



# Notice of Public Meeting

## The Board of Retirement of the San Mateo County Employees' Retirement Association will meet on **Tuesday, December 16, 2014, at 10:00 A.M.**

**PUBLIC SESSION** – The Board will meet in Public Session at 10:00 a.m.

- 1. Call to Order, Roll Call and Miscellaneous Business**
- 2. Oral Communications**
  - 2.1 Oral Communications from the Board
  - 2.2 Oral Communications from the Public
- 3. Approval of the Minutes**
  - 3.1 Acceptance of Audit Committee Meeting Minutes, from October 28, 2014
  - 3.2 Approval of Regular Board Meeting Minutes from October 28, 2014
- 4. Approval of the Consent Agenda\***

4.1 Disability Retirements	4.3 Continuances
• Carmen Bernal	4.4 Deferred Retirements
• Darlene Carr	4.5 Member Account Refunds
• Lydia Goff	4.6 Member Account Rollovers
• William Jacobs	4.7 Approval of Annual Review Questionnaire for SIS
• Abby Osborn-Parker	4.8 Authorization to Sign Letter to Delaware Legislature Regarding By-laws that Shift Litigation Expenses
4.2 Service Retirements	
- 5. Benefit & Actuarial Services**
  - 5.1 Consideration of Agenda Items, if any, Removed from the Consent Agenda
- 6. Investment Services**
  - 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending October 31, 2014
  - 6.2 Quarterly Investment Performance Report for the Period Ending September 30, 2014
  - 6.3 Presentation of Private Equity Semi-Annual Performance Report as of June 30, 2014
  - 6.4 Presentation on SamCERA's Securities Lending Program
  - 6.5 Report on Risk Parity, Commodity, Hedge Fund, and Real Estate Annual Manager Reviews
  - 6.6 Approval of Opportunistic Credit Manager Shortlist Selection Process
  - 6.7 Approval of purchase of Alternative Investment (*Confidential Under Gov. Code §6254.26, to be heard in Closed Session, C2*)
- 7. Board & Management Support**
  - 7.1 Preliminary Quarterly Financial Report for the Period Ending September 30, 2014
  - 7.2 Report from the Ad Hoc Committee Regarding the Evaluation of SamCERA's Medical Advisor
  - 7.3 Approval of Resolution Amending Interest Crediting Policy
  - 7.4 Approval of Board of Retirement Meeting Schedule for 2015
  - 7.5 Discussion of Board / Staff Retreat Topics
  - 7.6 Update on Progress of SamCERA's Information Technology Projects

# Notice of Public Meeting

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### 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 Approval of Purchase of Alternative Investment (*Confidential Under Gov. Code §6254.26*)

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

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

Colvert, Catherine	October 12, 2014	Social Services
Williams, Louis	October 13, 2014	Human Services Agency
Thomas, Andree	October 19, 2014	Public Health
Florence, Elizabeth	October 18, 2014	Social Services
Teglia, Albert	October 26, 2014	BOS
Alexander, Lester	October 23, 2014	Health Services
Lindsey, Janet	October 23, 2014	Public Health
Haseleu, Joan	November 5, 2014	Human Services
Steier, Belle	November 19, 2014	Library
Finch, Dolores	November 18, 2014	Probation
Enright, Carmel	November 14, 2014	Sheriff
Oross, Gloria	November 18, 2014	Dietary
Mares, Milton	November 18, 2014	County Counsel
Leff, Eileen	November 14, 2014	Mental Health
Kerr, Raymond	November 23, 2014	Public Works
Hughes, Marilouise	November 23, 2014	Assessor
Amberg, Barbara	November 25, 2014	Library
Thurman, Jane	November 28, 2014	Sheriff
Malfatti, Walter	November 22, 2014	Engineering
Patterson, John	November 15, 2014	Employee & Public Services
Hooper, Elsa	November 19, 2014	Library
Fritz, Jeanne	November 19, 2014	Transportation Officer
Thomas, Lois	December 2, 2014	Social Services

  
 Scoot Hood, Chief Executive Officer

Posted: December 10, 2014

(\* 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  
**Minutes of the Audit Committee Meeting of the Board of Retirement**

December 16, 2014

Agenda Item 3.1

**October 28, 2014 – Audit Committee Agenda**

**PUBLIC SESSION** – The Committee will meet in Public Session at 9:00 a.m.

**A Call to Order and Roll Call**

**B Oral Communications**

Oral Communications From the Committee

Oral Communications From the Public

**C Review and Discussion of the Following Board of Retirement Agenda Items (from the Regular Meeting, Tuesday, October 28, 2014, at 10:00 a.m.)**

5.2 Acceptance of Milliman, Inc. Report on GASB 67 and 68 Disclosures For FY 2013-14

7.2 Acceptance of Financial Audit Management Reports and Findings

7.3 Approval of SamCERA's 2014 Comprehensive Annual Financial Report

7.4 Annual Review of Independent Auditor, Brown Armstrong

**D Finance Officer's Report**

**E Adjournment**

**October 28, 2014 – Audit Committee Meeting Minutes**

**A. Call to Order:** Chair Eric Tashman called the meeting of the Audit Committee to order at 9:12 a.m.

**Roll Call:** *Present:* Natalie Kwan Lloyd, Paul Hackleman and Eric Tashman.

*Excused:* Sandie Arnott

*Staff:* David Bailey, Scott Hood, Brenda Carlson, Mabel Wong and Kristina Perez.

*Consultants:* Nick Collier, Milliman; Andy Paulden, Brown Armstrong

**B. Oral Communications:** Ted Kai noted that SamCERA's offices are hard to find and that the conference meeting room is hard to find as well. The receptionist did not know about the meeting location. [Staff responded that there will be better signage for those Committee meetings not held in the Boardroom and that this was the first week of work for SamCERA's new part-time receptionist.]

Mr. Kai also wanted staff's opinion regarding Milliman's actuarial work. [Staff responded that Milliman is excellent and that Milliman's work is independently audited by the Segal firm.]

**C. Review and Discussion of the Following Board of Retirement Agenda Items:**

5.2 **Acceptance of Milliman, Inc. Report on GASB 67 and 68 Disclosure:**

Mr. Collier presented the GASB 67 and 68 Disclosure report. There was discussion on the discount rates. SamCERA had adopted a long-term expected rate of return net of investment and administrative expenses at 7.25% earlier in June. GASB 67/68 use a discount rate net of investment expense and gross of administration expense. Administrative expense is estimated at 20 basis points, resulting in a 7.45% long-term expected rate of return for GASB purposes. Having two rates of return is confusing. However, to have a single rate of return, the administrative expense would need to be added in the normal cost. Mr. Tashman wants to consider using explicit discount rate in 2015 and to include administration expense in normal cost. Mr. Hackleman wants to know what other plans are doing about the additional cost and how it is distributed, and for staff to bring this

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

information to the Board.

**Action:** Mr. Hackleman moved to recommend Board acceptance of the Milliman, Inc. Report on GASB 67 and 68 Disclosure; the motion was seconded by Ms. Kwan Lloyd and carried 3-0, with Tashman, Hackleman and Kwan Lloyd in favor and none opposed (Arnott excused).

**7.2 Acceptance of Financial Audit Management Reports and Findings:**

Mr. Paulden from the Brown Armstrong accounting firm presented an overview of the audit process and the four annual audit reports. SamCERA received a clean audit report. There were two agreed-upon conditions on IT procedures with recommendations that have already been implemented.

**Action:** Mr. Hackleman moved to recommend Board acceptance of the Financial Audit Report; the motion was seconded by Ms. Kwan Lloyd and carried 3-0, with Tashman, Hackleman and Kwan Lloyd in favor and none opposed (Arnott excused).

**7.3 Approval of SamCERA's 2014 Comprehensive Annual Financial Report:**

Ms. Wong commented that GASB 67 is implemented in the 2014 CAFR; schedules required by GASB 67 and also 68 are included in the Financial section of the CAFR. Employers can use the 2014 cost sharing allocations in their 2015 financial statements.

Mr. Tashman requested staff to ask that the County Controller provide a link on the Controller's website to SamCERA's CAFR.

**Action:** Ms. Kwan Lloyd moved to recommend Board approval of the CAFR; the motion was seconded by Mr. Hackleman and carried 3-0, with Tashman, Hackleman and Kwan Lloyd in favor and none opposed (Arnott excused).

**7.4 Annual Review of Independent Auditor, Brown Armstrong:**

Ms. Wong reviewed the responses from the survey. Average scores from staff and trustees were slightly higher than in the prior year. Mr. Hackleman wanted more trustees to participate in the survey next year. Staff complimented Brown Armstrong's initiative to lead the GASB 67/68 implementation. The coordination, along with Milliman's participation, enabled a smooth transition.

No action was taken; this item was informational only.

**D. Finance Officer's Report:** None

**E. Adjournment:** With no further business, Mr. Tashman adjourned the meeting at 10:03 a.m.

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Eric Tashman  
Chair, Audit Committee

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Kristina Perez  
Retirement Executive Secretary

October 28, 2014 – Board Agenda

**PUBLIC SESSION** – The Board will meet in Public Session at 10:00 a.m.

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

**2. Oral Communications**

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

**3. Approval of the Minutes**

- 3.1 Approval of Regular Board Meeting Minutes, from September 30, 2014

**4. Approval of the Consent Agenda**

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|---|---|
| <ul style="list-style-type: none"> <li>4.1 Disability Retirements           <ul style="list-style-type: none"> <li>• Maria Gomez</li> <li>• Deborah Howard</li> <li>• Elsy Osorio</li> </ul> </li> <li>4.2 Service Retirements</li> <li>4.3 Continuances</li> </ul> | <ul style="list-style-type: none"> <li>4.4 Deferred Retirements</li> <li>4.5 Member Account Refunds</li> <li>4.6 Member Account Rollovers</li> <li>4.7 Approval of Trustee Education Request</li> <li>4.8 Review and Reaffirm SamCERA’s Internal Controls Policy</li> </ul> |
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**5. Benefit & Actuarial Services**

- 5.1 Consideration of Agenda Items, if any, removed from the Consent Agenda
- 5.2 Acceptance of Milliman, Inc. Report on GASB 67 and 68 Disclosures for FY 2013-14
- 5.3 Approval of Resolution to Extend Agreement with Milliman, Inc. for Actuarial Services

**6. Investment Services**

- 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ending September 30, 2014
- 6.2 Review of SamCERA’s Securities Lending Program
- 6.3 Update on SamCERA’s Real Asset Program
- 6.4 Approval of Opportunistic Credit Manager Shortlist Candidates

**7. Board & Management Support**

- 7.1 Quarterly Budget Report for Period Ending September 30, 2014
- 7.2 Acceptance of Financial Audit Management Reports and Findings
- 7.3 Approval of SamCERA’s 2014 Comprehensive Annual Financial Report (CAFR)
- 7.4 Annual Review of Independent Auditor, Brown Armstrong
- 7.5 Approval to Establish Retirement Investment Analyst Position
- 7.6 Approval to Establish Retirement Financial Analyst Position
- 7.7 Discussion of SACRS Business Meeting Topics
- 7.8 Approval of Resolution Authorizing CEO Employment Agreement with Scott Hood
- 7.9 Administration of the Oath of Office to the Chief Executive Officer

**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

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

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

McGrady, Lois	September 10, 2014	Health
Youdovitch, Rosalie	September 22, 2014	Probation
Rutenberg, Harvey	September 24, 2014	Sheriff's Office
Daugherty, Donald	September 25, 2014	Probation
Morris, Theodore	September 26, 2014	Civil Service Commission
Breidenbach, Sue	September 27, 2014	Election Department
Beegle, Paz	September 30, 2014	Health Services
Meyer, James	October 1, 2014	Sheriff's Office
Lewis, Mary Sue	October 8, 2014	Public Works

## OCTOBER 28, 2014 – REGULAR BOARD MEETING MINUTES

### 1410.1 **Call to Order, Roll Call and Miscellaneous Business**

**Call to Order:** Ms. Lauryn Agnew, Chair, called the Regular Meeting of the Board of Retirement to order at 10:06 a.m.

#### **Roll Call:**

*Present:* Lauryn Agnew, Ben Bowler, Paul Hackleman, Natalie Kwan Lloyd, Michal Settles, David Spinello (arrived at 10:15 a.m.), and Eric Tashman.

*Excused:* Sandie Arnott, Albert David, Alma Salas.

*Alternates present:* Christopher Miller (sitting in for Albert David).

*Staff:* David Bailey, Scott Hood, Michael Coultrip, Brenda Carlson, Mabel Wong, Lilibeth Dames, Barbara Edwards, and Kristina Perez.

*Consultants:* Patrick Thomas, John Nicolini and Ping Zhu (SIS); Nick Collier (Milliman); Andy Paulden (Brown Armstrong).

1410.2.1 **Oral Communications From the Board:** Ms. Agnew reported her attendance at the “Advanced Wealth Management Conference” sponsored by the Investment Management Consultants Association (IMCA) in San Diego on October 5-7, 2014. Mr. Hackleman and Ms. Settles reported their attendance at IFEBP’s Annual Conference in Boston, October 18-22, 2014.

1410.2.2 **Oral Communications From the Public:** Ms. Agnew opened the public comment period and Mr. Ted Kai addressed the Board. Mr. Kai noted he had difficulty locating the audit committee meeting.

1410.3.1 **Approval of Minutes:** Ms. Agnew asked if there were any changes to the minutes, and there were none.  
**Action:** Mr. Hackleman made a motion to approve the regular meeting minutes from September 30, 2014, and the motion was seconded by Ms. Kwan Lloyd. The motion carried with a vote of 7-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, and Tashman all in favor; none opposed.

1410.4.0 **Approval of the Consent Agenda:** Ms. Agnew asked if there were any items to be removed from the Consent Agenda, and none were removed.  
**Action:** Ms. Settles moved to approve all the items on the Consent Agenda, and the motion was seconded by Mr. Tashman. The motion carried with a vote of 7-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, and Tashman all in favor; none opposed.

### 1410.4.1 **Disability Retirements:**

- a. The Board found that **Deborah Howard** is (1) permanently incapacitated for the performance of her usual and customary duties as a Cook II, (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.
- b. The Board found that **Maria Gomez** is (1) permanently incapacitated for the performance of her usual and customary duties as a Benefits Analyst II, (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.
- c. The Board found that **Elsy Osorio** is (1) permanently incapacitated for the performance of her usual and customary duties as a Lead Patient Services Assistant, (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.



1410.4.2 **Service Retirements**

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

<b>Member Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Benjamin, Gail J	July 1, 2014	Libraries
Claire, Evelyn I	June 7, 2014	Family Health
Cleveland, Susan	June 26, 2014	Deferred from Vocational Rehab.
Cruz, Mary L	June 23, 2014	Deferred from Hospital
Declaro, Jocelyn D	June 17, 2014	Hospital
Estevez, Vivian	June 26, 2014	Human Services Agency
Fitch, Robert James	June 4, 2014	Public Works
Jarquín, Arnaldo A	June 7, 2014	Public Works
Jones, John D	June 2, 2014	Courts
Kenney, David M	July 1, 2014	Deferred from HSA
Mc Donald, Michael W	July 1, 2013	County Manager
McGrath-Dupre, Yadira G	June 30, 2014	Hospital
Ramey, Alexis	June 10, 2014	Agricultural Commission
Ramirez, Victoria Naomi	June 10, 2014	Hospital
Tealdi, Leo Elia	June 9, 2014	Deferred from Sheriff's Office

1410.4.3 **Continuances**

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

<b>Survivor's Name</b>	<b>Beneficiary of</b>
Jung, Claire C	Jung, Fred
Murphy, Gayle	Murphy, Michael

1410.4.4 **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>
Sanchez, Marian	Vested G4 – Auto
Lal, Suresh	Vested G4
Van Nes, Mary	Non Vested G7 – Reciprocity
Patel, Vatsal	Non Vested G5 – Reciprocity
Gentry, Laura	Non Vested G2 – Reciprocity
Nolte, Deborah	Vested G2 – Reciprocity
Grissom, Pauline	Non Vested G7 – Reciprocity
Spaulding, Marcy	Non Vested G5 – Reciprocity

1410.4.5 **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>
Reyes, Libby	G7, Non-vested
Munoz, Manuel	G7, Non-vested
Kochak, Thomas	G7, Non-vested
Oprendek, Michael (FBO: Tine Oprendek)	G4, Non-vested
Leija, Dolores (FBO: Maria Del Carmen Ledezma Nieblas)	G4, Vested
Bell, Patrice	G7, Non-vested

1410.4.6 **Member Account Rollovers**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Xie, Sally	G4, Non-vested
Wu, Sandra	G2, Vested
Curincita, Sandra (QDRO)	G4, Non-vested

1410.4.7 **Approval of Trustee Education Request:** The Board approved the request of Lauryn Agnew to attend the WEST (Water Energy Smart Technology) Summit in Palo Alto on November 19, 2014. The second request to attend a luncheon program regarding Impact Investing was withdrawn, as the event was cancelled).

1410.4.8 **Review and Reaffirm SamCERA's Internal Controls Policy:** The Board reviewed and reaffirmed SamCERA's Internal Control Structure.

1410.5.1 **Consideration of Agenda Items, if any, Removed From the Consent Agenda:** None.

Mr. Spinello arrived at 10:15 a.m., and took his seat at the dais.

1410.5.2 **Acceptance of Milliman, Inc. Report on GASB 67 and 68 Disclosures for FY 2013-14:** Mr. Collier reviewed the report page by page and answered questions from the Board members. The Audit Committee had also reviewed this report at their meeting and recommended Board approval. Mr. Collier explained how the employers' allocation and proportionate share of costs are shown in the reports. Mr. Bailey reviewed the inclusive process undertaken to create the report, which had input from Brown Armstrong, Mr. Collier, Ms. Wong, Mr. Hood and representatives from all three of SamCERA's employers: The County, the Courts and the Mosquito and Vector Control District. The report was accepted without objection.

1410.5.3 **Approval of Resolution to Extend Agreement with Milliman, Inc. for Actuarial Services:** Mr. Bailey presented the staff report and recommended a three-year extension to the Milliman contract for actuarial services. Staff reported there would be a reasonable increase in costs due to changes in the plan, which have increased complexity.

**Action:** Mr. Hackleman moved to adopt a resolution approving the contract extension with Milliman, Inc. The motion was seconded by Mr. Tashman and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

Ms. Agnew adjourned the meeting for a short break at 10:52 a.m., and the meeting reconvened at 11:00 a.m. The next item discussed was taken out of order and the meeting continued in the order listed below.

1410.7.2 **Acceptance of Financial Audit Management Reports and Findings:** No issues were found. The audit report is "clean," and the process was smooth and without incident. Mr. Paulden expressed that he was comfortable with the reporting process for alternative investments. The IT recommendations were reviewed. The report was accepted without objection.

1410.7.3 **Approval of SamCERA's 2014 Comprehensive Annual Financial Report (CAFR):** Mr. Tashman reported that the Audit Committee had reviewed the report, and the Committee recommends Board approval of the CAFR. Ms. Wong reviewed the CAFR with the Board and commented on the GASB 67 changes that are implemented in the 2014 CAFR. She noted that the schedules required by GASB 67 and 68 are included in the financial section of the CAFR.

**Action:** Mr. Tashman moved to approve SamCERA's *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2014. The motion was seconded by Mr. Hackleman and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

1410.7.4 **Annual Review of SamCERA's Independent Auditor, Brown Armstrong:** Ms. Wong discussed the results of the evaluation of the independent auditor services provided by Brown Armstrong. Ms. Wong reported the scores were above average and that the ratings had increased from last year. It was noted that only four Board members had taken the survey provided and it was hoped more trustees would participate in future surveys. Mr. Bailey commented on SamCERA's good relationship with the auditor and Mr. Paulden gave information on the rigorous peer review process undertaken by Brown Armstrong. This item was informational only and no action was taken.

1410.6.3 **Update on SamCERA's Real Asset Program:** John Nicolini from SIS presented an update and reviewed SamCERA's fairly new real asset program; which was approved in October 2013, and has an allocation of 2%. Mr. Nicolini answered questions from the Board members. This item was informational only and no action was taken.

1410.6.4 **Approval of Opportunistic Credit Manager Shortlist Candidates:** Ping Zhu from SIS reviewed how the shortlist of candidates is determined and described how each manager is very unique. He explained that in this search SIS and SamCERA's staff have been looking for a good diversifier.  
**Action:** Ms. Settles moved to give authority to staff and SIS to continue the search process and proceed with due diligence. The motion was seconded by Mr. Tashman and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.

Ms. Agnew adjourned the meeting for a lunch break at 12:35 p.m., and the meeting reconvened at 1:10 p.m.

1410.6.1 **Preliminary Monthly Performance Report for the Period Ending September 30, 2014:** Mr. Coultrip discussed the preliminary monthly performance report with the Board. He reported that SamCERA's net preliminary return for September was -2.2 %, and the preliminary 12-month trailing return was 9.8%. This item was informational only and no action was taken.

1410.6.2 **Review of SamCERA's Securities Lending Program:** Ms. Dames reported on the securities lending program for the fiscal year ending June 30, 2014. SamCERA earned \$435,459, which is a decrease from last year most likely attributable to our specific assets on loan. She noted a representative from Northern Trust was scheduled to attend the meeting but was unable to make it due to a last minute scheduling conflict, and would attend next month. This item was informational only and no action was taken.

1410.7.1 **Quarterly Budget Report for Period Ending September 30, 2014:** Ms. Wong presented the Quarterly Budget Report to the Board. She reviewed the three budget areas, Technology, Administrative and Professional and answered questions from the Board members. This item was informational only and no action was taken.

- 1410.7.5 **Approval to Establish Retirement Investment Analyst Position:** Mr. Coultrip presented the staff report and discussed the Retirement Investment Analyst position being proposed, which will be an additional support person for the investment team. The position was budgeted in 2012 and is now ready to be filled. Staff will work with the County to fill the position as soon as possible, using the regular recruitment and hiring process.  
**Action:** Mr. Hackleman made a motion to authorize staff to work with the County's Human Resources Department to establish and fill one Retirement Investment Analyst position at SamCERA. The motion was seconded by Ms. Settles and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.
- 1410.7.6 **Approval to Establish Retirement Financial Analyst Position:** Mr. Bailey presented the staff report to the Board. He outlined the changes in contribution rates, PEPRA, growth in actuarial risk, interest crediting process changes, GASB changes, PASS implementation and other factors that have increased the workload in the Finance Department, leading to the need for additional staffing.  
**Action:** Ms. Kwan Lloyd made a motion to authorize staff to work with the County's Human Resources Department to establish, fund and fill one Retirement Financial Analyst position at SamCERA. The motion was seconded by Ms. Settles and carried by a vote of 8-0, with trustees Agnew, Bowler, Hackleman, Kwan Lloyd, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.
- Ms. Kwan Lloyd was excused for the remainder of the meeting, at 1:42 p.m. after the vote on Item 7.6 was taken.
- 1410.7.7 **Discussion of SACRS Business Meeting Topics:** Mr. Bailey discussed SACRS proposal to combat negative publicity regarding defined benefit plans by hiring a public relations firm. The Board has received memos on this before and the proposal has evolved to encourage plans to better educate members on the value of defined benefit plans. The topic will be discussed at the business meeting at the SACRS Fall Conference in November and Ms. Agnew is SamCERA's voting delegate at the business meeting. This item was for discussion only and no action was taken.
- 1410.7.8 **Approval of Resolution Authorizing CEO Employment Agreement with Scott Hood:** Ms. Carlson recommended approval of the contract with Scott Hood, for the position of CEO effective November 9, 2014.  
**Action:** Mr. Hackleman moved to adopt a resolution authorizing the Chair to execute an agreement between the Board of Retirement and Robin Scott Hood for his services as Chief Executive Officer. The motion was seconded by Ms. Settles and carried by a vote of 7-0, with trustees Agnew, Bowler, Hackleman, Miller (for David), Settles, Spinello, and Tashman all in favor; none opposed.
- 1410.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported that Scott Hood would be the new CEO effective November 9, 2014, and that this would be Mr. Bailey's last Board meeting giving his report as the CEO. SamCERA will have two CEOs until March 2015, assuring a smooth transition until Mr. Bailey retires, however Mr. Hood will be the point person and Mr. Bailey will act in a supportive role. Mr. Bailey is researching agenda management software in an effort to streamline the agenda process. Mr. Bailey commented on the media's focus on trustee travel, and he expected further scrutiny regarding an upcoming conference being held in Hawaii. He cautioned the trustees to be diligent in following attendance procedures at conferences, to ensure their attendance is properly documented.
- 1410.8.2 **Assistant Executive Officer's Report:** Mr. Hood called the Board's attention to items in their meeting folder, including a proposed schedule of Board meetings for 2015, which will be on the agenda next month. Mr. Hood thanked Ms. Wong and her staff, and Mr. Bishop who produced this year's CAFR as it was a complex process with the new GASB requirements this year.

- 1410.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that the R.V. Kuhn's report titled "San Mateo County Employees' Retirement Association - Public Fund Universe Analysis" can be found in DropBox, and commented that rebalancing was triggered on October 13, 2014.
- 1410.8.4 **Chief Legal Counsel's Report:** Ms. Carlson reported that the Court of Appeal upheld the decision in the Montisano case, and the decision is in the Board members' day of meeting folders.
- 1410.7.9 **Administration of the Oath of Office to the Chief Executive Officer:** The SamCERA staff was present as well as Mr. Hood's wife, Martha, while Ms. Agnew administered the Oath of Office to Scott Hood. Mr. Hood expressed his gratitude on being appointed to the position, thanking the staff, the Board, his wife and Mr. Bailey.

1410.10 **Adjournment:** Ms. Agnew adjourned the meeting at 2:20 p.m. in memory of the following deceased members:

McGrady, Lois	September 10, 2014	Health
Youdovitch, Rosalie	September 22, 2014	Probation
Rutenberg, Harvey	September 24, 2014	Sheriff's Office
Daugherty, Donald	September 25, 2014	Probation
Morris, Theodore	September 26, 2014	Civil Service Commission
Breidenbach, Sue	September 27, 2014	Election Department
Beegle, Paz	September 30, 2014	Health Services
Meyer, James	October 1, 2014	Sheriff's Office
Lewis, Mary Sue	October 8, 2014	Public Works

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David Bailey  
Chief Executive Officer

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Kristina Perez  
Retirement Executive Secretary

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

December 16, 2014

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 **Carmen Bernal** is (1) permanently incapacitated for the performance of her usual and customary duties as a Deputy Court Clerk, (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.
  
- b) The Board find that **Darlene Carr** is (1) permanently incapacitated for the performance of her usual and customary duties as a Mail Services Driver, (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.
  
- c) The Board find that **Lydia Goff** is (1) permanently incapacitated for the performance of her usual and customary duties as an Office Specialist, (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.
  
- d) The Board find that **William Jacobs** is (1) permanently incapacitated for the performance of his usual and customary duties as a Group Supervisor II, (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.
  
- e) The Board find that **Abby Osborn-Parker** is (1) permanently incapacitated for the performance of her usual and customary duties as a Correctional Officer, (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>
Abadilla, Angela	September 3, 2014	Deferred from Hospital
Adelman, Lannie A	September 27, 2014	Deferred from Public Health
Allen, Joseph K.	September 28, 2014	Deferred from Courts
Bleything, Kris A	August 30, 2014	Deferred from Medical Center

Boyd, Areda Faye	September 28, 2014	Deferred from Probation
Carino, Anna	November 1, 2014	Building Services
Ceccotti, Dante L	October 18, 2014	Correctional Health
Co, Lalita Sy	October 27, 2014	Deferred from Medical Center
Davis, Harriet E	September 1, 2014	QDRO of Ronald M Davis
Estipona, Lino	October 26, 2014	Deferred from Medical Center
Estipona, Teresa Lavares	October 15, 2014	Deferred from Medical Center
Fujikawa, Bruce Kazuo	August 30, 2014	Public Health
Fujikawa, Richard M	September 28, 2014	Deferred from Planning
Galea, Frank J	September 27, 2014	Public Works
Graham, Michele C.	October 31, 2014	Assessor's Office
Grayson, Cathy D	September 6, 2014	Medical Center
Gutierrez, Carmen E	August 31, 2014	Medical Center
Haro, Esther R	October 1, 2014	Human Services Agency
Ketterer, Susan M.	September 27, 2014	Human Services Agency
Kriz, Jan T	October 9, 2014	Sheriff's Office
Kruger, Robert J	September 19, 2014	Sheriff's Office
LeClair, Maria R	September 27, 2014	Deferred from Public Health
Lewis, Andre C	September 27, 2014	Probation
Liberona, Marion L.	October 1, 2014	Human Services Agency
Magana, Teresa	September 5, 2014	Medical Center
Milnovich, Tina Geneva	September 17, 2014	Deferred from Hospital
Morris, Joel R	September 30, 2014	Assessor's Office
Nakatani, Karen	September 16, 2014	Medical Center
Pacheco, Thomas R.	October 10, 2014	Information Services
Perry, Nancy	September 12, 2014	Human Services Agency
Prudhel, Patrick Arthur	September 20, 2014	Sheriff's Office
Reyna, Ronell A	November 1, 2014	Family Health Services
Romero, Rebecca A	September 12, 2014	County Manager's Office
Sartain, Kathleen E	October 18, 2014	Child Support Services
Stein, Robert J	September 6, 2014	Behavioral Health Services
Virgo, Martha A	October 29, 2014	Courts

Wachhorst, Wendy C.	September 30, 2014	Deferred from Courts
Watanabe, Franklin Nobuharu	September 2, 2014	Probation
Webb, Donna	November 1, 2014	Correctional Health
Welker, Irene	July 8, 2014	Probation
Woolard, Rosalinda	September 13, 2014	Sheriff's Office
Woollum, Dennis Russell	September 27, 2014	Deferred 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>
Beegle, Donald	Beegle, Paz
Colvert, Dominic Peter	Colvert, Catherine
Lindsey, Carrato Carlo	Lindsey, Janet
Meyer, Mary M	Meyer, James
Petersen, Danny Hal	Petersen, Delores
Rutenberg, Anastasia	Rutenberg, Harvey
Santana, Grace M	Bass, James

#### **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>
Alvarez-Campos, Michelle	Vested G4
Beaty, Craig L.	Non Vested G3 - Reciprocity
Blacksher, Joe L.	Vested P4
Buckwalter, Margaret	Non Vested G5 - Reciprocity
Chand, Sunil	Vested G4 - Auto
Dela Merced, Janet S.	Non Vested G3 - Reciprocity
Garcia, Danilo E.	Vested G4
Gutierrez, Luis	Vested G4
Lyskawa, Meg	Vested G4 - Reciprocity
McElroy-White, Greta	Vested G4 - Reciprocity



Nangare, Trupti N.	Non Vested G5 – Reciprocity
Soubirous, Ana E.	Vested G4 – Reciprocity
Valero, Leticia	Vested G4 – Reciprocity
Woo, Cassandra N.	Non Vested G5 – Reciprocity
Wilson, Marshall F.	Vested G4 – 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>
Biggs, Arter	G7, Non-vested
Fessler, Ernest	G5, Non-vested
Sedillo-Messer, Manuel	G4, Vested
Strauss, LaShonda	G5, Non-vested

#### **4.6 Member Account Rollovers**

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

<b>Member Name</b>	<b>Retirement Plan Type</b>
Barriger, Geraldine	G5, Non-vested
Brickley, Theresa	G7, Non-vested
Loucel, Crystal	G5, Non-vested
McMann, Linda	G5, Non-vested
Williams, Jennifer	G4, Non-vested

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

December 16, 2014

Agenda Item 4.7

**TO:** Board of Retirement  
**FROM:** Michael Coultrip, Chief Investment Officer  
**SUBJECT:** Approval of Annual Review Questionnaire for SIS



**Staff Recommendation**

Review, suggest changes, and then approve the questions in the attached document.

**Background**

The questions in the attached document will be submitted to SamCERA's investment consultant, Strategic Investment Solutions, prior to the annual review, which will be scheduled for the February board meeting.

An additional part of the annual review will be the result of a survey of trustees, staff and consultant regarding the performance of the consulting firm. This year the survey will again be in electronic form. You will receive an email with a link to complete the survey. We hope this will make completing the survey more convenient. If you'd like a hard copy of the survey, please let us know.

Staff will provide SIS's responses to the questionnaire as well as the survey results at the February meeting.

**Attachment**

Annual Review Questionnaire for SIS 2014

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

**Strategic Investment Solutions – 12/31/2014**

**Annual Review Questionnaire**

**Organizational Update**

- 1) Provide an update on Strategic Investment Solutions' organization, with particular emphasis on (a) changes to your structure, especially after the departure of Pete Keliuotis (b) growth of assets/accounts under consultation (c) breakdown by client type, and (d) clients gained or lost in the past year. All significant changes should be accompanied by an explanation.
- 2) What changes to the SIS business plan have you made in the past year as referenced in your client letter dated June 9<sup>th</sup>, 2014 (client coverage/succession plan/technology/compensation practices)
- 3) What services does your firm offer in addition to pension fund investment consulting?
- 4) What percentage of your firm's income comes from pension fund investment consulting?
- 5) Describe your plans for managing the future growth of your firm. Do you have limitations on the number of clients you intend to accept? What is the number of clients per consultant? Describe your policies for controlling the workload of the investment consultants?
- 6) Please specify the individuals (up to five) who you feel are key to the success of your firm.
- 7) Please specify the individuals (up to five) who you feel are key to the success of your firm's account relationship with SamCERA.
- 8) Has your firm been involved in any regulatory or litigation events in the past year?
- 9) Update all significant personnel changes to the "SamCERA team" at Strategic Investment Solutions.
- 10) Describe any new potential services/improvements to your existing services being considered.
- 11) Describe the relative strength and longevity of your back-office (performance and risk analytics) staff.
- 12) What are the current technologies utilized in supporting the back-office processes? What performance measurement system do you use? Also what risk systems do you utilize in producing ex-post and ex-ante risk reports for clients? Please summarize your maintenance and upgrade policy/plan.
- 13) What are your mission critical systems? Has your firm experienced any problems with these systems in the past eighteen months? When were these systems implemented and when were they last upgraded? Do you anticipate any changes to these systems in the next eighteen months?
- 14) Provide an overview of your firm's business continuity plan.

## Performance

- 15) Detail your perspective of SamCERA's performance expectations, as spelled out in the contract and SamCERA's *Investment Policy*, and how your firm is doing relative to those expectations.
- 16) In general terms, how is SamCERA able to reduce the risk of underperformance relative to the Plan Benchmark?
- 17) Discuss the domestic equity, international equity, fixed income, risk parity, alternatives, and real estate markets and SamCERA's relative success or failure in the current market.
- 18) Describe any difficulties you may experience in working with SamCERA's actuary, board, custodian, investment managers, or staff.

## Investment Consulting Philosophy

- 19) Describe your investment consulting philosophy, including (a) what are your firm's consulting specialties, strengths and limitations (b) your assessment of the value added by your investment philosophy and (c) what sets your services apart from other pension consultant's services?
- 20) Describe and explain your firm's brokerage relationships, money management activities, fee relationships and soft dollar relationships. Include the amount of income derived in the last calendar year from investment managers.
- 21) Provide your assessment of the risks associated with SamCERA's portfolio and describe your firm's risk management capabilities and the tools employed in risk assessment.
- 22) What are your recommendation(s) regarding categories of managers appropriate to implement SamCERA's *Investment Policy*?
- 23) Please provide your philosophy around incorporating ESG issues in the management of the pension plan. Do any of your clients currently incorporate ESG issues in their investment process? If so, how?
- 24) Do you recommend hiring a dedicated proxy voting consultant or delegating this function to the investment manager?
- 25) Given SamCERA's current plan governance structure, do you recommend any changes in the way the Board/staff/consultant work together in managing and overseeing the plan assets?

## **Conclusion**

- 26) What other issues or concerns have been brought up by your other clients in regards to products, markets, education and governance?
- 27) Is there any information that would be timely per SamCERA's *Investment Policy* or relative to this review?
- 28) Are your clients making significant changes in their asset mixes? Please describe these changes. Do you see any trends in asset allocation?
- 29) What market opportunities should SamCERA be considering?
- 30) Please provide a preliminary recommendation of what your work plan for the next 12 months should look like given SamCERA's current plan structure.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Board of Retirement

December 16, 2014

Agenda Item 4.8

**TO:** Board of Retirement

**FROM:** Brenda B. Carlson, Chief Legal Counsel

**SUBJECT:** Letter to the Delaware legislature regarding legislation to address corporate bylaws that shift shareholder litigation expenses to the shareholders

**Recommendation**

Authorize the inclusion of the SamCERA Board of Retirement on a joint letter sent by various public pension systems urging the Delaware legislature to enact legislation that would preempt corporate bylaws that require a shareholder to pay expenses incurred in connection with shareholder litigation.

**Background**

On May 8, 2014, the Delaware Supreme Court issued an opinion in *ATP Tour, Inc., et. al. v. Deutscher Tennis Bund*, in which the Court held that directors of a non-stock corporation may adopt a bylaw requiring any shareholder who commences litigation against that non-stock corporation or its directors, or derivatively on behalf of that corporation, to be personally liable for the legal expenses of the company and its officers and directors unless the member “obtain[s] a judgment on the merits that substantially achieves, in substance and amount, the full remedy sought” in the litigation. After this decision, it has been reported that attorneys and lobbyists for publicly traded Delaware corporations are recommending that their clients adopt similar by-law provisions.

**Discussion**

Last legislative session, the Delaware legislature was asked to approve Senate Bill 236 which would have limited the application of the *ATP Tour* case to the context in which it was decided, a non-stock corporation, and reaffirmed the limited liability nature of publicly traded corporations by making clear that corporate directors cannot impose financial liability on

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Board of Retirement

stockholders by unilaterally adopting a bylaw purporting to do so. As reflected in the attached letter, communication by corporate lobbyists against the Legislation state that such by-laws protect corporations from "frivolous litigation." The Delaware Senate adopted a resolution which continued consideration of the matter.

The letter from the various public pension systems states that the fundamental premise of Delaware corporate law is that, while stockholders contribute capital and own the equity of a corporation, the directors and officers are delegated the statutory responsibility for managing the business affairs and are charged with the corresponding fiduciary obligation to act in the best interests of the stockholders and the company. These statutory and fiduciary obligations are meaningful, however, only to the extent they can be enforced by the Delaware courts. Fee-shifting bylaws will have a chilling effect on potential meritorious stockholder claims which, in turn, will weaken the fiduciary obligations of corporate directors.

As of November 18, 2014, the attached letter or a similar letter will be signed by the following systems: California Public Employees' Retirement Systems , California State Teachers' Retirement Systems, Los Angeles County Employees' Retirement Association, Colorado Public Employees' Retirement Association, Connecticut State Treasurer's Office, Florida State Board of Administration, Houston Municipal Employees Pension System , Middlesex County Retirement System, The New York City Employees' Retirement System, The New York City Police Pension Fund, The Board of Education Retirement System of the City of New York, The Teachers' Retirement System of the City of New York, The New York City Fire Department Pension Fund, The Teachers' Retirement Systems' Variable A, North Carolina Department of State Treasurer, Oregon State Treasurer's Office, and the San Diego City Employees' Retirement System.

**Attachment**

Letter to Delaware Legislature.

**California Public Employees' Retirement Systems \* California State Teachers' Retirement Systems \* Colorado Public Employees' Retirement Association \* Connecticut State Treasurer's Office \* Florida State Board of Administration \* Houston Municipal Employees Pension System \* Middlesex County Retirement System \* The New York City Employees' Retirement System \* The New York City Police Pension Fund \* The Board of Education Retirement System of the City of New York \* The Teachers' Retirement System of the City of New York \* The New York City Fire Department Pension Fund \* The Teachers' Retirement Systems' Variable A \* North Carolina Department of State Treasurer \* Oregon State Treasurer's Office \* San Diego City Employees' Retirement System**

November 18, 2014

The Honorable Bryan Townsend  
411 Legislative Avenue  
Dover, Delaware 19901

*RE: Legislation on "Fee Shifting" Bylaws*

Dear Senator Townsend:

As institutional investors collectively managing assets of \$ 1.088 trillion that represent millions of current and retired teachers, first responders, and government employees, we write asking for swift legislative action to curtail the spread of so-called "fee shifting" bylaws, which have been adopted by nearly 20 companies this summer. As explained below, the proliferation of these bylaws will not only materially harm Delaware's economy, but also undermine Delaware's status as the global leader in the development of corporate governance law.

While lobbyists hired by corporate interests are trying to portray these bylaws as protecting shareholders, the exact opposite is true. These bylaws effectively make corporate directors and officers unaccountable for serious wrongdoing. The General Assembly must act promptly to restore confidence in Delaware's credibility in developing a balanced corporate law, preserve stockholders' access to the court system, and make clear that directors and officers cannot insulate themselves from accountability under the guise of unilateral bylaw or charter provisions.

On May 8, 2014, the Delaware Supreme Court issued an opinion in *ATP Tour, Inc., et. al. v. Deutscher Tennis Bund*, in which the Court held that directors of a non-stock corporation may adopt a bylaw requiring any member who commences litigation against that non-stock corporation or its directors, or derivatively on behalf of that corporation, to be personally liable for the legal expenses of the company and its officers



and directors unless the member “obtain[s] a judgment on the merits that substantially achieves, in substance and amount, the full remedy sought” in the litigation.<sup>1</sup>

Although decided in the context of a *non-stock corporation*, lobbyists and lawyers representing the interest in entrenched directors of *publicly traded Delaware corporations* have seized on this language to urge their clients to use this opportunity to immunize their conduct from any meaningful judicial oversight by imposing liability for corporate expenses directly on stockholders. The Council of the Corporation Law Section of the Delaware Bar Association responded to the *ATP* ruling by proposing legislation that would appropriately limit the ruling’s application in the public company context. Specifically, the General Assembly was asked to approve Senate Bill 236 of the 147<sup>th</sup> General Assembly, which would have limited the application of *ATP Tour* to the context in which it was decided, a non-stock corporation, and reaffirmed the limited liability nature of publicly traded corporations by making clear that corporate directors cannot impose financial liability on stockholders by unilaterally adopting a bylaw purporting to do so.

Corporate lobbyists responded by presenting a campaign that wrongly characterized “fee-shifting” bylaws as somehow protective of stockholder interests. We must make clear that these lobbyists do not speak for the interests of the nation’s public investors. The “Institute for Legal Reform” (the “Institute”) acting in concert with the U.S. Chamber of Commerce, sent at least two letters to the members of the General Assembly suggesting that this content-neutral legislation “would only protect frivolous lawsuits” and that fee-shifting bylaws unilaterally adopted by corporate directors “gives corporations a way to protect shareholders against these costs of abusive litigation.” In response, the General Assembly did not act on Senate Bill 236, but instead the Senate of the State of Delaware adopted Resolution No. 12, which calls for continued consideration of these important issues.

The Institute’s arguments are directly contrary to the interests of investors in publicly traded Delaware corporations. Far from protecting corporations from “frivolous litigation,” these fee-shifting provisions effectively bar any judicial oversight of misconduct of corporate directors. They undermine the most fundamental premise of the corporate form – that stockholders, simply by virtue of their investment, cannot be responsible for corporate debts.

First, the fee-shifting bylaw approved by in *ATP Tour*, if applied to stock corporations, essentially removes judicial oversight over corporate wrongdoing by effectively foreclosing stockholders’ access to courts. The fundamental premise of Delaware corporate law is that while stockholders contribute capital and own the equity of a corporation, the directors and officers are delegated the statutory responsibility for managing the business affairs of the enterprise and are charged with the corresponding fiduciary obligation to act in the best interests of the stockholders and the company.

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<sup>1</sup> *ATP Tour, Inc., et. al. v. Deutscher Tennis Bund, et. al.*, 91 A.3d 554 (Del. Supr. 2014).

These statutory and fiduciary obligations are meaningful, however, only to the extent they can be enforced by the Delaware courts. Fee-shifting bylaws will foreclose meritorious stockholder claims render illusory the fiduciary obligations of corporate directors.

To be clear, the kind of fee-shifting bylaw approved in *ATP Tour* does not further stockholders' interests by protecting corporations from "frivolous litigation." Instead, such provisions bar all judicial oversight by making it economically unfeasible for stockholders to seek redress in Delaware courts to protect their rights. Without adequate protections and reasonable access to the courts to hold corporate fiduciaries accountable when they violate their obligations to stockholders, investor confidence diminishes and market participation suffers, hurting investors and the businesses in which they invest.<sup>2</sup> In other words, closing the courthouse doors to investors could very directly and materially impair the Delaware economy. Moreover, depriving investors of access to the courts will eliminate an important check-and-balance on the behavior of corporate fiduciaries, and will predictably cause and increase unlawful or disloyal conduct by directors and officers, with a corresponding negative effect on our investment portfolios and the public markets generally.

Second, Delaware has a substantial interest in the development of its corporate law, and the inevitable widespread adoption of fee-shifting bylaws will impair the development of that law. For more than one hundred years, the Delaware judiciary has provided a fair forum for the resolution of intra-corporate disputes. The Delaware Court of Chancery is generally considered the nation's "pre-eminent" business court,<sup>3</sup> and virtually every state in the country looks to Delaware law in the development of its own corporate law.<sup>4</sup> If Delaware corporations adopt fee-shifting bylaws, however, the Delaware judiciary will be relegated to the sidelines and a major justification for investing in Delaware corporations will disappear.

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<sup>2</sup> Notably, while many commentators have linked the need for fee-shifting bylaws with the fact that some companies have incurred expenses defending non-meritorious litigations, the courts already have the ability to dismiss such suits and award sanctions if the action is truly frivolous.

<sup>3</sup> <http://courts.delaware.gov/chancery/index.stm> ("The Delaware Court of Chancery is widely recognized as the nation's preeminent forum for the determination of disputes involving the internal affairs of the thousands upon thousands of Delaware corporations and other business entities through which a vast amount of the world's commercial affairs is conducted. Its unique competence in and exposure to issues of business law are unmatched.")

<sup>4</sup> See, e.g., *Billings v. GTFM, LLC*, 449 Mass. 281, 292 (2007); *Achey v. Linn County Bank*, 261 Kan. 669, 676 (1997); *Davidson v. Ecological Science Corporation*, 266 So.2d 71 (Fla. 3d DCA 1972); *In re Comverse Tech., Inc.*, 56 A.D.3d 49, 56 (N.Y. App. 1st Dep't 2008); *Ward v. Idsinga*, 2013 Mich. App. LEXIS 1427 at \*12-13; *Oakland Raiders v. Nat'l Football League*, 93 Cal. App. 4th 572, 586 n. 5 (Cal. App. Ct. 2001); *Sound Infiniti, Inc., ex. rel. Pisheyar v. Snyder*, 169 Wash. 2d 199, 209 (2010); *Shenker v. Laureate Educ., Inc.*, 411 Md. 317, 338 n.14 (2009); *Nev. Classified Sch. Empl. Ass'n v. Quaglia*, 124 Nev. 60, 63-64 (2008); *Crandon Capital Partners v. Shelk*, 342 Ore. 555, 567 (2007); *Katz Corp v. T.H. Canty & Co.*, 168 Conn. 201, 208-09, 362 A.2d 975 (1974).

November 18, 2014

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Finally, allowing directors to impose on stockholders personal liability for corporate expenses without the stockholders' express consent is the antithesis of the corporate form. Investors rely on the shield from corporate liability created by the corporate form, and corporations could not provide the products and services they provide without adequate access to investor capital. How can a stockholder reasonably invest limited capital in a corporation, if the directors of that corporation could adopt a bylaw that would impose personal liability on that stockholder for corporate debts that would greatly exceed the value of the original investment? And in the context of fee-shifting bylaws in particular, how could the stockholder-owners of corporations place trillions of dollars in the hands of fiduciaries who immunize themselves from legal challenge? Allowing directors to impose personal liability on stockholders through bylaw amendments would make continued investment in Delaware corporations untenable. Such unilateral authority by corporate directors eliminates the protections commonly understood to be provided by the corporate form, and threatens to turn a common investment in a Delaware corporation into a guarantee of unlimited corporate debt.

In sum, requiring stockholders to bear the expenses a corporation may incur in fighting stockholders' efforts to protect their interests effectively eliminates the ability of stockholders to look to Delaware courts to protect their rights as the owners of corporations. Allowing corporate directors to disregard the limited liability nature of the corporate form through the unilateral adoption of bylaws threatens continued public investment in Delaware corporations. Immediate action is necessary to ensure that Delaware maintains its preeminence in the field of corporate law, and to protect the very underpinnings of our publicly traded financial markets.

If you have any questions, please feel free to contact Jay Chaudhuri, General Counsel & Senior Policy Advisor at the North Carolina Department of State Treasurer, at (919) 508-1024 or [jay.chaudhuri@nctreasurer.com](mailto:jay.chaudhuri@nctreasurer.com).

Very truly yours,

/s/

Matthew Jacobs, General Counsel  
California Public Employees' Retirement System

/s/

Brian Bartow, General Counsel  
California State Teachers' Retirement System

/s/

Adam Franklin, General Counsel  
Colorado Public Employees' Retirement Association

November 18, 2014

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/s/

Catherine LeMarr, General Counsel  
Office of Connecticut State Treasurer's Office

/s/

Michael McCauley, Senior Officer, Investment Programs & Governance  
Florida State Board of Administration

/s/

Rhonda Smith, Executive Director  
Houston Municipal Employees Pension System

/s/

Thomas F. Gibson, Chairman  
Middlesex County Retirement Board

/s/

Board of Trustees  
The New York City Employees' Retirement System

/s/

Board of Trustees  
The New York City Police Pension Fund

/s/

Board of Trustees  
The Board of Education Retirement System of the City of New York

/s/

Board of Trustees  
The Teachers' Retirement System of the City of New York

/s/

Board of Trustees  
The New York City Fire Department Pension Fund

November 18, 2014

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/s/

Board of Trustees  
The Teachers' Retirement Systems' Variable A

/s/

Jay J. Chaudhuri, General Counsel & Senior Policy Advisor  
North Carolina Department of State Treasurer

/s/

Tom Rhinehart, Chief of Staff  
Oregon State Treasurer's Office

/s/

Mark Hovey, Chief Investment Officer  
San Diego City Employees' Retirement System

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

December 16, 2014

Agenda Item 6.1

**TO:** Board of Retirement

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

**SUBJECT:** Preliminary Monthly Portfolio Performance Report for the Period Ending October 31, 2014

**Staff Recommendation**

Accept and review the preliminary performance report dated October 31, 2014.

**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 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 4-9) also shown.

**Discussion**

The fund's net preliminary return for October was +1.59%, while the preliminary trailing twelve-month return was +8.4% net (+8.65% gross). The twelve-month net return is in line with SamCERA's Total Plan Policy Benchmark return of 8.4% and above the Actuarial Assumed Earnings Rate of 7.25%. 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.

After a sharp sell-off in the beginning of the month, domestic equity markets ended October higher with most market segments up between 2-6%. The broad domestic equity market was 2.8% higher. Small-cap stocks strongly outperformed large-capitalization stocks, while growth and value stocks were mixed across the market-capitalization spectrum. Early in the month, markets were unsettled by a number of factors, including potential slower global growth, heightened geopolitical risks, and fears of the Ebola epidemic spreading in the U.S. However, investors seemed to focus more on U.S. economic fundamentals as the month wore on, which continued to show relatively strong economic growth. The initial GDP growth estimate for the 3rd quarter was 3.5%, above the market's expectation of 3.0%.

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**Board of Retirement**

International equity indices were mixed on the month, with developed markets (as measured by MSCI EAFE) down -1.45%, while emerging markets were up +1.2%.

The general fixed income market was higher by +0.98% as interest rates (as measured by 10-year Treasuries) decreased by 17 basis points during the month. High yield bonds were up +1.2%, while emerging market bonds were up +1.65%.

**Attachments**

SIS Market Update

Northern Trust Performance Report

## U.S. EQUITY

Volatility continued in the month of October with global equities selling off sharply over the first-half of the month and then staging a dramatic recovery during the second-half of the month.

In the U.S., Growth slightly outperformed Value and Small Caps strongly outperformed Large Caps. For the month, the Russell 1000 Growth Index was up by +2.6% and the Russell 1000 Value Index rose by +2.3%. The Russell 2000 Growth was up by +6.2% and the Russell 2000 Value Indices gained +7.0%. The S&P 500 Index ended the month higher by +2.4%.

The S&P 500 Index has a trailing P/E ratio of 18.9, a forward 12-month estimate P/E ratio of 16.5 and a dividend yield of 1.9%.

Of the 446 companies that have reported earnings for Q3 2014, 77% have reported above the mean estimate and 60% have reported sales above the mean estimate. Earnings Growth: The blended earnings growth rate for Q3 2014 is 7.6%.

Corporate merger highlights for the month included: Hilton Worldwide will sell the Waldorf Astoria New York to Beijing-based Anbang Insurance for \$1.95 billion; Becton Dickinson, a medical products supplier, will acquire CareFusion for \$12.2 billion; Vista Equity Partners is in talks to acquire TransFirst, a payment processing company, for as much as \$1.5 billion; Ireland's Endo International will buy Auxilium Pharmaceuticals in a sweetened deal valued at \$2.6 billion; Time Warner shareholders approved its acquisition by Comcast, clearing another hurdle for the \$45 billion deal; General Electric's aircraft leasing unit will buy Dublin-based helicopter leasing company Milestone Aviation Group for \$1.78 billion; Targa Resources Corp. and Targa Resources Partners will buy Atlas Energy and Atlas Pipeline Partners for a combined total of \$7.7 billion; Danaher will sell its communications business to NetScout Systems in a stock deal valued at \$2.6 billion; Qualcomm will acquire British chip maker CSR for \$2.5 billion; A consortium of investors from Hong Kong and Abu Dhabi is interested in buying the Reebok brand from Adidas for \$2.2 billion; Cleco Corp., a Louisiana-based public utility company, will be bought out by a group of North American investors in a deal valued at \$4.7 billion; Brazilian juice maker Grupo Cutrale and investment firm Safra Group will buy banana producer Chiquita Brands in a deal valued at \$1.3 billion;

and, Omega Healthcare will buy rival Aviv in a \$3.0 billion deal combining two companies with hundreds of nursing homes.

Ireland's plan to close a 'Double Irish' tax loophole could cost U.S. companies billions of dollars and have an effect on future merger activity.

## FIXED INCOME

The U.S. economy grew at a solid annual rate of 3.5% in the third quarter, propelled by solid gains in business investment, export sales and the largest jump in military spending in five years. Results were slightly better than expected. In the past five quarters GDP has risen 4.5%, 3.5%, -2.1%, 4.6% and 3.5%.

The International Monetary Fund cut its forecast for world growth to 3.3% from 3.7% in 2014 and reduced its forecast for 2015 to 3.8%.

U.S. employers added 248,000 jobs in September and helped drive down the unemployment rate to 5.9%, the lowest since July 2008.

The yield on the bellwether 10-year Treasury note fell to 2.35% at the close of October from its September close at 2.52%. At month-end, the 30-year bond yield was 3.07% with the 3-month T-bill at 0.03%. The Barclays Capital US Aggregate Index was up +1.0% in October.

At its October meeting the Federal Reserve reaffirmed its plan to keep its short-term interest rate near zero "for a considerable time". The Fed also said it would conclude its monthly bond purchase program and signaled confidence that the U.S. recovery would remain on track.

On the economic front, the following key data was released in October and once again decidedly positive:

## THE GOOD

\*The U.S. trade deficit shrank for the fourth straight month in August, falling to \$40.1 billion, the lowest level since January.

\*The National Retail Federation reported that U.S. retail sales are expected to rise 4.1% this holiday season to \$616.9 billion compared to a 3.1% rise in 2013.



\*The U.S. budget deficit fell by nearly a third during fiscal 2014 to \$486 billion from the \$680 billion budget gap recorded in fiscal 2013.

\*The Labor Dept. reported that U.S. producer prices slipped -0.1% in September, the first decline in over a year.

\*Production at U.S. factories, mines and utilities advanced by 1.0% in September.

\*The Labor Dept. reported that its Consumer Price Index edged up +0.1% in September after declining 0.2% in August.

\*The Conference Board's index of leading indicators posted a solid gain of 0.8% in September following a flat reading in August. The gauge is designed to predict the economy's future health.

The Conference Board reported that its index of consumer attitudes increased to 94.5 this month, the highest reading since October 2007.

## THE NOT SO GOOD

\*Orders to U.S. factories fell in August by -10.1%, the largest amount on record, but the drop was heavily weighted by an expected plunge in volatile aircraft orders.

\*The Federal Reserve reported that total consumer credit rose \$13.5 billion to a record \$3.25 trillion in August.

\*Total retail sales dropped -0.3% in September as auto production cooled and oil prices fell sharply on signs of slowing global economic growth.

## NON-U.S. MARKETS

S&P reiterated its assessment of a year ago in a recent report that the Eurozone's underlying problems – largely related to debt – have not been addressed.

German investor sentiment is collapsing. The headline ZEW index of investor expectations fell another 10.5 points to -3.6 in October, the tenth consecutive decline and lowest level in almost two years.

The Bank of Japan sprung a small surprise by opting to increase the pace of monetary expansion. The Monetary Policy Board decided by a five to four majority to: conduct money market operations so that the monetary base will increase by 80 trillion yen a year (compared to 70 trillion yen previously); increase purchases of Japanese Government Securities (JGB) so that the amount outstanding on the Bank's balance sheet will increase by

80 trillion yen a year (compared to 50 trillion yen previously); raise the average maturity of the Bank's JGZB purchases to seven to ten years (compared to seven previously); and further purchase ETFs and Japan real estate investment trusts.

China's gross domestic product grew by +7.3% during the 3<sup>rd</sup> quarter, the weakest showing in China's economy in more than five years.

Non-U.S. equities were mixed in October. The MSCI ACWI Ex-U.S. was down -1.0% (US dollars) for the month. International Developed stocks (EAFE) were down -1.5% while Emerging Markets gained +1.2% for the month.

## CONCLUSION

The current bull market is now in its 68<sup>th</sup> month. In the modern history of the U.S. stock market, 1921-2014, there have been only five bull markets that have lasted five calendar years or longer. And, two of those lasted exactly 60 months. We are currently experiencing the third longest bull market in nearly 100 years.

The two longest previous bull markets each had a catalyst. During the 1921-1929 bull market it was the introduction of the expansion of consumer credit. During the 1987-2000 bull market it was the introduction and expansion of the worldwide web. This bull market has also had a catalyst: Central Bank asset purchasing programs, commonly known as Quantitative Easing (QE).

Each of these previously ended in a speculative bubble.

## Monthly Market Update

### US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Oct-14	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	2.75	4.83	9.90	16.07	22.36	19.77	17.01	6.38	8.55
Russell TOP 200 Index	2.16	4.96	10.81	17.43	21.72	19.84	16.20	5.85	7.83
Russell TOP 200 Growth Index	2.58	6.07	11.69	18.27	22.16	19.60	17.05	7.52	8.74
Russell TOP 200 Value Index	1.74	3.86	9.93	16.60	21.27	20.06	15.34	4.12	6.90
S&P 500 Index	2.44	5.05	10.99	17.27	22.12	19.77	16.69	6.15	8.20
Russell 1000 Index	2.44	4.81	10.61	16.78	22.45	19.90	16.98	6.36	8.54
Russell 1000 Growth Index	2.64	5.78	10.73	17.11	22.57	19.30	17.43	7.46	9.05
Russell 1000 Value Index	2.25	3.82	10.50	16.46	22.23	20.42	16.49	5.14	7.90
Russell Mid-Cap Index	3.08	4.45	10.16	15.32	24.21	20.05	18.97	7.68	10.37
Russell Mid-Cap Growth Index	2.76	5.15	8.65	14.59	23.88	18.74	18.73	7.49	10.17
Russell Mid-Cap Value Index	3.43	3.71	11.91	16.18	24.51	21.25	19.19	7.74	10.29
Russell 2000 Index	6.59	5.11	1.90	8.06	21.36	18.18	17.39	6.58	8.67
Russell 2000 Value Index	6.99	4.10	1.92	7.89	19.72	17.94	16.15	5.93	7.81
Russell 2000 Growth Index	6.20	6.12	1.90	8.26	23.04	18.42	18.61	7.17	9.42
DJ US REIT Index	10.73	7.18	26.99	20.69	15.20	14.83	19.25	5.01	8.73
DJ-UBS US Commodity Index TR	-0.80	-7.95	-6.35	-5.94	-9.13	-7.59	-2.17	-5.80	-1.28
DJ-UBS US Gold Index TR	-3.30	-8.66	-2.72	-11.70	-17.79	-12.59	1.80	4.86	9.65

### Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Oct-14	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	-0.98	-5.20	-0.59	0.49	10.18	8.25	6.55	-0.62	7.06
MSCI AC World Index	0.73	-0.31	4.92	8.32	15.87	13.59	11.15	2.49	7.65
MSCI EAFE Index	-1.45	-5.34	-2.42	-0.17	12.78	10.17	7.00	-0.49	6.29
MSCI Emerging Markets index	1.19	-4.14	3.97	0.98	3.90	3.59	4.98	-1.20	10.90
ML Global Government Bond Ex. U.S. Index	-0.88	-5.37	-1.40	-5.10	-6.89	-4.34	0.43	3.28	3.20
Euro	-0.82	-6.36	-9.07	-7.84	-1.67	-3.51	-3.22	-2.03	-0.15
Japanese Yen	-2.15	-8.27	-6.24	-12.48	-15.56	-11.40	-4.19	0.40	-0.54
UK Pound Sterling	-1.31	-5.24	-3.41	-0.42	-0.35	-0.30	-0.60	-3.66	-1.35

### US Fixed Income Indices Trailing Performance

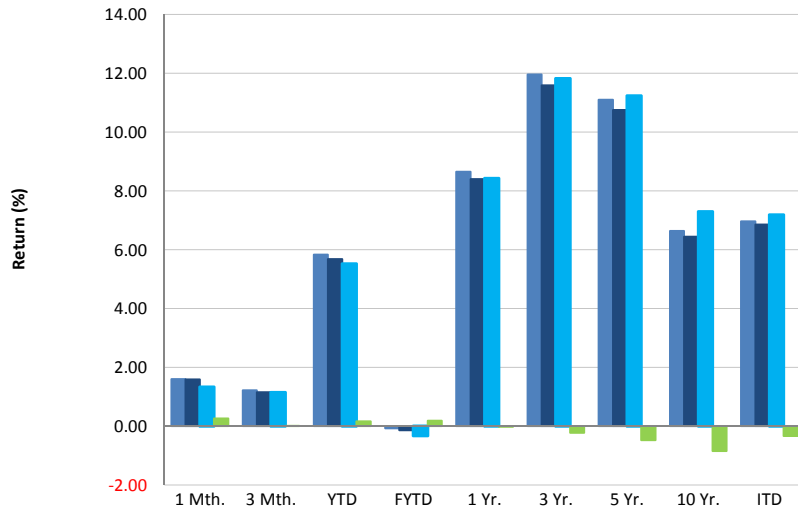
Annualized Performance to Date: Ending Oct-14	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.00	0.01	0.03	0.05	0.07	0.07	0.09	0.49	1.58
BarCap Aggregate Bond Index	0.98	1.40	5.12	4.14	1.49	2.73	4.22	4.96	4.64
ML U.S. Corp/Govt Master Index	1.03	1.43	5.57	4.44	1.40	2.94	4.50	5.02	4.64
ML U.S. Corporate Master Index	0.93	1.10	6.99	6.49	2.63	5.19	6.58	6.38	5.51
BarCap Mortgage Backed Securities Index	0.97	1.75	5.23	4.08	1.83	2.40	3.53	4.86	4.71
ML U.S. High Yield Master Index	1.16	0.56	4.73	5.77	7.26	9.19	10.21	8.51	8.04
JPM EMBI Global	1.65	-0.15	9.06	7.20	2.19	6.70	8.27	7.69	8.38

# San Mateo County Total Fund Characteristics



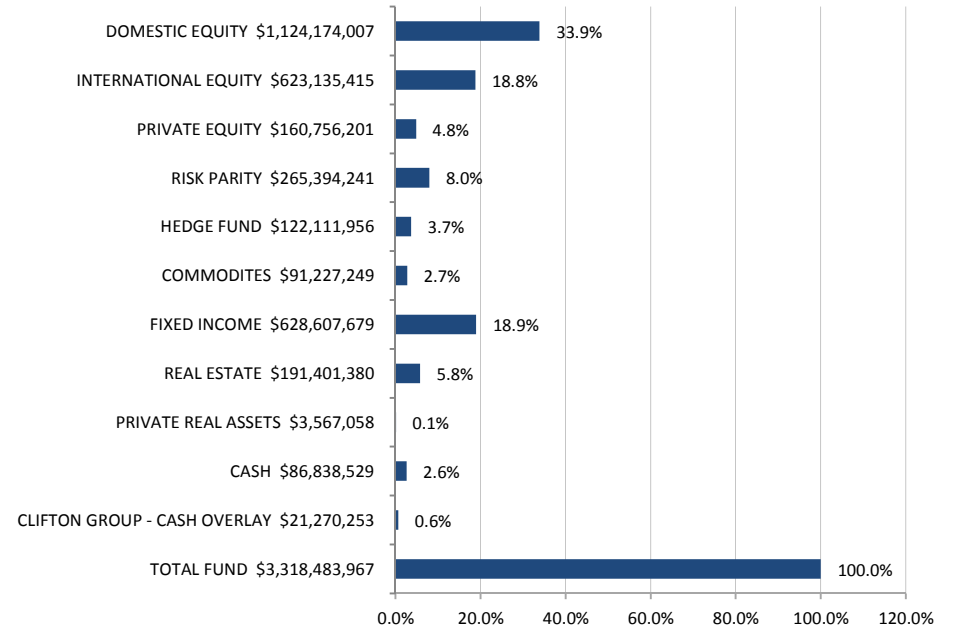
October 31, 2014

**Total Fund Performance**

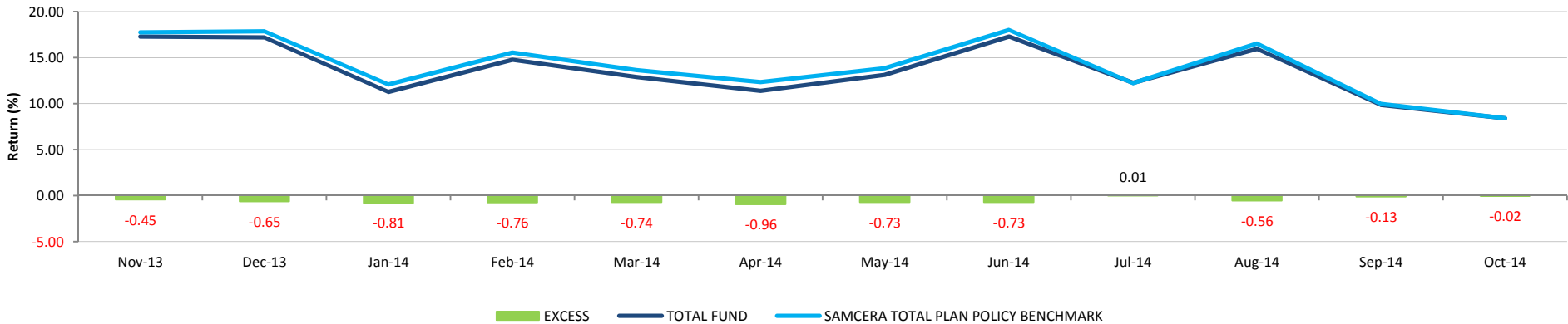


	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	ITD
TOTAL FUND - Gross	1.60	1.22	5.83	-0.08	8.65	11.96	11.10	6.63	6.96
TOTAL FUND - Net	1.59	1.16	5.67	-0.14	8.40	11.58	10.75	6.45	6.85
SAMCERA PLAN BENCHMARK	1.33	1.14	5.51	-0.33	8.42	11.81	11.22	7.29	7.19
Excess (Net)	0.27	0.02	0.16	0.19	-0.02	-0.23	-0.48	-0.85	-0.33

**Asset Allocation**



**Rolling Month End Annual Returns**

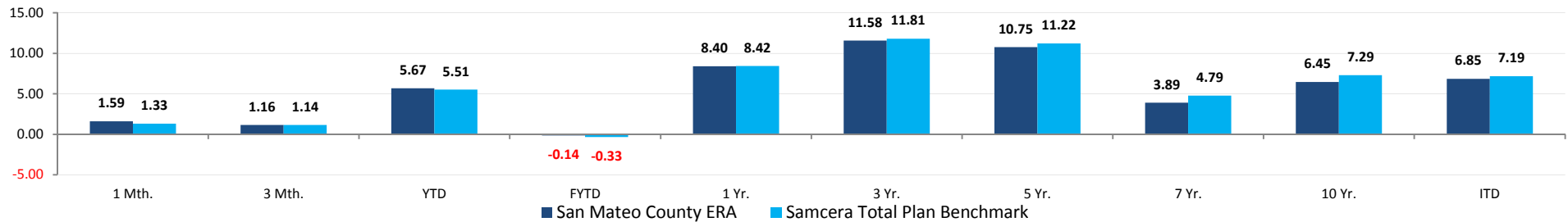


# San Mateo County Composite Return Summary



October 31, 2014

Return Comparison



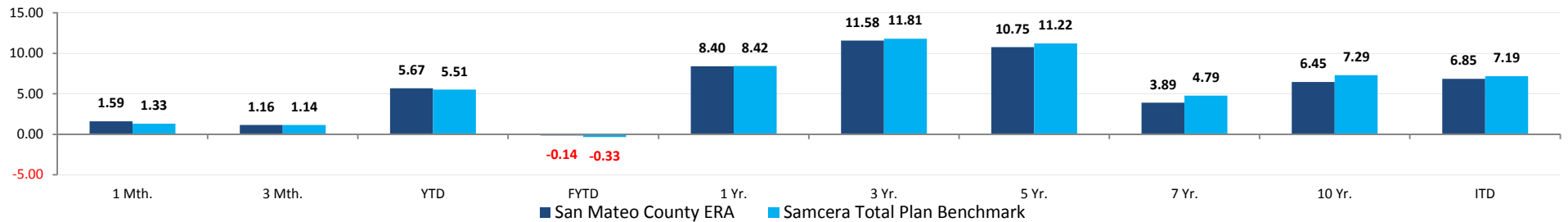
Composite Returns (Net of Manager Fees)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
San Mateo County ERA	3,318,483,967	1.59	1.16	5.67	-0.14	8.40	11.58	10.75	3.89	6.45	6.85
Samcera Total Plan Benchmark		1.33	1.14	5.51	-0.33	8.42	11.81	11.22	4.79	7.29	7.19
Excess		0.27	0.02	0.16	0.19	-0.02	-0.23	-0.48	-0.90	-0.85	-0.33
San Mateo Ex-Clifton Overlay	3,297,213,714	1.47	1.14	5.48	-0.15	8.13	11.62	10.72	3.80	6.30	6.78
Total Equity		1.53	0.96	4.55	-1.18	8.86	15.01	12.72	2.98	6.70	7.76
Excess		-0.06	0.18	0.93	1.03	-0.73	-3.39	-2.00	0.83	-0.40	-0.98
Total Equity	1,747,309,422	1.53	0.96	4.55	-1.18	8.86	15.01	12.72	2.98	6.70	7.76
Samcera Total Equity Benchmark		2.28	2.70	6.77	0.53	11.16	16.16	13.79	4.29	8.01	8.30
Excess		-0.75	-1.74	-2.22	-1.71	-2.30	-1.14	-1.07	-1.32	-1.31	-0.54
Total Fixed Income	628,607,679	0.82	0.67	5.66	0.85	5.41	6.03	6.96	6.03	5.37	5.97
Samcera Fixed Income Benchmark		1.06	0.57	4.93	-0.06	3.67	2.62	4.42	5.11	4.74	5.45
Excess		-0.24	0.10	0.73	0.91	1.75	3.41	2.54	0.93	0.63	0.52
Total Risk Parity	265,394,241	2.00	-0.82	13.00	-0.82	11.22	8.54	--	--	--	7.87
Samcera Risk Parity Benchmark		2.04	3.46	8.04	2.14	11.25	12.79	--	--	--	10.24
Excess		-0.05	-4.29	4.96	-2.96	-0.04	-4.25	--	--	--	-2.37

