

Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Jun-14	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	1.72	5.25	5.89	22.27	18.13	6.21	11.59	1.73	8.22
MSCI AC World Index	1.93	5.23	6.50	23.58	20.36	10.85	14.88	3.80	8.02
MSCI EAFE Index	0.99	4.34	5.14	24.09	21.59	8.59	12.27	1.45	7.42
MSCI Emerging Markets index	2.70	6.71	6.32	14.68	8.81	-0.06	9.58	2.59	12.30
ML Global Government Bond Ex. U.S. Index	1.02	2.64	5.47	5.99	-2.84	-0.78	3.13	5.69	4.55
Euro	0.34	-0.66	-0.64	5.33	3.87	-1.89	-0.48	0.20	1.19
Japanese Yen	0.43	1.66	3.75	-1.94	-11.25	-7.28	-0.97	2.87	0.75
UK Pound Sterling	1.94	2.56	3.24	12.73	4.41	2.12	0.75	-2.26	-0.59

US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Jun-14	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.01	0.01	0.02	0.05	0.08	0.07	0.11	0.72	1.63
BarCap Aggregate Bond Index	0.05	2.04	3.93	4.37	1.81	3.66	4.85	5.35	4.93
ML U.S. Corp/Govt Master Index	-0.03	2.07	4.22	4.39	1.83	4.08	5.16	5.40	4.95
ML U.S. Corporate Master Index	0.17	2.89	5.95	7.98	4.82	6.25	8.27	6.67	5.94
BarCap Mortgage Backed Securities Index	0.26	2.41	4.03	4.66	1.74	2.80	3.92	5.24	4.95
ML U.S. High Yield Master Index	0.85	2.49	5.55	11.71	10.57	9.24	13.80	8.78	8.82
JPM EMBI Global	0.59	5.43	9.09	11.04	6.03	7.63	10.43	8.45	9.50

EM picking
up past
quarter

Bonds +

EM Debt

very strong
in 2014

A

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JUNE 30, 2014
PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

ASSET CLASS	MARKET VALUE	PERCENT	CURRENT POLICY		TARGET POLICY	
			ALLOCATION	RANGE	ALLOCATION	RANGE
DOMESTIC EQUITIES	840,879,325	47.2% ✓	<u>46.7%</u>	41.7% - 51.7%	38.2%	32.2% - 44.2%
INTERNATIONAL EQUITIES	324,592,131	18.2% ✓	<u>18.0%</u>	15.0% - 21.0%	18.0%	15.0% - 21.0%
FIXED INCOME	505,177,814	<u>28.3%</u>	<u>29.8%</u>	26.0% - 33.6%	29.8%	26.0% - 33.6%
ALTERNATIVES:	97,816,585	5.5%	5.5%		14.0%	
DIRECT LENDING	72,468,201	<u>4.1%</u>	<u>4.0%</u>	2.0% - 6.0%	7.5%	2.5% - 9.0%
REAL ESTATE	25,348,384	<u>1.4%</u>	<u>1.5%</u>	1.0% - 2.0%	3.5%	1.0% - 4.5%
INFRASTRUCTURE	0	0.0%	0.0%	0.0% - 0.0%	3.0%	0.0% - 4.0%
CASH (NT + equity managers only)	13,826,445	0.8% ✓	0.0%	0.0% - 3.0%	0.0%	0.0% - 3.0%
TOTAL PORTFOLIO	<u>1,782,292,299</u>	100.0%	100.0%		100.0%	

	ACTUAL	CURRENT ALLOCATION	TARGET ALLOCATION
DODGE & COX - LARGE CAP VALUE	10.7%	9.7%	8.9%
BlackRock - R1000 VALUE INDEX	6.7%	6.5%	5.5%
JACKSON SQUARE - LARGE CAP GROWTH	8.7%	8.5%	6.7%
BlackRock - R1000 GROWTH INDEX	5.7%	5.5%	4.6%
CAPITAL PROSPECTS	5.5%	5.5%	4.0%
LEGATO CAPITAL	4.9%	5.5%	3.7%
BNY - S&P 500 INDEX	5.7%	5.5%	4.8%
LSV ASSET MGMT - INTL EQ	9.2%	9.0%	9.0%
PYRAMIS - INTL EQ	9.2%	9.0%	9.0%
DODGE & COX FIXED INCOME	22.2%	23.8%	23.8%
PIMCO	6.1%	6.0%	6.0%
MEDLEY	1.6%	1.0%	2.1%
RAVEN	1.5%	1.5%	2.7%
WHITE OAK	1.0%	1.5%	2.7%
BlackRock - US REAL ESTATE SECURITIES INDEX	1.4%	1.5%	1.5%
Unallocated Private Real Estate	0.0%	0.0%	2.0%
Infrastructure	0.0%	0.0%	3.0%
TOTALS	100.0%	100.0%	100.0%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JUNE 30, 2014
PRELIMINARY BASIS

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
MARKET VALUE					
DOMESTIC EQUITIES	840,879,325	815,769,778	3.08%	701,062,422	✓ 19.94%
INTERNATIONAL EQUITIES	324,592,131	317,886,541	2.11%	265,371,351	✓ 22.32%
FIXED INCOME	505,177,814	506,013,660	-0.17%	511,987,307	-1.33%
DIRECT LENDING	72,468,201	71,145,125	1.86%	29,098,870	149.04%
REAL ESTATE	25,348,384	25,125,890	0.89%	22,377,219	✓ 13.28%
SECURITIES LENDING	0	0	0.00%	(760,078)	100.00%
CASH (NT +equity managers only)	13,826,445	14,349,053	-3.64%	15,897,964	-13.03%
TOTAL PORTFOLIO	1,782,292,299	1,750,290,047	1.83%	1,545,035,055	15.36%
ASSET ALLOCATION (ACTUAL)					
DOMESTIC EQUITIES	47.18%	46.61%	0.6%	45.38%	1.8%
INTERNATIONAL EQUITIES	18.21%	18.16%	0.1%	17.18%	1.0%
FIXED INCOME	28.34%	28.91%	-0.6%	33.14%	-4.8%
DIRECT LENDING	4.07%	4.06%	0.0%	1.88%	2.2%
REAL ESTATE SECURITIES	1.42%	1.44%	0.0%	1.45%	0.0%
SECURITY LENDING	0.00%	0.00%	0.0%	-0.05%	0.0%
CASH (equity managers only)	0.78%	0.82%	0.0%	1.03%	-0.3%
TOTAL PORTFOLIO	100.0%	100.0%	0.0%	100.0%	0.0%

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

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STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JUNE 30, 2014
PRELIMINARY BASIS

ASSET CLASS	MARKET VALUE	PERCENT	CURRENT TARGET	POLICY RANGE
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	190,501,327	10.7%	9.7%	7.7% - 11.7%
BLACKROCK - R1000 VALUE INDEX	118,556,810	6.7%	6.5%	5.5% - 6.5%
JACKSON SQUARE - LARGE CAP GROWTH	154,985,180	8.7%	8.5%	7.0% - 10.0%
BLACKROCK - R1000 GROWTH INDEX	100,755,731	5.7%	5.5%	4.0% - 6.0%
CAPITAL PROSPECTS - SMALL CAP VALUE	97,862,074	5.5%	5.5%	4.0% - 6.0%
LEGATO CAPITAL - SMALL CAP GROWTH	87,022,379	4.9%	5.5%	4.0% - 6.0%
BNY - S&P 500 INDEX	101,709,075	5.7%	5.5%	4.0% - 6.0%
TOTAL DOMESTIC EQUITIES	851,392,575	47.8%	✓ 46.7%	
FIXED INCOME				
DODGE & COX	396,498,077	22.2%	23.8%	20.8% - 26.8%
PIMCO	108,679,737	6.1%	6.0%	5.0% - 7.0%
TOTAL FIXED INCOME	505,177,814	28.3%	✓ 29.8%	
DIRECT LENDING				
MEDLEY CAPITAL	27,847,660	1.6%	1.0%	1.0% - 3.0%
RAVEN CAPITAL	26,405,144	1.5%	1.5%	1.0% - 3.0%
WHITE OAK	18,215,397	1.0%	1.5%	1.0% - 3.0%
TOTAL DIRECT LENDING	72,468,201	4.1%	✓ 4.0%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	163,593,071	9.2%	9.0%	7.5% - 10.5%
PYRAMIS	164,311,019	9.2%	9.0%	7.5% - 10.5%
TOTAL INTERNATIONAL EQUITIES	327,904,090	18.4%	✓ 18.0%	
REAL ESTATE SECURITIES				
BlackRock - US RE SECURITIES INDEX	25,348,384	1.4%	✓ 1.5%	1.0% - 2.0%
TOTAL REAL ESTATE	25,348,384	1.4%	1.5%	1.0% - 2.0%
CASH - NORTHERN TRUST	1,235	0.0%	0.0%	
TOTAL STANCERA PORTFOLIO	1,782,292,299	100.0%	100.0%	

3

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JUNE 30, 2014
PRELIMINARY

	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	4,975,641		185,525,687	190,501,327
BLACKROCK - R1000 VALUE INDEX	0		118,556,810	118,556,810
JACKSON SQ. - LARGE CAP GROWTH	567,920		154,417,260	154,985,180
BLACKROCK - R1000 GROWTH INDEX	0		100,755,731	100,755,731
CAPITAL PROSPECTS - SMALL CAP VALUE	3,514,417		94,347,658	97,862,074
LEGATO CAPITAL - SMALL CAP GROWTH	1,455,043		85,567,336	87,022,379
BNY - S&P 500 INDEX	230		101,708,845	101,709,075
TOTAL DOMESTIC EQUITIES	10,513,250		840,879,325	851,392,575
FIXED INCOME				
DODGE & COX	10,751,181	385,746,896		396,498,077
PIMCO	2,194,807	106,484,930		108,679,737
TOTAL FIXED INCOME	12,945,988	492,231,826		505,177,814
DIRECT LENDING				
MEDLEY	0	27,847,660		27,847,660
RAVEN	0	26,405,144		26,405,144
WHITE OAK	0	18,215,397		18,215,397
TOTAL DIRECT LENDING	0	72,468,201		72,468,201
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	1,273,837		162,319,234	163,593,071
PYRAMIS	2,038,123		162,272,896	164,311,019
TOTAL INTERNATIONAL EQUITIES	3,311,959		324,592,131	327,904,090
REAL ESTATE SECURITIES				
BLACKROCK - US REAL ESTATE SECURITIES INDEX	0		25,348,384	25,348,384
TOTAL REAL ESTATE	0		25,348,384	25,348,384
NORTHERN TRUST CASH	1,235			1,235
TOTAL STANCERA PORTFOLIO	26,772,433	564,700,027	1,190,819,840	1,782,292,299

