

QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT  
for

Contra Costa County  
Employees' Retirement  
Association

FOR THE PERIOD ENDING  
*December 31, 2011*

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February 13, 2012

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## MARKET OVERVIEW

### *Domestic Equity Markets*

During the fourth quarter of 2011 US equities rose sharply on strong corporate earnings, improved U.S. economic data, and optimism surrounding the European debt crisis. The S&P 500 returned 11.8% compared to -13.9% in the third quarter. Small cap stocks also had a sharp rise, with the Russell 2000® Index up 15.5% versus down -21.9% for the prior quarter.

All ten of the S&P 500 sectors had positive returns during the fourth quarter. The Energy sector had the greatest gain (18.2%), followed by Industrials (16.6%), Materials (15.3%), Consumer Discretionary (12.7%), Financials (10.8%), Consumer Staples (10.3%), Healthcare (10.1%), Information Technology (8.8%), Utilities (8.3%), and Telecommunication Services (7.6%).

In the quarter, Value stocks outperformed Growth securities in both the large cap and small cap market segments. In domestic large capitalization, the Russell 1000® Value Index returned of 13.1% compared to the Russell 1000® Growth Index return of 10.6%. In small caps, the Russell 2000® Value Index returned 16.0% while the Russell 2000® Growth Index returned 15.0%.

### *International Equity Markets*

The international equity markets were mixed on concerns about slowing global economic growth and the potential impact of the European debt crisis. International equity markets rose during the quarter, though significantly trailing the US markets. The MSCI EAFE Index returned 3.4%. The strengthening dollar reduced results for US investors as the MSCI EAFE return prior to translation into US\$ was 4.1%. The European portion of EAFE had a return of 5.5%, while the MSCI Pacific Index had a return of -0.3%. The Japan return in EAFE was a major detractor from fourth quarter performance, as the Pacific ex-Japan allocation returned 6.0%, while Japan returned -3.9%.

### *Domestic Bond Markets*

The Federal Reserve Bank continued to sell shorter-term U.S. Treasuries and buy longer-term bonds, with the goal of pushing down long-term interest rates to stimulate borrowing and spending. The Barclays Capital Aggregate Bond Index returned 1.1% during the quarter. Continuing the trend of last quarter, longer-duration bonds outperformed shorter-duration bonds. The Barclays Capital Long Government/Credit Index returned 2.6% while the shorter Barclays Capital 1-3 Year Government/ Credit Index returned 0.2%. Government issues trailed credit issues in the quarter. The Barclays Capital Credit Index returned 1.7% compared to 0.9% for the Barclays Capital Treasury Index. The Barclays Mortgage Index returned 0.9%, while high yield securities trended up with equity returns as the Merrill Lynch High Yield Master II Index returned 6.2%.

### *Real Estate*

The domestic real estate market, as measured by the NCREIF ODCE Property Index, was up 3.0% (for the fourth quarter of 2011). The FTSE NAREIT Equity Index, which measures the domestic public REIT market, returned 15.2%. Global real estate securities, as measured by the FTSE EPRA/NAREIT Global Developed Markets Index, returned 7.4%.

## KEY POINTS

### *Fourth Quarter, 2011*

- The CCCERA Total Fund returned 6.0% for the fourth quarter, exceeding the 5.1% return of the median total fund and edging the 5.9% return of the median public fund. CCCERA Total Fund performance has been first quartile through the past three years, near the public fund median over the past four through five-year periods and well above median over the seven through ten-year periods.
- CCCERA domestic equities returned 12.8% in the quarter, exceeding the 12.1% return of the Russell 3000® Index and the 11.8% return of the median equity manager, ranking in the 32<sup>nd</sup> percentile of equity managers. Ceredex was funded during the quarter.
- CCCERA international equities returned 3.8% for the quarter, exceeding the 3.4% return of the MSCI EAFE Index but trailing the 4.2% return of the median international equity manager.
- CCCERA global equities returned 5.7% in the quarter, trailing the MSCI ACWI return of 7.3% but ranking in the 45<sup>th</sup> percentile of global equity managers.
- CCCERA U.S. fixed income returned 2.3% for the quarter, exceeding the Barclays U.S. Universal return of 1.1% and the median fixed income manager return of 1.3%.
- CCCERA global fixed income returned 0.1%, trailing the 0.2% return of the Barclays Global Aggregate Index. This return ranked in the 84<sup>th</sup> percentile of global fixed income managers.
- CCCERA alternative assets returned -2.4% for the quarter, trailing the target 12.9% return of the S&P 500 + 400 basis points per year.
- CCCERA real estate returned 9.1% for the quarter. This return exceeded the median real estate manager return of 2.7% and the CCCERA real estate benchmark return of 6.3%. Oaktree had its first capital call during the quarter. Siguler Guff and Angelo Gordon called capital in January.
- The CCCERA opportunistic allocation returned -6.5% in the fourth quarter.
- The total equity allocation stood at 48.0% at the end of the quarter, which nearly matched the target weight of 48.1%. Investment grade fixed income was above its target at 28.8% versus 27.8%. Alternative investments remained below their long-term target. U.S. equities are the “parking place” for assets intended for alternative investments.
- New manager target allocations were implemented in February 2012 and will be reflected in the first quarter 2012 report.

## WATCH LIST

<u>Manager</u>	<u>Since</u>	<u>Reason</u>
Adelante	2/25/2009	Performance
Goldman Sachs	9/1/2010	Personnel Changes
INVESCO IREF I, II	2/24/2010	Performance
Nogales Investors	5/28/2008	Performance

- Adelante's return of 14.9% lagged its benchmark in the fourth quarter. Longer-term results are somewhat behind the benchmark. An on-site visit to Adelante was conducted recently.
- Goldman Sachs was placed on the Watch List due to continuing personnel changes within the fixed income team. Further changes have occurred since that time, most recently with the departure of Gregg Felton and the addition of Kent Wosepka as head of global credit research in January 2011. Performance has remained competitive. Given the relative stability of the team since early 2011, we recommend removing Goldman Sachs from the Watch List.
- Both INVESCO real estate funds performed well over the past year, but they continue to rank poorly in the real estate universe over longer trailing time periods.
- Nogales will remain on the Watch List until the fund is completely wound down.

## SUMMARY

CCCERA's fourth quarter return of 6.0% was better than the median total fund and the median public fund at 5.1% and 5.9%, respectively. Performance has been strong through the past three years. CCCERA has performed near the medians over the past four and five-year periods. CCCERA has out-performed both medians over trailing time periods longer than five years.

CCCERA total domestic equities returned 12.8% for the quarter, exceeding the 12.1% return of the Russell 3000® and the 11.8% return of the median manager. Of CCCERA's domestic equity managers, Emerald had the best absolute result with a 15.0% return, matching the Russell 2000® Growth Index return. Robeco returned 13.9%, exceeding the 13.1% return of the Russell 1000® Value Index. Wentworth Hauser also returned 13.9%, exceeding the 11.8% return of the S&P 500. Intech Enhanced Plus returned 12.5%, exceeding the S&P 500. Intech Large Cap Core returned 12.3%, also exceeding the S&P 500 Index. PIMCO returned 12.1%, also exceeding the S&P 500. Delaware returned 12.0% return, better than the Russell 1000® Growth Index return of 10.6%. Ceredex was funded during the quarter.

CCCERA international equities returned 3.8%, exceeding the 3.4% return of the MSCI EAFE Index but trailing the 4.2% return of the median international manager. The GMO Intrinsic Value portfolio returned 3.4%, exceeding the 2.8% return of the MSCI EAFE Value Index. The William Blair portfolio returned 4.4%, better than the MSCI ACWI ex-US Growth Index return of 4.1%.

CCCERA global equities returned 5.7%, trailing the 7.3% return of the MSCI ACWI benchmark but better than the 4.6% return of the median global equity manager. The J.P. Morgan portfolio returned 8.1%, exceeding the 7.3% return of the MSCI ACWI Index. The First Eagle portfolio returned 5.4%, trailing the MSCI ACWI Index return of 7.3%. Finally, Tradewinds returned 1.7%, significantly trailing the ACWI return of 7.3%.

CCCERA total domestic fixed income returned 2.3% for the fourth quarter, better than the 1.5% return of the Barclays Universal Index and the 1.3% return of the median fixed income manager. Allianz Global returned 6.8%, which was better than the 6.2% return of the ML High Yield II Index and exceeded the 5.8% return of the median high yield manager. The Torchlight Fund III returned 4.4% in the fourth quarter, trailing the Merrill Lynch High Yield II Index return of 6.2%. The Torchlight II fund returned 3.0%, trailing the ML High Yield II Index and the high yield fixed income median. Lord Abbett returned 1.7%, exceeding the 1.1% return of the Barclays U.S. Aggregate as well as the median fixed income manager. PIMCO returned 1.7%, exceeding the Barclays U.S. Aggregate and the median. AFL-CIO returned 1.6% which exceeded the Barclays U.S. Aggregate return of 1.1% and was better than the median fixed income manager. Goldman Sachs returned 1.2%, exceeding the Barclays U.S. Aggregate Index but trailing the median fixed income manager. The workout portfolio returned 0.0%, trailing the Barclays Aggregate.

Lazard Asset Management returned 0.1% in the fourth quarter, which slightly trailed the Barclays Global Aggregate return of 0.2%, trailed the median global fixed income manager return of 0.9% and ranked in the 84<sup>th</sup> percentile of global fixed income portfolios.

CCCERA total alternative investments returned -2.4% in the fourth quarter. Nogales returned 7.7%, Paladin III returned 7.1%, Energy Investor Fund II returned 3.1%, Carpenter Community Bancfund returned 1.2%, Energy Investor Fund returned -1.2%, Adams Street returned -3.0%, Pathway returned -5.5%, Energy Investor Fund III returned -5.5% and Bay Area Equity Fund returned -7.4%,. (Due to timing constraints, all alternative portfolio returns are for the quarter ending September 30, 2011.)



The median real estate manager returned 2.7% for the quarter while CCCERA's total real estate returned 9.1%. Adelante Capital REIT returned 14.9%, Long Wharf III returned 8.5%, Invesco Fund II returned 6.1%, DLJ's RECP IV returned 4.3%, Invesco Fund I returned 4.2%, DLJ RECP III returned 3.2%, Invesco International REIT returned 2.5%, Long Wharf II returned 1.6%, Willows Office Property returned 0.2%, and DLJ's RECP II returned -0.7%. (Due to timing constraints, the DLJ portfolio returns are for the quarter ending September 30, 2011.)

Also, please refer to the internal rate of return (IRR) table for closed-end funds on page 15, which is the preferred measurement for the individual closed-end funds in the areas of debt, real estate and private equity.

### **Asset Allocation**

The CCCERA fund at December 31, 2011 was above target in investment grade fixed income (28.8% vs. 27.8%) and real estate (11.9% vs. 11.5%). Asset classes below their respective targets included alternatives (5.8% vs. 7.0%). Assets earmarked for alternative investments are temporarily invested in U.S. equities.

### **Private Investment Commitments**

CCCERA has committed to various private investment vehicles across multiple asset classes. Within domestic fixed income, CCCERA has committed \$85 million to the Torchlight Debt Opportunity Fund II and \$85 million to Torchlight Debt Opportunity Fund III.

Within real estate, commitments include: \$15 million to DLJ RECP I; \$40 million to DLJ RECP II; \$75 million to DLJ III, \$100 million to DLJ IV; \$50 million to INVESCO I; \$85 million INVESCO II; \$50 million to Fidelity II; \$75 million to Fidelity III; \$50 million to Oaktree Real Estate Opportunities Fund V; \$75 million to Siguler Guff; \$75 million to LaSalle; and \$80 million to Angelo Gordon.

Within private equity: \$180 million to Adams Street Partners; \$30 million to Adams Street Secondary II; \$125 million to Pathway; \$30 million to Pathway 2008; \$30 million to Energy Investors USPF I; \$50 million to USPF II; \$65 million to USPF III; \$15 million to Nogales; \$10 million to Bay Area Equity Fund; \$10 million to Bay Area Equity Fund II; \$25 million to Paladin III and \$30 million to Carpenter Community BancFund.

Within the opportunistic allocation, CCCERA made a \$40 million commitment to Oaktree Private Investment Fund 2009.

## Performance Compared to 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 on the following page. We also include compliance with objectives in the manager comments.

Reflecting the Investment Policy, the table below includes performance after fees, as well as the performance gross of (before) fees which has previously been reported.

### Summary of Managers Compliance with Investment Performance Objectives As of December 31, 2011

	Trailing 3 Years			Trailing 5 Years		
	<u>Gross</u> <u>Return</u>	<u>Net Return</u>	<u>Rank</u> <u>Target</u>	<u>Gross</u> <u>Return</u>	<u>Net Return</u>	<u>Rank</u> <u>Target</u>
<b>DOMESTIC EQUITY</b>						
Delaware	Yes	Yes	Yes	Yes	Yes	Yes
Emerald Advisors	Yes	Yes	Yes	Yes	No	No
Intech - Enhanced Plus	Yes	Yes	Yes	Yes	Yes	Yes
Intech - Large Core	No	No	No	Yes	Yes	Yes
PIMCO Stocks Plus	Yes	Yes	Yes	Yes	No	Yes
Robeco Boston Partners	Yes	Yes	Yes	Yes	Yes	Yes
Wentworth, Hauser	Yes	No	Yes	Yes	Yes	Yes
Total Domestic Equities	Yes	Yes	Yes	Yes	Yes	No
<b>INT'L EQUITY</b>						
GMO Intrinsic Value	No	No	No	Yes	Yes	No
William Blair	-	-	-	-	-	-
Total Int'l Equities	No	No	No	No	No	No
<b>DOMESTIC FIXED INCOME</b>						
AFL-CIO Housing	Yes	No	No	Yes	No	Yes
Goldman Sachs	Yes	Yes	Yes	-	-	-
Torchlight II	Yes	No	Yes	No	No	No
Torchlight III	No	No	No	-	-	-
Lord Abbett	Yes	No	Yes	-	-	-
Allianz Global Investors	No	No	Yes	Yes	Yes	Yes
PIMCO	Yes	Yes	Yes	Yes	Yes	Yes
Workout (GSAM)	Yes	Yes	Yes	-	-	-
Total Domestic Fixed	Yes	Yes	Yes	No	No	No
<b>GLOBAL FIXED INCOME</b>						
Lazard Asset Management	Yes	Yes	Yes	-	-	Yes

**Summary of Managers Compliance with Investment Performance Objectives (cont)**  
**As of December 31, 2011**

	Trailing 3 Years			Trailing 5 Years		
	<u>Gross</u> <u>Return</u>	<u>Net Return</u>	<u>Rank</u> <u>Target</u>	<u>Gross</u> <u>Return</u>	<u>Net Return</u>	<u>Rank</u> <u>Target</u>
<b>ALTERNATIVE INVESTMENTS</b>						
Adams Street	No	No	-	Yes	Yes	-
Bay Area Equity Fund	Yes	Yes	-	Yes	Yes	-
Carpenter Bancfund	No	No	-	-	-	-
Energy Investor Fund	Yes	No	-	Yes	Yes	-
Energy Investor Fund II	No	No	-	Yes	Yes	-
Energy Investor Fund III	No	No	-	-	-	-
Nogales	No	No	-	No	No	-
Paladin III	No	No	-	-	-	-
Pathway	No	No	-	Yes	Yes	-
Total Alternative	No	No	-	Yes	Yes	-
<b>REAL ESTATE</b>						
Adelante Capital REIT	Yes	Yes	Yes	No	No	No
DLJ RECP I	No	No	Yes	Yes	No	Yes
DLJ RECP II	No	No	No	No	No	Yes
DLJ RECP III	No	No	No	No	No	Yes
DLJ RECP IV	No	No	No	-	-	-
Long Wharf II	No	No	No	No	No	No
Long Wharf III	No	No	No	-	-	-
Invesco Fund I	No	No	No	No	No	No
Invesco Fund II	No	No	No	-	-	-
Invesco Int'l REIT	No	No	No	-	-	-
Willows Office Property	No	No	No	No	No	No
Total Real Estate	Yes	Yes	Yes	No	No	No
CCCERA Total Fund	Yes	Yes	Yes	No	No	Yes

**ASSET ALLOCATION**  
**As of December 31, 2011**

	<u>Market Value</u>	<u>% of Portion</u>	<u>% of Total</u>	<u>Target % of Total</u>
<b>EQUITY - DOMESTIC</b>				
Ceredex	\$ 161,213,610	10.6 %	3.2 %	3.5 %
Delaware Investments	297,969,801	19.7	5.9	5.5
Emerald	164,901,322	10.9	3.2	3.5
Intech - Enhanced Plus	23,427,839	1.5	0.5	0.4
Intech - Large Core	176,201,780	11.6	3.5	3.4
PIMCO	225,788,712	14.9	4.4	2.5
Robeco	277,794,239	18.3	5.5	5.5
Wentworth	188,911,866	12.5	3.7	3.8
<b>TOTAL DOMESTIC</b>	<b>\$ 1,516,209,169</b>	<b>62.1 %</b>	<b>29.8 %</b>	<b>28.1 %</b>
<b>INTERNATIONAL EQUITY</b>				
State Street Transition	\$ 264,690	0.0 %	0.0 %	0.0 %
William Blair	238,003,593	9.7	4.7	5.2
GMO Intrinsic Value	228,641,233	9.4	4.5	5.2
<b>TOTAL INT'L EQUITY</b>	<b>\$ 466,909,516</b>	<b>19.1 %</b>	<b>9.2 %</b>	<b>10.4 %</b>
<b>GLOBAL EQUITY</b>				
J.P. Morgan	\$ 221,692,121	9.1 %	4.4 %	4.8 %
First Eagle	120,527,010	4.9	2.4	2.4
Tradewinds	117,091,208	4.8	2.3	2.4
<b>TOTAL GLOBAL EQUITY</b>	<b>\$ 459,310,339</b>	<b>18.8 %</b>	<b>9.0 %</b>	<b>9.6 %</b>
<b>TOTAL EQUITY</b>	<b>\$ 2,442,429,024</b>	<b>100.0 %</b>	<b>48.0 %</b>	<b>48.1 %</b>
			<i>Range:</i>	<i>45 to 53 %</i>
<b>FIXED INCOME</b>				
AFL-CIO	\$ 188,167,699	12.8 %	3.7 %	3.4 %
Goldman Sachs Core	299,881,490	20.5	5.9	5.4
Workout (GSAM)	11,125,133	0.8	0.2	0.0
Lord Abbett	297,662,264	20.3	0.0	5.4
PIMCO	326,107,886	22.3	6.4	7.0
Torchlight II	52,725,341	3.6	1.0	0.9
Torchlight III	74,563,413	5.1	1.5	1.7
<b>TOTAL US FIXED INCOME</b>	<b>\$ 1,250,233,226</b>	<b>85.3 %</b>	<b>24.6 %</b>	<b>23.8 %</b>
<b>GLOBAL FIXED</b>				
Lazard Asset Mgmt	\$ 214,612,951	14.7 %	4.2 %	4.0 %
<b>TOTAL GLOBAL FIXED</b>	<b>\$ 214,612,951</b>	<b>14.7 %</b>	<b>4.2 %</b>	<b>4.0 %</b>
<b>TOTAL INV GRADE FIXED</b>	<b>\$ 1,464,846,177</b>	<b>100.0 %</b>	<b>28.8 %</b>	<b>27.8 %</b>
			<i>Range:</i>	<i>24 to 34 %</i>
<b>HIGH YIELD</b>				
Allianz Global Investors	\$ 208,645,098	100.0 %	4.1 %	3.0 %
<b>TOTAL HIGH YIELD</b>	<b>\$ 208,645,098</b>	<b>100.0 %</b>	<b>4.1 %</b>	<b>3.0 %</b>
			<i>Range:</i>	<i>1 to 5 %</i>

**ASSET ALLOCATION**  
**As of December 31, 2011**

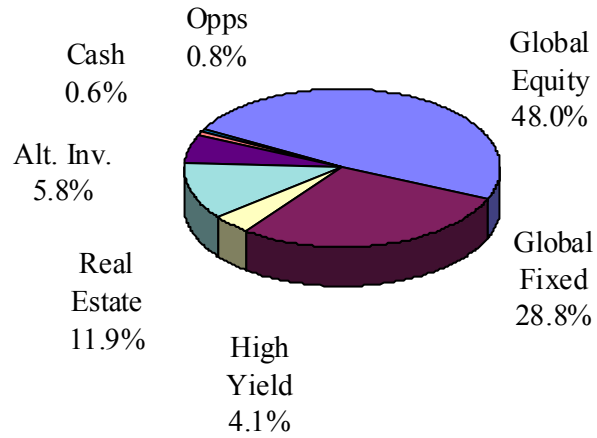
	<u>Market Value</u>	<u>% of Portion</u>	<u>% of Total</u>	<u>Target % of Total</u>
<b>REAL ESTATE</b>				
Adelante Capital	\$ 254,591,754	42.0 %	5.0 %	1.4 %
DLJ RECP II	3,982,958	0.7	0.1	-
DLJ RECP III	41,044,924	6.8	0.8	-
DLJ RECP IV	55,952,758	9.2	1.1	-
Long Wharf II	14,116,788	2.3	0.3	-
Long Wharf III	47,803,448	7.9	0.9	-
Hearthstone I	135,235	0.0	0.0	-
Hearthstone II	10,382	0.0	0.0	-
Invesco Fund I	27,596,619	4.6	0.5	-
Invesco Fund II	64,727,185	10.7	1.3	-
Invesco International REIT	45,785,400	7.6	0.9	1.0
Oaktree ROF V	42,526,280	7.0	0.8	-
Willows Office Property	8,000,000	1.3	0.2	-
<b>TOTAL REAL ESTATE</b>	<b>\$ 606,273,731</b>	<b>100.0 %</b>	<b>11.9 %</b>	<b>11.5 %</b>
			<i>Range:</i>	<i>8 to 14 %</i>
<b>ALTERNATIVE INVESTMENTS</b>				
Adams Street Partners	\$ 98,006,308	33.5 %	1.9 %	- %
Bay Area Equity Fund	15,558,728	5.3	0.3	-
Carpenter Bancfund	22,531,926	7.7	0.4	-
Energy Investor Fund	2,880,388	1.0	0.1	-
Energy Investor Fund II	43,016,259	14.7	0.8	-
Energy Investor Fund III	19,019,083	6.5	0.4	-
Nogales	2,949,451	1.0	0.1	-
Paladin III	15,511,763	5.3	0.3	-
Pathway Capital	73,150,535	25.0	1.4	-
<b>TOTAL ALTERNATIVE</b>	<b>\$ 292,624,441</b>	<b>100.0 %</b>	<b>5.8 %</b>	<b>7.0 %</b>
			<i>Range:</i>	<i>5 to 9 %</i>
<b>OPPORTUNISTIC</b>				
Goldman Sachs Opps	\$ 11,786,165	29.1 %	0.2 %	1.3 %
Oaktree PIF 2009	28,782,312	70.9	0.6	0.8
<b>TOTAL OPPORTUNISTIC</b>	<b>\$ 40,568,477</b>	<b>100.0 %</b>	<b>0.8 %</b>	<b>2.1 %</b>
<b>CASH</b>				
Custodian Cash	\$ 27,128,767	88.7 %	0.5 %	- %
Treasurer's Fixed	3,447,000	11.3	0.1	-
<b>TOTAL CASH</b>	<b>\$ 30,575,767</b>	<b>100.0 %</b>	<b>0.6 %</b>	<b>0.5 %</b>
			<i>Range:</i>	<i>0 to 1 %</i>
<b>TOTAL ASSETS</b>	<b>\$ 5,085,962,715</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

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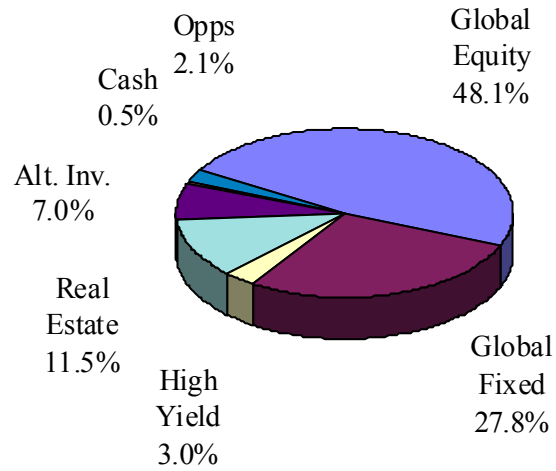
# ASSET ALLOCATION

As of December 31, 2011

## CCCERA Asset Allocation



## Target Asset Allocation



**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through Fourth Quarter, 2011**

<b>DOMESTIC EQUITY</b>	<b>3 Mo</b>	<b>1 Yr</b>	<b>2 Yr</b>	<b>3 Yr</b>	<b>4 Yr</b>	<b>5 Yr</b>	<b>7 Yr</b>	<b>10 Yr</b>
<b>Delaware</b>	<b>12.0 %</b>	<b>8.9 %</b>	<b>11.8 %</b>	<b>21.6 %</b>	<b>0.8 %</b>	<b>3.3 %</b>	<b>- %</b>	<b>- %</b>
<i>Rank vs Equity</i>	<i>44</i>	<i>3</i>	<i>19</i>	<i>10</i>	<i>36</i>	<i>24</i>	<i>-</i>	<i>-</i>
<i>Rank vs Lg Growth</i>	<i>13</i>	<i>2</i>	<i>6</i>	<i>7</i>	<i>18</i>	<i>24</i>	<i>-</i>	<i>-</i>
<b>Emerald Advisors</b>	<b>15.0</b>	<b>-0.6</b>	<b>13.9</b>	<b>20.0</b>	<b>2.3</b>	<b>2.5</b>	<b>5.1</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>15</i>	<i>53</i>	<i>9</i>	<i>16</i>	<i>22</i>	<i>32</i>	<i>32</i>	<i>-</i>
<i>Rank vs Sm Cap Growth</i>	<i>31</i>	<i>45</i>	<i>33</i>	<i>42</i>	<i>51</i>	<i>61</i>	<i>59</i>	<i>-</i>
<b>Intech - Enhanced Plus</b>	<b>12.5</b>	<b>4.0</b>	<b>9.7</b>	<b>14.8</b>	<b>-1.2</b>	<b>0.5</b>	<b>3.5</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>36</i>	<i>15</i>	<i>37</i>	<i>57</i>	<i>60</i>	<i>55</i>	<i>56</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>13</i>	<i>12</i>	<i>15</i>	<i>34</i>	<i>40</i>	<i>26</i>	<i>21</i>	<i>-</i>
<b>Intech - Large Core</b>	<b>12.3</b>	<b>3.7</b>	<b>9.2</b>	<b>14.1</b>	<b>-1.3</b>	<b>0.3</b>	<b>-</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>38</i>	<i>17</i>	<i>42</i>	<i>70</i>	<i>61</i>	<i>58</i>	<i>-</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>15</i>	<i>17</i>	<i>19</i>	<i>74</i>	<i>44</i>	<i>33</i>	<i>-</i>	<i>-</i>
<b>PIMCO Stocks Plus</b>	<b>12.1</b>	<b>2.3</b>	<b>10.4</b>	<b>18.8</b>	<b>-1.4</b>	<b>-0.1</b>	<b>2.7</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>40</i>	<i>23</i>	<i>30</i>	<i>25</i>	<i>61</i>	<i>65</i>	<i>76</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>22</i>	<i>24</i>	<i>9</i>	<i>1</i>	<i>44</i>	<i>46</i>	<i>64</i>	<i>-</i>
<b>Robeco Boston Partners</b>	<b>13.9</b>	<b>0.9</b>	<b>7.0</b>	<b>13.4</b>	<b>-0.7</b>	<b>0.3</b>	<b>4.5</b>	<b>5.1</b>
<i>Rank vs Equity</i>	<i>21</i>	<i>42</i>	<i>72</i>	<i>76</i>	<i>52</i>	<i>58</i>	<i>42</i>	<i>46</i>
<i>Rank vs Lg Value</i>	<i>15</i>	<i>43</i>	<i>59</i>	<i>35</i>	<i>22</i>	<i>14</i>	<i>11</i>	<i>31</i>
<b>Wentworth, Hauser</b>	<b>13.9</b>	<b>-2.8</b>	<b>5.1</b>	<b>14.3</b>	<b>-0.7</b>	<b>0.7</b>	<b>2.9</b>	<b>3.0</b>
<i>Rank vs Equity</i>	<i>21</i>	<i>67</i>	<i>84</i>	<i>64</i>	<i>52</i>	<i>53</i>	<i>70</i>	<i>77</i>
<i>Rank vs Lg Core</i>	<i>1</i>	<i>90</i>	<i>93</i>	<i>45</i>	<i>20</i>	<i>21</i>	<i>47</i>	<i>55</i>
<b>Total Domestic Equities</b>	<b>12.8</b>	<b>1.1</b>	<b>9.1</b>	<b>15.9</b>	<b>-0.7</b>	<b>0.7</b>	<b>3.6</b>	<b>3.2</b>
<i>Rank vs Equity</i>	<i>32</i>	<i>39</i>	<i>43</i>	<i>44</i>	<i>52</i>	<i>53</i>	<i>54</i>	<i>75</i>
Median Equity	11.8	0.0	8.6	15.3	-0.4	1.1	3.9	4.9
S&P 500	11.8	2.1	8.4	14.1	-1.6	-0.3	2.6	2.9
Russell 3000®	12.1	1.0	8.7	14.9	-1.3	0.0	3.0	3.5
Russell 1000® Value	13.1	0.4	7.7	11.6	-3.2	-2.6	2.0	3.9
Russell 1000® Growth	10.6	2.6	9.5	18.0	0.3	2.5	3.8	2.6
Russell 2000®	15.5	-4.2	10.3	15.6	0.6	0.2	3.2	5.6
Russell 2000® Value	16.0	-5.5	8.5	12.4	0.2	-1.9	2.3	6.4
Russell 2000® Growth	15.0	-2.9	11.9	19.0	0.9	2.1	3.9	4.5
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>3.4</b>	<b>-9.8</b>	<b>-1.2</b>	<b>5.2</b>	<b>-7.9</b>	<b>-4.5</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>66</i>	<i>22</i>	<i>47</i>	<i>92</i>	<i>76</i>	<i>80</i>	<i>-</i>	<i>-</i>
<b>William Blair</b>	<b>4.4</b>	<b>-13.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>42</i>	<i>49</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Int'l Equities</b>	<b>3.8</b>	<b>-11.5</b>	<b>-2.1</b>	<b>5.7</b>	<b>-9.8</b>	<b>-5.3</b>	<b>2.1</b>	<b>5.1</b>
<i>Rank vs Int'l Eq</i>	<i>57</i>	<i>34</i>	<i>62</i>	<i>90</i>	<i>92</i>	<i>89</i>	<i>76</i>	<i>82</i>
Median Int'l Equity	4.2	-13.3	-1.4	10.8	-6.2	-2.3	4.1	6.6
MSCI EAFE Index	3.4	-11.7	-2.3	8.2	-7.9	-4.3	2.2	5.1
MSCI ACWI ex-US	3.8	-13.3	-1.7	11.2	-6.9	-2.5	4.0	6.8
MSCI EAFE Value Index	2.8	-11.6	-4.2	7.4	-8.6	-5.8	1.6	5.5
MSCI ACWI ex-US Growth	4.1	-14.1	-0.7	11.1	-7.0	-1.9	4.1	5.9

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



**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through Fourth Quarter, 2011**

	<b>3 Mo</b>	<b>1 Yr</b>	<b>2 Yr</b>	<b>3 Yr</b>	<b>4 Yr</b>	<b>5 Yr</b>	<b>7 Yr</b>	<b>10 Yr</b>
<b>GLOBAL EQUITY</b>								
J.P. Morgan Global	8.1 %	-9.0 %	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	12	33	-	-	-	-	-	-
First Eagle	5.4	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	46	-	-	-	-	-	-	-
Tradewinds	1.7	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	92	-	-	-	-	-	-	-
Total Global Equity	5.7	-5.6	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	45	13	-	-	-	-	-	-
Median Global Equity	4.6	-12.5	-0.5 %	11.5 %	-5.6 %	-2.5 %	-	-
MSCI ACWI Index	7.3	-6.9	2.7	12.6	-4.5	-1.4	3.4 %	-
MSCI World Index	7.7	-5.0	3.3	11.8	-4.5	-1.8	2.8	4.2 %
<b>DOMESTIC FIXED INCOME</b>								
AFL-CIO Housing	1.6	8.3	7.4	7.2	6.8	6.9	6.1	6.3
<i>Rank vs Fixed Income</i>	38	17	37	58	39	37	34	33
Goldman Sachs Core+	1.2	7.6	7.6	8.3	-	-	-	-
<i>Rank vs Fixed Income</i>	53	29	33	46	-	-	-	-
Torchlight II*	3.0	24.0	32.6	27.0	-7.9	-7.7	-	-
<i>Rank vs High Yield</i>	96	1	1	1	98	98	-	-
Torchlight III*	4.4	4.2	8.0	19.2	-	-	-	-
<i>Rank vs High Yield</i>	87	30	64	68	-	-	-	-
Lord Abbett Core+	1.7	8.2	8.4	10.7	-	-	-	-
<i>Rank vs Fixed Income</i>	35	19	25	24	-	-	-	-
Allianz Global Investors	6.8	6.4	10.7	21.7	9.6	8.4	8.0	9.0
<i>Rank vs High Yield</i>	12	2	1	25	1	1	1	5
PIMCO Core+	1.7	5.0	7.1	10.2	7.5	7.7	6.6	-
<i>Rank vs Fixed Income</i>	37	64	44	27	25	18	18	-
Workout (GSAM)	0.0	1.0	12.1	19.3	-	-	-	-
<i>Rank vs Fixed Income</i>	95	90	4	5	-	-	-	-
Total Domestic Fixed	2.3	7.2	8.9	11.8	6.4	6.3	6.1	6.6
<i>Rank vs Fixed Income</i>	25	35	20	21	49	60	30	25
Median Fixed Income	1.3	6.2	6.9	7.9	6.4	6.6	5.7	5.9
Median High Yield Mgr.	5.8	3.3	8.5	20.2	6.5	5.6	5.8	7.2
Barclays Universal	1.5	7.4	7.3	7.7	6.4	6.4	5.7	6.0
Barclays Aggregate	1.1	7.8	7.2	6.8	6.4	6.5	5.6	5.8
Merrill Lynch HY II	6.2	4.4	9.7	23.7	8.7	7.4	7.3	8.6
Merrill Lynch BB/B	5.9	5.4	9.9	20.8	7.8	6.7	6.8	7.8
T-Bills	0.0	0.1	0.1	0.1	0.6	1.5	2.2	2.0
<b>GLOBAL FIXED INCOME</b>								
Lazard Asset Mgmt	0.1	5.6	7.2	8.6	6.2	0.0	0.0	0.0
<i>Rank vs. Global Fixed</i>	84	21	23	43	28	0	0	0
Barclays Global Aggregate	0.2	5.6	5.6	6.0	5.7	6.5	4.9	-
<b>ALTERNATIVE INVESTMENTS*</b>								
Adams Street**	-3.0	18.0	17.1	8.5	5.0	9.2	12.2	9.0
Bay Area Equity Fund**	-7.4	67.4	54.5	33.7	31.3	37.2	24.5	-
Carpenter Bancfund**	1.2	7.1	4.7	5.5	-	-	-	-
Energy Investor Fund**	-1.2	-16.1	-3.7	20.9	54.2	42.1	42.6	-
Energy Investor Fund II**	3.1	7.2	5.7	3.9	7.6	8.6	-	-
Energy Investor Fund III**	-5.5	-5.3	-10.0	-3.5	17.0	-	-	-
Nogales**	7.7	16.1	21.9	-8.0	-21.6	-14.5	-7.6	-
Paladin III**	7.1	24.6	17.1	14.7	7.7	-	-	-
Pathway**	-5.5	12.8	14.3	5.9	2.7	10.8	16.4	9.6
Total Alternative	-2.4	13.4	11.9	7.3	5.9	10.0	14.3	10.3
S&P 500 + 400 bps	12.9	6.2	12.7	18.6	2.3	3.8	6.7	7.0

**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through Fourth Quarter, 2011**

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>REAL ESTATE*</b>								
<b>Adelante Capital REIT</b>	<b>14.9 %</b>	<b>9.2 %</b>	<b>19.7 %</b>	<b>22.8 %</b>	<b>0.5 %</b>	<b>-3.2 %</b>	<b>4.6 %</b>	<b>10.3 %</b>
<i>Rank vs REITs</i>	<i>65</i>	<i>28</i>	<i>6</i>	<i>13</i>	<i>81</i>	<i>84</i>	<i>49</i>	<i>36</i>
<b>DLJ RECP II**</b>	<b>-0.7</b>	<b>11.4</b>	<b>1.7</b>	<b>-10.4</b>	<b>-7.0</b>	<b>0.1</b>	<b>10.9</b>	<b>14.4</b>
<i>Rank</i>	<i>89</i>	<i>50</i>	<i>83</i>	<i>85</i>	<i>74</i>	<i>33</i>	<i>8</i>	<i>10</i>
<b>DLJ RECP III**</b>	<b>3.2</b>	<b>0.3</b>	<b>-7.7</b>	<b>-10.3</b>	<b>-7.4</b>	<b>-0.9</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>41</i>	<i>80</i>	<i>95</i>	<i>84</i>	<i>74</i>	<i>41</i>	<i>-</i>	<i>-</i>
<b>DLJ RECP IV**</b>	<b>4.3</b>	<b>23.5</b>	<b>4.0</b>	<b>-20.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>35</i>	<i>5</i>	<i>79</i>	<i>93</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Long Wharf II</b>	<b>1.6</b>	<b>11.8</b>	<b>10.9</b>	<b>-9.6</b>	<b>-19.1</b>	<b>-14.8</b>	<b>-6.8</b>	<b>-</b>
<i>Rank</i>	<i>69</i>	<i>48</i>	<i>58</i>	<i>84</i>	<i>91</i>	<i>91</i>	<i>94</i>	<i>-</i>
<b>Long Wharf III</b>	<b>8.5</b>	<b>19.6</b>	<b>33.7</b>	<b>-19.9</b>	<b>-17.7</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>21</i>	<i>12</i>	<i>3</i>	<i>93</i>	<i>90</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Invesco Fund I</b>	<b>4.2</b>	<b>28.3</b>	<b>30.5</b>	<b>-4.7</b>	<b>-9.7</b>	<b>-6.0</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>35</i>	<i>3</i>	<i>3</i>	<i>73</i>	<i>81</i>	<i>82</i>	<i>-</i>	<i>-</i>
<b>Invesco Fund II</b>	<b>6.1</b>	<b>34.9</b>	<b>62.8</b>	<b>-10.4</b>	<b>-39.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>29</i>	<i>1</i>	<i>1</i>	<i>84</i>	<i>99</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Invesco Int'l REIT</b>	<b>2.5</b>	<b>-16.5</b>	<b>-2.1</b>	<b>10.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs REITs</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>99</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Willows Office Property</b>	<b>0.2</b>	<b>6.1</b>	<b>-24.8</b>	<b>-16.0</b>	<b>-11.5</b>	<b>-2.3</b>	<b>0.4</b>	<b>0.9</b>
<i>Rank</i>	<i>82</i>	<i>74</i>	<i>98</i>	<i>91</i>	<i>84</i>	<i>69</i>	<i>92</i>	<i>96</i>
<b>Total Real Estate</b>	<b>9.1</b>	<b>10.4</b>	<b>15.6</b>	<b>10.0</b>	<b>-3.3</b>	<b>-3.3</b>	<b>4.5</b>	<b>9.1</b>
<i>Rank</i>	<i>18</i>	<i>51</i>	<i>36</i>	<i>26</i>	<i>42</i>	<i>74</i>	<i>55</i>	<i>36</i>
Median Real Estate	2.7	11.4	13.5	-1.8	-4.5	-1.1	5.4	7.4
Real Estate Benchmark	6.3	13.5	15.4	8.8	2.2	3.0	7.6	9.4
Wilshire REIT	15.4	9.2	18.5	21.8	2.4	-2.0	4.9	10.2
NCREIF Property Index	3.0	14.3	13.7	2.4	0.1	3.1	7.2	8.1
NCREIF Index + 300 bps	3.7	17.6	17.0	5.5	3.1	6.2	10.4	11.3
NCREIF Index + 500 bps	4.2	19.8	19.2	7.5	5.1	8.2	12.5	13.4
<b>OPPORTUNISTIC</b>								
<b>Goldman Sachs</b>	<b>-5.5</b>	<b>-8.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Oaktree PIF 2009</b>	<b>-6.9</b>	<b>4.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Opportunistic</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund</b>	<b>6.0 %</b>	<b>2.7 %</b>	<b>8.2 %</b>	<b>12.6 %</b>	<b>1.2 %</b>	<b>2.4 %</b>	<b>5.3 %</b>	<b>6.2 %</b>
<i>Rank vs. Total Fund</i>	<i>33</i>	<i>21</i>	<i>10</i>	<i>16</i>	<i>47</i>	<i>47</i>	<i>13</i>	<i>10</i>
<i>Rank vs. Public Fund</i>	<i>48</i>	<i>13</i>	<i>13</i>	<i>15</i>	<i>58</i>	<i>55</i>	<i>11</i>	<i>11</i>
Median Total Fund	5.1	0.8	6.2	10.2	1.1	2.2	4.2	4.9
Median Public Fund	5.9	1.1	6.8	10.4	1.7	2.8	4.5	5.1
CPI + 400 bps	0.5	7.1	6.4	6.5	5.9	6.4	6.6	6.9
Policy Benchmark	6.0	2.8	8.3	-	-	-	-	-

\* See also see Internal Rates of Return for closed-end funds on page 15.

