

The Board of Retirement

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

SamCERA's Board Room, 100 Marine Parkway, Suite 125, Redwood Shores

Tuesday, February 22, 2011, at 1:00 p.m.

PUBLIC SESSION – The Board will meet in Public Session at 1 p.m.

1. Call to Order, Roll Call and Miscellaneous Business
2. Oral Communications
 - 2.1 Oral Communications From the Board
 - 2.2 Oral Communications From the Public
3. Approval of the Minutes
4. Approval of the Consent Agenda

(Any items removed from the Consent Agenda for discussion will be inserted into the Regular Agenda and considered in the order chosen by the board chair.)

 - Disability Retirements
 - Marina Diaz-Bados
 - Loretta Keenan
 - Service Retirements
 - Continuances
 - Deferred Retirements
 - Member Account Refunds
 - Member Account Rollovers
 - Trustee Request for Conference Approval
5. Benefit & Actuarial Services
 - 5.1 Consideration of Benefit & Actuarial Items, if any, removed from the Consent Agenda
6. Investment Services (The Investment Committee will meet on February 22nd at 9 a.m.)
 - 6.1 Monthly Portfolio Performance Report
 - 6.2 Quarterly Investment Performance Analysis for Period Ended December 31, 2010
 - 6.3 Investment Manager Review – Mondrian Investment Partners
 - 6.4 Approval of Investment Management Agreement(s) for the Risk Parity Mandate
 - 6.5 Select Commodities RFP Recipients
 - 6.6 Approval of Private Equity Investment Opportunity - Buyouts (Media, Communications, Business Services)
 - 6.7 Approval of Private Equity Investment Opportunity - Leveraged Sr. Bank Loans (Media, Communications, Business Services)
 - 6.8 Approval of the Investment Committee's Plan for Fiscal Year 2011/2012
7. Board & Management Support Services
 - 7.1 Monthly Financial Report
 - 7.2 Approval of First 5 UAAL Calculation Methodology and Resultant Amount
 - 7.3 Approval of the Audit Committee's Plan for Fiscal Year 2011/2012
 - 7.4 Introduction of SamCERA's Sources, Uses & Budget for Fiscal year 2011/2012
 - 7.5 Annual Review & Reaffirmation of SamCERA's Mission, Goals and Objectives
 - 7.6 Annual Review & Reaffirmation of SamCERA's Code of Fiduciary Conduct
 - 7.7 Annual Review & Reaffirmation of SamCERA's Conflict of Interest Code
 - 7.8 Annual Review & Reaffirmation of SamCERA's Strategic Services Resolution
 - 7.9 Annual Review & Reaffirmation of SamCERA's Internal Controls Policy
 - 7.10 Annual Review & Reaffirmation of SamCERA's Travel Policy
 - 7.11 Annual Review and Reaffirmation of SamCERA's Educational Policy
 - 7.12 Annual Review and Reaffirmation of SamCERA's Expense Reimbursement Policy
 - 7.13 Approval to Authorize SamCERA's Chief Executive Officer to Amend the Lease for Office Space
8. Management Reports
 - 8.1 Chief Executive Officer's Report

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***Matters Set for a Time Certain:** Times listed are approximate. In no case will any item be heard before it is scheduled

Notice of Public Meeting

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- 8.2 Assistant Executive Officer's Report
- 8.3 Chief Investment Officer's Report
- 8.4 County Counsel's Report

CLOSED SESSION – The board may meet in closed session prior to adjournment

- C1 Consideration of disability items, if any, removed from the Consent Agenda and appropriate for closed session

9. Report on Actions Taken in Closed Session

10. Adjournment in memory of the following deceased members:

Stone, William	December 31, 2010	Public Works
Braasch, Gladys	January 4, 2011	Library
Stevens, Thomas	January 5, 2011	Engineer-Road
Lewis, Robert	January 10, 2011	Controller
Roeder, Lois	January 15, 2011	Ben. of Roeder, Harvey
Newman, Margaret	January 24, 2011	Ben. of Newman, Alfred
Silva, James	January 24, 2011	Ben. of Silva, Shirley

David Bailey, Chief Executive Officer

Printed: 2/17/11

Be advised that the committees of the Board of Retirement are forums in which consensus may emerge. If you have an interest in a matter before a committee, you are advised to attend the committee meeting. Committee meeting times are noted on the board agenda.

IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT:

SamCERA's facilities and board and committee meetings are accessible to individuals with disabilities. Contact *SamCERA* at (650) 599-1234 at least three business days prior to the meeting if (1) you need special assistance or a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting; or (2) you have a disability and wish to receive the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting in an alternative format. Notification in advance of the meeting will enable *SamCERA* to make reasonable arrangements to ensure full accessibility to this meeting and the materials related to it.

THE BOARD MEETS AT 100 MARINE PARKWAY, SUITE 125,
WHICH IS LOCATED ON THE SE CORNER OF TWIN DOLPHIN & MARINE PARKWAY IN REDWOOD SHORES.
Detailed directions are available on the "Contact Us" page of the website www.samcera.org
Free Parking is available in all lots in the vicinity of the building.

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February 22, 2011

Agenda Item 3.0

January 25, 2011 – Board Agenda

PUBLIC SESSION – The Board will meet in Public Session at 1 p.m.

1. Call to Order and Roll Call
2. Oral Communications
 - 2.1 Oral Communications From the Board
 - 2.2 Oral Communications From the Public
3. Approval of the Minutes
4. Approval of the Consent Agenda

(Any items removed from the Consent Agenda for discussion will be inserted into the Regular Agenda and considered in the order chosen by the board chair.)

 - Disability Retirements
 - Normita Ferretti
 - Lissa Kaye
 - Linda Fitzgibbon
 - Debra Morris-Singh
 - Continuances
 - Deferred Retirements
 - Member Account Refunds
 - Member Account Rollovers
 - Trustee Request for Conference Approval
5. Benefit & Actuarial Services
 - 5.1 Adoption of Cost of Living Adjustments (COLAs) for 2011
6. Investment Services
 - 6.1 Monthly Portfolio Performance Report
 - 6.2 Approval of Amendment to Policy Regarding Placement Agents
 - 6.3 Approval of Search Criteria for a Commodity Allocation Mandate
 - 6.4 Educational Presentation – Hedge Fund Investment Opportunities
 - 6.5 Approval of Policy Regarding Securities Litigation
7. Board & Management Support Services
 - 7.1 Monthly Financial Report
 - 7.2 Quarterly Budget Report for Period Ended December 31, 2010
 - 7.3 Report on Status of Board/Staff Retreat –Ad Hoc Committee Report
 - 7.4 Approval of Amendments Updating Board Resolution Regarding Compensation Earnable
 - 7.5 Approval of Resolution Authorizing Submission of Tax Determination Letter Application
8. Management Reports
 - 8.1 Chief Executive Officer's Report
 - 8.2 Assistant Executive Officer's Report
 - 8.3 Chief Investment Officer's Report
 - 8.4 County Counsel's Report

CLOSED SESSION – The board will meet in closed session prior to adjournment

- C1 Consideration of disability items, if any, removed from the Consent Agenda and appropriate for closed session
9. Report on Actions Taken in Closed Session
10. Adjournment

January 25, 2011 – Board Minutes

- 1101.1 **Call to Order:** Mr. David, Chair, called the Public Session of the Board of Retirement to order at 1:03 p.m., January 25, 2011, in *SamCERA's* Board Room, 100 Marine Parkway, Suite 125, Redwood Shores, California.

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Roll Call: Ms. Agnew, Mr. Bowler, Mr. David, Mr. Hackleman, Ms. Kwan Lloyd, Mr. Spinello and Mr. Tashman. *Excused:* Ms. Arnott. *Other Board Members in Attendance:* Ms. Salas. *Staff:* Mr. Bailey, Mr. Hood, Ms. Dames, Mr. Clifton, Ms. LeBlanc and Ms. Smith. *Consultants:* Ms. Carlson, Dr. Fracchia, Mr. Brody, Mr. Masarik and Mr. Thomas. *Retirees:* 0, *Public:* 0.

On behalf of the board, Mr. David offered condolences to Ms. Smith.

Mr. Bailey then requested that the board add two additional items to the day's agenda:

- 5.1 Adoption of Cost of Living Adjustments (COLAs) for 2011
- 5.3a Approval of Dates of Board/Staff Retreat

Motion by Spinello, second by Agnew, carried unanimously to add the two agenda items to the day's agenda.

1101.2.1 **Oral Communications From the Board:** None.

1101.2.2 **Oral Communications From the Public:** Ms. Salas attended a conference hosted by Opal Financial Group. The conference included sessions on hedge funds and securities litigation. She has an electronic copy of the presentations for *SamCERA's* records.

1101.3 **Approval of the Minutes: Motion** by Hackleman, second by Bowler, carried unanimously to approve the minutes from the December 14, 2010, board meeting, as submitted.

1101.4 **Approval of the Consent Agenda: Motion** by Agnew, second by Spinello, carried unanimously to approve the day's consent agenda, as submitted.

Disability Retirements:

The board found that **Normita Ferretti** is unable to perform her usual and customary duties as a Medical Services Assistant and granted her application for a service connected disability retirement.

The board found that **Lissa Kaye** is unable to perform her usual and customary duties as a Community Program Specialist II and granted her application for a service-connected disability retirement.

The board found that **Linda Fitzgibbon** is unable to perform her usual and customary duties as a Superior Courtroom Clerk II, denied her application for a service-connected disability retirement; and granted her a non-service disability retirement.

The board found that **Debra Morris-Singh** is not disabled from the performance of her usual and customary duties as a Medical Services Assistant and denied her application for a service-connected disability retirement.

Service Retirements:

Member Name	Effective Retirement Date	Department
Gonzalez, Manuel	October 18, 2010	Def'd from San Mateo Medical

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Burns, Mary	November 2, 2010	Def'd from Parks
Kamir, Barbara	November 6, 2010	Human Services Agency
Leuten, Sally	November 6, 2010	San Mateo Medical Center
Aquino, Amelia	November 9, 2010	Def'd from Superior Court
Jiminez, Gloria	November 13, 2010	Human Services Agency
Gasior, Tadeusz	November 27, 2010	Sheriff's Office
Hillhouse, Janet	November 27, 2010	Human Services Agency
Brosamle, Lydia	November 28, 2010	Superior Court
Foster, Jenny	November 28, 2010	San Mateo Medical Center
Liongitau, Ana	November 30, 2010	San Mateo Medical Center
Livengood, Robert	November 30, 2010	Sheriff's Office
Veley, Debra	December 1, 2010	Superior Court
Wilkins-Howard, Ida	December 1, 2010	Information Services
Gordon, Richard	December 7, 2010	Board of Supervisors

Continuance of Benefits:

Member Name	Beneficiary of:
Axelrad, Claire	Berenberg, Felix
Raynes, Katherine	Raynes, Sheldon
Yee, Herman	Yee, Dorothy

Deferred Retirements:

Member Name	Retirement Plan Type	
Thornton, Leon	P4-vested	
Raggio, Glen	S4-vested	
Encinas, Jeffrey	G2-vested	
Reinhard, Steven	G4-vested	
Valencia, Silvia	G4-vested	
Kapadia, Mita	G2-3-S2-vested	
Wan, Carmen	G4-vested	
Altman, Susan	G4	Reciprocity
Peterson, Robin	G4	Reciprocity

Member Account Refunds:

Member Name	Retirement Plan Type
Carriger, Barbara	G4 Non-vested
Escalona, Magdalena	G2 Vested
Hernandez, Nancy	G4 Non-vested
Ugbaja, Chika	G4 Vested

Member Account Rollovers:

Member Name	Retirement Plan Type
Medaglia, Suzy	G4 Non-vested

Trustee Request for Conference Approval

Mr. David then took up agenda item 6.2.

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1101.5 **Benefit & Actuarial Services**

1101.5.1 **Adoption of Cost of Living Adjustments (COLAs) for 2011:** Mr. Bailey said that Milliman, Inc. has calculated the annual COLA for each retirement category for 2011. According to Milliman, for 2010, the Bay Area consumer price index (CPI) provided by the Bureau of Labor Statistics increased by 1.37%. Rounded to the nearest one half of one percent, this yields a COLA for most members who retire on or before April 1, 2011, equal to 1.5%. All COLA's will be paid beginning with the April 2011 benefit payments.

Motion by Hackleman, second by Bowler, carried unanimously to adopt **Resolution 10-11-12**, adopting the Cost of Living Adjustments as recommended by Milliman, Inc., as follows:

“**WHEREAS**, Government Code §31870, §31870.1, §31870.2 and §31874.4 empower the Board to grant cost of living adjustments on an annual basis to recipients of *SamCERA* benefits; and

“**WHEREAS**, the Board has retained Milliman, Inc. to provide actuarial services to the Board; and

“**WHEREAS**, Milliman, Inc., by its letter dated January 24, 2011, and accompanying exhibits has reported the appropriate annual cost of living adjustments for members based on each member's retirement tier, date of retirement; and the applicable rules of the 1937 Act, therefore, be it

“**RESOLVED**, that the Board adopts the schedules of cost of living adjustments set forth in the Milliman, Inc. letter dated January 24, 2011, addressed to Chief Executive Officer David Bailey from Milliman Consulting Actuary Nick J. Collier, and the letter's accompanying exhibits entitled “*Plan 1 COLA Bank Accumulations, General and Safety*” and “*Plan 1 COLA Bank Accumulations, Probation.*” Be it further

“**RESOLVED**, that the Board hereby adopts said cost of living adjustments effective April 1, 2011. Be it further

“**RESOLVED**, that the Chief Executive Officer is hereby empowered to take all actions necessary to provide for the payment of cost of living adjustments in accordance with the adopted schedules.”

1101.6 **Investment Services**

1101.6.1 **Monthly Portfolio Performance Report:** Mr. Clifton reported that *SamCERA*'s 4.03% Total Fund Return for December 2010 underperformed the Total Plan Policy Benchmark return of 4.54%. The 51 basis point underperformance is largely attributed to the underperformance of *SamCERA*'s two international portfolios.

The fund's return for the trailing twelve months is a robust 13.20%, which is 545 basis points (bps) above the Actuarial Discount Rate of 7.75%. However, the total fund return is 36 basis points behind *SamCERA*'s Total Plan Policy Benchmark of 10.28%. Again, largely attributed to the international portfolios.

Mr. Clifton reported that the investment committee discussed the re-balancing of the portfolio, funding the risk parity mandate and the second pre-payment from the County. The committee

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unanimously decided to keep \$50 million from the pre-payment in cash prior to the funding of the risk parity mandate scheduled during the first week in March. Although it is the association's policy to not hold excess cash, the committee acknowledged that holding the amount in cash would be prudent due to technical and timing issues. The rest of the mandate will be funded by \$20 million from each of *SamCERA's* long-term fixed income portfolios and \$30 million from the BlackRock Russell 1000 Index portfolio. Mr. Clifton also reported that the committee discussed the use of an alternatives benchmark although the alternatives portfolio will not be fully funded for approximately 36 months. The committee recognized that there will be a performance mismatch due to the timing of alternatives funding. Ms. Agnew said that it was important to be able to differentiate under- or over-performance of the fund versus that of the alternatives under-allocation.

Asset Class	Market Value	1-Month	1-year TTWRR*	5-year TTWRR*
<i>Domestic Equity</i>	\$990,710,060	6.72%	18.25%	1.54%
<i>International Equity</i>	434,716,184	6.11%	6.99%	3.67%
Total Equity	1,425,426,244	6.54%	14.58%	2.05%
Private Equity	250,000	0.00%	N/A	N/A
Fixed Income	618,081,647	-0.57%	11.31%	5.59%
Real Estate Aggregate	117,068,313	0.00%	11.55%	-0.44%
Cash Equivalents	2,912,011	0.07%	1.08%	1.83%
TOTAL FUND	\$2,163,738,215	4.03%	13.20%	3.12%
<i>Benchmark</i>		4.54%	13.56%	4.54%

* Total Time-Weighted Rate of Return

Mr. David then took up agenda item 6.3.

1101.6.2 **Approval of Amendment to Policy Regarding Placement Agents:** Mr. Bailey said that California law regarding placement agents was amended by AB 1743 to modify the definitions of "External Manager", "Placement Agent" and other related terms. To conform to these changes, *SamCERA* must modify its policy regarding placement agents. Mr. Bailey then highlighted the changes to the board. Mr. Clifton said that all IMA's will require changes and investment managers will be notified of the amendments and penalty fees contained in *SamCERA's* placement agent policy. Ms. Carlson said that the board will have to wait and see how investment managers react to the amended policy. She said that the language incorporated in the new policy is considered standard and that she has not heard of any push back from managers from other 1937 Act counties.

Motion by Tashman, second by Kwan Lloyd, carried unanimously to approve the amendment to **Resolution 09-10-14**, *SamCERA's* policy regarding placement agents, as follows:

"WHEREAS, Government Code §7513.85 requires the board to develop and implement, a policy requiring the disclosure of payments to placement agents in connection with system investments in or through external managers; and

"WHEREAS, Government Code §7513.85 mandates that the policy include certain requirements and this board having read the attached policy "Requiring Disclosure of Placement Agent Fees, Gifts, and Campaign contributions" determined that all such requirements are included in the policy;

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“**WHEREAS**, Government Code §7513.8 was amended in August 2010 to change certain definitions; and

“**WHEREAS**, this board has determined that adopting this amendment to the current policy is consistent with its fiduciary responsibilities;

“**RESOLVED** that the board hereby adopts the attached ‘Policy Requiring Disclosure of Placement Agent Fees, Gifts, and Campaign Contributions.’”

Mr. David then took up agenda item 6.5.

1101.6.3 **Approval of Search Criteria for a Commodity Allocation Mandate:** Mr. Clifton reported that Mr. Thomas reviewed the search criteria and timeline with the investment committee. The mandate is set for \$60 million and the selection of finalists will be scheduled to occur in June. Mr. Thomas said that SIS recommends that *SamCERA* fund the commodity allocation mandate in two stages. The first stage this year and the second stage next year. Mr. Thomas highlighted the screening steps and said that the commodity manager search was more conventional in that there is a database of providers unlike most other alternatives managers.

Ms. Agnew suggested to add a minimum firm size of \$300 million assets under management so that *SamCERA*'s \$30 million mandate will not be more than 10% of the firm's AUM. Mr. Thomas said that SIS could make the change.

Motion by Agnew, second by Kwan Lloyd, carried unanimously to approve the search criteria for the commodity allocation mandate, as amended.

1101.6.4 **Educational Presentation – Hedge Fund Investment Opportunities:** Mr. Clifton reported that the investment committee had a great discussion regarding SIS' educational presentation on hedge funds. Mr. Clifton said that the investment committee will primarily conduct the due diligence work for all investments going forward. Staff and committee members will adequately recap the topics discussed during the committee level at each board meeting. All trustees are encouraged to ask as many questions as possible to be comfortable with the investment topic. Mr. Masarik then conducted a brief educational presentation on hedge funds for the board and answered several trustee questions and concerns. Mr. Masarik discussed a beta product, replication products and hedge fund of funds. The committee had requested staff to invite a provider of the beta product and a hedge fund of funds manager to provide additional education at the March meeting.

This agenda item was informational. No board action was taken.

Mr. David then took up agenda item 7.1.

1101.6.5 **Approval of Policy Regarding Securities Litigation:** *SamCERA* retained three firms to monitor the investment portfolio and make recommendations regarding when *SamCERA* should pursue lead or named plaintiff status in fraud litigation. Mr. Bailey said that staff presented a draft policy regarding the evaluation of the firms' recommendations at the December board meeting but no action was taken at that time. Mr. Bailey presented a revised policy that incorporated input from a discussion between Ms. Agnew, Mr. Tashman and Ms. Kwan Lloyd at the ad hoc impact investing committee. The policy sets a higher standard for

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SamCERA's involvement and attempts to reduce the likely amount of board time required to evaluate board cases.

Motion by Bowler, second by Agnew, carried unanimously to adopt **Resolution 10-11-13**, approving *SamCERA's* policy regarding securities litigation, as follows:

“**WHEREAS**, from time to time, some of the *SamCERA* fund investments may be the subject of securities litigation; and

“**WHEREAS**, this board has determined that in addition to the board, the Chief Executive Officer in consultation with County Counsel, should have the independent authority to determine whether *SamCERA* will take an active role in a securities class action, or decline to do so; and

“**WHEREAS**, the board has determined that *SamCERA* should have procedures and guidelines to assist in the Chief Executive Officer's determination as to whether *SamCERA* should actively participate, in addition to or in lieu of being a passive class member, in certain class actions; and

“**WHEREAS**, this board has determined that adopting this policy is consistent with its fiduciary responsibilities;

“Therefore, be it

“**RESOLVED**, that the board hereby adopts the attached ‘Securities Litigation Policy.’”

Mr. David then took up agenda item 7.4.

1101.7 **Board & Management Support Services**

1101.7.1 **Monthly Financial Report:** Mr. Clifton reported that *SamCERA's* Net Assets Held in Trust for Pension Benefits as of December 31, 2010, totaled \$2,161,195,553. Net assets held in trust for pension benefits increased by approximately \$77.4 million, month over month, mostly attributed to market appreciation.

1101.7.2 **Quarterly Budget Report for Period Ended December 31, 2010:** Mr. Clifton reviewed the preliminary Second Quarter Budget Reports. He said that with 50% of the fiscal year completed, administrative expenditures to date represent only 32.6% of the appropriations. The Salaries & Benefits, Services & Supplies and Capital Assets are all under budget.

***SamCERA's* Administrative Budget**

	ADOPTED BUDGET	YTD Preliminary
Salaries & Benefits	\$2,640,000	\$1,043,860
Services & Supplies	\$2,343,000	\$ 582,393

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Capital Assets	\$ 000	\$ 000
Total	\$4,983,000	\$1,626,253

The Asset Management Budget encompasses *SamCERA*'s in-house expenditures, which are incurred when managing the association's assets. It currently includes percentages of the salary and benefits and overhead costs of specific employees in relation to their job responsibilities supporting investment functions. The Asset Management Budget is as follows:

***SamCERA*'s Asset Management Budget**

	ADOPTED BUDGET	YTD Preliminary
Salaries & Benefits	\$ 550,000	\$ 226,499
Services & Supplies	\$ 430,700	\$ 96,069
Capital Assets	\$ 000	\$ 000
Total	\$ 980,700	\$ 322,568

All professional expenditures are on target in accordance with the budget appropriations. As of December 31, 2010, the aggregate professional services fee was approximately 33.9 basis points, which is lower than the 39.7 basis points reported in September. The decrease is attributed to an increase in assets under management per manager. Contracts are written such as to reduce fees as assets under management grow.

- 1101.7.3 **Report on Status of Board/Staff Retreat –Ad Hoc Committee Report:** Ms. Agnew, chair of the Ad Hoc Impact Investing Committee reported that the committee decided that it was not the appropriate time to investigate the possibility of adding impacting investing to the association's portfolio. The committee did come up with other investment-related topics that would be more pertinent for the board for its upcoming retreat. Ms. Agnew, also chair of the Ad Hoc CEO Performance Evaluation Committee, said that she distributed a CEO 360 evaluation questionnaire to all trustees, staff and some county management. She requested that trustees complete the form and return it to her as soon as possible.

Mr. Bailey said that the Ad Hoc Impact Investing Committee recommended that an educational presentation on the history of *SamCERA*'s portfolio would be beneficial for the board. Mr. Clifton and Mr. Thomas will conduct the presentation.

- 1101.7.3a Mr. Bailey said that staff has had some difficulty to schedule speakers for a March 21st and 22nd board/staff retreat. He requested that the board move the retreat to April 25th and 26th and change the regular board meeting to March 29th.

Motion by Hackleman, second by Kwan Lloyd, carried unanimously to approve the date changes of the March and April board meetings.

Mr. David then took up agenda item 8.1.

- 1101.7.4 **Approval of Amendments Updating Board Resolution Regarding Compensation Earnable:** Mr. Bailey said that this agenda item was a housekeeping measure needed to complete *SamCERA*'s submission of a Tax Determination Letter request to the Internal

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Revenue Service. The item requests that the board update a 2003 resolution defining compensation earnable. The amendments to the resolution will have no effect on *SamCERA's* current practices.

Motion by Bowler, second by Hackleman, carried unanimously to approve amendments to **Resolution 03-04-07**, ratifying current practices, all of which are consistent with the law, regarding what is and is not included in compensation earnable, as follows:

“**WHEREAS**, Government Code §31461 provides that this Board determine which items of remuneration earned by members shall constitute “compensation earnable”; and

“**WHEREAS**, the Board has reviewed the current pay items and has determined which of those items are to be included in “compensation earnable” and which items are not to be included; and

“**WHEREAS**, it will be necessary for this Board from time to time to amend its determinations of compensation due to changes made by the County in its compensation schedule. Therefore be it

“**RESOLVED** that pursuant to Government Code §31461, the Board hereby makes the following determinations as what is included in “compensation earnable and items of remuneration are not included:

“1. Compensation earnable shall include:

“A. All base pay (001) and 001 replacement pay which the Board defines as compensation paid to employees when they are off work and paid for those hours under County leave programs for which the County provides compensation, including sick leave with pay (035), vacation pay (041), holiday regular pay (043), holiday hours used (048), compensatory time used (052), administrative leave (054), jury duty (055), military leave (056), educational leave with pay (057), other leave with pay (058), disability leave with pay (059), management overtime (064), employee incentives (84), voluntary time off (090), bereavement leave (112), and annual in-service management administrative leave cash-outs (102).

“B. Pay for special duties or as an incentive paid as an addition to base pay for all hours worked or as a percentage of base pay, including ~~experience pay (008)~~, night/evening shift differential (013), special night shift differential (014), special duty hours (015), charge nurse shift differential (019), split shift (020), bilingual pay (021), staffing differential (022), weekend pay (023), on-call hours (027), bomb squad [flight/observer/pilot] (033), holiday hours worked at time and one-half (044) as part of the employee's normally required schedule mandated by the County, holiday hours worked at straight time (045) as part of the employee's normally required schedule mandated by the County, bi-weekly special pay (087), miscellaneous compensation (088), ~~and~~ long term care pass through (104), mandatory furlough (93) (contributions are taken but no pay is received), and compulsory time off (110).

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“C. Payments made as reimbursements for expenses related to employment where such payments are made without reference to the actual expense incurred and are paid automatically to designated employees, including uniform/tool allowance (080) and transportation allowance (081).

“D. Compensation for overtime hours above forty hours per week where such overtime was the employee's normally required schedule mandated by the County for the Sheriff's Office deputies, sergeants and correctional officers and compensated as straight time (006).

“2. Compensation earnable, at a minimum, shall not include:

“A. Other over-time, including relief nurse shift differentials (007) & (009), Other over-time, including call-call back pay (025), part-time double shift differential (026) & (029), overtime training hours (065), time and one-half (066), overtime special duty desk officer (069), overtime special duty (070), overtime special duty night shift (073), overtime night shift premium hours (075), rest period differential (076), bilingual overtime pay (077) special shift differential (079), special overtime rate (089) and overtime at straight time (107).

“B. Refunds or compensation paid on a one time basis upon termination of employment, including layoff sick leave (037), terminal vacation (040), terminal holiday pay (049), terminal compensatory pay (050), terminal MOT pay (063), terminal VTO pay (091) and miscellaneous terminal pay (097) and terminal compulsory time off (111).

“C. Miscellaneous subsidies (105).

“CD. Payments associated with the provision of insurance benefits, or other third party payments such as professional membership dues, that are not received in cash by a member.

“DE. Payments by the County of member-required contributions to the retirement system under Government Code sections 31581.1, 31630, 31639.85 or under a memorandum of understanding (MOU) between members (or their representatives) and the County.”

1101.7.5 **Approval of Resolution Authorizing Submission of Tax Determination Letter Application:** Mr. Bailey requested that the board authorize the CEO to sign the Tax Determination Letter Application on behalf of *SamCERA* and approve the payment of \$26,000 in costs for the application and the Voluntary Compliance Program submission. Mr. Bailey commended Mr. Hood, Ms. Wong and Ms. Carlson on their diligent efforts to complete the necessary steps for the Tax Determination Letter. He opined that their hard work has helped create a high quality submission to the IRS.

Motion by Agnew, second by Spinello, carried unanimously to adopt **Resolution 10-11-14**, approving the resolution authorizing the submission of the Tax Determination Letter application to the IRS, as follows:

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“**WHEREAS**, in 1988 *SamCERA* applied for and received a Tax Determination Letter from the United States Internal Revenue Service (“IRS”); and

“**WHEREAS**, recently the IRS informed public sector retirement plans that they should re-submit their plans for review by January 31, 2011, in order to receive a determination letter reflecting that *SamCERA*’s plan appears to be operating in compliance with applicable laws and tax regulations; and

“**WHEREAS**, the income from plans such as *SamCERA* is tax exempt, and the IRS wants to assure that such plans are operating properly under all applicable laws and regulations; and

“**WHEREAS**, this board has determined that submitting an application for an IRS Tax Determination Letter on behalf of *SamCERA* is consistent with its fiduciary responsibilities;

“Therefore, be it

“RESOLVED THAT:

“A) The Chief Executive Officer is authorized to execute *SamCERA*’s Application for a Tax Determination Letter and any other documents related to the application; and

“B) The Chief Executive Officer is authorized to pay the U.S. Treasury \$26,000 in application related fees and costs.”

Mr. David then took up agenda item 5.1.

1101.8 **Management Reports**

1101.8.1 **Chief Executive Officer’s Report:** Mr. Bailey said that the county has restarted its recruitment for the vacant seat on the Board of Retirement. Mr. Bailey then said that, in light of recent events, Mr. Spinello brought up the possible need for a deputy sheriff at board meetings. Mr. Bailey will survey what other 1937 Act counties are currently doing in regards to security at meetings and will also research the associated costs.

Mr. Bailey said that SCORPA has requested that *SamCERA* provide identification cards for retirees as a means to access possible retiree discounts. The board opposed the idea citing that AARP and other organizations already provide several senior discounts.

Mr. Bailey also distributed a memo from SACRS regarding elections. He then reported that First 5, an early childhood development program in San Mateo County may be eliminated by budget cuts. Staff is working to calculate the program’s associated unfunded liability so that it may be paid.

1101.8.2 **Assistant Executive Officer’s Report:** Mr. Hood distributed flyers for the upcoming Financial Knowledge Network educational workshops. Mr. Hood then reported that staff has attempted to amend its current lease to acquire the office space across the hall from *SamCERA*. Mr. Hood has asked for advice from the county and INVESCO for opinions regarding the matter. Mr. Hood then commended Ms. Wong, Mr. Ali and Mr. Hawkins for

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

their hard work with the Benesyst payroll integration into Pension Gold.

- 1101.8.3 **Chief Investment Officer's Report:** Mr. Clifton reported that Angelo Gordon has issued distribution and capital call notices. He then said that Chartwell Investment Partners issued a letter notifying him of a small trading error which resulted in a \$720.37 loss for *SamCERA*. The loss will be deducted from the 4th Quarter 2010 invoice. BlackRock announced that Blake Grossman, former CEO of BGI, will be leaving BlackRock to explore new opportunities. Mr. Clifton also reported that Pyramis Global Advisers will terminate its Federal Deposit Insurance Corporation ("FDIC") deposit insurance coverage effective 3/31/2011. Pyramis had relocated from Massachusetts to New Hampshire. The state of Massachusetts required Fidelity Management Trust Company to carry the insurance but New Hampshire law does not require Pyramis to maintain the insurance. The termination of the FDIC insurance will have no effect on *SamCERA*'s investments. Mr. Clifton said that the county will pay the second half of the employer contribution pre-payment on January 28th.
- 1101.8.4 **County Counsel's Report:** None.
- 1101.9 **Report on Actions Taken in Closed Session:** None.
- 1101.10 **Adjournment in Memory of Deceased Members:** There being no further business, Mr. David adjourned the meeting at 3:35 p.m., in memory of the following deceased members:

Hamid, Asghar	November 7, 2010	Assessor
Johnson, Hubert	November 20, 2010	Ben of Johnson, Rosetta
Murphy, Marjorie	November 21, 2010	General Services
Bruning, Patricia	November 28, 2010	Courts
Hanson, Madeline	November 29, 2010	Courts
Hachey, Ernest	December 1, 2010	Social Services
Pearson, Charles	December 14, 2010	Weights & Measures
Thomas, Billie	December 22, 2010	Business Administration
Marbury, Evelyn	December 23, 2010	Treasurer
Koziol, Mary	December 27, 2010	Sheriff's Office
Markham, Dorothy	December 30, 2010	General Hospital
Ray, George	December 31, 2010	Ben of Ray, Mayme

ALBERT P. DAVID, CHAIR

San Mateo County Employees' Retirement Association
Minutes of the Meeting of the Investment Committee

February 22, 2011

Agenda Item 3.0

January 25, 2011 – Investment Committee Agenda

PUBLIC SESSION

- 1.0 Call to Order
- 2.0 Roll Call
- 3.0 Approval of the Minutes
- 4.0 Oral Communications From the Committee
- 5.0 Oral Communications From the Public
- 6.0 Investment Management Services - The Investment Committee Shall Review & Discuss
 - 6.1 Monthly Portfolio Performance Report
 - 6.2 Approval of Amendment to Policy Regarding Placement Agents
 - 6.3 Approval of Search Criteria for a Commodity Allocation Mandate
 - 6.4 Educational Presentation – Hedge Fund Investment Opportunities
 - 6.5 Approval of Policy Regarding Securities Litigation
- 7.0 Other Business
- 8.0 Chief Investment Officer's Report
- 9.0 Adjournment

MINUTES OF SAMCERA'S Investment Committee

- 1.0 **Call to Order:** Mr. Bowler called the Public Session of the Investment Committee of the Board of Retirement to order at 10:10 a.m, January 25, 2011, in *SamCERA's* Board Room, Suite 125, 100 Marine Parkway, Redwood Shores, California.
- 2.0 **Roll Call:** Mr. David, Ms. Agnew, Mr. Bowler and Mr. Hackleman. *Other Board Members In Attendance:* Ms. Salas and Mr. Spinello. *Staff:* Mr. Bailey, Mr. Hood, Ms. Dames and Mr. Clifton. *Consultants:* Mr. Thomas, Mr. Brody and Mr. Masarik. *Public:* None. *Retirees:* None.
- 3.0 **Approval of the Minutes:** **Motion** by David, second by Agnew, carried unanimously to approve the minutes from the October 26, 2010, Investment Committee meeting, as submitted.
- 4.0 **Oral Communications From the Committee:** None.
- 5.0 **Oral Communications From the Public:** None.
- 6.1 **Monthly Portfolio Performance Report:** Mr. Clifton reported that *SamCERA's* 4.03% Total Fund Return for December 2010 underperformed the Total Plan Policy Benchmark return of 4.54%. The 51 basis point underperformance is largely attributed to the underperformance of *SamCERA's* two international portfolios.

The fund's return for the trailing twelve months is a robust 13.20%, which is 545 basis points (bps) above the Actuarial Discount Rate of 7.75%. However, the total fund return is 36 basis points behind *SamCERA's* Total Plan Policy Benchmark of 10.28%. Again, largely attributed to the international portfolios.

The table below shows the composite returns:

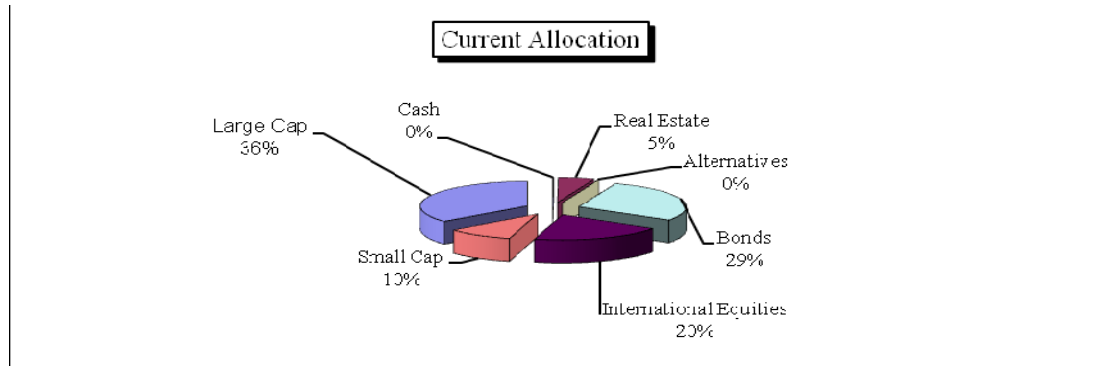
San Mateo County Employees' Retirement Association
Minutes of the Meeting of the Investment Committee

	Market Value	One Month	Trailing Three Months	Trailing Six Months	Trailing Twelve Months
Equity Aggregate	\$1,425,426,244	6.54%	10.15%	24.51%	14.58%
Equity Composite Benchmark		7.14%	11.06%	25.15%	16.76%
Variance		-0.60%	-0.91%	-0.64%	-2.18%
Private Equity Aggregate	\$250,000	0.00%	0.00%	0.00%	0.00%
Private Equity Composite		0.00%	0.00%	0.00%	0.00%
Variance		0.00%	0.00%	0.00%	0.00%
Fixed Income Aggregate	\$618,081,647	-0.57%	0.18%	4.16%	11.31%
Fixed Income Composite		-1.08%	-1.30%	1.15%	6.54%
Variance		0.51%	1.48%	3.01%	4.77%
Real Estate Aggregate	\$117,068,313	0.00%	0.00%	7.44%	11.55%
NCREIF (one quarter lag)		0.00%	0.00%	0.00%	0.00%
Variance		0.00%	0.00%	7.44%	11.55%
Cash Aggregate	\$2,912,011	0.07%	0.29%	0.62%	1.08%
91 Day Treasury Bill		0.02%	0.04%	0.08%	0.13%
Variance		0.05%	0.25%	0.54%	0.95%
Total Fund Returns	\$2,163,738,215	4.03%	6.52%	16.84%	13.20%
Total Plan Policy Benchmark		4.54%	6.71%	17.13%	13.56%
Variance		-0.51%	-0.19%	-0.29%	-0.36%

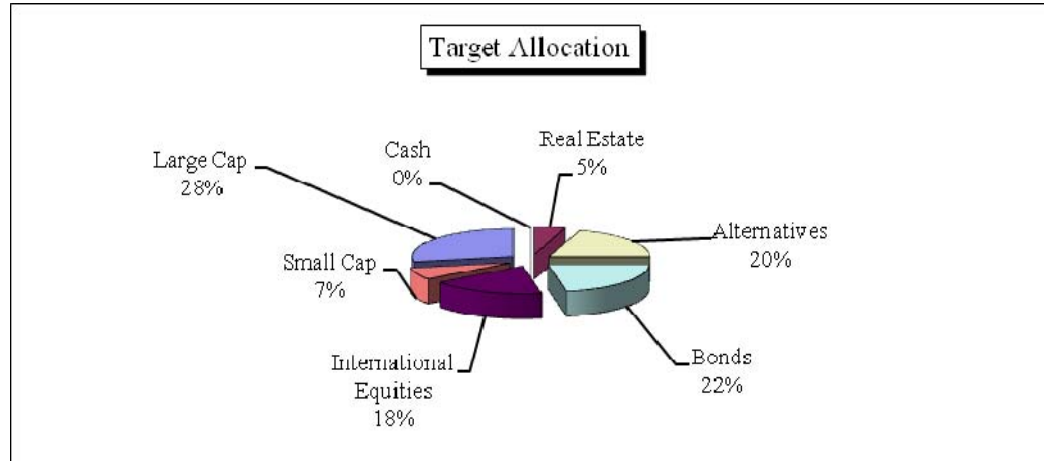
Performance versus Actuarial Discount Rate

Total Fund Returns		4.03%	6.52%	16.84%	13.20%
Actuarial Discount Rate		0.62%	1.88%	3.80%	7.75%
Variance		3.41%	4.64%	13.04%	5.45%

SamCERA's current asset allocation is summarized as follows:



San Mateo County Employees' Retirement Association
Minutes of the Meeting of the Investment Committee



Mr. Clifton reported that Franklin Templeton, the Association's global fixed income manager, was funded in December. He then said that the County will transfer the second half of the employer county contribution pre-payment on January 28th to *SamCERA*. The calculated amount is approximately \$65 million. He then said that \$50 million of the pre-payment will be used to fund the risk parity mandate. The rest of the mandate will be funded by \$20 million from each of *SamCERA*'s long-term fixed income portfolios and \$30 million from the BlackRock Russell 1000 Index portfolio. The remaining \$15 million from the pre-payment will be used for operational expenses. Mr. Clifton requested direction from the committee regarding the \$50 million pre-payment monies slated to fund the risk parity mandate during the first week of March. It is the association's policy to not hold excess cash. However, he did not opine that transferring the \$50 million to the BlackRock Russell 1000 Index for approximately 45 days was cost efficient or prudent. The committee unanimously agreed with Mr. Clifton and acknowledged that the association will temporarily be out of policy for this circumstance.

Ms. Agnew then asked Mr. Clifton regarding the alternatives benchmark. Mr. Clifton said that *SamCERA* will use an alternatives benchmark although the alternatives portfolio will not be fully funded for approximately 36 months. The committee recognized that there will be a performance mismatch due to the timing of the alternatives funding. Mr. Thomas said that SIS will provide more information regarding the details of the benchmarks at the next meeting.

Action: No action was required. The Monthly Portfolio Performance Report is an informational report.

6.2 **Approval of Amendment to Policy Regarding Placement Agents:** Mr. Bailey said that California law regarding placement agents was amended by AB 1743 to modify the definitions of "External Manager", "Placement Agent" and other related terms. To conform to these changes, *SamCERA* must modify its policy regarding placement agents. Mr. Bailey then highlighted the changes to the board. Mr. Clifton said that all IMA's will require changes and investment managers will be notified of the amendments and penalty fees contained in *SamCERA*'s placement agent policy. The committee unanimously recommended that the board approve the amendments to *SamCERA*'s policy regarding placement agents.

6.3 **Approval of Search Criteria for a Commodity Allocation Mandate:** Mr. Thomas reviewed the search criteria and timeline with the committee. The mandate is set for \$60 million and the selection of finalists is scheduled to occur in June. Mr. Thomas said that SIS recommends that *SamCERA* fund the commodity allocation mandate in two stages. The first stage this year and the second stage next year. Mr. Thomas highlighted the screening steps and said that the commodity manager search was more

San Mateo County Employees' Retirement Association
Minutes of the Meeting of the Investment Committee

conventional in that there is a database of providers unlike most other alternatives managers. He also said there is not a tremendous number of providers in this particular product. Mr. Clifton asked Mr. Thomas to describe the differences between the Dow Jones and Goldman Sachs commodities indices next month. The committee unanimously recommended that the board approve SIS' criteria and schedule for *SamCERA*'s commodities manager search.

- 6.4 **Educational Presentation – Hedge Fund Investment Opportunities:** Mr. Thomas and Mr. Masarik conducted a 45-minute educational presentation on hedge funds answering several questions from the committee. Mr. Thomas said that with *SamCERA*'s newly adopted alternatives asset class, 3% of the portfolio will be dedicated to hedge funds. He said that SIS has been historically cautious regarding hedge funds but the asset class has evolved and careful implementation can be attractive to an institutional portfolio like *SamCERA*. Following a discussion regarding the background of hedge funds, SIS discussed implementation options and various investment vehicles. Mr. Masarik discussed a beta product, replication products and hedge fund of funds. The committee directed staff to invite a provider of the beta product and a hedge fund of funds manager to provide additional education at the March meeting.
- 6.5 **Approval of Policy Regarding Securities Litigation:** This agenda item was deferred to the board meeting.
- 7.0 **Other Business:** None.
- 8.0 **Chief Investment Officer's Report:** Mr. Clifton reported that Pyramis Global Advisers will terminate its Federal Deposit Insurance Corporation ("FDIC") deposit insurance coverage effective 3/31/2011. Pyramis had relocated from Massachusetts to New Hampshire. The state of Massachusetts required Fidelity Management Trust Company to carry the insurance but New Hampshire law does not require Pyramis to maintain the insurance. The termination of the FDIC insurance will have no effect on *SamCERA*'s investments.
- 9.0 **Adjournment:** There being no further business, Mr. Bowler adjourned the committee at 12:17 p.m.

BENEDICT J. BOWLER, INVESTMENT COMMITTEE CHAIR

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 4.0 (a)

To: Board of Retirement
From: Gladys Smith, Retirement Benefits Manager
Subject: Approval of Consent Agenda

ALL ITEMS ON THE CONSENT AGENDA ARE APPROVED BY ONE ROLL CALL MOTION UNLESS A REQUEST IS MADE BY A BOARD MEMBER THAT AN ITEM BE WITHDRAWN OR TRANSFERRED TO THE REGULAR AGENDA. ANY ITEM ON THE REGULAR AGENDA MAY BE TRANSFERRED TO THE CONSENT AGENDA.

Disability Retirements

1. Board finds that **Marina Diaz-Bados** is unable to perform her usual and customary duties as a Public Health Nurse and (2) grants her application for a non-service connected disability retirement.
2. Board approves and adopts the decision of Hearing Officer Roy Abrams and denies a non-service disability retirement to **Loretta Keenan**.

Service Retirements

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

Member Name	Effective Retirement Date	Department
Boyle, Michael	December 4, 2010	Def'd from Elections
Krause, Lori	December 5, 2010	Def'd from Sheriff's Office
Singh, Kamlesh	December 8, 2010	San Mateo Medical Center
Torrelino, Elisa	December 9, 2010	Def'd from Behavioral Health
Chow, Betty	December 10, 2010	Admin and Emergency Svcs.
Cooke, Louis	December 30, 2010	Def'd from Superior Court
Conley, Kathryn	December 31, 2010	Def'd from Environmental Health
Amberg, Barbara	January 1, 2011	Library
Chiotti, Mark	January 1, 2011	Human Services Agency
Fox, James	January 1, 2011	District Attorney
Hesler, Shelley	January 1, 2011	Behavioral Health
Leduna, Alicia	January 1, 2011	San Mateo Medical Center
McHenry, Margaret	January 1, 2011	District Attorney

Moore, David	January 1, 2011	Parks Dept.
Moser, Christine	January 1, 2011	Superior Court
Penalosa, Georgina	January 1, 2011	Probation
Buffington, Lee	January 4, 2011	Tax Collector
Slocum, Warren	January 4, 2011	Assessor
Woodward, Carol	January 4, 2011	County Counsel

Continuances

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

Member Name	Beneficiary of:
Hamid, Khawer	Hamid, Asghar
Murphy, John	Murphy, Marjorie

Deferred Retirements

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

Member Name	Retirement Plan Type	
None		

Member Account Refunds

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

Member Name	Retirement Plan Type
Angeles, Ferdinand	G4 Non-vested
Boone, Maryanne	G4 Non-vested
Ceja, Anastacio	G4 Non-vested

Cherry, Courtney	G4 Non-vested
Diaz, Madeleine	G4 Non-vested
Faumuina, Tolopa	P4 Vested
Houston, Kimberly	G4 Non-vested
Laffoon, Valerie	G4 Non-vested
Lee, Lindsay	G4 Non-vested
Estate of Lucas, Henry	G1 Vested
Martinson, Katherine	G4 Non-vested
Melgarejo, Larry	G4 Non-vested
Newman, Charles	G4 Vested
Villagomez, Emanuela	G4 Non-vested

Member Account Rollovers

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

Member Name	Retirement Plan Type
Brumidis, Sydney	G4 Non-vested
Estrada, Rosa	G4 Non-vested
Gilliland, Stephanie	Ben of Reeves, Claire
McCord, James	G4 Non-vested
Smith, Debi	QDRO of Smith, Carlos

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 4.0

TO: Board of Retirement

FROM: David Bailey, Chief Executive Officer



SUBJECT: Trustee Request for Conference Approval

Issue

Approval of a board member's attendance at a conference not sponsored by an organization included in the *SamCERA* Education Policy.

