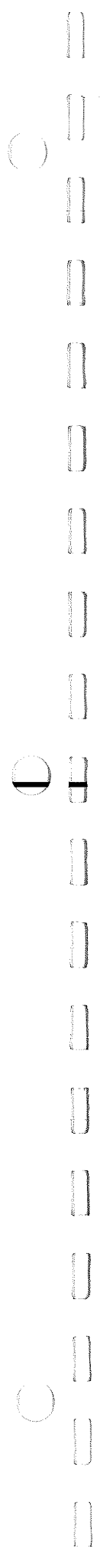




**Performance Report
Second Quarter 2010**

Ventura County Employees' Retirement Association



CONTENTS

- 1 Highlights
- 2 Market Environment
- 3 Asset Allocation
- 4 Performance Evaluation
- 5 Appendices

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 Highlights

U.S. equity markets posted negative returns in the second quarter as investor confidence in a sustainable economic recovery continued to wane. The returns of riskier asset classes suffered during the quarter, and volatility surged as the Dow Jones U.S. Total Stock Market Index fell by more than 11% and the VIX (Chicago Board Options Exchange Volatility Index) nearly doubled from March's closing price. On May 6, 2010 the U.S. stock market fell by almost 10% in the span of less than thirty minutes in what was dubbed "The Flash Crash." The market recovered most of its losses by end of day, but this event was very damaging to investors' confidence in the stability of automated trading.

Developed international equities and emerging markets declined 14.0% and 8.4%, respectively during the quarter. The U.S. dollar continued to strengthen versus non-U.S. developed market currencies, specifically the euro (+10.5%). This proved beneficial to investors holding hedged non-U.S. developed equity securities. The European debt crisis exacerbated liquidity conditions during the period as Greece and Spain experienced downgrades and investors sought out highly-rated sovereign bonds. Helping to stabilize the European banking system was an announcement in May that the EU and IMF would provide a \$750 billion Euro safety net for troubled sovereigns in the region. The Eurozone markets were down from 4% (Germany) to more than 34% (Greece) in local currency terms.

Despite the tumultuous macroeconomic environment overseas and weakness in the U.S. economy, the U.S. fixed income market fared well during the second quarter. Although risky assets were shunned by investors in favor of Treasuries, most fixed income assets posted positive returns. Treasuries posted the largest gains during the quarter followed by investment grade corporate securities and agency mortgage backed securities. High yield bond spreads widened in May and June, reversing the trend seen from January to April and ending the quarter virtually unchanged. The Federal Open Market Committee (FOMC) held the Fed Funds Rate target steady at 0.25% during its April meeting. The Fed commented that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

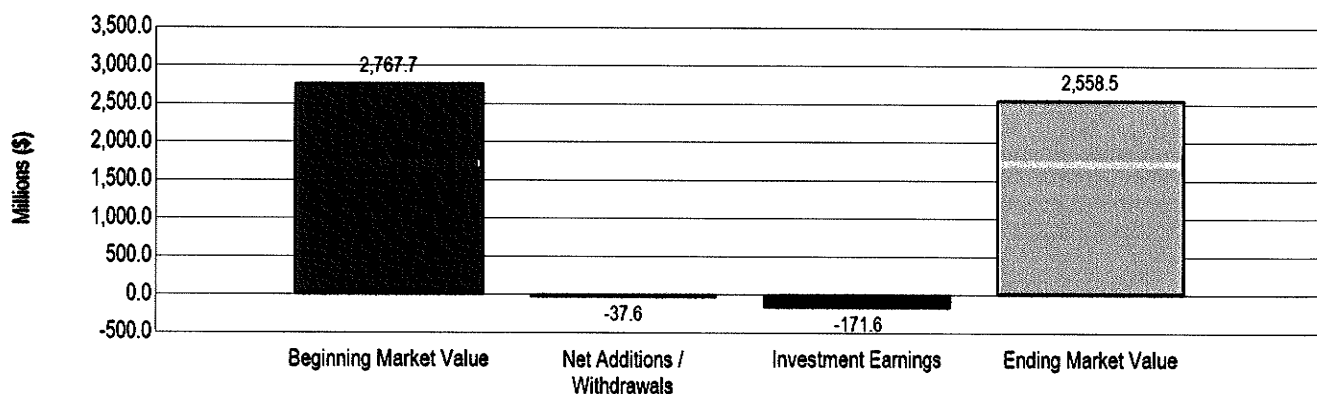
MAJOR MARKET RETURNS

	Second Quarter	Year-To-Date	1 Year Ending 6/30/10	3 Years Ending 6/30/10
Dow Jones US Total Stock Index	-11.1 %	-5.6 %	16.1 %	-9.2 %
MSCI All Country World ex-U.S. Index	-12.4	-11.1	10.4	-10.7
MSCI EAFE Index	-14.0	-13.2	5.9	-13.4
MSCI Emerging Markets Index	-8.4	-6.2	23.2	-2.5
MSCI All Country World Index	-12.1	-9.4	11.8	-10.5
Barclays Capital Aggregate Bond Index	3.5	5.3	9.5	7.5

Asset Growth

As shown below, the asset value of VCERA's Total Fund decreased by \$209.2 million during the quarter. The decrease in assets was a result of investment losses of \$171.6 million combined with net cash outflows of \$37.6 million.

**Change in Market Value
From April 1, 2010 To June 30, 2010**

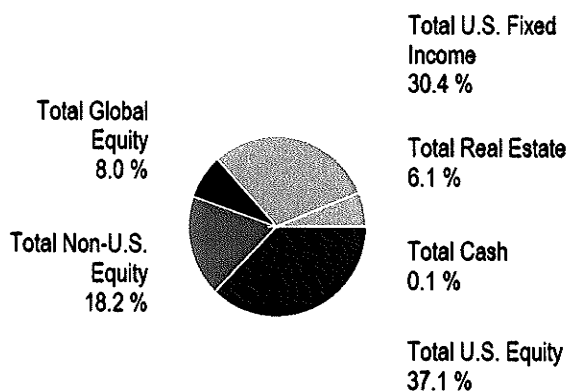


Asset Allocation

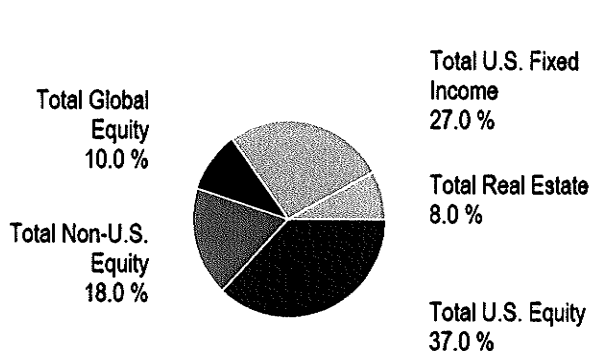
The pie charts below illustrate VCERA's investment allocations relative to its policy. As of June 30, 2010, the Fund was overweight relative to its policy within the non-U.S. equity, U.S. equity, cash, and fixed income components. Corresponding underweights were experienced within the global equity and real estate components.

Additionally, Ventura's Board approved a total fund policy earlier this year to include allocations in private equity and opportunistic equity. Since the Fund currently is not invested in private equity or in an opportunistic strategy we're not showing policy allocations to these assets, but will do so when allocations have been made.

**ASSET ALLOCATION
ACTUAL AS OF 6/30/10**



**ASSET ALLOCATION
POLICY AS OF 6/30/10**



HIGHLIGHTS

RETURN SUMMARY ENDING 6/30/10

	Second Quarter	Year-To-Date	1 Year Ending 6/30/10	3 Years Ending 6/30/10	5 Years Ending 6/30/10	10 Years Ending 6/30/10	Since Inception	Inception Date
Total Fund	-6.4 %	-2.5 %	15.0 %	-5.5 %	1.7 %	2.9 %	7.1 %	3/30/94
Policy Portfolio	-6.4	-3.0	12.0	-4.6	2.3	2.4	7.2	
Public Fund Index	-5.0	-1.6	13.1	-3.7	3.0	3.3	7.2	
Total Fund ex-Clifton	-6.3	-2.5	14.4	-5.4	1.7	2.9	7.2	3/31/94
Policy Portfolio	-6.4	-3.0	12.0	-4.6	2.3	2.4	7.2	
Total U.S. Equity	-11.0	-5.2	17.7	-10.6	-1.4	0.1	6.5	12/31/93
Performance Benchmark*	-11.1	-5.6	16.1	-9.2	-0.3	-0.8	7.0	
Total Non-U.S. Equity	-11.3	-9.4	12.3	-10.9	2.9	1.4	6.4	3/31/94
Performance Benchmark*	-12.4	-11.1	10.4	-10.7	3.4	1.8	4.9	
Total Global Equity	-12.1	-10.1	7.8	-11.9	-0.6	--	-0.1	4/30/05
MSCI All Country World Index	-12.1	-9.4	11.8	-10.5	1.2	--	1.7	
Total U.S. Fixed Income	3.4	6.9	18.1	8.9	6.6	7.2	6.6	2/28/94
Barclays Capital Aggregate Bond Index	3.5	5.3	9.5	7.5	5.5	6.5	6.4	
Total Real Estate	5.2	5.7	-4.2	-14.1	-2.6	4.4	6.5	3/31/94
Policy Benchmark	3.8	5.0	-0.3	-5.6	3.0	6.7	8.4	

Commentary on Investment Performance

The Total Fund returned -6.4% during the second quarter and equaled the return of the Policy Portfolio. The Fund's U.S. equity, non-U.S. equity, and real estate components added value over their benchmarks. Partially offsetting results was the below-benchmark return from the Fund's fixed income component.

For the one-year ending June 30, 2010, the Total Fund advanced 15.0%, outpacing the return of the Policy Portfolio by 300 percentage points. Outperformance was mainly attributed to significant above-benchmark returns from the fixed income component and smaller but meaningful contributions from the U.S. and non-U.S. equity asset classes. Results were partially offset by underperformance from the global equity and real estate components.

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 annualized since inception return remains favorable in absolute terms at 7.1%.

The attribution analysis exhibits on page 24 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
Second Quarter 2010

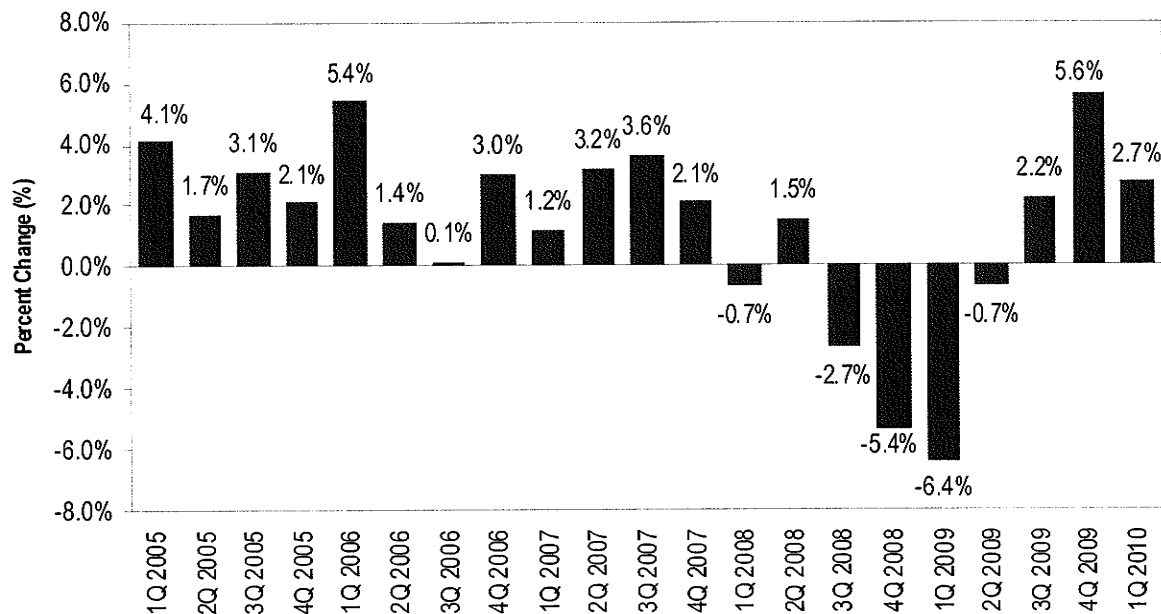
MARKET ENVIRONMENT

MACRO HIGHLIGHTS

The Federal Open Market Committee (FOMC) held the monetary policy steady at the April meeting, retaining the Fed Funds Rate target at 0 – 0.25% and continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. Thomas Hoenig, president of the Federal Reserve Bank of Kansas City, was the lone dissenter and again voted against the policy decision resulting in a 9-1 vote. The FOMC downgraded its outlook for the U.S. economy following its June 23rd meeting, stating that “financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad.”

According to the final estimate released by the Bureau of Economic Analysis, real GDP increased 2.7% in the first quarter of 2010. This was a downward revision of 0.3 percentage points from the second estimate in May. This is further evidence that the fiscal issues abroad continued to impact the economy in the first quarter. The notable deceleration in real GDP from 5.6% in the fourth quarter 2009 was attributable to the increase in imports, continued decrease in the commercial construction investment, and further spending cuts at the state and local government levels.

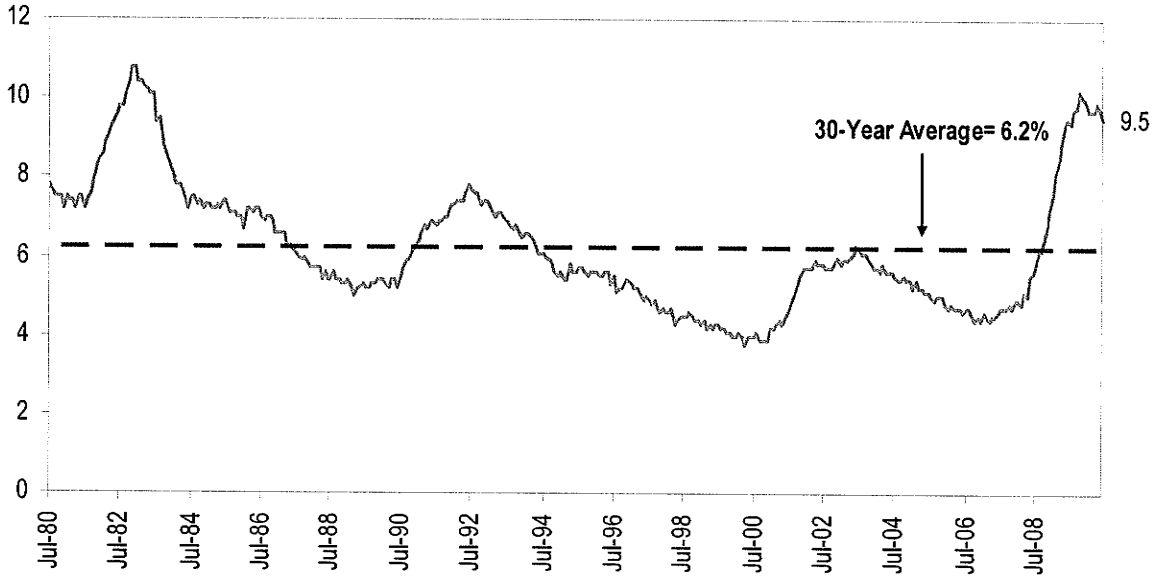
Quarterly Gross Domestic Product (Annualized)



Source: Bureau of Economics Statistics

According to the Bureau of Labor Statistics, the unemployment rate decreased from 9.7% to 9.5% in June as the civilian labor force declined by 652k workers. Nonfarm payrolls declined 125k jobs in June, below expectations for a loss of 100k. The report has become increasingly influenced by the government's temporary employment of Census workers. In June, 225k Census jobs were shed while private employment increased by 83k versus expectations of +110k, led by continued strength in temporary jobs, hospitality and healthcare. Construction employment remained weak. On a positive note, hourly earnings increased 0.3% versus expectations of 0.1%, which is good news in an environment increasingly focused on potential deflationary forces. The average work week moved to 34.2 hours from 34.1 hours, continuing a steady increase in 2010 that demonstrates companies are maximizing existing resources.

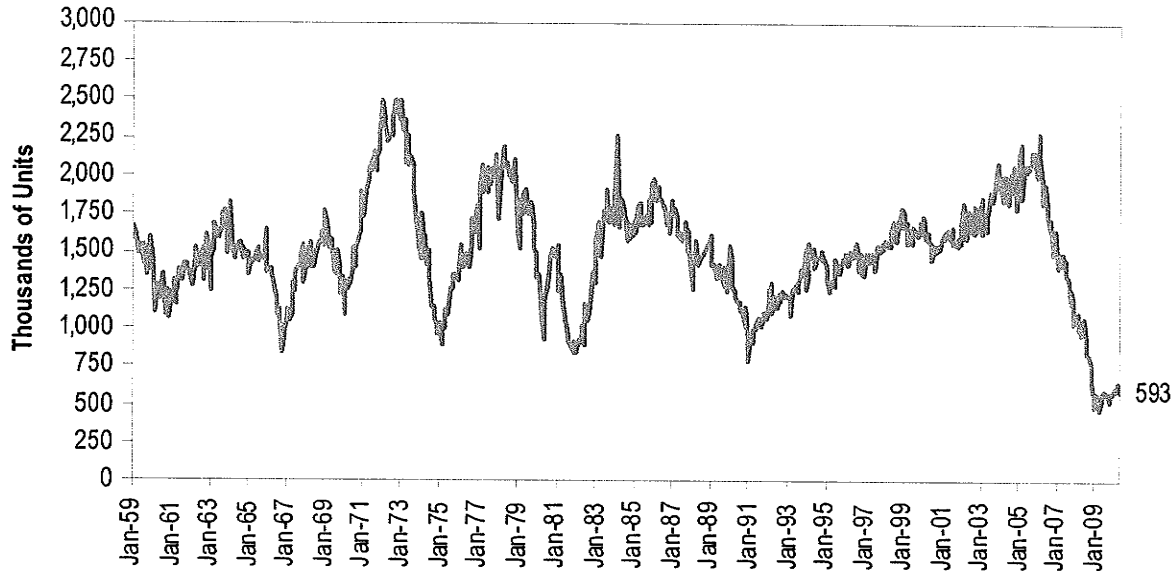
Unemployment Rate
As of June 2010



Source: Bureau of Labor Statistics

With the termination of the home buyer tax incentive at the end of April, overall housing starts decreased 10.0% to a seasonally adjusted annual rate of 593,000 units in May, according to the U.S. Commerce Department. The large decline is attributable to the single-family side which was the segment of home buyers that the government's tax incentive had the greatest impact on in previous months.

Single Family Housing Starts
Seasonally Adjusted Annual Rate
As of May 2010



Source: U.S. Census Bureau

MARKET ENVIRONMENT

MACRO HIGHLIGHTS

According to the Bureau of Labor Statistics, March's Consumer Price Index (CPI-U) declined 0.2% month-over-month on a seasonally adjusted basis. For the second consecutive month in a row, the energy index declined accounting for the seasonally adjusted decline. The energy index decreased 2.9% in May and more than offset a slight increase in the index for all items less food and energy. Within the energy component, the gasoline index accounted for majority of the decline resulting in a 5.2 percent decrease for the month. The food index remained unchanged. The medical care commodities index increased 0.1% in May for a third straight positive month resulting in a positive 3.4% twelve month change on a seasonally unadjusted basis. The CPI-U increased 2.0% over the trailing twelve months.

The core CPI, which excludes volatile food and energy prices, rose 0.1% in May after being unchanged each of the previous two months. The shelter index increased for the first time since August 2009, rising 0.1 percent. New vehicles, used cars and trucks, and shelter continued to post positive results. The index for used cars and trucks rose 0.6% in May resulting in a positive 16.2% over the last twelve months. Over the last twelve months, core CPI has risen 0.9 percent, well below the 2.0% average annual increase over the past 10 years. This underperformance is largely due to the continued deceleration of the shelter index, which has declined 0.7% for the trailing twelve months.

At the wholesale level, the Producer Price Index (PPI) measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. After a 0.7% increase in March, PPI declined 0.6% in April and was down 0.3% in May as the crude goods index declined 2.8 percent. On an unadjusted basis, prices for finished goods rose 5.3% over the last twelve months. This signified the second consecutive month of slowing year-over-year change following a 6.0% increase in March 2010.

MARKET ENVIRONMENT

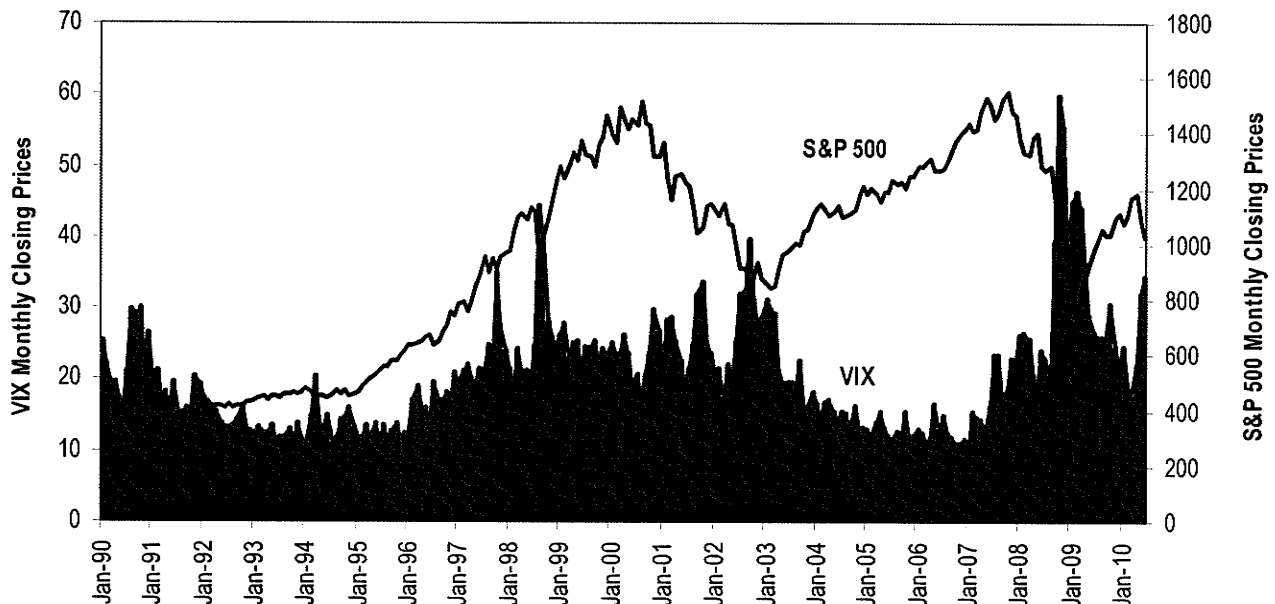
MAJOR MARKET ISSUES

MAJOR MARKET RETURNS

	Second Quarter	1 Year Ending 6/30/10	3 Years Ending 6/30/10	5 Years Ending 6/30/10	10 Years Ending 6/30/10
Dow Jones US Total Stock Index	-11.1%	16.1%	-9.2%	-0.2%	-0.7%
MSCI All Country World ex-U.S. Index	-12.4	10.4	-10.7	3.4	1.9
MSCI EAFE Index	-14.0	5.9	-13.4	0.9	0.2
MSCI Emerging Markets Index	-8.4	23.2	-2.5	12.7	10.0
MSCI All Country World Index	-12.1	11.8	-10.5	1.2	-0.3
Barelays Capital Aggregate Bond Index	3.5	9.5	7.5	5.5	6.5

U.S. equity markets posted negative returns in the second quarter as investor confidence in a sustainable economic recovery continued to wane. The returns of riskier asset classes suffered during the quarter, and volatility surged as the Dow Jones U.S. Total Stock Market Index fell by more than 11% and the VIX nearly doubled from March's closing price. On May 6, 2010 the U.S. stock market fell by almost 10% in the span of less than thirty minutes in what was dubbed "The Flash Crash." The market recovered most of its losses by end of day, but this was very damaging to investors' confidence in the stability of automated trading.

S&P 500 vs. VIX Monthly Closing Prices
Ending 6/30/2010



Developed international equities and emerging markets declined 14.0% and 8.4%, respectively. In the second quarter of 2010, the U.S. dollar continued to strengthen versus the non-U.S. developed market currencies, specifically the euro (+10.5%). This proved beneficial to investors holding hedged non-U.S. developed equity securities. The search for safety during the second quarter commenced where U.S. investors favored the highest quality securities and non-U.S. investors favored U.S. assets. The European debt crisis has worsened liquidity

MARKET ENVIRONMENT

MARKET HIGHLIGHTS

conditions with the downgrades of Greece and Spain as the investor base for sovereign debt seeks out highly-rated bonds. Helping to stabilize the European banking system was the announcement in May that the EU and IMF would provide a €750 billion safety net for troubled sovereigns in the region. The Eurozone markets were down from 4% (Germany) to more than 34% (Greece) in local currency terms.

Investors caught a case of risk aversion in May, coming to the realization that Greece's financial crisis will indeed have negative implications for global growth and that Europe's banking system is showing cracks from over-aggressive credit extension. Balance sheet problems for European banks range from peripheral sovereign bonds (Portugal, Ireland, Italy, Greece, and Spain) to non-performing mortgage loans that fueled housing bubbles in Spain and Ireland. Interbank funding markets began to show fear of counterparty risk among European banks as 3-month LIBOR increased 19 basis points (bps) to 54 bps in May. The LIBOR-OIS spread, an indicator of banks' willingness to lend, rose from 11 bps to 32 bps—levels above 10 bps were rare prior to the liquidity crisis in 2007. This is a direct result of European banks opting to plow cash into the European Central Bank's (ECB) overnight deposit facility at a rate of 0.25% rather than lend to each other; eurozone banks deposited a record €320 billion with the ECB as of early June, compared to just €22 billion one year ago.

Mistrust among European banks is eerily similar to the U.S. liquidity crisis leading up to the Lehman collapse. There's been some preemptive action by European governments such as Spain's bailout and restructuring of its struggling banking system. While such action temporarily alleviates systemic stress, it is no panacea for the writedowns on bad loans that many banks still need to take. Repairing banks' balance sheets through a combination of loss realization and a steep yield curve is key to the global recovery. Thus, lending to non-financial sectors will remain constrained and European rates are likely to remain low for some time before a meaningful long-term move higher can take hold.

