

The Board of Retirement

of the San Mateo County Employees' Retirement Association will meet on

Tuesday, May 28, 2013 at 1:00 p.m.

AT THE LODGE AT TWIN PINES PARK

30 TWIN PINES LANE, BELMONT, CA

(PLEASE NOTE CHANGE OF LOCATION FOR THIS MEETING)

PUBLIC SESSION - The Board will meet in Public Session at 1:00 PM

- 1. Call to Order, Roll Call and Miscellaneous Business
 - 1.1 Appointment of Ad Hoc Nominating Committee for Board Officers
- 2. Oral Communications
 - 2.1 Oral Communications From the Board
 - 2.2 Oral Communications From the Public
 - 2.3 Recognition of Service of John Murphy
- 3. Approval of the Minutes
- 4. Approval of the Consent Agenda

(Items removed from the Consent Agenda will be taken up during the Regular Agenda under Item 5.1 and in the order determined by the Board Chair.)

- 4.1 Disability Retirements
 - Irma Barriga
 - Clarita Bundalian
 - Jeffrey Edralin
 - Jenny Foster
 - Desiree Martinez

Service Retirements

Continuances

Deferred Retirements

Member Account Refunds

Member Account Rollovers

- 4.2 Trustee Conference Request
- 4.3 Approval of Annual Manager Review Questionnaires for Growth Managers
- 4.4 Approval to Revise Mission and Goals Statement

Benefit & Actuarial Services

- 5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda
- 5.2 Approval of Actuarial Assumptions for the June 30, 2012, Actuarial Valuation

6. Investment Services

- 6.1 Preliminary Monthly Portfolio Performance Report
- 6.2 Quarterly Investment Performance Report for the Period Ending March 31, 2013
- 6.3 Report on Core Equity Manager Annual Reviews
- 6.4 Approval of Asset Liability Study Project Kick-off and Time Line
- 6.5 Interview Strategic Overlay Managers (Special Meeting Item #4)
- 6.6 Discussion and Approval of Strategic Overlay Manager (Special Meeting Item #5)
- 6.7 Approval of Real Duration Hedging Proposal

7. Board & Management Support Services

- 7.1 Presentation of Monthly Financial Report
- 7.2 Discussion and Approval of SamCERA 2013-2014 Budget
- 7.3 Overview of Annual Financial Audit
- 7.4 Approval of Audit Engagement Letter
- 7.5 Approval of Fiduciary Insurance

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- 7.6 Approval of Board of Retirement's Response to 2012-13 Grand Jury Report
- 7.7 Approval to Reschedule the July Meeting of the Board of Retirement

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:

Hamby, Dorothy	March 30, 2013	Manpower
Imada, Sue	April 2, 2013	Social Services
Royer, William	April 8, 2013	Board of Supervisors
Aguilera, Virginia	April 17, 2013	Board of Supervisors
Gunderson, Barbara	April 17, 2013	Sheriff's Department
Shroyer, Chester	April 10, 2013	Veterans Services
Olson, Stanley	April 15, 2013	Def'd. from Schools
Jamison, Erma	April 20, 2013	Def'd from Housekeeping
Jones, Joyce	April 25, 2013	Probation
Wespieser, Howard	April 27, 2013	Mental Health
Sprowl, Alvina	April 29, 2013	Ben. of Sprowl, Harvey

David Bailey, Chief Executive Officer

Printed: 5/22/13

THE BOARD WILL BE MEETING AT A DIFFERENT LOCATION, 30 TWIN PINES LANE, BELMONT, FOR THIS MONTH ONLY.

Detailed directions are available on the "Contact Us" page of the website 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 at 100 Marine Parkway, Suite 125, Redwood City, CA 94065 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.

May 28, 2013 Agenda Item 1.1

TO: Board of Retirement

FROM: David Bailey, Chief Executive Officer

SUBJECT: Appointment of Ad Hoc Nominating Committee for Board Officers

Staff Recommendation:

The chair appoint an ad hoc committee to nominate officers for the 2013-2014 fiscal year, the committee to place its recommended trustees' names in nomination at the July board meeting.

Background:

The election of board officers takes place at the first meeting (July) of each fiscal year.

Article 1 of the *Regulations of the Board of Retirement* provides for the election of three board officers: Chair, Vice Chair and Secretary, as follows:

- 1.1. Election Of Chair: At the first regular meeting in July, the Board of Retirement shall elect one of its members chair for a term of one year or until his or her successor is duly elected and qualified. The Chair shall preside at all meetings of the Board, shall appoint all committees and shall perform all duties incidental to that office.
- **1.2.** Election Of Vice Chair: At the first regular meeting in July, the Board of Retirement shall elect one of its members vice chair for a term of one year or until his or her successor is duly elected and qualified. In the Chair's absence or inability to act, the Vice Chair shall take the place and perform the duties of that office.
- 1.3. Election Of Secretary: At the first regular meeting in July, the Board of Retirement shall elect one of its members secretary for a term of one year or until his or her successor is duly elected and qualified. The Secretary shall attest to Resolutions and other such documents for the Board. In the Chair's and Vice Chair's absence or inability to act, the Secretary shall take the place and perform the duties of the Chair.

SamCERA's board officers traditionally serve one-year terms. Also by tradition, the board attempts to alternate appointed and elected trustees in each officer position. The officers tend to move up "through the steps" to eventually become Board Chair. These traditions cannot always be adhered to since trustees do come and go. Trustees also

don't always begin or end their terms on the scheduled dates. (See the table below.)

	Chair	Vice-Chair	Secretary
2001-02	Bill Cottle	Tom Bryan	Bette Stuart
2002-03	Tom Bryan	Donna Colson	Alma Salas
2003-04	Donna Colson	Alma Salas	Bette Stuart
2004-05	Alma Salas	Ken Lewis	Tom Bryan
2005-06	Ken Lewis	Tom Bryan	Emily Tashman
2006-07	Tom Bryan	Emily Tashman	Bette Stuart
2007-08	Tom Bryan	Emily Tashman	Jim Hooley
2008-09	Emily Tashman	David Wozniak	Sandie Arnott
2009-10	Margaret Jadallah	Al David	Sandie Arnott
2010-11*	Al David	Sandie Arnott	Natalie Kwan Lloyd
2011-12	Al David	Sandie Arnott	Natalie Kwan Lloyd
2012-13	Sandie Arnott	Natalie Kwan Lloyd	Lauryn Agnew

May 28, 2013 Agenda Item 3.0

April 23-24 2013 – Board Agenda

Day 1: Agenda for Tuesday, April 23, 2013

PUBLIC SESSION - The Board will meet in Public Session at 9:00 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
- 2.3 Retreat Presentations and Discussions (see attached agenda and list of presenters)
- 3. Approval of the Minutes (Set for 2:30 p.m. time certain.*)
- 4. Approval of the Consent Agenda (Items removed from the Consent Agenda will be taken up during the Regular Agenda under Item 5.1 and in the order determined by the Board Chair.)
 - Member Benefit and Account Actions **Deferred Retirements** 4.1
 - **Disability Retirements** Jerome Wethington
 - Liza Dea
 - Ana Sapling

Service Retirements

Continuances

Member Account Refunds Member Account Rollovers

- 4.2 Approval of Final SACRS Officers Nominating **Committee Slate of Candidates**
- 4.3 Approval of Annual Manager Review Questionnaires for Value Managers
- 4.4 Trustee Conference Request

5. Benefit & Actuarial Services

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

6. Investment Services

- 6.1 Preliminary Monthly Portfolio Performance Report
- 6.2 Report on the Annual Review of SamCERA's International Managers (Eaton Vance, Franklin Templeton, and Pyramis)

7. Board & Management Support Services

- Presentation of Monthly Financial Report 7.1
- 7.2 Presentation of Quarterly Budget Report
- Adopt a Resolution establishing a "Board of Retirement Records Retention Policy" 7.3
- Adopt a Resolution creating a new "Policy for Reimbursement of Travel and Other Official 7.4 Expenses for Trustees and Staff"
- 7.5 Approval to Relocate the Regular May Meeting, Cancel the Regular June Meeting, and Reschedule the July Meeting of the Board of Retirement

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. Recess (the meeting/retreat will reconvene at 9:00 a.m. on Wednesday, April 24, 2013)

Day 2: Agenda for Wednesday, April 24, 2013

PUBLIC SESSION - The Board will reconvene at 9:00 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
- 2.3 Retreat Presentations and Discussion *(Continued from Tuesday, April 23, 2013, see attached agenda and list of presenters)*

3. Adjournment in Memory of the Following Deceased Members:

	,	
Hardy, Isaac	October 8, 2012	Public Health
Locke, Ray	December 6, 2012	Ag. Commission
Mertl, Eric	January 30, 2013	Sheriff's Department
Simbe, Robert	February 25, 2013	Human Services Agency
Mateo, Jaime	March 5, 2013	Sheriff's Department
Wilder, Shirley	March 5, 2013	Controller's Office
Howey, Viola	March 5, 2013	Social Services
Henderson, Teresa	March 10, 2013	Human Resources
Blackwell, Winfrey	March 12, 2013	Ben. of Blackwell, William
Johnson, Adrienne	March 14, 2013	Ben. of Ralph Johnson
Knorr, Bernice	March 23, 2013	Courts
Gainer, Frances	March 12, 2013	Ben. of Gainer, Kenneth
Shaver, Syble	March 12, 2013	Ben. of Shaver, George
Bell, Christine	March 19, 2013	Collections
Cruz, Alfonso	March 20, 2013	Human Services Agency
Espen, Irving	March 29, 2013	Ben. of Espen, Elsie
Stephens, Cherie	March 29, 2013	Public Health
Manley, Frances	March 25, 2013	Sheriff's Office
Berrier, Ellen	March 29, 2013	Public Health
Stanton, Florence	March 31, 2013	Mental Health

April 23 - 24, 2013 - Board Minutes

Day 1: Minutes for Tuesday, April 23, 2013

1304.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Ms. Sandie Arnott, Chair, called the Public Session of the Board of Retirement to order at 9:08 a.m.

Roll Call:

Present: Sandie Arnott, Lauryn Agnew, Ben Bowler, Albert David, Paul Hackleman, Natalie Kwan Lloyd, Michal Settles, David Spinello and Eric Tashman (arrived at 2:41 pm).

Alternates Present: Christopher Miller, John Murphy.

Staff: David Bailey, Michael Coultrip, Brenda Carlson, Gladys Smith, Mabel Wong and Kristina Perez.

- 1304.2.1 **Oral Communications From the Board**: Ms. Settles reported her attendance at Pension Bridge in San Francisco, on April 16 -17, 2013. Mr. Hackleman reported his attendance at the IFEBP Benefits Conference for Public Employees in Sacramento, April 15 17, 2013.
- 1304.2.2 **Oral Communications From the Public:** None.

1304.2.3 **Retreat Presentations**

Expectations for the US and World Economies – John Bellows from Western Asset Management gave a presentation and discussed the topic with Board members.

Asset- Liability Study Overview – Patrick Thomas and John Meier of SIS, discussed the Asset-Liability Study with the Board.

The Board meeting was adjourned for lunch at noon, and reconvened at 1:15 p.m.

Real Assets – John Nicolini from SIS gave a presentation to the Board members and answered questions on this topic.

1304.3.1 Approval of the Board Meeting Minutes:

Action: Mr. Hackleman moved to approve the minutes from the Special Meeting and the Regular Meeting, both held on March 26, 2013. The motion was seconded by Ms. Kwan Lloyd and carried unanimously.

1304.4.0 **Approval of the Consent Agenda:** The Chair asked if there were any items to be removed from the Consent Agenda, and none were taken off.

Action: Mr. Hackleman moved to approve the Consent Agenda, and the motion was seconded by Ms. Settles and carried unanimously.

1304.4.1 **Disability Retirements**

- 1. The Board found that Jerome Wethington is (1) disabled from performing his usual and customary duties as a Food Service Worker, (2) found that his disability was a result of an injury arising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.
- 2. The Board found that Liza Dea is (1) disabled from performing her usual and customary duties as a Medical 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.

Disability Retirements (con't)

3. The Board found that Ana Sapling is (1) not permanently incapacitated from the performance of her duties as a Systems Engineer and (2) denied her application for a service-connected disability retirement.

1304.4.1 **Service Retirements**

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

Member Name	Effective Retirement Date	Department
Barrett, Martin	February 1, 2013	Probation
Casares, Raul	January 18, 2013	Def'd. from HSA
Fornes, Kevin	February 27, 2013	ISD
Young, Sheryl	February 28, 2013	Def'd. from Health Dept.
Goldstone, Jay	January 11, 2013	Def'd. from Community Srvs.
Hein, John	February 28, 2013	Sheriff's Office
Maguire, Sharon	February 27, 2013	Probation
McCoy, Janett	March 1, 2013	Human Services Agency
Medeiros, Linda	February 2, 2013	Def'd. from Public Health
Rich, Leon	February 26, 2013	Def'd. from ISD
Runneals, Robert	February 16, 2013	Sheriff's Office
Stoll, Arthur	March 1, 2013	Human Services Agency

1303.4.1 **Continuances**

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

Survivor's Name	Beneficiary of
Bomberger, David	Bomberger, Carolann
Cooke, Maria	Cooke, Louis
Martin, Eleanor	Martin, Paul
Bowie, Susan	Mertl, Eric

1303.4.1 **Deferred Retirements**

Member Name

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

Retirement Plan Type

Miranda, Ma M.	G4 Vested
Turner, Alice	G4 Vested
Womack, Kathleen	G4 Vested
Espinoza, Francoise	G4 Vested
Boyd, Areda	P4 Vested
Wong, Sherrie	G4 Vested - Reciprocity
Owen, Peter	G4 Vested - Reciprocity
Dallamaria, Katie	G4 Vested - Reciprocity
Clipper, Marguerite	G4 Vested – Reciprocity

1304.4.1 Member Account Refunds

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

Member Name **Retirement Plan Type** Pahutan, Rachelle **G4** Vested Leslie, William G4 Vested Yraola, Aileen G4 Vested Burton, Darrell P4 Vested DaCosta, Douglas G4 Non-vested Holzman, Cindy G4 Non-vested Hartford, Adrienne G2 Non-vested

Mateo, Jaime G5

Shehee, Terry P4 Non-vested Flores Uribe, Mireya G4 Non-vested

1304.4.1 Member Account Rollovers

Henderson, Teresa

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

G2 Vested

Member Name	Retirement Plan Type
DuSaint, Robin	G4 Non-vested
Sachs, Neil	G4 Non-Vested

- 1304.4.2 **Approval of Final SACRS Officers Nominating Committee Slate of Candidates** The Board approved the "SACRS Board of Directors Elections 2012-2013 Final Ballot."
- 1304.4.3 **Approval of Annual Manager Review Questionnaires for Value Managers -** The Board approved the proposed annual review questionnaires for SamCERA's Value Managers (Barrow Hanley, Mondrian Investment Partners, and The Boston Company).
- 1304.4.4 **Trustee Conference Request -** The Board approved the attendance of Trustee Lauryn Agnew at SOCAP13 (Social Capital Markets 13), an educational event.
- 1304.5.1 Consideration of Agenda Items, if any, Removed From the Consent Agenda: None.
- 1304.6.0 Investment Services
- 1304.6.1 **Preliminary Monthly Portfolio Performance Report:** Mr. Coultrip presented the monthly portfolio performance report and summarized the fund and market performance. This item was informational only and no action was taken.
 - Mr. Tashman arrived at 2:41 p.m., at this point in the meeting.
- 1304.6.2 **Report on the Annual Review of SamCERA's International Managers**: Mr. Coultrip reported that the annual review of SamCERA's International Managers (Eaton Vance, Franklin Templeton, and Pyramis) went well and there were no areas of concern. This item was informational only and no action was taken.
- 1304.7.1 **Presentation of Monthly Financial Report:** Ms. Wong presented the monthly financial report to the Board. This item was informational only and no action was taken.

- 1304.7.2 **Presentation of Quarterly Budget Report:** Ms. Wong presented the budget report to the Board and reviewed the professional, administrative and technology budgets. This item was informational only and no action was taken.
- 1304.7.3 Adopt a Resolution establishing a "Board of Retirement Records Retention Policy": Mr. Bailey discussed the proposed records retention policy with the Board and gave an update on the electronic content management conversion project.

Action: Mr. Hackleman moved to approve a resolution establishing a "Board of Retirement Records Retention Policy." The motion was seconded by Ms. Settles and carried unanimously.

Adopt a Resolution creating a new "Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff": Mr. Bailey presented the staff report and reviewed the proposed changes with the Board. He explained that SamCERA's travel and expense reimbursement policies would now be combined into a single policy, and would reflect compliance with IRS regulations. The Board discussed how exceptions to the policy would be handled and requested that the language in the policy specify the person with the authority to approve exceptions. In the case of exceptions for staff, the CEO would have approval authority; the Chair would approve exceptions for the Trustees; any exceptions for the Board Chair would be approved by the Vice Chair; and exceptions for the CEO would be approved by the Chair.

Action: Mr. Tashman moved to approve a resolution rescinding the Travel Policy contained in Resolution 06-07-01 and rescinding the Expense Reimbursement Policy adopted by Resolution 09-10-10 and adopting a new "Policy for Reimbursement of Travel and Other Official Expenses for Trustees and Staff" with the noted changes regarding approval of exceptions. The motion was seconded by Ms. Kwan Lloyd and carried unanimously.

Mr. Spinello was excused at 3:00 p.m. for the remainder of the meeting.

Approval to Relocate the Regular May Meeting, Cancel the Regular June Meeting, and Reschedule the July Meeting of the Board of Retirement: Mr. Bailey discussed changes to three regularly scheduled meetings with Board members. Changing the location of the May 28, 2013, meeting to 30 Twin Pines Lane in Belmont; cancelling the June 25 meeting; and rescheduling the July meeting from Tuesday, July 23, to Tuesday, July 16, 17, 18 or another date chosen by the Board were discussed, and it was determined that the rescheduling of the July meeting would be continued until May.

Action: Ms. Settles moved to change the location of the May 28, 2013, meeting to 30 Twin Pines Lane in Belmont and cancel the June 25 meeting. The motion was seconded by Ms. Agnew and carried unanimously.

- 1304.8 Management Reports
- 1304.8.1 **Chief Executive Officer's Report:** Mr. Bailey reported that Brown Armstrong partner Andrew Paulden is now advising SamCERA staff directly regarding how to value and account for private equity holdings. He let the Board know a response to the Grand Jury report was being prepared and would be presented at the May meeting.
- Assistant Executive Officer's Report: Ms. Smith reported the candidate nomination period for the SamCERA Board elections opened on April 14 and will close May 6. She noted that SCORPA dues will now be deducted from retirees, who have signed an authorization form, once per year. Ms. Smith also reported that Assistant Executive Officer Scott Hood would be returning to work in June.

- 1304.8.3 **Chief Investment Officer's Report**: Mr. Coultrip reported the large-cap growth transition to Brown Advisory was in process and that 98% of assets had been transferred. He notified the Board that Lili Dames would be attending Sheridan's annual meeting.
- 1304.8.4 Chief Legal Counsel's Report: No report from Ms. Carlson.
 - Mr. Tashman reported his attendance at the CALAPRS Principles for Trustees training at Stanford.
 - Ms. Arnott adjourned the meeting at 3:48 p.m., concluding the first day of the retreat.

Day 2: Minutes for Wednesday, April 24, 2013

1304.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Ms. Sandie Arnott, Chair, called the Public Session of the Board of Retirement to order at 9:02 a.m.

Roll Call:

Present: Sandie Arnott, Lauryn Agnew, Albert David, Paul Hackleman, Natalie Kwan Lloyd, Michal Settles, David Spinello and Eric Tashman.

Excused: Ben Bowler

Alternates Present: Christopher Miller, John Murphy.

Staff: David Bailey, Michael Coultrip, Brenda Carlson, Gladys Smith, and Kristina Perez.

- 1304.2 Oral Communications
- 1304.2.1 **Oral Communications From the Board** None.
- 1304.2.2 **Oral Communications From the Public None.**
- 1304.2.3 Retreat Presentations and Discussion

Ethics, Fiduciary Duties, and Investment Decisions – presented by Brenda Carlson.

Risk Analysis – Presented Patrick Thomas and John Meier from SIS.

The meeting was adjourned for lunch at 12:00 noon, and reconvened at 1:15 p.m.

Ready to Retire – Retirement Analyst, Elizabeth LeNguyen, gave SamCERA's educational presentation that is given to members prior to retirement.

Annual Assessment of the Portfolio – presented by Michael Coultrip.

Evaluation Non-Traditional Investment Guidelines – presented by Chad Spitler, from BlackRock.

1304.3.0 **Adjournment:** With no further business, Ms. Arnott adjourned the meeting at 4:50 p.m. in memory of the following deceased members:

Hardy, Isaac	October 8, 2012	Public Health
Locke, Ray	December 6, 2012	Ag. Commission
Mertl, Eric	January 30, 2013	Sheriff's Department
Simbe, Robert	February 25, 2013	Human Services Agency
Mateo, Jaime	March 5, 2013	Sheriff's Department
Wilder, Shirley	March 5, 2013	Controller's Office

Howey, Viola	March 5, 2013	Social Services
Henderson, Teresa	March 10, 2013	Human Resources
Blackwell, Winfrey	March 12, 2013	Ben. of Blackwell, William
Johnson, Adrienne	March 14, 2013	Ben. of Ralph Johnson
Knorr, Bernice	March 23, 2013	Courts
Gainer, Frances	March 12, 2013	Ben. of Gainer, Kenneth
Shaver, Syble	March 12, 2013	Ben. of Shaver, George
Bell, Christine	March 19, 2013	Collections
Cruz, Alfonso	March 20, 2013	Human Services Agency
Espen, Irving	March 29, 2013	Ben. of Espen, Elsie
Stephens, Cherie	March 29, 2013	Public Health
Manley, Frances	March 25, 2013	Sheriff's Office
Berrier, Ellen	March 29, 2013	Public Health
Stanton, Florence	March 31, 2013	Mental Health

Agenda & Presenters

Board / Staff Retreat

April 23 & 24, 2013



San Mateo County Employees' Retirement Association

SamCERA

BOARD / STAFF RETREAT AGENDA Day One—Tuesday, April 23, 2013

<u>TIME</u>	TOPIC AND PRESENTER
	Coffee and Refreshments
9:00 a.m.	Welcome David Bailey, Chief Executive Officer, SamCERA
9:15 a.m.	Expectations for the US and World Economies Presenter: John L. Bellows, Investment Management Strategy Analyst, Western Asset Management Company
10:15 a.m.	Break
10:30 a.m.	Asset-Liability Study Overview - When would be the best time to conduct an asset-liability study of the fund and what would be involved in the process? Presenters: Patrick Thomas, Vice President, SIS and Michael Coultrip, Chief Investment Officer, SamCERA
11:30 a.m.	Open Discussion
12 Noon	Lunch
1:15 p.m.	Real Assets - Should real assets be considered for the SamCERA portfolio? If so, how should it be structured? Role of liquid vs. illiquid strategies. Presenters: John Nicolini, Strategic Investment Solutions and Michael Coultrip, Chief Investment Officer, SamCERA
2:15 p.m.	Break
2:30 p.m.	Return to Regular Board Meeting Agenda

BOARD / STAFF RETREAT AGENDA Day <u>Two</u>—Wednesday, April 24, 2013

<u>TIME</u>	TOPIC AND PRESENTER
	Coffee and Refreshments
9:00 a.m.	Ethics, Fiduciary Duties and Investment Decisions Presenter: Brenda Carlson, Chief Legal Counsel, SamCERA
10:15 a.m.	Break
10:30 a.m.	Risk Analysis - Looking at different ways to view the risks of the fund. Economic risk factors, leverage, liquidity, etc. Presenters: Michael Coultrip, Chief Investment Officer and Patrick Thomas, Vice President, Strategic Investment Solutions
11:30 a.m.	Open Discussion
12 noon	Lunch (Board and SamCERA Staff)
1:15 p.m.	Ready to Retire – SamCERA's presentation provided to members planning to retire soon. Elizabeth will also talk about who attends, what the evaluations show, and what we may change in future presentations. Presenter: Elizabeth LeNguyen, SamCERA Retirement Analyst
2:15 p.m.	Break
2:30 p.m.	Annual Assessment of the Portfolio - Compare total fund performance against investment objectives; compare each investment manager's performance against their stated benchmark, evaluate risk exposures, evaluate portfolio rebalancing activity for the year, and evaluate the fund's liquidity requirements. Presenters: Michael Coultrip, Chief Investment Officer and Patrick Thomas, Vice President, Strategic Investment Solutions
3:30 p.m.	Evaluating Non-Traditional Investment Guidelines - Should non-traditional investment guidelines, such as Environmental, Social, Governance (ESG), United Nations Guidelines, or other factors play a role in SamCERA's investment approach, and, if so, how? What is the Board's fiduciary duty in this area? Presenter: Chad E. Spitler, Managing Director PMG - Corporate Governance & Responsible Investment, BlackRock
4:30 p.m.	Open Discussion
5:00 p.m.	End of Retreat – Adjournment in the Memory of Our Deceased Members

AGENDA ITEM 2.3

hlady 1

May 28, 2013 Agenda Item 4.1 (a)

To: Board of Retirement

From: Gladys Smith, Acting Assistant Executive Officer

Subject: Approval of Consent Agenda

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.

Disability Retirements

- 1. The Board find that **Irma Barriga** is (1) disabled from performing her usual and customary duties as a Benefits Analyst II, (2) find that her disability was a result of an injury arising out of and in the course of his employment and (3) grant her application for a service-connected disability retirement.
- 2. The Board (1) approve and adopt the proposed findings and recommendations of the Hearing Officer, George Carmerlengo and (2) deny **Clarita Bundalian's** application for a service-connected disability retirement.
- **3.** The Board find that **Jeffrey Edralin** is (1) permanently incapacitated for the performance of his duties as an Associate Systems Engineer, (2) find that his disability was not a result of an injury arising out of and in the course of his employment and (3) deny his application for a service-connected disability retirement.
- **4.** The Board find that **Jenny Foster** is (1) disabled from performing her usual and customary duties as a Clinical Services Manager, (2) find that her disability was not a result of an injury arising out of and in the course of her employment, (3) deny her application for a service-connected disability retirement and (4) grant her a non-service-connected disability.
- **5.** The Board find that **Desiree Martinez** is (1) disabled from performing her usual and customary duties as a Public Service Specialist, (2) find that her disability was a result of an injury arising out of and in the course of his employment and (3) grant her application for a service-connected disability retirement.

Service Retirements

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

Member Name	Effective Retirement Date	Department
Aines, Cheryl	March 28, 2013	Sheriff's Office

Armstrong, Debra	April 1, 2013	First Five
Battad, Ambrosia	March 30, 2013	Hospital
Benton, Timothy	March 30, 2013	Courts
Briones, Danilo	March 2, 2013	Def'd. from Controller
Broman, Nancie	March 2, 2013	Human Services
Buckwalter, Marcia	March 31, 2013	Hospital
Buhs, Joanne	March 31, 2013	Human Services Agency
Butler, Toni	March 29, 2013	Hospital
Cattich, Betty	March 30, 2013	Sheriff's Office
Chun, Terrence	March 30, 2013	Environmental Health
Coe, Scott	March 31, 2013	Housing
Conley, John	March 30, 2013	Public Health
Contreras, Antonio	March 30, 2013	Hospital
Cupman, Margaret	December 29, 2012	Def'd. from Libraries
Dawson, Marlene	March 30, 2013	Aging & Adult Services
Diehl, Virginia	March 30, 2013	Planning Department
Enriquez, Preciosa	March 30, 2013	Child Support Services
Fernandez, Rosario	March 30, 2013	Planning Dept.
Frey, Lance	March 31, 2013	Mental Health
Giannini, Alfred	March 31, 2013	District Attorney's Office
Grivas, Emely	March 30, 2013	Hospital
Grizzle, Mary	March 30, 2013	ISD
Harrison, Lynn	March 30, 2012	Human Services
Hirsch, Kathleen	March 24, 2013	Def'd. from Hospital
Kalber, Yvonne	March 30, 2013	Probation
Kastell, Frank	March 30, 2013	Sheriff's Office
Katsuranis, Nnancy	March 29, 2013	Library
Lehmkuhl, Catherine	March 31, 2013	Hospital
Liu, Peggy	March 30, 2013	Hospital
Lumm, George	March 30, 2013	Human Services Agency
Martinez-Brown, Carol	March 30, 2013	Human Services
McKague, Donald	March 31, 2013	Sheriff's Office

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Moerman, Matthew	April 1, 2013	Sheriff's Office
Nelson, Deborah	December 29, 2012	Def. from Planning
Noyer, Pamela	March 31, 2013	Public Works
Ojeda, Josephine	March 31, 2013	Probation
Orzal, Alfredo	March 17, 2013	Controller's Office
Parnala, Rodrigo	March 30, 2013	Aging & Adult Services
Pendergrass, Bruce	March 30, 2013	Human Services Agency
Powers, Matthew	March 29, 2013	Sheriff's Office
Pummer, Ronald	March 30, 2013	Ag. Weights & Measures
Quilici, Elena	March 2, 2012	Medical Center
Quines, Carlota	March 31, 2013	Hospital
Razak, Margaret	March 30, 2013	Sheriff's Office
Rich, Debra	March 29, 2013	Def'd. from Hospital
Rider, Bruce	March 30, 2013	Human Services Agency
Rink, Richard	March 30, 2013	Aging and Adult Services
Rivera, Marciano	March 30, 2013	Public Works
Rodriguez, Carmenza	March 30, 2013	Behavioral Health
Rogers, Susan	March 31, 2013	Human Services Agency
Salas, Alma	March 30, 2013	Probation
Schofield, Daren	March 31, 2013	Sheriff's Office
Shanks, Michael	March 30, 2013	Sheriff's Office
Singh, Ratnesh	April 1, 2013	Sheriff's Office
Somerville, Linda	April 1, 2013	Hospital
Swope, Virgil III	March 4, 2013	County Counsel
Tanner, James	March 30, 2013	Sheriff's Office
Ten, Mona	March 30, 2013	Sheriff's Office
Tocchini, Peter	March 29, 2013	Human Resources
Tweedie-Hardman, Judith	March 22, 2013	Sheriff's Office
Vanderhorst, Gloria	March 29, 2013	Human Services Agency
Villaluna, Marilou	March 16, 2013	Public Works
Volis, Michael	March 30, 2013	Human Services
Watkins, Joanne	March 30, 2013	Public Health

Weinberg, Tara March 17, 2013 Def'd. from

Continuances

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

Survivor's Name	Beneficiary of:
Stephens, Philip	Stephens, Cherie
Gunderson, Martin	Gunderson, Barbara

Deferred Retirements

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

Member Name	Retirement Plan Type
Lara, Henry	G3 Vested – Auto Defer
Meynard, C. E	G4 Vested – Auto Defer
Castro, Roschelle	G4 Vested
Hartman, Celia	G4 Vested
Wong, Athena	G4 Vested
Cardoza, Teresa	G2 Vested
Schofield, Georgette	G2 Vested
Reimche, Craig	G4 Vested with incoming reciprocity
Guillen, Rey	G4 Vested with incoming reciprocity

Member Account Refunds

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

Member Name	Retirement Plan Type
Hatt, Brandon	S4 Vested
Petelo, Steven	P4 Non-vested
Bautista, Joel	G4 Vested
McCarthy, Shannon	G4 Non-vested
Robinson, Sarah	G5
Dearman-Seeney, Jo Ann	G4 Non-vested

Member Account Rollovers

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

Degliantoni, Angela	G4 Non-vested
Ramirez de Cartagena, Michael	G4 Non-vested
Boyd, Penny	G4 Vested

May 28, 2013 Agenda Item 4.2

Del 85

TO: Board of Retirement

FROM: David Bailey, Chief Executive Officer

SUBJECT: Trustee Request for Conference Approval

Staff Recommendation

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

Background

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

Trustee Michal Settles and Chair Sandie Arnott would like to attend "The Future of Corporate Reform -2013 Public Funds Forum" sponsored by GMI Conferences. The conference will be held on September 17 - 19, 2013 in Newport Coast, CA.

See attached flyer for more information. The cost is within the trustees' educational budgets.



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

OUR DISTINGUISHED SPEAKERS INCLUDE:



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



James Carville
Political Commentator and
Consultant, Media Personality



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



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



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









Robbins Geller Rudman & Dowd LLP





Sessions Agenda



- Session 1. Accountability: Insights on how the United States can get out of the current economic crisis and lay a foundation for long-term prosperity.
- **Session 2. The Big Issues:** A broad-ranging review of material issues facing public fund fiduciaries, including global investment risks and opportunities, sustainable accounting standards, board diversity and oversight, the evolving role of credit rating agencies, asset allocation, risk modeling, sectoral trends and other developments likely to affect the performance of institutional portfolios.
- Session 3. Treasurers' Roundtable: A discussion of current investment strategies employed by various state treasurers, including an analysis of state and national economic trends, asset allocation, extra-financial systemic risks and the rising importance of risk mitigation strategies.
- **Session 4. Corporate Involvement in Politics:** Three years after the landmark Supreme Court decision in *Citizens United v. Federal Election Commission*, the panel will provide an in-depth review of how corporate involvement in politics affects asset owners and how public pension funds should respond to the challenges stemming from the large-scale shifts in the balance of power.
- Session 5. Using Private Action: The nation's leading securities lawyers will discuss the use of private litigation to diminish portfolio risk, achieve improvements in corporate governance and enhance investment returns.
- Session 6. Making a Difference: Named one of the world's 100 most influential people by TIME magazine, Captain Sullenberger will share timeless management principles and the lessons from his life that prepared him to handle the unprecedented crisis presented by the "Miracle on the Hudson."
- **Session 7. The Value of Values:** A discussion of environmental, social and governance risk metrics and their application to issuer and portfolio risk to minimize the impact of bribery and corruption, opaque/aggressive accounting practices, dual-class shares, and counter-productive executive compensation.
- **Session 8. Trends in Pension Management:** Global perspectives from leaders of the world's largest pension and sovereign wealth funds on dominant trends and risks that demand the attention of fund decision-makers across geographic regions and asset classes.
- Session 9. Sustaining Superior Performance: An analysis of how public funds can adjust to various economic scenarios and pending legislation, and how they can improve performance by incorporating both ethical and political concerns into investment management.
- **Session 10. Global Roundup on Emerging Markets:** A review of new strategies and salient risks in emerging and frontier markets, focusing on the complex nexus of extra-financial risks related to aggressive accounting and inadequate legal protection of shareholder rights.
- Session 11. A Look at Politics Today and Tomorrow: James Carville offers an insider's analysis of key issues facing the second Obama Administration, and his thoughts on solutions to end the highly partisan atmosphere in Washington.

Networking Activities

Manage 1

A Night at the Coliseum

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



Casino Royale

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



Golf

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



Culinary Experience

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



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

Accommodations & Registration

Hotel Accommodations

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

Registration*

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

- * The registration fee includes admission to the conference sessions, educational materials, meals and refreshments, and a choice of either Golf, the Culinary Experience or Newport Harbor Boat Tour networking activities that are integral to the conference agenda.
- ** Upon request and as legally permissible, the registration fee may be waived subject to applicable gift and gratuity limitations. Public officials in certain jurisdictions may accept all or part of conference benefits free of charge. Conference networking activities will be offered at fair market value for guests that may not accept participation free of charge. Public officials are encouraged to contact their ethics officials with questions.
- *** Conference attendees may bring guests for an additional fee of \$445. Guest attendance is limited to A Night at the Coliseum and Casino Royale. Guests may participate in Golf, the Culinary Experience or Newport Harbor Boat Tour for an additional fee.



May 28, 2013 Agenda Item 4.3

TO: Board of Retirement

Lilibeth Dames

FROM: Lilibeth Dames, Investment Analyst

SUBJECT: Approval of Annual Review Questionnaires for Growth Managers

Staff Recommendation:

Approve the proposed annual review questionnaires, after reviewing the questions and offering changes or additional questions as appropriate, for SamCERA's Growth managers (Baillie Gifford Overseas and Chartwell Investment Partners). The annual review for the Association's recently hired large cap growth manager, Brown Advisory, will be deferred to 2014.

Background:

As part of the manager annual review process, questionnaires are sent to each manager and the responses are returned before their review dates. Staff will review the Growth managers on July 9, 2013.

Attachments:

- A. Baillie Gifford International Growth Equity Questionnaire
- B. Chartwell U.S. Small Cap Growth Equity Questionnaire

BAILLIE GIFFORD INTERNATIONAL GROWTH EQUITY - 3/31/13

SamCERA'S ANNUAL REVIEW QUESTIONNAIRE

ORGANIZATIONAL UPDATE

- Provide an update on your firm's organization, with particular emphasis on (a) changes to your structure over the past eighteen months, (b) growth and acquisition of assets under management, (c) clients gained or lost in the past year, and (d) recent corporate acquisitions, including negative and positive effects. All significant changes should be accompanied by an explanation.
- Outline the firm's strategic focus and growth targets over the next three years, including new investment strategies or products currently under consideration.
- Provide a breakdown of assets under management (AUM) by client and asset class/product type, in \$US millions.
- 4. Has your firm ever liquidated, dissolved or otherwise terminated a strategy, hedge fund or other commingled fund that was focused on equity investments? If so, please provide details.
- Specify separately the individuals (up to ten) who you feel are key to the success of your firm. If the list has changed in the last eighteen months, identify and explain the change(s).
- 6. Describe your firm's management succession plan. Have dates been established regarding the succession of any key personnel, specifically those reported in the preceding questions?
- 7. Has your firm or any of its employees been involved in regulatory or litigation actions related to your business in the past eighteen months? E-mail your firm's most recent ADV Parts I & II to investments@samcera.org.
- When did the Securities & Exchange Commission, Attorney General, or the Financial Industry Regulatory Authority (FINRA) last audit your firm? Please note any material findings or recommendations.
- Summarize the coverage for errors and omissions, professional liability, fiduciary insurance or
 fidelity bonds held by your firm (i.e., amounts and respective carriers) and e-mail the certificates
 of insurance to <u>investments@samcera.org</u>.
- 10. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.
- 11. Do you have a written policy on ethics? If so, please e-mail the policy to investments@samcera.org.
- 12. Provide the location of your firm's investment and accounting back-office staff. Are any of your investment activities or operations outsourced? If the answer is yes, provide details regarding the firm(s) with which your firm has contracted. Are any of these firms considered affiliates of your firm?
- 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?
- Provide an overview of your firm's business continuity plan as it relates to the investment process.
- 15. E-mail your firm's most recent SAS 70 Report or equivalent to investments@samcera.org.

INVESTMENT TEAM

16. Specify separately the individuals (up to five) who you feel are key to the success of SamCERA's product and describe their respective role(s) and experience. Also indicate the location(s) of these individuals. In addition, indicate other responsibilities, both in terms of investment products and management/administrative duties, for each of the named individuals and provide an estimate of the percentage of time each spends managing the strategy. If this list has changed in the last eighteen months, identify and explain the change(s).

INVESTMENT STRATEGY & PROCESS

- 17. What are the current assets in this product? What proportion of total AUM do the assets in this product make-up of the firm? Please provide the year-end AUM in this product for the past 5 years. What are the capacity constraints for this product and who determines the constraints? How does your firm determine the capacity threshold?
- 18. What percentage of assets in product is controlled by your 5 largest accounts? What size does SamCERA's account comprise of total product assets?
- 19. Discuss your firm's investment strategy relative to market environments. Are there market cycles that are particularly favorable to your firm's investment strategy and process? Are there market cycles that are historically difficult for your firm's investment strategy and process?
- Provide the product's annual turnover for each of the last 5 years. Please explain any outlier volumes.
- 21. What percentage of investments would you deem to be illiquid? How long would it take to liquidate our portfolio without undue impact costs? What security-level liquidity parameter is used when constructing the portfolio?
- 22. How much of the portfolio can be invested in emerging markets? How much of the portfolio has been invested in emerging markets as of 3/31/13? How much of the portfolio has been invested in emerging markets over each of the last five calendar years ending 12/31/2012? How do your buy/sell criteria differ for emerging market names, if at all, and what are portfolio construction rules for emerging markets?
- 23. How much of the portfolio can be invested in frontier markets? How much of the portfolio has been invested in emerging markets as of 3/31/13? How much of the portfolio has been invested in frontier markets over each of the last five calendar years ending 12/31/2012? How do your buy/sell criteria differ for frontier market names, if at all, and what are portfolio construction rules for frontier markets?
- 24. Does the strategy employ leverage? If so, discuss how leverage is used, typical amounts, limits, etc., and provide justification for its use. In addition, describe the leverage facility including providers, structure, terms, cost, etc.
- 25. Describe any portfolio- or security-level hedging activities utilized in the strategy, including what risks/exposures are typically hedged, the types of instruments used and how your hedging activities are expected to add value. If applicable, please provide specific examples of how your hedging activities have reduced risk at an opportune time and positively impacted returns.
- 26. Describe your approach to managing and hedging non-USD currency exposures. Is currency evaluated and managed on a stand-alone basis, or is it integrated into the broader research

process? If not covered above, describe the use of derivatives in the strategy including the rationale, types, typical amounts, and any associated limits or constraints.

27. Regarding risk management:

- a. List the main risks associated with the strategy and describe how each is explicitly measured and managed at both the individual security and aggregate portfolio level.
- b. Identify the person(s) or group primarily responsible for the risk management function.
- Discuss how risk management both interacts with and maintains independence from the other aspects of the investment process.
- 28. Discuss any material changes that have been made to the investment process or risk management techniques since inception of the strategy. Were these changes considered normal enhancements, or were they made in response to the macroeconomic environment and/or specific market events?
- 29. Does your firm have a policy that incorporates Environmental, Social and Governance (ESG) issues into the investment decision making process?
- 30. If ESG issues are considered, are they considered separate and apart from traditional financial criteria, or are ESG issues integrated into a company assessment? Are the sources of ESG research internal, external, or both?
- 31. Does your firm regard ESG factors as risk factors which can have a material impact on investment performance? Does your firm support the concept that companies can enhance value and long-term profitability by incorporating ESG factors into their strategic plans? If so, briefly discuss.
- 32. What is your firm's proxy voting policy? Does the firm vote its own proxies, or is this done by a third party provider? What principles or policies guide the voting? Please forward your proxy voting policy to investments@samcera.org.

PERFORMANCE

- 33. Is the performance composite constructed for SamCERA's portfolio in compliance with the Global Investment Performance Standards (GIPS)? When was the performance composite last audited?
- 34. Indicate established performance targets or expectations (e.g., absolute return, relative return, volatility, tracking error) for the strategy. Has the strategy achieved these targets on a net basis? Regarding the expected sources of relative positive return, how has expectations differed with actual results?
- 35. Detail your firm's perspective of SamCERA's performance expectations, as spelled out in the Investment Management Agreement and SamCERA's Investment Policy. How is your firm doing relative to those expectations?
- 36. Are SamCERA's investment guidelines adequate? Do the guidelines impose constraints on the portfolio that would result in a significant dispersion from other portfolios? If so, please provide details.
- 37. What is a reasonable expected tracking error to the benchmark? What are the expected sources of the tracking error?
- 38. Please discuss the strategy's net performance relative to the benchmark for the one, three and five year periods ending March 31, 2013.
- 39. What is your firm's source(s) for pricing equities? Does this source differ from that of SamCERA's custodian, State Street Bank & Trust? How are pricing variances with the custodian resolved?

- 40. Are there pricing issues relative to methodology or pricing sources utilized by your firm versus those utilized by the benchmark?
- 41. Is SamCERA's benchmark appropriate?
- 42. Attach an Excel file containing a list of portfolio holdings as of the review date. Please include security name, CUSIP or other relevant identifier, amount, cost basis, market value, and % of total portfolio.
- 43. Provide a full review of performance attribution (on a net of fee basis) for the trailing 12 month period versus the benchmark.

OPERATIONS, TRADING & CONTROLS

- 44. List and briefly describe any internally managed strategies, funds, separate accounts, etc., that have the potential to invest in the same or similar securities as those held in the strategy. Comment on the potential conflicts of interest these strategies pose and how they are addressed by internal controls or guidelines.
- 45. Describe your trading procedures in detail. What trading platforms does your firm use? How many brokers were used during calendar year 2012?
- 46. Does your firm monitor trade effectiveness? If so, how is that documented? To whom does trading report?
- 47. How many brokers were used during calendar year 2012? List the top ten brokers used during that period. Have you discontinued the use of any broker in the last eighteen months?
- 48. Describe your firm's policies regarding the use of soft dollars. If soft dollar arrangements were not used to acquire products and services in 2012, what would be the dollar increase in your firms total operating expenses?
- 49. Describe how your firm obtains and pays for outside research reports. Please list the primary sources of research upon which your firm relies.
- 50. Please disclose the firms you employ for introductions to industry experts.
- 51. What is your firm's position regarding participation in directed brokerage and/or commission recapture programs? Is there a maximum amount of trades that you allow to be directed? How many of your clients utilize direct brokerage?
- 52. Provide an overview of your trade allocation protocols and procedures for controlling performance dispersion between accounts with substantially the same guidelines.
- 53. Provide an overview of your pre- and post-trade investment guideline monitoring practices. Is a separate, independent group responsible for ensuring guideline compliance?
- 54. Regarding counterparties:
 - List all counterparties you have engaged to execute trades/establish positions within the strategy over the most recent 12 month period and provide an estimate of the percentage of trades allocated to each.
 - 2. How are your trading counterparties selected, monitored and evaluated?
 - Are there any firm-wide or strategy-specific guidelines/restrictions related to counterparties?If so, please outline them.
- 55. Do you have a policy regarding the selection and review of brokers and counterparties. If you do, please e-mail a copy to investments@samcera.org

CONCLUSION

- 56. What is your firm's outlook for the international equity markets?
- 57. What issues are other clients concerned with in regards to products, markets, education and governance?
- 58. Describe your assessment of the relationship between your firm and SamCERA. How can we better utilize your firm's capabilities?
- 59. Is there any information that would be timely pursuant to SamCERA's Investment Policy, the Investment Management Agreement with SamCERA, and this annual review?
- 60. Are your clients making significant changes in their asset mixes? Please describe these changes.
- 61. What market opportunities should SamCERA consider?

CHARTWELL U.S. SMALL CAP GROWTH EQUITY - 3/31/2013

SamCERA'S ANNUAL REVIEW QUESTIONNAIRE

ORGANIZATIONAL UPDATE

- Provide an update on your firm's organization, with particular emphasis on (a) changes to your structure over the past eighteen months, (b) growth and acquisition of assets under management,
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- 7. Has your firm or any of its employees been involved in regulatory or litigation actions related to your business in the past eighteen months? E-mail your firm's most recent ADV Parts I & II to investments@samcera.org.
- When did the Securities & Exchange Commission, Attorney General, or the Financial Industry Regulatory Authority (FINRA) last audit your firm? Please note any material findings or recommendations.
- Summarize the coverage for errors and omissions, professional liability, fiduciary insurance or
 fidelity bonds held by your firm (i.e., amounts and respective carriers) and e-mail the certificates
 of insurance to investments@samcera.org.
- 10. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.
- Do you have a written policy on ethics? If so, please e-mail the policy to investments@samcera.org.
- 12. Provide the location of your firm's investment and accounting back-office staff. Are any of your investment activities or operations outsourced? If the answer is yes, provide details regarding the firm(s) with which your firm has contracted. Are any of these firms considered affiliates of your firm?
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- Provide the product's annual turnover for each of the last 5 years. Please explain any outlier volumes.
- 21. What percentage of investments would you deem to be illiquid? How long would it take to liquidate our portfolio without undue impact costs? What security-level liquidity parameter is used when constructing the portfolio?
- 22. Provide a market-capitalization stratification (using the following ranges: >\$5 billion, \$2-5 billion, \$1-\$2 billion, \$500 million-1 billion, \$250 \$500 million, \$100-250 million, <\$100 million for the portfolio and the benchmark as of 3/31/13.
- 23. Regarding risk management:
 - a. List the main risks associated with the strategy and describe how each is explicitly measured and managed at both the individual security and aggregate portfolio level.
 - b. Identify the person(s) or group primarily responsible for the risk management function.
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PERFORMANCE

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OPERATIONS, TRADING & CONTROLS

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- 46. Please disclose the firms you employ for introductions to industry experts.
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 - Are there any firm-wide or strategy-specific guidelines/restrictions related to counterparties?
 If so, please outline them.
- 51. Do you have a policy regarding the selection and review of brokers and counterparties. If you do, please e-mail a copy to investments@samcera.org
- 52. Please forward your proxy voting policy to investments@samcera.org.

CONCLUSION

- 53. What issues are other clients concerned with in regards to products, markets, education and governance?
- 54. Describe your assessment of the relationship between your firm and SamCERA. How can we better utilize your firm's capabilities?
- 55. Is there any information that would be timely pursuant to SamCERA's Investment Policy, the Investment Management Agreement with SamCERA, and this annual review?
- 56. Are your clients making significant changes in their asset mixes? Please describe these changes.
- 57. What market opportunities should SamCERA consider?

May 28, 2013 Agenda Item 4.4

To: Board of Retirement

From: David Bailey, Chief Executive Officer

Subject: Approval of Resolution Revising SamCERA's Mission and Goals Statements

Staff Recommendation:

Approve an amendment to Resolution 95-96-05 to revise and clarify SamCERA's Mission & Goals statement.

Background:

At the February meeting of the Board of Retirement, the Board approved the SamCERA Mission & Goals with no changes. Review of the Mission & Goals is an annual Board action. Subsequently, the staff discussed the Mission & Goals at the annual Staff Retreat. Some proposed changes to more accurately state the intent of the first two goals are recommended as a result of that discussion. The changes are as shown below:

Provide caring, fair, accurate, timely and knowledgeable professional services <u>and information</u> to <u>elients</u> <u>members</u> and <u>the publicother stakeholders</u>.

Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to assure the ability to pay all earned benefits while minimizing the costs to employers.

Reasons for the changes:

- The word "information" is added because SamCERA has a responsibility to provide information to a variety of requestors, and information is not necessarily considered a service.
- Staff believes that "members" is a more accurate word than "clients" to describe SamCERA's primary service recipients.
- Staff suggests that "other stakeholders" should replace "the public" because "stakeholders" encompasses more groups and individuals. SamCERA provides information to entities that are not well described by "the public," such as the boards of SamCERA's employers, union leadership and members of the news media. Staff considers "stakeholders" to include these groups as well as taxpayers and voters and other members of "the public."
- The definitions of "assure" and "ensure" are quite similar, but staff considers "ensure" more appropriate to a statement about SamCERA's financial responsibilities.

Mission and Goals

RESOLUTION 95-96-05 as amended

THIS RESOLUTION, adopted by the Board of Retirement (Board) of the San Mateo County Employees' Retirement Association (SamCERA), sets forth SamCERA's Mission and Goals.

- WHEREAS, Article XVI, §17(a) of the Constitution of the State of California states in part that "the retirement board...shall have the sole and exclusive fiduciary responsibility over the assets of the...retirement system...;" and
- WHEREAS, Article XVI, §17(b) of the Constitution of the State of California states in part that "the members of the retirement board...shall discharge their duties...solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty...;" and
- WHEREAS, Article XVI, §17(c) of the Constitution of the State of California states in part that "the members of the retirement board...shall discharge their duties with respect to the system with the care, skill, prudence, and diligence...a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims;" and
- WHEREAS, Government Code §31520 vests the management of SamCERA in the Board; and
- WHEREAS, the Board wishes to define its mission and goals so as to direct its efforts and the efforts of its staff in concert with the spirit of the law. Now, therefore, be it
- **RESOLVED**, that the Board hereby adopts the following:

Mission

SamCERA exists to serve as loyal fiduciary for its members and as prudent administrator of the retirement system.

GOALS

Provide caring, fair, accurate, timely and knowledgeable professional services and information to members and other stakeholders.

Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to ensure the ability to pay all earned benefits while minimizing the costs to employers.

Constantly improve the effectiveness of SamCERA's services and the efficiency of its operations.

Be it further

RESOLVED, that the Board hereby agrees, and directs the Chief Executive Officer, to adhere to the principles set forth herein in the management of the resources of the Association.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

ADOPTED by unanimous vote August 25, 1995

AMENDED February 26, 2002

AMENDED February 27, 2007

AMENDED February 26, 2008

AMENDED January 27, 2009

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION Board of Retirement

May 28, 2013

Agenda Item 5.2

TO:

Board of Retirement

FROM:

David Bailey, Chief Executive Officer

SUBJECT:

Approval of Actuarial Assumptions for the June 30, 2013, Actuarial

Valuation

Staff Recommendation

Review, discuss and provide direction to Milliman, Inc. regarding the economic and demographic actuarial assumptions to be used in the June 30, 2013, actuarial valuation.

Issue

This agenda item is to provide guidance to Milliman, Inc. regarding the demographic and economic assumptions that Milliman will use in its June 30, 2013, actuarial valuation of the system. No change is recommended to any of the assumptions that were used in the last valuation. However, Milliman believes it is appropriate to discuss a reduction in the assumed investment return rate. For that assumption, Milliman has provided the attached slides, which will be presented at the May 28, 2013, meeting by Milliman lead actuary, Nick Collier.

Background

All assumptions will come before the Board for final adoption at the July board meeting. However, Milliman needs direction from the Board as to the assumptions that will form the basis of its preliminary work in preparing the 2013 actuarial valuation.

Attachment: Valuation Preview Slides

SUMUERA

Valuation Preview

Discussion of Assumptions to be Used in June 30, 2013, Actuarial Valuation

presented by

Nick Collier, ASA, EA, MAAA May 28, 2013



Overview

- Annual Review of Assumptions
 - To be used in 2013 valuation
 - Demographic assumptions
 - Economic assumptions
- Other items of interest



Demographic Assumptions

- Recommendation: Retain prior assumptions
 - Studied in detail in 2011
 - Will review again in 2014
 - Emerging PEPRA experience

Economic Assumptions

- Inflation
 - Currently 3.25% -- Our recommendation to other clients has been to move toward 3.0%
- Investment Return
 - Currently 7.50% -- Could go lower
 - Capital Market Assumptions predict lower returns in short term (10 years)



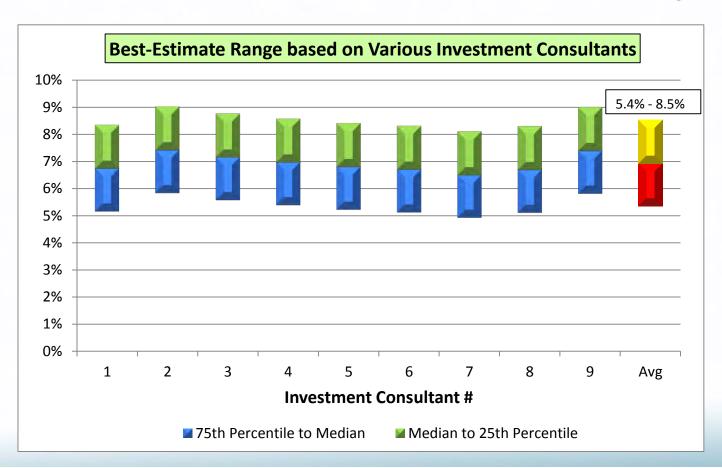
10-Year Return Expectations

- Based on capital market assumptions and SamCERA allocation
 - Gross no adjustment for expenses



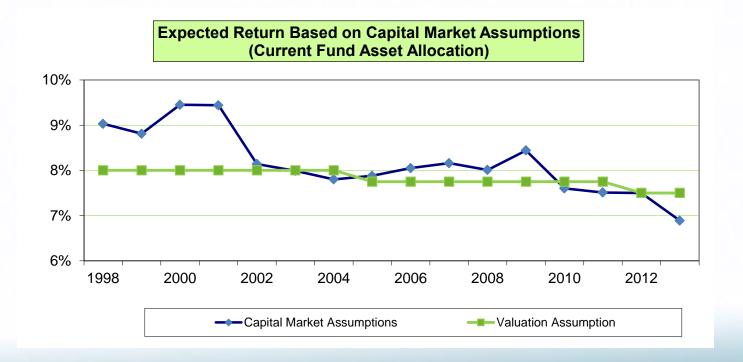
Range of Expected Returns (30-Year Horizon)

Current assumption of 7.5% is still in best-estimate range



Historical Capital Market Assumptions

- Capital Market Assumptions vary from year to year
 - If investment return assumption was based on CMA, employer contribution rates would be even more volatile.



