QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT
for

Contra Costa County Employees' Retirement Association

FOR THE PERIOD ENDING
September 30, 2006

November 13, 2006

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KEY POINTS

Third Quarter, 2006

- Domestic equity markets had generally positive returns in the third quarter. The S&P 500 index returned 5.7% for the quarter while the Russell 2000® small capitalization index returned 0.4%.
- Domestic bond markets were positive in the quarter, with the Lehman Aggregate returning 3.8% and the median fixed income manager returning 3.3%.
- CCCERA Total Fund returned 3.9% for the third quarter, better than the 3.3% return of the median total fund and the 3.3% return of the median public fund. CCCERA Total Fund performance has been well above the median fund over all longer cumulative periods ended September 30, 2006.
- CCCERA domestic equities returned 3.0% in the quarter, trailing the Russell 3000®, the S&P 500 and the median equity manager.
- CCCERA international equities returned 3.7% for the quarter, trailing the 4.0% return of the MSCI EAFE index and the 4.1% return of the median international equity manager.
- CCCERA fixed income returned 4.0% for the quarter, above the Lehman Aggregate return of 3.8% and the median fixed income manager return of 3.3%.
- CCCERA international fixed income returned 3.3% for the quarter, matching the 3.3% return of the Citigroup Non US Government Hedged Index.
- CCCERA alternative assets returned 6.1% for the quarter.
- CCCERA real estate returned 6.3% for the quarter, above the median real estate manager.
- Domestic equities and fixed income were over-weighted vs. target at the end of the third quarter, offset by under-weightings in alternative investments and commodities. US equities are the "parking place" for assets intended for alternative investments while US fixed income is the parking place for the commodities allocation. International equities, real estate, international fixed income and cash & equivalents were all close to target levels at quarter end.

WATCH LIST

Manager	Since	Reason
ING Investments	2/22/2006	Personnel changes
PIMCO Stocks Plus	9/13/2006	Performance concerns
US Realty	5/28/2003	Personnel changes
Western Asset Management	5/24/2006	Performance concerns

SUMMARY

The domestic equity markets were positive in the third quarter of 2006, with the S&P 500 returning a strong 5.7%. Small capitalization stocks markedly trailed larger capitalization issues, with the Russell 2000® returning only 0.4%. The median equity manager returned 3.2% and the broad market, represented by the Russell 3000® Index, returned 4.7%. International equity markets also had positive results in the third quarter, with the MSCI EAFE Index returning 4.0%. The U.S. bond market was strongly positive in the third quarter of 2006, with the Lehman Aggregate Index returning 3.8% and the median fixed income manager returning 3.3%. Hedged international bonds were also positive, with the Citigroup Hedged Index returning 3.3%. The domestic real estate market posted positive results in the second quarter of 2006, with the NCREIF Property Index returning 3.5% and the NAREIT Equity Index returning 9.3%.

CCCERA's third quarter return of 3.9% was better than both the median total fund and the median public fund. CCCERA has out-performed both medians over all trailing time periods, ranking in the upper quintile of both universes over the past one through five-year periods.

CCCERA total domestic equities returned 3.0% for the quarter, below the 4.7% return of the Russell 3000®, the 5.7% return of the S&P 500 and the 3.2% return of the median manager. Of CCCERA's domestic equity managers, ING had the strongest performance with a return of 6.1%, better than the 5.7% return of the S&P 500. PIMCO returned 6.0%, also better than the S&P 500. Boston Partners returned of 5.7%, matching the S&P 500 but trailing the Russell 1000® Value Index. Intech returned 5.1%, below the S&P 500. Wentworth returned 3.2%, also trailing the S&P 500. Rothschild returned 1.6% versus 2.3% for the Russell 2500™ Value. Delaware returned -0.9%, well below the Russell 1000® Growth return of 3.9%. Emerald returned -3.6%, trailing the -1.8% return of the Russell 2000® Growth Index. Finally, Progress returned -3.8%, trailing the 0.4% return of the Russell 2000® Index. A theme to the underperformance is that aggressive growth companies owned by Delaware, Emerald and Progress (Insight) had a very difficult quarter.

CCCERA international equities returned 3.7%, below the 4.0% return of the MSCI EAFE Index and the 4.1% return of the median international manager. The GMO Intrinsic Value portfolio returned 3.7%, slightly below MSCI EAFE, EAFE Value Indices and the median international equity manager. McKinley Capital returned 3.7%, trailing the MSCI EAFE and median international equity manager returns while exceeding the MSCI EAFE Growth Index.

CCCERA total domestic fixed income returned 4.0% for the third quarter, above 3.8% for the Lehman Aggregate and 3.3% for the median fixed income manager. AFL-CIO's return of 4.0% was better than the Lehman Aggregate, the Citigroup Mortgage Index and the median fixed income manager. PIMCO returned 4.1%, exceeding the Lehman Aggregate and the median. Western Asset returned 4.3%, exceeding the Lehman Aggregate and the median. ING Clarion returned 2.2%, below the fixed income median. Nicholas Applegate returned 3.6% versus 4.2% for the Citigroup High Yield Index and 4.1% for the Merrill Lynch BB/B Index.

The Fischer Francis Trees & Watts international hedged fixed income portfolio returned 3.3% for the third quarter, matching the 3.3% return of the Citigroup Non US Government Hedged Index.

CCCERA total alternative investments returned 6.1% in the third quarter. Energy Investor Fund II reported a return of 21.1%, Adams Street Partners reported a return of 5.9%, Pathway returned 5.7%, Energy Investor Fund reported a return of 2.9%, Nogales had a return of 0.8%, the PT Timber Fund reported a return of 0.0%, and the Bay Area Equity Fund returned -0.1% for the quarter. (Due to timing constraints, all alternative portfolio returns except PT Timber Fund are for the quarter ending June 30.)

The median real estate manager returned 3.6% for the quarter while CCCERA's total real estate returned 6.3%. DLJ's RECP I returned 33.5%; Adelante returned 8.7%, Prudential SPF-II returned

8.1%; US Realty returned 4.8%; FFCA returned 2.2%; Fidelity returned 2.2%; BlackRock Realty returned 2.0%; DLJ's RECP II returned 1.4%; Invesco returned 1.3%; DLJ's RECP III returned 0.4%; and the Willows Office property returned 1.9%. Also, please look at the internal rate of return (IRR) table for closed-end funds on page 76, which is a better measurement for such funds.

Asset Allocation
The CCCERA fund at September 30, 2006 was slightly over-weighted in domestic fixed income at 27% vs. the target of 25% and domestic equity at 44% versus the target of 43%. The fund was under-weight in alternatives at 3% versus the target of 5% and commodities at 0% versus the target of 2%. Assets earmarked for alternative investments are temporarily invested in U.S. equities while assets earmarked for commodities are temporarily invested in U.S. fixed income. Other asset classes were near their respective targets.

Securities lending income for the quarter totaled $172,130 from CCCERA's custodian, State Street Bank.

Performance versus Investment Performance Objectives
The Statement of Investment Policies and Guidelines specifies investment objectives for each asset class. These goals are meant as targets, and one would not expect them to be achieved by every manager over every period. They do provide justification for focusing on sustained manager under-performance. We show the investment objectives and compliance with the objectives below. We also include compliance with objectives in the manager comments.

Investment Performance Objectives – over a market cycle of 3-4-5 years:
- Domestic large capitalization equity managers are expected to have a rate of return in excess of the S&P 500 after adjusting for risk and to have above median performance in the Wilshire COOP database. The enhanced index portfolios are expected to exceed the S&P 500. Small capitalization managers are expected to exceed the Russell 2000® Index and the median small capitalization manager.
- U.S. fixed managers are expected to exceed the Lehman Aggregate index and have above median performance. High yield credit managers are expected to exceed the Citi High Yield Index.
- International equity managers are expected to have a rate of return in excess of the MSCI EAFE index after adjusting for risk and to have above-median performance in the database.
- The international fixed income manager is expected to exceed the Citi International Government Fixed Hedged Index.
- Real estate managers are expected to exceed the return of the NCREIF Index.
- Alternative managers are expected to have a return in excess of the S&P 500 and peers.
- The total fund is expected to have a return 400 basis points above the CPI.

These objectives are currently under review.

Summary of Managers Compliance with Investment Performance Objectives

Managers Meeting Objectives:	Adelante Capital, AFL-CIO, Boston Partners, DLJ I, DLJ II, FFCA, FFTW, Intech, PIMCO (fixed income), Prudential SPF II, Rothschild, Western Asset Management, Willows
Managers Meeting Some Objectives:	Adams Street, ING (equity), Nicholas-Applegate, Pathway, PIMCO (equity), Wentworth
Managers Not Meeting Objectives:	Emerald, PT Timber Fund, US Realty
Total Fund:	The Total Fund has exceeded the CPI + 400 basis points (4%) over the five-year period.

ASSET ALLOCATION
As of September 30, 2006

EQUITY - DOMESTIC	Market Value	% of Portion	% of Total	Target % of Total
Boston Partners	$ 323,775,220	15.6 %	6.9 %	6.8 %
Delaware Investments	306,178,804	14.8	6.5	6.8
Emerald	169,932,223	8.2	3.6	3.9
ING	263,240,057	12.7	5.6	5.6
Intech	262,925,479	12.7	5.6	5.6
PIMCO	258,650,584	12.5	5.5	3.8
Progress	46,098,715	2.2	1.0	1.0
Rothschild	183,265,576	8.8	3.9	3.9
Wentworth	261,015,525	12.6	5.6	5.6
TOTAL DOMESTIC	$ 2,075,082,183	100.0 %	44.3 %	43.0 %
			Range:	*35 to 55 %*
INTERNATIONAL EQUITY				
McKinley Capital	$ 269,927,071	50.0 %	5.8 %	5.75 %
GMO Intrinsic Value	270,053,593	50.0	5.8	5.75
TOTAL INT'L EQUITY	$ 539,980,664	100.0 %	11.5 %	11.5 %
			Range:	*7 to 13 %*
FIXED INCOME - (non hy)				
AFL-CIO	$ 167,221,730	14.2 %	3.6 %	3.6 %
ING Clarion	70,313,927	6.0	1.5	1.6
ING Clarion II	12,000,000	1.0	0.3	2.0
PIMCO	466,853,473	39.6	10.0	7.9
Western Asset	462,362,246	39.2	9.9	7.9
TOTAL FIXED INCOME	1,178,751,376	100.0 %	25.1 %	23.0 %
			Range:	*19 to 35 %*
HIGH YIELD				
Nicholas Applegate	$ 92,356,470	100.0 %	2.0 %	2.0 %
TOTAL HIGH YIELD	92,356,470	100.0 %	2.0 %	2.0 %
			Range:	*1 to 4 %*
TOTAL U.S. FIXED	*$ 1,271,107,846*	*100.0 %*	*27.1 %*	*25.0 %*
INTERNATIONAL FIXED				
Fischer Francis	$ 186,130,589	100.0 %	4.0 %	4.0 %
TOTAL INT'L FIXED	$ 186,130,589	100.0 %	4.0 %	4.0 %
			Range:	*3 to 7 %*

ASSET ALLOCATION
As of September 30, 2006

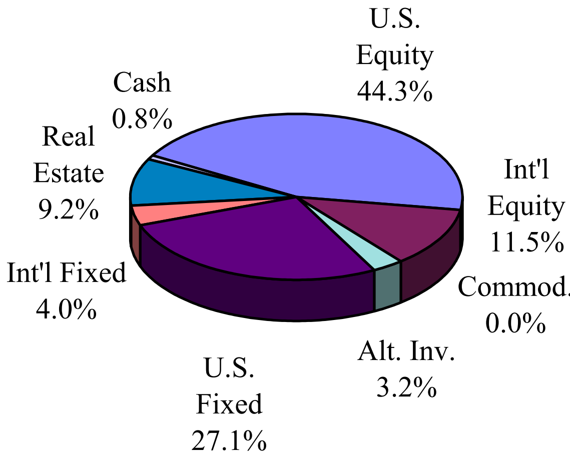
	Market Value	% of Portion	% of Total	Target % of Total
REAL ESTATE				
Adelante Capital	$ 277,660,449	64.7 %	5.9 %	- %
BlackRock Realty	23,563,553	5.5	0.5	-
DLJ RECP I	2,216,680	0.5	0.0	-
DLJ RECP II	14,747,805	3.4	0.3	-
DLJ RECP III	22,499,819	5.2	0.5	-
FFCA	7,213,697	1.7	0.2	-
Fidelity	29,678,703	6.9	0.6	-
Hearthstone I	-924,000 *	-0.2	0.0	-
Hearthstone II	-705,000 *	-0.2	0.0	-
Invesco Fund I	31,266,697	7.3	0.7	-
Prudential SPF II	8,011,469	1.9	0.2	-
U.S. Realty	3,168,188	0.7	0.1	-
Willows Office Property	11,000,000	2.6	0.2	-
TOTAL REAL ESTATE	$ 429,398,060	100.0 %	9.2 %	9.0 %
			Range:	*5 to 12 %*
COMMODITIES				
N/A	$ -	0.0 %	0.0 %	2.0 %
TOTAL COMMODITIES	$ -	0.0 %	0.0 %	2.0 %
			Range:	*0 to 3 %*
ALTERNATIVE INVESTMENTS				
Adams Street Partners	$ 43,211,847	29.1 %	0.9 %	- %
Bay Area Equity Fund	3,303,781	2.2	0.1	-
Energy Investor Fund	28,956,480	19.5	0.6	-
Energy Investor Fund II	21,737,676	14.7	0.5	-
Nogales	11,001,353	7.4	0.2	-
Pathway	27,478,137	18.5	0.6	-
Hancock PT Timber	12,662,044	8.5	0.3	-
TOTAL ALTERNATIVE	$ 148,351,318	100.0 %	3.2 %	5.0 %
			Range:	*0 to 7 %*
CASH				
Custodian Cash	$ 12,279,355	33.2 %	0.3 %	- %
Treasurer's Fixed	24,744,000	66.8	0.5	-
TOTAL CASH	$ 37,023,355	100.0 %	0.8 %	0.5 %
			Range:	*0 to 2 %*
TOTAL ASSETS	**$ 4,687,074,015**	**100.0 %**	**100.0 %**	**100.0 %**

*For a discussion of the negative asset values of the Hearthstone Funds, please refer to page 69.
**CCCERA has committed $85 million to ING Clarion Debt Opportunity Fund II, $25 million to BlackRock (formerly SSR) Realty; $15 million to DLJ RECP I; $40 million to DLJ RECP II; $75 million to DLJ III, $12 million to FFCA, $50 million to Fidelity; $40 million to Prudential's SPF-II; $40 million to US Realty; $50 million to INVESCO Real Estate; $90 million to Adams Street Partners Venture Capital Fund; $10 million to Bay Area Equity Fund; $30 million to Energy Investors USPF I; $50 million to Energy Investors USPF II; $15 million to Nogales; $75 million to Pathway and $15 million to Hancock PT Timber Fund III.

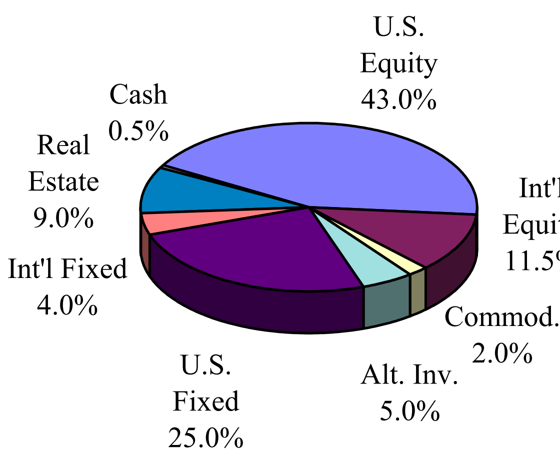
ASSET ALLOCATION

As of September 30, 2006

CCCERA Asset Allocation



Target Asset Allocation



CUMULATIVE PERFORMANCE STATISTICS
Performance through Third Quarter, 2006

DOMESTIC EQUITY	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
Boston Partners	**5.7 %**	**4.7 %**	**10.6 %**	**13.3 %**	**16.1 %**	**18.1 %**	**18.7 %**	**10.6 %**
Rank vs Equity	***19***	***17***	***19***	***18***	***18***	***16***	***33***	***40***
Rank vs Lg Value	***37***	***60***	***49***	***43***	***29***	***24***	***39***	***43***
Delaware	**-0.9**	**-6.6**	**-2.7**	**0.9**	**-**	**-**	**-**	**-**
Rank vs Equity	***82***	***85***	***93***	***93***	-	-	-	-
Rank vs Lg Growth	***91***	***87***	***80***	***85***	-	-	-	-
Emerald Advisors	**-3.6**	**-7.6**	**7.7**	**12.0**	**16.5**	**12.2**	**-**	**-**
Rank vs Equity	***94***	***89***	***45***	***24***	***14***	***66***	-	-
Rank vs Sm Cap Growth	***76***	***53***	***20***	***11***	***19***	***60***	-	-
ING Investments	**6.1**	**4.1**	**8.8**	**10.7**	**11.9**	**12.4**	**15.0**	**-**
Rank vs Equity	***11***	***26***	***30***	***38***	***56***	***58***	***72***	-
Rank vs Lg Core	***8***	***56***	***26***	***61***	***39***	***44***	***80***	-
Intech	**5.1**	**3.1**	**7.9**	**10.9**	**13.4**	**15.0**	**17.3**	**-**
Rank vs Equity	***26***	***33***	***43***	***32***	***41***	***38***	***45***	-
Rank vs Lg Core	***60***	***73***	***73***	***34***	***22***	***15***	***14***	-
PIMCO Stocks Plus	**6.0**	**4.2**	**8.4**	**10.7**	**11.3**	**12.2**	**15.4**	**-**
Rank vs Equity	***11***	***20***	***38***	***38***	***67***	***65***	***61***	-
Rank vs Lg Core	***9***	***25***	***61***	***61***	***78***	***73***	***40***	-
Progress	**-3.8**	**-8.3**	**6.4**	**9.5**	**14.0**	**-**	**-**	**-**
Rank vs Equity	***95***	***91***	***56***	***50***	***36***	-	-	-
Rank vs All Sm Cap	***89***	***79***	***48***	***39***	***52***	-	-	-
Rothschild	**1.6**	**0.0**	**11.7**	**14.6**	**18.0**	**19.6**	**-**	**-**
Rank vs Equity	***63***	***54***	***13***	***11***	***8***	***8***	-	-
Rank vs Sm Cap Value	***37***	***29***	***18***	***13***	***21***	***35***	-	-
Wentworth, Hauser	**3.2**	**-0.3**	**1.8**	**6.1**	**11.8**	**11.9**	**15.0**	**7.1**
Rank vs Equity	***49***	***57***	***82***	***72***	***57***	***70***	***71***	***68***
Rank vs Lg Core	***92***	***96***	***98***	***97***	***40***	***84***	***77***	***47***
Total Domestic Equities	**3.0**	**0.1**	**6.3**	**9.3**	**13.0**	**13.7**	**16.4**	**6.7**
Rank vs Equity	***52***	***53***	***57***	***51***	***44***	***46***	***51***	***79***
Median Equity	3.2	0.7	7.2	9.6	12.4	13.3	16.6	9.1
S&P 500	5.7	4.2	8.5	10.8	11.5	12.3	15.2	7.0
Russell 2000®	0.4	-4.6	8.7	9.9	13.9	15.5	20.4	13.8
Russell 3000®	4.7	2.6	8.0	10.2	12.4	13.0	16.1	8.1
Russell 1000® Value	6.2	6.8	13.2	14.6	15.6	17.2	19.0	10.7
Russell 1000® Growth	3.9	-0.1	3.0	6.1	8.8	8.4	12.5	4.4
INT'L EQUITY								
GMO	**3.7**	**4.5**	**15.6**	**19.7**	**-**	**-**	**-**	**-**
Rank vs Int'l Eq	***64***	***36***	***27***	***48***	-	-	-	-
McKinley Capital	**3.7**	**4.5**	**-**	**-**	**-**	**-**	**-**	**-**
Rank vs Int'l Eq	***64***	***36***	-	-	-	-	-	-
Total Int'l Equities	**3.7**	**4.5**	**15.6**	**23.0**	**26.1**	**23.8**	**25.5**	**16.8**
Rank vs Int'l Eq	***64***	***36***	***27***	***11***	***20***	***32***	***31***	***42***
Median Int'l Equity	4.1	3.9	13.7	19.4	22.9	22.6	23.8	16.0
MSCI EAFE Index	4.0	5.0	14.9	19.6	22.9	22.8	23.7	14.7
MSCI EAFE Growth Index	2.3	2.6	11.8	16.7	20.8	19.4	19.8	12.4
MSCI EAFE Value Index	5.5	6.7	17.2	21.6	24.1	25.2	26.6	16.1
MSCI EM Free Index	5.0	0.5	12.7	20.8	33.4	31.0	34.6	28.9

Notes: Returns for periods longer than one year are annualized.

CUMULATIVE PERFORMANCE STATISTICS
Performance through Third Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
DOMESTIC FIXED INCOME								
AFL-CIO Housing	**4.0 %**	**4.0 %**	**3.7 %**	**4.3 %**	**3.8 %**	**3.9 %**	**4.3 %**	**5.4 %**
Rank vs Fixed Income	***9***	***14***	***24***	***26***	***29***	***33***	***39***	***21***
Nicholas Applegate	**3.6**	**3.6**	**5.7**	**7.4**	**7.0**	**7.8**	**11.2**	**10.0**
Rank vs High Yield	***19***	***41***	***30***	***23***	***25***	***35***	***42***	***38***
ING Clarion	**2.2**	**6.7**	**14.1**	**16.9**	**16.8**	**-**	**-**	**-**
Rank vs Fixed Income	***80***	***1***	***1***	***1***	***1***	***-***	***-***	***-***
PIMCO	**4.1**	**4.0**	**3.6**	**4.2**	**4.3**	**4.5**	**5.5**	**-**
Rank vs Fixed Income	***8***	***14***	***26***	***30***	***19***	***18***	***17***	***-***
Western Asset	**4.3**	**4.2**	**3.6**	**3.8**	**3.9**	**4.6**	**5.7**	**-**
Rank vs Fixed Income	***6***	***9***	***27***	***56***	***25***	***17***	***16***	***-***
Total Domestic Fixed	**4.0**	**4.2**	**4.4**	**5.3**	**5.0**	**5.2**	**6.3**	**6.4**
Rank vs Fixed Income	***9***	***9***	***13***	***12***	***12***	***14***	***13***	***12***
Median Fixed Income	3.3	3.5	3.2	3.9	3.4	3.4	4.0	4.8
Median High Yield Mgr.	3.1	3.2	5.1	6.2	5.5	7.7	10.6	9.6
Lehman Aggregate	3.8	3.7	3.1	3.7	3.2	3.4	3.9	4.8
Citigroup Mortgage	3.6	3.7	3.5	4.3	3.8	4.0	3.9	4.6
Citigroup High Yield	4.2	4.2	7.2	7.6	7.0	8.9	14.5	10.7
Merrill Lynch BB/B	4.1	3.9	6.6	7.4	6.8	8.4	12.1	9.2
T-Bills	1.3	2.5	3.5	4.5	3.5	2.7	2.4	2.3
INT'L FIXED INCOME								
Fischer Francis	**3.3**	**2.9**	**1.8**	**2.6**	**5.0**	**4.8**	**4.6**	**4.9**
Citigroup NonUS Govt Hdg	3.3	3.4	2.4	3.3	5.2	4.4	4.2	4.5
ALTERNATIVE INVESTMENTS*								
Adams Street**	**5.9**	**12.1**	**19.7**	**24.1**	**19.9**	**17.4**	**11.8**	**5.8**
Bay Area Equity Fund**	**-0.1**	**-8.5**	**-3.5**	**-3.3**	**-0.9**	**-**	**-**	**-**
Energy Investor Fund**	**2.9**	**5.7**	**9.1**	**14.4**	**45.4**	**-**	**-**	**-**
Energy Investor Fund II**	**21.1**	**26.2**	**-**	**-**	**-**	**-**	**-**	**-**
Nogales**	**0.8**	**1.8**	**8.8**	**11.6**	**12.7**	**-**	**-**	**-**
Pathway**	**5.7**	**9.9**	**18.3**	**28.0**	**31.2**	**23.8**	**18.2**	**4.4**
Hancock PT Timber Fund	**0.0**	**1.4**	**1.2**	**3.8**	**7.8**	**6.4**	**4.5**	**4.1**
Total Alternative	**6.1**	**9.9**	**15.3**	**20.6**	**26.1**	**20.3**	**14.4**	**8.2**

Note: Returns for periods longer than one year are annualized.

** See also see Internal Rates of Return for closed end funds on page 76.*

*** Performance as of June 30, 2006.*

CUMULATIVE PERFORMANCE STATISTICS
Performance through Third Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
REAL ESTATE*								
Adelante Capital REIT	**8.7 %**	**8.1 %**	**25.8 %**	**30.9 %**	**31.2 %**	**30.1 %**	**29.0 %**	**24.2 %**
Rank vs REITs	***33***	***30***	***9***	***9***	***15***	***25***	***44***	***67***
BlackRock Realty	**2.0**	**7.7**	**18.3**	**23.5**	**-**	**-**	**-**	**-**
Rank	***77***	***44***	***24***	***26***	***-***	***-***	***-***	***-***
DLJ RECP I**	**33.5**	**35.9**	**33.1**	**33.2**	**21.2**	**20.0**	**16.0**	**14.3**
Rank	***1***	***2***	***4***	***7***	***33***	***29***	***30***	***32***
DLJ RECP II**	**1.4**	**4.1**	**22.5**	**39.3**	**40.1**	**36.4**	**33.2**	**27.7**
Rank	***82***	***79***	***21***	***4***	***4***	***3***	***3***	***3***
DLJ RECP III**	**0.4**	**10.3**	**4.4**	**24.5**	**-**	**-**	**-**	**-**
Rank	***89***	***10***	***87***	***25***	***-***	***-***	***-***	***-***
FFCA***	**2.2**	**3.0**	**5.1**	**25.3**	**21.4**	**16.0**	**14.4**	**13.5**
Rank	***76***	***82***	***85***	***25***	***33***	***51***	***46***	***33***
Fidelity	**2.2**	**6.9**	**14.2**	**16.6**	**19.3**	**-**	**-**	**-**
Rank	***76***	***62***	***31***	***49***	***37***	***-***	***-***	***-***
Invesco Fund I	**1.3**	**8.8**	**24.4**	**31.5**	**-**	**-**	**-**	**-**
Rank	***84***	***17***	***15***	***9***	***-***	***-***	***-***	***-***
Prudential SPF II	**8.1**	**39.1**	**49.7**	**61.2**	**47.3**	**36.8**	**29.5**	**23.6**
Rank	***19***	***2***	***2***	***1***	***1***	***3***	***6***	***16***
U.S. Realty	**4.8**	**8.7**	**13.5**	**-17.5**	**-5.2**	**-0.1**	**3.9**	**5.8**
Rank	***27***	***21***	***32***	***99***	***98***	***98***	***95***	***91***
Willows Office Property***	**1.9**	**3.7**	**6.1**	**7.8**	**7.5**	**1.9**	**3.4**	**13.2**
Rank	***78***	***81***	***83***	***84***	***89***	***98***	***95***	***37***
Total Real Estate	**6.3**	**8.8**	**23.0**	**29.4**	**29.5**	**27.3**	**25.2**	**22.3**
Rank	***22***	***19***	***19***	***16***	***15***	***21***	***18***	***18***
Median Real Estate	3.6	7.5	11.7	16.5	18.0	16.2	14.2	12.7
NCREIF Property Index	3.5	7.7	11.6	17.6	18.4	16.4	14.2	12.4
NAREIT Equity Index	9.3	7.5	23.4	25.3	26.3	26.0	25.8	22.2
CPI + 500 bps	1.2	4.1	7.0	7.2	8.6	8.3	8.2	7.9
CCCERA Total Fund	**3.9 %**	**3.3 %**	**9.0 %**	**12.5 %**	**14.3 %**	**14.1 %**	**15.4 %**	**10.3 %**
Rank vs. Total Fund	***20***	***22***	***9***	***4***	***4***	***6***	***11***	***9***
Rank vs. Public Fund	***22***	***17***	***10***	***2***	***4***	***5***	***7***	***6***
Median Total Fund	3.3	2.6	6.6	8.5	10.2	10.4	12.0	8.0
Median Public Fund	3.3	2.4	6.4	8.0	9.6	10.3	11.1	8.0
CPI + 400 bps	1.0	3.6	6.2	6.2	7.5	7.2	7.1	6.8

Note: Returns for periods longer than one year are annualized.

** See also see Internal Rates of Return for closed end funds on page 76.*

*** Performance as of June 30, 2006.*

**** Estimated. Statements for the FFCA portfolio and the Willows property were not available at the time that this report was prepared.*

AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS
Performance through Third Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
DOMESTIC EQUITY								
Boston Partners	**5.6 %**	**4.6 %**	**10.3 %**	**12.9 %**	**15.7 %**	**17.7 %**	**18.3 %**	**10.2 %**
Delaware	**-1.0**	**-6.8**	**-3.1**	**0.5**	**-**	**-**	**-**	**-**
Emerald Advisors	**-3.7**	**-7.9**	**7.2**	**11.3**	**15.9**	**11.6**	**-**	**-**
ING	**6.1**	**4.0**	**8.5**	**10.4**	**11.6**	**12.1**	**14.7**	**-**
Intech	**5.0**	**3.0**	**7.7**	**10.6**	**13.1**	**14.7**	**17.0**	**-**
PIMCO Stocks Plus	**6.0**	**4.1**	**8.2**	**10.3**	**11.0**	**11.9**	**15.0**	**-**
Progress	**-3.9**	**-8.6**	**5.8**	**8.7**	**13.2**	**-**	**-**	**-**
Rothschild	**1.4**	**-0.3**	**11.2**	**13.9**	**17.3**	**18.8**	**-**	**-**
Wentworth, Hauser	**3.1**	**-0.4**	**1.7**	**5.9**	**11.5**	**11.7**	**14.8**	**6.8**
S&P 500	5.7	4.2	8.5	10.8	11.5	12.3	15.2	7.0
Russell 2000®	0.4	-4.6	8.7	9.9	13.9	15.5	20.4	13.8
Russell 3000®	4.7	2.6	8.0	10.2	12.4	13.0	16.1	8.1
Russell 1000® Value	6.2	6.8	13.2	14.6	15.6	17.2	19.0	10.7
Russell 1000® Growth	3.9	-0.1	3.0	6.1	8.8	8.4	12.5	4.4
INT'L EQUITY								
GMO Intrinsic Value	**3.5**	**4.2**	**15.1**	**18.9**	**-**	**-**	**-**	**-**
McKinley Capital	**3.5**	**4.3**	**-**	**-**	**-**	**-**	**-**	**-**
MSCI EAFE Index	4.0	5.0	14.9	19.6	22.9	22.8	23.7	14.7
MSCI EAFE Growth Index	2.3	2.6	11.8	16.7	20.8	19.4	19.8	12.4
MSCI EAFE Value Index	5.5	6.7	17.2	21.6	24.1	25.2	26.6	16.1
MSCI EM Free Index	5.0	0.5	12.7	20.8	33.4	31.0	34.6	28.9
DOMESTIC FIXED INCOME								
AFL-CIO Housing	**3.9**	**3.8**	**3.4**	**3.9**	**3.4**	**3.5**	**3.9**	**5.1**
Nicholas Applegate	**3.4**	**3.4**	**5.4**	**6.9**	**6.5**	**7.3**	**10.6**	**9.5**
ING Clarion	**1.9**	**5.9**	**12.8**	**14.9**	**14.6**	**-**	**-**	**-**
PIMCO	**4.0**	**3.9**	**3.4**	**3.9**	**4.0**	**4.2**	**5.2**	**-**
Western Asset	**4.3**	**4.1**	**3.4**	**3.6**	**3.7**	**4.4**	**5.5**	**-**
Lehman Aggregate	3.8	3.7	3.1	3.7	3.2	3.4	3.9	4.8
Citigroup Mortgage	3.6	3.7	3.5	4.3	3.8	4.0	3.9	4.6
Citigroup High Yield	4.2	4.2	7.2	7.6	7.0	8.9	14.5	10.7
T-Bills	1.3	2.5	3.5	4.5	3.5	2.7	2.4	2.3
INT'L FIXED INCOME								
Fischer Francis	**3.2**	**2.8**	**1.6**	**2.3**	**4.7**	**4.5**	**4.3**	**4.6**
Citigroup NonUS Govt Hdg	3.3	3.4	2.4	3.3	5.2	4.4	4.2	4.5
REIT Portfolio								
Adelante Capital	**8.5**	**7.9**	**25.4**	**30.3**	**30.5**	**29.5**	**28.3**	**23.5**
NAREIT Equity Index	9.3	7.5	23.4	25.3	26.3	26.0	25.8	22.2

Note: Returns for periods longer than one year are annualized.

YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Third Quarter, 2006

DOMESTIC EQUITY	**YTD**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**
Boston Partners	**10.6 %**	**12.0 %**	**16.6 %**	**27.1 %**	**-18.7 %**	**4.1 %**	**18.8 %**
Rank vs Equity	***19***	***14***	***31***	***75***	***32***	***21***	***13***
Rank vs Lg Value	***49***	***14***	***32***	***81***	***54***	***22***	***15***
Delaware	**-2.7**	-	-	-	-	-	-
Rank vs Equity	***93***	-	-	-	-	-	-
Rank vs Lg Growth	***80***	-	-	-	-	-	-
Emerald Advisors	**7.7**	**10.1**	**4.1**	-	-	-	-
Rank vs Equity	***45***	***25***	***93***	-	-	-	-
Rank vs Sm Cap Growth	***20***	***20***	***86***	-	-	-	-
ING	**8.8**	**5.4**	**11.2**	**26.7**	-	-	-
Rank vs Equity	***30***	***61***	***60***	***77***	-	-	-
Rank vs Lg Core	***26***	***40***	***36***	***83***	-	-	-
Intech	**7.9**	**8.9**	**15.3**	**29.4**	-	-	-
Rank vs Equity	***43***	***34***	***37***	***60***	-	-	-
Rank vs Lg Core	***73***	***14***	***7***	***34***	-	-	-
PIMCO Stocks Plus	**8.4**	**4.6**	**11.1**	**29.9**	-	-	-
Rank vs Equity	***38***	***75***	***62***	***58***	-	-	-
Rank vs Lg Core	***61***	***78***	***15***	***29***	-	-	-
Progress	**6.4**	**9.1**	-	-	-	-	-
Rank vs Equity	***56***	***32***	-	-	-	-	-
Rank vs All Sm Cap	***48***	***36***	-	-	-	-	-
Rothschild	**11.7**	**11.2**	**20.7**	-	-	-	-
Rank vs Equity	***13***	***18***	***15***	-	-	-	-
Rank vs Sm Cap Value	***18***	***23***	***39***	-	-	-	-
Wentworth, Hauser	**1.8**	**9.6**	**13.6**	**27.1**	**-23.4**	**-6.7**	**11.4**
Rank vs Equity	***82***	***28***	***46***	***75***	***65***	***42***	***24***
Rank vs Lg Core	***98***	***9***	***15***	***82***	***77***	***11***	***2***
Total Domestic Equities	**6.3**	**8.8**	**13.0**	**31.0**	**-28.0**	**-9.2**	**-2.8**
Rank vs Equity	***57***	***35***	***49***	***50***	***83***	***48***	***50***
Median Equity	7.2	6.5	12.9	31.0	-22.0	-9.7	-2.7
S&P 500	8.5	4.9	10.9	28.7	-22.1	-11.9	-9.1
Russell 2000®	8.7	4.6	18.3	47.3	-20.5	2.5	-3.0
Russell 3000®	8.0	6.1	12.0	31.0	-21.6	-11.5	-7.5
Russell 1000® Value	13.2	7.0	16.5	30.0	-15.5	-5.6	7.0
Russell 1000® Growth	3.0	5.3	6.3	29.8	-27.9	-20.4	-22.4
INT'L EQUITY							
GMO	**15.6**	-	-	-	-	-	-
Rank vs Int'l Eq	***27***	-	-	-	-	-	-
McKinley Capital	-	-	-	-	-	-	-
Rank vs Int'l Eq	-	-	-	-	-	-	-
Total Int'l Equities	**15.6**	**20.0**	**18.1**	**39.9**	**-14.6**	**-18.1**	**-18.2**
Rank vs Int'l Eq	***27***	***32***	***68***	***27***	***45***	***59***	***74***
Median Int'l Equity	13.7	15.9	19.9	36.4	-15.0	-16.5	-14.0
MSCI EAFE Index	14.9	14.0	20.7	39.2	-15.7	-21.2	-14.0

YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Third Quarter, 2006

	YTD	2005	2004	2003	2002	2001	2000
DOMESTIC FIXED INCOME							
AFL-CIO Housing	**3.7 %**	**3.0 %**	**4.6 %**	**4.2 %**	**12.1 %**	**8.6 %**	**12.7 %**
Rank vs Fixed Income	***24***	***25***	***41***	***66***	***6***	***43***	***9***
Nicholas Applegate	**5.7**	**3.8**	**9.1**	**21.2**	**4.8**	**3.6**	**-**
Rank vs. High Yield	***30***	***15***	***66***	***68***	***5***	***40***	***-***
ING Clarion	**14.1**	**15.3**	**-**	**-**	**-**	**-**	**-**
Rank vs Fixed Income	***1***	***1***	***-***	***-***	***-***	***-***	***-***
PIMCO	**3.6**	**3.4**	**5.6**	**6.9**	**-**	**-**	**-**
Rank vs Fixed Income	***26***	***18***	***20***	***21***	***-***	***-***	***-***
Western Asset	**3.6**	**2.4**	**6.5**	**7.1**	**-**	**-**	**-**
Rank vs Fixed Income	***27***	***56***	***15***	***18***	***-***	***-***	***-***
Total Domestic Fixed	**4.4**	**3.7**	**6.3**	**7.9**	**9.1**	**7.2**	**10.7**
Rank vs Fixed Income	***13***	***14***	***16***	***14***	***52***	***75***	***49***
Median Fixed Income	3.2	2.5	4.4	4.6	9.2	8.4	10.7
Median High Yield Mgr.	5.1	2.5	9.8	24.0	-1.1	2.7	-8.1
Lehman Aggregate	3.1	2.4	4.3	4.1	10.3	8.4	11.6
Citigroup Mortgage	3.5	2.7	4.8	3.1	8.8	8.2	11.3
Citigroup High Yield	7.2	2.1	10.8	30.6	-1.5	5.4	-5.7
T-Bills	3.5	3.1	1.3	1.1	1.8	4.4	6.1
INT'L FIXED INCOME							
Fischer Francis	**1.8**	**5.4**	**6.4**	**3.5**	**7.3**	**5.4**	**-**
Citigroup NonUS Govt Hdg	**2.4**	5.7	5.2	1.9	6.9	6.1	9.6
ALTERNATIVE INVESTMENTS							
Adams Street**	**19.7**	**17.0**	**13.0**	**4.5**	**-10.9**	**-28.9**	**92.1**
Bay Area Equity Fund**	**-3.5**	**1.9**	**-**	**-**	**-**	**-**	**-**
Energy Investor Fund**	**9.1**	**84.2**	**-**	**-**	**-**	**-**	**-**
Energy Investor Fund II**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Nogales**	**8.8**	**13.1**	**-**	**-**	**-**	**-**	**-**
Pathway**	**18.3**	**42.5**	**12.2**	**0.2**	**-23.1**	**-33.9**	**39.3**
Hancock PT Timber Fund	**1.2**	**9.8**	**6.9**	**3.8**	**-1.1**	**0.2**	**3.3**
Total Alternative	**15.3**	**33.3**	**11.4**	**3.5**	**-9.3**	**-22.8**	**59.5**

See also IRRs on closed end funds (real estate and alternatives) on Page 76.

*** Performance as of June 30, 2006.*

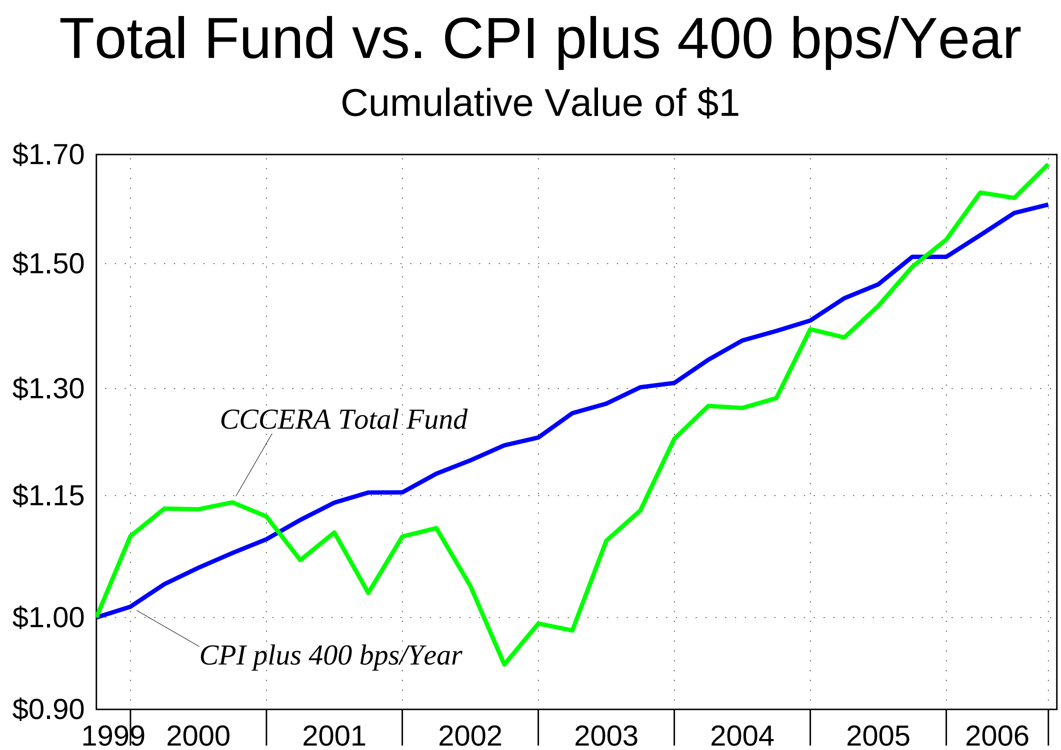
YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Third Quarter, 2006

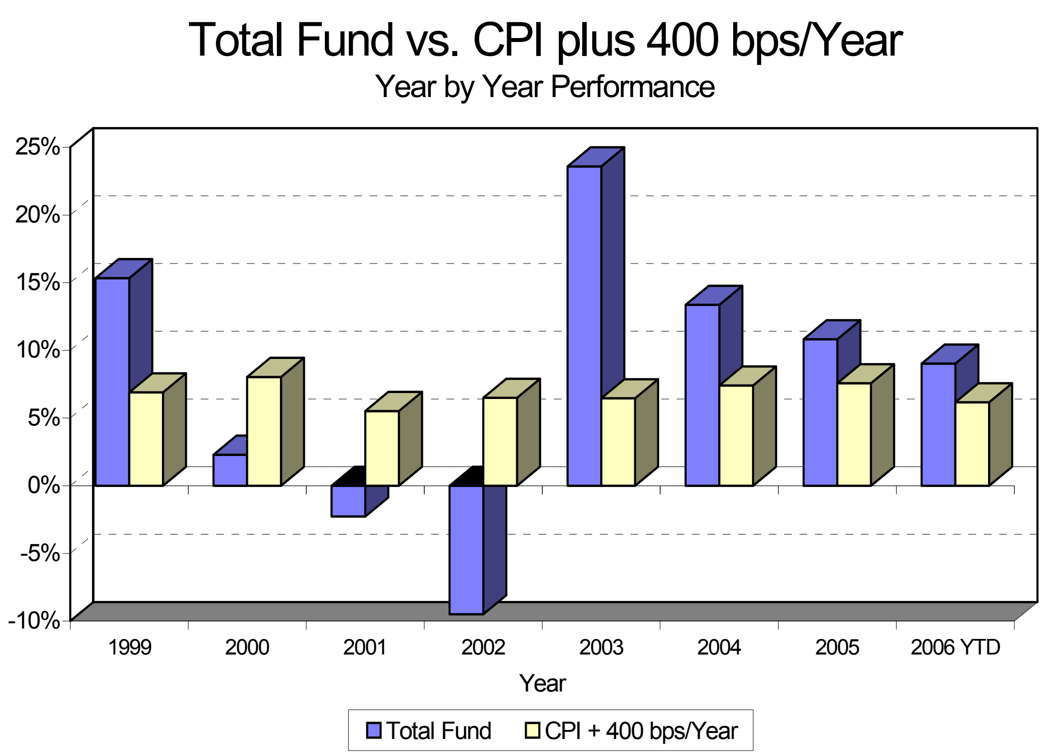
	YTD	2005	2004	2003	2002	2001	2000
REAL ESTATE							
Adelante Capital REIT	**25.8 %**	**16.7 %**	**36.9 %**	**36.1 %**	**4.2 %**	**- %**	**- %**
Rank	***9***	***4***	***11***	***53***	***47***	***-***	***-***
BlackRock Realty	**18.3**	**28.7**	**-**	**-**	**-**	**-**	**-**
Rank	***24***	***11***	***-***	***-***	***-***	***-***	***-***
DLJ RECP I**	**33.1**	**14.2**	**11.8**	**4.2**	**6.8**	**9.0**	**14.9**
Rank	***4***	***62***	***54***	***84***	***39***	***35***	***38***
DLJ RECP II**	**22.5**	**51.3**	**33.8**	**25.8**	**9.9**	**4.9**	**-4.3**
Rank	***21***	***4***	***19***	***28***	***14***	***66***	***88***
DLJ RECP III**	**4.4**	**-**	**-**	**-**	**-**	**-**	**-**
Rank	***87***	***-***	***-***	***-***	***-***	***-***	***-***
FFCA	**5.1**	**29.3**	**14.5**	**9.6**	**9.9**	**10.2**	**15.1**
Rank	***85***	***11***	***39***	***43***	***13***	***21***	***37***
Fidelity	**14.2**	**16.1**	**-**	**-**	**-**	**-**	**-**
Rank	***31***	***51***	***-***	***-***	***-***	***-***	***-***
Invesco Fund I	**24.4**	**-**	**-**	**-**	**-**	**-**	**-**
Rank	***15***	***-***	***-***	***-***	***-***	***-***	***-***
Prudential SPF II	**49.7**	**38.3**	**19.7**	**12.4**	**6.5**	**4.1**	**11.7**
Rank	***2***	***7***	***30***	***33***	***40***	***68***	***57***
U.S. Realty	**13.5**	**-21.1**	**8.3**	**17.2**	**13.8**	**11.1**	**11.1**
Rank	***32***	***96***	***69***	***32***	***2***	***20***	***64***
Willows Office Property	**6.1**	**7.5**	**-8.9**	**7.9**	**8.2**	**66.1**	**10.6**
Rank	***83***	***80***	***96***	***67***	***29***	***1***	***65***
Total Real Estate	**23.0**	**20.4**	**30.4**	**25.6**	**7.5**	**10.2**	**11.0**
Rank	***19***	***29***	***23***	***28***	***35***	***25***	***64***
Median Real Estate	11.7	16.7	12.3	9.5	4.8	7.3	12.7
NCREIF Property Index	11.6	20.1	14.5	9.0	6.7	6.3	10.3
NAREIT Index	23.4	12.2	30.4	38.5	5.2	15.5	25.9
CPI + 500 bps	7.0	8.6	8.5	7.5	7.6	6.7	10.2
CCCERA Total Fund	**9.0**	**10.8**	**13.38**	**23.5**	**-9.5**	**-2.4**	**2.2**
Rank vs. Total Fund	***9***	***5***	***15***	***20***	***63***	***54***	***53***
Rank vs. Public Fund	***10***	***2***	***8***	***19***	***69***	***47***	***48***
Median Total Fund	6.6	6.1	10.4	19.1	-8.1	-1.6	2.8
Median Public Fund	6.4	6.0	10.0	20.4	-8.0	-2.4	2.1
CPI + 400 bps	6.2	7.6	7.4	6.5	6.5	5.5	9.1

*** Performance as of June 30, 2006.*

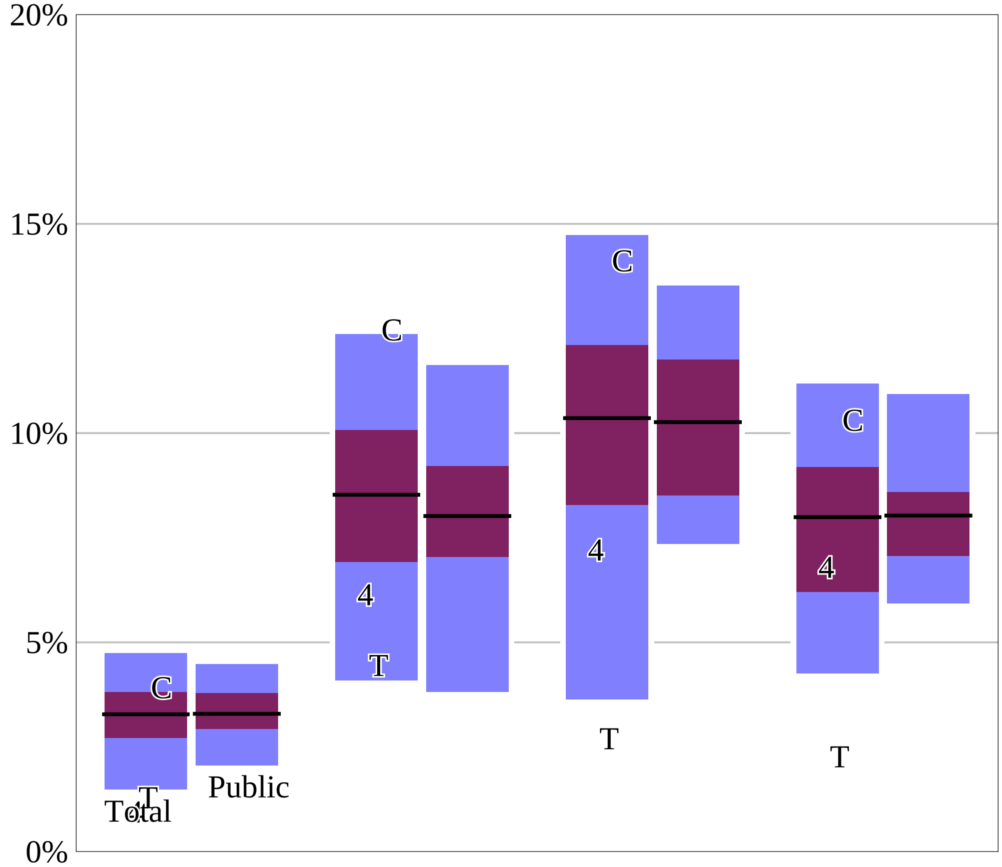
TOTAL FUND PERFORMANCE

Total Fund





Total Fund



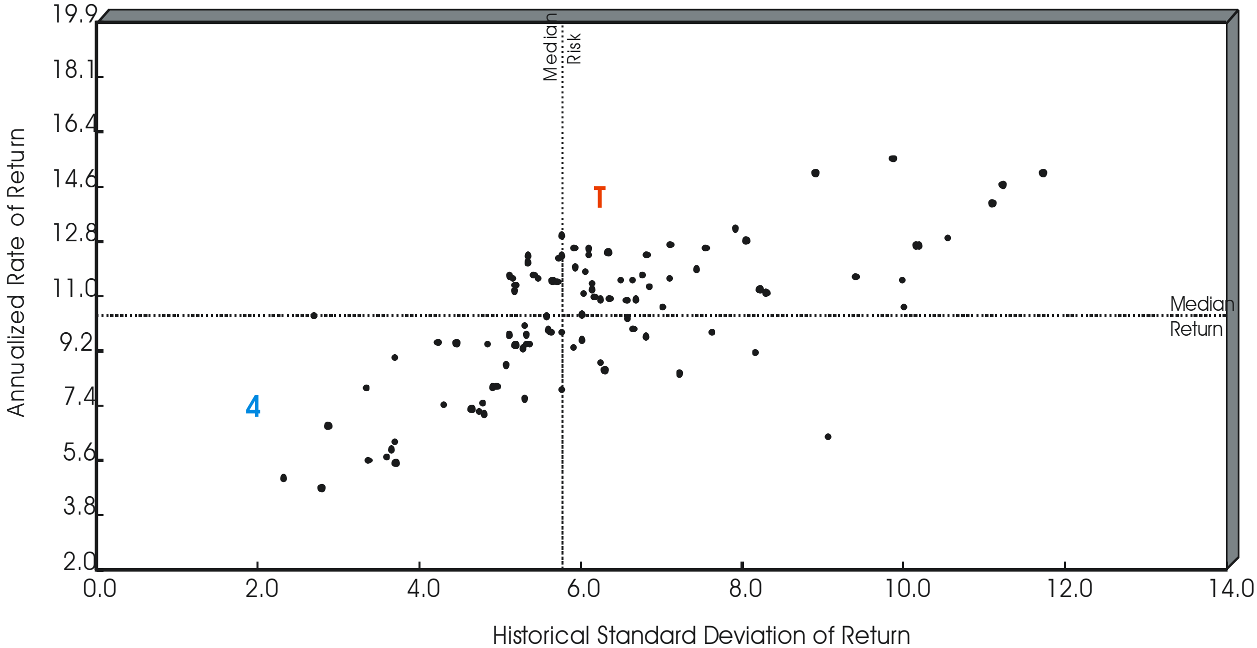
	Last Qtr	1 Yr	3 Yrs	5 Yrs
Total Fund (**C**)	3.9	12.5	14.1	10.3
Rank v. Total	*20*	*4*	*6*	*9*
Rank v. Public	*22*	*2*	*5*	*6*
CPI plus 400bp (**4**)	1.0	6.2	7.2	6.8
T-Bills (**T**)	1.3	4.5	2.7	2.3
Total Fund Median	3.3	8.5	10.4	8.0
Public Fund Median	3.3	8.0	10.3	8.0

CCCERA Total Fund returned 3.9% in the third quarter, better than the 3.3% return of the median total fund and the 3.3% return of the median total public fund. For the one-year period, the Total Fund returned 12.5%, well above 8.5% for the median total fund and 8.0% for the median public fund. Over the longer periods CCCERA has performed better than both fund medians. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a somewhat higher risk level over the past three and five year periods. CCCERA Total Fund also exceeded the CPI plus 400 basis points over the past five years.

TOTAL FUND PERFORMANCE

Performance and Variability

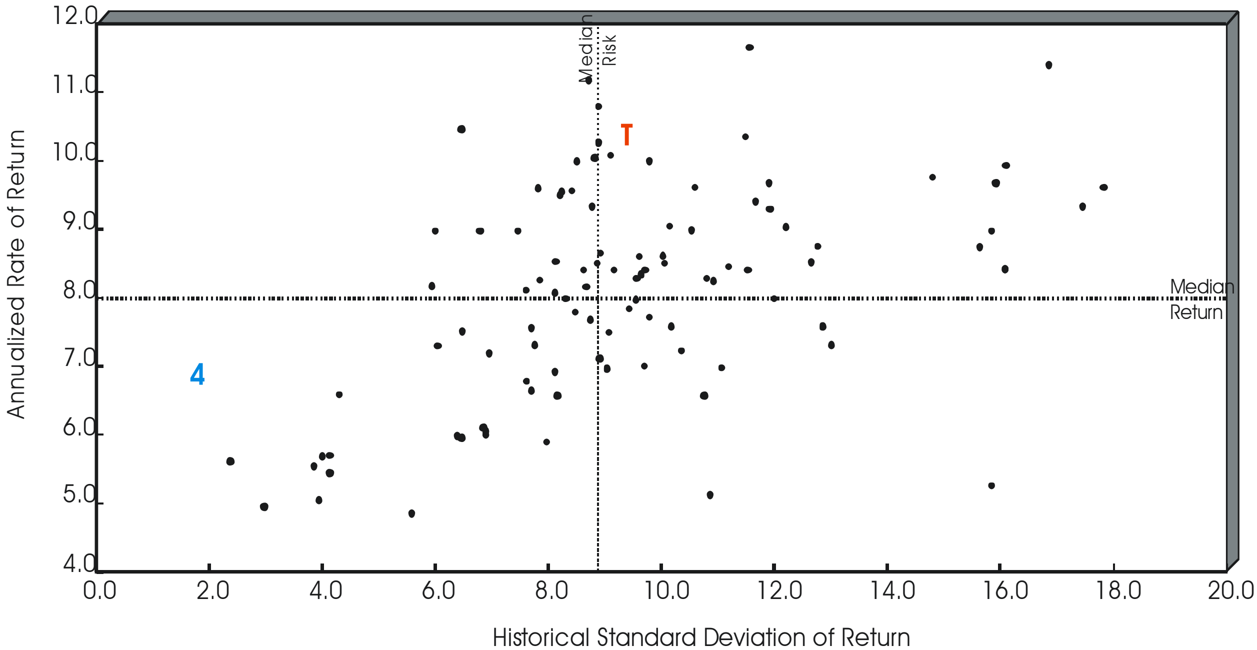
Three Years Ending September 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
T	Total Fund	14.14	6	6.32	64
4	CPI + 400bps/yr (add 32bps/mth)	7.23	82	2.01	3
	Median	10.35		5.77	

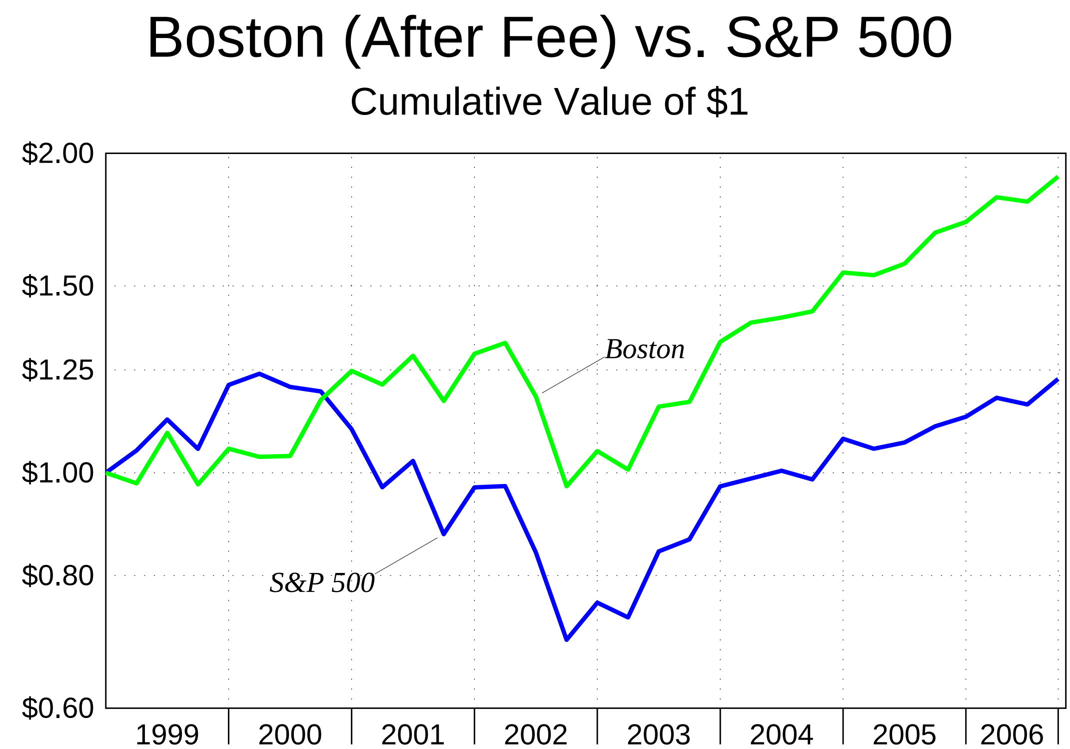
Performance and Variability

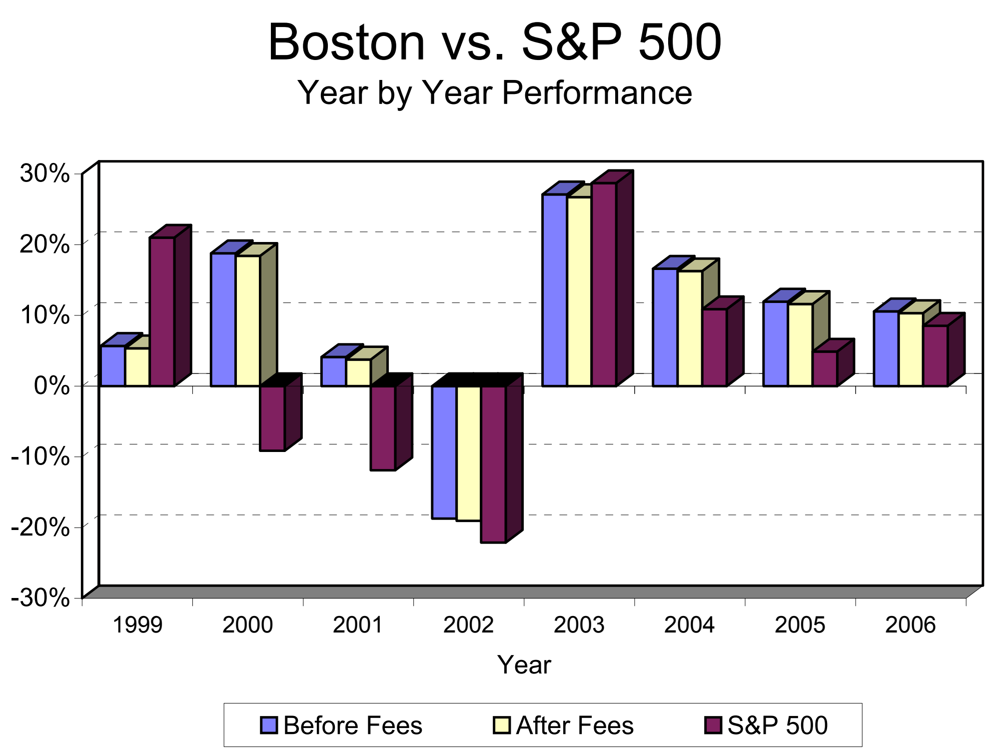
Five Years Ending September 30, 2006



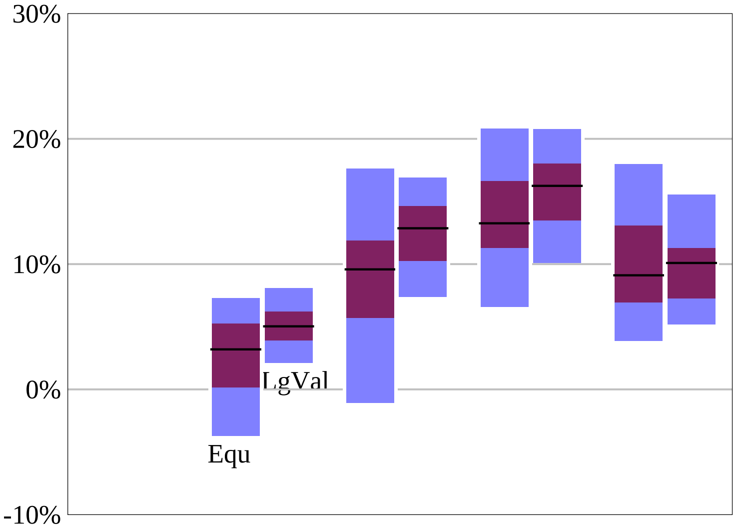
		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
T	Total Fund	10.33	9	9.50	62
4	CPI + 400bps/yr (add 32bps/mth)	6.82	68	1.86	3
	Median	7.99		8.88	

Boston Partners





Boston Partners



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Boston (B)	5.7	13.3	18.1	10.6
Rank v. Equity	*19*	*18*	*16*	*40*
Rank v. Lg Value	*37*	*43*	*24*	*43*
S&P 500 (S)	5.7	10.8	12.3	7.0
Rus. 1000® Val. (r)	6.2	14.6	17.2	10.7
Equity Median	3.2	9.6	13.3	9.1
Lg Value Median	5.0	12.9	16.3	10.1

Portfolio Characteristics	**Boston Partners**	**S&P 500**
Eq Mkt Value ($Mil)	313.5	N/A
Wtd. Avg. Cap ($Bil)	80.1	95.0
Beta	1.09	1.00
Yield (%)	1.84	1.87
P/E Ratio	15.52	17.86
Cash (%)	3.2	0.0
Number of Holdings	80	500
Turnover Rate (%)	57.1	-

Sector	**Boston Partners**	**S&P 500**
Energy	12.1 %	9.4 %
Materials	1.9	2.9
Industrials	8.8	10.9
Cons. Discretionary	13.0	10.1
Consumer Staples	1.7	9.6
Health Care	8.0	12.7
Financials	34.2	22.2
Info Technology	14.9	15.4
Telecom Services	4.4	3.5
Utilities	1.0	3.4

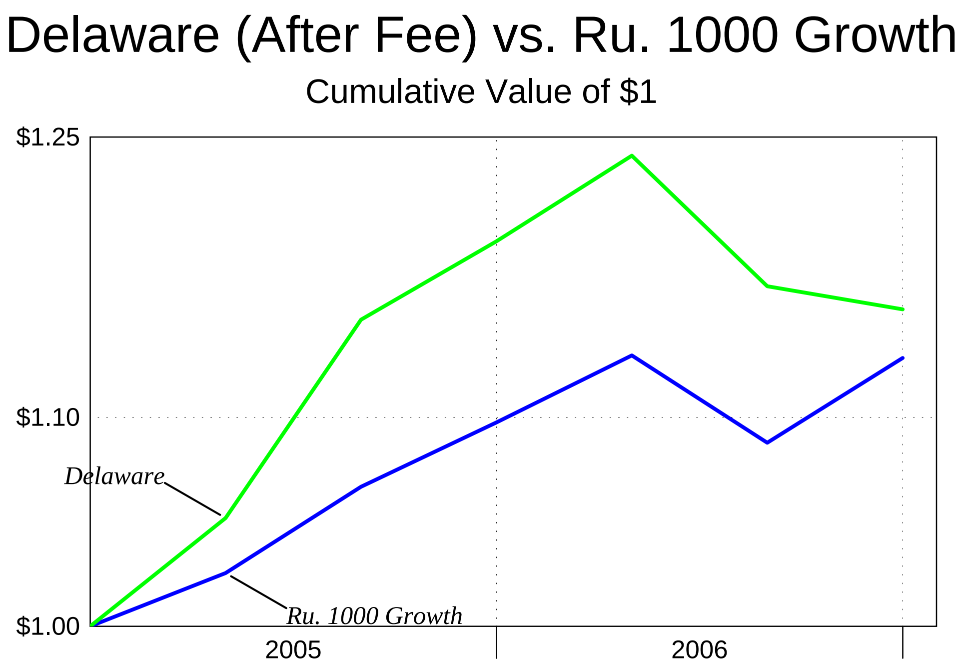
Boston Partners' third quarter return of 5.7% matched the 5.7% return of the S&P 500 and exceeded 3.2% for the median equity manager, but was below the 6.2% return of the Russell 1000® Value Index. For the one-year period, Boston Partners returned 13.3%, above 10.8% for the S&P 500, but below the 14.6% return of the Russell 1000® Value Index. Over both the three and five year periods, Boston Partners' performance was above the median equity manager and exceeded the S&P 500 on both an absolute and risk-adjusted basis (page 36). Boston Partners is in compliance with CCCERA's performance objectives.