Background

The *SamCERA* Education Policy allows trustees to attend educational conferences sponsored by certain organizations included in the policy. The policy also states that, "the board may approve participation in additional educational activities..."

Trustee Lauryn Agnew has been invited by The Board of Governors of the Federal Reserve System and the Federal Reserve Bank of San Francisco to a summit on Advancing Social Impact Investments through Measurement: New Capital for Community Development, to be held on March 21, 2011, in Washington, DC.

There is no charge for the conference itself. *SamCERA* costs would include airfare, lodging and meals. The estimated cost of attending this conference is within the trustee's per year educational budget.

Staff Recommendation

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

Notice of Public Meeting



Investment Committee

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

100 Marine Parkway, Suite 125, Redwood Shores

Tuesday, February 22, 2011, at 9:00 a.m.

- 1.0 Call to Order
- 2.0 Roll Call
- 3.0 Approval of the Minutes
- 4.0 Oral Communications From the Committee
- 5.0 Oral Communications From the Public
- 6.0 Investment Management Services - the Investment Committee Shall Review & Discuss
 - 6.1 Monthly Portfolio Performance Report
 - 6.2 Quarterly Investment Performance Analysis for Period Ended December 31, 2010
 - 6.3 Investment Manager Review – Mondrian Investment Partners
 - 6.4 Approval of Investment Management Agreement(s) for the Risk Parity Mandate
 - 6.5 Select Commodities RFP Recipients
 - 6.6 Approval of Private Equity Investment Opportunity - Buyouts (Media, Communications, Business Services)
 - 6.7 Approval of Private Equity Investment Opportunity - Leveraged Sr. Bank Loans (Media, Communications, Business Services)
 - 6.8 Approval of Investment Committee's Plan for Fiscal Year 2011/2012
- 7.0 Other Business
- 8.0 Chief Investment Officer's Report
- 9.0 Adjournment

A handwritten signature in blue ink that reads "Gary Clifton".

Gary Clifton, Chief Investment Officer

Printed: 2/17/11

**Be advised that the committees of the Board of Retirement
are forums in which consensus may emerge.
If you have an interest in a matter before a committee,
you are advised to attend the committee meeting.
Committee meeting times are noted on the board agenda.**

IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT:

SamCERA's facilities and board and committee meetings are accessible to individuals with disabilities. Contact David Bailey at (650) 363-4930 at least three business days prior to the meeting, if (1) you need special assistance or a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting; or (2) you have a disability and wish to receive the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting in an alternative format. Notification in advance of the meeting will enable *SamCERA* to make reasonable arrangements to ensure full accessibility to this meeting and the materials related to it.

THE COMMITTEE MEETS IN 100 MARINE PARKWAY, SUITE 125,
WHICH IS LOCATED ON THE SE CORNER OF TWIN DOLPHIN & MARINE PARKWAY IN REDWOOD SHORES.
Detailed directions are available on the "Contact Us" page of the website www.samcera.org

Free Parking is available in all lots in the vicinity of the building.

SamCERA
100 Marine Parkway, Suite 125
Redwood Shores, CA 94065

How to Find Us:

From Northbound 101 take the Ralston/ Marine World Parkway exit. Drive East on Marine Parkway toward the Bay.

From Southbound 101 take the Ralston/ Marine World Parkway exit. Drive East over the freeway on Marine Parkway toward the Bay.

From El Camino Real, turn East toward the Bay on Ralston and drive over the freeway on Marine Parkway. (Ralston becomes Marine Parkway at 101.)

Twin Dolphin Drive is two stoplights beyond the freeway. The “Shores Center” sign on the lawn is located in front of our new home.

Continue on Marine Parkway one block beyond Twin Dolphin to Lagoon Drive. Note the 100 Marine granite monument with SamCERA logo near curb as you approach Lagoon Drive.

From Marine Parkway turn Right on Lagoon Drive and then immediately take the next two Right turns into our parking lot.

Park in the **Visitor spaces** on the Marine Parkway side of our building near the North Entrance.

SamCERA is in Suite 125 on the first floor, on your left just inside the North Entrance on the Marine Parkway side of the building.

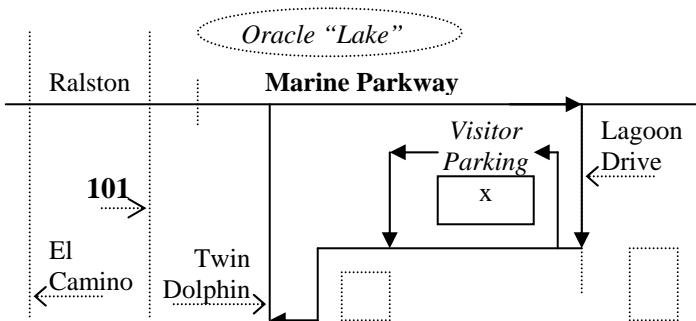
SamCERA’s Telephone Number: (650) 599-1234

From a County Extension: Dial 1234

From Outside the 650 Area Code: (800) 339-0761

Web Site: www.samcera.org

Our Office is Open Monday thru Thursday from 7:00 a.m. until 6:00 p.m.



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 6.1

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Monthly Portfolio Performance Report for the Period Ending **January 31, 2011**

COMMENT: *SamCERA's* 1.08% Total Fund Return for January 2011 underperformed the Total Plan Policy Benchmark return of 1.11%.

The fund's return for the trailing twelve months is a robust 17.41%, which is 967 basis points (bps) above the Actuarial Discount Rate of 7.75%. However, the total fund return is 41 basis points behind *SamCERA's* Total Plan Policy Benchmark of 17.82%. The 41 basis point underperformance is largely attributed to the international equity portfolios.

Dramatic overseas headlines overshadowed mundane domestic news in January. Shockwaves rippled throughout the Middle East after month-long protests in Tunisia forced the country's ruler of 23 years, President Zine al-Abidine Ben Ali, to step down and flee. Protests spread to Egypt, where a newly emboldened populace vented its anger over corruption, limited job opportunities and oppressive leadership. By the end of the month, President Hosni Mubarak's 28-year grip on power appeared to be slipping away. Other Middle Eastern countries, which generally face similar domestic problems and are also typically ruled by unpopular autocrats, braced for turmoil. Equity volatility increased slightly toward month-end as investors fretted over potential spillover effects, such as a decrease in shipping traffic through the strategically vital Suez Canal or the possibility of protests spreading to oil-rich Saudi Arabia.

Equity market returns were mixed for the month of January. The broad market Russell 3000[®] Index and S&P 500 Index appreciated 2.2% and 2.4% respectively. Large caps were the best performing market capitalization with the Russell 1000[®] Index appreciating 2.4%. This compares to a 2.1% return for the Russell Midcap[®] Index and a 0.3% decline for the small cap Russell 2000[®] Index. In terms of style, small and mid cap value stocks outperformed their growth counterparts while growth outperformed value in the large cap space.

After its January 26 meeting, the Federal Open Market Committee (FOMC) said the US economic recovery is continuing, although at a pace that has been insufficient to bring about a significant improvement in labor market conditions. Growth in household spending picked up in late 2010, but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit. Employers are still reluctant to hire additional employees, and the housing sector remains depressed. Although commodity prices have risen, longer-term inflation expectations have remained stable, and measures of underlying inflation have been trending downward.

	<u>Report Details</u>	<u>Page</u>
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Below is an overview of the investment manager performance for selected periods:

Portfolio	Trailing One Month	Trailing Three Months	Trailing Six Months	Trailing Twelve Months
BlackRock Russell 1000	2.41%	9.61%	18.78%	23.41%
D.E. Shaw Investment Management, LLC	2.18%	9.59%	18.08%	21.77%
T. Rowe Price Associates	2.45%	9.67%	18.26%	21.26%
Barrow, Hanley, Mewhinney & Strauss	3.48%	11.50%	18.71%	22.27%
BlackRock Capital Management, Inc.	1.36%	8.84%	23.52%	29.25%
Large Cap Aggregate	2.38%	9.83%	19.56%	23.10%
The Boston Company	-0.08%	10.35%	15.53%	23.11%
Chartwell Investment Partners	1.70%	11.72%	25.43%	38.29%
Jennison Associates	0.46%	12.62%	24.68%	37.31%
Small Cap Aggregate	0.65%	11.89%	22.71%	34.11%
Artio Global Investors	-0.68%	2.87%	-14.21%	14.42%
Mondrian Investment Partners	2.40%	2.77%	12.93%	13.69%
International Aggregate	0.84%	2.82%	13.56%	14.05%
Total Equity	1.65%	7.91%	18.12%	21.66%
Aberdeen Asset Management	0.67%	-0.53%	2.53%	8.31%
Angelo Gordon	0.00%	7.38%	22.41%	32.54%
Brigade Capital Management	0.00%	0.80%	5.20%	N/A
Brown Brothers Harriman	0.18%	-3.17%	1.69%	N/A
Franklin Templeton	-2.32%	N/A	N/A	N/A
Pyramis Global Advisors	0.34%	-0.85%	1.65%	2.88%
Western Asset Management	0.73%	-0.02%	3.24%	9.60%
Total Fixed Income	0.01%	-0.66%	3.03%	9.03%
Private Equity (1)	0.00%	N/A	N/A	N/A
Risk Parity	N/A	N/A	N/A	N/A
Hedge Funds	N/A	N/A	N/A	N/A
Commodities	N/A	N/A	N/A	N/A
Total Alternative Investments	0.00%	N/A	N/A	N/A
Invesco Realty Advisors	0.00%	4.62%	12.40%	16.70%
Cash	0.06%	0.23%	0.59%	1.08%
Total Portfolio	1.08%	5.14%	13.08%	17.41%

(1) On 9-30-2010 *SamCERA* committed to its first private equity investment. The fund's, Sheridan Production Partners II-B, L.P., investment objective is to make investments in hydrocarbon producing properties in the United States and the offshore waters thereof (other than the federal offshore waters thereof).

San Mateo County

Summary of Fund Performance

Rates of Return Total

Periods Ending January 31, 2011



STATE STREET

	MKT VAL	1 Month	QTR	6 Months	FYTD	1 Year	2 Years	3 Years	5 Years	10 Years	ITD	INCEPT. DATE
DOMESTIC EQUITY												
BLACKROCK RUSSELL 1000 INDEX FUND	245,585,489	2.41	9.61	18.78	27.04	23.41	29.04	0.53	2.58	1.78	8.36	04/01/1995
DE SHAW INVESTMENT MGT, LLC	107,640,681	2.18	9.59	18.08	25.38	21.77					22.00	08/01/2009
<i>RUSSELL 1000</i>		2.40	9.60	18.76	27.02	23.33	28.94	0.45	2.51	1.74		
T. ROWE PRICE ASSOCIATES	106,560,729	2.45	9.67	18.26	26.04	21.26					20.95	08/01/2009
<i>S&P 500</i>		2.37	9.23	17.93	26.19	22.19					21.63	
BARROW HANLEY	164,109,556	3.48	11.50	18.71	27.38	22.47					22.80	08/01/2009
<i>RUSSELL 1000 VALUE</i>		2.26	9.75	16.60	24.49	21.54					21.81	
BLACKROCK	169,148,820	1.36	8.84	23.52	32.17	29.25					25.46	08/01/2009
<i>RUSSELL 1000 GROWTH</i>		2.54	9.45	20.96	29.59	25.14					23.56	
LARGE CAP AGGREGATE	793,045,276	2.38	9.83	19.56	27.79	23.10	27.85	0.14	1.43	1.47	8.17	04/01/1995
<i>RUSSELL 1000</i>		2.40	9.60	18.76	27.02	23.33	28.94	0.45	2.51	1.74	8.34	
BOSTON COMPANY ASSET MGT, LLC	48,294,361	-0.08	10.35	15.53	22.27	23.11					23.87	08/01/2009
<i>RUSSELL 2000 VALUE</i>		0.05	11.12	18.21	26.65	28.33					26.24	
CHARTWELL INVESTMENT MGMT	54,759,142	1.70	11.72	25.43	35.57	38.29	38.56	2.64	2.89		5.97	12/01/2004
<i>RUSSELL 2000 GROWTH</i>		-0.56	11.66	23.25	31.40	34.38	36.69	5.31	3.26		5.47	
JENNISON ASSOCIATES	114,418,987	0.46	12.62	24.68	32.01	37.31	40.22				8.55	04/01/2008
SMALL CAP AGGREGATE	217,472,491	0.65	11.89	22.71	30.56	34.11	41.61	2.31	-0.52	4.00	4.97	07/01/1999
<i>RUSSELL 2000</i>		-0.26	11.40	20.75	29.04	31.36	34.55	4.56	2.64	5.77	6.09	
DOMESTIC EQUITY AGGREGATE	1,010,517,767	2.00	10.26	20.21	28.37	25.28	30.31	0.63	1.10	2.03	7.33	07/01/1995
<i>SAMCERA DOMESTIC EQUITY BENCHMA</i>		1.79	9.88	19.10	27.36	24.86	30.08	1.31	2.58	2.60		

San Mateo County

Summary of Fund Performance

Rates of Return Total

Periods Ending January 31, 2011



STATE STREET

	MKT VAL	1 Month	QTR	6 Months	FYTD	1 Year	2 Years	3 Years	5 Years	10 Years	ITD	INCEPT. DATE
INTERNATIONAL EQUITY												
ARTIO GLOBAL INVESTOR	218,293,737	-0.68	2.87	14.21	21.81	14.42	23.38	-6.40	1.14		5.85	12/01/2004
<i>MSCI ACWI ex US GROWTH (GROSS)</i>		-0.51	4.23	16.42	26.08	20.16	31.15	-1.15	4.03		7.83	
MONDRIAN INVESTMENT PARTNERS	220,089,829	2.40	2.77	12.93	23.41	13.69	24.20	-2.30	3.69		7.12	12/01/2004
<i>MSCI ACWI EX US VALUE (GROSS)</i>		2.55	5.23	15.26	26.60	16.77	33.98	-0.82	4.08		7.87	
TOTAL INTERNATIONAL EQUITY	438,383,566	0.84	2.82	13.56	22.61	14.05	23.79	-4.34	2.43	3.71	6.34	10/01/1996
<i>MSCI AC WORLD ex US (GROSS)</i>		1.00	4.75	15.88	26.37	18.50	32.55	-0.96	4.08	5.92	6.24	
TOTAL EQUITY AGGREGATE	1,448,901,332	1.65	7.91	18.12	26.56	21.66	28.33	-0.85	1.41	2.42	7.27	04/01/1995
<i>SAMCERA TOTAL EQUITY BENCHMARK</i>		1.53	8.23	18.06	27.03	22.87	30.93	0.69	2.97	3.41		
PRIVATE EQUITY												
SHERIDAN PRODUCTION PARTNERS	250,000	0.00	0.00								0.00	11/01/2010
TOTAL PRIVATE EQUITY	250,000	0.00	0.00								0.00	11/01/2010
<i>PRIVATE EQUITY BENCHMARK</i>		2.43	10.53									
DOMESTIC FIXED INCOME												
ABERDEEN ASSET MANAGEMENT	128,833,071	0.67	-0.53	2.53	3.59	8.31	14.26	3.29	4.24	5.29	5.93	06/01/2000
WESTERN ASSET MGMT	133,002,104	0.73	-0.02	3.24	4.90	9.60	14.94	6.33	6.00		5.60	11/01/2004
PYRAMIS GLOBAL ADVISORS	129,618,079	0.34	-0.85	1.65	2.88	7.26	12.52	6.86	6.14		6.14	02/01/2006
ANGELO GORDON GECC PPI FUND	38,088,824	-0.00	7.38	22.41	24.59	32.54					36.12	12/01/2009
<i>BC AGGREGATE</i>		0.12	-1.53	0.20	1.27	5.06	6.77	5.36	5.82	5.68		
BROWN BROTHERS HARRIMAN & CO	45,974,257	0.18	-3.17	1.69							1.69	08/01/2010
<i>BARCLAYS US TIPS INDEX</i>		0.14	-3.13	1.84							1.84	

San Mateo County

Summary of Fund Performance

Rates of Return Total

Periods Ending January 31, 2011



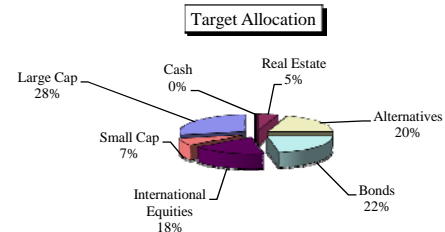
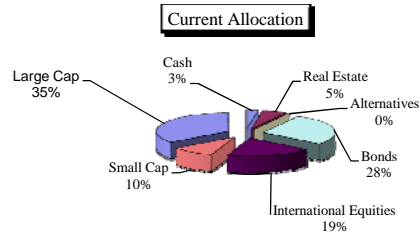
STATE STREET

	MKT VAL	1 Month	QTR	6 Months	FYTD	1 Year	2 Years	3 Years	5 Years	10 Years	ITD	INCEPT. DATE
BRIGADE CAPITAL MANAGEMENT	48,438,495	2.32	3.14	7.64							7.64	08/01/2010
<i>BC BA INTERMEDIATE HIGH YIELD INDEX</i>		1.66	1.27	6.75							6.75	
INTERNATIONAL FIXED INCOME												
FRANKLIN TEMPLETON INVESTMENTS	97,105,407	-2.32									-2.32	01/01/2011
<i>BC MULTIVERSE</i>		0.25									0.25	
TOTAL FIXED INCOME												
TOTAL FIXED INCOME AGGREGATE	621,060,237	0.18	-0.49	3.22	4.58	9.22	14.42	5.82	5.66	5.86	6.01	01/01/1996
<i>SAMCERA TOTAL FIXED INCOME BENCH</i>		0.20	-1.87	0.37	1.44	5.25	6.86	5.42	5.86	5.70	5.77	
REAL ESTATE												
INVESCO REAL ESTATE	122,302,877	0.00	4.62	12.40	12.40	16.70	-11.05	-8.92	0.47		4.25	10/01/2004
TOTAL REAL ESTATE AGGREGATE	122,302,877	0.00	4.62	12.40	12.40	16.70	-11.05	-8.92	0.47	6.59	6.96	01/01/1997
<i>REAL ESTATE BENCHMARK</i>		0.00	4.86	10.66	10.66	16.14	-10.26	-9.01	0.35	5.73	6.96	
CASH EQUIVALENTS												
SAMCERA GENERAL ACCOUNT	50,824,146	0.02	0.05	0.11	0.13	0.20	0.30	0.93	2.65	2.47	2.94	07/01/1999
SAMCERA TREASURY & LAIF	9,178,748	0.08	0.25	0.61	0.70	1.11	1.24	-0.19	1.45	2.42	3.54	07/01/1994
TOTAL CASH AGGREGATE	60,002,894	0.06	0.23	0.59	0.68	1.08	1.18	0.05	1.78	2.37	2.81	07/01/1999
<i>91 DAY T-BILL</i>		0.01	0.03	0.07	0.08	0.13	0.18	0.63	2.36	2.32	2.81	
TOTAL FUND												
TOTAL FUND	2,252,517,340	1.13	5.19	13.14	18.53	17.47	20.24	0.77	2.76	4.12		10/01/1993
<i>SAMCERA TOTAL PLAN POLICY BENCHM</i>		1.17	5.64	13.25	19.34	18.46	22.10	2.17	4.11	4.61	7.17	
<i>ACTUARIAL DISCOUNT RATE</i>		0.62	1.88	3.80	4.45	7.75	7.75	7.75	7.77	7.95		

San Mateo County Employees' Retirement Association
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Actual versus Target Allocation

Portfolio	Market Value	Allocation		Percentage Off Target	Rebalance Range
		Current	Target		
BlackRock Russell 1000	\$245,585,489	10.91%	6.50%	4.41%	±3%
D.E. Shaw Investment Management, LLC	\$107,640,681	4.78%	4.25%	0.53%	±3%
T. Rowe Price Associates	\$106,560,729	4.73%	4.25%	0.48%	±3%
Barrow, Hanley, Mewhinney & Strauss	\$164,109,556	7.29%	6.50%	0.79%	±3%
BlackRock Capital Management, Inc.	\$169,148,820	7.51%	6.50%	1.01%	±3%
Large Cap Aggregate	\$793,045,276	35.22%	28.00%	7.22%	
The Boston Company	\$48,294,361	2.15%	1.75%	0.40%	±3%
Chartwell Investment Partners	\$54,759,142	2.43%	1.75%	0.68%	±3%
Jennison Associates	\$114,418,987	5.08%	3.50%	1.58%	±3%
Small Cap Aggregate	\$217,472,491	9.66%	7.00%	2.66%	
Artio Global Investors	\$218,293,737	9.70%	9.00%	0.70%	±3%
Mondrian Investment Partners	\$220,089,829	9.78%	9.00%	0.78%	±3%
International Aggregate	\$438,383,566	19.47%	18.00%	1.47%	±3%
Total Equity	\$1,448,901,332	64.35%	53.00%	11.35%	
Aberdeen Asset Management	\$128,833,071	5.72%	3.75%	1.97%	±2%
Angelo Gordon	\$38,088,824	1.69%	1.63%	0.07%	±2%
Brigade Capital Management	\$47,341,620	2.10%	1.63%	0.48%	±2%
Brown Brothers Harriman	\$45,974,257	2.04%	3.00%	-0.96%	±2%
Franklin Templeton	\$97,105,407	4.31%	4.50%	-0.19%	±2%
Pyramis Global Advisors	\$129,618,079	5.76%	3.75%	2.01%	±2%
Western Asset Management Company	\$133,002,104	5.91%	3.75%	2.16%	±2%
Total Fixed Income	\$619,963,362	27.54%	22.00%	5.54%	
Private Equity	\$250,000	0.01%	8.00%	-7.99%	N/A
Risk Parity	\$0	0.00%	6.00%	-6.00%	N/A
Hedge Funds	\$0	0.00%	3.00%	-3.00%	N/A
Comodities	\$0	0.00%	3.00%	-3.00%	N/A
Alternative Investments	\$250,000	0.01%	20.00%	-19.99%	
INVESCO Realty Advisors	\$122,302,877	5.43%	5.00%	0.43%	±2%
Cash	\$60,002,894	2.67%	0.00%	2.67%	
Total	\$2,251,420,465	100.00%	100.00%		



San Mateo County Employees' Retirement Association
Monthly Performance Review
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Change in Portfolio Market Value by Manager

Portfolio	Current Month	Prior Month	% Change (1)	Prior Year	% Change (1)
BlackRock Russell 1000	\$245,585,489	\$239,814,972	2.4%	\$129,099,240	90.2%
AXA Rosenberg Investment Management, LLC	\$0	\$0	0.0%	\$87,394,523	-100.0%
D.E. Shaw Investment Management, LLC	\$107,640,681	\$105,343,032	2.2%	\$88,395,062	21.8%
T. Rowe Price Associates	\$106,560,729	\$104,010,198	2.5%	\$87,879,757	21.3%
Barrow, Hanley, Mewhinney & Strauss	\$164,109,556	\$158,592,024	3.5%	\$133,999,061	22.5%
BlackRock Capital Management, Inc.	\$169,148,820	\$166,879,079	1.4%	\$130,864,834	29.3%
Large Cap Aggregate	\$793,045,276	\$774,639,304	2.4%	\$657,632,478	20.6%
The Boston Company	\$48,294,361	\$48,333,746	-0.1%	\$39,229,056	23.1%
Chartwell Investment Partners	\$54,759,142	\$53,845,903	1.7%	\$39,598,297	38.3%
Jennison Associates	\$114,418,987	\$113,891,107	0.5%	\$83,330,617	37.3%
Small Cap Aggregate	\$217,472,491	\$216,070,756	0.6%	\$162,157,970	34.1%
Artio Global Investors	\$218,293,737	\$219,792,541	-0.7%	\$190,794,268	14.4%
Mondrian Investment Partners	\$220,089,829	\$214,923,643	2.4%	\$193,593,706	13.7%
International Aggregate	\$438,383,566	\$434,716,184	0.8%	\$384,387,974	14.0%
Total Equity	\$1,448,901,332	\$1,425,426,244	1.6%	\$1,204,178,422	20.3%
Aberdeen Asset Management	\$128,833,071	\$127,979,933	0.7%	\$159,560,840	-19.3%
Angelo Gordon	\$38,088,824	\$36,245,942	5.1%	\$13,864,032	N/A
Brigade Capital Management	\$0	\$47,341,620	N/A	\$0	N/A
Brown Brothers Harriman	\$45,974,257	\$45,893,851	N/A	\$0	N/A
Franklin Templeton	\$97,105,407	\$99,408,180	N/A	\$0	N/A
Pyramis Global Advisors	\$129,618,079	\$129,174,055	0.3%	\$158,410,417	-18.2%
Western Asset Management Company	\$133,002,104	\$132,038,067	0.7%	\$163,077,643	-18.4%
Total Fixed Income	\$619,963,362	\$618,081,647	0.3%	\$494,912,933	25.3%
Private Equity	\$250,000	\$250,000	N/A	\$0	N/A
Risk Parity	\$0	\$0	N/A	\$0	N/A
Hedge Funds	\$0	\$0	N/A	\$0	N/A
Comodities	\$0	\$0	N/A	\$0	N/A
Alternative Investments	\$250,000	\$250,000	N/A	\$0	N/A
INVESCO Realty Advisors	\$122,302,877	\$117,068,313	4.5%	\$106,113,595	N/A
Cash	\$60,002,894	\$2,912,011	1960.5%	\$58,418,217	2.7%
Total	\$2,251,170,465	\$2,163,488,215	4.1%	\$1,863,623,166	20.8%

Change in Asset Allocation by Asset Class

	Current Month	Prior Month	Absolute Change	Prior Year	Absolute Change
Total Equity	64.4%	65.9%	-1.5%	64.6%	-0.3%
Total Fixed Income	27.5%	28.6%	-1.0%	26.6%	1.0%
Alternative Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate	5.4%	5.4%	0.0%	5.7%	-0.3%
Cash	2.7%	0.1%	2.5%	3.1%	-0.5%
Total	100.0%	100.0%		100.0%	

San Mateo County Employees' Retirement Association
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Aggregate Performance

	Market Value	One Month	Trailing Three Months	Trailing Six Months	Trailing Twelve Months	Fiscal Year to Date (1)	Two Years	Three Years	Five Years	Ten Years
						Seven Months				
Equity Aggregate	\$1,448,901,332	1.65%	7.91%	18.12%	21.66%	26.56%	28.33%	-0.85%	1.41%	2.42%
Equity Composite Benchmark		1.67%	8.77%	18.45%	23.53%	27.25%	30.79%	0.91%	3.02%	3.43%
Variance		-0.02%	-0.86%	-0.33%	-1.87%	-0.69%	-2.46%	-1.76%	-1.61%	-1.01%
Private Equity Aggregate	\$250,000	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Private Equity Composite Benchmark		0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Variance		0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fixed Income Aggregate	\$619,963,362	0.01%	-0.66%	3.03%	9.03%	4.40%	14.32%	5.75%	5.62%	5.84%
Fixed Income Composite Benchmark		0.12%	-1.53%	0.20%	5.06%	1.27%	6.77%	5.36%	5.82%	5.68%
Variance		-0.11%	0.87%	2.83%	3.97%	3.13%	7.55%	0.39%	-0.20%	0.16%
Real Estate Aggregate (2)	\$122,302,877	0.00%	4.62%	12.40%	16.70%	12.40%	-11.05%	-8.92%	0.47%	6.59%
NCREIF NFI ODCE EW (Gross)		0.00%	4.86%	10.66%	16.14%	10.66%	-10.26%	-10.30%	-0.54%	4.82%
Variance		0.00%	0.00%	1.74%	0.56%	1.74%	-0.79%	1.38%	1.01%	1.77%
Cash Aggregate	\$60,002,894	0.06%	0.23%	0.59%	1.08%	0.68%	1.18%	0.05%	1.78%	2.37%
91 Day Treasury Bill		0.01%	0.03%	0.07%	0.13%	0.08%	0.18%	0.63%	2.36%	2.32%
Variance		0.05%	0.20%	0.52%	0.95%	0.60%	1.00%	-0.58%	-0.58%	0.05%
Total Fund Returns	\$2,251,420,465	1.08%	5.14%	13.08%	17.41%	18.47%	20.21%	0.75%	2.75%	4.12%
Total Plan Policy Benchmark		1.11%	5.43%	12.69%	17.82%	18.76%	22.37%	2.32%	4.20%	4.66%
Variance		-0.03%	-0.29%	0.39%	-0.41%	-0.29%	-2.16%	-1.57%	-1.45%	-0.54%

Performance versus Actuarial Discount Rate

Total Fund Returns		1.08%	5.14%	13.08%	17.41%	18.47%	20.21%	0.75%	2.75%	4.12%
Actuarial Discount Rate		0.62%	1.88%	3.80%	7.75%	4.45%	7.75%	7.75%	7.77%	7.95%
Variance		0.46%	3.26%	9.28%	9.66%	14.02%	12.46%	-7.00%	-5.02%	-3.83%

(1) SamCERA's Fiscal Year is 7/1 through 6/30

(2) The Real Estate Aggregate prior to 12/99 includes REIT returns

San Mateo County Employees' Retirement Association
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Manager & Benchmark Performance

Manager Performance

Portfolio	(1)					One Year	Two Years	Three Years	Four Years	Five Years	Ten Years
	One Month	Trailing Three Months	Trailing Six Months	Trailing Twelve Months	Fiscal Year to Date Seven Months						
BlackRock Russell 1000	2.41%	9.61%	18.78%	23.41%	27.04%	23.41%	29.04%	0.53%	-0.21%	2.58%	1.78%
D.E. Shaw Investment Management, LLC	2.18%	9.59%	18.08%	21.77%	25.38%	21.77%	N/A	N/A	N/A	N/A	N/A
T. Rowe Price Associates	2.45%	9.67%	18.26%	21.26%	26.04%	21.26%	N/A	N/A	N/A	N/A	N/A
Barrow, Hanley, Mewhinney & Strauss	3.48%	11.50%	18.71%	22.47%	27.38%	22.47%	N/A	N/A	N/A	N/A	N/A
BlackRock Capital Management, Inc.	1.36%	8.84%	23.52%	29.25%	32.17%	29.25%	N/A	N/A	N/A	N/A	N/A
Large Cap Aggregate	2.38%	9.83%	19.56%	23.10%	27.79%	23.10%	27.85%	0.14%	-1.58%	1.43%	1.47%
The Boston Company	-0.08%	10.35%	15.53%	23.11%	22.27%	23.11%	N/A	N/A	N/A	N/A	N/A
Chartwell Investment Partners	1.70%	11.72%	25.43%	38.29%	35.57%	38.29%	38.56%	2.64%	2.05%	2.89%	N/A
Jennison Associates	0.46%	12.62%	24.68%	37.31%	32.01%	37.31%	40.22%	N/A	N/A	N/A	N/A
Small Cap Aggregate	0.65%	11.89%	22.71%	34.11%	30.56%	34.11%	41.61%	2.31%	-2.88%	-0.52%	4.00%
Artio Global Investors	-0.68%	2.87%	14.21%	14.42%	21.81%	14.42%	23.38%	-6.40%	-3.88%	1.14%	N/A
Mondrian Investment Partners	2.40%	2.77%	12.93%	13.69%	23.41%	13.69%	24.20%	-2.30%	-0.69%	3.69%	N/A
International Aggregate	0.84%	2.82%	13.56%	14.05%	22.61%	14.05%	23.79%	-4.34%	-2.27%	2.43%	3.71%
Total Equity	1.65%	7.91%	18.12%	21.66%	26.56%	21.66%	28.33%	-0.85%	-1.91%	2.42%	2.42%
Aberdeen Asset Management	0.67%	-0.53%	2.53%	8.31%	3.59%	8.31%	14.26%	3.29%	4.09%	4.24%	5.29%
Angelo Gordon	0.00%	7.38%	22.41%	32.54%	24.59%	32.54%	N/A	N/A	N/A	N/A	N/A
Brigade Capital Management	0.00%	0.80%	5.20%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brown Brothers Harriman	0.18%	-3.17%	1.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Franklin Templeton	-2.32%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pyramis Global Advisors	0.34%	-0.85%	1.65%	7.26%	2.88%	7.26%	12.52%	6.86%	6.50%	6.14%	N/A
Western Asset Management Company	0.73%	-0.02%	3.24%	9.60%	4.90%	9.60%	14.94%	6.33%	6.23%	6.00%	N/A
Total Fixed Income	0.01%	-0.66%	3.03%	9.03%	4.40%	9.03%	14.32%	5.75%	5.81%	5.62%	5.84%
Private Equity	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Risk Parity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comodities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investments	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
INVESCO Realty Advisors	0.00%	4.62%	12.40%	16.70%	12.40%	16.70%	-11.05%	-8.92%	-3.74%	0.47%	6.59%
Cash	0.06%	0.23%	0.59%	1.08%	0.68%	1.08%	1.18%	0.05%	1.14%	1.78%	2.37%
Total	1.08%	5.14%	13.08%	17.41%	18.47%	17.41%	20.21%	0.75%	0.38%	2.75%	4.12%

Benchmark Performance

Russell 1000	2.40%	9.60%	18.76%	23.33%	27.02%	23.33%	28.94%	0.45%	-0.28%	2.51%	1.74%
S&P 500	2.37%	9.23%	17.93%	22.19%	26.19%	22.19%	N/A	N/A	N/A	N/A	N/A
Russell 1000 Value	2.26%	9.75%	16.60%	21.54%	24.49%	21.54%	N/A	N/A	N/A	N/A	N/A
Russell 1000 Growth	2.54%	9.45%	20.96%	25.14%	29.59%	25.14%	N/A	N/A	N/A	N/A	N/A
Russell 2000	-0.26%	11.40%	20.75%	31.36%	29.04%	31.36%	34.55%	4.56%	0.78%	2.64%	5.77%
Russell 2000 Value	0.05%	11.12%	18.21%	28.33%	26.65%	28.33%	N/A	N/A	N/A	N/A	N/A
Russell 2000 Growth	-0.56%	11.66%	23.25%	34.38%	31.40%	34.38%	36.69%	5.31%	2.76%	3.26%	N/A
MSCI ACWI ex US (Gross)	1.00%	4.75%	15.88%	18.50%	26.37%	18.50%	32.55%	-0.96%	0.59%	4.08%	5.92%
MSCI ACWI ex US Growth (Gross)	-0.51%	4.23%	16.42%	20.16%	26.08%	20.16%	31.15%	-1.15%	1.19%	4.03%	N/A
MSCI ACWI ex US Value (Gross)	2.55%	5.23%	15.26%	16.77%	26.60%	16.77%	33.98%	-0.82%	-0.06%	4.08%	N/A
Barclays Capital Aggregate	0.12%	-1.53%	0.20%	5.06%	1.27%	5.06%	6.77%	5.36%	6.21%	5.82%	5.68%
Barclays U.S. TIPS Index	0.14%	-3.13%	1.84%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BC BA Intermediate High Yield Index	1.66%	1.27%	6.75%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Capital Multiverse Index	0.25%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NCREIF NFI ODCE EW (Gross)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
91 Day Treasury Bill	0.01%	0.03%	0.07%	0.13%	0.08%	0.13%	0.18%	0.63%	1.73%	2.36%	2.32%
SamCERA Plan Policy Benchmark	1.11%	5.43%	12.69%	17.82%	18.76%	17.82%	22.37%	2.32%	2.35%	4.20%	4.66%
SamCERA Actuarial Discount Rate	0.62%	1.88%	3.80%	7.75%	4.45%	7.75%	7.75%	7.75%	7.75%	7.77%	7.95%

(1) SamCERA's Fiscal Year is 7/1 through 6/30

(2) Refer to page 13 for benchmark details

San Mateo County Employees' Retirement Association
Monthly Performance Review
Period Ending January 31, 2011

Realized & Unrealized Gain / (Loss)

Portfolio	Beginning Book Balance As of 07/01/2010	(1) Realized Gain / (Loss) for the FYTD	Contributions/ (Withdrawals) for the FYTD	Ending Book Balance As of 01/31/2011	Prior Years Accumulated Unrealized Gains / (Loss)	FYTD Unrealized Gains / (Loss)	Ending Market Value As of 01/31/2011
BlackRock Russell 1000	\$227,158,749.62	1,671,961	(20,000,000)	\$208,830,710.19	(\$12,322,638)	\$49,077,417	\$245,585,489
D.E. Shaw Investment Management LLC	\$91,382,477.76	6,538,559		\$97,921,036.72	(\$5,529,724)	\$15,249,368	\$107,640,681
T. Rowe Price Associates	\$84,410,628.27	2,977,047		\$87,387,675.55	\$133,920	\$19,039,134	\$106,560,729
Barrow Hanley	\$125,717,857.93	4,675,445		\$130,393,302.97	\$3,115,310	\$30,600,943	\$164,109,556
BlackRock	\$120,628,030.67	8,287,664		\$128,915,694.65	\$7,352,352	\$32,880,773	\$169,148,820
The Boston Company	\$39,782,574.05	1,384,433		\$41,167,006.55	(\$285,918)	\$7,413,273	\$48,294,361
Chartwell Investment Partners	\$37,328,257.20	6,565,312		\$43,893,568.76	\$3,063,778	\$7,801,796	\$54,759,142
Jennison Associates	\$81,047,582.79	6,070,115		\$87,117,698.27	\$5,626,624	\$21,674,665	\$114,418,987
Artio Global Investors	\$185,960,389.43	2,784,857		\$188,745,246.22	(\$6,744,297)	\$36,292,788	\$218,293,737
Mondrian Investment Partners	\$213,442,132.16	(1,419,779)		\$212,022,353.06	(\$35,099,468)	\$43,166,943	\$220,089,828
Aberdeen Asset Management	\$163,766,449.61	6,830,895	(43,000,000)	\$127,597,344.51	\$3,066,904	(\$1,831,178)	\$128,833,071
Angelo Gordon	\$21,875,000.00		7,765,624	\$29,640,624.00	\$1,478,466	\$6,969,735	\$38,088,824
Bridage Capital Management	\$0.00		45,000,000	\$45,000,000.00		\$2,321,620	\$47,321,620
Brown Brothers Harriman	\$0.00	969,872	45,000,000	\$45,969,872.33	\$0	\$4,384	\$45,974,257
Franklin Templeton Investments	\$0.00	77,601	100,000,000	\$100,077,600.61		(\$2,972,194)	\$97,105,407
Pyramis Global Advisors	\$126,598,323.37	9,981,374	(40,000,000)	\$96,579,697.32	\$38,553,995	(\$5,515,613)	\$129,618,079
Western Asset Management Company	\$174,036,705.22	6,535,025	(45,000,000)	\$135,571,730.15	(\$3,645,689)	\$1,076,063	\$133,002,104
Private Equity	\$0.00		250,000	\$250,000.00	\$0	\$0	\$250,000
Risk Parity	\$0.00			\$0.00	\$0	\$0	\$0
Hedge Funds	\$0.00			\$0.00	\$0	\$0	\$0
Comodities	\$0.00			\$0.00	\$0	\$0	\$0
INVESCO Core US Real Estate Fund	\$132,755,678.60	1,765,233		\$134,520,911.33	\$0	(\$12,218,034)	\$122,302,877
Cash	\$13,670,765.68			\$60,002,894.17	\$0	\$0	\$60,002,894
Total	\$1,839,561,602.36	\$65,695,612.51	\$50,015,624.00	\$2,001,604,967.36	-\$1,236,384.30	\$251,031,881.83	\$2,251,400,464.89

(1) SamCERA's Fiscal Year is 7/1 through 6/30

San Mateo County Employees' Retirement Association
Monthly Performance Review
Period Ending January 31, 2011

Cash Flows and Fiscal Year to Date Return

Portfolio	Beginning Market Value Balance As of 07/01/2010	(1) Earnings / (Loss) for the FYTD	Contributions/ (Withdrawals) for the FYTD	Ending Market Value Balance As of 01/31/2011	Fiscal Year to Date Return (Portfolio)	Fiscal Year to Date Return (Benchmark)
BlackRock Russell 1000	\$227,158,750	\$1,671,961	-\$20,000,000	\$208,830,710	27.04%	27.02%
D.E. Shaw Investment Management, LLC	\$91,382,478	\$6,538,559	\$0	\$97,921,037	25.38%	27.02%
T. Rowe Price Associates	\$84,410,628	\$2,977,047	\$0	\$87,387,676	26.04%	26.19%
Barrow, Hanley, Mewhinney & Strauss	\$125,717,858	\$4,675,445	\$0	\$130,393,303	27.38%	24.49%
BlackRock Capital Management, Inc.	\$120,628,031	\$8,287,664	\$0	\$128,915,695	32.17%	29.59%
The Boston Company	\$39,782,574	\$1,384,433	\$0	\$41,167,007	22.27%	26.65%
Chartwell Investment Partners	\$37,328,257	\$6,565,312	\$0	\$43,893,569	35.57%	31.40%
Jennison Associates	\$81,047,583	\$6,070,115	\$0	\$87,117,698	32.01%	29.04%
Artio Global Investors	\$185,960,389	\$2,784,857	\$0	\$188,745,246	21.81%	26.08%
Mondrian Investment Partners	\$213,442,132	-\$1,419,779	\$0	\$212,022,353	23.41%	26.60%
Aberdeen Asset Management	\$163,766,450	\$6,830,895	-\$43,000,000	\$127,597,345	3.59%	1.27%
Angelo Gordon	\$21,875,000	\$0	\$7,765,624	\$29,640,624	24.59%	N/A
Brigade Capital Management	\$0	\$0	\$45,000,000	\$45,000,000	N/A	N/A
Brown Brothers Harriman	\$0	\$969,872	\$45,000,000	\$45,969,872	N/A	N/A
Franklin Templeton	\$0	\$77,601	\$100,000,000	\$100,077,601	N/A	N/A
Pyramis Global Advisors	\$126,598,323	\$9,981,374	-\$40,000,000	\$96,579,697	2.88%	1.27%
Western Asset Management Company	\$174,036,705	\$6,535,025	-\$45,000,000	\$135,571,730	4.90%	1.27%
Private Equity	\$0	\$0	\$250,000	\$250,000	N/A	N/A
Risk Parity	\$0	\$0	\$0	\$0	N/A	N/A
Hedge Funds	\$0	\$0	\$0	\$0	N/A	N/A
Comodities	\$0	\$0	\$0	\$0	N/A	N/A
INVESTCO Realty Advisors	\$132,755,679	\$1,765,233	\$0	\$134,520,911	12.40%	N/A
Cash	\$13,670,766	\$0	\$0	\$13,670,766	0.68%	0.08%
Total	\$1,839,561,602	\$65,695,613	\$50,015,624	\$1,955,272,839	18.47%	18.76%

(1) SamCERA's Fiscal Year is 7/1 through 6/30

San Mateo County Employees' Retirement Association

Monthly Performance Review

Period Ending January 31, 2011

Professional Services Fees

Investment Management Fees	Market Value As of 01/31/2011	For the Quarter Ending				Fiscal Year 2010 / 2011	Estimated Annual Fee (1)
		Estimated 9/30/2010	12/31/2010	3/31/2011	6/30/2011		
BlackRock Russell 1000	\$ 245,585,489.36	\$22,800	\$23,400	\$7,800		\$54,000	\$95,000
D.E. Shaw Investment Management, LLC	\$ 107,640,680.97	\$115,900	\$128,400	\$42,800		\$287,100	\$475,000
T. Rowe Price Associates	\$ 106,560,729.33	\$84,900	\$93,300	\$31,100		\$209,300	\$350,000
Barrow, Hanley, Mewhinney & Strauss	\$ 164,109,556.16	\$158,900	\$170,100	\$56,700		\$385,700	\$650,000
BlackRock Capital Management, Inc.	\$ 169,148,820.00	\$162,600	\$185,500	\$61,833		\$409,933	\$675,000
The Boston Company	\$ 48,294,361.46	\$88,400	\$97,300	\$32,433		\$218,133	\$375,000
Chartwell Investment Partners	\$ 54,759,141.99	\$82,600	\$95,800	\$31,933		\$210,333	\$350,000
Jennison Associates	\$ 114,418,987.41	\$185,600	\$207,600	\$69,200		\$462,400	\$775,000
Artio Global Investors	\$ 218,293,737.24	\$242,100	\$263,200	\$87,733		\$593,033	\$975,000
Mondrian Investment Partners	\$ 220,089,828.56	\$136,700	\$118,700	\$39,567		\$294,967	\$50,000
Aberdeen Asset Management	\$ 128,833,070.54	\$90,800	\$90,800	\$30,267		\$211,867	\$375,000
Angelo Gordon	\$ 38,088,824.29	\$58,300	\$58,300	\$19,433		\$136,033	\$350,000
Brigade Capital Management	\$ 47,341,620.00	\$49,700	\$51,200	\$17,067		\$117,967	\$225,000
Brown Brothers Harriman	\$ 45,974,256.61	\$17,200	\$12,500	\$4,167		\$33,867	\$75,000
Franklin Templeton	\$ 97,105,406.87	\$0	\$5,400	\$1,800		\$7,200	N/A
Pyramis Global Advisors	\$ 129,618,079.11	\$64,200	\$61,000	\$20,333		\$145,533	\$275,000
Western Asset Management Company	\$ 133,002,104.18	\$103,400	\$98,500	\$32,833		\$234,733	\$425,000
Private Equity	\$ 250,000.00	\$0	\$0	\$0		\$0	N/A
Risk Parity	\$ -	\$0	\$0	\$0		\$0	N/A
Hedge Funds	\$ -	\$0	\$0	\$0		\$0	N/A
Commodities	\$ -	\$0	\$0	\$0		\$0	N/A
INVESCO Realty Advisors	\$ 122,302,877.00	\$161,100	\$155,100	\$51,700		\$367,900	\$650,000
Sub-Total	\$2,191,417,571	\$1,825,200	\$1,916,100	\$638,700	\$0	\$4,380,000	\$7,145,000
Investment Consultant Fees							
Strategic Investment Solutions		\$50,000	\$116,600	\$38,867		\$205,467	\$400,000
Global Custodian Fees							
State Street Bank & Trust		\$35,700	\$81,600	\$27,200		\$144,500	\$125,000
Actuarial Consultant Fees							
Milliman, Inc.		\$35,900	\$4,200	\$4,200		\$44,300	\$60,000
Sub-Total		\$121,600	\$202,400	\$70,267	\$0	\$394,267	\$585,000
Total		\$1,946,800	\$2,118,500	\$708,967	\$0	\$4,774,267	\$7,730,000

**SAN MATEO COUNTY
BLENDED BENCHMARKS DETAIL
August 31, 2010**

Total Plan Policy Benchmark

	As of:					
	2/1/2007	11/1/2001	6/1/2000	3/1/1999	9/1/1998	7/1/1996
Russell 1000	37.0%	40.0%	40.0%	22.0%	20.0%	20.0%
S & P 500	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
Russell 1000 Value	0.0%	0.0%	0.0%	5.0%	5.0%	0.0%
Russell 2000	9.0%	10.0%	10.0%	15.0%	15.0%	15.0%
MSCI AC World ex-US	0.0%	0.0%	15.0%	0.0%	0.0%	0.0%
MSCI AC World ex-US *	21.0%	15%	0%	0%	0%	0%
MSCI EAFE	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%
Lehman Aggregate	27.0%	29.0%	29.0%	25.0%	21.0%	21.0%
Salomon Non-US World Govt Bond (unhedged)	0.0%	0.0%	0.0%	5.0%	9.0%	9.0%
SamCERA's Real Estate Benchmark	6.0%	6.0%	6.0%	0.0%	0.0%	0.0%
10 YR Treasury plus 200 basis points	0.0%	0.0%	0.0%	8.0%	10.0%	10.0%
	100.0%	100.0%	100%	100%	100%	100%

Equity Benchmark

	As of:					
	11/1/2001	6/1/2000	3/1/1999	9/1/1998	7/1/1996	Prior to 7/1/96
Russell 1000	61.54%	61.54%	35.48%	33.33%	33.33%	58.00%
S & P 500	0.00%	0.00%	0.00%	0.00%	8.33%	14.00%
Russell 1000 Value	0.00%	0.00%	8.06%	8.33%	0.00%	0.00%
Russell 2000	15.38%	15.38%	24.19%	25.00%	25.00%	12.00%
MSCI EAFE	0.00%	0.00%	32.26%	33.33%	33.33%	16.00%
MSCI AC World ex-US *	23.08%	0.00%	0.00%	0.00%	0.00%	0.00%
MSCI AC World ex-US	0.00%	23.08%	0.00%	0.00%	0.00%	0.00%
	100.00%	100%	100%	100%	100%	100%

Domestic Equity Benchmark

	As of:					
	11/1/2001	6/1/2000	3/1/1999	9/1/1998	7/1/1996	Prior to 7/1/96
Russell 1000	80.00%	80.00%	52.38%	50.00%	50.00%	69.05%
S & P 500	0.00%	0.00%	0.00%	0.00%	12.50%	16.67%
Russell 1000 Value	0.00%	0.00%	11.90%	12.50%	0.00%	0.00%
Russell 2000	20.00%	20.00%	35.71%	37.50%	37.50%	14.29%
	100%	100%	100%	100%	100%	100%

Fixed Income Benchmark

	As of:				
	11/1/2001	6/1/2000	3/1/1999	9/1/1998	7/1/1996
Lehman Aggregate	100.00%	100.00%	83.33%	70.00%	70.00%
Salomon Non-US World Govt Bond (unhedged)	0.00%	0.00%	16.67%	30.00%	30.00%
	100.0%	100.0%	100.0%	100.0%	100.0%

MSCI AC WORLD EX US Custom Index

	As of:					
	11/1/2001	6/1/2000	3/1/1999	9/1/1998	7/1/1996	Prior to 7/1/96
MSCI AC World ex-US *	100%	0%	0%	0%	0%	0%
MSCI AC World ex-US	0.0%	100%	0%	0%	0%	0%
MSCI EAFE	0.0%	0%	100%	100%	100%	100%

SamCERA's Real Estate Benchmark

	As of:					
	11/1/2001	4/1/2000	3/1/1999	9/1/1998	7/1/1996	Prior to 7/1/96
NCREIF Property Index	100%	100%	0%	0%	0%	0%
10 YR Treasury plus 200 basis points	0%	0%	100%	100%	100%	100%

Actuarial Discount Rate- Annualized

	As of:		
	7/1/2006	7/1/2003	Prior to 7/1/2003
	7.75%	8%	8.25%

* MSCI removed the word "Free" in 2004.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Board of Retirement

February 22, 2011

Agenda Item 6.2

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Quarterly Investment Performance Analysis for the period ended December 31, 2010

STAFF RECOMMENDATION: Staff recommends the board review and accept Strategic Investment Solutions' Quarterly Performance Report for the period ended December 31, 2010.

