

## Investment Committee

of the San Mateo County Employees' Retirement Association will meet on  
**Tuesday, August 27, 2013 at 10:00 a.m.**

- 1.0 Call to Order
- 2.0 Roll Call
- 3.0 Oral Communications From the Committee
- 4.0 Oral Communications From the Public
- 5.0 Approval of the Minutes
- 6.0 Investment Management Services - the Investment Committee Shall Review & Discuss
  - 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending July, 31, 2013
  - 6.2 Quarterly Investment Performance Report for the Period Ending June 30, 2013
  - 6.3 Report on Core Bond Manager Annual Reviews
  - 6.4 Discussion of Asset-Liability Simulation Results and Approval of New Asset Class Target Portfolio
  - 6.5 Annual Review of SamCERA's Security Lending Program
  - 6.6 Discussion and Approval to Transfer Portion of Mondrian Assets
  - 6.7 Report on Trading Cost Analysis for Equity and Fixed Income Managers (to be heard by the full Board only)
- 7.0 Other Business
- 8.0 Chief Investment Officer's Report
- 9.0 Adjournment

Michael Coultrip, Chief Investment Officer



Posted: 8/21/13

**Be advised that the committees of the Board of Retirement are forums in which consensus may emerge. If you have an interest in a matter before a committee, you are advised to attend the committee meeting. Committee meeting times are noted on the board agenda.**

IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT:

SamCERA's facilities and board and committee meetings are accessible to individuals with disabilities. Contact David Bailey at (650) 363-4930 at least three business days prior to the meeting, if (1) you need special assistance or a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting; or (2) you have a disability and wish to receive the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting in an alternative format. Notification in advance of the meeting will enable SamCERA to make reasonable arrangements to ensure full accessibility to this meeting and the materials related to it.

**THE COMMITTEE MEETS IN 100 MARINE PARKWAY, SUITE 160,**  
WHICH IS LOCATED ON THE SE CORNER OF TWIN DOLPHIN & MARINE PARKWAY IN REDWOOD CITY.  
Detailed directions are available on the "Contact Us" page of the website [www.samcera.org](http://www.samcera.org)  
*Free Parking is available in all lots in the vicinity of the building.*

# Notice of a Public Meetings



**SamCERA**  
**100 Marine Parkway, Suite 125**  
**Redwood City, CA 94065**

### How to Find Us:

**From Northbound 101** take the Ralston/ Marine World Parkway exit. Drive East on Marine Parkway toward the Bay.

**From Southbound 101** take the Ralston/ Marine World Parkway exit. Drive East over the freeway on Marine Parkway toward the Bay.

**From El Camino Real**, turn East toward the Bay on Ralston and drive over the freeway on Marine Parkway. (Ralston becomes Marine Parkway at 101.)

Twin Dolphin Drive is two stoplights beyond the freeway. The "Shores Center" sign on the lawn is located in front of our new home.

Continue on Marine Parkway one block beyond Twin Dolphin to Lagoon Drive. Note the 100 Marine granite monument with SamCERA logo near curb as you approach Lagoon Drive.

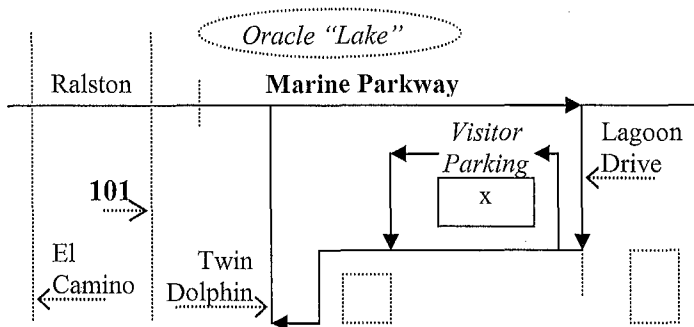
**From Marine Parkway turn Right on Lagoon Drive and then immediately take the next two Right turns into our parking lot.**

Park in the **Visitor spaces** on the Marine Parkway side of our building near the North Entrance.

SamCERA is in Suite 125 on the first floor, on your left just inside the North Entrance on the Marine Parkway side of the building.

SamCERA's Telephone Number: (650) 599-1234  
From a County Extension: Dial 1234  
From Outside the 650 Area Code: (800) 339-0761  
Web Site: [www.samcera.org](http://www.samcera.org)

*Our Office is Open Monday thru Thursday from 7:00 a.m. until 6:00 p.m.*



San Mateo County Employees' Retirement Association  
**Minutes of the Meeting of the Investment Committee**

August 27, 2013

Agenda Item 5.0

**July 23, 2013 – Investment Committee Agenda**

**PUBLIC SESSION**

- 1.0 Call to Order
- 2.0 Roll Call
- 3.0 Oral Communications From the Committee
- 4.0 Oral Communications From the Public
- 5.0 Approval of the Minutes
- 6.0 Investment Management Services - the Investment Committee Shall Review & Discuss
  - 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending June 30, 2013
  - 6.2 Discussion and Approval of Asset Classes/Mixes to be used in Asset Liability Study Simulations
  - 6.3 Discussion and Approval of Clifton Overlay Manager Investment Guidelines
  - 6.4 Report on Value Equity Manager Annual Reviews
  - 6.5 Report on Growth Equity Manager Annual Reviews
  - 6.6 Presentation of Performance Report Concerning Certain Existing Alternative Investments (To be heard by the full Board only)
  - 6.7 Report on Alternative Investment Transaction (To be heard by the full Board only)
  - 6.8 Discussion and Approval of Proposed Alternative Investment (To be heard by the full Board only)
- 7.0 Other Business
- 8.0 Chief Investment Officer's Report
- 9.0 Adjournment

**MINUTES OF SAMCERA's Investment Committee Meeting – July 23, 2013**

- 1.0 **Call to Order:** Mr. David called the Public Session of the Investment Committee of the Board of Retirement to order at 10:04 a.m. July 23, 2013, in SamCERA's Board Room, Suite 160, 100 Marine Parkway, Redwood City, California.
- 2.0 **Roll Call:**

*Present:* Ms. Lauryn Agnew, Mr. Al David, and Ms. Michal Settles.  
*Excused:* Mr. Ben Bowler  
*Alternates present:* Ms. Alma Salas and Mr. Christopher Miller.  
*Staff:* Mr. David Bailey, Mr. Michael Coultrip, Ms. Brenda Carlson, Mr. Scott Hood, Ms. Lilibeth Dames, and Ms. Kristina Perez.  
*Consultants:* Mr. Jonathan Brody, Mr. Patrick Thomas, and Mr. Marcel Gesell of Strategic Investment Solutions.  
*Other Board Members present:* Mr. Paul Hackleman and Ms. Sandie Arnott
- 3.0 **Oral Communications From the Committee.** None.
- 4.0 **Oral Communications From the Public:** None
- 5.0 **Approval of the Minutes:** Mr. David asked if there were any corrections or changes to the minutes, and none were noted.  
**Action:** Ms. Settles moved to approve the Investment Committee minutes from February 26, 2013. The motion was seconded by Ms. Agnew and carried unanimously.
- 6.1 **Monthly Portfolio Performance Report:** Mr. Coultrip presented this item and reported that the preliminary return for SamCERA's portfolio was -2.1%. Mr. Coultrip summarized the market environment and discussed the sources of return to the portfolio. This agenda item was informational. It did not require committee action.

San Mateo County Employees' Retirement Association  
**Minutes of the Meeting of the Investment Committee**

- 6.2 **Discussion and Approval of Asset Classes/Mixes to be used in Asset Liability Study Simulations:** Mr. Thomas and Mr. Gesell, from SIS, reviewed the asset liability study report with the committee. They provided a general review of the asset liability process and of the asset class assumptions to be used in the analysis. They also reviewed the mixes and scenarios to be studied with the committee. Committee members asked questions and discussed topics including correlations, standard deviations, risk tolerance framework, sensitivity analysis, and the length of time span in the projections.  
**Action:** Ms. Agnew moved to recommended Board approval of asset classes and portfolios mixes to be used in Asset Liability simulations, and to move forward as discussed. The motion was seconded by Ms. Settles and carried unanimously.
- 6.3 **Discussion and Approval of Clifton Overlay Manager Investment Guidelines:** Mr. Coultrip reported he had a very productive due diligence trip with Clifton in June. He went over five points of the investment guidelines and discussed each with the Committee.  
**Action:** Ms. Settles moved to recommend Board approval of the Clifton investment guideline parameters as presented. The motion was seconded by Ms. Agnew and carried unanimously.
- 6.4 **Report on Value Equity Manager Annual Reviews:** Ms. Dames reported that staff met with SamCERA's value equity managers on June 6, 2013 and there were no significant concerns. She stated that an increase in transaction costs were noted with one manager, and it was addressed with the manager; however it was nominal compared to performance. Committee members discussed the value of on-going transaction cost analysis reports. This item was informational only and no action was taken.
- 6.5 **Report on Growth Equity Manager Annual Reviews:** Ms. Dames reported that staff met with SamCERA's growth equity managers on July 9, 2013, and there were no significant concerns. She stated that a concern about Chartwell's personnel turnover was addressed with this manager; and Mr. Thomas also discussed this issue with the Committee. This item was informational only and no action was taken.
- 6.6 **Presentation of Performance Report Concerning Certain Existing Alternative Investments (To be heard by the full Board only):** This item was heard at the Regular Board meeting held on July 23, 2013.
- 6.7 **Report on Alternative Investment Transaction (To be heard by the full Board only):** This item was heard at the Regular Board meeting held on July 23, 2013.
- 6.8 **Discussion and Approval of Proposed Alternative Investment (To be heard by the full Board only):** This item was heard at the Regular Board meeting held on July 23, 2013.
- 7.0 **Other Business:** None
- 8.0 **Chief Investment Officer's Report:** Mr. Coultrip informed the Committee that Core Bond Manager reviews were coming up in August and that Zeno is expected to make a presentation at the next meeting. Mr. Coultrip also reported that a portion of the interest rate hedge in the TIPS portfolio was implemented in early July with the remainder to be implemented by the end of July.
- 9.0 **Adjournment:** There being no further business, Mr. David adjourned the committee meeting at 11:33 a.m.

---

ALBERT DAVID  
INVESTMENT COMMITTEE CHAIR

---

KRISTINA PEREZ  
RETIREMENT EXECUTIVE SECRETARY

## The Board of Retirement of the San Mateo County Employees' Retirement Association will meet on **Tuesday, August 27, 2013, at 1:00 p.m.**

**PUBLIC SESSION** – The Board will meet in Public Session at 1:00 p.m.

- 1. Call to Order, Roll Call and Miscellaneous Business**
  - 1.1 Announcement of the Appointment of Board Committees
  
- 2. Oral Communications**
  - 2.1 Oral Communications From the Board
  - 2.2 Oral Communications From the Public
  
- 3. Approval of the Minutes**
  
- 4. Approval of the Consent Agenda \***
  - 4.1 Disability Retirements
    - a. Manjula Chandr
    - b. Ida daRoza
    - c. Daisy Lilles
    - d. Dennis Mayer
    - e. Carlos Mena
    - f. Rose Pichay
    - g. Jennifer Slegers
  - 4.2 Service Retirements
  - 4.3 Continuances
  - 4.4 Deferred Retirements
  - 4.5 Member Account Refunds
  - 4.6 Member Account Rollovers
  - 4.7 Trustee Conference Request
  - 4.8 Acceptance of Semi-Annual Compliance Certification Statements for period ending June 30, 2013
  
- 5. Benefit & Actuarial Services**
  - 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda
  
- 6. Investment Services (The Investment Committee will meet at 10:00 a.m. on August 27, 2013)**
  - 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending July, 31, 2013
  - 6.2 Quarterly Investment Performance Report for the Period Ending June 30, 2013
  - 6.3 Report on Core Bond Manager Annual Reviews
  - 6.4 Discussion of Asset-Liability Simulation Results and Approval of New Asset Class Target Portfolio
  - 6.5 Annual Review of SamCERA's Security Lending Program
  - 6.6 Discussion and Approval to Transfer Portion of Mondrian Assets
  - 6.7 Report on Trading Cost Analysis for Equity and Fixed Income Managers
  
- 7. Board & Management Support Services**
  - 7.1 Presentation of Monthly Financial Report
  - 7.2 Report on Status of 2012-13 Financial Audit
  - 7.3 Report on County's Plan for Supplemental Contributions
  - 7.4 Approval of SamCERA Logo Design
  
- 8. Management Reports**
  - 8.1 Chief Executive Officer's Report
  - 8.2 Assistant Executive Officer's Report
  - 8.3 Chief Investment Officer's Report
  - 8.4 Chief Legal Counsel's Report

# Notice of Public Meeting

## Page 2 of 2

**CLOSED SESSION** – The Board may meet in closed session prior to adjournment

C1 Consideration of Disability Items, if any, Removed from the Consent Agenda

### 9. Report on Actions Taken in Closed Session

### 10. Adjournment in Memory of the Following Deceased Members:

Wightman, Anneliese	July 1, 2013	General Services
Eisenson, Eileen	July 3, 2013	Social Services
Ryner, Frances	July 3, 2013	General Services
Sans, Robert	July 11, 2013	Public Works
Coulter, Wilna	July 11, 2013	Probation
Oro-Bedrosian, Dolores	July 15, 2013	Probation
Knutson, Gordon	July 17, 2013	Ben. of Beatrice Knutson
Murray, Minnie	July 18, 2013	Health Department
Deferville, Rose	July 18, 2013	Public Health
Lord, Virginia	July 20, 2013	Crystal Springs
Roth, Julius	July 24, 2013	Ben. of Barbara Roth
Caughey, Patricia	July 28, 2013	Mental Health
Schofield, Richard	July 30, 2013	Sheriff's Department



David Bailey, Chief Executive Officer

Posted: August 21, 2013

(\* ALL ITEMS ON THE CONSENT AGENDA ARE APPROVED BY ONE ROLL CALL MOTION UNLESS A REQUEST IS MADE BY A BOARD MEMBER THAT AN ITEM BE WITHDRAWN OR TRANSFERRED TO THE REGULAR AGENDA. ANY ITEM ON THE REGULAR AGENDA MAY BE TRANSFERRED TO THE CONSENT AGENDA. ANY 4.1 ITEMS REMOVED FROM THE CONSENT AGENDA WILL BE TAKEN UP UNDER CLOSED SESSION; ALL OTHER ITEMS REMOVED FROM THE CONSENT AGENDA WILL BE TAKEN UP UNDER ITEM 5.1.)

**THE BOARD MEETS AT 100 MARINE PARKWAY, SUITE 160,**

WHICH IS LOCATED ON THE SE CORNER OF TWIN DOLPHIN & MARINE PARKWAY IN REDWOOD CITY.

Detailed directions are available on the "Contact Us" page of the website [www.samcera.org](http://www.samcera.org)

*Free Parking is available in all lots in the vicinity of the building.*

*A copy of the Board of Retirement's open session agenda packet is available for review at the SamCERA offices and on our website unless the writings are privileged or otherwise exempt from disclosure under the provisions of the California Public Records Act. Office hours are Monday through Thursday 7 a.m. – 6 p.m.*

**IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT:**

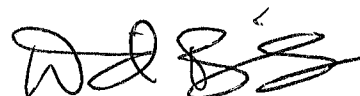
SamCERA's facilities and board and committee meetings are accessible to individuals with disabilities. Contact SamCERA at (650) 599-1234 at least three business days prior to the meeting if (1) you need special assistance or a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting; or (2) you have a disability and wish to receive the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting in an alternative format. Notification in advance of the meeting will enable SamCERA to make reasonable arrangements to ensure full accessibility to this meeting and the materials related to it.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

August 27, 2013

Agenda Item 1.1

**TO:** Board of Retirement  
**FROM:** David Bailey, Chief Executive Officer  
**SUBJECT:** Announcement of the Appointment of Board Committees



**Staff Recommendation**

Staff recommends the Chair announce appointments to the Investment Committee, the Audit Committee, and the Ad Hoc Succession Planning Committee, as the Chair deems appropriate.

**Background**

The Board Chair is authorized by the Regulations of the Board of Retirement to appoint all committees.

**“1.1 Election Of Chair:** At the first regular meeting in July, the Board of Retirement shall elect one of its members chair for a term of one year or until his or her successor is duly elected and qualified. The Chair shall preside at all meetings of the Board, **shall appoint all committees** (*emphasis added*) and shall perform all duties incidental to that office.”

Committee assignments for FY12-13 were as follows:

- Investment Committee- Ben Bowler, Lauryn Agnew, Michal Settles and Albert David, Chair
- Audit Committee- Paul Hackleman, Natalie Kwan Lloyd, Sandie Arnott and Eric Tashman, Chair
- Ad Hoc Succession Planning Committee- Al David, Michal Settles, Ben Bowler, Paul Hackleman, Chair

San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

August 27, 2013

Agenda Item 3.0

**July 23, 2013 – Board Agenda**

**PUBLIC SESSION** – The Board will meet in Public Session at 1:00 p.m.

**1. Call to Order, Roll Call and Miscellaneous Business**

- 1.1 Administration of Oath of Office to Newly Elected Trustees
- 1.2 Ad Hoc Nominating Committee Report and Election of 2013-2014 Board Officers
- 1.3 Announcement of the Appointment of Board Committees

**2. Oral Communications**

- 2.1 Oral Communications From the Board
- 2.2 Oral Communications From the Public

**3. Approval of the Minutes**

**4. Approval of the Consent Agenda**

Disability Retirements

- Stacey Adleson
- Carol Bello
- Robert Belmont
- John Flahavan
- Susan Hartmann
- Dennis Mayer
- Debra McGlynn
- Jasmeet Singh
- Pamela Thompson

Service Retirements

Continuances

Deferred Retirements

Member Account Refunds

Member Account Rollovers

- 4.2 Approval of Questions for the Annual Review of SamCERA's Actuarial Firm – Milliman, Inc.
- 4.3 Approval of Topics for the Annual Review of SamCERA's Financial Auditing Firm – Brown-Armstrong Accountancy Corporation
- 4.4 Ratification of Responses to 2012-2013 Civil Grand Jury Report
- 4.5 Acceptance of Semi-Annual Compliance Certification Statements for period ending June 30, 2013

**5. Benefit & Actuarial Services**

- 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda

**6. Investment Services (The Investment Committee will meet at 10:00 a.m. on July 23, 2013)**

- 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending June 30, 2013
- 6.2 Discussion and Approval of Asset Classes/Mixes to be used in Asset Liability Study Simulations
- 6.3 Discussion and Approval of Clifton Overlay Manager Investment Guidelines
- 6.4 Report on Value Equity Manager Annual Reviews
- 6.5 Report on Growth Equity Manager Annual Reviews
- 6.6 Presentation of Performance Report Concerning Certain Existing Alternative Investments (Confidential Under Gov. Code §6254.26, to be heard in Closed Session, C2)
- 6.7 Report on Alternative Investment Transaction (Confidential Under Gov. Code §54956.81 and §6254.26, to be heard in Closed Session, C3)
- 6.8 Discussion and Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2, to be heard in Closed Session, C4)

**7. Board & Management Support Services**

- 7.1 Presentation of Monthly Financial Report



San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

- 7.2 Presentation of Quarterly Budget Report
- 7.3 Adoption of Resolution Reaffirming SamCERA's Conflict of Interest Code
- 7.4 Approval of SamCERA's 2013-14 Strategic Plan Update
- 7.5 Approval of Amendments to Resolutions Providing Signature Authority for SamCERA Manual Checks
- 7.6 Update on Information Technology Project Progress

**8. Management Reports**

- 8.1 Chief Executive Officer's Report
- 8.2 Assistant Executive Officer's Report
- 8.3 Chief Investment Officer's Report
- 8.4 Chief Legal Counsel's Report

**CLOSED SESSION** – The Board may meet in closed session prior to adjournment

- C1 Consideration of Disability Items, if any, Removed from the Consent Agenda
- C2 Presentation of Performance Report Concerning Certain Existing Alternative Investments (Confidential Under Gov. Code §6254.26)
- C3 Report on Alternative Investment Transaction (Confidential Under Gov. Code §54956.81 and §6254.26)
- C4 Discussion and Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2)
- C5 Conference with Legal Counsel - Existing Litigation: Pursuant to subdivision (a) of Government Code Section 54956.9. One case: Montisano v. The San Mateo County Employees' Retirement Association et al, San Mateo Superior Court Case No. 522614

**9. Report on Actions Taken in Closed Session**

**10. Adjournment in Memory of the Following Deceased Members:**

Ganley, Kathleen	May 1, 2013	Ben. of William Ganley
Bushway, Harry	May 11, 2013	Sheriff's Department
Piasentin, Linda	May 14, 2013	Probation
Lish, Frances	May 17, 2013	Social Services
Meyer, Max	May 25, 2013	Public Works
Sprague, Dewitt	May 30, 2013	Public Works
Murphy, John G.	June 1, 2013	Planning
Willis, Evelyn	June 4, 2013	Ben. of Beauford Willis
Mallon, Richard T.	June 9, 2013	Probation
Gaviola, Violetta	June 19, 2013	Courts
Breen, Robert	June 19, 2013	Parks
Johnson, Doris	June 21, 2013	Ben. of Phillip Johnson
Sullivan, Lawrence	June 21, 2013	General Services
Lloyd, Patricia	June 28, 2013	Child Protective Services
Johnson, Ida Lee	June 29, 2013	Ben. of Esau Johnson
Flahavan, John Stephen	July 10, 2013	Sheriff's Department

San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

**July 23, 2013– Board Minutes**

1307.1 **Call to Order, Roll Call and Miscellaneous Business**

**Call to Order:** Ms. Sandie Arnott, Chair, called the Regular Meeting of the Board of Retirement to order at 1:02 p.m. Ms. Arnott dedicated the meeting to the memory of Mr. John Murphy, and Mr. John Flahavan, in honor of their service to SamCERA.

**Roll Call:**

**Present:** Sandie Arnott, Lauryn Agnew, Albert David, Natalie Kwan Lloyd, Christopher Miller (sitting in for David Spinello), and Michal Settles.

**Excused:** Ben Bowler, David Spinello and Eric Tashman.

**Alternates:** Alma Salas

**Staff:** David Bailey, Michael Coultrip, Brenda Carlson, Scott Hood, Gladys Smith, Tariq Ali, Mabel Wong, Lili Dames and Kristina Perez.

1307.1.1 **Administration of Oath of Office to Newly Elected Trustees:** Mr. Hackleman, Ms. Kwan Lloyd and Ms. Salas were administered the Oath of Office by Lieutenant Mark Robbins of the San Mateo County Sherriff's Office.

1307.1.2 **Ad Hoc Nominating Committee Report and Election of 2013-2014 Board Officers:** Ms. Settles reported the recommended slate of Board officers as nominated by the committee. Ms. Kwan Lloyd, Ms. Agnew and Mr. Hackleman were nominated by the committee as Chair, Vice Chair and Secretary respectively. There were no other nominations.

**Action:** Mr. David moved to accept the nominations and to elect Ms. Kwan Lloyd as Chair, Ms. Agnew as Vice Chair, and Mr. Hackleman as Secretary of the Board of Retirement. Ms. Kwan Lloyd seconded the motion and it carried unanimously.

Ms. Arnott handed the gavel to Ms. Kwan Lloyd and the meeting continued with Ms. Kwan Lloyd as Chair.

1307.1.3 **Announcement of the Appointment of Board Committees:** Ms. Kwan Lloyd announced that this item would be carried over to the August 27 regular meeting. No action was taken.

1307.2.1 **Oral Communications From the Board:** Ms. Agnew encouraged Board members to attend the Trustee Round Table meeting, hosted by CALAPRS, scheduled for September 13 in San Jose. Ms. Agnew will serve as the Chair for this meeting.

1307.2.2 **Oral Communications From the Public:** None.

Mr. Bailey explained that some items on the agenda will be taken out of order to accommodate staff and trustees, who, depending on the length of the meeting, may need to leave prior to the adjournment.

1307.3.0 **Approval of the Board Meeting Minutes:** Ms. Kwan Lloyd asked if there were any changes or corrections to the minutes, and none were noted.

**Action:** Ms. Arnott moved to approve the regular and special meeting minutes from the Board meetings held on May 28, 2013. The motion was seconded by Ms. Agnew and carried unanimously.

San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

1307.4.0 **Approval of the Consent Agenda:** Ms. Kwan Lloyd asked if there were any items to be removed from the Consent Agenda, and the consideration of the disability retirement applications of Pamela Thomson, Dennis Mayer, Susan Hartmann and Deborah McGlynn were removed from the Consent Agenda to be considered separately. The application of Dennis Mayer was removed and delayed to a later meeting.

**Action:** Mr. David moved to approve the remaining items on the Consent Agenda, and the motion was seconded by Ms. Settles and carried unanimously.

1307.4.1

**Consent Agenda**

**Disability Retirements**

1. The Board found that Stacey Adleson is (1) permanently incapacitated for the performance of her duties as a Nurse Practitioner, (2) found that her disability was a result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability retirement.
2. The Board found that Carol Bello is (1) permanently incapacitated for the performance of her usual and customary duties as a Criminal Records Technician, (2) found that her disability was not a result of an injury arising out of and in the course of her employment and (3) granted her application for a non-service-connected disability retirement.
3. The Board found that Robert Belmont is (1) permanently incapacitated for the performance of his usual and customary duties as a Deputy Sheriff, (2) found that his disability was a result of an injury arising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.
4. The Board found that John Flahavan is permanently disabled from the duties of a Sheriff Sergeant and granted survivor benefits, pursuant to Government Code Section 31762, to the member's spouse, Jennifer Flahavan.
5. The Board found that Jasmeet Singh is (1) permanently incapacitated for the performance of his duties as Registered Nurse, (2) found that his disability was a result of an injury arising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.

1307.4.1 **Service Retirements**

The Board ratified the actions as listed below for the following members regarding service retirements:

Fernandez, Anaquilina	May 1, 2013	Def'd. Assessor's Office
Gherman, Maria	April 4, 2013	Hospital
Jones-Kazan, Denise	May 1, 2013	Mental Health
Medrano, Guadalupe	April 22, 2013	Def'd. Community Wkr.
Travis, Wilda	May 1, 2012	Def'd. from EPS
Peck, Julie	February 1, 2013	Def'd. from Health Services
Overton, Marti	March 29, 2013	Sheriff's Office
Karwatt, Carol	May 30, 2013	Def'd. from Courts
Grosshauser, Ivan	May 14, 2013	District Attorney's Office
Fricke, Alfred	May 20, 2013	Def'd. from Mental Health
Flint Rank, Eleanor	May 20, 2013	Def'd. from Courts
Enrique, Barbara	May 15, 2013	Hospital
Domingo, Maria	June 1, 2013	Recorder's Office
Parent, Darlene	June 1, 2013	Def'd. from DAO's Office
Patterson, Cheryl	May 6, 2013	Def'd. from Medical Ctr.
Richards-Reiss, Diane	May 9, 2013	Def'd. from Social Services

San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

1307.4.1 **Service Retirements** (con't)

Sever, Anna	June 1, 2013	Corrections
Strand, Sheila	May 13, 2013	Def'd. from Admin. Services

1307.4.1 **Continuances**

The Board ratified the actions as listed below for the following members regarding continuances:

<b>Survivor's Name</b>	<b>Beneficiary of</b>
Harding, Dorothy	Harding, Don
Shroyer, Nancy	Shroyer, Chester
Wespieser, Eleanor	Wespieser, Howard
Berrier, Arel	Berrier, Ellen
Olson, Lorna	Olson, Stanley

1307.4.1 **Deferred Retirements**

The Board ratified the actions as listed below for the following members regarding deferred retirements:

<b>Member Name</b>	<b>Retirement Plan Type</b>
Marty, Michael	G4/S4 Vested
Sunders-Sui, Diane	G4 Vested
Matthews, Sherry	G4 Vested
Wang, Shu-Pei (Patricia)	G4 Non-vested - Reciprocity
Bresler, Lorelei	G4-G5 Non-vested - Reciprocity
Wanzong, Laura	G4 Vested - Reciprocity
San Mame's, Carmelo	G4 Vested - Reciprocity
Bozek, Evelina	G4 Vested – Auto Defer
Medina, Ed	G4 Vested – Auto Defer
Wong, Sandy	G4 Vested – Auto Defer

1307.4.1 **Member Account Refunds**

The Board ratified the actions as listed below for the following members regarding refunds:

<b>Member Name</b>	<b>Retirement Plan Type</b>
Gurrola Ibarra, Guadalupe	G4 Non-vested
McClure, Talia	P4 Vested
Ponitini, Litia	G4 Vested
Grajo, Efren	G4 Non-vested
King, Roberta	P4 Vested
Aniana David, Eileen	G2 Vested

**Member Account Rollovers**

1307.4.1 The Board ratified the actions as listed below for the following members regarding rollovers:

<b>Member Name</b>	<b>Retirement Plan Type</b>
Gregg, Anuja	P4 Non-vested
Leonor, Cheryl	G4 Vested
Lin, Shulin	G4 Non-vested
Bander, Laith	G7
Olearczyk, Adam	G5
Lintvedt, Inga	G4 Non-vested
Knapp, Michele	G4 Non-vested

San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

1307.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** Ms. Arnott recused herself from voting on the disability application of Pamela Thompson.

**Action:** Mr. David moved to approve the staff recommendation regarding Pamela Thompson and grant her service-connected disability retirement. The motion was seconded by Ms. Settles and carried unanimously, with Ms. Arnott abstaining.

Ms. Kwan Lloyd proceeded with the consideration of the service-connected disability application for Ms. Deborah McGlynn. The member was present, and declined to have her application heard in closed session. The meeting remained open to the public.

Ms. McGlynn addressed the Board and handed out additional documentation to Board members to supplement the items contained in the agenda packet. Ms. McGlynn read a statement with details of her career and her disability; she stated there were inaccuracies in her medical records, and stated her reasons for opposing the staff recommendation for a denial of her service-connected disability application.

Board members asked Ms. McGlynn and staff questions, and discussed the matter.

**Action:** Mr. David moved to approve the staff recommendation to approve a non-service-connected disability retirement for Ms. McGlynn, and to deny her application for a service-connected disability retirement. The motion was seconded by Ms. Agnew and carried unanimously.

**CLOSED SESSION** Ms. Kwan Lloyd then adjourned the meeting into a closed session at 1:34 p.m. The following items were heard at this time in Closed Session:

- C1 Disability application of Susan Hartmann (removed from Consent Agenda).**
- C2 Presentation of Performance Report Concerning Certain Existing Alternative Investments**
- C3 Report on Alternative Investment Transaction**
- C4 Discussion and Approval of Proposed Alternative Investment**

The Board reconvened in open session at 3:42 p.m. Ms. Carlson reported on the closed session later in the meeting (see 1307.9).

1307.6.0 **Investment Services**

1307.6.1 **Preliminary Monthly Portfolio Performance Report:** Mr. Coultrip presented the monthly report. This item was for discussion only and no action was taken.

1307.6.2 **Discussion and Approval of Asset Classes/Mixes to be used in Asset Liability Study Simulations:** Mr. David reported that the Investment Committee discussed the asset classes/mixes to be used in the asset liability study with Marcel Gessell of SIS, and the committee recommends Board approval of the asset classes/mixes proposed in the report.

**Action:** Mr. Hackleman moved to approve the asset classes and portfolio mixes for use in asset liability simulations. The motion was seconded by Mr. David and carried unanimously.

1307.6.3 **Discussion and Approval of Clifton Overlay Manager Investment Guidelines:** Mr. David reported that the Investment Committee had reviewed and discussed the overlay guidelines and the committee recommended Board approval of the Clifton investment guideline parameters.

**Action:** Mr. Hackleman moved to approve the Clifton overlay manager investment guidelines. The motion was seconded by Ms. Agnew and carried unanimously.

San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

- 1307.6.4 **Report on Value Equity Manager Annual Reviews:** Ms. Dames reported that staff met with SamCERA's value equity managers on June 6, 2013 and there were no significant concerns. She stated that increased transaction costs were discussed with one manager, and it was nominal compared to performance. This item was informational only and no action was taken.
- 1307.6.5 **Report on Growth Equity Manager Annual Reviews:** Ms. Dames reported that staff met with SamCERA's growth equity managers on July 9, 2013, and there were no significant concerns. She stated that Chartwell's personnel changes were discussed with the manager. This item was informational only and no action was taken.
- 1307.7.0 **Board & Management Support Services**
- 1307.7.1 **Presentation of Monthly Financial Report:** Ms. Wong presented the monthly financial report to the Board. This item was informational only and no action was taken.
- 1307.7.2 **Presentation of Quarterly Budget Report:** Ms. Wong presented the quarterly budget report to the Board. She reported that SamCERA is under budget in all three budget categories - professional, administrative and technology; and she noted that savings resulted from in-house printing and a reduction in postage costs. This item was informational only and no action was taken.
- 1307.7.3 **Adoption of Resolution Reaffirming SamCERA's Conflict of Interest Code:** Mr. Hood presented the staff report and noted that this is a reaffirmation of the Conflict of Interest Code, that the only change in the resolution at this time was an increase in the reportable gift limits as set by the California Fair Political Practices Commission.  
**Action:** Mr. Hackleman moved to approve the resolution reaffirming SamCERA's Conflict of Interest Code. The motion was seconded by Mr. David, and carried unanimously.
- 1307.7.4 **Approval of SamCERA's 2013-14 Strategic Plan Update:** Mr. Hood discussed the updated strategic plan document with the Board, and Board members were very positive about the Strategic Plan.  
**Action:** Ms. Arnott moved to approve SamCERA's 2013-2014 Strategic Plan. The motion was seconded by Ms. Agnew, and carried unanimously.
- 1307.7.5 **Approval of Amendments to Resolutions Providing Signature Authority for SamCERA Manual Checks:** Mr. Hood explained the proposed changes to end the use of the Board Secretary's signature stamp as one of three signatures needed to approve SamCERA manual checks. Instead, the signature of the Assistant Executive Officer must be provided, along with that of the CEO and the County Controller.  
**Action:** Mr. David moved to amend the provisions setting forth signatures required on certain checks drawn on the retirement fund as set forth in Resolution 95-96-16 adopting SamCERA's Internal Controls Policy and as set forth in Resolution 95-96-15 implementing Assembly Bill 1021.  
The motion was seconded by Ms. Agnew, and carried unanimously.
- At this time item 7.6 was skipped until later in the meeting, and the remaining items followed in the order listed.
- 1307.8.1 **Chief Executive Officer's Report:** Mr. Hood gave the report on behalf of Mr. Bailey. He reported that SamCERA staff had received a Wellness Grant from the County health insurance program for \$1600. Mr. Hood updated the Board on ideas being developed for a new SamCERA logo, which will come before the Board for approval in the future.

San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

- 1307.8.2 **Assistant Executive Officer's Report:** Mr. Hood expressed gratitude for the many contributions and years of dedicated service of John Murphy, and John Flahavan. He added that he would miss the next Board meeting due to additional military service commitments out of the country.
- 1307.7.6 **Update on Information Technology Project Progress:** Mr. Ali introduced Edward Ick, who was recently hired as SamCERA's Network and Application Engineer. Mr. Ali gave Board members an update on the current in-house IT projects that are underway. Mr. Will Morrow, Project Manager with LRWL, provided an update on the technology modernization project, and informed the Board of the status of the PASS RFP. He reported six vendors were present for the RFP meeting and proposals are due August 29, with a recommendation from SamCERA staff and LRWL expected at the December meeting.
- 1307.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that Zeno is scheduled to do a presentation before the Board at their August meeting.
- 1307.8.4 **Chief Legal Counsel's Report:** Ms. Carlson updated the Board members on pending litigation regarding PEPRAs; and she also reviewed changes in the law that pertain to partner pension benefits, as a result of the DOMA case.

**CLOSED SESSION**

Ms. Kwan Lloyd adjourned the meeting into closed session at 4:28 p.m. Items C1, C2, C3 and C4 had already been heard at a closed session earlier in this meeting. Board members discussed item C5 at this time and Ms. Carlson reported on all the closed session matters after the meeting was reconvened at 4:40 p.m.

- C1 **Consideration of Disability Items, if any, Removed from the Consent Agenda:**  
**One disability matter: Susan Hartmann**  
**Action:** The member was present. After hearing the member's presentation and response to the Board's questions, a motion was made and seconded to grant a non-service-connected retirement to Susan Hartmann. The motion was approved unanimously. A report of said action was made in open session by Ms. Carlson.
- C2 **Presentation of Performance Report Concerning Certain Existing Alternative Investments (Confidential Under Gov. Code §6254.26):** No reportable action was taken, and a report of no reportable action was made in open session by Ms. Carlson.
- C3 **Report on Alternative Investment Transaction (Confidential Under Gov. Code §54956.81 and §6254.26):** No reportable action was taken, and a report of no reportable action was made in open session by Ms. Carlson.
- C4 **Discussion and Approval of Proposed Alternative Investment (Confidential Under Gov. Code §54956.81 and §6254.2):** A presentation was made by Chris Gaffney of Great Hill Equity Partners V, L.P. A motion was made and seconded to invest \$25 million in Great Hill Equity Partners V, L.P., subject to review and approval of investment documents by staff and counsel. Motion was approved unanimously. A report of said action was made in open session by Ms. Carlson.
- C5 **Conference with Legal Counsel - Existing Litigation: Pursuant to subdivision (a) of Government Code Section 54956.9. One case: Montisano v. The San Mateo County Employees' Retirement Association et al, San Mateo Superior Court Case No. 522614:** No reportable action was taken, and a report of no reportable action was made in open session by Ms. Carlson.

San Mateo County Employees' Retirement Association  
**Minutes of the Regular Meeting of the Board of Retirement**

1307.9 **Report on Actions Taken in Closed Session:** See above.

1307.10 **Adjournment:** With no further business, Ms. Kwan Lloyd adjourned the meeting at 4:45 p.m., in memory of the following deceased members:

Ganley, Kathleen	May 1, 2013	Ben. of William Ganley
Bushway, Harry	May 11, 2013	Sheriff's Department
Piasentin, Linda	May 14, 2013	Probation
Lish, Frances	May 17, 2013	Social Services
Meyer, Max	May 25, 2013	Public Works
Sprague, Dewitt	May 30, 2013	Public Works
Murphy, John G.	June 1, 2013	Planning
Willis, Evelyn	June 4, 2013	Ben. of Beauford Willis
Mallon, Richard T.	June 9, 2013	Probation
Gaviola, Violetta	June 19, 2013	Courts
Breen, Robert	June 19, 2013	Parks
Johnson, Doris	June 21, 2013	Ben. of Phillip Johnson
Sullivan, Lawrence	June 21, 2013	General Services
Lloyd, Patricia	June 28, 2013	Child Protective Services
Johnson, Ida Lee	June 29, 2013	Ben. of Esau Johnson
Flahavan, John Stephen	July 10, 2013	Sheriff's Department

---

David Bailey  
Chief Executive Officer

---

Kristina Perez  
Retirement Executive Secretary



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

August 27, 2013

Agenda Items 4.1- 4.6

To: Board of Retirement

From: Gladys Smith, Retirement Benefits Manager



Subject: Approval of Consent Agenda Items 4.1 – 4.6

**4.1 Disability Retirements**

- a) The Board find that **Manjula Chandr** is (1) permanently incapacitated for the performance of her usual and customary duties as a Medical Services Assistant, (2) find that her disability was a result of an injury arising out of and in the course of her employment and (3) grant her application for a service-connected disability retirement.
- b) The Board find that **Ida daRoza** is (1) permanently incapacitated for the performance of her usual and customary duties as a Librarian, (2) find that her disability was not a result of an injury arising out of and in the course of her employment and (3) grant her application for a non-service-connected disability retirement.
- c) The Board find that **Daisy Lilles** is (1) permanently incapacitated for the performance of her usual and customary duties as a Medical Office Assistant, (2) find that her disability was a result of an injury arising out of and in the course of her employment, (3) grant her application for a service-connected disability retirement.
- d) The Board find that **Dennis Mayer** is (1) permanently incapacitated for the performance of his usual and customary duties as a Deputy Sheriff, (2) find that his disability was not a result of an injury arising out of and in the course of his employment, (3) deny his application for a service-connected disability retirement and (4) grant him a non-service-connected disability retirement.
- e) The Board find that **Carlos Mena** is (1) permanently incapacitated for the performance of his duties as a Psychiatric Nurse, (2) find that his disability was a result of an injury arising out of and in the course of his employment and (3) grant his application for a service-connected disability retirement.
- f) The Board find that **Rose Pichay** is (1) permanently incapacitated for the performance of her duties as Medical Surgical Staff Nurse, (2) find that her disability was a result of an injury arising out of and in the course of her employment and (3) grant her application for a service-connected disability retirement.
- g) The Board find that **Jennifer Slegers** is (1) permanently incapacitated for the performance of her duties as a Deputy Sheriff, (2) find that her disability was a result of an injury arising out of and in the course of her employment and (3) grant her application for a service-connected disability retirement.

#### **4.2 Service Retirements**

The Board ratifies the actions as listed below for the following members regarding service retirements:

<b>Member Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Bana, Nancy	June 14, 2013	Courts
Chin, Yet	June 19, 2013	Assessor's Office
Drake, Linda	June 29, 2013	Mental Health Department
Driver, Tedd	June 24, 2013	Def'd. from ISD
Gonzales, Kathleen	June 29, 2013	Probation
Guerrero, Estela	June 18, 2013	Def'd. from Sheriff's Dept.
Lewis, Ouida	June 22, 2013	Courts
Makhlouf, Aleanor	June 29, 2013	Again and Adult Services
Ryan, Dennis	June 21, 2013	Def'd. from Sheriff's Dept.

#### **4.3 Continuances**

The Board ratifies the actions as listed below for the following members regarding continuances:

<b>Survivor's Name</b>	<b>Beneficiary of:</b>
Breen, Mary	Breen, Robert
Sprague, Yulanda	Sprague, Dewitt

#### **4.4 Deferred Retirements**

The Board ratifies the actions as listed below for the following members regarding deferred retirements:

<b>Member Name</b>	<b>Retirement Plan Type</b>
Barnett, Sanford	G4 Vested w/incoming reciprocity Auto Defer
Elmore Reeder, Chantilli L.	G4 Vested
Schukle, Amanda	G4 Vested w/incoming reciprocity Auto Defer
Hagen, Michael	S4 Vested w/incoming reciprocity Auto Defer

Cabrera, Leticia	G4 Vested w/incoming reciprocity Auto Defer
Carlos, Arlene	G4 Vested – Auto Defer
Chandr, Manjula	G4 Vested – Auto Defer
Langi, Ana	G4 Vested – Auto Defer
Nar, Asher	G4 Vested – Auto Defer
Chavez, Himer	G4 Vested – Auto Defer
Johnson, Alonzo	G4 Vested – Auto Defer
Villamor, Sixta	G4 Vested – Auto Defer
Aficial, Teresita	G4 Vested – Auto Defer
Calvert, Elsa	G4 Vested – Auto Defer
Zamora_Cortez,	G4 Vested – Auto Defer
MaryKeyes, Marcia	G4 Vested – Auto Defer
Catambay, Milagros	G4 Vested – Auto Defer
Pagarigan, Rey	G4 Vested – Auto Defer
Ebora, Julie	G4 Vested – Auto Defer
Fernandez, Manolo	G4 Vested – Auto Defer
Delgado, Cilda	G4 Vested – Auto Defer
Jackson, Katherine	G4 Vested – Auto Defer
Guerrero, Isabel	3 Vested – Auto Defer
Zaru, Donna	G4 Vested
Ayala, Dolores	G4 Vested
Borja, Hugo	G4 Vested
Matthews, Sherry	G4 Vested
Ramseur, Shari	G4 Vested
Romero, Rowena	G4 Vested
Tom, Christopher	G5 Non Vested - Reciprocity

#### **4.5 Member Account Refunds**

The Board ratifies the actions as listed below for the following members regarding refunds:

<b>Member Name</b>	<b>Retirement Plan Type</b>
Hazard, Kareem	G7 Non-vested

Avila, Carmen	G4 Non-vested
Babiera, Gloria	G4 Non-vested
Morales, Salvador	G4 Non-vested
Wright, Duperly	G4 Vested
Pulido, Ericka	G4 Vested
Nguyen, Angela	G5 Non-vested

**4.6 Member Account Rollovers**

The Board ratifies the actions as listed below for the following members regarding rollovers:

Davis, Elizabeth	G4 Non-vested
Cerda, Felix	G4 Vested
Libiran, Tiffany	G4 Non-vested

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

August 27, 2013

Agenda Item 4.7

TO: Board of Retirement  
FROM: David Bailey, Chief Executive Officer  
SUBJECT: Trustee Request for Conference Approval



**Staff Recommendation**

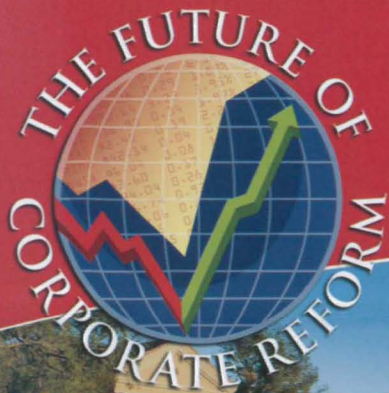
Staff recommends approval of attendance at the below-mentioned educational event.

**Background**

The *SamCERA* Education Policy allows trustees to expend certain levels of system funds for continuing education sponsored by organizations approved in the policy. The policy also states that, “the board may approve participation in additional educational activities...”

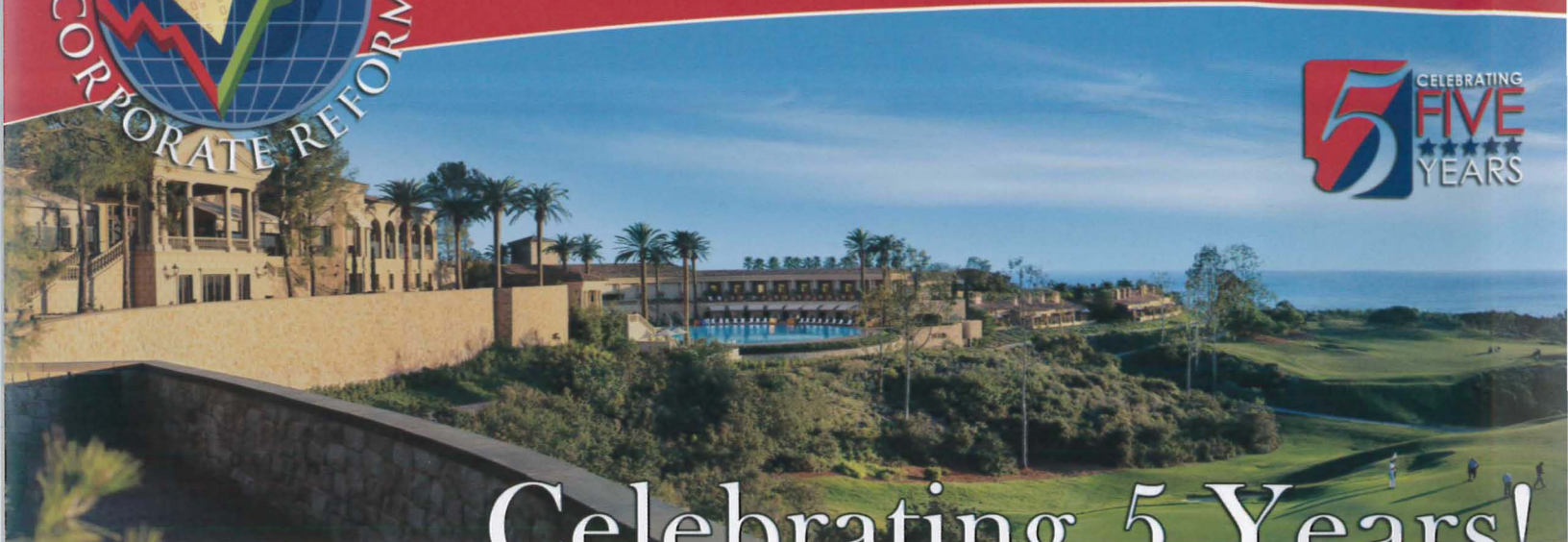
The Retiree Alternate Trustee, Alma Salas, would like to attend “The Future of Corporate Reform – 2013 Public Funds Forum” sponsored by GMI Conferences. The conference will be held on September 17 – 19, 2013 in Newport Coast, CA.

See the attached flyer for more information. The cost is within this trustee’s annual educational and training budget.



# THE FUTURE OF CORPORATE REFORM 2013 PUBLIC FUNDS FORUM

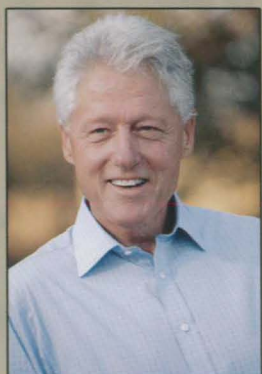
September 17-19, The Resort at Pelican Hill, Newport Coast, California



## Celebrating 5 Years!

GMI Ratings, the leading source for independent corporate governance information and analysis, is pleased to announce its Fifth Annual The Future of Corporate Reform Public Funds Forum, an invitation-only educational conference designed to educate public fund representatives on practices to best fulfill fiduciary duties, protect portfolio assets and create long-term value.

### OUR DISTINGUISHED SPEAKERS INCLUDE:



**President Bill Clinton**  
Founder of The William J. Clinton Foundation and 42nd President of the United States



**James Carville**  
Political Commentator and Consultant, Media Personality



**Robert A.G. Monks**  
Co-Founder, GMI Ratings



**Chesley (Sully) Sullenberger**  
"Miracle on the Hudson" Pilot and Best-Selling Author



**Darren J. Robbins**  
Partner, Robbins Geller Rudman & Dowd LLP



Robbins Geller  
Rudman & Dowd LLP



**GMIRATINGS**

**Gilardi  
& COLLIC**

For more information and to register, visit [www.GMIconferences.com](http://www.GMIconferences.com)



# Sessions Agenda

**Session 1. Accountability:** Insights on how the United States can get out of the current economic crisis and lay a foundation for long-term prosperity.

**Session 2. The Big Issues:** A broad-ranging review of material issues facing public fund fiduciaries, including global investment risks and opportunities, sustainable accounting standards, board diversity and oversight, the evolving role of credit rating agencies, asset allocation, risk modeling, sectoral trends and other developments likely to affect the performance of institutional portfolios.

**Session 3. Treasurers' Roundtable:** A discussion of current investment strategies employed by various state treasurers, including an analysis of state and national economic trends, asset allocation, extra-financial systemic risks and the rising importance of risk mitigation strategies.

**Session 4. Corporate Involvement in Politics:** Three years after the landmark Supreme Court decision in *Citizens United v. Federal Election Commission*, the panel will provide an in-depth review of how corporate involvement in politics affects asset owners and how public pension funds should respond to the challenges stemming from the large-scale shifts in the balance of power.

**Session 5. Using Private Action:** The nation's leading securities lawyers will discuss the use of private litigation to diminish portfolio risk, achieve improvements in corporate governance and enhance investment returns.

**Session 6. Making a Difference:** Named one of the world's 100 most influential people by TIME magazine, Captain Sullenberger will share timeless management principles and the lessons from his life that prepared him to handle the unprecedented crisis presented by the "Miracle on the Hudson."

**Session 7. The Value of Values:** A discussion of environmental, social and governance risk metrics and their application to issuer and portfolio risk to minimize the impact of bribery and corruption, opaque/aggressive accounting practices, dual-class shares, and counter-productive executive compensation.

**Session 8. Trends in Pension Management:** Global perspectives from leaders of the world's largest pension and sovereign wealth funds on dominant trends and risks that demand the attention of fund decision-makers across geographic regions and asset classes.

**Session 9. Sustaining Superior Performance:** An analysis of how public funds can adjust to various economic scenarios and pending legislation, and how they can improve performance by incorporating both ethical and political concerns into investment management.

**Session 10. Global Roundup on Emerging Markets:** A review of new strategies and salient risks in emerging and frontier markets, focusing on the complex nexus of extra-financial risks related to aggressive accounting and inadequate legal protection of shareholder rights.

**Session 11. A Look at Politics Today and Tomorrow:** James Carville offers an insider's analysis of key issues facing the second Obama Administration, and his thoughts on solutions to end the highly partisan atmosphere in Washington.

## Networking Activities



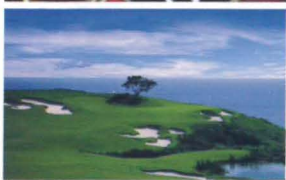
### A Night at the Coliseum

Enjoy an evening reminiscent of Roman times at the landmark Coliseum pool.



### Casino Royale

Experience the excitement of Monte Carlo as you dine and dance the night away.



### Golf

Play Pelican Hill's Tom Fazio-designed golf course set over 400 acres of stunning coastal land.



### Culinary Experience

Discover the delicious fare of Southern California as you partake in a culinary adventure.



### Newport Harbor Boat Tour

Cruise the Newport Coast as you explore the marine life of Southern California.

## Accommodations & Registration

### Hotel Accommodations

A discounted block of rooms has been reserved at The Resort at Pelican Hill for the conference. Please call (800) 820-6800 and reference "The Future of Corporate Reform" to reserve your room and receive a discounted rate of \$315 per night (not including applicable taxes).

### Registration\*

The Registration Fee for the conference is \$780.\*\*  
The Guest Fee is \$445.\*\*\*

\* The registration fee includes admission to the conference sessions, educational materials, meals and refreshments, and a choice of either Golf, the Culinary Experience or Newport Harbor Boat Tour networking activities that are integral to the conference agenda.

\*\* Upon request and as legally permissible, the registration fee may be waived subject to applicable gift and gratuity limitations. Public officials in certain jurisdictions may accept all or part of conference benefits free of charge. Conference networking activities will be offered at fair market value for guests that may not accept participation free of charge. Public officials are encouraged to contact their ethics officials with questions.

\*\*\* Conference attendees may bring guests for an additional fee of \$445. Guest attendance is limited to A Night at the Coliseum and Casino Royale. Guests may participate in Golf, the Culinary Experience or Newport Harbor Boat Tour for an additional fee.



**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

August 27, 2013

Consent Agenda Item 4.8

**TO:** Board of Retirement

**FROM:** Lilibeth Dames, Investment Analyst

**SUBJECT:** Acceptance Of Semi-Annual Compliance Certification Statements For Period Ending June 30, 2013 (Brigade & D.E. Shaw)

**Staff Recommendation:**

Staff recommends that the Board review and accept the semi-annual Compliance Certification Statements for Brigade Capital Management & D.E. Shaw, as of June 30, 2013.

**Background:**

The Compliance Certification Statement sets forth the status of certain pertinent guideline issues and provisions in SamCERA's Investment Policy. In accordance with the policy and as part of SamCERA's ongoing due diligence, the Compliance Certification Statement is completed by each of the association's non-alternative investment managers on a semi-annual basis to attest its compliance with the policy's provisions.

**Discussion:**

At the July 23, 2013, board meeting, the semi-annual Compliance Certification Statements for SamCERA's non-alternative managers were presented to the board. As noted in last month's memo, the Compliance Certification Statements for Brigade and D.E. Shaw were not available at the time of the mailing. The acceptance of both statements was deferred to the August board meeting.

The attached Compliance Certification Statements report that both Brigade and D.E. Shaw are in compliance with SamCERA's Investment Policy as of June 30, 2013. There were no reported significant developments in portfolio construction, investment approach, or firm ownership. As mentioned at D.E. Shaw's annual review in May, Anthony Foley, CIO, left the firm in March and was replaced by former CIO Anne Dinning. In April, Philip Kearns joined the Structured Equity strategies team in a senior management role and also joined the Executive Committee. There were no notable issues regarding industry or regulatory actions that impact SamCERA for either firm. The managers were also requested to provide data regarding the characteristics and composition of each of their portfolios. No prominent issues arose during the review. Any items that raise concerns will be brought to the manager's attention and will be thoroughly vetted by staff.



**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

**Attachments:**

Brigade Compliance Certification Statement  
D.E. Shaw Compliance Certification Statement

***Brigade Capital Management Opportunistic Credit – June 30, 2013***

*Compliance Certification Statement*

*San Mateo County*

*Employees' Retirement Association*

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office ([Investments@samcera.org](mailto:Investments@samcera.org)) by Monday, July 15, 2013.

Investment Manager: Brigade Capital Management, LLC

Portfolio/Fund: Brigade Credit Fund II LP, a commingled private investment fund

**General Compliance Issues**

1. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? (Section 6.3) **Yes\*/No:** \_\_\_ If no, please explain.  
*\* There is no guarantee that the portfolio's investment objective will be achieved or that the portfolio will not suffer losses.*
2. Has the firm's insurance coverage been sustained? (Section 19.4(c)) **Yes/No:** \_\_\_ If no, please explain.
3. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? (Section 19.4(j)) **Yes/No:** \_\_\_ If yes, please explain.
4. Have there been any changes in the firm's investment approach? (Section 19.4(e)) **Yes/No:** \_\_\_ If yes, please explain.
5. Have there have been any industry or regulatory disciplinary actions taken against the firm? (Section 19.4(a)) **Yes/No:** \_\_\_ If yes, please explain.

**Derivative Investments**

1. Are derivatives used in the management of the investment strategy? **Yes/No:** \_\_\_ If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies? (Appendix C) **Yes\*/No:** \_\_\_ If no, please explain.  
*\* The portfolio's derivative investments are consistent with the investment policies as set forth in the portfolio's offering documents.*

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? (Appendix C(5)) **Yes/No:** \_\_\_ If no, please explain.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? (Appendix C(5)) **Yes/No:** \_\_\_ If yes: Do the counter-parties have investment grade debt? **Yes/No:** \_\_\_ Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? **Yes/No:** \_\_\_ If no, please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? (Appendix C(5)) **Yes/No:** \_\_\_ If yes: Do the counter-parties have investment grade debt? **Yes/No:** \_\_\_ Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? **Yes/No:** \_\_\_ If no, please explain.
6. Is individual counter-party exposure well diversified? (Appendix C(5)) **Yes/No:** \_\_\_ If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been any changes to the investment manager's list of approved counter-parties over the past month?

As of June 30, 2013, the portfolio had 67% exposure to Goldman Sachs, which acts as the portfolio's primary custodian. During the past month, the firm did not enter into any new prime brokerage or ISDA relationship on behalf of the portfolio. However, please note that executing brokers are added and/or removed on an on-going basis.

7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? (Appendix C(6)) **Yes/No:** \_\_\_ If no, please explain. Has the firm developed any new purposes for derivative investments? **Yes/No:** \_\_\_ If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. (Appendix C(7)) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. **Yes/No:** \_\_\_ If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

Not applicable as the portfolio did not hold any limited allocation derivative investments as of June 30, 2013.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios. **Yes/No:** \_\_\_ If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies. (Appendix C(7))

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? (Appendix C(8)) Yes\*/No: \_\_\_ If no, please explain.

*\* The firm assesses risk across all investment products and portfolios on an on-going basis with the assistance of its Risk Committee.*

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? (Appendix C(9)) Yes/No: \_\_\_ If no, please explain.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives. ((Appendix C(10 b))

Not applicable as the portfolio did not hold any limited allocation derivative investments as of June 30, 2013. However, if the portfolio were to hold such positions, listed options are generally priced using market quotations from the following third party sources:

- Listed equity options: Bloomberg bid price (primary method); Bloomberg last trade (secondary method); broker quotes (tertiary method)
- Listed commodity options: Bloomberg last trade (primary method); broker quotes (secondary method); fair value model (tertiary method)

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. The market for credit derivatives is somewhat illiquid and there are considerable risks that it may be difficult to either buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay.

Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, etc. There are risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) includes provisions that require increased regulation of derivatives markets. The Dodd-Frank Act has introduced mandatory execution and clearing of certain swaps, as well as new recordkeeping and reporting requirements. This increased regulation may increase the costs of entering into certain transactions. As key provisions of the Dodd-Frank Act require rulemaking by the SEC and the U.S. Commodity Futures Trading Commission, not all of which has been finalized as yet, portfolio shareholders should expect future changes in the regulatory environment for derivatives.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. (Appendix C(10 g)) Yes/No: \_\_\_ If yes, please explain.

### Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities? (Section 5.0) Yes\*/No: \_\_\_ If no, please explain.

*\* The portfolio’s construction is consistent with the investment guidelines as set forth in the portfolio’s offering documents.*

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: \_\_\_ If yes, please explain.

*\* While the portfolio generally operates un-levered in the traditional sense, the portfolio’s guidelines permit a limited amount of leverage depending on market conditions. The portfolio’s assets are invested, and are allowed to be invested by its guidelines, in commodities. In addition, although not part of its primary investment strategy, the portfolio may from time to time engage in short selling consistent with its guidelines.*

### Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? Yes/No: \_\_\_ If yes, do the investments comply with the policies? (Section 11.0) Yes/No: \_\_\_ If no, please explain.

### Domestic Fixed Income Portfolios

1. State the percentage of the portfolio held in each of the following types of securities (Section 11.3):

<i>Certificates of Deposit</i>	<i>0%</i>
<i>Commercial Paper</i>	<i>0%</i>
<i>Other High Grade Short-term securities</i>	<i>0%</i>
<i>U.S. Government &amp; Agency securities</i>	<i>0%</i>
<i>Corporate Bonds</i>	<i>70%</i>
<i>Bank Loans</i>	<i>20%</i>
<i>Mortgage- and asset-backed securities</i>	<i>1%</i>

<i>Structured Corporate Credit</i>	5%
<i>Cash</i>	4%

2. Is the firm monitoring its active investment management decisions relative to the Retirement Association's investment benchmark? (Section 6.3) **Yes\*/No:** \_\_\_ If no, please explain.

*\* The firm evaluates and monitors its investment decisions for the portfolio on an on-going basis and in accordance with the portfolio's offering documents.*

3. Does the firm conduct horizon analysis testing? (Section 19.4 j) **Yes/No:** \_\_\_ If no, please explain.

*\* The firm's analysts may conduct horizon analysis testing as part of the firm's investment process, which includes idea generation, research, screening, relative value analysis, strategy selection, execution and monitoring.*

4. Are any holdings below investment grade? (Section 11.3(b)) If yes, why are they held in the portfolio?

Yes. Positions are held in the portfolio consistent with the portfolio's investment objectives and guidelines as set forth in its offering documents.

5. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? **Yes/No:** \_\_\_ (Section 11.3(b)) Please specify the bond issue and percentage amount. At the time of purchase, was there any single industry, based on NAICS codes, which represented more than 15% of the market value of the account. Please specify the name of the industry and percentage amount.

No, there was no such industry.

6. What percentage of the portfolio is held in Rule 144A securities? (Section 11.3(c))

Approximately 14% of the securities held in the portfolio are Rule 144A securities, and approximately 29% of the securities held in the portfolio are Rule 144A life securities.

Signed by: 

Dated: July 17, 2013

Name of Firm: Brigade Capital Management

***DE Shaw Broad Market Core Enhanced Plus – June 30, 2013***

*Compliance Certification Statement*  
*San Mateo County*  
*Employees' Retirement Association*

In accordance with the Investment Objectives and Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office ([Investments@samcera.org](mailto:Investments@samcera.org)) by Monday, July 15, 2013.

**General Compliance Issues**

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*? (Section 19.4(a)) Yes/No: \_\_\_ If no, please explain.

D. E. Shaw Investment Management, L.L.C. ("DESIM") has acted as a fiduciary and invested for the sole benefit of San Mateo County Employees' Retirement Association ("SamCERA") with respect to the separate account owned by SamCERA and managed by DESIM (the "SamCERA Account").

2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm? (Section 6.3) Yes/No: \_\_\_ If no, please explain.

The benchmark employed by the SamCERA Account is acceptable to DESIM.

3. Has the firm's insurance coverage been sustained? (Section 19.4(c)) Yes/No: Yes If no, please explain.

4. Does the firm consider any of *SamCERA's* investment objectives unreasonable? (Section 6.0) Yes/No: \_\_\_ If yes, please explain.

None of investment objectives relating to the SamCERA Account is unreasonable to DESIM. DESIM does not have a view on the investment objectives identified by SamCERA that extend beyond the scope of DESIM's mandate.

5. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel? (Section 19.4(j)) Yes/No: Yes If yes, please explain.

The structured equity ("Structured Equity") investment process managed by DESIM generally remains as previously outlined to you. Since DESIM last completed this Compliance Certification, DESIM has made adjustments to its mix of alpha models and to its optimization process. DESIM believes these changes are consistent with the historical evolution of quantitative investment strategies managed by the D. E. Shaw group over the past 24 years.

Since DESIM last completed this Compliance Certification, DESIM experienced the following changes with respect to its organizational structure and senior investment personnel.

In March 2013, Mr. Foley left the D. E. Shaw group and, consequently, DESIM's Executive Committee. Mr. Foley was replaced as Chief Investment Officer of DESIM by Anne Dinning, who was Mr. Foley's manager for the duration of his time at the firm and served as Chief Investment Officer of DESIM from 2005 to 2009.

In April 2013, Philip Kearns, a managing director of DESCO LP and member of the D. E. Shaw group's futures trading unit, joined the investment team that supports DESIM's Structured Equity strategies in a senior management capacity and also joined DESIM's Executive Committee. Dr. Kearns heads the team of analysts who directly support DESIM's Structured Equity strategies.

6. Have there been any changes in the firm's investment approach? (Section 19.4(e)) Yes/No: \_\_\_ If yes, please explain.

There have been no material changes to DESIM's Structured Equity investment process since DESIM last completed this Compliance Certification. However, it's important to note that the D. E. Shaw group's centralized equity research effort has, over time, produced certain incremental changes to the Structured Equity strategies' implementation. As an example of this evolutionary process, once a quantitative model is added to production trading, it is continually re-evaluated in view of changing market conditions and that model's relationship to other models, whether existing or newly introduced. This evaluation may result in the changing of one or more of that model's parameters over time or, less often, in the removal altogether of the model from the strategy. The D. E. Shaw group expends significant resources in an effort to modify or enhance existing models and to develop models to exploit newly discovered inefficiencies. DESIM believes that this



dynamic process of integration, adaptation, and pruning increases portfolio utility over time.

*No assurances can be given that any aims, assumptions, expectations, and/or goals described in this document will be realized.*

7. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly differently than other similar portfolios? (Section 9.1) Yes/No: \_\_\_ If yes, please explain.

DESIM currently does not manage another portfolio against the same benchmark and targeting the same level of annualized tracking error as the SamCERA Account. However, the SamCERA Account is generally managed by DESIM using the same quantitative techniques and investment style deployed on behalf of all long-only benchmark-relative portfolios managed by the firm.

8. Have there have been any industry or regulatory disciplinary actions taken against the firm? (Section 19.4(a)) Yes/No: \_\_\_ If yes, please explain.

There have been no disciplinary actions taken against DESIM by any industry organization or regulator since DESIM's formation in 2005.

9. Have there been any investment guideline breaches during the prior 6 months? If so, please provide more detail.

There were no breaches of investment guidelines in the SamCERA Account in the six-month period ended June 30, 2013.

10. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies? (Section 22.0) Yes/No: \_\_\_ If no, please explain.

Consistent with the terms of the investment management agreement between SamCERA and DESIM (the "IMA"), DESIM votes proxies in accordance with DESIM's policies. DESIM does not vote proxies where it does not have the authority to do so or where the cost of doing so, in the opinion of DESIM, would exceed the expected benefits to the client. When required, DESIM has determined that the most efficient way to vote certain proxies is through and in accordance with the recommendations of an independent third-party proxy voting service (the "Voting Service Recommendations"). Designated employees of DESIM or its related persons review selected material proxy matters and determine whether the Voting Service Recommendations are in the best interest of such clients with respect to the economic value of the assets under management. When the designated employee

determines that the Voting Service Recommendation is contrary to the best interest of such clients, the designated employee recommends an alternative vote and obtains the approval of the Chief Compliance Officer and the Chief Investment Officer of DESIM or their designees before instructing the proxy voting service to vote the applicable proxy.

### **Investment Management Fees**

1. Is *SamCERA's* investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours? If yes, please explain.

No.

### **Derivative Investments**

DESIM has not responded to the questions in this section because they are not applicable to the SamCERA Account.

1. Are derivatives used in the management of the investment strategy? Yes/No: \_\_\_ If Yes, please answer the remaining questions in this section. If No, please skip the remaining questions in this section.
2. Are derivative investments in compliance with *SamCERA's* investment policies? (Appendix C) Yes/No: \_\_\_ If no, please explain.
3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated? (Appendix C(5)) Yes/No: \_\_\_ If no, please explain.
4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers? (Appendix C(5)) Yes/No: \_\_\_ If yes: Do the counter-parties have investment grade debt? Yes/No: \_\_\_ Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? Yes/No: \_\_\_ If no, please explain.
5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)? (Appendix C(5)) Yes/No: \_\_\_ If yes: Do the counter-parties have investment grade debt? Yes/No: \_\_\_ Do the counter-parties have total assets in excess of \$1 billion, and significant net capital to protect against potential adverse market circumstances? Yes/No: \_\_\_ If no, please explain.
6. Is individual counter-party exposure well diversified? (Appendix C(5)) Yes/No: \_\_\_ If no, please explain. What is the largest exposure to a single counter-party within the portfolio? Please specify the name of the counter-party and the amount of exposure. Have there been

any changes to the investment manager's list of approved counter-parties over the past month?

7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? (Appendix C(6)) Yes/No: \_\_\_ If no, please explain. Has the firm developed any new purposes for derivative investments? Yes/No: \_\_\_ If yes, please explain.
8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment. (Appendix C(7)) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. Yes/No: \_\_\_ If no, please explain. State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.
9. State if any restricted derivative investments are held in *SamCERA's* portfolios. Yes/No: \_\_\_ If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies. (Appendix C(7))
10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? (Appendix C(8)) Yes/No: \_\_\_ If no, please explain.
11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? (Appendix C(9)) Yes/No: \_\_\_ If no, please explain.
12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives. ((Appendix C(10 b))
13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.
14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. (Appendix C(10 g)) Yes/No: \_\_\_ If yes, please explain.

### **Investment Manager Guidelines**

1. Are portfolio holdings well-diversified, and made in liquid securities? (Section 5.0) Yes/No: \_\_\_ If no, please explain.

DESIM believes that the SamCERA Account is appropriately diversified in light of the investment guidelines set forth in the IMA. As of June 30, 2013, the SamCERA Account

held 536 positions. The concentration by percentage of that portfolio's value as of the same date is presented in the table below.

10 Largest Positions	22.61%
25 Largest Positions	43.15%
50 Largest Positions	62.55%
100 Largest Positions	81.97%

The following two tables break out, respectively, the portfolio's ten largest overweight and underweight positions by each position's active exposure relative to the benchmark as of June 30, 2013.

Holding	Portfolio Weight	Benchmark Weight	Active Exposure
Charter Communications Inc	1.58%	0.04%	1.54%
Anadarko Petroleum Corp	1.73%	0.26%	1.47%
Visa Inc	2.02%	0.59%	1.43%
Liberty Media Corp	1.41%	0.08%	1.32%
Express Scripts Co	1.50%	0.31%	1.20%
NCR Corp	1.19%	0.03%	1.16%
Chicago Bridge & Iron Co NV	1.20%	0.04%	1.16%
CIT Group Inc	1.19%	0.06%	1.13%
PepsiCo Inc	1.91%	0.79%	1.13%
Apple Inc	3.36%	2.27%	1.08%

Holding	Portfolio Weight	Benchmark Weight	Active Exposure
Microsoft Corp	0.05%	1.60%	-1.54%
Google Inc	0.30%	1.40%	-1.10%
Coca - Cola Co	0.00%	0.96%	-0.96%
Bank of America Corp	0.00%	0.85%	-0.85%
International Business Machines Corp	0.52%	1.28%	-0.76%
Verizon Communications Inc	0.14%	0.88%	-0.74%
Walt Disney Co	0.00%	0.69%	-0.69%
Comcast Corp	0.00%	0.69%	-0.69%
Qualcomm Inc	0.00%	0.64%	-0.64%
Intel Corp	0.13%	0.75%	-0.62%

As indicated in our response to the section "Domestic Equity Portfolios (Large, Mid & Small)" below, the vast majority of the assets held by the SamCERA Account are invested in stocks and exchange-traded funds listed on U.S. exchanges, and the small remainder is held in cash and cash equivalents. Although DESIM currently does not generally expect to hold or transact in what DESIM considers especially illiquid securities under normal market

conditions, individual U.S. equity positions may become highly or completely illiquid in market crises.

*The portfolio statistics presented in this document are not necessarily indicative of any portfolio's statistics on any future date.*

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? Yes/No: \_\_\_ If yes, please explain.

With respect to the SamCERA Account, DESIM has not engaged in short selling, employed leverage or purchased securities on margin, or invested in any instruments other than stocks and exchange-traded funds listed on U.S. exchanges and cash and cash equivalents.

### **Cash & Equivalents**

1. Does the firm directly invest in short term fixed income investments? Yes/No: \_\_\_ If yes, do the investments comply with the policies? (Section 11.0) Yes/No: \_\_\_ If no, please explain.

With respect to the SamCERA Account, cash is invested in a money market vehicle selected by SamCERA.

### **Domestic Equity Portfolios (Large, Mid & Small)**

1. Please state the percentage of the portfolio held in each of the following types of securities (Section 19.4 j)

As of June 30, 2013, the SamCERA Account held the following instruments:

<i>Common Stock*</i>	99.81%
<i>Preferred Stock</i>	0%
<i>Convertible Securities</i>	0%
<i>Cash &amp; Equivalents</i>	0.19%

\* The figure presented includes capital invested in exchange-traded funds.

*The portfolio statistics presented in this document are not necessarily indicative of any portfolio's statistics on any future date.*

2. Specify the large, mid and small capitalization exposure of the portfolios? (Section 19.4 j) Please specify percentages.

The following table presents certain market-capitalization statistics for the SamCERA Account as of June 30, 2013. The figure for "Large-Cap" represents the proportion of the exposure that is greater than or equal to US \$4 billion, the figure for "Mid-Cap" represents the proportion of the exposure that is greater than or equal to US \$2 billion but less than US \$4 billion, and the figure for "Small-Cap" represents the proportion of the exposure that is less than US \$2 billion. All figures are rounded to the nearest percentage point.

<i>Large-Cap</i>	87%
<i>Mid-Cap</i>	11%
<i>Small-Cap</i>	3%

*The portfolio statistics presented in this document are not necessarily indicative of any portfolio's statistics on any future date.*

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). (Section 19.4 j) Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why.

As of June 30, 2013, the SamCERA Account held no American Depository Receipts.

4. Does the portfolio invest in emerging and/or frontier markets? Yes/No: \_\_\_ If yes, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets

No.

5. What is the largest percentage of the portfolio represented by a single security? (Section 19.4 j) Specify the name of the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why.

As of June 30, 2013, the largest exposure of the SamCERA Account to a single security was 3.36%.

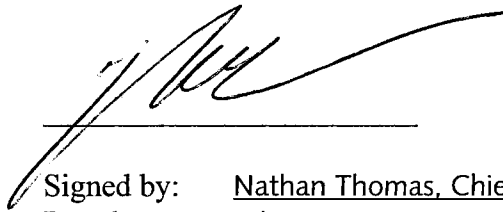
*The portfolio statistics presented in this document are not necessarily indicative of any portfolio's statistics on any future date.*

6. Based on NAICS codes, what is the largest percentage of the portfolio represented by a single industry? (Section 10.3 a). Specify the industry and percentage amount. Please specify all industries above 15%.

As of June 30, 2013, the largest exposure of the SamCERA Account to a single industry was a 6.22% exposure to Vertically Integrated Major Oil.

Note that, consistent with the IMA, DESIM uses proprietary industry classifications that may differ materially from other classification schemes, including the North American Industry Classification System, when calculating industry exposures.

*The portfolio statistics presented in this document are not necessarily indicative of any portfolio's statistics on any future date.*



Signed by: Nathan Thomas, Chief Compliance Officer

Dated: July 24, 2013

Name of Firm D. E. Shaw Investment Management, L.L.C.

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

August 27, 2013

Agenda Item 6.1

**TO:** Board of Retirement

**FROM:** Michael Coultrip, Chief Investment Officer 

**SUBJECT:** Preliminary Monthly Portfolio Performance Report for the Period Ending July 31, 2013

**Staff Recommendation:**

Review the preliminary performance report dated July 31, 2013.

**Background:**

This preliminary report is intended to provide a high-level view of the portfolio and its trends. It is not intended to provide short-term performance upon which the Board would act. As discussed previously, preliminary performance estimates are now included for Angelo Gordon's PPIP, Angelo Gordon's STAR, AQR's risk parity, and AQR's hedge fund portfolios. The quarterly performance metrics are not yet available for our private equity and real estate portfolios. The performance for these portfolios will be reflected in the quarterly performance report generated by SIS.

The attached performance report shows both net and gross of fee returns for the total plan on page one, with net composite returns (pages 2-3) and net manager returns (pages 4-8) also shown.

**Discussion:**

The fund's net preliminary return for July was +3.3%, while the preliminary trailing twelve month return was +15.3% net (+15.8% gross). The twelve-month net return is lower than SamCERA's Total Plan Policy Benchmark return of 15.5% but above the Actuarial Assumed Earnings Rate of 7.50%. As a reminder, SamCERA should expect performance to vary substantially from that of the Total Plan Policy Benchmark in the initial stages of its private equity implementation.

In July risk assets rebounded from June's sell-off as the Fed reassured the markets that it was committed to keeping interest rates low for the foreseeable future. This resulted in lower levels of interest rate volatility than we saw in May and June. Economic activity was generally positive but still lackluster, with the preliminary estimate of 2<sup>nd</sup> quarter GDP growth at 1.7% annualized.

Most domestic equity indices were up over 5% during the month (the S&P 500 was up +5.1%), with mid and small-capitalization stocks outperforming their larger-cap peers.

International equity indices were also higher on the month, with developed markets (as measured by MSCI EAFE) up +5.3% and emerging markets up +1.1%.



**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

The general fixed income market was higher by +0.14%. Riskier assets fared better, with high yield bonds up +1.9% and emerging market bonds higher by +0.95% on the month.

Commodities rebounded 1.4%, with gold higher by 7.1% during the month, although both are still negative on the year (-9.3% and -22%, respectively).

**Attachments:**

SIS Market Update

State Street Performance Report

## U.S. EQUITY

Domestic equity markets rebounded in July after enduring a difficult June. The Russell 1000 Growth Index was up +5.30% and the Russell 1000 Value Index was up +5.40% for the month. The Russell 2000 Growth Index was up +7.56% and the Russell 2000 Value was up +6.43%. The S&P 500 Index ended the month higher by +5.09%. The Russell 3000 Index is now up +20.31% through the first seven months of calendar year 2013.

The S&P 500 Index has a trailing P/E ratio of 18.6 and a forward 12-month estimate P/E ratio of 15.1 and dividend yield of 2.1%.