1.5% 31.7% 66.8% 100.0%

4

Fiscal Year 2014

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JUNE 30, 2014
PRELIMINARY BASIS

	MARKET VALUE	JUNE	ALPHA	MAY	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES							
DODGE & COX - LARGE CAP VALUE	185,525,687	3.00%	0.39%	1.95%	0.49%	27.29%	3.48%
RUSSELL 1000 VALUE		2.61%		1.46%		23.81%	
BLACKROCK - R1000 VALUE INDEX	118,556,810	2.61%	0.00%	1.48%	0.02%	23.88%	0.07%
RUSSELL 1000 VALUE		2.61%		1.46%		23.81%	
JACKSON SQ. - LARGE CAP GROWTH	154,417,260	2.61%	0.66%	3.17%	0.05%	29.42%	2.50%
RUSSELL 1000 GROWTH		1.95%		3.12%		26.92%	
BLACKROCK - R1000 GROWTH INDEX	100,755,731	1.96%	0.01%	3.11%	-0.01%	26.90%	-0.02%
RUSSELL 1000 GROWTH		1.95%		3.12%		26.92%	
CAPITAL PROSPECTS	94,347,658	4.02%	-0.40%	1.30%	0.67%	26.31%	3.77%
RUSSELL 2000 VALUE		4.42%		0.63%		22.54%	
LEGATO CAPITAL	85,567,336	5.90%	-0.30%	-0.08%	-1.05%	21.64%	-3.09%
RUSSELL 2000 GROWTH		6.20%		0.97%		24.73%	
BNY - S&P 500 INDEX	101,708,845	2.07%	0.00%	2.35%	0.00%	24.61%	0.00%
S&P 500		2.07%		2.35%		24.61%	
TOTAL DOMESTIC EQUITY	840,879,325	3.05%	0.54%	2.13%	-0.05%	27.28%	2.06%
Russell 3000 Index		2.51%		2.18%		25.22%	
FIXED INCOME							
DODGE & COX	396,498,077	0.41%	0.36%	1.08%	-0.06%	6.62%	2.25%
BARCLAYS US AGGREGATE BOND		0.05%		1.14%		4.37%	
PIMCO	108,679,737	0.05%	0.00%	1.35%	0.21%	4.10%	-0.27%
BARCLAYS US AGGREGATE BOND		0.05%		1.14%		4.37%	
TOTAL FIXED INCOME	505,177,814	0.33%	0.28%	1.14%	0.00%	6.01%	1.64%
BARCLAYS US AGGREGATE BOND		0.05%		1.14%		4.37%	
DIRECT LENDING							
MEDLEY CAPITAL	27,847,660	0.00%	-0.75%	0.00%	-0.75%	3.37%	-5.63%
CUSTOM 9% ANNUAL		0.75%		0.75%		9.00%	
RAVEN CAPITAL	26,405,144	5.27%	4.52%	0.38%	-0.37%	2.87%	-6.13%
CUSTOM 9% ANNUAL		0.75%		0.75%		9.00%	
WHITE OAK	18,215,397	0.00%	-0.75%	0.35%	-0.40%	45.07%	37.47%
CUSTOM 9% ANNUAL		0.75%		0.75%		7.60%	
TOTAL DIRECT LENDING	72,468,201	1.92%	1.17%	0.23%	-0.52%	9.26%	0.26%
CUSTOM 9% ANNUAL		0.75%		0.75%		9.00%	
INTERNATIONAL EQUITY							
LSV ASSET MGMT	162,319,234	2.38%	0.70%	1.41%	-0.53%	25.94%	4.19%
MSCI ACWI ex-US		1.68%		1.94%		21.75%	
PYRAMIS	162,272,896	1.46%	-0.22%	1.52%	-0.42%	18.55%	-3.20%
MSCI ACWI ex-US		1.68%		1.94%		21.75%	
TOTAL INTERNATIONAL EQUITY	324,592,131	1.92%	0.24%	1.47%	-0.47%	22.17%	0.42%
MSCI ACWI ex-US		1.68%		1.94%		21.75%	
REAL ESTATE SECURITIES							
BlackRock US RE Index	25,348,384	0.89%	0.01%	2.45%	0.00%	13.28%	0.03%
DOW JONES US SELECT RE INDEX		0.88%		2.45%		13.25%	
CASH and SHORT-TERM INVESTMENTS							
CASH (NT + MANAGERS)	13,826,445	0.01%	0.00%	0.01%	0.00%	0.14%	0.01%
90-day US Treasury Bill		0.01%		0.01%		0.14%	
Total StancERA Fund	1,782,292,299	1.97%	0.26%	1.46%	-0.23%	18.31%	1.59%
Current Policy Index*		1.71%		1.68%		16.72%	
Actuary Rate of Assumption (7.75%)		0.64%	1.33%	0.64%	0.82%	7.75%	10.56%
Actuary Rate of Inflation (3.25%)		0.27%	1.70%	0.27%	1.19%	3.25%	15.06%

*Policy Index represents Current Policy Index that will be built up over time to reach the Target Policy Index.

Great

Not so...