Long-Term vs. Short-Term

- Capital Market Assumptions vs. Investment Return Assumption
 - CMA are generally based on 10-year time horizon
 - Actuaries generally consider longer time horizon for setting investment return assumption
 - Two investment consultants provide short and long-term capital market assumptions

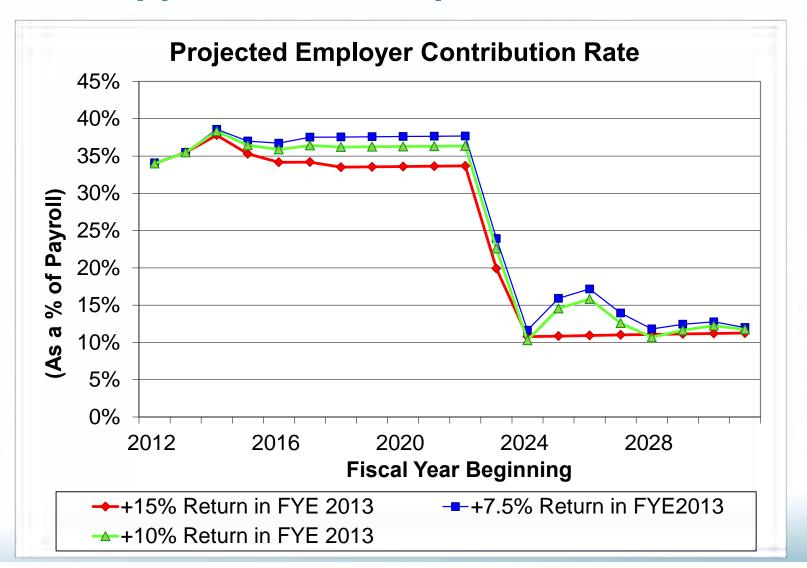
	Expected Return Based on CMA								
	Inv. Cons. #1	Inv. Cons. #5							
Short-Term Time Horizon									
Period	10 Years	5-7 Years							
Expected Return	6.74%	6.81%							
Long-Term Time Horizon									
Period	30 Years	30 Years							
Expected Return	7.07%	7.75%							

Step 2 – Selecting a Specific Assumption

- Many factors to be considered
 - Conservatism
 - What happens if assumption is not met?
 - Financial impact
 - Employers
 - Members
 - What are other systems doing?



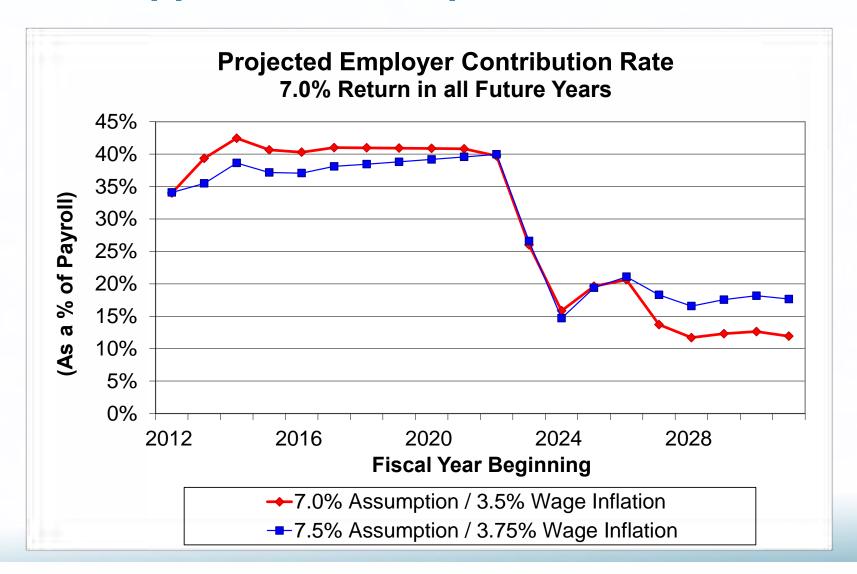
What Happens if Assumptions are Met



Assumptions are Met (continued)

- FYB 2014 Employer rate is still projected to increase
 - Calculated rate goes from about 35% of pay to 38% of pay
 - Preliminary estimate prior to valuation
 - Primarily due to recognition of prior assets losses
 - Increase of 2.8% of pay = \$11M (approx.)
 - Relative to rate employers are currently paying
 - Assumes 7.5% return for FYE 2013
 - Assumes employer payroll = \$400M
 - Other factors will impact final result, including:
 - Actual investment return
 - Changes in payroll (layoffs, salaries, etc.)
 - Assumption changes

What Happens if Assumption is not Met



Additional Impact of Lower Return Assumption

- Members
 - Increase in member contribution rates
 - Small reduction in optional forms of benefit generally

Alternatives

- Stay the Course
- Small Change (0.25% reduction)
 - Inv. Ret = 7.25% / CPI = 3.00% / Wage = 3.50%
- Larger Change
 - Inv. Ret = 7.00% / CPI = 3.00% / Wage = 3.50%

Alternatives – Financial Impact

- \$ Impact on Members
 - General Plan 4 member earning \$65,000 a year
 - (Entry age = 35)
 - Small change: Increase in bi-weekly contribution of about \$5
 - Larger change: Increase in bi-weekly contribution of about \$14
- Impact on Employers (relative to staying at 7.50%)
 - Small change: Increase of about 2% of pay
 - Larger change: Increase of about 5% of pay

Other Retirement Systems

- Majority of systems use very similar approach to SamCERA
- Nationally
 - Large statewide systems are gradually moving below 8%
 - Trend continued in 2012
- '37 Act Systems
 - Majority at 7.75% -- A few more and a few less
- California Systems (Statewide)
 - All at 7.5% (CalPERS, CalSTRS and UC)

Conclusion

- When it comes to assumptions, there is not one right answer
- Our opinion
 - Current investment return assumption is slightly on the high side relative to future expectations
 - Strong funding of plan makes it less imperative to reduce the assumption
 - Consider alternatives, but may want to wait until next year's investigation of experience

Questions



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION Board of Retirement

May 28, 2013 Agenda Item 6.1

TO: Board of Retirement

Lilibeth Dames for Michael Coultrip

FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Preliminary Monthly Portfolio Performance Report for the Period Ending April 30,

2013

Staff Recommendation:

Accept the preliminary performance report dated April 30, 2013.

Background:

This preliminary report is intended to provide a high-level view of the portfolio and its trends. It is not intended to provide short-term performance upon which the Board would act. As discussed previously, preliminary performance estimates are now included for Angelo Gordon's PPIP, AQR's risk parity, and AQR's hedge fund portfolios. The quarterly performance metrics are not yet available for the Angelo Gordon STAR Fund and 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 now shows both net and gross of fee returns for the total plan. Page one shows the net of investment manager fee performance results for the total fund (in the top left quadrant), while page two shows gross of fee returns.

Discussion:

The fund's net preliminary return for April was +1.50%, while the trailing twelve month return was +12.6% net (+13.0% gross). The twelve-month net return is equal to SamCERA's Total Plan Policy Benchmark return of 12.6% and above the Actuarial Assumed Earnings Rate of 7.50%. As a reminder, SamCERA should expect performance to vary substantially from that of the Total Plan Policy Benchmark in the initial stages of its private equity implementation.

April was again a strong month for most U.S. equity market indices as large-cap stocks reached record highs despite mixed and lackluster economic data. The S&P 500 Index was up 1.9%, while small-cap stocks declined -0.37% on the month as investors continued to look to larger-cap equity investments as an alternative to low yielding fixed income investments. U.S. economic data was mildly disappointing.

Developed international equity indices were higher on the month, with the MSCI World ex-US higher by 3.8%. Developed markets (as measured by MSCI EAFE) were up 5.3% while emerging markets were higher by 0.8%. The big news was the Bank of Japan announced that it would use quantitative easing to reach a 2% inflation target (their CPI index fell -0.9% in March from a year

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION Board of Retirement

earlier) in two years as well as double the monetary base (by injecting \$1.4 trillion into the economy).

The general fixed income market was up 1.0% as interest rates fell across the yield curve as economic activity weakened. Riskier assets, such as high yield and corporate bonds, saw their spreads to Treasuries tighten as investors continued their thirst for yield, resulting in returns of 1.9% and 1.7%, respectively.

Commodities were down -2.8% on continued concerns around lower demand coming from weaker economic activity from China. Gold collapsed over 12% during the month as investors placed less of a premium on the 'crisis insurance' role that gold has traditionally offered.

Attachments:

SIS Market Update State Street Performance Report

U.S. EQUITY

April 2013 was much the same as the previous five months in the equity markets. The majority of indices were higher with the exception of U.S. Small Cap as investors continued to look to equities as an alternative to low yielding fixed income instruments. For the month of April growth outperformed value and large caps outperformed small caps. The Russell 1000 Growth Index was up +2.1% for the month and the Russell 1000 Value Index was up +1.5%. The Russell 2000 Growth Index was down -0.7% and the Russell 2000 Value was also down -0.1%. The S&P 500 Index ended the month up +1.9. The Russell 3000 Index was up +12.9% for the first four months of 2013.

The S&P 500 Index has a trailing P/E ratio of 18.9 and a forward 12-month estimate P/E ratio of 14.7 and dividend yield of 2.1%.

U.S. companies paid out an additional \$14.5 billion in dividends on common stock during the 1st quarter as more companies increased their payouts.

Investors' appetite for funds that invest in U.S. stocks hit a 9-year high in the 1st quarter with a net flow of \$58 billion.

Corporate merger highlights for the month included: American Greetings will be taken private by its founding family in a deal valued at \$878 million; General Electric will buy oilfield services provider Lufkin Industries for \$3.3 billion to expand its oil and gas business; Dish Network made a \$25 billion offer to buy Sprint Nextel, a move that could thwart the proposed acquisition of Sprint by Japan's SoftBank; Royalty Pharma raised its offer for Elan Corp. to \$7.3 billion, a 23% increase over its initial proposal; Thermo Fisher Scientific will acquire Life Technologies for \$13.6 billion; Buyout specialist Blackstone is dropping its efforts to buy Dell in the face of slumping sales in PCs: Ameriprise Financial is preparing a \$1.2 billion bid for the asset management unit of Lloyds Banking Group; CP All, owner of Thailand's 7-Eleven chain, offered to pay about \$6.6 billion for discount retailer Siam Makro; Swiss engineering company ABB will buy U.S. solar energy company Power-One for \$1.0 billion; French insurer AXA will buy a 50% stake in Tian Ping Auto Insurance for \$630 million; Goldman Sachs has arranged a \$1.75 billion financing package for retailer J.C. Penney backed

by real estate and other assets; and, Bayer will acquire Conceptus for \$1.1 billion.

FIXED INCOME

Economic growth accelerated to a 2.5% annual rate in the first quarter that was up from an anemic +0.4% annual rate in the October-December quarter, but well below a forecast of 3.1%. Inventories bounced back contributing a full 1.0% to growth. Imports jumped 5.4% to subtract -0.9% from growth. Business fixed investment was a disappointment as it grew just 2.1% in the first quarter.

The U.S. unemployment rate dipped to 7.6% in March, the lowest in four years. U.S. employers added just 88,000 jobs in March, the fewest in 9 months and a sharp retreat after a period of strong hiring.

The World Trade Organization cut its forecast for global trade growth in 2013 to 3.3% from 4.5% and reported that trade grew by only 2.0% in 2012.

The Fed's Beige Book report showed that the nation's economy expanded in all 12 bank districts in March, but higher payroll taxes and gasoline prices, federal spending cuts and colder weather crimped activity in several regions. The FOMC projects that the mid-point of the central tendency for GDP growth to be 2.55% in 2013 and 3.15% in 2014.

Long-term interest rates were lower in the month of April, The bellwether 10-year Treasury note ended the month yielding 1.70% down from 1.85% at the close of March. At month-end, the 30-year bond yield was 2.88% with the 3-month T-bill at 0.05%. The Barclays Capital US Aggregate Index was up by +1.01% in March.

The Federal Reserve minutes in April showed a few policymakers expected to taper the pace of asset purchases by mid-year and end them later this year, while other expected to slow the pace a bit later. On the economic front, the following key data was released in April:

THE GOOD

*Markit's U.S. Manufacturing Purchasing Managers Index averaged 54.9 in the first quarter, above the 52.6 average recorded in the fourth quarter of last year and the best quarterly showing since 2012.

*The Commerce Dept, reported that construction spending in February grew +1.2%.

*The Commerce Dept. reported that factory orders jumped 3.0% in February to make the largest gain in five months primarily because of an increase in aircraft orders.

*Chrysler's vehicle sales increased 5% in March; Toyota's grew 1%, GM's jumped 6.4% and Ford's rose 5.7%. Edmonds.com raised its full-year U.S. car sales forecast from 15 million to 15.5 million vehicles, a level the industry has not seen since 2007.

*CoreLogic reported that U.S. home prices rose 10.2% in February from the same period in the prior year, the fastest year-over-year pace since 2006.

*The U.S. trade deficit unexpectedly narrowed to \$43 billion in February as exports rose close to an all-time high.

*The producer price index fell -0.6% in March compared with February, reflecting a -6.8% plunge in gas prices.

*The consumer price index fell by -0.2% in March from February and in the 12-months through March, consumer prices rose +1.5%, the smallest increase since last July.

*The Commerce Dept. reported that housing starts rose +7.0% last month to a 1.04 million-unit annual rate, the highest since 2008.

*The median price for an existing home rose +11.8% to \$184,300 in March, the largest increase since November 2005.

*The Commerce Dept. reported that new single-family homes sales rose 1.5% in March.

THE NOT SO GOOD

*The Institute of Supply Management's index of nonmanufacturing activity fell to 54.4 in March from 56.0 in February.

*Health care spending in the U.S. averaged \$6,815 per person in 2009.

*U.S. retailers reported that revenues rose a modest 1.6% during March as shoppers held back on spending because of cold weather across the nation,

*Retail sales declined a seasonally adjusted -0.4% in March, the Commerce Dept. announced. That followed a 1.0% gain in February.

*Worldwide shipments of PCs fell by 14% in the 1st quarter versus a year ago.

*Markit's preliminary Manufacturing Purchasing Managers Index (PMI) fell to 52.0 in April from 54.6 in March, the slowest reading since last October.

*The Commerce Dept. reported that durable goods orders slumped -5.7% in March as demand fell almost across the board.

*The Conference Board's index of leading economic indicators fell by -0.1% in March, its first decline since last August.

*The Commerce Dept. reported that consumer spending rose by just +0.2% in March after a +0.7% increase in February.

*The Labor Dept. reported that wages and salaries, which account for 70% of employment costs, increased 0.5% in the first quarter, up from a 0.3% gain in the 4th quarter.

The Conference Board reported that its index of consumer attitudes rose to 68.1 in April.

NON-U.S. MARKETS

The preliminary GDP print for the UK was a modest positive surprise, showing a +0.3% gain for the quarter. The Bank of England made no change to monetary policy in April. The decision left the policy rate at 0.50% (where it has been since March 2009) and the asset purchase target at £375 billion (where it has been since last July).

As expected, the European Central Bank left administered interest rates unchanged in April, thereby keeping the minimum bid rate at 75 basis points and the deposit rate (which forms the floor of the overnight rate) at zero percent. Unemployment across the 17 European Union countries that use the euro reached 12% for the first time since the currency was launched in 1999.

France's finance minister is warning that the country will barely grow this year, predicting +0.1%. Spain slashed its economic forecasts and said it will take two years longer than promised to cut its swollen deficit.

The cost of bailing out Cyprus has risen to \$30 billion, considerably more than originally projected. Cyprus officials agreed to sell around \$500 million in excess gold reserves to contribute to the country's bailout.

Eurozone finance ministers agreed to give Ireland and Poland an additional seven years to repay loans from the European Union.

The Bank of Japan announced a substantial amount of monetary stimulus promising to inject \$1.4 trillion into its economy in less than two years designed to achieve the 2.0% inflation target. Japan's consumer price index fell -0.9% in March from a year earlier, underlining the challenge of ending a long spell of deflation.

China's economy grew 7.7% in the 1st quarter over the same period a year ago and was down from the previous quarter's 7.9%. China swung to a trade deficit of \$880 million in March as imports surged 14.1% from a year earlier. Fitch downgraded China's long-term local currency sovereign debt from AA- to A+ in April.

Non-U.S. equities were higher in April. The MSCI ACWI Ex-U.S. was up +3.68% (US dollars) in April. Developed stocks (EAFE) were up +5.21% while Emerging Markets gained +0.75% for the month.

CONCLUSION

The U.S. Federal Reserve has printed enough money to offset the contraction in the private sector credit. The continued easing by the Fed has contributed to normalization in real economic activity and a reversal of the initial decline following the crisis. Core inflation continues to run at a moderate pace of just under 2%, consistent with what it has averaged over the past fifteen years and close to the Fed's desired inflation rate. As the fiscal drag fades later this year, the Fed may be able to start gradually pulling back on stimulation.

Japan has been mired in an ugly deflationary environment for 20 years, but recent monetary and fiscal policy shifts may finally allow Japan to break its deflationary cycle.

Europe has been contracting for about 18 months. Levels of activity remain depressed and inflation is low and falling. Economic conditions probably remain weak enough to justify additional stimulation. As a backdrop to the economic activity in developed markets, global interest rates continue to be at historical low levels. Investors with seemingly little choice or desire to invest in bonds at these low yield levels are increasingly investing in equities and higher yielding instruments.

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Apr-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	1.64	7.02	12.89	17.21	10.09	12.78	5.63	5.22	8.48
Russell TOP 200 Index	2.03	7.19	12.36	16.30	11.00	12.58	4.80	4.92	7.11
Russell TOP 200 Growth Index	2.39	7.55	11.36	11.91	11.05	13.44	6.69	6.64	7.27
Russell TOP 200 Value Index	1.69	6.84	13.34	20.89	10.95	11.69	2.84	3.18	6.97
S&P 500 Index	1.93	7.18	12.74	16.89	10.66	12.80	5.21	5.10	7.88
Russell 1000 Index	1.81	7.16	12.97	17.17	10.45	12.91	5.49	5.29	8.32
Russell 1000 Growth Index	2.12	7.27	11.87	12.60	9.90	13.44	6.66	6.42	8.08
Russell 1000 Value Index	1.51	7.05	14.01	21.80	10.93	12.35	4.17	4.04	8.42
Russell Mid-Cap Index	1.28	7.08	14.41	19.20	9.16	13.70	7.24	6.27	11.63
Russell Mid-Cap Growth Index	1.47	6.58	13.15	14.42	7.39	13.68	6.79	6.10	10.96
Russell Mid-Cap Value Index	1.12	7.51	15.49	23.66	10.75	13.70	7.49	6.14	11.88
Russell 2000 Index	-0.37	5.38	11.98	17.69	6.15	11.25	7.27	4.53	10.47
Russell 2000 Growth Index	-0.66	5.52	12.47	15.67	5.15	12.94	7.81	5.14	10.53
Russell 2000 Value Index	-0.10	5.25	11.52	19.71	7.17	9.58	6.60	3.81	10.28
DJ US REIT Index	3.34	6.98	10.62	13.56	11.97	15.57	5.50	5.20	12.04
DJ-UBS US Commodity Index TR	-4.27	-7.56	-5,34	-6.77	-13.33	-0.68	-8.56	-2.69	3.29
DJ-UBS US Gold Index TR	-12.73	-16.31	-17.10	-16.95	-6.07	4.91	9.07	10.35	14.19

Non-US Indices Trailing Performance

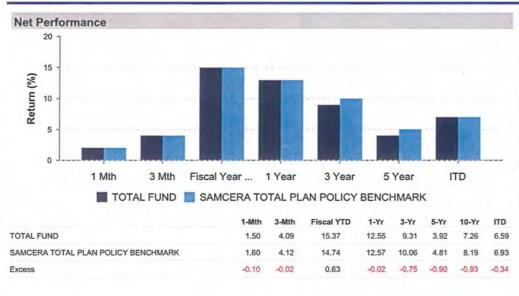
Annualized Performance to Date: Ending Apr-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	3.77	2.96	7.16	14.69	0.19	6.47	-0.38	2.91	10.80
MSCI AC World Index	2.92	4.89	9.75	15.69	4.72	9.32	2.09	3.94	9.30
MSCI EAFE Index	5.33	5.27	10.84	19.96	2.53	7.96	-0.44	2.16	9.72
MSCI Emerging Markets index	0.79	-2.15	-0.79	4.34	-4.36	3.44	-0.02	5.81	16.50
ML Global Government Bond Ex. U.S. Index	-0.51	-2.23	-5.28	-7.24	-1.75	3.81	3.96	5.67	5.33
Euro	2.67	-2.87	0.00	-0.39	-5.73	-0.28	-3.27	0.65	1.68
Japanese Yen	-3.48	-6.31	-11.24	-18.03	-8.73	-1.18	1.42	2.30	2.04
UK Pound Sterling	2.50	-1.83	-4.25	-4.15	-3.40	0.56	-4.71	-2.19	-0.27

US Fixed Income Indices Trailing Performance

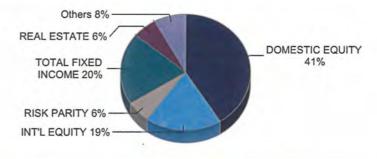
Annualized Performance to Date:	1	3	YTD	1	2	3	5	7	10
Ending Apr-13	Month	Months	TID	Year	Years	Years	Years	Years	Years
ML 3-month T-bill Total Return Index	0.01	0.03	0.03	0.12	0.09	0.11	0.33	1.56	1.75
BarCap Aggregate Bond Index	1.01	1.60	0.89	3.68	5.59	5.51	5.72	6.12	5.04
ML U.S. Corp/Govt Master Index	1.26	1.95	1.10	4.66	6.55	6.19	5.91	6.27	5.10
ML U.S. Corporate Master Index	1.70	2.49	1.75	8.24	8.43	8.14	7.99	7.28	6.03
BarCap Mortgage Backed Securities Index	0.53	0.99	0.48	1.85	3.78	4.15	5.24	5.86	4.99
ML U.S. High Yield Master Index	1.86	3.39	4.78	13.98	9.51	10.79	10.70	9.20	9.41
IPM EMBI Global	2.83	1.92	0.47	11.61	12.30	11.30	10.21	9.63	10.29

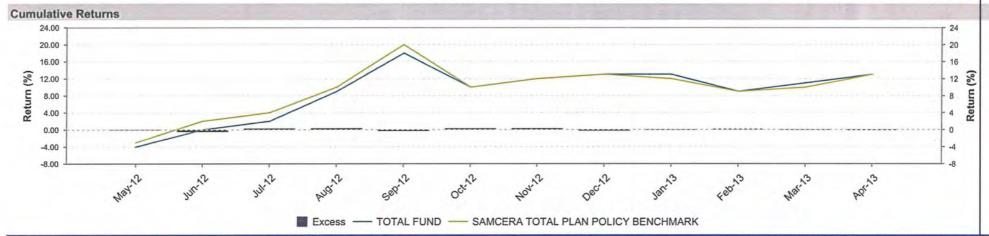
San Mateo County Total Fund Characteristics





	Ending Market Value (\$)	Allocation (%)
DOMESTIC EQUITY	1,132,915,129	40.6
INTERNATIONAL EQUITY	537,221,909	19.2
PRIVATE EQUITY	60,225,383	2.2
RISK PARITY	175,129,837	6.3
HEDGE FUND	71,725,791	2.6
COMMODITIES	71,891,419	2.6
FIXED INCOME	569,099,242	20.4
REAL ESTATE	158,833,035	5.7
CASH	13,949,442	0.5
TOTAL FUND	2,790,991,188	100.0





San Mateo County Composite Return Summary





San Mateo County Composite Return Summary



CompositeTotal Returns (Gross)											
	Market Value (\$)	1 Mth	3 Mth	YTD	FYTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
Commodities	71,891,419	-2.99	-6.76	-3.92	2.85	-0.87					-2.40
DJ-UBS COMMODITY		-2.80	-6.15	-3.90	-1.31	-5.41					-10.69
Excess		-0.19	-0.61	-0.02	4.16	4.54					8.30
Total Real Estate	158,833,035	0.00	3.25	3.25	9.44	11.30	15.51	-0.27	3.65	7.45	7.81
SAMCERA NCREIF NFI ODCE EW (Gross)		0.00	2.57	2.57	8.11	10.98	14.82	-0.54	3.70	6.98	7.75
Excess		0.00	0.69	0.69	1.34	0.32	0.69	0.27	-0.05	0.46	0.06
Total Cash	13,949,442	0.02	0.11	0.16	0.40	0.51	0.77	0.16	1.34	1.81	2.45
91 DAY TREASURY BILL		0.01	0.03	0.03	0.10	0.12	0.11	0.33	1.58	1.77	2.38
Excess		0.01	0.08	0.13	0.30	0.38	0.66	-0.17	-0.24	0.04	0.07



Manager Returns (Gross)											
	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
TOTAL EQUITY	1,670,137,038	1.96	5.91	20.26	10.61	15.32	10.07	2.92	3.09	8.05	7.46
SAMCERA TOTAL EQUITY BENCHMARK		2.15	5.48	20.87	10.85	16.51	10.50	3.85	4.40	9.09	7.77
Excess		-0.19	0.43	-0.61	-0.24	-1.19	-0.43	-0.94	-1,31	-1.04	-0.31
TOTAL DOMESTIC EQUITY	1,132,915,129	1.17	6.64	19.51	11.54	15.26	11.94	5.04	3.74	7.95	7.79
SAMCERA DOMESTIC EQUITY BENCHMARK		1.37	6.80	20.22	12.77	17.30	12.62	5.90	5.19	8.80	8.02
Excess		-0.21	-0.16	-0.71	-1.23	-2.04	-0.67	-0.86	-1.45	-0.85	-0.22
LARGE CAP COMPOSITE	941,313,911	1.70	7.14	19.60	12.08	15.39	11.63	4.70	3.99	7.68	8.51
RUSSELL 1000 INDEX		1.81	7.16	20.24	12.97	17.17	12.91	5.49	5.29	8.32	8.85
Excess		-0.11	-0.02	-0.64	-0.89	-1.78	-1.28	-0.79	-1.30	-0.64	-0.34
DE SHAW INVESTMENT MGT, LLC	145,061,590	1.55	7.51	20.96	13.35	17.24	13.30				17.28
RUSSELL 1000 INDEX		1.81	7.16	20.24	12.97	17.17	12.91				16.51
Excess		-0.26	0.36	0.72	0.38	0.07	0.39				0.78
BARROW HANLEY	149,648,528	2.31	8.27	23.04	13.86	20.04	12.56				16.37
Russell 1000 Value Index		1.51	7.05	23.27	14.01	21.80	12.35				16.45
Excess		0.79	1.22	-0.23	-0.15	-1.76	0.21				-0.08
BLACKROCK LARGE GROWTH	0										
Russell 1000 Growth Index		2.12									
Excess											
BLACKROCK S&P 500	502,809,545	1.93	7.19								7.19
S&P 500		1.93	7.18	7.18							7.18
Excess		0.00	0.00								0.00
SMALL CAP COMPOSITE	191,601,217	-1.23	4.39	20.58	10.87	16.11	13.58	6.46	2.71	8.96	6.11
RUSSELL 2000 INDEX		-0.37	5.38	20.05	11.98	17.69	11.25	7.27	4.53	10.47	6.79
Excess		-0.87	-0.99	0.53	-1.11	-1.58	2.33	-0.81	-1.83	-1.52	-0.68



Manager Returns (Gross)											
	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
BOSTON COMPANY ASSET MGT, LLC	96,000,052	-0.98	4.36	22.15	10.99	18.84	10.86				17.30
RUSSELL 2000 VALUE INDEX		-0.10	5.25	21.64	11.52	19.71	9.58				16.38
Excess		-0.88	-0.89	0.51	-0.53	-0.87	1.28				0.92
CHARTWELL INVESTMENT MGMT	95,600,589	-1.50	4.42	20.68	11.36	14.29	16.46	7.37	5.55		8.09
RUSSELL 2000 GROWTH		-0.66	5.52	18.44	12.47	15.67	12.94	7.81	5.14		6.86
Excess		-0.84	-1.11	2.24	-1.10	-1.38	3.52	-0.45	0.41		1.23
TOTAL INTERNATIONAL EQUITY	537,221,909	3.59	4.27	21.61	8.57	15.15	5.83	-1.89	1.66	8.84	5.97
MSCI AC WORLD ex US (GROSS)		3.77	2.96	21.98	7.16	14.69	6.47	-0.38	2.91	10.80	5.86
Excess		-0.18	1.31	-0.37	1.40	0.46	-0.63	-1.51	-1.25	-1.96	0.11
BAILLIE GIFFORD OVERSEAS LIMITED	182,214,043	3.41	5.89	26.30	11.28	18.27					18.27
MSCI ACWI ex US GROWTH (GROSS)		3.15	4.15	21.78	7.87	13.52					13.52
Excess		0.26	1.74	4.52	3.41	4.75					4.75
EATON VANCE MANAGEMENT	63,544,605	1.15	-1.14	13.53	1.17	6.44					4.55
MSCI Em Markets (USD) GDR		0.79	-2.15	13.04	-0.79	4.34					2.88
Excess		0.36	1.01	0.49	1.96	2.10					1.67
MONDRIAN INVESTMENT PARTNERS	230,990,826	4.70	4.35	19.74	8.78	15.50	7.51	0.19	3.21		6.67
MSCI ACWI EX US VALUE (GROSS)		4.43	1.76	22.19	6.45	15.86	5.77	-0.43	2.63		6.52
Excess		0.28	2.59	-2.44	2.33	-0.36	1.74	0.62	0.58		0.15
PYRAMIS	57,757,681	2.62	5.39	25.72	8.62	15.01					13.70
MSCI ACWI ex US Small Cap Gross		2.75	4.99	24.89	9.54	14.84					12.81
Excess		-0.13	0.40	0.83	-0.92	0.17					0.89
TOTAL FIXED INCOME	569,099,242	1.37	2.41	9.54	2.86	10.14	8.88	8.03	7.09	5.92	6.42
SAMCERA TOTAL FIXED INCOME BENCHMARK		1.26	1.48	3.59	0.70	4.30	6.26	6.17	6.44	5.27	5.88
Excess		0.11	0.93	5.95	2.16	5.85	2.62	1.85	0.65	0.66	0.54



Manager Returns (Gross)											
	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
ANGELO GORDON GECC PPI FUND	794,945	8.95	13.16	40.94	18.31	44.91	21.16				25.23
Barclays BA Intermediate High Yield Index		1.71	2.84	10.93	3.71	12.13	10.42				11.67
Excess	*	7.24	10.31	30.02	14.60	32.78	10.74				13.56
ANGELO GORDON MANAGEMENT	23,984,786	0.00	0.57		0.57						0.57
Barclays BA Intermediate High Yield Index		1.71	2.84		3.71						4.80
Excess		-1.71	-2.27		-3.14						-4.23
PYRAMIS GLOBAL ADVISORS	150,966,606	1.12	1.85	4.11	1.33	5.43	6.80	7.45	6.69		6.37
Barclays Aggregate Bond		1.01	1.60	2.71	0.89	3.68	5.51	5.72	6.12		5.79
Excess		0.11	0.25	1.40	0.44	1.76	1.29	1.72	0.57		0.58
WESTERN ASSET MGMT	121,446,370	1.14	1.95	5.79	1.56	7.14	7.87	7.74	6.91		6.17
Barclays Aggregate Bond		1.01	1.60	2.71	0.89	3.68	5.51	5.72	6.12		5.22
Excess		0.13	0.35	3.09	0.67	3.47	2.36	2.01	0.79		0.95
BRIGADE CAPITAL MANAGEMENT	61,083,315	1.45	3.01	13.61	4.76	14.32					11.77
Barclays BA Intermediate High Yield Index		1.71	2.84	10.93	3.71	12.13					10.62
Excess		-0.26	0.17	2.68	1.05	2.20					1.15
BROWN BROTHERS HARRIMAN & CO	84,366,227	0.89	1.45	4.06	0.68	5.28					8.71
Barclays US TIPS Index		0.96	1.23	3.39	0.46	4.68					8.43
Excess		-0.07	0.22	0.66	0.22	0.60					0.28
FRANKLIN TEMPLETON INVESTMENTS	126,455,266	2.23	3.90	19.31	5.94	16.53					10.61
Barclays Multiverse		1.44	0.27	2.52	-0.55	1.95					4.20
Excess		0.79	3.63	16.79	6.49	14.58					6.41
TOTAL PRIVATE EQUITY	60,225,383	-0.78	1.01	0.88	1.28	8.77					-61.35
PRIVATE EQUITY BENCHMARK		1.88	7.80	23.17	13.98	20.68					18.71
Excess		-2.66	-6.79	-22.29	-12.69	-11.91					-80.06



Manager Returns (Gross)											
	\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
TOTAL RISK PARITY	175,129,837	1.61	5.34	16.86	6.12	15.71					12.10
RISK PARITY BENCHMARK		1.39	4.84	12.98	7.99	11.78					9.17
Excess		0.22	0.50	3.88	-1.88	3.93					2.93
AQR GLOBAL RISK PREM III LP	175,129,837	1.61	5.38	16.93	6.19	15.78					12.13
RISK PARITY BENCHMARK		1.39	4.84	12.98	7.99	11.78					9.17
Excess		0.22	0.54	3.96	-1.81	4.01					2.97
HEDGE FUND COMPOSITE	71,725,791	3.48	2.83	8.20	4.15	8.24					4.01
LIBOR + 4%		0.34	1.03	3.50	1.38	4.23					4.25
Excess		3.14	1.80	4.70	2.76	4.01					-0.23
AQR DELTA FUND II, L.P.	71,725,791	3.48	2.92	8.38	4.32	8.42					4.10
LIBOR + 4%		0.34	1.03	3.50	1.38	4.23					4.25
Excess		3.14	1.89	4.88	2.94	4.19					-0.14
TOTAL COMMODITIES	71,891,419	-2.99	-6.76	2.85	-3.92	-0.87					-2.40
DJ-UBS COMMODITY		-2.80	-6.15	-1.31	-3.90	-5.41					-10.69
Excess		-0.19	-0.61	4.16	-0.02	4.54					8.30
SSGA MULTISOURCE ACT COMM NL	71,891,419	-2.99	-6.76	2.85	-3.92	-0.87					-2.40
DJ-UBS COMMODITY		-2.80	-6.15	-1.31	-3.90	-5.41					-10.69
Excess		-0.19	-0.61	4.16	-0.02	4.54					8.30
TOTAL REAL ESTATE	158,833,035	0.00	3.25	9.44	3.25	11.30	15.51	-0.27	3.65	7.45	7.81
SAMCERA NCREIF NFI ODCE EW (Gross)		0.00	2.57	8.11	2.57	10.98	14.82	-0.54	3.70	6.98	7.75
Excess		0.00	0.69	1.34	0.69	0.32	0.69	0.27	-0.05	0.46	0.06
NVESCO REAL ESTATE	158,833,035	0.00	3.25	9.44	3.25	11.30	15.51	-0.27	3.65		6.55
SAMCERA NCREIF NFI ODCE EW (Gross)		0.00	2.57	8.11	2.57	10.98	14.82	-0.54	3.70		6.22
Excess		0.00	0.69	1.34	0.69	0.32	0.69	0.27	-0.05		0.33

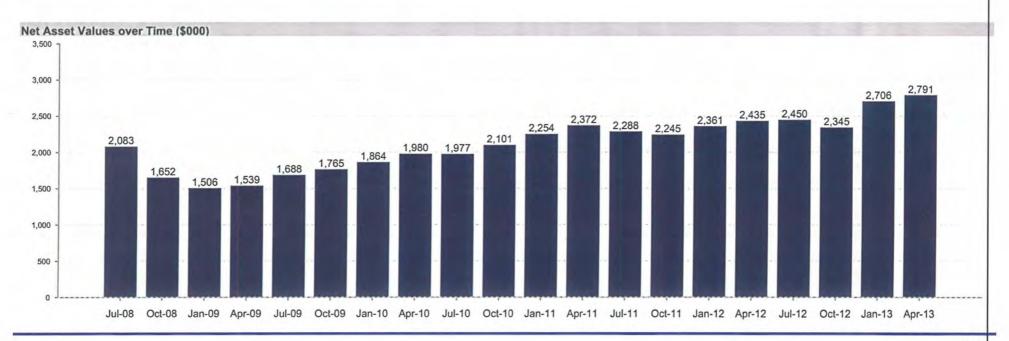


Manager Returns (Gross)												
		\$ EMV	1 Mth	3 Mth	FYTD	Cal YTD	1 Year	3 Year	5 Year	7 Year	10 Year	ITD
TOTAL CASH		13,949,442	0.02	0.11	0.40	0.16	0.51	0.77	0.16	1.34	1.81	2.45
91 DAY TREASURY BILL			0.01	0.03	0.10	0.03	0.12	0.11	0.33	1.58	1.77	2,38
Excess			0.01	0.08	0.30	0.13	0.38	0.66	-0.17	-0.24	0.04	0.07
SAMCERA GENERAL ACCOUNT		14,176,417	0.01	0.03	0.15	0.05	0.18	0.26	0.54	1.82	1.94	2.50
SAMCERA TREASURY & LAIF	2	-226,974	0.06	0.16	0.58	0.21	0.72	0.96	0.08	1.19	1.71	3.22
TOTAL FUND		2,790,991,188	1.51	4.17	15.68	7.48	12.95	9.72	4.18	4.28	7.40	6.68
SAMCERA TOTAL PLAN POLICY BENCHMARK			1.60	4.12	14.74	7.49	12.57	10.06	4.81	5.37	8.19	6.93
Excess			-0.09	0.05	0.94	-0.01	0.38	-0.34	-0.64	-1.08	-0.79	-0.25

San Mateo County Accounting Change in Market Value Details

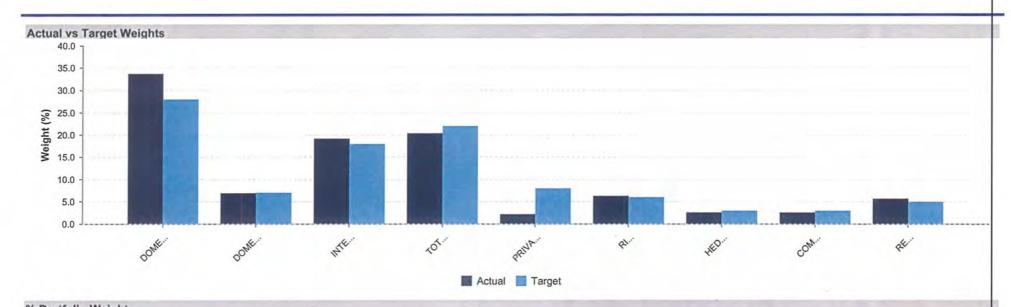


Record of Asset Growth		
	One Quarter	One Year
TOTAL FUND		
Beginning Market Value	2,706,448,281	2,435,465,840
Contributions	452,804,488	2,349,523,726
Withdrawals	479,896,886	2,513,655,491
Income Received	9,998,108	45,461,922
Gain/Loss	101,637,197	274,961,848
Ending Market Value	2,790,991,188	2,790,991,188



San Mateo County Asset Allocation





% Portfolio Weight					
	Min	Actual	Target	Deviation	Max
DOMESTIC LARGE CAP	26.0	33.7	28.0	5.7	30.0
BLACKROCK S&P 500	10.3	18.0	12.3	5.7	14.3
DE SHAW INVESTMENT MGT, LLC	3.3	5.2	5.0	0.2	7.3
BARROW HANLEY	3.3	5.4	5.1	0.3	7.3
BLACKROCK LARGE GROWTH	3.3	0.0	5.2	-5.2	5.3
DOMESTIC SMALL CAP	5.0	6.9	7.0	-0.1	9.0
BOSTON COMPANY ASSET MGT, LLC	1.5	3.4	3.5	-0.1	5.5
CHARTWELL INVESTMENT MGMT	1.5	3.4	3.5	-0.1	5.5
INTERNATIONAL EQUITY	15.0	19.2	18.0	1.2	21.0
BAILLIE GIFFORD OVERSEAS LIMITED	3.0	6.5	6.0	0.5	9.0
EATON VANCE MANAGEMENT	0.0	2.3	2.3	0.0	5.3
MONDRIAN INVESTMENT PARTNERS	5.0	8.3	8.0	0.3	11.0
PYRAMIS	0.0	2.1	1.8	0.3	4.8

San Mateo County Asset Allocation

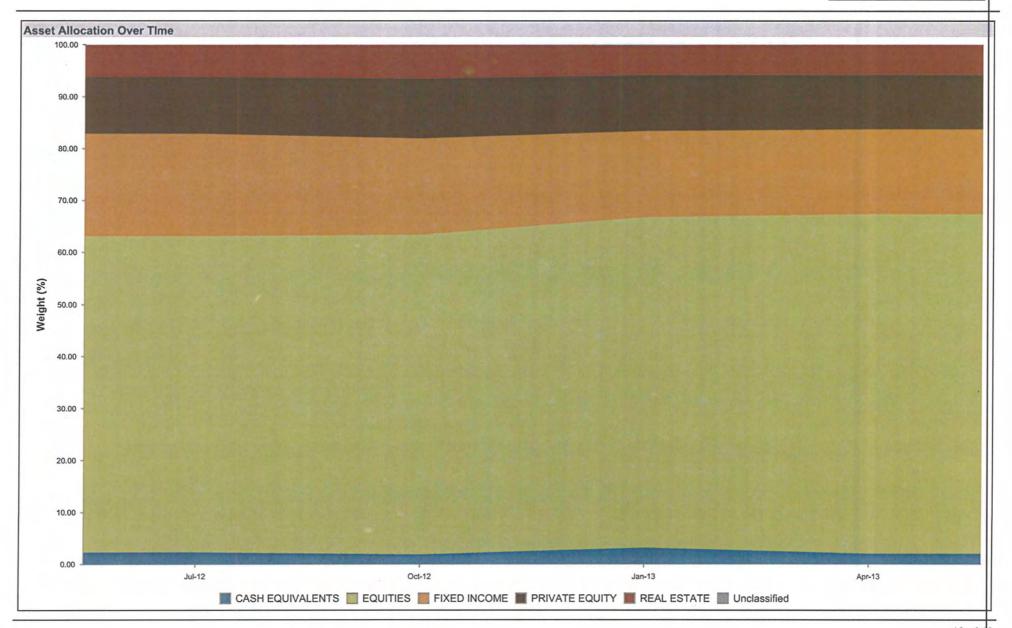


% Portfolio Weight					
	Min	Actual	Target	Deviation	Max
TOTAL FIXED INCOME	19.0	20.4	22.0	-1.6	25.0
ANGELO GORDON	0.0	0.9	1.8	-0.9	3.8
BRIGADE CAPITAL MANAGEMENT	0.0	2.2	1.8	0.4	3.8
BROWN BROTHERS HARRIMAN & CO	1.1	3.0	3.1	-0.1	5.1
FRANKLIN TEMPLETON INVESTMENTS	2.4	4.5	4.4	0.1	6.4
WESTERN ASSET MGMT	2.4	4.4	4.4	-0.0	6.4
PYRAMIS GLOBAL ADVISORS	4.6	5.4	6.6	-1.2	8.6
PRIVATE EQUITY	8.0	2.2	8.0	-5.8	8.0
RISK PARITY	6.0	6.3	6.0	0.3	6.0
AQR GLOBAL RISK PREM III LP	6.0	6.3	6.0	0.3	6.0
HEDGE FUNDS	3.0	2.6	3.0	-0.4	3.0
AQR DELTA FUND II, L.P.	3.0	2.6	3.0	-0.4	3.0
COMMODITIES	3.0	2.6	3.0	-0.4	3.0
SSGA MULTISOURCE ACT COMM NL	3.0	2.6	3.0	-0.4	3.0
REAL ESTATE	3.0	5.7	5.0	0.7	7.0
INVESCO REAL ESTATE	3.0	5.7	5.0	0.7	3.0

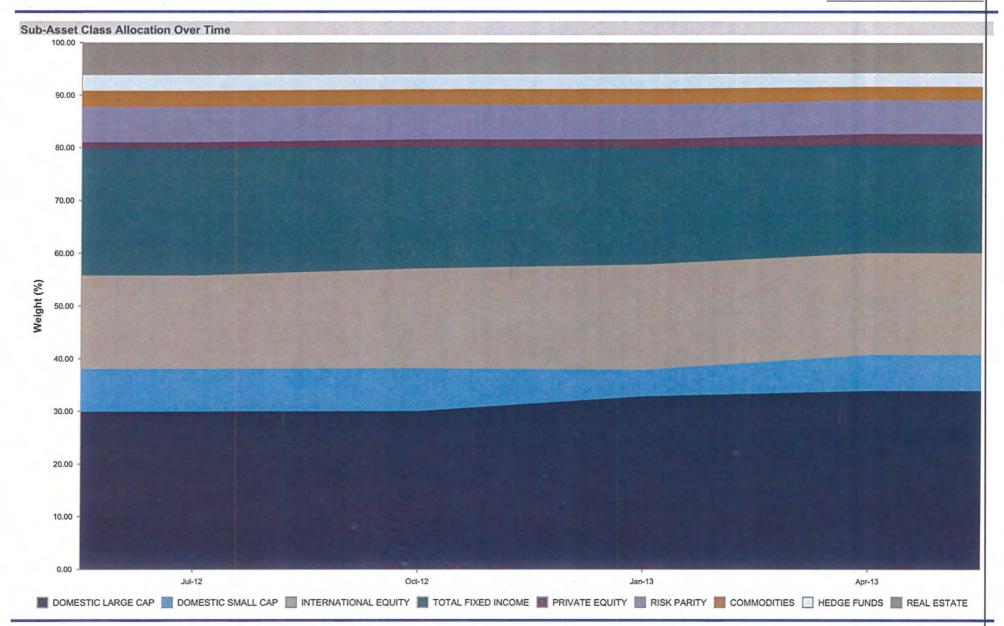
San Mateo County Asset Allocation Over Time

April 30, 2013









SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION Board of Retirement

May 28, 2013

Agenda Item 6.2

TO:

Board of Retirement

Lilibeth Dames for Michael Coultrip

FROM:

Michael Coultrip, Chief Investment Officer

SUBJECT:

Quarterly Investment Performance Report for the Period Ending March 31, 2013

Staff Recommendation:

Review Strategic Investment Solutions' Quarterly Performance Report for the period ending March 31, 2013.

Background:

There are a few additions to the report this quarter. First, to better see the sources of excess returns at the total fund level, there are now two views: Page 10 shows the current quarter total portfolio attribution at the summary portfolio composite level, while page 11 shows the current quarter total portfolio attribution at a more detailed sub-composite level. The next two pages show the same information but for the current fiscal year-to-date.

Next, to better see the impact of various manager strategies to their respective asset class composite, the manager level contribution to excess return is included for U.S. Equity (page 19), International Equity (page 49), and Fixed Income (page 86). Lastly, page 23 shows the market-capitalization stratification for the U.S. equity composite.

Discussion:

The net 1st quarter total return for the SamCERA portfolio was 5.9%, which was 10 bps higher than the 5.8% policy benchmark return. As can be seen on Pages 10 and 11, outperformance in our fixed income composite (driven by both our global and U.S. fixed income aggregates) was the main driver of the outperformance, followed by the international equity composite. Alternatives (private equity and to a lesser extent risk parity) were the main detractors during the quarter.

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

Attachments:

A. SIS Quarterly Performance Report Ending 3/31/2013



STRATEGIC INVESTMENT SOLUTIONS, INC.

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

	SECTION
Total Fund	1
US Equity	II
International Equity	Ш
Fixed Income	IV
Alternatives	V
Real Estate	VI
Appendix	

Capital Market Review

- Concerns over the U.S. sequestration and talk of a potential transition to a period of less Federal Reserve easing failed to halt U.S. equities, with the S&P 500 index rising 10.6% in the first guarter of 2013.
- Italian elections and the Cyprus "bail-in" led to a decline in sentiment for the euro and to higher spreads for Spanish sovereign debt, given the banking problems in Spain. The euro fell 2.6% against the dollar in the first guarter.
- The Bank of Japan (BoJ) increased its inflation target to 2% and expectations that new BoJ governor Haruhiko Kuroda would move to ease further were surpassed. These moves helped boost Japanese equities 11.7% in the first quarter, while the yen fell 7.9% against the dollar.
- With the uncertainty in Europe potentially spreading abroad, emerging market equities lagged returns in the developed markets. The MSCI EM Total Return Index declined 1.6% during the first quarter.
- Given improved investor confidence, safe-haven demand was subdued; Treasuries declined by about 0.2% in Q1. Meanwhile, in
 the currency markets, European political uncertainty and Bank of Japan easing led to a quarterly increase in the trade-weighted
 U.S. dollar index of 4.3%.
- The State Street Investor Confidence Index® (ICI) measures risk appetite by analyzing buying and selling patterns of institutional investors. As a result of declining confidence in the North American and European regions, the Global ICI fell 3.4 points to 88.0 in March, remaining well below the neutral level of 100. The decrease in confidence was most pronounced in North America, where institutional investors' appetite for equities fell 4.2 points to 95.5.
- For the period ending 3/31/13, the one quarter return for the NAREIT index was 8.19%, the one year return was 15.29%, and the three year return was 17.17%. For the NCREIF Property index (one quarter lag), the one quarter return was 2.54%; the one year return was 10.54%, and the three year return was 12.63%.
- Central banks have continued easy monetary policies and inflation remains low in developed economies. Investors are accepting
 of these conditions and policy makers appear to be determined to avoid systematic and/or catastrophic risk at all costs.
- Cap rates continue to be low for Tier I assets in gateway cities. Capital continues to flow into the market in search of yield; the CMBS market continues to recover, with issuance growing 45% from \$33 billion in 2011 to \$48 billion in 2012.

Executive Performance Summary

- The composite fund returned 5.9% in the first quarter of 2013 and ranked 10th among other public plans great than \$1 billion (median of 4.9%). It beat the policy index return of 5.8%. The one year return of 11.3% was ahead of the policy index return of 10.5% and ranked in 13th percentile of its peer universe. The three-year return of 9.7% (36th percentile) was above median among large public plans (9.5%).
- First quarter results were enhanced by the following factors:
 - 1. DE Shaw's return of 11.6% ranked in the top quartile among large cap core equity managers (10.7% median), and was ahead of its benchmark, the Russell 1000 Index (11.0%). Investments in the Consumer Discretionary and Energy sectors helped quarterly results. T Rowe Price was terminated in January, while proceeds went to start the BlackRock S&P 500 Index Fund.
 - 2. Baillie Gifford beat its benchmark, the MSCI EAFE Index (7.6% vs. 5.2%). It ranked in the top quartile among EAFE growth equity managers (median of 5.5%). Top contributors to performance were ASOS, a UK online fashion retailer, and a number of Japanese stocks (Shimano, Fast Retailing, Namco Bandai).
 - 3. Mondrian returned 3.9%, led the MSCI ACWI -ex US Value (1.9%) and ranked in the 45th percentile among its ACWI ex US Value equity peers (3.5% median). The portfolio was boosted by its overweight position in the strong Japanese market and underweight positions in the weak Korean and Canadian markets. Stock selection was positive in the UK, Netherlands and Australia.
 - 4. Eaton Vance beat the MSCI Emerging Markets Index (0.0% vs. -1.6%) and ranked in the third quartile among its peers (0.2% median). Contributing to quarterly performance were its structural underweight to China and overweight to UAE and Thailand.
 - 5. Franklin Templeton appreciated 3.6% and ranked in the top quartile among global bond managers (median of -0.3%). The Barclays Multiverse Index was down 2.0%. Currencies in Latin America, interest-rate exposures in Europe, and exposures to high yield corporate bonds increased positive results.

Executive Performance Summary (Cont'd)

- 6. The opportunistic credit high yield manager, Brigade Capital, beat its benchmark, the Barclays BBB Credit Index (3.3% vs. -0.2%). The median high yield quarterly return was 2.9%. Long high yield and leveraged loan positions were top contributors to performance during the quarter.
- 7. The Angelo Gordon GECC PPIP Fund appreciated 8.6% while the Barclays Aggregate was down 0.1%. The Fund carried approximately 100% RMBS assets. Distribution will occur in May. Angelo Gordon STAR return is not available for the first quarter.
- 8. Western Asset Management's quarter was above par. It carried a return of 0.4% and ranked above the core bond manager median of 0.1%. The Barclays Aggregate Index returned -0.1%. Its ABS and non-agency MBS exposure, and high yield and non-US allocations buoyed performance alpha.
- 9. The Pyramis Broad Market Duration Fund gained 0.2% and ranked in the 43rd percentile among core bond managers (median of 0.1%). The Barclays Aggregate Index was down 0.1% for the quarter. Sector overweight to and security selection within financial corporate bonds and positioning in CMBS proved positive.
- 10. Brown Brothers Harriman lost 0.2%, ahead of the Barclays US TIPS Index (-0.4%) and ranked in the second quartile among inflation linked bond accounts (median of -0.3%). Its yield curve strategies and positions in non-US inflation linked bonds were the lead drivers to relative results.
- 11. The Boston Company returned 11.8%, versus 11.6% for the Russell 2000 Value Index, and ranked in the 66th percentile among its small cap value peers (median 12.6%). Positive attributes include stock selection the Consumer Discretionary and Info Tech sectors. Jennison was terminated in January.
- 12. The INVESCO Core Real Estate-USA Fund returned 3.1% for the quarter and above par with the NCREIF ODCE Index (2.7%). The Value Add portfolio achieved appreciation of 6.6%. The Fund carried NOI growth of 6.7%.
- 13. The BlackRock Russell Growth 1000 Index Fund, 9.6%, ranked in the 35th percentile among large cap growth equity managers (median of 8.9%), and slightly led its benchmark (9.5%).

