



## **Ventura County Employees' Retirement Association**

Fourth Quarter 2012

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# Market Environment

## Fourth Quarter 2012

To protect the confidential and proprietary information included in this material, it may not be disclosed or provided to any third parties without the approval of Aon Hewitt.

# Market Highlights

## Returns of the Major Capital Markets

	Periods Ending 12/31/2012					
	Fourth Quarter	Year-to-Date	1-Year	3-Year <sup>1</sup>	5-Year <sup>1</sup>	10-Year <sup>1</sup>
<b>Equity</b>						
MSCI All Country World IMI	2.99%	16.38%	16.38%	7.02%	-0.73%	8.60%
MSCI All Country World	2.88%	16.13%	16.13%	6.63%	-1.16%	8.11%
Dow Jones U.S. Total Stock Market	0.18%	16.38%	16.38%	11.40%	2.21%	7.95%
Russell 3000	0.25%	16.42%	16.42%	11.20%	2.04%	7.68%
S&P 500	-0.38%	16.00%	16.00%	10.87%	1.66%	7.10%
Russell 2000	1.85%	16.35%	16.35%	12.25%	3.56%	9.72%
MSCI All Country World ex-U.S. IMI	5.74%	17.04%	17.04%	4.18%	-2.59%	10.16%
MSCI All Country World ex-U.S.	5.85%	16.83%	16.83%	3.87%	-2.89%	9.74%
MSCI EAFE	6.57%	17.32%	17.32%	3.56%	-3.69%	8.21%
MSCI EAFE (100% Hedged)	7.03%	13.79%	13.79%	-0.08%	-6.67%	3.19%
MSCI EAFE (Local Currency)	7.52%	17.31%	17.31%	2.60%	-4.25%	5.43%
MSCI Emerging Markets	5.58%	18.22%	18.22%	4.66%	-0.91%	16.52%
<b>Fixed Income</b>						
Barclays Global Aggregate	-0.48%	4.31%	4.31%	5.16%	5.44%	5.98%
Barclays Aggregate	0.22%	4.23%	4.23%	6.21%	5.96%	5.19%
Barclays Long Gov't	-0.70%	3.78%	3.78%	13.62%	9.58%	7.64%
Barclays Long Credit	1.30%	12.79%	12.79%	13.50%	10.41%	8.23%
Barclays Long Gov't/Credit	0.45%	8.77%	8.77%	13.65%	10.16%	7.96%
Barclays High Yield	3.29%	15.81%	15.81%	11.86%	10.33%	10.62%
SSB Non-U.S. WGBI	-2.36%	1.51%	1.51%	3.95%	5.24%	6.38%
JP Morgan EMBI Global (Emerging Markets)	3.33%	18.54%	18.54%	12.94%	10.47%	11.56%
<b>Commodities</b>						
Dow Jones-UBS Commodity	-6.33%	-1.06%	-1.06%	0.07%	-5.17%	4.09%
Goldman Sachs Commodity	-3.28%	0.08%	0.08%	2.54%	-8.12%	2.75%
<b>Hedge Funds</b>						
HFRI Fund-Weighted Composite <sup>2</sup>	1.27%	6.16%	6.16%	3.50%	1.50%	6.66%
HFRI Fund of Funds <sup>2</sup>	1.77%	5.25%	5.25%	1.60%	-1.67%	3.67%
<b>Real Estate</b>						
NAREIT U.S. Equity REITS	2.58%	18.06%	18.06%	17.83%	5.45%	11.63%
NCREIF ODCE <sup>3</sup>	2.06%	9.77%	9.77%	13.30%	-2.00%	5.72%
<b>Private Equity</b>						
Thomson Reuters VentureXpert <sup>4</sup>	-0.07%	5.28%	4.57%	15.18%	4.46%	11.44%
<b>Infrastructure</b>						
Macquarie Global Infrastructure - North America	-1.33%	4.13%	4.13%	11.72%	2.82%	11.96%

MSCI Indices and NCREIF ODCE show net returns. MSCI EAFE (100% Hedged) shows price return; all other indices show total returns.

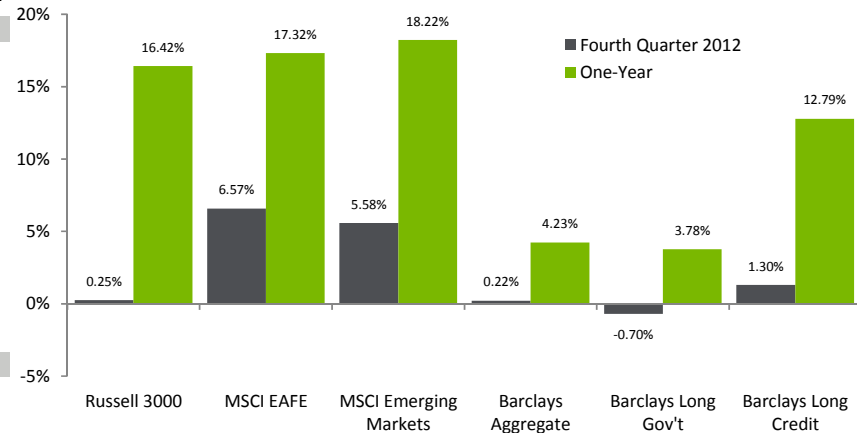
<sup>1</sup> Periods are annualized.

<sup>2</sup> Latest 5 months of HFR data are estimated by HFR and may change in the future.

<sup>3</sup> Fourth quarter return is preliminary.

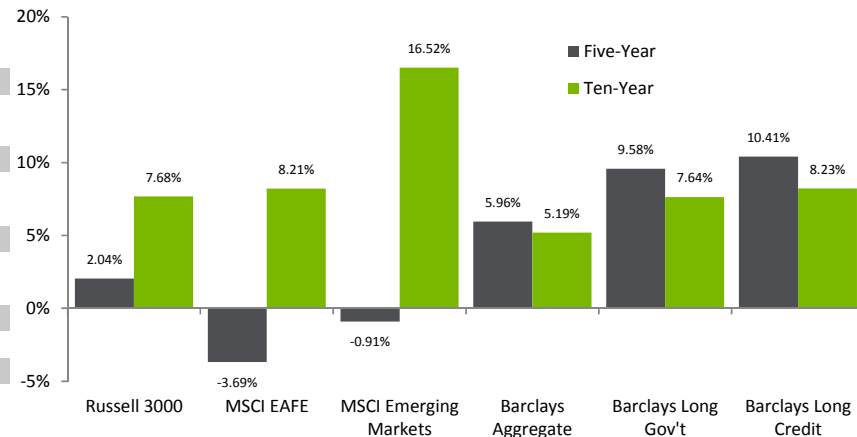
<sup>4</sup> Benchmark is as of 06/30/2012.

## SHORT TERM RETURNS AS OF 12/31/2012



Source: Russell, MSCI, Barclays

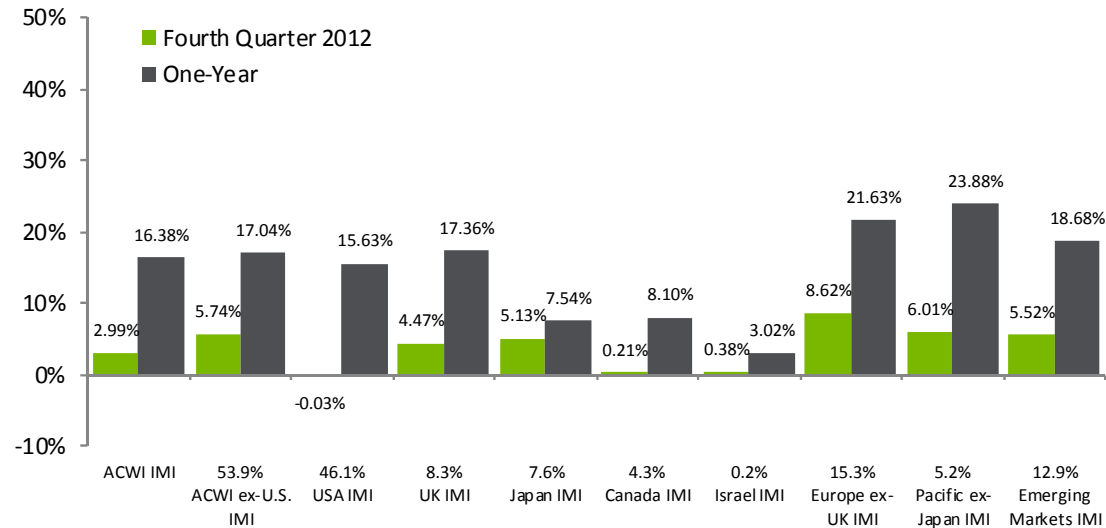
## LONG TERM ANNUALIZED RETURNS AS OF 12/31/2012



Source: Russell, MSCI, Barclays

# Global Equity Markets

**GLOBAL MSCI IMI INDEX RETURNS  
AS OF 12/31/2012**

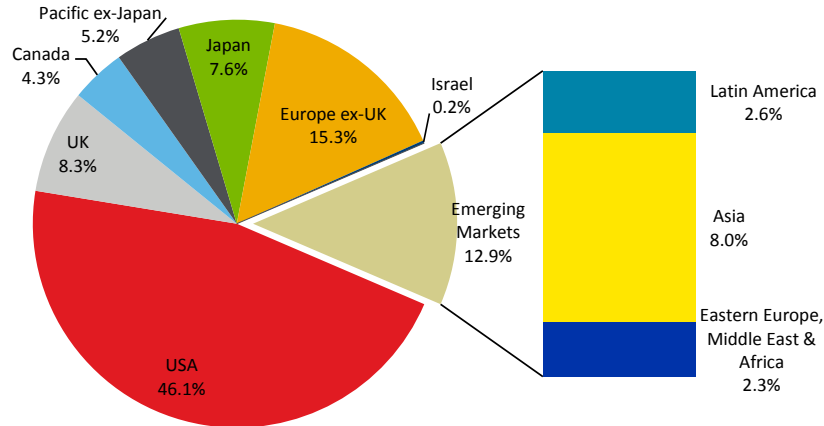


Source: MSCI

- Positive economic data and a lessening of Eurozone debt crisis worries helped during the fourth quarter, but the impending “fiscal cliff” kept risk appetites in check.
- Most equity markets around the world posted positive returns during the quarter. The best performing market was Europe ex-UK, and the worst performing market was the U.S. with “fiscal cliff” concerns impeding equities in the U.S.

# Global Equity Markets

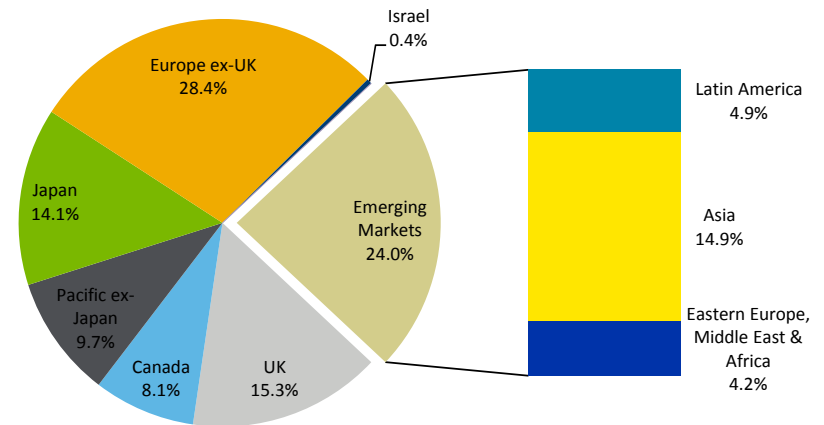
**MSCI ALL COUNTRY WORLD IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 12/31/2012**



Source: MSCI

- The two exhibits on this slide illustrate the percent each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

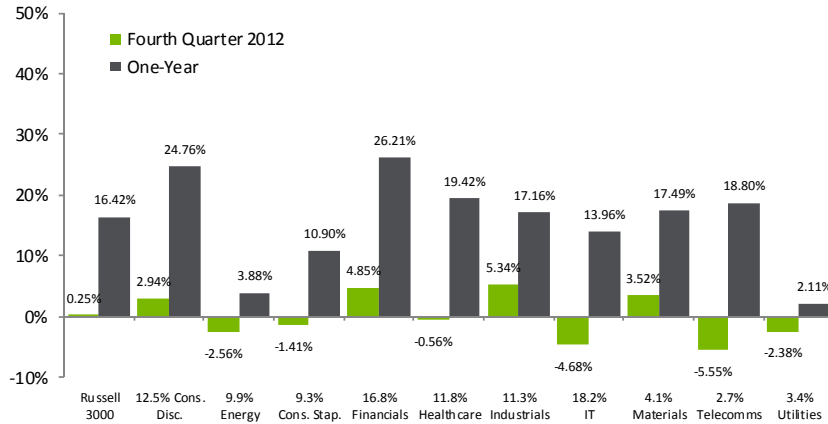
**MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 12/31/2012**



Source: MSCI

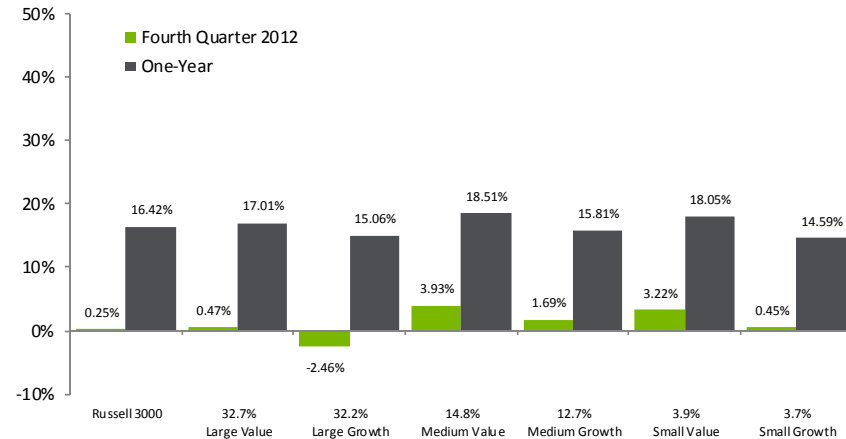
# U.S. Equity Markets

**RUSSELL GICS SECTOR RETURNS  
AS OF 12/31/2012**



Source: Russell Indexes

**RUSSELL STYLE RETURNS  
AS OF 12/31/2012**

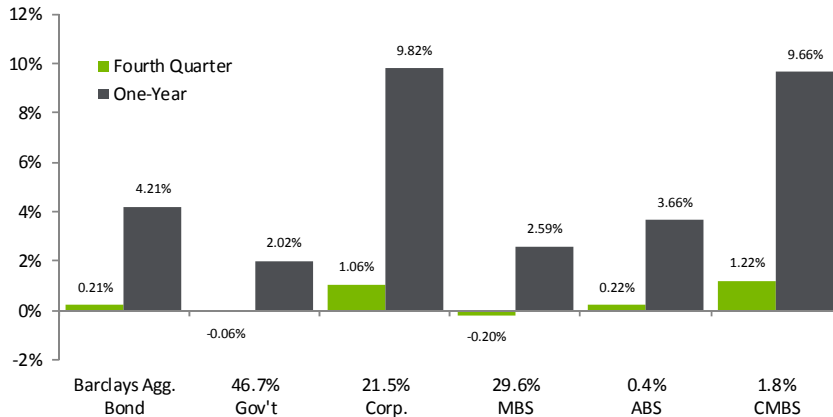


Source: Russell Indexes

- Generally positive U.S. economic data was overshadowed by the “fiscal cliff”, which led to significant uncertainty during the quarter.
- The Russell 3000 rose 0.25% during the quarter and returned 16.42% during 2012.
- The Industrials, Financials, and Materials sectors were the best performing sectors during the fourth quarter, posting returns of 5.34%, 4.85%, and 3.52%, respectively. The Telecommunications and Information Technology sectors were the worst performing areas, producing returns of -5.55% and -4.68%, respectively, during the fourth quarter.
- Mid cap outperformed both small cap and large cap during the fourth quarter. Value outperformed growth across all capitalization segments of the market during the quarter.

# U.S. Fixed Income Markets

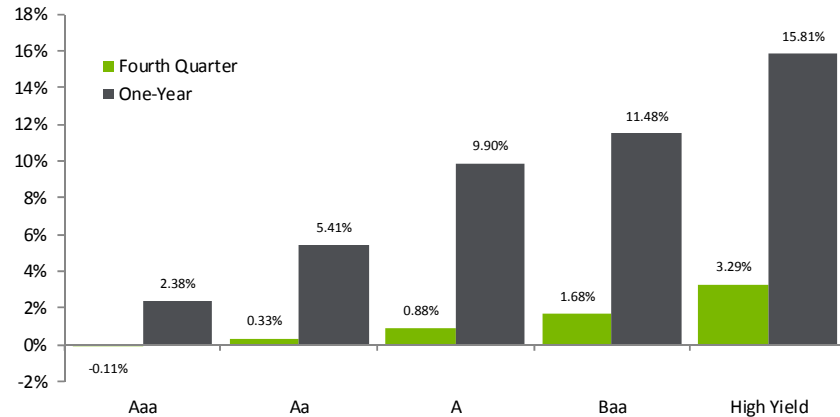
**BARCLAYS AGGREGATE RETURNS BY SECTOR**  
AS OF 12/31/2012



Source: Barclays Live

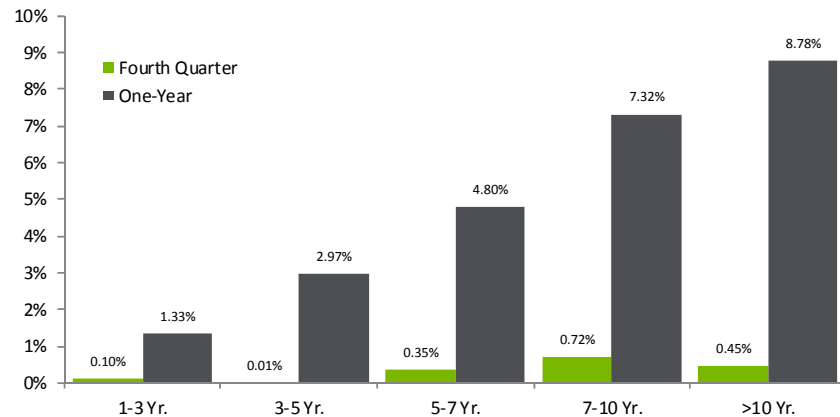
- The Barclays Aggregate Bond Index returned 0.21% in the fourth quarter.
- Corporate bonds and commercial mortgage-backed securities were the strongest performing sectors, returning 1.06% and 1.22%, respectively, over the course of the fourth quarter.
- In the investment grade market, lower quality bonds outperformed higher quality bonds. This held true for the quarter and for the full year 2012.
- High yield bonds outperformed investment grade bonds as investors sought yield in a low interest rate environment.
- From a maturity perspective, the 7-10 year range performed the strongest with a return of 0.72% during the fourth quarter.

**BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS**  
AS OF 12/31/2012



Source: Barclays Live

**BARCLAYS AGGREGATE RETURNS BY MATURITY**  
AS OF 12/31/2012

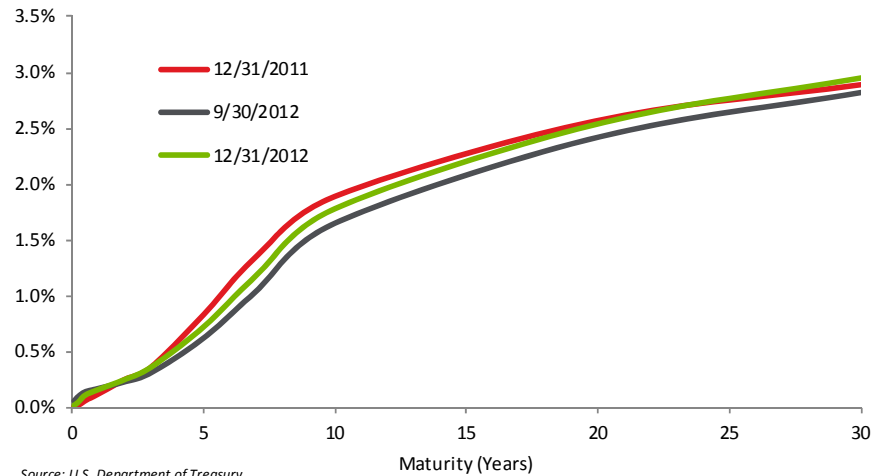


Source: Barclays Live

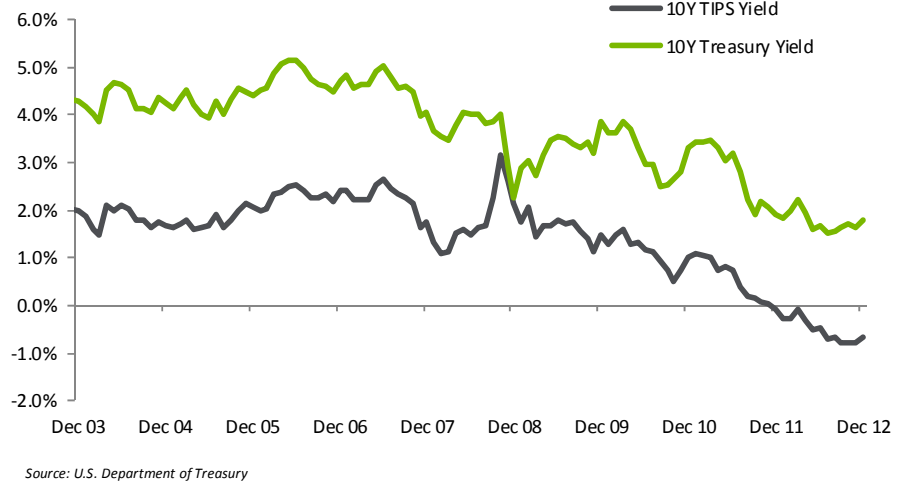


# U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



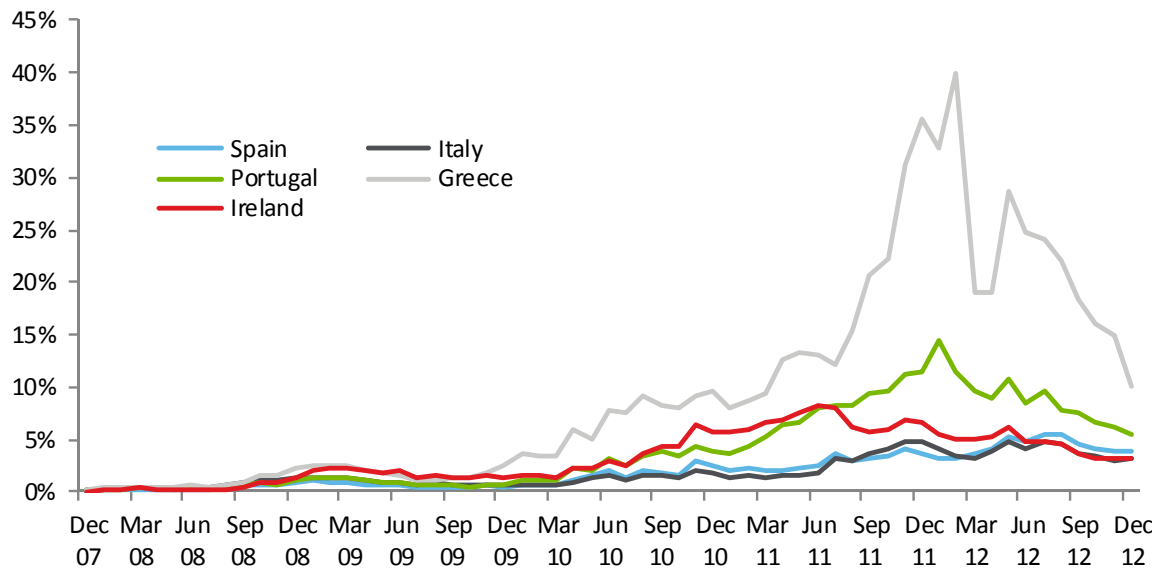
U.S. 10-YEAR TREASURY AND TIPS YIELDS



- The Treasury yield curve steepened during the quarter; both the intermediate (1 to 10 years) and the long-term segments of the yield curve rose.
- The 10-year U.S. Treasury yield ended the quarter at a yield of 1.78%, roughly 13 basis points higher than its level at the beginning of the quarter.
- 10-year TIPS yields remained in negative territory, but rose by 10 basis points to -0.67% over the quarter.

# European Fixed Income Markets

**EUROZONE PERIPHERAL BOND SPREADS  
(10-YEAR SPREADS OVER GERMAN BUNDS)**



Source: DataStream

- Greece was one of the focal points of the Eurozone debt crisis during the quarter as speculation rose on whether it would obtain a second tranche of bailout funds. On November 26, European leaders, the European Central Bank, and the International Monetary Fund reached an agreement to release the next €34 billion tranche of bailout money to Greece. This was generally viewed positively by market participants and led to a reduction in Greek spreads over German Bunds.
- 10-year yield spreads over German Bunds decreased for the rest of the Eurozone periphery as well over the quarter.

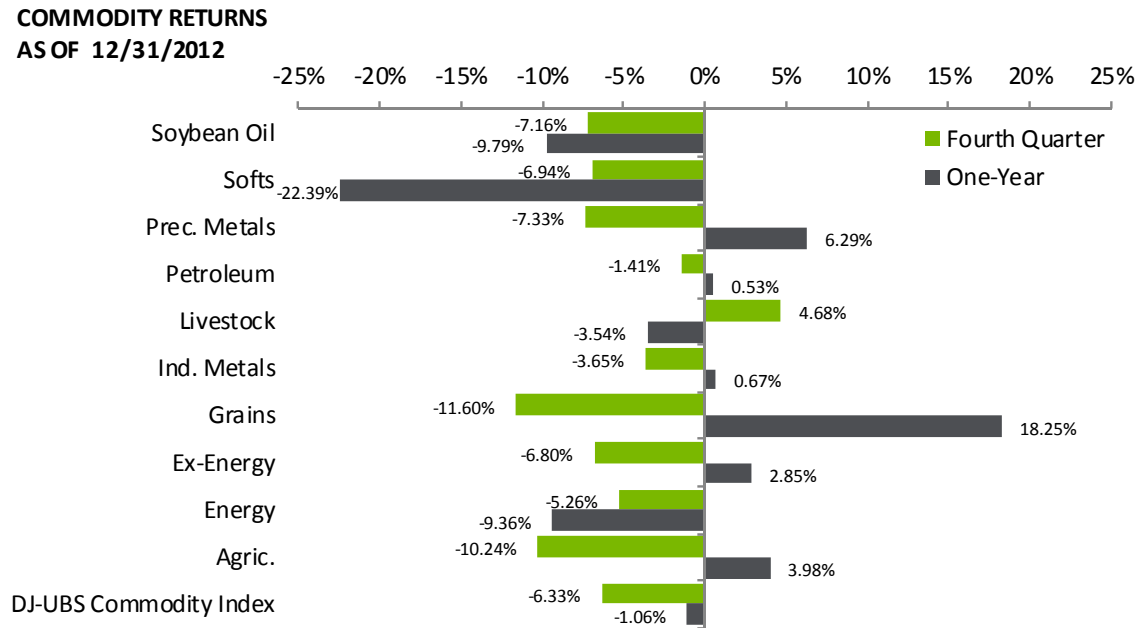
## Credit Spreads

Spread (bps)	12/31/2012	9/30/2012	12/31/2011	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	53	49	87	4	-34
Long Gov't	4	4	6	0	-1
Long Credit	180	191	239	-11	-59
Long Gov't/Credit	109	114	131	-5	-22
MBS	50	24	75	26	-26
CMBS	124	155	308	-31	-184
ABS	43	44	99	-1	-56
Corporate	141	156	234	-15	-93
High Yield	511	551	699	-40	-188
Global Emerging Markets	293	332	464	-39	-171

Source: Barclays Live

- Credit spreads fell across most markets during the quarter with the exception of MBS.
- Fixed income markets that saw the largest drops in spreads were High Yield, Global Emerging Markets, and CMBS.
- Credit spreads across every segment as of December 31, 2012 were lower relative to a year prior.

# Commodities



Source: Dow Jones-UBS

- Driven by negative returns across most market sectors, the Dow Jones-UBS Commodity Index decreased by 6.33% during the fourth quarter.
- The strongest and only positive performing segment of the market was livestock with a return of 4.68% during the quarter.
- Grains and Agriculture were the worst performing sectors of the market during the fourth quarter with returns of -11.60% and -10.24%, respectively.

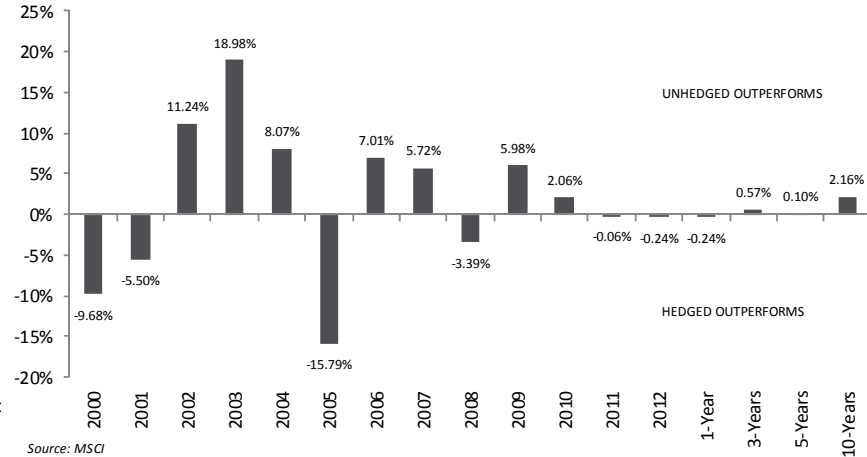
# Currency

**TRADE WEIGHTED U.S. DOLLAR INDEX  
(1997 = 100)**



Source: Federal Reserve

**DIFFERENCE BETWEEN MSCI EAFE UNHEDGED AND HEDGED INDICES  
AS OF 12/31/2012**

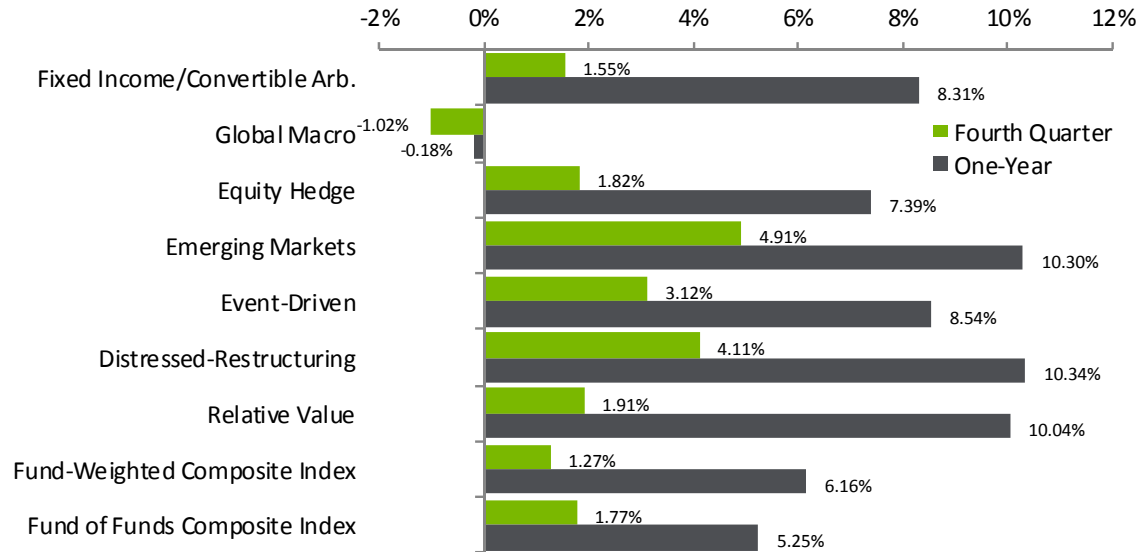


Source: MSCI

- As measured through the broad trade weighted U.S. dollar index, the U.S. dollar marginally appreciated during the quarter and the one year period.
- The MSCI EAFE Unhedged Index slightly underperformed the MSCI EAFE 100% Hedged Index during the year-to-date period reflecting the appreciation of the U.S. dollar. The Unhedged index outperformed the Hedged index during the trailing 3, 5, and 10 year periods.

# Hedge Fund Markets Overview

**HEDGE FUND PERFORMANCE  
AS OF 12/31/2012**

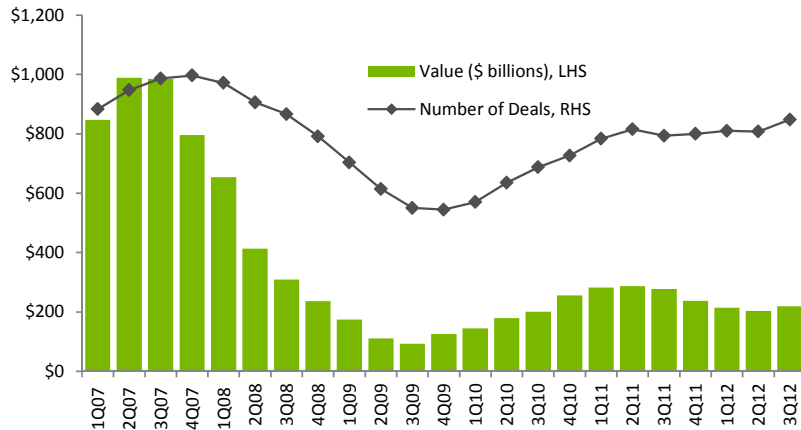


Source: HFR

- Except for Global Macro, all major hedge fund strategies types posted positive returns in the fourth quarter and for the full year 2012. The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 1.27% and 1.77%, respectively, during the fourth quarter.
- Emerging Markets and Distressed-Restructuring strategies were the strongest performers during the quarter gaining 4.91% and 4.11%, respectively.

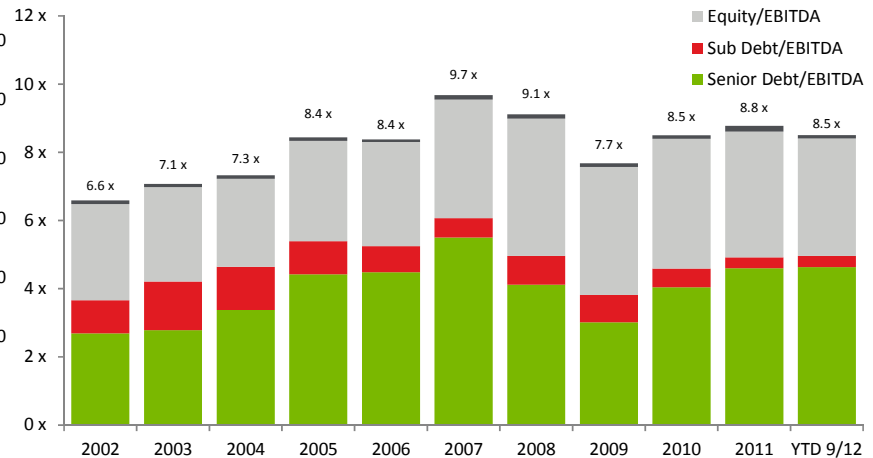
# Private Equity Market Overview – Q3 2012

LTM GLOBAL SPONSOR M&A DEAL VOLUME AND VALUE  
(TRAILING 12 MONTH DATA)



Source: ThomsonOne

PURCHASE PRICE MULTIPLES

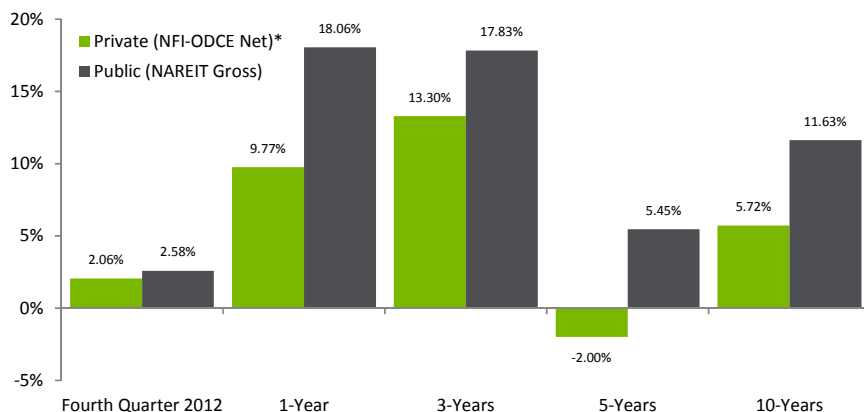


Source: S&P

- **Fundraising:** Continues to improve: LTM levels (\$263B) healthy but not excessive levels. Remains well below pre-crisis levels (\$490B). Overhang significant (\$785B) but decreasing.
- **Buyout:** Deal volume vacillating quarter to quarter, but flat to slightly trending up. Small and middle market deals comprise bulk of activity although increasing activity seen in the large market. Purchase price multiples remained relatively steady for last three years; large cap is above its 10 year average while middle market is below its 10 year average. European activity remains slow due to economic uncertainty.
- **Venture capital:** YTD investment levels (\$20B) lagging strong levels in 2011. Meaningful shift over last 1.5 years to later stage deals with a commensurate increase in series C in pre-money valuations and a decrease in series A and B pre-money valuations; YTD exit activity down 14% due to reduced M&A activity, number of IPOs flat with 2011.
- **Mezzanine:** U.S. mezzanine lenders continue to target smaller transactions as getting squeezed out of larger transactions in favor of high yield. YTD sub debt usage in large cap deals represented smallest percentage of total purchase price multiple in last 15 years.
- **Distressed Debt:** Investment activity remains low due to high refinance activity and continued low high-yield default rates; looking forward to 2013-2014 attractive opportunities exist primarily in mid to lower cap market due to fragile economy and reduced leveraged loan capacity.
- **Secondaries:** \$16 billion raised YTD expect second highest year of fundraising; YTD volume of \$18.5 billion lagging 2011 but still robust. Pricing discounts flat at 11% for Buyout and decreasing slightly to 25% for Venture.
- **Infrastructure:** YTD Fundraising down from 2011, new infrastructure debt funds being raised. Activity plateaued at lower levels due to debt availability and increased regulation in Europe.

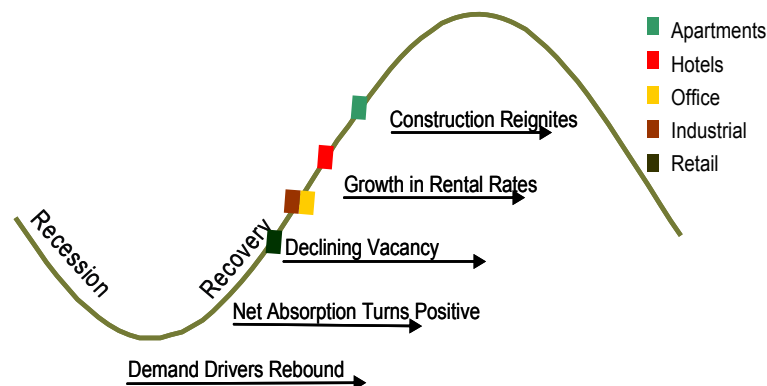
# U.S. Commercial Real Estate Markets

**PRIVATE VS. PUBLIC REAL ESTATE RETURNS  
AS OF 12/31/2012**



\*Fourth quarter returns are preliminary  
Sources: NCREIF, NAREIT

**CURRENT POSITION IN  
REAL ESTATE RECOVERY CYCLE**



## 2013 U.S. Real Estate Outlook:

- The U.S. economy is expected to remain in a slow-growth mode for much of 2013. While still supporting a continuation of measured improvements in real estate fundamentals (e.g. net absorption, occupancies, and now more broadly some rent growth), the pace of improvement is expected to remain modest.
- Real Estate returns are expected to continue their path of moderation given the sector's robust pricing rebound over the past few years. Consensus forecast range for the NPI is 6–9% (Core real estate), which is still generally in line with the sector's long-term average.
  - If Core buyers accept lower yields for real estate absent attractive income alternatives in other asset classes, returns could reach the high end of the range. On the flip side, policies meant to address long term government fiscal issues could deliver a short term economic shock placing returns at the lower end of the range, at best.
- Uncertainty stemming from the negative scenarios that could play out through multiple macro economic/political issues will likely keep investors cautious in early 2013. Thus we expect growth in transaction volumes to remain muted versus typical rebound periods. We anticipate the market will continue to seek the safety of current yield provided by Core, which remains historically attractive relative to other asset classes.
  - The current low interest rate environment continues to support price recovery/growth and this is expected to persist as the U.S. Federal Reserve has indicated it will support a low interest rate environment until sustained economic growth is evident.
- New supply is expected to become more noticeable in 2013, first entering through the apartment sector, though select industrial development has also begun. As an asset class, however, new deliveries are still well restrained.
  - The ramp up in multifamily supply is expected to slow that segment's positive momentum in 2013, though not derail it—selective pruning of apartment holdings in high supply markets should be up for consideration.





Total Fund

## Highlights

### Return Summary

	Qtr	1 Yr	3 Yrs	5 Yrs
Dow Jones US Total Stock Index	0.2 %	16.4 %	11.4 %	2.2 %
MSCI All Country World ex-U.S. Index	5.8 %	16.8 %	3.9 %	-2.9 %
MSCI EAFE Index	6.6 %	17.3 %	3.6 %	-3.7 %
MSCI Emerging Markets Index	5.6 %	18.2 %	4.7 %	-0.9 %
MSCI All Country World Index	2.9 %	16.1 %	6.6 %	-1.2 %
Barclays Aggregate Bond Index	0.2 %	4.2 %	6.2 %	5.9 %

### 4Q 2012 Market Commentary

Politics drove equity markets during the fourth quarter as U.S. investors sought clarity over the presidential election and the looming fiscal cliff. Despite the daily volatility, the U.S. equity markets ended the quarter essentially flat, with the Dow Jones U.S. Total Stock Market Index gaining 0.2% during the quarter.

According to the Bureau of Labor Statistics (BLS), the unemployment rate remained unchanged at 7.8%, and U.S. employers created 453,000 jobs in the fourth quarter. During the 1-year period through October, home prices increased 4.3%, as measured by the S&P/Case Shiller Index, signaling that the real estate market may have found a floor during the second quarter amidst an environment with sub-4% 30 year mortgage rates and population growth exceeding the rate of new home construction.

The Federal Open Market Committee (FOMC) again decided to keep the target range for the federal funds rate at 0-0.25%. Additionally, the Fed has committed to continue QE3 until economic conditions improve, specifically, keeping rates exceptionally low until unemployment falls below 6.5%, or inflation exceeds 2.5%.

The U.S. equity market, as measured by the Dow Jones U.S. Total Stock Market Index, gained 0.2% during the fourth quarter. From a capitalization standpoint, small-cap stocks outperformed large-cap stocks, while from a style perspective, value outperformed growth during the quarter. Telecommunication Services was the worst performing sector during the quarter, falling 5.5%, while the Industrials sector was the best performing sector, gaining 5.3% during the quarter.

As a result of improving economic conditions in emerging markets, particular the BRIC (Brazil, Russia, India, and China) economies, and continuing stabilization in Europe as a result of the new bond buying program by the European Central Bank, international equities performed particularly well during the fourth quarter relative to U.S. equities. The non-U.S. equity market, as measured by the MSCI All Country World ex-U.S. Investable Market Index, rose 5.7% during the quarter, while emerging markets gained 5.6%, according to the MSCI Emerging Market Index.

The U.S. bond market, as measured by the Barclays Aggregate Bond Index, returned 0.2% during the fourth quarter. Long duration bonds underperformed intermediate and short duration bonds as the yield curve rose during the quarter. High yield bonds gained 3.3%, as investors sought yield in a low interest rate environment.

## Highlights

### **Commentary on Investment Performance**

The Total Fund returned 1.8% during the fourth quarter, outperforming the return of the Policy Portfolio by 6 basis points. The Fund's U.S. Fixed Income component added value over their benchmark. Partially offsetting results were the below-benchmark returns from the, Non-U.S. Equity and Real Estate components.

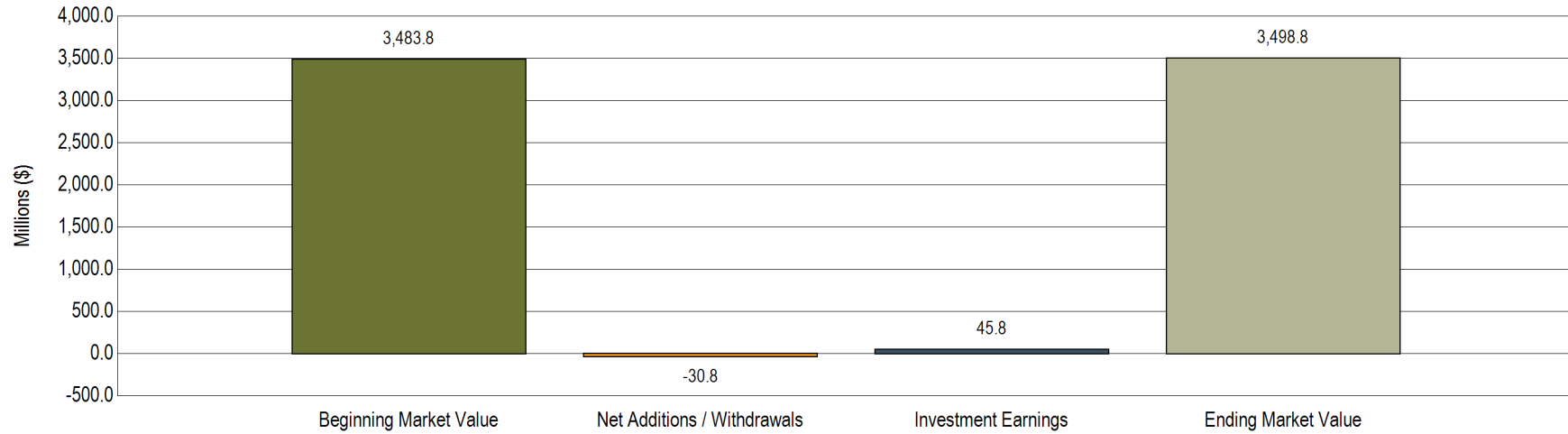
For the one-year ending December 31, 2012, the Total Fund advanced 14.0%, outpacing the return of the Policy Portfolio by 115 basis points. Overperformance was mainly attributed to above-benchmark returns from the U.S. Fixed Income, U.S. Equity and Non-U.S. Equity components.

The Total Fund's longer-term relative performance remains mixed. While the Total Fund has matched the return of its benchmark during the trailing five-year period, it has outperformed the benchmark during the three-year and one-year period. The Fund's annualized since inception return rose to 7.9% to match it up with the Policy Portfolio.

The attribution analysis exhibits on page 33 provide additional information regarding each sub-component's contribution to performance during the quarter and year-to-date period.

## Plan Summary

Change in Market Value  
From October 1, 2012 To December 31, 2012



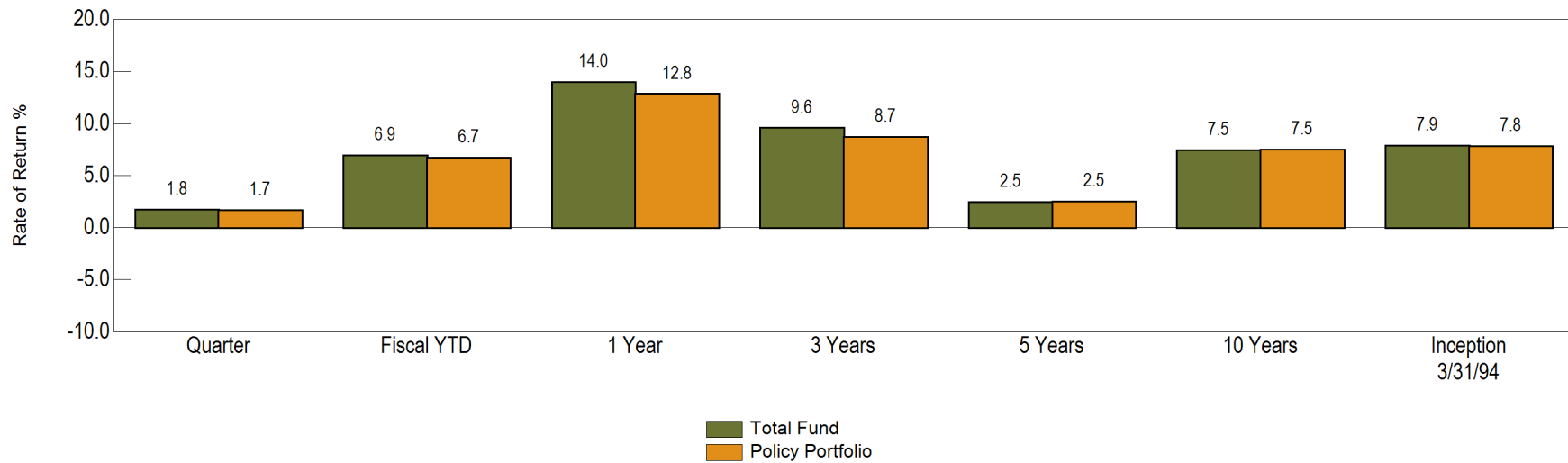
## Summary of Cash Flows

Sources of Portfolio Growth	Fourth Quarter	One Year
Beginning Market Value	\$3,483,762,393	\$3,069,762,197
Net Additions/Withdrawals	-\$30,839,208	\$113,763,334
Investment Earnings	\$45,835,655	\$315,233,309
Ending Market Value	\$3,498,758,840	\$3,498,758,840

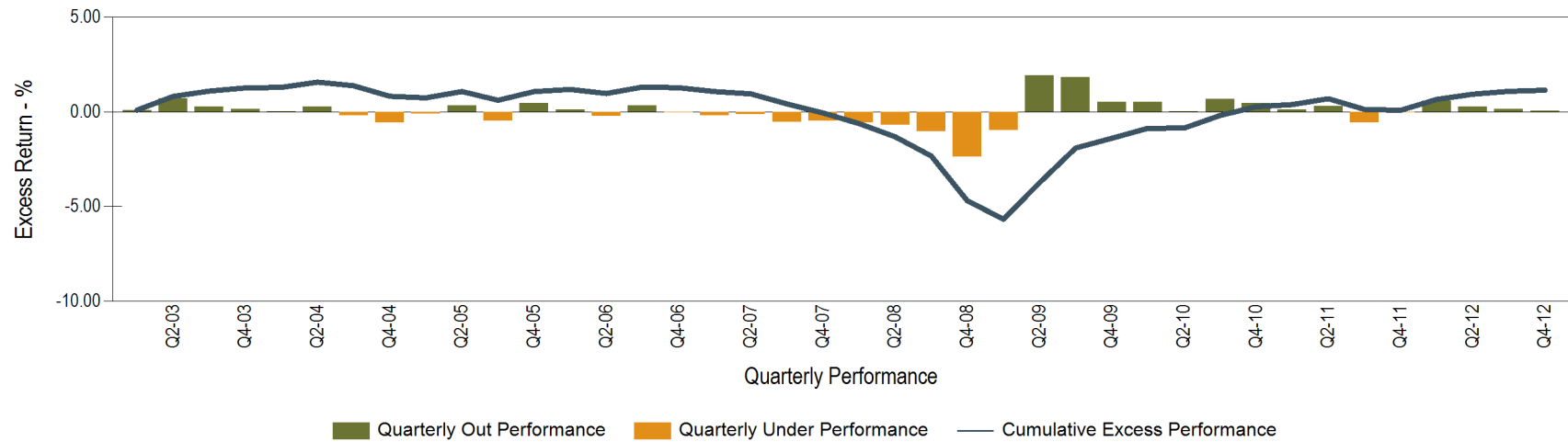
# Plan Performance

Benchmark: Policy Portfolio

## Return Summary



## Quarterly and Cumulative Excess Performance



## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Period Ending 12/31/2012

	4th Quarter	Fiscal Year-to-Date	1 Year Ending 12/31/2012	3 Years Ending 12/31/2012	5 Years Ending 12/31/2012	10 Years Ending 12/31/2012	Since Inception	Inception Date
BlackRock Extended Equity	2.9	8.5	18.4	13.8	4.2	10.8	10.8	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	2.8	8.2	17.9	13.4	4.1	10.8	10.8	
Western U.S. Index Plus	0.0	8.0	20.6	14.8	-1.2	--	-2.9	5/31/07
S&P 500 Index	-0.4	6.0	16.0	10.9	1.7	--	0.9	
BlackRock Equity Market Fund	0.3	6.5	16.5	11.5	--	--	3.2	5/31/08
Dow Jones U.S. Total Stock Market Index	0.2	6.4	16.4	11.4	--	--	3.1	
Total U.S. Equity	0.3	6.7	16.9	11.8	1.6	7.3	7.8	12/31/93
Performance Benchmark**	0.2	6.4	16.4	11.4	2.2	7.8	8.2	
BlackRock All Country World ex-U.S.	5.7	13.7	17.2	4.3	-2.4	--	-0.1	3/31/07
MSCI All Country World ex-U.S. IM Index	5.7	13.7	17.0	4.2	-2.6	--	-0.2	
Sprucegrove	5.7	12.0	17.1	7.4	-0.6	9.8	8.2	3/31/02
MSCI EAFE Index	6.6	13.9	17.3	3.6	-3.7	8.2	5.8	
MSCI All Country World ex-U.S. Index	5.8	13.7	16.8	3.9	-2.9	9.7	7.2	
Hexavest	2.2	9.6	13.9	--	--	--	1.7	12/31/10
MSCI EAFE Index	6.6	13.9	17.3	--	--	--	1.5	
Walter Scott	4.5	11.1	20.4	--	--	--	4.5	12/31/10
MSCI All Country World ex-U.S. Index	5.8	13.7	16.8	--	--	--	0.4	
Total International	5.3	12.6	17.9	4.9	-2.3	9.1	6.6	3/31/94
Performance Benchmark	5.8	13.7	16.8	3.9	-2.9	9.7	5.2	
GMO Global Fund	2.9	8.8	15.0	7.5	0.7	--	5.9	4/30/05
MSCI All Country World Index	2.9	9.9	16.1	6.6	-1.2	--	5.0	
BlackRock MSCI ACWI Equity Index	2.9	10.0	--	--	--	--	10.0	4/30/12
MSCI All Country World Index	2.9	9.9	--	--	--	--	9.9	
Total Global Equity	2.9	9.3	14.4	7.0	-2.0	--	4.1	4/30/05
MSCI All Country World Index	2.9	9.9	16.1	6.6	-1.2	--	5.0	

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (Continued)  
 Period Ending 12/31/2012

	4th Quarter	Fiscal Year-to-Date	1 Year Ending 12/31/2012	3 Years Ending 12/31/2012	5 Years Ending 12/31/2012	10 Years Ending 12/31/2012	Since Inception	Inception Date
Loomis Sayles Global Fixed Income*****	0.3	4.0	--	--	--	--	4.0	6/30/12
Barclays Capital Global Aggregate Bond Index	-0.5	2.8	--	--	--	--	2.8	
PIMCO Global Fixed Income	-0.3	--	--	--	--	--	-0.3	9/30/12
Barclays Capital Global Aggregate Bond Index	-0.5	--	--	--	--	--	0.7	
Total Global Fixed Income	-0.1	3.5	--	--	--	--	3.5	6/30/12
Barclays Capital Global Aggregate Bond Index	-0.5	2.8	--	--	--	--	2.8	
Western	1.0	4.5	9.7	9.4	7.1	6.4	7.0	12/31/96
Barclays Capital Aggregate Bond Index	0.2	1.8	4.2	6.2	5.9	5.2	6.2	
BlackRock U.S. Debt Fund	0.2	1.8	4.3	6.3	6.1	5.2	6.1	11/30/95
Barclays Capital Aggregate Bond Index	0.2	1.8	4.2	6.2	5.9	5.2	6.1	
Reams	1.2	4.2	9.9	9.4	9.4	7.7	7.1	9/30/01
Barclays Capital Aggregate Bond Index	0.2	1.8	4.2	6.2	5.9	5.2	5.5	
Loomis Sayles Performance Benchmark***	3.4	9.4	16.8	11.4	8.8	--	8.2	7/31/05
	1.1	3.5	7.5	7.7	7.2	--	6.5	
Total Fixed Income	1.0	4.4	9.6	9.2	8.3	6.9	6.8	2/28/94
Barclays Capital Aggregate Bond Index	0.2	1.8	4.2	6.2	5.9	5.2	6.2	
Total Prudential Real Estate	1.7	3.3	8.8	14.7	-3.2	--	2.6	6/30/94
Policy Benchmark	2.3	5.0	10.4	13.4	1.9	--	7.8	
UBS Real Estate	1.7	4.0	9.1	12.3	-0.1	--	6.8	3/31/03
NCREIF Open End Fund Index	2.3	5.0	10.4	13.4	1.9	--	8.0	
Guggenheim	1.9	3.9	11.6	14.5	-4.9	--	-1.5	6/30/06
NCREIF Open-End Fund Property Index*****	2.7	4.7	13.4	14.7	4.4	--	6.0	
RREEF	1.8	9.6	22.9	27.0	-15.8	--	-15.1	10/31/07
NCREIF Open End Fund Index	2.3	5.0	10.4	13.4	1.9	--	2.2	
Total Real Estate****	1.5	3.6	9.1	12.9	-3.6	5.2	7.5	3/31/94
Policy Benchmark	2.3	5.0	10.4	13.4	1.9	8.1	9.1	
Total Private Equity*****	2.9	1.4	10.3	--	--	--	--	
Adams Street Partners	2.8	1.6	10.8	--	--	--	--	
Pantheon	4.5	-3.3	0.9	--	--	--	--	
Total Fund	1.8	6.9	14.0	9.6	2.5	7.5	7.9	3/31/94*****
Policy Portfolio	1.7	6.7	12.8	8.7	2.5	7.5	7.8	
Total Fund (ex-Private Equity)	1.6	6.6	13.3	--	--	--	--	
Total Fund (ex-Clifton)	1.7	6.8	13.7	9.4	2.4	7.4	7.9	

\*All returns contained in this report are net of investment management fees.