# San Mateo County Composite Return Summary



October 31, 2014

Return Comparison



Composite Returns (Net of Manager Fees)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Hedge Fund Composite	122,111,956	0.16	3.58	3.66	3.58	6.35	5.30	--	--	--	3.58
Samcera LIBOR + 4%		0.34	1.03	3.46	1.37	4.17	4.21	--	--	--	4.21
Excess		-0.18	2.55	0.21	2.21	2.19	1.09	--	--	--	-0.64
Total Private Equity	160,756,201	3.73	7.69	12.83	8.54	21.30	8.76	--	--	--	-41.32
Samcera PE Benchmark		3.00	5.60	12.61	3.77	19.51	23.31	--	--	--	20.14
Excess		0.73	2.09	0.22	4.76	1.79	-14.55	--	--	--	-61.46
Total Commodities	91,227,249	-0.96	-5.56	-4.67	-9.92	-5.31	-1.28	--	--	--	-3.58
Bloomberg Commodity Index		-0.80	-7.95	-6.35	-12.54	-5.94	-7.59	--	--	--	-9.44
Excess		-0.16	2.39	1.67	2.62	0.64	6.31	--	--	--	5.86
Private Real Assets	3,567,058	0.00	0.00	--	--	--	--	--	--	--	0.00
Samcera CPI + 5%		0.16	0.88	--	--	--	--	--	--	--	0.88
Excess		-0.16	-0.88	--	--	--	--	--	--	--	-0.88
Total Real Estate	191,401,380	3.35	4.27	9.20	4.27	12.77	11.61	11.75	2.47	7.05	8.00
Samcera Real Estate Benchmark		0.00	3.46	9.00	3.46	12.40	12.21	12.10	2.31	6.81	8.48
Excess		3.35	0.81	0.20	0.81	0.37	-0.60	-0.35	0.16	0.25	-0.48
Total Cash	86,838,529	0.04	0.12	0.68	0.13	0.74	0.62	0.74	0.53	1.55	2.28
Samcera Cash Benchmark		0.00	0.01	0.03	0.01	0.05	0.07	0.09	0.49	1.58	2.14
Excess		0.04	0.12	0.65	0.12	0.68	0.55	0.65	0.04	-0.03	0.14

# San Mateo County Manager Return Summary



October 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Equity	1,747,309,422	1.53	0.96	4.55	-1.18	8.86	15.01	12.72	2.98	6.70	7.76
Samcera Total Equity Benchmark		2.28	2.70	6.77	0.53	11.16	16.16	13.79	4.29	8.01	8.30
Excess		-0.75	-1.74	-2.22	-1.71	-2.30	-1.14	-1.07	-1.32	-1.31	-0.54
Total Domestic Equity	1,124,174,007	2.86	4.46	7.25	1.93	13.09	18.45	16.21	5.25	7.34	8.40
Samcera Dom. Equity Benchmark		3.27	4.90	8.89	2.27	15.07	19.60	17.12	6.46	8.62	8.82
Excess		-0.41	-0.44	-1.64	-0.34	-1.98	-1.16	-0.91	-1.21	-1.28	-0.42
Total Large Cap Equity	920,390,254	2.32	4.50	8.91	2.87	14.89	18.74	15.77	5.23	7.53	9.14
Russell 1000		2.44	4.81	10.61	3.11	16.78	19.90	16.98	6.36	8.54	9.62
Excess		-0.13	-0.31	-1.70	-0.24	-1.89	-1.16	-1.21	-1.13	-1.01	-0.48
Barrow Hanley	150,236,512	1.72	3.28	5.99	0.96	11.78	19.57	16.51	--	--	16.53
Russell 1000 Value		2.25	3.82	10.50	2.05	16.46	20.42	16.49	--	--	16.93
Excess		-0.53	-0.54	-4.51	-1.09	-4.67	-0.86	0.02	--	--	-0.40
Blackrock S&P 500 Index Fund	467,001,307	2.43	5.04	10.99	3.59	17.26	--	--	--	--	21.05
S&P 500		2.44	5.05	10.99	3.60	17.27	--	--	--	--	21.05
Excess		-0.01	-0.01	-0.00	-0.00	-0.01	--	--	--	--	0.00
Brown Advisory	148,792,585	3.35	4.11	5.05	3.18	10.21	--	--	--	--	16.33
Russell 1000 Growth		2.64	5.78	10.73	4.16	17.11	--	--	--	--	20.41
Excess		0.71	-1.67	-5.68	-0.98	-6.89	--	--	--	--	-4.08
DE Shaw Investment Mgmt	154,359,850	1.58	4.31	8.26	2.00	14.25	20.33	16.79	--	--	17.03
Russell 1000		2.44	4.81	10.61	3.11	16.78	19.90	16.98	--	--	17.29
Excess		-0.87	-0.50	-2.35	-1.12	-2.52	0.42	-0.20	--	--	-0.26

# San Mateo County Manager Return Summary



October 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Small Cap Equity	203,783,753	5.38	4.08	0.80	-1.98	6.11	17.89	18.35	5.47	6.59	6.70
Russell 2000		6.59	5.11	1.90	-1.25	8.06	18.18	17.39	6.58	8.67	7.74
Excess		-1.21	-1.03	-1.09	-0.73	-1.96	-0.29	0.95	-1.12	-2.07	-1.04
Boston Company	99,054,828	4.50	2.73	-0.54	-3.38	4.61	18.73	16.05	--	--	15.86
Russell 2000 Value		6.99	4.10	1.92	-2.19	7.89	17.94	16.15	--	--	15.90
Excess		-2.48	-1.37	-2.46	-1.19	-3.28	0.79	-0.10	--	--	-0.05
Chartwell Investment Mgmt	104,728,925	6.23	5.38	2.11	-0.63	7.56	19.63	21.18	6.49	--	9.00
Russell 2000 Growth		6.20	6.12	1.90	-0.31	8.26	18.42	18.61	7.17	--	8.61
Excess		0.03	-0.74	0.20	-0.32	-0.69	1.21	2.57	-0.68	--	0.39
Total International Equity	623,135,415	-0.78	-5.05	-0.40	-6.54	0.70	7.77	5.44	-1.98	5.78	5.68
MSCI ACW ex US-IMI		-1.16	-5.52	-1.17	-6.57	-0.08	7.86	6.31	-0.86	6.83	5.23
Excess		0.38	0.46	0.77	0.03	0.77	-0.09	-0.87	-1.13	-1.05	0.45
Total Developed Markets Equity	560,803,368	-0.85	-5.26	-0.89	-6.98	0.47	8.24	5.78	-1.57	6.20	4.29
MSCI ACW ex US-IMI		-1.16	-5.52	-1.17	-6.57	-0.08	7.86	6.31	-0.86	6.83	5.03
Excess		0.31	0.26	0.28	-0.41	0.55	0.38	-0.53	-0.71	-0.63	-0.75
Baillie Gifford	187,046,786	0.62	-4.62	-0.85	-5.78	0.89	--	--	--	--	10.46
MSCI ACWI ex US Growth		-0.34	-3.78	-0.38	-5.16	1.01	--	--	--	--	8.09
Excess		0.97	-0.84	-0.47	-0.62	-0.11	--	--	--	--	2.37
Blackrock EAFE Index Fund	128,398,128	-1.49	-5.41	-2.62	-7.26	--	--	--	--	--	-2.62
MSCI EAFE ND		-1.45	-5.39	-2.81	-7.24	--	--	--	--	--	-2.81
Excess		-0.03	-0.03	0.19	-0.02	--	--	--	--	--	0.19

# San Mateo County Manager Return Summary



October 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Mondrian Investment Partners	183,780,822	-1.88	-5.69	0.85	-7.67	1.31	7.66	6.48	-0.26	--	6.19
MSCI ACWI ex US Value		-1.62	-6.62	-0.81	-7.08	-0.03	8.28	5.93	-0.77	--	6.16
Excess		-0.26	0.93	1.66	-0.59	1.34	-0.62	0.55	0.51	--	0.03
Pyramis Intl Small Cap	61,577,633	-0.82	-5.69	-2.60	-7.92	-1.62	--	--	--	--	7.24
MSCI ACWI Small Cap ex US Net		-2.36	-7.25	-2.42	-9.00	-0.97	--	--	--	--	7.71
Excess		1.54	1.56	-0.18	1.09	-0.66	--	--	--	--	-0.47
Total Emerging Markets Equity	62,332,047	-0.16	-3.17	4.30	-2.44	2.63	--	--	--	--	3.69
MSCI Emerging Markets ND		1.18	-4.21	3.63	-2.36	0.64	--	--	--	--	1.76
Excess		-1.34	1.04	0.67	-0.08	1.99	--	--	--	--	1.93
Eaton Vance	62,332,047	-0.16	-3.17	4.30	-2.44	2.63	--	--	--	--	3.69
MSCI Emerging Markets GD		1.19	-4.14	3.97	-2.21	0.98	--	--	--	--	2.14
Excess		-1.35	0.97	0.33	-0.23	1.65	--	--	--	--	1.55
Total Fixed Income	628,607,679	0.82	0.67	5.66	0.85	5.41	6.03	6.96	6.03	5.37	5.97
Samcera Fixed Income Benchmark		1.06	0.57	4.93	-0.06	3.67	2.62	4.42	5.11	4.74	5.45
Excess		-0.24	0.10	0.73	0.91	1.75	3.41	2.54	0.93	0.63	0.52
Total Domestic Fixed Income	527,740,773	0.78	0.42	5.83	0.52	5.25	5.53	6.75	5.92	5.35	6.11
Samcera US Fixed Inc Benchmark		1.30	1.23	5.68	0.66	4.43	2.99	4.71	5.31	4.88	5.72
Excess		-0.52	-0.81	0.15	-0.14	0.82	2.54	2.04	0.61	0.47	0.40
Total Core Fixed Income	319,422,209	1.03	1.38	6.68	1.78	5.77	4.56	6.11	5.47	5.04	5.91
BC U.S. Aggregate		0.98	1.40	5.12	1.15	4.14	2.73	4.22	4.96	4.64	5.56
Excess		0.05	-0.02	1.56	0.63	1.63	1.83	1.89	0.51	0.40	0.35



# San Mateo County Manager Return Summary



October 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Pyramis Core Bond	186,453,177	1.08	1.53	5.73	1.26	4.87	3.83	5.47	5.83	--	5.46
BC U.S. Aggregate		0.98	1.40	5.12	1.15	4.14	2.73	4.22	4.96	--	5.01
Excess		0.10	0.13	0.61	0.11	0.73	1.10	1.25	0.87	--	0.45
Western Asset Management	132,969,032	0.95	1.18	7.84	2.48	6.86	5.27	6.78	6.03	5.52	5.52
BC U.S. Aggregate		0.98	1.40	5.12	1.15	4.14	2.73	4.22	4.96	4.64	4.64
Excess		-0.03	-0.23	2.72	1.33	2.72	2.54	2.56	1.07	0.88	0.88
Brown Brothers Harriman	78,840,746	0.46	-1.67	1.62	-2.49	-0.39	0.33	--	--	--	3.49
BC US Tips		0.85	-1.24	4.55	-1.21	1.90	1.01	--	--	--	3.98
Excess		-0.39	-0.43	-2.93	-1.28	-2.29	-0.68	--	--	--	-0.49
Total Opportunistic Credit	129,477,818	0.37	-0.66	6.57	-0.66	7.90	13.58	--	--	--	11.89
BC BA Intermediate HY Index		2.04	1.89	5.78	0.51	6.37	8.43	--	--	--	9.51
Excess		-1.67	-2.55	0.79	-1.17	1.53	5.14	--	--	--	2.38
AG Opportunistic Whole Loan	21,604,837	0.00	0.00	--	0.00	--	--	--	--	--	-1.93
BC BA Intermediate HY Index		2.04	1.89	--	0.51	--	--	--	--	--	2.20
Excess		-2.04	-1.89	--	-0.51	--	--	--	--	--	-4.13
Angelo Gordon	43,281,408	1.79	1.80	12.41	1.80	14.27	--	--	--	--	12.71
BC BA Intermediate HY Index		2.04	1.89	5.78	0.51	6.37	--	--	--	--	6.29
Excess		-0.25	-0.09	6.63	1.29	7.90	--	--	--	--	6.43
Brigade Cap Mngmt	64,591,573	-0.45	-2.39	3.24	-2.39	4.30	8.84	--	--	--	8.60
BC BA Intermediate HY Index		2.04	1.89	5.78	0.51	6.37	8.43	--	--	--	8.51
Excess		-2.49	-4.28	-2.55	-2.90	-2.07	0.41	--	--	--	0.09

# San Mateo County Manager Return Summary



October 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Global Fixed Income	100,866,905	1.02	1.99	5.88	2.59	7.00	8.23	--	--	--	7.25
Samcera Global Fixed Benchmark		0.05	-2.25	1.71	-3.15	0.40	1.04	--	--	--	2.54
Excess		0.98	4.24	4.17	5.74	6.61	7.18	--	--	--	4.71
Franklin Templeton	100,866,905	1.02	1.99	4.46	2.59	5.56	7.74	--	--	--	6.87
BC Multiverse Index		0.05	-2.25	1.71	-3.15	0.40	1.04	--	--	--	2.54
Excess		0.98	4.24	2.75	5.74	5.17	6.70	--	--	--	4.33
Total Risk Parity	265,394,241	2.00	-0.82	13.00	-0.82	11.22	8.54	--	--	--	7.87
Samcera Risk Parity Benchmark		2.04	3.46	8.04	2.14	11.25	12.79	--	--	--	10.24
Excess		-0.05	-4.29	4.96	-2.96	-0.04	-4.25	--	--	--	-2.37
AQR Global Risk III	132,461,824	1.51	-2.17	11.52	-2.17	9.76	8.07	--	--	--	7.48
Samcera Risk Parity Benchmark		2.04	3.46	8.04	2.14	11.25	12.79	--	--	--	10.24
Excess		-0.54	-5.63	3.48	-4.31	-1.49	-4.72	--	--	--	-2.76
Panagora	132,932,417	2.52	2.17	--	2.17	--	--	--	--	--	2.17
Samcera Risk Parity Benchmark		2.04	3.46	--	2.14	--	--	--	--	--	2.14
Excess		0.48	-1.30	--	0.03	--	--	--	--	--	0.03
Total Real Estate	191,401,380	3.35	4.27	9.20	4.27	12.77	11.61	11.75	2.47	7.05	8.00
Samcera Real Estate Benchmark		0.00	3.46	9.00	3.46	12.40	12.21	12.10	2.31	6.81	8.48
Excess		3.35	0.81	0.20	0.81	0.37	-0.60	-0.35	0.16	0.25	-0.48
Invesco Core Real Estate	191,401,380	3.35	4.27	9.21	4.27	12.78	11.50	11.76	2.48	7.06	7.00
Samcera NCREIF ODCE EW (gross)		0.00	3.46	9.00	3.46	12.40	12.21	12.10	2.31	6.81	6.75
Excess		3.35	0.81	0.21	0.81	0.38	-0.72	-0.34	0.17	0.25	0.25

# San Mateo County Manager Return Summary



October 31, 2014

Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Alternatives	377,662,464	1.35	2.85	5.05	1.91	6.60	5.73	-11.81	-13.46	-5.09	-5.10
Samcera Alternatives Benchmark		1.27	1.27	6.21	-0.31	9.93	12.02	11.88	5.68	7.89	7.98
Excess		0.08	1.59	-1.16	2.22	-3.32	-6.29	-23.69	-19.14	-12.98	-13.08
Total Private Equity	160,756,201	3.73	7.69	12.83	8.54	21.30	8.76	--	--	--	-41.32
Samcera PE Benchmark		3.00	5.60	12.61	3.77	19.51	23.31	--	--	--	20.14
Excess		0.73	2.09	0.22	4.76	1.79	-14.55	--	--	--	-61.46
Private Real Assets	3,567,058	0.00	0.00	--	--	--	--	--	--	--	0.00
Samcera CPI + 5%		0.16	0.88	--	--	--	--	--	--	--	0.88
Excess		-0.16	-0.88	--	--	--	--	--	--	--	-0.88
Total Hedge Fund Composite	122,111,956	0.16	3.58	3.66	3.58	6.35	5.30	--	--	--	3.58
Samcera LIBOR + 4%		0.34	1.03	3.46	1.37	4.17	4.21	--	--	--	4.21
Excess		-0.18	2.55	0.21	2.21	2.19	1.09	--	--	--	-0.64
Total Commodities	91,227,249	-0.96	-5.56	-4.67	-9.92	-5.31	-1.28	--	--	--	-3.58
Bloomberg Commodity Index		-0.80	-7.95	-6.35	-12.54	-5.94	-7.59	--	--	--	-9.44
Excess		-0.16	2.39	1.67	2.62	0.64	6.31	--	--	--	5.86
Total Cash	86,838,529	0.04	0.12	0.68	0.13	0.74	0.62	0.74	0.53	1.55	2.28
Samcera Cash Benchmark		0.00	0.01	0.03	0.01	0.05	0.07	0.09	0.49	1.58	2.14
Excess		0.04	0.12	0.65	0.12	0.68	0.55	0.65	0.04	-0.03	0.14
SamCera General Account	82,842,210	0.01	0.07	0.09	0.07	0.10	0.13	0.20	0.69	1.80	2.26
SamCera Treasury & LAIF	3,977,131	0.00	0.00	0.58	0.00	0.67	0.70	0.85	0.49	1.40	3.02
San Mateo County ERA	3,318,483,967	1.59	1.16	5.67	-0.14	8.40	11.58	10.75	3.89	6.45	6.85
Samcera Total Plan Benchmark		1.33	1.14	5.51	-0.33	8.42	11.81	11.22	4.79	7.29	7.19
Excess		0.27	0.02	0.16	0.19	-0.02	-0.23	-0.48	-0.90	-0.85	-0.33

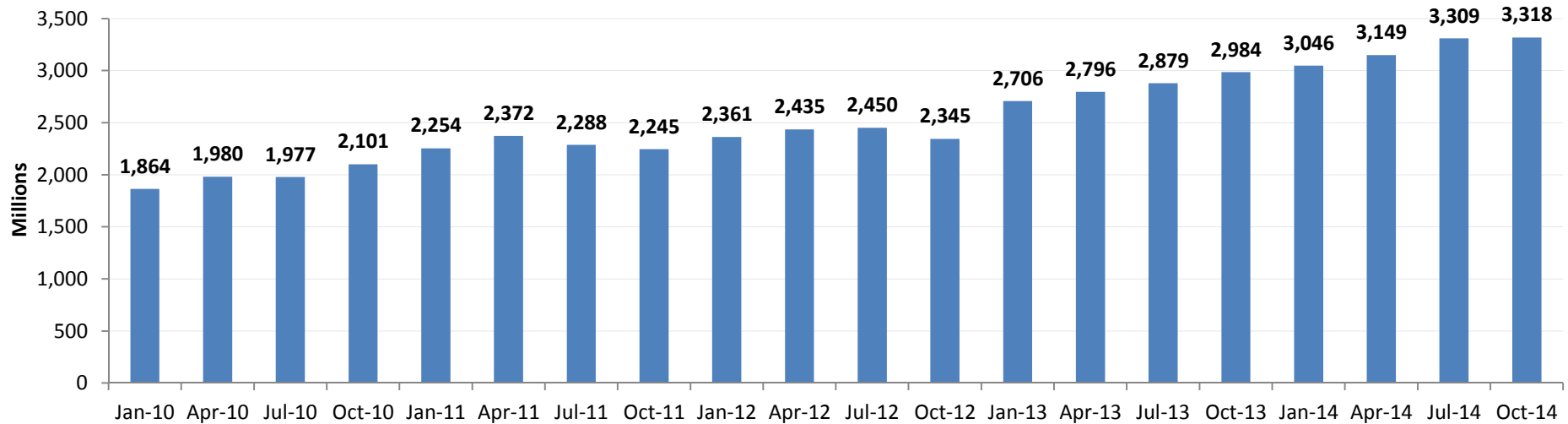
October 31, 2014

**Record of Asset Growth**

	Three Months	One Year
<b>TOTAL FUND</b>		
Beginning Market Value	3,308,638,889	2,984,031,494
Contributions	11,519,064	3,377,933,534
Withdrawals	-40,848,321	-55,881,091
Income Received	12,829,372	15,499,287
Gain/Loss	25,380,933	-3,004,063,436
Ending Market Value	3,318,483,967	3,318,483,967

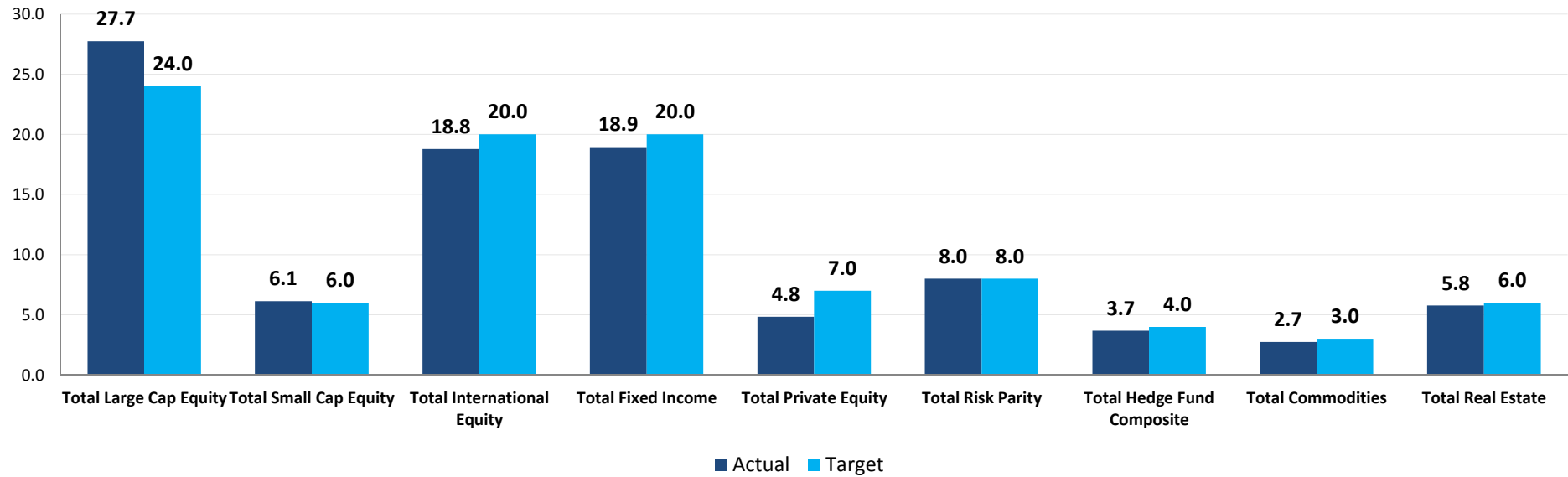
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**Net Asset Values Over Time (\$000)**



October 31, 2014

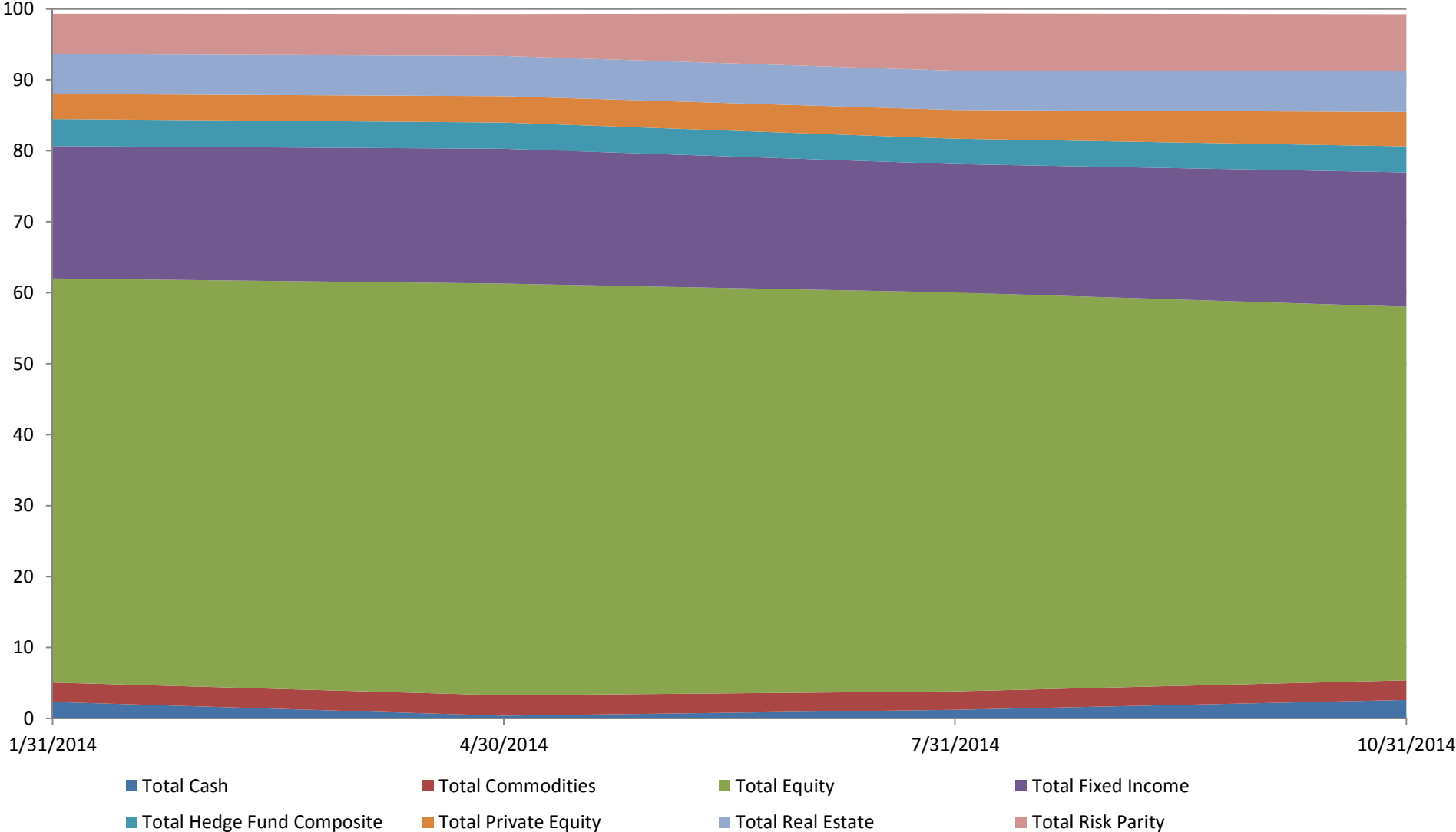
Actual vs Target Weights



	Min	Actual	Target	Deviation	Max
Total Large Cap Equity	22.0	27.7	24.0	3.7	26.0
Total Small Cap Equity	4.0	6.1	6.0	0.1	8.0
Total International Equity	18.0	18.8	20.0	-1.2	22.0
Total Fixed Income	18.0	18.9	20.0	-1.1	22.0
Total Private Equity	5.0	4.8	7.0	-2.2	9.0
Total Risk Parity	6.0	8.0	8.0	0.0	10.0
Total Hedge Fund Composite	2.0	3.7	4.0	-0.3	6.0
Total Commodities	1.0	2.7	3.0	-0.3	5.0
Total Real Estate	4.0	5.8	6.0	-0.2	8.0

October 31, 2014

Asset Allocation over Time

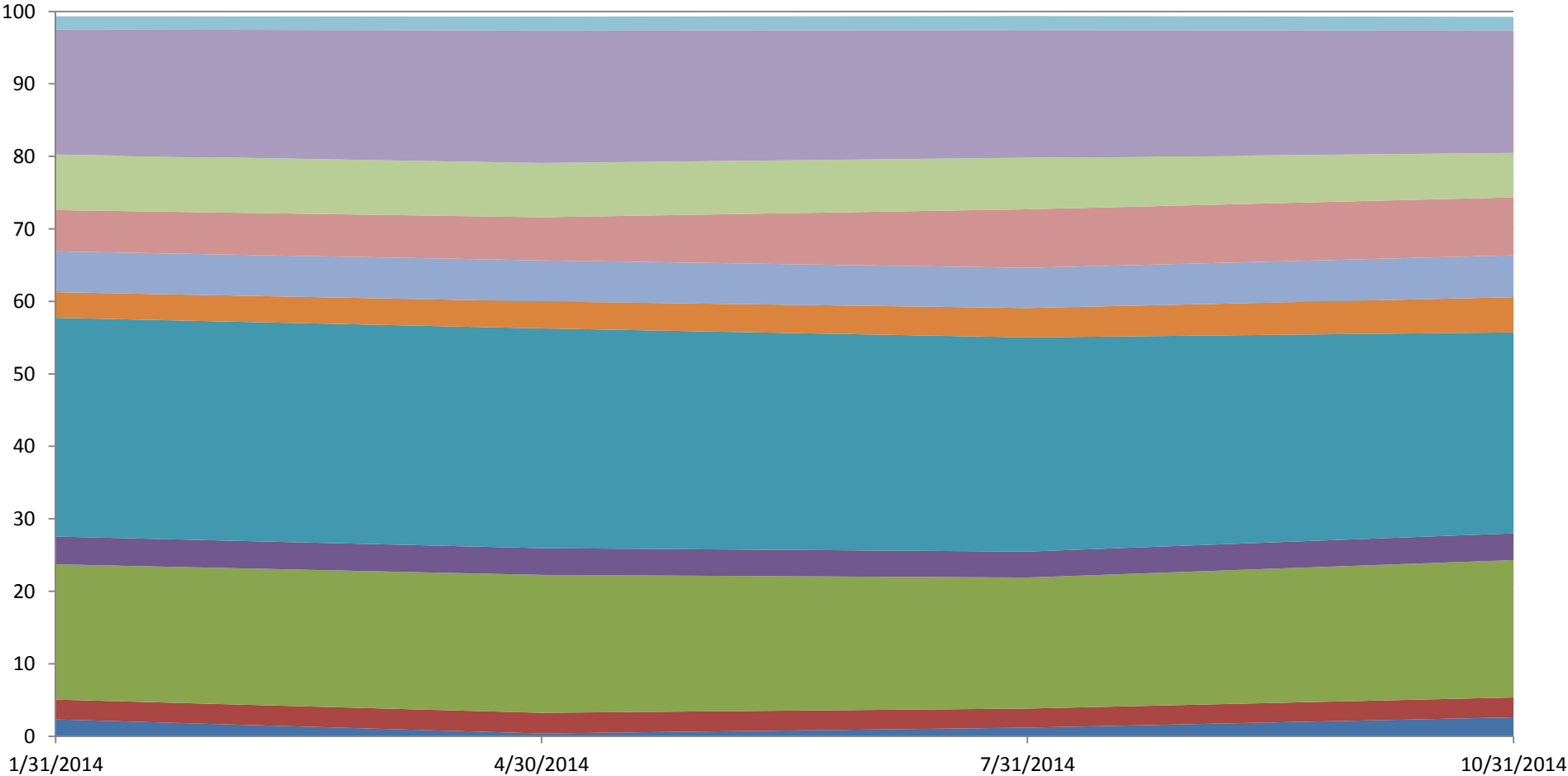


**San Mateo County  
Sub-Asset Class Allocation Over Time**



October 31, 2014

**Sub-Asset Class Allocation Over Time**



- Total Cash
- Total Commodities
- Total Fixed Income
- Total Hedge Fund Composite
- Total Large Cap Equity
- Total Private Equity
- Total Real Estate
- Total Risk Parity
- Total Small Cap Equity
- Total Developed Markets Equity
- Total Emerging Markets Equity

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

December 16, 2014

Agenda Item 6.2

**TO:** Board of Retirement

*Michael D. Coultrip*

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

**SUBJECT:** Quarterly Investment Performance Report for the Period Ending September 30, 2014

**Staff Recommendation**

Review Strategic Investment Solutions' Quarterly Performance Report for the period ending September 30, 2014.

**Discussion**

The net 3rd quarter total return for the SamCERA portfolio was -1.7%, which was 10 bps lower than the -1.6% policy benchmark return. As can be seen on Pages 10 and 11, outperformance in our Fixed Income and Alternatives composites was offset by underperformance in our Risk Parity and International Equity composites.

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

**Attachment**

SIS Quarterly Performance Report Ending 9/30/2014



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INVESTMENT PERFORMANCE SUMMARY

THIRD QUARTER 2014

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INVESTMENT PERFORMANCE ANALYSIS

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- Continued economic expansion in the US and strong employment metrics helped support the S&P 500, which rose 1.1% during the third quarter.
- Small cap equities significantly underperformed in the US as the Russell 2000 index declined 7.4% in the third quarter.
- Declining energy supply fears and the stronger US dollar led to a decrease in Russell 3000 energy stocks, which fell 9.2% during the third quarter.
- The euro fell 7.7% versus the dollar during the third quarter as weaker growth in the Eurozone, including economic contractions in Italy and Germany, soft Eurozone inflation, and monetary policy divergence boosted the attractiveness of the US dollar.
- The Treasury curve flattened as 1 through 5-year rates rose while 10 through 30-year rates declined. The shorter maturity rate increases were driven by increased expectations of a Federal Reserve rate hike in the middle of 2015.
- The MSCI Emerging Markets Net Return Index fell 3.5% during the third quarter on commodity price declines, a stronger dollar, and fears over Chinese growth.
- The State Street Investor Confidence Index® (ICI) measures risk appetite by analyzing buying and selling patterns of institutional investors. With confidence increasing among European institutions, the Global ICI rose 4.6 points during the quarter to 123.9, remaining well above the neutral level of 100.
- For the period ending 9/30/14, the one quarter returns for, respectively, the NAREIT Equity index and the NCREIF Property index (one quarter lag), are -3.1% and 2.9%; one-year, 13.1% and 11.2%; three-year, 16.7% and 11.3%; and five-year, 15.9% and 9.7%.
- US banks held more than \$1 billion of commercial construction loans at year-end 2013. There has been a year-over-year net construction lending increase of over \$65 million at the end of 2013, which includes both commercial and multifamily mortgages.
- At the same time, the national vacancy rate for neighborhood and community shopping centers was reported to be 10.3%. Causes mentioned include weak demand as the primary culprit; additionally, there has been the continuing impact of e-commerce.

- The Total Fund, net of manager fees, returned -1.7% in the third quarter of 2014 and ranked 55<sup>th</sup> among other public plans great than \$1 billion (median of -1.6%). It lagged the policy index return of -1.6%. The Total Fund w/o Overlay was -1.6% for the quarter. The Parametric Clifton Overlay strategy was funded August 2013. The one year return of 9.9% was behind the policy index return of 10.0% and ranked in 23<sup>rd</sup> percentile of its peer universe. The three-year return of 13.5% (19<sup>th</sup> percentile) was above median among large public plans (12.0%).
  
- Third quarter results were enhanced by the following factors:
  1. Commodity manager SSgA Multisource led its benchmark, Bloomberg (formerly known as DJ UBS) Commodity Index (-9.2% vs. -11.8%). The S&P GSCI quarterly return was -12.5%. The private real asset manager Taurus Mining was funded in August.
  2. Franklin Templeton depreciated 0.8% and ranked in the top quartile among global bond managers (median of -2.3%). The Barclays Multiverse Index was down 3.2%. Franklin's underweight positions in the euro and Japanese yen improved results.
  3. Hedge fund strategy AQR DELTA XN beat the LIBOR +4% (3.4% vs. 1.1%). It ranked in the top quartile among other hedge fund multi-strategy accounts (median of -0.1%). Managed futures (2.0%), equity market neutral (1.8%) and dedicated short bias (1.2%) strategies performed with best results.
  4. Private Equity investments appreciated 3.2% for the quarter. The Russell 3000 +3% Index was up 1.1%.
  5. The Angelo Gordon STAR Fund appreciated 1.8% (preliminary quarterly return) while the Barclays Aggregate was up 0.2%. The Angelo Gordon Opportunities strategy will be valued at one-quarter lag.
  6. Parametric Clifton (formerly known as Eaton Vance) led the MSCI Emerging Markets Index (-2.3% vs. -3.4%) and ranked in front of its peers median (-3.2%). Key contributors to quarterly performance were its exposure to UAE and Egypt and underweight to Korea and Brazil.
  7. The Boston Company returned -7.4%, versus -8.6% for the Russell 2000 Value Index, and ranked in the 64<sup>th</sup> percentile among its small cap value peers (median -6.8%). Performance alpha was mainly derived from its Industrials (Freightcar America, American Woodmark, Apogee Enterprises), Health Care (Natus Medical, LifePoint Hospitals) and Info Tech (Conversant, Brocade Communications) stock selection.

8. DE Shaw's return of 1.2% ranked in the second quartile among large cap core equity managers (0.4% median), and was ahead of its benchmark, the Russell 1000 Index (0.7%). Investments in the Industrials sector, plus its intra-quarter trading, helped quarterly results.
  9. The Invesco Core Real Estate-USA Fund returned 3.4% for the quarter and above par with the NCREIF ODCE Index (3.2%). During the quarter, industrial led the way generating a 3.30% unleveraged, property-level return, followed by apartments (1.97%), retail (1.91%) and office (1.76%).
  10. The BlackRock S&P 500 Index Fund (1.1%) matched its benchmark and ranked above the large cap core median of 0.3%.
  11. The Pyramis Broad Market Duration Fund added 0.2% to its value and ranked in the 40<sup>th</sup> percentile among core bond managers (median of 0.1%). The Barclays Aggregate Index was also up 0.2% for the quarter. An overweight to the corporates (financials) and underweight to MBS were additive to relative performance.
  12. The BlackRock EAFE Index Fund (-5.9%) matched its benchmark and ranked just below the EAFE core equity median of -5.8%.
  13. The Treasury and LAIF account was flat, 0.0%, during the quarter. The 91-Day T-Bill returned 0.0% during the same time period.
- Third quarter results were hindered by the following factors:
    1. AQR Global Risk Enhanced Liquidity was down 3.6% while the blended 60% Russell 3000/ 40% Barclays Aggregate Index was 0.1%. Third quarter gross return attribution is as follows: equity (0.0%), nominal interest rates 1.1%), inflation (-4.1%) and credit/default (-0.5%) risk. PanAgora was funded in July.
    2. The Angelo Gordon Opportunities strategy, valued at one-quarter lag, returned -2.4%. The Barclays Aggregate Index was up 0.2%.
    3. Brown Advisory was outpaced by the Russell 1000 Growth Index (-0.2% vs. 1.5%) and ranked in the bottom quartile among large cap growth managers (median of 1.0%). Select Info Tech stocks (Cognizant Technology, Genpact) and a relative overweight to Energy hurt performance.

4. Baillie Gifford trailed its benchmark, the MSCI ACWI ex US (-6.3% vs. -5.2%). It ranked in the bottom quartile among ACWI ex US growth equity managers (median of -5.0%). Owing British Hargreaves Lansdown, Swedish Kinnevik and German Addidas were detractors during the quarter.
5. The opportunistic credit high yield manager, Brigade Capital, lagged its benchmark, the Barclays BAA Intermediate High Yield Index (-2.1% vs. -1.5%). The median high yield quarterly return was -1.9%. Long high yield positions and distressed portfolios were top detractors to performance during the quarter.
6. Barrow Hanley's return of -0.8% was behind the Russell 1000 Value Index (-0.2%) and ranked in the third quartile among large cap value equity managers (median of -0.4%). Performance was dampened by its security selection in the Industrials (KBR, Eaton, Owens Corning) and Info Tech (Oracle) sectors.
7. The Pyramis Select International Small Cap Plus quarterly portfolio result of -7.2% was below the MSCI ACWI ex US Small Cap (-6.7%), and ranked in the 78<sup>th</sup> percentile among ACWI ex US small cap managers. Holdings in the Japan and Brazil held back relative performance. Industrials (Ramirent, Deutz) and Consumer Discretionary (T4F Entretenimento, Ipsos) were two of the primary sector detractors.
8. Mondrian returned -5.9%, trailed the MSCI ACWI ex US Value (-5.6%) and ranked in the 60<sup>th</sup> percentile among its ACWI ex US Value equity peers (-5.5% median). Performance results were hindered by stock selection in the UK, Brazil and the Netherlands, as well positions in the consumer staples sector (Tesco).
9. Chartwell lost more value, -6.3%, than the Russell 2000 Growth Index, -6.1%. Chartwell ranked in 64<sup>th</sup> percentile among small cap growth managers (median of -5.6%). Negative attributes include stock selection the Industrials (Trimus, Columbus McKinnon) and Consumer Staples (Inter Parfums) sectors.
10. Western Asset Management's quarter was below par. It carried a return of 0.1% and ranked with the core bond manager median of 0.1%. The Barclays Aggregate Index returned 0.2%. Its select high yield, emerging markets and corporates exposure created negative performance alpha.
11. Brown Brothers Harriman dropped 2.1%, was outpaced by the Barclays US TIPS Index (-2.0%) and ranked in the third quartile among inflation linked bond accounts (median of -2.0%). Its use of futures slightly detracted from relative performance.

# San Mateo County Employees' Retirement Association

## Performance Summary (Net of Fees)

Periods Ending September 30, 2014

	3 Mo (%)	Rank *	9 Mo (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
<b>Total Fund **</b>	<b>-1.7</b>	<b>55</b>	<b>3.9</b>	<b>48</b>	<b>9.9</b>	<b>23</b>	<b>11.4</b>	<b>24</b>	<b>13.5</b>	<b>19</b>	<b>10.1</b>	<b>27</b>	<b>6.3</b>	<b>69</b>
<i>Policy Index</i> <sup>1</sup>	-1.6	49	4.2	37	10.0	22	11.6	20	14.2	10	10.6	11	7.3	11
<i>Allocation Index</i>	-1.6	51	3.9	45	10.0	22	11.6	20	--	--	--	--	--	--
<i>InvestorForce Public DB &gt; \$1B Net Median</i>	-1.6		3.9		8.7		10.2		12.0		9.7		6.7	
<b>Total Fund ex Overlay</b>	<b>-1.6</b>	<b>47</b>	<b>4.0</b>	<b>41</b>	<b>9.9</b>	<b>23</b>	<b>11.4</b>	<b>23</b>	<b>13.5</b>	<b>19</b>	<b>10.1</b>	<b>27</b>	<b>6.3</b>	<b>69</b>
<i>Policy Index</i> <sup>1</sup>	-1.6	49	4.2	37	10.0	22	11.6	20	14.2	10	10.6	11	7.3	11
<i>Allocation Index</i>	-1.6	51	3.9	45	10.0	22	11.6	20	--	--	--	--	--	--
<i>InvestorForce Public DB &gt; \$1B Net Median</i>	-1.6		3.9		8.7		10.2		12.0		9.7		6.7	
<b>Total Equity</b>	<b>-2.6</b>	<b>67</b>	<b>2.9</b>	<b>60</b>	<b>11.2</b>	<b>61</b>	<b>16.1</b>	<b>58</b>	<b>18.8</b>	<b>58</b>	<b>11.9</b>	<b>69</b>	<b>6.8</b>	<b>79</b>
<i>Blended Equity Index</i> <sup>2</sup>	-2.7	74	3.4	45	11.9	51	16.3	57	19.2	51	12.5	54	7.9	34
<i>InvestorForce All DB Total Eq Net Median</i>	-2.2		3.2		11.9		16.6		19.2		12.6		7.6	
<b>US Equity</b>	<b>-0.8</b>	<b>52</b>	<b>4.4</b>	<b>67</b>	<b>14.3</b>	<b>69</b>	<b>18.9</b>	<b>61</b>	<b>22.3</b>	<b>54</b>	<b>15.1</b>	<b>62</b>	<b>7.3</b>	<b>87</b>
<i>80% R1000/ 20% R2000</i> <sup>2</sup>	-1.0	57	5.4	43	15.9	44	19.3	50	22.9	31	15.6	35	8.5	34
<i>InvestorForce All DB US Eq Net Median</i>	-0.8		5.1		15.5		19.3		22.4		15.3		8.2	
<b>Large Cap Equity</b>	<b>0.6</b>	<b>--</b>	<b>6.5</b>	<b>--</b>	<b>17.0</b>	<b>--</b>	<b>19.2</b>	<b>--</b>	<b>22.3</b>	<b>--</b>	<b>14.8</b>	<b>--</b>	<b>7.6</b>	<b>--</b>
<i>Russell 1000</i>	0.7	--	8.0	--	19.0	--	20.0	--	23.2	--	15.9	--	8.5	--
<i>Barrow Hanley</i>	-0.8	66	4.1	91	14.1	83	21.1	39	23.7	34	15.7	29	--	--
<i>Russell 1000 Value</i>	-0.2	46	8.1	29	18.9	35	20.6	43	23.9	31	15.3	37	7.8	67
<i>eA US Large Cap Value Equity Net Median</i>	-0.4		6.8		17.5		20.0		22.2		14.7		8.4	
<i>BlackRock S&amp;P 500 Index</i>	1.1	27	8.3	24	19.7	25	--	--	--	--	--	--	--	--
<i>S&amp;P 500</i>	1.1	27	8.3	24	19.7	25	19.5	43	23.0	34	15.7	35	8.1	64
<i>eA US Large Cap Equity Net Median</i>	0.3		6.6		17.7		19.0		21.8		14.9		8.5	
<i>Brown Advisory</i>	-0.2	83	1.7	96	10.2	97	--	--	--	--	--	--	--	--
<i>Russell 1000 Growth</i>	1.5	37	7.9	24	19.1	30	19.2	41	22.4	39	16.5	21	8.9	42
<i>eA US Large Cap Growth Equity Net Median</i>	1.0		5.7		17.3		18.7		21.7		15.4		8.7	

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

\*\* Includes Parametric Clifton Overlay manager funded in August 2013.

1. Effective 1/1/14, Policy Index is 24% Russell 1000/ 6% Russell 2000/ 20% MSCI ACWI ex US IMI/ 9.25% Barclays Aggregate/ 5% Barclays BA Intermediate HY / 2% Barclays Tips/ 3.75% Barclays Multi-verse/ 6% NCREIF NFI ODCE/ 7% Russell 3000 + 3% 8% (60% Russell 3000/40% Barclays Aggregate)/ 4% Libor +4%/ 3% Bloomberg Commodity/ 2% CPI +5%

2. See Appendix for Benchmark History.

# San Mateo County Employees' Retirement Association

## Performance Summary (Net of Fees)

Periods Ending September 30, 2014

	3 Mo (%)	Rank	9 Mo (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
DE Shaw	1.2	16	7.4	43	17.6	58	20.3	29	24.4	14	15.8	29	--	--
<i>Russell 1000</i>	0.7	38	8.0	37	19.0	35	20.0	34	23.2	22	15.9	29	8.5	54
<i>eA US Large Cap Core Equity Net Median</i>	0.4		6.9		18.0		18.8		21.7		14.9		8.6	
<b>Small Cap Equity</b>	<b>-6.9</b>	<b>--</b>	<b>-4.2</b>	<b>--</b>	<b>3.7</b>	<b>--</b>	<b>17.4</b>	<b>--</b>	<b>21.9</b>	<b>--</b>	<b>15.9</b>	<b>--</b>	<b>6.3</b>	<b>--</b>
<i>Russell 2000</i>	-7.4	--	-4.4	--	3.9	--	16.3	--	21.3	--	14.3	--	8.2	--
The Boston Co	-7.4	64	-4.6	77	3.9	76	16.3	65	22.8	40	13.7	68	--	--
<i>Russell 2000 Value</i>	-8.6	81	-4.7	77	4.1	75	15.0	79	20.6	64	13.0	79	7.3	87
<i>eA US Small Cap Value Equity Net Median</i>	-6.8		-2.4		6.5		18.0		22.3		14.8		8.9	
Chartwell	-6.3	64	-3.7	33	3.7	42	18.1	43	23.6	25	17.9	17	--	--
<i>Russell 2000 Growth</i>	-6.1	63	-4.0	38	3.8	41	17.5	47	21.9	46	15.5	64	9.0	58
<i>eA US Small Cap Growth Equity Net Median</i>	-5.6		-5.5		2.1		17.1		21.1		16.2		9.4	
<b>International Equity</b>	<b>-5.8</b>	<b>76</b>	<b>0.4</b>	<b>25</b>	<b>5.5</b>	<b>32</b>	<b>10.7</b>	<b>63</b>	<b>11.5</b>	<b>80</b>	<b>5.2</b>	<b>78</b>	<b>6.2</b>	<b>61</b>
<i>MSCI ACWI ex US IMI <sup>2</sup></i>	-5.4	58	0.4	25	5.2	37	10.9	57	12.3	66	6.5	51	7.5	33
<i>MSCI EAFE Gross</i>	-5.8	77	-1.0	61	4.7	50	14.1	17	14.2	29	7.0	39	6.8	51
<i>InvestorForce All DB ex-US Eq Net Median</i>	-5.3		-0.5		4.7		11.2		12.8		6.5		6.8	
<b>Developed Markets</b>	<b>-6.2</b>	<b>84</b>	<b>0.0</b>	<b>43</b>	<b>5.3</b>	<b>48</b>	<b>11.4</b>	<b>71</b>	<b>12.0</b>	<b>73</b>	<b>5.5</b>	<b>73</b>	<b>6.4</b>	<b>50</b>
<i>MSCI ACWI ex USA Gross</i>	-5.2	63	0.4	31	5.2	48	10.9	77	12.3	68	6.5	53	7.5	21
<i>InvestorForce All DB Dev Mkt ex-US Eq Net Median</i>	-4.7		-0.6		5.1		12.7		13.1		6.5		6.4	
Baillie Gifford	-6.3	76	-1.4	50	3.0	67	12.1	40	--	--	--	--	--	--
<i>MSCI ACWI ex US <sup>2</sup></i>	-5.2	58	0.4	27	6.2	29	14.9	16	--	--	--	--	--	--
<i>MSCI ACWI ex US Growth <sup>2</sup></i>	-4.8	45	0.0	37	5.1	33	14.0	21	--	--	--	--	--	--
<i>eA ACWI ex-US Growth Equity Net Median</i>	-5.0		-1.4		4.2		11.4		13.6		8.3		8.4	
BlackRock EAFE Index <sup>+</sup>	-5.9	53	-1.2	52	--	--	--	--	--	--	--	--	--	--
<i>MSCI EAFE</i>	-5.9	53	-1.4	56	4.3	64	13.6	57	13.6	72	6.6	87	6.3	86
<i>MSCI EAFE Gross</i>	-5.8	52	-1.0	51	4.7	61	14.1	53	14.2	67	7.0	82	6.8	50
<i>eA EAFE Core Equity Net Median</i>	-5.8		-1.0		5.7		14.8		15.3		8.3		6.8	
Mondrian	-5.9	60	2.8	15	8.3	19	11.5	61	11.5	79	6.6	65	--	--
<i>MSCI ACWI ex USA Value Gross</i>	-5.6	51	0.8	31	5.8	40	11.4	62	12.4	68	5.8	89	7.5	47
<i>MSCI ACWI ex USA Gross</i>	-5.2	31	0.4	37	5.2	48	10.9	67	12.3	71	6.5	76	7.5	46
<i>eA ACWI ex-US Value Equity Net Median</i>	-5.5		-0.2		5.2		12.0		13.2		7.1		7.3	

+ BlackRock EAFE Index funded in December 2013.

2. See Appendix for Benchmark History.



# San Mateo County Employees' Retirement Association

## Performance Summary (Net of Fees)

Periods Ending September 30, 2014

	3 Mo (%)	Rank	9 Mo (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Pyramis Equity	-7.2	78	-1.8	60	2.6	67	10.0	99	--	--	--	--	--	--
MSCI ACWI ex US Small Cap Gross	-6.7	54	0.3	40	4.9	61	12.4	76	12.9	99	8.7	99	9.4	84
eA ACWI ex-US Small Cap Equity Net Median	-6.6		-0.6		6.2		15.9		15.9		12.0		10.2	
<b>Emerging Markets</b>	<b>-2.3</b>	<b>19</b>	<b>4.5</b>	<b>26</b>	<b>7.3</b>	<b>20</b>	<b>5.7</b>	<b>15</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
MSCI Emerging Markets Gross	-3.4	50	2.7	66	4.7	49	3.0	50	7.6	55	4.8	32	11.0	7
InvestorForce All DB Emg Mkt Eq Net Median	-3.4		3.5		4.6		3.0		7.7		3.8		9.9	
Parametric Clifton	-2.3	32	4.5	34	7.2	33	5.7	40	--	--	--	--	--	--
MSCI Emerging Markets Gross	-3.4	53	2.7	51	4.7	62	3.0	73	7.6	65	4.8	67	11.0	70
eA Emg Mkts Equity Net Median	-3.2		2.8		5.8		4.6		8.8		5.9		11.7	
<b>Total Fixed Income</b>	<b>-0.5</b>	<b>69</b>	<b>4.4</b>	<b>38</b>	<b>5.5</b>	<b>36</b>	<b>3.5</b>	<b>15</b>	<b>6.3</b>	<b>14</b>	<b>7.1</b>	<b>25</b>	<b>5.3</b>	<b>60</b>
Blended Fixed Index <sup>2</sup>	-1.1	88	3.5	57	3.3	70	0.4	91	2.5	83	4.3	76	4.7	78
InvestorForce All DB Total Fix Inc Net Median	-0.1		3.8		4.3		1.8		4.4		5.3		5.7	
<b>US Fixed Income</b>	<b>-0.4</b>	<b>80</b>	<b>4.8</b>	<b>34</b>	<b>5.3</b>	<b>40</b>	<b>3.0</b>	<b>27</b>	<b>5.5</b>	<b>25</b>	<b>6.9</b>	<b>26</b>	<b>5.3</b>	<b>47</b>
Blended US Fixed Index <sup>2</sup>	-0.6	86	3.9	54	3.7	70	0.6	88	2.8	75	4.5	69	4.8	62
InvestorForce All DB US Fix Inc Net Median	0.0		4.1		4.9		2.0		4.3		5.4		5.2	
<b>Core Fixed</b>	<b>0.1</b>	<b>--</b>	<b>4.9</b>	<b>--</b>	<b>5.2</b>	<b>--</b>	<b>2.0</b>	<b>--</b>	<b>4.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Barclays Aggregate	0.2	--	4.1	--	4.0	--	1.1	--	2.4	--	4.1	--	4.6	--
Pyramis Bond	0.2	40	4.6	22	4.7	29	1.8	26	3.6	31	5.5	20	--	--
Western Asset	0.1	62	5.3	9	5.8	12	2.4	14	4.6	14	6.6	5	--	--
Barclays Aggregate	0.2	41	4.1	56	4.0	65	1.1	69	2.4	79	4.1	73	4.6	70
eA US Core Fixed Inc Net Median	0.1		4.2		4.2		1.4		3.1		4.6		4.9	
<b>TIPS</b>	<b>-2.1</b>	<b>--</b>	<b>2.0</b>	<b>--</b>	<b>0.3</b>	<b>--</b>	<b>-3.0</b>	<b>--</b>	<b>1.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Barclays US TIPS	-2.0	--	3.7	--	1.6	--	-2.3	--	1.3	--	4.5	--	4.6	--
Brown Brothers Harriman	-2.1	66	2.0	72	0.3	90	-3.0	90	1.0	62	--	--	--	--
Barclays US TIPS	-2.0	53	3.7	58	1.6	37	-2.3	68	1.3	52	4.5	62	4.6	55
eA TIPS / Infl Indexed Fixed Inc Net Median	-2.0		3.7		1.4		-2.1		1.4		4.6		4.7	

\* Name change from Eaton Vance Management in June 2014

\*\* Angelo Gordon PPIP was liquidated in June 2013 with holdback set aside for expenses. Full liquidation by May 2014.

2. See Appendix for Benchmark History.

Performance Summary (Net of Fees)

Periods Ending September 30, 2014

	3 Mo (%)	Rank	9 Mo (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
<b>Opportunistic Credit</b>	<b>-0.6</b>	<b>--</b>	<b>6.6</b>	<b>--</b>	<b>9.6</b>	<b>--</b>	<b>11.2</b>	<b>--</b>	<b>14.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Barclays BA Intermediate HY</i>	-1.5	--	3.7	--	5.1	--	1.6	--	5.1	--	--	--	--	--
Angelo Gordon Opportunistic *	-2.4	--	--	--	--	--	--	--	--	--	--	--	--	--
Angelo Gordon STAR **	1.8	--	12.6	--	17.0	--	--	--	--	--	--	--	--	--
<i>Barclays Aggregate</i>	0.2	--	4.1	--	4.0	--	1.1	--	2.4	--	4.1	--	4.6	--
Brigade Capital	-2.1	74	3.1	65	5.5	85	6.9	47	9.7	75	--	--	--	--
<i>Barclays BA Intermediate HY<sup>2</sup></i>	-1.5	16	3.7	31	5.1	88	1.6	98	5.1	96	--	--	--	--
<i>50% Barclays HY/ 50% Bank Loan</i>	-1.1	6	3.0	71	5.8	82	6.1	74	9.0	85	--	--	--	--
<i>eA US High Yield Fixed Inc Net Median</i>	-1.9		3.3		6.9		6.8		10.5		10.1		7.7	
<b>Global Fixed Income</b>	<b>-0.8</b>	<b>14</b>	<b>2.7</b>	<b>56</b>	<b>6.2</b>	<b>21</b>	<b>5.8</b>	<b>4</b>	<b>9.4</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Barclays Multi-verse</i>	-3.2	88	1.7	75	1.4	81	-0.4	69	1.5	94	3.0	94	4.5	98
<i>InvestorForce All DB Glbl Fix Inc Net Median</i>	-2.1		3.0		4.9		1.1		4.7		4.7		5.8	
Franklin Templeton +	-0.8	24	2.3	69	5.9	39	5.6	19	9.3	16	--	--	--	--
<i>Barclays Multi-verse</i>	-3.2	78	1.7	83	1.4	85	-0.4	81	1.5	82	3.0	82	4.5	80
<i>eA All Global Fixed Inc Net Median</i>	-2.3		3.0		4.7		2.8		4.7		5.1		5.4	
<b>Alternatives</b>	<b>0.2</b>	<b>--</b>	<b>3.7</b>	<b>--</b>	<b>8.0</b>	<b>--</b>	<b>2.9</b>	<b>--</b>	<b>6.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Alternatives Allocation Index<sup>2</sup></i>	-2.3	--	3.2	--	8.0	--	7.2	--	9.2	--	--	--	--	--
<i>Blended Alternatives Index</i>	-1.4	--	4.3	--	10.6	--	10.9	--	14.0	--	--	--	--	--
<b>Private Equity</b>	<b>3.2</b>	<b>12</b>	<b>9.1</b>	<b>39</b>	<b>20.7</b>	<b>12</b>	<b>11.8</b>	<b>47</b>	<b>10.0</b>	<b>53</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Russell 3000 +3%</i>	1.1	32	9.0	39	20.8	11	22.7	1	26.1	1	18.8	1	11.5	30
<i>InvestorForce All DB Private Eq Net Median</i>	0.0		7.5		13.6		11.6		10.4		11.8		9.2	
<b>Hedge Fund</b>	<b>3.4</b>	<b>3</b>	<b>3.5</b>	<b>38</b>	<b>8.5</b>	<b>18</b>	<b>6.7</b>	<b>86</b>	<b>5.9</b>	<b>86</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Libor 1 month +4%</i>	1.1	9	3.1	49	4.2	93	4.2	95	4.2	93	--	--	--	--
<i>InvestorForce All DB Hedge Funds Net Median</i>	-0.2		3.0		7.2		8.6		7.6		5.5		4.7	
AQR DELTA XN	3.4	7	3.5	40	8.5	36	6.7	53	5.9	59	--	--	--	--
<i>Libor 1 month +4%</i>	1.1	30	3.1	45	4.2	63	4.2	73	4.2	73	--	--	--	--
<i>eA HFN Multi-Strategy Net Median</i>	-0.1		2.7		5.7		7.0		7.1		6.3		8.3	

\* Funded April 2014. Return is one-quarter lag.

\*\* Preliminary returns as of 09/30/14. (Third quarter returns are not available at reporting period.)

+ Switched from separate account to commingled structure in June 2014.

2. See Appendix for Benchmark History.

Performance Summary (Net of Fees)

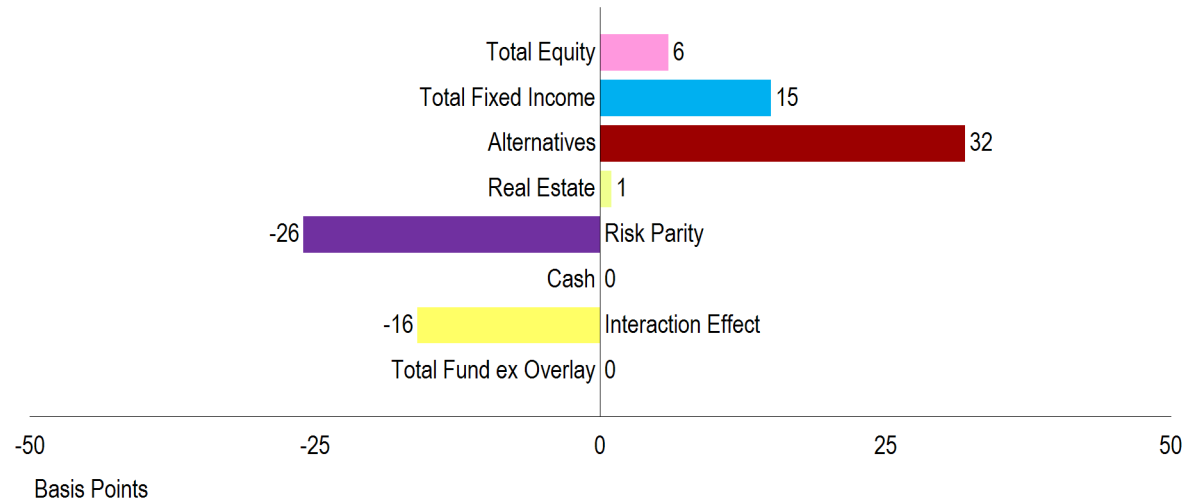
Periods Ending September 30, 2014

	3 Mo (%)	Rank	9 Mo (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
<b>Commodity</b>	<b>-9.2</b>	<b>--</b>	<b>-4.1</b>	<b>--</b>	<b>-5.0</b>	<b>--</b>	<b>-7.9</b>	<b>--</b>	<b>0.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Bloomberg Commodity Index TR USD</i>	-11.8	--	-5.6	--	-6.6	--	-10.5	--	-5.3	--	-1.4	--	-1.0	--
SSgA Multisource Commodity	-9.2	--	-4.0	--	-4.9	--	-7.9	--	0.0	--	--	--	--	--
<i>Bloomberg Commodity Index TR USD</i>	-11.8	--	-5.6	--	-6.6	--	-10.5	--	-5.3	--	-1.4	--	-1.0	--
<i>S&amp;P Goldman Sachs Commodity</i>	-12.5	--	-7.5	--	-7.8	--	-6.0	--	-0.1	--	--	--	--	--
<b>Private Real Asset</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>CPI +5%</i>	1.2	--	5.2	--	--	--	--	--	--	--	--	--	--	--
Taurus Mining *	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<i>CPI +5%</i>	1.2	--	5.2	--	--	--	--	--	--	--	--	--	--	--
<b>Real Estate</b>	<b>3.4</b>	<b>7</b>	<b>8.3</b>	<b>49</b>	<b>11.8</b>	<b>27</b>	<b>12.1</b>	<b>14</b>	<b>11.2</b>	<b>50</b>	<b>11.6</b>	<b>39</b>	<b>7.0</b>	<b>20</b>
<i>NCREIF ODCE</i>	3.2	17	8.9	18	12.4	18	12.7	6	12.3	29	12.4	16	7.6	11
<i>InvestorForce All DB Real Estate Net Median</i>	1.7		8.2		11.3		10.9		11.2		11.0		5.8	
Invesco	3.4	--	8.3	--	11.8	--	12.1	--	11.2	--	11.6	--	7.0	--
<i>NCREIF ODCE</i>	3.2	--	8.9	--	12.4	--	12.7	--	12.3	--	12.4	--	7.6	--
<b>Risk Parity +</b>	<b>-3.2</b>	<b>--</b>	<b>10.3</b>	<b>--</b>	<b>12.1</b>	<b>--</b>	<b>4.6</b>	<b>--</b>	<b>9.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>60/40 Russell 3000/Barclays Aggregate</i>	0.1	--	5.9	--	12.2	--	12.0	--	14.6	--	11.3	--	7.2	--
<b>AQR GPR EL</b>	<b>-3.6</b>	<b>--</b>	<b>9.8</b>	<b>--</b>	<b>11.6</b>	<b>--</b>	<b>4.4</b>	<b>--</b>	<b>8.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
PanAgora **	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<i>60/40 Russell 3000/Barclays Aggregate</i>	0.1	--	5.9	--	12.2	--	12.0	--	14.6	--	11.3	--	7.2	--
<b>Cash</b>	<b>0.2</b>	<b>--</b>	<b>0.2</b>	<b>--</b>	<b>0.3</b>	<b>--</b>	<b>0.4</b>	<b>--</b>	<b>0.5</b>	<b>--</b>	<b>0.7</b>	<b>--</b>	<b>1.5</b>	<b>--</b>
<i>91 Day T-Bills</i>	0.0	--	0.0	--	0.0	--	0.0	--	0.0	--	0.1	--	1.5	--
General Account	0.3	--	0.3	--	0.3	--	0.2	--	0.2	--	0.2	--	1.8	--
Treasury & LAIF	0.0	--	1.3	--	0.8	--	0.7	--	0.7	--	0.9	--	1.4	--
<i>91 Day T-Bills</i>	0.0	--	0.0	--	0.0	--	0.0	--	0.0	--	0.1	--	1.5	--

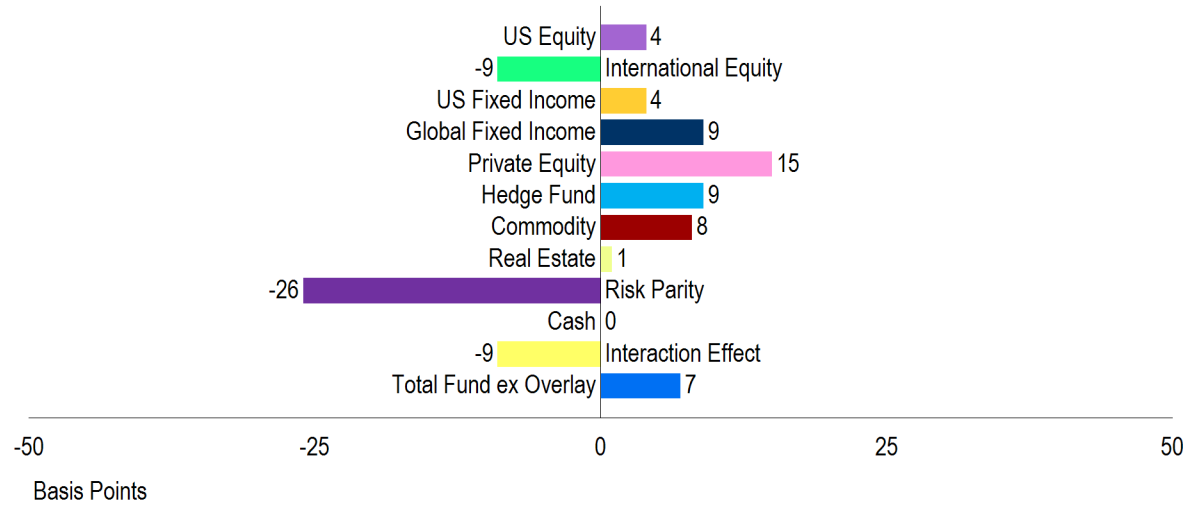
\* Funded August 2014.

\*\*Funded July 2014.

+ Removed from Alternatives composite to its own asset class in January 2014.