Executive Performance Summary (Cont'd)

- 14. Commodities manager SSgA Multisource beat its benchmark, DJ UBS Commodities Index (-1.0% vs. -1.1%). The S&P GSCI quarter return was 0.5%.
- 15. The Treasury and LAIF account added 0.2% during the quarter. The 91-Day T-Bill returned 0.0% during the same time period.
- First quarter results were hindered by the following factors:
 - 1. Private Equity investments appreciated 1.6% for the quarter. The Russell 3000 + 3% Index was up 11.7%.
 - 2. Risk parity manager AQR was up 4.5% while its custom benchmark returned 6.5%. First quarter gross return attribution is as follows: equity (2.8%), nominal interest rate (1.1%) and inflation (0.3%).
 - 3. Hedge fund strategy AQR DELTA Fund II trailed the LIBOR +4% (0.6% vs. 1.0%). It ranked in the bottom quartile among other hedge fund multi-strategy accounts (median of 2.9%). The three largest detractors are Emerging Markets (-1.1%), Managed Futures (-0.8%) and Enhanced Short Bias (-0.6%).
 - 4. The Pyramis Select International Small Cap quarterly portfolio result of 5.8% was below the MSCI ACWI ex US Small Cap (6.6%), and ranked in the 93rd percentile among ACWI –ex US small cap managers. Holdings in Australia and Japan held back relative performance. Info Tech (SDL International) and consumer discretionary (ElringKlinger) were two of the primary sector detractors.
 - 5. Chartwell gained less value, 12.9%, than the Russell 2000 Growth Index, 13.2%. Chartwell ranked in 51st percentile among small cap growth managers (median of 12.9%). Negative alpha was mainly derived from Healthcare (Impax Labs, Dynavax Technologies, Cyberonics) and Financials (PHH) stock selection.
 - 6. Barrow Hanley's return of 11.3% was behind the Russell 1000 Value Index (12.3%) and ranked in the third quartile among large cap value equity managers (median of 11.5%). Performance was dampened by its cash drag and security selection in the Consumer Staples (Imperial Tobacco), Info Tech and Healthcare (Cardinal Health) sectors.

	1 Qt	r	Fiscal '	YTD	1 Yea	ar	2 Yea	ar	3 Yea	ar	5 Yea	ar	10 Ye	ar
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TOTAL FUND - Gross	5.9	10	14.0	10	11.3	13	7.4	45	9.7	36	4.5	62	7.9	69
TOTAL FUND - Net	5.9		13.8		10.9		7.0		9.3		4.1		7.6	
Policy Index ¹	5.8	13	13.0	22	10.5	36	7.5	39	9.9	25	5.2	33	8.6	24
Allocation Index	5.7	18	12.6	36										
IFx Public DB > \$1B Gross Median	4.9		12.1		10.2		7.4		9.5		4.7		8.3	
TOTAL EQUITY	9.0	40	18.4	49	12.4	52	7.0	58	10.0	70	3.5	82	8.8	77
Blended Equity Index ²	8.5	54	18.3	55	12.8	44	7.1	56	10.3	59	4.5	56	9.8	45
IFx All DB Total Eq Gross Median	8.6		18.4		12.5		7.3		10.7		4.7		9.7	
US EQUITY COMPOSITE	11.0	56	18.9	40	13.7	62	9.6	68	12.6	67	5.9	74	8.8	80
80% Russell 1000/20% Russell 2000 ²	11.2	34	18.6	47	14.8	29	10.4	41	13.1	42	6.6	48	9.5	46
IFx All DB US Eq Gross Median	11.1		18.5		14.1		10.2		12.9		6.6		9.4	
LARGE CAP COMPOSITE 4	10.70		18.0		12.9		9.7		11.8		5.4		8.4	
Russell 1000 Index	11.0		18.1		14.4		11.1		12.9		6.2		9.0	
D.E. Shaw - Gross	11.6	25	19.1	32	14.9	31	13.5	8	13.6	22				
D.E. Shaw - Net	11.5		18.7		14.4		12.9		13.1					
Russell 1000 Index	11.0	45	18.1	42	14.4	36	11.1	44	12.9	36				
BlackRock S&P 500 Index - Gross ³ BlackRock S&P 500 Index - Net S&P 500 Index														
Barrow Hanley - Gross	11.3	55	20.3	46	15.6	54	10.3	57	12.4	49				
Barrow Hanley - Net	11.2		19.9		15.1		9.8		11.9					
Russell 1000 Value Index	12.3	30	21.4	33	18.8	18	11.6	36	12.7	42				
BlackRock R1000 Growth Index - Gross ³	9.6	35												
BlackRock R1000 Growth Index - Net	9.5													
Russell 1000 Growth Index	9.5	36												

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

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

² See Appendix for Benchmark History.

³ BlackRock LG transitioned to BlackRock R1000 Growth Index in October 2012. BlackRock S&P 500 Index funded in January 2013.

⁴ BlackRock R1000 Index and T Rowe Price terminated in January 2013.

	1 Qt	r	Fiscal '	YTD	1 Yea	ar	2 Yea	ar	3 Yea	ar	5 Yea	ar	10 Ye	ar
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
SMALL CAP COMPOSITE 5	12.8		22.7		17.1		9.8		15.9		7.9		10.1	
Russell 2000 Index	12.4		20.5		16.3		7.7		13.5		8.2		11.5	
The Boston Company - Gross	11.8	66	23.0	52	18.8	42	11.0	26	13.4	63				
The Boston Company - Net	11.6		22.3		17.9		10.0		12.5					
Russell 2000 Value Index	11.6	68	21.8	66	18.1	51	8.1	67	12.1	81				
Chartwell - Gross	12.9	51	22.4	25	15.6	34	10.3	24	18.5	16	8.8	61		
Chartwell - Net	12.7		21.7		14.8		9.5		17.6		8.0			
Russell 2000 Growth Index	13.2	45	19.2	48	14.5	45	7.4	58	14.7	64	9.0	57		
INTERNATIONAL EQUITY	4.8	21	17.4	63	9.7	50	1.2	59	4.3	75	-1.8	83	9.6	75
MSCI ACWI ex US Gross ²	3.3	56	17.5	58	8.9	63	0.8	69	4.9	63	0.1	49	11.4	32
MSCI EAFE Index Gross	5.2	12	20.0	18	11.8	17	2.9	25	5.5	43	-0.4	60	10.2	64
IFx All DB ex-US Eq Gross Median	3.5		17.9		9.6		1.5		5.3		0.0		10.8	
DEVELOPED MARKETS	5.5	21	18.1	62	10.4	52	1.6	56	4.5	69	-1.7	79	9.7	63
MSCI ACWI -ex US Gross	3.3	74	17.5	73	8.9	69	0.8	68	4.9	62	0.1	42	11.4	22
IFx All DB Dev Mkt ex-US Eq Gross Median	4.4		19.1		10.6		2.3		5.3		-0.2		9.9	
Baillie Gifford - Gross	7.6	22	22.1	25										
Baillie Gifford - Net	7.5		21.7											
MSCI EAFE Index Gross	5.2	52	20.0	56										
MSCI EAFE Growth Index Gross	6.8	<i>32</i>	20.2	50										
Mondrian - Gross	3.9	45	14.4	99	7.2	82	3.0	47	5.5	63	0.0	75		
Mondrian - Net	3.9		14.2		7.0		2.9		5.3		-0.2			
MSCI ACWI -ex US Value Gross	1.9	83	17.0	<i>82</i>	8.2	79	0.0	<i>72</i>	3.9	77	0.0	75		
MSCI ACWI -ex US Gross	3.3	59	17.5	78	8.9	76	0.8	66	4.9	<i>75</i>	0.1	74		
Pyramis Equity - Gross	5.8		22.5	64	12.0	91								
Pyramis Equity - Net	5.6		21.7		11.0									
MSCI ACWI -ex US Small Cap Gross	6.6	80	21.5	<i>78</i>	10.9	96								

² See Appendix for Benchmark History.

⁵ Jennison terminated in January 2013.

	1 Qtı	r	Fiscal `	YTD	1 Yea	ar	2 Yea	ar	3 Yea	ır	5 Yea	ar	10 Ye	ar
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
EMERGING MARKETS	0.0	58	12.2	80	3.7	58								
MSCI Emerging Markets Index Gross	-1.6	84	12.1	82	2.3	72								
IFx All DB Emg Mkt Eq Gross Median	0.2		14.2		5.0									
Eaton Vance Management - Gross	0.0	52	12.4	71	3.9	63								
Eaton Vance Management - Net	0.0		12.4		3.9									
MSCI Emerging Markets Index Gross	-1.6	78	12.1	<i>75</i>	2.3	72								
TOTAL FIXED INCOME	1.5	6	8.0	8	9.9	16	8.5	27	9.1	26	7.7	43	5.9	69
Blended Fixed Index ²	-0.5	81	2.3	79	4.3	81	6.3	71	6.2	72	5.8	74	5.2	80
IFx All DB Total Fix Inc Gross Median	0.3		4.0		7.5		7.3		7.6		7.4		6.4	
US FIXED INCOME	0.9	17	5.9	14	8.5	28	8.1	32	8.8	27	7.6	37	5.8	52
Blended US Fixed Index ²	-0.2	74	2.6	70	5.0	75	7.0	50	6.6	62	6.1	71	5.3	74
IFx All DB US Fix Inc Gross Median	0.3		3.4		6.5		7.0		7.1		6.8		5.8	
CORE FIXED ⁶	0.3		3.7		6.2		7.3							
Barclays Aggregate Index	-0.1		1.7		3.8		5.7							
Pyramis Bond - Gross	0.2	43	3.0	40	5.6	28	6.8	38	6.9	24	7.2	17		
Pyramis Bond - Net	0.2		2.9		5.4		6.6		6.7		7.0			
Western Asset - Gross	0.4	23	4.6	10	7.0	10	7.8	8	8.2	4	7.7	7		
Western Asset - Net	0.3		4.4		6.7		7.5		7.9		7.4			
Barclays Aggregate Index	-0.1	91	1.7	89	3.8	90	5.7	86	5.5	85	5.5	88		
TIPS														
Brown Brothers Harriman - Gross	-0.2	48	3.1	25	6.7	16	9.7	14						
Brown Brothers Harriman - Net	-0.2		3.0		6.5		9.6							
Barclays US TIPS Index	-0.4	61	2.5	81	5.7	57	8.9	47						

² See Appendix for Benchmark History.

⁶ Aberdeen Asset was terminated in October 2012.

	1 Qt	r	Fiscal '	YTD	1 Yea	ar	2 Yea	ır	3 Ye	ar	5 Ye	ar	10 Ye	ear
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
OPPORTUNISTIC CREDIT	3.4		16.0		18.2		10.4							
Barclays Credit BAA	-0.2		5.9		8.5		9.6							
Angelo Gordon PPIP - Net 7	8.6		29.9		32.7		14.5		20.2					
Angelo Gordon STAR - Net 78	0.0													
Barclays Aggregate Index	-0.1		1.7		3.8		5.7		5.5					
Brigade Capital - Gross	3.3	34	12.0	29	14.0	23	10.4	19						
Brigade Capital - Net	3.3		12.0		14.0		10.0							
Barclays Credit BAA Index	-0.2	99	5.9	97	8.5	92	9.6	48						
50% Barclays HY / 50% Bank Loan Index	2.6	69	9.1	81	10.7	81	7.6	90						
GLOBAL FIXED INCOME	3.6	1	16.7	1	15.2	1	9.4	15						
Barclays Multi-verse Index	-2.0	76	1.1	77	1.7	82	3.5	<i>85</i>						
IFx All DB Glbl Fix Inc Gross Median	0.0		6.1		7.3		7.3							
Franklin Templeton - Gross	3.6	2	16.7	1	15.2	1	9.4	12						
Franklin Templeton - Net	3.5		16.5		14.9		9.0							
Barclays Multi-verse Index	-2.0	77	1.1	81	1.7	81	3.5	76						
ALTERNATIVES	2.2		9.5		9.7		7.40							
Alternatives Allocation Index	4.5		8.7		7.1									
PRIVATE EQUITY	1.6	33	0.8	85	8.8	35	-3.3	98						
Russell 3000 + 3% Index	11.7	1	21.2	3	17.6	4	13.8	4						
IFx All DB Private Eq Net Median	0.0		4.0		6.5		8.0							
RISK PARITY														
AQR Global Risk Premium III - Gross	4.5		15.1		15.2		11.9							
AQR Global Risk Premium III - Net	4.4		14.7		14.7		11.5							
60/40 R3000/Barclays Aggregate Index	6.5		11.4		10.3		9.1							
HEDGE FUND	0.8	95	4.7	89	6.9	58								
Libor 1 Month +4% Index	1.0	94	3.1	95	4.2	89								
IFx All DB Hedge Funds Gross Median	3.7		8.9		7.2									

⁷ Returns are reported net of management fees only.
8 Funded in November 2012. Preliminary returns as of 12/31/12 (quarterly returns are not available at reporting period).

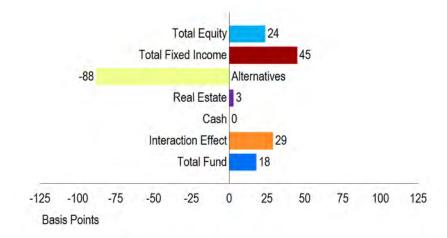
San Mateo County Employees' Retirement Association

Performance Summary

	1 Q	tr	Fiscal \	/TD	1 Yea	ar	2 Yea	ar	3 Yea	ar	5 Yea	ar	10 Ye	ear
	Return	Rank*	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
AQR DELTA Fund II - Gross	0.8		4.7		6.9									
AQR DELTA Fund II - Net 9	0.6	79	4.0	79	5.8	62								
Libor 1 Month +4% Index	1.0	<i>75</i>	3.1	84	4.2	68								
COMMODITY														
SSgA Multisource Commodity - Gross	-1.0		6.0		3.1									
SSgA Multisource Commodity - Net	-1.0		5.8		2.8									
DJ UBS Commodity Index	-1.1		1.6		-3.0									
S&P Goldman Sachs Commodity Index	0.5		8.5		-5.0									
REAL ESTATE	3.3	26	8.4	39	10.2	58	12.4	50	15.1	45	-0.5	40	7.5	15
NCREIF ODCE Index	2.7	37	8.0	45	10.8	45	12.7	43	15.1	45	-0.1	37	7.2	17
IFx All DB Real Estate Gross Median	2.5		7.8		10.6		12.4		14.2		-0.9		5.9	
Invesco - Gross	3.3		8.4		10.2		12.4		15.1		-0.5			
Invesco - Net	3.1		8.1		9.8		11.9		14.6		-0.9			
NCREIF ODCE Index	2.7	,	8.0		10.8		12.7		15.1		-0.1			
CASH														
General Account	0.0		0.1		0.2		0.3		0.3		0.6		2.0	
Treasury & LAIF	0.2		0.5		0.7		0.9		0.9		0.1		1.7	
CASH COMPOSITE	0.1		0.4		0.6		0.7		0.8		0.2		1.8	
91 Day T-Bills Index	0.0		0.1		0.1		0.1		0.1		0.2		1.6	

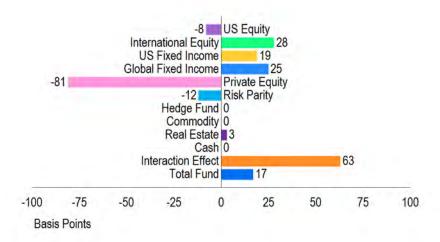
⁹ AQR Delta II is ranked against a net of fee universe.

Quarter Ending March 31, 2013



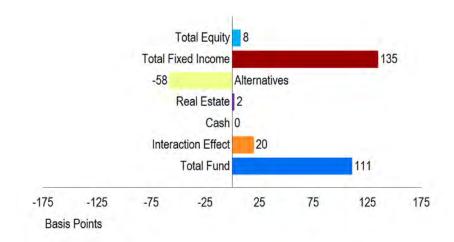
	Actual Return	Target Return	Relative Return	Selection Effect	Asset Allocation Effect	Interaction Effects	Total Effects
Total Equity	8.97%	8.50%	0.47%	0.24%	0.13%	0.03%	0.40%
Total Fixed Income	1.45%	-0.53%	1.98%	0.45%	0.03%	-0.01%	0.47%
Alternatives	2.24%	6.56%	-4.33%	-0.88%	-0.05%	0.27%	-0.65%
Real Estate	3.25%	2.68%	0.57%	0.03%	-0.03%	0.00%	0.00%
Cash	0.13%	0.02%	0.11%	0.00%	-0.05%	0.00%	-0.05%
Total	5.98%	5.80%	0.18%	-0.15%	0.04%	0.29%	0.18%

Quarter Ending March 31, 2013



	Actual Return	Target Return	Relative Return	Selection Effect	Asset Allocation Effect	Interaction Effects	Total Effects
US Equity	11.01%	11.25%	-0.24%	-0.08%	0.21%	-0.01%	0.12%
International Equity	4.80%	3.27%	1.54%	0.28%	-0.02%	0.01%	0.27%
US Fixed Income	0.86%	-0.17%	1.04%	0.19%	0.04%	-0.01%	0.23%
Global Fixed Income	3.62%	-1.96%	5.58%	0.25%	-0.02%	0.01%	0.25%
Private Equity	1.60%	11.75%	-10.15%	-0.81%	-0.36%	0.62%	-0.55%
Risk Parity	4.51%	6.52%	-2.01%	-0.12%	0.00%	-0.01%	-0.13%
Hedge Fund	0.81%	0.95%	-0.14%	0.00%	0.01%	0.00%	0.01%
Commodity	-0.96%	-1.13%	0.16%	0.00%	0.01%	0.00%	0.02%
Real Estate	3.25%	2.68%	0.57%	0.03%	-0.03%	0.00%	0.00%
Cash	0.13%	0.02%	0.11%	0.00%	-0.05%	0.00%	-0.05%
Total	5.97%	5.80%	0.17%	-0.26%	-0.20%	0.63%	0.17%

Fiscal YTD Ending March 31, 2013



	Actual Return	Target Return	Relative Return	Selection Effect	Asset Allocation Effect	Interaction Effects	Total Effects
Total Equity	18.43%	18.28%	0.15%	0.08%	0.21%	0.00%	0.29%
Total Fixed Income	8.04%	2.31%	5.73%	1.35%	0.00%	0.03%	1.38%
Alternatives	9.53%	12.42%	-2.89%	-0.58%	0.03%	0.16%	-0.39%
Real Estate	8.38%	8.00%	0.38%	0.02%	-0.06%	0.00%	-0.03%
Cash	0.42%	0.06%	0.36%	0.00%	-0.15%	0.00%	-0.14%
Total	14.06%	12.95%	1.11%	0.86%	0.04%	0.20%	1.11%

Fiscal YTD Ending March 31, 2013

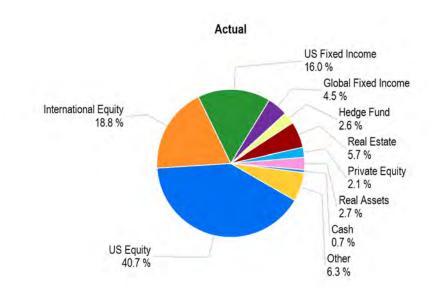


	Actual Return	Target Return	Relative Return	Selection Effect	Asset Allocation Effect	Interaction Effects	Total Effects
US Equity	18.86%	18.59%	0.27%	0.09%	0.20%	0.00%	0.29%
International Equity	17.37%	17.55%	-0.17%	-0.03%	0.02%	0.00%	-0.02%
US Fixed Income	5.94%	2.62%	3.32%	0.63%	0.02%	0.01%	0.66%
Global Fixed Income	16.70%	1.06%	15.64%	0.72%	-0.02%	0.02%	0.72%
Private Equity	0.77%	21.16%	-20.39%	-1.68%	-0.51%	1.36%	-0.83%
Risk Parity	15.08%	11.43%	3.65%	0.22%	-0.01%	0.01%	0.23%
Hedge Fund	4.74%	3.12%	1.62%	0.06%	0.02%	0.00%	0.07%
Commodity	6.03%	1.59%	4.44%	0.15%	0.00%	0.00%	0.15%
Real Estate	8.38%	8.00%	0.38%	0.02%	-0.06%	0.00%	-0.03%
Cash	0.42%	0.06%	0.36%	0.00%	-0.15%	0.00%	-0.14%
Total	14.05%	12.95%	1.10%	0.16%	-0.48%	1.42%	1.10%

San Mateo County Employees' Retirement Association

Asset Allocation Analysis

As of March 31, 2013



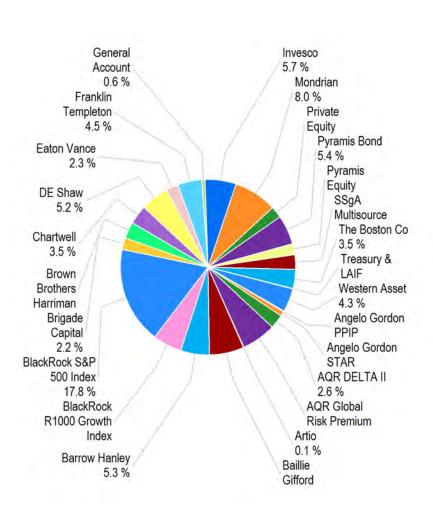
	Current Balance	Current Allocation
US Equity	\$1,124,165,795	40.7%
International Equity	\$518,607,556	18.8%
US Fixed Income	\$441,236,875	16.0%
Global Fixed Income	\$123,787,712	4.5%
Hedge Fund	\$71,725,781	2.6%
Real Estate	\$158,833,035	5.7%
Private Equity	\$58,587,680	2.1%
Real Assets	\$74,105,579	2.7%
Cash	\$18,113,836	0.7%
Other	\$175,129,777	6.3%
Total	\$2,764,293,626	100.0%

Tar	get
US Fixed Income 17.6 %	Global Fixed Income 4.4 %
	Hedge Fund 3.0 %
International Equity	Real Estate 5.0 %
18.0 %	Private Equity 8.0 %
	Real Assets 3.0 %
US Equity	Other
35.0 %	6.0 %

	Policy	Current Allocation	Difference
US Equity	35.0%	40.7%	5.7%
International Equity	18.0%	18.8%	0.8%
US Fixed Income	17.6%	16.0%	-1.6%
Global Fixed Income	4.4%	4.5%	0.1%
Hedge Fund	3.0%	2.6%	-0.4%
Real Estate	5.0%	5.7%	0.7%
Private Equity	8.0%	2.1%	-5.9%
Real Assets	3.0%	2.7%	-0.3%
Cash		0.7%	0.7%
Other	6.0%	6.3%	0.3%
Total	100.0%	100.0%	

Manager Allocation Analysis - Total Plan

As of March 31, 2013



	Actual \$	Actual %
Aberdeen Asset	\$1,727	0.0%
Angelo Gordon PPIP	\$4,045,745	0.1%
Angelo Gordon STAR	\$23,984,778	0.9%
AQR DELTA II	\$71,725,781	2.6%
AQR Global Risk Premium III	\$175,129,777	6.3%
Artio	\$2,678,746	0.1%
Baillie Gifford	\$176,210,270	6.4%
Barrow Hanley	\$146,274,800	5.3%
BlackRock LG	\$8	0.0%
BlackRock R1000 Growth Index	\$147,734,131	5.3%
BlackRock S&P 500 Index	\$493,299,990	17.8%
Brigade Capital	\$60,209,280	2.2%
Brown Brothers Harriman	\$83,621,582	3.0%
Chartwell	\$97,054,347	3.5%
DE Shaw	\$142,851,545	5.2%
Eaton Vance	\$62,821,854	2.3%
Franklin Templeton	\$123,787,712	4.5%
General Account	\$16,030,138	0.6%
Invesco	\$158,833,035	5.7%
Jennison	\$580	0.0%
Mondrian	\$220,616,053	8.0%
Private Equity	\$58,587,680	2.1%
Pyramis Bond	\$149,297,442	5.4%
Pyramis Equity	\$56,280,633	2.0%
SSgA Multisource Commodity	\$74,105,579	2.7%
T Rowe Price	\$4	0.0%
The Boston Co	\$96,950,390	3.5%
Transition 2	\$1	0.0%
Treasury & LAIF	\$2,083,698	0.1%
Western Asset	\$120,076,321	4.3%
Total	\$2,764,293,626	

Risk Statistics - Total Plan

Periods Ending March 31, 2013

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	9.7%	36	10.6%	85	0.9	80	-0.2	44	1.2%	12
Policy Index	9.9%	25	11.0%	91	0.9	84			0.0%	1
IFx Public DB > \$1B Gross Median	9.5%		9.1%		1.0		-0.2		2.3%	

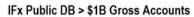
Statistics Summary

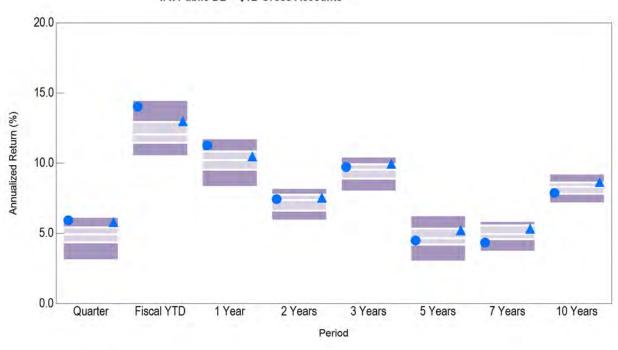
5 Years

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank	Information Ratio	Information Ratio Rank	Tracking Error	Tracking Error Rank
Total Fund	4.5%	62	13.4%	73	0.3	72	-0.5	84	1.6%	4
Policy Index	5.2%	33	14.2%	92	0.4	62			0.0%	1
IFx Public DB > \$1B Gross Median	4.7%		12.0%		0.4		-0.1		3.1%	

Total Returns - Total Plan

Periods Ending March 31, 2013



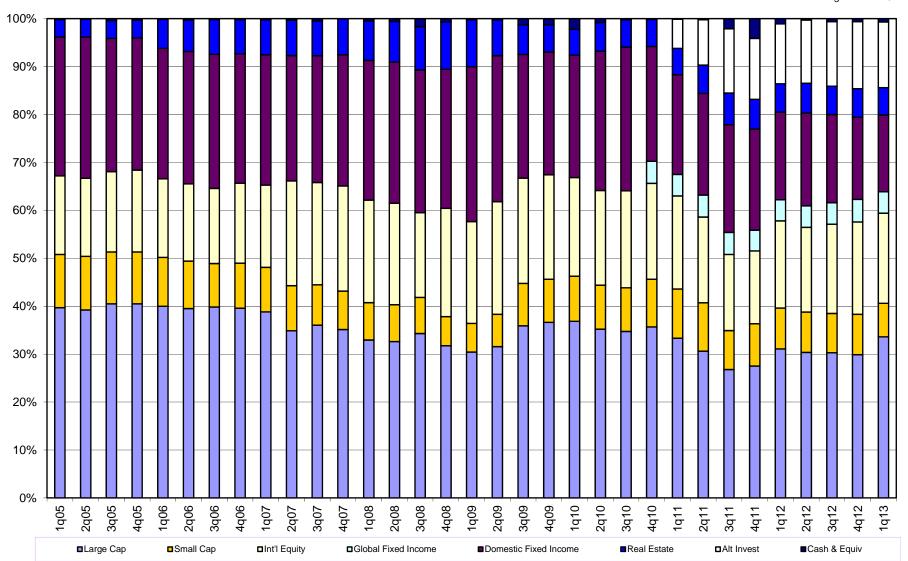


5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile
of Portfolios

Total FundPolicy Index

	(Rank)			44.0		0.0		40 E		0.0		FO		0.0	
6.2		14.5		11.8		8.2		10.5		6.3		5.9		9.3	
5.4		12.9		10.9		7.8		9.9		5.3		5.6		8.6	
4.9		12.1		10.2		7.4		9.5		4.7		4.9		8.3	
4.4		11.5		9.5		6.6		8.9		4.2		4.6		7.8	
3.1		10.5		8.3		5.9		8.0		3.0		3.7		7.1	
61		61		60		57		57		57		55		47	
5.9	(10)	14.0	(10)	11.3	(13)	7.4	(45)	9.7	(36)	4.5	(62)	4.3	(88)	7.9	(69)
5.8	(13)	13.0	(22)	10.5	(36)	7.5	(39)	9.9	(25)	5.2	(33)	5.3	(38)	8.6	(24)

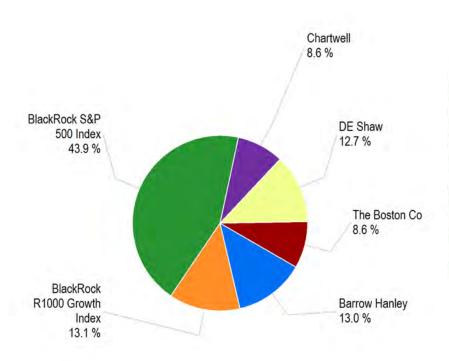
Asset Allocation History - Quarterly



San Mateo County Employees' Retirement Association

Manager Allocation Analysis - US Equity

As of March 31, 2013



Total	\$1,124,165,796	100.0%	-0.2%
Actual vs. Policy Weight Difference			-0.09%
Transition 2	\$1	0.0%	0.00%
The Boston Co	\$96,950,390	8.6%	0.01%
T Rowe Price	\$4	0.0%	0.00%
Jennison	\$580	0.0%	0.00%
DE Shaw	\$142,851,545	12.7%	0.09%
Chartwell	\$97,054,347	8.6%	-0.02%
BlacKRock S&P 500 Index	\$493,299,990	43.9%	0.00%
BlacKRock R1000 Growth Index	\$147,734,131	13.1%	0.00%
BlackRock LG	\$8	0.0%	0.00%
Barrow Hanley	\$146,274,800	13.0%	-0.18%
	Actual \$	Actual %	Manager Contribution to Excess Return %

Risk Statistics - US Equity

Periods Ending March 31, 2013

Statistics Summary

3 Years

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
US Equity	12.6%	16.6%	0.8	-0.4	1.1%
80% R1000/ 20% R2000	13.1%	16.2%	0.8		0.0%
Large Cap Equity	11.8%	16.0%	0.7	-1.0	1.1%
Russell 1000	12.9%	15.3%	0.8		0.0%
Barrow Hanley	12.4%	16.4%	0.8	-0.2	2.5%
Russell 1000 Value	12.7%	15.6%	0.8		0.0%
DE Shaw	13.6%	15.7%	0.9	0.4	1.7%
Russell 1000	12.9%	15.3%	0.8		0.0%
Small Cap Equity	15.9%	19.4%	0.8	0.8	3.0%
Russell 2000	13.5%	20.1%	0.7		0.0%
The Boston Co	13.4%	19.8%	0.7	0.4	3.0%
Russell 2000 Value	12.1%	19.8%	0.6		0.0%
Chartwell	18.5%	20.6%	0.9	0.8	4.5%
Russell 2000 Growth	14.7%	20.6%	0.7		0.0%

Risk Statistics - US Equity

Periods Ending March 31, 2013

Statistics Summary

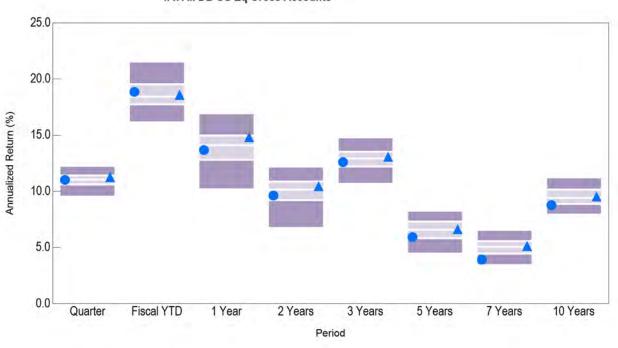
5 Years

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
US Equity	5.9%	20.6%	0.3	-0.6	1.2%
80% R1000/ 20% R2000	6.6%	20.2%	0.3		0.0%
Large Cap Equity	5.4%	19.6%	0.3	-0.6	1.2%
Russell 1000	6.2%	19.3%	0.3		0.0%
Small Cap Equity	7.9%	25.5%	0.3	-0.1	4.4%
Russell 2000	8.2%	24.4%	0.3		0.0%
Chartwell	8.8%	24.3%	0.4	0.0	5.2%
Russell 2000 Growth	9.0%	24.6%	0.4		0.0%

Total Returns - US Equity

Periods Ending March 31, 2013

IFx All DB US Eq Gross Accounts

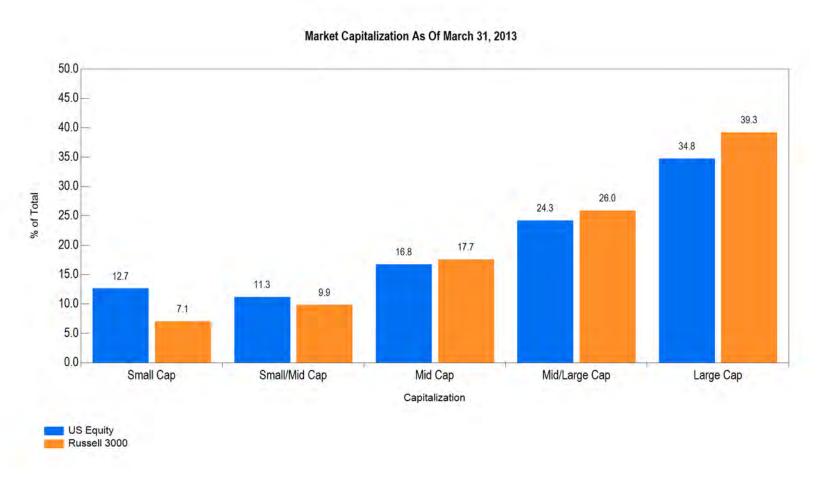


5	oth Percentile
2	25th Percentile
1	Median
7	5th Percentile
9	95th Percentile
#	of Portfolios
•	US Equity
A	80% R1000/ 20% R2000

12.3		21.5		16.9		12.2		14.8		8.3		6.5		11.2	
11.4		19.6		15.0		10.9		13.5		7.3		5.6		10.1	
11.1		18.5		14.1		10.2		12.9		6.6		5.0		9.4	
10.6		17.8		12.8		9.2		12.2		5.8		4.5		8.9	
9.5		16.2		10.2		6.7		10.7		4.4		3.4		7.9	
609		600		594		554		499		436		397		296	
11.0	(56)	18.9	(40)	13.7	(62)	9.6	(68)	12.6	(67)	5.9	(74)	3.9	(86)	8.8	(80)
11.2	(34)	18.6	(47)	14.8	(29)	10.4	(41)	13.1	(42)	6.6	(48)	5.1	(46)	9.5	(46)

Market Capitalization - US Equity

Quarter Ending March 31, 2013



See appendix for the market capitalizatin breakpoints.

San Mateo County Employees' Retirement Association

Equity Only Summary Statistics - US Equity

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 3000
Number of Holdings	1,219	2,942
Weighted Avg. Market Cap. (\$B)	77.1	85.6
Median Market Cap. (\$B)	8.8	1.1
Price To Earnings	19.0	19.0
Price To Book	3.7	3.1
Price To Sales	2.4	2.3
Return on Equity (%)	19.6	17.3
Yield (%)	1.9	2.0
Beta (holdings; domestic)	1.2	1.1

Top Holdings	
APPLE	2.2%
EXXON MOBIL	1.7%
MICROSOFT	1.5%
INTERNATIONAL BUS.MCHS.	1.4%
JOHNSON & JOHNSON	1.3%
GENERAL ELECTRIC	1.3%
PFIZER	1.3%
CHEVRON	1.2%
PHILIP MORRIS INTL.	1.2%
WELLS FARGO & CO	1.1%

Best Performers	
	Return %
NETFLIX (NFLX)	104.4%
BEST BUY (BBY)	88.3%
ACADIA PHARMACEUTICALS (ACAD)	70.8%
WEBMD HEALTH (WBMD)	69.6%
HEWLETT-PACKARD (HPQ)	68.3%
STARZ SR.'A' LIBERTY CAPITAL (STRZA)	66.8%
PACIRA PHARMACEUTICALS (PCRX)	65.2%
CARDIOVASCULAR SYSTEMS (CSII)	63.2%
SINCLAIR BROADCAST 'A' (SBGI)	62.5%
CREE (CREE)	61.0%

Worst Performers								
		Return %						
	LODGENET INTACT. (LNETQ)	-81.3%						
	CLIFFS NATURAL RESOURCES (CLF)	-50.4%						
	MILLENNIAL MEDIA (MM)	-49.3%						
	ALLIED NEVADA GOLD (ANV)	-45.4%						
	MOLYCORP (MCP)	-44.9%						
	NII HDG. (NIHD)	-39.3%						
	EHEALTH (EHTH)	-34.9%						
	CAREER EDUCATION (CECO)	-32.5%						
	HECLA MINING (HL)	-32.0%						
	RACKSPACE HOSTING (RAX)	-32.0%						

Equity Sector Attribution - US Equity

Quarter Ending March 31, 2013

US Equity Performance Attribution vs. Russell 3000

			Attribution Effects		Retu	urns	Sector V	Veights
	Total	Selection	Allocation	Interaction				
	Effects	Effect	Effect	Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.1%	0.1%	0.0%	0.0%	11.7%	10.6%	8.3%	10.0%
Materials	0.1%	0.1%	0.0%	0.0%	8.2%	5.2%	3.5%	4.1%
Industrials	-0.1%	-0.1%	0.0%	0.0%	11.4%	12.2%	13.2%	11.2%
Cons. Disc.	0.1%	0.1%	0.0%	0.0%	13.4%	12.6%	13.5%	12.4%
Cons. Staples	-0.1%	-0.1%	0.0%	0.0%	13.5%	14.6%	8.2%	9.3%
Health Care	-0.1%	-0.1%	0.0%	0.0%	14.8%	15.5%	12.1%	11.8%
Financials	0.0%	0.0%	0.0%	0.0%	12.1%	12.0%	16.8%	17.0%
Info. Tech	0.0%	0.1%	0.0%	0.0%	5.9%	5.4%	18.7%	18.2%
Telecomm.	0.0%	0.0%	0.0%	0.0%	9.4%	8.7%	2.3%	2.7%
Utilities	0.0%	0.0%	0.0%	0.0%	14.5%	13.4%	2.0%	3.5%
Cash	-0.2%	0.0%	-0.2%	0.0%	0.0%		1.4%	0.0%
Portfolio	0.0%	= 0.2%	+ -0.2%	+ -0.1%	11.1%	11.1%	100.0%	100.0%

Return Based Style Analysis - US Equity

3 Years Ending March 31, 2013

U.S. Effective Style Map



Equity Only Summary Statistics - Large Cap Equity

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 1000
Number of Holdings	1,037	990
Weighted Avg. Market Cap. (\$B)	92.8	92.5
Median Market Cap. (\$B)	8.9	6.5
Price To Earnings	18.7	19.1
Price To Book	3.8	3.2
Price To Sales	2.4	2.3
Return on Equity (%)	20.9	18.2
Yield (%)	2.1	2.0
Beta (holdings; domestic)	1.1	1.1

Top Holdings							
APPLE	2.6%						
EXXON MOBIL	2.0%						
MICROSOFT	1.8%						
INTERNATIONAL BUS.MCHS.	1.7%						
JOHNSON & JOHNSON	1.6%						
GENERAL ELECTRIC	1.6%						
PFIZER	1.5%						
CHEVRON	1.4%						
PHILIP MORRIS INTL.	1.4%						
WELLS FARGO & CO	1.3%						

Best Performers							
	Return %						
NETFLIX (NFLX)	104.4%						
BEST BUY (BBY)	88.3%						
ACADIA PHARMACEUTICALS (ACAD)	70.8%						
WEBMD HEALTH (WBMD)	69.6%						
HEWLETT-PACKARD (HPQ)	68.3%						
STARZ SR.'A' LIBERTY CAPITAL (STRZA)	66.8%						
CARDIOVASCULAR SYSTEMS (CSII)	63.2%						
CREE (CREE)	61.0%						
H&R BLOCK (HRB)	59.6%						
NAVISTAR INTL. (NAV)	58.8%						

Worst Performers	
	Return %
LODGENET INTACT. (LNETQ)	-81.3%
CLIFFS NATURAL RESOURCES (CLF)	-50.4%
ALLIED NEVADA GOLD (ANV)	-45.4%
MOLYCORP (MCP)	-44.9%
NII HDG. (NIHD)	-39.3%
EHEALTH (EHTH)	-34.9%
CAREER EDUCATION (CECO)	-32.5%
RACKSPACE HOSTING (RAX)	-32.0%
VERIFONE SYSTEMS (PAY)	-30.3%
FUSION-IO (FIO)	-28.6%

Equity Sector Attribution - Large Cap Equity

Quarter Ending March 31, 2013

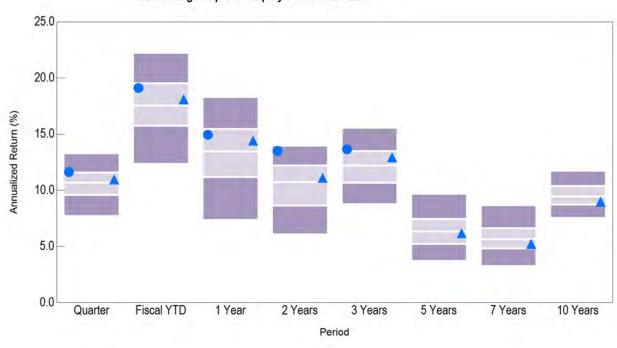
Large Cap Equity Performance Attribution vs. Russell 1000

		=090 00	.p = q,							
			Attribution Effec	ets	R	eturns	Secto	r Weights		
	Total	Selection	Allocation	Interaction						
	Effects	Effect	Effect	Effects	Portfolio	Benchmark	Portfolio	Benchmark		
Energy	0.1%	0.1%	0.0%	0.0%	11.1%	10.5%	9.0%	10.3%		
Materials	0.2%	0.2%	0.0%	0.0%	10.0%	4.8%	3.5%	4.0%		
Industrials	-0.1%	-0.1%	0.0%	0.0%	11.4%	12.0%	12.7%	10.9%		
Cons. Disc.	0.0%	0.0%	0.0%	0.0%	12.9%	12.6%	12.5%	12.3%		
Cons. Staples	-0.1%	-0.1%	0.0%	0.0%	14.0%	14.7%	9.6%	9.7%		
Health Care	-0.1%	-0.2%	0.0%	0.0%	14.3%	15.6%	12.4%	11.8%		
Financials	-0.1%	-0.1%	0.0%	0.0%	11.4%	11.9%	15.7%	16.5%		
Info. Tech	-0.2%	-0.1%	0.0%	0.0%	4.5%	5.1%	19.0%	18.3%		
Telecomm.	0.0%	0.0%	0.0%	0.0%	10.2%	8.8%	2.5%	2.9%		
Utilities	0.0%	0.0%	0.0%	0.0%	14.8%	13.6%	2.2%	3.5%		
Cash	-0.1%	0.0%	-0.1%	0.0%	0.0%		0.9%	0.0%		
Portfolio	-0.3%	= -0.1%	+ -0.1%	+ -0.1%	10.8%	11.0%	100.0%	100.0%		

Total Returns - Large Cap Core Equity

Periods Ending March 31, 2013

eA US Large Cap Core Equity Gross Accounts



5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile
of Portfolios

DE Shaw
A Russell 1000

13.3		22.3		18.3		13.9		15.6		9.7		8.7		11.7	
11.6		19.6		15.5		12.2		13.5		7.4		6.6		10.4	
10.7		17.6		13.5		10.7		12.2		6.3		5.7		9.5	
9.6		15.8		11.2		8.6		10.7		5.2		4.8		8.7	
7.7		12.4		7.4		6.1		8.8		3.7		3.3		7.5	
249		249		249		247		246		231		212		173	
11.6	(25)	19.1	(32)	14.9	(31)	13.5	(8)	13.6	(22)	-	()		()	-	()
11.0	(45)	18.1	(42)	14.4	(36)	11.1	(44)	12.9	(36)	6.2	(55)	5.2	(62)	9.0	(67)

Equity Only Summary Statistics - DE Shaw

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 1000
Number of Holdings	830	990
Weighted Avg. Market Cap. (\$B)	86.8	92.5
Median Market Cap. (\$B)	9.4	6.5
Price To Earnings	17.9	19.1
Price To Book	3.3	3.2
Price To Sales	2.6	2.3
Return on Equity (%)	16.1	18.2
Yield (%)	1.8	2.0
Beta (holdings; domestic)	1.2	1.1

Top Holdings		Best Performers	Worst Performers		
EXXON MOBIL	3.2%		Return %		Return %
GENERAL ELECTRIC	3.0%	NETFLIX (NFLX)	104.4%	LODGENET INTACT. (LNETQ)	-81.3%
MICROSOFT	2.7%	BEST BUY (BBY)	88.3%	CLIFFS NATURAL RESOURCES (CLF)	-50.4%
		ACADIA PHARMACEUTICALS (ACAD)	70.8%	EHEALTH (EHTH)	-34.9%
PFIZER	2.7%	WEBMD HEALTH (WBMD)	69.6%	CAREER EDUCATION (CECO)	-32.5%
PROCTER & GAMBLE	2.4%	HEWLETT-PACKARD (HPQ)	68.3%	FLAGSTAR BANCORP (FBC)	-28.2%
VISA 'A'	2.1%	STARZ SR.'A' LIBERTY CAPITAL (STRZA)	66.8%	IDENIX PHARMACEUTICALS (IDIX)	-27.0%
WELLS FARGO & CO	2.0%	CARDIOVASCULAR SYSTEMS (CSII)	63.2%	NORANDA ALUMINUM HLDG. (NOR)	-25.9%
JOHNSON & JOHNSON	2.0%	H&R BLOCK (HRB)	59.6%	RIVERBED TECHNOLOGY (RVBD)	-24.3%
		OPKO HEALTH (OPK)	58.6%	PENNEY JC (JCP)	-23.3%
PHILIP MORRIS INTL.	1.9%	MICRON TECHNOLOGY (MU)	57.3%	TECK RESOURCES 'B' (C:TCK.B)	-22.5%
CHEVRON	1.7%	(-)		,	

Equity Sector Attribution - DE Shaw

Quarter Ending March 31, 2013

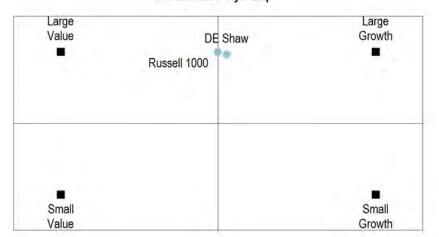
DE Shaw Performance Attribution vs. Russell 1000

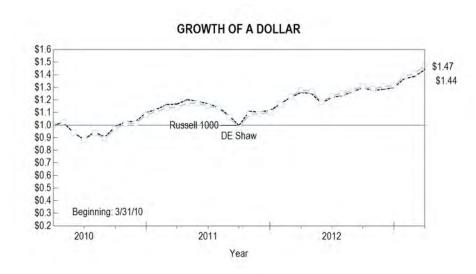
		Attribution Effects				Returns		Sector Weights	
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark	
Energy	0.4%	0.4%	0.0%	0.0%	14.1%	10.5%	10.7%	10.3%	
Materials	0.3%	0.3%	0.0%	0.0%	13.3%	4.8%	3.7%	4.0%	
Industrials	0.0%	0.0%	0.0%	0.0%	12.2%	12.0%	11.1%	10.9%	
Cons. Disc.	0.7%	0.6%	0.0%	0.1%	17.8%	12.6%	13.9%	12.3%	
Cons. Staples	-0.1%	0.0%	-0.1%	0.0%	14.8%	14.7%	7.9%	9.7%	
Health Care	-0.3%	-0.3%	0.0%	0.0%	12.9%	15.6%	11.2%	11.8%	
Financials	-0.3%	-0.3%	0.0%	0.0%	10.2%	11.9%	15.2%	16.5%	
Info. Tech	-0.3%	-0.1%	-0.2%	0.0%	4.6%	5.1%	21.5%	18.3%	
Telecomm.	0.0%	0.0%	0.0%	0.0%	8.7%	8.8%	1.8%	2.9%	
Utilities	0.0%	0.1%	0.0%	0.0%	15.1%	13.6%	3.0%	3.5%	
Cash	0.0%	0.0%	0.0%	0.0%	0.0%		0.1%	0.0%	
Portfolio	0.6%	= 0.7%	+ -0.2%	+ 0.1%	11.6%	11.0%	100.0%	100.0%	

Return Based Style Analysis - DE Shaw

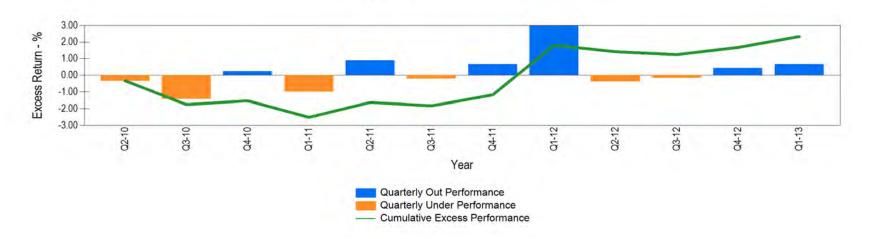
3 Years Ending March 31, 2013

U.S. Effective Style Map





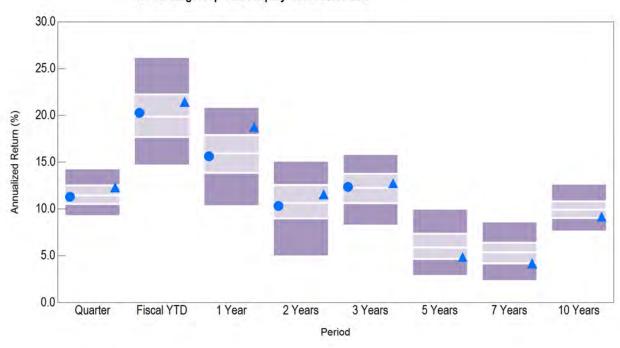
Quarterly and Cumulative Excess Performance



Total Returns - Large Cap Value Equity

Periods Ending March 31, 2013

eA US Large Cap Value Equity Gross Accounts



	5th Percentile
1	25th Percentile
	Median
1	75th Percentile
	95th Percentile
1	# of Portfolios
	Barrow Hanley
•	Russell 1000 Valu

Return	(Rank)															
14.3		26.2		20.9		15.1		15.9		10.0		8.6		12.7		
12.5		22.3		17.9		12.6		13.8		7.4		6.4		10.8		
11.5		19.9		16.0		10.7		12.3		5.9		5.4		9.9		
10.5		17.7		13.9		9.0		10.6		4.6		4.2		9.0		
9.2		14.6		10.3		4.9		8.2		2.9		2.3		7.6		
305		305		305		304		300		286		270		215		
11.3	(55)	20.3	(46)	15.6	(54)	10.3	(57)	12.4	(49)		()	-	()		()	
12.3	(30)	21.4	(33)	18.8	(18)	11.6	(36)	12.7	(42)	4.8	(72)	4.2	(76)	9.2	(73)	

Equity Only Summary Statistics - Barrow Hanley

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	73	695
Weighted Avg. Market Cap. (\$B)	65.6	92.7
Median Market Cap. (\$B)	30.4	5.7
Price To Earnings	13.8	17.1
Price To Book	2.8	2.0
Price To Sales	1.6	1.7
Return on Equity (%)	16.7	13.3
Yield (%)	2.6	2.4
Beta (holdings; domestic)	1.3	1.2

Top Holdings	
CAPITAL ONE FINL.	2.7%
SLM	2.4%
STANLEY BLACK & DECKER	2.3%
CITIGROUP	2.2%
JOHNSON & JOHNSON	2.1%
PFIZER	2.0%
JP MORGAN CHASE & CO.	2.0%
AT&T	2.0%
WELLS FARGO & CO	2.0%
CHEVRON	1.9%

Best Performers						
	Return %					
ROCKWOOD HOLDINGS (ROC)	33.1%					
PHILLIPS 66 (PSX)	32.4%					
WALGREEN (WAG)	29.7%					
HANESBRANDS (HBI)	27.2%					
STATE STREET (STT)	26.2%					
CENTERPOINT EN. (CNP)	25.7%					
HASBRO (HAS)	22.4%					
MASCO (MAS)	22.1%					
ITT (ITT)	21.6%					
SERVICE CORP.INTL. (SCI)	21.6%					

Worst Performers	
	Return %
IMPERIAL TOB.GP.SPN.ADR 1:2 (ITYBY)	-7.0%
CARNIVAL (CCL)	-6.1%
CAPITAL ONE FINL. (COF)	-5.1%
ROYAL DUTCH SHELL A ADR 1:2 (RDSA)	-4.3%
ROYAL CARIBBEAN CRUISES (RCL)	-2.0%
ILLINOIS TOOL WORKS (ITW)	0.8%
SEADRILL (NYS) (SDRL)	1.1%
CARDINAL HEALTH (CAH)	1.7%
XYLEM (XYL)	2.1%
RAYTHEON 'B' (RTN)	2.1%

Equity Sector Attribution - Barrow Hanley

Quarter Ending March 31, 2013

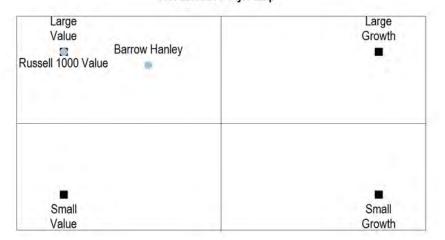
Barrow Hanley Performance Attribution vs. Russell 1000 Value

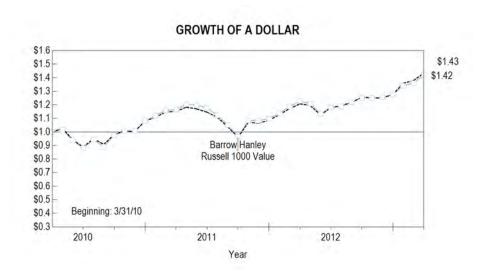
			Attribution Effec	ts	R	eturns	Sector Weights			
	Total	Selection	Allocation	Interaction						
	Effects	Effect	Effect	Effects	Portfolio	Benchmark	Portfolio	Benchmark		
Energy	0.0%	-0.2%	0.2%	0.1%	8.4%	9.8%	9.9%	16.2%		
Materials	0.7%	1.2%	0.2%	-0.7%	33.1%	3.0%	1.7%	3.9%		
Industrials	-0.4%	-0.2%	0.0%	-0.2%	10.2%	12.5%	17.4%	9.1%		
Cons. Disc.	-0.2%	-0.2%	0.0%	0.0%	11.2%	13.4%	8.5%	8.3%		
Cons. Staples	-0.3%	-0.3%	0.0%	0.0%	12.2%	16.9%	7.5%	7.1%		
Health Care	-0.3%	-0.3%	0.1%	-0.1%	11.7%	14.6%	14.7%	11.5%		
Financials	0.0%	0.0%	0.0%	0.0%	12.0%	12.1%	26.4%	27.5%		
Info. Tech	-0.3%	-0.3%	0.0%	0.0%	12.2%	16.9%	7.2%	6.4%		
Telecomm.	0.2%	0.2%	0.0%	0.0%	12.0%	7.5%	2.7%	3.4%		
Utilities	0.0%	0.3%	-0.1%	-0.2%	18.7%	13.6%	2.0%	6.5%		
Cash	-0.3%	0.0%	-0.3%	0.0%	0.0%		2.1%	0.0%		
Portfolio	-0.9%	= 0.0%	+ 0.2%	+ -1.2%	11.5%	12.4%	100.0%	100.0%		