\*\*The Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index

\*\*\*A mix of 65% of the Barclays Capital Aggregate Bond Index, 30% of the Salomon Brothers High Yield Index and 5% of the J.P. Morgan Non-U.S. Hedged Bond Index

\*\*\*\*Real Estate returns are based on market values and cash flows provided by managers.

\*\*\*\*\*Prior to January 2006, the NCREIF Property Index.

\*\*\*\*\*Total Fund inception date is the longest time period that Hewitt EnnisKnupp has reliable historical monthly data.

\*\*\*\*\*Returns for Private Equity may not be meaningful, due to their relatively short investment period

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Period Ending 12/31/2012

(\$ in Thousands)

	U.S. Equity	Non-U.S. Equity	Fixed Income	Real Estate	Private Equity	Cash	Total	Percent of Total	Policy
BlackRock Extended Equity Index	\$31,302						\$31,302	0.9%	
Western Index Plus	\$120,496						\$120,496	3.4%	
BlackRock Equity Market Fund	\$1,124,385						\$1,124,385	32.1%	
<b>Total U.S. Equity</b>	<b>\$1,276,183</b>						<b>\$1,276,183</b>	<b>36.5%</b>	<b>36.0%</b>
BlackRock ACWI ex-U.S. Index		\$340,034					\$340,034	9.7%	
Sprucegrove		\$157,962					\$157,962	4.5%	
Hexavest		\$66,668					\$66,668	1.9%	
Walter Scott		\$82,991					\$82,991	2.4%	
<b>Total Non-U.S. Equity</b>		<b>\$647,654</b>					<b>\$647,654</b>	<b>18.5%</b>	<b>19.0%</b>
GMO Global Equity	\$79,582	\$93,800					\$173,382	5.0%	
BlackRock MSCI ACWI Equity Index	\$59,860	\$69,427					\$129,287	3.7%	
<b>Total Global Equity</b>	<b>\$139,442</b>	<b>\$163,227</b>					<b>\$302,669</b>	<b>8.7%</b>	<b>10.0%</b>
Western			\$279,705				\$279,705	8.0%	
BlackRock U.S. Debt Fund			\$133,641				\$133,641	3.8%	
Reams			\$244,978				\$244,978	7.0%	
Loomis Sayles Global**			\$68,011				\$68,011	1.9%	
Loomis Sayles**			\$106,379				\$106,379	3.0%	
PIMCO Global			\$100,501				\$100,501	2.9%	
<b>Total Fixed Income</b>			<b>\$933,216</b>				<b>\$933,216</b>	<b>26.7%</b>	<b>27.0%</b>
Prudential Real Estate				\$82,992			\$82,992	2.4%	
UBS Real Estate				\$178,706			\$178,706	5.1%	
Guggenheim				\$22,664			\$22,664	0.6%	
RREEF				\$10,226			\$10,226	0.3%	
<b>Total Real Estate</b>				<b>\$294,588</b>			<b>\$294,588</b>	<b>8.4%</b>	<b>8.0%</b>
Adams Street Partners					\$27,248		\$27,248	0.8%	
Pantheon Ventures					\$6,346		\$6,346	0.2%	
<b>Total Private Equity</b>					<b>\$33,594</b>		<b>\$33,594</b>	<b>1.0%</b>	<b>0.0%</b>
Clifton Group						\$10,854	\$10,854	0.3%	
<b>Total Cash</b>						<b>\$10,854</b>	<b>\$10,854</b>	<b>0.3%</b>	<b>0.0%</b>
<b>Total Assets</b>	<b>\$1,415,625</b>	<b>\$810,881</b>	<b>\$933,216</b>	<b>\$294,588</b>	<b>\$33,594</b>	<b>\$10,854</b>	<b>\$3,498,759</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>40.5%</b>	<b>23.2%</b>	<b>26.7%</b>	<b>8.4%</b>	<b>1.0%</b>	<b>0.3%</b>	<b>100.0%</b>		

\* Asset allocation reflects net exposure

\* Private Equity reflects Market Values as of 9/30/2012 plus Capital Calls from 10/1/2012-12/31/2012

\*\*Market Value data is preliminary as final data is not yet available



## Calendar Year Performance

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## Calendar Year Performance

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
BlackRock Extended Equity	18.4	-3.4	29.0	35.0	-38.4	5.4	15.2	10.5	18.1	43.2	--
Dow Jones U.S. Completion Total Stock Market Index	17.9	-3.8	28.6	37.4	-39.0	5.4	15.3	10.0	18.0	44.0	--
Western U.S. Index Plus	20.6	0.8	24.6	42.0	-56.3	--	--	--	--	--	--
S&P 500 Index	16.0	2.1	15.1	26.5	-37.0	--	--	--	--	--	--
BlackRock Equity Market Fund	16.5	1.2	17.6	28.2	--	--	--	--	--	--	--
Dow Jones U.S. Total Stock Market Index	16.4	1.1	17.5	28.6	--	--	--	--	--	--	--
Total U.S. Equity	16.9	0.9	18.5	29.2	-40.0	4.3	15.3	5.2	11.8	32.0	-21.8
Performance Benchmark**	16.4	1.1	17.5	28.6	-37.2	5.5	15.7	6.1	11.9	31.1	-21.5
BlackRock All Country World ex-U.S.	17.2	-14.1	12.8	43.1	-45.6	--	--	--	--	--	--
MSCI All Country World ex-U.S. IM Index	17.0	-14.3	12.7	43.6	-45.9	--	--	--	--	--	--
Sprucegrove	17.1	-10.8	18.7	36.1	-42.5	5.8	29.9	14.3	24.6	33.8	--
MSCI EAFE Index	17.3	-12.1	7.8	31.8	-43.4	11.2	26.3	13.5	20.2	38.6	--
MSCI All Country World ex-U.S. Index	16.8	-13.7	11.2	41.4	-45.5	16.7	26.7	16.6	20.9	40.8	--
Hexavest	13.9	-9.2	--	--	--	--	--	--	--	--	--
MSCI EAFE Index	17.3	-12.1	--	--	--	--	--	--	--	--	--
Walter Scott	20.4	-9.3	--	--	--	--	--	--	--	--	--
MSCI All Country World ex-U.S. Index	16.8	-13.7	--	--	--	--	--	--	--	--	--
Total International	17.9	-13.6	13.5	37.4	-44.1	11.7	25.2	19.3	18.8	36.0	-12.4
Performance Benchmark	16.8	-13.7	11.2	41.4	-45.5	16.7	26.7	16.6	20.9	40.8	-15.8
GMO Global Fund	15.0	-2.0	10.2	24.3	-32.8	10.0	19.7	--	--	--	--
MSCI All Country World Index	16.1	-7.3	12.7	34.6	-42.2	11.7	21.0	--	--	--	--
Total Global Equity	14.4	-3.9	11.4	17.8	-37.3	11.3	19.5	--	--	--	--
MSCI All Country World Index	16.1	-7.3	12.7	34.6	-42.2	11.7	21.0	--	--	--	--

Note: Returns are net of fees.

## Calendar Year Performance

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (Continued)

## Calendar Year Performance

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Western	9.7	7.3	11.3	18.2	-8.9	4.8	5.1	3.2	6.4	9.1	9.5
Barclays Capital Aggregate Bond Index	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1	10.3
BlackRock U.S. Debt Fund	4.3	7.9	6.7	6.0	5.4	7.0	4.3	2.4	4.3	4.2	10.3
Barclays Capital Aggregate Bond Index	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1	10.3
Reams	9.9	8.3	10.1	35.9	-12.1	7.4	5.0	3.9	5.0	8.7	4.1
Barclays Capital Aggregate Bond Index	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1	10.3
Loomis Sayles	16.8	4.2	13.5	38.1	-19.9	6.7	9.0	--	--	--	--
Performance Benchmark***	7.5	7.1	8.7	18.8	-4.6	5.1	6.8	--	--	--	--
Total Fixed Income	9.6	7.3	10.6	25.6	-8.7	6.3	5.3	3.2	5.2	7.1	7.9
Barclays Capital Aggregate Bond Index	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1	10.3
Total Prudential Real Estate	8.8	18.2	17.5	-34.8	-13.7	16.6	15.8	27.8	--	--	--
Policy Benchmark	10.4	15.0	14.7	-18.8	-7.3	15.2	15.3	20.1	--	--	--
UBS Real Estate	9.1	12.2	15.8	-23.2	-8.4	12.7	15.6	20.1	13.5	--	--
NCREIF Open End Fund Index	10.4	15.0	14.7	-18.8	-7.3	15.2	15.3	19.0	13.6	--	--
Guggenheim	11.6	17.0	15.1	-27.0	-29.0	3.8	--	--	--	--	--
NCREIF Open-End Fund Property Index*****	13.4	13.0	17.8	-3.2	-15.2	5.8	--	--	--	--	--
RREEF	22.9	53.7	8.4	-64.5	-41.8	--	--	--	--	--	--
NCREIF Open End Fund Index	10.4	15.0	14.7	-18.8	-7.3	--	--	--	--	--	--
Total Real Estate****	9.1	14.4	15.4	-31.2	-16.0	12.8	15.7	26.6	7.5	12.1	9.4
Policy Benchmark	10.4	15.0	14.7	-18.8	-7.3	15.2	15.3	20.1	14.5	9.0	6.7
Total Private Equity*****	10.3	--	--	--	--	--	--	--	--	--	--
Adams Street Partners	10.8	--	--	--	--	--	--	--	--	--	--
Pantheon	0.9	--	--	--	--	--	--	--	--	--	--
Total Fund	14.0	0.3	15.1	24.2	-30.9	7.0	14.2	7.8	10.9	24.4	-10.6
Policy Portfolio	12.8	0.6	13.3	20.8	-27.1	8.5	14.0	7.6	11.3	22.9	-10.1
Total Fund (ex-Private Equity)	13.3	--	--	--	--	--	--	--	--	--	--
Total Fund (ex-Clifton)	13.7	0.6	14.5	23.3	-30.3	6.9	14.0	7.9	10.8	24.4	-10.4

\*All returns contained in this report are net of investment management fees.

\*\*The Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

\*\*\*A mix of 65% of the Barclays Capital Aggregate Bond Index, 30% of the Salomon Brothers High Yield Index and 5% of the J.P. Morgan Non-U.S. Hedged Bond Index

\*\*\*\*Real Estate returns are based on market values and cash flows provided by managers.

\*\*\*\*\*Prior to January 2006, the NCREIF Property Index.

\*\*\*\*\*Total Fund inception date is the longest time period that Hewitt EnnisKnupp has reliable historical monthly data.

\*\*\*\*\*Returns for Private Equity may not be meaningful, due to their relatively short investment period.

Note: Returns are net of fees.

## Manager "Watch" List

### Manager "Watch" Status Policy

A manager may be placed on "Watch" status for:

- Failure to meet one or more of the standards, objectives, goals, or risk controls as set forth in this policy statement
- Violation of ethical, legal, or regulatory standards
- Material adverse change in the ownership of the firm or personnel changes
- Failure to meet reporting or disclosure requirements
- Failure to meet performance objectives or goals
- Any actual or potentially adverse information, trends, or developments that the Board feels might impair the investment manager's ability to deliver successful outcomes for the participants of the plan

The Board may take action to place a manager on Watch status. Managers placed on Watch status shall be notified in writing, and be made aware of the reason for the action and the required remediation. Watch status is an optional interim step that may be used to formally communicate dissatisfaction to the investment manager and the potential for termination. Watch status is not a required step in terminating a manager. Watch status will normally be for a period of six months, but the time frame may be determined by action of the Board. The Board retains the right to terminate the manager at any time, extend the period of the Watch status, or remove the manager from Watch status at any time.

Watch status indicates that the manager shall be subject to increased focus on the remediation of the factors that caused the manager to be placed on Watch status. Discussion of the manager on Watch status shall become a regular monthly reporting agenda item for the Board. Staff or retained Consultant shall prepare a written monthly report addressing the progress of the manager in the remediation of the dissatisfaction.

### "Watch" status:

- RREEF is currently on watch for performance reasons.

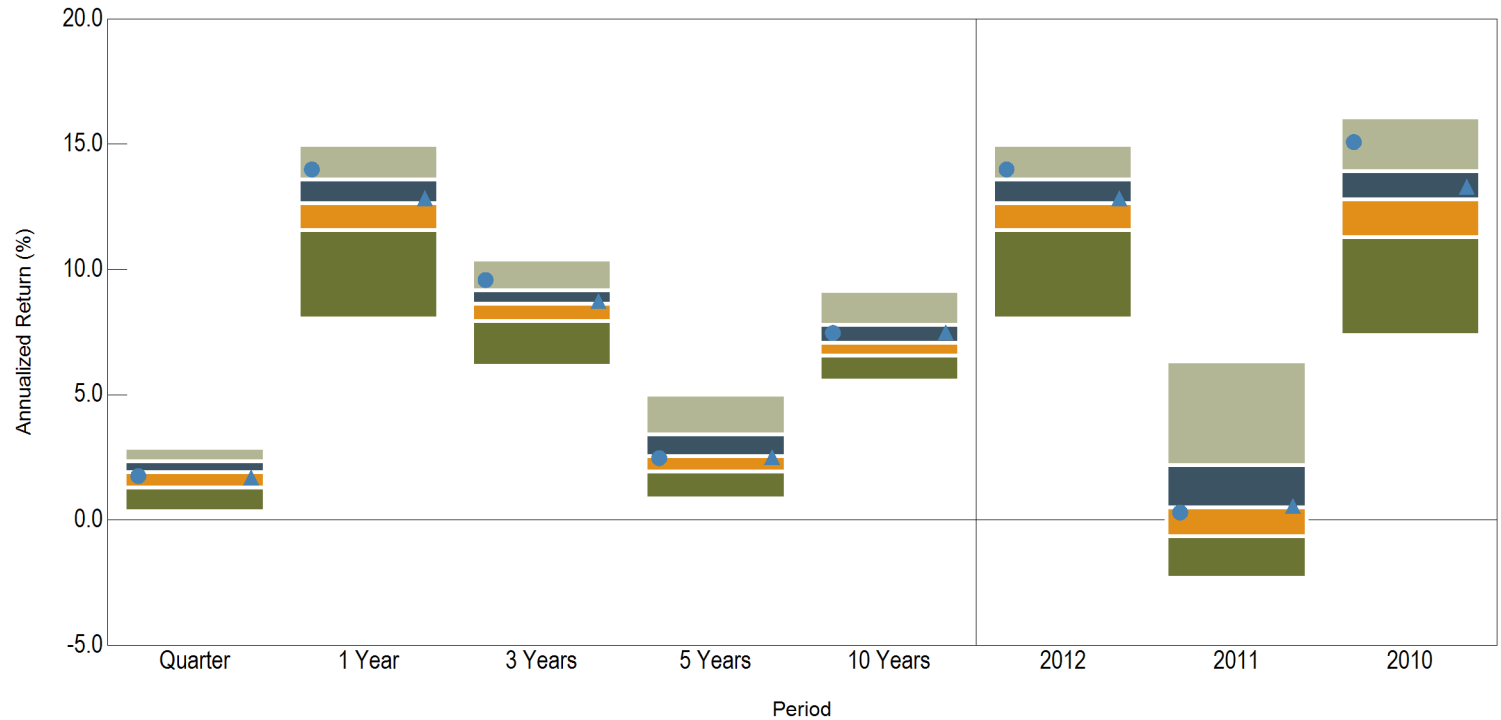
Manager	Date Added	Reason	Follow-Up Date
RREEF	February 1, 2009	Performance	TBD

# Universe Comparison

Benchmark: Policy Portfolio

Universe: Public Funds Net

Ending December 31, 2012



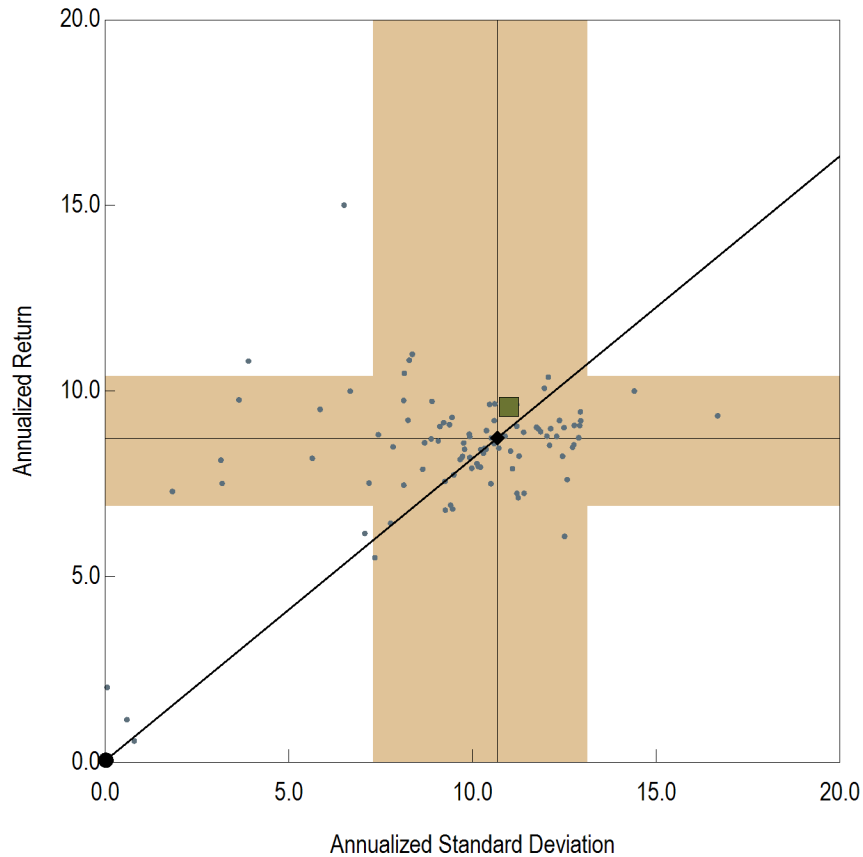
	Return (Rank)															
5th Percentile	2.9	15.0	10.4	5.0	9.1	15.0	6.3	16.1								
25th Percentile	2.4	13.6	9.2	3.4	7.8	13.6	2.2	13.9								
Median	1.9	12.7	8.6	2.6	7.1	12.7	0.5	12.8								
75th Percentile	1.3	11.6	8.0	1.9	6.6	11.6	-0.6	11.3								
95th Percentile	0.4	8.0	6.2	0.9	5.6	8.0	-2.3	7.4								
# of Portfolios	112	108	99	97	85	108	111	113								
● Total Fund	1.8	(62)	14.0	(19)	9.6	(16)	2.5	(57)	7.5	(35)	14.0	(19)	0.3	(55)	15.1	(10)
▲ Policy Portfolio	1.7	(64)	12.8	(47)	8.7	(46)	2.5	(57)	7.5	(33)	12.8	(47)	0.6	(49)	13.3	(43)

Risk Profile

Benchmark: Policy Portfolio

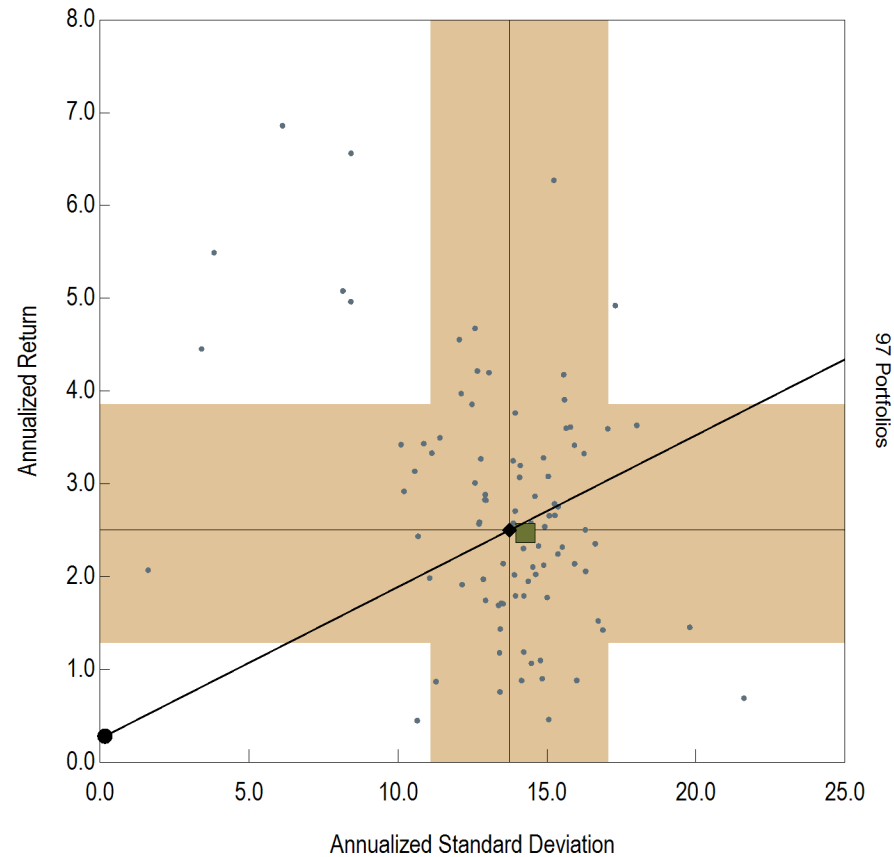
Universe: Public Funds Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



- Total Fund
- ◆ Policy Portfolio
- Risk Free
- 68% Confidence Interval
- Public Funds Net

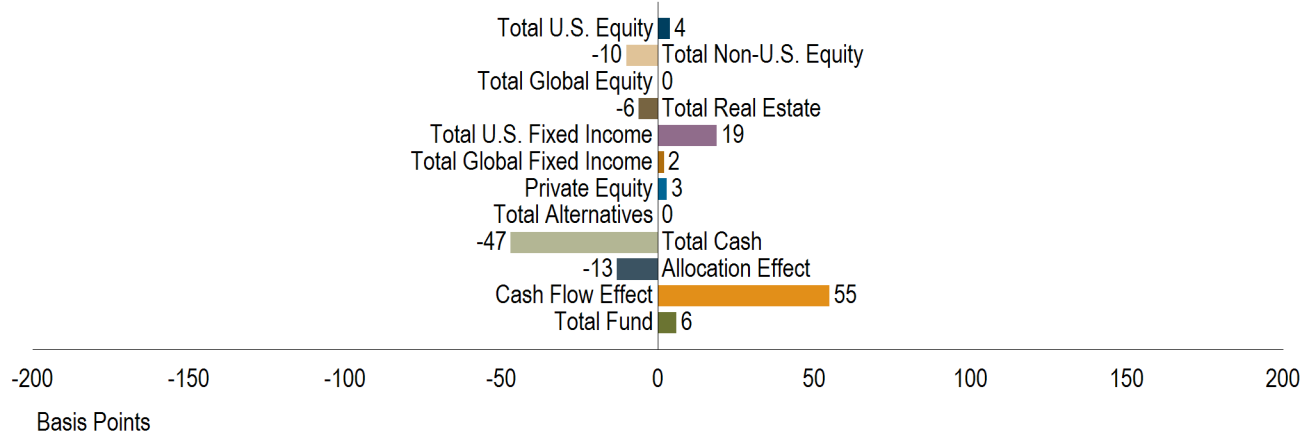
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



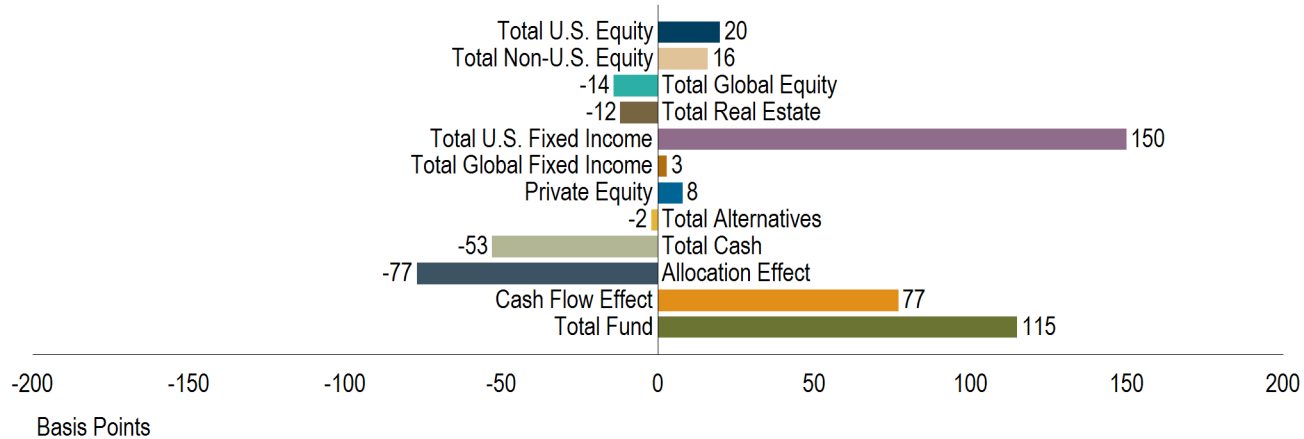
- Total Fund
- ◆ Policy Portfolio
- Risk Free
- 68% Confidence Interval
- Public Funds Net

# Attribution

**TOTAL FUND ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 12/31/12**



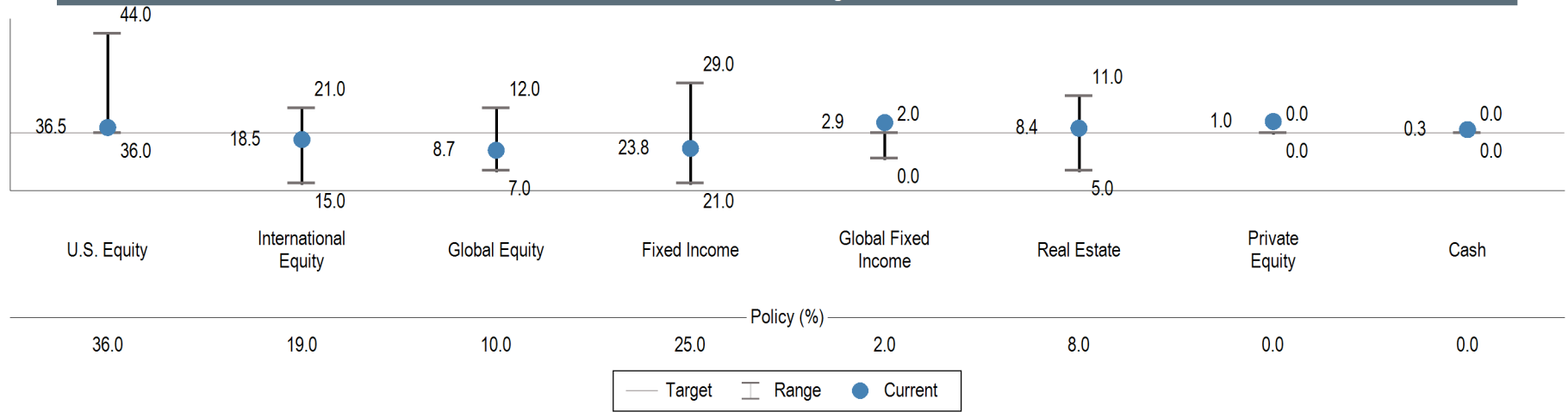
**TOTAL FUND ATTRIBUTION ANALYSIS  
1 YEAR ENDING 12/31/12**



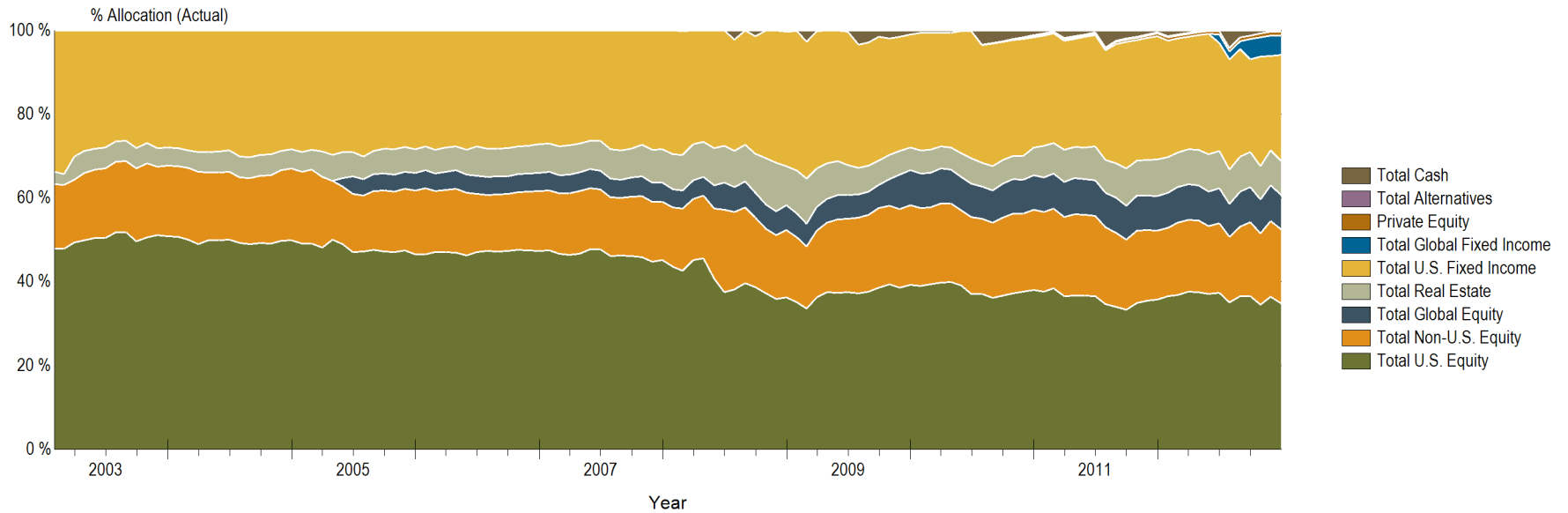
Note: The Cash Flow Effect exhibited in this quarter's and over the one year attribution charts represents the effect the Clifton Group had on the Total Fund.

## Asset Allocation

### Actual vs. Target



### Asset Allocation History 10 Years Ending December 31, 2012





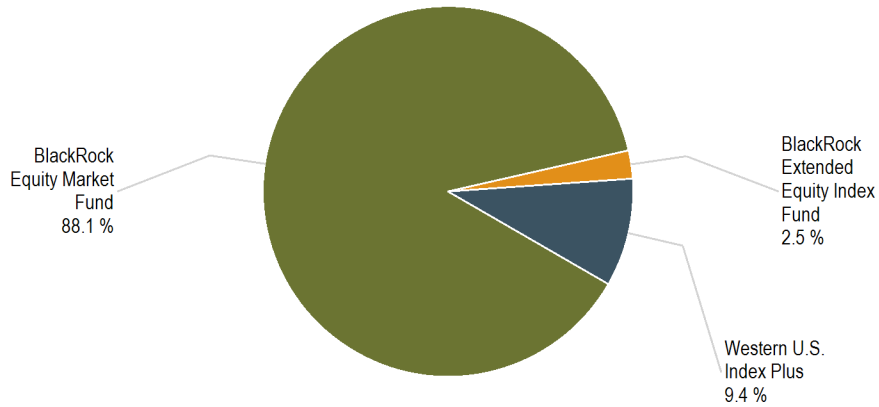
Total U.S. Equity



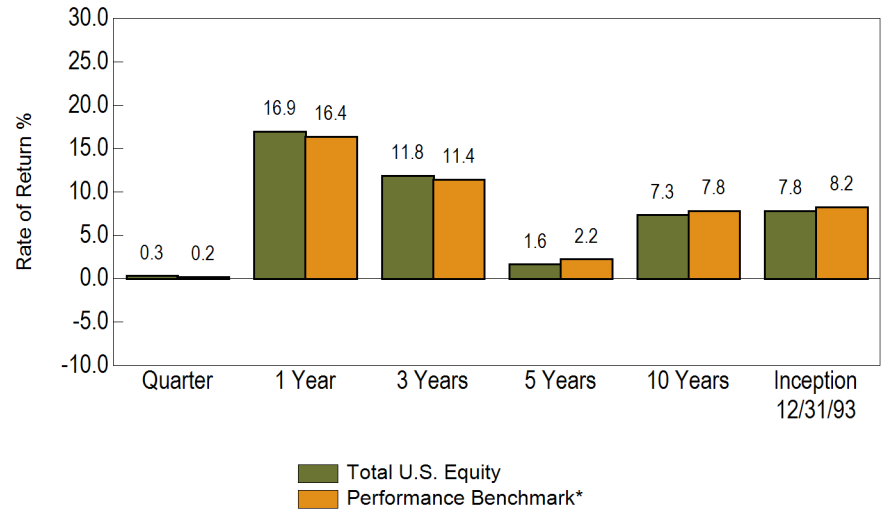
# Overview

Benchmark: Performance Benchmark\*

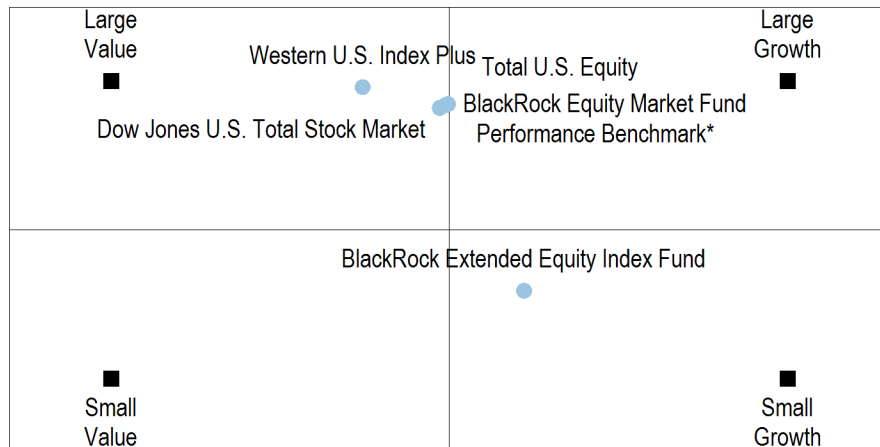
## Current Allocation



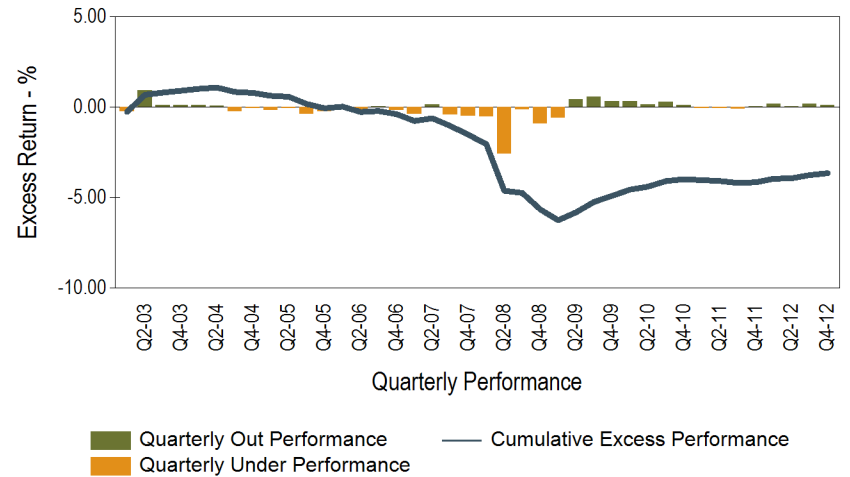
## Return Summary



## U.S. Effective Style Map 3 Years Ending December 31, 2012



## Quarterly and Cumulative Excess Performance



# Universe Comparison

Benchmark: Performance Benchmark\*

Universe: eA All US Equity Net

Ending December 31, 2012



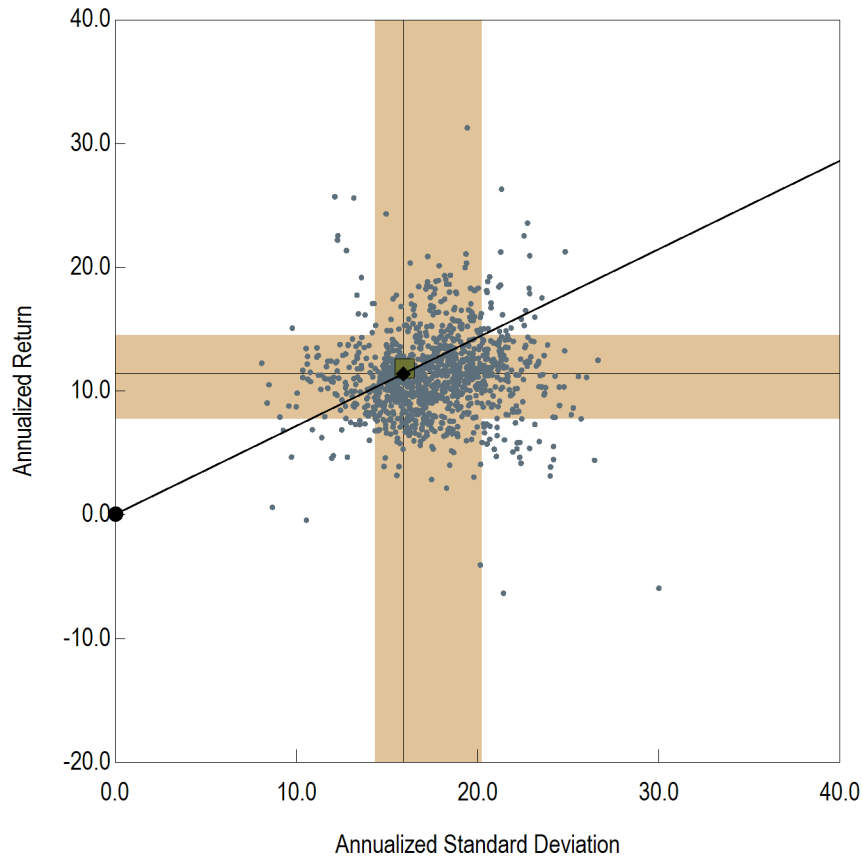
	Return (Rank)															
5th Percentile	5.0	22.4	17.1	7.9	13.3	22.4	8.4	34.5								
25th Percentile	2.7	17.7	12.8	4.5	10.7	17.7	2.1	25.9								
Median	1.0	15.3	11.1	2.7	9.1	15.3	-1.1	19.1								
75th Percentile	-0.6	12.3	9.3	0.9	7.5	12.3	-4.8	14.1								
95th Percentile	-2.9	6.8	6.4	-1.8	5.8	6.8	-11.0	8.9								
# of Portfolios	1,310	1,223	1,142	1,023	693	1,223	1,081	1,035								
● Total U.S. Equity	0.3	(61)	16.9	(32)	11.8	(39)	1.6	(67)	7.3	(80)	16.9	(32)	0.9	(35)	18.5	(53)
▲ Performance Benchmark*	0.2	(63)	16.4	(38)	11.4	(46)	2.2	(58)	7.8	(72)	16.4	(38)	1.1	(33)	17.5	(58)

Risk Profile

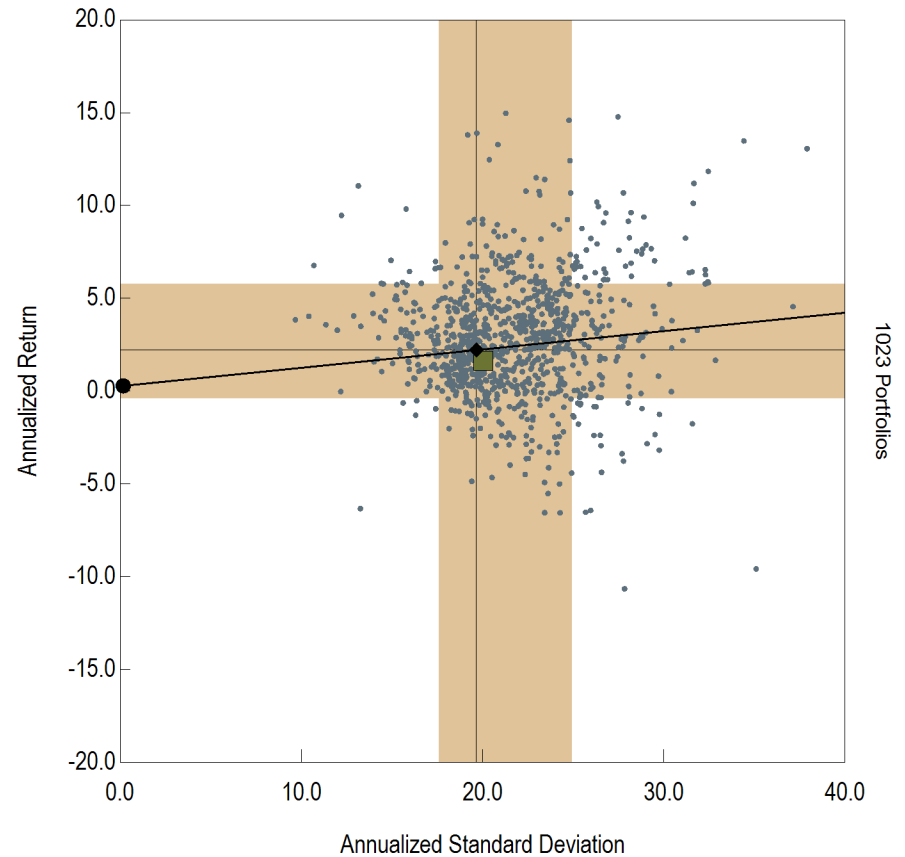
Benchmark: Performance Benchmark\*

Universe: eA All US Equity Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012

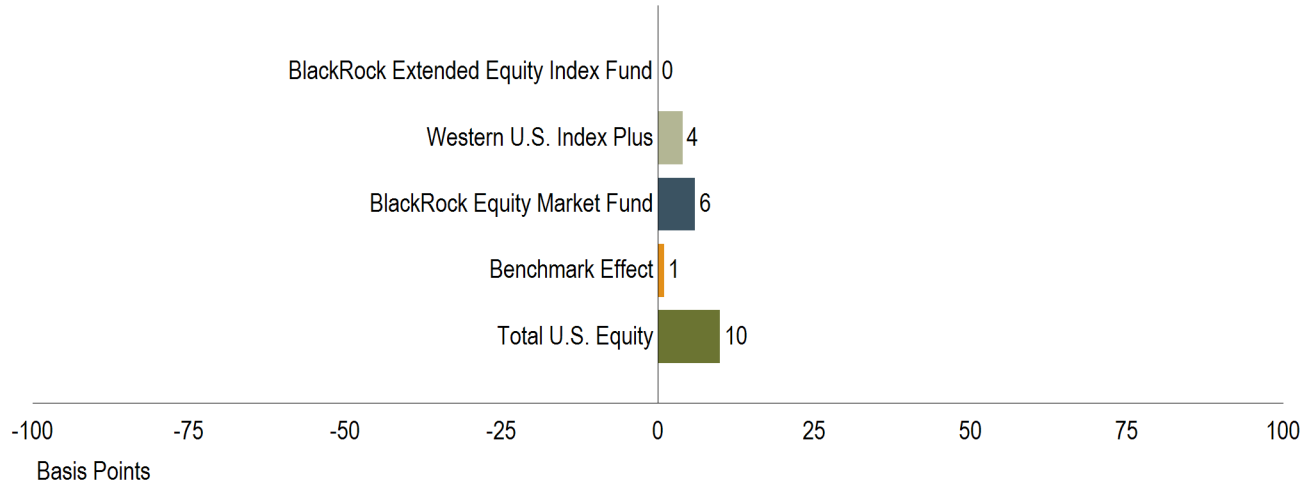


- Total U.S. Equity
- ◆ Performance Benchmark\*
- Risk Free
- 68% Confidence Interval
- eA All US Equity Net

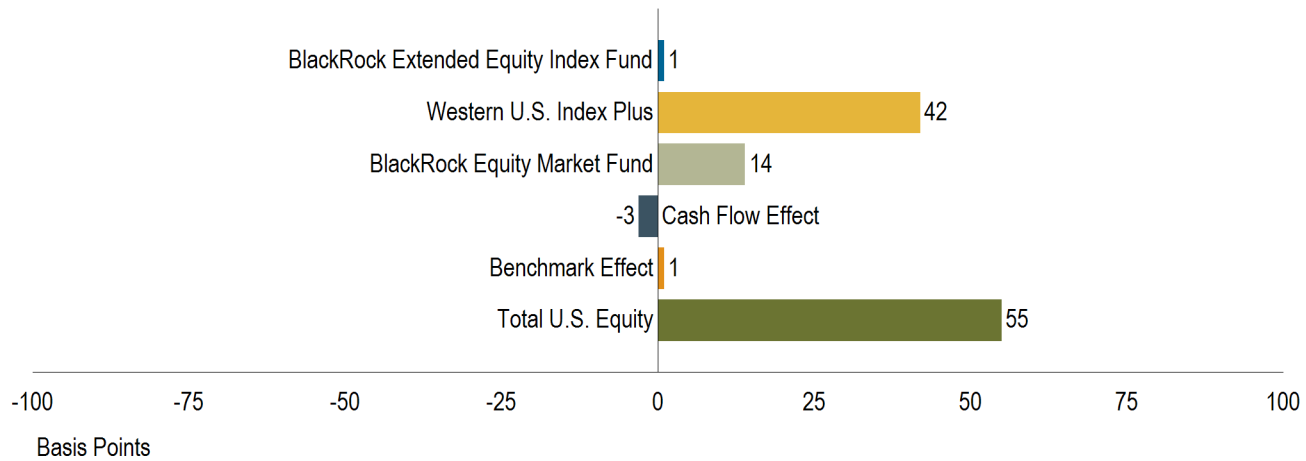
- Total U.S. Equity
- ◆ Performance Benchmark\*
- Risk Free
- 68% Confidence Interval
- eA All US Equity Net

# Attribution

**MANAGER ATTRIBUTION ANALYSIS**  
**3 MONTHS ENDING 12/31/12**



**MANAGER ATTRIBUTION ANALYSIS**  
**1 YEAR ENDING 12/31/12**



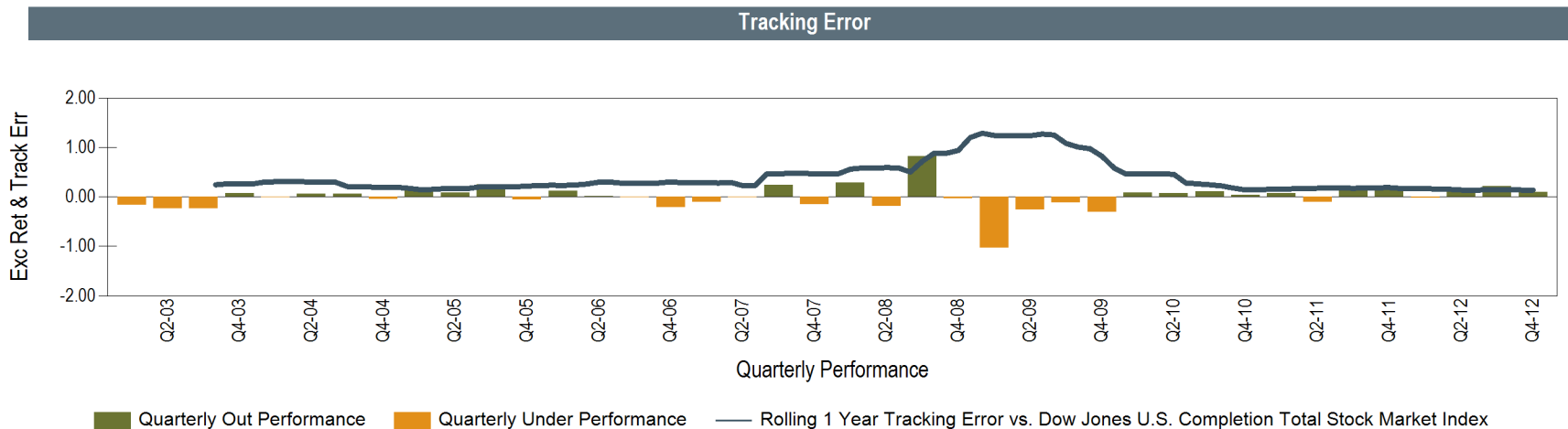
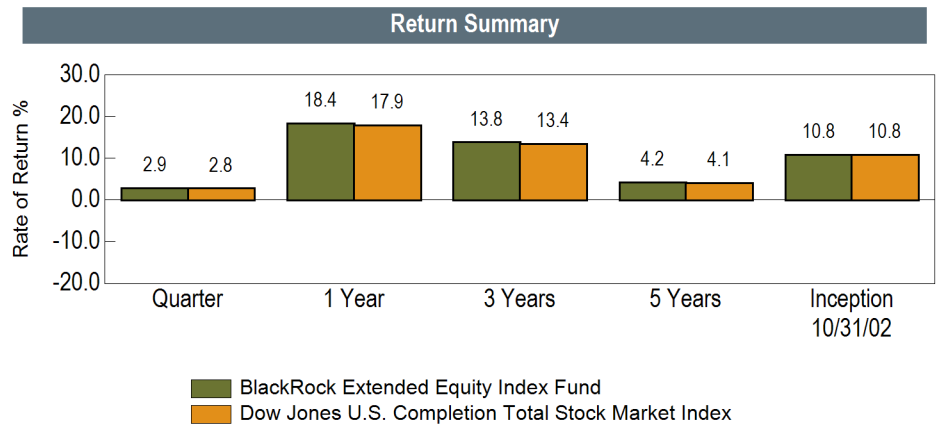
## Manager Performance

Benchmark: Dow Jones U.S. Completion Total Stock Market Index

The BlackRock Extended Market Index Fund provides investment in the U.S. equity market excluding those stocks represented in the S&P 500 Index. The Fund is passively managed using a "fund optimization" technique. The Fund typically invests all, or substantially all, assets in the 1,300 largest stocks in the Index and in a representative sample of the remainder. Stocks are selected based on appropriate industry weightings, market capitalizations, and certain fundamental characteristics (e.g. price/earnings ratio and dividend yield) that closely align the Fund's characteristics with those of its benchmark.