	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Equity	-2.62%	-2.74%	0.11%	0.06%	-0.04%	0.00%	0.02%
Total Fixed Income	-0.45%	-1.10%	0.65%	0.15%	-0.02%	-0.02%	0.10%
Alternatives	0.16%	-1.37%	1.53%	0.32%	-0.04%	-0.15%	0.13%
Real Estate	3.41%	3.24%	0.17%	0.01%	-0.03%	0.00%	-0.02%
Risk Parity	-3.20%	0.09%	-3.29%	-0.26%	0.00%	0.01%	-0.26%
Cash	0.21%	0.00%	0.21%	0.00%	0.02%	0.00%	0.02%
<b>Total</b>	<b>-1.60%</b>	<b>-1.76%</b>	<b>0.16%</b>	<b>0.27%</b>	<b>-0.10%</b>	<b>-0.16%</b>	<b>0.00%</b>

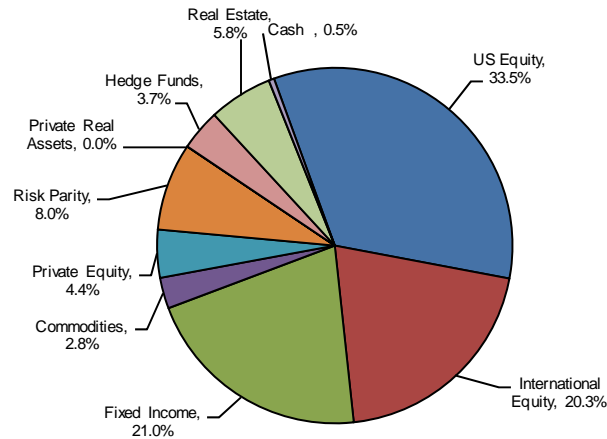


	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
US Equity	-0.82%	-0.97%	0.15%	0.04%	0.04%	0.01%	0.09%
International Equity	-5.80%	-5.39%	-0.41%	-0.09%	0.01%	0.00%	-0.08%
US Fixed Income	-0.38%	-0.62%	0.24%	0.04%	-0.01%	0.00%	0.03%
Global Fixed Income	-0.83%	-3.19%	2.36%	0.09%	0.01%	-0.02%	0.08%
Private Equity	3.23%	1.14%	2.09%	0.15%	-0.08%	-0.06%	0.01%
Hedge Fund	3.41%	1.05%	2.36%	0.09%	-0.01%	-0.01%	0.07%
Commodity	-9.20%	-11.83%	2.63%	0.08%	0.04%	-0.01%	0.11%
Real Estate	3.41%	3.24%	0.17%	0.01%	-0.02%	0.00%	-0.02%
Risk Parity	-3.20%	0.09%	-3.29%	-0.26%	0.00%	0.01%	-0.26%
Cash	0.21%	0.00%	0.21%	0.00%	0.02%	0.00%	0.02%
<b>Total</b>	<b>-1.59%</b>	<b>-1.62%</b>	<b>0.04%</b>	<b>0.16%</b>	<b>-0.01%</b>	<b>-0.09%</b>	<b>0.07%</b>

Asset Allocation Analysis

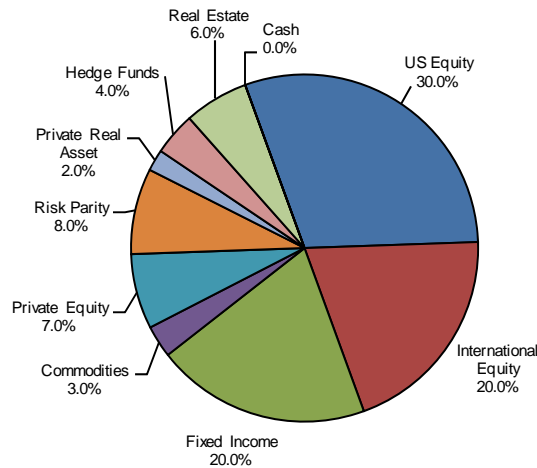
As of September 30, 2014

**Current w/Overlay**



ASSET ALLOCATION	MARKET VALUE	W/OVERLAY	W/O OVERLAY
US Equity	1,092,840,958	33.5%	33.4%
International Equity	628,275,183	20.3%	19.2%
Fixed Income	619,899,740	21.0%	18.9%
Commodities	92,110,724	2.8%	2.8%
Private Equity	142,689,116	4.4%	4.4%
Risk Parity	260,193,466	8.0%	8.0%
Private Real Assets	699,270	0.0%	0.0%
Hedge Funds	121,921,336	3.7%	3.7%
Real Estate	189,827,684	5.8%	5.8%
Cash	123,589,046	0.5%	3.8%
<b>TOTAL</b>	<b>3,272,046,523</b>	<b>100.0%</b>	<b>100.0%</b>

**Target**

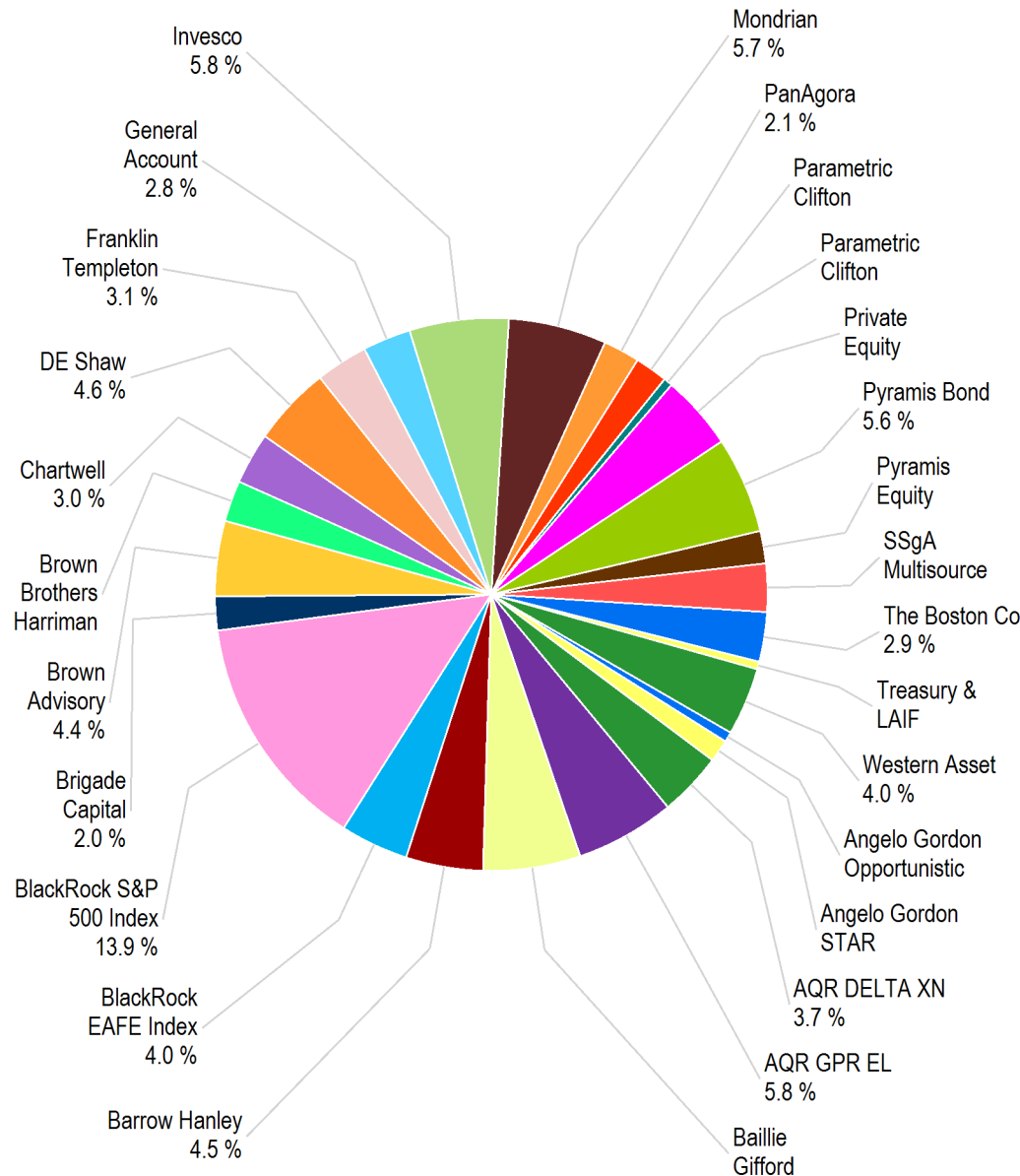


ASSET ALLOCATION	W/OVERLAY	TARGET	DIFF
US Equity	33.5%	30.0%	3.5%
International Equity	20.3%	20.0%	0.3%
Fixed Income	21.0%	20.0%	1.0%
Commodities	2.8%	3.0%	-0.2%
Private Equity	4.4%	7.0%	-2.6%
Risk Parity	8.0%	8.0%	0.0%
Private Real Asset	0.0%	2.0%	-2.0%
Hedge Funds	3.7%	4.0%	-0.3%
Real Estate	5.8%	6.0%	-0.2%
Cash	0.5%	0.0%	0.5%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

# San Mateo County Employees' Retirement Association

## Manager Allocation Analysis - Total Plan

As of September 30, 2014



	Actual \$	Actual %
Angelo Gordon Opportunistic	\$19,104,837	0.6%
Angelo Gordon PPIP	\$19,342	0.0%
Angelo Gordon STAR	\$43,289,540	1.3%
AQR DELTA XN	\$121,921,336	3.7%
AQR GPR EL	\$190,435,823	5.8%
Artio	\$2,917	0.0%
Baillie Gifford	\$186,008,939	5.7%
Barrow Hanley	\$147,681,711	4.5%
BlackRock EAFE Index	\$130,298,072	4.0%
BlackRock S&P 500 Index	\$455,850,841	13.9%
Brigade Capital	\$64,880,798	2.0%
Brown Advisory	\$143,974,434	4.4%
Brown Brothers Harriman	\$78,446,062	2.4%
Chartwell	\$98,583,709	3.0%
DE Shaw	\$151,962,872	4.6%
Franklin Templeton	\$99,829,178	3.1%
General Account	\$92,105,705	2.8%
Invesco	\$189,827,684	5.8%
Mondrian	\$187,445,160	5.7%
PanAgora	\$69,757,643	2.1%
Parametric Clifton	\$62,433,134	1.9%
Parametric Clifton Overlay	\$16,917,397	0.5%
Private Equity	\$142,689,116	4.4%
Pyramis Bond	\$184,454,989	5.6%
Pyramis Equity	\$62,086,960	1.9%
SSgA Multisource Commodity	\$92,110,724	2.8%
Taurus Mining	\$699,270	0.0%
The Boston Co	\$94,787,392	2.9%
Treasury & LAIF	\$14,565,944	0.4%
Western Asset	\$129,874,995	4.0%
<b>Total</b>	<b>\$3,272,046,523</b>	

**Statistics Summary**

**3 Years**

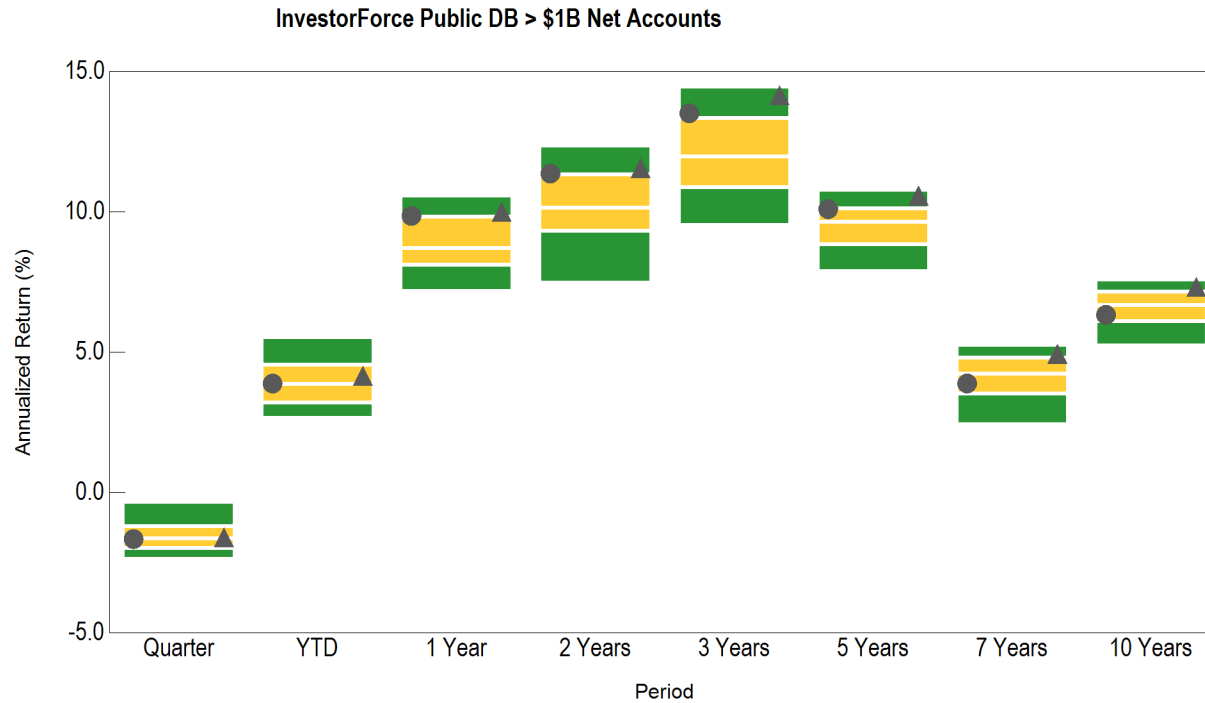
	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank	Information Ratio	Information Ratio Rank	Tracking Error	Tracking Error Rank
Total Fund	13.5%	19	7.6%	81	1.8	43	-0.7	31	0.9%	7
Policy Index	14.2%	10	8.0%	90	1.8	44	--	--	0.0%	1
InvestorForce Public DB > \$1B Net Median	12.0%	--	6.8%	--	1.8	--	-1.1	--	1.8%	--

**Statistics Summary**

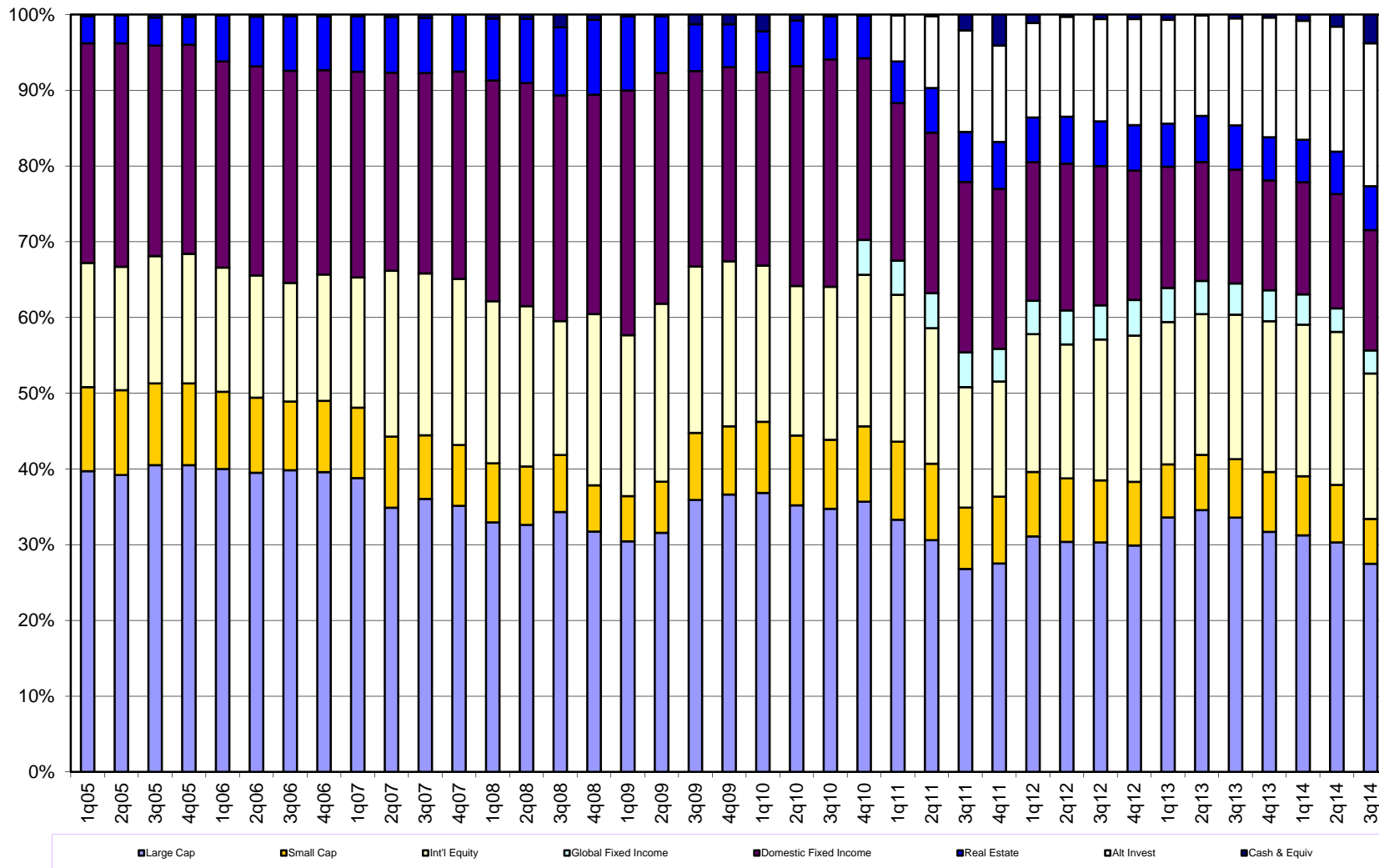
**5 Years**

	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	10.1%	27	9.3%	80	1.1	76	-0.5	51	1.0%	3
Policy Index	10.6%	11	9.6%	90	1.1	72	--	--	0.0%	1
InvestorForce Public DB > \$1B Net Median	9.7%	--	8.1%	--	1.1	--	-0.5	--	1.9%	--



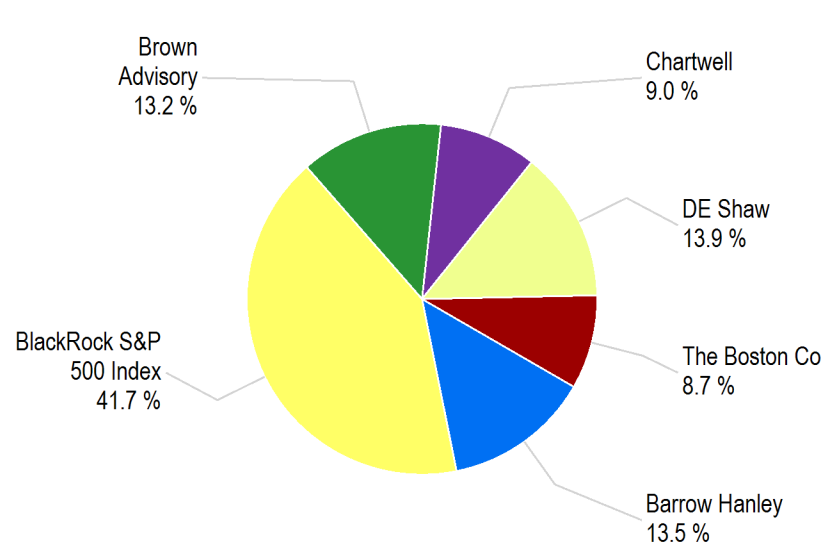


	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	-0.3	5.5	10.6	12.4	14.5	10.8	5.2	7.6
<b>25th Percentile</b>	-1.2	4.6	9.9	11.3	13.4	10.1	4.8	7.2
<b>Median</b>	-1.6	3.9	8.7	10.2	12.0	9.7	4.2	6.7
<b>75th Percentile</b>	-2.0	3.2	8.1	9.3	10.9	8.9	3.6	6.1
<b>95th Percentile</b>	-2.3	2.7	7.2	7.5	9.5	7.9	2.5	5.2
<b># of Portfolios</b>	45	45	45	44	44	43	42	42
<b>● Total Fund</b>	-1.7 (55)	3.9 (48)	9.9 (23)	11.4 (24)	13.5 (19)	10.1 (27)	3.9 (64)	6.3 (69)
<b>▲ Policy Index</b>	-1.6 (49)	4.2 (37)	10.0 (22)	11.6 (20)	14.2 (10)	10.6 (11)	4.9 (17)	7.3 (11)



Manager Allocation Analysis - US Equity

As of September 30, 2014



	Actual \$	Actual %	Manager Contribution to Excess Return %
Barrow Hanley	\$147,681,711	13.5%	-0.1%
BlackRock S&P 500 Index	\$455,850,841	41.7%	-0.0%
Brown Advisory	\$143,974,434	13.2%	-0.2%
Chartwell	\$98,583,709	9.0%	-0.0%
DE Shaw	\$151,962,872	13.9%	0.1%
The Boston Co	\$94,787,392	8.7%	0.1%
Actual vs. Policy Weight Difference			0.3%
<b>Total</b>	<b>\$1,092,840,958</b>	<b>100.0%</b>	<b>0.2%</b>

## Statistics Summary

## 3 Years

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
US Equity	22.3%	11.6%	1.9	-0.5	1.1%
80% R1000/ 20% R2000	22.9%	11.5%	2.0	--	0.0%
Large Cap Equity	22.3%	11.0%	2.0	-1.0	0.9%
Russell 1000	23.2%	10.8%	2.1	--	0.0%
Barrow Hanley	23.7%	11.3%	2.1	-0.1	2.7%
Russell 1000 Value	23.9%	11.0%	2.2	--	0.0%
DE Shaw	24.4%	11.3%	2.2	0.6	1.7%
Russell 1000	23.2%	10.8%	2.1	--	0.0%
Small Cap Equity	21.9%	15.1%	1.4	0.2	3.1%
Russell 2000	21.3%	15.2%	1.4	--	0.0%
The Boston Co	22.8%	15.2%	1.5	0.8	2.8%
Russell 2000 Value	20.6%	14.6%	1.4	--	0.0%
Chartwell	23.6%	15.7%	1.5	0.4	4.3%
Russell 2000 Growth	21.9%	16.1%	1.4	--	0.0%

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

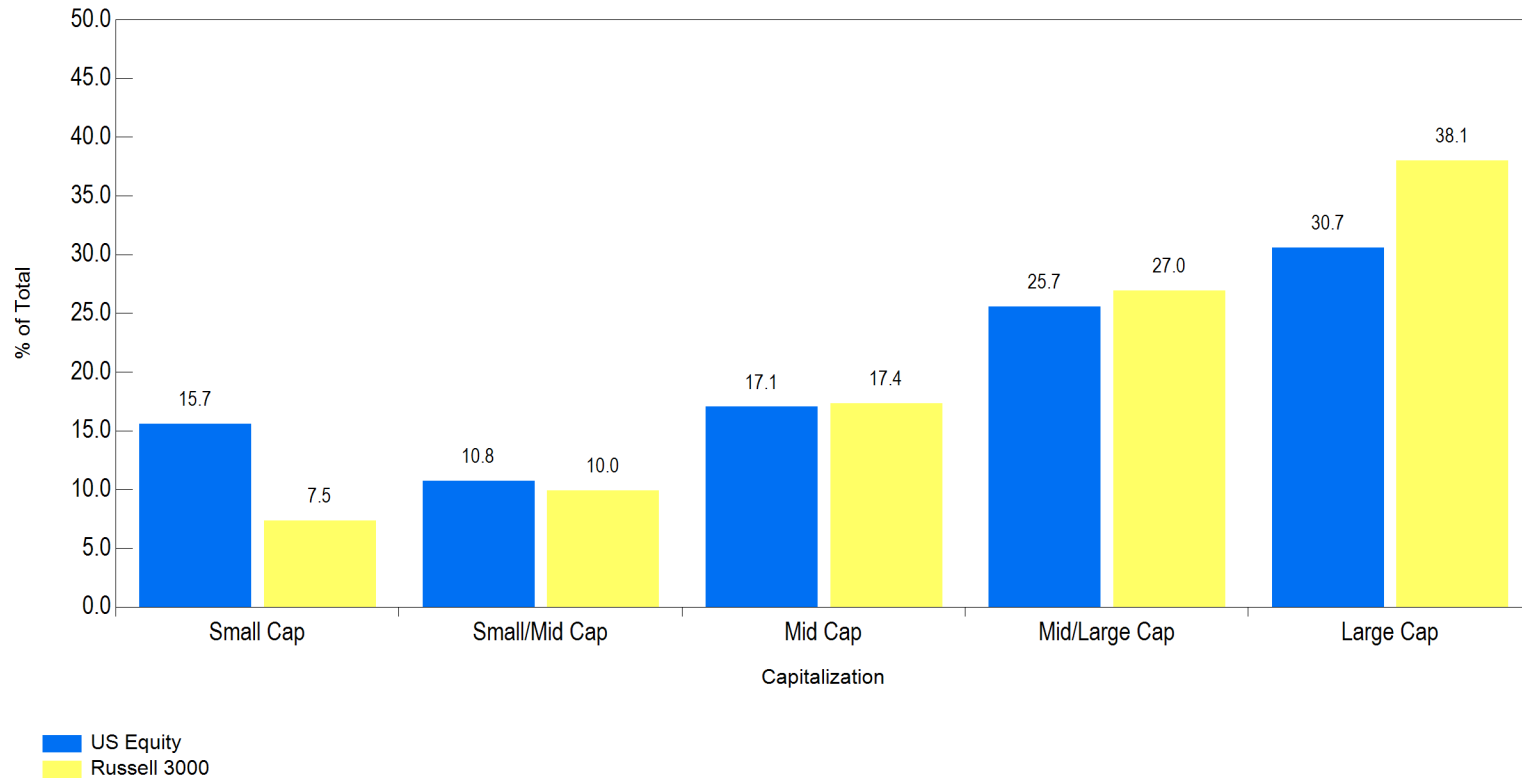
	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
US Equity	15.1%	14.6%	1.0	-0.5	1.1%
80% R1000/ 20% R2000	15.6%	14.3%	1.1	--	0.0%
Large Cap Equity	14.8%	14.0%	1.1	-1.1	1.0%
Russell 1000	15.9%	13.5%	1.2	--	0.0%
Small Cap Equity	15.9%	17.8%	0.9	0.6	2.8%
Russell 2000	14.3%	18.4%	0.8	--	0.0%
Chartwell	17.9%	18.8%	0.9	0.5	4.4%
Russell 2000 Growth	15.5%	19.1%	0.8	--	0.0%

InvestorForce All DB US Eq Net Accounts



	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	0.7	8.0	18.8	21.1	24.3	16.6	7.4	9.6
<b>25th Percentile</b>	-0.2	6.1	16.7	19.7	23.0	15.8	6.4	8.6
<b>Median</b>	-0.8	5.1	15.5	19.3	22.4	15.3	6.0	8.2
<b>75th Percentile</b>	-1.4	3.9	13.9	18.4	21.5	14.8	5.5	7.7
<b>95th Percentile</b>	-2.8	1.5	10.8	16.3	19.9	13.3	4.2	6.7
<b># of Portfolios</b>	513	505	501	484	459	376	337	264
<b>● US Equity</b>	-0.8 (52)	4.4 (67)	14.3 (69)	18.9 (61)	22.3 (54)	15.1 (62)	5.2 (83)	7.3 (87)
<b>▲ 80% R1000/ 20% R2000</b>	-1.0 (57)	5.4 (43)	15.9 (44)	19.3 (50)	22.9 (31)	15.6 (35)	6.3 (34)	8.5 (34)

Market Capitalization as of September 30, 2014



See appendix for the market capitalization breakpoints.

Quarter Ending September 30, 2014

## Characteristics

	Portfolio	Russell 3000
Number of Holdings	1,007	2,983
Weighted Avg. Market Cap. (\$B)	84.3	100.7
Median Market Cap. (\$B)	11.5	1.4
Price To Earnings	22.2	21.0
Price To Book	4.1	3.6
Price To Sales	3.2	2.9
Return on Equity (%)	18.8	17.1
Yield (%)	1.7	1.9
Beta (holdings; domestic)	1.1	1.0

## Top Holdings

APPLE	2.4%
GILEAD SCIENCES	1.3%
JOHNSON & JOHNSON	1.3%
MICROSOFT	1.3%
EXXON MOBIL	1.0%
CITIGROUP	1.0%
GENERAL ELECTRIC	0.9%
PROCTER & GAMBLE	0.9%
MERCK & COMPANY	0.9%
WELLS FARGO & CO	0.9%

## Best Performers

	Return %
GOPRO CL.A (GPRO)	131.1%
UNITED STATES STEEL (X)	50.6%
ARC DOCUMENT SOLUTIONS (ARC)	38.2%
CONVERSANT (CNVR)	34.8%
SIGMA ALDRICH (SIAL)	34.3%
FARMER BROTHERS (FARM)	34.0%
FREIGHTCAR AMERICA (RAIL)	33.3%
SYNCHRONOSS TECHNOLOGIES (SNCR)	30.9%
CHIQUITA BRANDS INTL. (CQB)	30.9%
AMER.EAG.OUTFITTERS (AEO)	30.5%

## Worst Performers

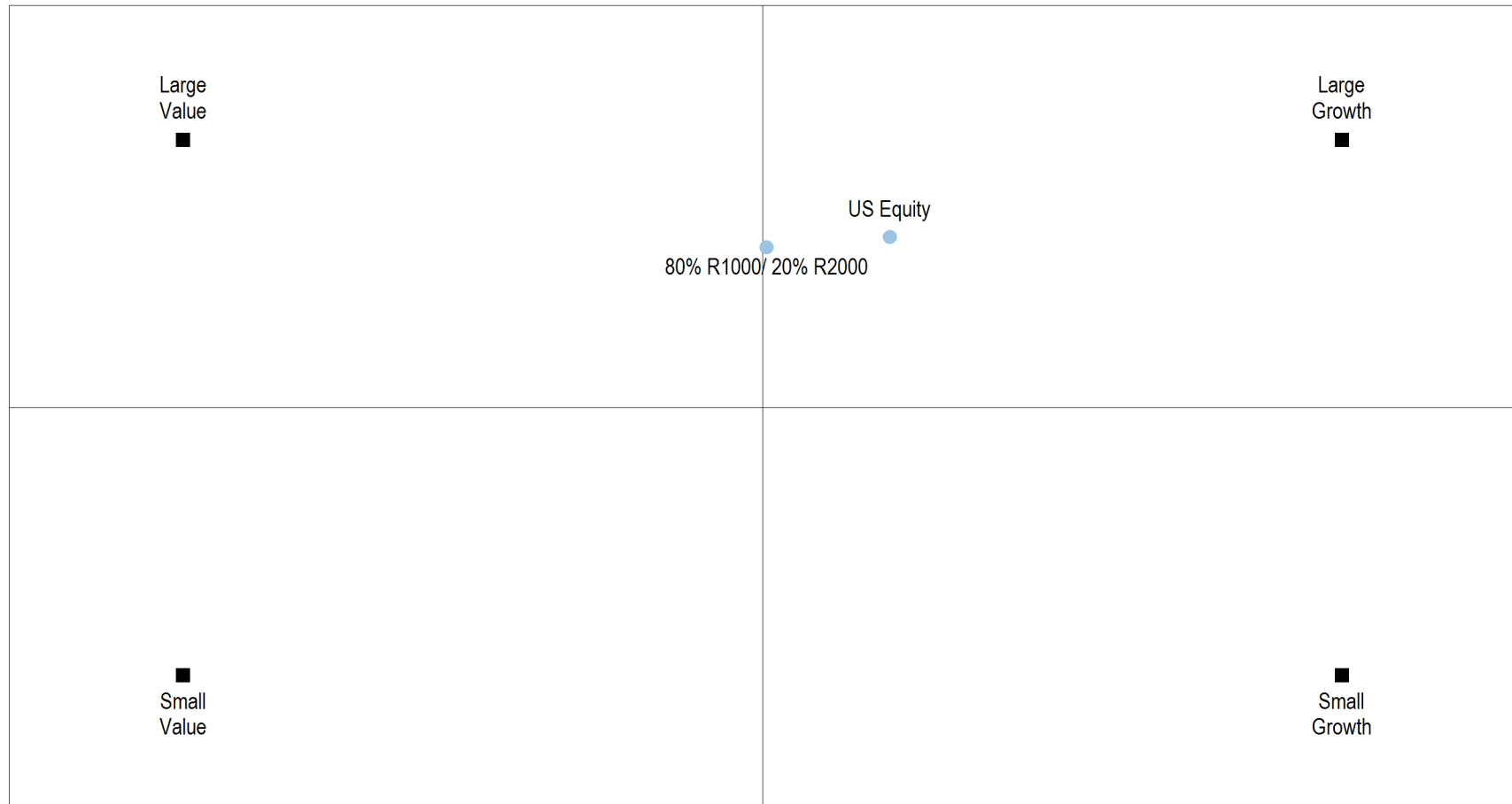
	Return %
CENTRIS ENERGY CLASS A (LEU)	-67.9%
KEY ENERGY SVS. (KEG)	-47.0%
RIGEL PHARMS. (RIGL)	-46.6%
HERCULES OFFSHORE (HERO)	-45.3%
ZOGENIX (ZGNX)	-42.8%
REPROS THERAPEUTICS (RPRX)	-42.8%
THERAVANCE (THRX)	-42.0%
GT ADVANCED TECHS. (GTATQ)	-41.8%
SANDRIDGE ENERGY (SD)	-40.0%
SEARS HOLDINGS (SHLD)	-36.9%



**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	-0.2%	-0.2%	0.0%	0.0%	-11.2%	-9.2%	9.7%	9.8%			
Materials	0.0%	0.0%	0.0%	0.0%	-1.3%	-1.6%	3.4%	3.9%			
Industrials	-0.2%	-0.2%	0.0%	0.0%	-4.2%	-2.9%	12.8%	11.6%			
Cons. Disc.	-0.2%	-0.2%	0.0%	0.0%	-2.2%	-0.7%	12.4%	12.5%			
Cons. Staples	0.0%	0.0%	0.0%	0.0%	1.8%	1.5%	7.5%	8.2%			
Health Care	-0.1%	-0.1%	0.0%	0.0%	3.6%	4.3%	13.9%	12.9%			
Financials	0.0%	0.0%	0.0%	0.0%	0.6%	0.8%	16.6%	17.4%			
Info. Tech	-0.3%	-0.3%	0.0%	0.0%	2.1%	3.6%	18.5%	18.3%			
Telecomm.	0.0%	0.0%	0.0%	0.0%	2.5%	2.2%	1.8%	2.2%			
Utilities	0.1%	0.0%	0.1%	0.0%	-4.5%	-4.9%	2.0%	3.2%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	1.3%	0.0%			
<b>Portfolio</b>	<b>-0.8%</b>	<b>=</b>	<b>-0.9%</b>	<b>+</b>	<b>0.1%</b>	<b>+</b>	<b>0.0%</b>	<b>-0.9%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>

US Effective Style Map



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

Quarter Ending September 30, 2014

**Characteristics**

	Portfolio	Russell 1000
Number of Holdings	818	1,032
Weighted Avg. Market Cap. (\$B)	101.9	108.5
Median Market Cap. (\$B)	13.9	7.5
Price To Earnings	21.7	20.6
Price To Book	4.1	3.9
Price To Sales	3.2	2.9
Return on Equity (%)	19.8	17.8
Yield (%)	1.9	1.9
Beta (holdings; domestic)	1.0	1.0

**Top Holdings**

APPLE	2.9%
GILEAD SCIENCES	1.6%
JOHNSON & JOHNSON	1.6%
MICROSOFT	1.5%
EXXON MOBIL	1.3%
CITIGROUP	1.2%
GENERAL ELECTRIC	1.1%
PROCTER & GAMBLE	1.1%
MERCK & COMPANY	1.1%
WELLS FARGO & CO	1.1%

**Best Performers**

	Return %
UNITED STATES STEEL (X)	50.6%
ARC DOCUMENT SOLUTIONS (ARC)	38.2%
SIGMA ALDRICH (SIAL)	34.3%
FARMER BROTHERS (FARM)	34.0%
CHIQUITA BRANDS INTL. (CQB)	30.9%
ULTA SALON CO&FRA. (ULTA)	29.3%
DRESSER-RAND GROUP (DRC)	29.1%
MONSTER BEVERAGE (MNST)	29.1%
MELLANOX TECHS. (MLNX)	28.7%
GILEAD SCIENCES (GILD)	28.4%

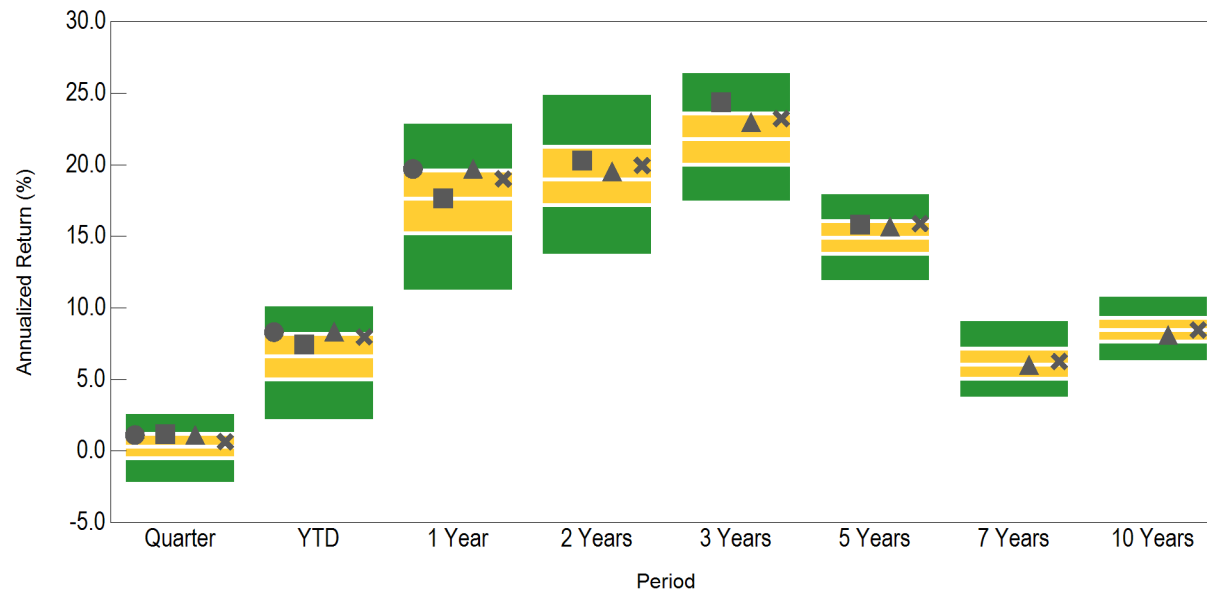
**Worst Performers**

	Return %
CENTRIS ENERGY CLASS A (LEU)	-67.9%
RIGEL PHARMS. (RIGL)	-46.6%
HERCULES OFFSHORE (HERO)	-45.3%
ZOGENIX (ZGNX)	-42.8%
REPROS THERAPEUTICS (RPRX)	-42.8%
THERAVANCE (THRX)	-42.0%
SANDRIDGE ENERGY (SD)	-40.0%
SEARS HOLDINGS (SHLD)	-36.9%
COMSTOCK RES. (CRK)	-35.1%
GERON (GERN)	-34.1%

**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%	-9.6%	-8.5%	10.5%	10.1%			
Materials	0.1%	0.1%	0.0%	0.0%	0.8%	-0.8%	3.8%	3.8%			
Industrials	-0.1%	-0.1%	0.0%	0.0%	-2.9%	-2.2%	11.9%	11.4%			
Cons. Disc.	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	11.4%	12.4%			
Cons. Staples	0.1%	0.1%	0.0%	0.0%	2.4%	1.6%	8.8%	8.7%			
Health Care	0.1%	0.0%	0.1%	0.0%	5.5%	5.2%	14.3%	12.9%			
Financials	0.1%	0.1%	0.0%	0.0%	2.4%	1.5%	15.9%	16.9%			
Info. Tech	-0.2%	-0.2%	0.0%	0.0%	3.1%	4.3%	18.4%	18.4%			
Telecomm.	0.0%	0.0%	0.0%	0.0%	3.0%	2.4%	2.2%	2.3%			
Utilities	0.1%	0.0%	0.1%	0.0%	-4.3%	-4.4%	1.9%	3.2%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	1.0%	0.0%			
<b>Portfolio</b>	<b>0.0%</b>	<b>=</b>	<b>-0.1%</b>	<b>+</b>	<b>0.1%</b>	<b>+</b>	<b>0.0%</b>	<b>0.6%</b>	<b>0.6%</b>	<b>100.0%</b>	<b>100.0%</b>

eA US Large Cap Equity Net Accounts



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	2.7	10.2	23.0	25.0	26.5	18.0	9.2	10.9
25th Percentile	1.2	8.2	19.6	21.3	23.6	16.1	7.2	9.3
Median	0.3	6.6	17.7	19.0	21.8	14.9	6.1	8.5
75th Percentile	-0.5	5.0	15.3	17.2	20.0	13.8	5.1	7.7
95th Percentile	-2.3	2.1	11.1	13.7	17.4	11.8	3.7	6.2
# of Portfolios	519	514	510	497	468	431	384	317
● BlackRock S&P 500 Index	1.1 (27)	8.3 (24)	19.7 (25)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
■ DE Shaw	1.2 (26)	7.4 (37)	17.6 (51)	20.3 (35)	24.4 (19)	15.8 (31)	-- (--)	-- (--)
▲ S&P 500	1.1 (27)	8.3 (24)	19.7 (25)	19.5 (43)	23.0 (34)	15.7 (35)	6.0 (51)	8.1 (64)
× Russell 1000	0.7 (40)	8.0 (30)	19.0 (33)	20.0 (40)	23.2 (29)	15.9 (31)	6.3 (46)	8.5 (52)

Equity Only Summary Statistics - BlackRock S&P 500 Index

Quarter Ending September 30, 2014

**Characteristics**

	Portfolio	S&P 500
Number of Holdings	503	502
Weighted Avg. Market Cap. (\$B)	122.9	122.9
Median Market Cap. (\$B)	17.0	17.0
Price To Earnings	21.7	20.3
Price To Book	4.4	4.0
Price To Sales	3.0	2.7
Return on Equity (%)	20.5	18.5
Yield (%)	2.0	2.0
Beta (holdings; domestic)	1.0	1.0

**Top Holdings**

APPLE	3.4%
EXXON MOBIL	2.3%
MICROSOFT	2.2%
JOHNSON & JOHNSON	1.7%
GENERAL ELECTRIC	1.5%
BERKSHIRE HATHAWAY 'B'	1.4%
WELLS FARGO & CO	1.4%
PROCTER & GAMBLE	1.3%
CHEVRON	1.3%
JP MORGAN CHASE & CO.	1.3%

**Best Performers**

	Return %
UNITED STATES STEEL (X)	50.6%
SIGMA ALDRICH (SIAL)	34.3%
MONSTER BEVERAGE (MNST)	29.1%
GILEAD SCIENCES (GILD)	28.4%
REGENERON PHARMS. (REGN)	27.6%
TENET HEALTHCARE (THC)	26.5%
SOUTHWEST AIRLINES (LUV)	26.0%
AVAGO TECHNOLOGIES (AVGO)	21.2%
AMGEN (AMGN)	19.2%
EDWARDS LIFESCIENCES (EW)	19.0%

**Worst Performers**

	Return %
DIAMOND OFFS.DRL. (DO)	-29.7%
TRANSOCEAN (RIG)	-27.6%
OWENS ILLINOIS NEW (OI)	-24.8%
GENWORTH FINANCIAL CL.A (GNW)	-24.7%
ENSCO CLASS A (ESV)	-24.5%
PEABODY ENERGY (BTU)	-23.9%
SOUTHWESTERN ENERGY (SWN)	-23.2%
NOBLE (NE)	-23.2%
NABORS INDUSTRIES (NBR)	-22.3%
RANGE RES. (RRC)	-22.0%

Quarter Ending September 30, 2014

## Characteristics

	Portfolio	Russell 1000
Number of Holdings	800	1,032
Weighted Avg. Market Cap. (\$B)	92.0	108.5
Median Market Cap. (\$B)	11.4	7.5
Price To Earnings	21.0	20.6
Price To Book	3.9	3.9
Price To Sales	3.0	2.9
Return on Equity (%)	21.2	17.8
Yield (%)	1.7	1.9
Beta (holdings; domestic)	1.1	1.0

## Top Holdings

APPLE	3.2%
JOHNSON & JOHNSON	2.8%
PROCTER & GAMBLE	2.6%
GILEAD SCIENCES	2.3%
GENERAL ELECTRIC	2.3%
MERCK & COMPANY	2.3%
OCCIDENTAL PTL.	1.8%
CITIGROUP	1.8%
MONSANTO	1.8%
MICRON TECHNOLOGY	1.7%

## Best Performers

	Return %
UNITED STATES STEEL (X)	50.6%
ARC DOCUMENT SOLUTIONS (ARC)	38.2%
SIGMA ALDRICH (SIAL)	34.3%
FARMER BROTHERS (FARM)	34.0%
CHIQUITA BRANDS INTL. (CQB)	30.9%
ULTA SALON CO&FRA. (ULTA)	29.3%
DRESSER-RAND GROUP (DRC)	29.1%
MONSTER BEVERAGE (MNST)	29.1%
MELLANOX TECHS. (MLNX)	28.7%
GILEAD SCIENCES (GILD)	28.4%

## Worst Performers

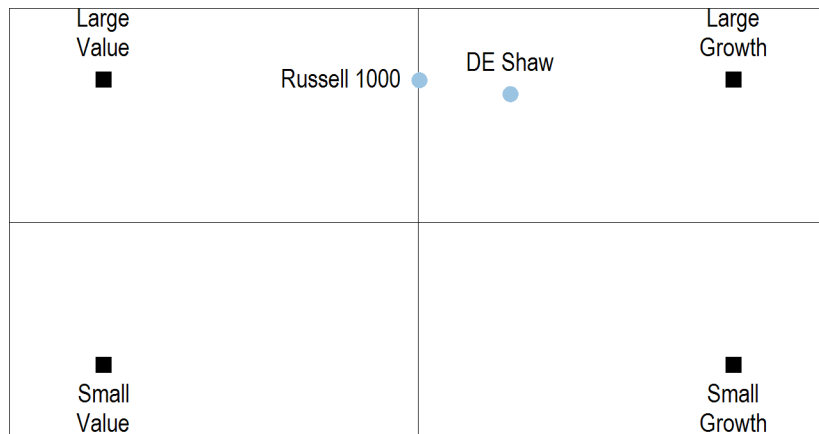
	Return %
CENTRIS ENERGY CLASS A (LEU)	-67.9%
RIGEL PHARMS. (RIGL)	-46.6%
HERCULES OFFSHORE (HERO)	-45.3%
ZOGENIX (ZGNX)	-42.8%
REPROS THERAPEUTICS (RPRX)	-42.8%
THERAVANCE (THRX)	-42.0%
SANDRIDGE ENERGY (SD)	-40.0%
SEARS HOLDINGS (SHLD)	-36.9%
COMSTOCK RES. (CRK)	-35.1%
GERON (GERN)	-34.1%

**DE Shaw Performance Attribution vs. Russell 1000**

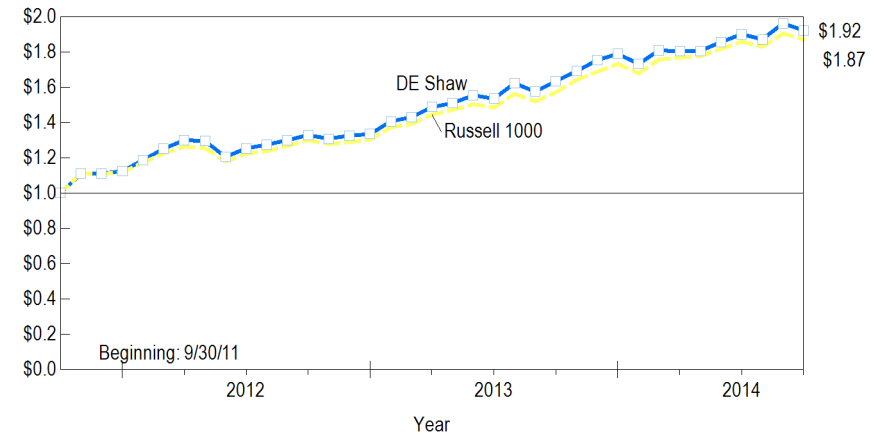
	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.0%	0.1%	0.0%	0.0%	-7.9%	-8.5%	10.3%	10.1%			
Materials	0.1%	0.1%	0.0%	0.0%	1.3%	-0.8%	5.5%	3.8%			
Industrials	0.2%	0.2%	0.0%	0.0%	-0.5%	-2.2%	13.1%	11.4%			
Cons. Disc.	-0.2%	-0.2%	0.0%	0.0%	-1.2%	0.1%	14.0%	12.4%			
Cons. Staples	0.1%	0.1%	0.0%	0.0%	2.5%	1.6%	8.5%	8.7%			
Health Care	0.2%	0.0%	0.2%	0.0%	5.5%	5.2%	16.6%	12.9%			
Financials	-0.1%	0.0%	0.0%	0.0%	1.3%	1.5%	13.7%	16.9%			
Info. Tech	-0.3%	-0.1%	-0.2%	0.0%	3.6%	4.3%	14.0%	18.4%			
Telecomm.	0.1%	0.0%	0.0%	0.0%	3.7%	2.4%	3.1%	2.3%			
Utilities	0.1%	-0.1%	0.1%	0.1%	-7.8%	-4.4%	1.3%	3.2%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.0%	0.0%			
<b>Portfolio</b>	<b>0.2%</b>	<b>=</b>	<b>0.0%</b>	<b>+</b>	<b>0.0%</b>	<b>+</b>	<b>0.2%</b>	<b>0.8%</b>	<b>0.6%</b>	<b>100.0%</b>	<b>100.0%</b>



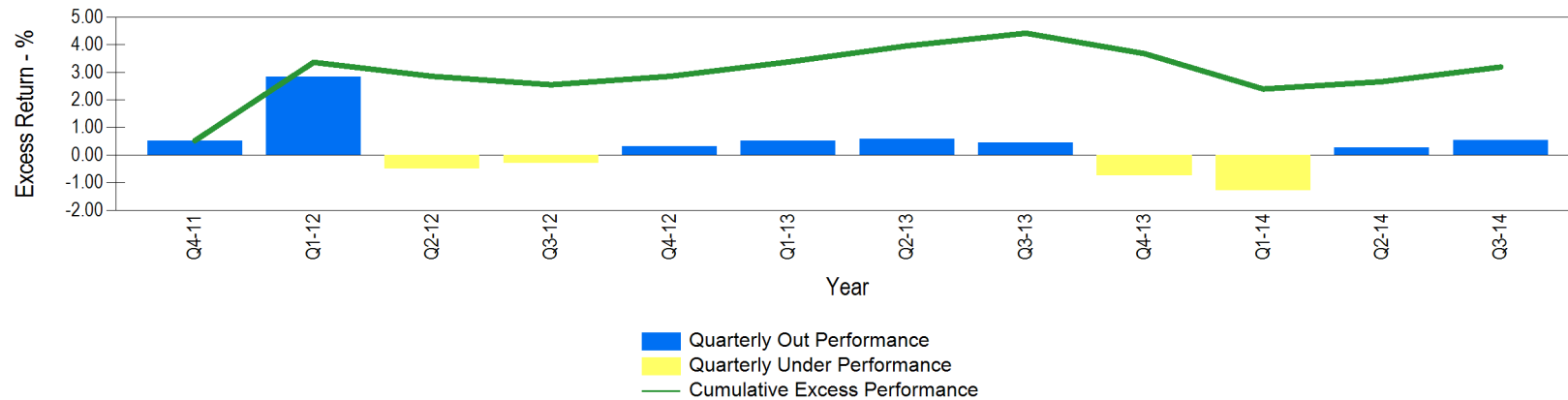
US Effective Style Map

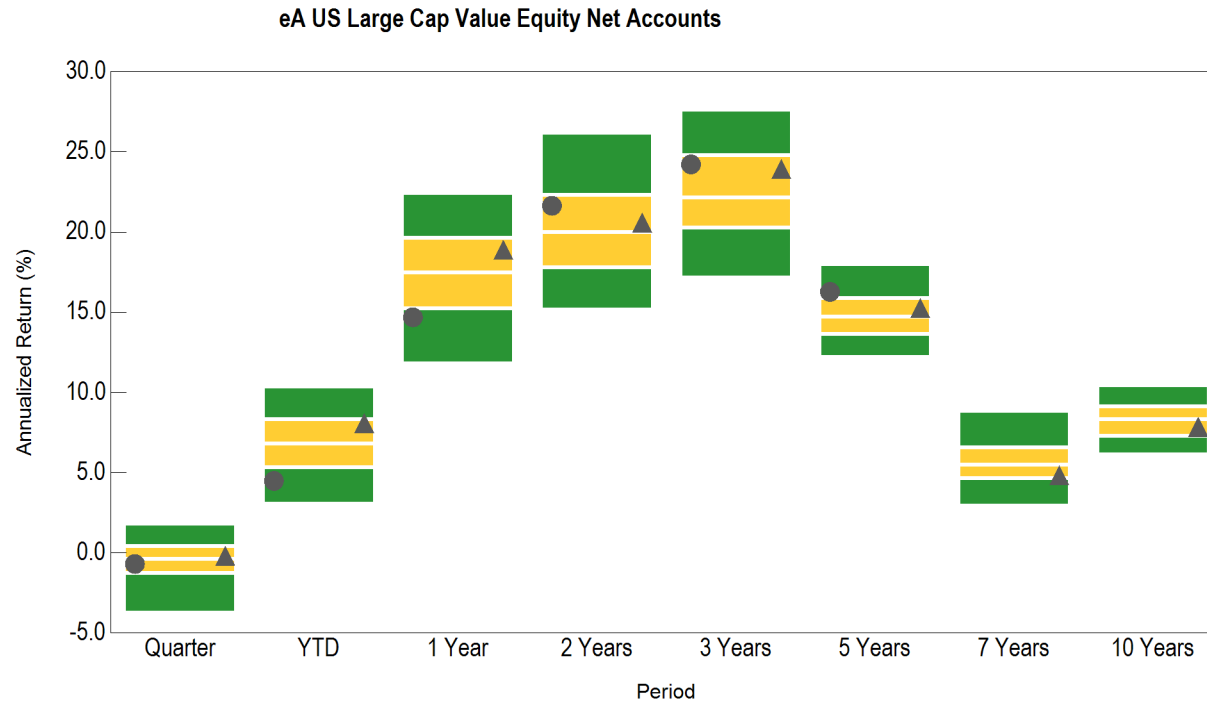


Growth of a Dollar



Quarterly and Cumulative Excess Performance





	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	1.8	10.3	22.4	26.2	27.6	18.0	8.8	10.4
<b>25th Percentile</b>	0.4	8.4	19.7	22.3	24.8	15.9	6.6	9.1
<b>Median</b>	-0.4	6.8	17.5	20.0	22.2	14.7	5.5	8.4
<b>75th Percentile</b>	-1.3	5.4	15.2	17.8	20.3	13.7	4.7	7.3
<b>95th Percentile</b>	-3.7	3.1	11.8	15.2	17.2	12.2	3.0	6.1
<b># of Portfolios</b>	194	193	192	191	182	172	155	132
<b>● Barrow Hanley</b>	-0.7 (61)	4.5 (87)	14.7 (81)	21.6 (34)	24.2 (30)	16.3 (18)	-- (--)	-- (--)
<b>▲ Russell 1000 Value</b>	-0.2 (46)	8.1 (29)	18.9 (35)	20.6 (43)	23.9 (31)	15.3 (37)	4.8 (72)	7.8 (67)

Quarter Ending September 30, 2014

## Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	75	690
Weighted Avg. Market Cap. (\$B)	76.9	106.8
Median Market Cap. (\$B)	31.2	6.8
Price To Earnings	18.6	18.5
Price To Book	2.4	2.2
Price To Sales	2.2	2.2
Return on Equity (%)	15.0	12.9
Yield (%)	2.6	2.3
Beta (holdings; domestic)	1.2	1.0

## Top Holdings

CAPITAL ONE FINL.	2.8%
CITIGROUP	2.7%
BANK OF AMERICA	2.2%
WELLS FARGO & CO	2.2%
JP MORGAN CHASE & CO.	2.0%
MICROSOFT	1.8%
MEDTRONIC	1.7%
STATE STREET	1.7%
VERIZON COMMUNICATIONS	1.7%
NAVIENT	1.7%

## Best Performers

	Return %
ROYAL CARIBBEAN CRUISES (RCL)	21.6%
INTEL (INTC)	13.5%
MICROSOFT (MSFT)	11.9%
WELLPOINT (WLP)	11.6%
BANK OF AMERICA (BAC)	11.3%
ALTRIA GROUP (MO)	10.9%
RAYTHEON 'B' (RTN)	10.8%
E I DU PONT DE NEMOURS (DD)	10.4%
CITIGROUP (C)	10.0%
STATE STREET (STT)	9.9%

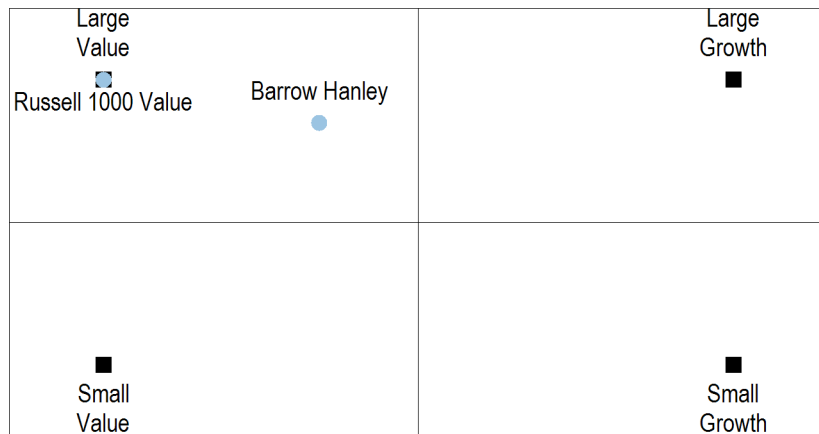
## Worst Performers

	Return %
SEADRILL (NYS) (SDRL)	-31.1%
KBR (KBR)	-20.8%
DAIMLER AG SPN.ADR 1:1 (DDAIY)	-18.5%
OWENS CORNING (OC)	-17.6%
EATON (ETN)	-17.3%
NOW (DNO)	-16.0%
BP SPN.ADR 1:6 (BP)	-15.7%
SPX (SPW)	-12.9%
JOHNSON CONTROLS (JCI)	-11.5%
JOY GLOBAL (JOY)	-11.1%

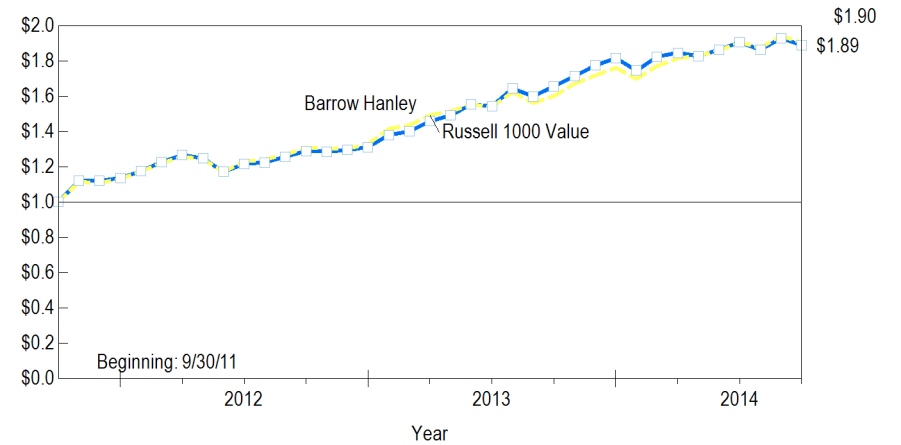
**Barrow Hanley Performance Attribution vs. Russell 1000 Value**

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	-0.1%	-0.7%	0.4%	0.2%	-12.6%	-7.7%	9.1%	13.9%			
Materials	0.0%	0.0%	0.0%	0.0%	-1.2%	-1.7%	3.7%	3.4%			
Industrials	-0.8%	-0.4%	-0.2%	-0.2%	-6.6%	-2.9%	16.7%	10.5%			
Cons. Disc.	0.4%	0.3%	-0.1%	0.2%	2.9%	-1.3%	11.5%	6.3%			
Cons. Staples	0.0%	0.2%	-0.1%	-0.1%	5.8%	2.9%	3.7%	6.8%			
Health Care	0.0%	0.0%	0.0%	0.0%	2.6%	2.5%	14.4%	13.2%			
Financials	0.0%	0.0%	0.0%	0.0%	1.9%	2.0%	28.9%	28.5%			
Info. Tech	-0.3%	-0.3%	0.0%	0.0%	1.3%	5.2%	9.2%	8.9%			
Telecomm.	0.0%	0.0%	0.0%	0.0%	1.7%	1.0%	2.4%	2.3%			
Utilities	0.3%	--	0.3%	--	--	-4.4%	0.0%	6.3%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.4%	0.0%			
<b>Portfolio</b>	<b>-0.5%</b>	<b>=</b>	<b>-0.9%</b>	<b>+</b>	<b>0.4%</b>	<b>+</b>	<b>0.1%</b>	<b>-0.7%</b>	<b>-0.2%</b>	<b>100.0%</b>	<b>100.0%</b>

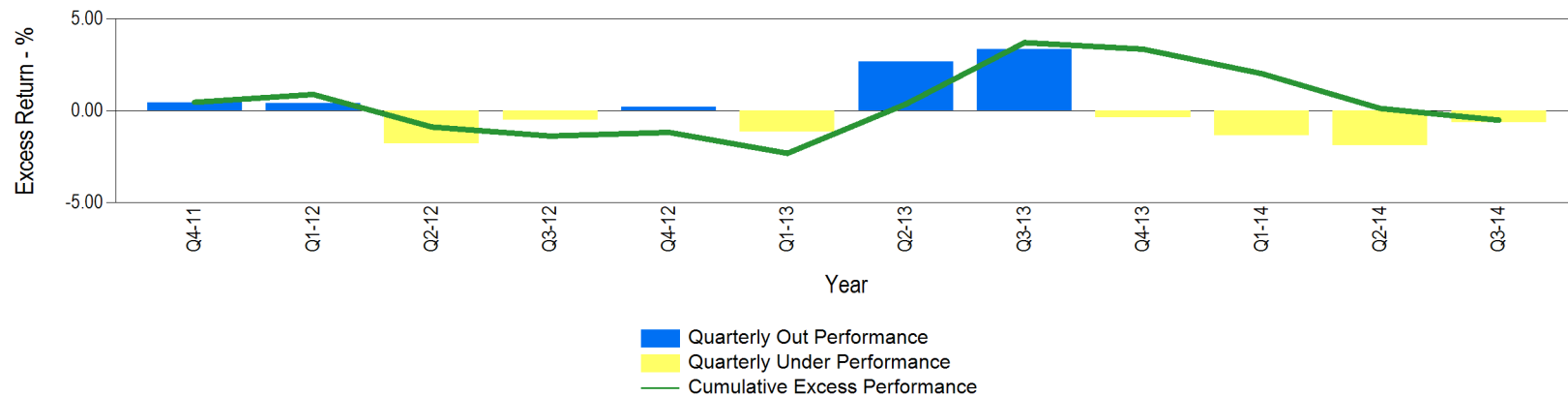
US Effective Style Map



Growth of a Dollar



Quarterly and Cumulative Excess Performance



eA US Large Cap Growth Equity Net Accounts



	Quarter		YTD		1 Year		2 Years		3 Years		5 Years		7 Years		10 Years	
<b>5th Percentile</b>	3.3	10.2	23.6	23.0	25.1	18.1	9.6	11.4								
<b>25th Percentile</b>	1.8	7.7	19.6	20.4	23.1	16.3	7.8	9.5								
<b>Median</b>	1.0	5.7	17.3	18.7	21.7	15.4	6.6	8.7								
<b>75th Percentile</b>	0.2	4.0	14.7	16.8	19.7	14.3	5.7	7.8								
<b>95th Percentile</b>	-0.9	2.0	10.9	13.3	17.7	12.6	4.1	7.0								
<b># of Portfolios</b>	180	178	177	170	159	147	127	103								
<b>● Brown Advisory</b>	-0.2 (83)	1.7 (96)	10.2 (97)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)								
<b>▲ Russell 1000 Growth</b>	1.5 (37)	7.9 (24)	19.1 (30)	19.2 (41)	22.4 (39)	16.5 (21)	7.6 (32)	8.9 (42)								

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

Quarter Ending September 30, 2014

**Characteristics**

	Portfolio	Russell 1000 Growth
Number of Holdings	36	674
Weighted Avg. Market Cap. (\$B)	70.9	110.2
Median Market Cap. (\$B)	17.4	8.5
Price To Earnings	25.5	22.8
Price To Book	6.1	6.0
Price To Sales	4.7	3.7
Return on Equity (%)	21.4	24.7
Yield (%)	0.8	1.5
Beta (holdings; domestic)	1.0	1.0

**Top Holdings**

GILEAD SCIENCES	4.7%
CHARLES SCHWAB	4.7%
EXPRESS SCRIPTS HOLDING	4.3%
VISA 'A'	4.0%
MEAD JOHNSON NUTRITION	3.9%
INTUITIVE SURGICAL	3.8%
APPLE	3.8%
QUALCOMM	3.7%
SCHLUMBERGER	3.7%
STARBUCKS	3.7%

**Best Performers**

	Return %
GILEAD SCIENCES (GILD)	28.4%
INTUITIVE SURGICAL (ISRG)	12.1%
CHARLES SCHWAB (SCHW)	9.4%
COSTCO WHOLESALE (COST)	9.2%
APPLE (AAPL)	9.0%
AMPHENOL 'A' (APH)	3.9%
MEAD JOHNSON NUTRITION (MJN)	3.7%
ECOLAB (ECL)	3.4%
EXPRESS SCRIPTS HOLDING (ESRX)	1.9%
VISA 'A' (V)	1.5%

**Worst Performers**

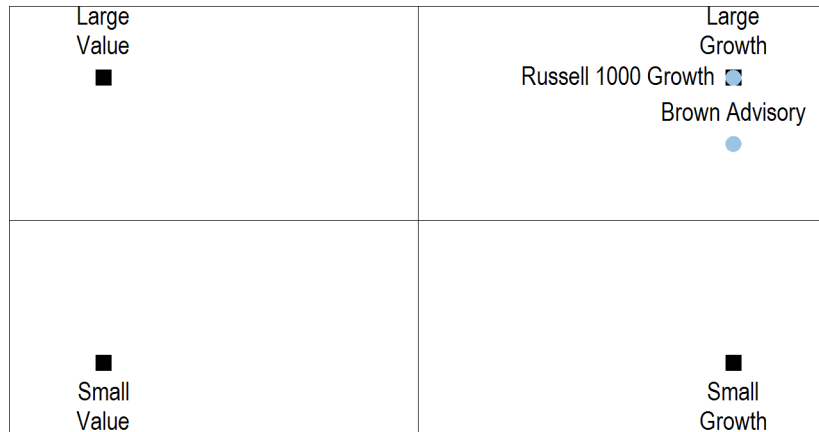
	Return %
SCHLUMBERGER (SLB)	-13.5%
FLUOR (FLR)	-12.9%
CORE LABORATORIES (CLB)	-12.1%
FMC TECHNOLOGIES (FTI)	-11.1%
FOSSIL GROUP (FOSL)	-10.2%
FASTENAL (FAST)	-8.8%
COGNIZANT TECH.SLTN.'A' (CTSH)	-8.5%
COVANCE (CVD)	-8.0%
GENPACT (G)	-6.9%
QUALCOMM (QCOM)	-5.1%

**Brown Advisory Performance Attribution vs. Russell 1000 Growth**

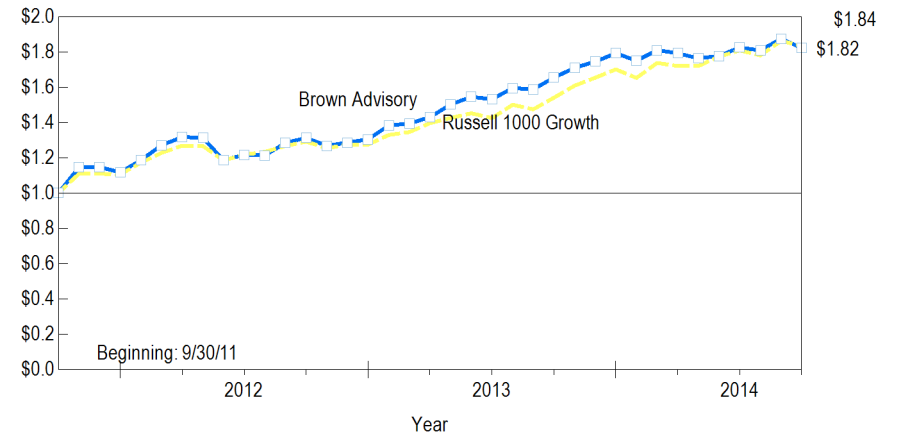
	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	-0.8%	-0.1%	-0.6%	-0.1%	-12.3%	-10.3%	11.3%	6.4%			
Materials	0.1%	0.2%	0.0%	0.0%	3.4%	-0.2%	3.2%	4.3%			
Industrials	-0.5%	-0.6%	0.0%	0.0%	-6.2%	-1.5%	11.2%	12.3%			
Cons. Disc.	-0.2%	-0.7%	0.1%	0.4%	-3.4%	0.5%	7.4%	18.5%			
Cons. Staples	0.2%	0.2%	0.0%	0.0%	2.8%	0.8%	12.0%	10.5%			
Health Care	0.3%	0.1%	0.2%	0.0%	8.4%	7.9%	16.1%	12.6%			
Financials	0.5%	0.6%	0.0%	-0.1%	9.4%	-1.4%	4.2%	5.3%			
Info. Tech	-1.3%	-1.2%	0.1%	-0.2%	-0.2%	4.1%	31.5%	27.8%			
Telecomm.	-0.1%	--	-0.1%	--	--	3.8%	0.0%	2.3%			
Utilities	0.0%	--	0.0%	--	--	-3.1%	0.0%	0.1%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	3.2%	0.0%			
<b>Portfolio</b>	<b>-1.7%</b>	<b>=</b>	<b>-1.6%</b>	<b>+</b>	<b>-0.2%</b>	<b>+</b>	<b>0.1%</b>	<b>-0.2%</b>	<b>1.5%</b>	<b>100.0%</b>	<b>100.0%</b>



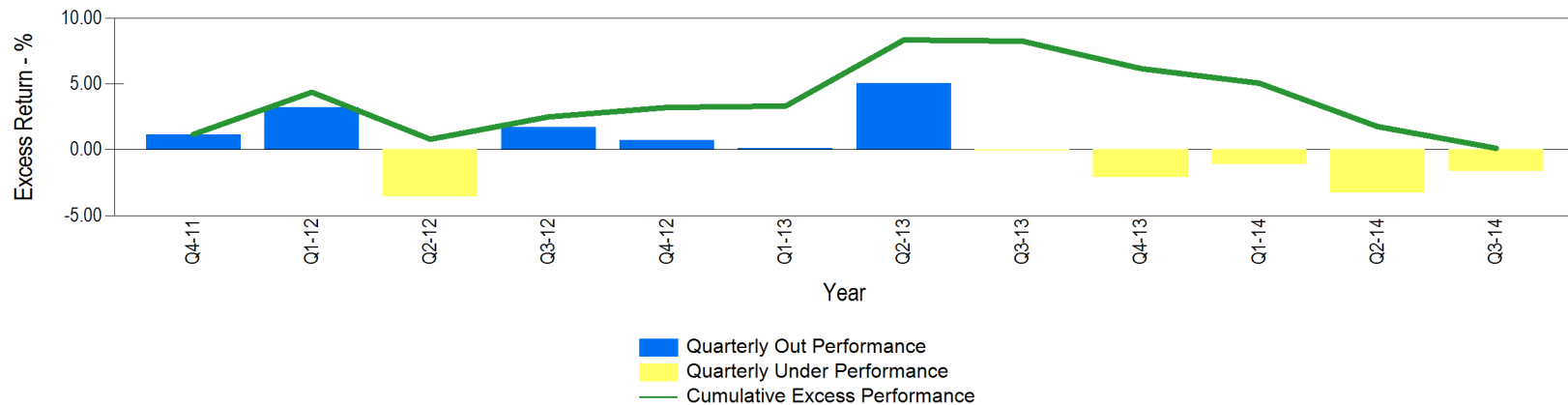
US Effective Style Map



Growth of a Dollar



Quarterly and Cumulative Excess Performance



## Equity Only Summary Statistics - Small Cap Equity

Quarter Ending September 30, 2014

## Characteristics

	Portfolio	Russell 2000
Number of Holdings	211	1,951
Weighted Avg. Market Cap. (\$B)	1.9	1.7
Median Market Cap. (\$B)	1.4	0.7
Price To Earnings	25.2	22.3
Price To Book	3.3	2.9
Price To Sales	2.8	2.8
Return on Equity (%)	13.6	10.9
Yield (%)	1.0	1.2
Beta (holdings; domestic)	1.4	1.3

## Top Holdings

SYNOVUS FINANCIAL	2.8%
WNS HDG.ADR 1:1	1.7%
RADIAN GP.	1.6%
STEVEN MADDEN	1.4%
BRUNSWICK	1.3%
HEARTLAND PAYMENT SYS.	1.3%
TORNIER NV	1.3%
FIRST HORIZON NATIONAL	1.2%
WRIGHT MEDICAL GROUP	1.2%
ENCORE CAP.GP.	1.1%

## Best Performers

	Return %
GOPRO CL.A (GPRO)	131.1%
CONVERSANT (CNVR)	34.8%
FREIGHTCAR AMERICA (RAIL)	33.3%
SYNCHRONOSS TECHNOLOGIES (SNCR)	30.9%
AMER.EAG.OUTFITTERS (AEO)	30.5%
ARUBA NETWORKS (ARUN)	23.2%
ICON (ICLR)	21.5%
BROCADE COMMS.SYS. (BRCD)	18.5%
NATUS MEDICAL (BABY)	17.4%
WNS HDG.ADR 1:1 (WNS)	17.4%