\*\* Performance as of September 30, 2011.

Please see page 23 for a full description of the benchmark composition.

## CLOSED END FUNDS INTERNAL RATE OF RETURN (IRR)

	Gross of Fees		Net of Fees		Inception
	Fund Level IRR	CCCERA IRR	Fund Level IRR	CCCERA IRR	
<b>FIXED INCOME</b>					
Torchlight II	-12.4%	-11.7%	-14.5%	-13.9%	07/01/06
Torchlight III	9.6%	10.2%	5.8%	6.4%	12/12/08
Oaktree	<i>n/a</i>	3.0%	<i>n/a</i>	1.9%	02/18/10
<b>REAL ESTATE</b>					
BlackRock Realty	-9.0%	-7.6%	-10.1%	-9.8%	11/19/04
DLJ RECP II	26.4%	25.9%	-2.9%	17.9%	09/24/99
DLJ RECP III	-1.8%	-3.1%	-3.8%	-4.9%	06/23/05
DLJ RECP IV	-6.3%	-0.4%	-9.9%	-4.1%	02/11/08
Long Wharf Fund II	-10.2%	-10.3%	-11.6%	-11.7%	03/10/04
Long Wharf Fund III	-4.0%	-3.5%	-7.2%	-7.1%	03/30/07
Hearthstone I	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	4.1%	06/15/95
Hearthstone II	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	26.7%	06/17/98
Invesco Real Estate I	0.3%	0.3%	-1.0%	-1.0%	02/01/05
Invesco Real Estate II	-1.4%	-1.9%	-2.4%	-2.9%	11/26/07
<b>ALTERNATIVE INVESTMENTS</b>					
Adams Street Partners ( <i>combined</i> )	<i>n/a</i>	14.3%	<i>n/a</i>	10.9%	03/18/96
Bay Area Equity Fund	28.9%	26.4%	22.3%	19.8%	06/14/04
Bay Area Equity Fund II*	12.3%	13.4%	-8.9%	-6.3%	12/07/09
Carpenter Bancfund	<i>n/a</i>	3.1%	<i>n/a</i>	1.0%	01/31/08
EIF US Power Fund I	33.9%	35.1%	29.0%	28.8%	11/26/03
EIF US Power Fund II	9.2%	8.4%	6.1%	5.3%	08/16/05
EIF US Power Fund III	-3.2%	-3.2%	-9.7%	-9.7%	05/30/07
Nogales	-9.8%	-10.4%	-17.4%	-17.7%	02/15/04
Paladin	1.6%	4.4%	1.6%	4.4%	11/30/07
Pathway ( <i>combined</i> )	13.4%	4.7%	9.8%	6.8%	11/09/98
Benchmark <sup>3</sup>	9.3%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
Benchmark <sup>4</sup>	1.0%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	

Benchmarks:

Pathway

Benchmark <sup>3</sup>

Venture Economics Buyout Pooled IRR - 1999-2010 as of 9/30/11

Benchmark <sup>4</sup>

Venture Economics Venture Capital IRR - 1999-2010 as of 9/30/11

\* BAEF II returns reflect change in value over investment period

## AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS

Performance through Fourth Quarter, 2011

DOMESTIC EQUITY	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	7 Yr	10 Yr
Ceredex	-	-	-	-	-	-	-	-
Delaware	11.8 %	8.4 %	11.3 %	21.1 %	0.4 %	2.8 %	- %	- %
Emerald Advisors	14.9	-1.2	13.2	19.3	1.7	1.9	4.5	-
Intech - Enhanced Plus	12.4	3.6	9.3	14.4	-1.5	0.1	3.2	-
Intech - Large Core	12.3	3.3	8.8	13.7	0.0	-	-	-
PIMCO Stocks Plus	12.1	2.0	10.1	18.4	-1.8	-0.5	2.3	-
Robeco Boston Partners	13.9	0.6	6.6	13.0	-1.0	0.0	4.2	4.8
Wentworth, Hauser	13.9	-3.0	4.8	14.0	-0.9	0.5	2.7	2.8
<b>Total Domestic Equities</b>	<b>12.7</b>	<b>0.8</b>	<b>8.7</b>	<b>15.5</b>	<b>-1.0</b>	<b>0.4</b>	<b>3.2</b>	<b>2.8</b>
Median Equity	11.8	0.0	8.6	15.3	-0.4	1.1	3.9	4.9
S&P 500	11.8	2.1	8.4	14.1	-1.6	-0.3	2.6	2.9
Russell 3000®	12.1	1.0	8.7	14.9	-1.3	0.0	3.0	3.5
Russell 1000® Value	13.1	0.4	7.7	11.6	-3.2	-2.6	2.0	3.9
Russell 1000® Growth	10.6	2.6	9.5	18.0	0.3	2.5	3.8	2.6
Russell 2000®	15.5	-4.2	10.3	15.6	0.6	0.2	3.2	5.6
Russell 2000® Value	16.0	-5.5	8.5	12.4	0.2	-1.9	2.3	6.4
Russell 2000® Growth	15.0	-2.9	11.9	19.0	0.9	2.1	3.9	4.5
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>3.2</b>	<b>-10.3</b>	<b>-1.7</b>	<b>4.6</b>	<b>-8.5</b>	<b>-5.0</b>	-	-
<b>William Blair</b>	<b>4.2</b>	<b>-13.7</b>	-	-	-	-	-	-
<b>Total Int'l Equities</b>	<b>3.7</b>	<b>-12.0</b>	<b>-2.6</b>	<b>5.2</b>	<b>-10.3</b>	<b>-5.8</b>	<b>1.6</b>	<b>4.6</b>
Median Int'l Equity	4.2	-13.3	-1.4	10.8	-6.2	-2.3	4.1	6.6
MSCI EAFE Index	3.4	-11.7	-2.3	8.2	-7.9	-4.3	2.2	5.1
MSCI ACWI ex-US	3.8	-13.3	-1.7	11.2	-6.9	-2.5	4.0	6.8
MSCI EAFE Value Index	2.8	-11.6	-4.2	7.4	-8.6	-5.8	1.6	5.5
MSCI ACWI ex-US Growth	4.1	-14.1	-0.7	11.1	-7.0	-1.9	4.1	5.9
<b>GLOBAL EQUITY</b>								
<b>J.P. Morgan</b>	<b>8.0</b>	<b>-9.4</b>	-	-	-	-	-	-
<b>First Eagle</b>	<b>5.2</b>	-	-	-	-	-	-	-
<b>Tradewinds</b>	<b>1.6</b>	-	-	-	-	-	-	-
<b>Total Global Equities</b>	<b>5.6</b>	<b>-6.1</b>	-	-	-	-	-	-
Median Global Equity	4.6	-12.5	-0.5	11.5	-5.6	-2.5	-	-
MSCI ACWI Index	7.2	-7.4	2.2	12.0	-5.1	-1.9	2.8	0.0
MSCI World Index	7.7	-5.0	3.3	11.8	-4.5	-1.8	2.8	4.2
<b>DOMESTIC FIXED INCOME</b>								
<b>AFL-CIO Housing</b>	<b>1.5</b>	<b>7.9</b>	<b>7.0</b>	<b>6.7</b>	<b>6.4</b>	<b>6.5</b>	<b>5.7</b>	<b>5.9</b>
<b>Goldman Sachs</b>	<b>1.1</b>	<b>6.8</b>	<b>7.3</b>	-	-	-	-	-
<b>Torchlight II</b>	<b>2.7</b>	<b>22.2</b>	<b>29.2</b>	<b>22.7</b>	<b>-11.0</b>	<b>-12.2</b>	-	-
<b>Torchlight III</b>	<b>3.9</b>	<b>0.5</b>	<b>-0.2</b>	-	-	-	-	-
<b>Lord Abbett</b>	<b>1.7</b>	<b>6.8</b>	<b>8.1</b>	-	-	-	-	-
<b>Allianz Global Investors</b>	<b>6.6</b>	<b>1.9</b>	<b>10.3</b>	<b>21.2</b>	<b>21.2</b>	<b>9.1</b>	<b>7.9</b>	<b>7.5</b>
<b>PIMCO</b>	<b>1.6</b>	<b>4.7</b>	<b>6.8</b>	<b>9.8</b>	<b>7.2</b>	<b>7.4</b>	<b>6.4</b>	-
<b>Workout (GSAM)</b>	<b>-0.1</b>	<b>-2.2</b>	<b>11.9</b>	-	-	-	-	-
<b>Total Domestic Fixed</b>	<b>2.2</b>	<b>6.8</b>	<b>8.4</b>	<b>11.2</b>	<b>5.9</b>	<b>5.8</b>	<b>6.0</b>	<b>6.2</b>
Median Fixed Income	1.3	6.2	6.9	7.9	6.4	6.6	5.7	5.9
Median High Yield Mgr.	5.8	3.3	8.5	20.2	6.5	5.6	5.8	7.2
Barclays Universal	1.5	7.4	7.3	7.7	6.4	6.4	5.7	6.0
Barclays Aggregate	1.1	7.8	7.2	6.8	6.4	6.5	5.6	5.8
Merrill Lynch HY II	6.2	4.4	9.7	23.7	8.7	7.4	7.3	8.6
Merrill Lynch BB/B	5.9	5.4	9.9	20.8	7.8	6.7	6.8	7.8
T-Bills	0.0	0.1	0.1	0.1	0.6	1.5	2.2	2.0
<b>GLOBAL FIXED INCOME</b>								
<b>Lazard Asset Mgmt</b>	<b>0.1</b>	<b>5.3</b>	<b>6.9</b>	<b>8.3</b>	-	-	-	-
Barclays Global Aggregate	0.2	5.6	5.6	6.0	5.7	6.5	4.9	-

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

**AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through Fourth Quarter, 2011**

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>ALTERNATIVE INVESTMENTS*</b>								
Adams Street**	-3.4 %	15.6 %	14.6 %	6.1 %	2.9 %	7.0 %	10.0 %	6.7 %
Bay Area Equity Fund**	-8.2	59.5	49.7	29.9	27.5	32.7	18.1	-
Carpenter Bancfund**	0.6	4.4	1.3	-2.7	-	-	-	-
Energy Investor Fund**	-1.6	-17.1	-6.0	17.6	48.9	35.8	37.1	-
Energy Investor Fund II**	2.6	5.2	3.5	1.6	5.2	5.9	-	-
Energy Investor Fund III**	-6.9	-11.6	-15.5	-9.4	-	-	-	-
Nogales**	5.3	10.1	15.3	-31.1	-38.0	-29.4	-20.3	-
Paladin III	7.1	21.7	12.5	9.6	2.7	-	-	-
Pathway**	-5.9	10.9	11.9	3.7	0.5	8.5	14.1	7.0
<b>Total Alternative</b>	<b>-3.0</b>	<b>10.6</b>	<b>9.0</b>	<b>4.1</b>	<b>2.8</b>	<b>6.9</b>	<b>11.4</b>	<b>7.3</b>
S&P 500 + 400 bps	12.9	6.2	12.7	18.6	2.3	3.8	6.7	7.0
<b>REAL ESTATE*</b>								
Adelante Capital REIT	14.8	8.6	19.1	22.2	0.0	-3.7	4.1	-
DLJ RECP II**	-1.6	8.7	-0.3	-12.2	-8.3	-1.1	9.7	12.4
DLJ RECP III**	3.2	-1.1	-9.0	-11.5	-8.3	-1.8	-	-
DLJ RECP IV**	2.9	20.2	0.1	-21.8	-	-	-	-
Long Wharf II	1.2	10.2	9.0	-11.4	-20.6	-15.7	-8.4	-
Long Wharf III	8.0	16.6	26.4	-25.8	-25.7	-	-	-
Invesco Fund I	3.9	26.9	28.8	-6.1	-11.0	-7.4	-3.1	-
Invesco Fund II	5.9	33.6	59.7	-12.5	-41.2	-	-	-
Invesco Int'l REIT	2.3	-17.0	-2.8	9.5	-	-	-	-
Willows Office Property	0.2	6.1	-24.8	-16.0	-11.5	-2.3	0.4	0.9
<b>Total Real Estate</b>	<b>8.8</b>	<b>9.4</b>	<b>14.5</b>	<b>8.8</b>	<b>-4.2</b>	<b>-4.2</b>	<b>3.5</b>	<b>8.1</b>
Median Real Estate	2.7	11.4	13.5	-1.8	-4.5	-1.1	5.4	7.4
Real Estate Benchmark	6.3	13.5	15.4	8.8	2.2	3.0	7.6	9.4
Wilshire REIT	15.4	9.2	18.5	21.8	2.4	-2.0	4.9	10.2
NCREIF Property Index	3.0	14.3	13.7	2.4	0.1	3.1	7.2	8.1
NCREIF Index + 300 bps	3.7	17.6	17.0	5.5	3.1	6.2	10.4	11.3
NCREIF Index + 500 bps	4.2	19.8	19.2	7.5	5.1	8.2	12.5	13.4
<b>CCCERA Total Fund</b>	<b>5.9 %</b>	<b>2.1 %</b>	<b>7.6 %</b>	<b>11.9 %</b>	<b>0.6 %</b>	<b>1.8 %</b>	<b>4.8 %</b>	<b>5.7 %</b>
CPI + 400 bps	0.5	7.1	6.4	6.5	5.9	6.4	6.6	6.9
Policy Benchmark	6.0	2.8	8.3	-	-	-	-	-

*See also IRRs on closed end funds (some fixed income, alternatives and real estate) on Page 15.*

*\*\* Performance as of September 30, 2011.*

**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through Fourth Quarter, 2011**

<b>DOMESTIC EQUITY</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Delaware</b>	<b>8.9 %</b>	<b>14.7 %</b>	<b>43.9 %</b>	<b>-42.6 %</b>	<b>13.6 %</b>	<b>3.2 %</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>3</i>	<i>70</i>	<i>10</i>	<i>81</i>	<i>15</i>	<i>91</i>	<i>-</i>
<i>Rank vs Lg Growth</i>	<i>2</i>	<i>62</i>	<i>11</i>	<i>76</i>	<i>33</i>	<i>74</i>	<i>-</i>
<b>Emerald Advisors</b>	<b>-0.6</b>	<b>30.5</b>	<b>33.2</b>	<b>-36.5</b>	<b>3.2</b>	<b>13.8</b>	<b>10.1 %</b>
<i>Rank vs Equity</i>	<i>53</i>	<i>7</i>	<i>36</i>	<i>41</i>	<i>64</i>	<i>56</i>	<i>25</i>
<i>Rank vs Sm Cap Growth</i>	<i>45</i>	<i>31</i>	<i>54</i>	<i>35</i>	<i>48</i>	<i>39</i>	<i>20</i>
<b>Intech - Enhanced Plus</b>	<b>4.0</b>	<b>15.7</b>	<b>25.7</b>	<b>-37.0</b>	<b>7.4</b>	<b>14.4</b>	<b>8.9</b>
<i>Rank vs Equity</i>	<i>15</i>	<i>58</i>	<i>70</i>	<i>48</i>	<i>36</i>	<i>54</i>	<i>34</i>
<i>Rank vs Lg Core</i>	<i>12</i>	<i>33</i>	<i>75</i>	<i>53</i>	<i>79</i>	<i>80</i>	<i>14</i>
<b>Intech - Large Cap Core</b>	<b>3.7</b>	<b>15.0</b>	<b>24.6</b>	<b>-36.2</b>	<b>7.0</b>	<b>-</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>17</i>	<i>68</i>	<i>75</i>	<i>37</i>	<i>38</i>	<i>-</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>17</i>	<i>66</i>	<i>85</i>	<i>27</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>PIMCO Stocks Plus</b>	<b>2.3</b>	<b>19.2</b>	<b>37.3</b>	<b>-43.5</b>	<b>5.0</b>	<b>15.7</b>	<b>4.6</b>
<i>Rank vs Equity</i>	<i>23</i>	<i>40</i>	<i>23</i>	<i>85</i>	<i>56</i>	<i>43</i>	<i>75</i>
<i>Rank vs Lg Core</i>	<i>24</i>	<i>6</i>	<i>6</i>	<i>97</i>	<i>68</i>	<i>64</i>	<i>78</i>
<b>Robeco Boston Partners</b>	<b>0.9</b>	<b>13.4</b>	<b>27.3</b>	<b>-33.2</b>	<b>4.3</b>	<b>20.2</b>	<b>12.0</b>
<i>Rank vs Equity</i>	<i>42</i>	<i>78</i>	<i>57</i>	<i>22</i>	<i>60</i>	<i>12</i>	<i>14</i>
<i>Rank vs Lg Value</i>	<i>43</i>	<i>60</i>	<i>27</i>	<i>16</i>	<i>24</i>	<i>36</i>	<i>14</i>
<b>Wentworth, Hauser</b>	<b>-2.8</b>	<b>13.5</b>	<b>35.2</b>	<b>-34.8</b>	<b>6.6</b>	<b>7.2</b>	<b>9.6</b>
<i>Rank vs Equity</i>	<i>67</i>	<i>77</i>	<i>30</i>	<i>29</i>	<i>40</i>	<i>83</i>	<i>28</i>
<i>Rank vs Lg Core</i>	<i>90</i>	<i>83</i>	<i>8</i>	<i>16</i>	<i>36</i>	<i>98</i>	<i>9</i>
<b>Total Domestic Equities</b>	<b>1.1</b>	<b>17.8</b>	<b>30.8</b>	<b>-37.5</b>	<b>6.5</b>	<b>13.5</b>	<b>8.8</b>
<i>Rank vs Equity</i>	<i>39</i>	<i>45</i>	<i>43</i>	<i>55</i>	<i>40</i>	<i>60</i>	<i>35</i>
Median Equity	0.0	17.1	29.0	-37.0	5.5	15.0	6.5
S&P 500	2.1	15.1	26.5	-37.0	5.5	15.8	4.9
Russell 3000®	1.0	16.9	28.3	-37.3	5.1	15.7	6.1
Russell 1000® Value	0.4	15.5	19.7	-36.9	-0.2	22.2	7.0
Russell 1000® Growth	2.6	16.7	37.2	-38.4	11.8	9.1	5.3
Russell 2000®	-4.2	26.9	27.2	-33.8	-1.6	18.4	4.6
Rothschild Benchmark	-5.5	24.9	27.7	-32.0	-7.3	20.2	5.5
Russell 2000® Growth	-2.9	29.1	34.5	-38.5	7.1	13.4	4.2
<b>INT'L EQUITY</b>							
<b>GMO</b>	<b>-9.8</b>	<b>8.3</b>	<b>19.3</b>	<b>-38.4</b>	<b>10.6</b>	<b>26.2</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>22</i>	<i>76</i>	<i>92</i>	<i>18</i>	<i>60</i>	<i>44</i>	<i>-</i>
<b>William Blair</b>	<b>-13.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>49</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Int'l Equities</b>	<b>-11.5</b>	<b>8.3</b>	<b>23.3</b>	<b>-44.1</b>	<b>15.3</b>	<b>26.6</b>	<b>20.0</b>
<i>Rank vs Int'l Eq</i>	<i>34</i>	<i>76</i>	<i>83</i>	<i>55</i>	<i>36</i>	<i>41</i>	<i>32</i>
Median Int'l Equity	-13.3	12.0	36.1	-43.4	11.9	25.9	15.9
MSCI EAFE Index	-11.7	8.2	32.5	-43.1	11.6	26.9	14.0
MSCI ACWI ex-US	-13.3	11.6	42.1	-45.2	17.1	27.2	17.1
MSCI EAFE Value Index	-11.6	3.3	34.3	-43.7	6.5	31.1	14.4
MSCI ACWI ex-US Growth	-14.1	14.8	39.2	-45.4	21.4	24.0	17.1

## YEAR BY YEAR PERFORMANCE STATISTICS

### Performance through Fourth Quarter, 2011

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>GLOBAL EQUITY</b>							
J.P. Morgan Global	-9.0 %	- %	- %	- %	- %	- %	- %
<i>Rank vs Global Eq</i>	33	-	-	-	-	-	-
First Eagle	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	-	-	-	-	-	-	-
Tradewinds	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	-	-	-	-	-	-	-
Total Global Equity	-5.6	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	13	-	-	-	-	-	-
Median Global Equity	-12.5	-	-	-	-	-	-
MSCI ACWI Index	-6.9	-	-	-	-	-	-
MSCI World Index	-5.0	-	-	-	-	-	-
<b>DOMESTIC FIXED INCOME</b>							
AFL-CIO Housing	8.3	6.5	6.7	5.7	7.1	5.1	3.0
<i>Rank vs Fixed Income</i>	17	62	61	25	34	28	25
Goldman Sachs Core	7.6	7.6	9.8	-	-	-	-
<i>Rank vs Fixed Income</i>	29	42	39	-	-	-	-
Torchlight II	24.0	41.9	16.4	-64.9	-6.6	-	-
<i>Rank vs Fixed Income</i>	1	1	97	99	100	-	-
Torchlight III	4.2	12.0	45.2	-	-	-	-
<i>Rank vs Fixed Income</i>	30	89	60	-	-	-	-
Lord Abbett	8.2	8.5	15.6	-	-	-	-
<i>Rank vs Fixed Income</i>	19	34	11	-	-	-	-
Allianz Global Investors	6.4	15.2	47.1	-20.0	7.1	10.2	3.8
<i>Rank vs. High Yield</i>	2	28	52	14	34	32	15
PIMCO	5.0	9.3	16.4	0.0	8.4	4.8	3.4
<i>Rank vs Fixed Income</i>	64	27	9	73	13	37	18
Workout (GSAM)	1.0	24.4	35.1	-	-	-	-
<i>Rank vs Fixed Income</i>	90	1	1	-	-	-	-
Total Domestic Fixed	7.2	10.6	17.8	-8.1	5.8	7.5	3.7
<i>Rank vs Fixed Income</i>	35	20	6	92	62	11	14
Median Fixed Income	6.2	7.0	8.3	3.9	6.5	4.5	2.5
Median High Yield Mgr.	3.3	14.1	47.3	-24.9	6.5	9.0	2.5
Barclays Universal	7.4	7.2	8.6	2.4	6.5	5.0	2.7
Barclays Aggregate	7.8	6.5	5.9	5.2	7.0	4.3	2.4
ML High Yield II	4.4	15.2	57.5	-26.2	2.1	11.7	2.7
T-Bills	0.1	0.1	0.2	2.1	5.0	4.8	3.1
<b>Global Fixed Income</b>							
Lazard Asset Mgmt	5.6	8.8	11.3	-0.4	-	-	-
<i>Rank vs. Global Fixed</i>	21	31	54	31	-	-	-
Barclays Global Aggregate	5.6	5.5	6.9	4.8	-	-	-
<b>ALTERNATIVE INVESTMENTS</b>							
Adams Street**	18.0	16.3	-6.9	-4.9	27.9	23.5	17.0
Bay Area Equity Fund**	67.4	42.6	0.2	24.4	63.6	-6.5	1.9
Carpenter Bancfund	7.1	2.3	7.1	-	-	-	-
Energy Investor Fund**	-16.1	10.5	90.3	220.5	2.2	12.7	84.2
Energy Investor Fund II**	7.2	4.1	0.4	19.7	12.5	-	-
Energy Investor Fund III**	-5.3	-14.5	11.0	108.9	-	-	-
Nogales**	16.1	28.1	-47.7	-51.4	21.2	11.0	13.1
Paladin III**	24.6	9.9	10.1	-10.9	-	-	-
Pathway**	12.8	15.8	-9.0	-6.6	50.4	21.4	42.5
Total Alternative	13.4	10.5	-1.5	1.8	28.0	19.2	33.3
S&P 500 + 400 bps	6.2	19.6	31.4	-34.4	9.7	19.8	8.9

See also IRRs on closed end funds (some fixed income, alternatives and real estate) on Page 15.

\*\* Performance as of September 30, 2011.

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**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through Fourth Quarter, 2011**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>REAL ESTATE</b>							
Adelante Capital REIT	9.2 %	31.2 %	29.3 %	-44.8 %	-16.9 %	38.2 %	16.7 %
<i>Rank</i>	28	11	48	65	55	13	4
DLJ RECP I**	1.1	-2.3	-3.1	39.0	34.2	41.2	14.2
<i>Rank</i>	80	88	27	1	2	6	62
DLJ RECP II**	11.4	-7.2	-30.5	4.0	34.8	35.7	51.3
<i>Rank</i>	50	92	74	12	1	17	4
DLJ RECP III**	0.3	-15.0	-15.4	1.7	30.5	10.2	-
<i>Rank</i>	80	95	32	16	2	79	-
DLJ RECP IV**	23.5	-12.5	-53.5	-	-	-	-
<i>Rank</i>	5	94	100	-	-	-	-
Long Wharf II	11.8	10.0	-40.0	-41.9	5.0	16.5	16.1
<i>Rank</i>	48	76	93	93	74	45	51
Long Wharf III	19.6	49.5	-71.2	-10.7	-	-	-
<i>Rank</i>	12	1	100	58	-	-	-
Invesco Fund I	28.3	32.8	-49.2	-23.2	10.4	38.1	-
<i>Rank</i>	3	1	98	78	63	10	-
Invesco Fund II	34.9	96.4	-72.8	-81.3	-	-	-
<i>Rank</i>	1	1	100	100	-	-	-
Invesco Intl REIT	-16.5	14.6	39.6	-	-	-	-
<i>Rank</i>	100	100	8	-	-	-	-
Willows Office Property	6.1	-46.7	4.9	3.7	44.5	7.4	7.5
<i>Rank</i>	74	99	24	13	1	87	80
Total Real Estate	10.4	21.0	-0.5	-34.2	-3.0	33.8	20.4
<i>Rank</i>	51	17	26	83	82	20	29
Median Real Estate	11.4	16.0	-28.7	-10.4	13.9	15.6	16.7
Real Estate Benchmark	13.5	17.3	-3.3	-15.2	6.3	-	-
DJ Wilshire REIT Index	9.2	28.6	28.6	-39.2	-17.6	36.0	13.8
NCREIF Property Index	14.3	13.1	-16.9	-6.5	15.8	16.6	20.1
<b>OPPORTUNISTIC</b>							
Goldman Sachs	-8.0	-	-	-	-	-	-
Oaktree PIF 2009	4.6	-	-	-	-	-	-
Total Opportunistic	-6.6	-	-	-	-	-	-
CCCERA Total Fund	2.7	14.0	21.9	-26.5	7.3	15.3	10.8
<i>Rank vs. Total Fund</i>	21	22	32	68	45	13	5
<i>Rank vs. Public Fund</i>	13	25	26	74	42	11	2
Median Total Fund	0.8	12.2	18.4	-23.0	7.1	12.0	6.1
Median Public Fund	1.1	12.2	18.1	-22.9	6.9	11.9	6.0
CPI + 400 bps	7.1	5.6	6.9	4.2	8.3	6.6	7.6
Policy Benchmark	2.8	14.1	-	-	-	-	-

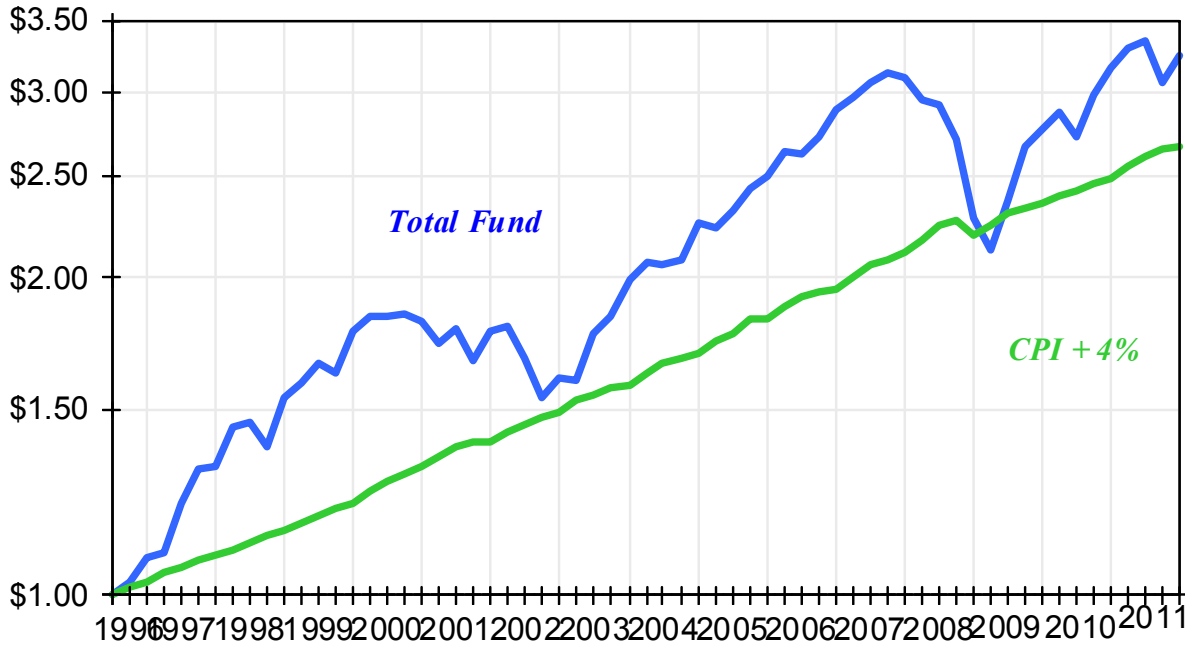
\*\* Performance as of September 30, 2011.

# TOTAL FUND PERFORMANCE

## Total Fund

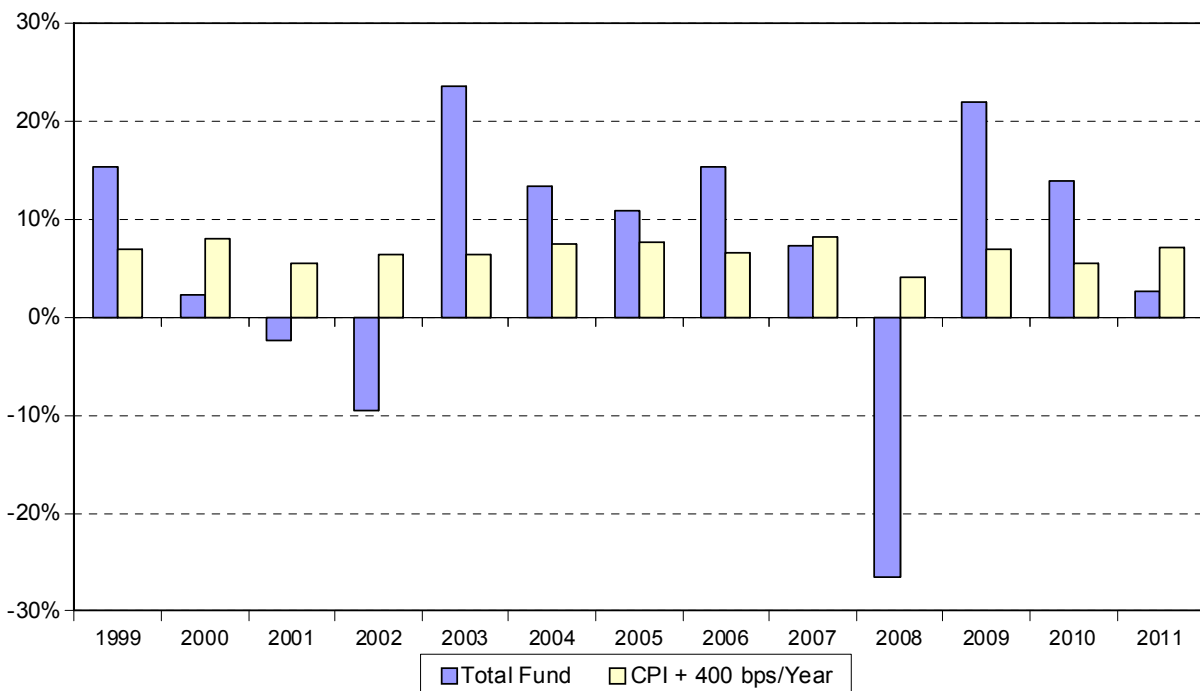
### Total Fund vs. CPI + 4% per Year

Cumulative Value of \$1 (Gross of Fees)

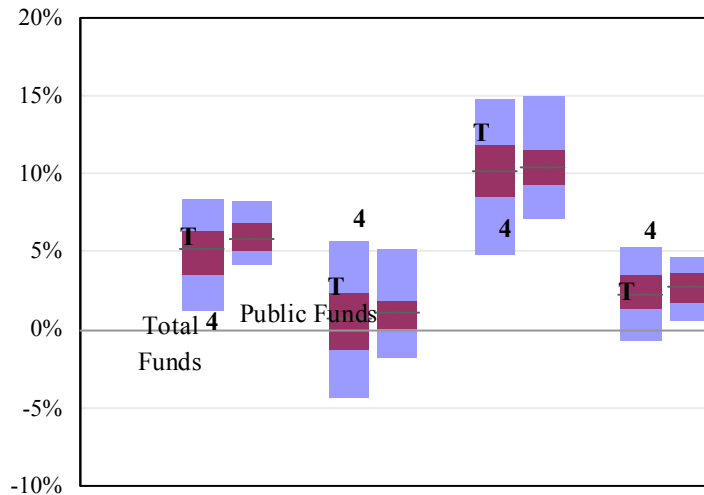


### Total Fund vs. CPI plus 400 bps/Year

Year by Year Performance



## Total Fund



	Qtr	1 Year	3 Years	5 Years
Total Fund (T)	6.0	2.7	12.6	2.4
Rank v. Total Fd	33	21	16	47
Rank v. Public Fd	48	13	15	55
CPI + 4% (4)	0.5	7.1	6.5	6.4
Policy Benchmark	6.0	2.8	-	-
Total Fund Median	5.1	0.8	10.2	1.4
Total Public Median	5.9	1.1	10.4	2.8

CCCERA Total Fund returned 6.0% in the fourth quarter, which was better than the 5.1% return of the median total fund and the 5.9% return of the median total public fund. For the one-year period, the Total Fund returned 2.7%, better than the 0.8% for the median total fund and 1.1% for the median public fund. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a slightly higher risk level over the past five years. However, the CCCERA Total Fund did not exceed the CPI plus 400 basis points over the past five years.