COMMENT: Below are selected summary details from Strategic Investment Solutions' Quarterly Performance Report. **Patrick Thomas & Jonathan Brody** will present the entire report to the board and will be available for questions.

INVESTMENT PERFORMANCE SUMMARY
December 31, 2011

	Last Quarter		One Year		Last 3 Years	
	Return	Rank	Return	Rank	Return	Rank
<i>Composite Fund</i>	6.85%	15	13.55%	39	-1.02%	85
<i>Policy Index</i>	7.37%	11	14.25%	30	0.25%	58
Black Rock Russell 1000 Index Fund	11.20%	31	16.17%	25	-2.30%	36
D.E. Shaw	11.42%	22	14.15%	74	N/A	N/A
<i>Russell 1000 Index</i>	11.19%	32	16.10%	26	-2.37%	38
T. Rowe Price	10.99%	38	14.18%	73	N/A	N/A
<i>S&P 500 Index</i>	10.76%	59	15.06%	58	N/A	N/A
Barrow Hanley	10.79%	37	15.81%	40	N/A	N/A
<i>Russell 1000 Value Index</i>	10.54%	45	15.51%	49	N/A	N/A
BlackRock	14.24%	15	20.38%	21	N/A	N/A
<i>Russell 1000 Growth Index</i>	11.83%	53	16.71%	56	N/A	N/A
<i>Large Cap Composite</i>	11.75%	27	15.69%	44	-2.56%	50
<i>Russell 2000 Index</i>	11.19%	42	16.10%	39	-2.37%	46
Jennison Associates	17.40%	24	31.40%	13	N/A	N/A
<i>Russell 2000 Index</i>	16.25%	41	26.85%	48	N/A	N/A
The Boston Company	12.57%	87	20.19%	88	N/A	N/A
<i>Russell 2000 Value Index</i>	15.36%	64	24.50%	68	N/A	N/A
Chartwell Investment Partners	14.54%	90	30.85%	28	-1.46%	80
<i>Russell 2000 Growth Index</i>	17.11%	40	29.09%	45	2.18%	65
<i>Small Cap Composite</i>	15.57%	65	28.58%	39	-0.08%	87
<i>Russell 2000 Index</i>	16.25%	50	26.85%	54	2.22%	72
<i>U.S. Equity Composite</i>	12.55%	45	18.25%	50	-2.01%	62
Artio Global Investment	6.27%	74	8.52%	66	-9.45%	95
<i>MSCI ACWI-ex US Growth Index</i>	8.18%	24	14.79%	28	-4.44%	43
Mondrian Investment Partners	3.69%	96	5.48%	92	-5.88%	63
<i>MSCI ACWI-ex US Value Index</i>	6.28%	73	8.40%	67	-4.77%	46
<i>International Equity Composite</i>	4.98%	90	6.99%	82	-7.65%	84
<i>MSCI ACWI-ex US Index Free</i>	7.25%	43	11.60%	44	-4.58%	45
<i>Total Equity Composite</i>	10.15%	N/A	14.59%	N/A	-3.72%	N/A

	Last Quarter		One Year		Last 3 Years	
	Return	Rank	Return	Rank	Return	Rank
Aberdeen Asset Management	-0.56%	24	10.33%	10	3.40%	99
Angelo Gordon GECC PPI Fund	12.09%	1	40.65%	1	N/A	N/A
Pyramis Global Advisors	-0.54%	23	8.96%	20	7.27%	28
Western Asset Management	-0.09%	16	11.24%	7	6.57%	51
<i>BC Aggregate Index</i>	<i>-1.30%</i>	<i>76</i>	<i>6.54%</i>	<i>74</i>	<i>5.90%</i>	<i>74</i>
Brigade Capital Management	3.16%	N/A	N/A	N/A	N/A	N/A
<i>BC BA Intermediate High Yield</i>	<i>1.70%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Brown Brothers Harriman	-1.26%	N/A	N/A	N/A	N/A	N/A
<i>BC US TIPS</i>	<i>-0.66%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>U.S. Fixed Income Composite</i>	<i>0.40%</i>	<i>20</i>	<i>11.55%</i>	<i>36</i>	<i>6.21%</i>	<i>70</i>
<i>Total Fixed Income Index</i>	<i>-1.20%</i>	<i>72</i>	<i>6.65%</i>	<i>74</i>	<i>5.94%</i>	<i>72</i>
INVESCO Core Fund	4.62%	43	16.70%	28	-8.92%	40
<i>Real Estate Composite</i>	<i>4.62%</i>	<i>43</i>	<i>16.70%</i>	<i>28</i>	<i>-8.92%</i>	<i>40</i>
<i>NCREIF ODCE – Equal Weight</i>	<i>4.86%</i>	<i>41</i>	<i>16.14%</i>	<i>29</i>	<i>-9.01%</i>	<i>40</i>
State Street General Account	0.05%	34	0.20%	43	1.05%	49
San Mateo County Treasury Account	0.29%	9	1.10%	15	-0.10%	97
<i>Cash Composite</i>	<i>0.29%</i>	<i>9</i>	<i>1.08%</i>	<i>15</i>	<i>0.15%</i>	<i>97</i>
<i>91 Day T-Bill Index</i>	<i>0.04%</i>	<i>41</i>	<i>0.13%</i>	<i>58</i>	<i>0.79%</i>	<i>80</i>

INVESTMENT PERFORMANCE SUMMARY

- The composite fund returned 6.9% in the fourth quarter of 2010 and ranked 15th among other public funds greater than \$100 million (median of 6.0%). The one-year return of 13.6% was behind the policy index return of 14.3% and ranked in the 39th percentile of the universe. Longer term, the three and five-year returns of -1.0% (85th percentile) and 3.2% (95th percentile), respectively, were below median among large public plans (0.5% and 4.5%).
- Fourth quarter results were enhanced by the following factors:
 1. The BlackRock Russell 1000 Index Fund, 11.2%, ranked in the 31st percentile among large cap core managers (median of 10.8%), and matched its benchmark.
 2. DE Shaw's return of 11.4% ranked in the top quartile among large cap core managers (median 10.8%), and was ahead of its benchmark, the Russell 1000 Index (11.2%). Investments in the Info Tech sector and its portfolio turnover boosted quarterly results.
 3. T Rowe Price (11.0%) led the S&P 500 Index (10.8%) and its peer median of 10.8%. Security selection in the Consumer Discretionary and Materials sectors helped performance.
 4. Barrow Hanley's return of 10.8% was in front of the Russell 1000 Value Index (10.5%) and ranked in the second quartile among large cap value managers (median of 10.5%). The portfolio was primarily helped by its security selection in the Consumer Discretionary (Royal Caribbean Cruises, Limited Brands) and Healthcare (Coventry Health care) sectors.
 5. BlackRock-US Equity (14.2%) led the Russell 1000 Growth Index (11.8%), and the median large growth manager (12.0%). It ranked in the top quartile among its peers. BlackRock was boosted by its Info Tech (Check Point Software, F5 Networks) and Industrials (Joy Global) investments.

6. Jennison (17.4%) ranked in the 24th percentile among its small cap core peers (median of 15.8%) and led its benchmark. The Russell 2000 Index returned 16.3%. Above par Industrials (Darling International, Korn/Ferry International) and Financials (Symetra Financial) investments were contributors to relative performance.
 7. Aberdeen Asset (-0.6%) led the Barclays Aggregate Index (-1.3%) and ranked above the median core bond manager (-1.1%). Its selection and overweight to the corporate sector, plus holdings in non-Agency MBS, commercial MBS, and ABS, contributed to relative performance. Franklin Templeton was funded December end. The global bond manager benchmark will be the Barclays Multiverse Index.
 8. The Angelo Gordon GECC PPIP Fund appreciated 12.1% while the Barclays Aggregate was down 1.3%. The Fund carries approximately 48% RMBS and 51% CMBS assets.
 9. The Pyramis Broad Market Duration Fund lost 0.5% and ranked in the 23rd percentile among core bond managers (median of -1.1%). The Barclays Aggregate Index was down 1.3% for the quarter. Overweight to credit and CMBS were the most notable contributors; the portfolio also maintained a relatively higher exposure to US Treasuries.
 10. Western Asset Management's quarter was above par. It carried a return of -0.1% and ranked above the core bond manager median of -1.1%. The Barclays Aggregate Index returned -1.3%. Its TIPS, non-agency issues, corporate, non-dollar bonds and emerging market positions contributed to performance alpha.
 11. In its first full quarter, the intermediate high yield manager, Brigade Capital, beat its benchmark, the Barclays Intermediate High Yield Index (3.2% vs. 1.7%). The fund benefited from long positions in levered loans and high yields. A long credit position in MBIA was a significant contributor.
 12. The Treasury and LAIF account added 0.3% during the quarter. The 91-Day T-Bill returned 0.0% during the same time period.
- Fourth quarter results were hindered by the following factors:

1. The Boston Company returned 12.6%, versus 15.4% for the Russell 2000 Value Index, and ranked in the 87th percentile among its peers (median 16.1%). Negative attribution was derived from stock selection in the Consumer Discretionary (Foot Locker, OfficeMax) and Financials (CBL + Associates) sectors.
2. Chartwell gained less value, 14.5%, than the Russell 2000 Growth Index, 17.1%. Chartwell ranked in the 90th percentile among small cap growth managers (median of 16.7%). Negative alpha was mainly derived from its stock selection in the Energy (Fossil) and Info Tech (K12 Inc, Concur Technologies) sectors.
3. The Artio Global quarterly result of 6.3% was below the MSCI ACWI -ex US Growth Index (8.2%), and ranked in the 74th percentile among international equity managers. Artio's underweight to Japan, overweight to China and select Hong Kong investments carried a negative impact on results.

4. Mondrian returned 3.7% and lagged the MSCI AC World -ex US Value Index (6.3%) and ranked in the 96th percentile among its peers. The portfolio was hindered by its overweight to Spain and France, underweight to Canada and currency exposure to the Euro dollar.
5. In its first full quarter, Brown Brothers Harriman lost 1.3% and lagged the Barclays US TIPS Index, -0.7%. A yield curve flattening bias early in the quarter and positions in nominal US Treasury securities subtracted from performance.
6. The INVESCO Core Real Estate-USA Fund returned 4.6% for the quarter, positioned below the NCREIF ODCE (4.9%), and ranked in the second quartile among real estate investments. There was an overall gross write up of \$70.3 million or 2.6%.

GENERAL COMMENTS

- The stock market finished 2010 with a roar, with every major index ending in positive territory. The fourth quarter rally (S&P 500 ended the three months up 10.8%, 15.1% for the year) pushed the U.S. equity markets to their highest levels since the collapse of Lehman Brothers (September 2008). While unemployment rates are still high, industrial production, consumer spending, and U.S. GDP each increased during the last quarter of 2010, easing fears of a double dip recession.
- The U.S. equity markets performed well this quarter. Fixed income markets, however, experienced negative returns as interest rates rose sharply during the fourth quarter. The Barclay's Capital Municipal Bond Index declined 4.2%, highlighting investor concerns about the deteriorating financial condition of municipalities.
- The Federal Reserve, noting elevated rates of unemployment and low inflation rates, again left the federal funds' target rate unchanged at 0% to 0.25%. The committee will continue to push the American economy towards recovery by maintaining the low federal funds target rate in addition to injecting funds into the marketplace by purchasing \$600 billion of Treasury securities throughout the first half of 2011 (QE2).
- Amid concerns of an escalating debt crisis, European officials announced in November a €85 billion bailout of Ireland and a possible expansion of the European Financial Stability Facility. This marks the second bailout in six months — following Greece's €115 billion bailout in May. While speculation about the size, scope, and viability of the bailouts for Greece, Ireland, and possibly Portugal continue to swirl, the real impetus for expanding the size of the EFSF is likely the fear that Spain, Europe's fourth largest economy, could fall prey to contagion and seek a massive bailout of its own.
- Since the State Street Global Markets Investor Confidence Index bottomed out at 88.1 in September 2010, the Index has rebounded, finishing up 16.3 points to 104.4 as of December 31, 2010. Investor confidence in Europe had a significant drop off from November to December (a 10.8 point decrease) because of sovereign debt concerns that still plague the PIIGS countries. Confidence in North America and Asia however, increased by 15 points and 7.4 points respectively over the fourth quarter to 103.1.
- For the period ending 12/31/10, the one quarter return for the NAREIT index was 7.4%, the one year return was 27.9%, and the three years return was 0.7%. For NCREIF (one quarter lag), the one quarter return was 3.9%, the one year return was 5.8%, and the three year return was -4.6%.

- Distressed sales are increasing but hard to find. Core properties in the top-15 global cities are in great demand by investors. At the same time, US delinquency rates are still rising; additionally, 52% of \$1.4 trillion in mortgages coming due in the next five years are still under water.
- On an optimistic note, in 2010 global REITs and Funds were flush with cash, having raised approximately \$69.7 billion through September in 1,352 funds and firms. Real estate IPO activity was up, with Global Logistics Properties and Mapletree in Singapore 15x oversubscribed.

SAN MATEO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT PERFORMANCE ANALYSIS
DECEMBER 31, 2010

STRATEGIC INVESTMENT SOLUTIONS, INC.

333 BUSH STREET, SUITE 2000
SAN FRANCISCO, CA 94104
(415) 362-3484 (415) 362-2752 FAX

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

	SECTION (Page)
Total Fund	I
U.S. Equity.....	II
BlackRock Russell 1000 Index Fund	(21)
D.E. Shaw	(24)
T. Rowe Price.....	(28)
Barrow Hanley.....	(32)
BlackRock	(36)
Jennison	(43)
The Boston Company	(47)
Chartwell	(51)
International Equity	III
Artio Global Investors.....	(59)
Mondrian Investment Partners	(64)
U.S. Fixed Income.....	IV
Aberdeen Asset	(76)
Pyramis	(78)
Western Asset	(80)
Real Estate.....	V
INVESCO Real Estate	(82)
Appendix	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Fourth Quarter 2010

Capital Market Review

> General Comments

- The stock market finished 2010 with a roar, with every major index ending in positive territory. The fourth quarter rally (S&P 500 ended the three months up 10.8%, 15.1% for the year) pushed the U.S. equity markets to their highest levels since the collapse of Lehman Brothers (September 2008). While unemployment rates are still high, industrial production, consumer spending, and U.S. GDP each increased during the last quarter of 2010, easing fears of a double dip recession.
- The U.S. equity markets performed well this quarter. Fixed income markets, however, experienced negative returns as interest rates rose sharply during the fourth quarter. The Barclay's Capital Municipal Bond Index declined 4.2%, highlighting investor concerns about the deteriorating financial condition of municipalities.
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SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Fourth Quarter 2010

Executive Performance Summary

- The composite fund returned 6.9% in the fourth quarter of 2010 and ranked 15th among other public funds greater than \$100 million (median of 6.0%). The one year return of 13.6% was behind the policy index return of 14.3% and ranked in 39th percentile of the universe. Longer term, the three and five-year returns of -1.0% (85th percentile) and 3.2% (95th percentile), respectively, were below median among large public plans (0.5% and 4.5%).
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SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Fourth Quarter 2010

Executive Performance Summary

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10. Western Asset Management's quarter was above par. It carried a return of -0.1% and ranked above the core bond manager median of -1.1%. The Barclays Aggregate Index returned -1.3%. Its TIPS, non-agency issues, corporate, non-dollar bonds and emerging market positions contributed to performance alpha.
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SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Fourth Quarter 2010

Executive Performance Summary

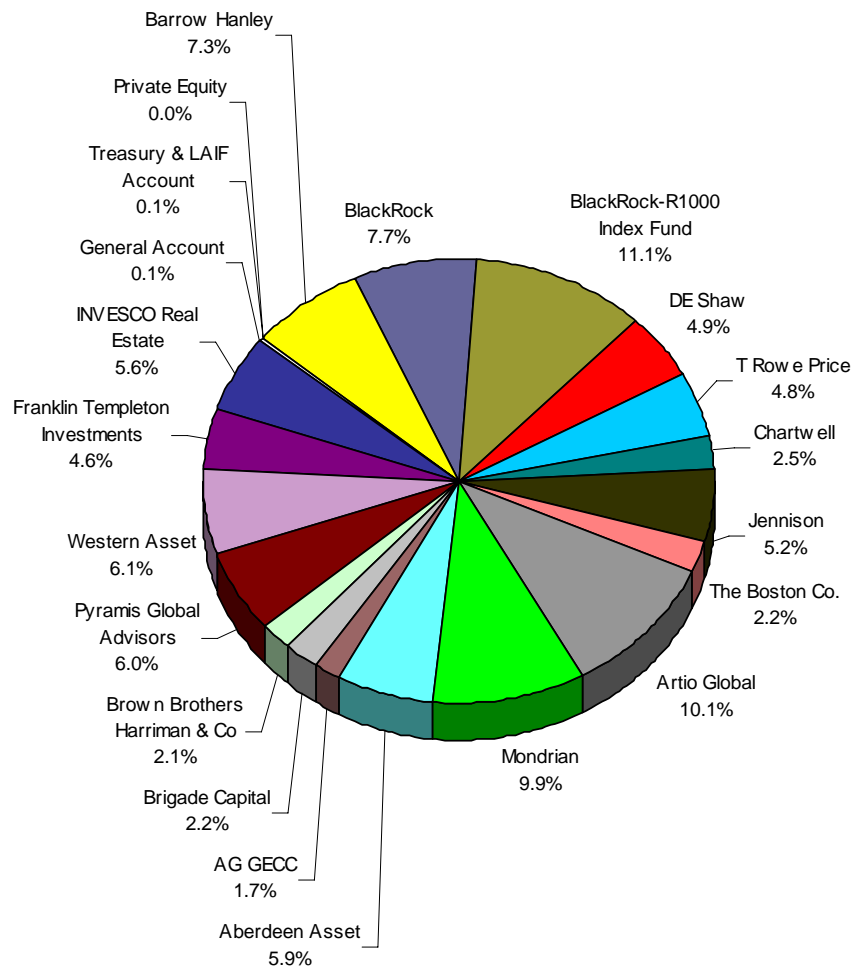
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SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Manager Allocation Analysis – Total Fund

CURRENT ALLOCATION BY MANAGER



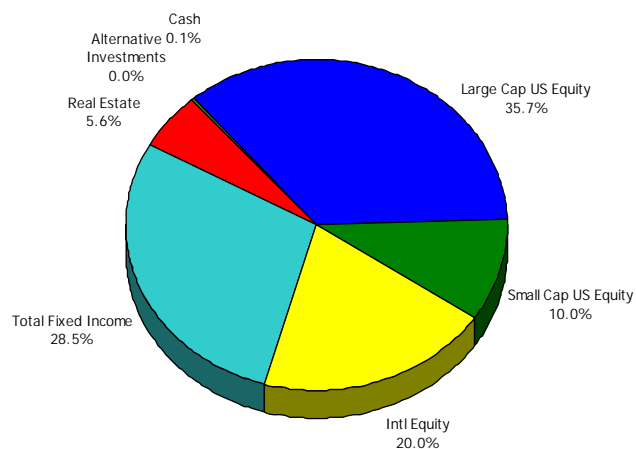
Manager	Market Value	%
Barrow Hanley	158,592,024	7.3%
BlackRock	166,879,079	7.7%
BlackRock-R1000 Index Fund	239,814,972	11.0%
DE Shaw	105,343,032	4.9%
T Rowe Price	104,010,197	4.8%
Chartwell	53,845,903	2.5%
Jennison	113,891,107	5.2%
The Boston Co.	48,333,745	2.2%
Artio Global	219,792,541	10.1%
Mondrian	214,923,643	9.9%
Aberdeen Asset	127,979,933	5.9%
AG GECC	37,585,704	1.7%
Brigade Capital	47,341,620	2.2%
Brown Brothers Harriman & Co	45,893,851	2.1%
Pyramis Global Advisors	129,174,055	6.0%
Western Asset	132,038,067	6.1%
Franklin Templeton Investments	99,408,180	4.6%
INVECO Real Estate	122,302,877	5.6%
General Account	1,285,112	0.1%
Treasury & LAIF Account	1,643,529	0.1%
Private Equity	250,000	0.0%
Total	2,170,329,171	100.0%

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

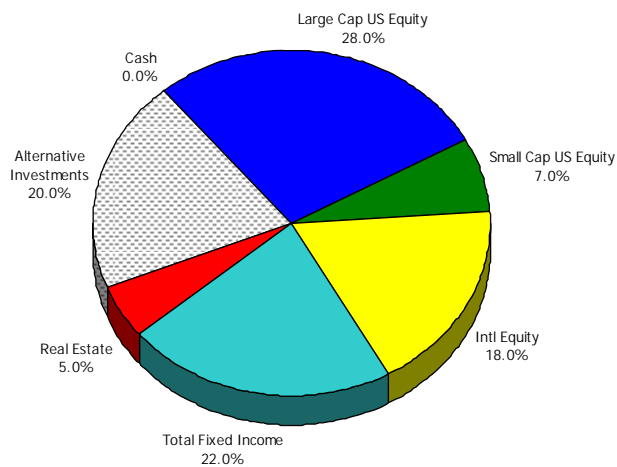
As of December 31, 2010

Allocation By Manager Type Analysis

CURRENT ALLOCATION BY MANAGER TYPE



TARGET ALLOCATION BY MANAGER TYPE



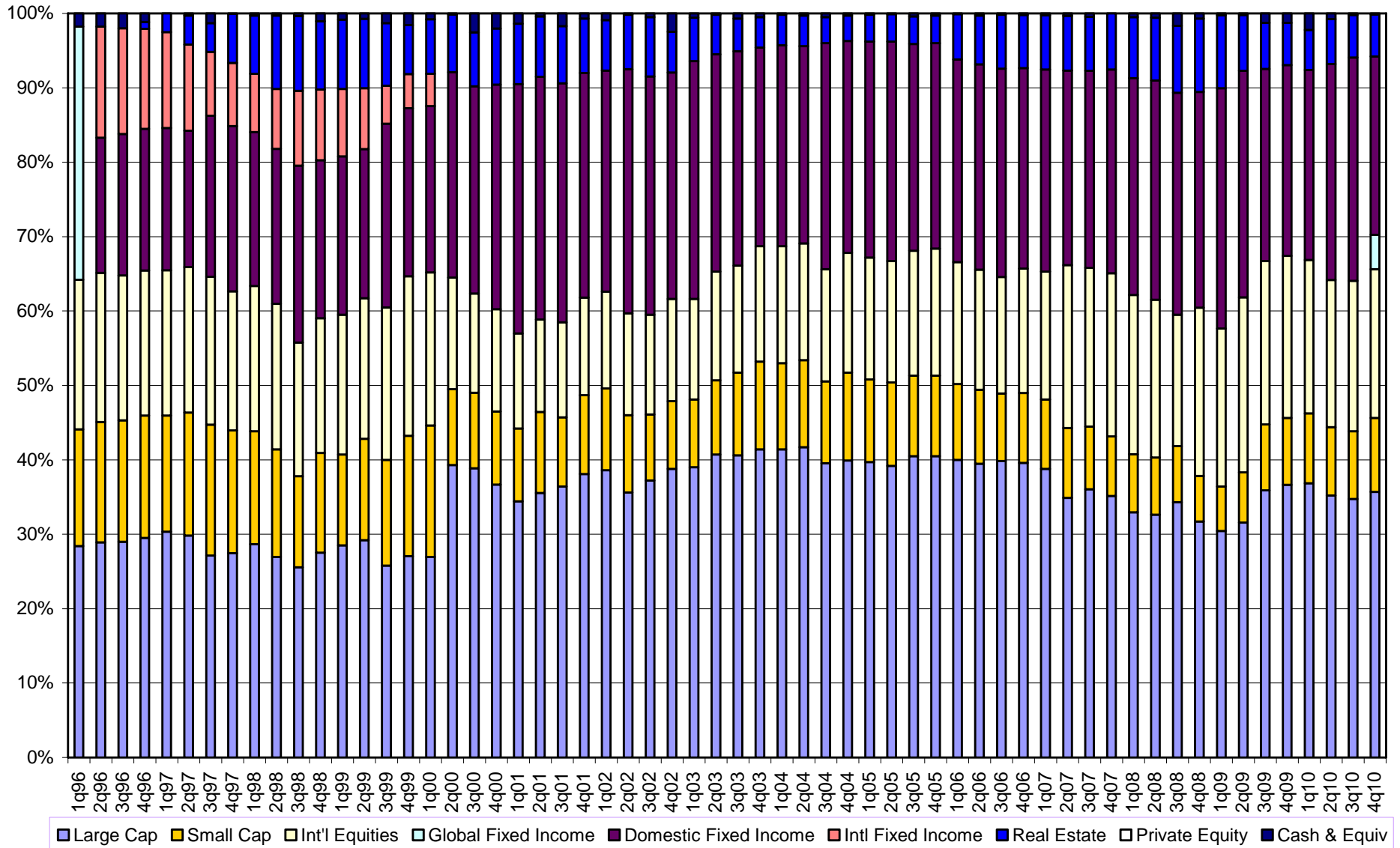
Asset Allocation	Market Value	%
Large Cap US Equity	774,639,304	35.7%
Small Cap US Equity	216,070,755	10.0%
Intl Equity	434,716,184	20.0%
Total Fixed Income	619,421,410	28.5%
Real Estate	122,302,877	5.6%
Alternative Investments	250,000	0.0%
Cash	2,928,641	0.1%
Total	2,170,329,171	100.0%

Asset Allocation	Target	Actual	Diff
Large Cap US Equity	28.0%	35.7%	7.7%
Small Cap US Equity	7.0%	10.0%	3.0%
Intl Equity	18.0%	20.0%	2.0%
Total Fixed Income	22.0%	28.5%	6.5%
Real Estate	5.0%	5.6%	0.6%
Alternative Investments	20.0%	0.0%	-20.0%
Cash	0.0%	0.1%	0.1%
Total	100.0%	100.0%	0.0%

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Periods Ending December 31, 2010

Actual Historical Quarterly Asset Allocation



SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Periods Ending December 31, 2010

Performance Summary

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
	RETURN	RANK*	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
TOTAL FUND												
SAMCERA COMPOSITE FUND	6.85%	15	17.20%	13	13.55%	39	16.32%	56	-1.02%	85	3.18%	95
<i>Policy Index¹</i>	7.37%	11	17.84%	9	14.25%	30	17.61%	34	0.25%	58	4.49%	50
<i>Public Fund >\$100 Million Median</i>	6.00%		15.24%		13.22%		16.75%		0.46%		4.47%	
US EQUITY												
LARGE CAP+												
BlackRock-R1000 Index Fund	11.20%	31	24.06%	23	16.17%	25	22.21%	34	-2.30%	36	2.66%	40
D.E. Shaw	11.42%	22	22.70%	75	14.15%	74						
<i>Russell 1000 Index</i>	11.19%	32	24.03%	24	16.10%	26	22.11%	35	-2.37%	38	2.59%	43
T. Rowe Price	10.99%	38	23.02%	67	14.18%	73						
<i>S&P 500 Index</i>	10.76%	59	23.27%	55	15.06%	58						
Barrow Hanley	10.79%	37	23.10%	26	15.81%	40						
<i>Russell 1000 Value Index</i>	10.54%	45	21.74%	61	15.51%	49						
BlackRock	14.24%	15	30.39%	20	20.38%	21						
<i>Russell 1000 Growth Index</i>	11.83%	53	26.37%	48	16.71%	56						
LARGE CAP COMPOSITE	11.75%	27	24.82%	31	15.69%	44	21.12%	55	-2.56%	50	1.60%	79
<i>Russell 1000 Index</i>	11.19%	42	24.03%	39	16.10%	39	22.11%	47	-2.37%	46	2.59%	50
<i>Large Cap Median</i>	10.83%		23.32%		15.21%		21.72%		-2.59%		2.57%	
SMALL CAP+												
Jennison	17.40%	24	31.40%	12	31.40%	13	33.42%	24				
<i>Russell 2000 Index</i>	16.25%	41	29.38%	37	26.85%	48	27.01%	63				
The Boston Company	12.57%	87	22.37%	87	20.19%	88						
<i>Russell 2000 Value Index</i>	15.36%	64	26.58%	59	24.50%	68						
Chartwell	14.54%	90	33.31%	23	30.85%	28	32.37%	55	-1.46%	80	4.32%	84
<i>Russell 2000 Growth Index</i>	17.11%	40	32.14%	35	29.09%	45	31.75%	60	2.18%	65	5.30%	74
SMALL CAP COMPOSITE	15.57%	65	29.72%	41	28.58%	39	33.82%	31	-0.08%	87	0.93%	99
<i>Russell 2000 Index</i>	16.25%	50	29.38%	47	26.85%	54	27.01%	72	2.22%	72	4.47%	77
<i>Small Cap Median</i>	16.24%		29.17%		27.23%		30.62%		3.60%		6.32%	
US EQUITY COMPOSITE	12.55%	45	25.85%	46	18.25%	50	23.47%	58	-2.01%	62	1.54%	88
<i>80% Russell 1000/20% Russell 2000²</i>	12.19%	47	25.11%	50	18.22%	50	23.15%	60	-1.40%	56	3.03%	61
<i>US Equity Median</i>	11.90%		24.99%		18.09%		25.29%		-0.55%		3.80%	

* Ranking: 1 is best, 100 is worst. Total Fund and US Managers are ranked against their appropriate peer (style) group. Asset Class composites are ranked against asset class universes.

1 As of 10/1/10, the Policy Index is 28% Russell 1000/7% Russell 2000/18% MSCI ACWI-ex US/12.9% BC Aggregate/1.6% BC BBB/3% BC Tips/4.5% BC Multiverse/6% NCREIF NFI ODCE EW/8% Russell 3000 + 3%/6% (60% Russell 3000/40% BC Aggregate)/3% Libor +4%/3% DJ UBS Commodity

2 See Appendix for Benchmark History.

+ Jennison is added in April 2008. DE Shaw is added in August 2009. AXA Rosenberg, T. Rowe Price, Barrow Hanley, BlackRock and The Boston Co. are added in September 2009. AXA Rosenberg terminated in May 2010

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Periods Ending December 31, 2010

Performance Summary

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
INTERNATIONAL EQUITY												
Artio Global	6.27%	74	22.65%	74	8.52%	66	16.49%	81	-9.45%	95	2.89%	77
MSCI ACWI -ex US Growth Index	8.18%	24	26.73%	21	14.79%	28	26.41%	22	-4.44%	43	5.60%	29
MSCI ACWI -ex US Index	7.25%	43	25.12%	40	11.60%	44	25.95%	24	-4.58%	45	5.29%	33
Mondrian	3.69%	96	20.51%	86	5.48%	92	16.60%	81	-5.88%	63	4.38%	46
MSCI ACWI -ex US Value Index	6.28%	73	23.45%	64	8.40%	67	25.43%	26	-4.77%	46	4.92%	37
MSCI ACWI -ex US Index	7.25%	43	25.12%	40	11.60%	44	25.95%	24	-4.58%	45	5.29%	33
INTERNATIONAL EQUITY COMPOSITE	4.98%	90	21.58%	80	6.99%	82	16.55%	81	-7.65%	84	3.67%	62
MSCI ACWI -ex US Index ²	7.25%	44	25.12%	40	11.60%	44	25.95%	24	-4.58%	45	5.29%	33
MSCI EAFE Before Tax Index	6.65%	62	24.28%	50	8.21%	68	19.72%	63	-6.55%	70	2.94%	76
International Equity Median	6.96%		24.24%		10.56%		20.99%		-5.23%		4.22%	
TOTAL EQUITY COMPOSITE	10.15%		24.51%		14.59%		21.26%		-3.72%		2.06%	
Total Equity Index ²	10.61%		25.12%		16.17%		24.12%		-2.30%		3.61%	
FIXED INCOME⁵												
CORE												
Aberdeen Asset	-0.56%	24	2.91%	19	10.33%	10	14.18%	11	3.40%	99	4.11%	99
Angelo Gordon GECC PPI Fund ³	12.09%		24.59%		40.65%							
Pyramis Global Advisors	-0.54%	23	2.53%	26	8.96%	20	12.96%	14	7.27%	28		
Western Asset	-0.09%	16	4.14%	7	11.24%	7	14.94%	9	6.57%	51	5.96%	63
BC Aggregate Index	-1.30%	76	1.15%	82	6.54%	74	6.24%	84	5.90%	74	5.80%	75
Core Fixed Income Median	-1.05%		1.75%		7.22%		9.37%		6.59%		6.26%	
Brigade Capital Management ⁴	3.16%											
BC BA Intermediated High Yield	1.70%											
Brown Brothers Harriman ⁴	-1.26%											
BC U.S. Tips	-0.66%											
TOTAL FIXED INCOME COMPOSITE	0.40%	20	4.39%	67	11.55%	36	14.77%	44	6.21%	70	5.64%	76
Total Fixed Index ²	-1.20%	72	1.25%	84	6.65%	74	6.29%	76	5.94%	72	5.82%	75
US Fixed Index ²	-1.21%	72	1.24%	84	6.63%	74	6.28%	77	5.93%	72	5.82%	75
Global Fixed Index ²	-1.21%	72										
Core Fixed Income Median	-0.72%		7.12%		8.66%		11.85%		7.63%		7.85%	

² See Appendix for Benchmark History.

³ Funded 11/6/09, return reported net of management fees.

⁴ Brigade Capital Management, Brown Brothers Harriman funded in August 2010

⁵ Franklin Templeton Investments funded in December 2010

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Periods Ending December 31, 2010

Performance Summary

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
	RETURN	RANK*	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
REAL ESTATE												
INVESCO Real Estate	4.62%	43	12.40%	29	16.70%	28	-11.05%	48	-8.92%	40	0.47%	44
REAL ESTATE COMPOSITE												
NCREIF NFI ODCE EW Index ²	4.86%	41	10.66%	35	16.14%	29	-10.26%	45	-9.01%	40	0.35%	44
Real Estate Median	3.46%		8.57%		9.06%		-11.77%		-10.75%		-0.34%	
PRIVATE EQUITY⁶												
CASH												
General Account	0.05%	34	0.12%	38	0.20%	43	0.33%	44	1.05%	49	2.72%	38
Treasury & LAIF	0.29%	9	0.62%	13	1.10%	15	1.27%	15	-0.10%	97	1.50%	97
CASH COMPOSITE												
91 Day T-Bill	0.04%	41	0.08%	56	0.13%	58	0.17%	74	0.79%	80	2.43%	73
Cash Median	0.03%		0.08%		0.16%		0.30%		1.05%		2.63%	

² See Appendix for Benchmark History. As of 10/1/10 the benchmark is NCREIF NFI ODCE EW, benchmark is linked to NCREIF Property Index.

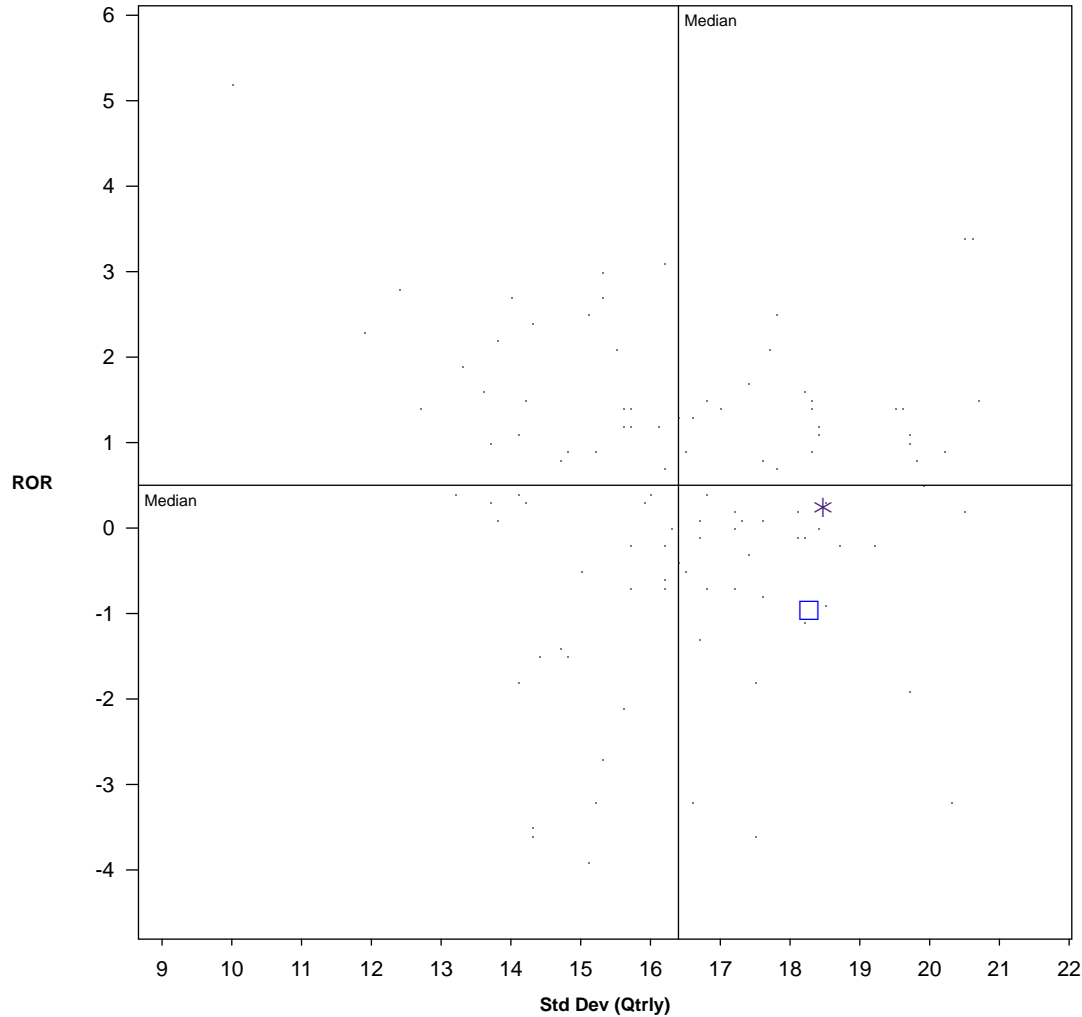
⁶ Private Equity funded in December 2010

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

PUBLIC FUNDS > \$100 MILLION

Period Ending December 31, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
□ SamCERA Composite	-1.0 85	18.3 81	-0.1 87
* Plan Policy Index	0.2 58	18.5 84	
Median	0.5	16.4	0.0

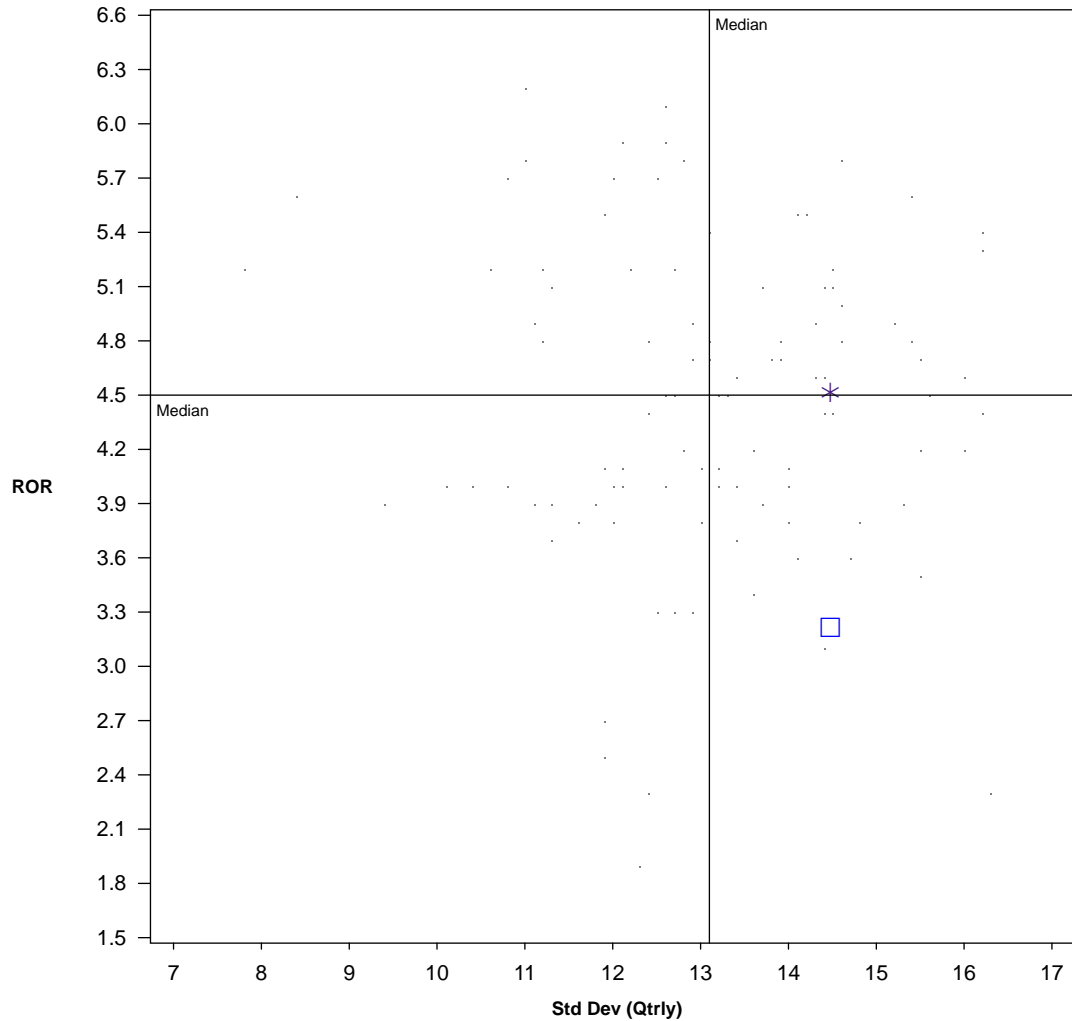
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

PUBLIC FUNDS > \$100 MILLION

Period Ending December 31, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
□ SamCERA Composite	3.2 95	14.5 80	0.1 93
* Plan Policy Index	4.5 50	14.5 81	
Median	4.5	13.1	0.2