O+E Equity

Legato

Jackson SQ

Cap Pros

O+C FI

Direct Lending
+ 9.26% in 1st year
with T-curves

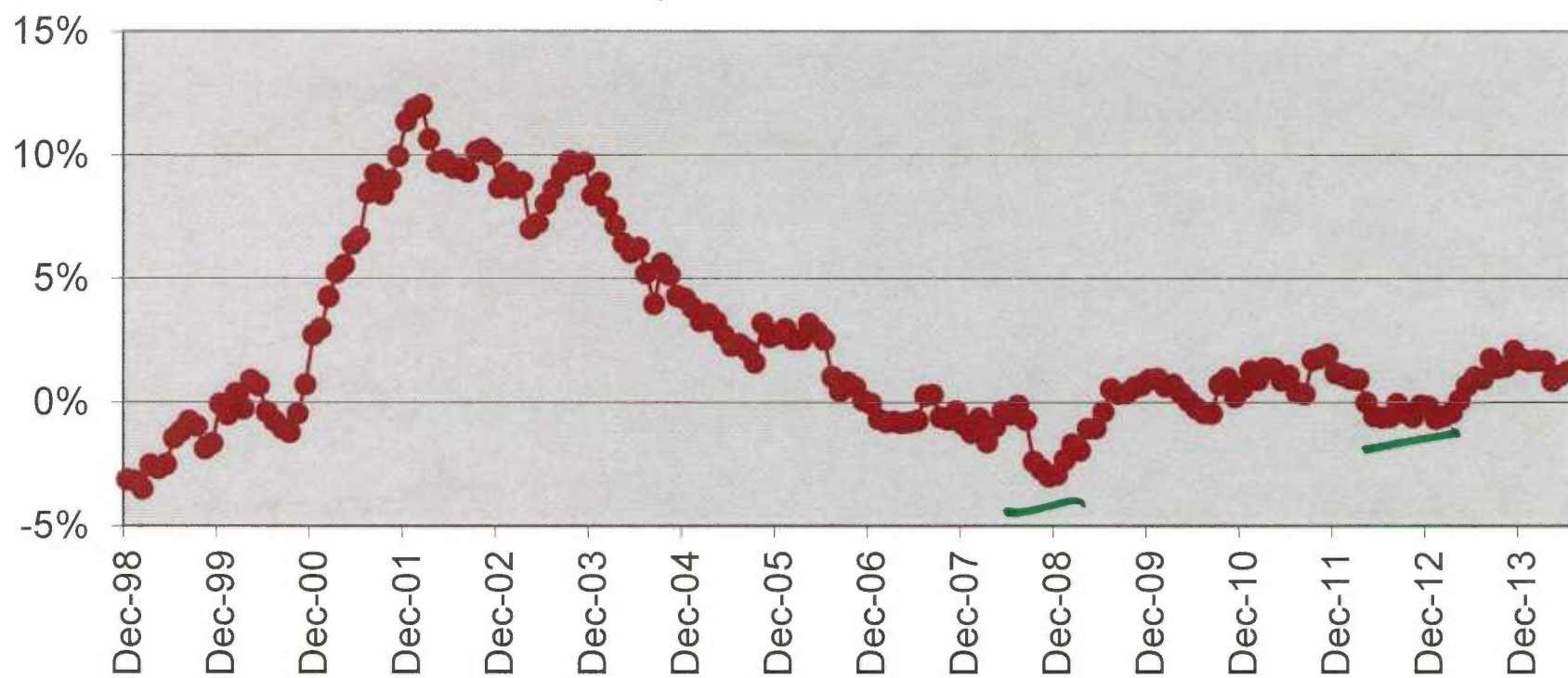
LSV

Pyramis

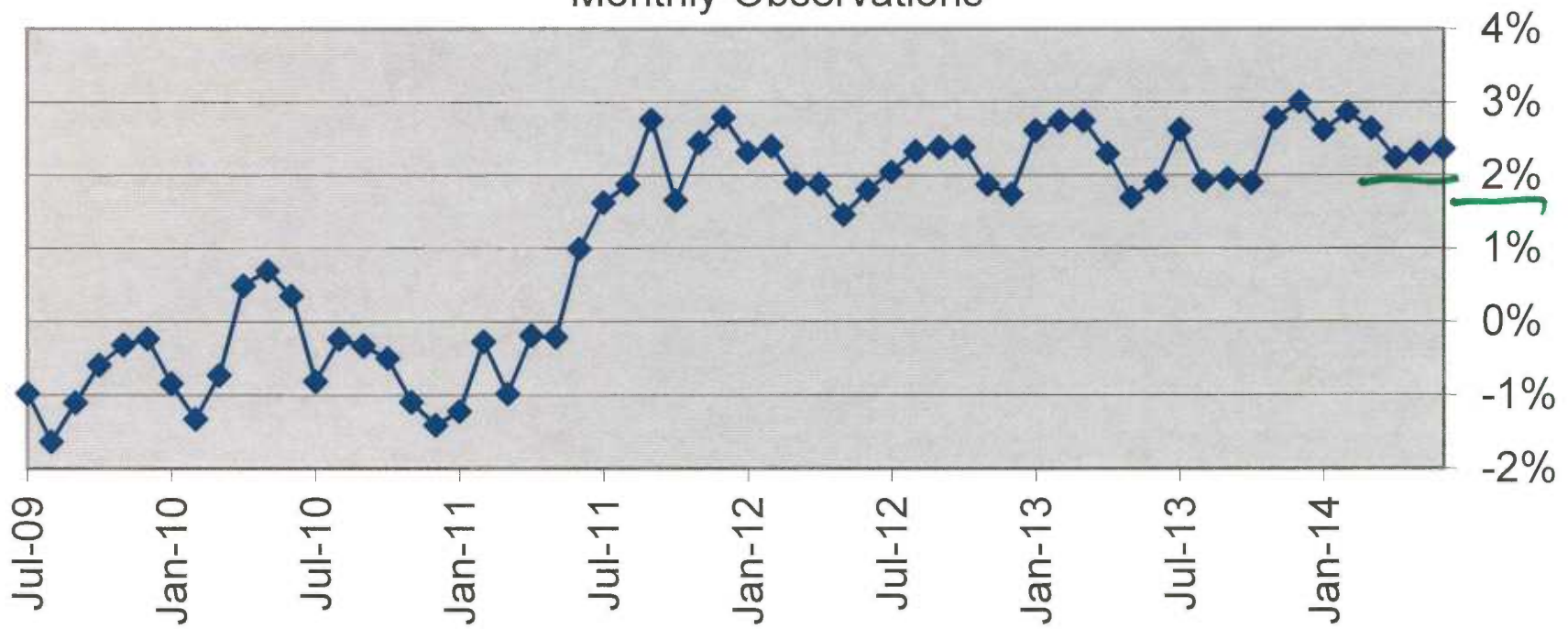
18.31% vs. 16.72% + 159bps

5

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

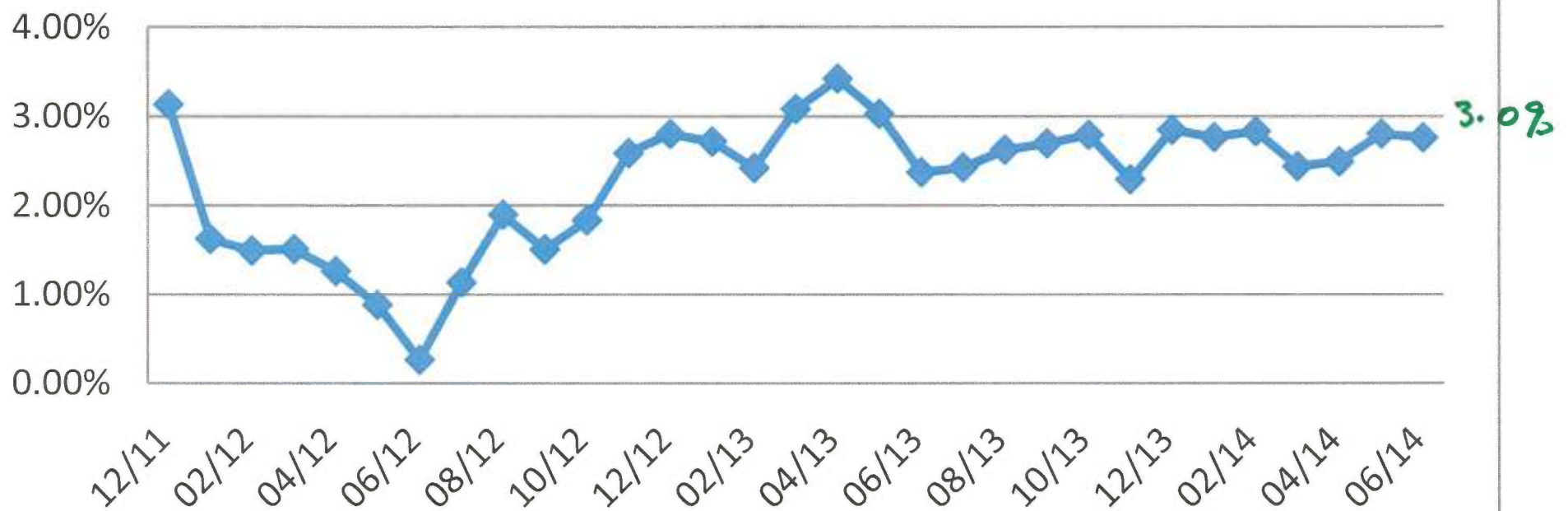


Jackson Square
Rolling 3-Years Annualized Alpha
Monthly Observations

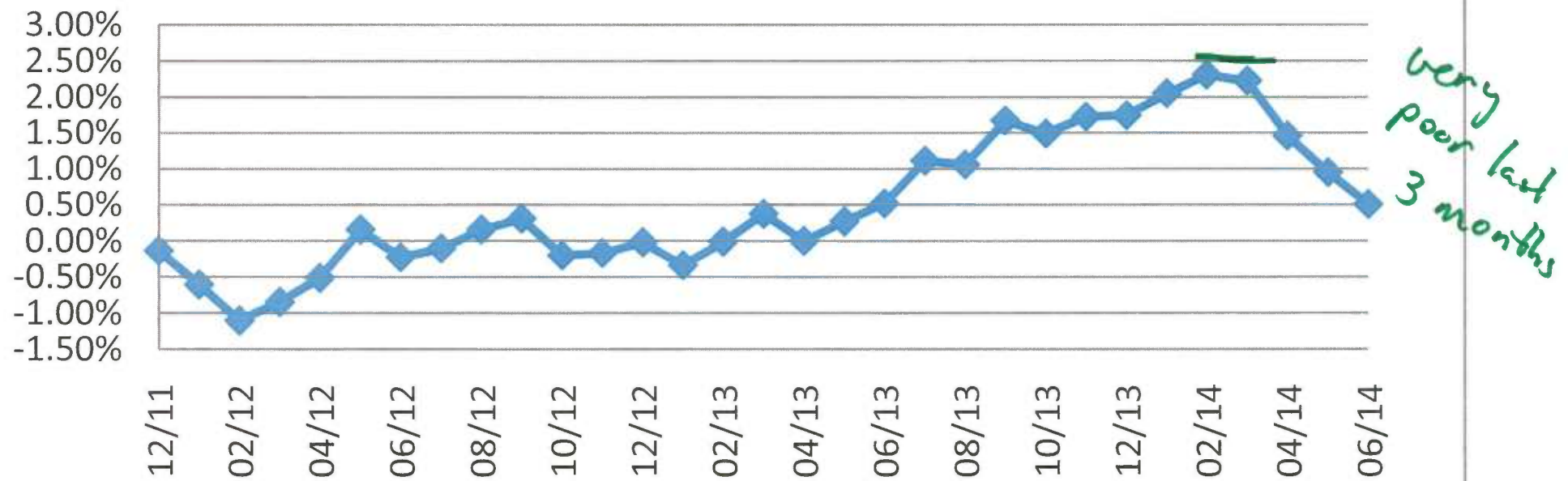


Delaware now Jackson Square

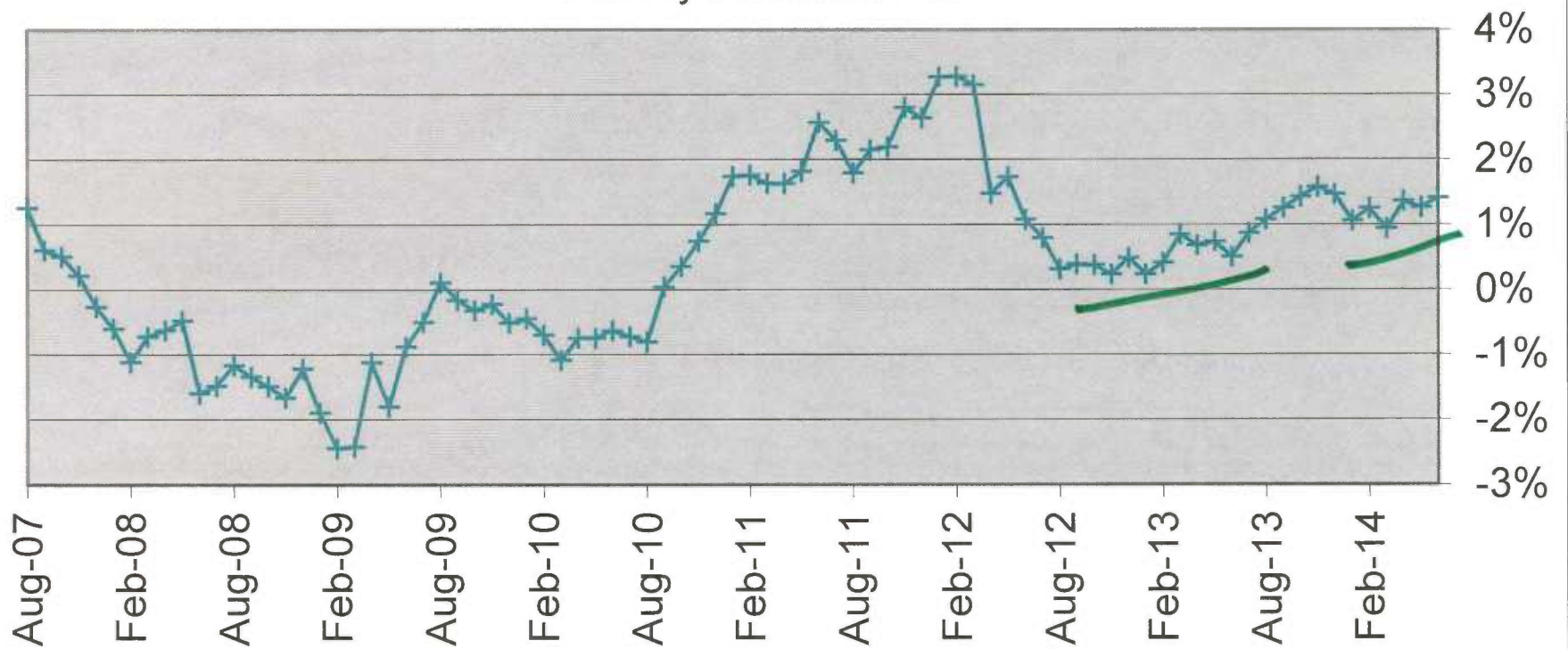
Capital Prospects
Rolling 3-Year
Alphas
Monthly Observations