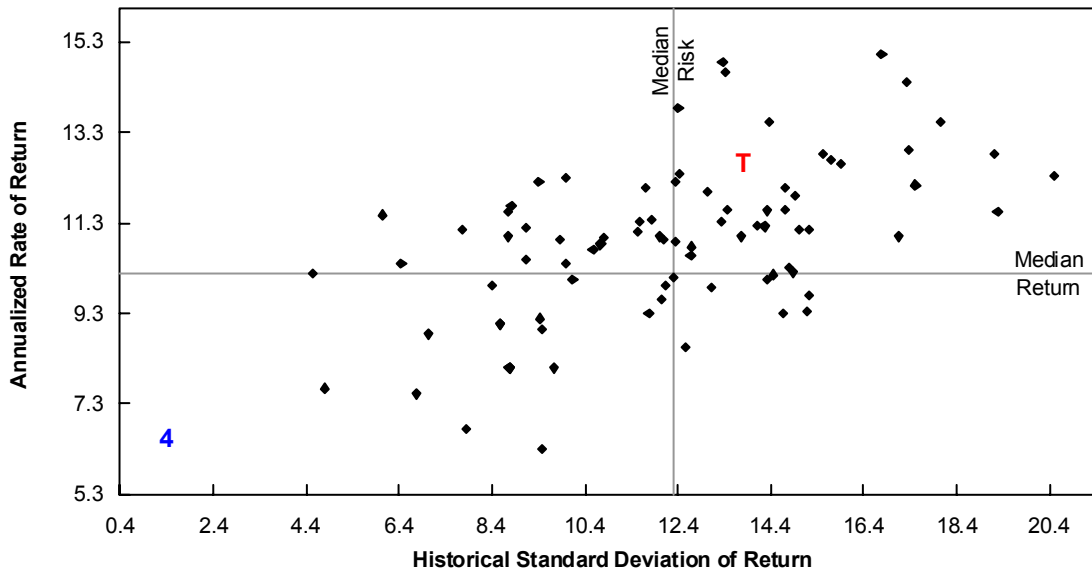
Please note that the Total Fund Policy Benchmark shown above was constructed by weighting the various asset class benchmarks by their target allocations.

- From the 3<sup>rd</sup> quarter of 2009 through the 1<sup>st</sup> quarter of 2010, the benchmark was 40.6% Russell 3000, 10.4% MSCI EAFE (Gross), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.
- From the 2<sup>nd</sup> quarter of 2010 through the 1<sup>st</sup> quarter of 2011, the benchmark was 35.6% Russell 3000, 10.4% MSCI EAFE (Gross), 5% MSCI ACWI (Net), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.
- From the 2<sup>nd</sup> quarter of 2011 through the present, the benchmark is 31% Russell 3000, 10.4% MSCI EAFE (Gross), 9.6% MSCI ACWI (Net), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.

# TOTAL FUND PERFORMANCE

## Performance and Variability

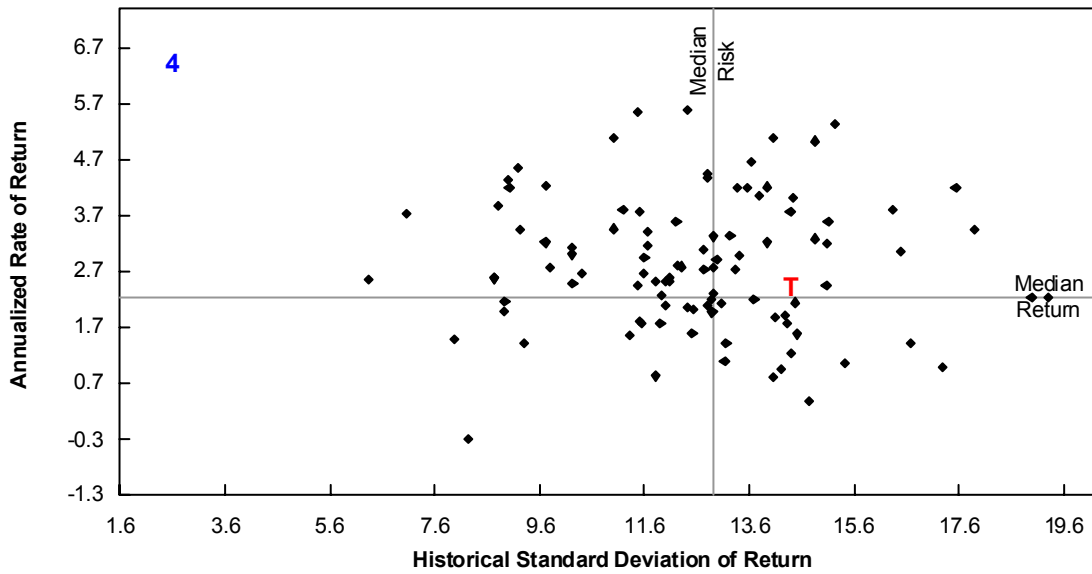
*Three Years Ending December 31, 2011*



	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Total Fund ( <b>T</b> )	12.6 %	13.8 %	0.90
CPI + 4% ( <b>4</b> )	6.5	1.4	4.59
Median Fund	10.2	12.3	0.81

## Performance and Variability

*Five Years Ending December 31, 2011*

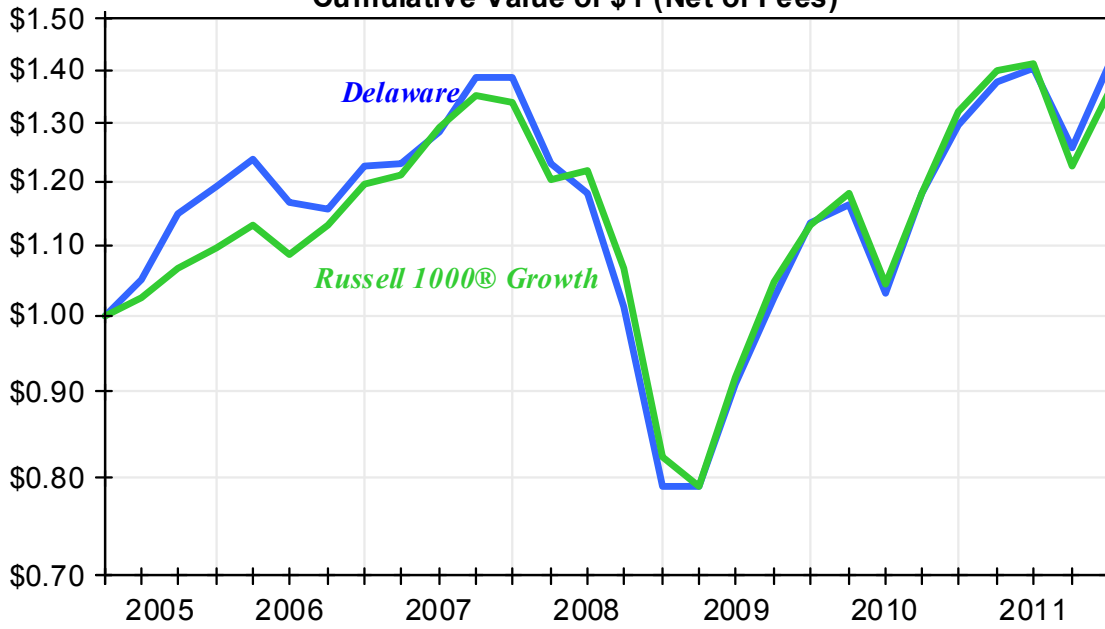


	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Total Fund ( <b>T</b> )	2.4 %	14.4 %	0.06
CPI + 4% ( <b>4</b> )	6.4	2.6	1.86
Median Fund	2.2	13.0	0.06

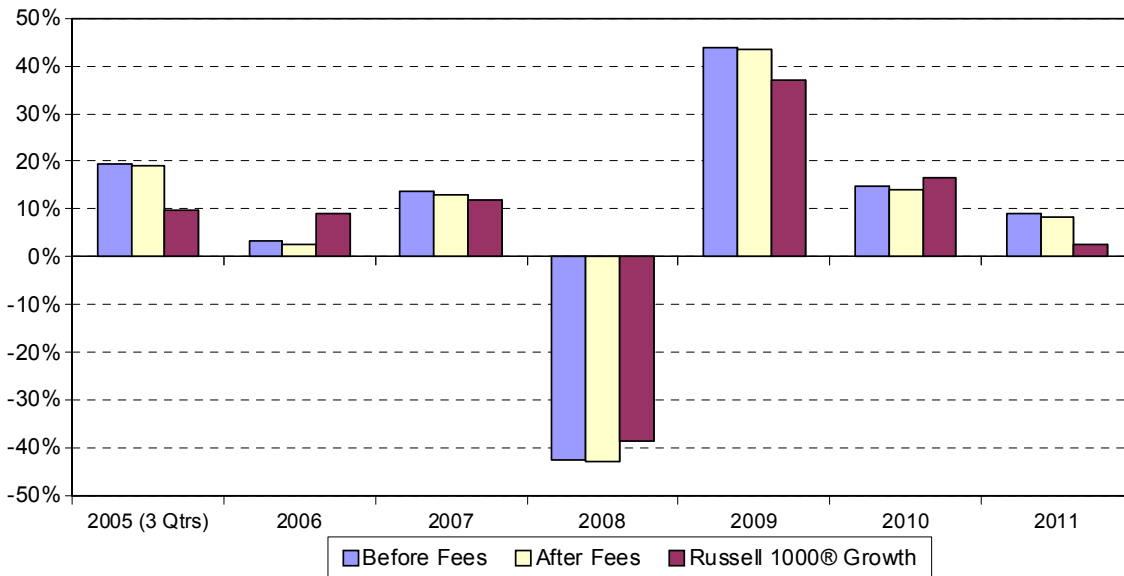
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Delaware**

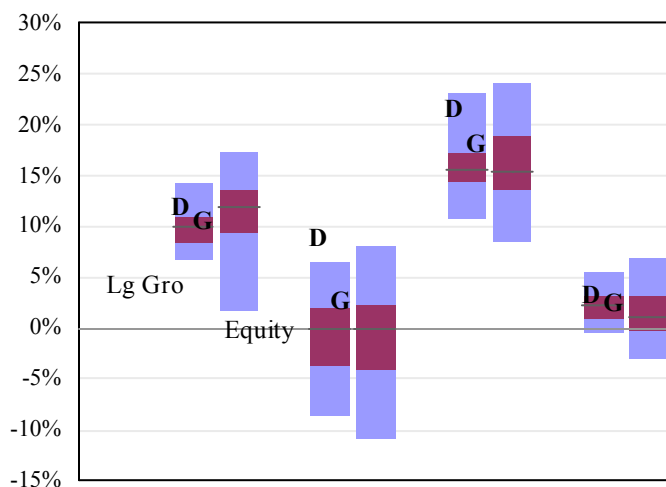
**Delaware vs. Russell 1000 Growth**  
Cumulative Value of \$1 (Net of Fees)



**Delaware vs. Russell 1000® Growth**  
Year by Year Performance



## Delaware



	Qtr	1 Year	3 Years	5 Years
Delaware (D)	12.0	8.9	21.6	3.3
Rank v. Lg Gro	13	2	7	24
Rank v. Equity	44	3	10	24
Ru 1000 Gro (G)	10.6	2.6	18.0	2.5
Lg Gro Median	9.9	-0.0	15.5	2.2
Equity Median	11.8	-0.0	15.3	1.1

Portfolio Characteristics	Delaware	Russell 1000® Growth
Eq Mkt Value (\$Mil)	294.51	N/A
Wtd. Avg. Cap (\$Bil)	66.13	96.5
Beta	0.97	1.00
Yield (%)	0.64	1.62
P/E Ratio	21.31	16.25
Cash (%)	1.1	0.0
Number of Holdings	28	588
Turnover Rate (%)	49.6	-

Sector	Delaware	Russell 1000® Growth
Energy	7.7 %	11.1 %
Materials	2.8	5.3
Industrials	4.1	12.7
Cons. Discretionary	17.6	14.2
Consumer Staples	2.0	12.8
Health Care	10.1	10.7
Financials	6.7	4.2
Info Technology	44.4	28.0
Telecom Services	4.6	0.9
Utilities	0.0	0.1

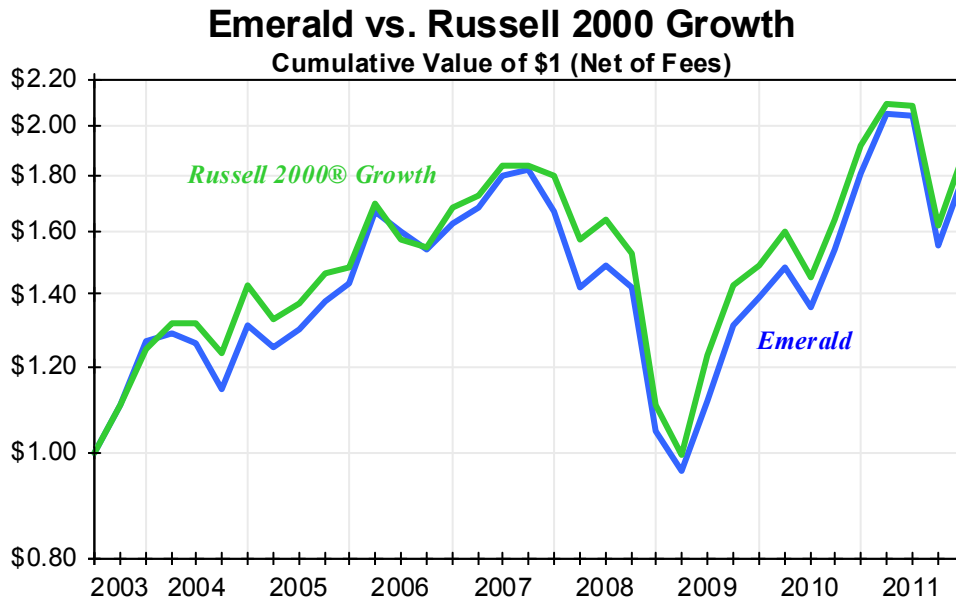
Delaware's return of 12.0% for the fourth quarter was better than the 10.6% return of the Russell 1000® Growth Index, and ranked in the 13<sup>th</sup> percentile in the universe of large growth equity managers. Over the past year, the portfolio returned 8.9%, exceeding the Russell 1000® Growth Index return of 2.6%, and ranked in the 2<sup>nd</sup> percentile of large growth equity managers. Since inception performance slightly exceeds the Russell 1000® Growth Index, net of fees. Delaware is in compliance with CCCERA's performance objectives.

The portfolio (compared to the Russell 1000® Growth Index) had a below-index yield and an above-index P/E ratio as of quarter-end. It included 28 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weights relative to the Russell 1000® Growth Index were in the information technology, telecom and consumer discretionary sectors, while the largest under-weights were in the consumer staples, industrials and energy sectors.

Delaware's fourth quarter performance relative to the Russell 1000® Growth Index was helped by stock selection decisions but hurt by sector allocation decisions. Stock selection was strongest in the information technology and energy sectors. The top performing holdings included El Paso (+52%), EOG Resources (+39%) and Apollo Group (+36%). The worst performing holdings included Ctrip (-27%), Polycom (-11%) and Teradata (-9%).

# MANAGER COMMENTS – DOMESTIC EQUITY

## Emerald



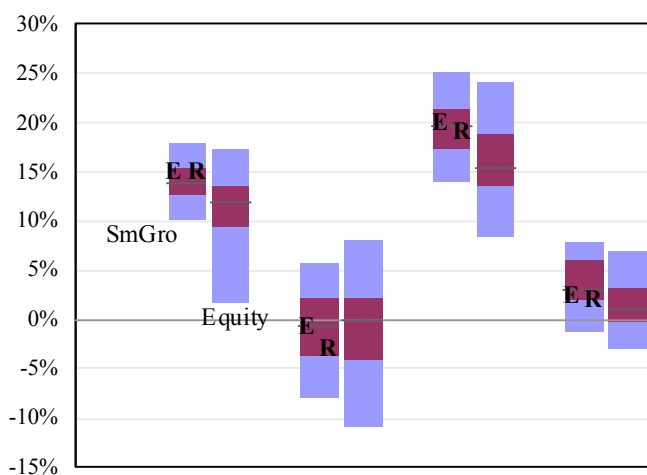
### Emerald vs. Russell 2000® Growth

Year by Year Performance





## Emerald



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Emerald (E)	15.0	-0.6	20.0	2.5
Rank v. Sm Gro	31	45	42	61
Rank v. Equity	15	53	16	32
Ru 2000 Gro (R)	15.0	-2.9	19.0	2.1
Sm Gro Median	13.7	-0.7	19.6	3.0
Equity Median	11.8	-0.0	15.3	1.1

<b>Portfolio Characteristics</b>	<b>Emerald</b>	<b>Russell 2000® Growth</b>
Eq Mkt Value (\$Mil)	163.14	N/A
Wtd. Avg. Cap (\$Bil)	1.49	1.39
Beta	1.30	1.43
Yield (%)	0.22	0.72
P/E Ratio	35.98	30.34
Cash (%)	1.1	0.0
Number of Holdings	109	1,162
Turnover Rate (%)	118.3	-

<b>Sector</b>	<b>Emerald</b>	<b>Russell 2000® Growth</b>
Energy	9.0 %	8.8 %
Materials	2.5	4.1
Industrials	15.2	16.6
Cons. Discretionary	21.0	14.4
Consumer Staples	1.1	4.3
Health Care	19.6	20.0
Financials	5.8	7.5
Info Technology	24.5	23.4
Telecom Services	1.4	1.0
Utilities	0.0	0.1

Emerald's return of 15.0% for the fourth quarter matched the 15.0% return of the Russell 2000® Growth index and ranked in the 31<sup>st</sup> percentile in the universe of small growth equity managers. For the one-year period, Emerald returned -0.6%, better than the -2.9% return of the Russell 2000® Growth, and ranked in the 45<sup>th</sup> percentile in the universe of small growth equity managers. Over the past five years Emerald has returned 2.5%, better than the index return of 2.1% but ranking in the 61<sup>st</sup> percentile. Emerald is in compliance with some of CCCERA's performance objectives.

The portfolio has a below-index yield and an above-index P/E ratio. It includes 109 stocks, concentrated in the small capitalization sectors. Emerald's largest economic sector over-weights relative to the Russell 2000® Growth Index are in the consumer discretionary, information technology and telecom sectors. The largest under-weights are in the consumer staples, financials and materials sectors.

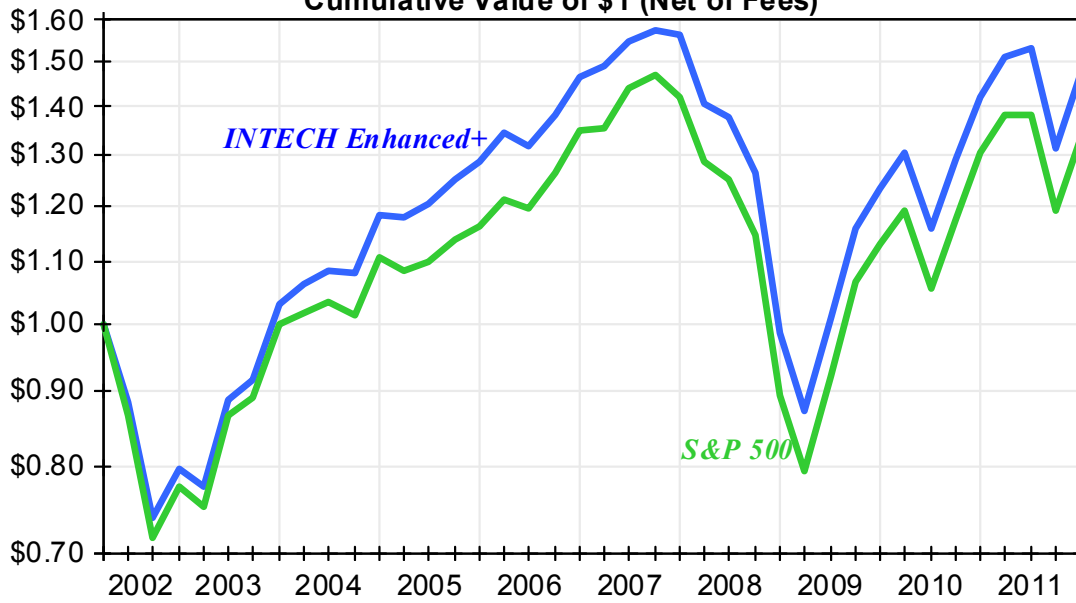
Emerald's fourth quarter performance relative to the Russell 2000® Growth Index was helped by both stock selection and sector allocation decisions. Stock selection within the energy sector was particularly strong during the quarter. The top performing holdings included Inhibitex (+345%), Medivation (+172%) and Kodiak Oil & Gas (+82%). The worst performing holdings included Diamond Foods (-60%), Crocs (-38%) and Acme Packet (-27%).

# MANAGER COMMENTS – DOMESTIC EQUITY

## Intech - Enhanced Plus

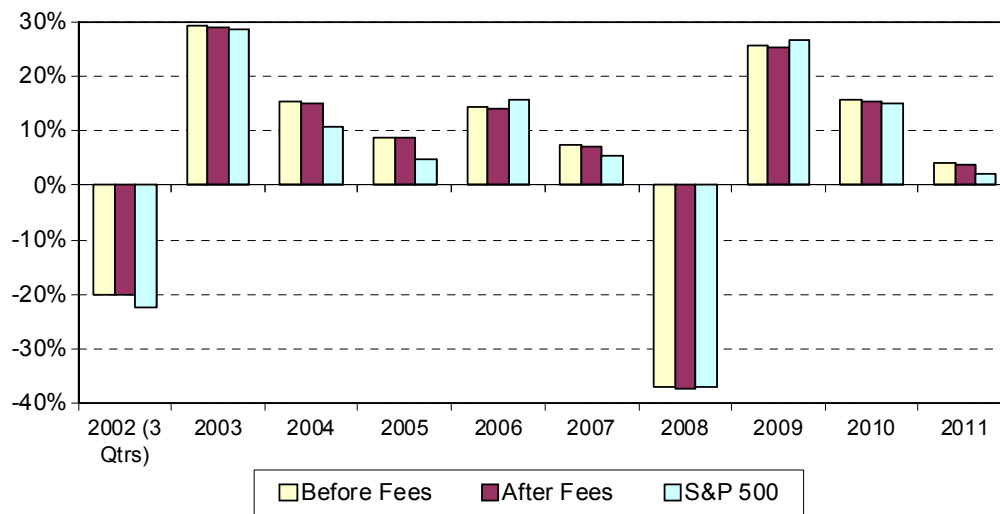
### INTECH Enhanced Plus vs. S&P 500

Cumulative Value of \$1 (Net of Fees)

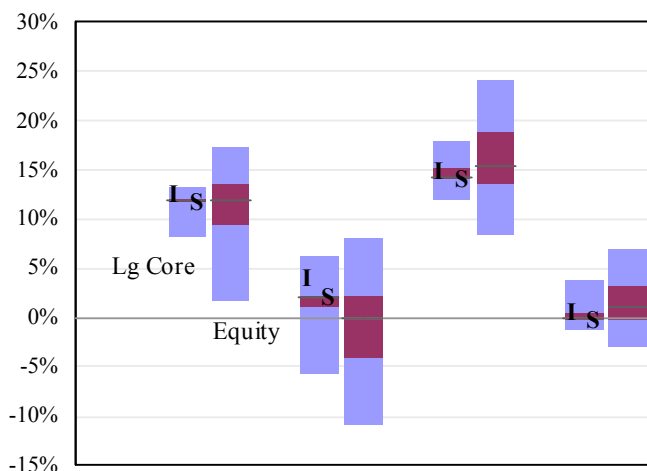


### Intech Enhanced Plus vs. S&P 500

Year by Year Performance



## Intech - Enhanced Plus



	Qtr	1 Year	3 Years	5 Years
INTECH Enh+ (I)	12.5	4.0	14.8	0.5
Rank v. Lg Core	13	12	34	26
Rank v. Equity	36	15	57	55
S&P 500 (S)	11.8	2.1	14.1	-0.3
Lg Core Median	11.8	2.1	14.2	-0.2
Equity Median	11.8	-0.0	15.3	1.1

Portfolio Characteristics	Intech - Enhanced Plus	S&P 500
Eq Mkt Value (\$Mil)	23.33	N/A
Wtd. Avg. Cap (\$Bil)	79.80	95.29
Beta	0.95	1.00
Yield (%)	2.19 %	2.22 %
P/E Ratio	14.89	14.35
Cash (%)	0.3 %	0.0 %
Number of Holdings	365	500
Turnover Rate (%)	81.0	-

Sector	Intech - Enhanced Plus	S&P 500
Energy	14.7 %	12.3 %
Materials	3.1	3.5
Industrials	9.8	10.7
Cons. Discretionary	11.8	10.7
Consumer Staples	11.8	11.5
Health Care	15.5	11.9
Financials	8.4	13.6
Info Technology	15.1	19.0
Telecom Services	3.9	3.0
Utilities	6.0	3.9

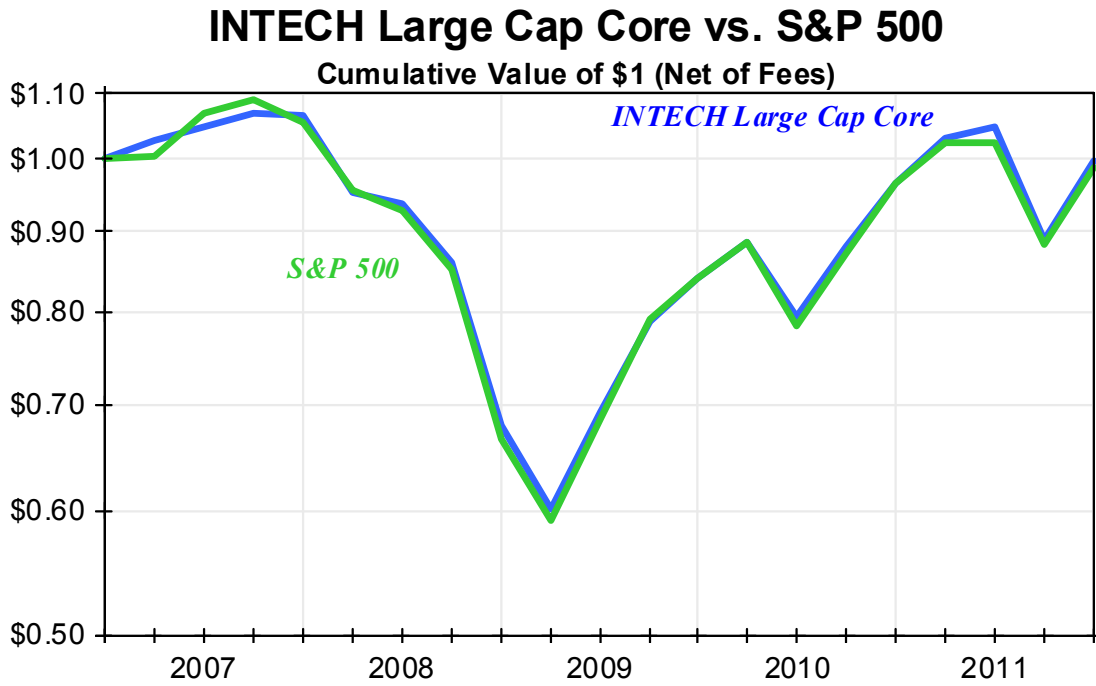
Intech's Enhanced Plus return of 12.5% for the fourth quarter was better than the 11.8% return of the S&P 500, and ranked in the 13<sup>th</sup> percentile in the universe of large core equity managers. For the one-year period, Intech returned 4.0%, exceeding the 2.1% return of the S&P 500, and ranked in the 12<sup>th</sup> percentile. Over the past five years, Intech returned 0.5%, better than the -0.3% return of the S&P 500, and ranked in the 26<sup>th</sup> percentile of large core equity managers. Intech Enhanced Plus is in compliance with CCCERA's performance objectives.

The portfolio has a near market beta of 0.95x, a nearly identical yield and a slightly higher P/E ratio. The portfolio has 365 holdings concentrated in large capitalization sectors. The largest economic sector over-weights were in the health care, energy and utilities sectors, while largest under-weights were in the financials, information technology and industrials sectors.

The portfolio's fourth quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. The best performing portfolio stocks included Pulte Homes (+60%), El Paso Corp (+52%) and Masco Corp (+49%), while the worst performing holdings during the quarter included Sears Holdings (-44%), Netflix (-39%) and Abercrombie & Fitch (-20%).

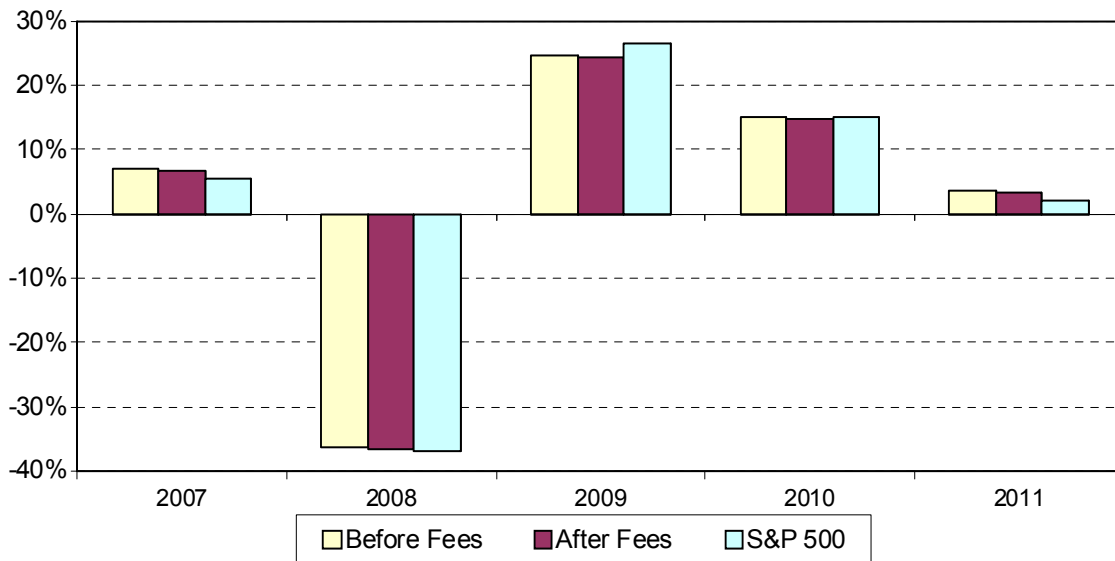
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Intech - Large Cap Core**

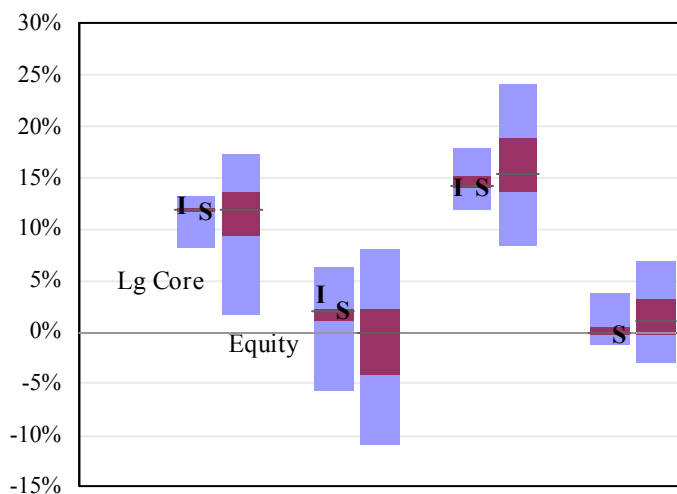


### Intech Large Cap Core vs. S&P 500

Year by Year Performance



## Intech - Large Cap Core



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Intech Lg Cap (I)	12.3	3.7	14.1	0.3
Rank v. Lg Core	15	17	74	33
Rank v. Equity	38	17	70	58
S&P 500 (S)	11.8	2.1	14.1	-0.3
Lg Core Median	11.8	2.1	14.2	-0.2
Equity Median	11.8	-0.0	15.3	1.1

<b>Portfolio Characteristics</b>	<b>Intech - Large Cap</b>	<b>S&amp;P 500</b>
Eq Mkt Value (\$Mil)	174.71	N/A
Wtd. Avg. Cap (\$Bil)	71.30	95.29
Beta	0.91	1.00
Yield (%)	2.11 %	2.22 %
P/E Ratio	15.57	14.35
Cash (%)	0.5 %	0.0 %
Number of Holdings	268	500
Turnover Rate (%)	137.9	-

<b>Sector</b>	<b>Intech - Large Cap</b>	<b>S&amp;P 500</b>
Energy	16.5 %	12.3 %
Materials	2.5	3.5
Industrials	8.1	10.7
Cons. Discretionary	13.2	10.7
Consumer Staples	11.5	11.5
Health Care	20.7	11.9
Financials	6.2	13.6
Info Technology	11.8	19.0
Telecom Services	3.8	3.0
Utilities	5.8	3.9

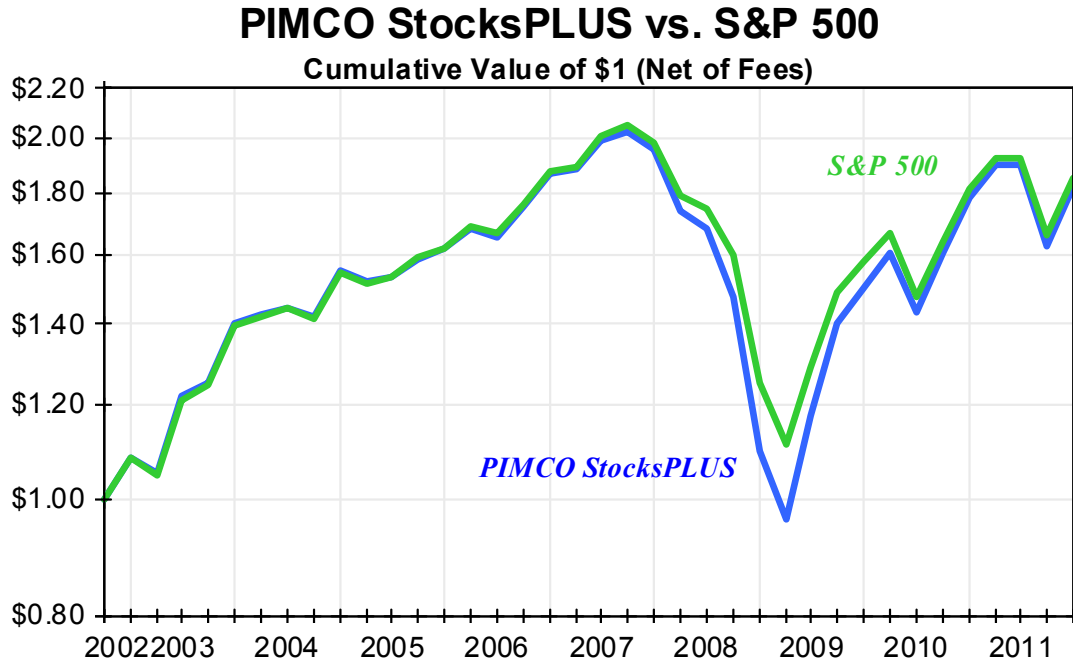
Intech's Large Cap Core (the larger, more aggressive Intech portfolio) had a return of 12.3% for the fourth quarter, which was better than the 11.8% return of the S&P 500 and ranked in the 15<sup>th</sup> percentile in the universe of large core equity managers. Over the past five years, the portfolio has returned 0.3%, better than the S&P 500 return of -0.3%, and ranked in the 33<sup>rd</sup> percentile of large core equity managers. The Large Cap Core account is in compliance with some of CCCERA's performance objectives.

The Large Cap Core portfolio follows a somewhat more aggressive investment approach than the Intech Enhanced Plus portfolio. The portfolio has a beta of 0.91x, a slightly below-market yield and an above-market P/E ratio. The portfolio has 268 holdings concentrated in large capitalization sectors. The largest economic sector over-weights were in the health care, energy and consumer discretionary sectors, while largest under-weights were in the financials, information technology and industrials sectors.

The portfolio's fourth quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. The best performing portfolio stocks included El Paso Corp (+52%), Goodyear Tire (+40%) and D.R. Horton (+40%), while the worst performing holdings during the quarter included Sears Holdings (-44%), Netflix (-39%) and Abercrombie & Fitch (-20%).