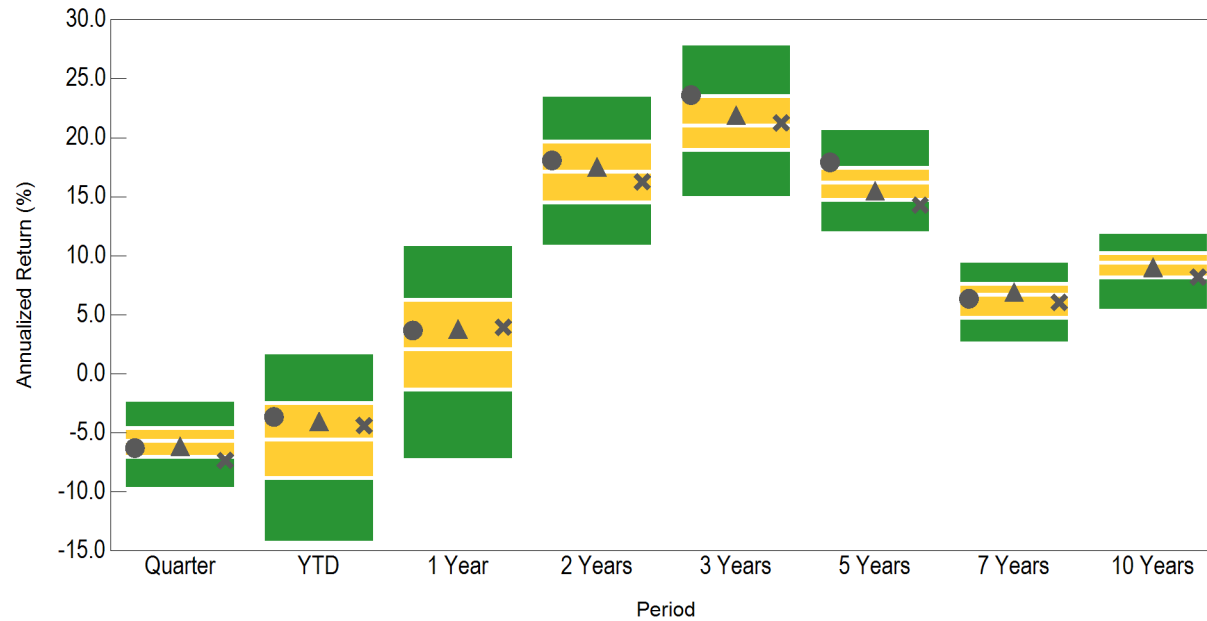
## Worst Performers

	Return %
KEY ENERGY SVS. (KEG)	-47.0%
GT ADVANCED TECHS. (GTATQ)	-41.8%
TRIMAS (TRS)	-36.2%
GEOSPACE TECHNOLOGIES (GEOS)	-36.2%
ARATANA THERAPEUTICS (PETX)	-35.7%
HANGER (HGR)	-34.8%
MAXLINEAR 'A' (MXL)	-31.7%
DEL FRISCO'S RESTAURANT GP. (DFRG)	-30.6%
MCDERMOTT INTL. (MDR)	-29.3%
REX ENERGY (REXX)	-28.5%

**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%	-21.6%	-20.5%	6.3%	6.4%			
Materials	-0.2%	-0.4%	0.0%	0.2%	-16.6%	-8.4%	2.1%	5.1%			
Industrials	0.2%	0.2%	0.0%	0.0%	-8.1%	-9.6%	16.7%	14.2%			
Cons. Disc.	0.0%	0.0%	0.0%	0.0%	-8.3%	-8.5%	16.3%	13.3%			
Cons. Staples	-0.1%	-0.1%	0.0%	0.0%	-8.0%	-3.5%	2.2%	3.1%			
Health Care	0.2%	0.2%	0.0%	0.0%	-5.0%	-6.8%	12.7%	12.8%			
Financials	-0.1%	0.0%	-0.1%	0.0%	-5.3%	-5.2%	19.7%	23.3%			
Info. Tech	0.8%	0.7%	0.0%	0.0%	-1.7%	-5.7%	18.7%	17.7%			
Telecomm.	0.0%	-0.1%	0.0%	0.1%	-17.3%	-7.0%	0.2%	0.8%			
Utilities	0.1%	0.2%	0.0%	0.0%	-5.1%	-10.3%	2.5%	3.3%			
Cash	0.2%	0.0%	0.2%	0.0%	0.0%	--	2.8%	0.0%			
<b>Portfolio</b>	<b>1.1%</b>	<b>=</b>	<b>0.6%</b>	<b>+</b>	<b>0.1%</b>	<b>+</b>	<b>0.4%</b>	<b>-6.7%</b>	<b>-7.8%</b>	<b>100.0%</b>	<b>100.0%</b>

eA US Small Cap Growth Equity Net Accounts



	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>Return (Rank)</b>								
<b>5th Percentile</b>	-2.2	1.8	11.0	23.6	28.0	20.8	9.6	12.0
<b>25th Percentile</b>	-4.6	-2.5	6.3	19.7	23.6	17.5	7.7	10.3
<b>Median</b>	-5.6	-5.5	2.1	17.1	21.1	16.2	6.7	9.4
<b>75th Percentile</b>	-7.0	-8.8	-1.3	14.5	19.0	14.8	4.8	8.2
<b>95th Percentile</b>	-9.8	-14.3	-7.3	10.8	14.9	11.9	2.6	5.3
<b># of Portfolios</b>	100	98	98	97	91	86	77	65
<b>● Chartwell</b>	-6.3 (64)	-3.7 (33)	3.7 (42)	18.1 (43)	23.6 (25)	17.9 (17)	6.4 (58)	-- (--)
<b>▲ Russell 2000 Growth</b>	-6.1 (63)	-4.0 (38)	3.8 (41)	17.5 (47)	21.9 (46)	15.5 (64)	6.9 (44)	9.0 (58)
<b>× Russell 2000</b>	-7.4 (84)	-4.4 (39)	3.9 (40)	16.3 (57)	21.3 (50)	14.3 (80)	6.0 (64)	8.2 (75)

Quarter Ending September 30, 2014

## Characteristics

	Portfolio	Russell 2000 Growth
Number of Holdings	85	1,151
Weighted Avg. Market Cap. (\$B)	2.1	1.8
Median Market Cap. (\$B)	1.7	0.8
Price To Earnings	27.0	26.6
Price To Book	4.3	4.7
Price To Sales	3.3	3.3
Return on Equity (%)	16.5	15.8
Yield (%)	0.6	0.4
Beta (holdings; domestic)	1.5	1.4

## Top Holdings

SYNOVUS FINANCIAL	3.5%
WNS HDG.ADR 1:1	3.4%
RADIAN GP.	3.1%
STEVEN MADDEN	2.8%
BRUNSWICK	2.6%
HEARTLAND PAYMENT SYS.	2.6%
TORNIER NV	2.5%
WRIGHT MEDICAL GROUP	2.4%
ENCORE CAP.GP.	2.2%
REX ENERGY	2.0%

## Best Performers

	Return %
SYNCHRONOSS TECHNOLOGIES (SNCR)	30.9%
ARUBA NETWORKS (ARUN)	23.2%
ICON (ICLR)	21.5%
WNS HDG.ADR 1:1 (WNS)	17.4%
HEARTLAND PAYMENT SYS. (HPY)	16.0%
VAIL RESORTS (MTN)	12.4%
H&E EQUIPMENT SERVICES (HEES)	11.5%
AKORN (AKRX)	9.1%
DSW 'A' (DSW)	8.4%
SPANSION 'A' (CODE)	8.2%

## Worst Performers

	Return %
TRIMAS (TRS)	-36.2%
ARATANA THERAPEUTICS (PETX)	-35.7%
MAXLINEAR 'A' (MXL)	-31.7%
DEL FRISCO'S RESTAURANT GP. (DFRG)	-30.6%
REX ENERGY (REXX)	-28.5%
INTACT.INTELLIGENCE GP. (ININ)	-25.5%
THORATEC (THOR)	-23.3%
PIER 1 IMPORTS (PIR)	-22.5%
HORIZON PHARMA (HZNP)	-22.4%
CARRIZO O&G. (CRZO)	-22.3%

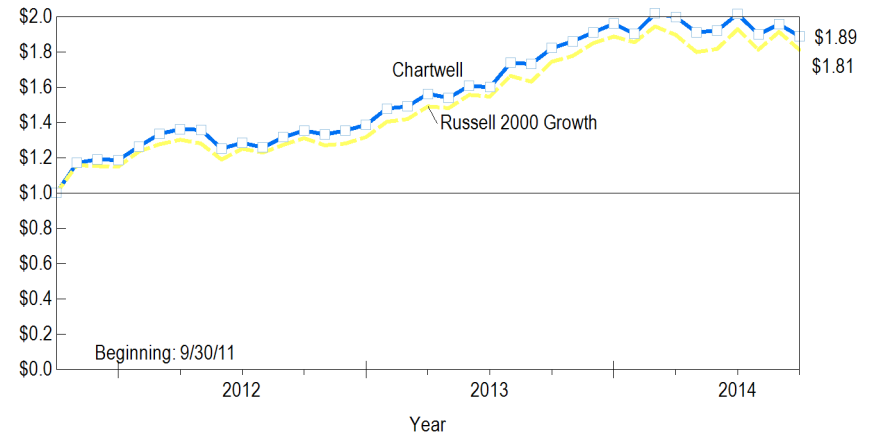
**Chartwell Performance Attribution vs. Russell 2000 Growth**

	Total Effects	Attribution Effects			Returns		Sector Weights				
		Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.0%	-0.1%	0.1%	0.0%	-19.2%	-17.3%	4.5%	5.3%			
Materials	0.0%	--	0.0%	--	--	-7.4%	0.0%	5.5%			
Industrials	-0.5%	-0.4%	0.0%	0.0%	-11.0%	-8.1%	16.3%	15.0%			
Cons. Disc.	0.2%	0.2%	0.0%	0.0%	-6.9%	-8.2%	16.4%	15.5%			
Cons. Staples	-0.3%	-0.3%	-0.2%	0.2%	-6.5%	0.4%	1.0%	3.6%			
Health Care	0.0%	0.0%	0.0%	0.0%	-6.5%	-6.6%	17.7%	21.0%			
Financials	-0.1%	-0.1%	0.1%	-0.1%	-7.2%	-6.1%	16.1%	7.6%			
Info. Tech	1.1%	1.3%	0.0%	-0.1%	0.0%	-5.2%	23.2%	25.6%			
Telecomm.	-0.1%	-0.1%	0.0%	0.0%	-17.3%	-5.1%	0.4%	0.8%			
Utilities	0.0%	--	0.0%	--	--	-5.6%	0.0%	0.2%			
Cash	0.3%	0.0%	0.3%	0.0%	0.0%	--	4.4%	0.0%			
<b>Portfolio</b>	<b>0.8%</b>	<b>=</b>	<b>0.6%</b>	<b>+</b>	<b>0.2%</b>	<b>+</b>	<b>0.0%</b>	<b>-6.2%</b>	<b>-7.0%</b>	<b>100.0%</b>	<b>100.0%</b>

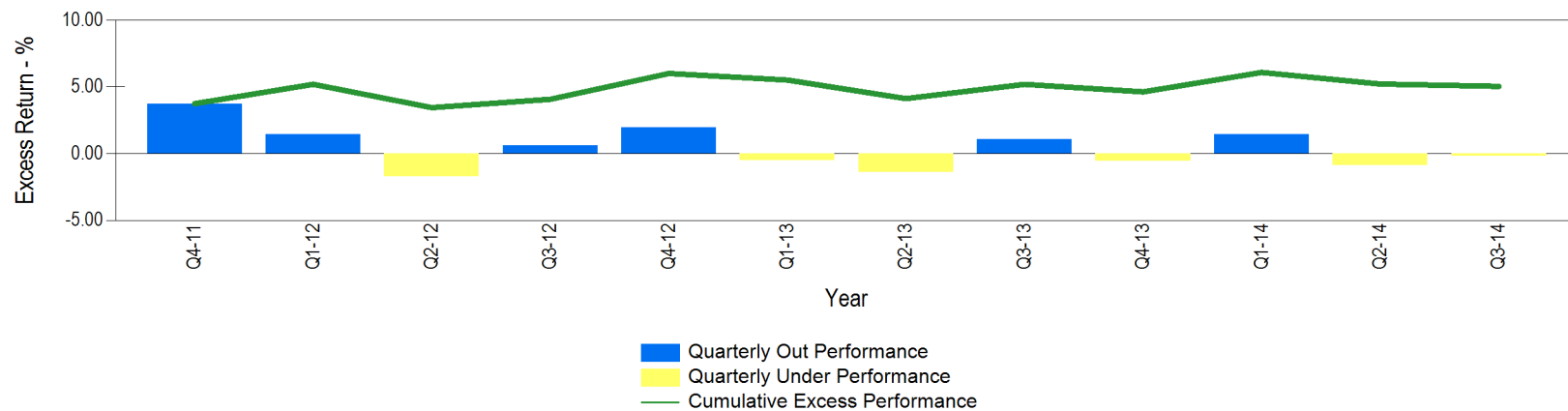
US Effective Style Map

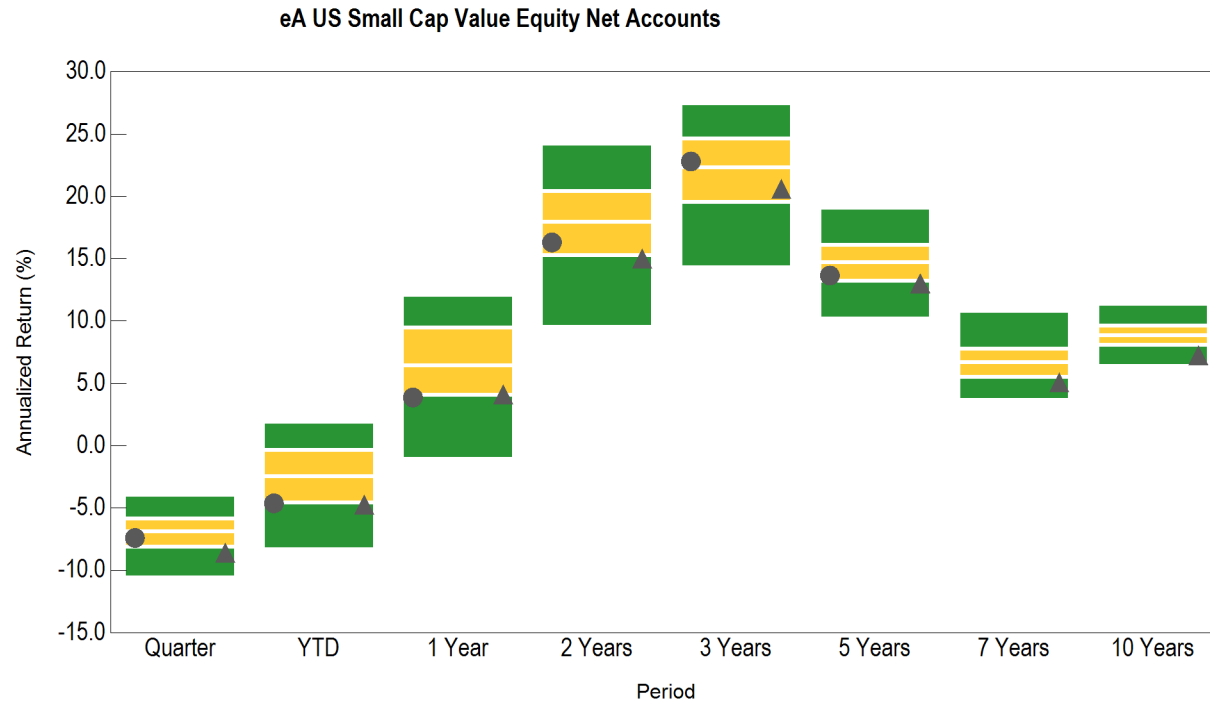


Growth of a Dollar



Quarterly and Cumulative Excess Performance





	Quarter		YTD		1 Year		2 Years		3 Years		5 Years		7 Years		10 Years	
<b>5th Percentile</b>	-3.9	1.9	12.1	24.2	27.4	19.1	10.8	11.3								
<b>25th Percentile</b>	-5.8	-0.3	9.5	20.5	24.7	16.1	7.8	9.6								
<b>Median</b>	-6.8	-2.4	6.5	18.0	22.3	14.8	6.7	8.9								
<b>75th Percentile</b>	-8.1	-4.5	4.1	15.3	19.6	13.3	5.5	8.1								
<b>95th Percentile</b>	-10.6	-8.2	-1.0	9.6	14.3	10.2	3.7	6.4								
<b># of Portfolios</b>	139	135	135	132	125	122	110	89								
<b>● The Boston Co</b>	-7.4 (64)	-4.6 (77)	3.9 (76)	16.3 (65)	22.8 (40)	13.7 (68)	-- (--)	-- (--)								
<b>▲ Russell 2000 Value</b>	-8.6 (81)	-4.7 (77)	4.1 (75)	15.0 (79)	20.6 (64)	13.0 (79)	5.1 (80)	7.3 (87)								



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

Quarter Ending September 30, 2014

**Characteristics**

	Portfolio	Russell 2000 Value
Number of Holdings	135	1,307
Weighted Avg. Market Cap. (\$B)	1.8	1.5
Median Market Cap. (\$B)	1.3	0.6
Price To Earnings	23.6	18.6
Price To Book	2.3	1.6
Price To Sales	2.3	2.4
Return on Equity (%)	11.1	7.4
Yield (%)	1.5	1.8
Beta (holdings; domestic)	1.3	1.3

**Top Holdings**

SYNOVUS FINANCIAL	2.0%
HAWAIIAN ELECTRIC INDS.	1.7%
CORELOGIC	1.5%
AMER.EAG.OUTFITTERS	1.5%
CASEY'S GENERAL STORES	1.4%
FIRST HORIZON NATIONAL	1.3%
VISHAY INTERTECHNOLOGY	1.3%
HANCOCK HOLDING	1.3%
NEW YORK TIMES 'A'	1.2%
AIR METHODS	1.2%

**Best Performers**

	Return %
GOPRO CL.A (GPRO)	131.1%
CONVERSANT (CNVR)	34.8%
FREIGHTCAR AMERICA (RAIL)	33.3%
AMER.EAG.OUTFITTERS (AEO)	30.5%
BROCADE COMMS.SYS. (BRCD)	18.5%
NATUS MEDICAL (BABY)	17.4%
SKECHERS USA 'A' (SKX)	16.7%
AMER.WOODMARK (AMWD)	15.7%
APOGEE ENTERPRISES (APOG)	14.5%
LANDSTAR SYSTEM (LSTR)	12.9%

**Worst Performers**

	Return %
KEY ENERGY SVS. (KEG)	-47.0%
GT ADVANCED TECHS. (GTATQ)	-41.8%
GEOSPACE TECHNOLOGIES (GEOS)	-36.2%
HANGER (HGR)	-34.8%
MCDERMOTT INTL. (MDR)	-29.3%
CARPENTER TECH. (CRS)	-28.4%
TAYLOR MORRISON HOME (TMHC)	-27.7%
NATURAL GAS SVS.GP. (NGS)	-27.2%
CHART INDUSTRIES (GTLS)	-26.1%
NEW YORK TIMES 'A' (NYT)	-26.0%

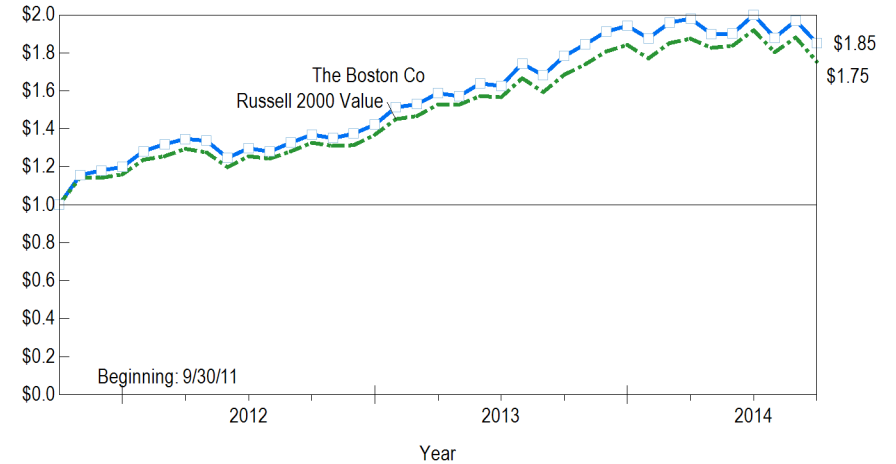
The Boston Co Performance Attribution vs. Russell 2000 Value

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	-0.1%	0.0%	-0.1%	0.0%	-23.0%	-22.8%	8.2%	7.5%			
Materials	-0.3%	-0.3%	0.0%	0.0%	-16.6%	-9.6%	4.2%	4.7%			
Industrials	0.9%	0.8%	-0.1%	0.2%	-5.3%	-11.1%	17.1%	13.5%			
Cons. Disc.	-0.1%	-0.1%	0.0%	0.0%	-9.8%	-9.0%	16.1%	11.1%			
Cons. Staples	0.0%	0.0%	0.0%	0.0%	-8.5%	-8.7%	3.4%	2.7%			
Health Care	0.5%	0.3%	0.0%	0.2%	-1.5%	-7.6%	7.5%	4.8%			
Financials	-0.3%	0.4%	-0.5%	-0.2%	-3.9%	-5.0%	23.4%	38.7%			
Info. Tech	0.4%	0.2%	0.1%	0.1%	-4.5%	-6.9%	14.0%	10.0%			
Telecomm.	0.0%	--	0.0%	--	--	-8.8%	0.0%	0.8%			
Utilities	0.3%	0.3%	0.0%	-0.1%	-5.1%	-10.4%	5.0%	6.3%			
Cash	0.1%	0.0%	0.1%	0.0%	0.0%	--	1.1%	0.0%			
<b>Portfolio</b>	<b>1.4%</b>	<b>=</b>	<b>1.7%</b>	<b>+</b>	<b>-0.5%</b>	<b>+</b>	<b>0.2%</b>	<b>-7.3%</b>	<b>-8.6%</b>	<b>100.0%</b>	<b>100.0%</b>

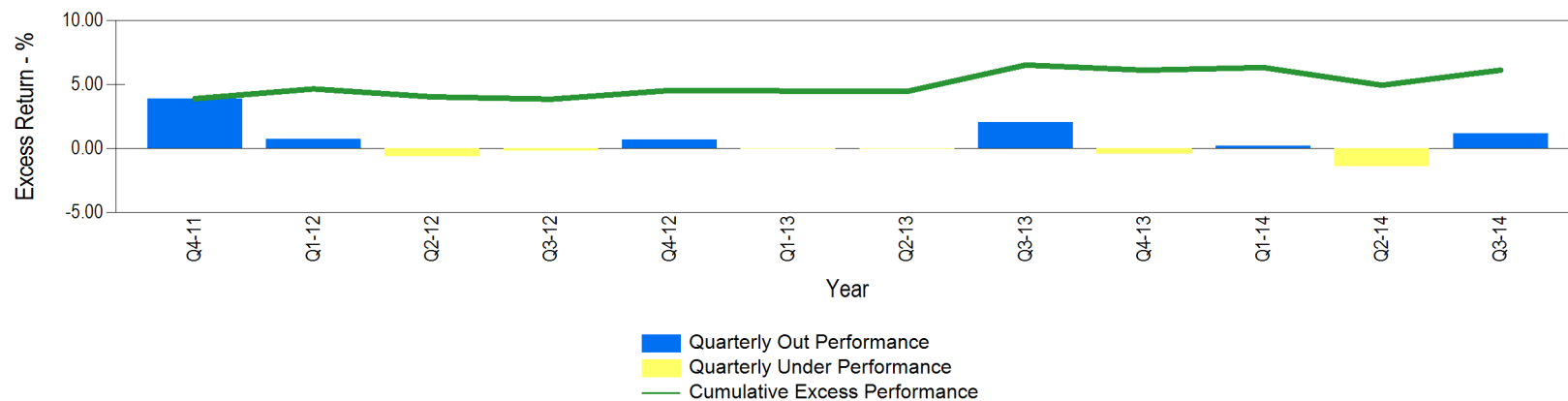
US Effective Style Map



Growth of a Dollar

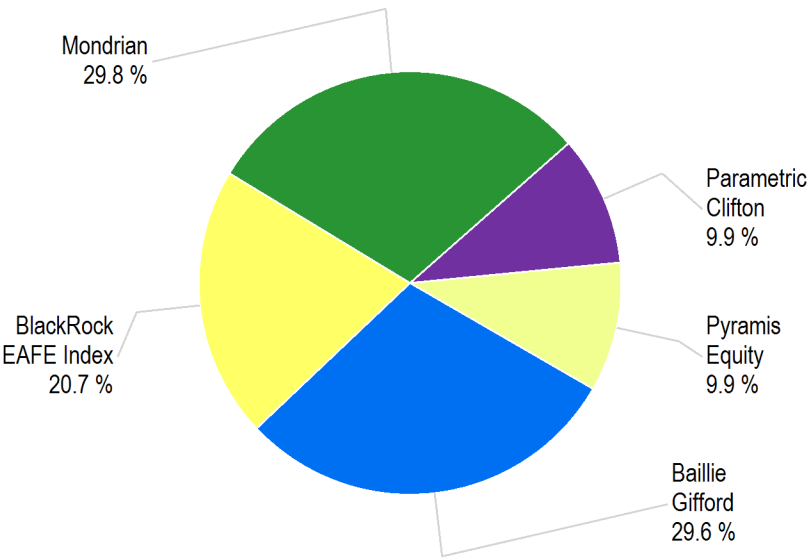


Quarterly and Cumulative Excess Performance



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

As of September 30, 2014



	Actual \$	Actual %	Manager Contribution to Excess Return %
Artio	\$2,917	0.0%	0.0%
Baillie Gifford	\$186,008,939	29.6%	-0.3%
BlackRock EAFE Index	\$130,298,072	20.7%	0.0%
Mondrian	\$187,445,160	29.8%	-0.1%
Parametric Clifton	\$62,433,134	9.9%	0.1%
Pyramis Int'l Equity	\$62,086,960	9.9%	-0.0%
Actual vs. Policy Weight Difference			-0.1%
<b>Total</b>	<b>\$628,275,183</b>	<b>100.0%</b>	<b>-0.4%</b>

**Statistics Summary**

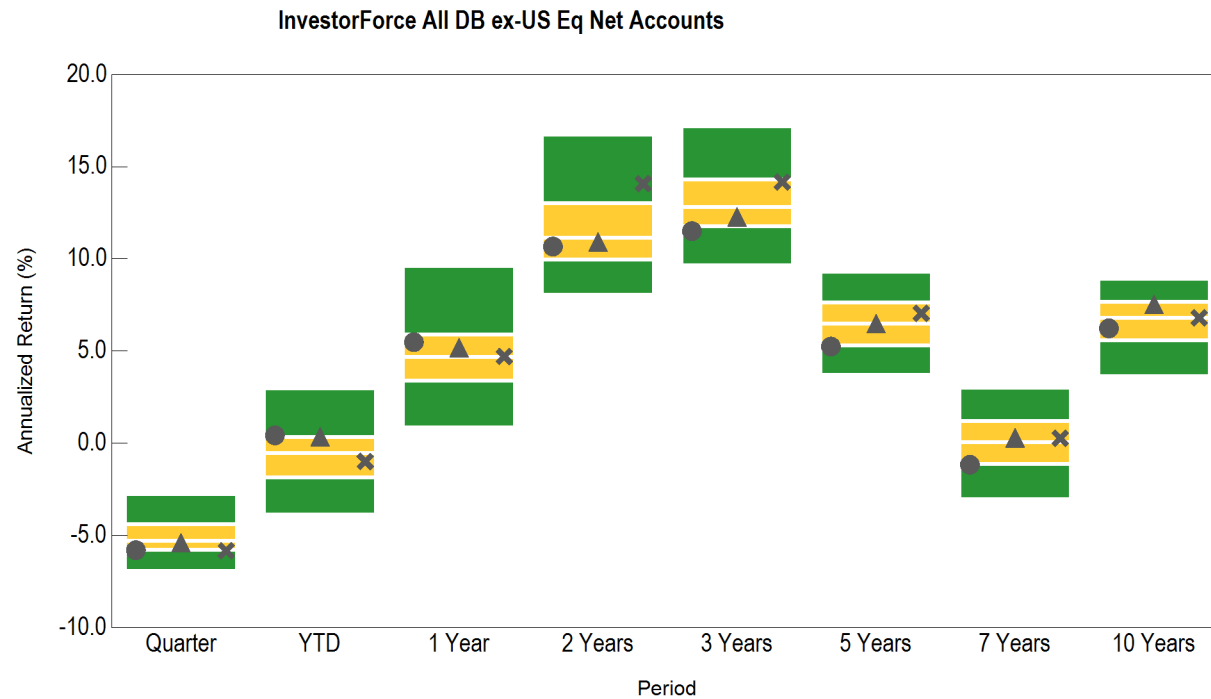
**3 Years**

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
International Equity	11.5%	13.3%	0.9	-0.4	2.2%
MSCI ACWI ex US IMI	12.3%	14.3%	0.9	--	0.0%
Mondrian	11.5%	13.2%	0.9	-0.2	4.3%
MSCI ACWI ex USA Value Gross	12.4%	15.0%	0.8	--	0.0%

**Statistics Summary**

**5 Years**

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
International Equity	5.2%	15.3%	0.3	-0.6	2.2%
MSCI ACWI ex US IMI	6.5%	16.4%	0.4	--	0.0%
Mondrian	6.6%	14.9%	0.4	0.2	4.1%
MSCI ACWI ex USA Value Gross	5.8%	16.9%	0.3	--	0.0%



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	-2.8	3.0	9.6	16.7	17.2	9.3	3.0	8.9
25th Percentile	-4.4	0.4	5.9	13.1	14.3	7.7	1.2	7.7
Median	-5.3	-0.5	4.7	11.2	12.8	6.5	0.1	6.8
75th Percentile	-5.8	-1.8	3.4	10.0	11.8	5.3	-1.1	5.6
95th Percentile	-6.9	-3.9	0.9	8.1	9.7	3.7	-3.0	3.7
# of Portfolios	327	322	320	306	290	237	210	140
● International Equity	-5.8 (76)	0.4 (25)	5.5 (32)	10.7 (63)	11.5 (80)	5.2 (78)	-1.2 (78)	6.2 (61)
▲ MSCI ACWI ex US IMI	-5.4 (58)	0.4 (25)	5.2 (37)	10.9 (57)	12.3 (66)	6.5 (51)	0.3 (44)	7.5 (33)
✕ MSCI EAFE Gross	-5.8 (77)	-1.0 (61)	4.7 (50)	14.1 (17)	14.2 (29)	7.0 (39)	0.3 (45)	6.8 (51)

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

Quarter Ending September 30, 2014

**Characteristics**

	Portfolio	MSCI ACWI ex USA IMI Gross
Number of Holdings	2,387	6,039
Weighted Avg. Market Cap. (\$B)	47.9	46.9
Median Market Cap. (\$B)	5.5	1.2
Price To Earnings	20.0	18.4
Price To Book	3.5	2.3
Price To Sales	2.5	2.0
Return on Equity (%)	18.2	14.3
Yield (%)	2.9	2.9
Beta (holdings; global)	0.9	0.9

**Top Holdings**

UNILEVER (UK)	1.7%
NESTLE 'R'	1.6%
BG GROUP	1.5%
ROCHE HOLDING	1.4%
TOTAL	1.2%
NOVARTIS 'R'	1.2%
KAO	1.2%
SANOFI	1.1%
IBERDROLA	1.1%
UNITED OVERSEAS BANK	1.0%

**Best Performers**

	Return %
JSC KAZKOMMERTSBANK GDR (REGS) (UKIR:KKB)	90.6%
ARABTEC HOLDING (DU:ART)	76.2%
BEXIMCO PHARMACEUTICALS (BN:453)	68.5%
SIX OF OCT.DEV.& INV. (EG:SOD)	68.1%
LAFARGE SURMA CMT. (BN:LFS)	66.3%
TRUE CORPORATION FB (Q:TSFB)	62.8%
CHINA TRVL.INTL.INV.HK. (K:CTII)	53.5%
PEOPLES LSG.& FINL.SVS. (BN:130)	53.4%
ITALIAN-THAI DEV. FB (Q:ITAF)	53.1%
YANTAI CHANGYU PION.WINE 'B' (CN:YTC)	51.1%

**Worst Performers**

	Return %
AFRICAN BANK INVS. (R:ABLJ)	-95.7%
BANCO ESPIRITO SANTO SUSP - 04/08/14 (P:BES)	-81.6%
NEW WORLD RESOURCES (UKIR:NWR)	-79.2%
SISTEMA JSFC GDR (REGS) 1:20 (UKIR:SSA)	-76.7%
MMX MINER ON NM (BR:MMX)	-74.7%
SISTEMA JSFC (RS:AFK)	-74.0%
JAIPRAKASH ASSOCIATES (IN:JKA)	-66.6%
SUZLON ENERGY (IN:SZE)	-55.7%
GMR INFRASTRUCTURE (IN:GMR)	-50.2%
ASYA KATILIM BANKASI (TK:ASA)	-48.7%

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

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

	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%	-9.6%	-10.4%	8.7%	9.1%			
Materials	0.4%	0.0%	0.1%	0.2%	-9.1%	-9.5%	5.4%	8.8%			
Industrials	-0.2%	-0.1%	0.0%	-0.1%	-6.9%	-6.2%	13.2%	12.1%			
Cons. Disc.	0.0%	0.0%	0.0%	0.0%	-6.7%	-7.5%	12.3%	11.6%			
Cons. Staples	-0.7%	-0.4%	0.0%	-0.4%	-9.2%	-5.7%	13.4%	9.4%			
Health Care	-0.1%	-0.1%	0.1%	-0.1%	-0.2%	0.4%	9.7%	7.9%			
Financials	0.0%	-0.4%	-0.1%	0.5%	-5.2%	-3.7%	19.3%	25.7%			
Info. Tech	0.1%	0.1%	0.0%	0.0%	-1.9%	-3.7%	7.4%	7.4%			
Telecomm.	-0.1%	0.0%	0.0%	-0.1%	-3.0%	-2.3%	5.9%	4.6%			
Utilities	0.0%	0.0%	0.0%	0.0%	-4.1%	-5.1%	3.8%	3.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.9%	0.0%			
<b>Portfolio</b>	<b>-0.4%</b>	<b>=</b>	<b>-0.9%</b>	<b>+</b>	<b>0.2%</b>	<b>+</b>	<b>0.3%</b>	<b>-5.8%</b>	<b>-5.4%</b>	<b>99.9%</b>	<b>100.0%</b>

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



## Equity Performance Attribution - International Equity

Quarter Ending September 30, 2014

## Int'l Equity w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA IMI 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	-19.9%	-18.1%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Belgium	-5.9%	-4.1%	0.4%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Czech Republic*	2.4%	4.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Denmark	-7.3%	-4.7%	2.0%	1.1%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Finland	-7.4%	-5.6%	0.6%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
France	-7.4%	-8.5%	6.1%	6.7%	0.1%	0.0%	0.0%	0.0%	0.1%
Germany	-12.8%	-11.6%	4.5%	6.3%	-0.1%	0.1%	0.1%	0.0%	0.2%
Greece*	-20.9%	-20.6%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Hungary*	-11.8%	-12.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ireland	-5.5%	-3.2%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Italy	-10.3%	-9.5%	2.1%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Luxembourg	-4.2%	-5.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	-7.8%	-5.4%	2.4%	1.8%	0.0%	0.0%	0.0%	0.0%	-0.1%
Norway	-4.2%	-7.6%	0.4%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Poland*	-1.7%	-3.2%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Portugal	-21.2%	-19.1%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia*	-16.5%	-15.5%	0.8%	1.0%	-0.1%	0.0%	0.1%	0.0%	0.0%
Spain	-10.2%	-7.7%	3.8%	2.5%	-0.1%	0.0%	-0.1%	0.0%	-0.2%
Sweden	-7.0%	-7.1%	3.7%	2.3%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Switzerland	-3.5%	-4.7%	7.0%	6.0%	0.1%	0.0%	-0.1%	0.0%	0.0%
United Kingdom	-10.2%	-6.2%	17.7%	15.3%	-0.6%	0.0%	-0.1%	-0.1%	-0.9%

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

## Equity Performance Attribution - International Equity

Quarter Ending September 30, 2014

## Int'l Equity w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA IMI 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	-5.2%	-7.9%	4.7%	5.4%	0.2%	0.0%	0.0%	0.0%	0.2%
Bangladesh**	19.0%	26.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
China*	2.9%	1.9%	3.3%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Hong Kong	-1.9%	-2.9%	1.7%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
India*	3.7%	2.5%	1.7%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia*	0.9%	3.0%	0.7%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	-2.6%	-2.5%	13.8%	15.0%	0.0%	-0.1%	0.1%	0.0%	0.0%
Korea*	-4.2%	-5.8%	2.5%	3.3%	0.0%	0.0%	0.1%	0.0%	0.1%
Malaysia*	-1.0%	-2.5%	0.6%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
New Zealand	-7.0%	-7.4%	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Pakistan**	-3.4%	-6.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Philippines*	-3.9%	5.5%	0.5%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	-1.6%	-1.7%	2.4%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Sri Lanka**	14.4%	13.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	-1.9%	-3.9%	2.2%	2.8%	0.0%	0.0%	0.0%	0.0%	0.1%
Thailand*	8.9%	8.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Americas</b>									
Argentina**	-1.5%	3.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil*	-12.2%	-9.1%	1.6%	2.2%	-0.1%	0.0%	0.1%	0.0%	0.0%
Canada	-6.2%	-5.4%	1.1%	7.8%	-0.1%	0.1%	0.3%	0.1%	0.4%
Chile*	-5.9%	-6.9%	0.6%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-6.0%	-8.3%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	0.3%	1.7%	1.4%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Peru*	-2.8%	-1.7%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
United States	-9.6%	0.8%	1.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%

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

## Equity Performance Attribution - International Equity

Quarter Ending September 30, 2014

## Int'l Equity w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA IMI 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>									
Bahrain**	2.0%	-4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bulgaria**	-11.2%	-11.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Croatia**	1.1%	-0.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Egypt*	17.7%	20.2%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Estonia**	-14.7%	-17.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Israel	1.8%	-0.6%	0.9%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Jordan**	-4.8%	-9.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Kazakhstan**	12.1%	6.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Kenya**	4.7%	6.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Kuwait**	3.8%	3.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lebanon**	-11.9%	-8.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco**	6.2%	5.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nigeria**	-4.0%	-1.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Oman**	5.9%	9.7%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Qatar*	18.1%	17.7%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Romania**	-8.2%	-10.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Slovenia**	-7.9%	-9.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa*	-5.0%	-6.1%	1.7%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Tunisia**	-8.2%	-0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey*	-10.8%	-11.4%	1.2%	0.4%	0.0%	0.0%	-0.1%	0.0%	-0.1%
United Arab Emirates*	21.3%	21.5%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%

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

**Int'l Equity w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA IMI 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>Totals</b>									
Americas	-6.6%	-5.5%	6.2%	11.6%	-0.3%	0.0%	0.4%	0.2%	0.3%
Europe	-8.7%	-7.5%	52.7%	48.5%	-0.7%	-0.1%	-0.2%	-0.1%	-1.0%
Asia/Pacific	-1.8%	-2.8%	35.1%	37.4%	0.3%	0.0%	0.2%	0.0%	0.4%
Other	-2.2%	-4.2%	5.1%	2.5%	0.0%	0.0%	-0.1%	0.0%	0.0%
Cash	0.0%	--	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-5.8%</b>	<b>-5.4%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.8%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>-0.3%</b>
<b>Totals</b>									
Developed	-6.8%	-6.0%	77.0%	78.8%	-0.7%	0.0%	0.2%	0.0%	-0.5%
Emerging*	-2.5%	-3.2%	21.0%	21.2%	0.0%	0.0%	0.2%	0.0%	0.2%
Frontier**	1.5%	--	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	--	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

InvestorForce All DB Dev Mkt ex-US Eq Net Accounts



	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>Return (Rank)</b>								
5th Percentile	-2.2	3.6	9.6	17.3	19.2	10.6	3.2	8.5
25th Percentile	-4.0	0.9	6.3	13.9	14.6	7.7	1.2	7.4
Median	-4.7	-0.6	5.1	12.7	13.1	6.5	0.4	6.4
75th Percentile	-5.7	-2.1	3.8	11.0	11.8	5.1	-0.9	5.6
95th Percentile	-7.9	-4.2	0.0	8.4	8.8	4.2	-2.8	1.9
# of Portfolios	115	113	112	109	105	82	67	44
● Developed Markets	-6.2 (84)	0.0 (43)	5.3 (48)	11.4 (71)	12.0 (73)	5.5 (73)	-1.0 (76)	6.4 (50)
▲ MSCI ACWI ex USA Gross	-5.2 (63)	0.4 (31)	5.2 (48)	10.9 (77)	12.3 (68)	6.5 (53)	0.3 (52)	7.5 (21)

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

Quarter Ending September 30, 2014

**Characteristics**

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	1,033	1,829
Weighted Avg. Market Cap. (\$B)	51.2	53.5
Median Market Cap. (\$B)	9.5	7.0
Price To Earnings	20.2	18.4
Price To Book	3.5	2.4
Price To Sales	2.5	2.0
Return on Equity (%)	18.4	14.5
Yield (%)	2.9	2.9
Beta (holdings: global)	0.9	0.9

**Top Holdings**

UNILEVER (UK)	1.9%
NESTLE 'R'	1.8%
BG GROUP	1.6%
ROCHE HOLDING	1.6%
TOTAL	1.3%
NOVARTIS 'R'	1.3%
KAO	1.3%
SANOFI	1.3%
IBERDROLA	1.2%
UNITED OVERSEAS BANK	1.2%

**Best Performers**

	Return %
HUABAO INTL.HDG. (K:SILV)	34.7%
SUNAC CHINA HOLDINGS (K:SCHL)	33.7%
KOREA INVESTMENT HDG. (KO:DFC)	32.1%
ZHUZHOU CSR TIMES ELEC. 'H' (K:ZCSR)	29.5%
SHENZHEN EXPRESSWAY 'H' (K:EXPR)	26.5%
AMERICA MOVIL SAB DE CV SPN.ADR 'L' 1:20 (AMX)	22.4%
MURATA MANUFACTURING (J:SM@N)	22.2%
HITACHI HIGH - TECHS. (J:NSSS)	21.3%
CALTEX AUSTRALIA (A:CTXX)	21.1%
CHINA MOBILE (K:CHT)	20.9%

**Worst Performers**

	Return %
BANCO ESPIRITO SANTO SUSP - 04/08/14 (P:BES)	-81.6%
FUGRO (H:FUG)	-47.1%
ALS (A:ALQX)	-44.9%
DETOUR GOLD (C:DGC)	-42.7%
TIME FOR FUN ON NM (BR:SHO)	-39.3%
MILLS ON NM (BR:MIL)	-37.9%
TESCO (UKIR:TSCO)	-37.9%
DEUTZ (D:DEZ)	-34.1%
LI NING (K:LNIN)	-34.0%
PROTALIX BIOTH. (PLX)	-33.7%

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

## Equity Sector Attribution - Developed Markets

Quarter Ending September 30, 2014

## 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	0.1%	0.0%	0.1%	0.1%	-10.0%	-10.0%	8.5%	9.6%			
Materials	0.4%	0.0%	0.2%	0.2%	-9.7%	-9.6%	4.9%	8.5%			
Industrials	-0.4%	-0.2%	0.0%	-0.2%	-7.3%	-5.8%	13.5%	10.9%			
Cons. Disc.	0.0%	0.0%	0.0%	0.0%	-6.8%	-7.8%	12.7%	10.8%			
Cons. Staples	-0.8%	-0.4%	0.0%	-0.4%	-9.6%	-5.8%	13.9%	9.9%			
Health Care	-0.1%	-0.2%	0.2%	-0.1%	-0.2%	0.9%	10.4%	8.2%			
Financials	-0.1%	-0.6%	-0.1%	0.6%	-5.9%	-3.6%	18.6%	26.5%			
Info. Tech	0.1%	0.1%	0.0%	0.0%	-1.7%	-3.6%	7.3%	6.9%			
Telecomm.	-0.1%	-0.1%	0.0%	0.0%	-4.2%	-2.0%	5.5%	5.1%			
Utilities	0.0%	0.0%	0.0%	0.0%	-4.1%	-5.2%	3.7%	3.6%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.9%	0.0%			
<b>Portfolio</b>	<b>-0.9%</b>	<b>=</b>	<b>-1.3%</b>	<b>+</b>	<b>0.2%</b>	<b>+</b>	<b>0.2%</b>	<b>-6.1%</b>	<b>-5.2%</b>	<b>100.0%</b>	<b>100.0%</b>

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

Equity Performance Attribution - Developed Markets

Quarter Ending September 30, 2014

**Developed Markets w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA 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	-19.9%	-21.3%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Belgium	-5.7%	-3.7%	0.4%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Czech Republic*	--	5.3%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Denmark	-7.3%	-3.7%	2.2%	1.1%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Finland	-7.4%	-2.9%	0.7%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
France	-7.4%	-8.3%	6.7%	7.2%	0.1%	0.0%	0.0%	0.0%	0.1%
Germany	-12.8%	-11.4%	5.0%	6.6%	-0.1%	0.1%	0.1%	0.0%	0.1%
Greece*	-22.0%	-20.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Hungary*	--	-12.8%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Ireland	-5.5%	-3.2%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Italy	-10.3%	-8.6%	2.4%	1.9%	0.0%	0.0%	0.0%	0.0%	-0.1%
Luxembourg	-2.7%	-5.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	-7.8%	-4.6%	2.7%	1.9%	-0.1%	0.0%	-0.1%	0.0%	-0.1%
Norway	-4.2%	-6.9%	0.4%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Poland*	-7.8%	-2.5%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Portugal	-21.2%	-21.2%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia*	-18.6%	-15.6%	0.3%	1.2%	-0.2%	0.0%	0.1%	0.1%	0.1%
Spain	-10.2%	-7.5%	4.2%	2.6%	-0.1%	0.0%	-0.1%	0.0%	-0.2%
Sweden	-7.0%	-5.8%	4.1%	2.2%	0.0%	0.0%	-0.1%	0.0%	-0.2%
Switzerland	-3.5%	-4.4%	7.8%	6.4%	0.1%	0.0%	-0.1%	0.0%	0.0%
United Kingdom	-10.1%	-6.0%	19.4%	15.3%	-0.7%	-0.1%	-0.2%	-0.2%	-1.1%

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



Equity Performance Attribution - Developed Markets

Quarter Ending September 30, 2014

**Developed Markets w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA 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	-5.2%	-7.9%	5.2%	5.5%	0.2%	0.0%	0.0%	0.0%	0.2%
China*	3.2%	1.5%	2.7%	3.9%	0.1%	0.0%	0.0%	0.0%	0.0%
Hong Kong	-1.9%	-2.6%	1.9%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
India*	6.2%	2.7%	1.1%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia*	-0.2%	3.5%	0.4%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	-2.6%	-2.3%	15.2%	14.4%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Korea*	-4.0%	-7.3%	2.1%	3.3%	0.1%	0.0%	0.1%	0.0%	0.2%
Malaysia*	1.0%	-3.2%	0.4%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
New Zealand	-7.0%	-7.9%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Philippines*	-6.3%	5.4%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	-1.7%	-1.2%	2.6%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	-1.5%	-3.1%	1.8%	2.6%	0.0%	0.0%	0.0%	0.0%	0.1%
Thailand*	9.3%	7.7%	0.2%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Americas</b>									
Brazil*	-13.7%	-8.6%	1.1%	2.3%	-0.2%	0.0%	0.2%	0.1%	0.1%
Canada	-6.2%	-4.3%	1.2%	7.6%	-0.2%	0.0%	0.3%	0.1%	0.3%
Chile*	-6.4%	-7.7%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-1.1%	-8.2%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	-2.0%	2.1%	0.9%	1.1%	-0.1%	0.0%	0.0%	0.0%	0.0%
Peru*	-1.3%	-1.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
United States	-8.2%	0.8%	1.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%

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

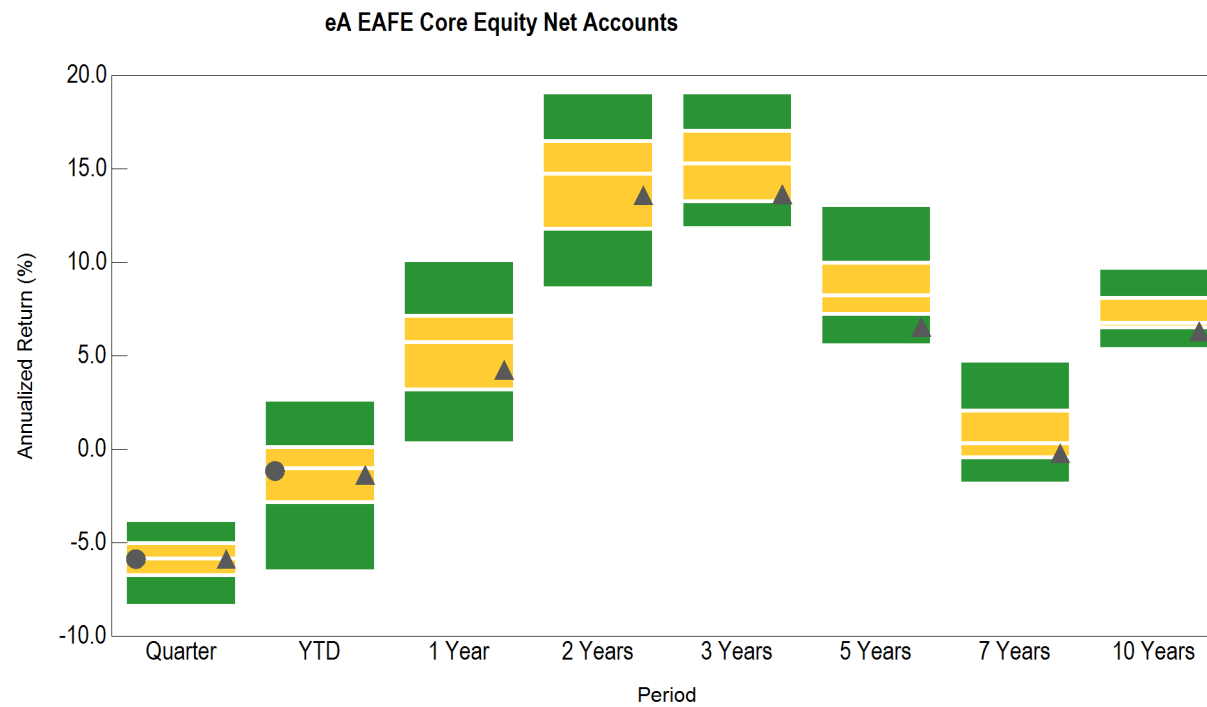
## Equity Performance Attribution - Developed Markets

Quarter Ending September 30, 2014

## Developed Markets w/o Pyramis Performance Attribution vs. MSCI ACWI ex USA 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*	--	28.2%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Israel	1.8%	0.4%	1.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Kazakhstan**	9.6%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Romania**	-4.6%	-10.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa*	-4.7%	-6.5%	1.3%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey*	-11.0%	-11.8%	0.9%	0.4%	0.0%	0.0%	0.0%	0.0%	-0.1%
United Arab Emirates*	--	22.0%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
<b>Totals</b>									
Americas	-7.4%	-4.7%	4.7%	11.6%	-0.6%	0.0%	0.5%	0.4%	0.3%
Europe	-8.7%	-7.2%	56.7%	49.6%	-0.9%	-0.1%	-0.3%	-0.1%	-1.4%
Asia/Pacific	-2.1%	-2.8%	34.4%	36.4%	0.3%	0.0%	0.0%	0.0%	0.3%
Other	-4.3%	-4.5%	3.2%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	--	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-6.1%</b>	<b>-5.2%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-1.2%</b>	<b>-0.1%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>-0.9%</b>
<b>Totals</b>									
Developed	-6.8%	-5.7%	84.8%	78.8%	-1.0%	0.0%	-0.3%	-0.1%	-1.3%
Emerging*	-2.6%	-3.5%	14.2%	21.2%	-0.2%	0.0%	0.5%	0.1%	0.4%
Frontier**	3.3%	--	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	--	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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



	Return (Rank)													
<b>5th Percentile</b>	-3.8	2.6	10.1	19.1	19.1	13.1	4.7	9.7						
<b>25th Percentile</b>	-5.0	0.1	7.2	16.5	17.1	10.0	2.1	8.1						
<b>Median</b>	-5.8	-1.0	5.7	14.8	15.3	8.3	0.3	6.8						
<b>75th Percentile</b>	-6.7	-2.8	3.2	11.8	13.3	7.3	-0.4	6.5						
<b>95th Percentile</b>	-8.4	-6.5	0.3	8.6	11.8	5.6	-1.8	5.4						
<b># of Portfolios</b>	76	72	72	72	66	60	48	34						
<b>● BlackRock EAFE Index</b>	-5.9 (53)	-1.2 (52)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)						
<b>▲ MSCI EAFE</b>	-5.9 (53)	-1.4 (56)	4.3 (64)	13.6 (57)	13.6 (72)	6.6 (87)	-0.2 (71)	6.3 (86)						

## Equity Only Summary Statistics - BlackRock EAFE

Quarter Ending September 30, 2014

## Characteristics

	Portfolio	MSCI EAFE
Number of Holdings	912	901
Weighted Avg. Market Cap. (\$B)	60.7	60.8
Median Market Cap. (\$B)	8.7	8.7
Price To Earnings	19.7	18.8
Price To Book	2.9	2.3
Price To Sales	2.1	1.9
Return on Equity (%)	15.8	13.2
Yield (%)	3.0	3.0
Beta (holdings; global)	1.0	1.0

## Top Holdings

NESTLE 'R'	1.8%
NOVARTIS 'R'	1.7%
ROCHE HOLDING	1.6%
HSBC HDG. (ORD \$0.50)	1.5%
TOYOTA MOTOR	1.3%
ROYAL DUTCH SHELL A(LON)	1.2%
TOTAL	1.1%
BP	1.0%
SANOFI	1.0%
BANCO SANTANDER	0.9%

## Best Performers

	Return %
MURATA MANUFACTURING (J:SM@N)	22.2%
HITACHI HIGH - TECHS. (J:NSSS)	21.3%
CALTEX AUSTRALIA (A:CTXX)	21.1%
FUJI HEAVY INDS. (J:FJ@N)	20.3%
MEIJI HOLDINGS (J:MEJH)	19.9%
TDK (J:TD@N)	19.8%
HITACHI METALS (J:HM@N)	19.6%
SUMITOMO HEAVY INDS. (J:OZ@N)	19.0%
CALBEE (J:CALB)	18.7%
GJENSIDIGE FORSIKRING (N:GJF)	18.0%

## Worst Performers

	Return %
BANCO ESPIRITO SANTO SUSP - 04/08/14 (P:BES)	-81.6%
FUGRO (H:FUG)	-47.1%
ALS (A:ALQX)	-44.9%
TESCO (UKIR:TSCO)	-37.9%
JERONIMO MARTINS (P:JMT)	-33.1%
BANCA MONTE DEI PASCHI (I:BMPS)	-31.9%
RAIFFEISEN BANK INTL. (O:RAI)	-31.9%
ARKEMA (F:AKE)	-31.0%
SANDS CHINA (K:SNDC)	-31.0%
SEADRILL (N:SDRL)	-30.4%

eA ACWI ex-US Growth Equity Net Accounts



	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>Return (Rank)</b>								
5th Percentile	-2.2	3.2	10.1	19.2	18.9	11.8	5.1	9.3
25th Percentile	-4.0	0.5	6.7	13.0	14.4	10.2	3.0	8.7
Median	-5.0	-1.4	4.2	11.4	13.6	8.3	2.2	8.4
75th Percentile	-6.1	-4.6	1.8	9.7	12.2	7.7	0.9	7.0
95th Percentile	-8.0	-8.8	-2.9	6.3	10.0	5.5	-2.7	6.1
# of Portfolios	27	27	27	26	26	23	20	13
● Baillie Gifford	-6.3 (76)	-1.4 (50)	3.0 (67)	12.1 (40)	-- (--)	-- (--)	-- (--)	-- (--)
▲ MSCI ACWI ex US	-5.2 (58)	0.4 (27)	6.2 (29)	14.9 (16)	-- (--)	-- (--)	-- (--)	-- (--)
✕ MSCI ACWI ex US Growth	-4.8 (45)	0.0 (37)	5.1 (33)	14.0 (21)	-- (--)	-- (--)	-- (--)	-- (--)

Quarter Ending September 30, 2014

## Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	87	1,829
Weighted Avg. Market Cap. (\$B)	36.7	53.5
Median Market Cap. (\$B)	12.2	7.0
Price To Earnings	23.3	18.4
Price To Book	5.0	2.4
Price To Sales	5.3	2.0
Return on Equity (%)	22.8	14.5
Yield (%)	2.0	2.9
Beta (holdings: global)	1.0	0.9

## Top Holdings

ROCHE HOLDING	3.1%
KINNEVIK 'B'	3.1%
NOVO NORDISK 'B'	2.6%
BG GROUP	2.5%
SHIMANO	2.5%
BAIDU 'A' ADR 10:1	2.4%
SVENSKA HANDBKN.'A'	2.2%
COCHLEAR	2.2%
ATLAS COPCO 'B'	2.2%
CARLSBERG 'B'	1.9%

## Best Performers

	Return %
BAIDU 'A' ADR 10:1 (BIDU)	16.8%
MAHINDRA & MAHINDRA GDR REG 'S' (UKIR:MHID)	16.5%
BOC HONG KONG (HDG.) (K:BOC)	12.4%
SHIMANO (J:SHMO)	9.6%
HON HAI PREC.GDR (UKIR:HHPD)	6.6%
COCHLEAR (A:COHX)	6.3%
THK (J:THAK)	6.3%
SAMSUNG FIRE & MAR.IN. (KO:AFM)	5.2%
OLYMPUS (J:OLYC)	4.1%
NOVO NORDISK 'B' (DK:NON)	4.0%

## Worst Performers

	Return %
PROTALIX BIOTH. (PLX)	-33.7%
ASOS (UKIR:ASC)	-27.9%
ADIDAS (D:ADS)	-26.6%
HARGREAVES LANSDOWN (UKIR:HL.)	-25.9%
CNH INDUSTRIAL (I:CNHI)	-22.5%
PUREGOLD PRICE CLUB (PH:PUR)	-22.2%
DISTRIBUIDORA INTNAC.DE ALIMENTACION (E:DIA)	-20.5%
TREASURY WINE ESTATES (A:TWEX)	-20.5%
CORPORACION FINCA.ALBA (E:ALB)	-18.7%
KAZ MINERALS (UKIR:KAZ)	-17.9%

## Baillie Gifford Performance Attribution vs. MSCI ACWI ex USA Gross

	Total Effects	Attribution Effects			Returns		Sector Weights				
		Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.5%	-0.1%	0.3%	0.4%	-11.0%	-10.0%	4.3%	9.6%			
Materials	0.3%	-0.3%	0.2%	0.4%	-12.9%	-9.6%	4.4%	8.5%			
Industrials	-0.3%	0.0%	0.0%	-0.3%	-5.8%	-5.8%	15.8%	10.9%			
Cons. Disc.	0.0%	0.3%	-0.1%	-0.1%	-4.8%	-7.8%	16.9%	10.8%			
Cons. Staples	-1.2%	-0.4%	0.0%	-0.7%	-9.6%	-5.8%	17.5%	9.9%			
Health Care	0.0%	-0.1%	0.2%	-0.2%	0.6%	0.9%	10.8%	8.2%			
Financials	-0.9%	-1.4%	-0.1%	0.6%	-8.8%	-3.6%	21.6%	26.5%			
Info. Tech	0.2%	-0.1%	0.0%	0.3%	-0.3%	-3.6%	7.4%	6.9%			
Telecomm.	0.1%	--	-0.1%	--	--	-2.0%	0.0%	5.1%			
Utilities	0.2%	--	0.0%	--	--	-5.2%	0.0%	3.6%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	1.2%	0.0%			
<b>Portfolio</b>	<b>-1.1%</b>	<b>=</b>	<b>-2.2%</b>	<b>+</b>	<b>0.2%</b>	<b>+</b>	<b>0.9%</b>	<b>-6.3%</b>	<b>-5.2%</b>	<b>100.0%</b>	<b>100.0%</b>

## Baillie Gifford Performance Attribution vs. MSCI ACWI ex USA 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	--	-21.3%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Belgium	-11.3%	-3.7%	0.2%	0.9%	-0.1%	0.0%	0.1%	0.1%	0.0%
Czech Republic*	--	5.3%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Denmark	-8.1%	-3.7%	5.7%	1.1%	-0.1%	0.2%	-0.3%	-0.2%	-0.5%
Finland	-3.7%	-2.9%	1.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
France	-10.6%	-8.3%	1.6%	7.2%	-0.2%	0.1%	0.4%	0.1%	0.5%
Germany	-26.4%	-11.4%	0.6%	6.6%	-1.1%	0.3%	0.5%	1.0%	0.6%
Greece*	--	-20.0%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Hungary*	--	-12.8%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Ireland	--	-3.2%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Italy	-14.1%	-8.6%	2.5%	1.9%	-0.1%	0.0%	0.0%	0.0%	-0.2%
Netherlands	--	-4.6%	0.0%	1.9%	--	0.0%	0.2%	--	0.1%
Norway	--	-6.9%	0.0%	0.6%	--	0.0%	0.0%	--	0.0%
Poland*	--	-2.5%	0.0%	0.4%	--	0.0%	0.0%	--	0.0%
Portugal	--	-21.2%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Russia*	--	-15.6%	0.0%	1.2%	--	0.1%	0.1%	--	0.2%
Spain	-16.6%	-7.5%	4.3%	2.6%	-0.3%	0.0%	-0.1%	-0.2%	-0.5%
Sweden	-8.0%	-5.8%	8.7%	2.2%	-0.1%	0.0%	-0.5%	-0.2%	-0.6%
Switzerland	-4.8%	-4.4%	7.6%	6.4%	0.0%	0.0%	-0.1%	0.0%	-0.1%
United Kingdom	-12.6%	-6.0%	20.0%	15.3%	-1.1%	-0.1%	-0.2%	-0.3%	-1.6%

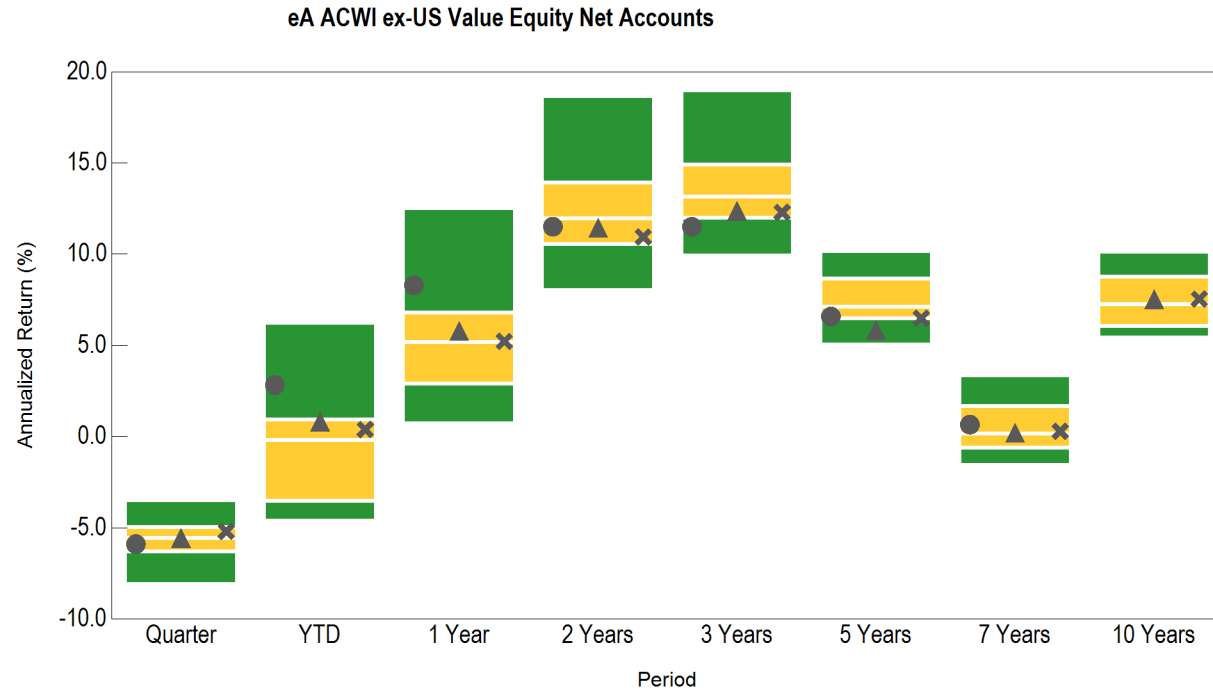


## Baillie Gifford Performance Attribution vs. MSCI ACWI ex USA Gross

	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	-2.7%	-7.9%	7.1%	5.5%	0.3%	0.0%	-0.1%	0.1%	0.2%
China*	5.2%	1.5%	3.5%	3.9%	0.1%	0.0%	0.0%	0.0%	0.1%
Hong Kong	2.2%	-2.6%	2.3%	2.0%	0.1%	0.0%	0.0%	0.0%	0.1%
India*	16.5%	2.7%	1.4%	1.5%	0.2%	0.0%	0.0%	0.0%	0.2%
Indonesia*	--	3.5%	0.0%	0.5%	--	0.0%	0.0%	--	0.0%
Japan	-1.0%	-2.3%	12.4%	14.4%	0.2%	-0.1%	0.1%	0.0%	0.2%
Korea*	-4.6%	-7.3%	3.4%	3.3%	0.0%	0.0%	0.1%	0.0%	0.1%
Malaysia*	--	-3.2%	0.0%	0.8%	--	0.0%	0.0%	--	0.0%
New Zealand	-7.0%	-7.9%	1.1%	0.1%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Philippines*	-22.2%	5.4%	0.5%	0.2%	-0.1%	0.0%	0.0%	-0.1%	-0.1%
Singapore	-1.5%	-1.2%	3.5%	1.0%	0.0%	0.0%	0.0%	0.0%	-0.1%
Taiwan*	0.8%	-3.1%	3.0%	2.6%	0.1%	0.0%	0.0%	0.0%	0.1%
Thailand*	--	7.7%	0.0%	0.5%	--	0.0%	0.0%	--	0.0%
<b>Americas</b>									
Brazil*	-2.5%	-8.6%	0.8%	2.3%	-0.1%	0.0%	0.2%	0.1%	0.2%
Canada	--	-4.3%	0.0%	7.6%	--	0.0%	0.4%	--	0.4%
Chile*	--	-7.7%	0.0%	0.3%	--	0.0%	0.0%	--	0.0%
Colombia*	--	-8.2%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Mexico*	-5.6%	2.1%	0.7%	1.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Peru*	--	-1.6%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
United States	-7.6%	0.8%	2.5%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%
<b>Other</b>									
Egypt*	--	28.2%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Israel	--	0.4%	0.0%	0.4%	--	0.0%	0.0%	--	0.0%
South Africa*	-4.4%	-6.5%	2.7%	1.6%	0.0%	0.0%	-0.1%	0.0%	0.0%
Turkey*	-10.3%	-11.8%	1.7%	0.4%	0.0%	-0.1%	-0.1%	0.0%	-0.1%
United Arab Emirates*	--	22.0%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%

**Baillie Gifford Performance Attribution vs. MSCI ACWI ex USA 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>Totals</b>									
Americas	-6.2%	-4.7%	4.0%	11.6%	-0.8%	0.0%	0.6%	0.5%	0.4%
Europe	-10.6%	-7.2%	52.2%	49.6%	-1.9%	0.0%	0.1%	-0.1%	-2.0%
Asia/Pacific	-0.6%	-2.8%	38.2%	36.4%	0.6%	0.0%	0.1%	0.0%	0.8%
Other	-6.6%	-4.5%	4.4%	2.5%	0.0%	0.0%	-0.1%	0.0%	-0.2%
Cash	0.0%	--	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-6.3%</b>	<b>-5.2%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-2.1%</b>	<b>0.0%</b>	<b>0.7%</b>	<b>0.4%</b>	<b>-1.1%</b>
<b>Totals</b>									
Developed	-7.5%	-5.7%	81.1%	78.8%	-1.8%	0.0%	0.2%	-0.1%	-1.6%
Emerging*	-1.1%	-3.5%	17.7%	21.2%	0.1%	0.0%	0.5%	0.0%	0.6%
Cash	0.0%	--	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	-3.5	6.2	12.5	18.6	19.0	10.1	3.4	10.1
<b>25th Percentile</b>	-5.0	1.0	6.8	14.0	14.9	8.7	1.7	8.8
<b>Median</b>	-5.5	-0.2	5.2	12.0	13.2	7.1	0.2	7.3
<b>75th Percentile</b>	-6.3	-3.5	2.9	10.6	12.0	6.5	-0.6	6.1
<b>95th Percentile</b>	-8.1	-4.6	0.7	8.1	10.0	5.1	-1.5	5.5
<b># of Portfolios</b>	26	24	24	23	20	18	17	13
<b>● Mondrian</b>	-5.9 (60)	2.8 (15)	8.3 (19)	11.5 (61)	11.5 (79)	6.6 (65)	0.7 (31)	-- (--)
<b>▲ MSCI ACWI ex USA Value Gross</b>	-5.6 (51)	0.8 (31)	5.8 (40)	11.4 (62)	12.4 (68)	5.8 (89)	0.2 (50)	7.5 (47)
<b>✕ MSCI ACWI ex USA Gross</b>	-5.2 (31)	0.4 (37)	5.2 (48)	10.9 (67)	12.3 (71)	6.5 (76)	0.3 (47)	7.5 (46)

Quarter Ending September 30, 2014

## Characteristics

	Portfolio	MSCI ACWI ex USA Value Gross
Number of Holdings	136	997
Weighted Avg. Market Cap. (\$B)	59.1	56.6
Median Market Cap. (\$B)	17.9	6.6
Price To Earnings	17.3	14.9
Price To Book	2.7	1.7
Price To Sales	1.7	1.5
Return on Equity (%)	16.0	11.9
Yield (%)	3.8	3.7
Beta (holdings: global)	0.8	1.0

## Top Holdings

IBERDROLA	3.1%
UNILEVER (UK)	2.9%
SANOFI	2.7%
NOVARTIS 'R'	2.4%
TELEFONICA	2.3%
NATIONAL GRID	2.3%
CANON	2.2%
TOTAL	2.1%
TEVA PHARM.INDS.ADR 1:1	2.1%
DEUTSCHE TELEKOM	2.1%

## Best Performers

	Return %
HUABAO INTL.HDG. (K:SILV)	34.7%
AMERICA MOVIL SAB DE CV SPN.ADR 'L' 1:20 (AMX)	22.4%
CHINA MOBILE (K:CHT)	20.9%
PTT FB (Q:PTTC)	17.6%
KANGWON LAND (KO:KWL)	15.7%
INFOSYS ADR 1:1 (INFY)	12.5%
INFOSYS (IN:INE)	12.1%
GENTERA (MX:CSV)	11.0%
KAZMUNAIGAS EXP.PRDN.GDR REG S (UKIR:KMG)	9.6%
ZEE ENTERTAINMENT PRF (UKIR:#NA)	7.6%