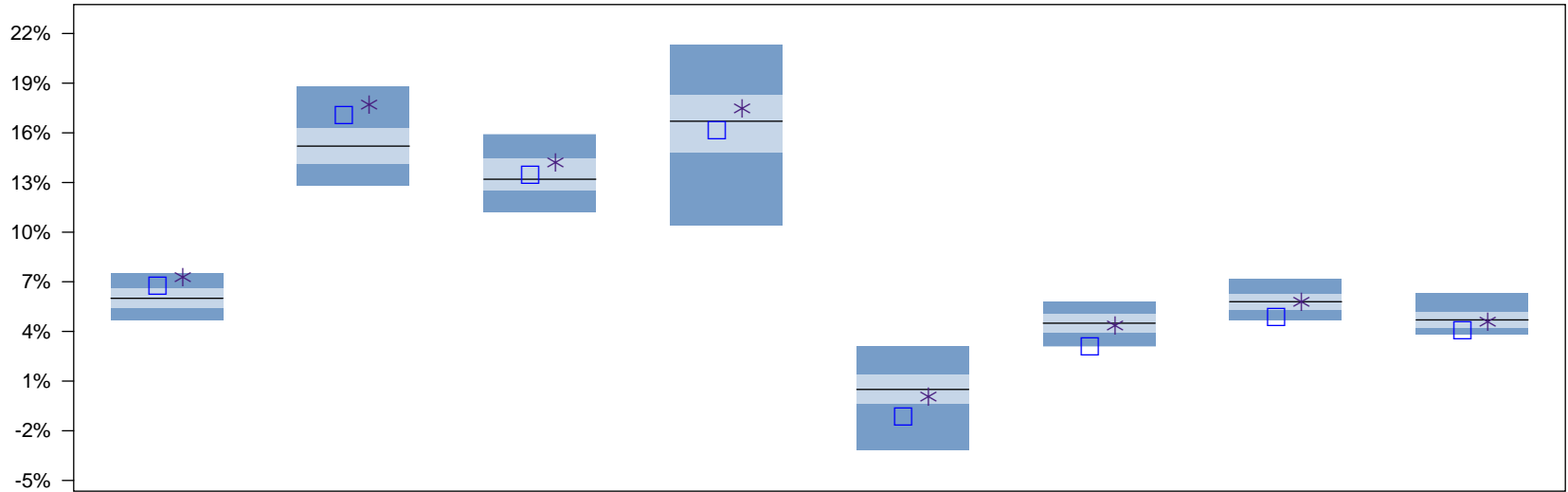
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

PUBLIC FUNDS > \$100 MILLION

Periods Ending December 31, 2010

Total Returns

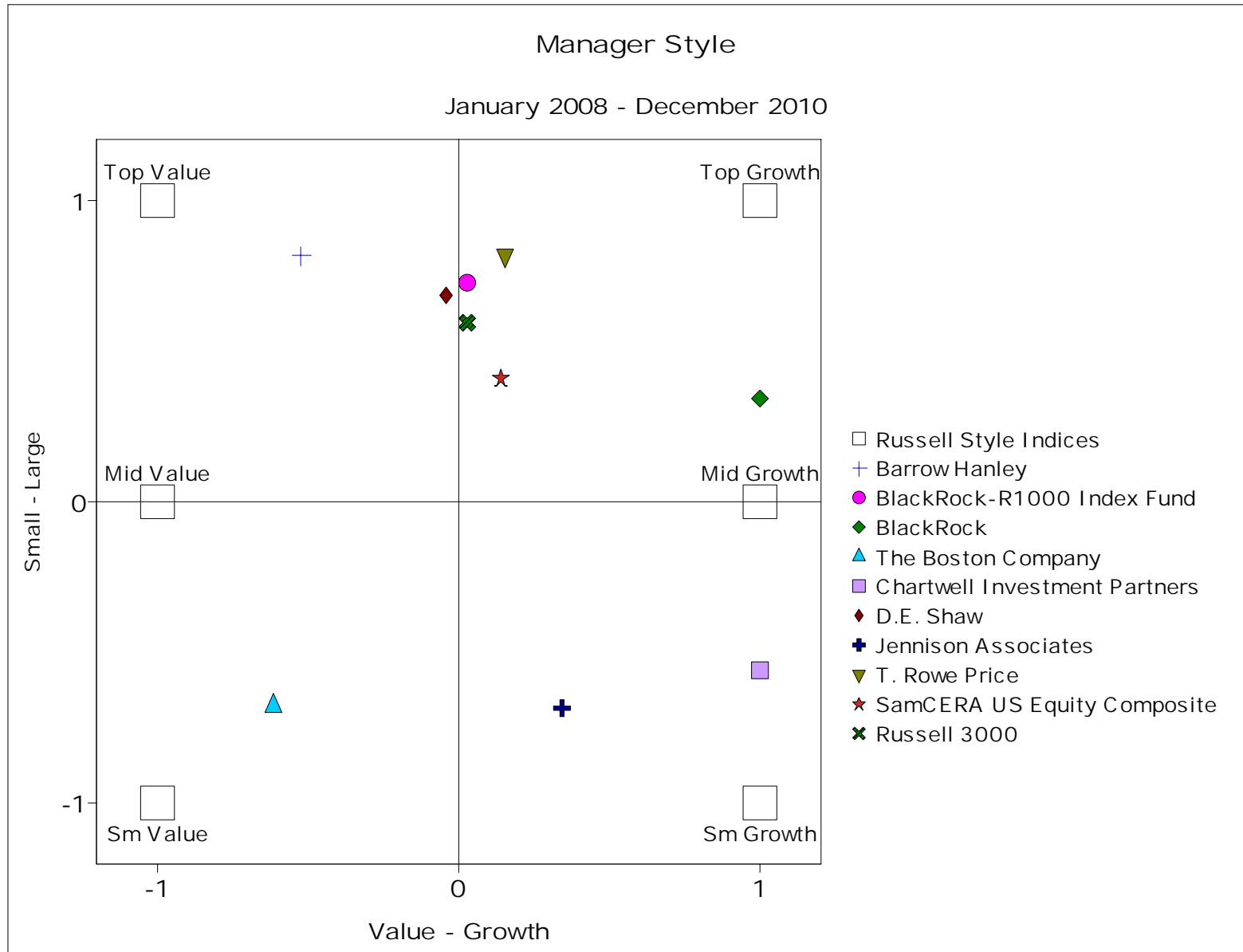


	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
□ SamCERA Composite	6.9	15	17.2	13	13.6	39	16.3	56	-1.0	85	3.2	95	5.0	88	4.2	75
* Plan Policy Index	7.4	11	17.8	9	14.3	30	17.6	34	0.2	58	4.5	50	5.9	46	4.7	50
Median	6.0		15.2		13.2		16.7		0.5		4.5		5.8		4.7	

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – US Equity Composite

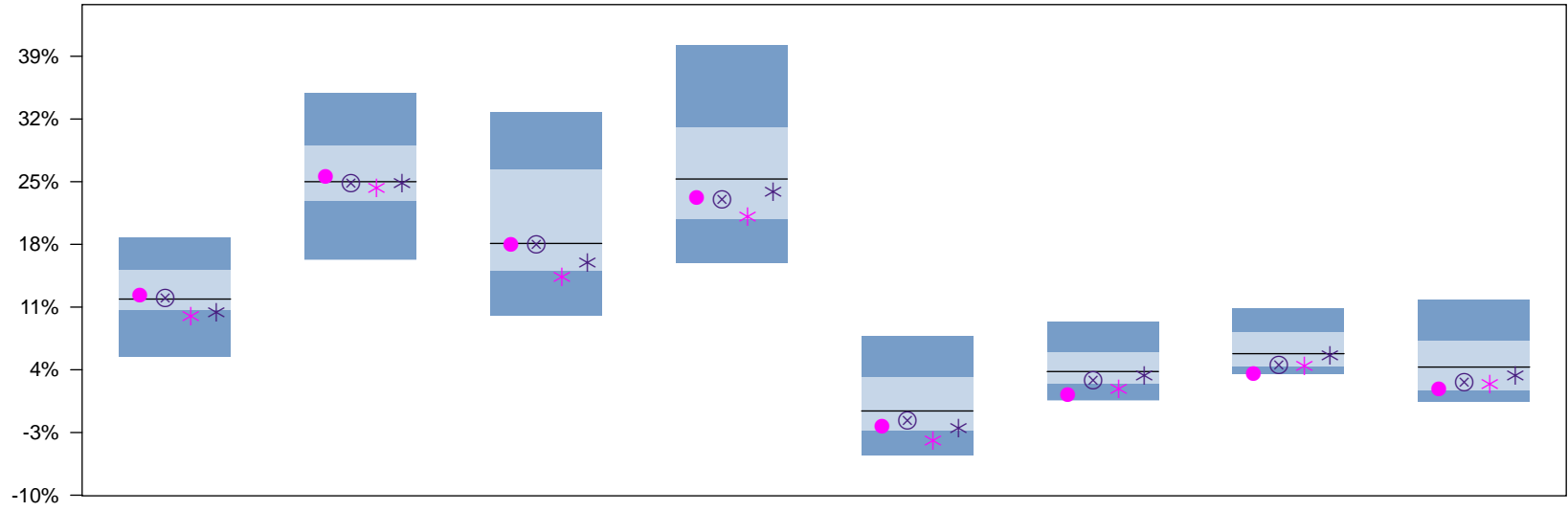


SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds

Periods Ending December 31, 2010

Total Returns



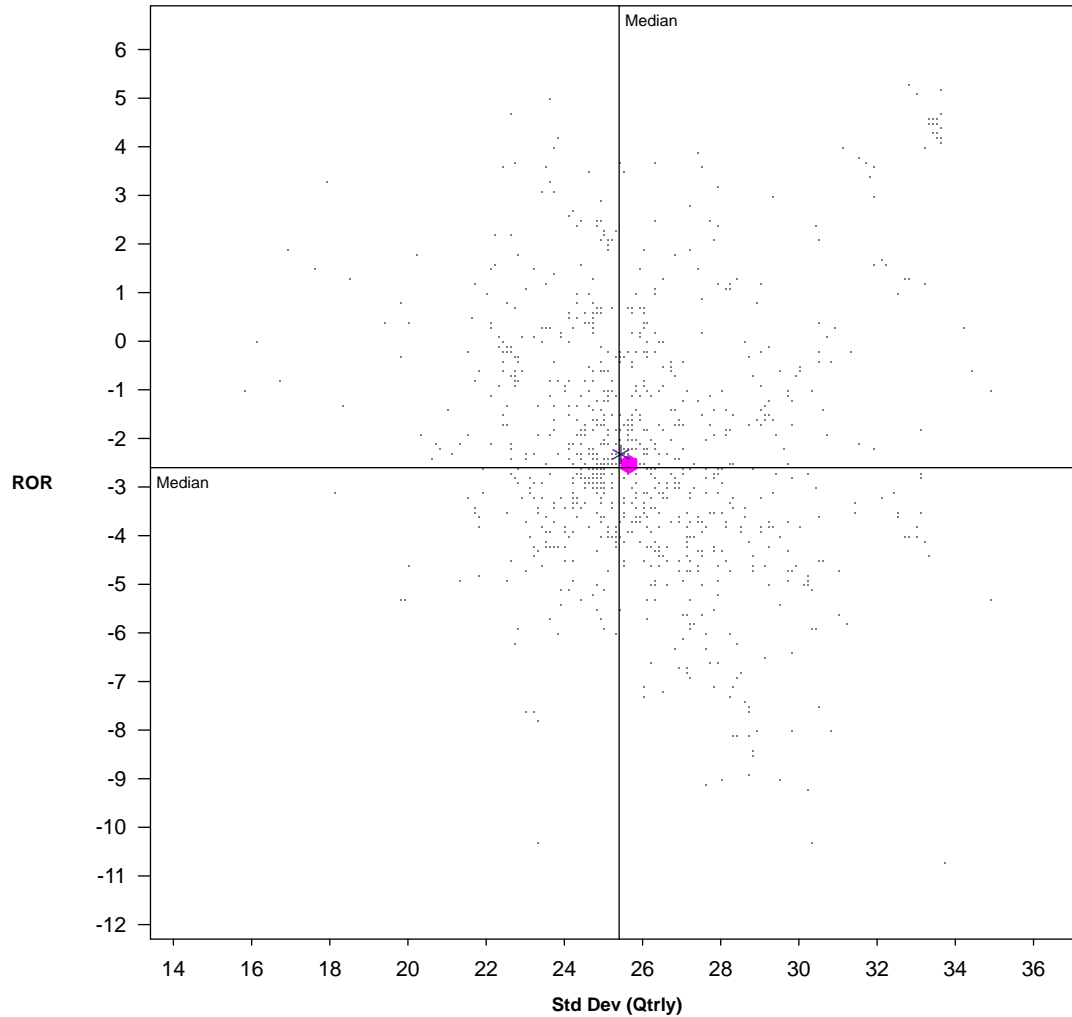
	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
● US Equity	12.6	45	25.9	46	18.3	50	23.5	58	-2.0	62	1.5	88	3.9	86	2.2	71
⊗ US Equity Index	12.2	47	25.1	50	18.2	50	23.2	60	-1.4	56	3.0	61	4.8	67	2.8	65
* Total Equity	10.2	83	24.5	54	14.6	79	21.3	71	-3.7	85	2.1	83	4.7	68	2.6	68
* Total Equity Index	10.6	76	25.1	50	16.2	61	24.1	55	-2.3	65	3.6	53	5.8	51	3.6	57
Median	11.9		25.0		18.1		25.3		-0.6		3.8		5.8		4.3	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Large Cap

Period Ending December 31, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
● Large Cap	-2.6 50	25.7 55	-0.1 49
* RUSSELL 1000	-2.4 46	25.5 52	-0.1 45
Median	-2.6	25.4	-0.1

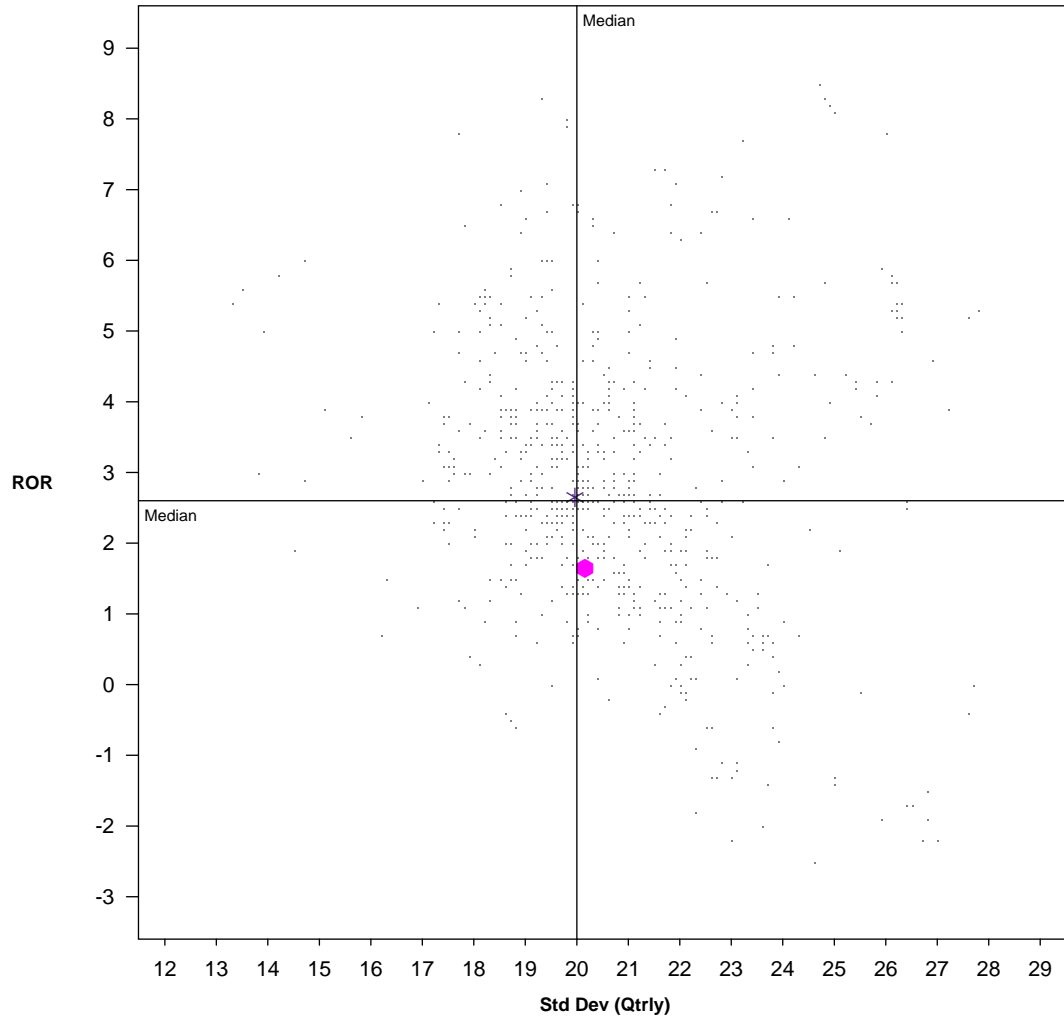
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Large Cap

Period Ending December 31, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
● Large Cap	1.6 79	20.2 54	-0.0 80
* RUSSELL 1000	2.6 50	20.0 51	0.0 49
Median	2.6	20.0	0.0

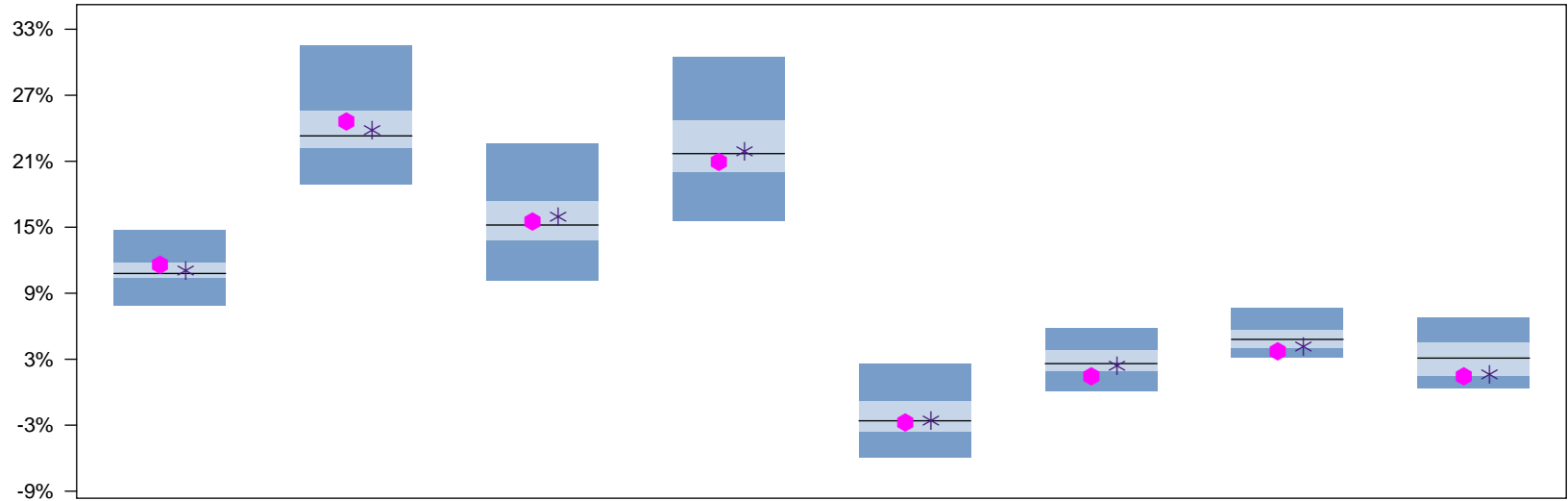
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Large Cap

Periods Ending December 31, 2010

Total Returns



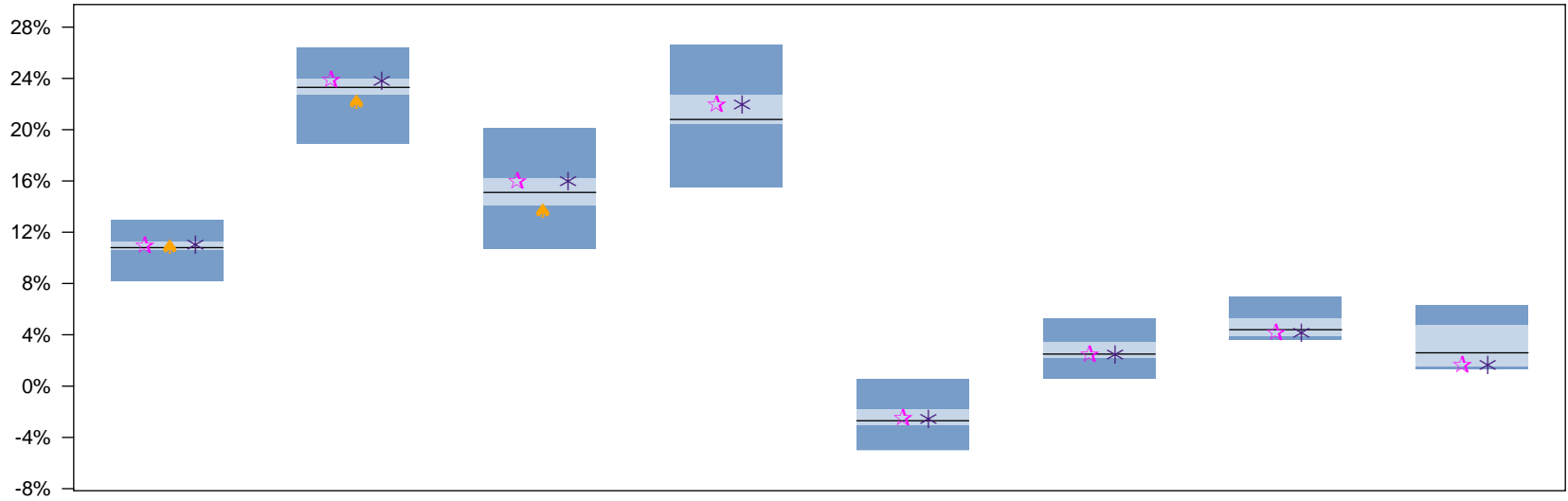
	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
● Large Cap	11.8	27	24.8	31	15.7	44	21.1	55	-2.6	50	1.6	79	3.9	80	1.6	71
* RUSSELL 1000	11.2	42	24.0	39	16.1	39	22.1	47	-2.4	46	2.6	50	4.3	65	1.8	66
Median	10.8		23.3		15.2		21.7		-2.6		2.6		4.8		3.1	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Large Core

Periods Ending December 31, 2010

Total Returns



	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
☆ BlackRock-R1000 Index	11.2	31	24.1	23	16.2	25	22.2	34	-2.3	36	2.7	40	4.4	54	1.9	64
▲ DE Shaw	11.4	22	22.7	75	14.2	74										
* RUSSELL 1000	11.2	32	24.0	24	16.1	26	22.1	35	-2.4	38	2.6	43	4.3	56	1.8	65
Median	10.8		23.3		15.1		20.8		-2.7		2.5		4.4		2.6	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – BlackRock-R1000 Index Fund

Portfolio Characteristics

	Portfolio	Russell 1000
No. of Securities	977	
Average Market Cap (000's)	76,126,029	76,122,808
Median Market Cap (000's)	5,242,010	5,223,410
Price to Book Ratio	3.40	3.41
Five Year Earnings Growth	5.09	5.09
Return on Equity	17.07	17.06

Fund Information

Name:	BlackRock-R1000 Index Fund	
Market Value:	\$	239,814,972
Actual % of Total:		11.0%
Target % of Total:		7.3%

Ten Largest Holdings

Name	Weight
EXXON MOBIL CORP	2.9
APPLE INC	2.3
MICROSOFTCORP	1.6
GENERAL ELECTRIC CO	1.5
INTL BUSINESS MACHINES C	1.4
PROCTER +GAMBLE CO/TH	1.4
CHEVRON CORP	1.4
AT+T INC	1.3
JOHNSON +JOHNSON	1.3
JPMORGAN CHASE + CO	1.3

Ten Best Performers

Name	Return
MONSTER WORLDWIDE INC	82.3
MASSEY ENERGY CO	73.1
FAIRCHILDSEMICON INTERNATIO	66.1
SM ENERGYCO	57.5
WALTER ENERGY INC	57.5
ATMEL CORP	54.8
BECKMAN COULTER INC	54.7
ATLAS ENERGY INC	53.5
GENTEX CORP	52.4
VISHAY INTERTECHNOLOGY INC	51.7

Ten Worst Performers

Name	Return
WILMINGTONTRUST CORP	-51.7
CLEARWIRECORP CLASS A	-36.3
AMYLIN PHARMACEUTICALS INC	-29.5
THORATEC CORP	-23.4
APOLLO GROUP INC CL A	-23.1
LEXMARK INTERNATIONAL INC A	-22.0
EQUINIX INC	-20.6
HUMAN GENOME SCIENCES INC	-19.8
CENTRAL EUROPEAN MEDIA ENT	-18.4
SUPERVALUINC	-15.7

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

BlackRock-R1000 Index Fund

Benchmark: RUSSELL 1000

Quarter Ending December 31, 2010

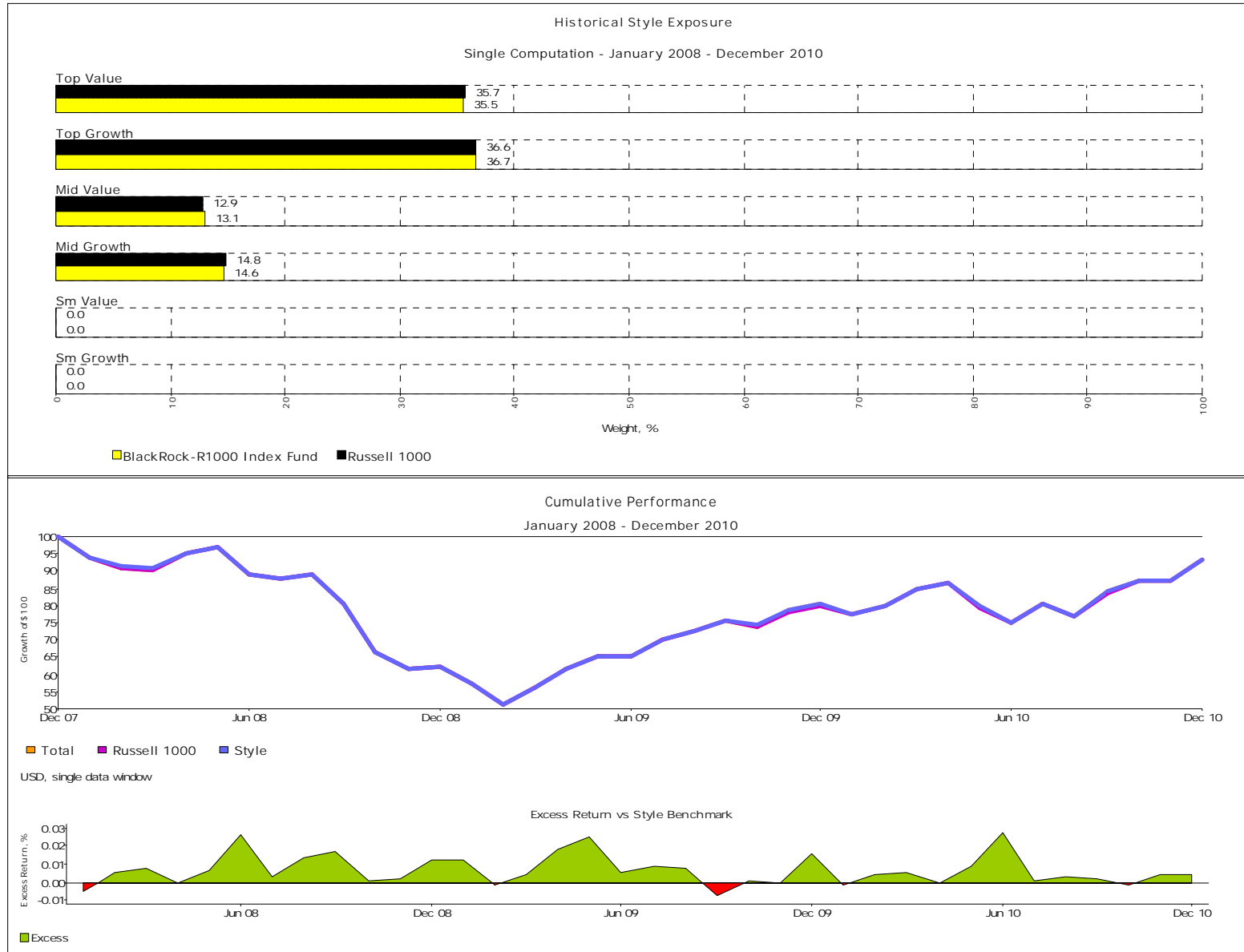
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
BlackRock-R1000 Index									
CONSUMER DISCRETIONARY	12.2	12.2	0.0	12.8	12.8	0.0	0.00	0.00	0.00
CONSUMER STAPLES	9.0	9.0	0.0	6.5	6.5	0.0	-0.00	0.00	0.00
ENERGY	10.4	10.4	-0.0	21.8	21.8	-0.0	-0.00	-0.00	-0.00
FINANCIALS	16.0	16.1	-0.0	10.8	10.8	-0.0	0.00	-0.00	-0.00
HEALTH CARE	11.7	11.6	0.0	4.2	4.2	0.0	-0.00	0.00	0.00
INDUSTRIALS	11.4	11.4	0.0	12.5	12.4	0.1	0.00	0.01	0.01
INFORMATION TECHNOLOGY	18.3	18.3	0.0	11.0	11.0	-0.0	-0.00	-0.00	-0.00
MATERIALS	4.1	4.1	0.0	19.5	19.7	-0.2	0.00	-0.01	-0.01
TELECOMMUNICATION SERVICES	3.2	3.2	0.0	6.8	6.8	-0.0	-0.00	-0.00	-0.00
UTILITIES	3.8	3.8	0.0	2.1	2.1	0.0	-0.00	0.00	0.00
TOTAL	100.0	100.0	0.0	11.2	11.2	0.0	-0.00	-0.00	-0.00

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – BlackRock-R1000 Index Fund



SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – D.E. Shaw

Portfolio Characteristics

	Portfolio	Russell 1000
No. of Securities	521	
Average Market Cap (000's)	82,655,726	76,122,808
Median Market Cap (000's)	4,123,040	5,223,410
Price to Book Ratio	3.11	3.41
Five Year Earnings Growth	3.00	5.09
Return on Equity	14.02	17.06

Fund Information

Name:	D.E. Shaw
Market Value:	\$ 105,343,032
Actual % of Total:	4.9%
Target % of Total:	5.0%

Ten Largest Holdings

EXXON MOBIL CORP	3.9
APPLE INC	3.6
GENERAL ELECTRIC CO	3.0
MICROSOFTCORP	2.9
PROCTER +GAMBLE CO/THE	2.8
JOHNSON +JOHNSON	2.7
FORD MOTORCO	1.9
BANK OF AMERICA CORP	1.7
INTL BUSINESS MACHINES COI	1.7
DEVON ENERGY CORPORATIK	1.6

Ten Best Performers

INTERMUNEINC	167.3
ISTAR FINANCIAL INC	155.6
MOLYCORN INC	76.4
ION GEOPHYSICAL CORP	65.0
COMMERCIALVEHICLE GROUP II	59.6
ATMEL CORP	54.8
UNITED RENTALS INC	53.3
FELCOR LODGING TRUST INC	53.0
VISHAY INTERTECHNOLOGY INC	51.7
RETAIL VENTURES INC	51.5

Ten Worst Performers

ANADYS PHARMACEUTICALS IN	-38.8
AMYLIN PHARMACEUTICALS INC	-29.5
APOLLO GROUP INC CL A	-23.1
GLOBAL CASH ACCESS HOLDING	-21.8
EXACT SCIENCES CORP	-17.4
DENDREON CORP	-15.2
STRAYER EDUCATION INC	-12.2
FIRST SOLAR INC	-11.7
LENDER PROCESSING SERVICES	-10.9
EXPEDIA INC	-10.8

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

DE Shaw

Benchmark: RUSSELL 1000

Quarter Ending December 31, 2010

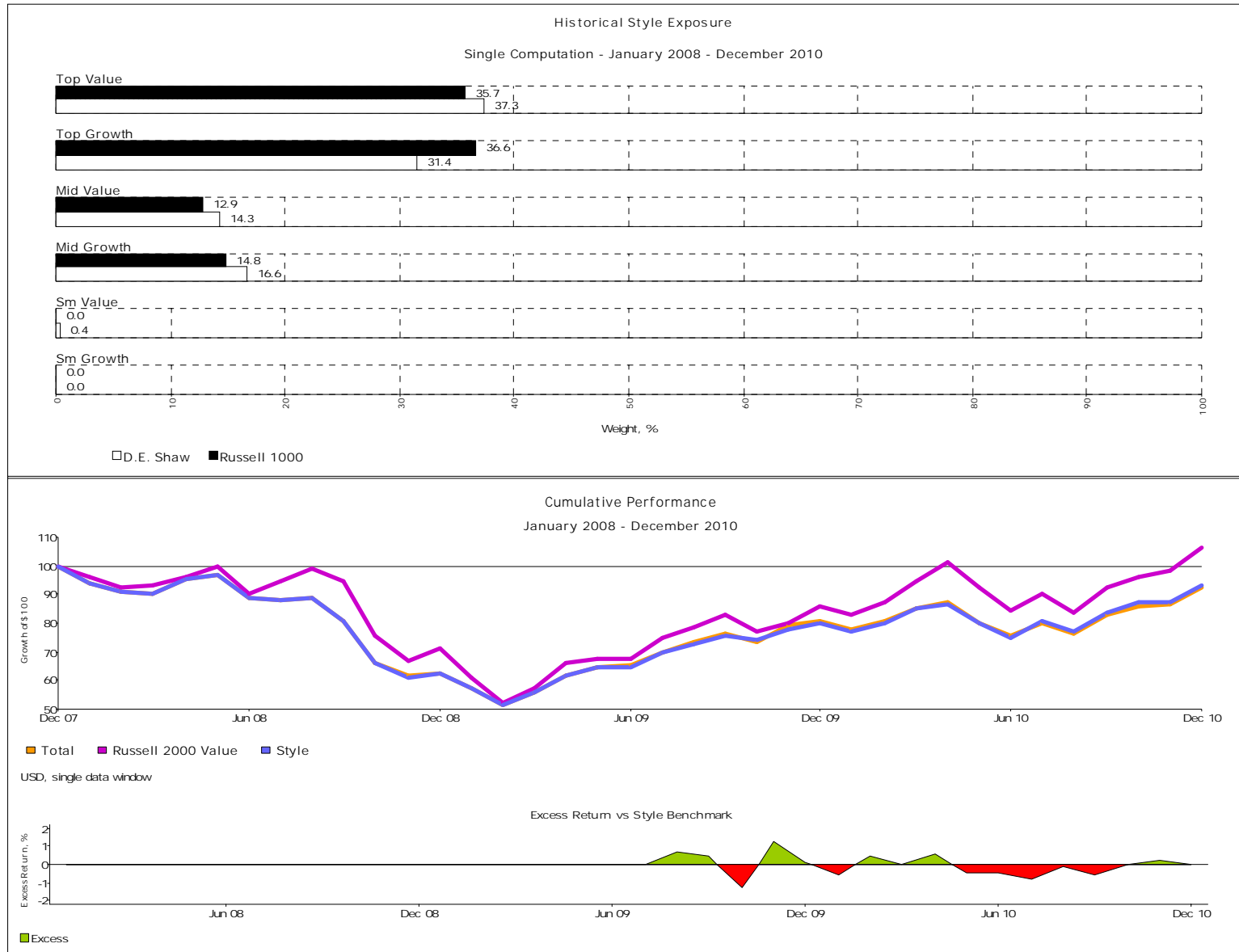
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
DE Shaw									
COMMINGLED FUND	0.5	0.0	0.5	-	-	-	-0.05	0.00	-0.05
CONSUMER DISCRETIONARY	13.3	12.2	1.1	12.0	12.8	-0.8	0.02	-0.10	-0.08
CONSUMER STAPLES	7.1	9.0	-1.9	5.9	6.5	-0.6	0.08	-0.04	0.04
ENERGY	12.2	10.4	1.8	18.9	21.8	-2.8	0.17	-0.34	-0.17
FINANCIALS	14.5	16.1	-1.5	10.2	10.8	-0.7	0.00	-0.09	-0.09
HEALTH CARE	13.4	11.6	1.8	3.0	4.2	-1.1	-0.11	-0.15	-0.27
INDUSTRIALS	8.1	11.4	-3.3	9.3	12.4	-3.1	-0.04	-0.25	-0.29
INFORMATION TECHNOLOGY	23.4	18.3	5.1	11.8	11.0	0.7	-0.01	0.18	0.18
MATERIALS	2.0	4.1	-2.1	19.0	19.7	-0.7	-0.16	-0.01	-0.17
TELECOMMUNICATION SERVICES	2.5	3.2	-0.6	10.5	6.8	3.7	0.03	0.11	0.14
UTILITIES	3.0	3.8	-0.8	3.1	2.1	1.0	0.07	0.05	0.12
TOTAL	100.0	100.0	0.0	10.5	11.2	-0.6	0.00	-0.64	-0.64

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – D.E. Shaw

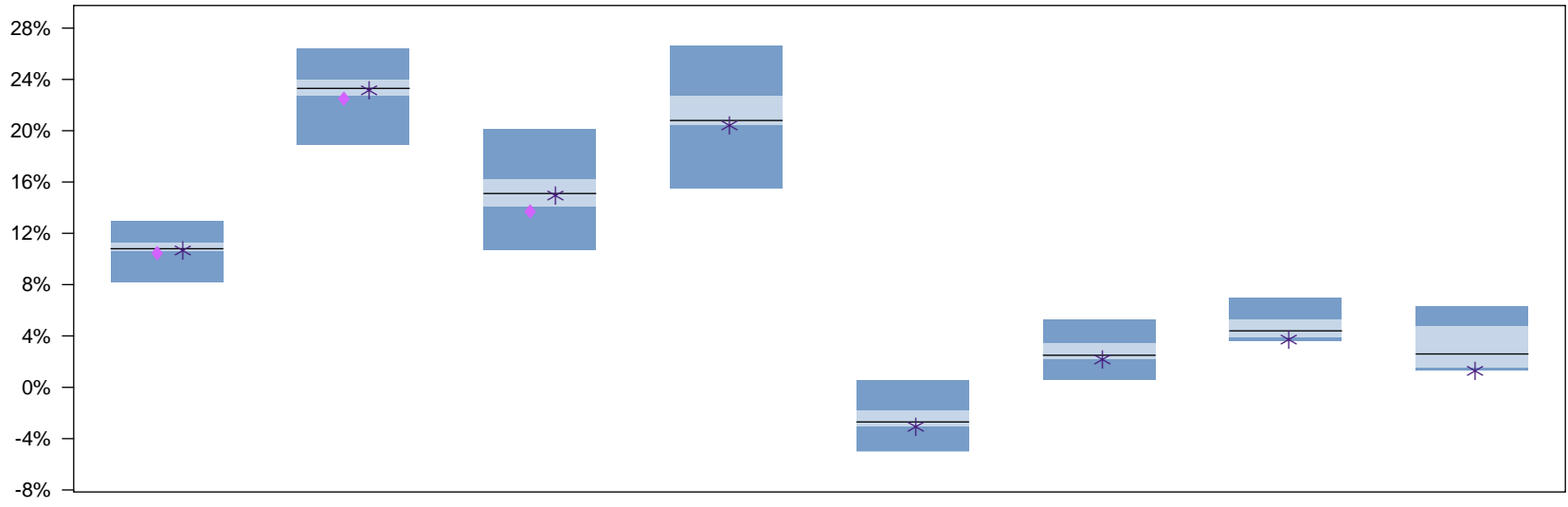


SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Large Core

Periods Ending December 31, 2010

Total Returns



	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
◆ T Rowe Price	11.0	38	23.0	67	14.2	73										
* S&P 500	10.8	59	23.3	55	15.1	58	20.6	70	-2.9	70	2.3	73	3.9	88	1.4	89
Median	10.8		23.3		15.1		20.8		-2.7		2.5		4.4		2.6	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – T. Rowe Price

Portfolio Characteristics

	Portfolio	S&P 500
No. of Securities	298	
Average Market Cap (000's)	87,212,893	86,335,702
Median Market Cap (000's)	15,888,360	11,119,030
Price to Book Ratio	3.44	3.38
Five Year Earnings Growth	5.00	4.63
Return on Equity	18.45	17.84

Fund Information

Name:	T. Rowe Price	
Market Value:	\$	104,010,197
Actual % of Total:		4.8%
Target % of Total:		5.0%

Ten Largest Holdings

EXXON MOBIL CORP	3.4
APPLE INC	2.7
MICROSOFTCORP	2.5
AT+T INC	2.1
PROCTER +GAMBLE CO/THE	1.9
CHEVRON CORP	1.8
JPMORGAN CHASE + CO	1.6
INTL BUSINESS MACHINES COF	1.6
GENERAL ELECTRIC CO	1.6
WELLS FARGO + CO	1.5

Ten Best Performers

MONSANTO CO	46.1
FREEPOR MCMORAN COPPER	42.3
FOSTER WHEELER LTD	41.1
MCDERMOTTINTL INC	40.0
HARMAN INTERNATIONAL	38.6
FORD MOTORCO	37.2
WHOLE FOODS MARKET INC	36.3
SCHLUMBERGER LTD	35.9
BAKER HUGHES INC	34.6
FLUOR CORP	34.1

Ten Worst Performers

FIRST SOLAR INC	-11.7
INTUITIVESURGICAL INC	-9.2
AVON PRODUCTS INC	-8.8
SPRINT NEXTEL CORP	-8.6
CISCO SYSTEMS INC	-7.6
ABBOTT LABORATORIES	-7.5
H+R BLOCKINC	-7.0
ENERGY CORP	-6.4
AKAMAI TECHNOLOGIES INC	-6.2
MEMC ELECTRONIC MATERIALS	-5.5

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

T Rowe Price

Benchmark: S&P 500

Quarter Ending December 31, 2010

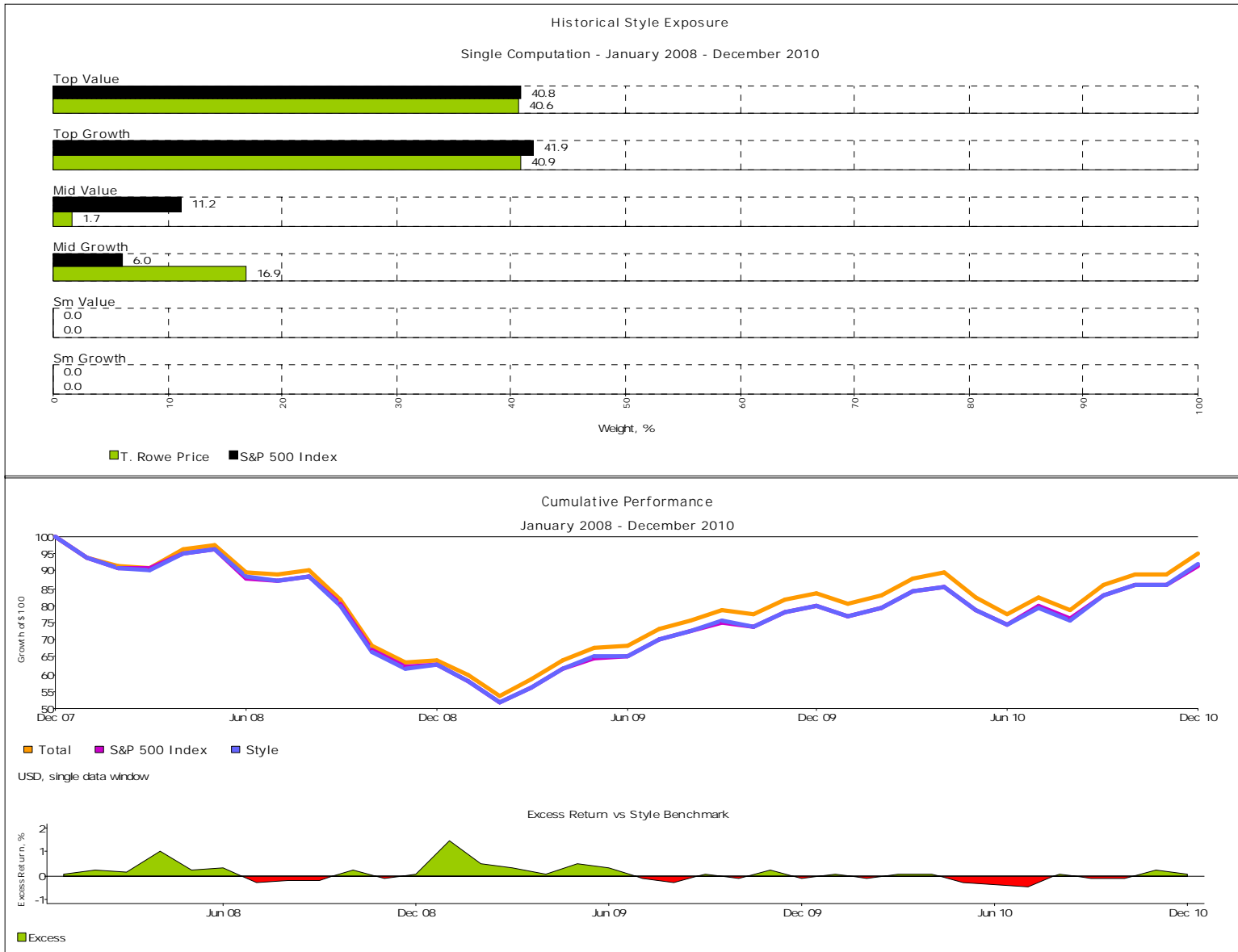
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
T Rowe Price									
CONSUMER DISCRETIONARY	12.5	11.7	0.8	14.2	12.0	2.2	0.01	0.27	0.28
CONSUMER STAPLES	9.9	10.0	-0.1	5.0	6.3	-1.3	0.00	-0.13	-0.13
ENERGY	11.4	10.8	0.6	21.2	21.4	-0.2	0.06	-0.02	0.03
FINANCIALS	15.3	15.7	-0.4	11.9	11.5	0.4	-0.00	0.06	0.05
HEALTH CARE	11.7	11.6	0.2	3.3	3.4	-0.1	-0.01	-0.01	-0.02
INDUSTRIALS	11.6	11.0	0.6	11.3	11.4	-0.1	0.00	-0.01	-0.01
INFORMATION TECHNOLOGY	18.6	18.7	-0.1	10.6	10.4	0.2	0.00	0.04	0.04
MATERIALS	3.1	3.6	-0.5	25.6	19.6	6.0	-0.04	0.19	0.15
TELECOMMUNICATION SERVICES	2.9	3.2	-0.3	2.2	7.3	-5.1	0.01	-0.15	-0.14
UTILITIES	3.0	3.7	-0.7	-0.2	1.4	-1.6	0.06	-0.05	0.01
TOTAL	100.0	100.0	0.0	11.0	10.7	0.3	0.09	0.17	0.26