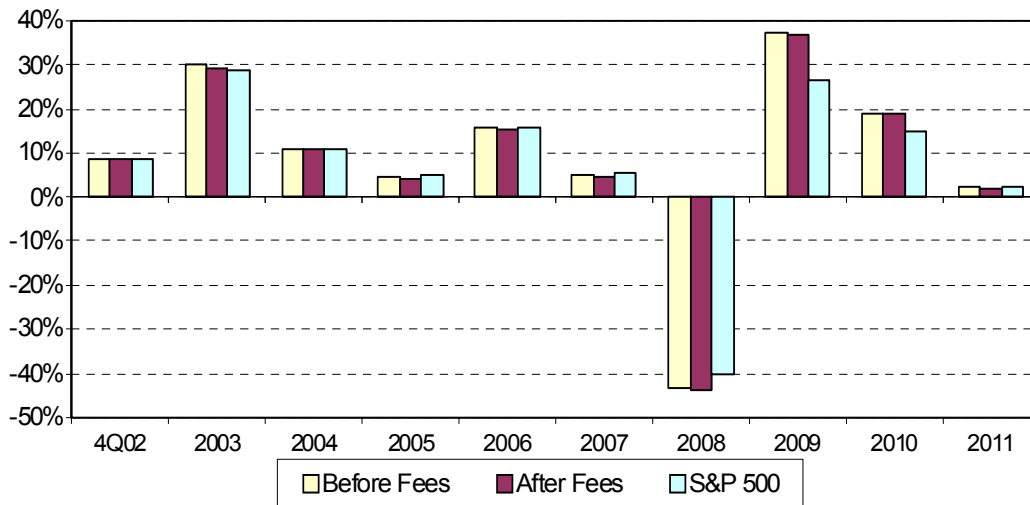
**MANAGER COMMENTS – DOMESTIC EQUITY**

**PIMCO StocksPLUS**

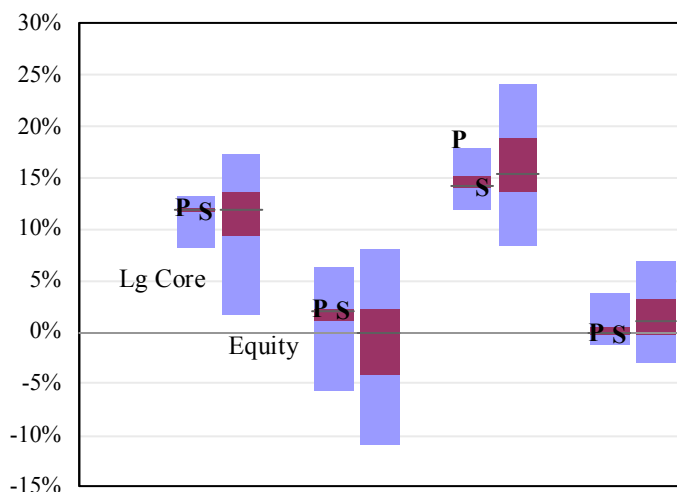


### PIMCO vs. S&P 500

Year by Year Performance



## PIMCO StocksPLUS



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
PIMCO Stock+ (P)	12.1	2.3	18.8	-0.1
Rank v. Lg Core	22	24	1	46
Rank v. Equity	40	23	25	65
S&P 500 (S)	11.8	2.1	14.1	-0.3
Lg Core Median	11.8	2.1	14.2	-0.2
Equity Median	11.8	-0.0	15.3	1.1

### Portfolio

Characteristics	PIMCO	S&P 500
Eq Mkt Value (\$Mil)	164.9	N/A
Wtd. Avg. Cap (\$Bil)	*	95.29
Beta	*	1.00
Yield (%)	* %	2.22 %
P/E Ratio	*	14.35
Cash (%)	40.7 %	0.0 %

Number of Holdings	*	500
Turnover Rate (%)	1,536.8	-

Sector	PIMCO	S&P 500
Energy	* %	12.3 %
Materials	*	3.5
Industrials	*	10.7
Cons. Discretionary	*	10.7
Consumer Staples	*	11.5
Health Care	*	11.9
Financials	*	13.6
Info Technology	*	19.0
Telecom Services	*	3.0
Utilities	*	3.9

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

PIMCO's StocksPLUS (futures plus cash) portfolio returned 12.1% for the fourth quarter, better than the 11.8% return of the S&P 500, and ranked in the 22<sup>nd</sup> percentile of large core managers. For the one-year period, PIMCO returned 2.3%, better than the 2.1% return of the S&P 500, and ranked in the 24<sup>th</sup> percentile. Over the past three and five years, the portfolio has exceeded the S&P 500 and ranked above the median large core manager. The portfolio is in compliance with the CCCERA performance guidelines.

Strategies that boosted PIMCO's fourth quarter returns included a positive U.S. duration as interest rates fell, holdings of financial institutions, exposure to emerging markets and currency positions that benefited from the Euro's depreciation. Strategies that were a drag on performance included holdings of Agency MBS and exposure to non-Agency MBS.

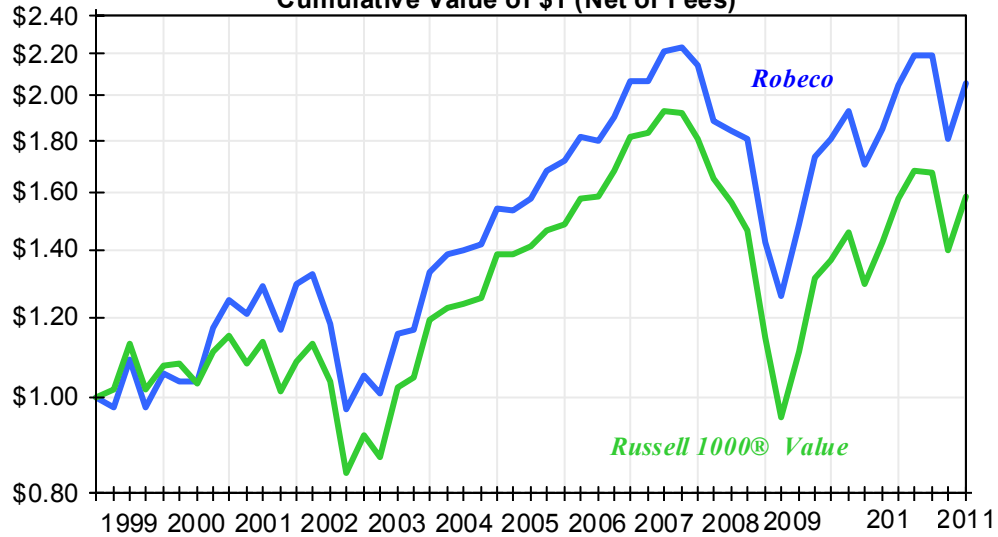
PIMCO will maintain the defensive positioning in the portfolio to mitigate the risk of default and permanent losses amid heightened recession risk.

MANAGER COMMENTS – DOMESTIC EQUITY

Robeco

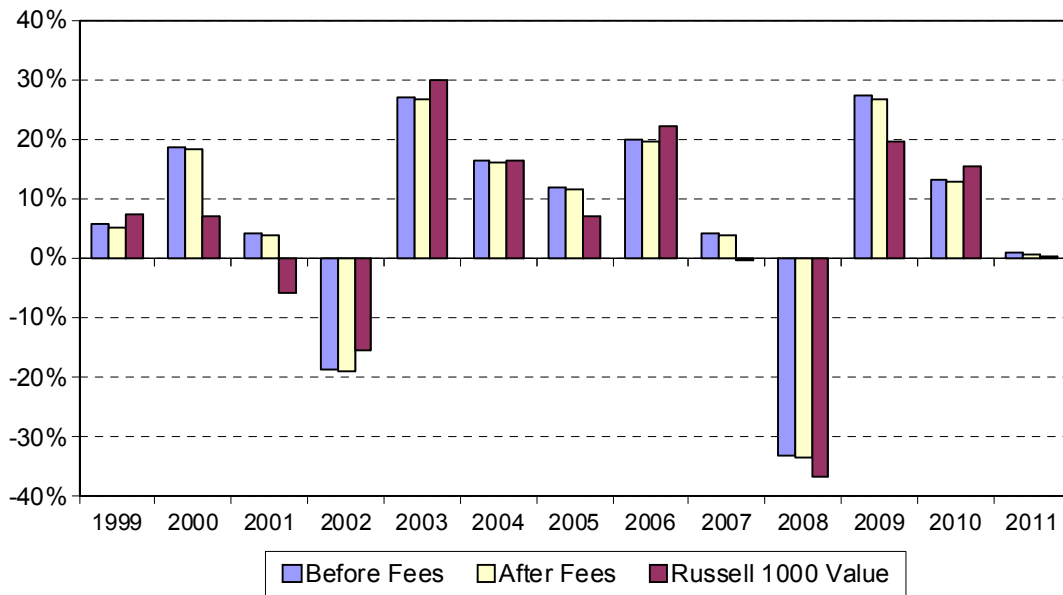
**Robeco vs. Russell 1000 Value**

Cumulative Value of \$1 (Net of Fees)



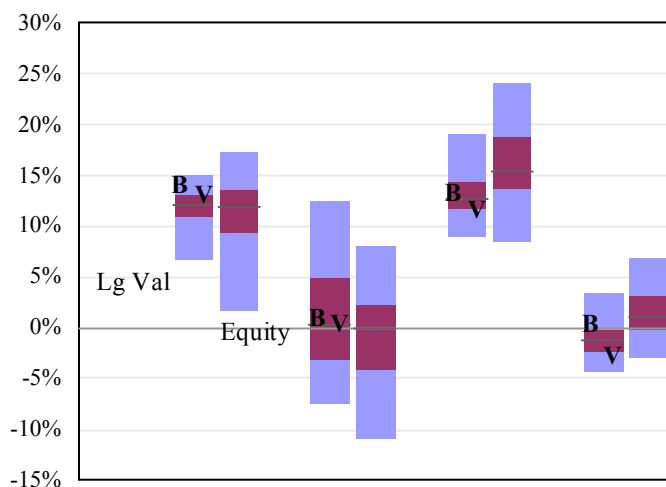
**Robeco vs. Russell 1000® Value**

Year by Year Performance





## Robeco



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Robeco (B)	13.9	0.9	13.4	0.3
Rank v. Lg Value	15	43	35	14
Rank v. Equity	21	42	76	58
Rus 1000 Val (V)	13.1	0.4	11.6	-2.6
Lg Val Median	12.1	0.4	12.6	-2.5
Equity Median	11.8	-0.0	15.3	1.1

<b>Portfolio Characteristics</b>	<b>Robeco</b>	<b>Russell 1000® Value</b>
Eq Mkt Value (\$Mil)	273.8	N/A
Wtd. Avg. Cap (\$Bil)	86.5	73.7
Beta	1.12	1.07
Yield (%)	2.14	2.64
P/E Ratio	11.95	13.63
Cash (%)	1.2	0.0
Number of Holdings	81	656
Turnover Rate (%)	65.5	-

<b>Sector</b>	<b>Robeco</b>	<b>Russell 1000® Value</b>
Energy	12.1 %	12.4 %
Materials	1.1	2.7
Industrials	10.1	9.2
Cons. Discretionary	17.4	8.9
Consumer Staples	3.1	8.2
Health Care	15.5	12.9
Financials	24.4	24.4
Info Technology	14.4	8.9
Telecom Services	1.0	4.8
Utilities	0.8	7.8

Robeco's fourth quarter return of 13.9% was better than the 13.1% return of the Russell 1000® Value Index and ranked in the 15<sup>th</sup> percentile of large value managers. For the one-year period, Robeco returned 0.9%, better than the 0.4% return of the Russell 1000® Value Index. Over both the three and five-year periods, Robeco's performance was above the median large value equity manager and exceeded the Russell 1000® Value Index. Robeco is in compliance with CCCERA's performance objectives.

At the end of the quarter, the portfolio had a lower P/E ratio than the index and held 81 stocks, concentrated in the large and mid capitalization sectors. Robeco's largest economic sector over-weights were in the consumer discretionary, information technology and health care sectors, while the largest under-weights were in the utilities, consumer staples and telecom services sectors.

Robeco's fourth quarter performance relative to the Russell 1000® Value Index was helped by both stock selection and sector allocation decisions. Top performing holdings included Seagate Technology (+61%), Reliance Steel (+44%) and EOG Resources (+39%), while the worst performing holdings included BMC Software (-15%), Oracle (-11%) and Lear (-7%).

## **MANAGER COMMENTS – DOMESTIC EQUITY**

### **Ceredex - Small Cap Value**

*The Ceredex portfolio was funded on November 10, 2011. We will include performance in the first quarter 2012 report.*

## Ceredex

*The Ceredex portfolio was funded on November 10, 2011. We will include performance in the first quarter 2012 report.*

<b>Portfolio Characteristics</b>	<b>Ceredex</b>	<b>Russell 2000® Value</b>
Eq Mkt Value (\$Mil)	157.89	N/A
Wtd. Avg. Cap (\$Bil)	1.79	1.08
Beta	1.28	1.46
Yield (%)	2.58 %	2.19 %
P/E Ratio	17.17	22.74
Cash (%)	1.9 %	0.0 %
Number of Holdings	111	1,354
Turnover Rate (%)	242.3	-

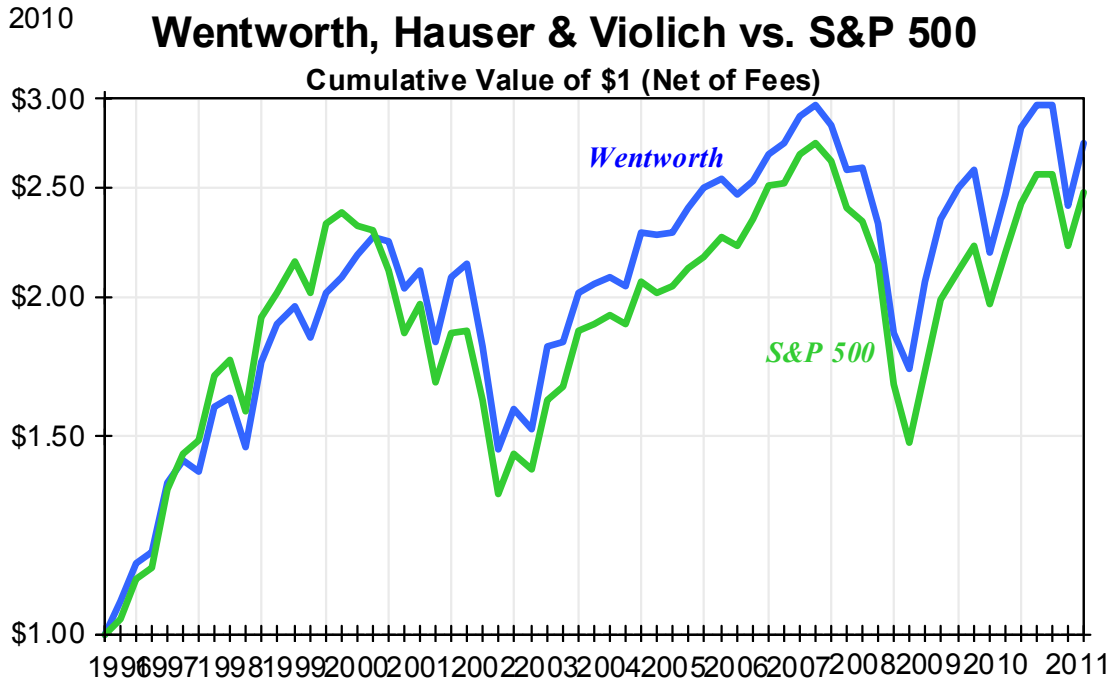
<b>Sector</b>	<b>Ceredex</b>	<b>Russell 2000® Value</b>
Energy	3.9 %	4.7 %
Materials	12.1	4.9
Industrials	30.0	14.7
Cons. Discretionary	16.6	11.7
Consumer Staples	0.8	3.1
Health Care	4.2	5.4
Financials	24.3	36.8
Info Technology	6.2	11.0
Telecom Services	0.0	0.6
Utilities	2.0	7.3

The Rothschild mandate was terminated during the first quarter of 2011. State Street managed the portfolio on a semi-passive basis until Ceredex was selected and ultimately funded on November 10, 2011. We will include Ceredex performance in the first quarter 2012 report.

As of December 31, 2011, the portfolio had a beta of 1.28x, an above-index yield and a below-index P/E ratio. It included 111 stocks, concentrated in the small capitalization sectors. The portfolio was most overweighted to the industrials, materials and consumer discretionary sectors and most underweighted to the financials, utilities and information technology sectors.

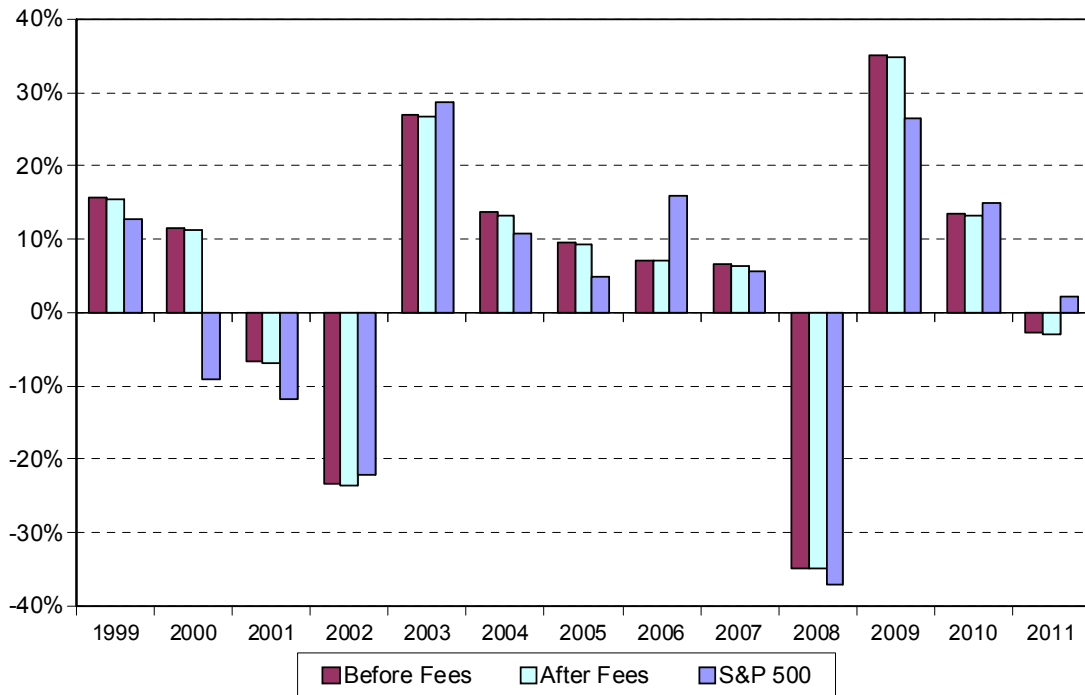
# MANAGER COMMENTS – DOMESTIC EQUITY

Wentworth, Hauser and Violich

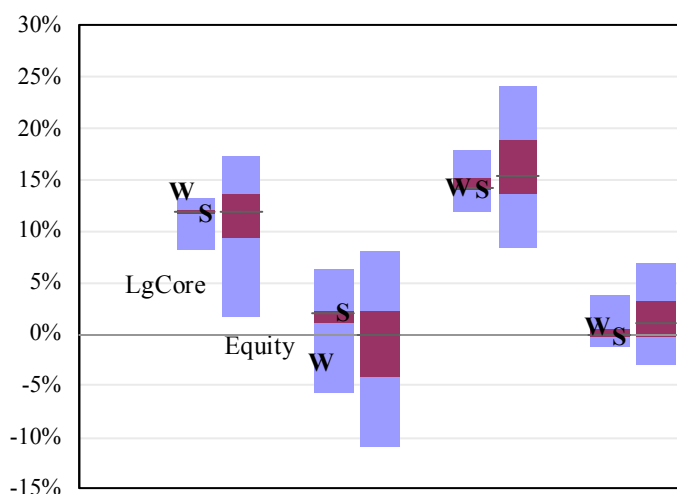


## Wentworth vs. S&P 500

Year by Year Performance



## Wentworth, Hauser and Violich



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
WHV (W)	13.9	-2.8	14.3	0.7
Rank v. Lg Core	1	90	45	21
Rank v. Equity	21	67	64	53
S&P 500 (S)	11.8	2.1	14.1	-0.3
Lg Core Median	11.8	2.1	14.2	-0.2
Equity Median	11.8	-0.0	15.3	1.1

### Portfolio

Characteristics	Wentworth	S&P 500
Eq Mkt Value (\$Mil)	186.79	N/A
Wtd. Avg. Cap (\$Bil)	67.53	95.29
Beta	1.11	1.00
Yield (%)	1.36	2.22
P/E Ratio	13.76	14.35
Cash (%)	1.1	0.0
Number of Holdings	34	500
Turnover Rate (%)	138.9	-

Sector	Wentworth	S&P 500
Energy	17.4 %	12.3 %
Materials	8.8	3.5
Industrials	17.5	10.7
Cons. Discretionary	7.9	10.7
Consumer Staples	6.6	11.5
Health Care	11.3	11.9
Financials	10.1	13.6
Info Technology	20.4	19.0
Telecom Services	0.0	3.0
Utilities	0.0	3.9

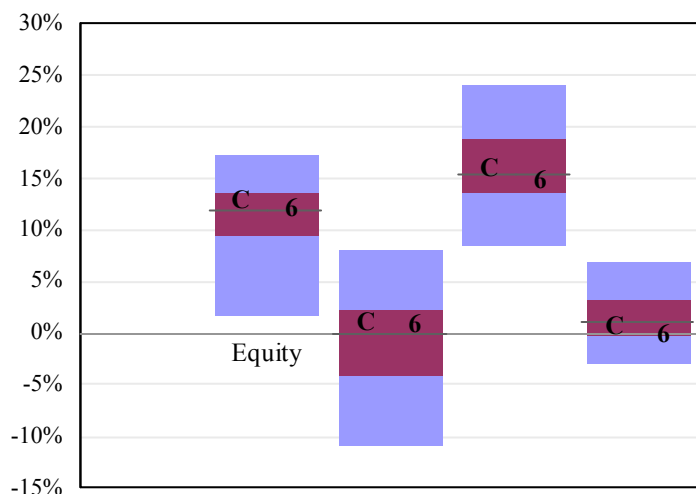
Wentworth's return of 13.9% for the fourth quarter out-performed the 11.8% return of the S&P 500 and ranked in the 1<sup>st</sup> percentile of large core managers. For the one-year period, Wentworth returned -2.8%, trailing the 2.1% return of the S&P 500, and ranked in the 90<sup>th</sup> percentile. Wentworth has exceeded the S&P 500 over the past three and five years and also ranked above median in the large core universe over the trailing three and five-year periods. Wentworth is in compliance with CCCERA performance guidelines.

The portfolio has an above-market beta of 1.11x, a below-market yield and an above-market P/E ratio. The portfolio has 34 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weights are in the industrials, materials and energy sectors, while largest under-weights are in the consumer staples, utilities and financials sectors.

Wentworth's fourth quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. The best performing portfolio stocks included National Oilwell (+33%), Rockwell Automation (+32%), and Occidental Pete (+32%) while the worst performing holdings included St. Jude Med (-5%), Check Point (0%) and Intercontinental Exchange (+2%).

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## Total Domestic Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Equity (C)	12.8	1.1	15.9	0.7
Rank v. Equity	32	39	44	53
Russell 3000® (6)	12.1	1.0	14.9	-0.0
Equity Median	11.8	-0.0	15.3	1.1

<b>Portfolio Characteristics</b>	<b>Domestic Equity</b>	<b>Russell 3000®</b>
Eq Mkt Value (\$Mil)	1,439.08	N/A
Wtd. Avg. Cap (\$Bil)	55.14	78.45
Beta	1.10	1.07
Yield (%)	1.47 %	2.08 %
P/E Ratio	16.52	15.34
Cash (%)	7.0 %	0.0 %
Number of Holdings	665	2,946
Turnover Rate (%)	226.5	-

<b>Sector</b>	<b>Domestic Equity</b>	<b>Russell 3000®</b>
Energy	11.1 %	11.3 %
Materials	4.4	4.0
Industrials	12.6	11.3
Cons. Discretionary	15.7	11.7
Consumer Staples	4.1	10.0
Health Care	13.5	11.8
Financials	13.0	14.9
Info Technology	22.1	18.3
Telecom Services	2.1	2.7
Utilities	1.3	3.9

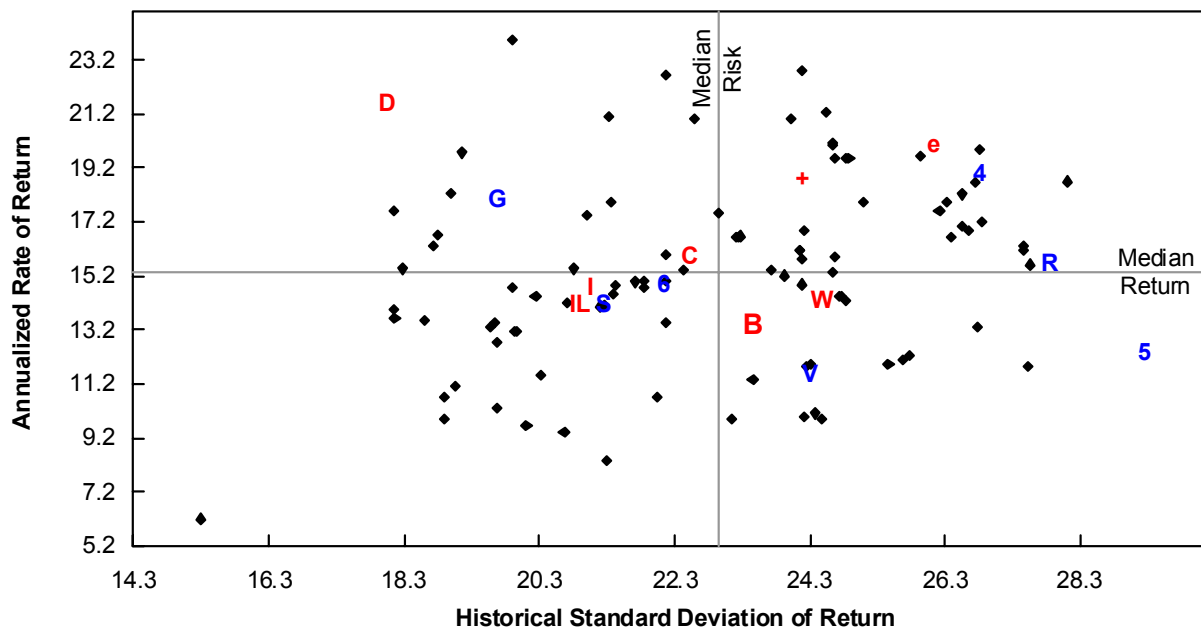
CCCERA total domestic equities returned 12.8% in the fourth quarter, which was better than the 12.1% return of the Russell 3000® Index and ranked in the 32<sup>nd</sup> percentile of all equity managers. For the one-year period, the CCCERA equity return of 1.1% was slightly better than the 1.0% return of the Russell 3000® and ranked in the 39<sup>th</sup> percentile. Over the past three years, CCCERA domestic equities exceeded the Russell 3000® index and the median manager. Over the past five years the domestic equities exceeded the Russell 3000®, but slightly trailed the median.

The combined domestic equity portfolio has a beta of 1.10x, a below-index yield and an above-index P/E ratio. The portfolio is broadly diversified with positions in 665 stocks. The combined portfolio's largest economic sector over-weights are in the consumer discretionary, information technology and health care sectors, while the largest under-weights are in the consumer staples, utilities and financials sectors.

# MANAGER COMMENTS – DOMESTIC EQUITY

## Domestic Equity Performance and Variability

Three Years Ending December 31, 2011

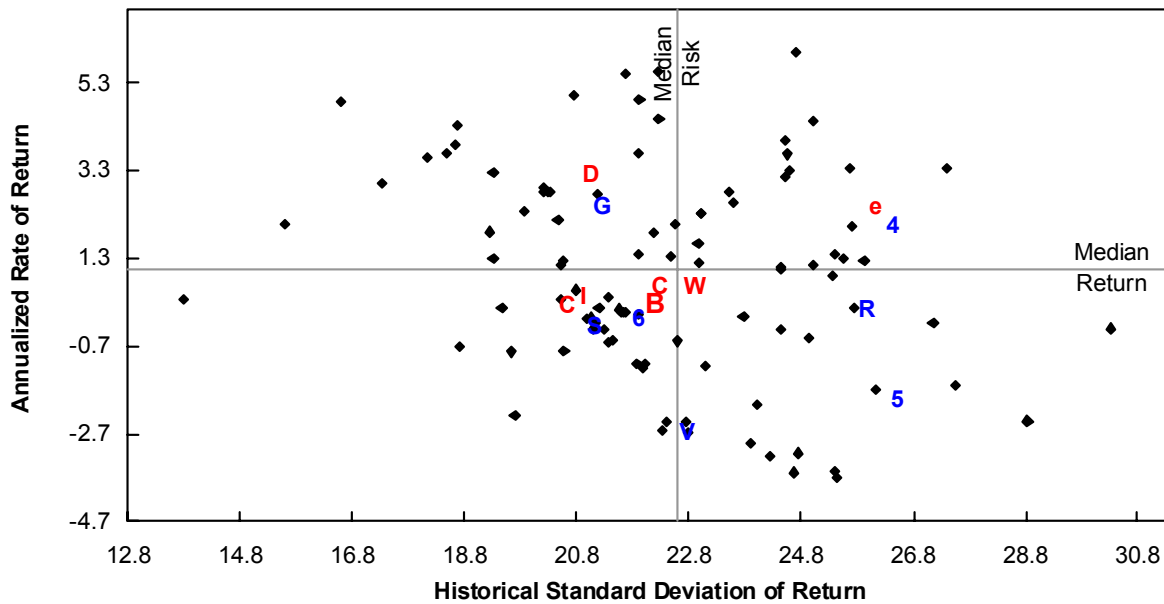


Domestic Equity Manager	Annualized Return	Standard Deviation	Risk/Reward Ratio
Robeco Boston Partners ( <b>B</b> )	13.4 %	23.5 %	0.56
Delaware ( <b>D</b> )	21.6	18.1	1.19
Emerald ( <b>e</b> )	20.0	26.1	0.76
INTECH Enhanced ( <b>I</b> )	14.8	21.1	0.69
INTECH Large Core ( <b>IL</b> )	14.1	20.9	0.67
PIMCO StocksPLUS ( <b>+</b> )	18.8	24.2	0.77
Wentworth, Hauser ( <b>W</b> )	14.3	24.5	0.58
Domestic Equitiy ( <b>C</b> )	15.9	22.6	0.70
Russell® 3000 ( <b>6</b> )	14.9	22.2	0.66
S&P 500 ( <b>S</b> )	14.1	21.3	0.66
Russell 1000® Growth ( <b>G</b> )	18.0	19.7	0.91
Russell 1000® Value ( <b>V</b> )	11.6	24.3	0.47
Russell 2000® ( <b>R</b> )	15.6	27.9	0.56
Russell 2000® Growth ( <b>4</b> )	19.0	26.9	0.70
Russell 2000® Value ( <b>5</b> )	12.4	29.3	0.42
Median Equity Port.	15.3	23.0	0.66



## Domestic Equity Performance and Variability

Five Years Ending December 31, 2011



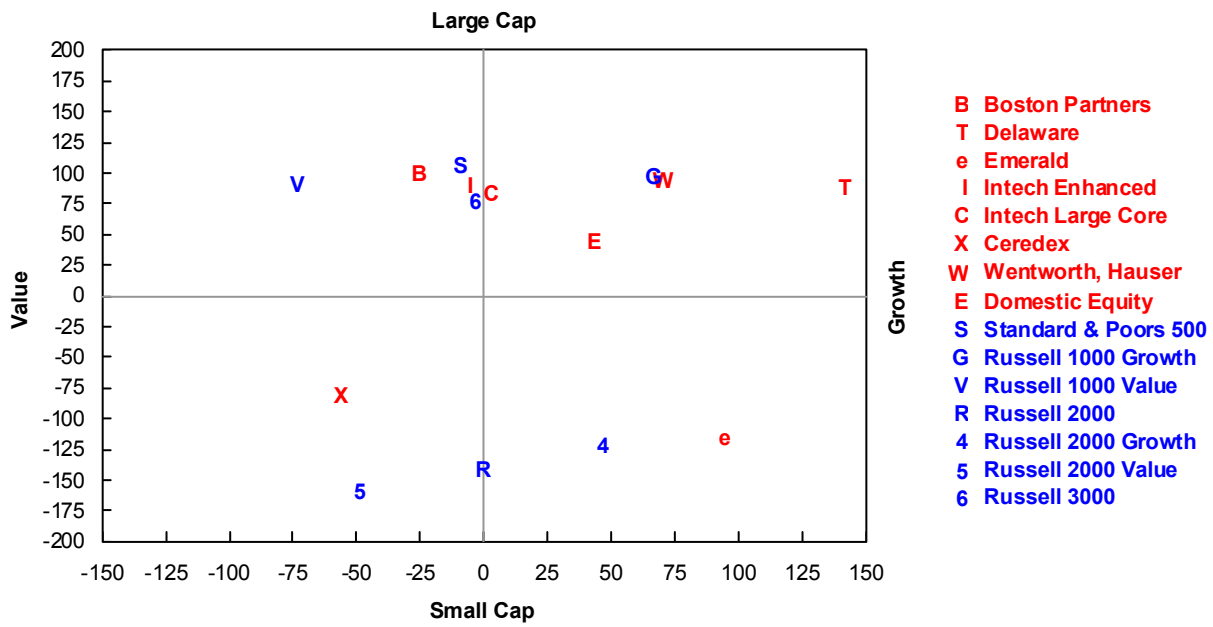
Domestic Equity Manager	Annualized Return	Standard Deviation	Risk/Reward Ratio
Robeco Boston Partners ( <b>B</b> )	0.3 %	22.2 %	-0.05
Delaware ( <b>D</b> )	3.3	21.1	0.08
Emerald ( <b>e</b> )	2.5	26.2	0.04
INTECH Enhanced ( <b>I</b> )	0.5	21.0	-0.05
PIMCO StocksPLUS ( <b>+</b> )	0.3	20.6	-0.06
Wentworth, Hauser ( <b>W</b> )	0.7	22.9	-0.03
Domestic Equity ( <b>C</b> )	0.7	22.3	-0.03
Russell® 3000 ( <b>6</b> )	0.0	21.9	-0.07
S&P 500 ( <b>S</b> )	-0.3	21.1	-0.08
Russell 1000® Growth ( <b>G</b> )	2.5	21.3	0.05
Russell 1000® Value ( <b>V</b> )	-2.6	22.8	-0.18
Russell 2000® ( <b>R</b> )	0.2	26.0	-0.05
Russell 2000® Growth ( <b>4</b> )	2.1	26.4	0.02
Russell 2000® Value ( <b>5</b> )	-1.9	26.5	-0.13
Median Equity Port.	1.1	22.6	-0.02

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# MANAGER COMMENTS - DOMESTIC EQUITY

## Domestic Equity Style Map

As of December 31, 2011



## PORTFOLIO PROFILE REPORT

	<b>Russell 3000® 12/31/2011</b>	<b>Combined Equity 12/31/2011</b>	<b>Russell 1000® Value 12/31/2011</b>	<b>Boston 12/31/2011</b>	<b>Russell 1000® Growth 12/31/2011</b>	<b>Delaware 12/31/2011</b>
Equity Market Value (\$000)		1,439,080		273,816		294,507
Beta	1.07	1.10	1.07	1.12	1.00	0.97
Yield	2.08	1.47	2.64	2.14	1.62	0.64
P/E Ratio	15.34	16.52	13.63	11.95	16.25	21.31
Standard Error	1.46	1.92	1.95	2.83	1.99	4.28
R <sup>2</sup>	0.98	0.97	0.97	0.94	0.97	0.86
Wtd Cap Size (\$Mil)	78,449	55,137	73,655	86,550	96,512	66,135
Avg Cap Size (\$Mil)	908	9,974	4,607	17,011	5,590	20,491
Number of Holdings	2,946	665	656	81	588	28
<b>Economic Sectors</b>						
Energy	11.34	11.10	12.39	12.09	11.07	7.71
Materials	4.03	4.39	2.65	1.08	5.34	2.81
Industrials	11.31	12.63	9.21	10.11	12.66	4.06
Consumer Discretionary	11.66	15.72	8.90	17.41	14.19	17.55
Consumer Staples	9.95	4.12	8.15	3.10	12.84	2.00
Health Care	11.83	13.47	12.86	15.49	10.66	10.12
Financials	14.94	13.04	24.37	24.44	4.24	6.74
Information Technology	18.34	22.14	8.87	14.43	28.04	44.39
Telecom. Services	2.68	2.05	4.81	1.01	0.87	4.63
Utilities	3.92	1.33	7.78	0.84	0.09	0.00

## PORTFOLIO PROFILE REPORT

	<b>S&amp;P 500</b>	<b>Intech</b>	<b>Intech</b>	<b>PIMCO+</b>	
	<b>Cap Wtd</b>	<b>Enhanced</b>	<b>Large Cap</b>	<b>(S&amp;P 500)</b>	<b>Wentworth</b>
	<b>12/31/2011</b>	<b>12/31/2011</b>	<b>12/31/2011</b>	<b>12/31/2011</b>	<b>12/31/2011</b>
Equity Market Value (\$000)		23,326	174,708	164,901	186,789
Beta	1.00	0.95	0.91	1.00	1.11
Yield	2.22	2.19	2.11	2.22	1.36
P/E Ratio	14.35	14.89	15.57	14.35	13.76
Standard Error	0.00	1.10	1.66	0.00	3.31
R <sup>2</sup>	1.00	0.99	0.97	1.00	0.93
Wtd Cap Size (\$Mil)	95,291	79,798	71,301	95,291	67,533
Avg Cap Size (\$Mil)	11,148	13,191	12,445	11,148	32,017
Number of Holdings	500	365	268	500	34
<b>Economic Sectors</b>					
Energy	12.30	14.70	16.52	12.30	17.40
Materials	3.50	3.06	2.46	3.50	8.82
Industrials	10.69	9.81	8.07	10.69	17.53
Consumer Discretionary	10.67	11.81	13.21	10.67	7.86
Consumer Staples	11.53	11.75	11.47	11.53	6.57
Health Care	11.85	15.51	20.68	11.85	11.34
Financials	13.64	8.36	6.19	13.64	10.11
Information Technology	19.00	15.14	11.83	19.00	20.36
Telecom. Services	2.96	3.87	3.76	2.96	0.00
Utilities	3.86	5.98	5.82	3.86	0.00