The Fund does not hold publicly traded partnerships (PTPs) because of their potential to distribute unrelated business taxable income. However, the DJ U.S. Completion Total Stock Market Index includes PTPs which result in the Fund experiencing tracking discrepancies. While there will likely be tracking discrepancies on a quarter-to-quarter basis, we expect the difference to be minimal over longer time periods.

Account Information	
Account Name	BlackRock Extended Equity Index Fund
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	10/31/02
Account Type	US Stock
Benchmark	Dow Jones U.S. Completion Total Stock Market Index
Universe	eA US Small-Mid Cap Equity Net

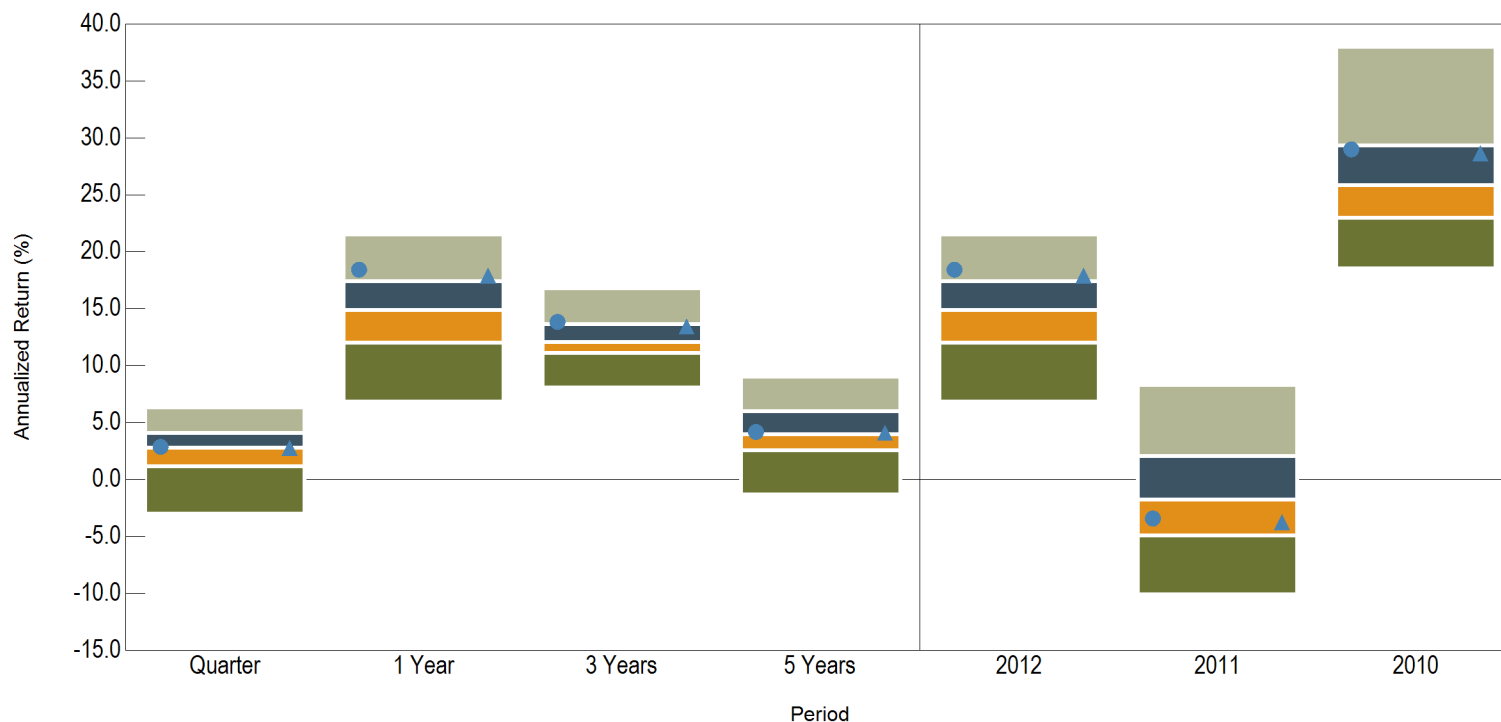


## Universe Comparison

Benchmark: Dow Jones U.S. Completion Total Stock Market Index

Universe: eA US Small-Mid Cap Equity Net

Ending December 31, 2012



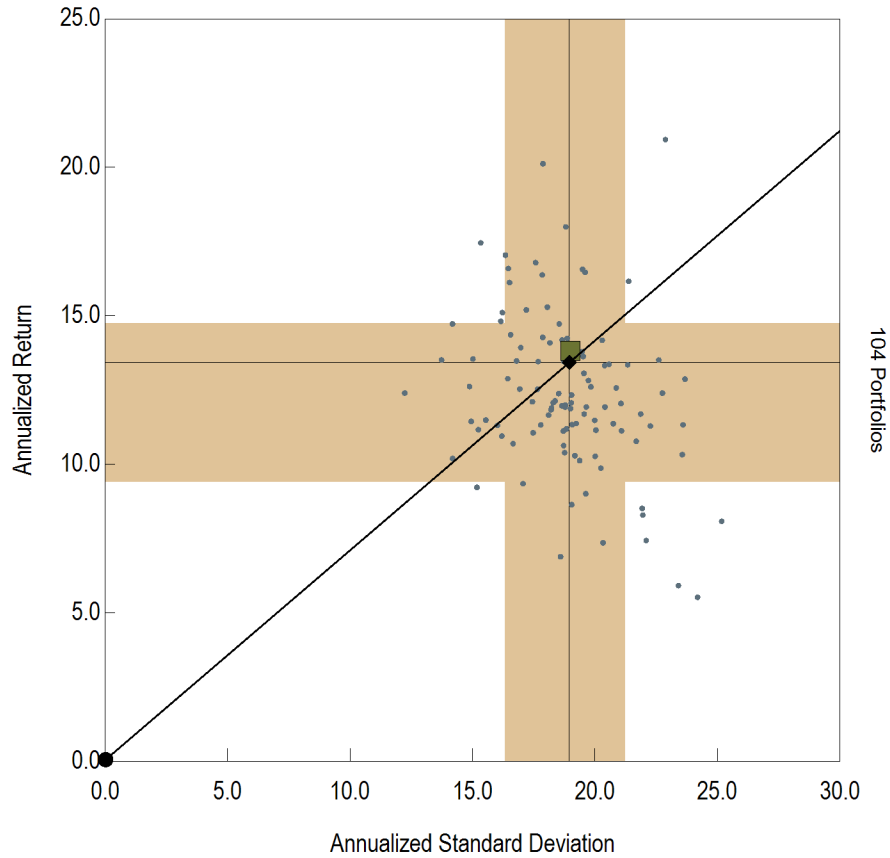
	Return (Rank)														
5th Percentile	6.3	21.5	16.8	9.0	21.5	8.3	38.0								
25th Percentile	4.1	17.5	13.7	6.0	17.5	2.1	29.3								
Median	2.8	14.9	12.1	4.0	14.9	-1.7	25.8								
75th Percentile	1.2	12.0	11.1	2.6	12.0	-4.9	23.0								
95th Percentile	-3.0	6.9	8.1	-1.3	6.9	-10.1	18.5								
# of Portfolios	124	115	104	93	115	93	89								
● BlackRock Extended Equity Index Fund	2.9	(50)	18.4	(18)	13.8	(25)	4.2	(49)	18.4	(18)	-3.4	(66)	29.0	(28)	
▲ Dow Jones U.S. Completion Total Stock Mark	2.8	(51)	17.9	(22)	13.4	(32)	4.1	(50)	17.9	(22)	-3.8	(67)	28.6	(34)	

Risk Profile

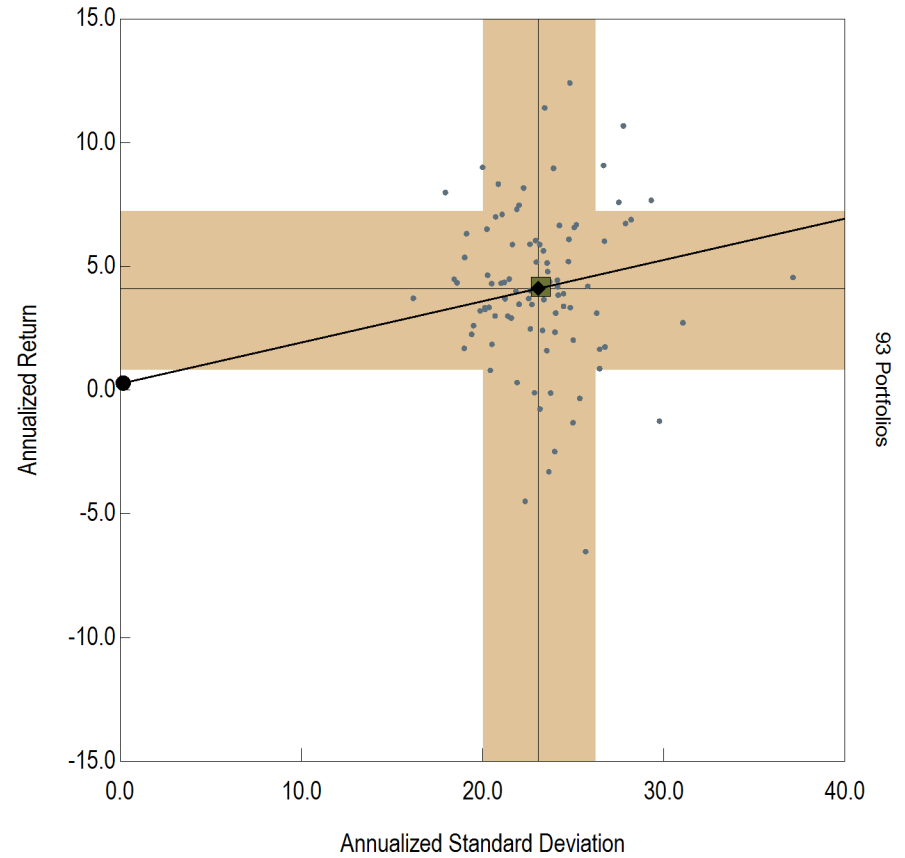
Benchmark: Dow Jones U.S. Completion Total Stock Market Index

Universe: eA US Small-Mid Cap Equity Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- BlackRock Extended Equity Index Fund
- ◆ Dow Jones U.S. Completion Total Stock Market Index
- Risk Free
- 68% Confidence Interval
- eA US Small-Mid Cap Equity Net

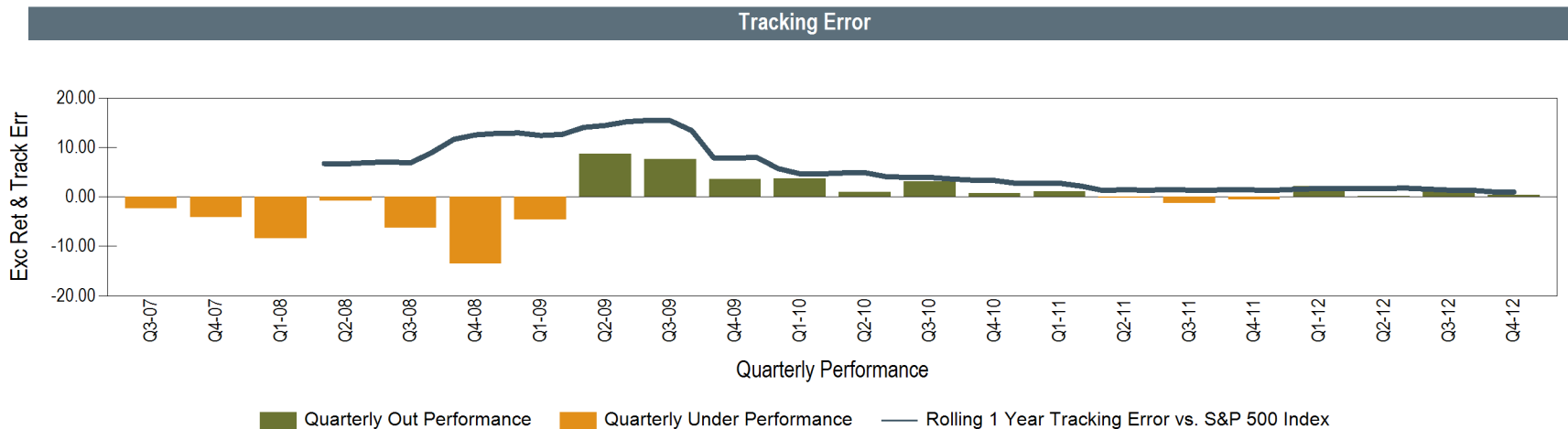
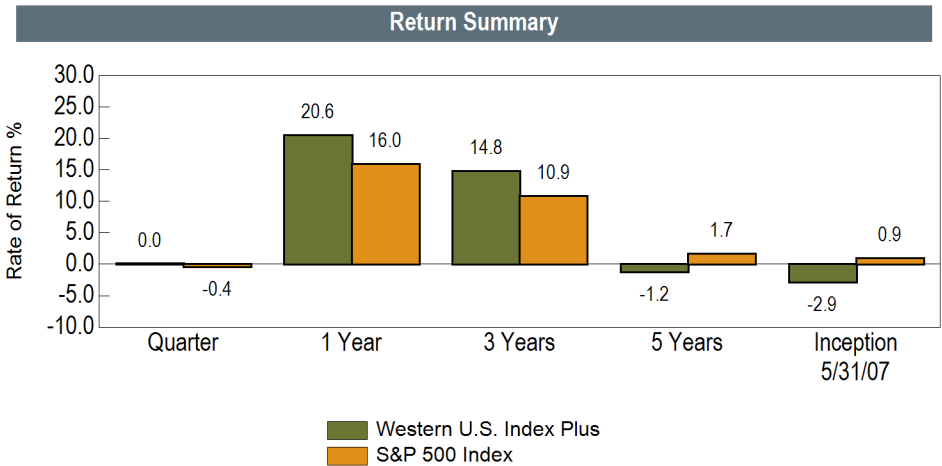
- BlackRock Extended Equity Index Fund
- ◆ Dow Jones U.S. Completion Total Stock Market Index
- Risk Free
- 68% Confidence Interval
- eA US Small-Mid Cap Equity Net

## Manager Performance

Benchmark: S&P 500 Index

Western employs a value-oriented investment approach that has proven successful in adding excess returns across various market cycles. This versatility comes from the manager's multiple sources of value-added and focus on finding long-term fundamental value. Western seeks to achieve balance between multiple sources of value added - duration management, yield curve positioning, sector allocation, and security selection - while diversifying risk. Western has one of the deepest teams of investment/risk professionals in the industry. The manager also has dedicated significant resources to analytics and risk management. We would highlight that active sector rotation and portfolio construction are key strengths of Western.

Account Information	
Account Name	<b>Western U.S. Index Plus</b>
Account Structure	<b>Separate Account</b>
Investment Style	<b>Passive</b>
Inception Date	<b>5/31/07</b>
Account Type	<b>US Stock</b>
Benchmark	<b>S&amp;P 500 Index</b>
Universe	<b>eA All US Equity Net</b>



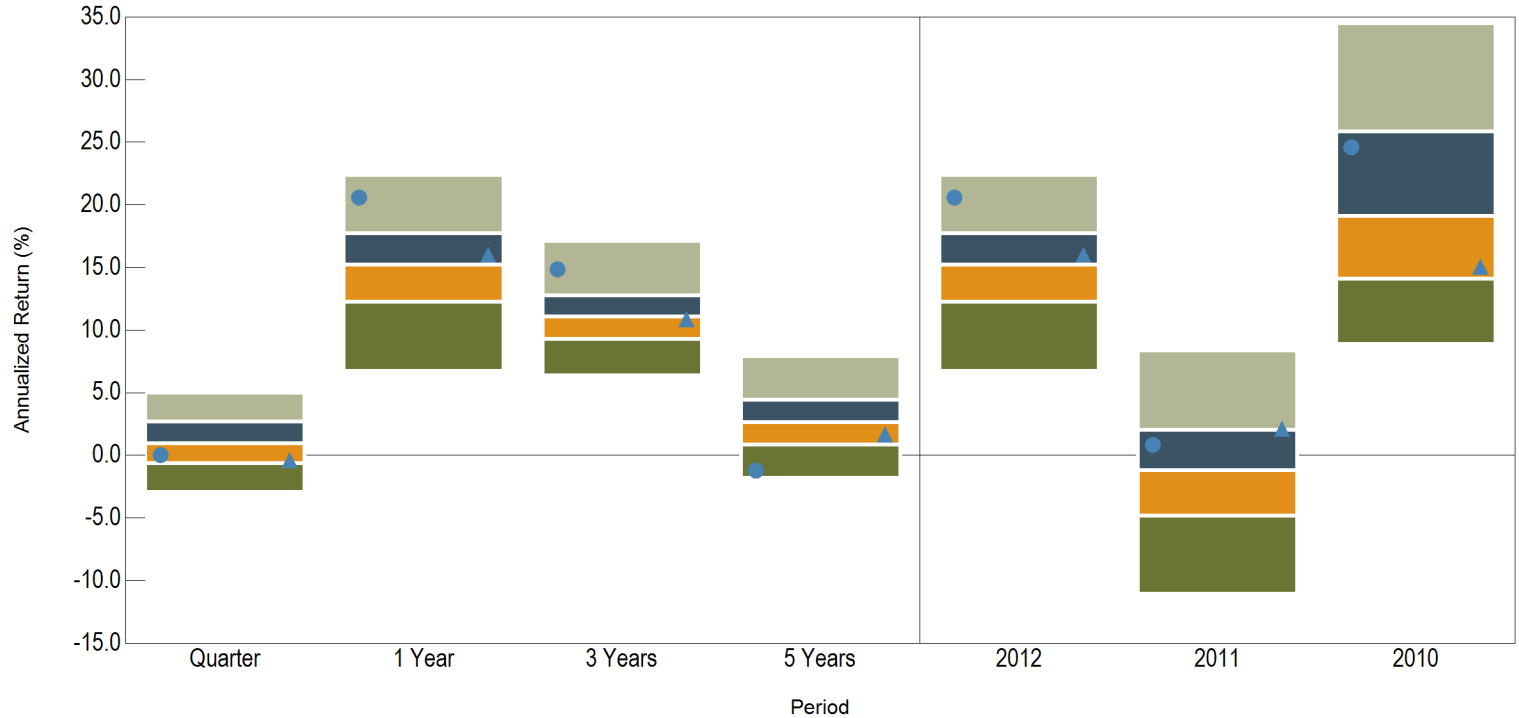


Universe Comparison

Benchmark: S&P 500 Index

Universe: eA All US Equity Net

Ending December 31, 2012



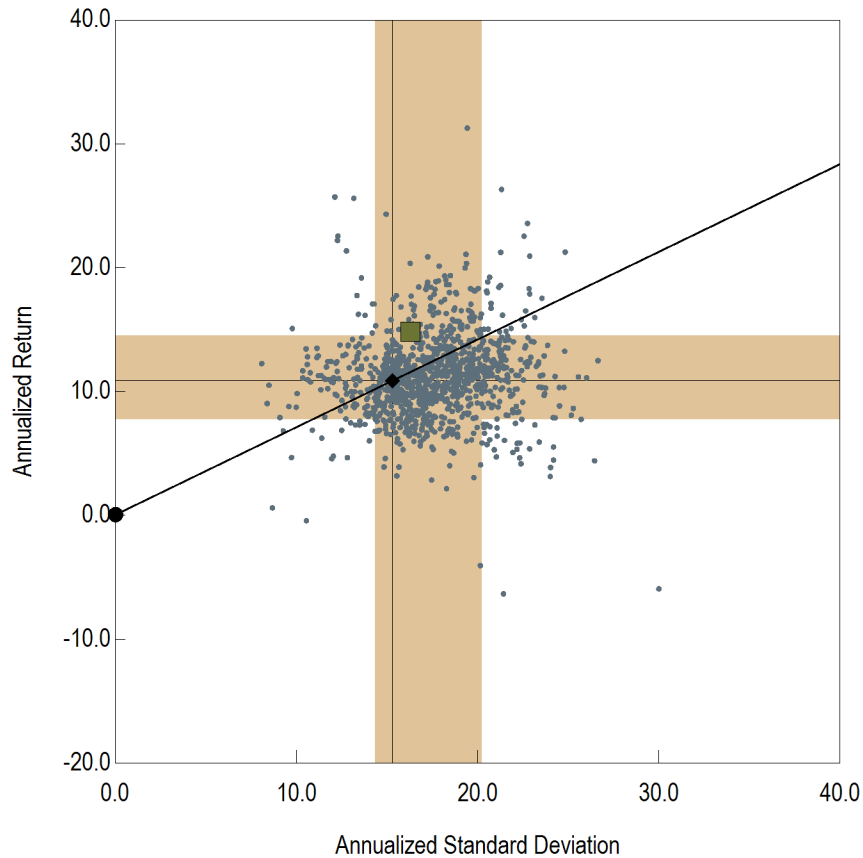
	Return (Rank)													
5th Percentile	5.0	22.4	17.1	7.9	22.4	8.4	34.5							
25th Percentile	2.7	17.7	12.8	4.5	17.7	2.1	25.9							
Median	1.0	15.3	11.1	2.7	15.3	-1.1	19.1							
75th Percentile	-0.6	12.3	9.3	0.9	12.3	-4.8	14.1							
95th Percentile	-2.9	6.8	6.4	-1.8	6.8	-11.0	8.9							
# of Portfolios	1,310	1,223	1,142	1,023	1,223	1,081	1,035							
● Western U.S. Index Plus	0.0	(65)	20.6	(10)	14.8	(12)	-1.2	(94)	20.6	(10)	0.8	(36)	24.6	(30)
▲ S&P 500 Index	-0.4	(72)	16.0	(42)	10.9	(55)	1.7	(65)	16.0	(42)	2.1	(25)	15.1	(69)

Risk Profile

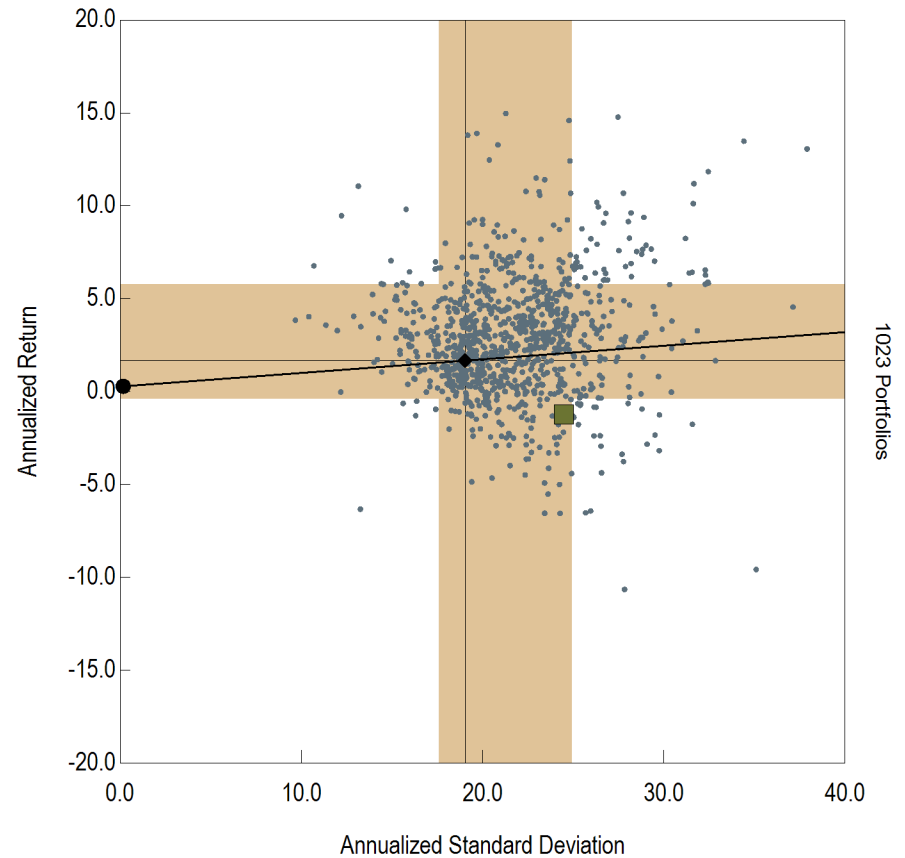
Benchmark: S&P 500 Index

Universe: eA All US Equity Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- Western U.S. Index Plus
- ◆ S&P 500 Index
- Risk Free
- 68% Confidence Interval
- eA All US Equity Net

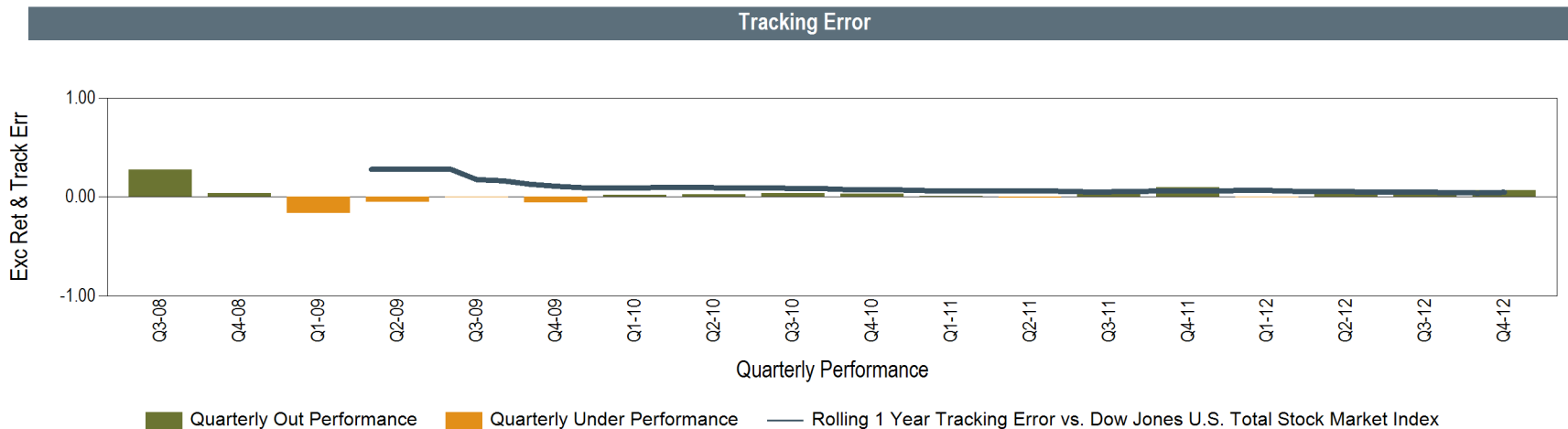
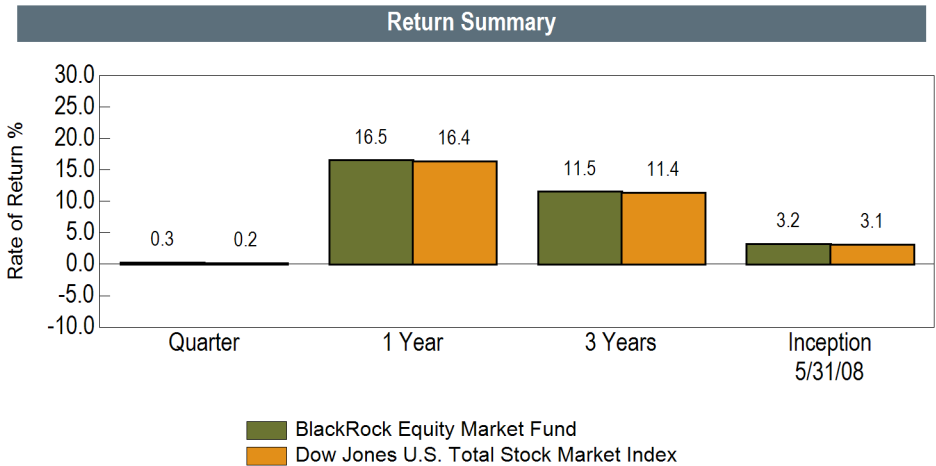
- Western U.S. Index Plus
- ◆ S&P 500 Index
- Risk Free
- 68% Confidence Interval
- eA All US Equity Net

## Manager Performance

Benchmark: Dow Jones U.S. Total Stock Market Index

The objective of the BlackRock U.S. Equity Market Fund is to approximate the return of the Dow Jones U.S. Total Stock Market Index. The Dow Jones U.S. Total Stock Market Index contains essentially all publicly traded stocks in the U.S. Accordingly, it is the broadest available measure of the domestic stock market.

Account Information	
Account Name	<b>BlackRock Equity Market Fund</b>
Account Structure	<b>Commingled Fund</b>
Investment Style	<b>Passive</b>
Inception Date	<b>5/31/08</b>
Account Type	<b>US Stock</b>
Benchmark	<b>Dow Jones U.S. Total Stock Market Index</b>
Universe	<b>eA All US Equity Net</b>

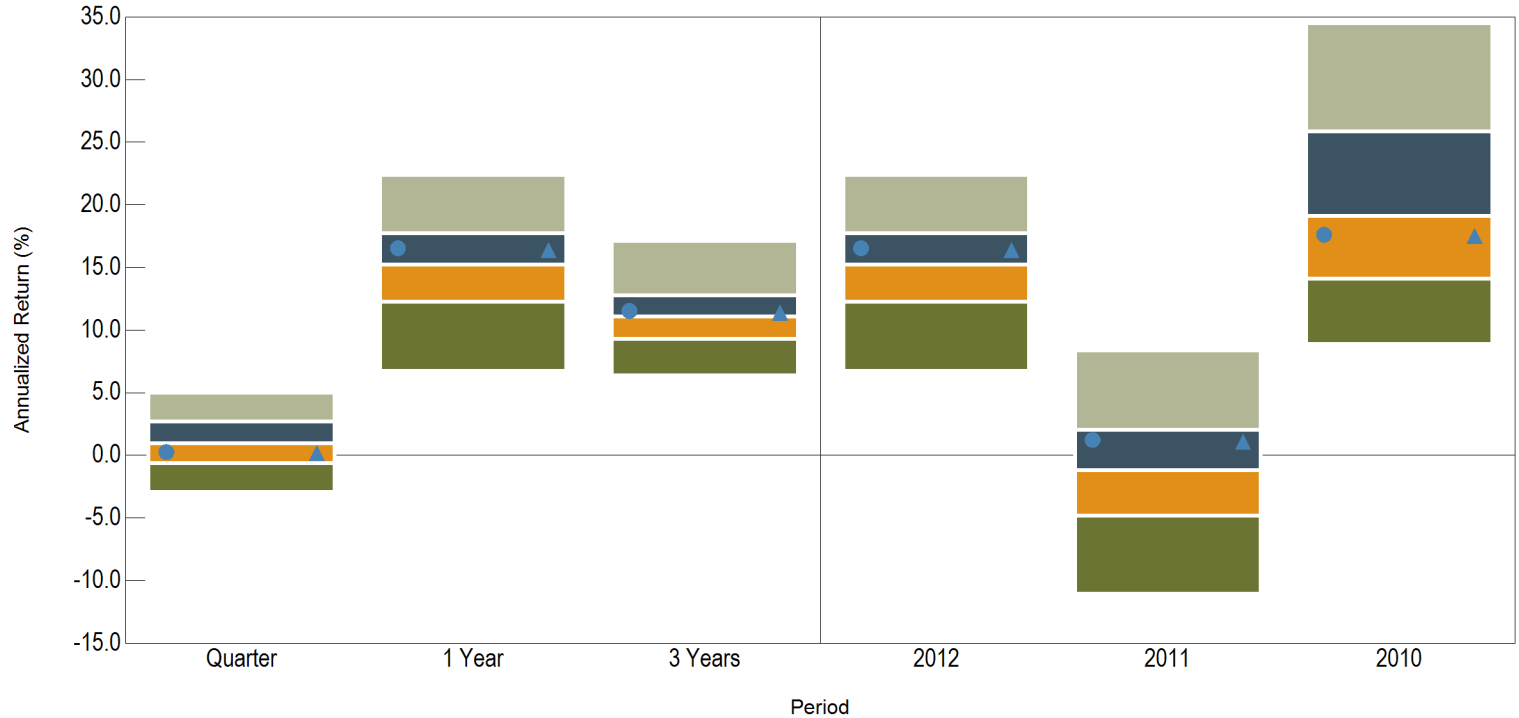


Universe Comparison

Benchmark: Dow Jones U.S. Total Stock Market Index

Universe: eA All US Equity Net

Ending December 31, 2012



	Return (Rank)											
5th Percentile	5.0		22.4		17.1		22.4		8.4		34.5	
25th Percentile	2.7		17.7		12.8		17.7		2.1		25.9	
Median	1.0		15.3		11.1		15.3		-1.1		19.1	
75th Percentile	-0.6		12.3		9.3		12.3		-4.8		14.1	
95th Percentile	-2.9		6.8		6.4		6.8		-11.0		8.9	
# of Portfolios	1,310		1,223		1,142		1,223		1,081		1,035	
● BlackRock Equity Market Fund	0.3	(62)	16.5	(36)	11.5	(43)	16.5	(36)	1.2	(32)	17.6	(57)
▲ Dow Jones U.S. Total Stock Market Index	0.2	(63)	16.4	(38)	11.4	(46)	16.4	(38)	1.1	(33)	17.5	(58)

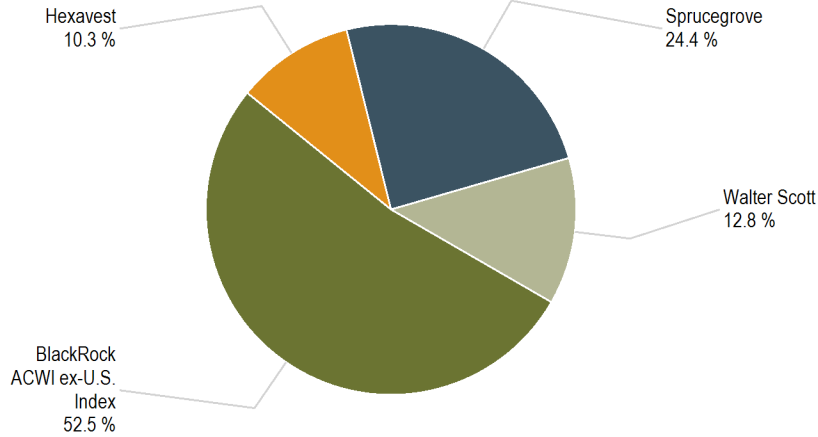


Total Non-U.S. Equity

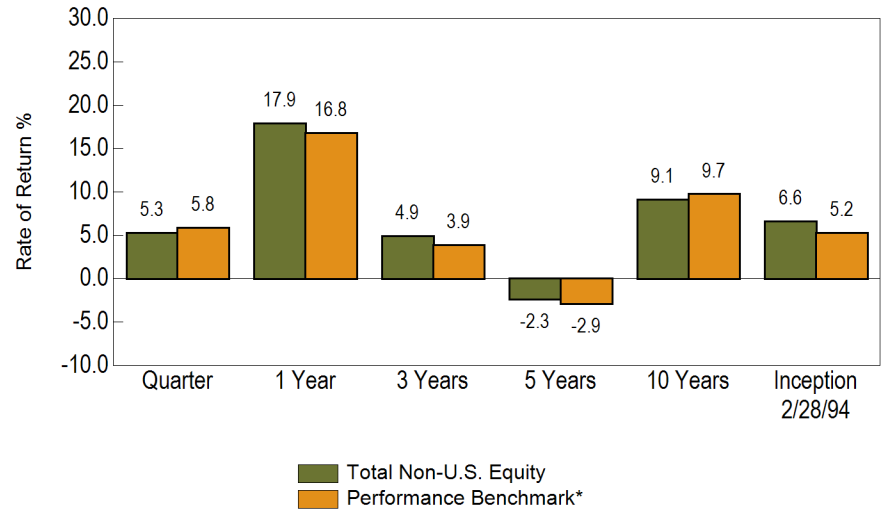
# Overview

Benchmark: Performance Benchmark\*

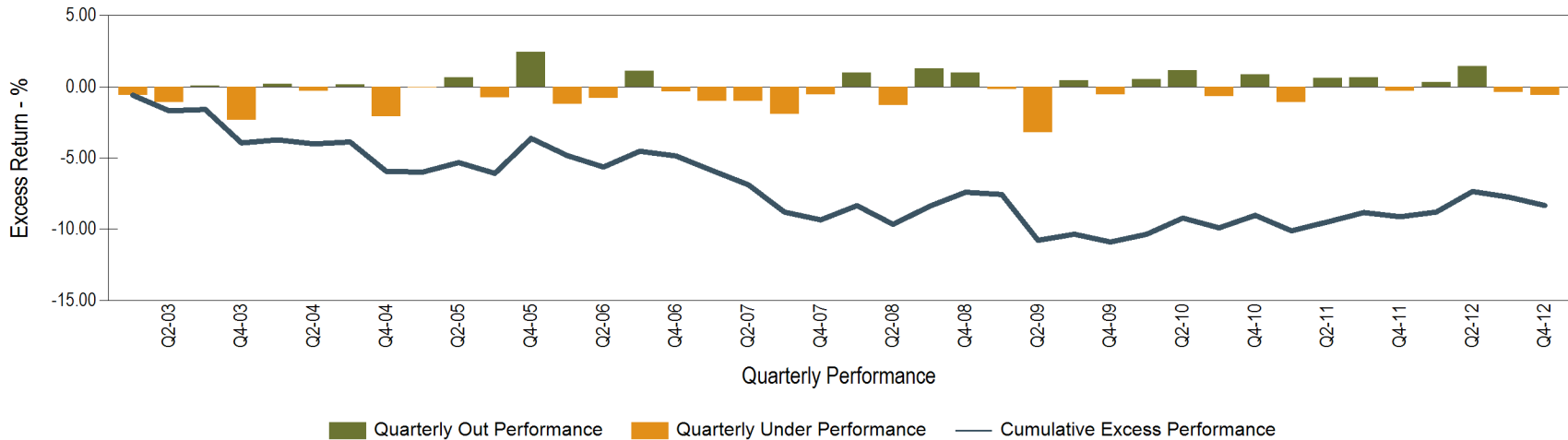
## Current Allocation



## Return Summary



## Quarterly and Cumulative Excess Performance

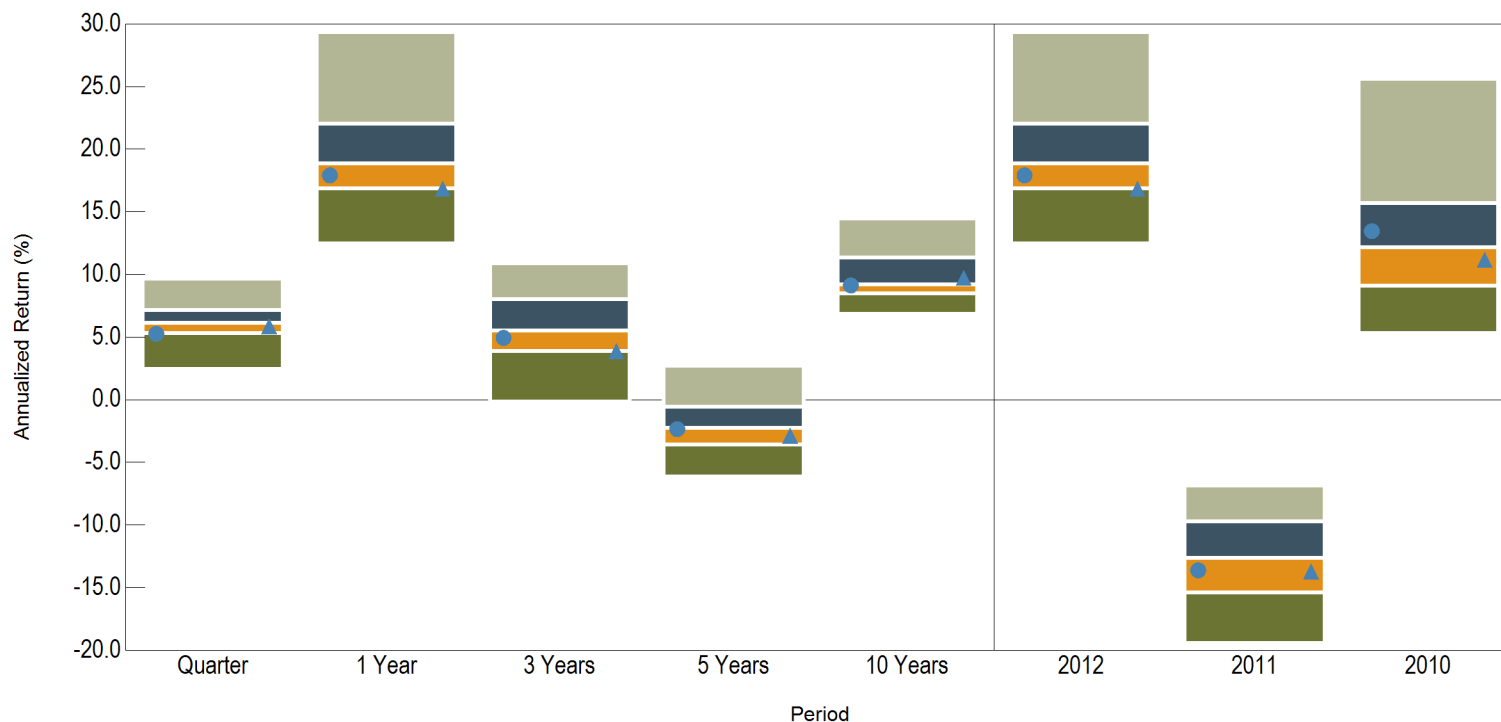


## Universe Comparison

Benchmark: Performance Benchmark\*

Universe: eA All EAFE Equity Net

Ending December 31, 2012



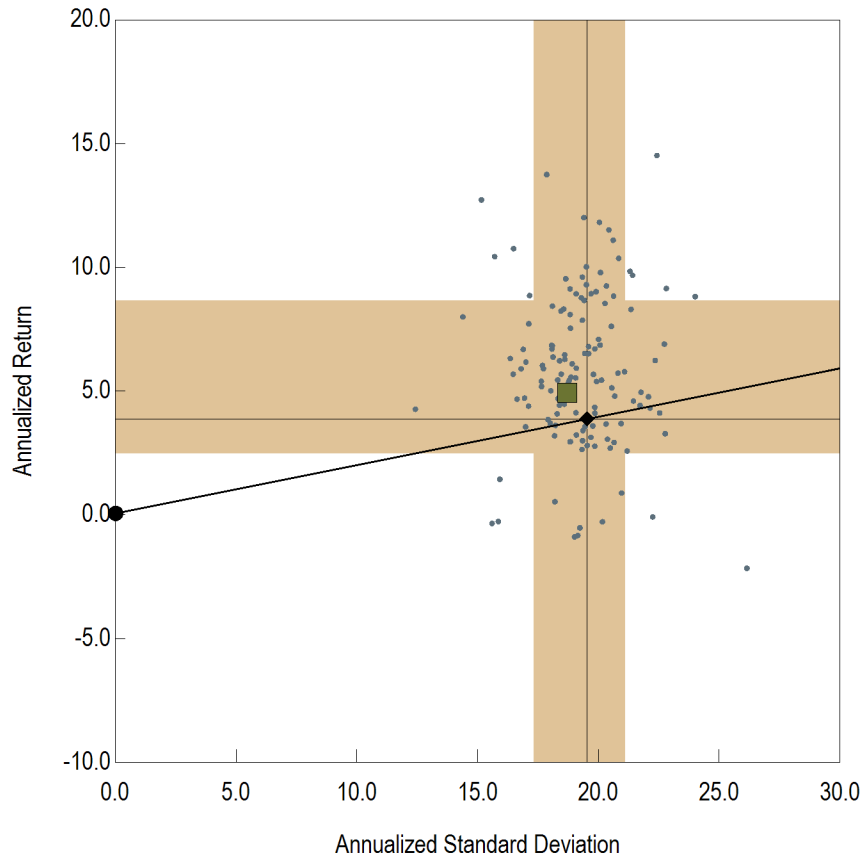
	Return (Rank)															
5th Percentile	9.6	29.3	10.9	2.7	14.5	29.3	-6.9	25.6								
25th Percentile	7.2	22.1	8.0	-0.5	11.4	22.1	-9.7	15.7								
Median	6.2	18.9	5.6	-2.2	9.2	18.9	-12.6	12.2								
75th Percentile	5.3	16.9	3.9	-3.5	8.5	16.9	-15.4	9.1								
95th Percentile	2.5	12.5	-0.1	-6.1	6.9	12.5	-19.4	5.3								
# of Portfolios	149	144	135	121	78	144	129	143								
● Total Non-U.S. Equity	5.3	(77)	17.9	(63)	4.9	(59)	-2.3	(51)	9.1	(59)	17.9	(63)	-13.6	(59)	13.5	(38)
▲ Performance Benchmark*	5.8	(60)	16.8	(77)	3.9	(76)	-2.9	(61)	9.7	(37)	16.8	(77)	-13.7	(60)	11.2	(54)

Risk Profile

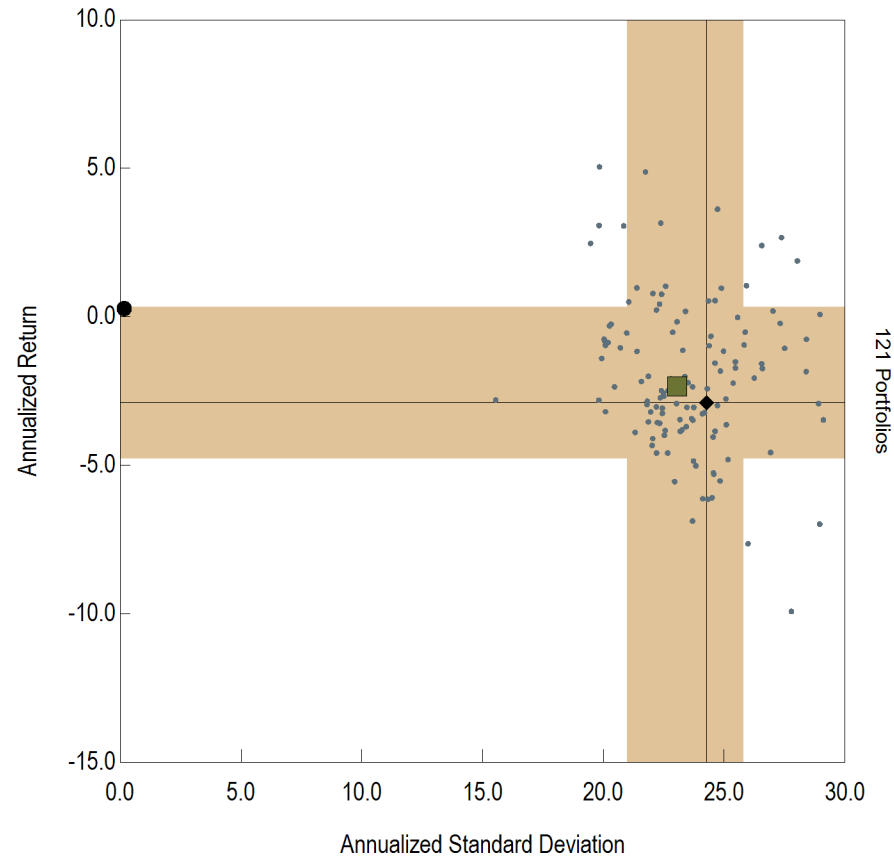
Benchmark: Performance Benchmark\*

Universe: eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



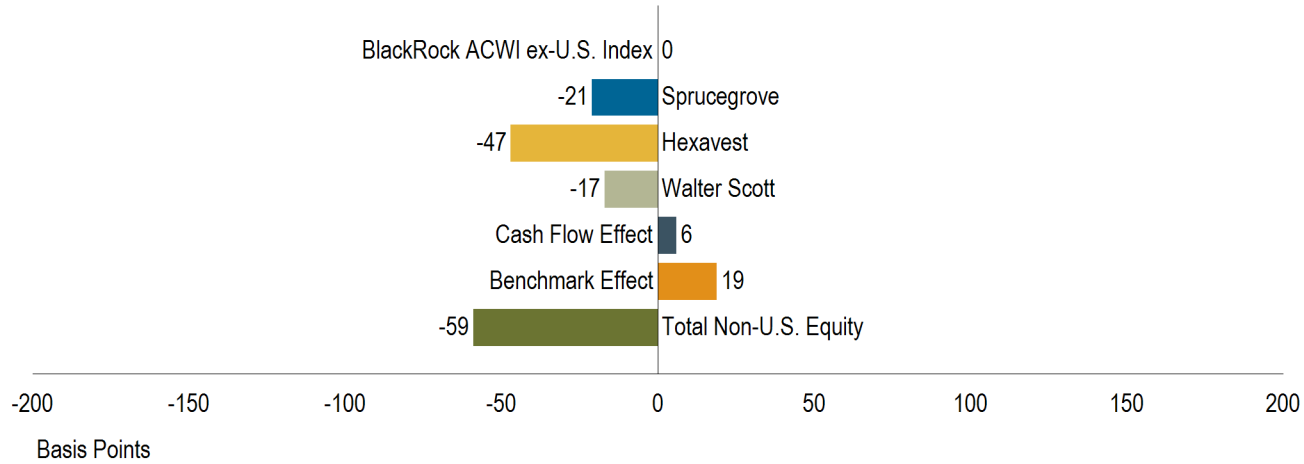
- Total Non-U.S. Equity
- ◆ Performance Benchmark\*
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

- Total Non-U.S. Equity
- ◆ Performance Benchmark\*
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

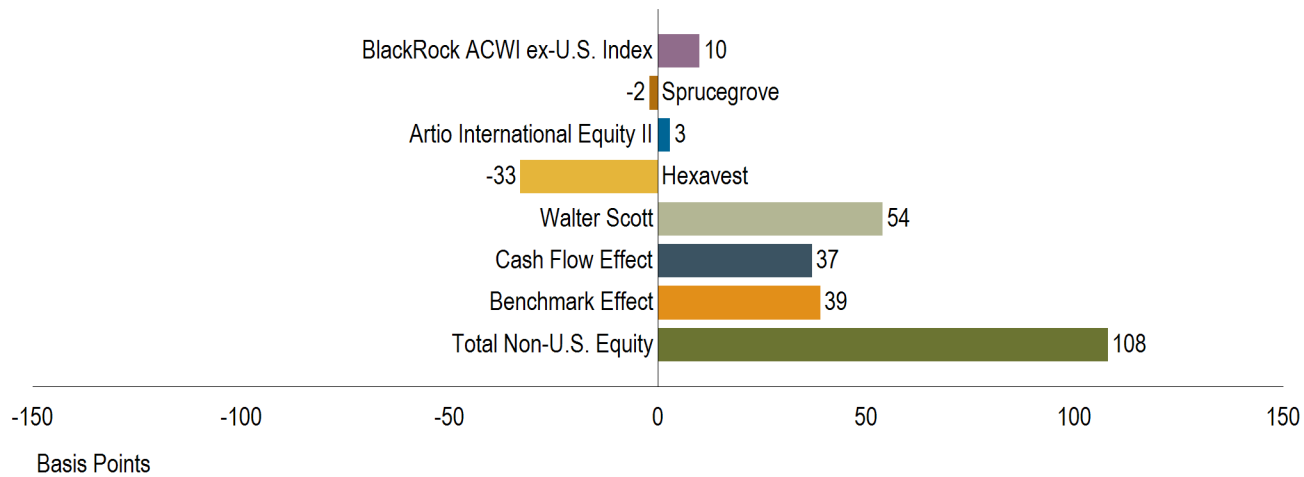


# Attribution

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 12/31/12**



**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 12/31/12**

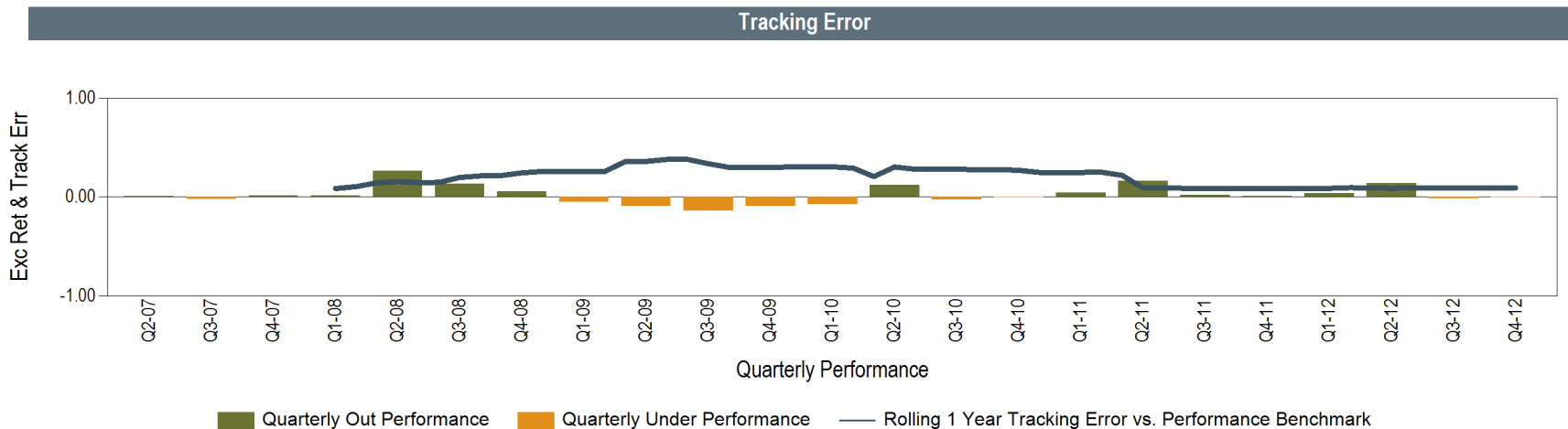
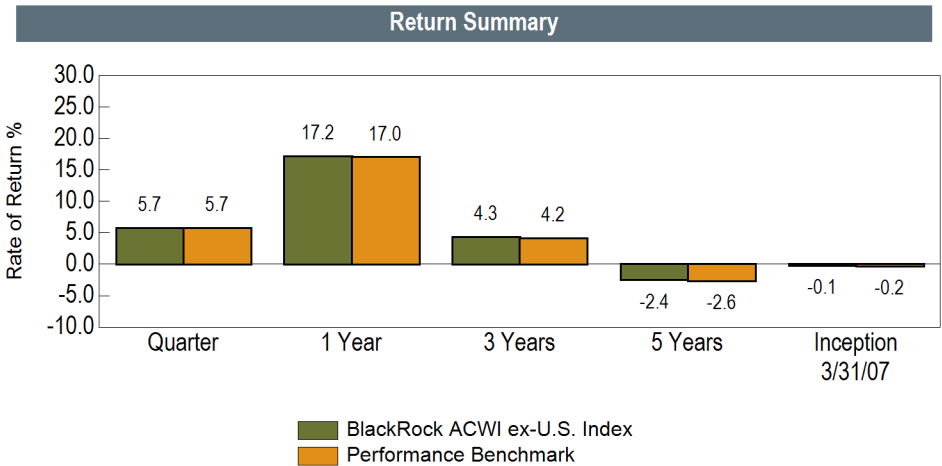


## Manager Performance

Benchmark: Performance Benchmark

The BlackRock ACWI ex-U.S. Index Fund is designed to track the performance and risk characteristics of the MSCI All Country World ex-U.S. IM Index.