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – T. Rowe Price

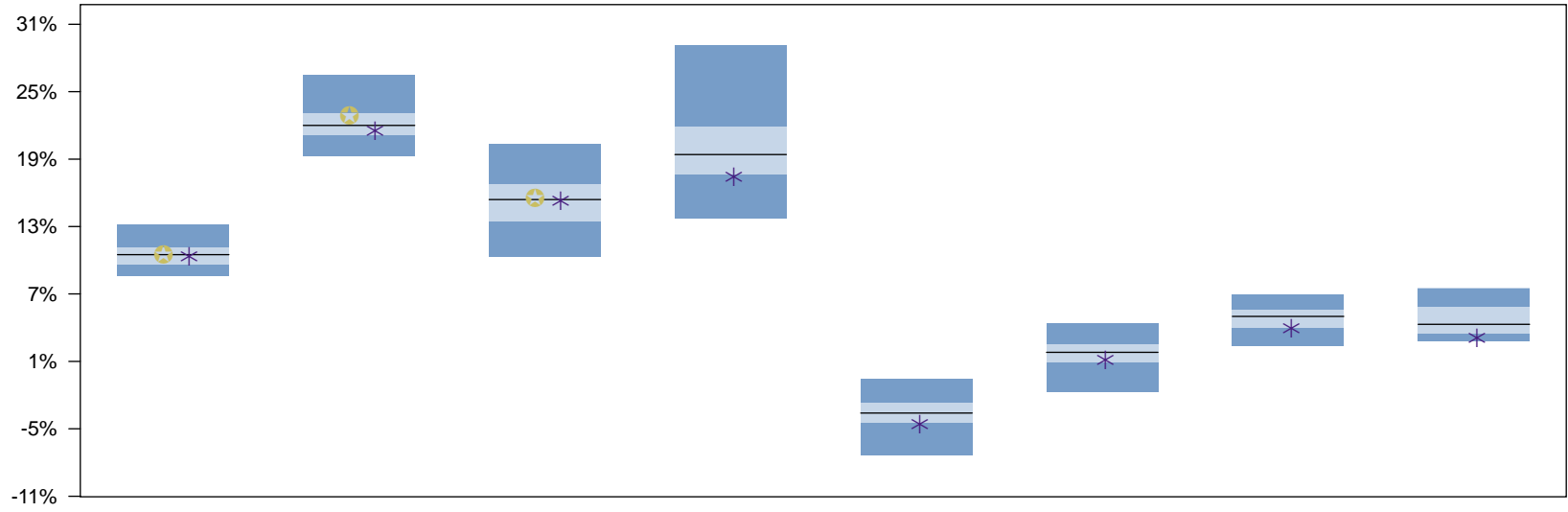


SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Large Value

Periods Ending December 31, 2010

Total Returns



	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
✦ Barrow Hanley	10.8	37	23.1	26	15.8	40										
* RUSSELL 1000 VALUE	10.5	45	21.7	61	15.5	49	17.6	78	-4.4	75	1.3	69	4.1	71	3.3	88
Median	10.5		22.0		15.4		19.4		-3.6		1.8		5.0		4.3	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – Barrow Hanley

Portfolio Characteristics		
	Portfolio	Russell 1000 Value
No. of Securities	96	
Average Market Cap (000's)	47,234,738	68,237,218
Median Market Cap (000's)	17,693,855	4,653,520
Price to Book Ratio	2.55	1.98
Five Year Earnings Growth	(0.44)	(1.34)
Return on Equity	16.38	11.54

Fund Information	
Name:	Barrow Hanley
Market Value:	\$ 158,592,024
Actual % of Total:	7.3%
Target % of Total:	7.3%

Ten Largest Holdings		Ten Best Performers		Ten Worst Performers	
STANLEY BLACK + DECKER INC	3.1	ROYAL CARIBBEAN CRUISES LTC	49.1	ENERGY CORP	-6.4
CAPITAL ONE FINANCIAL CORP	2.7	ALCOA INC	27.4	SERVICE CORP INTERNATIONAL	-3.9
PNC FINANCIAL SERVICES GROUP	2.5	LTD BRANDSINC	26.1	BRISTOL MYERS SQUIBB CO	-2.3
CONOCOPHILLIPS	1.9	OCCIDENTALPETROLEUM CORP	25.8	L 3 COMMUNICATIONS HLDGS IN	-1.9
MURPHY OILCORP	1.9	RYDER SYSTEM INC	23.8	HANESBRANDS INC	-1.8
OCCIDENTALPETROLEUM CORP	1.9	EATON CORP	23.8	DOMINION RESOURCES INC/VA	-1.1
SLM CORP	1.8	WELLS FARGO + CO	23.5	HEWLETT PACKARD CO	0.3
CARNIVAL CORP	1.8	STATE STREET CORP	23.1	WELLPOINTINC	0.4
L 3 COMMUNICATIONS HLDGS INC	1.7	INTL GAMETECHNOLOGY	22.8	JOHNSON +JOHNSON	0.7
ILLINOIS TOOL WORKS	1.7	COVENTRY HEALTH CARE INC	22.6	CENTERPOINT ENERGY INC	1.2

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Barrow Hanley

Benchmark: RUSSELL 1000 VALUE

Quarter Ending December 31, 2010

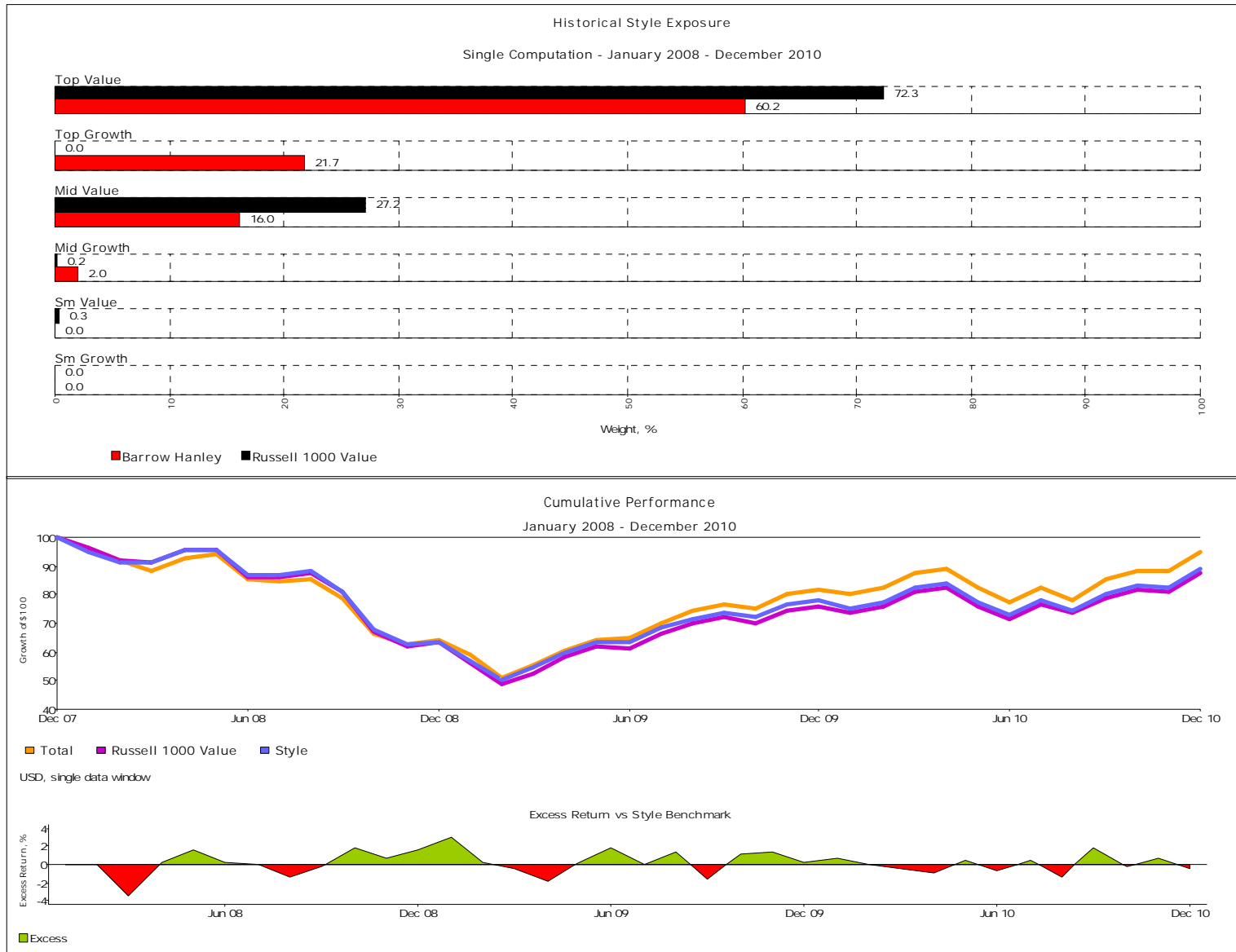
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
<i>Barrow Hanley</i>									
CONSUMER DISCRETIONARY	11.9	8.3	3.6	16.0	13.1	2.9	0.09	0.34	0.42
CONSUMER STAPLES	9.1	9.6	-0.5	7.2	6.4	0.8	0.02	0.08	0.09
ENERGY	10.5	11.1	-0.6	16.6	22.1	-5.6	-0.06	-0.57	-0.63
FINANCIALS	21.0	27.3	-6.3	11.1	11.0	0.1	-0.03	0.03	0.00
HEALTH CARE	14.8	13.3	1.5	4.9	3.1	1.8	-0.10	0.26	0.16
INDUSTRIALS	14.0	9.1	4.8	12.6	13.0	-0.4	0.11	-0.05	0.05
INFORMATION TECHNOLOGY	9.8	5.3	4.5	11.1	12.0	-0.9	0.06	-0.09	-0.03
MATERIALS	1.3	3.2	-1.9	18.8	18.7	0.1	-0.14	0.00	-0.14
TELECOMMUNICATION SERVICES	1.8	5.4	-3.5	6.6	7.5	-0.9	0.09	-0.02	0.08
UTILITIES	5.9	7.5	-1.6	0.1	1.9	-1.8	0.13	-0.10	0.02
TOTAL	100.0	100.0	0.0	10.6	10.5	0.0	0.16	-0.12	0.04

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – Barrow Hanley

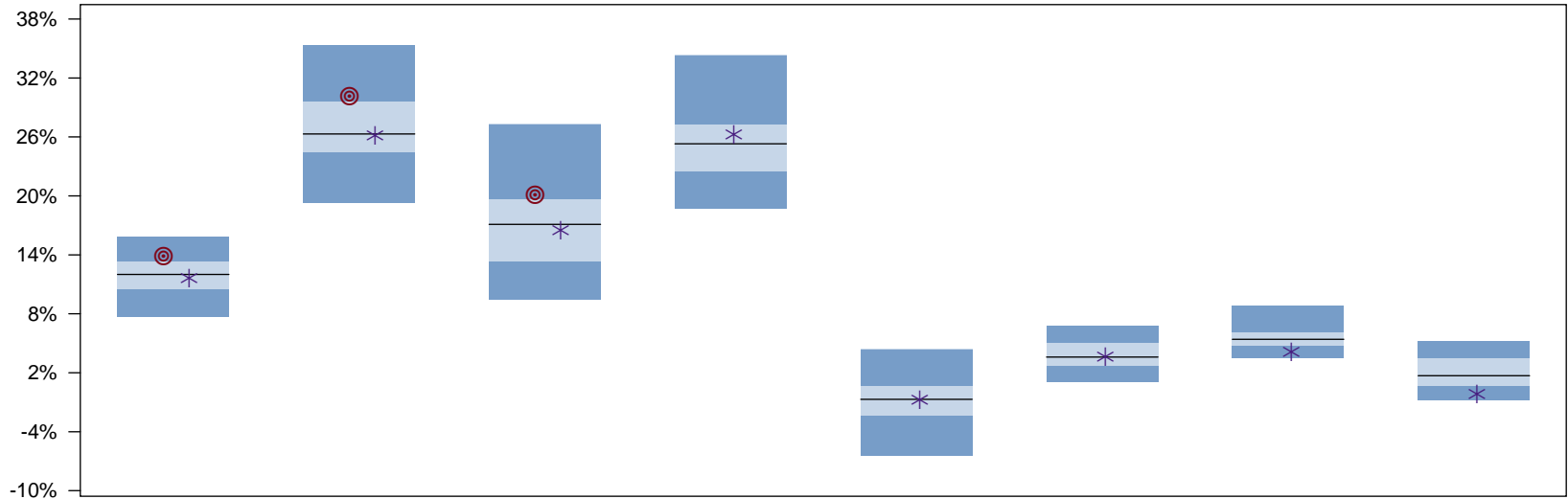


SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Large Growth

Periods Ending December 31, 2010

Total Returns



	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
⊙ BlackRock	14.2	15	30.4	20	20.4	21										
* RUSSELL 1000 GROWTH	11.8	53	26.4	48	16.7	56	26.5	38	-0.5	47	3.8	48	4.3	80	0.0	92
Median	12.0		26.3		17.1		25.3		-0.7		3.6		5.4		1.7	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – BlackRock

Portfolio Characteristics

	Portfolio	Russell 1000 Growth
No. of Securities	70	
Average Market Cap (000's)	63,198,937	83,868,883
Median Market Cap (000's)	18,330,710	5,913,525
Price to Book Ratio	5.10	4.81
Five Year Earnings Growth	13.51	11.27
Return on Equity	16.73	22.47

Fund Information

Name:	BlackRock
Market Value:	\$ 166,879,079
Actual % of Total:	7.7%
Target % of Total:	7.3%

Ten Largest Holdings

APPLE INC	5.8
GOOGLE INCCL A	3.7
QUALCOMM INC	3.3
PROCTER +GAMBLE CO/THE	3.1
DANAHER CORP	2.6
AMAZON.COMINC	2.5
SCHLUMBERGER LTD	2.4
ANADARKO PETROLEUM CORP	2.4
COCA COLACO/THE	2.4
MASSEY ENERGY CO	2.1

Ten Best Performers

MASSEY ENERGY CO	73.1
FREEMONT MCMORAN COPPER	42.3
FORD MOTORCO	37.2
WHOLE FOODS MARKET INC	36.3
SCHLUMBERGER LTD	35.9
ANADARKO PETROLEUM CORP	33.7
LAS VEGASSANDS CORP	31.8
ILLUMINA INC	28.8
STARBUCKSCORP	26.2
F5 NETWORKS INC	25.4

Ten Worst Performers

CTRIP COM INTL ADR	-15.3
DENDREON CORP	-15.2
AKAMAI TECHNOLOGIES INC	-6.2
BAIDU COM INC	-5.9
ECOLAB INC	-0.3
UNITED CONTINENTAL HOLDIN	0.8
KOHL'S CORP	3.2
VMWARE INCCLASS A	4.7
MOODY S CORP	6.7
LINCARE HOLDINGS INC	7.7

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

BlackRock

Benchmark: RUSSELL 1000 GROWTH

Quarter Ending December 31, 2010

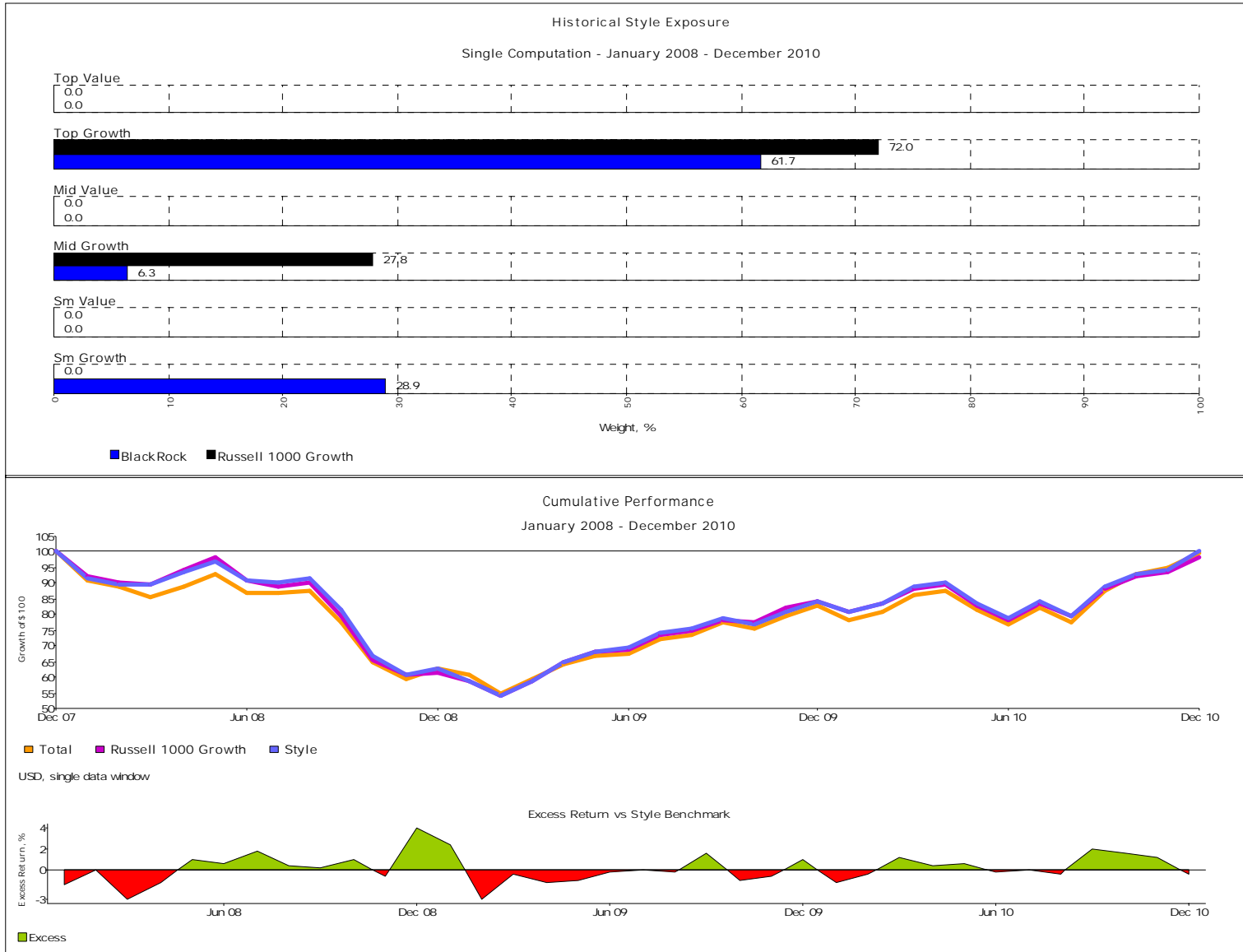
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
BlackRock									
CONSUMER DISCRETIONARY	17.8	16.1	1.7	14.5	12.6	1.9	0.01	0.34	0.35
CONSUMER STAPLES	7.3	8.5	-1.2	10.9	6.6	4.3	0.06	0.31	0.37
ENERGY	6.2	9.8	-3.6	33.0	21.4	11.6	-0.30	0.71	0.41
FINANCIALS	4.8	4.9	-0.1	11.9	10.1	1.8	0.00	0.09	0.09
HEALTH CARE	9.5	10.0	-0.5	6.6	5.6	1.0	0.03	0.10	0.12
INDUSTRIALS	14.9	13.6	1.3	15.9	12.1	3.8	0.00	0.56	0.56
INFORMATION TECHNOLOGY	36.1	31.1	4.9	13.3	10.9	2.5	-0.04	0.86	0.82
MATERIALS	2.1	5.0	-2.9	18.0	20.3	-2.4	-0.22	-0.20	-0.41
TELECOMMUNICATION SERVICES	1.4	1.0	0.5	9.9	2.6	7.4	-0.04	0.11	0.07
UTILITIES	0.0	0.2	-0.2	-	14.0	-	-0.00	-0.15	-0.15
TOTAL	100.0	100.0	0.0	14.3	11.8	2.5	-0.50	2.76	2.24

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – BlackRock

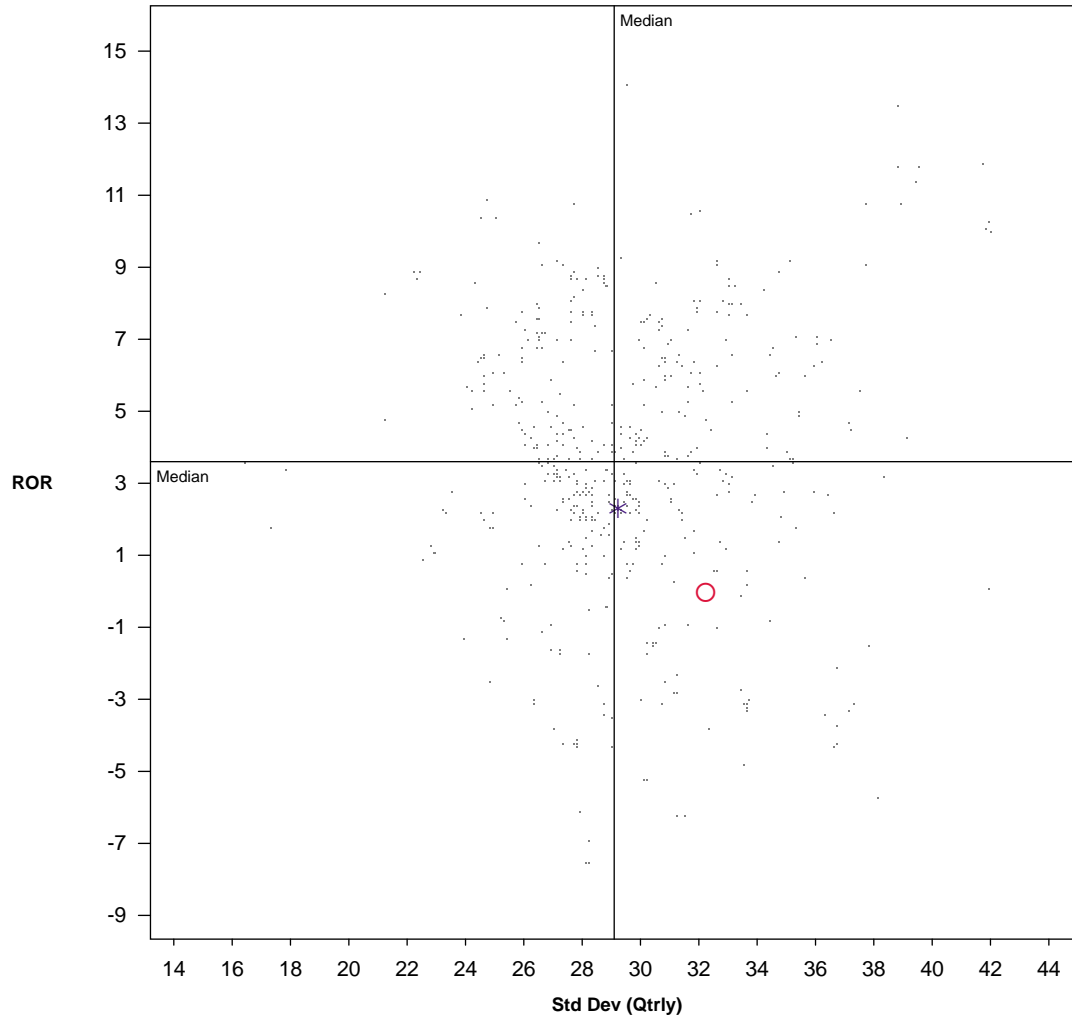


SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Small Cap

Period Ending December 31, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
○ Small Cap	-0.1 87	32.3 80	-0.0 87
* RUSSELL 2000	2.2 72	29.3 52	0.0 72
Median	3.6	29.1	0.1

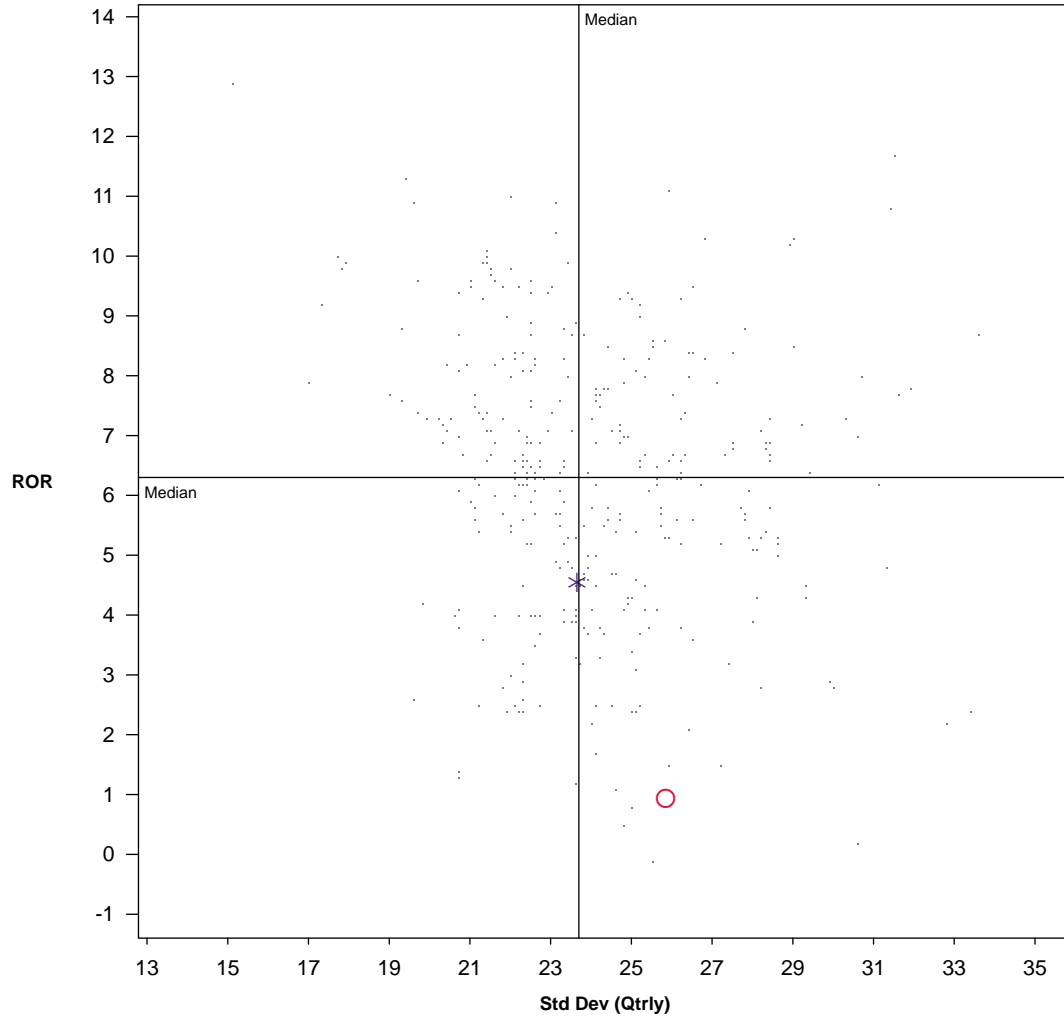
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Small Cap

Period Ending December 31, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
○ Small Cap	0.9 99	25.9 78	-0.1 99
* RUSSELL 2000	4.5 77	23.7 51	0.1 78
Median	6.3	23.7	0.2

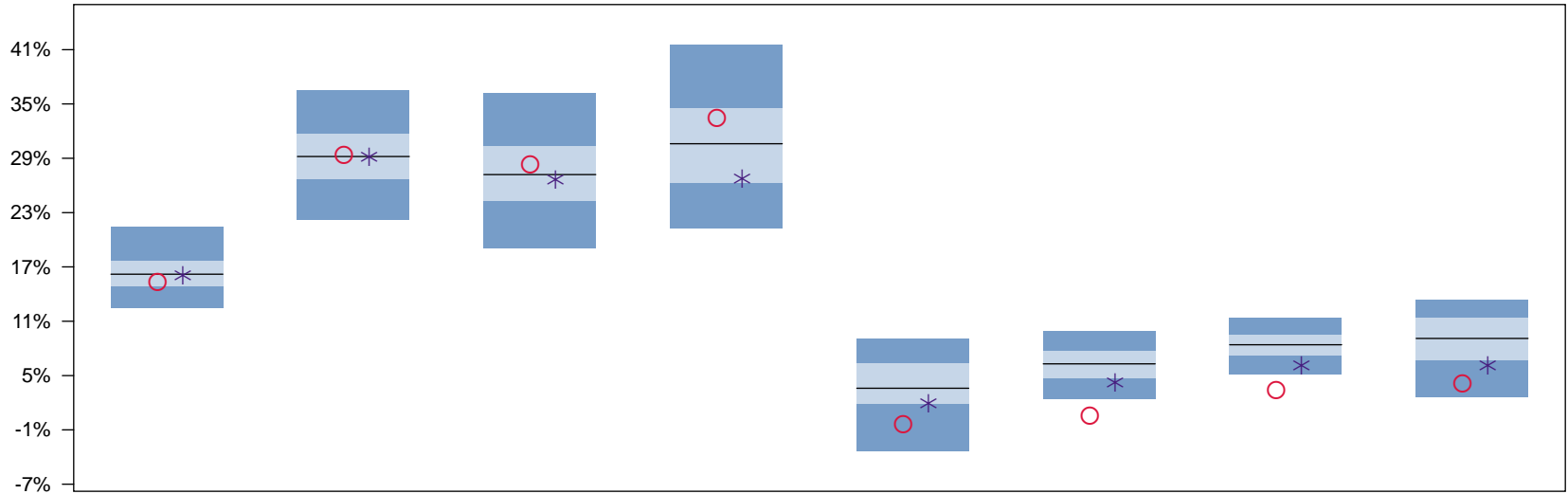
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Small Cap

Periods Ending December 31, 2010

Total Returns



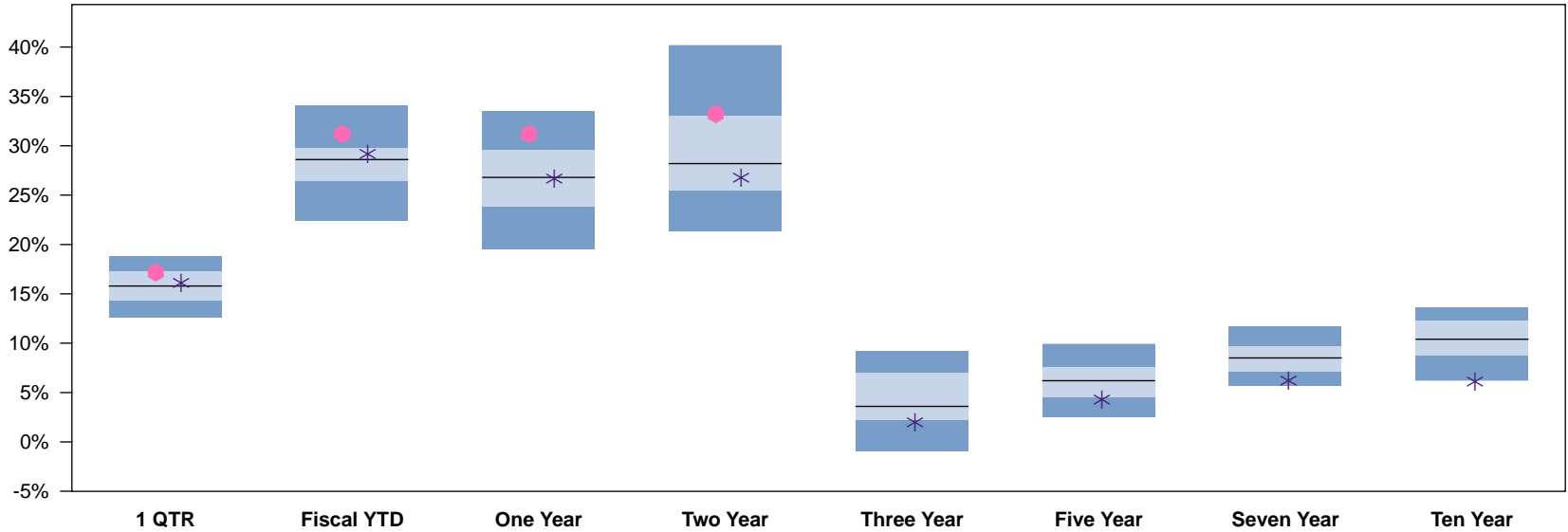
	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
○ Small Cap	15.6	65	29.7	41	28.6	39	33.8	31	-0.1	87	0.9	99	3.7	99	4.4	90
* RUSSELL 2000	16.3	50	29.4	47	26.9	54	27.0	72	2.2	72	4.5	77	6.4	89	6.3	80
Median	16.2		29.2		27.2		30.6		3.6		6.3		8.4		9.1	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Small Core

Periods Ending December 31, 2010

Total Returns



	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
● Jennison	17.4	24	31.4	12	31.4	13	33.4	24								
* RUSSELL 2000	16.3	41	29.4	37	26.9	48	27.0	63	2.2	76	4.5	76	6.4	91	6.3	94
Median	15.8		28.6		26.8		28.2		3.6		6.2		8.5		10.4	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – Jennison

Portfolio Characteristics

	Portfolio	Russell 2000
No. of Securities	128	
Average Market Cap (000's)	1,944,687	1,249,262
Median Market Cap (000's)	1,631,720	512,095
Price to Book Ratio	3.56	2.99
Five Year Earnings Growth	8.47	3.67
Return on Equity	10.27	7.64

Fund Information

Name:	Jennison Associates
Market Value:	\$ 113,891,107
Actual % of Total:	5.2%
Target % of Total:	4.5%

Ten Largest Holdings

Name	Weight
STANCORP FINANCIAL GROUP	2.0
RBC BEARINGS INC	1.8
ANIXTER INTERNATIONAL INC	1.7
WILEY (JOHN) + SONS CL A	1.7
CORP EXECUTIVE BOARD CO	1.7
DRESSER RAND GROUP INC	1.5
TEXAS ROADHOUSE INC	1.5
PROTECTIVELIFE CORP	1.5
NETGEAR INC	1.5
HITTITE MICROWAVE CORP	1.5

Ten Best Performers

Name	Return
FRONTEER GOLD INC	63.4
DARLING INTERNATIONAL INC	55.9
COMPELLENTTECHNOLOGIES IN	51.8
ALPHA NATURAL RESOURCES IN	45.9
BRIGHAM EXPLORATION CO	45.3
CARRIZO OIL + GAS INC	44.1
INTREPID POTASH INC	43.0
KORN/FERRYINTERNATIONAL	39.7
VAIL RESORTS INC	38.7
BERRY PETROLEUM CO CLASS /	38.0

Ten Worst Performers

Name	Return
MAIDENFORMBRANDS INC	-17.6
CONVIO INC	-10.2
BIG LOTS INC	-8.4
TW TELECOMINC	-8.2
GSI COMMERCE INC	-6.1
MEMC ELECTRONIC MATERIALS	-5.5
CHATHAM LODGING TRUST	-5.5
VITACOST.COM INC	-5.2
ASPEN INSURANCE HOLDINGS LTD	-5.0
NATUS MEDICAL INC	-2.7

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Jennison

Benchmark: RUSSELL 2000

Quarter Ending December 31, 2010

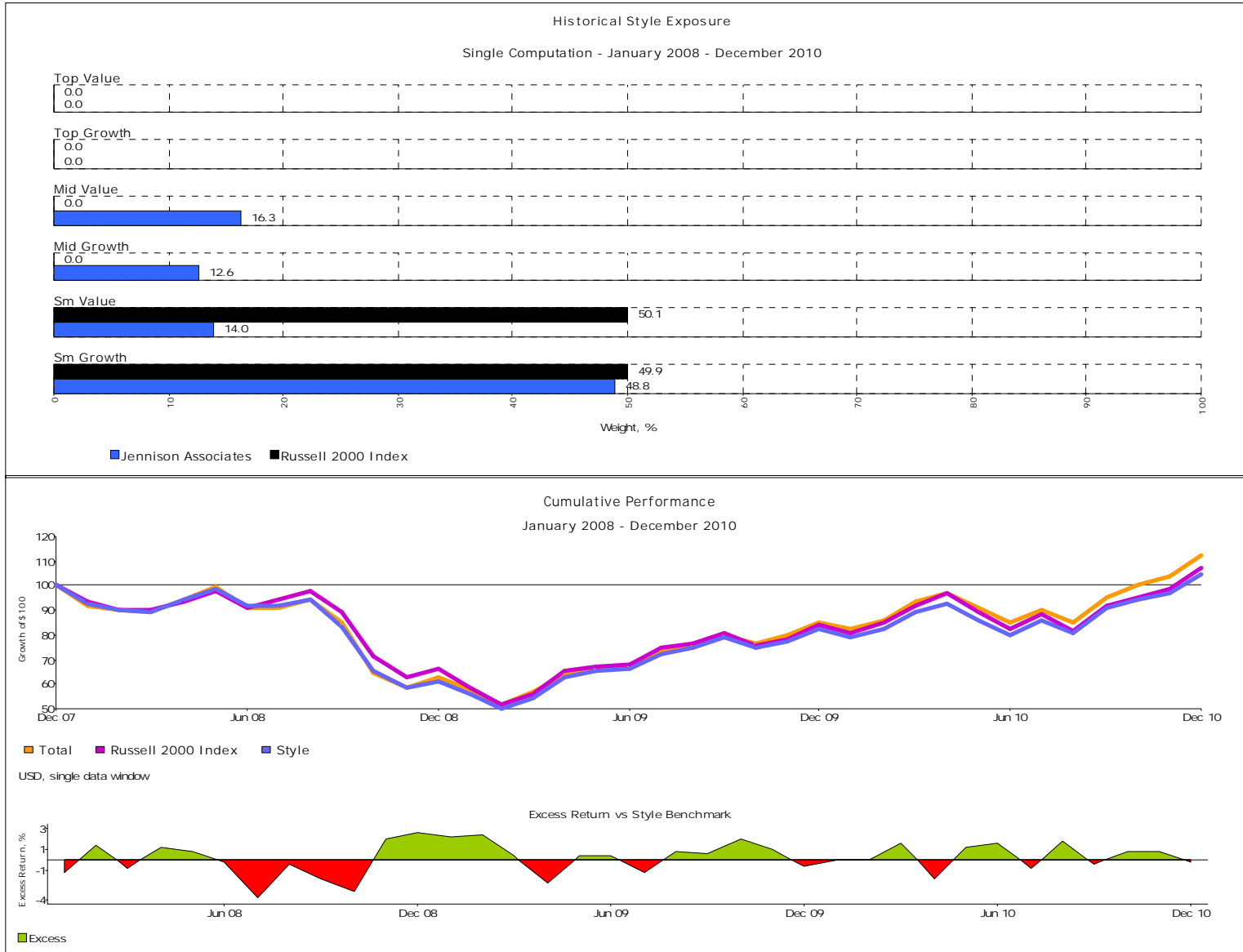
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
Jennison									
CONSUMER DISCRETIONARY	13.2	14.3	-1.1	10.3	16.8	-6.5	-0.01	-0.85	-0.85
CONSUMER STAPLES	5.1	3.1	2.0	15.4	9.4	5.9	-0.12	0.30	0.19
ENERGY	5.8	4.5	1.2	28.9	30.5	-1.6	0.15	-0.11	0.04
FINANCIALS	20.1	22.1	-2.0	15.5	13.1	2.3	0.05	0.46	0.51
HEALTH CARE	11.8	12.3	-0.5	13.6	12.0	1.6	0.02	0.18	0.20
INDUSTRIALS	18.7	16.1	2.6	21.5	18.6	2.9	0.05	0.52	0.57
INFORMATION TECHNOLOGY	16.0	17.0	-1.1	19.8	18.1	1.8	-0.02	0.27	0.25
MATERIALS	4.3	5.7	-1.4	25.3	23.0	2.3	-0.08	0.10	0.02
TELECOMMUNICATION SERVICES	4.9	1.3	3.5	6.6	13.8	-7.2	-0.07	-0.36	-0.44
UTILITIES	0.1	3.4	-3.3	2.4	5.6	-3.2	0.30	-0.02	0.28
TOTAL	100.0	100.0	0.0	17.1	16.2	0.9	0.28	0.50	0.77

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – Jennison

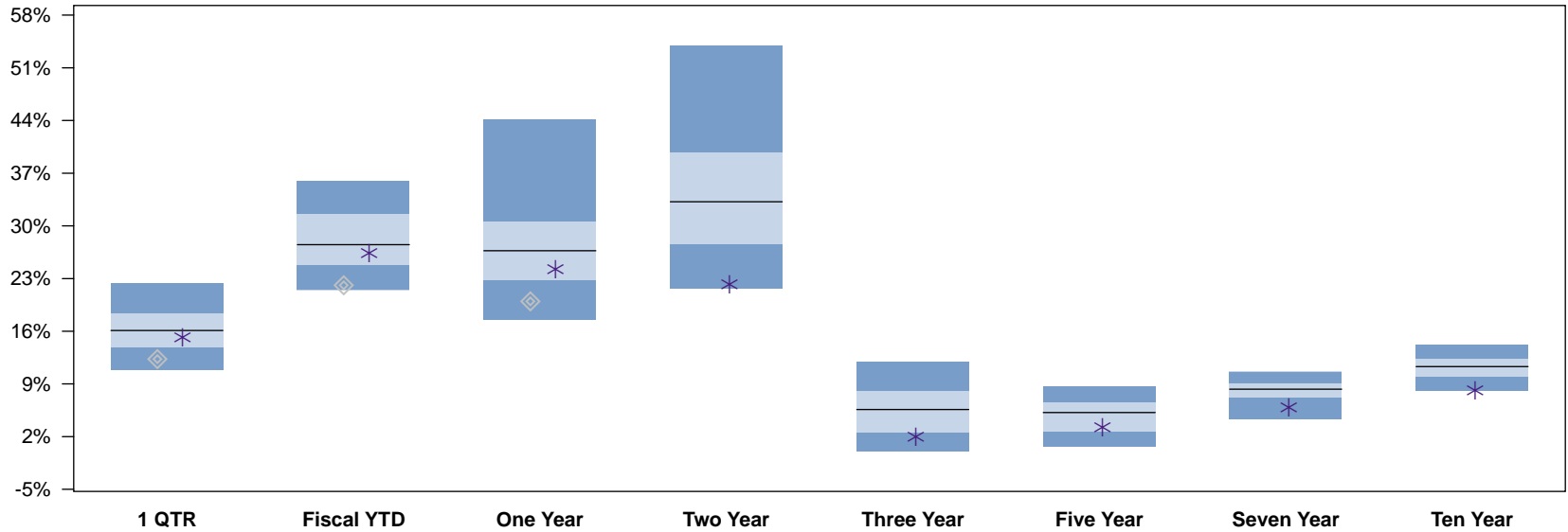


SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Small Value

Periods Ending December 31, 2010

Total Returns



	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
◆ The Boston Co	12.6	87	22.4	87	20.2	88										
* RUSSELL 2000 VALUE	15.4	64	26.6	59	24.5	68	22.5	95	2.2	80	3.5	69	6.2	81	8.4	93
Median	16.1		27.5		26.7		33.2		5.6		5.2		8.3		11.3	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – The Boston Company

Portfolio Characteristics

	Portfolio	Russell 2000 Value
No. of Securities	147	
Average Market Cap (000's)	1,556,790	1,121,854
Median Market Cap (000's)	1,233,180	461,080
Price to Book Ratio	1.86	1.53
Five Year Earnings Growth	(6.46)	(2.29)
Return on Equity	3.03	5.10

Fund Information

Name:	The Boston Co.	
Market Value:	\$	48,333,745
Actual % of Total:	2.2%	
Target % of Total:	2.3%	

Ten Largest Holdings

Name	Weight
MGIC INVESTMENT CORP	2.2
OFFICEMAXINC	1.6
FTI CONSULTING INC	1.6
COEUR D ALENE MINES CORP	1.5
STERIS CORP	1.4
UNIT CORP	1.4
SVB FINANCIAL GROUP	1.3
BRINK S CO/THE	1.3
HAEMONETICS CORP/MASS	1.2
DIEBOLD INC	1.2

Ten Best Performers

Name	Return
HEIDRICK +STRUGGLES INTL	47.9
TEAM INC	40.6
MATRIX SERVICE CO	39.2
COEUR D ALENE MINES CORP	37.2
FOOT LOCKER INC	36.3
MKS INSTRUMENTS INC	36.2
CBL + ASSOCIATES PROPERTIES	35.5
RESOURCESCONNECTION INC	35.4
AIR METHODS CORP	35.3
OFFICEMAXINC	35.2

Ten Worst Performers

Name	Return
TALBOTS INC	-35.0
CITIZENS REPUBLIC BANCORP IN	-31.8
SONUS NETWORKS INC	-24.4
BEBE STORES INC	-17.0
TEKELEC	-8.1
MARTEN TRANSPORT LTD	-7.7
ASPEN INSURANCE HOLDINGS LTI	-5.0
RYLAND GROUP INC	-4.8
FURNITUREBRANDS INTL INC	-4.5
SOUTHWESTBANCORP INC/OKLA	-4.4

