



**Performance Report
Third Quarter 2009**

Ventura County Employees'
Retirement Association

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Ennis Knupp + Associates calculates rates of return for each investment manager monthly. Occasionally discrepancies arise between returns computed by the managers and those calculated by Ennis Knupp + Associates due to differences in computational procedures, securities pricing services, etc. We monitor these discrepancies closely and find that they generally do not tend to persist over time. If a material discrepancy does persist, we will bring the matter to your attention. A description of the policy portfolios and fund universes used throughout this report appears in Appendix II. All rates of return contained in this report for time periods greater than one year are annualized. Returns are calculated net of fees and expenses.

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HIGHLIGHTS

HIGHLIGHTS

Market Comments

Broad indexes continued to post strong gains during the third quarter, moving higher in all three months. September marked the seventh consecutive monthly advance for U.S. equities, returning approximately 16% for the quarter. Better than expected earnings, particularly in financials, and an increase in merger and acquisition activity helped to increase investor confidence in light of the rise in the unemployment rate, which reached 9.8% in September. The Fed met twice during the third quarter and kept the federal funds rate within a range of 0.00% - 0.25%.

The U.S. stock market, as measured by the Dow Jones Total Stock Market Index, gained 16.3% during the third quarter. From a capitalization standpoint, small cap stocks outperformed large cap stocks, while from a style perspective, value outperformed growth. Financials and industrials were the best-performing sectors, while telecommunications and utilities were the worst-performing sectors. All sectors had positive returns during the quarter.

The non-U.S. stock market, as measured by the MSCI All Country World ex-U.S. Index, returned 19.7% during the third quarter, outperforming the U.S. stock market by 3.4 percentage points. Emerging markets gained 20.9% during the quarter and outperformed developed countries (+19.5%). The Pacific ex-Japan and Europe ex-U.K. regions were the strongest performers, delivering returns of 27.4% and 25.0%, respectively. Every region in the Index with the exception of Japan generated a return greater than 10%.

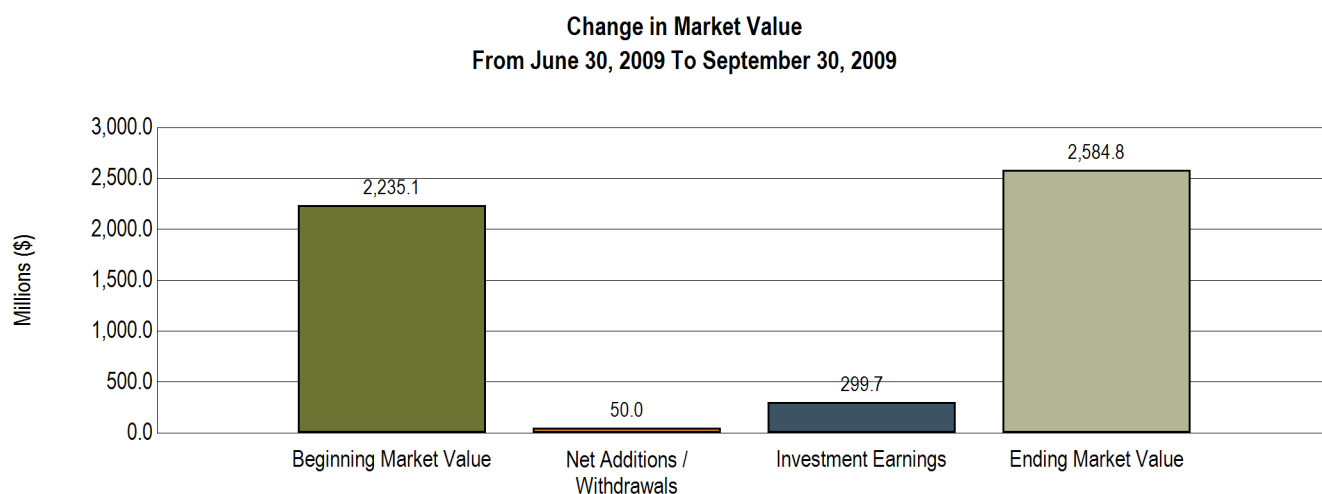
The U.S. bond market, as measured by the Barclays Capital Aggregate Bond Index, returned 3.7% during the third quarter. Treasuries were once again the worst-performing sector of the Index as last years flight to quality continued to reverse. Credit spreads declined further boosting performance in the credit and asset backed sectors of the market. The yield curve shifted downward and remained at historically steep levels.

MAJOR MARKET RETURNS

	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	3 Years Ending 9/30/09
Dow Jones US Total Stock Index	16.3%	21.5%	-6.2%	-4.8%
MSCI All Country World ex-U.S. Index	19.7	36.4	5.9	-1.2
MSCI EAFE Index	19.5	29.0	3.2	-3.6
MSCI Emerging Markets Index	20.9	64.4	19.1	8.0
MSCI All Country World Index	17.9	28.7	-0.1	-3.2
Barclays Capital Aggregate Bond Index	3.7	5.7	10.6	6.4

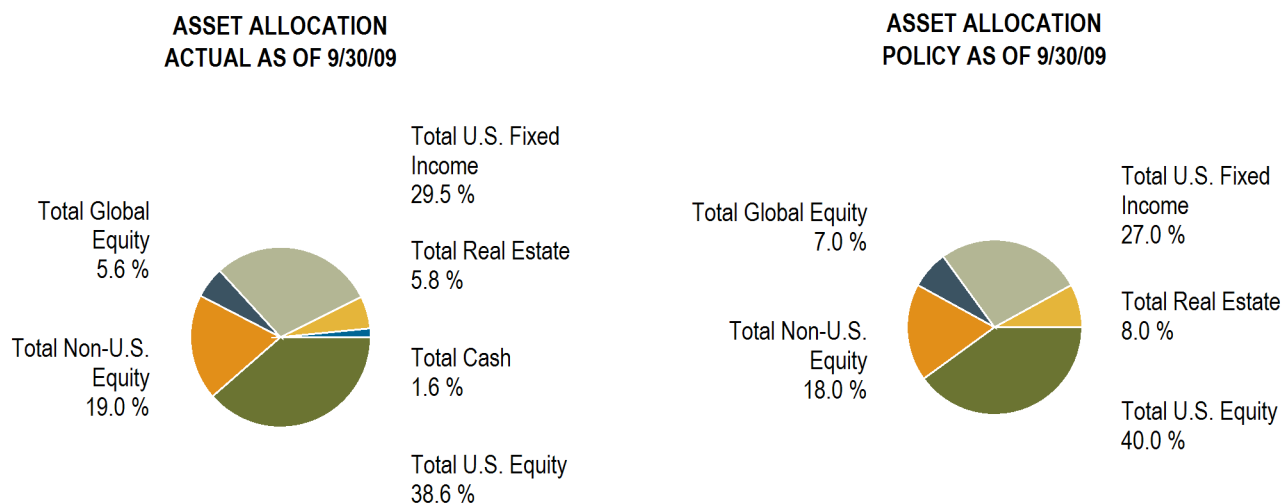
Asset Growth

As shown below, the asset value of VCERA's Total Fund increased by \$349.7 million during the third quarter. The increase in assets was a result of investment gains of \$299.7 million and net contributions of \$50.0 million.



Asset Allocation

The pie charts below illustrate VCERA's investment allocations relative to its policy. As of September 30, 2009, the Fund was overweight relative to its policy within the non-U.S. equity, fixed income, and cash components. Corresponding underweights were experienced within the U.S. equity, global equity, and real estate components.



HIGHLIGHTS

RETURN SUMMARY ENDING 9/30/09

	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	3 Years Ending 9/30/09	5 Years Ending 9/30/09	10 Years Ending 9/30/09	Since Inception	Inception Date
Total Fund	13.7 %	19.7 %	-0.4 %	-2.1 %	3.2 %	3.8 %	8.6 %	3/31/80
Policy Portfolio	11.9	17.0	0.1	-0.7	4.1	3.6	--	
Public Fund Index	11.3	16.0	0.7	-0.2	4.6	4.4	--	
Total Fund ex-Clifton	13.1	19.0	-0.7	-2.1	3.2	3.8	8.6	3/31/80
Total U.S. Equity	16.9	21.8	-7.2	-6.6	0.3	1.1	6.8	12/31/93
Performance Benchmark*	16.3	21.5	-6.2	-4.8	1.7	0.8	7.4	
Total Non-U.S. Equity	20.1	33.2	4.7	-2.7	7.1	4.4	7.2	3/31/94
Performance Benchmark*	19.7	36.4	5.9	-1.2	8.1	3.8	5.7	
Total Global Equity	14.8	12.9	-6.7	-5.1	--	--	1.4	4/30/05
MSCI All Country World Index	17.9	28.7	-0.1	-3.2	--	--	3.2	
Total U.S. Fixed Income	8.5	23.4	18.6	6.7	5.7	6.7	6.4	2/28/94
Barclays Capital Aggregate Bond Index	3.7	5.7	10.6	6.4	5.1	6.3	6.3	
Total Real Estate	-6.1	-28.8	-39.5	-10.9	-0.8	5.0	6.7	3/31/94
Policy Benchmark	-3.4	-17.3	-24.2	-2.9	5.0	7.3	8.6	

Commentary on Investment Performance

During the third quarter, the Total Fund gained 13.7% and outperformed the Policy Portfolio by 1.8 percentage points. Outperformance was a result of above-benchmark results from the Fund's U.S. equity, non-U.S. equity, and fixed income components. Partially offsetting performance was the Fund's global equity and real estate portfolios.

The Fund returned 19.7% over the year-to-date period, and outpaced the return of the Policy Portfolio by 2.7 percentage points. The fixed income component was the main contributor of outperformance, while the U.S. equity, non-U.S. equity, global equity, and real estate components hindered relative performance.

The Total Fund's longer-term relative performance remains mixed. While the Total Fund has outperformed the return of its benchmark during the trailing ten-year period, it has lagged the benchmark during the remaining periods. The Fund's since inception return remains favorable in absolute terms at 8.6%.

The attribution analysis exhibits on page 18 provide additional information regarding each sub-component's contribution to performance during the quarter and trailing one-year period.

*The DJ U.S. Total Stock Market Index. The Index was formerly named the DJ Wilshire 5000 Index. Prior to May 2007, the Russell 3000 Index.

**The MSCI All Country World ex-U.S. Index. Prior to May 2002, the MSCI EAFE Index.

MARKET ENVIRONMENT
Third Quarter 2009

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	3 Years Ending 9/30/09	5 Years Ending 9/30/09	10 Years Ending 9/30/09
Dow Jones US Total Stock Index	16.3 %	21.5 %	-6.2 %	-4.8 %	1.8 %	0.9 %
MSCI All Country World ex-U.S. Index	19.7	36.4	5.9	-1.2	8.1	4.1
MSCI EAFE Index	19.5	29.0	3.2	-3.6	6.1	2.6
MSCI Emerging Markets Index	20.9	64.4	19.1	8.0	17.3	11.4
MSCI All Country World Index	17.9	28.7	-0.1	-3.2	4.6	1.6
Barclays Capital Aggregate Bond Index	3.7	5.7	10.6	6.4	5.1	6.3

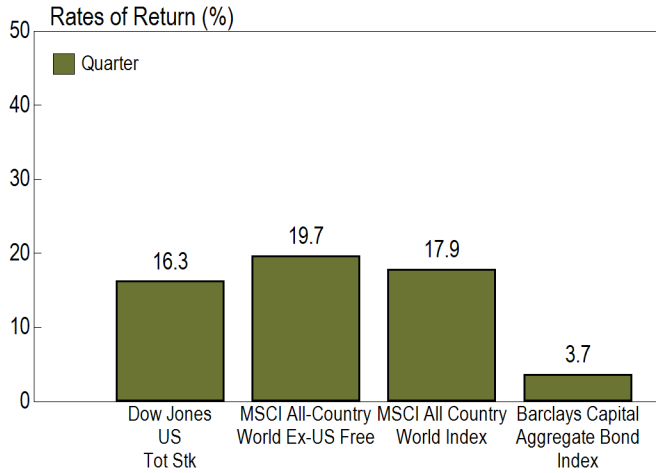
Global capital markets continued to rebound during the third quarter of 2009 with all major markets delivering positive returns. However investors remained uncertain as to the extent of recovery and volatility in the equity markets remained above the ten-year average. The Federal Open Markets Committee met twice during the quarter, in August and September, each time maintaining the target federal funds rate at 0.00-0.25%. Immediately following the quarter-end U.S. stocks posted the largest declines of the past three-month period as the unemployment rate rose to 9.8%, emphasizing the long-term nature of the recovery ahead.

The Dow Jones U.S. Total Stock Market Index returned 16.3% for the third quarter of 2009, bringing its trailing ten-year return back into positive territory. Value stocks outperformed growth stocks across a capitalization spectrum. From a size perspective, small cap stocks outperformed their large cap counterparts. Materials outperformed all other sectors, returning 27.1%, with financials and industrials returning 23.2% and 20.5%, respectively. Telecommunications and utilities have been the poorest performers, both quarterly and year-to-date, however all sectors have yielded positive returns during these time periods.

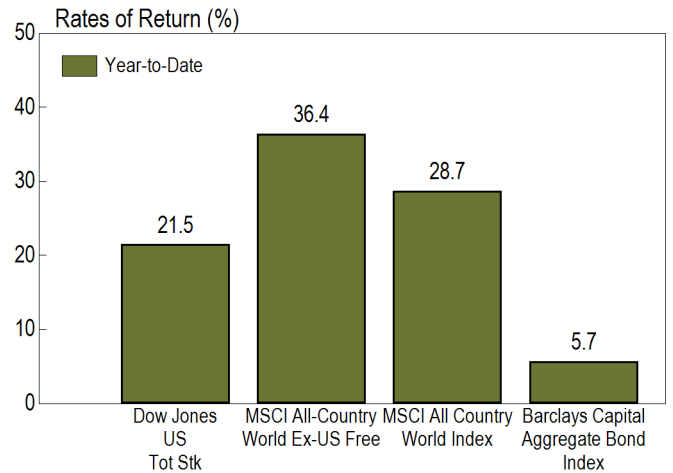
International markets continued to outperform U.S. stocks, albeit by a much narrower margin than in the second quarter. Emerging markets cooled in their recovery, with the MSCI Emerging Markets Index returning 1.4 percentage points over the MSCI EAFE Index compared to a year-to-date excess return of 35.4 percentage points (and a second quarter excess return of 12.4 percentage points). Japan continued to be the lowest performing region, returning 6.5% for the quarter and 9.3% year-to-date. All other regions yielded double digit figures, with Pacific Ex-Japan leading the way at 27.4% for the quarter. Year-to-date the Latin America and Pacific Ex-Japan regions have yielded the highest returns at 81.2% and 64.3%, respectively.

The domestic fixed income market, as measured by the Barclays Capital Aggregate Bond Index returned 3.7% for the third quarter, with all sectors yielding positive returns. Below investment grade bonds returned 14.2% as investors, confident in the markets, continued to develop their appetite for risk. Government securities underperformed the broad bond market as investors sought higher returns and Treasury yields fell slightly across all maturities.

**MAJOR MARKET RETURNS
THIRD QUARTER**

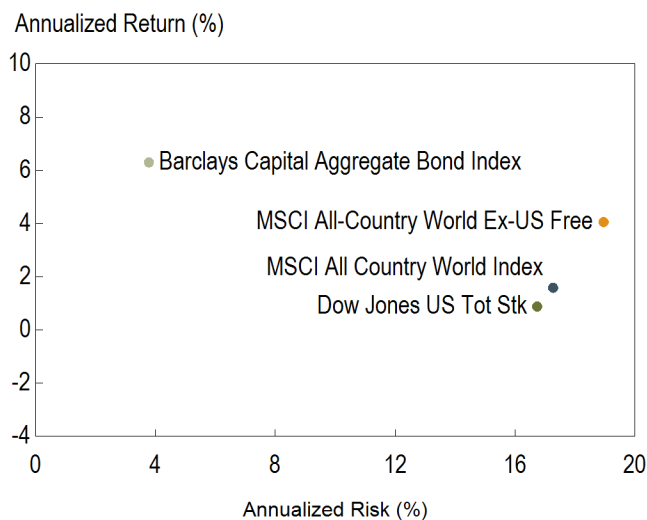


**MAJOR MARKET RETURNS
YEAR-TO-DATE ENDING 9/30/09**

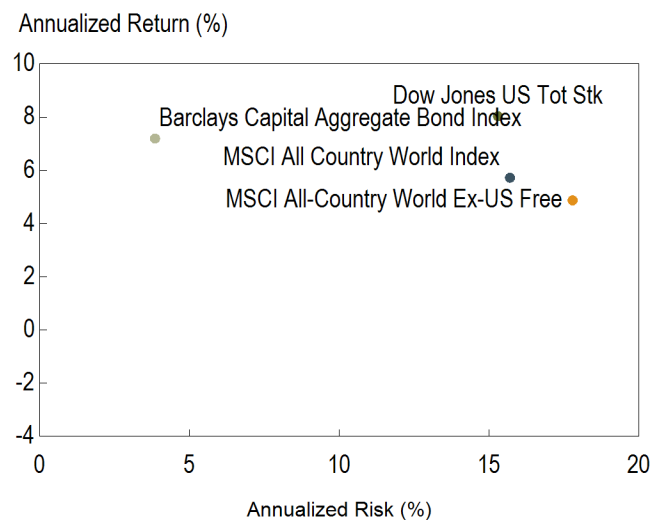


The exhibits above show the performance of the major capital markets during the third quarter and year-to-date periods.

**MARKET RISK/RETURN
10 YEARS ENDING 9/30/09**



**MARKET RISK/RETURN
20 YEARS ENDING 9/30/09**

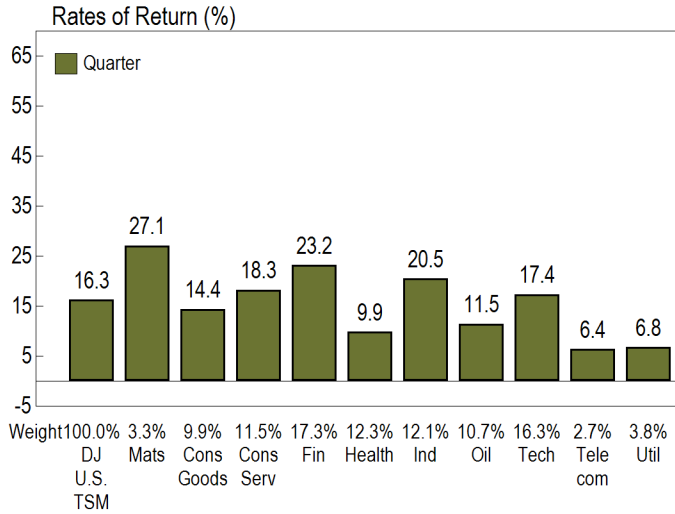


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

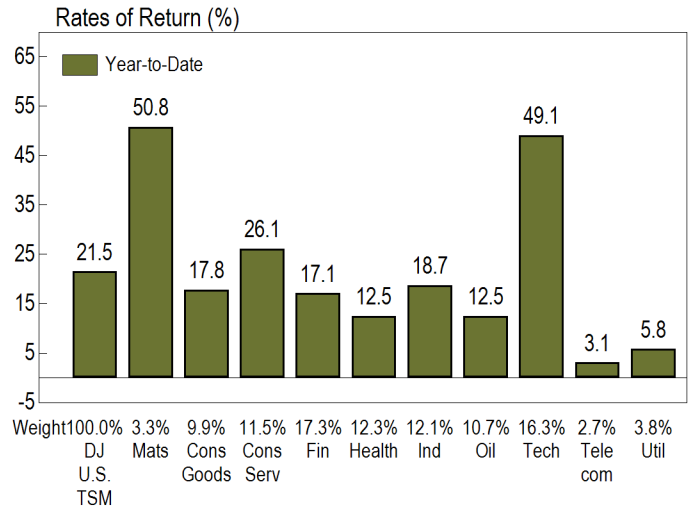
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS THIRD QUARTER



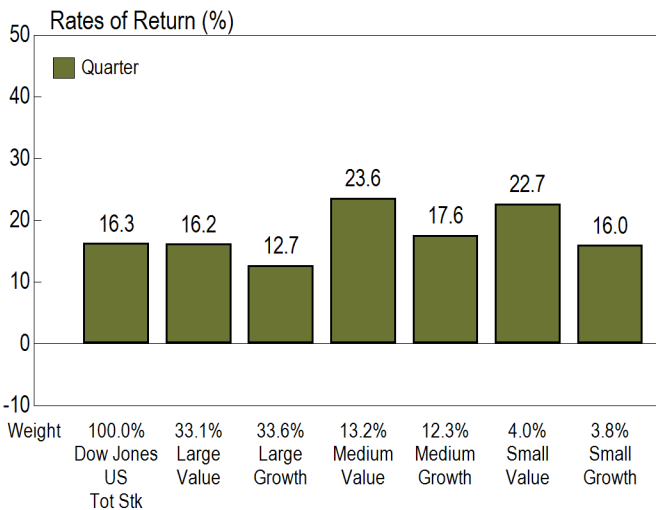
SECTOR RETURNS YEAR-TO-DATE ENDING 9/30/09



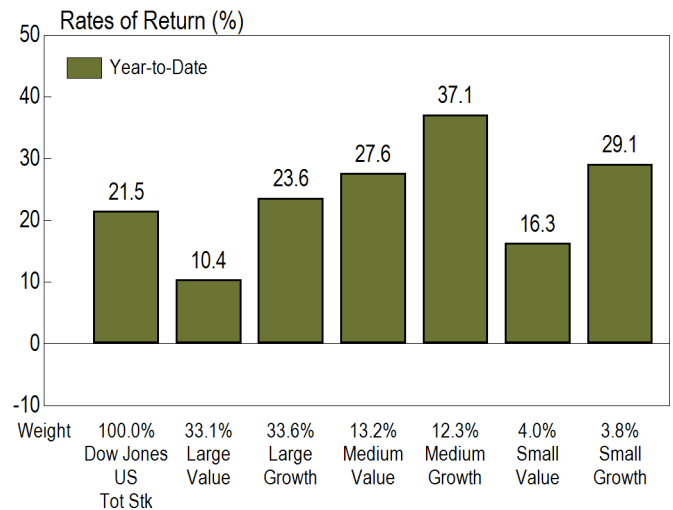
The Dow Jones U.S. Total Stock Market Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

The exhibits above show the performance of the sectors that comprise the Dow Jones U.S. Total Stock Market Index. The percentage below each bar indicates the sector's weight within the Dow Jones U.S. Total Stock Market Index at quarter-end.

STYLE RETURNS THIRD QUARTER

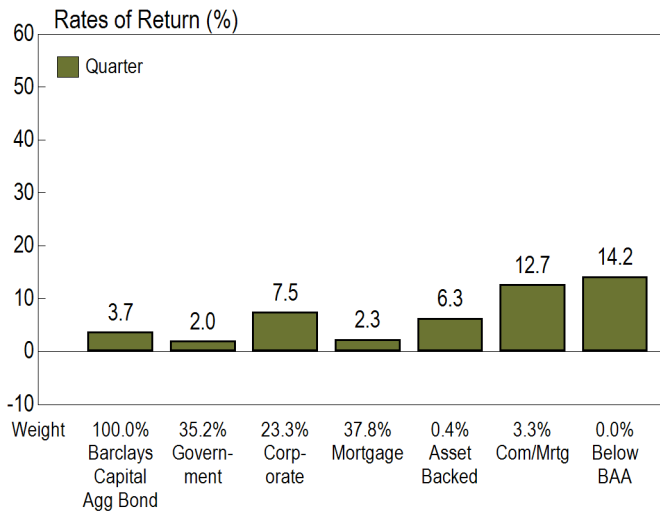


STYLE RETURNS YEAR-TO-DATE ENDING 9/30/09

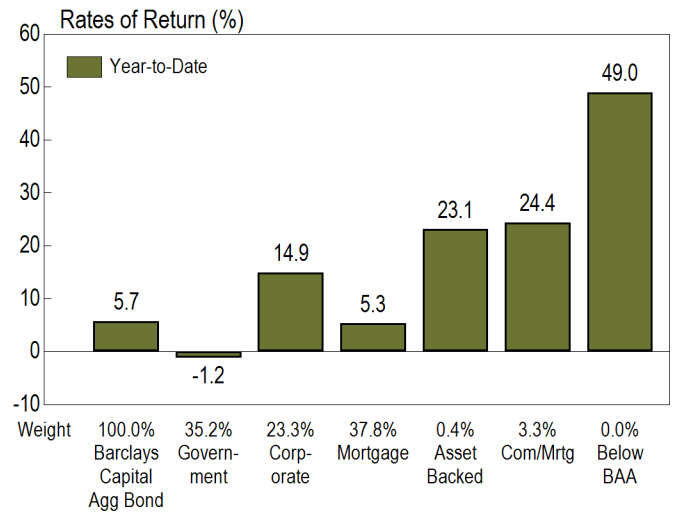


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones U.S. Total Stock Market Index at quarter-end.

