

### A MESSAGE FROM THE CEO: STRONG EARNINGS ADD TO PLAN STRENGTH



SamCERA had especially good earnings in fiscal year 2010-2011, growing the fund nearly 24% and performing in

the top 15% of pension plans nationally. This followed earnings of 12.8% in FY 2009-2010. The ratio of fund assets to liabilities rose from 70.3% at the end of FY 2009-2010 to 74.1% at the end of FY 2010-2011. Both the good earnings and the improved funded ratio reflect a growth in financial strength as the system recovers from losses in the first years of the recession.

In the last fiscal year, the SamCERA Board of Retirement continued to spend long hours further diversifying the assets of the fund to take advantage of an evolving global economy. At the start of the recession, SamCERA

had assets under management with 10 investment management firms. As of June 30, 2011, funds were distributed to 23 firms. SamCERA's portfolio is highly diversified among domestic and international equity and bond markets, as well as domestic commercial real estate and alternative investments.

---

*SamCERA's total fund  
has grown by nearly 24%  
since the previous  
fiscal year.*

---

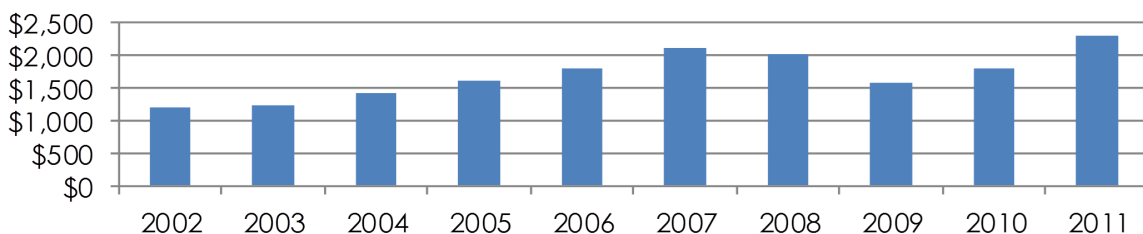
The good results of the fund's investments must be considered against the continued volatility of world financial markets. Big swings in daily asset values are expected to continue for a few more years as individuals, businesses and governments, particularly in Europe and the U.S., work through their high debt to income issues. SamCERA and its investment and actuarial consultants expect that over the

long term the fund will earn an average return of approximately 7.75%, and SamCERA and its employer sponsors will continue to operate at a level of financial strength well sufficient to pay all earned benefits.

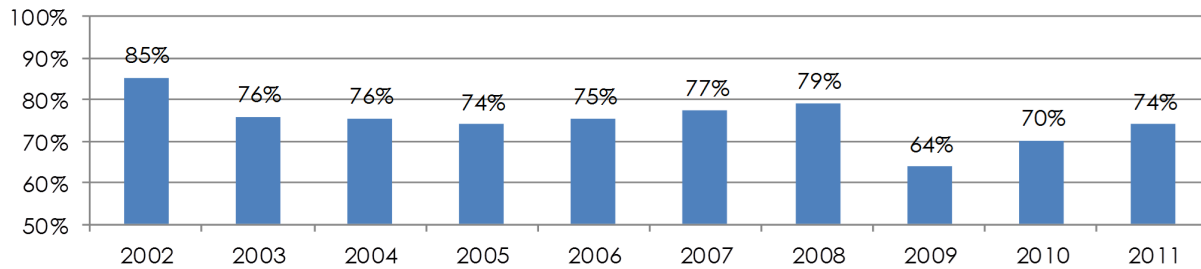
Across the nation, "pension reform" continues to be a subject of legislative focus. Governor Jerry Brown announced a 12-point plan in October 2011. This plan will be reviewed by a legislative committee on pension reform that will also consider other recommendations for change. Most of the proposed changes would not impact current employees but would be for employees hired after a future date yet to be determined. At this point it is much too early to say which, if any, of the proposals may become law. SamCERA will keep members informed as discussions evolve.

C. David Bailey  
SamCERA  
Chief Executive Officer

### SAMCERA'S NET ASSETS (AMOUNTS IN MILLIONS)



## FUNDED RATIO



As of June 30, 2011, SamCERA's actuarial funded ratio (assets divided by liabilities) increased from 70.3% to 74.1%. The increase is primarily from required contributions made to the fund. The current year's recognized asset gain is offset by recognition of asset losses deferred from prior years. Overall, the financial condition of SamCERA continues to be sound in accordance with actuarial funding principles.