Corporate merger highlights for the month included: Tribune will acquire 19 television stations from Local TV Holdings for \$2.7 billion, making it the largest TV broadcaster in the U.S.; Nokia will buy out Siemens' share of their 6-year network equipment joint venture for \$2.2 billion; Intuit will sell its financial services unit to private equity firm Thoma Bravo for \$1.0 billion; Japan's Mitsubishi UFJ Financial will buy a majority stake in Thailand's Bank of Ayudhya for \$5.6 billion; Rosneft, Russia's top oil producer, purchased the remaining 49% of gas company Itera for \$2.9 billion; Chesapeake Energy will sell oil and gas assets in the Eagle Ford and Haynesville shales in the U.S. to a unit of Exco Resources for about \$1 billion; The government of Kazakhstan will buy ConocoPhillips out of the Kashagan oilfield for about \$5 billion; Japan's SoftBank expects to complete its \$21 billion acquisition of U.S. wireless carrier Sprint Nextel on July 10<sup>th</sup>; Kroger, the biggest U.S. supermarket operator, will acquire Harris Teeter Supermarkets for \$2.5 billion to expand in the south east and mid-Atlantic regions; Tribune Co. will split itself into two companies with one focusing on publishing and the other on broadcasting; Loblaw, Canada's largest food retailer, will buy Shoppers Drug Mart for \$11.9 billion; Bally Technologies will acquire SHFL Entertainment for about \$1.3 billion; Baidu, China's top search engine, plans to acquire app store 91 Wireless for about \$1.9 billion; Spartan Stores, a Michigan-based regional food distributor and grocery store, will acquire food distributor Nash Finch in a deal valued at \$1.3 billion; Cisco Systems will buy software maker Sourcefire for about \$2.7 billion to boost its network security offerings; PacWest Bancorp will acquire CapitalSource in a deal valued at about \$2.3 billion to create the eighth-largest commercial bank based in California; HanesBrands will

acquire underwear maker Maidenform Brands for approximately \$547 million; Vivendi agreed to sell the majority of its stake in Activision Blizzard for \$8.2 billion, paving the way for a broader split of the French conglomerate; Hudson's Bay, the parent company of Lord & Taylor, will buy Saks Fifth Avenue for \$2.9 billion; Germany-based chemicals firm Altana will buy Rockwood's global rheology business for \$635 million; Apollo Global Management will buy Pitney Bowes' management-services business for about \$400 million; and Hess will sell its energy marketing business to a subsidiary of Centrica for approximately \$1.03 billion.

## FIXED INCOME

The yield on the bellwether 10-year Treasury note rose slightly to 2.59% at the close of July; relatively flat from its June close at 2.52%. At month-end, the 30-year bond yield was 3.67% with the 3-month T-bill at 0.04%. The Barclays Capital US Aggregate Index was up +0.14% in July. Non-US Bonds were up with the JPM Non-US GBI Unhedged rising +1.92% and the JPM Emerging Markets Bond Index+ up +0.58% for the month. US High Yield bonds followed suit with the Merrill Lynch HY Master II Index rising +1.87%.

As expected, the Fed left administered interest rates and its asset purchase program unchanged. It also kept the same unemployment-and-inflation-based forward guidance on administered rates.

Federal Reserve Chair Bernanke commented that lawmakers have spent too much energy on implementing tax increases and spending cuts when the economy was growing only modestly which may reduce economic growth.

Moody's raised its outlook on U.S. debt to stable, shedding the negative outlook it has maintained for nearly two years.

Total nonfarm payroll employment increased by 162,000 in July, and the unemployment rate edged down to 7.4% according to the US Bureau of Labor Statistics. The change in total nonfarm payroll employment for May was revised from +195,000 to +176,000 and the change for June was revised from +195,000 to +188,000. With these revisions, employment gains in May and June combined were 26,000 less than previously reported.

According to the Fed's latest Beige Book, U.S. economic activity continued to increase at a moderate pace during June and early July. GDP grew 1.7% in the second quarter. The consensus expected 1.0%, but the positive surprise was mitigated by a downward revision to just 1.1% (from 1.8%) in the first quarter. Indeed, the last four quarters have all been downgraded markedly.

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

## THE GOOD

\*The labor market continued to improve, as both nonfarm payrolls and average hourly earnings increased more than expected in June, while jobless claims in July remained near the five-year low set earlier this year.

\*The Labor Department reported that the unemployment rate fell to 7.4% in July, its lowest level since December 2008.

\*Job openings at U.S. workplaces rose to 3.83 million in May from 3.8 million in April.

\*The University of Michigan's final reading of consumer sentiment in July hit a 6-year high of 85.1, up one point from June but nearly 13 points higher than a year ago.

\*The federal government reported a rare surplus of \$116.5 billion in June, the largest for a single month in five years.

\*The Commerce Department reported that the U.S. trade gap plunged 22.4% to \$34.2 billion in June from a downwardly revised \$44.1 billion in May.

\*Orders for durable goods rose 4.2% in June, bolstered by a surge in aircraft demand and more business spending.

\*The Institute for Supply Mgmt. reported that its index of factory activity rose to 55.4 in July from 50.9 in June.

\*The Institute for Supply Mgmt. reported that its services index rose to 56.0 from 52.2 in June, the fastest expansion pace since February.

## THE NOT SO GOOD

\*The Conference Board index fell 1.8 points in July to 80.3 from an upwardly revised 82.1 in June. Rising gasoline prices contributed to the decline.

\*The Commerce Department reported that retail sales increased a less-than-expected +0.4% in June.

\*China's GDP growth slowed in the 2<sup>nd</sup> quarter to 7.5% year-on-year as weak overseas demand weighed on output.

\*Ireland cut its 2013 growth forecast for the country to 0.7%.

\*The National Association of Realtors reported that its Pending Homes Sales Index, based on contracts signed last month, decreased 0.4% to 110.9.

\*The Commerce Dept. reported that construction spending dropped 0.6% in June and was the biggest decline since a 2.3% drop in January.

\*Consumer spending rose at a 1.8% annual clip in the 2<sup>nd</sup> quarter, down from 2.3% in the 1<sup>st</sup> quarter.

\*The Consumer Price Index rose 0.5% in June, more than expected, driven by a 6.3% increase in gasoline.

## NON-U.S. MARKETS

The minutes of the Bank of England's Monetary Policy Committee revealed a unanimous vote to leave the policy interest rate and the asset purchase program (QE) unchanged.

Consumer confidence continues to improve in the UK with the headline GfK index rising 5 points in July to -16, its third consecutive gain to the highest level since April 2010.

As widely anticipated, the European Central Bank (ECB) kept its three administered interest rates unchanged. This left the minimum bid rate at 50 basis points, the deposit rate at zero and the emergency lending rate at 1.0%.

The consumer price (CPI) inflation data were mixed in July. For the overall Eurozone, the headline inflation rate was unchanged at 1.6% year-over-year. Inflation is up since April but remains comfortably below the ECB's target (below, but close to, 2.0%) for the sixth consecutive month.

The overall Eurozone unemployment rate remained unchanged at 12.1% in June for the fourth consecutive month, suggesting labor market conditions may be stabilizing.

Despite some economic improvements in the Eurozone, money growth continues to slow. The broad money aggregate, M3, rose just 2.3% year-over-year in June, down from 2.9% in May and 3.2% in April.

Japan's Prime Minister Shinzo Abe's ruling coalition won a landslide victory in the Upper House elections, giving it control over both houses in parliament.

Consumer price inflation in Japan turned positive in June for the first time since May 2012. On a seasonally unadjusted basis, overall consumer prices (CPI) remained unchanged in June, following three consecutive gains.

The labor market in Japan tightened in June. Specifically, the unemployment rate fell two ticks to 3.9%, its lowest since October 2008.

Industrial production in Japan stumbled badly in June. Specifically, output plunged 3.3%, the largest decline since March 2011 (the earthquake and tsunami).

China's PMIs for July flashed mixed signals, as the official figure showed an unexpected increase to 50.3 from 50.1 in June, while the HSBC/Markit index showed a decrease from 48.2 to 47.7, its lowest level in 11 months.

The Reserve Bank of India (RBI) left policy rates unchanged with the benchmark repo cut-off rate kept at 7.25% and the reverse repo rate at 6.25%. The Bank also left the cash reserve requirement unchanged at 4.00%. The RBI cut its policy rates three times earlier this year to underpin growth but has made no changes since May. There has been increasing concern about the severity of the rupee's depreciation, which would be exacerbated by continued easing.

Brazil's unemployment rate edged up two ticks to 6.0% in June, the highest so far this year. Although it has generally trended lower since its 12.0% peak in 2004, it appears to have leveled off over the past six months.

Spain's unemployment rate unexpectedly fell nine ticks to 26.3% in Q2 2013, the first drop in two years. Unfortunately, it more likely represents an unusually busy (and discount driven) tourist season rather than a genuine turnaround in labor market conditions. Non-U.S. equities were higher in July. The MSCI ACWI Ex-U.S. was up +4.40% (US dollars) for the month. Developed stocks (EAFE) was up +5.28% while Emerging Markets gained +1.10%.

## CONCLUSION

First, we have to note the significant and awkward challenges in the Federal Reserve's planned exit from quantitative easing. Associated risks include excessive interest rate volatility that could have adverse global implications; a taste of these have already been felt. Such risk places a premium on effective communication on the exit strategy as well as a careful calibration of its timing – no small tasks.

Then there is the delicate balancing act in Europe where the end of economic trauma may be cause for some muted celebration. Stagnation or stability may be as good as it gets.

The third issue is China. The central government faces overcapacity in numerous sectors. This is partly because of weak growth recently and the likelihood of a slower growth trajectory in the future because of China's special demographics. The country must overcome the aggressive expansionary instincts of local governments and newly minted entrepreneurs. The issues are critical for the region and the global economy.

Despite impressive improvement in many business and financial indicators recently, markets will remain captive to ongoing macroeconomic developments and the policies that shape them.

## Monthly Market Update

### US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Jul-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	5.48	6.57	20.31	26.86	16.69	18.09	8.57	6.66	8.14
Russell TOP 200 Index	5.15	5.99	19.09	23.73	16.88	17.62	7.88	6.01	6.93
Russell TOP 200 Growth Index	4.87	4.20	16.04	18.17	14.80	17.57	8.79	7.95	6.93
Russell TOP 200 Value Index	5.43	7.73	22.10	29.43	18.94	17.61	6.88	4.07	6.95
S&P 500 Index	5.09	6.10	19.62	25.00	16.80	17.74	8.26	6.32	7.64
Russell 1000 Index	5.35	6.23	20.00	26.23	16.74	18.04	8.49	6.61	8.02
Russell 1000 Growth Index	5.30	5.24	17.73	21.64	14.76	18.00	9.01	8.08	7.69
Russell 1000 Value Index	5.40	7.15	22.16	30.73	18.63	18.00	7.88	5.00	8.20
Russell Mid-Cap Index	5.80	6.76	22.14	32.37	16.36	19.01	10.07	8.12	10.91
Russell Mid-Cap Growth Index	6.22	7.68	21.84	30.69	14.70	19.28	9.76	8.60	10.22
Russell Mid-Cap Value Index	5.33	5.88	22.28	33.71	17.82	18.74	10.26	7.32	11.16
Russell 2000 Index	7.00	10.71	23.97	34.76	16.20	18.72	9.45	7.35	9.60
Russell 2000 Growth Index	7.56	12.32	26.32	35.39	16.06	20.32	9.98	8.84	9.62
Russell 2000 Value Index	6.43	9.16	21.74	34.15	16.34	17.07	8.86	5.78	9.45
DJ US REIT Index	0.77	-6.93	6.47	6.50	9.88	14.72	6.53	3.70	10.20
DJ-UBS US Commodity Index TR	1.36	-5.58	-9.25	-12.42	-11.91	-1.97	-9.11	-3.63	2.47
DJ-UBS US Gold Index TR	7.12	-11.04	-22.04	-19.15	-10.93	2.84	6.59	9.85	13.01

### Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Jul-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	4.40	-2.31	4.69	17.47	1.83	6.91	1.25	3.12	9.28
MSCI AC World Index	4.82	1.60	11.51	21.16	8.36	11.79	4.38	4.66	8.41
MSCI EAFE Index	5.28	-0.77	9.99	24.01	5.06	9.12	1.54	2.46	8.45
MSCI Emerging Markets index	1.10	-7.67	-8.40	2.29	-6.01	1.33	0.86	6.08	13.45
ML Global Government Bond Ex. U.S. Index	1.59	-2.88	-8.01	-11.16	-5.23	0.59	3.64	5.03	5.08
Euro	2.15	0.72	0.72	7.82	-3.87	0.64	-3.17	0.57	1.67
Japanese Yen	1.00	-0.96	-12.09	-20.59	-11.41	-4.13	1.90	2.19	2.06
UK Pound Sterling	-0.04	-2.59	-6.73	-3.24	-3.90	-1.08	-5.21	-2.93	-0.58

### US Fixed Income Indices Trailing Performance

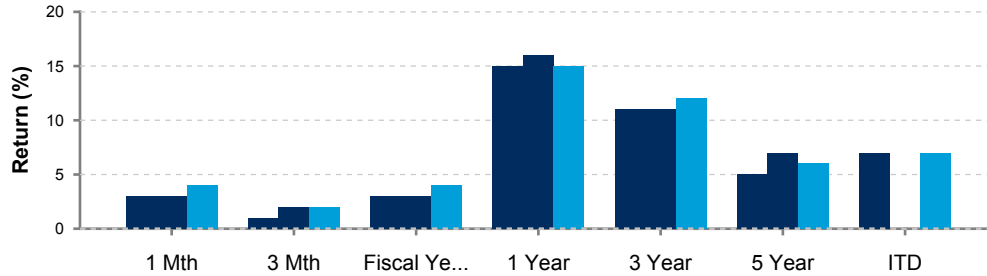
Annualized Performance to Date: Ending Jul-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.01	0.02	0.05	0.11	0.09	0.11	0.25	1.39	1.72
BarCap Aggregate Bond Index	0.14	-3.17	-2.31	-1.90	2.57	3.19	5.23	5.41	4.89
ML U.S. Corp/Govt Master Index	0.15	-3.75	-2.69	-2.13	3.03	3.56	5.29	5.46	4.88
ML U.S. Corporate Master Index	0.74	-4.28	-2.60	-0.29	4.58	5.35	7.51	6.39	5.71
BarCap Mortgage Backed Securities Index	-0.09	-2.57	-2.10	-1.98	1.37	2.19	4.85	5.25	4.89
ML U.S. High Yield Master Index	1.87	-1.36	3.36	9.38	8.37	9.83	11.26	8.89	9.01
JPM EMBI Global	0.95	-7.78	-7.35	-1.72	5.44	6.75	8.59	8.19	9.35

# San Mateo County Total Fund Characteristics

July 31, 2013



## Total Fund Performance

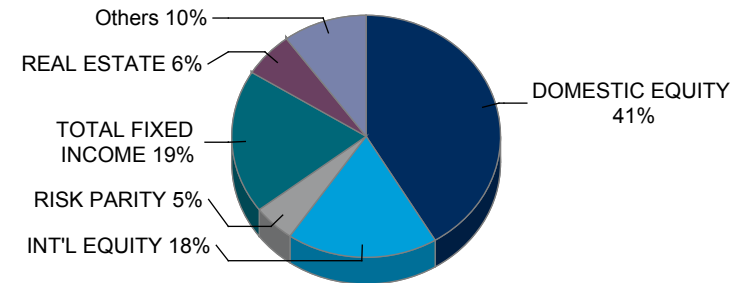


■ TOTAL FUND - Net Mgr ■ TOTAL FUND - Total Invested  
■ SAMCERA TOTAL PLAN POLICY BENCHMARK

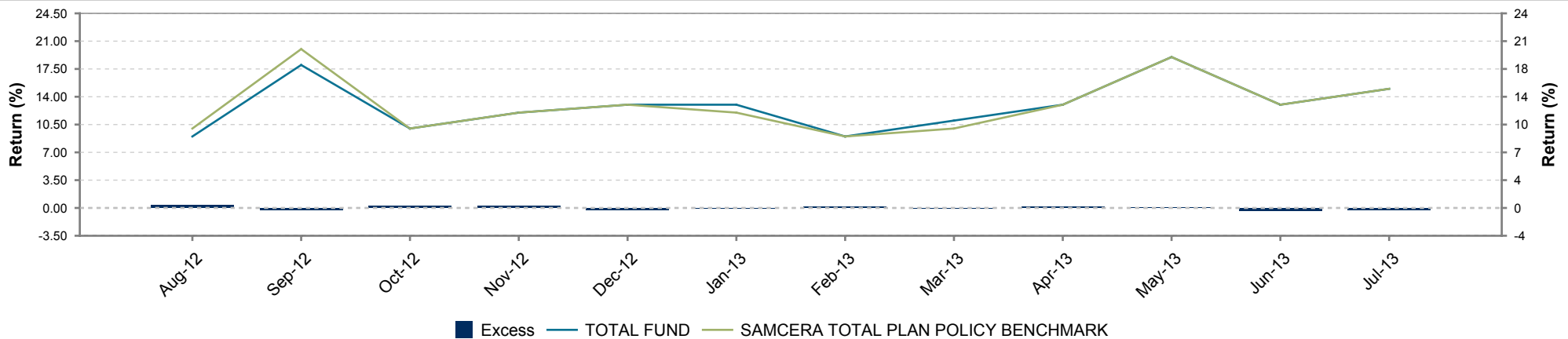
	1-Mth	3-Mth	YTD	Fiscal YTD	1-Yr	3-Yr	5-Yr	10-Yr	ITD
TOTAL FUND - Gross	3.38	1.42	9.22	3.38	15.77	11.59	5.52	6.89	6.68
TOTAL FUND - Net Mgr	3.33	1.29	8.99	3.33	15.33	11.16	5.23	6.73	6.58
SAMCERA TOTAL PLAN POLICY BENCHMARK	3.61	1.87	9.51	3.61	15.46	11.81	6.31	7.66	6.94
Excess	-0.28	-0.58	-0.51	-0.28	-0.13	-0.65	-1.08	-0.93	-0.36

## Asset Allocation

	Ending Market Value (\$)	Allocation (%)
DOMESTIC EQUITY	1,179,638,478	41.0
INTERNATIONAL EQUITY	531,414,454	18.5
PRIVATE EQUITY	89,170,095	3.1
RISK PARITY	157,443,955	5.5
HEDGE FUND	83,717,722	2.9
COMMODITIES	75,376,436	2.6
FIXED INCOME	552,363,897	19.2
REAL ESTATE	166,154,482	5.8
CASH	41,401,476	1.4
TOTAL FUND	2,876,680,994	100.0

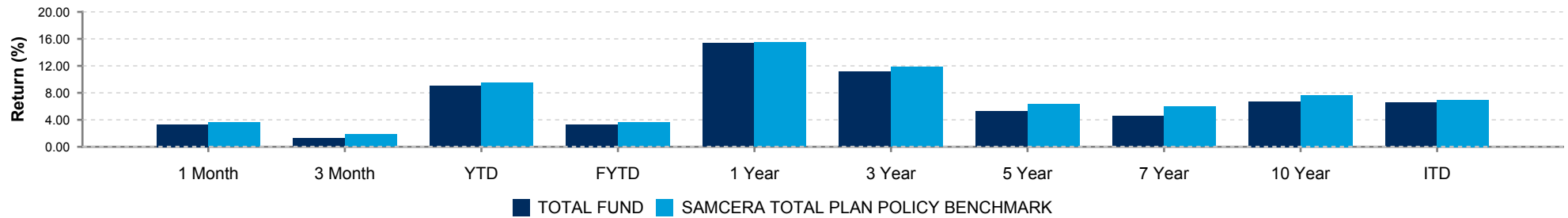


## Cumulative Returns



July 31, 2013

Return Comparison



Composite Returns (Net)

	Market Value (\$)	1 Mth	3 Mth	YTD	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
Total Fund	2,876,680,994	3.33	1.29	8.99	3.33	15.33	11.16	5.23	4.55	6.73	6.58
SAMCERA TOTAL PLAN POLICY BENCHMARK		3.61	1.87	9.51	3.61	15.46	11.81	6.31	5.92	7.66	6.94
Excess		-0.28	-0.58	-0.51	-0.28	-0.13	-0.65	-1.08	-1.36	-0.93	-0.36
Total Equity	1,711,052,931	5.06	4.61	15.62	5.06	24.64	13.89	4.98	3.94	7.12	7.45
SAMCERA TOTAL EQUITY BENCHMARK		5.28	3.93	15.21	5.28	24.52	14.32	6.27	5.55	8.32	7.88
Excess		-0.22	0.68	0.41	-0.22	0.12	-0.43	-1.29	-1.61	-1.21	-0.43
Total Fixed Income	552,363,897	0.47	-3.96	-1.26	0.47	2.89	6.23	7.30	5.99	5.47	5.97
SAMCERA TOTAL FIXED INCOME BENCHMARK		0.55	-4.09	-3.42	0.55	-2.30	3.59	5.48	5.59	5.01	5.54
Excess		-0.08	0.13	2.15	-0.08	5.19	2.64	1.82	0.40	0.45	0.43
Total Risk Parity	157,443,955	1.35	-10.25	-4.87	1.35	-0.04					5.56
RISK PARITY BENCHMARK		3.34	2.61	10.82	3.34	14.62					9.33
Excess		-1.99	-12.86	-15.69	-1.99	-14.66					-3.78
Hedge Funds	83,717,722	0.34	-0.23	3.70	0.34	3.85					2.58
LIBOR + 4%		0.34	1.03	2.43	0.34	4.21					4.23
Excess		-0.00	-1.27	1.27	-0.00	-0.36					-1.65
Private Equity	89,170,095	0.04	0.89	2.19	0.04	1.51					-57.78
PRIVATE EQUITY BENCHMARK		5.73	7.34	22.35	5.73	30.60					19.91
Excess		-5.69	-6.45	-20.15	-5.69	-29.09					-77.69

**San Mateo County  
Composite Return Summary**



July 31, 2013

**Composite Returns (Net)**

	<b>Market Value (\$)</b>	<b>1 Mth</b>	<b>3 Mth</b>	<b>YTD</b>	<b>FYTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>7 Year</b>	<b>10 Year</b>	<b>ITD</b>
Commodities	75,376,436	1.86	-2.12	-5.99	1.86	-5.73					-3.46
DJ-UBS COMMODITY		1.36	-5.59	-9.27	1.36	-12.48					-11.97
Excess		0.50	3.47	3.28	0.50	6.76					8.51
<b>Total Real Estate</b>	<b>166,154,482</b>	<b>0.00</b>	<b>4.59</b>	<b>7.77</b>	<b>0.00</b>	<b>13.78</b>	<b>15.05</b>	<b>-0.40</b>	<b>2.72</b>	<b>7.12</b>	<b>7.70</b>
SAMCERA NCREIF NFI ODCE EW (Gross)		0.00	2.87	5.51	0.00	11.22	14.33	-0.09	3.53	7.07	7.82
Excess		0.00	1.72	2.26	0.00	2.56	0.72	-0.31	-0.82	0.05	-0.11
<b>Total Cash</b>	<b>41,401,476</b>	<b>0.05</b>	<b>0.14</b>	<b>0.29</b>	<b>0.05</b>	<b>0.49</b>	<b>0.72</b>	<b>0.05</b>	<b>1.20</b>	<b>1.75</b>	<b>2.42</b>
91 DAY TREASURY BILL		0.01	0.02	0.05	0.01	0.11	0.11	0.26	1.40	1.74	2.34
Excess		0.04	0.12	0.25	0.04	0.38	0.62	-0.21	-0.21	0.02	0.08



# San Mateo County Manager Return Summary

July 31, 2013



## Manager Returns (Net)

	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
TOTAL EQUITY	1,711,052,931	5.06	4.61	5.06	15.62	24.64	13.89	4.98	3.94	7.12	7.45
SAMCERA TOTAL EQUITY BENCHMARK		5.28	3.93	5.28	15.21	24.52	14.32	6.27	5.55	8.32	7.88
Excess		-0.22	0.68	-0.22	0.41	0.12	-0.43	-1.29	-1.61	-1.21	-0.43
TOTAL DOMESTIC EQUITY	1,179,638,478	5.75	7.85	5.75	20.22	27.85	17.51	7.52	5.10	7.33	7.96
SAMCERA DOMESTIC EQUITY BENCHMARK		5.68	7.11	5.68	20.80	27.91	18.21	8.74	6.80	8.39	8.31
Excess		0.07	0.74	0.07	-0.58	-0.07	-0.70	-1.22	-1.71	-1.06	-0.35
LARGE CAP COMPOSITE	964,761,904	5.27	6.98	5.27	19.85	26.25	16.98	7.07	5.09	7.25	8.52
RUSSELL 1000 INDEX		5.35	6.23	5.35	20.00	26.23	18.04	8.49	6.61	8.02	9.09
Excess		-0.08	0.76	-0.08	-0.15	0.02	-1.06	-1.43	-1.51	-0.77	-0.57
DE SHAW INVESTMENT MGT, LLC	156,068,990	5.70	7.46	5.70	21.65	27.34	19.03				17.67
RUSSELL 1000 INDEX		5.35	6.23	5.35	20.00	26.23	18.04				17.14
Excess		0.35	1.23	0.35	1.65	1.11	0.99				0.52
BARROW HANLEY	165,060,175	6.46	10.18	6.46	25.30	34.20	18.74				17.63
Russell 1000 Value Index		5.40	7.15	5.40	22.16	30.73	18.00				17.34
Excess		1.06	3.02	1.06	3.14	3.46	0.74				0.29
BLACKROCK S&P 500	490,748,019	5.10	6.11								13.74
S&P 500		5.09	6.10	13.73							13.73
Excess		0.01	0.01								0.01
BROWN ADVISORY LARGE GROWTH	152,884,721	4.15	6.16								6.16
Russell 1000 Growth Index		5.30	5.24	5.24							5.24
Excess		-1.15	0.92								0.92
SMALL CAP COMPOSITE	214,876,573	7.96	11.93	7.96	23.88	36.39	20.33	9.53	5.19	7.60	6.39
RUSSELL 2000 INDEX		7.00	10.71	7.00	23.97	34.76	18.72	9.45	7.35	9.60	7.44
Excess		0.96	1.22	0.96	-0.09	1.63	1.62	0.08	-2.16	-2.00	-1.05

# San Mateo County Manager Return Summary

July 31, 2013



## Manager Returns (Net)

	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
BOSTON COMPANY ASSET MGT, LLC	106,711,856	7.23	10.93	7.23	22.90	36.63	18.17				18.25
RUSSELL 2000 VALUE INDEX		6.43	9.16	6.43	21.74	34.15	17.07				17.82
Excess		0.80	1.77	0.80	1.16	2.48	1.10				0.43
CHARTWELL INVESTMENT MGMT	108,164,363	8.69	12.93	8.69	25.55	38.32	23.15	10.27	9.05		8.59
RUSSELL 2000 GROWTH		7.56	12.32	7.56	26.32	35.39	20.32	9.98	8.84		8.09
Excess		1.13	0.61	1.13	-0.77	2.93	2.83	0.29	0.22		0.50
TOTAL INTERNATIONAL EQUITY	531,414,454	3.55	-2.15	3.55	6.12	17.58	6.06	-0.72	1.39	7.26	5.54
MSCI AC WORLD ex US (GROSS)		4.40	-2.31	4.40	4.69	17.47	6.91	1.25	3.12	9.28	5.62
Excess		-0.86	0.16	-0.86	1.44	0.12	-0.85	-1.98	-1.73	-2.02	-0.07
BAILLIE GIFFORD OVERSEAS LIMITED	181,449,521	4.49	-0.54	4.49	10.55	22.43					13.41
MSCI ACWI ex US GROWTH (GROSS)		3.71	-2.28	3.71	5.41	16.83					8.64
Excess		0.79	1.74	0.79	5.14	5.60					4.77
EATON VANCE MANAGEMENT	65,134,406	2.11	-5.59	2.11	-4.48	6.96					-0.70
MSCI Em Markets (USD) GDR		1.10	-7.67	1.10	-8.40	2.29					-3.61
Excess		1.01	2.09	1.01	3.92	4.67					2.91
MONDRIAN INVESTMENT PARTNERS	225,160,951	3.07	-2.62	3.07	5.83	16.19	7.20	1.39	2.74		5.88
MSCI ACWI EX US VALUE (GROSS)		5.10	-2.36	5.10	3.94	18.08	6.27	1.57	2.72		6.03
Excess		-2.03	-0.26	-2.03	1.89	-1.89	0.94	-0.18	0.01		-0.15
PYRAMIS	56,993,690	4.19	-1.55	4.19	6.70	21.88					8.95
MSCI ACWI ex US Small Cap Gross		4.99	-2.18	4.99	7.15	21.45					8.46
Excess		-0.80	0.64	-0.80	-0.45	0.43					0.49
TOTAL FIXED INCOME	552,363,897	0.47	-3.96	0.47	-1.26	2.89	6.23	7.30	5.99	5.47	5.97
SAMCERA TOTAL FIXED INCOME BENCHMARK		0.55	-4.09	0.55	-3.42	-2.30	3.59	5.48	5.59	5.01	5.54
Excess		-0.08	0.13	-0.08	2.15	5.19	2.64	1.82	0.40	0.45	0.43

**San Mateo County  
Manager Return Summary**

July 31, 2013



<b>Manager Returns (Net)</b>											
	<b>\$ EMV</b>	<b>1 Mth</b>	<b>3 Mth</b>	<b>FYTD</b>	<b>Cal YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>7 Year</b>	<b>10 Year</b>	<b>ITD</b>
ANGELO GORDON GECC PPI FUND	19,342	-0.00	1.58	-0.00	20.17	37.33	22.83				23.56
Barclays BA Intermediate High Yield Index		1.70	-1.88	1.70	1.76	6.71	8.99				10.25
Excess		-1.70	3.46	-1.70	18.41	30.61	13.84				13.30
ANGELO GORDON MANAGEMENT	31,424,468	1.85	7.04		7.65						7.65
Barclays BA Intermediate High Yield Index		1.70	-1.88		1.76						2.82
Excess		0.15	8.92		5.89						4.82
PYRAMIS GLOBAL ADVISORS	145,959,114	0.25	-3.36	0.25	-2.11	-1.15	4.35	6.70	5.78		5.52
Barclays Aggregate Bond		0.14	-3.17	0.14	-2.31	-1.91	3.19	5.23	5.41		5.13
Excess		0.12	-0.18	0.12	0.20	0.75	1.16	1.46	0.37		0.38
WESTERN ASSET MGMT	117,004,297	0.53	-3.72	0.53	-2.30	-0.41	5.33	7.41	5.83		5.30
Barclays Aggregate Bond		0.14	-3.17	0.14	-2.31	-1.91	3.19	5.23	5.41		4.68
Excess		0.39	-0.55	0.39	0.01	1.49	2.14	2.18	0.42		0.62
BRIGADE CAPITAL MANAGEMENT	60,420,825	1.40	-1.08	1.40	3.63	10.53	9.93				9.93
Barclays BA Intermediate High Yield Index		1.70	-1.88	1.70	1.76	6.71	8.99				8.99
Excess		-0.30	0.80	-0.30	1.87	3.82	0.95				0.95
BROWN BROTHERS HARRIMAN & CO	78,112,008	0.81	-7.45	0.81	-6.85	-5.74	5.05				5.05
Barclays US TIPS Index		0.68	-7.64	0.68	-7.21	-6.40	4.88				4.88
Excess		0.13	0.19	0.13	0.36	0.67	0.17				0.17
FRANKLIN TEMPLETON INVESTMENTS	119,422,115	0.18	-5.65	0.18	-0.14	9.53					6.76
Barclays Multiverse		1.30	-2.86	1.30	-3.39	-1.58					2.62
Excess		-1.12	-2.79	-1.12	3.25	11.11					4.14
TOTAL PRIVATE EQUITY	89,170,095	0.04	0.89	0.04	2.19	1.51					-57.78
PRIVATE EQUITY BENCHMARK		5.73	7.34	5.73	22.35	30.60					19.91
Excess		-5.69	-6.45	-5.69	-20.15	-29.09					-77.69

**San Mateo County  
Manager Return Summary**

July 31, 2013



<b>Manager Returns (Net)</b>											
	<b>\$ EMV</b>	<b>1 Mth</b>	<b>3 Mth</b>	<b>FYTD</b>	<b>Cal YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>7 Year</b>	<b>10 Year</b>	<b>ITD</b>
TOTAL RISK PARITY	157,443,955	1.35	-10.25	1.35	-4.87	-0.04					5.56
RISK PARITY BENCHMARK			3.34	2.61	3.34	10.82	14.62				9.33
Excess			-1.99	-12.86	-1.99	-15.69	-14.66				-3.78
AQR GLOBAL RISK PREM III LP	157,443,955	1.35	-10.25	1.35	-4.87	-0.04					5.56
RISK PARITY BENCHMARK			3.34	2.61	3.34	10.82	14.62				9.33
Excess			-1.99	-12.86	-1.99	-15.69	-14.66				-3.78
HEDGE FUND COMPOSITE	83,717,722	0.34	-0.23	0.34	3.70	3.85					2.58
LIBOR + 4%			0.34	1.03	0.34	2.43	4.21				4.23
Excess			-0.00	-1.27	-0.00	1.27	-0.36				-1.65
AQR DELTA FUND II, L.P.	83,717,722	0.34	-0.23	0.34	3.70	3.85					2.58
LIBOR + 4%			0.34	1.03	0.34	2.43	4.21				4.23
Excess			-0.00	-1.27	-0.00	1.27	-0.36				-1.65
TOTAL COMMODITIES	75,376,436	1.86	-2.12	1.86	-5.99	-5.73					-3.46
DJ-UBS COMMODITY			1.36	-5.59	1.36	-9.27	-12.48				-11.97
Excess			0.50	3.47	0.50	3.28	6.76				8.51
SSGA MULTISOURCE ACT COMM NL	75,376,436	1.86	-2.12	1.86	-5.99	-5.73					-3.46
DJ-UBS COMMODITY			1.36	-5.59	1.36	-9.27	-12.48				-11.97
Excess			0.50	3.47	0.50	3.28	6.76				8.51
TOTAL REAL ESTATE	166,154,482	0.00	4.59	0.00	7.77	13.78	15.05	-0.40	2.72	7.12	7.70
SAMCERA NCREIF NFI ODCE EW (Gross)			0.00	2.87	0.00	5.51	11.22	14.33	-0.09	3.53	7.07
Excess			0.00	1.72	0.00	2.26	2.56	0.72	-0.31	-0.82	0.05
INVESCO REAL ESTATE	166,154,482	0.00	4.59	0.00	7.89	13.07	15.07	-0.40	2.72		6.31
SAMCERA NCREIF NFI ODCE EW (Gross)			0.00	2.87	0.00	5.51	11.22	14.33	-0.09	3.53	6.38
Excess			0.00	1.72	0.00	2.37	1.86	0.74	-0.31	-0.81	-0.08

**San Mateo County  
Manager Return Summary**

July 31, 2013



**Manager Returns (Net)**

	<b>\$ EMV</b>	<b>1 Mth</b>	<b>3 Mth</b>	<b>FYTD</b>	<b>Cal YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>7 Year</b>	<b>10 Year</b>	<b>ITD</b>
TOTAL CASH	41,401,476	0.05	0.14	0.05	0.29	0.49	0.72	0.05	1.20	1.75	2.42
91 DAY TREASURY BILL		0.01	0.02	0.01	0.05	0.11	0.11	0.26	1.40	1.74	2.34
Excess		0.04	0.12	0.04	0.25	0.38	0.62	-0.21	-0.21	0.02	0.08
SAMCERA GENERAL ACCOUNT	29,909,636	0.00	0.02	0.00	0.07	0.16	0.25	0.42	1.64	1.92	2.46
SAMCERA TREASURY & LAIF	11,491,840	0.05	0.14	0.05	0.34	0.66	0.91	-0.04	1.15	1.65	
TOTAL FUND	2,876,680,994	3.33	1.29	3.33	8.99	15.33	11.16	5.23	4.55	6.73	6.58
SAMCERA TOTAL PLAN POLICY BENCHMARK		3.61	1.87	3.61	9.51	15.46	11.81	6.31	5.92	7.66	6.94
Excess		-0.28	-0.58	-0.28	-0.51	-0.13	-0.65	-1.08	-1.36	-0.93	-0.36

**San Mateo County  
Accounting Change in Market Value Details**

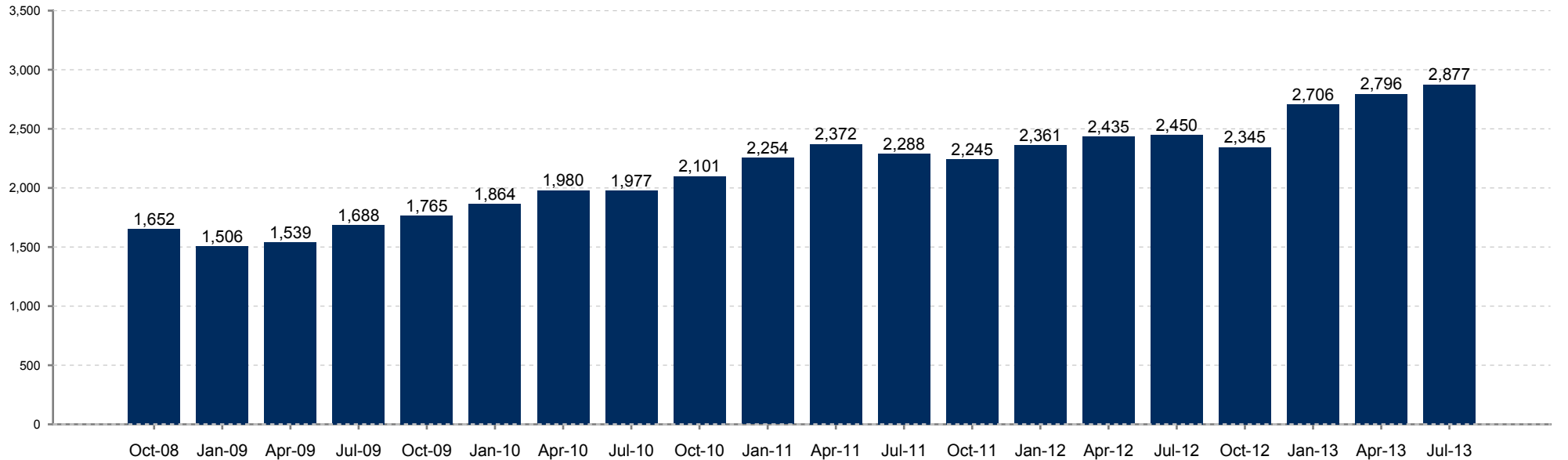
July 31, 2013



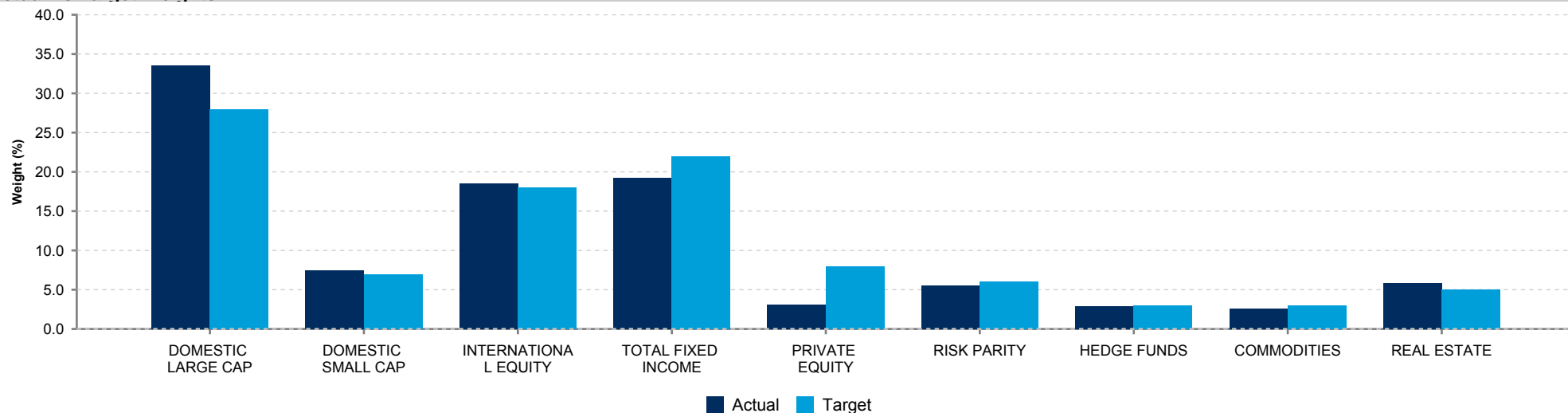
**Record of Asset Growth**

	One Quarter	One Year
<b>TOTAL FUND</b>		
Beginning Market Value	2,796,376,490	2,458,665,390
Contributions	368,551,590	2,478,384,087
Withdrawals	328,946,193	2,638,730,766
Income Received	9,943,476	44,160,484
Gain/Loss	30,755,631	343,225,790
Ending Market Value	2,876,680,994	2,876,680,994

**Net Asset Values over Time (\$000)**



Actual vs Target Weights



% Portfolio Weight

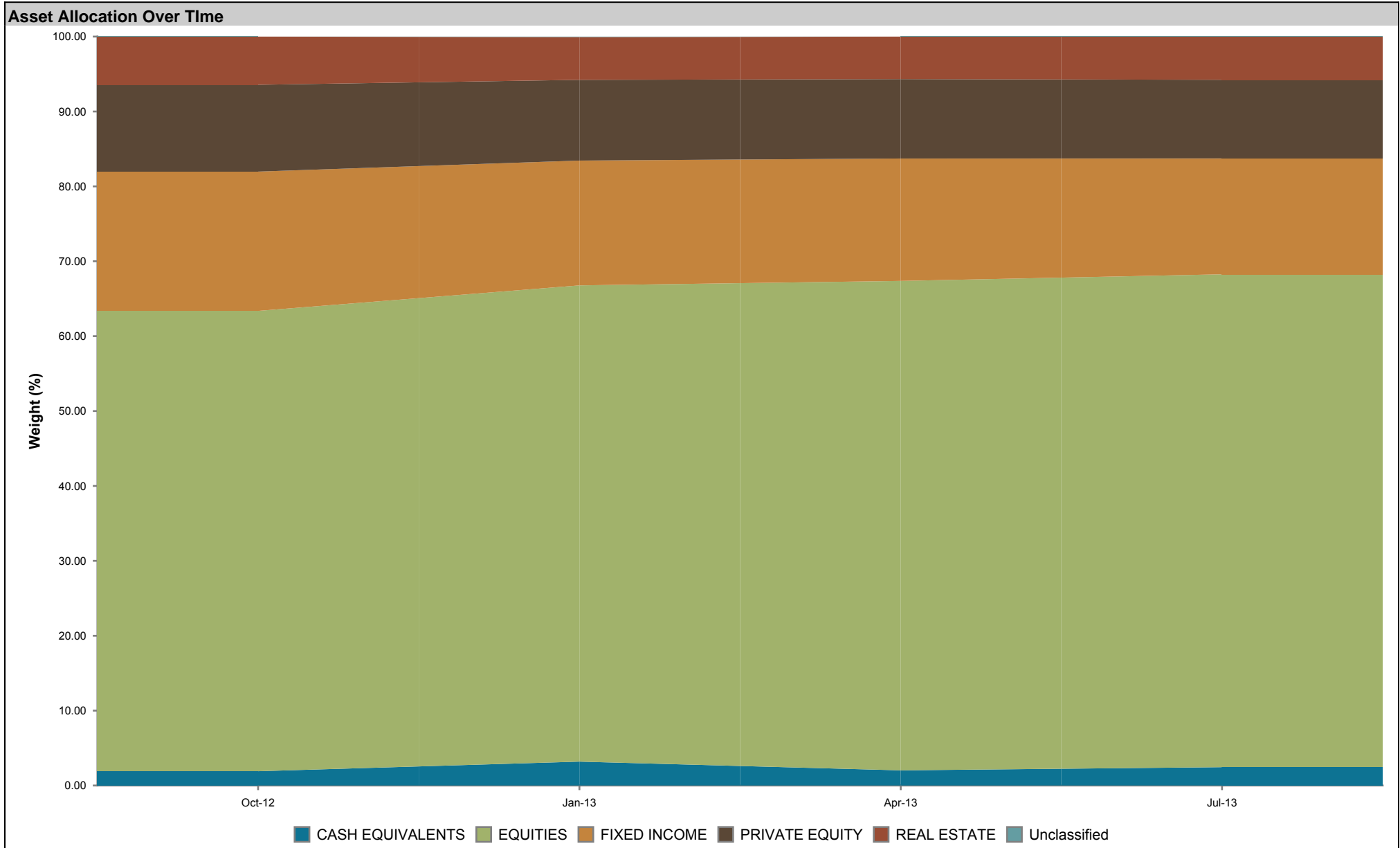
	Min	Actual	Target	Deviation	Max
<b>DOMESTIC LARGE CAP</b>	26.0	33.5	28.0	5.5	30.0
BLACKROCK S&P 500	10.3	17.1	12.3	4.8	14.3
DE SHAW INVESTMENT MGT, LLC	3.3	5.4	5.0	0.4	7.3
BARROW HANLEY	3.3	5.7	5.1	0.6	7.3
<b>DOMESTIC SMALL CAP</b>	5.0	7.5	7.0	0.5	9.0
BOSTON COMPANY ASSET MGT, LLC	1.5	3.7	3.5	0.2	5.5
CHARTWELL INVESTMENT MGMT	1.5	3.8	3.5	0.3	5.5
<b>INTERNATIONAL EQUITY</b>	15.0	18.5	18.0	0.5	21.0
BAILLIE GIFFORD OVERSEAS LIMITED	3.0	6.3	6.0	0.3	9.0
EATON VANCE MANAGEMENT	0.0	2.3	2.3	0.0	5.3
MONDRIAN INVESTMENT PARTNERS	5.0	7.8	8.0	-0.2	11.0
PYRAMIS	0.0	2.0	1.8	0.2	4.8
<b>TOTAL FIXED INCOME</b>	19.0	19.2	22.0	-2.8	25.0

<b>% Portfolio Weight</b>					
	<b>Min</b>	<b>Actual</b>	<b>Target</b>	<b>Deviation</b>	<b>Max</b>
ANGELO GORDON	0.0	1.1	1.8	-0.7	3.8
BRIGADE CAPITAL MANAGEMENT	0.0	2.1	1.8	0.3	3.8
BROWN BROTHERS HARRIMAN & CO	1.1	2.7	3.1	-0.4	5.1
FRANKLIN TEMPLETON INVESTMENTS	2.4	4.2	4.4	-0.2	6.4
WESTERN ASSET MGMT	2.4	4.1	4.4	-0.3	6.4
PYRAMIS GLOBAL ADVISORS	4.6	5.1	6.6	-1.5	8.6
<b>PRIVATE EQUITY</b>	8.0	3.1	8.0	-4.9	8.0
<b>RISK PARITY</b>	6.0	5.5	6.0	-0.5	6.0
AQR GLOBAL RISK PREM III LP	6.0	5.5	6.0	-0.5	6.0
HEDGE FUNDS	3.0	2.9	3.0	-0.1	3.0
AQR DELTA FUND II, L.P.	3.0	2.9	3.0	-0.1	3.0
<b>COMMODITIES</b>	3.0	2.6	3.0	-0.4	3.0
SSGA MULTISOURCE ACT COMM NL	3.0	2.6	3.0	-0.4	3.0
<b>REAL ESTATE</b>	3.0	5.8	5.0	0.8	7.0
INVESCO REAL ESTATE	3.0	5.8	5.0	0.8	3.0



# San Mateo County Asset Allocation Over Time

July 31, 2013

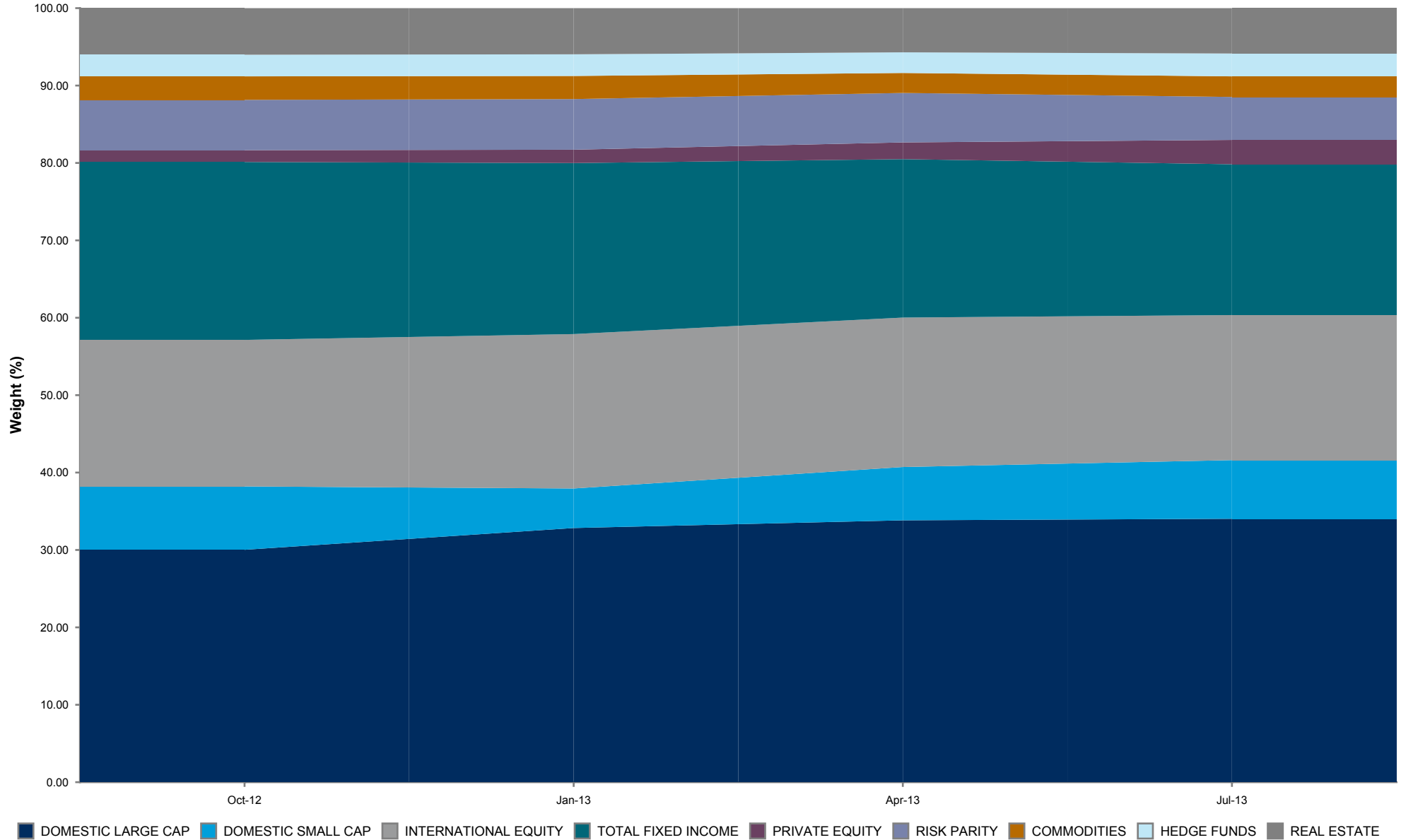


**San Mateo County**  
Sub-Asset Class Allocation Over Time

July 31, 2013



**Sub-Asset Class Allocation Over Time**



**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

August 27, 2013

Agenda Item 6.2

**TO:** Board of Retirement



**FROM:** Michael Coultrip, Chief Investment Officer

**SUBJECT:** Quarterly Investment Performance Report for the Period Ending June 30, 2013

**Staff Recommendation:**

Review Strategic Investment Solutions' Quarterly Performance Report for the period ending June 30, 2013.

**Discussion:**

The net 2nd quarter total return for the SamCERA portfolio was -0.20%, which was 10 bps lower than the -0.10% policy benchmark return. As can be seen on Pages 11 and 12, outperformance in our equity composite (driven by both our domestic and international equity aggregates) was the main driver of the outperformance, which was offset by underperformance in our Alternatives composite (driven mostly by risk parity and to a lesser extent private equity).

For the Fiscal Year ending June 30, 2013, the net total return for the SamCERA portfolio was +13.6%, which was 80 bps higher than the +12.8% policy benchmark return. The main driver of outperformance for the year came from our fixed income program, with our global manager alone contributing almost 70 bps outperformance at the total fund level. Both domestic and international equity programs were also positive contributors on the year. The primary detractor was our private equity program, followed by risk parity. Both of these composites were positive for the year, but could not keep pace with the strong public equity markets.

Patrick Thomas and Jonathan Brody will present the entire report to the Board and will be available for questions.

**Attachments:**

- A. *SIS Quarterly Performance Report Ending 6/30/2013*



SAN MATEO COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION

**INVESTMENT PERFORMANCE ANALYSIS**

SECOND QUARTER 2013

STRATEGIC INVESTMENT SOLUTIONS, INC.

---

333 Bush Street, Suite 2000  
San Francisco, CA 94104  
(415) 362-3484



	SECTION
Total Fund .....	I
US Equity.....	II
International Equity .....	III
Fixed Income .....	IV
Alternatives.....	V
Real Estate .....	VI
Appendix	

- The discussion of tapering quantitative easing and a potential unwind of financial repression by the Federal Reserve led to a pull-back in the major indices in mid-June. However, concerns about the effects of fewer purchases by the Fed eased by month-end, more so for developed equity markets as the S&P 500 total return index rose 2.9% in the second quarter.
- Relative calm in Europe helped boost the euro, which rose 1.2% against the dollar in the second quarter.
- Fears of Fed tapering and a Chinese slowdown hurt sentiment towards emerging market equities. The MSCI EM Total Return Index fell 8.1% during the second quarter.
- Growth fears also impacted Pacific ex-Japan in the second quarter, where equities fell 10.9%.
- The State Street Investor Confidence Index® (ICI) measures risk appetite by analyzing buying and selling patterns of institutional investors. As a result of improving confidence in the North American region, the Global ICI rose 11.9 points to 106.8 in June, rising above the neutral level of 100. Confidence also increased among Asian and European institutions.
- For the period ending 6/30/13, the one quarter return for the NAREIT index was (1.6%), the one year return was 9.4%, and the three year return was 18.2%. For the NCREIF Property index (one quarter lag), the one quarter return was 2.6%; the one year return was 10.5%, and the three year return was 13.3%.
- The IMF cut World GDP growth forecasts, now at 3.1% in 2013 and 3.8% in 2014, down from 3.5% and 4.0%, respectively, at the beginning of the year. Perhaps as a result, President Mario Dragi of the ECB pledged to keep rates low.
- In the US, REITs sold off dramatically after Bernanke's tapering discussion, with the increase in the 10-year government putting downward pressure on real asset pricing as debt financing becomes more costly. At the same time, a reduction in concerns about financial catastrophes, combined with a low yield environment, has prompted a recovery in housing values.

- The composite fund returned -0.1% in the second quarter of 2013 and ranked 50<sup>th</sup> among other public plans great than \$1 billion (median of -0.1%). The fund matched its policy index return of -0.1%. The one year return of 14.0% was ahead of the policy index return of 12.8% and ranked in 19<sup>th</sup> percentile of its peer universe. The three-year return of 12.2% (30<sup>th</sup> percentile) was above median among large public plans (11.3%).
  
- Second quarter results were enhanced by the following factors:
  1. Barrow Hanley's return of 6.0% was ahead of the Russell 1000 Value Index (3.2%) and ranked in the top quartile among large cap value equity managers (median of 3.8%). Performance was enhanced by its portfolio turnover and security selection in the Financials (Capital One Financial) and Healthcare (Cigna, Omnicare, Wellpoint) sectors.
  2. Mondrian returned -1.0%, led the MSCI ACWI ex US Value (-3.0%) and ranked in the 50<sup>th</sup> percentile among its ACWI ex US Value equity peers (-1.0% median). The portfolio was boosted by its underweight position in the weak Canadian market, defensive hedge out of the Australian dollar and overweight in the euro. Stock selection was positive in the UK, France and Germany.
  3. DE Shaw's return of 3.4% ranked in the second quartile among large cap core equity managers (2.9% median), and was ahead of its benchmark, the Russell 1000 Index (2.7%). Investments in the Consumer Discretionary and Info Tech sectors helped quarterly results. The BlackRock Russell 1000 Growth Index Fund was terminated during the quarter to fund large cap growth manager Brown Advisory.
  4. The Pyramis Select International Small Cap quarterly portfolio result of -2.8% was above the MSCI ACWI ex US Small Cap (-4.3%), but ranked in the 98<sup>th</sup> percentile among ACWI ex US small cap managers. Holdings in Canada and Japan lifted relative performance. Financials (Hulic) and industrials (GEA Group, Nihon Parkerizing) were two of the primary sector contributors.
  5. Eaton Vance beat the MSCI Emerging Markets Index (-6.2% vs. -8.0%) and ranked in the top quartile among its peers (-7.7% median). Contributing to quarterly performance were its structural underweight to Brazil and overweight to UAE and Qatar.

6. The opportunistic credit high yield manager, Brigade Capital, beat its benchmark, the Barclays BAA Credit Index (-1.0% vs. -3.9%). The median high yield quarterly return was -1.2%. Long high yield and leveraged loan positions were top contributors to performance during the quarter.
7. The Angelo Gordon STAR Fund was last valued on 3/31/13. Angelo Gordon GECC PPIP liquidated in May.
8. Commodities manager SSgA Multisource beat its benchmark, DJ UBS Commodities Index (-6.8% vs. -9.5%). The S&P GSCI quarterly return was -5.9%.
9. The INVESCO Core Real Estate-USA Fund returned 4.7% for the quarter and above par with the NCREIF ODCE Index (3.9%). The Value Add portfolio achieved appreciation of 3.5%. NOI growth continues to exceed budget expectations.
10. Hedge fund strategy AQR DELTA Fund II led the LIBOR +4% (2.8% vs. 1.1%). It ranked in the top quartile among other hedge fund multi-strategy accounts (median of 0.6%). The largest contributors are Equity Market Neutral (+1.6%), Global Macro (+0.9%), Managed Futures (+0.5) and Long/Short Equity (+0.5%).
11. The Boston Company returned 2.6%, versus 2.5% for the Russell 2000 Value Index, and ranked in the 56<sup>th</sup> percentile among its small cap value peers (median 2.9%). Positive attributes include stock selection the Financials and Materials sectors.
12. In its first full quarter, the BlackRock S&P 500 Index Fund matched its benchmark (2.9%) and ranked with the large cap core median.
13. The Treasury and LAIF account added 0.2% during the quarter. The 91-Day T-Bill returned 0.0% during the same time period.



- Second quarter results were hindered by the following factors:
  1. Risk parity manager AQR was down 10.0% while its custom benchmark, the blended 60% Russell 3000/ 40% Barclays Aggregate Index, was 0.7%. Second quarter gross return attribution is as follows: equity risk (0.0%), nominal interest rates (-4.0%), inflation (-4.9%) and credit (-1.1%).
  2. Private Equity investments appreciated 1.1% for the quarter. The Russell 3000 +3% Index was up 2.7%.
  3. Franklin Templeton depreciated 3.7% and ranked in the bottom quartile among global bond managers (median of -2.5%). The Barclays Multiverse Index was down 2.7%. Currencies in Asia ex Japan and Latin America and select duration exposures in Latin America detracted from results.
  4. Baillie Gifford lagged its benchmark, the MSCI EAFE Index (-1.5% vs. -0.7%). It ranked in the third quartile among EAFE growth equity managers (median of -0.3%). Top detractors of performance were Cochlear, an Australian based hearing implant business, Seek, Atlas Copco B and Garanti Bankasi.
  5. Western Asset Management's quarter was below par. It carried a return of -3.1% and ranked below the core bond manager median of -2.4%. The Barclays Aggregate Index returned -2.3%. Its TIPS, non-dollar and emerging market exposure, and overweight to the financial sector dragged performance alpha.
  6. The Pyramis Broad Market Duration Fund lost 2.5% of its value and ranked in the 62<sup>nd</sup> percentile among core bond managers (median of -2.4%). The Barclays Aggregate Index was down 2.3% for the quarter. Sector overweight to and security selection within financial corporate bonds and select MBS proved negative.
  7. Brown Brothers Harriman lost 7.3%, behind the Barclays US TIPS Index (-7.1%) and ranked in the bottom quartile among inflation linked bond accounts (median of -6.8%).
  8. Chartwell gained less value, 2.5%, than the Russell 2000 Growth Index, 3.7%. Chartwell ranked in 84<sup>th</sup> percentile among small cap growth managers (median of 4.6%). Negative alpha was mainly derived from its intra-quarter trading and Info Tech (Aruba Networks, Vocus, Ixia) stock selection.

Performance Summary

Periods Ending June 30, 2013

	1 Qtr		Calendar YTD		Fiscal 2013		2 Year		3 Year		5 Year		10 Year	
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TOTAL FUND - Gross	-0.1	50	5.9	25	14.0	19	6.8	42	12.2	30	4.6	71	6.6	73
TOTAL FUND - Net	-0.2		5.7		13.6		6.4		11.8		4.3		6.4	
Policy Index <sup>1</sup>	-0.1	49	5.7	28	12.8	35	7.1	36	12.4	20	5.4	36	7.4	35
Allocation Index	0.0	47	5.6	29	12.6	37								
IFx Public DB > \$1B Gross Median	-0.1		5.0		12.0		6.5		11.3		5.0		7.1	
TOTAL EQUITY	1.7	45	10.8	45	20.4	46	7.8	55	15.3	67	4.2	73	7.2	74
Blended Equity Index <sup>2</sup>	0.8	71	9.4	65	19.3	68	7.5	64	15.1	69	4.9	57	8.1	43
IFx All DB Total Eq Gross Median	1.5		10.5		20.1		8.0		15.7		5.2		7.9	
US EQUITY COMPOSITE	3.4	16	14.8	24	22.9	27	11.6	55	18.7	43	6.8	68	7.4	81
80% Russell 1000/20% Russell 2000 <sup>2</sup>	2.7	57	14.3	44	21.8	50	12.1	36	18.7	43	7.5	41	8.1	51
IFx All DB US Eq Gross Median	2.8		14.2		21.8		11.7		18.5		7.3		8.1	
LARGE CAP COMPOSITE <sup>3</sup>	3.6		14.6		22.2		11.6		18.1		6.2		7.2	
Russell 1000 Index	2.7		13.9		21.2		12.5		18.6		7.1		7.7	
D.E. Shaw - Gross	3.4	32	15.4	22	23.1	25	14.8	9	19.8	18				
D.E. Shaw - Net	3.2		15.1		22.5		14.2		19.2					
Russell 1000 Index	2.7	55	13.9	46	21.2	46	12.5	44	18.6	36				
BlackRock S&P 500 Index - Gross <sup>4</sup>	2.9	48												
BlackRock S&P 500 Index - Net	2.9													
S&P 500 Index	2.9	49												

\* Total Fund and asset class aggregates are ranked in InvestorForce (IF) universes. Managers are ranked in eVestment Alliance (eA) manager universes.

1 As of 2/1/13, the Policy Index is 28% Russell 1000/7% Russell 2000/18% MSCI ACWI -ex US/11% BC Aggregate/3.52% BC BBB/3.08% BC Tips/4.4% BC Multiverse/5% NCREIF NFI ODCE EW/8% Russell 3000 + 3%/6% (60% Russell 3000/40% BC Aggregate)/3% Libor +4%/3% DJ UBS Commodity.

2 See Appendix for Benchmark History.

3 BlackRock R1000 Index and T Rowe Price terminated in January 2013. BlackRock R1000 Growth Index Fund terminated in April 2013.

4 BlackRock S&P 500 Index funded in January 2013. Brown Advisory funded in April 2013.

San Mateo County Employees' Retirement Association

Performance Summary

Periods Ending June 30, 2013

	1 Qtr		Calendar YTD		Fiscal 2013		2 Year		3 Year		5 Year		10 Year	
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Barrow Hanley - Gross	6.0	7	18.0	17	27.5	23	13.0	44	19.6	23				
Barrow Hanley - Net	5.9		17.7		26.9		12.5		19.1					
<i>Russell 1000 Value Index</i>	3.2	62	15.9	44	25.3	43	13.6	36	18.5	42				
Brown Advisory - Gross <sup>4</sup>														
Brown Advisory - Net														
<i>Russell 1000 Growth Index</i>														
<b>SMALL CAP COMPOSITE <sup>5</sup></b>	2.6		15.7		25.9		12.0		20.9		9.0		8.2	
<i>Russell 2000 Index</i>	3.1		15.9		24.2		10.3		18.7		8.8		9.5	
The Boston Company - Gross	2.6	56	14.8	63	26.3	57	14.8	19	18.5	59				
The Boston Company - Net	2.4		14.3		25.3		13.8		17.6					
<i>Russell 2000 Value Index</i>	2.5	61	14.4	67	24.8	67	10.9	66	17.3	76				
Chartwell - Gross	2.5	84	15.8	75	25.5	46	12.5	21	23.8	19	9.3	57		
Chartwell - Net	2.3		15.4		24.6		11.7		22.9		8.5			
<i>Russell 2000 Growth Index</i>	3.7	66	17.4	61	23.7	57	9.7	58	20.0	69	8.9	62		
<b>INTERNATIONAL EQUITY</b>	-2.0	56	2.7	37	15.1	61	-0.4	63	7.9	83	-1.7	81	7.4	77
<i>MSCI ACWI ex US Gross <sup>2</sup></i>	-2.9	78	0.3	75	14.1	72	-1.0	72	8.5	72	-0.3	58	9.1	31
<i>MSCI EAFE Index Gross</i>	-0.7	30	4.5	18	19.1	22	1.6	24	10.6	29	-0.2	53	8.2	60
IFx All DB ex-US Eq Gross Median	-1.8		1.6		15.8		0.2		9.5		0.0		8.6	
<b>DEVELOPED MARKETS</b>	-1.4	61	4.0	42	16.5	63	0.2	62	8.4	63	-1.4	74	7.5	61
<i>MSCI ACWI -ex US Gross</i>	-2.9	84	0.3	88	14.1	85	-1.0	76	8.5	63	-0.3	52	9.1	17
IFx All DB Dev Mkt ex-US Eq Gross Median	-0.9		3.5		17.7		1.1		9.5		-0.3		7.8	

<sup>2</sup> See Appendix for Benchmark History.

<sup>4</sup> BlackRock S&P 500 Index funded in January 2013. Brown Advisory funded in April 2013.

<sup>5</sup> Jennison terminated in Jauray 2013.

San Mateo County Employees' Retirement Association

Performance Summary

Periods Ending June 30, 2013

	1 Qtr		Calendar YTD		Fiscal 2013		2 Year		3 Year		5 Year		10 Year	
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Baillie Gifford - Gross	-1.5	72	6.0	37	20.4	48								
Baillie Gifford - Net	-1.6		5.8		19.8									
MSCI EAFE Index Gross	-0.7	63	4.5	65	19.1	56								
MSCI EAFE Growth Index Gross	-1.0	65	5.8	41	19.0	56								
Mondrian - Gross	-1.0	50	2.9	47	13.2	96	1.1	60	9.6	63	0.6	68		
Mondrian - Net	-1.0		2.8		13.1		0.9		9.4		0.4			
MSCI ACWI -ex US Value Gross	-3.0	80	-1.1	93	13.5	94	-1.5	76	7.8	76	0.0	79		
MSCI ACWI -ex US Gross	-2.9	76	0.3	78	14.1	83	-1.0	75	8.5	73	-0.3	80		
Pyramis Equity - Gross	-2.8	98	2.9	99	19.1	97								
Pyramis Equity - Net	-3.0		2.4		18.0									
MSCI ACWI -ex US Small Cap Gross	-4.3	99	2.1	99	16.4	99								
<b>EMERGING MARKETS</b>	-6.2	20	-6.2	30	5.2	55								
MSCI Emerging Markets Index Gross	-8.0	54	-9.4	72	3.2	75								
IFx All DB Emg Mkt Eq Gross Median	-7.8		-7.6		5.4									
Eaton Vance Management - Gross	-6.2	24	-6.2	37	5.4	59								
Eaton Vance Management - Net	-6.5		-6.5		5.1									
MSCI Emerging Markets Index Gross	-8.0	58	-9.4	73	3.2	76								
<b>TOTAL FIXED INCOME<sup>6</sup></b>	-3.3	66	-1.6	27	4.8	11	5.9	26	6.8	25	7.2	40	5.2	64
Blended Fixed Index <sup>2</sup>	-3.3	67	-3.8	78	-1.1	82	3.2	87	3.8	80	5.4	73	4.6	86
IFx All DB Total Fix Inc Gross Median	-2.7		-2.4		1.0		4.5		5.4		6.8		5.7	
<b>US FIXED INCOME</b>	-3.2	70	-2.0	47	2.9	20	5.7	33	6.6	29	7.0	37	5.2	53
Blended US Fixed Index <sup>2</sup>	-3.5	74	-3.6	76	-1.0	78	3.8	74	4.2	70	5.6	73	4.7	75
IFx All DB US Fix Inc Gross Median	-2.4		-2.1		0.7		4.6		5.0		6.4		5.2	

<sup>2</sup> See Appendix for Benchmark History.

<sup>6</sup> Angelo Gordon PPIP was liquidated in June 2013 with holdback set aside for expenses. Full liquidation by May 2014.

Performance Summary

Periods Ending June 30, 2013

	1 Qtr		Calendar YTD		Fiscal 2013		2 Year		3 Year		5 Year		10 Year	
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>CORE FIXED <sup>7</sup></b>	-2.7		-2.5		0.9		4.7							
<i>Barclays Aggregate Index</i>	-2.3		-2.4		-0.7		3.3							
Pyramis Bond - Gross	-2.5	62	-2.3	52	0.5	45	4.3	44	4.9	27	6.8	21		
Pyramis Bond - Net	-2.5		-2.4		0.3		4.1		4.7		6.6			
Western Asset - Gross	-3.1	95	-2.7	85	1.4	20	5.0	15	5.9	5	7.1	9		
Western Asset - Net	-3.1		-2.8		1.1		4.7		5.6		6.9			
<i>Barclays Aggregate Index</i>	-2.3	38	-2.4	66	-0.7	87	3.3	86	3.5	88	5.2	90		
<b>TIPS</b>														
Brown Brothers Harriman - Gross	-7.3	80	-7.5	77	-4.4	59	3.7	21						
Brown Brothers Harriman - Net	-7.4		-7.6		-4.6		3.6							
<i>Barclays US TIPS Index</i>	-7.1	67	-7.4	67	-4.8	82	3.1	61						
<b>OPPORTUNISTIC CREDIT <sup>6</sup></b>	-0.4		4.6		17.4		11.7							
<i>Barclays Credit BAA</i>	-3.9		-4.1		1.8		6.0							
Angelo Gordon STAR - Net <sup>8,9</sup>	-0.5		5.7											
<i>Barclays Aggregate Index</i>	-2.3		-2.4											
Brigade Capital - Gross	-1.0	39	2.2	34	10.8	26	9.0	30						
Brigade Capital - Net	-1.0		2.2		10.8		8.7							
<i>Barclays Credit BAA Index</i>	-3.9	99	-4.1	99	1.8	99	6.0	92						
<i>50% Barclays HY / 50% Bank Loan Index</i>	-0.5	18	2.1	35	8.6	70	6.9	87						

<sup>6</sup> Angelo Gordon PPIP was liquidated in June 2013 with holdback set aside for expenses. Full liquidation by May 2014.

<sup>7</sup> Aberdeen Asset was terminated in October 2012.

<sup>8</sup> Returns are reported net of management fees only.

<sup>9</sup> Funded in November 2012. Preliminary returns as of 3/31/12 (second quarterly returns are not available at reporting period).

Performance Summary

Periods Ending June 30, 2013

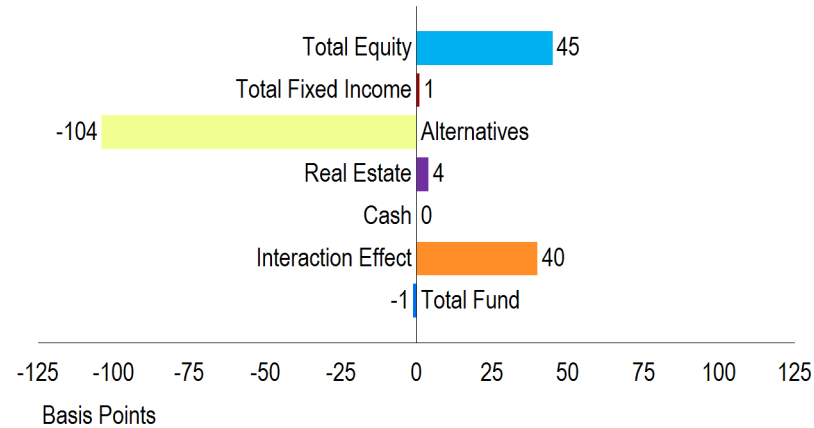
	1 Qtr		Calendar YTD		Fiscal 2013		2 Year		3 Year		5 Year		10 Year	
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>GLOBAL FIXED INCOME</b>	-3.7	49	-0.2	12	12.4	3	6.0	29						
<i>Barclays Multi-verse Index</i>	-2.7	27	-4.6	61	-1.7	79	0.5	85						
<i>IFx All DB Gbl Fix Inc Gross Median</i>	-3.7		-3.8		2.3		4.5							
Franklin Templeton - Gross	-3.7	83	-0.2	23	12.4	8	6.0	21						
Franklin Templeton - Net	-3.8		-0.4		12.1		5.6							
<i>Barclays Multi-verse Index</i>	-2.7	55	-4.6	66	-1.7	78	0.5	74						
<b>ALTERNATIVES</b>	-5.2		-3.0		3.9		2.6							
<i>Alternatives Allocation Index</i>	-0.9		3.5		7.7		-							
<b>PRIVATE EQUITY</b>	1.1	42	2.7	60	1.7	87	1.3	88						
<i>Russell 3000 + 3% Index</i>	2.7	28	14.8	2	24.5	2	15.3	3						
<i>IFx All DB Private Eq Net Median</i>	0.3		3.3		7.8		6.9							
<b>RISK PARITY</b>														
AQR Global Risk Premium III - Gross	-10.0		-6.0		3.6		4.4							
AQR Global Risk Premium III - Net	-10.1		-6.1		3.2		4.0							
<i>60/40 R3000/Barclays Aggregate Index</i>	0.7		7.2		12.2		8.9							
<b>HEDGE FUND</b>	3.0	6	3.9	76	7.9	74	3.7	60						
<i>Libor 1 Month +4% Index</i>	1.1	62	2.0	90	4.2	94	4.2	43						
<i>IFx All DB Hedge Funds Gross Median</i>	1.4		5.2		10.5		4.0							
AQR DELTA Fund II - Gross	3.0		3.9		7.9		3.7							
AQR DELTA Fund II - Net <sup>10</sup>	2.8	17	3.4	48	6.8	55	2.6	60						
<i>Libor 1 Month +4% Index</i>	1.1	45	2.0	61	4.2	70	4.2	47						

<sup>10</sup> AQR Delta II is ranked against a net of fee universe.