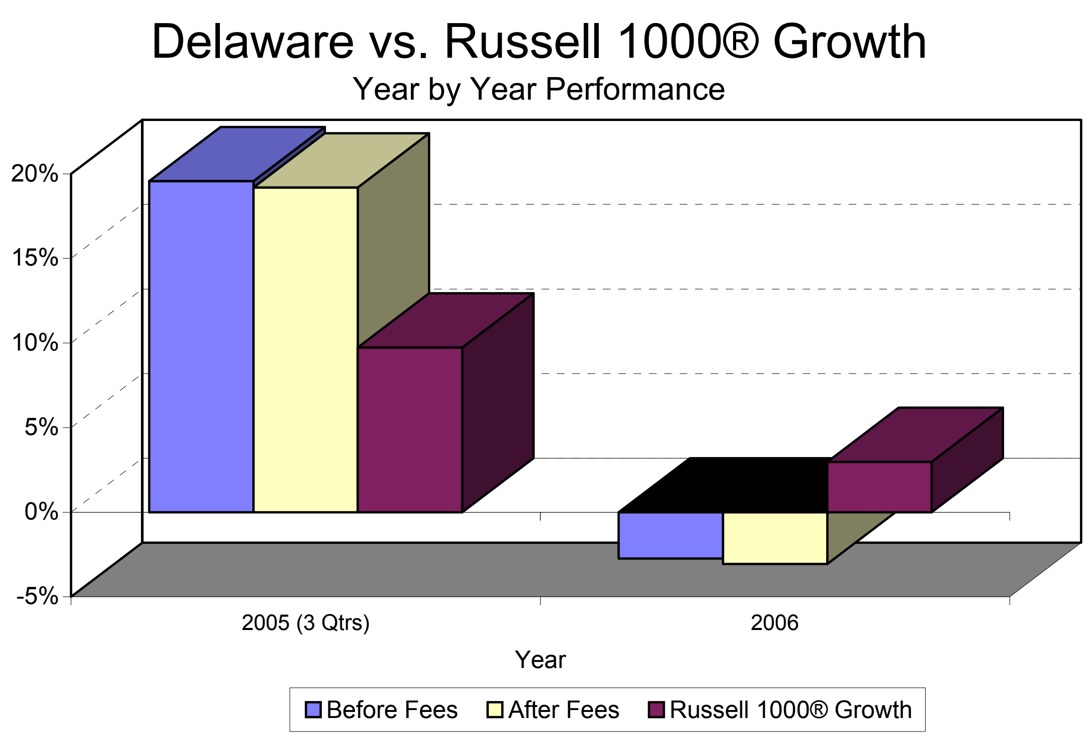
The portfolio had a slightly above market beta of 1.09x, a below-market P/E ratio and a slightly below-market yield. It included 80 stocks, concentrated in the large to mid capitalization sectors. Boston's largest economic sector over-weightings were in the financials, consumer discretionary and energy sectors, while the largest under-weightings were in the consumer staples and health care sectors. Boston's annual portfolio turnover rate for the year ended September 30, 2006 was 57.1%.

Boston Partners' third quarter performance relative to the S&P 500 was helped slightly by stock selection decisions and hindered slightly by sector allocation decisions. Trading decisions during the quarter had a positive impact. Stock selection decisions in the consumer discretionary sector had the strongest positive impact on the portfolio. Top performing holdings included American Eagle Outfitters (+29%), Motorola (+24%) and Oracle (+22%), while the worst performing holdings included Valero Energy (-23%), Tomkins plc (-17%) and Arrow Electronics (-15%).

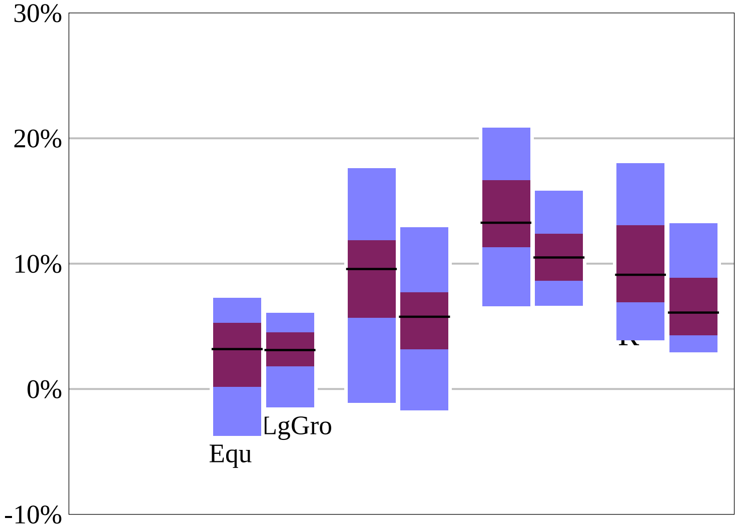
MANAGER COMMENTS – DOMESTIC EQUITY

Delaware





Delaware



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Delaware (D)	-0.9	0.9	-	-
Rank v. Equity	*82*	*93*	-	-
Rank v. Lg Growth	*91*	*85*	-	-
S&P 500 (S)	5.7	10.8	12.3	7.0
Ru 1000® Gro (R)	3.9	6.1	8.4	4.4
Equity Median	3.2	9.6	13.3	9.1
Lg Growth Median	3.1	5.8	10.5	6.1

Portfolio Characteristics	**Delaware**	**S&P 500**
Eq Mkt Value ($Mil)	300.43	N/A
Wtd. Avg. Cap ($Bil)	46.26	95.0
Beta	0.96	1.00
Yield (%)	0.72	1.87
P/E Ratio	29.16	17.86
Cash (%)	1.9	0.0
Number of Holdings	27	500
Turnover Rate (%)	29.7	-

Sector	**Delaware**	**S&P 500**
Energy	0.0 %	9.4 %
Materials	3.9	2.9
Industrials	8.1	10.9
Cons. Discretionary	17.9	10.1
Consumer Staples	11.4	9.6
Health Care	16.8	12.7
Financials	7.0	22.2
Info Technology	35.0	15.4
Telecom Services	0.0	3.5
Utilities	0.0	3.4

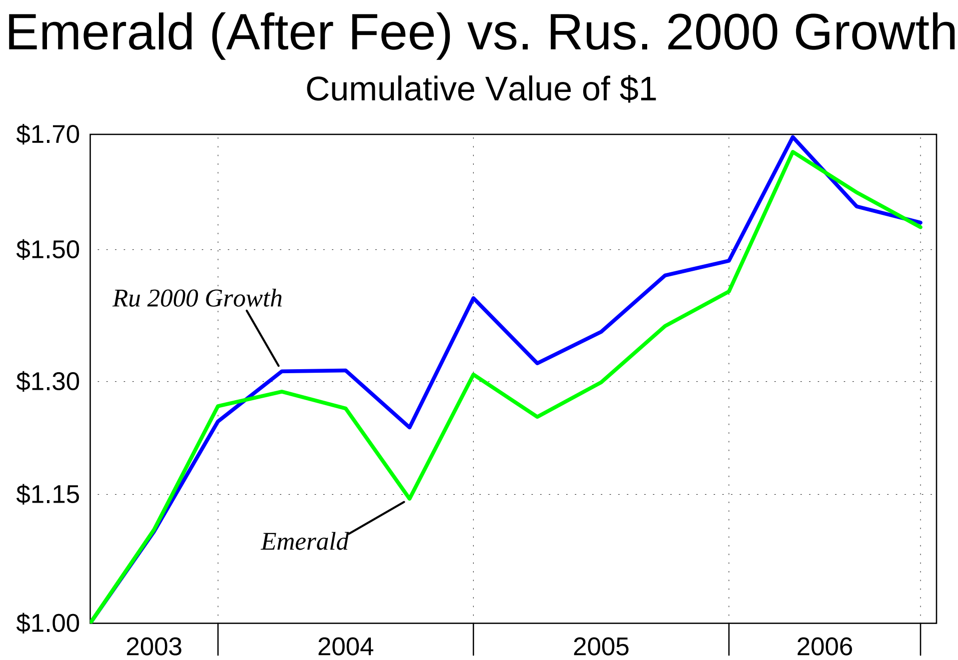
Delaware's return of -0.9% for the third quarter was well below the 3.9% return of the Russell 1000® Growth Index and the 3.1% return of the large cap growth median, ranking in the 91st percentile in the universe of large growth equity managers. Over the past year, the portfolio has returned 0.9%, trailing the Russell 1000® Growth Index return of 10.8% and ranking in the 85th percentile of large growth equity managers. (Delaware got off to a good start in early 2005, so since inception performance is above the Russell 1000® Growth Index.)

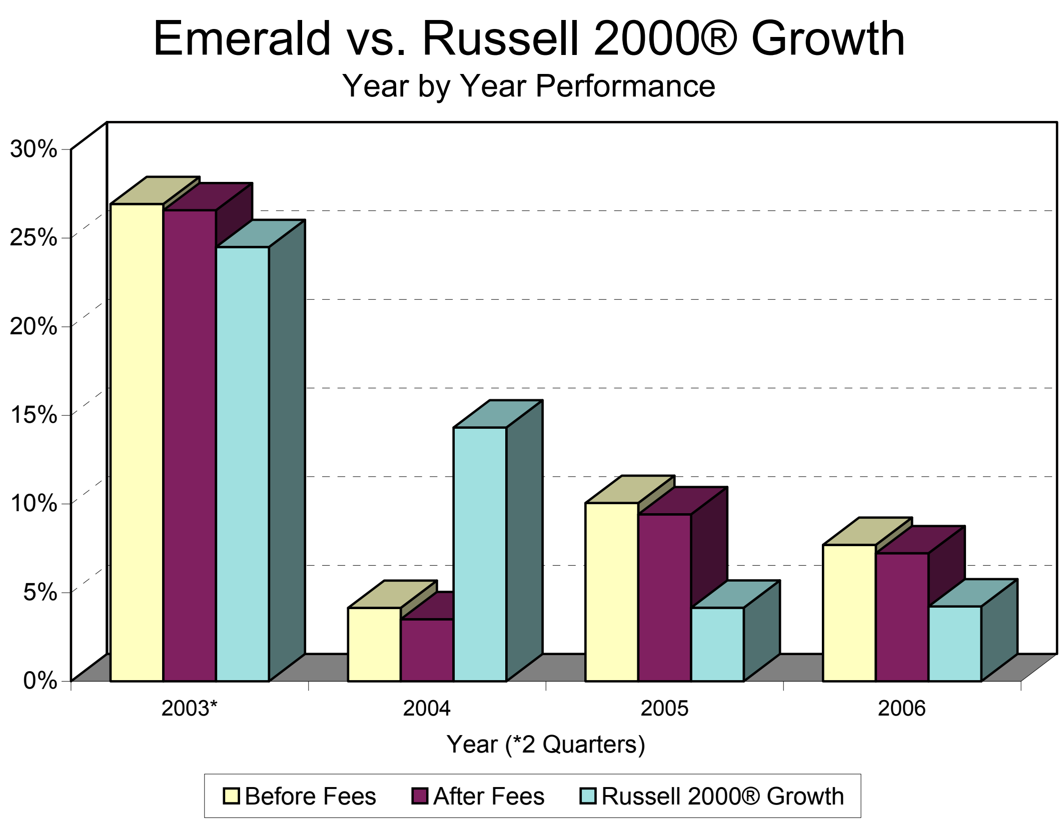
The portfolio (compared to the S&P 500 Index) had a beta of 0.96x and a well below-market yield. It included 27 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weightings relative to the S&P 500 were in the information technology, consumer discretionary and health care sectors, while the largest under-weightings were in the financials and energy sectors.

Delaware's third quarter performance relative to the S&P 500 Index was heavily hindered by stock selection decisions while sector allocation decisions were positive to a much lesser extent. Stock selection in the information technology and industrials accounted for most of the underperformance. Underweighting the energy sector had a substantial positive impact on performance. Trading decisions had a small positive impact on performance for the quarter. The top performing holdings included Moodys Corp (+30%), Zimmer Holdings (+19%) and Procter & Gamble (+12%). The worst performing holdings included Navteq Corp (-42%), Expeditors International (-20%) and UPS (-12%). At the end of the quarter, the largest holdings were Qualcomm Inc (5.7%), eBay (5.0%) and Genentech (4.7%).

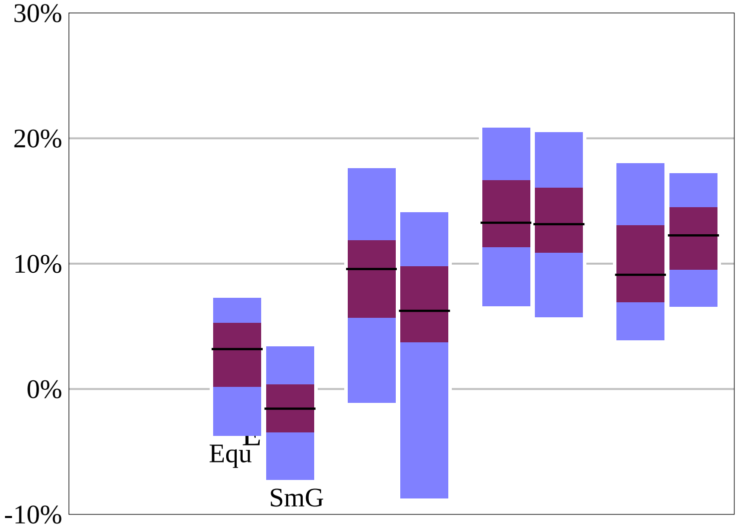
MANAGER COMMENTS – DOMESTIC EQUITY

Emerald





Emerald



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Emerald (E)	-3.6	12.0	12.2	-
Rank v. Equity	*94*	*24*	*66*	-
Rank v. Sm. Gro	*76*	*11*	*60*	-
Ru 2000® Gro (R)	-1.8	5.9	11.8	10.2
Equity Median	3.2	9.6	13.3	9.1
Sm. Gro Median	-1.6	6.2	13.2	12.3

Portfolio Characteristics	**Emerald**	**Russell 2000®**
Eq Mkt Value ($Mil)	167.13	N/A
Wtd. Avg. Cap ($Bil)	1.41	1.09
Beta	1.43	1.18
Yield (%)	0.17	1.24
P/E Ratio	35.31	29.65
Cash (%)	1.7	0.0
Number of Holdings	122	1,984
Turnover Rate (%)	82.5	-

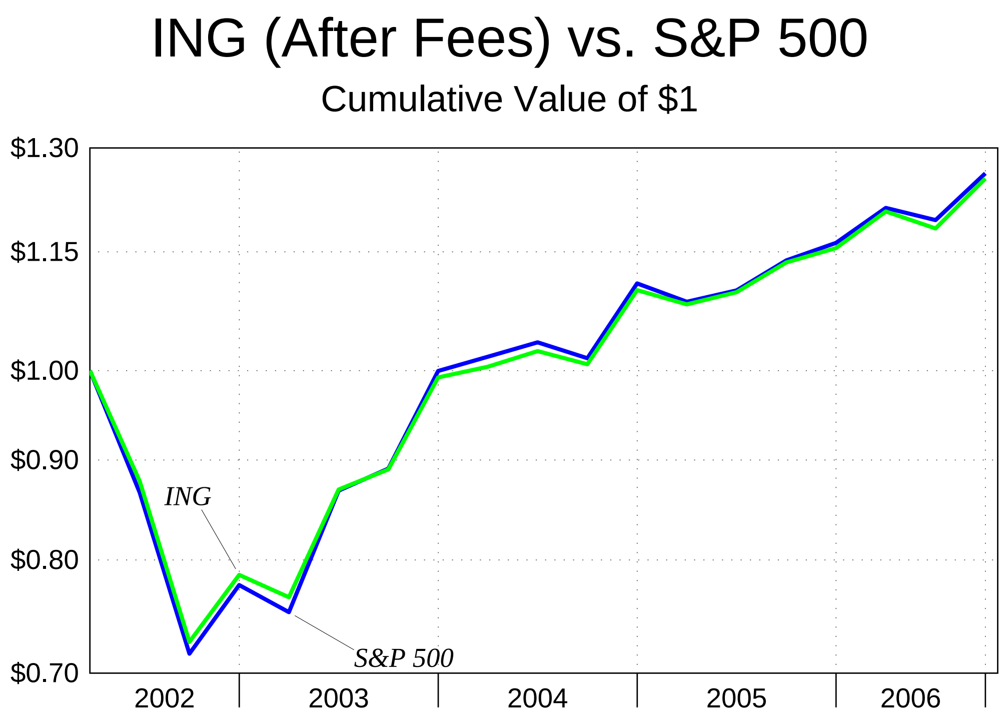
Sector	**Emerald**	**Russell 2000®**
Energy	4.3 %	5.3 %
Materials	2.8	4.3
Industrials	18.2	13.7
Cons. Discretionary	15.1	15.6
Consumer Staples	0.0	3.0
Health Care	17.9	11.9
Financials	6.3	23.2
Info Technology	34.4	18.7
Telecom Services	1.1	1.5
Utilities	0.0	2.9

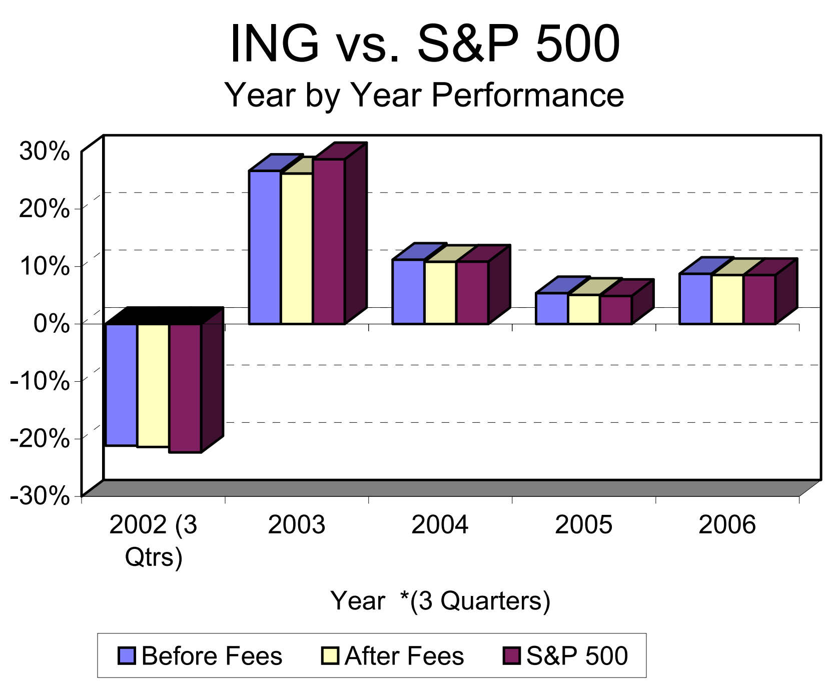
Emerald's return of -3.6% for the third quarter trailed the -1.8% return of the Russell 2000® Growth index and the -1.6% return of the small cap growth median, ranking in the 76th percentile in the universe of small growth equity managers. For the one-year period, Emerald returned 12.0%, well above the 5.9% return of the Russell 2000® Growth and 6.2% return of the small cap growth median. Emerald's one-year performance ranked in the 11th percentile in the universe of small growth equity managers. Over the three year period, Emerald's performance was below the median equity manager. The portfolio trailed the Russell 2000® Index on both an absolute and risk-adjusted basis (page 36). Emerald is not in compliance with some of CCCERA's performance objectives in that it trails the median by 1.1% over the past three years.

The portfolio has a beta of 1.43x compared to 1.18x for the Russell 2000® Index and has a well below-market yield. It includes 122 stocks, concentrated in the small capitalization sector. Emerald's largest economic sector over-weightings relative to the Russell 2000® are in the information technology, health care and industrials sectors. The largest under-weightings are in the financials, consumer discretionary and utilities sectors. Annual portfolio turnover was 82.5%.

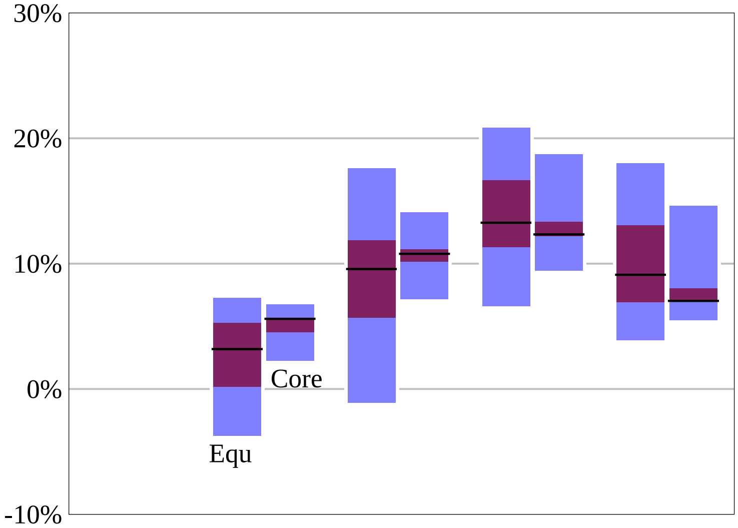
Emerald's third quarter performance relative to the Russell 2000® Growth Index was hurt by both stock selection and sector allocation decisions. Stock selection was weakest in the industrials sector. Trading decisions had a large negative impact on performance for the quarter. The top performing holdings included Smith & Wesson (+69%), Intermap Network (+45%) and Diamond Management (+41%). The worst performing holdings included Nucryst Pharmaceuticals (-39%), Emcore (-38%) and Evergreen Energy (-31%). At the end of the quarter, the largest holdings were Nutri Sys Inc (2.7%), Psychiatric Solution (2.6%) and Wesco (2.1%). Emerald reported that it expects the risk-averse posture of the market to continue over the next few months as the market gains comfort with the direction of economic growth.

ING Investment





ING Investment Management



	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING (I)	6.1	10.7	12.4	-
Rank v. Equity	*11*	*38*	*58*	-
Rank v. Lg Core	*8*	*61*	*44*	-
S&P 500 (S)	5.7	10.8	12.3	7.0
Equity Median	3.2	9.6	13.3	9.1
Lg Core Median	5.6	10.8	12.3	7.0

Portfolio Characteristics	**ING**	**S&P 500**
Eq Mkt Value ($Mil)	262.70	N/A
Wtd. Avg. Cap ($Bil)	99.91	95.04
Beta	1.01	1.00
Yield (%)	1.79 %	1.87 %
P/E Ratio	17.33	17.86
Cash (%)	0.2 %	0.0 %
Number of Holdings	436	500
Turnover Rate (%)	76.9	-

Sector	**ING**	**S&P 500**
Energy	10.2 %	9.4 %
Materials	2.6	2.9
Industrials	10.9	10.9
Cons. Discretionary	10.1	10.1
Consumer Staples	8.6	9.6
Health Care	12.1	12.7
Financials	22.6	22.2
Info Technology	16.5	15.4
Telecom Services	3.3	3.5
Utilities	3.0	3.4

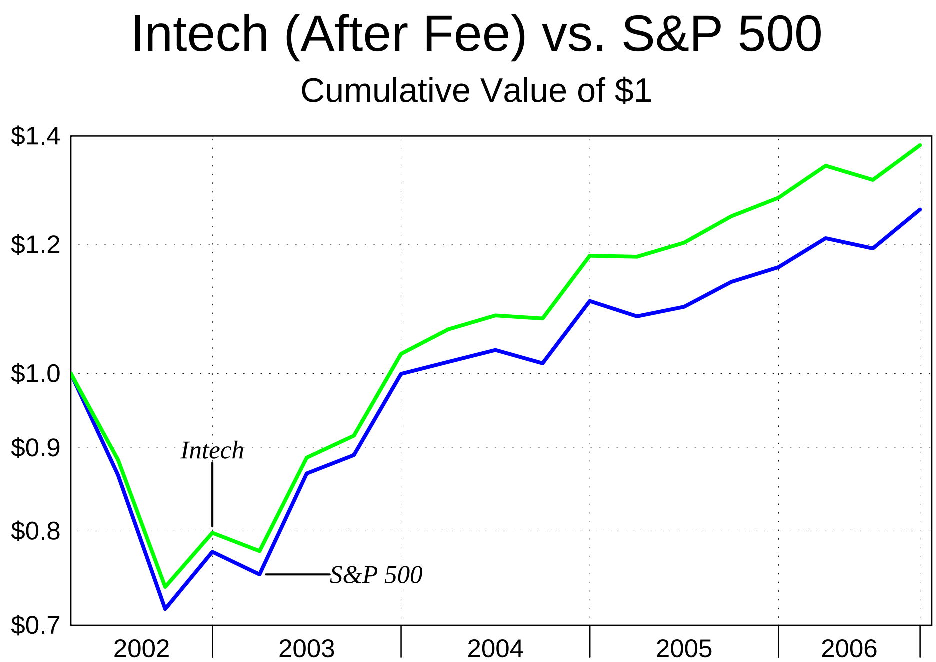
ING's return of 6.1% for the third quarter was better than the 5.7% return of the S&P 500 and ranked in the 8th percentile in the universe of large core equity managers. For the one-year period, ING returned 10.7%, slightly below 10.8% for the S&P 500. ING has exceeded the S&P 500 over the past three years on both an absolute and risk-adjusted basis (see page 36). ING is in compliance CCCERA's performance objectives. As of June 2005, ING stopped using Innovest's rankings as part of its selection model, but the portfolio is still tobacco-free (as are all CCCERA US equity portfolios).

The portfolio had a near market beta, a lower yield and a below-market price/earnings ratio. It included 436 stocks, concentrated in large capitalization sectors. As expected, the portfolio continued to be structured very similarly to the S&P 500. ING's largest economic sector over-weightings were in the information technology and energy sectors, while the largest under-weightings were in the consumer staples and health care sectors. Portfolio turnover was at an annual rate of 76.9% this quarter, down significantly from 91.8% last quarter.

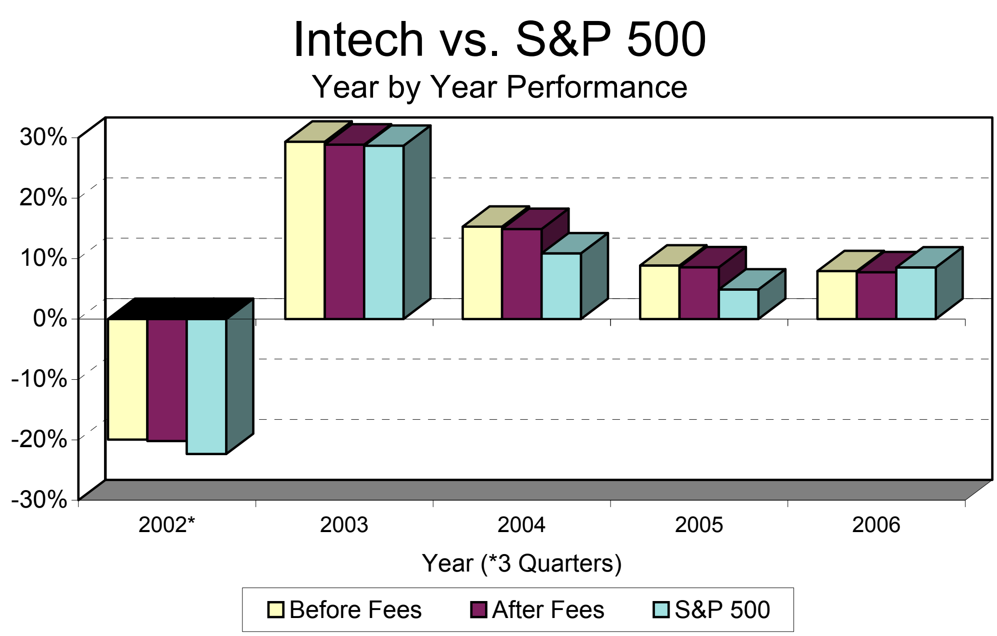
ING's performance for the third quarter relative to the S&P 500 was helped by stock selection decisions but hurt slightly by sector allocation decisions. Trading decisions during the quarter had a small negative impact on performance. The largest portfolio holdings at the end of the quarter were Exxon Mobil (4.3%), General Electric (3.0%) and Citigroup (2.0%). The best performing holdings during the quarter included Nvidia (+39%), Radioshack (+38%) and Parametric Technologies (+37%), while the worst performing holdings included Halliburton (-23%), Valero Energy (-23%) and Hess Corporation (-21%).

Doug Cote reported that two stock positions, Yahoo and Valero Energy, had significant impacts on the strategy's returns. The firm's was underweight to Yahoo as the stock fell during the quarter. An overweight position to Valero hurt the portfolio as that stock also fell during the quarter due to production disruptions. Doug is leaving ING. We expect no major impact.

Intech

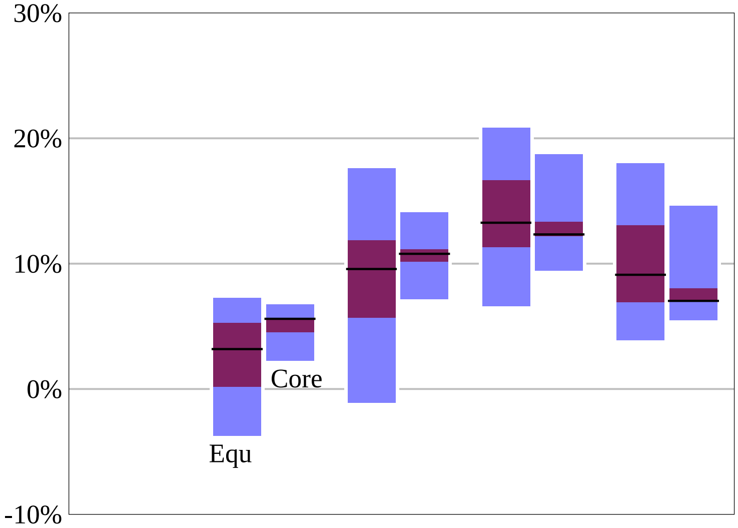


Intech (After Fee) vs. S&P 500
Cumulative Value of $1
$1.4
$1.2
$1.0
$0.9
$0.8
$0.7
Intech
S&P 500
2002
2003
2004
2005
2006



Intech vs. S&P 500
Year by Year Performance
30%
20%
10%
0%
-10%
-20%
-30%
2002*
2003
2004
2005
2006
Year (*3 Quarters)
Before Fees
After Fees
S&P 500

Intech



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Intech (I)	5.1	10.9	15.0	-
Rank v. Equity	*26*	*32*	*38*	-
Rank v. Lg Core	*60*	*34*	*15*	-
S&P 500 (S)	5.7	10.8	12.3	7.0
Equity Median	3.2	9.6	13.3	9.1
Lg Core Median	5.6	10.8	12.3	7.0

Portfolio Characteristics	**Intech**	**S&P 500**
Eq Mkt Value ($Mil)	261.59	N/A
Wtd. Avg. Cap ($Bil)	69.64	95.04
Beta	0.93	1.00
Yield (%)	1.59 %	1.87 %
P/E Ratio	18.18	17.86
Cash (%)	0.5 %	0.0 %
Number of Holdings	375	500
Turnover Rate (%)	78.8	-

Sector	**Intech**	**S&P 500**
Energy	6.5 %	9.4 %
Materials	3.0	2.9
Industrials	13.3	10.9
Cons. Discretionary	11.2	10.1
Consumer Staples	9.7	9.6
Health Care	14.0	12.7
Financials	25.5	22.2
Info Technology	10.6	15.4
Telecom Services	3.0	3.5
Utilities	3.2	3.4

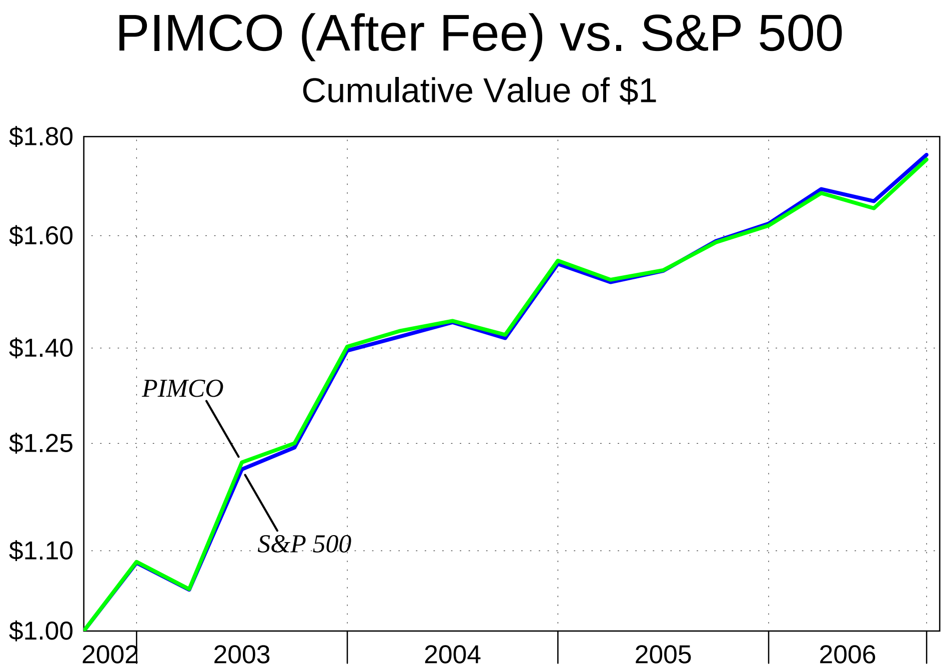
Intech's return of 5.1% for the third quarter trailed the 5.7% return of the S&P 500 and the 5.6% return of the median large core equity manager, ranking in the 60th percentile in the universe of large core equity managers. For the one-year period, Intech returned 10.9%, exceeding 10.8% for the S&P 500 and the 10.8% return of the median large core equity manager. Over the past three years, Intech returned 15.0%, above the 12.3% return of the S&P 500, and ranked in the 15th percentile of large core equity managers. Over the past three years, Intech's performance was above the median equity manager and exceeded the S&P 500 on both a risk-adjusted and absolute basis (page 36). Intech is in compliance with CCCERA's performance objectives.