Return Based Style Analysis - Barrow Hanley

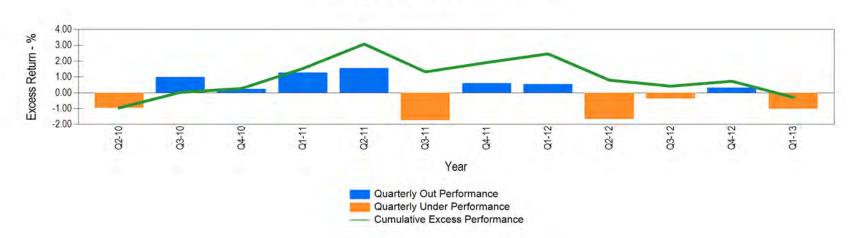
3 Years Ending March 31, 2013

U.S. Effective Style Map





Quarterly and Cumulative Excess Performance



Total Returns - Large Cap Growth Equity

Periods Ending March 31, 2013

eA US Large Cap Growth Equity Gross Accounts



	Return	(Rank)														
5th Percentile	11.7		20.7		15.0		14.5		15.3		9.9		8.0		11.8	
25th Percentile	9.9		16.9		11.6		11.0		13.4		7.8		6.7		10.2	
Median	8.9		14.9		8.8		9.0		12.0		6.6		5.8		9.2	
75th Percentile	7.7		12.8		6.4		7.1		10.6		5.3		4.9		8.4	
95th Percentile	5.9		9.6		2.8		3.9		8.0		2.6		3.0		7.1	
# of Portfolios	271		271		271		269		265		255		230		200	
BlackRock R1000 Growth Index	9.6	(35)	4	()		()		()	14	()	- 1	()		()		()
Russell 1000 Growth	9.5	(36)	14.7	(54)	10.1	(39)	10.6	(29)	13.1	(30)	7.3	(37)	6.1	(41)	8.6	(69)

Equity Only Summary Statistics - Large Cap Growth Equity

Quarter Ending March 31, 2013

Characteristics

Weighted Avg. Market Cap. (\$B) 91.5 92.3 Median Market Cap. (\$B) 7.1 7.1 Price To Earnings 21.8 21.0 Price To Book 5.5 5.5		Portfolio	Russell 1000 Growth
Median Market Cap. (\$B) 7.1 7.7 Price To Earnings 21.8 21.0 Price To Book 5.5 5.2	Number of Holdings	575	574
Price To Earnings 21.8 21.0 Price To Book 5.5 5.2	Weighted Avg. Market Cap. (\$B)	91.5	92.3
Price To Book 5.5 5.2	Median Market Cap. (\$B)	7.1	7.1
	Price To Earnings	21.8	21.0
	Price To Book	5.5	5.2
Price To Sales 3.2 3.0	Price To Sales	3.2	3.0
Return on Equity (%) 28.8 24.6	Return on Equity (%)	28.8	24.6
Yield (%) 1.7 1.7	Yield (%)	1.7	1.7
Beta (holdings; domestic) 1.0 1.0	Beta (holdings; domestic)	1.0	1.0

Top Holdings	
APPLE	5.4%
INTERNATIONAL BUS.MCHS.	3.0%
MICROSOFT	2.8%
GOOGLE 'A'	2.7%
COCA COLA	2.0%
PHILIP MORRIS INTL.	1.9%
VERIZON COMMUNICATIONS	1.8%
PEPSICO	1.6%
ORACLE	1.6%
QUALCOMM	1.5%

Best Performers	
	Return %
NETFLIX (NFLX)	104.4%
STARZ SR.'A' LIBERTY CAPITAL (STRZA)	66.8%
H&R BLOCK (HRB)	59.6%
TEMPUR PEDIC INTL. (TPX)	57.6%
PANDORA MEDIA (P)	54.2%
LINKEDIN CLASS A (LNKD)	53.3%
CHENIERE EN. (LNG)	49.1%
HOMEAWAY (AWAY)	47.7%
CELGENE (CELG)	47.7%
SAFEWAY (SWY)	46.7%

Worst Performers	
	Return %
ALLIED NEVADA GOLD (ANV)	-45.4%
MOLYCORP (MCP)	-44.9%
RACKSPACE HOSTING (RAX)	-32.0%
VERIFONE SYSTEMS (PAY)	-30.3%
FUSION-IO (FIO)	-28.6%
RIVERBED TECHNOLOGY (RVBD)	-24.3%
ITT EDUCATIONAL SVS. (ESI)	-20.4%
WEIGHTWATCHERS INTL. (WTW)	-19.2%
GARMIN (GRMN)	-17.8%
ULTA SALON CO&FRA. (ULTA)	-17.3%

Equity Only Summary Statistics - Small Cap Equity

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 2000
Number of Holdings	224	1,952
Weighted Avg. Market Cap. (\$B)	1.9	1.5
Median Market Cap. (\$B)	1.4	0.6
Price To Earnings	20.2	17.2
Price To Book	3.1	2.6
Price To Sales	2.2	2.3
Return on Equity (%)	13.1	10.1
Yield (%)	0.8	1.1
Beta (holdings; domestic)	1.5	1.4

Top Holdings	
TRIMAS	1.3%
FIRST HORIZON NATIONAL	1.2%
IXIA	1.1%
SEMTECH	1.1%
BRUNSWICK	1.1%
COVANCE	1.1%
WNS HDG.ADR 1:1	1.0%
FEI	1.0%
HEXCEL	1.0%
HFF CLASS A	1.0%

Best Performers	
	Return %
PACIRA PHARMACEUTICALS (PCRX)	65.2%
SINCLAIR BROADCAST 'A' (SBGI)	62.5%
KRISPY KREME DOUGHNUTS (KKD)	53.9%
CHENIERE EN. (LNG)	49.1%
MONOTYPE IMAG.HDG. (TYPE)	49.0%
TAKE TWO INTACT.SFTW. (TTWO)	46.7%
WMS INDUSTRIES (WMS)	44.1%
GENMARK DIAGNOSTICS (GNMK)	43.6%
FLEETCOR TECHNOLOGIES (FLT)	42.9%
FLOWERS FOODS (FLO)	42.4%

Worst Performers	
	Return %
MILLENNIAL MEDIA (MM)	-49.3%
HECLA MINING (HL)	-32.0%
BROADSOFT (BSFT)	-27.1%
MCEWEN MINING (MUX)	-25.3%
IMPAX LABS. (IPXL)	-24.6%
GREAT LAKES DREDGE & DOCK (GLDD)	-24.6%
RIVERBED TECHNOLOGY (RVBD)	-24.3%
COEUR D'ALENE MINES (CDE)	-23.3%
DYNAVAX TECHNOLOGIES (DVAX)	-22.1%
KYTHERA BIOPH. (KYTH)	-19.7%

Equity Sector Attribution - Small Cap Equity

Quarter Ending March 31, 2013

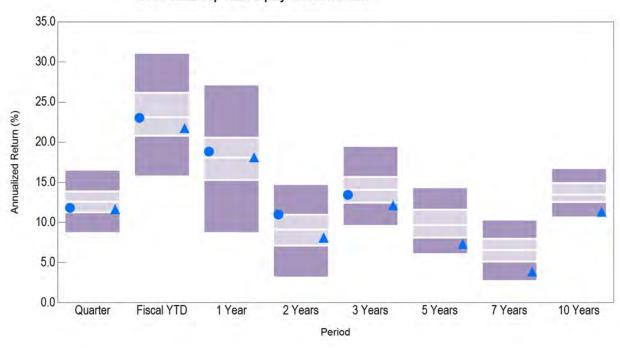
Small Cap Equity Performance Attribution vs. Russell 2000

			Attribution Effect	ets	R	eturns	Secto	r Weights
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.2%	0.2%	0.0%	0.0%	14.8%	11.8%	6.1%	6.1%
Materials	-0.2%	-0.4%	0.0%	0.1%	1.6%	9.0%	3.4%	5.3%
Industrials	-0.4%	-0.4%	0.0%	0.0%	11.2%	14.1%	15.3%	15.2%
Cons. Disc.	0.4%	0.3%	0.0%	0.1%	14.6%	12.4%	16.7%	13.9%
Cons. Staples	-0.1%	-0.1%	0.0%	0.0%	8.1%	11.5%	3.0%	3.7%
Health Care	0.2%	0.3%	0.0%	0.0%	16.6%	14.3%	11.0%	12.0%
Financials	0.2%	0.2%	0.0%	0.0%	14.0%	13.2%	20.7%	23.0%
Info. Tech	0.1%	0.1%	0.0%	0.0%	11.3%	10.7%	17.7%	16.7%
Telecomm.	0.0%	0.0%	-0.1%	0.0%	5.2%	1.2%	1.8%	0.7%
Utilities	0.1%	0.1%	0.0%	0.0%	11.9%	10.4%	1.1%	3.4%
Cash	-0.4%	0.0%	-0.4%	0.0%	0.0%		3.3%	0.0%
Portfolio	-0.1%	= 0.2%	+ -0.5%	+ 0.2%	12.3%	12.4%	100.0%	100.0%

Total Returns - Small Cap Value Equity

Periods Ending March 31, 2013

eA US Small Cap Value Equity Gross Accounts



5th	Percentile
25	th Percentile
Me	edian
75	th Percentile
95	th Percentile
# 0	of Portfolios
T	he Boston Co
▲ F	Russell 2000 Value

16.5		31.1		27.2		14.7		19.5		14.3		10.3		16.8	
13.9		26.2		20.6		11.0		15.7		11.6		8.0		14.9	
12.6		23.1		18.1		9.1		14.0		9.7		6.6		13.4	
11.3		20.8		15.3		7.1		12.5		8.1		5.1		12.5	
8.7		15.8		8.7		3.1		9.6		6.0		2.7		10.6	
187		187		187		185		183		171		154		136	
11.8	(66)	23.0	(52)	18.8	(42)	11.0	(26)	13.4	(63)	_	()		()		()
11.6	(68)	21.8	(66)	18.1	(51)	8.1	(67)	12.1	(81)	7.3	(87)	3.9	(92)	11.3	(93)

Equity Only Summary Statistics - The Boston Co

Quarter Ending March 31, 2013

Characteristics

Weighted Avg. Market Cap. (\$B) 1.7 1. Median Market Cap. (\$B) 1.3 0. Price To Earnings 18.3 14. Price To Book 2.2 1.		Portfolio	Russell 2000 Value
Median Market Cap. (\$B) 1.3 0. Price To Earnings 18.3 14. Price To Book 2.2 1.	Number of Holdings	145	1,403
Price To Earnings 18.3 14. Price To Book 2.2 1.	Weighted Avg. Market Cap. (\$B)	1.7	1.3
Price To Book 2.2 1.	Median Market Cap. (\$B)	1.3	0.5
	Price To Earnings	18.3	14.0
Price To Sales 1.8 1.	Price To Book	2.2	1.7
	Price To Sales	1.8	1.9
Return on Equity (%) 12.9 6.	Return on Equity (%)	12.9	6.8
Yield (%) 1.2 1.	Yield (%)	1.2	1.7
Beta (holdings; domestic) 1.5 1.	Beta (holdings; domestic)	1.5	1.4

Top Holdings		Best Performers		Worst Performers	
E*TRADE FINANCIAL	1.5%		Return %		Return %
VISHAY INTERTECHNOLOGY	1.5%	SINCLAIR BROADCAST 'A' (SBGI)	62.5%	COEUR D'ALENE MINES (CDE)	-23.3%
DANA HOLDING	1.4%	MONOTYPE IMAG.HDG. (TYPE)	49.0%	GRAFTECH INTL. (GTI)	-18.2%
TAKE TWO INTACT.SFTW.	1.3%	TAKE TWO INTACT.SFTW. (TTWO)	46.7%	AEROVIRONMENT (AVAV)	-16.6%
		WMS INDUSTRIES (WMS)	44.1%	NETGEAR (NTGR)	-15.0%
HELIX ENERGY SLTN.GP.	1.2%	FLOWERS FOODS (FLO)	42.4%	ATLAS AIR WWD.HDG.WNI. (AAWW)	-8.0%
LIFEPOINT HOSPITALS	1.2%	DECKERS OUTDOOR (DECK)	38.3%	M/I HOMES (MHO)	-7.7%
ARMSTRONG WORLD INDS.	1.1%	KB HOME (KBH)	38.0%	EXTREME NETWORKS (EXTR)	-7.4%
HEALTHSOUTH	1.1%	TRUEBLUE (TBI)	34.2%	II VI (IIVI)	-6.5%
		WESTERN ALL.BANCORP. (WAL)	31.4%	DOLE FOOD (DOLE)	-5.0%
CORELOGIC	1.1%	MATRIX SERVICE (MTRX)	29.6%	GRANITE CON. (GVA)	-4.9%
PROTECTIVE LIFE	1.1%	,		. ,	

Equity Sector Attribution - The Boston Co

Quarter Ending March 31, 2013

The Boston Co Performance Attribution vs. Russell 2000 Value

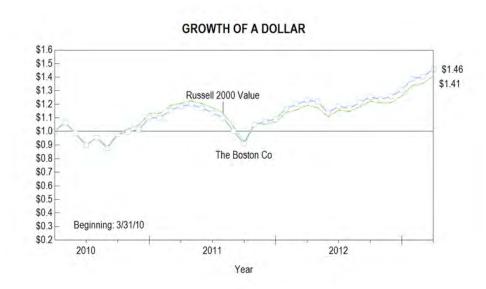
			Attribution Effec	ts	Re	eturns	Secto	r Weights
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	-0.3%	-0.3%	0.0%	0.0%	7.0%	12.3%	5.8%	6.4%
Materials	-0.3%	-0.2%	0.0%	0.0%	2.8%	6.9%	6.8%	5.8%
Industrials	-0.8%	-0.8%	0.0%	-0.1%	7.0%	13.0%	14.3%	12.5%
Cons. Disc.	0.5%	0.3%	0.1%	0.1%	15.9%	13.7%	17.3%	12.0%
Cons. Staples	0.0%	0.0%	0.0%	0.0%	11.7%	11.3%	3.7%	2.7%
Health Care	0.4%	0.3%	0.0%	0.1%	17.3%	10.8%	6.7%	4.4%
Financials	-0.3%	-0.2%	-0.1%	0.0%	12.3%	12.8%	26.9%	37.1%
Info. Tech	0.9%	0.9%	0.0%	0.1%	15.0%	7.9%	13.2%	12.2%
Telecomm.	0.1%		0.1%	-		-3.3%	0.0%	0.6%
Utilities	0.1%	0.1%	0.0%	0.0%	11.9%	10.8%	4.0%	6.3%
Cash	-0.2%	0.0%	-0.2%	0.0%	0.0%		1.3%	0.0%
Portfolio	0.1%	= 0.0%	+ -0.1%	+ 0.2%	11.7%	11.6%	100.0%	100.0%

Return Based Style Analysis - The Boston Co

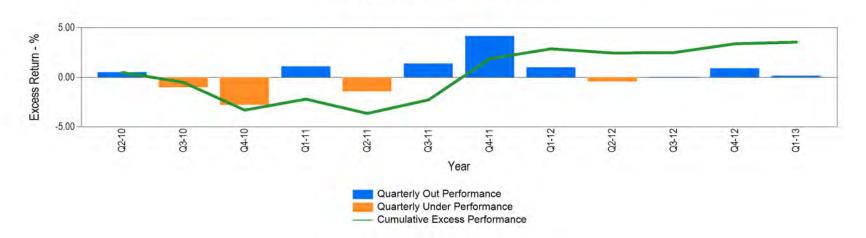
3 Years Ending March 31, 2013

U.S. Effective Style Map





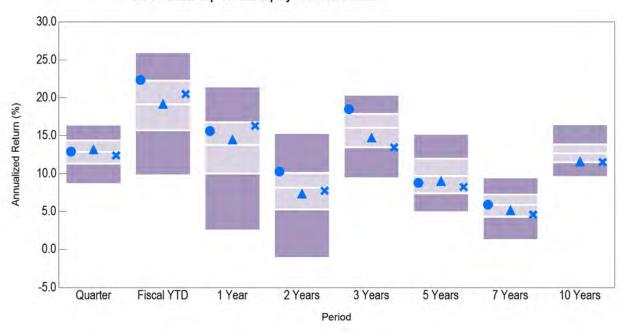
Quarterly and Cumulative Excess Performance



Total Returns - Small Cap Growth Equity

Periods Ending March 31, 2013

eA US Small Cap Growth Equity Gross Accounts



	5th Percentile
:	25th Percentile
1	Median
1	75th Percentile
9	95th Percentile
1	# of Portfolios
•	Chartwell
	Russell 2000 Growth
×	Russell 2000

16.5		26.0		21.5		15.4		20.4		15.2		9.5		16.5	
14.4		22.3		16.8		10.1		17.9		12.0		7.2		13.9	
12.9		19.2		13.9		8.2		16.1		9.7		5.9		12.7	
11.4		15.7		10.0		5.3		13.5		7.4		4.3		11.5	
8.6		9.8		2.5		-1.1		9.4		4.9		1.2		9.6	
165		165		165		163		159		145		132		114	
12.9	(51)	22.4	(25)	15.6	(34)	10.3	(24)	18.5	(16)	8.8	(61)	5.9	(50)		()
13.2	(45)	19.2	(48)	14.5	(45)	7.4	(58)	14.7	(64)	9.0	(57)	5.2	(64)	11.6	(74)
12.4	(59)	20.5	(38)	16.3	(30)	7.7	(55)	13.5	(77)	8.2	(67)	4.6	(70)	11.5	(75)

Equity Only Summary Statistics - Chartwell

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 2000 Growth
Number of Holdings	93	1,104
Weighted Avg. Market Cap. (\$B)	2.1	1.8
Median Market Cap. (\$B)	1.5	0.7
Price To Earnings	22.1	20.3
Price To Book	3.9	4.3
Price To Sales	2.5	2.7
Return on Equity (%)	13.2	14.8
Yield (%)	0.4	0.5
Beta (holdings; domestic)	1.6	1.4

Top Holdings		Best Performers		Worst Performers		
TRIMAS	2.6%		Return %		Return %	
COVANCE	2.1%	KRISPY KREME DOUGHNUTS (KKD)	53.9%	BROADSOFT (BSFT)	-27.1%	
WNS HDG.ADR 1:1	2.1%	FLEETCOR TECHNOLOGIES (FLT)	42.9%	IMPAX LABS. (IPXL)	-24.6%	
HEXCEL	2.1%	WNS HDG.ADR 1:1 (WNS)	41.3%	RIVERBED TECHNOLOGY (RVBD)	-24.3%	
		INCYTE (INCY)	40.9%	DYNAVAX TECHNOLOGIES (DVAX)	-22.1%	
HFF CLASS A	2.1%	AVIS BUDGET GROUP (CAR)	40.4%	FINISAR (FNSR)	-19.0%	
CARDTRONICS	2.0%	HFF CLASS A (HF)	33.8%	VOLTERRA SEMICON. (VLTR)	-17.3%	
HEARTLAND PAYMENT SYS.	2.0%	INTACT.INTELLIGENCE GP. (ININ)	32.2%	NETGEAR (NTGR)	-15.0%	
RADIAN GP.	1.9%	COVANCE (CVD)	28.6%	CYBERONICS (CYBX)	-10.9%	
FLEETCOR TECHNOLOGIES	1.8%	IXIA (XXIA)	27.4%	VOLCANO (VOLC)	-5.7%	
		HANESBRANDS (HBI)	27.2%	PHH (PHH)	-3.5%	
WESCO INTI	1.8%	• •				

Equity Sector Attribution - Chartwell

Quarter Ending March 31, 2013

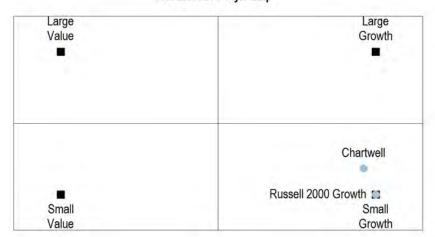
Chartwell Performance Attribution vs. Russell 2000 Growth

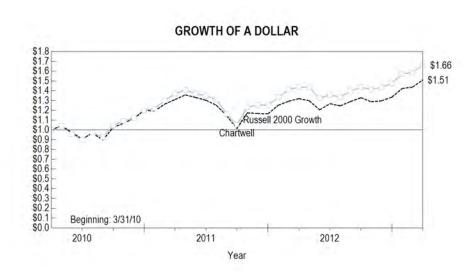
		•		,		. •		
			Attribution Effec	ets	Re	eturns	Secto	r Weights
	Total	Selection	Allocation	Interaction				
	Effects	Effect	Effect	Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.1%	0.1%	0.0%	0.0%	12.4%	11.3%	5.1%	5.7%
Materials	0.1%		0.1%			11.7%	0.0%	4.8%
Industrials	0.0%	0.0%	0.0%	0.0%	15.0%	14.8%	17.4%	18.1%
Cons. Disc.	0.9%	0.8%	-0.1%	0.3%	16.1%	11.4%	21.4%	16.0%
Cons. Staples	0.0%	0.0%	0.0%	0.0%	11.5%	11.7%	2.2%	4.7%
Health Care	-0.9%	-1.2%	-0.2%	0.5%	9.1%	15.1%	11.3%	20.1%
Financials	-0.4%	-0.3%	0.1%	-0.2%	11.6%	15.0%	15.0%	7.9%
Info. Tech	0.0%	0.0%	0.0%	0.0%	12.6%	12.5%	25.9%	21.5%
Telecomm.	0.1%		0.1%			4.5%	0.0%	0.9%
Utilities	0.0%		0.0%			2.9%	0.0%	0.3%
Cash	-0.2%	0.0%	-0.2%	0.0%	0.0%		1.6%	0.0%
Portfolio	-0.2%	= -0.6%	+ -0.2%	+ 0.6%	13.0%	13.2%	100.0%	100.0%

Return Based Style Analysis - Chartwell

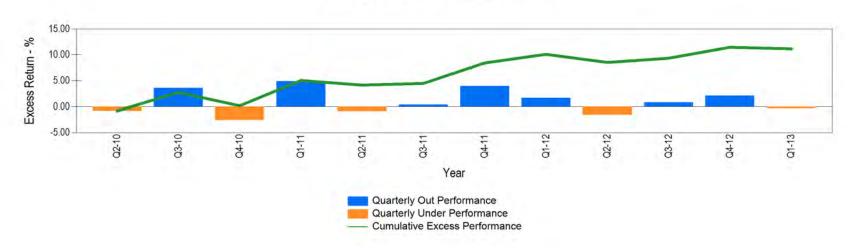
3 Years Ending March 31, 2013

U.S. Effective Style Map





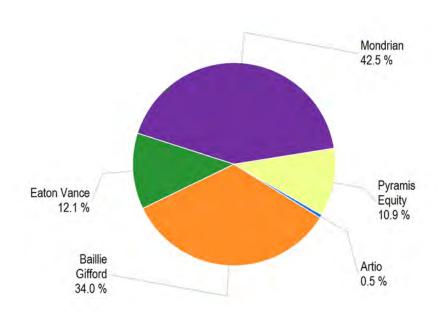
Quarterly and Cumulative Excess Performance



San Mateo County Employees' Retirement Association

Manager Allocation Analysis - International Equity

As of March 31, 2013



	Actual \$	Actual %	Manager Contribution to Excess Return %
Artio	\$2,678,746	0.5%	0.0%
Baillie Gifford	\$176,210,270	34.0%	0.8%
Eaton Vance	\$62,821,854	12.1%	0.2%
Mondrian	\$220,616,053	42.5%	0.8%
Pyramis Equity	\$56,280,633	10.9%	-0.1%
Actual vs. Policy Weight Difference			-0.2%
Total	\$518,607,556	100.0%	1.5%

San Mateo County Employees' Retirement Association

Risk Statistics - International Equity

Periods Ending March 31, 2013

Statistics Summary

3 Years

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
International Equity	4.3%	17.4%	0.2	-0.2	2.5%
MSCI ACWI ex US	4.9%	19.0%	0.3		0.0%
Mondrian	5.5%	16.9%	0.3	0.3	4.7%
MSCI ACWI ex USA Value Gross	3.9%	19.5%	0.2		0.0%

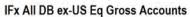
Statistics Summary

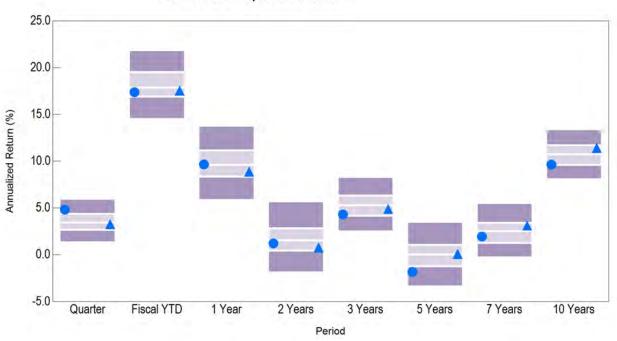
5 Years

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
International Equity	-1.8%	21.5%	-0.1	-0.5	3.8%
MSCI ACWI ex US	0.1%	23.9%	0.0		0.0%
Mondrian	0.0%	20.5%	0.0	0.0	6.2%
MSCI ACWI ex USA Value Gross	0.0%	24.8%	0.0		0.0%

Total Returns - International Equity

Periods Ending March 31, 2013





:	5th Percentile
1	25th Percentile
1	Median
-	75th Percentile
9	95th Percentile
1	of Portfolios
•	International Equity
•	MSCI ACWI ex US

Return	(Rank)														
6.0		21.9		13.8		5.7		8.3		3.5		5.5		13.4	
4.4		19.6		11.2		2.9		6.3		1.1		3.4		11.7	
3.5		17.9		9.6		1.5		5.3		0.0		2.5		10.8	
2.7		16.9		8.3		0.4		4.2		-1.2		1.3		9.6	
1.3		14.5		5.9		-1.9		2.5		-3.3		-0.3		8.1	
420		410		405		375		331		274		240		148	
4.8	(21)	17.4	(63)	9.7	(50)	1.2	(59)	4.3	(75)	-1.8	(83)	1.9	(65)	9.6	(75)
3.3	(56)	17.5	(58)	8.9	(63)	0.8	(69)	4.9	(63)	0.1	(49)	3.1	(34)	11.4	(32)

Equity Only Summary Statistics - International Equity

Quarter Ending March 31, 2013

Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	1,183	1,827
Weighted Avg. Market Cap. (\$B)	36.2	49.4
Median Market Cap. (\$B)	4.1	6.4
Price To Earnings	18.3	16.9
Price To Book	3.3	2.3
Price To Sales	2.0	1.8
Return on Equity (%)	18.8	15.1
Yield (%)	3.0	3.0
Beta (holdings; global)	0.9	1.0

Top Holdings		Best Performers		Worst Performers
CIPUTRA DEVELOPMENT	1.7%		Return %	
UNILEVER (UK)	1.7%	TMB BANK FB (Q:TMBF)	123.0%	KAZAKHMYS (UKIR:KAZ)
BG GROUP	1.4%	SINO-THAI ENGR.CON. FB (Q:STFF)	116.3%	TELEKOMUNIKACJA POLSKA (PO:TP)
		TRUE CORPORATION FB (Q:TSFB)	55.1%	OGX PETROLEO ON (BR:CCO)
TOTAL	1.4%	PROFARMA ON (BR:PDF)	54.1%	NOVA KREDITNA BANKA MARIBOR (SV:NOE)
KAO	1.4%	CTC MEDIA (CTCM)	53.5%	POLIMEXMS (PO:PXM)
KALBE FARMA	1.3%	GHANA COMMERCIAL BANK (GH:GCB)	53.1%	HYUNDAI MERCHANT MARINE (KO:HMA)
ROCHE HOLDING	1.3%	THAI BEVERAGE PUBLIC (T:THBE)	52.1%	TROY RESOURCES (A:TRYX)
BANK BUKOPIN	1.2%	CHIMIMPORT (BL:CHM)	51.8%	NEW WORLD RESOURCES (UKIR:NWR)
		FAN MILK (GH:FMI)	51.7%	XINGDA INTL.HOLDINGS (K:XING)
CANON	1.1%	OMA 'B' (MX:OMA)	49.8%	MULTIPLUS ON NM (BR:MTP)
TESCO	1.1%	,		

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

Return %

-52.9%

-48.1%

-46.4%

-43.9%

-43.2%

-40.3% -39.8%

-39.0%

-36.1%

-35.8%

Quarter Ending 3/31/13

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

			Attribution Effect	ets	Re	eturns	Secto	r Weights
	Total	Selection	Allocation	Interaction				
	Effects	Effect	Effect	Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.17%	0.12%	0.06%	-0.01%	-1.54%	-2.29%	9.13%	10.20%
Materials	0.88%	0.29%	0.59%	0.00%	-4.76%	-7.26%	5.81%	10.98%
Industrials	0.01%	-0.12%	0.06%	0.07%	5.49%	5.08%	12.89%	10.58%
Cons. Disc.	0.38%	0.33%	0.09%	-0.03%	9.07%	5.59%	11.90%	9.54%
Cons. Staples	0.21%	0.23%	0.21%	-0.22%	10.02%	9.03%	13.72%	10.31%
Health Care	0.15%	-0.05%	0.37%	-0.17%	11.80%	12.24%	10.93%	7.15%
Financials	0.62%	0.42%	-0.01%	0.22%	6.26%	4.09%	16.51%	25.96%
Info. Tech	-0.25%	-0.25%	0.00%	0.00%	-1.10%	3.13%	6.08%	6.37%
Telecomm.	-0.13%	-0.11%	-0.01%	-0.01%	1.41%	2.50%	6.65%	5.37%
Utilities	-0.10%	-0.07%	-0.03%	0.00%	-1.22%	-0.14%	4.28%	3.53%
Cash	-0.14%	0.00%	-0.14%	0.00%	0.02%		2.10%	0.00%
Portfolio	1.80%	= 0.79%	+ 1.18%	+ -0.16%	5.04%	3.24%	100.00%	100.00%

Quarter Ending 3/31/13

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

		Returns and	Weights			Attribution Effects				
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects	
Europe	rtotarri	rtotairi	TT OIGHT	TTOIGHT	2.1000	211000	211000	2.1000	2110010	
Austria	0.1%	-4.6%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	
Belgium	-4.3%	8.9%	0.3%	0.8%	-0.1%	0.0%	0.0%	0.1%	-0.1%	
Czech Republic*	-11.4%	-14.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	
Denmark	5.5%	4.3%	1.6%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	
Finland	10.9%	3.0%	0.8%	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%	
France	-2.6%	0.6%	7.2%	6.5%	-0.2%	0.0%	0.0%	0.0%	-0.3%	
Germany	0.0%	0.5%	3.6%	6.0%	0.0%	0.1%	0.1%	0.0%	0.1%	
Greece		14.0%	0.0%	0.0%		0.0%	0.0%		0.0%	
Hungary*	-8.3%	-6.6%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	
Ireland		12.9%	0.0%	0.2%		0.0%	0.0%		0.0%	
Italy	-2.5%	-9.8%	2.2%	1.5%	0.1%	-0.1%	0.0%	0.1%	0.0%	
Netherlands	7.5%	2.6%	2.6%	1.7%	0.1%	0.0%	0.0%	0.0%	0.1%	
Norway	-10.3%	0.4%	0.2%	0.6%	-0.1%	0.0%	0.0%	0.1%	0.0%	
Poland*	-6.2%	-11.6%	0.6%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	
Portugal	1.4%	-0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	
Russia*	-3.3%	-3.2%	1.1%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	
Spain	-4.3%	-5.4%	2.7%	2.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	
Sweden	11.6%	9.8%	3.2%	2.1%	0.0%	0.0%	0.0%	0.0%	0.1%	
Switzerland	12.0%	11.7%	5.8%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	
United Kingdom	4.6%	2.5%	15.5%	15.4%	0.4%	0.0%	0.0%	0.0%	0.3%	

Quarter Ending 3/31/13

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

		Returns and	Weights			Attri	bution Effects		
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
AsiaPacific									
Australia	12.2%	9.1%	4.8%	6.1%	0.2%	0.0%	0.0%	0.0%	0.1%
China*	0.7%	-4.5%	3.6%	4.4%	0.2%	0.1%	0.0%	0.0%	0.3%
Hong Kong	3.1%	3.5%	1.7%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
India*	-5.5%	-2.5%	1.8%	1.6%	0.0%	0.0%	0.0%	0.0%	-0.1%
Indonesia*	17.9%	13.4%	1.2%	0.6%	0.0%	0.0%	0.0%	0.0%	0.1%
Japan	13.2%	11.6%	14.0%	13.6%	0.2%	0.0%	-0.1%	0.0%	0.2%
Korea*	-1.7%	-4.1%	2.5%	3.7%	0.1%	0.1%	0.1%	0.0%	0.2%
Malaysia*	-0.7%	-0.9%	0.5%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
New Zealand	-	11.0%	0.0%	0.1%		0.0%	0.0%		0.0%
Philippines*	18.5%	19.0%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	5.4%	2.9%	2.3%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	0.0%	-0.2%	2.0%	2.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Thailand*	12.1%	10.1%	0.8%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Americas									
Brazil*	0.4%	-0.8%	2.9%	3.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Canada	4.6%	1.0%	1.6%	7.7%	0.3%	0.2%	0.1%	-0.2%	0.4%
Chile*	4.5%	4.5%	0.7%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-4.9%	-6.5%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	9.0%	6.1%	1.8%	1.2%	0.1%	0.0%	0.0%	0.0%	0.0%
Peru*	7.6%	-2.6%	0.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
United States	11.6%	10.5%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%

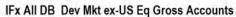
Quarter Ending 3/31/13

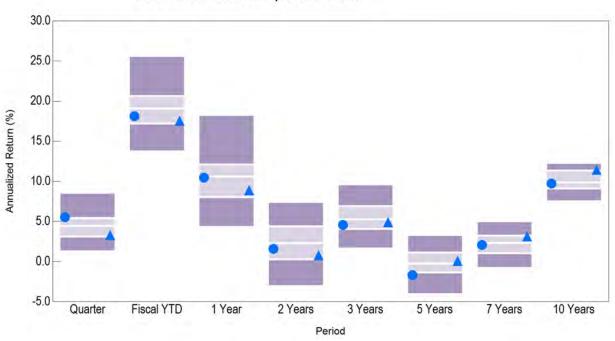
Int'l Equity w/o Pyramis Performance Attribution Versus MSCI ACWI ex USA

		Returns and	Weights		Attribution Effects							
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects			
Other	rtotam	rtotani	Wolghi	Worght	Elloct	Liloot	Liloot	Elloot	Ellooto			
Egypt*	-10.1%	-12.7%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%			
Israel	6.7%	7.2%	0.8%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%			
Morocco*	-2.8%	-3.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
South Africa*	-11.2%	-8.9%	1.7%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%			
Turkey*	7.8%	8.3%	1.6%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%			
Other Countries*	2.8%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Totals												
Americas	5.1%	1.0%	9.1%	12.8%	0.4%	0.2%	0.1%	-0.1%	0.6%			
Europe	3.5%	2.5%	47.8%	46.5%	0.4%	0.0%	0.0%	0.0%	0.4%			
Asia/Pacific	8.1%	5.4%	35.6%	37.8%	1.1%	-0.1%	0.0%	-0.1%	1.0%			
Other	1.0%	-3.9%	5.4%	2.8%	0.1%	-0.2%	0.0%	0.1%	0.0%			
Cash	0.0%		2.1%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%			
Total	5.0%	3.2%	100.0%	100.0%	2.0%	-0.1%	0.1%	-0.1%	1.8%			
Totals												
Developed	6.5%	4.8%	73.3%	75.9%	1.4%	-0.1%	0.0%	0.0%	1.3%			
Emerging*	1.2%	-1.7%	24.6%	24.1%	0.7%	0.0%	0.1%	0.0%	0.7%			
Other	2.8%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Cash	0.0%		2.1%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%			

Total Returns - Developed Markets

Periods Ending March 31, 2013





	Return	(Rank)														
5th Percentile	8.5		25.6		18.3		7.4		9.6		3.3		5.0		12.3	
25th Percentile	5.4		20.7		12.1		4.4		6.9		1.1		3.2		11.4	
Median	4.4		19.1		10.6		2.3		5.3		-0.2		2.3		9.9	
75th Percentile	3.1		17.2		8.0		0.3		4.1		-1.3		1.0		9.1	
95th Percentile	1.3		13.7		4.3		-3.0		1.6		-4.1		-0.8		7.5	
# of Portfolios	115		115		114		108		101		95		69		49	
Developed Markets	5.5	(21)	18.1	(62)	10.4	(52)	1.6	(56)	4.5	(69)	-1.7	(79)	2.0	(57)	9.7	(63)
MSCI ACWI ex USA Gross	3.3	(74)	17.5	(73)	8.9	(69)	0.8	(68)	4.9	(62)	0.1	(42)	3.1	(28)	11.4	(22)

San Mateo County Employees' Retirement Association

Equity Only Summary Statistics - Developed Markets

Quarter Ending March 31, 2013

Characteristics

Number of Holdings425Weighted Avg. Market Cap. (\$B)38.0Median Market Cap. (\$B)3.6Price To Earnings18.5	1 3000
Median Market Cap. (\$B) 3.6	2,942
	85.6
Price To Farnings	1.1
The To Earlings	19.0
Price To Book 3.4	3.1
Price To Sales 2.0	2.3
Return on Equity (%) 18.8	17.3
Yield (%) 3.0	2.0
Beta (holdings; global) 0.9	1.1

Top Holdings		Best Performers		Worst Performers
CIPUTRA DEVELOPMENT	2.0%		Return %	
UNILEVER (UK)	1.9%	PROFARMA ON (BR:PDF)	54.1%	KAZAKHMYS (UKIR:KAZ)
,		OMA 'B' (MX:OMA)	49.8%	TELEKOMUNIKACJA POLSKA (PO:TP)
BG GROUP	1.6%	SEEK (A:SEKX)	46.3%	TROY RESOURCES (A:TRYX)
TOTAL	1.6%	GOLDCREST (J:GOLD)	45.0%	XINGDA INTL.HOLDINGS (K:XING)
KAO	1.6%	BANK BUKOPIN (ID:BKK)	44.0%	MULTIPLUS ON NM (BR:MTP)
KALBE FARMA	1.5%	KOLAO HOLDINGS (KO:ZBB)	42.8%	COPPER MOUNTAIN MINING (C:CUM)
		COCA COLA ICECEK (TK:COC)	39.3%	NUFARM (A:NUFX)
ROCHE HOLDING	1.4%	NAMCO BANDAI HDG. (J:N@MB)	38.6%	SDL (UKIR:SDL)
BANK BUKOPIN	1.4%	KIMBER 'A' (MX:KCA)	37.7%	PETROMINERALES (C:PMG)
CANON	1.2%	MITRA ADIPERKASA (ID:MIA)	35.7%	BANK SAINT PETERSBURG (RS:STB)
TESCO	1.2%			

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

Return % -52.9% -48.1%

> -39.8% -36.1% -35.8% -32.2%

> -31.7% -28.2% -28.2% -27.7%

Quarter Ending 3/31/13

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

			Attribution Effect	ts	Re	eturns	Secto	r Weights
	Total	Selection	Allocation	Interaction				
	Effects	Effect	Effect	Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.20%	0.22%	0.04%	-0.07%	-0.90%	-2.29%	9.47%	10.20%
Materials	1.11%	0.41%	0.79%	-0.08%	-3.98%	-7.26%	4.05%	10.98%
Industrials	-0.01%	-0.15%	0.06%	0.08%	5.31%	5.08%	12.93%	10.58%
Cons. Disc.	0.55%	0.51%	0.09%	-0.04%	10.51%	5.59%	11.91%	9.54%
Cons. Staples	0.32%	0.33%	0.29%	-0.30%	10.49%	9.03%	15.15%	10.31%
Health Care	0.26%	-0.04%	0.58%	-0.27%	11.88%	12.24%	12.98%	7.15%
Financials	0.72%	0.62%	-0.02%	0.12%	6.86%	4.09%	14.99%	25.96%
Info. Tech	-0.26%	-0.31%	-0.01%	0.05%	-2.90%	3.13%	5.12%	6.37%
Telecomm.	-0.09%	-0.07%	-0.01%	-0.02%	1.88%	2.50%	6.58%	5.37%
Utilities	-0.19%	-0.13%	-0.03%	-0.03%	-3.08%	-0.14%	4.44%	3.53%
Cash	-0.16%	0.00%	-0.16%	0.00%	0.02%		2.38%	0.00%
Portfolio	2.45%	= 1.39%	+ 1.62%	+ -0.56%	5.69%	3.24%	100.00%	100.00%

Quarter Ending 3/31/13

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

		Returns and	Weights		Attribution Effects							
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects			
Europe												
Austria	-	-4.6%	0.0%	0.2%	-	0.0%	0.0%		0.0%			
Belgium	-2.0%	8.9%	0.3%	0.8%	-0.1%	0.0%	0.0%	0.1%	0.0%			
Czech Republic*		-14.1%	0.0%	0.1%	-	0.0%	0.0%		0.0%			
Denmark	5.0%	4.3%	2.1%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%			
Finland	10.1%	3.0%	0.9%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%			
France	-2.9%	0.6%	8.8%	6.5%	-0.2%	-0.1%	-0.1%	-0.1%	-0.5%			
Germany	-0.6%	0.5%	3.9%	6.0%	-0.1%	0.1%	0.1%	0.0%	0.1%			
Greece		14.0%	0.0%	0.0%	-	0.0%	0.0%		0.0%			
Hungary*	-	-6.6%	0.0%	0.1%	-	0.0%	0.0%		0.0%			
Ireland		12.9%	0.0%	0.2%	-	0.0%	0.0%		0.0%			
Italy	-2.9%	-9.8%	2.7%	1.5%	0.1%	-0.2%	0.0%	0.1%	0.0%			
Netherlands	8.7%	2.6%	3.0%	1.7%	0.1%	0.0%	0.0%	0.1%	0.1%			
Norway		0.4%	0.0%	0.6%	-	0.0%	0.0%		0.0%			
Poland*	-25.8%	-11.6%	0.0%	0.4%	-0.1%	0.1%	0.0%	0.1%	0.1%			
Portugal	1.4%	-0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%			
Russia*	-1.4%	-3.2%	0.3%	1.4%	0.0%	0.1%	0.0%	0.0%	0.1%			
Spain	-4.3%	-5.4%	3.4%	2.1%	0.0%	-0.1%	0.0%	0.0%	-0.1%			
Sweden	11.4%	9.8%	3.8%	2.1%	0.0%	0.0%	0.0%	0.0%	0.1%			
Switzerland	12.1%	11.7%	7.2%	5.9%	0.0%	0.1%	-0.1%	0.0%	0.1%			
United Kingdom	4.5%	2.5%	17.8%	15.4%	0.3%	0.1%	-0.2%	0.1%	0.3%			

Quarter Ending 3/31/13

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

		Returns and	Weights			i			
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
AsiaPacific									
Australia	14.4%	9.1%	5.4%	6.1%	0.3%	0.0%	0.0%	0.0%	0.3%
China*	1.7%	-4.5%	2.8%	4.4%	0.3%	0.2%	0.0%	-0.1%	0.4%
Hong Kong	-0.4%	3.5%	1.8%	2.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%
India*	-6.9%	-2.5%	1.7%	1.6%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Indonesia*	20.9%	13.4%	0.7%	0.6%	0.0%	0.0%	0.0%	0.0%	0.1%
Japan	14.0%	11.6%	15.6%	13.6%	0.4%	0.3%	-0.2%	0.0%	0.5%
Korea*	-1.7%	-4.1%	1.7%	3.7%	0.0%	0.1%	0.1%	0.0%	0.3%
Malaysia*		-0.9%	0.0%	0.8%		0.1%	0.0%		0.1%
New Zealand		11.0%	0.0%	0.1%		0.0%	0.0%		0.0%
Philippines*	20.3%	19.0%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	5.4%	2.9%	2.8%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	0.2%	-0.2%	0.9%	2.6%	0.0%	0.1%	0.1%	0.0%	0.1%
Thailand*	11.0%	10.1%	0.3%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Americas									
Brazil*	0.4%	-0.8%	2.2%	3.0%	0.1%	0.1%	0.0%	0.0%	0.1%
Canada	10.5%	1.0%	0.7%	7.7%	0.7%	0.3%	0.1%	-0.7%	0.5%
Chile*	3.7%	4.5%	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-4.4%	-6.5%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	6.7%	6.1%	1.1%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Peru*	13.3%	-2.6%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
United States	11.6%	10.5%	1.6%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%

Quarter Ending 3/31/13

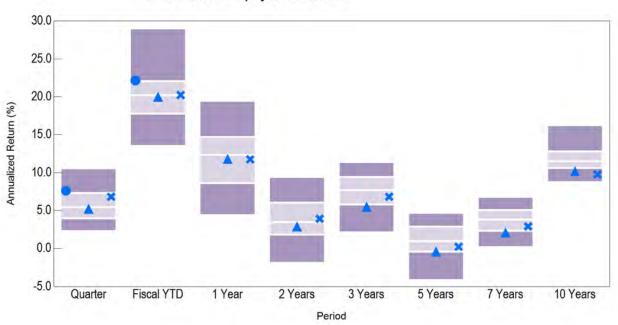
Developed Markets w/o Pyramis Performance Attribution Versus MSCI ACWI ex USA

		Returns and	Weights		Attribution Effects					
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects	
Other										
Egypt*	-	-12.7%	0.0%	0.1%		0.0%	0.0%		0.0%	
Israel	7.1%	7.2%	0.9%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	
Morocco*		-3.0%	0.0%	0.0%		0.0%	0.0%		0.0%	
South Africa*	-13.4%	-8.9%	0.9%	1.9%	-0.1%	0.1%	0.1%	0.0%	0.1%	
Turkey*	6.1%	8.3%	1.4%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other Countries*		0.0%		0.0%						
Totals										
Americas	6.2%	1.0%	6.4%	12.8%	0.6%	0.4%	0.1%	-0.3%	0.7%	
Europe	3.8%	2.5%	54.1%	46.5%	0.6%	0.0%	-0.3%	0.1%	0.3%	
Asia/Pacific	9.5%	5.4%	33.8%	37.8%	1.8%	-0.1%	-0.1%	-0.2%	1.5%	
Other	1.1%	-3.9%	3.4%	2.8%	0.1%	0.0%	0.1%	0.0%	0.1%	
Cash	0.0%		2.4%	0.0%	0.0%	-0.2%	0.0%	0.0%	-0.2%	
Total	5.7%	3.2%	100.0%	100.0%	3.0%	0.0%	-0.2%	-0.4%	2.5%	
Totals										
Developed	6.6%	4.8%	82.7%	75.9%	1.5%	0.2%	-0.4%	0.1%	1.4%	
Emerging*	1.5%	-1.7%	14.9%	24.1%	0.6%	0.7%	0.2%	-0.2%	1.3%	
Cash	0.0%	-	2.4%	0.0%	0.0%	-0.2%	0.0%	0.0%	-0.2%	

Total Returns - EAFE Growth Equity

Periods Ending March 31, 2013

eA EAFE Growth Equity Gross Accounts



		Return	(Rank)	0.4.														
	5th Percentile	10.5		29.0		19.5		9.4		11.4		4.7		6.8		16.3		
	25th Percentile	7.3		22.1		14.7		6.1		9.5		2.9		5.1		12.8		
	Median	5.5		20.2		12.4		3.5		7.7		1.0		3.8		11.5		
	75th Percentile	4.0		17.8		8.7		1.9		5.8		-0.4		2.3		10.6		
В	95th Percentile	2.3		13.5		4.4		-1.9		2.1		-4.1		0.2		8.7		
	# of Portfolios	50		50		50		50		48		46		41		34		
•	Baillie Gifford	7.6	(22)	22.1	(25)	-	()		()		()		()		()	-	()	
	MSCI EAFE Gross	5.2	(52)	20.0	(56)	11.8	(58)	2.9	(61)	5.5	(80)	-0.4	(75)	2.1	(79)	10.2	(82)	
×	MSCI EAFE Growth Gross	6.8	(32)	20.2	(50)	11.7	(58)	3.9	(46)	6.8	(66)	0.2	(65)	2.9	(69)	9.8	(86)	

San Mateo County Employees' Retirement Association

Equity Only Summary Statistics - Baillie Gifford

Quarter Ending March 31, 2013

Characteristics

	Portfolio	MSCI EAFE Gross
Number of Holdings	80	909
Weighted Avg. Market Cap. (\$B)	32.7	55.6
Median Market Cap. (\$B)	9.4	7.8
Price To Earnings	20.9	17.2
Price To Book	4.1	2.1
Price To Sales	2.4	1.6
Return on Equity (%)	22.1	13.4
Yield (%)	2.2	3.1
Beta (holdings; global)	0.9	0.9

Top Holdings	
ROCHE HOLDING	3.7%
SVENSKA HANDBKN.'A'	2.8%
NESTLE 'R'	2.8%
BG GROUP	2.5%
CARLSBERG 'B'	2.4%
MS&AD INSURANCE GP.HDG.	2.2%
ATLAS COPCO 'B'	2.1%
COCHLEAR	2.1%
ASOS	1.9%
WOOD GROUP (JOHN)	1.8%

Best Performers						
	Return %					
SEEK (A:SEKX)	46.3%					
NAMCO BANDAI HDG. (J:N@MB)	38.6%					
SHIMANO (J:SHMO)	32.3%					
RAKUTEN (J:RAKT)	30.6%					
FAST RETAILING (J:RETA)	29.8%					
KAO (J:KA@N)	25.9%					
YAMAHA MOTOR (J:YM@N)	25.0%					
SVENSKA HANDBKN.'A' (W:SVK)	24.6%					
MINDRAY MED.INTL.SPN. ADR.'A' 1:1 (MR)	23.8%					
TREASURY WINE ESTATES (A:TWEX)	23.1%					

Worst Performers	
	Return %
KAZAKHMYS (UKIR:KAZ)	-52.9%
LI & FUNG (K:FUNG)	-21.9%
CLICKS GROUP (R:CLSJ)	-15.8%
BHP BILLITON (UKIR:BLT)	-14.5%
COCHLEAR (A:COHX)	-12.0%
JOHNSON MATTHEY (UKIR:JMAT)	-9.6%
PEARSON (UKIR:PSON)	-6.9%
IMPERIAL TOBACCO GP. (UKIR:IMT)	-6.7%
MITCHELLS & BUTLERS (UKIR:MAB)	-6.2%
PTRO.BRAO.ADR 1:2 (PBRA)	-6.0%

Equity Sector Attribution - Baillie Gifford

Quarter Ending March 31, 2013

Baillie Gifford Performance Attribution vs. MSCI EAFE Gross

						0.000			
			Attribution Effe	cts	R	eturns	Secto	Sector Weights	
	Total	Selection	Allocation	Interaction					
	Effects	Effect	Effect	Effects	Portfolio	Benchmark	Portfolio	Benchmark	
Energy	0.4%	0.4%	0.1%	-0.1%	2.4%	-1.6%	6.4%	7.7%	
Materials	0.3%	-0.6%	0.5%	0.4%	-12.2%	-4.7%	5.3%	9.8%	
Industrials	0.4%	0.2%	0.1%	0.1%	9.1%	5.8%	20.2%	12.5%	
Cons. Disc.	0.8%	0.7%	0.2%	-0.1%	13.3%	7.4%	16.1%	10.7%	
Cons. Staples	-0.4%	-0.4%	0.3%	-0.4%	8.4%	11.1%	17.0%	11.7%	
Health Care	-0.3%	-0.5%	0.3%	-0.1%	9.3%	12.5%	13.6%	9.8%	
Financials	1.2%	1.1%	0.1%	0.0%	10.0%	5.2%	16.5%	24.7%	
Info. Tech	-0.1%	-0.6%	0.0%	0.5%	-2.4%	5.2%	2.4%	4.3%	
Telecomm.	0.2%		-0.1%		-	6.2%	0.0%	4.9%	
Utilities	0.4%		0.3%		_	-0.9%	0.0%	3.9%	
Cash	-0.2%	0.0%	-0.2%	0.0%	0.0%		2.5%	0.0%	
Portfolio	2.5%	= 0.2%	+ 1.4%	+ 0.9%	7.8%	5.2%	100.0%	100.0%	

Equity Performance Attribution - Baillie Gifford

Quarter Ending March 31, 2013

Baillie Gifford Performance Attribution Versus MSCI EAFE Gross

	Returns and Weights					Attribution Effects				
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects	
Europe										
Austria		-4.6%	0.0%	0.3%		0.0%	0.0%		0.0%	
Belgium	-2.0%	8.9%	0.6%	1.2%	-0.1%	0.0%	0.0%	0.1%	-0.1%	
Czech Republic*			0.0%	0.0%		-	0.0%		0.0%	
Denmark	5.0%	4.3%	4.8%	1.2%	0.0%	-0.1%	-0.1%	0.0%	-0.2%	
Finland	10.1%	3.0%	2.0%	0.8%	0.1%	-0.1%	0.0%	0.1%	0.1%	
France	-1.3%	0.6%	3.2%	9.6%	-0.2%	0.4%	0.2%	0.1%	0.5%	
Germany	14.7%	0.5%	2.5%	8.8%	1.3%	0.4%	0.2%	-0.9%	0.9%	
Greece		14.0%	0.0%	0.1%	-	0.0%	0.0%		0.0%	
Hungary*			0.0%	0.0%	-	-	0.0%		0.0%	
Ireland		12.9%	0.0%	0.3%	-	0.0%	0.0%		0.0%	
Italy	7.1%	-9.8%	2.5%	2.3%	0.4%	0.0%	0.0%	0.0%	0.4%	
Netherlands		2.6%	0.0%	2.5%	-	0.1%	0.1%		0.2%	
Norway		0.4%	0.0%	0.9%	-	0.0%	0.0%		0.1%	
Poland*			0.0%	0.0%			0.0%		0.0%	
Portugal		-0.3%	0.0%	0.2%	-	0.0%	0.0%		0.0%	
Russia*			0.0%	0.0%	-		0.0%		0.0%	
Spain	3.3%	-5.4%	2.2%	3.0%	0.3%	0.1%	0.0%	-0.1%	0.3%	
Sweden	11.4%	9.8%	8.8%	3.2%	0.1%	0.0%	0.0%	0.1%	0.1%	
Switzerland	12.0%	11.7%	9.4%	8.7%	0.0%	0.0%	0.0%	0.0%	0.0%	
United Kingdom	1.4%	2.5%	21.7%	22.6%	-0.2%	0.0%	0.1%	0.0%	-0.1%	