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

The Boston Co

Benchmark: RUSSELL 2000 VALUE

Quarter Ending December 31, 2010

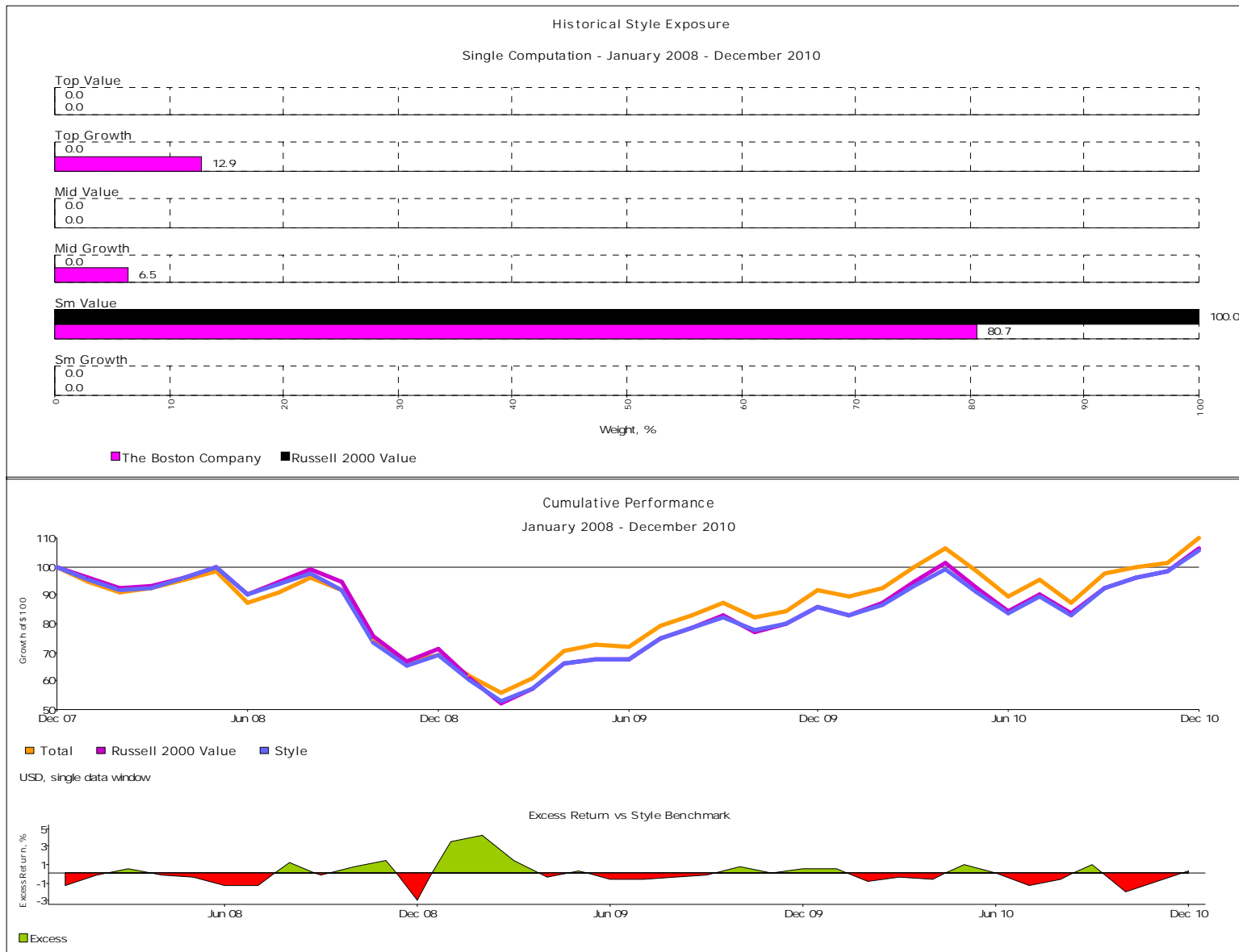
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
The Boston Co									
CONSUMER DISCRETIONARY	16.3	10.4	5.9	11.6	19.6	-7.9	0.21	-1.25	-1.05
CONSUMER STAPLES	3.6	3.2	0.4	13.3	6.9	6.4	-0.03	0.31	0.28
ENERGY	6.1	5.5	0.6	21.3	27.4	-6.1	0.06	-0.37	-0.31
FINANCIALS	33.0	38.0	-5.1	9.5	12.4	-2.9	0.14	-0.91	-0.77
HEALTH CARE	9.4	5.8	3.5	11.8	10.0	1.9	-0.17	0.25	0.08
INDUSTRIALS	14.4	13.9	0.5	17.1	18.6	-1.5	0.01	-0.21	-0.20
INFORMATION TECHNOLOGY	9.3	9.2	0.1	12.0	17.4	-5.4	0.00	-0.49	-0.49
MATERIALS	4.4	6.5	-2.1	18.9	27.0	-8.1	-0.20	-0.35	-0.55
TELECOMMUNICATION SERVICES	0.2	0.7	-0.5	24.0	9.7	14.3	0.03	0.10	0.13
UTILITIES	3.4	6.8	-3.4	7.4	6.2	1.3	0.27	0.12	0.39
TOTAL	100.0	100.0	0.0	12.6	15.5	-2.9	0.32	-2.77	-2.47

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – The Boston Company

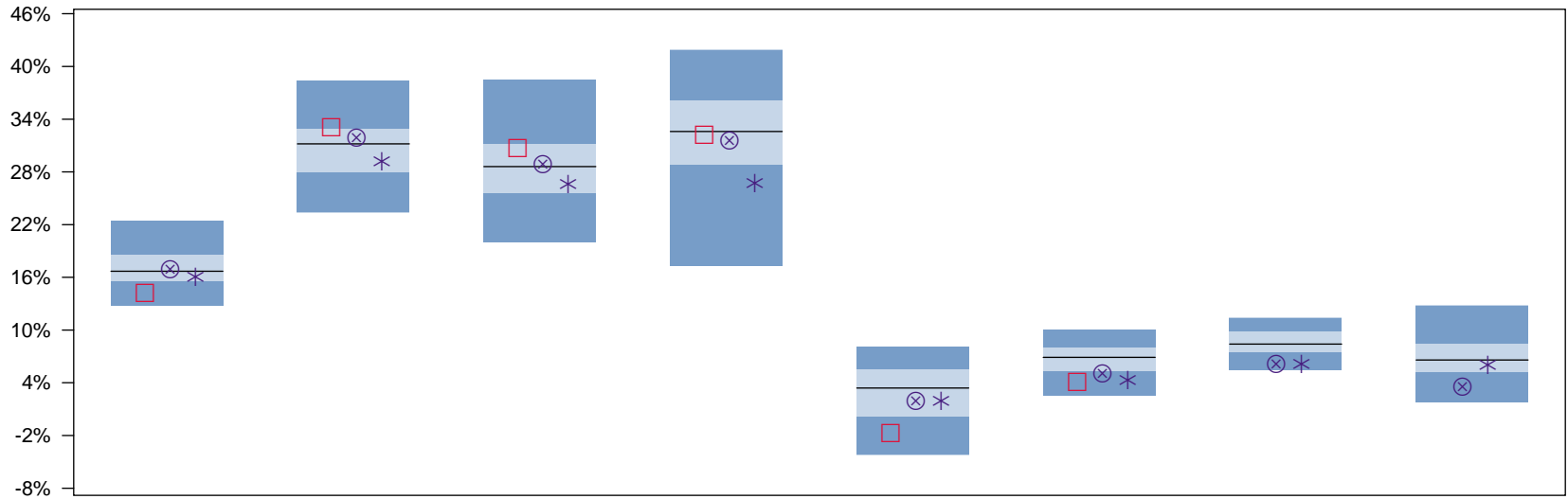


SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Equity Funds - Small Growth

Periods Ending December 31, 2010

Total Returns



	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
□ Chartwell	14.5	90	33.3	23	30.9	28	32.4	55	-1.5	80	4.3	84				
⊗ RUSSELL 2000 GROWTH	17.1	40	32.1	35	29.1	45	31.8	60	2.2	65	5.3	74	6.4	89	3.8	85
* RUSSELL 2000	16.3	62	29.4	61	26.9	64	27.0	82	2.2	64	4.5	84	6.4	89	6.3	58
Median	16.7		31.2		28.6		32.6		3.4		6.9		8.4		6.6	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – Chartwell

Portfolio Characteristics

	Portfolio	Russell 2000 Growth
No. of Securities	83	
Average Market Cap (000's)	1,887,321	1,370,808
Median Market Cap (000's)	1,420,510	549,820
Price to Book Ratio	4.93	4.37
Five Year Earnings Growth	12.10	9.96
Return on Equity	7.66	10.05

Fund Information

Name:	Chartwell
Market Value:	\$ 53,845,903
Actual % of Total:	2.5%
Target % of Total:	2.3%

Ten Largest Holdings

Name	Weight
SBA COMMUN CORP CL A	3.1
GAYLORD ENTERTAINMENT C	2.9
KFORCE INC	2.8
RAILAMERICA INC	2.3
BRUKER CORP	2.2
FOSSIL INC	2.2
NICE SYS LTD	2.2
HFF INC CLASS A	2.1
GARTNER INC	2.1
SOLUTIA INC	2.0

Ten Best Performers

Name	Return
CYPRESS SEMICONDUCTOR CORI	47.7
CONSTANT CONTACT INC	44.6
SOLUTIA INC	44.1
GROUP 1 AUTOMOTIVE INC	40.1
JO ANN STORES INC	35.2
RAILAMERICA INC	34.5
CATALYST HEALTH SOLUTIONS INC	32.0
FOSSIL INC	31.0
SIGNATUREBANK	28.9
BRIGHTPOINT INC	24.9

Ten Worst Performers

Name	Return
GSI COMMERCE INC	-6.1
VENOCO INC	-6.0
ARUBA NETWORKS INC	-2.2
K12 INC	-1.3
SBA COMMUNICATIONS CORP CL A	1.6
STEVEN MADDEN LTD	1.6
INCYTE CORP	3.6
HFF INC CLASS A	4.1
CONCUR TECHNOLOGIES INC	5.0
PF CHANG SCHINA BISTRO INC	5.4

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Chartwell

Benchmark: RUSSELL 2000 GROWTH

Quarter Ending December 31, 2010

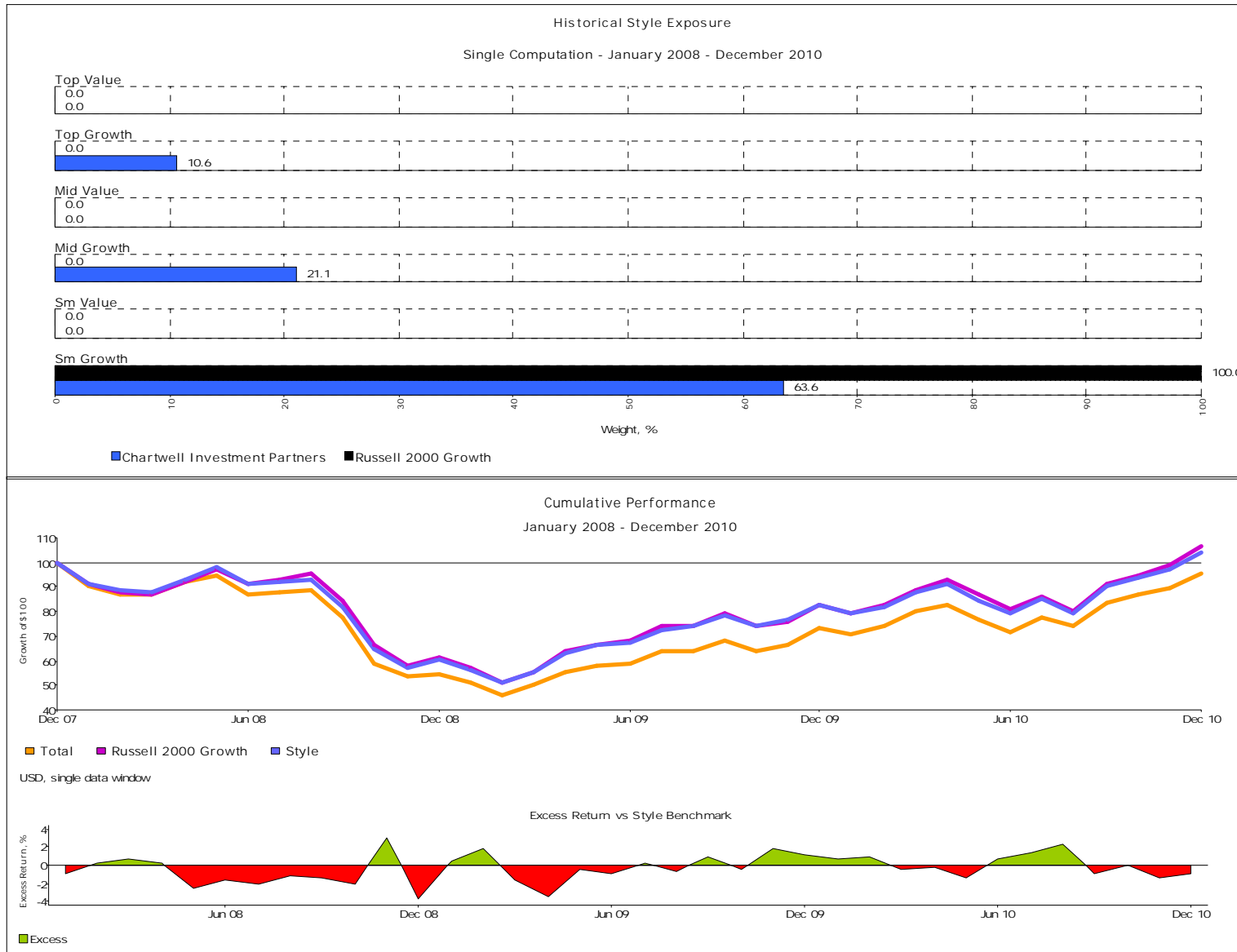
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
Chartwell									
CONSUMER DISCRETIONARY	19.1	17.9	1.1	16.3	15.3	1.0	-0.02	0.29	0.27
CONSUMER STAPLES	1.1	3.1	-2.0	8.2	12.0	-3.8	0.09	0.03	0.12
ENERGY	4.7	3.6	1.2	9.6	35.2	-25.7	0.18	-1.19	-1.01
FINANCIALS	6.9	6.9	0.0	13.8	17.0	-3.2	0.00	-0.22	-0.22
HEALTH CARE	14.0	18.5	-4.5	12.4	12.6	-0.1	0.17	0.05	0.22
INDUSTRIALS	12.9	18.3	-5.4	19.2	18.6	0.6	-0.08	0.11	0.03
INFORMATION TECHNOLOGY	35.6	24.6	11.0	12.5	18.3	-5.8	0.13	-1.95	-1.82
MATERIALS	1.7	5.0	-3.3	44.1	18.1	26.0	-0.04	0.47	0.44
TELECOMMUNICATION SERVICES	4.0	1.9	2.1	0.4	15.3	-14.9	-0.03	-0.60	-0.63
UTILITIES	0.0	0.2	-0.2	-	-9.6	-	0.06	0.04	0.09
TOTAL	100.0	100.0	0.0	14.0	17.0	-2.9	0.45	-2.95	-2.51

SAN MATEO COUNTRY EMPLOYEES' RET ASSOC

3 Years Ending December 31, 2010

Return Based Style Analysis – Chartwell

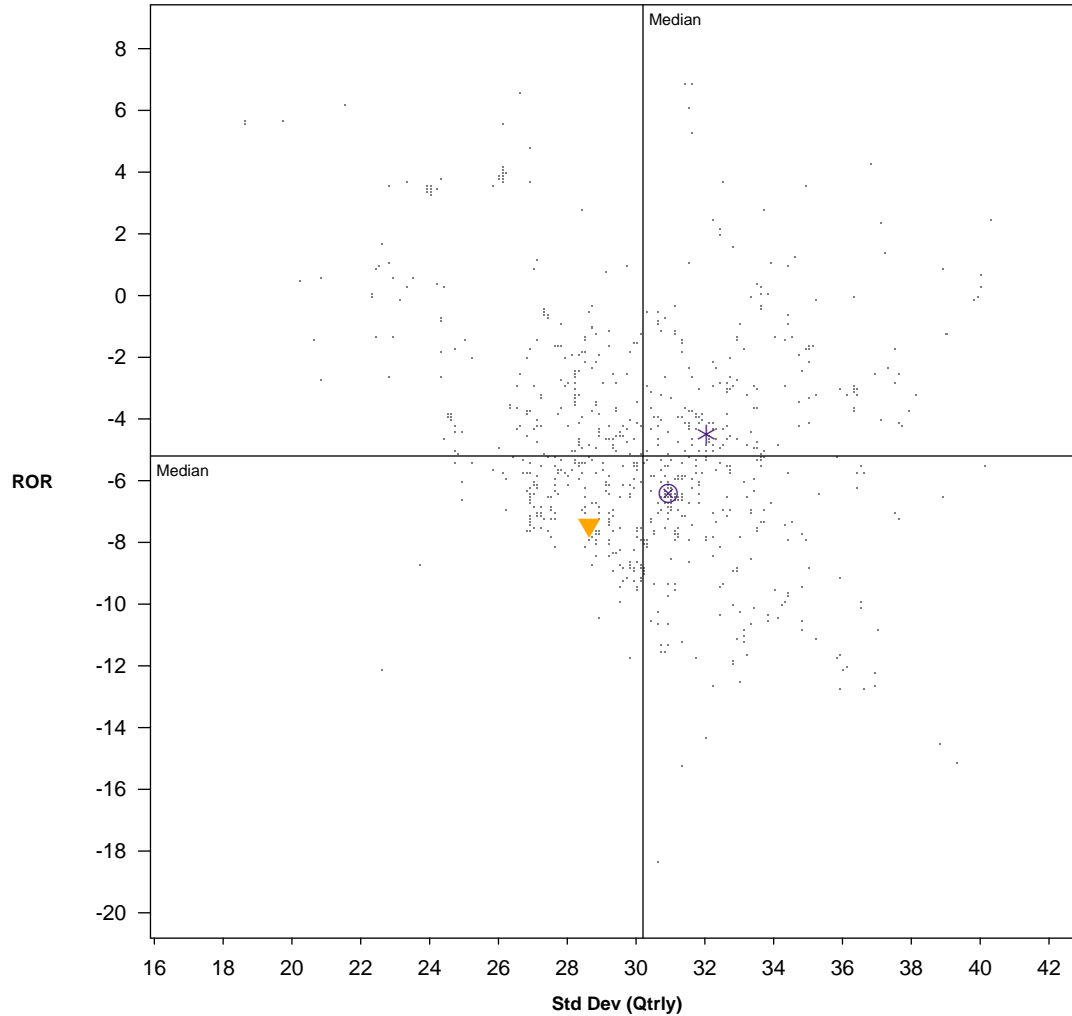


SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Intl Equity Developed Mkt Funds

Period Ending December 31, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
▼ Intl Equity	-7.6 84	28.7 34	-0.3 88
* Intl Equity Index	-4.6 45	32.1 74	
⊗ MSCI EAFE (GROSS)	-6.5 70	31.0 61	-0.2 68
Median	-5.2	30.2	-0.2

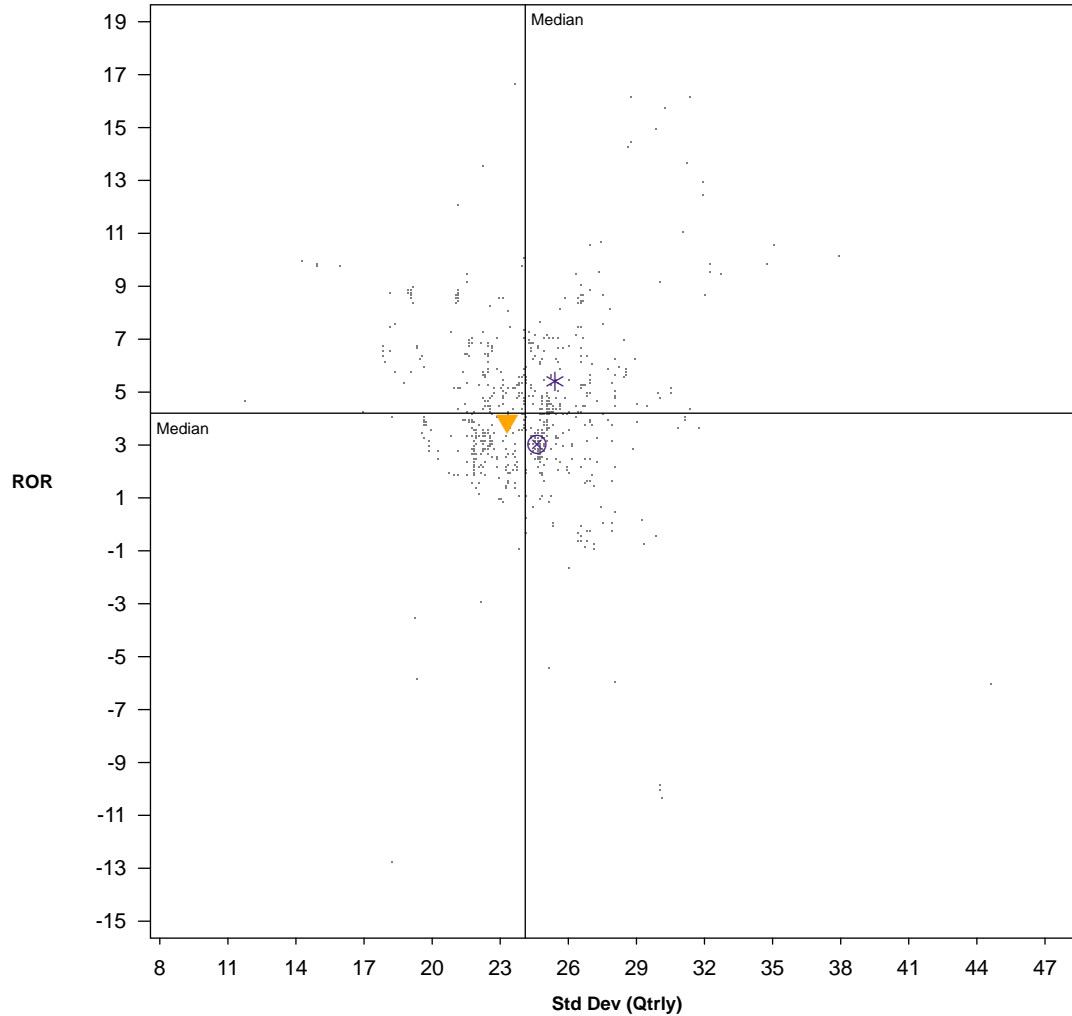
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Intl Equity Developed Mkt Funds

Period Ending December 31, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
▼ Intl Equity	3.7 62	23.4 41	0.1 64
* Intl Equity Index	5.3 33	25.5 77	
⊗ MSCI EAFE (GROSS)	2.9 76	24.7 60	0.0 79
Median	4.2	24.1	0.1

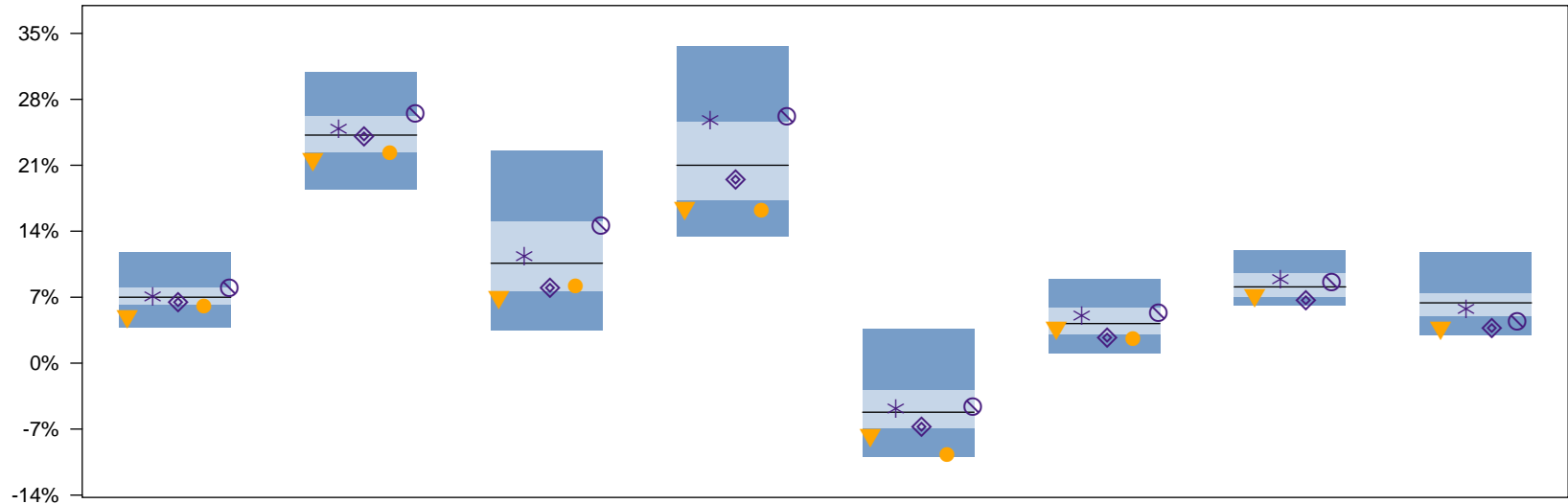
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Intl Equity Developed Mkt Funds

Periods Ending December 31, 2010

Total Returns



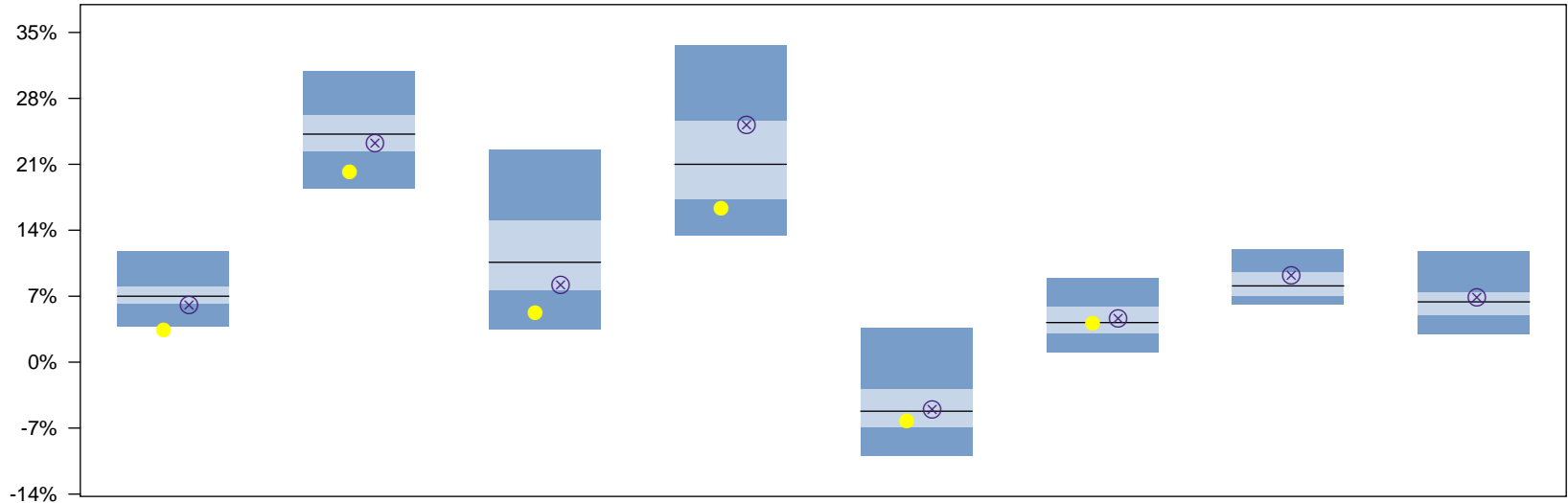
	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
▼ Intl Equity	5.0	90	21.6	80	7.0	82	16.5	81	-7.6	84	3.7	62	7.2	72	3.7	91
* Intl Equity Index	7.3	44	25.1	40	11.6	44	26.0	24	-4.6	45	5.3	33	9.1	33	6.0	59
◆ MSCI EAFE (GROSS)	6.7	62	24.3	50	8.2	68	19.7	63	-6.5	70	2.9	76	6.9	78	3.9	88
● Artio	6.3	74	22.6	74	8.5	66	16.5	81	-9.4	95	2.9	77				
○ MSCI ACWI XUS GROWTH	8.2	24	26.7	21	14.8	28	26.4	22	-4.4	43	5.6	29	8.8	40	4.7	78
Median	7.0		24.2		10.6		21.0		-5.2		4.2		8.1		6.4	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Intl Equity Developed Mkt Funds

Periods Ending December 31, 2010

Total Returns



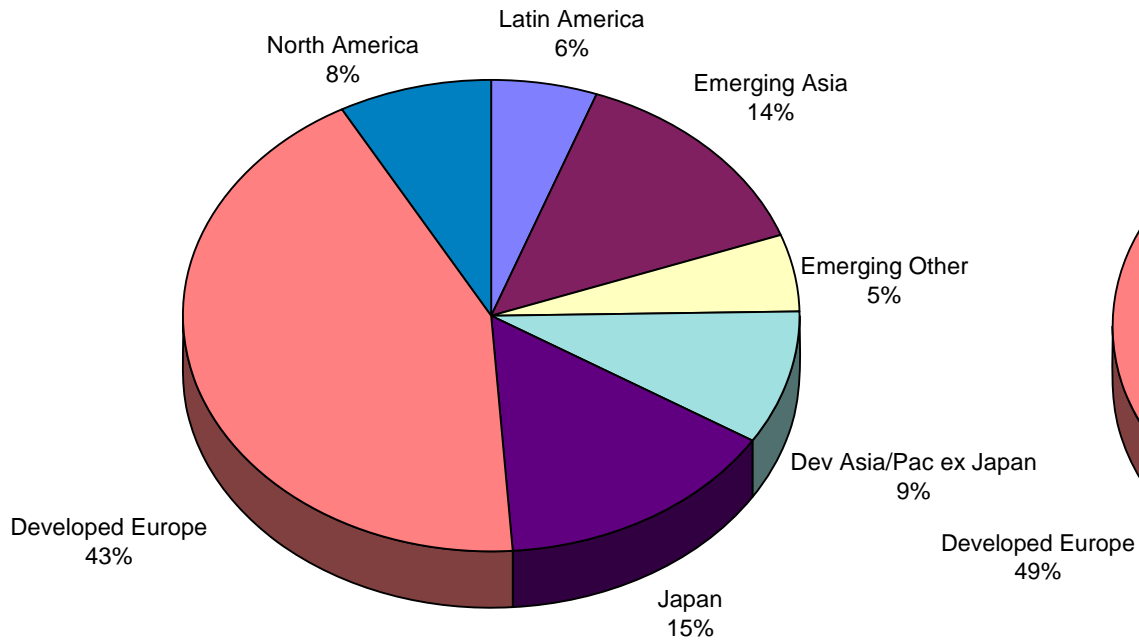
	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
● Mondrian	3.7	96	20.5	86	5.5	92	16.6	81	-5.9	63	4.4	46				
⊗ MSCI ACWI EX US VALUE (6.3	73	23.5	64	8.4	67	25.4	26	-4.8	46	4.9	37	9.4	30	7.1	33
Median	7.0		24.2		10.6		21.0		-5.2		4.2		8.1		6.4	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

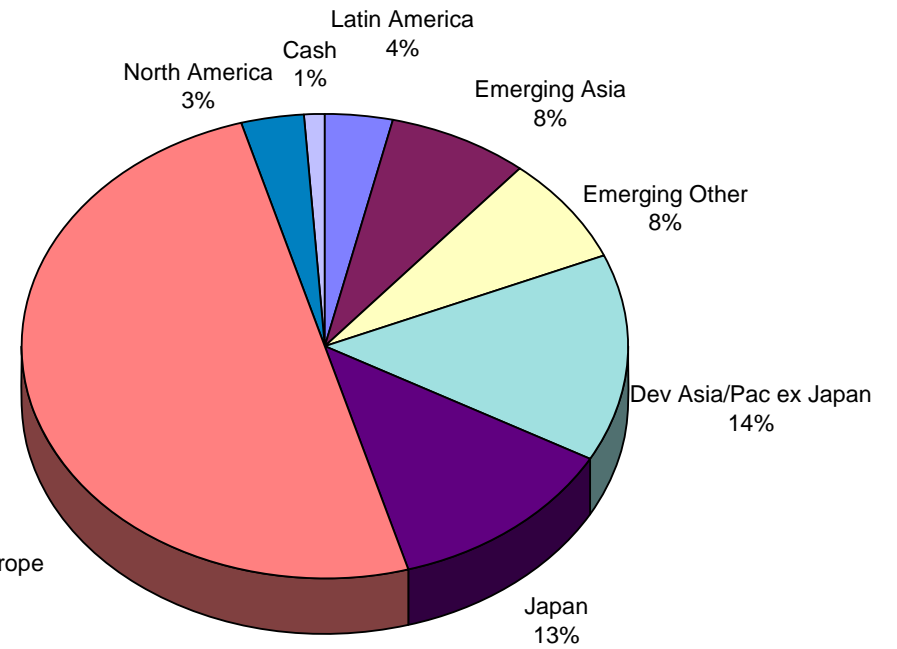
As of December 31, 2010

International Equity Portfolio Regional Weights

MSCI ACWI ex USA Index



INTERNATIONAL EQUITY COMPOSITE



SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – Artio Global Investors

Portfolio Characteristics

	Portfolio	MSCI ACWI ex-US
No. of Securities	212	1,871
Wgted. Avg. Market Cap (billion)	40	49
Price to Book Ratio	2.4	1.7
Return on Equity	14.4	15.1

Fund Information

Name:	Artio Global
Market Value:	\$ 219,792,541
Actual % of Total:	10.1%
Target % of Total:	10.5%

Ten Largest Holdings*

Name	Weight
Market Vectors ETF Gold Miners	2.9
Rio Tinto PLC	2.7
Hang Lung Properties Ltd.	2.2
Sberbank	2.2
HTC Corp.	2.2
Xstrata PLC	1.9
Barrick Gold Corp.	1.7
Fraport AG	1.6
Lloyds Banking Group PLC	1.4
BHP Billiton PLC	1.3

Ten Best Performers

Name	Return
HTC Corp.	0.7
Rio Tinto PLC	0.4
Xstrata PLC	0.4
Sberbank	0.3
Silver Wheaton Corp.	0.3
Market Vectors ETF Gold Miners	0.3
BHP Billiton PLC	0.3
Barrick Gold Corp.	0.3
Dufry AG	0.2
Celltrion Inc.	0.2

Ten Worst Performers

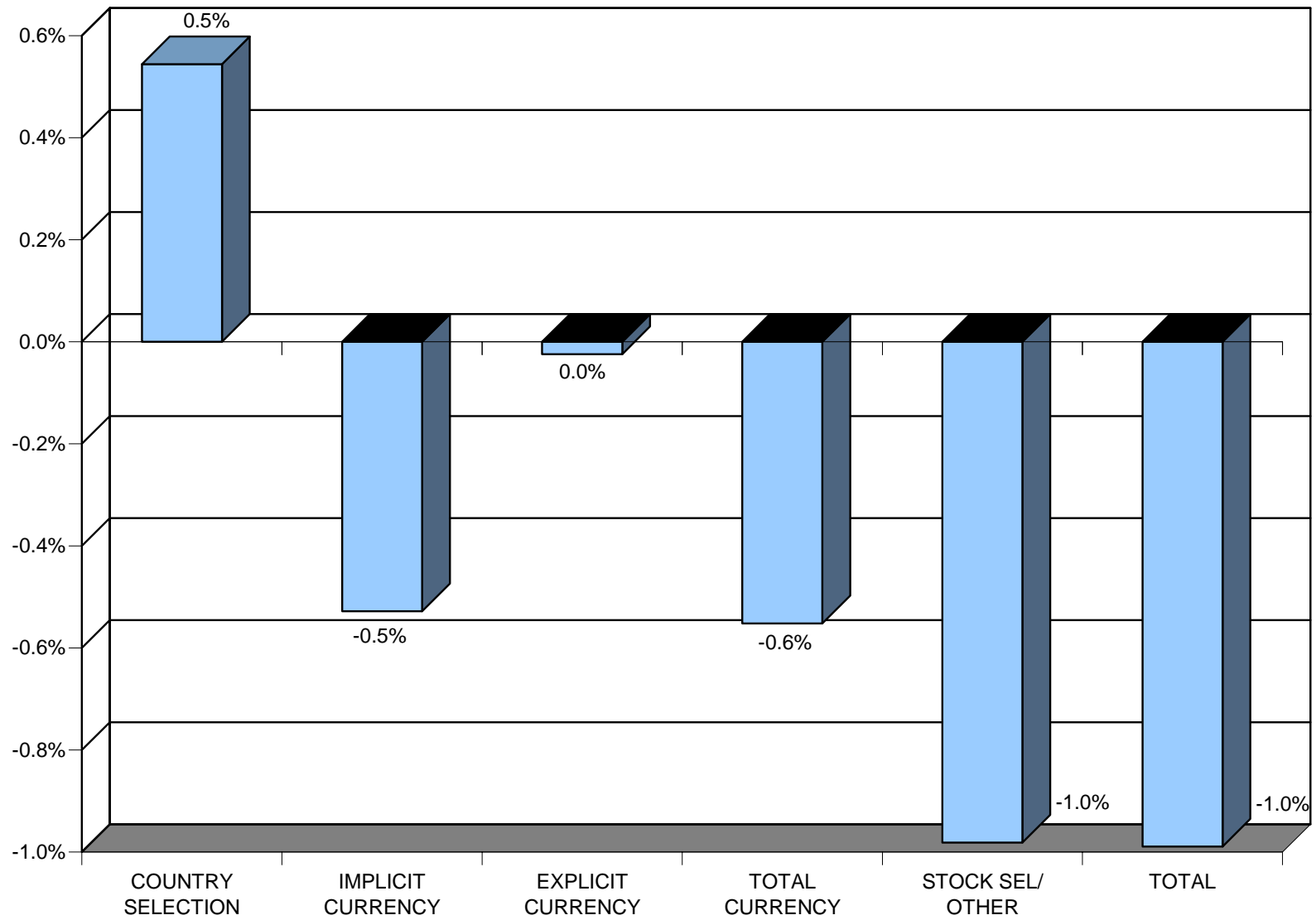
Name	Return
Lloyds Banking Group PLC	-0.2
Belle International Holdings Ltd.	-0.1
China Resources Enterprise Ltd.	-0.1
Ctrip.com International Ltd. (ADS)	-0.1
Hypermecas S/A	-0.1
HDFC Bank Ltd. ADS	-0.1
China Yurun Food Group Ltd.	-0.1
Barclays PLC	-0.1
Geely Automobile Holdings Ltd.	-0.1
Hang Lung Properties Ltd.	-0.1

* Excludes the following ETF and futures positions (if applicable) within top ten holdings: iShares MSCI India Index Fund1.

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

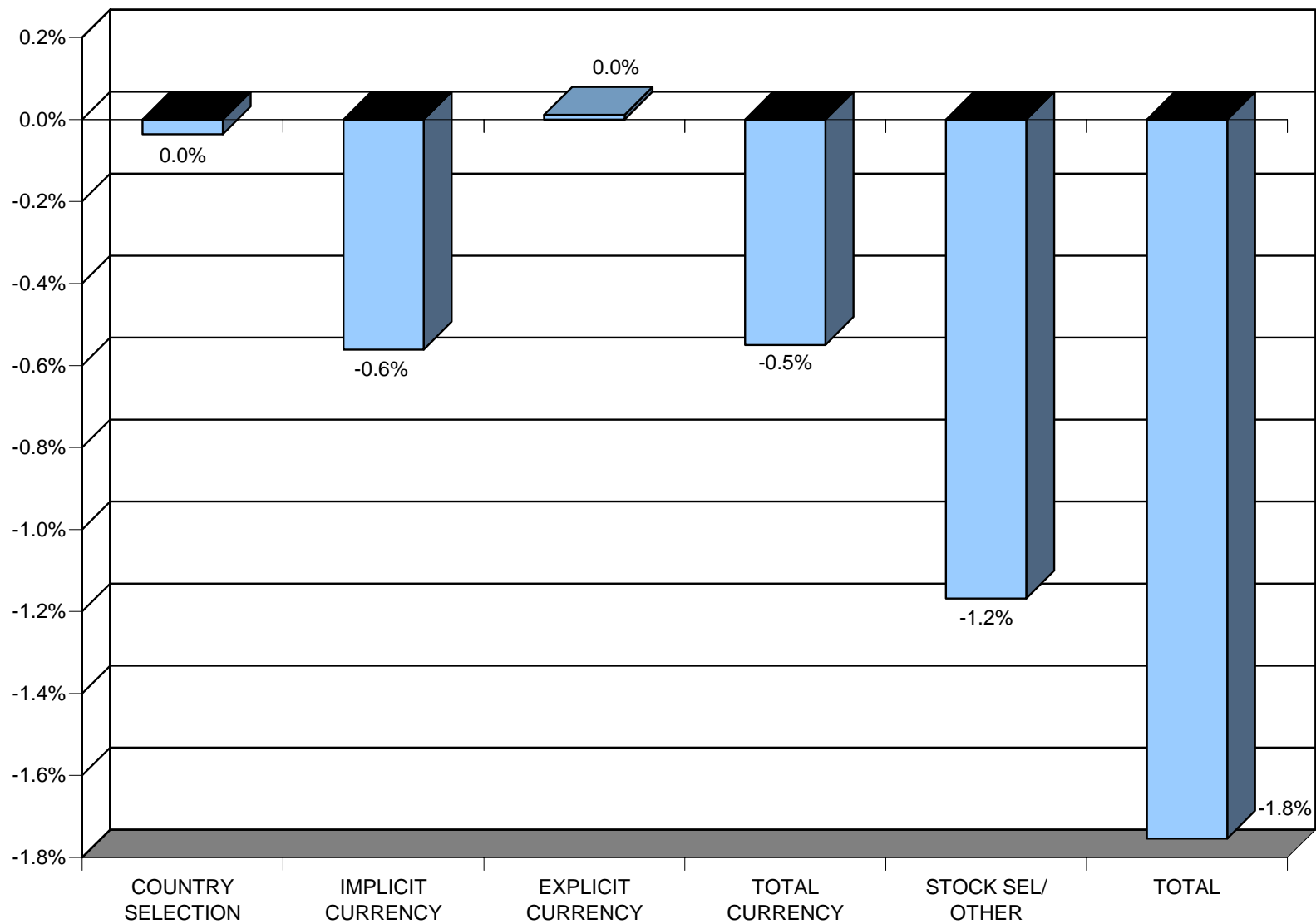
Summary Performance Attribution – Artio Global Investors



SAN MATEO COUNTY EMPLOYEES' RET ASSOC

11/1/2004 to 12/31/2010 (Annualized)

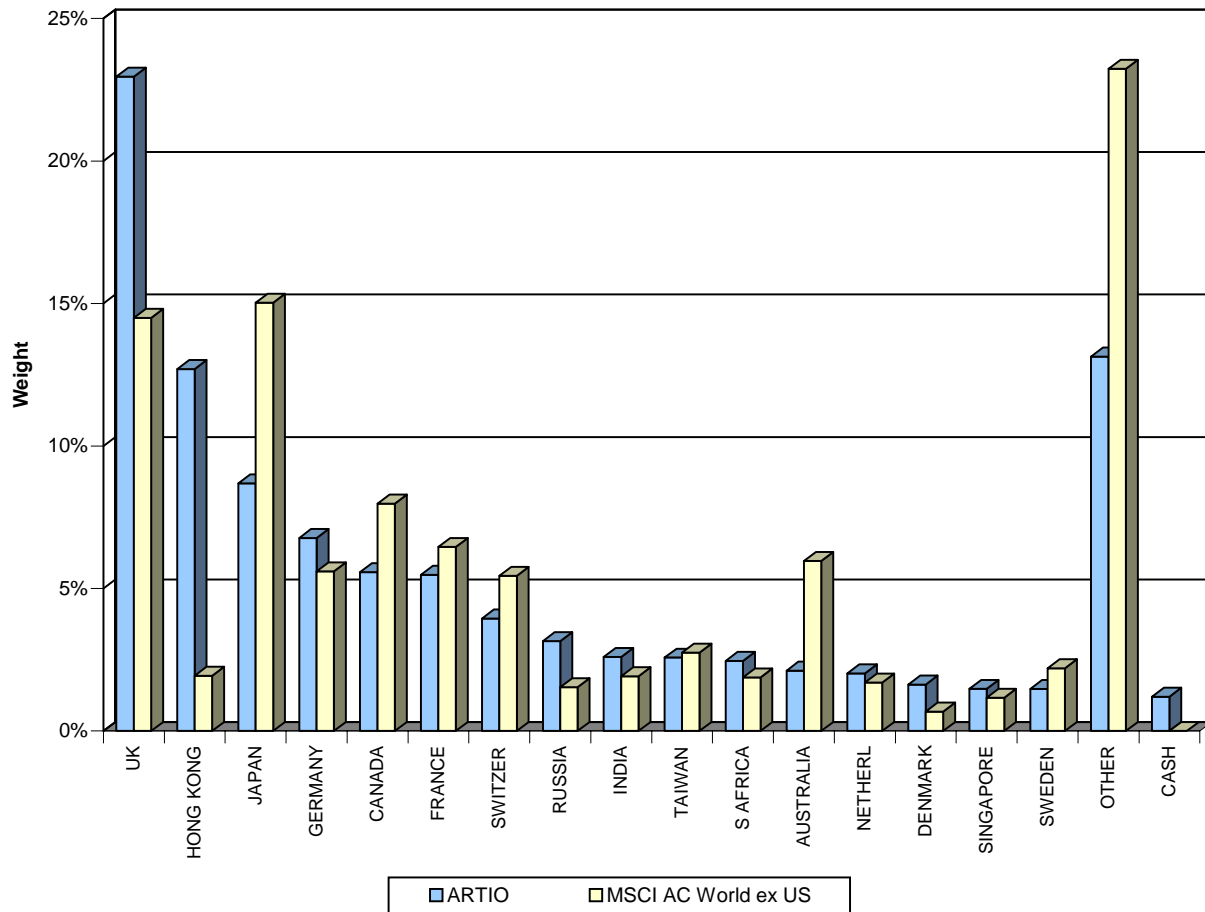
Summary Performance Attribution – Artio Global Investors



SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Portfolio Country Weights – Artio Global Investors

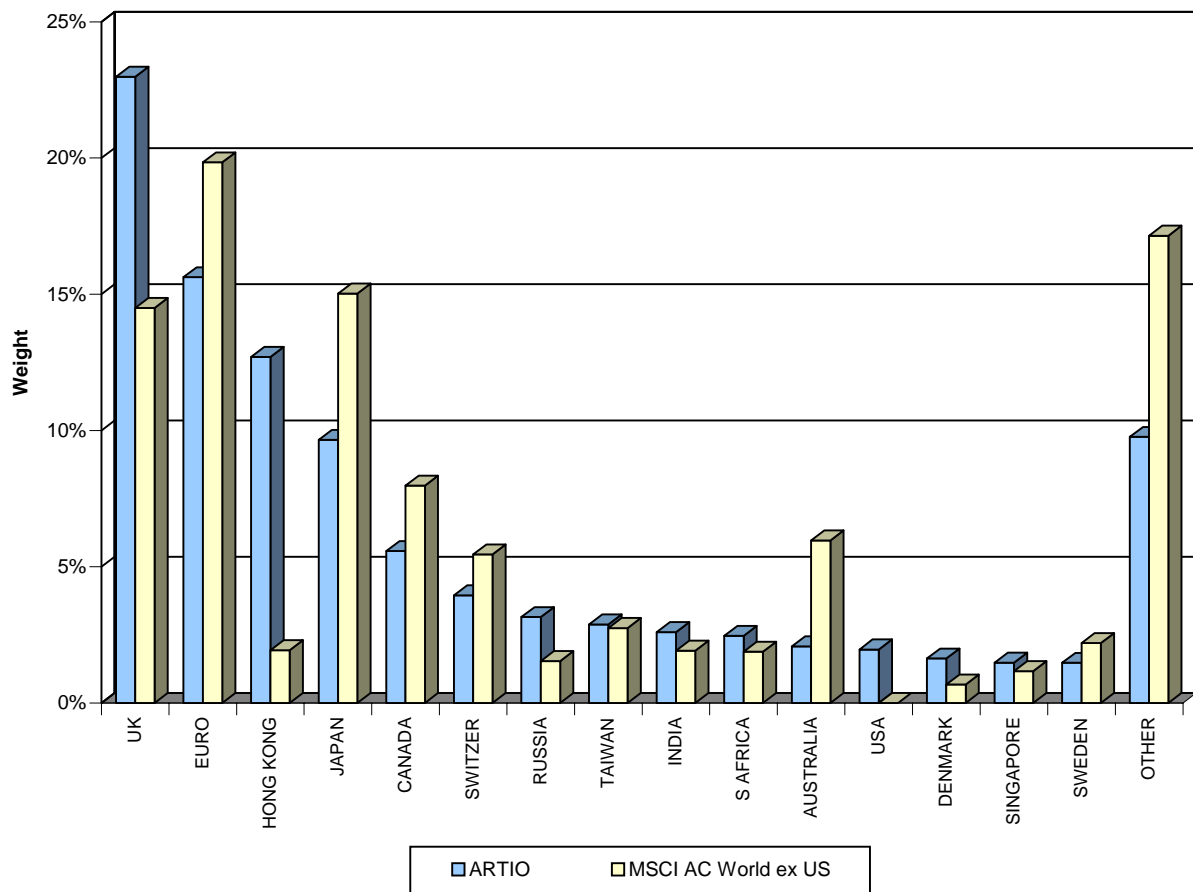


COUNTRY	MARKET VALUE	ARTIO	MSCI AC World ex US
UK	\$ 50,465	23.0%	14.5%
HONG KONG	\$ 27,922	12.7%	1.9%
JAPAN	\$ 19,103	8.7%	15.0%
GERMANY	\$ 14,880	6.8%	5.6%
CANADA	\$ 12,255	5.6%	8.0%
FRANCE	\$ 12,045	5.5%	6.5%
SWITZER	\$ 8,687	4.0%	5.5%
RUSSIA	\$ 6,935	3.2%	1.5%
INDIA	\$ 5,712	2.6%	1.9%
TAIWAN	\$ 5,662	2.6%	2.8%
S AFRICA	\$ 5,412	2.5%	1.9%
AUSTRALIA	\$ 4,653	2.1%	6.0%
NETHERL	\$ 4,447	2.0%	1.7%
DENMARK	\$ 3,591	1.6%	0.7%
SINGAPORE	\$ 3,255	1.5%	1.2%
SWEDEN	\$ 3,241	1.5%	2.2%
OTHER	\$ 28,875	13.1%	23.2%
CASH	\$ 2,651	1.2%	0.0%
	\$ 219,793	100.0%	100.0%

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Portfolio Currency Exposures – Artio Global Investors



CURRENCY	MARKET VALUE	ARTIO	MSCI AC World ex US
UK	\$ 50,517	23.0%	14.5%
EURO	\$ 34,345	15.6%	19.8%
HONG KONG	\$ 27,922	12.7%	1.9%
JAPAN	\$ 21,227	9.7%	15.0%
CANADA	\$ 12,255	5.6%	8.0%
SWITZER	\$ 8,687	4.0%	5.5%
RUSSIA	\$ 6,935	3.2%	1.5%
TAIWAN	\$ 6,337	2.9%	2.8%
INDIA	\$ 5,712	2.6%	1.9%
S AFRICA	\$ 5,412	2.5%	1.9%
AUSTRALIA	\$ 4,576	2.1%	6.0%
USA	\$ 4,318	2.0%	
DENMARK	\$ 3,591	1.6%	0.7%
SINGAPORE	\$ 3,255	1.5%	1.2%
SWEDEN	\$ 3,241	1.5%	2.2%
OTHER	\$ 21,463	9.8%	17.2%
	\$ 219,793	100.0%	100.0%

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

Equity Only Summary Statistics – Mondrian

Portfolio Characteristics

	Portfolio	MSCI ACWI ex-US
No. of Securities	123 +	1,871
Average Market Cap (billion)	32 ++	49
Price to Book Ratio	1.6	1.7
Return on Equity	11.9	15.1

Fund Information

Name:	Mondrian
Market Value:	\$ 214,923,643
Actual % of Total:	9.9%
Target % of Total:	10.5%

+ Includes 75 stocks held in the DPT Emerging Markets Fund.