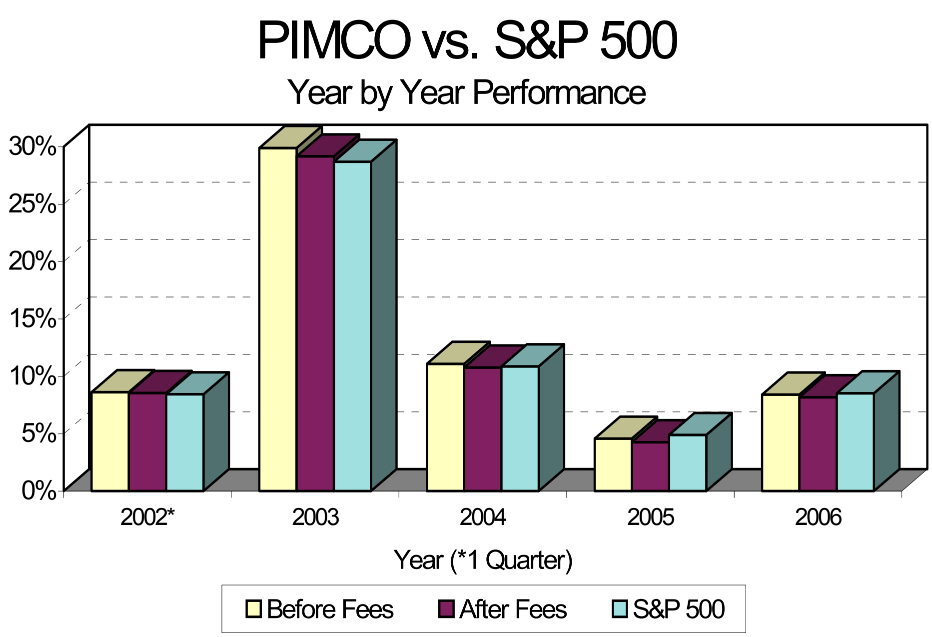
Intech uses a mathematical, quantitative approach to managing funds. The portfolio has a below-market beta of 0.93x, a lower yield and a slightly above-market P/E ratio. The portfolio has 375 holdings concentrated in large capitalization sectors, and shows similar-to-market growth. The largest economic sector over-weightings were in the financials and industrials sectors, while largest under-weightings were in the information technology and energy sectors. Third quarter portfolio turnover was at an annual rate of 78.8%.

Intech's third quarter performance relative to the S&P 500 was hurt by stock selection but helped to a lesser extent by sector allocation decisions. The impact from active trading decisions was slightly negative. Stock selection in the health care sector hurt performance the most during the quarter. The best performing portfolio stocks included Nvidia (+39%), Symbol Technologies (+38%), and Apple Computer (+35%), while the worst performing holdings during the quarter included Consol Energy (-32%), Halliburton (-23%) and Valero Energy (-23%). The portfolio was also hurt by its smaller capitalization than the S&P 500.

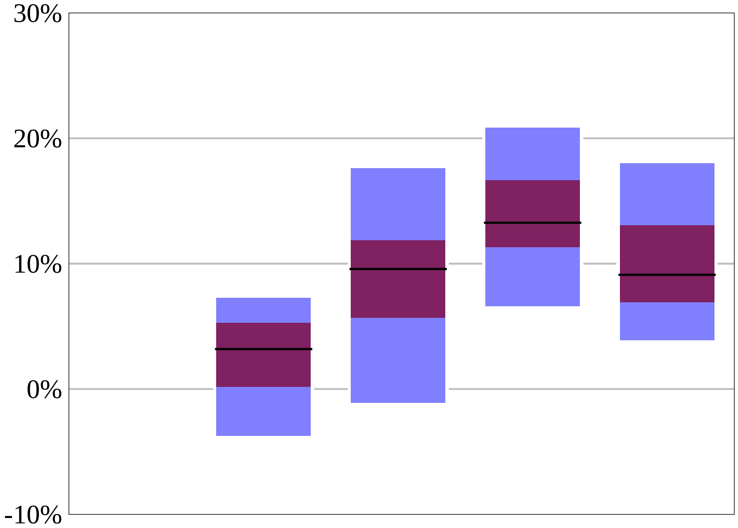
MANAGER COMMENTS – DOMESTIC EQUITY

PIMCO





PIMCO



	Last Qtr	1 Yr	3 Yrs	5 Yrs
PIMCO (P)	6.0	10.7	12.2	-
Rank v. Equity	*11*	*38*	*65*	-
S&P 500 (S)	5.7	10.8	12.3	7.0
Equity Median	3.2	9.6	13.3	9.1

Portfolio Characteristics	**PIMCO**	**S&P 500**
Eq Mkt Value ($Mil)	258.7	N/A
Wtd. Avg. Cap ($Bil)	*	95.04
Beta	*	1.00
Yield (%)	* %	1.87 %
P/E Ratio	*	17.86
Cash (%)	14.4 %	0.0 %
Number of Holdings	*	500
Turnover Rate (%)	895.8	-

Sector	**PIMCO**	**S&P 500**
Energy	* %	9.4 %
Materials	*	2.9
Industrials	*	10.9
Cons. Discretionary	*	10.1
Consumer Staples	*	9.6
Health Care	*	12.7
Financials	*	22.2
Info Technology	*	15.4
Telecom Services	*	3.5
Utilities	*	3.4

*PIMCO manages a synthetic equity portfolio and does not hold any equity securities.

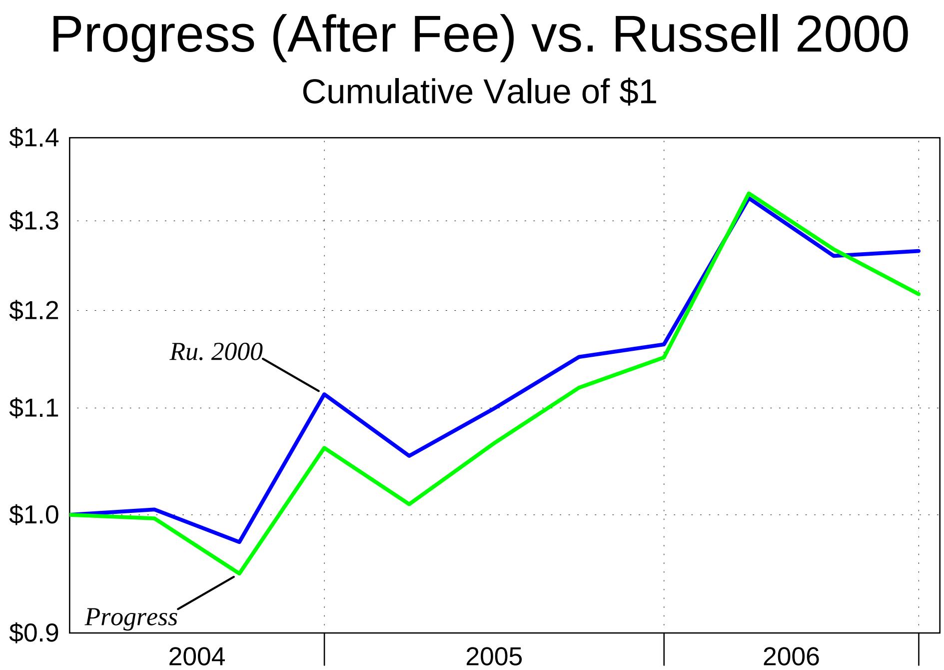
PIMCO's Stocks Plus (futures plus cash) portfolio returned 6.0% for the third quarter, exceeding the 5.7% return of the S&P 500 and the 3.2% return of the median equity manager. For the one-year period, PIMCO returned 10.7%, close to the 10.8% return of the S&P 500 (and exceeding the 9.6% return of the median equity manager). Over the past three years, the portfolio return of 12.2% again marginally trailed the 12.3% return of the S&P 500. The portfolio has not met the objective of exceeding the S&P 500 over the past three years, but is slightly above the S&P 500 before fees since inception.

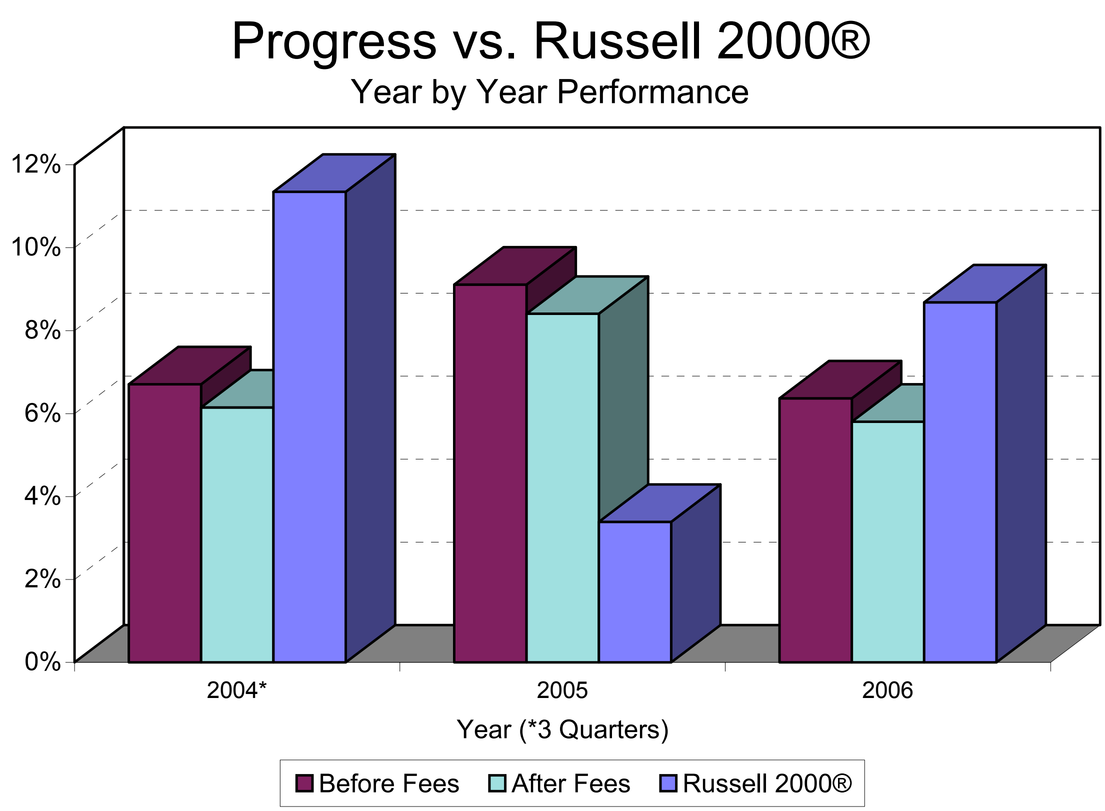
The third quarter was a favorable environment for Stocks Plus; most U.S. bonds outperformed money market instruments as rates and risk premiums fell Several strategies boosted quarterly returns, including U.S. duration exposure as interest rates moved lower, a mortgage emphasis, short duration asset-backed bonds, modest exposure to the corporate sector and written option strategies (which provided additional yield). Strategies that detracted from third quarter performance included: a U.S. yield curve steepening bias (which hurt returns as the yield curve continued to flatten) and non-U.S. strategies, including U.K. bond exposure.

The Stocks Plus portfolio plans to maintain its high quality focus and employ strategies that seek price gains rather than yield enhancement. They team will also focus on shorter maturities in the U.S., which they feel should perform well as markets anticipate Fed easing.

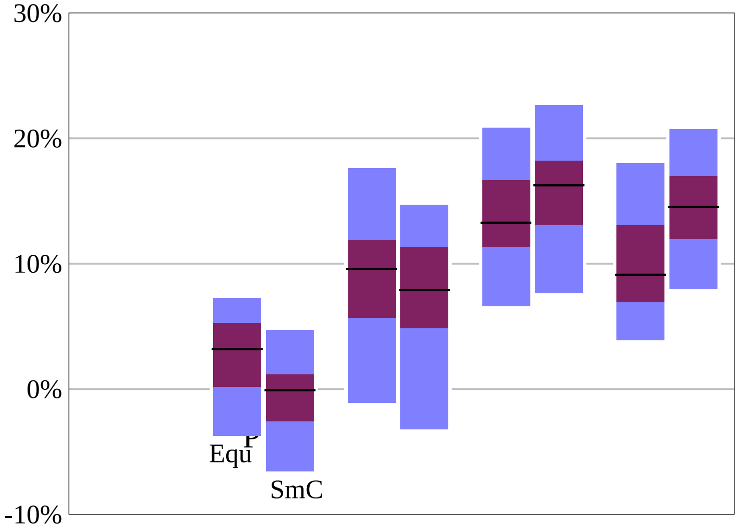
MANAGER COMMENTS – DOMESTIC EQUITY

Progress





Progress



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Progress (P)	-3.8	9.5	-	-
Rank v. Equity	*95*	*50*	-	-
Rank v. Small Cap	*89*	*39*	-	-
Russell 2000® (R)	0.4	9.9	15.5	13.8
Equity Median	3.2	9.6	13.3	9.1
Small Cap Median	-0.1	7.9	16.3	14.5

Portfolio Characteristics	**Progress**	**Russell 2000®**
Eq Mkt Value ($Mil)	46.10	N/A
Wtd. Avg. Cap ($Bil)	1.72	1.09
Beta	1.20	1.18
Yield (%)	0.87 %	1.24 %
P/E Ratio	28.06	29.65
Cash (%)	0.0 %	0.0 %
Number of Holdings	535	1,984
Turnover Rate (%)	0.7	-

Sector	**Progress**	**Russell 2000®**
Energy	4.3 %	5.3 %
Materials	3.0	4.3
Industrials	12.9	13.7
Cons. Discretionary	19.5	15.6
Consumer Staples	3.4	3.0
Health Care	11.5	11.9
Financials	25.9	23.2
Info Technology	14.5	18.7
Telecom Services	1.8	1.5
Utilities	3.2	2.9

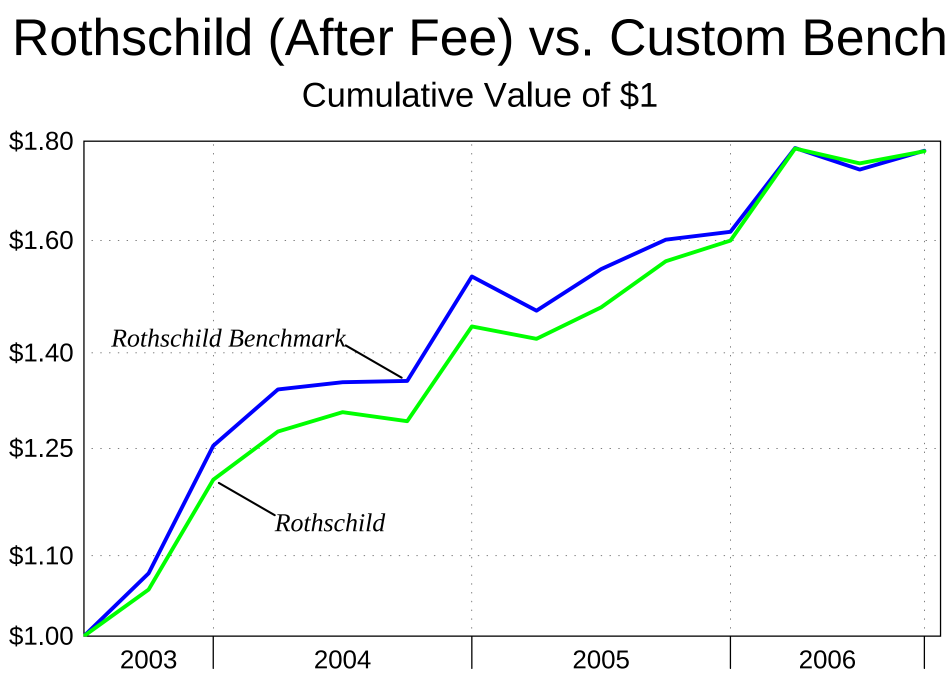
Progress, a manager of emerging managers that invest in small capitalization stocks, returned -3.8% for the third quarter, trailing the 0.4% return of the Russell 2000® Index and the -0.1% return of the small cap median. Progress' third quarter performance ranked in the 89th percentile of small capitalization equity managers. Over the past year, Progress has returned 9.5%, trailing the 9.9% return of the Russell 2000® Index, but ranked in the 39th percentile of small cap equity managers.

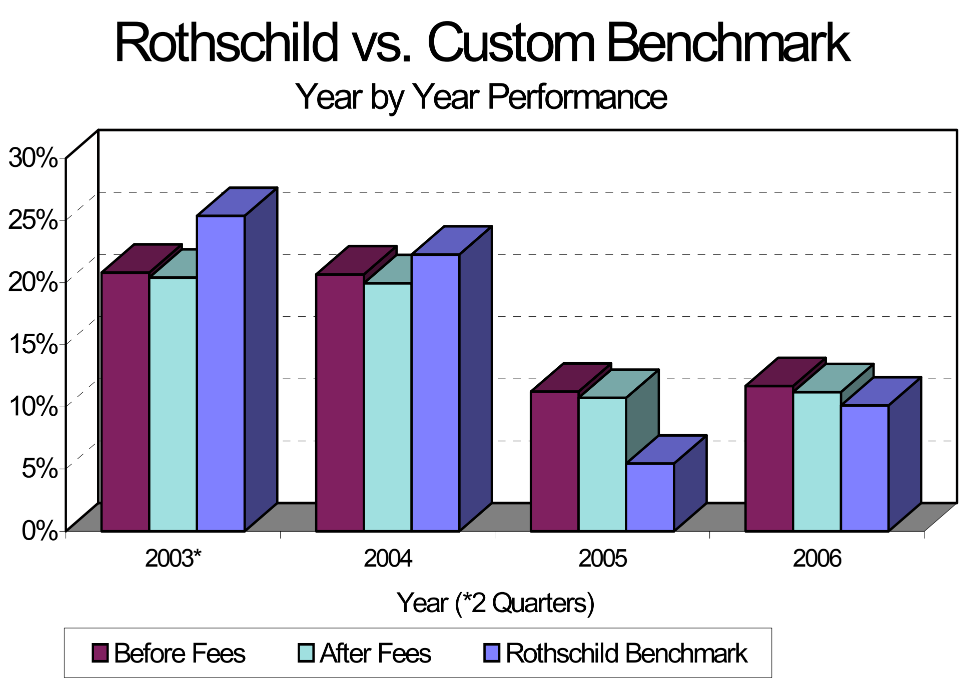
The portfolio had a beta of 1.20x compared to 1.18x for the Russell 2000® Index, a below-market yield and a below-market P/E ratio. It included 535 stocks, concentrated in the small and mid capitalization sectors. Progress' largest economic sector over-weightings relative to the Russell 2000® were in the consumer discretionary and financials sectors, while the largest under-weightings were in the information technology, materials and energy sectors.

Progress's aggressive growth manager, Insight Capital Research & Management, has a history of strong returns but returned -11.9% in the third quarter, well below the Russell 2000® Growth return of -1.8% and detracting heavily from performance. The portfolio's third quarter performance was also hurt relative to the Russell 2000® by stock selection decisions while sector allocation decisions were neutral in aggregate. Stock selection was negative in every sector. Information technology and consumer staples had the largest negative impacts on third quarter performance. Aggregate trading decisions had a large negative impact on performance. The largest holdings at the end of the quarter were Affiliate Managers (1.1%), Allscripts Healthcare (1.1%) and Hansen Natural Corp (1.0%). During the quarter, the best performing holdings included Simpletech (+143%), NVE Corp (+109%) and Smith & Wesson (+69%). The worst performing holdings included James River Coal (-60%), GASCO Energy (-39%) and Dover Downs Gaming (-38%).

MANAGER COMMENTS – DOMESTIC EQUITY

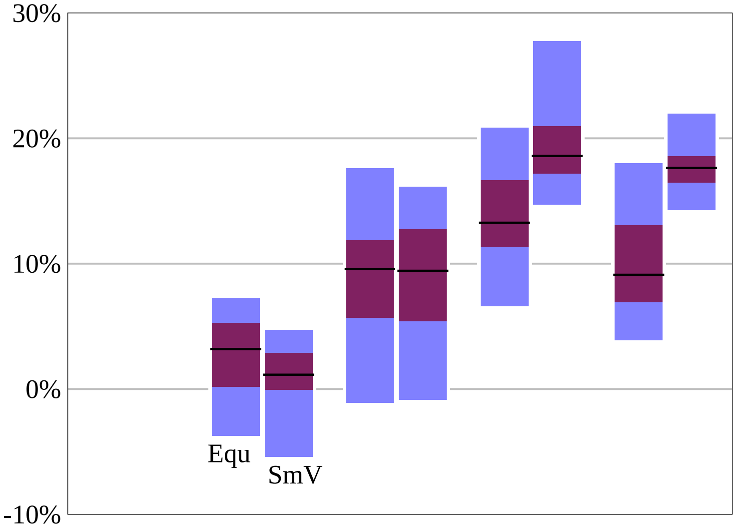
Rothschild





The Rothschild custom benchmark is the Russell 2000® Value index through 2nd quarter, 2005, Russell 2500™ Value thereafter.

Rothschild



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Rothschild (R)	1.6	14.6	19.6	-
Rank v. Equity	*63*	*11*	*8*	-
Rank v. Sm. Value	*37*	*13*	*35*	-
Custom Bench (B)	2.3	11.1	18.2	16.5
Equity Median	3.2	9.6	13.3	9.1
Sm. Value Median	1.1	9.4	18.6	17.6

Portfolio Characteristics	**Rothschild**	**Russell 2500™**
Eq Mkt Value ($Mil)	181.13	N/A
Wtd. Avg. Cap ($Bil)	2.40	2.30
Beta	0.98	1.11
Yield (%)	1.44 %	1.35 %
P/E Ratio	20.36	25.60
Cash (%)	1.2 %	0.0 %
Number of Holdings	145	2,475
Turnover Rate (%)	75.3	-

Sector	**Rothschild**	**Russell 2500™**
Energy	5.5 %	5.2 %
Materials	5.5	5.8
Industrials	11.5	13.2
Cons. Discretionary	13.1	15.5
Consumer Staples	5.0	3.3
Health Care	7.5	11.4
Financials	31.8	22.9
Info Technology	10.1	15.7
Telecom Services	1.5	1.7
Utilities	8.5	5.3

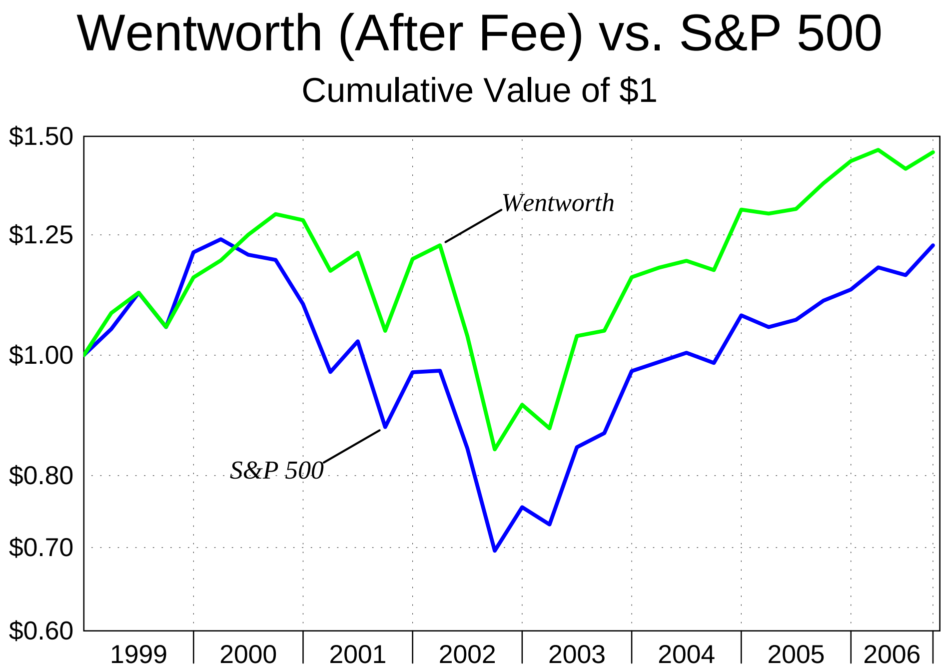
Rothschild's return of 1.6% for the third quarter trailed the 2.3% return of the custom benchmark (Russell 2000® Value index through 2nd quarter, 2005, Russell 2500™ Value thereafter) but was better than the 1.1% return of the small cap value median, ranking in the 37th percentile in the universe of small value equity managers. For the one-year period, Rothschild returned 14.6%, exceeding the custom benchmark return of 11.1% and the 9.4% return of the median small value equity manager. Rothschild's one-year performance ranks in the 13th percentile in the universe of small cap value equity managers. Over the past three years, Rothschild has exceeded the Russell 2000® on both an absolute and risk-adjusted basis (see page 36). Performance since inception is near the benchmark. This portfolio is in compliance with the CCCERA performance objectives.

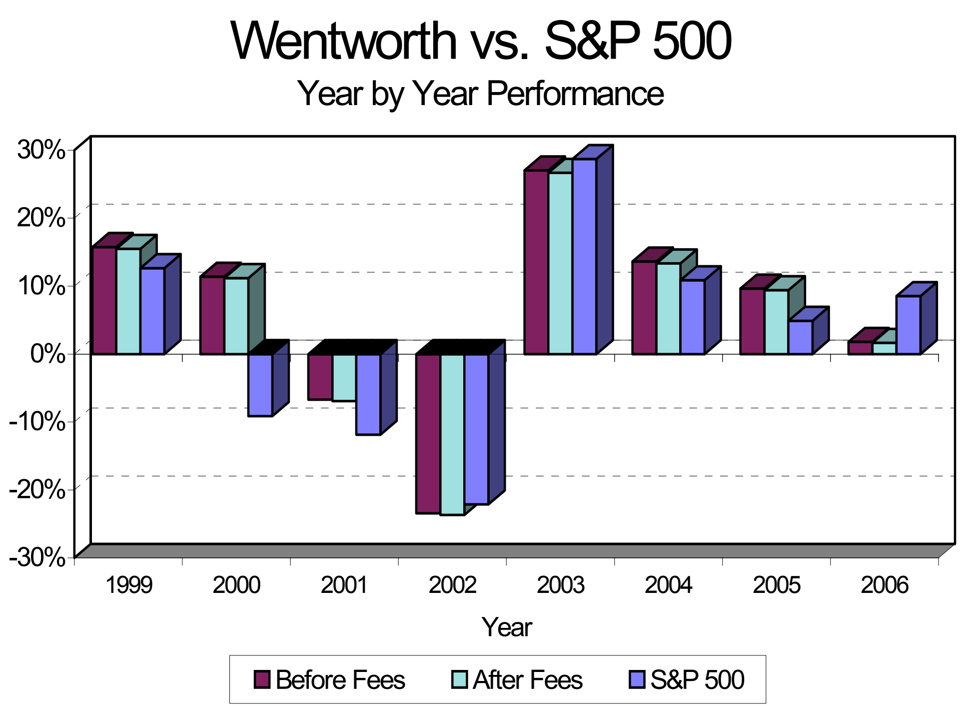
The portfolio (now compared to the Russell 2500™ Index) had a beta of 0.98x versus 1.11x for the Index, an above-index yield and a below index P/E ratio. It included 145 stocks, concentrated in the small and mid capitalization sectors. Rothschild's largest economic sector over-weightings relative to the Russell 2500™ were in the financials, utilities and consumer staples sectors, while the largest under-weightings were in the information technology, health care and consumer discretionary sectors. Third quarter portfolio turnover was at an annual rate of 75.3%, up from last quarter's rate of 72.4%.

Rothschild's third quarter performance relative to the Russell 2500™ Value index was hurt by sector allocation decisions while stock selection decisions were neutral in aggregate. Trading decisions had a small negative impact on performance. Overweighting the energy and industrials sectors had the most pronounced negative impacts on the portfolio during the third quarter. The best performing portfolio stocks were Miller Herman (+33%), Jack in the Box (+33%) and Veritas (+28%). The worst performing holdings included Albany Intl (-25%), Steel Dynamics (-23%) and Superior Energy Services (-23%).

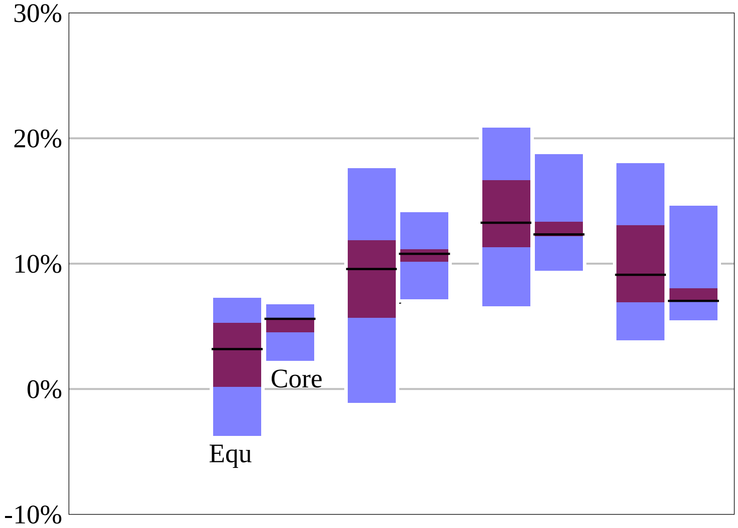
MANAGER COMMENTS – DOMESTIC EQUITY

Wentworth, Hauser and Violich





Wentworth, Hauser and Violich



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Wentworth (W)	3.2	6.1	11.9	7.1
Rank v. Equity	*49*	*72*	*70*	*68*
Rank v. Lg Core	*92*	*97*	*84*	*47*
S&P 500 (S)	5.7	10.8	12.3	7.0
Equity Median	3.2	9.6	13.3	9.1
Lg Core Median	5.6	10.8	12.3	7.0

Portfolio Characteristics	**Wentworth**	**S&P 500**
Eq Mkt Value ($Mil)	260.78	N/A
Wtd. Avg. Cap ($Bil)	77.29	95.04
Beta	1.02	1.00
Yield (%)	1.46	1.87
P/E Ratio	16.63	17.86
Cash (%)	0.1	0.0
Number of Holdings	38	500
Turnover Rate (%)	49.8	-

Sector	**Wentworth**	**S&P 500**
Energy	14.6 %	9.4 %
Materials	0.0	2.9
Industrials	13.8	10.9
Cons. Discretionary	11.2	10.1
Consumer Staples	9.9	9.6
Health Care	17.4	12.7
Financials	22.6	22.2
Info Technology	10.5	15.4
Telecom Services	0.0	3.5
Utilities	0.0	3.4

Wentworth's return of 3.2% for the third quarter was below the 5.7% return of the S&P 500 but matched the 3.2% return of the median equity manager. For the one-year period, Wentworth returned 6.1%, trailing the 10.8% return of the S&P 500 and the 9.6% return of the median manager. Wentworth has trailed the S&P 500 on an absolute and risk-adjusted basis over the past three years (page 36). Wentworth has exceeded the S&P 500 on an absolute but trailed on a risk-adjusted basis over the past five years. It has not met the objectives of exceeding the median equity manager over the three and five year periods, but it has exceeded the median large core manager over the past five years.

The portfolio has an above-market beta of 1.02x, a below-market yield and a below-market P/E ratio. The portfolio has 38 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weightings are in the energy, health care and industrials sectors, while largest under-weightings are in the information technology, telecom services and utilities sectors. Third quarter portfolio turnover was at an annual rate of 49.8%, up from last quarter's rate of 44.0%.

Wentworth's third quarter performance relative to the S&P 500 was hurt by both stock selection and sector allocation decisions. Stock selection in the energy and consumer staples sectors was particularly weak. The best performing portfolio stocks included Oracle (+22%), Microsoft (+18%) and Nordstrom (+16%) while the worst performing holdings included Chicos (-20%), BJ Services (-19%) and Weatherford International (-16%). At the end of the quarter, the three largest holdings were BJ Services, Caremark and Abbott Labs.