Equity Performance Attribution - Baillie Gifford

Quarter Ending March 31, 2013

Baillie Gifford Performance Attribution Versus MSCI EAFE Gross

	Returns and Weights					Attribution Effects				
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects	
AsiaPacific										
Australia	12.4%	9.1%	8.1%	8.9%	0.3%	0.0%	0.0%	0.0%	0.3%	
China*	23.8%	-4.5%	1.0%	0.0%	0.0%	-0.2%	0.0%	0.3%	0.1%	
Hong Kong	-5.2%	3.5%	3.3%	3.1%	-0.3%	0.0%	0.0%	0.0%	-0.3%	
India*	-4.6%	-2.6%	0.9%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%	
Indonesia*			0.0%	0.0%		-	0.0%		0.0%	
Japan	20.1%	11.6%	14.3%	20.0%	1.8%	-0.6%	0.4%	-0.5%	1.1%	
Korea*	-4.7%	-3.4%	1.3%	0.0%	0.0%	-0.1%	0.0%	-0.1%	-0.2%	
Malaysia*			0.0%	0.0%			0.0%		0.0%	
New Zealand		11.0%	0.0%	0.1%		0.0%	0.0%		0.0%	
Philippines*			0.0%	0.0%			0.0%		0.0%	
Singapore	6.8%	2.9%	3.1%	1.9%	0.1%	-0.1%	0.0%	0.0%	0.0%	
Taiwan*	0.2%	-0.2%	1.1%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%	
Thailand*			0.0%	0.0%			0.0%		0.0%	
Americas										
Brazil*	2.2%	-0.8%	0.9%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%	
Canada			0.0%	0.0%			0.0%		0.0%	
Chile*			0.0%	0.0%			0.0%		0.0%	
Colombia*			0.0%	0.0%			0.0%		0.0%	
Mexico*			0.0%	0.0%			0.0%		0.0%	
Peru*			0.0%	0.0%			0.0%		0.0%	
United States	12.2%	10.5%	3.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	

Equity Performance Attribution - Baillie Gifford

Quarter Ending March 31, 2013

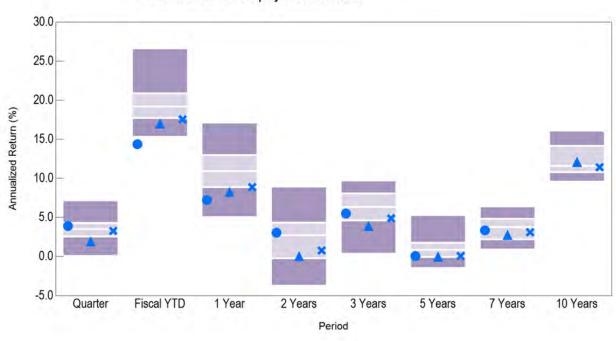
Baillie Gifford Performance Attribution Versus MSCI EAFE Gross

		Returns and	Weights			Attri	bution Effects	;	
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
Other									
Egypt*			0.0%	0.0%		-	0.0%		0.0%
Israel		7.2%	0.0%	0.5%		0.0%	0.0%		0.0%
Morocco*			0.0%	0.0%		-	0.0%		0.0%
South Africa*	-15.8%	-9.0%	1.2%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.3%
Turkey*	2.9%	8.2%	1.5%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%
Other Countries*		0.0%		0.0%					
Totals									
Americas	10.0%		4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe	6.0%	2.9%	57.6%	65.4%	2.0%	0.2%	0.4%	-0.2%	2.3%
Asia/Pacific	12.3%	9.7%	33.2%	34.1%	0.5%	0.0%	0.4%	0.0%	0.8%
Other	-5.7%	7.2%	2.7%	0.5%	0.0%	-0.1%	-0.1%	-0.1%	-0.4%
Cash	0.0%		2.5%	0.0%	0.0%	-0.2%	0.0%	0.0%	-0.2%
Total	7.8%	5.2%	100.0%	100.0%	2.4%	-0.2%	0.7%	-0.4%	2.5%
Totals									
Developed	8.6%	5.2%	89.6%	100.0%	3.0%	0.0%	0.8%	-0.3%	3.6%
Emerging*	0.2%		7.9%	0.0%	0.0%	0.0%	-0.1%	-0.7%	-0.8%
Cash	0.0%		2.5%	0.0%	0.0%	-0.2%	0.0%	0.0%	-0.2%

Total Returns - ACWI ex-US Value Equity

Periods Ending March 31, 2013

eA ACWI ex-US Value Equity Gross Accounts



	Return	(Rank)														
5th Percentile	7.2		26.6		17.1		8.9		9.7		5.3		6.4		16.1	
25th Percentile	4.3		20.9		13.0		4.3		8.1		1.8		4.8		14.2	
Median	3.5		19.2		11.0		2.8		6.3		0.9		3.8		11.6	
75th Percentile	2.6		17.7		8.9		-0.2		4.7		0.0		2.2		10.8	
95th Percentile	0.1		15.3		5.0		-3.7		0.4		-1.5		0.9		9.6	
# of Portfolios	30		30		30		30		28		25		22		15	
Mondrian	3.9	(45)	14.4	(99)	7.2	(82)	3.0	(47)	5.5	(63)	0.0	(75)	3.3	(60)	-	()
▲ MSCI ACWI ex USA Value Gross	1.9	(83)	17.0	(82)	8.2	(79)	0.0	(72)	3.9	(77)	0.0	(75)	2.8	(65)	12.1	(43)
MSCI ACWI ex USA Gross	3.3	(59)	17.5	(78)	8.9	(76)	0.8	(66)	4.9	(75)	0.1	(74)	3.1	(61)	11.4	(60)

Equity Only Summary Statistics - Mondrian

Quarter Ending March 31, 2013

Characteristics

	Portfolio	MSCI ACWI ex USA Value Gross
Number of Holdings	128	1,014
Weighted Avg. Market Cap. (\$B)	51.5	50.8
Median Market Cap. (\$B)	19.3	5.8
Price To Earnings	16.1	13.7
Price To Book	2.7	1.5
Price To Sales	1.5	1.4
Return on Equity (%)	16.7	11.3
Yield (%)	3.8	3.9
Beta (holdings; global)	0.8	1.0

Top Holdings		Best Performers		Worst Performers	
UNILEVER (UK)	2.6%		Return %		Return %
CANON	2.5%	KIMBER 'A' (MX:KCA)	37.7%	BELLE INTERNATIONAL HDG. (K:BIHL)	-23.4%
TESCO	2.5%	COMPARC (MX:CSV)	30.5%	VALE PREFERRED ADR 1:1 (VALE.P)	-18.5%
		HCL TECHNOLOGIES (IN:HTE)	29.9%	VALE ON ADR 1:1 (VALE)	-17.5%
NOVARTIS 'R'	2.5%	PERUSAHAAN GAS NEGARA (ID:PGN)	28.3%	CHINA SHENHUA EN.CO.'H' (K:CSHE)	-17.1%
AHOLD KON.	2.4%	BANK RAKYAT INDONESIA (ID:BRI)	28.1%	CLICKS GROUP (R:CLSJ)	-15.8%
GLAXOSMITHKLINE	2.3%	ENN ENERGY HOLDINGS (K:XINA)	27.2%	TIGER BRANDS (R:TBSJ)	-15.0%
TOTAL	2.2%	CHINA GAS HOLDINGS (K:IWAI)	27.1%	INTESA SANPAOLO (I:ISP)	-14.4%
SEVEN & I HDG.	2.2%	KAO (J:KA@N)	25.9%	LARSEN & TOUBRO (IN:LST)	-14.3%
		QBE INSURANCE GROUP (A:QBEX)	25.4%	BANCO SANTANDER (E:SCH)	-14.3%
TAKEDA PHARMACEUTICAL	2.2%	TOFAS TURK OTOM.FABK. (TK:TOA)	23.2%	TATA MOTORS (IN:TMO)	-13.2%
IBERDROLA	2.1%	,		·	

Equity Sector Attribution - Mondrian

Quarter Ending March 31, 2013

Mondrian Performance Attribution vs. MSCI ACWI ex USA Value Gross

			Effect Effect 0.0% 0.1% 1.2% 0.7% -0.7% 0.0% 0.0% 0.1% 0.2% 0.6% 0.1% 1.0%	ets	R	eturns	Sector Weights			
	Total Effects		Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark		
Energy	0.2%	0.0%	0.1%	0.1%	-2.2%	-2.5%	12.0%	13.8%		
Materials	1.3%	1.2%	0.7%	-0.5%	6.7%	-8.9%	3.1%	9.0%		
Industrials	-0.3%	-0.7%	0.0%	0.3%	-2.6%	2.3%	7.5%	8.8%		
Cons. Disc.	0.1%	0.0%	0.1%	-0.1%	6.7%	6.2%	8.9%	6.3%		
Cons. Staples	0.9%	0.2%	0.6%	0.2%	12.5%	7.0%	13.9%	2.3%		
Health Care	0.6%	0.1%	1.0%	-0.4%	14.0%	13.9%	12.6%	5.3%		
Financials	0.4%	-0.3%	-0.3%	1.1%	4.0%	3.8%	14.1%	37.4%		
Info. Tech	-0.6%	-0.2%	0.1%	-0.5%	-3.0%	4.3%	7.3%	3.9%		
Telecomm.	-0.1%	0.0%	0.0%	-0.1%	1.9%	1.5%	11.7%	7.6%		
Utilities	-0.2%	-0.1%	-0.1%	0.0%	-3.1%	-2.5%	7.9%	5.6%		
Cash	-0.1%	0.0%	-0.1%	0.0%	0.0%		1.0%	0.0%		
Portfolio	2.3%	= 0.1%	+ 2.1%	+ 0.1%	4.2%	1.9%	100.0%	100.0%		

Equity Performance Attribution - Mondrian

Quarter Ending March 31, 2013

Mondrian Performance Attribution Versus MSCI ACWI ex USA Value Gross

		Returns and	Weights			Attri	bution Effects	i	
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
_	Return	Netuin	Weight	vveignt	LIIGOL	Lilect	LIIGUL	LIIGO	LIICUS
Europe									
Austria		-4.6%	0.0%	0.3%		0.0%	0.0%		0.0%
Belgium		4.2%	0.0%	0.5%		0.0%	0.0%		0.0%
Czech Republic*		-16.2%	0.0%	0.1%	-	0.0%	0.0%		0.0%
Denmark		6.5%	0.0%	0.2%		0.0%	0.0%		0.0%
Finland		0.3%	0.0%	0.8%	-	0.0%	0.0%		0.0%
France	-3.3%	-1.9%	13.1%	7.8%	-0.1%	-0.3%	-0.1%	-0.1%	-0.6%
Germany	-6.4%	-2.4%	5.1%	5.8%	-0.2%	0.0%	0.0%	0.0%	-0.1%
Greece		11.1%	0.0%	0.0%		0.0%	0.0%		0.0%
Hungary*		-2.8%	0.0%	0.1%	-	0.0%	0.0%		0.0%
Ireland		12.5%	0.0%	0.2%		0.0%	0.0%		0.0%
Italy	-9.4%	-11.5%	2.9%	2.3%	0.0%	-0.1%	0.0%	0.0%	0.0%
Netherlands	8.7%	-3.1%	5.3%	1.5%	0.2%	-0.2%	-0.1%	0.5%	0.3%
Norway		1.2%	0.0%	1.0%	-	0.0%	0.0%		0.0%
Poland*		-17.8%	0.0%	0.4%	-	0.1%	0.0%		0.1%
Portugal		-1.5%	0.0%	0.1%	-	0.0%	0.0%		0.0%
Russia*	-1.4%	-6.4%	0.6%	1.4%	0.0%	0.1%	0.0%	0.0%	0.1%
Spain	-7.2%	-6.9%	4.4%	3.4%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Sweden		19.2%	0.0%	1.8%		-0.3%	0.0%		-0.3%
Switzerland	12.1%	13.7%	5.6%	3.4%	-0.1%	0.3%	-0.1%	0.0%	0.1%
United Kingdom	7.8%	-0.1%	15.1%	15.6%	1.3%	0.0%	-0.1%	0.0%	1.2%

Equity Performance Attribution - Mondrian

Quarter Ending March 31, 2013

Mondrian Performance Attribution Versus MSCI ACWI ex USA Value Gross

		Returns and	Weights			Attri	bution Effects	i	
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
AsiaPacific									
Australia	17.9%	14.3%	3.4%	5.9%	0.2%	-0.2%	0.0%	-0.1%	-0.1%
China*	-2.6%	-3.3%	4.1%	4.5%	0.0%	0.0%	0.0%	0.0%	0.1%
Hong Kong	20.5%	0.5%	0.6%	2.1%	0.4%	0.1%	0.0%	-0.3%	0.2%
India*	-7.5%	-5.7%	2.4%	1.6%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Indonesia*	20.9%	13.0%	1.2%	0.6%	0.0%	0.1%	0.0%	0.0%	0.1%
Japan	10.0%	10.9%	16.7%	13.7%	-0.1%	0.5%	-0.3%	0.0%	0.0%
Korea*	-0.2%	-3.9%	2.0%	3.6%	0.1%	0.1%	0.1%	-0.1%	0.2%
Malaysia*		-0.3%	0.0%	0.8%		0.0%	0.0%		0.0%
New Zealand		7.9%	0.0%	0.1%		0.0%	0.0%		0.0%
Philippines*	20.3%	18.8%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	4.1%	3.5%	2.6%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	0.1%	-1.2%	0.7%	2.4%	0.0%	0.1%	0.1%	0.0%	0.1%
Thailand*	11.0%	9.2%	0.5%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Americas									
Brazil*	0.0%	-6.3%	3.3%	3.0%	0.2%	0.0%	0.0%	0.0%	0.2%
Canada	10.5%	0.2%	1.2%	8.1%	0.8%	0.2%	0.1%	-0.7%	0.5%
Chile*	3.7%	3.1%	0.7%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	-4.4%	-7.7%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico*	6.7%	7.7%	1.9%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Peru*	13.3%	-19.0%	0.6%	0.1%	0.0%	-0.1%	0.0%	0.1%	0.1%
United States	8.9%	10.7%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Equity Performance Attribution - Mondrian

Quarter Ending March 31, 2013

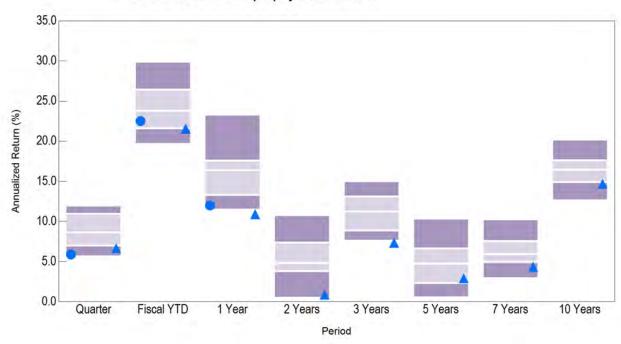
Mondrian Performance Attribution Versus MSCI ACWI ex USA Value Gross

		Returns and \	Weights			Attri	bution Effects		
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
Other									
Egypt*		-9.5%	0.0%	0.1%		0.0%	0.0%		0.0%
Israel	7.1%	7.8%	1.6%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco*		-3.2%	0.0%	0.0%	-	0.0%	0.0%		0.0%
South Africa*	-9.6%	-6.0%	0.6%	1.8%	-0.1%	0.0%	0.1%	0.0%	0.1%
Turkey*	8.6%	9.6%	1.4%	0.5%	0.0%	0.1%	0.0%	0.0%	0.0%
Other Countries*		0.0%		0.0%					
Totals									
Americas	4.8%	-0.8%	8.3%	13.2%	0.6%	0.3%	0.1%	-0.2%	0.8%
Europe	1.9%	-0.3%	52.1%	46.5%	1.0%	-0.1%	-0.3%	0.1%	0.8%
Asia/Pacific	7.5%	5.8%	34.7%	37.5%	1.0%	-0.1%	-0.2%	-0.1%	0.6%
Other	4.7%	-1.5%	3.9%	2.8%	0.1%	0.0%	0.1%	0.0%	0.2%
Cash	0.0%		1.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Total	4.2%	1.9%	100.0%	100.0%	2.7%	0.0%	-0.3%	-0.1%	2.3%
Totals									
Developed	4.8%	3.3%	78.5%	76.2%	1.6%	0.0%	-0.5%	0.0%	1.2%
Emerging*	1.9%	-2.5%	20.5%	23.8%	0.8%	0.2%	0.2%	-0.1%	1.2%
Cash	0.0%		1.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%

Total Returns - ACWI ex-US Small Cap Equity

Periods Ending March 31, 2013

eA ACWI ex-US Small Cap Equity Gross Accounts



Re	eturn	(Rank)														
5th Percentile	11.9		29.9		23.3		10.7		15.0		10.3		10.2		20.2	
25th Percentile	11.0		26.5		17.6		7.4		13.1		6.6		7.6		17.6	
Median	8.6		23.8		16.4		4.8		11.2		4.7		5.9		16.5	
75th Percentile	7.0		21.6		13.3		3.8		8.9		2.3		5.0		14.9	
95th Percentile	5.6		19.7		11.5		0.5		7.6		0.6		3.0		12.6	
# of Portfolios	22		22		22		22		21		18		17		11	
Pyramis Equity	5.8	(93)	22.5	(64)	12.0	(91)	-	()	24	()		()	-	()	-	()
MSCI ACWI ex US Small Cap Gross	6.6	(80)	21.5	(78)	10.9	(96)	0.9	(90)	7.3	(97)	2.9	(69)	4.3	(88)	14.7	(81)

Equity Only Summary Statistics – Pyramis Global Advisors

Quarter Ending March 31, 2013

Characteristics

	Portfolio	MSCI ACWI ex-US Small Cap
No. of Securities	224	4,158
Wgtd. Avg. Market Cap (000's)	2,362	1,760
Price to Book Ratio	1.7	1.4
Return on Equity (5 Year)	12.3%	11.0%

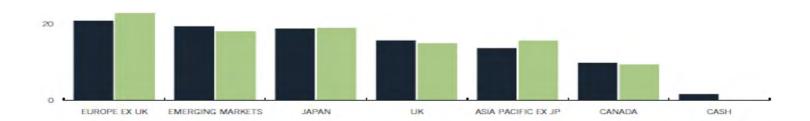
Ten Holdings		Best Performers		Worst Performers	
HIKMA PHARMACEUTICALS PLC	1.5	PROFARMA DISTRIB DE PRD FRM SA	55.2	TROYRESOURCES LTD	-39.9
INFORMAPLC	1.4	GRUPO AERO CENTRO NORTE CL B	49.7	MULTIPLUS SA	-37.4
NIHON PARKERIZING CO LTD	1.4	GOLDCREST CO LTD	49.2	COPPER MOUNT AIN MINING CORP	-32.2
TRAVIS PERKINS PLC	1.2	GMO INTERNET INC	48.2	NUFARM LTD	-31.8
KINTETSU WORLD EXPRESS INC	1.2	SEEK LTD	46.2	PETROMINERALES LTD	-28.2
AKER SOLUTIONS ASA	1.1	BANK BUKOPIN TBK PT	43.9	SDL INTERNATIONAL PLC	-28.2
CHIYODA CORP	1.0	KOLAO HOLDINGS	41.4	DETOUR GOLD CORP	-23.1
CHINA RES GAS GROUP LTD	1.0	AEON FINANCIAL SERVICE CO LTD	37.8	RALLIS INDIA LTD	-22.1
DOMINION DIAMOND CORP	0.9	COCA-COLA ICECEK SANAYI AS	36.7	ALAMOS GOLD INC	-21.6
REGUS PLC	0.9	MIT RA ADIPERKASA TBK PT	35.6	BANK ST PETERSBURG (USD)	-21.5

Regional and Sector Weights – Pyramis Global Advisors

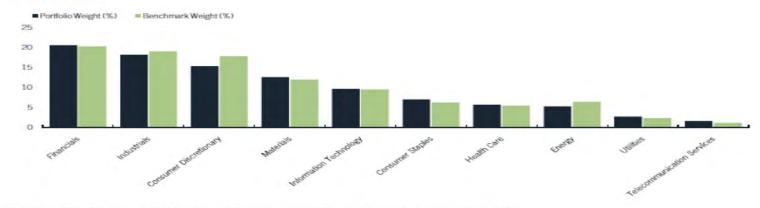
Quarter Ending March 31, 2013

Regional Weights





Sector Weights



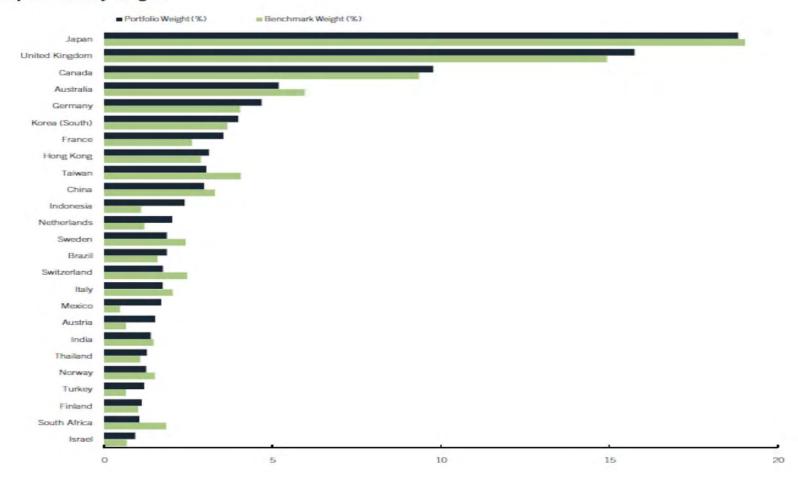
Sector breakdowns are only applied to equities and convertibles and the allocation percentages may not add to 100%.

Benchmark: MSCI AC Wld Sm Cap xUS(N)

Country Weights – Pyramis Global Advisors

Quarter Ending March 31, 2013

Top 25 Country Weights

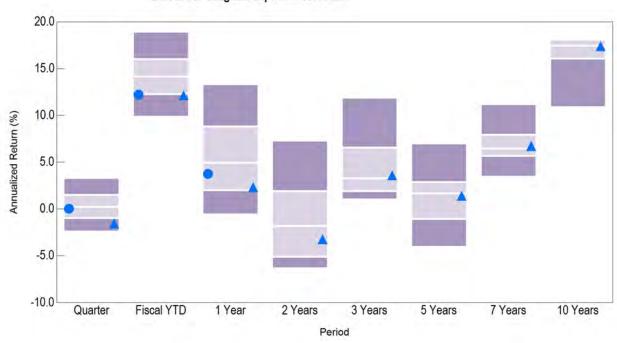


Benchmark: MSCI AC Wld Sm Cap xUS(N)

Total Returns - Emerging Markets Equity

Periods Ending March 31, 2013



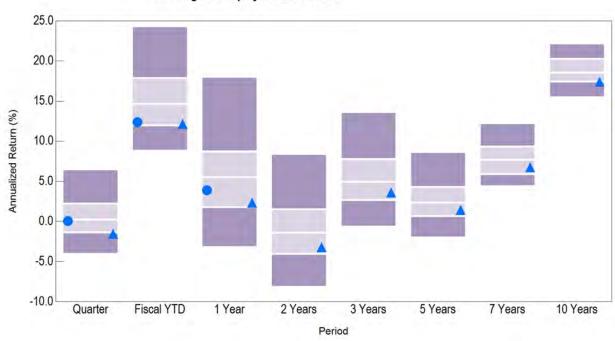


	Return	(Rank)															
5th Percentile	3.3		19.0		13.3		7.3		11.9		7.0		11.2		18.2		
25th Percentile	1.5		16.0		8.8		1.9		6.6		2.9		7.9		18.1		
Median	0.2		14.2		5.0		-1.8		3.3		1.7		6.5		17.5		
75th Percentile	-1.0		12.3		2.0		-5.1		1.9		-1.1		5.7		16.1		
95th Percentile	-2.4		9.9		-0.6		-6.3		1.0		-4.0		3.5		10.9		
# of Portfolios	65		65		62		49		33		22		17		8		
Emerging Markets	0.0	(58)	12.2	(80)	3.7	(58)	-	()	14	()	-	()		()		()	
 MSCI Emerging Markets Gross 	-1.6	(84)	12.1	(82)	2.3	(72)	-3.3	(56)	3.6	(49)	1.4	(55)	6.7	(45)	17.4	(51)	

Total Returns - Emerging Markets Equity

Periods Ending March 31, 2013





	Return	(Rank)															
5th Percentile	6.5		24.4		18.0		8.4		13.6		8.6		12.2		22.2		
25th Percentile	2.2		17.9		8.7		1.5		7.8		4.3		9.3		20.3		
Median	0.2		14.7		5.5		-1.4		4.9		2.4		7.7		18.6		
75th Percentile	-1.4		12.0		1.8		-4.1		2.6		0.7		5.9		17.5		
95th Percentile	-4.0		8.8		-3.2		-8.1		-0.6		-2.0		4.4		15.5		
# of Portfolios	154		154		154		142		126		105		80		62		
Eaton Vance	0.0	(52)	12.4	(71)	3.9	(63)	-	()	14	()	-	()	-	()		()	
MSCI Emerging Markets Gross	-1.6	(78)	12.1	(75)	2.3	(72)	-3.3	(67)	3.6	(68)	1.4	(67)	6.7	(63)	17.4	(78)	

Equity Only Summary Statistics - Eaton Vance

Quarter Ending March 31, 2013

Characteristics

	Portfolio	MSCI Emerging Markets Gross
Number of Holdings	827	823
Weighted Avg. Market Cap. (\$B)	22.0	36.1
Median Market Cap. (\$B)	4.6	4.6
Price To Earnings	16.4	15.9
Price To Book	2.9	2.5
Price To Sales	2.3	2.1
Return on Equity (%)	18.8	18.4
Yield (%)	3.0	2.7
Beta (holdings; global)	1.1	1.0

Top Holdings	
SAMSUNG ELECTRONICS	1.3%
AMX 'L'	1.2%
SBERBANK RUSSIA ADR 1:4	1.1%
MTN GROUP	1.0%
CHINA MOBILE	1.0%
OAO GAZPROM SPN.ADR 1:2	1.0%
INFOSYS ADR 1:1	0.7%
GFNORTE 'O'	0.7%
CHINA CON.BANK 'H'	0.6%
LUKOIL OAO SPN.ADR 1:1	0.6%

Best Performers					
	Return %				
TMB BANK FB (Q:TMBF)	123.0%				
SINO-THAI ENGR.CON. FB (Q:STFF)	116.3%				
TRUE CORPORATION FB (Q:TSFB)	55.1%				
CTC MEDIA (CTCM)	53.5%				
GHANA COMMERCIAL BANK (GH:GCB)	53.1%				
THAI BEVERAGE PUBLIC (T:THBE)	52.1%				
CHIMIMPORT (BL:CHM)	51.8%				
FAN MILK (GH:FMI)	51.7%				
SURYA SEMESTA INTERNUSA (ID:RYA)	48.8%				
EQUITY BANK (KN:EQB)	47.1%				

Worst Performers	
	Return %
KAZAKHMYS (UKIR:KAZ)	-52.9%
TELEKOMUNIKACJA POLSKA (PO:TP)	-48.1%
OGX PETROLEO ON (BR:CCO)	-46.4%
NOVA KREDITNA BANKA MARIBOR (SV:NOE)	-43.9%
POLIMEXMS (PO:PXM)	-43.2%
HYUNDAI MERCHANT MARINE (KO:HMA)	-40.3%
NEW WORLD RESOURCES (UKIR:NWR)	-39.0%
IHLAS HOLDING (TK:IHL)	-35.3%
FERREXPO (UKIR:FXPO)	-34.0%
POLYMETAL INTERNATIONAL (UKIR:POLY)	-31.1%

Equity Sector Attribution - Eaton Vance

Quarter Ending March 31, 2013

Eaton Vance Performance Attribution vs. MSCI Emerging Markets Gross

	•	_aton vanos i c	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	ibation to ino	or Emerging in	ar Noto Or ooo		
			Attribution Effect	ets	R	eturns	Secto	r Weights
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.1%	0.0%	0.1%	0.0%	-5.9%	-5.9%	10.7%	12.5%
Materials	0.2%	0.3%	0.0%	-0.1%	-8.2%	-10.1%	11.6%	11.7%
Industrials	0.6%	0.4%	0.0%	0.2%	5.3%	-1.2%	9.6%	6.5%
Cons. Disc.	0.1%	0.1%	0.0%	0.0%	-1.2%	-2.5%	8.0%	7.9%
Cons. Staples	0.4%	0.4%	0.0%	0.0%	5.7%	1.9%	9.8%	8.8%
Health Care	-0.1%	-0.1%	0.0%	0.0%	-2.7%	2.7%	1.6%	1.3%
Financials	0.5%	0.6%	0.0%	-0.1%	4.1%	1.9%	25.2%	26.5%
Info. Tech	0.0%	0.0%	-0.3%	0.2%	1.6%	0.9%	7.6%	13.8%
Telecomm.	0.2%	0.3%	-0.1%	0.0%	-2.2%	-4.9%	11.1%	7.7%
Utilities	-0.1%	0.0%	0.0%	-0.1%	0.1%	2.0%	4.3%	3.4%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%		0.5%	0.0%
Portfolio	1.9%	= 2.0%	+ -0.2%	+ 0.1%	0.2%	-1.7%	100.0%	100.0%

Equity Performance Attribution - Eaton Vance

Quarter Ending March 31, 2013

Eaton Vance Performance Attribution Versus MSCI Emerging Markets Gross

		Returns and	Weights			Attribution Effects					
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects		
Europe											
Austria	-		0.0%	0.0%		-	0.0%		0.0%		
Belgium			0.0%	0.0%			0.0%		0.0%		
Czech Republic*	-11.4%	-14.1%	1.6%	0.3%	0.0%	-0.1%	-0.1%	0.0%	-0.1%		
Denmark			0.0%	0.0%			0.0%		0.0%		
Finland	-		0.0%	0.0%			0.0%		0.0%		
France			0.0%	0.0%			0.0%		0.0%		
Germany			0.0%	0.0%		-	0.0%		0.0%		
Greece			0.0%	0.0%			0.0%		0.0%		
Hungary*	-8.3%	-6.6%	1.8%	0.2%	0.0%	0.0%	-0.1%	0.0%	-0.1%		
Ireland			0.0%	0.0%			0.0%		0.0%		
Italy			0.0%	0.0%		-	0.0%		0.0%		
Netherlands	13.3%	2.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Norway			0.0%	0.0%		-	0.0%		0.0%		
Poland*	-10.5%	-11.6%	3.7%	1.5%	0.0%	-0.1%	-0.1%	0.0%	-0.2%		
Portugal			0.0%	0.0%		-	0.0%		0.0%		
Russia*	-3.7%	-3.2%	6.6%	6.0%	-0.1%	0.0%	0.1%	0.0%	-0.1%		
Spain			0.0%	0.0%		-	0.0%		0.0%		
Sweden	-6.7%	9.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Switzerland	-		0.0%	0.0%	-	-	0.0%		0.0%		
United Kingdom	-29.1%	2.5%	0.9%	0.0%	0.0%	0.1%	0.0%	-0.3%	-0.3%		

Equity Performance Attribution - Eaton Vance

Quarter Ending March 31, 2013

Eaton Vance Performance Attribution Versus MSCI Emerging Markets Gross

	Returns and Weights				Attribution Effects					
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects	
AsiaPacific										
Australia			0.0%	0.0%			0.0%		0.0%	
China*	-4.1%	-4.5%	10.3%	18.3%	0.1%	0.3%	0.0%	0.0%	0.4%	
Hong Kong			0.0%	0.0%		-	0.0%		0.0%	
India*	-0.2%	-2.5%	2.3%	6.6%	0.2%	0.1%	-0.1%	-0.1%	0.1%	
Indonesia*	12.6%	13.4%	3.6%	2.6%	0.0%	0.1%	0.0%	0.0%	0.1%	
Japan			0.0%	0.0%			0.0%		0.0%	
Korea*	-4.4%	-4.1%	7.1%	15.3%	-0.1%	0.0%	0.3%	0.0%	0.3%	
Malaysia*	-1.1%	-0.9%	3.6%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	
New Zealand			0.0%	0.0%		-	0.0%		0.0%	
Philippines*	17.9%	19.0%	1.7%	0.9%	0.0%	0.2%	0.0%	0.0%	0.1%	
Singapore	29.4%	3.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Taiwan*	-0.8%	-0.2%	7.1%	10.6%	-0.1%	-0.1%	0.1%	0.0%	0.0%	
Thailand*	16.5%	10.1%	3.3%	2.5%	0.2%	0.0%	0.0%	0.1%	0.3%	
Americas										
Brazil*	-0.4%	-0.8%	7.4%	12.6%	0.2%	0.1%	-0.1%	-0.1%	0.0%	
Canada			0.0%	0.0%			0.0%		0.0%	
Chile*	5.1%	4.5%	3.4%	1.8%	0.0%	0.1%	0.0%	0.0%	0.1%	
Colombia*	-5.0%	-6.5%	1.8%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	
Mexico*	8.5%	6.1%	7.2%	5.2%	0.2%	0.0%	0.0%	0.1%	0.3%	
Peru*	0.4%	-2.6%	1.7%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	
United States	11.2%	10.5%	0.7%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	

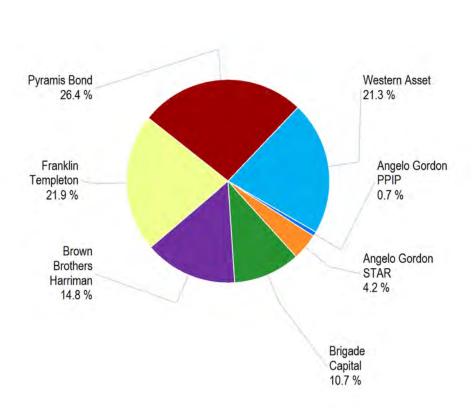
Equity Performance Attribution - Eaton Vance

Quarter Ending March 31, 2013

Eaton Vance Performance Attribution Versus MSCI Emerging Markets Gross

	Returns and Weights					Attribution Effects					
	Manager	Index	Manager	Index	Selection	Allocation	Currency	Interaction	Total		
	Return	Return	Weight	Weight	Effect	Effect	Effect	Effect	Effects		
Other											
Egypt*	-10.1%	-12.7%	1.8%	0.3%	0.0%	-0.1%	-0.1%	0.0%	-0.1%		
Israel			0.0%	0.0%			0.0%		0.0%		
Morocco*	-2.8%	-3.0%	1.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%		
South Africa*	-9.4%	-8.9%	7.4%	7.7%	0.0%	0.0%	0.0%	0.0%	0.0%		
Turkey*	7.3%	8.3%	3.4%	2.0%	0.0%	0.2%	0.0%	0.0%	0.1%		
Other Countries*	2.8%	-1.7%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Totals											
Americas	3.5%	0.9%	22.9%	21.4%	0.7%	0.0%	-0.1%	0.0%	0.6%		
Europe	-8.1%	-5.3%	15.0%	8.0%	-0.2%	-0.2%	-0.2%	-0.2%	-0.8%		
Asia/Pacific	1.4%	-1.5%	40.0%	60.4%	1.6%	-0.1%	0.4%	-0.5%	1.4%		
Other	0.4%	-5.6%	21.6%	10.1%	0.4%	0.1%	-0.2%	0.4%	0.7%		
Cash	0.0%		0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Total	0.2%	-1.7%	100.0%	100.0%	2.5%	-0.1%	-0.2%	-0.2%	1.9%		
Totals											
Developed	6.2%		10.3%	0.0%	0.0%	0.0%	-0.1%	0.8%	0.7%		
Emerging*	-0.4%	-1.7%	89.0%	100.0%	1.4%	0.0%	0.0%	-0.2%	1.2%		
Other	2.8%		0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Cash	0.0%		0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

Manager Allocation Analysis - Total Fixed Income



	Actual \$	Actual %	Manager Contribution to Excess Return %
Aberdeen Asset	\$1,727	0.0%	0.0%
Angelo Gordon PPIP	\$4,045,745	0.7%	0.3%
Angelo Gordon STAR	\$23,984,778	4.2%	0.0%
Brigade Capital	\$60,209,280	10.7%	0.4%
Brown Brother Harriman	\$83,621,582	14.8%	0.0%
Franklin Templeton	\$123,787,712	21.9%	1.2%
Pyramis Bond	\$149,297,442	26.4%	0.1%
Western Asset	\$120,076,321	21.3%	0.1%
Actual vs. Policy Weight Difference			-0.1%
Total	\$565,024,587	100.0%	2.0%

Risk Statistics - Fixed Income

Periods Ending March 31, 2013

Statistics Summary

3 Years

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
Total Fixed Income	9.1%	3.3%	2.7	1.1	2.7%
Blended Fixed Index	6.2%	2.8%	2.2		0.0%
US Fixed Income	8.8%	2.5%	3.5	1.1	2.0%
Blended US Fixed Index	6.6%	2.7%	2.4		0.0%
Pyramis Bond	6.9%	2.4%	2.9	1.9	0.7%
Barclays Aggregate	5.5%	2.4%	2.2		0.0%
Western Asset	8.2%	3.6%	2.2	0.8	3.4%
Barclays Aggregate	5.5%	2.4%	2.2		0.0%

San Mateo County Employees' Retirement Association

Risk Statistics - Fixed Income

Periods Ending March 31, 2013

Statistics Summary

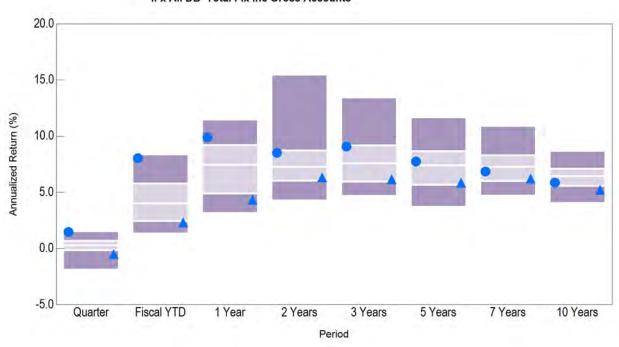
5 Years

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio	Information Ratio	Tracking Error
Total Fixed Income	7.7%	5.3%	1.4	0.5	4.1%
Blended Fixed Index	5.8%	3.7%	1.5		0.0%
US Fixed Income	7.6%	5.0%	1.5	0.4	3.9%
Blended US Fixed Index	6.1%	3.7%	1.6		0.0%
Pyramis Bond	7.2%	4.1%	1.7	0.6	2.6%
Barclays Aggregate	5.5%	3.5%	1.5		0.0%
Western Asset	7.7%	6.0%	1.2	0.5	4.5%
Barclays Aggregate	5.5%	3.5%	1.5		0.0%

Total Returns - Total Fixed Income

Periods Ending March 31, 2013

IFx All DB Total Fix Inc Gross Accounts



5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile
of Portfolios

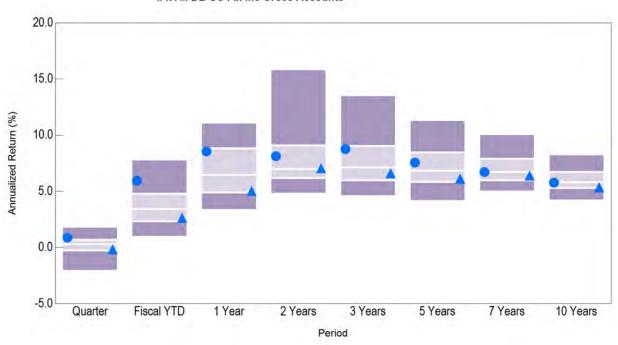
Total Fixed Income
Blended Fixed Index

1.5		8.4		11.5		15.5		13.5		11.7		10.9		8.7	
0.7		5.8		9.2		8.7		9.2		8.7		8.3		7.1	
0.3		4.0		7.5		7.3		7.6		7.4		7.3		6.4	
-0.1		2.5		4.9		6.0		6.0		5.7		6.0		5.6	
-1.9		1.3		3.2		4.3		4.7		3.7		4.7		4.0	
257		252		248		220		188		168		149		100	
1.5	(6)	8.0	(8)	9.9	(16)	8.5	(27)	9.1	(26)	7.7	(43)	6.8	(60)	5.9	(69)
-0.5	(81)	2.3	(79)	4.3	(81)	6.3	(71)	6.2	(72)	5.8	(74)	6.2	(73)	5.2	(80)

Total Returns - US Fixed Income

Periods Ending March 31, 2013

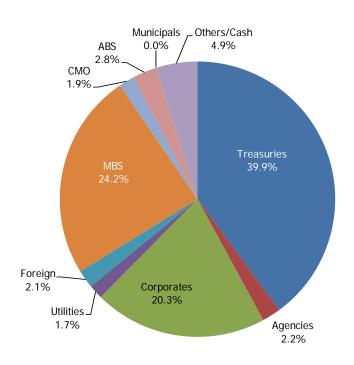




	5th Percentile
	25th Percentile
	Median
	75th Percentile
H	95th Percentile
	# of Portfolios
•	US Fixed Income
A	Blended US Fixed Index

Datum	(Dank)														
Return 1.8	(капк)	7.8		11.1		15.9		13.6		11.3		10.1		8.3	
0.7		4.8		8.8		9.1		9.0		8.5		7.9		6.7	
0.3		3.4		6.5		7.0		7.1		6.8		6.7		5.8	
-0.3		2.3		4.9		6.2		6.0		5.9		6.0		5.3	
-2.1		0.9		3.3		4.8		4.5		4.1		5.0		4.2	
461		453		450		408		363		303		271		217	
0.9	(17)	5.9	(14)	8.5	(28)	8.1	(32)	8.8	(27)	7.6	(37)	6.7	(51)	5.8	(52)
-0.2	(74)	2.6	(70)	5.0	(75)	7.0	(50)	6.6	(62)	6.1	(71)	6.4	(65)	5.3	(74)

Fixed Income Sector Allocation – US Fixed Income



Sector*	Account Weight	BC Aggregate Weight	Difference
Treasuries	39.9%	36.5%	3.4%
Agencies	2.2%	4.8%	-2.6%
Corporates	20.3%	19.3%	1.1%
Utilities	1.7%	2.4%	-0.7%
Foreign	2.1%	4.6%	-2.4%
MBS	24.2%	31.1%	-6.9%
CMO	1.9%	0.0%	1.9%
ABS	2.8%	0.4%	2.5%
Municipals	0.0%	1.0%	-1.0%
Others/Cash	4.9%	0.0%	4.9%
TOTAL	100.0%	100.0%	0.0%

^{*} Sector Allocation exclude Angelo Gordon PPIP & STAR Funds and Brigade Capital Management.

San Mateo County Employees' Retirement Association

Bond Summary Statistics – US Fixed Income

Portfolio Characteristics*	
	Portfolio
Total Number of Securities	
Total Market Value	\$ 352,995,345
Current Coupon	3.26
Yield to Maturity	1.63
Average Life	5.42
Duration	5.79
Quality	AA-

BC Aggregate	è
3.50)
1.69)
6.59)
4.8	ı
Aa2)

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

Average Life	
Range	% Held
0.0 - 1.0	6.6
1.0 - 3.0	11.8
3.0 - 5.0	32.4
5.0 - 10.0	37.6
10.0 - 20.0	5.3
20.0+	6.2
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	13.2
1.0 - 3.0	18.6
3.0 - 5.0	32.8
5.0 - 7.0	20.2
7.0 - 10.0	8.9
10.0+	7.5
Unclassified	-1.1

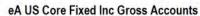
Quality	
Range	% Held
Govt (10)	38.6
Aaa (10)	32.8
Aa (9)	4.1
A (8)	4.8
Baa (7)	11.3
Below Baa (6-1)	2.7
Other	5.7

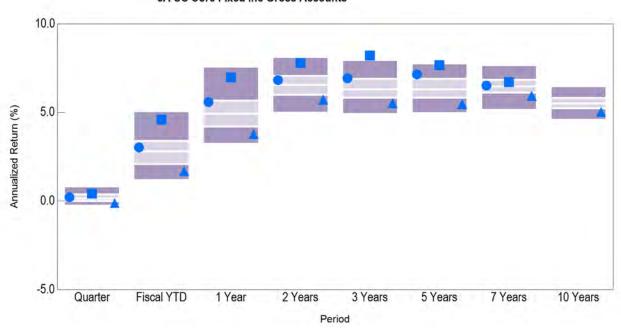
Coupon	
Range	% Held
0.0 - 5.0	75.3
5.0 - 7.0	19.9
7.0 - 9.0	3.9
9.0 - 11.0	0.8
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0

^{*} Characteristics exclude Angelo Gordon PPIP & STAR Funds and Brigade Capital Management.

Total Returns - Core Fixed Income

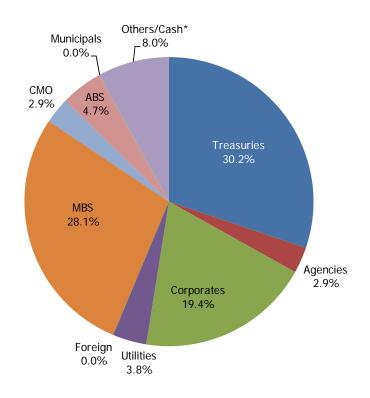
Periods Ending March 31, 2013





	Return	(Rank)															
5th Percentile	0.8	-	5.1	7	7.6		8.1	1 -	8.0		7.8		7.7		6.5		_
25th Percentile	0.4		3.4		5.7		7.1		6.9		6.9		6.9		5.8		
Median	0.1		2.8		4.9		6.6		6.3		6.3		6.5		5.5		
75th Percentile	0.0		2.1		4.2		6.0		5.8		5.9		6.1		5.2		
95th Percentile	-0.3		1.2		3.2		5.0		4.9		5.0		5.1		4.6		
# of Portfolios	215		215		215		214		212		207		196		179		
Pyramis Bond	0.2	(43)	3.0	(40)	5.6	(28)	6.8	(38)	6.9	(24)	7.2	(17)	6.5	(46)	-	()	
Western Asset	0.4	(23)	4.6	(10)	7.0	(10)	7.8	(8)	8.2	(4)	7.7	(7)	6.7	(35)	-	()	
Barclays Aggregate	-0.1	(91)	1.7	(89)	3.8	(90)	5.7	(86)	5.5	(85)	5.5	(88)	5.9	(83)	5.0	(87)	

Fixed Income Sector Allocation – Pyramis Broad Market Duration Pool



Sector	Account Weight	BC Aggregate Weight	Difference
Treasuries	30.2%	36.5%	-6.3%
Agencies	2.9%	4.8%	-1.9%
Corporates	19.4%	19.3%	0.2%
Utilities	3.8%	2.4%	1.4%
Foreign	0.0%	4.6%	-4.6%
MBS	28.1%	31.1%	-3.0%
CMO	2.9%	0.0%	2.9%
ABS	4.7%	0.4%	4.4%
Municipals	0.0%	1.0%	-1.0%
Others/Cash*	8.0%	0.0%	8.0%
TOTAL	100.0%	100.0%	0.0%

^{*} May include Derivatives, Futures, Swaps, Credit Default Swaps, Total Return Swaps or Currency Contracts.

San Mateo County Employees' Retirement Association

Bond Summary Statistics – Pyramis Broad Market Duration Pool

Portfolio Characteristics	
	Portfolio
Total Number of Securities	
Total Market Value	\$ 149,297,442
Current Coupon	3.44
Yield to Maturity	2.17
Average Life	7.12
Duration	5.08
Quality	AA

BC Aggregate
3.50
1.69
6.59
4.81
Aa2

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

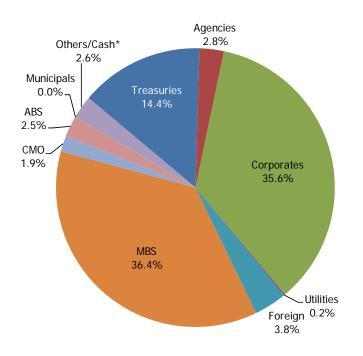
Average Life	
Range	% Held
0.0 - 1.0	9.3
1.0 - 3.0	9.0
3.0 - 5.0	30.7
5.0 - 10.0	39.9
10.0 - 20.0	1.7
20.0+	9.4
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	15.8
1.0 - 3.0	23.5
3.0 - 5.0	29.7
5.0 - 7.0	15.4
7.0 - 10.0	8.1
10.0+	10.1
Unclassified	-2.7

Quality	
Range	% Held
Govt (10)	0.0
Aaa (10)	71.4
Aa (9)	1.5
A (8)	10.5
Baa (7)	15.5
Below Baa (6-1)	0.0
Other	1.0

Coupon	
Range	% Held
0.0 - 5.0	72.6
5.0 - 7.0	23.8
7.0 - 9.0	3.2
9.0 - 11.0	0.4
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0

Fixed Income Sector Allocation – Western Asset



Sector	Account Weight	BC Aggregate Weight	t Difference
Treasuries	14.4%	36.5%	-22.1%
Agencies	2.8%	4.8%	-1.9%
Corporates	35.6%	19.3%	16.4%
Utilities	0.2%	2.4%	-2.2%
Foreign	3.8%	4.6%	-0.8%
MBS	36.4%	31.1%	5.2%
CMO	1.9%	0.0%	1.9%
ABS	2.5%	0.4%	2.1%
Municipals	0.0%	1.0%	-1.0%
Others/Cash*	2.6%	0.0%	2.6%
TOTAL	100.0%	100.0%	0.1%

^{* 2.0%} Western Asset Opportunistic Invest Grade, 0.6% Short Term Securities

San Mateo County Employees' Retirement Association

Bond Summary Statistics – Western Asset

Portfolio Characteristics	
	Portfolio
Total Number of Securities	531
Total Market Value	\$ 120,076,321
Current Coupon	4.10
Yield to Maturity	2.74
Average Life	7.07
Duration	4.81
Quality	AA-

BC Aggregate
3.50
1.69
6.59
4.81
Aa2
·

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

Average Life	
Range	% Held
0.0 - 1.0	2.4
1.0 - 3.0	11.9
3.0 - 5.0	30.2
5.0 - 10.0	44.1
10.0 - 20.0	5.0
20.0+	6.4
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	13.5
1.0 - 3.0	13.8
3.0 - 5.0	32.5
5.0 - 7.0	19.1
7.0 - 10.0	11.9
10.0+	9.4
Unclassified	0.0

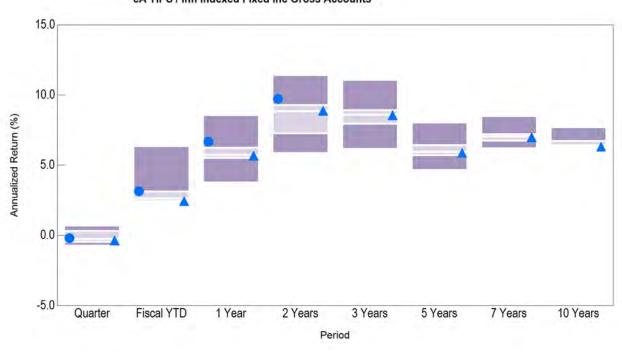
Quality	
Range	% Held
Govt (10)	48.0
Aaa (10)	4.4
Aa (9)	8.9
A (8)	1.2
Baa (7)	14.0
Below Baa (6-1)	8.0
Other	15.5

Coupon	
Range	% Held
0.0 - 5.0	61.5
5.0 - 7.0	28.9
7.0 - 9.0	7.5
9.0 - 10.0	2.0
10.0+	0.0
Unclassified	0.0

Total Returns - TIPS / Infl Indexed Fixed Inc

Periods Ending March 31, 2013

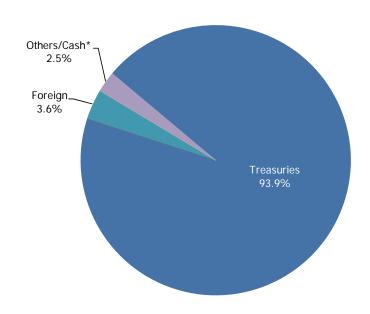
eA TIPS / Infl Indexed Fixed Inc Gross Accounts



h Percentile
ith Percentile
edian
ith Percentile
ith Percentile
of Portfolios
Brown Brothers Harriman
Barclays US TIPS
֡

0.7		6.4		8.6		11.4		11.1		8.0		8.5		7.7	
0.3		3.1		6.3		9.3		8.9		6.4		7.2		6.7	
-0.3		2.6		5.7		8.9		8.6		6.0		7.1		6.4	
-0.4		2.5		5.5		7.3		8.0		5.7		6.8		6.3	
-0.7		2.4		3.8		5.9		6.2		4.7		6.2		6.3	
39		39		38		37		36		33		27		18	
-0.2	(48)	3.1	(25)	6.7	(16)	9.7	(14)		()		()		()		()
-0.4	(61)	2.5	(81)	5.7	(57)	8.9	(47)	8.6	(53)	5.9	(63)	7.0	(57)	6.3	(91)

Fixed Income Sector Allocation – Brown Brothers Harriman



Sector	Account Weight	ML TIPS Index	Difference
Treasuries	93.9%	100.0%	-6.0%
Agencies	0.0%	0.0%	0.0%
Corporates	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Foreign	3.6%	0.0%	3.6%
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*	2.5%	0.0%	2.5%
TOTAL	100.0%	100.0%	0.1%

^{*} May include Derivatives, Futures, Swaps, Credit Default Swaps, Total Return Swaps or Currency Contracts.