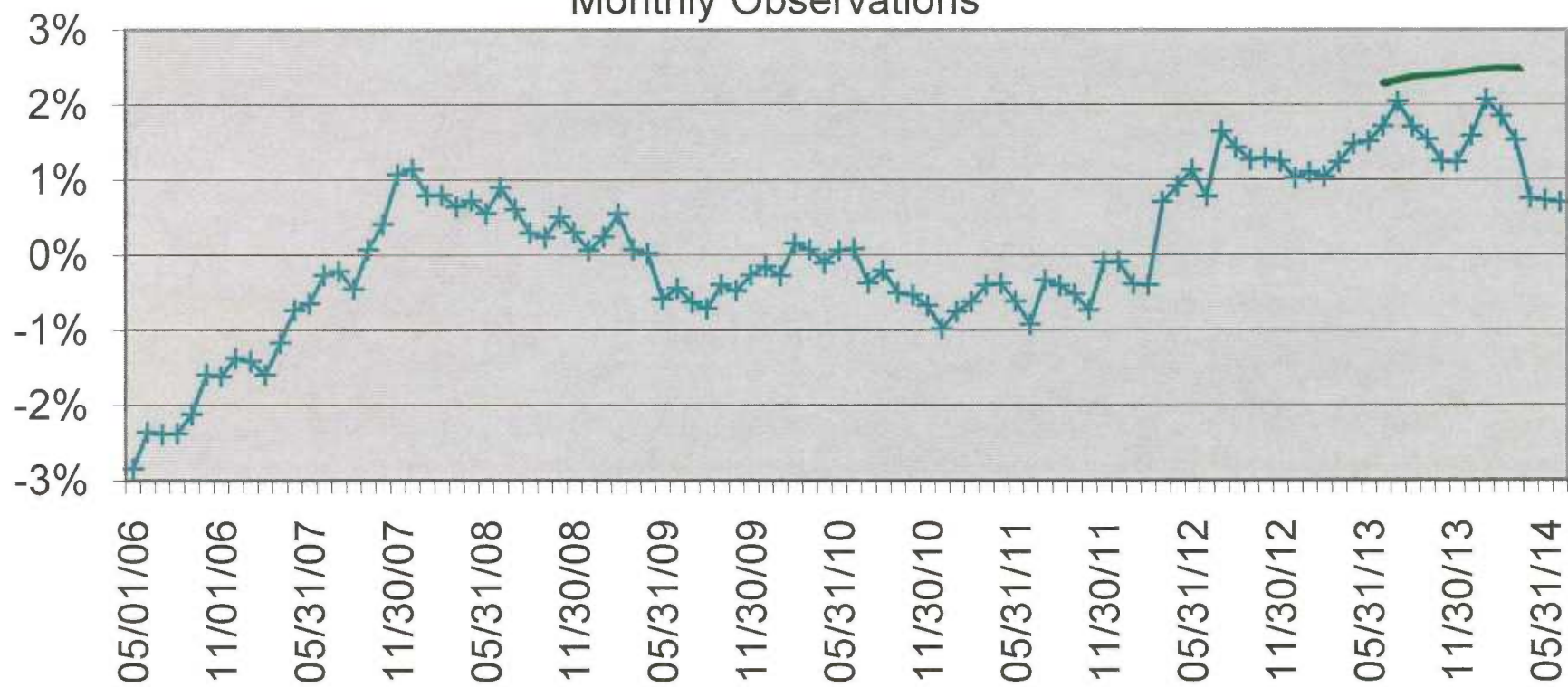
Legato Rolling
3-Year Alphas
Annualized
Monthly Observations



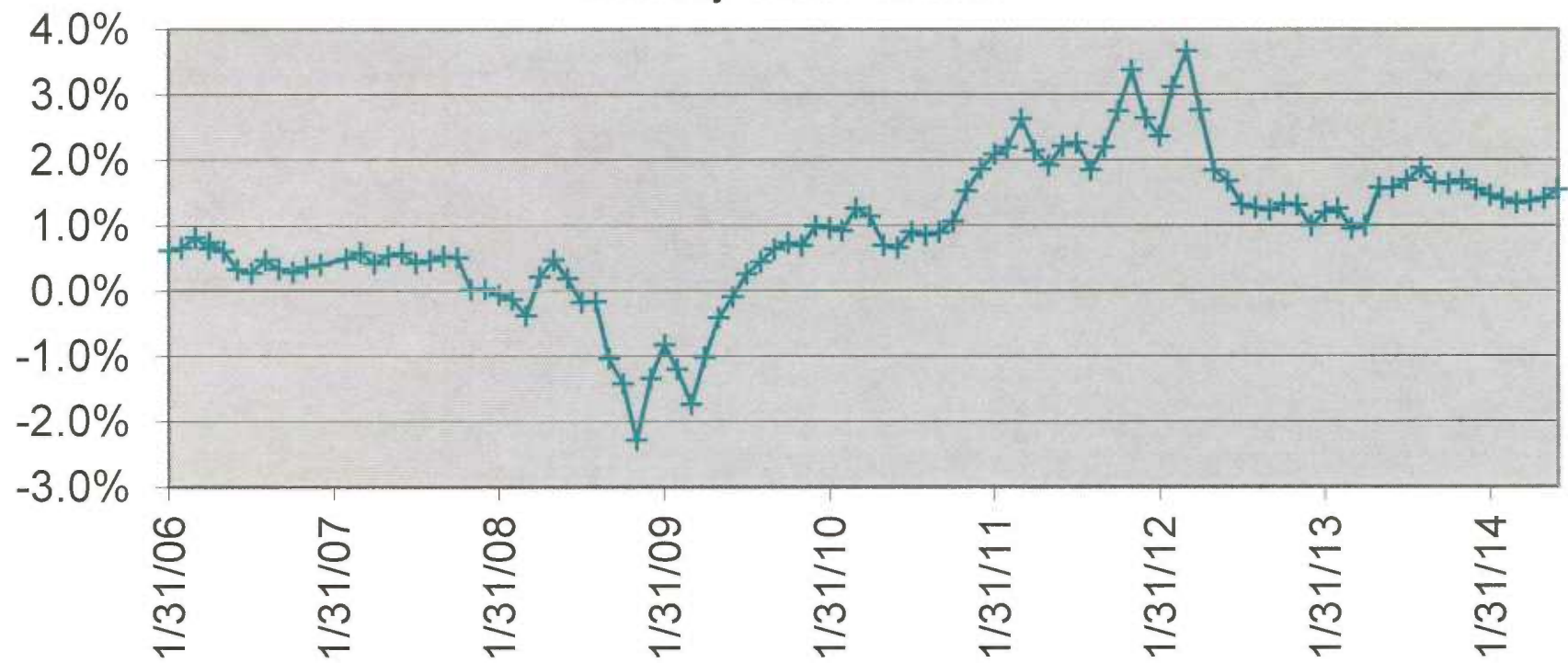
LSV
Rolling 3-Years Annualized Alpha
Monthly Observations



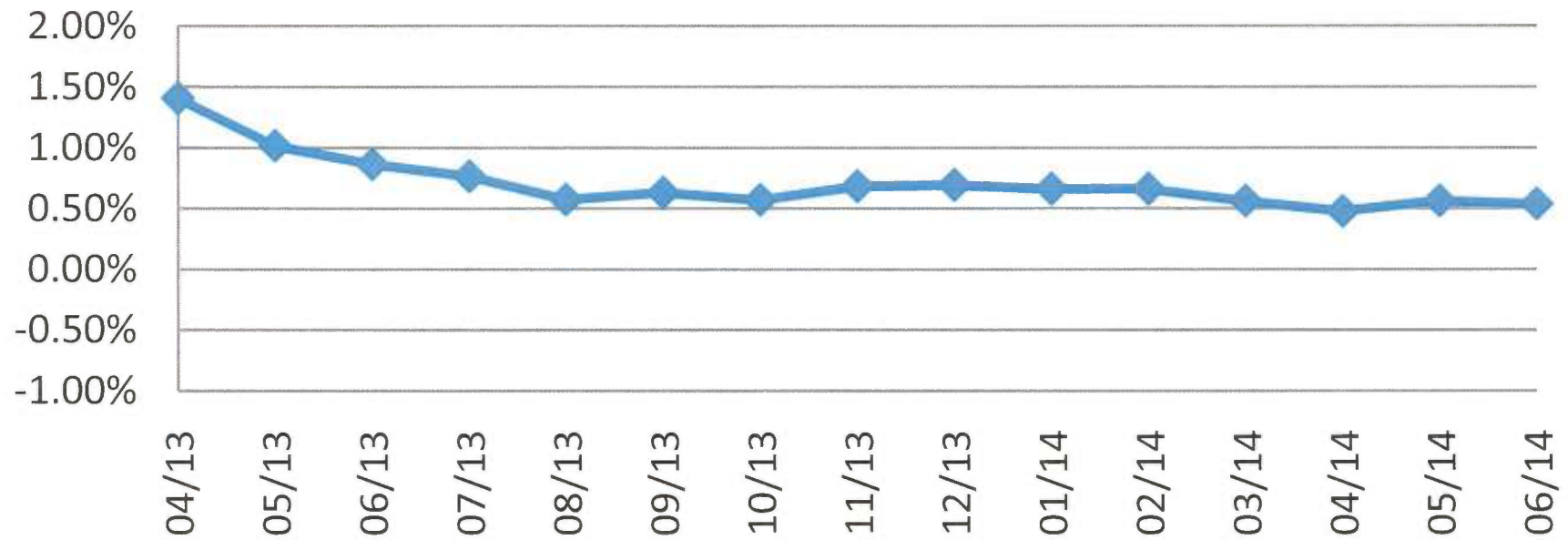
Pyramis (May 2006)
Rolling 3-Years Annualized Alpha
Monthly Observations