MANAGER COMMENTS – DOMESTIC EQUITY

Domestic Equity Regression Analysis

Three Year Regression for Periods Ending September 30, 2006

T-Bills and S&P 500 used for Regression Calculations

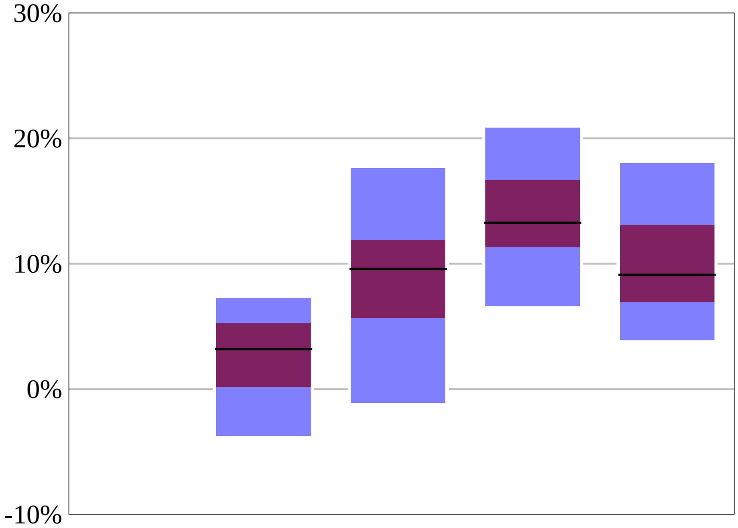
Portfolio Component	Return	Standard Deviation	Alpha	Beta	R^2	Sharpe
T-Bill	2.67	0.73				
S&P 500	12.29	8.31				1.16
Boston Partners	18.06	8.01	5.84	0.93	0.90	1.92
Emerald	12.22	16.77	-4.36	1.49	0.60	0.57
ING	12.41	8.07	0.40	0.97	0.99	1.21
Intech	15.04	7.63	3.22	0.92	0.96	1.62
Pimco	12.22	8.40	-0.14	1.01	1.00	1.14
Rothschild	19.60	10.27	5.82	1.07	0.76	1.65
Wentworth	11.92	8.68	-0.14	0.98	0.86	1.07
Total Equity	13.71	9.03	0.83	1.05	0.93	1.22
Russell 1000® Value	17.23	8.16	4.93	0.94	0.91	1.78
Russell 1000® Growth	8.36	9.50	-4.24	1.09	0.92	0.60
Russell 2000®	15.48	14.01	-0.69	1.39	0.72	0.91
Russell 3000®	13.01	8.72	0.27	1.04	0.98	1.19

Five Year Regression for Periods Ending September 30, 2006

T-Bills and S&P 500 used for Regression Calculations

Portfolio Component	Return	Standard Deviation	Alpha	Beta	R^2	Sharpe
T-Bill	2.24	0.63				
S&P 500	6.97	16.71				0.28
Boston Partners	10.58	16.33	3.56	0.96	0.97	0.51
Wentworth	7.10	19.11	-0.39	1.12	0.97	0.25
Total Equity	6.65	19.43	-0.91	1.14	0.98	0.23
Russell 1000® Value	10.73	16.64	3.69	0.96	0.93	0.51
Russell 1000® Growth	4.42	18.31	-2.60	1.05	0.93	0.12
Russell 2000®	13.77	22.59	5.33	1.22	0.85	0.51
Russell 3000®	8.08	17.00	0.97	1.02	1.00	0.34

Total Domestic Equity



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Total Equity (B)	3.0	9.3	13.7	6.7
Rank	*52*	*51*	*46*	*79*
Russell 3000® (R)	4.7	10.2	13.0	8.1
Equity Median	3.2	9.6	13.3	9.1

Portfolio Characteristics	**Total Fund**	**Russell 3000**
Eq Mkt Value ($Mil)	2,051.96	N/A
Wtd. Avg. Cap ($Bil)	62.85	77.87
Beta	1.04	1.02
Yield (%)	1.40 %	1.75 %
P/E Ratio	20.84	18.98
Cash (%)	2.9 %	0.0 %
Number of Holdings	1,218	2,976
Turnover Rate (%)	160.9	-

Sector	**Total Fund**	**Russell 3000**
Energy	8.0 %	8.2 %
Materials	2.7	3.2
Industrials	11.5	10.9
Cons. Discretionary	12.9	11.4
Consumer Staples	7.3	8.4
Health Care	13.2	12.8
Financials	22.0	22.5
Info Technology	18.1	15.5
Telecom Services	2.2	3.3
Utilities	2.2	3.7

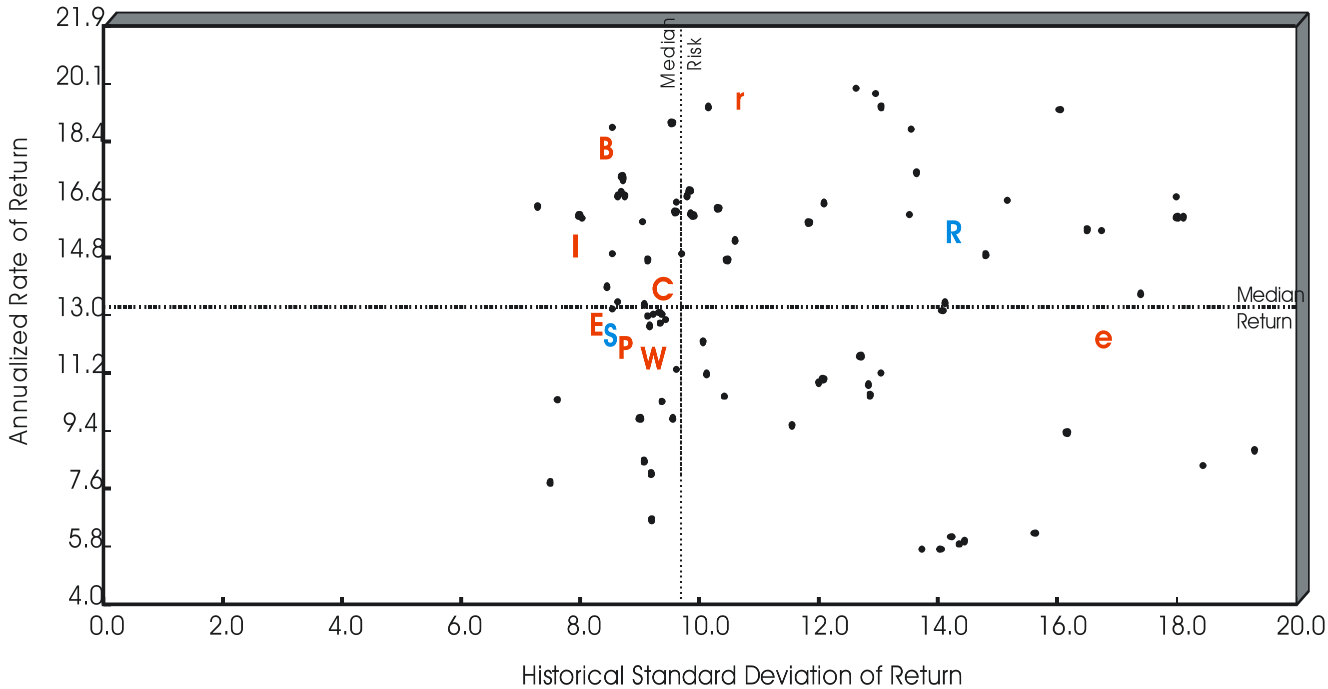
CCCERA total domestic equities returned 3.0% in the third quarter, trailing the 4.7% return of the Russell 3000® Index and also slightly behind the 3.2% return of the median equity manager. For the one-year period, the CCCERA equity return of 9.3% trailed the 10.2% return of the Russell 3000® and the 9.6% return of the median manager. Over the past three years, CCCERA domestic equities exceed both the S&P 500 and Russell 3000® indexes on an absolute and risk-adjusted basis. However, over the past five years, affected by departed managers, the domestic equities have trailed the S&P 500 and the Russell 3000® indexes on an absolute and risk-adjusted basis (page 36).

The combined domestic equity portfolio has a beta of 1.04x, a below-market yield and an above-market P/E ratio. The portfolio is broadly diversified with 1,218 stocks, and resembles the broad market with an R^2 of 0.92 to the S&P 500. The combined portfolio's largest economic sector over-weightings are in the information technology and consumer discretionary sectors, while the largest under-weightings are in the utilities and consumer staples sectors.

MANAGER COMMENTS – DOMESTIC EQUITY

Domestic Equity Performance and Variability

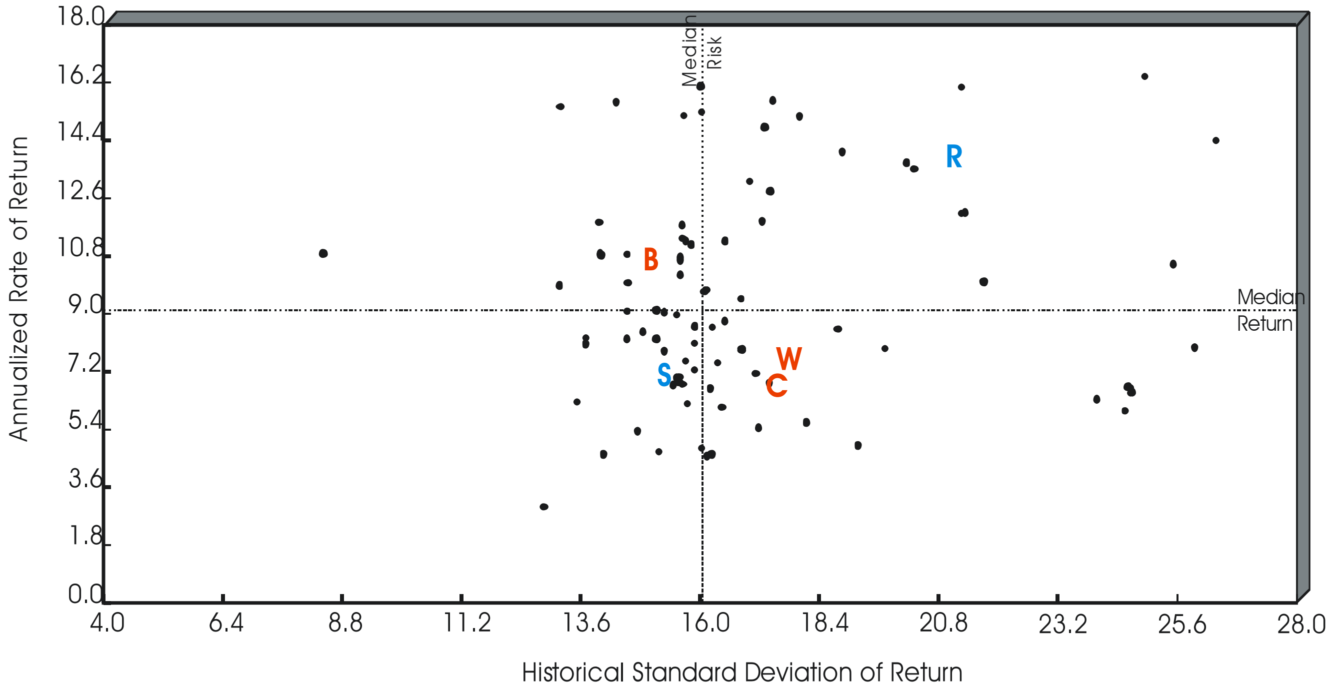
Three Years Ending September 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
B	Boston Partners	18.06	16	8.52	19
e	Emerald Advisors	12.22	66	16.86	95
E	ING Investment Mgmt	12.42	58	8.45	18
I	Intech	15.04	38	8.07	12
P	PIMCO Stocks Plus	12.23	65	8.80	35
r	Rothschild Asset Management	19.60	8	10.81	63
W	Wentworth, Hauser & Violich	11.93	70	9.09	40
C	Domestic Equity	13.72	46	9.43	47
S	Standard & Poors 500	12.30	63	8.72	31
R	Russell 2000	15.48	35	14.35	88
	Median	13.25		9.69	

Domestic Equity Performance and Variability

Five Years Ending September 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
B	Boston Partners	10.58	40	15.31	29
W	Wentworth, Hauser & Violich	7.11	68	17.72	69
C	Domestic Equity	6.65	79	17.59	69
S	Standard & Poors 500	6.97	74	15.61	43
R	Russell 2000	13.77	20	21.20	87
	Median	9.12		16.04	

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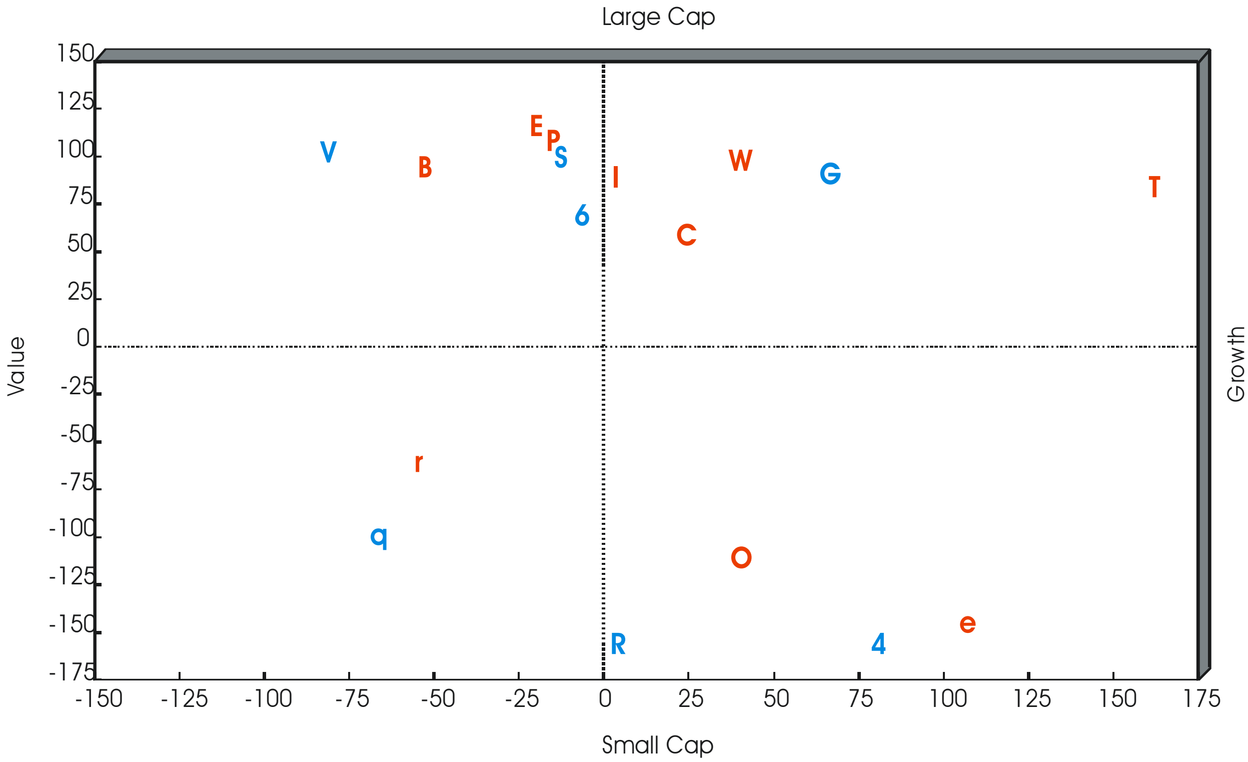
MANAGER COMMENTS - DOMESTIC EQUITY

Domestic Equity Style Map

As of September 30, 2006



		Growth-Value	Size
B	Boston Partners	-50.97	92.59
T	Delaware	164.44	82.14
e	Emerald Advisors	108.36	-146.34
E	ING Investment Mgmt	-13.65	109.37
I	Intech	6.32	87.06
P	PIMCO Stocks Plus	-13.46	106.56
O	Progress Investment Mgmt Co	41.12	-112.44
r	Rothschild Asset Management	-52.05	-62.18
W	Wentworth, Hauser & Violich	40.45	95.73
C	Domestic Equity	24.93	56.89
S	Standard & Poors 500	-13.51	106.50
G	Russell 1000 Growth	67.02	88.79
V	Russell 1000 Value	-79.57	100.45
R	Russell 2000	5.67	-158.02
4	Russell 2000 Growth	81.99	-157.99
q	Russell 2500 Value	-71.57	-81.49
6	Russell 3000	-4.38	72.66

PORTFOLIO PROFILE REPORT

	PIMCO/ S&P 500 Cap Wtd 9/30/2006	Russell 3000® 9/30/2006	Russell 2500™ 9/30/2006	Russell 2000® 9/30/2006	ING 9/30/2006	Delaware 9/30/2006	Boston 9/30/2006
Equity Market Value	258,650,584				262,703,524	300,427,927	313,455,536
Beta	1.00	1.02	1.11	1.18	1.01	0.96	1.09
Yield	1.87	1.75	1.35	1.24	1.79	0.72	1.84
P/E Ratio	17.86	18.98	25.60	29.65	17.33	29.16	15.52
Standard Error	0.00	1.16	4.36	5.36	0.76	4.54	1.87
R^2	1.00	0.97	0.73	0.69	0.99	0.65	0.94
Wtd Cap Size ($Mil)	95,038.05	77,872.43	2,303.04	1,094.18	99,905.7	46,256.9	80,136.07
Avg Cap Size ($Mil)	12,613.80	1,078.69	802.06	600.46	13,468.7	17,314.5	20,693.93
Number of Holdings	500	2,976	2,475	1,984	436	27	80
Economic Sectors							
Energy	9.39	8.24	5.18	5.31	10.21	0.00	12.13
Materials	2.87	3.20	5.83	4.27	2.59	3.94	1.89
Industrials	10.91	10.89	13.18	13.69	10.87	8.07	8.84
Consumer Discretionary	10.13	11.41	15.48	15.58	10.14	17.88	13.01
Consumer Staples	9.56	8.41	3.28	3.03	8.63	11.37	1.72
Health Care	12.66	12.84	11.41	11.88	12.14	16.75	7.98
Financials	22.21	22.48	22.89	23.21	22.60	6.98	34.18
Information Technology	15.35	15.48	15.74	18.65	16.47	35.01	14.88
Telecom. Services	3.50	3.31	1.70	1.45	3.33	0.00	4.36
Utilities	3.41	3.74	5.32	2.93	3.03	0.00	1.03

PORTFOLIO PROFILE REPORT

	Emerald 9/30/2006	Intech 9/30/2006	Progress 9/30/2006	Rothschild 9/30/2006	Wentworth 9/30/2006	Combined Equity 9/30/2006
Equity Market Value	167,131,505	261,585,004	46,098,715	181,130,679	260,777,285	2,051,960,759
Beta	1.43	0.93	1.20	0.98	1.02	1.04
Yield	0.17	1.59	0.87	1.44	1.46	1.40
P/E Ratio	35.31	18.18	28.06	20.36	16.63	20.84
Standard Error	7.97	1.34	5.94	4.47	3.00	2.11
R^2	0.57	0.96	0.62	0.65	0.84	0.93
Wtd Cap Size ($Mil)	1,414.91	69,640.52	1,715.26	2,399.63	77,287.63	62,849.72
Avg Cap Size ($Mil)	943.53	14,350.43	1,298.99	1,734.35	47,393.45	17,122.12
Number of Holdings	122	375	535	145	38	1,218
Economic Sectors						
Energy	4.32	6.53	4.34	5.46	14.63	7.97
Materials	2.77	3.04	3.02	5.51	0.00	2.73
Industrials	18.15	13.31	12.91	11.49	13.75	11.53
Consumer Discretionary	15.10	11.16	19.51	13.06	11.24	12.85
Consumer Staples	0.00	9.71	3.36	4.99	9.91	7.25
Health Care	17.92	13.99	11.52	7.51	17.40	13.20
Financials	6.27	25.53	25.86	31.81	22.60	21.96
Information Technology	34.37	10.61	14.50	10.13	10.48	18.15
Telecom. Services	1.09	2.95	1.80	1.51	0.00	2.17
Utilities	0.00	3.18	3.18	8.53	0.00	2.20

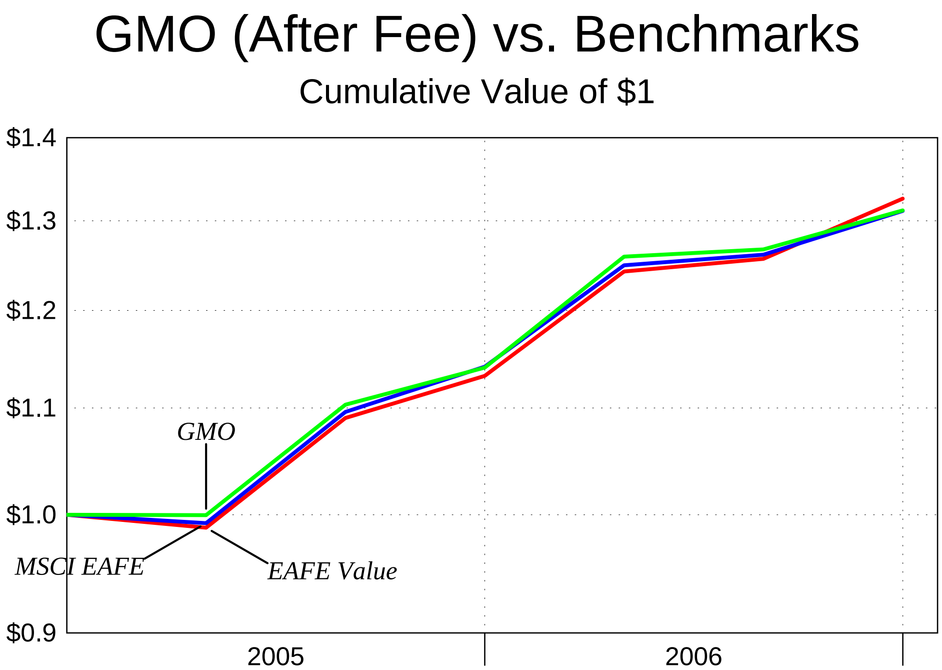
PORTFOLIO PROFILE REPORT

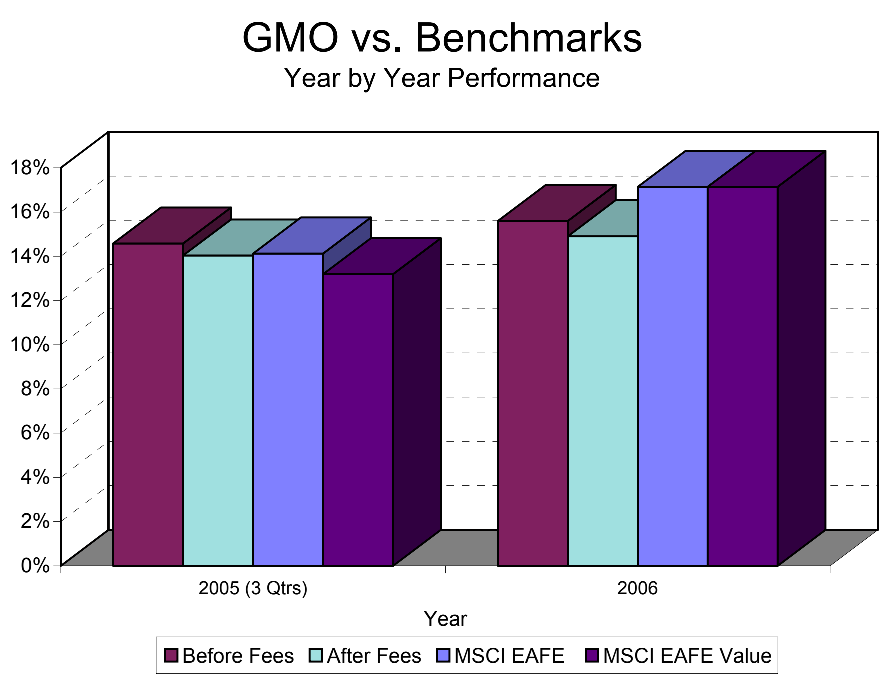
	PIMCO/ S&P 500 Cap Wtd 9/30/2006	Russell 3000® 9/30/2006	Russell 2500™ 9/30/2006	Russell 2000® 9/30/2006	ING 9/30/2006	Delaware 9/30/2006	Boston 9/30/2006
Beta Sectors							
1 0.0 - 0.9	52.55	52.17	47.24	43.55	51.98	59.22	37.55
2 0.9 - 1.1	9.02	9.73	10.01	9.84	8.40	11.96	12.20
3 1.1 - 1.3	14.39	12.74	11.45	10.57	13.84	3.50	17.17
4 1.3 - 1.5	5.52	5.86	6.31	7.38	5.62	4.25	13.34
5 Above 1.5	18.52	19.50	24.98	28.65	20.16	21.06	19.73
Yield Sectors							
1 Above 5.0	0.20	1.13	5.54	6.55	0.13	0.00	2.11
3 3.0 - 5.0	20.20	18.55	11.08	8.91	17.89	0.00	15.10
3 1.5 - 3.0	34.38	30.26	14.95	12.23	35.28	18.09	36.17
4 0.0 - 1.5	31.41	29.20	21.76	16.62	32.81	48.20	33.27
5 0.0	13.81	20.86	46.68	55.69	13.89	33.71	13.36
P/E Sectors							
1 0.0 - 12.0	12.49	11.88	9.59	9.35	14.51	0.00	23.57
2 12.0 -20.0	48.98	45.36	33.18	29.65	47.77	24.06	52.10
3 20.0 -30.0	24.96	24.39	23.40	21.64	26.36	38.17	14.75
4 30.0 - 150.0	10.10	12.48	19.33	21.42	8.96	32.45	2.21
5 N/A	3.46	5.89	14.50	17.94	2.40	5.32	7.37
Capitalization Sectors							
1 Above 20.0 ($Bil)	74.50	60.08	0.00	0.00	77.12	43.28	65.84
2 10.0 - 20.0	16.38	13.76	0.00	0.00	14.79	45.44	11.70
3 5.0 - 10.0	6.71	8.15	3.62	0.00	6.03	6.09	13.40
4 1.0 - 5.0	2.41	13.98	73.99	53.38	2.06	5.19	9.06
5 0.5 - 1.0	0.00	2.50	13.90	28.94	0.00	0.00	0.00
6 0.1 - 0.5	0.00	1.53	8.48	17.66	0.00	0.00	0.00
7 0.0 - 0.1	0.00	0.00	0.01	0.02	0.00	0.00	0.00
5 Yr Earnings Growth							
1 N/A	16.51	19.87	36.15	39.04	12.92	4.06	7.69
2 0.0 -10.0	34.40	32.45	25.60	26.20	34.59	14.96	40.33
3 10.0 -20.0	31.09	29.90	23.08	19.53	32.02	68.69	19.47
5 Above 20.0	18.00	17.78	15.17	15.23	20.47	12.29	32.50

PORTFOLIO PROFILE REPORT

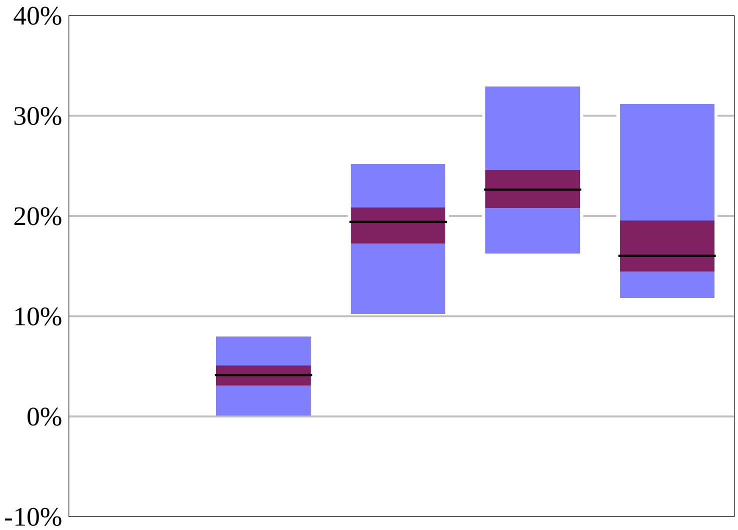
	Emerald 9/30/2006	Intech 9/30/2006	Progress 9/30/2006	Rothschild 9/30/2006	Wentworth 9/30/2006	Combined Equity 9/30/2006
Beta Sectors						
1 0.0 - 0.9	27.85	56.71	38.79	55.33	49.56	49.24
2 0.9 - 1.1	5.58	11.46	10.45	8.73	8.48	9.83
3 1.1 - 1.3	8.87	12.17	10.02	7.95	20.90	12.58
4 1.3 - 1.5	17.32	5.47	9.31	7.38	4.99	7.68
5 Above 1.5	40.38	14.18	31.44	20.62	16.07	20.68
Yield Sectors						
1 Above 5.0	0.00	0.24	2.50	2.71	0.00	0.69
3 3.0 - 5.0	0.28	13.77	8.16	15.85	10.67	11.86
3 1.5 - 3.0	1.24	31.70	11.55	18.39	31.13	27.01
4 0.0 - 1.5	16.58	40.06	16.79	25.88	45.63	35.22
5 0.0	81.90	14.23	61.01	37.18	12.57	25.23
P/E Sectors						
1 0.0 - 12.0	2.80	9.84	6.10	8.83	8.48	10.51
2 12.0 -20.0	19.23	47.15	28.96	44.58	51.15	42.43
3 20.0 -30.0	17.46	27.13	24.31	21.17	35.90	26.22
4 30.0 - 150.0	43.78	14.45	28.65	16.33	2.33	15.30
5 N/A	16.73	1.43	11.99	9.08	2.14	5.54
Capitalization Sectors						
1 Above 20.0 ($Bil)	0.00	55.18	0.00	0.00	66.03	51.08
2 10.0 - 20.0	1.93	26.80	0.68	0.00	16.36	18.07
3 5.0 - 10.0	0.82	13.04	0.96	2.99	12.35	8.14
4 1.0 - 5.0	56.53	4.98	70.11	82.74	5.26	17.50
5 0.5 - 1.0	22.76	0.00	17.34	11.74	0.00	3.28
6 0.1 - 0.5	17.72	0.00	10.43	2.54	0.00	1.90
7 0.0 - 0.1	0.24	0.00	0.48	0.00	0.00	0.03
5 Yr Earnings Growth						
1 N/A	17.48	14.28	23.10	29.03	2.92	12.20
2 0.0 -10.0	31.43	33.69	25.85	32.98	30.83	31.38
3 10.0 -20.0	30.38	32.98	34.71	20.40	38.49	35.20
5 Above 20.0	20.71	19.05	16.34	17.59	27.76	21.22

Grantham, Mayo, van Otterloo & Co





Grantham, Mayo, van Otterloo & Co



	Last Qtr	1 Yr	3 Yrs	5 Yrs
GMO (G)	3.7	19.7	-	-
Rank	*64*	*48*	-	-
EAFE (E)	4.0	19.6	22.8	14.7
EAFE Value (V)	5.5	21.6	25.2	16.1
Int'l Median	4.1	19.4	22.6	16.0

Portfolio Characteristics	**GMO**	**MSCI EAFE**
IEq Mkt Value ($Mil)	270.1	N/A
Cash	0.0 %	0.0 %

Over-Weighted Countries	**GMO**	**MSCI EAFE**
Netherlands	8.9 %	4.0 %
Canada	2.0	0.0
Germany	8.7	7.0

Under-Weighted Countries	**GMO**	**MSCI EAFE**
Australia	1.7 %	5.2 %
Switzerland	4.0	7.0
Spain	1.0	4.0

The GMO value international portfolio returned 3.7% in the third quarter, trailing the 4.0% return of the MSCI EAFE Index, the 5.5% return of the EAFE Value Index and the 4.1% return of the median international equity manager. Over the past year, the portfolio has returned 19.7%, above the MSCI EAFE Index but below the EAFE Value Index. This return ranked in the 48th percentile of international portfolios.

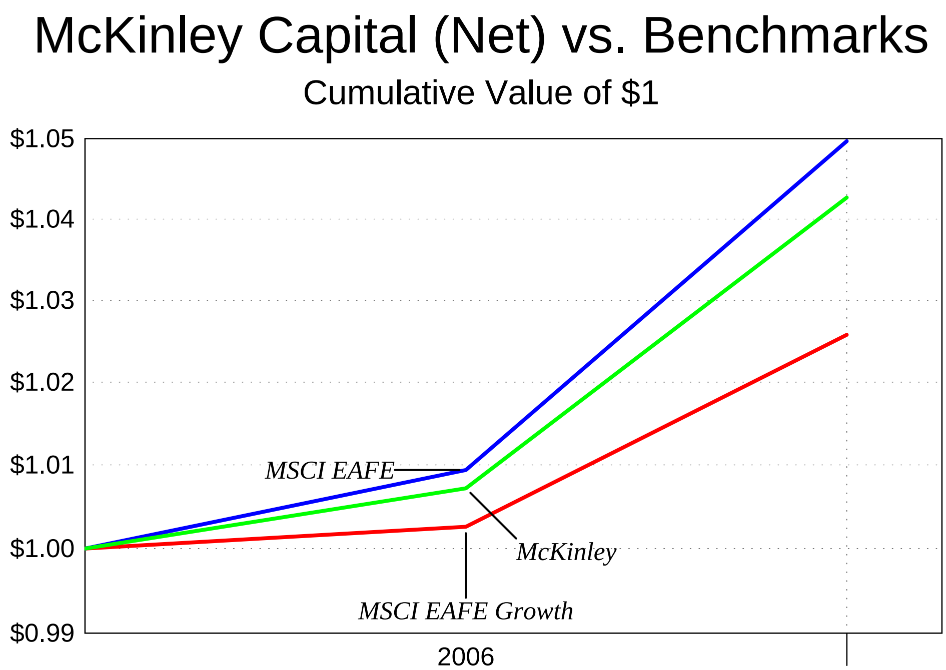
The portfolio's largest country over-weightings were the Netherlands, Canada and Germany, while the largest under-weightings were in Australia, Switzerland and Spain.

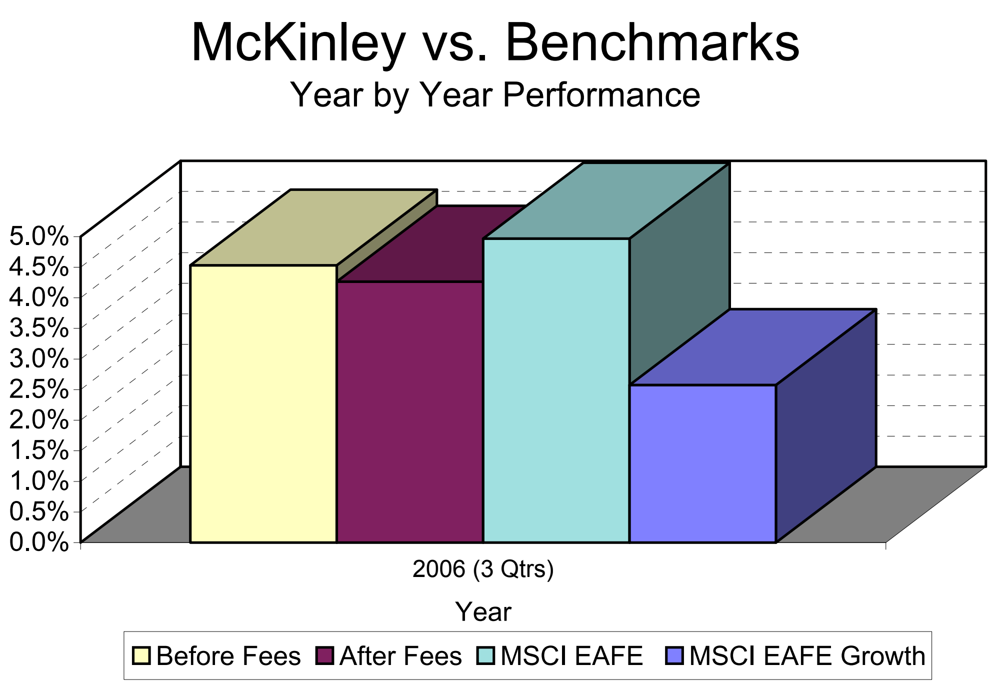
Stock selection, sector exposures and currency exposure both detracted from third quarter returns while country allocation had a minimal impact. The underperformance of holdings in the Health Care and Industrials sectors was poor. An overweight to the Energy sector also hurt, as did the portfolio’s overweight to the yen.