## PORTFOLIO PROFILE REPORT

	<b>Russell 2000® 12/31/2011</b>	<b>Russell 2000® Value 12/31/2011</b>	<b>Ceredex 12/31/2011</b>	<b>Russell 2000® Growth 12/31/2011</b>	<b>Emerald 12/31/2011</b>
Equity Market Value (\$000)			157,890		163,142
Beta	1.45	1.46	1.28	1.43	1.30
Yield	1.45	2.19	2.58	0.72	0.22
P/E Ratio	26.03	22.74	17.17	30.34	35.98
Standard Error	5.28	6.02	5.80	5.12	6.62
R <sup>2</sup>	0.87	0.83	0.86	0.89	0.83
Wtd Cap Size (\$Mil)	1,237	1,082	1,791	1,391	1,490
Avg Cap Size (\$Mil)	457	407	1,502	533	1,121
Number of Holdings	1,966	1,354	111	1,162	109
<b>Economic Sectors</b>					
Energy	6.72	4.65	3.87	8.79	9.01
Materials	4.47	4.86	12.14	4.07	2.48
Industrials	15.63	14.70	30.00	16.57	15.19
Consumer Discretionary	13.06	11.74	16.61	14.38	21.00
Consumer Staples	3.65	3.05	0.76	4.25	1.14
Health Care	12.68	5.37	4.17	19.96	19.55
Financials	22.13	36.78	24.29	7.53	5.80
Information Technology	17.19	11.00	6.19	23.36	24.46
Telecom. Services	0.79	0.60	0.00	0.98	1.38
Utilities	3.68	7.25	1.97	0.12	0.00

## PORTFOLIO PROFILE REPORT

	Russell 3000® 12/31/2011	Combined Equity 12/31/2011	Russell 1000® Value 12/31/2011	Boston 12/31/2011	Russell 1000® Growth 12/31/2011	Delaware 12/31/2011
<b>Beta Sectors</b>						
1 0.0 - 0.9	0.00	36.44	46.47	33.99	42.66	36.20
2 0.9 - 1.1	43.35	20.06	10.44	16.92	18.40	35.66
3 1.1 - 1.3	14.36	18.54	17.62	23.32	17.54	21.22
4 1.3 - 1.5	17.35	8.85	8.55	9.39	10.32	2.42
5 Above 1.5	9.77	16.10	16.93	16.39	11.08	4.50
<b>Yield Sectors</b>						
1 Above 5.0	0.00	27.91	9.80	11.46	27.72	44.53
3 3.0 - 5.0	21.59	23.65	14.27	19.45	17.74	38.40
3 1.5 - 3.0	15.87	31.53	31.02	41.18	38.09	17.07
4 0.0 - 1.5	32.85	15.12	39.73	26.32	15.37	0.00
5 0.0	26.28	1.79	5.19	1.59	1.07	0.00
<b>P/E Sectors</b>						
1 0.0 - 12.0	0.00	23.91	38.82	44.98	17.97	2.36
2 12.0 - 20.0	28.53	44.35	48.78	47.86	51.90	35.90
3 20.0 - 30.0	48.86	20.92	7.93	5.27	20.79	48.21
4 30.0 - 150.0	14.60	8.99	3.44	1.88	8.42	11.12
5 N/A	6.73	1.83	1.03	0.00	0.92	2.42
<b>Capitalization Sectors</b>						
1 Above 20.0 (\$Bil)	0.00	49.21	63.43	64.54	66.64	61.13
2 10.0 - 20.0	59.91	13.97	15.80	19.08	12.95	14.37
3 5.0 - 10.0	13.25	11.06	8.96	7.09	11.83	21.64
4 1.0 - 5.0	9.57	19.43	11.75	9.29	8.55	2.85
5 0.5 - 1.0	13.69	4.38	0.06	0.00	0.02	0.00
6 0.1 - 0.5	2.09	1.93	0.00	0.00	0.00	0.00
7 0.0 - 0.1	1.47	0.02	0.00	0.00	0.00	0.00
<b>5 Yr Earnings Growth</b>						
1 N/A	0.00	32.19	49.89	46.63	21.01	12.12
2 0.0 - 10.0	36.17	30.92	30.21	27.05	32.08	36.28
3 10.0 - 20.0	30.95	19.51	15.19	20.27	27.75	14.89
4 Above 20.0	21.09	17.39	4.72	6.05	19.15	36.71

## PORTFOLIO PROFILE REPORT

	<b>S&amp;P 500 Cap Wtd 12/31/2011</b>	<b>Intech Enhanced 12/31/2011</b>	<b>Intech Large Cap 12/31/2011</b>	<b>PIMCO+ (S&amp;P 500) 12/31/2011</b>	<b>Wentworth 12/31/2011</b>
<b>Beta Sectors</b>					
1 0.0 - 0.9	46.29	53.24	58.40	46.29	26.72
2 0.9 - 1.1	14.68	14.28	13.71	14.68	24.99
3 1.1 - 1.3	18.16	13.52	11.15	18.16	22.28
4 1.3 - 1.5	8.44	7.79	5.93	8.44	2.52
5 Above 1.5	12.43	11.17	10.80	12.43	23.49
<b>Yield Sectors</b>					
1 Above 5.0	14.90	14.90	13.66	14.90	26.50
3 3.0 - 5.0	15.79	17.33	20.69	15.79	28.51
3 1.5 - 3.0	36.97	37.78	39.83	36.97	36.47
4 0.0 - 1.5	29.43	26.80	23.33	29.43	8.53
5 0.0	2.91	3.19	2.50	2.91	0.00
<b>P/E Sectors</b>					
1 0.0 - 12.0	28.07	23.88	21.06	28.07	26.01
2 12.0 -20.0	52.71	52.48	51.35	52.71	47.71
3 20.0 -30.0	14.02	16.11	16.46	14.02	26.28
4 30.0 - 150.0	4.49	5.95	8.55	4.49	0.00
5 N/A	0.71	1.58	2.58	0.71	0.00
<b>Capitalization Sectors</b>					
1 Above 20.0 (\$Bil)	73.01	55.01	50.57	73.01	69.48
2 10.0 - 20.0	15.54	22.72	26.53	15.54	15.62
3 5.0 - 10.0	8.77	16.83	18.50	8.77	12.54
4 1.0 - 5.0	2.67	5.44	4.35	2.67	2.36
5 0.5 - 1.0	0.00	0.00	0.00	0.00	0.00
6 0.1 - 0.5	0.00	0.00	0.05	0.00	0.00
7 0.0 - 0.1	0.00	0.00	0.00	0.00	0.00
<b>5 Yr Earnings Growth</b>					
1 N/A	34.76	31.85	31.63	34.76	31.33
2 0.0 -10.0	31.53	30.73	28.77	31.53	24.64
3 10.0 -20.0	21.90	25.95	27.23	21.90	18.71
4 Above 20.0	11.81	11.47	12.38	11.81	25.32

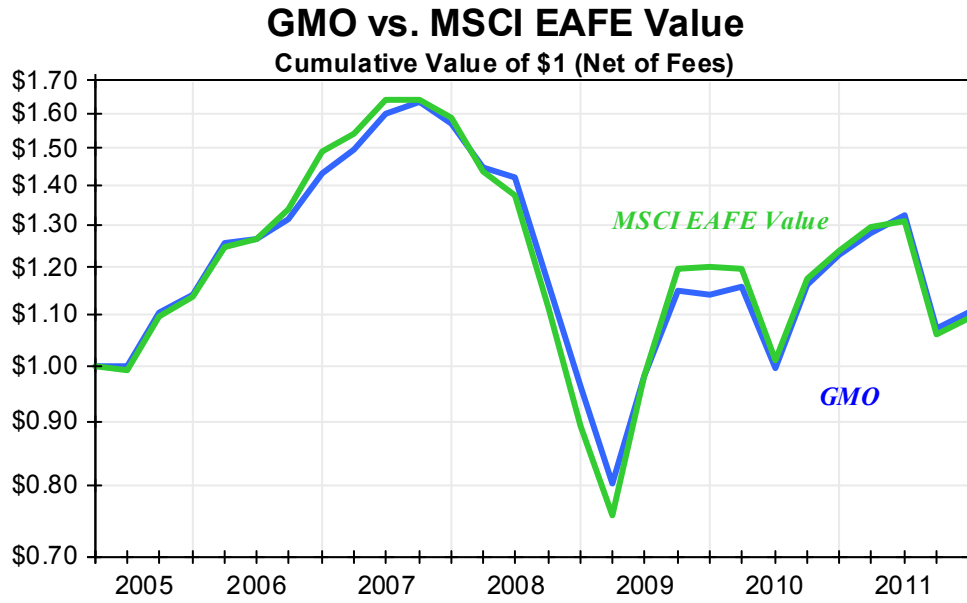


## PORTFOLIO PROFILE REPORT

	<b>Russell 2000® 12/31/2011</b>	<b>Russell 2000® Value 12/31/2011</b>	<b>Ceredex 12/31/2011</b>	<b>Russell 2000® Growth 12/31/2011</b>	<b>Emerald 12/31/2011</b>
<b>Beta Sectors</b>					
1 0.0 - 0.9	29.08	0.00	29.45	0.00	23.04
2 0.9 - 1.1	13.78	32.19	16.02	25.98	8.53
3 1.1 - 1.3	14.70	13.95	12.06	13.61	16.71
4 1.3 - 1.5	13.79	13.36	9.92	16.03	29.48
5 Above 1.5	28.65	11.99	32.57	15.59	22.25
<b>Yield Sectors</b>					
1 Above 5.0	54.95	0.00	0.02	0.00	84.37
3 3.0 - 5.0	14.32	41.87	24.81	67.97	9.43
3 1.5 - 3.0	13.04	13.96	46.93	14.67	5.60
4 0.0 - 1.5	11.09	16.78	21.40	9.31	0.20
5 0.0	6.61	16.31	6.84	5.89	0.39
<b>P/E Sectors</b>					
1 0.0 - 12.0	30.28	0.00	30.30	0.00	17.75
2 12.0 -20.0	31.24	35.49	43.31	25.15	33.74
3 20.0 -30.0	17.34	34.99	8.67	27.55	16.07
4 30.0 - 150.0	16.26	15.17	14.97	19.46	27.00
5 N/A	4.89	10.04	2.75	22.37	5.44
<b>Capitalization Sectors</b>					
1 Above 20.0 (\$Bil)	0.00	0.00	0.00	0.00	0.00
2 10.0 - 20.0	0.00	0.00	0.00	0.00	0.00
3 5.0 - 10.0	0.00	0.00	0.00	0.00	1.13
4 1.0 - 5.0	54.92	0.00	78.14	0.00	64.23
5 0.5 - 1.0	26.07	47.91	15.92	61.91	23.27
6 0.1 - 0.5	18.59	27.83	5.94	24.32	11.19
7 0.0 - 0.1	0.41	23.83	0.00	13.37	0.18
<b>5 Yr Earnings Growth</b>					
1 N/A	45.91	0.00	43.25	0.00	32.48
2 0.0 -10.0	28.41	55.62	34.83	36.17	32.87
3 10.0 -20.0	16.00	25.52	15.93	31.31	19.34
4 Above 20.0	9.68	12.29	5.99	19.71	15.32

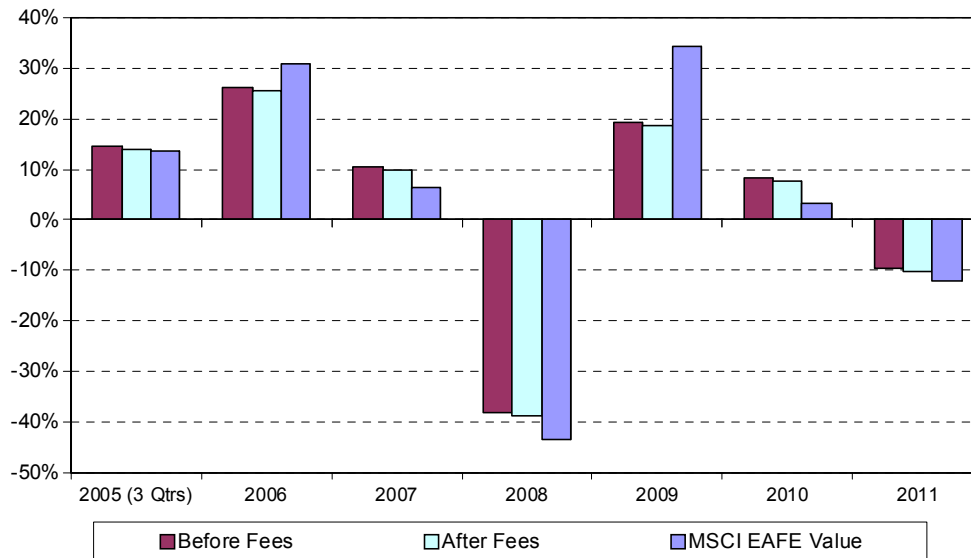
# MANAGER COMMENTS – INTERNATIONAL EQUITY

Grantham, Mayo, van Otterloo & Co

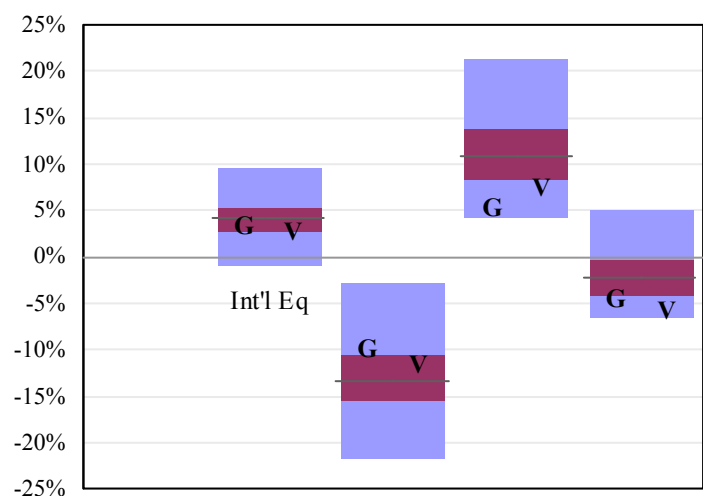


### GMO vs. MSCI EAFE Value

Year by Year Performance



## Grantham, Mayo, van Otterloo & Co



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
GMO (G)	3.4	-9.8	5.2	-4.5
Rank v. Int'l Equity	66	47	92	80
EAFE Value (V)	2.8	-11.6	7.4	-5.8
Int'l Eq Median	4.2	-13.3	10.8	-2.3

<b>Portfolio Characteristics</b>	<b>GMO</b>	<b>MSCI EAFE</b>
IEq Mkt Value (\$Mil)	228.6	N/A
Cash	0.0 %	0.0 %

<b>Over-Weighted Countries</b>	<b>GMO</b>	<b>MSCI EAFE</b>
Canada	4.7 %	0.0 %
France	13.4	8.9
Japan	25.8	21.7

<b>Under-Weighted Countries</b>	<b>GMO</b>	<b>MSCI EAFE</b>
United Kingdom	15.7 %	22.8 %
Switzerland	3.5	8.6
Australia	4.6	8.6

The GMO international value equity portfolio returned 3.4% in the fourth quarter, better than the 2.8% return of the MSCI EAFE Value Index, but ranked in the 66<sup>th</sup> percentile of international equity managers. Over the past year, the portfolio has returned -9.8%, better than the -11.6% return of the EAFE Value Index, and ranked in the 47<sup>th</sup> percentile.

Over the past five years, GMO has returned -4.5%, better than the -5.8% return of the EAFE Value Index, but ranked in the 80<sup>th</sup> percentile. GMO is in compliance with some of the CCCERA guidelines.

The portfolio's largest country over-weights were in Canada, France and Japan, while the largest under-weights were in the United Kingdom, Switzerland and Australia.

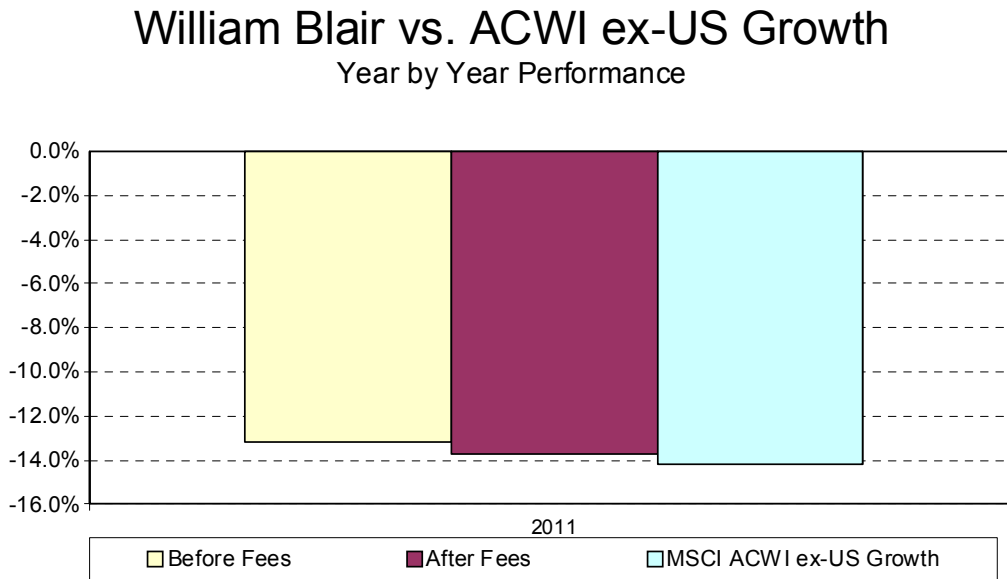
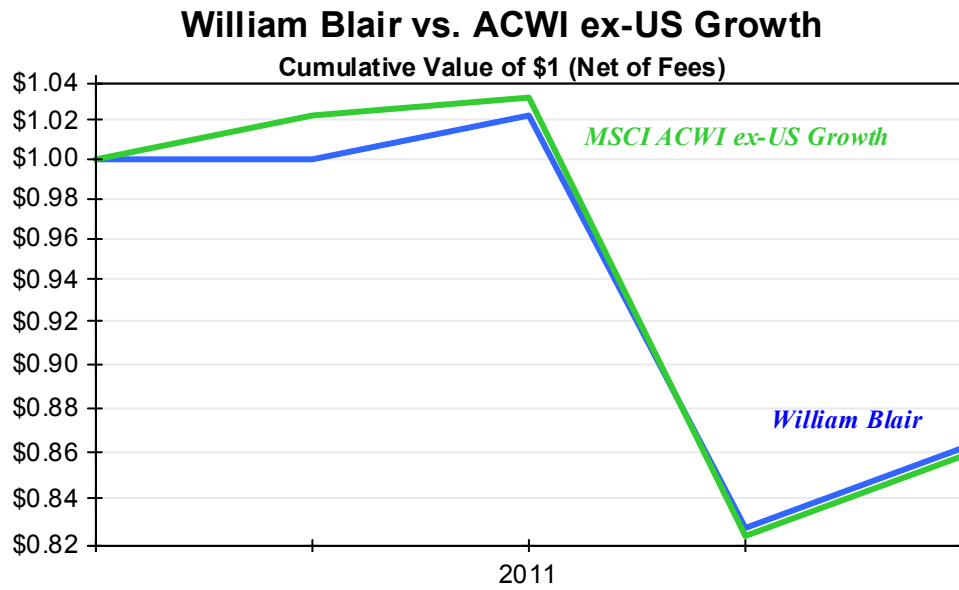
Stock selection decisions contributed to fourth quarter results while country allocation decisions detracted from overall results. Stock selection in France was particularly strong. Trading decisions had a small positive impact on fourth quarter performance.

GMO's three-pronged investment discipline (momentum, quality-adjusted value and intrinsic value) had mixed results in the quarter. Stocks selected for their momentum and quality-adjusted value characteristics had positive results while stocks selected for their intrinsic value characteristics lagged the MSCI EAFE Index.

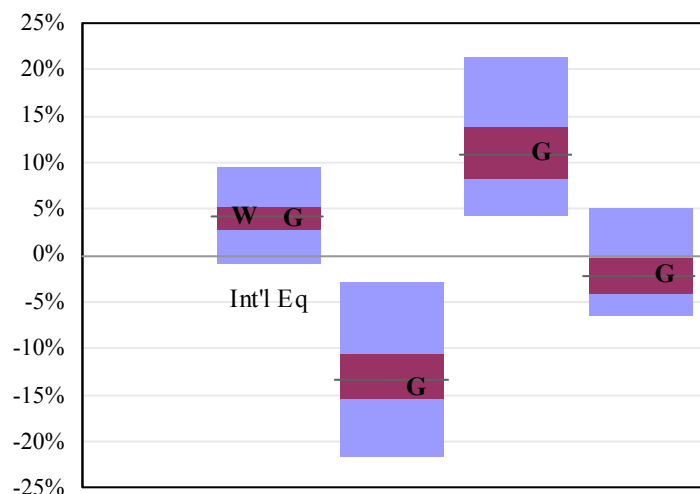
Individual stock positions that added significant value included overweights in Total, Eni and Sanofi. Detractors included Takeda Pharmaceutical, Enel and KDDI Corp.

**MANAGER COMMENTS – INTERNATIONAL EQUITY**

**William Blair**



## William Blair



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Wm. Blair (W)	4.4	-13.2	-	-
Rank v. Intl Eq	42	49	-	-
ACWI xUS Gro (G)	4.1	-14.1	11.1	-1.9
Intl Eq Median	4.2	-13.3	10.8	-2.3

Portfolio Characteristics	William Blair	MSCI EAFE
IEq Mkt Value (\$Mil)	238.0	N/A
Cash	0.0 %	0.0 %

Over-Weighted Countries	William Blair	MSCI EAFE
South Korea	5.3 %	0.0 %
Canada	5.2	0.0
Brazil	4.1	0.0

Under-Weighted Countries	William Blair	MSCI EAFE
Japan	12.1 %	21.7 %
Australia	1.0	8.6
Switzerland	3.9	8.6

William Blair returned 4.4% in the fourth quarter, better than the MSCI ACWI ex-US Growth Index return of 4.1%. This return ranked in the 42<sup>nd</sup> percentile of international equity portfolios. Over the past year, William Blair has returned -13.2%, better than the index return of -14.1%, and ranked in the 49<sup>th</sup> percentile.

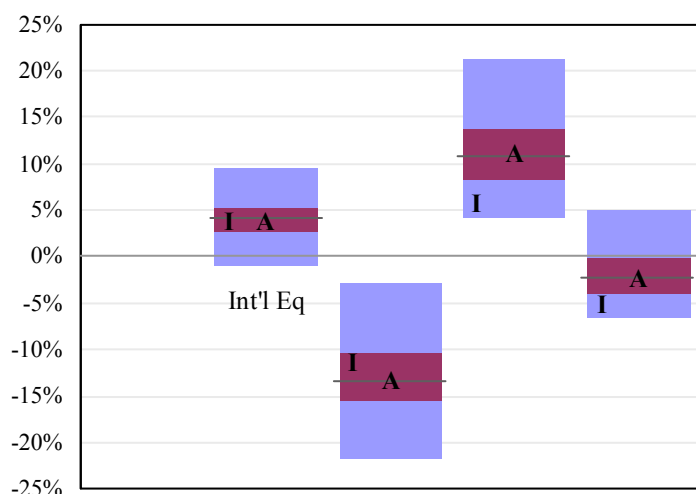
The portfolio's largest country over-weights relative to MSCI EAFE were in South Korea, Canada and Brazil, while the largest under-weights were in Japan, Australia and Switzerland.

Stock selection decisions were positive during the quarter while country allocation decisions were negative for the quarter. Active trading decisions detracted from overall results.

According to the manager, fourth quarter relative outperformance was driven by the portfolio's quality companies with good operating performance. Stock selection was strongest in the Materials, Industrials and Energy sectors. In addition, the portfolio's currency hedging strategy added value as the USD appreciated against most currencies.

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## Total International Equity



	Qtr	1 Year	3 Years	5 Years
Total Int'l Eq (I)	3.8	-11.5	5.7	-5.3
Rank v. Intl Eq	57	34	90	89
ACWI xUS (A)	3.8	-13.3	11.2	-2.5
EAFE (E)	3.4	-11.7	8.2	-4.3
Int'l Eq Median	4.2	-13.3	10.8	-2.3

Portfolio Characteristics	Total International	MSCI EAFE
IEq Mkt Value (\$Mil)	466.6	N/A
Cash	0.0 %	0.0 %

Over-Weighted Countries	Total International	MSCI EAFE
Canada	5.0 %	0.0 %
South Korea	2.7	0.0
Brazil	2.1	0.0

Under-Weighted Countries	Total International	MSCI EAFE
Australia	2.7 %	8.6 %
Switzerland	3.7	8.6
Japan	18.8	21.7

The total international equity composite returned 3.8% in the fourth quarter, better than the 3.4% return of the MSCI EAFE Index. This return ranked in the 57<sup>th</sup> percentile of international equity managers. Over the past year, the total international equity composite returned -11.5%, better than the -11.7% return of the MSCI EAFE Index, and ranked in the 34<sup>th</sup> percentile of international equity managers. Over the past five years the total international equity composite trailed the return of the MSCI EAFE Index and ranked well below median in the international equity universe.

The composite's largest country over-weights were in Canada, South Korea and Brazil while the largest under-weights were in Australia, Switzerland and Japan.

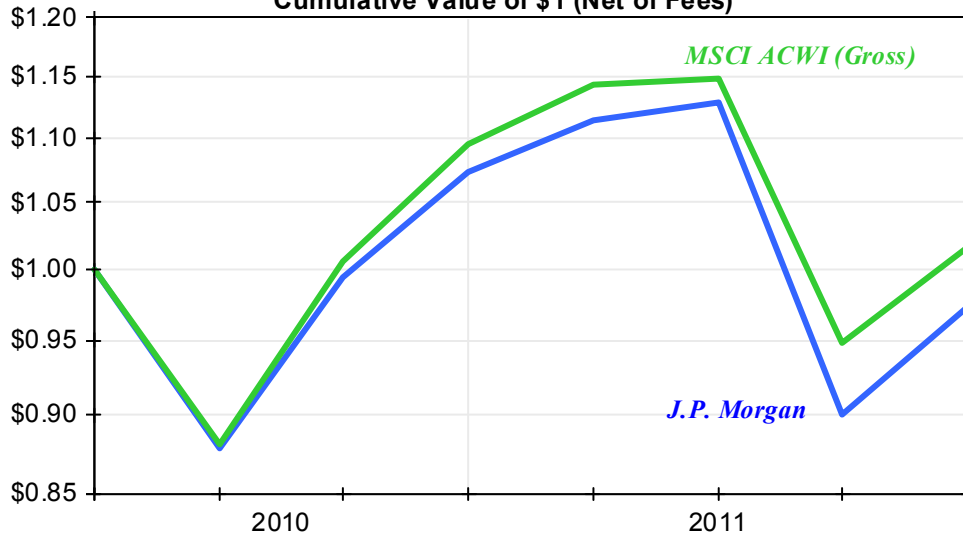
Stock selection decisions contributed to overall international equity results in the fourth quarter while country allocation decisions were negative and partially offset the stock selection results. Active trading had a small negative impact on fourth quarter returns.

**MANAGER COMMENTS – GLOBAL EQUITY**

**J.P. Morgan Global Opportunities**

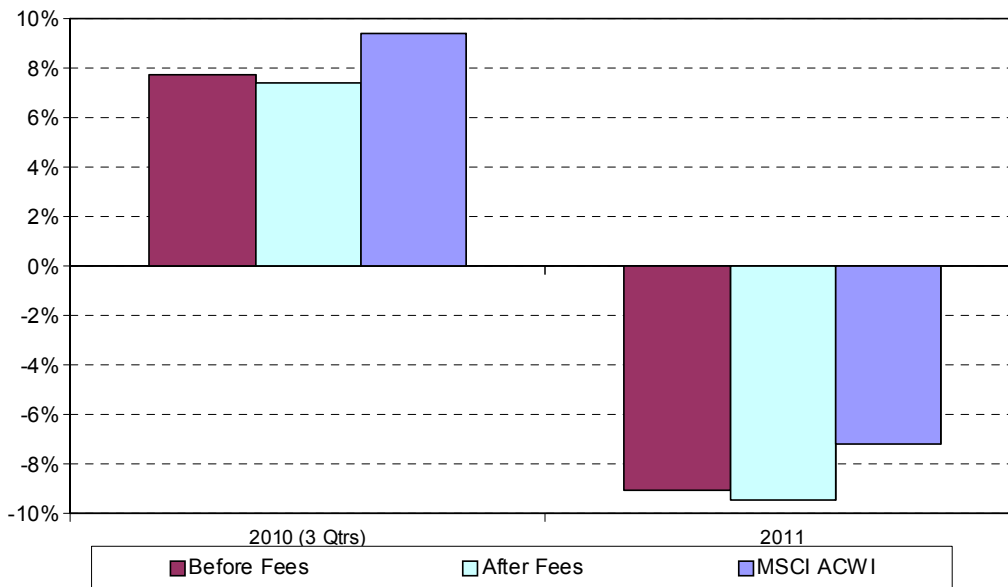
**J.P. Morgan vs. MSCI ACWI**

Cumulative Value of \$1 (Net of Fees)



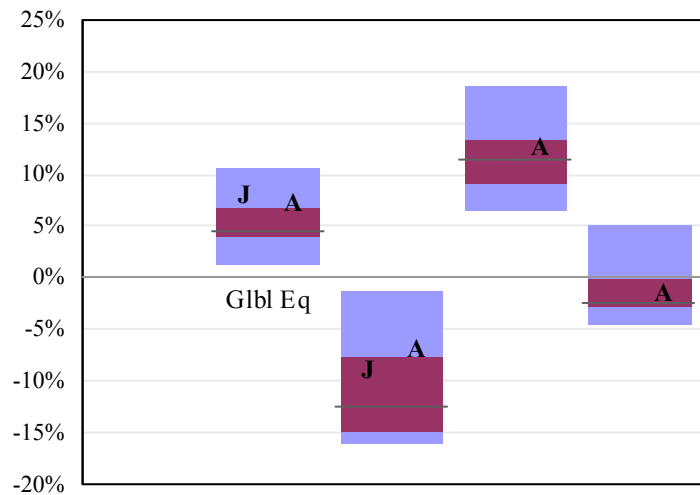
**J.P. Morgan vs. MSCI ACWI (Gross)**

Year by Year Performance





## J.P. Morgan Global Opportunities



	Qtr	1 Year	3 Years	5 Years
J.P. Morgan (J)	8.1	-9.0	-	-
Rank v. Gbl Equity	12	33	-	-
MSCI ACWI (A)	7.3	-6.9	12.6	-1.4
Gbl Eq Median	4.6	-12.5	11.5	-2.5

Portfolio Characteristics	J.P. Morgan	MSCI ACWI
Mkt Value (\$Mil)	221.69	N/A
Cash (%)	0.0 %	0.0 %

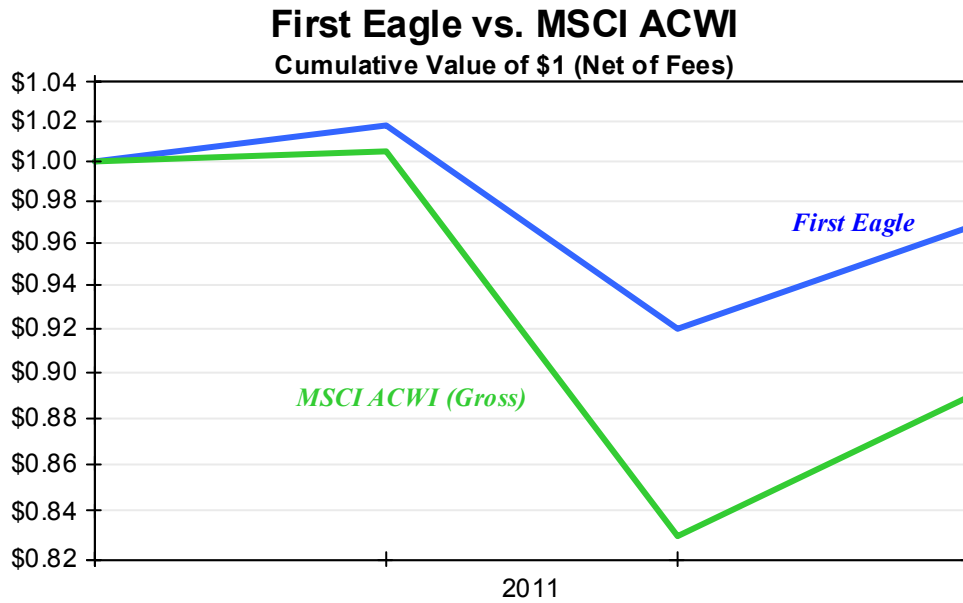
Sector	J.P. Morgan	MSCI ACWI
Energy	11.0 %	12.1 %
Materials	7.0	8.0
Industrials	10.2	10.5
Cons. Discretionary	14.4	10.0
Consumer Staples	9.1	10.7
Health Care	12.5	9.3
Financials	14.3	18.5
Info Technology	11.6	12.2
Telecom Services	5.2	4.9
Utilities	4.7	3.9

The J.P. Morgan global equity portfolio returned 8.1% in the fourth quarter, better than the 7.3% return of the MSCI ACWI benchmark, and ranked in the 12<sup>th</sup> percentile of global equity managers. Over the past year, the portfolio has returned -9.0%, trailing the benchmark return of -6.9% but ranked in the 33<sup>rd</sup> percentile.

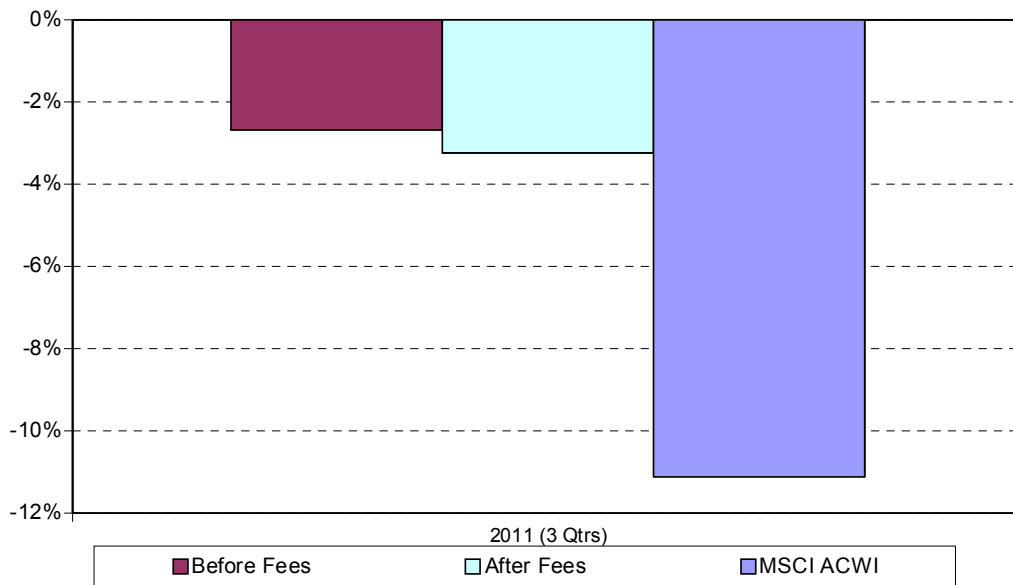
The largest economic sector over-weights were in the consumer discretionary, health care and utilities sectors, while largest under-weights were in the financials, consumer staples and energy sectors.