Account Information	
Account Name	BlackRock ACWI ex-U.S. Index
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	3/31/07
Account Type	Non-U.S. Stock - All
Benchmark	Performance Benchmark
Universe	eA All EAFE Equity Net

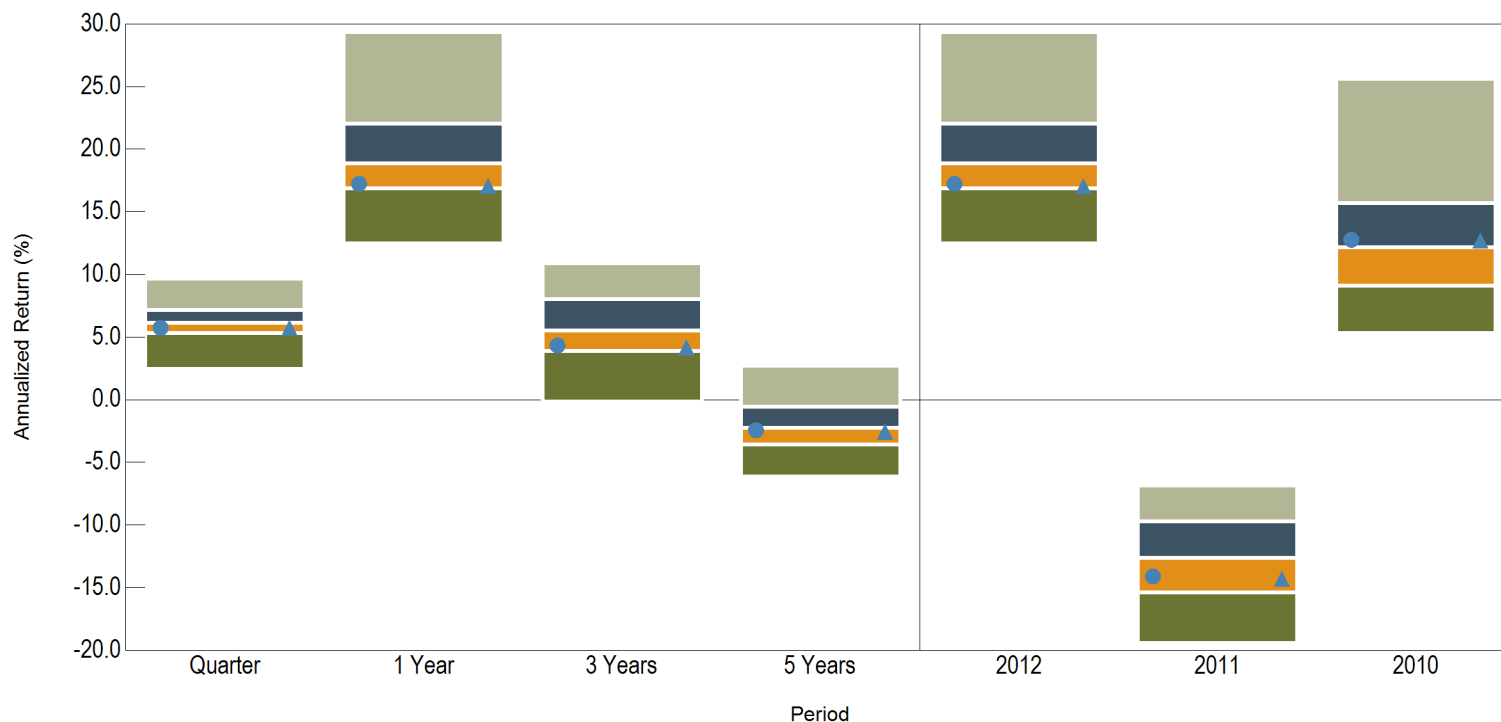


# Universe Comparison

Benchmark: Performance Benchmark

Universe: eA All EAFE Equity Net

Ending December 31, 2012



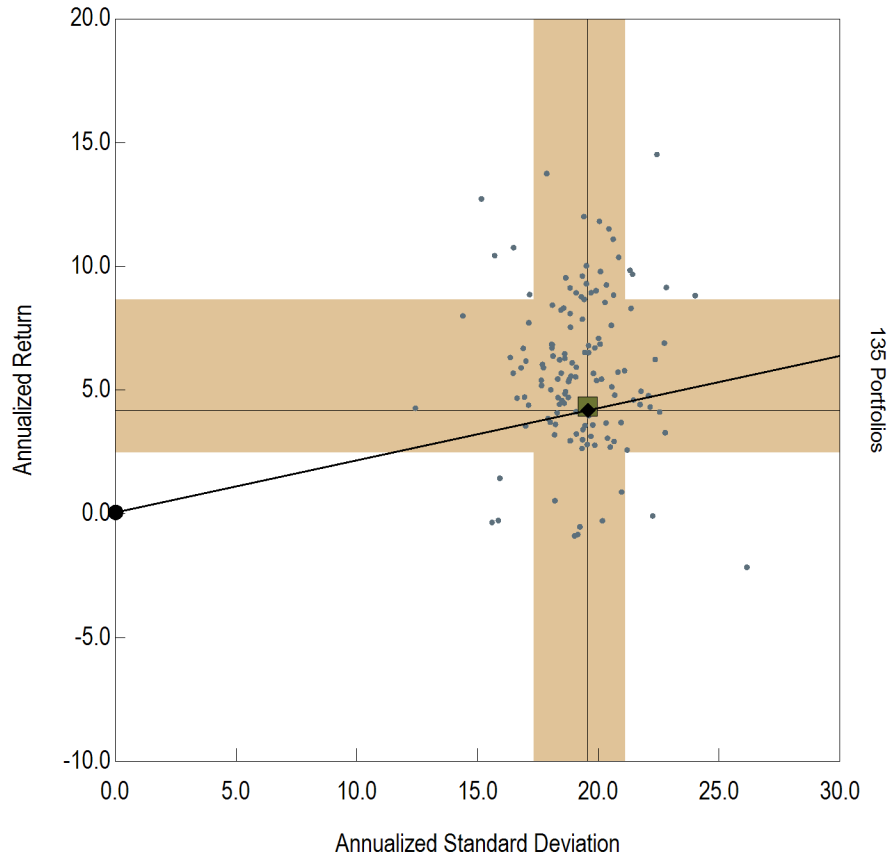
	Return (Rank)																				
5th Percentile	9.6	29.3	10.9	2.7	29.3	-6.9	25.6	5.7	(64)	17.2	(72)	4.3	(70)	-2.4	(53)	17.2	(72)	-14.1	(65)	12.8	(45)
25th Percentile	7.2	22.1	8.0	-0.5	22.1	-9.7	15.7	5.7	(64)	17.0	(74)	4.2	(72)	-2.6	(55)	17.0	(74)	-14.3	(66)	12.7	(45)
Median	6.2	18.9	5.6	-2.2	18.9	-12.6	12.2														
75th Percentile	5.3	16.9	3.9	-3.5	16.9	-15.4	9.1														
95th Percentile	2.5	12.5	-0.1	-6.1	12.5	-19.4	5.3														
# of Portfolios	149	144	135	121	144	129	143														

Risk Profile

Benchmark: Performance Benchmark

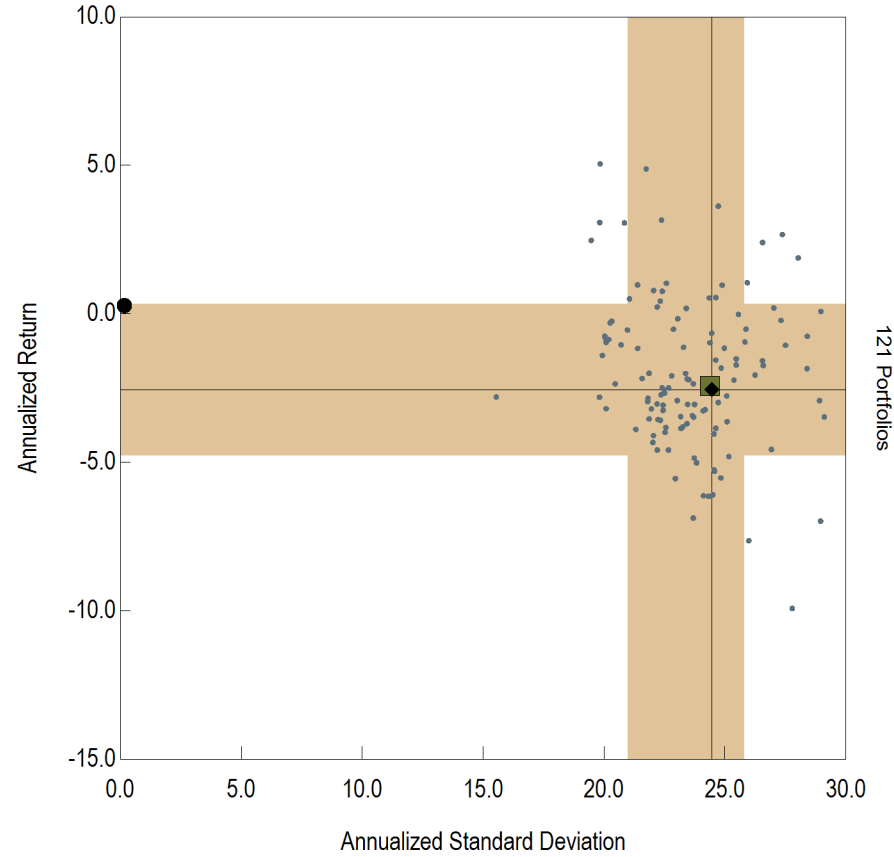
Universe: eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



- BlackRock ACWI ex-U.S. Index
- ◆ Performance Benchmark
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- BlackRock ACWI ex-U.S. Index
- ◆ Performance Benchmark
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

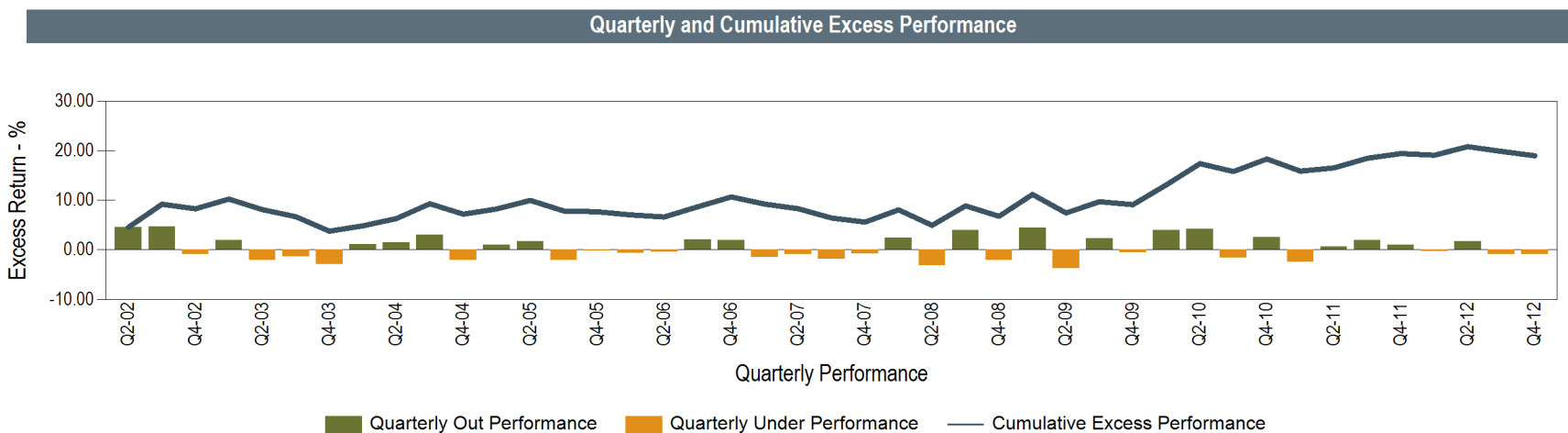
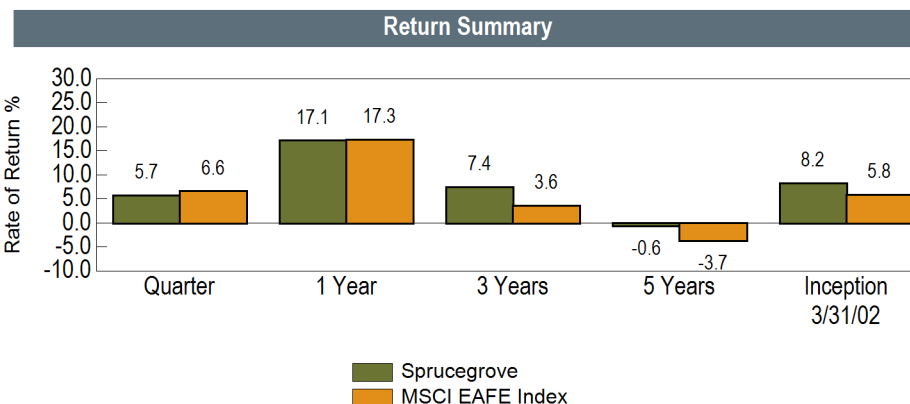
## Manager Performance

Benchmark: MSCI EAFE Index

Sprucegrove is a value manager, following a bottom-up approach, and seeking to invest in quality companies selling at attractive valuations. As a value manager, Sprucegrove believes that the international markets are inefficient and by maintaining a long term perspective, they can capitalize on mispricings in the market. Investment objectives are: to maximize the long-term rate of return while preserving the investment capital of the fund by avoiding investment strategies that expose fund assets to excessive risk; to outperform the benchmark over a full market cycle; and to achieve a high ranking relative to similar funds over a market cycle.

High emphasis is given to balance sheet fundamentals, historical operating results, and company management. If a company is truly promising, the portfolio management team instructs the analyst to do a full research report to ensure the company qualifies for inclusion in Sprucegrove's investable universe. There are approximately 300 companies on Sprucegrove's working list.

Account Information	
Account Name	<b>Sprucegrove</b>
Account Structure	<b>Commingled Fund</b>
Investment Style	<b>Active</b>
Inception Date	<b>3/31/02</b>
Account Type	<b>Non-U.S. Stock - All</b>
Benchmark	<b>MSCI EAFE Index</b>
Universe	<b>eA All EAFE Equity Net</b>

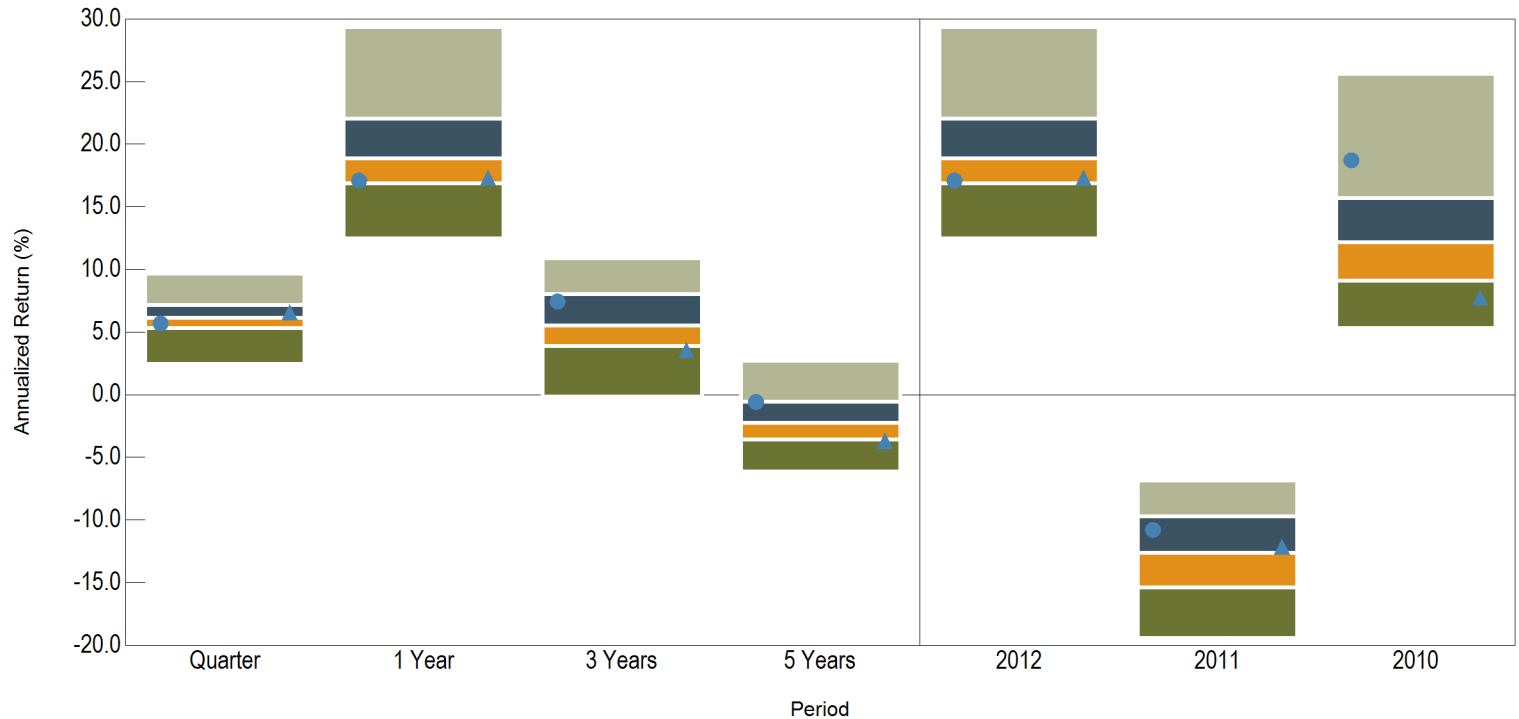


# Universe Comparison

Benchmark: MSCI EAFE Index

Universe: eA All EAFE Equity Net

Ending December 31, 2012



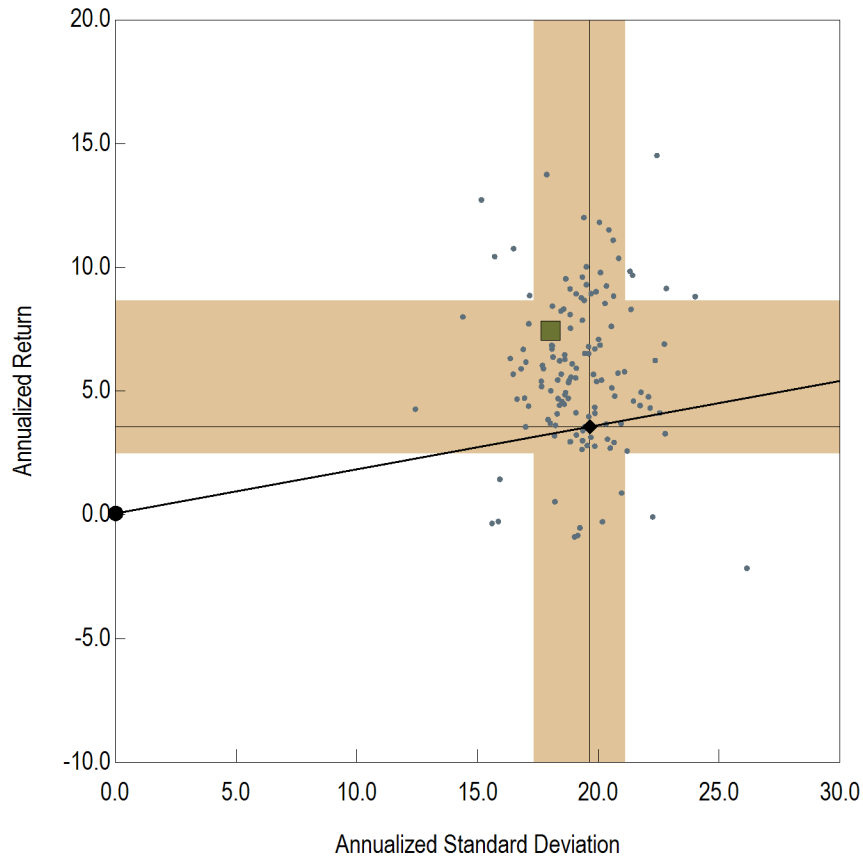
	Return (Rank)													
5th Percentile	9.6	29.3	10.9	2.7	29.3	-6.9	25.6							
25th Percentile	7.2	22.1	8.0	-0.5	22.1	-9.7	15.7							
Median	6.2	18.9	5.6	-2.2	18.9	-12.6	12.2							
75th Percentile	5.3	16.9	3.9	-3.5	16.9	-15.4	9.1							
95th Percentile	2.5	12.5	-0.1	-6.1	12.5	-19.4	5.3							
# of Portfolios	149	144	135	121	144	129	143							
● Sprucegrove	5.7	(65)	17.1	(73)	7.4	(29)	-0.6	(27)	17.1	(73)	-10.8	(31)	18.7	(15)
▲ MSCI EAFE Index	6.6	(41)	17.3	(72)	3.6	(81)	-3.7	(79)	17.3	(72)	-12.1	(45)	7.8	(83)

Risk Profile

Benchmark: MSCI EAFE Index

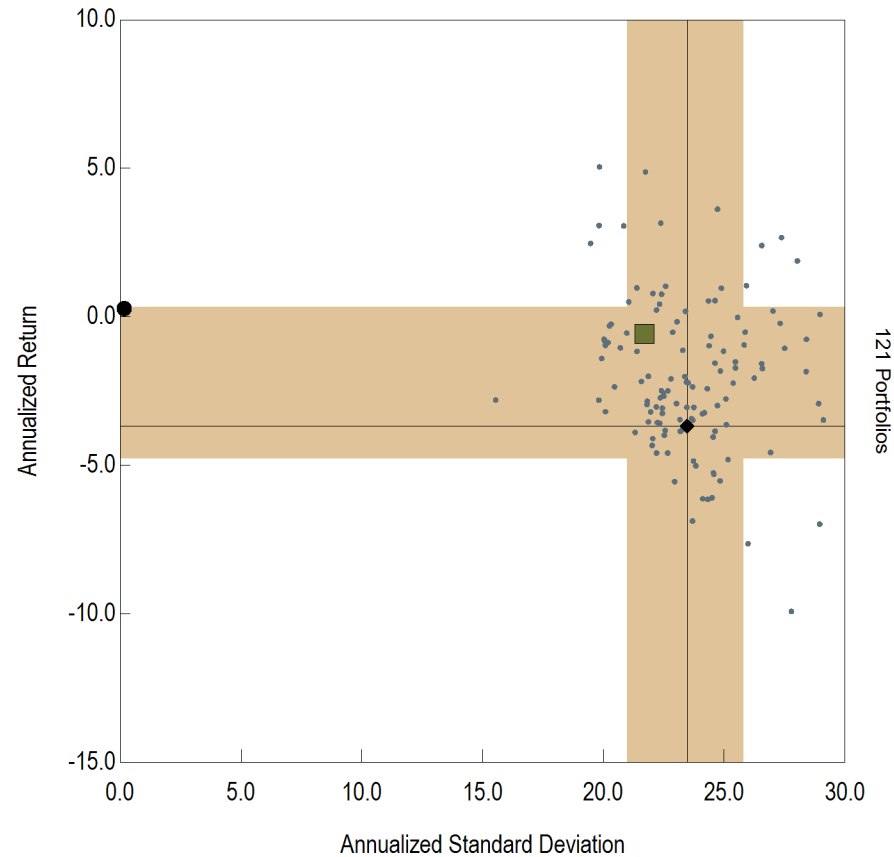
Universe: eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



- Sprucegrove
- ◆ MSCI EAFE Index
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- Sprucegrove
- ◆ MSCI EAFE Index
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

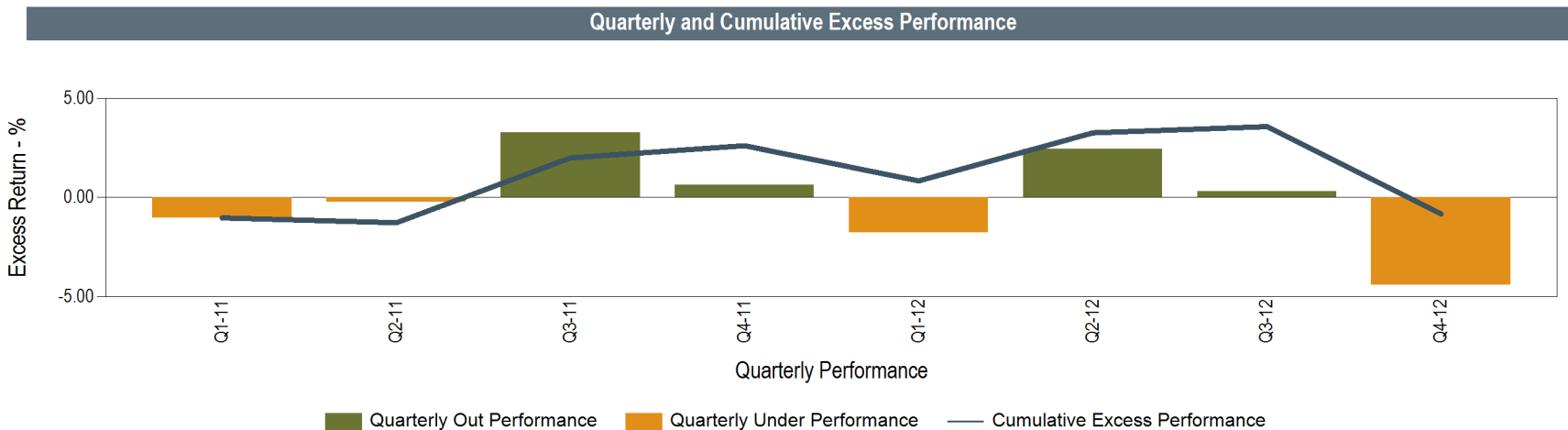
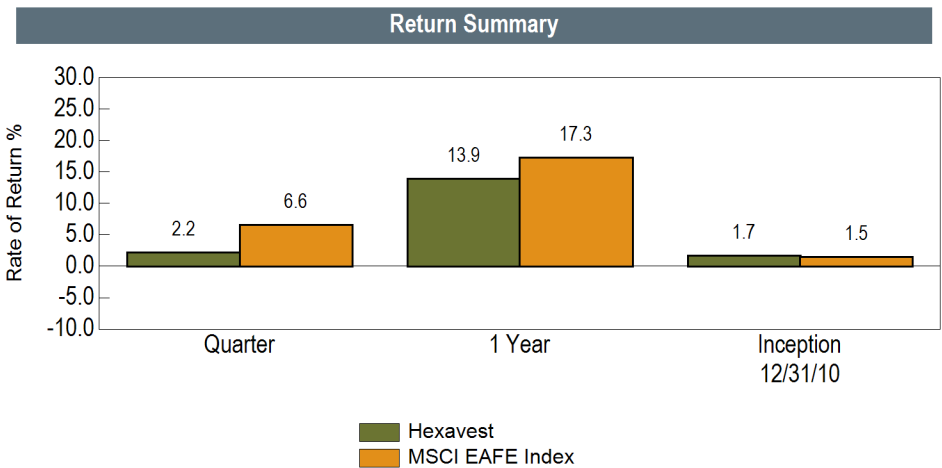
## Manager Performance

Benchmark: MSCI EAFE Index

The manager's investment process was established in the early 1990s and at the time was almost entirely macro-focused. The model was enhanced in 1999 to include a bottom-up component, expected to contribute 20% to the overall decision making, so that portfolio managers can fine tune the active positions to further express their market views.

Hexavest attempts to identify inconsistencies at a macro level by analyzing the following three factor groups: economic environment (e.g., growth and interest rates), valuation of the individual markets, and sentiment (e.g., momentum and risk).

Account Information	
Account Name	<b>Hexavest</b>
Account Structure	<b>Commingled Fund</b>
Investment Style	<b>Active</b>
Inception Date	<b>12/31/10</b>
Account Type	<b>Non-U.S. Stock - All</b>
Benchmark	<b>MSCI EAFE Index</b>
Universe	<b>eA All EAFE Equity Net</b>



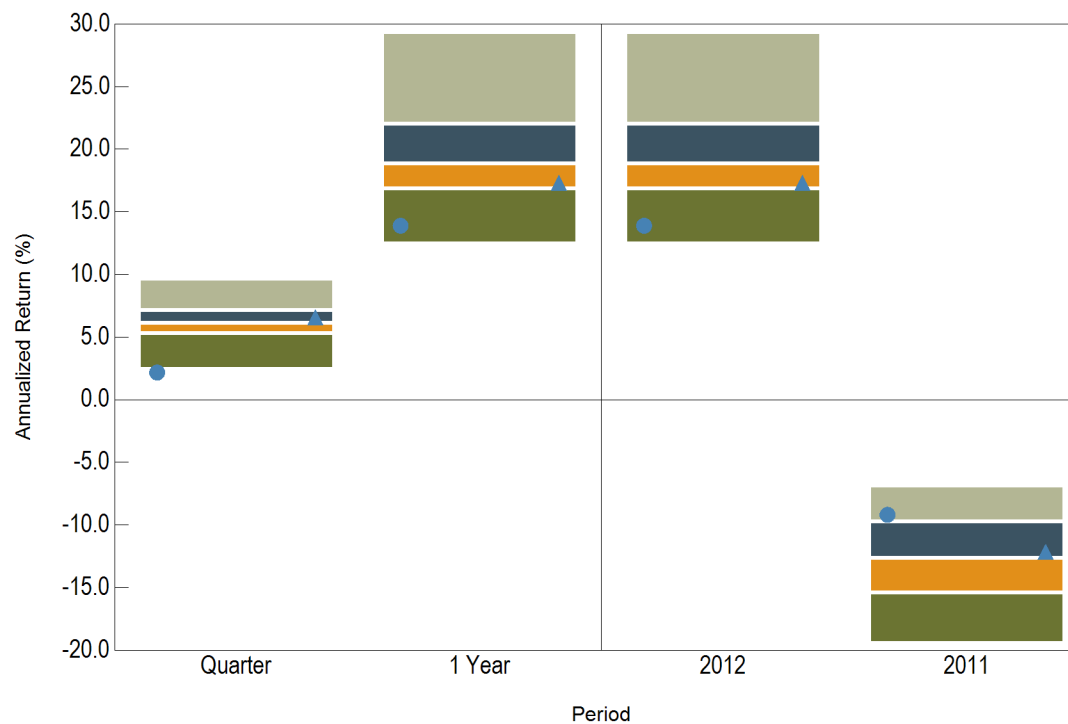


## Universe Comparison

Benchmark: MSCI EAFE Index

Universe: eA All EAFE Equity Net

Ending December 31, 2012



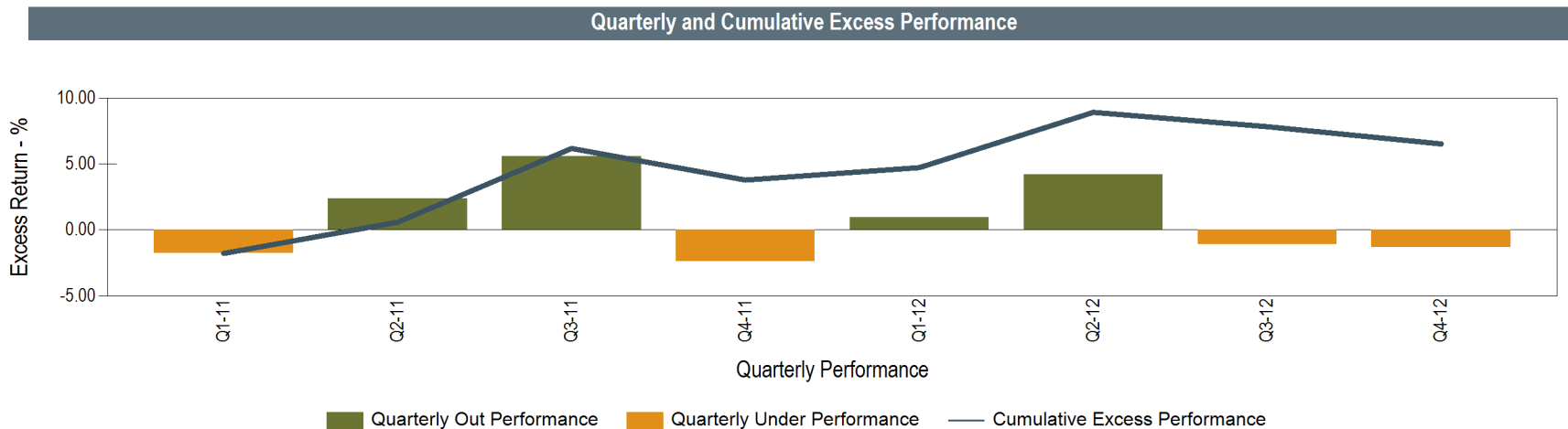
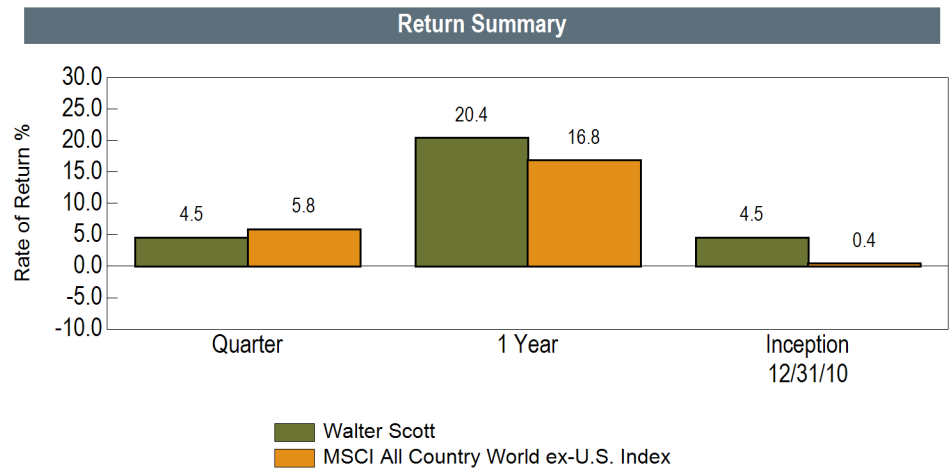
	Return (Rank)			
5th Percentile	9.6	29.3	29.3	-6.9
25th Percentile	7.2	22.1	22.1	-9.7
Median	6.2	18.9	18.9	-12.6
75th Percentile	5.3	16.9	16.9	-15.4
95th Percentile	2.5	12.5	12.5	-19.4
# of Portfolios	149	144	144	129
● Hexavest	2.2 (96)	13.9 (91)	13.9 (91)	-9.2 (22)
▲ MSCI EAFE Index	6.6 (41)	17.3 (72)	17.3 (72)	-12.1 (45)

## Manager Performance

Benchmark: MSCI All Country World ex-U.S. Index

Walter Scott & Partners employs a bottom-up fundamental growth investment style. Security selection focuses on companies with 20% or more internal growth which will be sustainable over time. The manager identifies major political and economic trends that may impact industry or sector growth. At the company level, the manager utilizes fundamental analysis such as returns on invested capital, soundness of management, strength of balance sheet, and management track record. By gaining an understanding as to how the financial figures of the past were generated, the analysts will be able to better understand how future earnings will be generated.

Account Information	
Account Name	Walter Scott
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	12/31/10
Account Type	Non-U.S. Stock - All
Benchmark	MSCI All Country World ex-U.S. Index
Universe	eA All EAFE Equity Net

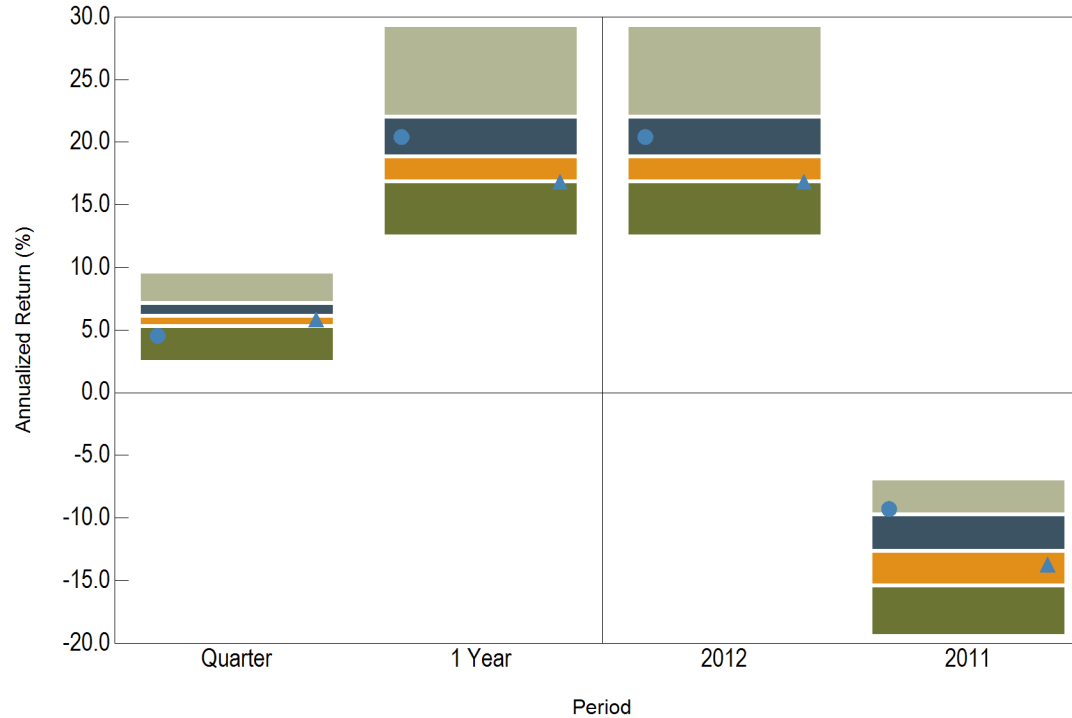


# Universe Comparison

Benchmark: MSCI All Country World ex-U.S. Index

Universe: eA All EAFE Equity Net

Ending December 31, 2012



	Return (Rank)			
5th Percentile	9.6	29.3	29.3	-6.9
25th Percentile	7.2	22.1	22.1	-9.7
Median	6.2	18.9	18.9	-12.6
75th Percentile	5.3	16.9	16.9	-15.4
95th Percentile	2.5	12.5	12.5	-19.4
# of Portfolios	149	144	144	129
● Walter Scott	4.5 (86)	20.4 (41)	20.4 (41)	-9.3 (23)
▲ MSCI All Country World ex-U.S. Index	5.8 (60)	16.8 (77)	16.8 (77)	-13.7 (60)

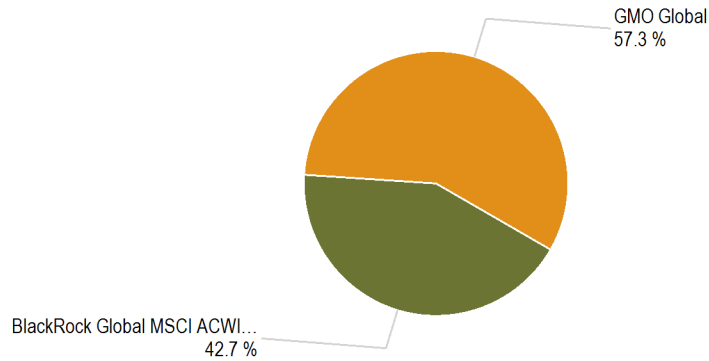


Total Global Equity

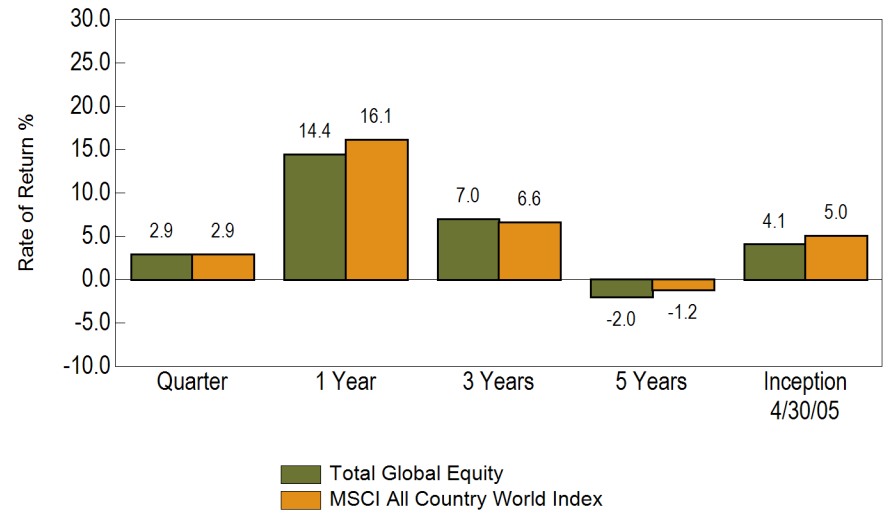
# Overview

Benchmark: MSCI All Country World Index

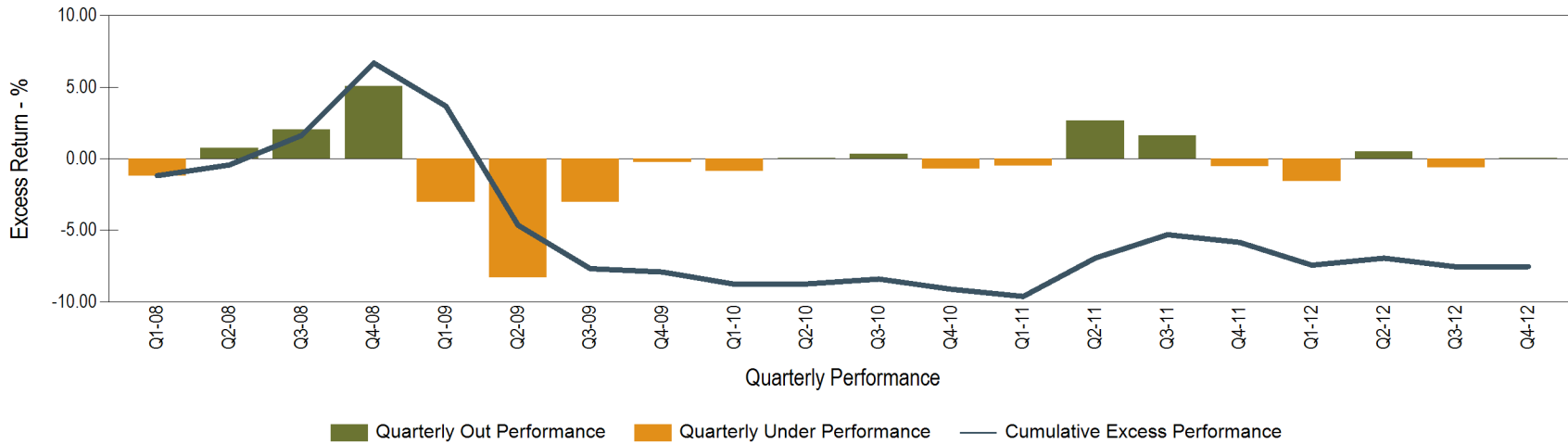
### Current Allocation



### Return Summary



### Quarterly and Cumulative Excess Performance

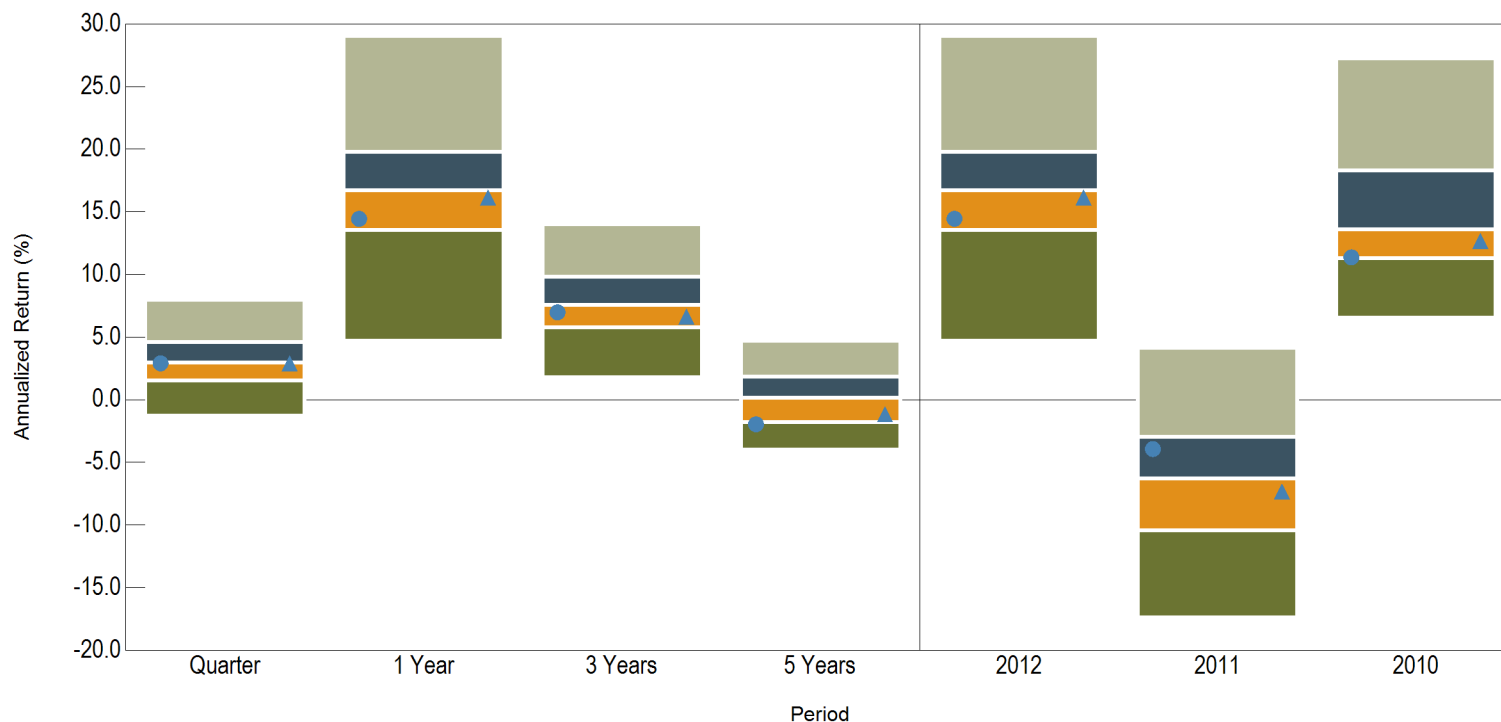


# Universe Comparison

Benchmark: MSCI All Country World Index

Universe: eA All Global Equity Net

Ending December 31, 2012



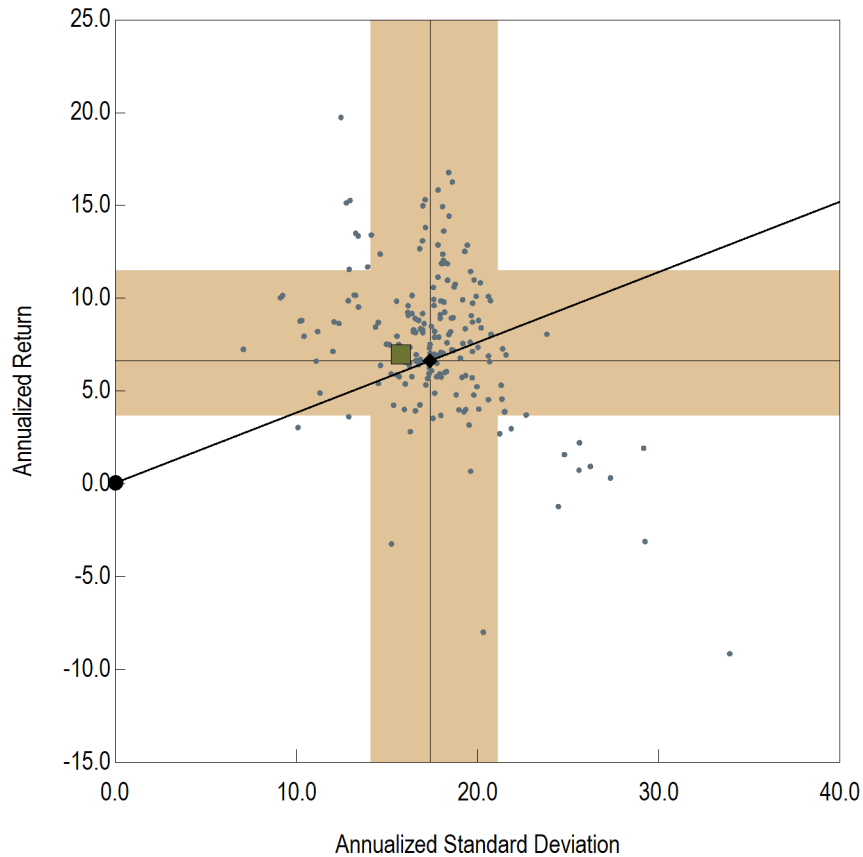
	Return (Rank)													
5th Percentile	8.0	29.0	14.0	4.7	29.0	4.1	27.2							
25th Percentile	4.6	19.8	9.8	1.9	19.8	-2.9	18.3							
Median	3.0	16.7	7.6	0.2	16.7	-6.3	13.6							
75th Percentile	1.6	13.6	5.8	-1.8	13.6	-10.4	11.3							
95th Percentile	-1.3	4.8	1.8	-4.0	4.8	-17.4	6.6							
# of Portfolios	241	230	196	166	230	186	140							
● Total Global Equity	2.9	(53)	14.4	(70)	7.0	(61)	-2.0	(79)	14.4	(70)	-3.9	(35)	11.4	(75)
▲ MSCI All Country World Index	2.9	(53)	16.1	(56)	6.6	(66)	-1.2	(68)	16.1	(56)	-7.3	(56)	12.7	(56)

Risk Profile

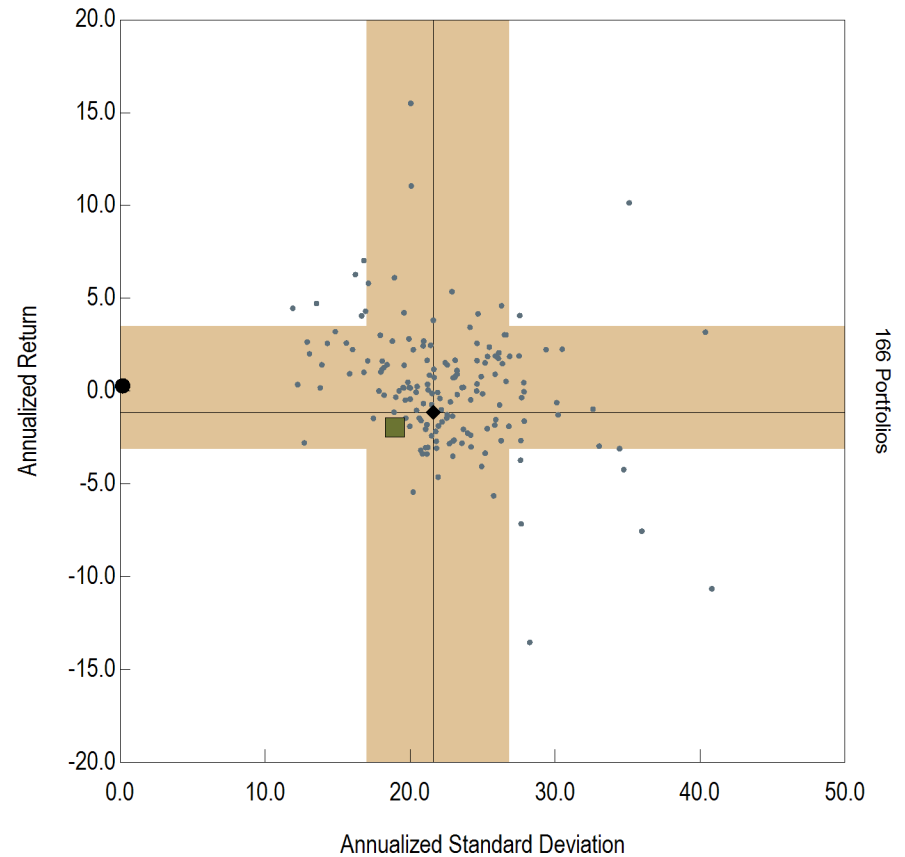
Benchmark: MSCI All Country World Index

Universe: eA All Global Equity Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012