Investor's confidence in a sustainable economic recovery has been shaky in 2010. Congress has drafted a bill for tighter financial regulations, the SEC's filing of fraud charges against Goldman Sachs, the growing severity in BP's massive oil spill in the Gulf of Mexico, and the slowing economic growth in China have been some of the sources of uncertainty that created a flight-to-quality in the second quarter. In the past, sovereign credits of developed countries have been prized for their safety and have enjoyed high credit ratings from the ratings agencies. However, the recent downgrades of Greece and Spain have worsened liquidity conditions as a large part of the investor base for sovereign debt invests in only the highest-rated bonds. This has benefited U.S. Treasuries, as the yield of the 10-year note declined by 90 basis points to 2.93% and the Barclays Capital U.S. Treasury Index returned 4.68%, respectively. Also noteworthy is the collapse in inflation expectations priced into the TIPS breakevens, shown in the table below. The expectation for the annualized inflation rate over the next two years declined from 1.47% to 0.57% quarter-over-quarter as investors realized the macroeconomic implications of Europe's debt crisis on global growth.

MARKET ENVIRONMENT

MARKET HIGHLIGHTS

Through June 30, 2010

Credit Spreads (bps) (Based on Barclays indices and OAS ^a)	Dec-09	Mar-10	Jun-10	Quarterly Chg (bps)	YTD Chg (bps)	Quarterly Return (%)	YTD Return (%)
Agency Fixed-Rate MBS	19	20	9	-11	-10	2.9	4.6
CMBS	473	323	368	45	-105	2.8	12.1
ABS	100	68	83	15	-17	2.5	4.8
IG Corporates	172	150	193	43	21	3.4	5.8
IG Financials	226	186	249	63	23	1.8	4.7
Convertibles	916	647	800	153	-116	-5.6	-0.3
High Yield	617	570	700	130	83	-0.1	4.5
Ba	453	420	536	116	83	0.4	5.0
B	567	540	676	136	109	0.0	3.6
Caa	868	818	983	165	115	-1.4	3.8
Quality Spread (Caa-Ba)	415	398	447	49	32	-	-
Treasury Yields (% unless noted)							
3-month	0.05	0.16	0.16	0	11	0.0	0.1
2-year	1.14	1.02	0.61	-41	-53	1.2	1.9
5-year	2.68	2.55	1.78	-77	-90	4.7	6.5
10-year	3.84	3.83	2.93	-90	-91	8.4	9.4
30-year	4.64	4.71	3.89	-82	-75	15.3	15.2
3m-10y Spread (bps)	379	367	277	-90	-102	-	-
2y-10y Spread (bps)	270	281	232	-49	-38	-	-
TIPS Breakevens^b (percentage points of implied inflation; negative = deflation)							
2-year BE	1.24	1.47	0.57	-90	-67	-	-
5-year BE	1.95	1.79	1.52	-27	-43	-	-
10-year BE	2.41	2.26	1.84	-42	-57	-	-
30-year BE	2.55	2.55	2.19	-36	-36	-	-
Liquidity Indicators (bps)							
3-mo LIBOR	25	29	53	24	28	-	-
LIBOR-OIS Spread ^c	9	9	33	24	24	-	-
TED Spread ^d	20	14	36	22	16	-	-
Conventional Fixed Rate Mortgage							
30-year	5.18%	5.04%	4.68%	-36	-50	-	-

^a Option-adjusted spread is the spread after removing embedded options, e.g., prepay, callable; better for cross-sector comparison.

^b TIPS Breakevens are the nominal Treasury yield minus the TIPS yield, and represent market expectations for inflation.

^c LIBOR-OIS is the spread between 3-month LIBOR and the overnight indexed swap rate, and is an indicator of banks' willingness to lend.

^d TED Spread is the difference between 3-month LIBOR and the 3-month T-bill yield, and is a measure of risk premium to lend.

Source: Bloomberg, LehmanLive, Mortgage Bankers Association

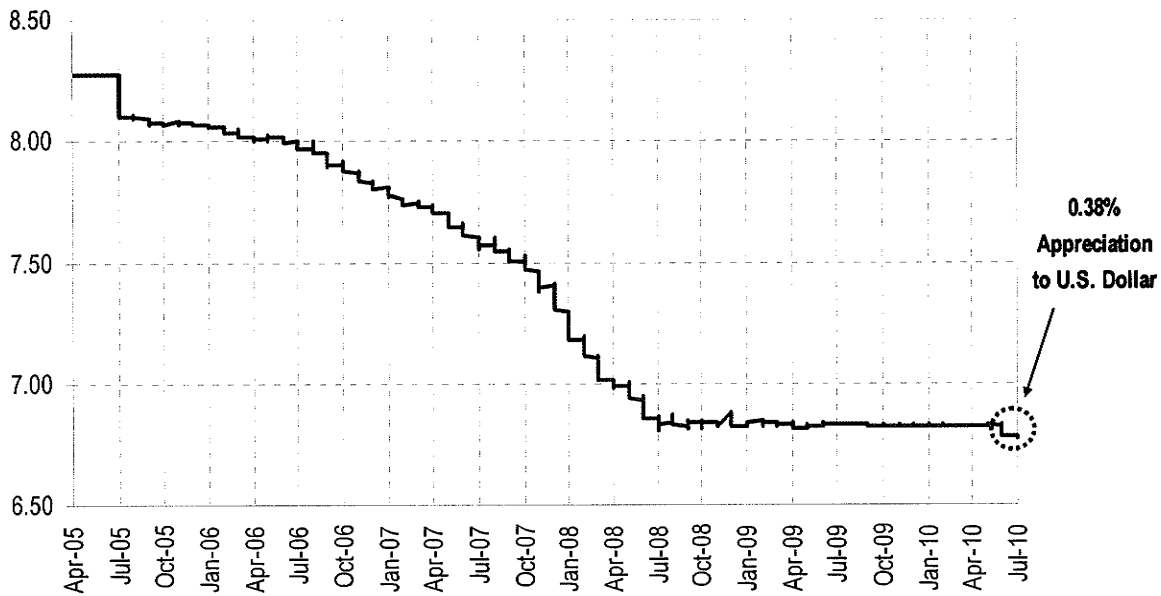
Overall, the U.S. fixed income markets fared well during the second quarter despite the tumultuous macroeconomic environment overseas and recent weakness in the U.S. economy. Although risk assets were shunned by investors in favor of Treasuries, most fixed income asset classes posted positive returns. Treasuries posted the largest gains during the quarter followed by investment grade corporates with 3.4% and agency-MBS posting gains of 2.9%. High yield bond spreads widened 120 bps in May and another 21 bps in June, reversing the tightening seen from January to April 2010 and ending the quarter virtually unchanged (-0.1%). Non-agency mortgages have had some recovery since May and MBS spreads have tightened despite the end of the Fed's buying program. There is a clear trend toward yield-seeking behavior amid the expectation that the U.S. will remain in a low interest rate environment for some time. Fed Funds futures indicate that this benchmark rate will not reach 1% until April 2012.

MARKET ENVIRONMENT

MARKET HIGHLIGHTS

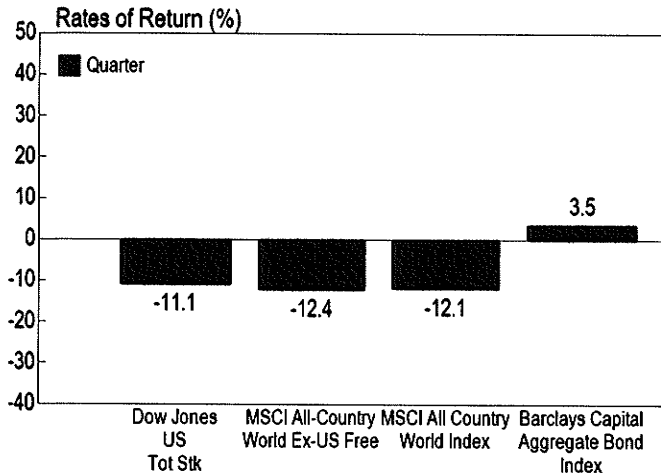
There has been much attention given to the Chinese yuan recently. China's economic success is derived from the competitive edge it holds due to the managed currency pegged to the U.S. dollar, keeping it artificially low. This provides a competitive edge to Chinese exports resulting in a negative influence on other economies with free floating currencies. China announced that it would allow the yuan to appreciate gradually over time in an effort to address preemptively the sensitive currency issues. This June 21st announcement resulted in a 0.38% appreciation for the yuan against the U.S. dollar in the cash market through July 14th. Over the past 4 years, the yuan has appreciated by roughly 15%, or 3.6% annualized. Relaxing the trading band will make products that the U.S. exports more affordable in China and assist in balancing the current trade deficit / surplus imbalance over time.

U.S. Dollar/ Chinese Yuan
Daily Spot Rates 4/1/2005 - 7/14/2010

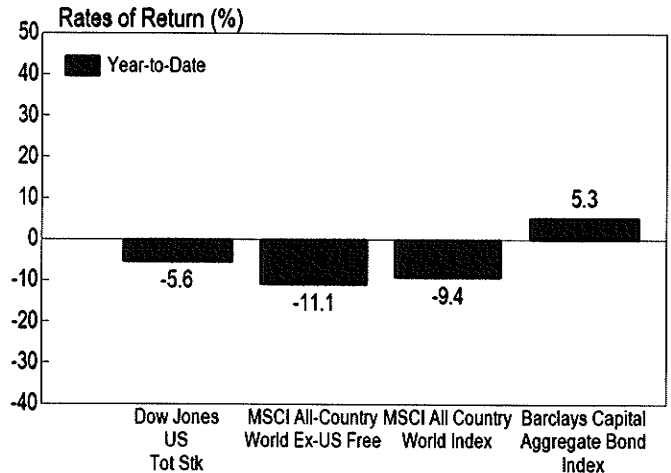


Source: Bank of England

**MAJOR MARKET RETURNS
SECOND QUARTER**

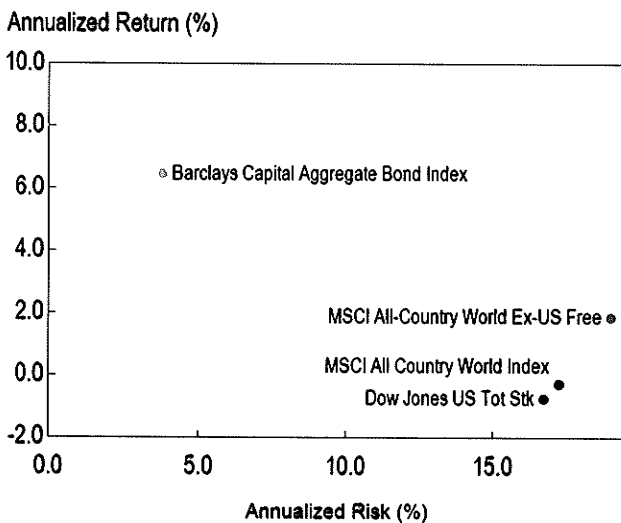


**MAJOR MARKET RETURNS
YEAR-TO-DATE ENDING 6/30/10**

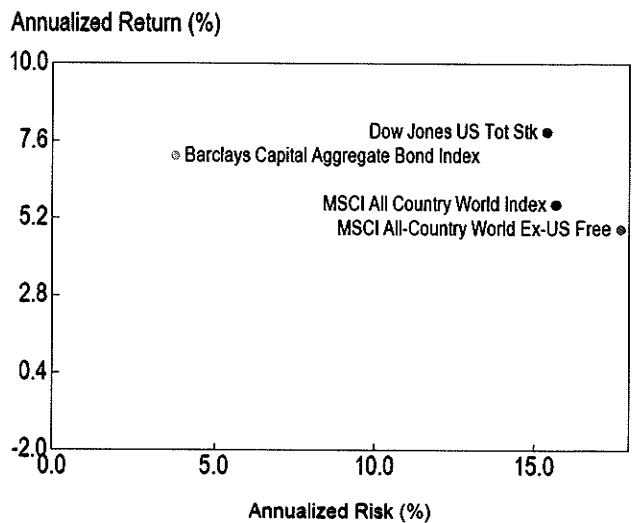


The exhibits above show the performance of the major capital markets during the second quarter and year-to-date periods.

**MARKET RISK/RETURN
10 YEARS ENDING 6/30/10**



**MARKET RISK/RETURN
20 YEARS ENDING 6/30/10**

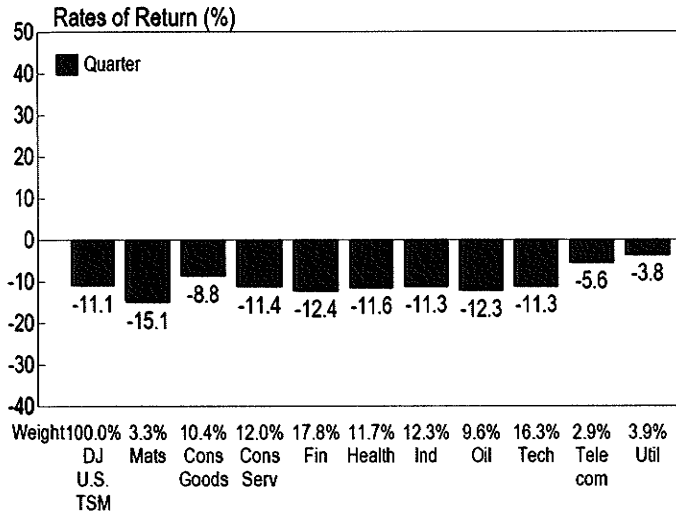


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

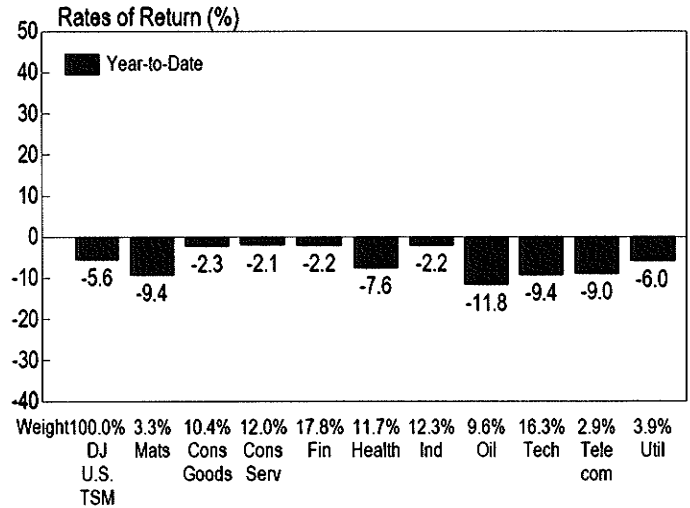
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS SECOND QUARTER



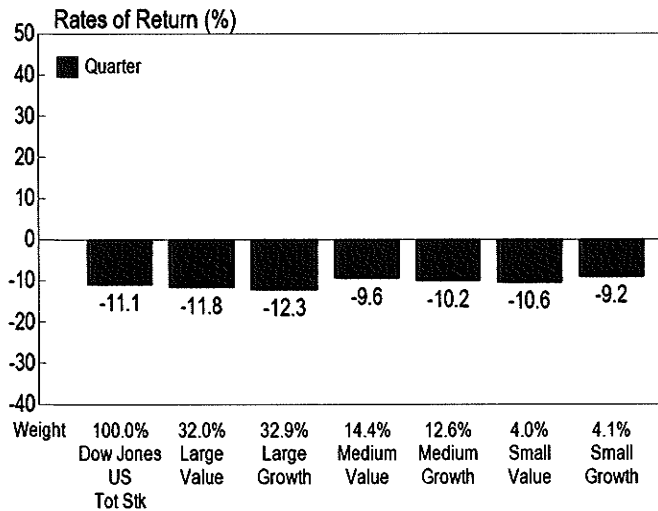
SECTOR RETURNS YEAR-TO-DATE ENDING 6/30/10



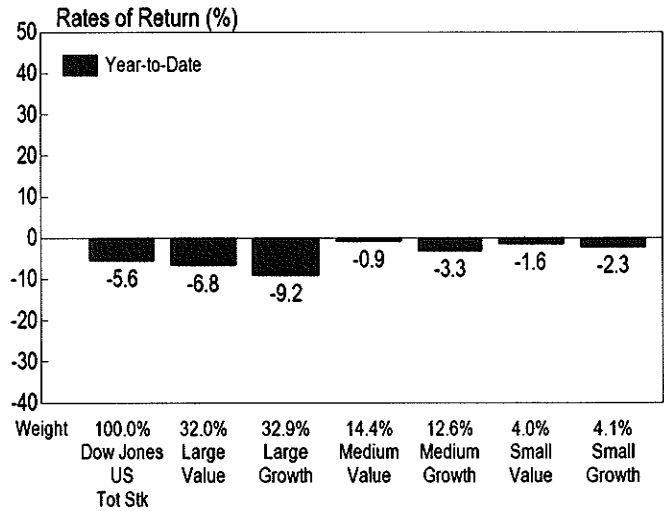
The Dow Jones U.S. Total Stock Market Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

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 SECOND QUARTER

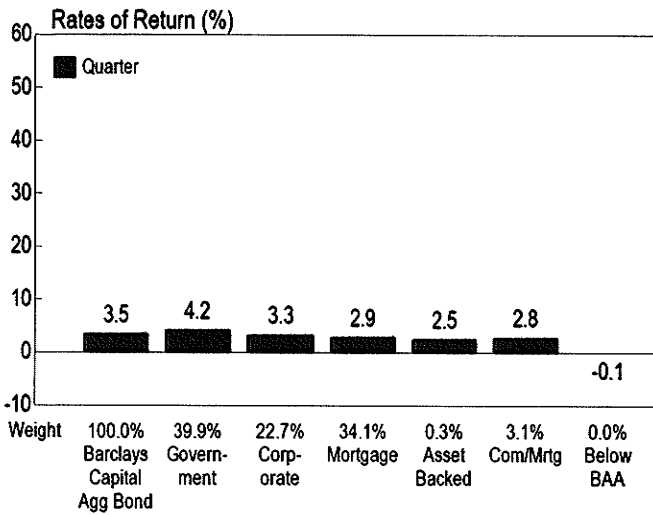


STYLE RETURNS YEAR-TO-DATE ENDING 6/30/10

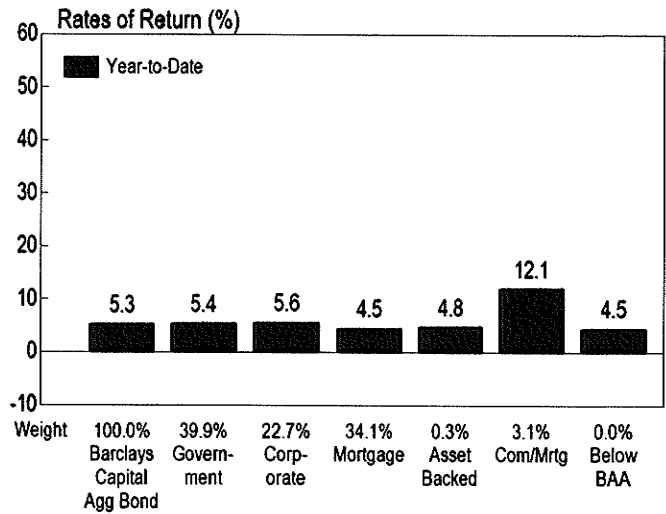


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones U.S. Total Stock Market Index at quarter-end.

**SECTOR RETURNS
SECOND QUARTER**



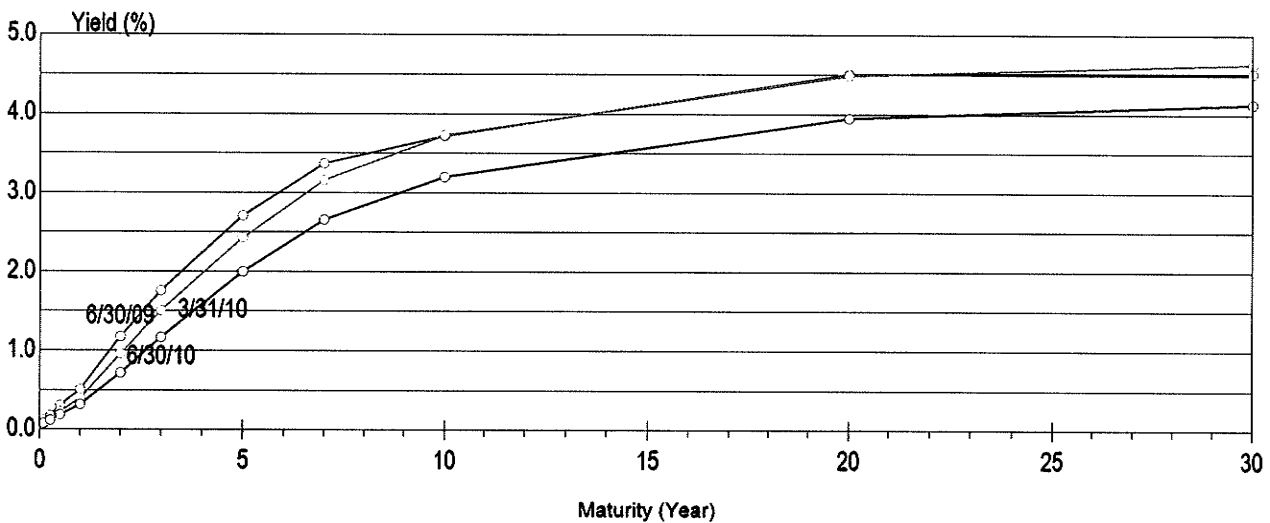
**SECTOR RETURNS
YEAR-TO-DATE ENDING 6/30/10**



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

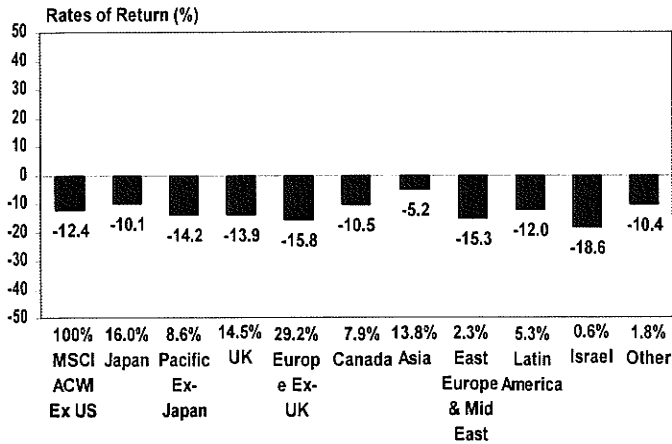


The exhibit above illustrates yields of Treasury securities of various maturities as of June 30, 2010, March 31, 2009, and June 30, 2009.

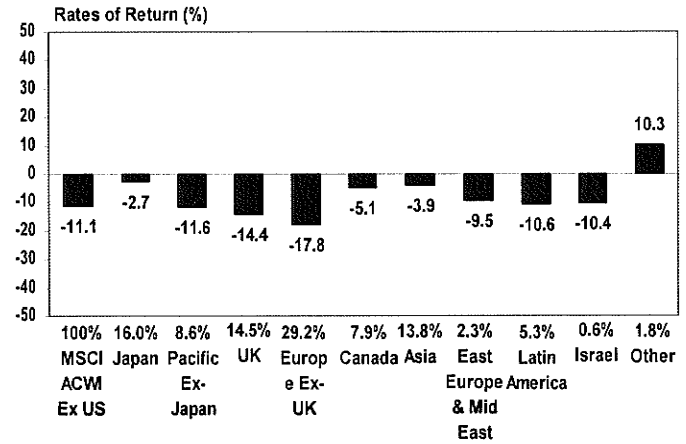
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

NON-U.S. STOCK MARKET RETURNS
SECOND QUARTER

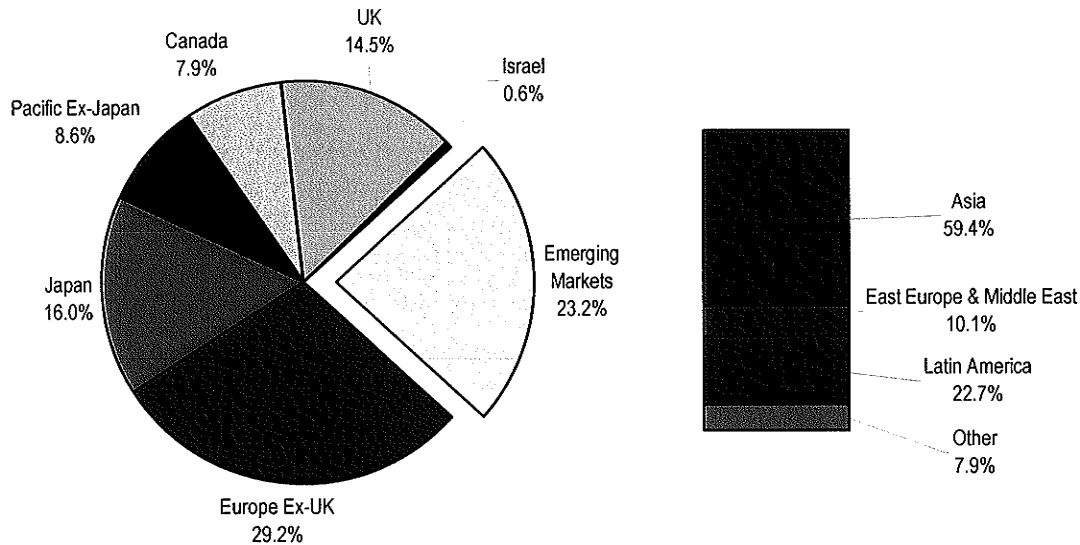


NON-U.S. STOCK MARKET RETURNS
YEAR-TO-DATE ENDING 6/30/2010



The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 21 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.

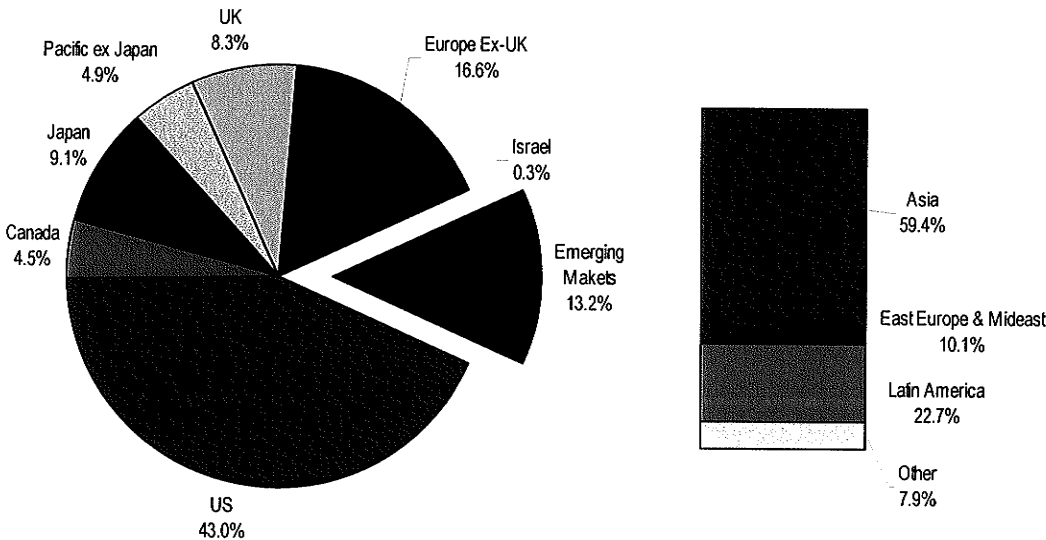
MSCI ALL-COUNTRY WORLD EX-U.S. STOCK INDEX
GEOGRAPHIC ALLOCATION AS OF 6/30/2010



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.