## CONDENSED STATEMENT SUMMARY OF NET ASSETS

	6/30/2011	6/30/2010	Dollar Change	Percent Change
Investments at Fair Value	\$2,271,145,860	\$1,753,167,629	\$517,978,231	29.5%
Other Assets	\$426,668,536	\$352,017,057	\$74,651,479	21.2%
Total Assets	\$2,697,814,396	\$2,105,184,686	\$592,629,710	28.2%
Total Liabilities	\$380,038,567	\$289,288,231	\$90,750,336	31.4%
<b>Net Assets</b>	<b>\$2,317,775,829</b>	<b>\$1,815,896,455</b>	<b>\$501,879,374</b>	<b>27.6%</b>

**\$2.3 billion**  
ASSET VALUE

*SamCERA's total net assets have grown by 27.6% since the previous fiscal year.*

## CONDENSED STATEMENT CHANGE IN NET ASSETS

	6/30/2011	6/30/2010	Dollar Change	Percent Change
Employer Contribution	\$150,474,872	\$106,265,329	\$44,209,543	41.6%
Employee Contribution	\$49,013,027	\$50,318,477	(\$1,305,450)	-2.6%
Net Investment Gain	\$438,184,210	\$196,154,476	\$242,029,734	123.4%
Other Revenue	\$73,305	\$41,474	\$31,831	76.7%
Total Additions	\$637,745,414	\$352,779,756	\$284,965,658	80.8%
Retiree Benefit	\$129,834,540	\$122,141,091	\$7,693,449	6.3%
Member Refund	\$2,474,445	\$2,736,025	(\$261,580)	-9.6%
Admin Expense	\$3,547,526	\$3,372,967	\$174,559	5.2%
Other Expense	\$9,529	\$32,776	(\$23,247)	-70.9%
Total Disbursement	\$135,866,040	\$128,282,859	\$7,583,181	5.9%
<b>Net Additions</b>	<b>\$501,879,374</b>	<b>\$224,496,897</b>	<b>\$277,382,477</b>	<b>124%</b>

## SAMCERA BOARD OF RETIREMENT

**Board Members:** Albert David (Chair), Sandie Arnott (Vice Chair), Natalie Kwan Lloyd (Secretary), Eric Tashman, David Spinello, Paul Hackleman, Michal Settles, Benedict Bowler, and Lauryn Agnew.

**Alternates:** Alma Salas (Safety Alternate), and John Murphy (Retiree Alternate).

## FINANCIAL REPORTING STANDARDS ACHIEVED

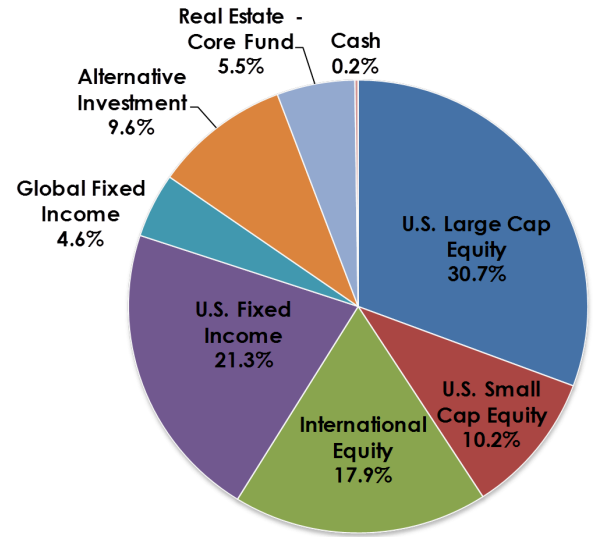
For the 14th consecutive year, the Government Finance Officers Association (GFOA) has awarded SamCERA its Certificate of Achievement for Excellence in Financial Reporting. This award was in recognition of SamCERA's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2010. SamCERA continues to maintain the highest financial reporting standards while providing quality services to its members.