San Mateo County Employees' Retirement Association

Bond Summary Statistics – Brown Brothers Harriman

Portfolio Characteristics	
	Portfolio
Total Number of Securities	13
Total Market Value	\$ 83,621,582
Current Coupon	1.73
Yield to Maturity	-0.94
Average Life	
Duration	8.46
Quality	AAA

ML TIPS
34
N/A
1.56
-0.99
8.80
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	8.0
3.0 - 5.0	16.6
5.0 - 10.0	38.9
10.0- 15.0	24.2
15.0+	12.3
Unclassified	0.0

Duration	
Range	% Held
0.0 - 3.0	8.0
3.0 - 5.0	16.6
5.0 - 10.0	38.9
10.0- 15.0	30.4
15.0+	6.0
Unclassified	0.0

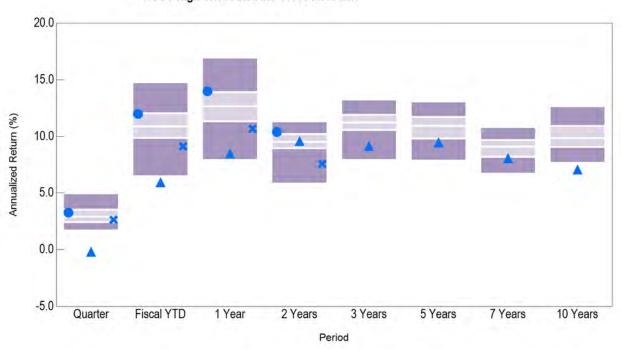
Quality	
Range	% Held
Govt (10)	93.9
Aaa (10)	4.5
Aa (9)	1.6
A (8)	0.0
Baa (7)	0.0
Below Baa (6-1)	0.0
Other	0.1

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

Total Returns - High Yield Fixed Inc

Periods Ending March 31, 2013

eA US High Yield Fixed Inc Gross Accounts

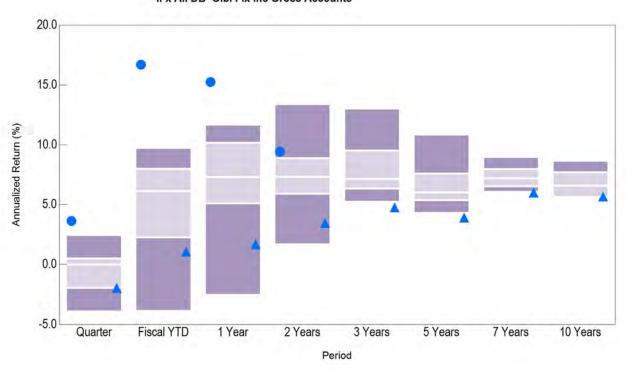


		Return	(Rank)														
5th Percentile 25th Percentile Median		5.0	-	14.8		16.9		11.3		13.3	1	13.1		10.8		12.7	
		3.5 2.9		12.0 10.9		13.9 12.7		10.2 9.5		11.9 11.2		11.7		9.7		10.9	
												10.9		9.1			
7	5th Percentile	2.4		9.9		11.4		9.0		10.6	.6	9.8		8.2		9.1	
95th Percentile		1.7		6.5		7.9		5.8		7.9		7.9		6.7		7.7	
#	of Portfolios	119		119		119		117		112		106		99		85	
•	Brigade Capital	3.3	(34)	12.0	(29)	14.0	(23)	10.4	(19)		()	-	()	-	()		()
A	Barclays Credit BAA	-0.2	(99)	5.9	(97)	8.5	(92)	9.6	(48)	9.1	(91)	9.5	(83)	8.1	(80)	7.1	(98)
×	50% Barclays HY/ 50% Bank Loan	2.6	(69)	9.1	(81)	10.7	(81)	7.6	(90)		()		()		()		()

Total Returns - Global Fixed Income

Periods Ending March 31, 2013

IFx All DB Glbl Fix Inc Gross Accounts



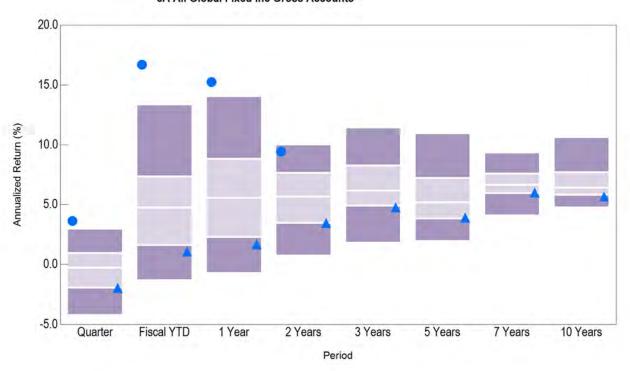
5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile
of Portfolios
Global Fixed Income
Barclays Multi-verse

2.4		9.7		11.7		13.4		13.0		10.8		9.0		8.6	
0.5		8.0		10.2		8.9		9.5		7.6		8.0		7.7	
0.0		6.1		7.3		7.3		7.1		6.0		7.2		6.6	
-1.9		2.3		5.1		5.9		6.3		5.4		6.5		5.7	
-3.9		-3.8		-2.5		1.7		5.2		4.3		6.1		5.5	
33		32		31		29		23		20		14		9	
3.6	(1)	16.7	(1)	15.2	(1)	9.4	(15)		()	-	()	U ==	()		()
-2.0	(76)	1.1	(77)	1.7	(82)	3.5	(85)	4.8	(97)	3.9	(98)	6.0	(99)	5.7	(75)

Total Returns - Global Fixed Income

Periods Ending March 31, 2013

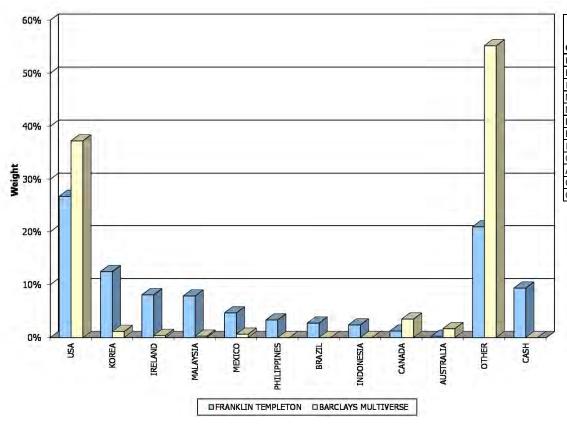
eA All Global Fixed Inc Gross Accounts



е
е
е
pleton
lti-verse

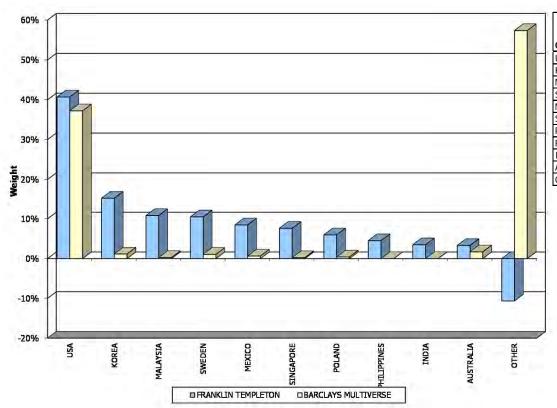
3.0		13.4		14.1		10.0		11.4		11.0		9.4		10.6		
1.0		7.4		8.8		7.7		8.3		7.2		7.6		7.7		
-0.3		4.8		5.6		5.7		6.2		5.2		6.7		6.4		
-1.9		1.6		2.3		3.5		4.9		3.8		6.0		5.8		
-4.2		-1.3		-0.7		0.7		1.8		2.0		4.1		4.8		
178		178		178		173		163		140		113		81		
3.6	(2)	16.7	(1)	15.2	(1)	9.4	(12)		()	-	()	-	()		()	
-2.0	(77)	1.1	(81)	1.7	(81)	3.5	(76)	4.8	(80)	3.9	(73)	6.0	(74)	5.7	(81)	

Portfolio Country Weights – Franklin Templeton



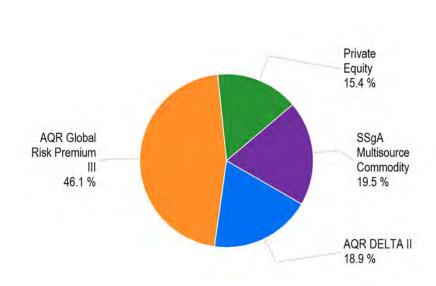
COUNTRY	r	MARKET VALUE	FRANKLIN TEMPLETON	BARCLAYS MULTIVERSE	DIFF
USA	\$	33,148	26.8%	37.2%	-10.5%
KOREA	\$	15,422	12.5%	1.2%	+11.3%
IRELAND	\$	9,988	8.1%	0.4%	+7.7%
MALAYSIA	\$	9,728	7.9%	0.3%	+7.6%
MEXICO	\$	5,766	4.7%	0.6%	+4.0%
PHILIPPINES	\$	4,109	3.3%		+3.3%
BRAZIL	\$	3,378	2.7%		+2.7%
INDONESIA	\$	2,957	2.4%		+2.4%
CANADA	\$	1,512	1.2%	3.5%	-2.3%
AUSTRALIA	\$	302	0.2%	1.7%	-1.4%
OTHER	\$	25,904	20.9%	55.2%	-34.3%
CASH	\$	11,573	9.3%	0.0%	+9.3%
	\$	123.788	100.0%	100.0%	0.0%

Portfolio Currency Exposures – Franklin Templeton



	N	//A RKET	FRA NKLIN	BARCLAYS	
CURRENCY		VALUE	TEMPLETON	MULTIVERSE	DIFF
USA	\$	50,381	40.7%	37.2%	+3.5%
KOREA	\$	18,938	15.3%	1.2%	+14.1%
MALAYSIA	\$	13,389	10.8%	0.3%	+10.6%
SWEDEN	\$	12,994	10.5%	1.1%	+9.4%
MEXICO	\$	10,485	8.5%	0.6%	+7.8%
SINGAPORE	\$	9,435	7.6%	0.2%	+7.4%
POLAND	\$	7,380	6.0%	0.4%	+5.6%
PHILIPPINES	\$	5,591	4.5%		+4.5%
INDIA	\$	4,299	3.5%		+3.5%
AUSTRALIA	\$	4,080	3.3%	1.7%	+1.6%
OTHER	\$	(13,184)	-10.7%	57.4%	-68.0%
	\$	123 788	100.0%	100.0%	0.0%

Manager Allocation Analysis - Alternatives

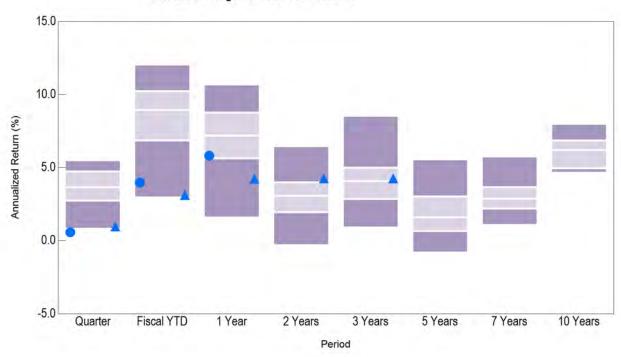


	Actual \$	Actual %	Manager Contribution to Excess Return %
AWR DELTA II	\$71,725,781	18.9%	-0.0%
AQR Global Risk Premium III	\$175,129,777	46.1%	-0.9%
Private Equity	\$58,587,680	15.4%	-1.2%
SSgA Mutisource Commodity	\$74,105,579	19.5%	0.0%
Actual vs. Policy Weight Difference			-0.1%
Total	\$379,548,817	100.0%	-2.3%

Total Returns - Hedge Fund

Periods Ending March 31, 2013





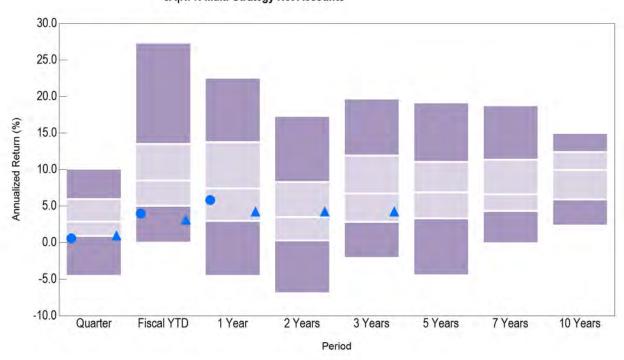
	5th Percentile
	25th Percentile
	Median
	75th Percentile
	95th Percentile
	# of Portfolios
•	Hedge Fund
4	Libor 1 month +4%

5.5		12.0		10.7		6.4		8.5		5.6		5.8		8.0	
4.7		10.2		8.8		4.0		5.0		3.0		3.7		6.9	
3.7		8.9		7.2		3.1		4.1		1.6		2.9		6.2	
2.7		6.9		5.6		2.0		2.8		0.7		2.2		4.9	
8.0		3.0		1.6		-0.3		0.9		-0.8		1.1		4.7	
198		196		195		179		135		98		53		7	
0.6	(96)	4.0	(92)	5.8	(73)		()		()		()		()		()
1.0	(94)	3.1	(95)	4.2	(89)	4.2	(19)	4.2	(39)		()	-	()		()

Total Returns - HFN Multi-Strategy Net

Periods Ending March 31, 2013





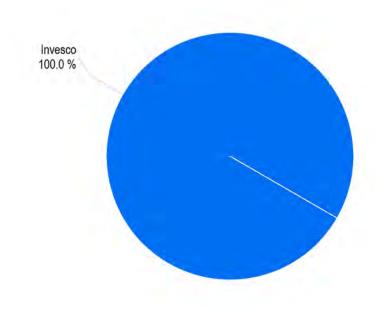
5th Percentile	
25th Percentile	
Median	
75th Percentile	
95th Percentile	
# of Portfolios	
AQR DELTA II	
Libor 1 month +	4%

Return	(Rank)														
10.1		27.3		22.5		17.3		19.7		19.2		18.8		15.0	
5.9		13.5		13.8		8.3		11.9		11.0		11.3		12.4	
2.9		8.5		7.4		3.5		6.7		6.9		6.6		9.9	
0.9		5.0		3.0		0.3		2.8		3.3		4.3		5.9	
-4.6		0.0		-4.6		-6.9		-2.1		-4.5		-0.1		2.3	
149		143		142		133		105		79		54		32	
0.6	(79)	4.0	(79)	5.8	(62)		()		()		()		()		()
1.0	(75)	3.1	(84)	4.2	(68)	4.2	(45)	4.2	(61)	-	()		()		()

Manager Allocation Analysis - Real Estate

As of March 31, 2013

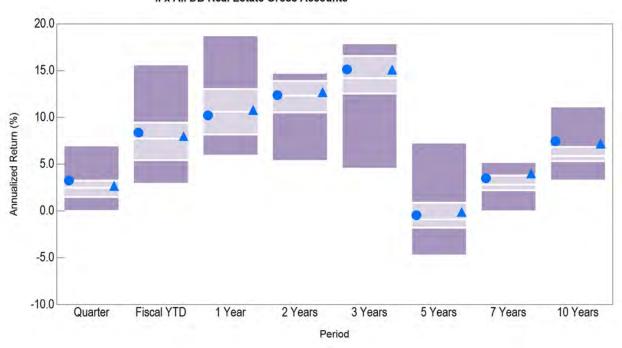
Actual \$ Actual \$ Invesco \$158,833,035 100.0% Total \$158,833,035



Total Returns - Real Estate

Periods Ending March 31, 2013

IFx All DB Real Estate Gross Accounts



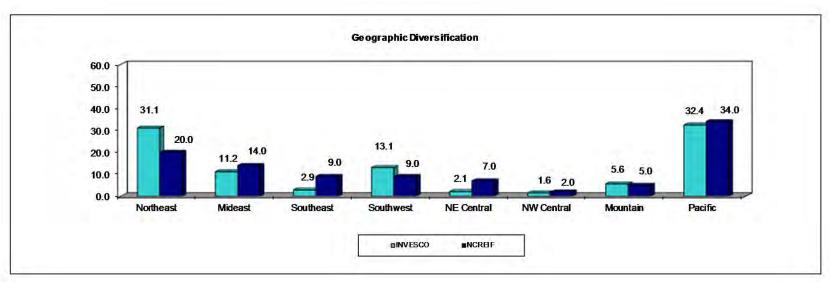
ercentile
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n
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Percentile
ortfolios

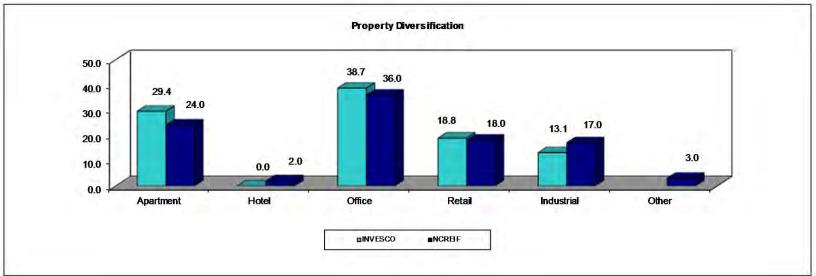
Real Estate

NCREIF ODCE

7.0		15.7		18.8		14.8		17.9		7.3		5.2		11.2	
3.3		9.5		13.1		13.9		16.6		0.9		3.8		6.9	
2.5		7.8		10.6		12.4		14.2		-0.9		2.8		5.9	
1.5		5.5		8.2		10.6		12.6		-1.8		2.2		5.3	
0.0		2.9		5.9		5.3		4.5		-4.8		0.0		3.3	
102		99		96		89		83		77		66		30	
3.3	(26)	8.4	(39)	10.2	(58)	12.4	(50)	15.1	(45)	-0.5	(40)	3.5	(30)	7.5	(15)
2.7	(37)	8.0	(45)	10.8	(45)	12.7	(43)	15.1	(45)	-0.1	(37)	4.0	(22)	7.2	(17)

Real Estate Diversification Analysis – INVESCO Core Real Estate





Real Estate Valuation Analysis – INVESCO Core Real Estate

First Quarter 2013

Property Name	MSA	Prior Quarter Carry Value	Current Quarter Carry Value	Net Market Value	Date Added to Fund	Last Valuation Date	SamCERA ownership as of 3/31/2013 (3.39%)
APARTMENTS							
Seneca Village	Portland-Vancy OR-WA	\$40,800,000	\$41,000,000	\$41,000,000	2Q04	March-13	\$1,389,389
Grandeville at the Commons	South Kingstown, RI	\$46,900,000	\$46,900,000	\$46,900,000	3Q05	March-13	\$1,589,325
Broadstone at Foothills	San Bernardino, CA	\$25,600,000	\$25,600,000	\$25,600,000	1Q06	March-13	\$867,521
Milestone Apt. Portfolio	Various States - South	\$269,800,000	\$54,883,142	\$54,883,142	2Q06	N/A	\$1,859,854
Stoneridge	Pleasanton, CA	\$159,500,000	\$159,600,000	\$159,600,000	4Q06	March-13	\$5,408,450
Sterling Parc Apartments	Cedar Knolls, NJ	\$87,000,000	\$88,700,000	\$88,700,000	2Q07	March-13	\$3,005,824
Millington at Merrill Creek	Everett, WA	\$67,200,000	\$65,500,000	\$65,500,000	2Q07	March-13	\$2,219,633
The Residences at Stevens Pond	Boston MA - NH	\$90,300,000	\$90,300,000	\$90,300,000	4Q07	March-13	\$3,060,044
Holland Portfolio	Seattle - Belle - Eve WA	\$111,364,407	\$112,124,563	\$27,024,403	4Q07	March-13	\$915,790
Village Crossing at Chino Hills	Riverside, CA	\$73,800,000	\$77,500,000	\$37,500,000	1Q08	March-13	\$1,270,782
Metropolitan at Pentagon City	Alrington, VA	\$155,300,000	\$155,300,000	\$93,439,046	3Q10	March-13	\$3,166,419
Ladd Tower	Portland, OR	\$92,600,000	\$99,700,000	\$99,700,000	4Q10	March-13	\$3,378,587
Legacy Fountain Plaza	San Jose, CA	\$108,500,000	\$109,000,000	\$109,000,000	1Q11	March-13	\$3,693,741
The Elektra	New York, NY	\$146,000,000	\$151,000,000	\$81,000,000	1Q11	March-13	\$2,744,890
75 Clinton Street	Brooklyn, NY	\$56,100,000	\$56,400,000	\$56,400,000	1Q12	March-13	\$1,911,257
Club Laguna	Orange County, CA	\$120,800,000	\$123,000,000	\$123,000,000	3Q12	March-13	\$4,168,166
Goodwynn	Atlanta, GA	\$76,000,000	\$76,200,000	\$76,200,000	4Q12	March-13	\$2,582,230
Mercedes House	New York, NY	\$0	\$187,000,000	\$117,000,000	1Q13	Acq 1Q13	\$3,964,841
		\$1,727,564,407	\$1,719,707,705	\$1,392,746,591		·	\$47,196,744
INDUSTRIAL			· ' ' '			•	
Arjons	San Diego CA	\$28,000,000	\$28,100,000	\$28,100,000	2Q04	March-13	\$952,240
Garland Gateway East	Dallas TX	\$10,000,000	\$9,900,000	\$9,900,000	2Q04	March-13	\$335,487
Gateway Business Park	Dallas TX	\$9,000,000	\$8,500,000	\$8,500,000	2Q04	March-13	\$288,044
Hayward Industrial	Oakland CA	\$85,200,000	\$87,900,000	\$87,900,000	3Q04-3Q07	March-13	\$2,978,714
Lackman	Kansas City MO-KS	\$21,000,000	\$21,100,000	\$21,100,000	2Q04	March-13	\$715,027
Crossroads Industrial	Kansas City MO-KS	\$8,300,000	\$8,300,000	\$8,300,000	1Q06	March-13	\$281,267
Oakesdale Commerce Center	Seattle - Belle - Eve WA	\$34,900,000	\$35,900,000	\$35,900,000	1Q06	March-13	\$1,216,562
South Bay Industrial	Los Angeles, CA	\$70,450,000	\$64,400,000	\$64,400,000	4Q06	March-13	\$2,182,357
VIP Holdings I	Chicago, IL	\$72,651,242	\$74,273,328	\$26,968,230	2Q06	March-13	\$913,887
Tempe Commerce	Phoenix - Mesa AZ	\$51,800,000	\$51,800,000	\$51,800,000	4Q07	March-13	\$1,755,374
Steeplechase 95 International Business Park	Capitol Heights, MD	\$21,700,000	\$22,100,000	\$22,100,000	1Q11	March-13	\$748,914
Airport Trade Center III & V	Dallas, TX	\$31,000,000	\$31,100,000	\$31,100,000	1Q11	March-13	\$1,053,902
IE Logistics	San Bernardino, CA	\$104,100,000	\$104,400,000	\$104,400,000	3Q11	March-13	\$3,537,858
Railhead Drive Industrial	Dallas, TX	\$59,600,000	\$60,000,000	\$60,000,000	4Q11	March-13	\$2,033,252
16400 Knott Ave	Los Angeles, CA	\$28,300,000	\$28,300,000	\$28,300,000	3Q12	March-13	\$959,017
Chino South Logistics Center	Chino, CA	\$67,387,022	\$69,957,179	\$69,957,178	4Q12	March-13	\$2,370,676
Airport Trade Center I	Dallas, TX	\$0	\$23,300,000	\$23,300,000	1Q13	Acq 1Q13	\$789,579
Airport Trade Center II & IV	Dallas, TX	\$0	\$37,400,000	\$37,400,000	1Q13	Acq 1Q13	\$1,267,394
	•	\$703,388,264	\$766,730,507	\$719,425,408			\$24,379,551

Real Estate Valuation Analysis – INVESCO Core Real Estate

First Quarter 2013

Property Name	MSA	Prior Quarter Carry Value	Current Quarter Carry Value	Net Market Value	Date Added to Fund	Last Valuation Date	SamCERA ownership as of 3/31/2013 (3.39%)
OFFICE							
55 Cambridge	Boston MA - NH	\$150,000,000	\$157,000,000	\$103,448,926	4Q06	March-13	\$3,505,629
One Liberty	Boston MA - NH	\$42,300,000	\$45,700,000	\$45,700,000	2Q07	March-13	\$1,548,660
Gainey Center II	Scottsdale - AZ	\$30,500,000	\$28,000,000	\$28,000,000	3Q07	March-13	\$948,851
Valencia Town Center	Valencia, CA	\$147,000,000	\$147,000,000	\$147,000,000	3Q07	March-13	\$4,981,467
Park Ten Plaza	Houston, TX	\$30,000,000	\$29,500,000	\$29,500,000	1Q05	March-13	\$999,682
Westport Corporate Center	Fairfield County, CT	\$14,600,000	\$15,600,000	\$15,600,000	4Q07	March-13	\$528,645
Parkside Towers	San Francisco, CA	\$100,319,779	\$102,284,101	\$58,989,870	1Q08	March-13	\$1,999,021
The Executive Building	Washington DC	\$158,000,000	\$163,000,000	\$163,000,000	2Q08	March-13	\$5,523,668
Brill Building	New York, NY	\$71,775,000	\$87,615,068	\$48,080,777	4Q07	March-13	\$1,629,339
10 Brookline Place	Brookline, MA	\$128,000,000	\$128,000,000	\$128,000,000	2Q10	March-13	\$4,337,604
1111 Pennsylvania Avenue	Washington, D.C.	\$255,600,000	\$243,000,000	\$243,000,000	4Q10	March-13	\$8,234,670
1800 Larimer	Denver, CO	\$224,000,000	\$231,000,000	\$231,000,000	1Q11	March-13	\$7,828,020
230 Park Avenue	New York, NY	\$430,555,656	\$429,420,000	\$243,743,782	2Q11	March-13	\$8,259,875
3450 & 3460 Hillview Ave	San Jose, CA	\$51,000,000	\$52,700,000	\$52,700,000	3Q12	March-13	\$1,785,873
Williams Tower	Houston, TX	\$0	\$405,104,585	\$219,704,585	1Q13	Acq 1Q13	\$7,445,246
	•	\$1,833,650,435	\$2,264,923,755	\$1,757,467,940			\$59,556,251
RETAIL							
Broadway at Surf	Chicago IL	\$24,700,000	\$32,100,000	\$32,100,000	2Q04	March-13	\$1,087,790
Carriagetown Marketplace	Boston MA - NH	\$21,000,000	\$20,900,000	\$20,900,000	2Q04	March-13	\$708,249
Chandler Pavilions	Phoenix - Mesa AZ	\$18,100,000	\$18,100,000	\$18,100,000	2Q04	March-13	\$613,364
Matthews Township	Charlotte - G - RH NC-SC	\$23,100,000	\$23,200,000	\$23,200,000	2Q04	March-13	\$786,191
Windward Commons	Atlanta GA	\$20,900,000	\$21,000,000	\$21,000,000	2Q04	March-13	\$711,638
Cityline at Tenley	Washington, D.C.	\$47,200,000	\$47,400,000	\$47,400,000	4Q05	March-13	\$1,606,269
Ridgehaven Mall	Minnetonka, MN	\$33,100,000	\$33,100,000	\$33,100,000	4Q05	March-13	\$1,121,677
The Beacon Retail	San Francisco, CA	\$46,200,000	\$48,500,000	\$48,500,000	1Q06	March-13	\$1,643,545
The Beacon Garage	San Francisco, CA	\$27,500,000	\$28,900,000	\$28,900,000	1Q06	March-13	\$979,350
Oak Brook Court	Chicago, IL	\$18,300,000	\$18,300,000	\$18,300,000	4Q07	March-13	\$620,142
Hawthorne Plaza	Overland Park, KS	\$29,200,000	\$29,200,000	\$29,200,000	4Q07	March-13	\$989,516
Deerwood Lake Commons	Jacksonville, FL	\$10,100,000	\$10,300,000	\$10,300,000	4Q07	March-13	\$349,042
Heath Brook Commons	Ocala, FL	\$11,000,000	\$11,000,000	\$11,000,000	4Q07	March-13	\$372,763
Park View Square	Miramar, FL	\$11,600,000	\$11,800,000	\$11,800,000	4Q07	March-13	\$399,873
St. John's Commons	Jacksonville, FL	\$10,300,000	\$10,400,000	\$10,400,000	4Q07	March-13	\$352,430
West Creek Commons	Coconut Creek, FL	\$10,600,000	\$10,200,000	\$10,200,000	4Q07	March-13	\$345,653
The Loop	Boston MA - NH	\$92,200,000	\$94,200,000	\$94,200,000	1Q08	March-13	\$3,192,205
Westbank Marketplace	Austin, TX	\$44,800,000	\$45,000,000	\$21,163,012	3Q10	March-13	\$717,162
910 Lincoln Road	Miami, FL	\$17,600,000	\$18,100,000	\$18,100,000	4Q10	March-13	\$613,364
Lake Pointe Village	Houston, TX	\$59,300,000	\$62,000,000	\$62,000,000	4Q11	March-13	\$2,101,027
Safeway Kapahulu	Hawaii	\$76,000,000	\$82,500,000	\$45,366,691	4Q11	March-13	\$1,537,365
Safeway Burlingame	San Francisco, CA	\$44,700,000	\$46,500,000	\$23,214,748	4Q11	March-13	\$786,691
Shamrock Plaza	Oakland, CA	\$32,600,000	\$33,500,000	\$16,831,042	4Q11	March-13	\$570,362
Pavilions Marketplace	West Hollywood, CA	\$50,000,000	\$50,500,000	\$25,188,829	1012	March-13	\$853,587
130 Prince	New York, NY	\$148,000,000	\$148,000,000	\$148,000,000	2012	March-13	\$5,015,355
Pleasanton Gateway	Pleasanton, CA	\$71,733,575	\$73,000,000	\$73,000,000	4012	March-13	\$2,473,790
Liberty Wharf	Boston, MA	\$64,905,722	\$71,400,000	\$35,572,012	4012	March-13	\$1,205,448
· · · · · · · · · · · · · · · · · · ·	,	\$1,064,739,297	\$1.099.100.000	\$937.036.334	1		\$31,753,848

Angelo, Gordon & Co. – AG GECC Public-Private Investment Fund, L.P. (PPIP)

Angelo, Gordon (AG) and GE Capital Corporation (GECC) jointly manage this fund, which targets investments in legacy non-Agency residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) originally rated AAA. The strategy is primarily long-term buy-and-hold, although tactical trading based on more short-term technical factors is also incorporated. The allocation between RMBS and CMBS is flexible and will be managed opportunistically, although the initial focus is expected to be on RMBS. The fund utilizes up to 2:1 leverage (i.e., assets: equity) provided by the US Treasury under the Public-Private Investment Program (PPIP). The fund, structured as a closed-end private partnership, has a term of 8 years with two potential 1-year extensions and no early withdrawal rights. Annual distributions of up to 8% may be made, pending cash flow realizations from the underlying securities and scheduled repayment of the UST leverage facility. AG/GECC's approach utilizes top-down analysis to project macroeconomic factors (e.g., unemployment, interest rates), real estate prices and trends, default frequencies, recovery rates, etc. In addition, detailed bottom-up analysis covering the underlying collateral, loan originator, loan servicer and structural features (e.g., cash flow hierarchy, covenants) is conducted on each individual security in the investment universe. In addition to absolute value considerations, an assessment of relative value is made between the various sectors (e.g., RMBS vs. CMBS, Alt-A RMBS vs. Subprime RMBS) as well as individual securities within the same sector. Extensive stress testing and scenario analysis is also performed to determine worst-case loss if the underlying collateral pool (i.e., mortgages) suffers a high number of defaults and/or severe loss severities, the goal being to purchase securities with a significant margin of safety.

Angelo, Gordon & Co. - AG STAR Fund

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

AQR – Hedge

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

AQR - Risk Parity

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

Baillie Gifford - EAFE Plus Focus

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

Barrow Hanley – Diversified Large Cap Value

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

BlackRock - S&P 500 Index

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

The Boston Company – Small Cap Index

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

Brigade - Opportunistic Credit

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

Brown Advisory - Large Cap Growth Equity

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

Brown Brothers Harriman – Inflation Indexed Securities

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

Chartwell Investment Partners - Small Cap Growth

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

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

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

Eaton Vance/Parmetric – Structured Emerging Markets Equity

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

Franklin Templeton Investments – Global Fixed Income

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

INVESCO Realty Advisors - INVESCO Core Equity, LLC

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

Mondrian Investment Partners – International Equity

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

Pyramis Global Advisors – Broad Market Duration Commingled Pool

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

Pyramis Global Advisors – Select International Small Cap

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

SSqA 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.

Policy Index History

Total Plan Policy Benchmark

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

Total Equity Benchmark

	L
Russell 1000	-
S & P 500	
Russell 1000 Value	
Russell 2000	
MSCI AC World ex-US	
MSCI EAFE	
	-

Domestic Equity Benchmark

Russell 1000
S & P 500
Russell 1000 Valu
Russell 2000

As of:					
10/1/2010	5/1/2007	6/1/2000	3/1/1999	9/1/1998	1/1/1996
50.9%	55.2%	61.5%	35.5%	33.3%	33.3%
0.0%	0.0%	0.0%	0.0%	0.0%	8.4%
0.0%	0.0%	0.0%	8.0%	8.3%	0.0%
15.1%	13.5%	15.4%	24.2%	25.0%	25.0%
34.0%	31.3%	23.1%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	32.3%	33.3%	33.3%
100%	100%	100%	100%	100%	100%

As of:

713 01.				
6/1/2000	3/1/1999	9/1/1998	7/1/1996	1/1/1995
80.00%	52.00%	50.00%	50.00%	69.00%
0.00%	0.00%	0.00%	12.50%	17.00%
0.00%	12.00%	12.50%	0.00%	0.00%
20.00%	36.00%	37.50%	37.50%	14.00%
100%	100%	100%	100%	100%

International Equity Benchmark

As of:

	0/1/2000	1/1/1990
MSCI AC World ex-US	100%	0%
MSCI EAFE	0%	100%
	100.0%	100.0%

Total Fixed Income Benchmark

	710 011	10 011							
	2/1/2013	1/1/2011	10/1/2010	6/1/2000	3/1/1999	7/1/1996			
Barclays Aggregate	50.00%	50.00%	58.60%	100.00%	83.33%	70.00%			
Barclays BBB	16.00%	15.00%	7.30%	0.00%	0.00%	0.00%			
Barclays Tips	14.00%	15.00%	13.60%	0.00%	0.00%	0.00%			
Barclays Multiverse	20.00%	20.00%	20.50%	0.00%	0.00%	0.00%			
Citigroup Non-US WGBI unhedged	0.00%	0.00%	0.00%	0.00%	16.67%	30.00%			
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			

Domestic Fixed Income Benchmark

As of:

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

International Fixed Income Benchmark

As of: 100.00% 100.0%

Barclays Multiverse

	- 1	00.
		υu.

Real Estate Benchmark

As of:

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

Brigade Capital Benchmark

As of:

50% Barclays HY/50% Bank Loan

Policy Index History

Alternative Investment Benchmarks

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

Fee Schedule

Angelo Gordon		The Boston Company Asset Managem	<u>ent</u>	Franklin Templeton Investment	ţ
First \$50 million:	1.00% per annum	First \$25 million:	0.90% per annum	First \$50 million:	0.45% per annum
		Thereafter:	0.80% per annum	Next \$100 million:	0.35% per annum
Baillie Gifford				Thereafter:	0.30% per annum
First \$25 million:	0.60% per annum	Brigade Capital Management			
Next \$100 million:	0.50% per annum	On All Assets:	0.80% per annum	Mondrian Investment Partners	
Next \$400 million:	0.40% per annum			First \$50 million:	1.00% per annum
Thereafter:	0.30% per annum	Brown Advisory		Next \$200 million:	0.19% per annum
		First \$50 million:	0.47% per annum	Thereafter:	0.33% per annum
Barrow, Hanley, Mewhinney & Strauss		Next \$50 million:	0.45% per annum		
First \$15 million:	0.75% per annum	Next \$200 million:	0.40% per annum	Pyramis Global Advisors	
Next \$25 million:	0.55% per annum	Thereafter:	0.35% per annum	First \$50 million:	0.20% per annum
Next \$100 million:	0.45% per annum			Next \$100 million:	0.18% per annum
Next \$200 million:	0.35% per annum	Brown Brothers Harriman		Next \$200 million:	0.10% per annum
Next \$1 billion:	0.25% per annum	On All Assets:	0.15% per annum	Thereafter:	0.09% per annum
Thereafter:	0.15% per annum				
		Chartwell Investment Partners		Pyramis Select International	
BlackRock-Russell S&P 500 Fund		On All Assets:	0.75% per annum	On All Assets:	0.90% per annum
First \$250 million:	3.00% per annum				
Thereafter:	2.00% per annum	D.E. Shaw Investment Management		SSgA Multisource Commodities	3
		First \$100 million:	0.51% per annum	On All Assets:	0.60% per annum
		Next \$200 million:	0.46% per annum		
		Thereafter:	0.41% per annum		

Manager Compliance Checklist

		INDE	X OUT	PERFORM	ANCE		DATA	BASE BENCH	MANAGER MEETING		
MANAGER	AFTER FEE	VS. INDEX	BEFORE FE	E VS. INDEX		JUSTED E RATIO)		MEDIAN		INVESTMENT PERFORMANCE	
	3 YEARS	5 YEARS	3 YEARS	5 YEARS	3 YEARS	5 YEARS	2 YEARS	3 YEARS	5 YEARS	EXPECTATIONS	
DW SHAW Benchmark: R1000 Index	YES	N/A	YES	N/A	YES	N/A	YES	YES	N/A	YES	
BARROW HANLEY Benchmark: R1000 Value Index	NO	N/A	NO	N/A	YES	N/A	NO	YES	N/A	YES	
THE BOSTON COMPANY Benchmark: R2000 Value Index	YES	N/A	YES	N/A	YES	N/A	YES	NO	N/A	YES	
CHARTWELL Benchmark: R2000 Growth Index	YES	NO	YES	NO	YES	YES	YES	YES	NO	YES	
MONDRIAN Benchmark: MSCI ACWI -ex US Index	NO	YES	YES	YES	YES	YES	YES	NO	NO	YES	
PYRAMIS Bond Benchmark: BC Aggregate	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	
WESTERN ASSET Benchmarke: BC Aggregate	YES	YES	YES	YES	YES	NO	YES	YES	YES	YES	
INVESCO REAL ESTATE Benchmark: NCREIF Property Index	NO	NO	YES	NO	N/A	N/A	YES	YES	YES	YES	

Manager Performance Comparison

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	1st Qtr. 2013	<u>Difference</u>	4th Qtr. 2012	<u>Difference</u>	3rd Qtr. 2012	<u>Difference</u>	2nd Qtr. 2012	<u>Difference</u>
SIS BlackRock S&P 500 Fund S&P 500 Index				0.00% 0.00% 0.00%	0.00%						
SIS D.E. Shaw Russell 1000 Index	5.43% 5.43% 5.42%	1.68% 1.68% 1.34%	4.12% 4.12% 3.86%	11.62% 11.62% 10.96%	0.00%	0.55% 0.55% 0.12%	0.00%	6.13% 6.13% 6.31%	0.00%	-3.50% -3.50% -3.12%	0.00%
SIS BlackRock Growth Index Russell 1000 Growth Index	4.29% 4.29% 4.29%	1.25% 1.25% 1.24%	3.76% 3.76% 3.75%	9.56% 9.56% 9.54%	-0.01%						
SIS Barrow Hanley Russell 1000 Value Index	5.16% 5.16% 6.50%	1.55% 1.57% 1.43%	4.21% 4.21% 3.96%	11.29% 11.31% 12.30%	-0.01%	1.83% 1.83% 1.53%	0.00%	6.12% 6.13% 6.49%	-0.01%	-3.86% -3.86% -2.20%	0.00%
SIS The Boston Company Russell 2000 Value Index	6.35% 6.35% 5.96%	1.08% 1.09% 1.14%	3.99% 3.99% 4.16%	11.79% 11.80% 11.63%	-0.01%	4.12% 4.12% 3.23%	0.00%	5.70% 5.70% 5.66%	0.00%	-3.42% -3.42% -3.01%	0.00%
SIS Chartwell Russell 2000 Growth Index	6.65% 6.65% 6.58%	0.82% 0.82% 1.06%	5.00% 5.00% 5.10%	12.90% 12.90% 13.20%	0.00%	2.57% 2.58% 0.45%	-0.01%	5.65% 5.65% 4.84%	0.00%	-5.50% -5.51% -3.94%	0.00%
SIS Baillie Gifford MSCI EAFE MSCI EAFE Growth Index	5.09% 5.10% 5.29% 4.67%	0.87% 0.87% -0.92% 0.48%	1.52% 1.49% 0.88% 1.56%	7.61% 7.59% 5.24% 6.81%	0.02%	4.47% 4.51% 6.61% 5.80%	-0.04%	8.64% 8.73% 6.99% 6.41%	-0.09%		

Manager Performance Comparison

	<u>Jan</u>	<u>Feb</u>	Mar	1st Qtr. 2013	<u>Difference</u>	4th Qtr. 2012	<u>Difference</u>	3rd Otr. 2012	<u>Difference</u>	2nd Qtr. 2012	<u>Difference</u>
SIS Eaton Vance Management MSCI EM Market Index	2.34% 2.34% 1.39%	-1.50% -1.50% -1.24%	-0.78% -0.78% -1.70%	0.02% 0.02% -1.57%	0.00%	5.49% 5.48% 5.61%	0.01%	6.51% 6.51% 7.88%	0.00%	-7.57% -7.35% -8.77%	-0.22%
SIS Mondrian MSCI ACWI -ex US Value Index MSCI ACWI -ex US	4.24% 4.24% 4.60% 4.09%	-1.94% -1.94% -2.24% -1.03%	1.63% 1.65% -0.31% 0.25%	3.89% 3.90% 1.94% 3.28%	-0.01%	4.13% 4.13% 6.50% 5.90%	0.00%	5.72% 5.77% 7.76% 7.49%	-0.05%	-6.25% -6.28% -7.50% -7.38%	0.03%
SIS Pyramis Int'l Equity MSCI ACWI -ex US Small Cap Index	3.07% 3.07% 4.34%	0.09% 0.09% 0.54%	2.60% 2.60% 1.62%	5.84% 5.84% 6.60%	0.00%	5.56% 5.56% 4.95%	0.00%	9.65% 9.66% 8.64%	-0.01%	-8.60% -8.60% -8.78%	0.00%
SIS AG PPI Fund BC Aggregate Index	4.56% 4.56% -0.70%	0.78% 0.78% 0.50%	3.07% 3.07% 0.08%	8.60% 8.61% -0.12%	-0.01%	5.73% 5.73% 0.22%	0.00%	13.14% 13.14% 1.59%	0.00%	2.16% 2.15% 2.06%	0.00%
SIS Pyramis Bond BC Aggregate Index	-0.52% -0.52% -0.70%	0.58% 0.58% 0.50%	0.15% 0.15% 0.08%	0.20% 0.21% -0.12%	-0.01%	0.62% 0.62% 0.22%	0.00%	2.17% 2.17% 1.59%	0.00%	2.49% 2.49% 2.06%	0.00%
SIS Brigade Capital BC BBB Credit	1.70% 1.74% -0.96%	0.42% 0.35% 0.64%	1.11% 1.05% 0.13%	3.26% 3.17% -0.20%	0.09%	3.54% 3.50% 1.66%	0.04%	4.74% 4.79% 4.40%	-0.06%	1.79% 1.85% 2.41%	-0.06%
SIS Brown Brothers Harriman BC U.S Tips	-0.76% -0.58% -0.68%	0.24% 0.24% 0.03%	0.32% 0.33% 0.28%	-0.21% -0.01% -0.37%	-0.20%	0.86% 0.88% 0.70%	-0.02%	2.47% 2.44% 2.12%	0.03%	3.43% 3.43% 3.14%	0.00%

Manager Performance Comparison

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	1st Qtr. 2013	Difference	4th Qtr. 2012	<u>Difference</u>	3rd Qtr. 2012	<u>Difference</u>	2nd Qtr. 2012	<u>Difference</u>
SIS Western Asset BC Aggregate Index	-0.38% -0.33% -0.70%	0.51% 0.46% 0.50%	0.29% 0.38% 0.08%	0.41% 0.51% -0.12%	-0.10%	0.94% 0.99% 0.22%	-0.06%	3.20% 3.03% 1.59%	0.17%	2.28% 2.50% 2.06%	-0.22%
SIS Franklin Templeton Investments BC Multiverse	1.97% 1.70% -0.81%	1.18% 1.06% -0.92%	0.44% 0.43% -0.23%	3.62% 3.22% -1.95%	0.40%	4.82% 5.07% -0.29%	-0.25%	7.44% 7.20% 3.38%	0.24%	-1.34% -1.34% 0.61%	-0.01%
SIS AQR Global Risk Premium III (Net) 40% R3000/ 60% BC Agg	0.77% 0.74% 3.01%	1.02% 0.98% 1.00%	2.66% 2.63% 2.38%	4.51% 4.40% 6.52%	0.10%	1.79% 1.68% 0.24%	0.11%	8.18% 8.08% 4.36%	0.10%	0.06% -0.04% 0.08%	0.10%
SIS AQR DELTA Fund II (Net) Libor + 4%	1.36% 1.28% 0.27%	0.44% 0.36% 0.33%	-0.98% -1.06% 0.35%	0.81% 0.57% 0.95%	0.24%	3.31% 3.04% 1.06%	0.26%	0.57% 0.31% 1.09%	0.25%	2.03% 1.78% 1.11%	0.25%
SIS SSgA Multisource Commodity DJ UBS Commodity S&P Goldman Sachs Commodity	3.04% 3.04% 2.40% 4.36%	-3.71% -3.71% -4.09% -4.39%	-0.19% -0.19% 0.67% 0.77%	-0.96% -0.97% -1.13% 0.55%	0.01%	-5.72% -5.72% -6.33%	0.00%	13.53% 13.53% 9.70%	0.00%	-2.73% -2.73% 2.06%	0.00%
SIS INVESCO Real Estate NCREIF NFI ODCE Index			<u>, </u>	3.25% 3.25% 2.68%	0.00%	2.12% 2.12% -3.28%	0.00%	2.80% 2.80% 11.54%	0.00%	1.70% 1.70% -12.38%	0.00%



Market Capitalization Breakpoints

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

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

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

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

Most Recent Breakpoints

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

^{*}Numbers in billions

Equity Markets

	<u>QTR</u>	1 Year	3 Year
S&P 500	10.6	14.0	12.7
Dow Jones Industrial Average	11.9	13.4	13.3
NASDAQ	8.2	5.7	10.9
Russell 1000	11.0	14.4	12.9
Russell 2000	12.4	16.3	13.5
Russell 3000	11.1	14.6	13.0
MSCI EAFE (Net)	5.1	11.3	5.0
MSCI Emerging Markets (Net)	-1.6	2.0	3.3
MSCI All Country World ex US	3.2	8.4	4.4

Bond Markets

<u>QTR</u>	<u>1 Year</u>	3 Year
-0.1	3.8	5.5
-0.2	4.6	6.1
0.1	4.7	6.0
2.9	13.1	11.2
-3.8	-2.2	3.3
	-0.1 -0.2 0.1 2.9	-0.1 3.8 -0.2 4.6 0.1 4.7 2.9 13.1

Non-Public Markets

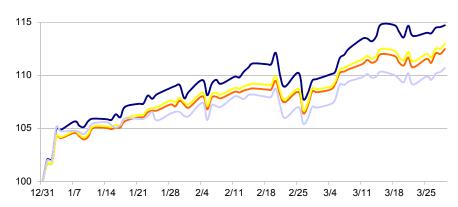
lagged quarterly

	<u>QIR</u>	<u>i rear</u>	<u>s real</u>
NCREIF Property	2.5	10.5	12.6

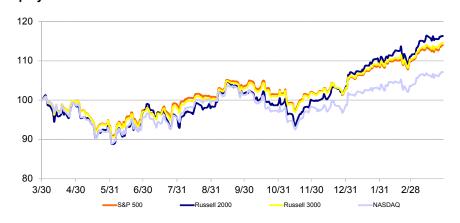
U.S. Equity Market

- U.S. equities, as measured by the S&P 500 total return index, rose 10.6% during the quarter as continued monetary easing outweighed the impact of more political uncertainty in Europe.
- Small cap stocks outperformed, returning 12.4% in Q1.
- Stronger economic data, including higher than expected February non-farm payrolls, helped boost appetite for smaller stocks.

Equity Index – Quarterly Growth Rate



Equity Index – 1-Year Growth Rate

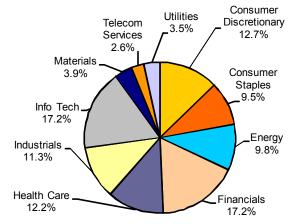


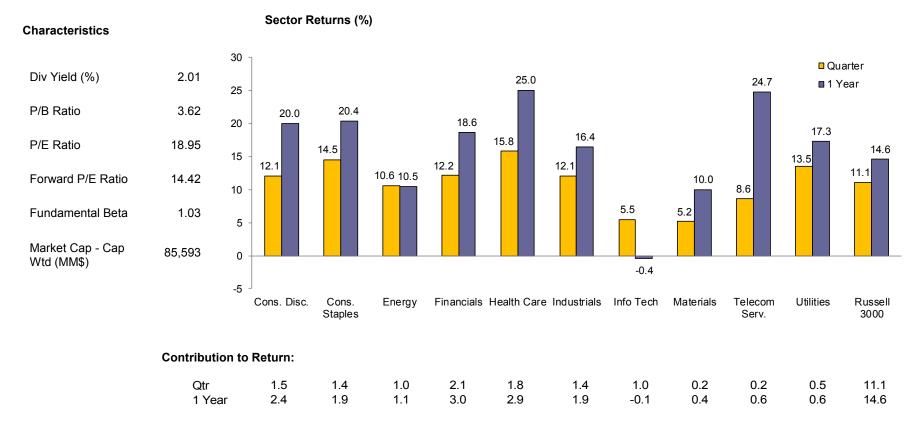
U.S. MARKETS

U.S. Equity – Russell 3000

- Continued quantitative easing throughout the developed world and improved U.S. growth prospects helped boost the performance of sectors across the board; the healthcare sector returned 15.8 percent in the first quarter, while industrial stocks rose 12.1%.
- Overall, the Russell 3000 index returned 11.1% during the quarter; the yearly return was 14.6%.

Ending Sector Weights



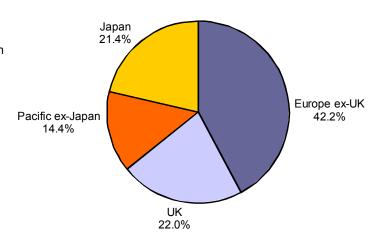


NON-U.S. MARKETS

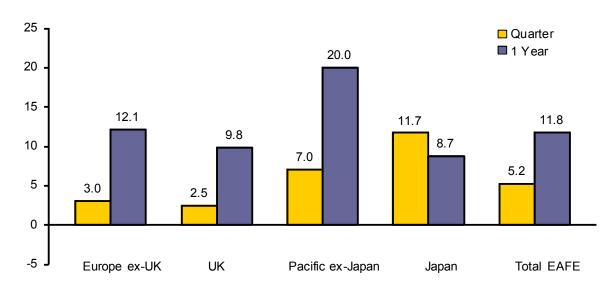
Developed Equity – MSCI EAFE (Net)

- Increased monetary policy in Japan helped boost sentiment across markets. Overall, the MSCI EAFE index increased 5.2% in the first quarter.
- Europe ex-UK equities increased 3.0% in the first quarter as the ECB's OMT program offset Italian political uncertainty and the Cyprus "bail-in."
- The nomination of the dovish Hiruhiko Kuroda as Bank of Japan Governor and a weaker yen increased appetite for equities in Japan, where stocks rose 11.7% in the first quarter.

Ending Regional Weights



Regional Returns (%)



Contribution to Return:

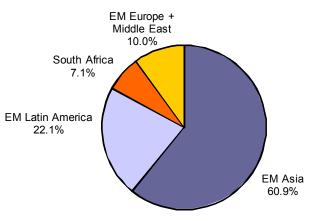
Qtr	1.3	0.5	1.0	2.5	5.2
1 Yr	5.1	2.2	2.9	1.9	11.8

NON-U.S. MARKETS

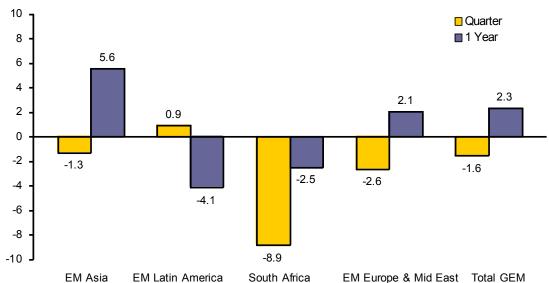
Emerging Markets Equity – MSCI EM (Net)

- Global concerns led to declines in emerging market equities. The MSCI EM index fell 1.6% in the first quarter.
- On a regional basis, Latin America outperformed, rising 0.9% in the first quarter, perhaps driven by the region's exposure to higher growth in the U.S.
- South African equities fell 8.9% on a quarterly basis, driven by concerns regarding strikes in the mining sector and the country's exposure to Europe.

Ending Regional Weights



Regional Returns (%)



Contribution to Return:

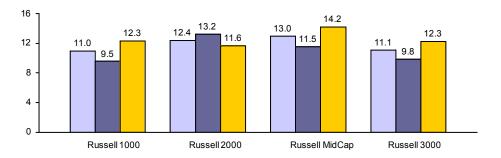
Qtr	-0.8	0.2	-0.6	-0.3	-1.6
1 Yr	3.4	-0.9	-0.2	0.2	2.3

STYLE & CAPITALIZATION

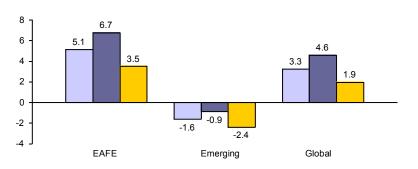
Style & Capitalization Returns

- Emerging market equities underperformed in the first quarter as developed market growth concerns permeated the markets. Value stocks in emerging markets underperformed, falling 2.4% in the quarter.
- Value stocks in the U.S. outperformed, reflected by the higher returns across the size dimension with the exception of small cap stocks.
- Overall, non-U.S. equities returned 3.3% in the first quarter, with strong returns in the EAFE region.

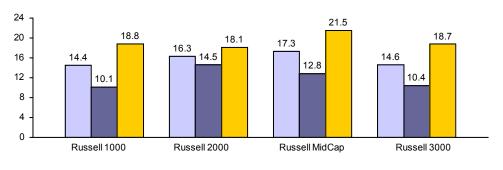
Russell US Style Returns (%) - Quarter



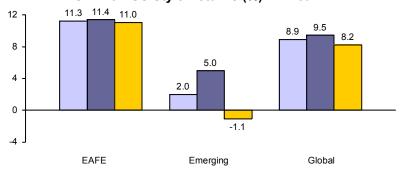
MSCI Non-US Style Returns (%) - Quarter



Russell US Style Returns (%) - 1 Year



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



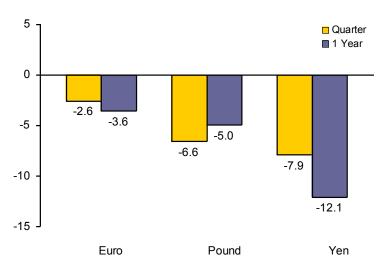
□ Neutral ■ Growth □ Value

CURRENCY AND BOND MARKETS

Currency Markets

- The euro fell 2.6% against the dollar in the first quarter as political uncertainty came to the fore of investors' minds.
- Dovish monetary policy in Japan led to continued declines in the yen, which fell 7.9% against the dollar in the first quarter.
- The U.S. dollar trade-weighted index, which measures the dollar's movement against a basket of currencies, rose 4.3% in the first quarter.

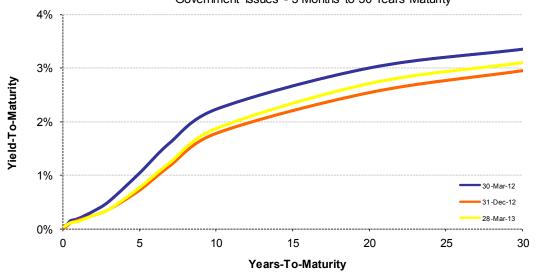
Currency Returns (%)



Yield Curve

- The U.S. yield curve steepened on a quarterly basis as U.S. growth improved and market participants pondered when the Fed could begin tapering quantitative easing.
- Thirty-year yields rose fifteen basis points during the first quarter.

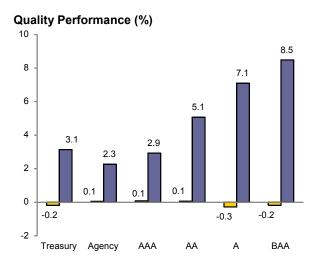
INTEREST RATE TERM STRUCTURE Government Issues - 3 Months to 30 Years Maturity

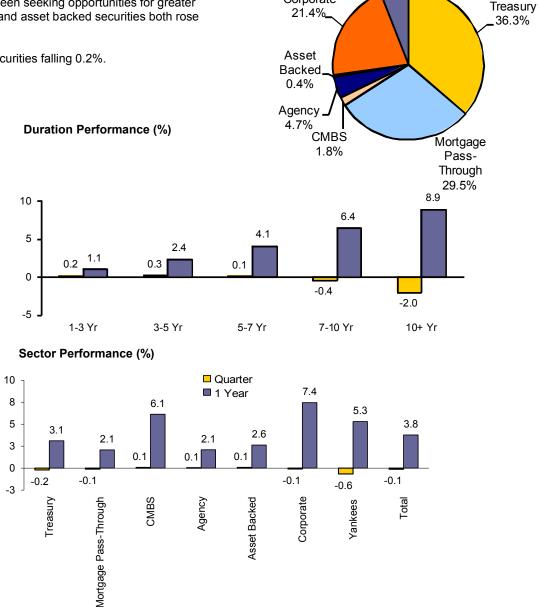


BOND MARKETS

U.S. Bond Market Returns - Barclays Capital Aggregate

- With financial represson in the developed world, investors have been seeking opportunities for greater yield. Treasury bonds fell 0.2% in the first quarter, while CMBS and asset backed securities both rose 0.1%.
- Lower-rated corporate bonds underperformed, with BAA rated securities falling 0.2%.