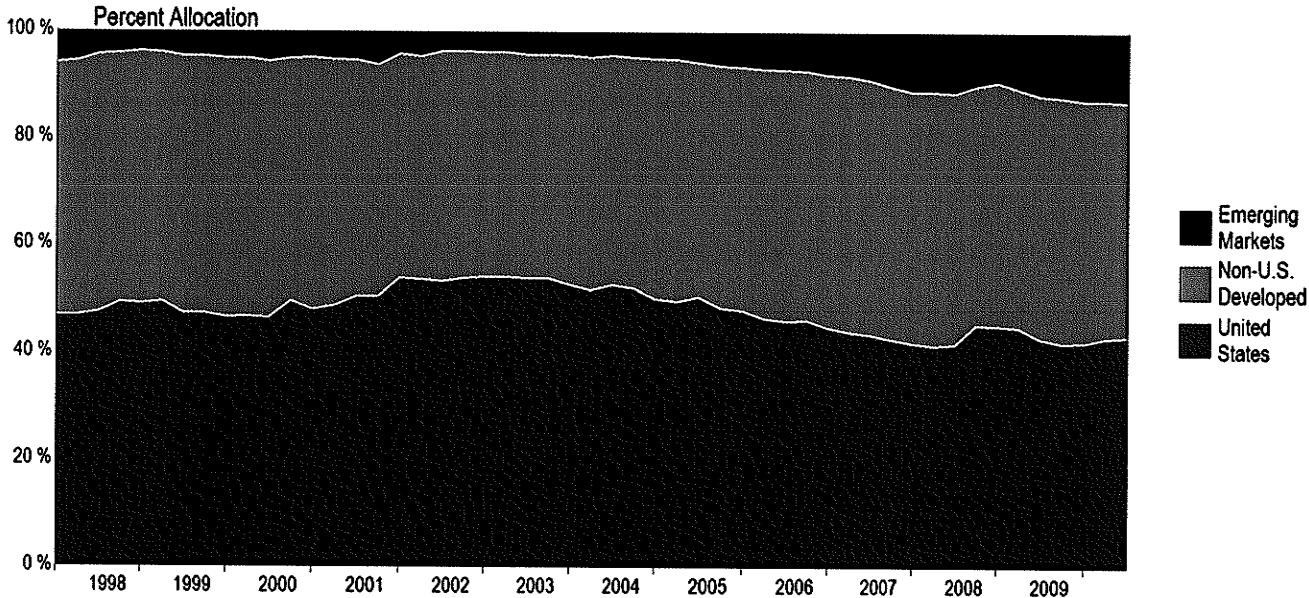
Note on Other: Includes South Africa, Egypt, and Morocco. Returns expressed are the weighted average returns.

MSCI ALL-COUNTRY WORLD STOCK INDEX
GEOGRAPHIC ALLOCATION AS OF 6/30/2010



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 24 developed stock markets and 21 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



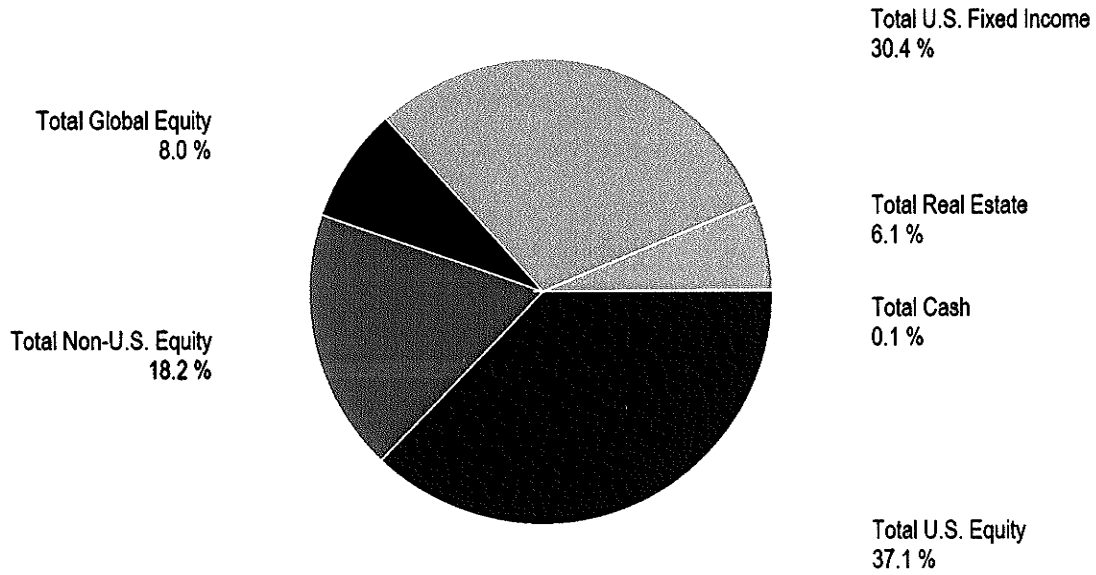
The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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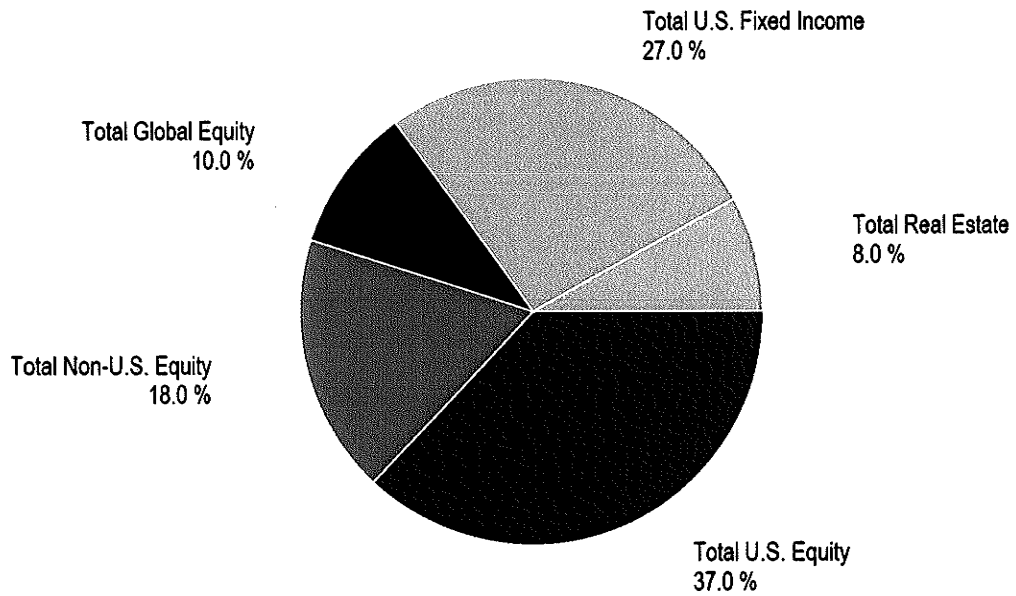
ASSET ALLOCATION

ASSET ALLOCATION

**ASSET ALLOCATION
ACTUAL AS OF 6/30/10**



**ASSET ALLOCATION
POLICY AS OF 6/30/10**



ASSET ALLOCATION

ASSET ALLOCATION AS OF 6/30/10

(\$ in thousands)

	U.S. Equity	Non-U.S. Equity	U.S. Bond	Non-U.S. Bond	Real Estate	Cash	Total	Percent of Total	Policy
BlackRock Extended Equity Index Fund	\$24,587	--	--	--	--	--	\$24,587	1.0%	
Western U.S. Index Plus	\$61,333	--	--	--	--	\$15,757	\$77,091	3.0%	
BlackRock Equity Market Fund	\$849,833	--	--	--	--	--	\$849,833	33.2%	
Total U.S. Equity	\$935,752	--	--	--	--	\$15,757	\$951,510	37.1%	37.0%
BlackRock ACWI ex-U.S. Index	--	\$203,404	--	--	--	--	\$203,404	7.9%	
Capital Guardian	\$792	\$95,542	--	--	--	\$2,724	\$99,059	3.9%	
Sprucegrove	--	\$97,043	--	--	--	\$1,980	\$99,024	3.9%	
Artio International Equity II	--	\$61,918	--	--	--	\$4,022	\$65,941	2.6%	
Total Non-U.S. Equity	\$792	\$457,908	--	--	--	\$8,727	\$467,427	18.2%	18.0%
GMO Global Fund	\$38,350	\$63,881	\$1,863	--	--	\$5,479	\$109,572	4.3%	
Acadian	--	\$92,974	--	--	--	\$1,320	\$94,294	3.7%	
Total Global Equity	\$38,350	\$156,854	\$1,863	--	--	\$6,799	\$203,866	8.0%	10.0%
Western	--	--	\$299,586	\$5,588	--	\$1,873	\$307,047	12.0%	
BlackRock U.S. Debt Fund	--	--	\$85,300	--	--	--	\$85,300	3.3%	
Reams	--	--	\$262,658	--	--	\$26,295	\$288,952	11.3%	
Loomis Sayles	--	--	\$75,774	\$17,155	--	\$5,097	\$98,026	3.8%	
Total U.S. Fixed Income	--	--	\$723,317	\$22,743	--	\$33,265	\$779,325	30.4%	27.0%
Total Prudential Real Estate	--	--	--	--	\$57,781	--	\$57,781	2.3%	
US Real Estate	--	--	--	--	\$78,284	--	\$78,284	3.1%	
Guggenheim	--	--	--	--	\$15,441	--	\$15,441	0.6%	
RREEF	--	--	--	--	\$4,901	--	\$4,901	0.2%	
Total Real Estate	--	--	--	--	\$156,408	--	\$156,408	6.1%	8.0%
Clifton Group	--	--	--	--	--	\$3,124	\$3,124	0.1%	
Total Cash	--	--	--	--	--	\$3,124	\$3,124	0.1%	0.0%
Total Fund	\$974,895	\$614,762	\$725,180	\$22,743	\$156,408	\$67,672	\$2,561,660	100.0%	100.0%
Percent of Total	38.1%	24.0%	28.3%	0.9%	6.1%	2.6%	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.

Ventura's Board approved a total fund policy earlier this year to include allocations in private equity and opportunistic equity. Since the Fund currently is not invested in private equity or in an opportunistic strategy we're not showing policy allocations to these assets, but will do so when allocations have been made.

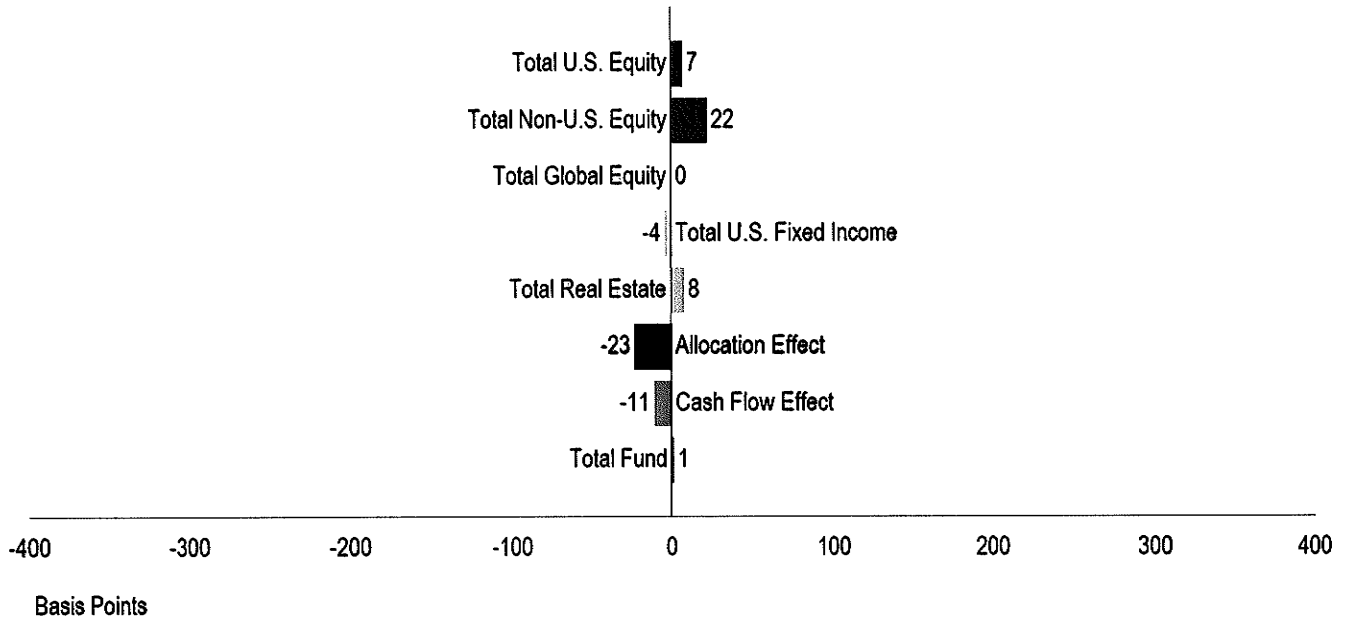
During the quarter, the asset value of VCERA's Total Fund decreased by \$209.2 million. The decrease in assets was a result of investment losses of \$171.6 million combined with net cash outflows of \$37.6 million.

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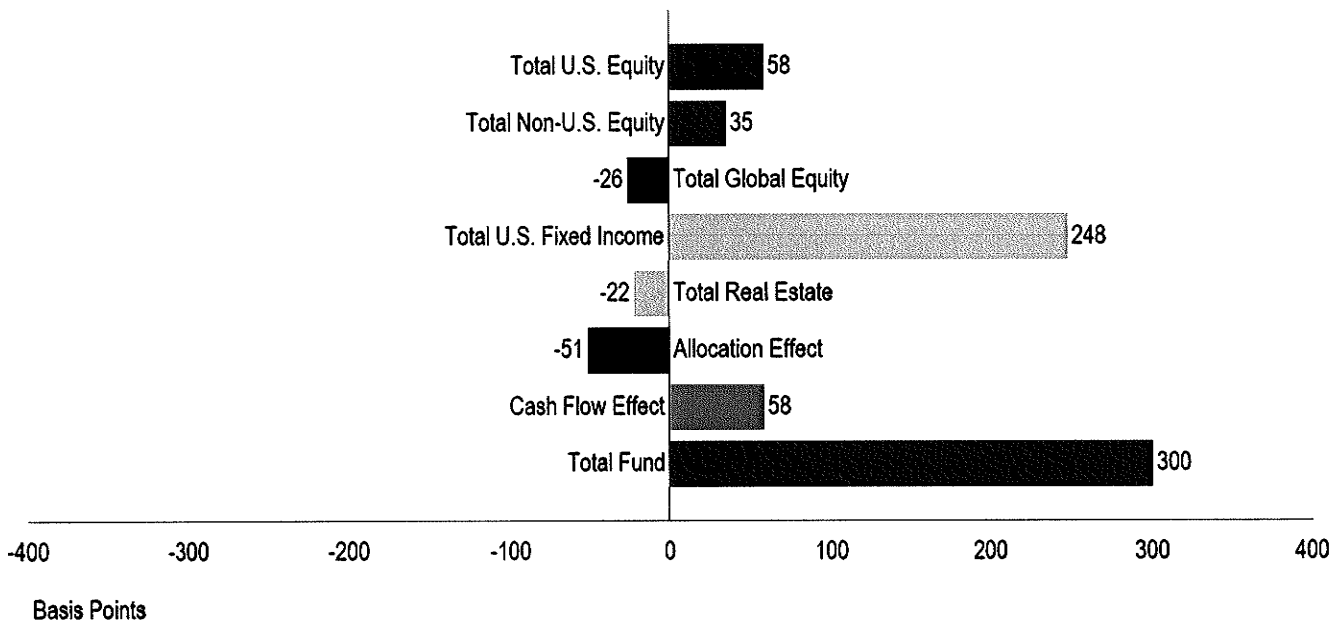
PERFORMANCE EVALUATION

TOTAL FUND

TOTAL FUND ATTRIBUTION ANALYSIS 3 MONTHS ENDING 6/30/10



TOTAL FUND ATTRIBUTION ANALYSIS 1 YEAR ENDING 6/30/10



**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		10 Years Ending 6/30/10	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund	-6.4%	76	-2.5%	65	15.0%	16	-5.5%	79	1.7%	81	2.9%	56
Policy Portfolio	-6.4	76	-3.0	81	12.0	66	-4.6	64	2.3	61	2.4	78
Public Fund Index	-5.0	36	-1.6	39	13.1	52	-3.7	46	3.0	35	3.3	36

Commentary on Investment Performance

The Total Fund returned -6.4% during the second quarter and equaled the return of the Policy Portfolio. The Fund's U.S. equity, non-U.S. equity, and real estate components added value over their benchmarks. Partially offsetting results was the below-benchmark return from the Fund's fixed income component.

For the one-year ending June 30, 2010, the Total Fund advanced 15.0%, outpacing the return of the Policy Portfolio by 300 percentage points. Outperformance was mainly attributed to significant above-benchmark returns from the fixed income component and smaller but meaningful contributions from the U.S. and non-U.S. equity asset classes. Results were partially offset by underperformance from the global equity and real estate components.

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 annualized since inception return remains favorable in absolute terms at 7.1%.

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

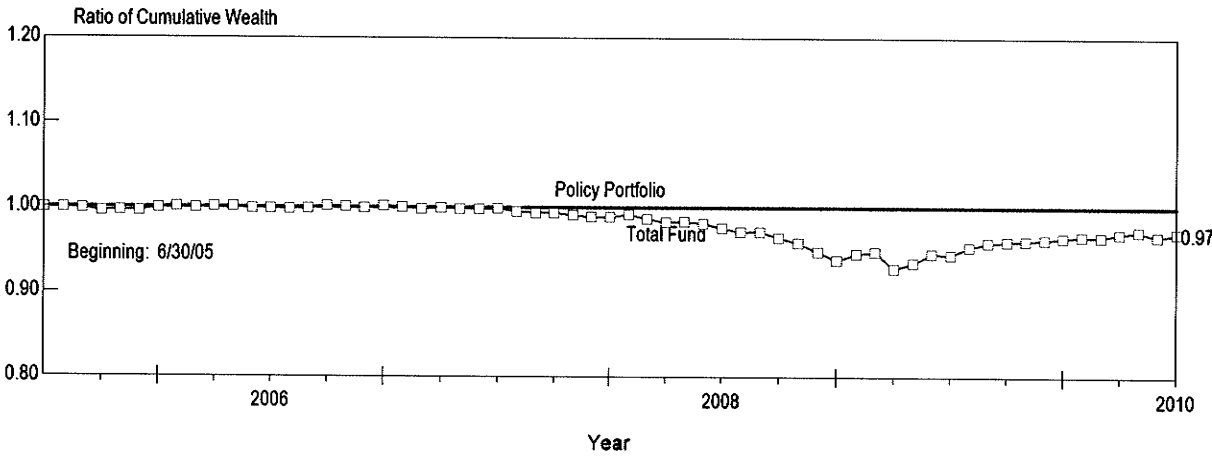
HISTORICAL RETURNS

(BY Years)

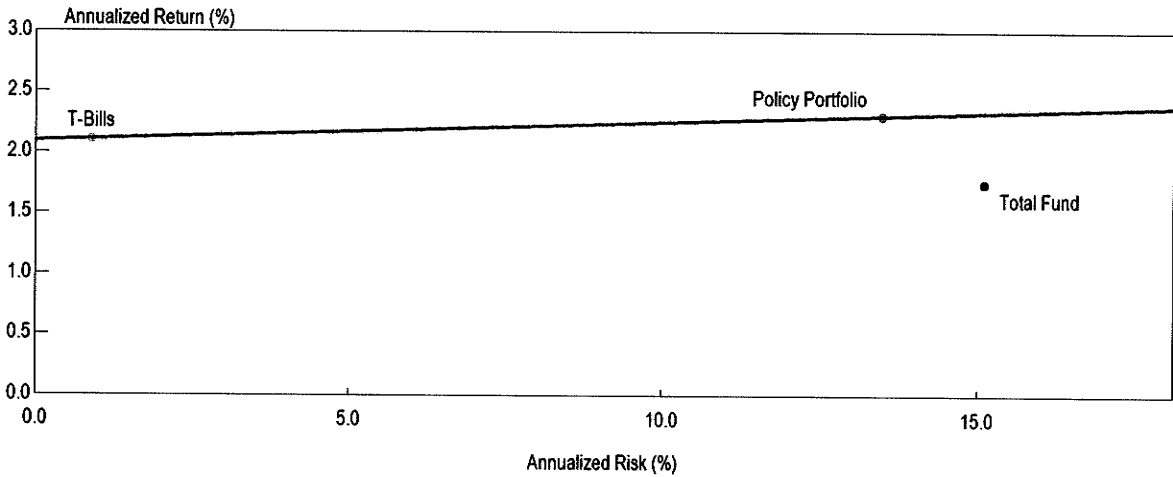
	Total Fund	Policy Portfolio	Return Difference
	Return	Return	
1994 (9 months)	1.2%	3.3%	-2.1
1995	25.2	24.6	0.6
1996	14.8	13.6	1.2
1997	18.9	19.9	-1.0
1998	16.7	20.3	-3.6
1999	13.5	14.4	-0.9
2000	0.6	-1.8	2.4
2001	-2.2	-6.0	3.8
2002	-10.6	-10.1	-0.5
2003	24.4	22.9	1.5
2004	10.9	11.3	-0.4
2005	7.8	7.6	0.2
2006	14.2	14.0	0.2
2007	7.0	8.5	-1.5
2008	-30.9	-27.1	-3.8
2009	24.2	20.8	3.4
2010 (6 months)	-2.5	-3.0	0.5
Trailing 1-Year	15.0%	12.0%	3.0
Trailing 3-Year	-5.5	-4.6	-0.9
Trailing 5-Year	1.7	2.3	-0.6
Trailing 10-Year	2.9	2.4	0.5
Trailing 15-Year	6.7	6.7	0.0

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 6/30/10**



**ANNUALIZED RISK RETURN
5 YEARS ENDING 6/30/10**

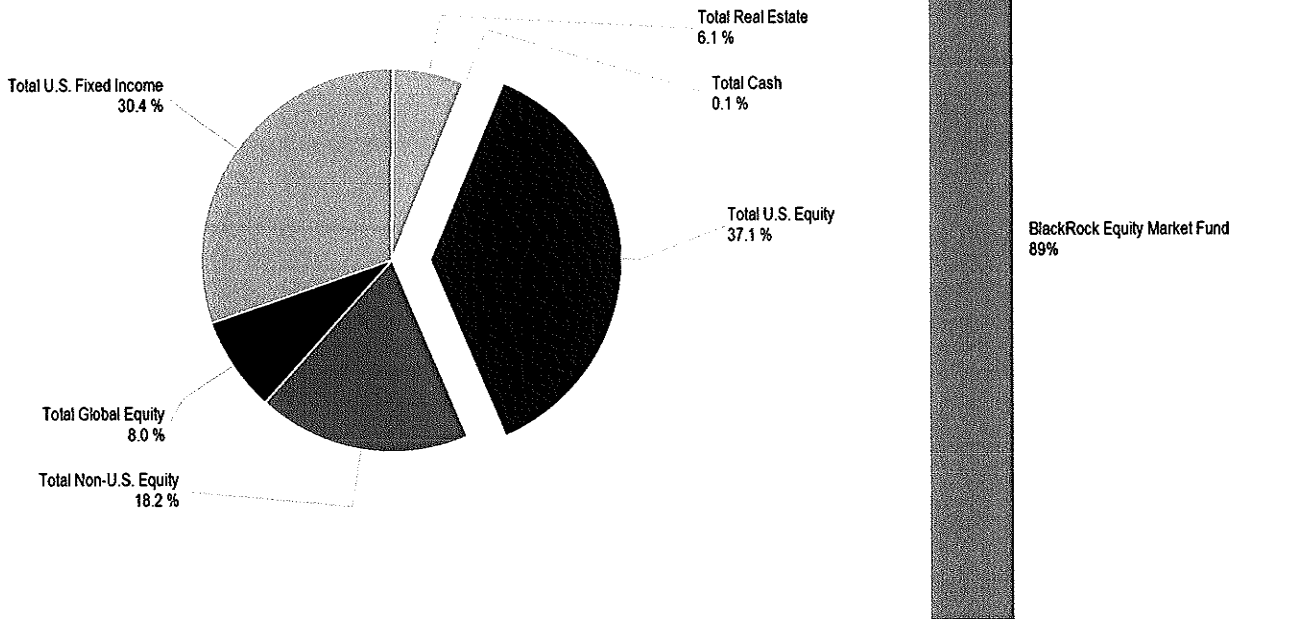


The Ratio of Cumulative Wealth graph on the top of the page illustrates the Total Fund's cumulative performance relative to the Policy Portfolio. An upward sloping line between two points indicates that the component's return exceeded that of the Policy Portfolio, while a downward sloping line indicates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

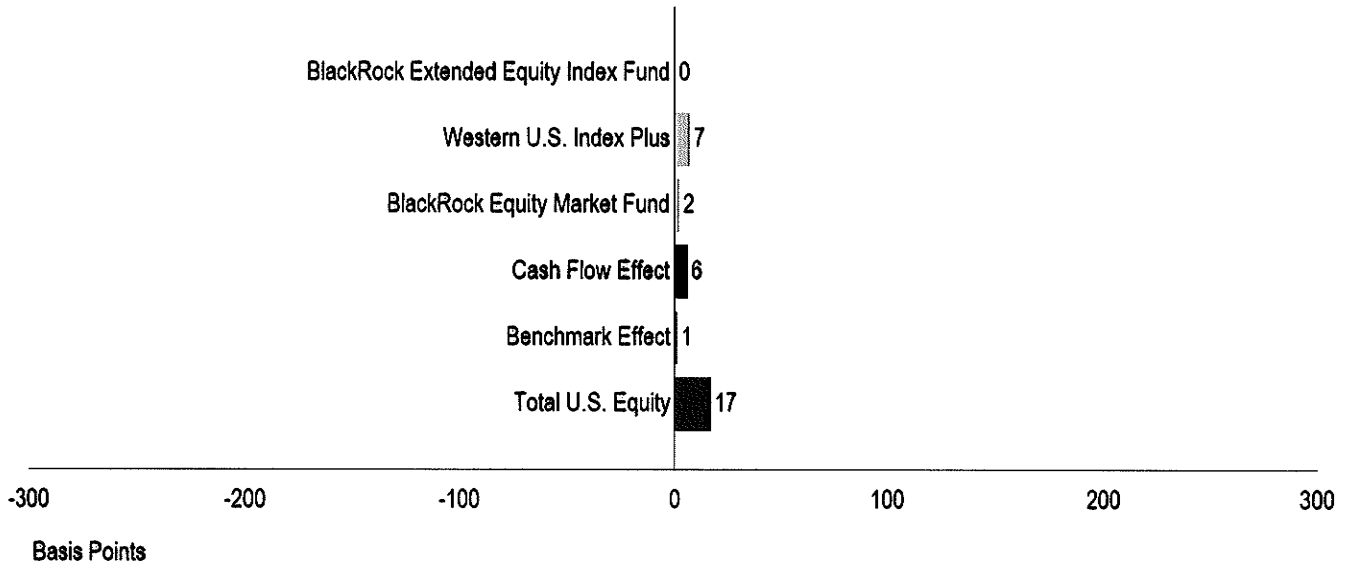
The risk/return graph on the bottom of the page illustrates the historical risk (volatility of returns) and return of VCERA's Total Fund to that of its Policy Portfolio.