## DIVERSIFYING THE PORTFOLIO

Working with its investment consulting firm, Strategic Investment Solutions, and SamCERA Chief Investment Officer Gary Clifton, the Retirement Board continues to build its alternatives portfolio. The overall target portfolio allocation is 53% equities, 22% fixed income, 20% alternatives and 5% real estate. The new alternatives portfolio will be constructed with 8% private equity, 6% risk parity, 3% hedge funds and 3% commodities. It will likely take at least twelve more months to fully implement some of the alternative strategies. SamCERA expects the portfolio changes will reduce risk and increase returns. This has been the case over the short period in which some of the strategies have been implemented.

### INVESTMENTS AT FAIR MARKET VALUE (AMOUNTS IN 000s)

Investment Asset Class	Market Value 6/30/2011	1 Yr Return	3 Yr Return	5 Yr Return
Large Cap U.S. Equity	\$708,344	32.35%	2.76%	2.12%
Small Cap U.S. Equity	\$234,522	40.80%	6.98%	1.31%
International Equity	\$413,827	26.81%	-2.50%	2.37%
Bond Composite	\$595,507	8.68%	8.05%	6.56%
Alternative Investments	\$219,348	N/A	N/A	N/A
Real Estate	\$135,475	24.80%	-6.71%	0.18%
Cash	\$10,753	1.04%	-0.24%	1.51%
<b>Total</b>	<b>\$2,317,776</b>	<b>23.92%</b>	<b>3.26%</b>	<b>3.45%</b>



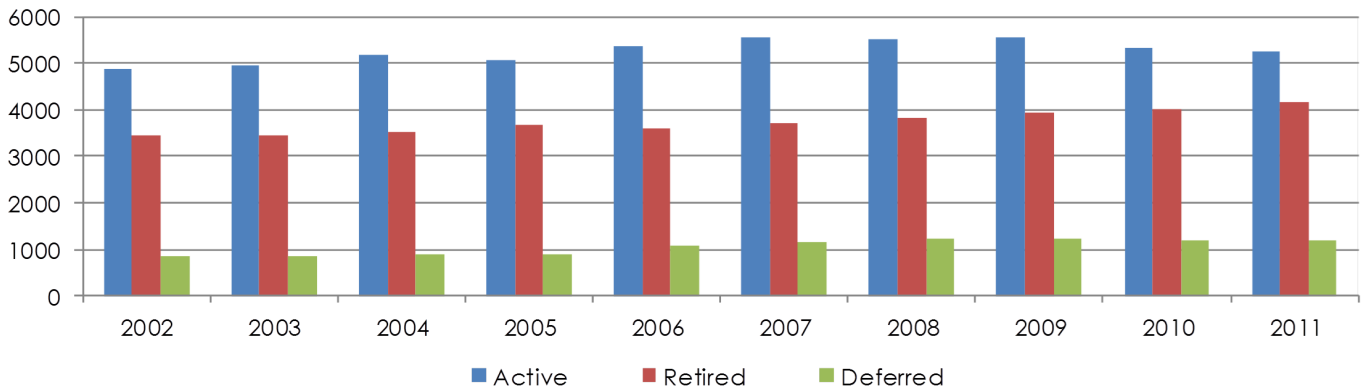
ASSET ALLOCATION  
(as of June 30, 2011)

### AVERAGE CONTRIBUTION RATE



The employer and member contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. The rates are based on membership type and tier; member rates are also based on entry age.

## MEMBERSHIP



SamCERA's members include all permanent employees and retirees of the County of San Mateo and the San Mateo County Mosquito & Vector Control District. As of June 30, 2011, there were a total of 10,582 members, a slight increase over the previous year's total of 10,556. The average active member was 45.7 years old with 10.6 years of service and earned \$6,872 per month. The average retiree was 71.3 years old and received \$2,706 per month (up from \$2,601 the previous year). More than 85% of members are General Members, while the remainder are law enforcement employees—either Safety or Probation Safety Members.

The Comprehensive Annual Financial Report contains additional detailed information, and is available on the SamCERA website. You may also contact SamCERA for a copy by calling (650)599-1234 or (800)339-0761.

[www.samcera.org](http://www.samcera.org)



**SamCERA**

100 Marine Parkway  
Suite 125  
Redwood Shores, CA 94065