SECTOR RETURNS
THIRD QUARTER



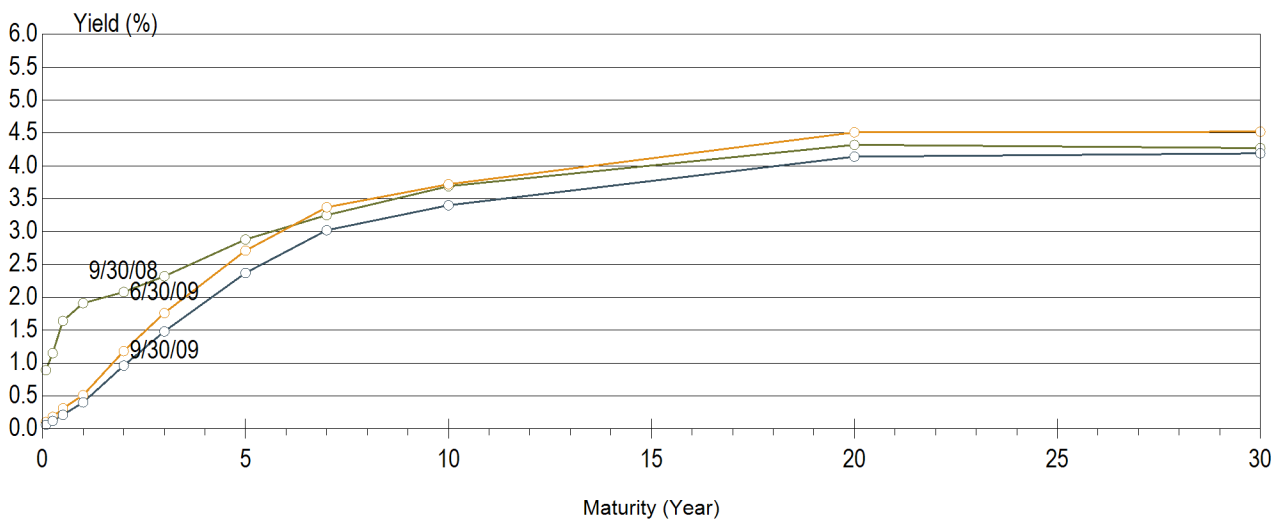
SECTOR RETURNS
YEAR-TO-DATE ENDING 9/30/09



The Barclays Capital Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of credit, government, and mortgage-backed securities and includes credit card, auto, and home equity loan-backed securities.

The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Barclays Capital Aggregate Bond Index at quarter-end.

U.S. TREASURY CURVE

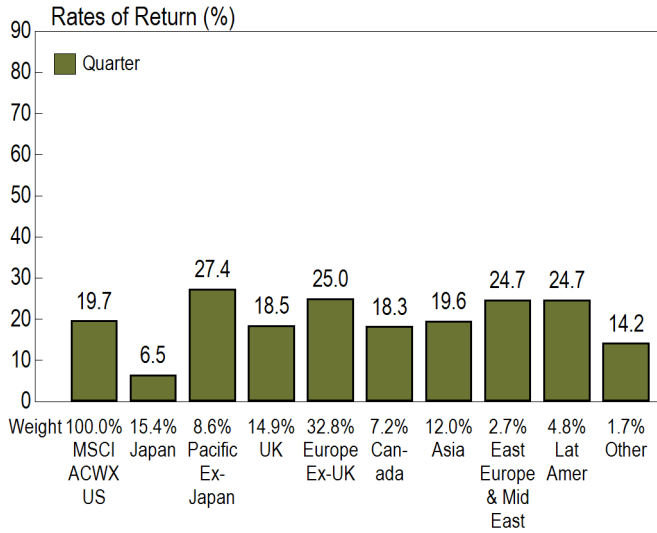


The exhibit above illustrates yields of Treasury securities of various maturities as of September 30, 2008, June 30, 2009, and September 30, 2009.

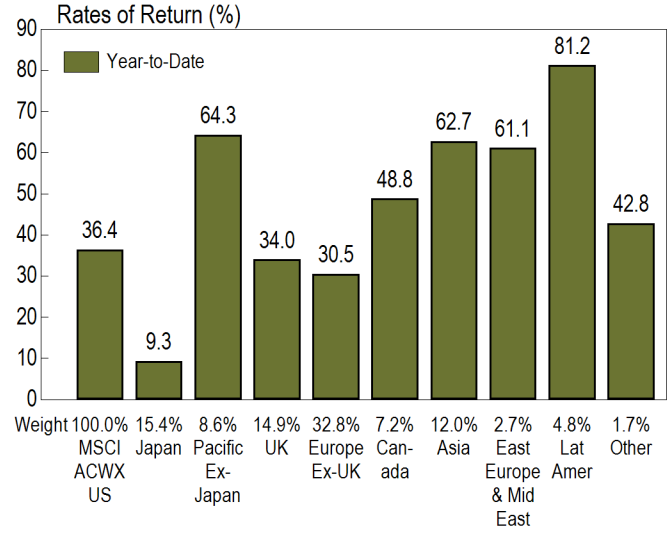
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

**NON-U.S. STOCK MARKET RETURNS
THIRD QUARTER**

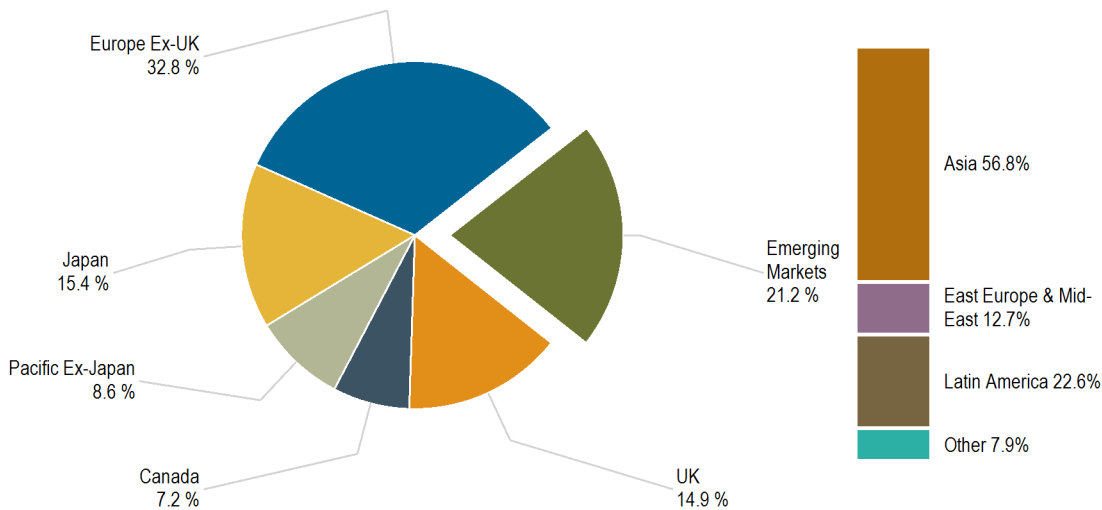


**NON-U.S. STOCK MARKET RETURNS
YEAR-TO-DATE ENDING 9/30/09**



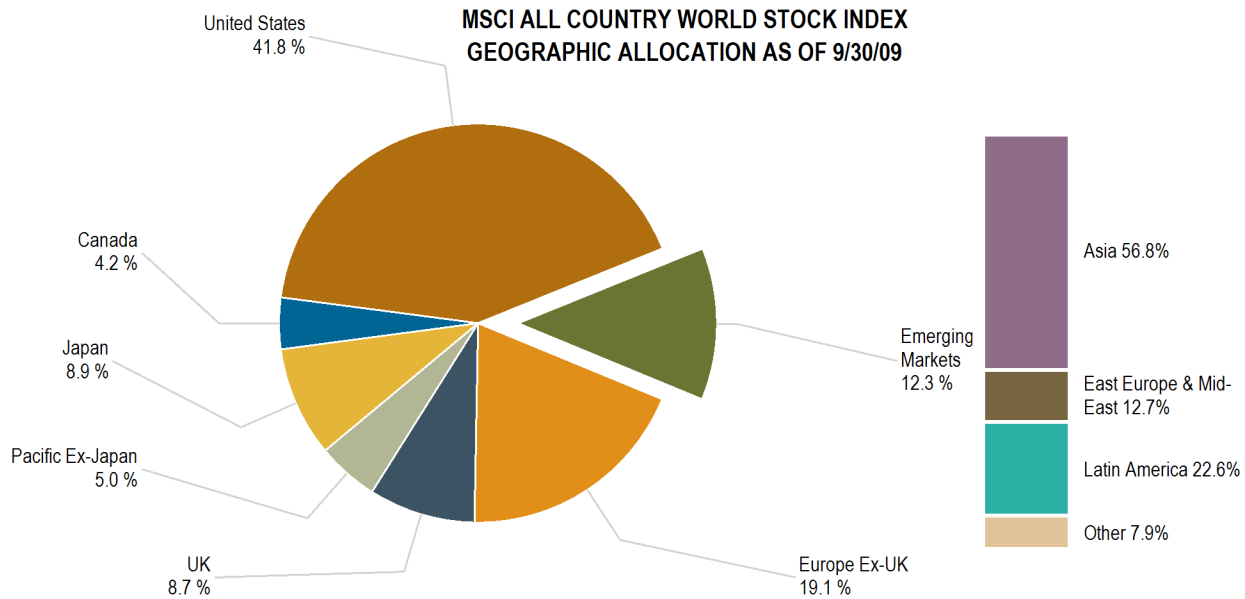
The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 22 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

**MSCI ALL COUNTRY WORLD EX-U.S. STOCK INDEX
GEOGRAPHIC ALLOCATION AS OF 9/30/09**



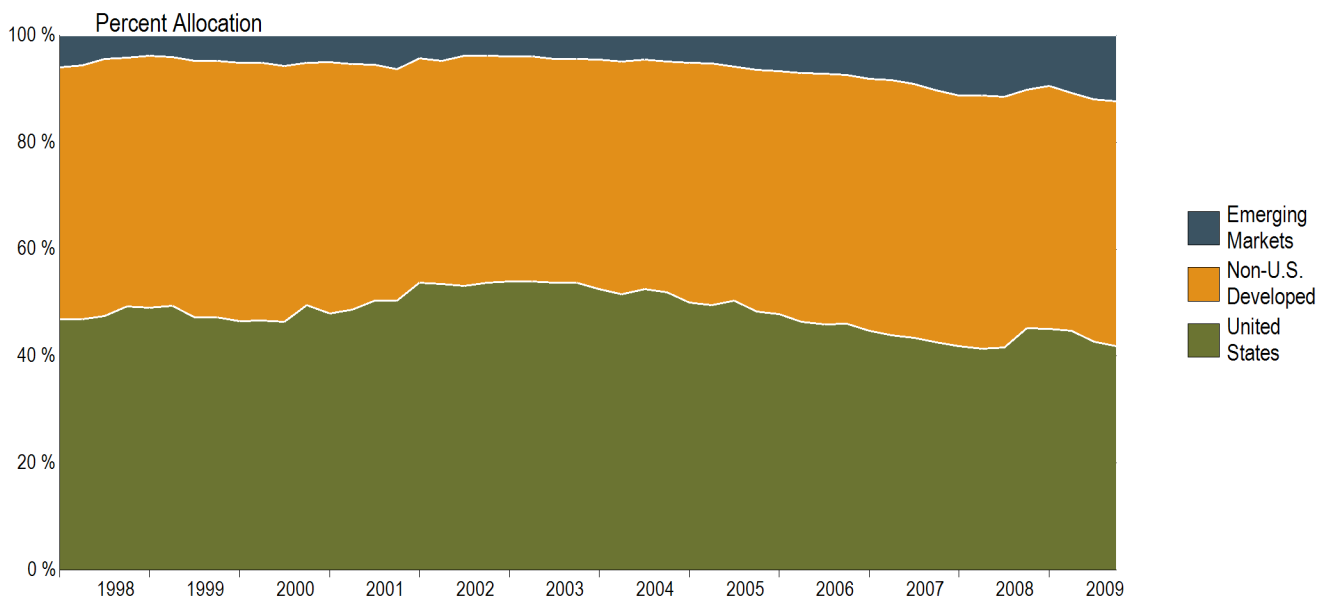
The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.

Note on Other: Includes South Africa, Egypt, and Morocco. Returns expressed are the weighted average returns.



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 22 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end.
Note on Other: Includes South Africa, Egypt, and Morocco.

ALLOCATION



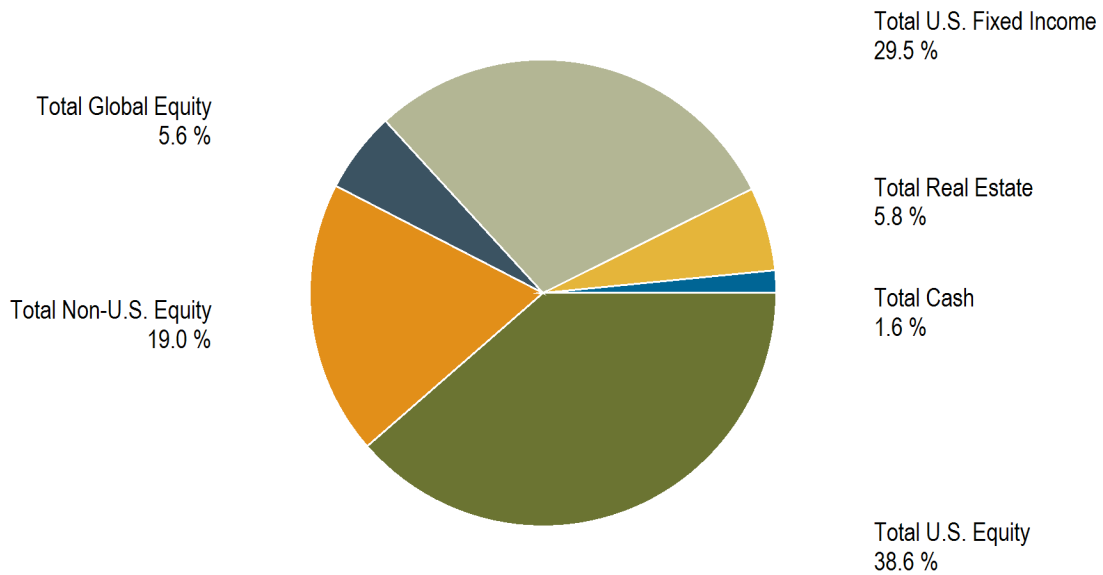
The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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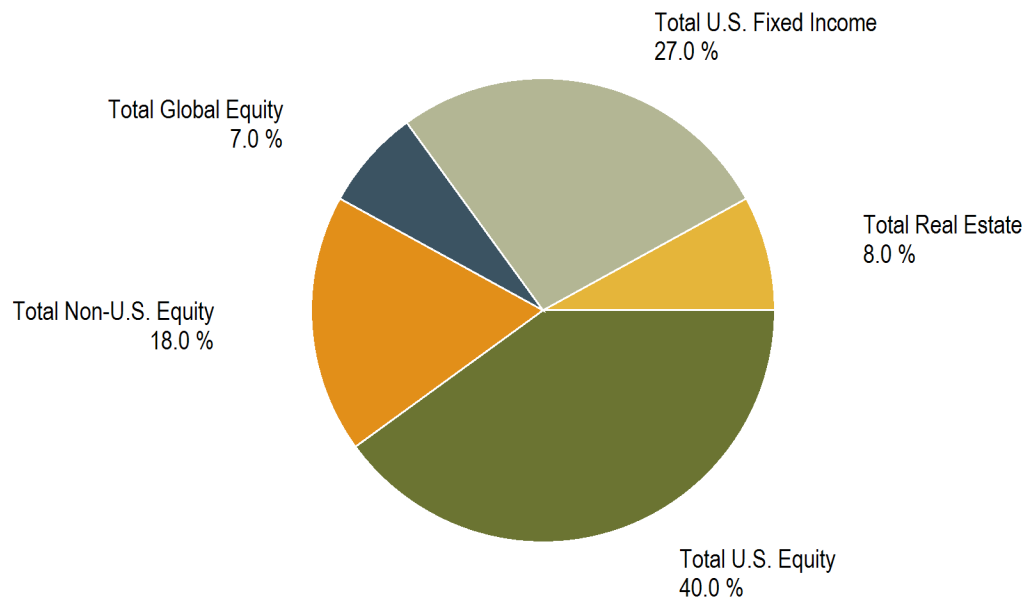
ASSET ALLOCATION

ASSET ALLOCATION

**ASSET ALLOCATION
ACTUAL AS OF 9/30/09**



**ASSET ALLOCATION
POLICY AS OF 9/30/09**



ASSET ALLOCATION

ASSET ALLOCATION AS OF 9/30/09

(\$ in thousands)

	U.S. Equity	Non-U.S. Equity	U.S. Bond	Non-U.S. Bond	Real Estate	Cash	Total	Percent of Total	Policy
BGI Extended Equity Index Fund	\$18,731	--	--	--	--	--	\$18,731	0.7%	
Western U.S. Index Plus	\$43,111	--	--	--	--	\$18,529	\$61,640	2.3%	
BGI Equity Market Fund	\$932,955	--	--	--	--	--	\$932,955	35.5%	
Total U.S. Equity	\$994,798	--	--	--	--	\$18,529	\$1,013,326	38.6%	40.0%
BGI ACWI ex-U.S. Index	--	\$218,926	--	--	--	--	\$218,926	8.3%	
Capital Guardian	--	\$100,369	--	--	--	\$4,291	\$104,660	4.0%	
Sprucegrove	--	\$98,278	--	--	--	\$4,309	\$102,587	3.9%	
Artio International Equity II	--	\$71,737	--	--	--	\$798	\$72,535	2.8%	
Total Non-U.S. Equity	--	\$489,311	--	--	--	\$9,398	\$498,708	19.0%	18.0%
GMO Global Fund	\$38,754	\$37,364	\$1,880	--	--	\$3,761	\$81,760	3.1%	
Acadian	\$29,530	\$35,214	--	--	--	\$588	\$65,332	2.5%	
Total Global Equity	\$68,284	\$72,578	\$1,880	--	--	\$4,349	\$147,092	5.6%	7.0%
Western	--	--	\$236,891	\$5,142	--	\$65,897	\$307,930	11.7%	
BGI U.S. Debt Fund	--	--	\$60,750	--	--	--	\$60,750	2.3%	
Reams	--	--	\$262,419	--	--	\$52,989	\$315,408	12.0%	
Loomis Sayles	--	--	\$74,298	\$13,663	--	\$1,340	\$89,300	3.4%	
Total U.S. Fixed Income	--	--	\$634,358	\$18,805	--	\$120,225	\$773,388	29.5%	27.0%
Total Prudential Real Estate	--	--	--	--	\$55,153	--	\$55,153	2.1%	
UBS Real Estate	--	--	--	--	\$75,794	--	\$75,794	2.9%	
Guggenheim	--	--	--	--	\$15,275	--	\$15,275	0.6%	
RREEF	--	--	--	--	\$6,024	--	\$6,024	0.2%	
Total Real Estate	--	--	--	--	\$152,245	--	\$152,245	5.8%	8.0%
Clifton Group	--	--	--	--	--	\$40,804	\$40,804	1.6%	
Total Cash	--	--	--	--	--	\$40,804	\$40,804	1.6%	
Total Fund	\$1,063,082	\$561,889	\$636,239	\$18,805	\$152,245	\$193,305	\$2,625,564	100.0%	
Percent of Total	40.5%	21.4%	24.2%	0.7%	5.8%	7.4%	100.0%		

Asset Allocation

In the table above, we detail the Total Fund's allocations among managers. On the right side of the table, we show the actual percent of total. The bottom row of the table shows the Fund's percentage investments in each asset class. These allocations reflect both the Board's decisions on manager allocations as well as the managers' active allocation decisions.

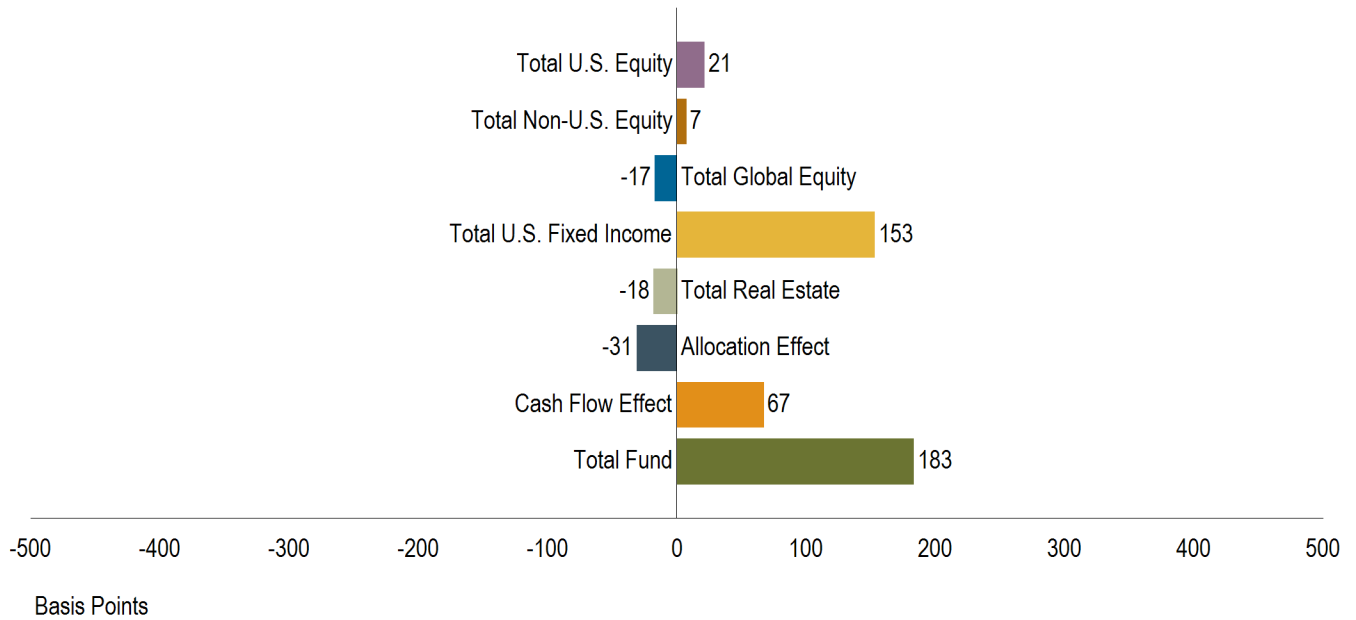
During the quarter, the asset value of VCERA's Total Fund increased by \$349.7 million. The increase in assets was a result of investment gains of \$299.7 million and net contributions of \$50.0 million.

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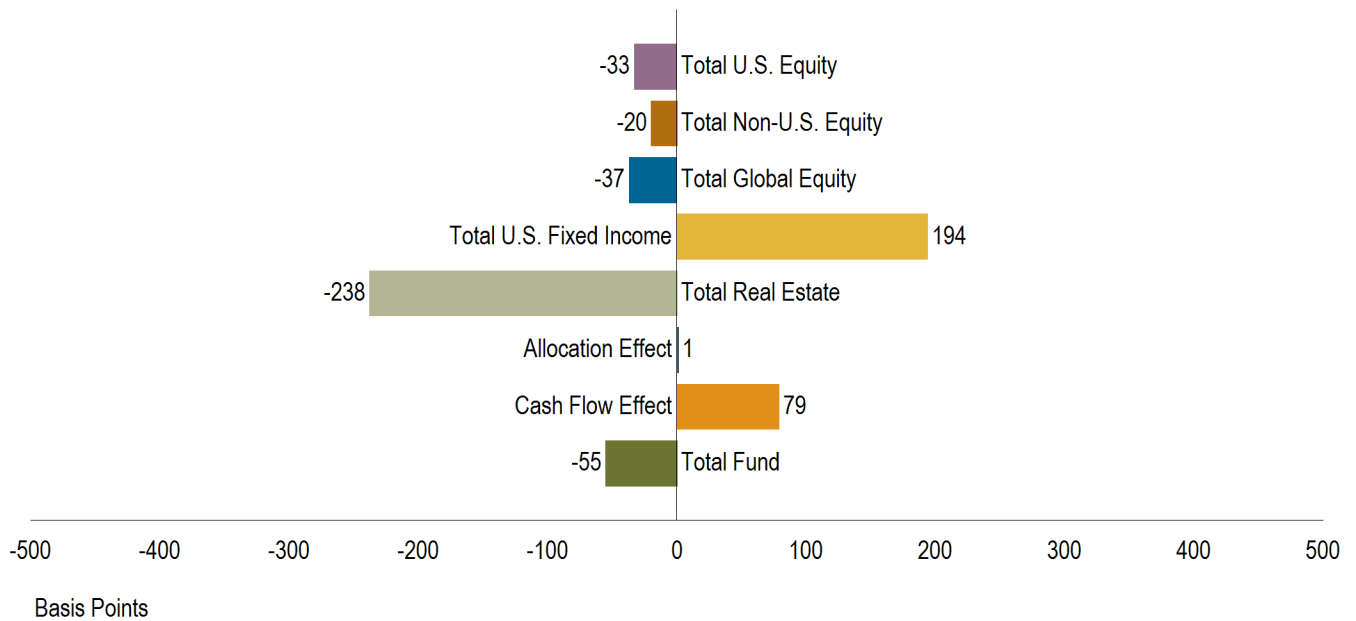
PERFORMANCE EVALUATION

TOTAL FUND

TOTAL FUND ATTRIBUTION ANALYSIS 3 MONTHS ENDING 9/30/09



TOTAL FUND ATTRIBUTION ANALYSIS 1 YEAR ENDING 9/30/09



**RETURN SUMMARY
ENDING 9/30/09**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		10 Years Ending 9/30/09	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund	13.7 %	10	19.7 %	19	-0.4 %	61	-2.1 %	79	3.2 %	80	3.8 %	73
Policy Portfolio	11.9	45	17.0	37	0.1	56	-0.7	49	4.1	47	3.6	79
Public Fund Index	11.3	55	16.0	49	0.7	48	-0.2	39	4.6	24	4.4	45

Commentary on Investment Performance

During the third quarter, the Total Fund gained 13.7% and outperformed the Policy Portfolio by 1.8 percentage points. Outperformance was a result of above-benchmark results from the Fund's U.S. equity, non-U.S. equity, and fixed income components. Partially offsetting performance was the Fund's global equity and real estate portfolios.

The Fund returned 19.7% over the year-to-date period, and outpaced the return of the Policy Portfolio by 2.7 percentage points. The fixed income component was the main contributor of outperformance, while the U.S. equity, non-U.S. equity, global equity, and real estate components hindered relative performance.

The Total Fund's longer-term relative performance remains mixed. While the Total Fund has outperformed the return of its benchmark during the trailing ten-year period, it has lagged the benchmark during the remaining periods. The Fund's since inception return remains favorable in absolute terms at 8.6%.