**MANAGER COMMENTS – GLOBAL EQUITY**

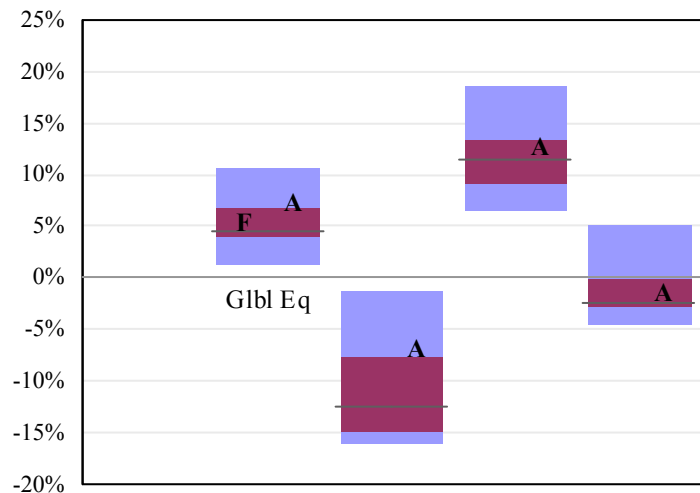
**First Eagle**



**First Eagle vs. MSCI ACWI (Gross)**  
Year by Year Performance



## First Eagle



	Qtr	1 Year	3 Years	5 Years
First Eagle (F)	5.4	-	-	-
Rank v. Gbl Equity	46	-	-	-
MSCI ACWI (A)	7.3	-6.9	12.6	-1.4
Gbl Eq Median	4.6	-12.5	11.5	-2.5

Portfolio Characteristics	First Eagle	MSCI ACWI
Mkt Value (\$Mil)	120.53	N/A
Cash (%)	10.2 %	0.0 %

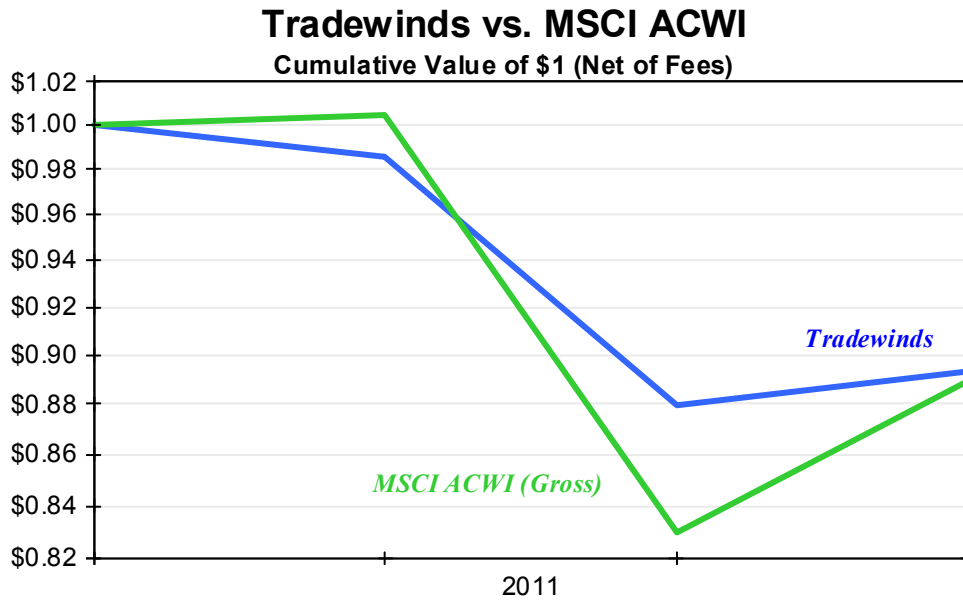
Sector	First Eagle	MSCI ACWI
Energy	5.4 %	12.1 %
Materials	17.0	8.0
Industrials	16.5	10.5
Cons. Discretionary	10.3	10.0
Consumer Staples	8.1	10.7
Health Care	5.7	9.3
Financials	16.7	18.5
Info Technology	15.0	12.2
Telecom Services	1.5	4.9
Utilities	3.7	3.9

The First Eagle portfolio returned 5.4% in the fourth quarter. This return lagged the MSCI ACWI Index return of 7.3% but ranked in the 46<sup>th</sup> percentile of global equity managers. As the low volatility component of the global equity program structure, First Eagle performed as expected during the fourth quarter rebound and has provided considerable downside protection to the global equity structure.

The portfolio's largest economic sector over-weights were in the materials, industrials and information technology sectors, while largest under-weights were in the in energy, health care and telecom sectors.

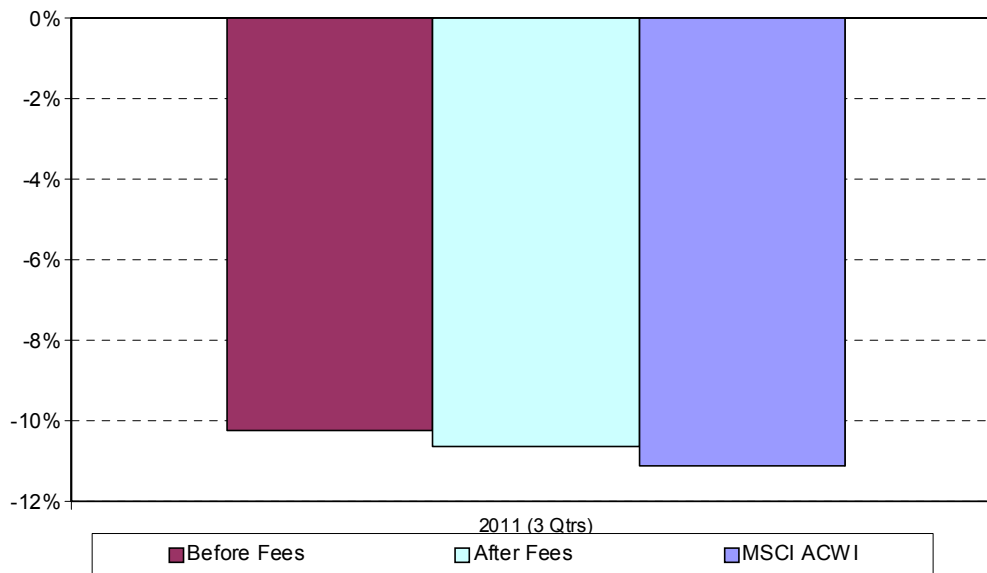
# MANAGER COMMENTS – GLOBAL EQUITY

## Tradewinds

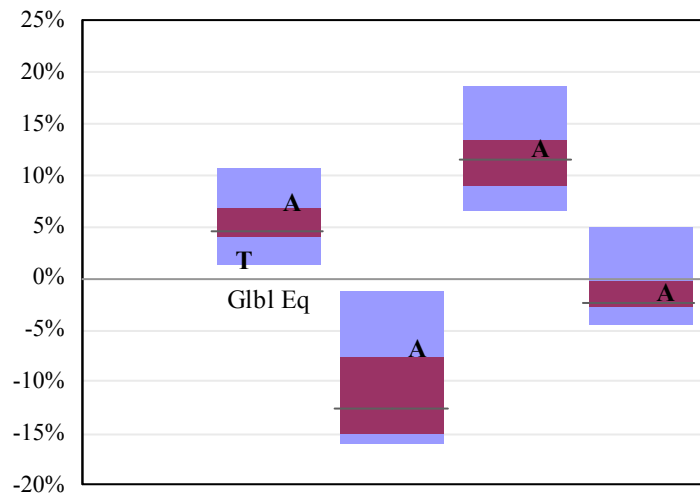


### Tradewinds vs. MSCI ACWI (Gross)

Year by Year Performance



## Tradewinds



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Tradewinds (T)	1.7	-	-	-
Rank v. Gbl Equity	92	-	-	-
MSCI ACWI (A)	7.3	-6.9	12.6	-1.4
Gbl Eq Median	4.6	-12.5	11.5	-2.5

<u>Portfolio Characteristics</u>	<u>Tradewinds</u>	<u>MSCI ACWI</u>
Mkt Value (\$Mil)	115.27	N/A
Cash (%)	0.0 %	0.0 %

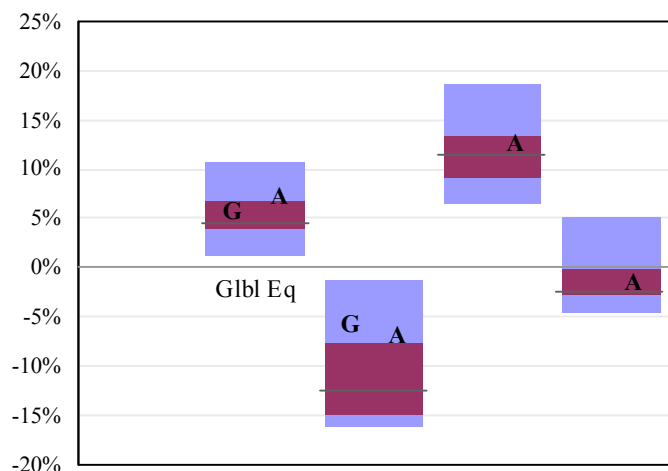
<u>Sector</u>	<u>Tradewinds</u>	<u>MSCI ACWI</u>
Energy	10.7 %	11.3 %
Materials	17.1	8.2
Industrials	16.3	10.2
Cons. Discretionary	6.9	10.1
Consumer Staples	3.8	10.6
Health Care	6.8	9.4
Financials	11.5	18.8
Info Technology	6.3	12.3
Telecom Services	9.7	5.2
Utilities	10.8	4.1

The Tradewinds portfolio returned 1.7% in the second quarter. This sharply lagged the MSCI ACWI Index return of 7.3% and ranked in the 92<sup>nd</sup> percentile of global equity managers.

The portfolio's largest economic sector over-weights were in the materials, industrials and utilities sectors, while largest under-weights were in the in financials, consumer staples and consumer discretionary sectors.

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## Total Global Equity



	Qtr	1 Year	3 Years	5 Years
Global Equity (G)	5.7	-5.6	-	-
Rank v. Gbl Equity	45	13	-	-
MSCI ACWI (A)	7.3	-6.9	12.6	-1.4
Gbl Eq Median	4.6	-12.5	11.5	-2.5

Portfolio Characteristics	Global Equity	MSCI ACWI
Mkt Value (\$Mil)	459.31	N/A
Cash (%)	2.7 %	0.0 %

Sector	Global Equity	MSCI ACWI
Energy	10.2 %	11.3 %
Materials	12.5	8.2
Industrials	13.4	10.2
Cons. Discretionary	11.0	10.1
Consumer Staples	7.3	10.6
Health Care	9.0	9.4
Financials	13.9	18.8
Info Technology	11.9	12.3
Telecom Services	5.3	5.2
Utilities	5.5	4.1

The Global Equity composite returned 5.7% in the fourth quarter, lagging the 7.3% return of the MSCI ACWI benchmark, and ranked in the 45<sup>th</sup> percentile of global equity managers. Over the past year, the composite has returned -5.6%, better than the -6.9% return of the MSCI ACWI benchmark, and ranked in the 13<sup>th</sup> percentile.

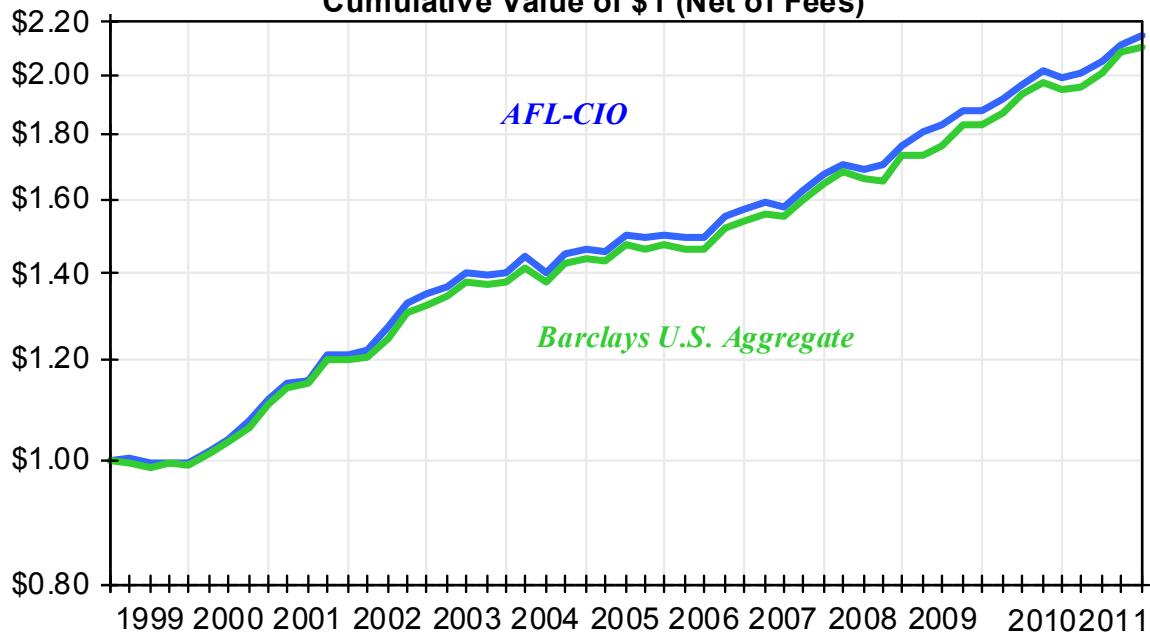
The portfolio's largest economic sector over-weights were in the materials, industrials and utilities sectors, while largest under-weights were in the financials, consumer staples and energy sectors.

**MANAGER COMMENTS – FIXED INCOME**

**AFL-CIO Housing Investment Trust**

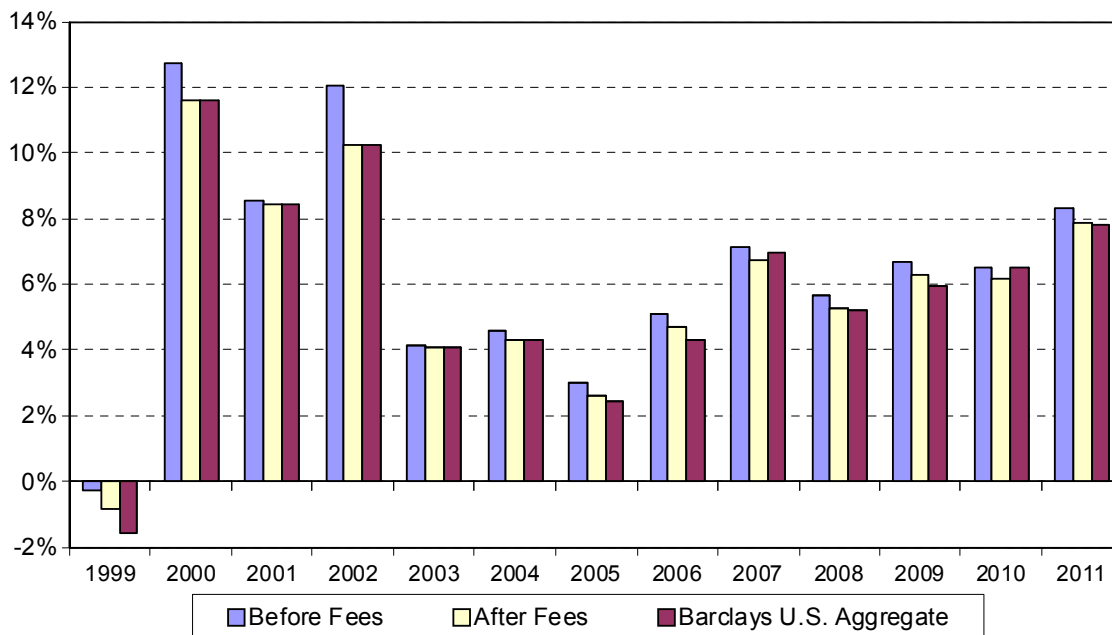
**AFL-CIO vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)



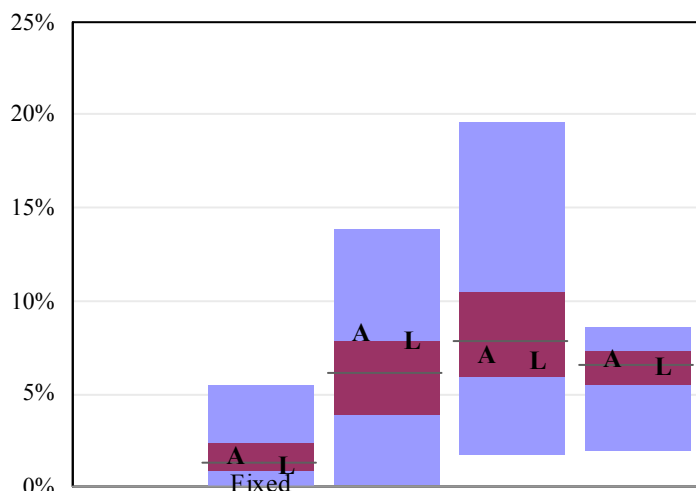
**AFL-CIO vs. Barclays U.S. Aggregate**

Year by Year Performance





## AFL-CIO Housing Investment Trust



	Qtr	1 Year	3 Years	5 Years
AFL-CIO (A)	1.6	8.3	7.2	6.9
Rank v. Fixed	38	17	58	37
BC Agg (L)	1.1	7.8	6.8	6.5
Fixed Median	1.3	6.2	7.9	6.6

Portfolio Characteristics	AFL CIO	Barclays Aggregate
Mkt Value (\$Mil)	188.2	n/a
Yield to Maturity (%)	4.4 %	2.2 %
Duration (yrs)	4.3	5.0
Avg. Quality	AGY	AA1/AA2

Sectors	AFL CIO	Barclays Aggregate
Treasury/Agency	8 %	46 %
Single-Family MBS	26	32
Multi-Family MBS	64	0
Corporates	0	20
High Yield	0	0
ABS/CMBS	0	2
Other	0	0
Cash	1	0

The AFL-CIO Housing Investment Trust (HIT) returned 1.6% in the fourth quarter, better than the 1.1% return of the Barclays U.S. Aggregate. The portfolio ranked in the 38<sup>th</sup> percentile of fixed income managers. For the past year, AFL-CIO returned 8.3%, better than the 7.8% return of the Barclays U.S. Aggregate and ranked in the 17<sup>th</sup> percentile. Over the past five years, AFL-CIO has exceeded the Barclays U.S. Aggregate and the median, meeting performance objectives.

At the end of the fourth quarter, the AFL-CIO Housing Investment Trust had 6% in US Treasury notes, 27% allocated to single-family mortgage backed securities, 65% allocated to multi-family mortgage backed securities and 2% to short-term securities. The AFL-CIO portfolio duration at the end of the fourth quarter was 4.3 years and the yield of the portfolio was 4.4%.

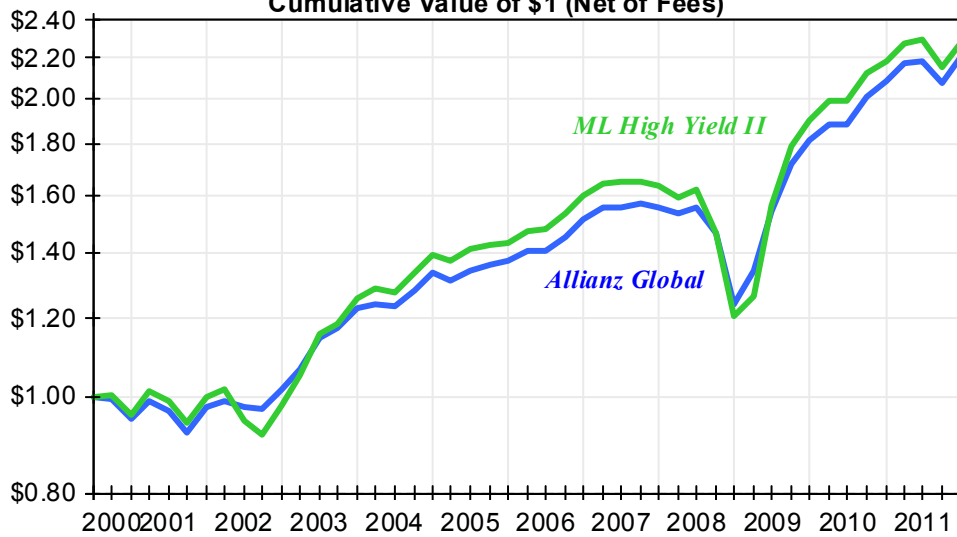
The HIT's fourth quarter results were helped by the portfolio's persistent yield advantage over the Barclays Aggregate Index, relatively strong performance of the multifamily MBS positions and an underweight to Treasuries. The structural overweight to spread assets hurt performance in the fourth quarter, as did the relative performance of high quality holdings.

**MANAGER COMMENTS – FIXED INCOME**

**Allianz Global Investors**

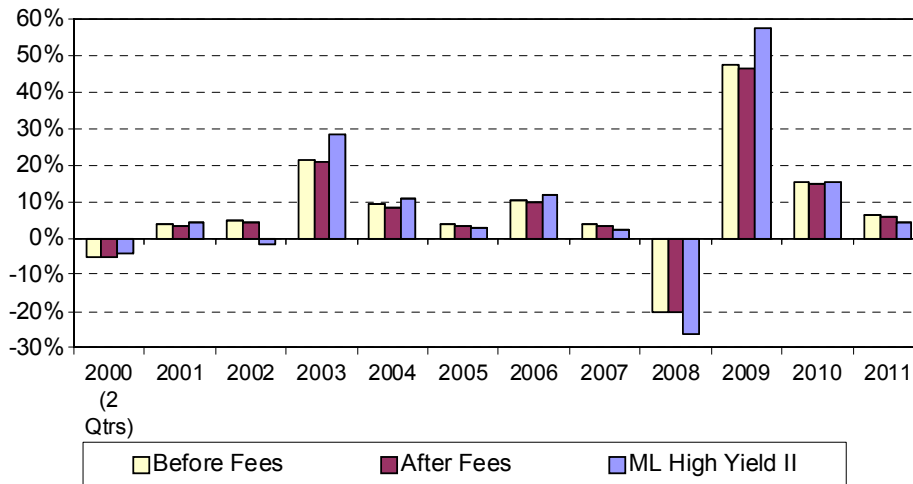
**Allianz Global vs. ML High Yield II**

Cumulative Value of \$1 (Net of Fees)

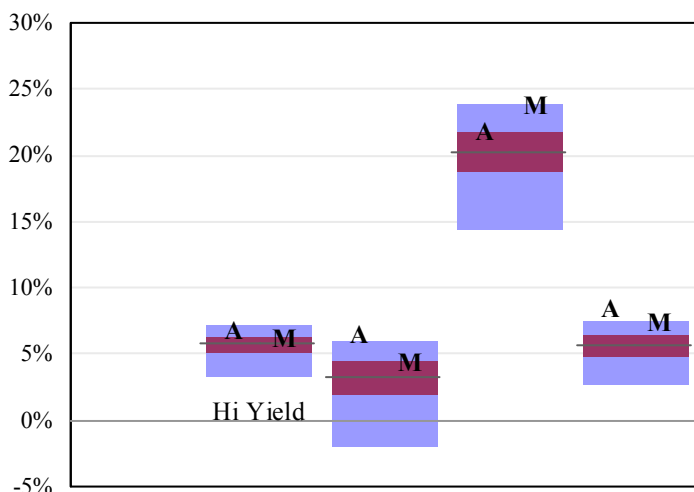


**Allianz Global vs. ML High Yield II**

Year by Year Performance



## Allianz Global Investors



Portfolio Characteristics	Allianz Global	ML High Yield II
Mkt Value (\$Mil)	208.6	n/a
Yield to Maturity (%)	8.6 %	8.4 %
Duration (yrs)	4.0	4.3
Avg. Quality	B1	B1

Quality Distribution	Allianz Global	ML High Yield II
A	0 %	0 %
BBB	2	0
BB	16	45
B	72	39
CCC	6	16

	Qtr	1 Year	3 Years	5 Years
Allianz Gblb (A)	6.8	6.4	21.7	8.4
Rank v. Hi Yield	12	2	25	1
ML HY II (M)	6.2	4.4	23.7	7.4
ML BB/B (B)	5.9	5.4	20.8	6.7
Hi Yield Median	5.8	3.3	20.2	5.6

Allianz Global's high yield fixed income portfolio returned 6.8% for the fourth quarter, which was better than the 6.2% return of the Merrill Lynch High Yield II Index and ranked in the 12<sup>th</sup> percentile of high yield managers. Allianz Global returned 6.4% over the past year compared to 4.4% for the ML High Yield II Index and 3.3% for the median. For the five-year period, Allianz Global's return of 8.4% was better than the 7.4% return of the ML High Yield II Index and ranked in the 1<sup>st</sup> percentile.

As of December 31, 2011, the Allianz Global high yield portfolio was allocated 2% to BBB rated securities (compared to 0% for the ML High Yield II Index), 16% to BB rated issues (45% for the Index), 72% to B rated issues (39% in the Index) and 6% to CCC rated securities (16% for the Index). The portfolio's December 31, 2011 duration was 4.0 years, shorter than the 4.3 year duration of the index.

During the volatile fourth quarter, Allianz actively sold or trimmed a number of positions that were not meeting expectations. Industry allocations that helped relative performance in the period included Energy, Transportation Ex Air/Rail and Automotive & Auto Parts. Energy issuers as a group continue to exceed expectations. Energy issuers led the new issue market, and several were first time to market. Trucking was also a major contributor due to an increase in special purpose shipping and a general lift in demand. Auto sales have trended above expectations. Industry allocations that hurt relative performance in the period included Capital Goods, Building Materials and Metals/Mining. Every industry contributed positively to performance. New holdings included Liz Claiborne Inc., Gibraltar Industries Inc. and Clearwire Communications. Sales in the portfolio included calls, tenders and trims due to price. Momentive Performance and Venoco Inc. were sold as operating performance did not meet expectations.

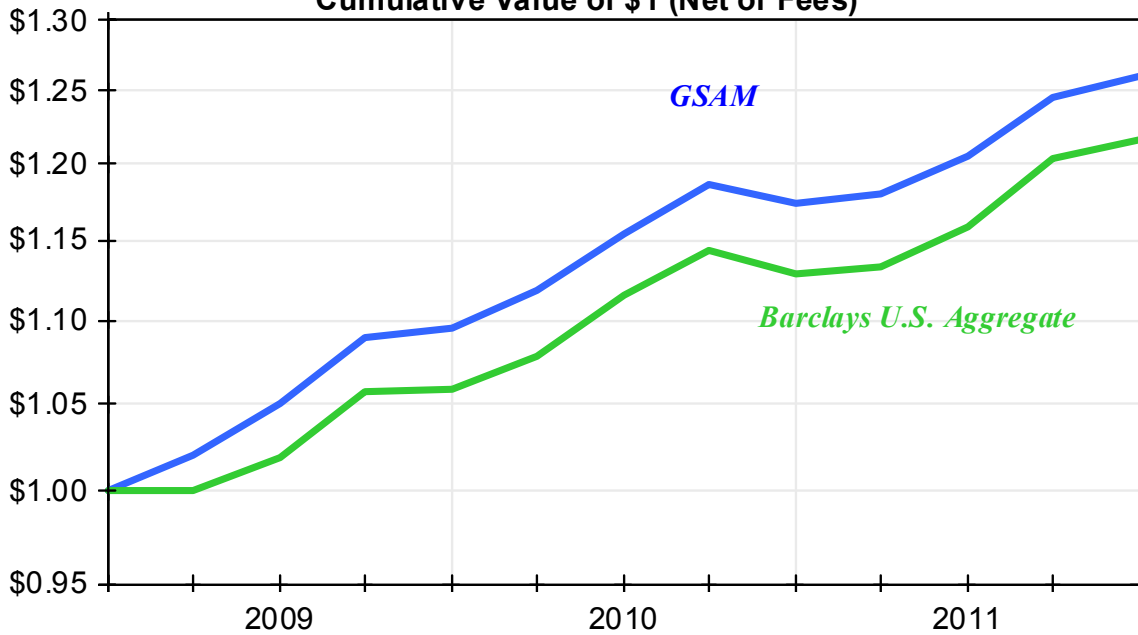
Allianz has a positive outlook for high yield in 2012. The firm feels that spreads have considerable room to tighten and corporate cash flow remains strong.

**MANAGER COMMENTS – FIXED INCOME**

**Goldman Sachs – Core Plus**

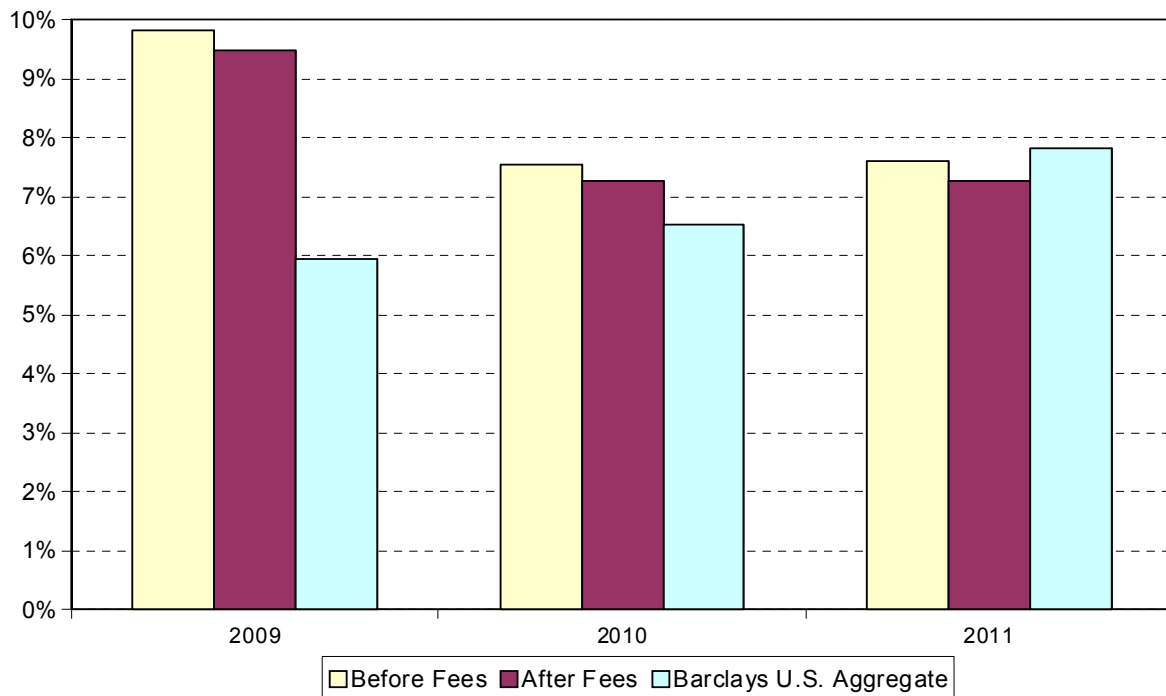
**GSAM vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

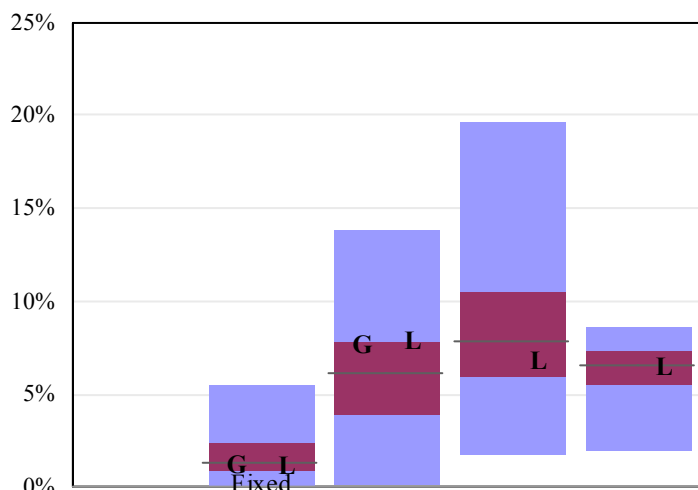


**GSAM vs. Barclays U.S. Aggregate**

Year by Year Performance



## Goldman Sachs – Core Plus



	Qtr	1 Year	3 Years	5 Years
GSAM (G)	1.2	7.6	8.3	-
Rank v. Fixed	53	29	46	-
BC Agg (L)	1.1	7.8	6.8	6.5
BC Uni (U)	1.5	7.4	7.7	6.4
Fixed Median	1.3	6.2	7.9	6.6

Portfolio Characteristics	Goldman Sachs	Barclays Aggregate
Mkt Value (\$Mil)	299.9	n/a
Yield to Maturity (%)	3.0 %	2.2 %
Duration (yrs)	4.4	5.0
Avg. Quality	AA+	AA1/AA2

Sectors	Goldman Sachs	Barclays Aggregate
Treasury/Agency	33 %	46 %
Mortgages	29	32
Corporates	14	20
High Yield	3	0
Asset-Backed	5	2
CMBS	0	0
International	0	0
Emerging Markets	5	0
Other	10	0
Cash	-2	0

The Goldman Sachs core plus portfolio returned 1.2% in the fourth quarter, slightly better than the 1.1% return of the Barclays U.S. Aggregate Index, but ranked in the 53<sup>rd</sup> percentile of fixed income managers. Over the past three years, GSAM returned 8.3%, better than the 6.8% return of the Barclays U.S. Aggregate Index, and ranked in the 46<sup>th</sup> percentile.

At the end of the fourth quarter, Goldman Sachs was overweight relative to the Barclays U.S. Aggregate in the non-index sectors, including high yield and emerging market debt. Goldman Sachs was underweight in the government, mortgage and investment-grade corporate debt sectors. The duration of the Goldman fixed income portfolio at the end of the fourth quarter was 4.4 years, which was shorter than the benchmark and somewhat shorter than the prior quarter. The portfolio continues to have a yield advantage over the index.

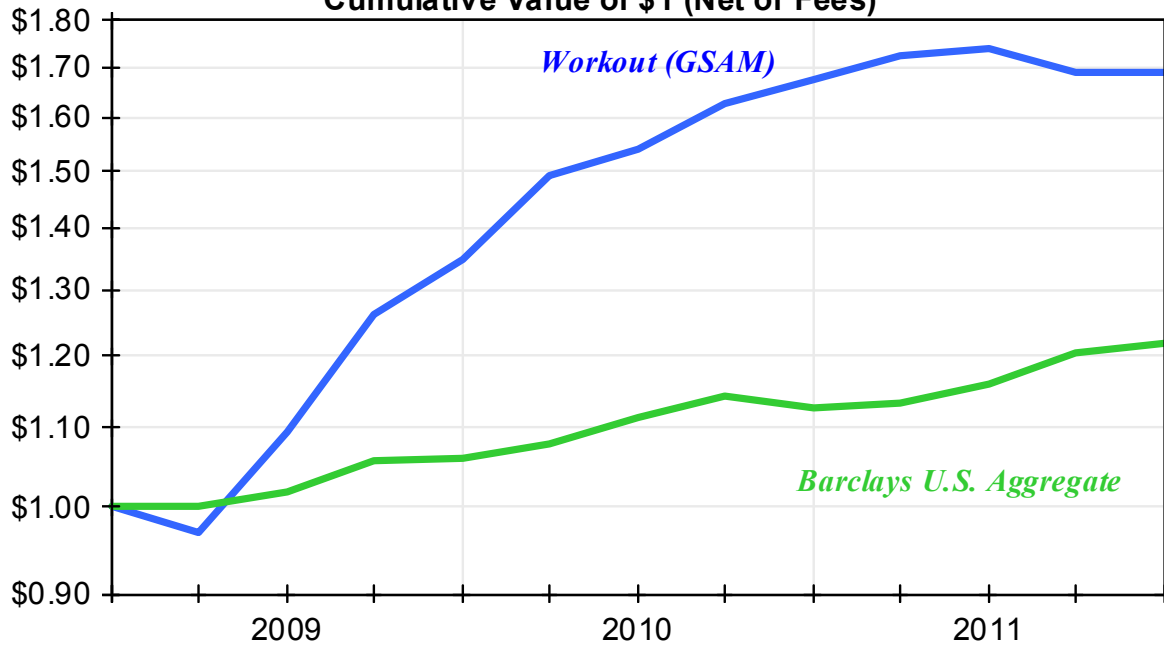
The portfolio's mortgage exposure and non-U.S. exposure were the primary headwinds during the quarter. The government-related exposure had the strongest positive impact on performance over the quarter.