TOTAL U.S. EQUITY

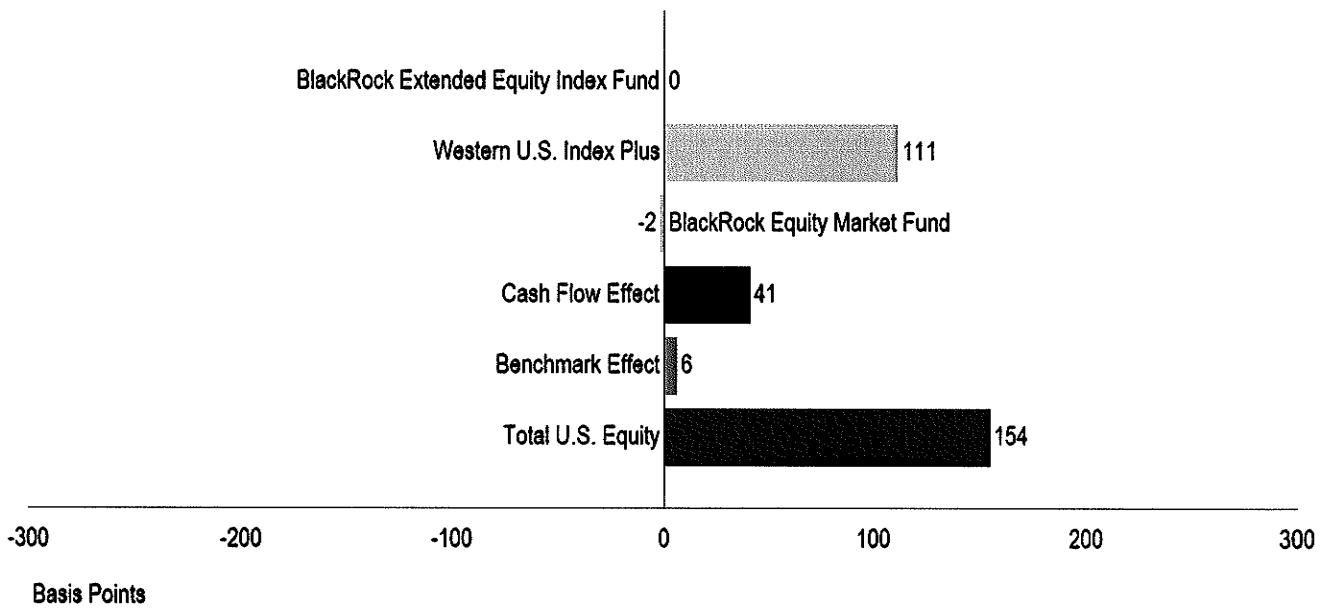
ASSET ALLOCATION ACTUAL AS OF 6/30/10



**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 6/30/10**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 6/30/10**



TOTAL U.S. EQUITY

RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		10 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total U.S. Equity	-11.0 %	46	-5.2 %	36	17.7 %	21	-10.6 %	77	-1.4 %	84	0.1 %	41	6.5 %	67	12/31/93
Performance Benchmark*	-11.1	51	-5.6	49	16.1	45	-9.2	40	-0.3	42	-0.8	67	7.0	46	
BlackRock Extended Equity Index Fund	-9.8	64	-0.8	34	24.0	28	-7.4	37	1.6	32	--	--	8.8	--	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	-9.8	65	-1.0	36	24.3	25	-7.3	35	1.7	31	--	--	8.9	--	
Western U.S. Index Plus	-10.5	18	-2.3	4	32.0	1	-14.3	95	--	--	--	--	-14.5	--	5/31/07
S&P 500 Index	-11.4	37	-6.7	34	14.4	36	-9.8	57	--	--	--	--	-10.1	--	
BlackRock Equity Market Fund	-11.1	54	-5.6	55	16.1	53	--	--	--	--	--	--	-10.9	--	5/31/08
Dow Jones U.S. Total Stock Market Index	-11.1	54	-5.6	55	16.1	52	--	--	--	--	--	--	-11.0	--	

Commentary on Investment Performance

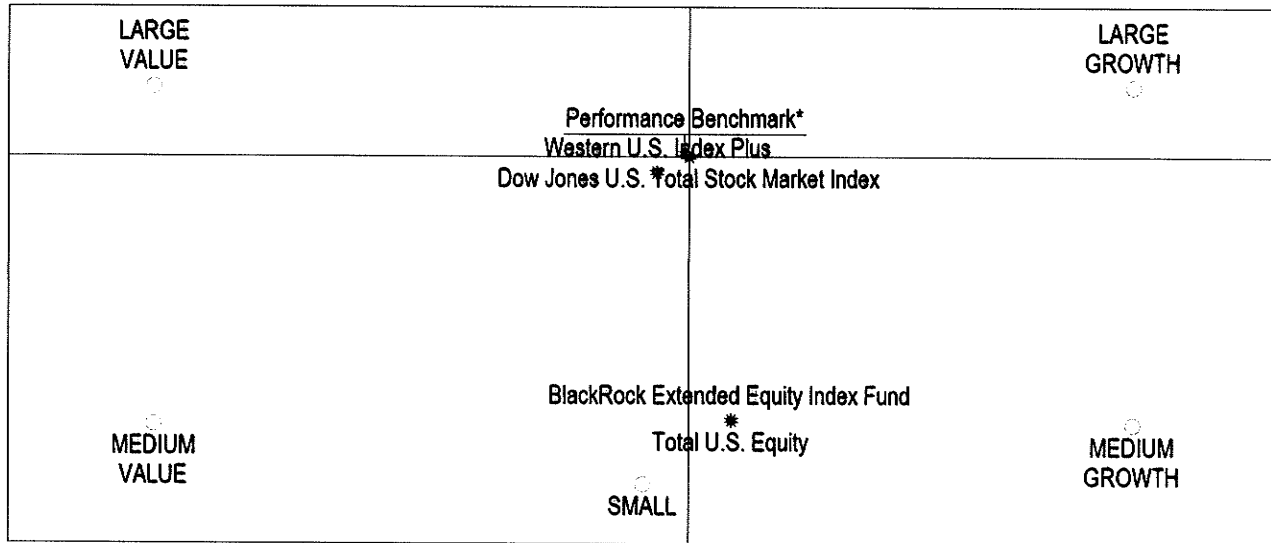
The Total Fund's U.S. equity component declined 11.0% during the second quarter, outpacing the return of the Performance Benchmark by 10 basis points. Once again, Western's significant outperformance was responsible for the component's above-benchmark result. The Fund's U.S. equity index funds both tracked their benchmarks for the quarter.

Similar to the quarter, the U.S. equity component outperformed its benchmark during the trailing one-year period. During this period, Western returned an impressive 32.0%, outperforming its benchmark by 17.6 percentage points. Longer-term performance remains mixed for the U.S. equity component, as the asset class has outperformed during the trailing ten-year period, but has underperformed during the trailing three- and five-year 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 one-year 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 6/30/10**



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.

BLACKROCK EXTENDED EQUITY INDEX FUND

RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BlackRock Extended Equity Index Fund	-9.8%	64	-0.8%	34	24.0%	28	-7.4%	37	1.6%	32	8.8%	--	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	-9.8	65	-1.0	36	24.3	25	-7.3	35	1.7	31	8.9	--	

Philosophy and Process

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

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

HISTORICAL RETURNS (BY YEAR)

	BlackRock 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	35.0	30	37.5	23	-2.5
2010 (6 months)	-0.8	34	-1.0	36	0.2
Trailing 1-Year	24.0%	28	24.3%	25	-0.3
Trailing 3-Year	-7.4	37	-7.3	35	-0.1
Trailing 5-Year	1.6	32	1.7	31	-0.1
Since Inception (10/31/02)	8.8	--	8.9	--	-0.1

**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Western U.S. Index Plus	-10.5%	18	-2.3%	4	32.0%	1	-14.5%	--	5/31/07
S&P 500 Index	-11.4	37	-6.7	34	14.4	36	-10.1	--	

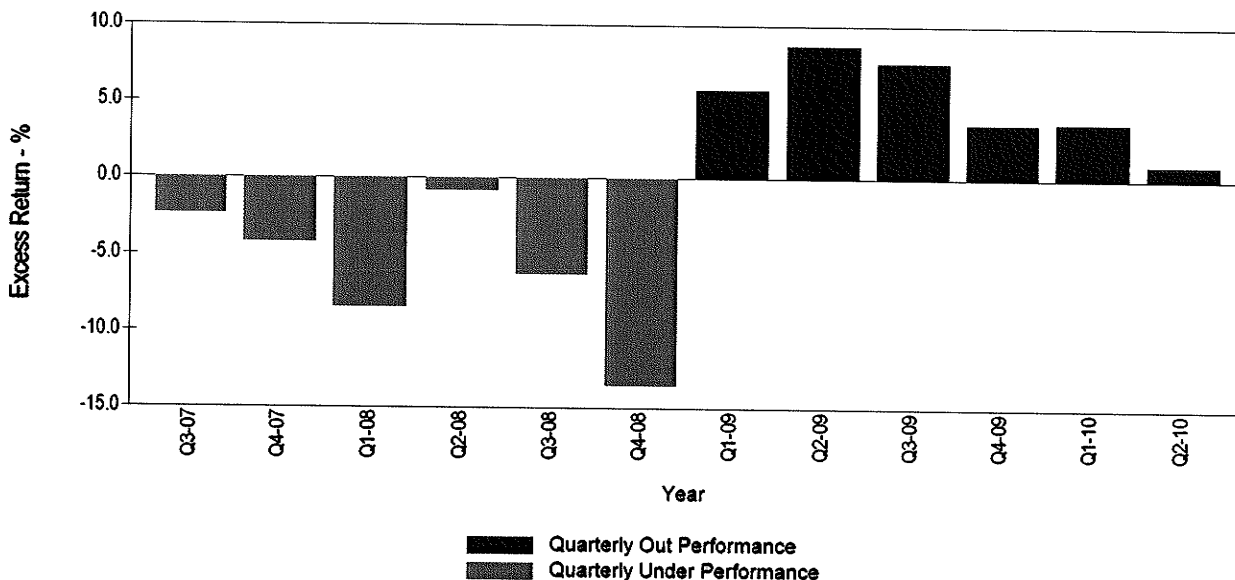
Philosophy and Process

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

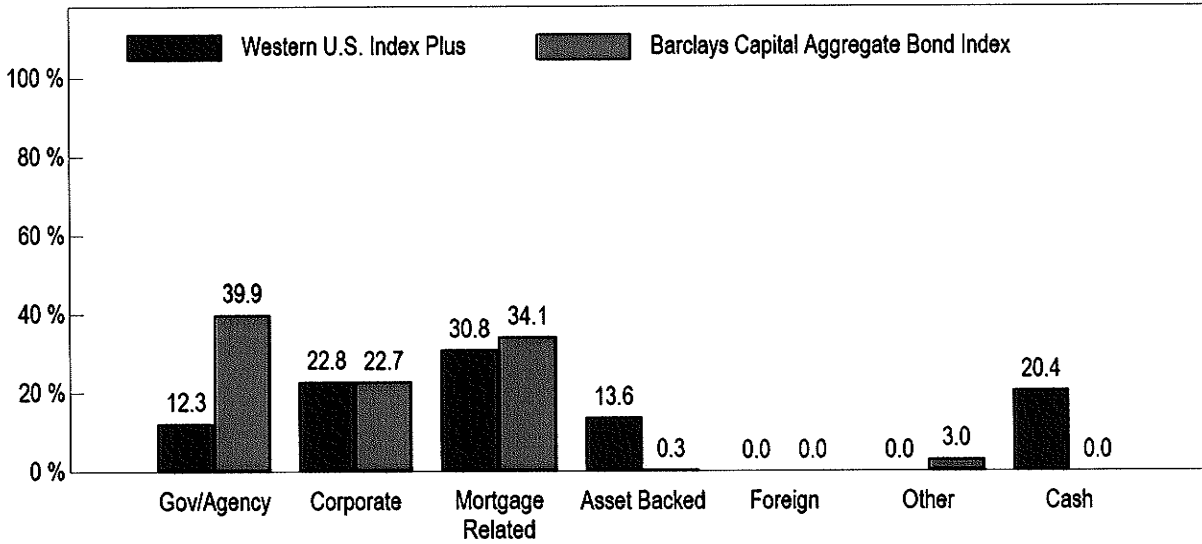
As of June 30, 2010, the manager reported that the portfolio was not in compliance with VCERA's account guidelines, which VCERA was made aware of. Specifically, the portfolio held a 12.1% allocation to U.S. securities rated below investment grade, exceeding the maximum 5.0% allocation stated in the guidelines. In addition, the portfolio held a 1.02% allocation to Countrywide Alternative Loan Trust which is rated below investment grade. VCERA's account guidelines allow for a maximum of 1.0% to any one holding rated below investment grade. Additionally, the portfolio had a 12.8% allocation to below investment grade securities, which was above the allowable 10.0% allocation.

Quarterly Excess Performance



WESTERN U.S. INDEX PLUS

SECTOR ALLOCATION AS OF 6/30/10
Western U.S. Index Plus



The exhibit above illustrates the sector allocations of the Western U.S. Index Plus portfolio.

BLACKROCK EQUITY MARKET FUND

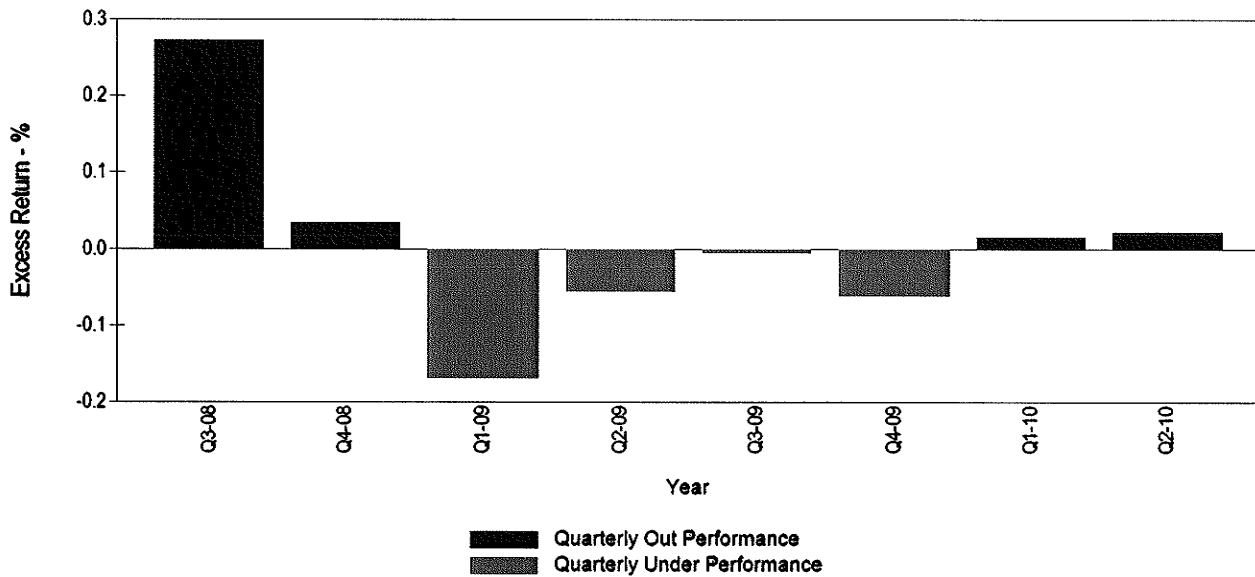
RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BlackRock Equity Market Fund	-11.1%	54	-5.6%	55	16.1%	53	-10.9%	--	5/31/08
Dow Jones U.S. Total Stock Market Index	-11.1	54	-5.6	55	16.1	52	-11.0	--	

Philosophy and Process

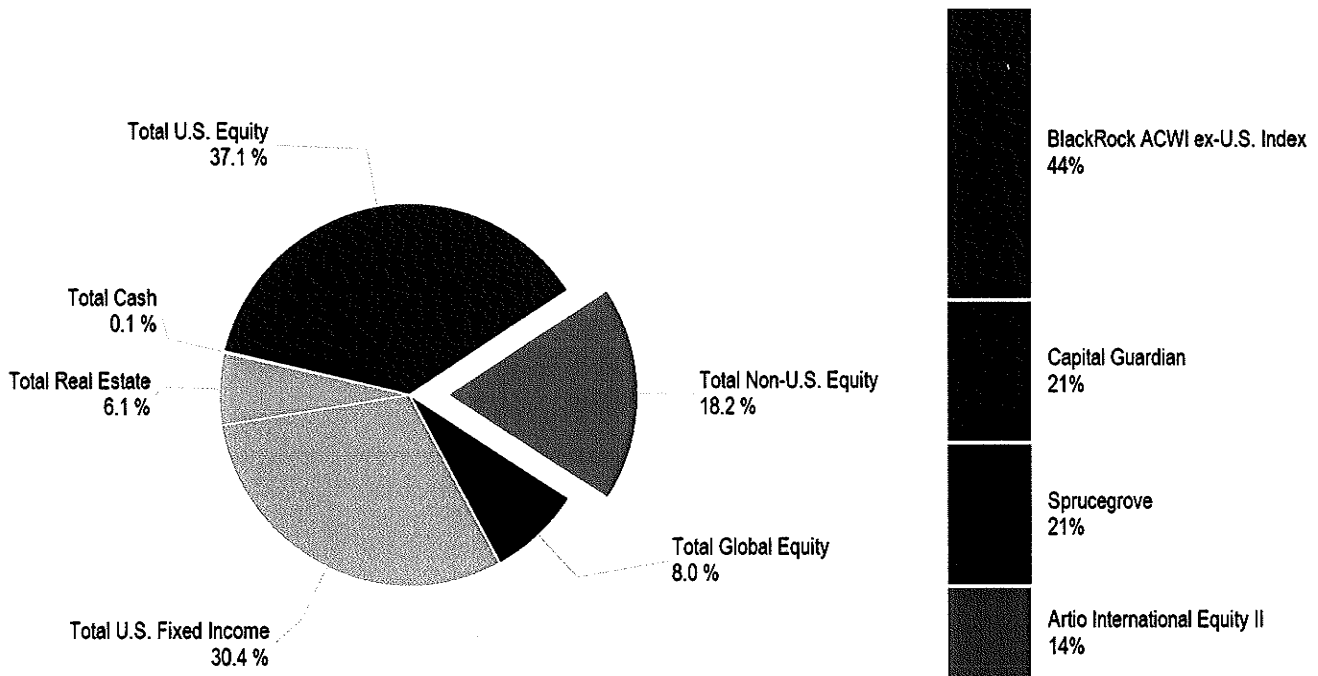
The objective of the BlackRock U.S. Equity Market Fund is to approximate the return of the Dow Jones U.S. Total Stock Market Index. The Dow Jones U.S. Total Stock Market Index contains essentially all publicly traded stocks in the U.S. Accordingly, it is the broadest available measure of the domestic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

Quarterly Excess Performance

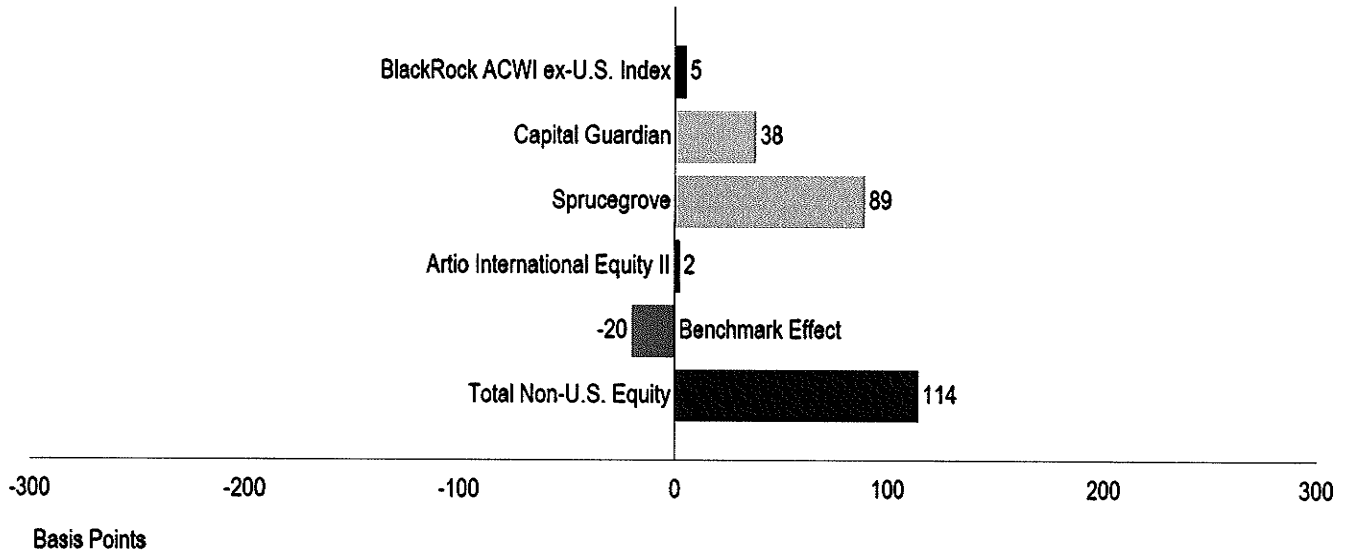


TOTAL NON-U.S. EQUITY

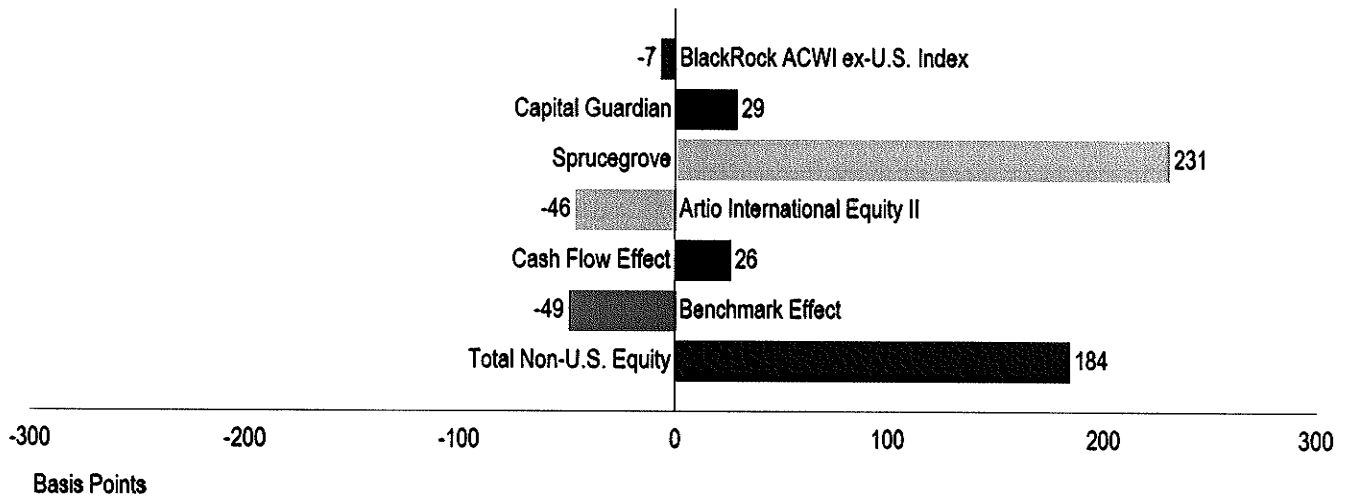
ASSET ALLOCATION ACTUAL AS OF 6/30/10



**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 6/30/10**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 6/30/10**



TOTAL NON-U.S. EQUITY

RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		10 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total Non-U.S. Equity	-11.3%	40	-9.4%	36	12.3%	31	-10.9%	45	2.9%	42	1.4%	59	6.4%	40	3/31/94
Performance Benchmark*	-12.4	63	-11.1	60	10.4	50	-10.7	41	3.4	32	1.8	52	4.9	75	
BlackRock ACWI ex-U.S. Index	-12.1	38	-10.4	33	11.3	27	-10.2	25	--	--	--	--	-7.2	24	3/31/07
Performance Benchmark	-12.2	40	-10.4	35	11.5	27	-10.2	25	--	--	--	--	-7.3	24	
Capital Guardian	-10.6	14	-9.5	23	11.8	26	-9.9	25	4.2	17	--	--	1.8	--	7/31/00
Performance Benchmark*	-12.4	48	-11.1	45	10.4	34	-10.7	28	3.4	24	--	--	2.2	--	
Sprucegrove	-9.7	10	-5.3	5	17.1	8	-10.2	25	2.8	30	--	--	7.3	20	3/31/02
MSCI EAFE Index	-14.0	77	-13.2	75	5.9	67	-13.4	61	0.9	67	--	--	4.5	66	
Artio International Equity II	-12.3	45	-12.1	58	7.3	58	--	--	--	--	--	--	5.1	--	10/31/08
MSCI All Country World ex-U.S. Index	-12.4	48	-11.1	45	10.4	34	--	--	--	--	--	--	14.5	--	

Commentary on Investment Performance

The non-U.S. equity component declined 11.3% but saved 110 basis points of value over the return of the MSCI All Country World ex-U.S. Index during the quarter. Outperformance was mainly attributed to positive results by Sprucegrove and Capital Guardian while Artio marginally saved value over its benchmark. Sprucegrove's favorable stock selection in Japan and Switzerland helped performance. Additionally, positive stock selection within the materials, financials, and consumer discretionary sectors aided Capital Guardian's above-benchmark return. Artio marginally saved value relative to its benchmark mostly as a result of security selection in the developed markets excluding Japan.