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



PIMCO Rolling
3-Year Alphas
Annualized
Monthly Observations



STANCERA
Price Monitor Position Report

7/22/14
Item #7b

BlackRock
Passive Large Cap Growth Manager
Positions as of June 30, 2014

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	6/30/2014 \$ PX	7/15/2014 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	61,258	\$5,692,699	5.65%	0.32%	92.93	96.45	3.79%	3.20%
Microsoft Corp.	MSFT	53,398	\$2,226,702	2.21%	0.12%	41.7	42.14	1.06%	0.47%
Verizon Communications	VZ	42,213	\$2,065,492	2.05%	0.12%	48.93	50.53	3.27%	2.69%
INTL Business Machines	IBM	9,727	\$1,763,225	1.75%	0.10%	181.27	189.86	4.74%	4.16%
Coca-Cola Co.	KO	39,008	\$1,652,394	1.64%	0.09%	42.36	42.38	0.05%	-0.54%
Google Inc. - Class A	GOOG	2,837	\$1,632,243	1.62%	0.09%	575.28	584.87	1.67%	1.08%
Google Inc. - Class C	GOOGL	2,931	\$1,632,243	1.62%	0.09%	556.97	594.26	6.70%	6.11%
Schlumberger LTD	PM	17,567	\$1,481,109	1.47%	0.08%	84.31	85.95	1.95%	1.36%
Gilead Sciences	SLB	11,447	\$1,350,127	1.34%	0.08%	117.95	115.94	-1.70%	-2.29%
Pepsci	PEP	15,112	\$1,350,127	1.34%	0.08%	89.34	91.08	1.95%	1.36%
TOP TEN HOLDINGS			\$20,846,361	20.69%	1.17%	Russell 1000 Growth:		0.58%	

Total Portfolio Value
Total StanCERA Value

\$100,755,731
\$1,782,292,299

STANCERA
Price Monitor Position Report

BlackRock
Passive Large Cap Value Manager
Positions as of June 30, 2014

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	6/30/2014 \$ PX	7/15/2014 \$ PX	Position % Change	Relative % Change
EXXON MOBIL CORP	XOM	51,342	\$5,169,077	4.36%	0.29%	100.68	102.68	1.99%	2.02%
GENERAL ELECTRIC CO	GE	120,000	\$3,153,611	2.66%	0.18%	26.28	26.66	1.45%	1.48%
JOHNSON & JOHNSON	JNJ	28,330	\$2,963,920	2.50%	0.17%	104.62	105.38	0.73%	0.76%
WELLS FARGO & CO	CVX	22,249	\$2,904,642	2.45%	0.16%	130.55	129.26	-0.99%	-0.96%
CHEVRON CORP	CVX	22,158	\$2,892,786	2.44%	0.16%	130.55	129.26	-0.99%	-0.96%
BERKSHIRE HATHAWAY INC	BRK-B	22,014	\$2,786,085	2.35%	0.16%	126.56	128.98	1.91%	1.94%
JPMORGAN CHASE & CO	JPM	43,415	\$2,501,549	2.11%	0.14%	57.62	56.29	-2.31%	-2.28%
PROCTER & GAMBLE CO	PG	31,227	\$2,454,126	2.07%	0.14%	78.59	81.32	3.47%	3.50%
PFIZER INC	PFE	76,295	\$2,264,435	1.91%	0.13%	29.68	30.24	1.89%	1.92%
AT&T CORP	T	62,028	\$2,193,301	1.85%	0.12%	35.36	35.86	1.41%	1.44%
TOP TEN HOLDINGS			\$29,283,532	24.70%	1.64%	Russell 1000 Value		-0.03%	

Total Portfolio Value
Total StanCERA Value

\$118,556,810

\$1,782,292,299

STANCERA
Price Monitor Position Report

BNY - S&P 500 Index
Passive S&P 500 Index Fund
Positions as of June 30, 2014

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	6/30/2014 \$ PX	7/15/2014 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	36,227	\$3,366,563	3.31%	0.19%	92.93	96.45	3.79%	2.85%
Exxon Mobil Corp	XOM	25,356	\$2,552,892	2.51%	0.14%	100.68	102.68	1.99%	1.05%
Microsoft	MSFT	43,903	\$1,830,759	1.80%	0.10%	41.70	42.14	1.06%	0.12%
Johnson & Johnson	JNJ	16,527	\$1,729,050	1.70%	0.10%	104.62	105.38	0.73%	-0.21%
General Electric Co	GE	58,827	\$1,545,974	1.52%	0.09%	26.28	26.66	1.45%	0.51%
Chevron Corp	CVX	10,907	\$1,423,924	1.40%	0.08%	130.55	129.26	-0.99%	-1.93%
Wells Fargo & Co.	WFC	27,091	\$1,423,924	1.40%	0.08%	52.56	51.31	-2.38%	-3.32%
Berkshire Hathaway Inc.	BRK-B	10,608	\$1,342,557	1.32%	0.08%	126.56	128.98	1.91%	0.97%
Procter & Gamble	PG	16,177	\$1,271,361	1.25%	0.07%	78.59	81.32	3.47%	2.53%
JPMorgan Chase & Co.	JPM	21,359	\$1,230,677	1.21%	0.07%	57.62	56.29	-2.31%	-3.25%
TOP TEN HOLDINGS			\$17,717,681	17.42%	0.99%	S&P 500 Index:		0.94%	

Total Portfolio Value
Total StanCERA Value

\$101,708,845
\$1,782,292,299

STANCERA
Price Monitor Position Report

Dodge & Cox Equity
Active US Large Cap Value Manager
Positions as of June 30, 2014

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	6/30/2014 \$ PX	7/15/2014 \$ PX	Position % Change	Relative % Change
HEWLETT-PACKARD CO	HPQ	232,705	\$7,837,504	4.23%	0.44%	0.60%	33.68	34.15	1.40%	0.81%
WELLS FARGO & CO	WFC	146,072	\$7,677,544	4.14%	0.43%	2.50%	52.56	51.31	-2.38%	-2.96%
CAPITAL ONE FINANCIAL CORP	COF	92,500	\$7,640,500	4.12%	0.43%	0.50%	82.60	84.01	1.71%	1.12%
MICROSOFT CORP	MSFT	170,000	\$7,089,000	3.82%	0.40%	1.20%	41.70	42.14	1.06%	0.47%
NOVARTIS AG-ADR	NVS	68,600	\$6,210,358	3.35%	0.35%	0.00%	90.53	90.25	-0.31%	-0.89%
COMCAST CORP-CLASS A	CMCSA	110,363	\$5,924,285	3.19%	0.33%	0.10%	53.68	55.05	2.55%	1.97%
TIME WARNER INC	TWX	78,232	\$5,495,798	2.96%	0.31%	0.60%	70.25	71.68	2.04%	1.45%
SCHLUMBERGER LTD	SLB	44,300	\$5,225,185	2.82%	0.29%	0.00%	117.95	115.94	-1.70%	-2.29%
SANOFI-ADR	SNY	98,255	\$5,224,218	2.81%	0.29%	0.00%	53.17	51.91	-2.37%	-2.95%
GLAXOSMITHKLINE PLC-SPON ADR	GSK	95,000	\$5,080,600	2.74%	0.29%	0.00%	53.48	53.58	0.19%	-0.40%
TOP TEN HOLDINGS			\$63,404,992	34.18%	3.56%	5.50%	Russell 1000 Growth:		0.58%	

Total Portfolio Value
Total StanCERA Value

\$185,525,687
\$1,782,292,299

STANCERA
Price Monitor Position Report

Jackson Square Partners
Active Large Cap Growth Portfolio
Positions as of June 30, 2014

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	6/30/2014 \$ PX	7/15/2014 \$ PX	Position % Change	Relative % Change
Celgene Corporation	CELG	104,200	\$8,948,696	5.77%	0.50%	0.68%	85.88	88.37	2.90%	2.32%
EOG Resources, Inc.	EOG	74,125	\$8,662,248	5.59%	0.49%	0.63%	116.86	115.69	-1.00%	-1.58%
Walgreen Co.	WAG	112,950	\$8,372,984	5.40%	0.47%	0.53%	74.13	71.49	-3.56%	-4.14%
Visa Inc. Class A	V	38,950	\$8,207,155	5.30%	0.46%	1.04%	210.71	221.03	4.90%	4.31%
Microsoft Corporation	MSFT	195,275	\$8,142,968	5.25%	0.46%	2.20%	41.70	42.14	1.06%	0.47%
Allergan, Inc.	AGN	47,750	\$8,080,255	5.21%	0.45%	0.50%	169.22	167.02	-1.30%	-1.88%
QUALCOMM Incorporated	QCOM	100,050	\$7,923,960	5.11%	0.44%	1.32%	79.20	79.52	0.40%	-0.18%
MasterCard Incorporated Class A	MA	103,650	\$7,615,166	4.91%	0.43%	0.73%	73.47	77.33	5.25%	4.67%
Crown Castle International Corp.	CCI	93,125	\$6,915,463	4.46%	0.39%	0.24%	74.26	74.85	0.79%	0.21%
Adobe Systems Incorporated	ADBE	94,475	\$6,836,211	4.41%	0.38%	0.36%	72.36	72.88	0.72%	0.14%
TOP TEN HOLDINGS			\$79,705,103	51.42%	4.47%	8.22%	Russell 1000 Growth:		0.58%	

Total Portfolio Value
Total StanCERA Value

\$154,417,260

\$1,782,292,299

STANCERA
Price Monitor Position Report

Capital Prospects
Active US Small Cap Value Manager
Positions as of June 30, 2014