## Worst Performers

	Return %
TESCO (UKIR:TSCO)	-37.9%
RURAL ELECFN.CORP. (IN:RUR)	-31.8%
SANDS CHINA (K:SNDC)	-31.0%
ECORODOVIAS ON NM (BR:EON)	-28.3%
HYUNDAI MOTOR PF.2 (KO:MOT)	-28.1%
VINCI (F:DG@F)	-22.3%
SBERBANK OF RUSSIA (LON) ADR (UKIR:SBER)	-21.8%
CHINA BLUE CHEMICAL 'H' (K:CHBC)	-20.5%
CIELO ON NM (BR:VIS)	-19.6%
SAINT GOBAIN (F:GOB)	-18.9%

**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	0.1%	0.1%	0.0%	0.0%	-9.5%	-10.4%	14.2%	13.6%			
Materials	1.0%	-0.3%	0.4%	0.9%	-8.3%	-10.4%	0.8%	9.5%			
Industrials	-0.4%	-0.2%	0.0%	-0.2%	-9.1%	-6.2%	9.3%	7.1%			
Cons. Disc.	0.1%	0.0%	0.0%	0.1%	-7.7%	-9.0%	7.2%	7.2%			
Cons. Staples	-1.4%	-0.1%	-0.5%	-0.9%	-11.1%	-9.6%	15.8%	4.0%			
Health Care	-0.2%	-0.2%	0.7%	-0.6%	-0.3%	2.7%	11.6%	4.9%			
Financials	1.1%	-0.1%	-0.4%	1.7%	-3.1%	-3.7%	10.7%	37.0%			
Info. Tech	-0.2%	0.0%	0.2%	-0.4%	-2.4%	-1.5%	8.7%	3.4%			
Telecomm.	-0.5%	-0.2%	0.2%	-0.4%	-4.2%	-1.2%	12.6%	7.3%			
Utilities	0.1%	0.1%	0.0%	-0.1%	-3.6%	-5.8%	7.8%	5.9%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	1.4%	0.0%			
<b>Portfolio</b>	<b>-0.3%</b>	<b>=</b>	<b>-0.9%</b>	<b>+</b>	<b>0.5%</b>	<b>+</b>	<b>0.1%</b>	<b>-5.9%</b>	<b>-5.6%</b>	<b>100.0%</b>	<b>100.0%</b>

## Equity Performance Attribution - Mondrian

Quarter Ending September 30, 2014

## Mondrian Performance Attribution vs. 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	--	-21.5%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Belgium	--	-6.9%	0.0%	0.3%	--	0.0%	0.0%	--	0.0%
Czech Republic*	--	7.8%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Denmark	--	-9.3%	0.0%	0.3%	--	0.0%	0.0%	--	0.0%
Finland	--	-8.3%	0.0%	0.6%	--	0.0%	0.0%	--	0.1%
France	-5.8%	-5.6%	10.6%	7.9%	0.0%	0.1%	-0.2%	0.0%	-0.2%
Germany	-11.8%	-12.9%	6.3%	7.1%	0.1%	0.0%	0.1%	0.0%	0.2%
Greece*	--	-21.9%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Hungary*	--	-10.0%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Ireland	--	-9.9%	0.0%	0.2%	--	0.0%	0.0%	--	0.0%
Italy	-10.2%	-9.1%	2.0%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	-7.8%	-8.1%	5.5%	1.2%	0.0%	0.0%	-0.3%	0.0%	-0.4%
Norway	--	-7.1%	0.0%	1.1%	--	0.0%	0.0%	--	0.1%
Poland*	--	-3.4%	0.0%	0.4%	--	0.0%	0.0%	--	0.0%
Portugal	--	-13.0%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Russia*	-18.6%	-13.9%	0.9%	1.1%	-0.2%	0.0%	0.2%	0.0%	0.0%
Spain	-6.5%	-6.5%	5.4%	3.7%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Sweden	5.2%	-5.5%	0.9%	1.9%	0.2%	0.0%	0.1%	-0.1%	0.2%
Switzerland	-0.7%	-2.3%	8.6%	4.1%	0.1%	0.2%	-0.4%	0.1%	0.0%
United Kingdom	-11.5%	-5.8%	18.7%	16.7%	-1.0%	0.0%	0.0%	-0.1%	-1.2%

## Equity Performance Attribution - Mondrian

Quarter Ending September 30, 2014

## Mondrian Performance Attribution vs. 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	-0.8%	-9.2%	1.4%	5.5%	0.5%	0.1%	0.3%	-0.4%	0.5%
China*	1.9%	4.1%	3.3%	3.9%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Hong Kong	-31.0%	0.9%	0.1%	2.1%	-0.7%	0.0%	0.0%	0.6%	0.0%
India*	-3.0%	-3.0%	1.6%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia*	1.2%	2.3%	0.8%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	-3.2%	-4.1%	13.7%	14.5%	0.1%	0.0%	0.1%	0.0%	0.2%
Korea*	-12.1%	-7.4%	1.7%	3.2%	-0.2%	0.1%	0.1%	0.1%	0.0%
Malaysia*	-1.1%	-1.8%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
New Zealand	--	-1.2%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
Philippines*	4.5%	4.5%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	-2.1%	0.9%	3.4%	1.0%	0.0%	0.1%	-0.1%	-0.1%	-0.1%
Taiwan*	-5.2%	-1.5%	1.4%	2.6%	-0.1%	0.0%	0.0%	0.0%	0.0%
Thailand*	17.6%	8.8%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Americas</b>									
Brazil*	-14.2%	-9.6%	2.2%	2.3%	-0.2%	0.0%	0.1%	0.0%	-0.1%
Canada	-4.5%	-6.4%	1.0%	7.6%	0.2%	0.1%	0.3%	-0.1%	0.5%
Chile*	-8.3%	-4.4%	0.7%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-1.1%	-8.2%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	0.6%	1.1%	1.7%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Peru*	-1.3%	-1.4%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
United States	-11.0%	0.9%	0.5%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%

## Equity Performance Attribution - Mondrian

Quarter Ending September 30, 2014

## Mondrian Performance Attribution vs. 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*	--	11.5%	0.0%	0.0%	--	0.0%	0.0%	--	0.0%
Israel	3.2%	1.4%	2.2%	0.3%	0.0%	0.2%	0.0%	-0.1%	0.1%
Kazakhstan**	9.6%	-5.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Romania**	-4.6%	-5.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa*	-7.4%	-7.8%	0.5%	1.6%	0.0%	0.0%	0.1%	0.0%	0.1%
Turkey*	-11.6%	-14.1%	0.9%	0.4%	0.0%	0.0%	0.0%	0.0%	-0.1%
United Arab Emirates*	--	17.6%	0.0%	0.1%	--	0.0%	0.0%	--	0.0%
<b>Totals</b>									
Americas	-7.1%	-6.2%	6.6%	11.6%	-0.3%	0.1%	0.4%	0.1%	0.3%
Europe	-8.0%	-7.1%	58.9%	49.4%	-0.5%	-0.1%	-0.6%	-0.1%	-1.2%
Asia/Pacific	-2.4%	-3.3%	29.1%	36.5%	0.3%	-0.1%	0.4%	-0.1%	0.5%
Other	-1.8%	-6.0%	3.9%	2.5%	0.0%	0.0%	0.0%	0.0%	0.1%
Cash	0.0%	--	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-5.9%</b>	<b>-5.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.5%</b>	<b>-0.1%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>-0.3%</b>
<b>Totals</b>									
Developed	-6.4%	-6.2%	80.3%	78.9%	-0.1%	0.0%	-0.1%	0.0%	-0.2%
Emerging*	-4.7%	-3.3%	18.0%	21.1%	-0.6%	0.0%	0.4%	0.1%	-0.1%
Frontier**	3.3%	--	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	--	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



eA ACWI ex-US Small Cap Equity Net Accounts



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	-4.0	3.9	10.7	20.7	22.1	12.8	6.6	14.2
25th Percentile	-5.7	1.9	7.7	19.1	18.1	12.3	4.8	12.4
Median	-6.6	-0.6	6.2	15.9	15.9	12.0	3.4	10.2
75th Percentile	-7.2	-4.6	1.8	12.5	14.4	11.0	1.7	9.6
95th Percentile	-8.8	-7.8	-1.3	10.9	13.9	9.2	0.7	9.1
# of Portfolios	19	16	16	16	10	8	7	3
● Pyramis Equity	-7.2 (78)	-1.8 (60)	2.6 (67)	10.0 (99)	-- (--)	-- (--)	-- (--)	-- (--)
▲ MSCI ACWI ex US Small Cap Gross	-6.7 (54)	0.3 (40)	4.9 (61)	12.4 (76)	12.9 (99)	8.7 (99)	2.0 (66)	9.4 (84)

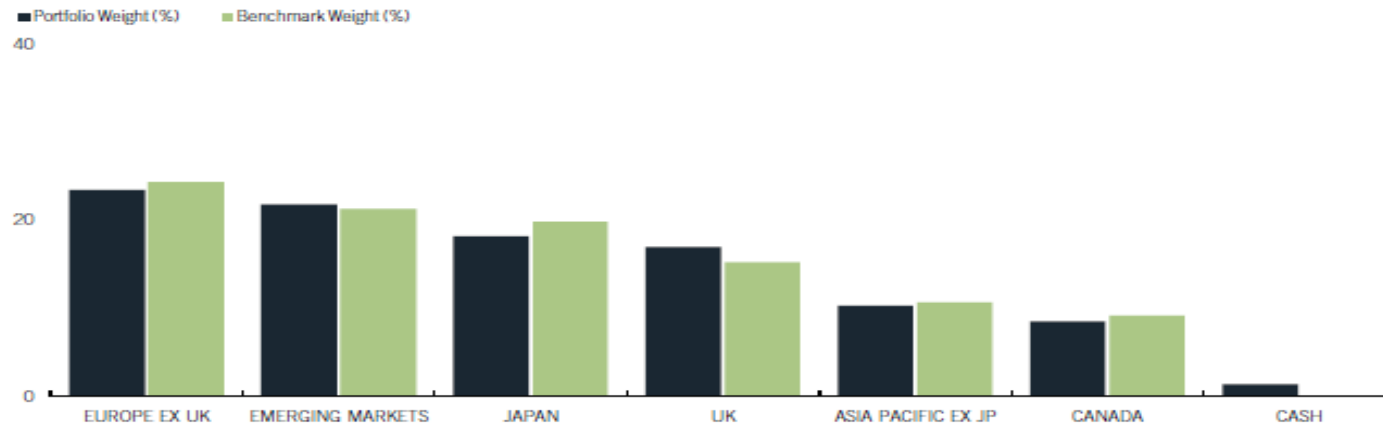
## Equity Only Summary Statistics – Pyramis Global Advisors

Quarter Ending September 30, 2014

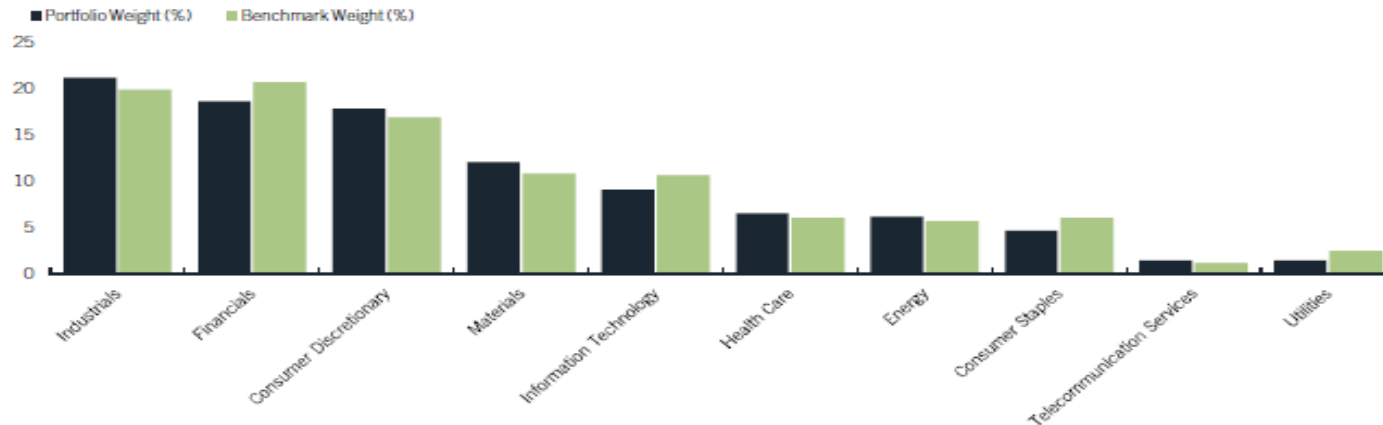
Characteristics	Portfolio	MSCI ACWI ex-US Small Cap
No. of Securities	227	4,193
Weighted Avg. Market Cap. (\$B)	2.6	2.0
Price to Book Ratio	1.7	1.5
Return on Equity (%)	12.5	10.8

Ten Holdings		Best Performers		Worst Performers	
HIKMA PHARMACEUTICALS PLC	1.6	SUNAC CHINA HOLDINGS LIMITED	32.9	DETOUR GOLD CORP	-42.7
NIHON PARKERIZING CO LTD	1.5	ZHUZHOU CSR TIMES ELE CO LTD H	29.3	T4F ENTRETENIMENTO SA	-39.3
TECHTRONIC INDUSTRIES CO LTD	1.3	SHENZHEN EXPRESSWY CO LTD H	26.5	MILLS ESTRUTURAS E SERVICOS	-37.9
METHANEX CORP	1.2	SEOBU T&D	18.9	LI NING CO LTD	-33.7
THK CO LTD	1.0	CEBU AIR INC	18.1	DEUTZ AG	-33.4
OBIC CO LTD	1.0	ANSALDO STS SPA	17.6	KOZAALTIN ISLETMELERIAS	-32.4
NUFARM LTD	1.0	INGENICO	17.5	ARKEMA	-31.0
JOHN WOOD GROUP PLC	0.9	SECURITY BANK CORP	15.7	IPSOS SA	-30.5
QUEBECOR INC CL B SUB VT G	0.9	DAH SING FINANCIAL HOLDINGS	15.6	KUONI REISEN HLDG CL B (REG)	-30.1
SURUGA BANK LTD	0.9	KEPCO PLANT SER & ENG CO LTD	15.3	RAMIRENT OYJ	-29.6

**Regional Weights**



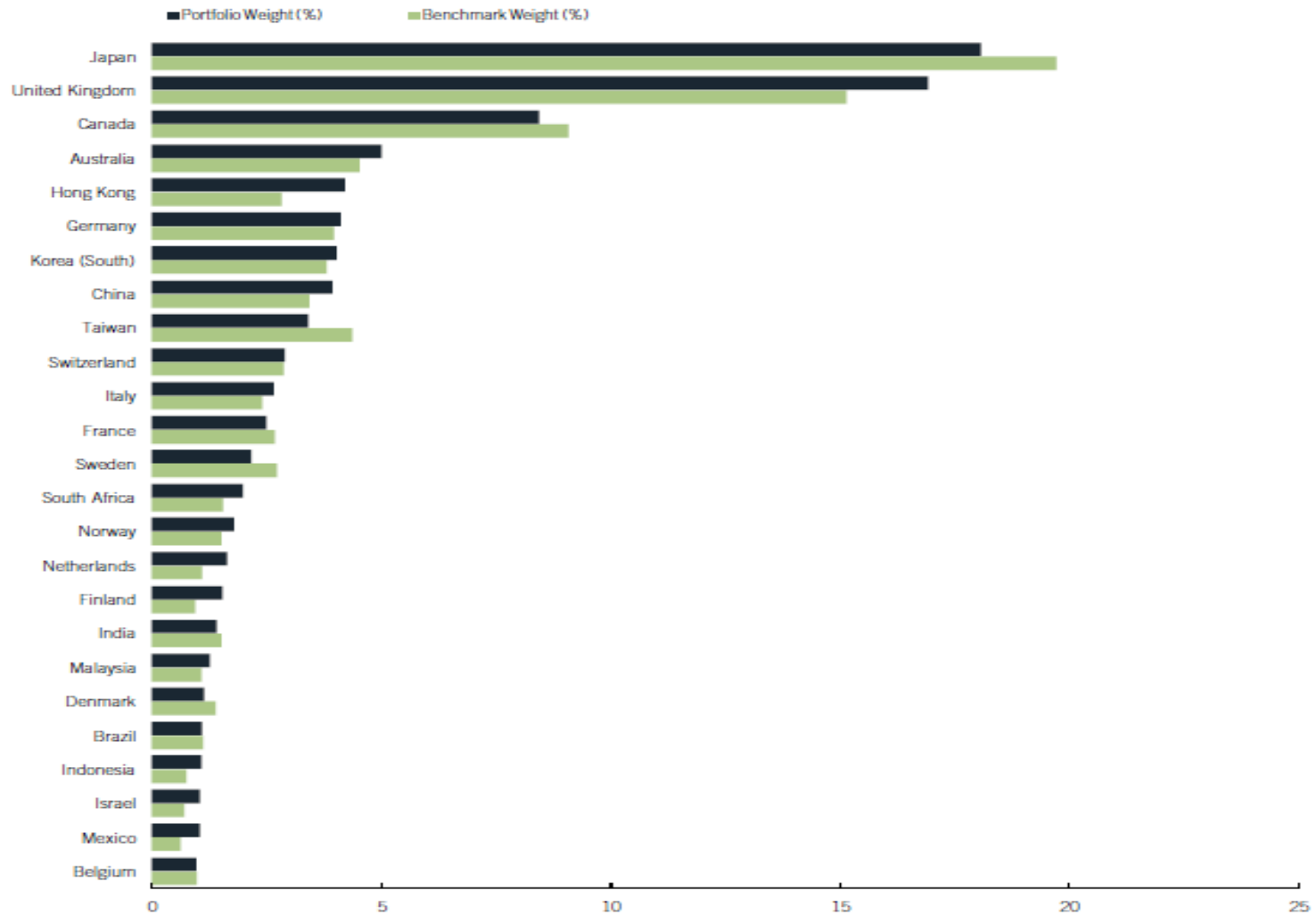
**Sector Weights**



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

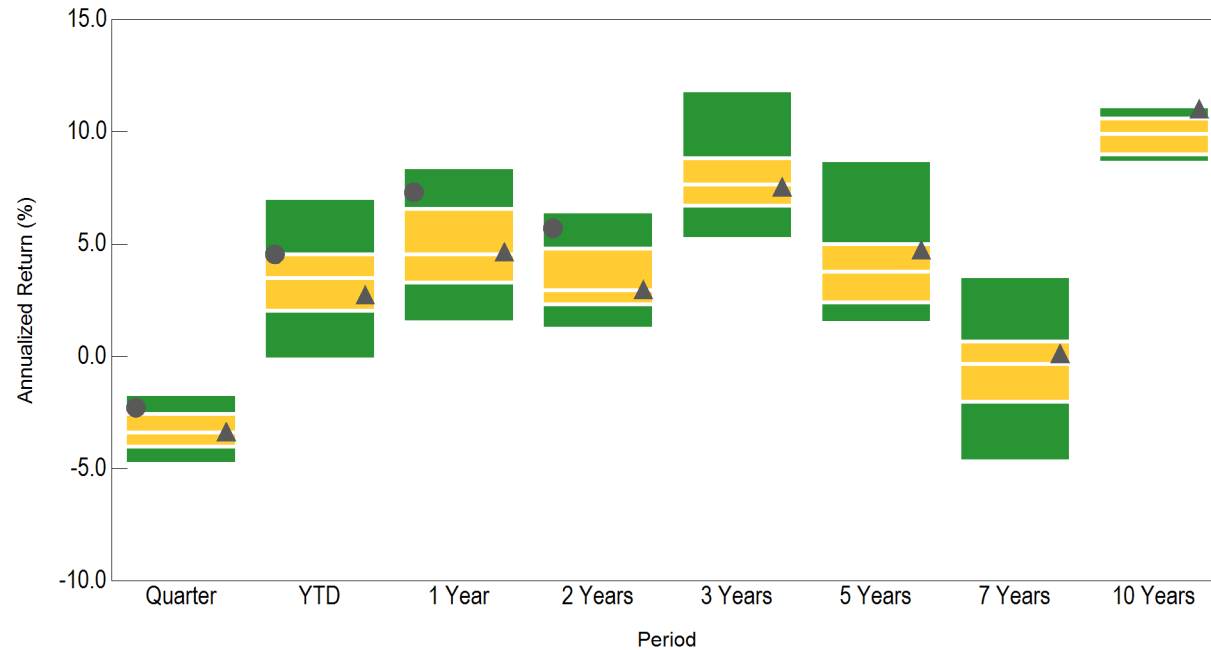
Benchmark: MSCI AC Wid Sm Cap xUS(N)

**Top 25 Country Weights**

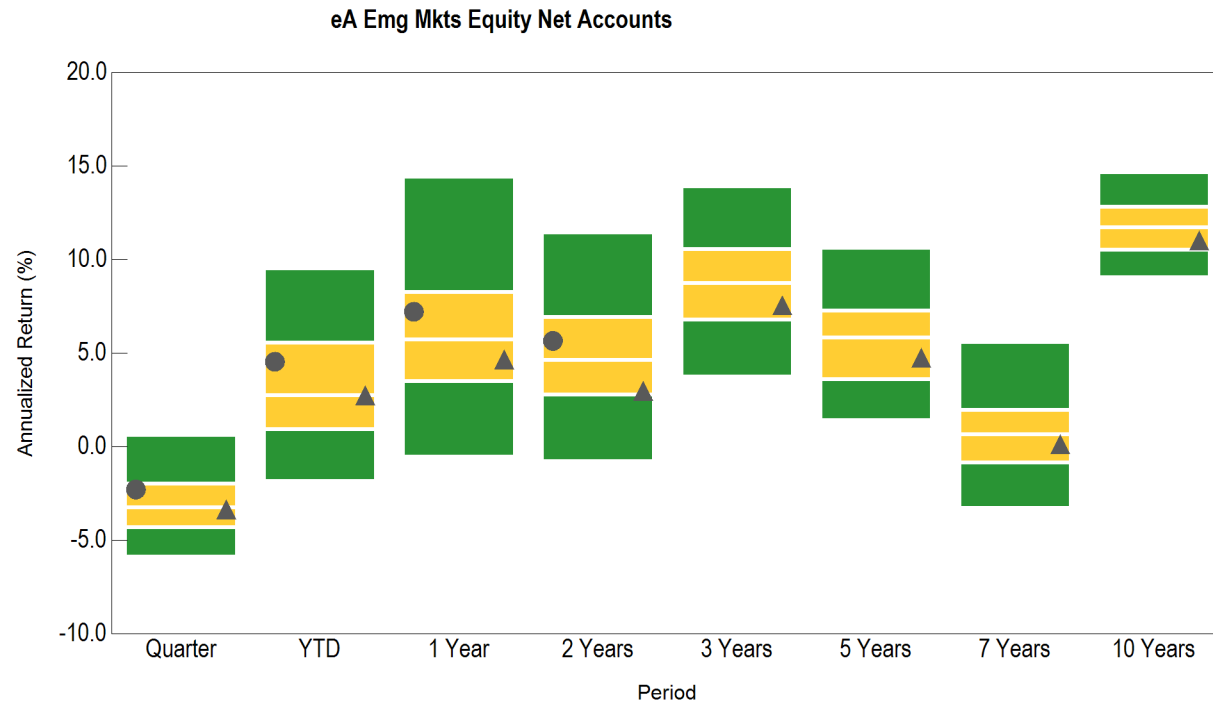


Benchmark: MSCI AC Wid Sm Cap xUS(N)

InvestorForce All DB Emg Mkt Eq Net Accounts



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	-1.7	7.0	8.4	6.5	11.8	8.7	3.6	11.1
25th Percentile	-2.6	4.6	6.6	4.8	8.8	5.0	0.7	10.6
Median	-3.4	3.5	4.6	3.0	7.7	3.8	-0.3	9.9
75th Percentile	-4.0	2.0	3.3	2.3	6.7	2.4	-2.0	9.0
95th Percentile	-4.8	-0.1	1.5	1.3	5.2	1.5	-4.7	8.6
# of Portfolios	56	54	54	50	40	16	12	9
● Emerging Markets	-2.3 (19)	4.5 (26)	7.3 (20)	5.7 (15)	-- (--)	-- (--)	-- (--)	-- (--)
▲ MSCI Emerging Markets Gross	-3.4 (50)	2.7 (66)	4.7 (49)	3.0 (50)	7.6 (55)	4.8 (32)	0.1 (37)	11.0 (7)



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	0.6	9.5	14.4	11.5	13.9	10.6	5.6	14.7
<b>25th Percentile</b>	-2.0	5.6	8.3	7.0	10.6	7.3	2.0	12.9
<b>Median</b>	-3.2	2.8	5.8	4.6	8.8	5.9	0.7	11.7
<b>75th Percentile</b>	-4.3	1.0	3.5	2.8	6.8	3.6	-0.8	10.5
<b>95th Percentile</b>	-5.9	-1.8	-0.5	-0.8	3.8	1.4	-3.3	9.1
<b># of Portfolios</b>	126	124	124	109	90	67	48	34
<b>● Parametric Clifton</b>	-2.3 (32)	4.5 (34)	7.2 (33)	5.7 (40)	-- (--)	-- (--)	-- (--)	-- (--)
<b>▲ MSCI Emerging Markets Gross</b>	-3.4 (53)	2.7 (51)	4.7 (62)	3.0 (73)	7.6 (65)	4.8 (67)	0.1 (62)	11.0 (70)

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

Quarter Ending September 30, 2014

**Characteristics**

	Portfolio	MSCI Emerging Markets Gross
Number of Holdings	1,423	834
Weighted Avg. Market Cap. (\$B)	20.0	34.8
Median Market Cap. (\$B)	2.7	5.0
Price To Earnings	18.5	17.0
Price To Book	3.1	2.5
Price To Sales	2.5	2.2
Return on Equity (%)	17.1	17.3
Yield (%)	2.8	2.7
Beta (holdings: global)	0.9	0.9

**Top Holdings**

AMX 'L'	1.2%
MTN GROUP	1.1%
CHINA MOBILE	1.0%
SAMSUNG ELECTRONICS	1.0%
TENCENT HOLDINGS	0.8%
OAQ GAZPROM ADS (LON)	0.8%
MAGNIT	0.7%
NASPERS	0.6%
COML.INTL.BANK (EGYPT)	0.6%
CEZ	0.6%

**Best Performers**

	Return %
JSC KAZKOMMERTSBANK GDR (REGS) (UKIR:KKB)	90.6%
ARABTEC HOLDING (DU:ART)	76.2%
BEXIMCO PHARMACEUTICALS (BN:453)	68.5%
SIX OF OCT.DEV.& INV. (EG:SOD)	68.1%
LAFARGE SURMA CMT. (BN:LFS)	66.3%
TRUE CORPORATION FB (Q:TSFB)	62.8%
CHINA TRVL.INTL.INV.HK. (K:CTII)	53.5%
PEOPLES LSG.& FINL.SVS. (BN:130)	53.4%
ITALIAN-THAI DEV. FB (Q:ITAF)	53.1%
YANTAI CHANGYU PION.WINE 'B' (CN:YTC)	51.1%

**Worst Performers**

	Return %
AFRICAN BANK INVS. (R:ABLJ)	-95.7%
NEW WORLD RESOURCES (UKIR:NWR)	-79.2%
SISTEMA JSFC GDR (REGS) 1:20 (UKIR:SSA)	-76.7%
MMX MINER ON NM (BR:MMX)	-74.7%
SISTEMA JSFC (RS:AFK)	-74.0%
JAIPRAKASH ASSOCIATES (IN:JKA)	-66.6%
SUZLON ENERGY (IN:SZE)	-55.7%
GMR INFRASTRUCTURE (IN:GMR)	-50.2%
ASYA KATILIM BANKASI (TK:ASA)	-48.7%
MECHEL OAO SPN.ADR 1:1 (MTL)	-48.4%

## Parametric Clifton 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	0.2%	-0.3%	0.0%	0.4%	-6.6%	-7.7%	10.3%	10.8%			
Materials	0.1%	0.1%	-0.1%	0.1%	-6.0%	-8.2%	10.1%	8.8%			
Industrials	0.0%	0.1%	0.0%	-0.1%	-1.6%	-3.1%	10.1%	6.5%			
Cons. Disc.	0.2%	0.1%	0.0%	0.0%	-5.3%	-6.4%	8.1%	9.1%			
Cons. Staples	0.0%	0.0%	0.0%	0.0%	-2.8%	-2.4%	8.7%	8.3%			
Health Care	-0.1%	-0.1%	0.1%	-0.1%	1.8%	9.9%	2.3%	1.8%			
Financials	0.2%	0.1%	0.0%	0.1%	-0.5%	-1.3%	25.9%	26.9%			
Info. Tech	0.8%	0.4%	0.4%	0.0%	-4.0%	-6.0%	8.2%	17.4%			
Telecomm.	-0.1%	-0.1%	0.3%	-0.2%	3.6%	6.0%	10.0%	6.9%			
Utilities	-0.1%	0.0%	0.0%	-0.1%	-3.7%	-4.0%	5.1%	3.5%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.5%	0.0%			
Unclassified	0.2%	0.0%	0.2%	0.0%	22.8%	--	0.9%	0.0%			
<b>Portfolio</b>	<b>1.3%</b>	<b>=</b>	<b>0.3%</b>	<b>+</b>	<b>0.9%</b>	<b>+</b>	<b>0.2%</b>	<b>-2.2%</b>	<b>-3.5%</b>	<b>100.0%</b>	<b>100.0%</b>



## Parametric Clifton Performance Attribution vs. 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>									
Belgium	-27.2%	-3.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Czech Republic*	2.4%	5.3%	1.5%	0.2%	0.0%	0.2%	-0.1%	0.0%	0.0%
Greece*	-20.8%	-20.0%	1.3%	0.8%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Hungary*	-11.8%	-12.8%	1.4%	0.2%	0.0%	-0.1%	-0.1%	0.0%	-0.1%
Luxembourg	-18.0%	-3.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	-14.0%	-4.7%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Poland*	-1.5%	-2.5%	3.3%	1.7%	0.0%	0.1%	-0.1%	0.0%	0.0%
Russia*	-15.4%	-15.6%	5.7%	5.4%	-0.3%	0.0%	0.3%	0.0%	0.0%
United Kingdom	-12.9%	-6.1%	0.9%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%
<b>AsiaPacific</b>									
Australia	-24.9%	-7.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bangladesh**	19.0%	26.6%	0.8%	0.0%	0.0%	0.2%	0.0%	-0.1%	0.1%
China*	2.1%	1.5%	9.5%	18.4%	0.1%	-0.1%	0.0%	0.0%	0.0%
Hong Kong	-18.0%	-2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
India*	0.2%	2.7%	7.3%	6.9%	-0.2%	0.0%	0.0%	0.0%	-0.2%
Indonesia*	2.3%	3.5%	3.2%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Korea*	-4.8%	-7.3%	6.1%	15.6%	0.4%	0.4%	0.4%	-0.2%	0.9%
Malaysia*	-3.4%	-3.2%	3.0%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Pakistan**	-3.4%	-6.2%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Philippines*	2.1%	5.4%	1.5%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	19.1%	-1.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sri Lanka**	14.4%	13.7%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	-3.0%	-3.1%	5.9%	12.2%	0.0%	0.1%	0.1%	0.0%	0.2%
Thailand*	8.6%	7.7%	2.9%	2.2%	0.0%	0.1%	0.0%	0.0%	0.1%

**Parametric Clifton Performance Attribution vs. 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>Americas</b>									
Argentina**	-1.5%	3.1%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil*	-9.6%	-8.6%	6.3%	10.9%	-0.2%	0.0%	0.5%	0.1%	0.4%
Chile*	-5.5%	-7.7%	2.9%	1.5%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Colombia*	-6.9%	-8.2%	1.5%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	3.5%	2.1%	6.2%	5.1%	0.1%	0.1%	0.0%	0.0%	0.1%
Peru*	-3.9%	-1.6%	1.6%	0.4%	0.0%	0.0%	0.0%	0.0%	-0.1%
United States	-19.9%	0.8%	1.3%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.3%

## Parametric Clifton Performance Attribution vs. MSCI Emerging Markets Gross

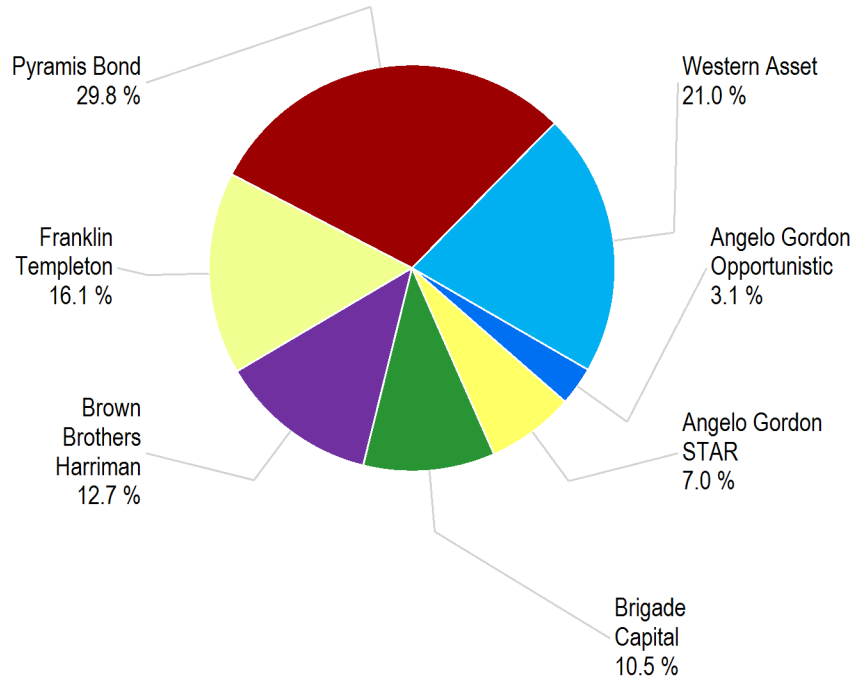
	Returns and Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Other</b>									
Bahrain**	2.0%	-4.3%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bulgaria**	-11.2%	-11.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Croatia**	1.1%	-0.8%	0.7%	0.0%	0.0%	0.1%	-0.1%	0.0%	0.0%
Egypt*	17.7%	28.2%	1.8%	0.2%	0.0%	0.4%	0.0%	-0.2%	0.2%
Estonia**	-14.7%	-17.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Jordan**	-4.8%	-9.5%	0.8%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%
Kazakhstan**	14.4%	6.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Kenya**	4.7%	6.0%	0.9%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Kuwait**	3.8%	3.3%	1.6%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Lebanon**	-11.9%	-8.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco**	6.2%	5.2%	0.8%	0.0%	0.0%	0.1%	-0.1%	0.0%	0.0%
Nigeria**	-4.0%	-1.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Oman**	5.9%	9.7%	0.8%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Qatar*	18.1%	17.7%	1.4%	0.0%	0.0%	0.2%	0.0%	0.0%	0.2%
Romania**	-9.7%	-10.3%	0.8%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Slovenia**	-7.9%	-9.2%	0.8%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.1%
South Africa*	-5.7%	-6.5%	6.1%	7.5%	0.1%	0.0%	0.1%	0.0%	0.1%
Tunisia**	-8.2%	-0.8%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey*	-10.3%	-11.8%	3.6%	1.7%	0.0%	-0.1%	-0.1%	0.0%	-0.2%
United Arab Emirates*	21.3%	22.0%	1.3%	0.5%	0.0%	0.2%	0.0%	0.0%	0.2%

## Parametric Clifton Performance Attribution vs. 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>Totals</b>									
Americas	-4.8%	-5.4%	20.5%	19.0%	-0.3%	0.0%	0.3%	0.0%	0.0%
Europe	-10.4%	-12.7%	14.3%	8.3%	-0.1%	-0.2%	-0.1%	-0.1%	-0.5%
Asia/Pacific	0.4%	-1.4%	41.5%	62.7%	1.1%	0.0%	0.5%	-0.4%	1.2%
Other	0.6%	-5.3%	23.3%	9.9%	0.4%	-0.1%	-0.4%	0.6%	0.6%
Cash	0.0%	--	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-2.2%</b>	<b>-3.5%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.1%</b>	<b>-0.2%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>1.3%</b>
<b>Totals</b>									
Developed	-15.0%	--	2.6%	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.4%
Emerging*	-2.3%	-3.5%	85.3%	100.0%	1.1%	0.0%	0.7%	-0.2%	1.7%
Frontier**	1.4%	--	11.6%	0.0%	0.0%	0.0%	-0.4%	0.5%	0.1%
Cash	0.0%	--	0.5%	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 September 30, 2014



	Actual \$	Actual %	Manager Contribution to Excess Return %
Angelo Gordon Opportunistic	\$19,104,837	3.1%	-0.0%
Angelo Gordon PPIP	\$19,342	0.0%	0.0%
Angelo Gordon STAR	\$43,289,540	7.0%	0.1%
Brigade Capital	\$64,880,798	10.5%	-0.1%
Brown Brother Harriman	\$78,446,062	12.7%	-0.0%
Franklin Templeton	\$99,829,178	16.1%	0.4%
Pyramis Bond	\$184,454,989	29.8%	0.0%
Western Asset	\$129,874,995	21.0%	-0.0%
Actual vs. Policy Weight Difference			0.3%
<b>Total</b>	<b>\$619,899,740</b>	<b>100.0%</b>	<b>0.6%</b>

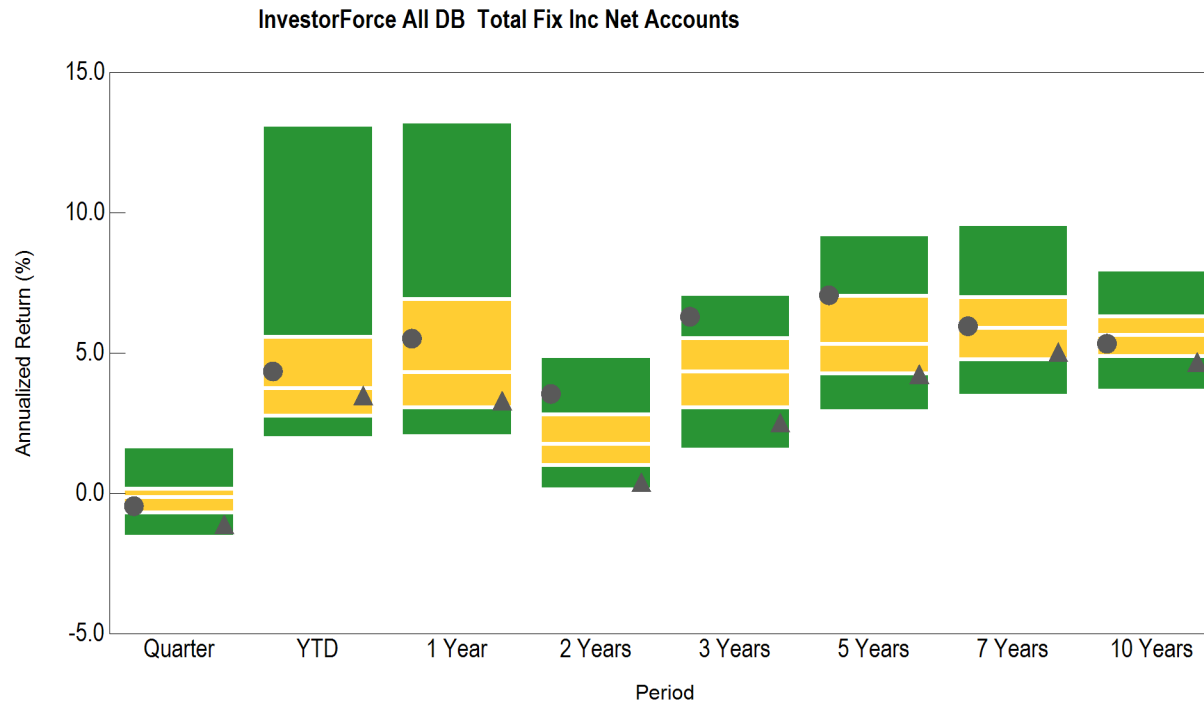
## Statistics Summary

## 3 Years

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
Total Fixed Income	6.3%	3.7%	1.7	1.9	2.0%
Blended Fixed Index	2.5%	3.4%	0.7	--	0.0%
US Fixed Income	5.5%	3.0%	1.8	2.2	1.2%
Blended US Fixed Index	2.8%	3.4%	0.8	--	0.0%
Pyramis Bond	3.6%	2.9%	1.2	2.4	0.5%
Barclays Aggregate	2.4%	2.7%	0.9	--	0.0%
Western Asset	4.6%	4.0%	1.1	0.7	3.1%
Barclays Aggregate	2.4%	2.7%	0.9	--	0.0%
Brown Brothers Harriman	1.0%	5.1%	0.2	-0.4	0.9%
Barclays US TIPS	1.3%	5.3%	0.2	--	0.0%
Brigade Capital	9.7%	3.9%	2.5	1.4	3.2%
Barclays BA Intermediate HY	5.1%	5.1%	1.0	--	0.0%
Franklin Templeton	9.3%	9.4%	1.0	1.0	7.5%
Barclays Multi-verse	1.5%	4.2%	0.4	--	0.0%

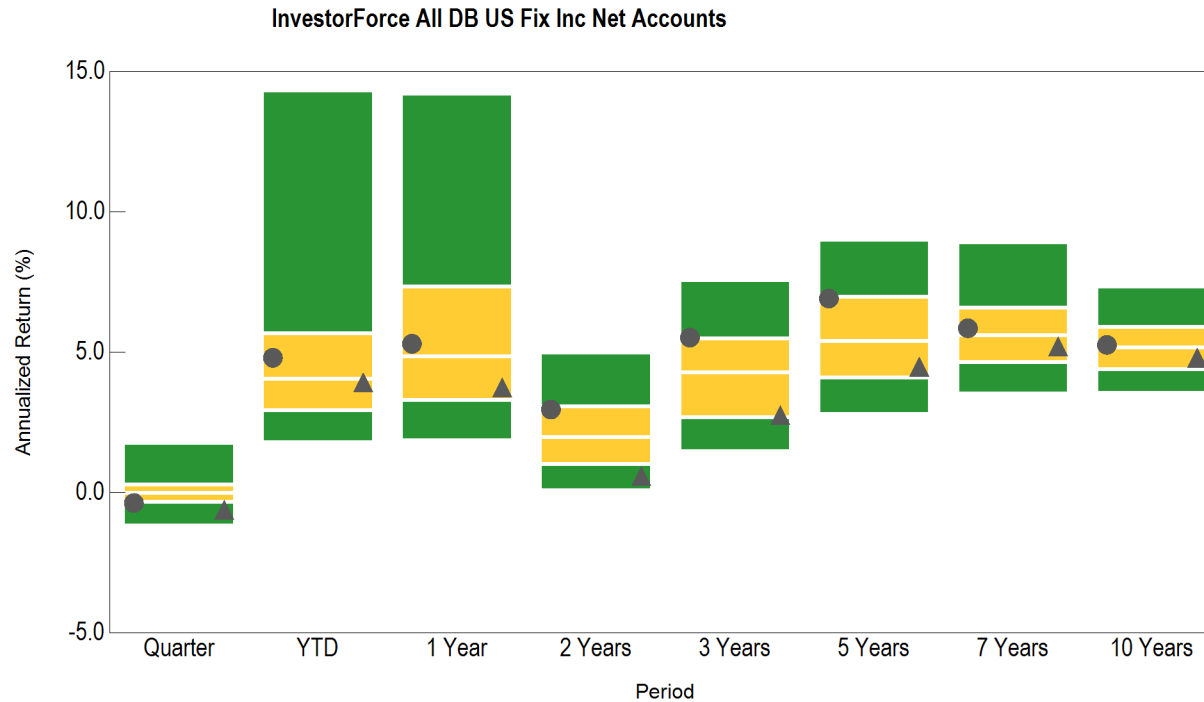
**Statistics Summary****5 Years**

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
Total Fixed Income	7.1%	3.6%	2.0	1.2	2.3%
Blended Fixed Index	4.3%	3.4%	1.2	--	0.0%
US Fixed Income	6.9%	3.0%	2.2	1.4	1.8%
Blended US Fixed Index	4.5%	3.3%	1.3	--	0.0%
Pyramis Bond	5.5%	3.0%	1.8	1.9	0.7%
Barclays Aggregate	4.1%	2.8%	1.4	--	0.0%
Western Asset	6.6%	3.7%	1.8	0.9	2.8%
Barclays Aggregate	4.1%	2.8%	1.4	--	0.0%



	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	1.7	13.1	13.3	4.9	7.1	9.2	9.6	8.0
<b>25th Percentile</b>	0.2	5.6	6.9	2.8	5.5	7.1	7.0	6.3
<b>Median</b>	-0.1	3.8	4.3	1.8	4.4	5.3	5.9	5.7
<b>75th Percentile</b>	-0.7	2.8	3.1	1.0	3.1	4.3	4.8	4.9
<b>95th Percentile</b>	-1.5	2.0	2.1	0.2	1.6	2.9	3.5	3.7
<b># of Portfolios</b>	255	252	250	238	223	173	156	114
<b>● Total Fixed Income</b>	-0.5 (69)	4.4 (38)	5.5 (36)	3.5 (15)	6.3 (14)	7.1 (25)	6.0 (49)	5.3 (60)
<b>▲ Blended Fixed Index</b>	-1.1 (88)	3.5 (57)	3.3 (70)	0.4 (91)	2.5 (83)	4.3 (76)	5.0 (71)	4.7 (78)

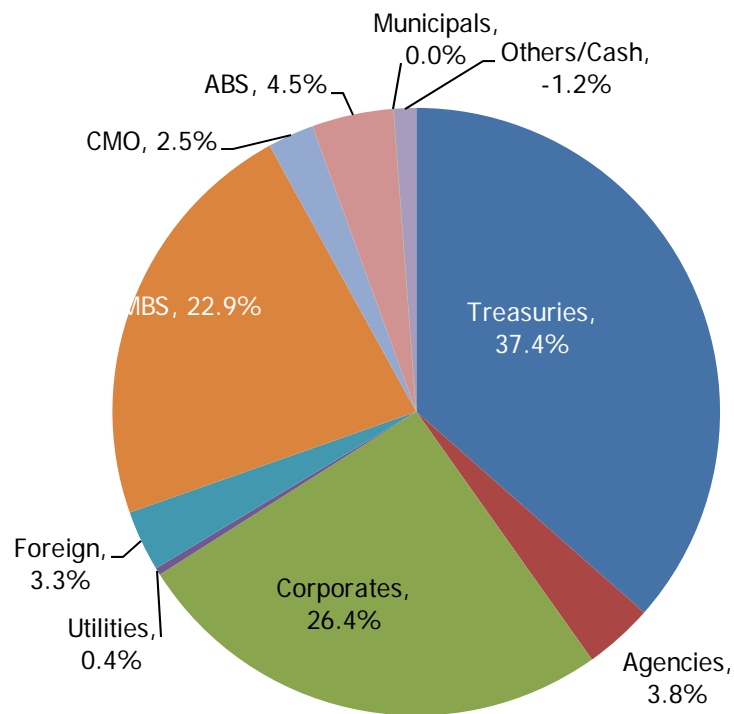




	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	1.8	14.3	14.2	5.0	7.6	9.0	8.9	7.3
<b>25th Percentile</b>	0.3	5.7	7.4	3.1	5.5	7.0	6.6	5.9
<b>Median</b>	0.0	4.1	4.9	2.0	4.3	5.4	5.6	5.2
<b>75th Percentile</b>	-0.3	2.9	3.3	1.0	2.7	4.1	4.7	4.4
<b>95th Percentile</b>	-1.2	1.8	1.9	0.1	1.5	2.8	3.5	3.6
<b># of Portfolios</b>	346	343	342	335	312	257	227	178
<b>● US Fixed Income</b>	-0.4 (79)	4.8 (34)	5.3 (40)	3.0 (27)	5.5 (25)	6.9 (26)	5.9 (43)	5.3 (47)
<b>▲ Blended US Fixed Index</b>	-0.6 (86)	3.9 (54)	3.7 (70)	0.6 (88)	2.8 (75)	4.5 (69)	5.2 (59)	4.8 (62)

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

As of September 30, 2014



Sector*	Account Weight	BC Aggregate Weight	Difference
Treasuries	37.4%	35.5%	1.9%
Agencies	3.8%	9.7%	-5.9%
Corporates	26.4%	23.3%	3.1%
Utilities	0.4%	0.0%	0.4%
Foreign	3.3%	0.0%	3.3%
MBS	22.9%	28.9%	-6.0%
CMO	2.5%	0.0%	2.5%
ABS	4.5%	2.6%	1.9%
Municipals	0.0%	0.0%	0.0%
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 excludes Angelo Gordon STAR Fund and Brigade Capital Management.

Bond Summary Statistics – US Fixed Income

As of September 30, 2014

Portfolio Characteristics*			
		Portfolio	BC Aggregate
Total Number of Securities			
Total Market Value	\$	392,776,046	
Current Coupon		3.21	3.28
Yield to Maturity		2.75	2.34
Average Life		6.49	7.49
Duration		5.44	5.37
Quality		AA-	AA

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

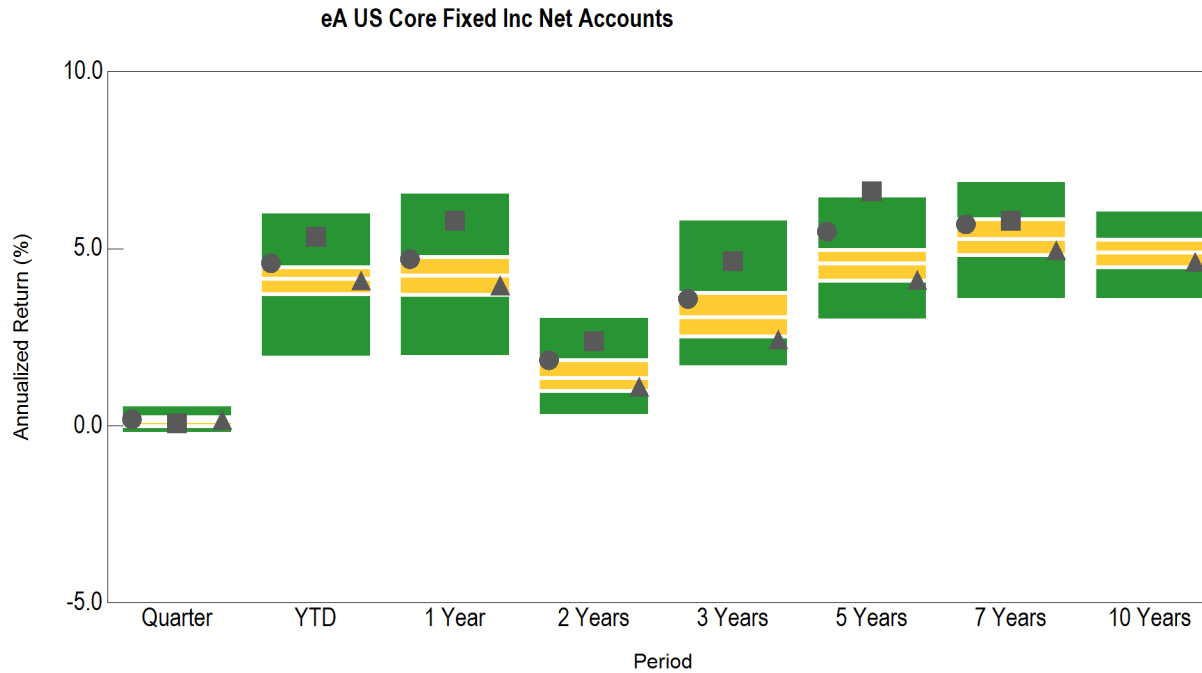
Average Life	
Range	% Held
0.0 - 1.0	7.4
1.0 - 3.0	16.0
3.0 - 5.0	31.6
5.0 - 10.0	33.4
10.0 - 20.0	7.9
20.0+	3.7
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	12.7
1.0 - 3.0	16.6
3.0 - 5.0	35.7
5.0 - 7.0	21.5
7.0 - 10.0	5.1
10.0+	9.9
Unclassified	-1.6

Quality	
Range	% Held
Govt (10)	20.0
Aaa (10)	43.1
Aa (9)	2.6
A (8)	12.4
Baa (7)	7.8
Below Baa (6-1)	14.3
Other	-0.1

Coupon	
Range	% Held
0.0 - 5.0	67.4
5.0 - 7.0	27.0
7.0 - 9.0	5.2
9.0 - 11.0	0.3
11.0 - 13.0	0.1
13.0+	0.0
Unclassified	0.0

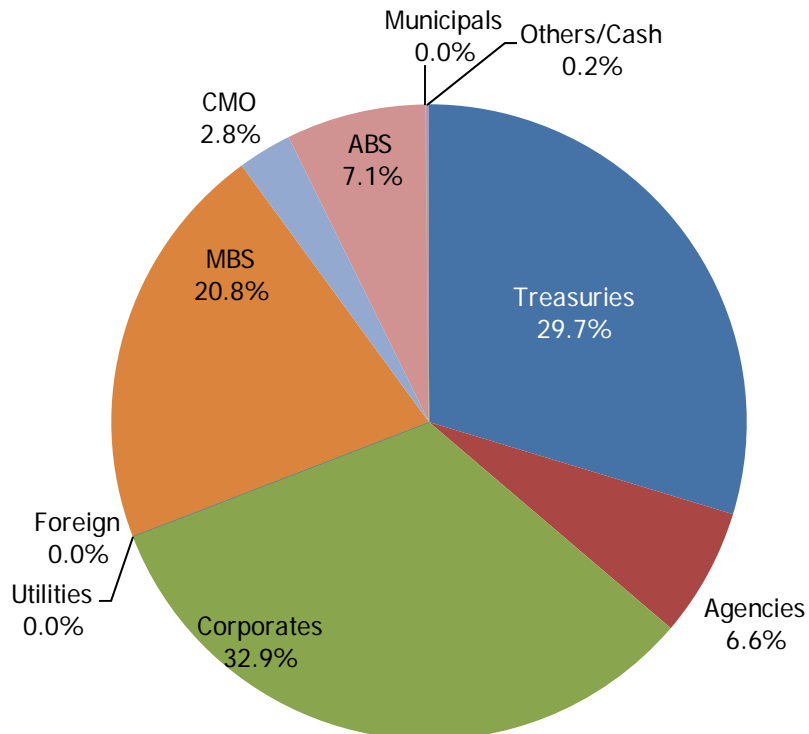
\* Characteristics excludes Angelo Gordon STAR Fund and Brigade Capital Management.



	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	0.6	6.0	6.6	3.1	5.8	6.5	6.9	6.1
<b>25th Percentile</b>	0.2	4.5	4.8	1.9	3.8	5.0	5.9	5.3
<b>Median</b>	0.1	4.2	4.2	1.4	3.1	4.6	5.3	4.9
<b>75th Percentile</b>	0.0	3.7	3.7	1.0	2.5	4.1	4.8	4.5
<b>95th Percentile</b>	-0.2	1.9	1.9	0.3	1.7	3.0	3.6	3.6
<b># of Portfolios</b>	127	124	123	120	115	105	91	85
<b>● Pyramis Bond</b>	0.2 (40)	4.6 (22)	4.7 (29)	1.8 (26)	3.6 (31)	5.5 (20)	5.7 (32)	-- (--)
<b>■ Western Asset</b>	0.1 (62)	5.3 (9)	5.8 (12)	2.4 (14)	4.6 (14)	6.6 (5)	5.8 (28)	-- (--)
<b>▲ Barclays Aggregate</b>	0.2 (41)	4.1 (56)	4.0 (65)	1.1 (69)	2.4 (79)	4.1 (73)	4.9 (73)	4.6 (70)

Fixed Income Sector Allocation – Pyramis Broad Market Duration Pool

As of September 30, 2014



Sector	Account Weight	BC Aggregate Weight	Difference
Treasuries	29.7%	35.5%	-5.8%
Agencies	6.6%	9.7%	-3.1%
Corporates	32.9%	23.3%	9.6%
Utilities	0.0%	0.0%	0.0%
Foreign	0.0%	0.0%	0.0%
MBS	20.8%	28.9%	-8.1%
CMO	2.8%	0.0%	2.8%
ABS	7.1%	2.6%	4.5%
Municipals	0.0%	0.0%	0.0%
Others/Cash	0.2%	0.0%	0.2%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

Bond Summary Statistics – Pyramis Broad Market Duration Pool

As of September 30, 2014

Portfolio Characteristics		Portfolio	BC Aggregate
Total Number of Securities			
Total Market Value	\$	184,454,989	
Current Coupon		3.54	3.28
Yield to Maturity		2.77	2.34
Average Life		7.9	7.49
Duration		5.45	5.37
Quality		AA-	AA

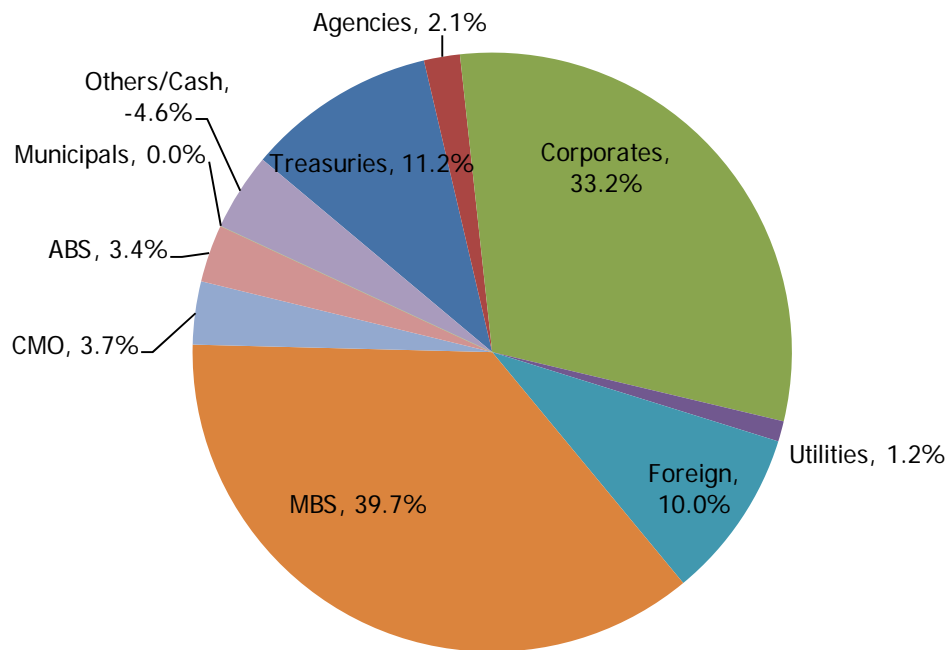
Yield to Maturity	
Range	% Held
0.0 - 5.0	n/a
5.0 - 7.0	n/a
7.0 - 9.0	n/a
9.0 - 11.0	n/a
11.0 - 13.0	n/a
13.0+	n/a
Unclassified	n/a

Average Life	
Range	% Held
0.0 - 1.0	6.0
1.0 - 3.0	22.6
3.0 - 5.0	32.9
5.0 - 10.0	27.2
10.0 - 20.0	11.3
20.0+	0.0
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	8.5
1.0 - 3.0	25.0
3.0 - 5.0	31.2
5.0 - 7.0	26.1
7.0 - 10.0	1.8
10.0+	10.9
Unclassified	-3.4

Quality	
Range	% Held
Govt (10)	0.0
Aaa (10)	58.3
Aa (9)	2.5
A (8)	16.5
Baa (7)	0.0
Below Baa (6-1)	22.0
Other	0.8

Coupon	
Range	% Held
0.0 - 5.0	73.3
5.0 - 7.0	23.0
7.0 - 9.0	3.4
9.0 - 11.0	0.3
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0



Sector	Account Weight	BC Aggregate Weight	Difference
Treasuries	11.2%	35.5%	-24.4%
Agencies	2.1%	9.7%	-7.5%
Corporates	33.2%	23.3%	9.9%
Utilities	1.2%	0.0%	1.2%
Foreign	10.0%	0.0%	10.0%
MBS	39.7%	28.9%	10.8%
CMO	3.7%	0.0%	3.7%
ABS	3.4%	2.6%	0.8%
Municipals	0.0%	0.0%	0.0%
Others/Cash	-4.6%	0.0%	-4.6%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.0%</b>	<b>0.0%</b>

Bond Summary Statistics – Western Asset

As of September 30, 2014

Portfolio Characteristics		
	Portfolio	
Total Number of Securities	639	
Total Market Value	\$	129,874,995
Current Coupon	3.80	
Yield to Maturity	4.24	
Average Life	8.42	
Duration	5.56	
Quality	A+	

BC Aggregate	
Current Coupon	3.28
Yield to Maturity	2.34
Average Life	7.49
Duration	5.37
Quality	AA

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	-1.8
1.0 - 3.0	16.2
3.0 - 5.0	21.4
5.0 - 10.0	48.8
10.0 - 20.0	4.1
20.0+	11.3
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	11.0
1.0 - 3.0	14.7
3.0 - 5.0	31.6
5.0 - 7.0	19.2
7.0 - 10.0	9.2
10.0+	14.4
Unclassified	0.0

Quality	
Range	% Held
Govt (10)	0.0
Aaa (10)	47.4
Aa (9)	4.3
A (8)	14.2
Baa (7)	23.5
Below Baa (6-1)	11.9
Other	-1.3

Coupon	
Range	% Held
0.0 - 5.0	39.4
5.0 - 7.0	49.0
7.0 - 9.0	10.9
9.0 - 10.0	0.3
10.0+	0.3
Unclassified	0.0



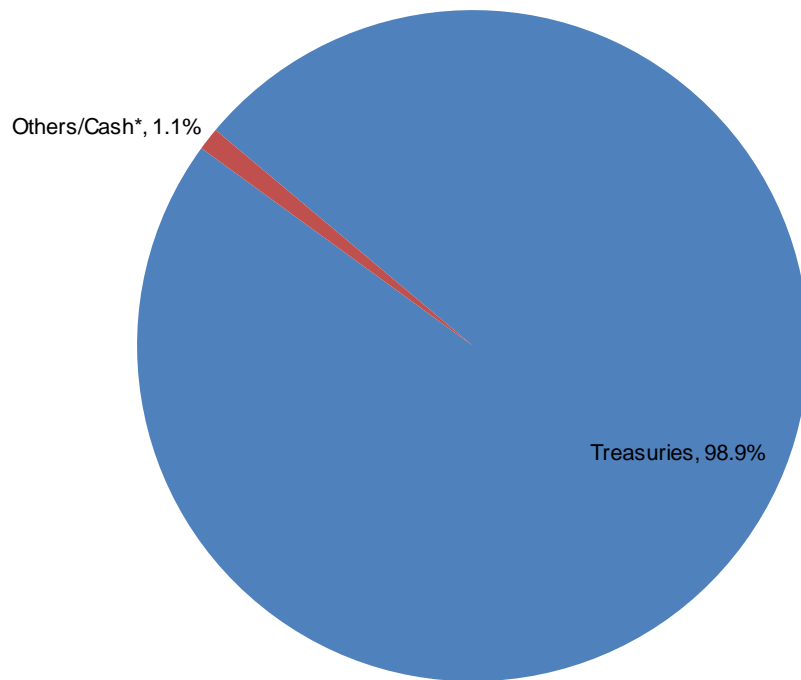
eA TIPS / Infl Indexed Fixed Inc Net Accounts



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	-1.9	4.7	2.6	-1.3	2.8	5.9	6.1	5.7
25th Percentile	-2.0	3.8	2.0	-1.8	1.6	4.9	5.2	4.9
Median	-2.0	3.7	1.4	-2.1	1.4	4.6	5.0	4.7
75th Percentile	-2.3	1.9	0.6	-2.5	0.9	4.2	4.6	4.4
95th Percentile	-2.7	1.2	-0.4	-4.2	0.3	2.9	3.9	4.0
# of Portfolios	19	19	19	18	17	13	13	9
● Brown Brothers Harriman	-2.1 (66)	2.0 (72)	0.3 (90)	-3.0 (90)	1.0 (62)	-- (--)	-- (--)	-- (--)
▲ Barclays US TIPS	-2.0 (53)	3.7 (58)	1.6 (37)	-2.3 (68)	1.3 (52)	4.5 (62)	4.9 (60)	4.6 (55)

Fixed Income Sector Allocation – Brown Brothers Harriman

As of September 30, 2014



Sector	Account Weight	ML TIPS Index	Difference
Treasuries	98.9%	100.0%	-1.1%
Agencies	0.0%	0.0%	0.0%
Corporates	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Foreign	0.0%	0.0%	0.0%
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*	1.1%	0.0%	1.1%
<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 – Brown Brothers Harriman

As of September 30, 2014

Portfolio Characteristics		Portfolio
Total Number of Securities		11
Total Market Value	\$	78,446,062
Current Coupon		1.47
Yield to Maturity		0.25
Average Life		
Duration		5.24
Quality		AAA

ML TIPS	
Total Number of Securities	35
Total Market Value	N/A
Current Coupon	1.28
Yield to Maturity	0.32
Average Life	
Duration	8.01
Quality	AAA

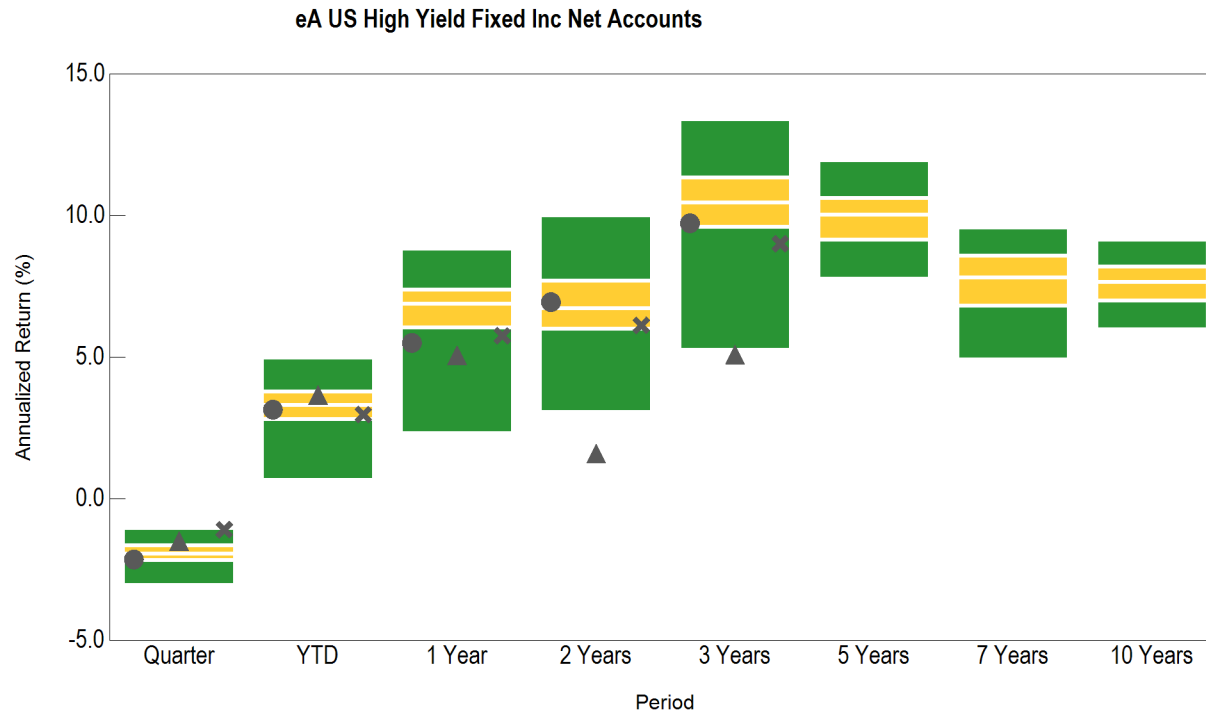
Yield to Maturity	
Range	% Held
0.0 - 5.0	100.0
5.0 - 7.0	n/a
7.0 - 9.0	n/a
9.0 - 11.0	n/a
11.0 - 13.0	n/a
13.0+	n/a
Unclassified	n/a

Average Life	
Range	% Held
0.0 - 3.0	25.8
3.0 - 5.0	0.0
5.0 - 10.0	45.5
10.0- 15.0	22.4
15.0+	6.3
Unclassified	0.0

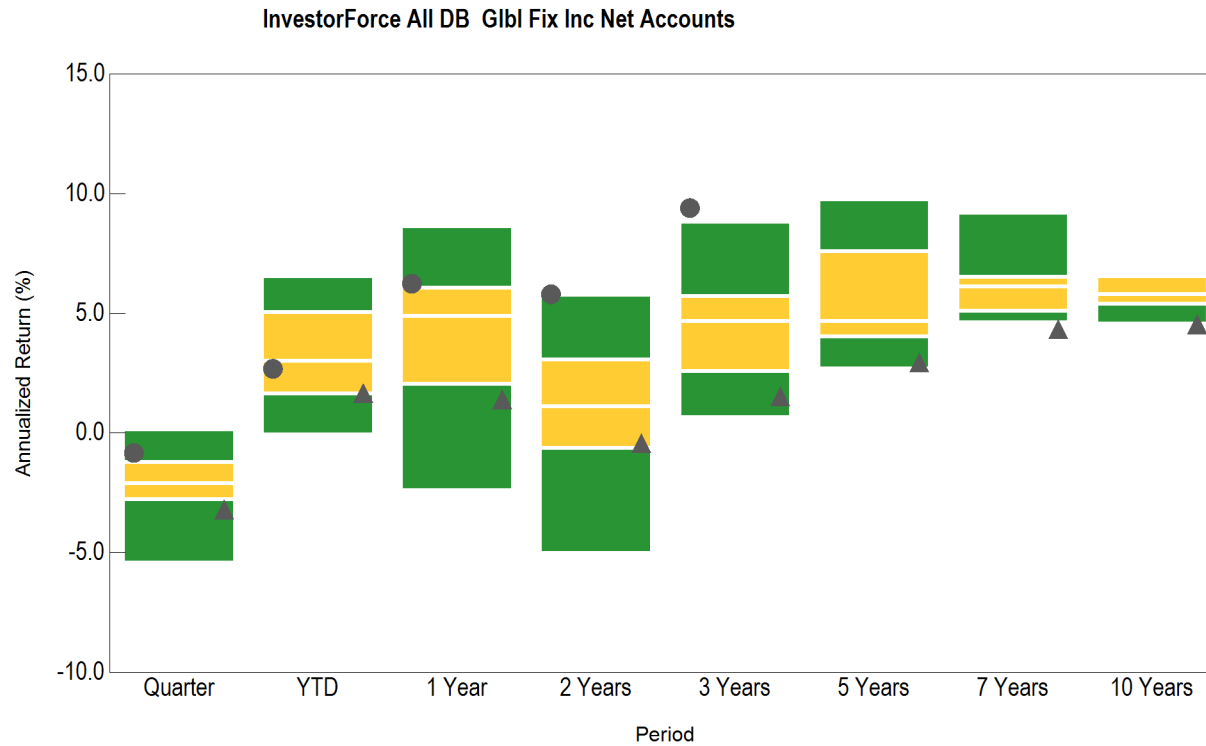
Duration	
Range	% Held
0.0 - 3.0	25.6
3.0 - 5.0	0.0
5.0 - 10.0	53.4
10.0- 15.0	14.6
15.0+	6.4
Unclassified	0.0

Quality	
Range	% Held
Govt (10)	100.0
Aaa (10)	0.0
Aa (9)	0.0
A (8)	0.0
Baa (7)	0.0
Below Baa (6-1)	0.0
Other	0.0