The attribution graphs on the opposite page illustrate each asset class's contribution to the relative performance of the Total Fund over the past three-month and trailing one-year periods. A positive value for a component indicates a positive contribution to the aggregate relative performance. A negative value indicates an unfavorable impact. The top five bars indicate the value added or subtracted by each asset class over the specified time period based on the average weight of each asset class multiplied by the amount of its outperformance (or underperformance). The bar labeled Allocation Effect details the impact on performance due to deviations from the policy allocation targets. If the Fund's asset allocation was always identical to that of its policy, the Allocation Effect would be zero. The bar labeled "Cash Flow Effect" illustrates the effect on the Total Fund's performance by the timing of cash contributions, withdrawals, and asset movements between accounts. All of the effects combine to equal the "Total Fund" bar in these graphs. This is the difference between the Total Fund's return and that of the Policy Portfolio.

TOTAL FUND

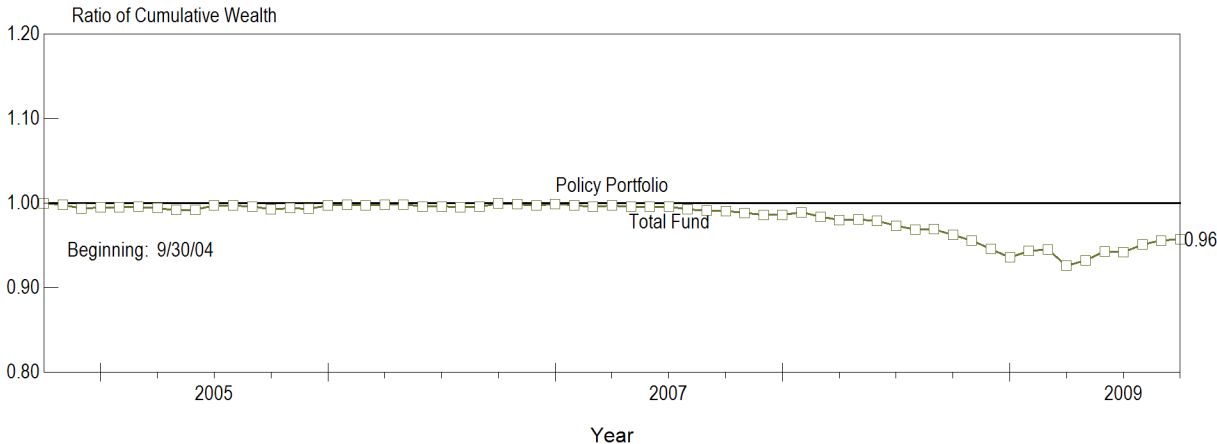
HISTORICAL RETURNS

(BY Years)

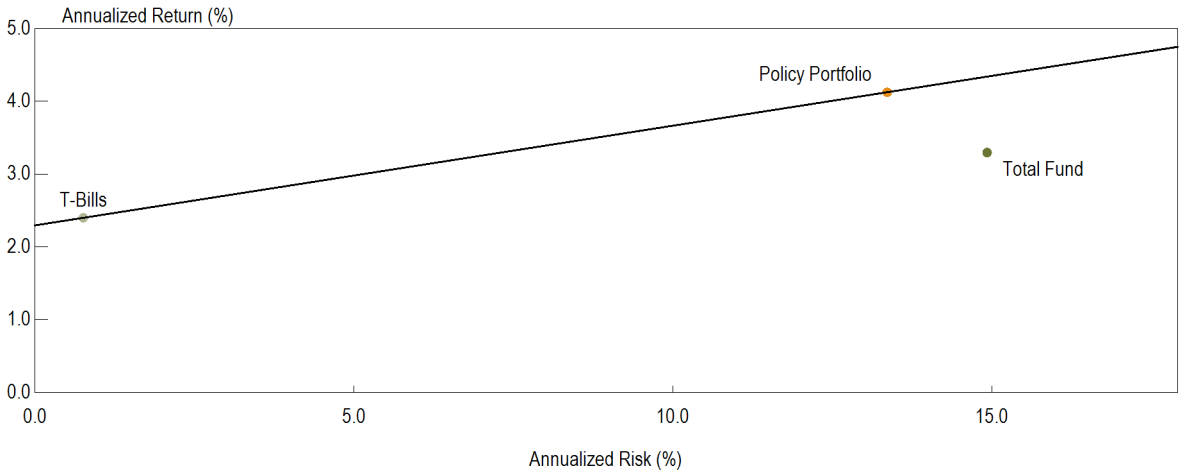
	Total Fund	Policy Portfolio	Return Difference
	Return	Return	
1980	7.7%	9.1%	-1.4
1981	2.2	4.5	-2.3
1982	32.4	26.4	6.0
1983	13.3	11.6	1.7
1984	8.4	11.4	-3.0
1985	22.4	22.8	-0.4
1986	15.4	15.4	0.0
1987	6.6	3.4	3.2
1988	10.1	11.7	-1.6
1989	19.6	21.9	-2.3
1990	6.1	2.9	3.2
1991	19.8	22.1	-2.3
1992	8.6	7.7	0.9
1993	10.0	8.7	1.3
1994	-2.1	0.8	-2.9
1995	25.2	24.6	0.6
1996	14.9	13.6	1.3
1997	18.8	19.9	-1.1
1998	16.8	20.3	-3.5
1999	13.5	14.4	-0.9
2000	0.7	-1.8	2.5
2001	-2.2	-6.0	3.8
2002	-10.4	-10.1	-0.3
2003	24.4	22.9	1.5
2004	10.8	11.3	-0.5
2005	7.9	7.6	0.3
2006	14.0	14.0	0.0
2007	6.9	8.5	-1.6
2008	-30.4	-27.2	-3.2
2009 (9 months)	19.7	17.0	2.7
Trailing 1-Year	-0.4%	0.1%	-0.5
Trailing 3-Year	-2.1	-0.7	-1.4
Trailing 5-Year	3.2	4.1	-0.9
Trailing 10-Year	3.8	3.6	0.2

The table above compares the historical annual and cumulative annualized returns of VCERA's Total Fund with those of the Policy Portfolio.

**RATIO OF CUMULATIVE WEALTH
5 YEARS ENDING 9/30/09**



**ANNUALIZED RISK RETURN
5 YEARS ENDING 9/30/09**

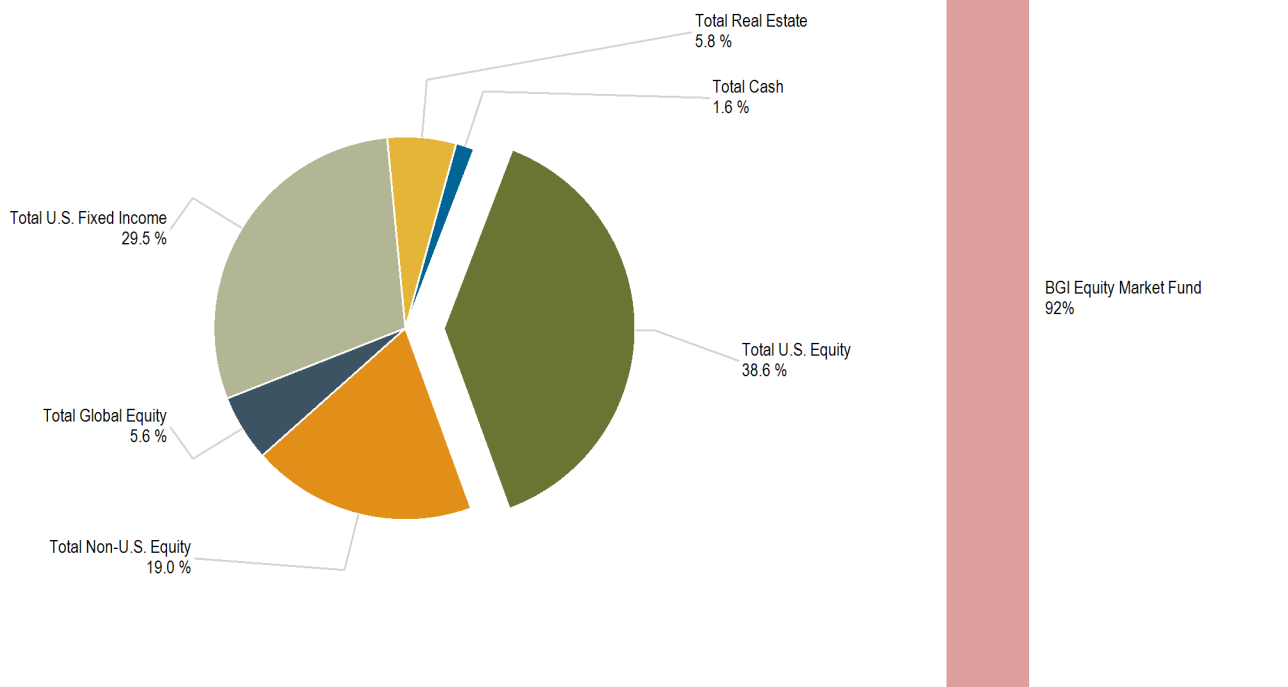


The Ratio of Cumulative Wealth graph on the top of the page illustrates the Total Fund's cumulative performance relative to the Policy Portfolio. An upward sloping line between two points indicates that the component's return exceeded that of the Policy Portfolio, while a downward sloping line indicates a lesser return. A flat line is indicative of benchmark-like performance. As shown, the Total Fund has underperformed the return of the Policy Portfolio over the trailing five-years.

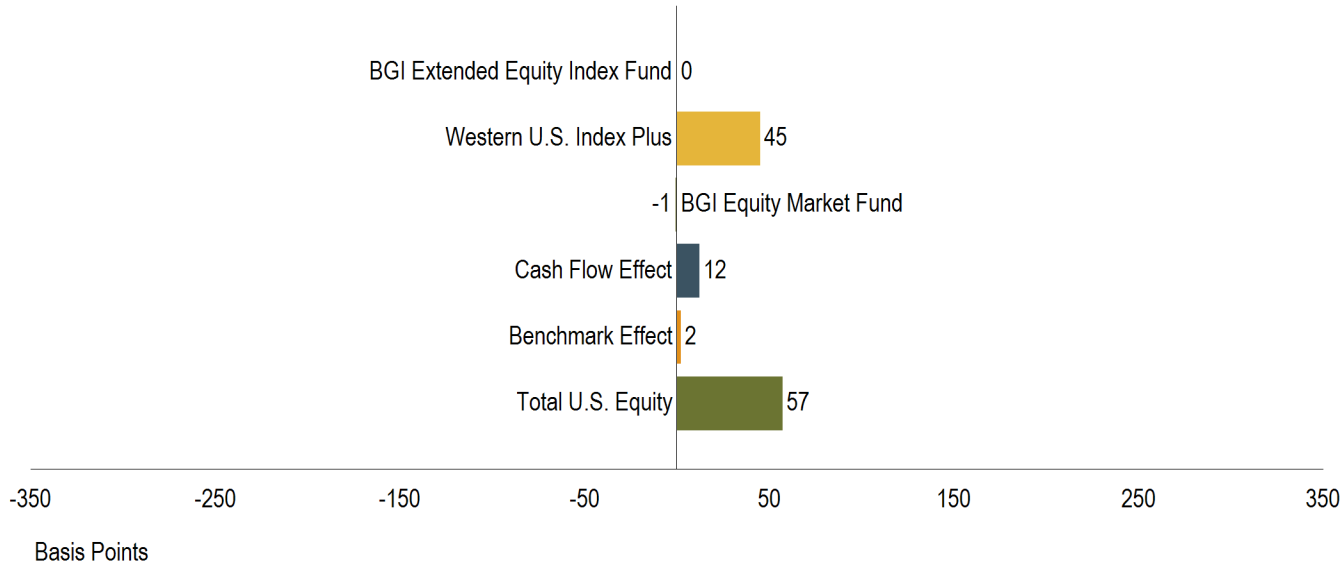
The risk/return graph on the bottom of the page illustrates the historical risk (volatility of returns) and return of VCERA's Total Fund to that of its Policy Portfolio. During the trailing five-years, the Total Fund experienced a lower rate of return while incurring a higher level of risk.

TOTAL U.S. EQUITY

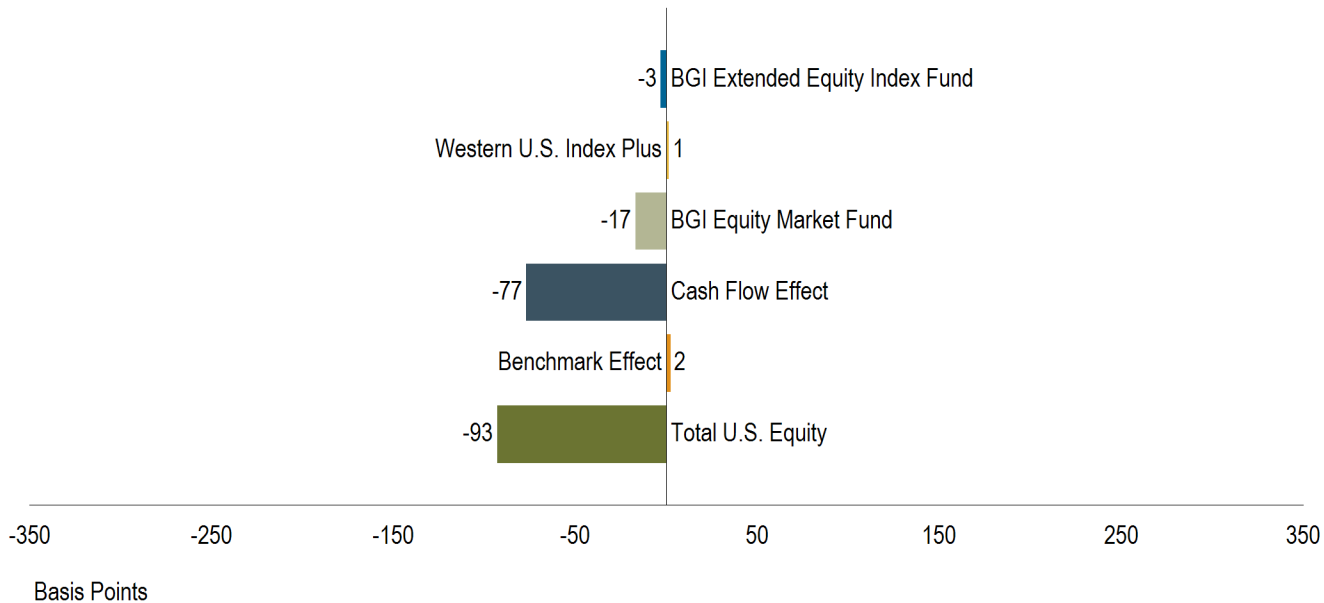
ASSET ALLOCATION ACTUAL AS OF 9/30/09



MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 9/30/09



MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 9/30/09



TOTAL U.S. EQUITY

RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		10 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total U.S. Equity	16.9 %	28	21.8 %	51	-7.2 %	66	-6.6 %	87	0.3 %	89	1.1 %	57	6.8 %	72	12/31/93
Performance Benchmark*	16.3	49	21.5	54	-6.2	50	-4.8	43	1.7	44	0.8	65	7.4	47	
BGI Extended Equity Index Fund	19.5	30	29.1	28	-5.1	32	-3.0	35	3.9	26	--	--	9.2	--	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	19.7	27	31.0	21	-3.7	22	-2.8	33	3.9	26	--	--	9.4	--	
Western U.S. Index Plus	23.2	3	45.6	2	-6.0	53	--	--	--	--	--	--	-21.1	--	5/31/07
S&P 500 Index	15.6	42	19.3	58	-6.9	61	--	--	--	--	--	--	-12.7	--	
BGI Equity Market Fund	16.3	53	21.2	64	-6.4	59	--	--	--	--	--	--	-16.4	--	5/31/08
Dow Jones U.S. Total Stock Market Index	16.3	53	21.5	63	-6.2	58	--	--	--	--	--	--	-16.5	--	

Commentary on Investment Performance

During the third quarter, the Total Fund's U.S. equity component advanced 16.9%, outperforming the Performance Benchmark by 0.6 percentage points. Outperformance was due to above-benchmark results experienced by Western. Western benefited from its exposure to Financials and high yield securities. The BGI Extended Equity Index Fund experienced a negative tracking as a result of not holding publicly traded partnerships, while the BGI Equity Market Fund matched the return of its benchmark.

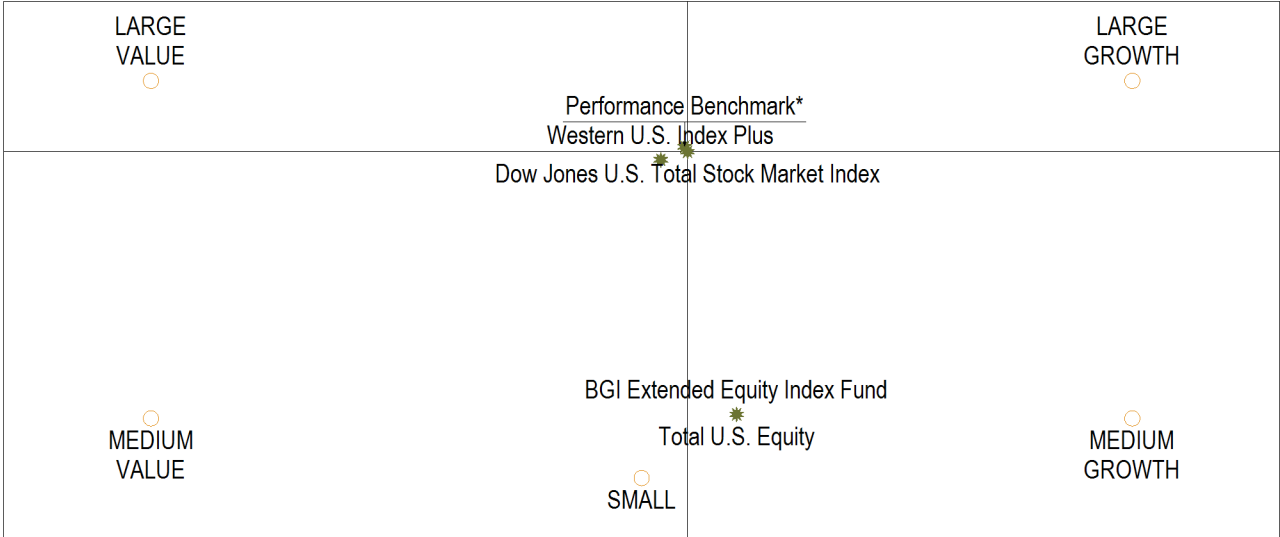
Over the trailing one-year period, the U.S. equity component has trailed the return of the Performance Benchmark by 1.0 percentage point. The component's underperformance was a result of Western's below-benchmark result.

Longer-term performance for the U.S. equity component remains mixed. The component has surpassed the return of its benchmark during the trailing ten-year period, but has underperformed during the trailing three-, five-, and since-inception periods.

The attribution analysis on the previous page highlights each manager's contribution to the relative performance within VCERA's U.S. equity component over the past three-month and trailing one-year periods. The bar labeled "Cash Flow Effect" illustrates the effect on performance by the timing of cash contributions, withdrawals, and asset movements between accounts. The benchmark effect in the three-month attribution graph is a result of the combined performance of the individual managers' benchmarks (the S&P 500 Index and the DJ U.S. Completion Total Stock Market Index) outperforming the U.S. equity component's Performance Benchmark (the DJ U.S. Total Stock Index).

*The DJ U.S. Total Stock Market Index. The Index was formerly named the DJ Wilshire 5000 Index. Prior to May 2007, the Russell 3000 Index.

**EFFECTIVE STYLE MAP
5 YEARS ENDING 9/30/09**



U.S. Equity Style Map

The exhibit above highlights the style and capitalization orientation of the Total U.S. Equity component and the domestic equity managers utilized in VCERA's investment program. Managers plotting above the horizontal crosshair are larger-cap than the DJ U.S. Total Stock Market Index, while those plotting below are smaller-cap. Managers plotting to the left of the vertical crosshair are effectively more value-oriented than the DJ U.S. Total Stock Market Index, while managers plotting to the right are effectively more growth-oriented.

*The DJ U.S. Total Stock Market Index. The Index was formerly named the DJ Wilshire 5000 Index. Prior to May 2007, the Russell 3000 Index.

BGI EXTENDED EQUITY INDEX FUND

RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BGI Extended Equity Index Fund	19.5 %	30	29.1 %	28	-5.1 %	32	-3.0 %	35	3.9 %	26	9.2 %	--	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	19.7	27	31.0	21	-3.7	22	-2.8	33	3.9	26	9.4	--	

Philosophy and Process

The BGI 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.

HISTORICAL RETURNS (BY YEAR)

	BGI Extended Equity Index Fund		Dow Jones U.S. Completion Total Stock Market Index		Return Difference
	Return	Rank	Return	Rank	
2002 (2 months)	2.1 %	--	2.4 %	--	-0.3
2003	43.2	46	43.8	44	-0.6
2004	18.1	70	18.1	70	0.0
2005	10.5	27	10.0	34	0.5
2006	15.2	45	15.3	44	-0.1
2007	5.4	30	5.4	30	0.0
2008	-38.4	58	-39.0	65	0.6
2009 (9 months)	29.1	28	31.0	21	-1.9
Trailing 1-Year	-5.1 %	32	-3.7 %	22	-1.4
Trailing 3-Year	-3.0	35	-2.8	33	-0.2
Trailing 5-Year	3.9	26	3.9	26	0.0
Since Inception (10/31/02)	9.2	--	9.4	--	-0.2

**RETURN SUMMARY
ENDING 9/30/09**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Western U.S. Index Plus	23.2 %	3	45.6 %	2	-6.0 %	53	-21.1 %	--	5/31/07
S&P 500 Index	15.6	42	19.3	58	-6.9	61	-12.7	--	

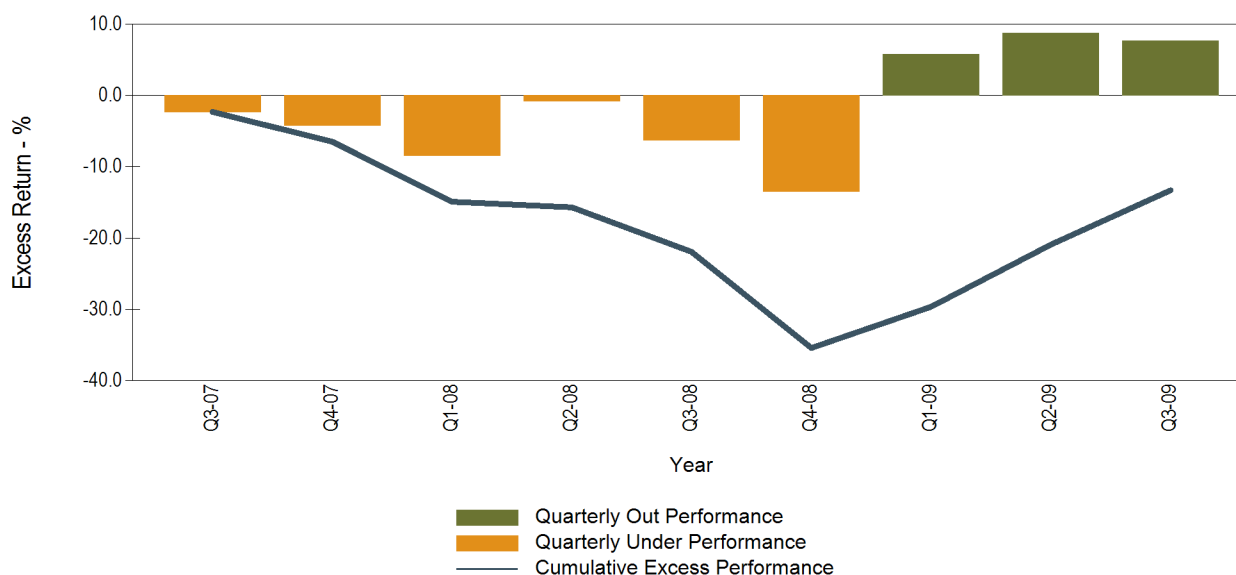
Philosophy and Process

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.

Manager Monitoring

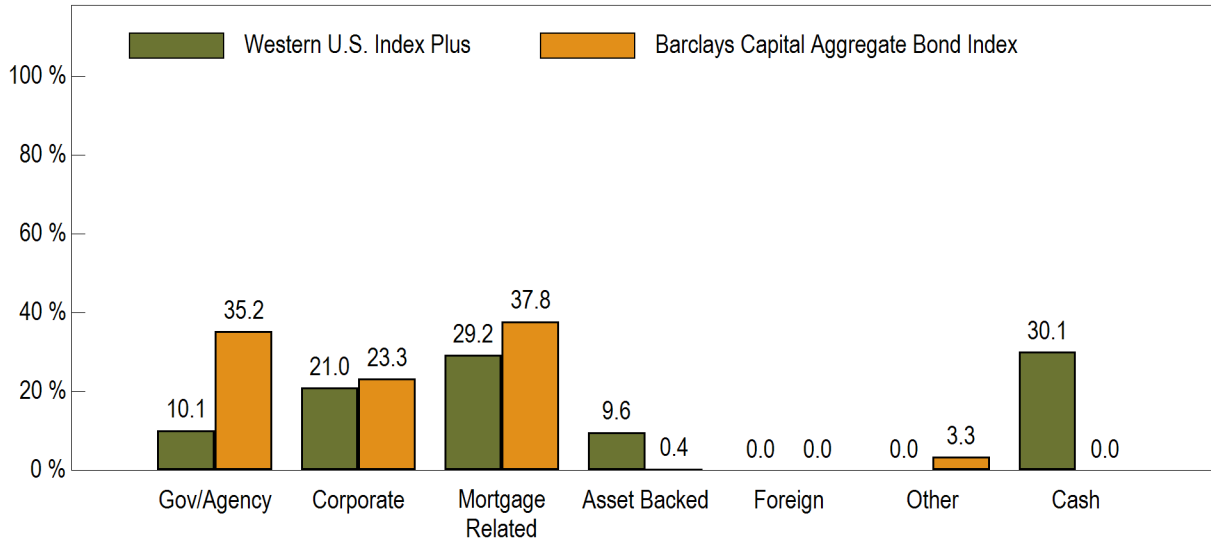
As of September 30, 2009, the manager reported that the portfolio was not in compliance with VCERA's account guidelines, which VCERA was made aware of. Specifically, the portfolio held a 14.3% allocation to U.S. securities rated below investment grade, exceeding the maximum 5% allocation stated in the guidelines. In addition, the portfolio held a 2.7% allocation to GMAC, a 1.4% allocation to Ford, a 3.0% allocation to Bank of America, and a 1.9% allocation to Washington Mutual, which are all rated below investment grade. VCERA's account guidelines allow for a maximum of 1% to any one holding rated below investment grade. Additionally, the portfolio had a 15.0% allocation to below investment grade securities, which was above the allowable 10% allocation.