Performance Summary

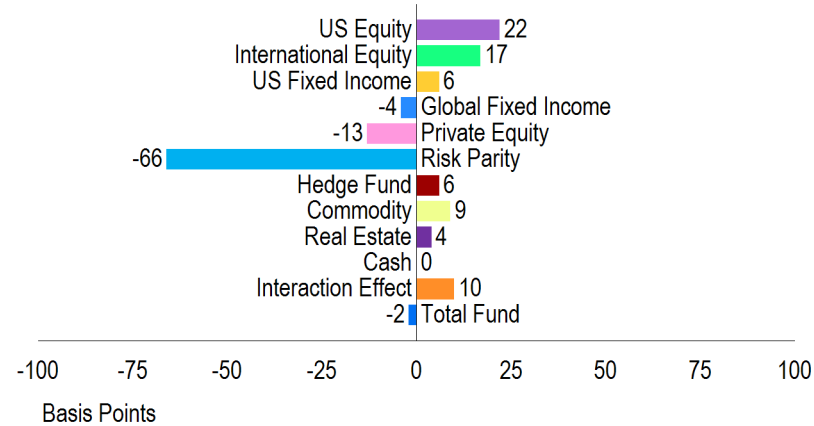
Periods Ending June 30, 2013

	1 Qtr		Calendar YTD		Fiscal 2013		2 Year		3 Year		5 Year		10 Year	
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
<b>COMMODITY</b>														
SSgA Multisource Commodity - Gross	-6.8		-7.7		-1.2									
SSgA Multisource Commodity - Net	-6.8		-7.7		-1.3									
<i>DJ UBS Commodity Index</i>	-9.5		-10.5		-8.0									
<i>S&amp;P Goldman Sachs Commodity Index</i>	-5.9		-5.4		2.0									
<b>REAL ESTATE</b>														
	4.7	1	8.1	2	13.5	18	11.2	44	15.6	34	0.1	42	7.6	23
<i>NCREIF ODCE Index</i>	3.9	13	6.6	17	12.2	26	12.3	29	15.0	47	0.5	30	7.4	26
<i>IFx All DB Real Estate Gross Median</i>	2.6		5.1		10.3		11.0		14.4		-0.4		6.2	
Invesco - Gross	4.7		8.1		13.5		11.2		15.6		0.1			
Invesco - Net	4.6		7.9		13.0		10.8		15.1		-0.4			
<i>NCREIF ODCE Index</i>	3.9		6.6		12.2		12.3		15.0		0.5			
<b>CASH</b>														
General Account	0.0		0.0		0.1		0.1		0.3		0.5		1.9	
Treasury & LAIF	0.2		0.3		0.7		0.8		0.9		0.0		1.7	
<b>CASH COMPOSITE</b>														
	0.1		0.3		0.5		0.6		0.7		0.1		1.8	
<i>91 Day T-Bills Index</i>	0.0		0.0		0.1		0.1		0.1		0.2		1.6	

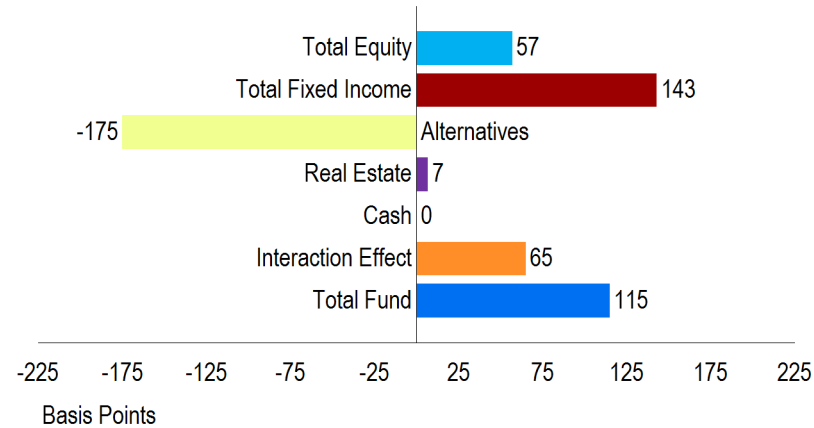


	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Equity	1.69%	0.84%	0.85%	0.45%	0.06%	0.06%	0.56%
Total Fixed Income	-3.27%	-3.33%	0.05%	0.01%	0.05%	0.00%	0.06%
Alternatives	-5.16%	-0.02%	-5.14%	-1.04%	-0.01%	0.34%	-0.71%
Real Estate	4.71%	3.86%	0.85%	0.04%	0.03%	0.01%	0.08%
Cash	0.12%	0.01%	0.11%	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	<b>-0.11%</b>	<b>-0.10%</b>	<b>-0.01%</b>	<b>-0.54%</b>	<b>0.13%</b>	<b>0.40%</b>	<b>-0.01%</b>

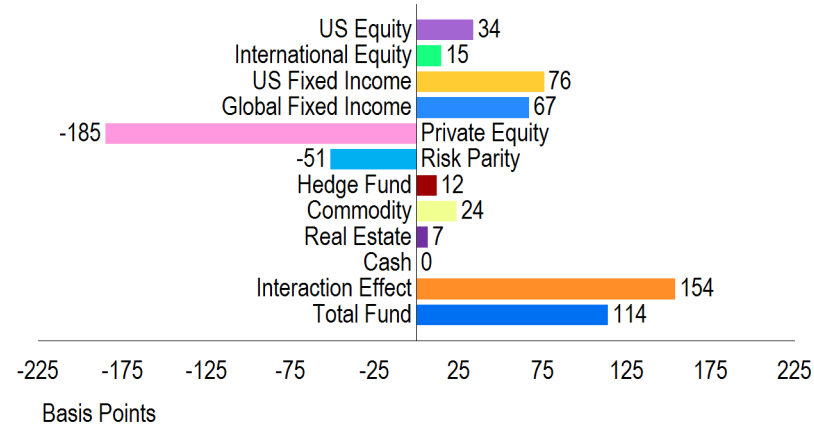




	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
US Equity	3.39%	2.75%	0.65%	0.22%	0.16%	0.04%	0.42%
International Equity	-1.97%	-2.90%	0.93%	0.17%	-0.04%	0.01%	0.14%
US Fixed Income	-3.15%	-3.48%	0.32%	0.06%	0.06%	-0.01%	0.11%
Global Fixed Income	-3.70%	-2.73%	-0.97%	-0.04%	0.00%	0.00%	-0.05%
Private Equity	1.11%	2.73%	-1.62%	-0.13%	-0.16%	0.09%	-0.20%
Risk Parity	-10.01%	0.67%	-10.68%	-0.66%	0.00%	-0.02%	-0.68%
Hedge Fund	3.03%	1.06%	1.97%	0.06%	0.00%	-0.01%	0.05%
Commodity	-6.78%	-9.45%	2.67%	0.09%	0.04%	-0.01%	0.11%
Real Estate	4.71%	3.86%	0.85%	0.04%	0.03%	0.01%	0.08%
Cash	0.12%	0.01%	0.11%	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	<b>-0.11%</b>	<b>-0.10%</b>	<b>-0.02%</b>	<b>-0.19%</b>	<b>0.08%</b>	<b>0.10%</b>	<b>-0.02%</b>



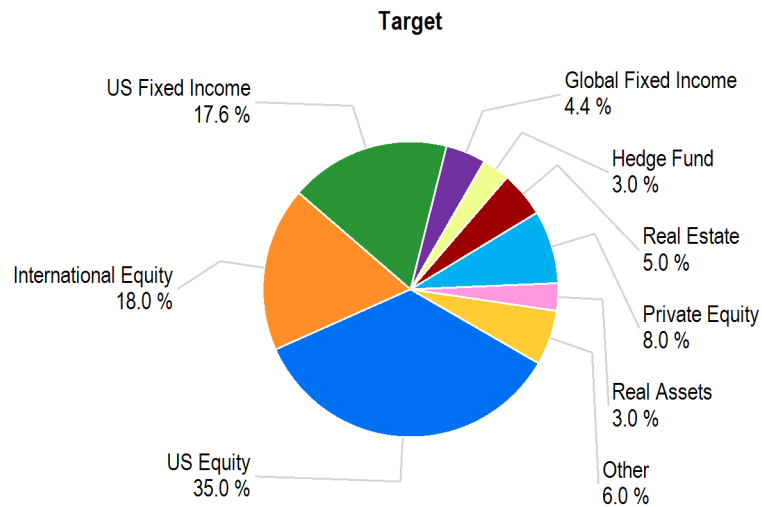
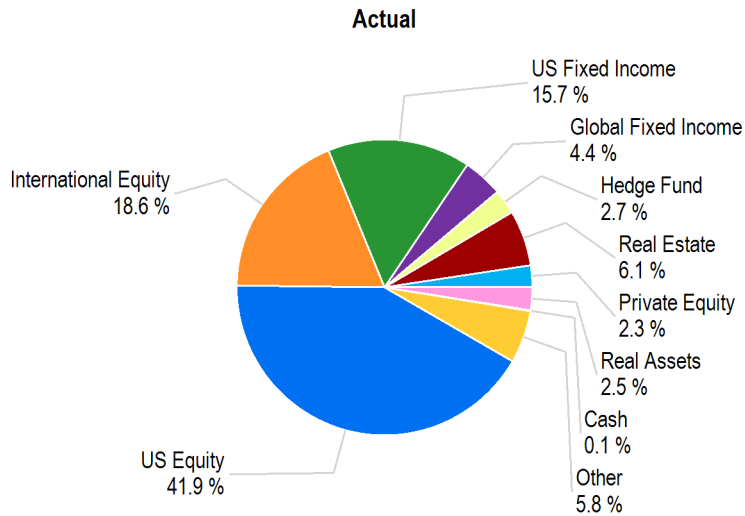
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Equity	20.43%	19.27%	1.16%	0.57%	0.28%	0.07%	0.92%
Total Fixed Income	4.75%	-1.10%	5.85%	1.43%	0.06%	0.02%	1.51%
Alternatives	3.88%	12.41%	-8.52%	-1.75%	0.02%	0.54%	-1.19%
Real Estate	13.49%	12.17%	1.32%	0.07%	-0.03%	0.01%	0.05%
Cash	0.54%	0.07%	0.47%	0.00%	-0.15%	0.00%	-0.14%
<b>Total</b>	<b>14.00%</b>	<b>12.85%</b>	<b>1.15%</b>	<b>0.31%</b>	<b>0.19%</b>	<b>0.65%</b>	<b>1.15%</b>



	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
US Equity	22.89%	21.85%	1.04%	0.34%	0.38%	0.04%	0.76%
International Equity	15.06%	14.14%	0.92%	0.15%	-0.02%	0.01%	0.14%
US Fixed Income	2.92%	-0.95%	3.87%	0.76%	0.09%	0.00%	0.85%
Global Fixed Income	12.38%	-1.70%	14.08%	0.67%	-0.03%	0.02%	0.67%
Private Equity	1.70%	24.47%	-22.77%	-1.85%	-0.70%	1.48%	-1.06%
Risk Parity	3.57%	12.18%	-8.62%	-0.51%	-0.01%	-0.01%	-0.53%
Hedge Fund	7.92%	4.22%	3.70%	0.12%	0.02%	-0.01%	0.13%
Commodity	-1.15%	-8.01%	6.86%	0.24%	0.05%	-0.01%	0.28%
Real Estate	13.49%	12.17%	1.32%	0.07%	-0.03%	0.01%	0.05%
Cash	0.54%	0.07%	0.47%	0.00%	-0.15%	0.00%	-0.14%
<b>Total</b>	<b>13.98%</b>	<b>12.85%</b>	<b>1.13%</b>	<b>-0.01%</b>	<b>-0.39%</b>	<b>1.54%</b>	<b>1.14%</b>

Asset Allocation Analysis

As of June 30, 2013

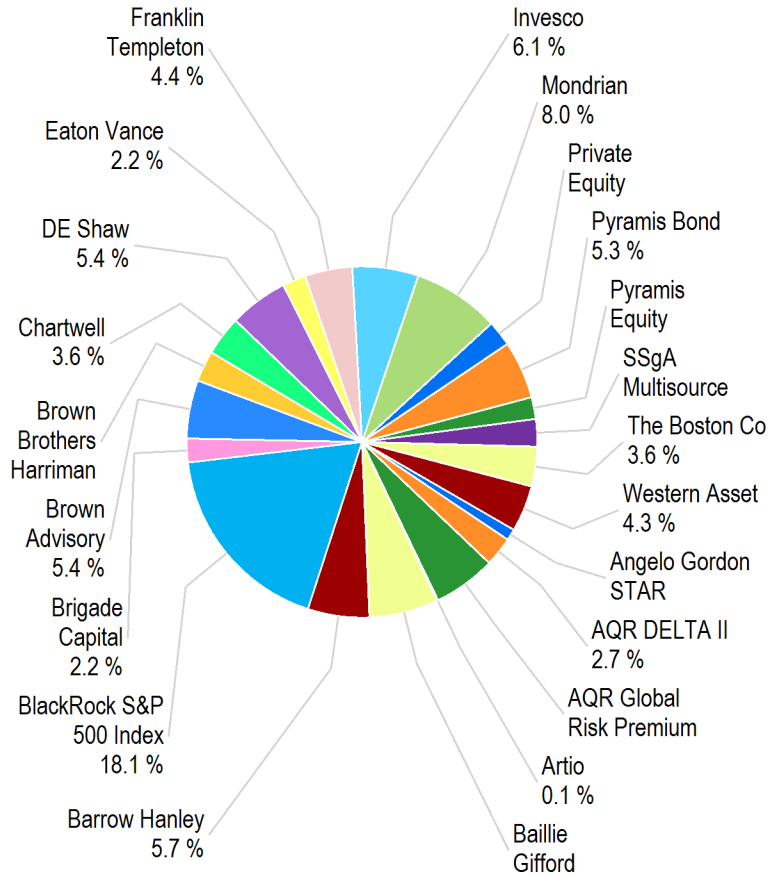


	Current Balance	Current Allocation
US Equity	\$1,143,517,954	41.9%
International Equity	\$508,379,796	18.6%
US Fixed Income	\$427,870,364	15.7%
Global Fixed Income	\$119,210,851	4.4%
Hedge Fund	\$73,717,734	2.7%
Real Estate	\$166,154,482	6.1%
Private Equity	\$64,184,329	2.3%
Real Assets	\$69,083,062	2.5%
Cash	\$2,211,498	0.1%
Other	\$157,444,018	5.8%
<b>Total</b>	<b>\$2,731,774,088</b>	<b>100.0%</b>

	Policy	Current Allocation	Difference
US Equity	35.0%	41.9%	6.9%
International Equity	18.0%	18.6%	0.6%
US Fixed Income	17.6%	15.7%	-1.9%
Global Fixed Income	4.4%	4.4%	0.0%
Hedge Fund	3.0%	2.7%	-0.3%
Real Estate	5.0%	6.1%	1.1%
Private Equity	8.0%	2.3%	-5.7%
Real Assets	3.0%	2.5%	-0.5%
Cash	--	0.1%	0.1%
Other	6.0%	5.8%	-0.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

Manager Allocation Analysis - Total Plan

As of June 30, 2013



	Actual \$	Actual %
Aberdeen Asset	\$1,727	0.0%
Angelo Gordon PPIP	\$19,342	0.0%
Angelo Gordon STAR	\$28,799,455	1.1%
AQR DELTA II	\$73,717,734	2.7%
AQR Global Risk Premium III	\$157,444,018	5.8%
Artio	\$2,670,780	0.1%
Baillie Gifford	\$173,645,759	6.4%
Barrow Hanley	\$155,045,478	5.7%
BlackRock S&P 500 Index	\$494,989,252	18.1%
Brigade Capital	\$59,586,615	2.2%
Brown Advisory	\$146,795,092	5.4%
Brown Brothers Harriman	\$77,483,932	2.8%
Chartwell	\$99,515,228	3.6%
DE Shaw	\$147,656,290	5.4%
Eaton Vance	\$58,909,468	2.2%
Franklin Templeton	\$119,210,851	4.4%
General Account	\$1,186,036	0.0%
Invesco	\$166,154,482	6.1%
Jennison	\$354	0.0%
Mondrian	\$218,452,071	8.0%
Private Equity	\$64,184,329	2.3%
Pyramis Bond	\$145,588,189	5.3%
Pyramis Equity	\$54,701,719	2.0%
SSgA Multisource Commodity	\$69,083,062	2.5%
The Boston Co	\$99,516,259	3.6%
Treasury & LAIF	\$1,025,462	0.0%
Western Asset	\$116,391,104	4.3%
<b>Total</b>	<b>\$2,731,774,088</b>	

**Statistics Summary**

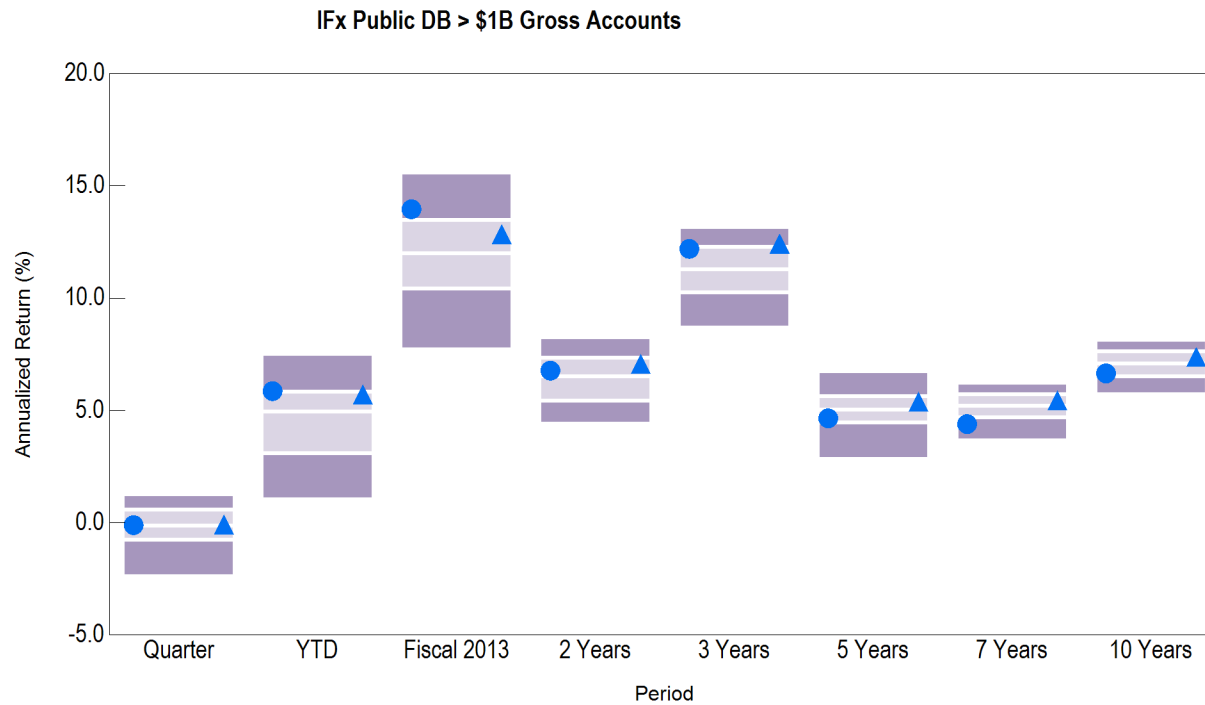
**3 Years**

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank	Information Ratio	Information Ratio Rank	Tracking Error	Tracking Error Rank
Total Fund	12.2%	30	9.8%	84	1.2	73	-0.2	36	1.2%	11
Policy Index	12.4%	20	10.3%	92	1.2	79	--	--	0.0%	1
IFx Public DB > \$1B Gross Median	11.3%	--	8.5%	--	1.3	--	-0.4	--	2.2%	--

**Statistics Summary**

**5 Years**

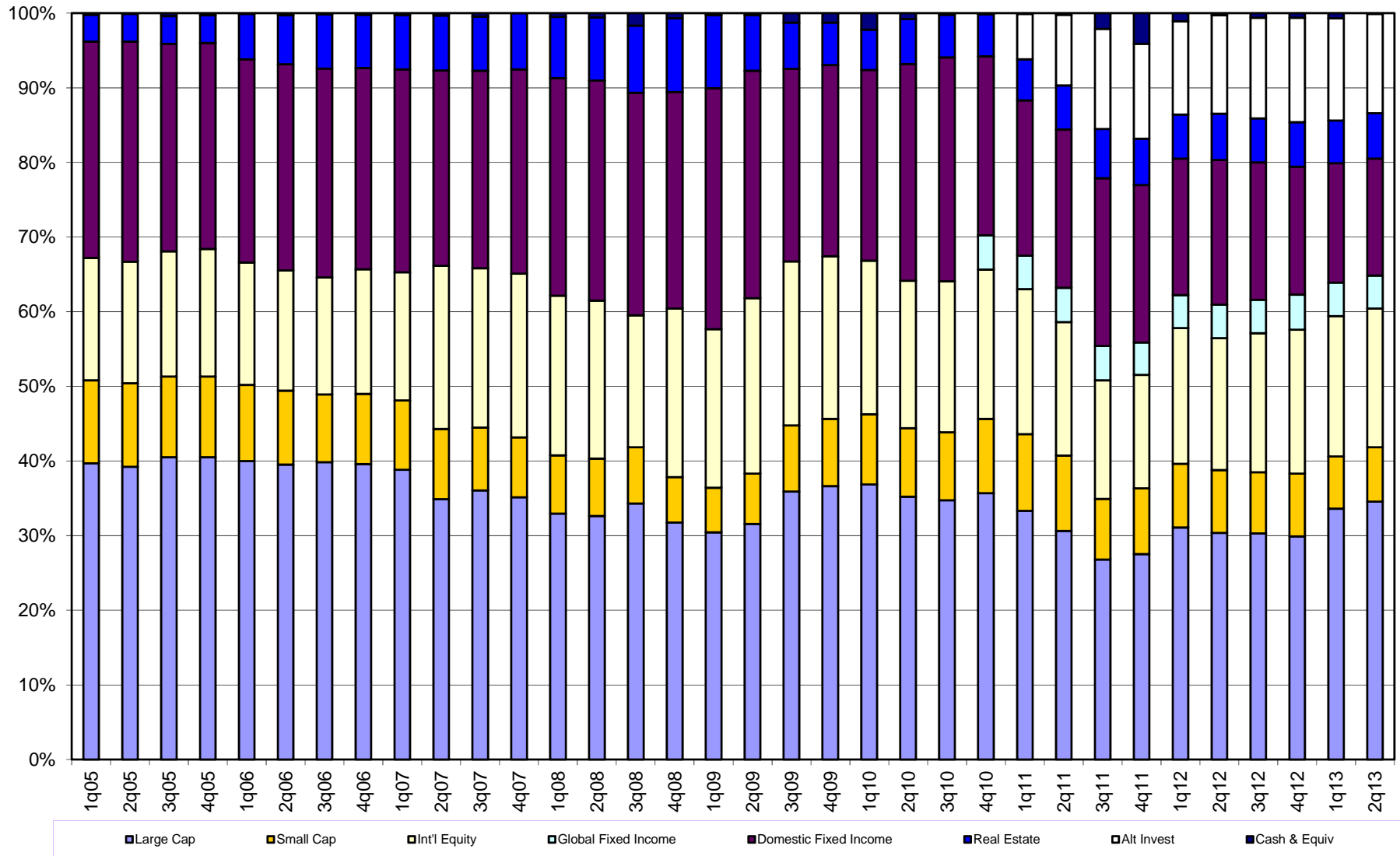
	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank	Information Ratio	Information Ratio Rank	Tracking Error	Tracking Error Rank
Total Fund	4.6%	71	13.2%	79	0.3	78	-0.5	83	1.5%	5
Policy Index	5.4%	36	13.9%	90	0.4	68	--	--	0.0%	1
IFx Public DB > \$1B Gross Median	5.0%	--	12.0%	--	0.4	--	-0.1	--	3.1%	--



	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>Return (Rank)</b>								
5th Percentile	1.2	7.5	15.6	8.2	13.2	6.7	6.2	8.1
25th Percentile	0.6	5.9	13.5	7.4	12.3	5.6	5.7	7.6
Median	-0.1	5.0	12.0	6.5	11.3	5.0	5.2	7.1
75th Percentile	-0.8	3.1	10.4	5.5	10.3	4.5	4.7	6.5
95th Percentile	-2.4	1.1	7.7	4.4	8.7	2.8	3.7	5.7
# of Portfolios	58	57	55	54	51	51	50	48
● Total Fund	-0.1 (50)	5.9 (25)	14.0 (19)	6.8 (42)	12.2 (30)	4.6 (71)	4.4 (86)	6.6 (73)
▲ Policy Index	-0.1 (49)	5.7 (28)	12.8 (35)	7.1 (36)	12.4 (20)	5.4 (36)	5.4 (46)	7.4 (35)

Asset Allocation History - Quarterly

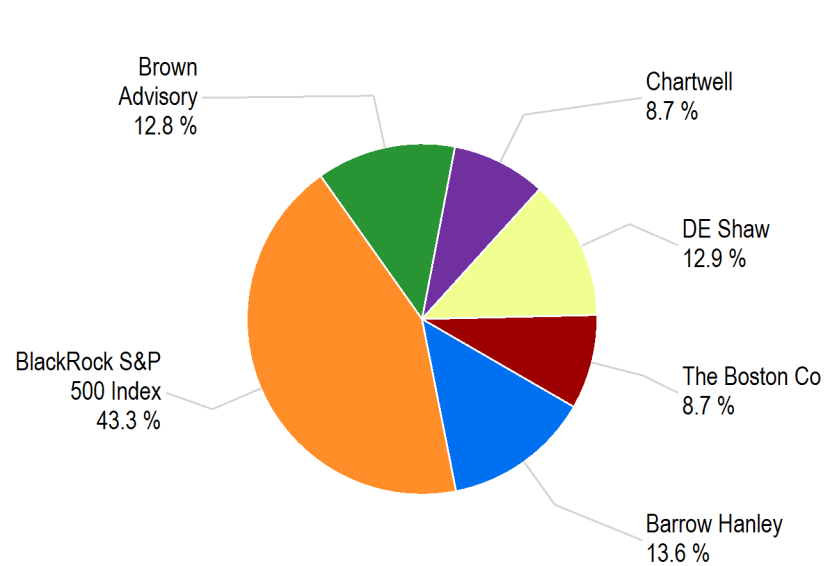
Periods Ending June 30, 2013





Manager Allocation Analysis - US Equity

As of June 30, 2013



	Actual \$	Actual %	Manager Contribution to Excess Return %
Barrow Hanley	\$155,045,478	13.6%	0.4%
BlackRock S&P 500 Index	\$494,989,252	43.3%	0.0%
Brown Advisory	\$146,795,092	12.8%	0.0%
Chartwell	\$99,515,228	8.7%	-0.1%
DE Shaw	\$147,656,290	12.9%	0.1%
Jennison	\$354	0.0%	0.0%
The Boston Co	\$99,516,259	8.7%	0.0%
Actual vs. Policy Weight Difference			0.3%
<b>Total</b>	<b>\$1,143,517,954</b>	<b>100.0%</b>	<b>0.7%</b>

## Statistics Summary

## 3 Years

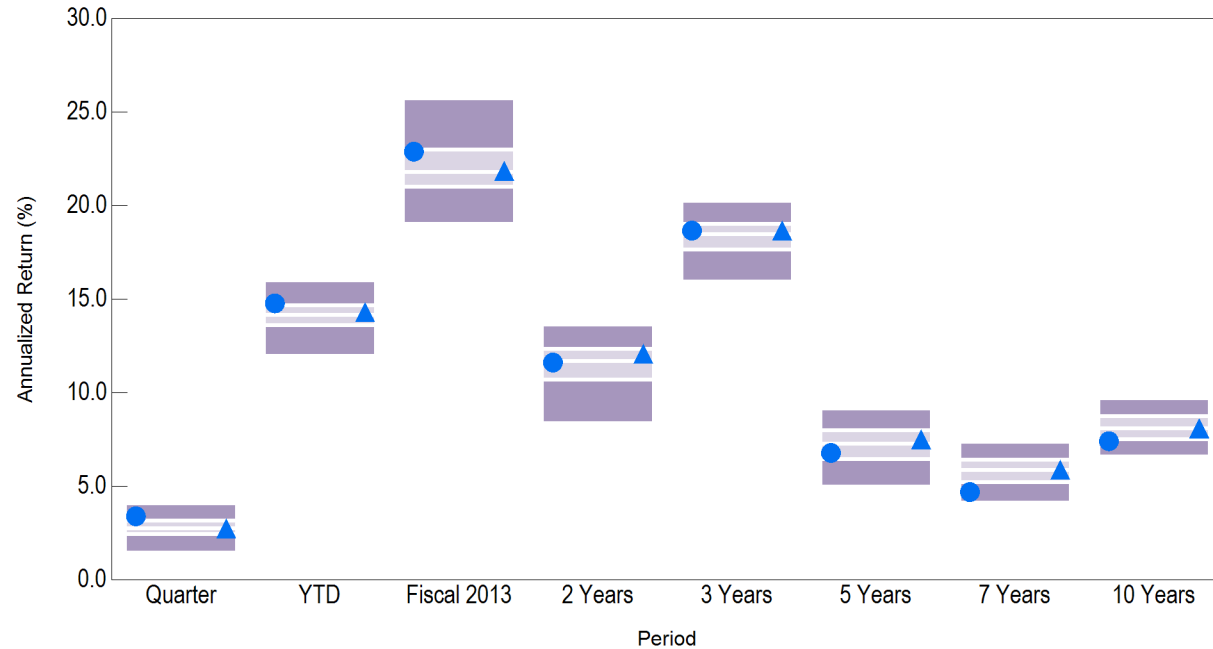
	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
US Equity	18.7%	15.2%	1.2	0.0	1.2%
80% R1000/ 20% R2000	18.7%	14.7%	1.3	--	0.0%
Large Cap Equity	18.1%	14.5%	1.2	-0.4	1.1%
Russell 1000	18.6%	13.9%	1.3	--	0.0%
Barrow Hanley	19.6%	14.9%	1.3	0.4	2.6%
Russell 1000 Value	18.5%	14.1%	1.3	--	0.0%
DE Shaw	19.8%	14.1%	1.4	0.7	1.7%
Russell 1000	18.6%	13.9%	1.3	--	0.0%
Small Cap Equity	20.9%	18.2%	1.1	0.8	2.9%
Russell 2000	18.7%	18.6%	1.0	--	0.0%
The Boston Co	18.5%	18.1%	1.0	0.4	3.1%
Russell 2000 Value	17.3%	17.7%	1.0	--	0.0%
Chartwell	23.8%	19.4%	1.2	0.9	4.5%
Russell 2000 Growth	20.0%	19.6%	1.0	--	0.0%

**Statistics Summary**

**5 Years**

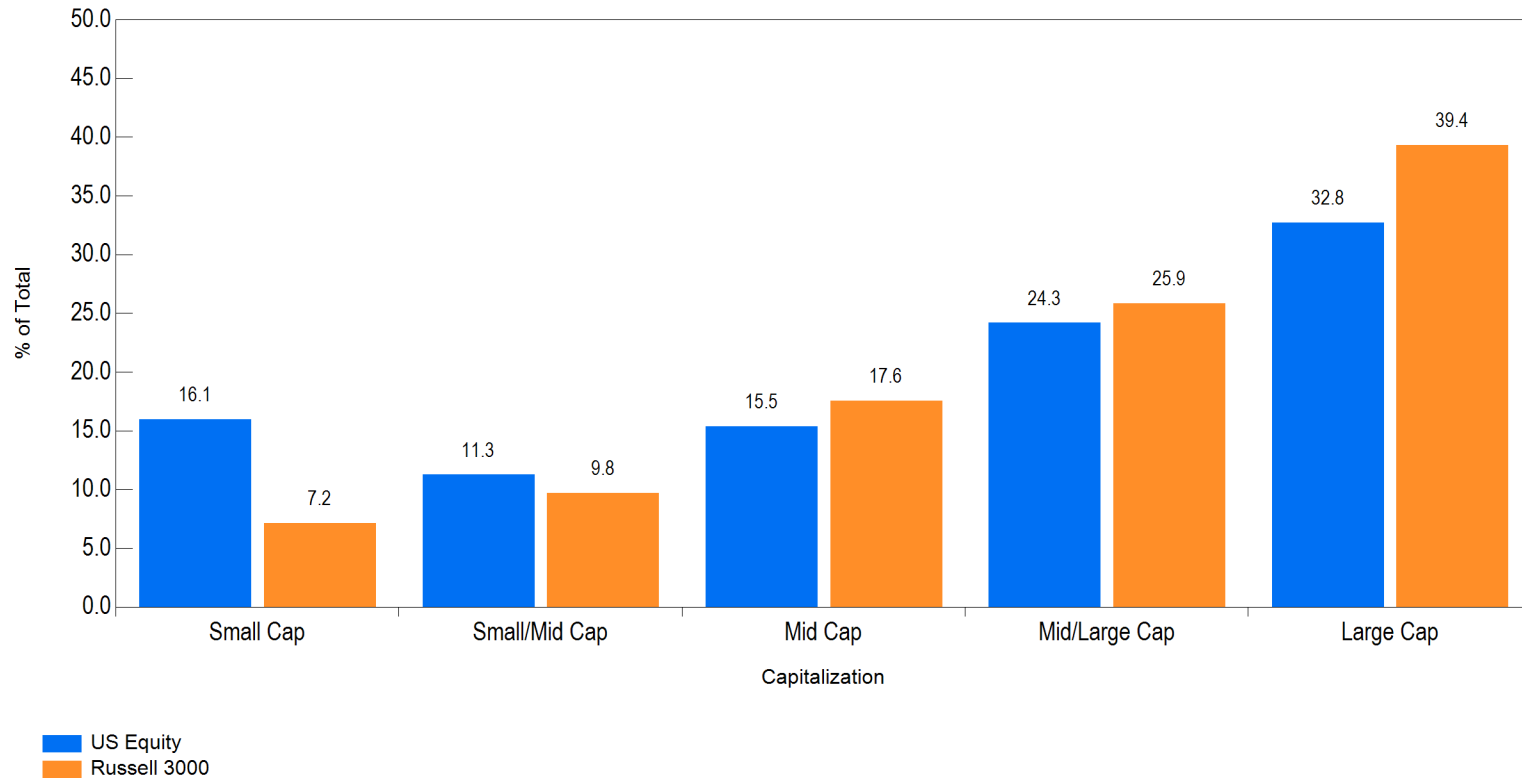
	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
US Equity	6.8%	20.2%	0.3	-0.6	1.2%
80% R1000/ 20% R2000	7.5%	19.7%	0.4	--	0.0%
Large Cap Equity	6.2%	19.2%	0.3	-0.8	1.1%
Russell 1000	7.1%	18.8%	0.4	--	0.0%
Small Cap Equity	9.0%	25.1%	0.4	0.0	4.2%
Russell 2000	8.8%	24.1%	0.4	--	0.0%
Chartwell	9.3%	24.0%	0.4	0.1	5.1%
Russell 2000 Growth	8.9%	24.3%	0.4	--	0.0%

IFx All DB US Eq Gross Accounts



	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>Return (Rank)</b>								
5th Percentile	4.1	16.0	25.7	13.6	20.3	9.1	7.4	9.7
25th Percentile	3.2	14.7	23.0	12.4	19.1	8.0	6.4	8.8
Median	2.8	14.2	21.8	11.7	18.5	7.3	5.9	8.1
75th Percentile	2.5	13.6	21.0	10.7	17.7	6.5	5.2	7.5
95th Percentile	1.5	12.0	19.0	8.4	16.0	5.0	4.1	6.6
# of Portfolios	615	612	606	564	504	458	413	312
● US Equity	3.4 (16)	14.8 (24)	22.9 (27)	11.6 (55)	18.7 (43)	6.8 (68)	4.7 (87)	7.4 (81)
▲ 80% R1000/ 20% R2000	2.7 (57)	14.3 (44)	21.8 (50)	12.1 (36)	18.7 (43)	7.5 (41)	5.9 (50)	8.1 (51)

Market Capitalization As Of June 30, 2013



See appendix for the market capitalization breakpoints.

## Equity Only Summary Statistics - US Equity

Quarter Ending June 30, 2013

## Characteristics

	Portfolio	Russell 3000
Number of Holdings	1,040	2,923
Weighted Avg. Market Cap. (\$B)	73.7	84.8
Median Market Cap. (\$B)	6.9	1.2
Price To Earnings	20.8	19.7
Price To Book	3.2	3.2
Price To Sales	2.2	2.3
Return on Equity (%)	17.3	17.3
Yield (%)	1.9	2.0
Beta (holdings; domestic)	1.2	1.1

## Top Holdings

EXXON MOBIL	1.9%
APPLE	1.8%
JOHNSON & JOHNSON	1.4%
JP MORGAN CHASE & CO.	1.4%
WELLS FARGO & CO	1.3%
GENERAL ELECTRIC	1.2%
AT&T	1.2%
MICROSOFT	1.2%
CITIGROUP	1.1%
CHEVRON	1.1%

## Best Performers

	Return %
TESLA MOTORS (TSLA)	183.3%
T-MOBILE US (TMUS)	125.4%
SUNPOWER (SPWR)	79.4%
ITT EDUCATIONAL SVS. (ESI)	77.1%
PACIFIC SUNWEAR OF CAL. (PSUN)	73.2%
FIRST SOLAR (FSLR)	66.2%
THERAVANCE (THRX)	63.1%
ADVANCED MICRO DEVC. (AMD)	60.0%
AEGERION PHARMS. (AEGR)	57.0%
CLEARWIRE 'A' (CLWR)	54.2%

## Worst Performers

	Return %
LONE PINE RESOURCES (LPR)	-72.5%
INFINITY PHARMACEUTICALS (INFI)	-66.6%
AVEO PHARMACEUTICALS (AVEO)	-66.0%
WALTER ENERGY (WLT)	-63.3%
ALLIED NEVADA GOLD (ANV)	-60.6%
FURNITURE BRANDS INTL. (FBN)	-42.9%
ROYAL GOLD (RGLD)	-40.6%
ARUBA NETWORKS (ARUN)	-37.9%
ALPHA NATURAL RESOURCES (ANR)	-36.2%
PAIN THERAPEUTICS (PTIE)	-35.6%

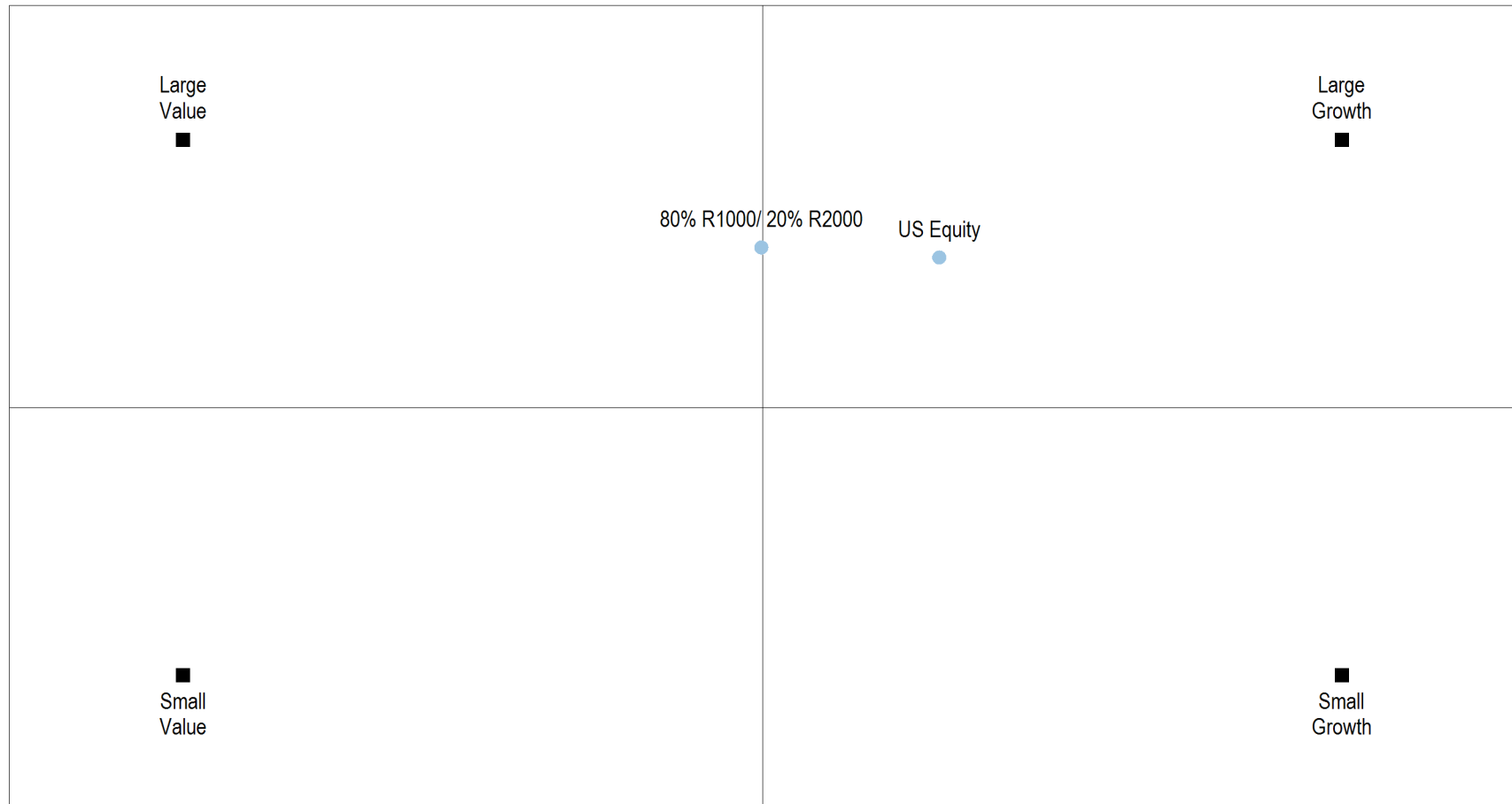
Equity Sector Attribution - US Equity

Quarter Ending June 30, 2013

**US Equity Performance Attribution vs. Russell 3000**

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.1%	0.1%	0.0%	0.0%	-0.2%	-0.8%	8.9%	10.1%			
Materials	0.1%	0.1%	0.0%	0.0%	-0.2%	-2.7%	3.3%	3.9%			
Industrials	0.0%	0.0%	0.0%	0.0%	1.9%	2.1%	12.5%	11.4%			
Cons. Disc.	0.1%	0.1%	0.1%	0.0%	8.1%	7.4%	13.5%	12.4%			
Cons. Staples	0.0%	0.0%	0.0%	0.0%	0.7%	1.0%	8.6%	9.4%			
Health Care	0.1%	0.1%	0.0%	0.0%	5.0%	4.0%	13.0%	12.0%			
Financials	0.2%	0.2%	0.0%	0.0%	6.3%	5.2%	16.3%	17.2%			
Info. Tech	0.0%	0.0%	0.0%	0.0%	1.4%	1.4%	18.3%	17.5%			
Telecomm.	0.0%	0.0%	0.0%	0.0%	1.8%	2.3%	2.1%	2.7%			
Utilities	0.0%	0.0%	0.1%	0.0%	-2.4%	-2.1%	2.4%	3.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.9%	0.0%			
<b>Portfolio</b>	<b>0.6%</b>	<b>=</b>	<b>0.5%</b>	<b>+</b>	<b>0.1%</b>	<b>+</b>	<b>0.0%</b>	<b>3.3%</b>	<b>2.7%</b>	<b>100.0%</b>	<b>100.0%</b>

U.S. Effective Style Map





San Mateo County Employees' Retirement Association  
Equity Only Summary Statistics - Large Cap Equity

Quarter Ending June 30, 2013

**Characteristics**

	Portfolio	Russell 1000
Number of Holdings	856	989
Weighted Avg. Market Cap. (\$B)	91.6	91.8
Median Market Cap. (\$B)	9.7	6.5
Price To Earnings	19.8	19.3
Price To Book	3.3	3.4
Price To Sales	2.3	2.3
Return on Equity (%)	18.3	18.0
Yield (%)	2.2	2.1
Beta (holdings; domestic)	1.1	1.1

**Top Holdings**

EXXON MOBIL	2.3%
APPLE	2.2%
JOHNSON & JOHNSON	1.7%
JP MORGAN CHASE & CO.	1.7%
WELLS FARGO & CO	1.6%
GENERAL ELECTRIC	1.5%
AT&T	1.5%
MICROSOFT	1.4%
CITIGROUP	1.4%
CHEVRON	1.3%

**Best Performers**

	Return %
TESLA MOTORS (TSLA)	183.3%
T-MOBILE US (TMUS)	125.4%
SUNPOWER (SPWR)	79.4%
ITT EDUCATIONAL SVS. (ESI)	77.1%
PACIFIC SUNWEAR OF CAL. (PSUN)	73.2%
FIRST SOLAR (FSLR)	66.2%
THERAVANCE (THRX)	63.1%
ADVANCED MICRO DEVC. (AMD)	60.0%
CLEARWIRE 'A' (CLWR)	54.2%
GAMESTOP 'A' (GME)	51.5%

**Worst Performers**

	Return %
LONE PINE RESOURCES (LPR)	-72.5%
INFINITY PHARMACEUTICALS (INFI)	-66.6%
AVEO PHARMACEUTICALS (AVEO)	-66.0%
WALTER ENERGY (WLT)	-63.3%
ALLIED NEVADA GOLD (ANV)	-60.6%
FURNITURE BRANDS INTL. (FBN)	-42.9%
ROYAL GOLD (RGLD)	-40.6%
ALPHA NATURAL RESOURCES (ANR)	-36.2%
PAIN THERAPEUTICS (PTIE)	-35.6%
SOLARWINDS (SWI)	-34.3%

## Equity Sector Attribution - Large Cap Equity

Quarter Ending June 30, 2013

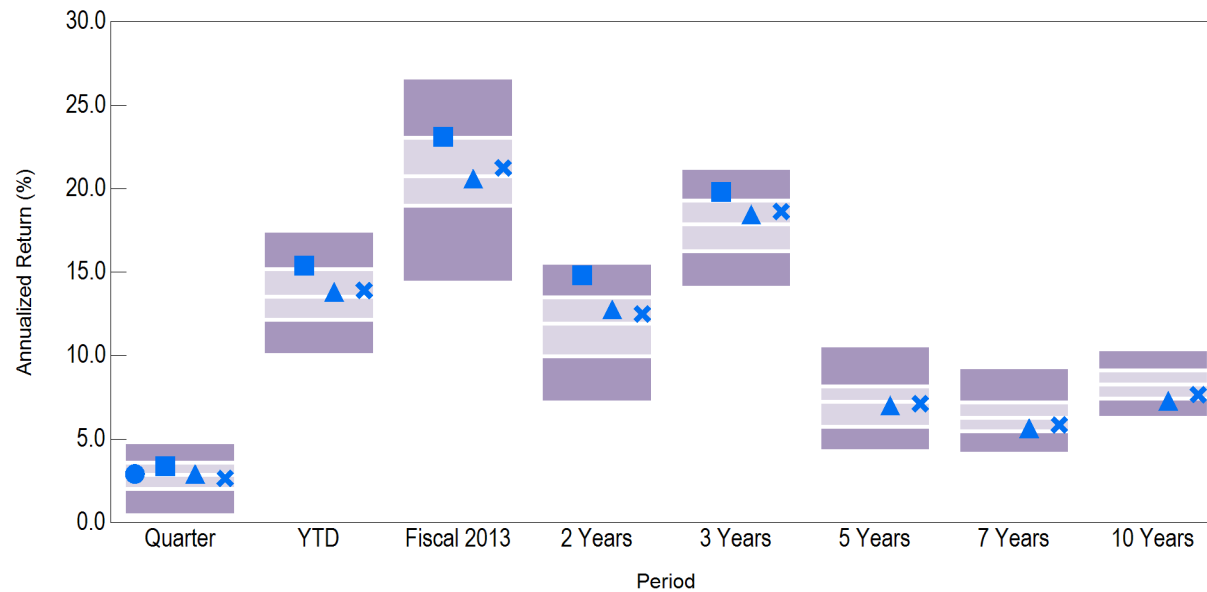
## Large Cap Equity Performance Attribution vs. Russell 1000

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.1%	0.1%	0.0%	0.0%	0.0%	-0.6%	9.7%	10.4%			
Materials	0.1%	0.1%	0.0%	0.0%	-0.9%	-2.2%	3.5%	3.8%			
Industrials	0.0%	0.0%	0.0%	0.0%	2.3%	2.3%	12.1%	11.1%			
Cons. Disc.	0.0%	0.0%	0.0%	0.0%	7.3%	7.1%	12.4%	12.3%			
Cons. Staples	0.0%	0.0%	0.0%	0.0%	0.5%	0.8%	9.9%	9.8%			
Health Care	0.1%	0.1%	0.0%	0.0%	4.8%	3.9%	13.2%	12.0%			
Financials	0.2%	0.3%	0.0%	0.0%	7.5%	5.8%	15.6%	16.7%			
Info. Tech	0.1%	0.1%	0.0%	0.0%	1.6%	1.1%	17.8%	17.6%			
Telecomm.	0.0%	0.0%	0.0%	0.0%	1.8%	2.2%	2.6%	2.8%			
Utilities	0.0%	0.0%	0.1%	0.0%	-2.7%	-2.2%	2.5%	3.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.8%	0.0%			
<b>Portfolio</b>	<b>0.6%</b>	<b>=</b>	<b>0.5%</b>	<b>+</b>	<b>0.0%</b>	<b>+</b>	<b>0.0%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>100.0%</b>	<b>100.0%</b>

Total Returns - Large Cap Core Equity

Periods Ending June 30, 2013

eA US Large Cap Core Equity Gross Accounts



	Quarter		YTD		Fiscal 2013		2 Years		3 Years		5 Years		7 Years		10 Years	
<b>Return (Rank)</b>	4.8	17.5	26.6	15.6	21.2	10.6	9.3	10.4	3.6	15.2	23.1	13.5	19.3	8.2	7.2	9.1
<b>5th Percentile</b>	3.6	15.2	23.1	13.5	19.3	8.2	7.2	9.1	2.9	13.5	20.8	11.9	17.9	7.3	6.3	8.3
<b>25th Percentile</b>	2.9	13.5	20.8	11.9	17.9	7.3	6.3	8.3	2.0	12.2	19.0	10.0	16.3	5.7	5.5	7.5
<b>Median</b>	2.0	12.2	19.0	10.0	16.3	5.7	5.5	7.5	0.4	10.1	14.4	7.2	14.1	4.3	4.1	6.3
<b>75th Percentile</b>	0.4	10.1	14.4	7.2	14.1	4.3	4.1	6.3	253	253	253	250	249	238	217	178
<b>95th Percentile</b>	253	253	253	250	249	238	217	178	2.9 (48)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
<b># of Portfolios</b>	2.9 (48)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	3.4 (32)	15.4 (22)	23.1 (25)	14.8 (9)	19.8 (18)	-- (--)	-- (--)	-- (--)
<b>BlackRock S&amp;P 500 Index</b>	3.4 (32)	15.4 (22)	23.1 (25)	14.8 (9)	19.8 (18)	-- (--)	-- (--)	-- (--)	2.9 (49)	13.8 (47)	20.6 (53)	12.8 (38)	18.5 (41)	7.0 (56)	5.7 (68)	7.3 (82)
<b>DE Shaw</b>	2.9 (49)	13.8 (47)	20.6 (53)	12.8 (38)	18.5 (41)	7.0 (56)	5.7 (68)	7.3 (82)	2.7 (55)	13.9 (46)	21.2 (46)	12.5 (44)	18.6 (36)	7.1 (54)	5.8 (63)	7.7 (67)
<b>S&amp;P 500</b>	2.7 (55)	13.9 (46)	21.2 (46)	12.5 (44)	18.6 (36)	7.1 (54)	5.8 (63)	7.7 (67)								
<b>Russell 1000</b>																

## Equity Only Summary Statistics - BlackRock S&amp;P 500 Index

Quarter Ending June 30, 2013

## Characteristics

	Portfolio	S&P 500
Number of Holdings	502	500
Weighted Avg. Market Cap. (\$B)	102.9	102.7
Median Market Cap. (\$B)	14.5	14.6
Price To Earnings	19.9	18.9
Price To Book	3.6	3.4
Price To Sales	2.4	2.1
Return on Equity (%)	19.8	18.4
Yield (%)	2.2	2.2
Beta (holdings; domestic)	1.1	1.1

## Top Holdings

EXXON MOBIL	2.8%
APPLE	2.6%
MICROSOFT	1.8%
JOHNSON & JOHNSON	1.7%
GENERAL ELECTRIC	1.7%
GOOGLE 'A'	1.7%
CHEVRON	1.6%
PROCTER & GAMBLE	1.5%
BERKSHIRE HATHAWAY 'B'	1.4%
WELLS FARGO & CO	1.4%

## Best Performers

	Return %
T-MOBILE US (TMUS)	125.4%
FIRST SOLAR (FSLR)	66.2%
ADVANCED MICRO DEVC. (AMD)	60.0%
GAMESTOP 'A' (GME)	51.5%
MICRON TECHNOLOGY (MU)	43.7%
ACTAVIS (ACT)	37.0%
ELECTRONIC ARTS (EA)	29.9%
MONSTER BEVERAGE (MNST)	27.4%
AETNA (AET)	24.7%
PRUDENTIAL FINL. (PRU)	24.5%

## Worst Performers

	Return %
PEABODY ENERGY (BTU)	-30.5%
NEWMONT MINING (NEM)	-27.8%
IRON MNT. (IRM)	-26.0%
ALLERGAN (AGN)	-24.5%
F5 NETWORKS (FFIV)	-22.8%
MARATHON PETROLEUM (MPC)	-20.3%
CONSOL EN. (CNX)	-19.2%
ADT (ADT)	-18.3%
COGNIZANT TECH.SLTN.'A' (CTSH)	-18.2%
EDWARDS LIFESCIENCES (EW)	-18.2%

Quarter Ending June 30, 2013

## Characteristics

	Portfolio	Russell 1000
Number of Holdings	547	989
Weighted Avg. Market Cap. (\$B)	87.6	91.8
Median Market Cap. (\$B)	4.1	6.5
Price To Earnings	21.7	19.3
Price To Book	3.4	3.4
Price To Sales	2.5	2.3
Return on Equity (%)	17.7	18.0
Yield (%)	1.7	2.1
Beta (holdings; domestic)	1.1	1.1

## Top Holdings

APPLE	3.1%
EXXON MOBIL	3.1%
GENERAL ELECTRIC	2.5%
JP MORGAN CHASE & CO.	2.2%
JOHNSON & JOHNSON	2.1%
VISA 'A'	2.1%
PEPSICO	1.9%
WELLS FARGO & CO	1.9%
PHILIP MORRIS INTL.	1.9%
CHEVRON	1.7%

## Best Performers

	Return %
T-MOBILE US (TMUS)	125.4%
SUNPOWER (SPWR)	79.4%
ITT EDUCATIONAL SVS. (ESI)	77.1%
PACIFIC SUNWEAR OF CAL. (PSUN)	73.2%
FIRST SOLAR (FSLR)	66.2%
THERAVANCE (THRX)	63.1%
ADVANCED MICRO DEVC. (AMD)	60.0%
CLEARWIRE 'A' (CLWR)	54.2%
GAMESTOP 'A' (GME)	51.5%
RITE AID (RAD)	50.5%

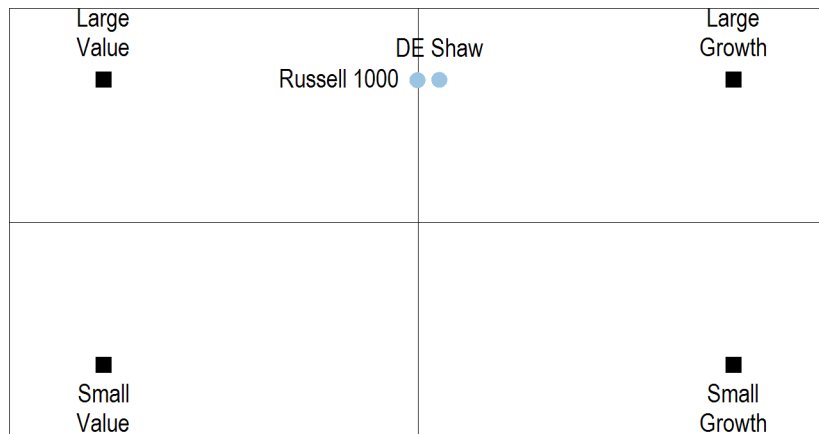
## Worst Performers

	Return %
LONE PINE RESOURCES (LPR)	-72.5%
INFINITY PHARMACEUTICALS (INFI)	-66.6%
AVEO PHARMACEUTICALS (AVEO)	-66.0%
WALTER ENERGY (WLT)	-63.3%
FURNITURE BRANDS INTL. (FBN)	-42.9%
ALPHA NATURAL RESOURCES (ANR)	-36.2%
PAIN THERAPEUTICS (PTIE)	-35.6%
LOUISIANA PACIFIC (LPX)	-31.5%
AXIALL (AXLL)	-31.4%
XENOPORT (XNPT)	-30.8%

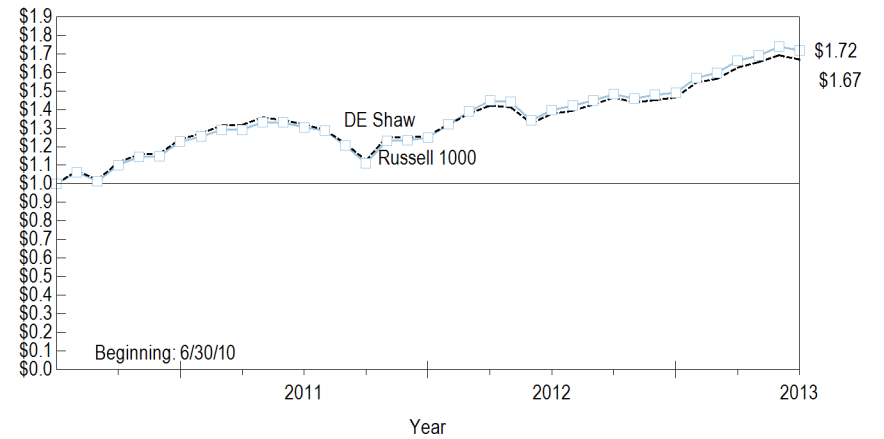
## DE Shaw Performance Attribution vs. Russell 1000

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.6%	11.1%	10.4%			
Materials	0.0%	0.0%	0.0%	0.0%	-1.1%	-2.2%	4.6%	3.8%			
Industrials	-0.3%	-0.3%	0.0%	-0.1%	0.0%	2.3%	14.0%	11.1%			
Cons. Disc.	0.5%	0.5%	0.0%	0.0%	11.0%	7.1%	13.1%	12.3%			
Cons. Staples	0.0%	0.0%	0.0%	0.0%	0.6%	0.8%	8.1%	9.8%			
Health Care	0.1%	0.0%	0.0%	0.0%	4.3%	3.9%	13.1%	12.0%			
Financials	0.2%	0.2%	0.0%	0.0%	7.2%	5.8%	15.4%	16.7%			
Info. Tech	0.4%	0.4%	0.0%	0.0%	3.6%	1.1%	16.0%	17.6%			
Telecomm.	0.0%	0.0%	0.0%	0.0%	1.8%	2.2%	1.5%	2.8%			
Utilities	0.1%	0.1%	0.0%	0.0%	0.3%	-2.2%	3.0%	3.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.1%	0.0%			
<b>Portfolio</b>	<b>1.0%</b>	<b>=</b>	<b>1.1%</b>	<b>+</b>	<b>0.0%</b>	<b>+</b>	<b>-0.1%</b>	<b>3.7%</b>	<b>2.7%</b>	<b>100.0%</b>	<b>100.0%</b>

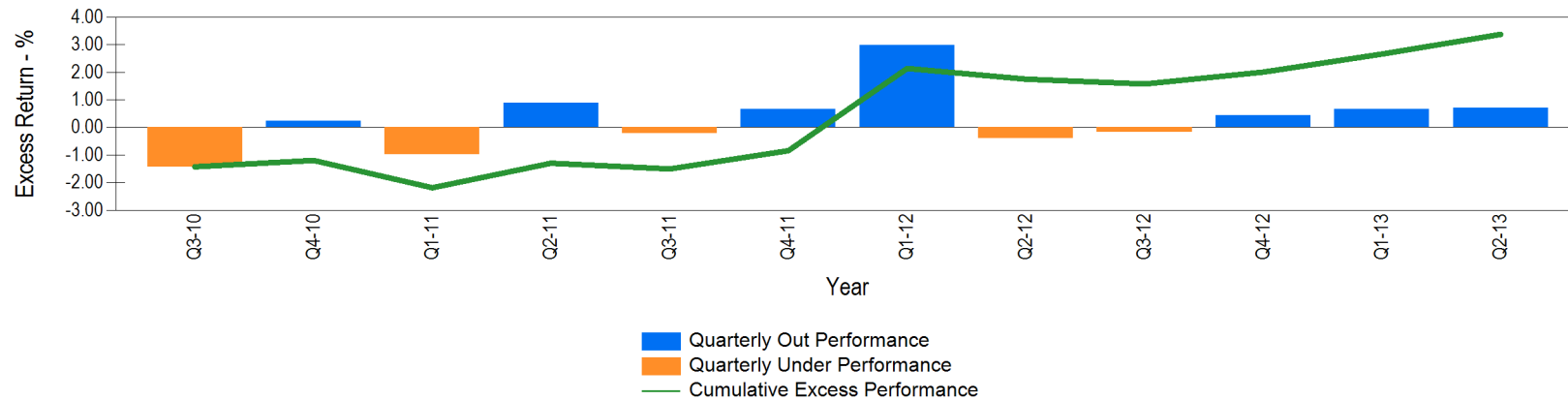
U.S. Effective Style Map

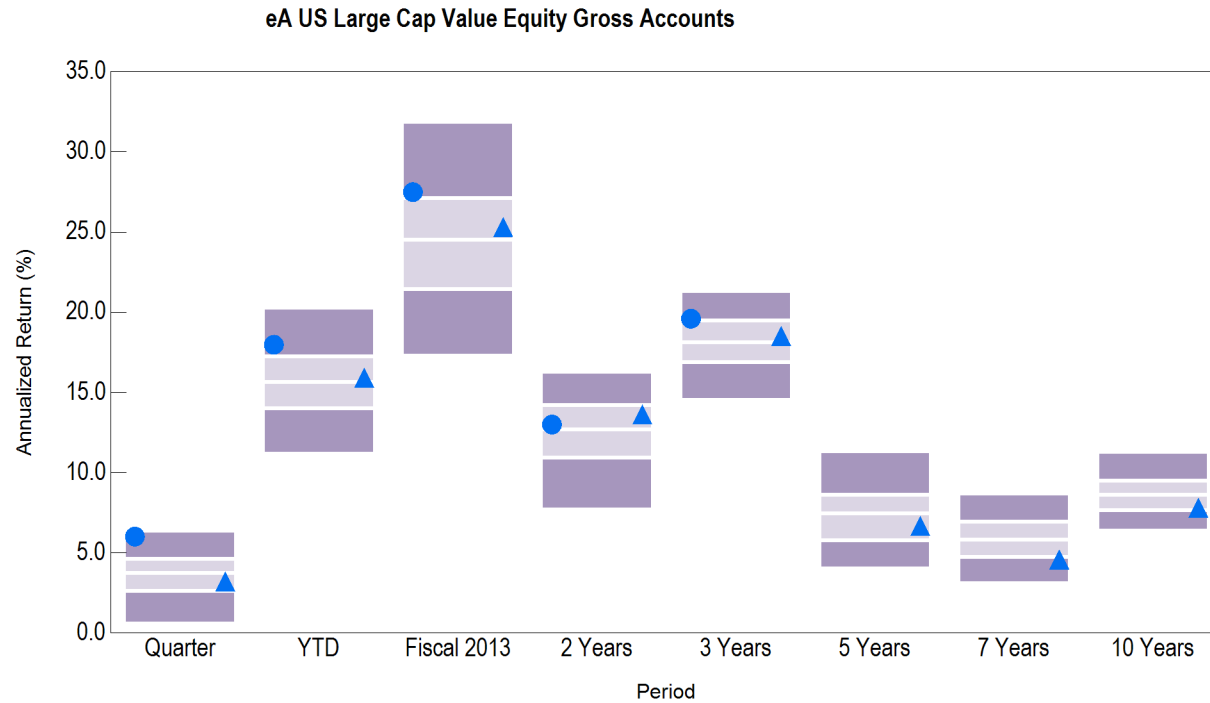


GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance





	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	6.4	20.3	31.9	16.3	21.3	11.3	8.7	11.3
<b>25th Percentile</b>	4.6	17.3	27.2	14.2	19.5	8.6	6.9	9.5
<b>Median</b>	3.8	15.7	24.6	12.7	18.2	7.5	5.8	8.6
<b>75th Percentile</b>	2.6	14.0	21.5	10.9	16.9	5.8	4.7	7.7
<b>95th Percentile</b>	0.6	11.2	17.3	7.7	14.6	4.0	3.1	6.4
<b># of Portfolios</b>	298	298	298	295	291	282	262	214
<b>● Barrow Hanley</b>	6.0 (7)	18.0 (17)	27.5 (23)	13.0 (44)	19.6 (23)	-- (--)	-- (--)	-- (--)
<b>▲ Russell 1000 Value</b>	3.2 (62)	15.9 (44)	25.3 (43)	13.6 (36)	18.5 (42)	6.7 (63)	4.6 (79)	7.8 (72)



San Mateo County Employees' Retirement Association  
Equity Only Summary Statistics - Barrow Hanley

Quarter Ending June 30, 2013

**Characteristics**

	Portfolio	Russell 1000 Value
Number of Holdings	74	696
Weighted Avg. Market Cap. (\$B)	59.3	93.5
Median Market Cap. (\$B)	29.4	5.6
Price To Earnings	17.5	17.2
Price To Book	2.3	2.1
Price To Sales	1.6	1.7
Return on Equity (%)	14.1	13.1
Yield (%)	2.6	2.4
Beta (holdings; domestic)	1.4	1.1

**Top Holdings**

CAPITAL ONE FINL.	2.9%
SLM	2.5%
CITIGROUP	2.5%
JP MORGAN CHASE & CO.	2.1%
WELLS FARGO & CO	2.1%
PENTAIR	1.8%
UNITEDHEALTH GP.	1.8%
AT&T	1.8%
BANK OF AMERICA	1.7%
MEDTRONIC	1.7%

**Best Performers**

	Return %
WELLPOINT (WLP)	24.2%
MICROSOFT (MSFT)	21.6%
OMNICARE (OCR)	17.5%
DAIMLER AG SPN.ADR 1:1 (DDAIY)	17.1%
CIGNA (CI)	16.2%
UNITEDHEALTH GP. (UNH)	15.0%
CAPITAL ONE FINL. (COF)	14.9%
CA (CA)	14.7%
OCCIDENTAL PTL. (OXY)	14.6%
DELPHI AUTOMOTIVE (DLPH)	14.6%

**Worst Performers**

	Return %
PHILLIPS 66 (PSX)	-15.4%
ONEOK (OKE)	-12.7%
INTERNATIONAL BUS.MCHS. (IBM)	-10.0%
SPX (SPW)	-8.5%
WALGREEN (WAG)	-6.8%
PHILIP MORRIS INTL. (PM)	-5.7%
TRAVELERS COS. (TRV)	-4.5%
BAXTER INTL. (BAX)	-4.0%
STANLEY BLACK & DECKER (SWK)	-3.9%
MASCO (MAS)	-3.4%

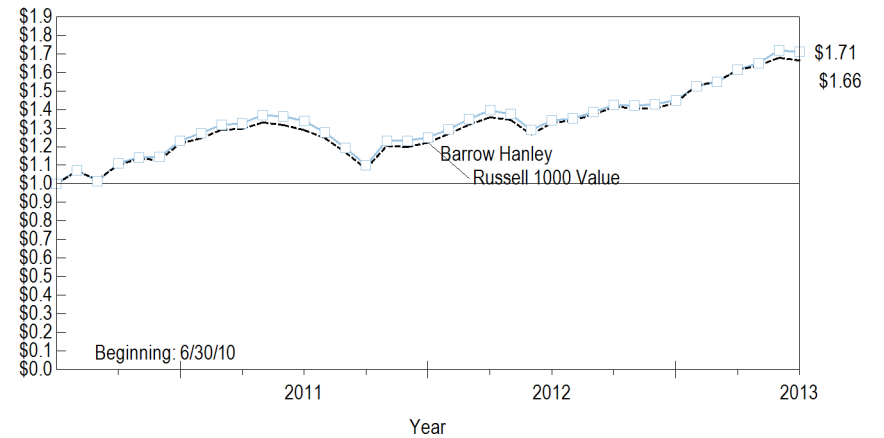
## Barrow Hanley Performance Attribution vs. Russell 1000 Value

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.5%	0.5%	0.2%	-0.2%	2.5%	-0.4%	9.8%	16.0%			
Materials	0.3%	0.2%	0.1%	-0.1%	0.9%	-5.3%	2.4%	3.6%			
Industrials	0.0%	0.1%	-0.1%	0.1%	2.8%	2.0%	16.3%	9.3%			
Cons. Disc.	-0.2%	-0.2%	0.1%	0.0%	4.5%	6.8%	10.2%	8.2%			
Cons. Staples	-0.1%	-0.1%	0.0%	0.0%	-1.8%	0.2%	6.3%	7.2%			
Health Care	0.8%	0.5%	0.1%	0.2%	8.8%	4.7%	16.7%	11.5%			
Financials	0.6%	0.7%	0.0%	0.0%	8.9%	6.5%	26.3%	27.6%			
Info. Tech	-0.2%	-0.3%	0.1%	-0.1%	3.9%	7.7%	8.4%	6.7%			
Telecomm.	0.0%	-0.1%	0.0%	0.0%	-0.9%	1.2%	2.6%	3.3%			
Utilities	0.2%	-0.7%	0.3%	0.6%	-12.7%	-2.1%	0.7%	6.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.2%	0.0%			
<b>Portfolio</b>	<b>1.8%</b>	<b>=</b>	<b>0.5%</b>	<b>+</b>	<b>0.8%</b>	<b>+</b>	<b>0.5%</b>	<b>5.1%</b>	<b>3.3%</b>	<b>100.0%</b>	<b>100.0%</b>

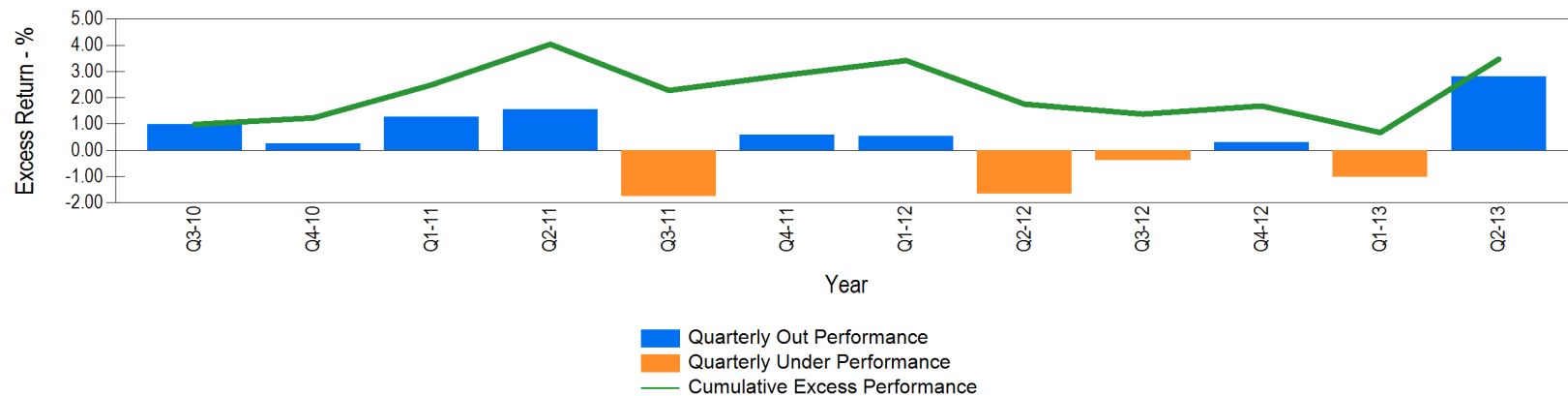
U.S. Effective Style Map



GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance



San Mateo County Employees' Retirement Association  
Equity Only Summary Statistics - Small Cap Equity

Quarter Ending June 30, 2013

**Characteristics**

	Portfolio	Russell 2000
Number of Holdings	218	1,934
Weighted Avg. Market Cap. (\$B)	1.8	1.6
Median Market Cap. (\$B)	1.5	0.6
Price To Earnings	25.4	21.2
Price To Book	2.9	2.6
Price To Sales	2.1	2.2
Return on Equity (%)	13.2	11.3
Yield (%)	0.7	1.1
Beta (holdings; domestic)	1.6	1.4

**Top Holdings**

SYNOVUS FINL.	1.9%
RADIAN GP.	1.4%
WNS HDG.ADR 1:1	1.2%
GROUP 1 AUTOMOTIVE	1.2%
HEXCEL	1.1%
HEARTLAND PAYMENT SYS.	1.1%
FIRST HORIZON NATIONAL	1.0%
OXFORD INDS.	1.0%
FEI	1.0%
CARDTRONICS	1.0%

**Best Performers**

	Return %
AEGERION PHARMS. (AEGR)	57.0%
POWER-ONE (PWER)	52.7%
SINCLAIR BROADCAST 'A' (SBGI)	45.6%
KAPSTONE PAPER & PACK. (KS)	44.5%
BLOOMIN' BRANDS (BLMN)	39.3%
DREAMWORKS ANIMATION SKG 'A' (DWA)	35.3%
THOR INDUSTRIES (THO)	34.9%
SALIX PHARMS. (SLXP)	29.2%
DEL FRISCO'S RESTAURANT GP. (DFRG)	29.0%
FINISAR (FNSR)	28.5%

**Worst Performers**

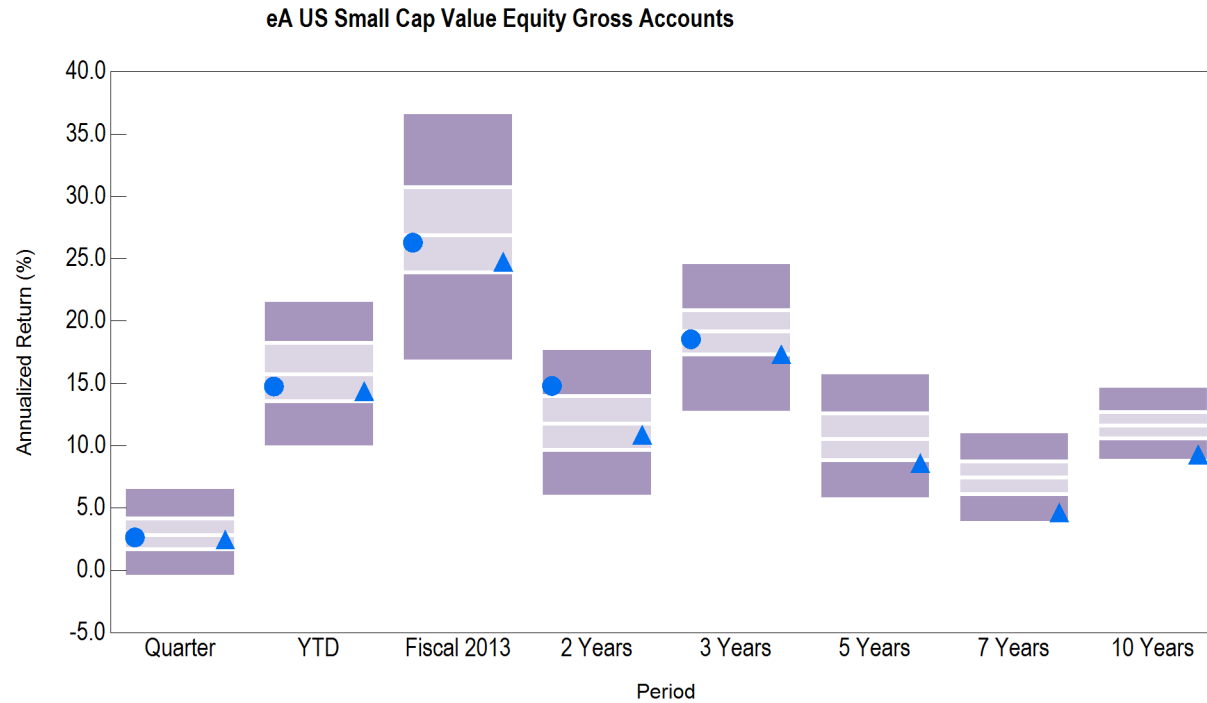
	Return %
ARUBA NETWORKS (ARUN)	-37.9%
LOUISIANA PACIFIC (LPX)	-31.5%
VOCUS (VOCS)	-25.7%
MCDERMOTT INTL. (MDR)	-25.6%
TETRA TECH (TTEK)	-22.9%
FARO TECHS. (FARO)	-22.1%
FREIGHTCAR AMERICA (RAIL)	-21.9%
TITAN INTL.ILLINOIS (TWI)	-19.9%
CARDINAL FINL. (CFNL)	-19.2%
VOLCANO (VOLC)	-18.6%

## Small Cap Equity Performance Attribution vs. Russell 2000

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.1%	0.1%	0.0%	0.0%	-2.3%	-3.3%	5.5%	6.0%			
Materials	0.6%	0.6%	0.3%	-0.3%	4.0%	-6.9%	2.6%	5.4%			
Industrials	-0.1%	-0.1%	0.0%	0.0%	0.3%	0.7%	14.8%	15.3%			
Cons. Disc.	0.4%	0.1%	0.4%	0.0%	10.4%	10.0%	19.0%	13.9%			
Cons. Staples	-0.1%	-0.1%	-0.1%	0.0%	6.8%	8.8%	2.2%	3.6%			
Health Care	0.1%	0.1%	0.0%	0.0%	6.3%	5.4%	11.9%	12.2%			
Financials	0.4%	0.4%	0.1%	-0.1%	2.0%	0.3%	19.7%	23.2%			
Info. Tech	-0.9%	-0.8%	0.1%	-0.2%	0.8%	5.9%	20.6%	16.5%			
Telecomm.	0.0%	--	0.0%	--	--	8.9%	0.0%	0.6%			
Utilities	0.0%	0.0%	0.0%	0.0%	-0.5%	-0.4%	2.0%	3.4%			
Cash	-0.1%	0.0%	-0.1%	0.0%	0.0%	--	1.8%	0.0%			
<b>Portfolio</b>	<b>0.5%</b>	<b>=</b>	<b>0.2%</b>	<b>+</b>	<b>0.8%</b>	<b>+</b>	<b>-0.5%</b>	<b>3.5%</b>	<b>3.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Total Returns - Small Cap Value Equity

Periods Ending June 30, 2013



	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>Return (Rank)</b>								
<b>5th Percentile</b>	6.6	21.7	36.7	17.8	24.7	15.9	11.1	14.8
<b>25th Percentile</b>	4.2	18.3	30.8	14.0	20.9	12.6	8.8	12.7
<b>Median</b>	2.9	15.7	26.9	11.8	19.2	10.5	7.5	11.7
<b>75th Percentile</b>	1.7	13.6	23.9	9.7	17.4	8.9	6.1	10.6
<b>95th Percentile</b>	-0.5	9.9	16.8	5.9	12.7	5.7	3.8	8.8
<b># of Portfolios</b>	190	190	190	190	186	175	157	137
<b>● The Boston Co</b>	2.6 (56)	14.8 (63)	26.3 (57)	14.8 (19)	18.5 (59)	-- (--)	-- (--)	-- (--)
<b>▲ Russell 2000 Value</b>	2.5 (61)	14.4 (67)	24.8 (67)	10.9 (66)	17.3 (76)	8.6 (79)	4.6 (91)	9.3 (94)

San Mateo County Employees' Retirement Association  
Equity Only Summary Statistics - The Boston Co

Quarter Ending June 30, 2013

**Characteristics**

	Portfolio	Russell 2000 Value
Number of Holdings	136	1,392
Weighted Avg. Market Cap. (\$B)	1.7	1.4
Median Market Cap. (\$B)	1.4	0.5
Price To Earnings	24.0	17.8
Price To Book	2.4	1.7
Price To Sales	1.8	1.8
Return on Equity (%)	11.9	8.2
Yield (%)	1.1	1.6
Beta (holdings; domestic)	1.5	1.4

**Top Holdings**

E*TRADE FINANCIAL	1.8%
DANA HOLDING	1.5%
HELIX ENERGY SLTN.GP.	1.4%
TAKE TWO INTACT.SFTW.	1.4%
THOR INDUSTRIES	1.3%
VISHAY INTERTECHNOLOGY	1.2%
LIFEPOINT HOSPITALS	1.2%
CORELOGIC	1.2%
TERADYNE	1.2%
HEALTHSOUTH	1.2%

**Best Performers**

	Return %
POWER-ONE (PWER)	52.7%
SINCLAIR BROADCAST 'A' (SBGI)	45.6%
KAPSTONE PAPER & PACK. (KS)	44.5%
DREAMWORKS ANIMATION SKG 'A' (DWA)	35.3%
THOR INDUSTRIES (THO)	34.9%
SALIX PHARMS. (SLXP)	29.2%
GRAND CANYON EDUCATION (LOPE)	26.9%
GUESS (GES)	26.8%
ZUMIEZ (ZUMZ)	25.5%
ADVENT SOFTWARE (ADVS)	25.3%

**Worst Performers**

	Return %
LOUISIANA PACIFIC (LPX)	-31.5%
MCDERMOTT INTL. (MDR)	-25.6%
TETRA TECH (TTEK)	-22.9%
FARO TECHS. (FARO)	-22.1%
FREIGHTCAR AMERICA (RAIL)	-21.9%
TITAN INTL.ILLINOIS (TWI)	-19.9%
CARDINAL FINL. (CFNL)	-19.2%
APOGEE ENTS. (APOG)	-16.8%
IXIA (XXIA)	-15.0%
ARMSTRONG WORLD INDS. (AWI)	-14.5%

## The Boston Co Performance Attribution vs. Russell 2000 Value

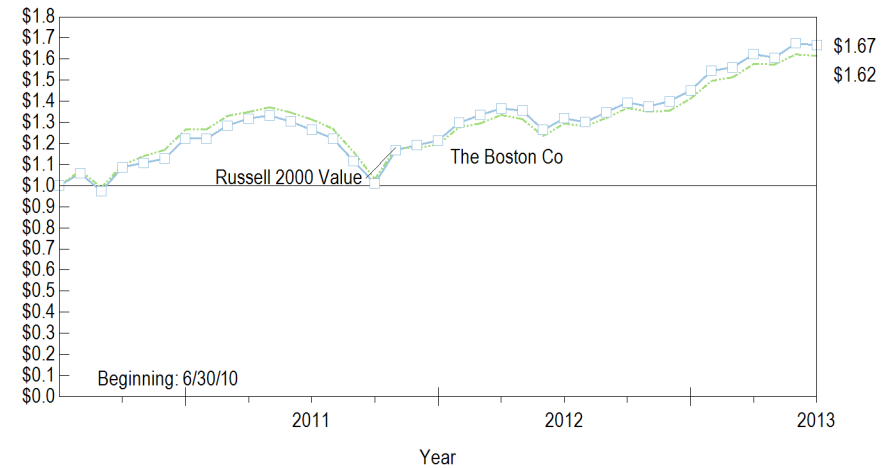
	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	-0.1%	-0.1%	0.0%	0.0%	-5.7%	-3.6%	5.8%	6.3%			
Materials	0.6%	0.6%	0.0%	0.0%	4.0%	-6.9%	5.2%	5.6%			
Industrials	-0.9%	-0.8%	0.0%	-0.1%	-5.2%	0.9%	13.8%	12.7%			
Cons. Disc.	0.4%	0.0%	0.5%	0.0%	10.3%	10.6%	18.4%	12.2%			
Cons. Staples	0.0%	0.0%	0.0%	0.0%	7.7%	8.7%	3.4%	2.6%			
Health Care	0.2%	0.1%	0.1%	0.0%	6.6%	5.4%	7.3%	4.4%			
Financials	1.1%	1.3%	0.2%	-0.4%	3.9%	0.4%	26.1%	37.6%			
Info. Tech	-1.2%	-1.1%	0.1%	-0.2%	-1.3%	8.2%	14.0%	11.8%			
Telecomm.	0.0%	--	0.0%	--	--	9.4%	0.0%	0.5%			
Utilities	0.1%	0.0%	0.1%	0.0%	-0.5%	-0.3%	4.0%	6.2%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	1.8%	0.0%			
<b>Portfolio</b>	<b>0.2%</b>	<b>=</b>	<b>-0.1%</b>	<b>+</b>	<b>1.0%</b>	<b>+</b>	<b>-0.7%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>100.0%</b>	<b>100.0%</b>