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000V	6/30/2014 \$ PX	7/15/2014 \$ PX	Position % Change	Relative % Change
Hillenbrand, Inc	HI	42,806	\$1,396,345	1.48%	0.08%	0.12%	32.62	31.82	-2.45%	0.07%
Regal Beloit Corp	RBC	15,733	\$1,235,954	1.31%	0.07%	0.00%	78.56	77.92	-0.81%	1.70%
Littelfuse, Inc	LFUS	11,673	\$1,084,998	1.15%	0.06%	0.12%	92.95	92.87	-0.09%	2.43%
Iberiabank Corp	IBKC	13,091	\$905,738	0.96%	0.05%	0.12%	69.19	66.70	-3.60%	-1.08%
Asbury Auto GP	ABG	12,902	\$886,868	0.94%	0.05%	0.12%	68.74	71.34	3.78%	6.30%
Deluxe Corporation	DLX	14,978	\$877,433	0.93%	0.05%	0.17%	58.58	57.90	-1.16%	1.36%
First AM	FAF	31,574	\$877,433	0.93%	0.05%	0.17%	27.79	27.96	0.61%	3.13%
Cinemark Holdings, Inc	CNK	24,014	\$849,129	0.90%	0.05%	0.00%	35.36	33.98	-3.90%	-1.38%
Hexcel Corp New	HXL	20,069	\$820,825	0.87%	0.05%	0.00%	40.90	41.27	0.90%	3.42%
MB Financial, Inc	MBFI	29,647	\$801,955	0.85%	0.04%	0.08%	27.05	27.82	2.85%	5.36%
TOP TEN HOLDINGS			\$9,736,678	10.31%	0.55%	0.90%	Russell 2000 Value:		-2.52%	

Total Portfolio Value
Total StanCERA Value

\$94,347,658
\$1,782,292,299

STANCERA
Price Monitor Position Report

Legato Capital Management
Active US Small Cap Growth Manager
Positions as of June 30, 2014

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000G	6/30/2014 \$ PX	7/15/2014 \$ PX	Position % Change	Relative % Change
Ultimate Software Group, Inc.	ULTI	8,996	\$1,242,977	1.45%	0.07%	0.45%	138.17	132.36	-4.20%	-1.57%
MAXIMUS, Inc.	MMS	26,219	\$1,127,941	1.32%	0.06%	0.33%	43.02	41.91	-2.58%	0.06%
Cepheid	CPHD	23,109	\$1,107,845	1.29%	0.06%	0.38%	47.94	49.95	4.19%	6.83%
Portfolio Recovery Associates, Inc.	PRAA	17,484	\$1,040,823	1.22%	0.06%	0.34%	59.53	56.96	-4.32%	-1.68%
Dealertrack Technologies, Inc.	TRAK	21,747	\$986,009	1.15%	0.06%	0.23%	45.34	40.84	-9.93%	-7.29%
PAREXEL International Corporation	PRXL	18,066	\$954,607	1.12%	0.05%	0.34%	52.84	54.17	2.52%	5.15%
Synchronoss Technologies, Inc.	SNCR	23,211	\$811,457	0.95%	0.05%	0.14%	34.96	34.15	-2.32%	0.32%
United Natural Foods, Inc.	UNFI	12,257	\$797,931	0.93%	0.04%	0.37%	65.10	64.00	-1.69%	0.95%
Proto Labs, Inc.	PRLB	9,732	\$797,245	0.93%	0.04%	0.21%	81.92	82.81	1.09%	3.72%
Grand Canyon Education, Inc.	LOPE	17,207	\$791,006	0.92%	0.04%	0.24%	45.97	45.65	-0.70%	1.94%
TOP TEN HOLDINGS			\$9,657,842	11.29%	0.54%	3.03%	Russell 2000 Growth:		-2.64%	

Total Portfolio Value
Total StanCERA Value

\$85,567,336

\$1,782,292,299

STANCERA
Price Monitor Position Report

LSV Asset Management
International Large Cap Value
Positions as of June 30, 2014

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	6/30/2014 \$ PX*	7/15/2014 \$ PX*	Position % Change	Relative % Change
ASTRAZENECA PLC	AZN	London	46,964	\$3,489,864	2.15%	0.20%	0.50%	74.31	74.86	0.74%	0.62%
MAGNA INTERNATIONAL INC	MGA	Canada	26,965	\$2,905,514	1.79%	0.16%	0.13%	107.75	110.59	2.64%	2.51%
ALLIANZ SE	ALV.DE	Germany	18,806	\$2,288,701	1.41%	0.13%	0.40%	121.70	130.15	6.94%	6.82%
BASF SE	BASFY	Germany	19,228	\$2,240,005	1.38%	0.13%	0.57%	116.50	114.88	-1.39%	-1.52%
DAIMLER AG	DAI.DE	Germany	32,037	\$2,191,310	1.35%	0.12%	0.48%	68.40	67.61	-1.15%	-1.28%
CHINA PETROLEUM & CHEMICAL-H	SNP	Hong Kong	22,547	\$2,142,614	1.32%	0.12%	0.13%	95.03	93.54	-1.57%	-1.69%
NOVARTIS AG	NVS	Switzerland	23,667	\$2,142,614	1.32%	0.12%	1.11%	90.53	90.25	-0.31%	-0.43%
SANOFI S.A.	SNY	London	39,382	\$2,093,918	1.29%	0.12%	0.67%	53.17	51.91	-2.37%	-2.49%
ENI - ENTE NAZIONALE IDROCARBURI	E	Italy	36,958	\$2,028,990	1.25%	0.11%	0.37%	54.90	53.36	-2.81%	-2.93%
OLD MUTUAL PLC	OML.L	London	10,017	\$1,980,295	1.22%	0.11%	0.09%	197.70	199.30	0.81%	0.68%
TOP TEN HOLDINGS				\$23,503,825	14.48%	1.32%	4.45%	MSCI ACWI ex-U.S.		0.12%	

Total Portfolio Value
Total StanCERA Value

\$162,319,234

\$1,782,292,299

*Company quotes are provided directly in USD

STANCERA
Price Monitor Position Report

Pyramis Global Advisors
Active Non-US Growth Manager
Positions as of June 30, 2014

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	6/30/2014 PX*	5/16/2014 PX*	Position % Change	Relative % Change
ROYAL DUTCH SHELL PLC CL A(NL)	B09CBL4	Amsterdam	71,451	\$2,958,293	1.66%	0.17%	1.39%	30.24	28.81	-4.73%	-4.85%
NESTLE SA (REG)	7123870	Switzerland	34,365	\$2,662,241	1.64%	0.15%	1.30%	68.75	71.45	3.93%	3.80%
SANOFI	5671735	Paris	19,768	\$2,099,730	1.30%	0.12%	0.66%	53.17	53.10	-0.13%	-0.26%
HSBC HOLDINGS PLC (UK REG)	540528	London	196,453	\$1,991,582	1.28%	0.11%	0.99%	10.08	10.60	5.16%	5.03%
ROCHE HLDGS AG (GENUSSCHEINE)	7110388	Germany	6,631	\$1,977,785	1.19%	0.11%	1.09%	37.30	37.72	1.13%	1.00%
BAYER AG	5069211	Germany	13,193	\$1,863,219	1.17%	0.10%	0.61%	37.30	37.72	1.13%	1.00%
LLOYDS BANKING GROUP PLC	870612	London	1,394,874	\$1,770,881	1.12%	0.10%	0.38%	1.28	1.25	-2.34%	-2.47%
NOVARTIS AG (REG)	7103065	Germany	19,136	\$1,732,770	1.03%	0.10%	1.08%	90.53	89.88	-0.72%	-0.84%
TOYOTA MOTOR CORP	6900643	Tokyo	28,600	\$1,717,609	1.00%	0.10%	0.86%	119.66	109.61	-8.40%	-8.52%
ALLIANZ SE (REGD)	5231485	Germany	9,757	\$1,625,766	1.00%	0.09%	0.39%	121.70	121.35	-0.29%	-0.41%
TOP TEN HOLDINGS				\$20,399,876	12.39%	1.14%	8.74%	MSCI ACWI ex-US:		0.12%	

Total Portfolio Value
Total StanCERA Value

\$162,272,896
\$1,782,292,299

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



STANISLAUS COUNTY EMPLOYEES' RETIREMENT SYSTEM

Infrastructure Overview

Paul Harte

July 22nd, 2014

Discussion Topics

Overview on the Infrastructure Asset Class

- Types of Assets in Infrastructure
- Risk/Return Characteristics
- Diversification Benefits

Ways to Invest in Infrastructure

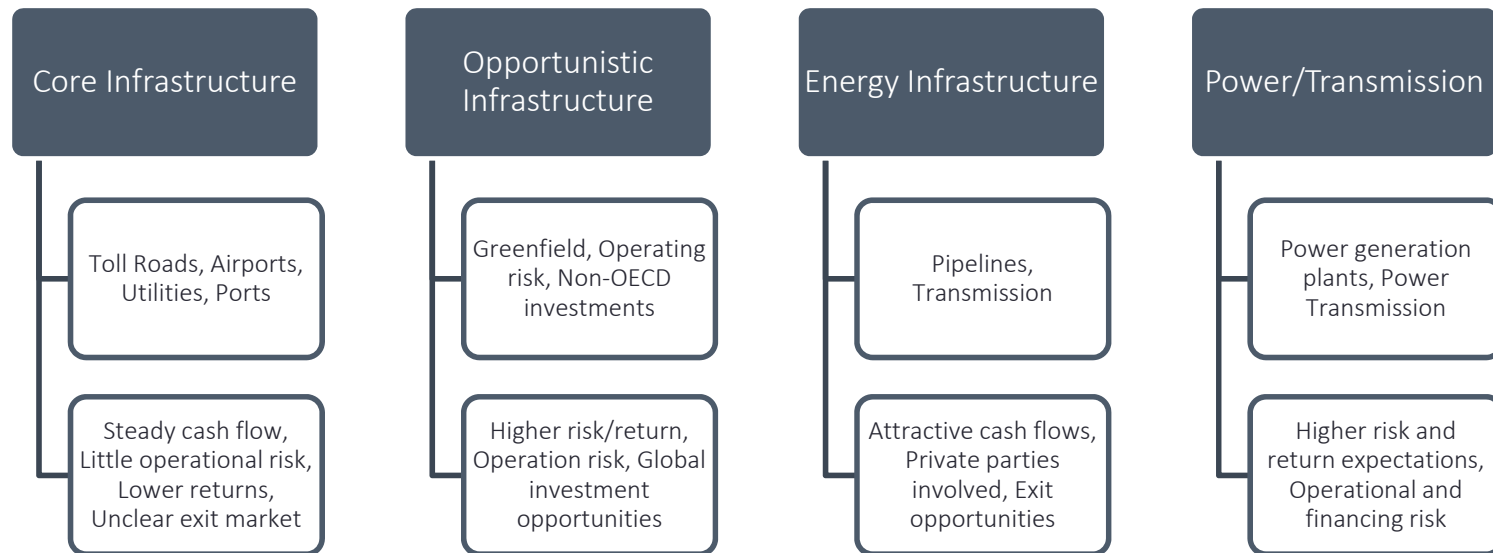
- Public Markets
- Private Markets
- Secondaries
- MLPs