Quarterly and Cumulative Excess Performance



WESTERN U.S. INDEX PLUS

SECTOR ALLOCATION AS OF 9/30/09
Western U.S. Index Plus



The exhibit above illustrates the sector allocations of the Western U.S. Index Plus portfolio as of September 30, 2009.

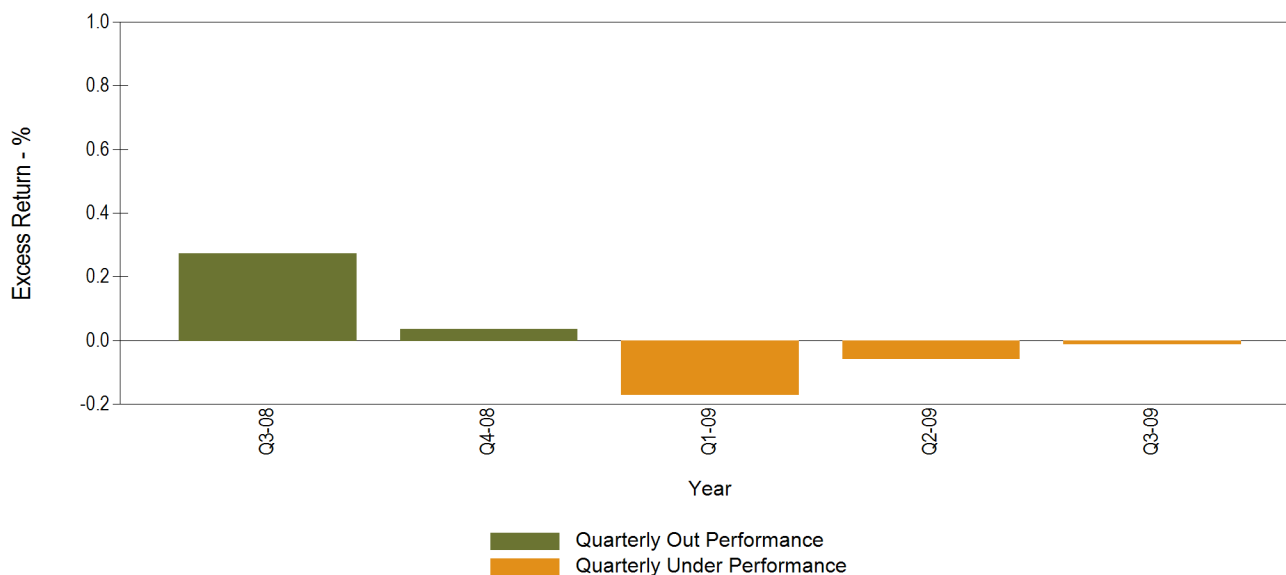
**RETURN SUMMARY
ENDING 9/30/09**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BGI Equity Market Fund	16.3 %	53	21.2 %	64	-6.4 %	59	-16.4 %	--	5/31/08
Dow Jones U.S. Total Stock Market Index	16.3	53	21.5	63	-6.2	58	-16.5	--	

Philosophy and Process

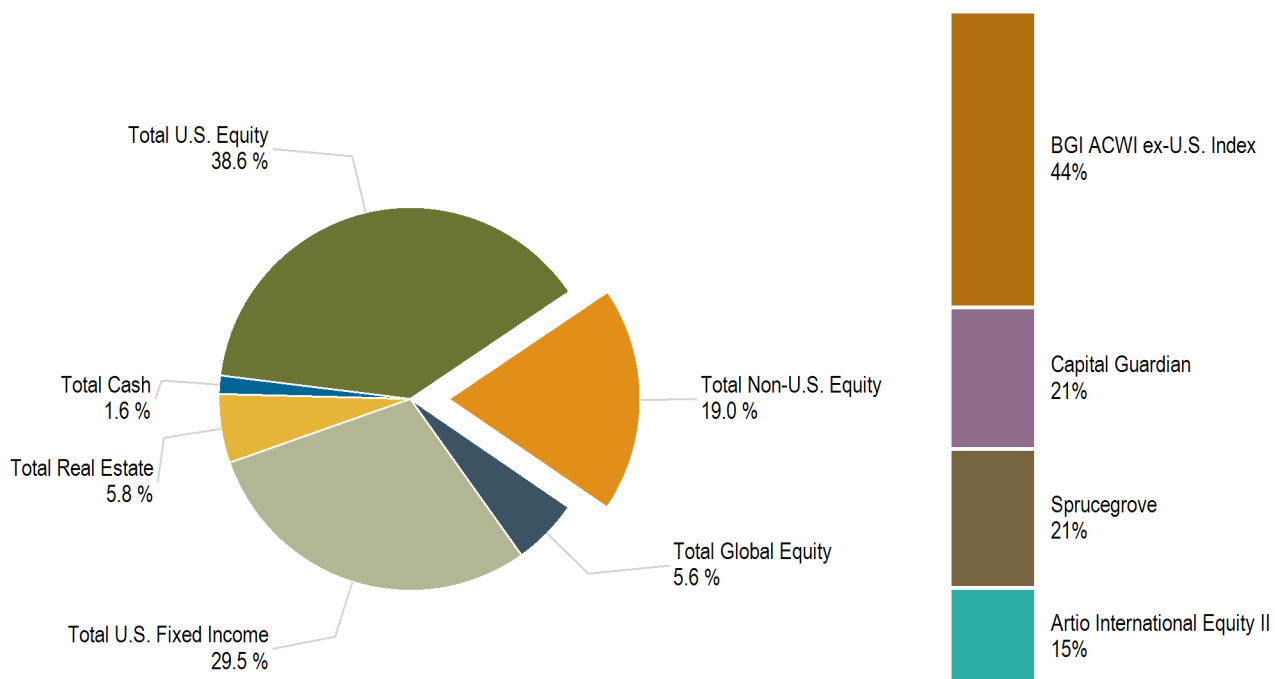
The objective of the BGI U.S. Equity Market Fund is to approximate the return of the Dow Jones U.S. Total Stock Market Index. The Dow Jones U.S. Total Stock Market Index contains essentially all publicly traded stocks in the U.S. Accordingly, it is the broadest available measure of the domestic stock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

Quarterly Excess Performance

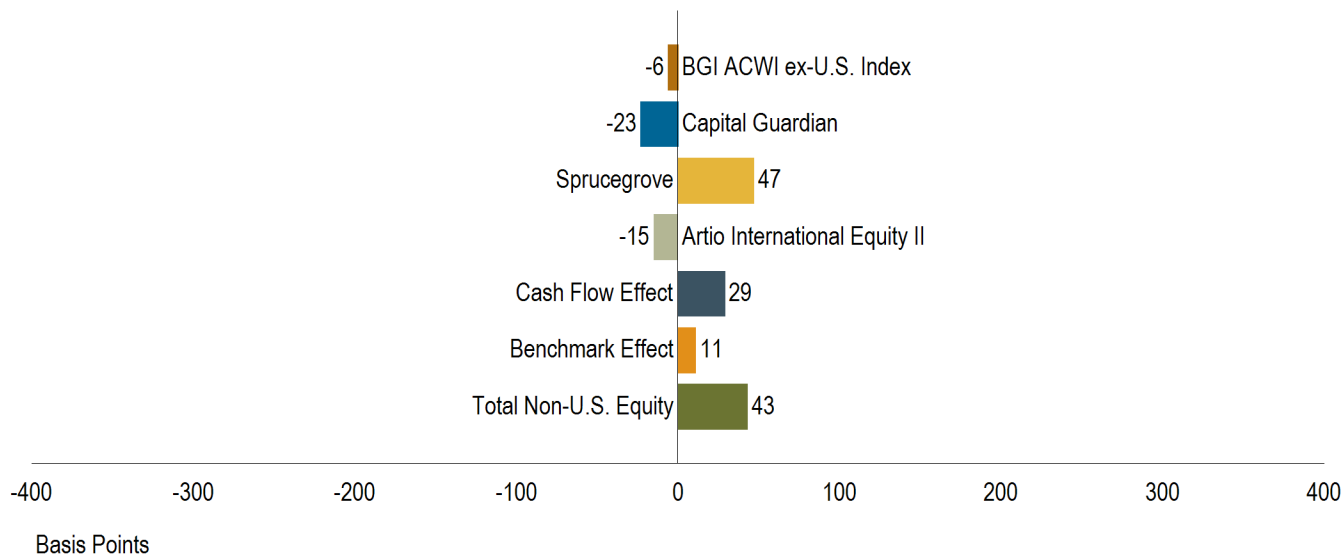


TOTAL NON-U.S. EQUITY

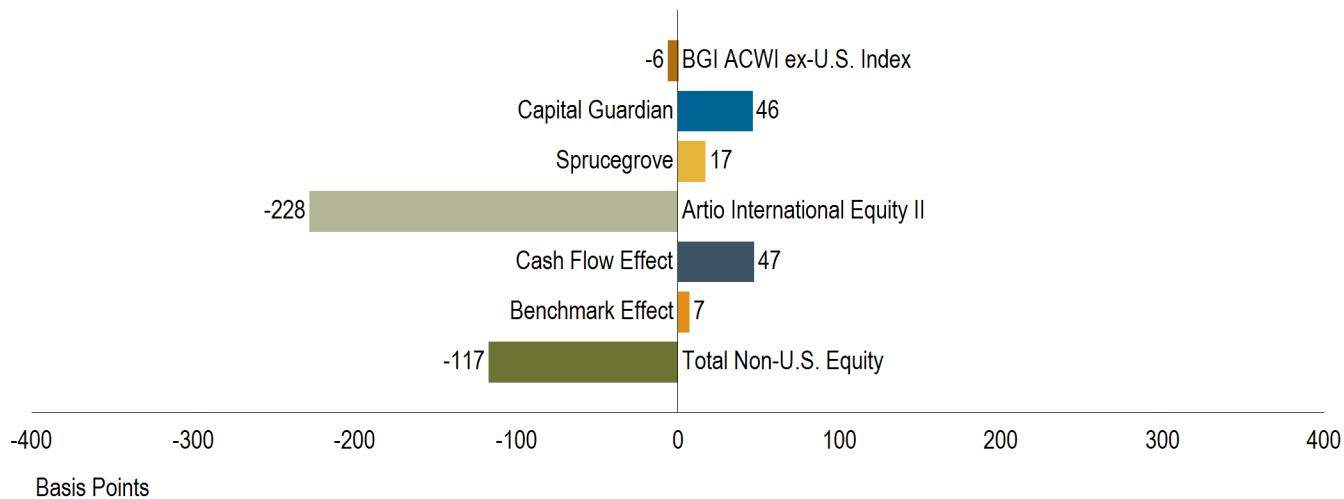
ASSET ALLOCATION ACTUAL AS OF 9/30/09



MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 9/30/09



MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 9/30/09



TOTAL NON-U.S. EQUITY

RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		10 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total Non-U.S. Equity	20.1 %	27	33.2 %	45	4.7 %	47	-2.7 %	56	7.1 %	47	4.4 %	50	7.2 %	37	3/31/94
Performance Benchmark*	19.7	38	36.4	22	5.9	35	-1.2	31	8.1	29	3.8	65	5.7	70	
BGI ACWI ex-U.S. Index	19.9	29	38.2	18	7.2	28	--	--	--	--	--	--	-6.5	21	3/31/07
Performance Benchmark	20.1	26	38.5	17	7.3	27	--	--	--	--	--	--	-6.6	21	
Capital Guardian	18.6	56	32.5	30	7.4	26	-1.5	28	8.1	24	--	--	2.6	--	7/31/00
Performance Benchmark*	19.7	33	36.4	20	5.9	33	-1.2	28	8.1	24	--	--	3.3	--	
Sprucegrove	21.7	14	34.0	25	4.5	40	-2.9	47	6.5	47	--	--	8.6	26	3/31/02
MSCI EAFE Index	19.5	38	29.0	55	3.2	48	-3.6	60	6.1	59	--	--	6.7	60	
Artio International Equity II	18.7	55	19.6	96	--	--	--	--	--	--	--	--	20.1	--	10/31/08
MSCI All Country World ex-U.S. Index	19.7	33	36.4	20	--	--	--	--	--	--	--	--	35.8	--	

Commentary on Investment Performance

The non-U.S. equity portfolio advanced 20.1% during the quarter outpacing the return of the MSCI All Country World ex-U.S. Index by 0.4 percentage points. Sprucegrove's above-benchmark return was marginally offset by below-benchmark returns from Capital Guardian and Artio. Sprucegrove's stock selection within the consumer discretionary, industrials, and technology sectors aided performance. In contrast, Capital Guardian was hurt by its stock selection in the financial sector. Both Capital Guardian and Artio were adversely affected by their cash allocation.

The portfolio's longer-term performance remains mixed. While the portfolio has underperformed its benchmark over the trailing one-three- and five-year periods, it has outperformed during the trailing ten-year and since-inception periods.

The attribution analysis on the previous page highlights each manager's contribution to relative performance within VCERA's non-U.S. equity component. The bar labeled "Cash Flow Effect" illustrates the effect on performance by the timing of cash contributions, withdrawals, and asset movements between accounts. The benchmark effect in the quarter attribution graph is a result of the cumulative performance of the individual managers' benchmarks (the MSCI EAFE Index and the MSCI All Country World ex-U.S. IMI Index) underperforming the non-U.S. equity component's performance benchmark (the MSCI All Country World ex-U.S. Index).

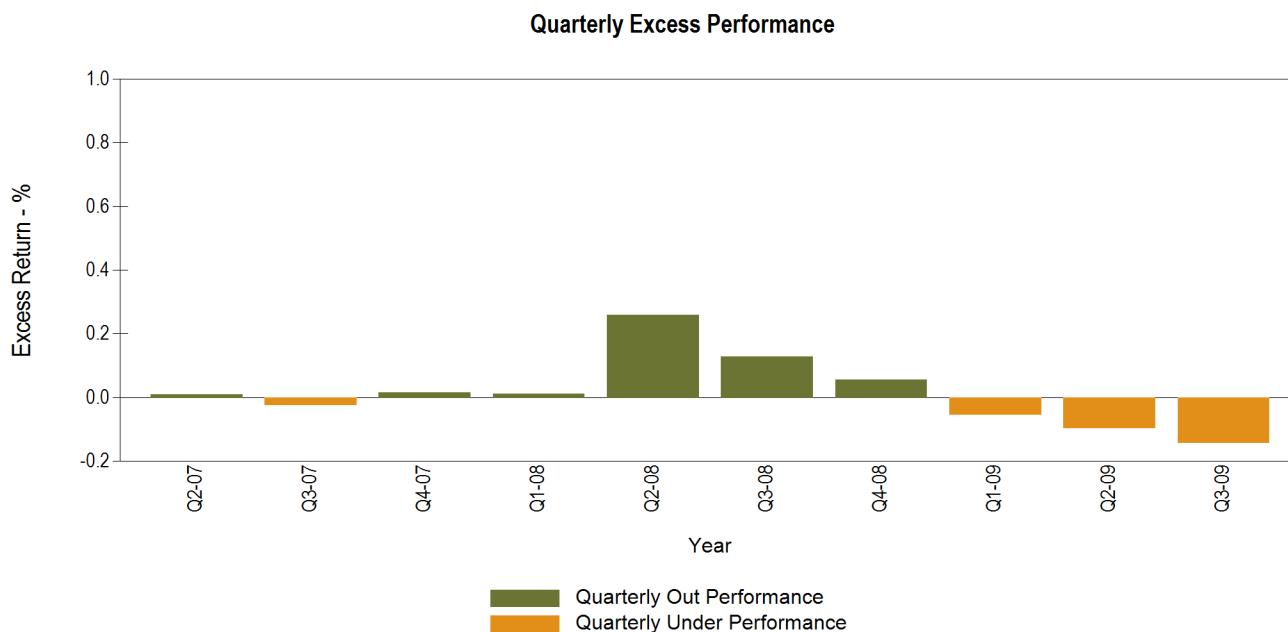
*The MSCI All Country World ex-U.S. Index. Prior to May 2002, the MSCI EAFE Index.

**RETURN SUMMARY
ENDING 9/30/09**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BGI ACWI ex-U.S. Index	19.9 %	29	38.2 %	18	7.2 %	28	-6.5 %	21	3/31/07
Performance Benchmark	20.1	26	38.5	17	7.3	27	-6.6	21	

Philosophy and Process

The Barclays Global Investors (BGI) 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.



CAPITAL GUARDIAN

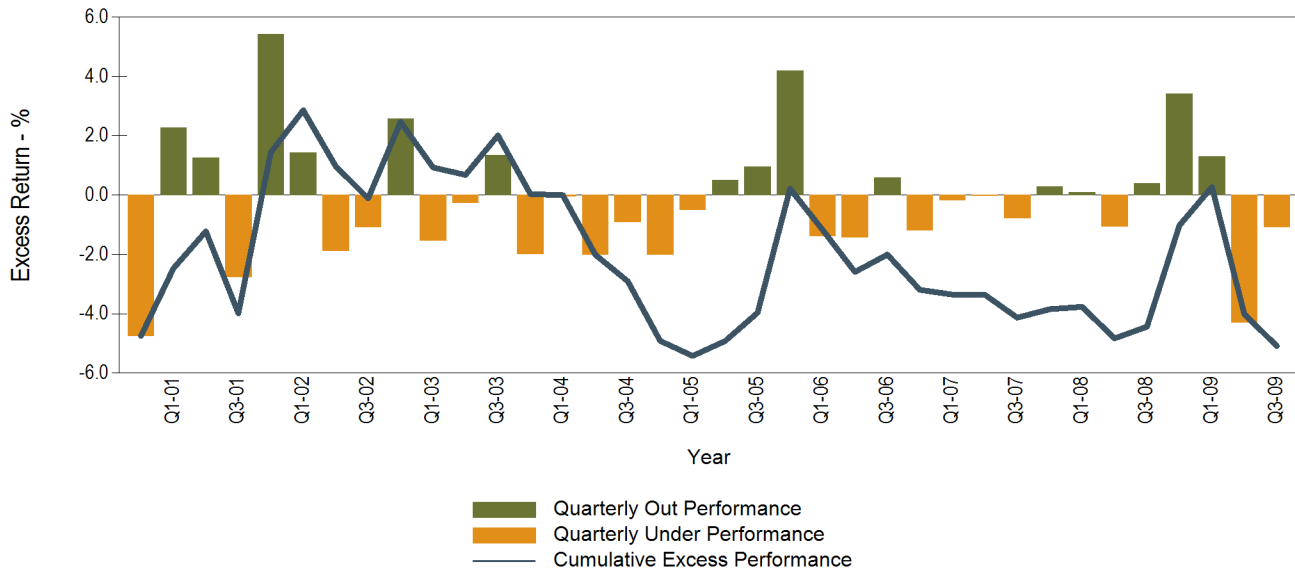
RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Capital Guardian	18.6%	56	32.5%	30	7.4%	26	-1.5%	28	8.1%	24	2.6%	--	7/31/00
Performance Benchmark*	19.7	33	36.4	20	5.9	33	-1.2	28	8.1	24	3.3	--	

Philosophy and Process

Capital Guardian refers to its investment approach as a multiple-manager system. Under this system, portfolios are divided among the firm's portfolio managers (75%) and research analysts (25%). Each sub-portfolio is invested in an individual portfolio at the discretion of the portfolio manager or analyst team. For the analysts' research portfolio, each analyst manages a small percentage of the portfolio based on their industry and/or country research responsibility. All stocks are selected from the firm's "buy" list of about 200 companies. To minimize transaction costs, all sales are posted to an internal list that other portfolio managers have the opportunity to buy. All portfolio managers have the discretion to hedge their portfolio. The firm's investment process is driven by value-oriented stock selection. The firm attempts to identify the difference between the underlying value of a company and its stock price through fundamental analysis and direct company contact. Individual company analysis is blended with the firm's macroeconomic and political judgments based on its outlook for world economies, industries, markets, and currencies.

Quarterly and Cumulative Excess Performance



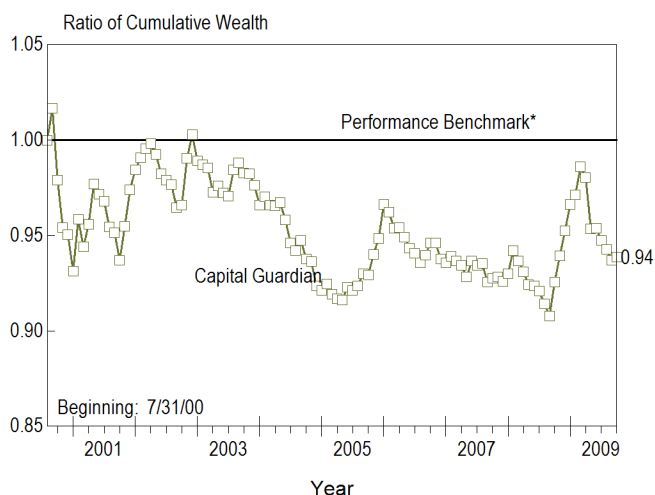
*The MSCI All Country World ex-U.S. Index. Prior to May 2002, the MSCI EAFE Index.

COUNTRY ALLOCATION RETURNS
3 MONTHS ENDING 9/30/09

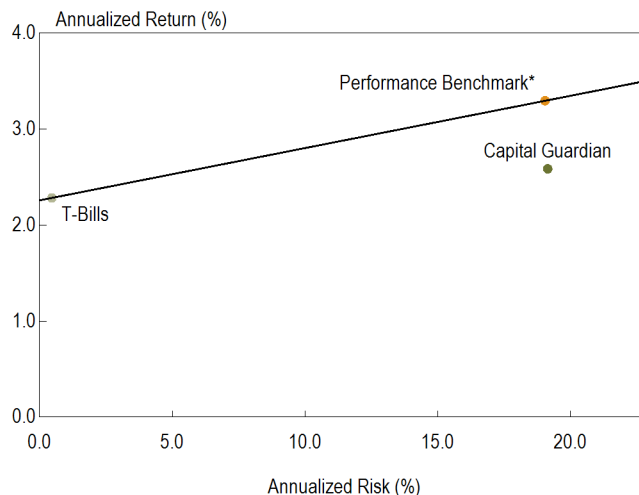
	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.2 %	0.2 %	29.0 %
Belgium	0.1	0.7	28.7
Czech Republic*	0.0	0.1	22.6
Denmark	0.9	0.7	18.0
Finland	0.8	0.9	12.8
France	10.1	7.8	26.6
Germany	5.5	5.8	23.2
Greece	0.1	0.5	32.8
Hungary*	0.0	0.1	42.0
Ireland	1.4	0.2	19.2
Italy	0.0	2.7	27.0
Netherlands	2.9	1.8	31.2
Norway	1.1	0.5	26.5
Poland*	0.3	0.2	33.8
Portugal	0.0	0.2	20.2
Russia*	0.9	1.3	27.0
Spain	1.9	3.4	27.3
Sweden	0.9	1.8	25.4
Switzerland	6.1	5.5	22.7
United Kingdom	13.6	14.9	18.5
Asia/Pacific			
Australia	1.7 %	5.9 %	33.1 %
China*	7.5	3.7	7.8
Hong Kong	2.2	1.7	14.4
India*	4.0	1.6	19.6
Indonesia*	0.1	0.4	37.8
Japan	11.9	15.4	6.5
Korea*	2.5	2.9	34.5
Malaysia*	0.1	0.6	14.8
New Zealand	0.0	0.1	25.5
Pakistan*	0.0	--	--
Philippines*	0.0	0.1	14.9
Singapore	0.7	1.0	19.4
Sri Lanka*	0.0	--	--
Taiwan, China*	2.3	2.5	22.5
Thailand*	0.3	0.3	19.9
Americas			
Argentina*	0.2 %	--	--
Brazil*	2.1	3.3 %	27.4 %
Canada	5.3	7.2	18.3
Chile*	0.4	0.3	5.6
Colombia*	0.0	0.2	35.9
Mexico*	6.6	0.9	18.1
Peru*	0.0	0.1	44.0
United States	0.2	--	--
Venezuela*	0.0	--	--
Other			
Egypt*	0.5 %	0.1 %	22.6 %
Israel*	0.5	0.6	10.3
Morocco*	0.0	0.1	-6.7
Jordan*	0.0	--	--
Other Countries*	0.0	--	--
South Africa*	1.1	1.5	14.4
Turkey*	0.2	0.3	32.4
Cash			
Cash	2.8 %	--	--
Total	100.0 %	100.0 %	19.7 %
Developed	67.6	78.8	
Emerging*	29.6	21.2	
Cash	2.8	--	

CAPITAL GUARDIAN

RATIO OF CUMULATIVE WEALTH 9 YEARS 2 MONTHS ENDING 9/30/09



ANNUALIZED RISK RETURN 9 YEARS 2 MONTHS ENDING 9/30/09



HISTORICAL RETURNS (BY YEAR)

	Capital Guardian		Performance Benchmark*		Return Difference
	Return	Rank	Return	Rank	
2000 (5 months)	-13.0 %	--	-6.6 %	--	-6.4
2001	-17.0	29	-21.4	55	4.4
2002	-15.4	54	-15.8	57	0.4
2003	37.5	45	40.8	22	-3.3
2004	15.3	70	20.9	28	-5.6
2005	22.3	11	16.6	39	5.7
2006	22.6	78	26.7	45	-4.1
2007	15.9	29	16.7	25	-0.8
2008	-43.4	40	-45.5	60	2.1
2009 (9 months)	32.5	30	36.4	20	-3.9
Trailing 1-Year	7.4 %	26	5.9 %	33	1.5
Trailing 3-Year	-1.5	28	-1.2	28	-0.3
Trailing 5-Year	8.1	24	8.1	24	0.0
Since Inception (7/31/00)	2.6	--	3.3	--	-0.7

The table above compares the historical annual and cumulative annualized returns of the Capital Guardian portfolio and its Performance Benchmark.