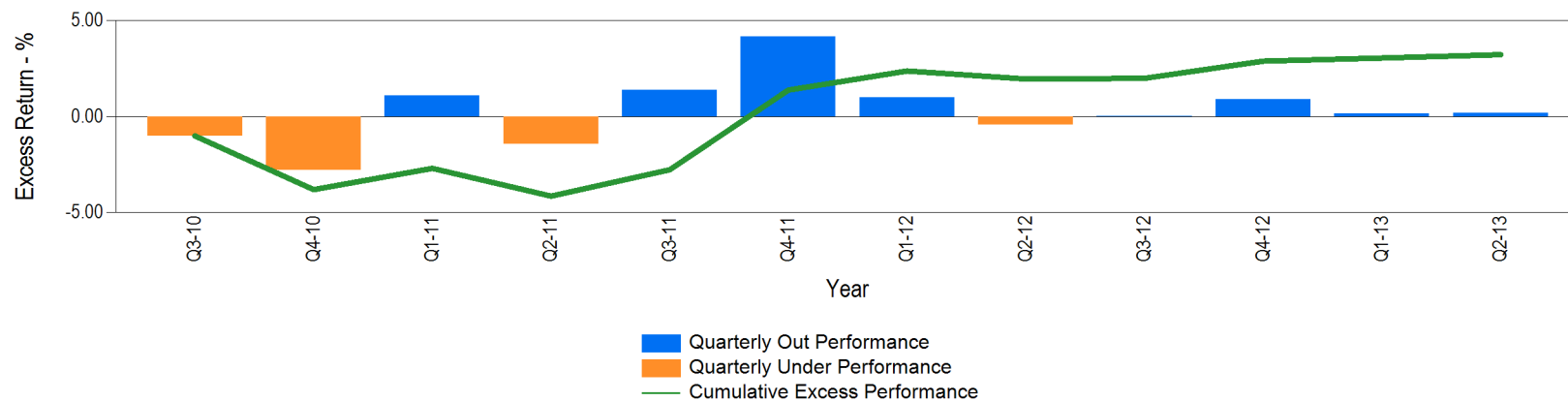
U.S. Effective Style Map



GROWTH OF A DOLLAR

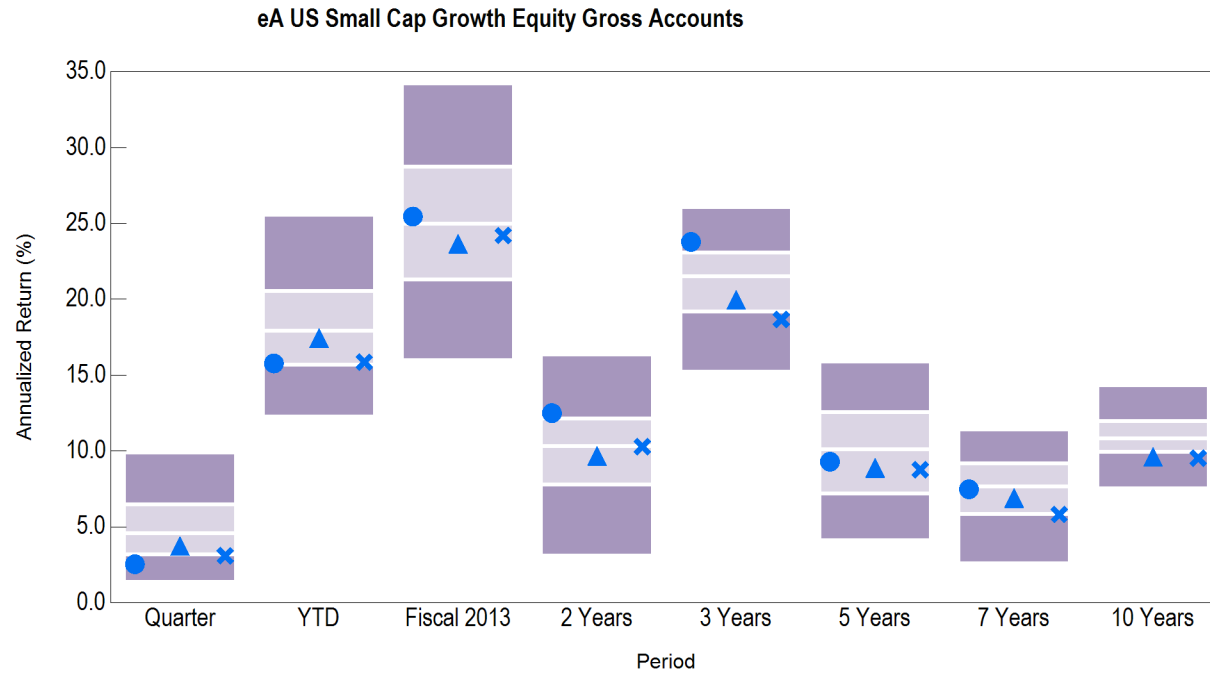


Quarterly and Cumulative Excess Performance



Total Returns - Small Cap Growth Equity

Periods Ending June 30, 2013



	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	9.9	25.6	34.2	16.4	26.1	15.9	11.4	14.3
25th Percentile	6.5	20.6	28.8	12.2	23.1	12.6	9.2	12.0
Median	4.6	18.0	25.0	10.4	21.6	10.1	7.7	10.8
75th Percentile	3.2	15.7	21.3	7.8	19.2	7.2	5.9	10.0
95th Percentile	1.4	12.3	16.0	3.1	15.2	4.1	2.6	7.6
# of Portfolios	157	157	157	157	153	142	129	112
● Chartwell	2.5 (84)	15.8 (75)	25.5 (46)	12.5 (21)	23.8 (19)	9.3 (57)	7.5 (52)	-- (--)
▲ Russell 2000 Growth	3.7 (66)	17.4 (61)	23.7 (57)	9.7 (58)	20.0 (69)	8.9 (62)	6.9 (63)	9.6 (78)
× Russell 2000	3.1 (77)	15.9 (75)	24.2 (55)	10.3 (51)	18.7 (79)	8.8 (63)	5.8 (76)	9.5 (79)

## Equity Only Summary Statistics - Chartwell

Quarter Ending June 30, 2013

## Characteristics

	Portfolio	Russell 2000 Growth
Number of Holdings	95	1,101
Weighted Avg. Market Cap. (\$B)	1.9	1.8
Median Market Cap. (\$B)	1.5	0.7
Price To Earnings	26.8	24.9
Price To Book	3.4	4.1
Price To Sales	2.4	2.7
Return on Equity (%)	14.6	16.2
Yield (%)	0.4	0.5
Beta (holdings; domestic)	1.6	1.4

## Top Holdings

RADIAN GP.	2.7%
SYNOVUS FINL.	2.5%
WNS HDG.ADR 1:1	2.4%
GROUP 1 AUTOMOTIVE	2.4%
HEXCEL	2.2%
HEARTLAND PAYMENT SYS.	2.2%
CARDTRONICS	2.0%
HANESBRANDS	1.8%
HFF CLASS A	1.8%
TRIMAS	1.7%

## Best Performers

	Return %
AEGERION PHARMS. (AEGR)	57.0%
BLOOMIN' BRANDS (BLMN)	39.3%
DEL FRISCO'S RESTAURANT GP. (DFRG)	29.0%
FINISAR (FNSR)	28.5%
LUMINEX (LMNX)	24.8%
ICU MED. (ICUI)	22.2%
EURONET WWD. (EFT)	21.0%
KRISPY KREME DOUGHNUTS (KKD)	20.8%
OXFORD INDS. (OXM)	17.9%
EXPRESS (EXPR)	17.7%

## Worst Performers

	Return %
ARUBA NETWORKS (ARUN)	-37.9%
VOCUS (VOCS)	-25.7%
CARDINAL FINL. (CFNL)	-19.2%
VOLCANO (VOLC)	-18.6%
THORATEC (THOR)	-16.5%
OFS CAPITAL (OFS)	-15.0%
IXIA (XXIA)	-15.0%
SYNERON MED. (ELOS)	-14.9%
ASPEN TECHNOLOGY (AZPN)	-10.8%
HFF CLASS A (HF)	-10.8%

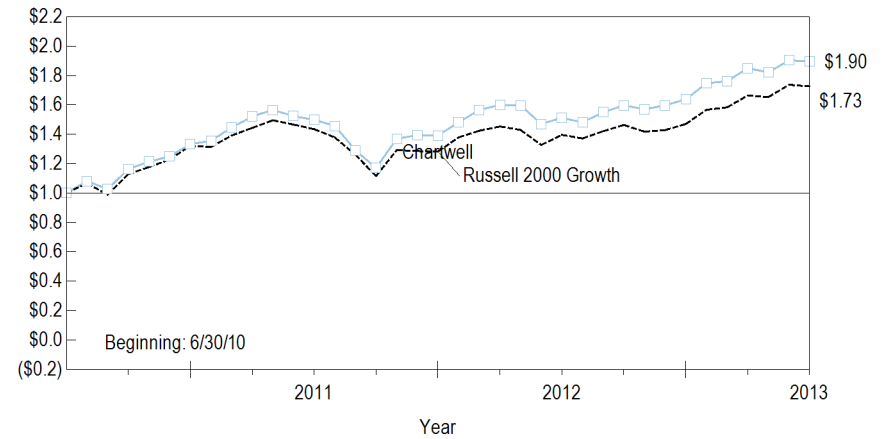
## Chartwell Performance Attribution vs. Russell 2000 Growth

	Total Effects	Attribution Effects			Returns		Sector Weights				
		Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.3%	0.3%	0.0%	0.0%	1.6%	-3.0%	5.1%	5.8%			
Materials	0.5%	--	0.5%	--	--	-7.0%	0.0%	5.1%			
Industrials	0.8%	0.8%	0.1%	-0.1%	5.1%	0.6%	15.7%	18.0%			
Cons. Disc.	0.4%	0.2%	0.2%	0.0%	10.5%	9.5%	19.5%	15.7%			
Cons. Staples	-0.2%	-0.3%	-0.2%	0.2%	3.5%	8.9%	1.0%	4.6%			
Health Care	0.1%	0.2%	-0.1%	0.0%	6.2%	5.4%	16.5%	20.3%			
Financials	-0.4%	-0.1%	-0.2%	-0.1%	-1.6%	-0.4%	13.3%	8.0%			
Info. Tech	-0.6%	-0.6%	0.1%	-0.1%	2.0%	4.5%	27.1%	21.4%			
Telecomm.	0.0%	--	0.0%	--	--	8.6%	0.0%	0.8%			
Utilities	0.0%	--	0.0%	--	--	-2.2%	0.0%	0.3%			
Cash	-0.1%	0.0%	-0.1%	0.0%	0.0%	--	1.7%	0.0%			
<b>Portfolio</b>	<b>0.7%</b>	<b>=</b>	<b>0.5%</b>	<b>+</b>	<b>0.4%</b>	<b>+</b>	<b>-0.1%</b>	<b>4.3%</b>	<b>3.6%</b>	<b>100.0%</b>	<b>100.0%</b>

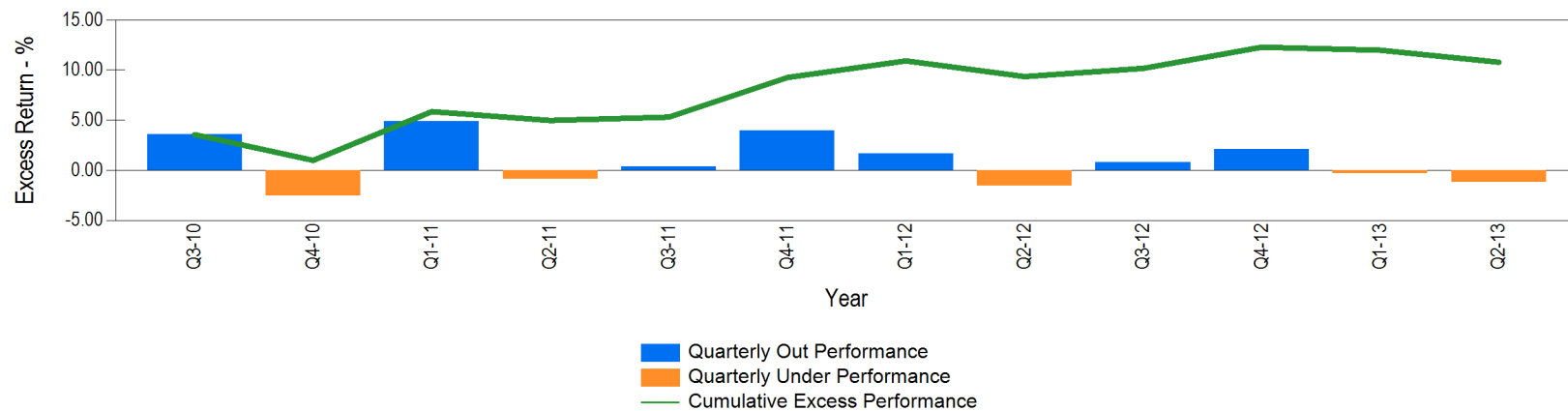
U.S. Effective Style Map



GROWTH OF A DOLLAR

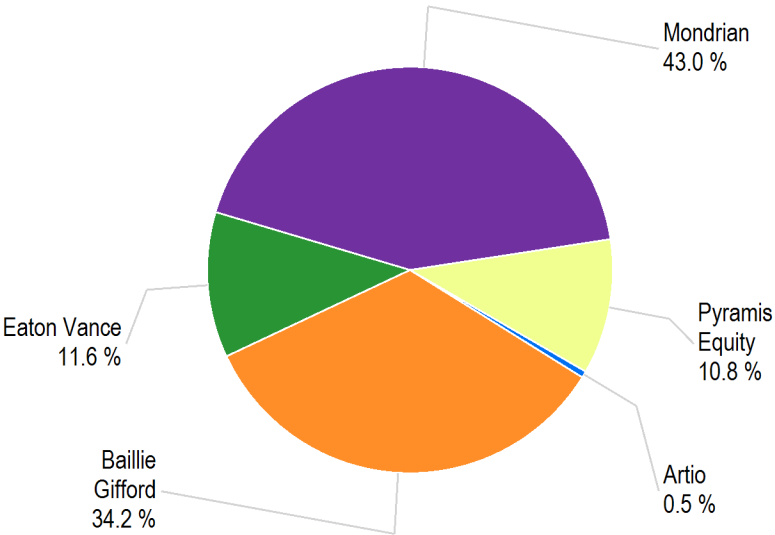


Quarterly and Cumulative Excess Performance



San Mateo County Employees' Retirement Association  
 Manager Allocation Analysis - International Equity

As of June 30, 2013



	Actual \$	Actual %	Manager Contribution to Excess Return %
Artio	\$2,670,780	0.5%	0.0%
Baillie Gifford	\$173,645,759	34.2%	-0.2%
Eaton Vance	\$58,909,468	11.6%	0.2%
Mondrian	\$218,452,071	43.0%	0.9%
Pyramis Equity	\$54,701,719	10.8%	0.2%
Actual vs. Policy Weight Difference			-0.1%
<b>Total</b>	<b>\$508,379,796</b>	<b>100.0%</b>	<b>0.9%</b>

**Statistics Summary****3 Years**

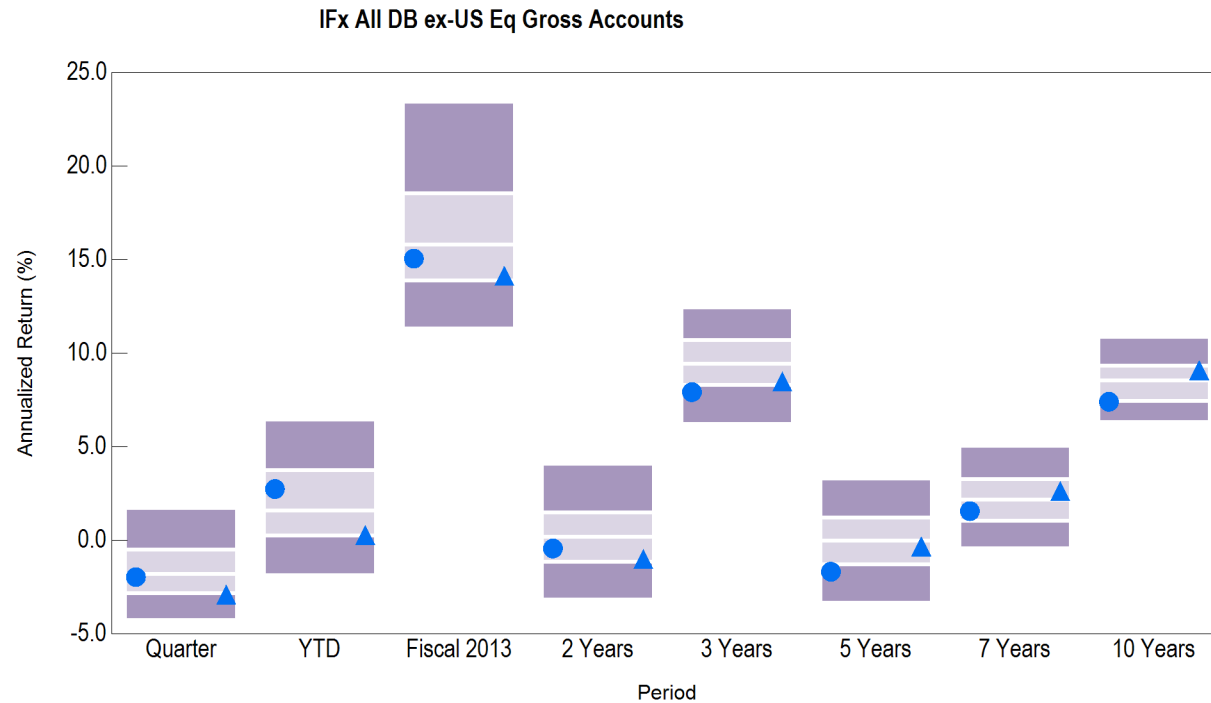
	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
International Equity	7.9%	16.6%	0.5	-0.2	2.6%
MSCI ACWI ex US	8.5%	18.2%	0.5	--	0.0%
Mondrian	9.6%	16.0%	0.6	0.4	4.6%
MSCI ACWI ex USA Value Gross	7.8%	18.7%	0.4	--	0.0%

**Statistics Summary****5 Years**

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
International Equity	-1.7%	21.2%	-0.1	-0.4	3.7%
MSCI ACWI ex US	-0.3%	23.6%	0.0	--	0.0%
Mondrian	0.6%	20.2%	0.0	0.1	6.1%
MSCI ACWI ex USA Value Gross	0.0%	24.5%	0.0	--	0.0%

Total Returns - International Equity

Periods Ending June 30, 2013



	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>Return (Rank)</b>								
5th Percentile	1.7	6.5	23.4	4.1	12.4	3.3	5.0	10.9
25th Percentile	-0.5	3.8	18.6	1.5	10.7	1.2	3.3	9.3
Median	-1.8	1.6	15.8	0.2	9.5	0.0	2.2	8.6
75th Percentile	-2.8	0.3	13.9	-1.1	8.3	-1.3	1.1	7.5
95th Percentile	-4.2	-1.8	11.3	-3.1	6.2	-3.3	-0.4	6.3
# of Portfolios	408	407	403	378	329	288	246	153
● International Equity	-2.0 (56)	2.7 (37)	15.1 (61)	-0.4 (63)	7.9 (83)	-1.7 (81)	1.6 (63)	7.4 (77)
▲ MSCI ACWI ex US	-2.9 (78)	0.3 (75)	14.1 (72)	-1.0 (72)	8.5 (72)	-0.3 (58)	2.6 (38)	9.1 (31)



San Mateo County Employees' Retirement Association  
Equity Only Summary Statistics - International Equity

Quarter Ending June 30, 2013

**Characteristics**

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	968	1,823
Weighted Avg. Market Cap. (\$B)	41.8	48.0
Median Market Cap. (\$B)	5.3	6.1
Price To Earnings	19.2	17.1
Price To Book	3.0	2.2
Price To Sales	1.9	1.8
Return on Equity (%)	17.8	15.1
Yield (%)	3.3	3.1
Beta (holdings: global)	0.9	1.0

**Top Holdings**

UNILEVER (UK)	2.2%
KAO	1.9%
TOTAL	1.9%
BG GROUP	1.8%
NOVARTIS 'R'	1.6%
IBERDROLA	1.6%
ROCHE HOLDING	1.5%
CANON	1.5%
DEUTSCHE TELEKOM	1.4%
TEVA PHARM.INDS.ADR 1:1	1.4%

**Best Performers**

	Return %
BEC WORLD FB (Q:BEWF)	103.0%
AIRPORTS OF THAILAND FB (Q:AIRF)	85.8%
DUBAI FINANCIAL MARKET (DU:DUF)	61.3%
PAKISTAN STATE OIL (PK:PSO)	56.0%
DUBAI ISLAMIC BANK (DU:DUI)	53.5%
CTRP.COM INTL.ADR 4:1 (CTRP)	52.6%
DUBAI INVESTMENT (DU:DUB)	51.3%
AJMAN BANK (DU:AJM)	47.3%
LG UPLUS (KO:LGK)	42.7%
GHANA COMMERCIAL BANK (GH:GCB)	38.4%

**Worst Performers**

	Return %
NEW WORLD RESOURCES (UKIR:NWR)	-75.3%
KINGSGATE CONSOLIDATED (A:KCNX)	-71.4%
OGX PETROLEO ON (BR:CCO)	-68.8%
MEDUSA MINING (A:MMLX)	-68.5%
DALEKOVOD D D (CR:DLK)	-60.6%
DETOUR GOLD (C:DGC)	-59.3%
EVRAZ (UKIR:EVR)	-56.5%
BANPU FB (Q:BPCF)	-52.5%
MINERAL DEPOSITS (A:MDLX)	-52.3%
SIBANYE GOLD (R:SGLJ)	-51.0%

The Pyramid Select International Small Cap Plus holdings are one quarter lag.

## Equity Sector Attribution - International Equity

Quarter Ending June 30, 2013

## Int'l Equity w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA Gross

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.3%	0.0%	0.0%	0.2%	-4.2%	-6.4%	8.7%	9.7%			
Materials	0.7%	0.1%	0.5%	0.1%	-12.2%	-12.7%	4.2%	9.6%			
Industrials	0.0%	0.0%	0.0%	0.0%	-2.4%	-2.5%	11.5%	10.8%			
Cons. Disc.	0.1%	-0.1%	0.2%	0.0%	3.9%	4.1%	12.0%	9.8%			
Cons. Staples	0.2%	0.3%	-0.1%	0.0%	-1.9%	-4.0%	13.8%	10.9%			
Health Care	0.0%	0.0%	0.1%	-0.1%	1.0%	1.0%	12.4%	7.7%			
Financials	0.3%	0.1%	0.0%	0.3%	-2.6%	-3.2%	18.9%	26.3%			
Info. Tech	0.0%	0.0%	0.0%	0.0%	-2.4%	-1.4%	5.3%	6.4%			
Telecomm.	-0.1%	-0.2%	0.1%	0.0%	0.5%	2.8%	6.6%	5.4%			
Utilities	-0.1%	-0.1%	0.0%	0.0%	-2.1%	0.3%	4.3%	3.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	2.4%	0.0%			
<b>Portfolio</b>	<b>1.4%</b>	<b>=</b>	<b>0.0%</b>	<b>+</b>	<b>0.8%</b>	<b>+</b>	<b>0.5%</b>	<b>-1.5%</b>	<b>-2.8%</b>	<b>100.0%</b>	<b>100.0%</b>

**Int'l Equity w/o Pyramis Performance Attribution  
Versus MSCI ACWI ex USA**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Europe</b>									
Austria	-8.3%	-2.5%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Belgium	7.6%	-4.4%	0.2%	0.8%	0.1%	0.0%	0.0%	-0.1%	0.1%
Czech Republic*	-3.3%	-6.4%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Denmark	-6.7%	-3.8%	1.6%	0.8%	0.0%	0.0%	0.0%	0.0%	-0.1%
Finland	0.7%	1.3%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
France	5.3%	3.6%	5.5%	6.4%	0.1%	0.0%	0.0%	0.0%	0.1%
Germany	6.9%	3.3%	2.8%	5.8%	0.2%	-0.1%	0.0%	-0.1%	0.0%
Greece	--	-6.2%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Hungary*	11.4%	13.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ireland	2.6%	-1.5%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Italy	0.8%	1.2%	1.9%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	0.1%	2.7%	2.4%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Norway	-5.3%	-5.1%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Poland*	-1.3%	-4.7%	0.4%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Portugal	--	0.1%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Russia*	-9.2%	-8.2%	1.0%	1.4%	-0.1%	0.0%	0.0%	0.0%	0.0%
Spain	5.3%	-0.1%	2.4%	1.9%	0.1%	0.0%	0.0%	0.0%	0.1%
Sweden	-5.2%	-5.2%	2.9%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Switzerland	0.4%	0.0%	5.7%	6.4%	0.0%	0.0%	0.0%	0.0%	0.0%
United Kingdom	-0.3%	-1.9%	15.6%	15.0%	0.3%	0.0%	0.0%	0.0%	0.2%

**Int'l Equity w/o Pyramis Performance Attribution  
Versus MSCI ACWI ex USA**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>AsiaPacific</b>									
Australia	-12.5%	-13.9%	4.8%	6.4%	0.1%	0.0%	0.2%	0.0%	0.3%
China*	-3.7%	-6.5%	4.4%	4.2%	0.1%	0.0%	0.0%	0.0%	0.1%
Hong Kong	-3.8%	-4.7%	2.2%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%
India*	-3.3%	-5.5%	1.5%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia*	1.2%	-5.8%	6.0%	0.7%	0.1%	-0.2%	-0.1%	0.4%	0.1%
Japan	4.5%	4.4%	12.5%	14.8%	0.0%	-0.2%	0.1%	0.0%	-0.1%
Korea*	-10.6%	-10.0%	2.0%	3.4%	0.0%	0.1%	0.0%	0.0%	0.1%
Malaysia*	11.0%	6.3%	0.5%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
New Zealand	--	-10.4%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Philippines*	-7.9%	-8.2%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	-4.1%	-6.0%	2.3%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	-0.2%	1.7%	2.2%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Thailand*	6.5%	-7.4%	1.3%	0.6%	0.1%	0.0%	0.0%	0.1%	0.1%
<b>Americas</b>									
Brazil*	-16.1%	-17.3%	2.5%	2.9%	-0.1%	0.0%	0.1%	0.0%	0.1%
Canada	-10.8%	-7.3%	0.6%	7.5%	-0.3%	0.2%	0.2%	0.3%	0.5%
Chile*	-12.7%	-14.6%	0.8%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-10.2%	-13.2%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	-12.2%	-10.9%	2.0%	1.3%	0.0%	0.0%	0.0%	0.0%	-0.1%
Peru*	-21.7%	-27.4%	0.5%	0.1%	0.0%	-0.1%	0.0%	0.0%	-0.1%
United States	-4.7%	2.6%	1.5%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%

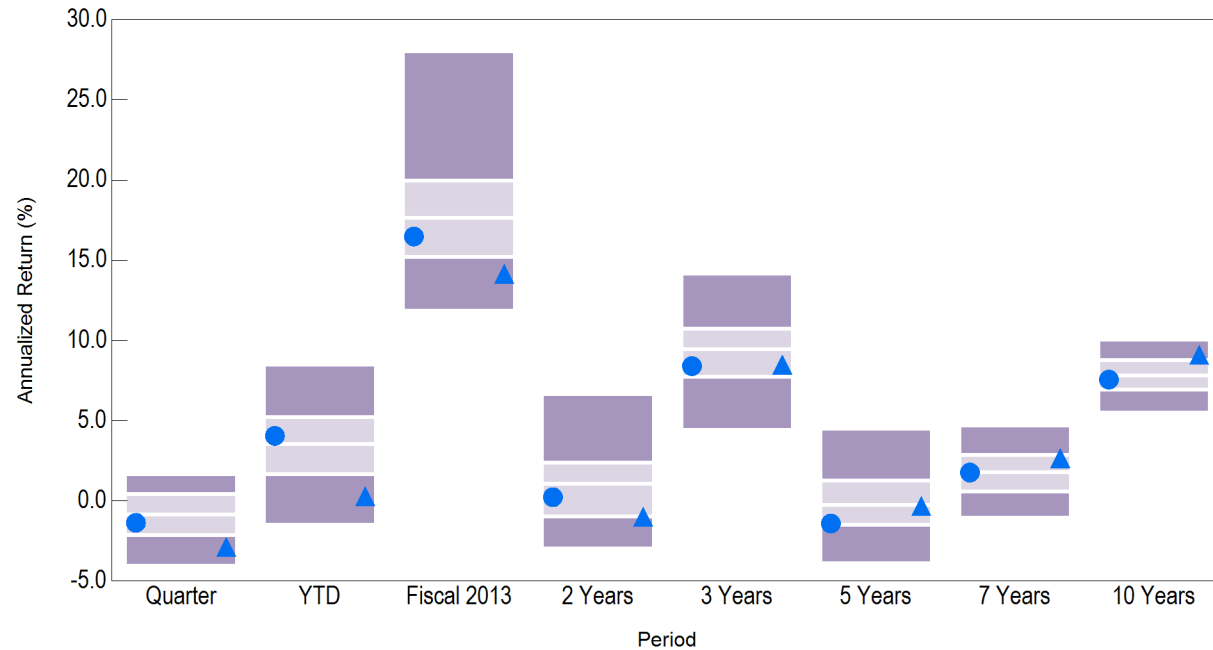
**Int'l Equity w/o Pyramis Performance Attribution  
Versus MSCI ACWI ex USA**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Other</b>									
Egypt*	-6.8%	-7.2%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Israel	-0.6%	-3.6%	0.9%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco*	0.5%	-2.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa*	-7.7%	-7.2%	1.4%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey*	-13.9%	-15.2%	1.6%	0.5%	0.0%	-0.1%	-0.1%	0.0%	-0.1%
Other Countries*	-1.9%	-2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Totals</b>									
Americas	-12.5%	-10.6%	8.2%	12.6%	-0.5%	0.3%	0.4%	0.2%	0.3%
Europe	0.7%	-0.3%	43.5%	46.0%	0.4%	0.0%	0.0%	0.0%	0.4%
Asia/Pacific	-1.1%	-2.9%	40.4%	38.8%	0.4%	0.0%	0.2%	0.0%	0.7%
Other	-5.6%	-8.2%	5.5%	2.6%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Cash	0.0%	--	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-1.5%</b>	<b>-2.8%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.6%</b>	<b>0.2%</b>	<b>1.4%</b>
<b>Totals</b>									
Developed	0.1%	-1.3%	67.9%	76.8%	0.7%	-0.1%	0.5%	-0.1%	1.1%
Emerging*	-5.2%	-7.9%	29.7%	23.2%	0.4%	-0.3%	0.1%	0.1%	0.3%
Other	-1.9%	--	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	--	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Total Returns - Developed Markets

Periods Ending June 30, 2013

IFx All DB Dev Mkt ex-US Eq Gross Accounts



	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	1.6	8.5	28.0	6.6	14.1	4.5	4.7	10.0
<b>25th Percentile</b>	0.4	5.2	20.0	2.4	10.7	1.3	2.9	8.8
<b>Median</b>	-0.9	3.5	17.7	1.1	9.5	-0.3	1.8	7.8
<b>75th Percentile</b>	-2.1	1.7	15.2	-1.0	7.8	-1.5	0.6	7.0
<b>95th Percentile</b>	-4.1	-1.5	11.9	-3.0	4.4	-3.9	-1.0	5.5
<b># of Portfolios</b>	132	131	128	114	104	100	74	54
<b>● Developed Markets</b>	-1.4 (61)	4.0 (42)	16.5 (63)	0.2 (62)	8.4 (63)	-1.4 (74)	1.7 (52)	7.5 (61)
<b>▲ MSCI ACWI ex USA Gross</b>	-2.9 (84)	0.3 (88)	14.1 (85)	-1.0 (76)	8.5 (63)	-0.3 (52)	2.6 (35)	9.1 (17)

San Mateo County Employees' Retirement Association  
Equity Only Summary Statistics - Developed Markets

Quarter Ending June 30, 2013

**Characteristics**

	Portfolio	Russell 3000
Number of Holdings	138	2,923
Weighted Avg. Market Cap. (\$B)	44.9	84.8
Median Market Cap. (\$B)	19.9	1.2
Price To Earnings	19.6	19.7
Price To Book	3.0	3.2
Price To Sales	1.8	2.3
Return on Equity (%)	17.7	17.3
Yield (%)	3.3	2.0
Beta (holdings; global)	0.8	1.1

**Top Holdings**

UNILEVER (UK)	2.5%
KAO	2.2%
TOTAL	2.2%
BG GROUP	2.1%
NOVARTIS 'R'	1.8%
IBERDROLA	1.8%
ROCHE HOLDING	1.8%
CANON	1.8%
DEUTSCHE TELEKOM	1.7%
TEVA PHARM.INDS.ADR 1:1	1.7%

**Best Performers**

	Return %
BEC WORLD FB (Q:BEWF)	103.0%
CLUB MEDITERRANEE (F:CLUB)	31.5%
OLYMPUS (J:OLYC)	29.1%
NIHON M&A CENTER (J:NMAC)	26.3%
TIME DOTCOM (L:TIDO)	24.1%
STOREBRAND (N:STB)	23.5%
GIANT MNFG. (TW:GMC)	23.4%
HUAKU DEVELOPMENT (TW:HCZ)	23.4%
CTS EVENTIM (D:EVD)	22.6%
CIPUTRA DEVELOPMENT (ID:CPD)	22.4%

**Worst Performers**

	Return %
KINGSGATE CONSOLIDATED (A:KCNX)	-71.4%
MEDUSA MINING (A:MMLX)	-68.5%
DETOUR GOLD (C:DGC)	-59.3%
MINERAL DEPOSITS (A:MDLX)	-52.3%
INDEPENDENCE GROUP (A:IGOX)	-50.0%
COPPER MOUNTAIN MINING (C:CUM)	-44.8%
ICA (MX:IHA)	-43.8%
TROY RESOURCES (A:TRYX)	-38.1%
MONADELPHOUS GROUP (A:MNDX)	-37.6%
ELETROBRAS ON (BR:EL3)	-34.6%

The Pyramid Select International Small Cap Plus holdings are one quarter lag.

## Equity Sector Attribution - Developed Markets

Quarter Ending June 30, 2013

## Developed Markets w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA Gross

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.4%	0.1%	0.0%	0.2%	-2.7%	-6.4%	9.2%	9.7%			
Materials	1.0%	0.6%	0.6%	-0.2%	-7.0%	-12.7%	3.0%	9.6%			
Industrials	0.0%	0.0%	0.0%	0.0%	-1.9%	-2.5%	12.3%	10.8%			
Cons. Disc.	0.1%	0.0%	0.2%	-0.1%	3.8%	4.1%	12.3%	9.8%			
Cons. Staples	0.2%	0.3%	-0.1%	0.0%	-1.5%	-4.0%	15.7%	10.9%			
Health Care	-0.2%	-0.1%	0.1%	-0.2%	-0.9%	1.0%	13.9%	7.7%			
Financials	0.3%	0.0%	0.0%	0.4%	-3.3%	-3.2%	15.0%	26.3%			
Info. Tech	0.0%	0.1%	0.0%	0.0%	-1.5%	-1.4%	5.0%	6.4%			
Telecomm.	-0.1%	-0.2%	0.1%	0.1%	1.3%	2.8%	6.3%	5.4%			
Utilities	0.0%	-0.1%	0.0%	0.0%	-0.4%	0.3%	4.4%	3.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	2.9%	0.0%			
<b>Portfolio</b>	<b>1.8%</b>	<b>=</b>	<b>0.7%</b>	<b>+</b>	<b>0.9%</b>	<b>+</b>	<b>0.2%</b>	<b>-1.1%</b>	<b>-2.8%</b>	<b>100.0%</b>	<b>100.0%</b>



**Developed Markets w/o Pyramis Performance Attribution  
Versus MSCI ACWI ex USA**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Europe</b>									
Austria	--	-2.5%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Belgium	8.4%	-4.4%	0.2%	0.8%	0.1%	0.0%	0.0%	-0.1%	0.1%
Czech Republic*	--	-6.4%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Denmark	-6.7%	-3.8%	2.0%	0.8%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Finland	0.7%	1.3%	0.7%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
France	5.3%	3.6%	7.1%	6.4%	0.1%	0.0%	0.0%	0.0%	0.1%
Germany	6.9%	3.3%	3.5%	5.8%	0.2%	-0.1%	0.0%	-0.1%	0.0%
Greece	--	-6.2%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Hungary*	--	13.1%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Ireland	--	-1.5%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Italy	0.8%	1.2%	2.3%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	0.1%	2.7%	3.0%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Norway	--	-5.1%	0.0%	0.6%	--	0.0%	0.0%	--	0.0%
Poland*	6.9%	-4.7%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Portugal	--	0.1%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Russia*	-9.3%	-8.2%	0.3%	1.4%	-0.1%	0.0%	0.1%	0.1%	0.1%
Spain	5.3%	-0.1%	3.1%	1.9%	0.1%	0.0%	0.0%	0.1%	0.2%
Sweden	-5.1%	-5.2%	3.7%	2.3%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Switzerland	0.4%	0.0%	7.4%	6.4%	0.0%	0.0%	0.0%	0.0%	0.0%
United Kingdom	-0.2%	-1.9%	18.9%	15.0%	0.3%	-0.1%	0.0%	0.1%	0.3%

**Developed Markets w/o Pyramis Performance Attribution  
Versus MSCI ACWI ex USA**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>AsiaPacific</b>									
Australia	-11.6%	-13.9%	5.6%	6.4%	0.2%	0.0%	0.1%	0.0%	0.2%
China*	-3.0%	-6.5%	3.2%	4.2%	0.1%	0.1%	0.0%	0.0%	0.2%
Hong Kong	-3.0%	-4.7%	1.6%	2.2%	0.0%	0.0%	0.0%	0.0%	0.1%
India*	-3.0%	-5.5%	1.4%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia*	-9.3%	-5.8%	0.9%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	4.6%	4.4%	15.7%	14.8%	0.0%	0.1%	-0.1%	0.0%	0.1%
Korea*	-11.3%	-10.0%	1.6%	3.4%	-0.1%	0.1%	0.1%	0.0%	0.2%
Malaysia*	--	6.3%	0.0%	0.8%	--	-0.1%	0.0%	--	-0.1%
New Zealand	--	-10.4%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Philippines*	-4.3%	-8.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	-2.7%	-6.0%	2.7%	1.3%	0.0%	-0.1%	0.0%	0.0%	0.0%
Taiwan*	-0.2%	1.7%	1.3%	2.5%	-0.1%	0.0%	0.0%	0.0%	0.0%
Thailand*	-6.2%	-7.4%	0.3%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Americas</b>									
Brazil*	-15.8%	-17.3%	2.2%	2.9%	0.0%	0.1%	0.1%	0.0%	0.2%
Canada	-11.3%	-7.3%	0.6%	7.5%	-0.3%	0.3%	0.2%	0.3%	0.5%
Chile*	-11.4%	-14.6%	0.4%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-10.0%	-13.2%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	-10.1%	-10.9%	1.2%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Peru*	-21.6%	-27.4%	0.4%	0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%
United States	-5.4%	2.6%	1.8%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%

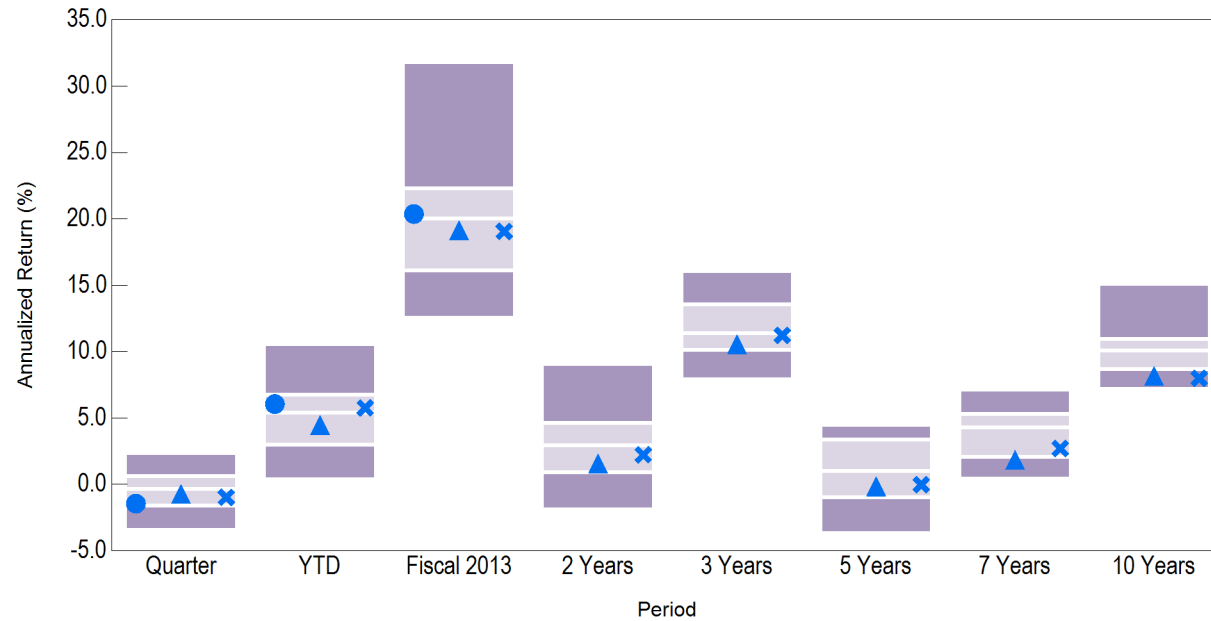
**Developed Markets w/o Pyramis Performance Attribution  
Versus MSCI ACWI ex USA**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Other</b>									
Egypt*	--	-7.2%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Israel	-0.4%	-3.6%	1.1%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco*	--	-2.6%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
South Africa*	-8.6%	-7.2%	0.7%	1.6%	0.0%	0.0%	0.1%	0.0%	0.1%
Turkey*	-13.5%	-15.2%	1.5%	0.5%	0.0%	-0.1%	-0.1%	0.0%	-0.1%
Other Countries*		0.0%		0.0%					
<b>Totals</b>									
Americas	-11.5%	-10.6%	6.6%	12.6%	-0.4%	0.3%	0.5%	0.2%	0.6%
Europe	0.9%	-0.3%	52.2%	46.0%	0.5%	0.0%	0.0%	0.1%	0.6%
Asia/Pacific	-1.4%	-2.9%	34.7%	38.8%	0.7%	-0.1%	0.1%	-0.1%	0.6%
Other	-8.2%	-8.2%	3.5%	2.6%	0.0%	0.0%	0.0%	0.0%	-0.1%
Cash	0.0%	--	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-1.1%</b>	<b>-2.8%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.7%</b>	<b>0.2%</b>	<b>0.7%</b>	<b>0.2%</b>	<b>1.8%</b>
<b>Totals</b>									
Developed	0.3%	-1.3%	81.1%	76.8%	0.9%	0.1%	0.2%	0.1%	1.3%
Emerging*	-8.4%	-7.9%	15.9%	23.2%	-0.3%	0.3%	0.4%	0.1%	0.5%
Cash	0.0%	--	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Total Returns - EAFE Growth Equity

Periods Ending June 30, 2013

eA EAFE Growth Equity Gross Accounts



	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	2.3	10.5	31.8	9.1	16.0	4.5	7.1	15.1
<b>25th Percentile</b>	0.6	6.8	22.3	4.6	13.6	3.4	5.3	11.0
<b>Median</b>	-0.3	5.4	20.1	3.0	11.4	1.1	4.3	10.1
<b>75th Percentile</b>	-1.6	3.0	16.1	0.9	10.2	-1.0	2.1	8.7
<b>95th Percentile</b>	-3.4	0.4	12.5	-1.9	7.9	-3.6	0.5	7.2
<b># of Portfolios</b>	54	54	54	53	52	50	44	36
<b>● Baillie Gifford</b>	-1.5 (72)	6.0 (37)	20.4 (48)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
<b>▲ MSCI EAFE Gross</b>	-0.7 (63)	4.5 (65)	19.1 (56)	1.6 (72)	10.6 (69)	-0.2 (66)	1.9 (78)	8.2 (83)
<b>✕ MSCI EAFE Growth Gross</b>	-1.0 (65)	5.8 (41)	19.0 (56)	2.2 (69)	11.2 (55)	0.0 (66)	2.7 (71)	8.0 (85)

Quarter Ending June 30, 2013

## Characteristics

	Portfolio	MSCI EAFE Gross
Number of Holdings	78	908
Weighted Avg. Market Cap. (\$B)	31.1	54.5
Median Market Cap. (\$B)	9.1	7.6
Price To Earnings	23.2	17.5
Price To Book	4.1	2.1
Price To Sales	2.5	1.7
Return on Equity (%)	22.2	13.5
Yield (%)	2.2	3.2
Beta (holdings; global)	0.9	1.0

## Top Holdings

ROCHE HOLDING	3.9%
SVENSKA HANDBKN.'A'	2.6%
NESTLE 'R'	2.6%
MS&AD INSURANCE GP.HDG.	2.6%
BG GROUP	2.5%
ASOS	2.3%
CARLSBERG 'B'	2.2%
ATLAS COPCO 'B'	1.8%
JOHNSON MATTHEY	1.8%
SHIMANO	1.8%

## Best Performers

	Return %
OLYMPUS (J:OLYC)	29.1%
ASOS (UKIR:ASC)	20.7%
CELESIO (D:CLS1)	18.2%
RIGHTMOVE (UKIR:RMV)	17.7%
RAKUTEN (J:RAKT)	16.0%
JOHNSON MATTHEY (UKIR:JMAT)	16.0%
MS&AD INSURANCE GP.HDG. (J:MSAD)	15.5%
MITCHELLS & BUTLERS (UKIR:MAB)	13.6%
TSINGTAO BREWERY 'H' (K:TSIN)	12.2%
UBS 'R' (S:UBSN)	11.6%

## Worst Performers

	Return %
KAZAKHMYS (UKIR:KAZ)	-33.2%
MESOBLAST (A:MSBX)	-24.3%
SEEK (A:SEKX)	-21.2%
COCHLEAR (A:COHX)	-20.4%
ITAU UNIBANCO BANCO HLDG.ADR 1:1 (ITUB)	-20.1%
TKI.GARANTI BKSJ. (TK:GAR)	-17.2%
STANDARD CHARTERED (UKIR:STAN)	-16.3%
WOOLWORTHS (A:WOWX)	-14.7%
SAMSUNG ELTN.GDR (XSQ) (UKIR:SMSN)	-13.2%
INTERTEK GROUP (UKIR:ITRK)	-13.2%

## Baillie Gifford Performance Attribution vs. MSCI EAFE Gross

	Total Effects	Attribution Effects			Returns		Sector Weights				
		Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.2%	0.0%	0.0%	0.1%	-1.3%	-3.1%	6.0%	7.2%			
Materials	0.7%	0.3%	0.3%	0.1%	-1.7%	-8.1%	3.3%	8.5%			
Industrials	-0.7%	-0.3%	0.0%	-0.4%	-4.1%	-1.3%	19.1%	12.6%			
Cons. Disc.	0.2%	0.1%	0.4%	-0.2%	5.7%	5.7%	16.7%	11.0%			
Cons. Staples	0.0%	0.4%	-0.3%	-0.1%	-2.4%	-4.4%	17.8%	12.4%			
Health Care	-0.3%	-0.1%	0.0%	-0.2%	-1.3%	0.9%	14.5%	10.4%			
Financials	0.1%	-0.3%	-0.1%	0.5%	-1.3%	-0.9%	16.5%	24.9%			
Info. Tech	-0.3%	-0.5%	0.0%	0.3%	-6.7%	1.4%	3.2%	4.4%			
Telecomm.	-0.2%	--	-0.3%	--	--	5.2%	0.0%	4.9%			
Utilities	-0.1%	--	-0.1%	--	--	4.0%	0.0%	3.7%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	2.8%	0.0%			
<b>Portfolio</b>	<b>-0.3%</b>	<b>=</b>	<b>-0.4%</b>	<b>+</b>	<b>-0.1%</b>	<b>+</b>	<b>0.1%</b>	<b>-1.0%</b>	<b>-0.7%</b>	<b>100.0%</b>	<b>100.0%</b>

**Baillie Gifford Performance Attribution  
Versus MSCI EAFE Gross**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Europe</b>									
Austria	--	-2.5%	0.0%	0.3%	--	0.0%	0.0%	--	0.0%
Belgium	8.4%	-4.4%	0.6%	1.2%	0.2%	0.0%	0.0%	-0.1%	0.1%
Czech Republic*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Denmark	-6.7%	-3.8%	4.6%	1.2%	0.0%	-0.2%	0.0%	-0.1%	-0.3%
Finland	0.7%	1.3%	1.5%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
France	5.3%	3.6%	2.9%	9.3%	0.2%	0.0%	-0.1%	-0.1%	-0.1%
Germany	5.5%	3.3%	2.6%	8.4%	0.2%	0.0%	-0.1%	-0.1%	0.0%
Greece	--	-6.2%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Hungary*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Ireland	--	-1.5%	0.0%	0.3%	--	0.0%	0.0%	--	0.0%
Italy	4.0%	1.2%	2.5%	2.0%	0.1%	0.0%	0.0%	0.0%	0.1%
Netherlands	--	2.7%	0.0%	2.4%	--	0.0%	0.0%	--	0.0%
Norway	--	-5.1%	0.0%	0.9%	--	0.0%	0.0%	--	0.1%
Poland*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Portugal	--	0.1%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Russia*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Spain	6.4%	-0.1%	2.0%	2.8%	0.2%	0.0%	0.0%	0.0%	0.1%
Sweden	-5.1%	-5.2%	8.3%	3.3%	0.0%	-0.2%	-0.2%	0.0%	-0.3%
Switzerland	1.3%	0.0%	9.6%	9.2%	0.1%	0.0%	0.0%	0.0%	0.1%
United Kingdom	0.3%	-1.9%	21.2%	21.6%	0.5%	0.0%	0.0%	0.0%	0.5%

**Baillie Gifford Performance Attribution  
Versus MSCI EAFE Gross**

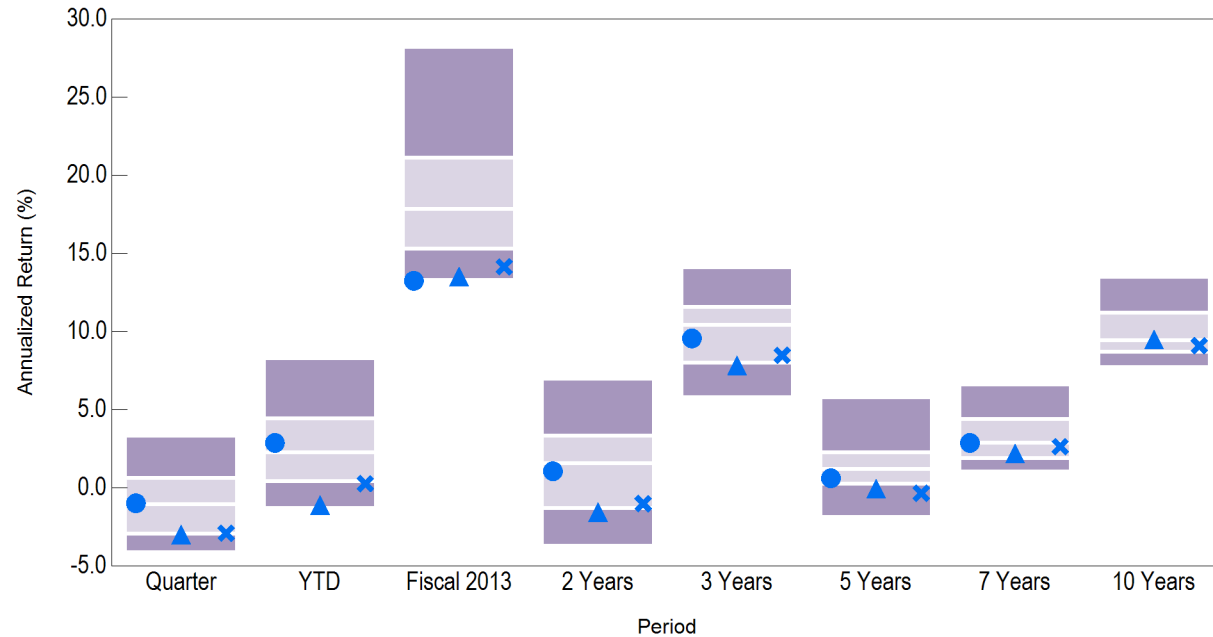
	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>AsiaPacific</b>									
Australia	-12.5%	-13.9%	8.3%	9.2%	0.1%	0.0%	0.1%	0.0%	0.3%
China*	2.4%	-6.8%	2.2%	0.0%	0.0%	-0.2%	0.0%	0.2%	0.0%
Hong Kong	-1.8%	-4.7%	2.9%	3.2%	0.1%	0.0%	0.0%	0.0%	0.1%
India*	2.8%	-5.6%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Japan	6.5%	4.4%	15.0%	21.3%	0.5%	-0.6%	0.4%	-0.1%	0.1%
Korea*	-13.2%	-10.0%	1.1%	0.0%	0.0%	-0.1%	0.0%	-0.1%	-0.2%
Malaysia*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
New Zealand	--	-10.4%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Philippines*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Singapore	-5.6%	-6.0%	3.0%	1.8%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Taiwan*	-3.1%	1.6%	2.1%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%
Thailand*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
<b>Americas</b>									
Brazil*	-20.1%	-17.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%
Canada	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Chile*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Colombia*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Mexico*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Peru*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
United States	-5.9%	2.6%	3.2%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.2%



**Baillie Gifford Performance Attribution  
Versus MSCI EAFE Gross**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Other</b>									
Egypt*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Israel	--	-3.6%	0.0%	0.5%	--	0.0%	0.0%	--	0.0%
Morocco*	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
South Africa*	-10.8%	-7.4%	0.9%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Turkey*	-17.2%	-15.5%	1.4%	0.0%	0.0%	-0.2%	-0.1%	0.0%	-0.3%
Other Countries*		0.0%		0.0%					
<b>Totals</b>									
Americas	-7.7%	--	3.6%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.3%
Europe	0.1%	-0.1%	55.8%	63.8%	0.4%	0.2%	-0.3%	0.0%	0.2%
Asia/Pacific	-1.2%	-1.7%	35.5%	35.7%	-0.3%	0.0%	0.5%	0.0%	0.2%
Other	-14.6%	-3.6%	2.3%	0.5%	0.0%	-0.1%	-0.1%	-0.1%	-0.3%
Cash	0.0%	--	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-1.0%</b>	<b>-0.7%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-0.5%</b>	<b>-0.3%</b>
<b>Totals</b>									
Developed	-0.5%	-0.7%	88.2%	100.0%	0.3%	0.0%	0.2%	0.0%	0.4%
Emerging*	-6.3%	--	9.0%	0.0%	0.0%	0.0%	-0.1%	-0.6%	-0.7%
Cash	0.0%	--	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

eA ACWI ex-US Value Equity Gross Accounts



	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	3.3	8.3	28.2	7.0	14.1	5.8	6.6	13.5
25th Percentile	0.7	4.5	21.2	3.4	11.6	2.3	4.4	11.2
Median	-1.0	2.3	17.8	1.6	10.5	1.2	2.9	9.5
75th Percentile	-2.9	0.5	15.3	-1.3	8.0	0.3	1.9	8.7
95th Percentile	-4.1	-1.2	13.3	-3.7	5.8	-1.8	1.1	7.7
# of Portfolios	31	31	31	31	30	27	24	17
● Mondrian	-1.0 (50)	2.9 (47)	13.2 (96)	1.1 (60)	9.6 (63)	0.6 (68)	2.9 (51)	-- (--)
▲ MSCI ACWI ex USA Value Gross	-3.0 (80)	-1.1 (93)	13.5 (94)	-1.5 (76)	7.8 (76)	0.0 (79)	2.2 (71)	9.5 (50)
✕ MSCI ACWI ex USA Gross	-2.9 (76)	0.3 (78)	14.1 (83)	-1.0 (75)	8.5 (73)	-0.3 (80)	2.6 (63)	9.1 (66)

Quarter Ending June 30, 2013

## Characteristics

	Portfolio	MSCI ACWI ex USA Value Gross
Number of Holdings	56	1,029
Weighted Avg. Market Cap. (\$B)	55.9	47.7
Median Market Cap. (\$B)	32.3	5.8
Price To Earnings	16.7	13.3
Price To Book	1.9	1.4
Price To Sales	1.2	1.3
Return on Equity (%)	14.1	11.7
Yield (%)	4.1	4.0
Beta (holdings: global)	0.7	1.0

## Top Holdings

IBERDROLA	3.2%
NOVARTIS 'R'	3.2%
UNILEVER (UK)	3.2%
CANON	3.2%
DEUTSCHE TELEKOM	3.0%
TEVA PHARM.INDS.ADR 1:1	3.0%
AHOLD KON.	3.0%
TESCO	3.0%
TOTAL	2.9%
SANOFI	2.8%

## Best Performers

	Return %
DEUTSCHE TELEKOM (D:DTE)	17.6%
TOYOTA MOTOR (J:TYMO)	16.7%
DAIMLER (D:DAI)	16.1%
VINCI (F:DG@F)	15.0%
TOKYO ELECTRON (J:RG@N)	14.1%
LUPIN (IN:LUP)	13.7%
HYUNDAI MOTOR PF.2 (KO:MOT)	13.3%
SAINT GOBAIN (F:GOB)	13.1%
IBERDROLA (E:IBE)	13.0%
INTESA SANPAOLO (I:ISP)	12.9%

## Worst Performers

	Return %
AMP (A:AMPX)	-28.4%
GMEXICO 'B' (MX:GME)	-28.4%
CHINA SHENHUA EN.CO.'H' (K:CSHE)	-25.5%
VALE PREFERRED ADR 1:1 (VALE.P)	-24.3%
VALE ON ADR 1:1 (VALE)	-21.9%
CREDICORP (BAP)	-21.6%
CCR RODOVIAS ON (BR:CCR)	-21.1%
ITAUSA PN (BR:IS4)	-20.4%
ITAU UNIBANCO BANCO HLDG.ADR 1:1 (ITUB)	-20.1%
CHINA RES.POWER HDG. (K:CREP)	-18.5%

## Equity Sector Attribution - Mondrian

Quarter Ending June 30, 2013

## Mondrian Performance Attribution vs. MSCI ACWI ex USA Value Gross

	Total Effects	Attribution Effects			Returns		Sector Weights				
		Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.3%	0.0%	0.0%	0.3%	-3.2%	-5.3%	11.9%	13.3%			
Materials	0.7%	0.5%	0.5%	-0.3%	-12.0%	-14.0%	2.7%	7.6%			
Industrials	0.4%	0.3%	0.0%	0.1%	3.0%	-2.3%	6.9%	8.8%			
Cons. Disc.	-0.3%	-0.4%	0.2%	-0.1%	1.0%	5.5%	9.0%	6.6%			
Cons. Staples	0.0%	0.0%	0.0%	-0.1%	-0.7%	-2.4%	14.2%	2.4%			
Health Care	0.0%	0.1%	-0.1%	0.0%	-0.5%	-1.5%	13.5%	5.8%			
Financials	0.5%	-0.5%	-0.1%	1.1%	-5.2%	-3.1%	13.9%	38.3%			
Info. Tech	0.1%	0.2%	0.0%	-0.1%	0.5%	-2.3%	6.5%	4.0%			
Telecomm.	0.0%	-0.2%	0.1%	0.0%	1.3%	2.0%	11.5%	7.6%			
Utilities	-0.1%	-0.2%	0.1%	0.0%	-0.4%	2.2%	8.0%	5.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	1.9%	0.0%			
<b>Portfolio</b>	<b>1.6%</b>	<b>=</b>	<b>-0.1%</b>	<b>+</b>	<b>0.9%</b>	<b>+</b>	<b>0.8%</b>	<b>-1.1%</b>	<b>-2.8%</b>	<b>100.0%</b>	<b>100.0%</b>

**Mondrian Performance Attribution  
Versus MSCI ACWI ex USA Value Gross**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Europe</b>									
Austria	--	3.2%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Belgium	--	3.3%	0.0%	0.5%	--	0.0%	0.0%	--	0.0%
Czech Republic*	--	-10.7%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Denmark	--	-3.3%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Finland	--	2.3%	0.0%	0.8%	--	0.0%	0.0%	--	0.0%
France	5.3%	5.2%	10.5%	7.6%	0.0%	0.1%	0.0%	0.0%	0.2%
Germany	7.5%	4.8%	4.3%	5.6%	0.1%	0.0%	0.0%	0.0%	0.1%
Greece	--	15.0%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Hungary*	--	15.4%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Ireland	--	-8.6%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Italy	-2.2%	1.6%	2.2%	2.0%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Netherlands	0.1%	8.4%	5.5%	1.4%	-0.1%	0.3%	0.0%	-0.3%	-0.1%
Norway	--	-5.6%	0.0%	1.0%	--	0.0%	0.0%	--	0.1%
Poland*	--	-9.1%	0.0%	0.3%	--	0.0%	0.0%	--	0.0%
Portugal	--	-1.8%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Russia*	-9.3%	-13.7%	0.6%	1.3%	0.0%	0.1%	0.1%	0.0%	0.1%
Spain	4.8%	-0.3%	3.9%	3.2%	0.2%	0.0%	0.0%	0.0%	0.2%
Sweden	--	-4.0%	0.0%	2.1%	--	0.0%	0.1%	--	0.1%
Switzerland	-0.8%	0.0%	5.6%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%
United Kingdom	-0.7%	-1.5%	17.3%	14.9%	0.2%	0.0%	0.0%	0.0%	0.1%

**Mondrian Performance Attribution  
Versus MSCI ACWI ex USA Value Gross**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>AsiaPacific</b>									
Australia	-10.0%	-12.4%	3.6%	6.7%	0.2%	0.0%	0.4%	-0.1%	0.5%
China*	-5.4%	-8.1%	4.1%	4.4%	0.1%	0.0%	0.0%	0.0%	0.1%
Hong Kong	-7.6%	-5.9%	0.6%	2.1%	0.0%	0.1%	0.0%	0.0%	0.1%
India*	-4.7%	-9.5%	2.0%	1.5%	0.1%	0.0%	-0.1%	0.0%	0.1%
Indonesia*	-9.3%	-7.2%	1.7%	0.7%	0.0%	0.0%	0.0%	0.0%	-0.1%
Japan	3.2%	2.4%	16.4%	14.9%	0.1%	0.1%	-0.1%	0.0%	0.2%
Korea*	-10.4%	-9.3%	2.0%	3.4%	0.0%	0.1%	0.0%	0.0%	0.1%
Malaysia*	--	7.9%	0.0%	0.8%	--	-0.1%	0.0%	--	-0.1%
New Zealand	--	-9.8%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Philippines*	-4.3%	-7.1%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	0.0%	-4.8%	2.5%	1.4%	0.1%	0.0%	0.0%	0.1%	0.1%
Taiwan*	6.5%	-0.1%	0.7%	2.4%	0.2%	0.0%	0.0%	-0.1%	0.0%
Thailand*	-6.2%	-6.8%	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Americas</b>									
Brazil*	-15.4%	-19.5%	3.6%	2.8%	0.1%	-0.1%	0.0%	0.0%	0.0%
Canada	-11.3%	-4.5%	1.0%	7.9%	-0.6%	0.1%	0.3%	0.5%	0.2%
Chile*	-11.4%	-12.3%	0.8%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-10.0%	-14.3%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	-10.1%	-12.0%	2.3%	1.4%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Peru*	-21.6%	-36.0%	0.7%	0.1%	0.0%	-0.2%	0.0%	0.1%	-0.1%
United States	-3.1%	2.8%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

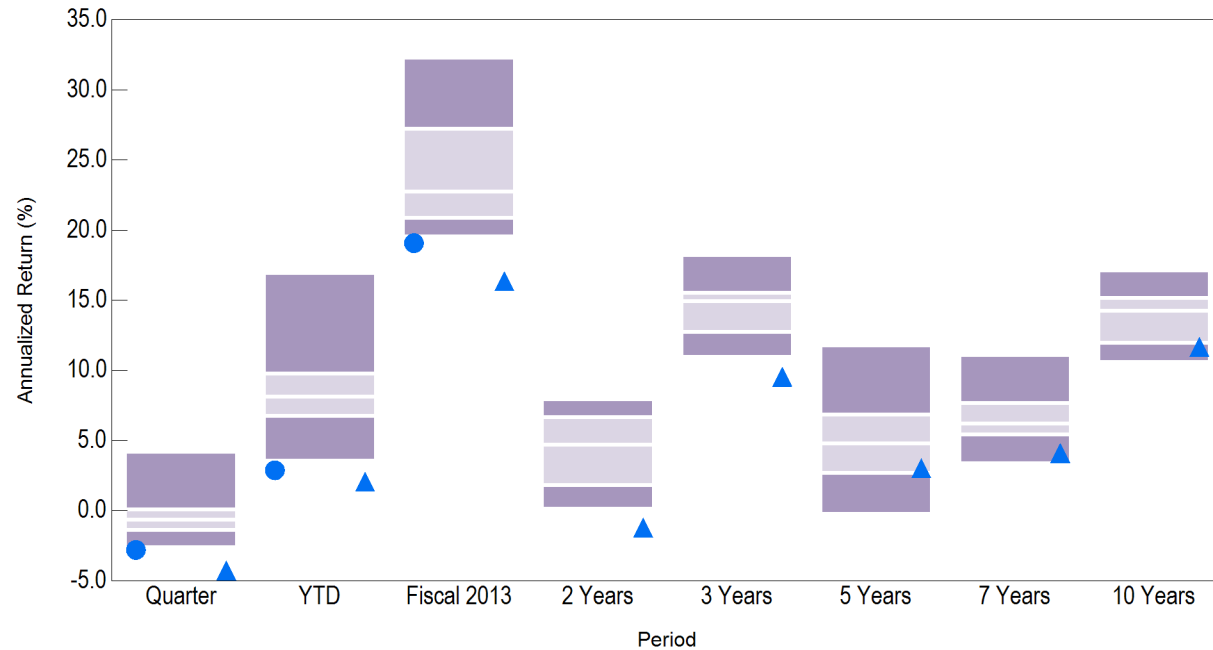
**Mondrian Performance Attribution  
Versus MSCI ACWI ex USA Value Gross**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Other</b>									
Egypt*	--	-6.7%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Israel	-0.4%	-1.5%	2.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco*	--	-3.5%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
South Africa*	-5.6%	-11.6%	0.5%	1.7%	0.1%	0.0%	0.1%	-0.1%	0.2%
Turkey*	-11.0%	-16.3%	1.6%	0.5%	0.0%	-0.1%	-0.1%	0.1%	-0.1%
Other Countries*		0.0%		0.0%					
<b>Totals</b>									
Americas	-12.7%	-9.3%	9.1%	12.9%	-0.7%	0.2%	0.3%	0.2%	0.0%
Europe	1.6%	0.5%	50.0%	45.2%	0.3%	0.0%	0.2%	0.0%	0.6%
Asia/Pacific	-1.6%	-3.9%	34.6%	39.2%	0.9%	-0.1%	0.3%	-0.1%	1.0%
Other	-5.5%	-10.8%	4.4%	2.7%	0.1%	-0.1%	0.0%	0.0%	0.1%
Cash	0.0%	--	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-1.1%</b>	<b>-2.8%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.6%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.2%</b>	<b>1.6%</b>
<b>Totals</b>									
Developed	1.1%	-0.7%	76.4%	77.0%	0.8%	0.0%	0.7%	0.0%	1.4%
Emerging*	-9.1%	-9.5%	21.7%	23.0%	0.0%	0.1%	0.2%	0.0%	0.2%
Cash	0.0%	--	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Total Returns - ACWI ex-US Small Cap Equity

Periods Ending June 30, 2013

eA ACWI ex-US Small Cap Equity Gross Accounts



	Return (Rank)											
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years				
5th Percentile	4.2	16.9	32.3	7.9	18.2	11.7	11.1	17.1				
25th Percentile	0.1	9.8	27.3	6.7	15.5	6.9	7.7	15.2				
Median	-0.6	8.1	22.8	4.7	15.0	4.8	6.2	14.3				
75th Percentile	-1.4	6.8	20.9	1.9	12.8	2.7	5.4	12.0				
95th Percentile	-2.6	3.6	19.6	0.1	11.0	-0.2	3.4	10.6				
# of Portfolios	24	24	24	22	22	18	17	11				
● Pyramis Equity	-2.8 (98)	2.9 (99)	19.1 (97)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)				
▲ MSCI ACWI ex US Small Cap Gross	-4.3 (99)	2.1 (99)	16.4 (99)	-1.2 (99)	9.5 (99)	3.0 (74)	4.1 (92)	11.7 (89)				



## Equity Only Summary Statistics – Pyramis Global Advisors

Quarter Ending June 30, 2013

Characteristics	Portfolio	MSCI ACWI ex-US Small Cap
	No. of Securities	228
Wgt'd. Avg. Market Cap (000's)	2,335	1,654
Price to Book Ratio	1.7	1.4
Return on Equity	12.5%	10.7%

## Ten Holdings

NIHON PARKERIZING CO LTD	1.6
KINTETSU WORLD EXPRESS INC	1.3
INFORMA PLC	1.2
HIKMA PHARMACEUTICALS PLC	1.1
CHIYODA CORP	1.1
TRAVIS PERKINS PLC	1.0
NIPPON SHOKUBAI CO LTD	1.0
ELRINGLINGER AG	0.9
CHINA RES GAS GROUP LTD	0.9
AKER SOLUTIONS ASA	0.9

## Best Performers

SHINKO ELEC INDS CO LTD	40.1
GMO INTERNET INC	35.1
CLUB MEDITERRANEE SA	31.2
HULIC CO LTD	30.5
TIME DOT COM BHD	26.7
NIHON M&A CENTER INC	26.6
CIPUTRA DEVELPMT TBK PT (DEMAT)	22.8
LARGAN PRECISION CO LTD	22.1
STOREBRAND ASA CL A	21.9
GIANT MANUFACTURING CO LTD	21.3

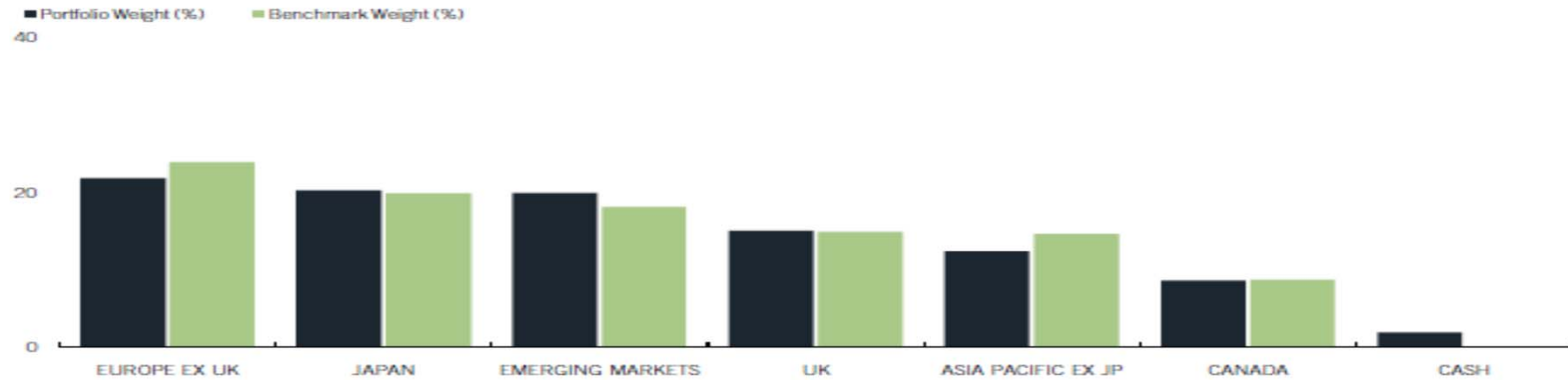
## Worst Performers

KINGSGATE CONSOLIDATED LTD	-70.9
MEDUSA MINING LTD	-68.4
DETOUR GOLD CORP	-59.3
MINERAL DEPOSITS LTD	-52.2
INDEPENDENCE GROUP NL	-50.0
KOZA ALTIN ISLET MELERIAS	-47.0
COPPER MOUNTAIN MINING CORP	-43.5
TROY RESOURCES LTD	-38.0
ICA (EMPRESAS ICA SAB DE CV)	-37.8
MONADELPHOUS GRP LTD	-37.5

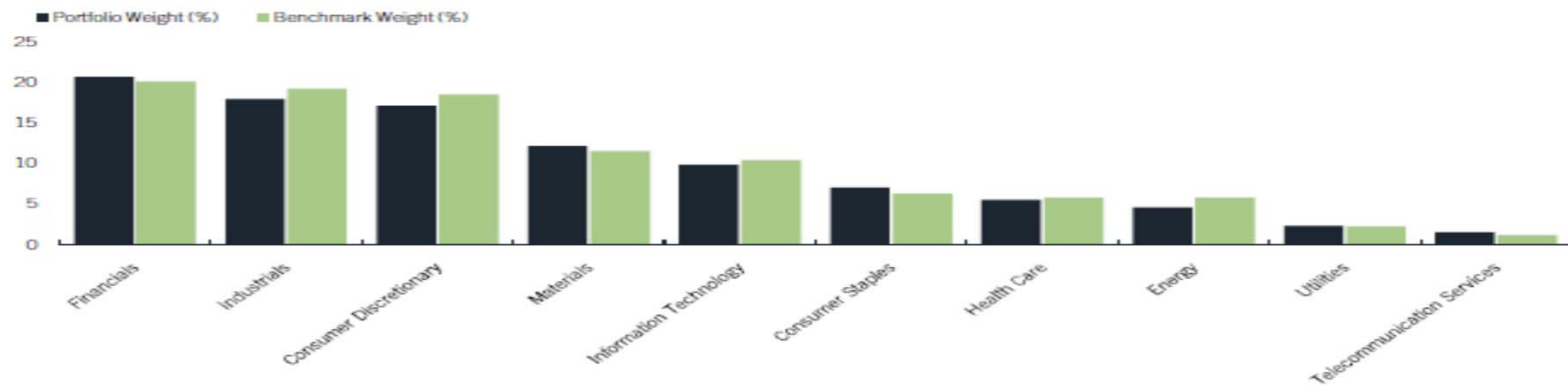
San Mateo County Employees' Retirement Association  
**Regional and Sector Weights – Pyramis Global Advisors**

Quarter Ending June 30, 2013

**Regional Weights**



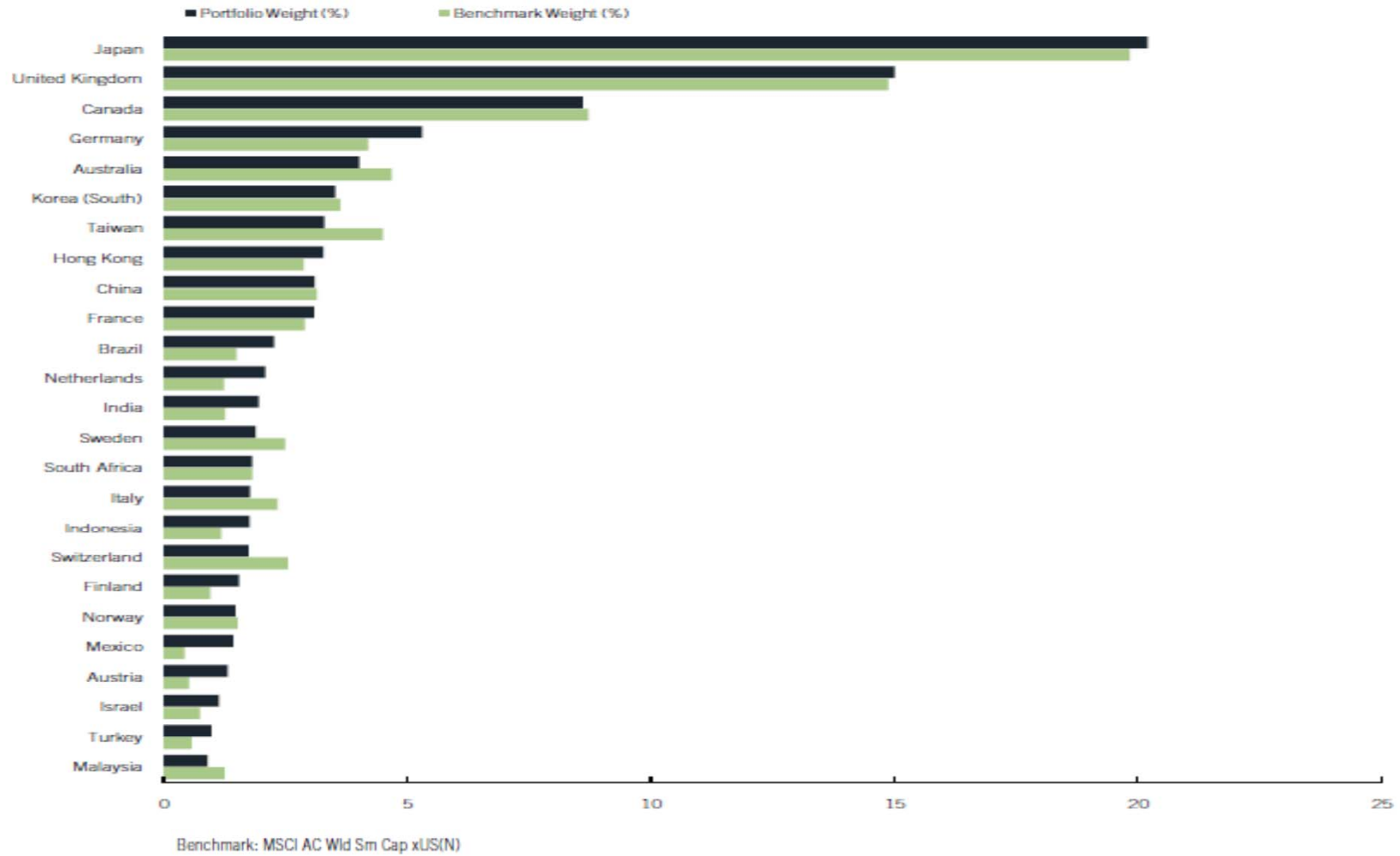
**Sector Weights**



Sector breakdowns are only applied to equities and convertibles and the allocation percentages may not add to 100%.