++ Including holdings within the DPT Emerging Markets Fund, the average for the developed market stocks only is 46.787 billion.

Ten Largest Holdings

Name	Weight
Novartis	2.8
Royal Dutch Shell	2.7
Unilever	2.7
Canon	2.6
Takeda Pharmaceutical	2.5
Seven & I	2.5
GlaxoSmithKline	2.5
Total	2.4
Telefonica	2.4
Kao Corp	2.3

Ten Best Performers

Name	Return
KDDI Corporation	20.9
Telecom Corp Of New Zealand	16.3
Saint Gobain	15.9
Experian Plc	15.2
BG	15.1
Seven & I Holdings Co	14.3
Canon Inc	13.1
Sekisui House	12.8
Telstra Corporation	12.7
QBE Insurance Group Limited	11.3

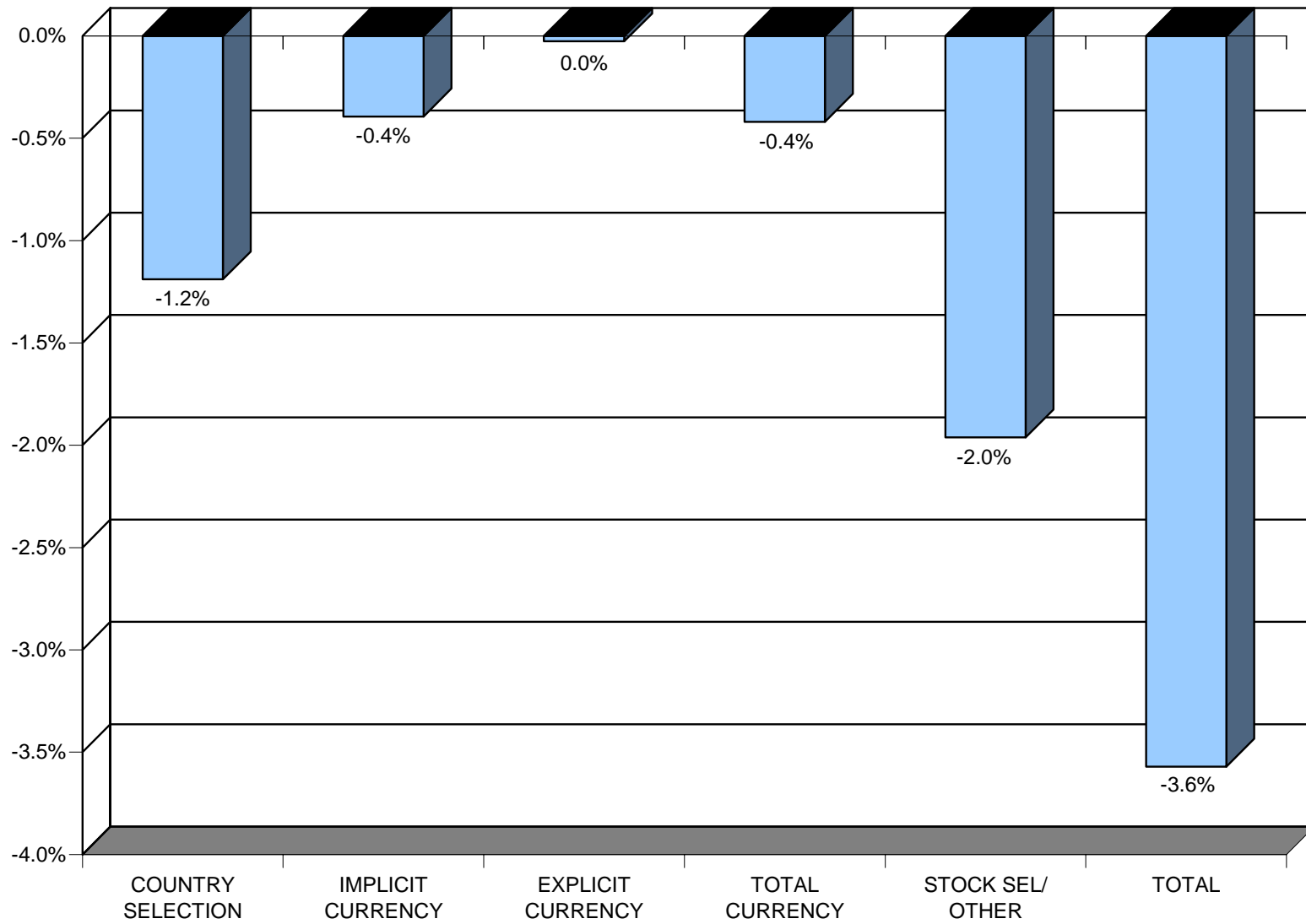
Ten Worst Performers

Name	Return
Carrefour Supermarche	-23.1
Intesa Sanpaolo	-16.3
Banco Santander	-15.4
Societe Generale	-6.5
ING Groep	-6.0
Deutsche Telekom	-5.5
Telefonica	-5.4
Sanofi Aventis	-3.8
France Telecom	-3.3
Jardine Matheson Hldgs	-2.5

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Quarter Ending December 31, 2010

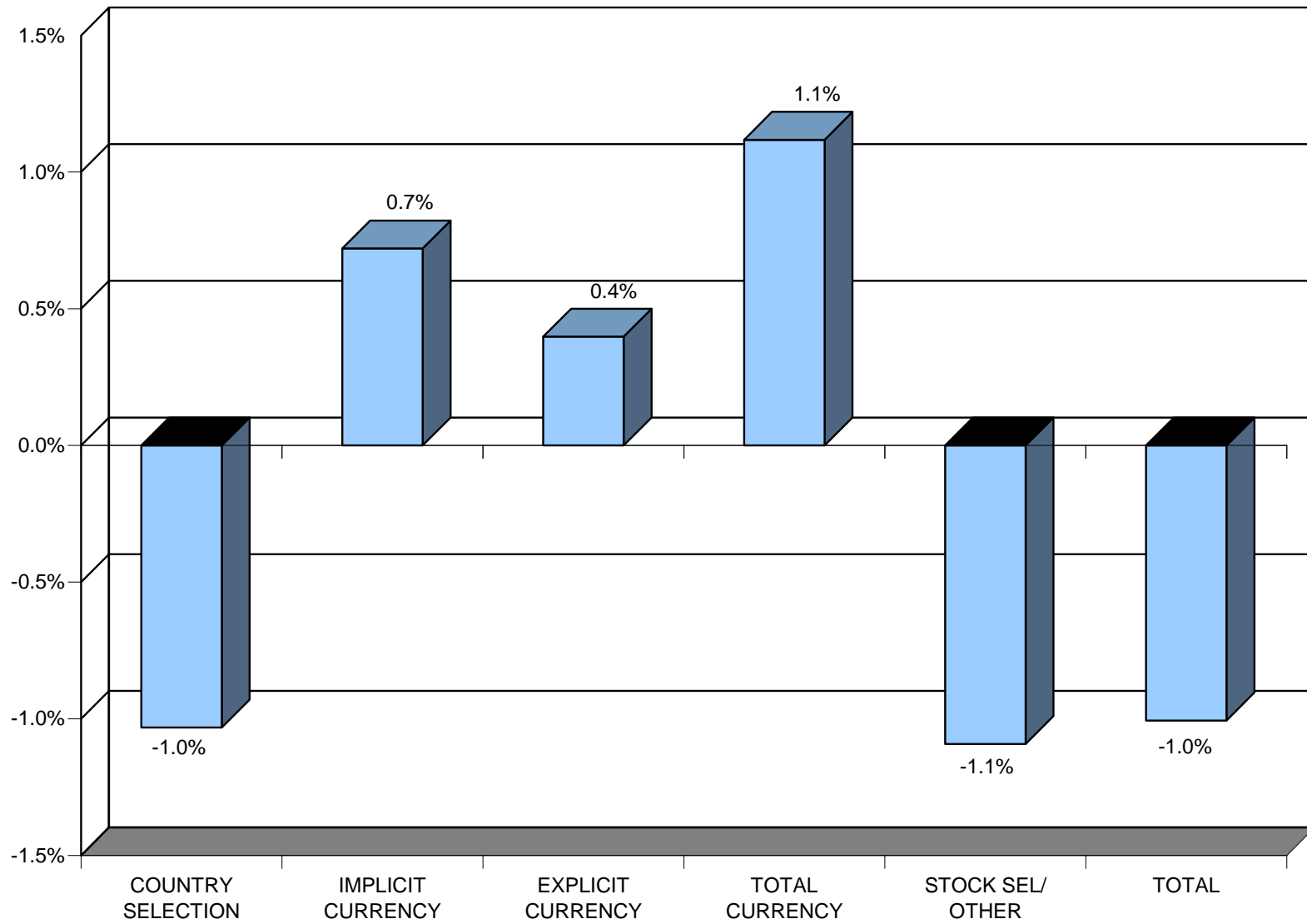
Summary Performance Attribution – Mondrian Investment Partners



SAN MATEO COUNTY EMPLOYEES' RET ASSOC

12/1/2004 to 12/31/2010 (Annualized)

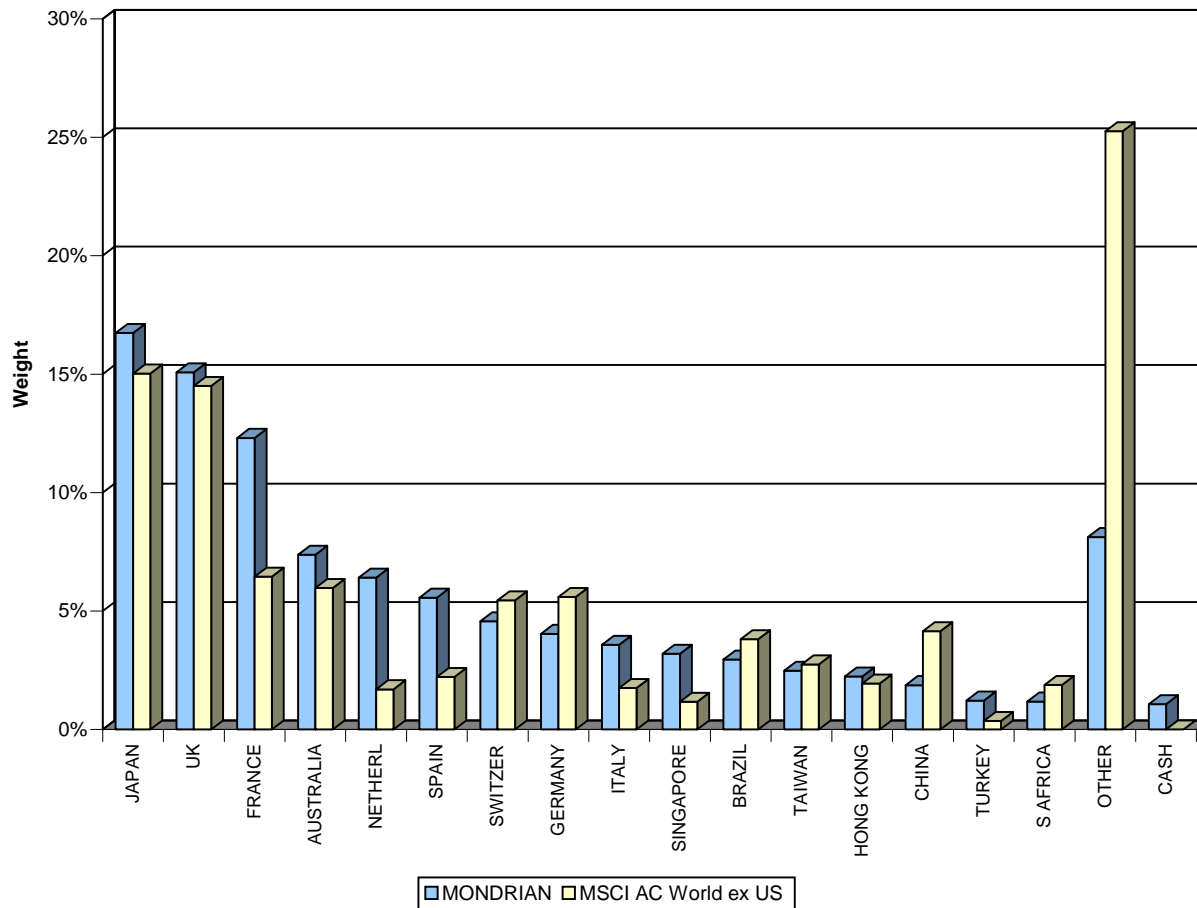
Summary Performance Attribution – Mondrian Investment Partners



SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Portfolio Country Weights – Mondrian Investment Partners

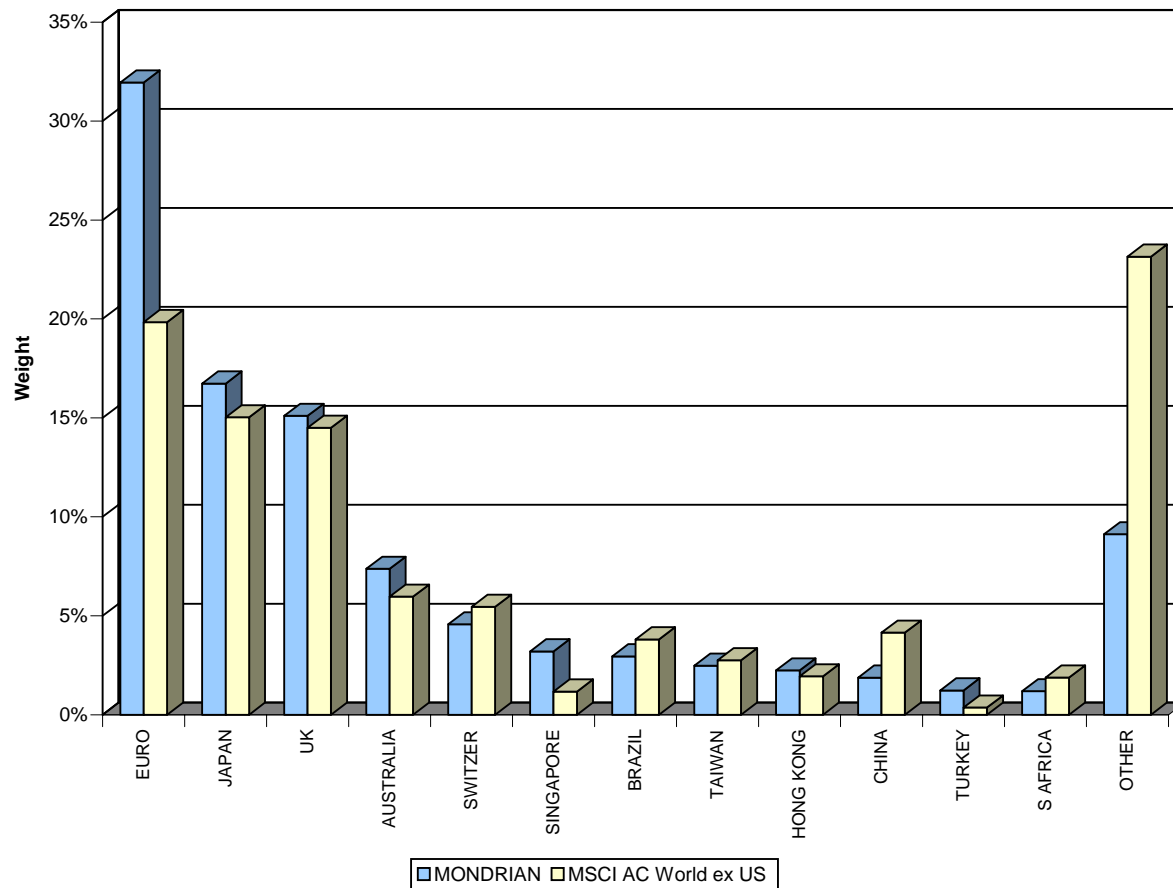


COUNTRY	MARKET VALUE	MONDRIAN	MSCI AC World ex US
JAPAN	\$ 35,969	16.7%	15.0%
UK	\$ 32,400	15.1%	14.5%
FRANCE	\$ 26,452	12.3%	6.5%
AUSTRALIA	\$ 15,848	7.4%	6.0%
NETHERL	\$ 13,788	6.4%	1.7%
SPAIN	\$ 11,958	5.6%	2.2%
SWITZER	\$ 9,826	4.6%	5.5%
GERMANY	\$ 8,672	4.0%	5.6%
ITALY	\$ 7,696	3.6%	1.8%
SINGAPORE	\$ 6,877	3.2%	1.2%
BRAZIL	\$ 6,337	2.9%	3.8%
TAIWAN	\$ 5,325	2.5%	2.8%
HONG KONG	\$ 4,804	2.2%	1.9%
CHINA	\$ 4,028	1.9%	4.2%
TURKEY	\$ 2,640	1.2%	0.4%
S AFRICA	\$ 2,544	1.2%	1.9%
OTHER	\$ 17,458	8.1%	25.3%
CASH	\$ 2,303	1.1%	0.0%
	\$ 214,924	100.0%	100.0%

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Portfolio Currency Exposures – Mondrian Investment Partners



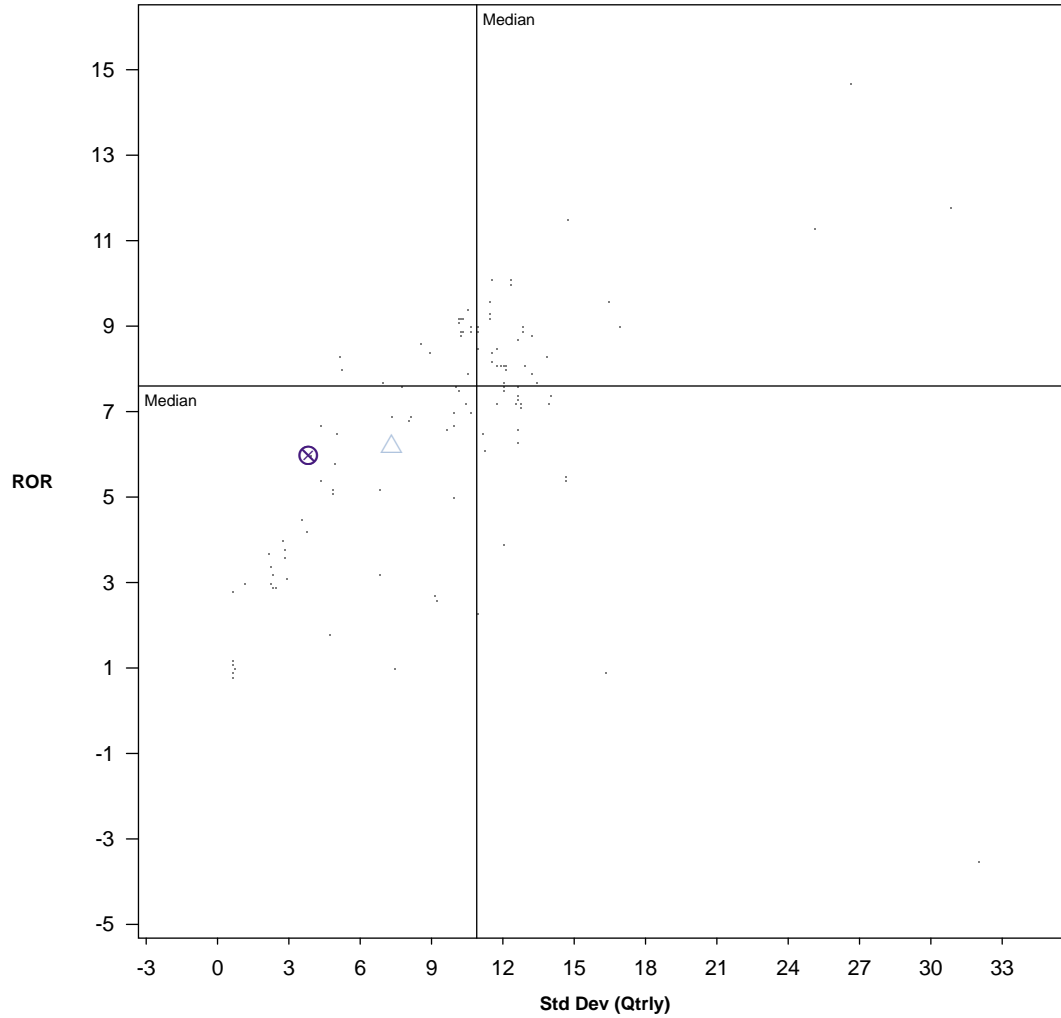
CURRENCY	MARKET VALUE	MONDRIAN	MSCI AC World ex US
EURO	\$ 68,658	31.9%	19.8%
JAPAN	\$ 35,971	16.7%	15.0%
UK	\$ 32,471	15.1%	14.5%
AUSTRALIA	\$ 15,848	7.4%	6.0%
SWITZER	\$ 9,826	4.6%	5.5%
SINGAPORE	\$ 6,877	3.2%	1.2%
BRAZIL	\$ 6,337	2.9%	3.8%
TAIWAN	\$ 5,325	2.5%	2.8%
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CHINA	\$ 4,028	1.9%	4.2%
TURKEY	\$ 2,640	1.2%	0.4%
S AFRICA	\$ 2,544	1.2%	1.9%
OTHER	\$ 19,594	9.1%	23.2%
	\$ 214,924	100.0%	100.0%

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Global Fixed Income Funds

Period Ending December 31, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
△ Total Fixed Inc	6.2 70	7.4 27	0.7 42
⊗ Total Fixed Index	5.9 72	3.9 17	
⊙ US Fixed Index	5.9 72	3.9 17	
Median	7.6	10.9	0.7

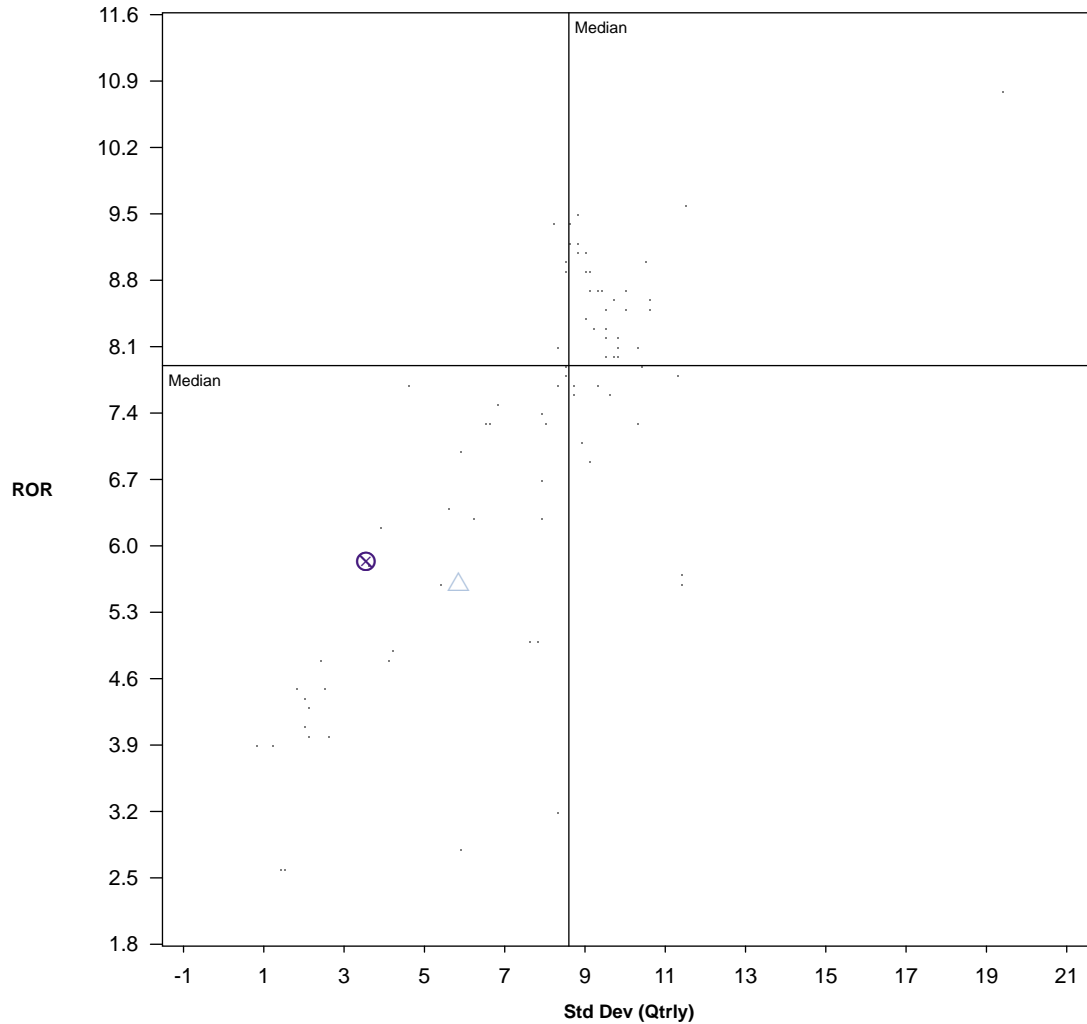
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Global Fixed Income Funds

Period Ending December 31, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
△ Total Fixed Inc	5.6 76	5.9 26	0.5 82
⊗ Total Fixed Index	5.8 75	3.6 17	
⊙ US Fixed Index	5.8 75	3.6 17	
Median	7.9	8.6	0.6

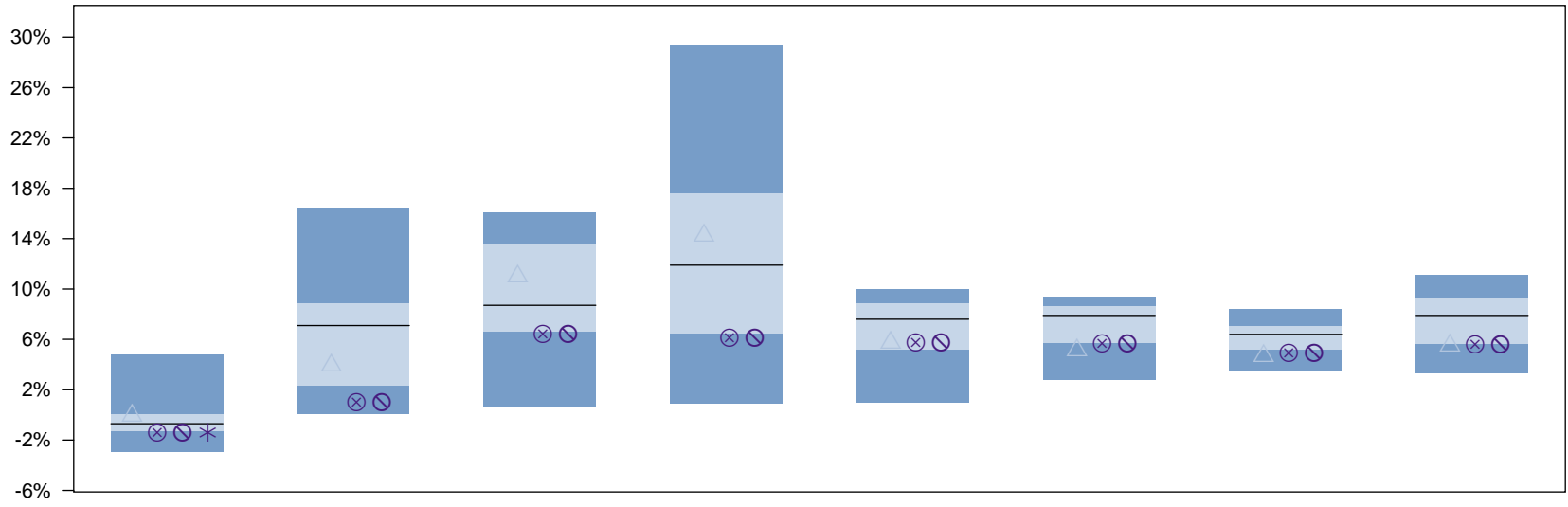
* Standard deviation is based on quarterly returns

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Global Fixed Income Funds

Periods Ending December 31, 2010

Total Returns



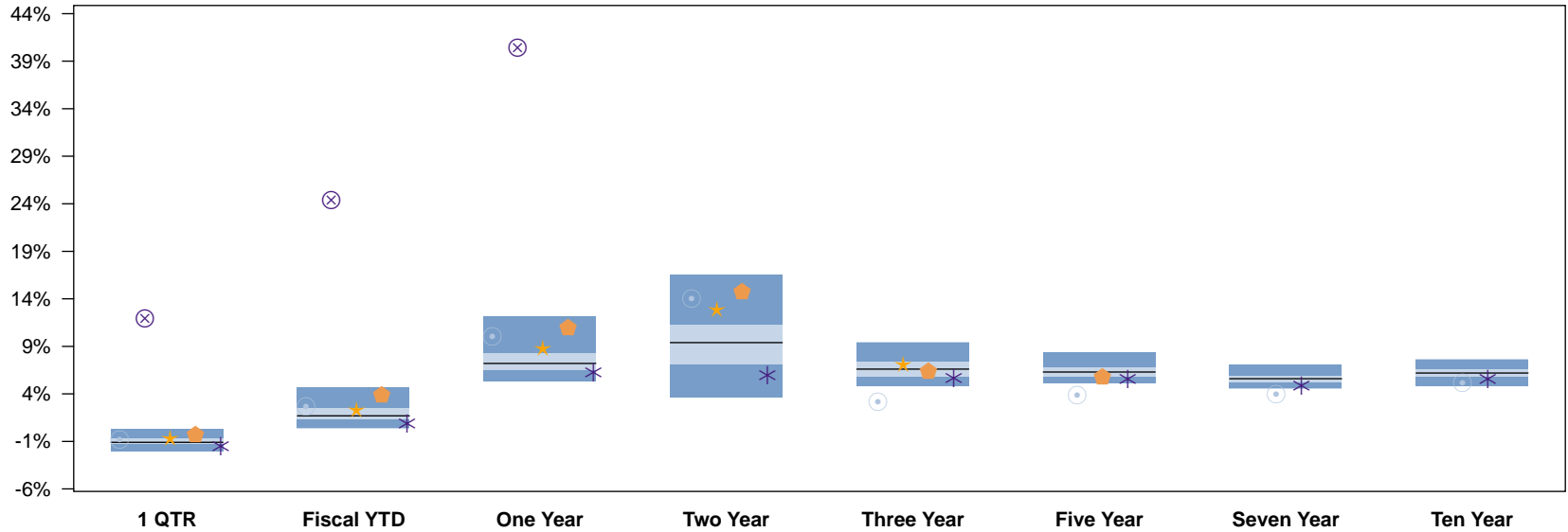
	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
△ Total Fixed Inc	0.4	20	4.4	67	11.5	36	14.7	44	6.2	70	5.6	76	5.2	76	6.0	75
⊗ Total Fixed Index	-1.2	72	1.2	84	6.6	74	6.3	76	5.9	72	5.8	75	5.1	77	5.8	75
⊙ US Fixed Index	-1.2	72	1.2	84	6.6	74	6.3	77	5.9	72	5.8	75	5.1	77	5.8	75
* Global Fixed Index	-1.2	72														
Median	-0.7		7.1		8.7		11.9		7.6		7.9		6.4		7.9	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

US Fixed Income Funds - Core

Periods Ending December 31, 2010

Total Returns

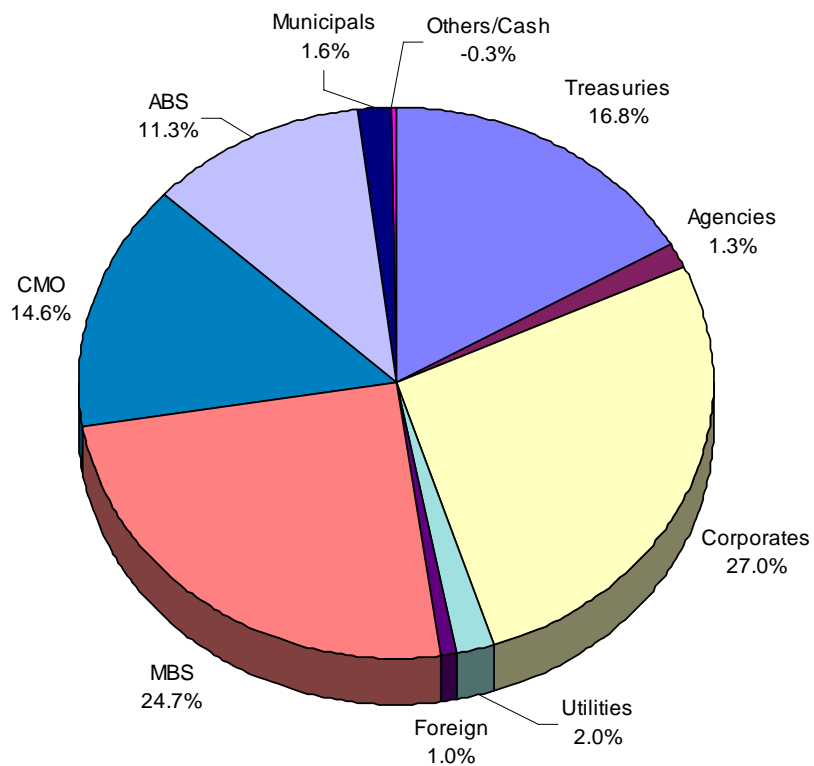


	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
○ Aberdeen	-0.6	24	2.9	19	10.3	10	14.2	11	3.4	99	4.1	99	4.2	98	5.4	92
⊗ AG GECC	12.1		24.6		40.6											
★ Pyramis	-0.5	23	2.5	26	9.0	20	13.0	14	7.3	28						
◆ Western Asset	-0.1	16	4.1	7	11.2	7	14.9	9	6.6	51	6.0	63				
* BC AGGREGATE	-1.3	76	1.1	82	6.5	74	6.2	84	5.9	74	5.8	75	5.1	81	5.8	75
Median	-1.1		1.7		7.2		9.4		6.6		6.3		5.6		6.2	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Fixed Income Sector Allocation – US Fixed Income Composite



Sector*	Account Weight	BC Aggregate Weight	Difference
Treasuries	16.8%	33.8%	-17.0%
Agencies	1.3%	7.2%	-5.9%
Corporates	27.0%	16.7%	10.4%
Utilities	2.0%	2.1%	-0.1%
Foreign	1.0%	4.7%	-3.8%
MBS	24.7%	32.7%	-8.0%
CMO	14.6%	0.0%	14.6%
ABS	11.3%	2.8%	8.5%
Municipals	1.6%	0.0%	1.6%
Others/Cash	-0.3%	0.0%	-0.3%
TOTAL	100.0%	100.0%	0.0%

* Sector excludes Angelo Gordon GECC PPI Fund, Brigade Capital Management, Brown Brothers Harriman

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Bond Summary Statistics – US Fixed Income Composite

Portfolio Characteristics*		Portfolio	BC Aggregate
Total Number of Securities			
Total Market Value	\$	389,192,055	
Current Coupon		4.63	4.34
Yield to Maturity		4.53	2.97
Average Life		7.64	7.02
Duration		4.87	4.98
Quality		AA-	AA2

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

Average Life	
Range	% Held
0.0 - 1.0	-0.4
1.0 - 3.0	9.2
3.0 - 5.0	26.1
5.0 - 10.0	39.1
10.0 - 20.0	8.8
20.0+	17.1
Unclassified	0.2

Duration	
Range	% Held
0.0 - 1.0	17.4
1.0 - 3.0	20.8
3.0 - 5.0	27.9
5.0 - 7.0	16.4
7.0 - 10.0	9.5
10.0+	10.2
Unclassified	-2.2

Quality	
Range	% Held
Govt (10)	35.5
Aaa (10)	24.3
Aa (9)	6.7
A (8)	11.0
Baa (7)	14.4
Below Baa (6-1)	7.4
Other	0.7

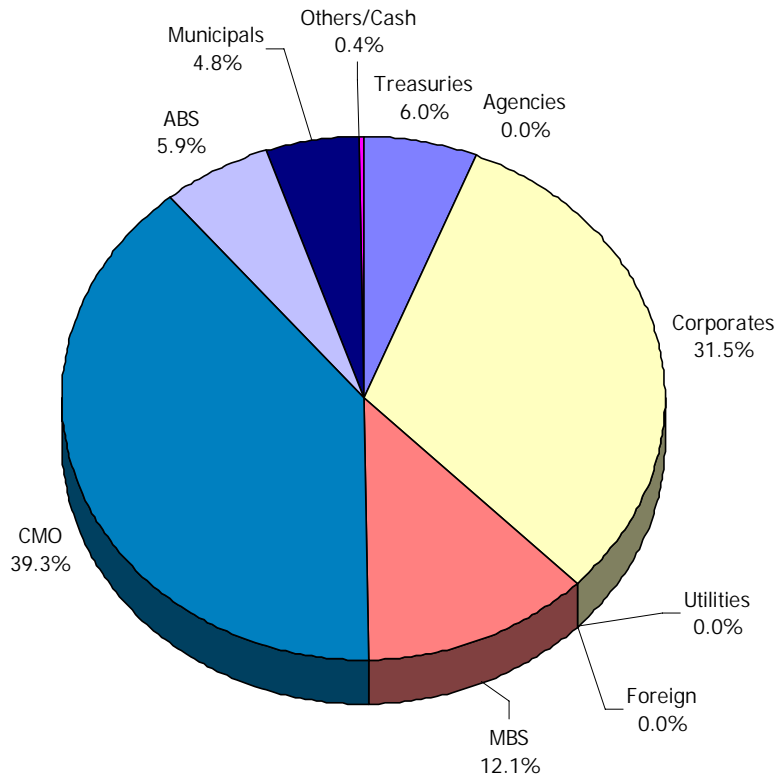
Coupon	
Range	% Held
0.0 - 5.0	57.7
5.0 - 7.0	32.5
7.0 - 9.0	7.5
9.0 - 11.0	2.0
11.0 - 13.0	0.3
13.0+	0.0
Unclassified	0.0

* Characteristics excludes Angelo Gordon GECC PPI Fund, Brigade Capital Management, Brown Brothers Harriman

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Fixed Income Sector Allocation – Aberdeen Asset



Sector	Account Weight	BC Aggregate Weight	Difference
Treasuries	6.0%	33.8%	-27.8%
Agencies	0.0%	7.2%	-7.2%
Corporates	31.5%	16.7%	14.8%
Utilities	0.0%	2.1%	-2.1%
Foreign	0.0%	4.7%	-4.7%
MBS	12.1%	32.7%	-20.6%
CMO	39.3%	0.0%	39.3%
ABS	5.9%	2.8%	3.1%
Municipals	4.8%	0.0%	4.8%
Others/Cash	0.4%	0.0%	0.4%
TOTAL	100.0%	100.0%	0.0%

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Bond Summary Statistics – Aberdeen Asset

Portfolio Characteristics		Portfolio
Total Number of Securities		271
Total Market Value	\$	127,979,933
Current Coupon		5.10
Yield to Maturity		4.30
Average Life		7.70
Duration		4.80
Quality		AA-

BC Aggregate
4.34
2.97
7.02
4.98
AA2

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

Average Life	
Range	% Held
0.0 - 1.0	0.4
1.0 - 3.0	12.9
3.0 - 5.0	28.6
5.0 - 10.0	44.3
10.0 - 20.0	13.3
20.0+	0.0
Unclassified	0.5

Duration	
Range	% Held
0.0 - 1.0	19.7
1.0 - 3.0	28.2
3.0 - 5.0	18.3
5.0 - 7.0	12.1
7.0 - 10.0	11.7
10.0+	9.4
Unclassified	0.6

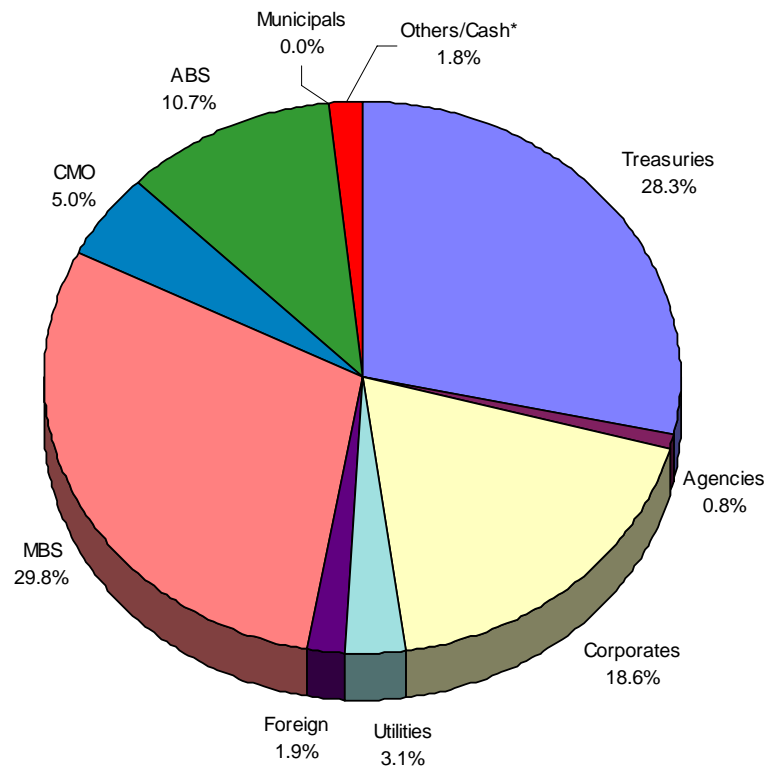
Quality	
Range	% Held
Govt (10)	0.0
Aaa (10)	55.0
Aa (9)	9.9
A (8)	13.6
Baa (7)	17.1
Below Baa (6-1)	4.4
Other	0.0

Coupon	
Range	% Held
0.0 - 5.0	71.3
5.0 - 7.0	18.6
7.0 - 9.0	6.8
9.0 - 11.0	3.3
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Fixed Income Sector Allocation – Pyramis Broad Market Duration Pool



Sector	Account Weight	BC Aggregate Weight	Difference
Treasuries	28.3%	33.8%	-5.5%
Agencies	0.8%	7.2%	-6.4%
Corporates	18.6%	16.7%	1.9%
Utilities	3.1%	2.1%	1.0%
Foreign	1.9%	4.7%	-2.8%
MBS	29.8%	32.7%	-2.9%
CMO	5.0%	0.0%	5.0%
ABS	10.7%	2.8%	7.9%
Municipals	0.0%	0.0%	0.0%
Others/Cash*	1.8%	0.0%	1.8%
TOTAL	100.0%	100.0%	0.0%

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

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Bond Summary Statistics – Pyramis Broad Market Duration Pool

Portfolio Characteristics		Portfolio	BC Aggregate
Total Number of Securities			
Total Market Value	\$	129,174,055	
Current Coupon		3.96	4.34
Yield to Maturity		4.24	2.97
Average Life		6.47	7.02
Duration		4.60	4.98
Quality		n/a	AA2