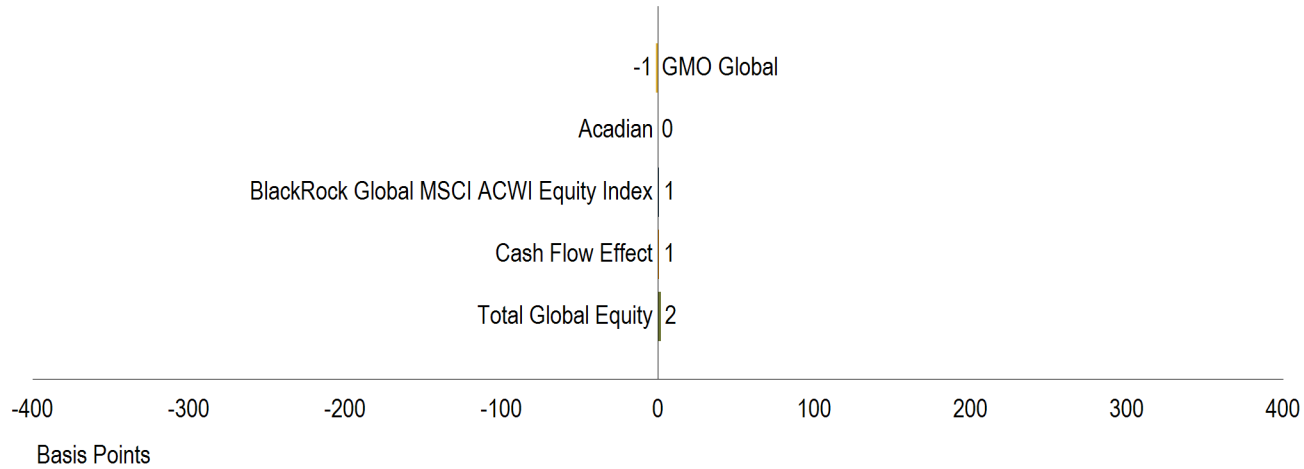


- Total Global Equity
- ◆ MSCI All Country World Index
- Risk Free
- 68% Confidence Interval
- eA All Global Equity Net

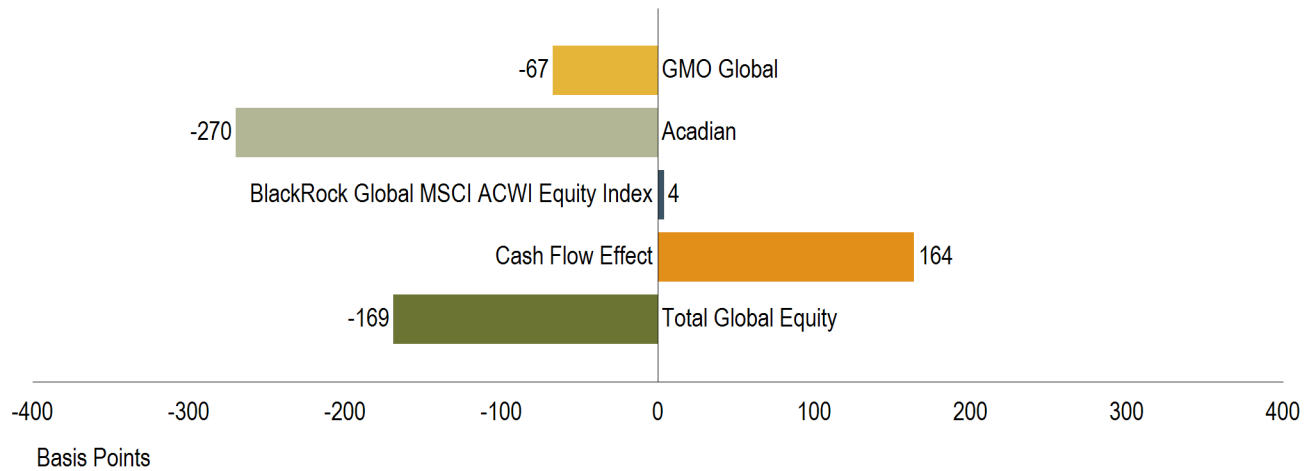
- Total Global Equity
- ◆ MSCI All Country World Index
- Risk Free
- 68% Confidence Interval
- eA All Global Equity Net

Attribution

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 12/31/12**



**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 12/31/12**





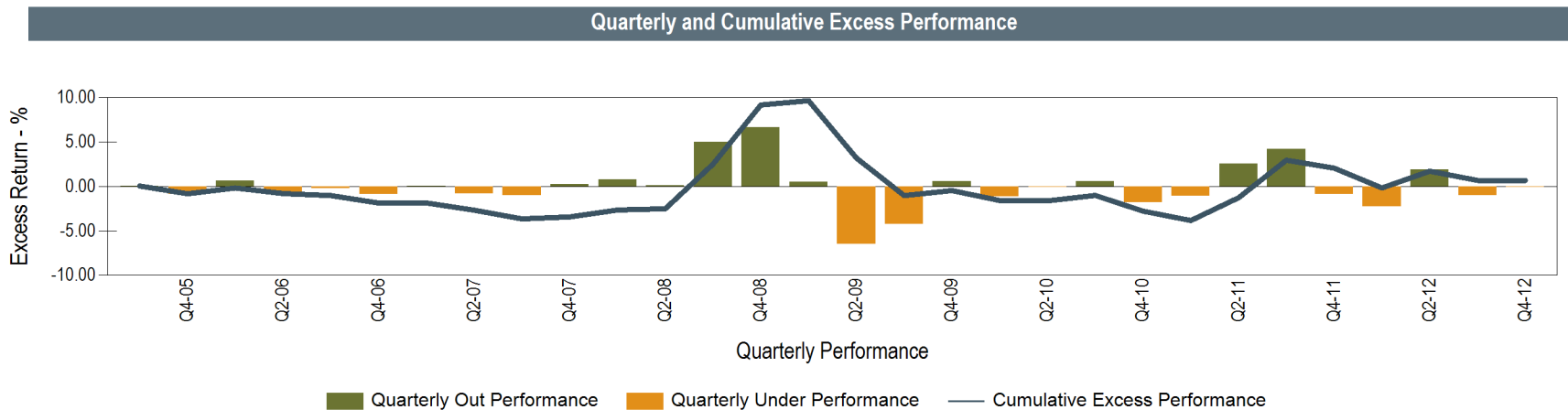
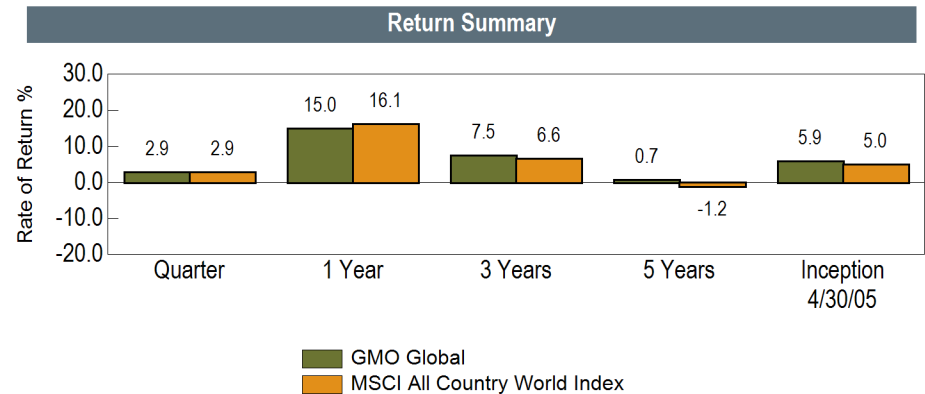
## Manager Performance

Benchmark: MSCI All Country World Index

GMO uses a quantitative investment process to allocate between several of their mutual funds. They aim to add value both from opportunistic allocation between various segments of the market and from stock selection within the individual funds.

GMO does not employ a team of traditional fundamental security analysts. Instead, they attempt to exploit market inefficiencies by evaluating asset classes and individual securities largely through quantitative analysis. They prepare seven-year forecasts for different asset classes by conducting regression analysis on statistical and macroeconomic data. The forecasts are revised once every year, which leads to re-allocation among the different mutual funds. There is minimal rebalancing during the year. While the global equity allocation portfolio has no style bias, both value and momentum factors are taken into account when evaluating potential holdings (at the individual fund level). About 70% of the contribution to the portfolio is expected from value-related factors and 30% from momentum-related ones.

Account Information	
Account Name	GMO Global
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	4/30/05
Account Type	Global Equity
Benchmark	MSCI All Country World Index
Universe	eA All Global Equity Net

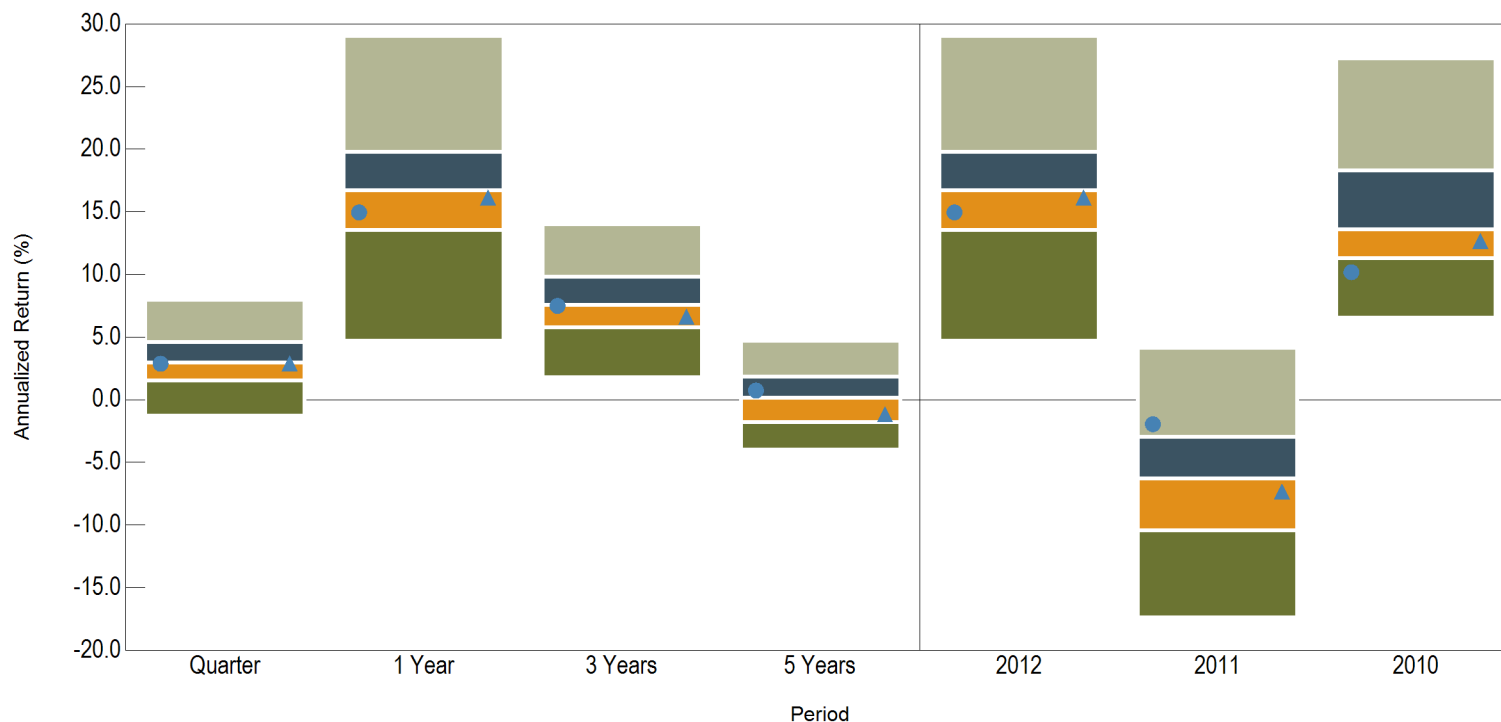


# Universe Comparison

Benchmark: MSCI All Country World Index

Universe: eA All Global Equity Net

Ending December 31, 2012



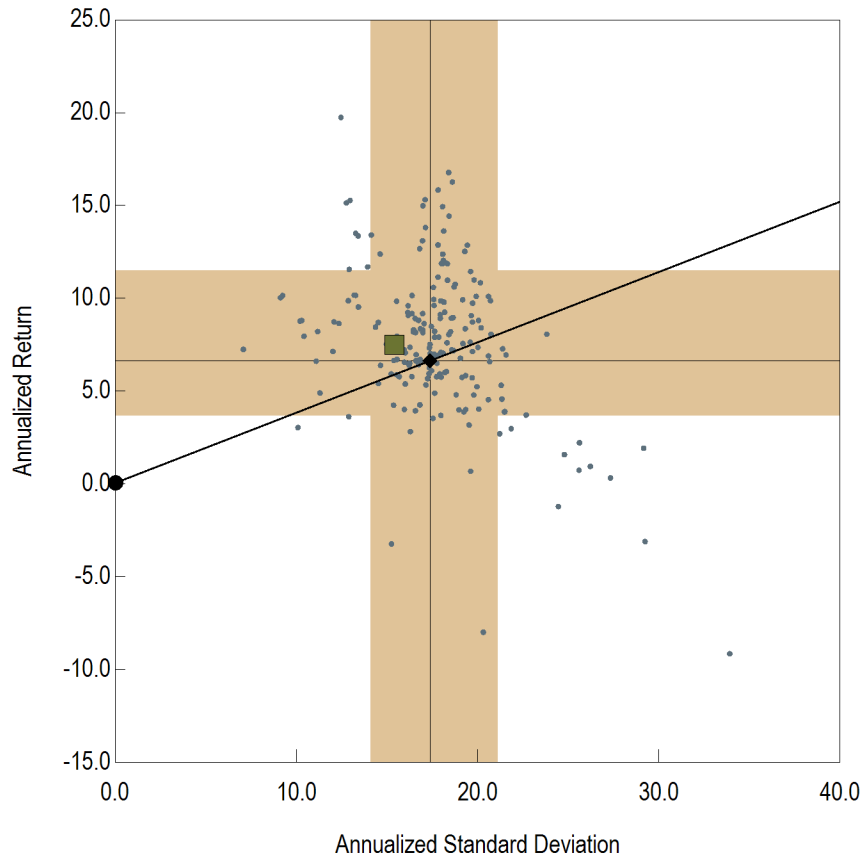
	Return (Rank)													
<b>5th Percentile</b>	8.0	29.0	14.0	4.7	29.0	4.1	27.2							
<b>25th Percentile</b>	4.6	19.8	9.8	1.9	19.8	-2.9	18.3							
<b>Median</b>	3.0	16.7	7.6	0.2	16.7	-6.3	13.6							
<b>75th Percentile</b>	1.6	13.6	5.8	-1.8	13.6	-10.4	11.3							
<b>95th Percentile</b>	-1.3	4.8	1.8	-4.0	4.8	-17.4	6.6							
<b># of Portfolios</b>	241	230	196	166	230	186	140							
<b>● GMO Global</b>	2.9 (53)	15.0 (68)	7.5 (53)	0.7 (42)	15.0 (68)	-2.0 (20)	10.2 (88)							
<b>▲ MSCI All Country World Index</b>	2.9 (53)	16.1 (56)	6.6 (66)	-1.2 (68)	16.1 (56)	-7.3 (56)	12.7 (56)							

Risk Profile

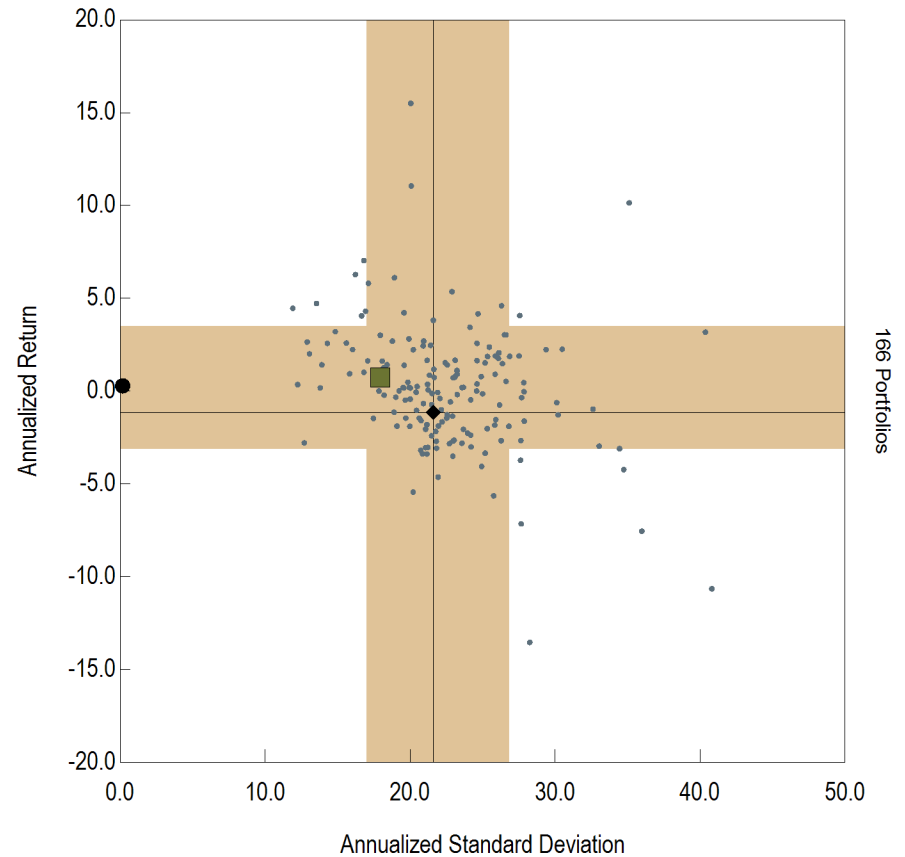
Benchmark: MSCI All Country World Index

Universe: eA All Global Equity Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



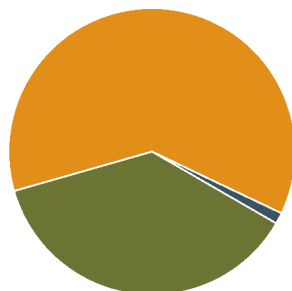
- GMO Global
- ◆ MSCI All Country World Index
- Risk Free
- 68% Confidence Interval
- eA All Global Equity Net

- GMO Global
- ◆ MSCI All Country World Index
- Risk Free
- 68% Confidence Interval
- eA All Global Equity Net

## Manager Analysis

Benchmark: MSCI All Country World Index

### Current Allocation



	Actual \$	Actual %
US Equity	\$64,560,325	37.2%
Non-US Equity	\$106,620,355	61.5%
US Fixed Inc.	\$2,185,653	1.3%
Non-US Fixed Inc.	\$0	0.0%
Alternative	\$0	0.0%
Real Estate	\$0	0.0%
Cash	\$11,963	0.0%
Other	\$0	0.0%
<b>Total</b>	<b>\$173,378,296</b>	

### Characteristics

	Portfolio	MSCI ACWI Gross
Number of Holdings	1,670	2,431
Weighted Avg. Market Cap. (\$B)	85.25	70.82
Median Market Cap. (\$B)	4.41	7.42
Price To Earnings	13.92	17.09
Price To Book	2.78	2.60
Price To Sales	1.88	1.90
Return on Equity (%)	19.84	16.75
Yield (%)	3.34	2.72
Beta	0.87	1.00
R-Squared	0.97	1.00

### Top Holdings

	Weight %
ORACLE	2.23%
JOHNSON & JOHNSON	2.14%
TOTAL	2.11%
CISCO SYSTEMS	1.96%
GOOGLE 'A'	1.92%
COCA COLA	1.90%
MICROSOFT	1.78%
SANOFI	1.68%
PFIZER	1.68%
PHILIP MORRIS INTL.	1.59%
<b>Total</b>	<b>18.99%</b>

### Best Performers

	Portfolio Weight %	Index Weight %	Index Return %
THOMAS COOK GROUP	0.03%		176.10%
NIPPON CARBIDE INDS.	0.00%		175.33%
HOPSON DEVELOPMENT HDG.	0.03%		113.88%
SUMITOMO MITSUI CON.	0.00%		90.98%
NIPPON SHEET GLASS	0.01%		84.87%
TRINITY MIRROR	0.01%		83.47%
NINE DRAGONS PAPER HDG.	0.02%	0.01%	81.29%
PREMIER FOODS	0.01%		77.73%
MAZDA MOTOR	0.10%	0.02%	72.05%
TURK HAVA YOLLARI	0.01%	0.01%	67.51%

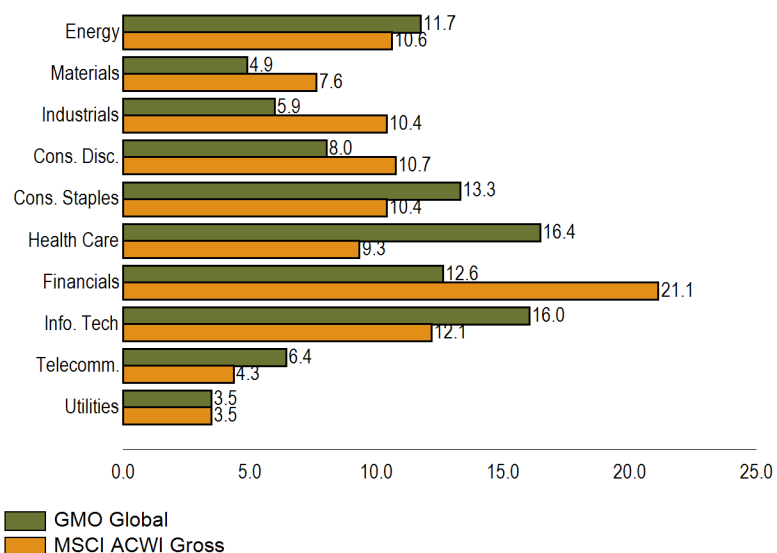
### Worst Performers

	Portfolio Weight %	Index Weight %	Index Return %
KINROSS GD.WTS.17/09/14	0.00%		-58.35%
EQUINAIRE CHEMTECH	0.00%		-49.34%
ELETROBRAS ON	0.01%	0.00%	-48.16%
CENEL.BRASL.ELETROBRAS ON ADR 1:1	0.01%		-47.39%
CENEL.BRASL.ELETROBRAS PNB ADR 1:1	0.00%		-44.52%
ELETROBRAS PNB	0.02%	0.00%	-43.04%
MELLANOX	0.03%	0.01%	-41.51%
TNK-BP HOLDINGS PF.	0.01%		-39.05%
BILLABONG INTERNATIONAL	0.01%		-37.46%
KPN KON	0.00%	0.02%	-35.95%

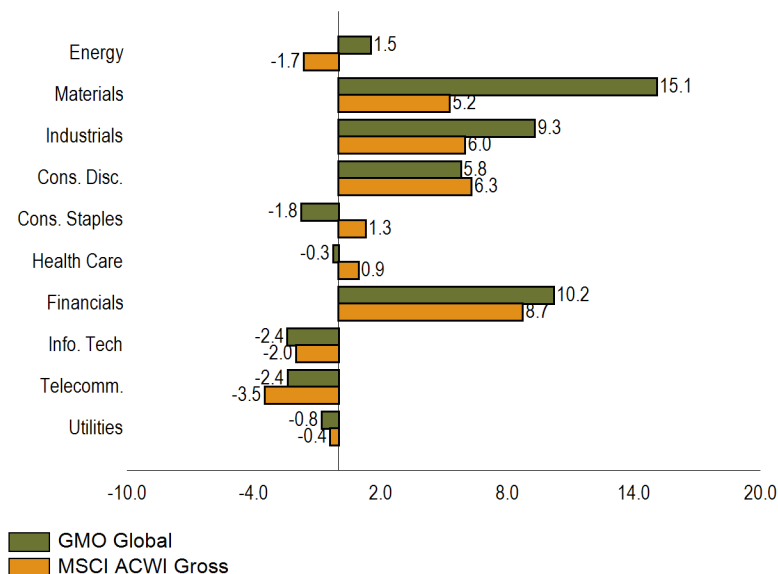
## Sector Attribution

Benchmark: MSCI All Country World Index

Sector Allocation (%) vs MSCI ACWI Gross



Sector Returns (%) vs MSCI ACWI Gross



GMO Global Fund Performance Attribution vs. MSCI ACWI Gross

	Total Effects		Selection Effect		Allocation Effect		Interaction Effects
Energy	0.36%		-0.03%		0.18%		0.21%
Materials	0.34%		0.54%		0.13%		-0.34%
Industrials	0.07%		0.11%		-0.06%		0.02%
Cons. Disc.	-0.12%		-0.29%		0.04%		0.13%
Cons. Staples	-0.49%		-0.07%		-0.33%		-0.08%
Health Care	-0.36%		-0.11%		-0.19%		-0.06%
Financials	-0.32%		0.10%		-0.25%		-0.17%
Info. Tech	-0.22%		0.04%		-0.36%		0.10%
Telecomm.	-0.07%		0.02%		-0.09%		0.00%
Utilities	-0.01%		-0.03%		0.02%		0.00%
Cash	0.00%		--		0.00%		--
<b>Portfolio</b>	<b>-0.81%</b>	<b>=</b>	<b>0.28%</b>	<b>+</b>	<b>-0.93%</b>	<b>+</b>	<b>-0.16%</b>

## Country Allocation

Benchmark: MSCI All Country World Index

Versus MSCI ACWI Gross - Quarter Ending December 31, 2012				
	Manager Allocation (USD)	Index Allocation (USD)	Manager Return (USD)	Index Return (USD)
<b>Americas</b>				
Brazil*	2.2%	1.6%	4.3%	3.6%
Canada	1.0%	4.4%	7.4%	0.9%
Chile*	0.1%	0.2%	-2.1%	-0.5%
Colombia*	0.0%	0.2%	--	12.7%
Mexico*	0.5%	0.6%	1.6%	5.7%
Peru*	0.0%	0.1%	--	7.5%
United States	38.3%	47.3%	-3.2%	-0.2%
<b>Total-Americas</b>	<b>42.1%</b>	<b>54.3%</b>	<b>-2.5%</b>	<b>0.1%</b>
<b>Europe</b>				
Austria	0.2%	0.1%	10.3%	19.1%
Belgium	0.6%	0.4%	3.8%	6.1%
Czech Republic*	0.3%	0.0%	-1.2%	-3.2%
Denmark	0.4%	0.4%	2.7%	3.3%
Finland	0.2%	0.3%	36.9%	13.2%
France	5.7%	3.3%	8.9%	11.0%
Germany	3.1%	3.1%	0.5%	8.1%
Greece	0.1%	0.0%	47.7%	28.1%
Hungary*	0.0%	0.0%	-2.4%	-0.9%
Ireland	0.2%	0.1%	10.8%	3.0%
Italy	2.2%	0.8%	10.0%	9.5%
Luxembourg	0.0%	0.0%	0.9%	3.0%
Netherlands	0.9%	0.9%	14.3%	9.7%
Norway	0.2%	0.4%	2.1%	1.0%
Poland*	0.4%	0.2%	21.4%	11.9%
Portugal	0.1%	0.1%	9.6%	10.8%
Russia*	2.1%	0.8%	4.8%	2.6%
Spain	2.7%	1.0%	10.2%	9.8%
Sweden	0.4%	1.2%	4.5%	5.1%
Switzerland	2.4%	3.1%	4.7%	8.0%
United Kingdom	11.2%	8.3%	4.5%	4.2%
<b>Total-Europe</b>	<b>33.4%</b>	<b>24.4%</b>	<b>6.5%</b>	<b>6.9%</b>

Versus MSCI ACWI Gross - Quarter Ending December 31, 2012				
	Manager Allocation (USD)	Index Allocation (USD)	Manager Return (USD)	Index Return (USD)
<b>AsiaPacific</b>				
Australia	2.0%	3.2%	8.3%	6.9%
China*	1.8%	2.2%	12.6%	12.8%
Hong Kong	0.5%	1.1%	3.7%	5.7%
India*	1.0%	0.9%	0.2%	0.8%
Indonesia*	0.8%	0.3%	1.4%	1.3%
Japan	11.9%	7.2%	3.0%	5.9%
Korea*	1.6%	2.0%	3.6%	4.6%
Malaysia*	0.1%	0.5%	6.9%	3.8%
New Zealand	0.2%	0.0%	-0.3%	4.8%
Philippines*	0.4%	0.1%	4.2%	11.4%
Singapore	0.8%	0.7%	2.3%	3.1%
Sri Lanka*	0.0%	0.0%	-8.7%	3.0%
Taiwan*	0.9%	1.4%	-1.1%	1.6%
Thailand*	0.7%	0.3%	3.9%	6.5%
<b>Total-AsiaPacific</b>	<b>22.8%</b>	<b>19.8%</b>	<b>4.0%</b>	<b>6.0%</b>
<b>Other</b>				
Egypt*	0.3%	0.0%	-9.9%	-11.6%
Israel	0.1%	0.2%	-4.3%	-3.5%
Kazakhstan	0.0%	0.0%	-2.4%	3.0%
Morocco*	0.0%	0.0%	4.9%	1.3%
Nigeria	0.0%	0.0%	21.8%	3.0%
South Africa*	0.5%	1.0%	7.7%	6.3%
Turkey*	0.7%	0.2%	20.6%	18.4%
<b>Total-Other</b>	<b>1.7%</b>	<b>1.5%</b>	<b>8.8%</b>	<b>6.0%</b>

\* Asterisk denotes Emerging Markets countries

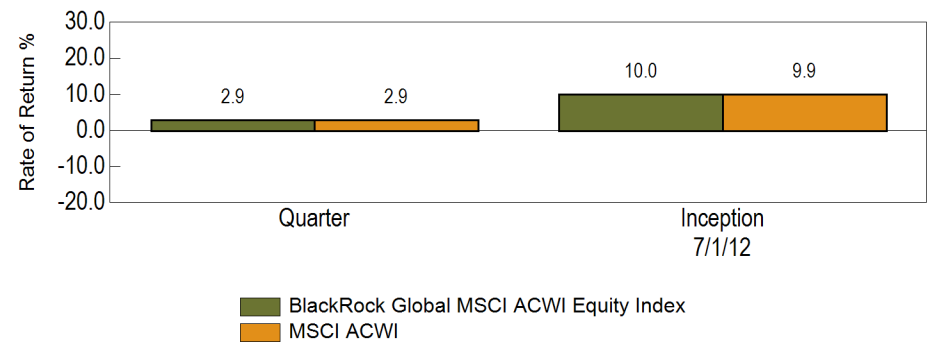
## Manager Performance

Benchmark: MSCI ACWI

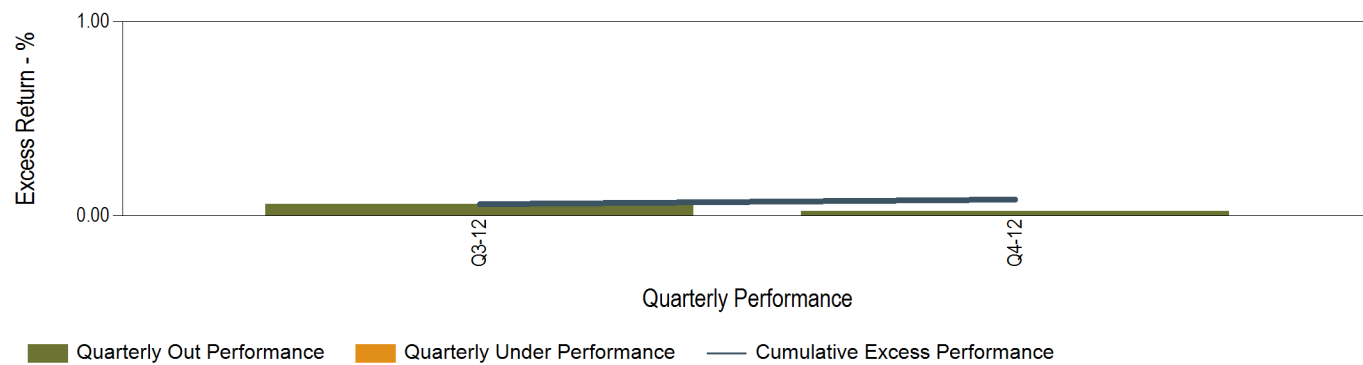
### Account Information

Account Name	BlackRock Global MSCI ACWI Equity Index
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	7/01/12
Account Type	
Benchmark	MSCI ACWI
Universe	eA All Global Equity Net

### Return Summary



### Quarterly and Cumulative Excess Performance

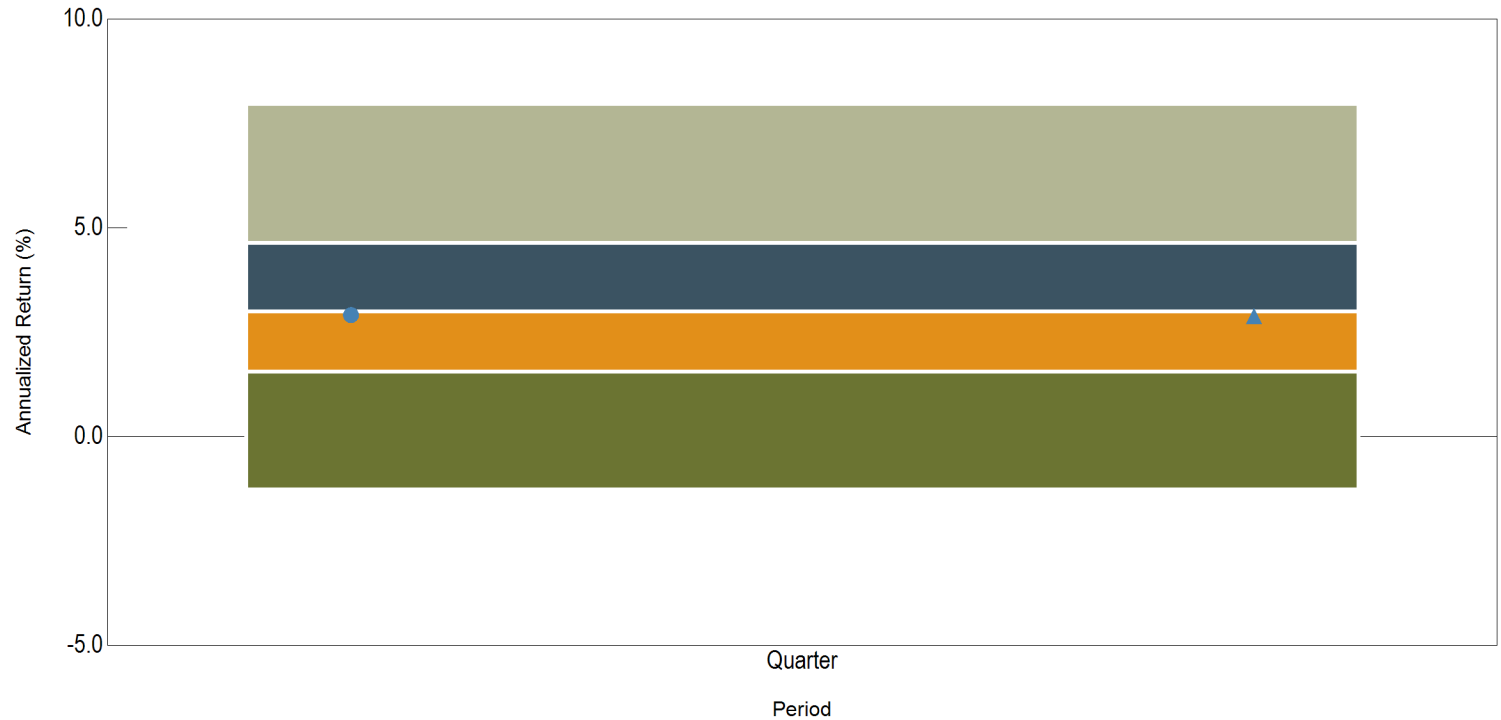


Universe Comparison

Benchmark: MSCI ACWI

Universe: eA All Global Equity Net

Ending December 31, 2012



	Return (Rank)	
5th Percentile	8.0	
25th Percentile	4.6	
Median	3.0	
75th Percentile	1.6	
95th Percentile	-1.3	
# of Portfolios	241	
● BlackRock Global MSCI ACWI Equity Index	2.9	(52)
▲ MSCI ACWI	2.9	(53)



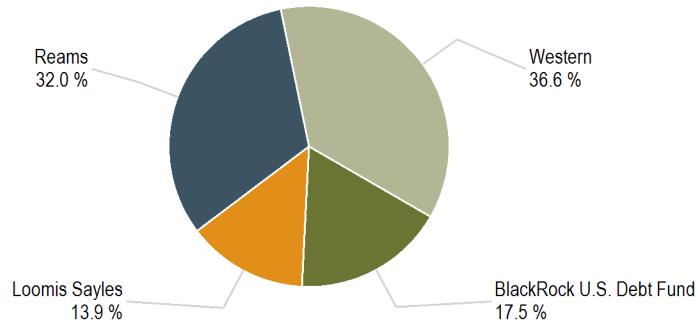


## Total U.S. Fixed Income

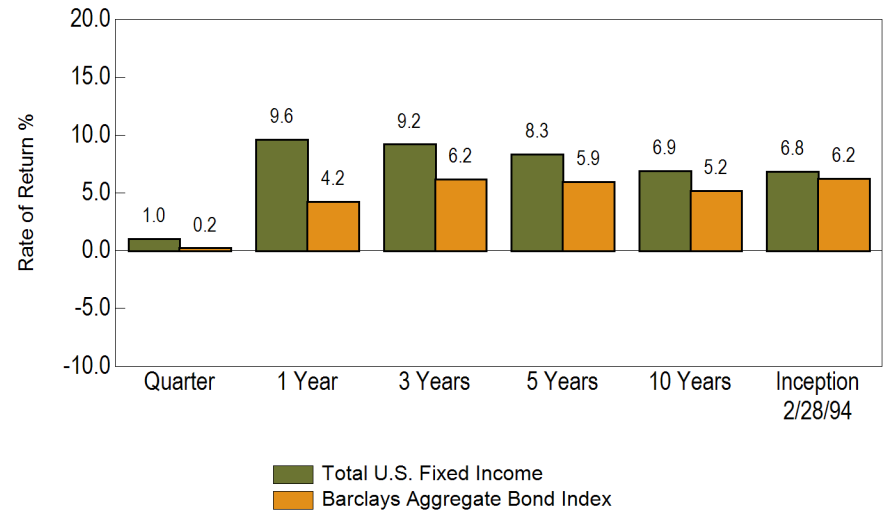
# Overview

Benchmark: Barclays Aggregate Bond Index

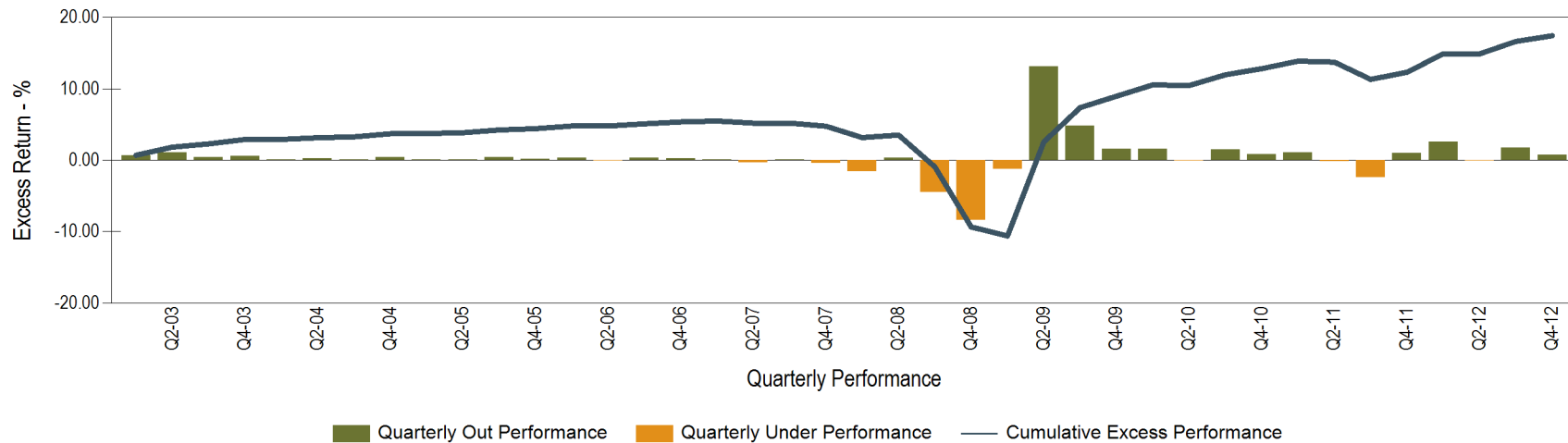
## Current Allocation



## Return Summary



## Quarterly and Cumulative Excess Performance

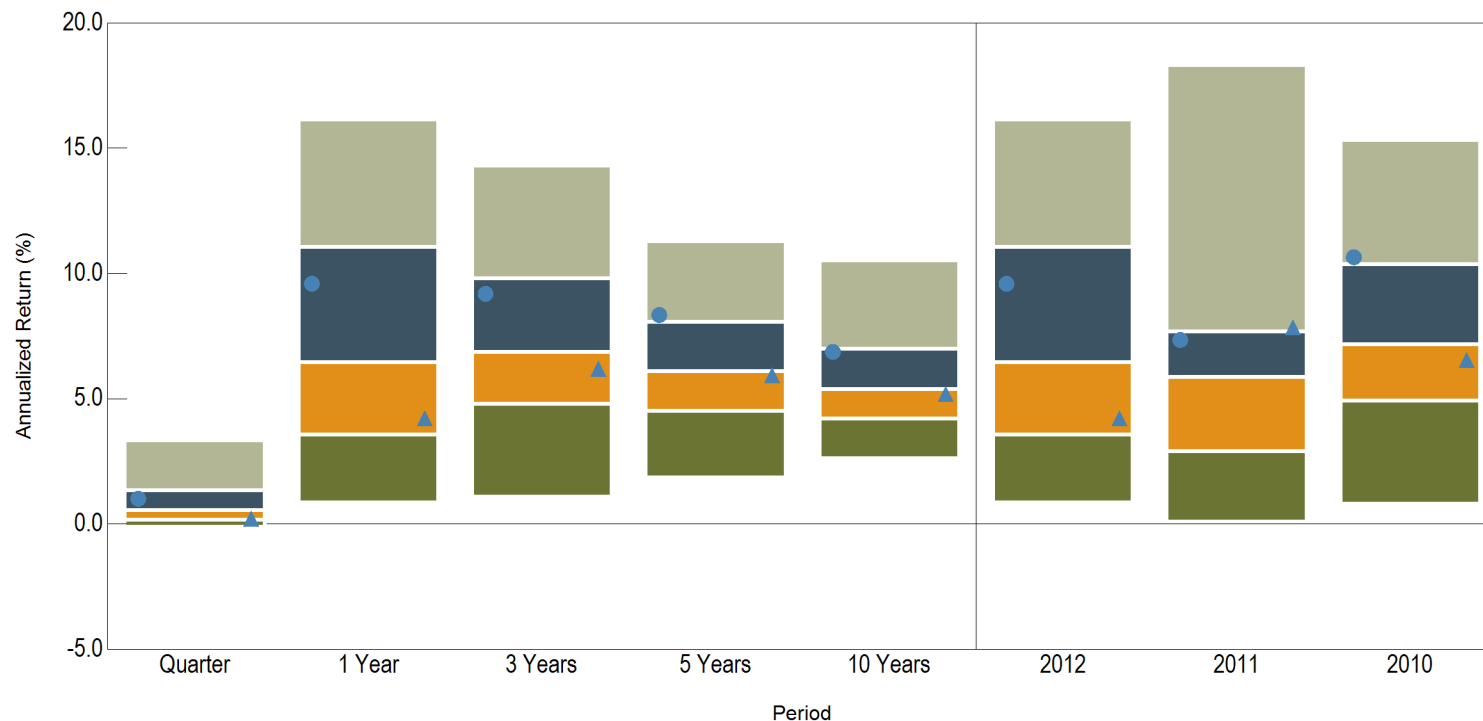


## Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Ending December 31, 2012



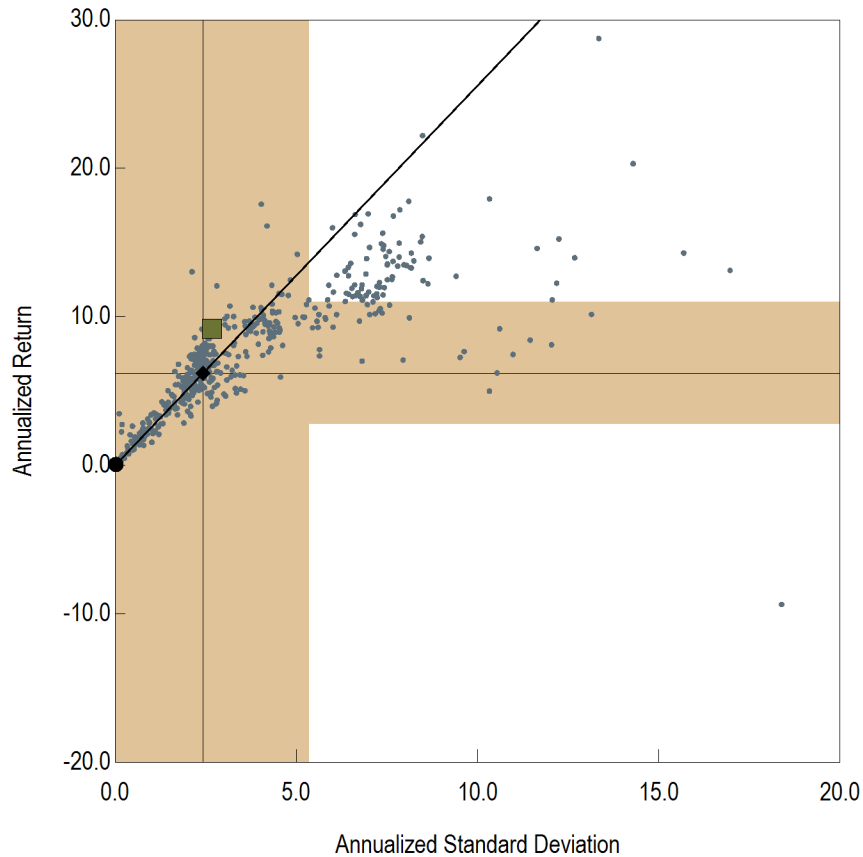
	Return (Rank)															
5th Percentile	3.3	16.1	14.3	11.3	10.5	16.1	18.3	15.3								
25th Percentile	1.4	11.1	9.8	8.1	7.0	11.1	7.7	10.4								
Median	0.6	6.5	6.9	6.1	5.4	6.5	5.9	7.2								
75th Percentile	0.2	3.6	4.8	4.5	4.2	3.6	2.9	4.9								
95th Percentile	-0.1	0.9	1.1	1.9	2.6	0.9	0.1	0.8								
# of Portfolios	591	555	507	424	320	555	483	425								
● Total U.S. Fixed Income	1.0	(34)	9.6	(32)	9.2	(31)	8.3	(24)	6.9	(27)	9.6	(32)	7.3	(30)	10.6	(25)
▲ Barclays Aggregate Bond Index	0.2	(73)	4.2	(70)	6.2	(60)	5.9	(55)	5.2	(54)	4.2	(70)	7.8	(24)	6.5	(59)

Risk Profile

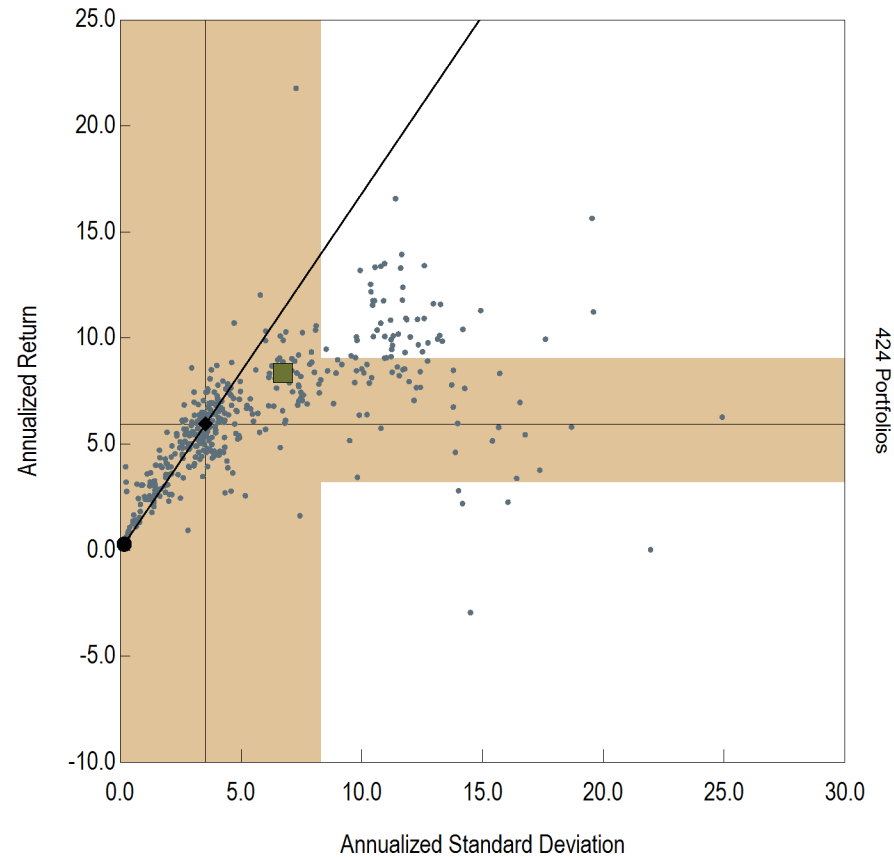
Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012

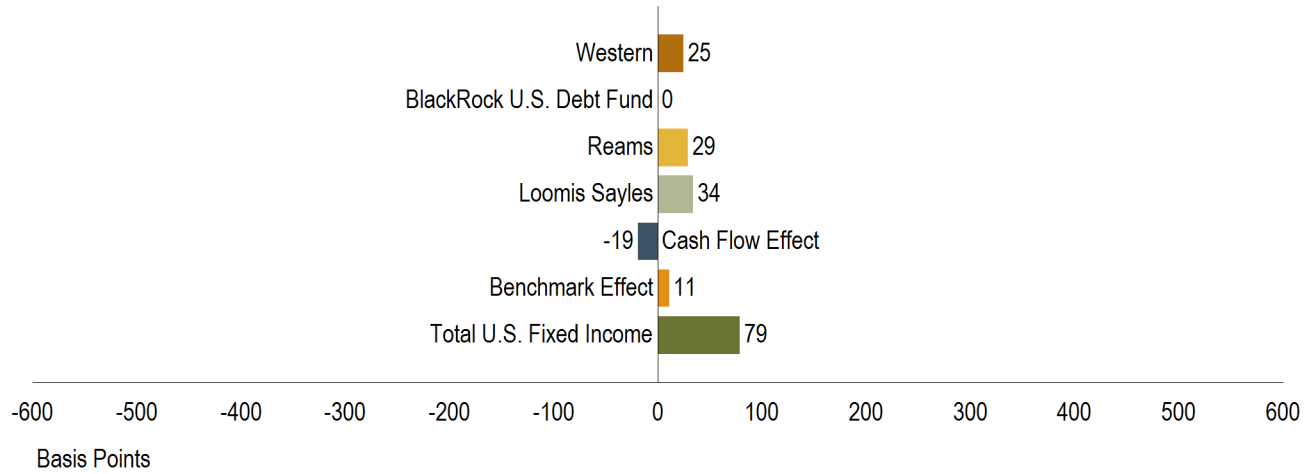


- Total U.S. Fixed Income
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

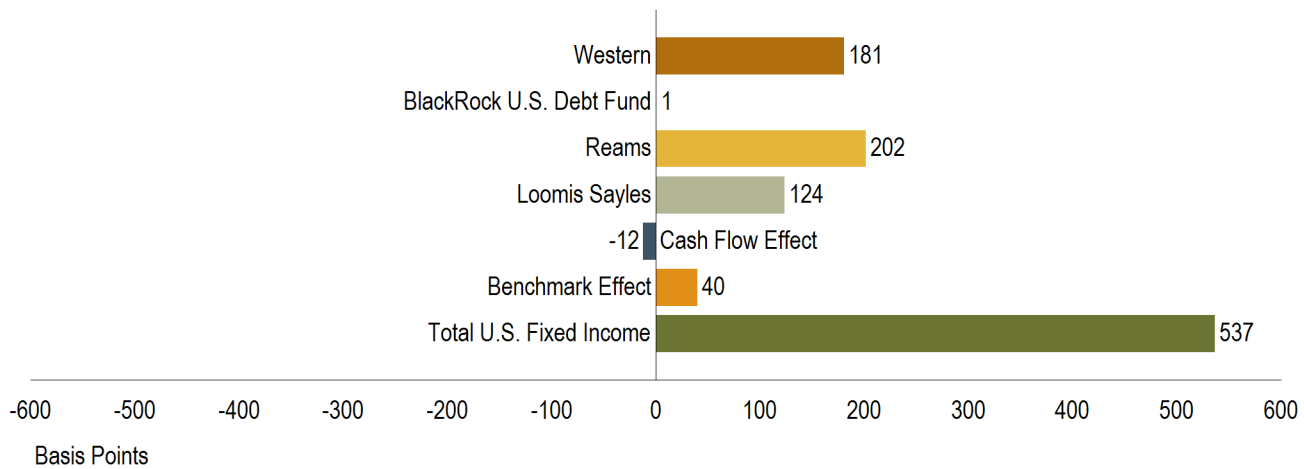
- Total U.S. Fixed Income
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

# Attribution

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 12/31/12**



**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 12/31/12**

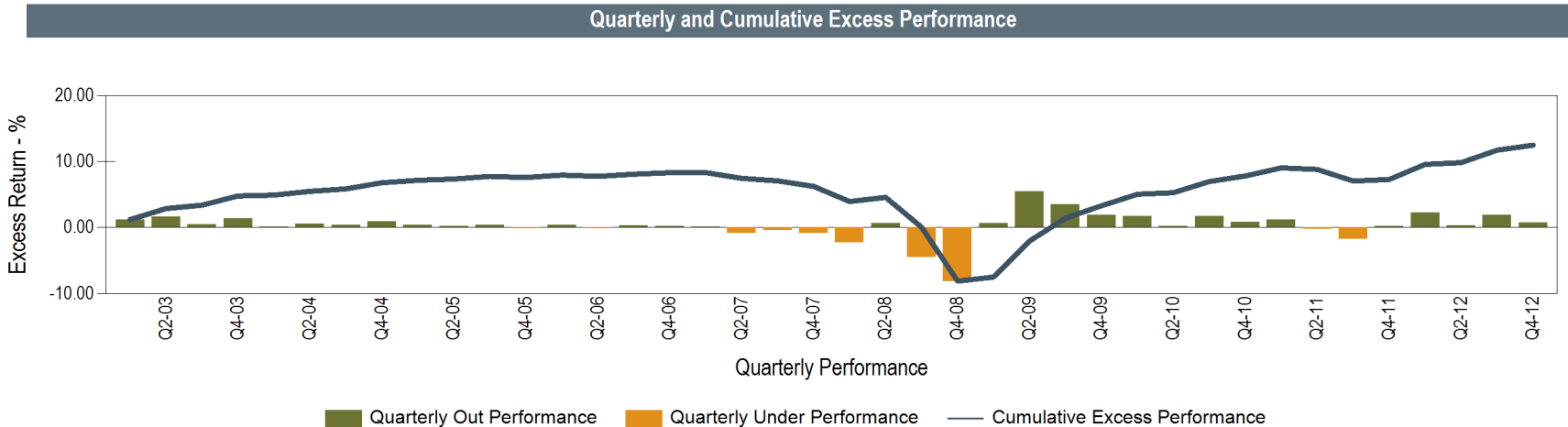
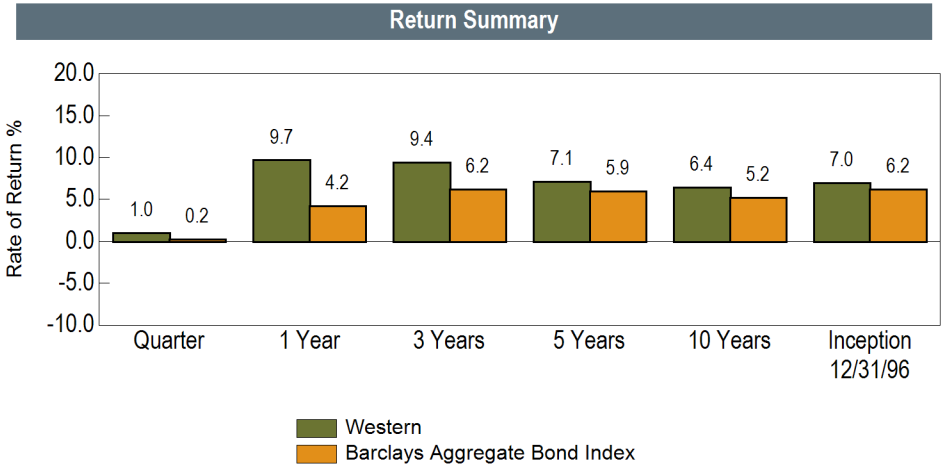


## Manager Performance

Benchmark: Barclays Aggregate Bond Index

Western Asset Management seeks to add value in fixed income accounts by employing multiple investment strategies while controlling risk. Western is an active sector rotator and attempts to exploit market inefficiencies by making opportunistic trades. The firm emphasizes non-Treasury sectors such as corporate and mortgages. The firm's team approach to fixed income management revolves around an investment outlook developed by the Investment Strategy Group. This group interacts on a daily basis, evaluating developments in both the market and the economy. Additionally, the group meets formally twice a month to review its outlook and investment strategy.