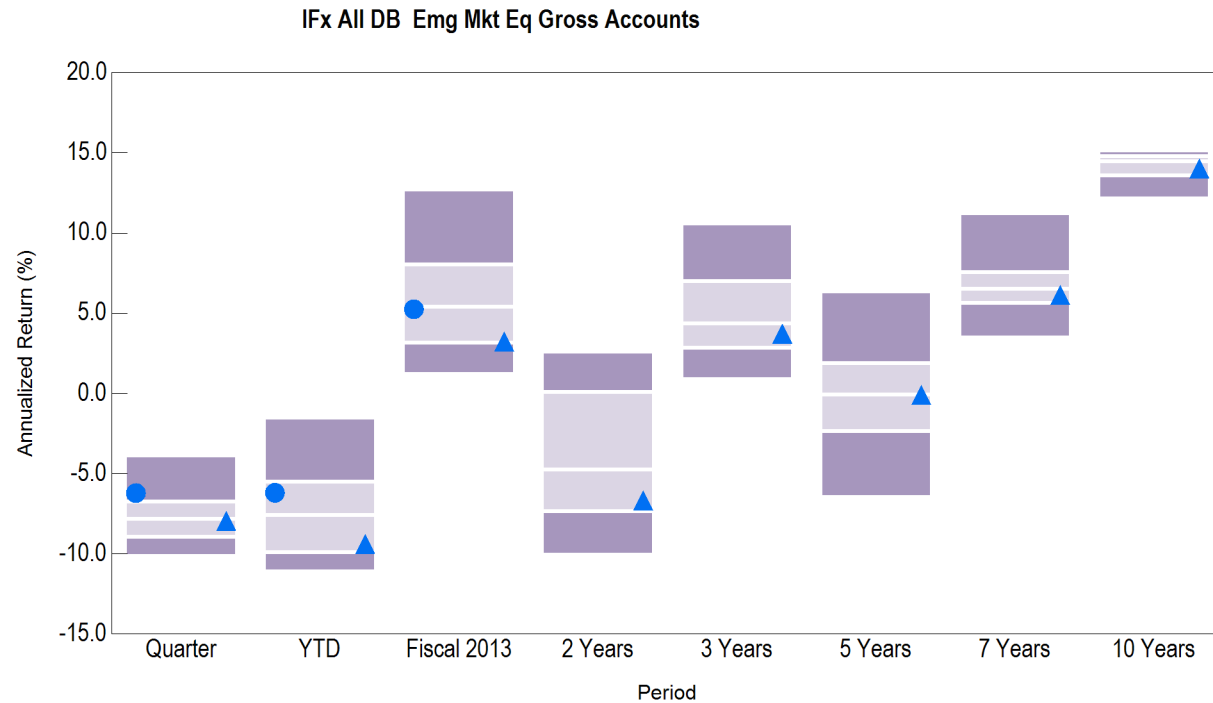
Benchmark: MSCI AC Wld Sm Cap xUS(N)

**Top 25 Country Weights**



Total Returns - Emerging Markets Equity

Periods Ending June 30, 2013



	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	-3.9	-1.5	12.7	2.6	10.6	6.3	11.2	15.1
<b>25th Percentile</b>	-6.7	-5.5	8.1	0.1	7.0	1.9	7.6	14.8
<b>Median</b>	-7.8	-7.6	5.4	-4.7	4.4	-0.1	6.6	14.5
<b>75th Percentile</b>	-8.9	-9.9	3.2	-7.3	2.9	-2.3	5.7	13.6
<b>95th Percentile</b>	-10.1	-11.1	1.2	-10.1	0.9	-6.4	3.5	12.2
<b># of Portfolios</b>	63	63	60	49	32	20	15	8
<b>● Emerging Markets</b>	-6.2 (20)	-6.2 (30)	5.2 (55)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
<b>▲ MSCI Emerging Markets Gross</b>	-8.0 (54)	-9.4 (72)	3.2 (75)	-6.7 (70)	3.7 (60)	-0.1 (51)	6.1 (63)	14.0 (73)

Total Returns - Emerging Markets Equity

Periods Ending June 30, 2013

eA Emg Mkts Equity Gross Accounts



	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	-3.7	3.3	19.6	4.4	12.9	8.7	13.3	19.0
25th Percentile	-6.3	-4.5	9.3	-2.0	7.8	3.6	8.6	16.9
Median	-7.7	-7.3	6.2	-4.8	5.5	0.8	6.9	15.3
75th Percentile	-8.8	-9.6	3.3	-7.4	3.1	-1.2	5.1	13.8
95th Percentile	-10.4	-13.0	-2.1	-11.8	-1.2	-4.2	3.6	12.2
# of Portfolios	175	174	174	164	144	121	92	71
● Eaton Vance	-6.2 (24)	-6.2 (37)	5.4 (59)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ MSCI Emerging Markets Gross	-8.0 (58)	-9.4 (73)	3.2 (76)	-6.7 (70)	3.7 (67)	-0.1 (62)	6.1 (64)	14.0 (71)

## Equity Only Summary Statistics - Eaton Vance

Quarter Ending June 30, 2013

## Characteristics

	Portfolio	MSCI Emerging Markets Gross
Number of Holdings	843	820
Weighted Avg. Market Cap. (\$B)	19.7	32.7
Median Market Cap. (\$B)	4.1	4.2
Price To Earnings	16.5	15.7
Price To Book	2.7	2.4
Price To Sales	2.3	2.2
Return on Equity (%)	19.1	18.3
Yield (%)	3.2	2.8
Beta (holdings: global)	1.1	1.0

## Top Holdings

MTN GROUP	1.3%
AMX 'L'	1.3%
SAMSUNG ELECTRONICS	1.2%
SBERBANK RUSSIA ADR 1:4	1.0%
CHINA MOBILE	1.0%
OAO GAZPROM SPN.ADR 1:2	0.8%
TAIWAN SEMICON.MNFG.	0.7%
MAGNIT	0.6%
LUKOIL OAO SPN.ADR 1:1	0.6%
OTP BANK	0.6%

## Best Performers

	Return %
BEC WORLD FB (Q:BEWF)	103.0%
AIRPORTS OF THAILAND FB (Q:AIRF)	85.8%
DUBAI FINANCIAL MARKET (DU:DUF)	61.3%
PAKISTAN STATE OIL (PK:PSO)	56.0%
DUBAI ISLAMIC BANK (DU:DUI)	53.5%
CTRP.COM INTL.ADR 4:1 (CTRP)	52.6%
DUBAI INVESTMENT (DU:DUB)	51.3%
AJMAN BANK (DU:AJM)	47.3%
LG UPLUS (KO:LGK)	42.7%
GHANA COMMERCIAL BANK (GH:GCB)	38.4%

## Worst Performers

	Return %
NEW WORLD RESOURCES (UKIR:NWR)	-75.3%
OGX PETROLEO ON (BR:CCO)	-68.8%
DALEKOVOD D D (CR:DLK)	-60.6%
EVRAZ (UKIR:EVR)	-56.5%
BANPU FB (Q:BPCF)	-52.5%
SIBANYE GOLD (R:SGLJ)	-51.0%
AFRICAN BANK INVS. (R:ABLJ)	-49.5%
KOZA ANADOLU MTL.MIE. (TK:KOZ)	-48.2%
PHILEX MINING (PH:PXJ)	-47.3%
KOZA ALTIN ISLETMELERI (TK:KAI)	-46.4%

## Equity Sector Attribution - Eaton Vance

Quarter Ending June 30, 2013

## Eaton Vance Performance Attribution vs. MSCI Emerging Markets Gross

	Total Effects	Attribution Effects				Returns		Sector Weights			
		Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.4%	0.0%	0.0%	0.3%	-9.5%	-11.9%	10.6%	12.0%			
Materials	0.0%	-0.3%	0.0%	0.2%	-17.3%	-17.0%	10.8%	10.7%			
Industrials	0.2%	0.2%	0.0%	0.0%	-5.1%	-9.0%	9.6%	6.5%			
Cons. Disc.	0.3%	0.2%	0.0%	0.1%	1.2%	-2.9%	7.4%	7.8%			
Cons. Staples	0.0%	-0.2%	0.0%	0.1%	-3.4%	-3.6%	9.9%	9.1%			
Health Care	0.2%	0.0%	0.0%	0.1%	9.2%	0.5%	1.7%	1.3%			
Financials	1.0%	0.5%	0.0%	0.4%	-6.2%	-9.6%	26.7%	27.6%			
Info. Tech	0.0%	0.0%	-0.1%	0.2%	-3.4%	-3.9%	7.7%	14.1%			
Telecomm.	0.0%	-0.2%	0.3%	-0.1%	-0.8%	0.9%	10.4%	7.4%			
Utilities	0.0%	0.0%	0.0%	0.0%	-9.6%	-10.3%	4.9%	3.6%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.3%	0.0%			
Unclassified	0.0%	0.0%	0.0%	0.0%	7.6%	--	0.1%	0.0%			
<b>Portfolio</b>	<b>2.0%</b>	<b>=</b>	<b>0.3%</b>	<b>+</b>	<b>0.2%</b>	<b>+</b>	<b>1.4%</b>	<b>-5.9%</b>	<b>-7.9%</b>	<b>100.0%</b>	<b>100.0%</b>

**Eaton Vance Performance Attribution  
Versus MSCI Emerging Markets Gross**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Europe</b>									
Austria	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Belgium	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Czech Republic*	-3.3%	-6.4%	1.5%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Denmark	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Finland	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
France	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Germany	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Greece	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Hungary*	11.4%	13.1%	1.6%	0.2%	0.0%	0.2%	0.1%	0.0%	0.2%
Ireland	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Italy	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Netherlands	-7.0%	2.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Norway	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Poland*	-1.6%	-4.7%	3.4%	1.5%	0.0%	0.0%	0.0%	0.1%	0.1%
Portugal	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Russia*	-9.7%	-8.2%	6.4%	5.9%	-0.2%	0.0%	0.2%	0.0%	-0.1%
Spain	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Sweden	-38.4%	-6.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Switzerland	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
United Kingdom	-29.8%	-2.2%	0.6%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%



**Eaton Vance Performance Attribution  
Versus MSCI Emerging Markets Gross**

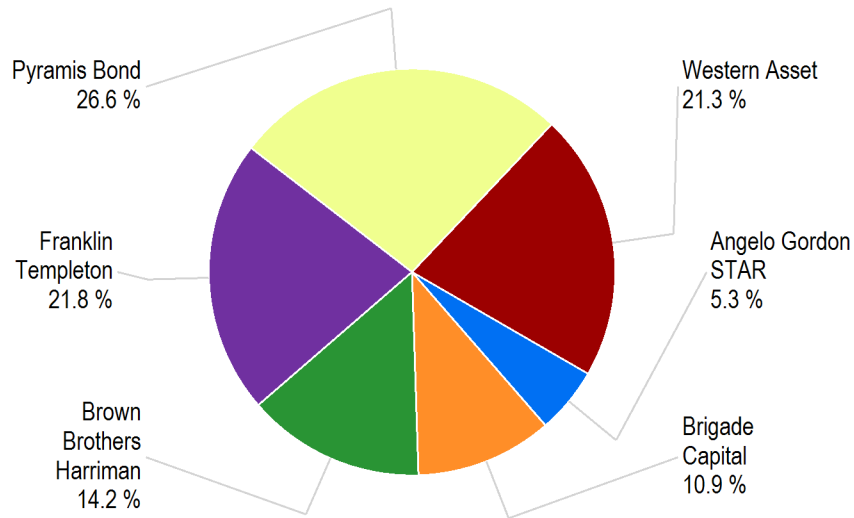
	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>AsiaPacific</b>									
Australia	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
China*	-3.8%	-6.5%	9.9%	18.1%	0.5%	0.2%	0.0%	-0.2%	0.4%
Hong Kong	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
India*	-9.0%	-5.5%	2.3%	6.6%	-0.8%	-0.3%	0.6%	0.5%	0.0%
Indonesia*	-5.8%	-5.8%	3.6%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Korea*	-9.5%	-10.0%	6.7%	14.8%	0.1%	0.3%	0.2%	0.0%	0.5%
Malaysia*	6.1%	6.3%	3.6%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%
New Zealand	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Philippines*	-11.4%	-8.2%	1.8%	1.1%	0.0%	0.0%	0.0%	0.0%	-0.1%
Singapore	-5.1%	-6.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	0.7%	1.7%	6.9%	10.8%	-0.1%	-0.2%	0.0%	0.0%	-0.3%
Thailand*	-0.5%	-7.4%	3.2%	2.8%	0.2%	0.0%	0.0%	0.0%	0.2%
<b>Americas</b>									
Brazil*	-16.9%	-17.3%	6.9%	12.6%	-0.5%	0.3%	0.7%	0.2%	0.8%
Canada	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Chile*	-14.5%	-14.6%	3.4%	2.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Colombia*	-10.2%	-13.2%	1.7%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	-12.3%	-10.9%	7.6%	5.6%	-0.1%	0.0%	0.0%	-0.1%	-0.2%
Peru*	-21.7%	-27.4%	1.8%	0.6%	0.1%	-0.3%	0.0%	0.1%	-0.2%
United States	5.3%	2.6%	0.8%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%

**Eaton Vance Performance Attribution  
Versus MSCI Emerging Markets Gross**

	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Other</b>									
Egypt*	-6.8%	-7.2%	1.6%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Israel	--	--	0.0%	0.0%	--	--	0.0%	--	0.0%
Morocco*	0.5%	-2.6%	0.9%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa*	-7.5%	-7.2%	6.8%	7.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey*	-15.1%	-15.2%	3.6%	2.2%	0.0%	-0.1%	-0.1%	0.0%	-0.2%
Other Countries*	-1.9%	-7.9%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Totals</b>									
Americas	-14.0%	-15.5%	22.7%	21.9%	-0.3%	0.0%	0.6%	0.0%	0.3%
Europe	-5.6%	-6.9%	13.8%	7.8%	-0.1%	0.0%	0.2%	-0.1%	0.0%
Asia/Pacific	-3.2%	-5.1%	38.9%	60.7%	0.8%	-0.3%	0.7%	-0.3%	0.9%
Other	-3.0%	-9.0%	24.3%	9.6%	0.2%	0.3%	-0.1%	0.3%	0.8%
Cash	0.0%	--	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-5.9%</b>	<b>-7.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.5%</b>	<b>0.1%</b>	<b>1.4%</b>	<b>0.0%</b>	<b>2.0%</b>
<b>Totals</b>									
Developed	1.9%	--	12.7%	0.0%	0.0%	0.0%	0.0%	0.8%	0.8%
Emerging*	-7.1%	-7.9%	86.8%	100.0%	-0.3%	0.0%	1.5%	0.0%	1.2%
Other	-1.9%	--	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	--	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

San Mateo County Employees' Retirement Association  
 Manager Allocation Analysis - Total Fixed Income

As of June 30, 2013



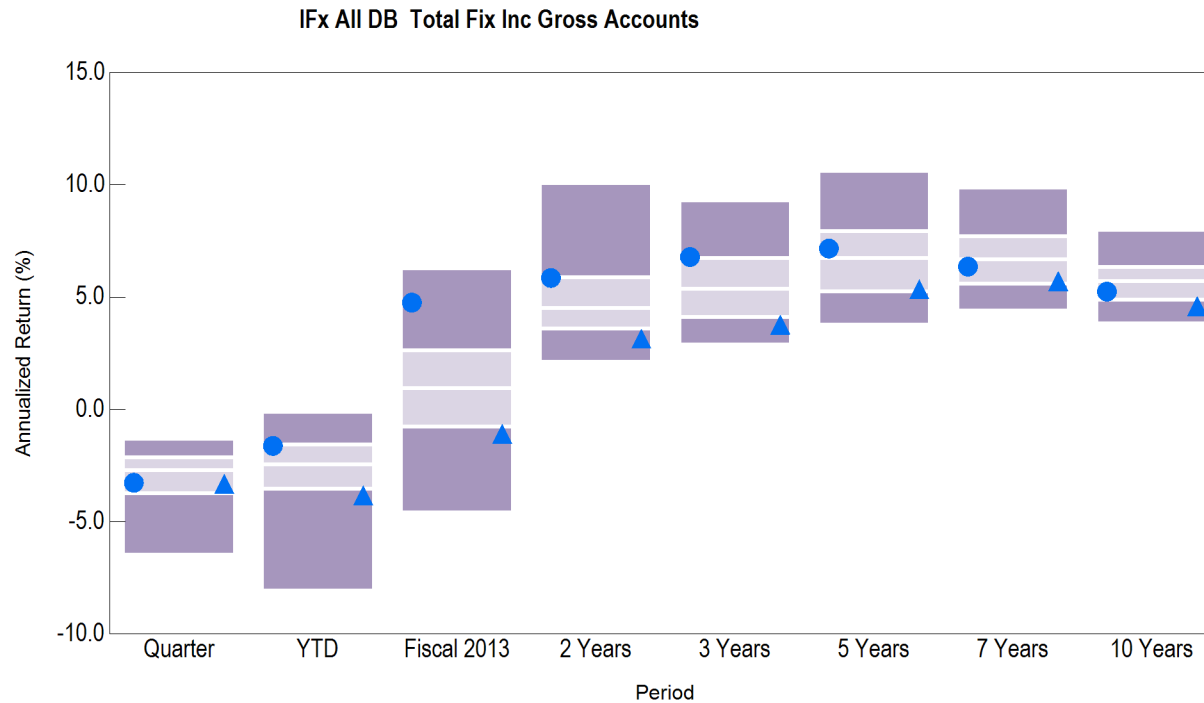
	Actual \$	Actual %	Manager Contribution to Excess Return %
Aberdeen Asset	\$1,727	0.0%	0.0%
Angelo Gordon PPIP	\$19,342	0.0%	0.0%
Angelo Gordon STAR	\$28,799,455	5.3%	0.1%
Brigade Capital	\$59,586,615	10.9%	0.3%
Brown Brother Harriman	\$77,483,932	14.2%	-0.0%
Franklin Templeton	\$119,210,851	21.8%	-0.2%
Pyramis Bond	\$145,588,189	26.6%	-0.0%
Western Asset	\$116,391,104	21.3%	-0.2%
Actual vs. Policy Weight Difference			0.1%
<b>Total</b>	<b>\$547,081,215</b>	<b>100.0%</b>	<b>-0.0%</b>

**Statistics Summary****3 Years**

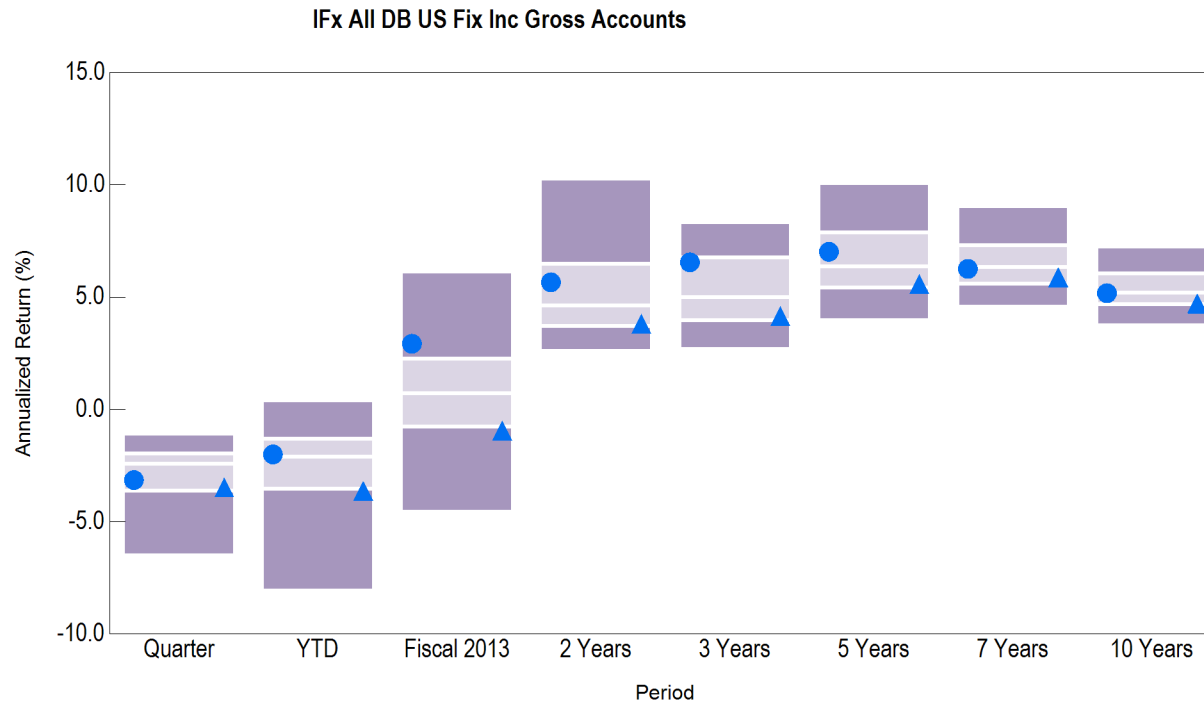
	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
Total Fixed Income	6.8%	4.0%	1.7	1.2	2.5%
Blended Fixed Index	3.8%	3.5%	1.0	--	0.0%
US Fixed Income	6.6%	3.2%	2.0	1.3	1.8%
Blended US Fixed Index	4.2%	3.5%	1.2	--	0.0%
Pyramis Bond	4.9%	2.9%	1.6	1.9	0.7%
Barclays Aggregate	3.5%	2.9%	1.2	--	0.0%
Western Asset	5.9%	4.0%	1.4	0.8	3.2%
Barclays Aggregate	3.5%	2.9%	1.2	--	0.0%

**Statistics Summary****5 Years**

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
Total Fixed Income	7.2%	5.6%	1.3	0.4	4.1%
Blended Fixed Index	5.4%	4.1%	1.3	--	0.0%
US Fixed Income	7.0%	5.3%	1.3	0.4	3.9%
Blended US Fixed Index	5.6%	4.0%	1.3	--	0.0%
Pyramis Bond	6.8%	4.3%	1.5	0.6	2.6%
Barclays Aggregate	5.2%	3.7%	1.3	--	0.0%
Western Asset	7.1%	6.1%	1.1	0.4	4.4%
Barclays Aggregate	5.2%	3.7%	1.3	--	0.0%



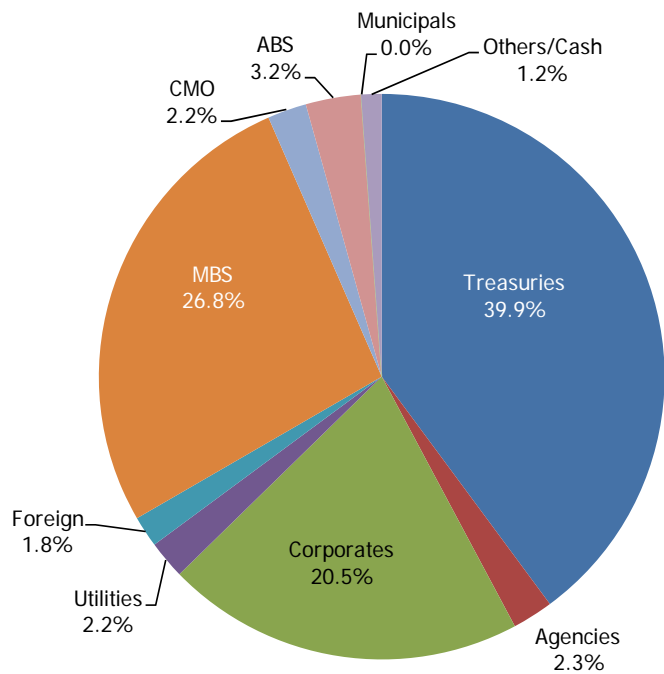
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	-1.3	-0.1	6.3	10.1	9.3	10.6	9.9	8.0
<b>25th Percentile</b>	-2.1	-1.6	2.7	5.9	6.8	8.0	7.7	6.4
<b>Median</b>	-2.7	-2.4	1.0	4.5	5.4	6.8	6.7	5.7
<b>75th Percentile</b>	-3.7	-3.5	-0.8	3.6	4.1	5.3	5.6	4.9
<b>95th Percentile</b>	-6.5	-8.1	-4.6	2.1	2.9	3.8	4.4	3.8
<b># of Portfolios</b>	256	254	250	220	183	166	145	103
<b>● Total Fixed Income</b>	-3.3 (66)	-1.6 (27)	4.8 (11)	5.9 (26)	6.8 (25)	7.2 (40)	6.4 (59)	5.2 (64)
<b>▲ Blended Fixed Index</b>	-3.3 (67)	-3.8 (78)	-1.1 (82)	3.2 (87)	3.8 (80)	5.4 (73)	5.7 (74)	4.6 (86)



	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	-1.1	0.4	6.1	10.3	8.3	10.1	9.0	7.2
<b>25th Percentile</b>	-1.9	-1.3	2.3	6.5	6.8	7.9	7.3	6.1
<b>Median</b>	-2.4	-2.1	0.7	4.6	5.0	6.4	6.4	5.2
<b>75th Percentile</b>	-3.6	-3.5	-0.8	3.7	4.0	5.4	5.6	4.7
<b>95th Percentile</b>	-6.5	-8.1	-4.6	2.6	2.7	4.0	4.6	3.8
<b># of Portfolios</b>	443	443	439	404	361	326	290	230
<b>● US Fixed Income</b>	-3.2 (70)	-2.0 (47)	2.9 (20)	5.7 (33)	6.6 (29)	7.0 (37)	6.3 (55)	5.2 (53)
<b>▲ Blended US Fixed Index</b>	-3.5 (74)	-3.6 (76)	-1.0 (78)	3.8 (74)	4.2 (70)	5.6 (73)	5.9 (71)	4.7 (75)

San Mateo County Employees' Retirement Association  
Fixed Income Sector Allocation – US Fixed Income

As of June 30, 2013



Sector*	Account Weight	BC Aggregate Weight	Difference
Treasuries	39.9%	36.5%	3.3%
Agencies	2.3%	4.7%	-2.3%
Corporates	20.5%	19.0%	1.4%
Utilities	2.2%	2.4%	-0.2%
Foreign	1.8%	4.9%	-3.1%
MBS	26.8%	31.1%	-4.3%
CMO	2.2%	0.0%	2.2%
ABS	3.2%	0.4%	2.8%
Municipals	0.0%	1.0%	-1.0%
Others/Cash	1.2%	0.0%	1.2%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

\* Sector Allocation exclude Angelo Gordon STAR Fund and Brigade Capital Management.



Bond Summary Statistics – US Fixed Income

As of June 30, 2013

Portfolio Characteristics*		Portfolio
Total Number of Securities		
Total Market Value	\$	339,463,225
Current Coupon		3.22
Yield to Maturity		2.43
Average Life		5.93
Duration		6.27
Quality		AA-

BC Aggregate
3.40
2.25
6.88
5.09
Aa2

Yield to Maturity	
Range	% Held
0.0 - 5.0	n/a
5.0 - 7.0	n/a
7.0 - 9.0	n/a
9.0 - 11.0	n/a
11.0 - 13.0	n/a
13.0+	n/a
Unclassified	n/a

Average Life	
Range	% Held
0.0 - 1.0	3.3
1.0 - 3.0	13.5
3.0 - 5.0	27.3
5.0 - 10.0	42.6
10.0 - 20.0	7.1
20.0+	6.0
Unclassified	0.2

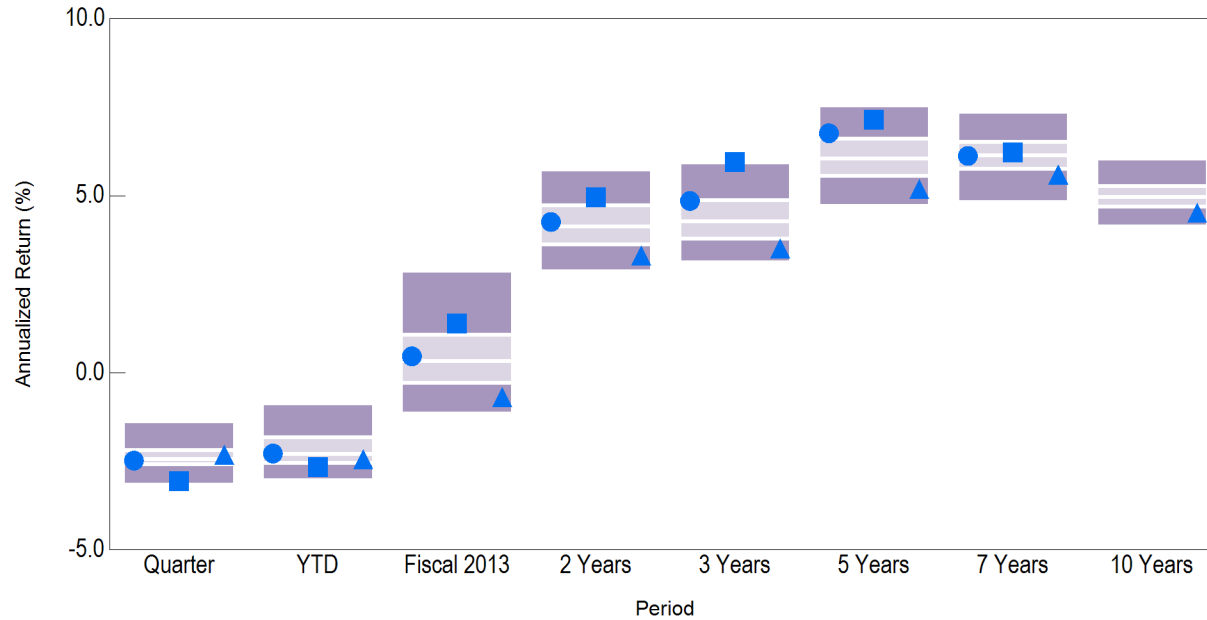
Duration	
Range	% Held
0.0 - 1.0	13.5
1.0 - 3.0	13.5
3.0 - 5.0	29.7
5.0 - 7.0	28.4
7.0 - 10.0	9.7
10.0+	7.5
Unclassified	-2.3

Quality	
Range	% Held
Govt (10)	39.0
Aaa (10)	31.9
Aa (9)	4.0
A (8)	5.8
Baa (7)	11.4
Below Baa (6-1)	2.9
Other	5.0

Coupon	
Range	% Held
0.0 - 5.0	76.5
5.0 - 7.0	18.9
7.0 - 9.0	3.9
9.0 - 11.0	0.5
11.0 - 13.0	0.1
13.0+	0.0
Unclassified	0.0

\* Characteristics exclude Angelo Gordon STAR Fund and Brigade Capital Management.

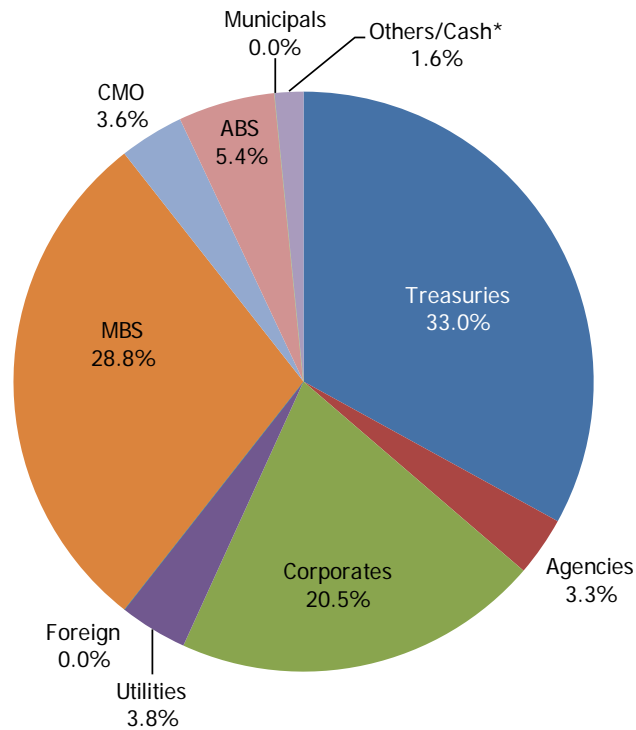
eA US Core Fixed Inc Gross Accounts



	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	-1.4	-0.9	2.9	5.7	5.9	7.5	7.4	6.0
<b>25th Percentile</b>	-2.2	-1.8	1.1	4.7	4.9	6.6	6.5	5.3
<b>Median</b>	-2.4	-2.3	0.3	4.1	4.3	6.1	6.2	5.0
<b>75th Percentile</b>	-2.6	-2.5	-0.3	3.6	3.8	5.6	5.8	4.7
<b>95th Percentile</b>	-3.1	-3.0	-1.1	2.9	3.1	4.7	4.8	4.1
<b># of Portfolios</b>	213	213	213	213	210	205	193	179
<b>● Pyramis Bond</b>	-2.5 (62)	-2.3 (52)	0.5 (45)	4.3 (44)	4.9 (27)	6.8 (21)	6.1 (53)	-- (--)
<b>■ Western Asset</b>	-3.1 (95)	-2.7 (85)	1.4 (20)	5.0 (15)	5.9 (5)	7.1 (9)	6.2 (48)	-- (--)
<b>▲ Barclays Aggregate</b>	-2.3 (38)	-2.4 (66)	-0.7 (87)	3.3 (86)	3.5 (88)	5.2 (90)	5.6 (84)	4.5 (87)

Fixed Income Sector Allocation – Pyramis Broad Market Duration Pool

As of June 30, 2013



Sector	Account Weight	BC Aggregate Weight	Difference
Treasuries	33.0%	36.5%	-3.5%
Agencies	3.3%	4.7%	-1.4%
Corporates	20.5%	19.0%	1.5%
Utilities	3.8%	2.4%	1.4%
Foreign	0.0%	4.9%	-4.9%
MBS	28.8%	31.1%	-2.3%
CMO	3.6%	0.0%	3.6%
ABS	5.4%	0.4%	5.0%
Municipals	0.0%	1.0%	-1.0%
Others/Cash*	1.6%	0.0%	1.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

\* May include Derivatives, Futures, Swaps, Credit Default Swaps, Total Return Swaps or Currency Contracts.

Bond Summary Statistics – Pyramis Broad Market Duration Pool

As of June 30, 2013

Portfolio Characteristics		
	Portfolio	
Total Number of Securities		
Total Market Value	\$	145,588,189
Current Coupon		3.29
Yield to Maturity		2.69
Average Life		7.29
Duration		5.47
Quality		AA

BC Aggregate	
	3.40
	2.25
	6.88
	5.09
	Aa2

Yield to Maturity	
Range	% Held
0.0 - 5.0	n/a
5.0 - 7.0	n/a
7.0 - 9.0	n/a
9.0 - 11.0	n/a
11.0 - 13.0	n/a
13.0+	n/a
Unclassified	n/a

Average Life	
Range	% Held
0.0 - 1.0	3.1
1.0 - 3.0	13.8
3.0 - 5.0	25.4
5.0 - 10.0	46.9
10.0 - 20.0	2.6
20.0+	7.7
Unclassified	0.5

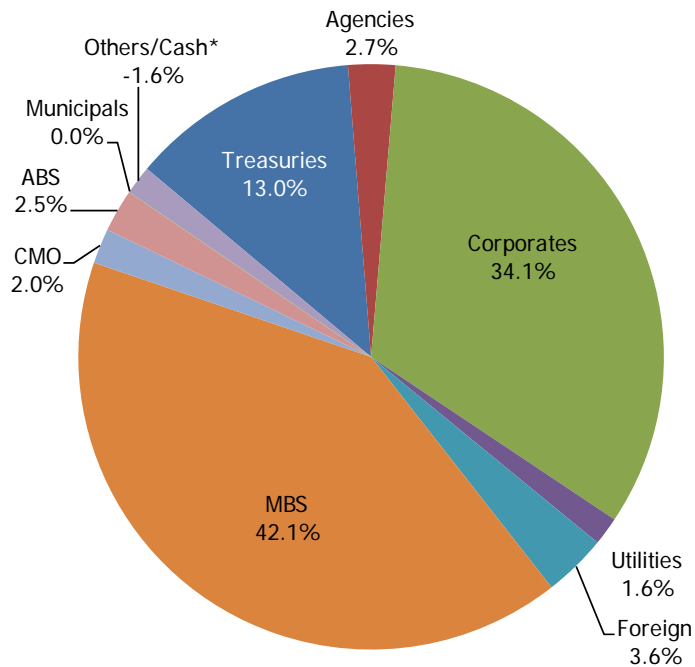
Duration	
Range	% Held
0.0 - 1.0	12.5
1.0 - 3.0	19.0
3.0 - 5.0	31.0
5.0 - 7.0	28.2
7.0 - 10.0	6.0
10.0+	8.7
Unclassified	-5.3

Quality	
Range	% Held
Govt (10)	0.0
Aaa (10)	69.7
Aa (9)	1.9
A (8)	11.4
Baa (7)	16.0
Below Baa (6-1)	0.0
Other	1.0

Coupon	
Range	% Held
0.0 - 5.0	74.3
5.0 - 7.0	22.0
7.0 - 9.0	3.3
9.0 - 11.0	0.4
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0

San Mateo County Employees' Retirement Association  
 Fixed Income Sector Allocation – Western Asset

As of June 30, 2013



Sector	Account Weight	BC Aggregate Weight	Difference
Treasuries	13.0%	36.5%	-23.4%
Agencies	2.7%	4.7%	-2.0%
Corporates	34.1%	19.0%	15.1%
Utilities	1.6%	2.4%	-0.8%
Foreign	3.6%	4.9%	-1.3%
MBS	42.1%	31.1%	11.0%
CMO	2.0%	0.0%	2.0%
ABS	2.5%	0.4%	2.1%
Municipals	0.0%	1.0%	-1.0%
Others/Cash*	-1.6%	0.0%	-1.7%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.1%</b>

\* 2.0% Western Asset Opportunistic Invest Grade, -4.7% Short Term Securities

Bond Summary Statistics – Western Asset

As of June 30, 2013

Portfolio Characteristics		Portfolio
Total Number of Securities		568
Total Market Value	\$	116,391,104
Current Coupon		4.13
Yield to Maturity		3.60
Average Life		8.19
Duration		5.93
Quality		AA-

BC Aggregate	
Current Coupon	3.40
Yield to Maturity	2.25
Average Life	6.88
Duration	5.09
Quality	Aa2

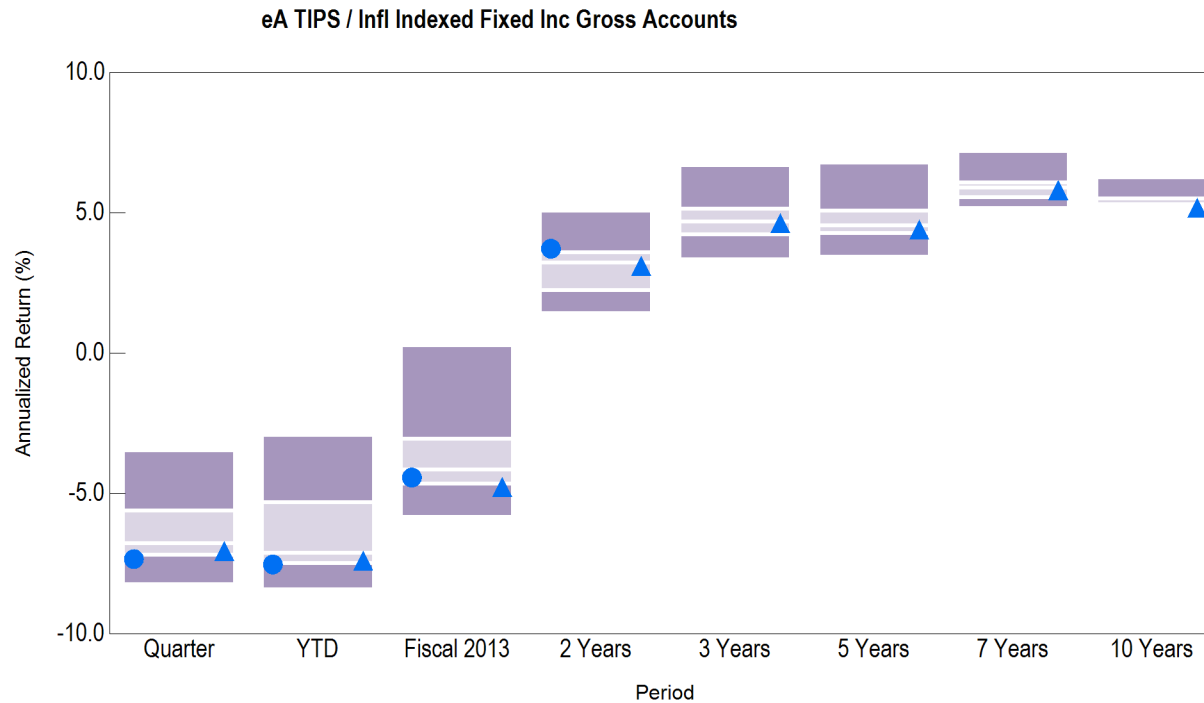
Yield to Maturity	
Range	% Held
0.0 - 5.0	n/a
5.0 - 7.0	n/a
7.0 - 9.0	n/a
9.0 - 11.0	n/a
11.0 - 13.0	n/a
13.0+	n/a
Unclassified	n/a

Average Life	
Range	% Held
0.0 - 1.0	-1.7
1.0 - 3.0	10.6
3.0 - 5.0	25.7
5.0 - 10.0	50.0
10.0 - 20.0	7.6
20.0+	7.7
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	8.7
1.0 - 3.0	11.8
3.0 - 5.0	25.8
5.0 - 7.0	27.3
7.0 - 10.0	15.5
10.0+	10.9
Unclassified	0.00

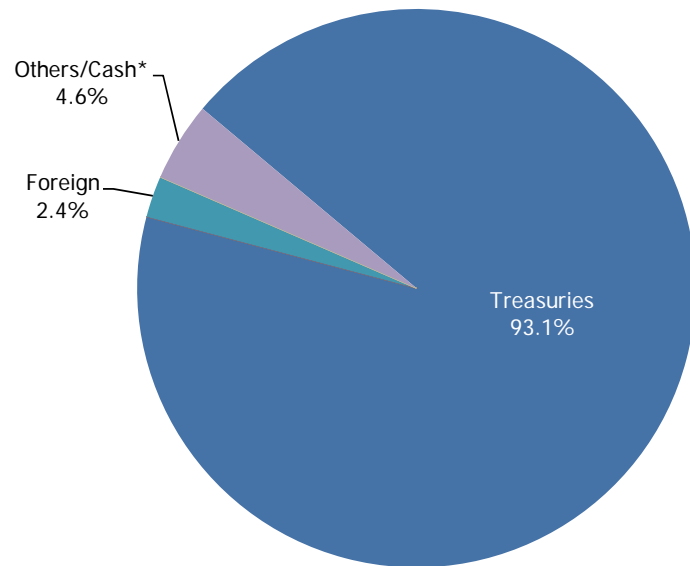
Quality	
Range	% Held
Govt (10)	51.7
Aaa (10)	4.4
Aa (9)	9.4
A (8)	2.6
Baa (7)	13.2
Below Baa (6-1)	8.4
Other	10.4

Coupon	
Range	% Held
0.0 - 5.0	63.8
5.0 - 7.0	27.7
7.0 - 9.0	7.4
9.0 - 10.0	1.0
10.0+	0.2
Unclassified	0.0



	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	-3.5	-2.9	0.3	5.1	6.7	6.8	7.2	6.3
<b>25th Percentile</b>	-5.6	-5.3	-3.0	3.6	5.2	5.1	6.1	5.5
<b>Median</b>	-6.8	-7.1	-4.1	3.2	4.7	4.6	5.9	5.3
<b>75th Percentile</b>	-7.2	-7.5	-4.6	2.3	4.2	4.3	5.6	5.3
<b>95th Percentile</b>	-8.2	-8.4	-5.8	1.4	3.4	3.4	5.2	5.2
<b># of Portfolios</b>	38	38	38	38	36	33	27	18
<b>● Brown Brothers Harriman</b>	-7.3 (80)	-7.5 (77)	-4.4 (59)	3.7 (21)	-- (--)	-- (--)	-- (--)	-- (--)
<b>▲ Barclays US TIPS</b>	-7.1 (67)	-7.4 (67)	-4.8 (82)	3.1 (61)	4.6 (60)	4.4 (66)	5.8 (62)	5.2 (83)

As of June 30, 2013



Sector	Account Weight	ML TIPS Index	Difference
Treasuries	93.1%	100.0%	-6.8%
Agencies	0.0%	0.0%	0.0%
Corporates	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Foreign	2.4%	0.0%	2.4%
MBS	0.0%	0.0%	0.0%
CMO	0.0%	0.0%	0.0%
ABS	0.0%	0.0%	0.0%
Municipals	0.0%	0.0%	0.0%
Others/Cash*	4.6%	0.0%	4.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.2%</b>

\* May include Derivatives, Futures, Swaps, Credit Default Swaps, Total Return Swaps or Currency Contracts.



Bond Summary Statistics – Brown Brothers Harriman

As of June 30, 2013

Portfolio Characteristics		Portfolio
Total Number of Securities		12
Total Market Value	\$	77,483,932
Current Coupon		1.70
Yield to Maturity		0.17
Average Life		
Duration		8.28
Quality		AAA

ML TIPS	
Total Number of Securities	34
Total Market Value	N/A
Current Coupon	1.50
Yield to Maturity	0.09
Average Life	
Duration	8.22
Quality	AAA

Yield to Maturity	
Range	% Held
0.0 - 5.0	100.0
5.0 - 7.0	n/a
7.0 - 9.0	n/a
9.0 - 11.0	n/a
11.0 - 13.0	n/a
13.0+	n/a
Unclassified	n/a

Average Life	
Range	% Held
0.0 - 3.0	11.2
3.0 - 5.0	17.3
5.0 - 10.0	33.3
10.0- 15.0	23.5
15.0+	14.8
Unclassified	0.0

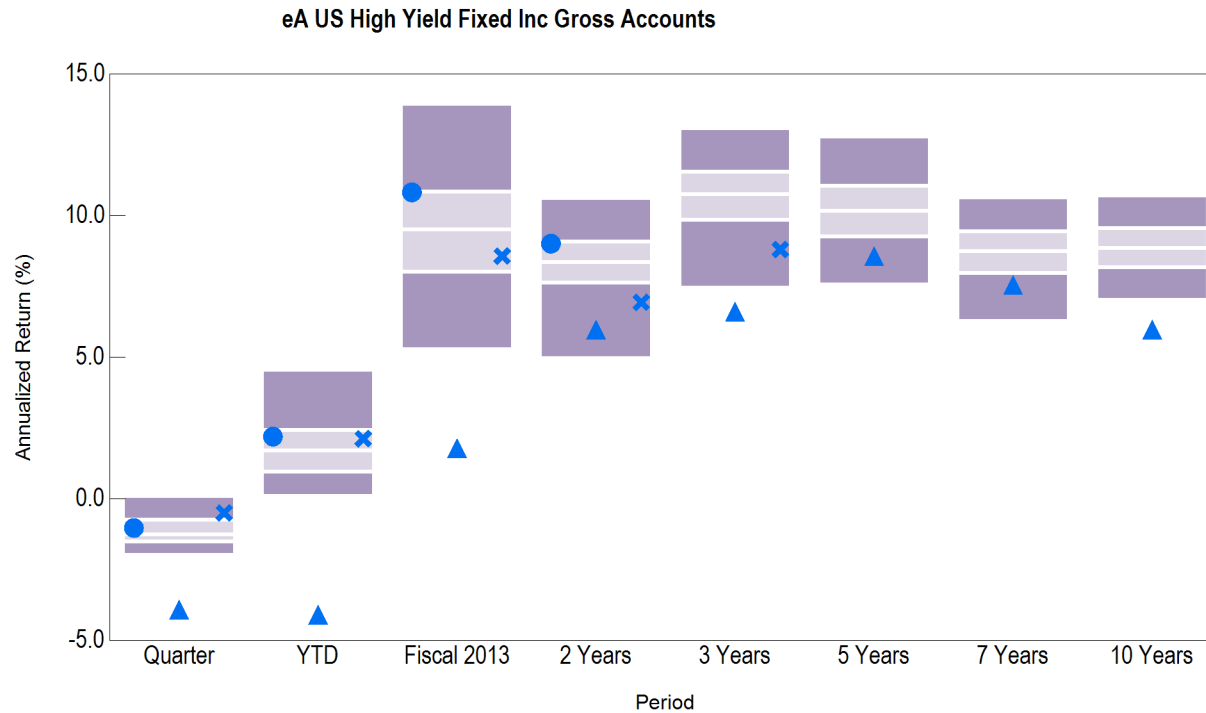
Duration	
Range	% Held
0.0 - 3.0	22.8
3.0 - 5.0	5.8
5.0 - 10.0	33.3
10.0- 15.0	30.2
15.0+	8.0
Unclassified	0.0

Quality	
Range	% Held
Govt (10)	93.1
Aaa (10)	2.4
Aa (9)	0.0
A (8)	0.0
Baa (7)	0.0
Below Baa (6-1)	0.0
Other	4.6

Coupon	
Range	% Held
0.0 - 5.0	100.0
5.0 - 7.0	0.0
7.0 - 9.0	0.0
9.0 - 11.0	0.0
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0

Total Returns - High Yield Fixed Inc

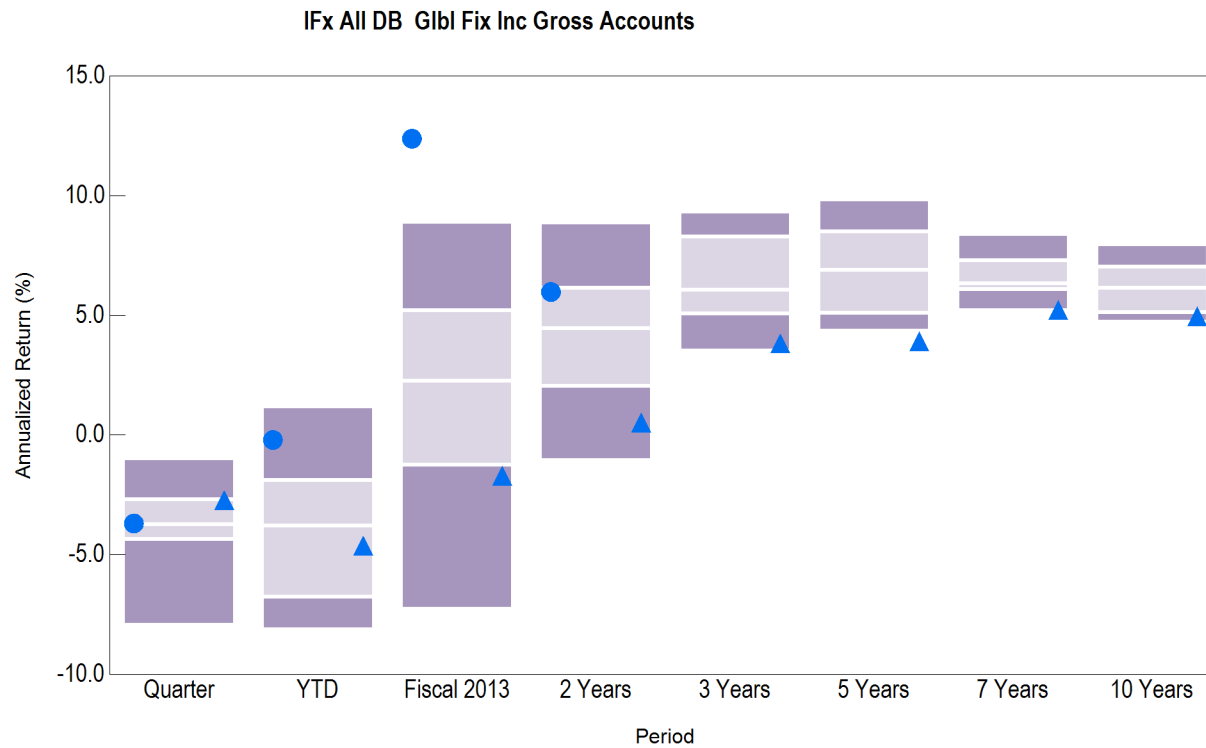
Periods Ending June 30, 2013



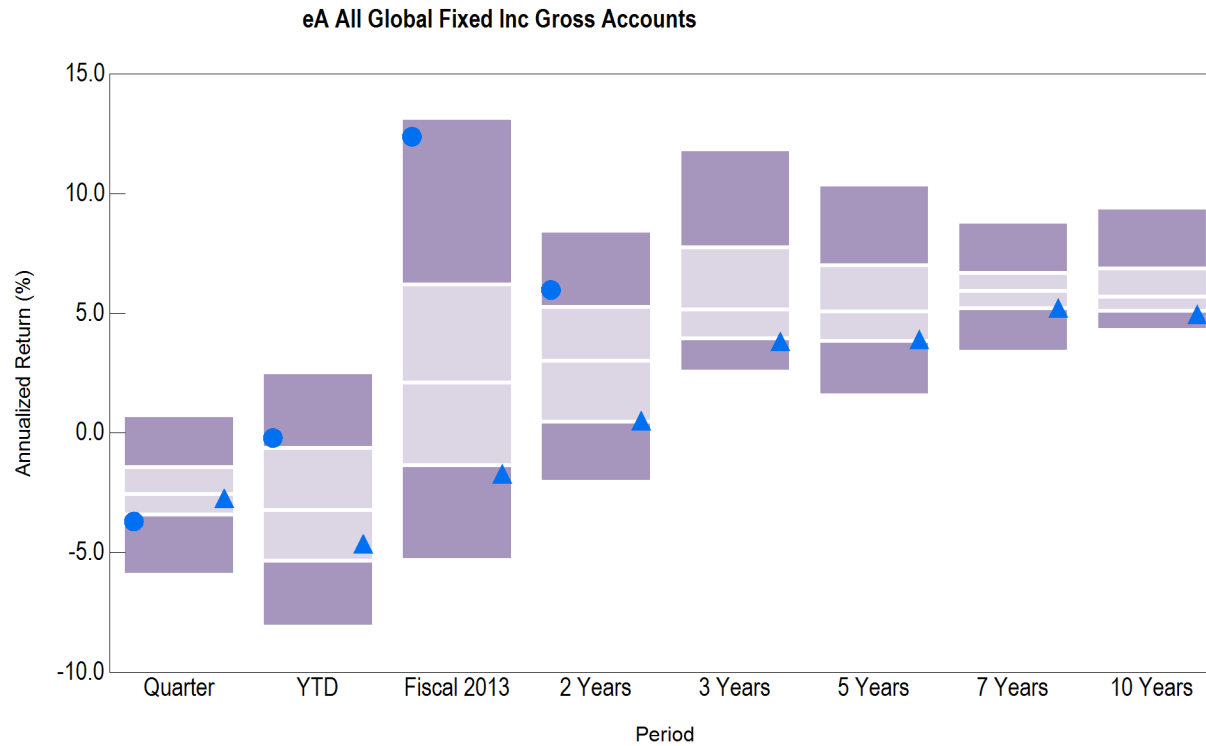
	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	0.1	4.5	14.0	10.6	13.1	12.8	10.6	10.7
25th Percentile	-0.7	2.4	10.9	9.1	11.6	11.1	9.5	9.6
Median	-1.2	1.7	9.5	8.4	10.8	10.2	8.8	8.9
75th Percentile	-1.5	1.0	8.0	7.7	9.9	9.3	8.0	8.2
95th Percentile	-2.0	0.1	5.3	5.0	7.5	7.6	6.3	7.0
# of Portfolios	121	121	121	116	110	104	98	85
● Brigade Capital	-1.0 (39)	2.2 (34)	10.8 (26)	9.0 (30)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Barclays Credit BAA	-3.9 (99)	-4.1 (99)	1.8 (99)	6.0 (92)	6.6 (97)	8.6 (85)	7.5 (85)	6.0 (99)
✕ 50% Barclays HY/ 50% Bank Loan	-0.5 (18)	2.1 (35)	8.6 (70)	6.9 (87)	8.8 (92)	-- (--)	-- (--)	-- (--)

Total Returns - Global Fixed Income

Periods Ending June 30, 2013



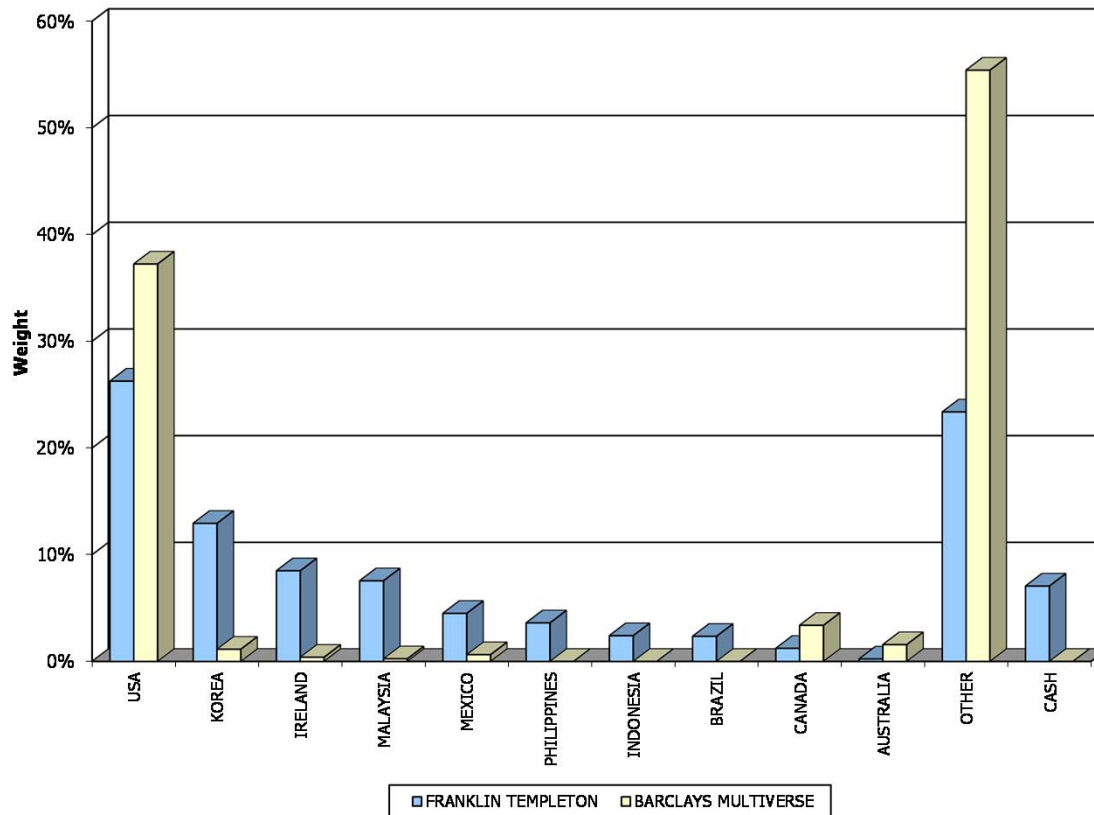
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>Return (Rank)</b>								
5th Percentile	-1.0	1.2	8.9	8.9	9.3	9.8	8.4	8.0
25th Percentile	-2.7	-1.9	5.2	6.2	8.3	8.5	7.3	7.1
Median	-3.7	-3.8	2.3	4.5	6.1	6.9	6.4	6.2
75th Percentile	-4.3	-6.7	-1.2	2.1	5.1	5.1	6.1	5.1
95th Percentile	-7.9	-8.1	-7.2	-1.0	3.5	4.4	5.2	4.7
# of Portfolios	36	36	35	33	26	24	18	11
● Global Fixed Income	-3.7 (49)	-0.2 (12)	12.4 (3)	6.0 (29)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Barclays Multi-verse	-2.7 (27)	-4.6 (61)	-1.7 (79)	0.5 (85)	3.8 (88)	3.9 (99)	5.2 (96)	5.0 (78)



	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	0.7	2.5	13.2	8.5	11.8	10.4	8.8	9.4
<b>25th Percentile</b>	-1.4	-0.6	6.2	5.3	7.8	7.0	6.7	6.9
<b>Median</b>	-2.5	-3.2	2.1	3.0	5.2	5.1	6.0	5.7
<b>75th Percentile</b>	-3.4	-5.3	-1.3	0.5	4.0	3.9	5.2	5.1
<b>95th Percentile</b>	-5.9	-8.1	-5.3	-2.0	2.6	1.6	3.4	4.3
<b># of Portfolios</b>	195	195	195	189	177	155	122	91
<b>● Franklin Templeton</b>	-3.7 (83)	-0.2 (23)	12.4 (8)	6.0 (21)	-- (--)	-- (--)	-- (--)	-- (--)
<b>▲ Barclays Multi-verse</b>	-2.7 (55)	-4.6 (66)	-1.7 (78)	0.5 (74)	3.8 (79)	3.9 (75)	5.2 (76)	5.0 (79)

Portfolio Country Weights – Franklin Templeton

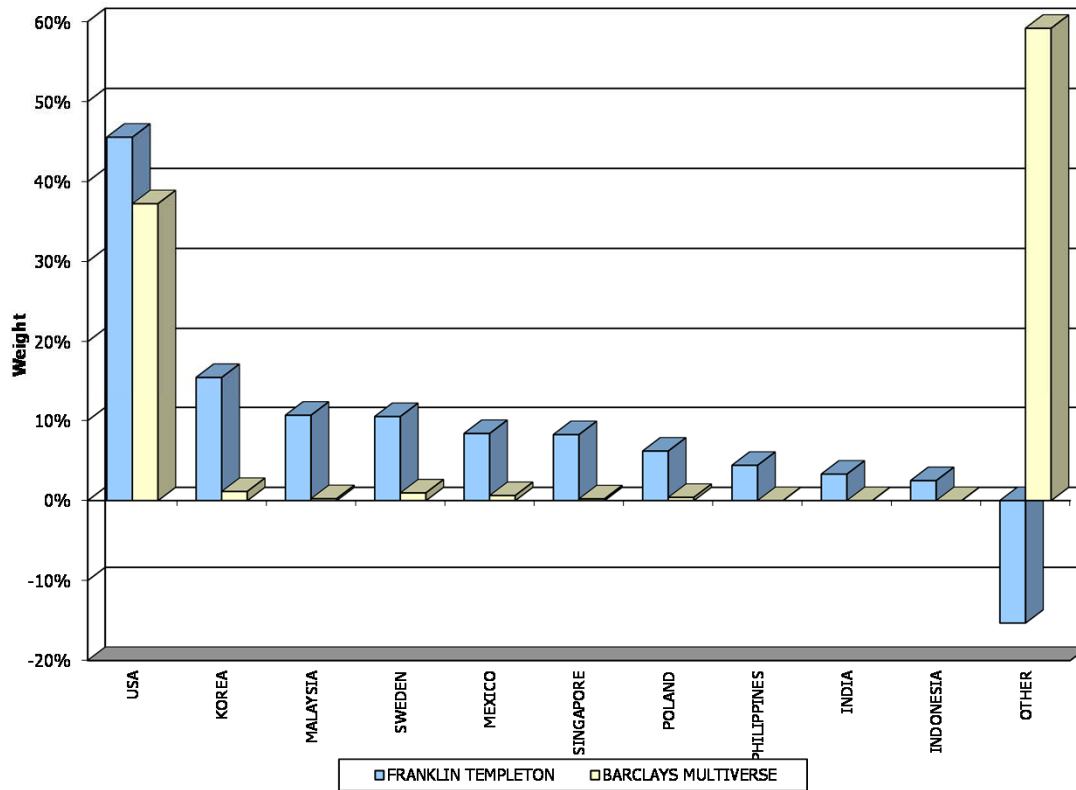
As of June 30, 2013



COUNTRY	MARKET VALUE	FRANKLIN TEMPLETON	BARCLAYS MULTIVERSE	DIFF
USA	\$ 31,314	26.3%	37.2%	-11.0%
KOREA	\$ 15,424	12.9%	1.1%	+11.8%
IRELAND	\$ 10,124	8.5%	0.4%	+8.1%
MALAYSIA	\$ 9,004	7.6%	0.2%	+7.3%
MEXICO	\$ 5,366	4.5%	0.6%	+3.9%
PHILIPPINES	\$ 4,301	3.6%		+3.6%
INDONESIA	\$ 2,871	2.4%		+2.4%
BRAZIL	\$ 2,801	2.3%		+2.3%
CANADA	\$ 1,455	1.2%	3.4%	-2.2%
AUSTRALIA	\$ 267	0.2%	1.6%	-1.3%
OTHER	\$ 27,869	23.4%	55.4%	-32.0%
CASH	\$ 8,416	7.1%	0.0%	+7.1%
	\$ 119,211	100.0%	100.0%	0.0%

Portfolio Currency Exposures – Franklin Templeton

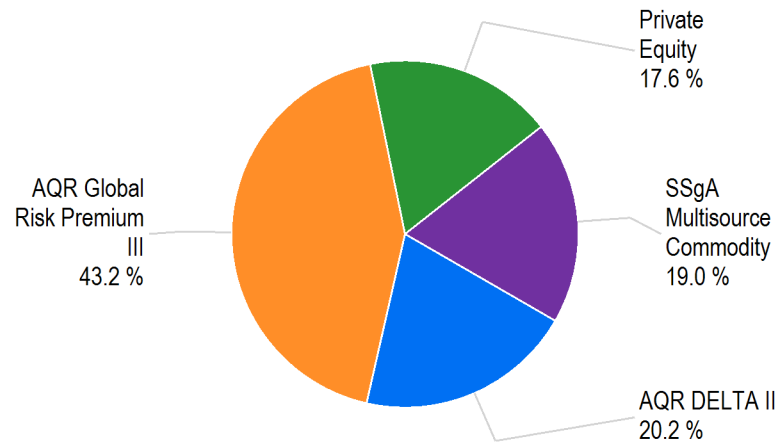
As of June 30, 2013



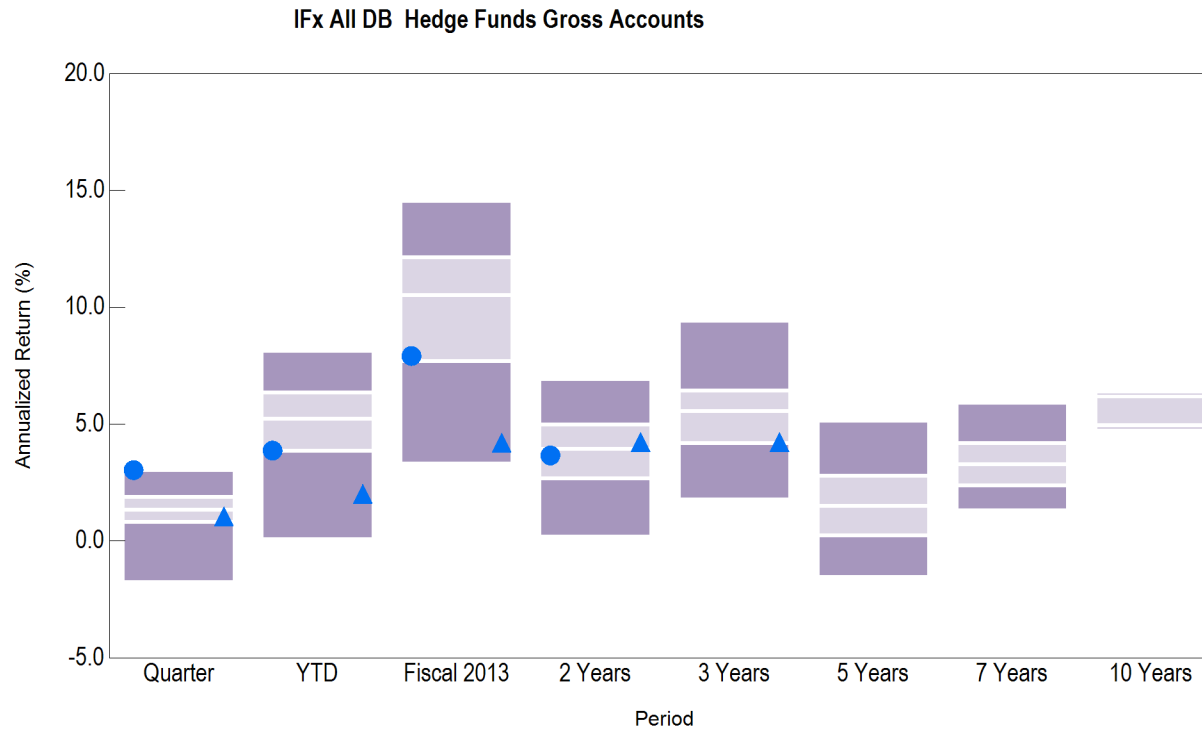
CURRENCY	MARKET VALUE	FRANKLIN TEMPLETON	BARCLAYS MULTIVERSE	DIFF
USA	\$ 54,310	45.6%	37.2%	+8.3%
KOREA	\$ 18,502	15.5%	1.1%	+14.4%
MALAYSIA	\$ 12,727	10.7%	0.2%	+10.4%
SWEDEN	\$ 12,530	10.5%	1.0%	+9.6%
MEXICO	\$ 10,001	8.4%	0.6%	+7.8%
SINGAPORE	\$ 9,833	8.2%	0.2%	+8.0%
POLAND	\$ 7,384	6.2%	0.4%	+5.8%
PHILIPPINES	\$ 5,257	4.4%		+4.4%
INDIA	\$ 3,943	3.3%		+3.3%
INDONESIA	\$ 2,977	2.5%		+2.5%
OTHER	\$ (18,253)	-15.3%	59.2%	-74.5%
	\$ 119,211	100.0%	100.0%	0.0%

Manager Allocation Analysis - Alternatives

As of June 30, 2013

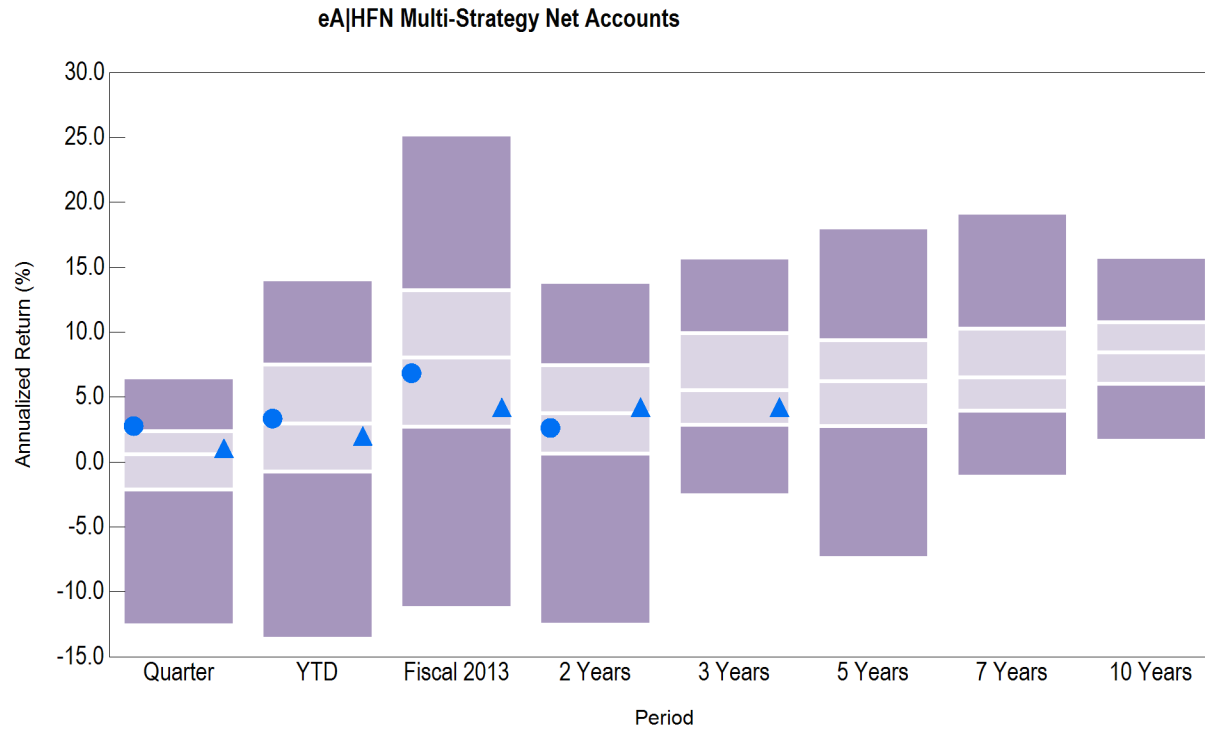


	Actual \$	Actual %	Manager Contribution to Excess Return %
AQR DELTA II	\$73,717,734	20.2%	0.4%
AQR Global Risk Premium III	\$157,444,018	43.2%	-4.9%
Private Equity	\$64,184,329	17.6%	-0.3%
SSgA Mutisource Commodity	\$69,083,062	19.0%	0.5%
Actual vs. Policy Weight Difference			2.0%
<b>Total</b>	<b>\$364,429,143</b>	<b>100.0%</b>	<b>-2.3%</b>



	Return (Rank)										
<b>5th Percentile</b>	3.0	8.1	14.5	6.9	9.4	5.1	5.9	6.4			
<b>25th Percentile</b>	1.9	6.4	12.2	5.0	6.4	2.8	4.2	6.2			
<b>Median</b>	1.4	5.2	10.5	4.0	5.6	1.5	3.3	5.0			
<b>75th Percentile</b>	0.8	3.9	7.7	2.7	4.2	0.3	2.4	4.7			
<b>95th Percentile</b>	-1.7	0.1	3.3	0.2	1.8	-1.5	1.3	4.6			
<b># of Portfolios</b>	215	215	215	204	156	112	59	5			
<b>● Hedge Fund</b>	3.0 (6)	3.9 (76)	7.9 (74)	3.7 (60)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
<b>▲ Libor 1 month +4%</b>	1.1 (62)	2.0 (90)	4.2 (94)	4.2 (43)	4.2 (75)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)



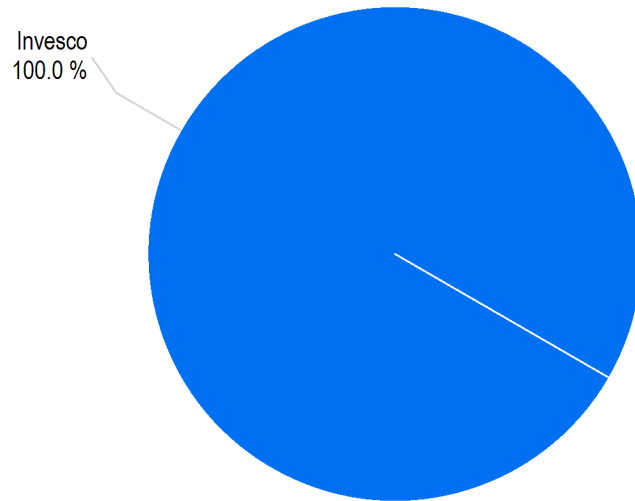


	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	6.5	14.1	25.2	13.8	15.7	18.0	19.2	15.8
25th Percentile	2.4	7.5	13.2	7.5	10.0	9.4	10.3	10.8
Median	0.6	3.0	8.1	3.8	5.6	6.3	6.6	8.5
75th Percentile	-2.1	-0.7	2.8	0.7	2.9	2.8	4.0	6.1
95th Percentile	-12.5	-13.6	-11.2	-12.5	-2.6	-7.4	-1.1	1.7
# of Portfolios	156	156	151	138	111	86	62	38
● AQR DELTA II	2.8 (17)	3.4 (48)	6.8 (55)	2.6 (60)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Libor 1 month +4%	1.1 (45)	2.0 (61)	4.2 (70)	4.2 (47)	4.2 (66)	-- (--)	-- (--)	-- (--)

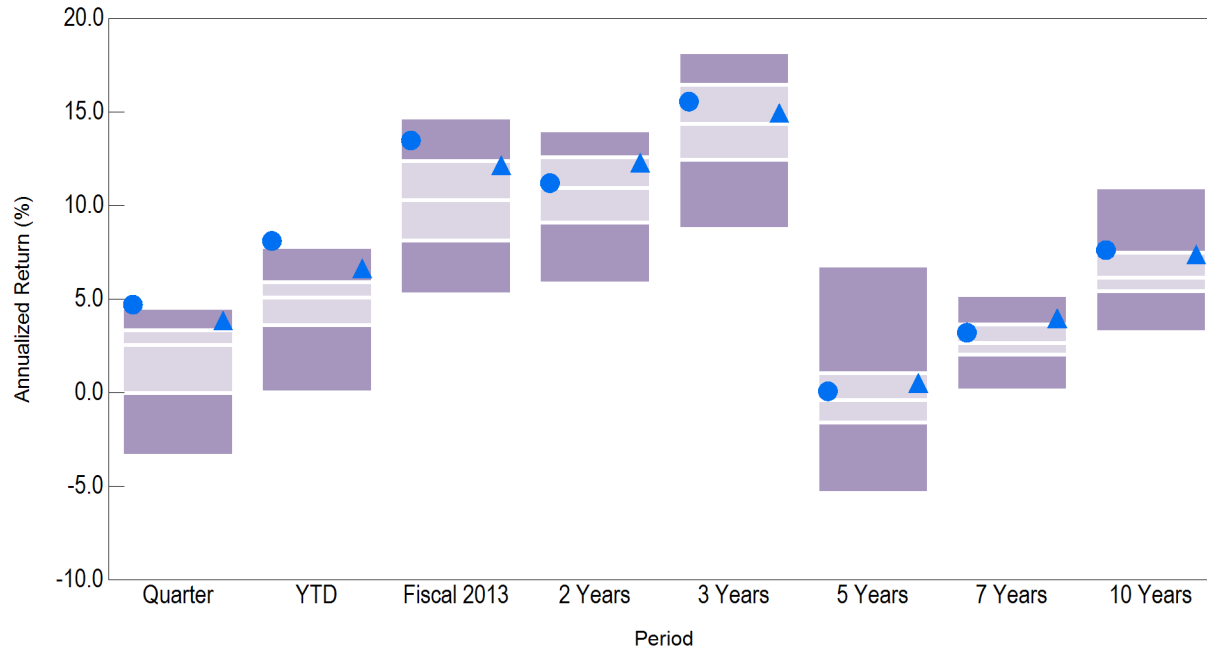
Manager Allocation Analysis - Real Estate

As of June 30, 2013

	Actual \$	Actual %
Invesco	\$166,154,482	100.0%
Total	\$166,154,482	



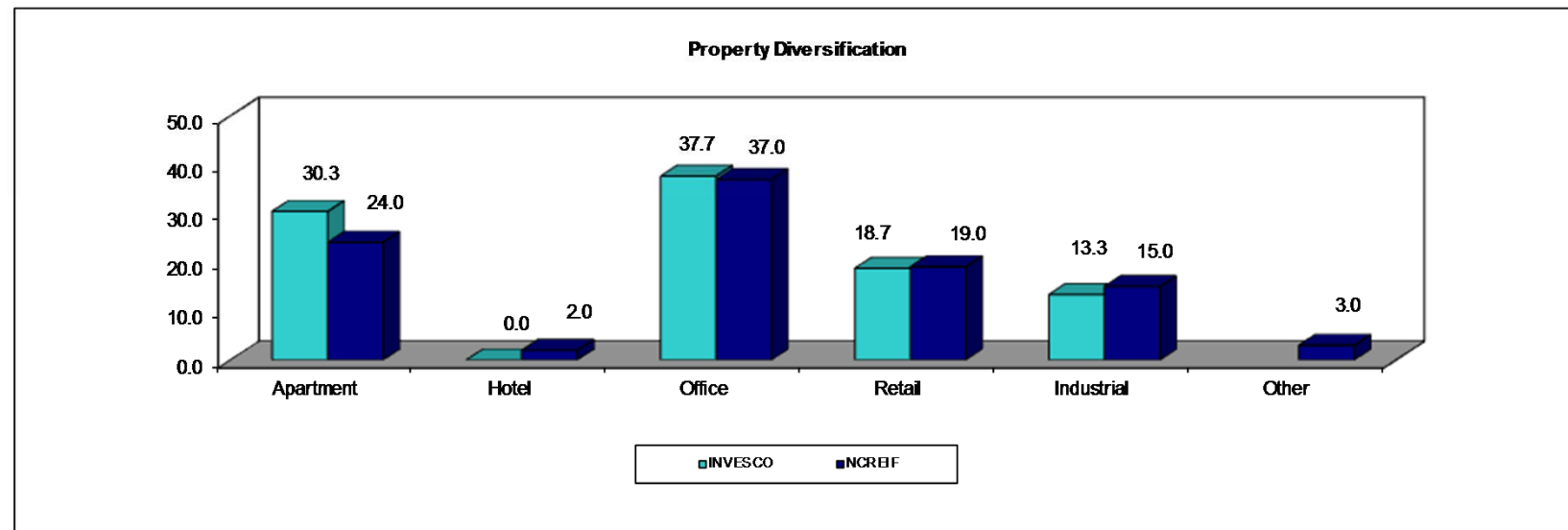
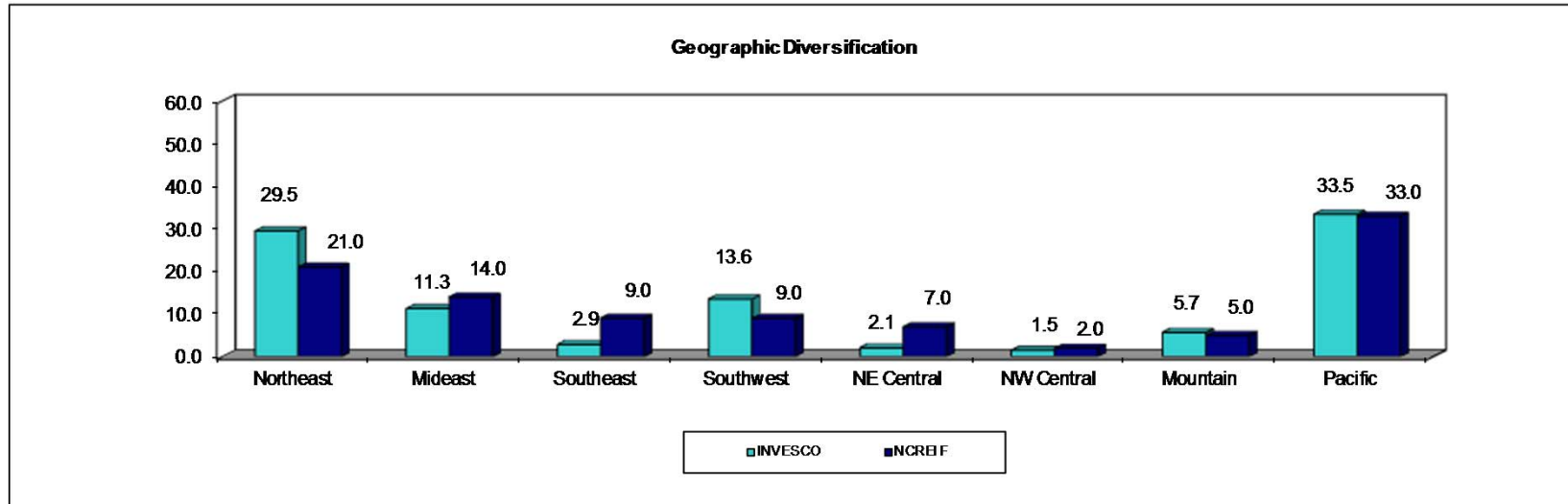
IFx All DB Real Estate Gross Accounts