GMO’s stock selection discipline had mixed results during the quarter with quality-adjusted value working the best as it did last quarter, intrinsic value slightly underperforming and momentum trailing by a wider margin. Positions in financials ING, BNP Paribas and Zurich Financial helped this quarter’s return. Detractors included GlaxoSmithKline, Rio Tinto and Canadian Natural Resources.

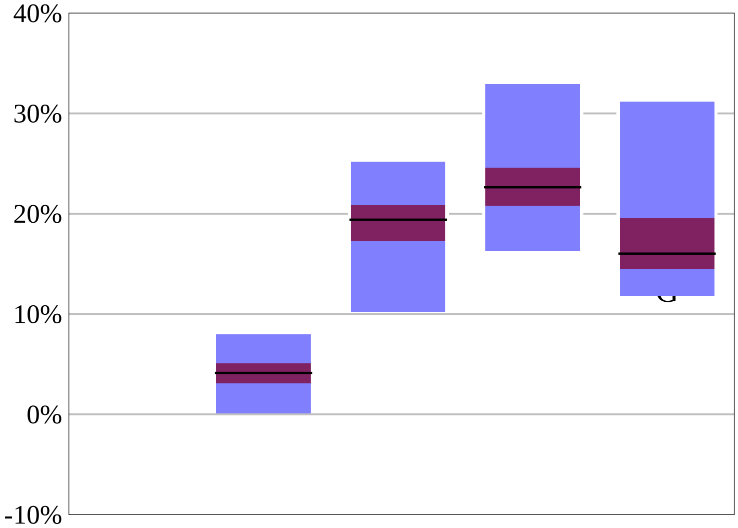
MANAGER COMMENTS – INTERNATIONAL EQUITY

McKinley Capital





McKinley Capital



	Last Qtr	1 Yr	3 Yrs	5 Yrs
McKinley (M)	3.7	-	-	-
Rank	*64*	-	-	-
EAFE (E)	4.0	19.6	22.8	14.7
EAFE Growth (G)	2.3	16.7	19.4	12.4
Int'l Median	4.1	19.4	22.6	16.0

Portfolio Characteristics	**McKinley Capital**	**MSCI EAFE**
IEq Mkt Value ($Mil)	267.2	N/A
Cash	1.0 %	0.0 %

Over-Weighted Countries	**McKinley Capital**	**MSCI EAFE**
South Korea	4.3 %	0.0 %
Canada	3.9	0.0
Taiwan	3.5	0.0

Under-Weighted Countries	**McKinley Capital**	**MSCI EAFE**
Japan	15.0 %	23.6 %
United Kingdom	17.6	23.9
Australia	2.5	5.2

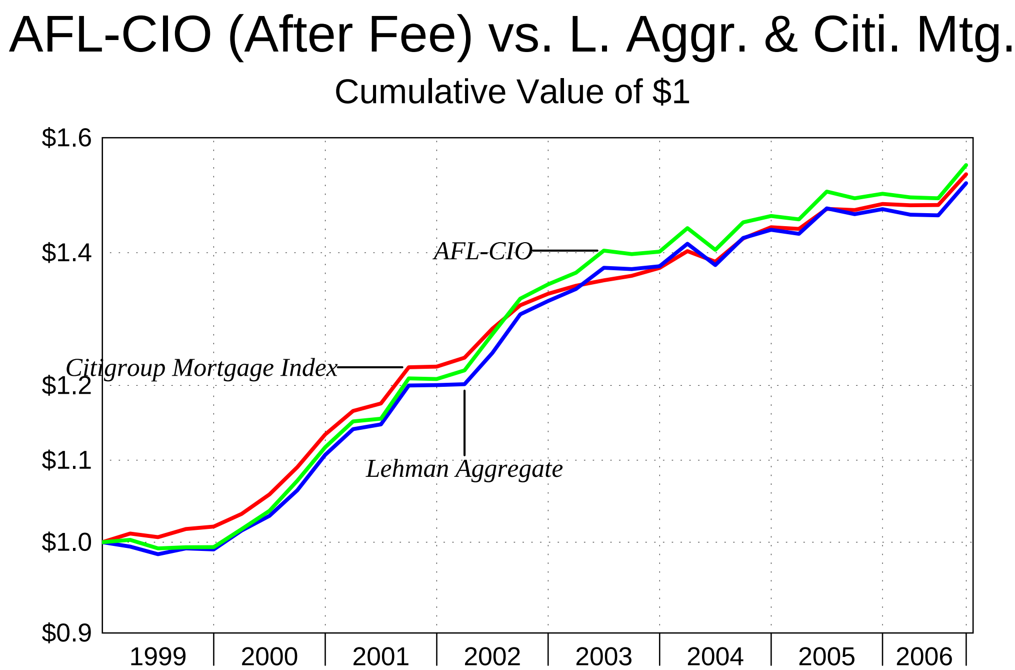
The McKinley Capital portfolio returned 3.7% in the third quarter, slightly trailing the 4.0% return of the MSCI EAFE Index but exceeding the MSCI EAFE Growth Index return of 2.3%. This return ranked in the 64th percentile of international equity managers.

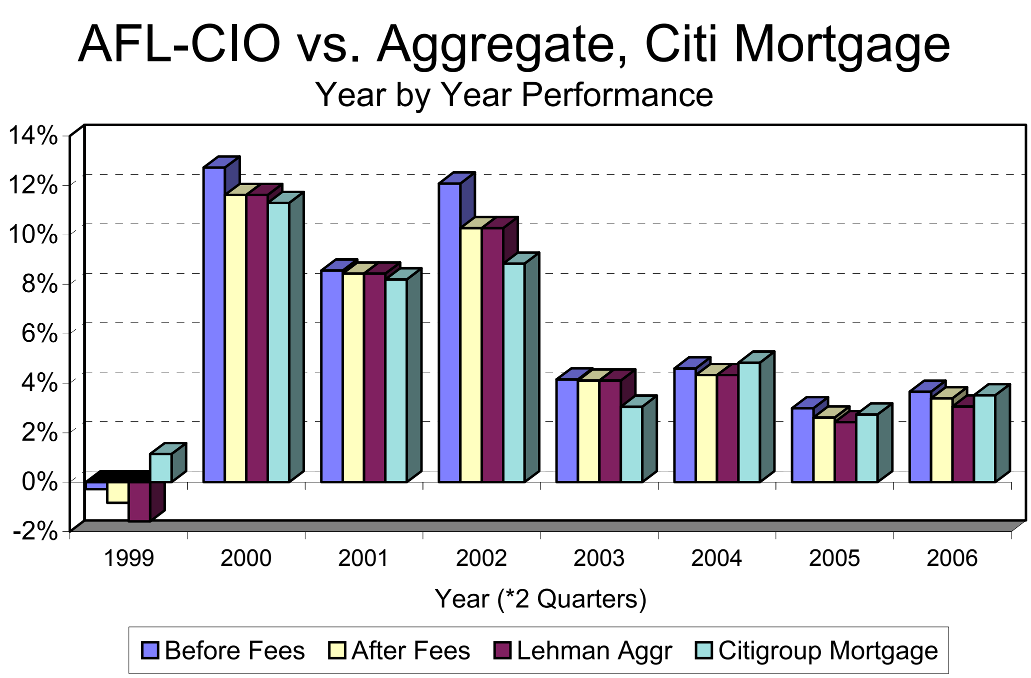
The portfolio's largest country over-weightings were in South Korea, Canada and Taiwan, while the largest under-weightings were in Japan, the United Kingdom and Australia.

Stock selection in Taiwan and Canada was strong, while stock selection the United Kingdom detracted heavily from relative performance. On a country basis, being overweight to Norway detracted from relative performance.

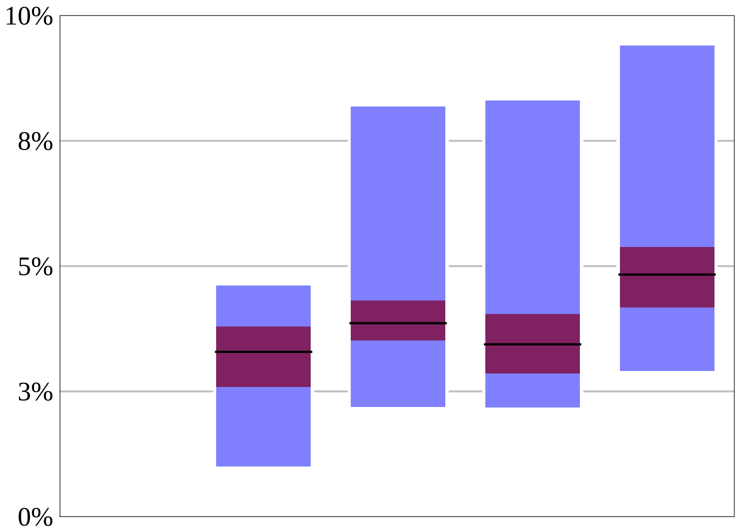
McKinley reports that its investment process is currently identifying a relatively large number of companies with positive risk-adjusted relative returns and accelerating earnings growth rates, particularly in the Financials and Utilities sectors, and – on a country basis – in Spain and China.

AFL-CIO Housing Investment Trust





AFL-CIO Housing Investment Trust



	Last Qtr	1 Yr	3 Yrs	5 Yrs
AFL-CIO (A)	4.0	4.3	3.9	5.4
Rank	*9*	*26*	*33*	*21*
L. Agg (L)	3.8	3.7	3.4	4.8
Citi. Mtg. (C)	3.6	4.3	4.0	4.6
Fixed Median	3.3	3.9	3.4	4.8

Portfolio Characteristics	AFL-CIO
Mkt Value ($Mil)	167.2
Current Yield (%)	5.6
Duration (yrs)	4.5
Avg Quality	AAA

Divesification by Sector	AFL-CIO
Agency Mutifamily MBS	61 %
Agency Single Family MBS	32
US Treasury/Agency	3
AAA Private-Label CMBS	3
Cash & Short-Term	2

AFL-CIO returned 4.0% in the third quarter, better than the 3.8% return of the Lehman Aggregate and the 3.6% return of the Citigroup Mortgage Index. The portfolio ranked in the 9th percentile of fixed income managers. For the past year, AFL-CIO returned 4.3%, which was better than the 3.7% return of the Lehman Aggregate and matched the 4.3% return of the Citigroup Mortgage index. Over the past five years, AFL-CIO has exceeded both indexes and the median, meeting performance objectives.

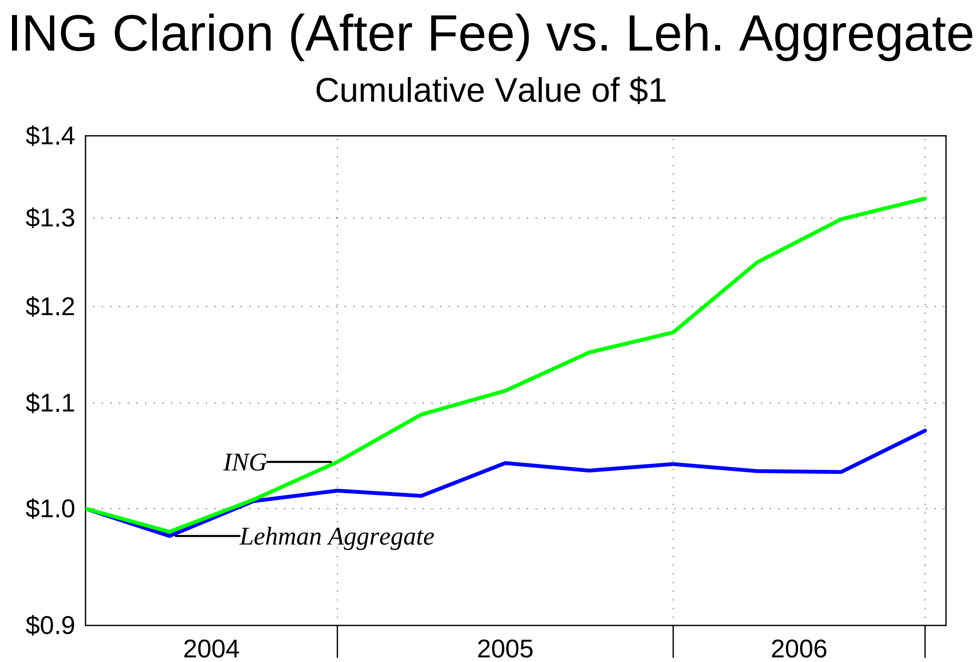
At the end of the third quarter, the AFL-CIO Housing Investment Trust had 61% of the portfolio allocated to multi-family mortgage backed securities (down 2% from the end of the previous quarter), 32% allocated to single family MBS (unchanged), 3% to US Treasury notes (unchanged), 3% to AAA Private-Label CMBS (up 1%) and 2% to short-term (up 2%). The AFL-CIO portfolio duration at the end of the third quarter was 4.5 years and the current yield of the portfolio was 5.6%.

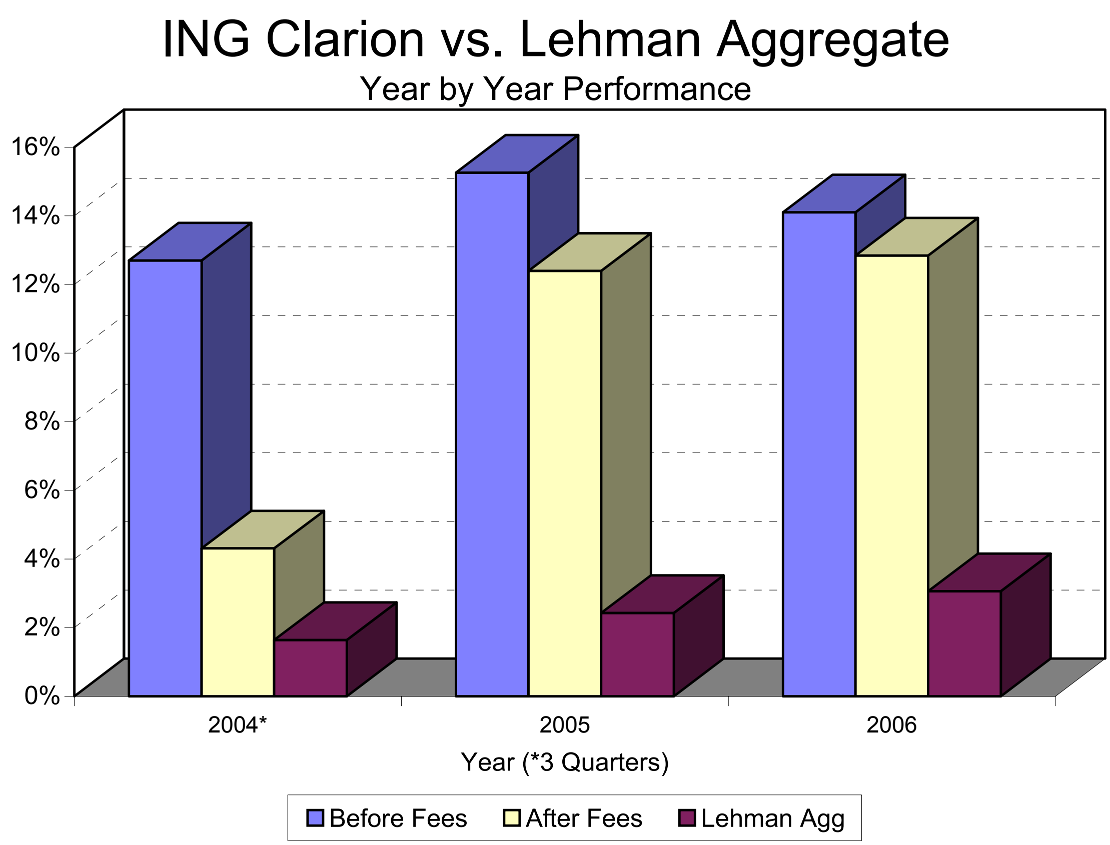
During the third quarter the Trust committed $13.5 million to three multifamily investments totaling 241 units. Also during the third quarter, 222 single family loans, totaling $53.2 million, were issued in New York City under the HIT HOME program in collaboration with Chase and the Union Plus Mortgage Program.

The Trust has maintained its current risk management strategy for several years. In the near term, the Trust will continue to manage the portfolio to have an effectively neutral stance versus the Lehman Aggregate adopted after the Fed paused in its program of monetary tightening during the third quarter of 2006. With fixed income markets (as measured by the yields implied by Fed Funds Futures) expecting short rates to remain stable through the end of the first quarter of 2007, the Trust is closely monitoring its ongoing barbell strategy and may decide to modify it gradually as fixed-income market conditions change.

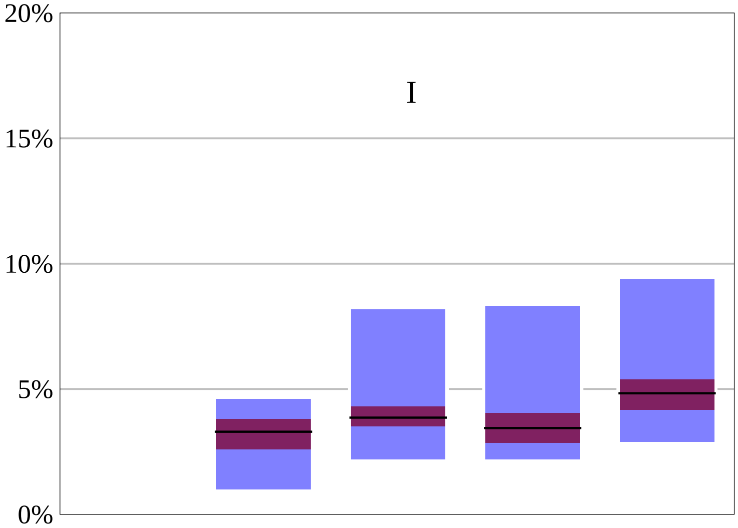
MANAGER COMMENTS – FIXED INCOME

ING Clarion





ING Clarion



Portfolio Characteristics	ING Clarion
Mkt Value ($Mil)	70.3
Duration (yrs)	6.2
Current Yield (%)	12.4
Avg. Quality	B+

	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING Clarion (I)	2.2	16.9	-	-
Rank	*80*	*1*	-	-
L. Agg (L)	3.8	3.7	3.4	4.8
Fixed Median	3.3	3.9	3.4	4.8

ING Clarion returned 2.2% for the third quarter, which was below the Lehman Aggregate return of 3.8% and the median fixed income manager return of 3.3%. ING Clarion ranked in the 80th percentile in the universe of fixed income managers. Over the past year, the portfolio has returned 16.9%, well above the benchmark return of 3.7% and the fixed income median return of 3.9%, ranking in the 1st percentile.

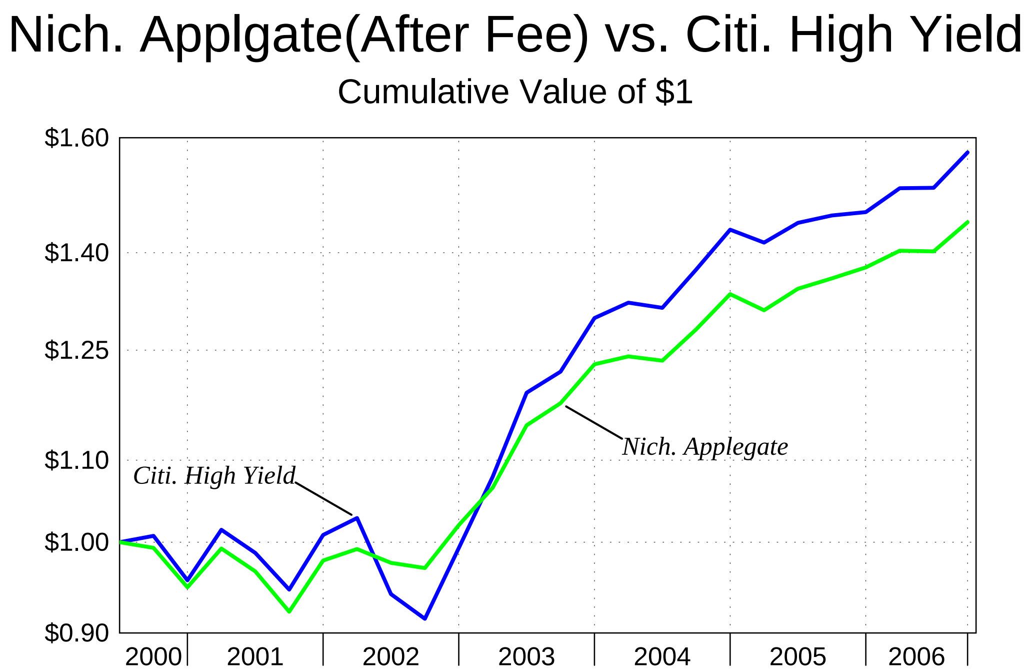
ING Clarion invests in lower quality mortgages purchased at a significant discount. As of September 30, 2006, the portfolio consisted of 126 investments purchased at an average price of approximately 56% of par.

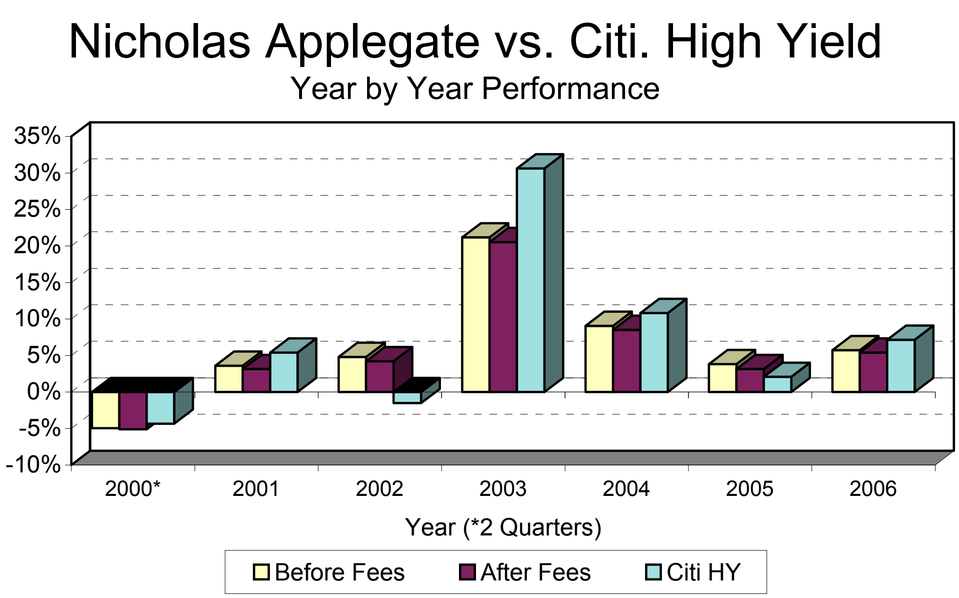
ING Clarion is in the process of issuing a CDO (collateralized debt obligation) for the higher quality portion of its mortgages (about 85% of the value). It then will proceed to attempt to dispose of the remaining - lower-quality - portion, perhaps by year-end. This transaction will result in additional gains for CCCERA on this so far very successful investment.

Additionally, CCCERA funded the ING Clarion Debt Opportunity Fund II on September 28, 2006. We will provide additional details on this fund's investments in the fourth quarter 2006 report.

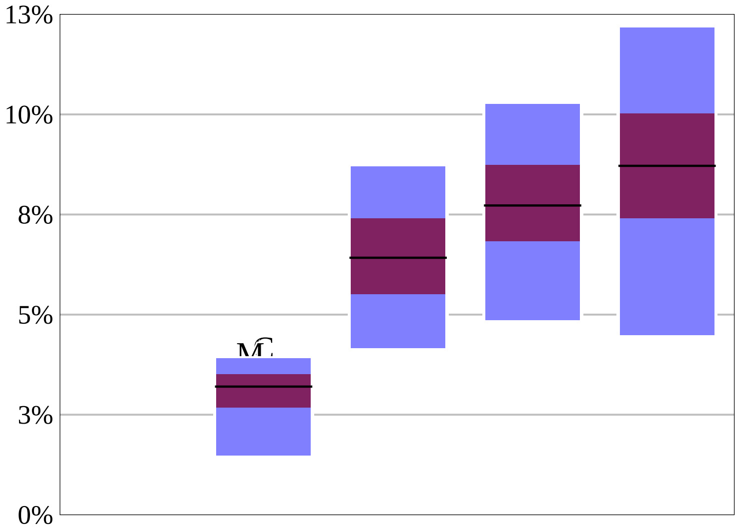
MANAGER COMMENTS – FIXED INCOME

Nicholas Applegate





Nicholas Applegate



Portfolio Characteristics	Nicholas Applegate	Citigroup High Yield
Mkt Value ($Mil)	92.4	n/a
Yield to Maturity (%)	8.1 %	8.2 %
Duration (yrs)	4.2	4.7
Avg. Quality	BB	B+

Quality Distribution	Nicholas Applegate	Citigroup High Yield
A	0 %	0 %
BBB	3	1
BB	26	40
B	71	37
CCC	0	15

	Last Qtr	1 Yr	3 Yrs	5 Yrs
Nich. Appl. (N)	3.6	7.4	7.8	10.0
Rank	*19*	*23*	*35*	*38*
Citi. Hi Yield (C)	4.2	7.6	8.9	10.7
ML BB/B (M)	4.1	7.4	8.4	9.2
Hi Yield Median	3.2	6.4	7.7	8.7

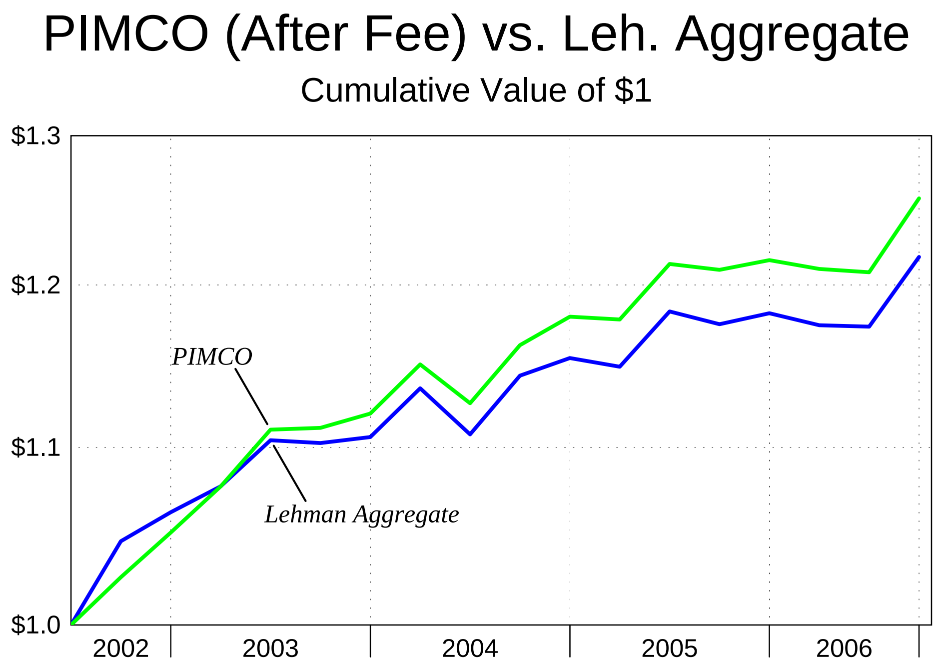
Nicholas Applegate's high yield fixed income portfolio returned 3.6% for the third quarter, trailing the 4.2% return of the Citigroup High Yield Index and the 4.1% return of the Merrill Lynch BB/B Index but was better than the 3.2% return of the median high yield fixed income manager. For the past year, Nicholas Applegate returned 7.4% versus 7.6% for the Citigroup High Yield Index, 7.4% for the Merrill Lynch BB/B Index and 6.4% for the median. For the five-year period, Nicholas Applegate's return of 10.0% was above 9.2% for the BB/B Index and 8.7% for the median, but below 10.7% for the Citigroup High Yield Index.

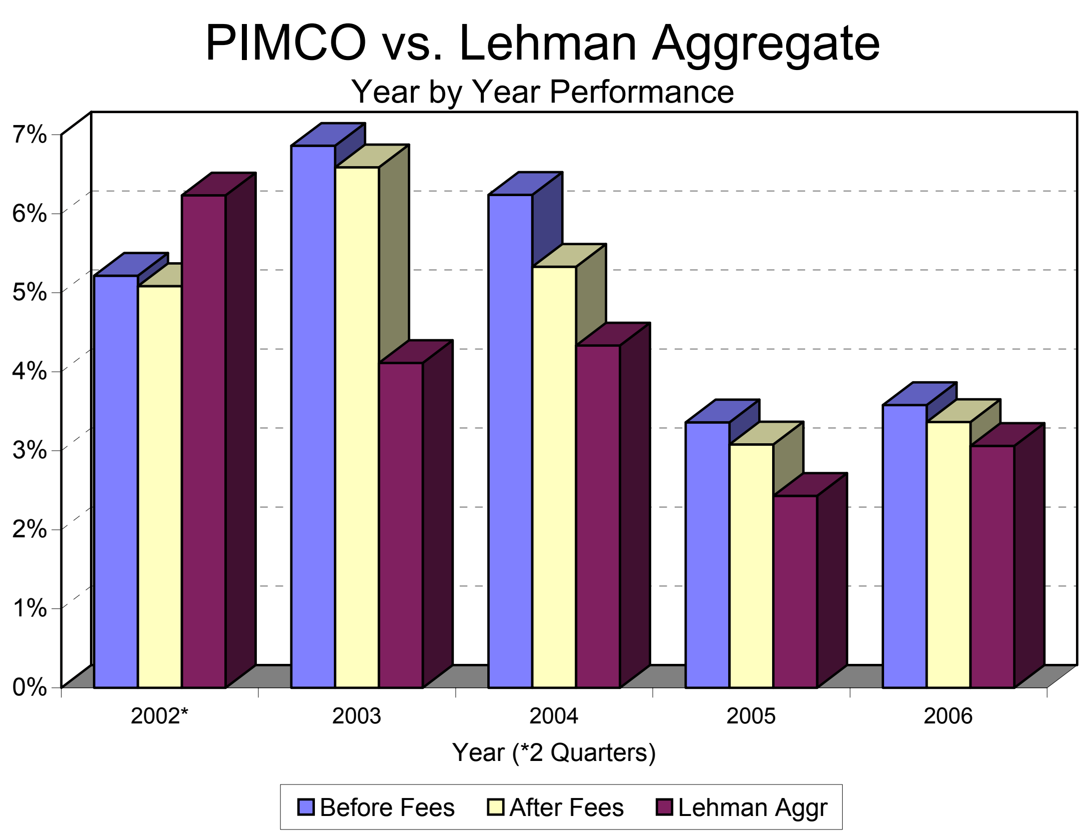
As of September 30, 2006, the Nicholas Applegate high yield portfolio was allocated 3% to BBB rated securities vs. 1% for the Citigroup High Yield Index, 26% to BB rated issues versus 40% for the Index, 71% to B rated issues versus 37% in the Index and 0% to C rated securities versus 15% for the Index. The portfolio's September 30, 2006, duration was 4.2 years, shorter than 4.7 years for the Citigroup High Yield Index.

The contribution from Ford and GM (which Nicholas Applegate does not hold) continued to dominate the performance of the index. Two holdings, IMAX and James River Coal, did not meet expectations. Imax was reduced and James River was sold. There were thirty-eight rating actions in September alone (primarily due to a new Moody's methodology); the ratio of upgrades to downgrades for the quarter was positive at approximately three upgrades for every two downgrades. H&E Equipment, Williams Scotsman and Lamar Advertising were purchased. In addition to the sales noted above, Oregon Steel and Salem Communications were tendered in the quarter. There is little change to the firm's fundamental outlook for the high yield market. The economy is healthy, corporate balance sheets are solid, and defaults are low. The stock market returned to positive territory, demonstrating investor confidence in a positive economic outlook. Although Nicholas Applegate expects third quarter earnings to be solid, the outlook and guidance given will be critical for both the equity and the high yield markets.