*The MSCI All Country World ex-U.S. Index. Prior to May 2002, the MSCI EAFE Index.

** Capital Guardian International Non-U.S. Equity Fund

**RETURN SUMMARY
ENDING 9/30/09**

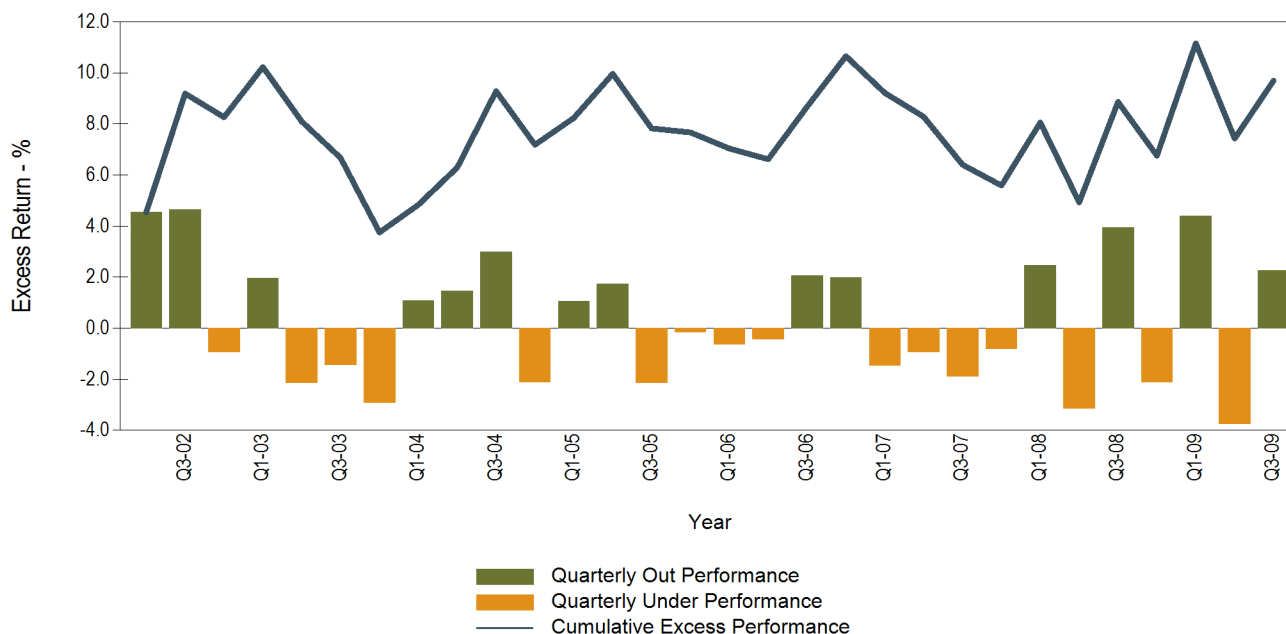
	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Sprucegrove	21.7%	14	34.0%	25	4.5%	40	-2.9%	47	6.5%	47	8.6%	26	3/31/02
MSCI EAFE Index	19.5	38	29.0	55	3.2	48	-3.6	60	6.1	59	6.7	60	

Philosophy and Process

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.

Quarterly and Cumulative Excess Performance



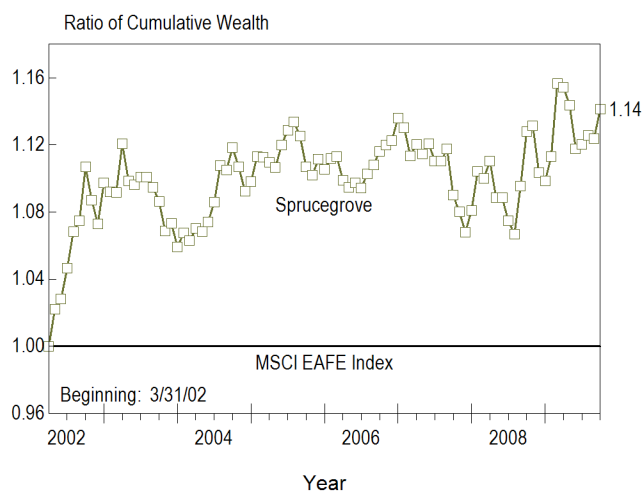
SPRUCEGROVE

COUNTRY ALLOCATION/RETURNS

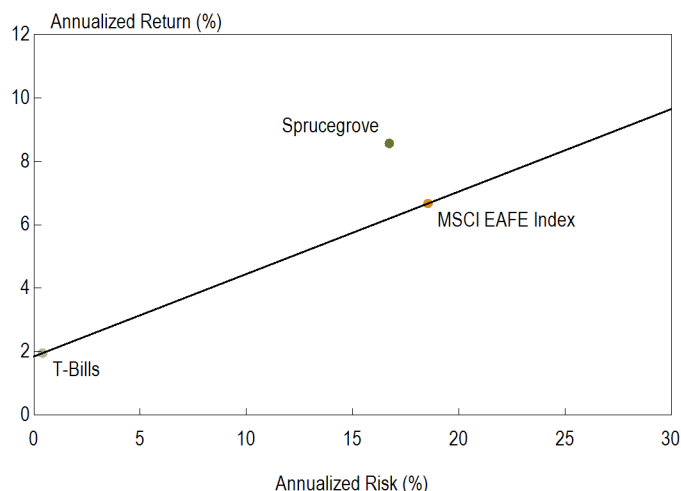
3 MONTHS ENDING 9/30/09

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.0 %	0.3 %	28.4 %
Belgium	0.0	1.0	28.5
Czech Republic*	0.0	--	22.6
Denmark	0.0	0.9	18.0
Finland	1.4	1.2	12.8
France	3.3	10.9	26.3
Germany	4.0	8.1	23.2
Greece	0.0	0.7	32.7
Hungary*	0.6	--	42.0
Ireland	5.4	0.3	18.5
Italy	3.0	3.7	26.4
Netherlands	2.4	2.5	30.7
Norway	0.0	0.7	26.5
Poland*	0.0	--	33.8
Portugal	0.0	0.3	20.2
Russia*	0.0	--	27.0
Spain	1.5	4.7	26.0
Sweden	0.0	2.5	25.4
Switzerland	12.5	7.7	22.6
United Kingdom	17.3	20.8	17.5
Asia/Pacific			
Australia	2.3 %	8.2 %	31.5 %
China*	0.0	--	19.6
Hong Kong	4.2	2.3	13.7
India*	1.9	--	19.6
Indonesia*	0.0	--	37.8
Japan	20.5	21.5	5.8
Korea*	3.8	--	34.5
Malaysia*	0.6	--	14.8
New Zealand	0.0	0.1	23.8
Pakistan*	0.0	--	--
Philippines*	0.0	0.0	14.9
Singapore	4.6	1.4	1.8
Sri Lanka*	0.0	--	--
Taiwan, China*	0.0	--	22.5
Thailand*	0.0	--	19.9
Americas			
Argentina*	0.0 %	--	--
Brazil*	1.6	--	27.4 %
Canada	2.5	--	17.7
Chile*	0.0	--	5.6
Colombia*	0.0	--	35.9
Mexico*	0.8	--	18.1
Peru*	0.0	--	44.0
United States	0.0	--	15.0
Venezuela*	0.0	--	--
Other			
Egypt*	0.0 %	--	22.6 %
Israel*	0.0	--	10.3
Morocco*	0.0	--	-6.7
Jordan*	0.0	--	--
Other Countries*	0.0	--	--
South Africa*	1.6	--	14.4
Turkey*	0.0	--	32.4
Cash			
Cash	4.2 %	--	--
Total	100.0 %	100.0 %	19.5 %
Developed	84.9	100.0	
Emerging*	10.9	0.0	
Cash	4.2	--	

**RATIO OF CUMULATIVE WEALTH
7 YEARS 6 MONTHS ENDING 9/30/09**



**ANNUALIZED RISK RETURN
7 YEARS 6 MONTHS ENDING 9/30/09**



**HISTORICAL RETURNS
(BY YEAR)**

	Sprucegrove		MSCI EAFE Index		Return Difference
	Return	Rank	Return	Rank	
2002 (9 months)	-8.2 %	22	-16.4 %	57	8.2
2003	33.8	65	38.6	40	-4.8
2004	24.6	9	20.2	33	4.4
2005	14.3	61	13.5	69	0.8
2006	29.9	20	26.3	50	3.6
2007	5.8	88	11.2	56	-5.4
2008	-42.5	33	-43.4	40	0.9
2009 (9 months)	34.0	25	29.0	55	5.0
Trailing 1-Year	4.5 %	40	3.2 %	48	1.3
Trailing 3-Year	-2.9	47	-3.6	60	0.7
Trailing 5-Year	6.5	47	6.1	59	0.4
Since Inception (3/31/02)	8.6	26	6.7	60	1.9

The table above compares the historical annual and cumulative annualized returns of the Sprucegrove portfolio and its benchmark, the MSCI EAFE Index.

ARTIO INTERNATIONAL EQUITY II

RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	
Artio International Equity II	18.7 %	55	19.6 %	96	20.1 %	--	10/31/08
MSCI All Country World ex-U.S. Index	19.7	33	36.4	20	35.8	--	

Philosophy and Process

Artio's International Equity II strategy is a core, primarily top-down, non-U.S. equity product offering with market capitalization exposure similar to that of the MSCI All Country World ex-U.S. Index. The investment process starts from a macro perspective with focus on how changing global factors will impact individual industries, sectors, and countries. While every member of the investment team is involved at each step of the investment process, it is Mr. Younes who is the primary driver of investment thought and new idea generation. The team applies different fundamental factors to each industry, sector, and country. Country factor analysis is a dominating tool as it pertains to emerging markets. While the investment process is predominately theme-based, bottom-up analysis is employed once specific pockets of relative value are discovered through the top-down process. Artio's bottom-up analysis focuses on industry/country fundamentals, growth expectations, assessment of management, and relative valuation.

ARTIO INTERNATIONAL EQUITY II

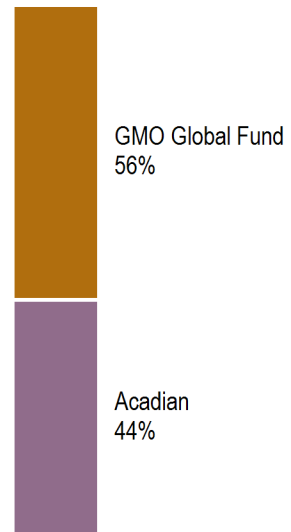
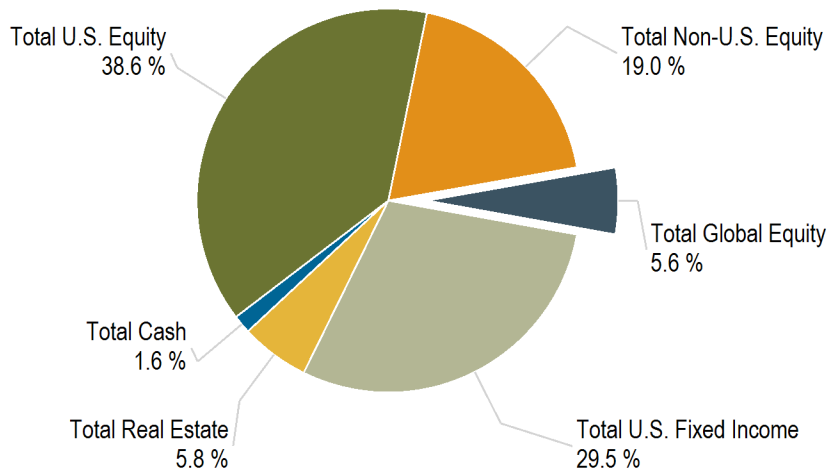
COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 9/30/09

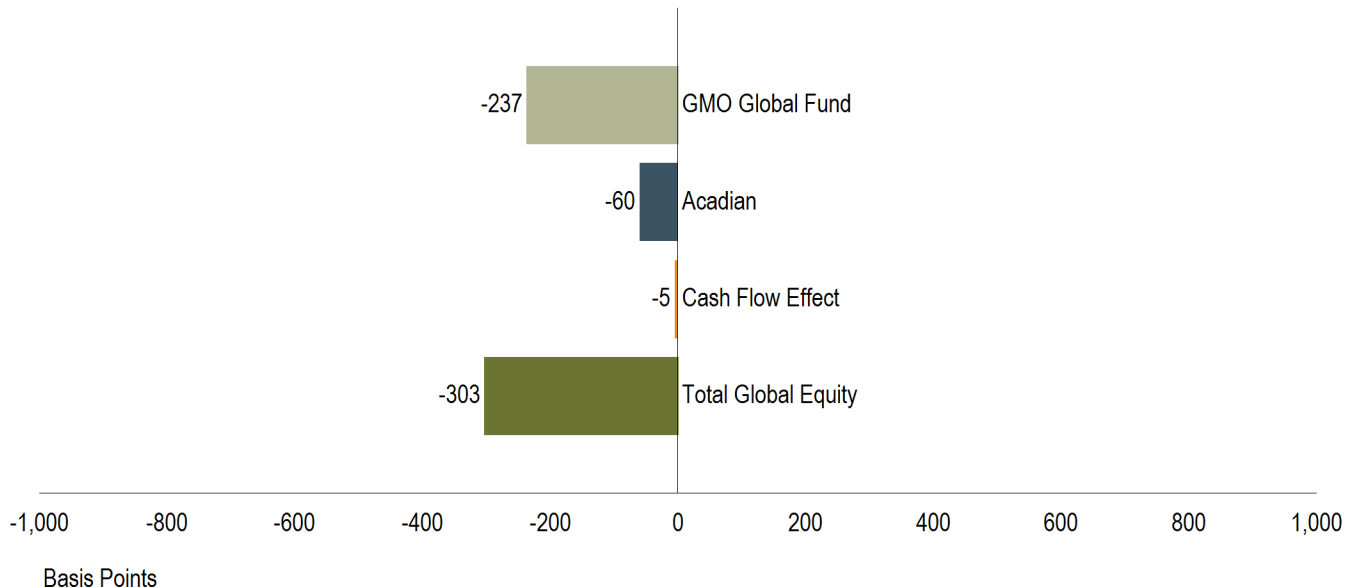
	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.7 %	0.2 %	29.0 %
Belgium	0.7	0.7	28.7
Czech Republic*	1.2	0.1	22.6
Denmark	0.6	0.7	18.0
Finland	0.5	0.9	12.8
France	10.6	7.8	26.6
Germany	7.3	5.8	23.2
Greece	0.3	0.5	32.8
Hungary*	0.6	0.1	42.0
Ireland	0.5	0.2	19.2
Italy	2.5	2.7	27.0
Netherlands	3.6	1.8	31.2
Norway	1.0	0.5	26.5
Poland*	0.3	0.2	33.8
Portugal	0.1	0.2	20.2
Russia*	1.9	1.3	27.0
Spain	4.0	3.4	27.3
Sweden	1.3	1.8	25.4
Switzerland	6.0	5.5	22.7
United Kingdom	13.5	14.9	18.5
Asia/Pacific			
Australia	7.0 %	5.9 %	33.1 %
China*	3.3	3.7	7.8
Hong Kong	1.8	1.7	14.4
India*	1.0	1.6	19.6
Indonesia*	0.1	0.4	37.8
Japan	11.7	15.4	6.5
Korea*	2.8	2.9	34.5
Malaysia*	0.0	0.6	14.8
New Zealand	0.0	0.1	25.5
Pakistan*	0.0	--	--
Philippines*	0.0	0.1	14.9
Singapore	0.7	1.0	19.4
Sri Lanka*	0.0	--	--
Taiwan, China*	2.8	2.5	22.5
Thailand*	0.0	0.3	19.9
Americas			
Argentina*	0.0 %	--	--
Brazil*	2.6	3.3 %	27.4 %
Canada	5.4	7.2	18.3
Chile*	0.0	0.3	5.6
Colombia*	0.0	0.2	35.9
Mexico*	0.9	0.9	18.1
Peru*	0.1	0.1	44.0
United States	0.4	--	--
Venezuela*	0.0	--	--
Other			
Egypt*	0.0 %	0.1 %	22.6 %
Israel*	0.0	0.6	10.3
Morocco*	0.0	0.1	-6.7
Jordan*	0.0	--	--
Other Countries*	0.1	--	--
South Africa*	0.8	1.5	14.4
Turkey*	0.0	0.3	32.4
Cash			
Cash	1.1 %	--	--
Total	100.0 %	100.0 %	19.7 %
Developed	80.4	78.8	
Emerging*	18.5	21.2	
Cash	1.1	--	

TOTAL GLOBAL EQUITY

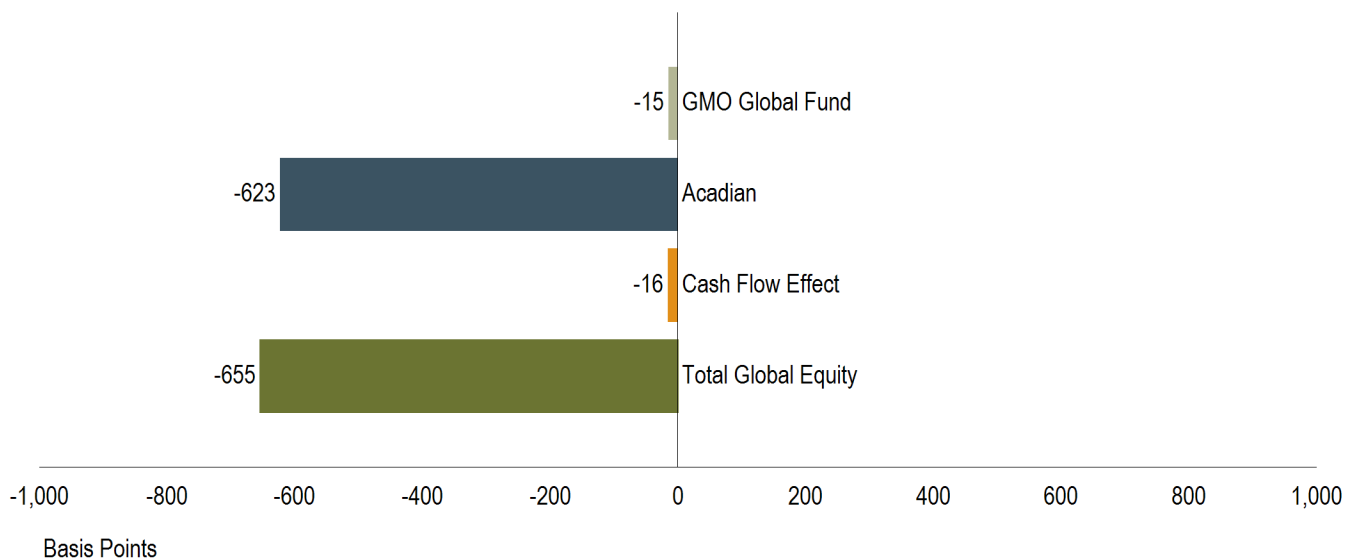
ASSET ALLOCATION ACTUAL AS OF 9/30/09



MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 9/30/09



MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 9/30/09



TOTAL GLOBAL EQUITY

RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total Global Equity	14.8 %	89	12.9 %	97	-6.7 %	82	-5.1 %	63	1.4 %	--	4/30/05
MSCI All Country World Index	17.9	41	28.7	36	-0.1	47	-3.2	43	3.2	--	
GMO Global Fund	13.6	94	18.2	89	-0.4	49	-1.9	23	4.0	--	4/30/05
MSCI All Country World Index	17.9	41	28.7	36	-0.1	47	-3.2	43	3.2	--	
Acadian	16.5	61	7.3	99	-13.2	99	--	--	-27.3	--	5/31/08
MSCI All Country World Index	17.9	41	28.7	36	-0.1	47	--	--	-18.2	--	

Commentary on Investment Performance

Albeit a positive return of 14.8% for the quarter, the global equity portfolio trailed the MSCI All Country World Index by 3.1 percentage points. Both of the portfolio's underlying managers underperformed the Index. With the exception of its Emerging Markets Fund, each of GMO's underlying funds lagged their respective benchmark. Acadian was hurt by weak stock selection and an overweight allocation to China in addition to unfavorable stock selection in the U.S. and Australia.

Over the trailing one-year period, the portfolio declined 6.7% and lagged the return of the Index by 6.6 percentage points. Acadian's significant underperformance contributed the most to the portfolio's below-benchmark result.

Since the inception of the global equity component, it has trailed the return of the Index by 1.8 percentage points. Underperformance is attributed to recent below-benchmark results.

The attribution analysis on the previous page highlights each manager's contribution to relative performance within VCERA's global equity component over the past three-month and trailing one-year periods. The bar labeled "Cash Flow Effect" illustrates the effect on performance by the timing of cash contributions, withdrawals, and asset movements between accounts. The "Total" bar in these graphs represents the difference between the global equity component's return and that of the Index.

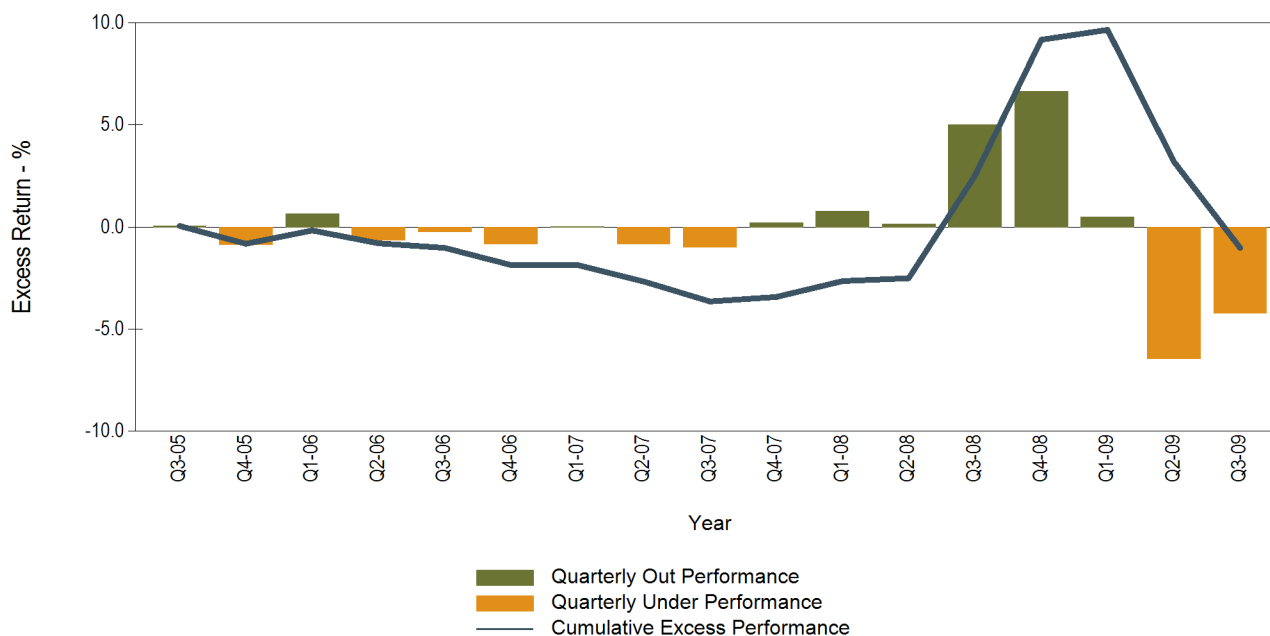
**RETURN SUMMARY
ENDING 9/30/09**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
GMO Global Fund	13.6 %	94	18.2 %	89	-0.4 %	49	-1.9 %	23	4.0 %	--	4/30/05
MSCI All Country World Index	17.9	41	28.7	36	-0.1	47	-3.2	43	3.2	--	

Philosophy and Process

Grantham Mayo Van Otterloo's (GMO) Global Asset Allocation strategy uses quantitative methods to allocate among the firm's mutual funds including U.S. equity, non-U.S. developed market equity, emerging markets, fixed income, and real estate funds. GMO attempts to add value from allocations across sectors as well as security selection within sectors. The firm desires to make large bets on a few high-conviction opportunities, while still incurring less absolute risk than the benchmark. GMO does not employ a traditional team of fundamental security analysts. Instead, they attempt to exploit market inefficiencies by evaluating asset classes and individual securities largely through quantitative analysis. They believe their edge lies in their ability to interpret already available information, as opposed to an explicit information edge. Although the process will consider both valuation and momentum factors in selecting stocks, the portfolio will tend to exhibit value characteristics.