Overview of Infrastructure

❑ Sectors of Infrastructure:

- Energy/Power – Utilities, Pipelines, Power Transmission
- Transportation – Toll Roads, Ports, Airports, Bridges
- Communication – Cell Towers, Broadcast Towers, Satellites
- Industrial - Industrial Plants, Waste Water
- Social – Hospitals, Schools, Correctional Facilities, Public Transportation

Infrastructure Strategies



Introduction to the Infrastructure Asset Class

- ❑ Infrastructure assets typically demonstrate a number of the following attributes:
 - ❑ **Essential Services with Low Demand Elasticity** – Demand for many infrastructure assets is often “de-linked” from changes in the overall economy; we turn on the heat when we’re cold and turn on lights in the dark, regardless of general economic conditions.
 - ❑ **Monopolistic/Quasi-Monopolistic Market Positions** – Many infrastructure operations are the sole providers of certain goods or services in their market, either by regulation, contract, or scale.
 - ❑ **Stable and Predictable, Long-Term Cash Flows, often Linked to Inflation** – High current income is a hallmark of many infrastructure investments; importantly, many are able to grow income over time through regulated or contractual bumps in annual revenues that are linked to a measure of inflation.
 - ❑ **High Barriers to Entry/Difficult to Replicate** – It is practically impossible to replicate many infrastructure assets today due to the scale of such operations and forecast costs of construction. Permitting and rights-of-way would also be difficulties. For example, it would be nearly impossible to successfully build and operate a new toll road parallel to the existing Pennsylvania Turnpike.
 - ❑ **Low or Negative Correlation of Returns** to traditional asset classes.
 - ❑ **Long Useful Lives** – Many assets can have useful lives of 50 years or more (e.g., gas pipelines).

Infrastructure Return Characteristics

❑ Modest Return Expectations for Private Markets

- Net returns of 8%-12%
- High share of the return comes from income
- Regulated revenues and stable cash flows

❑ Some Assets Feature Inflation Linked Cash Flows

- CPI-linked cash flows will most likely be negotiated with government regulated assets.
- Private-to-Private Infrastructure will be driven more by demand/supply dynamics

❑ Low Correlation to Traditional Asset Classes

- Some assets will be heavily influenced by GDP growth (Transportation/Industrial)
- Commodity prices will have an impact on certain sectors (Energy/Power)
- Some sectors are idiosyncratic and exhibit little to no correlation to other asset classes (Social)

Infrastructure Risk Characteristics

❑ Investment Risk

- Economic cycle may result in increased correlation with other asset classes
- Regulatory risk may impact risk and/or return profile

❑ Execution Risk

- Potential for relatively low risk among private markets investments
- Long-term contracted revenue streams, CPI protected, hedged commodity exposures
- High barriers to entry
- Low management risk relative to other private market segments

❑ Counterparty Risk

❑ Illiquidity Risk – Long-dated assets that are often private in nature

❑ Financial Leverage

- Stable cash flows may invite high levels of financial leverage
- Rising rates may impact the asset class
- Prudent management can reduce the risk of credit issues

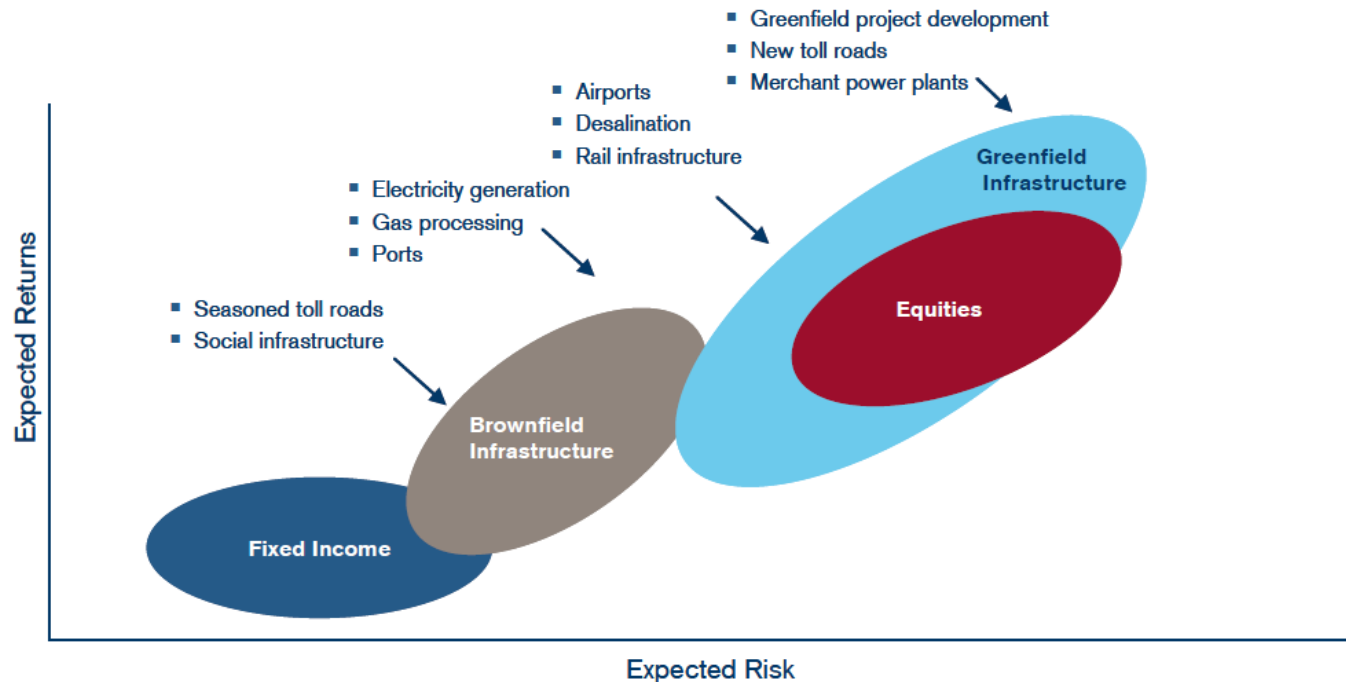
❑ Insufficient Deal Flow

- U.S. has been slow to adopt private infrastructure in certain sectors
- Large increase in capital chasing few deals will hurt valuations
- Exit risk

❑ High Fees can Overwhelm Expected Returns

❑ Evolving Opportunity

Investments Feature a Wide Range of Expected Risks and Returns



Source: Credit Suisse Asset Management

- ❑ SIS, generally, favors infrastructure strategies where GPs have an opportunity to add value in operations, development and/or deal structuring. Often these private strategies will carry higher risk but return expectations are also higher which is necessary to overcome the fee burden associated with private investment funds.

Diversification Benefits

❑ Low Correlation to Traditional Asset Classes

- Private Infrastructure has historically had low correlation to stocks and bonds.
- Energy infrastructure can be influenced by commodity price activity (but can be hedged via contracts) which has historically been a good diversifier to stocks and bonds.

❑ Some Correlation to Inflation

- Infrastructure is not as direct an inflation hedge as the industry often states.
- Certain contracts will offer a CPI adjustment which will influence cash flows on a periodic basis with the movement in CPI. These tend to be government regulated contracts.
- Energy infrastructure can be influenced by oil/gas price activity (but can be hedged via contracts) which, if positively correlated with CPI, will provide some inflation hedging characteristics.

Ways to Invest in Infrastructure

Investment Option	Public Markets	Private Market	Secondaries	MLPs
Liquidity	High	Low	Low	Medium
Fund Term	N/A	10+ Years	10+ Years	N/A
Management Fee	0.50-1.25%	1.00-1.90%	1.50-2.5%*	0.75-1.50%
Performance Fee	N/A	10-20%	15-25%*	N/A
Benchmark	S&P Global Infrastructure	N/A	N/A	Alerian MLP Index
Target Return (Net)	5-7%	8-12%	7-10%	6-10%
Correlation to Public Equities	High	Moderate	Moderate	High

* Secondary Funds include two sets of management and performance fees.

Public Markets

- ❑ Public equity markets that attempts to deliver attractive returns through a combination of capital appreciation and cash yield income.
- ❑ Invests in a diversified portfolio of infrastructure assets, development projects and related service businesses across various infrastructure sectors, life cycle phases and geographies.
- ❑ Higher correlation to global equities than Private Infrastructure funds.
- ❑ Marked to market on a daily basis – no illiquidity risk.
- ❑ Can either be passive in nature (index funds) or actively managed.
- ❑ Fees are much lower than private markets.