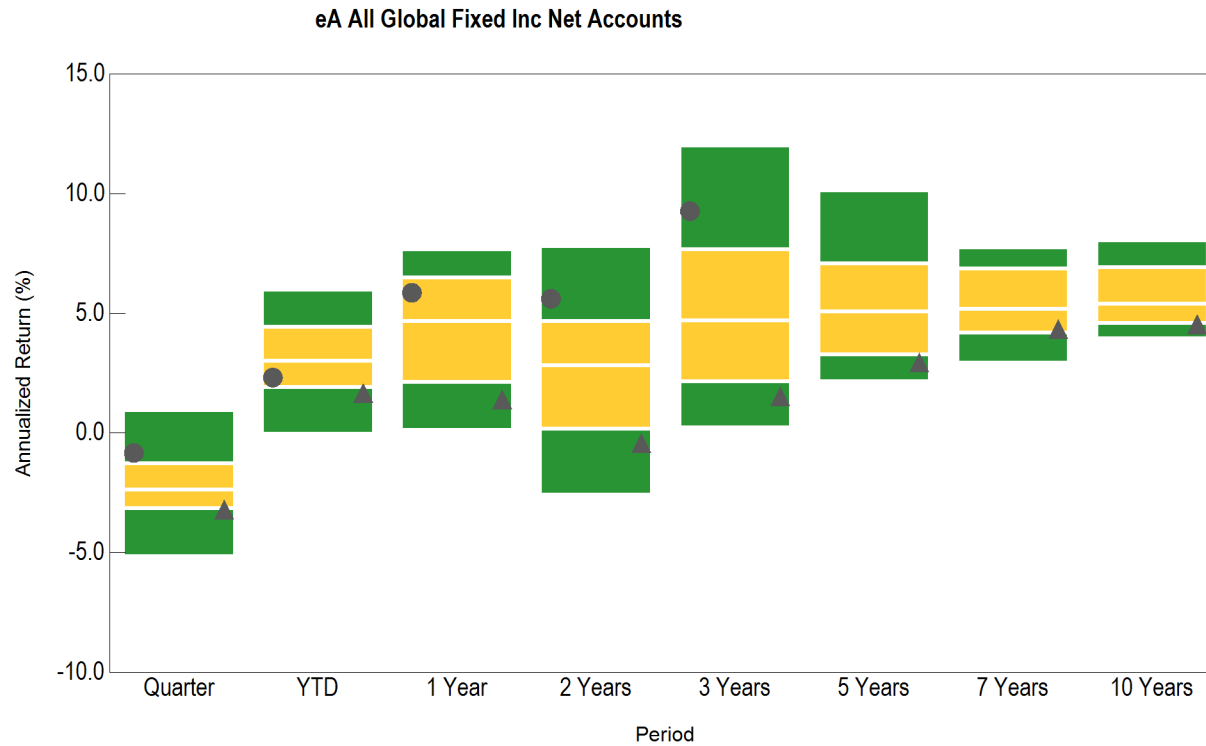
Coupon	
Range	% Held
0.0 - 5.0	100.0
5.0 - 7.0	0.0
7.0 - 9.0	0.0
9.0 - 11.0	0.0
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	-1.1	5.0	8.8	10.0	13.4	11.9	9.6	9.1
<b>25th Percentile</b>	-1.6	3.8	7.4	7.7	11.4	10.6	8.6	8.2
<b>Median</b>	-1.9	3.3	6.9	6.8	10.5	10.1	7.8	7.7
<b>75th Percentile</b>	-2.2	2.8	6.1	6.0	9.6	9.2	6.8	7.0
<b>95th Percentile</b>	-3.0	0.7	2.3	3.1	5.3	7.8	4.9	6.0
<b># of Portfolios</b>	79	79	79	77	71	64	54	47
<b>● Brigade Capital</b>	-2.1 (74)	3.1 (65)	5.5 (85)	6.9 (47)	9.7 (75)	-- (--)	-- (--)	-- (--)
<b>▲ Barclays BA Intermediate HY</b>	-1.5 (16)	3.7 (31)	5.1 (88)	1.6 (98)	5.1 (96)	-- (--)	-- (--)	-- (--)
<b>× 50% Barclays HY/ 50% Bank Loan</b>	-1.1 (6)	3.0 (71)	5.8 (82)	6.1 (74)	9.0 (85)	-- (--)	-- (--)	-- (--)



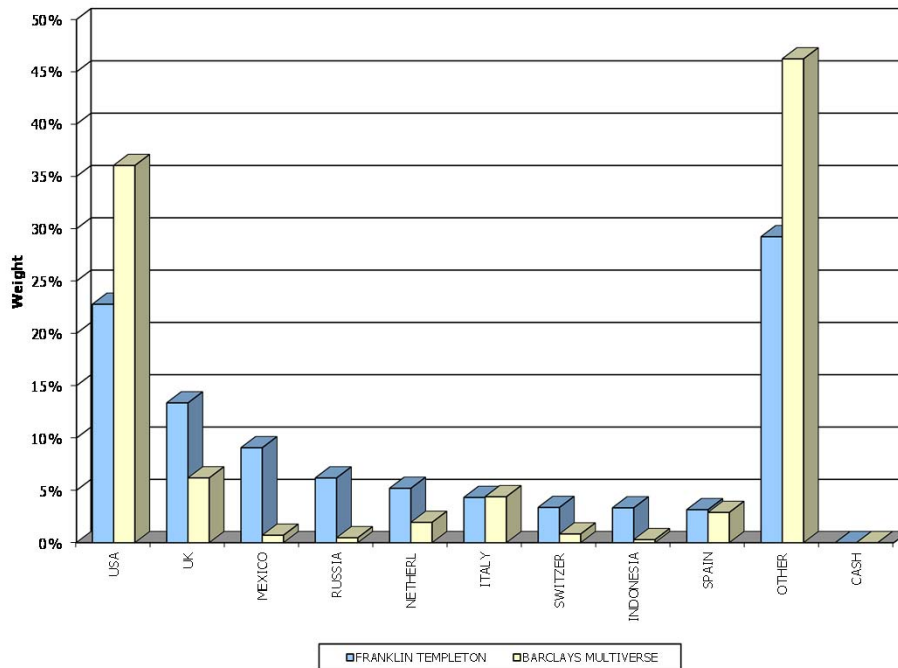
	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	0.2	6.5	8.6	5.8	8.8	9.8	9.2	6.6
25th Percentile	-1.2	5.1	6.1	3.1	5.7	7.6	6.6	6.6
Median	-2.1	3.0	4.9	1.1	4.7	4.7	6.1	5.8
75th Percentile	-2.7	1.7	2.1	-0.6	2.6	4.1	5.1	5.4
95th Percentile	-5.4	-0.1	-2.4	-5.0	0.7	2.7	4.6	4.6
# of Portfolios	31	30	30	30	26	16	15	9
● Global Fixed Income	-0.8 (14)	2.7 (56)	6.2 (21)	5.8 (4)	9.4 (1)	-- (--)	-- (--)	-- (--)
▲ Barclays Multi-verse	-3.2 (88)	1.7 (75)	1.4 (81)	-0.4 (69)	1.5 (94)	3.0 (94)	4.3 (99)	4.5 (98)



	Return (Rank)							
	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	0.9	6.0	7.7	7.8	12.0	10.1	7.7	8.1
<b>25th Percentile</b>	-1.2	4.5	6.5	4.7	7.7	7.1	6.9	6.9
<b>Median</b>	-2.3	3.0	4.7	2.8	4.7	5.1	5.2	5.4
<b>75th Percentile</b>	-3.1	1.9	2.2	0.2	2.2	3.3	4.2	4.6
<b>95th Percentile</b>	-5.1	0.0	0.1	-2.6	0.3	2.2	2.9	4.0
<b># of Portfolios</b>	129	128	128	124	108	81	67	53
<b>● Franklin Templeton</b>	-0.8 (24)	2.3 (69)	5.9 (39)	5.6 (19)	9.3 (16)	-- (--)	-- (--)	-- (--)
<b>▲ Barclays Multi-verse</b>	-3.2 (78)	1.7 (83)	1.4 (85)	-0.4 (81)	1.5 (82)	3.0 (82)	4.3 (73)	4.5 (80)

Portfolio Country Weights – Franklin Templeton

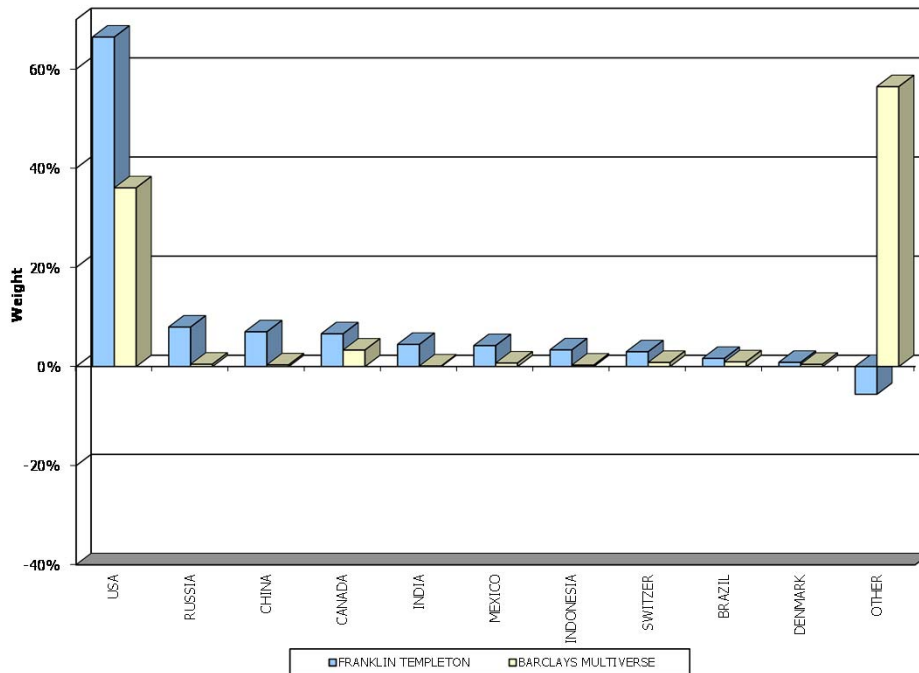
As of September 30, 2014



COUNTRY	MARKET VALUE	FRANKLIN TEMPLETON	BARCLAYS MULTIVERSE	DIFF
USA	\$ 22,747	22.8%	36.1%	-13.3%
UK	\$ 13,334	13.4%	6.2%	+7.2%
MEXICO	\$ 9,056	9.1%	0.7%	+8.4%
RUSSIA	\$ 6,174	6.2%	0.5%	+5.7%
NETHERL	\$ 5,186	5.2%	1.9%	+3.3%
ITALY	\$ 4,313	4.3%	4.4%	-0.1%
SWITZER	\$ 3,360	3.4%	0.8%	+2.5%
INDONESIA	\$ 3,322	3.3%	0.3%	+3.0%
SPAIN	\$ 3,146	3.2%	2.9%	+0.3%
OTHER	\$ 29,190	29.2%	46.2%	-17.0%
CASH	\$ -	0.0%	0.0%	0.0%
	\$ 99,829	100.0%	100.0%	0.0%

Portfolio Currency Exposures – Franklin Templeton

As of September 30, 2014

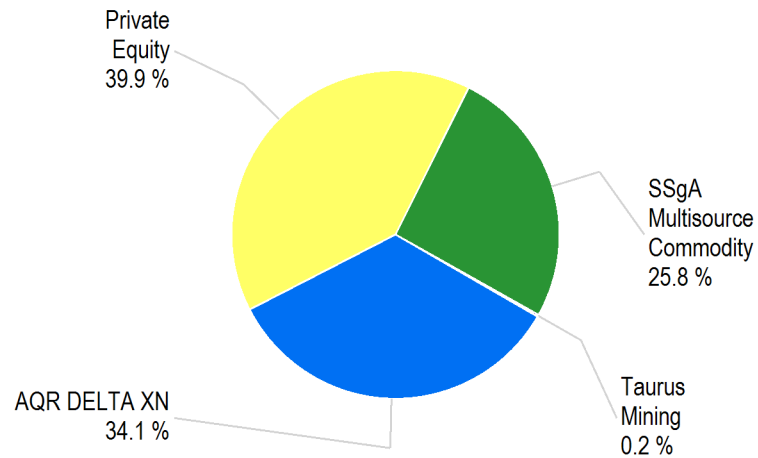


CURRENCY	MARKET VALUE	FRANKLIN TEMPLETON	BARCLAYS MULTIVERSE	DIFF
USA	\$ 66,359	66.5%	36.1%	+30.4%
RUSSIA	\$ 7,955	8.0%	0.5%	+7.5%
CHINA	\$ 6,999	7.0%	0.3%	+6.7%
CANADA	\$ 6,598	6.6%	3.3%	+3.3%
INDIA	\$ 4,464	4.5%	0.1%	+4.4%
MEXICO	\$ 4,214	4.2%	0.7%	+3.5%
INDONESIA	\$ 3,361	3.4%	0.3%	+3.1%
SWITZER	\$ 2,975	3.0%	0.8%	+2.1%
BRAZIL	\$ 1,642	1.6%	1.0%	+0.7%
DENMARK	\$ 844	0.8%	0.5%	+0.4%
OTHER	\$ (5,580)	-5.6%	56.5%	-62.1%
	\$ 99,829	100.0%	100.0%	0.0%



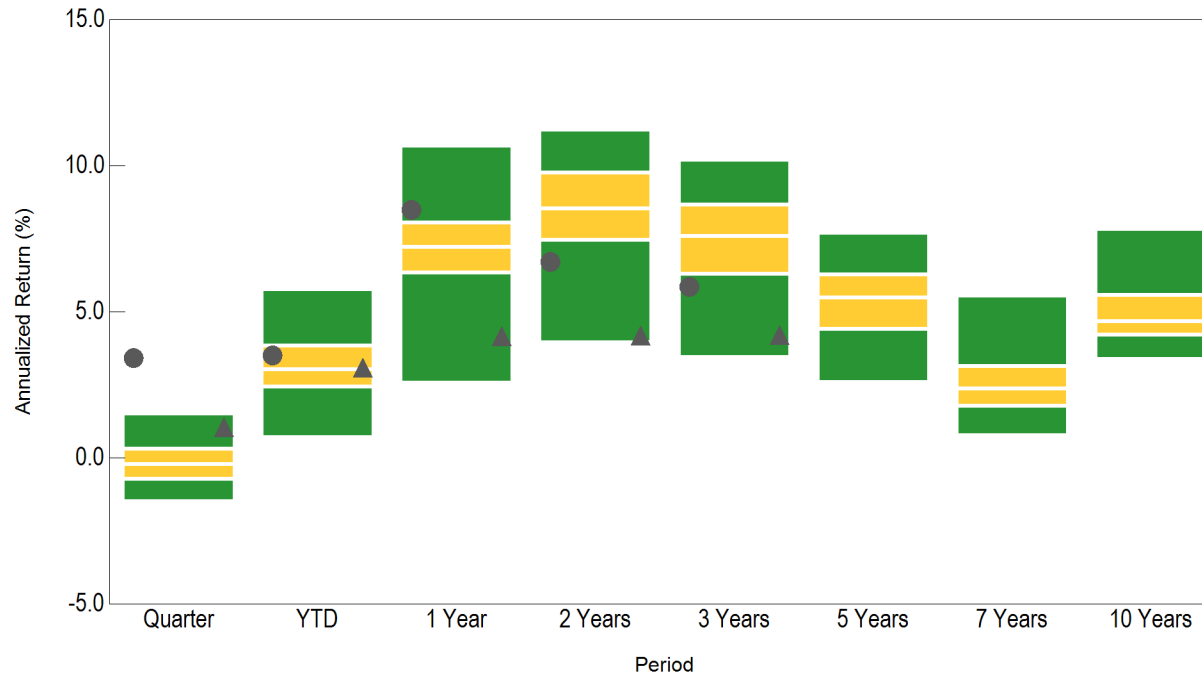
Manager Allocation Analysis - Alternatives

As of September 30, 2014

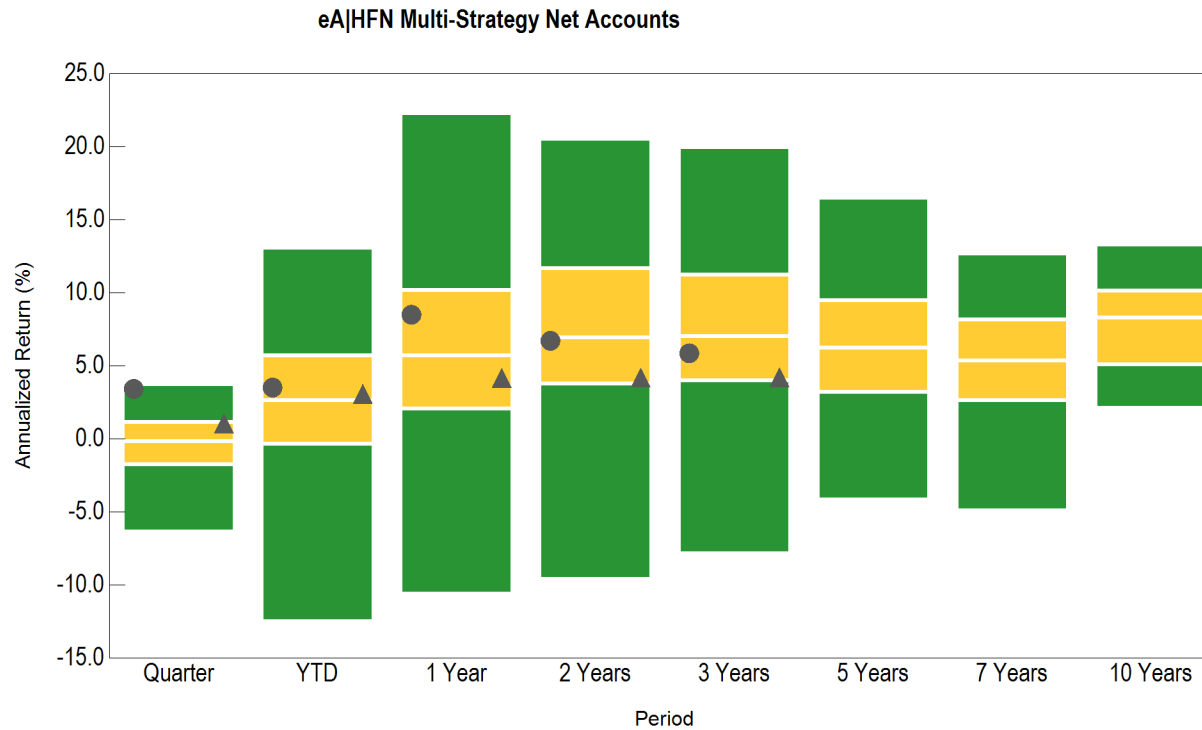


	Actual \$	Actual %	Manager Contribution to Excess Return %
AQR DELTA XN	\$121,921,336	34.1%	0.8%
Private Equity	\$142,689,116	39.9%	0.8%
SSgA Multisource Commodity	\$92,110,724	25.8%	0.7%
Taurus Mining	\$699,270	0.2%	0.0%
Actual vs. Policy Weight Difference			0.1%
<b>Total</b>	<b>\$357,420,446</b>	<b>100.0%</b>	<b>2.4%</b>

InvestorForce All DB Hedge Funds Net Accounts



	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	1.5	5.8	10.7	11.2	10.2	7.7	5.5	7.8
<b>25th Percentile</b>	0.3	3.9	8.1	9.8	8.7	6.3	3.2	5.6
<b>Median</b>	-0.2	3.0	7.2	8.6	7.6	5.5	2.4	4.7
<b>75th Percentile</b>	-0.7	2.4	6.3	7.5	6.3	4.4	1.8	4.2
<b>95th Percentile</b>	-1.5	0.7	2.6	4.0	3.4	2.6	0.8	3.4
<b># of Portfolios</b>	197	194	189	186	178	124	91	30
<b>● Hedge Fund</b>	3.4 (3)	3.5 (38)	8.5 (18)	6.7 (86)	5.9 (86)	-- (--)	-- (--)	-- (--)
<b>▲ Libor 1 month +4%</b>	1.1 (9)	3.1 (49)	4.2 (93)	4.2 (95)	4.2 (93)	-- (--)	-- (--)	-- (--)

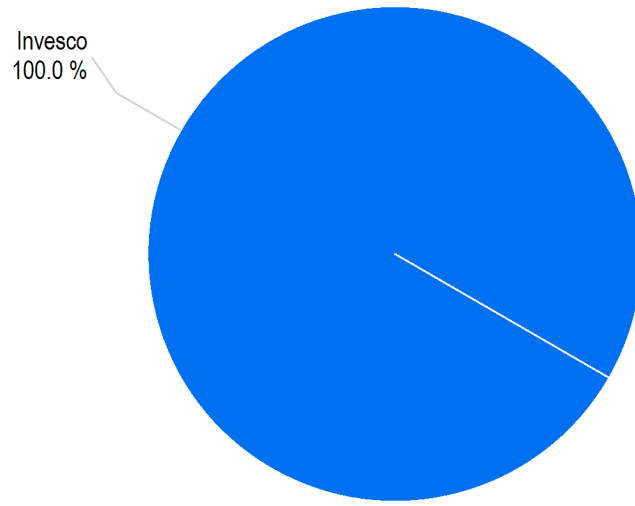


	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
<b>5th Percentile</b>	3.7	13.1	22.3	20.5	20.0	16.5	12.7	13.3
<b>25th Percentile</b>	1.2	5.8	10.2	11.7	11.3	9.5	8.2	10.2
<b>Median</b>	-0.1	2.7	5.7	7.0	7.1	6.3	5.4	8.3
<b>75th Percentile</b>	-1.7	-0.3	2.1	3.8	4.0	3.2	2.7	5.1
<b>95th Percentile</b>	-6.3	-12.5	-10.6	-9.5	-7.8	-4.1	-4.9	2.1
<b># of Portfolios</b>	198	184	178	158	149	127	81	44
<b>● AQR DELTA XN</b>	3.4 (7)	3.5 (40)	8.5 (36)	6.7 (53)	5.9 (59)	-- (--)	-- (--)	-- (--)
<b>▲ Libor 1 month +4%</b>	1.1 (30)	3.1 (45)	4.2 (63)	4.2 (73)	4.2 (73)	-- (--)	-- (--)	-- (--)

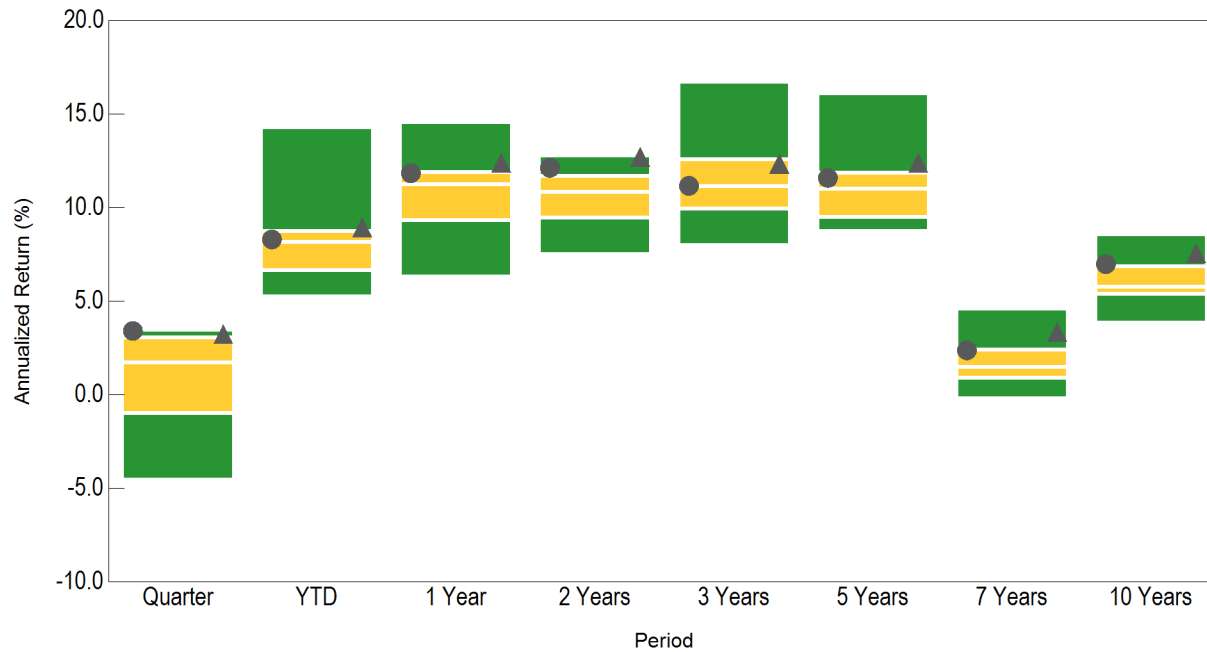
Manager Allocation Analysis - Real Estate

As of September 30, 2014

	Actual \$	Actual %
Invesco	\$189,827,684	100.0%
<b>Total</b>	<b>\$189,827,684</b>	



InvestorForce All DB Real Estate Net Accounts

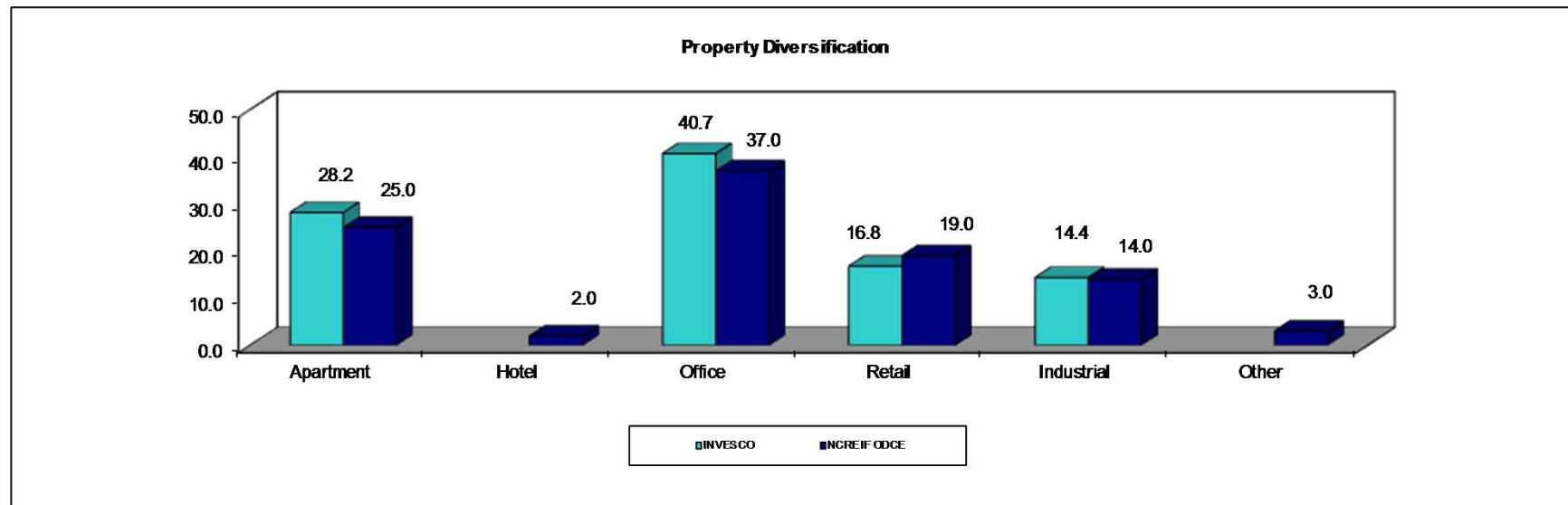
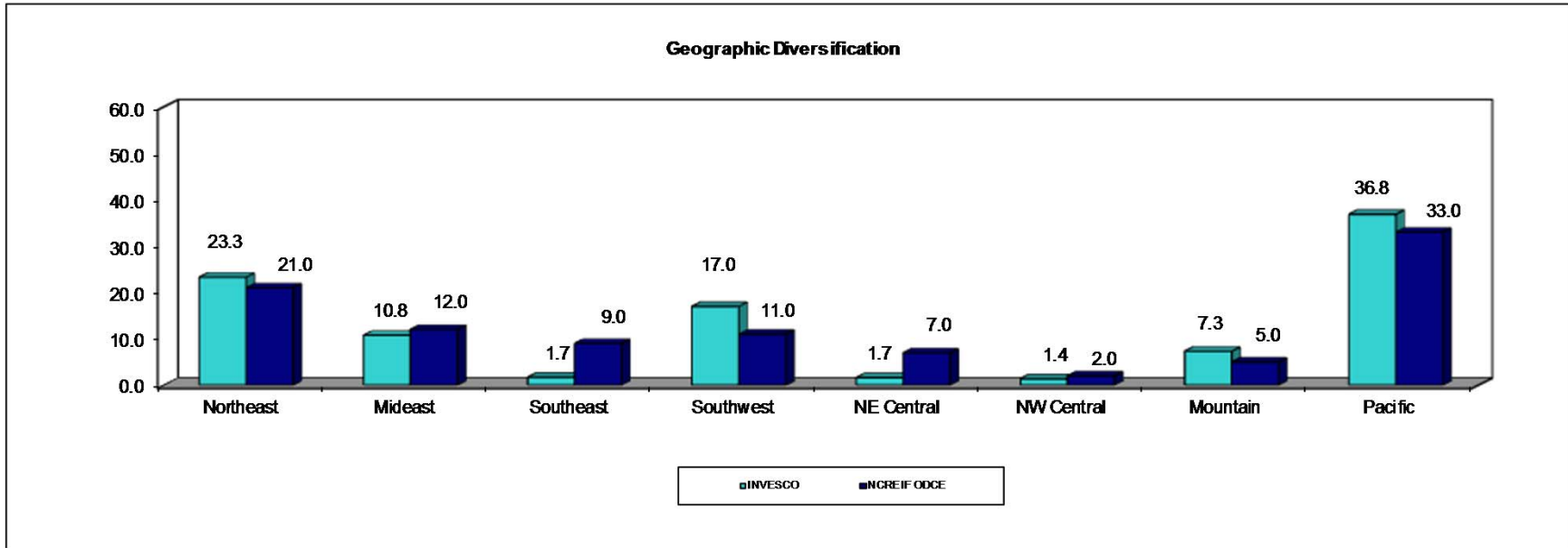


Return (Rank)

	Quarter	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
5th Percentile	3.5	14.3	14.6	12.8	16.7	16.1	4.6	8.6
25th Percentile	3.1	8.8	11.9	11.7	12.6	11.9	2.4	6.9
Median	1.7	8.2	11.3	10.9	11.2	11.0	1.5	5.8
75th Percentile	-1.0	6.7	9.4	9.5	10.0	9.5	0.9	5.4
95th Percentile	-4.5	5.3	6.3	7.5	8.0	8.8	-0.2	3.9
# of Portfolios	64	63	62	60	59	51	45	26
● Real Estate	3.4 (7)	8.3 (49)	11.8 (27)	12.1 (14)	11.2 (50)	11.6 (39)	2.4 (28)	7.0 (20)
▲ NCREIF ODCE	3.2 (17)	8.9 (18)	12.4 (18)	12.7 (6)	12.3 (29)	12.4 (16)	3.4 (15)	7.6 (11)

Real Estate Diversification Analysis – INVESCO Core Real Estate

As of September 30, 2014



Real Estate Valuation Analysis – INVESCO Core Real Estate

As of September 30, 2014

Property Name	MSA	Prior Quarter Carry Value	Current Quarter Carry Value	Net Market Value	Added to Fund	Last Valuation Date	SamCERA ownership as of 9/30/2014 3.17%
<b>APARTMENTS</b>							
Seneca Village	Portland-Vancv OR-WA	\$46,100,000	\$0	\$0	2Q04	Sold 3Q14	\$0
Grandville at the Commons	South Kingstown, RI	\$43,000,000	\$43,300,000	\$43,300,000	3Q05	September-14	\$1,373,760
Milestone Apt. Portfolio	Various States - South	\$56,006,988	\$57,039,812	\$57,039,812	2Q06	N/A	\$1,809,677
Stoneridge	Pleasanton, CA	\$171,000,000	\$177,000,000	\$177,000,000	4Q06	September-14	\$5,615,601
Sterling Parc Apartments	Cedar Knolls, NJ	\$94,300,000	\$92,000,000	\$92,000,000	2Q07	September-14	\$2,918,844
The Residences at Stevens Pond	Boston MA - NH	\$93,900,000	\$0	\$0	4Q07	Sold 3Q14	\$0
Holland Portfolio	Seattle - Belle - Eve WA	\$117,625,326	\$0	\$0	4Q07	Sold 3Q14	\$0
Village Crossing at Chino Hills	Riverside, CA	\$80,700,000	\$0	\$0	1Q08	Sold 3Q14	\$0
Instrata Pentagon City	Arlington, VA	\$151,000,000	\$150,000,000	\$89,067,563	3Q10	September-14	\$2,825,807
Ladd Tower	Portland, OR	\$117,000,000	\$118,000,000	\$118,000,000	4Q10	September-14	\$3,743,734
Legacy Fountain Plaza	San Jose, CA	\$117,000,000	\$120,000,000	\$120,000,000	1Q11	September-14	\$3,807,187
Instrata Gramercy (fka The Elektra)	New York, NY	\$158,000,000	\$168,000,000	\$95,727,139	1Q11	September-14	\$3,037,093
Instrata Brooklyn Heights (fka 75 Clinton Street)	Brooklyn, NY	\$64,400,000	\$65,300,000	\$65,300,000	1Q12	September-14	\$2,071,744
Club Laguna	Orange County, CA	\$130,000,000	\$131,000,000	\$131,000,000	3Q12	September-14	\$4,156,179
Goodwynn	Atlanta, GA	\$79,200,000	\$84,300,000	\$47,605,492	4Q12	September-14	\$1,510,359
Instrata at Mercedes House	New York, NY	\$210,000,000	\$210,000,000	\$140,000,000	1Q13	September-14	\$4,441,719
Sunset Vine Tower	Los Angeles, CA	\$76,300,000	\$84,100,000	\$84,100,000	2Q13	September-14	\$2,668,204
The Ashton	Dallas, TX	\$114,000,000	\$115,000,000	\$115,000,000	4Q13	September-14	\$3,648,555
The Pointe at West Chester	West Chester, PA	\$62,400,000	\$63,900,000	\$63,900,000	4Q13	September-14	\$2,027,327
206 Bell	Seattle, WA	\$41,600,000	\$43,500,000	\$43,500,000	4Q13	September-14	\$1,380,105
Cadence Union Station	Denver, CO	\$71,000,000	\$72,700,000	\$72,700,000	1Q14	September-14	\$2,306,521
Joseph Arnold Lofts	Seattle, WA	\$68,499,000	\$69,100,000	\$69,100,000	2Q14	September-14	\$2,192,305
Verve	Denver, CO	\$0	\$94,750,000	\$94,750,000	3Q14	Acq 3Q14	\$3,006,092
Broadstone Little Italy	San Diego CA	\$0	\$101,922,010	\$101,922,010	3Q14	Acq 3Q14	\$3,233,635
41 Tehama	San Francisco, CA	\$0	\$54,291,450	\$54,291,450	3Q14	Acq 3Q14	\$1,722,481
		<b>\$2,163,031,314</b>	<b>\$2,115,203,272</b>	<b>\$1,875,303,466</b>			<b>\$59,496,930</b>
<b>INDUSTRIAL</b>							
Arjons	San Diego CA	\$28,800,000	\$32,400,000	\$32,400,000	2Q04	September-14	\$1,027,941
Garland Gateway East	Dallas TX	\$10,800,000	\$10,800,000	\$10,800,000	2Q04	September-14	\$342,647
Gateway Business Park	Dallas TX	\$11,200,000	\$11,300,000	\$11,300,000	2Q04	September-14	\$358,510
Hayward Industrial	Oakland CA	\$99,700,000	\$104,700,000	\$104,700,000	3Q04-3Q07	September-14	\$3,321,771
Lackman	Kansas City MO-KS	\$20,100,000	\$20,100,000	\$20,100,000	2Q04	September-14	\$637,704
Crossroads Industrial	Kansas City MO-KS	\$8,300,000	\$8,300,000	\$8,300,000	1Q06	September-14	\$263,330
Oakesdale Commerce Center	Seattle - Belle - Eve WA	\$41,000,000	\$41,400,000	\$41,400,000	1Q06	September-14	\$1,313,480
South Bay Industrial	Los Angeles, CA	\$56,500,000	\$60,200,000	\$60,200,000	4Q06	September-14	\$1,909,939
VIP Holdings I	Chicago, IL	\$72,061,387	\$72,849,638	\$27,322,744	2Q06	September-14	\$866,857
Tempe Commerce	Phoenix - Mesa AZ	\$57,500,000	\$57,300,000	\$57,300,000	4Q07	September-14	\$1,817,932
Steepchase 95 International Business Park	Capitol Heights, MD	\$24,000,000	\$24,100,000	\$24,100,000	1Q11	September-14	\$764,610
Airport Trade Center III & V	Dallas, TX	\$34,300,000	\$34,400,000	\$34,400,000	1Q11	September-14	\$1,091,394
IE Logistics	San Bernardino, CA	\$116,700,000	\$117,800,000	\$117,800,000	3Q11	September-14	\$3,737,389
Railhead Drive Industrial	Dallas, TX	\$60,400,000	\$60,600,000	\$60,600,000	4Q11	September-14	\$1,922,630
16400 Knott Ave	Los Angeles, CA	\$31,100,000	\$31,100,000	\$31,100,000	3Q12	September-14	\$986,696
Empire Gateway	Chino, CA	\$153,000,000	\$182,000,000	\$182,000,000	4Q12	September-14	\$5,774,234
Airport Trade Center I	Dallas, TX	\$31,600,000	\$32,400,000	\$32,400,000	1Q13	September-14	\$1,027,941
Airport Trade Center II & IV	Dallas, TX	\$42,100,000	\$42,600,000	\$42,600,000	1Q13	September-14	\$1,351,551
SFF Logistics Center	San Francisco, CA	\$119,000,000	\$119,000,000	\$119,000,000	4Q13	September-14	\$3,775,461
Hampton South Business Centre	Capitol Heights, MD	\$17,200,000	\$17,600,000	\$17,600,000	2Q14	September-14	\$558,387
		<b>\$1,035,361,387</b>	<b>\$1,080,949,638</b>	<b>\$1,035,422,744</b>			<b>\$32,850,403</b>

Real Estate Valuation Analysis – INVESCO Core Real Estate

As of September 30, 2014

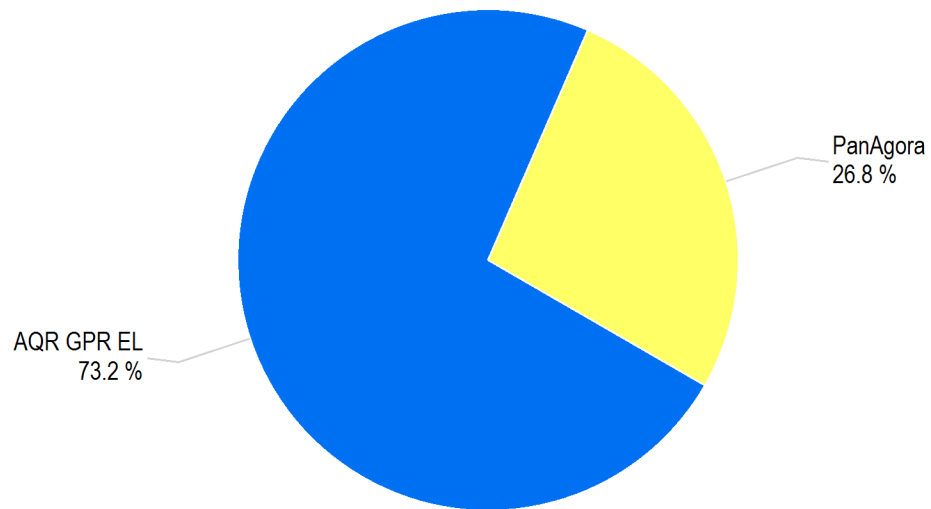
OFFICE							
55 Cambridge	Boston MA - NH	\$186,000,000	\$194,000,000	\$194,000,000	4Q06	September-14	\$6,154,953
Gainey Center II	Scottsdale - AZ	\$31,900,000	\$32,000,000	\$32,000,000	3Q07	September-14	\$1,015,250
Valencia Town Center	Valencia, CA	\$161,000,000	\$154,000,000	\$154,000,000	3Q07	September-14	\$4,885,890
Westport Corporate Center	Fairfield County, CT	\$15,100,000	\$15,752,188	\$15,752,188	4Q07	September-14	\$499,763
The Executive Building	Washington DC	\$206,000,000	\$206,000,000	\$206,000,000	2Q08	September-14	\$6,535,672
1111 Pennsylvania Avenue	Washington, D.C.	\$246,000,000	\$250,000,000	\$250,000,000	4Q10	September-14	\$7,931,640
1800 Larimer	Denver, CO	\$274,000,000	\$275,000,000	\$275,000,000	1Q11	September-14	\$8,724,804
230 Park Avenue	New York, NY	\$474,300,000	\$502,980,475	\$320,753,018	2Q11	September-14	\$10,176,390
3450 & 3460 Hillview Ave	San Jose, CA	\$63,600,000	\$63,500,000	\$63,500,000	3Q12	September-14	\$2,014,637
Williams Tower	Houston, TX	\$508,000,000	\$512,000,000	\$328,057,031	1Q13	September-14	\$10,408,121
Westlake Park Place	Westlake Village, CA	\$98,600,000	\$99,000,000	\$99,000,000	4Q13	September-14	\$3,140,930
101 Second Street	San Francisco, CA	\$298,000,000	\$303,000,000	\$303,000,000	1Q14	September-14	\$9,613,148
Energy Crossing II	Houston, TX	\$97,276,119	\$110,000,000	\$110,000,000	2Q14	September-14	\$3,489,922
1776 Wilson	Arlington, VA	\$0	\$89,100,000	\$89,100,000	3Q14	Acq 3Q14	\$2,826,837
631 Howard	San Francisco, CA	\$0	\$70,100,000	\$70,100,000	3Q14	Acq 3Q14	\$2,224,032
Barton Oaks	Austin, TX	\$0	\$66,100,000	\$66,100,000	3Q14	Acq 3Q14	\$2,097,126
Hercules East and South Campus	Los Angeles, CA	\$0	\$112,222,877	\$112,222,877	3Q14	Acq 3Q14	\$3,560,446
		<b>\$2,659,776,119</b>	<b>\$3,054,755,540</b>	<b>\$2,688,585,114</b>			<b>\$85,299,560</b>
RETAIL							
Broadway at Surf	Chicago IL	\$33,600,000	\$33,700,000	\$33,700,000	2Q04	September-14	\$1,069,185
Carriagetown Marketplace	Boston MA - NH	\$22,600,000	\$22,600,000	\$22,600,000	2Q04	September-14	\$717,020
Chandler Pavilions	Phoenix - Mesa AZ	\$19,400,000	\$19,700,000	\$19,700,000	2Q04	September-14	\$625,013
Matthews Township	Charlotte - G - RH NC-SC	\$23,900,000	\$24,000,000	\$24,000,000	2Q04	September-14	\$761,437
Windward Commons	Atlanta GA	\$22,200,000	\$22,700,000	\$22,700,000	2Q04	September-14	\$720,193
Cityline at Tenley	Washington, D.C.	\$47,400,000	\$47,700,000	\$47,700,000	4Q05	September-14	\$1,513,357
Ridgehaven Mall	Minnetonka, MN	\$34,900,000	\$37,200,000	\$37,200,000	4Q05	September-14	\$1,180,228
The Beacon Retail	San Francisco, CA	\$53,400,000	\$54,100,000	\$54,100,000	1Q06	September-14	\$1,716,407
The Beacon Garage	San Francisco, CA	\$30,300,000	\$30,300,000	\$30,300,000	1Q06	September-14	\$961,315
Oak Brook Court	Chicago, IL	\$17,000,000	\$17,300,000	\$17,300,000	4Q07	September-14	\$548,870
Hawthorne Plaza	Overland Park, KS	\$37,200,000	\$39,100,000	\$39,100,000	4Q07	September-14	\$1,240,509
The Loop	Boston MA - NH	\$97,900,000	\$95,900,000	\$95,900,000	1Q08	September-14	\$3,042,577
Westbank Marketplace	Austin, TX	\$48,100,000	\$48,450,000	\$26,519,055	3Q10	September-14	\$841,358
910 Lincoln Road	Miami, FL	\$23,200,000	\$23,500,000	\$23,500,000	4Q10	September-14	\$745,574
Lake Pointe Village	Houston, TX	\$67,700,000	\$70,900,000	\$70,900,000	4Q11	September-14	\$2,249,413
Safeway Kapahulu	Hawaii	\$85,800,000	\$85,800,000	\$49,400,567	4Q11	September-14	\$1,567,310
Safeway Burlingame	San Francisco, CA	\$47,600,000	\$47,700,000	\$24,874,941	4Q11	September-14	\$789,196
Shamrock Plaza	Oakland, CA	\$34,700,000	\$34,800,000	\$18,460,476	4Q11	September-14	\$585,687
Pavilions Marketplace	West Hollywood, CA	\$52,200,000	\$52,300,000	\$27,489,061	1Q12	September-14	\$872,133
130 Prince	New York, NY	\$179,000,000	\$196,000,000	\$196,000,000	2Q12	September-14	\$6,218,406
Pleasanton Gateway	Pleasanton, CA	\$71,500,000	\$72,300,000	\$72,300,000	4Q12	September-14	\$2,293,830
Liberty Wharf	Boston, MA	\$78,500,000	\$79,300,000	\$44,599,793	4Q12	September-14	\$1,414,998
Shops at Legacy	Plano, TX	\$104,200,000	\$105,000,000	\$105,000,000	3Q13	September-14	\$3,331,289
		<b>\$1,232,300,000</b>	<b>\$1,260,350,000</b>	<b>\$1,103,343,893</b>			<b>\$35,005,307</b>
<b>Portfolio Total</b>		<b>\$7,090,468,820</b>	<b>\$7,511,258,450</b>	<b>\$6,702,655,217</b>			<b>\$212,652,200</b>



Manager Allocation Analysis - Risk Parity

As of September 30, 2014

	Actual \$	Actual %
AQR GPR EL	\$190,435,823	73.2%
PanAgora	\$69,757,643	26.8%
<b>Total</b>	<b>\$260,193,466</b>	



## Performance Summary (Gross of Fees)

Periods Ending September 30, 2014

	3 Mo (%)	9 Mo (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Total Fund</b>	<b>-1.6</b>	<b>4.2</b>	<b>10.3</b>	<b>11.8</b>	<b>13.9</b>	<b>10.5</b>	<b>6.7</b>
Policy Index	-1.6	4.2	10.0	11.6	14.2	10.6	7.3
Allocation Index	-1.6	3.9	10.0	11.6	--	--	--
<b>Total Fund ex Overlay</b>	<b>-1.5</b>	<b>4.3</b>	<b>10.3</b>	<b>11.8</b>	<b>13.9</b>	<b>10.5</b>	<b>6.7</b>
Policy Index	-1.6	4.2	10.0	11.6	14.2	10.6	7.3
Allocation Index	-1.6	3.9	10.0	11.6	--	--	--
<b>Total Equity</b>	<b>-2.5</b>	<b>3.2</b>	<b>11.6</b>	<b>16.5</b>	<b>19.2</b>	<b>12.3</b>	<b>7.2</b>
Blended Equity Index	-2.7	3.4	11.9	16.3	19.2	12.5	7.9
<b>US Equity</b>	<b>-0.7</b>	<b>4.6</b>	<b>14.7</b>	<b>19.3</b>	<b>22.7</b>	<b>15.5</b>	<b>7.7</b>
80% R1000/ 20% R2000	-1.0	5.4	15.9	19.3	22.9	15.6	8.5
<b>Large Cap Equity</b>	<b>0.7</b>	<b>6.7</b>	<b>17.2</b>	<b>19.5</b>	<b>22.7</b>	<b>15.2</b>	<b>7.8</b>
Russell 1000	0.7	8.0	19.0	20.0	23.2	15.9	8.5
Barrow Hanley	-0.7	4.5	14.7	21.6	24.2	16.3	--
Russell 1000 Value	-0.2	8.1	18.9	20.6	23.9	15.3	7.8
BlackRock S&P 500 Index	1.1	8.3	19.7	--	--	--	--
S&P 500	1.1	8.3	19.7	19.5	23.0	15.7	8.1
Brown Advisory	0.0	2.0	10.6	--	--	--	--
Russell 1000 Growth	1.5	7.9	19.1	19.2	22.4	16.5	8.9
DE Shaw	1.3	7.8	18.2	20.9	25.0	16.4	--
Russell 1000	0.7	8.0	19.0	20.0	23.2	15.9	8.5
<b>Small Cap Equity</b>	<b>-6.8</b>	<b>-3.7</b>	<b>4.4</b>	<b>18.3</b>	<b>22.8</b>	<b>16.8</b>	<b>7.0</b>
Russell 2000	-7.4	-4.4	3.9	16.3	21.3	14.3	8.2
The Boston Co	-7.2	-4.1	4.7	17.2	23.8	14.6	--
Russell 2000 Value	-8.6	-4.7	4.1	15.0	20.6	13.0	7.3
Chartwell	-6.1	-3.2	4.4	18.9	24.5	18.8	--
Russell 2000 Growth	-6.1	-4.0	3.8	17.5	21.9	15.5	9.0
<b>International Equity</b>	<b>-5.7</b>	<b>0.7</b>	<b>5.9</b>	<b>11.1</b>	<b>11.9</b>	<b>5.6</b>	<b>6.6</b>
MSCI ACWI ex US IMI	-5.4	0.4	5.2	10.9	12.3	6.5	7.5
MSCI EAFE Gross	-5.8	-1.0	4.7	14.1	14.2	7.0	6.8

## Performance Summary (Gross of Fees)

Periods Ending September 30, 2014

	3 Mo (%)	9 Mo (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Developed Markets</b>	<b>-6.1</b>	<b>0.3</b>	<b>5.6</b>	<b>11.8</b>	<b>12.4</b>	<b>5.9</b>	<b>6.8</b>
MSCI ACWI ex USA Gross	-5.2	0.4	5.2	10.9	12.3	6.5	7.5
Baillie Gifford	-6.2	-1.0	3.5	12.6	--	--	--
MSCI ACWI ex US	-5.2	0.4	6.2	14.9	--	--	--
MSCI ACWI ex US Growth	-4.8	0.0	5.1	14.0	--	--	--
BlackRock EAFE Index	-5.9	-1.1	--	--	--	--	--
MSCI EAFE	-5.9	-1.4	4.3	13.6	13.6	6.6	6.3
MSCI EAFE Gross	-5.8	-1.0	4.7	14.1	14.2	7.0	6.8
Mondrian	-5.8	3.1	8.7	11.8	11.8	6.8	--
MSCI ACWI ex USA Value Gross	-5.6	0.8	5.8	11.4	12.4	5.8	7.5
MSCI ACWI ex USA Gross	-5.2	0.4	5.2	10.9	12.3	6.5	7.5
Pyramis Equity	-6.9	-1.1	3.6	11.0	--	--	--
MSCI ACWI ex US Small Cap Gross	-6.7	0.3	4.9	12.4	12.9	8.7	9.4
<b>Emerging Markets</b>	<b>-2.0</b>	<b>5.3</b>	<b>8.3</b>	<b>6.4</b>	<b>--</b>	<b>--</b>	<b>--</b>
MSCI Emerging Markets Gross	-3.4	2.7	4.7	3.0	7.6	4.8	11.0
Parametric Clifton	-2.0	5.3	8.3	6.4	--	--	--
MSCI Emerging Markets Gross	-3.4	2.7	4.7	3.0	7.6	4.8	11.0
<b>Total Fixed Income</b>	<b>-0.4</b>	<b>4.6</b>	<b>5.9</b>	<b>3.9</b>	<b>6.6</b>	<b>7.3</b>	<b>5.6</b>
Blended Fixed Index	-1.1	3.5	3.3	0.4	2.5	4.3	4.7
<b>US Fixed Income</b>	<b>-0.3</b>	<b>5.0</b>	<b>5.6</b>	<b>3.2</b>	<b>5.8</b>	<b>7.2</b>	<b>5.5</b>
Blended US Fixed Index	-0.6	3.9	3.7	0.6	2.8	4.5	4.8
<b>Core Fixed</b>	<b>0.2</b>	<b>5.1</b>	<b>5.4</b>	<b>2.2</b>	<b>4.3</b>	<b>--</b>	<b>--</b>
Barclays Aggregate	0.2	4.1	4.0	1.1	2.4	4.1	4.6
Pyramis Bond	0.2	4.7	4.9	2.0	3.8	5.7	--
Western Asset	0.1	5.5	6.0	2.7	4.9	6.9	--
Barclays Aggregate	0.2	4.1	4.0	1.1	2.4	4.1	4.6

## Performance Summary (Gross of Fees)

Periods Ending September 30, 2014

	3 Mo (%)	9 Mo (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>TIPS</b>	<b>-2.1</b>	<b>2.1</b>	<b>0.5</b>	<b>-2.9</b>	<b>1.2</b>	<b>--</b>	<b>--</b>
<i>Barclays US TIPS</i>	-2.0	3.7	1.6	-2.3	1.3	4.5	4.6
Brown Brothers Harriman	-2.1	2.1	0.5	-2.9	1.2	--	--
<i>Barclays US TIPS</i>	-2.0	3.7	1.6	-2.3	1.3	4.5	4.6
<b>Opportunistic Credit</b>	<b>-0.5</b>	<b>7.2</b>	<b>10.5</b>	<b>11.9</b>	<b>15.4</b>	<b>--</b>	<b>--</b>
<i>Barclays BA Intermediate HY</i>	-1.5	3.7	5.1	1.6	5.1	--	--
Angelo Gordon Opportunistic	-2.4	--	--	--	--	--	--
Angelo Gordon STAR	1.8	13.4	18.1	--	--	--	--
<i>Barclays Aggregate</i>	0.2	4.1	4.0	1.1	2.4	4.1	4.6
Brigade Capital	-2.0	3.7	6.3	7.3	10.1	--	--
<i>Barclays BA Intermediate HY</i>	-1.5	3.7	5.1	1.6	5.1	--	--
50% Barclays HY/ 50% Bank Loan	-1.1	3.0	5.8	6.1	9.0	--	--
<b>Global Fixed Income</b>	<b>-0.8</b>	<b>2.9</b>	<b>6.6</b>	<b>6.2</b>	<b>9.8</b>	<b>--</b>	<b>--</b>
<i>Barclays Multi-verse</i>	-3.2	1.7	1.4	-0.4	1.5	3.0	4.5
Franklin Templeton	-0.8	2.5	6.2	6.0	9.6	--	--
<i>Barclays Multi-verse</i>	-3.2	1.7	1.4	-0.4	1.5	3.0	4.5
<b>Alternatives</b>	<b>0.3</b>	<b>4.1</b>	<b>8.5</b>	<b>3.3</b>	<b>7.1</b>	<b>--</b>	<b>--</b>
<i>Alternatives Allocation Index</i>	-2.3	3.2	8.0	7.2	9.2	--	--
<i>Blended Alternatives Index</i>	-1.4	4.3	10.6	10.9	14.0	--	--
<b>Private Equity</b>	<b>3.2</b>	<b>9.1</b>	<b>20.7</b>	<b>11.8</b>	<b>10.0</b>	<b>--</b>	<b>--</b>
Russell 3000 +3%	1.1	9.0	20.8	22.7	26.1	18.8	11.5
<b>Hedge Fund</b>	<b>3.6</b>	<b>4.2</b>	<b>9.5</b>	<b>7.7</b>	<b>6.9</b>	<b>--</b>	<b>--</b>
Libor 1 month +4%	1.1	3.1	4.2	4.2	4.2	--	--
AQR DELTA XN	3.6	4.2	9.5	7.7	6.9	--	--
Libor 1 month +4%	1.1	3.1	4.2	4.2	4.2	--	--

## Performance Summary (Gross of Fees)

Periods Ending September 30, 2014

	3 Mo (%)	9 Mo (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Commodity</b>	<b>-9.1</b>	<b>-3.6</b>	<b>-4.4</b>	<b>-7.6</b>	<b>0.4</b>	<b>--</b>	<b>--</b>
<i>Bloomberg Commodity Index TR USD</i>	-11.8	-5.6	-6.6	-10.5	-5.3	-1.4	-1.0
SSgA Multisource Commodity	-9.0	-3.6	-4.4	-7.6	0.4	--	--
<i>Bloomberg Commodity Index TR USD</i>	-11.8	-5.6	-6.6	-10.5	-5.3	-1.4	-1.0
<i>S&amp;P Goldman Sachs Commodity</i>	-12.5	-7.5	-7.8	-6.0	-0.1	--	--
<b>Private Real Asset</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>CPI +5%</i>	1.2	5.2	--	--	--	--	--
Taurus Mining	--	--	--	--	--	--	--
<i>CPI +5%</i>	1.2	5.2	--	--	--	--	--
<b>Real Estate</b>	<b>3.5</b>	<b>8.6</b>	<b>12.3</b>	<b>12.6</b>	<b>11.6</b>	<b>12.1</b>	<b>7.5</b>
<i>NCREIF ODCE</i>	3.2	8.9	12.4	12.7	12.3	12.4	7.6
Invesco	3.5	8.6	12.3	12.6	11.6	12.1	7.5
<i>NCREIF ODCE</i>	3.2	8.9	12.4	12.7	12.3	12.4	7.6
<b>Risk Parity</b>	<b>-3.1</b>	<b>10.6</b>	<b>12.5</b>	<b>5.0</b>	<b>9.5</b>	<b>--</b>	<b>--</b>
<i>60/40 Russell 3000/Barclays Aggregate</i>	0.1	5.9	12.2	12.0	14.6	11.3	7.2
<b>AQR GPR EL</b>	<b>-3.5</b>	<b>10.1</b>	<b>12.1</b>	<b>4.8</b>	<b>9.4</b>	<b>--</b>	<b>--</b>
PanAgora	--	--	--	--	--	--	--
<i>60/40 Russell 3000/Barclays Aggregate</i>	0.1	5.9	12.2	12.0	14.6	11.3	7.2
<b>Cash</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>0.7</b>	<b>1.5</b>
<i>91 Day T-Bills</i>	0.0	0.0	0.0	0.0	0.0	0.1	1.5
General Account	0.3	0.3	0.3	0.2	0.2	0.2	1.8
Treasury & LAIF	0.0	1.3	0.8	0.7	0.7	0.9	1.4
<i>91 Day T-Bills</i>	0.0	0.0	0.0	0.0	0.0	0.1	1.5

**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 – ACWI ex US Focus Equities**

ACWI ex US Focus is a fundamental growth strategy. Research is organized primarily by regional teams, with each member of the ACWI ex US Focus Portfolio Construction Group representing a 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 80-120 stocks, with country and sector weights +/-6% relative to the index and industry weights +/- 5% relative to the index.

**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 – EAFE Index**

The EAFE Index Fund seeks to replicate the return of the MSCI EAFE Index. This index represents the developed equity markets outside of North America: Europe, Austral, Asia and the Far East.

**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



**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.

**DE 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.

**Panagora – Diversified Risk Multi Asset Fund**

The Multi Asset team is headed up by Edward Qian, CIO of the group, and the founder of Panagora's risk parity strategy. A staff of approximately thirteen works in this group on research and portfolio construction, with some people spending more time on the former and some more on the latter. Panagora implements risk parity by distinguishing between three categories of assets: equities, nominal fixed income, and inflation protection. Each of these categories corresponds to a respective economic environment: economic growth, economic contraction and inflation. Panagora's risk allocation targets 40% each from equities and nominal fixed income, and 20% from inflation protection. In addition to applying concept of risk parity between asset classes, Panagora also applies it within each asset class. The 40/40/20 allocation to equities/nominal fixed income/inflation protection is a long term strategic allocation. In 2009 Panagora introduced what they refer to as "Dynamic Risk Allocation" or "DRA," which involves tactically tilting the risk allocations away from the neutral targets in order to enhance returns and reduce risk.

**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.

**Total Plan Policy Benchmark**

	As of:									
	1/1/2014	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	24.0%	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%	0.0%	5.0%
Russell 1000 Value	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	5.0%	0.0%
Russell 2000	6.0%	7.0%	7.0%	7.0%	9.0%	9.0%	10.0%	15.0%	15.0%	15.0%
MSCI AC World ex-US	0.0%	18.0%	18.0%	18.0%	21.0%	21.0%	15.0%	0.0%	0.0%	0.0%
MSCI ACWI ex-US IMI	20.0%									
MSCI EAFE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%
Barclays Aggregate	9.25%	11.0%	11.0%	12.9%	27.0%	27.0%	29.0%	25.0%	21.0%	21.0%
Barclays BA Intermediate HY	5.0%									
Barclays BBB	0.0%	3.5%	3.3%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Barclays Tips	2.0%	3.1%	3.3%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Barclays Multiverse	3.75%	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%	0.0%	5.0%	9.0%	9.0%
NCREIF NFI ODCE	6.0%	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%	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%	0.0%	8.0%	10.0%	10.0%
Russell 3000 + 300 basis points	7.0%	8.0%	8.0%	8.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
60% Russell 3000/40% BC Aggregate	8.0%	6.0%	6.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Libor + 4%	4.0%	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%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CPI + 5%	2.0%									
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Total Equity Benchmark**

	As of:						
	1/1/2014	10/1/2010	5/1/2007	6/1/2000	3/1/1999	9/1/1998	1/1/1996
Russell 1000	48.0%	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%	0.0%	8.4%
Russell 1000 Value	0.0%	0.0%	0.0%	0.0%	8.0%	8.3%	0.0%
Russell 2000	12.0%	13.2%	13.5%	15.4%	24.2%	25.0%	25.0%
MSCI AC World ex-US	0.0%	34.0%	31.3%	23.1%	0.0%	0.0%	0.0%
MSCI EAFE	0.0%	0.0%	0.0%	0.0%	32.3%	33.3%	33.3%
MSCI ACWI ex-US IMI	40.0%						
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Domestic Equity Benchmark**

	As of:				
	6/1/2000	3/1/1999	9/1/1998	7/1/1996	1/1/1995
Russell 1000	80.0%	52.0%	50.0%	50.0%	69.0%
S & P 500	0.0%	0.0%	0.0%	12.5%	17.0%
Russell 1000 Value	0.0%	12.0%	12.5%	0.0%	0.0%
Russell 2000	20.0%	36.0%	37.5%	37.5%	14.0%
	100%	100%	100%	100%	100%

**International Equity Benchmark**

	As of:		
	1/1/2014	6/1/2000	1/1/1996
MSCI ACWI ex-US IMI	100.0%		
MSCI AC World ex-US	0.0%	100%	0.0%
MSCI EAFE	0.0%	0.0%	100%
	100%	100%	100%

**Baillie Gifford Benchmark**

	As of:	
	1/1/2014	5/1/2012
MSCI ACWI ex-US	100.0%	0%
MSCI EAFE	0.0%	100.0%
	100%	100%

**Baillie Gifford Benchmark (Second)**

	As of:	
	1/1/2014	5/1/2012
MSCI ACWI ex-US Growth	100.0%	0%
MSCI EAFE Growth	0.0%	100.0%
	100%	100%

**Total Fixed Income Benchmark**

	As of:						
	1/1/2014	2/1/2013	1/1/2011	10/1/2010	6/1/2000	3/1/1999	7/1/1996
Barclays Aggregate	46.3%	50.0%	50.0%	58.6%	100.0%	83.3%	70.0%
Barclays BBB	0.0%	16.0%	15.0%	7.3%	0.0%	0.0%	0.0%
Barclays Tips	10.0%	14.0%	15.0%	13.6%	0.0%	0.0%	0.0%
Barclays Multiverse	18.8%	20.0%	20.0%	20.5%	0.0%	0.0%	0.0%
Barclays BA Intermediate HY	25.0%						
Citigroup Non-US WGBI unhedged	0.0%	0.0%	0%	0.0%	0.0%	17%	30.0%
	100%	100%	100%	100%	100%	100%	100%

**Domestic Fixed Income Benchmark**

	As of:				
	1/1/2014	2/1/2013	1/1/2011	10/1/2010	7/1/1996
Barclays Aggregate	56.92%	62.50%	62.40%	73.70%	100.00%
Barclays BBB		20.00%	18.80%	9.10%	0.00%
Barclays Tips	12.31%	17.50%	18.80%	17.20%	0.00%
Barclays BA Intermediate HY	30.77%				
	100.0%	100.0%	100.0%	100.0%	100.0%

**Global Fixed Income Benchmark**

	As of:
	10/1/2010
Barclays Multiverse	100%
	100%

**Opportunistic Credit Benchmark**

	As of:
	1/1/2014
Barclays BA Intermediate HY	100%
	100%

**Brigade Capital Benchmark**

	As of:
	10/1/2010
Barclays High Yield	50.0%
Bank Loan	50.0%
	100.0%

**Alternative Investment Benchmarks**

	As of:
	10/1/2010
Private Equity	100%
Russell 3000 + 300 basis points	100%
Risk Parity	100%
Russell 3000	60.0%
Barclays Aggregate	40.0%
	100%
Hedge Fund	100%
Libor + 4%	100%
	100%
Commodity	100%
Dow Jones UBS Commodity	100%
	100%
Private Real Assets	100%
CPI + 5%	100%
	100%

**Real Estate Benchmark**

	As of:		
	1/1/2009	6/1/2000	7/1/1996
NCREIF NFI ODCE	100%	0.0%	0.0%
NCREIF Property Index	0.0%	100%	0%
10 YR Treasury plus 2%	0.0%	0.0%	100.0%
	100%	100%	100%

**FEE SCHEDULES**

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

BlackRock-EAFE Equity Index Fund

First \$100 million: 0.06% per annum  
 Thereafter: 0.04% 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 \$100 million: 0.45% per annum  
 Next \$300 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

Clifton Group

First \$50 million: 0.12% per annum  
 Next \$150 million: 0.10% per annum  
 Thereafter: 0.05% 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

Parametric Clifton

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	
DE SHAW Russell 1000 Index	YES	NO	YES	YES	YES	N/A	YES	YES	YES	YES
BARROW HANLEY Russell 1000 Value Index	NO	YES	YES	YES	NO	N/A	YES	YES	YES	YES
THE BOSTON COMPANY Russell 2000 Value Index	YES	YES	YES	YES	YES	N/A	NO	YES	NO	YES
CHARTWELL Russell 2000 Growth Index	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
BAILLIE GIFFORD MSCI ACWI ex US Index	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	N/A	YES
MONDRIAN MSCI ACWI ex US Value Index	NO	YES	NO	YES	YES	YES	NO	NO	NO	YES
PARAMETRIC CLIFTON MSCI Emerging Market Index	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	N/A	YES
PYRAMIS EQUITY MSCI ACWI ex US Small Cap Index	N/A	N/A	N/A	N/A	N/A	N/A	NO	N/A	N/A	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	YES	YES	YES	YES	YES
BROWN BROTHERS HARRIMAN Barclays US TIPS	NO	N/A	NO	N/A	YES	N/A	NO	NO	N/A	YES
BRIGADE CAPITAL Barclays Credit BAA	YES	N/A	YES	N/A	YES	N/A	YES	NO	N/A	YES
FRANKLIN TEMPLETON Barclays Multi-verse	YES	N/A	YES	N/A	YES	N/A	YES	YES	N/A	YES
INVESCO REAL ESTATE NCREIF ODCE Index	NO	NO	NO	NO	N/A	N/A	YES	YES	YES	YES



Manager Performance Comparison (Gross of Fees)

	Jul	Aug	Sep	3rd Qtr. 2014	Difference	2nd Qtr. 2014	Difference	1st Qtr. 2014	Difference	4th Qtr. 2013	Difference
SIS	-1.38%	4.00%	-1.41%	1.12%		5.22%		1.81%		10.53%	
BlackRock S&P 500 Fund	-1.38%	4.00%	-1.41%	1.12%	0.00%	5.22%	0.00%	1.81%	0.00%	10.52%	0.01%
S&P 500 Index	-1.38%	4.00%	-1.40%	1.13%		5.24%		1.80%		10.52%	
SIS	-1.46%	4.87%	-1.96%	1.31%		5.52%		0.85%		9.62%	
D.E. Shaw	-1.45%	4.86%	-1.96%	1.31%	0.00%	5.51%	0.01%	0.85%	0.00%	9.63%	0.00%
Russell 1000 Index	-1.62%	4.13%	-1.75%	0.65%		5.12%		2.05%		10.23%	
SIS	-0.88%	3.73%	-2.78%	-0.04%		1.96%		0.09%		8.13%	
BrownAdvisory	-0.84%	3.68%	-2.78%	-0.05%	0.01%	1.96%	0.00%	0.07%	0.01%	8.12%	-0.01%
Russell 1000 Growth Index	-1.53%	4.58%	-1.45%	1.49%		5.13%		1.12%		8.12%	
SIS	-2.21%	3.58%	-1.97%	-0.70%		3.33%		1.82%		9.77%	
Barrow Hanley	-2.20%	3.58%	-1.99%	-0.71%	0.01%	3.32%	0.01%	1.83%	-0.01%	9.77%	0.01%
Russell 1000 Value Index	-1.70%	3.68%	-2.06%	-0.18%		5.11%		3.02%		10.01%	
SIS	-5.95%	4.88%	-5.93%	-7.21%		1.21%		2.12%		9.12%	
The Boston Company	-5.95%	4.88%	-5.93%	-7.21%	0.00%	1.21%	0.00%	2.12%	0.00%	9.12%	0.00%
Russell 2000 Value Index	-6.05%	4.35%	-6.75%	-8.58%		2.39%		1.78%		9.30%	
SIS	-5.70%	3.14%	-3.48%	-6.12%		1.04%		2.07%		7.81%	
Chartwell	-5.70%	3.14%	-3.48%	-6.12%	0.00%	1.04%	0.00%	2.05%	0.02%	7.81%	0.00%
Russell 2000 Growth Index	-6.06%	5.58%	-5.36%	-6.13%		1.73%		0.48%		8.18%	
SIS	-1.21%	1.36%	-6.30%	-6.17%		2.86%		2.53%		4.56%	
Baillie Gifford	-1.23%	1.35%	-6.40%	-6.30%	0.13%	2.90%	-0.03%	2.51%	0.02%	4.59%	-0.02%
MSCI ACWI ex US	-0.97%	0.57%	-4.81%	-5.20%		5.25%		0.77%		5.74%	
MSCI ACWI ex US Growth	-1.44%	0.92%	-4.33%	-4.84%		4.63%		0.20%		5.18%	

Manager Performance Comparison (Gross of Fees)

	Jul	Aug	Sep	3rd Qtr. 2014	Difference	2nd Qtr. 2014	Difference	1th Qtr. 2014	Difference	4th Qtr. 2013	Difference
SIS	-1.96%	-0.15%	-3.85%	-5.88%		4.28%		0.74%			
BlackRock EAFE Equity	-1.96%	-0.15%	-3.85%	-5.88%	0.00%	4.28%	0.00%	0.75%	0.00%		
MSCI EAFE (Net)	-1.97%	-0.15%	-3.84%	-5.88%		4.08%		0.66%			
MSCI EAFE (Gross)	-1.96%	-0.15%	-3.81%	-5.84%		4.35%		0.77%			
SIS	0.75%	2.20%	-4.86%	-2.04%		6.24%		1.15%		2.83%	
Parametric Clifton	0.75%	2.20%	-4.86%	-2.04%	0.00%	6.24%	0.00%	1.14%	0.01%	2.83%	0.00%
MSCI EM Market Index	2.02%	2.29%	-7.39%	-3.36%		6.70%		-0.37%		1.86%	
SIS	-2.12%	0.17%	-3.92%	-5.80%		6.12%		3.13%		5.42%	
Mondrian	-2.16%	0.17%	-3.95%	-5.86%	0.07%	6.11%	0.01%	3.21%	-0.07%	5.50%	-0.08%
MSCI ACWI -ex US Value Index	-0.50%	0.23%	-5.29%	-5.55%		5.88%		0.84%		4.93%	
MSCI ACWI -ex US	-0.97%	0.57%	-4.81%	-5.20%		5.25%		0.61%		4.81%	
SIS	-2.37%	0.55%	-5.21%	-6.95%		4.04%		2.11%		4.76%	
Pyramis Int'l Equity	-2.37%	0.55%	-5.21%	-6.95%	0.00%	4.04%	0.00%	2.11%	0.00%	4.75%	0.00%
MSCI ACWI -ex US Small Cap Index	-1.86%	0.73%	-5.65%	-6.73%		3.79%		3.56%		4.67%	
SIS				1.81%		5.39%		4.77%		3.80%	
Angel Gordon STAR Fund (Net)				1.81%	0.00%	5.39%	0.00%	4.77%	0.00%	3.80%	0.00%
BC Aggregate Index				0.16%		2.04%		-0.20%		-0.20%	
SIS				-2.39%							
Angel Gordon Opportunistic				-2.39%	0.00%						
BC Aggregate Index				0.16%							
SIS	-0.27%	1.14%	-0.65%	0.21%		2.27%		2.17%		0.15%	
Pyramis Bond	-0.27%	1.14%	-0.65%	0.21%	0.00%	2.27%	0.00%	2.17%	0.00%	0.14%	0.01%
BC Aggregate Index	-0.25%	1.10%	-0.68%	0.16%		2.04%		1.84%		-0.14%	
SIS	-0.78%	0.80%	-1.96%	-1.95%		3.07%		2.59%		2.49%	
Brigade Capital	-0.78%	0.76%	-1.99%	-2.02%	0.07%	3.09%	-0.02%	2.49%	0.10%	2.44%	0.05%
BC BBB Credit	0.00%	1.61%	-1.78%	-0.20%		3.42%		3.62%		1.34%	

Manager Performance Comparison (Gross of Fees)

	Jul	Aug	Sep	3rd Qtr. 2014	Difference	2nd Qtr. 2014	Difference	1th Qtr. 2014	Difference	4th Qtr. 2013	Difference
SIS	0.03%	-0.01%	-2.09%	-2.07%		2.99%		1.26%		-1.65%	
Brown Brothers Hariman	0.03%	0.00%	-2.09%	-2.06%	-0.01%	2.99%	0.00%	1.28%	-0.01%	-1.66%	0.01%
BC U.S Tips	0.03%	0.44%	-2.50%	-2.04%		3.81%		1.95%		-2.01%	
SIS	-0.04%	1.20%	-1.01%	0.14%		2.71%		2.60%		0.49%	
Western Asset	-0.12%	1.19%	-1.01%	0.05%	0.09%	2.81%	-0.10%	2.65%	-0.05%	0.52%	-0.03%
BC Aggregate Index	-0.25%	1.10%	-0.68%	0.16%		2.04%		1.84%		-0.14%	
SIS	-0.47%	0.79%	-1.07%	-0.76%		2.83%		0.46%		3.56%	
Franklin Templeton Investments	-0.47%	0.79%	-1.07%	-0.76%	0.00%	2.75%	0.08%	0.46%	0.00%	3.56%	0.00%
BC Multiverse	-0.92%	0.56%	-2.83%	-3.18%		2.52%		2.44%		-0.26%	
SIS	-1.82%	3.14%	-4.73%	-3.53%		8.00%		5.70%		1.76%	
AQR Global Risk Premium III (Net)	-1.86%	3.11%	-4.76%	-3.62%	0.10%	7.90%	0.09%	5.60%	0.10%	1.66%	0.10%
40% R3000/ 60% BC Agg	-1.28%	2.96%	-1.52%	0.10%		3.74%		1.97%		5.93%	
SIS	1.63%	0.49%	1.49%	3.65%		1.30%		-0.76%		5.06%	
AQR DELTA Fund II (Net)	1.55%	0.41%	1.41%	3.40%	0.25%	1.07%	0.23%	-0.97%	0.22%	4.81%	0.25%
Libor + 4%	0.36%	0.33%	0.36%	1.05%		1.06%		0.59%		0.70%	
SIS	-4.61%	-1.06%	-3.63%	-9.05%		2.91%		2.98%		-0.78%	
SSgA Multisource Commodity	-4.61%	-1.06%	-3.63%	-9.05%	0.00%	2.91%	0.00%	2.98%	0.00%	-0.78%	0.01%
DJ UBS Commodity	-4.98%	-1.05%	-6.23%	-11.84%		0.10%		7.00%		-1.06%	
S&P Goldman Sachs Commodity	-5.30%	-1.64%	-6.02%	-12.46%		2.69%		2.94%		-0.32%	
SIS				3.50%		3.18%		1.71%		3.37%	
INVESCO Real Estate				3.44%	0.06%	3.18%	0.00%	1.71%	0.00%	3.37%	0.00%
NCREIF NFI ODCE Index				3.24%		2.93%		2.47%		3.19%	

## Market Capitalization Breakpoints

Updated November 2014

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
9/30/14	84.51	24.44	7.97	3.04	0
6/30/14	80.39	23.62	8.07	3.24	0
3/31/14	76.77	23.15	7.83	3.06	0
12/31/13	77.11	22.27	7.65	3.03	0
9/30/13	72.4	19.93	7.15	2.71	0
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

## MARKET SUMMARY

### Equity Markets

	<u>QTR</u>	<u>1 Year</u>	<u>3 Year</u>
S&P 500	1.1	19.7	23.0
Dow Jones Industrial Average	1.9	15.3	19.0
NASDAQ	1.9	19.1	23.0
Russell 1000	0.7	19.0	23.2
Russell 2000	-7.4	3.9	21.3
Russell 3000	0.0	17.8	23.1
MSCI EAFE (Net)	-5.9	4.3	13.6
MSCI Emerging Markets (Net)	-3.5	4.3	7.2
MSCI AC World ex US (Net)	-5.3	4.8	11.8

### Bond Markets

	<u>QTR</u>	<u>1 Year</u>	<u>3 Year</u>
Barclays Capital Aggregate	0.2	4.0	2.4
Barclays Capital Gov/Credit	0.2	4.1	2.5
Barclays Capital Universal	0.0	4.4	3.2
Barclays Capital Corp. High Yield	-1.9	7.2	11.1
CG Non-US World Govt.	-5.4	-1.0	-1.1

### Non-Public Markets

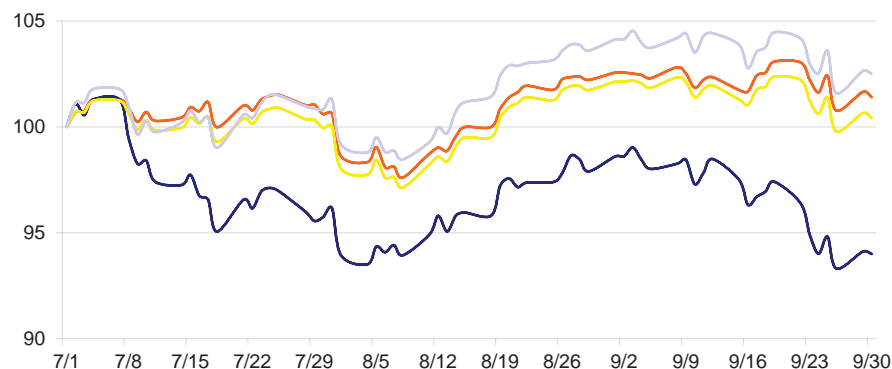
*lagged quarterly*

	<u>QTR</u>	<u>1 Year</u>	<u>3 Year</u>
NCREIF Property	2.9	11.2	11.3
State Street Private Equity Index	4.5	20.7	11.5

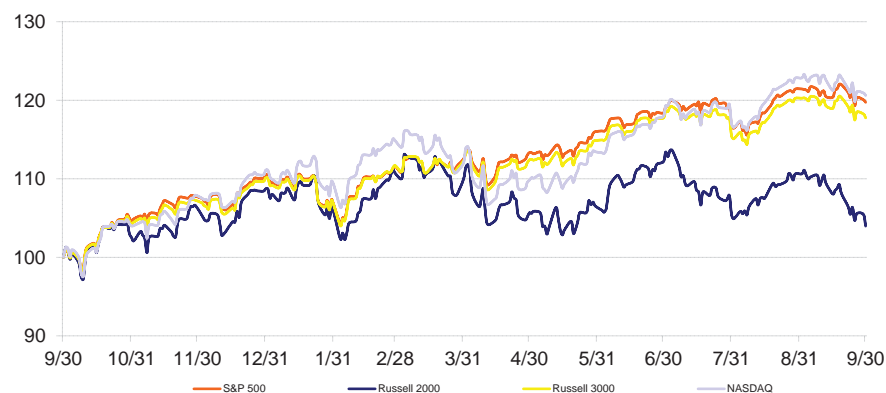
## U.S. Equity Market

- U.S. equities, as measured by the S&P 500 total return index, rose 1.1% during the quarter the U.S. growth outlook improved.
- However, small caps, as measured by the Russell 2000 index, underperformed, falling 7.4% in the third quarter.