Longer term performance has been mixed, with the year-to-date, trailing one-year, and since-inception returns outperforming while the three-, five-, and ten-year trailing returns have underperformed.

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.

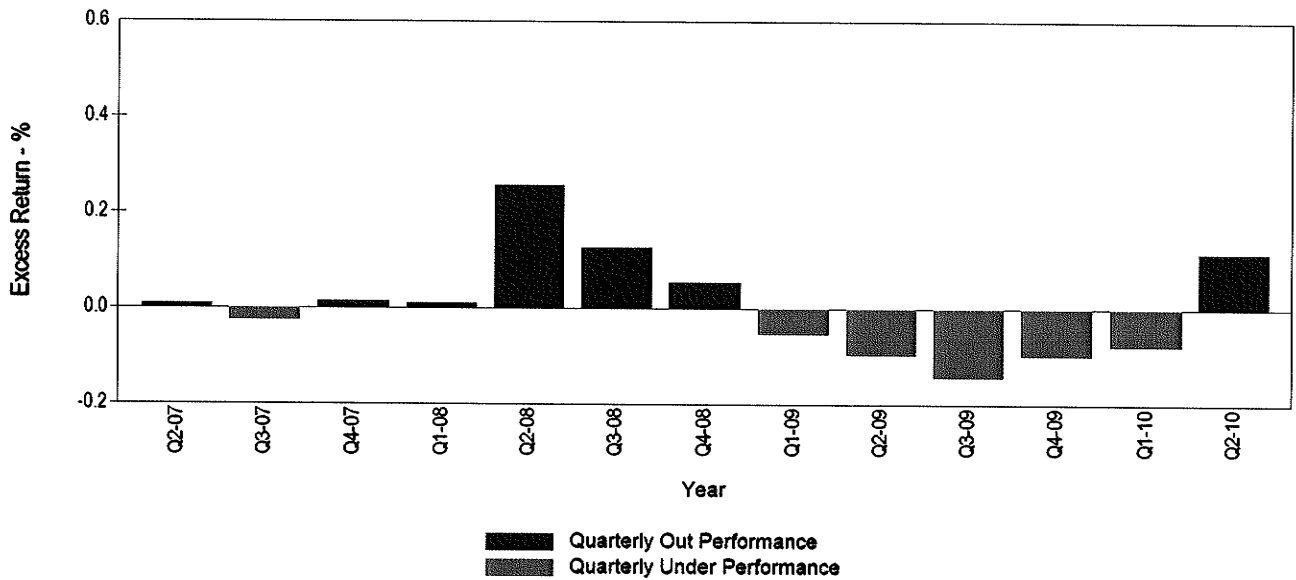
**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BlackRock ACWI ex-U.S. Index	-12.1 %	38	-10.4 %	33	11.3 %	27	-7.2 %	24	3/31/07
Performance Benchmark	-12.2	40	-10.4	35	11.5	27	-7.3	24	

Philosophy and Process

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

Quarterly Excess Performance



CAPITAL GUARDIAN

RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Capital Guardian	-10.6%	14	-9.5%	23	11.8%	26	-9.9%	25	4.2%	17	1.8%	--	7/31/00
Performance Benchmark*	-12.4	48	-11.1	45	10.4	34	-10.7	28	3.4	24	2.2	--	

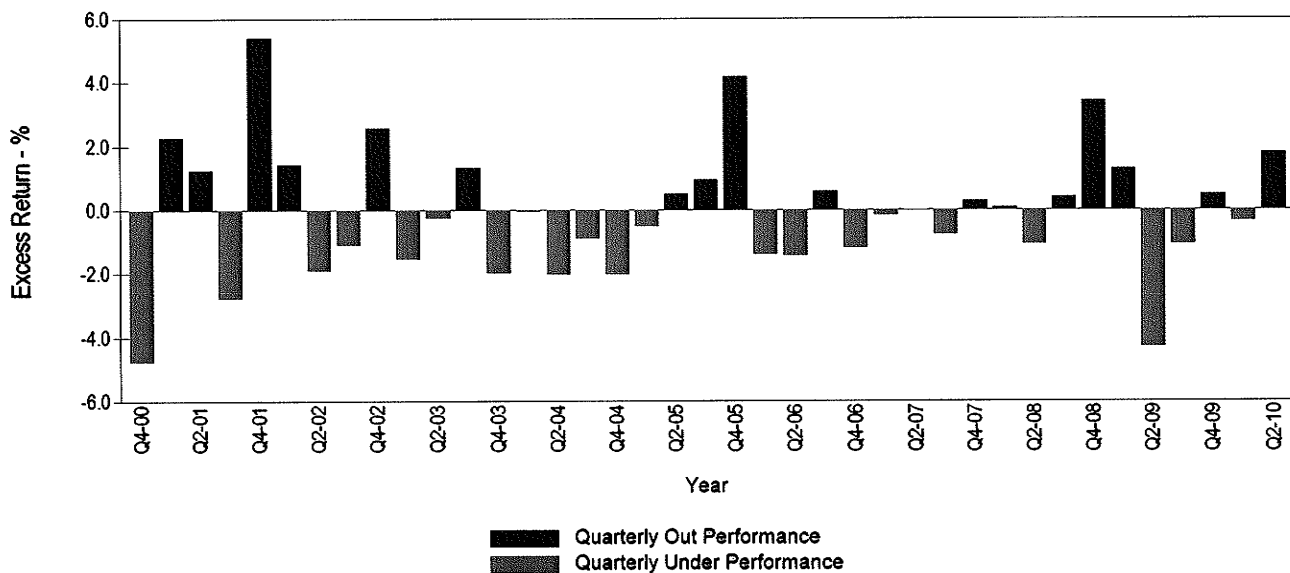
Philosophy and Process

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.

Manager Update

Earlier this year the Board decided to terminate Capital Guardian and allocate assets to two new non-U.S. equity managers, Walter Scott, based out of the U.K., and Hexavest, from Canada. Capital Guardian has been notified of their pending termination and a transition manager, StateStreet Bank, will unwind its portfolio.

Quarterly Excess Performance



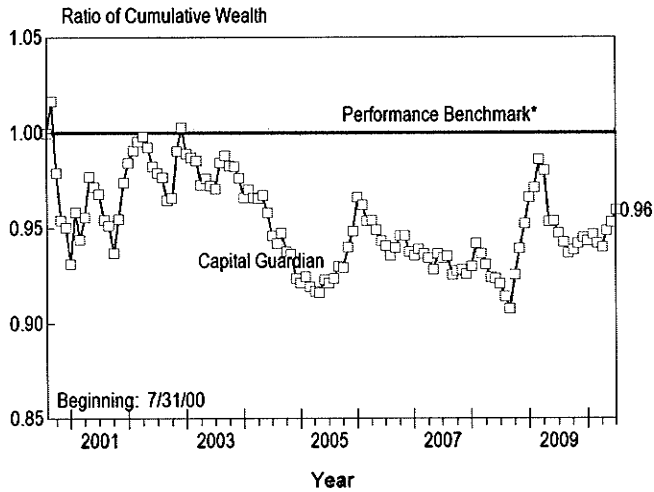
*The MSCI All Country World ex-U.S. Index. Prior to May 2002, the MSCI EAFE Index.

COUNTRY ALLOCATION RETURNS
3 MONTHS ENDING 6/30/10

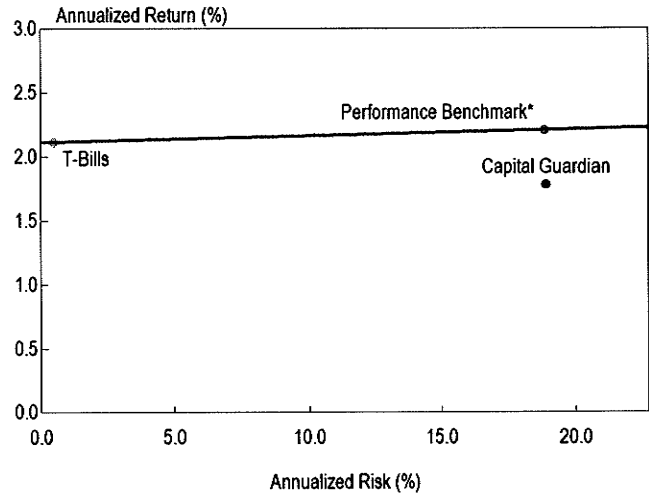
	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	1.0 %	0.2 %	-22.4 %
Belgium	0.0	0.7	-12.7
Czech Republic*	0.0	0.1	-13.6
Denmark	1.3	0.7	-5.4
Finland	0.9	0.7	-26.4
France	9.5	6.7	-18.9
Germany	8.0	5.4	-12.8
Greece	0.0	0.2	-40.5
Hungary*	0.0	0.1	-30.2
Ireland	1.2	0.2	-19.8
Italy	0.7	2.0	-21.6
Netherlands	3.9	1.8	-13.2
Norway	0.2	0.5	-18.1
Poland*	0.5	0.3	-21.8
Portugal	0.0	0.2	-17.5
Russia*	1.0	1.5	-15.6
Spain	0.8	2.4	-20.8
Sweden	1.0	2.0	-7.2
Switzerland	6.2	5.5	-11.8
United Kingdom	10.3	14.5	-13.9
Asia/Pacific			
Australia	2.1 %	5.6 %	-19.0 %
China*	4.2	4.4	-4.6
Hong Kong	1.0	1.8	-5.8
India*	4.3	1.9	-2.2
Indonesia*	0.5	0.6	4.2
Japan	16.2	16.0	-10.1
Korea*	3.4	3.2	-7.6
Malaysia*	0.7	0.7	0.2
New Zealand	0.0	0.1	-10.7
Pakistan*	0.0	-	-
Philippines*	0.0	0.1	2.8
Singapore	0.3	1.2	0.0
Sri Lanka*	0.0	-	-
Taiwan, China*	2.5	2.5	-9.3
Thailand*	0.5	0.4	-1.8
Americas			
Argentina*	0.0 %	-	-
Brazil*	4.1	3.6 %	-15.3 %
Canada	3.6	7.9	-10.5
Chile*	0.0	0.4	2.6
Colombia*	0.0	0.2	3.6
Mexico*	2.8	1.0	-9.0
Peru*	0.0	0.2	4.2
United States	0.9	0.0	-11.7
Venezuela*	0.0	-	-
Other			
Egypt*	0.0 %	0.1 %	-13.4 %
Israel*	1.6	0.6	-18.6
Morocco*	0.0	0.0	-4.4
Jordan*	0.0	-	-
Other Countries*	0.0	-	-
South Africa*	1.8	1.7	-9.5
Turkey*	0.1	0.4	-4.4
Cash			
Cash	2.8 %	-	-
Total	100.0 %	100.0 %	-12.4 %
Developed	69.2	76.2	
Emerging*	28.0	23.9	
Cash	2.8	-	

CAPITAL GUARDIAN

RATIO OF CUMULATIVE WEALTH 9 YEARS 11 MONTHS ENDING 6/30/10



ANNUALIZED RISK RETURN 9 YEARS 11 MONTHS ENDING 6/30/10



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	38.1	30	41.4	21	-3.3
2010 (6 months)	-9.5	23	-11.1	45	1.6
Trailing 1-Year	11.8%	26	10.4%	34	1.4
Trailing 3-Year	-9.9	25	-10.7	28	0.8
Trailing 5-Year	4.2	17	3.4	24	0.8
Since Inception (7/31/00)	1.8	--	2.2	--	-0.4

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 6/30/10**

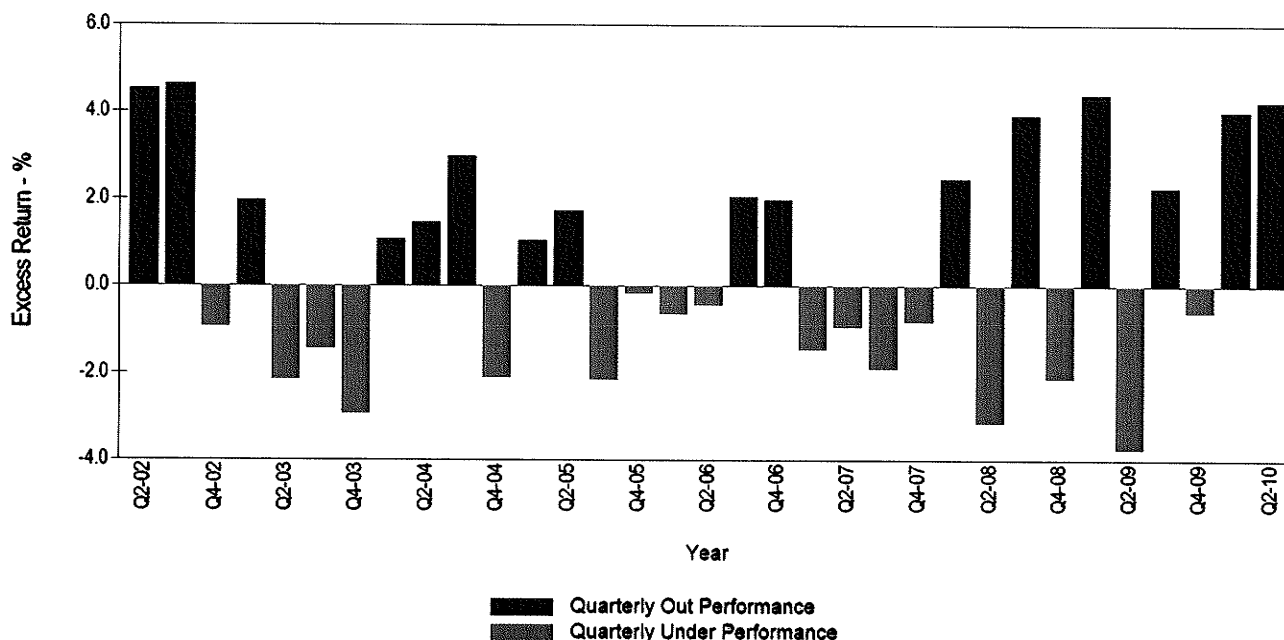
	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Sprucegrove	-9.7%	10	-5.3%	5	17.1%	8	-10.2%	25	2.8%	30	7.3%	20	3/31/02
MSCI EAFE Index	-14.0	77	-13.2	75	5.9	67	-13.4	61	0.9	67	4.5	66	

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 Excess Performance

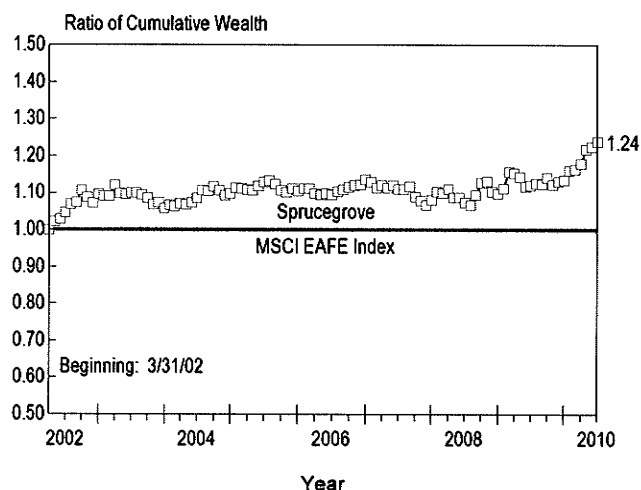


SPRUCEGROVE

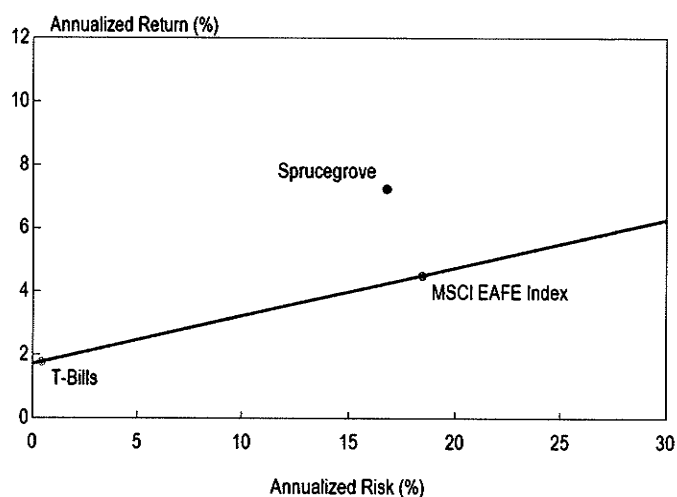
COUNTRY ALLOCATION/RETURNS 3 MONTHS ENDING 6/30/10

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.0 %	0.3 %	-22.4 %
Belgium	0.0	0.9	-12.7
Czech Republic*	0.0	--	-13.6
Denmark	0.0	1.0	-5.4
Finland	0.9	1.0	-26.4
France	3.0	9.8	-18.9
Germany	3.9	7.8	-12.8
Greece	0.0	0.3	-40.5
Hungary*	0.6	--	-30.2
Ireland	5.0	0.3	-19.8
Italy	2.8	2.8	-21.6
Netherlands	2.8	2.6	-13.2
Norway	0.0	0.7	-18.1
Poland*	0.0	--	-21.8
Portugal	0.0	0.3	-17.5
Russia*	0.0	0.0	-15.6
Spain	2.0	3.5	-20.8
Sweden	0.0	2.9	-7.2
Switzerland	11.1	8.0	-11.8
United Kingdom	18.3	21.0	-13.9
Asia/Pacific			
Australia	2.4 %	8.1 %	-19.0 %
China*	1.3	--	-4.6
Hong Kong	5.0	2.6	-5.8
India*	1.7	--	-2.2
Indonesia*	0.0	--	4.2
Japan	21.2	23.3	-10.1
Korea*	3.7	--	-7.6
Malaysia*	0.8	--	0.2
New Zealand	0.0	0.1	-10.7
Pakistan*	0.0	--	--
Philippines*	0.0	--	2.8
Singapore	5.7	1.7	0.0
Sri Lanka*	0.0	--	--
Taiwan, China*	0.0	--	-9.3
Thailand*	0.0	--	-1.8
Americas			
Argentina*	0.0 %	--	--
Brazil*	1.5	--	-15.3 %
Canada	2.4	--	-10.5
Chile*	0.0	--	2.6
Colombia*	0.0	--	3.6
Mexico*	0.0	--	-9.0
Peru*	0.0	--	4.2
United States	0.0	--	-11.7
Venezuela*	0.0	--	--
Other			
Egypt*	0.0 %	--	-13.4 %
Israel*	0.0	0.9 %	-18.6
Morocco*	0.0	--	-4.4
Jordan*	0.0	--	--
Other Countries*	0.0	--	--
South Africa*	1.9	--	-9.5
Turkey*	0.0	--	-4.4
Cash			
Cash	2.0 %	--	--
Total	100.0 %	100.0 %	-14.0 %
Developed	86.5	99.1	
Emerging*	11.5	0.9	
Cash	2.0	--	

**RATIO OF CUMULATIVE WEALTH
8 YEARS 3 MONTHS ENDING 6/30/10**



**ANNUALIZED RISK RETURN
8 YEARS 3 MONTHS ENDING 6/30/10**



**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	36.1	34	31.8	55	4.3
2010 (6 months)	-5.3	5	-13.2	75	7.9
Trailing 1-Year	17.1%	8	5.9%	67	11.2
Trailing 3-Year	-10.2	25	-13.4	61	3.2
Trailing 5-Year	2.8	30	0.9	67	1.9
Since Inception (3/31/02)	7.3	20	4.5	66	2.8

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

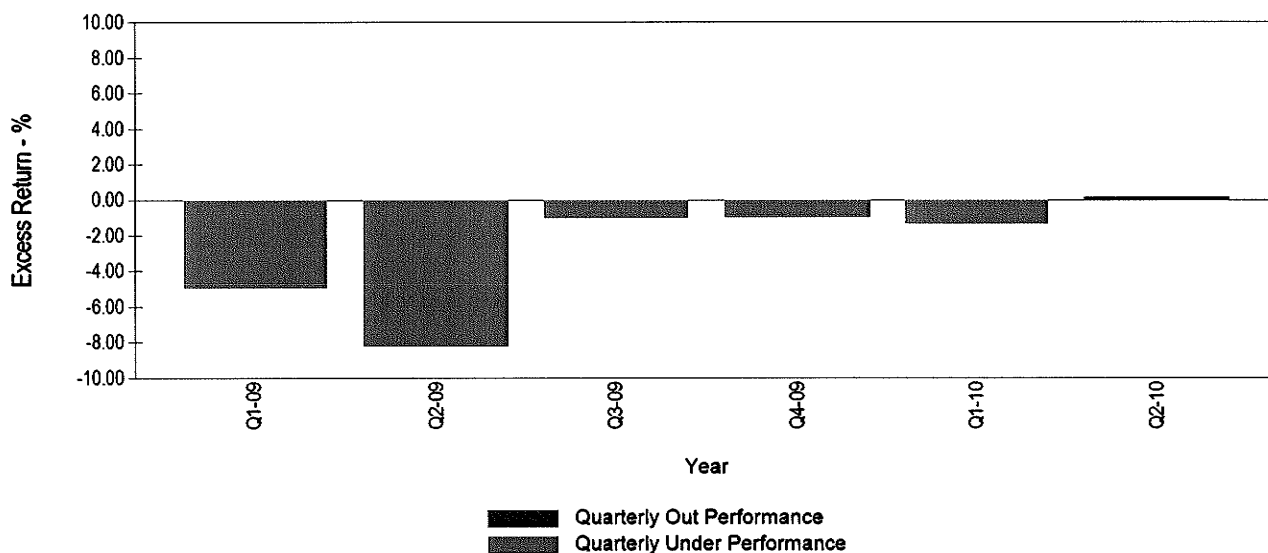
RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Artio International Equity II	-12.3%	45	-12.1%	58	7.3%	58	5.1%	--	10/31/08
MSCI All Country World ex-U.S. Index	-12.4	48	-11.1	45	10.4	34	14.5	-	

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.

Quarterly Excess Performance



ARTIO INTERNATIONAL EQUITY II

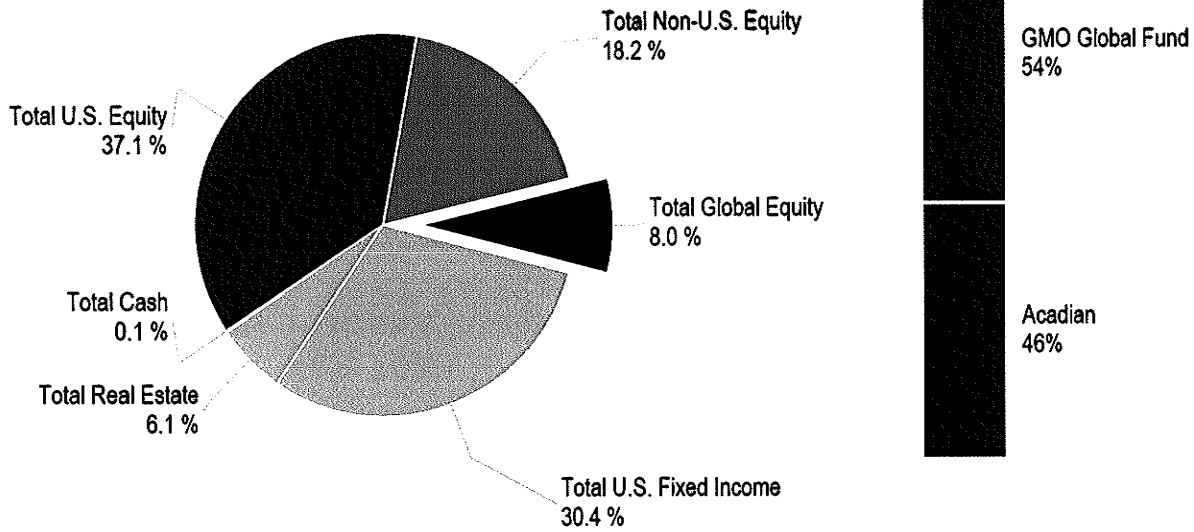
COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 6/30/10

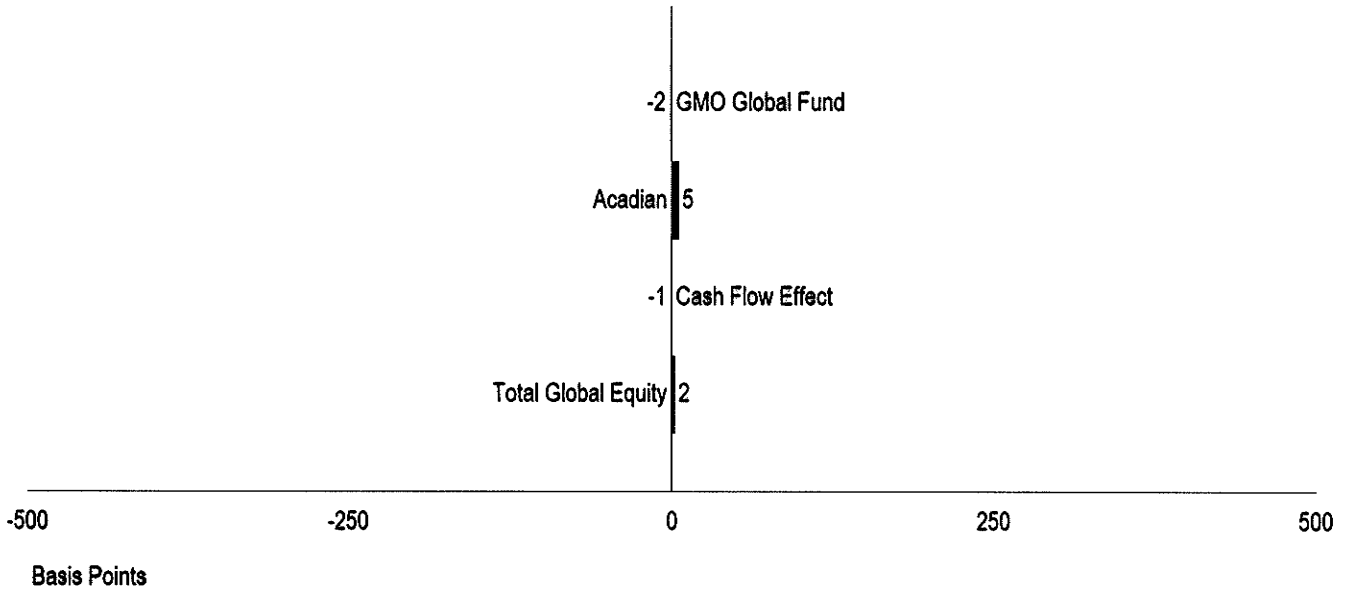
	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	1.4 %	0.2 %	-22.4 %
Belgium	0.3	0.7	-12.7
Czech Republic*	1.1	0.1	-13.6
Denmark	0.8	0.7	-5.4
Finland	1.0	0.7	-26.4
France	5.6	6.7	-18.9
Germany	6.6	5.4	-12.8
Greece	0.3	0.2	-40.5
Hungary*	0.6	0.1	-30.2
Ireland	0.1	0.2	-19.8
Italy	0.8	2.0	-21.6
Netherlands	4.9	1.8	-13.2
Norway	1.1	0.5	-18.1
Poland*	1.6	0.3	-21.8
Portugal	0.2	0.2	-17.5
Russia*	5.5	1.5	-15.6
Spain	0.2	2.4	-20.8
Sweden	1.0	2.0	-7.2
Switzerland	7.1	5.5	-11.8
United Kingdom	13.7	14.5	-13.9
Asia/Pacific			
Australia	1.2 %	5.6 %	-19.0 %
China*	3.5	4.4	-4.6
Hong Kong	0.1	1.8	-5.8
India*	3.2	1.9	-2.2
Indonesia*	0.2	0.6	4.2
Japan	9.7	16.0	-10.1
Korea*	1.5	3.2	-7.6
Malaysia*	0.0	0.7	0.2
New Zealand	0.0	0.1	-10.7
Pakistan*	0.0	-	-
Philippines*	0.0	0.1	2.8
Singapore	0.0	1.2	0.0
Sri Lanka*	0.0	-	-
Taiwan, China*	2.8	2.5	-9.3
Thailand*	0.1	0.4	-1.8
Americas			
Argentina*	0.0 %	-	-
Brazil*	1.8	3.6 %	-15.3 %
Canada	7.3	7.9	-10.5
Chile*	0.0	0.4	2.6
Colombia*	0.0	0.2	3.6
Mexico*	1.5	1.0	-9.0
Peru*	0.1	0.2	4.2
United States	3.8	0.0	-11.7
Venezuela*	0.0	-	-
Other			
Egypt*	0.0 %	0.1 %	-13.4 %
Israel*	0.5	0.6	-18.6
Morocco*	0.0	0.0	-4.4
Jordan*	0.0	-	-
Other Countries*	0.3	-	-
South Africa*	2.3	1.7	-9.5
Turkey*	0.0	0.4	-4.4
Cash			
Cash	6.1 %	-	-
Total	100.0 %	100.0 %	-12.4 %
Developed	67.3	76.2	
Emerging*	26.7	23.9	
Cash	6.1	-	