**MANAGER COMMENTS – FIXED INCOME**

**Workout Portfolio - Managed by Goldman Sachs**

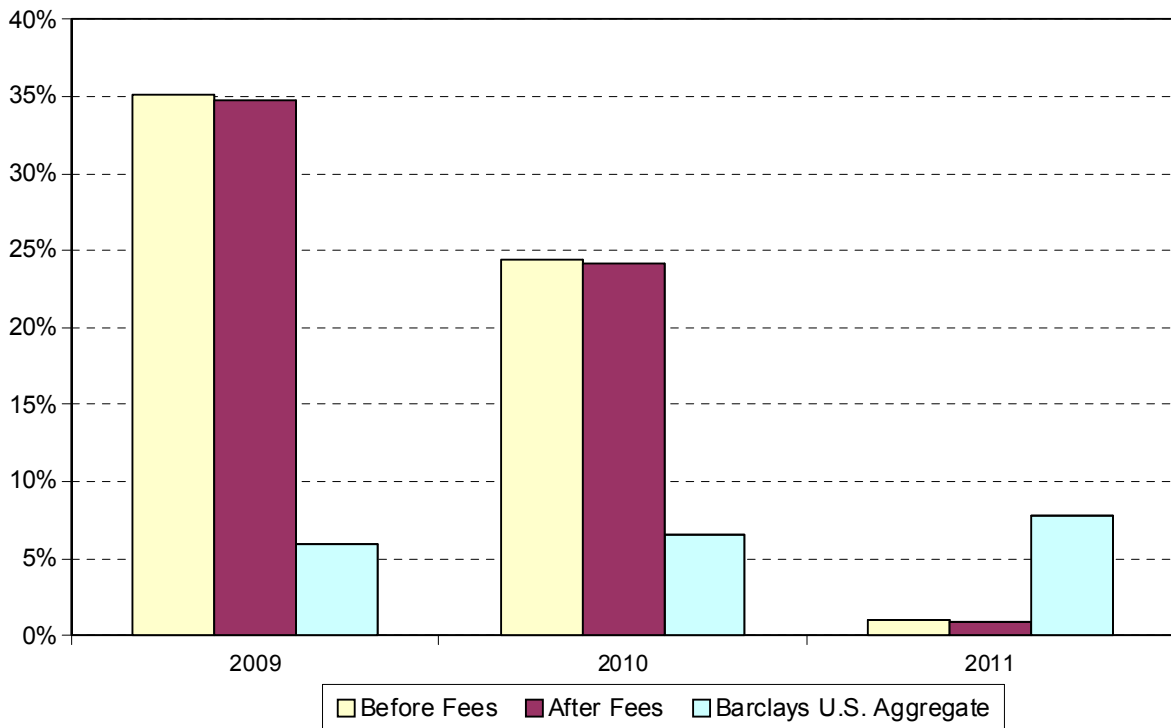
**Workout vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

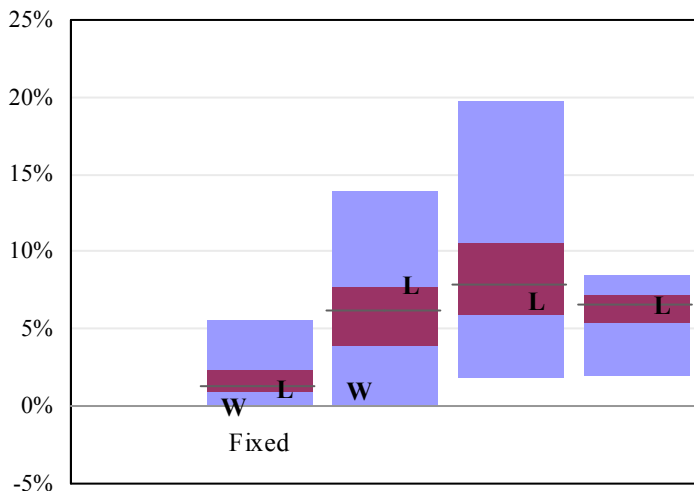


**Workout vs. Barclays U.S. Aggregate**

Year by Year Performance



## Workout Portfolio – Managed by Goldman Sachs



	Qtr	1 Year	3 Years	5 Years
Workout (W)	-0.0	1.0	19.3	-
Rank v. Fixed	95	90	5	-
BC Agg (L)	1.1	7.8	6.8	6.5
BC Uni (U)	1.5	7.4	7.7	6.4
Fixed Median	1.3	6.2	7.9	6.6

Portfolio Characteristics	Workout (GSAM)	Barclays Aggregate
Mkt Value (\$Mil)	11.1	n/a
Yield to Maturity (%)	3.4 %	2.2 %
Duration (yrs)	2.0	5.0
Avg. Quality	A	AA1/AA2

Sectors	Workout (GSAM)	Barclays Aggregate
Treasury/Agency	0 %	46 %
Mortgages	64	32
Corporates	24	20
High Yield	0	0
Asset-Backed	10	2
CMBS	0	0
International	0	0
Emerging Markets	0	0
Other	0	0
Cash	2	0

The workout (legacy WAMCO) portfolio is comprised primarily of mortgage-backed securities.

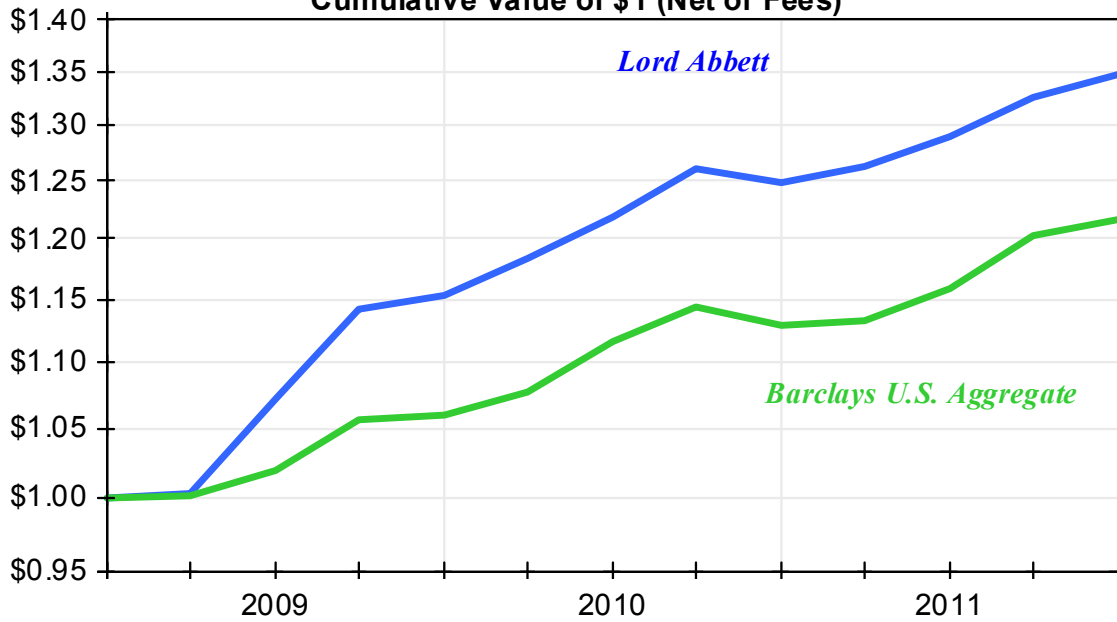
During the fourth quarter, this legacy portfolio returned -0.0%, trailing the Barclays U.S. Aggregate return of 1.1%, and ranked in the 95<sup>th</sup> percentile of fixed income managers. Over the past three years, the portfolio has returned 19.3%, better than the 6.8% return of the index, and ranked in the 5<sup>th</sup> percentile.

**MANAGER COMMENTS – FIXED INCOME**

**Lord Abbett**

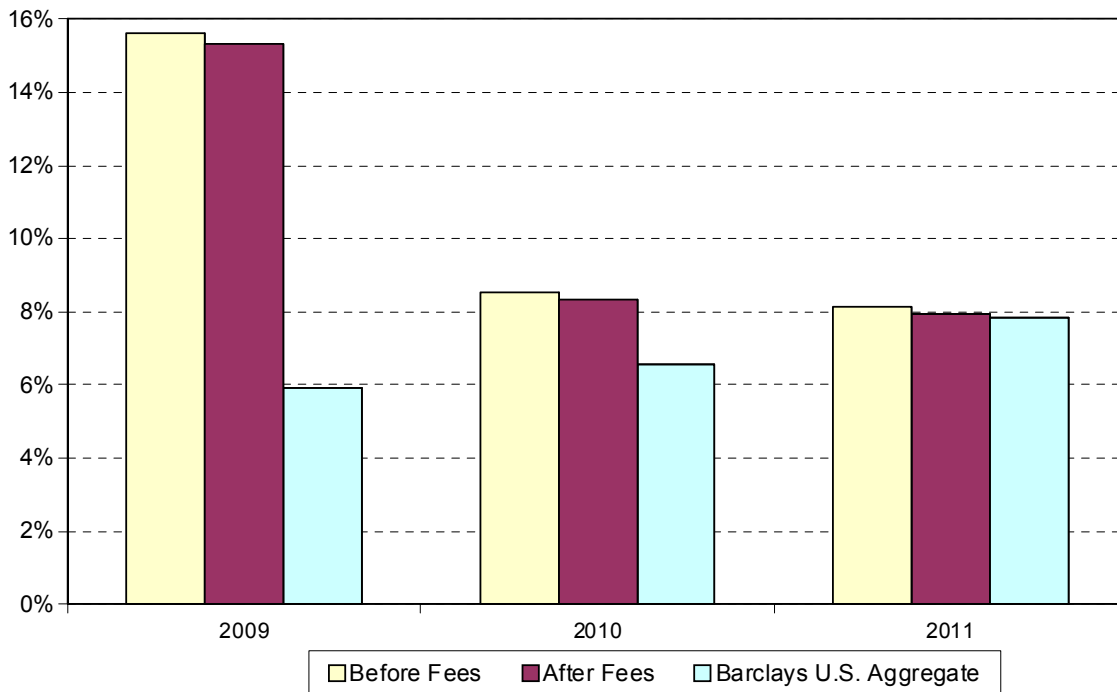
**Lord Abbett vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)



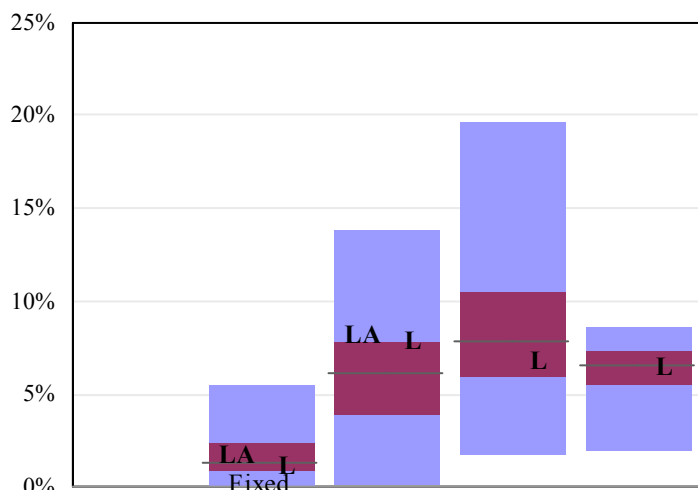
**Lord Abbett vs. Barclays U.S. Aggregate**

Year by Year Performance





## Lord Abbett



	Qtr	1 Year	3 Years	5 Years
Lord Abbett (LA)	1.7	8.2	10.7	-
Rank v. Fixed	35	19	24	-
BC Agg (L)	1.1	7.8	6.8	6.5
BC Uni (U)	1.5	7.4	7.7	6.4
Fixed Median	1.3	6.2	7.9	6.6

Portfolio Characteristics	Lord Abbett	Barclays Aggregate
Mkt Value (\$Mil)	297.7	n/a
Yield to Maturity (%)	4.1 %	2.2 %
Duration (yrs)	4.0	5.0
Avg. Quality	A	AA1/AA2

Sectors	Lord Abbett	Barclays Aggregate
Treasury/Agency	11 %	46 %
Mortgages	35	32
Corporates	26	20
High Yield	10	0
Asset-Backed	11	2
CMBS	14	0
International	4	0
Emerging Markets	0	0
Other	3	0
Cash	-12	0

During the fourth quarter, Lord Abbett returned 1.7%, better than the 1.1% return of the Barclays U.S. Aggregate, and ranked in the 35<sup>th</sup> percentile of fixed income managers. Over the past three years, the portfolio has returned 10.7%, above the Barclays U.S. Aggregate return of 6.8%, and ranked in the 24<sup>th</sup> percentile.

At the end of the fourth quarter, Lord Abbett was overweight relative to the Barclays U.S. Aggregate in the high yield, ABS and CMBS sectors. Lord Abbett was underweight in the US government and mortgage sectors. The duration of the fixed income portfolio was 4.8 years, slightly shorter than the benchmark. The portfolio has a significant yield advantage over the index, due primarily to the CMBS overweight in the portfolio.

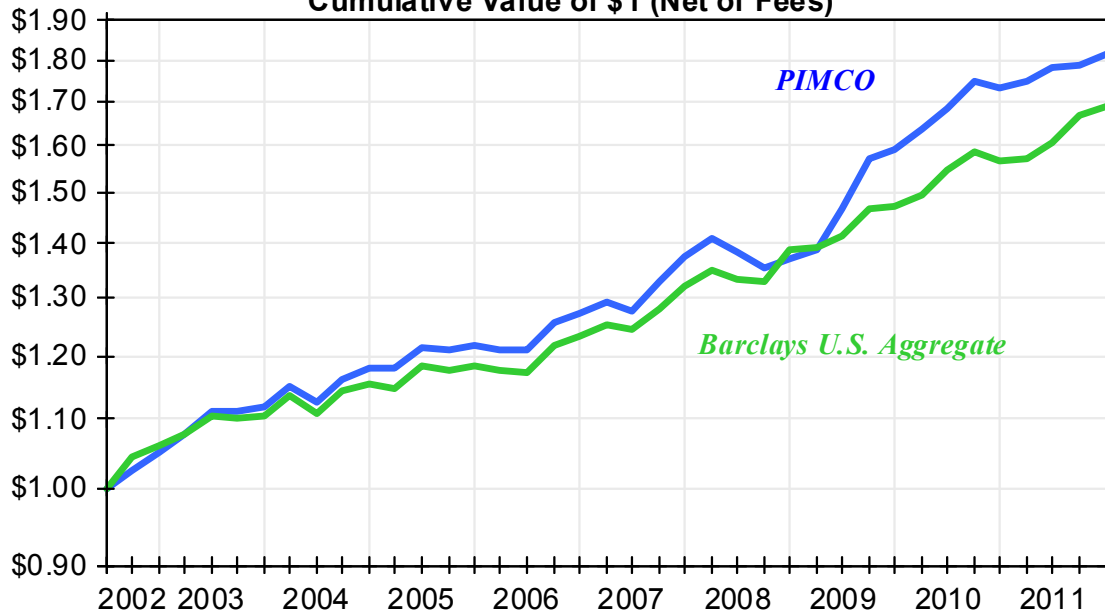
The portfolio's overweight to CMBS provided much of the portfolio's excess return during the quarter. The CMBS sector was one of the best performing sectors during the quarter, benefitting from the rally in lower-quality issues. The overweight position in corporate bonds also helped performance.

**MANAGER COMMENTS – FIXED INCOME**

**PIMCO Core Plus**

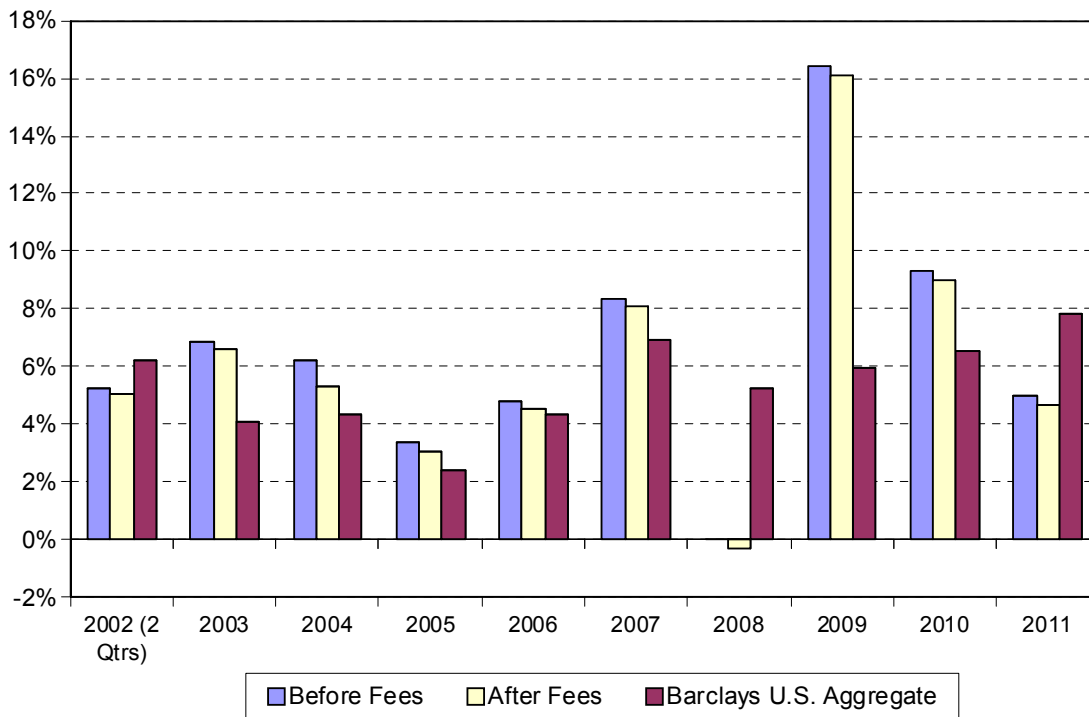
**PIMCO vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

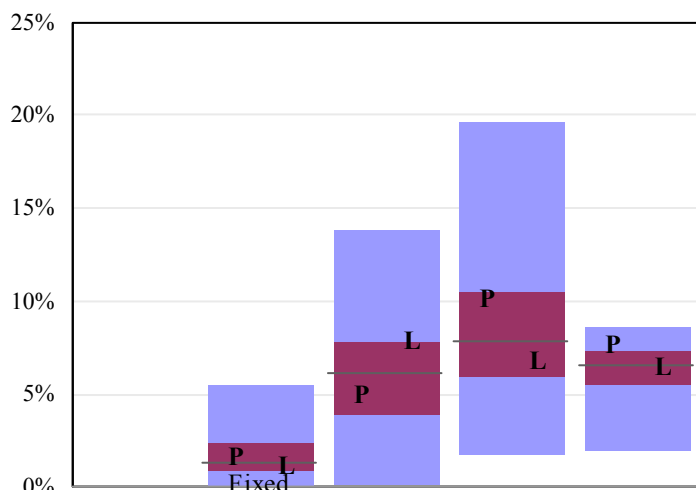


**PIMCO vs. Barclays U.S. Aggregate**

Year by Year Performance



## PIMCO Core Plus



	Qtr	1 Year	3 Years	5 Years
PIMCO (P)	1.7	5.0	10.2	7.7
Rank v. Fixed	37	64	27	18
BC Agg (L)	1.1	7.8	6.8	6.5
BC Uni (U)	1.5	7.4	7.7	6.4
Fixed Median	1.3	6.2	7.9	6.6

Portfolio Characteristics	PIMCO	Barclays Aggregate
Mkt Value (\$Mil)	326.1	n/a
Yield to Maturity (%)	2.0 %	2.2 %
Duration (yrs)	6.0	5.0
Avg. Quality	AA	AA1/AA2

Sectors	PIMCO	Barclays Aggregate
Treasury/Agency	27 %	46 %
Mortgages	35	32
Corporates	14	20
High Yield	2	0
Asset-Backed	0	2
CMBS	0	0
International	8	0
Emerging Markets	3	0
Other	1	0
Cash	10	0

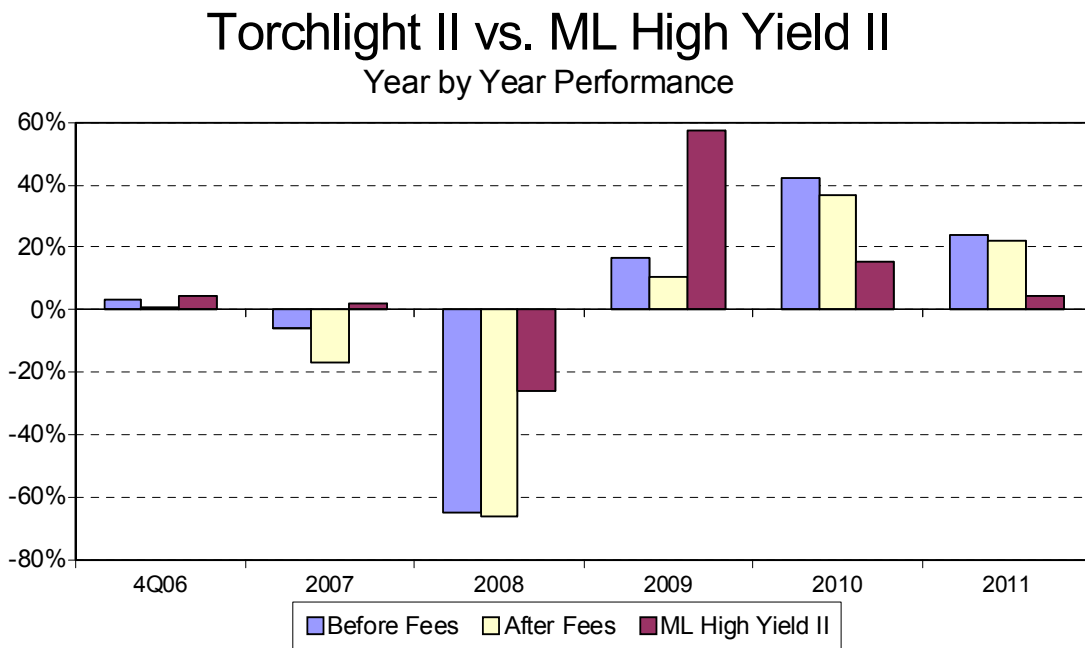
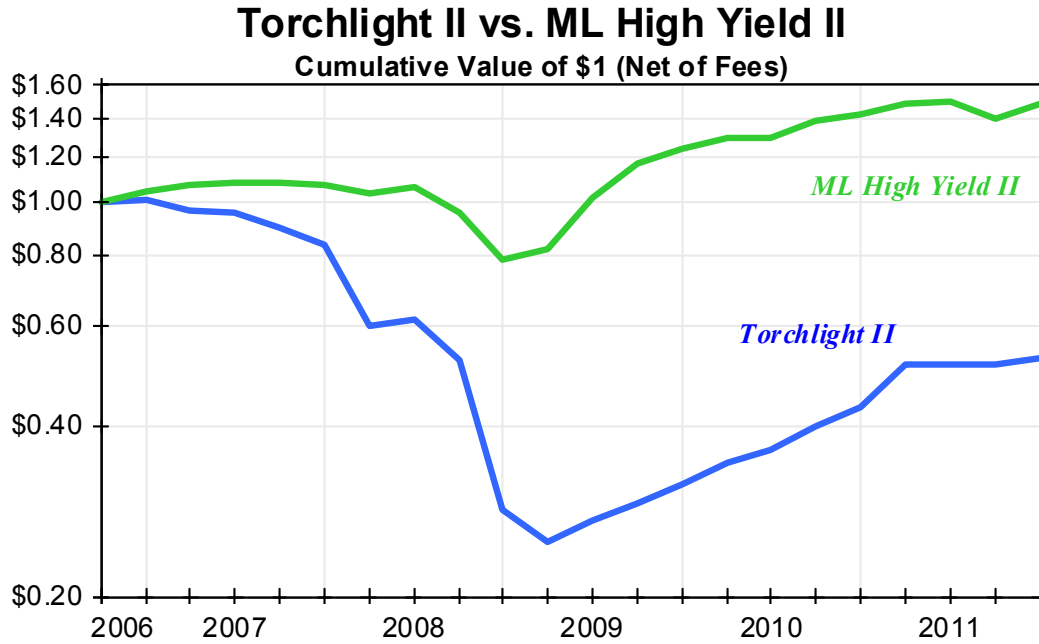
PIMCO's return of 1.7% for the fourth quarter was better than the 1.1% return of the Barclays U.S. Aggregate and ranked in the 37<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 5.0% trailed the 7.8% return of the Barclays U.S. Aggregate and ranked in the 64<sup>th</sup> percentile. Over the past five years, the portfolio has returned 7.7%, better than the Barclays U.S. Aggregate return of 6.5%, and ranked in the 18<sup>th</sup> percentile.

At the end of the fourth quarter, PIMCO continued to hold underweight positions in government and investment-grade corporate issues. The mortgage allocation was slightly above that of the index. PIMCO held overweight positions in non-index sectors, including non-US sovereign debt, emerging markets and high yield. The duration of the PIMCO fixed income portfolio at the end of the fourth quarter was 6.0 years, significantly longer than the benchmark. The portfolio's historical yield advantage has reversed during the quarter.

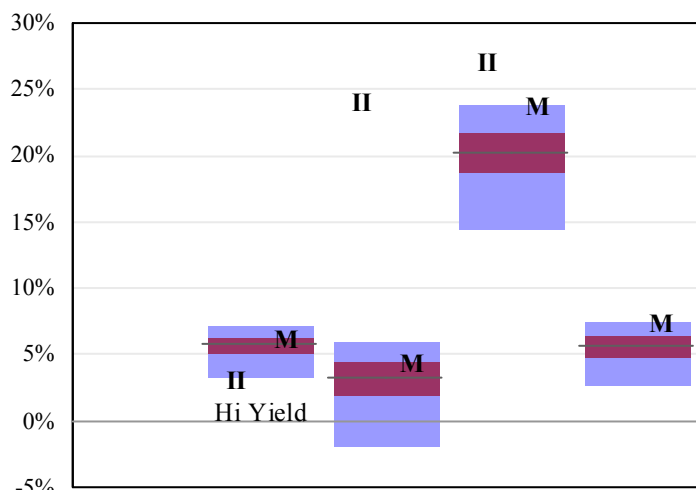
PIMCO's performance was helped by several strategies: holdings of well-capitalized financial institutions, exposure to non-U.S. developed interest rates, an emerging market overweight, modest exposure to real return bonds and currency positions that benefitted from the depreciation of the Euro. Strategies that negatively impacted fourth quarter performance included an underweight to U.S. duration, exposure to money market futures and exposure to non-Agency mortgages.

MANAGER COMMENTS – FIXED INCOME

Torchlight II



## Torchlight II



	Qtr	1 Year	3 Years	5 Years
Torchlight II (II)	3.0	24.0	27.0	-7.7
Rank v. Hi Yield	96	1	1	98
ML HY II (M)	6.2	4.4	23.7	7.4
Hi Yield Median	5.8	3.3	20.2	5.6

Portfolio Characteristics	Torchlight II	ML High Yield II
Mkt Value (\$Mil)	52.7	n/a
Yield to Maturity (%)	38.5 %	8.4 %
Duration (yrs)	6.0	4.3
Avg. Quality	BBB-	B1

Quality Distribution	Torchlight II	ML High Yield II
AAA	41 %	0 %
AA	8	0
A	11	0
BBB	21	0
BB	0	45
B	7	39
CCC	0	16
Not Rated	0	0
Other	12	0

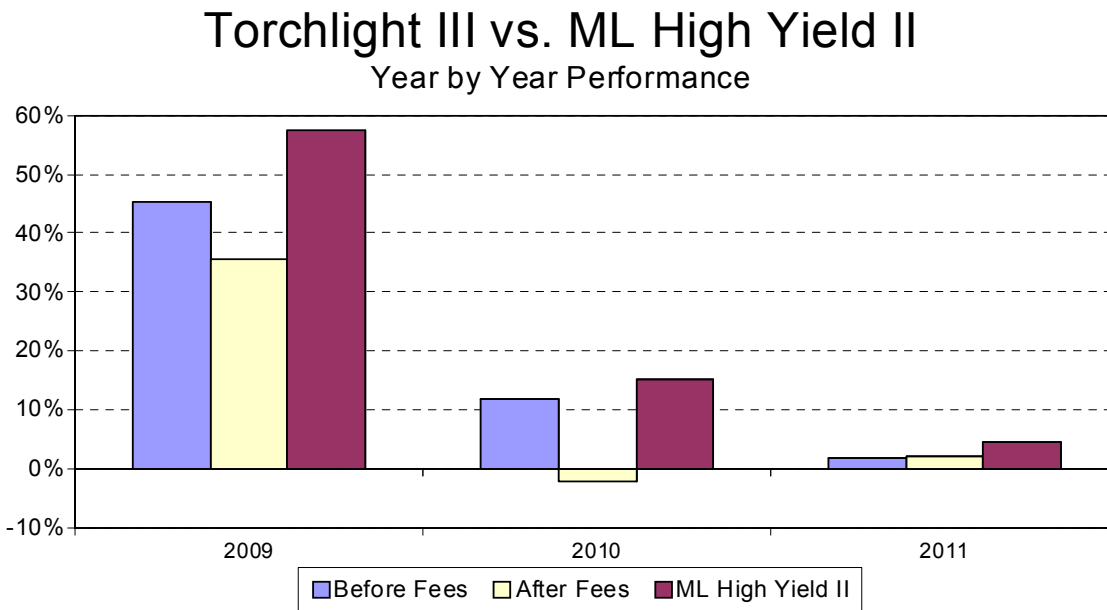
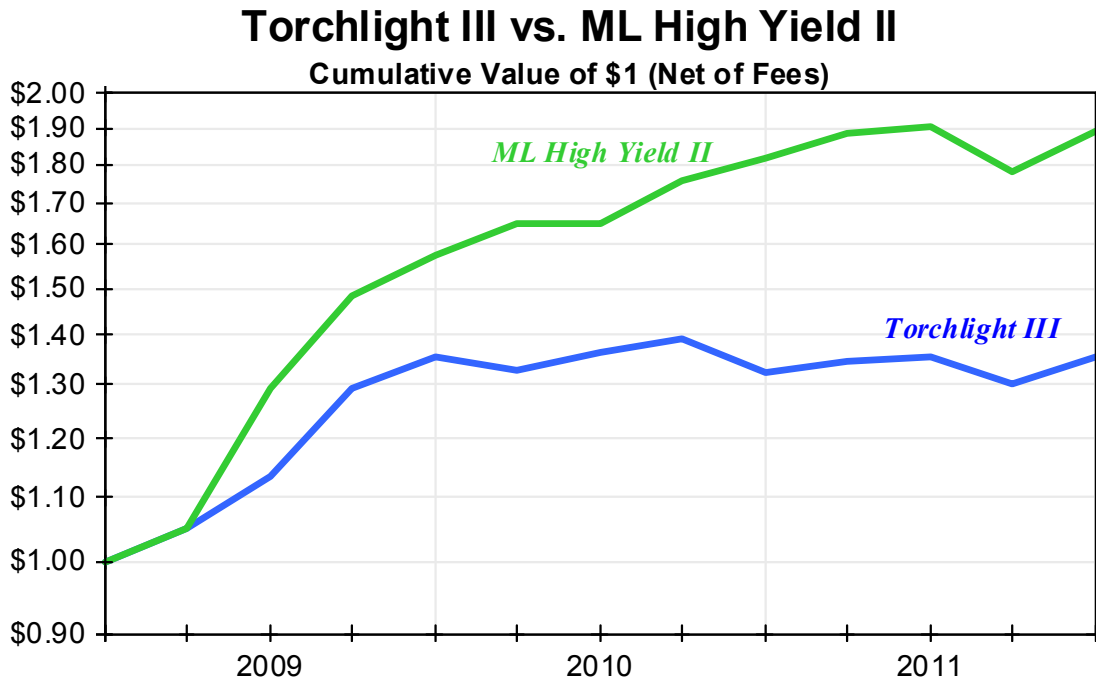
Torchlight II returned 3.0% for the fourth quarter. This return was much better than the Merrill Lynch High Yield Master II return of -6.3% and ranked in the 1<sup>st</sup> percentile in the universe of high yield portfolios. Over the past three years, the fund has returned 3.1%, well below the index return of 13.7%, and ranked in the 98<sup>th</sup> percentile. Over the past five years, the portfolio has returned -7.6%, well below the index return of 7.0%, and ranked in the 98<sup>th</sup> percentile again. The five-year time-weighted results thus far look poor.

Fund II has called all capital commitments and made investments in 41 deals with an amortized cost of \$547.1 million. Fund II has a current NAV of \$301.6 mm and has made \$131.2 mm in distributions since inception. Some of the lower-rated positions in the portfolio have experienced further credit deterioration. Bonds in 16 deals (accounting for 27.0% of committed capital) have ceased to cashflow. In addition, one deal is experiencing partial interest shortfalls.

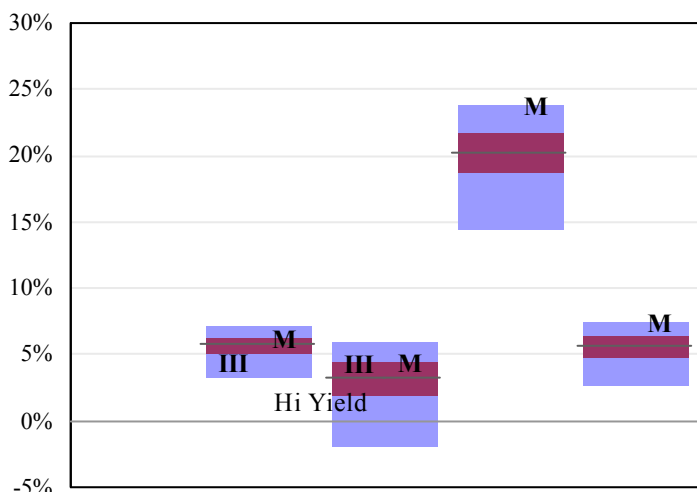
The portfolio consists of 70.9% investment grade CMBS, 9.7% non-investment grade CMBS, 16.8% mezzanine loans and B-notes and 2.6% CRE CDO bonds (based on acquisition value).

**MANAGER COMMENTS – FIXED INCOME**

**Torchlight III**



## Torchlight III



	Qtr	1 Year	3 Years	5 Years
Torchlight III (III)	4.4	4.2	19.2	-
Rank v. Hi Yield	87	30	68	-
ML HY II (M)	6.2	4.4	23.7	7.4
Hi Yield Median	5.8	3.3	20.2	5.6

Portfolio Characteristics	Torchlight III	ML High Yield II
Mkt Value (\$Mil)	74.6	n/a
Yield to Maturity (%)	38.3 %	8.4 %
Duration (yrs)	3.3	4.3
Avg. Quality	BBB-	B1

Quality Distribution	Torchlight III	ML High Yield II
AAA	24 %	0 %
AA	0	0
A	12	0
BBB	17	0
BB	9	45
B	31	39
CCC	0	16
Not Rated	7	0
Cash	0	0

In the fourth quarter, Fund III returned 4.4%, lagging the 6.2% return of the Merrill Lynch High Yield II Index. This return ranked in the 87<sup>th</sup> percentile of high yield managers. Over the past three years, the fund has returned 19.2%, trailing the index return of 23.7% and ranked in the 68<sup>th</sup> percentile.

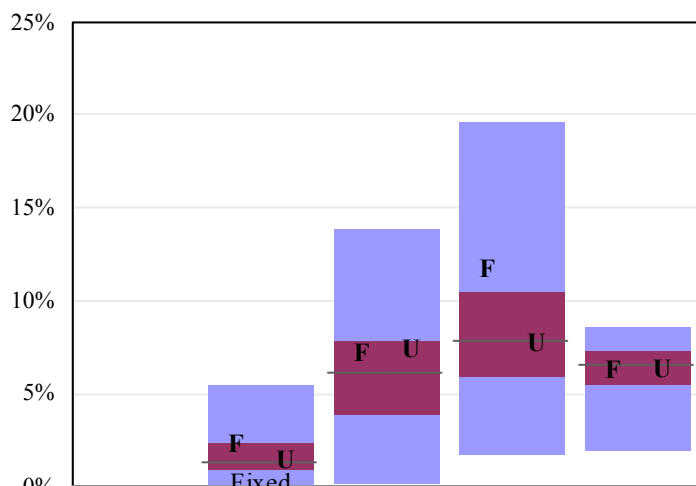
As of December 31, 2011, Fund III has called down 100% of committed capital and acquired a portfolio of 112 investments with an amortized cost of \$903.2 million. The breakdown of the current investments is 27.0% credit CMBS, 21.9% interest-only CMBS, 15.0% CRE CDO, 14.5% CRE loans and Mezzanine notes, 13.8% subordinate CMBS, 6.8% IO CRE Re-remics, and 0.7% in commercial real estate municipal bonds (based on acquisition values). Since inception, the fund has generated \$51.3 million in investment gains and a net equity multiple of 1.1x through December 31, 2011.

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## MANAGER COMMENTS – FIXED INCOME

### Total Domestic Fixed Income



	Qtr	1 Year	3 Years	5 Years
Total Fixed (F)	2.3	7.2	11.8	6.3
Rank v. Fixed	25	35	21	60
BC Uni (U)	1.5	7.4	7.7	6.4
BC Agg (L)	1.1	7.8	6.8	6.5
Fixed Median	1.3	6.2	7.9	6.6

Portfolio Characteristics	Total Fixed	Barclays Universal
Mkt Value (\$Mil)	1,458.9	n/a
Yield to Maturity (%)	7.1 %	2.8 %
Duration (yrs)	4.6	4.9
Avg. Quality	AA	AA

Sectors	Total Fixed	Barclays Universal
Treasury/Agency	16 %	44 %
Mortgages	33	28
Corporates	12	26
High Yield	19	2
Asset-Backed	3	3
CMBS	9	0
International	3	0
Emerging Markets	2	0
Other	3	0
Cash	-1	0

CCCERA total fixed income returned 2.3% in the fourth quarter, which exceeded the 1.5% return of the Barclays Universal and the 1.1% return of the Barclays U.S.

Aggregate, ranking in the 25<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 7.2%, slightly trailing the 7.4% return of the Barclays Universal and the 7.8% return of the Barclays U.S.

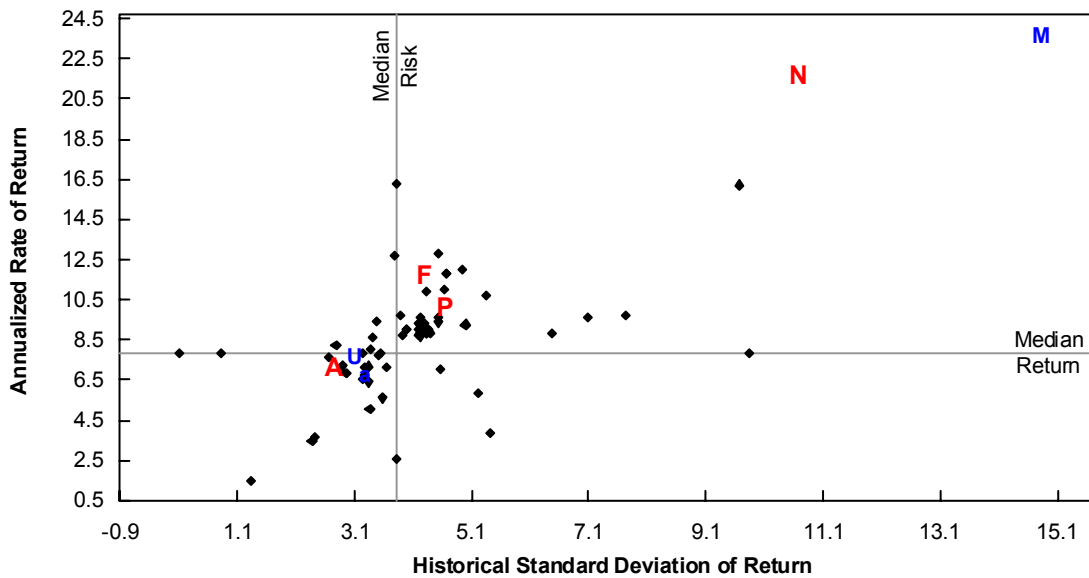
Aggregate. The CCCERA total fixed income returns exceeded the Barclays Universal Index over the past three years and slightly lagged over the past five years.