Account Information	
Account Name	Western
Account Structure	Separate Account
Investment Style	Active
Inception Date	12/31/96
Account Type	U.S. Fixed Income
Benchmark	Barclays Aggregate Bond Index
Universe	eA All US Fixed Inc Net

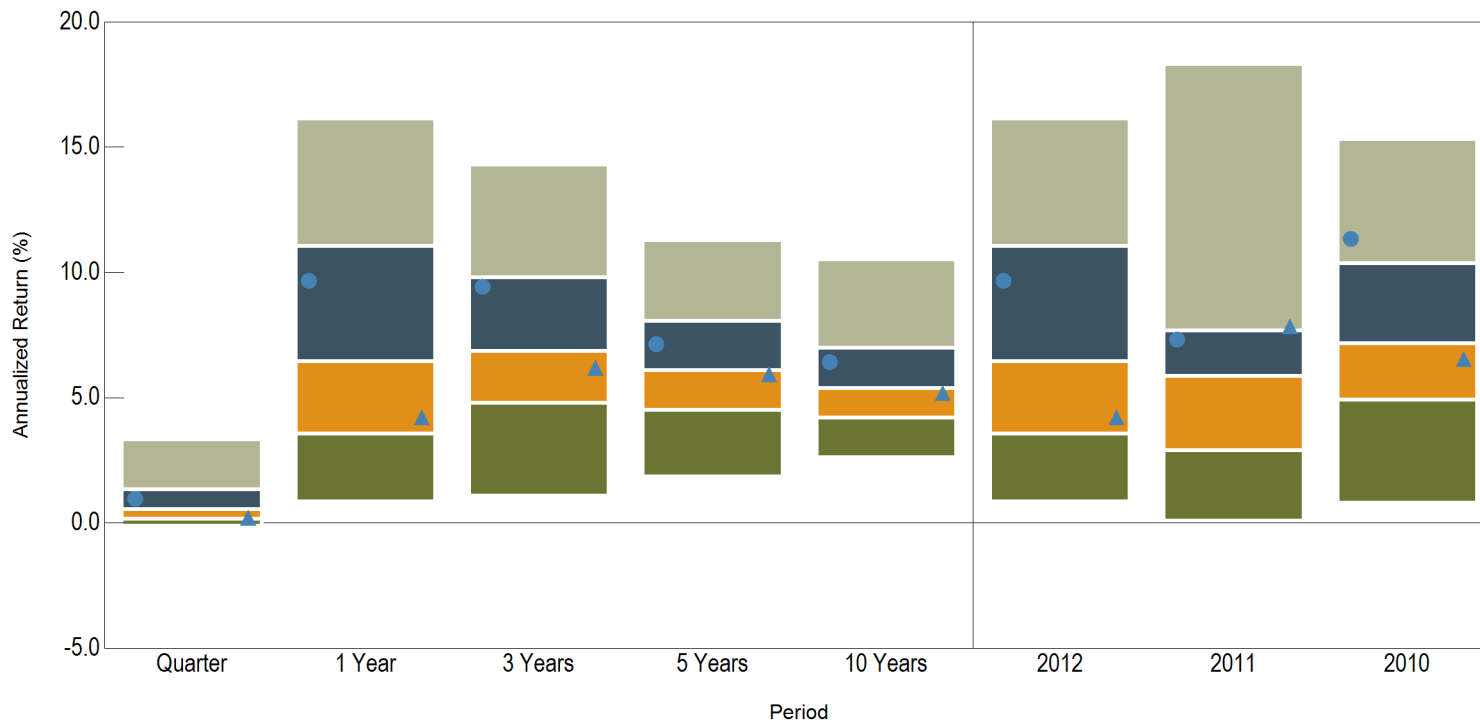


# Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Ending December 31, 2012



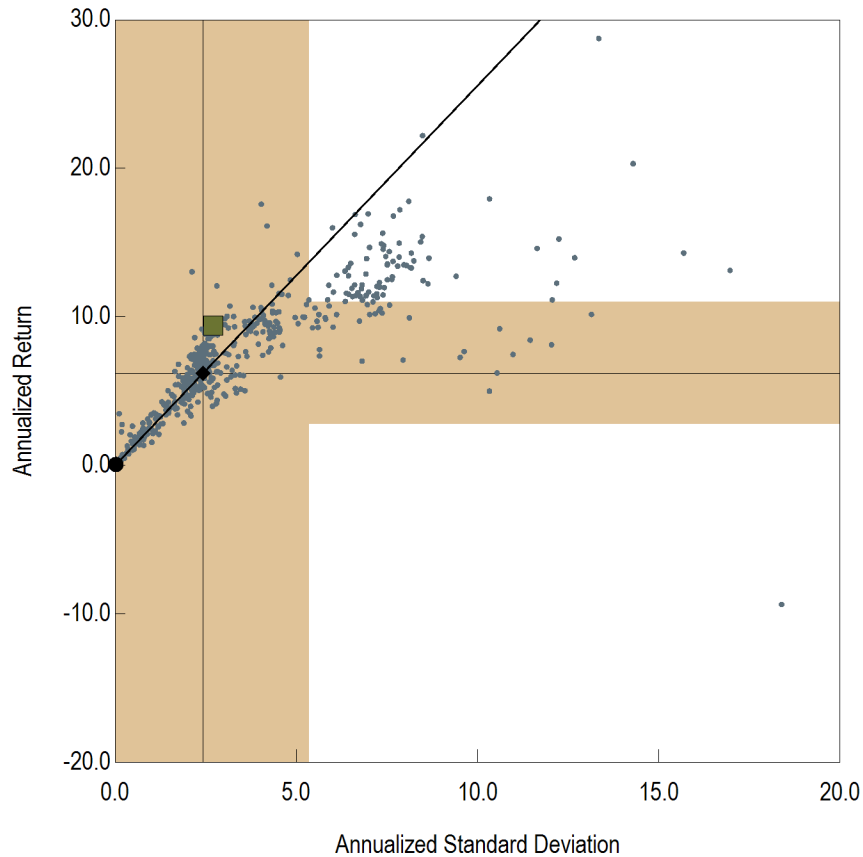
	Return (Rank)											
5th Percentile	3.3	16.1	14.3	11.3	10.5	16.1	18.3	15.3				
25th Percentile	1.4	11.1	9.8	8.1	7.0	11.1	7.7	10.4				
Median	0.6	6.5	6.9	6.1	5.4	6.5	5.9	7.2				
75th Percentile	0.2	3.6	4.8	4.5	4.2	3.6	2.9	4.9				
95th Percentile	-0.1	0.9	1.1	1.9	2.6	0.9	0.1	0.8				
# of Portfolios	591	555	507	424	320	555	483	425				
● Western	1.0 (35)	9.7 (31)	9.4 (28)	7.1 (35)	6.4 (33)	9.7 (31)	7.3 (31)	11.3 (20)				
▲ Barclays Aggregate Bond Index	0.2 (73)	4.2 (70)	6.2 (60)	5.9 (55)	5.2 (54)	4.2 (70)	7.8 (24)	6.5 (59)				

# Risk Profile

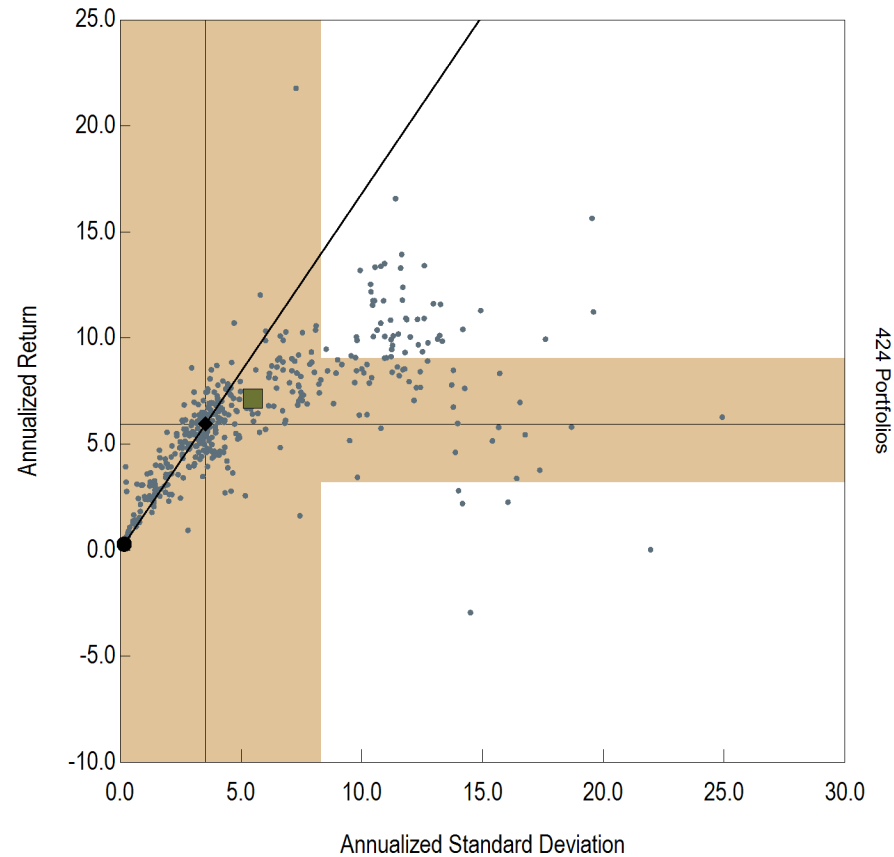
Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- Western
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

- Western
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

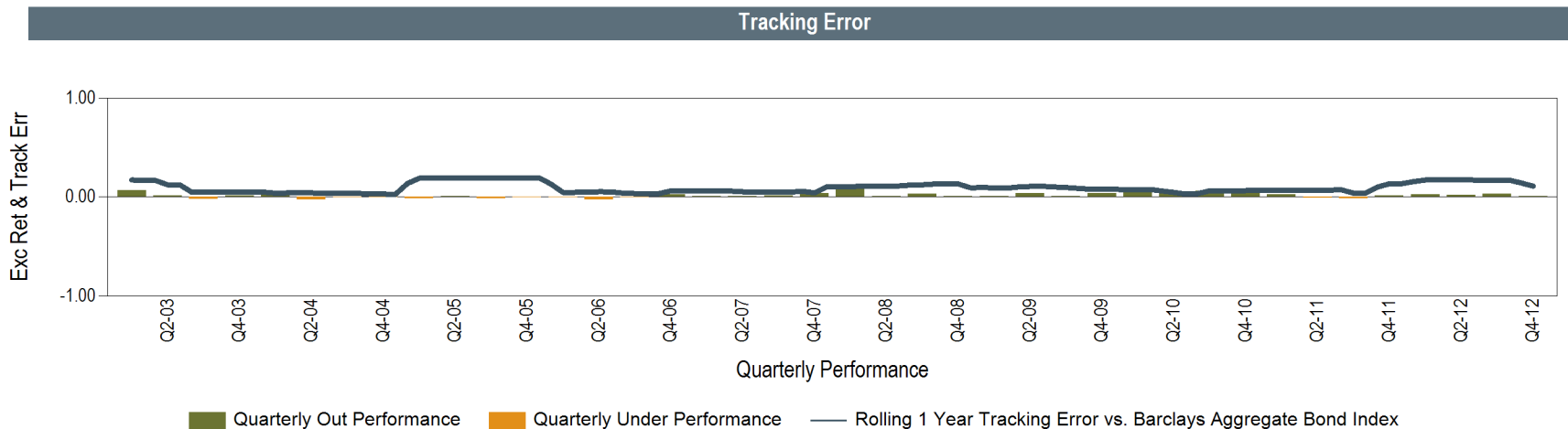
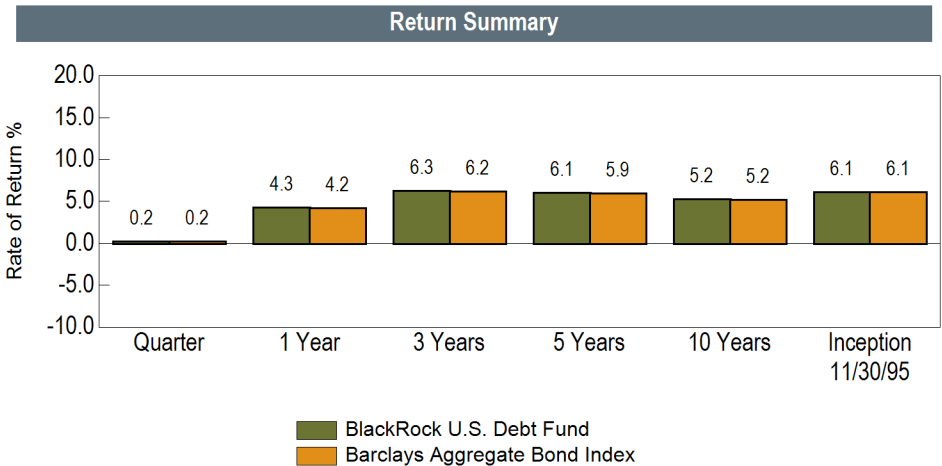


## Manager Performance

Benchmark: Barclays Aggregate Bond Index

The BlackRock U.S. Debt Fund is an index fund which is designed to replicate the performance of the Barclays Capital Aggregate Bond Index. The U.S. Debt Fund is constructed by holding 7 different sub-funds that track specific sector/maturity combinations of the Barclays Capital Aggregate Bond Index.

Account Information	
Account Name	BlackRock U.S. Debt Fund
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	11/30/95
Account Type	U.S. Fixed Income
Benchmark	Barclays Aggregate Bond Index
Universe	eA All US Fixed Inc Net

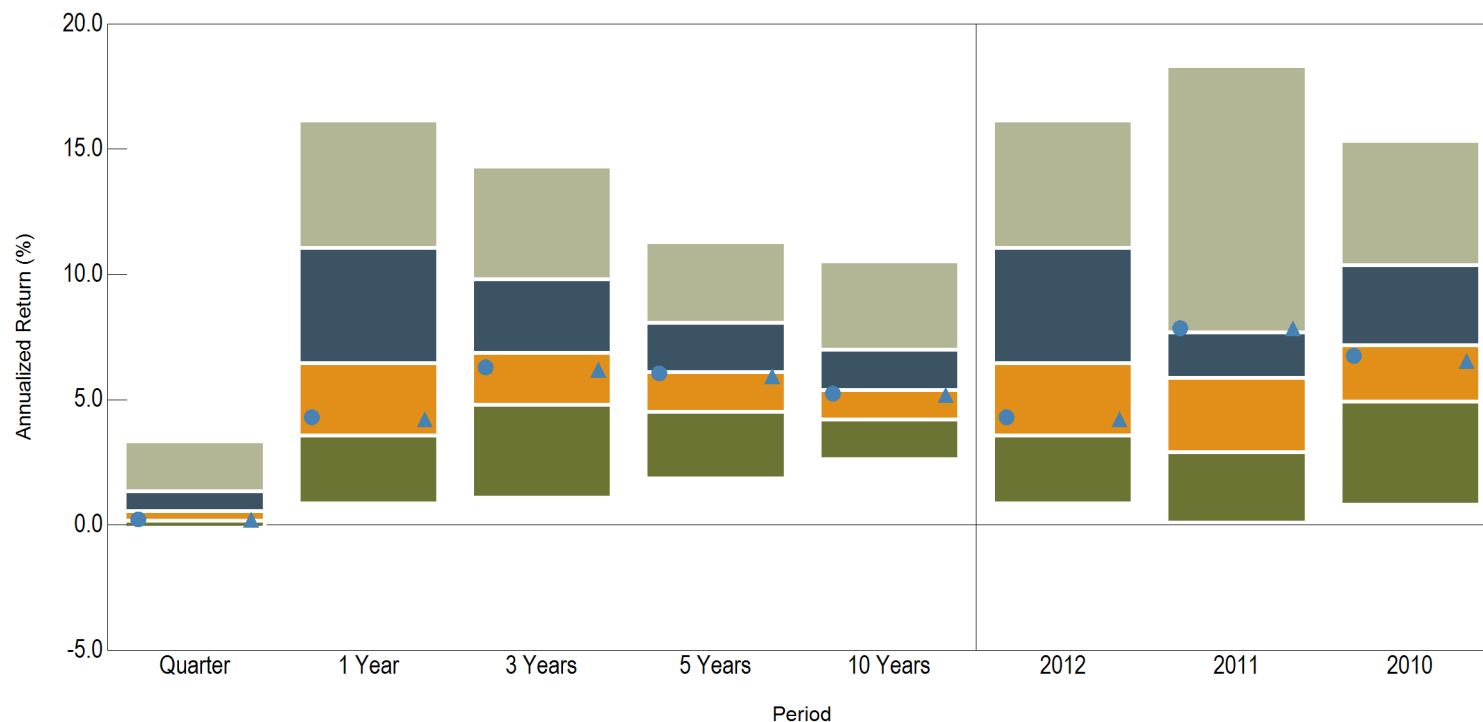


# Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Ending December 31, 2012



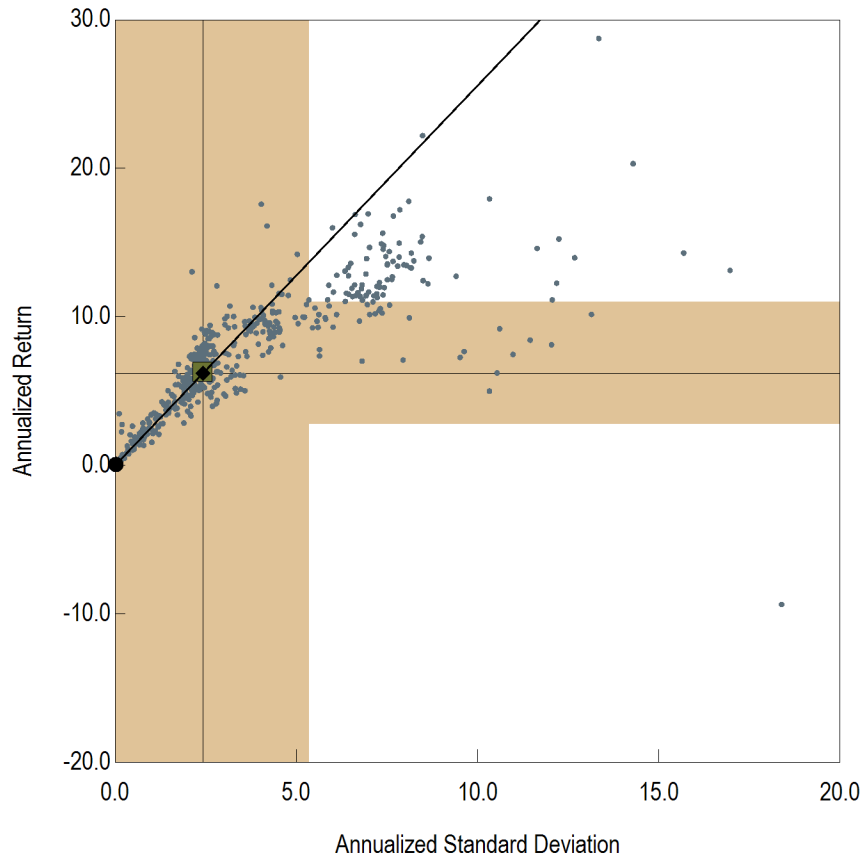
	Return (Rank)															
5th Percentile	3.3	16.1	14.3	11.3	10.5	16.1	18.3	15.3								
25th Percentile	1.4	11.1	9.8	8.1	7.0	11.1	7.7	10.4								
Median	0.6	6.5	6.9	6.1	5.4	6.5	5.9	7.2								
75th Percentile	0.2	3.6	4.8	4.5	4.2	3.6	2.9	4.9								
95th Percentile	-0.1	0.9	1.1	1.9	2.6	0.9	0.1	0.8								
# of Portfolios	591	555	507	424	320	555	483	425								
● BlackRock U.S. Debt Fund	0.2	(73)	4.3	(70)	6.3	(59)	6.1	(53)	5.2	(52)	4.3	(70)	7.9	(23)	6.7	(56)
▲ Barclays Aggregate Bond Index	0.2	(73)	4.2	(70)	6.2	(60)	5.9	(55)	5.2	(54)	4.2	(70)	7.8	(24)	6.5	(59)

Risk Profile

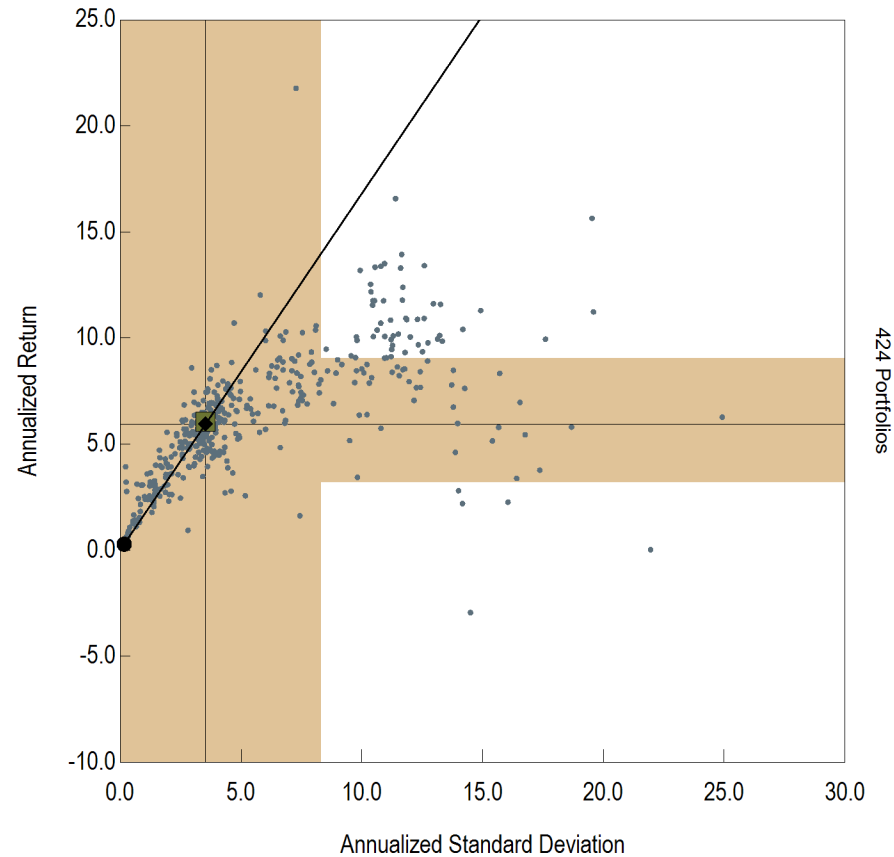
Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- BlackRock U.S. Debt Fund
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

- BlackRock U.S. Debt Fund
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

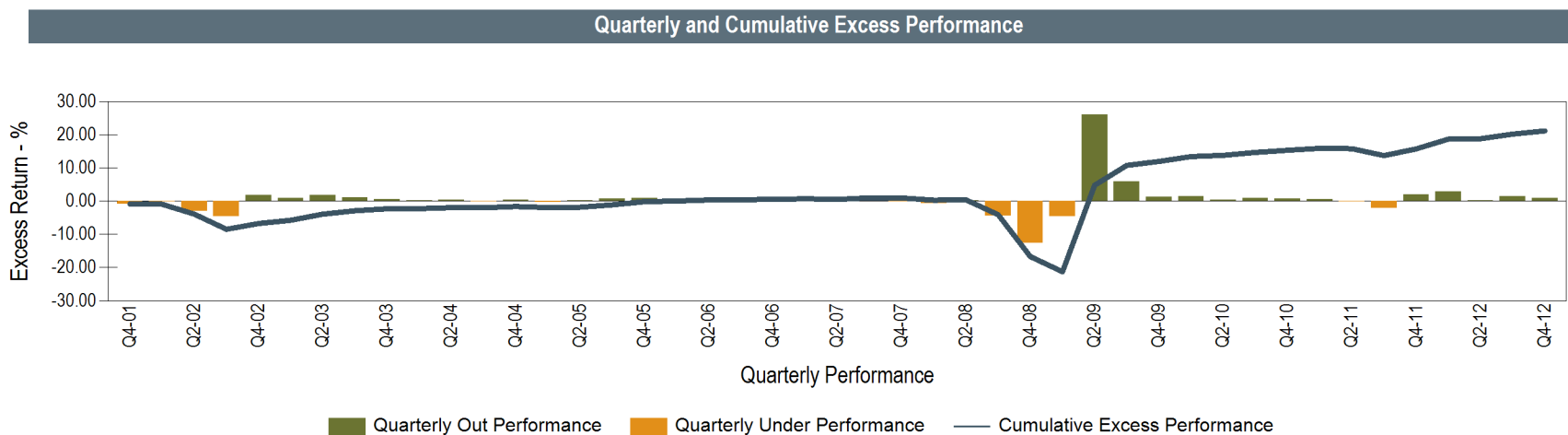
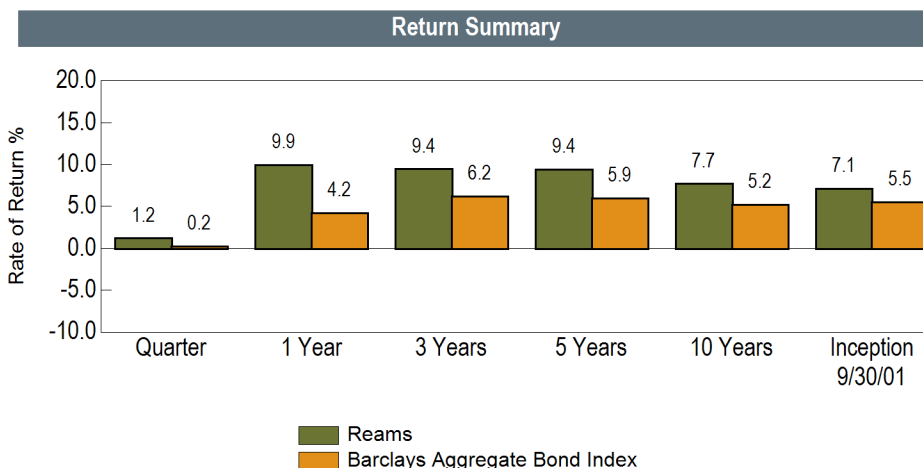
## Manager Performance

Benchmark: Barclays Aggregate Bond Index

Reams' investment process revolves around the manager's ability to combine top-down macroeconomic portfolio positioning with bottom-up bond selection. The top-down interest rate positioning is somewhat contrarian in that the manager uses real interest rates to gauge when the market is expensive and when it is cheap, increasing duration when the market is cheap and decreasing duration when it is expensive.

The manager attempts to exploit its relatively small size and uncover issues not widely followed by Wall Street. The manager prefers to hold securities by underlying collateral. The firm tends to avoid residential mortgages in favor of commercial mortgages.

Account Information	
Account Name	<b>Reams</b>
Account Structure	<b>Separate Account</b>
Investment Style	<b>Active</b>
Inception Date	<b>9/30/01</b>
Account Type	<b>U.S. Fixed Income</b>
Benchmark	<b>Barclays Aggregate Bond Index</b>
Universe	<b>eA All US Fixed Inc Net</b>

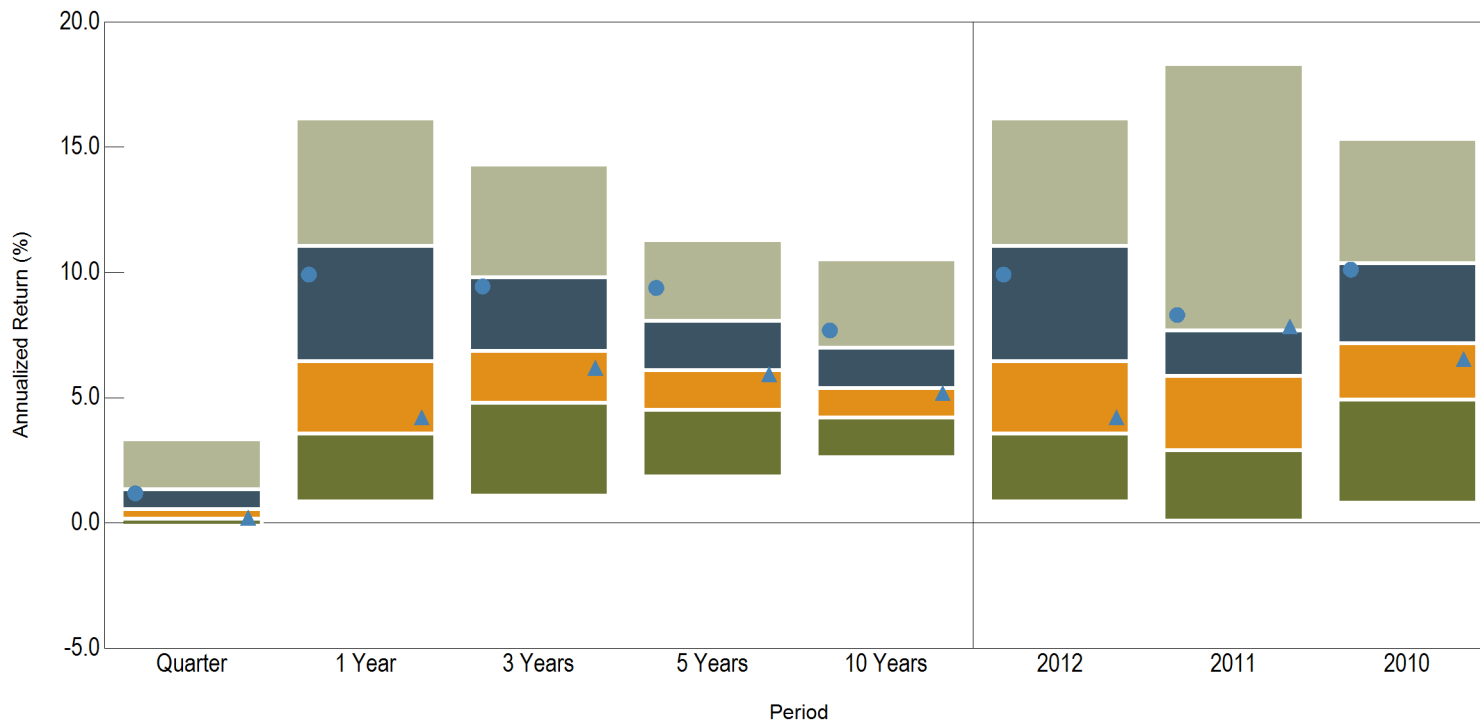


# Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Ending December 31, 2012



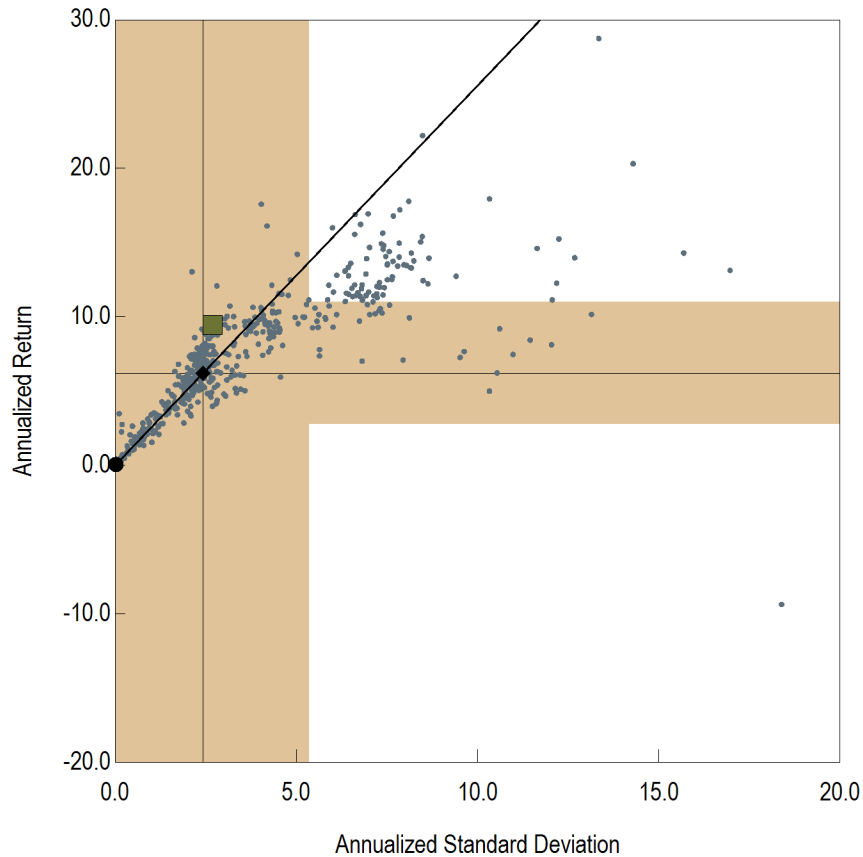
	Return (Rank)															
5th Percentile	3.3	16.1	14.3	11.3	10.5	16.1	18.3	15.3								
25th Percentile	1.4	11.1	9.8	8.1	7.0	11.1	7.7	10.4								
Median	0.6	6.5	6.9	6.1	5.4	6.5	5.9	7.2								
75th Percentile	0.2	3.6	4.8	4.5	4.2	3.6	2.9	4.9								
95th Percentile	-0.1	0.9	1.1	1.9	2.6	0.9	0.1	0.8								
# of Portfolios	591	555	507	424	320	555	483	425								
● Reams	1.2	(30)	9.9	(31)	9.4	(28)	9.4	(14)	7.7	(22)	9.9	(31)	8.3	(19)	10.1	(27)
▲ Barclays Aggregate Bond Index	0.2	(73)	4.2	(70)	6.2	(60)	5.9	(55)	5.2	(54)	4.2	(70)	7.8	(24)	6.5	(59)

# Risk Profile

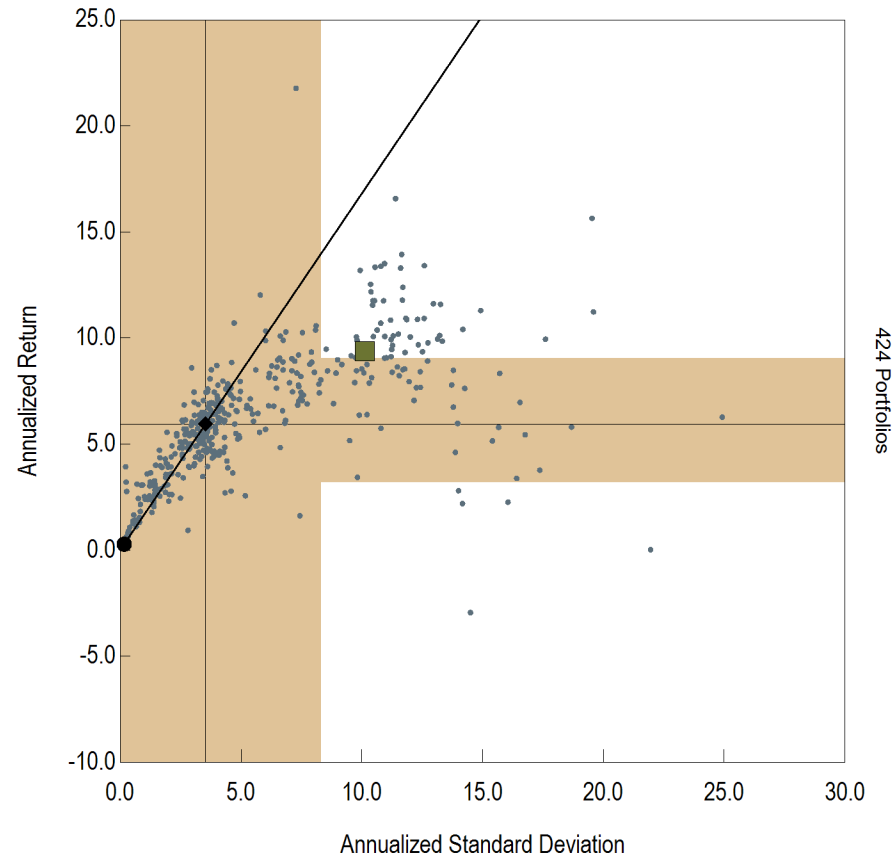
Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- Reams
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

- Reams
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

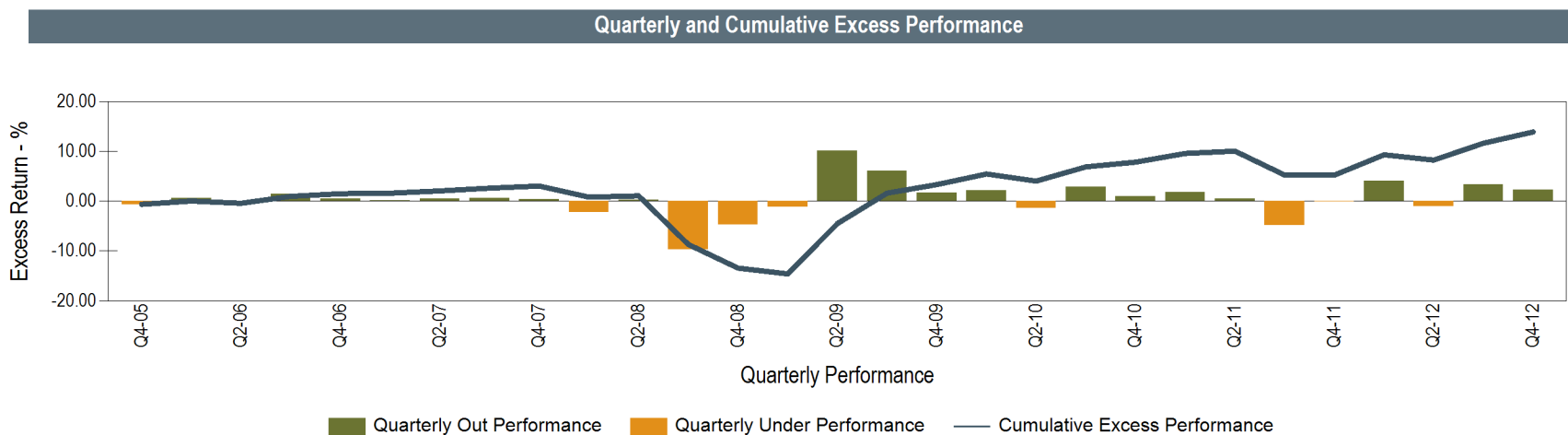
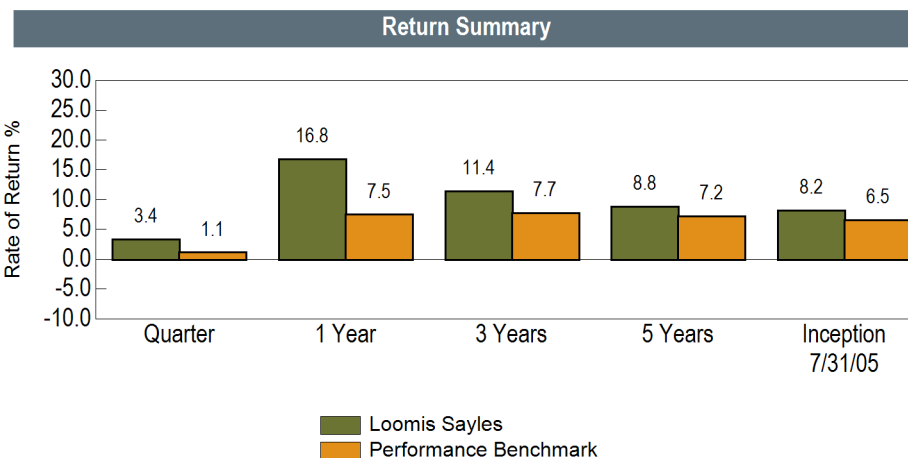
## Manager Performance

Benchmark: Performance Benchmark

Loomis Sayles' fixed income philosophy is rooted in identifying undervalued securities through in-house credit research. Its philosophy emphasizes identifying issuers whose credit ratings appear likely to be upgraded or downgraded. The fixed income analysts use forward-looking analyses of cash flow, along with source and application of funds, to identify factors that may affect a debt issuer's future credit rating. Loomis Sayles believes that considerable value can be added by holding under-rated issues for which the firm has projected a credit upgrading.

Loomis typically allocates up to 40% of its assets to high yield securities and its portfolio's duration is significantly higher than that of the broad bond market. The manager also invests in convertible securities. The performance benchmark for the strategy is 60% Barclays Capital Aggregate Bond Index and 40% Barclays Capital High Yield Index.

Account Information	
Account Name	<b>Loomis Sayles</b>
Account Structure	<b>Separate Account</b>
Investment Style	<b>Active</b>
Inception Date	<b>7/31/05</b>
Account Type	<b>Global Fixed Income</b>
Benchmark	<b>Performance Benchmark</b>
Universe	<b>eA All US Fixed Inc Net</b>

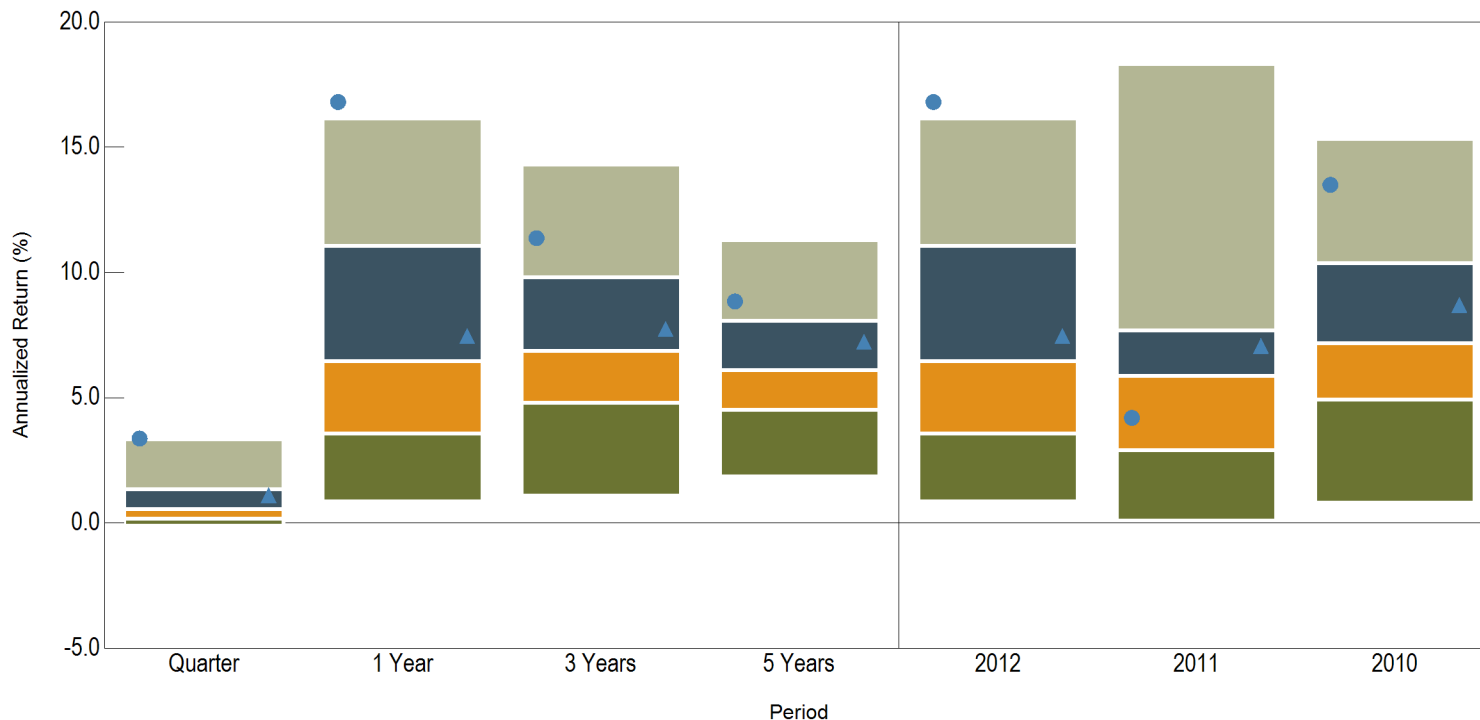


# Universe Comparison

Benchmark: Performance Benchmark

Universe: eA All US Fixed Inc Net

Ending December 31, 2012



	Return (Rank)													
5th Percentile	3.3		16.1		14.3		11.3		16.1		18.3		15.3	
25th Percentile	1.4		11.1		9.8		8.1		11.1		7.7		10.4	
Median	0.6		6.5		6.9		6.1		6.5		5.9		7.2	
75th Percentile	0.2		3.6		4.8		4.5		3.6		2.9		4.9	
95th Percentile	-0.1		0.9		1.1		1.9		0.9		0.1		0.8	
# of Portfolios	591		555		507		424		555		483		425	
● Loomis Sayles	3.4	(5)	16.8	(4)	11.4	(17)	8.8	(18)	16.8	(4)	4.2	(67)	13.5	(12)
▲ Performance Benchmark	1.1	(31)	7.5	(42)	7.7	(41)	7.2	(34)	7.5	(42)	7.1	(35)	8.7	(34)

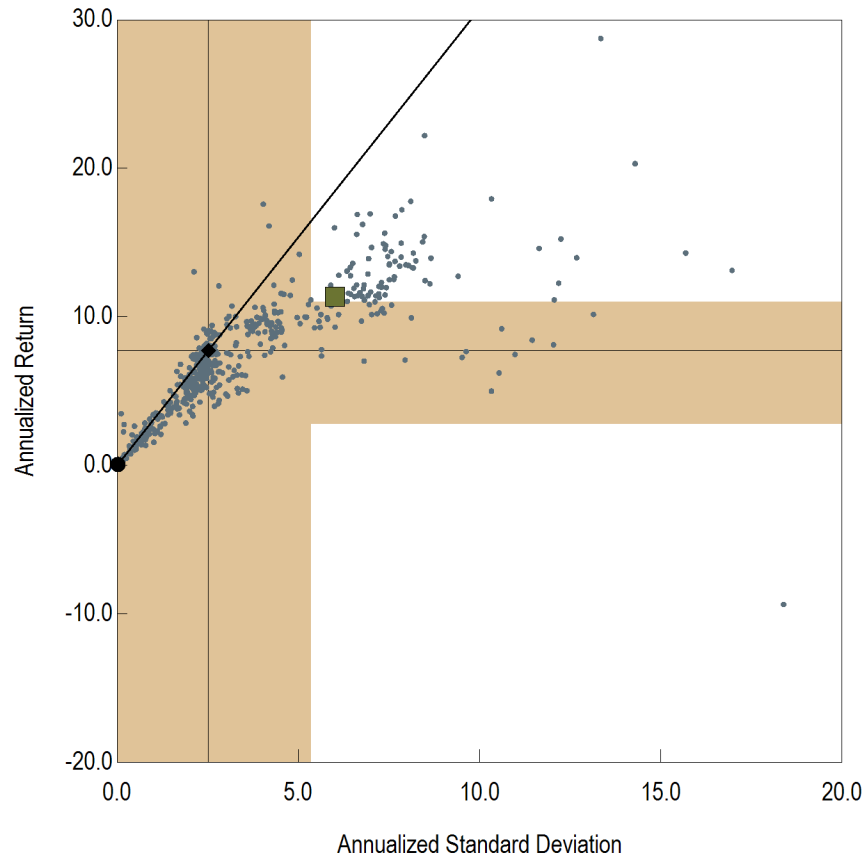


# Risk Profile

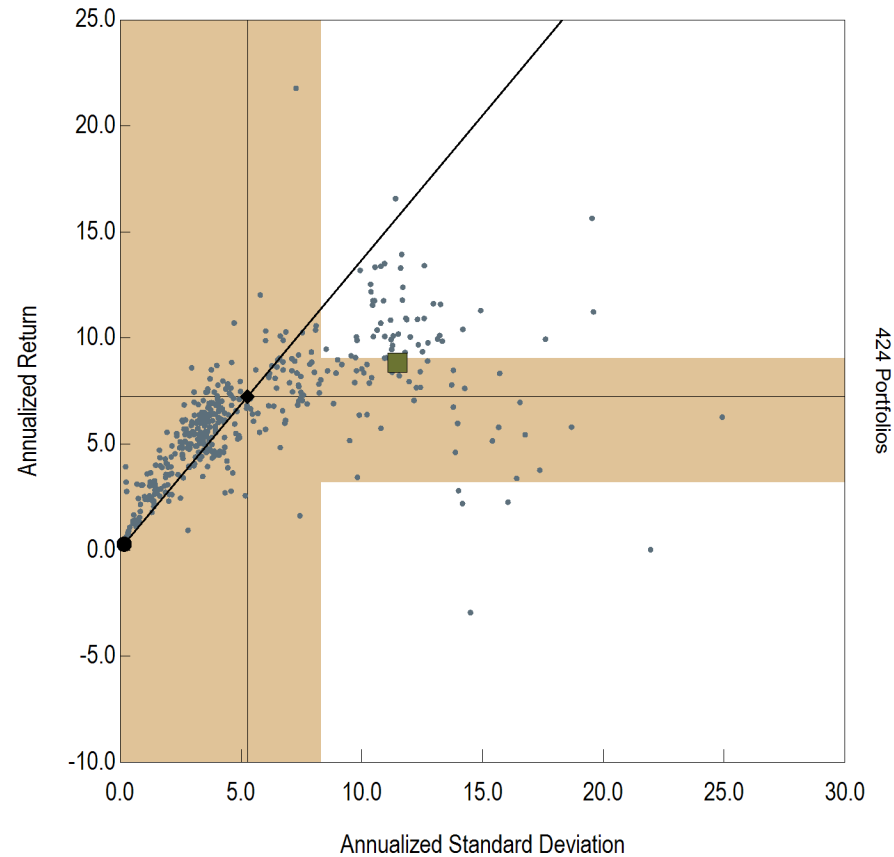
Benchmark: Performance Benchmark

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- Loomis Sayles
- ◆ Performance Benchmark
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