TOTAL GLOBAL EQUITY

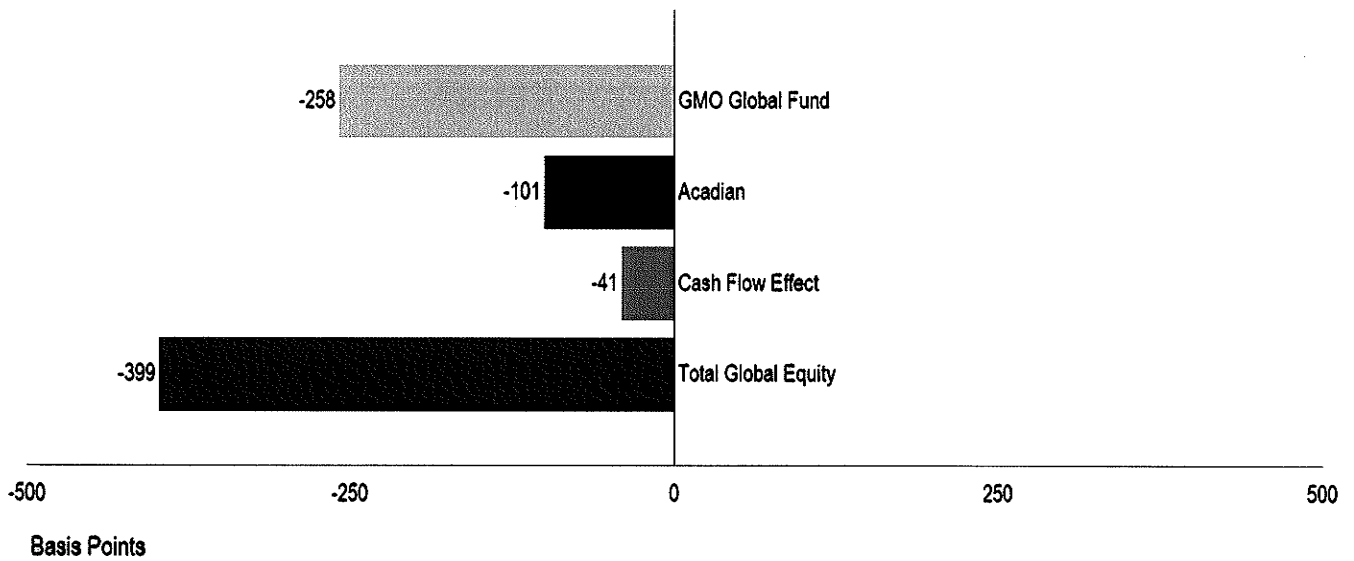
ASSET ALLOCATION ACTUAL AS OF 6/30/10



**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 6/30/10**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 6/30/10**



TOTAL GLOBAL EQUITY

RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total Global Equity	-12.1%	40	-10.1%	54	7.8%	85	-11.9%	58	-0.1%	--	4/30/05
MSCI All Country World Index	-12.1	41	-9.4	43	11.8	42	-10.5	42	1.7	--	
GMO Global Fund	-12.2	42	-10.4	59	7.1	89	-8.9	24	2.2	--	4/30/05
MSCI All Country World Index	-12.1	41	-9.4	43	11.8	42	-10.5	42	1.7	--	
Acadian	-12.0	36	-9.6	47	9.4	61	--	--	-20.9	--	5/31/08
MSCI All Country World Index	-12.1	41	-9.4	43	11.8	42	--	--	-14.3	--	

Commentary on Investment Performance

During the second quarter, the global equity portfolio returned -12.1%, approximating the return of the MSCI All Country World Index. GMO slightly underperformed while Acadian added incremental value. GMO was hampered by poor stock selection within its fixed income and U.S. sectors while superior stock selection within non-U.S. strategies saved value. Acadian's poor stock selection within large capitalization firms was overcome by beneficial stock selection in small and median-capitalization firms. In addition, Acadian's overweight allocations to the emerging markets of Thailand and Chile aided performance for the quarter.

The global equity portfolio has lagged the return of the MSCI All Country World Index during all long-term periods shown above.

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.

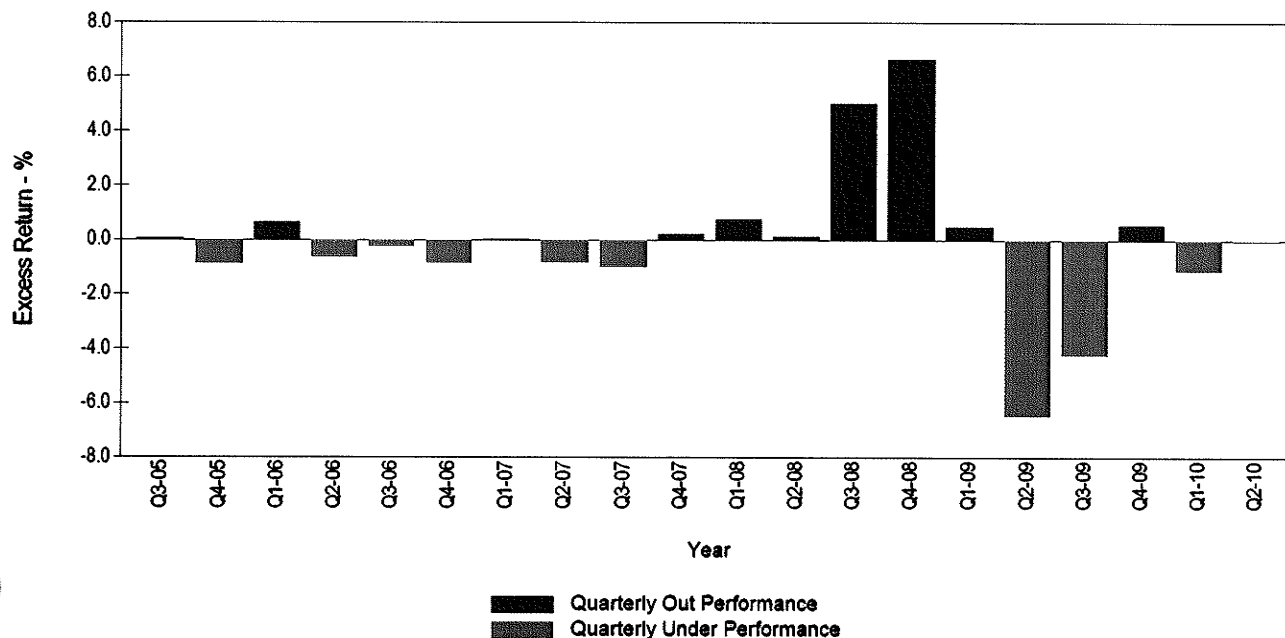
**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
GMO Global Fund	-12.2%	42	-10.4%	59	7.1%	89	-8.9%	24	2.2%	--	4/30/05
MSCI All Country World Index	-12.1	41	-9.4	43	11.8	42	-10.5	42	1.7	--	

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, portfolio will tend to exhibit value characteristics.

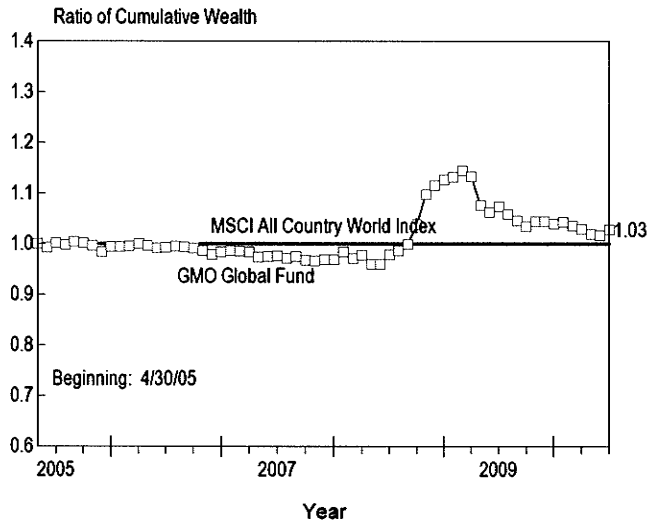
Quarterly Excess Performance



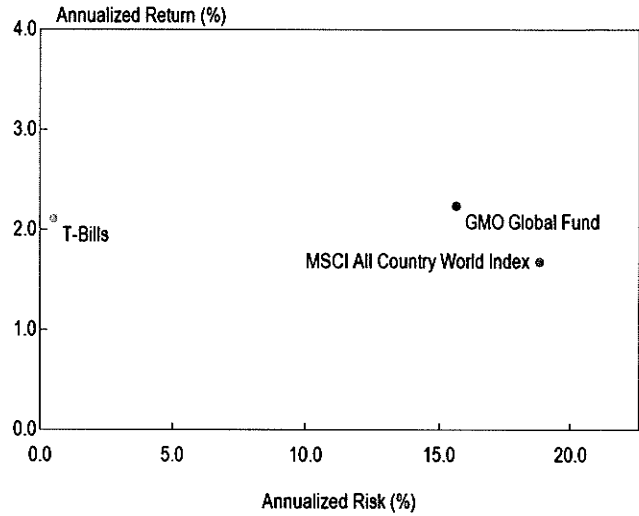
COUNTRY ALLOCATION/RETURNS
3 MONTHS ENDING 6/30/10

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.2 %	0.1 %	-22.4 %
Belgium	0.7	0.4	-12.7
Czech Republic*	0.3	0.1	-13.6
Denmark	0.5	0.4	-5.4
Finland	0.3	0.4	-26.4
France	4.4	3.8	-18.9
Germany	2.0	3.1	-12.8
Greece	0.2	0.1	-40.5
Hungary*	0.3	0.1	-30.2
Ireland	0.2	0.1	-19.8
Italy	2.3	1.1	-21.6
Netherlands	1.7	1.0	-13.2
Norway	0.4	0.3	-18.1
Poland*	0.2	0.2	-21.8
Portugal	0.0	0.1	-17.5
Russia*	2.5	0.8	-15.6
Spain	0.8	1.4	-20.8
Sweden	1.6	1.1	-7.2
Switzerland	5.0	3.2	-11.8
United Kingdom	9.5	8.3	-13.9
Asia/Pacific			
Australia	1.3 %	3.2 %	-19.0 %
China*	1.2	2.5	-4.6
Hong Kong	0.6	1.0	-5.8
India*	0.9	1.1	-2.2
Indonesia*	0.4	0.3	4.2
Japan	10.6	9.1	-10.1
Korea*	3.2	1.8	-7.6
Malaysia*	0.2	0.4	0.2
New Zealand	0.1	0.0	-10.7
Pakistan*	0.0	-	-
Philippines*	0.1	0.1	2.8
Singapore	1.5	0.7	0.0
Sri Lanka*	0.0	-	-
Taiwan, China*	1.3	1.4	-9.3
Thailand*	1.1	0.2	-1.8
Americas			
Argentina*	0.0 %	-	-
Brazil*	2.0	2.0 %	-15.3 %
Canada	0.3	4.5	-10.5
Chile*	0.0	0.2	2.6
Colombia*	0.0	0.1	3.6
Mexico*	0.4	0.6	-9.0
Peru*	0.1	0.1	4.2
United States	34.6	43.0	-11.7
Venezuela*	0.0	-	-
Other			
Egypt*	0.3 %	0.1 %	-13.4 %
Israel*	0.1	0.3	-18.6
Morocco*	0.0	0.0	-4.4
Jordan*	0.0	-	-
Other Countries*	0.0	-	-
South Africa*	0.3	0.9	-9.5
Turkey*	1.3	0.2	-4.4
Cash			
Cash	5.0 %	-	-
Total	100.0 %	100.0 %	-12.1 %
Developed	78.8	86.4	
Emerging*	16.2	13.6	
Cash	5.0	-	

**RATIO OF CUMULATIVE WEALTH
5 YEARS 2 MONTHS ENDING 6/30/10**



**ANNUALIZED RISK RETURN
5 YEARS 2 MONTHS ENDING 6/30/10**



**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	24.3	86	34.6	31	-10.3
2010 (6 months)	-10.4	59	-9.4	43	-1.0
Trailing 1-Year	7.1 %	89	11.8 %	42	-4.7
Trailing 3-Year	-8.9	24	-10.5	42	1.6
Since Inception (4/30/05)	2.2	--	1.7	--	0.5

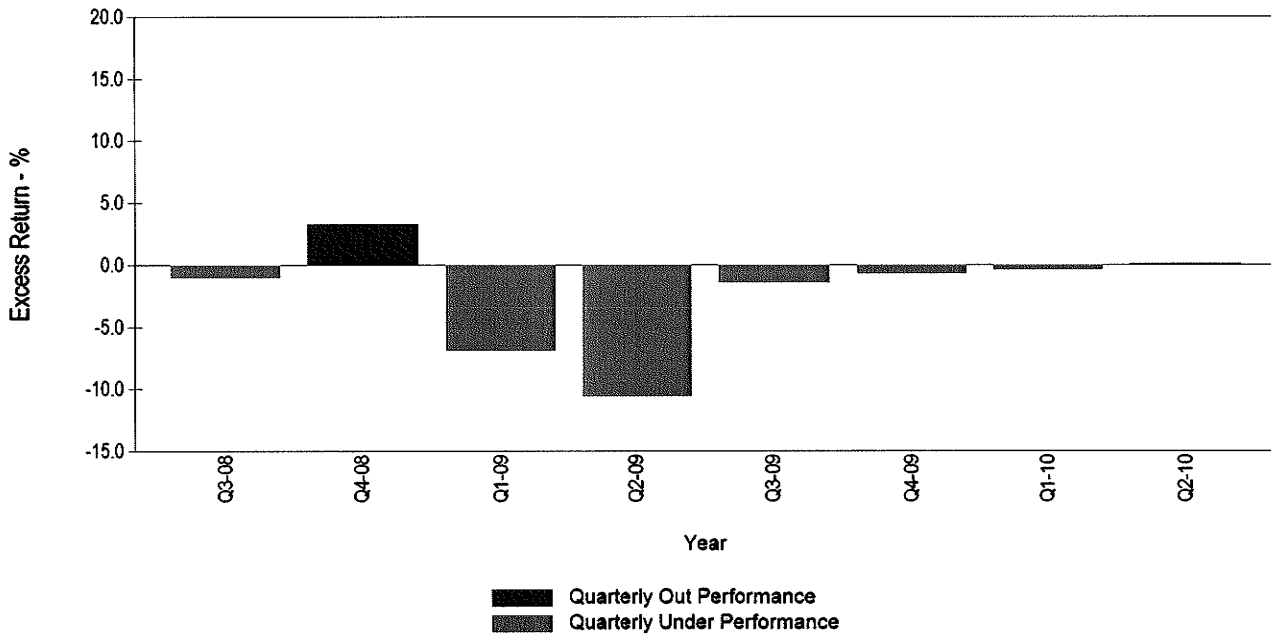
**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Acadian	-12.0%	36	-9.6%	47	9.4%	61	-20.9%	--	5/31/08
MSCI All Country World Index	-12.1	41	-9.4	43	11.8	42	-14.3	--	

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 from 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 Excess Performance

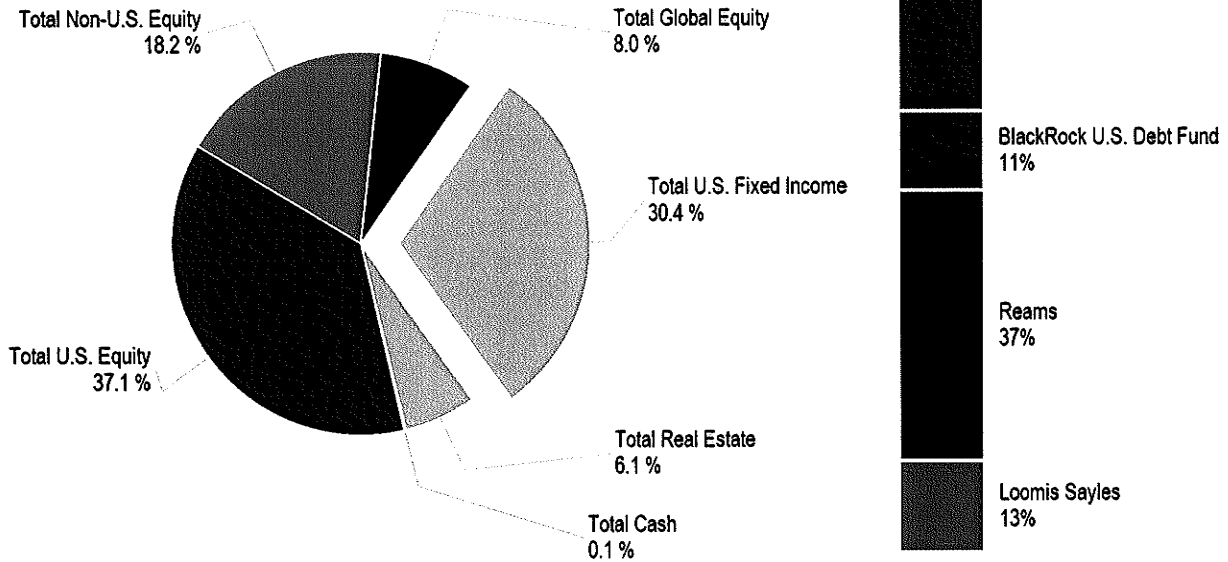


COUNTRY ALLOCATION/RETURNS
MONTHS ENDING 6/30/10

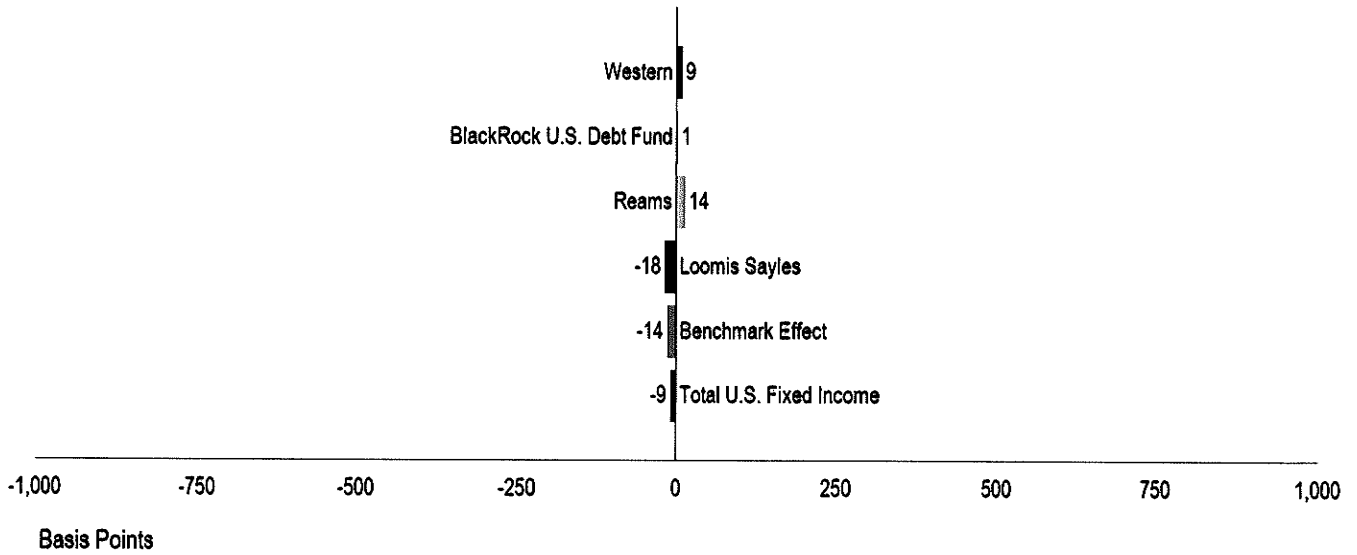
	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.0 %	0.1 %	-22.4 %
Belgium	0.1	0.4	-12.7
Czech Republic*	0.0	0.1	-13.6
Denmark	-0.2	0.4	-5.4
Finland	0.2	0.4	-26.4
France	3.8	3.8	-18.9
Germany	5.1	3.1	-12.8
Greece	0.3	0.1	-40.5
Hungary*	0.0	0.1	-30.2
Ireland	-0.9	0.1	-19.8
Italy	1.6	1.1	-21.6
Netherlands	-1.3	1.0	-13.2
Norway	0.0	0.3	-18.1
Poland*	0.7	0.2	-21.8
Portugal	0.0	0.1	-17.5
Russia*	0.5	0.8	-15.6
Spain	-0.7	1.4	-20.8
Sweden	1.0	1.1	-7.2
Switzerland	0.0	3.2	-11.8
United Kingdom	4.3	8.3	-13.9
Asia/Pacific			
Australia	4.6 %	3.2 %	-19.0 %
China*	2.5	2.5	-4.6
Hong Kong	0.4	1.0	-5.8
India*	0.2	1.1	-2.2
Indonesia*	1.0	0.3	4.2
Japan	10.7	9.1	-10.1
Korea*	1.9	1.8	-7.6
Malaysia*	0.0	0.4	0.2
New Zealand	0.0	0.0	-10.7
Pakistan*	0.0	-	-
Philippines*	0.2	0.1	2.8
Singapore	2.2	0.7	0.0
Sri Lanka*	0.0	-	-
Taiwan, China*	2.5	1.4	-9.3
Thailand*	4.7	0.2	-1.8
Americas			
Argentina*	0.0 %	-	-
Brazil*	1.0	2.0 %	-15.3 %
Canada	1.3	4.5	-10.5
Chile*	1.9	0.2	2.6
Colombia*	0.0	0.1	3.6
Mexico*	3.0	0.6	-9.0
Peru*	0.0	0.1	4.2
United States	47.2	43.0	-11.7
Venezuela*	0.0	-	-
Other			
Egypt*	0.0 %	0.1 %	-13.4 %
Israel*	0.0	0.3	-18.6
Morocco*	0.0	0.0	-4.4
Jordan*	0.0	-	-
Other Countries*	0.0	-	-
South Africa*	0.0	0.9	-9.5
Turkey*	0.0	0.2	-4.4
Cash			
Cash	0.0 %	-	-
Total	100.0 %	100.0 %	-12.1 %
Developed	79.8	86.4	
Emerging*	20.2	13.6	
Cash	0.0	-	

TOTAL U.S. FIXED INCOME

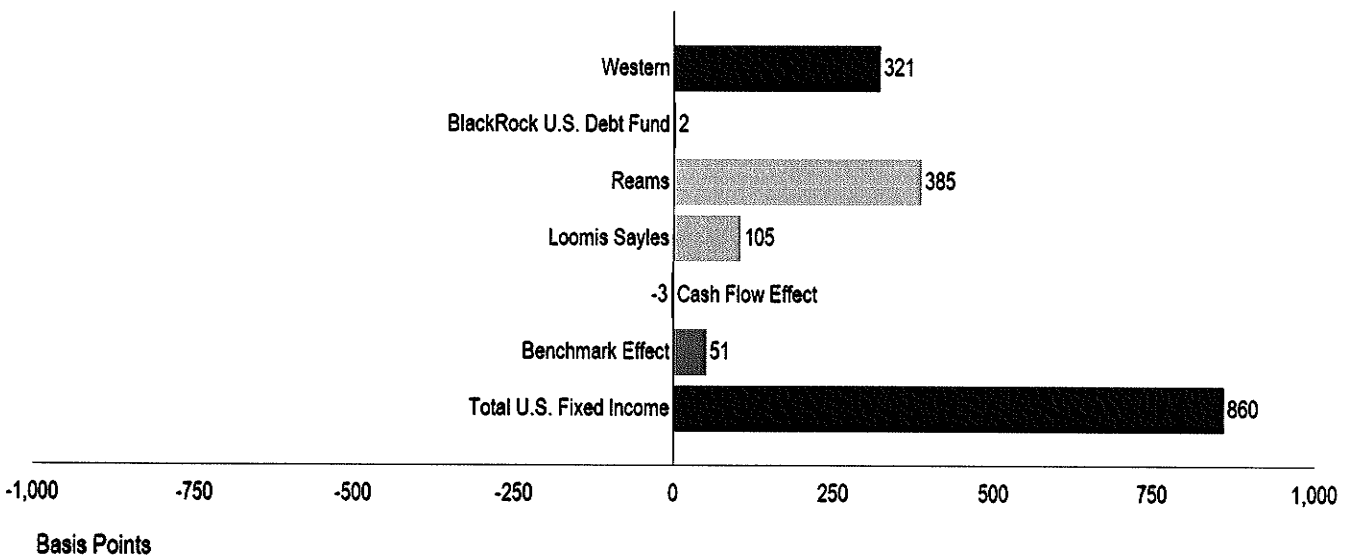
ASSET ALLOCATION ACTUAL AS OF 6/30/10



**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 6/30/10**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 6/30/10**



TOTAL U.S. FIXED INCOME

RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		10 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total U.S. Fixed Income	3.4 %	42	6.9 %	11	18.1 %	12	8.9 %	8	6.6 %	7	7.2 %	13	6.6 %	--	2/28/94
Barclays Capital Aggregate Bond Index	3.5	30	5.3	54	9.5	85	7.5	39	5.5	35	6.5	53	6.4	--	
Western	3.7	9	7.4	7	17.5	13	6.6	75	5.0	78	7.0	22	6.7	18	12/31/96
Barclays Capital Aggregate Bond Index	3.5	26	5.3	66	9.5	90	7.5	59	5.5	61	6.5	63	6.4	59	
BlackRock U.S. Debt Fund	3.5	21	5.4	59	9.6	89	7.7	56	5.6	56	6.5	54	6.3	--	11/30/95
Barclays Capital Aggregate Bond Index	3.5	26	5.3	66	9.5	90	7.5	59	5.5	61	6.5	63	6.2	--	
Reams	3.9	6	7.2	8	19.3	7	11.3	2	8.2	1	--	--	6.9	8	9/30/01
Barclays Capital Aggregate Bond Index	3.5	26	5.3	66	9.5	90	7.5	59	5.5	61	--	--	5.6	65	
Loomis Sayles	1.0	99	5.6	49	23.3	1	6.9	73	--	--	--	--	6.6	--	7/31/05
Performance Benchmark	2.4	87	4.9	85	14.0	33	7.2	70	--	--	--	--	6.2	--	

Commentary on Investment Performance

The fixed income portfolio gained 3.4% during the quarter, lagging the return of the Barclays Capital Aggregate Bond Index by 10 basis points. Western and Reams outperformed their benchmarks for the quarter while Loomis Sayles lagged. Western's exposure to non-agency mortgage-backed securities aided performance as higher quality bonds outperformed lower quality bonds. Reams' security and sector selection proved positive, particularly within the high yield securities and commercial mortgage-backed securities. Loomis Sayles was hurt by poor stock selection within high yield and investment grade credit.