	Return (Rank)							
	Quarter	YTD	Fiscal 2013	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	4.5	7.8	14.7	14.0	18.2	6.8	5.2	11.0
<b>25th Percentile</b>	3.4	5.9	12.4	12.6	16.5	1.1	3.7	7.5
<b>Median</b>	2.6	5.1	10.3	11.0	14.4	-0.4	2.7	6.2
<b>75th Percentile</b>	0.0	3.6	8.1	9.1	12.5	-1.6	2.1	5.5
<b>95th Percentile</b>	-3.3	0.0	5.3	5.9	8.8	-5.3	0.1	3.2
<b># of Portfolios</b>	118	118	116	106	103	92	78	41
<b>● Real Estate</b>	4.7 (1)	8.1 (2)	13.5 (18)	11.2 (44)	15.6 (34)	0.1 (42)	3.2 (34)	7.6 (23)
<b>▲ NCREIF ODCE</b>	3.9 (13)	6.6 (17)	12.2 (26)	12.3 (29)	15.0 (47)	0.5 (30)	4.0 (21)	7.4 (26)

Real Estate Diversification Analysis – INVESCO Core Real Estate

As of June 30, 2013



Real Estate Valuation Analysis – INVESCO Core Real Estate

Second Quarter 2013

Property Name	MSA	Prior Quarter Carry Value	Current Quarter Carry Value	Net Market Value	Added to Fund	Last Valuation Date	SamCERA ownership as of 6/30/2013 3.48%
<b>APARTMENTS</b>							
Seneca Village	Portland-Vancv OR-WA	\$41,000,000	\$41,800,000	\$41,800,000	2Q04	June-13	\$1,456,282
Grandeville at the Commons	South Kingstown, RI	\$46,900,000	\$47,000,000	\$47,000,000	3Q05	June-13	\$1,637,447
Broadstone at Foothills	San Bernardino, CA	\$25,600,000	\$0	\$0	1Q06	Sold - 2Q13	\$0
Milestone Apt. Portfolio	Various States - South	\$54,883,142	\$53,410,602	\$53,410,602	2Q06	N/A	\$1,860,787
Stoneridge	Pleasanton, CA	\$159,600,000	\$163,000,000	\$163,000,000	4Q06	June-13	\$5,678,804
Sterling Parc Apartments	Cedar Knolls, NJ	\$88,700,000	\$90,400,000	\$90,400,000	2Q07	June-13	\$3,149,472
Millington at Merrill Creek	Everett, WA	\$65,500,000	\$66,500,000	\$66,500,000	2Q07	June-13	\$2,316,813
The Residences at Stevens Pond	Boston MA - NH	\$90,300,000	\$93,700,000	\$93,700,000	4Q07	June-13	\$3,264,441
Holland Portfolio	Seattle - Belle - Eve WA	\$112,124,563	\$112,124,571	\$29,015,490	4Q07	June-13	\$1,010,879
Village Crossing at Chino Hills	Riverside, CA	\$77,500,000	\$80,900,000	\$40,900,000	1Q08	June-13	\$1,424,927
Metropolitan at Pentagon City	Arlington, VA	\$155,300,000	\$156,000,000	\$95,488,198	3Q10	June-13	\$3,326,741
Ladd Tower	Portland, OR	\$99,700,000	\$106,000,000	\$106,000,000	4Q10	June-13	\$3,692,965
Legacy Fountain Plaza	San Jose, CA	\$109,000,000	\$111,000,000	\$111,000,000	1Q11	June-13	\$3,867,161
The Elektra	New York, NY	\$151,000,000	\$152,000,000	\$82,000,000	1Q11	June-13	\$2,856,822
75 Clinton Street	Brooklyn, NY	\$56,400,000	\$56,600,000	\$56,600,000	1Q12	June-13	\$1,971,904
Club Laguna	Orange County, CA	\$123,000,000	\$123,000,000	\$123,000,000	3Q12	June-13	\$4,285,233
Goodwynn	Atlanta, GA	\$76,200,000	\$76,200,000	\$36,200,000	4Q12	June-13	\$1,261,182
Mercedes House	New York, NY	\$187,000,000	\$196,000,000	\$126,000,000	1Q13	June-13	\$4,389,750
Sunset Vine Tower	Los Angeles, CA	\$0	\$71,750,000	\$71,750,000	2Q13	Acq 2Q13	\$2,499,719
		<b>\$1,719,707,705</b>	<b>\$1,797,385,173</b>	<b>\$1,433,764,290</b>			<b>\$49,951,329</b>
<b>INDUSTRIAL</b>							
Arjons	San Diego CA	\$28,100,000	\$26,500,000	\$26,500,000	2Q04	June-13	\$923,241
Garland Gateway East	Dallas TX	\$9,900,000	\$10,300,000	\$10,300,000	2Q04	June-13	\$358,845
Gateway Business Park	Dallas TX	\$8,500,000	\$9,100,000	\$9,100,000	2Q04	June-13	\$317,038
Hayward Industrial	Oakland CA	\$87,900,000	\$91,800,000	\$91,800,000	3Q04-3Q07	June-13	\$3,198,247
Lackman	Kansas City MO-KS	\$21,100,000	\$19,800,000	\$19,800,000	2Q04	June-13	\$689,818
Crossroads Industrial	Kansas City MO-KS	\$8,300,000	\$7,600,000	\$7,600,000	1Q06	June-13	\$264,779
Oakesdale Commerce Center	Seattle - Belle - Eve WA	\$35,900,000	\$38,100,000	\$38,100,000	1Q06	June-13	\$1,327,377
South Bay Industrial	Los Angeles, CA	\$64,400,000	\$63,000,000	\$63,000,000	4Q06	June-13	\$2,194,875
VIP Holdings I	Chicago, IL	\$74,273,328	\$75,332,219	\$28,084,371	2Q06	June-13	\$978,440
Tempe Commerce	Phoenix - Mesa AZ	\$51,800,000	\$53,900,000	\$53,900,000	4Q07	June-13	\$1,877,838
Steeplechase 95 International Business Park	Capitol Heights, MD	\$22,100,000	\$22,500,000	\$22,500,000	1Q11	June-13	\$783,884
Airport Trade Center III & V	Dallas, TX	\$31,100,000	\$32,800,000	\$32,800,000	1Q11	June-13	\$1,142,729
IE Logistics	San Bernardino, CA	\$104,400,000	\$112,300,000	\$112,300,000	3Q11	June-13	\$3,912,452
Railhead Drive Industrial	Dallas, TX	\$60,000,000	\$60,000,000	\$60,000,000	4Q11	June-13	\$2,090,357
16400 Knott Ave	Los Angeles, CA	\$28,300,000	\$30,400,000	\$30,400,000	3Q12	June-13	\$1,059,114
Chino South Logistics Center	Chino, CA	\$69,957,179	\$73,800,000	\$73,800,000	4Q12	June-13	\$2,571,140
Airport Trade Center I	Dallas, TX	\$23,300,000	\$25,000,000	\$25,000,000	1Q13	June-13	\$870,982
Airport Trade Center II & IV	Dallas, TX	\$37,400,000	\$39,300,000	\$39,300,000	1Q13	June-13	\$1,369,184
		<b>\$766,730,507</b>	<b>\$791,532,219</b>	<b>\$744,284,371</b>			<b>\$25,930,339</b>

Real Estate Valuation Analysis – INVESCO Core Real Estate

Second Quarter 2013

Property Name	MSA	Prior Quarter Carry Value	Current Quarter Carry Value	Net Market Value	Added to Fund	Last Valuation Date	SamCERA ownership as of 6/30/2013 3.48%
<b>OFFICE</b>							
55 Cambridge	Boston MA - NH	\$157,000,000	\$167,700,000	\$114,148,926	4Q06	June-13	\$3,976,867
One Liberty	Boston MA - NH	\$45,700,000	\$50,000,000	\$50,000,000	2Q07	June-13	\$1,741,964
Gainey Center II	Scottsdale - AZ	\$28,000,000	\$29,000,000	\$29,000,000	3Q07	June-13	\$1,010,339
Valencia Town Center	Valencia, CA	\$147,000,000	\$147,000,000	\$147,000,000	3Q07	June-13	\$5,121,376
Park Ten Plaza	Houston, TX	\$29,500,000	\$0	\$0	1Q05	Sold - 2Q13	\$0
Westport Corporate Center	Fairfield County, CT	\$15,600,000	\$15,500,000	\$15,500,000	4Q07	June-13	\$540,009
Parkside Towers	San Francisco, CA	\$102,284,101	\$103,267,602	\$60,150,427	1Q08	June-13	\$2,095,598
The Executive Building	Washington DC	\$163,000,000	\$180,000,000	\$180,000,000	2Q08	June-13	\$6,271,072
Brill Building	New York, NY	\$87,615,068	\$0	\$0	4Q07	Sold - 2Q13	\$0
10 Brookline Place	Brookline, MA	\$128,000,000	\$128,000,000	\$128,000,000	2Q10	June-13	\$4,459,429
1111 Pennsylvania Avenue	Washington, D.C.	\$243,000,000	\$245,000,000	\$245,000,000	4Q10	June-13	\$8,535,626
1800 Larimer	Denver, CO	\$231,000,000	\$236,000,000	\$236,000,000	1Q11	June-13	\$8,222,072
230 Park Avenue	New York, NY	\$429,420,000	\$415,650,000	\$232,076,881	2Q11	June-13	\$8,085,394
3450 & 3460 Hillview Ave	San Jose, CA	\$52,700,000	\$59,000,000	\$59,000,000	3Q12	June-13	\$2,055,518
Williams Tower	Houston, TX	\$405,104,585	\$461,000,000	\$284,129,958	1Q13	June-13	\$9,898,886
		<b>\$2,264,923,754</b>	<b>\$2,237,117,602</b>	<b>\$1,780,006,192</b>			<b>\$62,014,151</b>
<b>RETAIL</b>							
Broadway at Surf	Chicago IL	\$32,100,000	\$30,900,000	\$30,900,000	2Q04	June-13	\$1,076,534
Carriagetown Marketplace	Boston MA - NH	\$20,900,000	\$21,500,000	\$21,500,000	2Q04	June-13	\$749,045
Chandler Pavilions	Phoenix - Mesa AZ	\$18,100,000	\$18,100,000	\$18,100,000	2Q04	June-13	\$630,591
Matthews Township	Charlotte - G - RH NC-SC	\$23,200,000	\$23,200,000	\$23,200,000	2Q04	June-13	\$808,272
Windward Commons	Atlanta GA	\$21,000,000	\$21,800,000	\$21,800,000	2Q04	June-13	\$759,497
Cityline at Tenley	Washington, D.C.	\$47,400,000	\$45,100,000	\$45,100,000	4Q05	June-13	\$1,571,252
Ridgehaven Mall	Minnetonka, MN	\$33,100,000	\$33,100,000	\$33,100,000	4Q05	June-13	\$1,153,180
The Beacon Retail	San Francisco, CA	\$48,500,000	\$49,800,000	\$49,800,000	1Q06	June-13	\$1,734,997
The Beacon Garage	San Francisco, CA	\$28,900,000	\$29,800,000	\$29,800,000	1Q06	June-13	\$1,038,211
Oak Brook Court	Chicago, IL	\$18,300,000	\$17,400,000	\$17,400,000	4Q07	June-13	\$606,204
Hawthome Plaza	Overland Park, KS	\$29,200,000	\$29,300,000	\$29,300,000	4Q07	June-13	\$1,020,791
Deerwood Lake Commons	Jacksonville, FL	\$10,300,000	\$10,400,000	\$10,400,000	4Q07	June-13	\$362,329
Heath Brook Commons	Ocala, FL	\$11,000,000	\$11,000,000	\$11,000,000	4Q07	June-13	\$383,232
Park View Square	Miramar, FL	\$11,800,000	\$12,500,000	\$12,500,000	4Q07	June-13	\$435,491
St. John's Commons	Jacksonville, FL	\$10,400,000	\$10,400,000	\$10,400,000	4Q07	June-13	\$362,329
West Creek Commons	Coconut Creek, FL	\$10,200,000	\$10,700,000	\$10,700,000	4Q07	June-13	\$372,780
The Loop	Boston MA - NH	\$94,200,000	\$96,200,000	\$96,200,000	1Q08	June-13	\$3,351,540
Westbank Marketplace	Austin, TX	\$45,000,000	\$47,700,000	\$25,339,364	3Q10	June-13	\$882,805
910 Lincoln Road	Miami, FL	\$18,100,000	\$18,200,000	\$18,200,000	4Q10	June-13	\$634,075
Lake Pointe Village	Houston, TX	\$62,000,000	\$65,800,000	\$65,800,000	4Q11	June-13	\$2,292,425
Safeway Kapahulu	Hawaii	\$82,500,000	\$82,500,000	\$46,505,678	4Q11	June-13	\$1,620,225
Safeway Burlingame	San Francisco, CA	\$46,500,000	\$46,500,000	\$23,928,975	4Q11	June-13	\$833,668
Shamrock Plaza	Oakland, CA	\$33,500,000	\$33,500,000	\$17,342,328	4Q11	June-13	\$604,194
Pavilions Marketplace	West Hollywood, CA	\$50,500,000	\$50,500,000	\$25,965,196	1Q12	June-13	\$904,609
130 Prince	New York, NY	\$148,000,000	\$148,000,000	\$148,000,000	2Q12	June-13	\$5,156,215
Pleasanton Gateway	Pleasanton, CA	\$73,000,000	\$73,000,000	\$73,000,000	4Q12	June-13	\$2,543,268
Liberty Wharf	Boston, MA	\$71,400,000	\$72,500,000	\$36,888,258	4Q12	June-13	\$1,285,161
		<b>\$1,099,100,000</b>	<b>\$1,109,400,000</b>	<b>\$952,169,799</b>			<b>\$33,172,919</b>

#### Angelo, Gordon & Co. – AG STAR Fund

The STAR Fund will focus on CMBS and non-Agency RMBS priced between 25-75% of par, which AG believes are even today mispriced due to their complex nature and a dearth of natural buyers capable of accurately valuing these assets. In addition, AG will target securities that are well-positioned to benefit from home and commercial property price stabilization and recovery, and/or borrower credit quality improvement. In this regard the STAR Fund will be more aggressive than the PPIP Fund since it will target securities that are more geared to a recovery of the commercial and residential real estate markets. The Fund will utilize a moderate amount of leverage (1x to 1.5x) and is targeting a base-case 15% net IRR with a downside return in the mid/high single digits and an upside projection of 25%+ returns.

#### AQR – Hedge

The AQR DELTA Fund aims to deliver efficient exposure to a well-diversified portfolio of hedge fund strategies, including Convertible Arbitrage, Event Driven, Fixed Income Relative Value, Equity Market Neutral, Long/Short Equity, Dedicated Short Bias, Global Macro, Managed Futures, and Emerging Markets. The Delta Fund's approach is to capture and deliver the "hedge fund risk premiums" that explain much of the returns of each of these strategies by building bottom-up positions in each strategy. AQR's research has demonstrated that many hedge funds use similar strategies to generate returns. These strategies are often well-known, widely understood and share common exposures. AQR's experience and research suggests much of the insight underlying these strategies - as well as a meaningful portion of their returns - can be captured using a dynamic, disciplined investment approach. Just as the equity risk premium can explain a large portion of the returns from equity investing, hedge fund risk premiums can explain the returns from hedge fund investing. Importantly, while compensation for equity risk is dependent on economic growth, hedge fund risk premiums are largely unrelated to economic activity, and thus provide attractive diversification properties.

#### AQR – Risk Parity

The objective of Global Risk Parity (GRP) is to generate excess returns from a risk diversified portfolio of asset exposures. AQR believes that its approach maximizes the diversification benefit across a broad range of economic environments. For many institutional portfolios, equity risk has historically been the predominant risk and the source of most return expectations since equities offer higher expected returns to compensate for their high risk. Investor preference for and concentration in equities has been driven by their expected return needs, which cannot be satisfied in a well-diversified un-levered portfolio. GRP is a diversified portfolio that can be scaled to similar levels of risk as a portfolio concentrated in equities, but with a higher expected return resulting from diversification across asset class risk. The approach helps do away with the compromise of concentrating in high risk assets to meet high return needs. Consistent with portfolio theory, the GRP strategy is designed to maximize diversification across a broad spectrum of liquid global risk premia to create a portfolio with higher expected risk-adjusted returns. Research shows that risk-adjusted returns across asset classes are similar over the long-term. Since realized risk-adjusted returns across asset classes are similar, AQR expects a portfolio that is diversified equally by risk to perform better. The Global Risk Premium strategy aims to deliver efficient market exposure across four broad asset classes in a risk balanced fashion.

#### Baillie Gifford – EAFE Plus Focus

EAFE Plus Focus is a fundamental growth strategy. Research is organized primarily by regional teams, and each member of the EAFE Plus Focus Portfolio Construction Group is a member of a different regional team. Four global sector groups also contribute research. Baillie Gifford conducts approximately 2000 company meetings annually both in Edinburgh and onsite. Companies are evaluated on their growth opportunity relative to the average company, their ability to execute on that opportunity, and the degree to which probability of future success is already valued by the market. Baillie Gifford's basic philosophy is that share prices ultimately follow earnings. They believe that the stock market has a recurring tendency to under-appreciate the value of long-term compound growth. The process seeks to add value through use of proprietary fundamental research to identify companies exhibiting some combination of sustained above average growth, and attractive financial characteristics. The portfolio generally holds 80-100 stocks, with country weights +/- 6% relative to the index and industry weights +/- 5% relative to the index. This strategy can invest opportunistically in the emerging markets, but historically this exposure has been below 10%.

#### Barrow Hanley – Diversified Large Cap Value

Barrow Hanley takes a bottom up value approach to equity investing. They seek to buy stocks that exhibit all three of the following characteristics: price/earnings and price/book ratios below the market, and dividend yield above the market (with the S&P 500 representing the market). Their view is that a portfolio that emphasizes low price/book and high dividend yield stocks will provide some protection in down markets and participation in improving economic cycles. In addition to their basic valuation criteria, Barrow Hanley is also looking for profitable companies with earnings growth greater than the market. After the quantitative screening process, Barrow Hanley's equity research team conducts qualitative analysis of candidate investments. This involves forecasting ROE 5-years out and treating this forecast as the basis for earnings, book value and dividend yield projections for the same five year period. These projections are used as inputs into a dividend discount model and relative return model. Stocks that appear to be attractively valued according to both of these models comprise the firm's buy list. The portfolio managers construct the portfolio with 70-90 of the buy list names. Securities are weighted approximately equally, with core positions in the range of 1.5%. Sector weightings are limited to 35% (at cost) and industry weightings are limited to 15%. Stocks are generally held for three to four years, resulting in average turnover of 25% - 35%.

#### BlackRock – S&P 500 Index

The Equity Index Fund seeks to capture the growth potential of large companies and achieve broad diversification with low costs by fully replicating the Standard & Poor's (S&P) 500 Index. Representing approximately 80% of the total US equity market capitalization, the S&P 500 Index is one of the most widely followed benchmarks of US stock market performance. Introduced in 1977, this fund was the investment management industry's first institutional S&P 500 Index fund.

#### The Boston Company – Small Cap Index

The Boston Company's approach to small cap value investing is to conduct bottom-up fundamental research in an effort to add value through security selection. The investment process seeks to identify the stocks of companies which have compelling valuations and business fundamentals, as well as a catalyst for positive change. The appropriate valuation metrics for an individual company can vary depending on industry. Ideas are generated from company meetings, industry contacts and team's internal research. The universe of domestic small-cap equity securities is quantitatively screened for valuation, business health and earnings revisions. In addition, they also screen/track operating income and EBITDA estimate revisions. Once candidates for investment are identified, individual stock weights are determined by portfolio risk, liquidity, and analyst conviction. Normally, portfolios will contain between 120-150 holdings (from a short list of 500 securities), with a maximum individual security weighting of 5%, though most are less than 3%. Securities will typically be in the \$100 million - \$2 billion market cap range at time of purchase. Generally, sector exposure is limited to no more than 2X the index weight with a maximum overweight of 10 percentage points and a maximum underweight of half that of the index. The goal is for portfolios to be close to fully invested at all times, with cash typically below 5%. Any stock down 20% from the purchase price is reviewed. In addition, portfolios are reviewed on a regular basis for unintended risk. Positions are sold when any one of the three investment criteria (valuation, fundamentals, catalyst) breaks down.



#### Brigade – Opportunistic Credit

Opportunistic Credit is a fundamental, bottom-up strategy focused on high yield corporate bonds and bank loans with tactical allocations to structured securities, convertibles and other sectors of the bond markets as they become attractive on a relative value basis. While performing credits represent the majority, Brigade will invest up to 35% of the portfolio in distressed securities and restructuring situations if these types of opportunities are attractive on a risk-adjusted basis and the timing is right with respect to the credit cycle. The portfolio is comprised of mostly North American issuers, but they are not restricted geographically and expect to have a moderate allocation to Europe over time. Although the portfolio is generally long-only, Brigade has the ability to implement a limited amount of tactical macro hedges.

#### Brown Advisory – Large Cap Growth Equity

Brown Advisory's Large-Cap Growth Equity philosophy is based on the belief that concentrated portfolios of fundamentally strong businesses should generate returns in excess of the portfolio's index and the broad market, with an acceptable level of risk. The success of the philosophy is based on a talented, highly collaborative investment team with a long-term outlook, performing deep investment research on a broad universe of stocks. This culminates in bottom-up company selection that strives to identify drivers of growth in the large capitalization universe. With conviction in strict investment criteria and rigorous due diligence, Brown concentrate its portfolios in its best ideas, creating the potential for above-average returns. The objective is to exceed the returns of the strategy's benchmark, the Russell 1000 Growth Index, over a full market cycle (typically 3-5 years) on a risk-adjusted basis.

#### Brown Brothers Harriman – Inflation Indexed Securities

BBH manages TIPS using three main types of strategies: Fundamental, Technical and Opportunistic. The Fundamental bucket has two sub-strategies, real yield duration and real yield curve slope vs. nominal yield curve slope. The Technical strategies consist of yield curve roll-down, auction cycle trading, seasonal vs. non-seasonal CPI and security selection/option value analysis. Finally, nominal Treasuries vs. TIPS, sector relative value (i.e., corporate or Agency inflation-linked bonds) and non-Dollar inflation-linked bonds make up the Opportunistic group. Real yield duration is held to +/- 1 year vs. the benchmark and the portfolio has a limited allocation to non-index securities, typically 5-10% with a maximum of 20% (including nominal Treasuries).

#### Chartwell Investment Partners – Small Cap Growth

Chartwell's Small Cap Growth product strives to hold stocks with strong fundamentals that are best positioned for rapid growth. These businesses typically demonstrate strong increases in earnings per share. Chartwell invests in these securities with an intermediate time horizon in mind. They initiate investments opportunistically and when stocks are attractively valued. Chartwell focuses on high growth companies that lie in the middle of the momentum and growth at a reasonable price continuum, and construct Small Cap Growth portfolios with fairly low tracking errors. Portfolios contain 50-70 stocks with market capitalizations between \$200 million and \$2.5 billion at purchase. Meetings with management are an important part of the investment process. This product is closed to new investors.

#### D.E. Shaw – Broad Market Core Enhanced Plus Strategy

The D. E. Shaw group believes that there exist some market inefficiencies that may be identified through quantitative analysis, advanced technology, and the insight of practitioners. Identifying these inefficiencies involves a process of hypothesis formulation, testing, and validation. Importantly, to avoid data-mining, the hypothesis formulation precedes the analysis of the historical data. D.E. Shaw's Structured Equity strategies rely largely on quantitative and computational investment techniques developed by the D. E. Shaw over the last 19 years in the course of research conducted for purposes of managing the firm's hedge funds. Although the D.E. Shaw's long-only assets under management are comparatively modest, the firm's hedge fund assets are substantial, as are the resources devoted to quantitative research and portfolio management. D.E. Shaw's investment process involves a suite of quantitative models, each designed to capitalize on a distinct and uncorrelated set of market inefficiencies. Some of these models are technical in nature and involve price and volume inputs. Other models rely on fundamental data, such as figures gleaned from corporate balance sheets or income statements. Still others, again quantitative, anticipate or react to a particular corporate event or set of events. These models typically operate with forecast horizons of a few weeks to many months. The ability to trade on shorter-term signals distinguishes D.E. Shaw from many of its long only enhanced index peers. Portfolio construction involves the use of a proprietary optimizer which runs dynamically throughout the trading day. The portfolio will generally hold 300-500 securities. Over- and under-weighting of sectors and industries relative to the benchmark will be quite modest, with the intention that most of the alpha be generated by security selection.

#### Eaton Vance/Parametric – Structured Emerging Markets Equity

Parametric utilizes a structured, rules-based approach, which they believe is capable of generating enhanced returns with lower volatility compared to both traditional active management and passive capitalization weighted indices. The basic idea is to structure the portfolio with more balanced country weights than the market cap weighted indices, and also to capture a rebalancing premium. This provides more diversification and greater exposure to smaller countries than is provided by the market cap weighted indices. The approach is to divide emerging markets countries into four tiers, and to equally weight the countries within each tier. Tier 1 countries are the largest eight countries that dominate the cap weighted index. Each successive tier is comprised of smaller countries, each of which is given a smaller target weighting in the model portfolio. In aggregate, the eight Tier 1 countries are given a much lower weighting than in the capitalization weighted index, but they nevertheless comprise more than 50% of the portfolio. Tier 4 countries are in the frontier markets. The SEM strategy targets excess return of 3% over a market cycle with 4.5%-6.5% tracking error. It is designed to generate a level of volatility 85%-95% of the MSCI EM index. The strategy invests in 44 countries and will typically hold 1,000-1,500 securities. Turnover is expected to be in the range of 20%-25%.

#### Franklin Templeton Investments – Global Fixed Income

Franklin Templeton manages the global bond mandate in an unconstrained fashion using a top-down, fundamental framework. In the short term and on a country-by-country basis there are often inefficiencies in global bond and currency markets, however, over the longer term the market will generally price to fundamentals. Thus, FT focuses on fundamental research to identify long-term opportunities and uses short-term market inefficiencies to build positions in such investments. The investment and portfolio construction process begins with the determination of the Fund's or institutional client's investment objectives, resulting in a set of risk-return parameters and exposure limits within which the portfolio is managed. Next the firm's global economic outlook for the industrialized countries is developed, with a focus on interest rate and exchange rate forecasts. The portfolio's interest rate outlook is a function of global general equilibrium macroeconomic analysis as well as country-specific research. Macroeconomic conditions in the G-3 economies are analyzed first, primarily with respect to how current and projected growth and inflation dynamics are expected to influence monetary policy. This analysis is then extended out to the rest of the industrialized countries (G-13) as well as emerging markets, which results in broad targets for cash, duration, currencies and the developed/emerging market mix. Using the firm's interest rate and exchange rate outlook, probability-weighted horizon returns for bonds of various countries are then calculated. This analysis is used to establish specific country weights and duration targets based on risk-adjusted expected total return measured in the portfolio's base currency. Analysis of emerging markets includes sovereign credit analysis along with greater emphasis on capital flows, inter-market dynamics and trends in the level of risk aversion in the market.

#### [INVESCO Realty Advisors – INVESCO Core Equity, LLC](#)

SamCERA is a founding member of INVESCO's open end Core Equity real estate fund and rolled its separate account properties into the fund. INVESCO Core Equity, LLC (the "Fund") is a perpetual life, open-end vehicle which invests in a diversified portfolio of institutional quality office, retail, industrial and multifamily residential real estate assets. The Fund buys core properties that are located within the United States, typically requiring an investment of \$10 million or more. The portfolio cannot be more than 30% leveraged.

#### [Mondrian Investment Partners – International Equity](#)

Mondrian is a value-oriented, defensive manager whose investment philosophy is based on the principle that investments must be evaluated for their fundamental long-term value. The firm's philosophy involves three stated investment objectives: 1) provide a rate of return meaningfully greater than the client's domestic rate of inflation, 2) structure client portfolios that preserve capital during protracted international market declines, and 3) provide portfolio performance that is less volatile than benchmark indices and other international managers. Mondrian applies typical value screening criteria to a universe of 1,500 stocks, from which 500 are selected for more detailed work. Through fundamental research, and the deliberations of the Investment Committee, the universe is further reduced to a list of 150 stocks. The investment team conducts detailed fundamental analysis on the remaining stocks, a process which includes applying the firm's dividend discount model consistently across all markets and industries. Mondrian also uses a purchasing power parity model to give an accurate currency comparison of the value of the stocks under consideration. The firm will only consider buying stocks in countries with good investor protection practices and relatively simple repatriation procedures. A computer based optimization program is employed in the portfolio construction process. Mondrian's portfolio holds 80-125 issues.

#### [Pyramis Global Advisors – Broad Market Duration Commingled Pool](#)

Pyramis' Broad Market Duration (BMD) investment strategy seeks to achieve absolute and risk-adjusted returns in excess of the BC U.S. Aggregate Index, focusing its investments in US Treasuries, agencies, investment grade corporate bonds, mortgage-backed and asset-backed securities. The BMD commingled pool can also hold small, opportunistic positions in out-of-benchmark securities, such as inflation-linked bonds. The investable universe includes all US dollar denominated, investment grade debt securities. The BMD investment approach emphasizes issuer and sector valuation and individual security selection. Through the integration of fundamental and quantitative research and trading, the BMD strategy is implemented in a team environment. Risk management technology is utilized to explicitly quantify benchmark exposures on a daily basis, and Pyramis uses the same analytical framework to assess both index and portfolio risk. Tracking error should range between 40 and 60 basis points per annum over the benchmark, and stringent portfolio construction risk control rules are strictly adhered to.

#### [Pyramis Global Advisors – Select International Small Cap](#)

Pyramis Select International Small Cap is a core strategy. The approach is designed to leverage Pyramis/Fidelity's proprietary resources to add value exclusively via stock selection. To that end the portfolio is constructed to be regionally neutral, with only modest deviations from the benchmark's country and sector weights. The investment process involves three basic stages. The first stage is the security level research conducted by the analysts. The second stage is stock selection from within the pool of names that are highly ranked by the analysts. The third step is portfolio construction and risk management. The essential differentiating feature of this strategy is the breadth of coverage that is made possible by the large staff of analysts. Analysts actively conduct regular fundamental research on, and give a formal rating of 1-5, 1200-1300 international small cap companies. While there is no single firm-wide approach to security research, analysts are expected to establish an upside target for any given stock and assign a formal rating. The decision making structure is quite efficient, with portfolio manager Rob Feldman making all the buy and sell decisions. His role, as he puts it, is to be an intelligent user of the analysts' research. He selects the 1- and 2- rated stocks that he thinks are compelling and additive to his portfolio, and he sells names when they are downgraded by the analysts. There are approximately 200 holdings in the portfolio. Country and sector weights are within 3 percentage points of the benchmark and position sizes are within 2 percentage points of the benchmark. Turnover tends to be in the 60%-80% range.

#### SSgA Global Multisector Plus – Commodities

SSARIS operates the Multisource Commodity (“MAC”) strategy. SSARIS is a joint venture between State Street Global Advisors (“SSgA”) and the executive team of RXR Capital. SSgA owns 60% of the venture with the remaining 40% held by RXR Capital's executives. SSgA believes that the commodities markets are not fully efficient, and that a disciplined, quantitative investment process can identify and exploit futures contract mispricings. They believe in taking a small number of large active positions in order to capitalize on these mispricings in a timely manner, utilizing a systematic processes to evaluate commodity market prices, to process this information objectively, to build investment models, and to construct efficient portfolios. The strategy's three quantitative models each seek to capture distinct inefficiencies prevalent in the commodity markets: mean reversion, structural imbalances and price dislocations. Backwardation: This model establishes a medium-term view on individual commodity price movement by observing the futures prices associated with a particular commodity. Regime Switching: Price cycles for a given commodity market tend to be persistent in duration yet also change from time to time (and often quite abruptly). This model ascertains the most probable regime in which an individual commodity resides, how likely this regime is to change, and the expected short-term price impact for a given level of price change. Trend Following: This model uses an annual commodity market selection and risk budgeting process to set the universe of commodity markets to be traded. The selection process takes into account liquidity, volatility and prior period drawdowns. The top ranked markets will receive a larger share of risk capital relative to those that are selected, yet not as highly ranked. It then utilizes trend following and momentum algorithms that are based upon price series analysis ranging over time periods from several weeks to months to enter and exit specific markets.

#### Western Asset Management – U.S. Core Full Discretion

Western Asset's investment philosophy has three key components. First, as sector rotators, the firm seeks out long term value by fundamentally analyzing all sectors of the fixed income market. Second, Western employs multiple strategies, proportioned so that no single adverse market event would have an overwhelming negative impact on performance. The third component of the investment philosophy is opportunistic trading. Western Asset adds value with opportunistic trades that attempt to exploit market inefficiencies. Non-US investment grade sovereigns, high yield and emerging market debt securities are used opportunistically in this approach. Western uses a team approach to portfolio management with duration, term structure, and sector allocation decisions developed by the Investment Strategy Group. The Research Group employs these determinations as they look for issues and issuers that are appropriate for the firm's eligible universe. Factors such as relative credit strength, liquidity, issue structure, event risk, covenant protection, and market valuation are central to its inquiries. Throughout this process, the Portfolio Management Group provides both teams with a picture of key capital markets. The Portfolio Management Group is also responsible for portfolio structuring and implementation. The U.S. Core Full Discretion portfolio holds between 40-60 issues and can hold up to 20% in high yield and 20% in non-US exposure. The portfolio's 10% maximum weight in emerging debt securities is counted towards the 20% maximum non-US exposure.

# San Mateo County Employees' Retirement Association

## Policy and Benchmarks History

### Total Plan Policy Benchmark

As of:

	2/1/2013	1/1/2011	10/1/2010	1/1/2009	5/1/2007	6/1/2000	3/1/1999	9/1/1998	7/1/1996
Russell 1000	28.0%	28.0%	28.0%	37.0%	37.0%	40.0%	22.0%	20.0%	20.0%
S & P 500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
Russell 1000 Value	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	5.0%	0.0%
Russell 2000	7.0%	7.0%	7.0%	9.0%	9.0%	10.0%	15.0%	15.0%	15.0%
MSCI AC World ex-US	18.0%	18.0%	18.0%	21.0%	21.0%	15.0%	0.0%	0.0%	0.0%
MSCI EAFE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%
Barclays Aggregate	11.0%	11.0%	12.9%	27.0%	27.0%	29.0%	25.0%	21.0%	21.0%
Barclays BBB	3.5%	3.3%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Barclays Tips	3.1%	3.3%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Barclays Multiverse	4.4%	4.4%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Citigroup Non-US WGBI unhedged	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	9.0%	9.0%
NCREIF NFI ODCE	5.0%	5.0%	5.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NCREIF Property	0.0%	0.0%	0.0%	0.0%	6.0%	6.0%	0.0%	0.0%	0.0%
10 YR Treasury plus 2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.0%	10.0%	10.0%
Russell 3000 + 300 basis points	8.0%	8.0%	8.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
60% Russell 3000/40% BC Aggregate	6.0%	6.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Libor + 4%	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dow Jones UBS Commodity	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	100%	100%	100%	100%	100%	100%	100%	100%	100%

### Total Equity Benchmark

As of:

	10/1/2010	5/1/2007	6/1/2000	3/1/1999	9/1/1998	1/1/1996
Russell 1000	52.8%	55.2%	61.5%	35.5%	33.3%	33.3%
S & P 500	0.0%	0.0%	0.0%	0.0%	0.0%	8.4%
Russell 1000 Value	0.0%	0.0%	0.0%	8.0%	8.3%	0.0%
Russell 2000	13.2%	13.5%	15.4%	24.2%	25.0%	25.0%
MSCI AC World ex-US	34.0%	31.3%	23.1%	0.0%	0.0%	0.0%
MSCI EAFE	0.0%	0.0%	0.0%	32.3%	33.3%	33.3%
	100%	100%	100%	100%	100%	100%

### Domestic Equity Benchmark

As of:

	6/1/2000	3/1/1999	9/1/1998	7/1/1996	1/1/1995
Russell 1000	80.00%	52.00%	50.00%	50.00%	69.00%
S & P 500	0.00%	0.00%	0.00%	12.50%	17.00%
Russell 1000 Value	0.00%	12.00%	12.50%	0.00%	0.00%
Russell 2000	20.00%	36.00%	37.50%	37.50%	14.00%
	100%	100%	100%	100%	100%

### International Equity Benchmark

As of:

	6/1/2000	1/1/1996
MSCI AC World ex-US	100%	0%
MSCI EAFE	0%	100%
	100.0%	100.0%

### Total Fixed Income Benchmark

As of:

	2/1/2013	1/1/2011	10/1/2010	6/1/2000	3/1/1999	7/1/1996
Barclays Aggregate	50.00%	50.00%	58.60%	100.00%	83.33%	70.00%
Barclays BBB	16.00%	15.00%	7.30%	0.00%	0.00%	0.00%
Barclays Tips	14.00%	15.00%	13.60%	0.00%	0.00%	0.00%
Barclays Multiverse	20.00%	20.00%	20.50%	0.00%	0.00%	0.00%
Citigroup Non-US WGBI unhedged	0.00%	0.00%	0.00%	0.00%	16.67%	30.00%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

### Domestic Fixed Income Benchmark

As of:

	2/1/2013	1/1/2011	10/1/2010	7/1/1996
Barclays Aggregate	62.50%	62.40%	73.70%	100.00%
Barclays BBB	20.00%	18.80%	9.10%	0.00%
Barclays Tips	17.50%	18.80%	17.20%	0.00%
	100.0%	100.0%	100.0%	100.0%

### Global Fixed Income Benchmark

As of:

	10/1/2010
Barclays Multiverse	100.00%
	100.0%

### Real Estate Benchmark

As of:

	1/1/2009	6/1/2000	7/1/1996
NCREIF NFI ODCE (Gross)	100%	0%	0%
NCREIF Property Index	0%	100%	0%
10 YR Treasury plus 2%	0%	0%	100%
	100.0%	100.0%	100.0%

### Brigade Capital Benchmark

As of:

	10/1/2010
50% Barclays HY/50% Bank Loan	100%
	100%

Alternative Investment Benchmarks

	As of:
Private Equity	10/1/2010
Russell 3000 + 300 basis points	100%
	100%
Risk Parity	10/1/2010
60% Russell 3000/40% BC Aggregate	100%
	100%
Hedge Fund	10/1/2010
Libor + 4%	100%
	100%
Commodity	10/1/2010
Dow Jones UBS Commodity	100%
	100%

Angelo Gordon STAR Fund

First \$50 million: 1.00% per annum

Baillie Gifford

First \$25 million: 0.60% per annum

Next \$100 million: 0.50% per annum

Next \$400 million: 0.40% per annum

Thereafter: 0.30% per annum

Barrow, Hanley, Mewhinney & Strauss

First \$15 million: 0.75% per annum

Next \$25 million: 0.55% per annum

Next \$100 million: 0.45% per annum

Next \$200 million: 0.35% per annum

Next \$1 billion: 0.25% per annum

Thereafter: 0.15% per annum

BlackRock-Russell S&P 500 Fund

First \$250 million: 0.03% per annum

Thereafter: 0.02% per annum

The Boston Company Asset Management

First \$25 million: 0.90% per annum

Thereafter: 0.80% per annum

Brigade Capital Management

On All Assets: 0.80% per annum

Brown Advisory

First \$50 million: 0.47% per annum

Next \$50 million: 0.45% per annum

Next \$200 million: 0.40% per annum

Thereafter: 0.35% per annum

Brown Brothers Harriman

On All Assets: 0.15% per annum

Chartwell Investment Partners

On All Assets: 0.75% per annum

D.E. Shaw Investment Management

First \$100 million: 0.51% per annum

Next \$200 million: 0.46% per annum

Thereafter: 0.41% per annum

Eaton Vance

On All Assets: 1.05% per annum

Franklin Templeton Investment

First \$50 million: 0.45% per annum

Next \$100 million: 0.35% per annum

Thereafter: 0.30% per annum

Mondrian Investment Partners

First \$50 million: 1.00% per annum

Next \$200 million: 0.19% per annum

Thereafter: 0.33% per annum

Pyramis Global Advisors

First \$50 million: 0.20% per annum

Next \$100 million: 0.18% per annum

Next \$200 million: 0.10% per annum

Thereafter: 0.09% per annum

Pyramis Select International

On All Assets: 0.90% per annum

SSgA Multisource Commodities

On All Assets: 0.60% per annum

Western Asset Management

First \$100 million: 0.30% per annum

Thereafter: 0.15% per annum

Manager Compliance Checklist

MANAGER	INDEX OUTPERFORMANCE						DATABASE BENCHMARK			MANAGER MEETING INVESTMENT PERFORMANCE EXPECTATIONS
	AFTER FEE VS. INDEX		BEFORE FEE VS. INDEX		RISK ADJUSTED (SHARPE RATIO)		MEDIAN			
	3 YEARS	5 YEARS	3 YEARS	5 YEARS	3 YEARS	5 YEARS	2 YEARS	3 YEARS	5 YEARS	
DW SHAW Russell 1000 Index	YES	N/A	YES	N/A	YES	N/A	YES	YES	N/A	YES
BARROW HANLEY Russell 1000 Value Index	YES	N/A	YES	N/A	YES	N/A	YES	YES	N/A	YES
THE BOSTON COMPANY Russell 2000 Value Index	YES	N/A	YES	N/A	YES	N/A	YES	NO	N/A	YES
CHARTWELL Russell 2000 Growth Index	YES	NO	YES	YES	YES	YES	YES	YES	NO	YES
MONDRIAN MSCI ACWI -ex US	YES	YES	YES	YES	YES	YES	NO	NO	NO	YES
PYRAMIS Bond BC Aggregate Index	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
WESTERN ASSET BC Aggregate Index	YES	YES	YES	YES	YES	NO	YES	YES	YES	YES
INVESCO REAL ESTATE NCREIF Property Index	YES	NO	YES	NO	N/A	N/A	YES	YES	YES	YES



San Mateo County Employees' Retirement Association  
**Manager Performance Comparison**

As of June 30, 2013

	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>2nd Qtr.</u> <u>2013</u>	<u>Difference</u>	<u>1st Qtr.</u> <u>2013</u>	<u>Difference</u>	<u>4th Qtr.</u> <u>2012</u>	<u>Difference</u>	<u>3rd Qtr.</u> <u>2012</u>	<u>Difference</u>
SIS	1.93%	2.34%	-1.34%	2.92%							
BlackRock S&P 500 Fund	1.93%	2.34%	-1.34%	2.92%	0.00%						
S&P 500 Index	1.93%	2.34%	-1.34%	2.92%							
SIS	1.55%	2.91%	-1.09%	3.37%		11.62%		0.55%		6.13%	
D.E. Shaw	1.55%	2.91%	-1.09%	3.37%	0.00%	11.62%	0.00%	0.55%	0.00%	6.13%	0.00%
Russell 1000 Index	1.81%	2.22%	-1.36%	2.65%		10.96%		0.12%		6.31%	
SIS											
BrownAdvisory											
Russell 1000 Growth Index											
SIS	2.31%	4.13%	-0.51%	5.99%		11.29%		1.83%		6.12%	
Barrow Hanley	2.29%	4.14%	-0.52%	5.97%	0.02%	11.31%	-0.01%	1.83%	0.00%	6.13%	-0.01%
Russell 1000 Value Index	1.51%	2.57%	-0.88%	3.20%		12.30%		1.53%		6.49%	
SIS	-0.98%	4.22%	-0.54%	2.65%		11.79%		4.12%		5.70%	
The Boston Company	-0.98%	4.22%	-0.54%	2.64%	0.01%	11.80%	-0.01%	4.12%	0.00%	5.70%	0.00%
Russell 2000 Value Index	-0.10%	2.99%	-0.41%	2.47%		11.63%		3.23%		5.66%	
SIS	-1.50%	4.47%	-0.36%	2.54%		12.90%		2.57%		5.65%	
Chartwell	-1.52%	4.47%	-0.36%	2.51%	0.02%	12.90%	0.00%	2.58%	-0.01%	5.65%	0.00%
Russell 2000 Growth Index	-0.65%	5.07%	-0.62%	3.74%		13.20%		0.45%		4.84%	
SIS	3.41%	-0.41%	-4.31%	-1.46%		7.61%		4.47%		8.64%	
Baillie Gifford	3.42%	-0.39%	-4.32%	-1.43%	-0.02%	7.59%	0.02%	4.51%	-0.04%	8.73%	-0.09%
MSCI EAFE	5.33%	-2.31%	-3.53%	-0.74%		5.24%		6.61%		6.99%	
MSCI EAFE Growth Index	4.34%	-2.02%	-3.14%	-0.98%		6.81%		5.80%		6.41%	

San Mateo County Employees' Retirement Association

Manager Performance Comparison

As of June 30, 2013

	Apr	May	Jun	2nd Qtr. 2013	Difference	1st Qtr. 2013	Difference	4th Qtr. 2012	Difference	3rd Qtr. 2012	Difference
SIS	1.15%	-1.86%	-5.54%	-6.23%		0.02%		5.49%		6.51%	
Eaton Vance Management	1.15%	-1.86%	-5.54%	-6.23%	0.00%	0.02%	0.00%	5.48%	0.01%	6.51%	0.00%
MSCI EM Market Index	0.79%	-2.52%	-6.32%	-7.96%		-1.57%		5.61%		7.88%	
SIS	4.70%	-2.22%	-3.28%	-0.98%		3.89%		4.13%		5.72%	
Mondrian	4.71%	-2.23%	-3.28%	-0.98%	0.00%	3.90%	-0.01%	4.13%	0.00%	5.77%	-0.05%
MSCI ACWI -ex US Value Index	4.43%	-2.61%	-4.60%	-2.97%		1.94%		6.50%		7.76%	
MSCI ACWI -ex US	3.77%	-2.22%	-4.30%	-2.90%		3.28%		5.90%		7.49%	
SIS	2.62%	-1.32%	-4.02%	-2.80%		5.84%		5.56%		9.65%	
Pyramis Int'l Equity	2.62%	-1.32%	-4.02%	-2.81%	0.00%	5.84%	0.00%	5.56%	0.00%	9.66%	-0.01%
MSCI ACWI -ex US Small Cap Index	2.75%	-1.89%	-5.04%	-4.27%		6.60%		4.95%		8.64%	
SIS				0.00%		6.53%					
Angel Gordon STAR Fund (Net)				0.00%	0.00%	6.23%	0.30%				
BC Aggregate Index				-0.20%		-0.12%					
SIS	1.12%	-1.77%	-1.83%	-2.48%		0.20%		0.62%		2.17%	
Pyramis Bond	1.12%	-1.77%	-1.83%	-2.49%	0.00%	0.21%	-0.01%	0.62%	0.00%	2.17%	0.00%
BC Aggregate Index	1.01%	-1.78%	-1.55%	-2.33%		-0.12%		0.22%		1.59%	
SIS	1.45%	0.15%	-2.59%	-1.03%		3.26%		3.54%		4.74%	
Brigade Capital	1.44%	0.13%	-2.64%	-1.11%	0.08%	3.17%	0.09%	3.50%	0.04%	4.79%	-0.06%
BC BBB Credit	2.15%	-2.59%	-3.45%	-3.93%		-0.20%		1.66%		4.40%	
SIS	0.89%	-4.58%	-3.75%	-7.34%		-0.21%		0.86%		2.47%	
Brown Brothers Harriman	0.91%	-4.60%	-3.76%	-7.35%	0.01%	-0.01%	-0.20%	0.88%	-0.02%	2.44%	0.03%
BC U.S. Tips	0.80%	-4.36%	-3.58%	-7.05%		-0.37%		0.70%		2.12%	

# San Mateo County Employees' Retirement Association

## Manager Performance Comparison

As of June 30, 2013

	Apr	May	Jun	2nd Qtr. 2013	Difference	1st Qtr. 2013	Difference	4th Qtr. 2012	Difference	3rd Qtr. 2012	Difference
SIS	1.14%	-1.91%	-1.96%	-2.73%		0.41%		0.94%		3.20%	
Western Asset	1.13%	-1.90%	-1.93%	-2.71%	-0.03%	0.51%	-0.10%	0.99%	-0.06%	3.03%	0.17%
BC Aggregate Index	1.01%	-1.78%	-1.55%	-2.33%		-0.12%		0.22%		1.59%	
SIS	2.15%	-3.29%	-2.52%	-3.70%		3.62%		4.82%		7.44%	
Franklin Templeton Investments	2.42%	-2.75%	-3.04%	-3.42%	-0.27%	3.22%	0.40%	5.07%	-0.25%	7.20%	0.24%
BC Multiverse	1.44%	-2.89%	-1.26%	-2.73%		-1.95%		-0.29%		3.38%	
SIS	1.55%	-5.21%	-6.52%	-10.01%		4.51%		1.79%		8.18%	
AQR Global Risk Premium III (Net)	1.52%	-5.24%	-6.55%	-10.10%	0.09%	4.40%	0.10%	1.68%	0.11%	8.08%	0.10%
40% R3000/ 60% BC Agg	1.39%	0.70%	-1.40%	0.67%		6.52%		0.24%		4.36%	
SIS	3.45%	-0.43%	0.02%	3.03%		0.81%		3.31%		0.57%	
AQR DELTA Fund II (Net)	3.37%	-0.51%	-0.06%	2.78%	0.26%	0.57%	0.24%	3.04%	0.26%	0.31%	0.25%
Libor + 4%	0.36%	0.35%	0.35%	1.06%		0.95%		1.06%		1.09%	
SIS	-2.99%	-0.06%	-3.85%	-6.78%		-0.96%		-5.72%		13.53%	
SSgA Multisource Commodity	-2.99%	-0.06%	-3.85%	-6.78%	0.00%	-0.97%	0.01%	-5.72%	0.00%	13.53%	0.00%
DJ UBS Commodity	-2.79%	-2.24%	-4.71%	-9.44%		-1.13%		-6.33%		9.70%	
S&P Goldman Sachs Commodity	-4.73%	-1.49%	0.23%	-5.93%		0.55%					
SIS				4.71%		3.25%		2.12%		2.80%	
INVESCO Real Estate				4.69%	0.02%	3.25%	0.00%	2.12%	0.00%	2.80%	0.00%
NCREIF NFI ODCE Index				3.86%		2.68%		-3.28%		11.54%	

## Market Capitalization Breakpoints

The market capitalization breakpoints that appear in the Market Capitalization Chart are defined by the Russell 3000 Index and change for each period end. Russell calculated the total market capitalization of each security for the end of the period, based on the total shares and price, to determine whether it is large enough for inclusion in one or more of the Russell Breakpoints.

Once the market capitalization for each security is determined, each security is then placed in the appropriate market capitalization breakpoint. A market capitalization breakpoint is determined by the break between the companies below.

Break Point	Companies included
Large Cap	50 Largest US Companies
Medium Large Cap	Next largest 150 US Companies
Medium Cap	Next largest 300 US Companies
Medium Small Cap	Next largest 500 US Companies
Small Cap	All US Companies below 1,000 largest

After the breakpoints are determined by the ranges above, new members are assigned on the basis of the breakpoints and existing members are reviewed to determine if they fall within a cumulative 5% market cap range around the new market capitalization breakpoints. If an existing securities market cap falls within this 5%, it will remain in its current index rather than move into a new market capitalization based index.

## Most Recent Breakpoints

As Of	Large Cap	Medium Large Cap	Medium Cap	Medium Small Cap	Small Cap
6/30/13	68.47	19.36	6.48	2.46	0
3/31/13	64.31	18.64	6.39	2.39	0
12/31/12	58.45	16.80	5.75	2.13	0
9/30/12	57.06	16.48	5.49	2.08	0
06/30/12	55.65	16.13	5.14	1.99	0
03/31/12	57.58	16.43	5.55	2.13	0
12/31/11	51.97	14.66	4.93	1.93	0
09/30/11	45.35	13.88	4.38	1.66	0
06/30/11	54.25	15.95	5.66	2.16	0
03/31/11	52.22	15.69	5.70	2.16	0
12/31/10	49.54	14.80	5.16	2.04	0
11/30/10	47.21	13.64	4.88	1.90	0
10/31/10	46.35	13.49	4.74	1.85	0
09/30/10	42.83	13.13	4.64	1.80	0
08/31/10	39.87	12.16	4.17	1.60	0
07/31/10	43.50	12.49	4.49	1.72	0
06/30/10	39.95	11.58	4.10	1.59	0

*\*Numbers in billions*

## MARKET SUMMARY

### Equity Markets

	<u>QTR</u>	<u>1 Year</u>	<u>3 Year</u>
S&P 500	2.9	20.6	18.5
Dow Jones Industrial Average	2.9	18.9	18.2
NASDAQ	4.2	16.0	17.3
Russell 1000	2.7	21.2	18.6
Russell 2000	3.1	24.2	18.7
Russell 3000	2.7	21.5	18.6
MSCI EAFE (Net)	-1.0	18.6	10.0
MSCI Emerging Markets (Net)	-8.1	2.9	3.4
MSCI All Country World ex US	-3.1	13.6	8.0

### Bond Markets

	<u>QTR</u>	<u>1 Year</u>	<u>3 Year</u>
Barclays Capital Aggregate	-2.3	-0.7	3.5
Barclays Capital Gov/Credit	-2.5	-0.6	3.9
Barclays Capital Universal	-2.4	0.2	4.1
Barclays Capital Corp. High Yield	-1.4	9.5	10.7
CG Non-US World Govt.	-3.4	-5.7	2.6

### Non-Public Markets

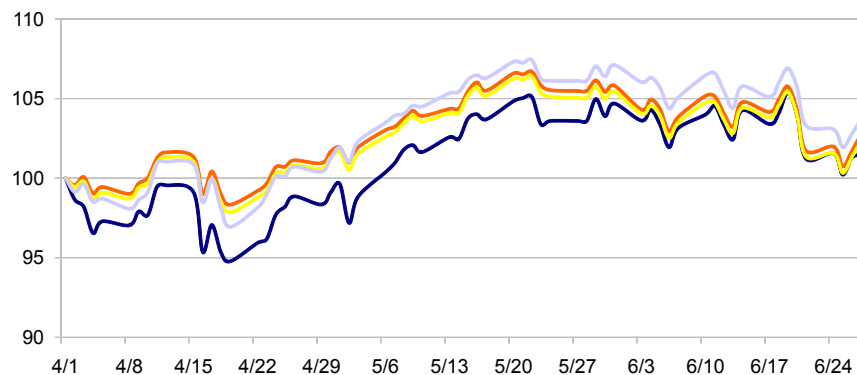
*lagged quarterly*

	<u>QTR</u>	<u>1 Year</u>	<u>3 Year</u>
NCREIF Property	2.6	10.5	13.3
State Street Private Equity Index	3.4	8.9	12.5

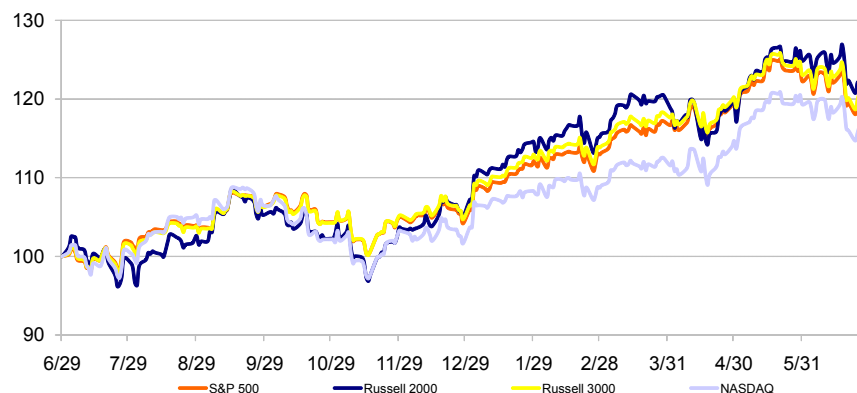
## U.S. Equity Market

- U.S. equities, as measured by the S&P 500 total return index, rose 2.9% during the quarter as tapering fears gave way to improved sentiment at the end of June.
- Technology stocks outperformed, with the NASDAQ returning 4.2% during the second quarter.
- Small caps, as measured by the Russell 2000 index, rose 3.1% during the second quarter.

### Equity Index – Quarterly Growth Rate



### Equity Index – 1-Year Growth Rate

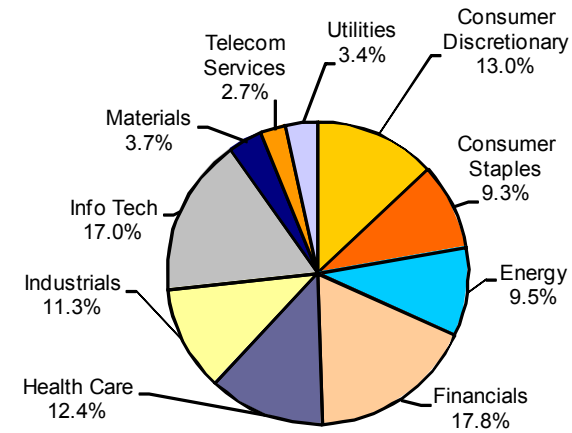


**U.S. MARKETS**

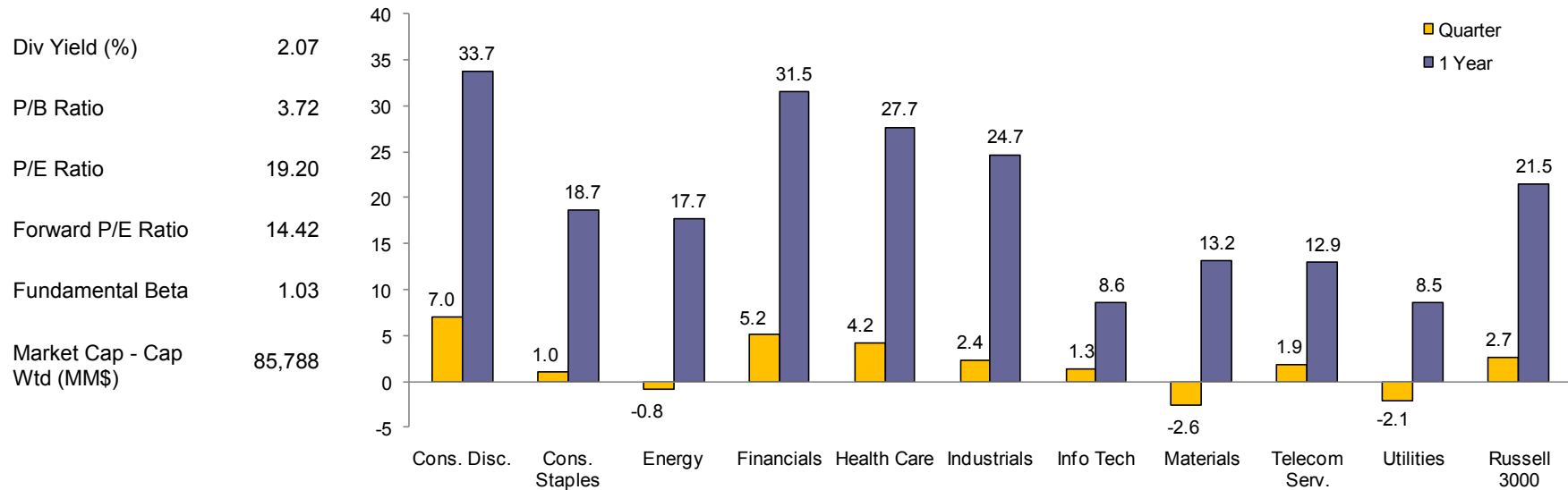
**U.S. Equity – Russell 3000**

- China growth concerns and lingering Fed tapering fears impacted commodity related sectors; energy fell 0.8% in the second quarter, while materials stocks declined 2.6%.
- Nevertheless, higher beta consumer discretionary and financial sectors were more resilient, gaining 7.0% and 5.2%, respectively, by the end of the quarter.
- Overall, the Russell 3000 index returned 2.7% during the quarter; the one year return was 21.5%.

**Ending Sector Weights**



**Characteristics**



**Contribution to Return:**

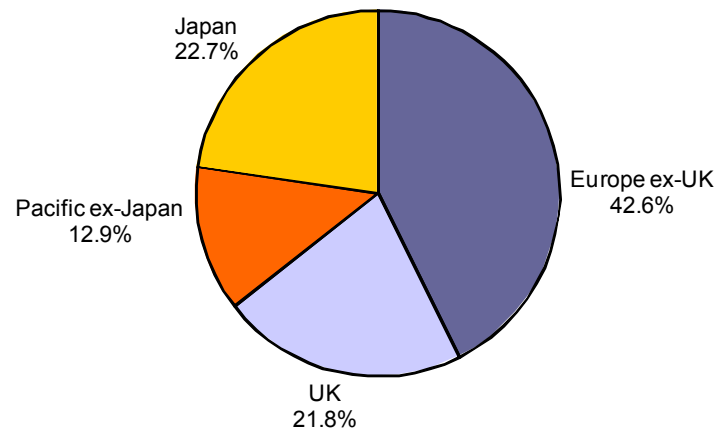
	Cons. Disc.	Cons. Staples	Energy	Financials	Health Care	Industrials	Info Tech	Materials	Telecom Serv.	Utilities	Russell 3000
Qtr	0.9	0.1	-0.1	0.9	0.5	0.3	0.2	-0.1	0.0	-0.1	2.7
1 Year	4.0	1.8	1.7	5.1	3.3	2.8	1.6	0.5	0.4	0.3	21.5

**NON-U.S. MARKETS**

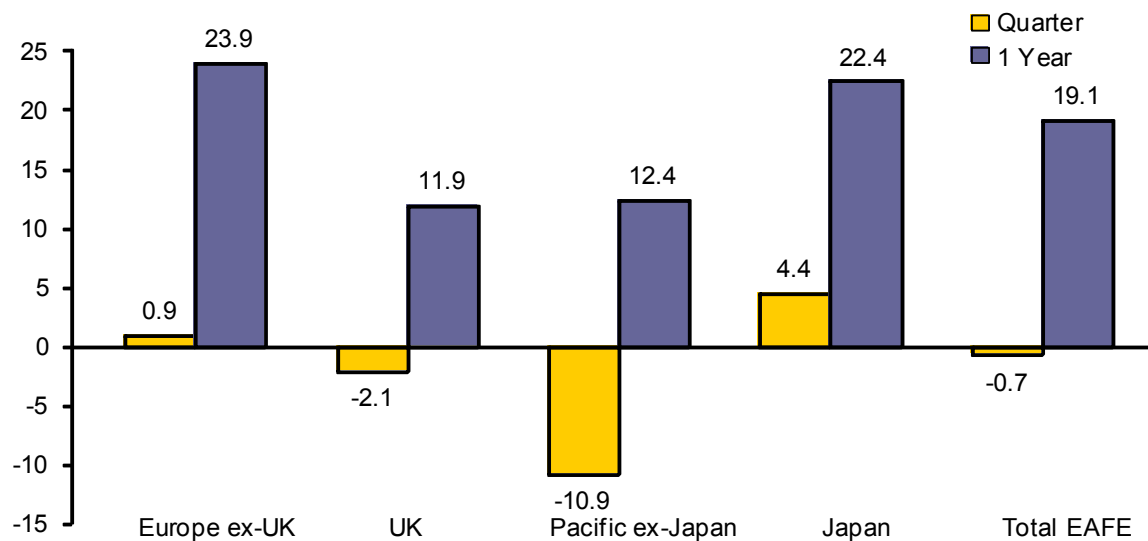
## Developed Equity – MSCI EAFE (Net)

- A slowdown in Chinese growth led to declines throughout Pacific ex-Japan. Indeed, the Pacific ex-Japan index fell 10.9% in the second quarter.
- Continued optimism over Abenomics led to an increase of 4.4% in Japanese equities during the second quarter.
- Overall, the MSCI EAFE index declined 0.7% in the second quarter.

**Ending Regional Weights**



**Regional Returns (%)**



**Contribution to Return:**

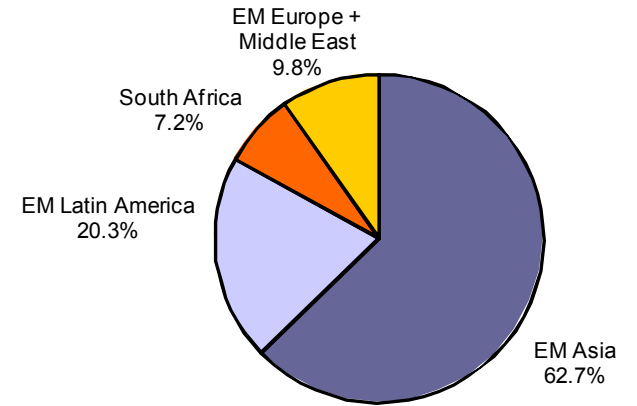
Qtr	0.4	-0.5	-1.4	1.0	-0.7
1 Yr	10.2	2.6	1.6	5.1	19.1

**NON-U.S. MARKETS**

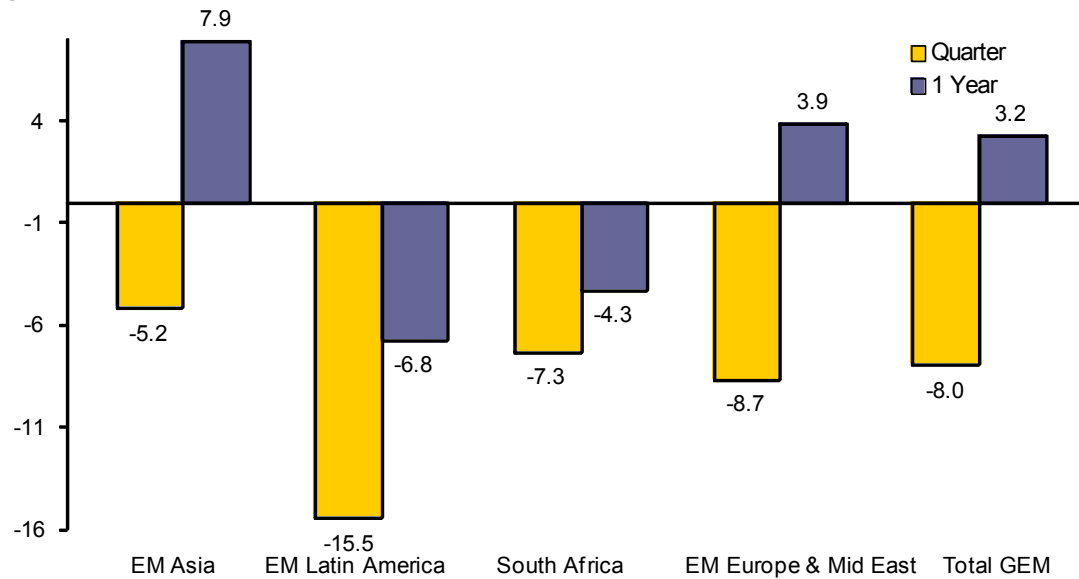
**Emerging Markets Equity – MSCI EM (Net)**

- Global growth concerns and Fed tapering discussions led to sharp declines throughout the emerging markets. The MSCI EM index fell 8.0% in the second quarter, driven by fears of the impact Fed tapering will have on capital flows to the emerging markets.
- On a regional basis, Latin America underperformed, falling 15.5% in the second quarter.

**Ending Regional Weights**



**Regional Returns (%)**



**Contribution to Return:**

	EM Asia	EM Latin America	South Africa	EM Europe & Mid East	Total GEM
Qtr	-3.3	-3.1	-0.5	-0.8	-8.0
1 Yr	4.9	-1.4	-0.3	0.4	3.2

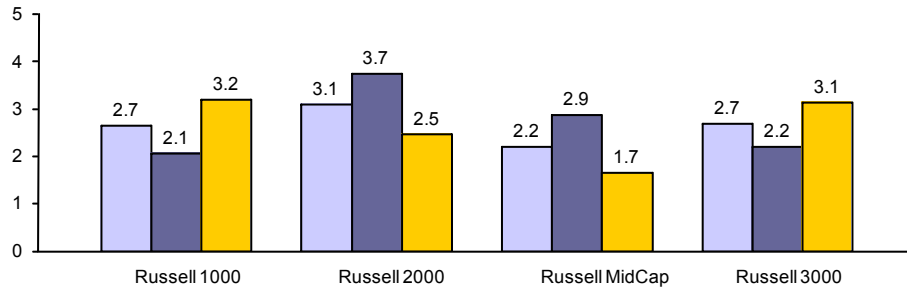


**STYLE & CAPITALIZATION**

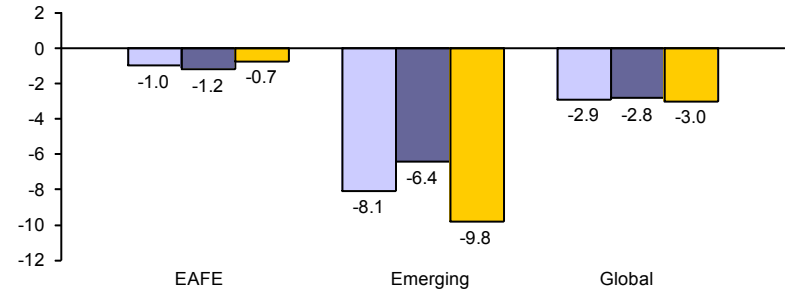
## Style & Capitalization Returns

- Emerging market equities underperformed in the second quarter as Fed tapering fears and Chinese growth concerns came to the fore. Value stocks in emerging markets underperformed, falling 9.8% in the quarter.
- Value stocks in the U.S. outperformed, reflected by the higher returns for large cap equities.
- Overall, non-U.S. equities declined 2.9% in the second quarter.

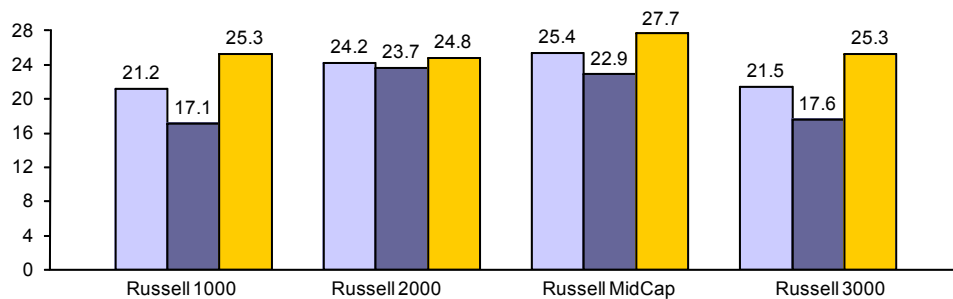
**Russell US Style Returns (%) – Quarter**



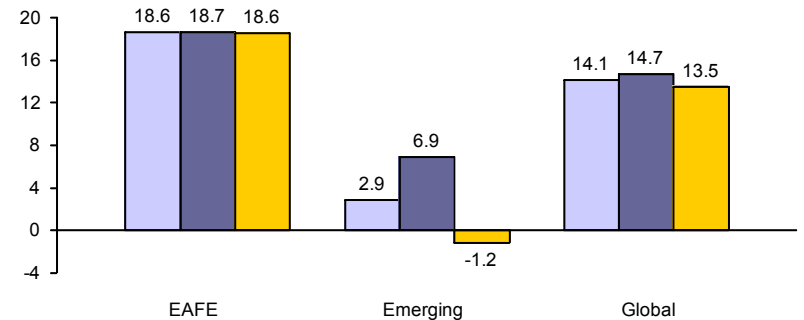
**MSCI Non-US Style Returns (%) – Quarter**



**Russell US Style Returns (%) – 1 Year**



**MSCI Non-US Style Returns (%) – 1 Year**

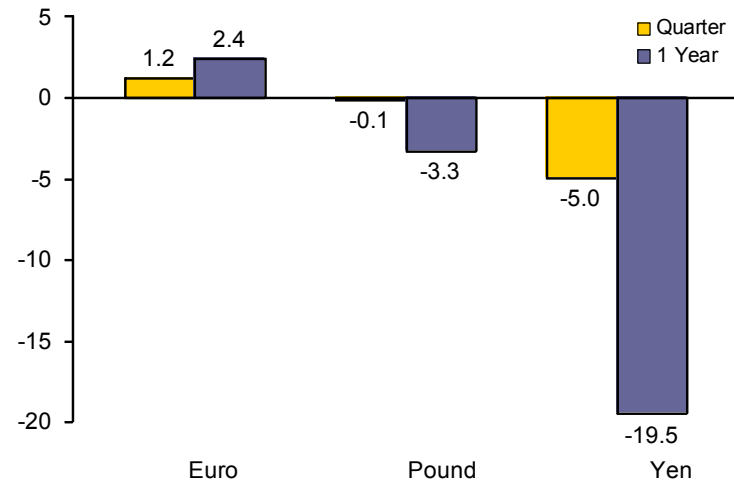


□ Neutral   ■ Growth   ■ Value

## Currency Markets

- Despite the differential in forward monetary policy guidance, the euro rose 1.2% against the dollar in the second quarter.
- The U.S. dollar trade-weighted index, which measures the dollar's movement against a basket of currencies, rose 0.2% in the second quarter, given the higher uncertainty around the global economic environment.

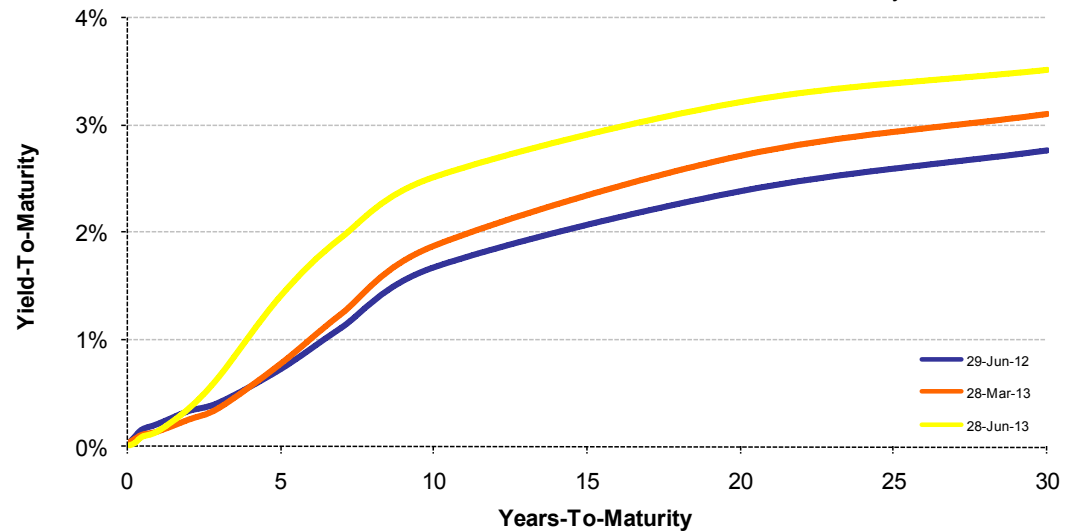
Currency Returns (%)



## Yield Curve

- The U.S. yield curve steepened on a quarterly basis as market participants factored in when the Fed could begin tapering quantitative easing.
- Ten-year yields rose sixty-five basis points during the second quarter.

INTEREST RATE TERM STRUCTURE  
Government Issues - 3 Months to 30 Years Maturity

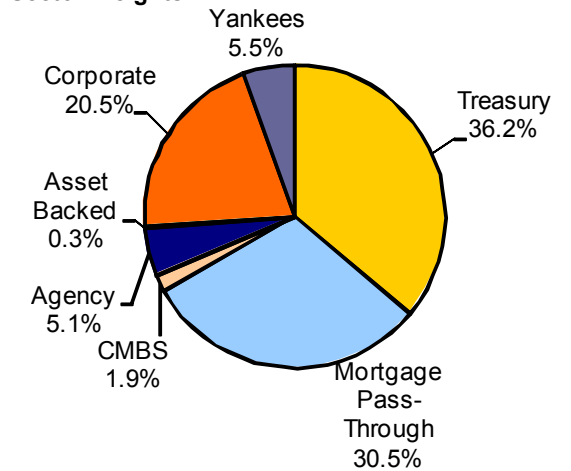


**BOND MARKETS**

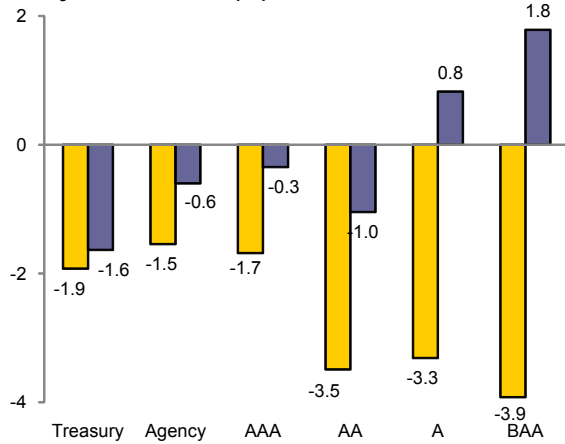
# U.S. Bond Market Returns – Barclays Capital Aggregate

- Tapering concerns led to broad declines in fixed income assets. Treasury bonds fell 1.9% in the second quarter, while lower quality credits declined even more dramatically.
- Lower-rated corporate bonds underperformed, with BAA rated securities falling 3.9%.

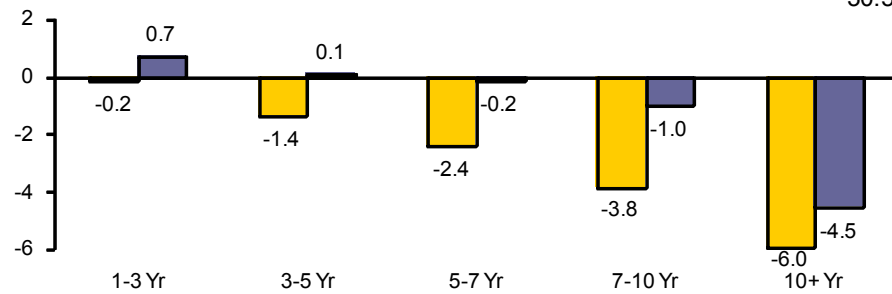
**Sector Weights**



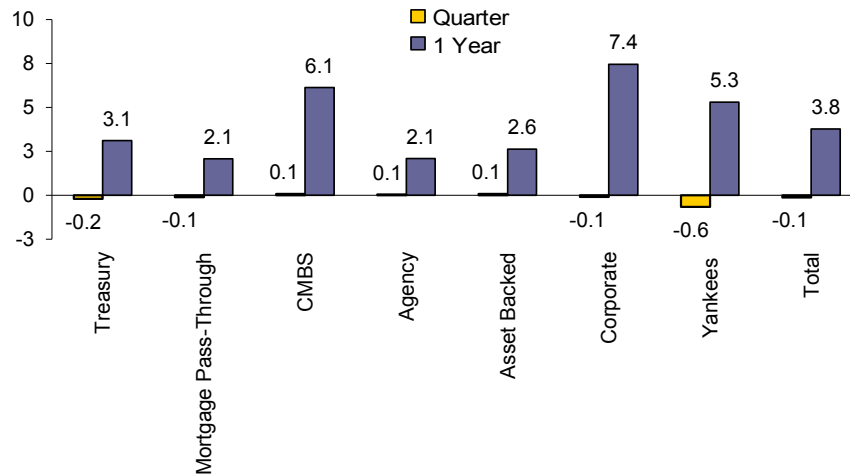
**Quality Performance (%)**



**Duration Performance (%)**



**Sector Performance (%)**



**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

August 27, 2013

Agenda Item 6.3

**TO:** Board of Retirement

*Lilibeth Dames*

**FROM:** Lilibeth Dames, Investment Analyst

**SUBJECT:** Report on Core Bond Manager Annual Reviews (Pyramis Global Advisors and Western Asset Management)

**Staff Recommendation:**

Review the report on the annual review of SamCERA's Core Bond Managers.