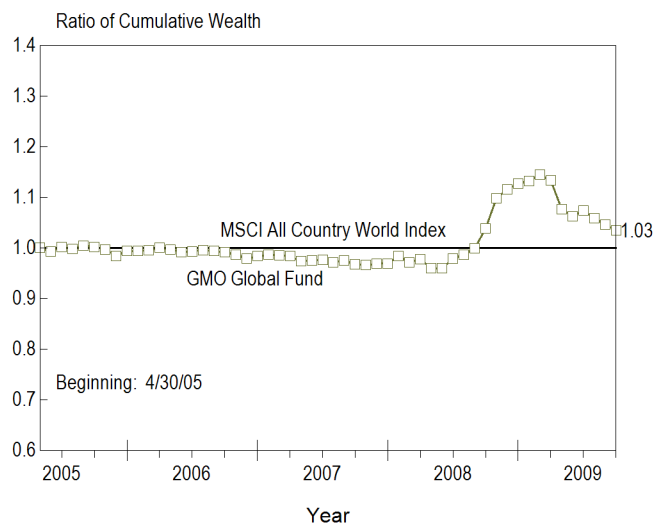
Quarterly and Cumulative Excess Performance



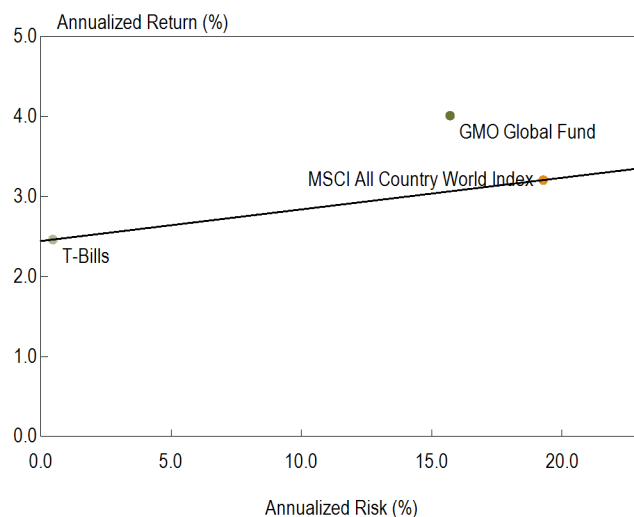
COUNTRY ALLOCATION/RETURNS
3 MONTHS ENDING 9/30/09

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.1 %	0.1 %	28.4 %
Belgium	0.8	0.4	28.5
Czech Republic*	0.0	0.1	22.6
Denmark	0.3	0.4	18.0
Finland	0.4	0.5	12.8
France	4.7	4.6	26.3
Germany	2.4	3.4	23.2
Greece	0.3	0.3	32.7
Hungary*	0.1	0.1	42.0
Ireland	0.2	0.1	18.5
Italy	2.3	1.5	26.4
Netherlands	1.2	1.1	30.7
Norway	0.2	0.3	26.5
Poland*	0.3	0.1	33.8
Portugal	0.1	0.1	20.2
Russia*	1.8	0.8	27.0
Spain	1.5	2.0	26.0
Sweden	1.6	1.0	25.4
Switzerland	4.4	3.2	22.6
United Kingdom	10.1	8.7	17.5
Asia/Pacific			
Australia	1.7 %	3.4 %	31.5 %
China*	1.3	2.2	19.6
Hong Kong	0.5	1.0	13.7
India*	0.7	0.9	19.6
Indonesia*	0.2	0.2	37.8
Japan	12.2	8.9	5.8
Korea*	2.5	1.7	34.5
Malaysia*	0.2	0.3	14.8
New Zealand	0.1	0.1	23.8
Pakistan*	0.0	--	--
Philippines*	0.1	0.1	14.9
Singapore	0.8	0.6	18.0
Sri Lanka*	0.0	--	--
Taiwan, China*	1.2	1.4	22.5
Thailand*	0.7	0.2	19.9
Americas			
Argentina*	0.0 %	--	--
Brazil*	1.6	1.9 %	27.4 %
Canada	0.5	4.2	17.7
Chile*	0.0	0.2	5.6
Colombia*	0.0	0.1	35.9
Mexico*	0.1	0.5	18.1
Peru*	0.0	0.1	44.0
United States	37.7	41.8	15.0
Venezuela*	0.0	--	--
Other			
Egypt*	0.1 %	0.1 %	22.6 %
Israel*	0.1	0.3	10.3
Morocco*	0.0	0.0	-6.7
Jordan*	0.0	--	--
Other Countries*	0.0	--	--
South Africa*	0.2	0.9	14.4
Turkey*	1.1	0.2	32.4
Cash			
Cash	3.6 %	--	--
Total	100.0 %	100.0 %	17.9 %
Developed	84.1	87.7	
Emerging*	12.3	12.3	
Cash	3.6	--	

**RATIO OF CUMULATIVE WEALTH
4 YEARS 5 MONTHS ENDING 9/30/09**



**ANNUALIZED RISK RETURN
4 YEARS 5 MONTHS ENDING 9/30/09**



**HISTORICAL RETURNS
(BY YEAR)**

	GMO Global Fund		MSCI All Country World Index		Return Difference
	Return	Rank	Return	Rank	
2005 (8 months)	13.7 %	--	14.4 %	--	-0.7
2006	19.7	52	21.0	47	-1.3
2007	10.0	56	11.7	46	-1.7
2008	-32.8	9	-42.2	53	9.4
2009 (9 months)	18.2	89	28.7	36	-10.5
Trailing 1-Year	-0.4 %	49	-0.1 %	47	-0.3
Trailing 3-Year	-1.9	23	-3.2	43	1.3
Since Inception (4/30/05)	4.0	--	3.2	--	0.8

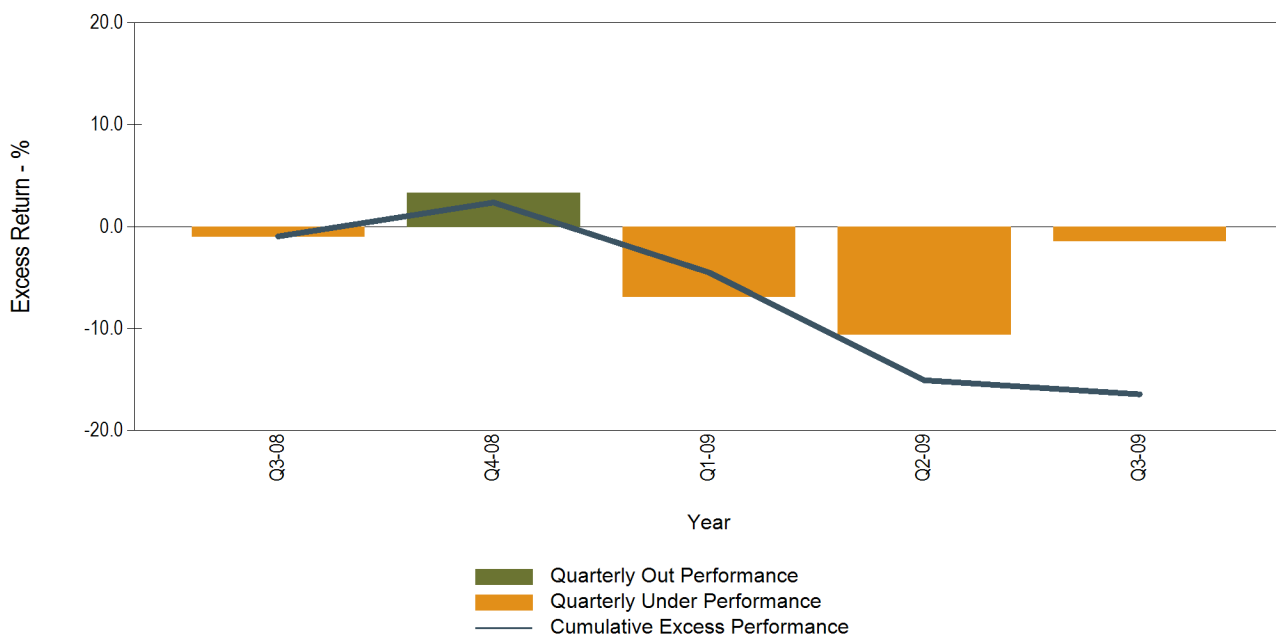
RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Acadian	16.5 %	61	7.3 %	99	-13.2 %	99	-27.3 %	--	5/31/08
MSCI All Country World Index	17.9	41	28.7	36	-0.1	47	-18.2	--	

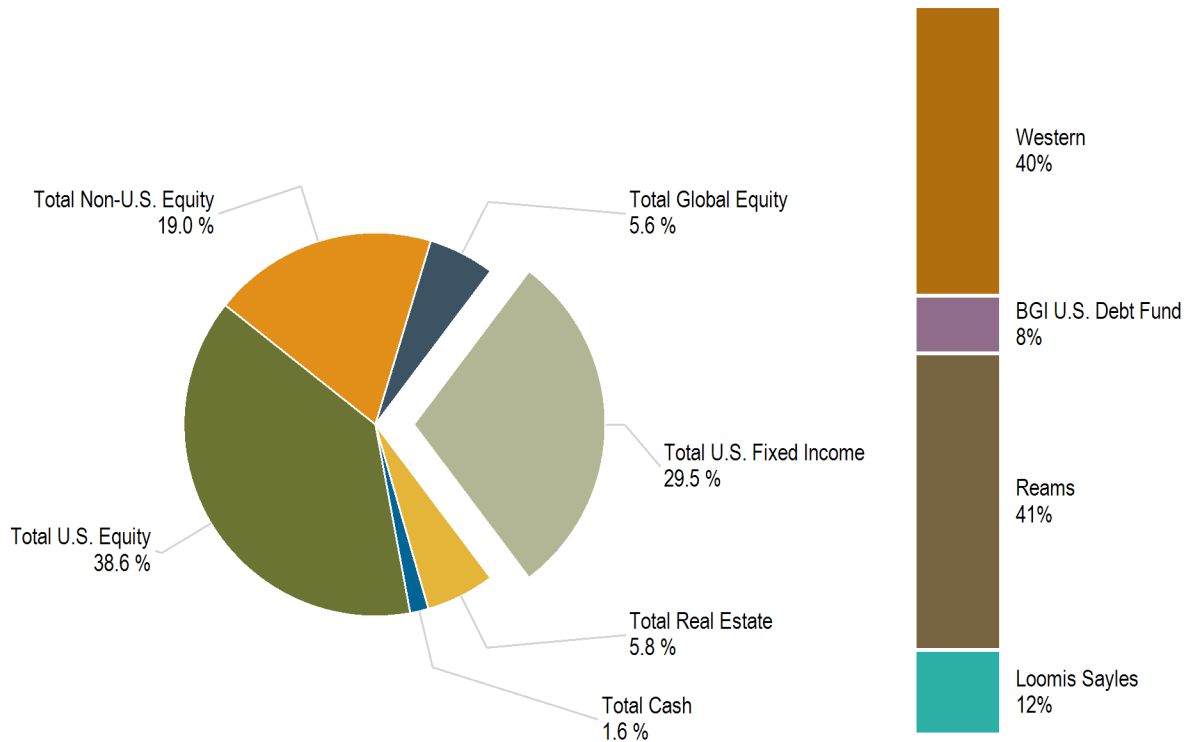
Philosophy and Process

Acadian Asset Management, Inc. applies a disciplined, multi-factor model to a broad universe of equities with the objective of earning superior returns. The firm utilizes both stock factors (micro) and country/sector factors (macro) to forecast returns for the entire 25,000 stock universe. They evaluate four categories of stock factors: valuation, earnings trends, earnings quality, and price momentum. Acadian combines both micro and macro factors to produce forecasted returns for individual stocks. Positions are then sized by optimizing the return forecasts with expected transaction costs, stock borrowing cost, and liquidity. For the global 130-30 fund, the maximum long is 5% and the maximum short is -3% of portfolio value. The strategy targets gross exposures of 130% long and 30% short for a net exposure of 100% long. The maximum short exposure the fund will take is 50%. As shorting local emerging markets stocks is not feasible, Acadian will occasionally utilize ADRs to short emerging markets.

Quarterly and Cumulative Excess Performance

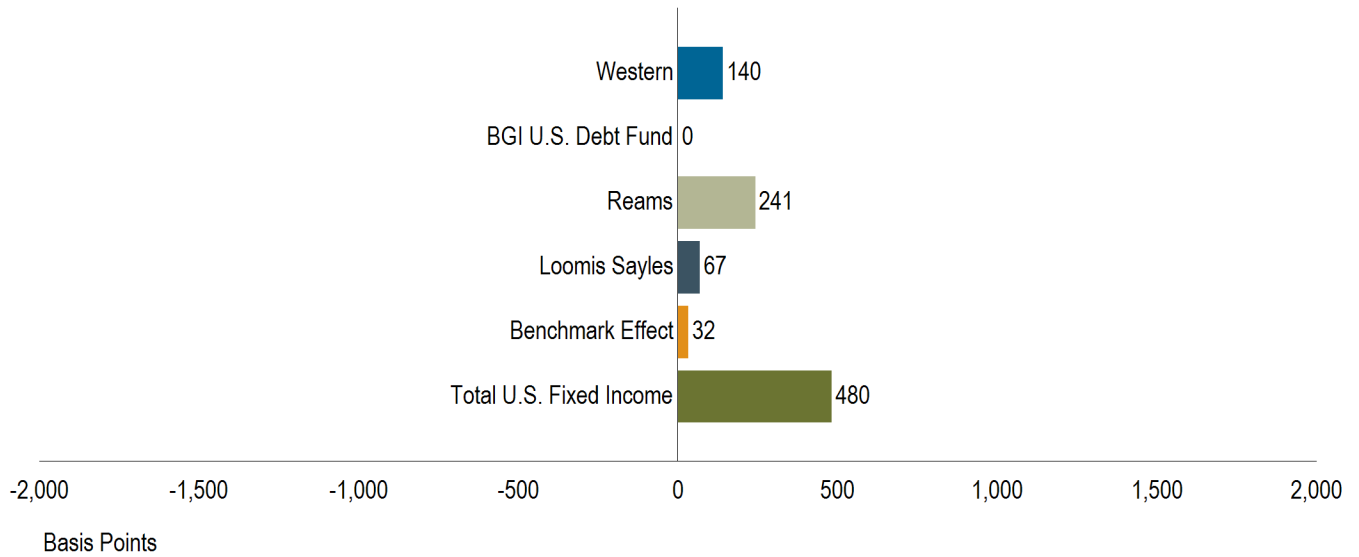


ASSET ALLOCATION
ACTUAL AS OF 9/30/09

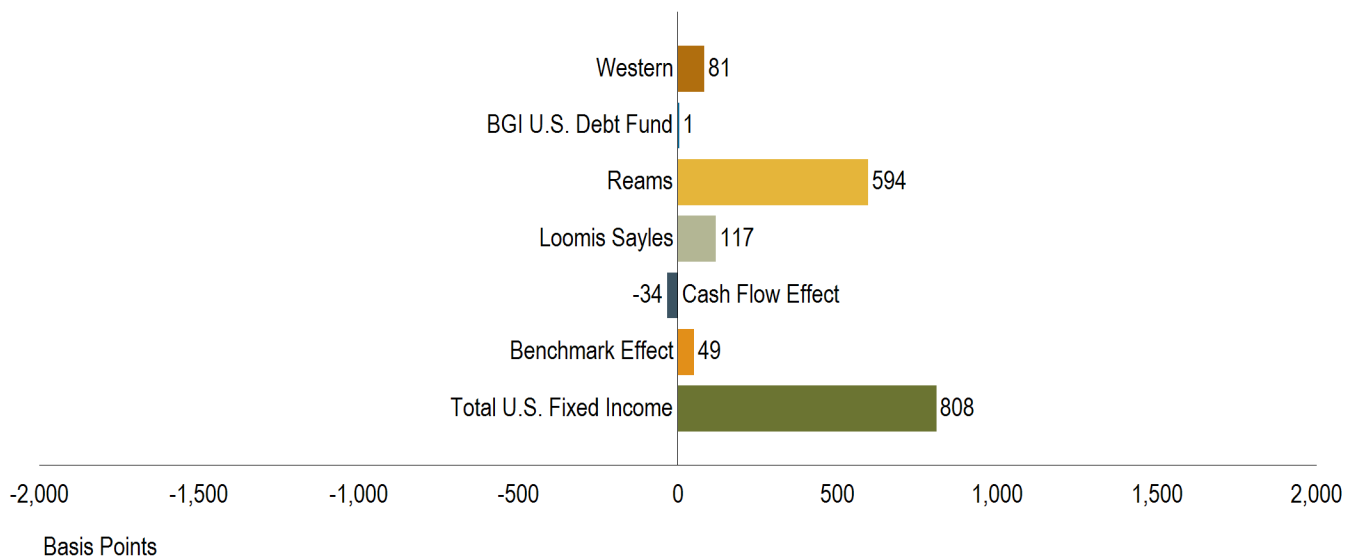


TOTAL U.S. FIXED INCOME

MANAGER ATTRIBUTION ANALYSIS 3 MONTHS ENDING 9/30/09



MANAGER ATTRIBUTION ANALYSIS 1 YEAR ENDING 9/30/09



TOTAL U.S. FIXED INCOME

RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		10 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total U.S. Fixed Income	8.5 %	16	23.4 %	4	18.6 %	4	6.7 %	17	5.7 %	13	6.7 %	--	6.4 %	--	2/28/94
Barclays Capital Aggregate Bond Index	3.7	84	5.7	85	10.6	65	6.4	23	5.1	29	6.3	--	6.3	--	
Western	7.2	25	15.8	24	11.7	65	3.9	87	4.1	82	6.4	40	6.4	42	12/31/96
Barclays Capital Aggregate Bond Index	3.7	90	5.7	92	10.6	81	6.4	55	5.1	56	6.3	47	6.3	49	
BGI U.S. Debt Fund	3.7	90	5.8	92	10.6	81	6.5	53	5.2	51	6.3	46	6.2	--	11/30/95
Barclays Capital Aggregate Bond Index	3.7	90	5.7	92	10.6	81	6.4	55	5.1	56	6.3	47	6.2	--	
Reams	9.7	2	35.4	1	24.6	1	9.0	1	7.2	2	--	--	6.4	8	9/30/01
Barclays Capital Aggregate Bond Index	3.7	90	5.7	92	10.6	81	6.4	55	5.1	56	--	--	5.4	57	
Loomis Sayles	12.7	1	33.2	1	24.1	2	5.4	73	--	--	--	--	5.5	--	7/31/05
Performance Benchmark	6.6	33	16.6	21	14.1	39	6.1	60	--	--	--	--	5.6	--	

Commentary on Investment Performance

During the third quarter, the U.S. fixed income component gained 8.5%, outperforming the Barclays Capital Aggregate Bond Index by 4.8 percentage points. Each of the component's underlying active managers outperformed their respective benchmarks, for the second consecutive quarter. Western benefited from overweight allocations to A and Baa/BBB credits and exposure to non-agency MBS. Reams' favorable sector and security selection helped performance, as high yield and investment grade holdings contributed the most within these categories. Loomis Sayles' also benefited from its exposure to high yield securities.

Over the trailing one-year period, the U.S. fixed income component generated a return of 18.6%, surpassing the return of the Index by 8.0 percentage points. As in the third quarter, each of the component's underlying active managers produced above-benchmark results.

The component's longer-term performance remains favorable relative to the Barclays Capital Aggregate Bond Index, as it has outperformed the Index during all long-term periods illustrated above.

The attribution analysis on the previous page highlights each manager's contribution to relative performance within VCERA's fixed income component over the past three-month and trailing one-year periods. The bar labeled "Cash Flow Effect" illustrates the effect on performance by the timing of cash contributions, withdrawals, and asset movements between accounts. The benchmark effect in the quarter graph is a result of one of the individual manager's benchmark (performance benchmark of Loomis Sayles) outperforming the fixed income component's benchmark (Barclays Capital Aggregate Bond Index). Additionally, the benchmark effect in the one-year attribution graph is a result of the cumulative performance of one of the individual manager's benchmark (performance benchmark of Loomis Sayles) outperforming the fixed income component's benchmark (Barclays Capital Aggregate Bond Index).

WESTERN

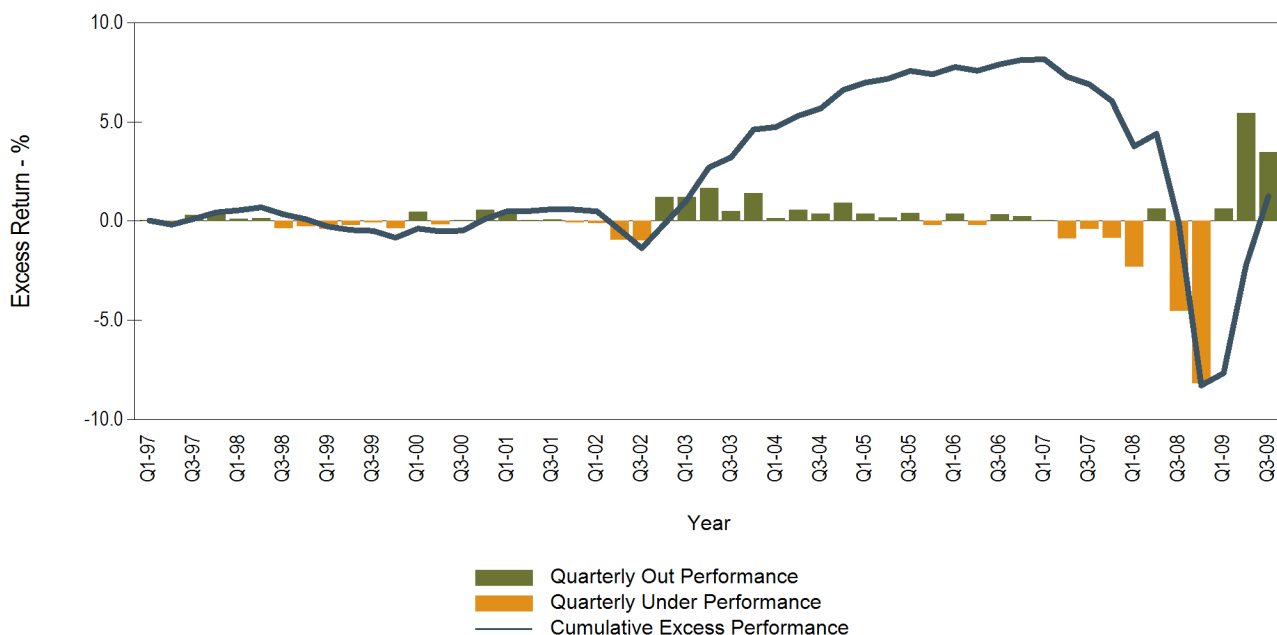
RETURN SUMMARY ENDING 9/30/09

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		10 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Western	7.2%	25	15.8%	24	11.7%	65	3.9%	87	4.1%	82	6.4%	40	6.4%	42	12/31/96
Barclays Capital Aggregate Bond Index	3.7	90	5.7	92	10.6	81	6.4	55	5.1	56	6.3	47	6.3	49	

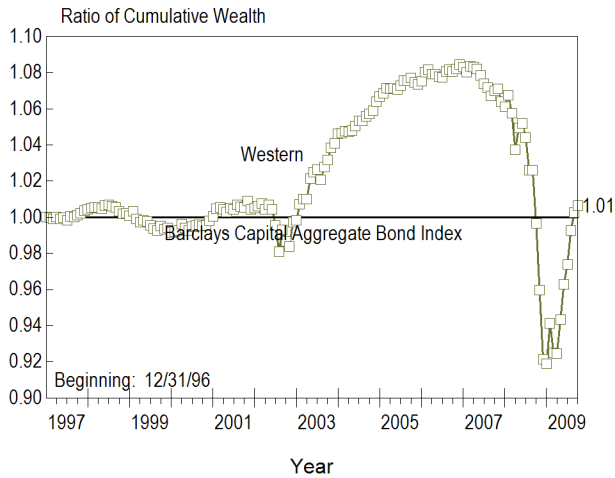
Philosophy and Process

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.

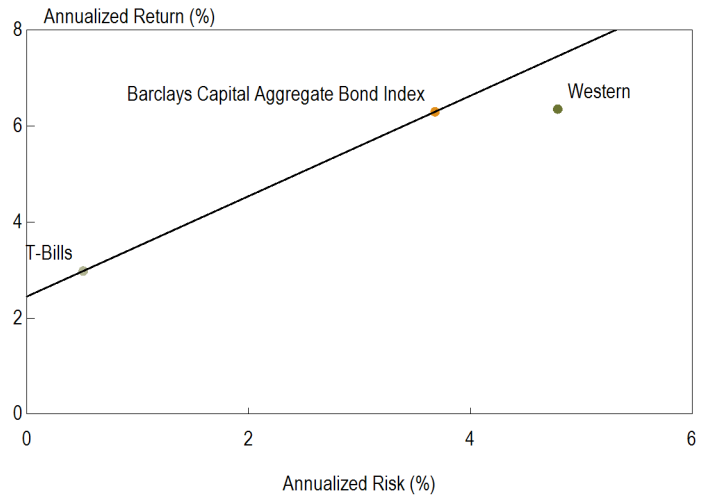
Quarterly and Cumulative Excess Performance



**RATIO OF CUMULATIVE WEALTH
12 YEARS 9 MONTHS ENDING 9/30/09**

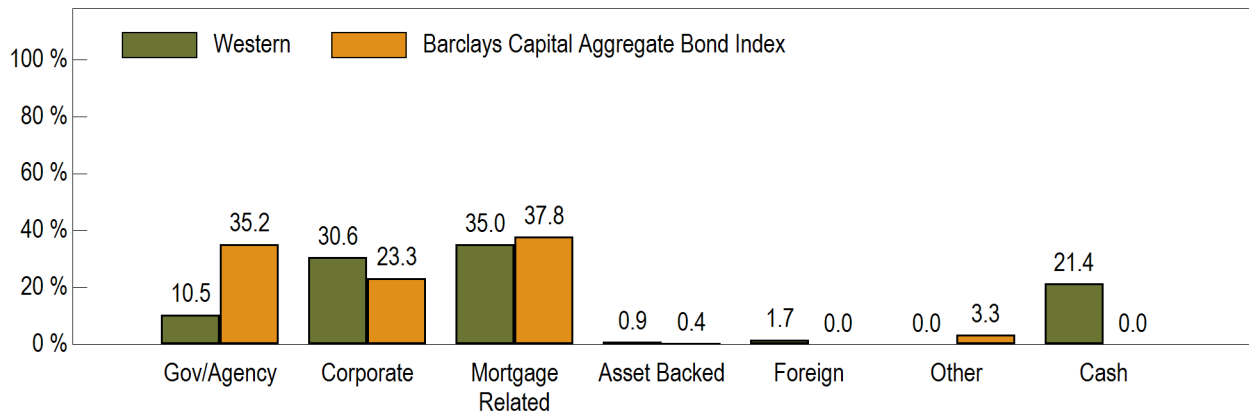


**ANNUALIZED RISK RETURN
12 YEARS 9 MONTHS ENDING 9/30/09**



The table below details Western's sector allocation relative to the Barclays Capital Aggregate Bond Index. The allocation to cash represents highly-liquid short-term fixed income instruments such as money market funds and commercial paper.