During the trailing one-year period, the fixed income component outperformed its benchmark by 8.6 percentage points. Each of the component's active managers contributed positively to outperformance. Longer-term performance remains favorable as shown in the table 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) underperforming the fixed income component's benchmark (Barclays Capital Aggregate Bond Index). Additionally, the benchmark effect in the quarter and one-year attribution graphs 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).

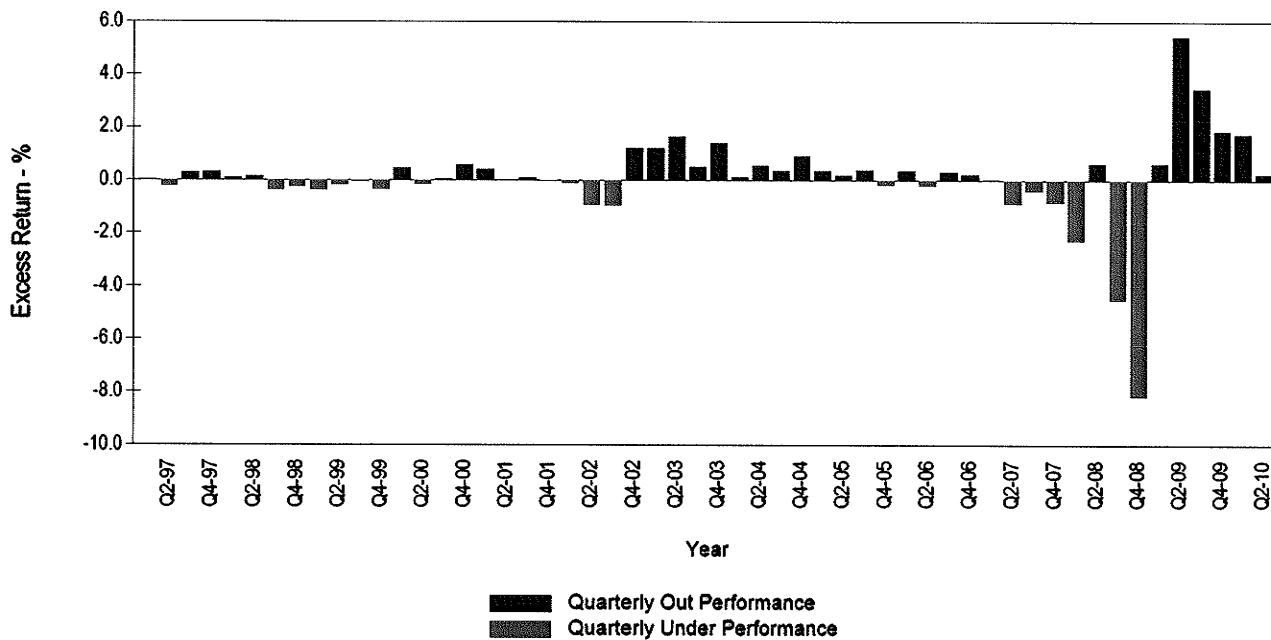
**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		10 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Western	3.7%	9	7.4%	7	17.5%	13	6.6%	75	5.0%	78	7.0%	22	6.7%	18	12/31/96
Barclays Capital Aggregate Bond Index	3.5	26	5.3	66	9.5	90	7.5	59	5.5	61	6.5	63	6.4	59	

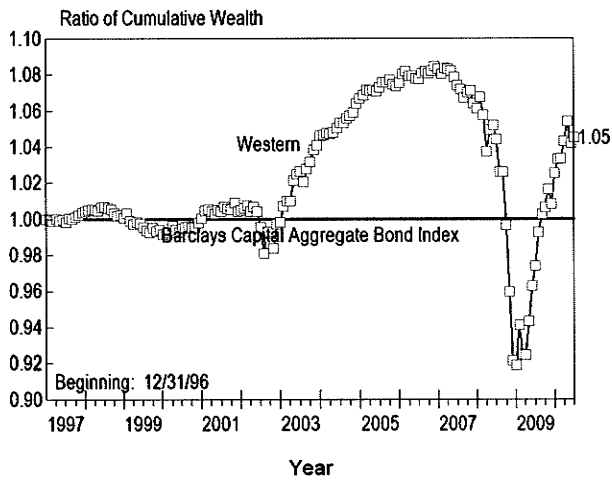
Philosophy and Process

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.

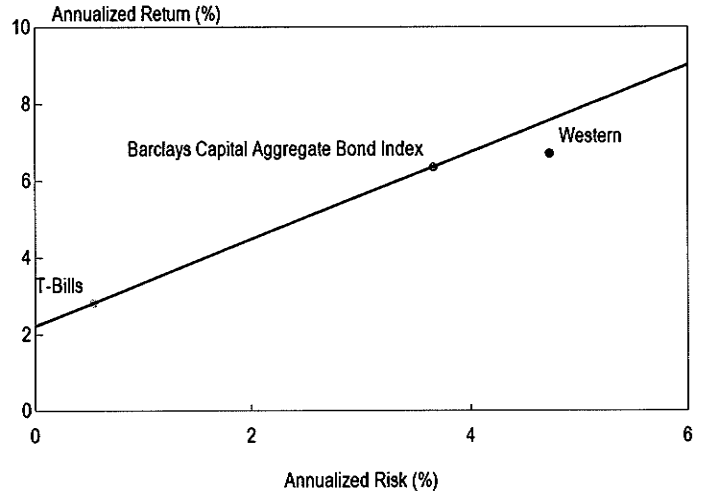
Quarterly Excess Performance



**RATIO OF CUMULATIVE WEALTH
13 YEARS 6 MONTHS ENDING 6/30/10**

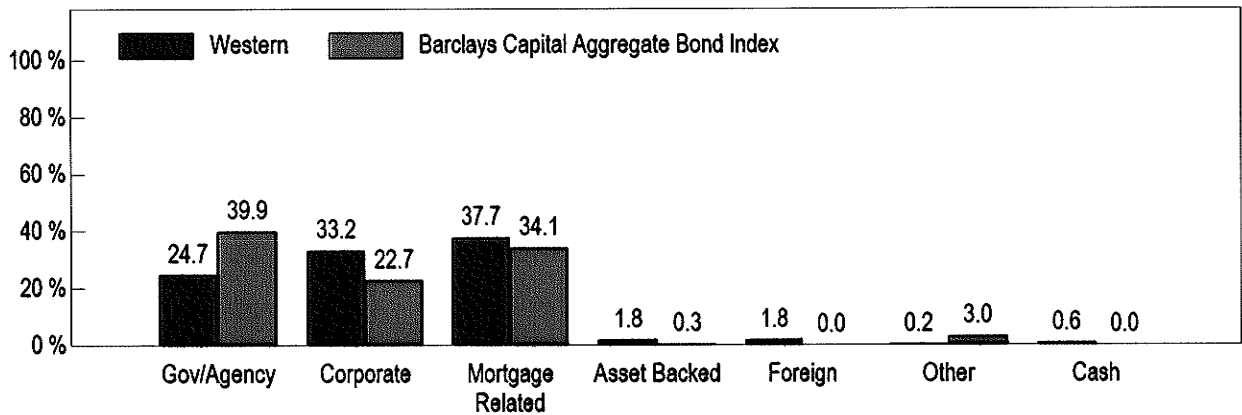


**ANNUALIZED RISK RETURN
13 YEARS 6 MONTHS ENDING 6/30/10**



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 6/30/10
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	18.2	21	5.9	92	12.3
2010 (6 months)	7.4	7	5.3	66	2.1
Trailing 1-Year	17.5%	13	9.5%	90	8.0
Trailing 3-Year	6.6	75	7.5	59	-0.9
Trailing 5-Year	5.0	78	5.5	61	-0.5
Trailing 10-Year	7.0	22	6.5	63	0.5
Since Inception (12/31/96)	6.7	18	6.4	59	0.3

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

BLACKROCK U.S. DEBT FUND

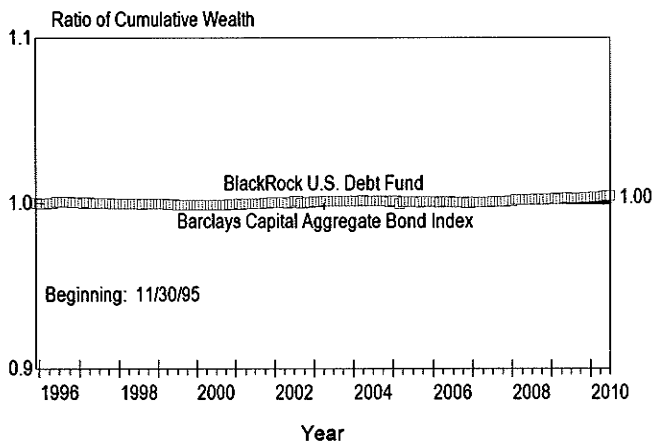
RETURN SUMMARY ENDING 6/30/10

	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		10 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BlackRock U.S. Debt Fund	3.5%	21	5.4%	59	9.6%	89	7.7%	56	5.6%	56	6.5%	54	6.3%	--	11/30/95
Barclays Capital Aggregate Bond Index	3.5	26	5.3	66	9.5	90	7.5	59	5.5	61	6.5	63	6.2	--	

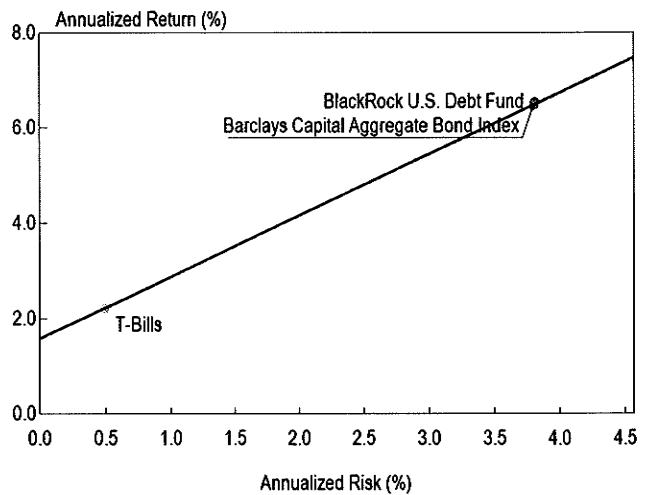
Philosophy and Process

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

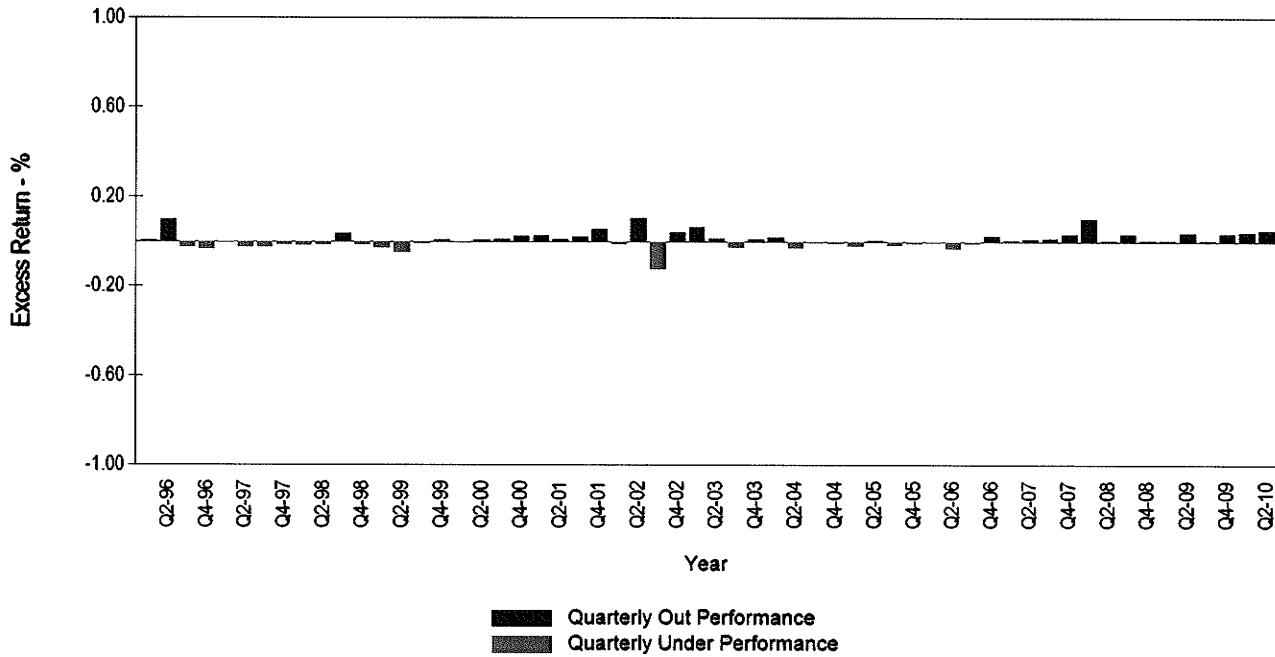
**RATIO OF CUMULATIVE WEALTH
14 YEARS 7 MONTHS ENDING 6/30/10**



**ANNUALIZED RISK RETURN
10 YEARS 3 MONTHS ENDING 6/30/10**



Quarterly Excess Performance



STORICAL RETURNS
(BY YEAR)

	BlackRock 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	6.0	91	5.9	92	0.1
2010 (6 months)	5.4	59	5.3	66	0.1
Trailing 1-Year	9.6 %	89	9.5 %	90	0.1
Trailing 3-Year	7.7	56	7.5	59	0.2
Trailing 5-Year	5.6	56	5.5	61	0.1
Trailing 10-Year	6.5	54	6.5	63	0.0
Since Inception (11/30/95)	6.3	--	6.2	--	0.1

**RETURN SUMMARY
ENDING 6/30/10**

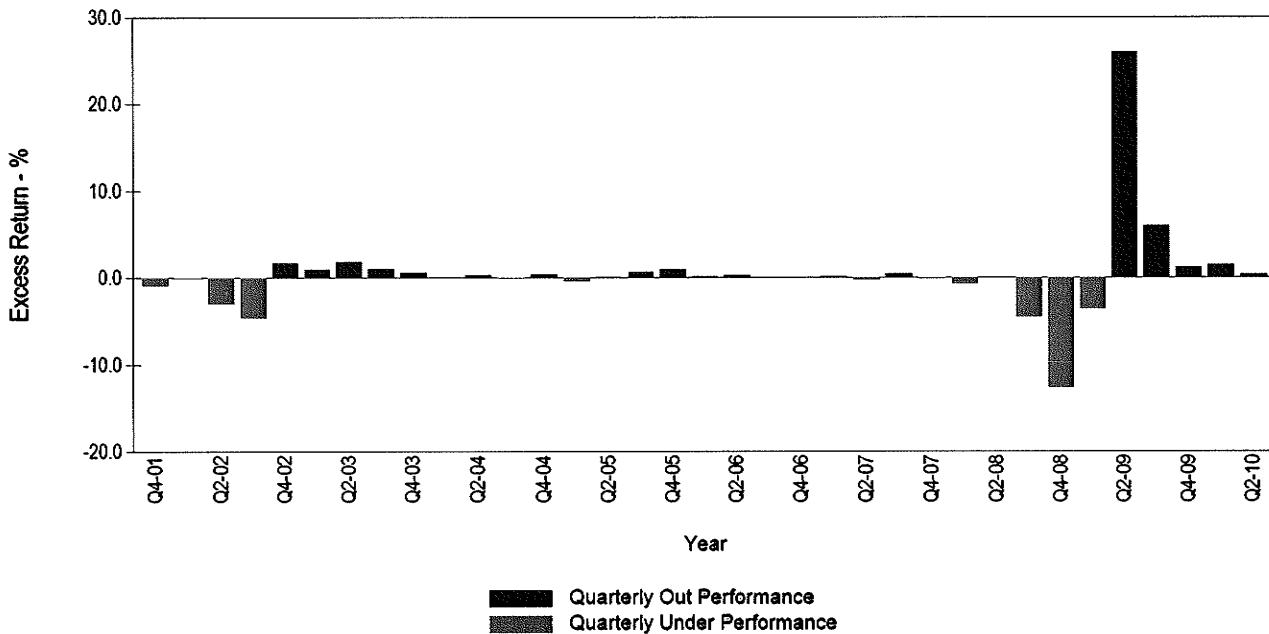
	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		5 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Reams	3.9%	6	7.2%	8	19.3%	7	11.3%	2	8.2%	1	6.9%	8	9/30/01
Barclays Capital Aggregate Bond Index	3.5	26	5.3	66	9.5	90	7.5	59	5.5	61	5.6	65	

Philosophy and Process

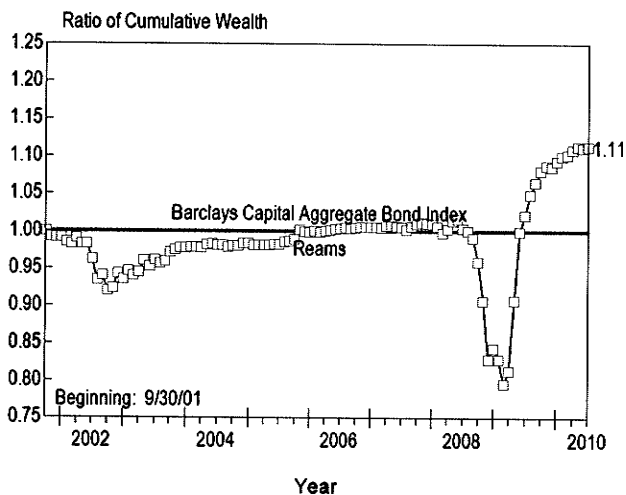
Reams' investment process revolves around the manager's ability to combine top-down macroeconomic portfolio positioning with bottom-up bond selection. The top-down interest rate positioning is somewhat contrarian in that the manager uses real interest rates to gauge when the market is expensive and when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

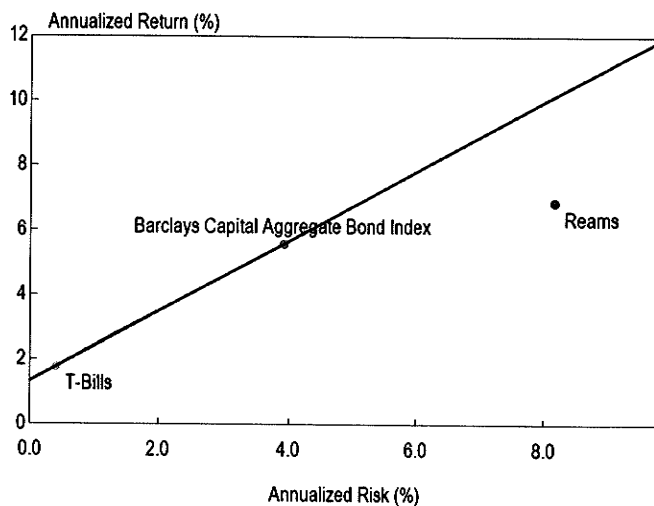
Quarterly Excess Performance



**RATIO OF CUMULATIVE WEALTH
8 YEARS 9 MONTHS ENDING 6/30/10**

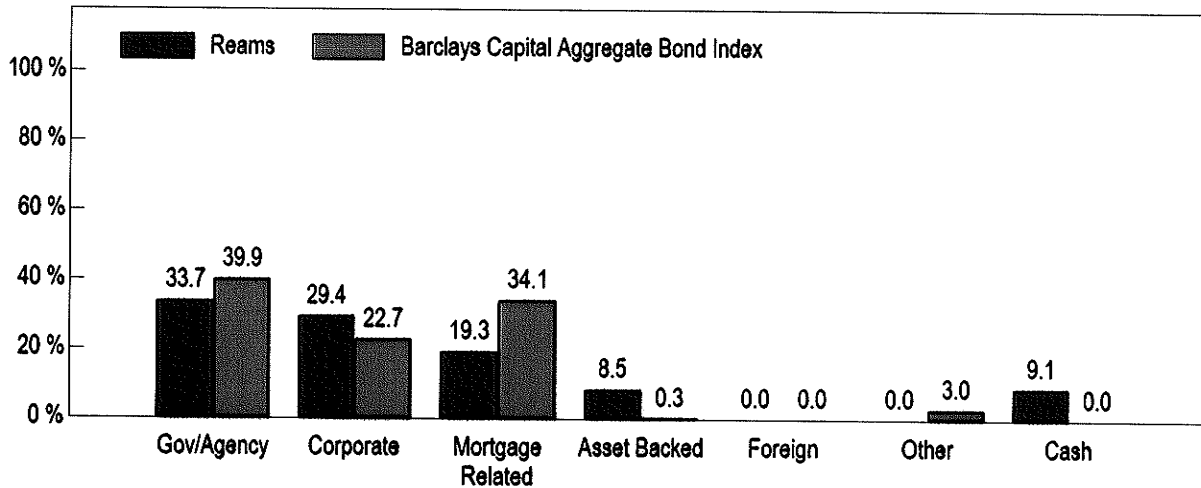


**ANNUALIZED RISK RETURN
8 YEARS 9 MONTHS ENDING 6/30/10**



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

**SECTOR ALLOCATION AS OF 6/30/10
Reams**



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	37.3	1	5.9	92	31.4
2010 (6 months)	7.2	8	5.3	66	1.9
Trailing 1-Year	19.3%	7	9.5%	90	9.8
Trailing 3-Year	11.3	2	7.5	59	3.8
Trailing 5-Year	8.2	1	5.5	61	2.7
Since Inception (9/30/01)	6.9	8	5.6	65	1.3

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 6/30/10**

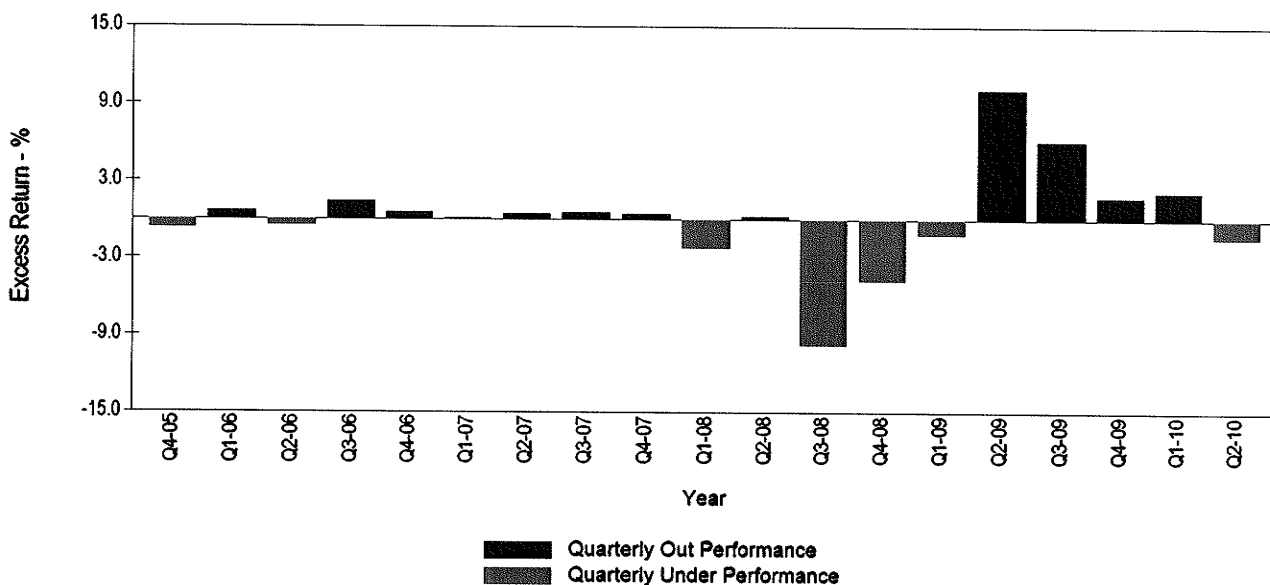
	Second Quarter		Year-To-Date		1 Year Ending 6/30/10		3 Years Ending 6/30/10		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Loomis Sayles	1.0%	99	5.6%	49	23.3%	1	6.9%	73	6.6%	--	7/31/05
Performance Benchmark	2.4	87	4.9	85	14.0	33	7.2	70	6.2	--	
Barclays Capital Aggregate Bond Index	3.5	26	5.3	66	9.5	90	7.5	59	5.8	--	