### Equity Index – Quarterly Growth Rate



### Equity Index – 1-Year Growth Rate

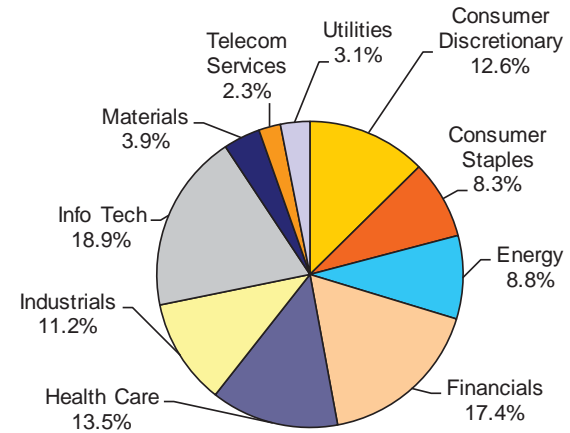


**U.S. MARKETS**

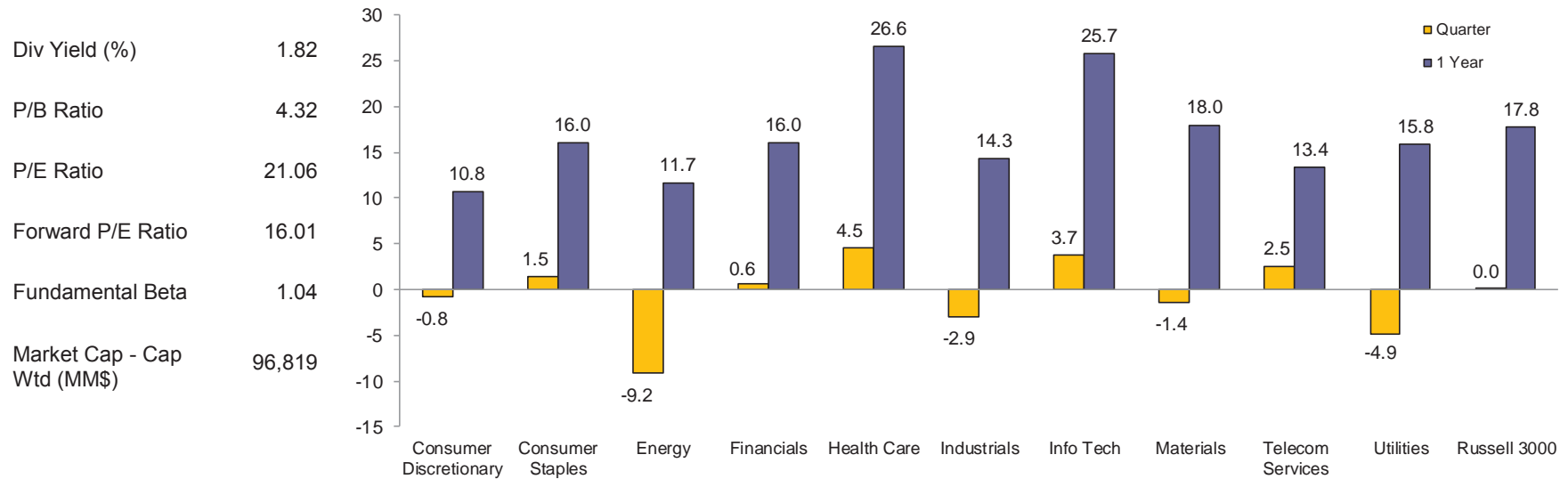
**U.S. Equity – Russell 3000**

- Increasing energy supplies and the stronger U.S. dollar led to a decrease in energy stocks, which fell 9.2% during the third quarter.
- Healthcare and telecom rose 4.5% and 2.5%, respectively, in the third quarter.
- Overall, the Russell 3000 index was flat during the third quarter; the yearly return was 17.8%.

**Ending Sector Weights**



**Characteristics**



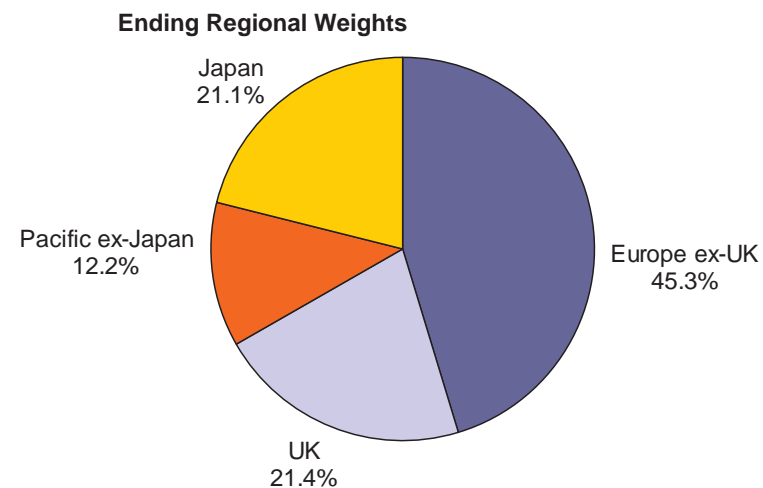
**Contribution to Return:**

	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Info Tech	Materials	Telecom Services	Utilities	Russell 3000
Qtr	-0.1	0.1	-0.9	0.1	0.6	-0.3	0.7	-0.1	0.1	-0.2	0.0
1 Year	1.5	1.4	1.1	2.8	3.4	1.6	4.6	0.7	0.3	0.5	17.8

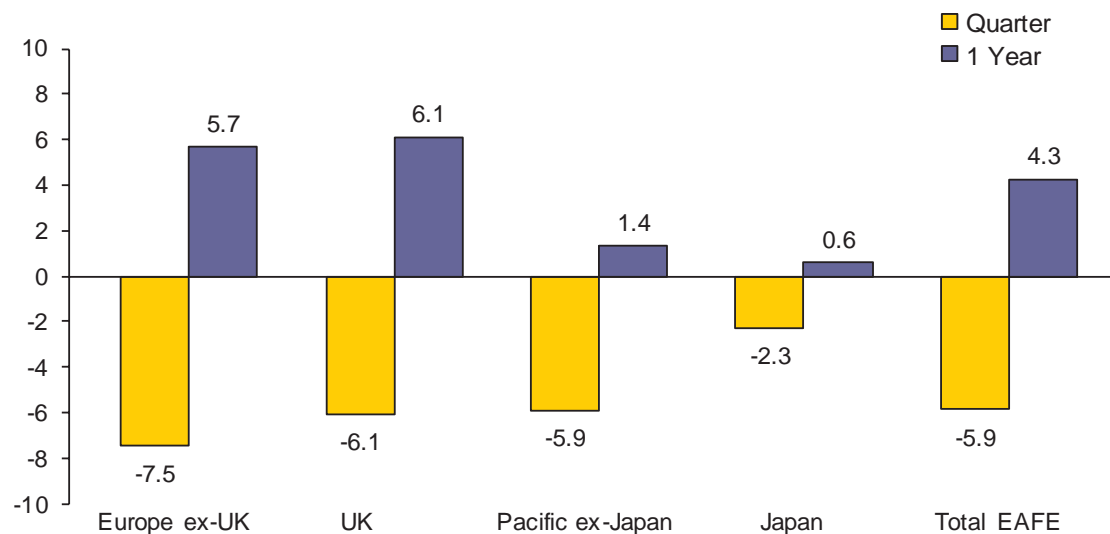
**NON-U.S. MARKETS**

## Developed Equity – MSCI EAFE (Net)

- Deteriorating economic fundamentals in the Eurozone led to a decline of 7.5% in Europe ex-UK stocks during the third quarter.
- Pacific ex-Japan equities fell 5.9% during the third quarter as commodity prices declined.
- Overall, the MSCI EAFE index fell 5.9% in the third quarter.



**Regional Returns (%)**



**Contribution to Return:**

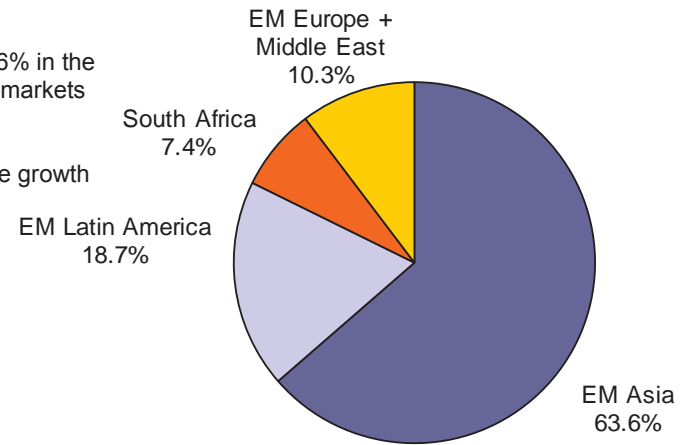
Qtr	-3.4	-1.3	-0.7	-0.5	-5.9
1 Yr	2.6	1.3	0.2	0.1	4.3

**NON-U.S. MARKETS**

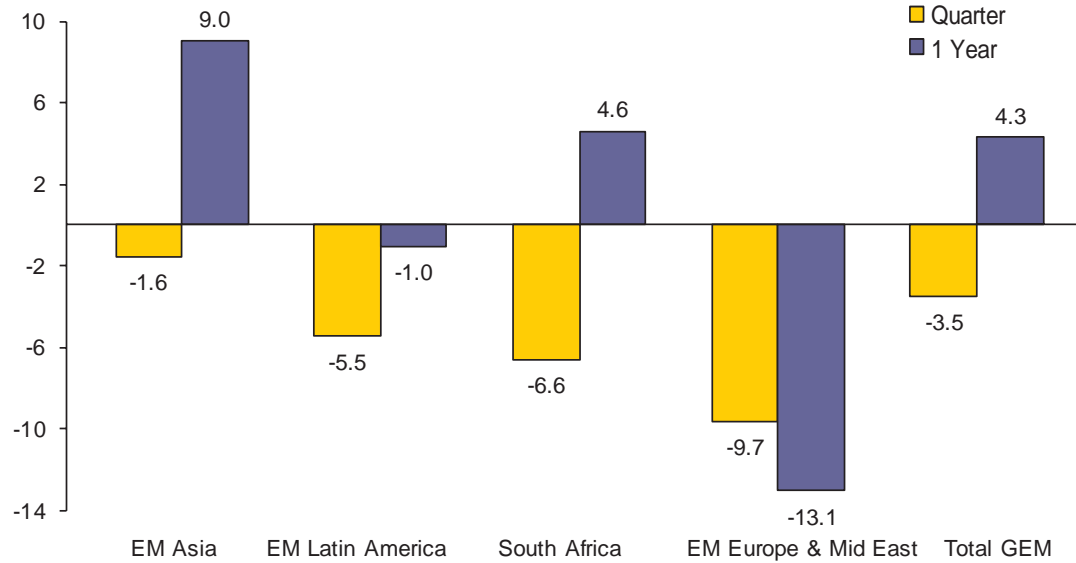
## Emerging Markets Equity – MSCI EM (Net)

- Declining growth and inflation in the Eurozone led to a 9.7% fall in emerging Europe and the Middle East during the third quarter.
- Falling commodity prices and platinum mine strikes impacted South Africa, where equities fell 6.6% in the third quarter. Meanwhile, Latin American equities fell 5.5% in the third quarter, driven by weaker markets in Brazil.
- Overall, the MSCI EM index fell 3.5% in the third quarter, driven in part by concerns over Chinese growth and Federal Reserve rate hike expectations.

**Ending Regional Weights**



**Regional Returns (%)**



**Contribution to Return:**

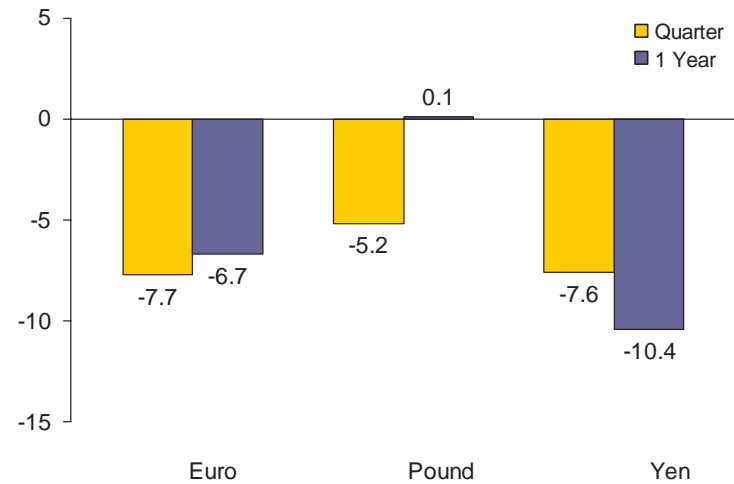
	EM Asia	EM Latin America	South Africa	EM Europe & Mid East	Total GEM
Qtr	-1.0	-1.0	-0.5	-1.0	-3.5
1 Yr	5.7	-0.2	0.3	-1.3	4.3



## Currency Markets

- Expectations of additional easing by the Bank of Japan led to a weaker yen, which fell 7.6% versus the dollar during the third quarter.
- The euro fell 7.7% versus the dollar during the third quarter, driven by weaker growth and inflation and expectations of additional measures by the ECB.
- The U.S. dollar trade-weighted index, which measures the dollar's movement against a basket of currencies, rose 7.7% in the third quarter.

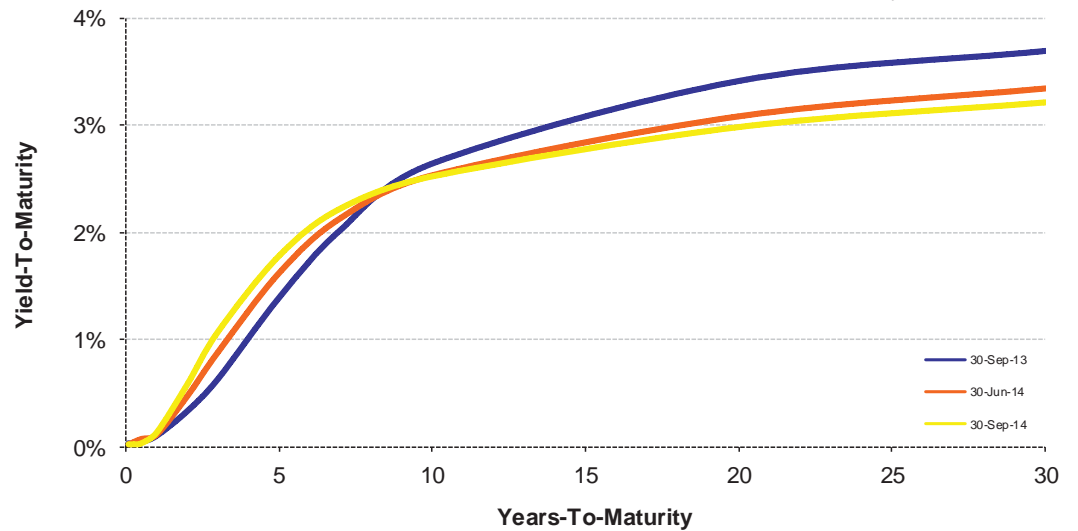
Currency Returns (%)



## Yield Curve

- The Treasury curve flattened as 1 through 5-year rates rose while 10 through 30-year rates declined. The shorter maturity rate increases were driven by increased expectations of a Federal Reserve rate hike in the middle of 2015.
- Thirty-year yields fell 13 basis points while 5-year yields rose 16 basis points during the third quarter.

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

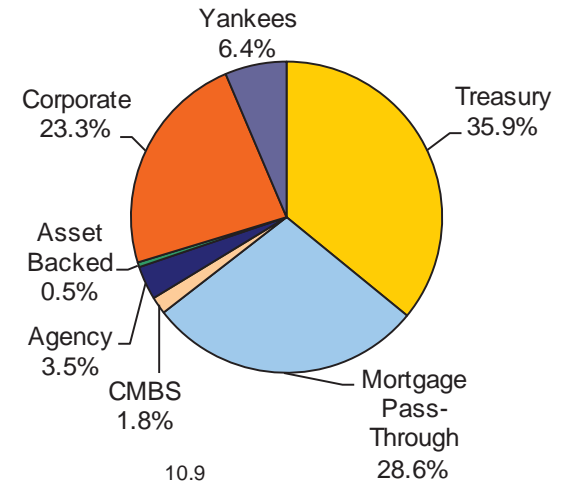


**BOND MARKETS**

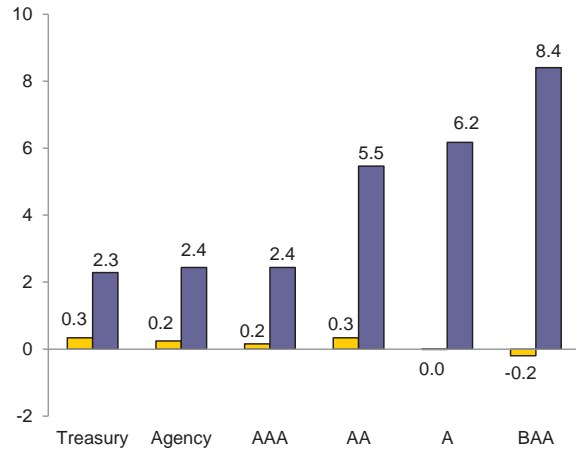
# U.S. Bond Market Returns – Barclays Capital Aggregate

- Declining global growth and geopolitical risk boosted demand for U.S. Treasuries, with the aggregate index rising by 0.3% in the third quarter.
- Longer duration treasuries outperformed; Treasuries with durations over 10 years rose 1.0% during the third quarter.
- Lower-rated corporate bonds (BAA) fell 0.2% during the third quarter as markets factored in expectations of rate rises by the Fed.

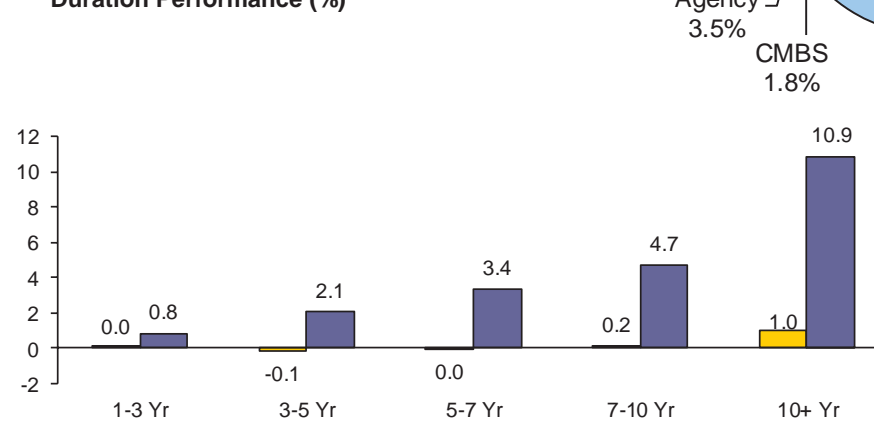
**Sector Weights**



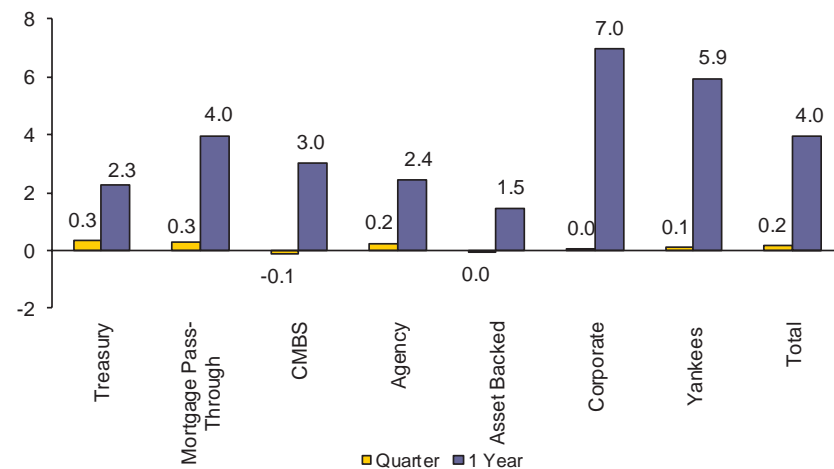
**Quality Performance (%)**



**Duration Performance (%)**



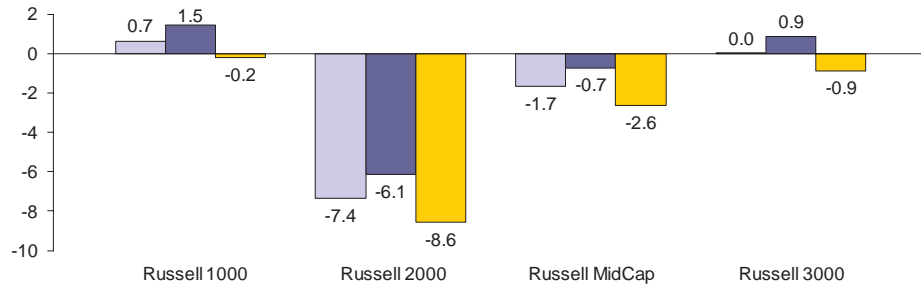
**Sector Performance (%)**



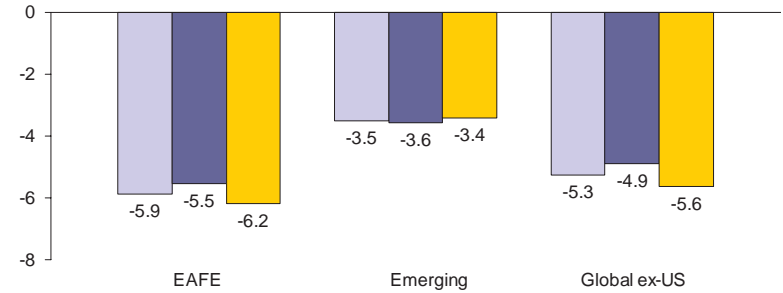
## Style & Capitalization Returns

- Small cap equities significantly underperformed in the U.S. as the Russell 2000 index declined 7.4% in the third quarter.
- Value underperformed in the third quarter, falling 0.9% in the U.S. and 5.6% on a Global ex-U.S. basis.
- Overall, non-U.S. equities fell 5.3% in the third quarter on a deteriorating global growth outlook.

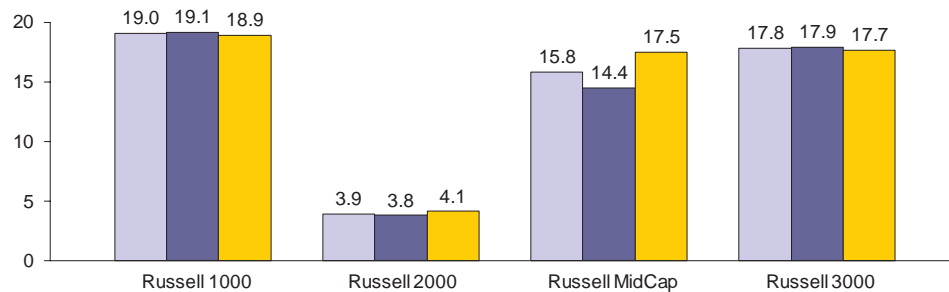
Russell US Style Returns (%) – Quarter



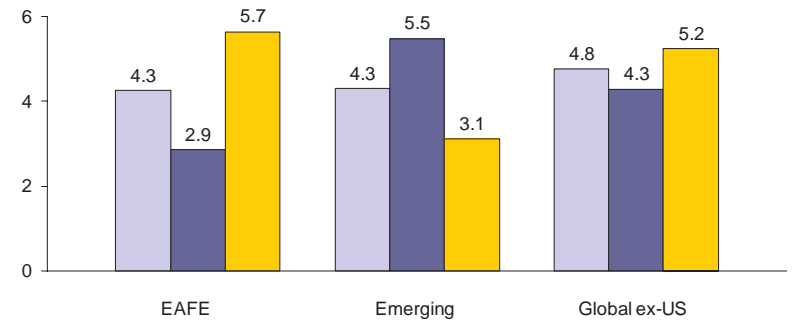
MSCI Non-US Style Returns (%) – Quarter



Russell US Style Returns (%) – 1 Year



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



□ Neutral ■ Growth ■ Value

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

December 16, 2014

Agenda Item 6.3

**TO:** Board of Retirement

*Lilibeth Dames*

**FROM:** Lilibeth Dames, Investment Analyst

**SUBJECT:** Presentation of Private Equity Semi-Annual Performance Report as of June 30, 2014

**Staff Recommendation**

Accept and review Strategic Investment Solutions' semi-annual private equity performance report as of June 30, 2014.

**Background**

In August 2010, the Board of Retirement approved the implementation of SamCERA's private equity program. SIS provides a semi-annual performance report as of June 30<sup>th</sup> and December 31<sup>st</sup> every year. Today, Faraz Shooshani will report on SamCERA's private equity portfolio as of June 30, 2014.

**Discussion**

As of June 30, 2014, SamCERA's private equity portfolio had a total market value of \$139.1 million. From January 1, 2014 through June 30, 2014, SamCERA committed to two new funds for a total of \$47.5 million. This brought the sum of private equity funds in the portfolio to fifteen with \$280.5 million in committed capital.

Mr. Shooshani will review this performance report with the Board and be available for questions.

**Attachment**

SIS Semi-Annual Private Equity Performance Report for Period Ending 6/30/2014



# SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## Private Equity Review

December 16, 2014

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# SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

As of June 30, 2014

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▪ Portfolio Summary	
▪ Portfolio Activity	
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▪ PE Portfolio Diversification by Strategy	
▪ PE Portfolio Diversification by Geography	
▪ PE Portfolio Diversification by Industry	
▪ PE Portfolio Diversification by Vintage Year	
▪ <b>Significant Events / Material Exceptions to Policy</b>	15

# MARKET COMMENTARY

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As of June 30, 2014

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### H1 2014 Private Equity Market Recap

- U.S. debt markets remained highly accommodative through H1 2014, with new issuance of sponsored and covenant-lite loans in H1 2014 on pace to exceed full year 2013 volume, which previously had peaked in 2007. Sponsored Loan Volume for H1 2014 reached \$179 billion (56% of full year 2013 volume) and New-Issue Volume of Covenant-Lite Loans was \$149.1 billion (57% of full year 2013 volume). The U.S. High Yield market was also open, with Q2 2014 marking a record quarter of \$105 billion in issuance. For reference, June 2014 volume reached \$29.3 billion from 60 issuers, while June 2013 saw \$12.9 billion in volume from 31 issuers. Equity contributions have normalized since 2011 to between 36% and 38%, and the Q2 2014 figure for LBOs was in-line with this range at 37%. In terms of valuations, purchase price as a multiple of EBITDA for All LBOs trended up through the first half of the year, reaching 9.2x—one of three periods since 1997 to exceed 9.0x and heavily influenced by the availability of leverage to finance transactions.
- Buyout activity has moderated slightly year over year, with 1,476 deals with an aggregate value of \$159 billion in H1 2014 relative to 1,499 deals with an aggregate value of \$165 billion in H1 2013. Similarly, the aggregate value of private equity-backed buyout deals announced globally in Q2 2014 (\$78 billion) is 5% lower than the value of investments in Q1 2014. This drop in aggregate value is driven largely by the 20% decrease in value for deals in North America during the period, balanced somewhat by the 69% increase in aggregate value for European deals in Q2 2014 compared to the previous quarter. In terms of sector activity, Industrials led the pack in Q2 2014, representing 28% of buyout deals based on deal value, and followed by Information Technology and Business Services sectors, representing 16% each. The ten largest buyout transactions—all over \$1 billion in deal size—announced in Q2 2014 were based in the U.S. and Europe, and included multiple secondary (sponsor to sponsor) transactions, including the buyout of Sebia from Cinven by Astorg Partners and Montagu Private Equity (€1 billion) and that of Advantage Sales and Marketing from Apax Partners by CVC and Leonard Green (\$4 billion), likely a symptom of high levels of dry powder in the middle-market and large buyout market segments.
- In venture capital, H1 2014 saw 3,174 deals announced globally with an aggregate value of \$39 billion. Of note, Q2 2014 deal count was relatively flat to the prior quarter (1,592 deals in Q2 2014 and 1,582 in Q1 2014), though deal values were 29% higher in Q2 compared to Q1, up from \$17 billion to \$22 billion, representing the highest quarterly figure recorded in the period since 2007. As public equity markets gain velocity, so too do late stage venture capital financings, reflected in the higher aggregate deal value in Q2 2014. Regionally, active markets in North America represented the bulk of global venture capital deals by count and value (62% and 68%, respectively), and large financings in China led to an increase in aggregate deal value, which reached \$2.6 billion in Q2 2014, up from \$0.9 billion in Q4 2013. Notable deals in 2014 supporting this trend include the \$1.2 billion Series D financing of Uber Technologies in June 2014 and the \$450 million financing of Airbnb in the U.S. and the \$310 million Series E for Xunlei and \$300 million Series C for meituan.com in China.



As of June 30, 2014

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### Exit Opportunities

- Market conditions have supported robust private equity exit activity, as shown by Q2 2014 aggregate exit value—the highest level seen in the post-crisis period. Global private equity-backed exits for H1 2014 numbered 723 with an aggregate value of \$228 billion, up 4% by count and 54% by deal value relative to the same figures in H1 2013, showing a remarkable upsurge in valuations. In H1 2014, the composition of private equity-backed exits by type remained largely consistent, though exits via IPO increased from 16% in H2 2013 to 18% in H1 2014, as sponsors capitalized on receptive public markets. Trade sales continued to represent roughly half of exit activity for the period, with notable examples including Zimmer Holdings' acquisition of Biomet from a syndicate of large private equity investors including Blackstone Group, Goldman Sachs Merchant Banking, KKR, and TPG for \$13.4 billion in April 2014, Vodafone UK's purchase of Grupo Corporativo Ono for €7.2 billion in March 2014 from Quadrangle Group, and the acquisition of Oriental Brewing by Anheuser-Busch InBev in January 2014 for \$5.8 billion from KKR. By aggregate value, H1 2014 activity increased notably in North America (60% higher) and Europe (57% higher), while Asia has seen a more moderate increase in activity of 19% year-over-year.
- The U.S. IPO Market hit a 14-year record in Q2 2014, with 83 IPOs priced and \$21 billion raised. IPOs showed broad issuance across sectors, with the energy, technology, consumer, and financial sectors all showing greater deal flow and proceeds relative to the prior quarter. The technology sector represented the most IPOs across all sectors for the period, with 23 IPOs raising \$4.7 billion, with this increase relative to the prior quarter (Q1 2014 had 14 technology IPOs, raising \$1.9 billion) being attributable to eight Chinese tech IPOs that raised \$2.8 billion, following none in the first quarter. Private equity IPOs also had a strong quarter, with 20 private equity-backed companies going public, including 10 LBOs, 9 of which returned to the public markets after having been taken private. The largest was TPG's IMS Health, raising \$1.3 billion.

### Fundraising

- In H1 2014, a total of 407 private equity funds across all regions reached a final close, capturing an aggregate \$231 billion. This represented a 3% decrease on the amount of capital raised in H1 2013, but a 21% decline in the number of funds closed, resulting in a larger average final close size. This dynamic reflects a continuation of the bifurcation trend in the private equity industry, with large, established managers raising the bulk of capital and first-time fund managers experiencing less success. For example, in Q2 2014, the top five funds raised by final size were raised by well-known firms, including Ardian, Bain Capital, Permira, Clayton Dubilier & Rice, and Onex Corporation, who cumulatively raised over \$33 billion or over 25% of the funds raised for the period. Also of note, over 50% of private equity funds closed in Q2 2014 exceeded their target size, in effect contributing to the growing level of global private equity dry powder, which climbed to \$1,180 billion as of July 2014 from \$1,076 billion at year-end 2013.

As of June 30, 2014

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### 2014 Outlook

- U.S. investor sentiment for alternative investments has remained consistent, with over half of investors viewing Private Equity positively. This view supports the increase in institutional investor appetite for alternative assets over the past year, resulting in a strong fundraising market. In fact, private equity fundraising may see further growth in the next twelve months, with 30% of Preqin-interviewed investors expecting to deploy more capital in the next 12 month period than in those prior. The combination of investor appetite and vibrant capital markets to support portfolio valuations and generate liquidity is creating an ideal fundraising market for private equity sponsors. At this point in the cycle, “re-investment risk” is the primary challenge, and GPs and LPs must manage through a frothy 2014 by exercising discipline in capital deployment.
- Given moderating global growth expectations, the ability of GPs to rely on organic growth to drive company returns will be limited. The International Monetary Fund has “shaved down” its growth estimates during the course of 2014, projecting global growth at 3.3% in 2014 and 3.8% in 2015. Advanced economies are still struggling under high debt burdens and unemployment, residual effects of the pre-crisis boom and ensuing recession, as well as concerns about lower potential growth ahead. Particularly in the Euro area, where recent growth disappointments expose lingering fragility, it is not surprising that investors are looking for GPs able to generate alpha in low growth environments, often through operational improvement strategies.
- In emerging market and developing economies, investors continue to seek compelling investment opportunities, as reflected in the Emerging Markets Private Equity Association 2014 Global LP Survey that stated 41% of LPs plan to increase the percentage of their total PE allocation targeted at emerging markets over the next two years, higher than the 32% reporting similar intentions in the 2013 survey. While emerging markets and developing economies will continue to account for the majority of global growth, the recent slowdown in expectations (4.4% for 2014) highlights the uncertainty inherent in these regions, including geopolitical tensions, the challenges inherent in transitioning economies, and domestic constraints such as security conditions. Even with these challenges, GPs raised \$20 billion for emerging markets private equity in H1 2014, a 48% year over year increase and on pace to surpass the 2013 total. Large funds’ ability (i.e. TPG and Mid Europa) to hold closes over \$500 million led to continued concentration of capital in fewer funds.
- In the U.S., several factors continue to support a healthy environment for private equity, including vibrant IPO and M&A markets, and credit availability. The Fed has moved toward ending its stimulus program, the timing of which remains the critical question, possibly leading to a rise in interest rates and a pull-back from investors, in both public and private markets.

# PRIVATE EQUITY PORTFOLIO

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## SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## PE Portfolio Overview

As of June 30, 2014

Investment Type	Policy Target	Policy Range	Market Value %	Market Value \$(000)	Unfunded Commitment \$(000)	Market Value + Unfunded \$(000)
<b>SamCERA - Total Plan</b>			<b>100.0%</b>	<b>3,289,086</b>		
Buyout (60% +/- 20%)	4.2%	3.2%-6.4%	2.5%	82,396	79,732	162,128
Venture Capital (20%, 0%-30%)	1.4%	0.0%-2.4%	0.7%	22,645	26,680	49,325
Debt-Related/Special Situations (20% +/- 10%)	1.4%	0.8%-2.4%	1.0%	34,029	42,741	76,770
<b>Total Private Equity</b>	<b>7.0%</b>	<b>6%-10%</b>	<b>4.2%</b>	<b>139,070</b>	<b>149,153</b>	<b>288,223</b>

### Portfolio Summary

- As of June 30, 2014 the Private Equity Portfolio had a total market value of \$139.1 million, with \$82.4 million in Buyout, \$22.6 million in Venture Capital and \$34.0 million in Debt-Related/Special Situations. Total market value is the current reported value of investments, excluding the remaining amount of unfunded commitments.
- All asset classes are below policy target as commitments continue to be made to new managers.

### Portfolio Activity

- From January 1, 2014 through June 30, 2014, SamCERA committed \$22.5 million to ABRY Advanced Securities Fund III and \$25.0 million Sycamore Partners II.

# PRIVATE EQUITY PORTFOLIO PERFORMANCE

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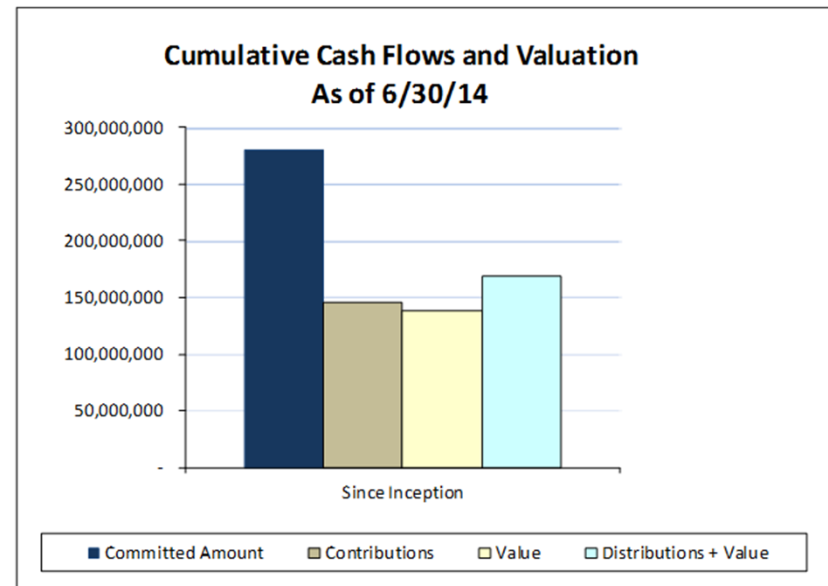
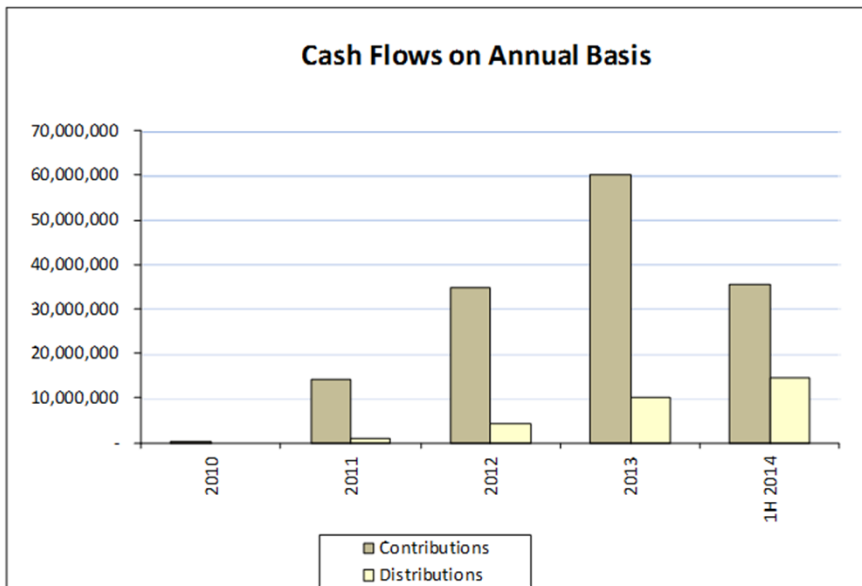
# SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## PE Performance

As of June 30, 2014

### Performance

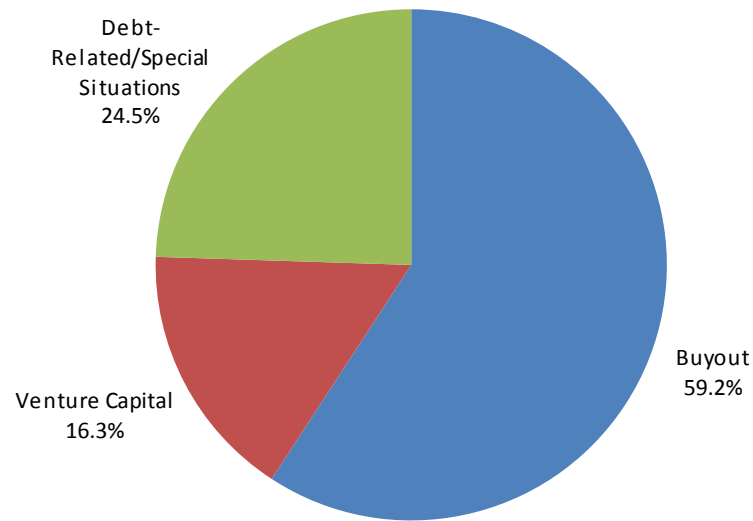
- With a capital weighted average investment age of 1.2 year, the Private Equity portfolio is in the early stages of its investment period. Generally at this stage, payment of fees and the lack of sufficient portfolio maturity results in negative performance, a phenomenon known as “the J-Curve” effect.
- The portfolio is currently valued at \$139.1 million. Together with \$30.2 million in realized distributions, the Total Value at \$169.3 million is approximately \$24.3 million above \$145.0 million total capital contributions, resulting in a total value multiple of 1.17x and a net IRR of 15.12%. We note that performance at the current level maturity magnifies the IRR.
- Within Private Equity, the current allocation of invested capital is 59.2% to Buyout, 24.5% to Debt-Related/Special Situations, and 16.3% to Venture Capital.



# PRIVATE EQUITY PORTFOLIO DIVERSIFICATION

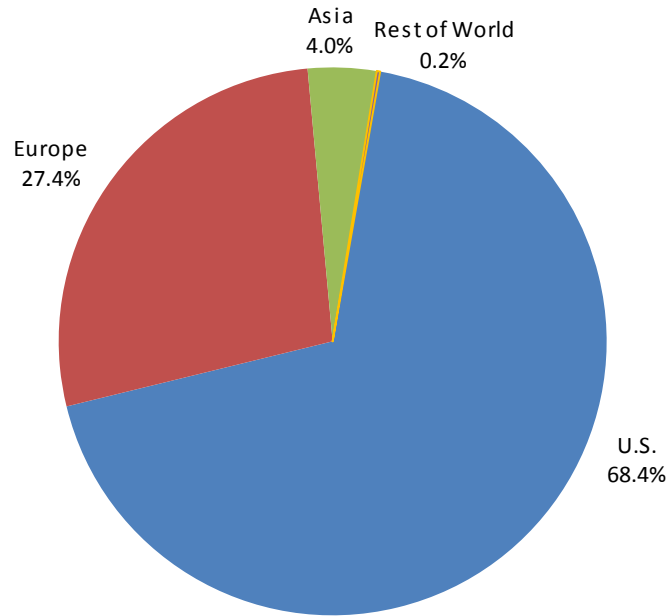
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**Private Equity Portfolio: Current Exposure**

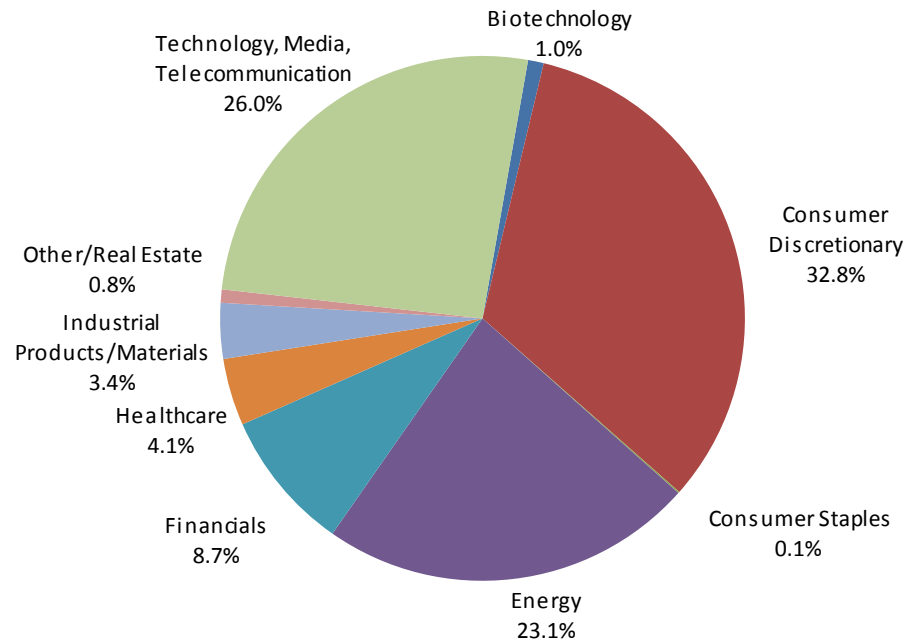


As of June 30, 2014 due to the recent inception and lack of maturity of the program, the Private Equity portfolio was below its target diversification range. The Portfolio is expected to be diversified over a period of 3 to 5 years.

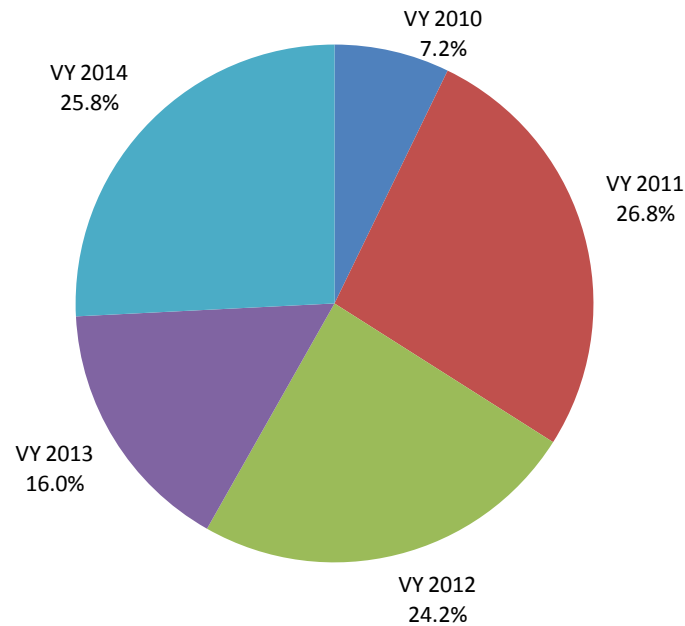




Based on the value of portfolio companies as of June 30, 2014 if provided by the partnerships. Differences between reported value and the total portfolio valuation is due to temporary cash funds, fees, other expenses, and holdings with undisclosed geography breakdown.



Based on the value of portfolio companies as of June 30, 2014 if provided by the partnerships. Differences between reported value and the total portfolio valuation is due to temporary cash funds, fees, other expenses, and holdings with undisclosed geography breakdown.



Based on the value of portfolio companies as of June 30, 2014 if provided by the partnerships. Differences between reported value and the total portfolio valuation is due to temporary cash funds, fees, other expenses, and holdings with undisclosed geography breakdown.

## **SIGNIFICANT EVENTS / MATERIAL EXCEPTIONS TO POLICY**

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## SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

As of June 30, 2014

Significant Events  
Material Exceptions to Policy

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- As of June 30, 2014 due to the recent inception and lack of maturity of the program, the Private Equity Portfolio was below its target allocation and target diversification ranges.
- The Portfolio is expected to be diversified over a period of 3 to 5 years.
- No other significant events.

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

December 16, 2014

Agenda Item 6.4

**TO:** Board of Retirement  
*Lilibeth Dames*  
**FROM:** Lilibeth Dames, Investment Analyst  
**SUBJECT:** Presentation on SamCERA's Securities Lending Program

**Staff Recommendation:**

Participate in the presentation of SamCERA's Securities Lending Program by Northern Trust.

**Background:**

State Street commenced SamCERA's securities lending program on July 1, 2007. SamCERA's collateral reinvestment pool with State Street was the State Street Navigator Security Lending Prime Portfolio, which was managed against conservative Rule 2a-7 guidelines.

Effective July 1, 2014, SamCERA switched custodial banks from State Street Bank & Trust to The Northern Trust Company. Because of the pending transition, SamCERA staff instructed State Street to recall all securities on loan in mid-June in order to allow ample time to wind down the program prior to July 1<sup>st</sup>. SamCERA's securities lending program restarted at Northern Trust in mid-July, once most activities from the July 1<sup>st</sup> transition had settled.

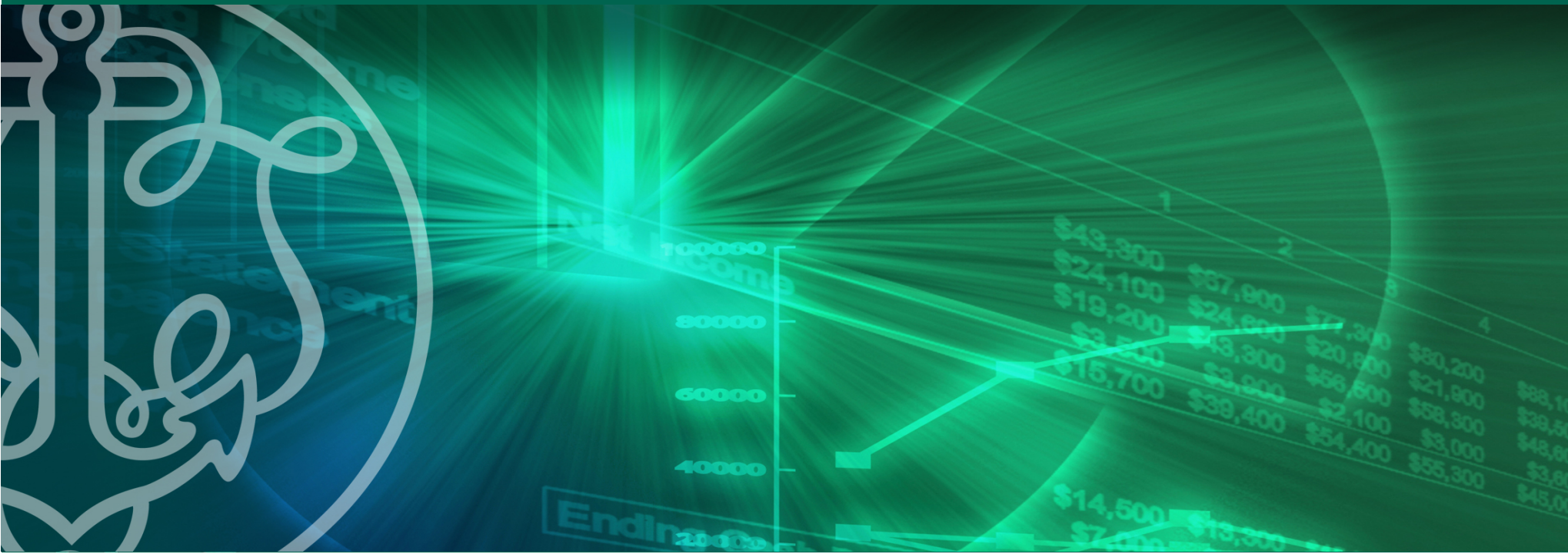
**Discussion:**

At the October Board meeting, staff presented a report on SamCERA's securities lending program for the fiscal year ended June 30, 2014. Because of the switch in custodial banks, a representative from Northern Trust's securities lending team was scheduled to introduce the Board to the firm's securities lending capabilities. Due to a last minute scheduling conflict, the presentation was deferred to December.

Don Anderson, Vice President, from Northern Trust's securities lending team, will be present at this month's Board meeting to provide a general overview of their firm's securities lending program and answer any trustee questions.

**Attachment**

Northern Trust Global Securities Lending Presentation



# Northern Trust Global Securities Lending

## San Mateo County Employees' Retirement Association

Don Anderson, Senior Vice President  
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# Background of the Lending Process



Why do borrowers borrow and lenders lend?

## It promotes market efficiency and liquidity

- Integral component of developed securities market for both domestic and international investors
  - ◆ Allows price discovery and the arbitrage of pricing inefficiencies
  - ◆ Supports the development of the capital markets by facilitating various investment strategies
  - ◆ Important part of risk management
  - ◆ Used for fail coverage to ensure smooth settlement cycles

## Who lends securities and why?

- Long-Term, Institutional Investors
  - ◆ An investment tool to enhance portfolio returns
  - ◆ To offset or eliminate costs of custody and administration
  - ◆ Does not interfere with portfolio strategy – investment manager should continue regardless of securities lending

## Who borrows securities and why?

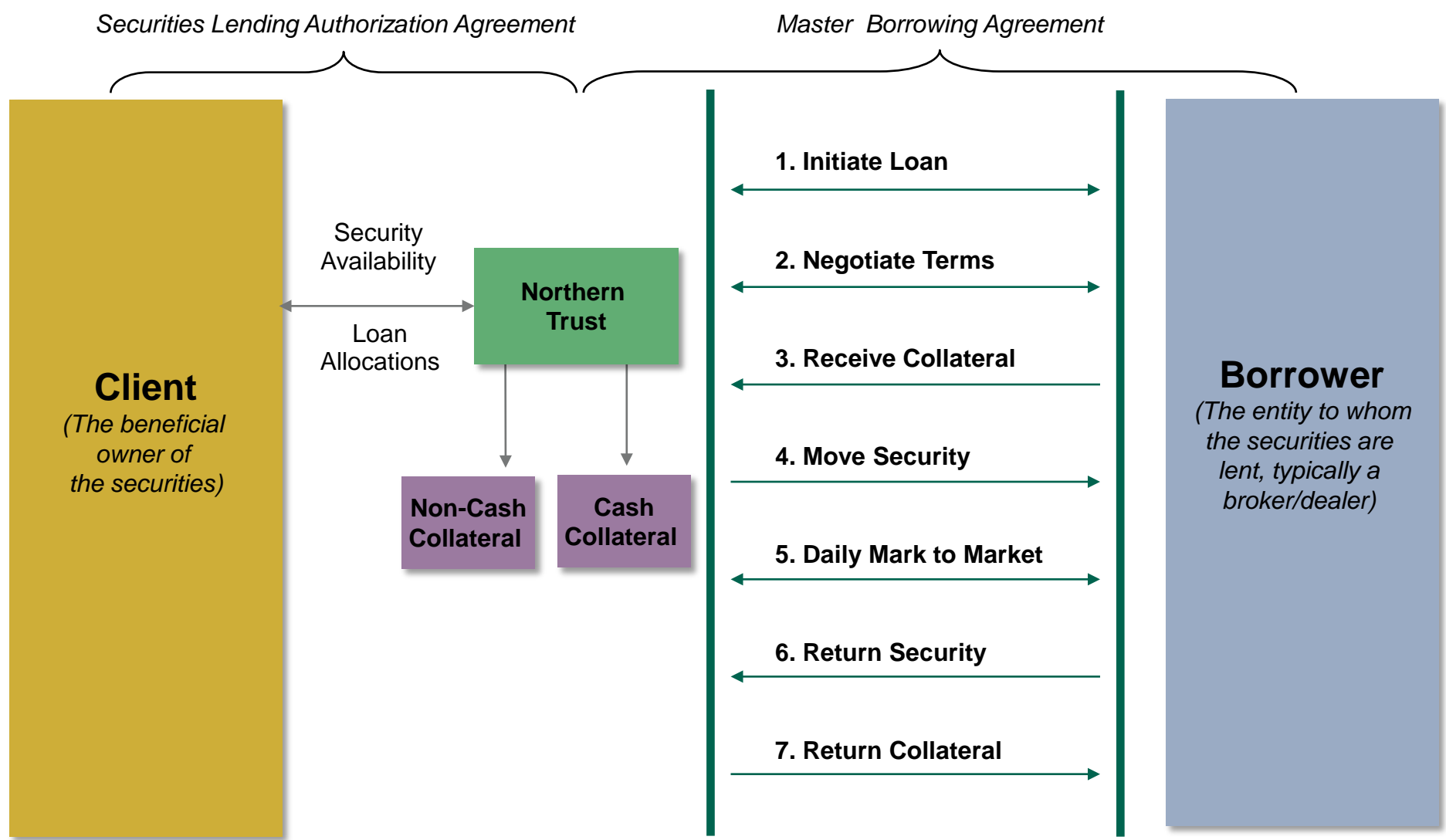
- Investment banks (Prime Brokers), investment funds, prop traders, market makers and other intermediaries
  - ◆ Hedging
  - ◆ Short sell
  - ◆ Arbitrage strategies
  - ◆ Settlement obligations





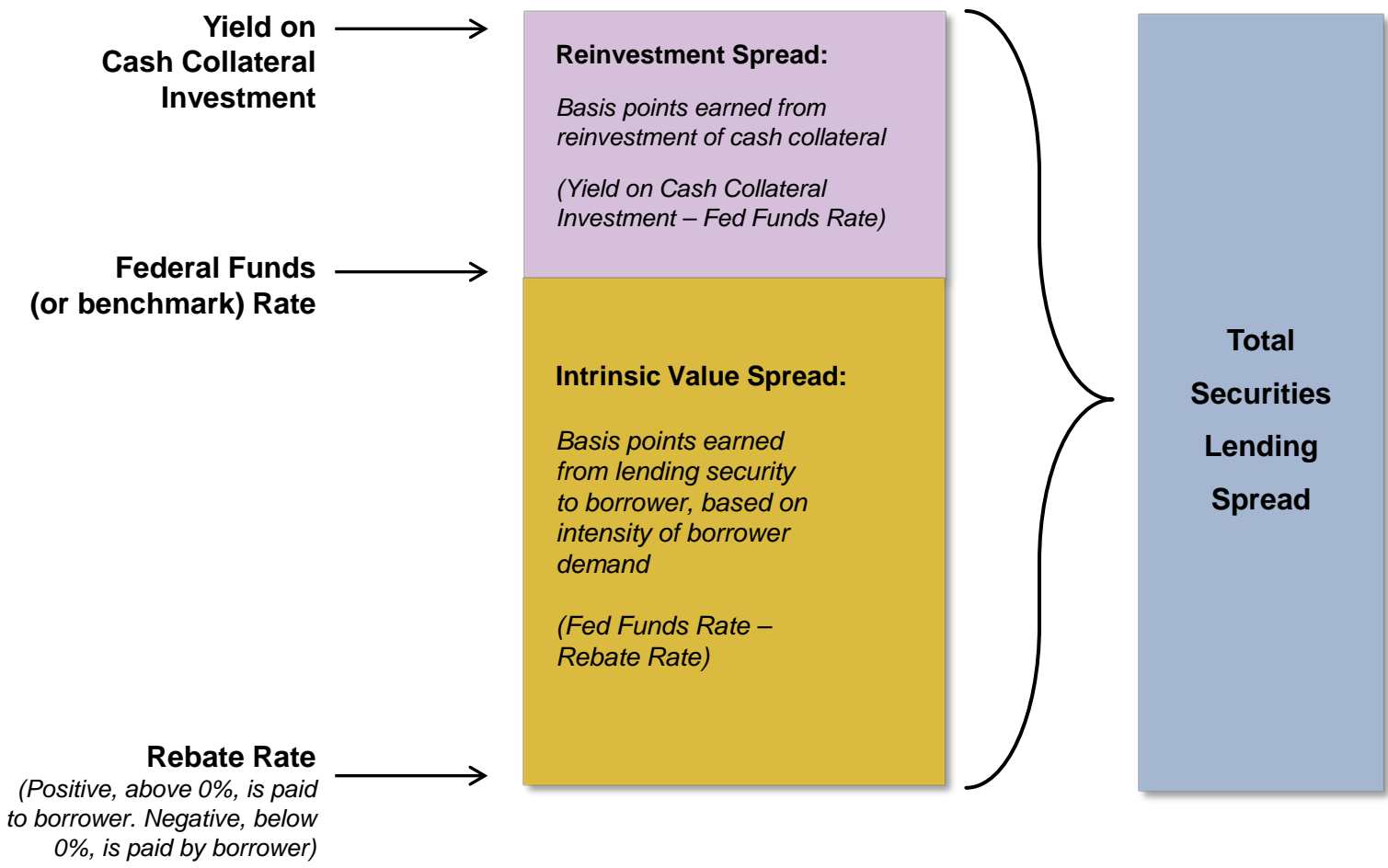


# The Life Cycle of a Loan





# Understanding the Components of Securities Lending Income



Reinvestment Spread + Intrinsic Value Spread = Total Securities Lending Spread  
 Total Securities Lending Spread x Loan Volume = Total Gross Securities Lending Income



# How Revenue is Generated: Cash Collateral Loan

**Example: Northern Trust lends \$25 million of US Equity**

*The \$25 million market value loan is for 30 days collateralized with cash (fed funds at 0.15%)*

<b>1</b>	Receive cash collateral valued at <b>\$25,500,000</b> (102%)	
<b>2</b>	Cash collateral invested in a collateral pool at yield of 0.20%	\$ 4,250.00
<b>3</b>	Rebate paid to borrower at rate of 0.05%	\$ (1,062.50)
<b>4</b>	Gross Revenue (gross spread 15 bps)	\$ 3,187.50
<b>5</b>	Monthly lender's fee (@ 30%)	<u>\$ 956.25</u>
<b>6</b>	<b>Net client earnings</b>	<b>\$ 2,231.25</b>

- $\text{Gross Spread} = \text{Lending Spread} + \text{Investment Spread}$
- $\text{Lending Spread} = \text{Fed Funds} - \text{Rebate Rate}$
- $\text{Investment Spread} = \text{Reinvestment Yield} - \text{Fed Funds}$





# How Revenue is Generated: Non Cash Collateral Loan

**Example: Northern Trust lends \$25 million of US Equity**

*The \$25 million market value loan is for 30 days collateralized by US Treasuries*

<b>1</b>	Receive non-cash collateral valued at <b>\$25,500,000</b> (102%)	
<b>2</b>	Fee charged to borrower on the value of the loan (10 bps)	\$2,083
<b>3</b>	Gross revenue (gross spread 10 bps) credited to client monthly	\$2,083
<b>4</b>	Monthly lender's fee (@ 30%)	<u>\$625</u>
<b>5</b>	<b>Net client earnings</b>	<b>\$1,458</b>





# Managing Risk



Risk	Definition	Mitigating Factors
<b>Borrower Risk</b>	Borrower default combined with insufficient collateral	<ul style="list-style-type: none"> <li>▪ Rigorous credit committee review of borrowers and exposure limits</li> <li>▪ Daily marking of loans/collateral</li> <li>▪ Borrower default indemnification</li> <li>▪ Risk analysis tools (MSCI Barra) to measure and calibrate exposure</li> </ul>
<b>Trade Settlement Risk</b>	Investment manager sells loaned security and borrower fails to return in time to settle the trade	<ul style="list-style-type: none"> <li>▪ Timely trade notification</li> <li>▪ Robust automated reallocations</li> <li>▪ Trade settlement protection</li> </ul>