**Background:**

On August 8<sup>th</sup>, SamCERA staff and consultant held annual review meetings in SamCERA's office for our core bond managers.

Each meeting lasted approximately 1.5 hours, and consisted of a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook.

**Discussion:**

Pyramis Global Advisors' Broad Market Duration product, which is a commingled pool that focuses in US Treasuries, agencies, investment grade corporate bonds, mortgage-backed and asset-backed securities, was reviewed first. Next, Western Asset Management's US Core Full Discretion strategy, which is a core plus product that can hold up to 20% in high yield and 20% in non-US exposure, was reviewed. The departure of Western's Co-Head of Structured Products was briefly discussed.

There were no significant concerns identified during the portfolio reviews. Attached you will find meeting notes from SIS summarizing the findings from these annual reviews.

**Attachments:**

- A. *Pyramis Global Advisors Broad Market Duration Annual Review Meeting Notes*
- B. *Western Asset Management US Core Full Discretion Annual Review Meeting Notes*

*Date of meeting: 8/8/2013*

*Location: SamCERA Office*

Manager Representative(s)

Sue Curran (Relationship Manager), Earl McKennon  
(Investment Director)

SIS Representative(s)

Ping Zhu

Client Representative(s)

Mike Coultrip (CIO), David Bailey (CEO), Scott Hood  
(Assistant Executive Officer), Lilibeth Dames (Analyst)

### **Product Description**

Pyramis' Broad Market Duration (BMD) investment strategy seeks to achieve absolute and risk-adjusted returns in excess of the BC U.S. Aggregate Index, focusing its investments in US Treasuries, agencies, investment grade corporate bonds, mortgage-backed and asset-backed securities. The BMD commingled pool can also hold small, opportunistic positions in out-of-benchmark securities, such as inflation-linked bonds. The investable universe includes all US dollar denominated, investment grade debt securities. The BMD investment approach emphasizes issuer and sector valuation and individual security selection. Through the integration of fundamental and quantitative research and trading, the BMD strategy is implemented in a team environment. Risk management technology is utilized to explicitly quantify benchmark exposures on a daily basis, and Pyramis uses the same analytical framework to assess both index and portfolio risk. Tracking error should range between 40 and 60 basis points per annum over the benchmark, and stringent portfolio construction risk control rules are strictly adhered to.

### **Meeting Notes**

#### **Organization**

There is no major change in the organization. Pyramis Global Advisors remains wholly owned by Fidelity. As of 6/30/2013, the firm's total AUM is \$188.49 Billion, of which \$42.6 Billion are in fixed income products.

Mike asked why GIPS performance audit was done only through 2011. Earl didn't have specific answer. Sue thinks the firm's policy is to have GIPS compliance audited every year. Mike also requested that future performance reports include both gross and net returns, as well as more detailed information about portfolio positioning and exposure.

#### **Investment Team**

Jeff Moore, Ford O'Neil, Pramod Atluri and Michael Plage are the portfolio managers responsible for the execution and performance of the Broad Market Duration strategy. They are supported by Pyramis' large investment grade fixed income division. Pramod Atluri joined the portfolio management team in 2012, prior to that, Pramod was a credit research analyst and an asset allocation analyst at Fidelity. Also in early 2012, George Fischer (former portfolio manager for this strategy) transitioned to a new role within the fixed income division as managing director of the macroeconomic and structured research team.

#### **Investment Strategy**

Pyramis' Broad Market Duration uses bottom-up issuer and sector selections as its primary sources of alpha. Because Pyramis recognizes that macroeconomic forces have often overwhelmed underlying fundamentals for extended

period of time, the BMD team will incorporate inputs from both global macro and quantitative analyst teams to guide every decision. Mike asked how macroeconomic views are formed at Pyramis. Earl said the team produces specific views about GDP, interest rates, and various political events through research and formal meetings. In addition, the significant information exchange at the trading floor among traders, quantitative analysts and portfolio managers is an important part of their process.

Risk management is also a priority and serves as the framework in managing this strategy. Mike asked about Pyramis' new risk modeling framework called RAPIDS (Risk Analytics Platform for Investment Decision Support). Earl said the new framework not only quantifies tracking error and other risk measures against benchmark, it also enables the team to conduct risk budgeting, risk-based attribution and scenario analysis. Earl said they can offer Mike a video demo if he's interested in learning more about RAPIDS.

BMD's annual portfolio turnover averaged above 90% during the past 3 years.

### **Performance & Positioning**

Benchmark's year-to-date performance is negative due to heightened bond market volatilities during the second quarter of 2013. Earl said that year-to-date gross return of the BMD strategy was ahead of the benchmark by 28 bps (as of end of July). Mike wanted to understand how much bond yield has to rise to neutralize the portfolio's roll down effect. Earl said this strategy is currently positioned as duration neutral (less than 0.3 years over the benchmark duration), hence duration impact on this portfolio should be small. The team has also added spread products in shorter end of the curve; so its curve positioning is also fairly neutral. According to Pyramis' study between GDP growth rate and 10-year Treasury yield, the manager does not foresee significant pressure on rate rise because of current low growth expectations.

The BMD portfolio continues to have overweight in financial sector. Earl noted that there is still room for the spread gap to narrow between financials and industrial corporate credits. The portfolio has underweight in the industrial sector, as the manager is concerned about recent shareholder-friendly activities in that sector, while continue to favor the trend that financials sectors are becoming more utility-like. Pyramis has overweight exposures to both regional banks and large, systematic-important money center banks. They feel their selected regional banks were unfairly punished during the crisis because market failed to differentiate risky banks from more conservative ones.

Pyramis also has overweight positions on the REIT sector as part of its strategic holdings. The manager thinks a modest rise in interest rates will not have large impact on REITs. Mike commented that portfolio's combined positions in REIT and CMBS generated 9% exposure to commercial real estates. Earl said they are comfortable with their super senior, old vintage CMBS holdings thanks to the strong credit support offered by subordinated tranches.

BMD's current sector allocation is close to benchmark. Current US Treasuries allocation (33%) is the highest in the history of this strategy. Manager has completely sold out its TIPS positions since the beginning of this year, which helped its performance. BMD's agency MBS allocation is also close to benchmark weight, and the mortgage team continues to favor lower coupon mortgages. While the manager is mindful of potential Fed tapering, it believes the impact of tapering will be more pronounced in the Treasuries market than in agency-mortgage market. Mike noted that ABS spread spiked in June, Earl expected that credit card and auto loan ABS sectors may see spread tightening if other sectors' spreads remain stable.

As of 6/30/2013, Pyramis BMD out-yields its benchmark by about 50bps. SamCERA's Pyramis BMD account balance is \$145,588,189.

Date of meeting: 8/8/2013

Location: SamCERA Office

Manager Representative(s)

Frances Coombes (Client Service), Julien Scholnick  
(Portfolio Manager)

SIS Representative(s)

Ping Zhu

Client Representative(s)

Mike Coultrip (CIO), David Bailey (CEO), Scott Hood  
(Assistant Executive Officer), Lilibeth Dames (Analyst)

### Product Description

Western Asset's investment philosophy has three key components. First, as sector rotators, the firm seeks out long term value by fundamentally analyzing all sectors of the fixed income market. Second, Western employs multiple strategies, proportioned so that no single adverse market event would have an overwhelming negative impact on performance. The third component of the investment philosophy is opportunistic trading. Western Asset adds value with opportunistic trades that attempt to exploit market inefficiencies. Non-US investment grade sovereigns, high yield and emerging market debt securities are used opportunistically in this approach. Western uses a team approach to portfolio management with duration, term structure, and sector allocation decisions developed by the Investment Strategy Group. The Research Group employs these determinations as they look for issues and issuers that are appropriate for the firm's eligible universe. Factors such as relative credit strength, liquidity, issue structure, event risk, covenant protection, and market valuation are central to its inquiries. Throughout this process, the Portfolio Management Group provides both teams with a picture of key capital markets. The Portfolio Management Group is also responsible for portfolio structuring and implementation. The U.S. Core Full Discretion portfolio holds between 40-60 issues and can hold up to 20% in high yield and 20% in non-US exposure. The portfolio's 10% maximum weight in emerging debt securities is counted towards the 20% maximum non-US exposure.

### Meeting Notes

#### Organization

Stephen Walsh, CIO of Western Asset and Chairman of the Broad Market Committee, announced his plan to retire in March 2014, and Ken Leech will become CIO upon Stephen's retirement. Ken previously served as Western's CIO from 1998 to 2008, and since that time has led the firm's global macro effort as the Chairman of the Global Investment Strategy Committee and a member of the Broad Market Committee. As part of Stephen's retirement plan, Ken Leech is now Co-CIO at Western Asset and he is more involved in the firm's US fixed income strategies. Ken will become the Chairman for both Global Investment Strategy Committee and Broad Market committee in March 2014.

As of 6/30/2013, Western's total asset under management is \$436.3 Billion, of which \$54.6 Billion is in US Core Full Discretion strategy.

#### Investment Team

In June 2013, Paul Jablansky, Co-Head of Structured Products who joined Western Asset in 2011, resigned for family reasons. After a brief interim period, Western Asset hired Anup Agarwal as Paul's replacement. Agarwal previously managed credit and research for mortgage- and asset-backed securities at Invesco. Western says that Agarwal's background and investment philosophy match up well with its current team. Anup will start in late August.

## Investment Strategy

As a core plus strategy, Western seeks to outperform its benchmark over the long term regardless of short-term market environment. Because of the manager's emphasis on spread products, the strategy has experienced underperformance in the past due to economic shocks and liquidity crisis, but has recovered significantly as the market readjusted to normal conditions.

Julien proposed two possible guideline changes – he proposed that minimum average credit rating be changed to no more than 3 notches below benchmark rating, and that Western be given more flexibility to engage in active foreign exchange transactions. Mike said he would like to study the impact if minimum credit quality is required to be no more than 2 notches below benchmark rating. Western will follow up with a study on such impact.

## Performance & Positioning

Julien noted that the recent market shock and volatility spike were not credit related but instead a result of Fed's regime change. Consequently, correlation between government bonds and high yield/EMD increased in Q2. Western thinks future correlation is likely to decline as market normalizes. While the core full strategy continues to maintain its underweight allocation in US Treasuries, its Treasury holdings tend to be longer in duration in order to enhance those securities' diversification benefits.

Western also took advantage of recent market stress and increased the portfolio's exposures to several credit sectors. The manager believes much of the recent price declines were due to panic sales driven by retail investors, and there was no significant deterioration in credit fundamentals. The manager is mindful that there were increased shareholder friendly activities and increased leverage in the credit market, so the portfolio has underweight position in the investment grade credit sector. In the financial sector, Western maintained its positions in large money center banks but avoided regional banks due to those banks' high CMBS exposure. Julien admitted that they missed out the opportunity to participate in the strong performances of those regional banks, but explained they avoided CMBS exposure because the portfolio already had large exposures to residential mortgages.

The portfolio's high yield allocation is concentrated in BB/B credits because of better liquidities in those names. The manager is cautious about the high yield sector, noting that there was large issuance of PIK deals in July. Western is equally concerned about bank loans due to expensive valuation, but it opportunistically added some loan exposure during recent market stress. By comparison, Western continues to favor non-agency mortgages and believes the non-agency sector represents better value on a loss-adjusted basis. The manager's new target allocation in non-agency MBS is now 7%, but SamCERA's account currently has only 5.4% allocation because it ran into guideline quality constraints. Julien said the team also uses its knowledge in non-agency MBS to analyze prepayments for the agency MBS sector. Western currently has overweight position in lower coupon agency-MBS, especially in the 3.5% - 4% coupon range. Julien commented that lower coupon MBS has been hit hard with extended duration, but current valuation is relatively attractive on OAS basis. Western does not foresee significant rate hike in the near future.

The portfolio does have small EMD exposure that subtracted from performance in 2013. EMD exposure was through a comingled vehicle, including 2/3 allocation in local currency sovereign debts and 1/3 in EMD corporates. The portfolio also has 2% position in non-dollars through a comingled vehicle, with its largest positions in short euro and yen. If guideline permits active foreign exchange activities, Western will add more short currency exposures.

As of 6/30/2013, Western Core Full Discretion account out-yields its benchmark by around 120bps. SamCERA's account balance is \$116,391,104.



**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement**

August 27, 2013

Agenda Item 6.4

**TO:** Board of Retirement

**FROM:** Michael Coultrip, Chief Investment Officer



**SUBJECT:** Discussion of Asset Liability Simulation Results and Approval of New Asset Class Target Portfolio

**Staff Recommendation:**

Review asset-liability simulation results and approve new asset class target portfolio.

**Background:**

In July, the Board reviewed asset-liability basics, approved both the capital market assumptions to be used in the study and the efficient frontier mixes to be used in the asset-liability simulations.

**Discussion:**

Marcel Gesell and Patrick Thomas from SIS will review the asset-liability simulation results and present an updated asset class target portfolio for Board review, discussion, and potential approval.

Asset Liability Study Timeline:

September Board meeting: If necessary, review additional asset mix scenarios and recommendations.

October Board meeting: If necessary, approve revised asset mix. Complete update of Investment Policy Statement.

**Attachments:**

A. *Asset-Liability Study Part III*

SamCERA  
2013 Asset-Liability Study Part III  
August 27, 2013

Marcel Gesell, CFA  
Vice President

Patrick Thomas, CFA  
Senior Vice President

**STRATEGIC INVESTMENT SOLUTIONS, INC.**

333 BUSH STREET SUITE 2000  
SAN FRANCISCO 94104  
[www.sis-sf.com](http://www.sis-sf.com)  
415 362 3484

## Study Progress

- I. Introduction (complete!)
- II. Asset Allocation (complete!)
- III. **Asset-Liability Integration (today)**

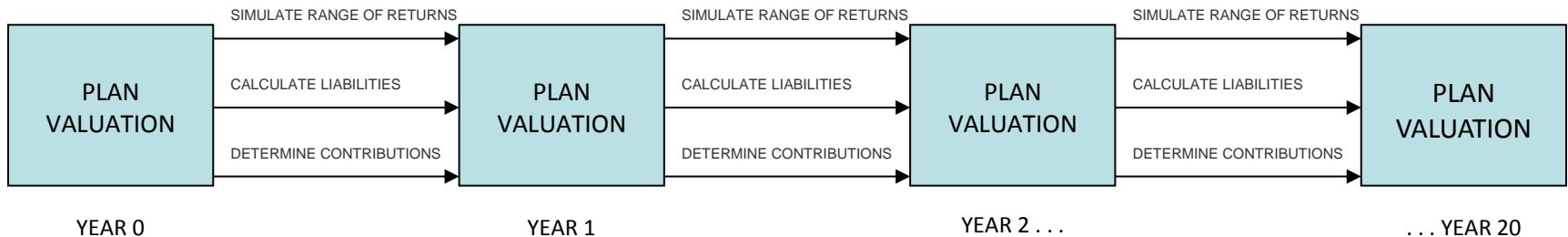
## Possible Policy Objectives (Review)

- Things to Achieve
  - 100% Funded Status
  - Low Cost/Average Contribution Rate
  - Assumed Earnings Rate Return (Currently 7.5%)
  - Intergenerational Equity
  
- Things to Avoid
  - Minimum Funded Status Over the Short-Term
  - High Cost/Average Contribution Rate
  - Large Changes in Contribution Rates Over Short-Term
  - Significant Negative Cash Flow or Liquidity Problems
  
- Unacceptable Outcomes
  - Funded Status?
  - Contribution Level?
  - Changes in Contribution Level?

# Risk Options (Review)



# Asset/Liability Modeling



- Asset Simulations
  - Monte Carlo – 1000 “Random” Investment Outcomes Per Year
- Liability Simulations/Contribution Determinations
  - Based on Range of Investment Results
  - Annual Valuation for Range of Outcomes
  - Year-by-Year, NOT Straight-Line Projection

## Current SIS Expected Return & Risk = Basis of Asset Projections

	Expected Return	Standard Deviation		Expected Return	Standard Deviation
<b>Public Equity</b>			<b>Alternatives</b>		
US Lrg Cap	7.7	17.5	Priv Equity	10.2	33.0
US Sml Cap	8.0	20.0	Hedge Funds	5.5	11.8
Intl Stock			Commod	4.0	30.0
Dev Mkt	8.0	20.0	Real Assets		
EM	8.5	29.0	Infrast	6.5	24.0
<b>Fixed Income</b>			<b>Real Est</b>	6.2	18.0
US Fixed	2.4	5.0	<b>Risk Parity</b>	7.6	14.7
Intl Bond	2.4	9.0			
TIPS	2.2	4.5			
Opp Credit					
High Yield	4.5	11.0			
EM Debt	4.4	10.0			

## Basic Asset Mix Optimization

	Current	Lower Risk			Higher Risk	
	Policy	Mix	Mix	Mix	Mix	Mix
		1	2	3	4	5
US Lrg Cap	28	23	26	29	32	34
US Sml Cap	7	6	7	7	8	9
Intl Stock	18	15	16	18	20	22
<b>Public Equity</b>	<b>53</b>	<b>44</b>	<b>49</b>	<b>54</b>	<b>60</b>	<b>65</b>
Core Bonds	16	21	18	15	11	7
TIPS	3	5	4	3	2	2
Opp Credit	3	5	4	3	2	2
<b>Fixed Income</b>	<b>22</b>	<b>31</b>	<b>26</b>	<b>21</b>	<b>15</b>	<b>11</b>
Priv Equity	8	8	8	8	8	8
Hedge Funds	3	3	3	3	3	3
Commod	3	3	3	3	3	3
<b>Alternatives</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Real Est</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>
<b>Risk Parity</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Expected Return	7.4	7.0	7.2	7.5	7.7	8.0
Total Risk	13.8	12.5	13.2	13.9	14.7	15.5

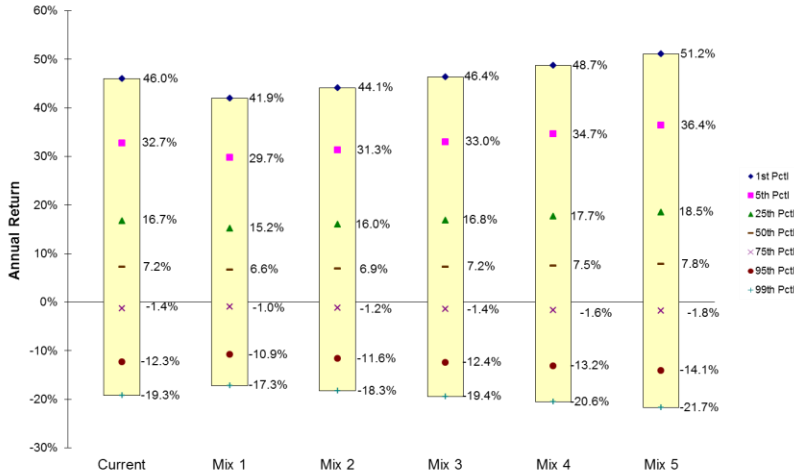


## Asset Mix Optimization from SIS/Staff Discussions (“Less Constrained”)

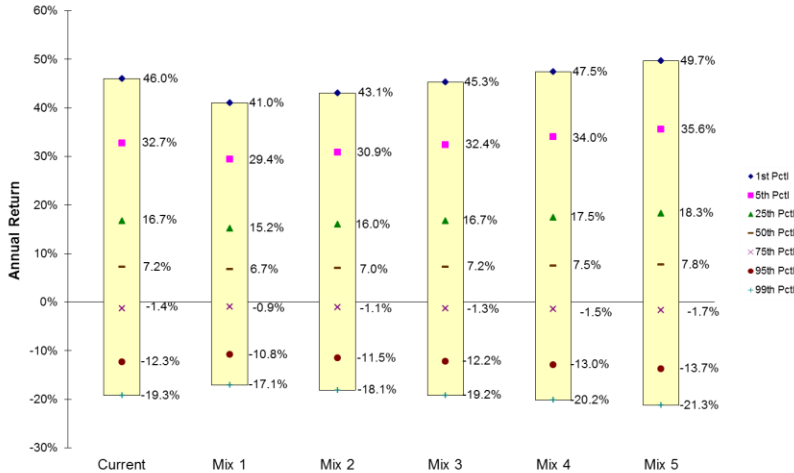
	Current	Lower Risk			Higher Risk	
	Policy	Mix	Mix	Mix	Mix	Mix
		1	2	3	4	5
US Lrg Cap	28	19	21	24	26	29
US Sml Cap	7	5	5	6	7	7
Intl Stock	18	13	15	17	18	20
<b>Public Equity</b>	<b>53</b>	<b>37</b>	<b>41</b>	<b>47</b>	<b>51</b>	<b>56</b>
Core Bonds	16	20	17	13	10	7
TIPS	3	3	3	2	2	1
Opp Credit	3	8	6	5	4	3
<b>Fixed Income</b>	<b>22</b>	<b>31</b>	<b>26</b>	<b>20</b>	<b>16</b>	<b>11</b>
Priv Equity	8	7	7	7	7	7
Hedge Funds	3	5	5	5	5	5
Commod	3	3	3	3	3	3
Real Assets	0	2	3	3	3	3
<b>Alternatives</b>	<b>14</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Real Est</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Risk Parity</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Expected Return	7.4	7.0	7.2	7.5	7.7	7.9
Total Risk	13.8	12.3	13.0	13.7	14.4	15.1

# Range of Returns

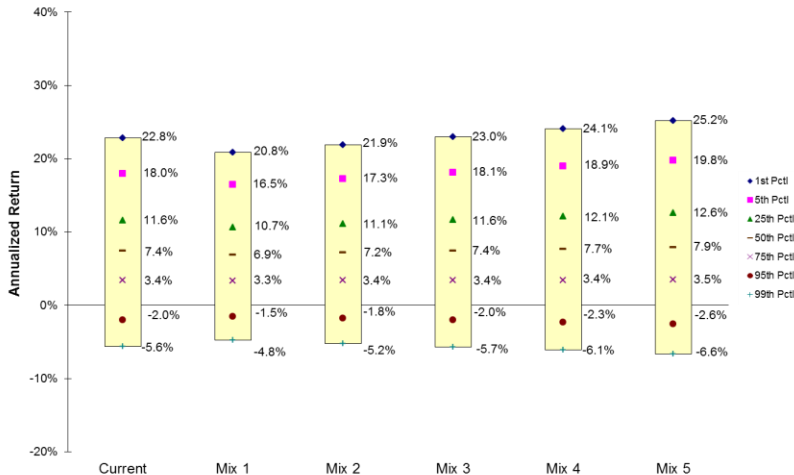
Range of Returns – Current Policy  
(One Year Horizon)



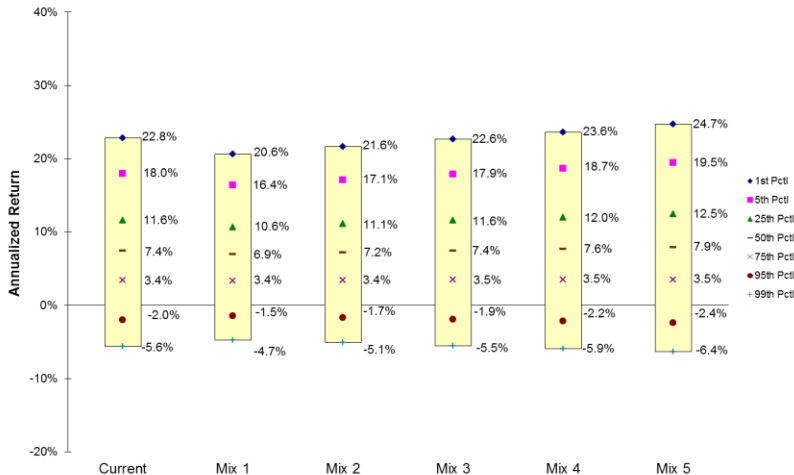
Range of Returns – Less Constrained  
(One Year Horizon)



Range of Returns – Current Policy  
(Five Year Horizon)



Range of Returns – Less Constrained  
(Five Year Horizon)

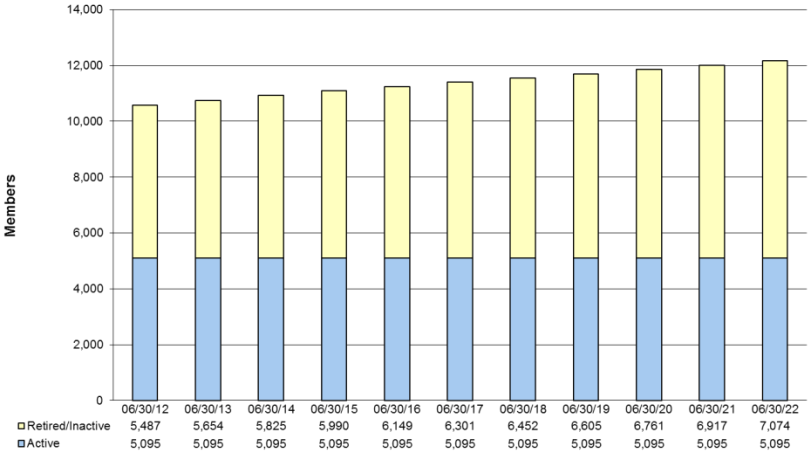


## Basis of Asset-Liability Projections

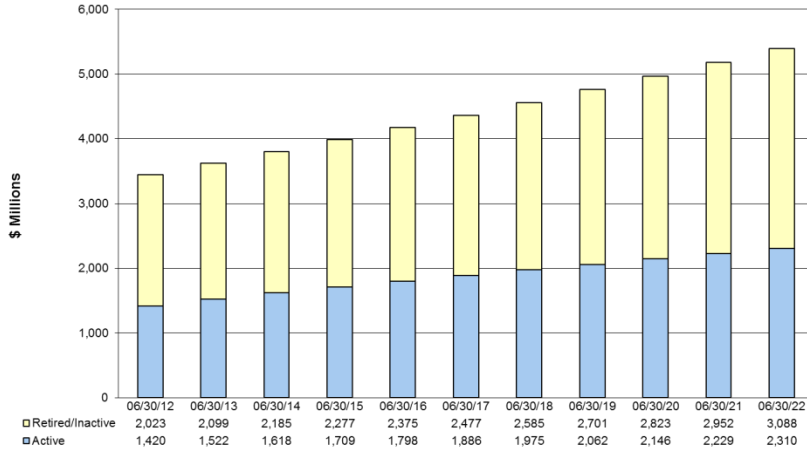
- Starts with June 30, 2012 actuarial valuation data and fund value
- Additional assumptions
  - Annual workforce growth rate: 0%
  - Annual total payroll growth: 3.75% (actuarial assumption)
- All projections pass through actual fund value on June 30, 2012
- Ten year projection with focus on five year planning horizon (June 30, 2018)

# Constant-Rate Projections

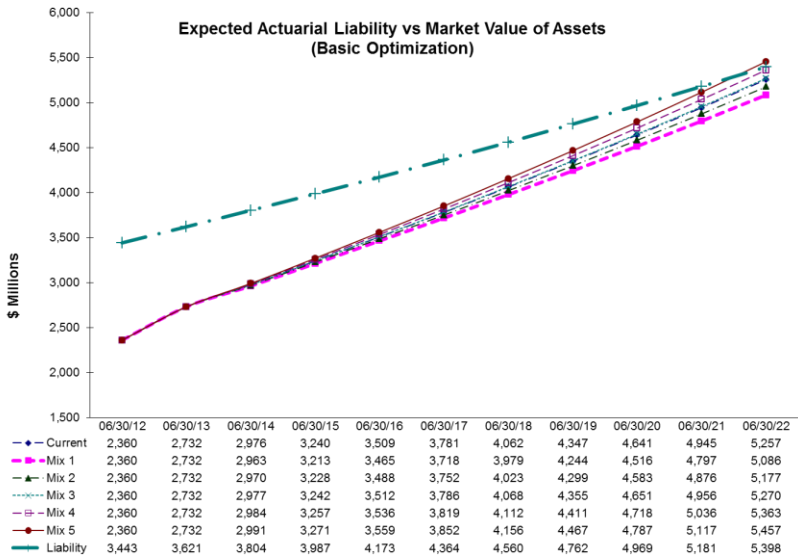
Expected Plan Membership



Expected Actuarial Liability



Expected Actuarial Liability vs Market Value of Assets (Basic Optimization)

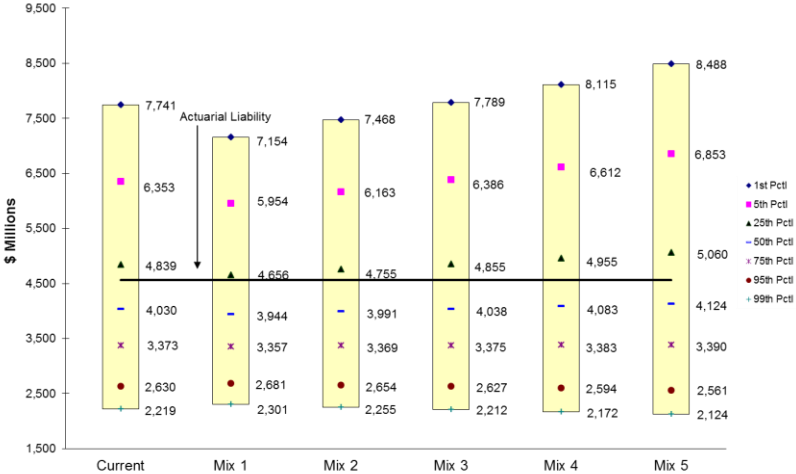


Expected Employer Contribution as % of Pay (Current Policy)

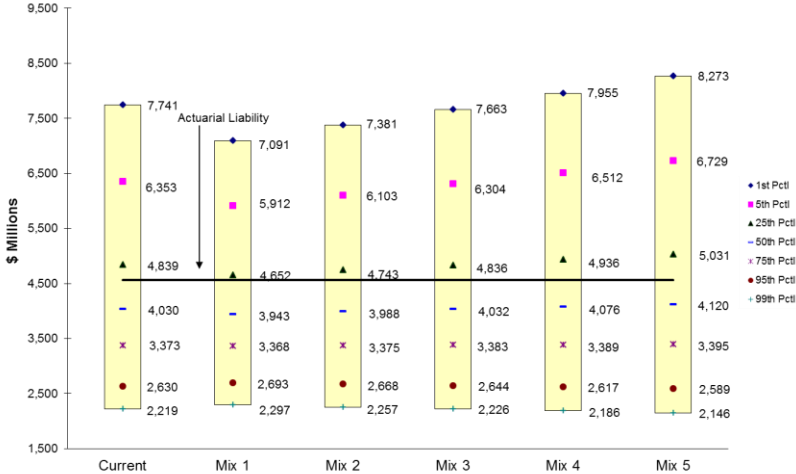


# Range of Fund Value & Funded Status

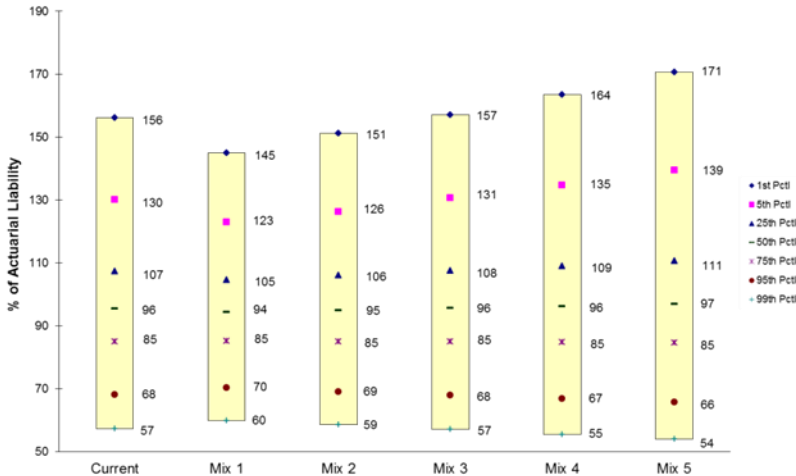
**Range of Asset Market Value – Basic Optimization**  
(End of Year Five - June 30, 2018)



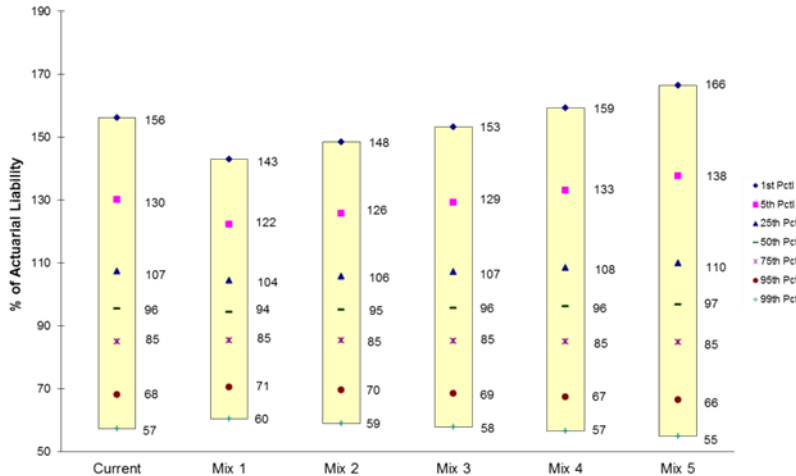
**Range of Asset Market Value – Less Constrained**  
(End of Year Five - June 30, 2018)



**Range of Actuarial Value Funded Status – Basic Optimization**  
(End of Year Five - June 30, 2018)

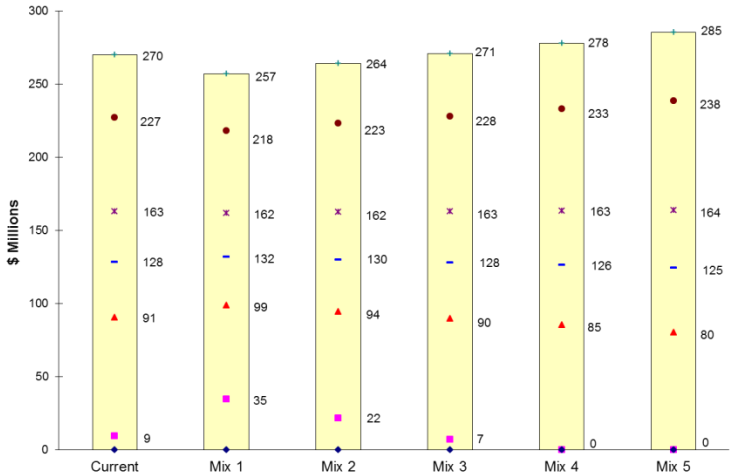


**Range of Actuarial Value Funded Status – Less Constrained**  
(End of Year Five - June 30, 2018)

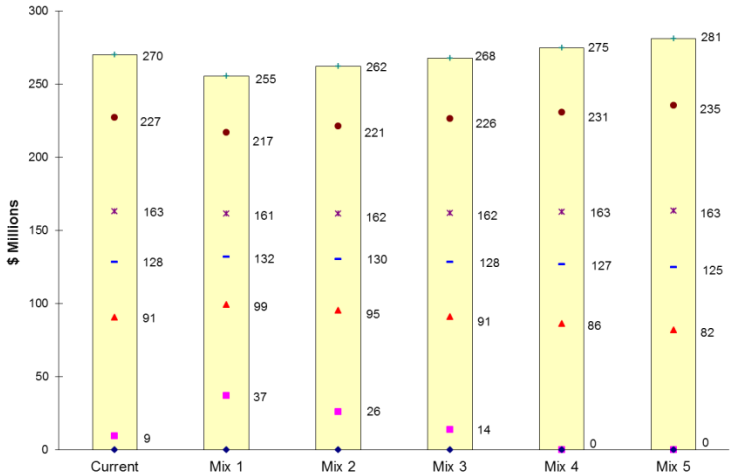


# Range of Contributions

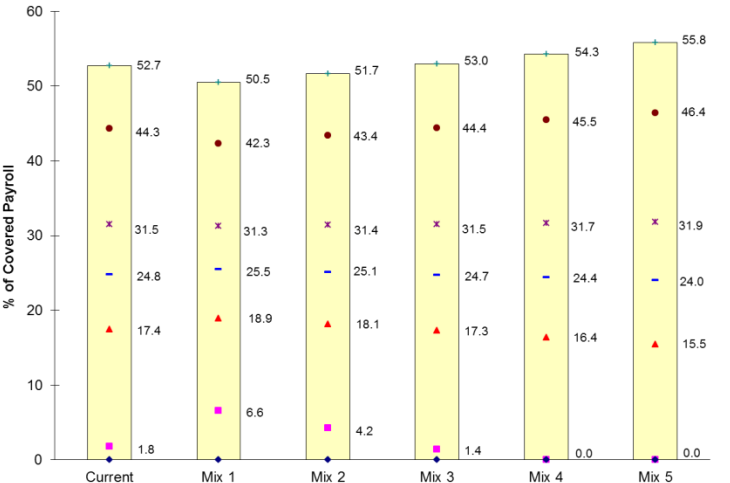
**Range of Employer Contributions – Basic Optimization  
(in Year Five - Ending June 30, 2018)**



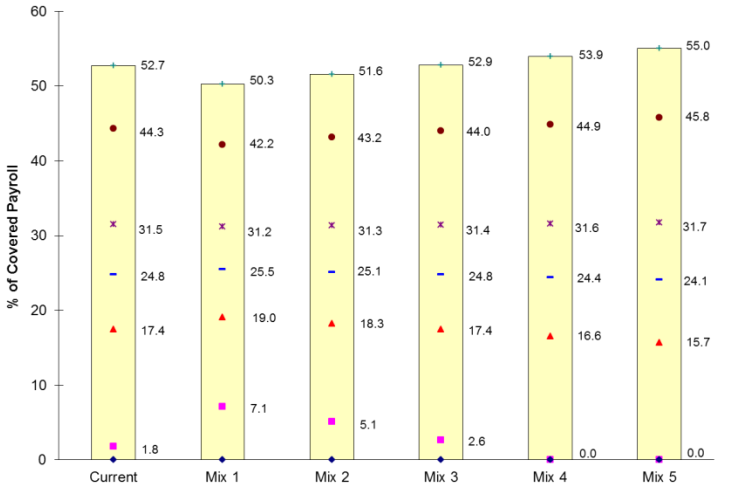
**Range of Employer Contributions – Less Constrained  
(in Year Five - Ending June 30, 2018)**



**Range of Employer Contributions as % of Pay – Basic Optimization  
(Year Five - Ending June 30, 2018)**

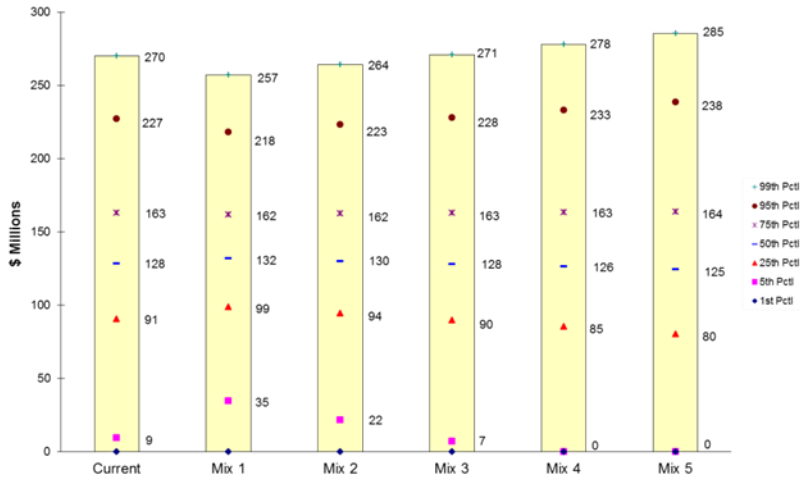


**Range of Employer Contributions as % of Pay – Less Constrained  
(Year Five - Ending June 30, 2018)**

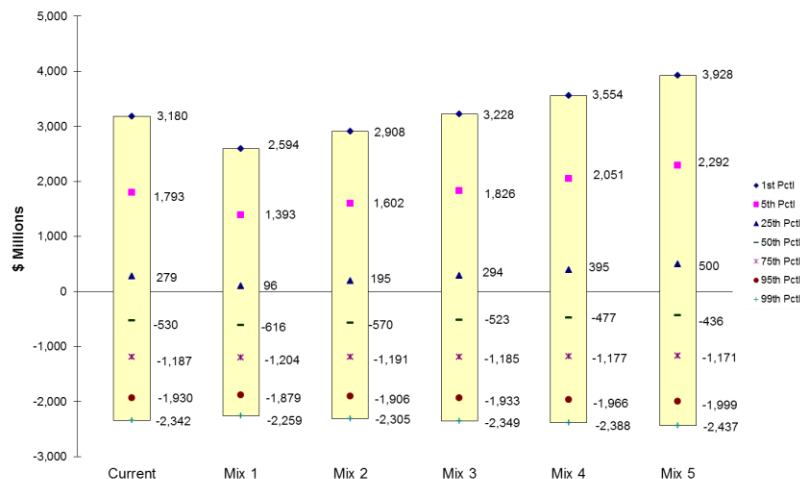


# Ultimate Net Cost = PV Contributions Plus Ending Deficit (or Minus Surplus)

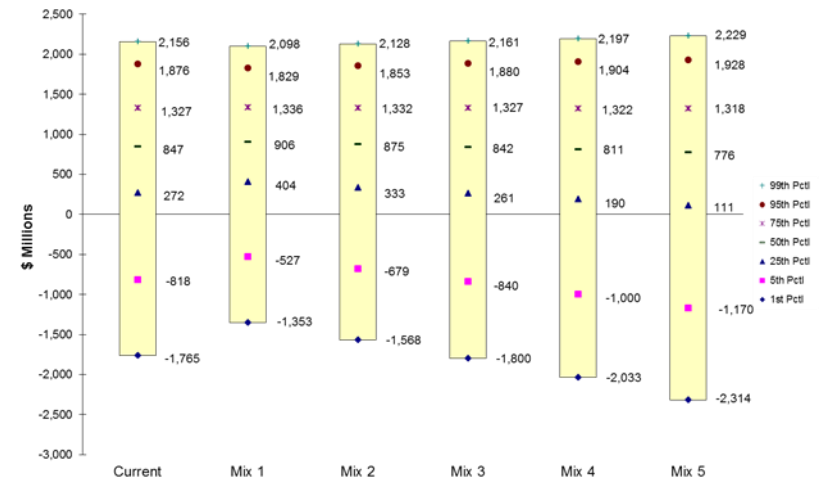
**Range of Employer Contributions – Basic Optimization  
(in Year Five - Ending June 30, 2018)**



**Range of Market Value Surplus – Basic Optimization  
(End of Year Five - June 30, 2018)**

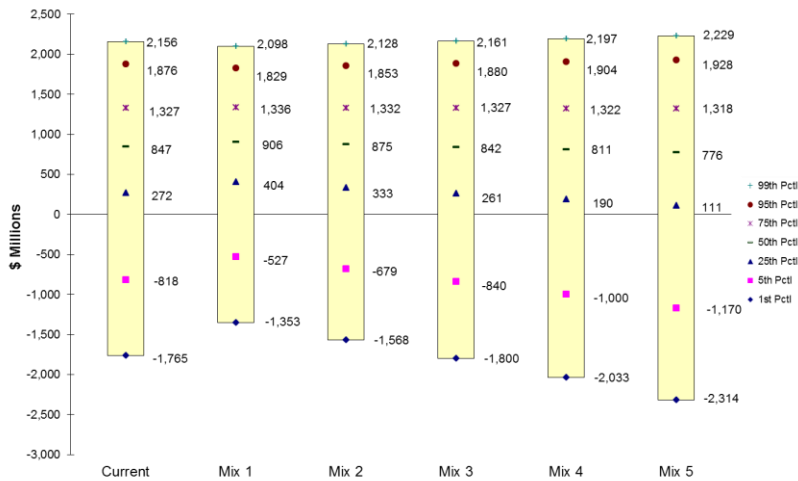


**Range of Ultimate Net Cost Less Surplus – Basic Optimization  
(Five Year Horizon - June 30, 2018)**

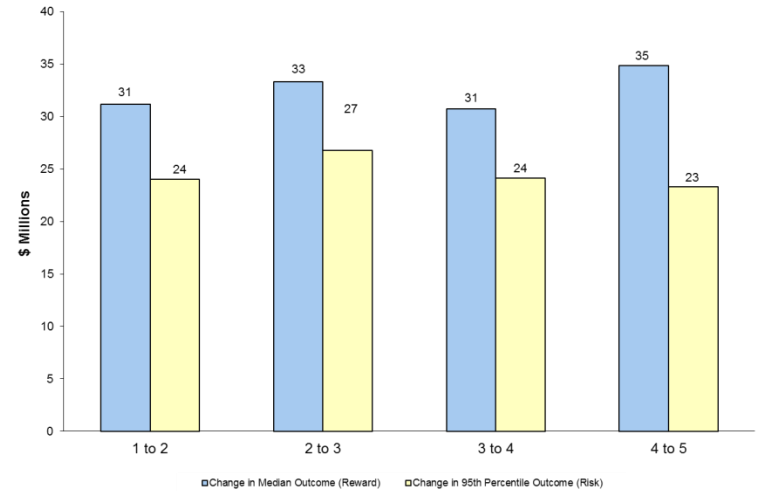


# Ultimate Net Cost Risk/Reward Tradeoff

Range of Ultimate Net Cost Less Surplus – Basic Optimization  
(Five Year Horizon - June 30, 2018)



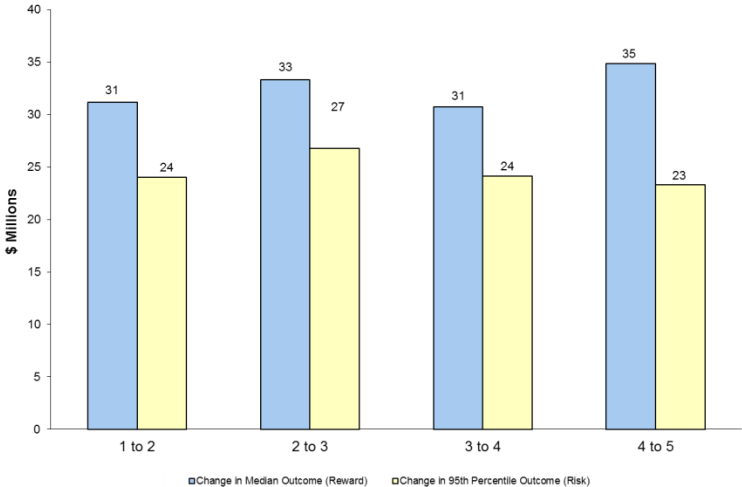
Change in Ultimate Net Cost from Mix to Mix – Basic Optimization  
(Five Year Horizon - June 30, 2018)



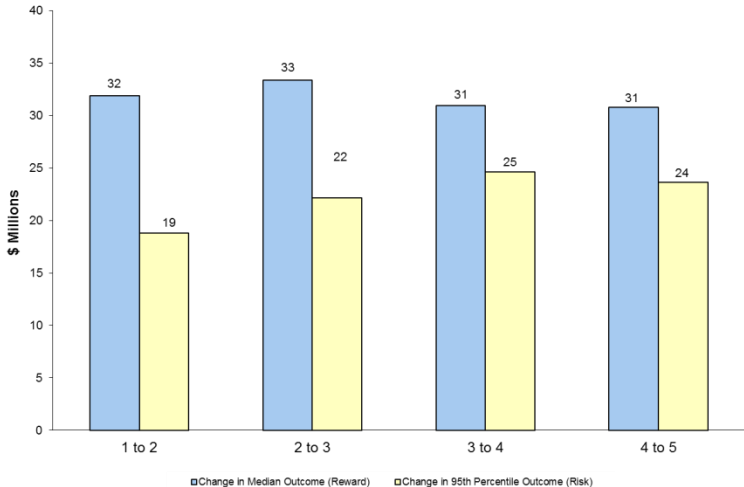


# Ultimate Net Cost Risk/Reward Tradeoff (Cont.)

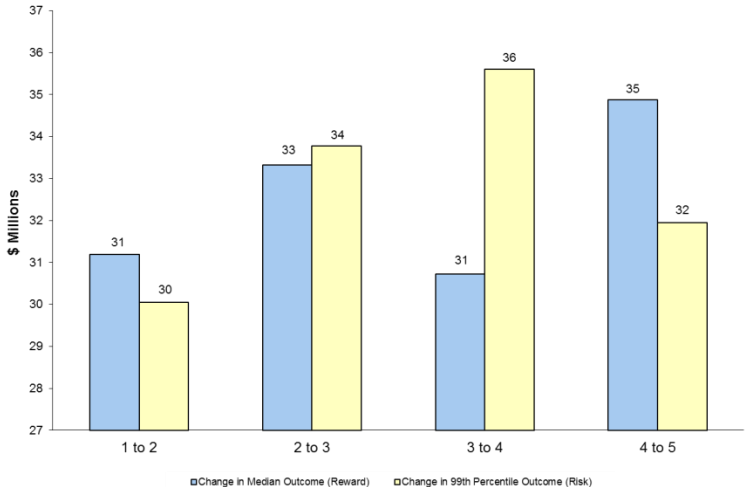
Change in Ultimate Net Cost from Mix to Mix – Basic Optimization  
(Five Year Horizon - June 30, 2018)



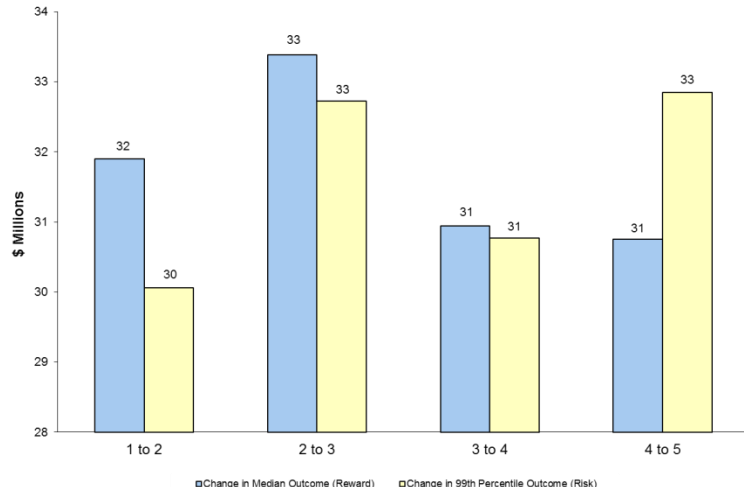
Change in Ultimate Net Cost from Mix to Mix – Less Constrained  
(Five Year Horizon - June 30, 2018)



Change in Ultimate Net Cost from Mix to Mix – Basic Opt, Lower Tolerance  
(Five Year Horizon - June 30, 2018)



Change in Ultimate Net Cost from Mix to Mix – Less Constrained, Lower Tol  
(Five Year Horizon - June 30, 2018)



## Risk/Reward Tradeoff at Current Level is Appropriate

	<b>Current Policy</b>	<b>Mix 3</b>
US Lrg Cap	28	24
US Sml Cap	7	6
Intl Stock	18	17
<b>Public Equity</b>	<b>53</b>	<b>47</b>
Core Bonds	16	13
TIPS	3	2
Opp Credit	3	5
<b>Fixed Income</b>	<b>22</b>	<b>20</b>
Priv Equity	8	7
Hedge Funds	3	5
Commod	3	3
Real Assets	0	3
<b>Alternatives</b>	<b>14</b>	<b>18</b>
<b>Real Est</b>	<b>5</b>	<b>6</b>
<b>Risk Parity</b>	<b>6</b>	<b>9</b>
Expected Return	7.4	7.5
Total Risk	13.8	13.7

## Capital Allocation by Economic Environment

### Capital Allocation - Traditional

	Current Policy (%)	Mix 3 (%)
US Lrg Cap	28	24
US Sml Cap	7	6
Intl Stock	18	17
<b>Public Equity</b>	<b>53</b>	<b>47</b>
Core Bonds	16	13
TIPS	3	2
Opp Credit	3	5
<b>Fixed Income</b>	<b>22</b>	<b>20</b>
Priv Equity	8	7
Hedge Funds	3	5
Commod	3	3
Real Assets	0	3
<b>Alternatives</b>	<b>14</b>	<b>18</b>
<b>Real Est</b>	<b>5</b>	<b>6</b>
<b>Risk Parity</b>	<b>6</b>	<b>9</b>

### Capital Allocation - Economic Environment

	Current Policy (%)	Mix 3 (%)
US Lrg Cap	28	24
US Sml Cap	7	6
Intl Stock	18	17
Opp Credit	3	5
Priv Equity	8	7
Risk Parity (Equities)	2	3
<b>Growth Assets</b>	<b>66</b>	<b>62</b>
Core Bonds	16	13
Hedge Funds	3	5
Risk Parity (Bonds)	8	12
Risk Parity (Cash)	-6	-9
<b>Diversifying</b>	<b>21</b>	<b>21</b>
TIPS	3	2
Commod	3	3
Real Est	5	6
Real Assets	0	3
Risk Parity (Commod+)	2	3
<b>Inflation</b>	<b>13</b>	<b>17</b>

## Risk Allocation by Economic Environment

### Capital Allocation - Economic Environment

	Current Policy (%)	Mix 3 (%)
US Lrg Cap	28	24
US Sml Cap	7	6
Intl Stock	18	17
Opp Credit	3	5
Priv Equity	8	7
Risk Parity (Equities)	2	3
<b>Growth Assets</b>	<b>66</b>	<b>62</b>
Core Bonds	16	13
Hedge Funds	3	5
Risk Parity (Bonds)	8	12
Risk Parity (Cash)	-6	-9
<b>Diversifying</b>	<b>21</b>	<b>21</b>
TIPS	3	2
Commod	3	3
Real Est	5	6
Real Assets	0	3
Risk Parity (Commod+)	2	3
<b>Inflation</b>	<b>13</b>	<b>17</b>

### Risk Allocation - Economic Environment

	Current Policy (%)	Mix 3 (%)
US Lrg Cap	34	28
US Sml Cap	9	8
Intl Stock	24	24
Opp Credit	2	3
Priv Equity	15	12
Risk Parity (Equities)	3	5
<b>Growth Assets</b>	<b>87</b>	<b>80</b>
Core Bonds	1	1
Hedge Funds	2	3
Risk Parity (Bonds)	0	1
Risk Parity (Cash)	0	0
<b>Diversifying</b>	<b>3</b>	<b>5</b>
TIPS	0	0
Commod	3	3
Real Est	5	5
Real Assets	0	4
Risk Parity (Commod+)	2	3
<b>Inflation</b>	<b>10</b>	<b>15</b>

## Historical Scenarios

	<b>Current Policy</b>	<b>Mix 3</b>
<b>Historical Stress</b>		
87 Crash		
Oct-87	-14	-12
Oct-87 - Nov-87	-17	-14
LTCM/Russia		
Aug-98	-2	-2
9-11		
Sep-01	-6	-5
Tech Bubble End		
Apr-00 - Feb-03	-16	-11
08 Meltdown		
Nov-07 - Feb-09	-38	-37
April-08 - Feb-09	-34	-33
Mexican Peso Crisis		
Oct-94 - Feb-95	2	1

## Conclusions

	<b>Current Policy</b>	<b>Mix 3</b>
1) The current policy mix is risk-efficient – no imperative need for increased diversification	US Lrg Cap	24
	US Sml Cap	6
	Intl Stock	17
	<b>Public Equity</b>	<b>47</b>
2) Risk-efficiency can be improved a bit by adopting the less constrained mix at the equivalent risk level (Mix 3)	Core Bonds	13
	TIPS	2
	Opp Credit	5
	<b>Fixed Income</b>	<b>20</b>
3) The current total fund risk level is appropriate if risk tolerance is fairly represented by 95 <sup>th</sup> and 99 <sup>th</sup> percentile events	Priv Equity	7
	Hedge Funds	5
	Commod	3
	Real Assets	3
	<b>Alternatives</b>	<b>18</b>
	<b>Real Est</b>	<b>6</b>
	<b>Risk Parity</b>	<b>9</b>
4) Mix 3 also appears to be a bit better diversified when viewed through additional risk lenses	Expected Return	7.5
	Total Risk	13.7

## Definitions

### STRATEGIC ASSET ALLOCATION

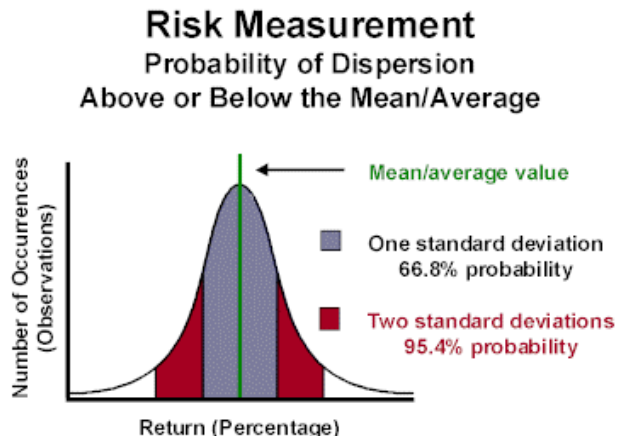
The discipline used to determine which assets and what proportion among those assets meet an investor's cash flow requirements, planning horizon, and attitude toward risk.

### EXPECTED RATE OF RETURN

The expected value or mean of a probability distribution of returns. In our case, the expected return is the compounded annual return which is the same as the geometric mean. After tax expected return nets out the expected income and capital gains taxes paid by the trust.

### STANDARD DEVIATION

A statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The square root of the variance. When returns are normally distributed, an individual return will fall within one standard deviation of the mean about two-thirds of the time. For example, if a portfolio had an expected return of 5% and an expected risk (standard deviation) of 13, then:



One Standard Deviation      68% of the time, returns can be expected to fall between -8.0% and +18%

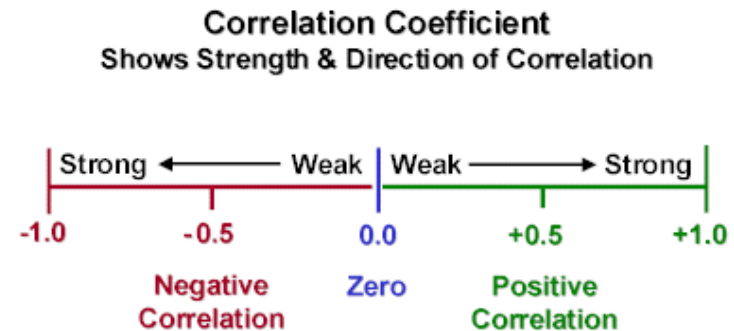
Two Standard Deviations      95% of the time, returns can be expected to fall between -21% and +31%

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. In performance measurement, it is generally assumed that a larger degree of dispersion implies that greater risk was taken to achieve the return.

## Definitions

### CORRELATION COEFFICIENT

Correlation coefficient ( $r$ ) is a measure of the degree of **correlation** between two quantities or variables, such as the rates of return on stocks and on bonds. A negative coefficient of correlation indicates an inverse or negative relationship, whereas a positive value indicates a direct or positive relationship. The range of values is from -1 to +1 inclusive. A zero (0) value indicates that no correlation exists. Correlation coefficients are useful in **asset class** identification and portfolio **diversification**.





## Glossary

- **Asset Allocation** – (1) The way investments are distributed and weighted among different asset classes. (2) The distribution of investments among categories of assets, such as equities, fixed income, cash equivalents, and real estate.
- **CAPM** – Capital Asset Pricing Model. A system of equations that describes the way prices of individual [assets](#) are determined in efficient markets, that is, in markets where information is freely available and reflected instantaneously in asset prices. According to this model, prices are determined in such a way that [risk premiums](#) are proportional to systematic risk, measured by the [beta coefficient](#), which cannot be eliminated by diversification. CAPM provides an explicit expression of the expected returns for all assets. Basically, the model holds that if investors are risk averse, high-risk stocks must have higher expected returns than low-risk stocks. CAPM maintains that the expected return of a security or a portfolio is equal to the rate on a risk-free investment plus a risk premium.
- **Correlation** – A relationship between two quantities, such that when one changes, the other does. A measure (ranging in value from 1.00 to -1.00) of the association between a dependent variable (fund, portfolio) and one or more independent variables (index). Correlation is a measure, not necessarily of causality, but rather of the strength of a relationship. A [correlation coefficient](#) of 1.00 implies that the variables move perfectly in lockstep; a correlation coefficient of -1.00 implies that they move inversely in lockstep; and a coefficient of 0.00 implies that the variables as calibrated are uncorrelated.
- **Efficient Frontier** – A set of optimal portfolios, one for each level of expected return, with minimum risk.
- **Expected Return** -- Estimate of the return of an investment or portfolio from a probability distribution curve of all possible rates of return; statistically, it is the mean (either geometric mean or arithmetic mean) of the distribution or the "most likely" outcome.
- **Factor Model** – Regression-based mathematical calculation used to determine the extent to which macroeconomic factors or other explanatory variables affect the value or price movement of a specific security or portfolio.

## Glossary

- **Geometric Return** – Similar to the arithmetic mean, which is what most people think of with the word "average", except that instead of adding the set of returns and then dividing the sum by the number of return observations (N), the numbers are multiplied and then the Nth root of the resulting product is taken. Also known as compound return.
- **Mean Reversion** – Statistical phenomenon stating that the greater the deviation of a given observation (e.g. a quarterly or annual return) from its mean, the greater the probability that the next measured observation will deviate less far. In other words, an extreme event is likely to be followed by a less extreme event.
- **Monte Carlo Simulation** – Uses stochastic processes to simulate the various sources of uncertainty that affect the value of the instrument, portfolio or investment in question, and calculates a representative value or distribution of possible outcomes given the simulated values of the underlying inputs.
- **Optimization** – Process of determining the portfolio composition such that expected return is maximized for a given risk level, or risk is minimized for a given expected return level. Other optimizations could target risk of shortfall, maximization of Sharpe ratio, or minimization of tracking error.
- **Sharpe Ratio** – A ratio of return to volatility, useful in comparing two portfolios or stocks in terms of risk-adjusted return. The higher the Sharpe Ratio, the more sufficient are returns for each unit of risk. It is calculated by first subtracting the risk free rate from the return of the portfolio, then dividing by the standard deviation of the portfolio.
- **Treasury Inflation-Protected Securities (TIPS)** – Inflation-indexed bonds issued by the U.S. Treasury. The principal is adjusted to the Consumer Price Index (CPI), the commonly used measure of inflation. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal, thus protecting the holder against inflation. TIPS are currently offered in 5-year, 10-year and 20-year maturities. Beginning in February 2010, the U.S. Treasury will once again offer 30-year TIPS bonds.

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

August 27, 2013

Agenda Item 6.5

**TO:** Board of Retirement

**FROM:** Lilibeth Dames, Investment Analyst

**SUBJECT:** Annual Review of SamCERA's Securities Lending Program

**Staff Recommendation:**

That the Board review and discuss the attached Securities Lending Report for the fiscal year ending June 30, 2013.

**Background:**

State Street commenced SamCERA's securities lending program on July 1, 2007. SamCERA's collateral reinvestment pool, the State Street Navigator Security Lending Prime Portfolio is managed against conservative Rule 2a-7 guidelines. Acceptable collateral can be in the form of (1) cash, (2) securities issued or guaranteed by the US government or its agencies, and (3) sovereign debt. The program requires 102% domestic and 105% international collateralization. Collateral is marked to market on a daily basis.

**Discussion:**

SamCERA's security lending program continues to add incremental income for the Plan. In the six years since inception, SamCERA's program has earned \$5.9 million for the plan. In the fiscal year ended June 30, 2013, the program earned \$621,892, a 14% decrease compared to last year's fiscal year earnings of \$721,219. The reduction in earnings is mostly attributable to a decrease in demand for securities, as investors have been cautious to short stocks in the current equity bull market and have increased their selectivity in security names. In addition, a lack of IPO and M&A activity has reduced demand for securities to borrow. Due to these factors, the utilization rate (on-loan amount divided by lendable assets) decreased from 17.2% to 13.5%, year over year, and the dollar amount of securities on-loan has declined from \$189 million to \$132 million, marking a 30% decrease.

**Attachments**

Securities Lending Report as of June 30, 2013

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

## SamCERA Securities Lending Report

*For the fiscal year ending June 30, 2013*

### EARNINGS

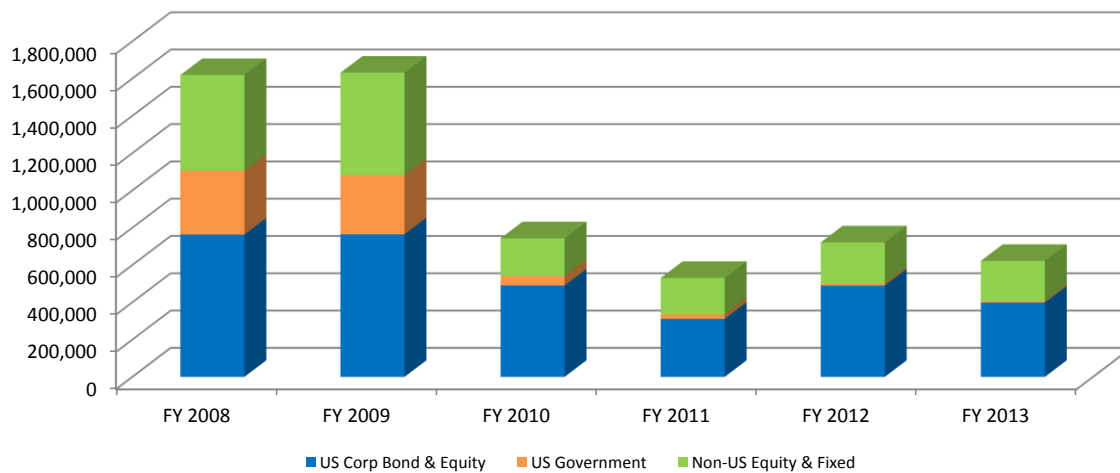
SamCERA's securities lending program earned \$621,892 for the fiscal year ending June 30, 2013. This is a 14% decrease over last year's fiscal year earnings of \$721,219. The program has earned \$5.9 million since its inception on July 1, 2007.

#### Earnings History

<b>San Mateo County Employees' Retirement Association</b>					
	<b>US Corp Bond &amp; Equity</b>	<b>US Government</b>	<b>Non-US Equity &amp; Fixed</b>	<b>Total</b>	<b>Cumulative Earnings</b>
FY 2008	762,882	342,325	513,648	1,618,854	1,618,854
FY 2009	764,480	317,263	549,531	1,631,275	3,250,128
FY 2010	489,982	51,009	201,945	742,936	3,993,064
FY 2011	311,009	23,915	195,387	530,311	4,523,375
FY 2012	489,375	10,926	220,918	721,219	5,244,594
FY 2013	398,363	8,087	215,443	621,892	5,866,486

Notes:

- (1) Fiscal Year End June 30th
- (2) Data represents past performance and is not a guarantee of future results
- (3) Data Source: Securities Finance Business Intelligence



Source: State Street Global Markets

For the fiscal year ending June 30, 2013, SamCERA's securities lending program earned \$99,327 less than it had the previous fiscal year. The reduction in earnings is mostly attributable to (1) a

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**Board of Retirement**

decrease in demand for securities, as investors have been cautious in the current equity market and have increased their selectivity in security names and (2) a lack in activity in the IPO and M&A markets. Total earnings from international equity were relatively similar, year over year, with a slight decrease in demand due to changes in international tax agreements. Earnings from U.S. government bonds have further declined due to the low rate environment, tight lending spreads and flat yield curve.

**UTILIZATION**

Utilization (On-loan amount divided by Lendable assets) decreased year over year. The utilization rate as of June 30, 2013, was 13.5%, compared to the previous year's rate of 17.2%. The decrease in utilization rates illustrates the decline in demand for securities in the current market. Below, are the breakdowns of the percentages of-loan by asset type and fund manager.

Utilization by Asset Type

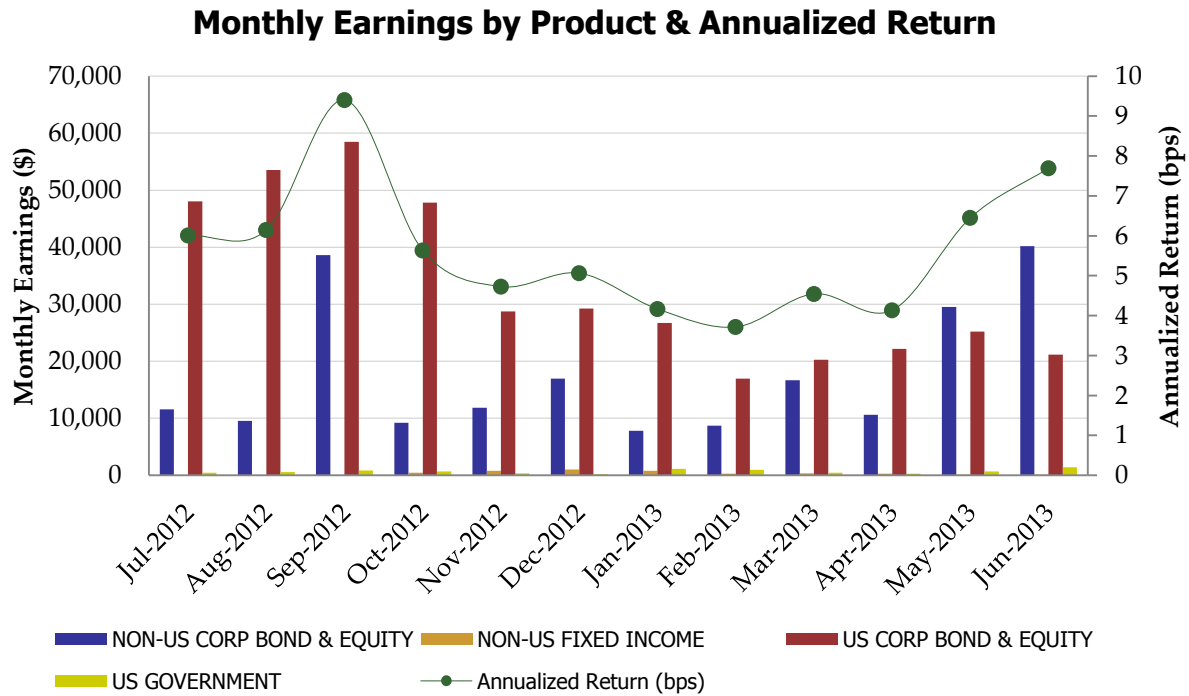
ASSET TYPE	PERCENT OF TOTAL	LENDABLE AMOUNT	ON-LOAN AMOUNT	PERCENT ON-LOAN
NON-US CORP BOND & EQUITY	23.35%	\$287,475,807	\$20,473,003	7.1%
NON-US FIXED INCOME	2.60%	\$25,428,794	\$1,399,995	5.5%
US CORP BOND & EQUITY	58.37%	\$571,751,397	\$98,930,763	17.3%
US GOVERNMENT	9.68%	\$94,836,960	\$11,774,389	12.4%
<b>SUMMARY</b>	<b>100.00%</b>	<b>\$979,492,958</b>	<b>\$132,578,150</b>	<b>13.5%</b>

Utilization by Investment Manager

FUND	PERCENT OF TOTAL	AVAILABLE AMOUNT	ON-LOAN AMOUNT	PERCENT ON-LOAN
F02E-CHARTWELL INVESTMENTS MGMT.	9.90%	\$97,014,290	\$24,450,310	25.2%
F02G-MONDRIAN INVESTMENT PARTNERS	15.37%	\$150,535,730	\$5,432,541	3.6%
F02H-WESTERN ASSET MGMT.	6.19%	\$60,606,885	\$12,148,414	20.0%
F02Q-BARROW HANLEY	15.71%	\$153,885,504	\$20,098,350	13.1%
F02R-D.E. SHAW INVESTMENT MGT, LLC	14.82%	\$145,182,951	\$10,488,765	7.2%
F02U-BOSTON COMPANY ASSET MGT, LLC	9.98%	\$97,794,069	\$21,026,080	21.5%
F02X-BROWN BROTHERS HARRIMAN & CO.	7.54%	\$73,839,162	\$6,978,567	9.5%
F02Z-FRANKLIN TEMPLETON	5.01%	\$49,029,051	\$9,749,461	19.9%
F03M-BAILLIE GIFFORD OVERSEAS LIMITED	15.48%	\$151,605,317	\$22,205,408	14.6%
<b>SUMMARY</b>	<b>100.00%</b>	<b>\$979,492,958</b>	<b>\$132,578,150</b>	<b>13.5%</b>

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

## PERFORMANCE SUMMARY



Source: State Street Global Markets

## BORROWERS

### Approved Borrower's List

SamCERA's lending program has a diversified universe of borrowers in order to eliminate concentration risk. State Street's credit risk team evaluates the approved borrower's list on a continuous basis in order to mitigate borrower risk.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

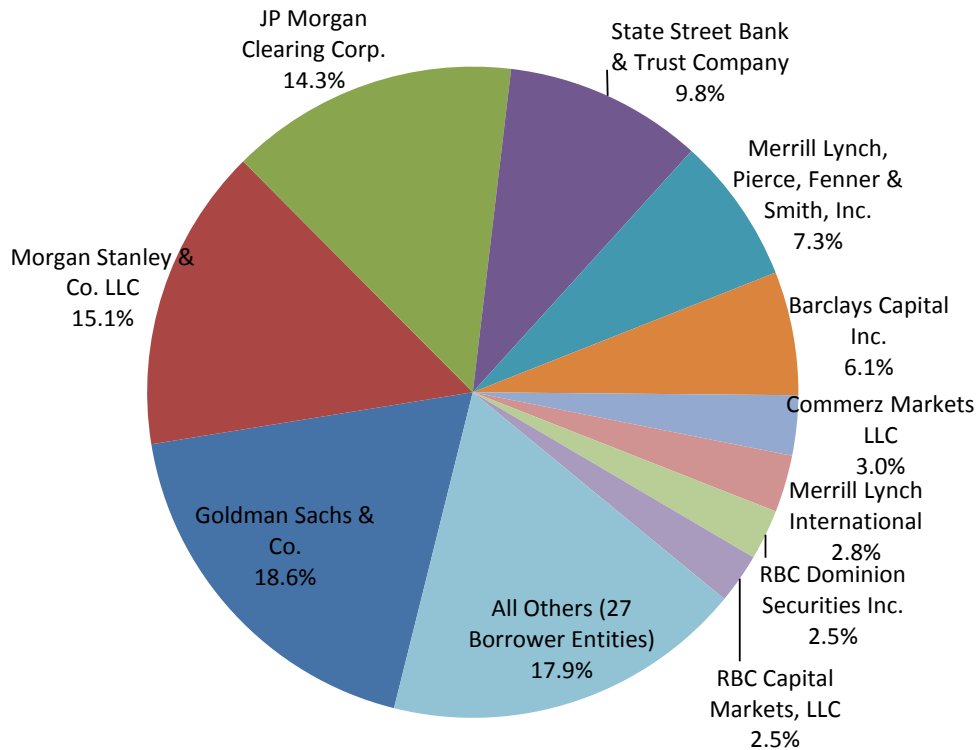
Borrower Exposure

**San Mateo County Employees' Retirement Association**

<b>Borrower</b>	<b>Loan Balance (\$)</b>	<b>% of Total</b>
Goldman Sachs & Co.	24,600,654	18.6%
Morgan Stanley & Co. LLC	20,013,839	15.1%
JP Morgan Clearing Corp.	19,013,361	14.3%
State Street Bank & Trust Company	13,042,433	9.8%
Merrill Lynch, Pierce, Fenner & Smith,	9,665,327	7.3%
Barclays Capital Inc.	8,136,927	6.1%
Commerz Markets LLC	3,947,457	3.0%
Merrill Lynch International	3,764,124	2.8%
RBC Dominion Securities Inc.	3,316,769	2.5%
RBC Capital Markets, LLC	3,291,815	2.5%
All Others (27 Borrower Entities)	23,785,443	17.9%
<b>Total</b>	<b>132,578,150</b>	

Notes:

- (1) Loan Balance as of June 30, 2013
- (2) Performance data represents past performance and is not a guarantee of future results
- (3) Data Source: Securities Finance Business Intelligence



Source: State Street Global Markets

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

## **COLLATERAL**

### Collateral

SamCERA requires borrowers to provide 102% collateralization for domestic equities/bonds and 105% for international. State Street reinvests the cash collateral provided by borrowers in a cash investment vehicle – SSGA's Navigator Securities Lending Prime Portfolio – in order to provide an additional opportunity for revenue generation. The value of SamCERA's loaned securities is marked-to-market by State Street on a daily basis. In other words, if prices increase, the borrower must provide additional collateral, or conversely if prices decline, State Street returns collateral to the borrower.

### Collateral Re-investment Pool

The State Street Navigator Securities Lending Prime Portfolio is a registered money market fund that operates in compliance with the requirements of Rule 2a-7 under the Investment Company Act of 1940. The Prime Portfolio seeks to (i) maximize current income to the extent consistent with the preservation of capital and liquidity and (ii) maintain a stable \$1.00 per share net asset value by investing in dollar-denominated securities that qualify as "eligible securities" with the meaning of Rule 2a-7 of the 1940 Act. As of June 30, 2013, the pool had \$13.5 billion in assets under management.

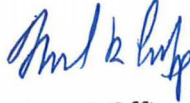


**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

August 27, 2013

Agenda Item 6.6

**TO:** Board of Retirement



**FROM:** Michael Coultrip, Chief Investment Officer

**SUBJECT:** Discussion and Approval to Transfer Portion of Mondrian Assets

**Staff Recommendation:**

Approve changing the vehicle used to gain exposure to emerging markets in our Mondrian account from the Delaware Pooled Trust Emerging Markets Equity Portfolio (Delaware mutual fund) to the Mondrian Emerging Markets Equity Fund, LP (Mondrian commingled fund).

**Background:**

Mondrian Investment Partners, SamCERA's international value equity manager, was under the Delaware Investments umbrella until 2004, when the firm's employees led a buyout to become an independent firm. SamCERA hired Mondrian in 2004 to manage an All-World Except U.S. strategy, which includes exposure to emerging markets. At our account size, Mondrian recommends implementing emerging market exposure via a fund solution (versus a separate account) for efficiency and diversification purposes. At account inception, the Delaware mutual fund, which is sub-advised by the Mondrian investment team, provided the most efficient way to invest the emerging markets portion of the account.

**Discussion:**

Mondrian would like SamCERA to change fund vehicles in order to simplify and maintain a direct relationship with Mondrian for these assets. The attached page shows a high-level comparison of these two funds. There are a number of advantages to making this switch. The largest advantage is lower administrative fees. The Mondrian commingled fund has grown its assets to be able to scale the fees across a wider asset base, resulting in a lower on-going administrative fee than in the Delaware fund (currently .098% vs. 0.164%). Given SamCERA's current account size, a transition to the Mondrian commingled fund will result in annual savings of approximately \$30,000 per year from the reduced administrative expenses.