Philosophy and Process

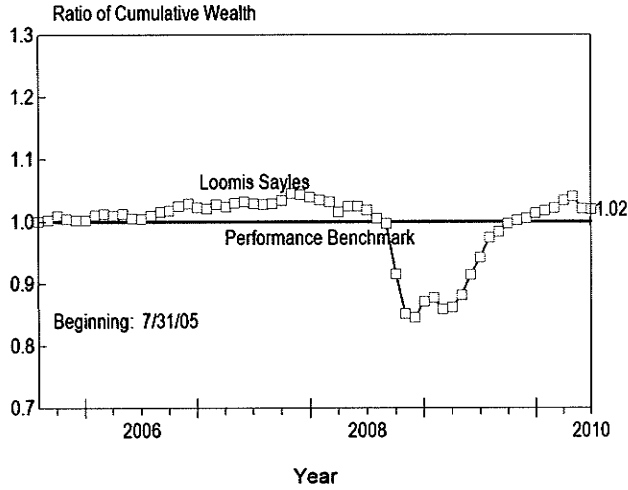
Loomis Sayles' fixed income philosophy is rooted in identifying undervalued securities through in-house credit research. Its philosophy emphasizes identifying issuers whose credit ratings appear likely to be upgraded or downgraded. The fixed income analysts use forward-looking analyses of cash flow,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

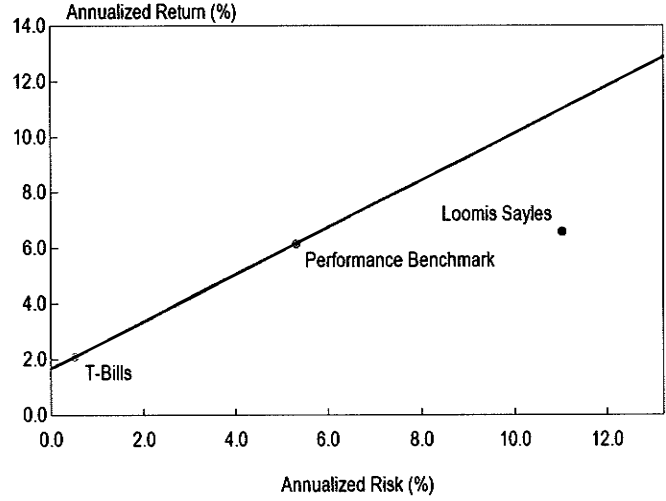
Quarterly Excess Performance



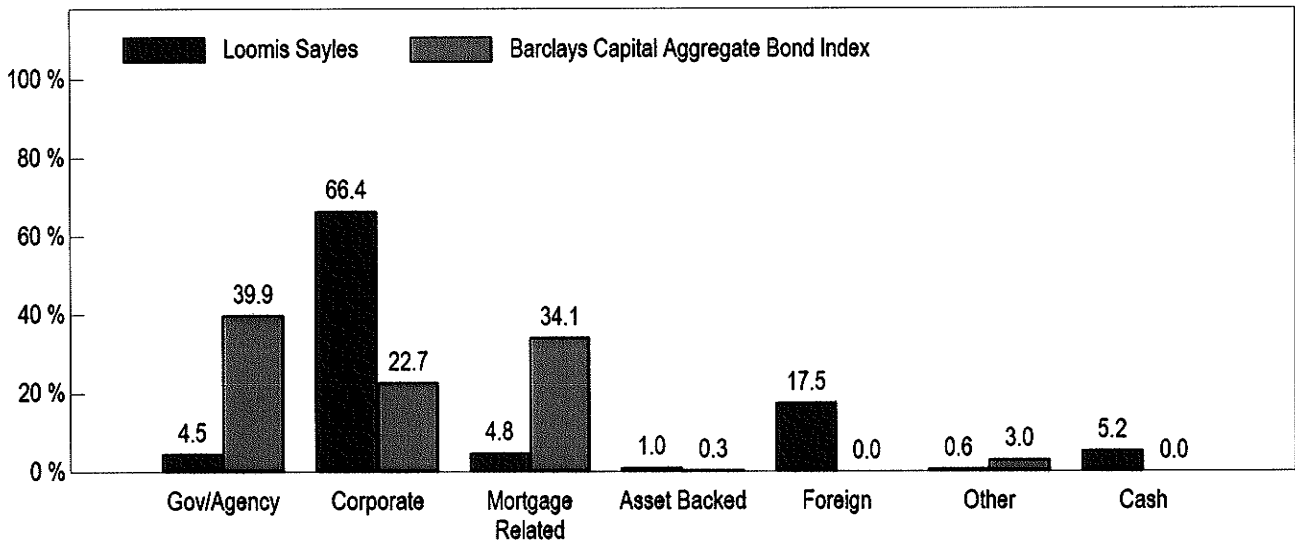
**RATIO OF CUMULATIVE WEALTH
4 YEARS 11 MONTHS ENDING 6/30/10**



**ANNUALIZED RISK RETURN
4 YEARS 11 MONTHS ENDING 6/30/10**



**SECTOR ALLOCATION AS OF 6/30/10
Loomis Sayles**



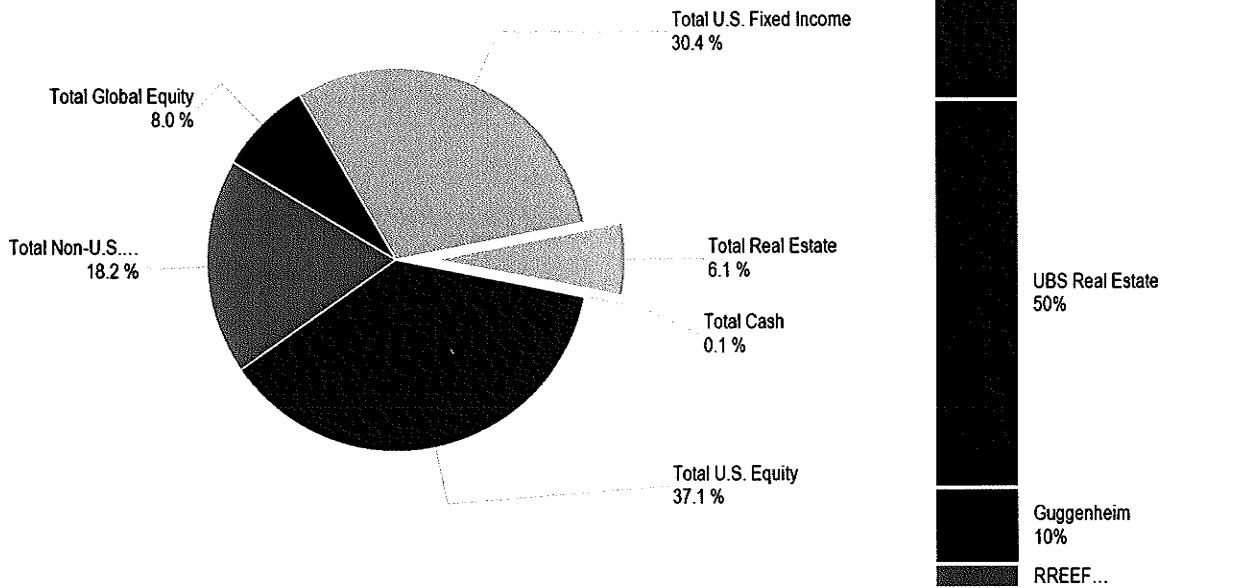
**HISTORICAL RETURNS
(BY YEAR)**

	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	38.1	1	18.8	18	19.3
2010 (6 months)	5.6	49	4.9	85	0.7
Trailing 1-Year	23.3%	1	14.0%	33	9.3
Trailing 3-Year	6.9	73	7.2	70	-0.3
Since Inception (7/31/05)	6.6	--	6.2	--	0.4

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

TOTAL REAL ESTATE

ASSET ALLOCATION ACTUAL AS OF 6/30/10



**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter	Year-To- Date	1 Year Ending 6/30/10	3 Years Ending 6/30/10	5 Years Ending 6/30/10	10 Years Ending 6/30/10	Since Inception	Inception Date
Total Real Estate	5.2 %	5.7 %	-4.2 %	-14.1 %	-2.6 %	4.4 %	6.5 %	3/31/94
Policy Benchmark	3.8	5.0	-0.3	-5.6	3.0	6.7	8.4	
Total Prudential Real Estate	7.7	7.3	-4.2	-13.8	-3.2	--	-2.1	6/30/04
Policy Benchmark	3.8	5.0	-0.3	-5.6	3.0	--	5.3	
UBS Real Estate	4.7	6.5	-2.0	-8.1	1.1	--	5.0	3/31/03
NCREIF Open End Fund Index	3.8	5.0	-0.3	-5.6	2.8	--	6.0	
Guggenheim	0.1	1.9	0.9	-19.6	--	--	-11.4	6/30/06
Performance Benchmark	1.2	4.8	13.5	-4.4	--	--	0.4	
RREEF	2.8	-4.8	-29.5	--	--	--	-45.7	10/1/07
NCREIF Open End Fund Index	3.8	5.0	-0.3	--	--	--	-7.4	

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

During the quarter the real estate portfolio improved 5.2%, adding 140 basis points of value over the benchmark. Prudential and UBS outperformed their benchmarks for the quarter while Guggenheim and RREEF underperformed for the quarter. The portfolio's longer-term performance remains unfavorable on a relative basis, mostly due to recent underperformance. Since the portfolio's inception, it has returned 6.5% annually.

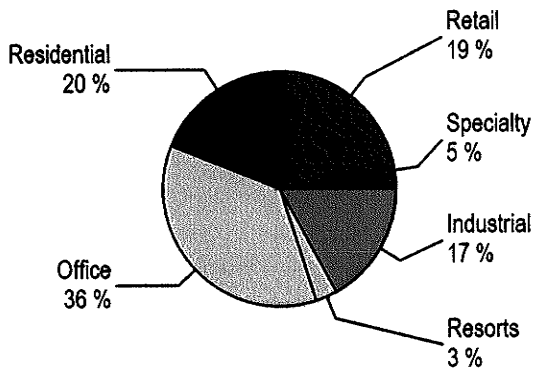
**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/10	3 Years Ending 6/30/10	5 Years Ending 6/30/10	Since Inception	Inception Date
Total Prudential Real Estate	7.7%	7.3%	-4.2%	-13.8%	-3.2%	-2.1%	6/30/04
Policy Benchmark	3.8	5.0	-0.3	-5.6	3.0	5.3	

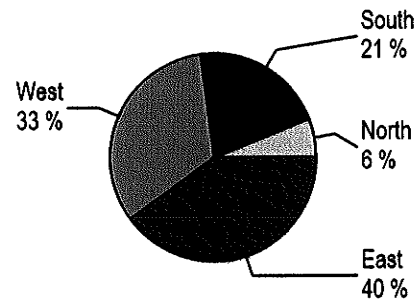
Philosophy and Process

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 6/30/10**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 6/30/10**



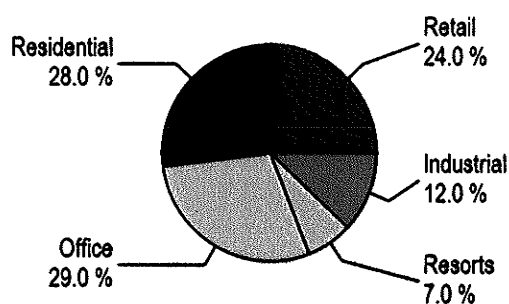
**RETURN SUMMARY
ENDING 6/30/10**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/10	3 Years Ending 6/30/10	5 Years Ending 6/30/10	Since Inception	Inception Date
UBS Real Estate	4.7%	6.5%	-2.0%	-8.1%	1.1%	5.0%	3/31/03
NCREIF Open End Fund Index	3.8	5.0	-0.3	-5.6	2.8	6.0	
NCREIF NPI	3.3	4.1	-1.5	-4.7	3.8	6.8	

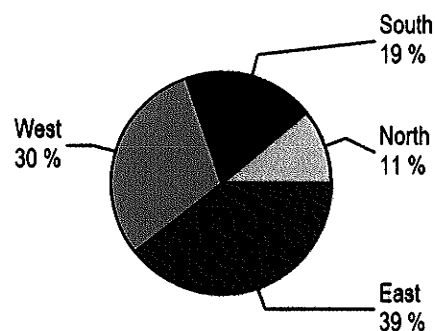
Philosophy and Process

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 the investment community, and thus the ability for value-added is diminished.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 6/30/10**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 6/30/10**



**RETURN SUMMARY
ENDING 6/30/10**

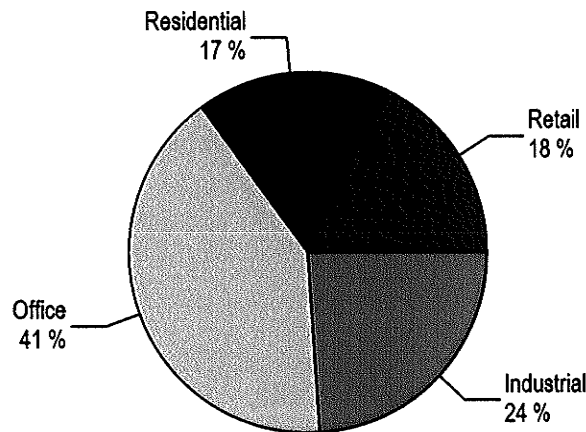
	Second Quarter	Year-To-Date	1 Year Ending 6/30/10	3 Years Ending 6/30/10	Since Inception	Inception Date
Guggenheim	0.1 %	1.9 %	0.9 %	-19.6 %	-11.4 %	6/30/06
Performance Benchmark	1.2	4.8	13.5	-4.4	0.4	

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 6/30/10**



**RETURN SUMMARY
ENDING 6/30/10**

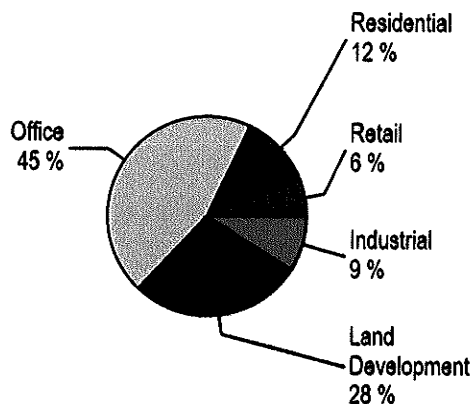
	Second Quarter	Year-To-Date	1 Year Ending 6/30/10	Since Inception	Inception Date
RREEF	2.8 %	-4.8 %	-29.5 %	-44.6 %	10/1/07
NCREIF Open End Fund Index	3.8	5.0	-0.3	-7.4	

Philosophy and Process

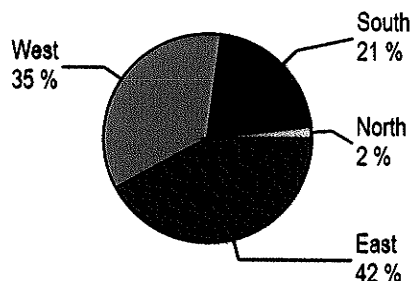
RREEF employs 625 real estate investment professionals in 115 offices located in every major metropolitan market nationwide. RREEF America III (RA III) is a \$600 million open-end private REIT that pursues value-added investment opportunities in the U.S. The RREEF research process, dubbed the Market 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 6/30/10**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 6/30/10**



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RETURNS OF THE MAJOR CAPITAL MARKETS

RETURNS OF THE MAJOR CAPITAL MARKETS

	Second Quarter	Annualized Periods Ending 6/30/10				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
Dow Jones US Total Stock Index	-11.1%	16.1%	-9.2%	-0.2%	-0.7%	6.5%
S&P 500 Index	-11.4	14.4	-9.8	-0.8	-1.6	6.2
Russell 3000 Index	-11.3	15.7	-9.5	-0.5	-0.9	6.4
Russell 1000 Value Index	-11.1	16.9	-12.3	-1.6	2.4	7.3
Russell 1000 Growth Index	-11.7	13.6	-6.9	0.4	-5.1	5.0
Russell MidCap Value Index	-9.6	28.9	-9.4	0.7	7.6	9.6
Russell MidCap Growth Index	-10.2	21.3	-7.5	1.4	-2.0	6.7
Russell 2000 Value Index	-10.6	25.1	-9.8	-0.5	7.5	8.9
Russell 2000 Growth Index	-9.2	18.0	-7.5	1.1	-1.7	3.8
Domestic Bond Indices:						
Barclays Capital Aggregate Index	3.5%	9.5%	7.5%	5.5%	6.5%	6.4%
Barclays Capital Govt/Credit Index	3.9	9.7	7.4	5.3	6.5	6.3
Barclays Capital Long Govt/Credit Index	8.6	16.5	9.4	5.6	8.0	7.6
Barclays Capital 1-3 Year Govt/Credit Index	1.1	3.8	5.1	4.5	4.8	5.1
Barclays Capital U.S. MBS Index	2.9	7.5	8.2	6.2	6.5	6.5
Barclays Capital High Yield Index	-0.1	26.8	6.5	7.2	7.3	7.1
Barclays Capital Universal Index	3.1	10.6	7.2	5.6	6.6	6.5
Real Estate Indices:						
NCREIF Property Index	3.3%	-1.5%	-4.7%	3.8%	7.2%	8.8%
NCREIF ODCE Index	4.1	-6.8	-11.8	-1.1	3.9	6.5
Dow Jones Real Estate Securities Index	-4.3	56.1	-10.5	-0.5	9.5	9.8
FTSE NAREIT US Real Estate Index	-4.1	53.9	-9.0	0.2	9.9	9.8
Foreign/Global Stock Indices:						
MSCI All Country World Index	-12.1%	11.8%	-10.5%	1.2%	-0.3%	5.0%
MSCI All Country World IMI	-11.9	13.1	-10.6	1.2	0.2	4.9
MSCI All Country World ex-U.S. Index	-12.4	10.4	-10.7	3.4	1.9	4.8
MSCI All Country World ex-U.S. IMI	-12.2	11.5	-10.5	3.6	2.2	4.5
MSCI All Country World ex-U.S. Small Cap Index	-10.1	20.0	-9.7	5.1	6.2	5.1
MSCI EAFE Index	-14.0	5.9	-13.4	0.9	0.2	3.8
MSCI EAFE IMI	-13.7	6.6	-13.2	1.1	0.4	3.8
MSCI EAFE Index (in local currency)	-11.2	9.9	-13.2	-0.1	-1.8	4.3
MSCI Emerging Markets IMI	-8.2	24.6	-2.2	13.0	9.9	4.9
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	-1.3%	1.5%	7.7%	5.0%	6.4%	4.8%
Citigroup Hedged World Gov't Bond Index	1.6	4.9	6.0	4.4	5.2	6.7
Cash Equivalents:						
Treasury Bills (30-Day)	0.0%	0.1%	1.0%	2.1%	2.1%	3.0%
EnnisKnupp STIF Index	0.1	0.3	2.0	3.2	3.0	3.8
Inflation Index:						
Consumer Price Index	0.2%	1.1%	1.5%	2.3%	2.4%	2.4%

APPENDIX II

Description of Fund Benchmarks and Universe Rankings

Total Fund

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

Public Fund Universe - An equal-weighted index that is designed to represent the average return earned by U.S. public pension funds. The index is calculated based on a universe of 125 funds compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$1.1 trillion as of 6/30/2010.

Total U.S. Equity

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

Universe. A universe of 465 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$436.0 billion as of 6/30/2010.

BlackRock Extended Equity Index Fund

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

Universe. A universe of 65 actively managed domestic large cap stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$47.2 billion as of 6/30/2010.

Western U.S. Index Plus

Benchmark. The S&P 500 Index.

Universe. A universe of 401 actively managed domestic large cap stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$554.0 billion as of 6/30/2010.

BlackRock Equity Market Fund

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

Universe. A universe of 401 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$554.0 billion as of 6/30/2010.

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 411 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$219.0 billion as of 6/30/2010.

BlackRock ACWI ex U.S.

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

Universe. A universe of 100 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$217.0 billion as of 6/30/2010.

APPENDIX II

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 100 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$217.0 billion as of 6/30/2010.

Sprucegrove

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

Universe. A universe of 100 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$217.0 billion as of 6/30/2010.

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 100 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$217.0 billion as of 6/30/2010.

Total Global Equity

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

Universe. A universe of 63 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$139.5 billion as of 6/30/2010.

Grantham Mayo Van Otterloo (GMO)

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

Universe. A universe of 63 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$139.5 billion as of 6/30/2010.

Acadian

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

Universe. A universe of 63 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$139.5 billion as of 6/30/2010.

Total Fixed Income

Benchmark. The BlackRock Aggregate Bond Index.

Universe. A universe of 89 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$209.8 billion as of 6/30/2010.

Western Asset Management

Benchmark. The BlackRock Aggregate Bond Index.

Universe. A universe of 106 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$696.5 billion as of 6/30/2010.

BlackRock U.S. Debt Index Fund

Benchmark. The BlackRock Aggregate Bond Index.

Universe. A universe of 106 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$696.5 billion as of 6/30/2010.

Reams

Benchmark. The BlackRock Aggregate Bond Index.

Universe. A universe of 106 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$696.5 billion as of 6/30/2010.

Loomis Sayles

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

Universe. A universe of 106 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$696.5 billion as of 6/30/2010.

APPENDIX II

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.

BlackRock 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 BNY Mellon Performance & Risk Analytics, and includes 465 funds with an equity aggregate market value of \$436.0 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 BNY Mellon Performance & Risk Analytics, LLC, and includes 441 funds with an international equity aggregate market value of \$218.9 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 BNY Mellon Performance & Risk Analytics, LLC, and includes 63 funds with a global equity aggregate market value of \$139.5 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 BNY Mellon Performance & Risk Analytics, LLC, and includes 89 funds with a fixed income aggregate market value of \$209.8 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, Western, and RREEF are currently on watch for performance reasons.

APPENDIX II

Manager	Restrictions	In Compliance as of 6/30/10
BlackRock	-Portfolio is a commingled fund.	N/A
BlackRock	-Portfolio is a commingled fund.	N/A
Western Index Plus	- Average weighted Duration of portfolio security holdings are one year or less -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 -Below-investment grade holdings must not exceed 1% in any single issuer -A maximum of 10% of the portfolio may be invested in non-dollar denominated securities -A maximum of 5% of the portfolio may be invested in un-hedged non-dollar denominated securities -A maximum of 5% of the portfolio may be invested in U.S. securities rated below investment grade -A maximum of 10% of the portfolio may be invested in non-U.S. securities (dollar and non-dollar denominated) rated below investment grade -A maximum of 10% of the portfolio may be invested in CDOs, CBOs & CLOs -A maximum of 10% per issuer for obligations of their national governments -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 -A maximum of 3% per issuer of investment grade corporations -A maximum of 2% per issuer for obligations of other issuers excluding investments in commingled vehicles -A maximum of 10% of portfolio may be invested in issuers rated below Baa3 or BBB- / A2 or P2 -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. -No leverage is permitted in the portfolio	YES YES NO YES YES NO NO YES YES YES YES YES YES YES YES YES 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
BlackRock 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 -The total portfolio shall maintain an average quality rating of A -A maximum of 20% of the portfolio may be invested in bonds issued by a non-U.S. entity -A maximum of 15% of the portfolio may be invested in high yield bonds -A maximum of 5% of the portfolio may be invested in any single investment grade U.S. issuer -A maximum of 5% of the portfolio may be invested in high interest rate sensitivity mortgage-backed securities -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 -Bonds rated investment grade by either Moody's or Standard & Poor's must comprise at least 90% of the total portfolio -The portfolio contains no prohibited securities named in the investment guidelines -Derivatives are not used to lever the portfolio*	YES YES YES YES YES YES YES YES YES YES YES YES YES

*Based on affirmative statement from manager

APPENDIX II

Manager	Restrictions	In Compliance as of 6/30/10
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

* Based on affirmative statement from manager

APPENDIX II

Account	Fee Schedule	Market Value As of 6/30/2010	% of Portfolio	Est. Minimum Annual Fee (\$)	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Total U.S. Equity	No Fee	\$951,509,657	37.1%		--	--
BlackRock Extended Equity Index Fund	0.10% of First \$50.0 Mil, 0.08% of Next \$50.0 Mil, 0.04% Thereafter	\$24,586,592	1.0%	\$0	\$24,587	0.10%
Western U.S. Index Plus	0.20% of Assets	\$77,090,503	3.0%		\$154,181	0.20%
BlackRock Equity Market Fund	0.03% of First \$250.0 Mil, 0.02% Thereafter	\$849,832,563	33.2%	\$0	\$194,967	0.02%
Total Non-U.S. Equity	No Fee	\$467,427,458	18.2%		--	--
BlackRock ACWI ex-U.S. Index	0.14% of First \$100.0 Mil, 0.12% Thereafter	\$203,404,222	7.9%	\$0	\$264,085	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	\$99,058,893	3.9%	\$0	\$521,000	0.53%
Sprucegrove	0.90% of First \$5.0 Mil, 0.65% of Next \$10.0 Mil, 0.55% of Next \$25.0 Mil, 0.50% of Next \$35.0 Mil, 0.25% of Next \$225.0 Mil, 0.20% Thereafter	\$99,023,791	3.9%	\$0	\$482,559	0.49%
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	\$65,940,553	2.6%	\$0	\$442,673	0.67%
Total Global Equity	No Fee	\$203,866,096	8.0%		--	--
GMO Global Fund	0.65% of Assets	\$109,572,268	4.3%	\$0	\$712,220	0.65%
Acadian	0.95% of First \$25.0 Mil, 0.90% Thereafter	\$94,293,828	3.7%	\$0	\$861,144	0.91%
Total U.S. Fixed Income	No Fee	\$779,324,726	30.4%		--	--
Western	0.30% of First \$100.0 Mil, 0.15% Thereafter	\$307,046,771	12.0%		\$610,570	0.20%
BlackRock 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	\$85,299,732	3.3%	\$0	\$75,150	0.09%
Reams	0.20% of First \$150.0 Mil, 0.15% Thereafter	\$288,952,187	11.3%	\$0	\$508,428	0.18%
Loomis Sayles	0.50% of First \$20.0 Mil, 0.40% of Next \$30.0 Mil, 0.30% Thereafter	\$98,026,037	3.8%	\$0	\$364,078	0.37%
Total Real Estate	No Fee	\$156,407,567	6.1%		--	--
Total Prudential Real Estate	0.81% of Assets	\$57,781,097	2.3%	\$0	\$468,027	0.81%
UBS Real Estate	0.90% of Assets	\$78,283,940	3.1%	\$0	\$704,555	0.90%
Guggenheim	0.50% of Assets	\$15,441,347	0.6%		\$77,207	0.50%
RREEF	0.60% of Assets	\$4,901,184	0.2%	\$0	\$29,407	0.60%
Total Cash	No Fee	\$3,124,481	0.1%		--	--
Clifton Group	0.15% of First \$25.0 Mil, 0.10% of Next \$75.0 Mil, 0.04% Thereafter	\$3,124,481	0.1%	\$0	\$4,687	0.15%
Investment Management Fee		\$2,561,659,985	100.0%		\$6,499,525	0.25%