## Additional Risks with Taking Cash as Collateral

<b>Cash Collateral Reinvestment Risk</b>	Cash collateral investment becomes impaired or decreases in value	<ul style="list-style-type: none"> <li>▪ Client approved investment guidelines</li> <li>▪ Robust independent oversight of cash pools and investments</li> <li>▪ Dedicated team of fixed income research analysts</li> <li>▪ Daily automated monitoring of portfolio guidelines and compliance</li> </ul>
<b>Interest Rate Risk</b>	Loan rebate rate exceeds earnings on cash collateral investments	<ul style="list-style-type: none"> <li>▪ Close daily communication between lending and cash management teams</li> <li>▪ Shared risk between Northern Trust and client</li> <li>▪ Weekly “gap analysis” and periodic stress testing of portfolio</li> </ul>

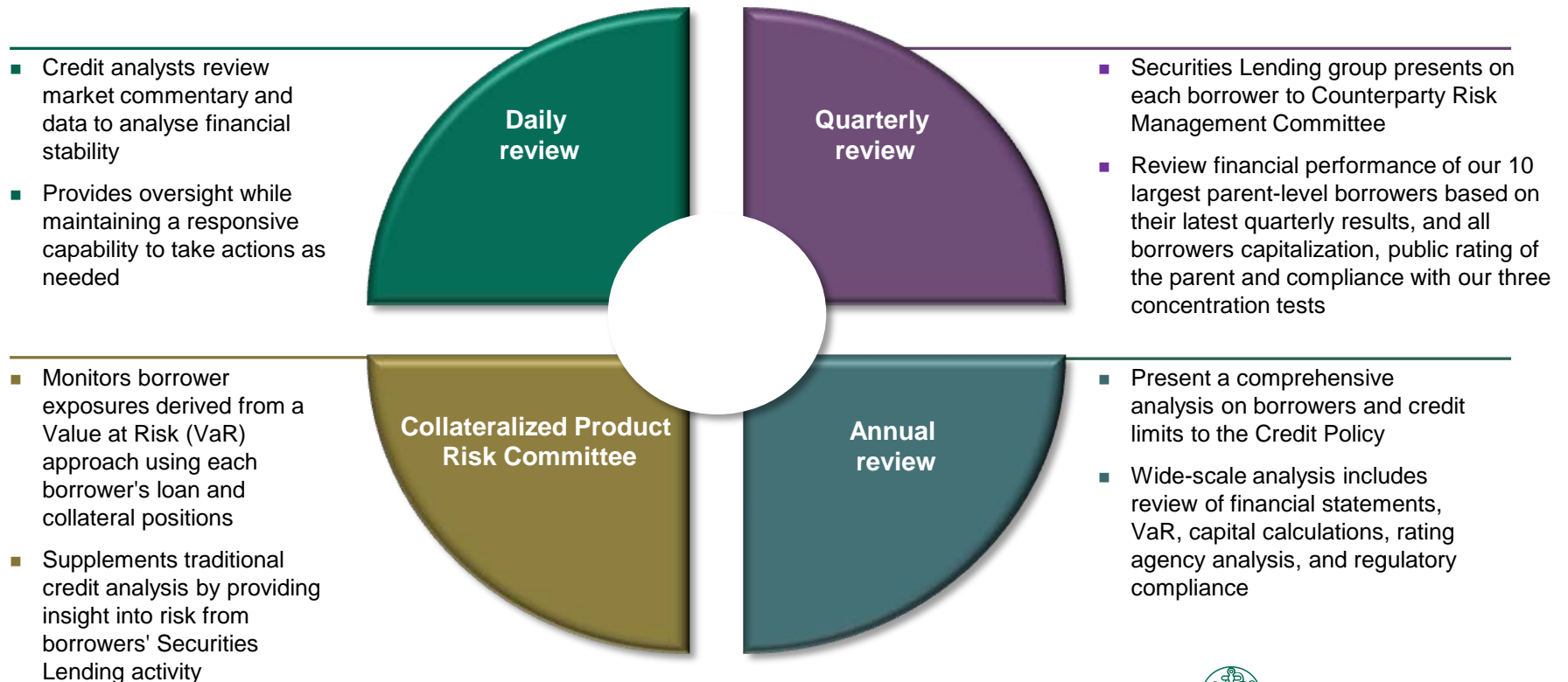


# Borrower Risk Management

## Our borrower selection follows stringent approval procedures and financial viability standards

- **Overall Credit Risk** - Established framework to size borrower credit limits to reduce concentration risk via three tests: Credit exposure relative to the borrower's capital, size of our exposure to the borrower relative to other market participants, and size of our exposure to the borrower relative to Northern Trust's total lending program
- **Ratings** The majority of our borrowers will have a long-term individual or parent-level credit rating of A- or better and a short-term rating of A-1 or better from at least one NRSRO.
- **Financial responsibility and compliance** - Each borrower and parent borrower must provide audited financial statements, be financially sound and in compliance with regulatory capital requirements
- **Parent Organization** - We also focus on the condition and creditworthiness of the borrower's parent organization

## We employ a dynamic, ongoing risk and exposure management process for our borrowers





# Options Available to Meet Various Risk and Return Objectives

## ***Collateral options tailored to risk level***

- Cash: pooled or separately managed
  - Principal preservation, liquidity management, competitive yield
  - Managed by Northern Trust Asset Management
- Non-cash: held in a separate account
  - Examples include: US Treasuries and Agencies

## ***Limits to ensure a focus on intrinsic value lending***

- Restricting the total amount that can be lent across the entire fund
- Asset class, country limits, seasonal restrictions, minimum return parameters
- Borrower-specific caps or restricting certain borrowers from your program entirely
- Limits based on the maximum daily traded amount





## *Emphasis on customization, automation and transparency*

### Philosophy

- Capital markets activity designed to enhance the return of an overall investment program
- Extract intrinsic value from each loan
- Customized participation and collateral selection to match individual risk tolerance
- Does not interfere with investment strategy

### Lendable Base

- \$919 billion lendable securities for 377 clients
- \$116 billion loans outstanding
- Diverse, global client base spanning 26 countries

### Borrower Network

- 53 approved parent borrowers
- 24-hour trading in 52 worldwide markets
- Top 10 borrowers represent 76% of loan volume
- Goldman Sachs, Morgan Stanley, Citigroup, JP Morgan Chase, Bank of America, Credit Suisse Group, Barclays PLC, The Royal Bank of Scotland, Deutsche Bank AG, HSBC Holdings

### Global Team

- 188 Securities Lending partners in Chicago, London, Toronto, Hong Kong and Bangalore
- Managers average approximately 20 years industry experience
- Experts are actively engaged in global industry groups (i.e. RMA, ISLA, PASLA and CASLA)

### Collateral Structure

- \$119 billion in collateral (\$84 billion cash, \$35 billion non-cash). Approximately 60% of cash is held in commingled pools, 40% is in separately managed accounts
- Cash managed by Northern Trust Asset Management (\$268.4 billion in total AUM for Short Duration Fixed Income)





# General Recent Observations and Trends

## Demand from the Borrower Community

### Equity Markets

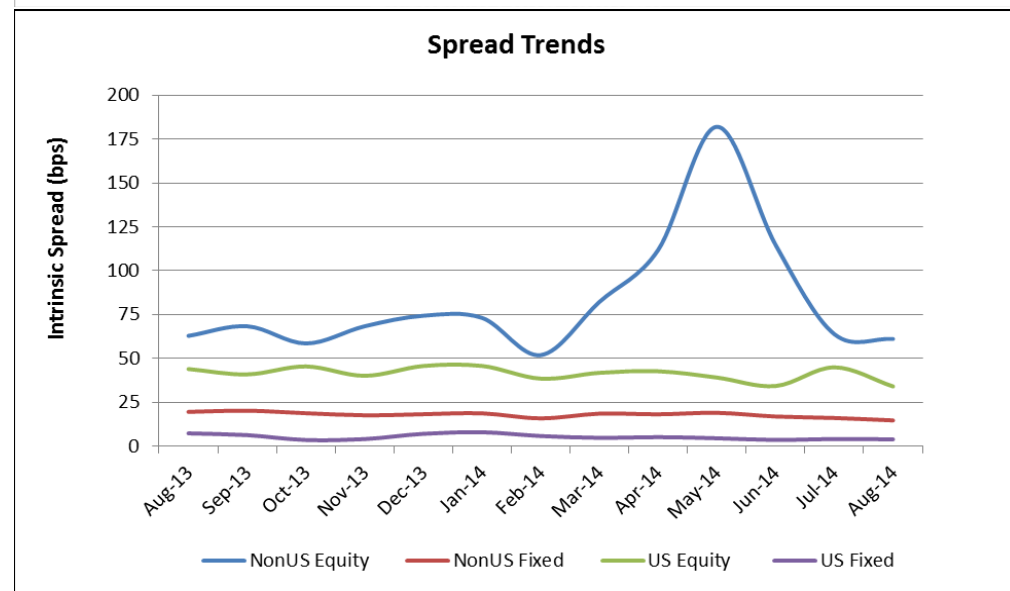
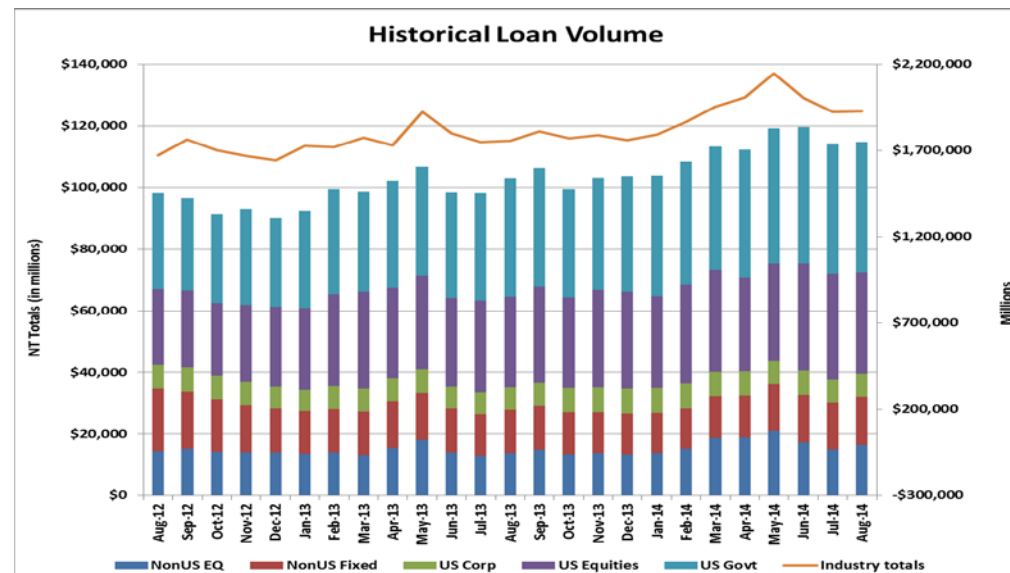
- ▶ Loan balances declined during the quarter. The end of yield enhancement season in Europe was a major contributor to this drop.
- ▶ Lower trade flows, typical of the third quarter, were exacerbated by ongoing short covering as equity prices proved to be fairly resilient despite ongoing turmoil in the Ukraine and softness in major European economies.
- ▶ As financial regulation continues to take shape, demand from borrowers is increasing to pledge more and varied non-cash collateral types as dealer balance sheets contract.

### Fixed Income Markets

- ▶ US Treasury yields experienced some volatility during the quarter, mainly the result of geopolitical tensions and macroeconomic events, however, yields remain subdued despite increasing signs of US interest rates moving higher in the coming year.
- ▶ Global regulatory environment continues to pressure borrowers to reduce balance sheet, impacting demand for lower intrinsic value securities like US Treasuries.
- ▶ Demand for high grade sovereign debt (especially versus alternative collateral) remains high as the regulatory environment requires borrowers to pledge high grade collateral versus other financial transactions.

## Market Drivers

- ▶ While volatility remains subdued by historical standards, it rose nearly 50% during the quarter as geopolitical events and a tepid recovery in the Eurozone contributed to large swings in equity prices.





# Collateral Reinvestment: Current Observations & Trends

- Economics are driving divergent Central Bank activity:
  - ◆ The European Central Bank (ECB) lowered its deposit rate to -20 basis points. Europe is facing deflationary pressures and slowing growth, which should lead to an accommodative central bank for some time to come. Local yields in Europe are declining but USD investments in European credit products have remained substantively unchanged.
  - ◆ The US Federal Reserve (Fed) ended its bond buying (quantitative easing) program in October. Market expectations are for a rate increase in mid to late 2015. USD yields should increase as investors move farther out along the yield curve.
  - ◆ The Bank of England (BOE) is closest to raising its short-term policy rates in response to a strengthening economy and quicker-than-expected reduction in unemployment. A rate hike is expected by the market in the first quarter of 2015. Local yields should increase as investors move farther out along the yield curve.
- Supply dynamics in the short-term markets continue to exert downward pressure on yields:
  - ◆ Regulations being placed on financial institutions reduce the supply of short term investments, which put downward pressure on yields.
  - ◆ In the U.S., the prospects for higher rates have not made their way to the short-term markets. The technical factors of supply and demand are outweighing the economics pointing to higher rates.
- Current portfolio positioning:
  - ◆ Neutral portfolio duration to minimize the impact of future rising rates.
  - ◆ Strong overnight liquidity positions focused on repurchase agreements and time deposits of well-capitalized financial institutions.
  - ◆ Longer-dated trades of floating-rate instruments are preferred over fixed-rate offerings.





# Brief Overview of Key US Regulatory Developments

Northern Trust is tracking global regulatory developments that may impact securities lending and is actively engaged with various federal agencies on these regulations either directly or through industry groups.

Regulatory Development	Anticipated Impacts	Status
<b>Dodd-Frank</b>		
Volcker Rule - 619	<ul style="list-style-type: none"> <li>The final regulation does not exclude securities lending cash collateral pools from the scope of the Volcker Rule and therefore may curtail agent lenders' sponsorship of unregistered cash collateral pools.</li> </ul>	Final Rules issued December 2013; Conformance deadline July 2015
Counterparty Concentration Limits – 165(e)	<ul style="list-style-type: none"> <li>Limits a bank's combined credit exposure to a single counterparty to no more than 25% of the bank's capital.</li> <li>Credit exposure calculations include indemnified securities lending transactions; agent lenders may face constraints on providing indemnification and accepting sovereign debt as collateral.</li> </ul>	Awaiting final rules.
Securities Lending Transparency – 984	<ul style="list-style-type: none"> <li>Requires SEC to increase transparency in securities lending.</li> <li>Expectation is that SEC will develop regulations that align with proposals from the Financial Stability Board's Workstream on Securities Lending and Repo.</li> </ul>	Awaiting proposed rules (overdue since mid-2012); no clear timeframe for rules to be issued
<b>Money Market Reform</b>		
	<ul style="list-style-type: none"> <li>SEC adopted rules for "prime" money market funds (including registered 2a-7 funds) that involve requirements such as variable NAV. Additional restrictions, such as redemption gates and liquidity fees will be at the discretion of the fund board.</li> <li>Funds having over 99.5% invested in government securities are exempt from these new requirements.</li> </ul>	Final rules approved July 23, 2014, with 2 year conformance period.
<b>Basel III</b>		
Capital	<ul style="list-style-type: none"> <li>Increased capital requirements will make it more costly for agent lenders to provide indemnification.</li> </ul>	Final US rules released in July 2013; effective January 2015
Large Exposures	<ul style="list-style-type: none"> <li>Similar in concept to Counterparty Concentration Limits; restricts a bank's combined credit exposure to a single counterparty to a portion of the bank's capital.</li> </ul>	Final Basel III standard released April 15, 2014, but treatment of securities lending exposures remains open; awaiting final rules.
Leverage Ratio	<ul style="list-style-type: none"> <li>Indemnified securities lending activity to be captured in Basel III leverage ratio.</li> <li>Exposure for securities lending to be measured generally by current exposure, which should be negligible given securities lending positions are over-collateralized.</li> <li>Additional leverage ratio impact for any guarantees or exposures beyond replacement securities.</li> </ul>	US Agencies published final rules September 2014. Disclosure requirements starting January 2015, with compliance to ratio by January 2018.





# Changes to Cash Collateral Management

- Northern Trust's securities lending cash collateral pools are considered "covered funds" under section 619 of the Dodd-Frank Act, also known as the Volcker Rule.
  - ◆ Current securities lending pools rely on exemptions 3(c)(1) and 3(c)(7) of the US Investment company act of 1940
  - ◆ Regulatory changes under Volcker Rule identify 3(c)(1) and 3(c)(7) pools as "covered funds"
  - ◆ The Volcker Rule will take effect in July 2015
  
- Northern Trust will be closing our existing securities lending cash collateral pools.
  - ◆ All clients investing cash in the collateral pools will need to select a different cash collateral investment vehicle
  
- New and existing collateral options will be available for clients.
  - ◆ SL Core STIF, new collective fund
  - ◆ NILAP, a 2a7 Money Market Mutual Fund
  
- On September 22, 2014, we provided important information and documentation related to the options available for securities lending cash collateral investment.
  
- Clients will need to review the options and provide us with their selection by January 23, 2014.





## ◆ Asset Allocation & Characteristics Report

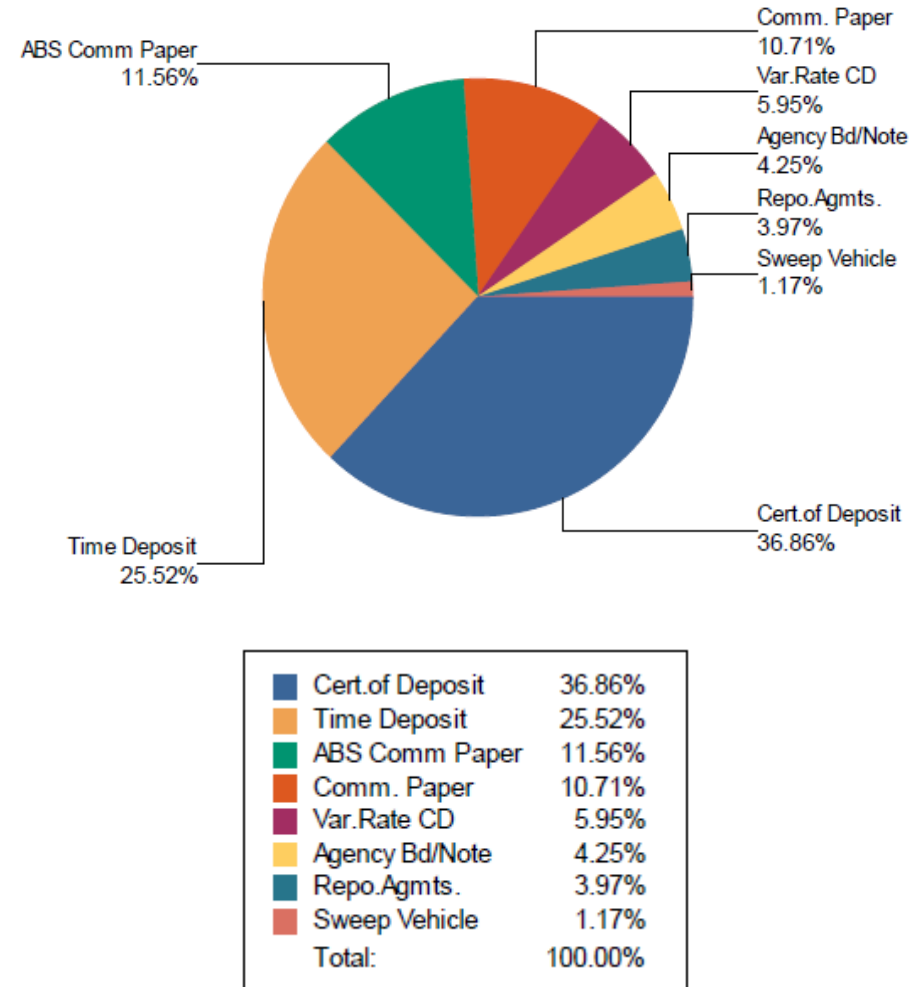
### *BASICFND - Basic Fund - USD*

Characteristics		
Total Book Value (in USD)	1,763,444,788	
Weighted Average Maturity (Interest Reset Date)	47 Days	
Weighted Average Maturity (Maturity Date)	68 Days	
Average Equivalent Quality Rating	A1+	
Total Number of Issues	78	
Quality Distribution		
	Percentage	
A1+ (SHORT TERM)	45.08%	
A1 (SHORT TERM)	49.5%	
Agency	4.25%	
AA- (LONG TERM)	1.17%	
Maturity Breakdown Distribution		
	Interest Reset	Maturity Date
Overnight	34.91%	29.81%
2 - 15 Days	2.55%	1.99%
16 - 30 Days	11.34%	5.96%
31 - 60 Days	10.78%	9.93%
61 - 97 Days	31.99%	34.54%
98 - 180 Days	8.45%	12.71%
181 - 270 Days	0.00%	0.85%
271 - 366 Days	0.00%	4.25%

### *BASICFND - Basic Fund - USD*

Industry/Sector Distribution	
	Percentage
Banking Ind.	73.19%
Broker/Dealer	5.61%
Finance & Ins	10.43%
Finance Conduit	3.68%
Govt Agencies	7.09%

## Cash Collateral Asset Class Breakdown



\* Based upon traded basis from holdings reports

NOTE: This information was created using the best unaudited data available to us and may not be completely reliable, accurate, or timely. Data is prepared on a settled basis, which may differ from traded basis data on the Cash Collateral Holdings report. "Traded Basis" reflects pending trades.



# Earnings Scorecard 5 Months Ended 11/30/14

## Northern Trust Securities Lending

### Performance Scorecard - Lending and Investment Breakdown

From July, 2014 to November, 2014

( USD ) \*\*

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Security Type	Market Value ( USD )		% on Loan	Gross Earnings ( USD )			Spread (bps)			Gross BP Return (bp) *	Net Earnings ( USD )		
	Avg. on Loan	Avg. Available		Lending	Investment	Total	Lending	Investment	Overall		Lending	Investment	Total
US Treasuries	3,040,998	82,991,077	3.7%	-101	1,285	1,184	-0.8	9.9	9.2	0.3	-79	1,003	924
US Agencies	0	4,577,216	0.0%	0	0	0	0.0	0.0	0.0	0.0	0	0	0
US Corp Bonds	1,899,102	25,731,341	7.4%	3,412	789	4,201	42.3	9.8	52.1	3.8	2,664	617	3,281
US Equities	50,329,804	545,397,245	9.2%	135,822	21,776	157,598	63.5	10.2	73.7	6.8	105,981	17,017	122,998
Global Sovereign	382,880	3,948,705	9.7%	264	162	426	16.2	10.0	26.2	2.5	206	127	333
Global Agencies	0	844,723	0.0%	0	0	0	0.0	0.0	0.0	0.0	0	0	0
Global Corp Bonds	465,054	8,871,190	5.2%	205	202	407	10.4	10.2	20.6	1.1	161	158	319
Global Equities	11,034,676	355,139,468	3.1%	33,322	4,287	37,608	71.1	9.1	80.2	2.5	25,995	3,347	29,342
<b>Total</b>	<b>67,152,513</b>	<b>1,027,500,965</b>	<b>6.5%</b>	<b>172,924</b>	<b>28,501</b>	<b>201,425</b>	<b>60.6</b>	<b>10.0</b>	<b>70.6</b>	<b>4.6</b>	<b>134,928</b>	<b>22,269</b>	<b>157,197</b>

Rebates for when USD cash is taken as collateral on applicable loans are based on the Fed Open benchmark rate.

Rebates for when EUR cash is taken as collateral on applicable loans are based on the EONIA benchmark rate.

Rebates for when CAD cash is taken as collateral on applicable loans are based on the Canadian Overnight benchmark rate.

\* Gross Basis Point Return equals On Loan Spread multiplied by % on Loan. GBPR is the measure of total return on a given asset class or portfolio.

\*\* Market Value and Earnings were converted using the month-end FX rate.





# Monthly Earnings

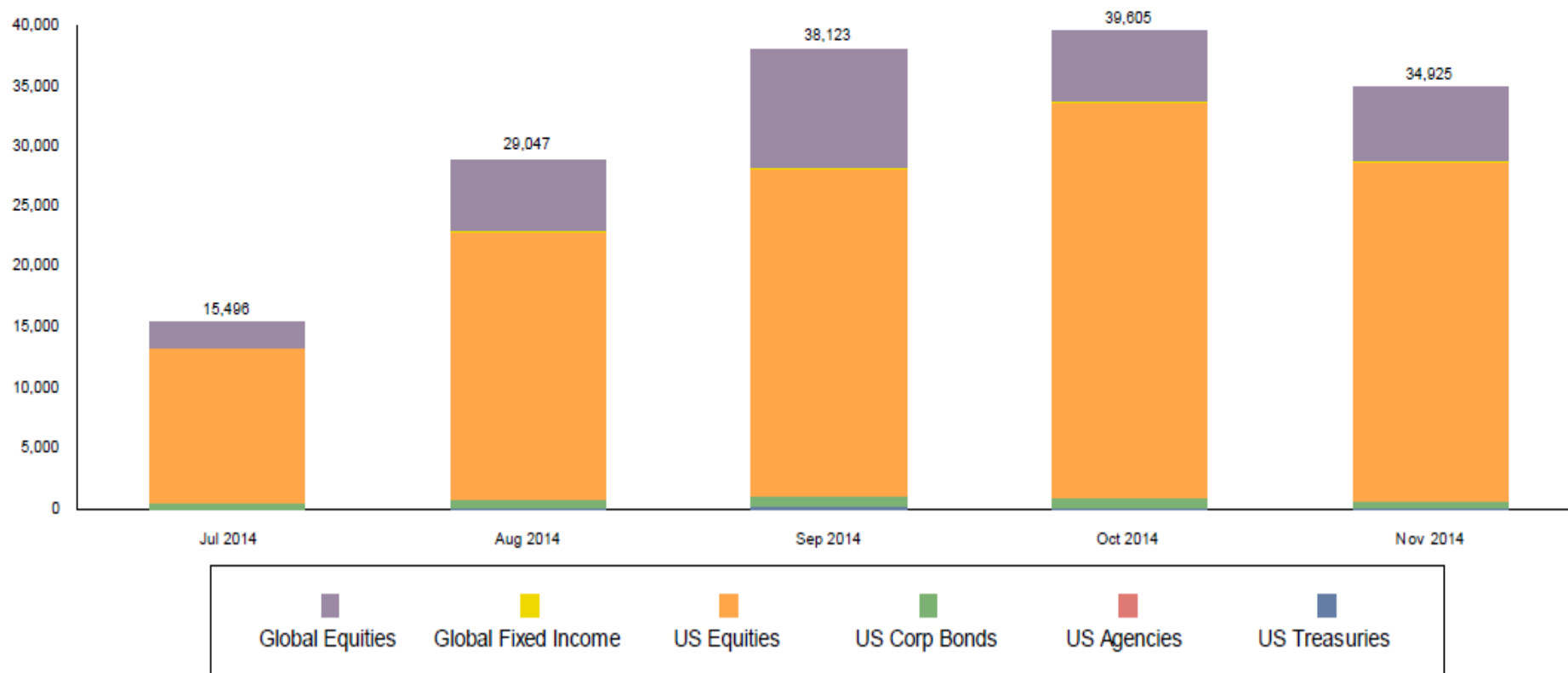
## Northern Trust Securities Lending

### Monthly Historical Graph ( Net Earnings ) USD \*\*

Jul 2014 - Nov 2014

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## Northern Trust Securities Lending

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### Top 10 Net Earnings Report

From July 2014 To November 2014

#### ◆ SAN MATEO

Rank	Security Name	CUSIP/SEDOL	Net Earnings	% Of Total Net Earnings	Market Value On Loan (USD)	Average % Utilization	Average Spread
1	HAWAIIAN ELEC INDS INC COM	419870100	21,683.58	13.79	1,274,787.18	82.31	502.92
2	ALLIED NEV GOLD CORP COM STK	019344100	20,984.17	13.35	364,134.82	78.97	1,586.14
3	LINDSAY CORPORATION COM	535555106	19,678.35	12.52	418,016.09	58.24	1,393.23
4	MESOBLAST LTD COMSTK	B04SF48	10,819.97	6.88	627,758.48	86.91	493.33
5	ENDURANCE INTL GROUP HLDGS INC	29272B105	4,277.29	2.72	451,544.78	64.42	276.66
6	ADR MINDRAY MED INTL LTD SPONSO	602675100	3,675.35	2.34	672,882.71	80.98	162.66
7	SEARS HLDGS CORP COM	812350106	3,654.87	2.33	68,241.54	65.13	1,608.50
8	TOTAL EUR2.5	B15C557	3,148.10	2.00	484,876.53	9.89	200.00
9	THERAVANCE INC COM STK	88338T104	3,068.80	1.95	55,795.39	44.53	1,596.21
10	GT ADVANCED TECHNOLOGIES INC C	36191U106	2,830.04	1.80	245,798.85	61.52	335.03
<b>Sub Total Of Top 10 Securities</b>			93,820.52	59.68	4,663,836.37	44.37	590.66
<b>All Other</b>			63,376.16	40.32	62,488,676.34	6.14	29.78
<b>Total</b>			157,196.68	100.00	67,152,512.71	6.54	68.78





# Transparency and Information Delivery

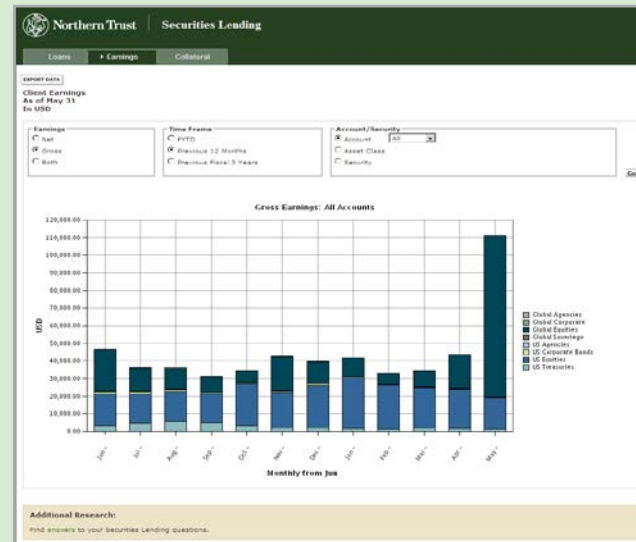
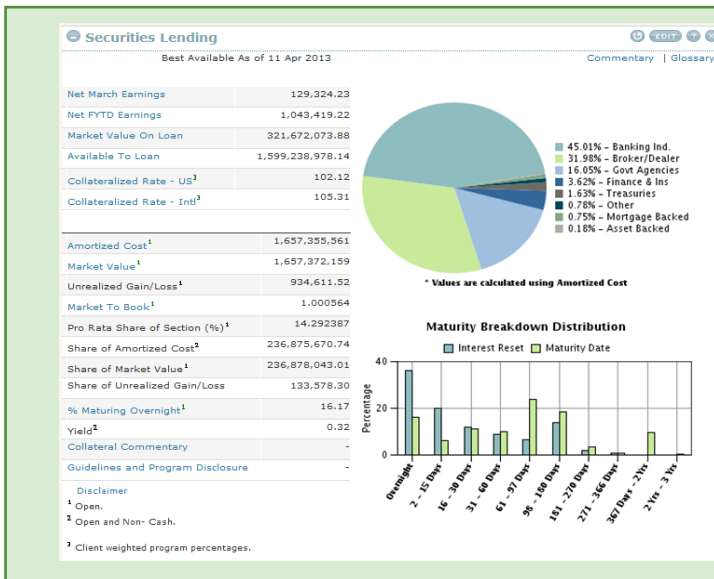
*Flexible, electronic reporting: Northern Trust provides you with customized reports to help monitor your Securities Lending activity*

## Daily reporting

- **Securities loaned** – detail
- **Borrower utilization** – summary by borrower
- **Account utilization** – loan detail, summary by account
- **Collateral** – by security type, country and detail holdings
- **Executive Summary**

## Monthly reporting

- **Performance scorecard:**
  - ◆ Account earnings and performance
  - ◆ Security level detail
  - ◆ Client by asset type and account earnings
  - ◆ Date range comparison
- **Historical statistics graph**
- **Earnings statement** - summary and detail



## Securities Lending Data Block on Passport®

Helping to keep you informed about your Securities Lending performance.

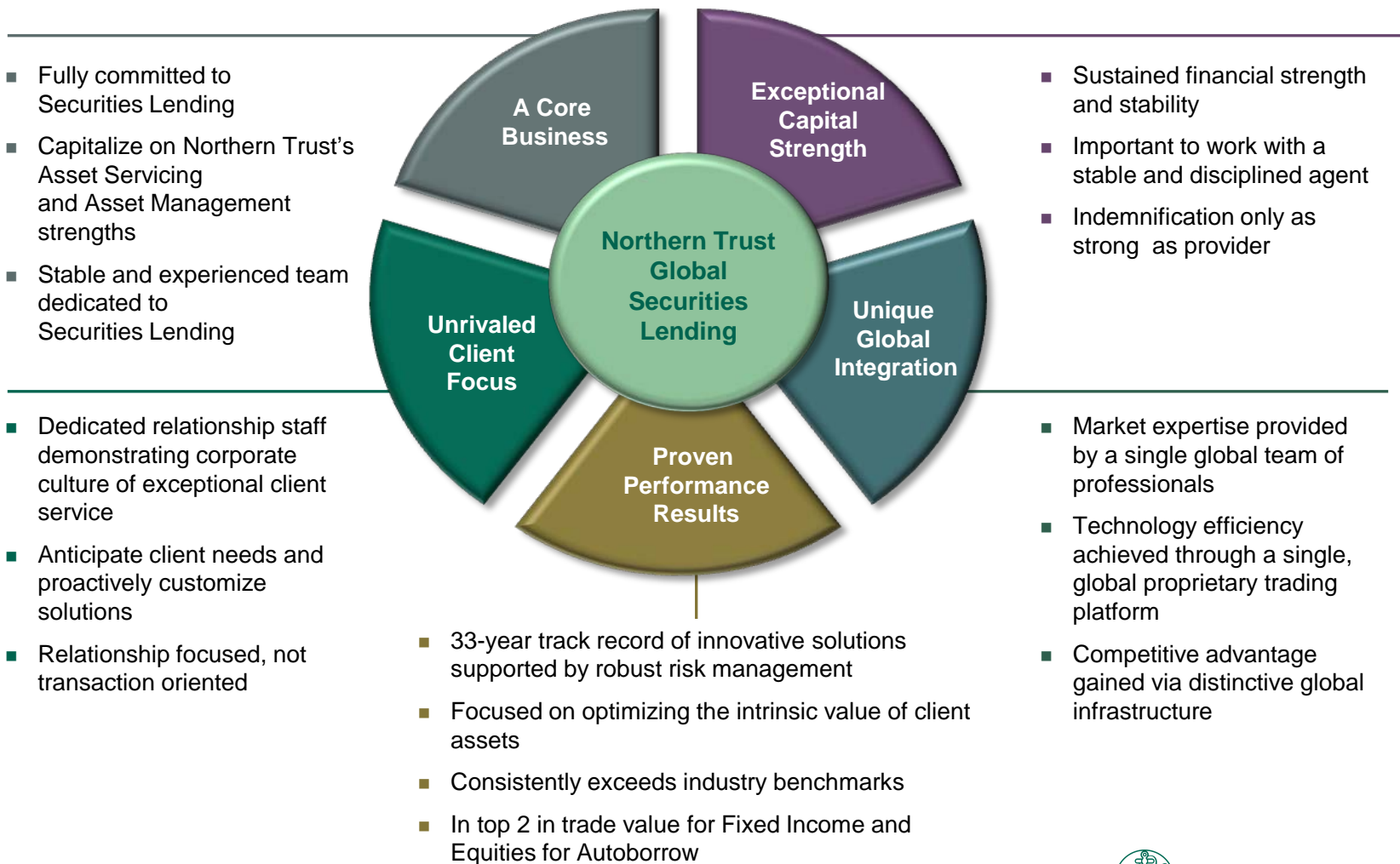
Facilitates the online distribution of vital, tailored information on each client's portfolio holdings, characteristics, investment performance and commentary





# Why Northern Trust

*Northern Trust provides managed risk and proven performance supported by committed professionals.*





## Disclosures

Please note that the reports have been created using the best available preliminary data. Please also note that the information contained in the reports is preliminary (and therefore may not be completely reliable) and it is provided to you for your own internal informative purposes only. Reports may also contain information provided by third parties, derived by third parties or derived from third party data and/or data that may have been categorized or otherwise reported based upon client direction - Northern Trust assumes no responsibility for the accuracy, timeliness or completeness of any such information. If you have questions regarding third party data or direction as it relates to any reports, please contact your Northern Trust relationship team.

Evaluations are based on the asset allocation, actual historical spread and on-loan figures provided to Northern Trust. Consequently, as changes in these factors occur and as trading patterns of the portfolio managers' shift, actual earnings generated in Securities Lending may be impacted.

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

December 16, 2014

Agenda Item 6.5

**TO:** Board of Retirement

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

**SUBJECT:** Report on Commodity, Hedge Fund, Risk Parity, and Real Estate Annual Manager Reviews

**Staff Recommendation**

Accept and review the report on the annual review of SamCERA's Commodity, Hedge Fund, Risk Parity and Real Estate managers.

**Background**

In October, SamCERA staff and consultant held annual review meetings in SamCERA's office for our commodity, hedge fund, risk parity and real estate 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**

AQR's Global Risk Premium fund, which is a strategy that balances risk among four main asset classes, was reviewed first. AQR's Delta Fund, a unique multi-strategy return fund that seeks to provide systematic exposure to a diversified set of over 73 hedge fund premia, was also reviewed. Next, INVESCO's Core Real Estate fund, an open-ended commingled pool which invests in institutional quality office, retail, industrial and multi-family residential real estate assets, was reviewed. Lastly, SSGA/SSARIS' Multisource Active Commodity fund, which focuses on two different strategies (a convergent and divergent pool) that complement each other on a risk and return basis, was reviewed.

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

**Attachments:**

- A. *AQR Global Risk Premium Annual Review Meeting Notes*
- B. *AQR Delta Fund Annual Review Meeting Notes*
- C. *INVESCO Core Real Estate Annual Review Meeting Notes*
- D. *SSGA/SSARIS Multisource Active Commodity Annual Review Meeting Notes*

*Date of meeting: 10/2/2014*

*Location: SamCERA Office*

Manager Representatives

Joey Lee, Client Service  
Iwan Djanali, Client Service  
Scott Metchick, DELTA PM  
Yao Hua Ooi, GRP PM

SIS Representative

Patrick Thomas

Client Representatives

Mike Coultrip, Chief Investment Officer  
David Bailey, Chief Executive Officer  
Scott Hood, Assistant Executive Officer  
Lilibeth Dames, Analyst  
Lauryn Agnew, Board Member  
David Spinello, Board Member

**Meeting Notes**

The AQR team provided an update on the organization, and both the DELTA hedge fund and the Global Risk Premium products.

**Organization**

Joey Lee provided a brief organizational update.

AQR was founded in January 1998 by four founding principals formerly with Goldman Sachs, & Co. Three of the four, Cliff Asness, Robert Krail, and John Liew, comprised the senior management of the Quantitative Research Group at Goldman Sachs Asset Management (GSAM). AQR now has over 400 employees and manages approximately \$113 billion in private funds, separate accounts, and mutual funds all run in systematic and process-driven strategies for a diverse and global client base. Over the tenure of SamCERA's relationship with AQR, the firm has enjoyed tremendous growth in its business. AQR is independently-owned and operated with 21 principals (including three newly minted in 2014) holding a majority interest (greater than 75%) in the firm. In November 2004, Affiliated Managers Group (AMG) bought a minority interest (AQR will only disclose that it is less than 25%) in AQR Capital Management. Since AMG's ownership share is a percentage of top-line revenue, AQR remains employee operated and has preserved independence in the management of its investment process. SIS believes that AQR's largely partnership-oriented ownership structure aligns its principals' interests with those of its clients and that the AMG ownership stake is small enough (probably approximately 10% to 15%) that it does not meaningfully dilute this favorable characteristic.

**Global Risk Premium**

Yao Hua Ooi reviewed GRP.

The objective of 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. AQR's research suggests that investor preference for and concentration in equities has been driven by their expected return needs, which cannot be satisfied in a well-diversified unlevered 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 in GRP 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, we expect 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.

GRP, along with virtually all Risk Parity products, suffered a terrible year in 2013 around the so-called "taper tantrum" when interest rates rose and inflation expectations fell concurrently. Though the environment and Risk Parity returns, subsequently improved, the episode has caused all near term returns for GRP to trail its 60 S&P 500/40 Barclays Aggregate benchmark. Despite this recent performance, SIS remains confident in the GRP approach and continue to believe that its inclusion will benefit the SamCERA portfolio in the future.

- Earlier this year SamCERA replaced half of its Risk Parity exposure with AQR with a complementary manager, Panagora Asset Management.
- During our meeting, Mike Coultrip enquired regarding the possibility of moving to SamCERA's exposure from the very high volatility (25%) master fund to the lower (10%) volatility master fund as a method to reduce SamCERA's exposure to repo risk, which AQR uses to generate leverage in its TIPS exposure. AQR pledged to work out the details of the transition.

## Delta

Scott Metchick reviewed DELTA.

AQR DELTA (Dynamic Economically-intuitive Liquid Transparent Alternative) is a unique multi-strategy absolute return fund that seeks to provide systematic exposure to a diversified set of over 60 hedge fund risk premia, or betas. AQR believes that funds pursuing the same first-order strategy (e.g., convertible arbitrage or global macro) generally provide exposure to common, identifiable risk factors that explain a good portion of their returns. In addition, these hedge fund betas capture much of the fundamental insights underlying each strategy, i.e., they do a reasonable job of explaining, from a bottom-up standpoint, how the manager seeks to make money through exposure to various risk premia or market inefficiencies.

DELTA is not a hedge fund replication strategy, which would use regression techniques to identify the set of tradable index exposures (e.g., S&P 500 futures, MSCI EM ETFs) that most closely replicates the historical returns of their chosen hedge fund index. If this approach represents "return replication," DELTA can then be characterized as "process replication." To underscore this important distinction, DELTA will actually hold the underlying positions that their research and models indicate a "typical" hedge fund would hold. A replication strategy, on the other hand, will hold a very limited number of positions that mimic the return pattern of a hedge fund index but likely will have little connection to, or overlap with, any actual hedge fund portfolio.

DELTA has performed in line with our expectations, having provided a strong margin over its LIBOR + 4% benchmark since inception. Given its very low equity beta mandate, SIS views DELTA's returns to be quite good, and we view the expose to be strongly diversifying to the rest of the SamCERA portfolio.

- DELTA constantly evolves, and AQR is continually studying ways to enhance the strategy, but this year there were no new process enhancements to DELTA.
- On personnel, Toby Moscovitz was added to the senior investment team for DELTA, and an additional person was added to the AQR London office to focus on European credit strategies.

*Date of meeting: 10/2/2014*

*Location: SamCERA Office*

Manager Representatives

Bill Grubbs, Portfolio Manager  
Jackson Lapin, Asset Manager

SIS Representative

Patrick Thomas

Client Representatives

Mike Coultrip, Chief Investment Officer  
David Bailey, Chief Executive Officer  
Scott Hood, Assistant Executive Officer  
Lilibeth Dames, Analyst  
Lauryn Agnew, Board Member  
David Spinello, Board Member

**Meeting Notes**

Bill Grubbs, portfolio manager for the Invesco Core Real Estate strategy provided SamCERA staff and SIS with an organizational, strategy and performance update. With the exception of additional growth in assets under management, employees and new strategies, very little has changed at the firm level. Invesco remains a publicly traded entity with one primary business in investment management. As of June 30, 2014, Invesco Real Estate managed \$61.5 billion and employed 389 people in total. The parent Invesco organization is made up of 750 investment professionals, in 18 global offices, with \$802 billion in assets under management.

Core Real Estate is led by Bill Grubbs with portfolio management support from Michelle Foss, Beth Worthy, and Brooks Monroe. The U.S. real estate team has had the following changes within the last three years: portfolio manager Mone Haen left the firm in 2012, and Tracy Luke was hired into the portfolio management team (Tracy subsequently moved to product management this year) while Beth Worthy transitioned from a comptroller position on the team to a portfolio management role. Michelle Foss is the most recent portfolio management addition to the team.

Both near-term recent and long-term performance has been good in this product, and Invesco seems now to have largely overcome the performance stumble that they experienced in 2012. The portfolio continues to be managed conservatively, especially with regard to its use of leverage, which at 22% is well below their ODCE peer average. Bill Grubb believes that while valuations in Core properties are less compelling now given strong recent price increases, reasonable value is still available if one selects properties carefully, and Invesco is now projecting a 7.0% return in Core over the next three years. Given the less compelling valuations in Core, the team also continues to prospect for more Value Added properties and is looking to increase leverage to take advantage of the very attractive financing rates now available. At the property sector allocation level, Invesco has been reducing its exposure to Apartments and increasing Office recently to the extent that Apartments (30%) are now near the bottom of the team's target range and Office (38%) is near the top of the strategic target range. SIS believes that notwithstanding these recent strategy shifts, Invesco is prudently following market opportunities, and the team remains true to its conservative core real estate portfolio style. Overall, the performance on the U.S. Real Estate strategy remains in line with our expectations, as it continues to provide strong relative performance in a conservative, Core-oriented investment format. SIS believes that SamCERA should investigate the addition of a more Value Added/Global complement to Invesco to fill out its Real Estate asset class in the future.



*Date of meeting: 10/2/2014*

*Location: SamCERA Office*

Manager Representatives

Sean Naughton, Client Service  
Brent Bell, Analyst  
Paul Lucek, Chief Investment Officer

SIS Representative

Patrick Thomas

Client Representatives

Mike Coultrip, Chief Investment Officer  
David Bailey, Chief Executive Officer  
Scott Hood, Assistant Executive Officer  
Lilibeth Dames, Analyst  
Lauryn Agnew, Board Member  
David Spinello, Board Member

**Meeting Notes**

Paul Lucek, portfolio manager for the Multisource Active Commodity (MAC) strategy, provided an organizational, strategy and performance update for SamCERA staff and SIS. On the organizational side, SSARIS remains a joint venture between State Street Global Advisors (SSgA) and RTH Partners, an LLC owned by the executive management team at SSARIS. There have been no changes to the ownership split between the two organizations. There has been a broadening of ownership within RTH partners as Paul Lucek and several other senior employees receiving ownership interests in the firm. In January, SSARIS CIO Paul Lucek was promoted to Chief Executive Officer, replacing Mark Rosenberg. Mr. Rosenberg will remain with the firm as non-executive co-chairman. Also, In March of this year SSARIS brought in a new Chief Compliance Officer, Debra Luf, who replaced the departed, Roger Miranda.

The MAC strategy utilizes two different investment strategies that complement each other on a risk and return basis. The convergent pool of capital is derived from a team within SSgA, led by Dan Farley, and utilizes two quantitative models to generate trade ideas. The divergent pool of capital is managed within SSARIS and utilizes trend following and risk balanced trading programs. All capital is ultimately managed by SSARIS which receives trade ideas from SSgA and the convergent pool program. Paul Lucek has the ultimate authority over the strategy though he consults with the Investment Solutions Group and risk management at SSgA.

The Multisource Active Commodity's performance on a relative basis continues to be exceptional in the short- and long-term. The target excess return for MAC is a very ambitious 5%–7%. Though relative alpha generation has leveled off a bit this year, the strategy has managed to exceed its lofty excess return target on a three-year and since inception (June 2011) basis. On an absolute basis, the last three years have not been favorable markets for commodity future strategies, as reflected in the -5.3% return on the broad-based Bloomberg Commodities Index. The slowdown in emerging economies hit much of the metals markets hard, precious metals prices have eased as the capital markets have stabilized, and weather related issues brought spikes in volatility to the agricultural markets. Through this difficult environment however, MAC was still able to offer SamCERA with large excess returns that prevented a capital loss for the plan in the asset class. SIS remains confident in the MAC strategy and the team at SSARIS.

**Update:** After our meeting in early October, SSgA and SSARIS announced that the two organizations had reached an agreement whereby SSgA's interest in SSARIS will be sold to the unit's senior management. SIS and SAMCERA staff will meet with SSARIS senior management in their Wilton, CT offices on December 9th to discuss SamCERA's options for maintaining the exposure post the transaction.

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

December 16, 2014

Agenda Item 6.6

**TO:** Board of Retirement



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

**SUBJECT:** Approval of Opportunistic Credit Manager Shortlist Selection Process

**Staff Recommendation**

Approve the next steps that will be used to select the finalist manager to manage a \$30-35 million Opportunistic Credit mandate.

**Background**

During the October 2013 meeting, the Board approved a new asset allocation policy that included a 2% increase (from 3% to 5%) to the Opportunistic Credit category within Fixed Income. Subsequently, during the January 2014 meeting, the Board approved a fixed income manager structure that incorporated this higher Opportunistic Credit allocation by increasing the target allocation to our two existing Opportunistic Credit managers (Brigade and Angelo Gordon) from 8% to 10% each, as a percent of Fixed Income. In addition, a 5% allocation to a new strategy was approved as a placeholder until additional research could be performed identifying attractive market opportunities. During the October 2014 meeting, the Board approved sending due diligence questionnaires to two shortlist managers (Beach Point Capital and Oaktree Capital Management).

**Discussion**

Staff and consultant received the initial due diligence questionnaire responses from both shortlist managers. Additional follow-up materials were requested and received from the managers and are currently being reviewed. Staff and consultant are in the process of scheduling due diligence trips for both managers. Pending the due diligence trip results, staff and consultant intends to invite one or both shortlist managers to the January Board meeting to present their strategy to the Board.

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

December 16, 2014

Agenda Item 6.7

**TO:** Board of Retirement

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

**SUBJECT:** Approval of purchase of Alternative Investment (Confidential Under Gov. Code §6254.26, to be heard in Closed Session, C2)

**Background**

Subsequent to the commodity annual review meeting in early October, SSgA and SSARIS announced that the two organizations had reached an agreement whereby SSgA's interest in SSARIS will be sold to the unit's senior management.

SIS and SamCERA staff met with SSARIS senior management in their Wilton, CT offices on December 9th to discuss SamCERA's options for maintaining the exposure post the transaction.



Additional information on this agenda item will be made available either prior to or the day of the December Board meeting.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

December 16, 2014

Agenda Item 7.1

**TO:** Board of Retirement

**FROM:** Chezelle Milan, Senior Accountant   
Mabel Wong, Finance Officer 

**SUBJECT:** Preliminary Quarterly Financial Report for period ending September 30, 2014

**Discussion**

Due to a technical issue from the recent upgrade of the accounting system, (from Great Plains 2010 to Great Plains 2013,) the quarterly financial statement for September 30, 2014 is not available for distribution. As soon as it is finalized, staff will distribute it to the Board. We apologize for any inconvenience due to this delay.

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

*SamCERA*



Review of Medical Advisor, Henry Brodtkin, M.D., FACP, 12/1/2014

**To:** SamCERA Board

**From:** Sandie Arnott, Chair, Ad Hoc Committee to Review the SamCERA Medical Advisor

**Date:** December 16, 2014

**Re:** SamCERA Medical Advisor Performance Evaluation

**Recommendation:**

Based on an overall evaluation indicating that the Medical Advisor has met all performance expectations as outlined in the *Expectations of the Medical Advisor*, it is recommended that Henry Brodtkin, MD., FACP, be commended and congratulated for his performance as SamCERA Medical Advisor over the past year.

**Background:**

At the September 30<sup>th</sup>, 2014, meeting of the SamCERA Board of Retirement, Chair Lauryn Agnew appointed the following individuals to the Ad Hoc Committee to review the Medical Advisor: Chair: Sandie Arnott, Natalie Kwan-Lloyd, Christopher Miller and herself.

**Summary:**

The committee met as a whole on December 1, 2014 at 1:00 p.m. at the SamCERA office. Also in attendance during various sections of the review were Brenda Carlson, Elizabeth Nguyen and Henry Brodtkin, M.D.

The review consisted of discussion on each element of the "Expectations of the Medical Advisor", a board document adopted in 2008. All responses were positive that the Medical Advisor is performing his duties in line with expectations.

**Comments:**

Sincerest thanks to my fellow Ad Hoc Committee members: Lauryn, Natalie and Chris and staff members: Brenda and Liz. Thanks to Dr. Brodtkin for his time and his open and candid input.

It was my pleasure to serve in this capacity.



## ***Expectations of the Medical Advisor***

Pursuant to Government Code §§ 31530 and 31732, the Board of Retirement retains the services of a medical advisor(s) to provide consultation regarding medical issues presented to the board. This consultation relates to the review of medical reports and information regarding members' applications for disability retirement benefits. The following statement summarizes the expectations of the Medical Advisor in reviewing applications from *SamCERA* members for disability retirement.

### **The Medical Advisor:**

- a) Is expected to review the medical records and job duty specifications presented with each member's application for disability benefits and provide a report to the Board of Retirement for each application. Such report will include a summary of the information and will highlight any relevant facts considered by the Medical Advisor in responding to the following questions:
  - 1) Based on all the medical evidence and job duties presented, is the member incapacitated physically or mentally from the performance of the usual and customary duties of his/her position?<sup>1</sup>
  - 2) Based upon the medical records, is this incapacity permanent?<sup>2</sup>
  - 3) Based on all the medical evidence and job duties presented, is the member's permanent incapacity a result of injury or disease arising out of and in the course of the member's employment, and/or does such employment contribute substantially to such incapacity?
- b) Is expected to limit comments to the advisor's professional medical opinion, and the medical basis for such opinion, when responding to the above questions in written or oral reports to the board and staff.
- c) Is expected to make recommendations as to whether any additional expert medical advice would be of assistance to the board.
- d) Is expected to maintain an acceptable level of availability to staff by responding to emails/voicemails within no more than two business days.
- e) Is expected to submit written medical reports to the staff for inclusion in board meeting information packets based on timelines and priorities agreed to with staff.

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<sup>1</sup> Incapacity for performance for duty means the substantial inability of the member to perform his/her usual duties. Substantial does not mean all duties it can mean inability to do one or more of the essential job functions.

<sup>2</sup> A disability is permanent where further change of condition is not reasonably anticipated. It may be that no further treatment is possible, or that the only treatment suggested is so problematical of success as to warrant the member's refusal to undergo it.

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

- f) Is expected to provide occasional educational updates to the board and staff to assist the board's efforts to better understand medical or disability issues of relevance to the board's role in making disability application determinations.



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

December 16, 2014

Agenda Item 7.3

TO: Board of Retirement  
FROM: Scott Hood, Chief Executive Officer  
SUBJECT: Approval of Resolution Amending Interest Crediting Policy

**Staff Recommendation**

Approve the attached resolution amending the SamCERA Interest Crediting Policy.

**Background**

During the review of SamCERA's interest crediting policy this past year, staff noted an opportunity to make the policy easier to implement and improve service to members.

**Discussion**

The increased number of alternative investments of the fund has increased the length of time it takes to receive and book earnings. The current interest crediting policy requires a preliminary close of the financial books before the fund's six-month preliminary earnings rate can be determined. While the semi-annual posting of interest to member accounts is effective as of each June 30<sup>th</sup> and December 31<sup>st</sup>, it cannot be posted until after the preliminary earnings rate is determined. This delay can take up to seven weeks. This, in turn, can cause staff to postpone service purchase calculations and refunds until the interest rate is determined and then retroactively posted. Additionally, the annual member statements are delayed until interest is credited to member accounts.

Staff proposes amending the policy to use the interest rate calculated for the prior six-month period to credit member accounts. This will allow staff to continue processing member actions that are reliant on the interest rate. The net result will be more timely and enhanced service to our members.

Transitioning to this method would require using the rate determined on June 30<sup>th</sup>, 2014, of 3.75% for interest crediting on December 31<sup>st</sup>, 2014. This amendment does not change the way other reserves are credited. Reserves will continue to be credited using the earnings for the current period and the County Advanced Reserves will be credited with the difference, if any, between ½ of the assumed rate and the amount actually credited to member reserves.

**Board of Retirement**

**RESOLUTION AMENDING THE BOARD OF RETIREMENT'S  
INTEREST CREDITING POLICY**

**RESOLUTION 14-15-\_\_**

**WHEREAS**, the Board should have a policy to govern the crediting of interest to reserves of the Fund that is consistent with Article 5 and Section 31591 of the County Employees' Retirement Law of 1937; and

**WHEREAS**, in the development and adoption of the current Interest Crediting Policy as well as the proposed amendments to this policy, the Board has balanced the interests of the active members and the retired members and has determined that the policy set forth below best serves the interests of the membership as a whole; and

**WHEREAS**, the proposed amendment to the Interest Crediting Policy improves upon the current policy and enhances prompt delivery of benefits and related services to the participants and their beneficiaries; and

**WHEREAS**; this Board has reviewed the proposed amendment to the Interest Crediting Policy and desires to make such amendment; therefore be it

**RESOLVED** that the Board amends its Interest Crediting Policy as follows:

Paragraph VI 2. is amended to read:

**Members Reserve.** Members Reserve accounts will be credited in amounts that are equal to the lesser of:


- a) one-half of the assumed investment earnings rate,\* or
- b) the Actuarial Earnings Rate for the prior six-month period, but the rate credited shall not be less than zero.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

December 16, 2014

Agenda Item 7.4

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Approval of Board of Retirement Meeting Schedule for 2015

**Staff Recommendation**

Approve the attached meeting schedule establishing meeting dates for calendar year 2015.

**Background**

Board regulation 3.4 provides that the regular meetings of the Board shall be held on the Fourth Tuesday of each month and shall begin at 10:00 a.m. It further provides that the Board may cancel and/or approve a change in the date, time and/or location of meetings within the County, if the proposed change is included on the agenda of a regular meeting. For the past few years the Board has agreed to combine its November and December meetings due to conflicts with the Thanksgiving and Christmas holidays, and has combined the meetings in May and June due to conflicts with the annual Government Finance Officer Association's Annual Conference and the Memorial Day Holiday. Therefore, it seems prudent to plan for such changes by adopting an annual meeting schedule and placing the approved schedule on the SamCERA website to give notice of these date changes.

Consistent with recent years, this year's schedule includes:

- Ten total meetings;
- Holding most of the meetings on the fourth Tuesday of the month;
- Convening the meetings at 10 a.m. except for the Board/Staff Retreat meetings;
- Holding the annual Board/Staff Retreat on April 28 (fourth Tuesday) and 29, with regular business taken up at 2:30 p.m. Tuesday, April 28;
- Holding no board meeting in May 2015; a meeting would be set for June 9 to provide distance from Memorial Day and the annual GFOA Conference. No other board meeting would be held in June;
- Holding the September meeting on September 29, 2015, the fifth Tuesday of that month to give additional time for the completion of the annual actuarial valuation;
- Holding no board meeting in November 2015;
- Holding the December meeting on December 15, 2015, the third Tuesday of that month; no other board meeting would be held in December.

**Attachment**

2015 SamCERA Board Meeting Schedule

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

**2015 SamCERA Board Meeting Schedule**

All meetings to be held at  
100 Marine Parkway, Suite 160,  
Redwood City, CA 94065

MONTH	DAY	WEEK & DAY	TIME
January	27	FOURTH TUESDAY	10 A.M.
February	24	FOURTH TUESDAY	10 A.M.
March	24	FOURTH TUESDAY	10 A.M.
April (Board/Staff Retreat)	28 & 29	FOURTH TUESDAY & WEDNESDAY	9 A.M. FOR RETREAT TOPICS, 2:30 P.M., APRIL 28, FOR BUSINESS ITEMS
May	(No meeting scheduled)	NONE	
June	9	SECOND TUESDAY	10 A.M.
July	28	FOURTH TUESDAY	10 A.M.
August	25	FOURTH TUESDAY	10 A.M.
September	29	FIFTH TUESDAY	10 A.M.
October	27	FOURTH TUESDAY	10 A.M.
November	(No meeting scheduled)	NONE	
December	15	THIRD TUESDAY	10 A.M.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

December 16, 2014

Agenda Item 7.5

TO: Board of Retirement  
FROM: Scott Hood, Chief Executive Officer  
SUBJECT: Discussion of Board-Staff Retreat Topics

**Staff Recommendation**

Discuss and provide input and/or direction to staff regarding the topics and schedule for the April 28 and 29, 2015, Board-Staff Retreat.

**Summary**

This item is to give trustees another opportunity to discuss retreat topics. Following this meeting, staff and consultant must begin in earnest to schedule presenters.

Attached is a list of the topics that have been consented to so far. Staff believes this is a well-balanced list of topics. It should fit just right with the amount of time planned for the retreat. If you have additional topics to suggest, please mention them during this agenda item.

**Background**

The April 28 and 29, 2015, SamCERA Board-Staff Retreat is scheduled along the same lines as the 2014 retreat:

Days: Two consecutive days  
Timing: Leaves time in between speakers for discussion  
Location: In the SamCERA boardroom  
Speakers: Draw speakers from outside professionals as well as SamCERA's consultants and staff  
Regular Business: Conduct the Board's regular monthly business during the afternoon on Tuesday of the retreat  
Dates: **Tuesday, April 28, and Wednesday, April 29.**

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

A recap of the 2014 topics and presenters follows:

<b>The Fed and the Economy</b> - Dr. John Bellows
<b>Immunizing the Fund</b> - SIS
<b>Government Transparency Laws</b> - Brenda Carlson
<b>Deep Dive</b> – Mike Coultrip/SIS
<b>Disabilities Review- Understanding Certain Medical Conditions Raised in Applications</b> – Dr. Henry Brodtkin
<b>Process to Determine Actuarial Assumptions</b> – Nick Collier
<b>Ad Hoc Benefits</b> – David Bailey
<b>Open Discussion</b> - Board

Proposed 2015 retreat topics:

<b>Actuarial Presentation.</b> Led by Nick Collier, Milliman, Inc. Discussion of treating SamCERA's three employers separately (cost-sharing, explicit vs implicit rate, admin expense, separate accounts, multiemployer vs multiple employer).
<b>Deep Dive.</b> Led by Mike Coultrip. Assess longer-term manager performance and other characteristics vs indexes and peer groups. Review Risk Dashboard.
<b>Disabilities Review.</b> Presentation from Dr. Brodtkin on approach to difficult cases, such as stress-related conditions.
<b>Ethics.</b> Led by Brenda Carlson. To meet mandated ethics training requirements. Specific topic to be determined.
<b>Global Economist.</b> Will seek economist as keynote speaker.
<b>Potential Impact of Plan Maturation on Investment Strategies and Liquidity.</b> Led by Mike Coultrip and Patrick Thomas, SIS.
<b>Analyzing Currency Risk in the Portfolio: To Hedge or Not?</b> Led by Mike Coultrip and Patrick Thomas, SIS.
<b>Pros and Cons of Implementing a Global Equity Structure.</b> Led by Mike Coultrip and Patrick Thomas, SIS.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

December 16, 2014

Agenda Item 7.6

**TO:** Board of Retirement

**FROM:** Tariq Ali, Chief Technology Officer



**SUBJECT:** Update on Progress of SamCERA's Information Technology Projects

**Discussion**

Staff will provide an update of SamCERA's technology projects, and SamCERA's Project Manager, Will Morrow from LRWL, Inc. will provide an update on the Pension Administration Software System implementation project, per the attached presentation.

**IT Projects**

- **Microsoft Dynamics GP (Accounting Software Upgrade)**  
Project completed on time and under budget.
- **New Website**  
Staff is reviewing the top two proposers.
- **PensionGold integration with Workday**  
SamCERA staff and the County have been working with LRS to integrate the new payroll and demographic data into PensionGold.
- **PensionGold Web Member Services Portal (WMS)**  
Staff is working with ISD to get estimates for hosting and penetration testing.
- **Board Packet Software**  
Staff's current process is to publish, print and distribute a single PDF document for each board meeting. We are evaluating alternative solutions to see if there is a more viable option.
- **Vitech Site Visit**  
Staff visited the Vitech offices in New York, and their third-party hosting facility in Hawthorne NY to perform due diligence.

**PASS Implementation**

- Status
  - Phase 1 (Project Initiation) is 100% complete

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

- Phase 2 (PASS Development) is 10% complete
- Phase 3 (PASS Implementation) will start December 2015
- Data Conversion
  - 92% of the data for Validation 1 (of 4) has been successfully converted
  - Data conversion for Validation 2 has begun
- Schedule
  - Validation 1 will be completed by December 19, 2014
  - Validation 2 testing is scheduled to be completed by June 19, 2015
  - PASS is scheduled to go-live January 2, 2016
- Issues
  - Validation 1 testing resulted in 14 reported issues (all low or medium priority)
- Budget
  - No budget variance. Vitech has invoiced \$704,191 (9.3%) of the \$7,566,182 project budget.
- Risks
  - We have identified and planned mitigation for several project risks including:
    - Workday integration files not aligning with PASS requirements
    - Unique design solutions for a number of requirements
    - SamCERA staff resource availability
    - Processing time for Workday daily change file.
- Other
  - Change management meetings are being conducted bi-monthly
  - SamCERA CEO and CTO visited the Vitech hosting data center
  - Change order in process to use Vitech V3 Imaging instead of San Mateo County's HP Autonomy software
  - Work in progress for integration of San Mateo County new Workday software (scheduled for March 2015 go-live) to PensionGold and PASS

**Attachment**

**PASS Project Update Presentation**





*Moving Retirement Systems Forward*

# SamCERA PASS Update

December 16, 2014

# PASS Status Overview

## PASS PROJECT TASK STATUS (12/3/2014)

TASK	% COMPLETE	% INVOICED
Phase 1: Project Initiation	100%	100%
Phase 2: PASS Development	10%	0%
Val 1: Demographics	98%	0%
Val 2: CRM, Employer Reporting, Core Pension	29%	0%
Val 3: Service Purchase, Benefit Calc, Self-Service	0%	0%
Val 4: Payments, Finance, Options	0%	0%
Phase 3: PASS Implementation	0%	0%
TOTAL PROJECT	12%	9%

# Data Conversion Dashboard

V3 Implementation  
Data Conversion Dashboard



## LEGACY\_WORLD DASHBOARD

As of: 11/08/2014

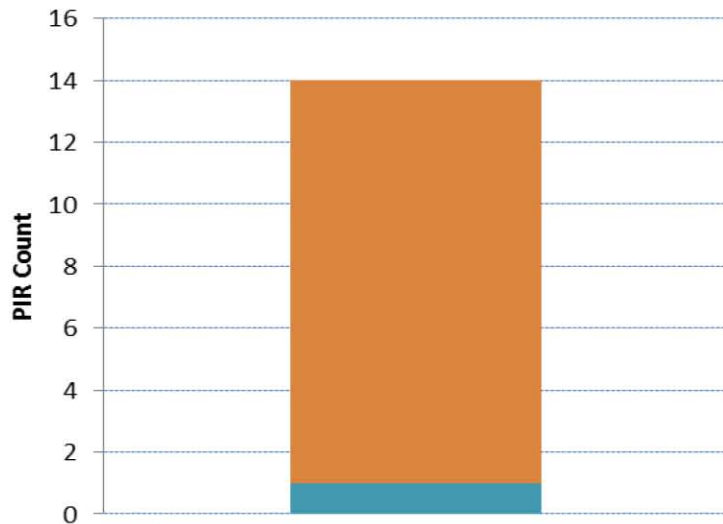
Scorecard	Total Rows In Staging	Successfully Converted	Rejected Records	Exception Records	% Success	% Reject	% Except	% Dif Rows	Notes
PERSON_O	48,823	48,771	52	20,140	100	0	41	N/A	
PERSON_COMMENTS_O	28,260	10,643	17,617	0	38	62	0	N/A	
PERSON_ADDRESS_O	48,809	47,742	1,067	229	98	2	0	N/A	
PERSON_CONTACT_INFO_O	122,435	119,596	2,839	2,573	98	2	2	N/A	
DEPENDENT_RELATIONSHIP_O	20,965	20,828	137	0	99	1	0	N/A	
BENEFICIARY_O	20,699	20,523	176	0	99	1	0	N/A	
PERSON_NAME_CHANGE_O	3,680	2,840	840	0	77	23	0	N/A	
<b>TOTAL</b>	<b>293,671</b>	<b>270,943</b>	<b>22,728</b>	<b>22,942</b>	<b>92%</b>	<b>8%</b>	<b>8%</b>	<b>.00%</b>	

Validation 2 data mapping in progress



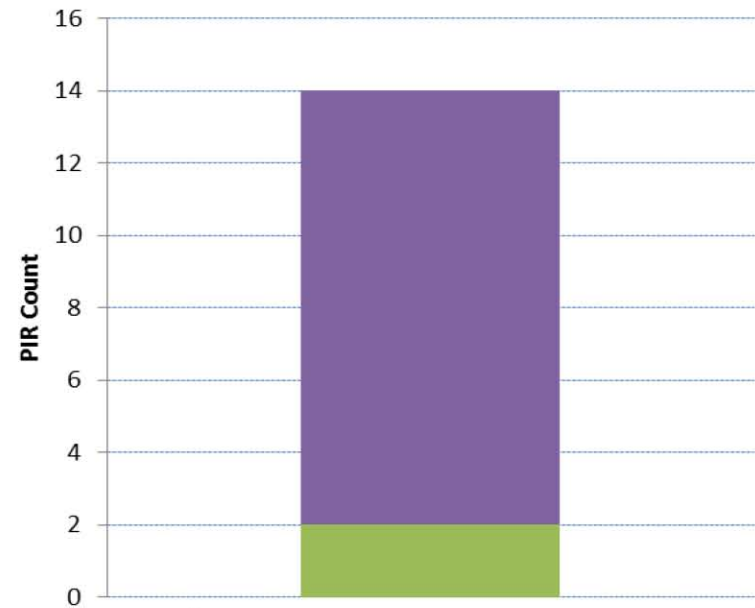
# Problem Incident Reports

## Open PIRs by Priority



	Dec-14
4-Low	13
3-Medium	1
2-High	0
1-Critical	0

## Open PIRs by Type



	Dec-14
New Request	12
Issue	2

# Budget Summary

Items	Contract	Invoiced	Remaining
Phase 1	\$590,372	\$590,372	\$0
Phase 2	\$4,464,878		\$4,464,878
Phase 3	\$421,695		\$421,695
Holdback	\$468,555		\$468,555
Options	\$640,500		\$640,500
Hardware	\$178,483	\$35,172	\$143,311
Software	\$642,011	\$78,647	\$563,364
Amendments	\$159,688		\$159,688
<b>TOTAL</b>	<b>\$7,566,182</b>	<b>\$704,191</b>	<b>\$6,861,991</b>

# Risks

Risk (Value)	Actions
Workday integration files may not align with PASS requirements and schedule (63)	Vitech initial analysis complete. SamCERA will cope with Workday code freeze in 2015 and submit changes after Workday go-live.
Workday cannot provide timely (5 business days) and correct changes after Workday go-live, which causes overall schedule delays (56)	ISD has indicated 10 day service level. Negotiate a Workday service level effective after Workday go-live
Number of SamCERA requirements requiring unique design solutions results in schedule delays (49)	Assuming we use the mobile Web approach, this risk is acceptable and no action required for Mobile. Social media risk will be mitigated by agreeing to time box the design and development and permitting some functions to be available after go-live. Knowledge Management will be mitigated by discussing and developing the approach early.
SamCERA staff resources are not available to meet the project demands resulting in schedule delays and/or quality issues (48)	Sprint planning will permit SamCERA to balance staff workloads. SamCERA has committed Cele and Liz as project leads. Project team will monitor and respond to workload issues.
Processing all records in Daily Change File each day will impact the system performance and introduce coding complexity to process the file (36)	Provide a change order to develop a process to derive the changes from the Daily Change File before they are processed by V3.

# Other Status and Information

- Vitech data center site visit
- Imaging change order in progress
- Change management activities continue
- Workday integration with PensionGold near completion