- Loomis Sayles
- ◆ Performance Benchmark
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

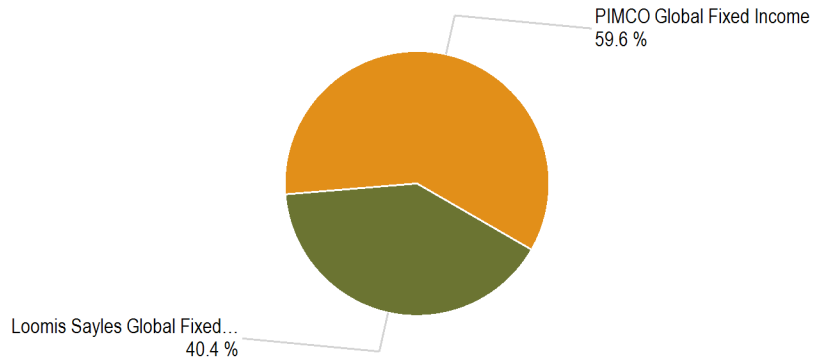


# Total Global Fixed Income

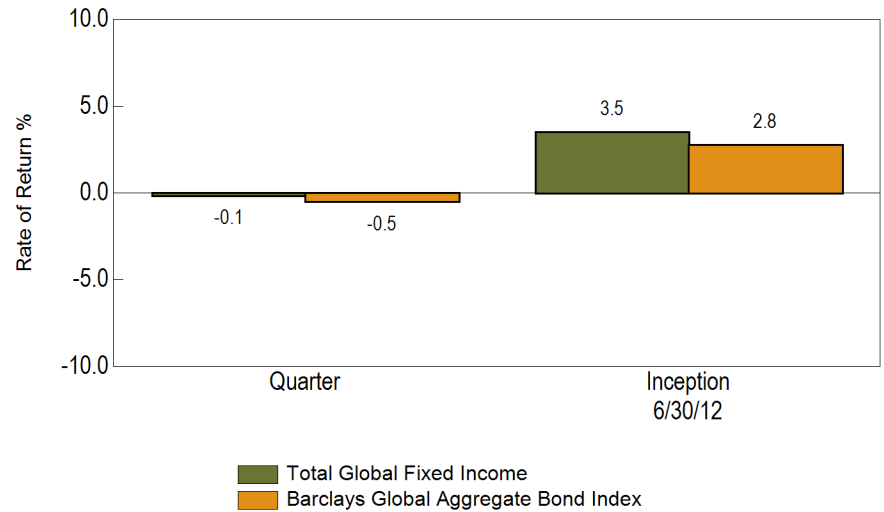
# Overview

Benchmark: Barclays Global Aggregate Bond Index

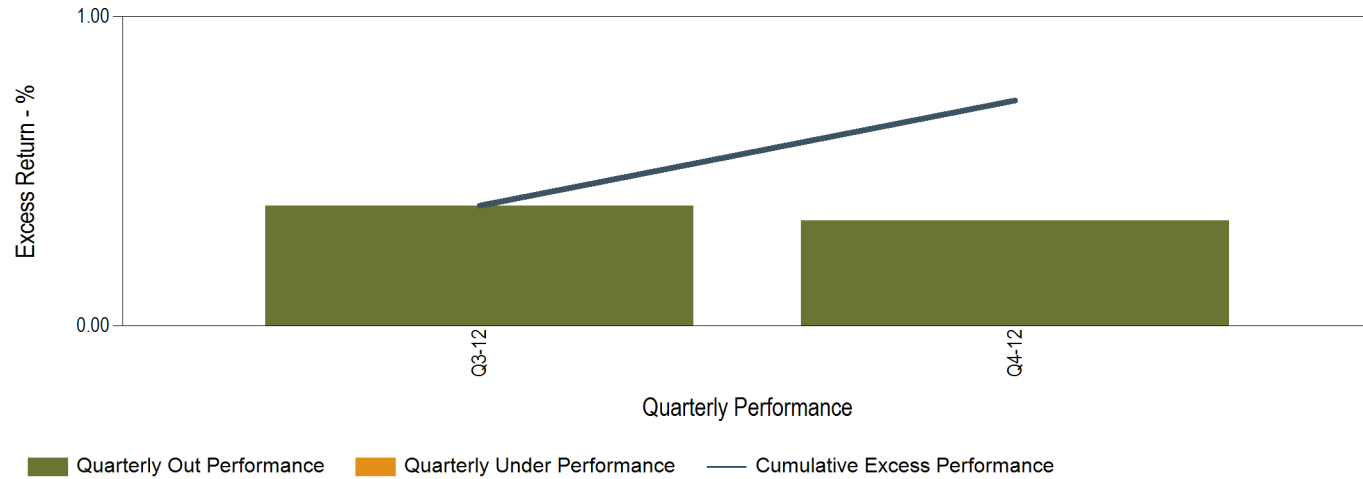
## Current Allocation



## Return Summary



## Quarterly and Cumulative Excess Performance

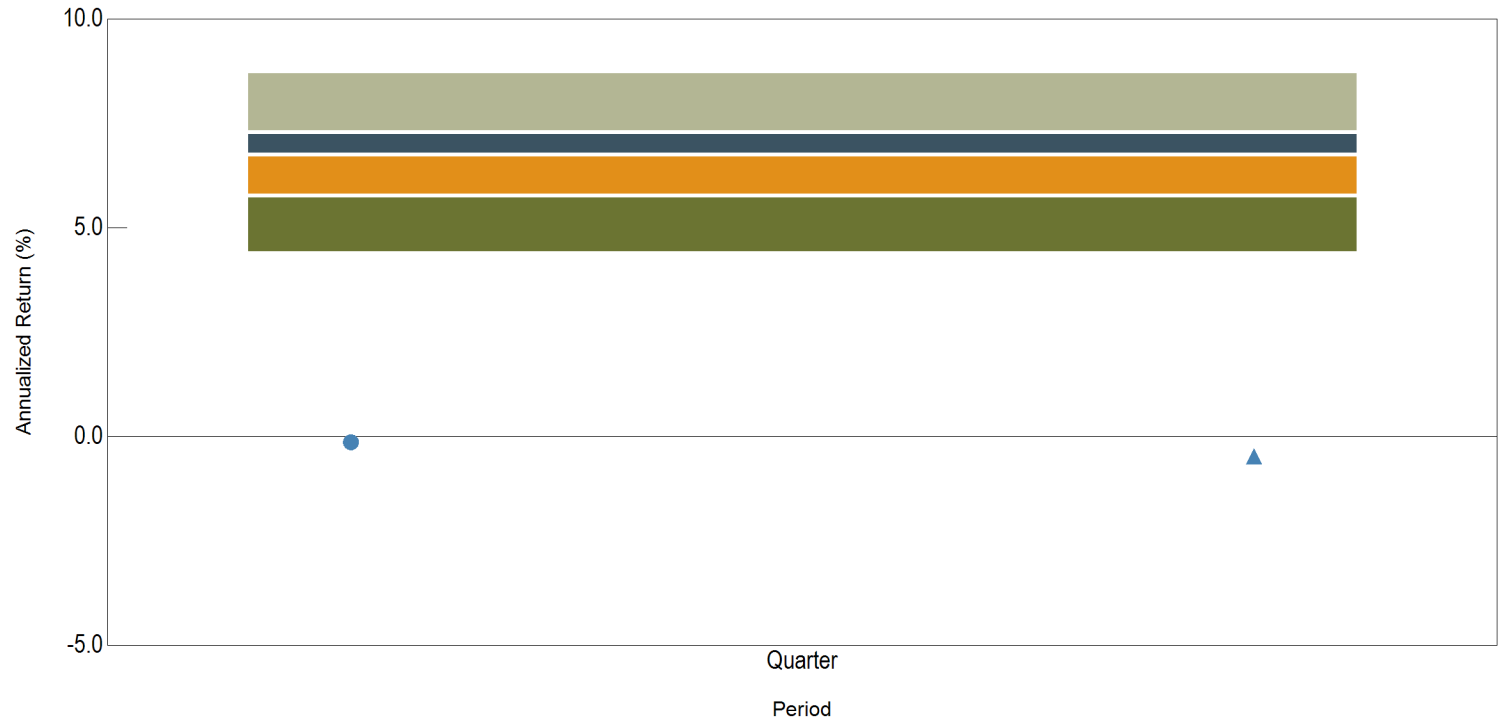


## Universe Comparison

Benchmark: Barclays Global Aggregate Bond Index

Universe: Global xUS Fixed Income -Unhedged

Ending December 31, 2012



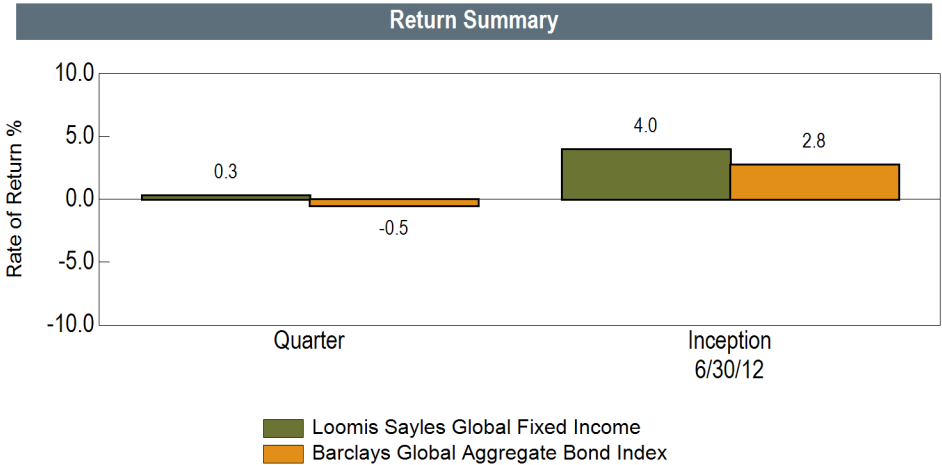
### Return (Rank)

5th Percentile	8.7	
25th Percentile	7.3	
Median	6.8	
75th Percentile	5.8	
95th Percentile	4.4	
# of Portfolios	22	
● Total Global Fixed Income	-0.1	(99)
▲ Barclays Global Aggregate Bond Index	-0.5	(99)

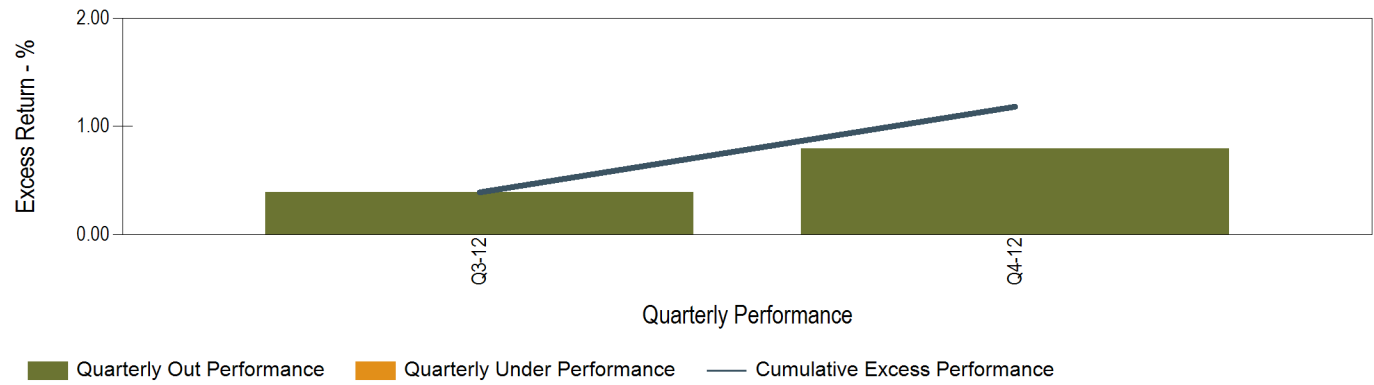
## Manager Performance

Benchmark: Barclays Global Aggregate Bond Index

Account Information	
Account Name	<b>Loomis Sayles Global Fixed Income</b>
Account Structure	<b>Separate Account</b>
Investment Style	<b>Passive</b>
Inception Date	<b>6/30/12</b>
Account Type	
Benchmark	<b>Barclays Global Aggregate Bond Index</b>
Universe	<b>Global Fixed Income - Unhedged</b>



### Quarterly and Cumulative Excess Performance

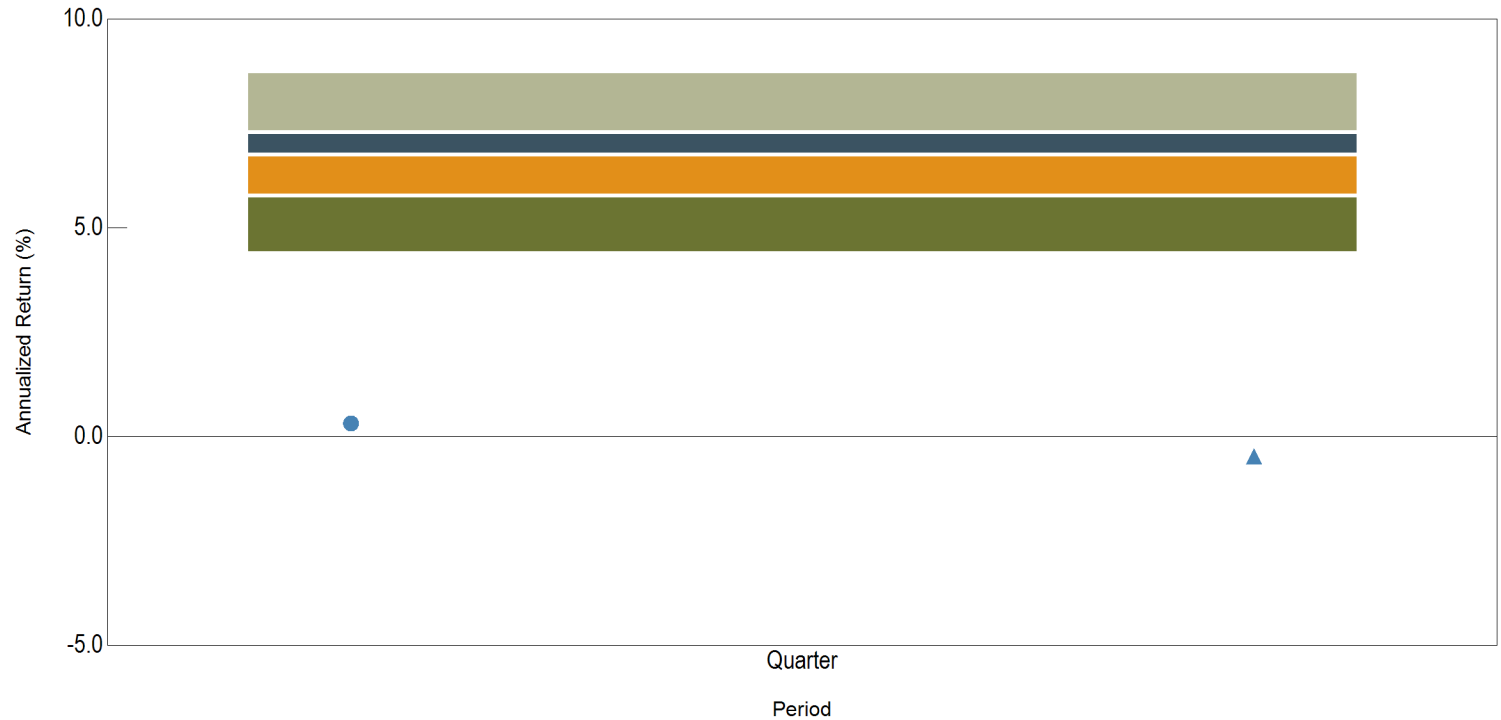


## Universe Comparison

Benchmark: Barclays Global Aggregate Bond Index

Universe: Global Fixed Income - Unhedged

Ending December 31, 2012



### Return (Rank)

5th Percentile	8.7	
25th Percentile	7.3	
Median	6.8	
75th Percentile	5.8	
95th Percentile	4.4	
# of Portfolios	22	
● Loomis Sayles Global Fixed Income	0.3	(99)
▲ Barclays Global Aggregate Bond Index	-0.5	(99)

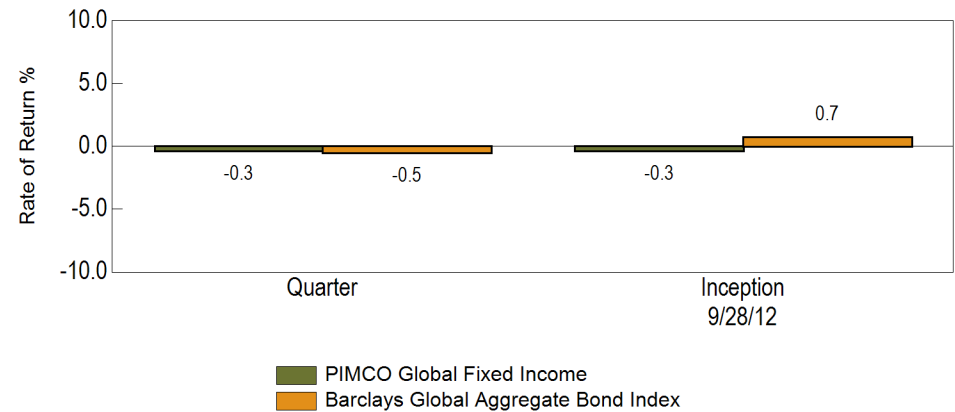
## Manager Performance

Benchmark: Barclays Global Aggregate Bond Index

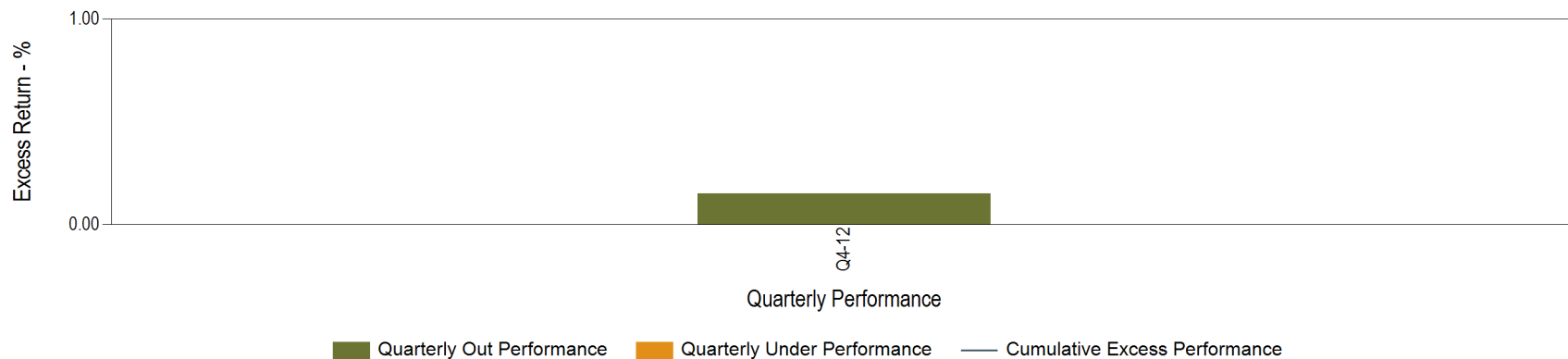
### Account Information

Account Name	<b>PIMCO Global Fixed Income</b>
Account Structure	<b>Mutual Fund</b>
Investment Style	<b>Passive</b>
Inception Date	<b>9/28/12</b>
Account Type	
Benchmark	<b>Barclays Global Aggregate Bond Index</b>
Universe	<b>Global Fixed Income - Unhedged</b>

### Return Summary



### Quarterly and Cumulative Excess Performance

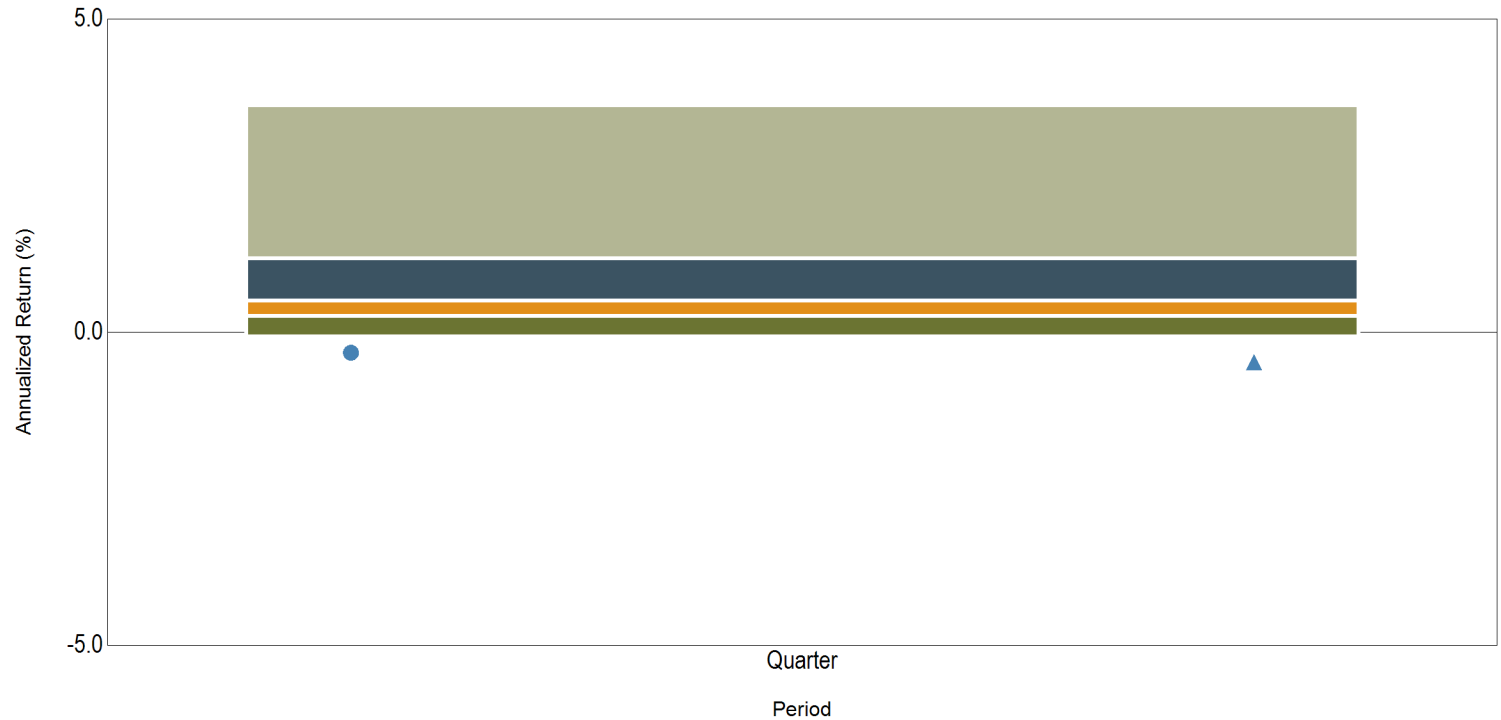


# Universe Comparison

Benchmark: Barclays Global Aggregate Bond Index

Universe: Global Fixed Income - Unhedged

Ending December 31, 2012



Return (Rank)

5th Percentile	3.6	
25th Percentile	1.2	
Median	0.5	
75th Percentile	0.3	
95th Percentile	-0.1	
# of Portfolios	1,675	
● PIMCO Global Fixed Income	-0.3	(98)
▲ Barclays Global Aggregate Bond Index	-0.5	(99)



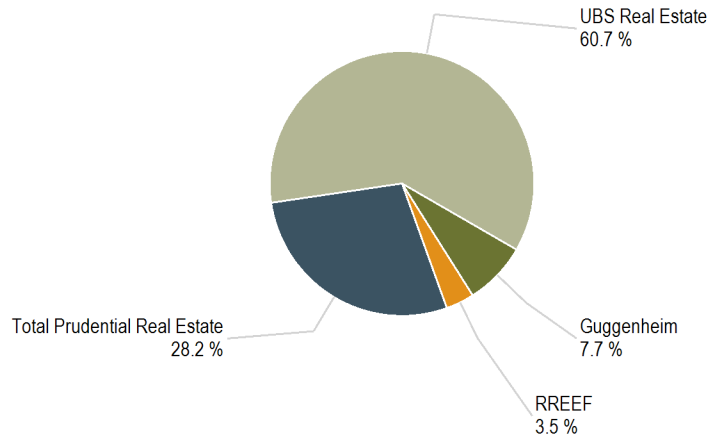


Total Real Estate

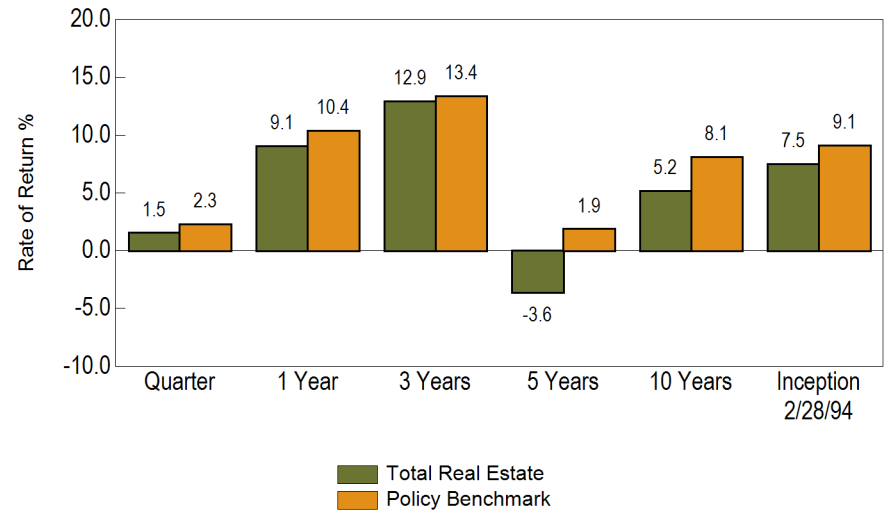
# Overview

Benchmark: Policy Benchmark

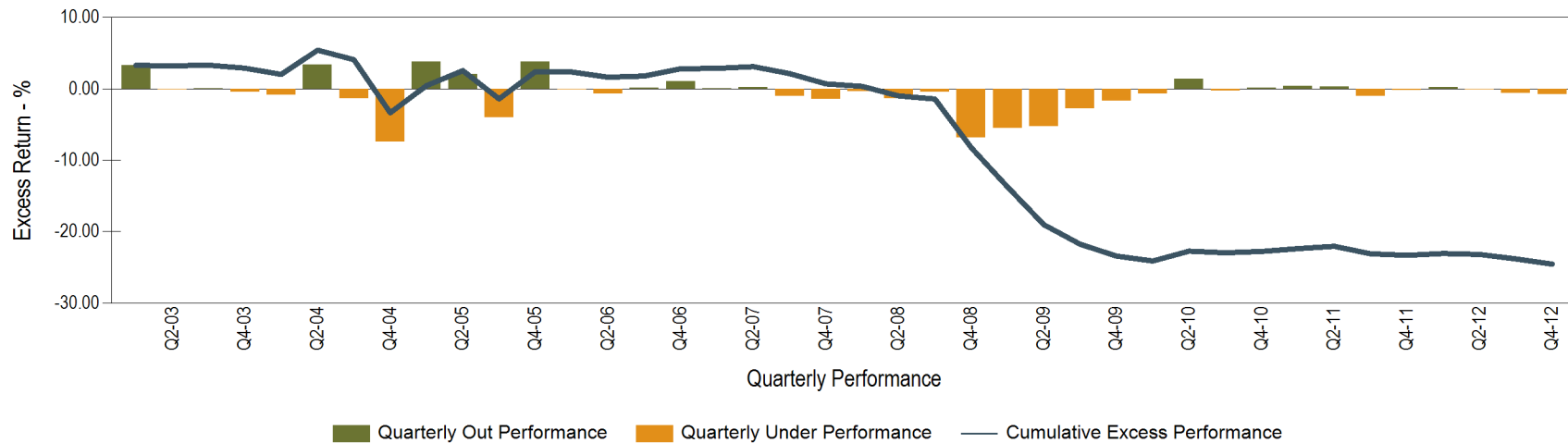
### Current Allocation



### Return Summary



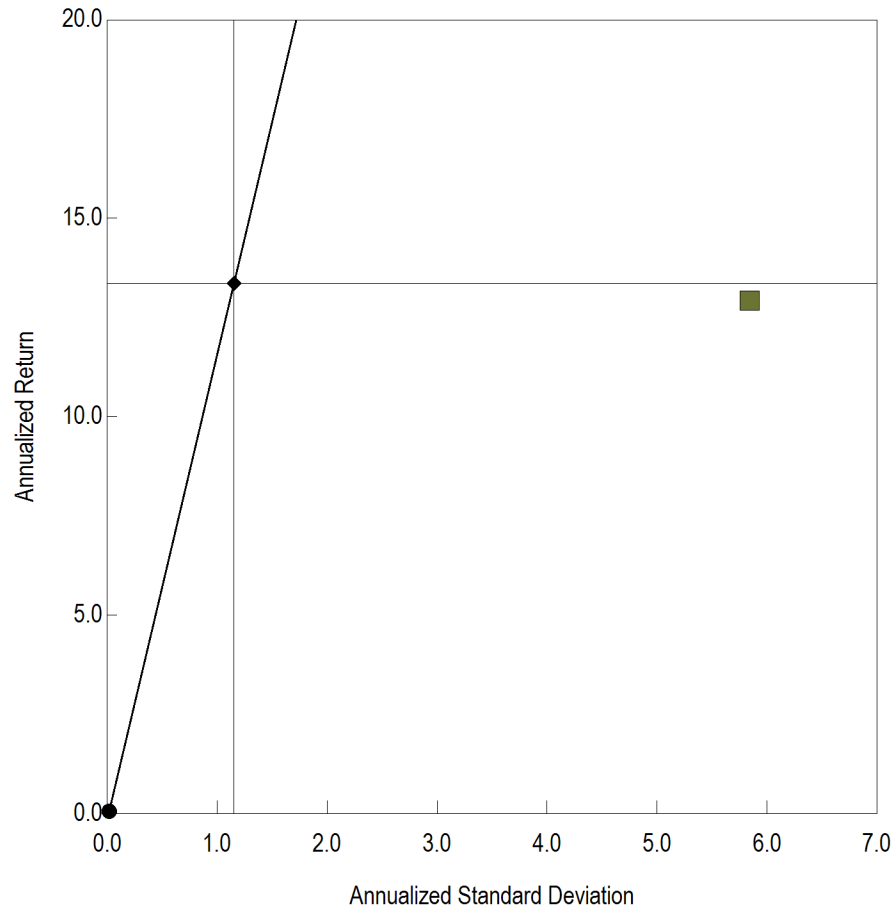
### Quarterly and Cumulative Excess Performance



# Risk Profile

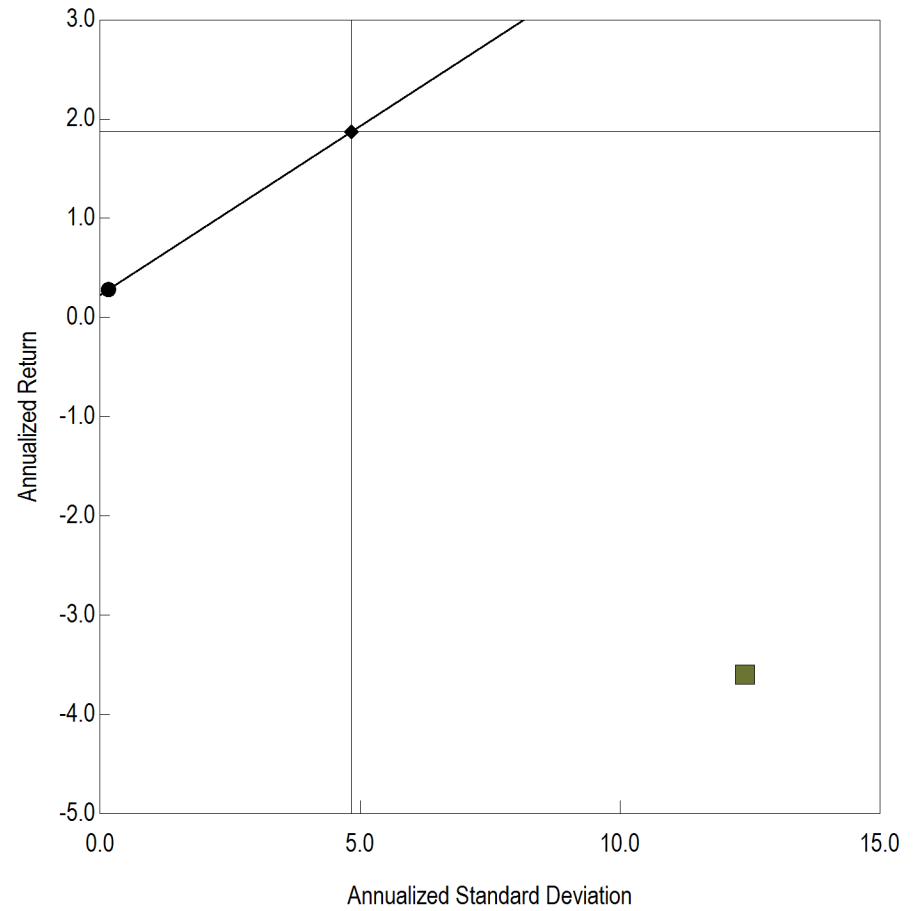
Benchmark: Policy Benchmark

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



- Total Real Estate
- ◆ Policy Benchmark
- Risk Free

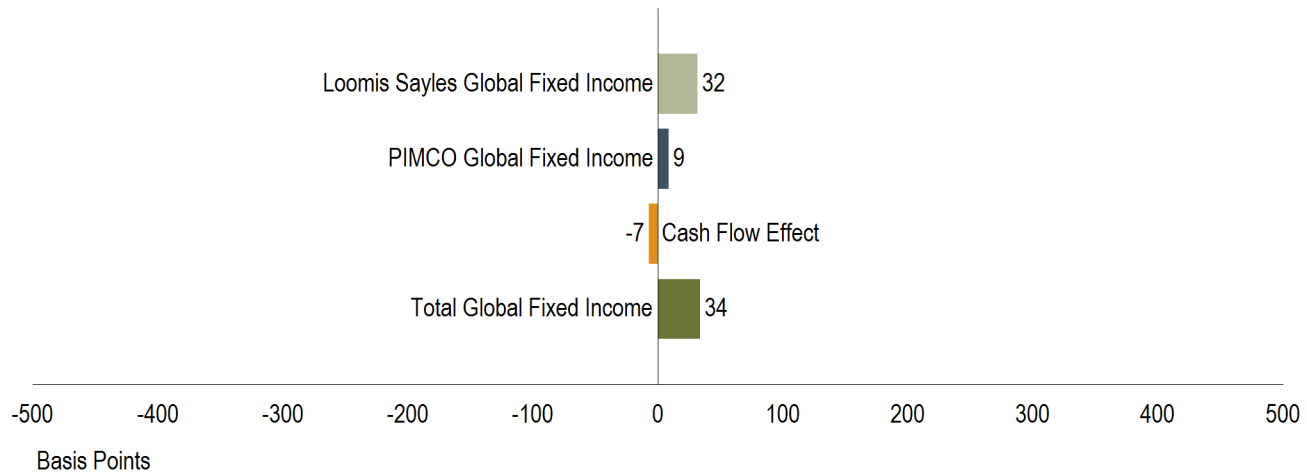
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



- Total Real Estate
- ◆ Policy Benchmark
- Risk Free

# Attribution

## MANAGER ATTRIBUTION ANALYSIS 3 MONTHS ENDING 12/31/12

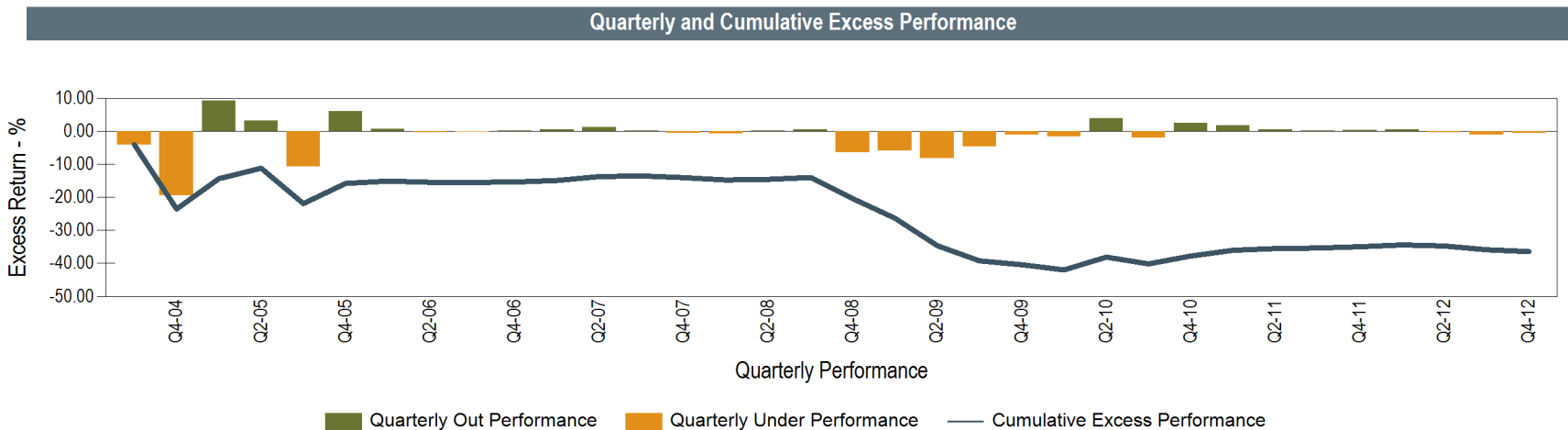
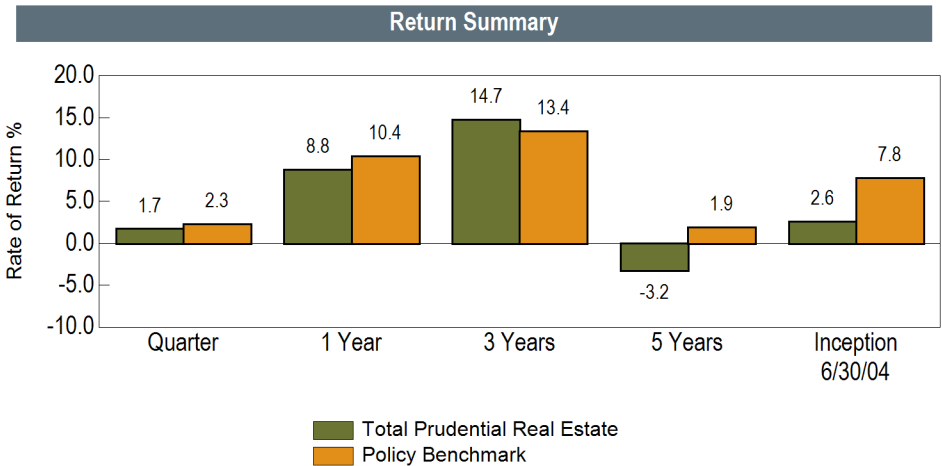


## Manager Performance

Benchmark: Policy Benchmark

Prudential's PRISA is a core-only product with no value-added component. The manager utilizes low leverage (max 30%) and is diversified across both property types and regions. PRISA has a dedicated team of 15 regional research professionals who work on the portfolio. In constructing the PRISA portfolio, the lead portfolio manager annually develops a forward-looking three-year forecast. The forecast is based on macroeconomic predictions, along with input from the manager's proprietary software systems. The transaction team utilizes this forward-looking forecast in its search for potential properties.

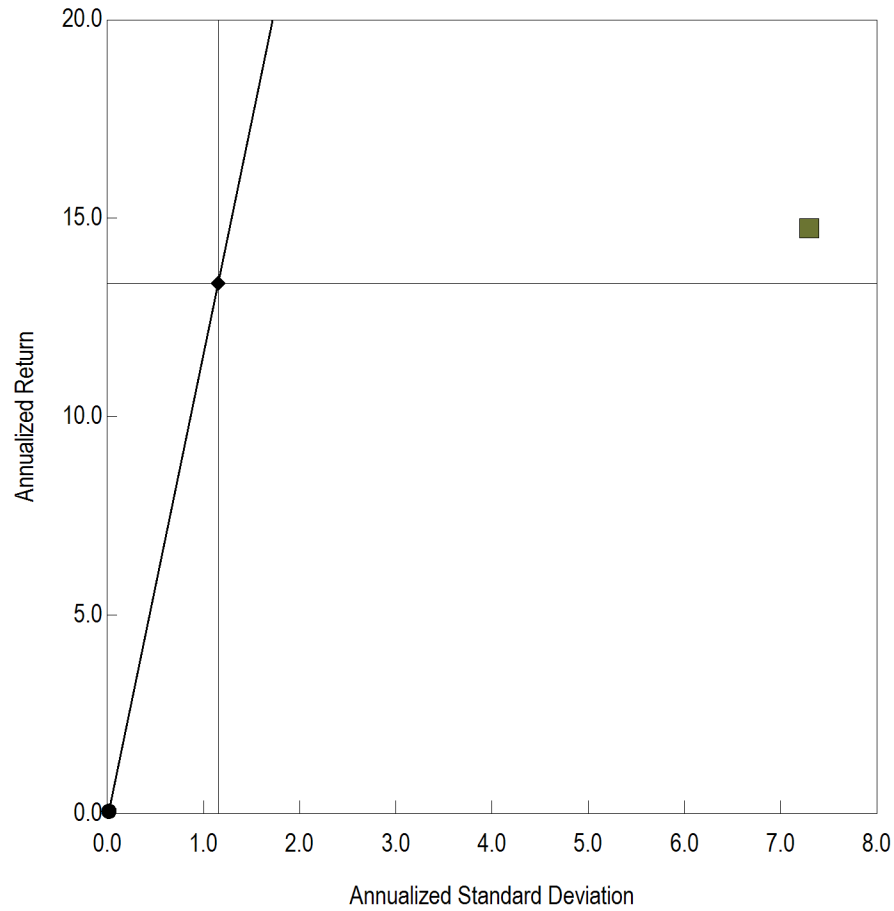
Account Information	
Account Name	Total Prudential Real Estate
Account Structure	Other
Investment Style	Active
Inception Date	6/30/04
Account Type	Real Estate
Benchmark	Policy Benchmark
Universe	



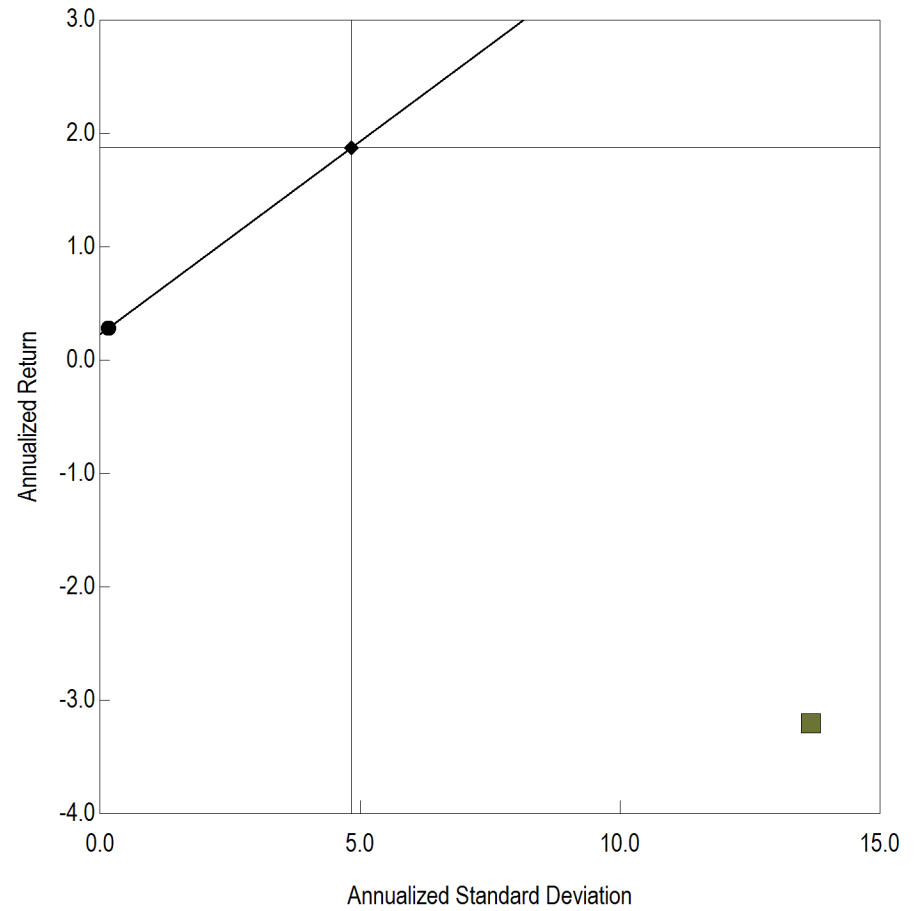
# Risk Profile

Benchmark: Policy Benchmark

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012

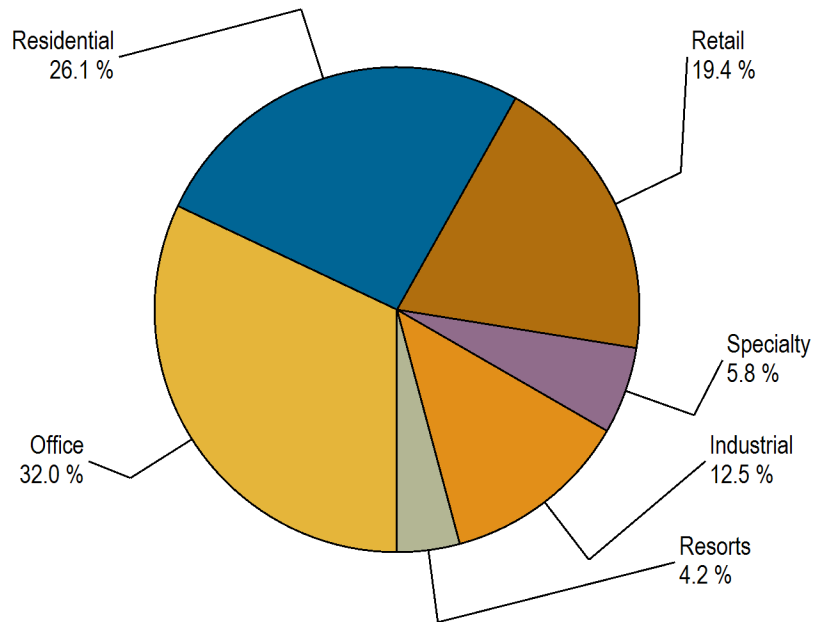


- Total Prudential Real Estate
- ◆ Policy Benchmark
- Risk Free

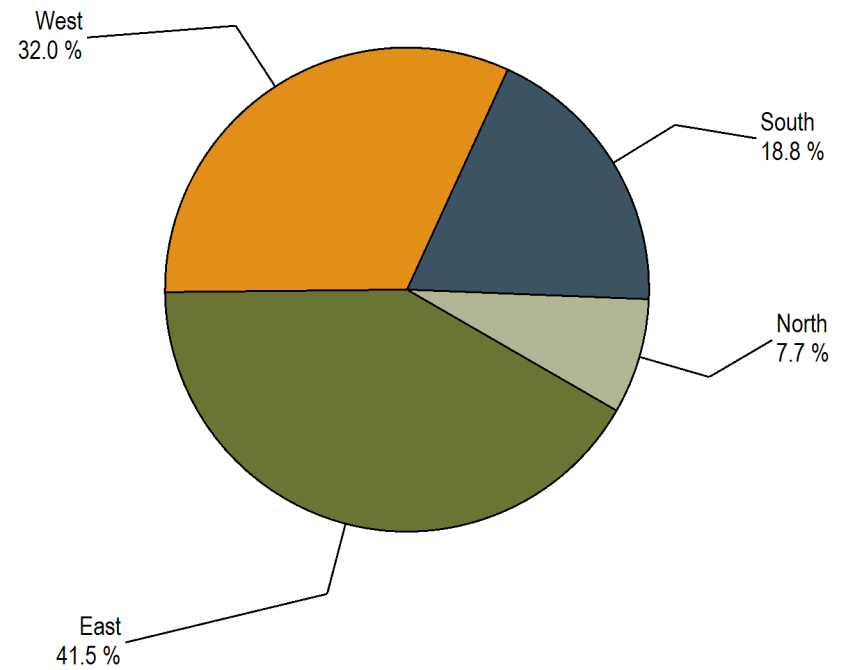
- Total Prudential Real Estate
- ◆ Policy Benchmark
- Risk Free

# Manager Analysis

### Property Type Allocation



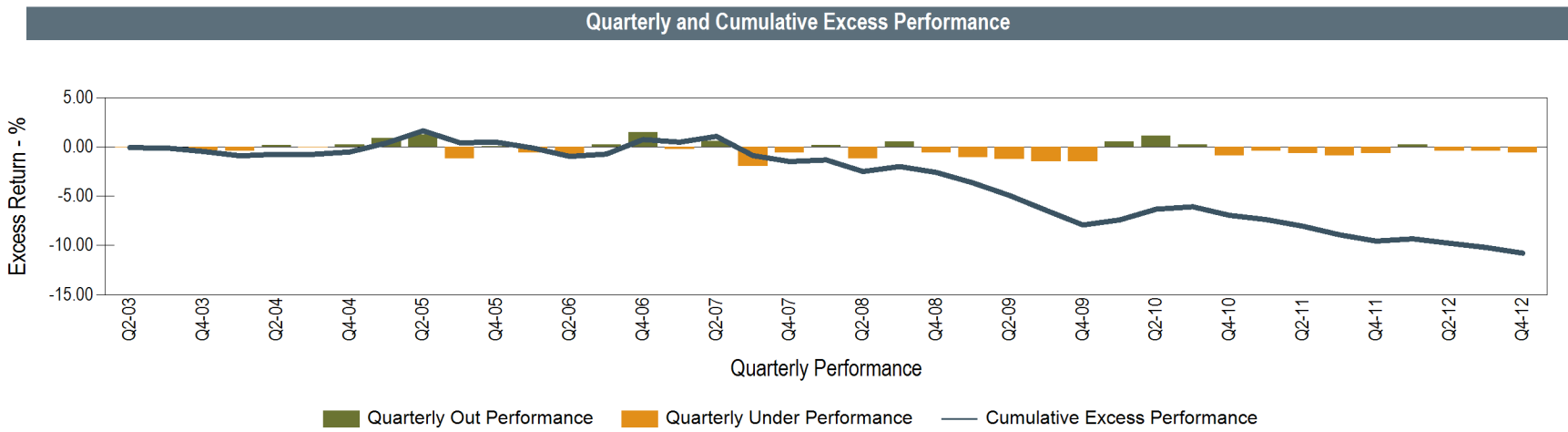
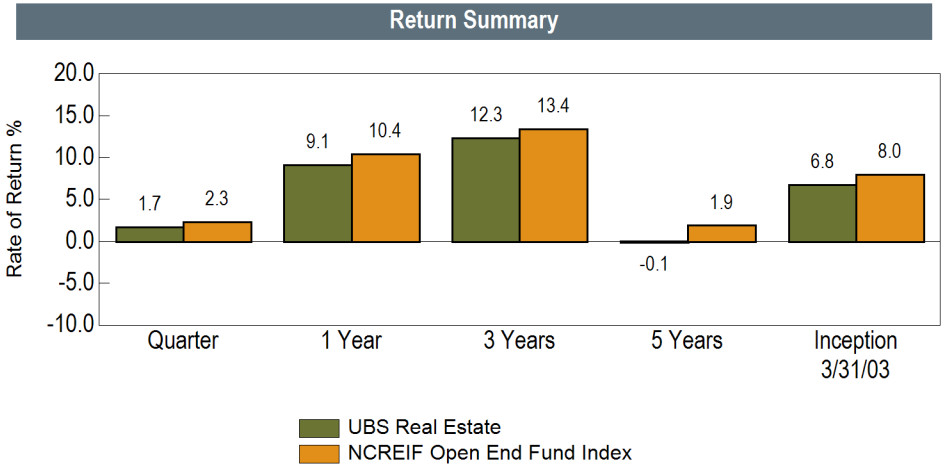
### Geographic Diversification



# Manager Performance

Benchmark: NCREIF Open End Fund Index

Account Information	
Account Name	UBS Real Estate
Account Structure	Other
Investment Style	Active
Inception Date	3/31/03
Account Type	Real Estate
Benchmark	NCREIF Open End Fund Index
Universe	