Sector Weights

Corporate

Yankees 5.9%

.36.3%

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION Board of Retirement

May 28, 2013 Agenda Item 6.3

TO: Board of Retirement

Lilibeth Sames

FROM: Lilibeth Dames, Investment Analyst

SUBJECT: Report on Core Equity Manager Annual Reviews (BlackRock and DE Shaw)

Staff Recommendation:

Accept the report on the annual review of SamCERA's Core Equity Managers.

Background:

On May 2nd, SamCERA staff and consultant held annual review meetings in SamCERA's office for our core equity managers.

Each meeting lasted approximately one hour and consisted of an organizational update, investment process review, performance review and attribution and current positioning/market outlook.

Discussion:

SamCERA first conducted the annual review of the BlackRock S&P 500 Index strategy, a strategy that fully replicates the S&P 500 Index. Following that review, staff and consultant met with DE Shaw Investment Management and discussed its Broad Market Core Enhanced Plus strategy. The strategy is a large cap core equity mandate that seeks to identify market inefficiencies through quantitative analysis. Recent changes to the investment team were reviewed and discussed. Outside of this issue, there were no significant concerns identified during the portfolio reviews. Attached you will find meeting notes from SIS summarizing the findings from both annual reviews.

Attachments:

- A. BlackRock S&P 500 Index Annual Review Meeting Notes
- B. DE Shaw Broad Market Core Enhanced Plus Annual Review Meeting Notes

Date of meeting: 5/2/2013

Location: SamCERA Office

Manager Representative(s)

SIS Representative(s)

Tony Freitas (Client Service), Stephanie Hill (Strategist)

Jonathan Brody

Client Representative(s)

Mike Coultrip (CIO), David Bailey (CEO), Lilibeth Dames (Analyst)

Product Description

BlackRock uses a full replication approach. They hold each stock in the same proportion in which it is represented in the S&P 500 Index. BlackRock monitors the fund daily to ensure that additions and deletions to the S&P 500, mergers and acquisitions, restructurings and other capitalization changes are made to the fund in such a way to minimize tracking error and transactions costs.

Meeting Notes

Organization

Three years have passed since the merger between BGI and BlackRock. The firm has repurchased the 20% ownership stakes held by Barclays and by Bank of America. PNC Financial Services group, which holds almost 22% of BlackRock's stock, is the only outside entity holding a significant percentage of the firm's equity.

Of BlackRock's eight original founders, six remain active at the firm.

BlackRock's current firm-wide assets under manager are now approximately \$3.8 trillion. Of the total, 49% is invested in equities. Global Index Equity AUM is \$1.72 trillion, including the firm's iShares ETF products.

The firm manages assets against more than 400 indexes.

They have experienced recent growth in assets invested to track alternative non-cap weighted indexes. These include strategies tracking low volatility and defensive indexes, fundamentally weighted indexes and, for example, GDP weight indexes.

BlackRock has also seen inflows from institutional investors replacing Vanguard because of Vanguard's decision to change the benchmark of many of its strategies from MSCI to alternatives such as FTSE and CRSP.

Investment Team

BlackRock employs approximately 135 people on its index team, which includes both institutional and iShares. Most of these employees are located in San Francisco.

Investment Strategy

BlackRock focuses on low cost, low tracking error, indexing. Several things contribute to tracking error: securities lending, transaction costs, corporate actions, cash, and securities litigation payments. BlackRock strives to control transaction costs by crossing as many trades as possible. They do this at the security level, but also at the unit level to reduce transaction costs for investors.

SamCERA is invested in the A Fund, which is for ERISA Qualified plans and allows securities lending. Since the financial crisis the treatment of collateral related to securities lending has become much more conservative. One of the issues had been a mismatch between the duration of the investments in the collateral pools and the terms of the loans. Most participants, including BlackRock, have shortened the duration of the collateral and accepted lower yields. (Mike Coultrip asked BlackRock to follow up with more detailed information about the composition of the collateral pool.) Profit generated by securities lending is split 50/50 between BlackRock and their clients.

Performance & Positioning

For the trailing one-year period the S&P 500 Index Fund outperformed its benchmark by six basis points. Half of the excess returns came from securities lending and half from payments received related to the settlement of securities litigation.

Date of meeting: 5/2/2013

Location: SamCERA Office

Manager Representative(s)

Letitia Yang (CR), Via Phone: Anne Dinning (CIO), Yirong Shen (Research)

SIS Representative(s)

Jonathan Brody

Client Representative(s)

Mike Coultrip (CIO), David Bailey (CEO), Lilibeth Dames (Analyst)

Product Description

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 two decades 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 underweighting 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.

Meeting Notes

Organization

D. E. Shaw's firm-wide assets under management are currently approximately \$30 billion. Benchmark relative strategies, at \$8.4 billion, now represent a significant portion of the firm's assets. Of this, \$6 billion is invested in long only strategies and \$2.4 billion in 130/30 strategies. In the first quarter DESIM experienced inflows of \$400 million. DESIM has also begun managing Global and Ex US accounts against MSCI ACWI and World indexes, which they anticipate will be an area of strong growth.

Investment Team

Since the departure of CIO Tony Foley, Anne Dinning has re-assumed the CIO role. Because she served as the group's CIO from 2005-2009, the leadership transition has gone quite smoothly. Although Anne will remain the CIO for now, DESIM recently announced that Phillip Kearns has joined the Quantitative Research and Portfolio Management as a

Managing Director. Anne listed the criteria for selecting someone for this role: quantitative ability, experience managing staff, strong communication skills and, ideally, already a senior level employee of the firm. Her view was that, of the candidates they considered, Phillip came closest to meeting these criteria. His experience, however, has primarily been with fixed income rather than with equity. Anne expressed the view that he is well acquainted with the firm's approach to quantitative research, which is common to both fixed income and equity. Phillip has been with D. E. Shaw since 2004.

For now, everyone in the group will report up to Phillip and he will report up to Anne. Anne and Phillip will share responsibility for the research agenda and portfolio management. And Anne will approve ideas prior to implementation. The expectation is that as Phillip gains more experience with the group, and with the asset class, he will become CIO of DESIM.

Performance & Positioning

Fiscal year-to-date the strategy has generated approximately 100 basis points of excess return gross of fees. Several factors have contributed to the performance. In the Fundamental category, exposure to size (smaller cap than the benchmark) was a positive contributor. In the Forecast-Specific category, event driven forecasts were also quite positive. The most significant detractor has been over-weightings to Apple and JP Morgan, which respectively detracted 50 and 35 basis points. At one point the over-weight to Apple was 150 basis points, which is the maximum allowable over-weight for this strategy. Apple is now one of the most significant under-weight positions.

The portfolio is slightly tilted toward certain risk factors: leveraged companies, momentum and volatility. They acknowledge that the market has favored low beta higher dividend yield stocks. One possible reason for this is that yield seeking investors are buying equities instead of fixed income.

Since the inception of the SamCERA account, the information ratio has been in the range of .5. This is below DESIM's expectation, which is approximately .75 on a gross basis. The 130/30 strategy has had a higher information ratio, closer to .9 on a gross basis.

May 28, 2013

Agenda Item 6.4

TO:

Board of Retirement

Lilibert Dames for Michael Coultrip

FROM:

Michael Coultrip, Chief Investment Officer

SUBJECT:

Approval of Asset Liability Study Project Kick-Off and Timeline

Staff Recommendation:

Approve launching a new Asset Liability Study and the associated timeline.

Background:

The Board last undertook an Asset Liability Study in May 2010. Given the current recovery from the last recession, along with the current uncertain macro-economic environment, staff believes that it is prudent to initiate a new Asset Liability Study to assess potential new asset classes, incorporate updated capital market assumptions and liability profiles, and to analyze new portfolio combinations.

Discussion:

The Asset Liability Study is expected to last for several months. Once approved by the Board, the study is expected to proceed as follows:

July Board meeting: Review asset-liability basics, summarize the capital market assumptions to be used in the study, and approve asset classes/mixes to be used in the simulations.

August Board meeting: Review asset-liability simulation results and identify potential revised asset mix scenarios.

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

October Board meeting: Approve revised asset mix. Complete update of Investment Policy Statement.

May 28, 2013

Special Meeting Agenda #4 (Regular Agenda Item 6.5)

TO:

Board of Retirement

Lilibeth Dames for Michael Coultrip

FROM:

Michael Coultrip, Chief Investment Officer

SUBJECT: Interview Strategic Overlay Managers

Staff Recommendation:

Review the attached materials from the three finalist strategic overlay manager candidates, and participate in the presentation that each will provide during the May Special Meeting.

Background:

During the January 2013 Board meeting, SIS presented a summary of the different services that an overlay manager can perform for SamCERA, including cash equitization (both manager-held cash and portfolio-level cash), portfolio rebalancing, expressing tactical allocation shifts, and hedging interest rate and currency risks. During the February Board meeting additional followup work was presented that estimated the impact of SamCERA's residual cash and the potential benefit of a cash equitization program. During the March Board meeting the Board approved the RFP questionnaire to be sent to five primary providers of overlay manager services (BlackRock, Clifton, Mellon, Russell, and State Street). Staff and SIS reviewed the responses and agreed on three finalists (BlackRock, Clifton, and State Street) to invite to present to the Board in May.

Discussion:

The questionnaire responses for each of the three overlay finalists are attached. Also included is a summary from SIS of bullet points of the five managers who received the questionnaire. The presentation books will either be available for the 2nd mailing or at the Board meeting. Each manager will have 45 minutes allotted in the interview schedule, which will include their presentation and Q&A. The interview schedule will be as follows:

9 a.m. BlackRock - Anthony Freitas and Timothy Murray

10 a.m. Clifton Group - Jack Hanson (CIO), and Ben Lazarus, (Director-Institutional Relationships)

11 a.m. State Street - Megan Hart (Senior Relationship Manager), Ola Folarin (PM), Jerry Holly (PM), and Jay Doherty (Vice President – Portfolio Solutions)

Attachments:

- A. SIS Summary of Overlay Manager Responses
- B. BlackRock Strategic Overlay RFP Response
- C. Clifton Strategic Overlay RFP Response
- D. SSgA Strategic Overlay RFP Response

May 28, 2013

Special Meeting Agenda #5 (Regular Agenda Item 6.6)

TO:

Board of Retirement

FROM:

Michael Coultrip, Chief Investment Officer

SUBJECT:

Discussion and Selection of Strategic Overlay Manager

Staff Recommendation:

Discuss the merits of the three strategic overlay finalist candidates and then select one to provide overlay services. Furthermore, authorize the Chief Executive Officer to enter into an agreement with the manager upon completion of Staff's due diligence and finalization of the terms of the agreement.

Background:

During the January 2013 Board meeting, SIS presented a summary of the different services that an overlay manager can perform for SamCERA, including cash equitization (both manager-held cash and portfolio-level cash), portfolio rebalancing, expressing tactical allocation shifts, and hedging interest rate and currency risks. During the February Board meeting additional follow-up work was presented that estimated the impact of SamCERA's residual cash and the potential benefit of a cash equitization program. During the March Board meeting the Board approved the RFP questionnaire to be sent to five primary providers of overlay manager services (BlackRock, Clifton, Mellon, Russell, and State Street). Staff and SIS reviewed the responses and agreed on three finalists (BlackRock, Clifton, and State Street) to invite to present to the Board in May. The interview schedule will be as follows:

9 a.m. BlackRock - Anthony Freitas and Timothy Murray

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11 a.m. State Street - Megan Hart (Senior Relationship Manager), Ola Folarin (PM), Jerry Holly (PM), and Jay Doherty (Vice President – Portfolio Solutions)

Discussion:

Last year, the Board adopted a resolution setting forth the "Authorization For The Chief Executive Officer To Execute Documentation For Investments As Required" which provides that after the Board has made its determination to invest SamCERA funds with a particular external manager, the Chief Executive Officer has the authority to execute any and all documentation with that manager on behalf of the Board. Accordingly, the Board does not need to adopt a resolution for this investment.

May 28, 2013 Agenda Item 6.7

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer

SUBJECT: Approval of Real Duration Hedging Proposal

Staff Recommendation:

Approve a proposal authorizing the Chief Investment Officer to direct Brown Brothers Harriman (BBH), the manager of SamCERA's TIPS portfolio, to hedge a portion of the interest rate sensitivity of the portfolio while maintaining exposure to break-even inflation rates.

Background:

Since the initial funding of the SamCERA TIPS portfolio on July 28, 2010, real yields have fallen approximately 150 basis points, resulting in substantial positive returns for the portfolio. With this large move down in rates, there seems to be a higher probability that TIPS now may be very vulnerable to the possibility of higher real rates and negative price returns. During the October 2012 Board meeting, staff reviewed analysis provided by BBH that compared hedged and unhedged portfolio returns under various annual changes in real interest rates. As a follow-up to this analysis, the Board asked to see a multi-period (3 years) analysis in addition to the one-year analysis. Pages 8 and 9 in the attached presentation show three-year potential outcomes.

Discussion:

SamCERA's TIPS portfolio has interest rate sensitivity (duration) of approximately 9 years, which is substantially higher than the 5.5 year duration of the BC Aggregate Index. By hedging a portion of the interest rate sensitivity with Treasury futures, SamCERA would retain protection from unexpected higher inflation while locking in a portion of the positive price performance (due to the decline in real rates) of the past few years. Hedging 39% of the TIPS duration would result in interest rate sensitivity similar to that of the BC Aggregate Index while maintaining exposure to break-even inflation rates.

The 'cost' of this hedge would be the equivalent nominal yield of the short Treasury positions. One can estimate this by comparing the difference in annualized total return between an

unhedged and hedged portfolio (by looking at the "0 change in D_BE row" and the "0 change in D_Nominal column" intersection on slide 8 of the BBH presentation), which is approximately 78 basis points annualized assuming no change in rates. This "cost" will rise as interest rates rise as noted in BBH's "Introductory Example". Real rates would need to increase approximately 75 basis points over the three-year period (or approximately 25 basis points per year) for the hedged strategy to break even compared to the unhedged portfolio assuming no change in break-even inflation rates.

Attachments:

A. BBH TIPS Portfolio Hedging Analysis

BBH TIPS Portfolio Hedging Analysis



April 2013



Brown = Brothers
Harriman

Hedging in a Rising Rates Environment



- It is possible to reduce (hedge) the interest rate risk inherent in a rising rates environment.
- One way to accomplish this for a given TIPS portfolio is to sell (short) nominal Treasury bonds (Treasuries) using futures.
- QE had an important role bringing down interest rates. As the likelihood of QE coming to an end increases, so does the likelihood of interest rates returning to more normal (higher) levels.

Benefit:

- In a rising rates environment, a short position in Treasuries will partially offset the interest rate risk in the portfolio. This benefit increases with the magnitude of the rates change.
- Investors can lock in a portion of the positive price performance of the last few years by reducing the interest rate sensitivity of their TIPS portfolio.
- By maintaining a full TIPS portfolio and hedging the interest rate sensitivity with Treasury futures, investors retain protection from higher inflation.

Cost:

 By being short Treasuries, investors must forgo equivalent nominal yield, which increases with the magnitude of the rates change.

A Hedged TIPS Portfolio



- The purpose of the exercise is to consider the potential benefit of hedging a TIPS portfolio by shorting Treasuries.
- The general idea is to short Treasury futures by an amount such that the resulting *hedged* TIPS portfolio attains a shorter duration.
- As an illustration, consider a typical TIPS portfolio and a nominal Treasury portfolio. The durations are 9.0 years and 8.9 years, respectively.
- The Barclays Bond Aggregate Index currently has a duration of 5.5 years. Therefore, a portfolio that is long TIPS and short 39% Treasuries attains the target duration of 5.5 years as follows:

$$9.0 - (0.39 \times 8.9) = 5.5$$

Thus, the hedge ratio is 39%.

 Following the example introduced on the next page, we show the resulting returns of unhedged and hedged TIPS portfolios under several nominal curve and break-even curve scenarios.



	5/14/2013	11/12/2013	5/14/2014	11/12/2014	5/14/2015	11/13/2015	5/13/2016	Total Change	(Bps)
Nominal Rate (%)	1.95	2.00	2.34	3.20	4.06	4.40	4.45	250	
Break-Even Inflation Rate (%)	2.30	2.33	2.54	3.05	3.56	3.77	3.80	150	
Real Rate (%)	-0.35	-0.33	-0.19	0.15	0.49	0.63	0.65	100	
Change in Nom. Yield (Bps)	5	34	86	86	34	5	Annualized	Absolute
In	f	0.00	0.00	0.00	0.00	0.00	0.00		
Income	₽	0.98	1.00	1.17	1.60	2.03	2.20		
Duration	n	-0.48	-3.03	-7.60	-7.60	-3.03	-0.48		
Convexity	y	0.00	0.05	0.32	0.32	0.05	0.00		
		0.50	-1.97	-6.11	-5.68	-0.95	1.72	-4.21	-12.09
Change in Real Yield (Bps)	2	14	34	34	14	2	Annualized	Absolute
Inflation	ו	1.50	1.50	1.50	1.50	1.50	1.50		
Income	2	-0.18	-0.16	-0.10	0.08	0.25	0.31		
Duration	ו	-0.19	-1.23	-3.08	-3.08	-1.23	-0.19		
Convexity	y	0.00	0.01	0.06	0.06	0.01	0.00		
Unhedged TIPS Return	n	1.13	0.12	-1.62	-1.45	0.53	1.62	0.10	0.29
Hedged TIPS Return	า	0.94	0.90	0.79	0.79	0.90	0.94	1.76	5.37

As rates rise:

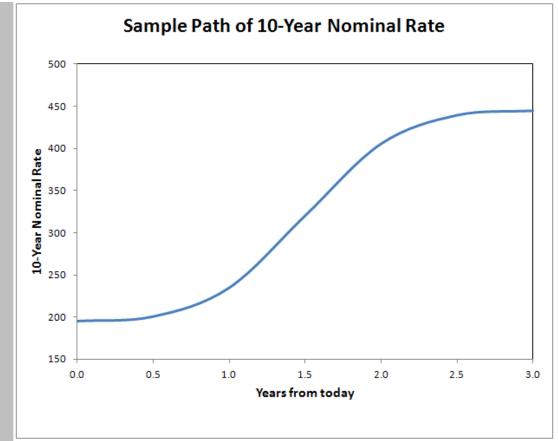
- Note that the average annual yield over the horizon is 3%. By hedging 0.39% of the nominal portfolio we pay approximately $1.2\% \approx 0.39 \times 3\%$. This constitutes the annualized hedge cost.
- The price impact of the rate increase is approximately -7.4% annualized. Since by hedging we short 0.39% of nominal duration, we receive approximately 2.9%. This constitutes the annualized gross benefit of the hedge.
- The net benefit in this case is about 1.7%.

Introductory Example (cont'd)



- In the example, nominal rates increase by 250 basis points and break-even inflation rates by 150 basis points. Consequently, real rates increase by 100 basis points. Furthermore, we assume an annual inflation rate of 3%.
- The annualized total return (including accruals) impact of the nominal rate change is -4.2%.
- The annualized total return (including income and *inflation*) of the real rate change is 0.1%. Therefore, an unhedged TIPS portfolio would earn 10bps in this scenario.
- By shorting 39% Treasuries we gain approximately $1.6\% = -0.39 \times (-4.2)$, the net contribution of the hedge. This brings the total return of the hedged TIPS portfolio to 1.7 = 1.6% + 0.1%.





- The initial nominal rate is 1.95%.
- At the end of the 3-year horizon the rate is 4.45%.
- In this example the 3-year change is such that 50% of the total increase in the nominal rate materializes in the first half of the horizon, and 50% in the second half of the horizon.
- This assumption can be modified to either front-load or back-load the total change.
- Note that for each cell in the previous table, there is an associated path for the nominal rate and the break-even rate, and an implied path for the real rate.

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Another Example: Spot Rates Move to Forward Rates

	5/14/2013	11/12/2013	5/14/2014	11/12/2014	5/14/2015	11/13/2015	5/13/2016	Total Change	(Bps)
Nominal Rate (%)	1.95	2.08	2.22	2.35	2.48	2.61	2.73	78	_
Break-Even Inflation Rate (%)	2.33	2.40	2.48	2.46	2.54	2.57	2.58	25	
Real Rate (%)	-0.38	-0.32	-0.26	-0.11	-0.06	0.03	0.15	53	
Change in Nom. Yield (Bps)	13	14	13	13	13	13	Annualized	Absolute
In	f	0.00	0.00	0.00	0.00	0.00	0.00		
Income	e	0.98	1.04	1.11	1.18	1.24	1.30		
Duration	n	-1.16	-1.24	-1.16	-1.16	-1.11	-1.11		
Convexit	у	0.01	0.01	0.01	0.01	0.01	0.01		
		-0.17	-0.20	-0.04	0.03	0.14	0.20	-0.01	-0.04
Change in Real Yield (Bps)	6	6	15	5	9	12	Annualized	Absolute
Inflation	n	1.50	1.50	1.50	1.50	1.50	1.50		
Income	e	-0.19	-0.16	-0.13	-0.05	-0.03	0.02		
Duration	n	-0.54	-0.54	-1.36	-0.44	-0.81	-1.08		
Convexit	у	0.00	0.00	0.01	0.00	0.00	0.01		
Unhedged TIPS Return	n	0.77	0.80	0.02	1.01	0.66	0.45	1.239	3.763
Hedged TIPS Return	n	0.84	0.88	0.03	1.00	0.61	0.37	1.245	3.780
		·		·				·	

Underlying Assumptions



- Columns denote a change in the 10-year nominal rate (D_Nominal).
- Rows denote a change in the 10-year breakeven rate (D_BE).
- The numbers in each cell denote the corresponding change in the 10-year real rate.
- All changes are assumed to materialize over the course of three years.

	3-Year Cu	mulative Chaខ្	ge in Nominal F	Rate (D_Nomin	al)						
	-100	-50	0	50	100	150	200	250	300	350	400
-100	0	50	100	150	200	250	300	350	400	450	500
-75	-25	25	75	125	175	225	275	325	375	425	475
-50	-50	0	50	100	150	200	250	300	350	400	450
-25	-75	-25	25	75	125	175	225	275	325	375	425
0	-100	-50	0	50	100	150	200	250	300	350	400
25	-125	-75	-25	25	75	125	175	225	275	325	375
50	-150	-100	-50	0	50	100	150	200	250	300	350
75	-175	-125	-75	-25	25	75	125	175	225	275	325
100	-200	-150	-100	-50	0	50	100	150	200	250	300
125	-225	-175	-125	-75	-25	25	75	125	175	225	275
150	-250	-200	-150	-100	-50	0	50	100	150	200	250
175	-275	-225	-175	-125	-75	-25	25	75	125	175	225
200	-300	-250	-200	-150	-100	-50	0	50	100	150	200

Total Return Comparison For Unhedged vs. Hedged TIPS Portfolios (Annualized Returns)



	_	d TIPS Portfoli	o ge in Nominal R	ate (D. Nomin	al)						
D BE	-100	-50	0	50	100	150	200	250	300	350	400
_	-100 2.67	1.37	0.10	-1.15	-2.38	-3.58	-4.76	-5.92	-7.05	-8.16	-9.24
	-75 3.32	2.02	0.73	-0.53	-1.77	-2.98	-4.17	-5.34	-6.49	-7.61	-8.70
	-50 3.99	2.67	1.37	0.10	-1.15	-2.38	-3.58	-4.76	-5.92	-7.05	-8.16
	-25 4.66	3.32	2.02	0.73	-0.53	-1.77	-2.98	-4.17	-5.34	-6.49	-7.61
	0 5.33	3.99	2.67	1.37	0.10	-1.15	-2.38	-3.58	-4.76	-5.92	-7.05
	25 6.01	4.66	3.32	2.02	0.73	-0.53	-1.77	-2.98	-4.17	-5.34	-6.49
	50 6.70	5.33	3.99	2.67	1.37	0.10	-1.15	-2.38	-3.58	-4.76	-5.92
	75 7.39	6.01	4.66	3.32	2.02	0.73	-0.53	-1.77	-2.98	-4.17	-5.34
	100 8.09	6.70	5.33	3.99	2.67	1.37	0.10	-1.15	-2.38	-3.58	-4.76
	125 8.80	7.39	6.01	4.66	3.32	2.02	0.73	-0.53	-1.77	-2.98	-4.17
	150 9.51	8.09	6.70	5.33	3.99	2.67	1.37	0.10	-1.15	-2.38	-3.58
	175 10.22	8.80	7.39	6.01	4.66	3.32	2.02	0.73	-0.53	-1.77	-2.98
	200 10.94	9.51	8.09	6.70	5.33	3.99	2.67	1.37	0.10	-1.15	-2.38
	Hedged to	o 5.5y									
	3-Year Cu	mulative Chag	ge in Nominal R	ate (D_Nomin	al)						
D_BE	-100	-50	0	50	100	150	200	250	300	350	400
	-100 0.86	0.09	-0.67	-1.41	-2.14	-2.86	-3.55	-4.24	-4.91	-5.56	-6.20
	-75 1.52	0.73	-0.04	-0.79	-1.53	-2.26	-2.97	-3.66	-4.34	-5.01	-5.66
	-50 2.18	1.38	0.60	-0.17	-0.92	-1.66	-2.38	-3.08	-3.78	-4.45	-5.11
	-25 2.84	2.04	1.24	0.46	-0.30	-1.05	-1.78	-2.50	-3.20	-3.89	-4.56
	0 3.52	2.70	1.89	1.10	0.33	-0.43	-1.18	-1.91	-2.62	-3.32	-4.01
	25 4.19	3.36	2.55	1.74	0.96	0.19	-0.57	-1.31	-2.04	-2.75	-3.45
	50 4.88	4.03	3.21	2.39	1.59	0.81	0.04	-0.71	-1.45	-2.17	-2.88
	75 5.57	4.71	3.87	3.05	2.24	1.44	0.66	-0.10	-0.85	-1.59	-2.30
	100 6.26	5.40	4.55	3.71	2.89	2.08	1.29	0.51	-0.25	-0.99	-1.72
	125 6.97	6.09	5.22	4.38	3.54	2.72	1.92	1.13	0.36	-0.40	-1.14
	150 7.67	6.78	5.91	5.05	4.20	3.37	2.56	1.76	0.97	0.21	-0.55
	175 8.39	7.48	6.60	5.73	4.87	4.03	3.20	2.39	1.60	0.81	0.05
	200 9.11	8.19	7.29	6.41	5.54	4.69	3.85	3.03	2.22	1.43	0.65

Shaded cells denote instances where the hedged portfolio outperforms the unhedged portfolio Boxed cells correspond to results obtained in the introductory example.

Total Return Comparison For Unhedged vs. Hedged TIPS Portfolios (Cumulative Returns)



	_	d TIPS Portfolio	o e in Nominal Ra	ate (D. Nomina	al)						
D_BE	-100	-50	0	50	100	150	200	250	300	350	400
	-100 8.22	4.17	0.29	-3.42	-6.97	-10.36	-13.61	-16.72	-19.69	-22.53	-25.24
	-75 10.31	6.17	2.21	-1.58	-5.21	-8.69	-12.01	-15.18	-18.22	-21.13	-23.90
	-50 12.45	8.22	4.17	0.29	-3.42	-6.97	-10.36	-13.61	-16.72	-19.69	-22.53
	-25 14.63	10.31	6.17	2.21	-1.58	-5.21	-8.69	-12.01	-15.18	-18.22	-21.13
	0 16.86	12.45	8.22	4.17	0.29	-3.42	-6.97	-10.36	-13.61	-16.72	-19.69
	25 19.15	14.63	10.31	6.17	2.21	-1.58	-5.21	-8.69	-12.01	-15.18	-18.22
	50 21.48	16.86	12.45	8.22	4.17	0.29	-3.42	-6.97	-10.36	-13.61	-16.72
	75 23.86	19.15	14.63	10.31	6.17	2.21	-1.58	-5.21	-8.69	-12.01	-15.18
	100 26.29	21.48	16.86	12.45	8.22	4.17	0.29	-3.42	-6.97	-10.36	-13.61
	125 28.78	23.86	19.15	14.63	10.31	6.17	2.21	-1.58	-5.21	-8.69	-12.01
	150 31.32	26.29	21.48	16.86	12.45	8.22	4.17	0.29	-3.42	-6.97	-10.36
	175 33.91	28.78	23.86	19.15	14.63	10.31	6.17	2.21	-1.58	-5.21	-8.69
	200 36.56	31.32	26.29	21.48	16.86	12.45	8.22	4.17	0.29	-3.42	-6.97
	Hedged to	5.5y									
		_	e in Nominal Ra	ate (D_Nomina	•						
D_BE	-100	-50	0	50	100	150	200	250	300	350	400
	-100 2.61	0.27	-2.00	-4.18	-6.29	-8.32	-10.29	-12.18	-14.01	-15.76	-17.46
	-75 4.62	2.21	-0.12	-2.36	-4.53	-6.63	-8.65	-10.59	-12.47	-14.28	-16.03
	-50 6.68	4.20	1.81	-0.50	-2.74	-4.89	-6.97	-8.97	-10.91	-12.77	-14.57
	-25 8.78	6.23	3.77	1.40	-0.90	-3.11	-5.25	-7.31	-9.30	-11.22	-13.07
	0 10.93	8.31	5.78	3.34	0.98	-1.30	-3.50	-5.62	-7.67	-9.64	-11.55
	25 13.12	10.43	7.83	5.32	2.90	0.56	-1.70	-3.89	-5.99	-8.02	-9.98
	50 15.36	12.60	9.93	7.35	4.86	2.45	0.13	-2.11	-4.28	-6.37	-8.39
	75 17.65	14.82	12.07	9.42	6.86	4.39	2.00	-0.30	-2.53	-4.68	-6.76
	100 19.99	17.08	14.27	11.54	8.91	6.37	3.92	1.55	-0.74	-2.95	-5.09
	125 22.39	19.40	16.50	13.71	11.01	8.40	5.87	3.44	1.08	-1.19	-3.38
	150 24.83	21.76	18.79	15.92	13.15	10.46	7.87	5.37	2.95	0.62	-1.64
	175 27.33	24.18	21.13	18.18	15.33	12.58	9.92	7.35	4.86	2.46	0.15
	200 29.88	26.65	23.52	20.49	17.57	14.74	12.01	9.36	6.81	4.35	1.97

Shaded cells denote instances where the hedged portfolio outperforms the unhedged portfolio Boxed cells correspond to results obtained in the introductory example.

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May 28, 2013 Agenda Item 7.1

To: Board of Retirement

MBM C.

From: Chezelle Milan, Retirement Senior Accountant

Mabel Wong, Finance Officer

Subject: Preliminary Monthly Financial Report for the Period Ending April 30, 2013

Comment: The attached preliminary statements fairly represent SamCERA's Financial Statements.

Statement of Fiduciary Net Assets

SamCERA's Net Assets Held in Trust for Pension Benefits as of month end totaled \$2,787,625,121.

Statement of Changes in Fiduciary Net Assets

Net assets held in trust for pension benefits increased by approximately \$27.4 million, month over month. The increase is due to the market appreciation in assets for the month of April 2013.

The following reports are attached to this agenda item:

Table of Contents	Page
Statement of Fiduciary Net Assets (Year to Year YTD Comparative)	2
Statement of Changes in Fiduciary Net Assets (Year to Year YTD Comparative)	3
Cash Flow Statements	4-5
Statement of Fiduciary Net Assets (YTD Monthly Comparative)	6
Statement of Changes in Fiduciary Net Assets (YTD Monthly Comparative)	7

San Mateo County Employees' Retirement Association Statement of Fiduciary Net Assets - YTD Comparative April 2013 PRELIMINARY

	April 2013	April 2012
ASSETS		
CASH AND CASH EQUIVALENTS SECURITIES LENDING CASH COLLATERAL	60,185,748 141,501,006	56,894,633 166,926,581
TOTAL CASH	201,686,754	223,821,215
RECEIVABLES Contributions Due from Broker for Investments Sold Investment Income Securities Lending Income Other Receivable	0 125,748,144 4,645,458 31,088 113,527	0 141,485,898 5,549,322 46,388 113,596
TOTAL ACCOUNTS RECEIVABLES	130,538,216	147,195,204
PREPAID EXPENSE	7,669	169,565
INVESTMENTS AT FAIR VALUE Domestic Fixed Income Securities International Fixed Income Securities Domestic Equities International Equities Real Estate Private Equities Risk Parity Hedge Funds Commodities Held for Securities Lending Other Investment	430,591,616 117,314,886 1,123,094,412 523,098,307 158,833,035 60,279,424 175,129,772 71,725,783 71,891,419 0 0	452,395,199 103,466,508 948,646,417 432,094,365 144,721,125 14,619,078 154,248,145 69,090,238 72,523,142 0 0
FIXED ASSETS LESS ACCUMULATED DEPRECIATION	0	0
	0	0
TOTAL ASSETS	3,064,191,293	2,762,990,201
LIABILITIES		
Investment Management Fees Due to Broker for Investments Purchased Collateral Payable for Securities Lending Other	2,245,997 132,211,210 141,501,006 607,959	2,140,847 159,151,353 166,926,581 542,386
TOTAL LIABILITIES	276,566,172	328,761,168
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	2,787,625,121	2,434,229,033

April 2013 Financials Prelim.xls

San Mateo County Employees' Retirement Association Statement of Changes in Fiduciary Net Assets - YTD Comparative April 2013 Preliminary

April 2013	April 2012	
144.654.201	149,152,708	(4,498,507)
45,958,105		7,316,732
190,612,306	187,794,081	2,818,226
	49,656,332	1,020,530
335,492,046	15,738,957	319,753,088
(17,671,750)	(15,602,737)	(2,069,013)
0	0	0
368,497,157	49,792,552	318,704,606
350,296	364,627	(14,331)
143,070	181,297	(38,227)
493,366	545,925	(52,558)
61,867	29,011	32,857
559,664,697	238,161,568	321,503,130
		7,710,214
		979,399
		(23,450)
123,157,466	114,491,303	8,666,163
5,369,454	3,237,327	2,132,127
		(231,511)
		68,088
132,343,230	121,708,363	10,634,867
427,321,467	116,453,205	310,868,263
		310,868,263
427,321,467 2,360,303,654 2,787,625,121	116,453,205 2,317,775,829 2,434,229,033	310,868,263
	144,654,201 45,958,105 190,612,306 50,676,862 335,492,046 (17,671,750) 0 368,497,157 350,296 143,070 493,366 61,867 559,664,697 108,770,684 13,815,062 571,721 123,157,466	144,654,201

San Mateo County Employees' Retirement Association CHANGES IN FIDUCIARY NET ASSETS - TRAILING TEN MONTHS For the Month Ending April 30, 2013 PRELIMINARY

ADDITIONS	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	YTD
CONTRIBUTIONS							
Employee Contribution	2,820,513	4.100,889	3,467,750	4,916,326	7,120,460	4,621,415	27,047,362
Employer Contributions - Regular	5,227,912	6,787,153	6,846,971	6,826,372	10,358,330	6,786,582	42,831,320
Employer Contributions - COLA	3,066,756	4,108,293	4,143,138	4,134,035	6,264,565	4,101,038	25,817,824
Employer Prefunded Centribution	63,167,221	(10,867,076)	(10,947,830)	(10,933,904)	(16,578,687)	(9,451,316)	4,388,348
TOTAL CONTRIBUTIONS	74,282,402	4,129,259	3,510,029	4,942,769	7,162,677	6,057,719	100,084,854
INVESTMENT INCOME	4 444 344	e ale tot		r net tae	0.035.050	2 500 1000	
Interest and Dividends	3,439,690	5,715,491	5,064,465	5,951,485	3,875,252	8,371,465	32,417,848
Net Appreciation (Depreciation) in fair value of investments	31,115,382	43,176,516	47,458,297	(8,552,625)	21,817,462	18,166,739	155,179,572
Securities Lending Income	46,312	41,612	47,442	42,561	35,489	33,057	246,473
Other Additions	***************************************						Br W. D.
Other Investment Related Expense	(704,807)	(291,493)	(395,840)	(1,358,210)	(477,837)	(792,504)	(4,020,771)
Securities Lending Expense	13,766	11,940	50,541	15,602	6,219 32,419,262	14,341	112,400
TOTAL ADDITIONS	108,192,745	52,783,324	55,732,934	3,041,382	32,415,202	31,850,737	284,020,386
DEPUCTIONS							
ASSOCIATION BENEFITS							
Retires Annuity	2,806,570	2,818,038	2,832,414	2,825,523	2,831,978	2,845,850	16,960,381
Retireu Punsion	6,585,517	6,636,640	6,644,399	6,627,254	6,635,446	6,652,992	39,782,248
Retiree COLA	2,764,110	2,765,009	2,753,364 3,579	2,739,947	2,727,935	2,717,032	16,457,397
Refires Deaths and Modified Work Benefit Active Member Death Benefit	0,579	3,579	3,579	3,579	3,3/1	2,886	20,573
Voids and Reissue	0	0	0				0
TOTAL ASSOCIATION BENEFITS	12,159,785	12,213,266	12,233,756	12,196,303	12,198,730	12,218,759	73,220,599
REFUND OF MEMBER CONTRIBUTIONS	360,892	630,225	1,329,046	204,720	196,893	555,853	3,279,629
ACTUARIAL FEES	1,250	1,250	11,250	50,850	1,250	1,250	67,100
CONSULTANT FEES - INVESTMENT (SIS)	33,333	33,333	33,333	33,333	36,425	33,333	203,092
CUSTODIAN FEES - STATE STREET	14,968	18,000	18,000	11,297	14,014	9,799	86,077
OTHER PROFESSIONAL FEES	0	0	0	0	0	22,500	22,500
NVESTMENT MANAGEMENT FEE - R1000 INDEX	6,182	0,631	6,482	6,984	7,093	7.082	40,453
NVESTMENT MANAGEMENT FEE - ABERDEEN NVESTMENT MANAGEMENT FEE - PYRAMIS	25,974 14,584	26,091 14,611	26,147 14,645	16,316 21,233	(2,405) 16,426	6,087 18,829	98,210 100,327
NVESTMENT MANAGEMENT FEE - ANGELO GORDON PPIP	116,667	29,167	29,167	(58,333)	29,167	29,167	175,000
NVESTMENT MANAGEMENT FEE - ANGELO GORDON STAR	0	0	0	0	0	68,393	68,393
NVESTMENT MANAGEMENT FEE - BROWN BROTHERS	10,342	10,319	10,391	10,473	10,555	10,454	62,534
NVESTMENT MANAGEMENT FEE - BRIGADE CAPITAL	35,844	35,844	35,844	37,542	37,542	34,236	216,853
NVESTMENT MANAGEMENT FEE - FRANKLIN TEMPLETON	35,509	36,313	36,730	37,238	37,813	38,054	221,658
INVESTMENT MANAGEMENT FEE - CHARTWELL INVESTMENT MANAGEMENT FEE - D E SHAW	37,402 50,916	39,705 52,172	39,747 52,644	39,644 52,212	40,547 53,060	41,133 53,009	238,179 314,032
INVESTMENT MANAGEMENT FEE - T ROWE PRICE	34,450	35,590	35,947	35,546	35,896	36,026	213,455
INVESTMENT MANAGEMENT FEE - BLACKROCK	63,847	66,697	66,900	110	(86)	(25)	197,444
INVESTMENT MANAGEMENT FEE - BARROW HANLEY	60,540	62,216	62,695	62,995	63,393	63,933	375,771
INVESTMENT MANAGEMENT FEE - THE BOSTON COMPANY	36,320	38,004	38,374	38,297	39,158	40,091	230,245
INVESTMENT MANAGEMENT FEE - JENNISON ASSOCIATES	57,011 28,186	58,841 28,792	59,498	59,405 22,849	60,789 26,376	61,450 25,455	356,994
INVESTMENT MANAGEMENT FEE - MONDRIAN INVESTMENT MANAGEMENT FEE - ARTIO	(309)	0	27,214	22,049	20,370	20,455	158,872 (360)
INVESTMENT MANAGEMENT FEE - PYRAMIS SELECT	24,398	37,770	36,108	37,856	37,894	39,689	213,713
NVESTMENT MANAGEMENT FEE - EATON VANCE	45,207	50,619	50,627	53,150	50,800	54,569	304,973
NVESTMENT MANAGEMENT FEE - BAILLIE GIFFORD	57,923	B1,928	61,660	62,960	64,287	64,694	373,452
INVESTMENT MANAGEMENT FEE - WESTERN ASSET	22,985	23,094	23,217	23,358	32,022	27,730	152,405
INVESTMENT MANAGEMENT FEE - INVESCO CORE	51,345	51,345	51,345	B4,580	52,344	51,937	322,896
INVESTMENT MANAGEMENT FEE - SHERIDAN PRODUCTION: INVESTMENT MANAGEMENT FEE - ABRY ADVANCED	25,008 72,320	25,000	25,000 (20,606)	25,000	25,000 100,000	25,000 (20,031)	150,008 131,483
INVESTMENT MANAGEMENT FEE - ABRY PARTNERS	67,821	0	(20,300)	57,600	11,487	6,186	111,734
INVESTMENT MANAGEMENT FEE - REGIMENT	0	0	73,551	0	75,000	0	148,551
INVESTMENT MANAGEMENT FEE - GENERAL CATALYST	37,500	37,500	37,500	37,500	37,500	43,500	231,000
INVESTMENT MANAGEMENT FEE - SYCAMORE PARTNERS	31,250	31,250	31,250	31,250	31,250	31,250	187,500
INVESTMENT MANAGEMENT FEE - SYCAMORE SIDECAR INVESTMENT MANAGEMENT FEE - WARBURG PINCUS	171	171	171	171	171	171 312,955	1,025 312,955
INVESTMENT MANAGEMENT FEE - AOR GLOBAL RISK PARIT	50,876	53,213	53,930	54,985	54,365	55,606	322,975
INVESTMENT MANAGEMENT FEE - AOR DELTA FUND	58,053	59,396	.58,058	57,730	58,588	59,095	350,920
INVESTMENT MANAGEMENT FEE - SSGA MULTISOURCE	32,976	37,445	36,158	37,943	16,881	56,328	217,730 6,980,139
TOTAL PROFESSIONAL FEE	1,240,787	1,062,307	1,089,415	1,022,074	1,154,621	1,410,935	
ADMIN EXPENSE - SALARIES & BENEFITS ADMIN EXPENSE - SERVICES & SUPPLIES	166,062 148,663	221,855 106,051	228,953 149,640	236,156 142,041	344,149 140,926	731,462 136,250	1,428,637 823,570
TOTAL ADMINISTRATIVE EXPENSES	314,724	327,906	378,593	378,196	485,075	367,712	2,252,207
INTEREST FOR PREPAID CONTRIBUTION	o.	0	0	0	0	1,406,879	1,406,879
OTHER DEDUCTIONS	6,067	1,589	10,619	21,416	12,161	4,477	56,330
TOTAL DEDUCTIONS	14,082,256	14,235,294	15,041,428	13,822,710	14,049,479	15,964,616	87,195,782
NET INCREASE	94,110,489	38,548,031	40,691,506	(10,781,327)	18,369,783	15,886,121	196,824,604

San Mateo County Employees' Retirement Association CHANGES IN FIDUCIARY NET ASSETS - TRAILING TEN MONTHS For the Month Ending April 30, 2013 PRELIMINARY

- 1000 material	December YTD 2011	January 2013	February 2013	March 2013	April 2013	YTD
ADDITIONS						
CONTRIBUTIONS Employee Contribution Employer Contributions - Regular Employer Contributions - COLA Employer Prefunded Contribution TOTAL CONTRIBUTIONS	27,047,362 42,831,320 25,817,824 4,388,348 100,084,854	5,659,399 7,119,860 4,289,028 60,120,949 77,189,235	4,289,476 6,995,487 4,214,426 (11,180,986) 4,318,402	5,358,180 6,953,331 4,168,258 (11,092,663) 5,387,106	3,603,690 7,323,201 4,415,168 (11,709,350) 3,632,708	45,958,105 71,223,198 42,904,703 30,526,299 190,612,306
TOTAL GOVERNMENTONS	100,004,004	77,105,235	4,510,402	0,507,100	3,032,700	006,310,001
INVESTMENT INCOME Interest and Dividends Net Appreciation (Depreciation) in fair value of investments	32,417,848 155,179,572	5,274,389 79,701,706	2.972,407 9.927,613	5,610,170 56,215,389	4,402,047 34,529,633	50,676,862 335,553,913
Securities Lending Income Other Additions	246,473 0	31,661	23,191	27,083 0	21,889	350.296
Other Investment Related Expense Securities Lending Expense TOTAL ADDITIONS	(4,020,771) 112,409 284,020,386	(235,248) 4,794 161,966,538	(311,747) 3,763 16,933,629	(493,396) 10,628 66,756,981	(184,163) 11,475 42,413,590	(5.245,325) 143,070 572,091,123
DEDUCTIONS						
ASSOCIATION BENEFITS Retiree Annuity Retiree Pension Retiree COLA Retiree Death and Modified Work Benefit Active Member Death Benefit	16,960,381 39,782,248 16,457,397 20,573	2,865,592 6,710,872 2,709,513 2,886 0	2,876,427 6,709,279 2,694,254 2,886 0	2.880,994 6.831,654 2.685,444 2,886	3,000,750 6,977,688 2,982,858 2,886	28,584,143 67,011,740 27,529,466 32,116 0
Voids and Reissue TOTAL ASSOCIATION BENEFITS	73,220,599	12,288,863	12,282,846	12,400,977	12,964,181	123,157,466
REFUND OF MEMBER CONTRIBUTIONS	3,279,629	587,496	174,921	705,506	621,902	5,369,454
ACTUARIAL FEES CONSULTANT FEES - INVESTMENT (SIS)	67.100 203,092	1,250 33,333	16,250 33,333	1,250 33,333	1,250 33,333	87,100 336,425
CUSTODIAN FEES - STATE STREET	86,077	14,740	14,345	14,579	13,430	143,171
OTHER PROFESSIONAL FEES INVESTMENT MANAGEMENT FEE - R1000 INDEX	22,500 40,453	7,500 3,516	13,415	13,833 13,812	9,743	43,833 80,939
INVESTMENT MANAGEMENT FEE - ABERDEEN	98,210	0	825	0	0	99,035
INVESTMENT MANAGEMENT FEE - PYRAMIS	100,327	19,643	16,214	19,709	19,872	175.766
INVESTMENT MANAGEMENT FEE - ANGELO GORDON PPIP INVESTMENT MANAGEMENT FEE - ANGELO GORDON STAR	175,000 68,393	29,167 43,750	29,167 43,750	29,167	29.167 43,750	291,667 199,643
INVESTMENT MANAGEMENT FEE - BROWN BROTHERS	62,534	10.395	10,428	10,444	10,546	104,347
INVESTMENT MANAGEMENT FEE - BRIGADE CAPITAL INVESTMENT MANAGEMENT FEE - FRANKLIN TEMPLETON	216,853 221,658	38,883 38,785	38,883 39,264	38,883 39,160	40,140 39,947	373,641
INVESTMENT MANAGEMENT FEE - CHARTWELL	238,179	44,111	62,321	56,106	59,750	378,815 460,467
INVESTMENT MANAGEMENT FEE - D E SHAW	314,032	55,888	57,049	58,636	59,774	545,378
INVESTMENT MANAGEMENT FEE - T ROWE PRICE INVESTMENT MANAGEMENT FEE - BLACKROCK	213,455 197,444	105	26,725	103	(205)	240,184 197,444
INVESTMENT MANAGEMENT FEE - BARROW HANLEY	375,771	53,230	54,064	55,372	56,565	595,001
INVESTMENT MANAGEMENT FEE - THE BOSTON COMPANY	230,245	42,734	71,404	59,550	66,083	470.016
INVESTMENT MANAGEMENT FEE - BROWN ADVISORY INVESTMENT MANAGEMENT FEE - JENNISON ASSOCIATES	356,994	214	0	214	38,198 47,099	38,198 404,520
INVESTMENT MANAGEMENT FEE - MONDRIAN	158,872	26,381	25,762	22,517	8,865	242,397
INVESTMENT MANAGEMENT FEE - ARTIO	(369)	44 402	0	42 409	0	(369)
INVESTMENT MANAGEMENT FEE - PYRAMIS SELECT INTL INVESTMENT MANAGEMENT FEE - EATON VANCE	213,713 304,973	41,103 57,305	41,154 51,543	42,198 56,287	43.318	381,485 470,108
INVESTMENT MANAGEMENT FEE - BAILLIE GIFFORD	373,452	67,776	68,441	68,987	71.155	649,810
INVESTMENT MANAGEMENT FEE - WESTERN ASSET INVESTMENT MANAGEMENT FEE - INVESCO CORE	152,405 322,896	25,728 49,855	29,984 51,493	29,969 51,493	30,667 51,493	268,752
INVESTMENT MANAGEMENT FEE - SHERIDAN PRODUCTIONS		25,000	25,000	25,000	25,000	527,228 250,008
INVESTMENT MANAGEMENT FEE - ABRY ADVANCED	131,483	0	0	75,664	0	207,147
INVESTMENT MANAGEMENT FEE - ABRY PARTNERS INVESTMENT MANAGEMENT FEE - REGIMENT CAPITAL	111,734 148,551	11,487	11,487	(57,026)	30,008	107,690 148,551
INVESTMENT MANAGEMENT FEE - GENERAL CATALYST	231,000	37,500	37,500	31,500	37,500	375,000
INVESTMENT MANAGEMENT FEE - SYCAMORE PARTNERS INVESTMENT MANAGEMENT FEE - SYCAMORE SIDECAR	187,500	31,250	31,250	31,250	31,250	312,500
INVESTMENT MANAGEMENT FEE - SYCAMORE SIDECAR INVESTMENT MANAGEMENT FEE - WARBURG PINCUS	1,025 312,955	171	171	171	171	312,955
INVESTMENT MANAGEMENT FEE - AQR GLOBAL RISK PARIT	Y 322,975	55,915	56,328	56,882	56,882	548,982
INVESTMENT MANAGEMENT FEE - AQR DELTA FUND INVESTMENT MANAGEMENT FEE - SSGA MULTISOURCE	350,920	59,701	60,515	60,322	60,322	591,780
TOTAL PROFESSIONAL FEE	6,980,139	36,604 963,018	1,054.667	36,604 975,969	30,681 1,045,753	358,223 11,019,546
ADMIN EXPENSE - SALARIES & BENEFITS	1,428,637	248,335	257,006	232,037	322,380	2,488,394
ADMIN EXPENSE - SERVICES & SUPPLIES TOTAL ADMINISTRATIVE EXPENSES	823,570 2,252,207	120,637 368,972	112,356 369,363	105,637 337,674	151,701 474,081	1,313,902 3,802,296
INTEREST FOR PREPAID CONTRIBUTION	1,406,879	0	0	0	0	1,406,879
OTHER DEDUCTIONS	56,330	(4,948)	5,399	9,962	(52,751)	14,013
TOTAL DEDUCTIONS	87,195,782	14,203,403	13,887,196	14,430,088	15,053,185	144,769,655
NET INCREASE	196,824,604	147,763,135	3,046,433	52,326,892	27,360,405	427,321,468

San Mateo County Employees' Retirement Association Statement of Fiduciary Net Assets - Monthly Comparative For the Month Ending April 30, 2013

	April 2013	March 2013	Increase/(Decrease)	% of Incr/Decr
ASSETS				
CASH AND CASH EQUIVALENTS	60.185.748	53,515,671	6,670,077	12.46%
SECURITIES LENDING CASH COLLATERAL	141,501,006	141,501,006	0	0.00%
TOTAL CASH	201,686,754	195,016,677	6,670,077	3.42%
RECEIVABLES				
Contributions	0	0	0	N/A
Due from Broker for Investments Sold	125,748,144	140,225,653	(14,477,509)	-10.32%
Investment Income	4,645,458	4,312,245	333,212	7.73%
Securities Lending Income	31,088	35,437	(4,349)	-12.27%
Other Receivable	113,527	113,627	(100)	-0.09%
TOTAL ACCOUNTS RECEIVABLES	130,538,216	144,686,961	(14,148,745)	-9.78%
PREPAID EXPENSE	7,669	7,669	0	0.00%
INVESTMENTS AT FAIR VALUE				
Domestic Fixed Income Securities	430,591,616	433,213,556	(2,621,941)	-0.61%
International Fixed Income Securities	117,314,886	112,673,321	4,641,565	4.12%
Domestic Equities	1,123,094,412	1,120,440,476	2,653,936	0.24%
International Equities	523,098,307	507,237,551	15,860,756	3.13%
Real Estate	158,833,035	158,833,035	0	0.00%
Private Equity	60,279,424	58,569,324	1,710,100	2.92%
Risk Parity	175,129,772	175,129,772	0	0.00%
Hedge Funds	71,725,783	71,725,783	0	0.00%
Commodities	71,891,419	74,105,579	(2,214,161)	-2.99%
Held for Securities Lending	0	0	0	N/A
Other Investment	0	0	0	N/A
	2,731,958,653	2,711,928,398	20,030,255	0.74%
FIXED ASSETS	0	0	0	N/A
LESS ACCUMULATED DEPRECIATION	0	0	0	N/A
	0	0	0	0.00%
TOTAL ASSETS	3,064,191,293	3,051,639,706	12,551,587	0.41%
LIABILITIES				
Investment Management Fees	2,245,997	2,735,267	(489,269)	-17.89%
Due to Broker for Investments Purchased	132,211,210	146,490,054	(14,278,844)	-9.75%
Collateral Payable for Securities Lending	141,501,006	141,501,006	0	0.00%
Other	607,959	648,662	(40,703)	-6.27%
TOTAL LIABILITIES -	276,566,172	291,374,989	(14,808,816)	-5.08%
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	2,787,625,121	2,760,264,717	27,360,404	0.99%
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San Mateo County Employees' Retirement Association Statement of Changes in Fiduciary Net Assets - Monthly Comparative For the Month Ending April 30, 2013

	April 2013	March 2013	
ADDITIONS			
CONTRIBUTIONS			
Employer Contribution	144,654,201	144,625,182	29,019
Employee Contribution	45,958,105	42,354,416	3,603,690
TOTAL CONTRIBUTIONS	190,612,306	186,979,598	3,632,708
INVESTMENT INCOME			
Interest and Dividends	50,676,862	46,274,815	4,402,047
Net Appreciation (Depreciation) in	335,492,046	300,962,413	34,529,633
fair value of investments			
Less Investment Expense	(17,671,750)	(16,441,834)	(1,229,916)
Less Asset Management Expense	0	0	0
NET INVESTMENT INCOME	368,497,157	330,795,393	37,701,764
SECURITIES LENDING INCOME			
Earnings	350,296	328,408	21,889
Less: Securities Lending Expenses	143,070	131,595	11,475
NET SECURITIES LENDING INCOME	493,366	460,003	33,364
OTHER ADDITIONS	61,867	61,867	0
TOTAL ADDITIONS	559,664,697	518,296,861	41,367,836
DEDUCTIONS			
ASSOCIATION BENEFITS			
Service Retirement Allowance	108,770,684	97,328,212	11,442,472
Disability Retirement Allowance	13,815,062	12,351,401	1,463,661
Survivor, Death and Other Benefits	571,721	513,672	58,048
TOTAL ASSOCIATION BENEFITS	123,157,466	110,193,285	12,964,181
REFUND OF MEMBER CONTRIBUTIONS	5,369,454	4,747,552	621,902
ADMINISTRATIVE EXPENSE	3,802,296	3,328,216	474,081
OTHER EXPENSE	14,013	66,744	(52,731)
TOTAL DEDUCTIONS	132,343,230	118,335,798	14,007,432
NET INCREASE	427,321,467	399,961,063	27,360,404
Net Assets Held in Trust for Pension Benefits:			
Beginning of Period	2,760,264,717 2,787,625,121	2,360,303,654	

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Board of Retirement

May 28, 2013 Agenda Item 7.2

To: Board of Retirement

From: Mabel Wong, Finance Officer

Subject: Discussion and Approval of the SamCERA 2013-14 Budget

Staff Recommendation:

Approve the attached budget resolution, which approves SamCERA's 2013/2014 Professional, Administrative, and Technology Budgets.