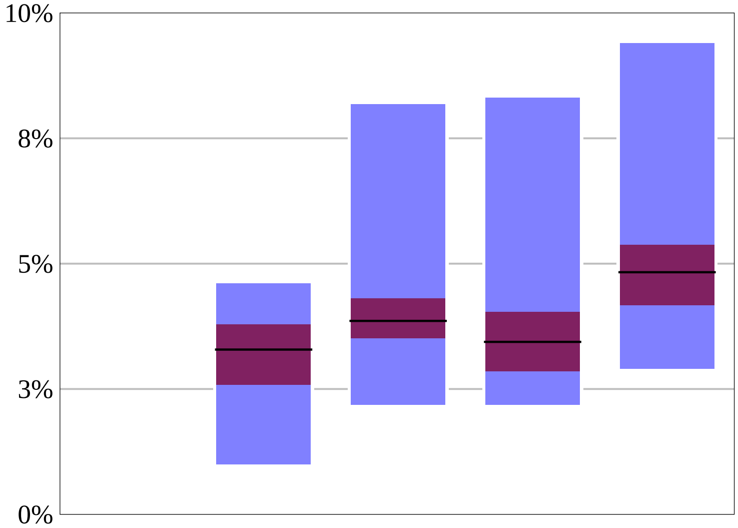
MANAGER COMMENTS – FIXED INCOME

PIMCO





PIMCO



	Last Qtr	1 Yr	3 Yrs	5 Yrs
PIMCO (P)	4.1	4.2	4.5	-
Rank	*8*	*30*	*18*	-
L. Agg (L)	3.8	3.7	3.4	4.8
Fixed Median	3.3	3.9	3.4	4.8

Portfolio Characteristics	**PIMCO**	**Lehman Aggregate**
Mkt Value ($Mil)	466.9	n/a
Yield to Maturity (%)	5.6 %	5.3 %
Duration (yrs)	5.4	4.6
Avg. Quality	AAA	AA+

Sectors	**PIMCO**	**Lehman Aggregate**
Treasury/Agency	35 %	36 %
Mortgages	58	41
Corporates	2	19
High Yield	1	0
Asset-Backed	1	0
CMBS	0	0
International	7	4
Emerging Markets	3	0
Other	0	0
Cash	-8	0

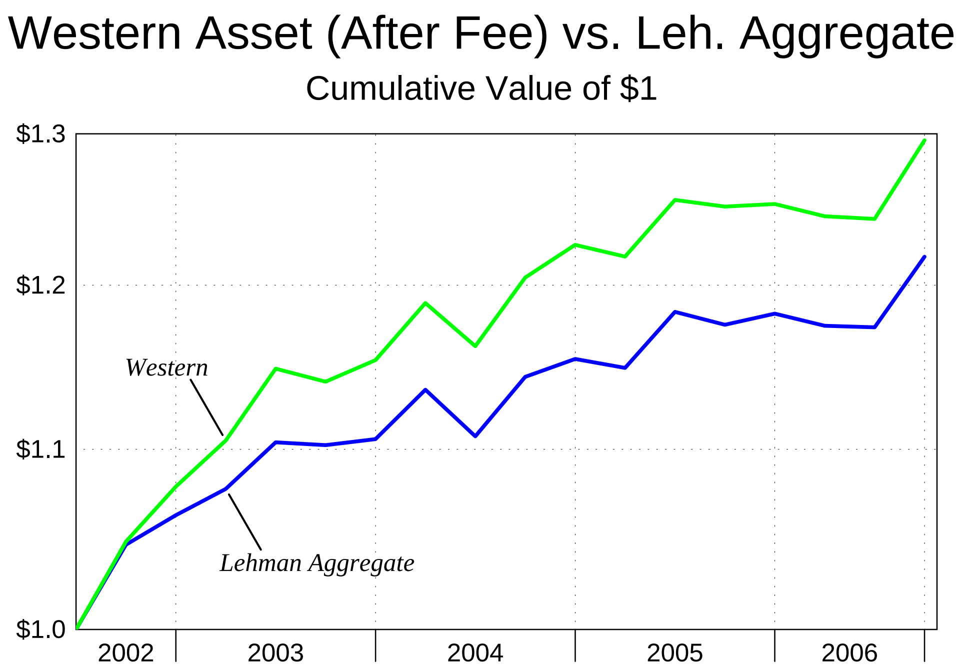
PIMCO's return of 4.1% for the third quarter exceeded the 3.8% return of the Lehman Aggregate and the 3.3% return of the median fixed income manager. PIMCO ranked in the 8th percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 4.2% was better than the 3.7% return of the Lehman Aggregate and the 3.9% return of the median, ranking in the 30th percentile. Over the past three years, the portfolio has returned 4.5%, above the Lehman Aggregate return of 3.4%, and ranked in the 18th percentile.

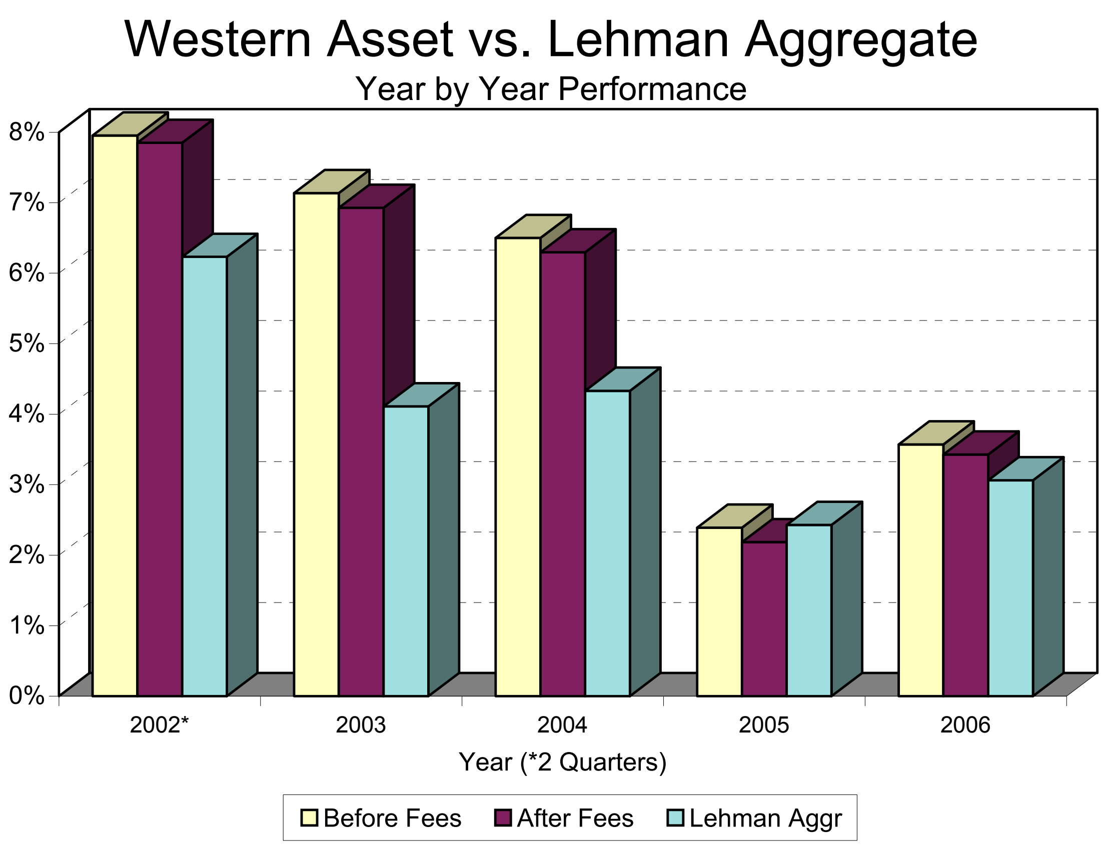
During the third quarter, PIMCO made very few changes to the portfolio. The allocation to treasuries and agencies was increased by 4%, the allocation to mortgages was decreased by 1%, international bond exposure was increased by 10% and cash was reduced by 13%. All other sectors were unchanged. The duration of the PIMCO fixed income portfolio at the end of the third quarter was 5.4 years, slightly longer than the 5.3 year duration at the end of last quarter and longer than that of the benchmark.

Third quarter performance was helped by the portfolio's longer duration, an overweight to mortgages, exposure to longer-duration real return bonds and modest emerging markets exposure. The portfolio's underweight to corporate bonds detracted from third quarter results as did exposure to municipal bonds and non-US strategies. Looking forward, PIMCO plans to maintain its focus on high quality securities and employ strategies that seek price gains rather than yield enhancement. It will target above-index duration and focus on the short end of the yield curve.

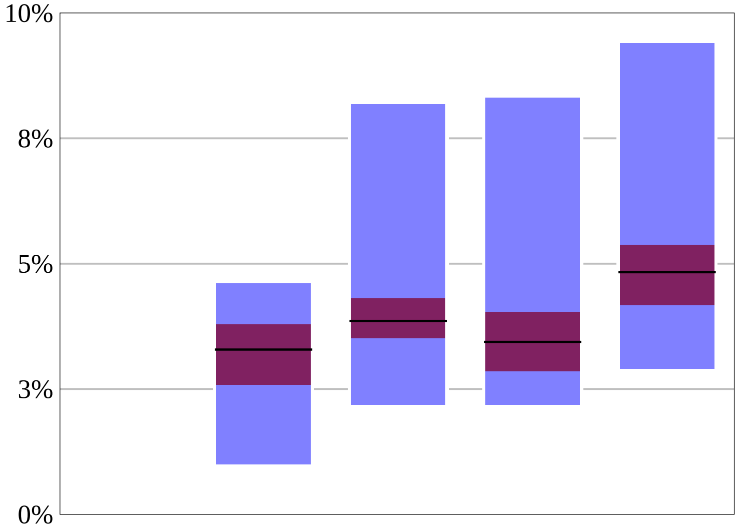
MANAGER COMMENTS – FIXED INCOME

Western Asset Management





Western Asset Management



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Western Asset (W)	4.3	3.8	4.6	-
Rank	*6*	*56*	*17*	-
L. Agg (L)	3.8	3.7	3.4	4.8
Fixed Median	3.3	3.9	3.4	4.8

Portfolio Characteristics	**Western Asset**	**Lehman Aggregate**
Mkt Value ($Mil)	462.4	n/a
Yield to Maturity (%)	5.2 %	5.3 %
Duration (yrs)	4.2	4.6
Avg. Quality	AA+	AA+

Sectors	**Western Asset**	**Lehman Aggregate**
Treasury/Agency	28 %	36 %
Mortgages	43	41
Corporates	15	19
High Yield	6	0
Asset-Backed	1	0
CMBS	2	0
International	5	4
Emerging Markets	1	0
Other	0	0
Cash	0	0

Western Asset Management's return of 4.3% for the third quarter was better than the 3.8% return of the Lehman Aggregate and the 3.3% return of the median fixed income manager. The third quarter performance ranked in the 6th percentile in the universe of fixed income managers. For the one-year period, Western's return of 3.8% slightly exceeded the return of the Aggregate but ranked in the 56th percentile. Over the past three years, Western returned 4.6%, above the Lehman Aggregate return of 3.4%, and ranked in the 17th percentile.

During the third quarter, Western Asset increased its allocation to treasuries and agencies by 12% and mortgages by 2%. These increased allocations were offset by decreased allocations to high yield by 1% and to cash by 12%. The duration of the Western Asset fixed income portfolio at the end of the third quarter was 4.2 years, shorter than the 5.4 year duration at the end of the previous quarter, and shorter than that of the index.

Western Asset Management's third quarter performance was helped by a higher-than-market duration, which was reduced to an underweight position during the quarter as yields fell; a bulleted exposure to the front end, shifting to an emphasis on the intermediate sector as rates fell; modest exposure to TIPS, which outperformed Treasuries; neutral to underweight corporate sector exposure; and overweights to mortgages, high yield bonds and emerging market debt. The moderate exposure to nondollar bonds detracted from third quarter results. Western Asset intends to target a neutral duration position with a view that interest rates are unlikely to move significantly up or down. Western Asset also intends to maintain a moderate exposure to TIPS, high yield, emerging market and non-dollar debt.

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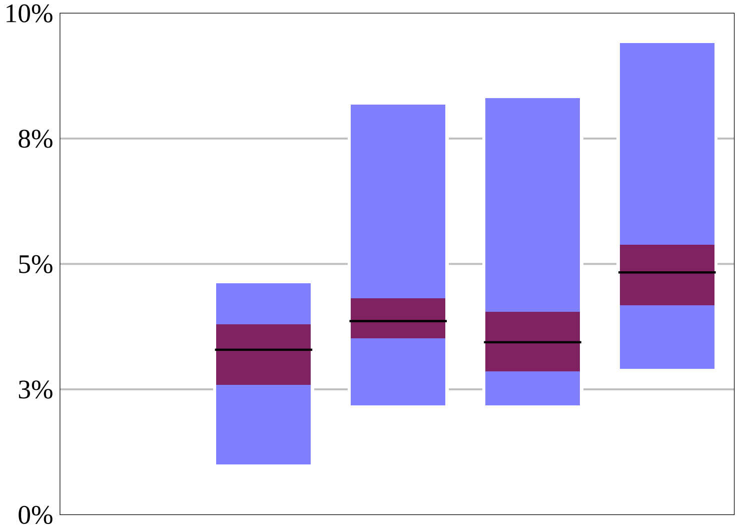
MANAGER COMMENTS – FIXED INCOME

Total Domestic Fixed Income



	Last Qtr	1 Yr	3 Yrs	5 Yrs
CCC Total (C)	4.0	5.3	5.2	6.4
Rank	*9*	*12*	*14*	*12*
L. Agg (L)	3.8	3.7	3.4	4.8
Fixed Median	3.3	3.9	3.4	4.8

Portfolio Characteristics	**Total Fixed***	**Lehman Aggregate**
Mkt Value ($Mil)	1,188.8	n/a
Yield to Maturity (%)	5.6 %	5.3 %
Duration (yrs)	4.7	4.6
Avg. Quality	AA	AA+

Sectors	**Total Fixed***	**Lehman Aggregate**
Treasury/Agency	25 %	36 %
Mortgages	52	41
Corporates	7	19
High Yield	10	0
Asset-Backed	1	0
CMBS	1	0
International	5	4
Emerging Markets	1	0
Other	0	0
Cash	-3	0

**Exclusive of the ING Clarion portfolio.*

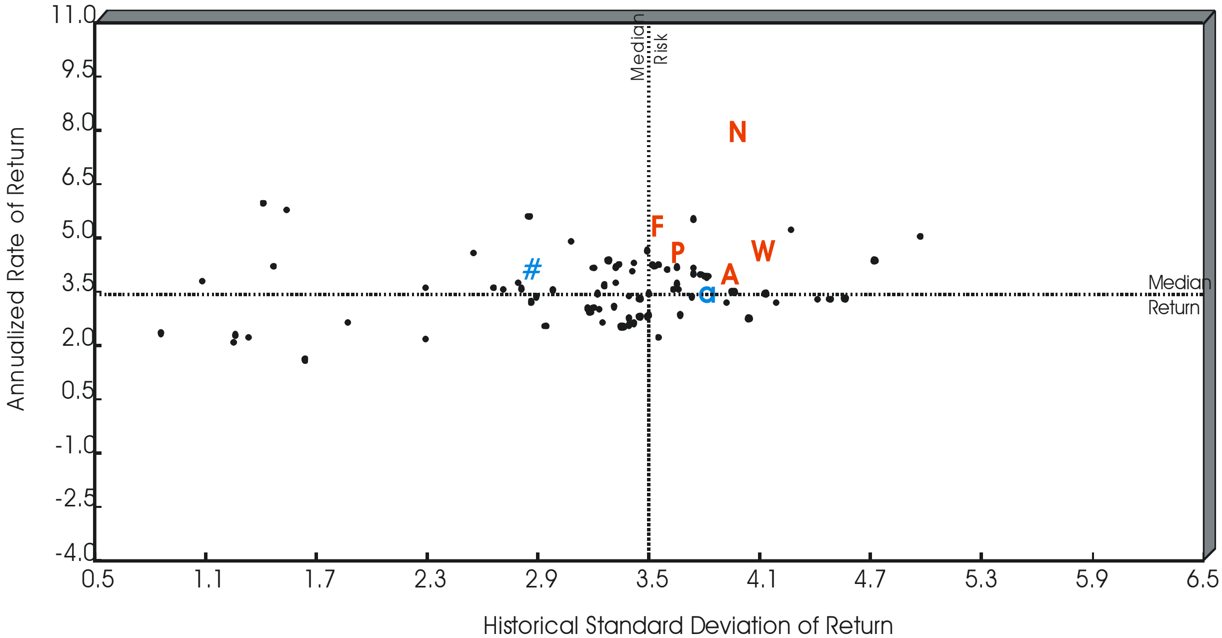
CCCERA total fixed income returned 4.0% in the second quarter, which was better than the 3.8% return of the Lehman Aggregate and the 3.3% return of the median fixed income manager, ranking in the 9th percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 5.3%, better than the 3.7% return of the Aggregate and the 3.9% return of the median manager. The CCCERA total fixed income returns have exceeded the Aggregate and the median fixed income manager over both the three and five year periods.

During the second quarter, the allocations to treasury/agency securities increased by 6% and international increased by 4% while the allocations to high yield and emerging markets decreased by 1% each and cash decreased by 10%. The duration of the total fixed income portfolio at the end of the second quarter was 4.7 years, slightly longer than the 4.6 year duration of the index.

MANAGER COMMENTS – FIXED INCOME

Domestic Fixed Income Performance and Variability

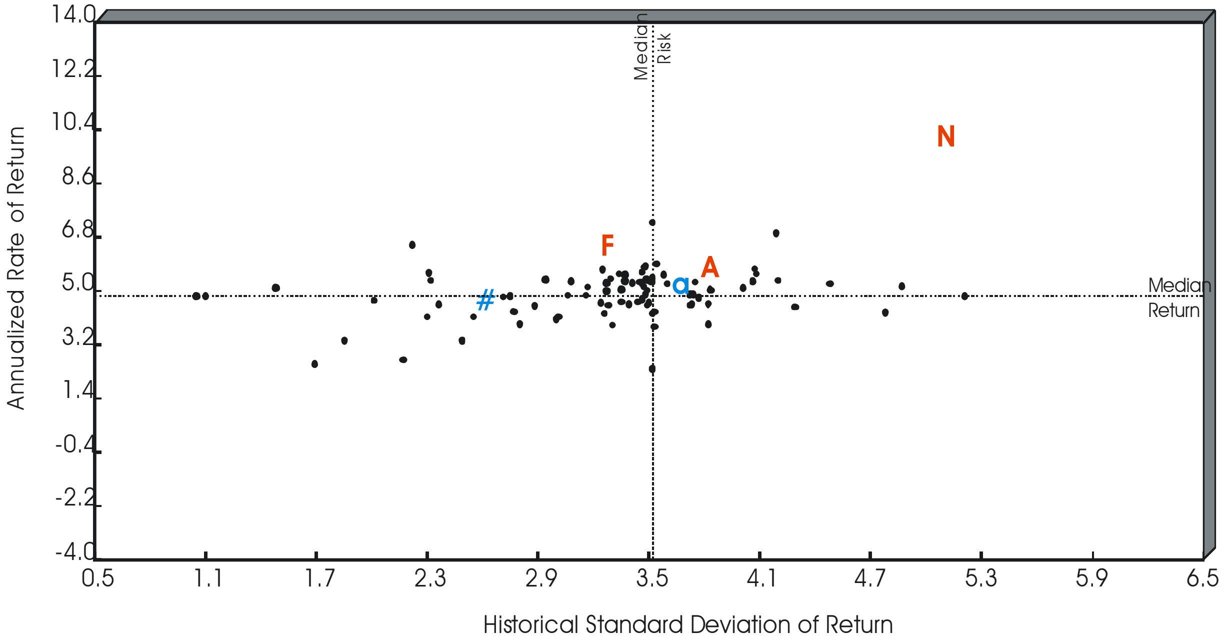
Three Years Ending September 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
A	AFL-CIO	3.88	33	3.96	82
N	Nicholas Applegate	7.84	6	4.00	84
P	PIMCO #2433	4.48	18	3.68	59
W	Western Asset Management	4.55	17	4.12	86
F	Total Fixed Income	5.24	14	3.56	54
a	LB Aggregate	3.38	53	3.84	73
#	Citi Mortgage	4.02	25	2.88	26
	Median	3.44		3.50	

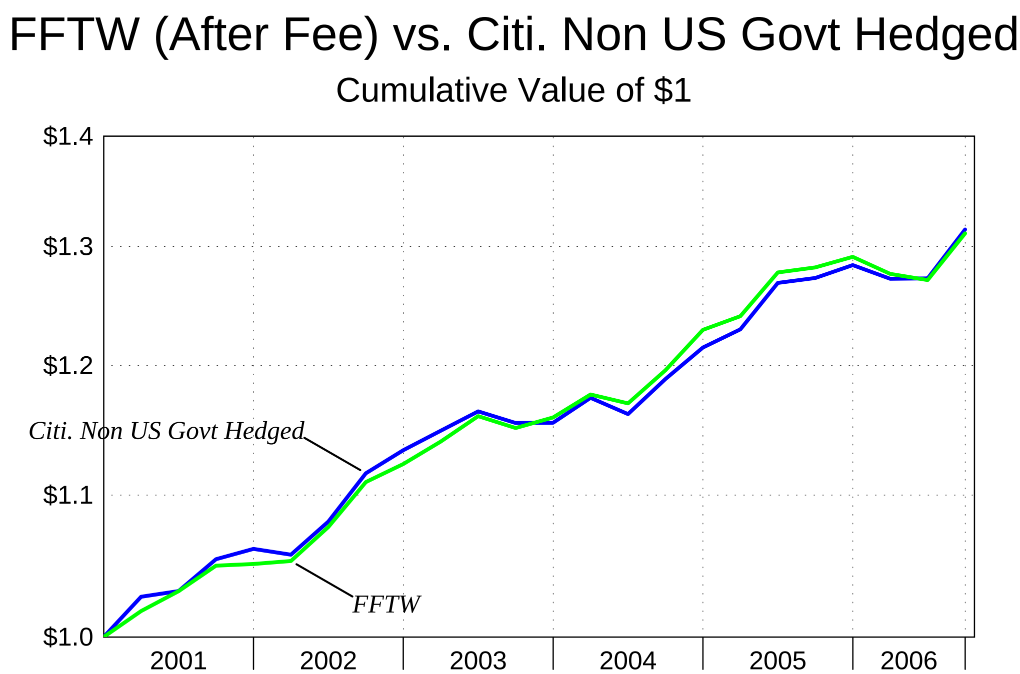
Domestic Fixed Income Performance and Variability

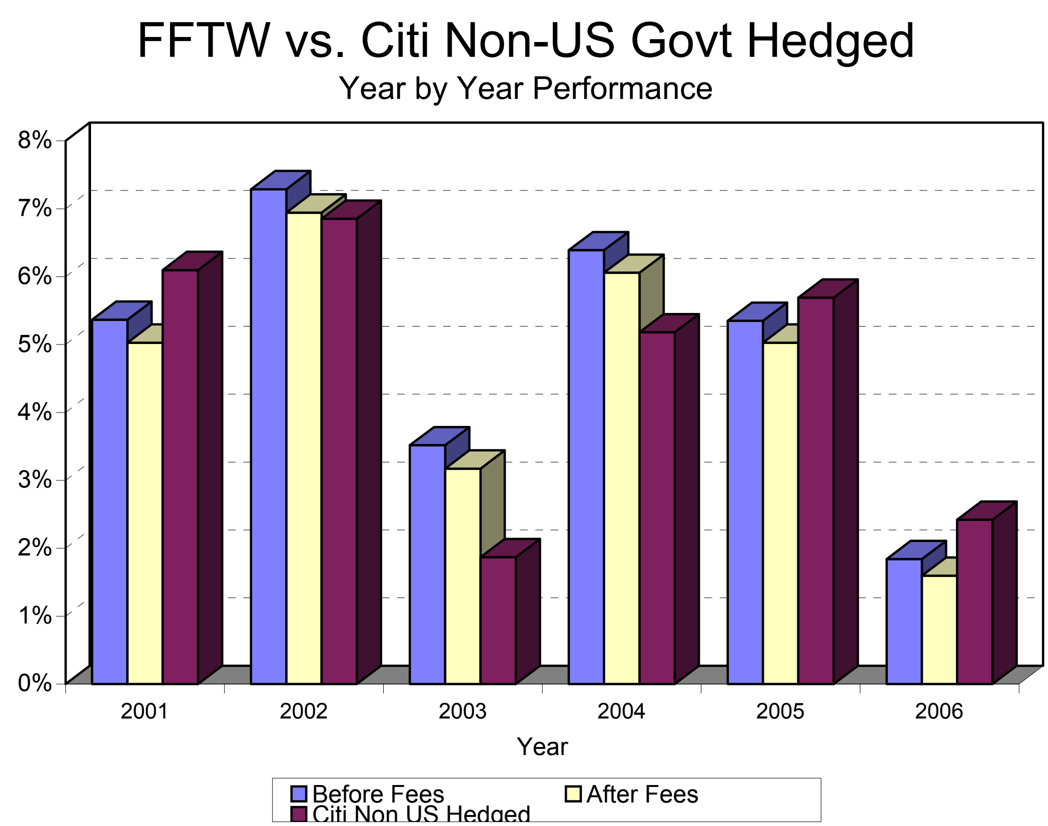
Five Years Ending September 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
A	AFL-CIO	5.43	21	3.84	71
N	Nicholas Applegate	10.04	3	5.13	90
F	Total Fixed Income	6.38	12	3.31	34
a	LB Aggregate	4.81	50	3.72	62
#	Citi Mortgage	4.59	58	2.63	16
	Median	4.83		3.52	

Fischer Francis Trees & Watts





Fischer Francis Trees & Watts

Performance

	Last Qtr	1 Yr	3 Yrs	5 Yrs
FFTW	3.3%	2.6%	4.8%	4.9%
Citi. NonUS Hdg	3.3	3.3	4.4	4.5

Portfolio

Characteristics	FFTW	Citi. NonUS
Mkt. Value ($mil)	186.1	N/A
Duration (years)	6.0	6.2

Over-Weighted Countries	FFTW	Citigroup NonUS
United States	15%	0%
Netherlands	7	3

Under-Weighted Countries	FFTW	Citigroup NonUS
Italy	0%	11%
Japan	26	36

Non-Government Securities	FFTW	Citigroup NonUS
Non-US Collateralized	9%	0%
US ABS	4	0
Non-US Credit	1	0
US Credit	5	0
Non-US Gov/Agency	81	100
Cash	0	0

Fischer Francis Trees & Watts' (FFTW) portfolio returned 3.3% for the third quarter, matching the 3.3% return of the Citigroup Non US Government Hedged Index. For the past year, FFTW returned 2.6%, below the 3.3% return of the Index. For the five-year period, FFTW's return of 4.9% was above the 4.5% return of the Index. The portfolio is in compliance with the three- and five-year performance objectives.

As of September 30, 2006, the portfolio's largest country over-weightings are the in the United States and the Netherlands, while the largest under-weightings continue to be in Italy and Japan. The portfolio contained 9% non-US collateralized securities, 4% US asset backed securities, 1% other non-US credits and 5% US Credits. The portfolio's third quarter duration was 6.0 years, slightly shorter than the 6.2 year duration of the Citigroup Non US Government Index.

FFTW will soon become a wholly-owned subsidiary of BNP Paribas, which has been FFTW's largest shareholder since 1999. Legal agreements were executed between the existing employee shareholders of FFTW's holding company and the BNP Paribas group on August 2, 2006 and it is anticipated the transaction will be finalized in the current year.

In matching the benchmark, FFTW underperformed in their interest rate and foreign exchange strategies. In bonds, underperformance came from short duration positions in the US and Europe, and long break-even inflation positions in the US, Europe and Japan. The European yield curve flattening position added the most incremental return. In foreign exchange, the short US dollar positions detracted the most. Long tactical positions in the Norwegian krone and the Swedish krona versus the euro also detracted from performance. Credit markets had only a negligible impact on performance, with one basis point of out performance coming from the overweight in US commercial mortgage backed securities (CMBS) and two basis points of underperformance from non-US credit holdings.

MANAGER COMMENTS – REAL ESTATE

Adelante Capital Management

Adelante Capital Management reported a return of 8.7% for the third quarter, ranking in the 33rd percentile in the universe of REITs. Adelante's one-year return of 30.9% out-performed the NAREIT Equity Index return of 25.3%.

As of September 30, the portfolio consisted of 30 properties. Office properties comprised 18.0% of the portfolio, apartments made up 27.2%, retail represented 27.0%, industrials accounted for 11.8%, 8.2% is accounted for as diversified/specialty, hotels accounted for 7.3%, and 0.5% is cash. The properties were diversified regionally with 5.7% in the East North Central region, 15.5% in the Mideast, 7.4% in the Mountain, 23.0% in the Northeast, 31.4% in the Pacific region, 8.7% in the Southeast, 5.4% in the Southwest region, 1.7% in the West North Central region, and 1.2% unclassified.

REIT's continued to out-perform in a positive third quarter for equities. The NAREIT Equity Index returned 9.3% in the third quarter of 2006, significantly better than the S&P 500 Index and the Russell 2000® Indices (which returned 5.7% and 0.4%).

While strong stock performances in the third quarter 2006 reflected renewed hopes for a "Goldlocks economy" -one that is expanding without an elevated level of inflation- REIT shareholders are continuing to derive a little bit more performance the demand for good quality real estate is outstripping supply. With the backdrop of a scarce private market for commercial real estate spilling over onto the public market via privatization and with little of equity being raised through secondary offerings and IPOs, REIT's continue to perform well, preserving capital in down markets and providing superior total returns in up markets.

BlackRock Realty

BlackRock Realty Apartment Value Fund III (AVF III) reported a third quarter total return of 2.0%. Over the one-year period, BlackRock has returned 23.5%. CCCERA has an 18.7% interest in the AVF III. The portfolio's IRR from inception, November 19, 2004, has been 22.3%.

As of September 30, 2006, the fund held fourteen investments. The portfolio consisted of 100% apartment properties. The properties were distributed regionally as follows: 53% in the Pacific, 4% in the Northeast, 6% in the Mideast, 15% in the East North Central, 3% in the Southwest and 19% in the Southeast. During the quarter, average portfolio occupancy rate of developed existing properties was 92% slightly lower than last quarter. The average rental rate increased from $974 to $1,085.

During the third quarter, the AVF III portfolio decreased with the sale of San Cabrilla Apartments. The Fund has identified three properties for acquisition to occur during the fourth quarter 2006 and first quarter 2007 with a combined gross purchase price of $74 million. The potential acquisition in due diligence include a $21.0 million 200-unit renovation candidate in the desirable Chicago submarket of Oak Park and a $26.9 million 123-unit townhome asset in Morristown, New Jersey.

DLJ Real Estate Capital Partners

DLJ Real Estate Capital Partners (RECP) reported a return of 33.5% in the quarter ending June 30, 2006. (Performance lags by one quarter due to the availability of financial reporting.) Over the one-year period, RECP has returned 33.2%. CCCERA has a 3.8% ownership interest in RECP. The portfolio's IRR from inception, May 14, 1996, has been 10.0%.

The portfolio as of June 30, 2006 consisted of 11.9% office properties; retail represented 49.2%, and land development accounted for 38.9%. The properties were diversified regionally with 0.8% in the Southeast, 7.6% in the Pacific, 30.4% in the Southwest region, 49.2% internationally, and 11.9% listed as "Various-U.S.".

As of second quarter, the RECP I fund has fully realized 44 of its original 49 portfolio investments, generating profits of $350 million. These proceeds, combined with refinancing proceeds, operating cash flow and the proceeds from the sale of a portion of the asset in the remaining portfolio investments have generated total realized proceeds of $947 million to date, representing 150% of the capital originally invested.

The portfolio currently consists of six investments. Three of the remaining six investments (11% by value) represent residual interest in land development projects at SunCal, D'Andrea and Orlando. To date, RECP I has accounted for expected losses with both SunCal and D'Andrea properties but realized substantial profits on the Orlando Land investment. The other three remaining investments in the RECP I portfolio (89% by value) are the Gleannloch Farms, Maremagnum and the Phoenix Home Life Portfolio. RECP I expects to generate significant profits with respect to each of these remaining investments.

DLJ Real Estate Capital Partners II

DLJ Real Estate Capital Partners II (RECP II) reported a return of 1.4% in quarter of ending June 30, 2006. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP II has returned 39.3%. CCCERA has a 3.4% ownership interest in RECP II. The portfolio's IRR from inception, September 24, 1999, has been 22.3%.

As of June 30, the portfolio consisted of office properties 15.1%; hotels accounted for 24.2%; residential accounted for 25.8%; land development made up 7.9%; retail made up 14.1%; and sub-performing loan made up 12.9%. The properties were diversified regionally with 7.9% in the Pacific, 11.2% in the Mountain, 16.7% in the Northeast, 0.7% in the Southeast, 39.3% internationally, and 24.1% listed as "Various U.S.".

RECP II has fully realized 35 of its 51 investments, generating profits of $786.3 million. Including proceeds received from the remaining portfolio investments, RECP II has generated $1.48 billion of realized proceeds, or 151% of capital originally invested in the portfolio.

During the 1st quarter of 2006, the Fund completed the sale of the IBM Kawasaki building. This building was acquired in December of 2002 in a joint venture with Asia Pacific Land. Due to the process of liquidation their Japanese holding companies, the first portion of the proceeds was just recently received, and they expect to receive the remaining portion of approximately $8 million later in the 3rd quarter.

DLJ Real Estate Capital Partners III

DLJ Real Estate Capital Partners III (RECP III) reported a return of 0.4% in quarter of ending June 30, 2006. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP II has returned 24.5%. CCCERA has a 6.7% ownership interest in RECP III. The portfolio's IRR from inception, June 23, 2005, has been 21.0%.

As of June 30 the fund held 28 investments. The portfolio consisted of 2.3% office properties; hotels accounted for 4.7%; residential accounted for 24.5%; land development made up 17.1%; public securities made up 15.3%; retail made up 4.1%; mixed use development accounted for 14.9%; real estate services made up 1.2%; and sub-performing loan made up 15.9%. The properties were diversified regionally with 24.7% in the Pacific, 22.6% in the Northeast, 51.2% internationally, and 1.5% listed as "Various U.S.".

To date, RECP III has completed 28 investments, committing over $430 million of equity to these transactions. During June of 2006, the Fund acquired two properties: Joint 2 Residential and Valley Plaza.

Joint 2 Residential consists of two residential multi-family properties located in Osaka and Tokyo, Japan. This is the third acquisition made under the Fund's exclusive agreement with Joint Asset Management ("JAM") to acquire commercial and residential properties located in the major cities in Japan.

RECP II entered into a partnership with J.H. Synder to develop a mixed-use project – Valley Plaza – on two adjacent sites located in North Hollywood, California. The first phase will consist of a 750,000 square foot retail, entertainment and power center located on a 23 acre site. The second phase, to be located on an adjacent 25 acre site, is scheduled to contain a 700-900 unit planned residential development.

FFCA Co-Investment Limited Partnership

FFCA reported an estimated third quarter total return of 2.2%. For the one-year period, FFCA reported a total return of 25.3%. Over longer periods, FFCA has met the objective of exceeding the CPI plus 500 basis points. CCCERA has a 33% interest in the Co-Investment.

As of June 30, 2006, the Co-Investment's portfolio includes 36 restaurant properties. It is diversified regionally with 30.0% in the Southeast region, 9.1% in the Southwest region, 5.7% in the Mountain region, 22.5% in the West North Central region, 24.5% in the East North Central region, and 8.3% in the Mideast region.