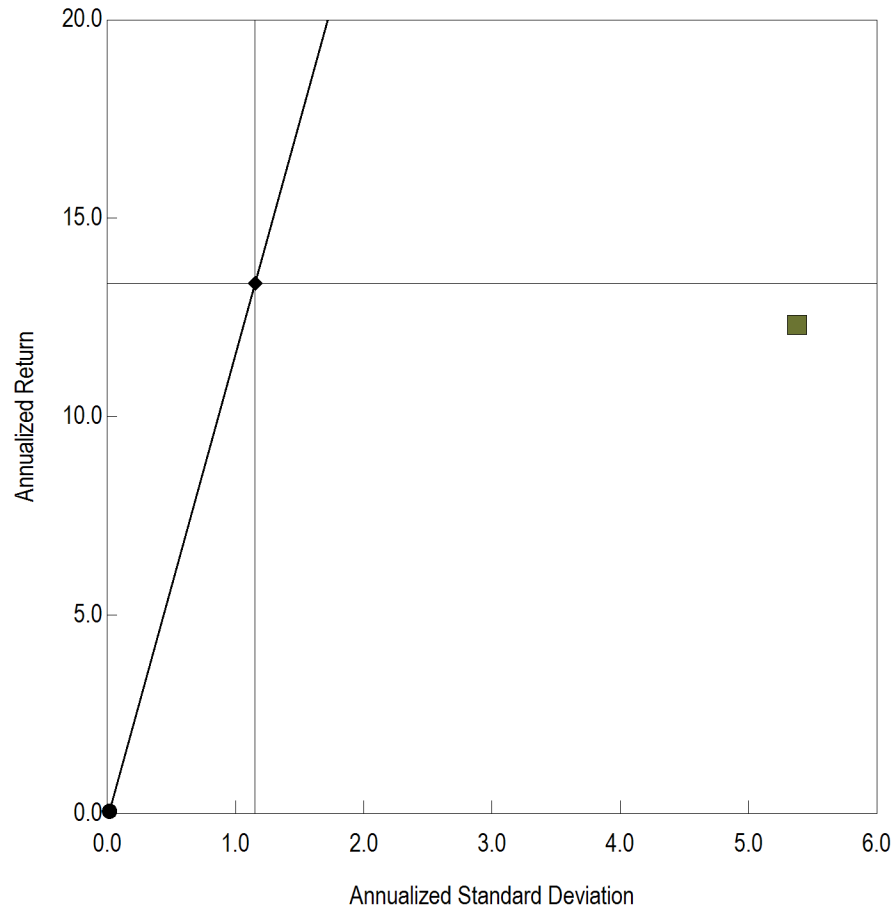




# Risk Profile

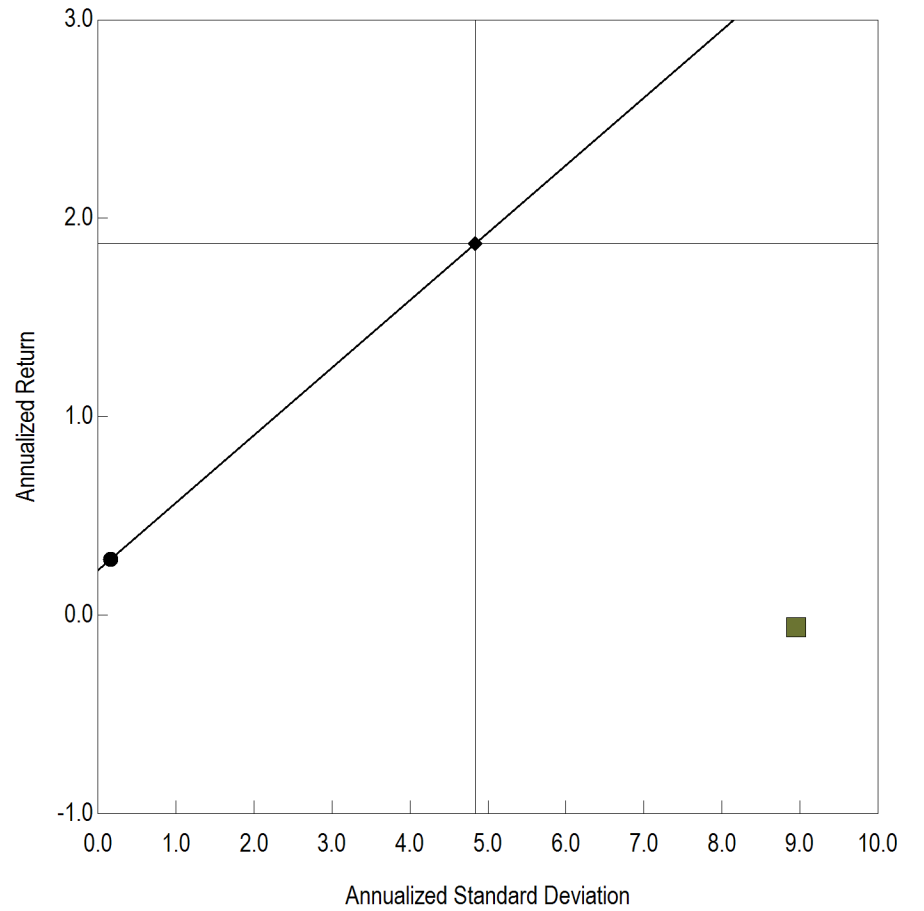
Benchmark: NCREIF Open End Fund Index

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



- UBS Real Estate
- ◆ NCREIF Open End Fund Index
- Risk Free

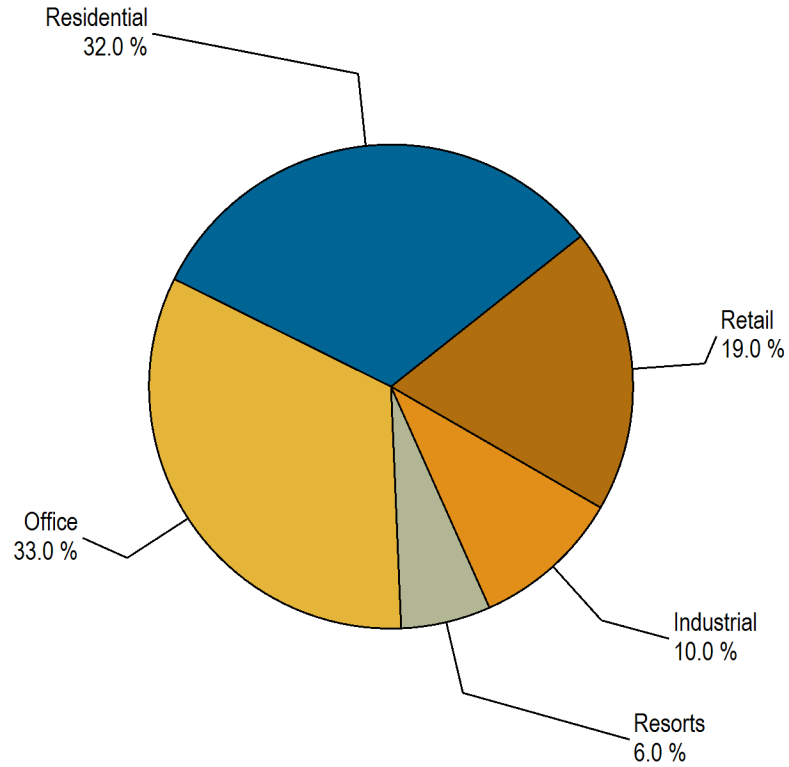
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



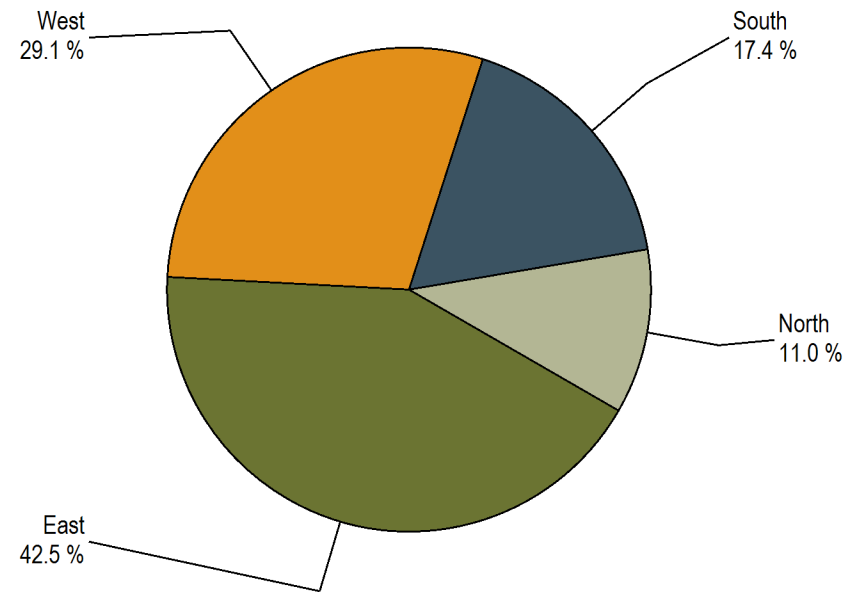
- UBS Real Estate
- ◆ NCREIF Open End Fund Index
- Risk Free

# Manager Analysis

Property Type Allocation



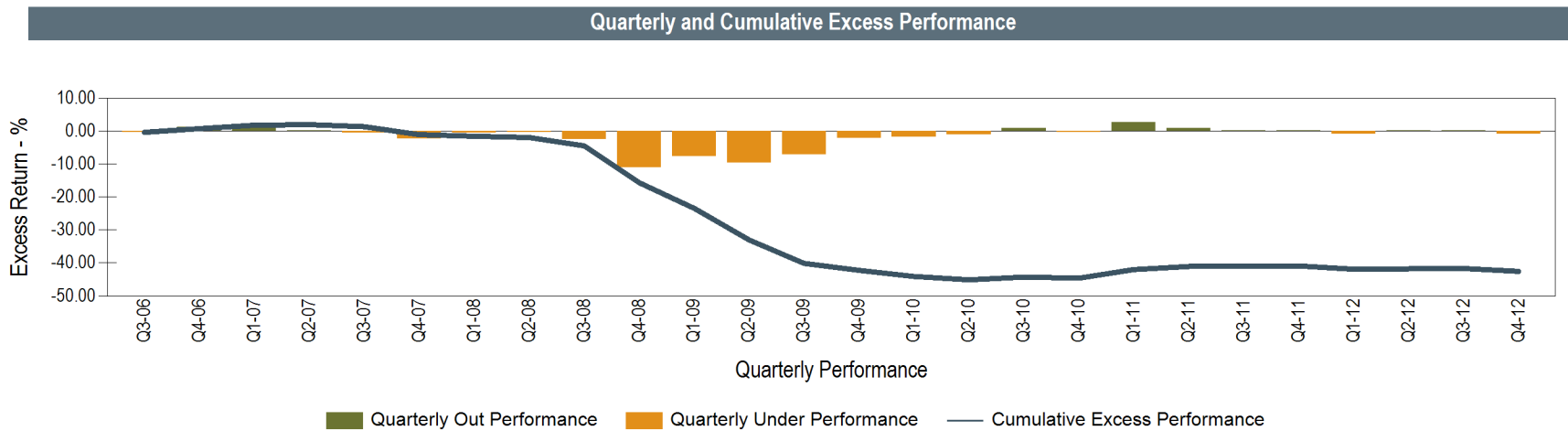
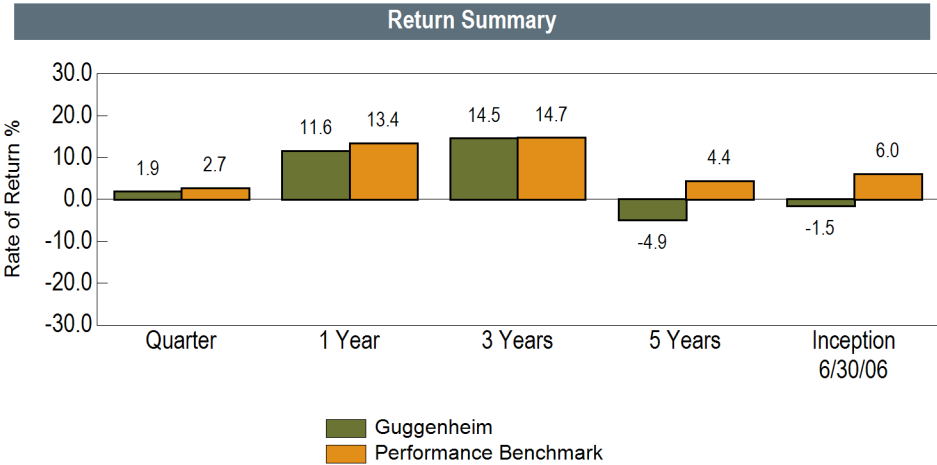
Geographic Diversification



# Manager Performance

Benchmark: Performance Benchmark

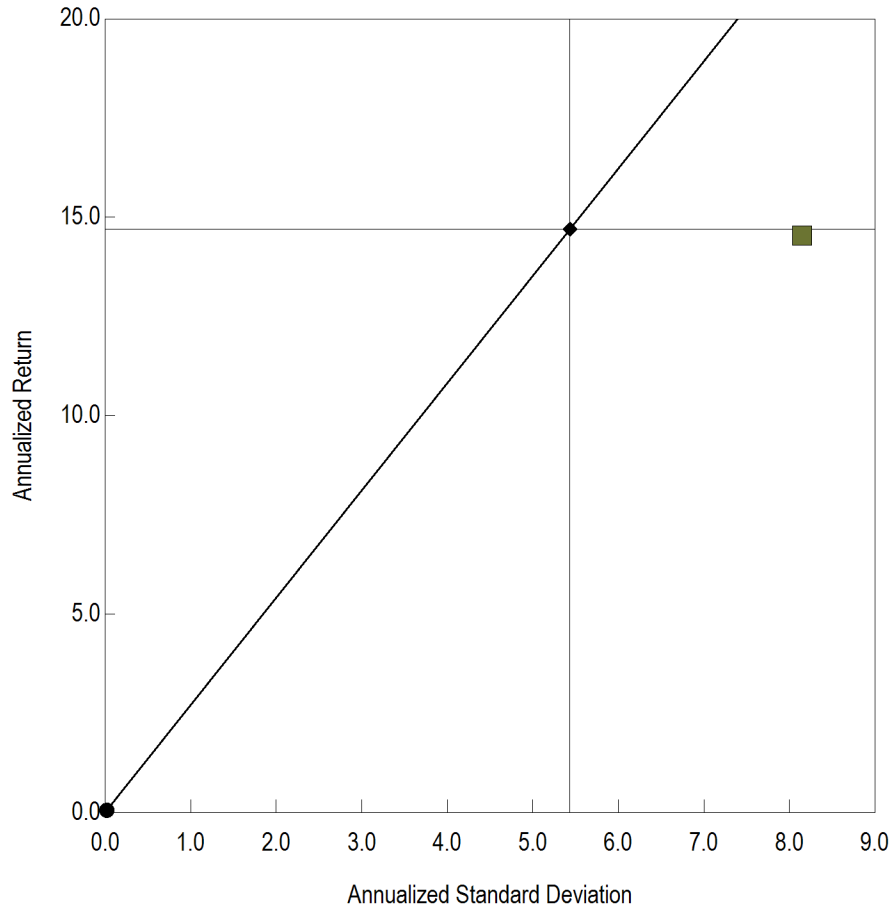
Account Information	
Account Name	Guggenheim
Account Structure	Other
Investment Style	Active
Inception Date	6/30/06
Account Type	Real Estate
Benchmark	Performance Benchmark
Universe	



# Risk Profile

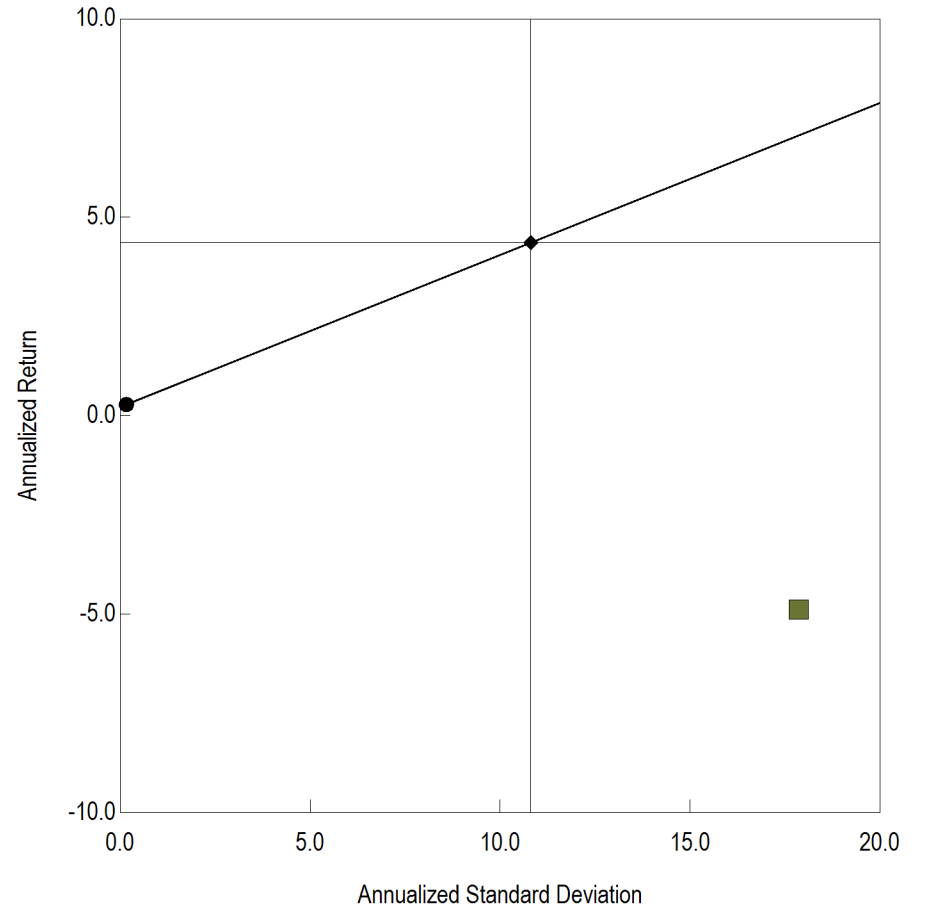
Benchmark: Performance Benchmark

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



- Guggenheim
- ◆ Performance Benchmark
- Risk Free

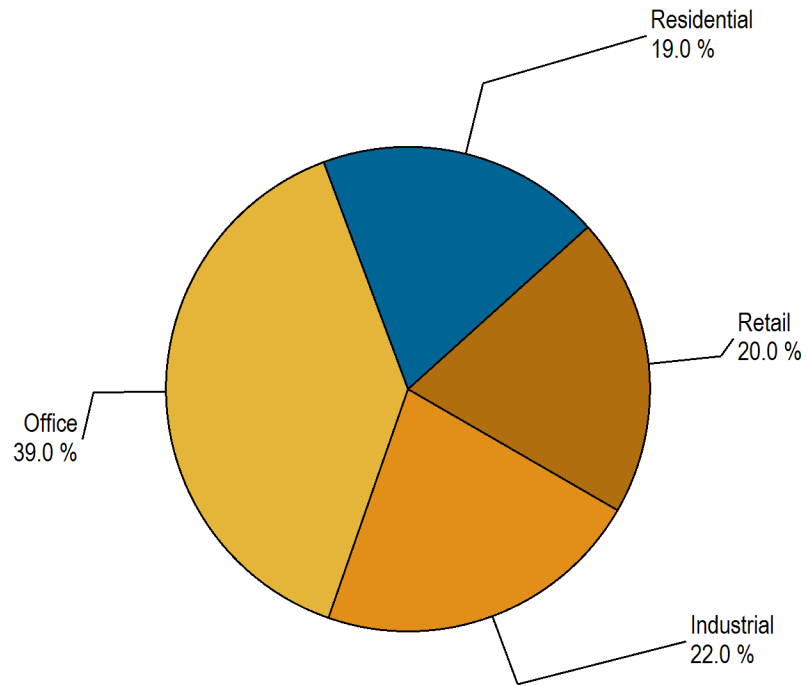
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



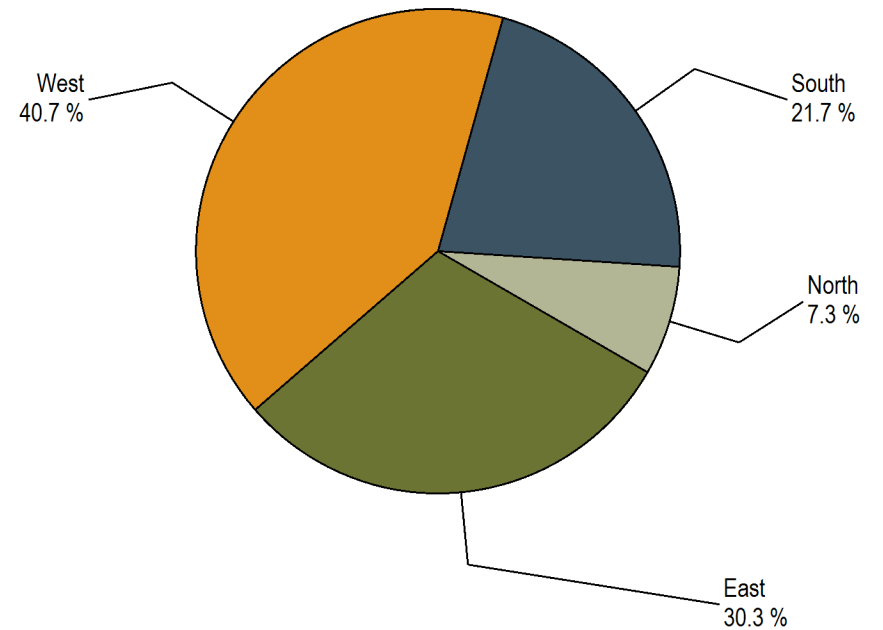
- Guggenheim
- ◆ Performance Benchmark
- Risk Free

# Manager Analysis

### Property Type Allocation



### Geographic Diversification



Note: Geographic Diversification figures are as of 03/31/2012 as 06/30/2012 data is not available.

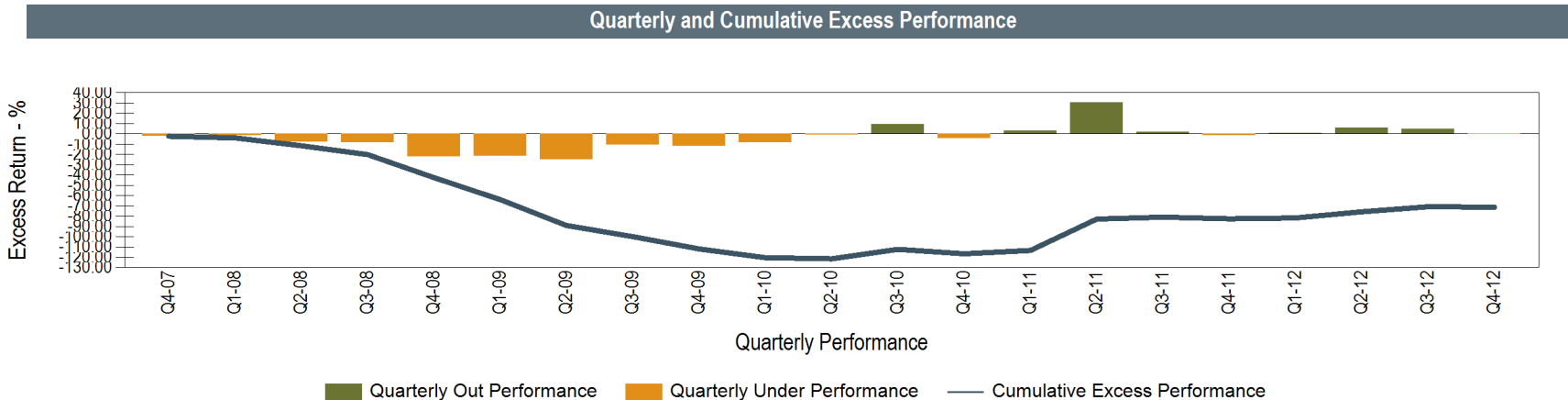
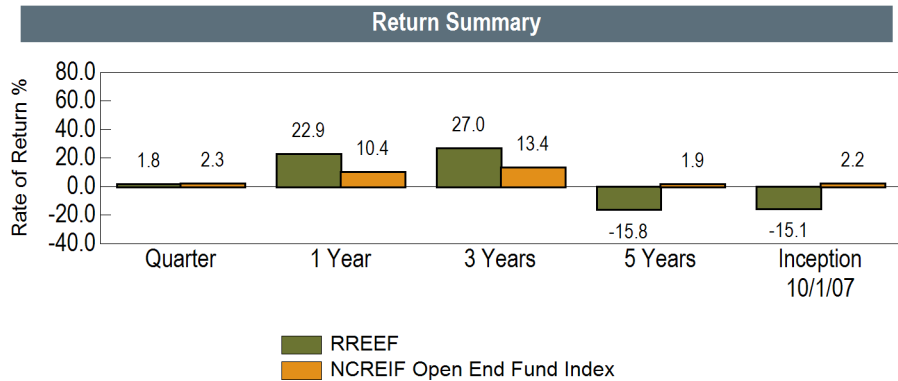
## Manager Performance

Benchmark: NCREIF Open End Fund Index

RREEF employs 600+ real estate investment professionals in 115 offices located in every major metropolitan market nationwide. RREEF America III (RA III) is a \$600 million open-end private REIT that pursues value-added investment opportunities in the U.S. The RREEF research process, dubbed the Market Profile Process, is led by Asieh Mansour, Ph. D and is roughly 65% bottom up asset-specific fundamental research and 25% top down market and demographic research. The remainder focuses on the investment performance of real estate in both public market and private market settings. This process is executed by the 17 members of the full-time research staff.

RA III has a target total fund size of \$1-2 billion, which RA III management expects to reach over a five year period. RREEF expects RA III to produce more than one-half of its total return from realized and unrealized gains resulting from the improvements it makes in the fund's assets. RA III investments will include income-producing properties, properties requiring re-positioning, and speculative development. The fund is scheduled to have a 15-year life and will commence an orderly liquidation of assets on January 22, 2016. RA III shareholders and the Board of Directors are considering a proposal to extend product life. As a REIT, oversight of RA III is maintained by an independent board that approves: the investment plan, dispositions, financing, and quarterly valuations.

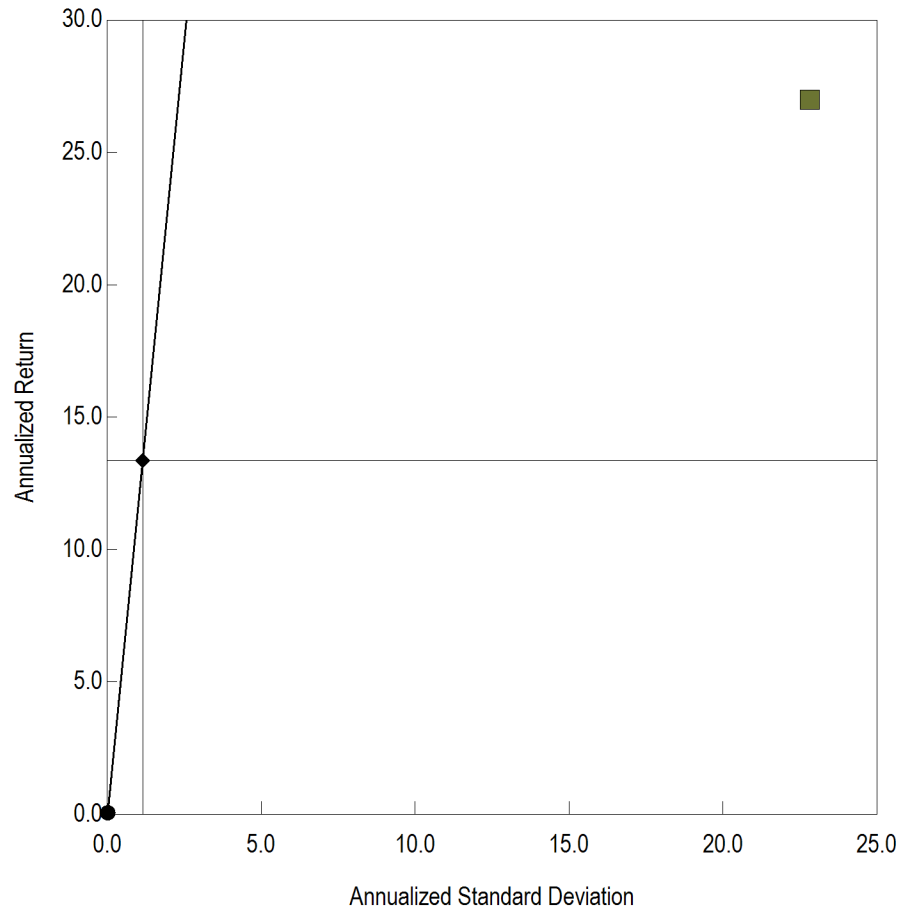
Account Information	
Account Name	<b>RREEF</b>
Account Structure	<b>Other</b>
Investment Style	<b>Active</b>
Inception Date	<b>10/01/07</b>
Account Type	<b>Real Estate</b>
Benchmark	<b>NCREIF Open End Fund Index</b>
Universe	



# Risk Profile

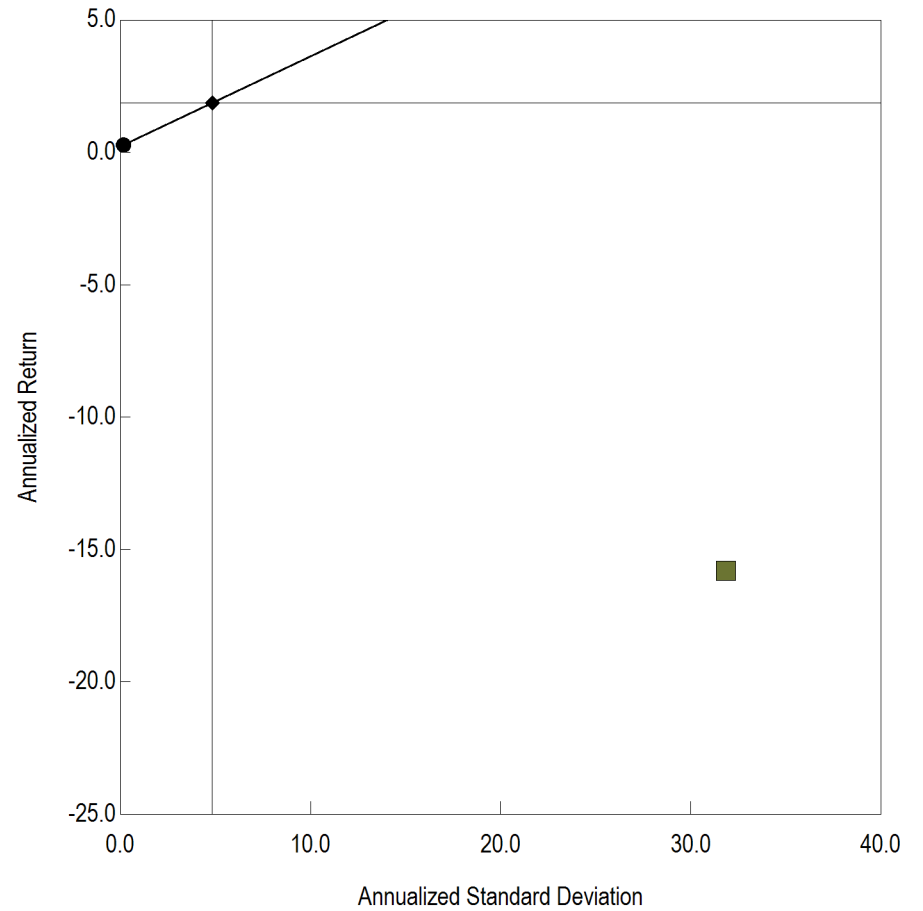
Benchmark: NCREIF Open End Fund Index

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2012



- RREEF
- ◆ NCREIF Open End Fund Index
- Risk Free

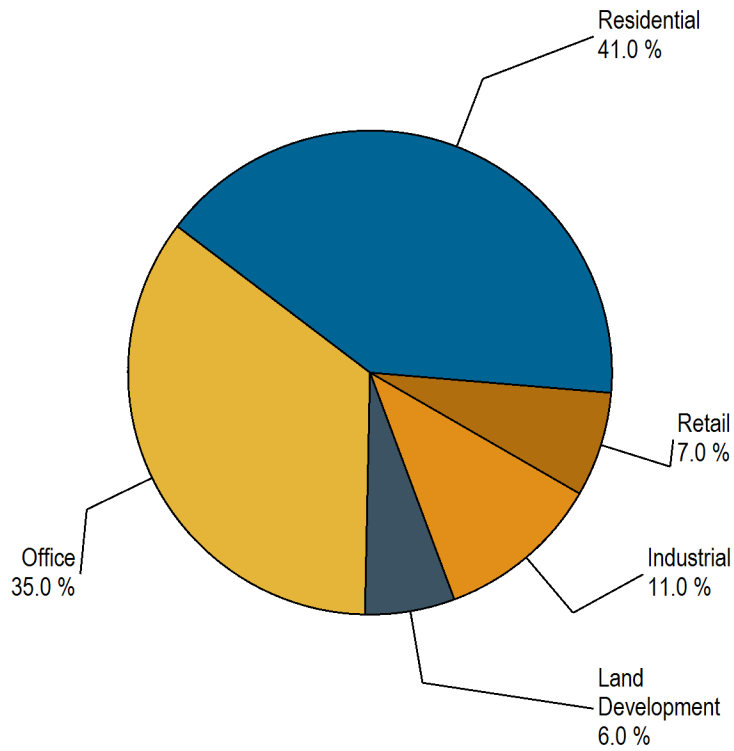
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2012



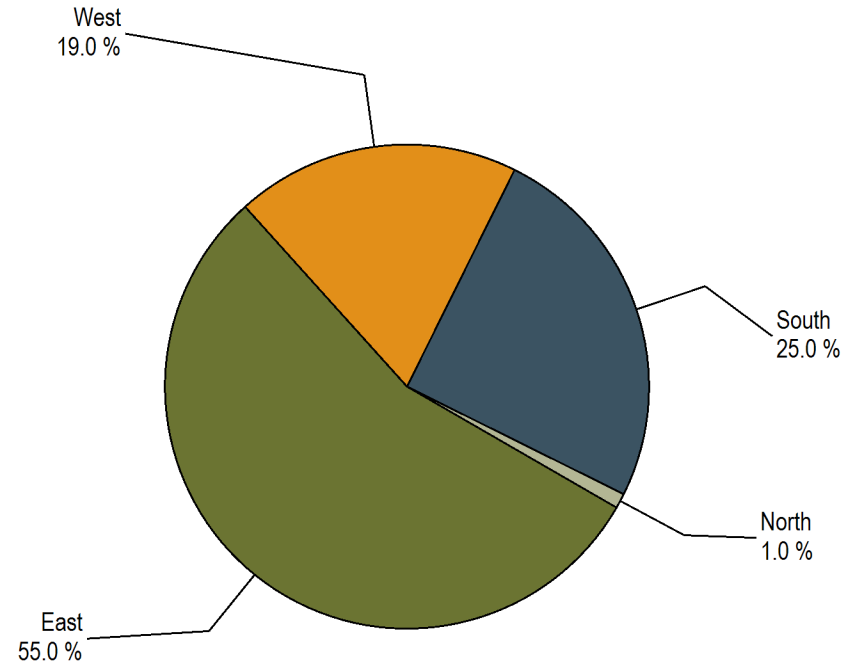
- RREEF
- ◆ NCREIF Open End Fund Index
- Risk Free

# Manager Analysis

Property Type Allocation



Geographic Diversification







# Private Equity

## Overview

**Adams Street Partnership**

	<b>As of 09/30/2012</b>
Inception Date	May 2010
Capital Committed	\$85.0 million
Capital Called	\$26.99 million
Distributions	\$2.55 million
Carrying Values	\$25.16 million
Fee %	1.00%
Fee	\$850,000
Net IRR Since Inception*	21.4%

**Pantheon Ventures**

	<b>As of 09/30/2012</b>
Inception Date	January 2010
Capital Committed	\$15.0 million
Capital Called	\$5.70 million
Distributions	\$0.90 million
Carrying Values	\$6.20 million
Fee %	1.00%
Fee	\$150,000
Net IRR Since Inception**	23.6%

\*Due to the relatively short investment period of the Pension's investments, the internal rate of return (IRR) is might not be meaningful.

\*\*Due to the relatively short investment period of the Pension's investments, returns are not shown. An internal rate of return (IRR) will be calculated for this investment once a meaningful level of capital has been invested for an appropriate period of time.



# Appendix

## Fee Schedule

Account	Fee Schedule	Market Value As of 12/31/2012	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
<b>Total U.S. Equity</b>	<b>No Fee</b>	<b>\$1,276,182,749</b>	<b>36.5%</b>	<b>--</b>	<b>--</b>
BlackRock Extended Equity Index Fund	0.08% of First \$50.0 Mil, 0.06% of Next \$50.0 Mil, 0.04% Thereafter	\$31,301,869	0.9%	\$25,041	0.08%
Western U.S. Index Plus	0.15% of Assets	\$120,495,859	3.4%	\$180,744	0.15%
BlackRock Equity Market Fund	0.03% of First \$250.0 Mil, 0.02% Thereafter	\$1,124,385,022	32.1%	\$249,877	0.02%
<b>Total Non-U.S. Equity</b>	<b>No Fee</b>	<b>\$647,654,157</b>	<b>18.5%</b>	<b>--</b>	<b>--</b>
BlackRock ACWI ex-U.S. Index	0.12% of First \$100.0 Mil, 0.10% Thereafter	\$340,033,761	9.7%	\$360,034	0.11%
Sprucegrove	0.90% of First \$5.0 Mil, 0.65% of Next \$10.0 Mil, 0.55% of Next \$25.0 Mil, 0.50% of Next \$35.0 Mil, 0.25% of Next \$225.0 Mil, 0.20% Thereafter	\$157,961,770	4.5%	\$629,904	0.40%
Hexavest	0.60% of First \$10.0 Mil, 0.50% of Next \$30.0 Mil, 0.40% of Next \$40.0 Mil	\$66,667,819	1.9%	\$316,671	0.47%
Walter Scott	1.00% of First \$50.0 Mil, 0.85% of Next \$25.0 Mil, 0.60% Thereafter	\$82,990,807	2.4%	\$760,445	0.92%
<b>Total Global Equity</b>	<b>No Fee</b>	<b>\$302,669,288</b>	<b>8.7%</b>	<b>--</b>	<b>--</b>
GMO Global	0.65% of Assets	\$173,381,937	5.0%	\$1,126,983	0.65%
BlackRock Global MSCI ACWI Equity Index	No Fee	\$129,287,351	3.7%	--	--
<b>Total Real Estate</b>	<b>No Fee</b>	<b>\$294,588,180</b>	<b>8.4%</b>	<b>--</b>	<b>--</b>
Total Prudential Real Estate	0.81% of Assets	\$82,992,279	2.4%	\$672,237	0.81%
UBS Real Estate	0.96% of Assets	\$178,706,026	5.1%	\$1,715,578	0.96%
Guggenheim	0.60% of First \$20.0 Mil, 0.50% Thereafter	\$22,664,017	0.6%	\$133,320	0.59%
RREEF	0.30% of Assets	\$10,225,857	0.3%	\$30,678	0.30%

## Fee Schedule

Account	Fee Schedule	Market Value As of 12/31/2012	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
<b>Total U.S. Fixed Income</b>	<b>No Fee</b>	<b>\$933,216,037</b>	<b>26.7%</b>	<b>--</b>	<b>--</b>
Western	0.30% of First \$100.0 Mil, 0.15% Thereafter	\$279,705,407	8.0%	\$569,558	0.20%
BlackRock U.S. Debt Fund	0.06% of First \$100.0 Mil, 0.04% of Next \$400.0 Mil, 0.02% Thereafter	\$133,640,955	3.8%	\$73,456	0.05%
Reams	0.20% of First \$200.0 Mil, 0.15% Thereafter	\$244,977,987	7.0%	\$467,467	0.19%
Loomis Sayles	0.50% of First \$20.0 Mil, 0.40% of Next \$30.0 Mil, 0.30% Thereafter	\$106,379,087	3.0%	\$389,137	0.37%
<b>Total Global Fixed Income</b>	<b>No Fee</b>	<b>\$168,512,600</b>	<b>4.8%</b>	<b>--</b>	<b>--</b>
Loomis Sayles Global Fixed Income	0.30% of First \$100.0 Mil, 0.20% Thereafter	\$68,011,337	1.9%	\$204,034	0.30%
PIMCO Global Fixed Income	0.35% of First \$100.0 Mil, 0.30% Thereafter	\$100,501,263	2.9%	\$351,504	0.35%
<b>Private Equity</b>	<b>No Fee</b>	<b>\$33,594,286</b>	<b>1.0%</b>	<b>--</b>	<b>--</b>
Adams Street Partners	\$850,000 Annually	\$27,248,128	0.8%	\$850,000	3.12%
Pantheon Ventures	\$150,000 Annually	\$6,346,158	0.2%	\$150,000	2.36%
Clifton Group	0.15% of First \$25.0 Mil, 0.10% of Next \$75.0 Mil, 0.40% Thereafter	\$10,854,144	0.3%	\$16,281	0.15%
<b>Investment Management Fee</b>		<b>\$3,498,758,840</b>	<b>100.0%</b>	<b>\$9,272,950</b>	<b>0.27%</b>

Note: Western's fees for both U.S. and Fixed Income products are calculated together. The first \$100 million of the combined assets is billed at 30bps, all assets thereafter are billed at 15bps. Additionally, the Estimated Annual Fee does include the Private Equity asset class fees of \$1 million as detailed on page 121.

## Market Returns

	Fourth Quarter	1-Year	3-Year	Annualized Periods Ending 12/31/12		
				5-Year	10-Year	15-Year
<b>Domestic Stock Indices:</b>						
Dow Jones US Total Stock Index	0.2	16.4	11.4	2.2	7.9	4.9
S&P 500 Index	-0.4	16.0	10.9	1.7	7.1	4.5
Russell 3000 Index	0.2	16.4	11.2	2.0	7.7	4.8
Russell 1000 Value Index	1.5	17.5	10.9	0.6	7.4	5.3
Russell 1000 Growth Index	-1.3	15.3	11.4	3.1	7.5	3.6
Russell MidCap Value Index	3.9	18.5	13.4	3.8	10.6	8.0
Russell MidCap Growth Index	1.7	15.8	12.9	3.2	10.3	6.1
Russell 2000 Value Index	3.2	18.0	11.6	3.5	9.5	7.2
Russell 2000 Growth Index	0.4	14.6	12.8	3.5	9.8	4.0
<b>Domestic Bond Indices:</b>						
Barclays Capital Aggregate Index	0.2	4.2	6.2	5.9	5.2	6.0
Barclays Capital Govt/Credit Index	0.4	4.8	6.7	6.1	5.2	6.0
Barclays Capital Long Govt/Credit Index	0.4	8.8	13.6	10.2	8.0	8.0
Barclays Capital 1-3 Year Govt/Credit Index	0.2	1.3	1.9	2.9	3.1	4.3
Barclays Capital U.S. MBS Index	-0.2	2.6	4.7	5.7	5.1	5.8
Barclays Capital High Yield Index	3.3	15.8	11.9	10.3	10.6	7.1
Barclays Capital Universal Index	0.6	5.5	6.7	6.2	5.6	6.1
<b>Real Estate Indices:</b>						
NCREIF Property Index	2.5	10.5	12.6	2.1	8.4	9.2
NCREIF ODCE Index	2.1	9.8	13.3	-2.0	5.7	7.1
Dow Jones Real Estate Securities Index	2.3	17.1	17.9	4.9	11.6	8.8
FTSE NAREIT US Real Estate Index	3.1	19.7	18.4	5.7	11.8	8.9
<b>Foreign/Global Stock Indices:</b>						
MSCI All Country World Index	2.9	16.1	6.6	-1.2	8.1	4.5
MSCI All Country World IMI	3.0	16.4	7.0	-0.7	8.6	5.0
MSCI All Country World ex-U.S. Index	5.8	16.8	3.9	-2.9	9.7	5.3
MSCI All Country World ex-U.S. IMI	5.7	17.0	4.2	-2.6	10.2	5.7
MSCI All Country World ex-U.S. Small Cap Index	4.9	18.5	6.5	-0.4	13.2	8.0
MSCI EAFE Index	6.6	17.3	3.6	-3.7	8.2	4.4
MSCI EAFE IMI	6.5	17.6	4.0	-3.4	8.6	4.8
MSCI EAFE Index (in local currency)	7.5	17.3	2.6	-4.3	5.4	2.5
MSCI Emerging Markets IMI	5.5	18.7	4.6	-0.7	16.6	7.9
<b>Foreign Bond Indices:</b>						
Citigroup World Gov't Bond Index	-2.4	1.5	3.9	5.2	6.4	5.9
Citigroup Hedged World Gov't Bond Index	1.2	5.5	4.0	4.5	4.3	5.3
<b>Cash Equivalents:</b>						
Treasury Bills (30-Day)	0.0	0.0	0.1	0.3	1.4	2.2
Hewitt EnnisKnupp STIF Index	0.1	0.2	0.3	0.8	2.0	2.9
<b>Inflation Index:</b>						
Consumer Price Index	-0.8	1.7	2.1	1.8	2.4	2.4

## Benchmark and Universe Descriptions

### Total Fund

Policy Portfolio- As of April 2010, the return is based on a combination of 37% DJ U.S. Total Stock Market Index, 27% Barclays Aggregate Bond Index, 18% MSCI All Country World Ex-U.S. Index, 10% MSCI All Country World Index and 8% NCREIF Real Estate Index. Prior to April 2010, the return was based on a combination of 40% DJ U.S. Total Stock Market Index, 27% Barclays Aggregate Bond Index, 18% MSCI All Country World Ex-U.S. Index, 7% MSCI All Country World Index and 8% NCREIF Real Estate Index. Prior to June 2008, the return was based on a combination of 47% DJ U.S. Total Stock Market Index, 27% Barclays Aggregate Bond Index, 14% MSCI All Country World Ex-U.S. Index, 4% MSCI All Country World Index and 8% NCREIF Real Estate Index. Prior to October 2007, the return was based on a combination of 47% DJ U.S. Total Stock Market Index, 29% Barclays Aggregate Bond Index, 14% MSCI All Country World Ex-U.S. Index, 4% MSCI All Country World Index and 6% NCREIF Real Estate Index. Prior to June 2005, the return was based on a combination of 49% Russell 3000 Index, 29% Barclays Aggregate Bond Index, 16% MSCI All Country World Ex-U.S. Index and 6% NCREIF Real Estate Index. Prior to April 2003, the return was based on a combination of 49% Russell 3000 Index, 32% Barclays Aggregate Bond Index, 16% MSCI All Country World Ex-U.S. Index and 3% NCREIF Real Estate Index. Prior to May 2002 the return was based on a combination of 49% Russell 3000 Index, 32% Barclays Aggregate Bond Index, 16% MSCI EAFE Index and 3% NCREIF Real Estate Index. Prior to April 2002 the return was based on a combination of 53% Russell 3000 Index, 32 Barclays Aggregate Bond Index, 12% MSCI Europe, Australasia and Far East (EAFE) Index and 3% NCREIF Real Estate Index. Prior to October 2001, the policy portfolio consisted of a combination of 53% Russell 3000, 22% Barclays Aggregate Bond Index, 12% MSCI Europe, Australasia and Far East (EAFE) Index, 3% NCREIF Real Estate Index, and 10% Solomon Brothers World Government Bond Index Hedged. Historically, the policy return is based on the historic policy allocations provided by the VCERA staff.

Public Fund Universe - An equal-weighted index that is designed to represent the average return earned by U.S. public pension funds. The index is calculated based on a universe of 112 funds compiled by BNY Mellon Performance & Risk Analytics, LLC as of 12/31/2012.

### Total U.S. Equity

Benchmark. The DJ U.S. Total Stock Market Index.

Universe. A universe of 1,310 domestic stock portfolios compiled by eVestment as of 12/31/2012.

### BlackRock Extended Equity Index Fund

Benchmark. The DJ U.S. Completion Total Stock Market Index.

Universe. A universe 124 small-mid cap stock portfolios compiled by eVestment as of 12/31/2012.

## Benchmark and Universe Descriptions

### **Western U.S. Index Plus**

Benchmark. The S&P 500 Index.

Universe. A universe of 1,310 domestic stock portfolios compiled by eVestment as of 12/31/2012.

### **BlackRock Equity Market Fund**

Benchmark. The DJ U.S. Total Stock Market Index.

Universe. A universe of 1,310 domestic stock portfolios compiled by eVestment as of 12/31/2012.

### **Total Non-U.S. Equity**

Benchmark. The Morgan Stanley Capital International All Country World ex-U.S. Free Index. Prior to May 2002, the Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 12/31/2012.

### **BlackRock ACWI ex U.S.**

Benchmark. The MSCI All Country World ex-U.S. IMI Index

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 12/31/2012.

### **Sprucegrove**

Benchmark. The Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 12/31/2012.



## Benchmark and Universe Descriptions

### **Hexavest**

Benchmark. The Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 12/31/2012.

### **Walter Scott**

Benchmark. The Morgan Stanley Capital International All Country World ex-U.S. Free Index.

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 12/31/2012.

### **Total Global Equity**

Benchmark. The Morgan Stanley Capital International All Country World Index.

Universe. A universe of 241 global stock portfolios compiled by eVestment as of 12/31/2012.

### **Grantham Mayo Van Otterloo (GMO)**

Benchmark. The Morgan Stanley Capital International All Country World Index.

Universe. A universe of 241 global stock portfolios compiled by eVestment as of 12/31/2012.

### **BlackRock All Country World Index**

Benchmark. The Morgan Stanley Capital International All Country World Index.

Universe. A universe of 241 global stock portfolios compiled by eVestment as of 12/31/2012.

## Benchmark and Universe Descriptions

### **Total Fixed Income**

Benchmark. The BlackRock Aggregate Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 12/31/2012.

### **Western Asset Management**

Benchmark. The BlackRock Aggregate Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 12/31/2012.

### **BlackRock U.S. Debt Index Fund**

Benchmark. The BlackRock Aggregate Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 12/31/2012.

### **Reams**

Benchmark. The BlackRock Aggregate Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 12/31/2012.

### **Loomis Sayles**

Benchmark. 60% of the BlackRock Aggregate Bond Index and 40% of the BlackRock High Yield Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 12/31/2012.

## Benchmark and Universe Descriptions

### **Total Global Fixed Income**

Benchmark. The Barclays Global Aggregate Bond Index.

Universe. A universe of 1,675 fixed income stock portfolios compiled by eVestment as of 12/31/2012.

### **Loomis Sayles Global Fixed Income**

Benchmark. The Barclays Global Aggregate Bond Index.

Universe. A universe of 1,675 fixed income stock portfolios compiled by eVestment as of 09/30/2012.

### **PIMCo Global Fixed Income**

Benchmark. The Barclays Global Aggregate Bond Index.

Universe. A universe of 1,675 fixed income stock portfolios compiled by eVestment as of 12/31/2012.

### **Total Real Estate**

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund. Prior to January 2006, the NCREIF Property Index.

### **Prudential Real Estate**

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund. Prior to January 2006, the NCREIF Property Index.

### **UBS RESA**

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund.

### **Guggenheim**

Benchmark. 70% of the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund and 30% of the NAREIT Index.

## Benchmark Descriptions

### **RREEF**

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund.

### **Total Alternatives**

Benchmark. London Interbank Offered Rate (LIBOR) + 3%

**Russell 3000 Index**- A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

**S&P 500 Index**- A capitalization-weighted index representing the 500 largest publicly traded U.S. stocks.

**MSCI Europe, Australasia, Far East (EAFE) Foreign Index**- A capitalization-weighted index of 20 stock markets in Europe, Australia, Asia and the Far East.

**MSCI All Country World Index** - An index of major world stock markets, including the U.S., representing countries according to their approximate share of world market capitalization. The weights are adjusted to reflect foreign currency fluctuations relative to the U.S. dollar.

**BlackRock Aggregate Bond Index**- A market value-weighted index consisting of the Barclays Corporate, Government and Mortgage-Backed Indices. This index is the broadest available measure of the aggregate U.S. fixed income market.

**NCREIF Open End Fund Index**- A capitalization-weighted index of privately owned investment grade income-producing properties representing approximately \$89 billion in assets.

## Description of Terms

**Rank** - A representation of the percentile position of the performance of a given portfolio, relative to a universe of similar funds. For example, a rank of 25 for a given manager indicates outperformance by that manager of 75% of other funds in that same universe.

**Universe** - A distribution of the returns achieved by a group of funds with similar investment objectives.

**U.S. Stock Universe** - The rankings are based on a universe that is designed to represent the average equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 1,310 funds.

**Non-U.S. Equity Universe** - The rankings are based on a universe that is designed to represent the average international equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 149 funds.

**Global Equity Universe** - The rankings are based on a universe that is designed to represent the average global equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 241 funds.

**Fixed Income Universe** - The rankings are based on a universe that is designed to represent the average fixed income return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 591 funds.

**Global Fixed Income Universe** - The rankings are based on a universe that is designed to represent the average fixed income return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 1,675 funds.

**Ratio of Cumulative Wealth Graph** - An illustration of a portfolio's cumulative, unannualized performance relative to that of its benchmark. An upward sloping line indicates superior fund performance. Conversely, a downward sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

**Risk-Return Graph** - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As most investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return tradeoffs associated with market portfolios or index funds.

**Style Map** - This illustration represents the manager's style compared to that of the broadest stock index (the DJ U.S. Total Stock Market Index). Any manager falling above the axis is referred to as large-cap and any manager falling below the axis is considered to be medium- to small-cap.