**SECTOR ALLOCATION AS OF 9/30/09
Western**



WESTERN

HISTORICAL RETURNS (BY YEAR)

	Western		Barclays Capital Aggregate Bond Index		Return Difference
	Return	Rank	Return	Rank	
1997	10.1 %	31	9.7 %	58	0.4
1998	8.3	57	8.7	42	-0.4
1999	-1.7	80	-0.8	53	-0.9
2000	12.6	10	11.6	43	1.0
2001	8.9	15	8.4	38	0.5
2002	9.5	44	10.3	24	-0.8
2003	9.1	6	4.1	69	5.0
2004	6.4	6	4.3	58	2.1
2005	3.2	8	2.4	58	0.8
2006	5.1	15	4.3	53	0.8
2007	4.8	86	7.0	16	-2.2
2008	-8.9	85	5.2	16	-14.1
2009 (9 months)	15.8	24	5.7	92	10.1
Trailing 1-Year	11.7 %	65	10.6 %	81	1.1
Trailing 3-Year	3.9	87	6.4	55	-2.5
Trailing 5-Year	4.1	82	5.1	56	-1.0
Trailing 10-Year	6.4	40	6.3	47	0.1
Since Inception (12/31/96)	6.4	42	6.3	49	0.1

The table above compares the historical annual and cumulative annualized returns of the Western portfolio and its benchmark, the Barclays Capital Aggregate Bond Index.

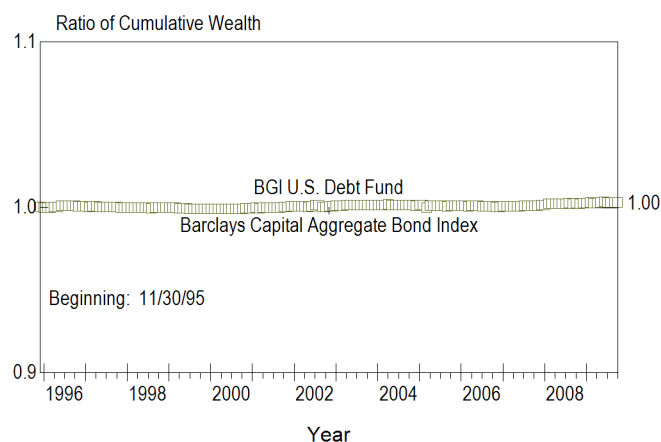
**RETURN SUMMARY
ENDING 9/30/09**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		10 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BGI U.S. Debt Fund	3.7 %	90	5.8 %	92	10.6 %	81	6.5 %	53	5.2 %	51	6.3 %	46	6.2 %	--	11/30/95
Barclays Capital Aggregate Bond Index	3.7	90	5.7	92	10.6	81	6.4	55	5.1	56	6.3	47	6.2	--	

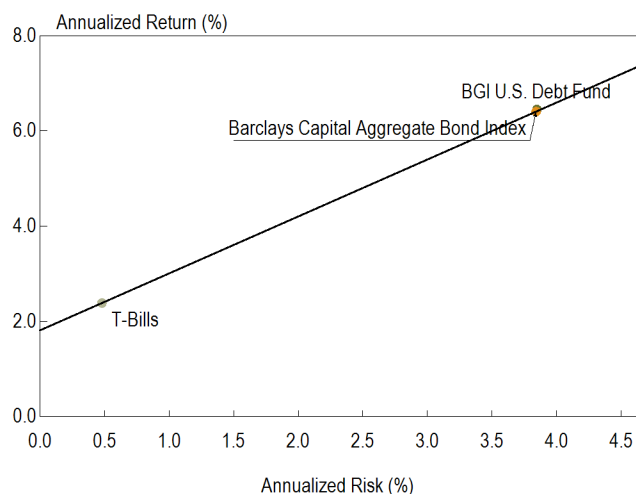
Philosophy and Process

The BGI 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.

**RATIO OF CUMULATIVE WEALTH
13 YEARS 10 MONTHS ENDING 9/30/09**

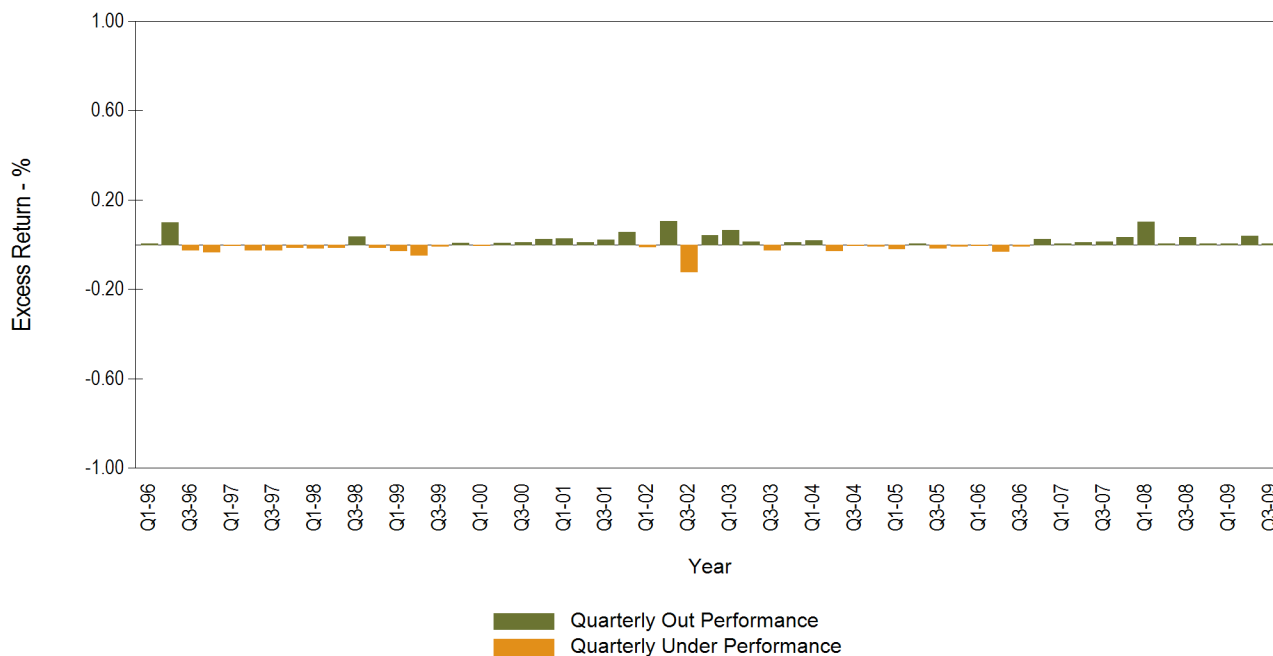


**ANNUALIZED RISK RETURN
9 YEARS 6 MONTHS ENDING 9/30/09**



BGI U.S. DEBT FUND

Quarterly Excess Performance



HISTORICAL RETURNS (BY YEAR)

	BGI U.S. Debt Fund		Barclays Capital Aggregate Bond Index		Return Difference
	Return	Rank	Return	Rank	
2000 (9 months)	9.3 %	31	9.2 %	36	0.1
2001	8.6	34	8.4	38	0.2
2002	10.3	24	10.3	24	0.0
2003	4.2	68	4.1	69	0.1
2004	4.3	59	4.3	58	0.0
2005	2.4	60	2.4	58	0.0
2006	4.3	55	4.3	53	0.0
2007	7.0	15	7.0	16	0.0
2008	5.4	16	5.2	16	0.2
2009 (9 months)	5.8	92	5.7	92	0.1
Trailing 1-Year	10.6 %	81	10.6 %	81	0.0
Trailing 3-Year	6.5	53	6.4	55	0.1
Trailing 5-Year	5.2	51	5.1	56	0.1
Trailing 10-Year	6.3	46	6.3	47	0.0
Since Inception (11/30/95)	6.2	--	6.2	--	0.0

**RETURN SUMMARY
ENDING 9/30/09**

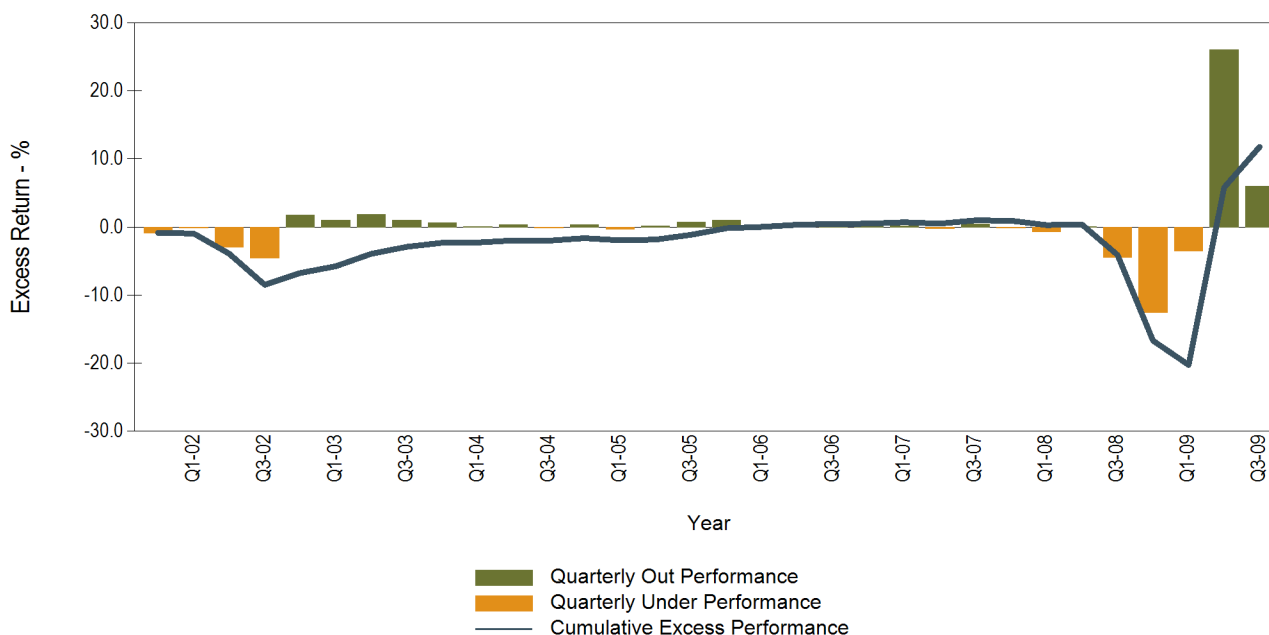
	Third Quarter		Year-To-Date		1 Year Ending 9/30/09		3 Years Ending 9/30/09		5 Years Ending 9/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Reams	9.7%	2	35.4%	1	24.6%	1	9.0%	1	7.2%	2	6.4%	8	9/30/01
Barclays Capital Aggregate Bond Index	3.7	90	5.7	92	10.6	81	6.4	55	5.1	56	5.4	57	

Philosophy and Process

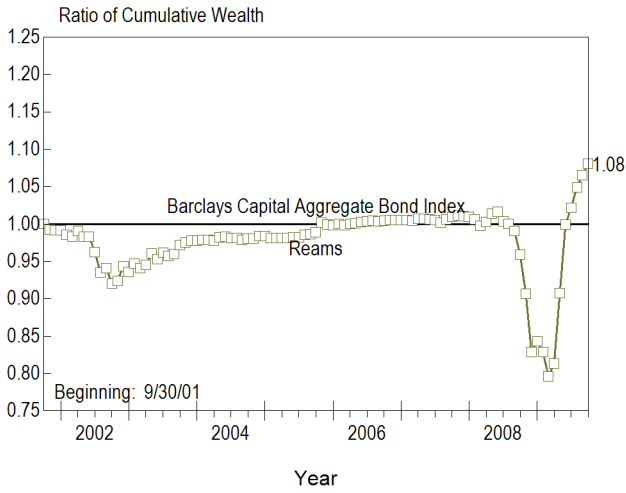
Reams' investment process revolves around the manager's ability to combine top-down macroeconomic portfolio positioning with bottom-up bond selection. The top-down interest rate positioning is somewhat contrarian in that the manager uses real interest rates to gauge when the market is expensive and when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

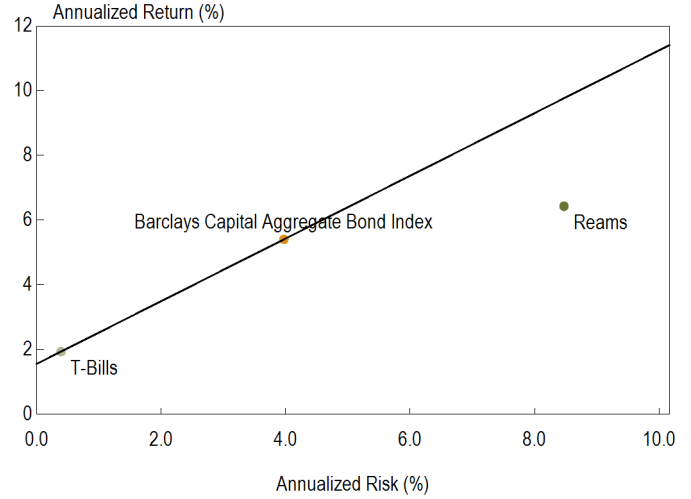
Quarterly and Cumulative Excess Performance



**RATIO OF CUMULATIVE WEALTH
8 YEARS ENDING 9/30/09**

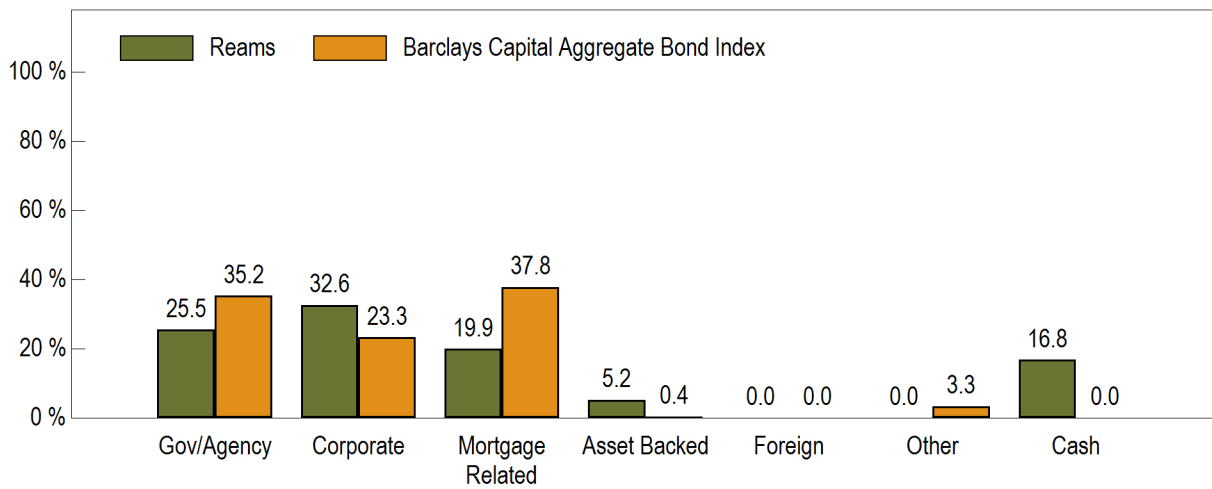


**ANNUALIZED RISK RETURN
8 YEARS ENDING 9/30/09**



The table below details Reams' sector allocations relative to the Barclays Capital Aggregate Bond Index.

**SECTOR ALLOCATION AS OF 9/30/09
Reams**



HISTORICAL RETURNS

(BY YEAR)

	Reams		Barclays Capital Aggregate Bond Index		Return Difference
	Return	Rank	Return	Rank	
2001 (3 months)	-0.8%	91	0.0%	53	-0.8
2002	4.1	98	10.3	24	-6.2
2003	8.7	7	4.1	69	4.6
2004	5.0	22	4.3	58	0.7
2005	3.9	5	2.4	58	1.5
2006	5.0	16	4.3	53	0.7
2007	7.4	6	7.0	16	0.4
2008	-12.1	95	5.2	16	-17.3
2009 (9 months)	35.4	1	5.7	92	29.7
Trailing 1-Year	24.6%	1	10.6%	81	14.0
Trailing 3-Year	9.0	1	6.4	55	2.6
Trailing 5-Year	7.2	2	5.1	56	2.1
Since Inception (9/30/01)	6.4	8	5.4	57	1.0

The table above compares the historical annual and cumulative annualized returns of the Reams portfolio and its benchmark, the Barclays Capital Aggregate Bond Index.

RETURN SUMMARY ENDING 9/30/09

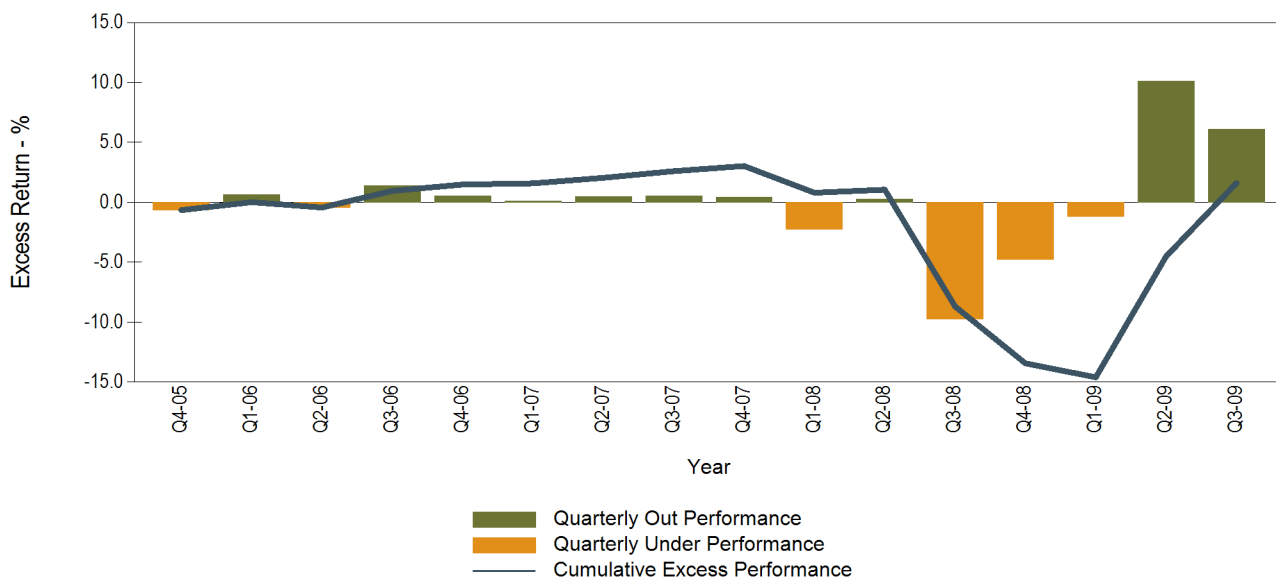
	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	3 Years Ending 9/30/09	Since Inception	Inception Date
Loomis Sayles	12.7 %	33.2 %	24.1 %	5.4 %	5.5 %	7/31/05
Performance Benchmark	6.6	16.6	14.1	6.1	5.6	
Barclays Capital Aggregate Bond Index	3.7	5.7	10.6	6.4	5.5	

Philosophy and Process

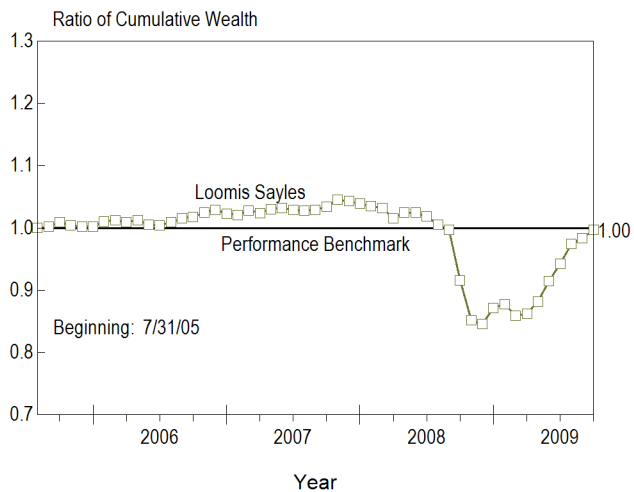
Loomis Sayles' fixed income philosophy is rooted in identifying undervalued securities through in-house credit research. Its philosophy emphasizes identifying issuers whose credit ratings appear likely to be upgraded or downgraded. The fixed income analysts use forward-looking analyses of cash flow, 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.

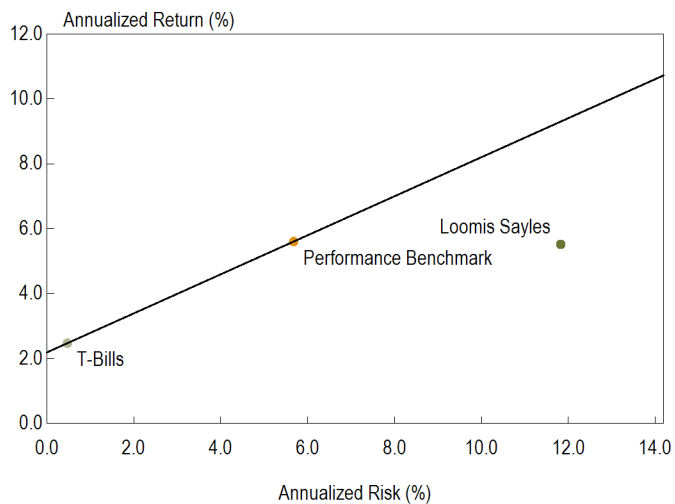
Quarterly and Cumulative Excess Performance



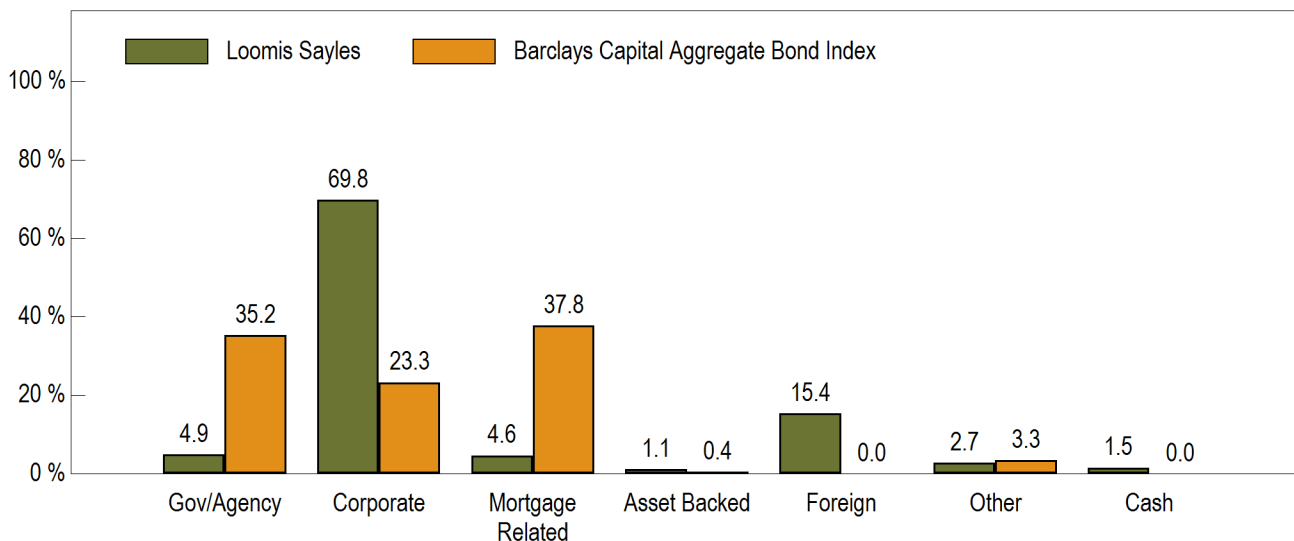
**RATIO OF CUMULATIVE WEALTH
4 YEARS 2 MONTHS ENDING 9/30/09**



**ANNUALIZED RISK RETURN
4 YEARS 2 MONTHS ENDING 9/30/09**



**SECTOR ALLOCATION AS OF 9/30/09
Loomis Sayles**



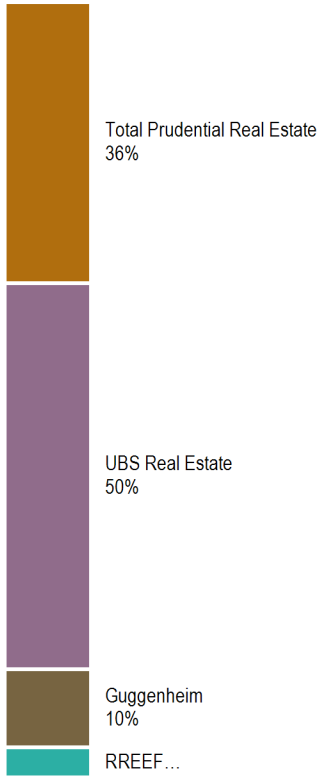
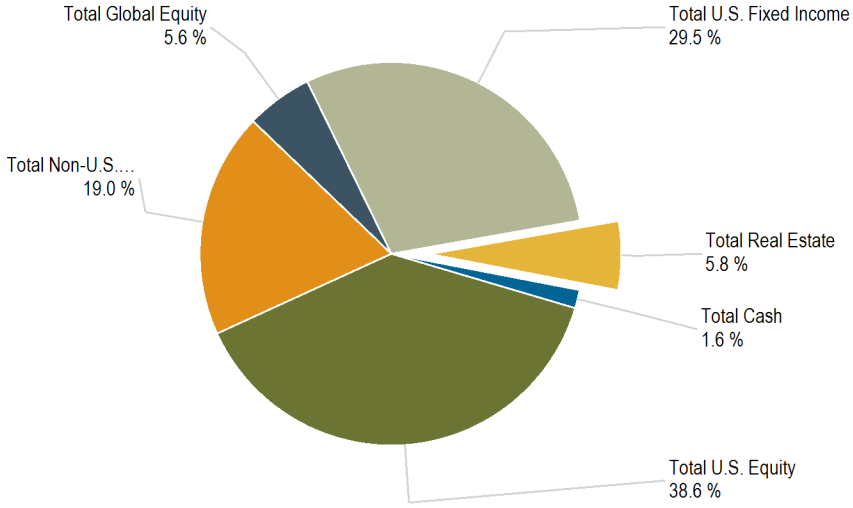
LOOMIS SAYLES

HISTORICAL RETURNS (BY YEAR)

	Loomis Sayles		Performance Benchmark		Return Difference
	Return	Rank	Return	Rank	
2005 (5 months)	0.7 %	--	0.5 %	--	0.2
2006	9.0	1	6.8	3	2.2
2007	6.7	23	5.1	77	1.6
2008	-19.9	99	-4.6	73	-15.3
2009 (9 months)	33.2	1	16.6	21	16.6
Trailing 1-Year	24.1 %	2	14.1 %	39	10.0
Trailing 3-Year	5.4	73	6.1	60	-0.7
Since Inception (7/31/05)	5.5	--	5.6	--	-0.1

The table above compares the historical annual and cumulative annualized returns of the Loomis Sayles portfolio and its Performance Benchmark.