Background:

SamCERA's budget consists of three components, a professional services budget authorized by Government Code §31596.1, an administrative budget and a technology budget, both authorized by Government Code §31580.2.

<u>SamCERA's Professional Services Budget</u> - Investment management fees are driven by contractual agreements and based on total assets under management. These fees are budgeted using the following methodology. The portfolio growth is projected at the CAPM rate then the negotiated management fee is applied on an annualized basis. Fees for the actuarial services, investment consulting services and global custodian services are based per-service and/or per-retainer as detailed in the contractual agreements. The professional services budget appears on pages 2-4.

<u>SamCERA's Administrative Budget</u> - Government Code Section 31580.2 of the County Employees Retirement Law of 1937 limits <u>SamCERA</u>'s administrative budget to twenty-one hundredths of 1 percent (0.21%) or 21 basis points (bps) of the total accrued actuarial liability of the retirement system. This year's proposed administrative budget is \$5,533,040, 16.08 bps based on the beginning accrued actuarial liability of \$3.442 billion as of June 30, 2012, as determined by the system's actuarial firm, Milliman.

The budget consists of three major categories. The first is staff salaries and benefits. Totals in this category represent compensation and benefits for individual job classifications, including those that have been negotiated through various bargaining units. The next category is services and supplies. This category is comprised of various line items covering administrative overhead. Details of the line items are provided later in this document. The final category is capital assets. SamCERA's policy is to expense capital assets in the current year whenever possible. There are no monies appropriated for capital assets in the administrative budget.

It should be noted the administrative budget is slightly higher than the current year budget, with a \$141,240 net increase, or 2.62%, mostly due to higher health premiums and employer retirement contributions. There are some savings from County services with the Information Systems Department (28%) and the Controller's office (30%), from the current year. Details of the administrative budget are shown on pages 5-9.

<u>SamCERA's Technology Budget</u> - Government Code §31580.2(b) governs the budgeting of monies to manage the association's assets. The proposed Technology budget includes all software, hardware, and related consultant fees for projects. As in past practice, we have included the entire cost of projects that are scheduled to begin in FY 2013-2014 for disclosure; the completion of some of these projects will extend beyond FY 2013-2014. The exception to this practice is the PASS project, which will take more than three years to implement; only the projected cost within FY2013-2014 is budgeted.

The proposed technology budget is \$3,351,200, an increase of 61% over the current year's budget based on updated project estimates. As you know, the Electronic Content Management project began this month, and the RFP for the Pension Administration Software System is near completion. A detailed line items budget is provided in the following pages. It should be noted that there is no longer a legislative limit on the technology budget. Additional information for the technology budget is shown on pages 9-11.

Sam CERA'S PROFESSIONAL SERVICES BUDGET (GC§31596.1):

SamCERA prepares a professional services budget annually for review by the Board. The professional services budget is utilized by the Board to assess, meet and monitor its contractual obligations related to the management of the association. The expenditure authority for each professional services contract is set forth in the terms of the individual contracts. GC§31596.1 authorizes the board to expend funds from the investment earnings of the fund for specific professional services.

Professional Services expenses include investment management, investment consulting, global custody, actuarial and contract legal.

The Board of Retirement employs professional investment managers to maximize the return on assets and minimize risk. Investment management fees are primarily dependent upon the market value of the assets under management and the negotiated fee schedule of the individual investment management agreements (IMA). They are performance driven to the extent that, as market values increase so do management fees. The converse relationship is also true.

Other professional services expenses related to investments are driven by contractual agreement.

Although investment fees are netted from investment income for financial reporting purposes, they are reflected at gross for budgetary purposes.

Investment management expenses are budgeted to increase at the same rate as projected annual market values. The accrual basis of accounting is used to record professional expenses for budget and financial statement purposes.

SamCERA's average annual investment fees compared to average invested assets, are approximately 50.1 basis points.

Performance of the investment managers is reviewed monthly and quarterly by the combined efforts of the investment consultant, the Chief Investment Officer and the board.

Professional service expenses are reviewed quarterly to verify conformance with the respective contracts.

PROFESSIONAL SERVICES BUDGET: Government Code §31596.1 states that, "The expenses of investing its money shall be borne solely by the system. The following types of expenses shall not be considered a cost of administration of the retirement system, but shall be considered a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the board:

(a) The costs, as approved by the board, of actuarial valuations and services rendered pursuant to §31453.

(b) The compensation of any bank or trust company performing custodial services.

(c) When an investment is made in deeds of trust and mortgages, the fees stipulated in any agreement entered into with a bank or mortgage service company to service such deeds of trust and mortgages.

(d) Any fees stipulated in an agreement entered into with investment counsel for consulting or management services in connection with the administration of the board's investment program, including the system's participation in any form of investment pools managed by a third party or parties.

(e) The compensation to an attorney for services rendered pursuant to §31607 or legal representation rendered pursuant to §31529.1."

The Board has entered into the following contracts pursuant to §31596.1:

CONTRACTOR	SERVICE	FEE (1)	QUARTERLY PROJECTED EXPENSE	2013-2014 ESTIMATE
Milliman	Actuarial Consulting	0.4 bps	\$26,375	\$105,500
Strategic Investment Solutions	Investment Consulting	1.4	\$100,000	\$400,000
State Street Bank & Trust	Global Custody	0.7	\$50,000	\$200,000
SUB-TOTAL NON INVESTMENT M	FEES	\$176,375	\$705,500	
Estimated Market Value 06-30	\$2.9 Billion	\$2.9 Billion		
Average Basis Points (2)			2.4 bps	2.4 bps

⁽¹⁾ The Actuary, Custodian and Investment Consultant are compensated on a flat fee basis. Fees on this schedule are expressed in basis points (or fractions thereof) and utilize total assets while the Investment Manager calculations utilize assets under management.

(2) The calculation utilizes an average market value of \$2,900 million

The contractual fee schedule for investment managers appears on the following page.

CONTRACTOR	SERVICE	FEE	QUARTERLY PROJECT EXPENSE	2013-2014 ESTIMATE
BGI - S&P 500 Index Fund	Domestic Large Cap Equity	2.5 bps	\$35,000	\$140,000
D.E. Shaw Investment Management, LLC	Domestic Large Cap Enhanced	49.3	\$190,000	\$760,000
Barrow, Hanley, Mewhinney & Strauss	Domestic Large Cap Value	44.8	\$175,000	\$700,000
Brown Advisory	Domestic Large Cap Growth	44.0	\$175,000	\$700,000
The Boston Company	Domestic Small Cap Equity	82.4	\$215,000	\$860,000
Chartwell Investment Partners	Domestic Small Cap Equity	75.0	\$195,000	\$780,000
Baillie Gifford	International Equity	46.6	\$220,000	\$880,000
Eaton Vance - Parametric	International Equity	105.6	\$180,000	\$720,000
Mondrian Investment Partners	International Equity	38.3	\$90,000	\$360,000
Pyramis Global Advisors	International Equity	90.0	\$135,000	\$540,000
Pyramis Global Advisors	Domestic Fixed Income	15.7	\$60,000	\$240,000
Western Asset Management	Domestic Fixed Income	27.2	\$85,000	\$340,000
Angelo Gordon (STAR)	Domestic Fixed Income	141.9	\$130,000	\$520,000
Brigade Capital Management	Domestic Fixed Income	76.1	\$120,000	\$480,000
Brown Brothers Harriman	Domestic Fixed Income	15.0	\$30,000	\$120,000
Franklin Templeton	Global Fixed Income	37.9	\$120,000	\$480,000
ABRY ASF II	Private Equity	N/A	\$100,000	\$400,000
ABRY Partners VII	Private Equity	N/A	\$50,000	\$200,000
Emergence Capital	Private Equity	N/A	\$50,000	\$200,000
EnCap	Private Equity	N/A	\$37,500	\$150,000
General Catalyst	Private Equity	N/A	\$62,500	\$250,000
Regiment	Private Equity	N/A	\$75,000	\$300,000
Sycamore	Private Equity	N/A	\$93,750	\$375,000
Sheridan Production Partners	Private Equity	N/A	\$75,000	\$300,000
Warburg Pincus	Private Equity	N/A	\$140,000	\$560,000
Third Rock Ventures III	Private Equity	N/A	\$62,500	\$250,000
AQR Risk Parity	Risk Parity	40.4	\$182,500	\$730,000
AQR Delta Hedge Fund	Hedge Fund	100.2	\$192,500	\$770,000
SSGA- SSARIS Multisource Commodities	Commodities	61.0	\$117,500	\$470,000
INVESCO Realty Advisors	Real Estate Management	48.9	\$200,000	\$800,000
Strategic Overlay Manager - TBD	Strategic Overlay	10.0	\$37,500	\$150,000
Su	B-TOTAL INVESTMENT MANAGERS		\$3,631,250	\$14,525,000
	Average Basis Points (1)		50.1 bps	50.1 bps
SUB-TOTAL NON-INVESTMENT MANAGERS	(FROM PREVIOUS PAGE)		\$176,375	\$705,500
Average Basis Points (2)			2.4 bps	2.4 bps
TOTAL ESTIMATED CONTRACT FEES			\$3,807,625	\$15,230,500
Estimated Market Value 06-30-2014			\$2.9 Billion	\$2.9 Billion
Average Basis Points (2)			52.5 bps	52.5 bps

The Actuary, Custodian and Investment Consultant fees expressed in basis points utilize total assets while the Investment Manager calculations utilize assets under management.

The calculation utilizes an average market value of \$2,900 million (1)

⁽²⁾

SamCERA's Administrative Budget

Summary by Category	Proposed Budget	Basis Points
Salaries & Benefits	\$4,068,503	
Services & Supplies	\$1,464,537	
Capital Assets	\$ 000,000	
Total	\$5,533,040	16.08 bps

SamCERA's Administrative Services Line Item Budget:

San Mateo County Employees' Retirement Association Proposed Fiscal Year 2013–2014 Administrative Budget								
Expenditure by Category	FY 2011- 2012 Actual	FY 2012-2013 Adopted	FY 2012- 2013 Actual FYTD	FY 2012- 2013 Proj Year- End	FY 2013- 2014 Proposed	% Change Budget Year/Year		
Salaries	\$2,174,982	\$2,584,060	\$1,739,943	\$2,584,060	\$2,607,570	0.91%		
Benefits	\$1,154,146	1,311,360	967,606	1,311,360	1,460,933	11.41%		
Salaries & Benefits	\$3,329,128	\$3,895,420	\$2,707,549	\$3,895,420	\$4,068,503	4.44%		
Board Expense	\$7,600	\$10,500	\$7,900	\$10,500	\$10,500	0.00%		
Insurance (General & Fiduciary)	\$64,168	\$80,000	\$57,750	\$80,000	\$80,000	0.00%		
Medical Record/Hearing Service	\$104,724	\$100,000	\$56,044	\$100,000	\$100,000	0.00%		
Member Education	\$53,280	\$45,000	\$41,253	\$45,000	\$45,000	0.00%		
Education & Conference	\$75,309	\$103,858	\$39,604	\$103,858	\$97,215	-6.40%		
Transportation & Lodging	\$94,102	\$158,297	\$48,873	\$158,297	\$177,750	12.29%		
Property & Equipment	\$3,545	\$22,500	\$13,535	\$22,500	\$24,000	6.67%		
General Office Supplies	\$24,969	\$33,500	\$15,388	\$33,500	\$33,500	0.00%		
Postage & Printing	\$59,846	\$125,000	\$46,997	\$75,000	\$125,000	0.00%		
Leased Facilities	\$512,736	\$366,200	\$253,241	\$313,795	\$367,794	0.44%		
County Services	\$315,569	\$356,025	\$273,342	\$356,025	\$303,278	-14.82%		
Audit Services	\$44,229	\$45,500	\$42,090	\$45,500	\$45,500	0.00%		
Other Administration	\$18,420	\$50,000	\$22,294	\$50,000	\$55,000	10.00%		
Services & Supplies	\$1,378,497	\$1,496,380	\$918,311	\$1,393,975	\$1,464,537	-2.13%		
Capital Assets	\$0	\$0	\$0	\$0	\$0	N/A		
Grand Total	\$4,707,625	\$5,391,800	\$3,625,860	\$5,289,395	\$5,533,040	2.62%		

SamCERA's Administrative Expenses (GC§31580.2):

Administrative Expense is estimated to be 15.4 bps during the fiscal year ending June 30, 2013 and is projected to be 16.08 bps in fiscal year 2013-2014. Both numbers are based on accrued actuarial liabilities of \$3.442 billion as of June 30, 2012.

Administrative expenses represented 3.4% percent of the total disbursements of the association for the fiscal year ending June 30, 2012. The administrative expenses for fiscal year 2012-2013 are projected to be 3.4% of total disbursements. The fiscal year 2013-2014 proposed appropriation is estimated to be 3.3% of total disbursements. The FY 2013-2014 budget also includes \$50,000 for a potential lease of temporary space for technology projects.

The Board of Retirement reviews year-to-date actual expenses quarterly for budget compliance.

Salaries & Benefits								
	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014*				
Total Plan	20	20	21	22				
Benefits Section	9	9	9	9				
Finance Section	4	4	4	4				
Investment Section	2	2	2	3				
Technology Section	2	2	3	3				
Legal Section	1	1	1	1				
Executive Section	2	2	2	2				

^{*}The Salaries and Benefits appropriation cover the projected cost of the twenty-one full time employees and includes the cost of two full time positions anticipated to be added in FY 2013-2014. One of these positions will be investment related to support the increasingly complex investment portfolio structure; the classification will be determined by the job description. The other position may be filled as an Extra Help employee related to the implementation of technology projects.

The salaries and benefits appropriation also allows for projected overtime and extra help hours that will be necessary to complete specific special projects throughout the fiscal year.

Services and Supplies

Board Expense

Government Code allows for a \$100 stipend per board and committee meeting for the four appointed members of the Board and the elected retired member and the elected retired member alternate.

Insurance (General & Fiduciary)

This category appropriates monies for SamCERA's general liability and fiduciary insurance. SamCERA engages ACORD as its fiduciary insurance carrier.

Medical Record and Hearing Officer Service

This expenditure provides for the cost of referring a disability applicant to an independent medical examiner (IME)

and paying the cost of obtaining medical records from non-responsive medical offices through the use of a medical records collection service. Although staff believes last fiscal year's expenditure, the highest on record, is an aberration, it is recommended that the higher amount be apportioned this year.

This item also provides for hearing officer service after a member's service-connected disability application is denied by the Board. The member may appeal the Board decision through a hearing officer.

Member Education

SamCERA's Strategic Plan calls for a member education program and based upon the results of member surveys, the membership has a strong desire to receive financial education that can meet the needs of early, mid-career and members near retirement. This budget item allows staff to continue with vendor, Financial Knowledge Network, which provides 'conflict free education' on a wide range of financial topics.

Benefits Staff will also update all member education materials, offering different avenues of receiving information, such as web-based retirement presentations and creating a retirement planning checklist for members.

Education & Conference

SamCERA has an education policy, which stipulates that "all trustees and staff shall participate to the fullest extent possible in approved educational activities, and that each trustee and staff member shall be expected to complete at least three endorsed educational activities each year." Each year trustees and staff must submit for approval an educational request form. The approved form is used to estimate the costs related to the educational activities. The Board of Retirement may have up to two new trustees after July 1, 2013. The association wishes new trustees to become informed regarding retirement topics as soon as possible. Therefore, the Education Policy allows a new trustee to spend up to \$15,000 each of their first two years. The budget assumes each will spend their allotted amount. This line item includes annual membership fees and the cost of registering for conferences and seminars.

Transportation & Lodging

This line item is associated with SamCERA's Education Policy. In addition, SamCERA has in place a travel policy that governs the amount allowable for transportation and lodging.

Property & Equipment

Monies in this line item are for photocopy lease and usage, office equipment and furniture. It also includes general electronics, computers, and the lifecycle of computer equipment.

General Office Supplies

This category includes expenditures for the everyday supplies required to transact the association's business.

Postage & Printing

The Communication Specialists has begun to standardize and redesign SamCERA's member publications.

Appropriations in this category are used to publish and distribute member newsletters, member statements, the Comprehensive Annual Financial Statement (CAFR) and the Popular Annual Financial Statement (PAFR) throughout the fiscal year. Monies are set aside for distribution of board packets.

Leased Facilities

SamCERA has a seven-year lease, which expires 12/31/2014, for office space located at 100 Marine Parkway. This budget includes allowance for leasing additional office space for implementation of SamCERA's major information technology projects, which include the electronic content management and imaging project, the pension benefit administration system project, and the data cleansing project.

County Services

SamCERA purchases certain services from the County of San Mateo. The costs of those services are listed as line items, which appear below.

County Services	FY 11-12 Actual	FY 12-13 Adopted	FY 12-13 FYTD	FY 12-13 Projected	FY13-14 Proposed	Percentage Change Year/Year
Information Services Dept.	\$102,778	\$113,408	\$83,407	\$113,408	\$81,306	-28.3%
Human Resources	\$106,278	\$109,869	\$109,869	\$109,869	\$118,067	7.5%
County Counsel	\$19,863	\$25,000	\$19,742	\$25,000	\$25,000	0%
Controller's Office	\$70,995	\$79,924	\$79,924	\$79,924	\$56,231	-30%
Dept. of Hospitals & Clinics	\$13,056	\$20,000	\$5,668	\$20,000	\$20,000	0%
Elections Office	\$2,808	\$7,500	\$0	\$7,500	\$2,000	-73%
Sheriff's Office	\$324	\$324	\$324	\$324	\$674	108%
Total	\$316,102	\$356,025	\$298,934	\$356,025	\$303,278	-14.8%

Audit Services

SamCERA has a three-year not to exceed contract in place with the Board's external auditor, Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter, a Certified Public Accounting firm hired to perform an audit of SamCERA's financial statements.

Other Administration

SamCERA submitted its IRS tax determination letter in January 2011. This appropriation sets aside up to \$50,000 to complete the tax determination letter project.

Capital Assets

<u>Capital Assets Policy:</u> The provisions of this policy apply to assets costing \$5,000 or more with useful lives of three or more years. Capital Assets are recorded at historic cost. Depreciation expense is calculated using the straight-line method over the estimated life of the assets. Depreciation is pro-rated for the year the asset is acquired, and in the last year of the asset's useful life. A full year's depreciation is taken in all other years.

Association plans for projects requiring the purchase of Capital Assets are incorporated into the administrative budget process, and are subject to budgetary review and approval.

Because of the limited amount of property and equipment owned by the Association, a capital asset ledger maintains inventory of these types of assets. Accordingly, designation as a capital asset simply affords internal administrative and accounting controls over the assets in question. Practically speaking, the Association's capital assets consist only of computers and software. Even major scheduled replacements, such as those proposed for 2012-2013 and later years, have no material impact on current or future year's operations. Were it not for the internal administration and accounting controls provided by capitalization, these expenditures would routinely be budgeted, and accounted for, as repair and maintenance or supply type of expenditures.

<u>Capital Assets Appropriations:</u> Staff does not anticipate a need for capital expenditures in the 2013/2014 administrative budget.

SamCERA's Technology Project

Proposed Budget Summary	Proposed Budget	Basis Points
Salaries & Benefits	\$ 0	
Services & Supplies	\$ 2,151,200	
Capital Assets	\$ 1,200,000	
Total	\$ 3,351,200	9.74 bps
		informational only

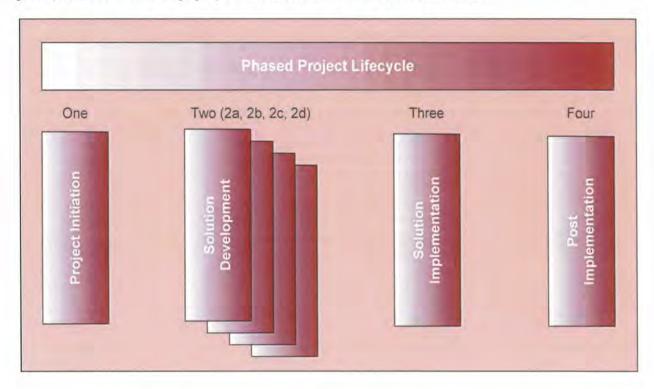
Expenditure by Category		Y 2011- 2012 Actual	FY 2012- 2013 Adopted	2012-2013 ual FYTD	100	/ 2012-2013 Proj Year- End	FY 2013-2014 Proposed	% Change Budget Year/Year
Property & Equipment	s	42,443	\$48,000	\$ 25,554	\$	48,000	\$ 78,000	62.50%
Technology Infrastructure	\$	222,487	\$2,039,200	\$ 401,934	\$	1,159200	\$ 2,073,200	1.67%
Capital Asset	\$		\$ -	\$ -	\$		\$ 1,200,200	N/A
Grand Total		\$264,930	\$2,087,200	\$427,488		\$1,207,200	\$3,351,200	60.56%

Detailed	1 1 echnolog	y Budget by I	ane Item Fisca	al Year 2013-2	014	
Budget by Line Item	Account	FY 2012- 2013 Adopted	FY 2012- 2013 Actual FYTD	FY 2012-2013 Proj Year- End	FY 2013-2014 Proposed	% Change Budget Year/Year
Computer Equipment < \$5,000	5212	\$45,000	\$23,006	\$45,000	\$75,000	66.67%
PC/LAN Software	5213	25,000	0	25,000	25,000	0.00%
Software License/Maintenance	5215	\$234,200	\$126,377	\$234,200	\$351,200	49.96%
ECM/Imaging	5217	\$500,000	\$0	\$200,000	\$850,000	70.00%
Server/IT Infrastructure	5231	\$200,000	\$0	\$200,000	\$250,000	25.00%
Office Furniture & Equipment	5234	\$3,000	\$2,548	\$3,000	\$3,000	0.00%
IT/Admin Contract Services	5838	\$1,080,000	\$275,557	\$500,000	\$597,000	-44.72%
Capital Asset	7313	\$0	\$0	\$0	\$1,200,000	N/A
Property & Equipment		\$48,000	\$25,554	\$48,000	\$78,000	62.50%
Technology Infrastructure		\$2,039,200	\$401,934	\$1,159,200	\$2,073,200	1.67%
Capital Asset		\$0	\$0	\$0	\$1,200,000	N/A
Grand Total		\$2,087,200	\$427,488	\$1,207,200	\$3,351,200	60.56%

An overview and timeline of the PASS project is shown below.

PASS Project Schedule

The PASS Implementation Project is expected to begin in January 2014 and finish in late 2016. The PASS Request for Proposals (RFP) requires that the project be organized into at least four phases, as depicted below. The duration of each phase (and the duration of the project) will not be determined until a contract is awarded.



Phase 1 – This is the Project Initiation phase. It requires the development of a detailed work plan that must include a Transition Plan, an Integration Plan, a Data Conversion Plan, a Rollout plan, a Training Plan, and a Work Breakdown Structure. In addition, Phase 1 requires delivery of a project Communications Plan, a top-level Concept of Operations document, and a Development Methodology Overview document.

Phase 2 (comprising at least 2a and 2b) - is left to the Proposer to define in its proposal. These project phases will consist of the delivery of functional subsets that are ready for User Acceptance Tests (UAT). The Proposer will describe how it plans to deliver PASS functions in at least two sub-phases, including the rationale for the recommended breakdown and sequence of the PASS functions into phases and a top-level schedule indicating expected start and completion dates for each phase. SamCERA will perform UAT on each Phase 2 sub-phase, which will require that all data conversion, documentation, and training needed to perform UAT for each sub-phase is also complete.

SamCERA will not implement sub-phases that pass UAT. Rather, SamCERA will perform a final system UAT (once all sub-phases have been accepted) prior to the implementation of PASS (during Phase 3) to ensure that all functions are satisfactory, have been integrated properly, and support all SamCERA business processes.

SamCERA requires that each Phase 2 sub-phase include delivery of any required business intelligence capability and integration with ECM and the financial accounting systems. Also required is the implementation of proposed hardware and software infrastructure as appropriate, to support each sub-phase.

Phase 3 – Includes the solution implementation activities including final implementation plans, final system UAT, final documentation, final training, final infrastructure, final data reconciliation, disaster recovery tests, security tests, and other activities required to prepare for solution implementation. This is when the PASS solution "goes live".

Phase 4 – Includes the Post-Implementation Warranty (six months) and Post-Implementation Support (60 months) activities, both of which start on the first day PASS is implemented into production.

May 28, 2013

Agenda Item 7.3

TO:

Board of Retirement

FROM:

Mabel Wong, Finance Officer

SUBJECT:

Overview of Annual Financial Audit

Staff Recommendation: Staff recommends that the Board review the schedule and structure of the financial audit process, as described below.

Background: Government Code Section 31593 mandates that "The retirement board shall conduct an audit of the retirement system at least once every 12 months and report upon its financial condition." SamCERA's fiscal year is from July 1st through June 30th. The Board of Retirement believes that to make informed decisions financial and actuarial data should be made available as promptly as possible. In that vein, the board attempts to approve the Comprehensive Annual Financial Report no later than the end of September.

Discussion: With the implementation of alternative investment asset classes in the last two fiscal years, staff will need additional time to receive and verify financial information. Information for alternative managers will be reported based on best estimates of year-end values. The audit preparation started this month with staff providing population information to the auditor for member and employer confirmations. The auditor will be on site during the last weeks of June and August to perform fieldwork. The results of the audit will be presented to the board for approval on October 22, 2013.

May 28, 2013 Agenda Item 7.4

TO: Board of Retirement

FROM: Mabel Wong, Retirement Officer

SUBJECT: Approval of Audit Engagement Letter FY 2013-2014

Staff Recommendation:

Staff recommends that the Board authorize the Chief Executive Officer and the Audit Committee Chair, Mr. Eric Tashman, to execute the Audit Engagement Letter for the June 30, 2013, Financial Statement Audit. The Engagement Letter is attached to this agenda item.

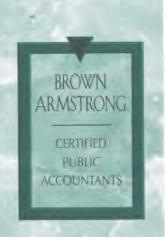
Background:

Government Code Section 31593 mandates that "The retirement board shall conduct an audit of the retirement system at least once every 12 months and report upon its financial condition." The board's external auditor, Brown Armstrong Accountancy Corporation, is a Certified Public Accounting firm hired to perform an audit of SamCERA's financial statements. The objective of this audit is to express an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. In addition the audit includes reports (that do not include opinions) on internal controls related to the financial statements and compliance with laws, regulations, and the provisions of contractual agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards.

Discussion:

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements: therefore a Brown Armstrong audit team headed by Ms. Brooke DeCuir-Baird, Audit Manager, will be in SamCERA's office to conduct interim work prior to the closing of SamCERA's books. In planning and performing the audit, Brown Armstrong will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and it will assess control risk. Brown Armstrong will inform the Audit Committee or the Board of any matters involving internal controls and SamCERA's operation that are considered reportable conditions under standards established by the American Institute of Certified Public Accountants. The fee for these services will be at Brown Armstrong's standard hourly rate plus out-of-pocket costs. The gross base audit fee, including expenses is not to exceed \$45,500.

When reviewing the scope of the audit, it is incumbent upon trustees and staff to highlight issues within that scope that may be of concern, or deserve additional scrutiny. If you have comments or concerns, please express them to Ms. Wong (mwong@samcera.org (650) 363-4838) or directly to Mr. Andy Paulden of Brown Armstrong (apaulden@bacpas.com (661) 324-4971.)



MAIN OFFICE 4200 TRUXTUN AVENUE

in time and

SUITE 300

BAKERSFIELD, CA 93309

TEL 661 324 4971

FAX 661.324.4997

EMAIL info@bacpas.com

560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263

TEL 661 746 2145

FAX 661 746 1218

8050 N. PALM AVENUE

SUITE 300

FRESNO, CALIFORNIA 93711

TEL 559,476,3592

FAX 559,476,3593

790 E. COLORADO BLVD.

SUITE 908B

PASADENA, CALIFORNIA 91101

TEL 626 240 0920

FAX 626.240.0922

5250 CLAREMENT AVENUE

SUITE 237

STOCKTON, CA 95207

TEL 209.451.4833



REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

BROWN ARMSTRONG

Certified Public Accountants

May 10, 2013

RECEIVED

MAY 20 2013

RETIREMENT OFFICE SAN MATEO COUNTY

Mr. David Bailey, Chief Executive Officer, and Mr. Eric Tashman, Audit Committee Chair San Mateo County Employees' Retirement Association 100 Marine World Parkway, Suite 125 Redwood Shores, California 94065

Dear Sirs:

We are pleased to confirm our understanding of the services we are to provide San Mateo County Employees' Retirement Association for the year ended June 30, 2013. We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of San Mateo County Employees' Retirement Association as of and for the year ended June 30, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement San Mateo County Employees' Retirement Association's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to San Mateo County Employees' Retirement Association's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by accounting principles generally accepted in the United States of America and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Funding Progress
- 3) Schedule of Employer Contributions
- 4) Notes to the Required Supplemental Information

We have also been engaged to report on supplementary information other than RSI that accompanies San Mateo County Employees' Retirement Association's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the

Mr. David Bailey, Chief Executive Officer, and Mr. Eric Tashman, Audit Committee Chair San Mateo County Employees' Retirement Association May 10, 2013 Page Two

underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of Administrative Expenses
- 2) Administrative Budget Analysis
- 3) Schedule of Information Technology Expenses
- 4) Schedule of Investment Expenses
- 5) Schedule of Payments to Consultants
- 6) Notes to the Other Supplemental Information
- 7) Applicable Valuation Assets
- 8) Actuarial Resources and Liabilities

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Investment Section
- 3) Actuarial Section
- 4) Statistical Section
- 5) Compliance Section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of San Mateo County Employees' Retirement Association and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an

Mr. David Bailey, Chief Executive Officer, and Mr. Eric Tashman, Audit Committee Chair San Mateo County Employees' Retirement Association May 10, 2013 Page Three

opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that San Mateo County Employees' Retirement Association is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within San Mateo County Employees' Retirement Association from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting San Mateo County Employees' Retirement Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud

Mr. David Bailey, Chief Executive Officer, and Mr. Eric Tashman, Audit Committee Chair San Mateo County Employees' Retirement Association May 10, 2013 Page Four

affecting San Mateo County Employees' Retirement Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that San Mateo County Employees' Retirement Association complies with applicable laws, regulations, contracts, and agreements for taking timely and appropriate steps to remedy any fraud, violations of contracts or agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means of distributing information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You are required to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of your management representation letter.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as

Mr. David Bailey, Chief Executive Officer, and Mr. Eric Tashman, Audit Committee Chair San Mateo County Employees' Retirement Association May 10, 2013 Page Five

evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to San Mateo County Employees' Retirement Association or to acts by management or employees acting on behalf of San Mateo County Employees' Retirement Association. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as an auditor is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of San Mateo County Employees' Retirement Association and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Mr. David Bailey, Chief Executive Officer, and Mr. Eric Tashman, Audit Committee Chair San Mateo County Employees' Retirement Association May 10, 2013 Page Six

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of San Mateo County Employees' Retirement Association's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to San Mateo County Employees' Retirement Association; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Brown Armstrong Accountancy Corporation and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Brown Armstrong Accountancy Corporation personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. The audit documentation for this engagement will be retained for a minimum of five years after the report release date.

We expect to begin our audit on approximately June 24, 2013, and to issue our reports no later than October 31, 2013. Andrew J. Paulden is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. In accordance with our agreement, we agree that our gross fee, including expenses, will not exceed \$45,500. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Mr. David Bailey, Chief Executive Officer, and Mr. Eric Tashman, Audit Committee Chair San Mateo County Employees' Retirement Association May 10, 2013 Page Seven

All disputes under this agreement shall be submitted to mediation. Each party shall designate an executive officer empowered to attempt to resolve the dispute. Should the designated representatives be unable to agree on a resolution, a competent and impartial third party acceptable to both parties shall be appointed to mediate. Each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. In the event that the dispute is required to be litigated, the court shall be authorized to assess litigation costs against any party found not to have participated in the mediation process in good faith.

We appreciate the opportunity to be of service to San Mateo County Employees' Retirement Association and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2013 peer review report accompanies this letter.

Sincerely,

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

By: Andrew J. Paulden

AJP:bnd:jam

Enclosure

Pfx Engagement\74015 06/30/13 Audit\PSR-02-2 SamCERA Draft Engagement Letter

RESPONSE:

This letter correctly sets forth the understanding of San Mateo County Employees' Retirement Association.

Chief Executive Officer Signature:

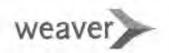
Title:

Date:

Audit Committee Chair Signature:

Title:

Date:



System Review Report

To the Shareholders of Brown Armstrong Accountancy Corporation and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to non SEC issuers in effect for the year ended October 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to non SEC issuers in effect for the year ended October 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Brown Armstrong Accountancy Corporation has received a peer review rating of pass.

Warral Tolwar, US WEAVER AND TIDWELL, L.L.P.

Dallas, Texas February 8, 2013

May 28, 2013 Agenda Item 7.5

To: Board of Retirement

From: Gladys Smith, Acting Assistant Executive Officer

Subject: Approval to Renew Fiduciary Liability Insurance Policy

STAFF RECOMMENDATION: Staff recommends that the Board authorize the County's Risk Manager to renew fiduciary liability insurance coverage with ACORD through May 27, 2014, and to discuss and, if so determined by the Board, approve an increase in the level of coverage premium cost.

BACKGROUND: The Government Code requires SamCERA to defend trustees and staff against claims and litigation which arises from the performance of their duties. Because the assets of the retirement fund would be used to provide such defense, since 1998, the Board has purchased fiduciary liability insurance to help protect the assets of the fund from the expenses and awards resulting from such litigation.

DISCUSSION: Staff, with the assistance of the County Risk Manager and James and Gable Insurance Brokers, Inc., solicited a proposed renewal of SamCERA's fiduciary liability insurance with ACORD. ACORD provided quotes, based on the size of SamCERA's assets, for the \$10 million coverage which is the same as last year's coverage amount.

This year's premium is \$68,734 for \$10 million in coverage for May 27, 2013 through May 27, 2014. The Board's current fiduciary policy deductible amount of \$100,000 and would remain the same.

May 28, 2013 Agenda Item 7.6

TO: Board of Retirement

FROM: David Bailey, Chief Executive Officer

SUBJECT: Approval of Board of Retirement's Response to 2012-13 Grand

Jury Report

Staff Recommendation:

Approve the Board of Retirement's responses to the applicable findings and recommendations contained in the San Mateo County 2012-13 Grand Jury Report.

Background:

On April 15, 2013, the Grand Jury filed its report regarding SamCERA's unfunded liability. The Board of Retirement is statutorily required to submit its responses to the findings and recommendations pertaining to matters under the control of the Board within ninety days. The Board's responses are due no later than July 15, 2013; however, as the Board is not meeting in June, staff has drafted a response for the Board's review and approval.

Discussion:

The Grand Jury reached several conclusions and made several recommendations regarding SamCERA' funded status, investments and assumed rate of return. Each finding and recommendation along with the proposed response is set forth in the attached document.

Attachment:

"Responses of the San Mateo County Employees' Retirement Association Board of Retirement to Findings and Recommendations of the San Mateo County Civil Grand Jury In Its Report: SamCERA's Unfunded Liability: The Elephant In The Room."

RESPONSES

OF THE SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD OF RETIREMENT

TO FINDINGS AND RECOMMENDATIONS OF THE SAN MATEO COUNTY 2012-13 CIVIL GRAND JURY REPORT:

SAMCERA'S UNFUNDED LIABILITY: THE ELEPHANT IN THE ROOM

FINDINGS

F1. Board of Supervisors has failed adequately to address SamCERA's unfunded liability because it has not (i) properly monitored the performance of SamCERA's investment portfolio, (ii) made contributions sufficient to cause SamCERA's funding to be sound or (iii) taken steps to reduce the County's retirement costs significantly.

Board of Retirement Response To F1: Disagree.

- (i) The County and SamCERA have worked collaboratively and aggressively to manage retirement costs in the wake of the recession. In fact, the County has exceeded funding requirements and continues its unwavering commitment to meet or exceed its actuarial and legal commitments to the plan.
- (ii) SamCERA works with an independent firm to annually perform an actuarial valuation of the fund. The valuation is conducted in compliance with the Actuarial Standards of Practice of the Actuarial Standards Board. Pursuant to Government Code section 31453, this actuarial valuation covers the mortality, service, and compensation experience of the members and beneficiaries, and evaluates the assets and liabilities of the retirement fund. The actuary makes a recommendation of the contribution rates for the employer and employees to ensure the soundness of the system.

In collaboration with the County, for the last two years the Board of Retirement has held the County's average contribution rate at a level higher than called for by the actuarial process, thereby paying down the unfunded liability faster and further strengthening the fund. The County contributed an additional \$11.5 million in the 2011-12 fiscal year and is contributing a projected additional \$12.7 million in the 2012-13 fiscal year.

In addition:

- SamCERA employs a 15-year amortization period for it unfunded liability. No
 California plan has a shorter fixed amortization period. The County is supportive of
 the amortization period.
- SamCERA has one of the lowest assumed earnings rates of California plans. When SamCERA lowered its assumed earnings rate, the rate was reviewed and approved by the Board of Supervisors. The rate is reviewed annually and will continue to receive attention as the U.S. and world economies evolve following the recession.

 In a recent actuarial study of California public pension plans, SamCERA ranked third most conservative in its funding approach. This was mainly due to SamCERA's conservative assumed earnings rate and the shortness of its amortization period for unfunded liabilities (15 years).

(iii) In 2011, the County adopted lower benefit formulas for new employees, reducing long-term costs.

In 2013, the statewide PEPRA plan was made effective for new SamCERA members, again reducing plan costs.

Since the recession, the County has eliminated approximately 10% of its workforce, lowering the costs of the pension plan as well as other compensation costs.

The Public Pension Coordinating Council presented SamCERA its *Public Pension Standards Award* for 2012. The award recognizes that SamCERA has met professional standards for plan funding and administration as set forth in the Public Pension Standards of the Council. The standards judge retirement systems on their Funding Adequacy, Comprehensive Benefit Program, Actuarial Valuation, Independent Audit, Investments and Communications.

F2. SamCERA's Board of retirement has not adequately addressed SamCERA's unfunded liability in that it has adopted an assumed rate of return that does not sufficiently recognize the guaranteed status of its participants' benefits.

Board of Retirement Response To F2: Disagree.

SamCERA, the County and other SamCERA employers will recognize the "guaranteed status" of SamCERA benefits in their <u>accounting</u> reports, as required by new statements from the Government Accounting Standards Board. But the GASB statements are not intended to have any impact on SamCERA's assumed rate of return.

GASB has made it clear that its new statements are not to effect pension funding decisions and that such decisions should continue to be determined by the plans and their actuaries using actuarial standards of practice. In announcing its new accounting statements GASB noted, emphasis added:

"It should be emphasized up front that these new Statements relate only to accounting and financial reporting—that is, how pension costs and obligations are measured and reported in audited external financial reports. The new pronouncements do not address how governments approach pension plan funding—their policy regarding how much money to contribute to a pension plan each year. While for some time there has been a close relationship between how governments fund pensions and how they account for them, the new Statements decisively shift from a funding-based approach to an accrual accounting-based approach."

The Actuarial Standards Board issues guidance regarding actuarial standards. SamCERA bases its funding on Actuarial Standards of Practice as well as California Law governing the pension plan. Pursuant to Government Code section 31453, an actuarial valuation is made by an actuary and covers the mortality, service, and compensation experience of the members and beneficiaries, and evaluates the assets and liabilities of the retirement fund. The actuary makes a recommendation of the contribution rates for the employer and employees to ensure the soundness of the system.

Upon the basis of the investigation, valuation, and recommendation of the actuary, the Board of Retirement recommends to the Board of Supervisors the changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations as are necessary.

F3. SamCERA's unfunded liability is materially greater than \$962,282,000 as reported in the SamCERA CAFR for FY2012, and is probably closer to \$2 billion.

Board of Retirement Response To F3: Disagree.

Again, this is a misunderstanding of the intent of GASB's new accounting statements. One calls for a <u>measure</u> of the unfunded liability at a bond rate in order to recognize the guaranteed nature of SamCERA benefits in a way similar to other guaranteed government debt. This accounting measure will be shown along with all other accounting data in future annual financial reports. It is not to be used for pension funding purposes and will not have an influence on the costs of the retirement system. GASB has attempted to make that clear. (See response to F2 above.)

For the Grand Jury's finding to be true, the entire SamCERA fund would have to be invested only in bonds. SamCERA manages a diversified portfolio of which only about 21% is in bonds. The remainder is in asset classes expected to earn higher amounts than bonds over the long term.

Moreover, if SamCERA took the Grand Jury's approach of estimating its liability as if the fund were only in bonds, SamCERA would be in violation of California law.

Government Code section 7503 provides that, "All state and local public retirement systems shall prepare an annual report in accordance with generally accepted accounting principles."

The primary source of these principles is GASB, which provides that: "... the investment return assumption (discount rate) should be based on an estimated long-term investment yield for the plan, with consideration given to **the nature and mix of current and expected plan investment**" (GASB 25, paragraph 36c, emphasis added.) GASB 67, which will be effective in 2014, amends GASB 25, and as summarized by GASB, provides that:

"To the extent that a pension plan's net position and projected contributions associated with active and inactive employees, including retirees, is expected to fully cover projected benefit payments for those individuals, the long-term expected rate of return will be used. If there comes a point in the projections when plan net position and contributions related to active and inactive employees is no longer projected to be greater than or equal to projected benefit payments related to those employees and administrative expenses, then from that point forward a government would be required to discount the projected benefit payments using a municipal borrowing rate—a tax-exempt, high-quality (an average rating of AA/Aa or higher, including equivalent ratings) 20-year general obligation bond index rate." (Emphasis added.)

SamCERA has not reached, nor is it anticipated to reach a point when plan net position and contributions related to active and inactive employees are no longer projected to be greater than or equal to projected benefit payments related to those employees and administrative expenses. Therefore, the long-term expected rate of return will continue to be used, in accordance with GASB.

Nor could SamCERA's actuary use the approach taken by the Grand Jury. Actuarial Standards of Practice No. 27, paragraph 3.6 regarding the Selection of Economic Assumptions for Measuring Pension Obligations provides:

"The investment return assumption reflects anticipated returns on the plan's current and future assets. The discount rate is used to determine the present value of expected future plan payments. Generally, the appropriate discount rate is the same as the investment return assumption." (Emphasis added.)

As reflected above, the current standards set by GASB and the Actuarial Standards Board prevent SamCERA from using the approach on which the Grand Jury bases its finding. Moreover, even if the law allowed using a bond-based assumption, it would be illogical to do so considering that bonds make up only a minority portion of the SamCERA portfolio.

F4. SamCERA's assumed rate of return of 7.5% is unrealistic given the actual rate of return of SamCERA's investments over the past 10 years (5.54%) and the discount rate (4%) used by the 100 largest public companies in calculating their unfunded liabilities.

Board of Retirement Response To F4: Disagree.

As of March 31, 2013, the fund had earned a net preliminary return of 7.6% over the prior ten years (including the recession). These are the most recent quarterly figures available and exceed the current assumed earnings rate of 7.5%.

The discount rates for corporate pension plan liabilities are calculated under a separate set of federal laws and accounting rules designed to consider the risks of business-

supported pension plans. Public sector pension plans operate under a different set of rules. (See the response to F3 above.)

F5. SamCERA's investment performance over the past 10-year period has been poor.

Board of Retirement Response To F5: Disagree.

As of March 31, 2013, the fund had earned a net preliminary return of 7.6% over the prior ten years (including the recession). These are the most recent quarterly figures available and exceed the current assumed earnings rate of 7.5%.

SamCERA has been nominated for Small Plan of the Year two out of the last three years, due to the repositioning of its portfolio (adding alternative investments and further diversifying the fixed income and international equity portfolios) in recognition of the changes in the U.S. economy following the recession. Only three plans out of more than 100 nationwide are nominated. The awards program is sponsored by *Money Management Letter*. Below is an excerpt from the 2012 nomination statement:

"The \$2.36 billion San Mateo (Calif.) Employees Retirement Association restructured its equities portfolio this year, significantly bolstering international exposure and cutting U.S. equities costs. As a result, it delivered returns of 11.74% as of Sept. 30, beating its peer group which returned on average 10.7% for the same period, according to the Independent Consultants Cooperative's universe of funds over \$100 million."

F6. SamCERA's Board of Retirement can create liabilities that are required by law to be paid by the Board of Supervisors.

Board of Retirement Response To F6: Disagree.

Pension liabilities are created by members earning pension benefits in accordance with the Government Code based on plans approved by the Board of Supervisors and/or mandated by state law. These costs are paid for by member contributions, employer contributions and investment earnings.

F7. County taxpayers, not SamCERA's beneficiaries, bear the economic burden of SamCERA's investment performance because reduced County services, tax increases, or both, are required to pay SamCERA's unfunded liability.

Board of Retirement Response To F7: Partially Agree.

To the extent that some County revenues come from county taxpayers, the statement is true. It should be noted, however, that the County has multiple revenue sources other than county taxpayers.

F8. There is no assurance that SamCERA's change in investment strategy to include a significant allocation to alternative investments will produce better returns than the previous strategy or reduce the risk of its portfolio.

Board of Retirement Response To F8: Agree.

There is no assurance regarding any diversified investment strategy. But investing the assets of the fund has significantly increased the value of the fund over the long term and thereby provided assets available to pay benefits that would otherwise have had to be contributed by employers and members. Investing the assets of the fund lowers the cost of benefits.

In order to continue to help pay for benefits with investment returns, it is the role of the Retirement Board to determine the most appropriate investments for the fund. Working with its investment staff and investment consulting firm, the Board has determined that an allocation of a portion of the fund to alternative assets will provide the best return for a reasonable level of risk.

F9. The Board of Supervisors has not committed to using any portion of Measure A sales tax revenues to increase contributions to SamCERA to pay down SamCERA's unfunded liability.

Board of Retirement Response To F9: This finding is not directed to the Board of Retirement, and as such the Board of Retirement submits no response to this finding.

F10. The effects of the 2011 Changes and the adoption of PEPRA, both intended to reduce retirement costs, are minimal, apply principally to new hires, and will not yield significant savings when compared to the size of SamCERA's unfunded liability.

Board of Retirement Response To F10: Disagree.

The words "minimal" and "significant" are subjective. It is unclear at what point in time these subjective conclusions are to be made. The Board cannot agree with the statement as worded.

The reduction in retirement costs due to PEPRA and the 2011 changes will begin at a lower level and increase every year as the percentage of employees with these lower benefit plans increases.

F11. The longer the Board of Supervisors delays in eliminating SamCERA's unfunded liability, the greater the cost will be to do so, and the more the burden of doing so will fall on the next generation.

Board of Retirement Response To F11: Disagree.

The Grand Jury's statement is premised on an opinion that there has been a "delay" by the Board of Supervisors in eliminating the unfunded liability.

This has not been the case. The Board of Supervisors has made timely and appropriate payments to the system as recommended by the actuary and it has taken steps to reduce costs.

The statement also fails to consider the contributions of all employers taking part in the SamCERA system or that unfunded liabilities are eliminated by a combination of employer contributions and investment earnings.

F12. The financial reporting in the SamCERA PAFR can be improved.

Board of Retirement Response To F12: Agree.

SamCERA strives for continuous improvement. That said SamCERA is proud of its Popular Annual Financial Report (PAFR). The Government Finance Officers Association has honored the SamCERA PAFR with its Award for Outstanding Achievement in Popular Annual Financial Reporting for nine consecutive years.

RECOMMENDATIONS

The Grand Jury recommends that SamCERA's Board of Retirement do the following:

R1. Adopt a policy to reduce SamCERA's assumed rate of return by 0.25% per year until such time as it has achieved a funded ratio of 90%.

Board of Retirement Response To R1: The recommendation will not be implemented because it is not warranted and is not reasonable.

The Retirement Board sets the assumed earnings rate based on what the Board, in consultation with its actuarial and investment advisors and staff, projects the assets of the fund to earn in the future. The recommendation calls for an arbitrary rate, designed to manipulate contributions to the fund, unrelated to the Board's projection of earnings.

In addition, actuarial and accounting rules prudently prevent such an arbitrary approach. As reflected by provisions cited in response to Finding 3 above, the current standards set by GASB ("the investment return assumption should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investment") and the Actuarial Standards Board ("The investment return assumption reflects anticipated returns on the plan's current and future assets") prevent SamCERA from taking the approach that the Grand Jury has recommended.

R2. Once a funded ratio of 90% has been achieved, establish SamCERA's assumed rate of return each year by taking into consideration the guaranteed nature of its participants' benefits and relevant macro-economic factors while disregarding (i) the effect, if any, the assumed rate of return will have on required contributions to SamCERA and (ii) the assumed rates of return of other public pension funds.

Board of Retirement Response To R2: The recommendation will not be implemented because it is not warranted and is not reasonable.

Using a rate that reflects the guaranteed nature of the retirement benefits is an accounting measure recommended by the Government Accounting Standards Board for accounting purposes only. GASB has recommended an accounting change to show the unfunded liability of pension funds based on an assumed earnings rate commensurate with other guaranteed government debts. GASB has made it clear that this is an accounting change only.

As reflected by provisions cited in response to Finding 3 above, the current standards set by GASB ("the investment return assumption should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investment") and the Actuarial Standards Board ("The investment return assumption reflects anticipated returns on the plan's current and future assets") prevent SamCERA from taking the approach that the Grand Jury has recommended.

Moreover, establishing the assumed earnings rate at a rate lower that what the Retirement Board actually believes the fund is likely to earn would drive up employer contribution rates to levels that would not be considered necessary or prudent.

Finally, in regards to the statement that the assumed rate should be established by "taking into consideration the guaranteed nature of its participants' benefits and relevant macro-economic factors," by statute, SamCERA 's actuarial valuation is conducted in compliance with the Actuarial Standards Board and state law. Pursuant to Government Code section 31453, this actuarial valuation covers the mortality, service, and compensation experience of the members and beneficiaries, and evaluates the assets and liabilities of the retirement fund.

R3. Include in the SamCERA CAFR and SamCERA PAFR, the following information in tabular form:

- a. For each of the past one, three, five, and ten fiscal years:
 - i. Its annual investment earnings (or losses) stated as a percentage and in dollars, both net of investment costs
 - ii. Its actual rates of return as compared with its assumed rates of return
 - iii. Its peer rankings
 - iv. The peer rankings of each of its investment managers for which such rankings are available
 - b. The unfunded liability amount for each of the past 10 years
 - c. The amount contributed by the County to SamCERA attributable solely to its unfunded liability for each of the past 10 years
 - d. The number of beneficiaries receiving annual benefits for each of the past five years in the following amounts:
 - i. \$100,000 \$149,999

- ii. \$150,000 \$199,999
- iii. \$200,000 and up
- e. The average and median annual benefit paid to SamCERA beneficiaries for the past five years

Board of Retirement Response To R3: The recommendation will not be implemented because it is not warranted.

SamCERA provides information in its CAFR and PAFR in compliance with the recommendations of the Government Accounting Standards Board, an organization of financial professionals. SamCERA also produces a Monthly Financial Report, a Monthly Portfolio Performance Report, a Quarterly Portfolio Performance Report, a Comprehensive Annual Financial Report, and an annual Actuarial Valuation Report. Much of the information in the above recommendation is included in these reports as well as other significant data and information. All the reports are available to the public through SamCERA's website or other means as requested.

R4. Replicate on SamCERA's website, modified to apply to SamCERA, CalPERS "Facts at a Glance."

Board of Retirement Response To R4: The recommendation will not be implemented because it is not warranted or reasonable.

Nearly all the information in the "Facts at a Glance" is produced regularly by SamCERA and is available on the SamCERA website.

R5. Employ only investment managers for its alternative assets that rank in the top 10% of their peer group for at least the past five years.

Board of Retirement Response To R5: The recommendation will not be implemented because it is not warranted and is not reasonable.

SamCERA reviews a vastly greater amount of information in making investment manager selections. Relying only on past performance and peer group rankings when selecting managers, especially within the alternatives universe, is a sub-optimal way to manage an investment portfolio. Instead, SamCERA, in addition to historical performance, also investigates such items as organization history, the quality and consistency of the team, investment process, sourcing of ideas, risk controls, etc. in order to assess the sustainability of future performance. Certain managers perform better in certain economic markets and such performance is not necessarily a predictor of performance in current or future markets. Historical performance is considered, but it is one of many factors used to determine whether or not to invest with a certain investment manager.

May 28, 2013

Agenda Item 7.7

TO:

Board of Retirement

FROM:

David Bailey, Chief Executive Officer

SUBJECT:

Approval to Reschedule the July Meeting of the Board of Retirement

Staff Recommendation

Approve a motion to reschedule the July meeting from Tuesday, July 23, to Tuesday, July 16, 17, 18 or another date chosen by the Board.

Background

The request to reschedule the July meeting was on the agenda for the April meeting, but most of the trustees present, when the item came up, were unable to reschedule. It was suggested that the matter be brought up again at the May meeting, when more trustees would likely be present.

The request is to move the July meeting to a date other than Tuesday, July 23. The complete reason for this request is to accommodate my schedule. As part of my responsibilities on the CALAPRS Board, I am responsible for the Management Academy. I normally work through some table topics with the attendees during the last sessions and give the graduation address on the final day. I would not be able to do that if we meet on July 23. I could find another administrator to speak but would prefer not to, if another date will work on board member's calendars for a July meeting.

We suggest holding the July meeting sooner than the fourth Tuesday, which would reduce the time between meetings (the May 28 meeting and the July meeting). For staff calendars, Thursday, July 18 is our top choice. That would provide the most time in which to prepare the financial report and the quarterly budget report. Wednesday the 17th would also work well. Tuesday, July 16, would also work, but we would not have sufficient time to prepare the financial and budget reports and would either have those available on the day of the meeting or shortly thereafter.

Please bring your July calendars to the May 28 meeting so we can all look for an appropriate date for the July meeting. Thanks in advance for your consideration of this request.

The Board of Retirement is authorized by Article 2, Section 2.4 of the Regulations of the Board of Retirement to change meeting times and dates.

"Regular Meetings: Regular meetings of the Board shall be held on the Fourth Tuesday of each month. Meetings shall begin at 1:00 p.m. Meetings shall be held in SamCERA's offices. 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."