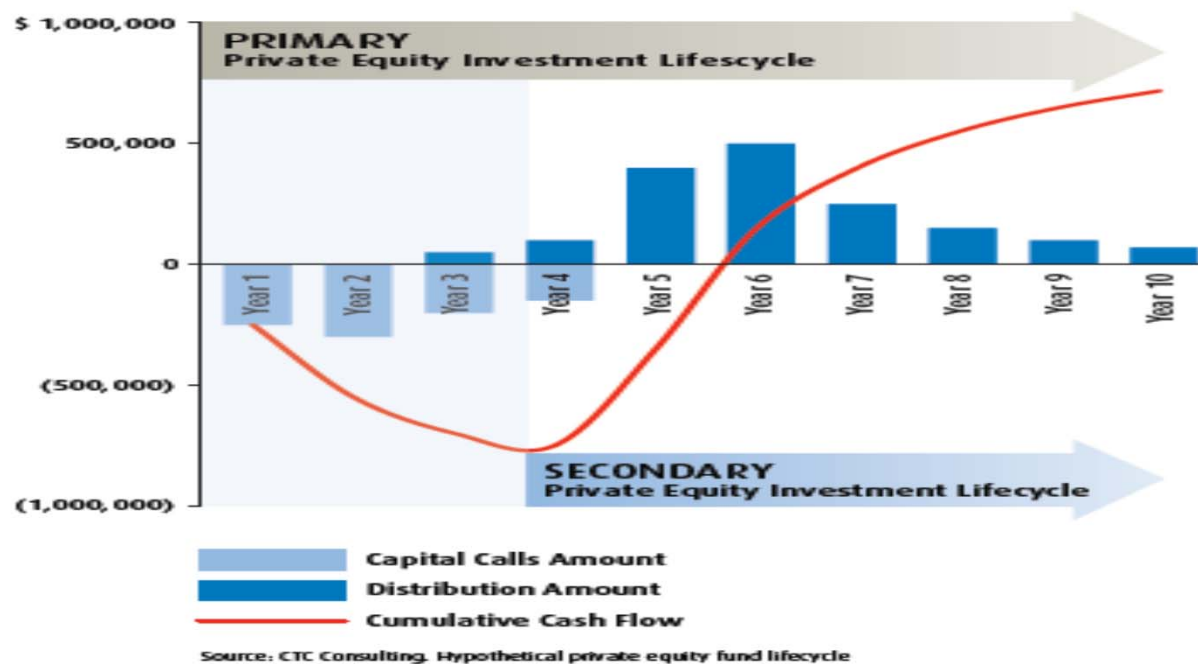
Private Markets

- ❑ Generally in a closed-end fund format with a long-dated investment life.
- ❑ There are a few funds in an open-end format that strive for friendlier liquidity terms (lock-up but for 1-3 years).
- ❑ Low correlation to global equities.
- ❑ Private in nature so marked on a quarterly or annual basis much like Private Equity or Private Real Estate.
- ❑ Increasingly, governments are seeking to access private capital to build new assets, expand or renovate existing assets, and supply the provision of essential services.
- ❑ Actively managed that generally seeks investments with limited downside risk and to drive value creation through sourcing, deep operational engagement and active shareholder management.
- ❑ Sector exposure can include any or all of the following: Renewables, Transportation, Telecom, Energy, Water, Social, etc.
- ❑ Assets with market protection, contracted assets and regulated assets.
- ❑ Fund format is private in nature with high fees consisting of an asset-based plus performance-based fee.

Secondary Markets

❑ What is a Secondary Investment?

- An available partnership interest in private equity fund vehicle. For a variety of reasons, limited partners in a private investment seek to sell their interest in a fund. Qualified investors can purchase the LP interest at a mutually agreed upon price (often at a discount to fund NAV).
- Secondary buyers have greater deal transparency, shorter fund lives and reduced J-curve returns



Primary vs. Secondary in Infrastructure

Primary

- **Pros**
 - Greater flexibility in choosing strategies
 - Access to top tier GPs
 - Potential to negotiate terms
 - Single layer of fees if making direct investments
- **Cons**
 - Blind pool risk – no ability to underwrite investments
 - Uncertainty with deal flow
 - Fees tend to be high relative to return expectations
 - J-curve present in first 1-5 years
 - Poor historical returns in the US infrastructure market

Secondary

- **Pros**
 - Transparency on underlying assets – mitigate blind pool risk
 - J-Curve mitigation
 - Higher cash yields in early years relative to primary investments
 - Diversification benefits
- **Cons**
 - Less flexibility in choosing GPs
 - Additional layer of fees in FOF secondary
 - Top tier managers are difficult to access in secondary markets
 - Attractive GPs may not treat commitment via secondary market as equivalent to direct LP commitments during next fundraising

Master Limited Partnerships (MLPs)

- ❑ A master limited partnership (MLP) is a limited partnership that is traded on a public markets securities exchange. It combines the tax benefits of a limited partnership with the liquidity of publicly traded securities.
- ❑ MLPs are limited by US Federal law to only apply to enterprises that engage in certain businesses, mostly pertaining to the use of natural resources, such as petroleum and natural gas extraction and transportation.
- ❑ To qualify for MLP status, a partnership must generate at least 90 percent of its income from what the IRS deems “qualifying” sources. For many MLPs, these include all manners of activities related to the production, processing or transportation of energy.
- ❑ In practice, MLPs pay their dividends through quarterly required distributions with yields above what other common stocks generally pay.
- ❑ MLPs are managed by active investment management firms or can be accessed in a passive manner (index funds)
- ❑ Tax Exempt investors may incur UBTI issues making MLPs generally unsuitable for Pension Plans. County and State Pensions have received mixed legal advice on the tax issue but we, generally, view MLPs as an undesirable asset class for our Tax Exempt Clients.



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

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

**For the Board of Retirement meeting
Held on July 22, 2014**

TO: The Board of Retirement

FROM: Rick Santos, Executive Director

- I. SUBJECT: Addition to the Investment Policy regarding Alternative Investments
- II. ITEM NUMBER: #8a
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Approve the noted change to the Investment Policy
- V. ANALYSIS: In a recent meeting, it was pointed out that in a section of the Investment Policy regarding Corporate Fraudulent Behavior Notification, there was no specific mention of the Direct Lending asset class. Attachment 1 shows the proposed red-line modification to the Investment Policy regarding this issue.
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective #2. Develop efficient and effective processes for the evaluation, monitoring and disposition of StanCERA's active managers
- VIII. ADMINISTRATIVE BUDGET IMPACT: None

Rick Santos, Executive Director

Luiana Irizarry, Investment & Accounting Technician

Corporate Fraudulent Behavior Notification Guidelines

~~The~~All investment managers, s, including those that manage the Direct Lending assets, -shall notify StanCERA staff immediately by written communication upon any reported fraudulent behavior committed in any of their holdings. The notification shall include the following information: amount of shares held or units of investment, date of purchase, average purchase price (if applicable), ~~current~~the most recently determinable market price and a summary on why the company was purchased and going forward the rationale for either keeping the company in the portfolio or an exit plan.

In addition, ~~the~~all investment managers, s, including those that manage the Direct Lending assets, -shall notify StanCERA staff by written communication immediately upon any material adverse news on a significant portfolio holding that has had, or likely will have a significant effect on the share price of that company. The notification shall include the following information: amount of shares held or units of investment, date of purchase, average purchase price (if applicable), ~~current~~the most recently determinable market price, and a summary on why the company was purchased and going forward the rationale for either keeping the company in the portfolio or an exit plan.

July 16, 2014

Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, California 95354
Attention: Gordon B. Ford, StanCERA Chair

Dear Mr. Ford:

Although we responded to your letter dated April 15, 2014, during our presentation to the Board on April 22, we also wanted to provide a written response. First, however, I'd like to acknowledge your concern: please rest assured that White Oak does not lend to borrowers engaged in unlawful activities and that any involvement with such a firm would be completely unacceptable.

As you're no doubt aware, however, "payday loans" are not illegal and exist because a significant number of consumers have unmet capital needs. This population is particularly vulnerable to the fraudsters that prey on vulnerable members of our society, and we fully appreciate that you do not want to lend support to such bad actors in any way. However, Selling Source is also concerned about the bad actors tarnishing their industry. They have worked with the Federal Trade Commission and Secret Service, as well as an industry trade group, the On Line Lenders Alliance (OLA), to investigate these problems. Furthermore, Selling Source is an industry leader in data protection and its President/CEO wrote the OLA's Marketing Best Practices.

Beyond the questions of protecting consumers and their data against fraud, however, is the challenging complexity of regulatory compliance. For Selling Source, two areas have been a particular concern.

First, we believe you're familiar with the "Sovereign business model." Although Selling Source has worked with payday lenders that subscribe to this model, the company has been advised by nationally-recognized counsel that the lenders to whom Selling Source provides leads are authorized to do so under current law. The Sovereign model is currently being tested in the New York State courts; Selling Source has already made adjustments to its business, and we have no doubt it will continue to comply with the governing law in this area.

Second, your letter alluded to the Pennsylvania Department of Banking (PDB)'s objection that a Selling Source affiliate's national advertising campaign may have violated a statutory prohibition against marketing by or on behalf of certain lenders. The matter was settled by mutual consent. The parties' agreement acknowledges that Selling Source, upon notice from the PDB, "immediately contacted the Bureau to cooperate in its investigation and amicably resolve any open questions" regarding its activities and business. The company agreed to pay \$40,000 to cover the PDB's costs, to block Pennsylvania residents from their website, and to disclose in future advertising that their products are



not available to Pennsylvania residents. The matter was resolved in 2011, and the consent agreement is available online.¹

On this latter point White Oak may be particularly sympathetic to Selling Source, as we also face the challenges of complying with myriad financial industry regulations. Likewise, we are keenly sensitive to your concerns about StanCERA's fiduciary responsibilities. White Oak is equally concerned about maintaining our investors' trust.

As we understand it, however, the Board's responsibility to StanCERA is to invest prudently, and it does not have a "social good" mandate or guideline. Therefore, your investment with White Oak and, indirectly with Selling Source, poses no negative implications to your fiduciary responsibility. On the contrary, we believe this investment is entirely consistent with StanCERA's investment objectives regarding its allocation to our firm.

On a final note, I'd like you to know that I personally respect your feelings about payday lending. Thank you for sharing your concerns and granting us an opportunity to address them.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Andre Hakkak".

Andre Hakkak
Managing Member

¹http://webcache.googleusercontent.com/search?q=cache:xBpoe4yXRu8J:https://www.portal.state.pa.us/portal/server.pt/document/1046565/selling_source_llc_dba_money_mutual_cao_021811_redacted_for_website_pdf+&cd=1&hl=en&ct=clnk&gl=us