At the end of the fourth quarter, the aggregate fixed income position was underweight relative to the Barclays Universal in the US government and investment grade corporate debt sectors. These underweight positions were primarily offset by larger positions in mortgages, high yield and CMBS debt. The duration of the total fixed income portfolio at the end of the fourth quarter was 4.6 years, shorter than the 4.9 year duration of the index.

## MANAGER COMMENTS – FIXED INCOME

### Domestic Fixed Income Performance and Variability

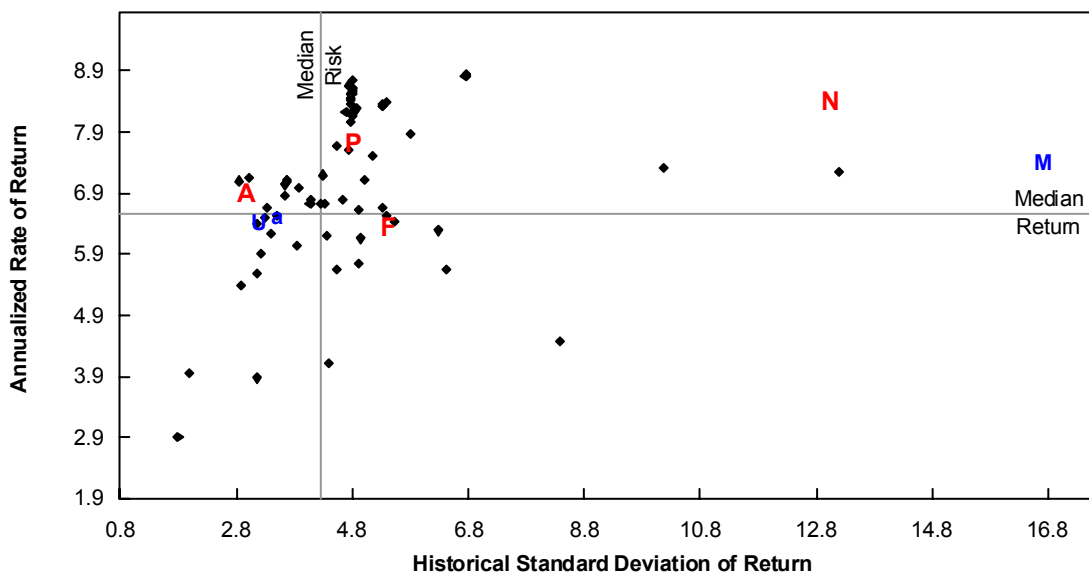
*Three Years Ending December 31, 2011*



Domestic Bond Managers	Annualized Return	Standard Deviation	Risk/Reward Ratio
AFL-CIO ( <b>A</b> )	7.2 %	2.7 %	2.60
Nicholas Applegate ( <b>N</b> )	21.7	10.6	2.03
PIMCO ( <b>P</b> )	10.2	4.6	2.18
Total Fixed ( <b>F</b> )	11.8	4.3	2.74
Barclays Aggregate ( <b>a</b> )	6.8	3.2	2.06
ML High Yield II ( <b>M</b> )	23.7	14.8	1.59
Barclays Universal ( <b>U</b> )	7.7	3.1	2.48
Median Bond Portfolio	7.9	3.8	2.04

## Domestic Fixed Income Performance and Variability

*Five Years Ending December 31, 2011*

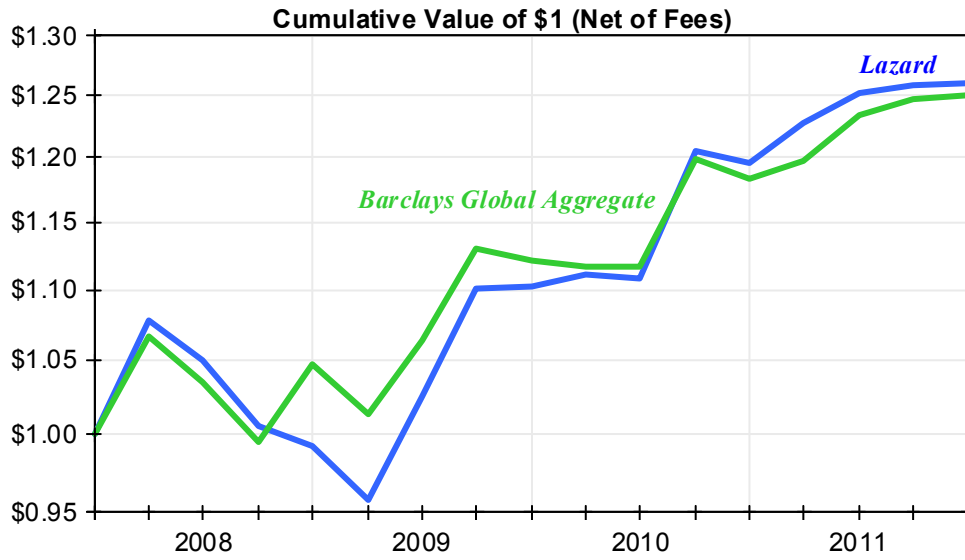


	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Domestic Bond Managers			
AFL-CIO ( <b>A</b> )	6.9 %	3.0 %	1.82
Nicholas Applegate ( <b>N</b> )	8.4	13.0	0.53
PIMCO ( <b>P</b> )	7.7	4.8	1.29
Total Fixed ( <b>F</b> )	6.3	5.4	0.89
Barclays Aggregate ( <b>a</b> )	6.5	3.5	1.45
ML High Yield II ( <b>M</b> )	7.4	16.7	0.35
Barclays Universal ( <b>U</b> )	6.4	3.2	1.55
Median Bond Portfolio	6.6	4.2	1.20

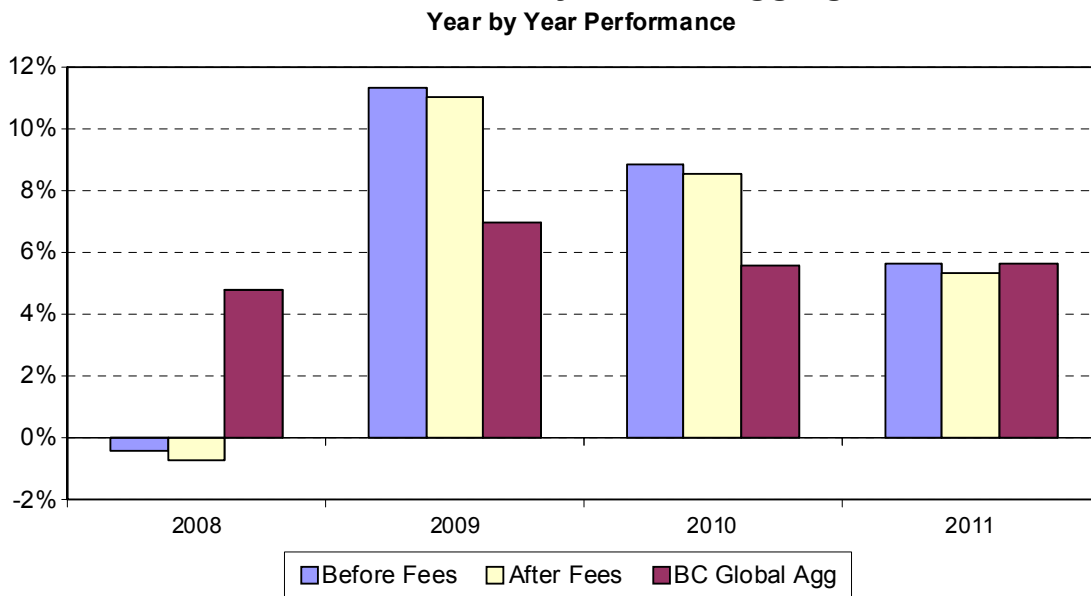
# MANAGER COMMENTS – GLOBAL FIXED INCOME

## Lazard Asset Management

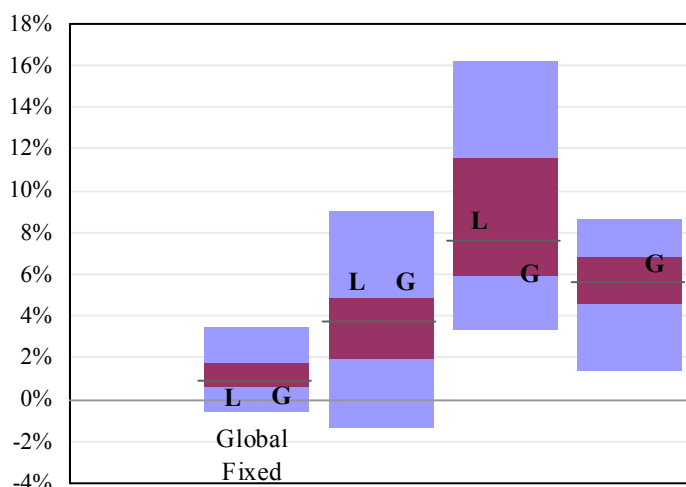
### Lazard vs. Barclays Global Aggregate



### Lazard vs. Barclays Global Aggregate



## Lazard Asset Management



	Qtr	1 Year	3 Years	5 Years
Lazard (L)	0.1	5.6	8.6	-
Rank v. Glob FI	84	21	43	-
BC Global (G)	0.2	5.6	6.0	6.5
GI Fixed Median	0.9	3.7	7.6	5.7

Portfolio Characteristics	Lazard Asset Mgmt	Barclays Global Aggregate
Mkt Value (\$Mil)	214.6	n/a
Yield to Maturity (%)	3.5 %	2.3 %
Duration (yrs)	4.9	5.9
Avg. Quality	AA-	AA

Sectors	Lazard Asset Mgmt	Barclays Global Aggregate
Treasury/Sovereign	33 %	53 %
Agency/Supranational	27	14
Sovereign External Debt	0	0
Corporate	17	16
High Yield	1	0
Emerging Markets	18	0
Mortgage	0	17
Other	4	0

Lazard Asset Management returned 0.1% in the fourth quarter. This return nearly matched the 0.2% return of the Barclays Global Aggregate Index but ranked in the 84<sup>th</sup> percentile in the universe of global fixed income managers. Over the past year, Lazard has returned 5.6%, matching the Barclays Global Aggregate return and ranking in the 21<sup>st</sup> percentile. Over the past three years, the portfolio has returned 8.6%, above the 6.0% return of the Barclays Global Aggregate index and ranking in the 43<sup>rd</sup> percentile. Lazard is in compliance with CCCERA performance guidelines.

Lazard's portfolio was underweight to treasuries/sovereign and mortgage securities at the end of the quarter while remaining overweight to agency/supranational, emerging markets and other securities. The duration of the Lazard Asset Management portfolio at the end of the fourth quarter was 4.9 years, significantly shorter than the index. The portfolio has a moderately higher yield than the index.

Strategies that helped relative results included security selection in Europe (no allocations to Italy, Spain, Portugal and Greece), overweighted country allocations to the United Kingdom, Australia, New Zealand, Scandinavia and Columbia, and tactical currency exposure. Strategies that hurt relative performance included an underweight exposure to European government duration in December coupled with a modest underweight position in Japanese bonds.

## **MANAGER COMMENTS – REAL ESTATE**

### **Adelante Capital Management**

**\$254,591,753**

Adelante Capital Management returned 14.89% for the fourth quarter, below the 15.41% return of the Dow Jones Wilshire REIT Index. For the past year, Adelante returned 9.15%, slightly below the REIT index return of 9.23% but ranked in the 21<sup>st</sup> percentile.

As of December 31, 2011, the portfolio consisted of 35 public REITs. Office properties comprised 12.3% of the underlying portfolio, apartments made up 20.1%, retail represented 21.9%, industrial was 6.2%, 5.7% was diversified/specialty, storage represented 7.4%, healthcare accounted for 11.3%, hotels accounted for 7.2%, manufactured homes made up 3.2%.

### **BlackRock Realty**

**\$0**

As of quarter end, the Apartment Value Fund III was fully liquidated.

### **DLJ Real Estate Capital Partners II**

**\$3,982,958**

DLJ Real Estate Capital Partners II (RECP II) reported a return of -1.6% in the quarter ending December 31, 2011. Over the one-year period, RECP II has returned 8.7%. CCCERA has a 3.4% ownership interest in RECP II.

As of December 31, 2011, the portfolio consisted of 11.8% retail, hotels accounted for 49.4%, land development made up 21.3%, residential accounted for 9.7% and 7.8% was categorized as “other”. The properties were diversified geographically with 80.8% domestic and 19.2% international.

The RECP II Fund is fully invested with 51 transactions. To date, 47 transactions have been realized with a 33% gross IRR (2.2x multiple). The remaining investments represent approximately \$107 million in book value, and exit for these investments is expected to occur over the next 18 months.

### **DLJ Real Estate Capital Partners III**

**\$41,044,924**

DLJ Real Estate Capital Partners III (RECP III) reported a return of 3.2% in the fourth quarter. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP III returned -1.1%. CCCERA has a 6.6% ownership interest in RECP III.

As of December 31, 2011 the portfolio consisted of 49.1% hotel properties, 21.6% industrial, 19.9% mixed-use development, 4.2% apartments, 1.9% retail, 3.3% in other category. The properties were diversified globally with 68.5% non-US and 31.5% US.

The Fund is fully invested in 49 investments, and performance has benefitted from strong early realizations, with aggregate proceeds totaling \$676 million. The book value of the remaining

portfolio is \$555 million. The largest investments in the remaining portfolio are well positioned to recover additional value over time. The manager expects the overall fund's proceeds to invested equity multiple to be approximately 1.1x.

**DLJ Real Estate Capital Partners IV**  
**\$55,952,758**

DLJ Real Estate Capital Partners IV (RECP IV) returned 2.9% in the quarter ending December 31, 2011. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund has returned 20.2%.

As of December 31, 2011 the portfolio consisted of 11.3% office properties, 8.0% in loans/mortgages, 35.2% mixed use development, 12.8% land, 7.1% private securities, 11.9% hotel properties, 2.8% industrial, 6.2% apartments and 3.6% other. The properties were diversified globally with 29.6% non-US and 70.4% US.

To date, the Fund has completed 31 investments, investing approximately \$997 million of equity. Proceeds to date are \$241 million. Approximately 37% of RECP IV's capital was committed after the market downturn and the fund has approximately \$60 million of capital remaining to be invested, of which \$40 million is committed to a pending investment. The Fund is well positioned to capture upside from an economic recovery over time given its concentration in primary markets such as New York City, Washington DC, Los Angeles, and Tokyo, as well as its focus on multifamily and other income producing properties. The relatively modest use of debt in the portfolio is also a positive factor.

**Long Wharf US Growth Fund II**  
**\$14,116,788**

Long Wharf (formerly Fidelity) returned 1.2% for the fourth quarter of 2011. For the one-year period, the fund had a total return of 10.2%.

Three of the fund's investments were drivers of the fourth quarter return. The largest holding remaining in the fund, the Michigan Student Housing portfolio, distributed \$1.9 million of income to the fund in the quarter. The Michigan portfolio is 95% leased going into the 2011-2012 school year and is generating over \$5 million of annualized current income to the fund. The Agesong Lakeside is currently 97% occupied and continues to generate strong operating performance. The property produced cash distributions of \$495,000 to FREG II in 2011, equating to a 12% return on equity. Finally, Gardens at Citrus Tower increase rates on renewals by 11% and rental rates by 9%, entering the season when this property typically experiences more demand and should have greater pricing power.

The portfolio consists of 23% apartment properties, 22% for sale housing, 2% senior housing, 9% retail, 3% office, 17% student housing, 7% hotel and 17% other. The properties were diversified regionally with 21% in the Pacific, 24% in the Southeast, 14% in the Mountain region, 7% in the Southwest, 34% in the East North Central.

**Long Wharf US Growth Fund III**  
**\$47,803,448**

Long Wharf (formerly Fidelity) US Growth Fund III reported a return of 8.0% for the fourth quarter of 2011. Over the past year, the Fund has returned 16.6%.

The Village on the Parkway investment was marked up by \$5.9 million during the fourth quarter, driven principally by the execution of 40,000 square feet, 20-year leased with Whole Foods, and stronger leasing momentum across the center. The two hotels at the Atlanta Gateway Center continue to perform very well, with the Marriott and the Springhill Suites continue strong performance helping increase the fund value by \$5 million.

In December the sale of Cupertino Crossing closed, this is a 100,000 square foot office building in Cupertino, California. FREG III acquired the newly built property in August 2010 at a sharp discount to replacement cost when it was 50% leased. The sale in December generated a 70% annualized return for FREG III, and the fund received total proceeds of \$23.2 million on its investment of \$11.3 million.

The fund distributed \$62 million back to investors in the quarter bringing total distributions for the full year to \$112 million. FREG III also closed four new investments in the fourth quarter representing \$88 million of committed equity. The fund's new holdings include: Hamilton Lakes, a 975,000 square foot office property outside of Chicago, Illinois; Energy Square a 950,000 square foot complex in Dallas; The Shops of Uptown, a 70,000 square foot retail center outside of Chicago in Park Ridge, Illinois; and 140 Second Street, a 36,000 square foot office building in the SOMA area of San Francisco.

Committed capital consists of 13% retail, 29% office, 12% apartments, 7% industrial, 11% hotels, 3% senior housing and 6% entitled land, 9% student housing and 12% other.

**Hearthstone I**  
**\$135,235**

**Hearthstone II**  
**\$10,382**

As of December 31, 2011, Contra Costa County Employee's Retirement Association's commitment to HMSHP and MSII were nearly liquidated. The remaining balances represent residual accrued income positions.



**Invesco Real Estate Fund I**  
**\$27,596,619**

Invesco Real Estate Fund I (“IREF”) reported a fourth quarter total return of 3.9%. Over the past year, Invesco Real Estate Fund I returned 26.9%. CCCERA has a 15.6% interest in the Real Estate Fund I.

The Fund’s Net Asset Value increased by \$44 million or 27%, driven in part by a 10% increase in Gross Asset Value (GAV) of the Fund’s investments. One of the Fund assets, Milestone Apartment Portfolio had its GAV increased 12%, driven by a 5% growth in income. The only Fund investment that lost value during the year was the Campus at Longmont investment, which saw GAV fall by 5%.

Property-level Loan-To-Value (“LTV”) decreases from 64% to 57%. However, Fund-level LTV fell from 69% to 64%. Both more recent metrics are within the Fund’s original LTV limitation of 65% maximum and are reflective of increasing asset values and periodic reductions in investments debt levels that occurred during the year.

As of the fourth quarter, the portfolio consisted of six investments. Property type distribution was 12% retail, 15% industrial properties, and 73% multi-family. The properties were diversified regionally with 23% in the West, 62% in the South, and 15% in the East

**Invesco Real Estate Fund II**  
**\$64,727,185**

Invesco Real Estate Fund II returned 5.9% during the fourth quarter. Over the past year, the fund has returned 33.6%. CCCERA has an 18.7% ownership stake in the fund.

As mentioned in the previous quarter, the fund is selling two of its early investments for substantial losses; those properties are the Shidler Portfolio and the Shoppes at Southern Palms. The Shidler Portfolio was evaluated and found wanting for its economic viability as a “hold” and continued equity investment. The Shoppes at Southern Palms sale was completed, the sale net \$1.5-\$2.0 million in recovery. During the quarter, the fund acquired The Lodge at Willow Creek, a multi-family renovation play in a highly amenitized Denver submarket. Net returns are projected in the 15% and 1.7x equity multiple vicinity.

Invesco has committed 80% of investors’ equity. Of the remaining 20% uncommitted, the fund expects to call an additional 10% during 2012. Four to six of the fund’s existing 12 investments have or nearing value maximization and will be likely sold in 2012.

As of the fourth quarter end, the portfolio consisted of 12 investments. The Fund’s investments were distributed nationwide with 30% in the West and 61% in the East and 9% in the south. The portfolio was weighted by gross asset value by property type with 17% industrial, 25% office, 53% multi-family, 4% retail and <1% CMBS/Land.

**Invesco International REIT**  
**\$45,785,400**

The Invesco International REIT portfolio returned 2.3% in the fourth quarter. This return was above the FTSE EPRA/NAREIT Global ex-US benchmark return of 1.19%. Over the past year, the portfolio returned -17.0% compared to the FTSE EPRA/NAREIT Global ex-US benchmark return of -15.3%.

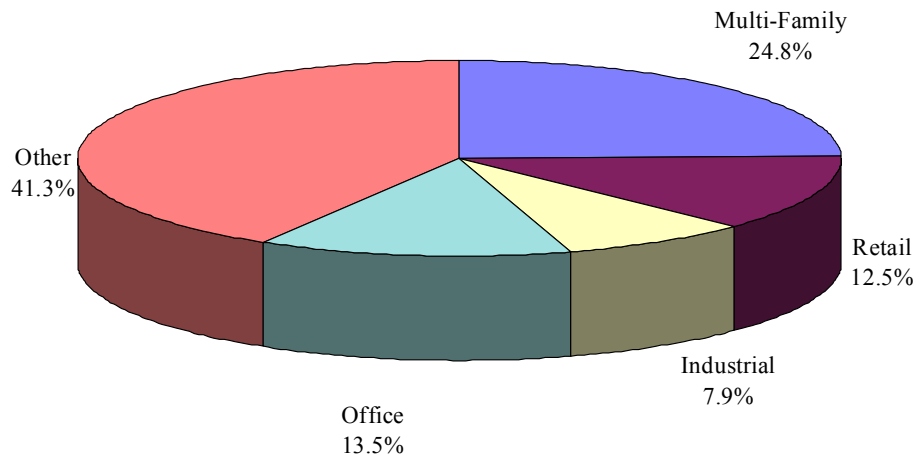
**Oaktree Real Estate Opportunities Fund V**  
**\$42,526,280**

The Oaktree was funded in December 2011 with an initial investment of \$43.0 million. The fund returned -1.1% in the fourth quarter ended December 31, 2011.

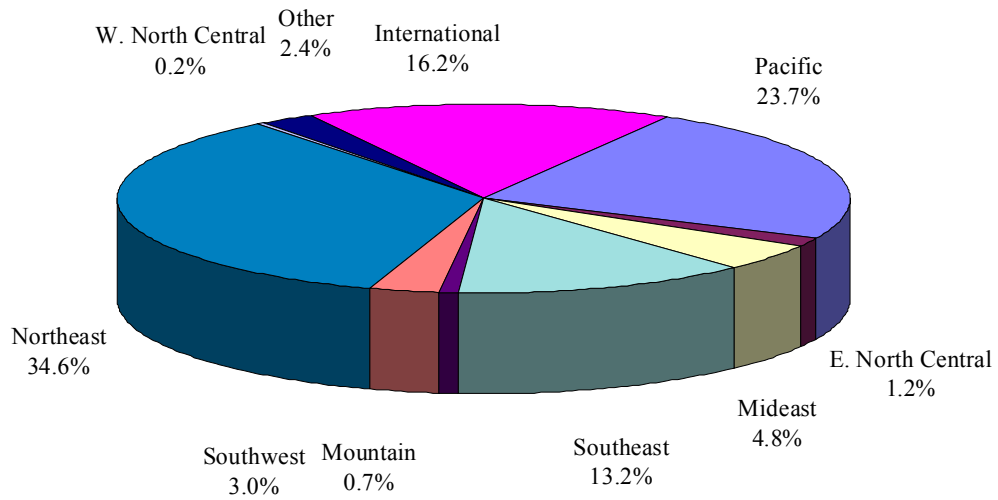
# MANAGER COMMENTS – REAL ESTATE

## Total Real Estate Diversification

### Diversification by Property Type



### Diversification by Geographic Region



## **MANAGER COMMENTS - ALTERNATIVE INVESTMENTS**

### **Adams Street Partners**

**\$98,006,308**

Adams Street had a fourth quarter gross return of -3.4% for the CCCERA's investments. (Performance lags by one quarter due to financial reporting constraints, which is typical for this type of investment vehicle.) For the one-year period, Adams Street returned 15.6%. The portfolio continues in acquisition mode.

The Brinson portfolio (\$20,954,347) is comprised of 36.4% venture capital funds, 9.1% special situations, 7.8% in mezzanine funds, 4.3% in restructuring/distressed debt and 42.4% in buyout funds. The Adams Street program (\$56,744,528) was allocated 44.2% to venture capital, 11.8% special situations, 2.8% mezzanine debt, 1.8% restructuring/distressed debt and 39.4% buyouts. The dedicated secondary allocation (\$20,954,347) was allocated 46.5% to venture capital and 53.5% to buyouts.

### **Bay Area Equity Fund**

**\$15,558,728**

Bay Area Equity Fund had a fourth quarter gross return of -8.2%. (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned 59.5%. CCCERA has a 13.3% ownership interest in the Fund.

As of December 31, 2011, the Bay Area Equity Fund I had 18 investments in private companies in the 10 county Bay Area, all of which are located in or near low- to middle-income neighborhoods. Currently, the Fund has invested \$75 million, including \$5.4 million in recycled capital. Bay Area Equity Fund II had 13 investments in private companies. Nine investments are in the clean technology sector, two investments in consumer sector and the final two investments are in information technology sector.

### **Carpenter Community BancFund**

**\$22,531,926**

Carpenter had a fourth quarter gross return of 0.6%. (Performance lags by one quarter due to financial reporting constraints). Over the past year, Carpenter has returned 4.4%.

The Fund holds control investments in five commercial banks and a smaller ownership share in another bank. The Fund has deployed \$238 million of its capital into the six financial institutions. Consolidated results of the Fund banks showed that total assets equaled nearly \$3.5 billion on a capital base of \$395 million. On a consolidated basis, the Fund is well positioned for future growth both organically and through opportunistic acquisitions.

**Energy Investors - US Power Fund I**  
**\$2,880,388**

The Energy Investors Fund Group (EIF) had a fourth quarter gross return for this fund, which is in liquidation mode, of -1.6%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF had a total return of -17.1%. CCCERA has a 9.6% ownership interest in Fund I.

Another purchase and sale agreement was executed in October for the sale of Black River Corporation. EIF is cautiously optimistic that all conditions precedent to closing will be satisfied to allow for a year-end transaction.

Two separate third parties have made offers to buy Loring. EIF is hoping to enter into definitive documentation with one of the bidders by the end of 2011.

While development efforts continue on Sea Breeze's Juan de Fuca project, project management is simultaneously engaged in discussions with several third parties interested in funding development and/or acquiring the Fund's interest.

**Energy Investors - US Power Fund II**  
**\$43,016,259**

Energy Investors had a fourth quarter gross return of 2.6% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund returned 5.2%. CCCERA has a 19.1% ownership interest in USPF-II.

The Fund distributed \$6.0 million to its Partners in the fourth quarter, bringing year-to-date distributions to \$16 million and inception to date distributions to \$145.4 million. The fourth quarter distribution included \$2.2 million in proceeds from the sale of Mojave and \$3.8 million in operating income from projects.

There were no material changes in the investment portfolio in the fourth quarter. The fair value of the portfolio decreased from \$236.2 million to \$233.4 million, primarily due to the sale of Mojave. As they reported last quarter, Kleen Energy achieved commercial operations early in the fourth quarter. The project operated well in its first few months of operations, notwithstanding the typical start-up issues.

**Energy Investors - US Power Fund III**  
**\$19,019,083**

During the fourth quarter, the fund had a gross return of -6.9%. Over the past year, the fund has returned -11.6%. CCCERA has a 6.9% ownership interest in USPF-III.

The Fund distributed \$14.5 million to its Partners in the fourth quarter, bringing inception to date distributions to \$176.8 million.

During the quarter, the Fund's investment portfolio increased by approximately \$8.7 million to \$1.07 billion. This net increase was primarily driven by an incremental \$18.5 million investment in Astoria II at the completion of construction, offset by a \$16 million reduction in fair value for Solar Power Partners. During the quarter the Fund also invested approximately \$6 million in eight existing investments.

Astoria II and Kleen Energy achieved commercial operations early in the fourth quarter and are operating well. The fair value of the Solar Power Partners investment, as of September 30<sup>th</sup>, is based on the sale of SPP to NRG Energy, which closed in early November. Importantly, the current fair value of PP does not include certain escrows and contingent payments, some of which could be received within the next six to twelve months.

**Nogales Investors Fund I**  
**\$2,949,451**

The Nogales Investors Fund I returned 5.3% in the quarter ended December 31, 2011. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has returned 10.1%. CCCERA makes up 15.2% of the Fund. As of December 31, 2011, the Fund had six investments with estimated total value of \$72.2 million.

**Oaktree Private Investment Fund 2009**  
**\$28,782,312**

The Oaktree PIF 2009 Fund was funded on February 18, 2010 with a commitment of \$40.0 million and an initial investment of \$7.0 million. The Oaktree PIF 2009 Fund returned -6.9% in the fourth quarter ended December 31, 2011. (Performance lags by one quarter due to financial reporting constraints.) The limited partners have committed total capital of \$138,100,000, of which \$111,592,872 (or 80.8% of committed capital) has been drawn as of December 31, 2011. The capital commitments that the Fund makes to the underlying Funds will be allocated 60% to Opps VII, 30% to PF V and 10% to Mezz II.

**Paladin Fund III**  
**\$15,511,763**

Paladin Fund III returned 7.1% for the quarter ended December 31, 2011. Over the past year, the fund has returned 21.7%. As of December 31, 2011, the Fund reported \$66.42 million of Partners' Capital. The \$66.42 million of assets consisted of the Fund's investments in Adapx, Unitrends, Quantalife, Luminus Devices, BA-Insight, Damballa, WiSpry, Modius, Digital Bridge Communications, Renewable Energy Products, Paladin Biodiesel I, Vital Renewable Energy Products (VREC), Paladin Ethanol Acquisition, and Royalty Pharma (\$61.45), cash (\$4.24 million), sales proceeds and interest and other receivables (\$317 thousand) and due from affiliates and parallel vehicles.

**Pathway Private Equity Fund**  
**\$73,150,535**

The combined Pathway Private Equity Fund (PPEF) and Pathway Private Equity Fund 2008 (PPEF 2008) had a fourth quarter return of -5.9%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Pathway returned 10.9%.

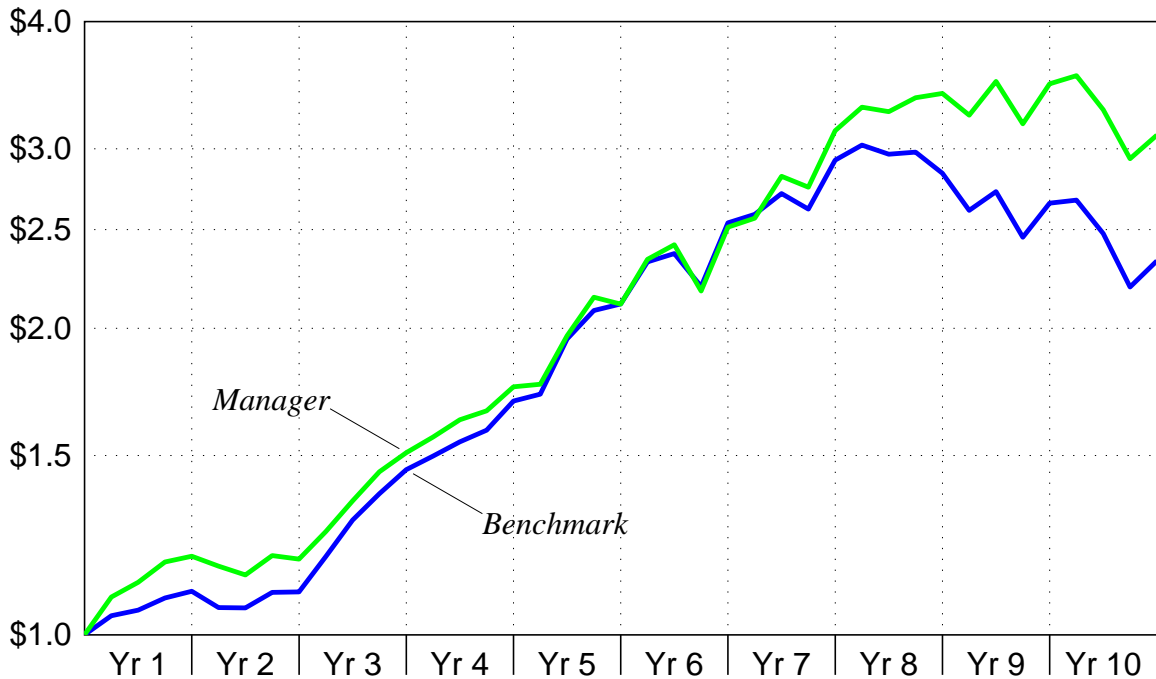
The Fund's contain a mixture of leverage buyout, venture capital, and other special equity investments. During the fourth quarter of 2011, PPEF 2008 committed to three private equity limited partnerships. As of December 31, 2011, PPEF 2008 had \$190.8 million committed to 21 private equity limited partnerships. As of December 31, 2011, PPEF had committed \$125.2 million to 42 private equity partnerships.

## APPENDIX – EXAMPLE CHARTS

### How to Read the Cumulative Return Chart:

# Manager vs. Benchmark

## Cumulative Value of \$1



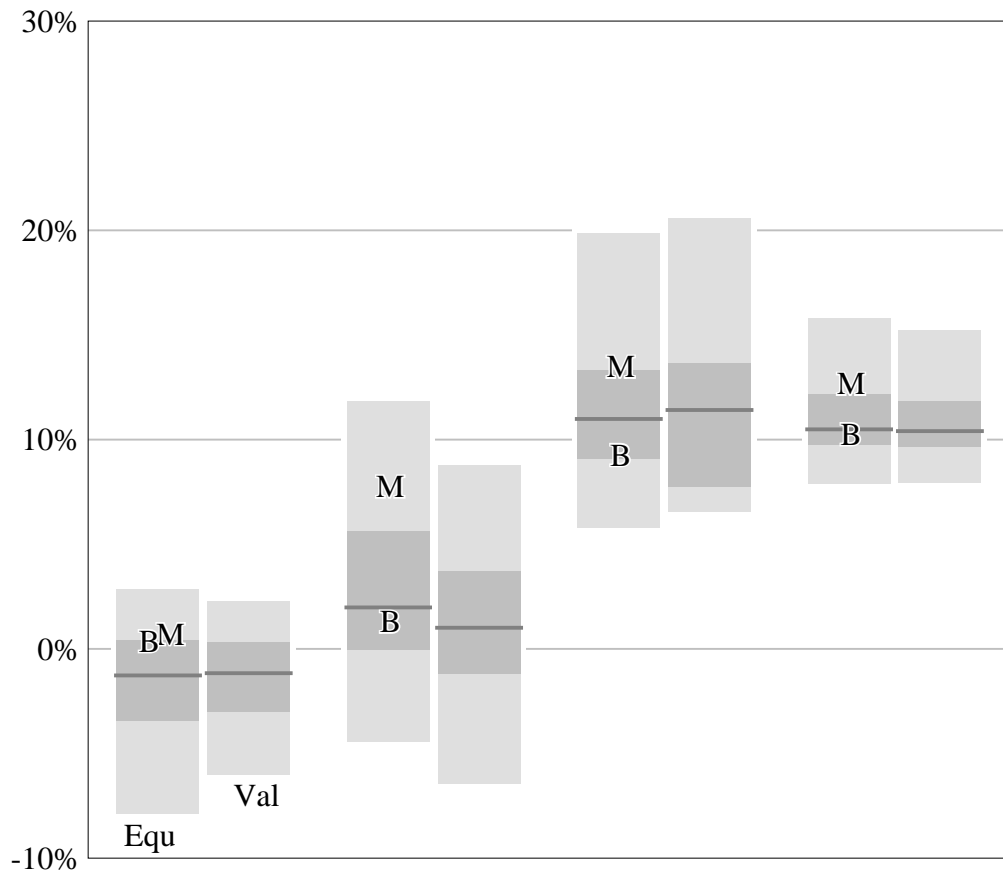
This chart shows the growth of \$1 invested in the 1<sup>st</sup> quarter of Year 1 with the manager vs. \$1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if \$1 had been invested with the manager at the beginning of the 1<sup>st</sup> quarter of 1985, it would have grown to approximately \$2 by the fourth 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:



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
Manager ( <b>M</b> )	0.8	7.8	13.5	12.7
<i>Rank v. Equity</i>	<i>18</i>	<i>13</i>	<i>23</i>	<i>19</i>
<i>Rank v. Value</i>	<i>15</i>	<i>10</i>	<i>25</i>	<i>12</i>
Benchmark ( <b>B</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 5<sup>th</sup> percentile of the universe (better than 95% of managers), while the box bottom is the return at the 95<sup>th</sup> percentile. The shading changes at the 25<sup>th</sup> and 75<sup>th</sup> percentiles. The 50<sup>th</sup> 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,  $\text{Alpha} = \text{Portfolio Return} - \text{Risk Free Rate} - \text{Beta} * (\text{Market Return} - \text{Risk Free Rate})$ ;  $\alpha = r_p - r_f - \beta(r_m - r_f)$ . 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<sup>2</sup> (R Squared)** – R<sup>2</sup> 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<sup>2</sup> will be close to 1. Broadly diversified managers have an R<sup>2</sup> of 0.90 or greater, while the R<sup>2</sup> 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.

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