ASSET ALLOCATION
ACTUAL AS OF 9/30/09



TOTAL REAL ESTATE

RETURN SUMMARY ENDING 9/30/09

	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	3 Years Ending 9/30/09	5 Years Ending 9/30/09	10 Years Ending 9/30/09	Since Inception	Inception Date
Total Real Estate	-6.1 %	-28.8 %	-39.5 %	-10.9 %	-0.8 %	5.0 %	6.7 %	3/31/94
Policy Benchmark	-3.4	-17.3	-24.2	-2.9	5.0	7.3	8.6	
Total Prudential Real Estate	-8.0	-32.9	-42.7	-11.3	-1.9	--	-1.9	6/30/04
Policy Benchmark	-3.4	-17.3	-24.2	-2.9	5.0	--	5.5	
UBS Real Estate	-5.1	-20.8	-27.8	-4.9	3.4	--	5.0	3/31/03
NCREIF Open End Fund Index	-3.4	-17.3	-24.2	-2.9	4.7	--	6.2	
Guggenheim	-0.3	-26.5	-47.2	-16.6	--	--	-14.2	6/30/06
Performance Benchmark	6.9	-4.5	-20.8	-3.2	--	--	-1.4	
RREEF	-14.2	-58.9	-71.5	--	--	--	-52.6	10/1/07
NCREIF Open End Fund Index	-3.4	-17.3	-24.2	--	--	--	-11.5	

In January 2006, the Board approved the change of the total real estate policy benchmark from the NCREIF Property Index to the NCREIF Open-End Fund Property Index. Both of these indices are sponsored by the National Council of Real Estate Investment Fiduciaries (NCREIF), a leading real estate investment management advocacy group.

Consistent with the motion approved, the benchmark changed when the funding of a second open-end real estate fund manager (Prudential PRISA Fund) was complete and no separate account properties remained.

Commentary on Investment Performance

The real estate portfolio fell 6.1% during the quarter as valuation declines continued through the quarter in the private real estate market. The portfolio underperforming the Policy Benchmark by 2.7 percentage points as each of the component's underlying portfolios experienced below-benchmark returns. The largest contributor to underperformance was the RREEF portfolio, which generated a loss of 14.2%. Approximately a fourth of the assets in the RREEF portfolio were appraised resulting in a \$98.1 million decline.

The portfolio's longer-term results remain unfavorable as shown above. The real estate portfolio has trailed its Policy Benchmark during all trailing periods illustrated above.

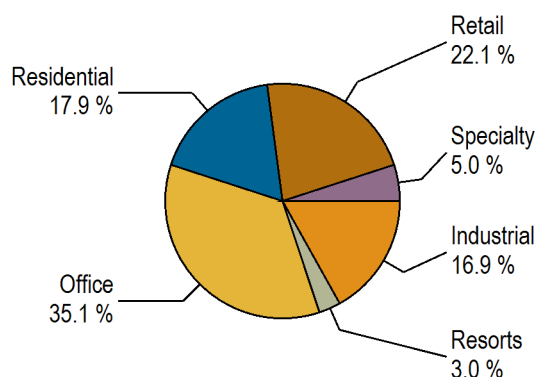
**RETURN SUMMARY
ENDING 9/30/09**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	3 Years Ending 9/30/09	5 Years Ending 9/30/09	Since Inception	Inception Date
Total Prudential Real Estate	-8.0 %	-32.9 %	-42.7 %	-11.3 %	-1.9 %	-1.9 %	6/30/04
Policy Benchmark	-3.4	-17.3	-24.2	-2.9	5.0	5.5	
PRISA Fund I	-8.0	-32.9	-42.7	-11.3	--	-2.0	3/31/05
NCREIF Open End Fund Index	-3.4	-17.3	-24.2	-2.9	--	3.5	

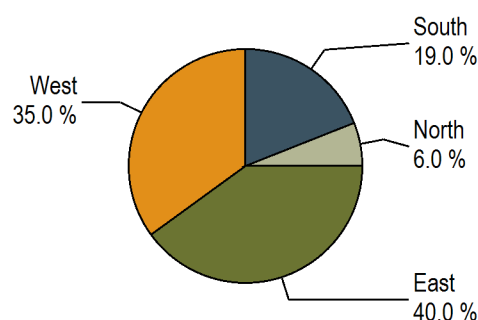
Philosophy and Process

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.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 9/30/09**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 9/30/09**



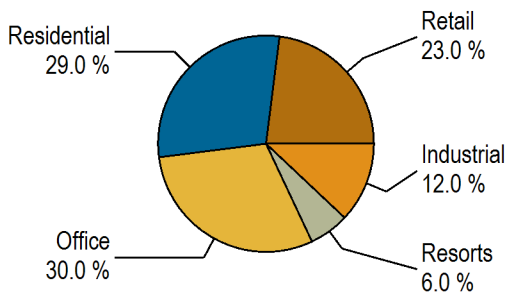
**RETURN SUMMARY
ENDING 9/30/09**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	3 Years Ending 9/30/09	5 Years Ending 9/30/09	Since Inception	Inception Date
UBS Real Estate	-5.1 %	-20.8 %	-27.8 %	-4.9 %	3.4 %	5.0 %	3/31/03
NCREIF Open End Fund Index	-3.4	-17.3	-24.2	-2.9	4.7	6.2	
NCREIF NPI	-3.3	-15.1	-22.1	-1.3	6.2	7.3	

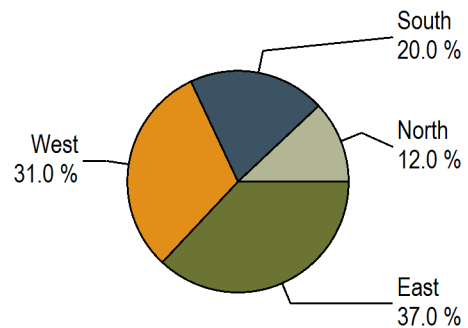
Philosophy and Process

UBS Realty's Real Estate Separate Account (RESA) is an actively managed core portfolio that utilizes broad market and economic trends to provide attractive returns while limiting downside risk. The investment process for the portfolio is very analytic and research intensive. The RESA team relies on multiple proprietary pricing and asset allocation models which analyze different property types in over 25 national markets. The UBS Realty Strategy Team, which is composed of the senior-most professionals from the different areas of UBS Realty, works on an ongoing basis with the research department to continually modify the proprietary modeling systems. RESA management tends to purchase properties in slower-growing markets, as they believe that faster-growth areas generate more attention by the investment community, and thus the ability for value-added is diminished.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 9/30/09**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 9/30/09**



**RETURN SUMMARY
ENDING 9/30/09**

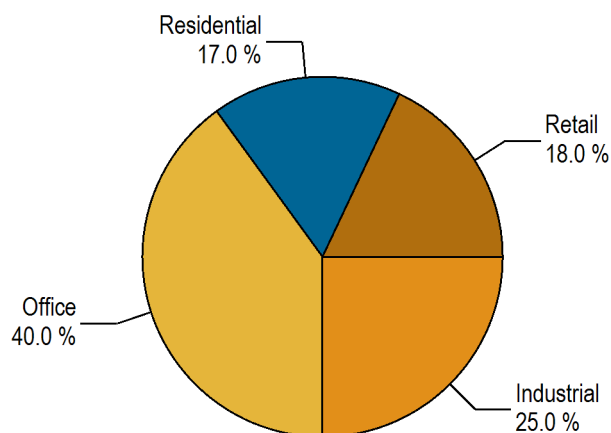
	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	3 Years Ending 9/30/09	Since Inception	Inception Date
Guggenheim	-0.3 %	-26.5 %	-47.2 %	-16.6 %	-14.2 %	6/30/06
Performance Benchmark	6.9	-4.5	-20.8	-3.2	-1.4	

Philosophy and Process

The Guggenheim Real Estate PLUS Trust invests 70% of its assets in private real estate equity and 30% of its assets in public real estate securities. The firm employs considerable leverage in implementing the strategy, both through its REIT holdings and its limited partnership investments. The manager attempts to add value through exploiting pricing differentials between public and private real estate markets and emphasizes diversification both in structure of investment vehicles as well as by property type and location.

The benchmark for this strategy comprises 70% of the NCREIF Index and 30% of the NAREIT Index, reflective of the blend between public and private real estate that characterizes the strategy.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 9/30/09**



**RETURN SUMMARY
ENDING 9/30/09**

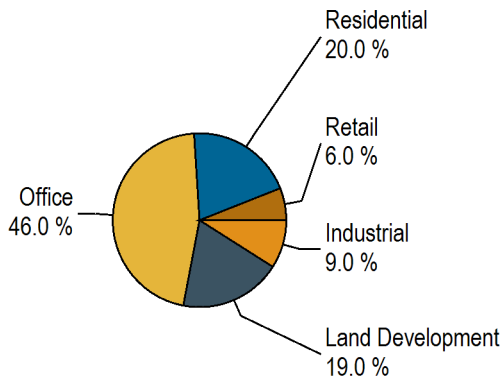
	Third Quarter	Year-To-Date	1 Year Ending 9/30/09	Since Inception	Inception Date
RREEF	-14.2 %	-58.9 %	-71.5 %	-52.6 %	10/1/07
NCREIF Open End Fund Index	-3.4	-17.3	-24.2	-11.5	

Philosophy and Process

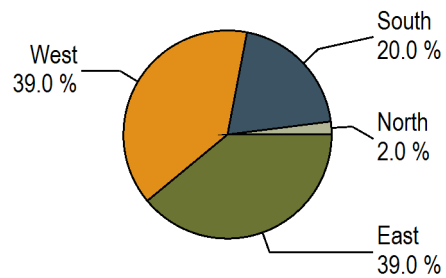
RREEF employs 625 real estate investment professionals in 115 offices located in every major metropolitan market nationwide. RREEF America III (RA III) is a \$600 million open-end private REIT that pursues value-added investment opportunities in the U.S. The RREEF research process, dubbed the Market 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.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 9/30/09**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 9/30/09**



RETURNS OF THE MAJOR CAPITAL MARKETS

RETURNS OF THE MAJOR CAPITAL MARKETS

	Third Quarter	Annualized Periods Ending 9/30/09				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
Dow Jones US Total Stock Index	16.3%	-6.2%	-4.8%	1.8%	0.9%	7.7%
S&P 500 Index	15.6	-6.9	-5.4	1.0	-0.2	7.6
Russell 3000 Index	16.3	-6.4	-5.1	1.6	0.7	7.7
Russell 1000 Value Index	18.2	-10.6	-7.9	0.9	2.6	8.5
Russell 1000 Growth Index	14.0	-1.9	-2.5	1.9	-2.6	6.4
Russell MidCap Value Index	23.6	-7.1	-5.7	3.5	7.4	10.3
Russell MidCap Growth Index	17.6	-0.4	-3.1	3.8	2.2	7.6
Russell 2000 Value Index	22.7	-12.6	-6.6	1.8	8.1	9.4
Russell 2000 Growth Index	15.9	-6.3	-2.6	2.9	1.1	4.7
Domestic Bond Indices:						
Barclays Capital Aggregate Index	3.7%	10.6%	6.4%	5.1%	6.3%	6.8%
Barclays Capital Govt/Credit Index	4.2	11.5	6.2	4.9	6.3	6.8
Barclays Capital Long Govt/Credit Index	8.5	18.4	6.9	6.0	7.8	8.4
Barclays Capital 1-3 Year Govt/Credit Index	1.4	6.2	5.4	4.3	4.9	5.4
Barclays Capital U.S. MBS Index	2.3	9.9	7.4	5.9	6.4	7.0
Barclays Capital High Yield Index	14.2	22.3	5.3	6.1	6.2	7.1
Barclays Capital Universal Index	4.5	10.9	6.1	5.2	6.4	6.9
Real Estate Indices:						
NCREIF Property Index	-3.3%	-22.1%	-1.3%	6.2%	7.8%	9.1%
NCREIF ODCE Index	-7.5	-35.7	-8.3	1.2	4.8	6.8
Dow Jones Real Estate Securities Index	35.9	-29.5	-13.9	1.1	9.5	9.1
FTSE NAREIT US Real Estate Index	33.3	-28.4	-12.4	1.4	9.5	9.1
Foreign/Global Stock Indices:						
MSCI All Country World Index	17.9%	-0.1%	-3.2%	4.6%	1.6%	5.8%
MSCI All Country World IMI	18.4	0.9	-3.4	4.6	2.1	5.6
MSCI All Country World ex-U.S. Index	19.7	5.9	-1.2	8.1	4.1	5.3
MSCI All Country World ex-U.S. IMI	20.1	7.3	-1.1	8.3	4.1	4.9
MSCI All Country World ex-U.S. Small Cap Index	22.9	20.1	-0.4	9.7	6.7	4.7
MSCI EAFE Index	19.5	3.2	-3.6	6.1	2.6	4.7
MSCI EAFE IMI	19.8	4.5	-3.5	6.3	2.5	4.5
MSCI EAFE Index (in local currency)	14.8	-1.7	-7.2	3.7	0.4	4.0
MSCI Emerging Markets IMI	21.2	21.5	8.4	17.6	11.0	4.0
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	7.3%	16.1%	10.2%	7.1%	6.7%	6.6%
Citigroup Hedged World Gov't Bond Index	2.0	7.9	5.3	5.2	5.5	7.3
Cash Equivalents:						
Treasury Bills (30-Day)	0.0%	0.2%	2.1%	2.4%	2.5%	3.3%
EnnisKnupp STIF Index	0.1	0.9	3.3	3.5	3.4	4.1
Inflation Index:						
Consumer Price Index	0.1%	-1.3%	2.1%	2.6%	2.5%	2.5%

APPENDIX II

Description of Fund Benchmarks and Universe Rankings

Total Fund

Policy Portfolio- As of June 2008, the return was based on a combination of 40% DJ U.S. Total Stock Market Index, 27% Barclays Capital 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 Capital 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 Capital 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 Capital 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 Capital 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 Capital 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 Capital 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 Capital 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 90 funds compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$763.2 billion as of 6/30/2009.

Total U.S. Equity

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

Universe. A universe of 477 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$496.6 billion as of 9/30/2009.

BGI Extended Equity Index Fund

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

Universe. A universe of 69 actively managed domestic large cap stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$57.3 billion as of 9/30/2009.

Western U.S. Index Plus

Benchmark. The S&P 500 Index.

Universe. A universe of 421 actively managed domestic large cap stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$617.7 billion as of 9/30/2009.

BGI Equity Market Fund

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

Universe. A universe of 421 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$617.7 billion as of 9/30/2009.

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 423 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$242.6 billion as of 9/30/2009.

BGI ACWI ex U.S.

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

Universe. A universe of 97 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$188.6 billion as of 9/30/2009.

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Capital Guardian

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 97 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$237.2 billion as of 9/30/2009.

Sprucegrove

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

Universe. A universe of 97 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$237.2 billion as of 9/30/2009.

Artio Global

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 97 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$237.2 billion as of 9/30/2009.

Total Global Equity

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

Universe. A universe of 66 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$142.6 billion as of 9/30/2009.

Grantham Mayo Van Otterloo (GMO)

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

Universe. A universe of 66 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$142.6 billion as of 9/30/2009.

Acadian

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

Universe. A universe of 66 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$142.6 billion as of 9/30/2009.

Total Fixed Income

Benchmark. The Barclays Capital Aggregate Bond Index.

Universe. A universe of 91 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$222.4 billion as of 9/30/2009.

Western Asset Management

Benchmark. The Barclays Capital Aggregate Bond Index.

Universe. A universe of 108 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$609.4 billion as of 9/30/2009.

BGI U.S. Debt Index Fund

Benchmark. The Barclays Capital Aggregate Bond Index.

Universe. A universe of 108 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$609.4 billion as of 9/30/2009.

Reams

Benchmark. The Barclays Capital Aggregate Bond Index.

Universe. A universe of 108 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$609.4 billion as of 9/30/2009.

Loomis Sayles

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

Universe. A universe of 108 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$609.4 billion as of 9/30/2009.

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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.

Prudential Real Estate PRISA

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

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.

RREEF

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

Description of Benchmarks (continued)

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.

Barclays Capital Aggregate Bond Index- A market value-weighted index consisting of the Barclays Capital 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 \$67 billion in assets.

APPENDIX II

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 Mellon Analytical Solutions, and includes 459 funds with an equity aggregate market value of \$426.1 billion.

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 Mellon Analytical Solutions, and includes 410 funds with an international equity aggregate market value of \$197.5 billion.

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 Mellon Analytical Solutions, and includes 64 funds with a global equity aggregate market value of \$118.6 billion.

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 Mellon Analytical Solutions, and includes 80 funds with a fixed income aggregate market value of \$217.8 billion.

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.

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:

- Capital Guardian, Westerm, and RREEF are currently on watch for performance reasons.

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Manager	Restrictions	In Compliance as of 9/30/09
BGI	-Portfolio is a commingled fund.	N/A
BGI	-Portfolio is a commingled fund.	N/A
Western Index Plus	- Average weighted Duration of portfolio security holdings are one year or less	YES
	-Bonds rated investment grade by either Moody's, Standard & Poor's, or Fitch's must comprise at least 90% of the total portfolio at the time of purchase	YES
	-Below-investment grade holdings must not exceed 1% in any single issuer	NO
	-A maximum of 10% of the portfolio may be invested in non-dollar denominated securities	YES
	-A maximum of 5% of the portfolio may be invested in un-hedged non-dollar denominated securities	YES
	-A maximum of 5% of the portfolio may be invested in U.S. securities rated below investment grade	NO
	-A maximum of 10% of the portfolio may be invested in non-U.S. securities (dollar and non-dollar denominated) rated below investment grade	NO
	-A maximum of 10% of the portfolio may be invested in CDOs, CBOs & CLOs	YES
	-A maximum of 10% per issuer for obligations of their national governments	YES
	-A maximum of 10% per issuer of private mortgage-backed and asset-backed securities, unless the collateral is credit-independent of the issuer and the security's credit enhancement is generated internally, in which the maximum is 25% per issuer	YES
	-A maximum of 3% per issuer of investment grade corporations	YES
	-A maximum of 2% per issuer for obligations of other issuers excluding investments in commingled vehicles	YES
	-A maximum of 10% of portfolio may be invested in issuers rated below Baa3 or BBB- / A2 or P2	YES
	-A maximum of 20% of the portfolio may be invested in original futures, margin, and option premiums, exclusive of any in-the-money portion of premiums.	YES
	-No leverage is permitted in the portfolio	YES
Capital Guardian	-Portfolio is a commingled fund.	N/A
Sprucegrove	-Portfolio is a commingled fund.	N/A
GMO	-Portfolio is a separate account of mutual funds.	N/A
BGI U.S. Debt	-Portfolio is a commingled fund.	N/A
Reams	-Duration may be managed to a maximum 25% deviation relative to the Aggregate Bond Index	YES
	-The total portfolio shall maintain an average quality rating of A	YES
	-A maximum of 20% of the portfolio may be invested in bonds issued by a non-U.S. entity	YES
	-A maximum of 15% of the portfolio may be invested in high yield bonds	YES
	-A maximum of 5% of the portfolio may be invested in any single investment grade U.S. issuer	YES
	-A maximum of 5% of the portfolio may be invested in high interest rate sensitivity mortgage-backed securities	YES
	-The portfolio's combined allocation may not exceed 30% to the following securities; non-U.S. bonds, privately placed debt, excluding 144A securities and mortgage-backed securities that exhibit unusually high interest rate sensitivity	YES
	-Bonds rated investment grade by either Moody's or Standard & Poor's must comprise at least 90% of the total portfolio	YES
	-The portfolio contains no prohibited securities named in the investment guidelines	YES
	-Derivatives are not used to lever the portfolio*	YES

*Based on affirmative statement from manager

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Manager	Restrictions	In Compliance as of 9/30/09
Loomis Sayles	<ul style="list-style-type: none"> -At least 50% of the portfolio must be invested in investment grade securities at time of purchase -A maximum of 5% of the portfolio may be invested in any single investment grade U.S. issuer -60% of the portfolio must be invested in U.S. domiciled issues 	<ul style="list-style-type: none"> YES YES YES
Western Core Plus	<ul style="list-style-type: none"> -Duration may be managed to a maximum 20% deviation relative to the Aggregate Bond Index -The total portfolio shall maintain an average quality rating of AA -A maximum of 20% of the portfolio may be invested in bonds issued by a non-U.S. entity at time of purchase -A maximum of 10% of the portfolio may be invested in high yield bonds at time of purchase -A maximum of 1% per issue for below investment grade securities -A maximum of 5% of the portfolio may be invested in any single investment grade U.S. issuer at time of purchase -A maximum of 5% of the portfolio may be invested in high interest rate sensitivity mortgage-backed securities at the time of purchase -The portfolio's combined allocation may not exceed 30% to the following securities: non-U.S. bonds, privately placed debt, excluding 144A securities and mortgage-backed securities that exhibit unusually high interest rate sensitivity and bonds not receiving an investment grade rating -Bonds rated investment grade by either Moody's or Standard & Poor's must comprise at least 90% of the total portfolio at the time of purchase -The portfolio contains no prohibited securities named in the investment guidelines -Derivatives are not used to lever the portfolio* 	<ul style="list-style-type: none"> YES YES YES YES YES YES YES YES YES YES YES YES

* Based on affirmative statement from manager

APPENDIX II

Account	Fee Schedule	Market Value As of 9/30/2009	% of Portfolio	Est. Minimum Annual Fee (\$)	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Total U.S. Equity	No Fee	\$1,013,326,410	38.6%		--	--
BGI Extended Equity Index Fund	0.10% of First \$50.0 Mil, 0.08% of Next \$50.0 Mil, 0.04% Thereafter	\$18,731,415	0.7%	\$0	\$18,731	0.10%
Western U.S. Index Plus	0.20% of Assets	\$61,639,600	2.3%		\$123,279	0.20%
BGI Equity Market Fund	0.03% of First \$250.0 Mil, 0.02% Thereafter	\$932,955,395	35.5%	\$0	\$211,591	0.02%
Total Non-U.S. Equity	No Fee	\$498,708,173	19.0%		--	--
BGI ACWI ex-U.S. Index	0.14% of First \$100.0 Mil, 0.12% Thereafter	\$218,926,118	8.3%	\$0	\$282,711	0.13%
Capital Guardian	0.70% of First \$25.0 Mil, 0.55% of Next \$25.0 Mil, 0.42% of Next \$200.0 Mil, 0.38% Thereafter	\$104,660,363	4.0%	\$0	\$544,807	0.52%
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% Thereafter	\$102,586,526	3.9%	\$0	\$491,466	0.48%
Artio International Equity II	0.85% of First \$20.0 Mil, 0.65% of Next \$20.0 Mil, 0.55% of Next \$40.0 Mil, 0.45% Thereafter	\$72,535,166	2.8%	\$0	\$478,943	0.66%
Total Global Equity	No Fee	\$147,091,683	5.6%		--	--
GMO Global Fund	0.66% of Assets	\$81,759,642	3.1%	\$0	\$539,614	0.66%
Acadian	0.95% of First \$25.0 Mil, 0.90% Thereafter	\$65,332,041	2.5%	\$0	\$600,488	0.92%
Total U.S. Fixed Income	No Fee	\$773,388,436	29.5%		--	--
Western	0.30% of First \$150.0 Mil, 0.15% Thereafter	\$307,929,950	11.7%		\$686,895	0.22%
BGI U.S. Debt Fund	0.15% of First \$25.0 Mil, 0.08% of Next \$25.0 Mil, 0.05% of Next \$50.0 Mil, 0.04% of Next \$100.0 Mil, 0.03% of Next \$300.0 Mil, 0.02% Thereafter	\$60,750,343	2.3%	\$0	\$62,875	0.10%
Reams	0.20% of First \$150.0 Mil, 0.15% Thereafter	\$315,407,807	12.0%	\$0	\$548,112	0.17%
Loomis Sayles	0.50% of First \$20.0 Mil, 0.40% of Next \$30.0 Mil, 0.30% Thereafter	\$89,300,336	3.4%	\$0	\$337,901	0.38%
Total Real Estate	No Fee	\$152,244,715	5.8%		--	--
Total Prudential Real Estate	0.81% of Assets	\$55,152,669	2.1%	\$0	\$446,737	0.81%
UBS Real Estate	0.90% of Assets	\$75,793,889	2.9%	\$0	\$682,145	0.90%
Guggenheim	0.50% of Assets	\$15,274,648	0.6%		\$76,373	0.50%
RREEF	0.60% of Assets	\$6,023,509	0.2%	\$0	\$36,141	0.60%
Total Cash	No Fee	\$40,804,326	1.6%		--	--
Clifton Group	0.15% of First \$25.0 Mil, 0.10% of Next \$75.0 Mil, 0.04% Thereafter	\$40,804,326	1.6%	\$0	\$53,304	0.13%