Second, Mondrian has more control over the commingled fund as they are both the sponsor and manager of the commingled fund, while they are only the sub-advised manager of the Delaware mutual fund.

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

Third, this transfer will simplify our relationship with the manager in a number of areas, including fee calculations and manager reviews.

There would be transaction costs associated with this proposed move. Mondrian estimates that approximately 70% of the assets could be transferred in-kind. For the remainder, there will be cash contribution/withdrawal charges at both funds (payable to the fund, not the fund sponsor) that protect existing shareholders from costs associated with fund purchases/sales. Mondrian estimates that the total cost to transition to the Mondrian commingled fund would be approximately \$192,000. Mondrian is willing to refund these transition costs to SamCERA in quarterly installments over the next 2 ½ years.

**Attachments:**

- A. High Level Comparison Between Delaware Mutual Fund and Mondrian Commingled Fund

**HIGH LEVEL COMPARISON**  
**Delaware Pooled Trust Emerging Markets Equity Portfolio**  
**&**  
**Mondrian Emerging Markets Equity Fund, L.P.**

	<b>Delaware Pooled Trust Emerging Markets Equity Portfolio</b>	<b>Mondrian Emerging Markets Equity Fund, L.P.</b>
<b>Portfolio Management Team</b>	Mondrian Emerging Markets Team	Mondrian Emerging Markets Team
<b>Benchmark</b>	MSCI Emerging Markets Index	MSCI Emerging Markets Index
<b>Vehicle</b>	Mutual Fund (Registered Investment Company)	Unregistered Investment Company (3(c)(7) exemption)
<b>Valuation</b>	Daily	Monthly
<b>Liquidity</b>	Daily	Monthly
<b>Assets as of June 30, 2013</b>	\$379 million	\$1,900 million
<b>Number of Accounts</b>	Approximately 30	Approximately 80
<b>Minimum Initial Contribution</b>	\$1 million	\$1 million
<b>Investment Management Fee</b>	All Assets: 1.00%	First \$25M at 1.00% Next \$25M at 0.75% Next \$150M at 0.60%  Over \$200M All assets at 0.60%
<b>Administrative Expenses (average 2008-2012)</b>	0.164%	0.098%
<b>Investor Cash Contribution / Withdrawal Charge</b>	Contribution Fee: 0.55% Withdrawal Fee: 0.55%	Contribution Fee: 0.55% Withdrawal Fee: 0.55%

*The information contained in this document does not constitute an offer or a solicitation to purchase an interest in the Mondrian Emerging Markets Equity Fund, L.P. (the LP) or shares of the Delaware Pooled Trust – Emerging Markets Portfolio (DPT). Any such offer, if made, will be made pursuant to written offering materials and the applicable governing documents. Limited partnership interests in Mondrian Emerging Markets Equity Fund, L.P. have not been registered with or approved or disapproved by the Securities and Exchange Commission or any state securities commission. The information contained in this document is superseded by the offering materials and governing documents of the LP and DPT, respectively.*

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

August 27, 2013

Agenda Item 6.7

**TO:** Board of Retirement

*Lilibeth Dames*

**FROM:** Lilibeth Dames, Investment Analyst

**SUBJECT:** Report on Trading Cost Analysis for Equity and Fixed Income Managers

**Staff Recommendation:**

Review Zeno Consulting Group's Trading Cost Analysis Presentation for SamCERA.

**Background:**

At the April 2012 Board/Staff Retreat, Brian Greene and Vinod Pakianathan of Zeno Consulting Group provided an in-depth analysis of the trading costs incurred by SamCERA's equity managers in 2011. With the increase in active managers, staff recommended using trading costs analysis for the next one to two years. After the presentation, the Board felt that it would be prudent to be aware of its managers' trading process, what the managers pay to execute trades, whether the managers obtained best execution, and the impact of the trading process on the managers' performance. The Board then directed staff to issue a Request for Proposal to three firms for services to monitor investment trading costs incurred in relation to SamCERA's equity investments. Each firm submitted a proposal delineating the types of trade monitoring services that they provided and the prices associated with such services. Based primarily on reporting quality and work completed, the Board approved a resolution to authorize the CEO to execute a one-year agreement with Zeno Consulting Group to provide an analysis of trading performance for the fund.

**Discussion:**

Vinod Pakianathan, Senior Vice President and Senior Consultant of Zeno Consulting Group, will be present to provide an analysis of SamCERA's trading costs for Fiscal Year 2012-2013. Mr. Pakianathan will begin by providing a refresher on equity transaction costs, how Zeno puts these costs into context and the details of their manager oversight program. Next he will report on SamCERA's equity trading costs analysis and observations for the fiscal year. Mr. Pakianathan will also discuss information gathered from follow-up calls with two of SamCERA's investment managers whose transaction costs ranked them in the bottom quartile relative to their peers. Lastly, he will present the cost analysis for SamCERA's fixed income managers.

**Attachments:**

A. *Zeno Consulting Group Trading Cost Analysis Presentation*



***TCA Primer and Review of TCA Results***

***August 27<sup>th</sup>, 2013***

**San Mateo County Employees' Retirement Association**





## Agenda:

I. Who is Zeno

II. Primer on Equity TCA

III. Zeno Sponsor Monitor Oversight Program

IV. TCA Review



## Long Track Record Providing Meaningful TCA

- Established in 1986 (then called “Plexus”) as a privately owned trade cost measurement, analysis and consulting firm. Two lines of business - selling tca services to plan sponsors and buy-side, respectively.
- Developed reputation as thought-leader and “Gold Standard” of trade cost analysis (named “*Consultant of the Year in 1999*” by Plan Sponsor magazine).
- Acquired by JPMorgan Chase in 2002 as part of initiative to develop in-house tca capabilities.
- Spun off to ITG (a specialized agency brokerage and technology firm) in 2006, who integrated manager tca services into existing ITG services, and established plan sponsor tca services as a wholly-owned subsidiary.
- In January 2010, plan sponsor services established into independent employee-owned firm:  
Zeno Consulting Group, LLC.

## Unique Consultative Approach

- Independent trade cost consultant, and Registered Investment Advisor,\* acting solely in plan sponsor’s interest.
- 60+ clients collectively monitoring over \$1 trillion and 1,300 equity strategies – including CALPERS, MetLife, MassMutual, Pac Life, Texas ERS, Verizon, IBM, Iowa PERS.
- Web-based drill down facility, peer group universes, and comprehensive end-to-end analytics systematically identify trading outliers and flag key issues warranting follow-up.
- Specialist in constructing meaningful oversight programs, with follow-up Action Items and Recommendations.

\* Under the Investment Advisors Act of 1940





## Zeno Primer on Equity Trading Costs



## Zeno Universes

### Trade Data Universe:

- Consists of over 4.5 trillion dollars of global equity trading across 62 countries and 70 markets
- Trade data comes from the top 40 out of 50 managers as ranked by P&I Magazine.

### Peer Group Universe Size:

- Consists of over 1,300 global equity strategies
- Historical data compiled since 2005
- Represents over \$720 billion in annual trade volume
- Categorized in 50 different peer groups
- Minimum of 10 strategies per universe

### Peer Group Universe Categories:

- Total Cost
- Total Cost Execution Efficiency (i.e. Total Cost vs. Total Cost Benchmark)
- Commission Rates
- Brokerage Cost Efficiency (i.e. Market Impact + Commission vs. Broker Benchmark)



# What are trading costs? And how do we calculate them?

**Common sense definition: The loss of asset value associated with Buying and Selling securities in your portfolio.**

## Trading Cost Overview

### How to Measure Transaction Costs

	Value before the transaction	\$X
–	Value after the transaction	\$Y
<hr/>		<hr/>
	Cost to complete the trade	\$X - \$Y

- *Nothing tricky here. Simple arithmetic.*



## Transaction Costs: More than just commissions

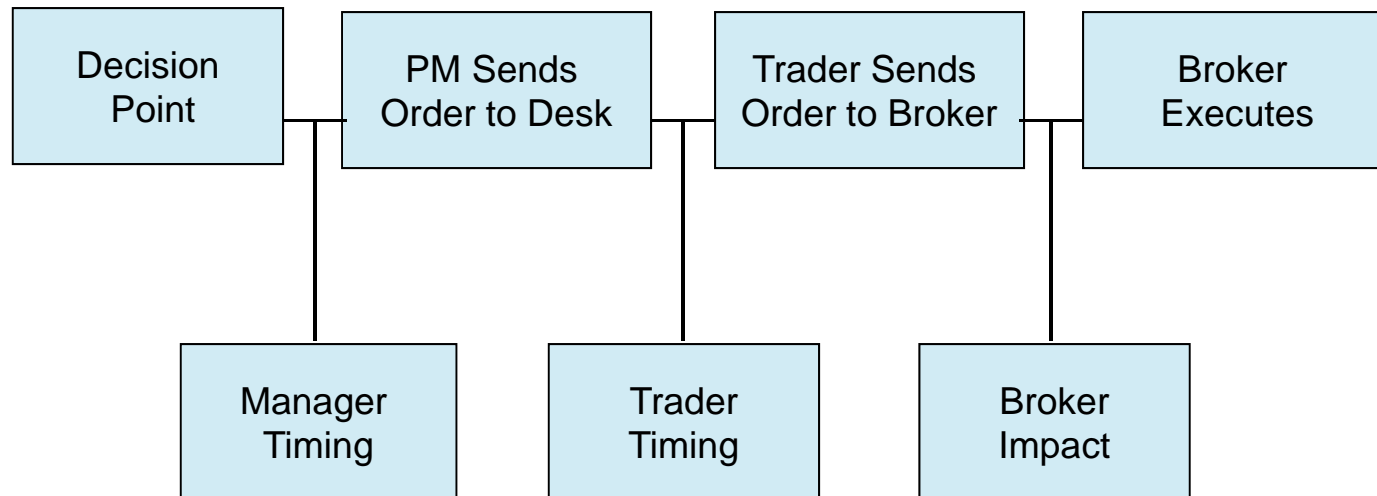
- **Commission:** The fee charged by a broker for their services
- **Market Impact:** The cost incurred by a broker executing a manager's order on any given day
- **Delay Costs:** The cost incurred when a manager "works" an order over several days

### Key Point:

- A tension exists between Market Impact and Delay Costs such that trying to minimize one ends up increasing the other.
- Consequently, the challenge for each manager is to develop a sound rational trading strategy that balances both Market Impact and Delay Costs so as to minimize the aggregate amount.



## Transaction Costs can be separated according to actions by portfolio management, trading desk and executing broker





## Putting Costs Into Context

- Once you calculate the loss of asset value, you now know what the manager paid in trading costs.
- But that's all you know.
- You don't know whether you should be upset, satisfied, or happy with the trading costs paid by your manager.
- To answer that question, you need a benchmark to compare against those costs, and help put them into context...



## **This Requires a Meaningful Benchmark (i.e. *Were the costs you paid reasonable?*)**

Zeno employs a three-tier process:

### **Step 1**

We utilize the industry standard Implementation Shortfall model to calculate what a fund's absolute costs are.

### **Step 2**

We then compare those absolute costs to a meaningful Implementation Shortfall benchmark, that takes into account the decision/trades' difficulty. (e.g. trading 10,000 shares of a stock is easier than trading 100,000 shares).

### **Step 3**

We then rank each Fund and Manager against their Peer Group Universes for: total costs, execution efficiency, brokerage efficiency, and commissions.



## Building a Better Benchmark

- How does it work?

### Two step process:

- **Step One** - Pre-trade cost-estimation model (utilizing trade characteristics, and historical execution and market data), generates a cost estimate prediction based on the best information available (i.e. without the benefit of hindsight);
- **Step Two** – Adjust the expected cost calculated in Step One to the actual market conditions and price movements that occurred during the trading period (i.e. conditions only known with the benefit of hindsight). *Key point: the adjustments attempt to eliminate any effect the firm's own trading process has on the market and stock (so as to not become a "self fulfilling prophecy").*
- **End result:** a more accurate and meaningful Cost Benchmark, that takes into account not just trade characteristics and historical execution costs, but also unanticipated dynamic changes in market conditions through the execution period.





## Zeno Sponsor Monitor Oversight Program



# Zeno's Sponsor Monitor Equity Oversight Program

## Step One: Quantitative review of report analytics

- I. Review aggregate fund costs, ranking, commissions, brokers, traded returns.
- II. Identify which managers are driving costs, commission rates, and broker usage.
- III. Review individual managers' costs, ranking, commissions, brokers, traded returns.
- IV. Review other items of specific interest to your Fund.

Sample Fund: Aggregate Fourth Quarter 2006

**Use of Brokers**

Broker	--- Trades ---			--- Trading Cost ---			--- Comparison ---			--- Price Trends ---			--- Average Trade Characteristics ---			
	#	Value	%	Commissions	Impact Cost	Brokerage Cost	Brokerage Benchmark	Value Added	1-Day PnL	Open to VWAP	VWAP to Execution	1-Day Post	Share Price	Liquidity %/ADV	Market Cap	
		(\$Millions)	%	(\$)	bp	bp	bp	bp	bp	bp	bp	bp	\$	%	\$Billions	
Morgan Stanley	215	160.1	8.7	(-1.7)	-0	-52	-60	-13	-47	-04	-24	-20	1	20.7	4.1	42.3
Merrill Lynch	227	138.7	7.6	(-2.3)	-9	-130	-139	-34	-108	-187	-77	-53	20	26.1	5.6	43.6
Goldman Sachs	513	130.9	7.1	(-3.1)	-13	-80	-94	-24	-59	-94	-45	-35	23	23.2	6.5	24.3
Lehman Brothers	66	114.9	6.2	(-2.1)	-8	-151	-159	-50	-109	-307	-80	-71	-6	25.7	7.1	33.2
Credit Suisse	261	112.1	6.1	(-2.6)	-15	-76	-91	-28	-63	-121	-90	-26	7	17.2	7.0	22.9
Citigroup Global Markets	76	80.7	4.4	(-3.5)	-12	-36	-48	-15	-32	-34	-25	-11	8	29.7	5.4	42.8
UBS	156	77.0	4.2	(-2.8)	-12	-111	-124	-25	-98	-124	-80	-31	38	23.9	3.9	35.3
ITD	250	67.6	3.7	(-1.7)	-5	-20	-25	-25	-20	-94	-22	2	33	35.2	6.1	19.8
Liquidnet	309	64.7	3.5	(-2.3)	-8	-18	-26	-13	-13	-79	-24	5	2	26.7	11.9	6.9
Deutsche Bank																
Bear Stearns																
J.P. Morgan																
Jefferies																
Pershing																
Raymond James																
Thomas Weisel Partners																
RBC Dain Rauscher																
SG Cowen																
CIBC World Markets																
Wachovia Securities																
Fidelity Brokerage																
Guzman & Co																
Institut																
ADP Clearing																
BNY ConvergEx																
Bank of America Securities																
Piper Jaffrey																
ADRI Arco																
Wendell & Co																
Oppenheimer & Co																
Others																
Total																

Sample Fund: Aggregate Fourth Quarter 2006

**Total Cost Analysis**

Review Period	Decision Value	Total Cost	Total Cost Benchmark		Value Added	Turnover Ratio	Index Return	Traded Returns*	
			Actual	Adjusted				Before Costs	After Costs
	\$millions	bp	bp	bp	\$ 000	bp	bp	bp	bp
2006/Q1	2,204.3	-150	-51	0	-21,779	-99	23	723	199
2006/Q2	1,878.2	-151	-53	0	-19,468	-98	19	314	0
2006/Q3	1,653.1	-153	-50	0	-17,106	-103	17	394	39
2006/Q4	1,833.9	-149	-61	0	-16,121	-88	17	802	123
Total	7,569.6	-151	-54	0	-73,474	-97	72	410	96

**Components of Cost Analysis**

Review Period	--- Execution Costs ---				Total Cost	Total Cost Benchmark	--- Benchmarks ---	
	Delay	Implicit Cost	Impact	Explicit Costs			Brokerage Cost Benchmark	Commission Benchmark
	bp	bp	bp	(\$)	bp	bp	bp	
2006/Q1	-96	-43	-11	(-2.9)	-150	-51	-21	
2006/Q2	-93	-47	-11	(-2.8)	-151	-53	-24	
2006/Q3	-90	-53	-10	(-2.5)	-153	-50	-19	
2006/Q4	-71	-67	-11	(-2.6)	-149	-61	-25	
Total	-88	-52	-11	(-2.7)	-151	-54	-22	

Commission Rate Trend (\$)

Annual	-3.7%	(-11bp)
2006/Q1	-2.9%	(-9bp)
2006/Q2	-3.8%	(-12bp)
2006/Q3	-3.5%	(-11bp)
2006/Q4	-3.4%	(-11bp)

Brokerage Cost Efficiency Trend (\$)

Annual	(-4.8bp)
2006/Q1	(-3.9bp)
2006/Q2	(-3.9bp)
2006/Q3	(-4.4bp)
2006/Q4	(-2.6bp)

Commission Ranking (One-Year - One Quarter Lag)

Fund Rank 1-Year: 88% (-3.14)

Brokerage Cost Efficiency Ranking (One-Year - One Quarter Lag)

Fund Rank 1-Year: 96% (-3.1bp)

\* Represents change in value of stocks purchased or sold through the end of the quarter (Total represents the dollar weighted average of prior 4 quarters.)  
 Zeno Consulting Group, LLC.



# Zeno's Sponsor Monitor Equity Oversight Program

## Step Two: Identify specific issues that may have driven managers' costs

For Example:

- I. Is the manager's trading process consistent with their investment mandate?
- II. What are managers' policies and procedures for trading the portfolio?
- III. Is "Assets Under Management" an issue?
- IV. Are client specific instructions, affecting execution quality?

Z E N O consulting group

Sample Fund: Aggregate Fourth Quarter 2006

Manager		Overall Execution Efficiency				Use of Brokers			
		2006/Q1	2006/Q2	2006/Q3	2006/Q4	2006/Q1	2006/Q2	2006/Q3	2006/Q4
Manager 1	US-Large Cap Value	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile
Manager 2	US-Mid Cap Growth	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile
Manager 3	US-Mid Cap Value	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	3rd Q'tile	3rd Q'tile	4th Q'tile	3rd Q'tile
Manager 4	US-Small Cap Value	4th Q'tile	4th Q'tile	4th Q'tile	3rd Q'tile	3rd Q'tile	3rd Q'tile	3rd Q'tile	3rd Q'tile
Manager 11	US-Large Cap Value	N/A	N/A	3rd Q'tile	N/A	N/A	N/A	3rd Q'tile	N/A
Manager 5	NonUS-Developed Mkt	1st Q'tile	1st Q'tile	1st Q'tile	1st Q'tile	1st Q'tile	1st Q'tile	1st Q'tile	1st Q'tile
Manager 6	US-Mid Cap Value	2nd Q'tile	3rd Q'tile	2nd Q'tile	2nd Q'tile	1st Q'tile	1st Q'tile	1st Q'tile	1st Q'tile
Manager 7	US-Large Cap Growth	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile
Manager 8	US-Small Cap Growth	1st Q'tile	1st Q'tile	1st Q'tile	1st Q'tile	3rd Q'tile	1st Q'tile	2nd Q'tile	2nd Q'tile
Manager 9	US-Small Cap Growth	2nd Q'tile	2nd Q'tile	N/A	3rd Q'tile	3rd Q'tile	3rd Q'tile	N/A	3rd Q'tile
Manager 10	NonUS-All Country	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile
<b>Total</b>		4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile	4th Q'tile

Comparisons are based on trailing four quarter manager/total fund performance versus a peer group universe covering the same periods  
 "N/A" indicates no transaction activity for the period

Zeno Consulting Group, LLC.

10



# Zeno's Sponsor Monitor Equity Oversight Program

## Step Three: Manager specific due diligence and follow-up recommendations.

For Example:

- I. Use specific results from reports to identify appropriate "Significant Issues" that warrant follow-up.
- II. Given manager's specific mandate and trading style, determine appropriate questions for follow-up with the manager.
- III. In partnership with client, schedule three-way calls with highlighted managers to discuss the "Significant Issues".

Sample Fund: Aggregate		Fourth Quarter 2006	
Follow Up Review			
Manager	Investment Strategy	Negative Trends	Significant Issues
<b>Manager 1</b>	US-Large Cap Value	Overall Execution Efficiency	Determine if total execution costs are consistent with traded returns. Explore whether the manager's "Buy" trade process matches the requirements of its stock selections. Explore whether delay costs or market-impact costs are excessive. Explore whether asset size is a problem.
<b>Manager 2</b>	US-Mid Cap Growth	Overall Execution Efficiency Use of Brokers	Determine if total execution costs are consistent with traded returns. Explore whether delay costs or market-impact costs are excessive. Determine why brokerage costs appear excessive. Explore whether the use of specific broker/dealers is driving excessive costs. Explore rationale for uniform commission rates.
<b>Manager 3</b>	US-Mid Cap Value	Overall Execution Efficiency Use of Brokers	Determine if total execution costs are consistent with traded returns. Explore whether asset size is a problem. Explore rationale for uniform commission rates.
<b>Manager 4</b>	US-Small Cap Value	Use of Brokers	Explore rationale for uniform commission rates. Explore whether directed brokers are receiving trade volume outside any mandate.
<b>Manager 5</b>	NonUS-Developed Mkt		
<b>Manager 6</b>	US-Mid Cap Value		
<b>Manager 7</b>	US-Large Cap Growth	Overall Execution Efficiency Use of Brokers	Determine if total execution costs are consistent with traded returns. Explore whether the manager's "Sell" trade process matches the requirements of its stock selections. Explore whether managers process suffers price reversion. Determine why brokerage costs appear excessive. Explore whether the use of specific broker/dealers is driving excessive costs.
<b>Manager 8</b>	US-Small Cap Growth		
<b>Manager 9</b>	US-Small Cap Growth		
Zeno Consulting Group, LLC.			



## Zeno's Best Practice for Effective Due Diligence

- I) Manager follow-up on their transaction processes should be conducted quarterly (or at a minimum when asset owners meet with their managers). Such meetings and discussions should include Client Service, Compliance, Portfolio Managers and Traders assigned to the portfolio/account.
- II) If the issues identified in the Zeno reports indicate that managers are in the bottom quartile of any one or a few of the five facets of execution quality identified in Zeno reports, then those issues should either be addressed directly with the asset manager (by the Asset Owner) or in three way calls with the Asset Owner, the Manager (all four groups identified in "I" above) and Zeno present.
- III) If the issues identified in the reports persist after follow-up and initial due diligence is conducted, conduct further follow up annually, at a greater level of intensity.
- IV) Changes to a managers process can only be precipitated if:
  - a) The fund is resolved to ask managers to change affected processes (this may involve trustees).
  - b) Systematic (and periodic) due diligence and follow-up is implemented by Asset Owners and;
  - c) Efficient trading (and therefore TCA) is viewed as synonymous with and critical to the performance of all portfolios.



## TCA Review



## Review of Aggregate Equity Portfolios

### 3<sup>rd</sup> Quarter 2012 to 2<sup>nd</sup> Quarter 2013 Annual Analysis

#### Summary

<i>Total Dollars Traded:</i>	\$1,270.0 Million (65% turnover)	
<i>Total Costs:</i>	-38 bp	(Sum of Delay, Market-Impact and Commissions Costs)
Delay Cost:	-13 bp	(Multi-Day costs from working orders over several days)
Market Impact:	-19 bp	(Daily costs from managers/brokers working trades)
Commissions:	-6 bp (-1.6 ¢/share)	
<i>Total Cost Benchmark:</i>	-35 bp	(Zeno's statistical, difficulty adjusted benchmark)
<i>Value-added:</i>	-3 bp (-\$390,000)	(Difference between Total Costs and Total Cost benchmark)

#### Observations

- Trading activity varied considerably each quarter from a low of \$257 Million in the first quarter 2013 to a high of \$450 Million in the fourth quarter 2012. Second quarter 2013 and the past four quarter's trade volume was largely motivated by D.E Shaw's trading. In addition two other portfolios; Barrow Hanley Mewhinney and Strauss and Chartwell also represented significant levels of trading activity.
- Total costs were ***in-line*** with the Total Cost Benchmark on average. However each quarter's results varied. Total Costs varied over the past four quarters, from highs of -51 bp in the third quarter 2012 and first quarter 2013 to the fourth quarter's lows of -22 bp.
- Brokerage costs (-25 bps) (*daily costs from manager's working trades with brokers, plus commissions*) were in-line with the Brokerage Benchmark of -24 bps. Commissions paid were 1.6 cent/share or 6 bps and were in-line with the Zeno Universe average.
- Short term traded returns were flat at (-12 bps) after accounting for costs.



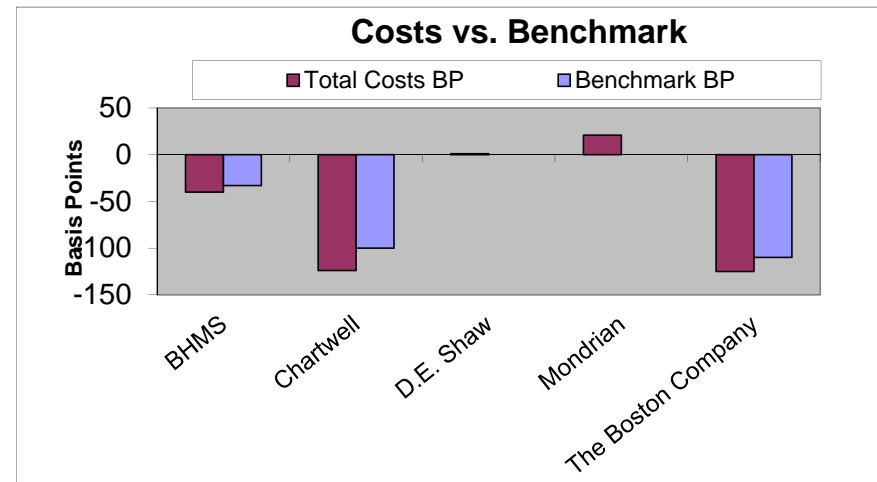
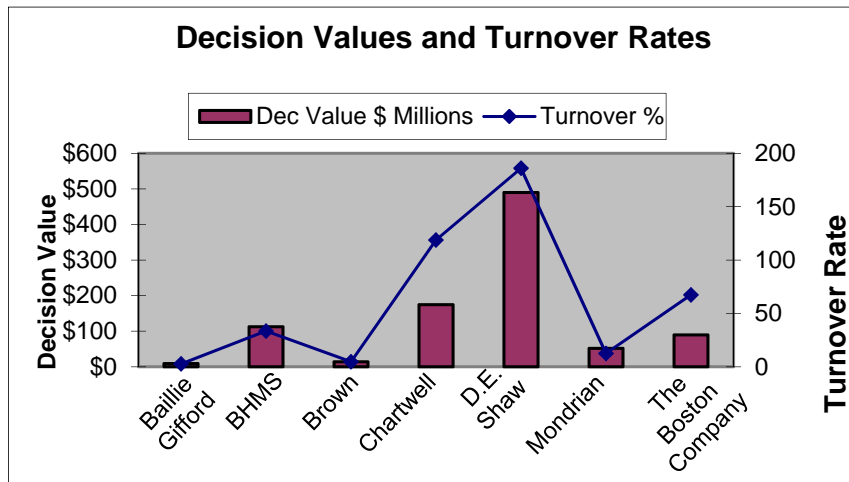
# Review of Portfolios

## 3<sup>rd</sup> Quarter 2012 to 2<sup>nd</sup> Quarter 2013 Annual Analysis

### Summary

Zeno Reports are broken down by portfolio. Additionally, trends and issues are reviewed and noted over a time period of at least one year, for each manger or portfolio.

- As shown below, the DE Shaw, Chartwell and Barrow, Hanley, Mewhinney & Strauss portfolios traded the most assets. While the Baillie Gifford and Brown portfolios traded the least, they are represented by only one quarter of data. Resulting turnover rates for the Baillie Gifford and Brown portfolios were low.
- Costs were the greatest for the Chartwell and The Boston Company portfolios. The Boston Company portfolio lagged it's cost benchmarks and ranked in the fourth quartile of it's peer group.







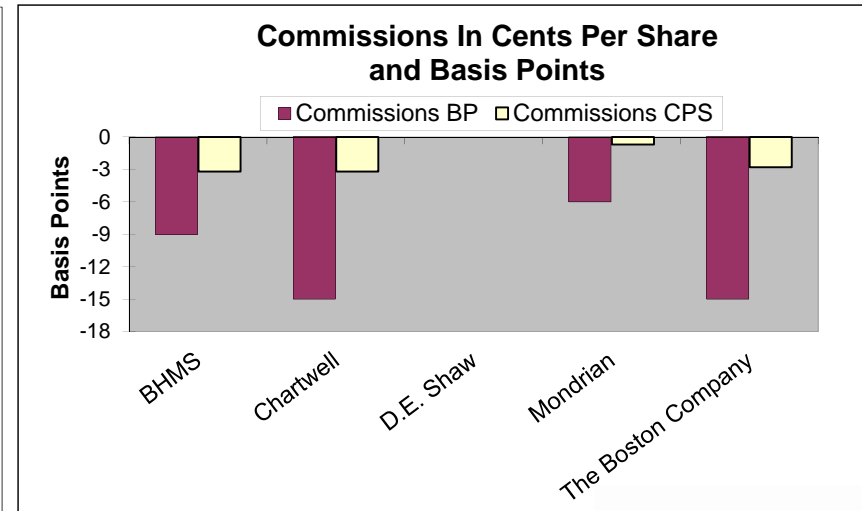
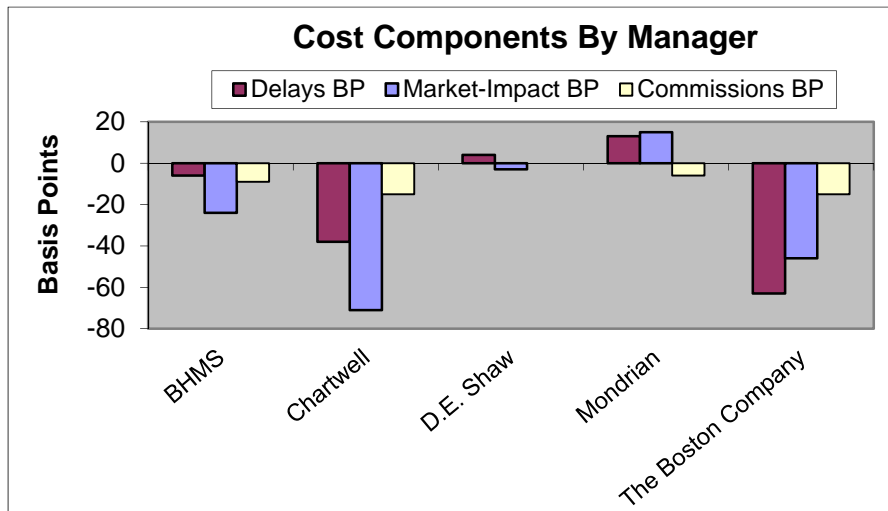
# Review of Portfolios - Continued

## 3<sup>rd</sup> Quarter 2012 to 2<sup>nd</sup> Quarter 2013 Annual Analysis

### Summary

Each portfolio reviewed is examined and graded on five facets of execution quality for the trailing year, as compared with other portfolios in their peer groups; Total Costs, Execution Efficiency, Brokerage Costs, and Commissions paid. In addition, other factors and details are reviewed such as the cost components driving total costs/execution efficiency, individual expensive trades and Commission recapture or Directed Brokerage related issues.

- Of the managers with the highest costs, Chartwell's Costs were driven by Market Impact costs and the Boston Company's Costs were driven by Delay and Market Impact costs.
- Barrow, Hanley, Mewhinney & Strauss and The Boston Company were identified for high total commission rates as compared with their peers.





## Summary of Manager Oversight

Zeno Consulting Group's TCA services were retained in May 2012. As of the Second quarter 2013, based on five quarterly reviews of Trading Data, two different equity managers on SAMCERA's roster were cited for costs that appeared high as measured by Zeno's metrics and in comparison to Zeno's peer group reviews.

- On the basis of the follow up issues noted, calls were conducted with two managers in December of 2012.
- Chartwell Investment Partners Small Cap Growth:
  - Showed high costs as compared to their peers and with Zeno's statistical Benchmark. However, overall turnover rates, assets under management and total trading activity were not excessive in comparison to other small cap growth managers. The overall effect on the trading performance of SBCER's results was notable.
  - As of the second quarter of 2013 Chartwell's costs have been reduced and they rank in the third quartile of their peer group.
- The Boston Company "TBC" Small Cap Value:
  - High Total Costs in absolute terms, in comparison to Zeno's difficulty adjusted benchmark and in comparison to similar managers in the Zeno universe.
  - In Zeno's view TBC exercises reasonable due diligence, and considers the appropriate factors with regard to the trading and efficiency of the overall strategy. Furthermore, they were especially candid with regard to any and all questions asked of them.



## Additional Oversight : Manager Search Service

In March of 2013 Zeno Consulting Group's TCA services were retained to review the trading of three managers each of whom was a candidate for a concentrated US Large Cap Growth mandate search.

Zeno conducted its due diligence in the following manner :

1. Trading and portfolio management staff at each of the three managers were interviewed.
    - Trading and portfolio management staff at all three manager's provided candid and clear answers. They were able to articulate and describe their trading and stock selection processes well.
  2. Reviewed any TCA reviews performed by the managers Internally (or by third parties).
    - All three managers provided internal TCA reviews suggesting that they conducted adequate internal due diligence on their trading while managing their trading costs.
  3. Requested each manager's trading data from the prior year to analyze their costs:
    - Two of three managers cited confidentiality concerns and declined to submit their trading data. Data for the two manager's was extracted from the Zeno universe. Each of these manager's universe data was used to compare against the respective internal reviews.
    - The data provided by the third manager's was analyzed by Zeno and compared with their internal TCA reviews.
- All three manager's were found to have sound rational trading processes which incurred costs that were in-line with Zeno's benchmarks.



## Additional Oversight : Fixed Income Analysis

- In addition to calculating VWAP costs, Zeno's primary fixed income trade cost and benchmark is Implementation Shortfall – to quantify the impact on performance.
  - With the benefit of our large market database, Zeno's cost and benchmarks are further filtered based on: side (buy/sell) and trade size. This enables Zeno to take into account the “difficulty” of each bond trade.
  - Zeno also takes pride in providing a level of diagnostic analysis (including: Type, Maturity, Credit Rating, and Broker/Dealer) available nowhere else.
  - The reports further provide unique graphs that track the distribution of trades based on costs, and whether outliers are driving overall cost-performance.
  - As a critical tool for Compliance Officers, Zeno's reports also flag outlier trades - to facilitate their review and oversight.
  - Lastly, as with in all of Zeno's TCA products, Zeno prefers to look for trends over time. This helps identify persistent patterns and themes.



## Fixed Income Analysis and Review: Highlights

### 3<sup>rd</sup> Quarter 2012 to 2<sup>nd</sup> Quarter 2013

Zeno Consulting Group's TCA service was used to review the trading of three Fixed Income managers. A full year of data covering the third quarter of 2012 through the second quarter of 2013 was reviewed for the following three managers.

1. Brown Brothers Harriman – US Tips
    - Only 3 quarters worth of data.
    - Trading was very efficient
  
  2. Franklin Templeton – Global Universal
    - Few trades evaluated due to large international exposure.
    - Majority of review covered High Yield, US Yankee and Emerging Markets.
    - Overall trade execution was very efficient.
  
  3. Western Asset Management – US Core Plus
    - Most Trading was completed in US Treasury and Agency Bonds.
    - Generally efficient trading.
- Based on a quantitative analysis of the three manager's data, they were found to have sound rational trading processes which incurred costs that were better than or in-line with Zeno's benchmarks.



## Conclusions

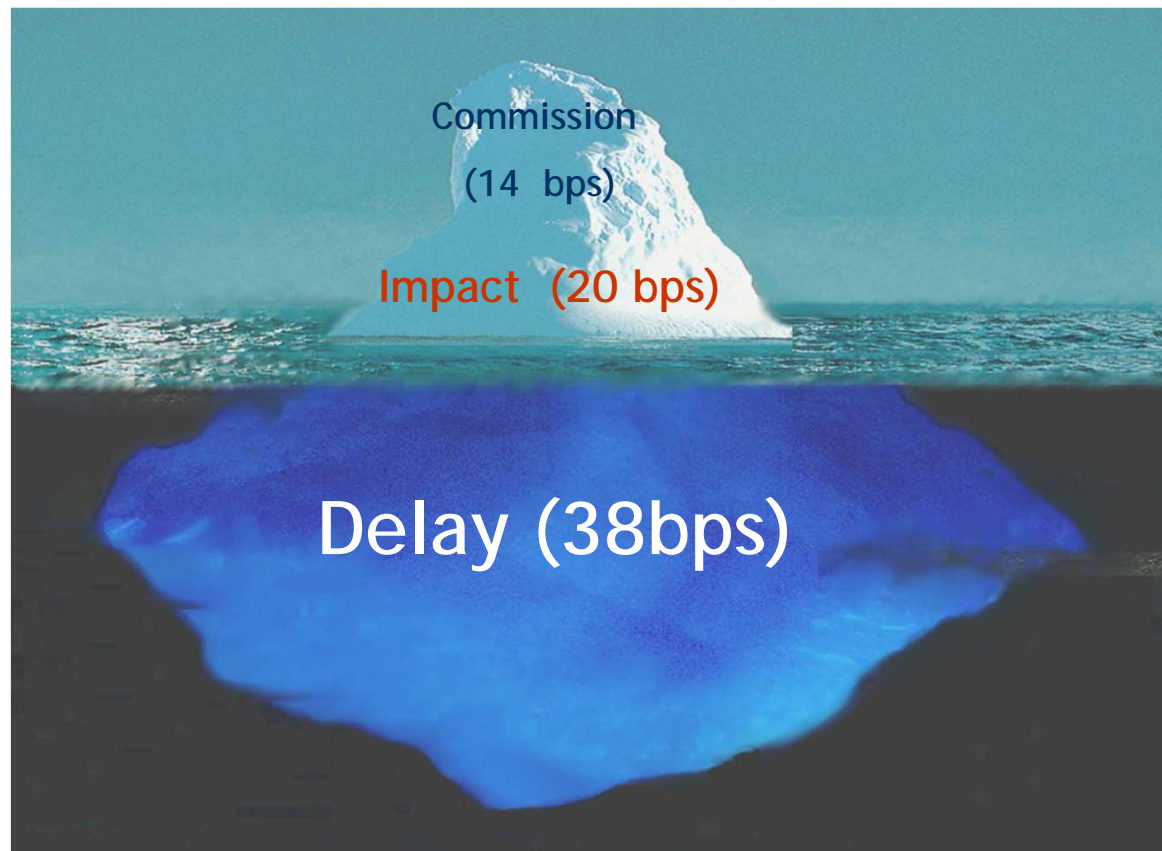
### Monitoring and Follow-up

- Zeno will continue to monitor each manager's trading and provide detailed reports to San Mateo County Employees' Retirement Association "SAMCERA" each quarter.
  - Follow up issues and questions will be noted in reports sent to SAMCERA
- Zeno will continue to monitor for any process changes and cost savings noted for any of the managers' highlighted in prior reports.
  - Any changes for the better or worse will be noted, along with recommendations for further follow-up as necessary.
- Specific cost savings will be quantified as noted previously.



# Appendix

# The Iceberg of Transaction Costs: Do you know what you really paid to buy and sell your securities?



\*Sample 2003 Large Cap Averages





## What do we mean by “Superficial” and “Meaningful”?

An easy example of the difference between superficial and meaningful can be shown by how we define “trading costs”:

- Are trading costs just “Commissions”?
- Are trading costs calculated by comparing the execution price of a trade to the average price of that security on the day of the trade (i.e. VWAP)?
- Are trading costs calculated by comparing the execution price of a trade to the price of that security when the manager first decided to trade it (i.e. Implementation Shortfall)?

**The answer you choose matters!**



## Pitfalls of superficial trade cost analysis

- VWAP and Commissions severely understate:
  - the true impact that trading has on Fund performance.
  - the variance in costs due to trading more difficult securities or asset classes.
  - the variance in costs due to trading in the same asset class, but during different time periods.
- VWAP and Commissions suggest there is little volatility over time in trading costs (and therefore little impact on Fund performance), regardless of asset class.
- VWAP and Commissions have little correlation to market events that can cause huge Implementation Shortfall costs (severely impacting Fund performance).
- **Bottom-line: you can't manage what you don't measure. Defining costs based on VWAP or Commissions can prevent a Fund *from even knowing there's a problem.***

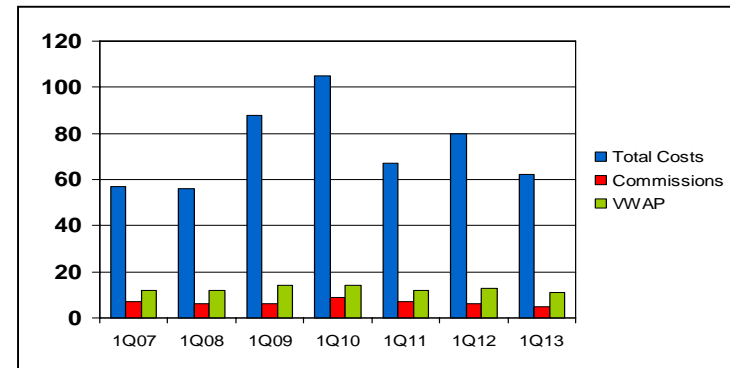


# Zeno Peer Group Universe – Large Cap Growth

## Trading Costs

Universe Median Trading Costs

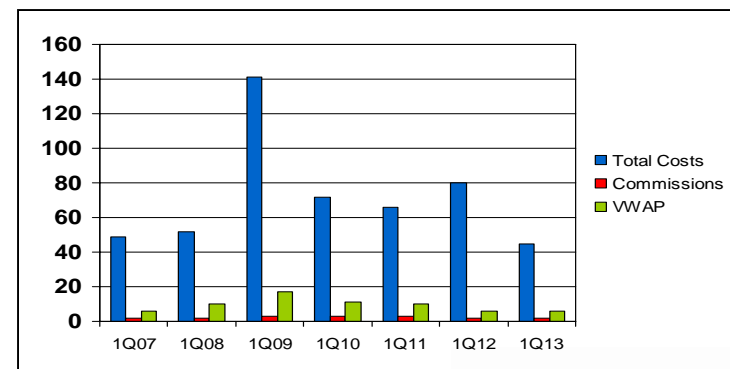
	Total Cost (bp)	Commission (¢)	VWAP (bp)
1Q07	57	2.7	12
1Q08	56	2.7	12
1Q09	88	2.6	14
1Q10	105	2.6	14
1Q11	67	2.6	12
1Q12	80	2.6	13
1Q13	62	2.6	11



## Potential Savings

Difference between 4<sup>th</sup> Quartile vs. Median Trading Costs

	Total Cost bp (\$*)	Commission ¢ (\$*)	VWAP bp (\$*)
1Q07	49 (\$493K)	0.7 (\$19K)	6 (\$59K)
1Q08	52 (\$524K)	0.5 (\$19K)	10 (\$97K)
1Q09	141 (\$1,415K)	0.6 (\$34K)	17 (\$173K)
1Q10	72 (\$717K)	0.5 (\$26K)	11 (\$114K)
1Q11	66 (\$656K)	0.7 (\$25K)	10 (\$100K)
1Q12	80 (\$798K)	0.4 (\$22K)	6 (\$64K)
1Q13	45 (\$448K)	0.6 (\$24K)	6 (\$64K)



\* \$ costs based on \$100 mm in AUM and avg. turnover rate



## Zeno's Benchmarking

- Why is Zeno's cost benchmark a better Estimate of costs?
  - Utilizes one of the best trade universes in the industry and considers actual market data while estimating costs.
  - Utilizes both stock-specific characteristics, as well as the security's industry, sector, and market price movements (to help separate the effect of the trader's own activity from that of the broader market).
  - Adjusts for intraday price movements and volatility, liquidity, and spread surprises.
  - Because the new Cost Benchmark incorporates our Pre-trade Cost Estimation model, there is a consistent philosophy and approach maintained between pre and post-trade cost estimates.



## Vinod Pakianathan - Bio

Senior Vice President and Senior Consultant to plan sponsors for the Zeno Consulting Group a leading transaction cost analysis provider. He has held several positions over his fifteen+ years with the Zeno Consulting Group. Currently, he manages the core Sponsor Monitor consulting product provided to plan sponsors, in addition to supporting plan sponsor product development and providing consulting to plan sponsors and fund oversight boards for all Transactions Cost related products including: due diligence monitoring, transition management, review and construction of directed brokerage programs and soft dollar audits. Zeno Consulting Group is a registered investment advisor, who provides unbiased advice to the Pension Plans and Fund oversight boards.

Vinod has BE in Computer Engineering and an MBA



The information contained herein has been taken from trade and statistical services and other sources we deem reliable but we do not represent that such information is accurate or complete and it should not be relied upon as such. No guarantee or warranty is made as to the reasonableness of the assumptions or the accuracy of the models or market data used by Zeno Consulting Group, LLC (Zeno) or the actual results that may be achieved.

The screen shots provided in this presentation represent hypothetical examples of certain products available from Zeno. They contain sample data and are provided for informational purposes only. None of these materials is intended to be used for trading or investment purposes or as an offer to sell or the solicitation of an offer to buy any security or financial product. These materials do not provide any form of advice (investment, tax or legal).

All trademarks, service marks, and trade names not owned by Zeno are owned by their respective owners. All functionality described herein is subject to change without notice.

These materials are not to be copied, displayed or transmitted in any form without the prior written permission of Zeno.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

August 27, 2013

Agenda Item 7.1

To: Board of Retirement



From: Chezelle Milan, Retirement Senior Accountant  
Mabel Wong, Finance Officer

Subject: Preliminary Monthly Financial Report for the Period Ending July 31, 2013

Comment: The attached preliminary statements fairly represent *SamCERA's* Financial Statements.

**Statement of Fiduciary Net Assets**

*SamCERA's* Net Assets Held in Trust for Pension Benefits as of month end totaled \$2,873,131,637.

**Statement of Changes in Fiduciary Net Assets**

Net assets held in trust for pension benefits increased by approximately \$146.5M million, month over month. The increase is due to the semi-annual pre-payment of contributions of \$70.5 million received from the county in July 2013 as well as the increased in market appreciation of assets.

The following reports are attached to this agenda item:

Table of Contents	Page
Statement of Fiduciary Net Assets (Year to Year YTD Comparative)	2
Statement of Changes in Fiduciary Net Assets (Year to Year YTD Comparative)	3
Cash Flow Statements	4
Statement of Fiduciary Net Assets (YTD Monthly Comparative)	5
Statement of Changes in Fiduciary Net Assets (YTD Monthly Comparative)	6

**San Mateo County Employees' Retirement Association**  
**Statement of Fiduciary Net Assets - YTD Comparative**  
**July 2013**  
**PRELIMINARY**

	July 2013	July 2012
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	92,799,683	121,715,846
SECURITIES LENDING CASH COLLATERAL	136,413,481	195,852,114
<b>TOTAL CASH</b>	<b>229,213,164</b>	<b>317,567,960</b>
<b>RECEIVABLES</b>		
Contributions	0	0
Due from Broker for Investments Sold	146,583,555	138,294,196
Investment Income	4,085,960	4,068,888
Securities Lending Income	23,841	57,803
Other Receivable	113,343	113,437
<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>150,806,700</b>	<b>142,534,323</b>
PREPAID EXPENSE	7,669	164,773
<b>INVESTMENTS AT FAIR VALUE</b>		
Domestic Fixed Income Securities	431,689,664	458,462,923
International Fixed Income Securities	109,772,510	102,303,777
Domestic Equities	1,171,370,837	894,779,990
International Equities	521,401,248	414,705,657
Real Estate	166,154,482	146,917,122
Private Equities	89,489,738	26,818,709
Risk Parity	157,444,012	159,639,835
Hedge Funds	73,717,734	71,229,008
Commodities	75,376,436	74,518,389
Held for Securities Lending	0	0
Other Investment	0	0
	<b>2,796,416,662</b>	<b>2,349,375,410</b>
FIXED ASSETS	0	0
LESS ACCUMULATED DEPRECIATION	0	0
	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>3,176,444,195</b>	<b>2,809,642,465</b>
<b>LIABILITIES</b>		
Investment Management Fees	2,442,650	2,115,996
Due to Broker for Investments Purchased	163,837,337	156,730,982
Collateral Payable for Securities Lending	136,413,481	195,852,114
Other	619,090	544,301
<b>TOTAL LIABILITIES</b>	<b>303,312,558</b>	<b>355,243,393</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>2,873,131,637</b>	<b>2,454,399,072</b>



**San Mateo County Employees' Retirement Association**  
**Statement of Changes in Fiduciary Net Assets - YTD Comparative**  
**July 2013**  
**Preliminary**

	July 2013	July 2012	
<b>ADDITIONS</b>			
<b>CONTRIBUTIONS</b>			
Employer Contribution	72,382,835	71,461,889	920,946
Employee Contribution	2,559,300	2,820,513	(261,213)
<b>TOTAL CONTRIBUTIONS</b>	<u>74,942,135</u>	<u>74,282,402</u>	<u>659,733</u>
<b>INVESTMENT INCOME</b>			
Interest and Dividends	2,293,757	3,092,802	(799,045)
Net Appreciation (Depreciation) in fair value of investments	83,963,020	31,539,812	52,423,208
Less Investment Expense	(1,190,190)	(2,058,065)	867,875
Less Asset Management Expense	0	0	0
<b>NET INVESTMENT INCOME</b>	<u>85,066,587</u>	<u>32,574,549</u>	<u>52,492,038</u>
<b>SECURITIES LENDING INCOME</b>			
Earnings	19,682	46,312	(26,630)
Less: Securities Lending Expenses	6,434	13,766	(7,331)
<b>NET SECURITIES LENDING INCOME</b>	<u>26,116</u>	<u>60,078</u>	<u>(33,961)</u>
<b>OTHER ADDITIONS</b>	<u>342</u>	<u>19,858</u>	<u>(19,516)</u>
<b>TOTAL ADDITIONS</b>	<u>160,035,181</u>	<u>106,936,887</u>	<u>53,098,294</u>
<b>DEDUCTIONS</b>			
<b>ASSOCIATION BENEFITS</b>			
Service Retirement Allowance	11,412,336	10,792,477	619,858
Disability Retirement Allowance	1,411,345	1,309,902	101,444
Survivor, Death and Other Benefits	58,048	57,406	643
<b>TOTAL ASSOCIATION BENEFITS</b>	<u>12,881,729</u>	<u>12,159,785</u>	<u>721,945</u>
<b>REFUND OF MEMBER CONTRIBUTIONS</b>	258,672	360,892	(102,220)
<b>ADMINISTRATIVE EXPENSE</b>	357,893	314,724	43,169
<b>OTHER EXPENSE</b>	(3,099)	6,067	(9,166)
<b>TOTAL DEDUCTIONS</b>	<u>13,495,195</u>	<u>12,841,469</u>	<u>653,727</u>
<b>NET INCREASE</b>	<b>146,539,985</b>	<b>94,095,418</b>	<b>52,444,567</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>			
Beginning of Period	2,726,591,652	2,360,303,654	
End of Period	2,873,131,637	2,454,399,072	

8/27/2013

San Mateo County Employees' Retirement Association  
 CHANGES IN FIDUCIARY NET ASSETS - TRAILING ONE MONTH  
 For the Month Ending July 31, 2013  
 PRELIMINARY

	July 2013	YTD
<b>ADDITIONS</b>		
CONTRIBUTIONS		
Employee Contribution	2,559,300	2,559,300
Employer Contributions - Regular	5,387,029	5,387,029
Employer Contributions - COLA	3,079,236	3,079,236
Employer Prefunded Contribution	63,916,571	63,916,571
<b>TOTAL CONTRIBUTIONS</b>	<b>74,942,135</b>	<b>74,942,135</b>
INVESTMENT INCOME		
Interest and Dividends	2,293,757	2,293,757
Net Appreciation (Depreciation) in fair value of investments	83,963,362	83,963,362
Securities Lending Income	19,682	19,682
Other Additions	0	0
Other Investment Related Expense	(42,154)	(42,154)
Securities Lending Expense	6,434	6,434
<b>TOTAL ADDITIONS</b>	<b>161,183,216</b>	<b>161,183,216</b>
<b>DEDUCTIONS</b>		
ASSOCIATION BENEFITS		
Retiree Annuity	2,992,088	2,992,088
Retiree Pension	6,926,721	6,926,721
Retiree COLA	2,960,035	2,960,035
Retiree Death and Modified Work Benefit	2,886	2,886
Active Member Death Benefit	0	0
Voids and Reissue	0	0
<b>TOTAL ASSOCIATION BENEFITS</b>	<b>12,881,729</b>	<b>12,881,729</b>
REFUND OF MEMBER CONTRIBUTIONS	258,672	258,672
ACTUARIAL FEES	1,250	1,250
CONSULTANT FEES - INVESTMENT (SIS)	33,333	33,333
CUSTODIAN FEES - STATE STREET	15,351	15,351
OTHER PROFESSIONAL FEES	7,500	7,500
INVESTMENT MANAGEMENT FEE - R1000 INDEX	10,262	10,262
INVESTMENT MANAGEMENT FEE - ABERDEEN	0	0
INVESTMENT MANAGEMENT FEE - PYRAMIS	19,455	19,455
INVESTMENT MANAGEMENT FEE - ANGELO GORDON PPIP	0	0
INVESTMENT MANAGEMENT FEE - ANGELO GORDON STAR	0	0
INVESTMENT MANAGEMENT FEE - BROWN BROTHERS	9,764	9,764
INVESTMENT MANAGEMENT FEE - BRIGADE CAPITAL	39,703	39,703
INVESTMENT MANAGEMENT FEE - FRANKLIN TEMPLETON	38,189	38,189
INVESTMENT MANAGEMENT FEE - CHARTWELL	67,603	67,603
INVESTMENT MANAGEMENT FEE - D E SHAW	63,993	63,993
INVESTMENT MANAGEMENT FEE - T ROWE PRICE	0	0
INVESTMENT MANAGEMENT FEE - BLACKROCK	0	0
INVESTMENT MANAGEMENT FEE - BARROW HANLEY	61,059	61,059
INVESTMENT MANAGEMENT FEE - THE BOSTON COMPANY	73,225	73,225
INVESTMENT MANAGEMENT FEE - BROWN ADVISORY	39,173	39,173
INVESTMENT MANAGEMENT FEE - JENNISON ASSOCIATES	0	0
INVESTMENT MANAGEMENT FEE - MONDRIAN	33,532	33,532
INVESTMENT MANAGEMENT FEE - ARTIO	0	0
INVESTMENT MANAGEMENT FEE - PYRAMIS SELECT	42,745	42,745
INVESTMENT MANAGEMENT FEE - EATON VANCE	47,869	47,869
INVESTMENT MANAGEMENT FEE - BAILLIE GIFFORD	70,900	70,900
INVESTMENT MANAGEMENT FEE - WESTERN ASSET	18,941	18,941
INVESTMENT MANAGEMENT FEE - INVESCO CORE	51,493	51,493
INVESTMENT MANAGEMENT FEE - SHERIDAN PRODUCTIONS	0	0
INVESTMENT MANAGEMENT FEE - ABRY ADVANCED	108,477	108,477
INVESTMENT MANAGEMENT FEE - ABRY PARTNERS	0	0
INVESTMENT MANAGEMENT FEE - REGIMENT	0	0
INVESTMENT MANAGEMENT FEE - GENERAL CATALYST	0	0
INVESTMENT MANAGEMENT FEE - SYCAMORE PARTNERS	141,083	141,083
INVESTMENT MANAGEMENT FEE - SYCAMORE SIDECAR	0	0
INVESTMENT MANAGEMENT FEE - WARBURG PINCUS	0	0
INVESTMENT MANAGEMENT FEE - AQR GLOBAL RISK PARTNERS	56,159	56,159
INVESTMENT MANAGEMENT FEE - AQR DELTA FUND	61,220	61,220
INVESTMENT MANAGEMENT FEE - SSGA MULTISOURCE	35,758	35,758
<b>TOTAL PROFESSIONAL FEE</b>	<b>1,148,036</b>	<b>1,148,036</b>
ADMIN EXPENSE - SALARIES & BENEFITS	213,550	213,550
ADMIN EXPENSE - SERVICES & SUPPLIES	144,343	144,343
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>357,893</b>	<b>357,893</b>
INTEREST FOR PREPAID CONTRIBUTION	0	0
OTHER DEDUCTIONS	(3,099)	(3,099)
<b>TOTAL DEDUCTIONS</b>	<b>14,643,231</b>	<b>14,643,231</b>
<b>NET INCREASE</b>	<b>146,539,985</b>	<b>146,539,985</b>

8/27/2013

**San Mateo County Employees' Retirement Association  
Statement of Fiduciary Net Assets - Monthly Comparative  
For the Month Ending July 31, 2013**

	July 2013	June 2013	Increase/(Decrease)	% of Incr/Decr
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	92,799,683	39,405,133	53,394,550	135.50%
SECURITIES LENDING CASH COLLATERAL	136,413,481	136,413,481	0	0.00%
<b>TOTAL CASH</b>	<b>229,213,164</b>	<b>175,818,614</b>	<b>53,394,550</b>	<b>30.37%</b>
<b>RECEIVABLES</b>				
Contributions	0	3,611,259	(3,611,259)	N/A
Due from Broker for Investments Sold	146,583,555	139,326,538	7,257,017	5.21%
Investment Income	4,085,960	4,999,464	(913,503)	-18.27%
Securities Lending Income	23,841	60,596	(36,755)	-60.66%
Other Receivable	113,343	113,443	(100)	-0.09%
<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>150,806,700</b>	<b>148,111,300</b>	<b>2,695,400</b>	<b>1.82%</b>
PREPAID EXPENSE	7,669	7,669	0	0.00%
<b>INVESTMENTS AT FAIR VALUE</b>				
Domestic Fixed Income Securities	431,689,664	427,939,319	3,750,345	0.88%
International Fixed Income Securities	109,772,510	112,393,585	(2,621,074)	-2.33%
Domestic Equities	1,171,370,837	1,135,855,622	35,515,215	3.13%
International Equities	521,401,248	494,577,129	26,824,119	5.42%
Real Estate	166,154,482	166,154,482	0	0.00%
Private Equity	89,489,738	64,492,855	24,996,883	38.76%
Risk Parity	157,444,012	157,444,012	0	0.00%
Hedge Funds	73,717,734	73,717,734	0	0.00%
Commodities	75,376,436	69,083,062	6,293,374	9.11%
Held for Securities Lending	0	0	0	N/A
Other Investment	0	0	0	N/A
	<b>2,796,416,662</b>	<b>2,701,657,801</b>	<b>94,758,862</b>	<b>3.51%</b>
FIXED ASSETS	0	0	0	N/A
LESS ACCUMULATED DEPRECIATION	0	0	0	N/A
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL ASSETS</b>	<b>3,176,444,195</b>	<b>3,025,595,383</b>	<b>150,848,812</b>	<b>4.99%</b>
<b>LIABILITIES</b>				
Investment Management Fees	2,442,650	2,912,944	(470,295)	-16.14%
Due to Broker for Investments Purchased	163,837,337	154,293,081	9,544,256	6.19%
Collateral Payable for Securities Lending	136,413,481	136,413,481	0	0.00%
Other	619,090	5,384,225	(4,765,135)	-88.50%
<b>TOTAL LIABILITIES</b>	<b>303,312,558</b>	<b>299,003,732</b>	<b>4,308,826</b>	<b>1.44%</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>2,873,131,637</b>	<b>2,726,591,652</b>	<b>146,539,985</b>	<b>5.37%</b>

**San Mateo County Employees' Retirement Association**  
**Statement of Changes in Fiduciary Net Assets - Monthly Comparative**  
**For the Month Ending July 31, 2013**

	July 2013	June 2013	
ADDITIONS			
CONTRIBUTIONS			
Employer Contribution	72,382,835	144,308,171	(71,925,336)
Employee Contribution	2,559,300	55,407,941	(52,848,641)
<b>TOTAL CONTRIBUTIONS</b>	<u>74,942,135</u>	<u>199,716,112</u>	<u>(124,773,977)</u>
INVESTMENT INCOME			
Interest and Dividends	2,293,757	57,394,155	(55,100,398)
Net Appreciation (Depreciation) in fair value of investments	83,963,020	291,736,187	(207,773,168)
Less Investment Expense	(1,190,190)	(23,392,811)	22,202,621
Less Asset Management Expense	0	0	0
<b>NET INVESTMENT INCOME</b>	<u>85,066,587</u>	<u>325,737,531</u>	<u>(240,670,944)</u>
SECURITIES LENDING INCOME			
Earnings	19,682	402,803	(383,121)
Less: Securities Lending Expenses	6,434	219,089	(212,655)
<b>NET SECURITIES LENDING INCOME</b>	<u>26,116</u>	<u>621,892</u>	<u>(595,776)</u>
OTHER ADDITIONS	342	177,621	(177,279)
<b>TOTAL ADDITIONS</b>	<u>160,035,181</u>	<u>526,253,156</u>	<u>(366,217,975)</u>
DEDUCTIONS			
ASSOCIATION BENEFITS			
Service Retirement Allowance	11,412,336	131,638,612	(120,226,276)
Disability Retirement Allowance	1,411,345	16,705,247	(15,293,901)
Survivor, Death and Other Benefits	58,048	687,818	(629,769)
<b>TOTAL ASSOCIATION BENEFITS</b>	<u>12,881,729</u>	<u>149,031,676</u>	<u>(136,149,947)</u>
REFUND OF MEMBER CONTRIBUTIONS	258,672	5,989,241	(5,730,569)
ADMINISTRATIVE EXPENSE	357,893	4,914,556	(4,556,663)
OTHER EXPENSE	(3,099)	29,685	(32,784)
<b>TOTAL DEDUCTIONS</b>	<u>13,495,195</u>	<u>159,965,158</u>	<u>(146,469,963)</u>
<b>NET INCREASE</b>	<b>146,539,985</b>	<b>366,287,998</b>	<b>(219,748,013)</b>
Net Assets Held in Trust for Pension Benefits:			
Beginning of Period	2,726,591,652	2,360,303,654	
End of Period	2,873,131,637	2,726,591,652	

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

August 27, 2013

Agenda Item 7.2

**TO:** Board of Retirement

**FROM:** Mabel Wong, Finance Officer 

**SUBJECT:** Report on Status of 2012-13 Annual Financial Audit

**Staff Recommendation**

Staff recommends that the board accept staff's oral report on the current status of the June 30, 2013 Financial Audit conducted by SamCERA's auditor, Brown Armstrong Accountancy Corporation.

**Background**

Government Code Section 31593 mandates that "The retirement board shall conduct an audit of the retirement system at least once every 12 months and report upon its financial condition." The board's external auditor, Brown Armstrong Accountancy Corporation, is a Certified Public Accounting firm hired to perform an audit of SamCERA's financial statements. The objective of this audit is to express an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. In addition the audit includes reports on internal controls related to the financial statements and compliance with laws, regulations, and the provisions of contractual agreements.

**Discussion**

A Brown Armstrong audit team headed by Ms. Brooke Baird and Ms. Ashley Casey conducted interim audit work in SamCERA's office the weeks of June 24th and August 26th. Staff will provide an oral report on any open items, potential findings and possible discussion items.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

August 27, 2013

Agenda Item 7.3

TO: Board of Retirement

FROM: David Bailey, Chief Executive Officer

SUBJECT: Report on County's Plan for Supplemental Contributions



**Staff Recommendation**

Discuss this report on the County's plan to provide supplemental contributions to the SamCERA fund. No action is required at this time.

**Background**

On August 6, the Board of Supervisors unanimously approved County Manager John Maltbie's recommendation to, "Direct staff to develop for the Board's consideration a Memorandum of Understanding (MOU) with SamCERA to reduce unfunded pension liabilities by using one-time sources such as Reserves and Excess ERAF."

To achieve this reduction in pension liabilities, it is the County's intention to make supplemental contributions to SamCERA, over and above the annual actuarially required contributions. The plan is for the County to contribute an additional lump sum of \$50 million in the current fiscal year. This is to be followed by lump sums of \$10 million in each of the following nine fiscal years. The total supplemental lump sum contributions would be \$140 million during this ten-year period. The first lump sum is expected sometime in February 2014.

In addition, during this ten-year period, the County intends to maintain a minimum average employer contribution rate of 38% of payroll.

Milliman lead actuary Nick Collier has projected the impact of these supplemental contributions. Based on the assumptions used, the County would reduce by about two years the time needed to achieve funded ratios of both 90% (7 vs. 9 years) and 100% (11 vs. 13 years.) The attached graphs project the impact to the system's Unfunded Actuarial Accrued Liability (UAAL), the Funded Ratio, and the County employer contribution rate.

Treatment of Supplemental Funds: How SamCERA and its actuarial firm treat the supplemental contributions will be the main subject of the MOU. All supplemental County contributions will be treated actuarially so as to benefit only the County. SamCERA's other employers (The Mosquito & Vector Control District and the Superior Court) are not intended to see any impact from these supplemental contributions. All supplemental funds will become part of the SamCERA's invested assets and treated the same as all other funds for investment purposes.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

The County will always retain full discretion to provide a smaller or greater contribution than the planned 38% level, but never less than the minimum actuarially required contributions. The County will also be able to discontinue the planned lump sum contributions for any year.

**Comments**

The responsibility for determining the appropriate funding levels for the retirement system will remain the responsibility of the Board of Retirement. Throughout the discussions regarding supplemental contributions, staff made mention of this, with particular emphasis that the Board would continue to look at its assumed investment return assumption each year and adjust it as needed based on what the Board truly believes the fund will earn over the long term.

The highly collaborative effort to bring this plan before the Board of Supervisors took place over several months:

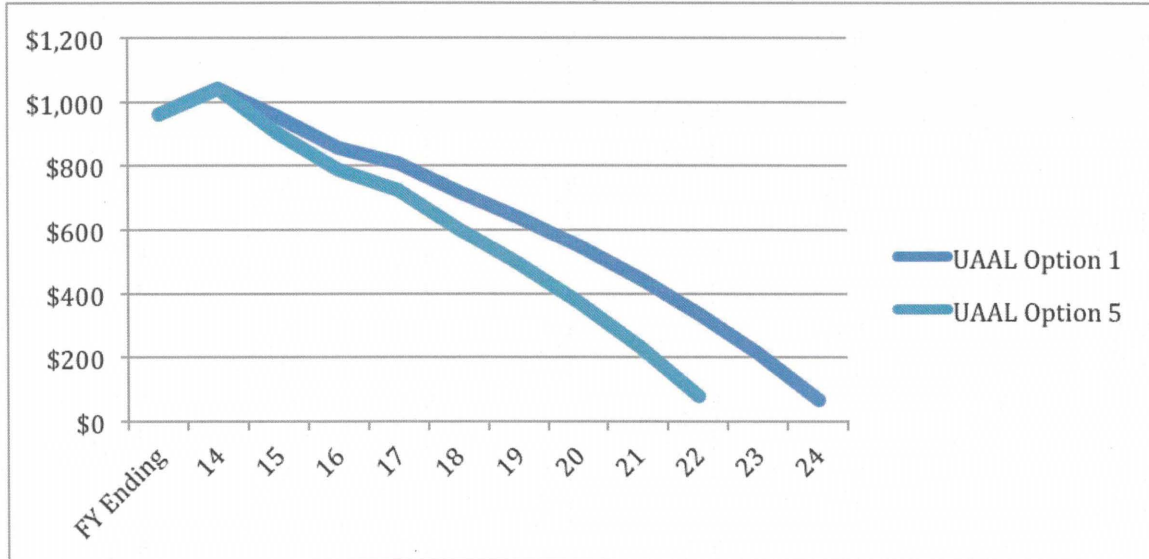
- County Controller **Bob Adler** was the initial sponsor and continued to support the idea even when there was little enthusiasm.
- Supervisor **Dave Pine** and his Administrative Aide, **Michael Barber**, set aside the substantial time necessary to understand the actuarial options for the treatment of the funds, and Supervisor Pine sponsored the effort on the Board of Supervisors.
- The effort would not have happened without the long term thinking of these elected officials and the rest of the Board of Supervisors.
- **Jim Saco**, County Budget Manager, spent numerous hours coming to a deep understanding of the actuarial and budgetary impacts of the plan.
- **Nick Collier**, Milliman, Inc., was highly responsive, as usual, responding to questions quickly, at times during a weekend.
- Others on the team that have studied this for months include **Scott Hood**, **Michael Coultrip**, and **Mabel Wong** and **Brenda Carlson**.
- The work of developing the MOU now falls to **Brenda Carlson**, who is already working on an initial draft.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

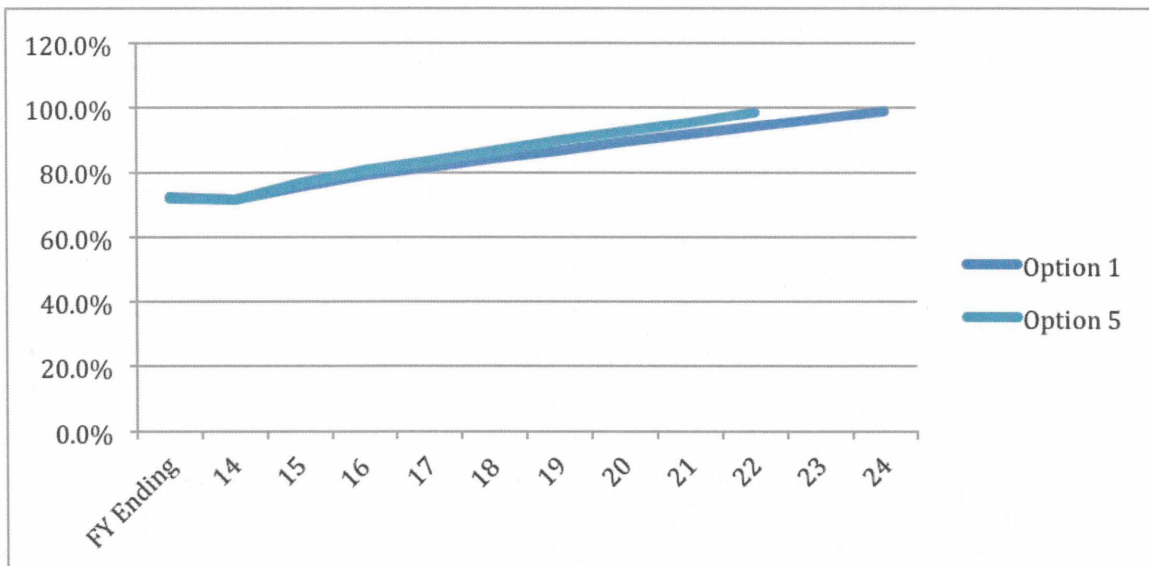
Additional Contributions Comparisons  
San Mateo County  
August 27, 2013

Option 1 = Status Quo  
Option 5 = Recommended Option

Unfunded Actuarial Accrued Liability (in millions)



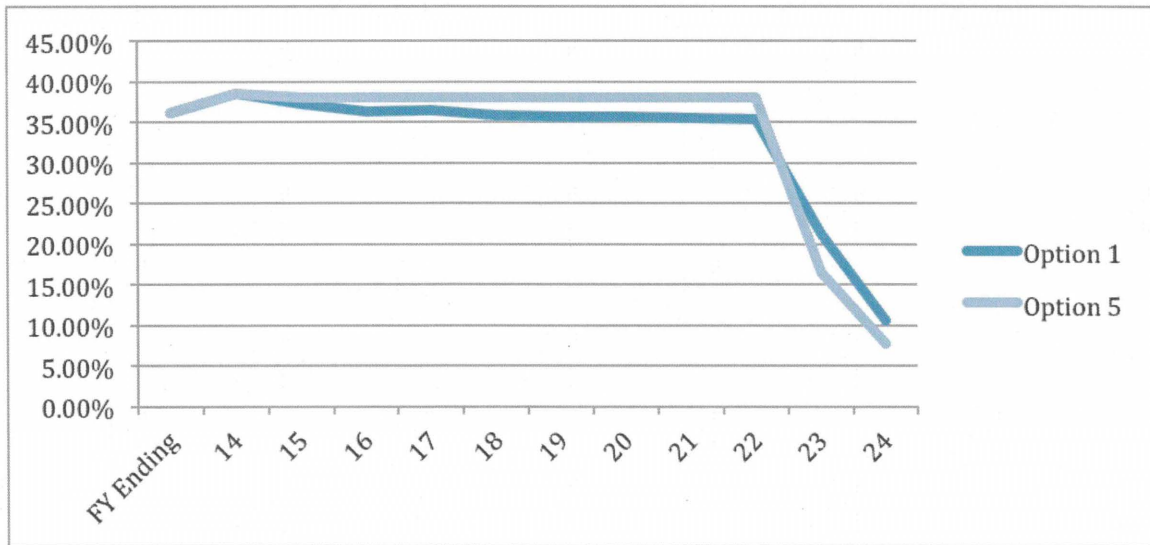
Funded Ratio





SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

County Employer Contributions



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

August 27, 2013

Agenda Item 7.4

**TO:** Board of Retirement  
**FROM:** David Bailey, Chief Executive Officer  
**SUBJECT:** Approval of SamCERA Logo Design



**Staff Recommendation**

Approve the suggested SamCERA logo design for use in all SamCERA documents and publications.

**Background**

SamCERA does not have a logo. At times the association uses the acronym, "*SamCERA*," in italicized Times Roman font alongside the seal of the County of San Mateo. At other times the acronym alone is used.

Staff believes a distinctive SamCERA logo is warranted because:

- it would allow members and other stakeholders to more easily identify SamCERA publications
- its design would convey qualities with which SamCERA wants to be identified
- it would be consistent with the fact that SamCERA has three employers (the County, the Mosquito & Vector Control District, and the Superior Court)
- it would be consistent with SamCERA's legal status as an independent entity, separate and distinct from San Mateo County

Colin Bishop, SamCERA's Communications Specialist, has worked with all SamCERA staff over the last few months to design a new logo. Early in this process we began incorporating a graphic representation of the Pigeon Point Lighthouse. This lighthouse is just off Highway 1 in San Mateo County. It is a recognized landmark in the county, which is the geographic area covered by SamCERA's three employers. As such, we think it is a fitting graphic to include in SamCERA's logo.

The qualities of lighthouses are also relevant. Lighthouses represent stability and reliability. They are built on solid ground. They stand tall and provide clear guidance day and night, in sunny and stormy weather. These are all qualities retirement systems want to emulate. We believe SamCERA has and will continue to do so. And we want to convey those qualities through our logo.

Attached is the proposed logo itself and three examples of how the logo would be incorporated into SamCERA publications.

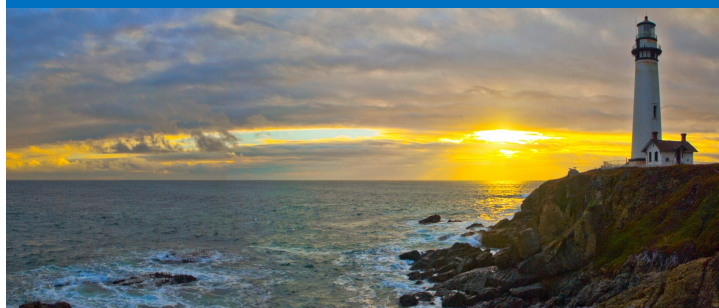


## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012  
A Component Unit of the County of San Mateo  
Redwood City, State of California

# 2013

SAMPLE



### Notice of Public Meeting

The Board of Retirement  
of the San Mateo County Employees' Retirement Association will meet on  
**Tuesday, August 27, 2013, at 1:00 p.m.**

**PUBLIC SESSION** – The Board will meet in Public Session at 1:00 p.m.

1. **Call to Order, Roll Call and Miscellaneous Business**
  - 1.1 Announcement of the Appointment of Board Committees
2. **Oral Communications**
  - 2.1 Oral Communications From the Board
  - 2.2 Oral Communications From the Public
3. **Approval of the Minutes**
4. **Approval of the Consent Agenda**

4.0 Approval of Consent Agenda Items*	4.2 Service Retirements
4.1 Disability Retirements	4.3 Continuances
a. Manjula Chandr	4.4 Deferred Retirements
b. Ida daRoza	4.5 Member Account Refunds
c. Daisy Lilles	4.6 Member Account Rollovers
d. Dennis Mayer	4.7 Trustee Conference Request
e. Carlos Mena	4.8 Acceptance of Semi-Annual Compliance Certification
f. Rose Pichay	Statements for period ending June 30, 2013
g. Jennifer Slegers	
5. **Benefit & Actuarial Services**
  - 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda
6. **Investment Services** (*The Investment Committee will meet at 10:00 a.m. on August 27, 2013*)
  - 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending July, 31, 2013
  - 6.2 Quarterly Investment Performance Report for the Period Ending June 30, 2013
  - 6.3 Report on Core Bond Manager Annual Reviews
  - 6.4 Discussion of Asset-Liability Simulation Results and Approval of New Asset Class Target Portfolio
  - 6.5 Annual Review of SamCERA's Security Lending Program
  - 6.6 Discussion and Approval to Transfer Portion of Mondrian Assets
  - 6.7 Report on Trading Cost Analysis for Equity and Fixed Income Managers
7. **Board & Management Support Services**
  - 7.1 Presentation of Monthly Financial Report
  - 7.2 Report on Status of 2012-13 Financial Audit
  - 7.3 Report on County's Plan for Supplemental Contributions
  - 7.4 Approval of SamCERA Logo Design
8. **Management Reports**
  - 8.1 Chief Executive Officer's Report
  - 8.2 Assistant Executive Officer's Report
  - 8.3 Chief Investment Officer's Report
  - 8.4 Chief Legal Counsel's Report

[Continued on page 2 – Printed 08/21/13]



## 2013 SUMMARY ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

### A MESSAGE FROM THE CEO: THE SLOW ROAD TO RECOVERY



SamCERA continues to work through the effects of the financial crisis that began in 2007.

Everyone wishes a rapid recovery had taken place, but that has not happened. Instead, a gradual recovery appears to be underway. It also appears that the recovery may continue its slow and bumpy pace. As a result, steps have been taken to lower the overall cost of the plan and to improve the fund's strength.

This financial recovery fits the cliché, "two steps forward, one step back." Higher levels of volatility have been the mark of the investment markets over the last several years. In fiscal year 2009-10 the fund earned 14%. In 2010-11 the fund earned 24% (placing SamCERA for that year among the top earning plans in the nation). In 2011-12 the

recovery stalled and earnings for investors at the end of that fiscal year were essentially flat. In step with the markets, SamCERA's earnings settled just above zero.

The earnings numbers for any individual year or month do not reveal a trend. This is

*This financial recovery fits the cliché, "two steps forward, one step back."*

especially true of the last several years and months. For the first three months of the 2012-13 fiscal year, SamCERA's fund earned 5.8%, and for the 12 months ending Sept. 30, 2012, the fund earned 18.4%! Immediately after the presidential election, the markets experienced a sharp decline due to many concerns, including the impending "fiscal cliff" and continuing concerns about high levels of debt in Europe and the United States. While this kind of volatility seems likely

to continue for a few years, it reinforces the importance of maintaining a diversified investment portfolio. The Association has made great strides in enhancing the diversification of SamCERA's portfolio over the past few years and this should help weather the uncertainty in the financial markets that seems bound to continue over the foreseeable future.

The slow recovery is reflected in SamCERA's gradually improving funded ratio. At its lowest point following the losses of the 2008-09 fiscal year, SamCERA's funded ratio (the assets of the fund compared to the value of its promised benefits) dropped to 64%, down from 79% the year prior. Today that ratio has climbed back to 72%.

Expecting a continued slow recovery, SamCERA's Board of Retirement decided in May to reduce its long term investment return assumption from 7.75% to 7.5%. The change is a step toward greater

(Continued on page 2)

[www.samcera.org](http://www.samcera.org)

SAMPLE