The fund continues to receive the contractual payments on these properties. Participating income decreased by $124,539 for the six-month period ended June 30, 2006. This was primarily due to several operators that had no participating income in the current period but did in the same period of 2005. Mortgage loan interest income decreased by $77,740 due to the payoff of several properties in July of 2005.

Fidelity Investments US Growth Fund II

Fidelity Investments reported a return of 2.2% for the third quarter of 2006. For the one-year period, Fidelity reported a total return of 16.6%. The portfolio's IRR from inception, March 10, 2004, has been 11.2%.

As of September 30, the fund was comprised of thirty-eight investments. The portfolio consisted of 28.8% apartment properties; office space accounted for 2.0%; retail accounted for 6.5%; for-sale housing accounted for 35.5%; hotels accounted for 9.1%; self storage made up of 1.6%; land made up of 7.4%; student housing accounted for 6.8%; industrials accounted for 0.6%; and golf courses made up the remaining 1.7% of the portfolio. The properties were diversified regionally with 25.4% in the Pacific, 5.9% in the Northeast, 26.5% in the Southeast, 11.0% in the Mideast, 8.9% in the Midwest, 16.9% in the Mountain region, and 5.3% in the Southwest.

During the quarter, four new investments were added to the portfolio totaling almost $27 million. To date, the Fund has investments and commitments totaling $469 million.

Hearthstone I & II

The two Hearthstone homebuilding funds are approaching completion. Both funds show negative asset values. The reason for the negative values is that the liabilities associated with those values are due in the future. Funds required to pay the liabilities either are associated with still existing projects or have been advanced to the fund participants. When the liabilities become due, CCCERA will have to return the advances and/or the liabilities will be paid from future profits from the few remaining projects.

Given the negative asset values, ongoing calculation of quarterly time-weighted performance for the two funds is not meaningful. (We do include the income in the combined real estate and the total fund performance.) As always for closed end funds, the best measure of performance is the internal rate of return (IRR), shown on page 76. By this measure, the first fund has been a disappointing performer and the second fund a strong one. Hearthstone I's IRR from inception, June 15, 1995, has been 4.3%. Hearthstone II's IRR from inception, June 17, 1998, has been 31.0%.

Invesco Real Estate Fund I

Invesco Real Estate Fund I ("IREF") reported a third quarter total return of 1.3%. Over the past year, Invesco Real Estate Fund I returned 31.5%. CCCERA has a 15.6% interest in the Real Estate Fund I. The portfolio's IRR from inception, February 1, 2005, has been 21.2%.

As of September 30, the portfolio consisted of nine properties. The portfolio consisted of 31% retail, 17% industrial properties, 14% office and 38% multi-family. The properties were diversified regionally with 18.9% in the Northeast, 7.8% in the Southeast, 12.4% in the Southwest, 8.6% in the East North Central region, 18.4% in the mountain region and 34.1% classified as "Various MSAs".

The Fund is currently 88% committed and 59% called on its' equity capital. Since inception, IREF has made eleven investments, nine of which are currently held in the portfolio and two that have been sold (at disposition pricing in excess of the Fund's overall return target). Additionally, these eleven investments represent over 100 individual assets providing a significantly reduced concentration risk.

The Fund is close to being fully committed, much of the activity in the third quarter has been focused on opportunistic dispositions. The Fund is also under contract on two new acquisitions that are expected to close in the fourth quarter and will take the overall gross equity commitments to approximately 94%.

Prudential Strategic Performance Fund II

For the third quarter, the Prudential Strategic Performance Fund-II (SPF-II) reported a total return of 8.1%, -1.4% from income and 9.4% from appreciation. Over the one year period, the fund returned 61.2%, 3.6% from income and 57.6% from appreciation. CCCERA accounts for 16.2% of SPF-II. The portfolio's IRR from inception, May 14, 1996, has been 11.3%.

As of September 30, the portfolio was invested in nine properties: two office properties (31.5%) and seven residential complexes. The regional distribution of the portfolio is 6.9% in the Southeast region, 24.6% in the Southwest region, 27.4% Northeast, and 41.1% Mideast. Current occupancy at the office buildings averages 100%, remaining the same from last quarter. The residential properties are 95% leased, higher than the last quarter.

The third quarter income return of -1.4% was depressed by a $2.0 million tax accrual related to the sales of Colorado Pointe and Broadstone at Upland, investments commitments of SPF-II's taxable REIT subsidiary. The appreciation return of 9.4% was driving by the sale of two properties, totaling $5.7 million.

Colorado Pointe, the forward commitment joint venture with The Morgan Group for the development of a newly constructed 193-unit, Class A apartment project located in Denver, Colorado, was sold on July 25, 2006 prior to funding. The sale generated a gain of $3.4 million ($2.0 million net of accrued taxes).

Sutton Square, the Fund's 101,846 square foot grocery-anchored retail center in Raleigh, NC, was sold on August 10, 2006 for a gross price of $19.9 million. The sale generated a gain to SPF-II of $2.3 million.

U.S. Realty

For the third quarter, US Realty reported a total return of 4.8%. For the one-year period, US Realty reported a total return of -17.5%. CCCERA has a 33.3% interest in the investment. The portfolio's IRR from inception, October 10, 1995, has been 11.9%.

As of June 30, the portfolio held one investment: Four Allegheny Center (an office property). Four Allegheny Center is a 242,490 gross square foot office building with 231,426 square feet of net rentable area located in what is known as the Northshore area of Pittsburgh, Pennsylvania. The tenant under the lease is Allegheny General Hospital, which is current on its lease obligations. West Penn Allegheny Health System, which was formed in 2000, has assumed AGH's obligation under the lease.

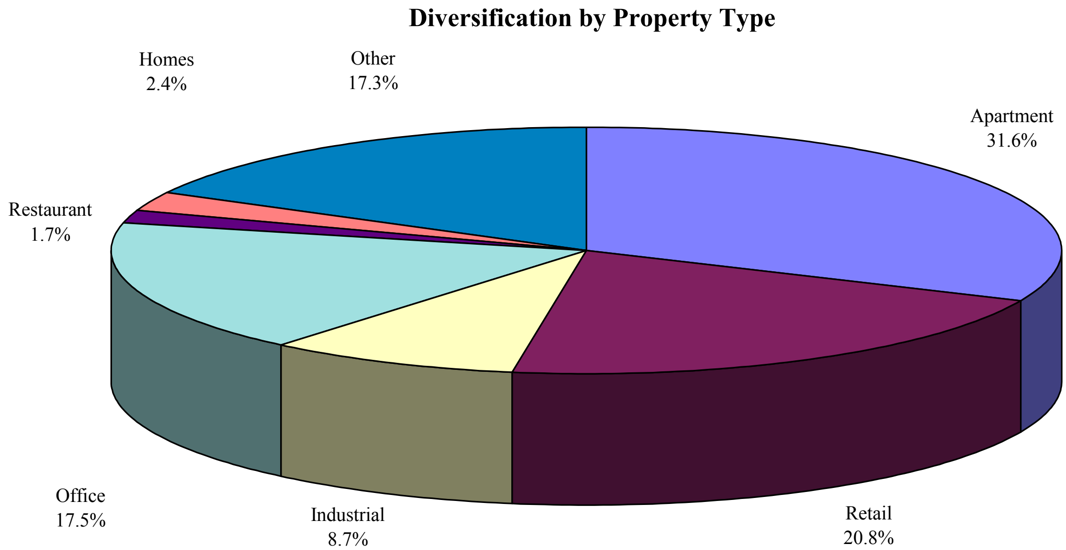
In response to the request of the Members of the Fund, Four Allegheny Center, was offered for sale through a national brokerage firm. The decision to seek a purchaser for Four Allegheny was made by the Members of the Fund based on their desire to liquidate the Fund.

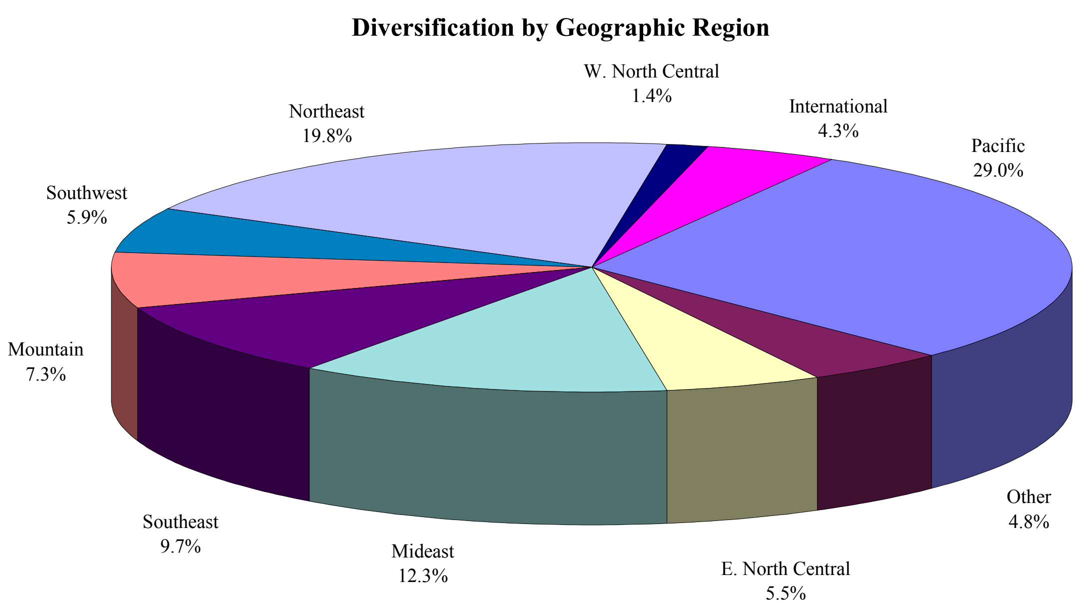
As previously reported, US Realty's efforts to close the sale of the property to Patriot Equity of Wayne, Pennsylvania were unsuccessful because the Patriot could not obtain the debt financing that it required. The Patriot transaction would have required the Fund to pay the prepayment penalty of the existing debt of approximately $1.10 million, which meant that the effective purchase price was approximately $15.9 million. Thereafter, US Realty continued to seek offers for the property from other investor groups. USRA seriously pursed one offer at $15.25 million (subject to the existing debt, which could mean an effective price of $15.25 million) from Ander Properties LLC of Spring Valley New York, but then purchaser sought to renegotiate the price substantially and US Realty declined to agree to any adjustment until they determined if any better offer could be found.

US Realty recently received an offer from Rugby Realty Co., Inc. of New Rochelle, New York, with whom it has executed a contract that is currently in the due diligence process. The due diligence period expires on November 1st, although there are certain items of deferred maintenance that may necessitate an extension of the diligence period to resolve.

MANAGER COMMENTS – REAL ESTATE

Total Real Estate Diversification





MANAGER COMMENTS - ALTERNATIVE INVESTMENTS

Adams Street Partners

Adams Street reported a second quarter return of 5.9% for the Partnership Trust. For the one-year period, Adams Street has returned 24.1%. (Performance lags by one quarter due to financial reporting constraints. This is typical for this type of investment vehicle.) The portfolio will still be acquiring investments for several years. CCCERA makes up 3.0% of the Fund. The Brinson portfolio's IRR from inception, March 18, 1996, has been 13.6%. The Adam portfolio's IRR from inception, February 12, 2004, has been 4.6%.

The Fund is comprised of 30.7% venture capital funds, 5.4% in mezzanine funds, 45.2% in buyout funds, 15.6% in special situation funds, and 3.1% in restructuring/distressed debt. Geographically, 75.1% of the commitment is in the U.S. and 24.9% is non-U.S.

Bay Area Equity Fund

Bay Area Equity Fund reported a second quarter return of -0.1% (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned -3.3%. CCCERA has a 13.3% ownership interest in the Fund. The portfolio's IRR from inception, June 14, 2004, has been -19.1%.

As of June 30, 2006, the Bay Area Equity Fund has in ten investments in private companies in the 10-county Bay Area, which are located in or near low- to middle-income neighborhoods. The Fund has committed about 56% of the assets under management.

Energy Investors - US Power Fund I

The Energy Investors Fund Group (EIF) reported a second quarter return of 2.9%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF reports a total return of 14.4%. CCCERA has a 12.0% ownership interest in Fund I. The portfolio's IRR from inception, November 26, 2003, has been 29.3%.

The United States Power Fund (USPF) portfolio continues to perform well during the second quarter. The Fund distributed $9.0 million to the investors during the quarter ($5 million in April and $4 million in June) bringing cash distributions since inception to $130 million.

In April, USPF funded its final equity contribution to Astoria and in May, the project achieved commercial operation and began selling capacity and energy to ConEd under the terms of the project's 10-year PPA. The Fund received cash distribution from Astoria in May and June, totaling $623,000.

On June 29, 2006, a purchase and sale agreement was executed with Atlantic Power Corp (APC) whereby APC will acquire 100% of the Path 15th project for $85.5 million. A financial closing is scheduled for September, following a number of regulatory filings.

Energy Investors - US Power Fund II

Energy Investors reported a second quarter return of 21.1% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past two quarter, the fund returned 26.2%. CCCERA has a 19.7% ownership interest in USPF-II. The portfolio's IRR from inception, August 16, 2005, has been 43.2%.

The United States Power Fund II (USPF II) portfolio had a very productive first six months of 2006, having invested or committed more than $127 million. As of June 30, 2006, the Fund has investments and commitments totaling $145.9 million. The Fund also distributed $1.0 million to its investors in March and $1.5 million in June.

During the second quarter, the Fund along with its affiliates purchased 100% of the membership interest of Northbrook Energy, LLC, for $37.6 million, which includes 14 hydo-electric projects totaling 35.6 MW located in six states. The Fund also closed on two co-investment transactions, selling interest in both Ferndale and Burney Forest Products to certain limited partners.

In April 2006, the Funds acquired 100% of Panoche Energy, LLC (Panoche) and Bullard Energy, LLC (Bullard) from DEGS (formerly Cinergy Solutions). DEGS had previously bid the Panoche and Bullard projects into PG&E's 2200 MW RFO for peaking and shaping capacity and, in April, PG&E awarded a 20-year PPA to both Panoche and Bullard. In May 2006, the Fund purchased and additional 6.1% interest in the Astoria project for $37.2 million, and in June 2006, the Fund invested $52.9 million for an additional 27.8% indirect interest and 0.49% general partner interest in Crockett Cogeneration.

Nogales Investors Fund I

The Nogales Investors Fund I reported a second quarter return of 0.8%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has returned 11.6%. CCCERA makes up 15.2% of the Fund. The portfolio's IRR from inception, February 15, 2004, has been 2.3%.

On April 5, 2006, the Fund distributed $217,436 to all Partners in connections with the Fund's investment in G.I. Joe's, Inc. ("GIJ"), Alfa Leisure Inc., and Chicks Sporting Goods, Inc. ("Chicks").

On May 3, 2006, the Partnership distributed $210,422 to the Limited Partners in connections with the Fund's investment in GIJ, Alfa Leisure, and Chick's.

On June 8, 2006, the Partnership distributed $217,436 to the Limited Partners in connections with the Fund's investment in GIJ, Alfa Leisure, and Chick's.

Pathway Private Equity Fund

The Pathway Private Equity Fund (PPEF) reported a second quarter return of 5.7% (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, PPEF reports a total return of 28.0%. PPEF contains a mixture of acquisition-related, venture capital, and other special equity investments. The portfolio's IRR from inception, November 9, 1998, has been 7.2%.

During the quarter, the PPEF portfolio received $1.7 million in distributions, which increased the total distribution received to $17.1 million, representing 46% of the Fund's total contributions. In addition, during the second quarter, distributions exceeded contributions by $0.6 million, marking the second consecutive quarter of positive cash flows generated from the Fund's 22 partnerships.

PT Timber Fund III

John Hancock reported for Fund III a third quarter return of 0.0%. For the one-year period, John Hancock reports a total return of 3.8%. CCCERA makes up 12.3% of the Fund III. The portfolio's IRR from inception, December 12, 1995, has been 2.6%.

As of the end of the third quarter, PT timberland portfolio was comprised of five properties totaling 75,575 acres: Covington in Alabama and Florida, Bonifay in Florida, Choctaw in Mississippi, Alexander Plantations LLC in Alabama, Louisiana and Mississippi, and Hamakua in Hawaii.

Net cash from operations (year-to-date) for the portfolio is ahead of plan. Salvage of hurricane Katrina damaged timer was active during the quarter on two tracts of Choctaw Plantation. Covington and Bonifay HBU real estate preparation cuts were sold during the quarter at favorable prices.

Land sale activity during the first nine months of the year included the remaining 2,128 acres of the Tyrell property for a realized gain of approximately $1.2 million, 972 acres on the Bonifay property for a realized gain of approximately $5.0 million, and 148 acres on the Alexander property for a realized gain of approximately $0.2 million. An HBU land sale on Bonifay is expected to close in the fourth quarter.

Given the unique nature of PT-3's investment in the Hamakua property in Hawaii, in addition to its normal investment management activities, HTRG continues to proactively seek to develop markets for both pulpwood chips and solid wood lumber products by seeking to attract the development of value-adding processing facilities in Hawaii.

REAL ESTATE AND ALTERNATIVE INVESTMENT PORTFOLIO IRR RETURNS

	Gross of Fees		Net of Fees		
	Fund Level IRR	**CCCERA IRR**	**Fund Level IRR**	**CCCERA IRR**	**Inception**
REAL ESTATE					
BlackRock Realty	**26.6%**	***n/a***	**22.3%**	***n/a***	**11/19/04**
DLJ RECP I	**17.0%**	***n/a***	***n/a***	**10.0%**	**05/14/96**
DLJ RECP II	**30.0%**	***n/a***	***n/a***	**21.0%**	**09/24/99**
DLJ RECP III	**46.0%**	***n/a***	***n/a***	**21.0%**	**06/23/05**
FFCA	***n/a***	***n/a***	***n/a***	***n/a***	**03/11/92**
Fidelity Growth Fund II	**17.3%**	**13.3%**	**12.2%**	**11.2%**	**03/10/04**
Hearthstone I	***n/a***	***n/a***	**4.3%**	**4.3%**	**06/15/95**
Benchmark [1]	*n/a*	*n/a*	17.0%	17.0%	
Hearthstone II	***n/a***	***n/a***	**31.0%**	**31.0%**	**06/17/98**
Benchmark [2]	*n/a*	*n/a*	17.0%	17.0%	
Invesco Real Estate I	**22.8%**	**22.8%**	**21.2%**	**21.2%**	**2/1/2005**
Prudential SPF II	***n/a***	**12.9%**	***n/a***	**11.3%**	**05/14/96**
U.S. Realty	**12.6%**	**12.6%**	**11.9%**	**11.9%**	**10/10/95**
ALTERNATIVE INVESTMENTS					
Adams Street Partners	**18.3%**	**16.7%**	***n/a***	**4.6%**	**02/12/04**
Brinson Partnership	**16.5%**	**16.5%**	***n/a***	**13.6%**	**03/18/96**
Benchmark [3]	*10.7%*	*n/a*	*n/a*	*n/a*	
Benchmark [4]	*0.1%*	*n/a*	*n/a*	*n/a*	
Bay Area Equity Fund	**0.2%**	**0.3%**	**-17.8%**	**-19.1%**	**06/14/04**
EIF US Power Fund I	**29.1%**	**36.5%**	**23.8%**	**29.3%**	**11/26/03**
EIF US Power Fund II	**64.3%**	**61.6%**	**44.8%**	**43.2%**	**08/16/05**
Nogales	**12.8%**	**11.2%**	**2.7%**	**2.3%**	**02/15/04**
Pathway	**9.7%**	**9.7%**	**7.2%**	**7.2%**	**11/09/98**
Benchmark [5]	12.1%	*n/a*	*n/a*	*n/a*	
Benchmark [6]	-4.2%	*n/a*	*n/a*	*n/a*	
PruTimber	***n/a***	***n/a***	**2.3%**	**2.6%**	**12/12/95**

Benchmarks:

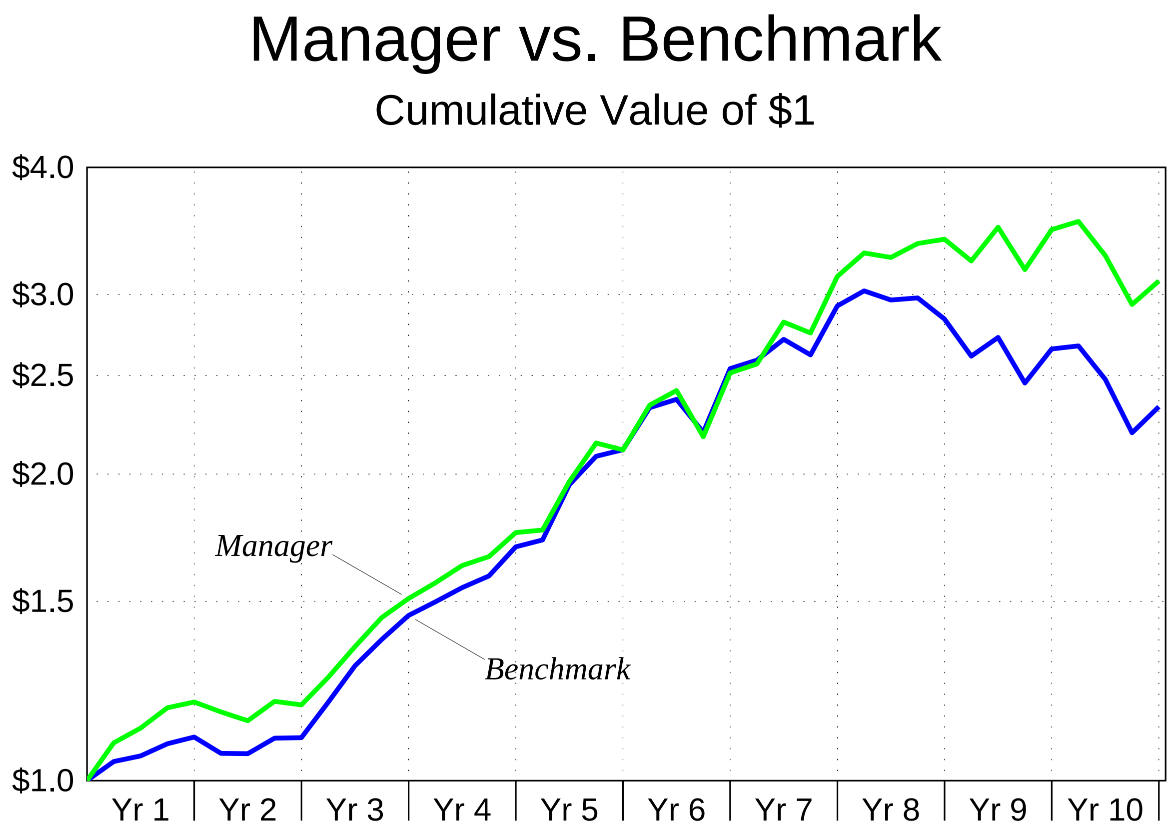
Adams Street Partners

- Benchmark [3] — Venture Economic aggregate upper quartile return for vintage years 1996-2004
- Benchmark [4] — Venture Economic aggregate median quartile return for vintage years 1996-2004

Pathway

- Benchmark [5] — Venture Economics Buyout Pooled IRR - 1999-2004 as of 6/30/04
- Benchmark [6] — Venture Economics Venture Capital IRR - 1999-2004 as of 6/30/04

How to Read the Cumulative Return Chart:

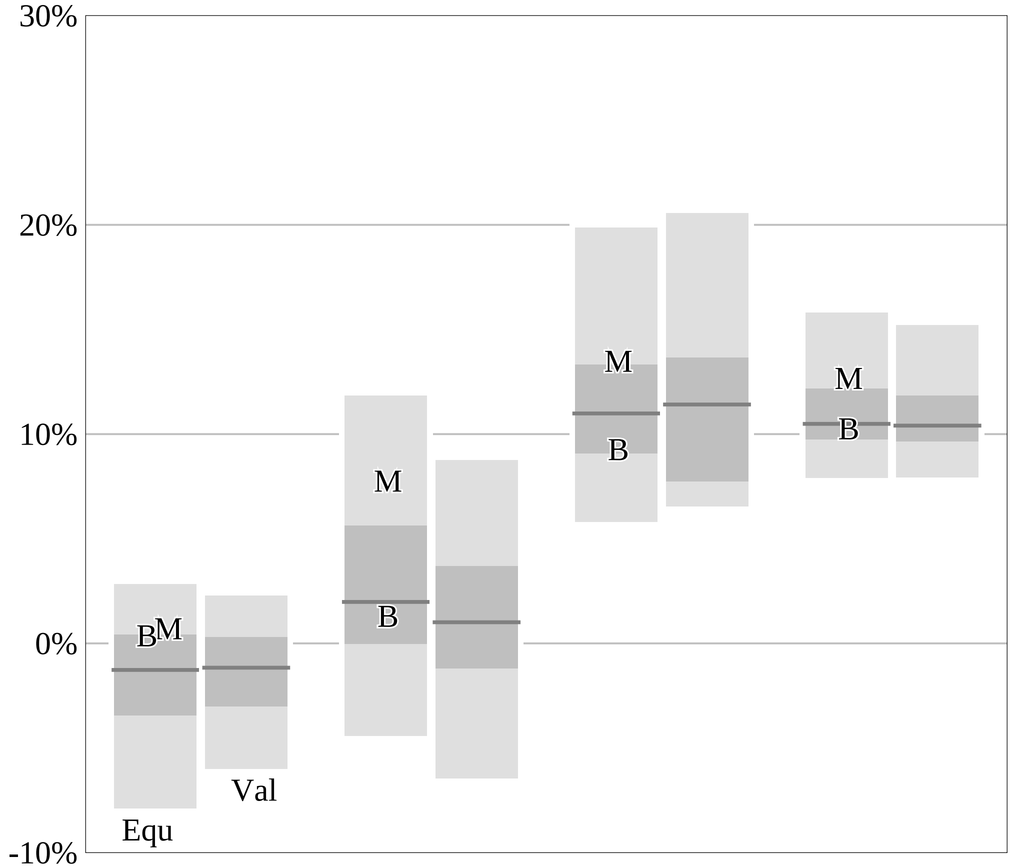


This chart shows the growth of $1 invested in the 1st quarter of Year 1 with the manager vs. $1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if $1 had been invested with the manager at the beginning of the 1st quarter of 1985, it would have grown to approximately $2 by the third quarter of Year 5 and would be above $3 by the end of Year 10. Similarly, $1 invested in the benchmark would have been worth near $3 by the end of Year 7 and would be above $2 by the end of the Year 10.

This is a semi-logarithmic or "log" graph. This is to show equal percentage moves with an equal slope at any place on the graph. For example, with equal scaling a manager who consistently returns 2% every quarter would show a return line which would steepen through time even though the growth rate is the same. With log scaling, a constant growth rate results in a straight line.

An advantage to using log graphs is that it is possible to compare managers more fairly to the benchmark. If the manager appears to be catching up to or losing ground to the benchmark on the log graph, then this is what is actually happening. This may not be the case with an arithmetic chart, where distortions are possible.

How to Read The Floating Bar Chart:



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Manager (**M**)	0.8	7.8	13.5	12.7
Rank v. Equity	*18*	*13*	*23*	*19*
Rank v. Value	*15*	*10*	*25*	*12*
Benchmark (**B**)	0.4	1.3	9.3	10.3
Equity Median	-1.3	2.0	11.0	10.5
Value Median	-1.2	1.0	11.4	10.4

This chart shows Manager **M**'s cumulative performance for each of four time periods: the last quarter and one, three and five years. The time period is printed below the graph. Each **M** on the chart is performance for a different time period; the first **M** is the return for last quarter: 0.8%.

The benchmark index and two manager universes are presented for comparison. **B** is the benchmark's return, 0.4% for last quarter. The universes are labeled "Equ" for all equity and "Val" for value. Each universe for each period is shown as a shaded box divided into 4 portions. The box top is the return of the manager at the 5th percentile of the universe (better than 95% of managers), while the box bottom is the return at the 95th percentile. The shading changes at the 25th and 75th percentiles. The 50th percentile is the horizontal line drawn through the center of the box. The manager's return and ranking in each database for each period is shown in the table underneath the graph, as is return for the benchmark index and the median manager in each database.

DEFINITIONS

Alpha – Alpha is a measure of value added after adjusting for risk. Beta is the measure of risk used in the calculation of alpha, so the accuracy of alpha is dependent on the accuracy of beta. Alpha is the difference between the manager's return and what one would expect the manager to return after adjusting for the amount of risk taken. Mathematically, Alpha = Portfolio Return - Risk Free Rate - Beta * (Market Return - Risk Free Rate); $\alpha = r_p - r_f - \beta(r_m - r_f)$. A positive alpha is an indication of value added.

Asset Backed Security (ABS) – A fixed income security which has specifically pledged collateral such as car loans, credit card receivables, lease loans, etc.

Average Capitalization – Average capitalization is the sum of the capitalization of each stock in the portfolio divided by the number of stocks in the portfolio.

Barbell – A barbell yield curve strategy is a portfolio made up of long term and short term bonds with nothing (or very little) in between. This strategy performs well during periods when the yield curve flattens.

Beta – Beta is a measure of risk for domestic equities. The market has a beta of 1. A manager with a beta above 1 exhibits more risk than the market, while a manager with a beta below 1 is less risky than the market.

Bullet – A bullet yield curve strategy focuses on the intermediate area of the yield curve. This strategy performs well during periods when the yield curve steepens.

Collateralized Mortgage Obligation (CMO) – A CMO is a security backed by a pool of pass through securities and/or mortgages. Since CMOs derive their cash flow from the underlying mortgage collateral, they are referred to as derivatives. CMOs are structured so there are several classes of bondholders with varying stated maturities and varying certainty of the timing of cash flows.

Consumer Price Index – The Consumer Price Index is an indicator of the general level of prices. It attempts to compare the cost of purchasing a market basket of goods purchased by a typical consumer during a specific period with the cost of purchasing the same market basket of goods during an earlier period.

Coupon – The coupon rate is the annual coupon (i.e. interest) payment value divided by the par value of the bond.

Diversifiable Risk – Diversifiable risk – also known as specific risk, non-market risk and residual risk – is the risk of a portfolio that can be diversified away.

Duration – Duration is a weighted average maturity, expressed in years. All coupon and principal payments are weighted by the present value term for the expected time of payment. Duration is a measure of sensitivity to changes in interest rates with a longer duration indicating a greater sensitivity to changes in interest rates.

Dividend Yield – Dividend yield is calculated on common stock holdings, and is the ratio of the last twelve months dividend payments as a percentage of the most recent quarter-ending stock market value.

Growth Sector – Growth sectors are referred to in the Portfolio Profile Report (PPR) in our quarterly reports. The market is divided into five growth sectors based on the forecast of the fifth year growth rate in earnings per share. The PPR reports what portion of a manager's (or the composite's) portfolio is invested in stocks in each growth sector.

Interest Only Strip (IO) – An IO is a type of CMO that gets its cash flows from interest payments only. IOs benefit from a slowing in prepayments (i.e. interest rates rise) and under-perform in an accelerating prepayment environment (i.e. interest rates decline). IOs can be very volatile, but can offset volatility in the over all portfolio.

Market Capitalization - Market capitalization is a company's market value, or closing price times the number of shares outstanding.

Maturity – The maturity for an individual bond is calculated as the number of years until principal is paid. For a portfolio of bonds, the maturity is a weighted average maturity, where the weighting factors are the individual security's percentage of the total portfolio.

Median Manager – The median manager is the manager with the middle return when returns are ranked from high to low. Half of the managers will have a higher return and half will have a lower return.

Mortgage Pass Through – A mortgage pass through is a security which “passes through” to the holder the interest and principal payments on a group of mortgages.

Percentile Rank – A manager's rank signifies the percentage of managers in the universe performing better than the manager. For example, a manager with a rank of 10 means that only 10% of managers had returns greater than the managers over the period of measurement. Likewise, a rank of 50 (i.e. the median manager) indicates that 50% of managers in the universe did better and 50% did worse.

Planned Amortization Class (PAC) – A PAC is a type of CMO with the cash flows set up to be fairly certain. PACs appeal to investors who want more certain cash flow payments from a mortgage security than provided by the underlying collateral.

Price/Book Value – The price/book value for an individual common stock is the stock's price divided by book value per share. Book value per share is the company's common stockholders equity divided by the number of common shares outstanding.

Price/Earnings Ratio (P/E) – The P/E ratio of a common stock's price divided by earnings per share. The ratio is used as a valuation technique employed by investment managers.

Principal Only Strip (PO) – A PO is a type of CMO that gets its cash flows from principal payments only. POs are sold at a discount and perform well if prepayments come in faster than expected (i.e. interest rates decrease) and extend and perform poorly if prepayments come in slower than expected (i.e. interest rates rise).

Quality – Quality relates to the credit risk of a bond (i.e. the issuer's ability to pay). Quality is most relevant for corporate bonds. Several rating organizations publish ratings of bonds including Moody's and Standard & Poor's. AAA is the highest quality rating, followed by AA+, AA, AA-, A+, A, A- and then BBB+, BBB, BBB-, BB+, BB, BB-, etc. Bonds rated above BBB- are said to be of investment grade.

R^2 (R Squared) – R^2 is a measure of how well a manager moves with the market. If a manager's performance closely tracks that of the market, the R^2 will be close to 1. Broadly diversified managers have an R^2 of 0.90 or greater, while the R^2 of un-diversified managers will be lower.

Return On Equity – The return on equity for a common stock is the annual net income divided by total common stockholders' equity.

Standard Deviation – Standard deviation is the degree of variability of a time series, such as quarterly returns, relative to the average. Standard deviation measures the volatility of the time series.

Weighted Capitalization – Weighted capitalization is the sum of the capitalization of each stock in the portfolio weighted by its percentage of the portfolio.

Yield to Maturity – The yield to maturity is the discount rate that equates the present value of cash flows (coupons and principal) to the market price taking into account the time value of money.