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

Average Life	
Range	% Held
0.0 - 1.0	3.2
1.0 - 3.0	6.1
3.0 - 5.0	24.7
5.0 - 10.0	17.8
10.0 - 20.0	5.6
20.0+	42.6
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	17.8
1.0 - 3.0	23.1
3.0 - 5.0	38.3
5.0 - 7.0	17.5
7.0 - 10.0	1.5
10.0+	8.9
Unclassified	-7.1

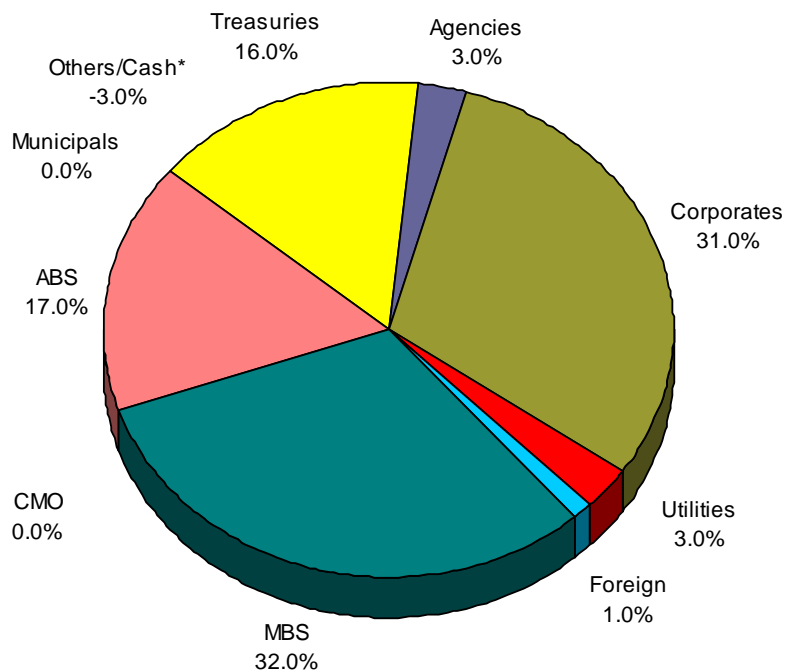
Quality	
Range	% Held
Govt (10)	61.9
Aaa (10)	8.5
Aa (9)	2.3
A (8)	7.3
Baa (7)	14.1
Below Baa (6-1)	3.7
Other	2.2

Coupon	
Range	% Held
0.0 - 5.0	56.1
5.0 - 7.0	39.2
7.0 - 9.0	4.1
9.0 - 11.0	0.6
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Fixed Income Sector Allocation – Western Asset



Sector	Account Weight	BC Aggregate Weight	Difference
Treasuries	16.0%	33.8%	-17.7%
Agencies	3.0%	7.2%	-4.2%
Corporates	31.0%	16.7%	14.3%
Utilities	3.0%	2.1%	0.9%
Foreign	1.0%	4.7%	-3.7%
MBS	32.0%	32.7%	-0.7%
CMO	0.0%	0.0%	0.0%
ABS	17.0%	2.8%	14.2%
Municipals	0.0%	0.0%	0.0%
Others/Cash*	-3.0%	0.0%	-3.0%
TOTAL	100.0%	100.0%	0.1%

* Commingled funds (2.3% Western Asset Floating Rate High Income Fund LLC, 2.0% Western Asset Opportunistic Intl Invest Grade Sec Portfolio LLC, 3.5% Western Asset Opportunistic US High Yield LLC, -1.8% Short Term Securities)

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Bond Summary Statistics – Western Asset

Portfolio Characteristics		Portfolio	BC Aggregate
Total Number of Securities		415	
Total Market Value	\$	132,038,067	
Current Coupon		4.82	4.34
Yield to Maturity		5.05	2.97
Average Life		8.72	7.02
Duration		5.21	4.98
Quality		A+/A2	AA2

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

Average Life	
Range	% Held
0.0 - 1.0	-4.7
1.0 - 3.0	8.7
3.0 - 5.0	25.0
5.0 - 10.0	54.8
10.0 - 20.0	7.6
20.0+	8.6
Unclassified	0.0

Duration	
Range	% Held
0.0 - 1.0	14.8
1.0 - 3.0	11.4
3.0 - 5.0	27.1
5.0 - 7.0	19.4
7.0 - 10.0	15.2
10.0+	12.2
Unclassified	0.0

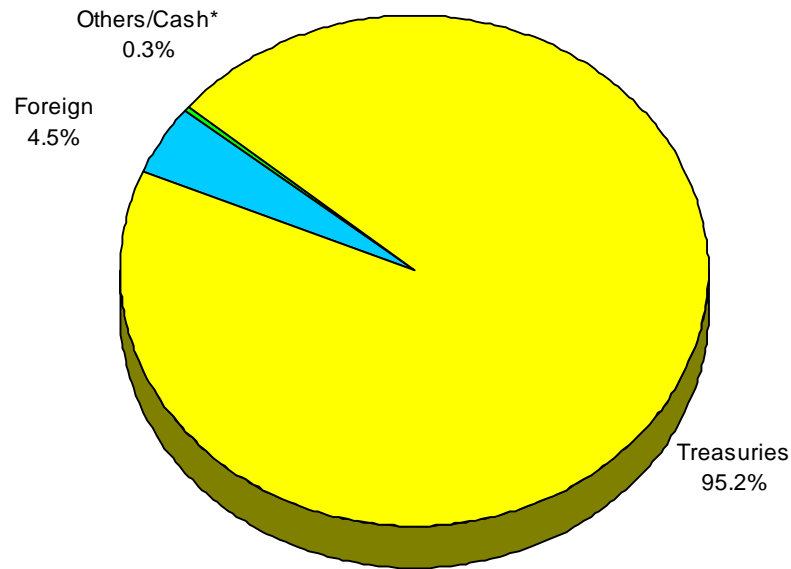
Quality	
Range	% Held
Govt (10)	44.0
Aaa (10)	10.0
Aa (9)	8.0
A (8)	12.0
Baa (7)	12.0
Below Baa (6-1)	14.0
Other	0.0

Coupon	
Range	% Held
0.0 - 5.0	46.2
5.0 - 7.0	39.4
7.0 - 9.0	11.4
9.0 - 10.0	2.1
10.0+	0.9
Unclassified	0.0

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Fixed Income Sector Allocation – Brown Brothers Harriman



Sector	Account Weight	ML TIPS INDEX	Difference
Treasuries	95.2%	100.0%	-4.7%
Agencies	0.0%	0.0%	0.0%
Corporates	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Foreign	4.5%	0.0%	4.5%
MBS	0.0%	0.0%	0.0%
CMO	0.0%	0.0%	0.0%
ABS	0.0%	0.0%	0.0%
Municipals	0.0%	0.0%	0.0%
Others/Cash*	0.3%	0.0%	0.3%
TOTAL	100.0%	100.0%	0.1%

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

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Bond Summary Statistics – Brown Brothers Harriman

Portfolio Characteristics		
		Portfolio
Total Number of Securities		17
Total Market Value	\$	45,897,361
Current Coupon		2.35
Yield to Maturity		0.68
Average Life		
Duration		7.56
Quality		AAA

ML TIPS	
	30
	2.14
	0.56
	6.03
	AAA

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

Average Life	
Range	% Held
0.0 - 3.0	11.5
3.0 - 5.0	16.8
5.0 - 8.0	27.4
8.0 - 10.0	10.7
10.0 - 15.0	11.3
15.0+	22.5
Unclassified	0.0

Duration	
Range	% Held
0.0 - 3.0	11.2
3.0 - 5.0	16.8
5.0 - 8.0	35.7
8.0 - 10.0	2.2
10.0 - 15.0	32.9
15.0+	0.9
Unclassified	0.0

Quality	
Range	% Held
Govt (10)	95.5
Aaa (10)	4.5
Aa (9)	0.0
A (8)	0.0
Baa (7)	0.0
Below Baa (6-1)	0.0
Other	0.0

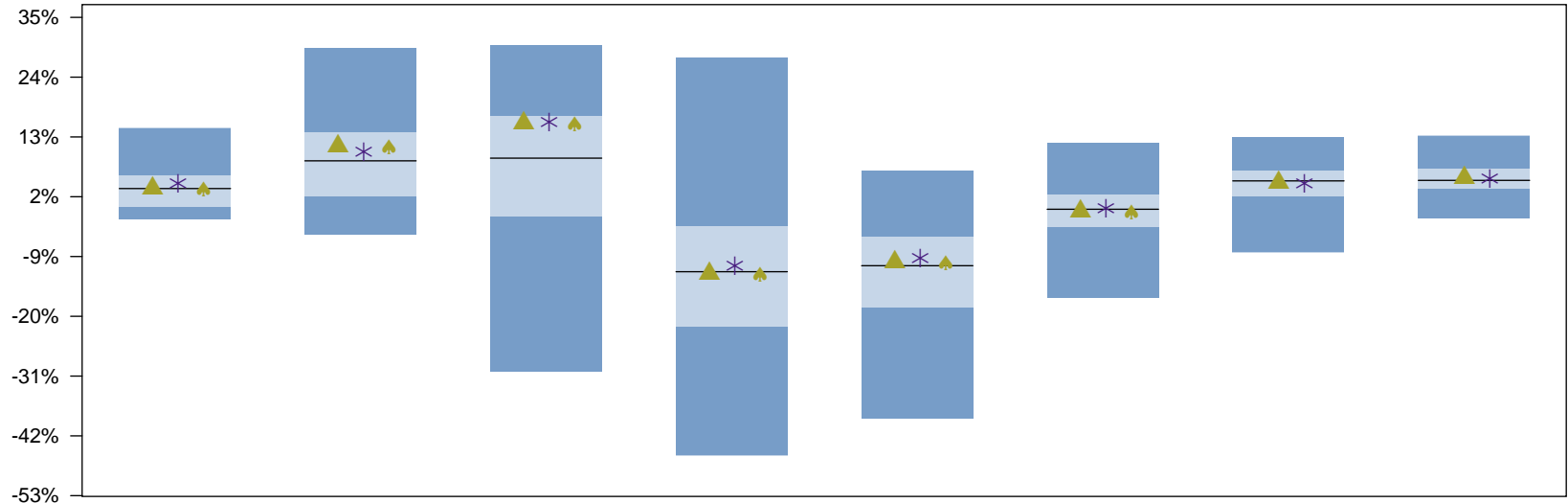
Coupon	
Range	% Held
0.0 - 5.0	100.0
5.0 - 7.0	0.0
7.0 - 9.0	0.0
9.0 - 11.0	0.0
11.0 - 13.0	0.0
13.0+	0.0
Unclassified	0.0

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Real Estate Funds

Periods Ending December 31, 2010

Total Returns

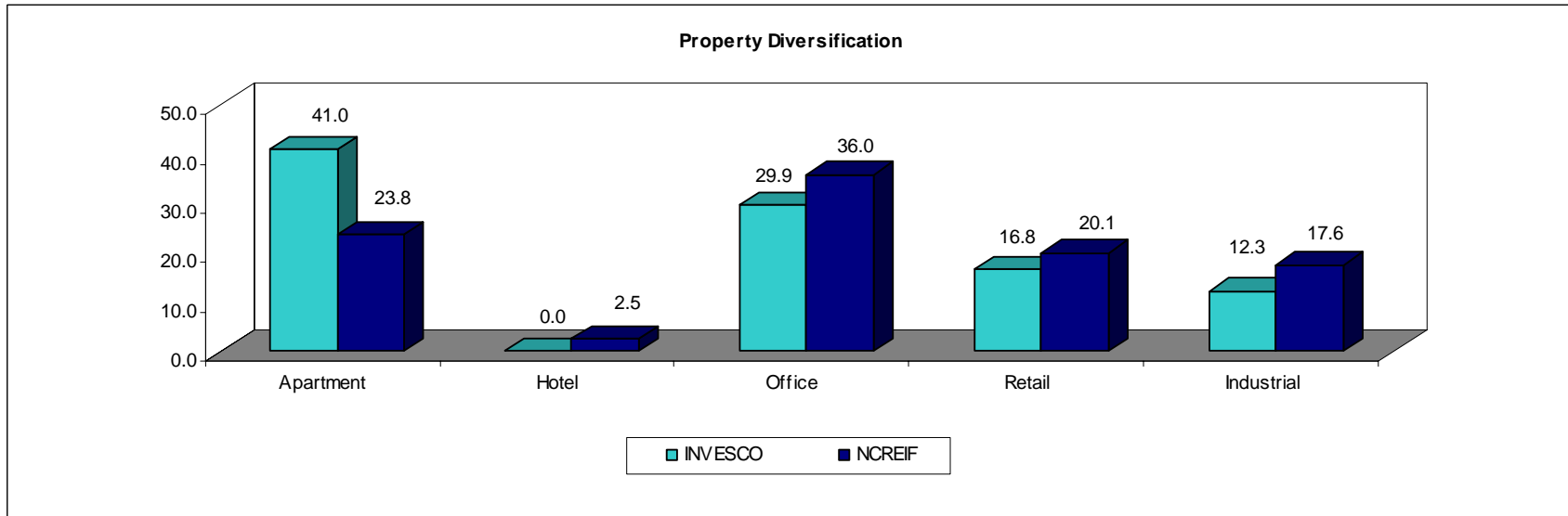
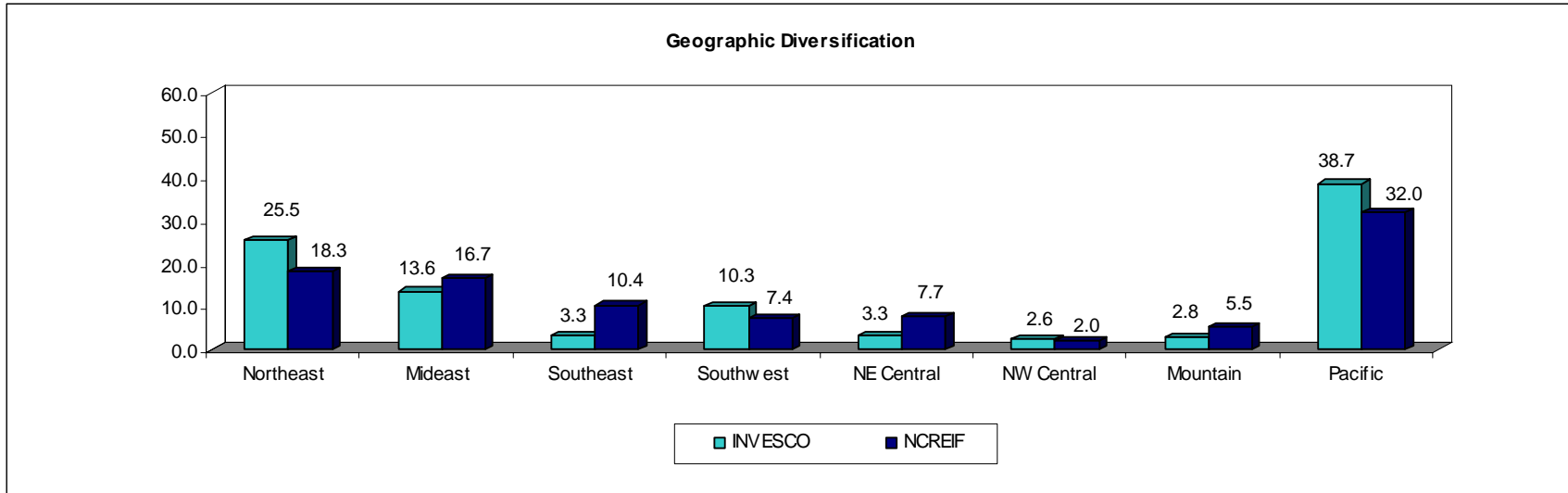


	1 QTR		Fiscal YTD		One Year		Two Year		Three Year		Five Year		Seven Year		Ten Year	
▲ Real Estate	4.6	43	12.4	29	16.7	28	-11.1	48	-8.9	40	0.5	44	5.7	44	6.7	26
* Real Estate Index	4.9	41	10.7	35	16.1	29	-10.3	45	-9.0	40	0.3	44	4.9	51	5.7	42
▲ Invesco RE	4.6	43	12.4	29	16.7	28	-11.1	48	-8.9	40	0.5	44				
Median	3.5		8.6		9.1		-11.8		-10.7		-0.3		4.9		5.0	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Real Estate Diversification Analysis – INVESCO Core Real Estate



SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Fourth Quarter 2010

Real Estate Valuation Analysis

Real Estate Valuation Analysis – INVESCO Core Real Estate

Property Name	MSA	Prior Quarter Carry Value	Current Quarter Carry Value	Net Market Value	Date Added to Fund	Last Valuation Date	SamCERA ownership as of 12/31/10 (5.38%)
APARTMENTS							
Boca Colony	W Palm Bch -Boca R FL	\$19,500,000	\$20,400,000	\$20,400,000	2004	December-10	\$1,097,484
Seneca Village	Portland-Vancy OR-WA	\$28,000,000	\$29,300,000	\$29,300,000	2004	December-10	\$1,576,289
Grandville at the Commons	South Kingstown, RI	\$38,800,000	\$39,700,000	\$39,700,000	3005	December-10	\$2,135,791
Village Place	Fl. Lauderdale, FL	\$13,200,000	\$0	\$0	3005	Sold 4Q10	\$0
Vinings at Palm Bay	Palm Bay, FL	\$0	\$0	\$0	3005	Sold 3Q10	\$0
Broadstone at Foothills	San Bernardino, CA	\$23,100,000	\$23,100,000	\$23,100,000	1006	December-10	\$1,242,740
Stoneridge	Pleasanton, CA	\$117,300,000	\$123,200,000	\$123,200,000	4006	December-10	\$6,627,945
Kimberly Woods	San Jose, CA	\$47,000,000	\$48,800,000	\$32,750,000	4006	December-10	\$1,761,893
Sterling Parc Apartments	Cedar Knolls, NJ	\$81,900,000	\$82,500,000	\$82,500,000	2007	December-10	\$4,438,356
Millington at Merrill Creek	Everett, WA	\$50,600,000	\$52,900,000	\$52,900,000	2007	December-10	\$2,845,928
The Residences at Stevens Pond	Boston MA - NH	\$65,800,000	\$69,300,000	\$69,300,000	4007	December-10	\$3,728,219
Milestones Apt. Portfolio	Various States - South	\$224,400,000	\$229,937,500	\$65,776,883	2006	December-10	\$3,538,671
Holland Portfolio	Seattle - Belle - Eve WA	\$239,780,000	\$247,190,000	\$76,540,918	4007	December-10	\$4,117,768
Village Crossing at Chino Hills	Riverside, CA	\$64,900,000	\$69,000,000	\$26,594,316	1008	December-10	\$1,430,728
Metropolitan at Pentagon City	Alrington, VA	\$125,620,942	\$134,500,000	\$74,500,000	3010	December-10	\$4,007,970
Ladd Tower	Portland, OR	\$0	\$79,261,591	\$79,261,591	4010	Acq. 4Q10	\$4,264,135
		\$1,139,900,942	\$1,249,089,091	\$795,823,507			\$42,813,918
INDUSTRIAL							
Otis Street	Boston MA - NH	\$15,700,000	\$14,100,000	\$14,100,000	2004	December-10	\$758,555
Arjons	San Diego CA	\$23,000,000	\$23,700,000	\$23,700,000	2004	December-10	\$1,275,019
Garland Gateway East	Dallas TX	\$8,100,000	\$8,300,000	\$8,300,000	2004	December-10	\$446,526
Gateway Business Park	Dallas TX	\$8,300,000	\$8,300,000	\$8,300,000	2004	December-10	\$446,526
Hayward A-E	Oakland CA	\$28,500,000	\$29,000,000	\$29,000,000	3007	December-10	\$1,560,149
Hayward F-K & M	Oakland CA	\$41,000,000	\$41,500,000	\$41,500,000	3004	December-10	\$2,232,628
Lackman	Kansas City MO-KS	\$17,700,000	\$17,900,000	\$17,900,000	2004	December-10	\$962,989
Auburn Warehouse	Auburn, WA	\$41,000,000	\$41,300,000	\$13,702,894	4005	December-10	\$737,192
VIP Holdings II	Chicago, IL	\$0	\$0	\$0	2006	Sold 3Q10	\$0
Cross roads Industrial	Kansas City MO-KS	\$6,900,000	\$6,900,000	\$6,900,000	1006	December-10	\$371,208
Oakesdale Commerce Center	Seatle - Belle - Eve WA	\$27,300,000	\$28,100,000	\$28,100,000	1006	December-10	\$1,511,731
Patuxent & Larkin	Baltimore-Washington, D.C.	\$0	\$0	\$0	2006	Sold 2Q10	\$0
South Bay Industrial	Los Angeles, CA	\$62,400,000	\$65,100,000	\$65,100,000	4006	December-10	\$3,502,267
VIP Holdings I	Chicago, IL	\$47,770,000	\$48,075,000	\$10,510,166	2006	December-10	\$565,429
Tempe Commerce	Phoenix - Mesa AZ	\$43,900,000	\$43,500,000	\$43,500,000	4007	December-10	\$2,340,224
		\$371,570,000	\$375,775,000	\$310,613,060			\$16,710,441
OFFICE							
Boca Corporate Plaza	W Palm Bch -Boca R FL	\$0	\$0	\$0	2004	Sold 2Q10	\$0
Highland Bank Building	Minn - St Paul MN-WI	\$6,750,000	\$0	\$0	2004	Sold 4Q10	\$0
55 Cambridge	Boston MA - NH	\$104,000,000	\$107,500,000	\$51,153,173	4006	December-10	\$2,751,952
One Liberty	Boston MA - NH	\$33,800,000	\$34,600,000	\$34,600,000	2007	December-10	\$1,861,420
Gayney Center II	Scottsdale - AZ	\$23,100,000	\$23,100,000	\$23,100,000	3007	December-10	\$1,242,740
Valencia Town Center	Valencia, CA	\$121,300,000	\$125,500,000	\$125,500,000	3007	December-10	\$6,751,681
Park Ten Plaza	Houston, TX	\$23,400,000	\$24,900,000	\$24,900,000	1005	December-10	\$1,339,577
Westport Corporate Center	Fairfield County, CT	\$16,500,000	\$16,600,000	\$16,600,000	4007	December-10	\$893,051
Parkside Towers	San Francisco, CA	\$54,092,553	\$56,059,555	\$10,251,457	1008	December-10	\$551,511
The Executive Building	Washington DC	\$124,000,000	\$130,500,000	\$130,500,000	2008	December-10	\$7,020,673
Brill Building	New York, NY	\$55,935,000	\$60,885,000	\$21,573,353	4007	December-10	\$1,160,609
10 Brookline Place	Brookline, MA	\$103,500,000	\$111,000,000	\$111,000,000	2010	December-10	\$5,971,607
1111 Pennsylvania Avenue	Washington, D.C.	\$0	\$219,785,988	\$219,785,988	4010	Acq. 4Q10	\$11,824,103
		\$666,377,553	\$910,430,543	\$768,963,971			\$41,368,921
RETAIL							
Broadway at Surf	Chicago IL	\$24,700,000	\$23,500,000	\$23,500,000	2004	December-10	\$1,264,259
Carriagetown Marketplace	Boston MA - NH	\$20,400,000	\$19,500,000	\$19,500,000	2004	December-10	\$1,049,066
Chandler Pavilions	Phoenix - Mesa AZ	\$18,800,000	\$19,400,000	\$19,400,000	2004	December-10	\$1,043,686
Matthews Township	Charlotte - G - RH NC-SC	\$19,000,000	\$20,600,000	\$20,600,000	2004	December-10	\$1,108,244
Windward Commons	Atlanta GA	\$17,800,000	\$17,800,000	\$17,800,000	2004	December-10	\$957,609
Summit Heights	Fontana, CA	\$34,700,000	\$34,700,000	\$34,700,000	3005	December-10	\$1,866,800
Cityline at Tenley	Washington, D.C.	\$44,300,000	\$44,300,000	\$44,300,000	4005	December-10	\$2,383,263
Ridgehaven Mall	Minnetonka, MN	\$24,700,000	\$27,400,000	\$15,460,659	4005	December-10	\$831,757
The Beacon Retail	San Francisco, CA	\$34,500,000	\$35,500,000	\$35,500,000	1006	December-10	\$1,909,838
The Beacon Garage	San Francisco, CA	\$24,800,000	\$24,800,000	\$24,800,000	1006	December-10	\$1,334,197
Oak Brook Court	Chicago, IL	\$28,200,000	\$27,700,000	\$27,700,000	4007	December-10	\$1,490,212
Hawthorne Plaza	Overland Park, KS	\$25,500,000	\$26,000,000	\$14,419,542	4007	December-10	\$775,746
Sunshine State Portfolio	Various - FL	\$47,800,000	\$47,500,000	\$47,500,000	4007	December-10	\$2,555,417
The Loop	Boston MA - NH	\$82,500,000	\$86,000,000	\$86,000,000	1008	December-10	\$4,626,650
Westbank Marketplace	Austin, TX	\$42,103,550	\$41,000,000	\$16,332,822	3010	December-10	\$878,677
910 Lincoln Road	Miami, FL	\$0	\$15,800,000	\$15,800,000	4010	Acq. 4Q10	\$850,012
		\$489,803,550	\$511,500,000	\$463,313,023			\$24,925,433
Portfolio Total		\$2,667,652,046	\$3,046,794,634	\$2,338,713,561			\$125,818,713

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Investment Strategy Summaries

[Aberdeen Asset Management – Core Fixed Income](#)

Aberdeen Asset Management's approach is bottom up, looking for relative value among specific issues. The Core Fixed Income investment process is duration neutral and relies on credit exposure as the primary means of adding value. Fundamental credit research requires knowledge of the underlying credit and identification of pricing inefficiencies uncovered through proprietary research. They focus on high quality issues, maintaining an average AA quality in the portfolio. The investment process also stresses a detailed knowledge of a bond's structure, in particular options and prepayment characteristics. The bond selection process typically identifies securities with more predictable cash flows. Yield curve positioning is diversified, and bets along the yield curve tend to be modest. The bottom up process can lead to heavy sector concentrations, particularly in corporates. The process incorporates the use of taxable municipal securities which is unusual among US fixed income managers.

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

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

[Artio Global Investors – International Equity](#)

Artio's investment philosophy is that a well diversified international equity portfolio provides better risk-adjusted returns than a concentrated portfolio. Overall, the approach can be characterized as flexible with regard to style, market cap, country and sector weightings, and cash exposure; but disciplined with regard to security diversification. The investment process is based on fundamental assessment of companies, sectors and macroeconomic influences on regions and countries. The process is both top down and bottom up. In emerging countries and, to some degree in Japan, investment ideas are driven by the team's view of factors such as GDP growth rates, political issues, interest rates and currencies. However, in the developed markets, traditional fundamental security analysis and industry analysis are the primary drivers of stock selection. The analysts employ multiple valuation metrics depending on what is most appropriate for a given sector. They also consider growth factors at a country, industry and stock level. The portfolio typically invests 5%-15% in emerging markets and 10% in smaller capitalization stocks but at any given time the exposure to these asset classes can vary substantially. While the managers do not entirely ignore the benchmark, country and sector weightings can also diverge quite sharply from the index. The main risk control is diversification at the security level with the number of portfolio holdings at approximately 300 names. This product is closed to new investors.

Investment Strategy Summaries

[Barrow Hanley – Diversified Large Cap Value](#)

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

[BlackRock – Russell 1000 Index](#)

BlackRock uses a full replication approach. They hold each stock in the same proportion in which it is represented in the Russell 1000 Index. BGI monitors the funds daily to ensure that additions and deletions to the Russell 1000, mergers and acquisitions, restructurings and other capitalization changes are made to the fund in such a way to minimize tracking error and transactions costs.

[BlackRock – Fundamental Large Cap Growth](#)

BlackRock US Fundamental Large Cap Growth's investment philosophy is that fundamental research can generate stock specific insights that can be used to create alpha in client portfolios. The approach is to employ bottom-up stock selection to construct portfolios of two types of companies, those with stable growth and those with accelerating earnings. The universe is composed of stocks with market capitalizations above \$2 billion and daily trading volume above \$20 million. BlackRock describes this approach to large cap growth investing as disciplined but flexible. They do not employ a hard and fast mathematical formula or rigid set of criteria. Rather, the team focuses on developing an investment thesis for each stock that they purchase based on a catalyst and a fundamental assessment. Stable growth holdings exhibit the following characteristics: consistent earnings growth over 3- to 5-years, sustainable competitive advantages, strong management with proven ability to execute, and attractive relative and absolute valuation. Opportunistic holdings exhibit earnings momentum, above consensus earnings and a catalyst for a near term surprise. Risk monitoring is the responsibility of the investment team and also BlackRock's Risk & Quantitative analysis group, which leverages BlackRock Solutions, the firm's risk analytics platform. At the portfolio level, risk is viewed as deviation from the benchmark, i.e. tracking error. The portfolio holds 60-80 stocks with positions generally limited to 5% at cost unless they comprise more than 3% of the benchmark. Sectors are kept with 10 percentage points of the benchmark weighting.

[The Boston Company – Small Cap Index](#)

The Boston Company's approach to small cap value investing is to conduct bottom-up fundamental research in an effort to add value through security selection. The investment process seeks to identify the stocks of companies which have compelling valuations and business fundamentals, as well as a catalyst for positive change. The appropriate valuation metrics for an individual company can vary depending on industry. Ideas are generated from company meetings, industry contacts and team's internal research. The universe of domestic small-cap equity securities is quantitatively screened for valuation, business health and earnings revisions. In addition, they also screen/track operating income and EBITDA estimate revisions. Once candidates for investment are identified, individual stock weights are determined by portfolio risk, liquidity, and analyst conviction. Normally, portfolios will contain between 120-150 holdings (from a short list of 500

Investment Strategy Summaries

securities), with a maximum individual security weighting of 5%, though most are less than 3%. Securities will typically be in the \$100 million - \$2 billion market cap range at time of purchase. Generally, sector exposure is limited to no more than 2X the index weight with a maximum overweight of 10 percentage points and a maximum underweight of half that of the index. The goal is for portfolios to be close to fully invested at all times, with cash typically below 5%. Any stock down 20% from the purchase price is reviewed. In addition, portfolios are reviewed on a regular basis for unintended risk. Positions are sold when any one of the three investment criteria (valuation, fundamentals, catalyst) breaks down.

Brigade – Opportunistic Credit

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

Brown Brothers Harriman – Inflation Indexed Securities

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

Chartwell Investment Partners – Small Cap Growth

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

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

The D. E. Shaw group believes that there exist some market inefficiencies that may be identified through quantitative analysis, advanced technology, and the insight of practitioners. Identifying these inefficiencies involves a process of hypothesis formulation, testing, and validation. Importantly, to avoid data-mining, the hypothesis formulation precedes the analysis of the historical data. D.E. Shaw's Structured Equity strategies rely largely on quantitative and computational investment techniques developed by the D. E. Shaw over the last 19 years in the course of research conducted for purposes of managing the firm's hedge funds. Although the D.E. Shaw's long-only assets under management are comparatively modest, the firm's hedge fund assets are substantial, as are the resources devoted to quantitative research and portfolio management. D.E. Shaw's investment process involves a suite of quantitative models, each designed to capitalize on a distinct and uncorrelated set of market inefficiencies. Some of these models are technical in nature and involve price and volume inputs. Other models rely on fundamental data, such as figures gleaned from corporate balance sheets or income statements. Still others, again quantitative, anticipate or react to a particular corporate event or set of events. These models typically operate with forecast horizons of a few weeks to many months. The ability to trade on

Investment Strategy Summaries

shorter-term signals distinguishes D.E. Shaw from many of its long only enhanced index peers. Portfolio construction involves the use of a proprietary optimizer which runs dynamically throughout the trading day. The portfolio will generally hold 300-500 securities. Over- and under-weighting of sectors and industries relative to the benchmark will be quite modest, with the intention that most of the alpha be generated by security selection.

[Franklin Templeton Investments – Global Fixed Income](#)

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

[INVESCO Realty Advisors – INVESCO Core Equity, LLC](#)

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

[Jennison Associates – US Small Cap](#)

Jennison's approach is based on the premise that bottom up fundamental research can add significant value by uncovering inefficiencies in the small cap asset class. They seek out companies that they believe have attractive valuations, and should experience superior earnings growth on an intermediate term basis. In addition, Jennison looks for companies with the following attributes: strong competitive position, quality management team, demonstrated growth in sales and earnings, balance sheet flexibility and strength. The portfolio contains 110-135 stocks with a maximum position size of 4%, with actual positions rarely exceeding 2.5%. Industry weights are normally limited to 20% and sector weights are typically within 5%-7% of the benchmark, though they may be higher. Positions are scaled to reflect market cap and trading volume. According to Jennison, their expected tracking error is 6%-8%, but historically it has been lower. They seek to add 3%-4% of excess return over a market cycle.

[Mondrian Investment Partners – International Equity](#)

Mondrian is a value-oriented, defensive manager whose investment philosophy is based on the principle that investments must be evaluated for their fundamental long-term value. The firm's philosophy involves three stated investment objectives: 1) provide a rate of return meaningfully greater than the client's domestic rate of inflation, 2) structure client portfolios that preserve capital during protracted international market declines, and 3) provide portfolio performance that is less volatile than benchmark indices and other international managers. Mondrian applies typical value screening criteria to a universe of 1,500 stocks, from which 500 are selected for more detailed work. Through fundamental research, and the deliberations of the Investment Committee, the universe is further reduced to a list

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Investment Strategy Summaries

of 150 stocks. The investment team conducts detailed fundamental analysis on the remaining stocks, a process which includes applying the firm's dividend discount model consistently across all markets and industries. Mondrian also uses a purchasing power parity model to give an accurate currency comparison of the value of the stocks under consideration. The firm will only consider buying stocks in countries with good investor protection practices and relatively simple repatriation procedures. A computer based optimization program is employed in the portfolio construction process. Mondrian's portfolio holds 80-125 issues.

[Pyramis Global Advisors – Broad Market Duration Commingled Pool](#)

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

[T. Rowe Price – U.S. Structured Research Strategy](#)

T. Rowe Price believes that fundamental, bottom-up stock selection performed by specialized research analysts can produce more consistent alpha than quantitative approaches using computer models. T. Rowe Price's U.S. Structured Research Strategy is an enhanced index strategy that combines fundamental security selection with risk controls designed to neutralize sector and industry bets relative to the S&P 500 Index. As a low tracking error enhanced index strategy, U.S. Structured Research is relatively unusual in relying exclusively on fundamental analyst research and employing neither a quantitative model nor an optimization process. The portfolio is managed by 30+ sector analysts responsible for selecting stocks within their areas of expertise. Each analyst determines relative industry weights and timing of trades within their coverage universe. They seek to add value through deviations from index weights, stock avoidance, and selecting stocks not held in the index. The analysts' aggregate buy and sell decisions result in a 250- to 300-stock portfolio with industry-, sector-, style-, and capitalization-characteristics quite close to the benchmark. Relative to the S&P 500, sector exposures range +/- 150 basis points, industry exposures range +/- 100 basis points, and the maximum active position size will typically range +/- 100 basis points around the benchmark weight. For stocks representing more than 3% of the S&P 500 Index, active position sizes can range +/- 150 basis points.

[Western Asset Management – U.S. Core Full Discretion](#)

Western Asset's investment philosophy has three key components. First, as sector rotators, the firm seeks out long term value by fundamentally analyzing all sectors of the fixed income market. Second, Western employs multiple strategies, proportioned so that no single adverse market event would have an overwhelming negative impact on performance. The third component of the investment philosophy is opportunistic trading. Western Asset adds value with opportunistic trades that attempt to exploit market inefficiencies. Non-US investment grade sovereigns, high yield and emerging market debt securities are used opportunistically in this approach. Western uses a team approach to portfolio management with duration, term structure, and sector allocation decisions developed by the Investment Strategy Group. The Research Group employs these determinations as they look for issues and issuers that are appropriate for the firm's eligible universe. Factors such as relative credit strength, liquidity, issue structure, event risk, covenant protection, and market valuation are central to its inquiries. Throughout this process, the Portfolio Management Group provides both teams with a picture of key capital markets. The Portfolio Management Group is also responsible for portfolio structuring and implementation. The U.S. Core Full Discretion portfolio holds between 40-60 issues and can hold up to 20% in high yield and 20% in non-US exposure. The portfolio's 10% maximum weight in emerging debt securities is counted towards the 20% maximum non-US exposure.

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Policy Index History

Total Plan Policy Benchmark

	As of:						
	10/1/2010	1/1/2009	5/1/2007	6/1/2000	3/1/1999	9/1/1998	7/1/1996
Russell 1000	28.0%	37.0%	37.0%	40.0%	22.0%	20.0%	20.0%
S & P 500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
Russell 1000 Value	7.0%	0.0%	0.0%	0.0%	5.0%	5.0%	0.0%
Russell 2000	0.0%	9.0%	9.0%	10.0%	15.0%	15.0%	15.0%
MSCI AC World ex-US	18.0%	21.0%	21.0%	15.0%	0.0%	0.0%	0.0%
MSCI EAFE	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%
Barclays Aggregate	12.9%	27.0%	27.0%	29.0%	25.0%	21.0%	21.0%
Barclays BBB	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Barclays Tips	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Barclays Multiverse	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Citigroup Non-US WGBI unhedged	0.0%	0.0%	0.0%	0.0%	5.0%	9.0%	9.0%
NCREIF NFI ODCE EW	5.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NCREIF Property	0.0%	0.0%	6.0%	6.0%	0.0%	0.0%	0.0%
10 YR Treasury plus 200 basis points	0.0%	0.0%	0.0%	0.0%	8.0%	10.0%	10.0%
Russell 3000 + 300 basis points	8.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
60% Russell 3000/40% BC Aggregate	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Libor + 400 basis points	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dow Jones UBS Commodity	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	100%	100%	100%	100%	100%	100%	100%

Total Equity Benchmark

	As of:					
	10/1/2010	5/1/2007	6/1/2000	3/1/1999	9/1/1998	1/1/1996
Russell 1000	50.9%	55.2%	61.5%	35.5%	33.3%	33.3%
S & P 500	0.0%	0.0%	0.0%	0.0%	0.0%	8.4%
Russell 1000 Value	0.0%	0.0%	0.0%	8.0%	8.3%	0.0%
Russell 2000	15.1%	13.5%	15.4%	24.2%	25.0%	25.0%
MSCI AC World ex-US	34.0%	31.3%	23.1%	0.0%	0.0%	0.0%
MSCI EAFE	0.0%	0.0%	0.0%	32.3%	33.3%	33.3%
	100%	100%	100%	100%	100%	100%

Domestic Equity Benchmark

	As of:				
	6/1/2000	3/1/1999	9/1/1998	7/1/1996	1/1/1995
Russell 1000	80.00%	52.00%	50.00%	50.00%	69.00%
S & P 500	0.00%	0.00%	0.00%	12.50%	17.00%
Russell 1000 Value	0.00%	12.00%	12.50%	0.00%	0.00%
Russell 2000	20.00%	36.00%	37.50%	37.50%	14.00%
	100%	100%	100%	100%	100%

International Equity Benchmark

	As of:	
	6/1/2000	1/1/1996
MSCI AC World ex-US	100%	0%
MSCI EAFE	0%	100%

Total Fixed Income Benchmark

	As of:			
	10/1/2010	6/1/2000	3/1/1999	7/1/1996
Barclays Aggregate	58.60%	100.00%	83.33%	70.00%
Barclays BBB	7.30%	0.00%	0.00%	0.00%
Barclays Tips	13.60%	0.00%	0.00%	0.00%
Barclays Multiverse	20.50%	0.00%	0.00%	0.00%
Citigroup Non-US WGBI unhedged	0.00%	0.00%	16.67%	30.00%
	100.0%	100.0%	100.0%	100.0%

Domestic Fixed Income Benchmark

	As of:	
	10/1/2010	7/1/1996
Barclays Aggregate	73.70%	100.00%
Barclays BBB	9.10%	0.00%
Barclays Tips	17.20%	0.00%
	100.0%	100.0%

International Fixed Income Benchmark

	As of:
	10/1/2010
Barclays Multiverse	100.00%

SamCERA's Real Estate Benchmark

	As of:		
	1/1/2009	6/1/2000	7/1/1996
NCREIF NFI ODCE EW (Gross)	100%	0%	0%
NCREIF Property Index	0%	100%	0%
10 YR Treasury plus 200 basis points	0%	0%	100%

Alternative Investment Benchmark

	As of:
	10/1/2010
Russell 3000 + 300 basis points	100%
60% Russell 3000/40% BC Aggregate	100%
Libor + 400 basis points	100%
Dow Jones UBS Commodity	100%

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Fee Schedules

BlackRock-R1000 Index Fund

First \$1 million:	0.324% per annum
Next \$1 million:	0.288% per annum
Next \$3 million:	0.0865% per annum
Next \$45 million:	0.072% per annum
Next \$50 million:	0.0465% per annum
Balance of fund:	0.0215% per annum

Marginal pricing will apply. The Board receives the benefit of asset aggregation across funds when invested in more than one commingled fund. The Board pays the top of the fee schedules on the first fund, moving down the graduated fee structure for additional funds.

Aberdeen Asset Management

First \$100 million:	0.30% per annum
Next \$100 million:	0.20% per annum
Balance of fund:	0.18% per annum

Chartwell Investment Partners

On all assets:	0.80% per annum
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Jennison Associates

First \$50 million:	0.90% per annum
Next \$50 million:	0.70% per annum
Balance of fund:	0.60% per annum

Artio Global Investors

First \$20 million:	0.80% per annum
Next \$20 million:	0.60% per annum
Next \$60 million:	0.50% per annum
Thereafter:	0.40% per annum

Mondrian Investment Partners

First \$20 million:	1.00% per annum
Thereafter:	0.33% per annum
For Assets Over \$190 Million	
First \$50 million:	1.00% per annum
Next \$150 million:	0.19% per annum
Thereafter:	0.33% per annum

Fees received by Delaware Mgmt. Co. for the DPT Emerging Markets Fund in connection with SamCERA assets invested therein shall be deducted from the above schedule

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Fee Schedules

Western Asset Management

First \$100 million:	0.30% per annum
Balance of fund:	0.15% per annum

Barrow, Hanley, Mewhinney & Strauss

First \$15 million	0.75% per annum
Next \$10 million	0.55% per annum
Next \$75 million	0.45% per annum
Next \$100 million	0.35% per annum
Next \$800 million	0.25% per annum
Over \$1 billion	0.15% per annum

T. Rowe Price Associates

First \$50 million	0.40% per annum
Next \$50 million	0.35% per annum
When assets exceed \$100 million	0.35% on all assets
When assets exceed \$200 million	0.30% on all assets

The Boston Company Asset Management

First \$25 million	0.90% per annum
Thereafter:	0.80% per annum

Angelo Gordon

0.20% per annum of the lesser of (a) US Treasury's Capital Commitment as of the last day of the period and (b) the US Treasury Interest Value as of the last day of the period.

INVESCO

On Property Assets:	7.0% of NOI
The property portfolio is on a performance basis.	

BlackRock Capital Management

First \$50 million	0.55% per annum
Next \$50 million	0.45% per annum
Next \$100 million	0.40% per annum
Thereafter:	0.30% per annum

D.E. Shaw Investment Management

First \$100 million	0.51% per annum
Next \$100 million	0.46% per annum
Thereafter:	0.41% per annum

Brown Brother Harriman

On All Assets:	0.15% per annum
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Brigade Capital Management

On All Assets:	1.00% per annum
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Franklin Templeton Investment

First \$50 million	0.45% per annum
Next \$50 million	0.35% per annum
Thereafter	0.30% per annum

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Periods Ending December 31, 2010

Performance Summary - Gross and Net of Fees

		<u>1 QTR</u>	<u>FISCAL</u> <u>YTD</u>	<u>1 YEAR</u>	<u>2 YEAR</u>	<u>3 YEAR</u>	<u>5 YEAR</u>
US Equity							
Large Cap							
BlackRock-R1000 Index Fund	gross	11.20%	24.05%	16.17%	22.20%	-2.30%	2.66%
	net	11.19%	24.03%	16.12%	22.14%	-2.35%	2.60%
D.E. Shaw	gross	11.42%	22.70%	14.16%			
	net	11.28%	22.40%	13.58%			
<i>Russell 1000 Index</i>		<i>11.19%</i>	<i>24.03%</i>	<i>16.10%</i>	<i>22.11%</i>	<i>-2.37%</i>	<i>2.59%</i>
T Rowe Price	gross	10.99%	23.02%	14.18%			
	net	10.89%	22.80%	13.75%			
<i>S&P 500 Index</i>		<i>10.76%</i>	<i>23.27%</i>	<i>15.06%</i>			
Barrow Hanley	gross	10.79%	23.10%	15.81%			
	net	10.67%	22.83%	15.29%			
<i>Russell 1000 Value Index</i>		<i>10.54%</i>	<i>21.74%</i>	<i>15.51%</i>			
BlackRock	gross	14.24%	30.39%	20.38%			
	net	14.12%	30.10%	19.82%			
<i>Russell 1000 Growth Index</i>		<i>11.83%</i>	<i>26.37%</i>	<i>16.71%</i>			
Small Cap							
Jennison	gross	17.40%	31.40%	31.40%	33.42%		
	net	17.40%	31.15%	30.62%	32.47%		
<i>Russell 2000 Index</i>		<i>16.25%</i>	<i>29.38%</i>	<i>26.85%</i>	<i>27.01%</i>		
The Boston Company	gross	12.57%	22.37%	20.19%			
	net	12.34%	21.87%	19.18%			
<i>Russell 2000 Value Index</i>		<i>15.36%</i>	<i>26.58%</i>	<i>24.50%</i>			
Chartwell	gross	14.54%	33.31%	30.85%	32.37%	-1.46%	4.33%
	net	14.33%	32.84%	29.90%	31.43%	-2.19%	3.53%
<i>Russell 2000 Growth Index</i>		<i>17.11%</i>	<i>32.14%</i>	<i>29.09%</i>	<i>31.75%</i>	<i>2.18%</i>	<i>5.30%</i>

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Periods Ending December 31, 2010

Performance Summary - Gross and Net of Fees

		<u>1 QTR</u>	<u>FISCAL</u> <u>YTD</u>	<u>1 YEAR</u>	<u>2 YEAR</u>	<u>3 YEAR</u>	<u>5 YEAR</u>
International Equity							
Artio Global	gross	6.27%	22.64%	8.51%	16.48%	-9.45%	2.89%
	net	6.14%	22.35%	7.99%	15.91%	-9.90%	2.38%
	<i>MSCI ACWI -ex US Growth Index</i>	<i>8.18%</i>	<i>26.73%</i>	<i>14.79%</i>	<i>26.41%</i>	<i>-4.45%</i>	<i>5.59%</i>
Mondrian	gross	3.69%	20.51%	5.48%	16.60%	-5.88%	4.38%
	net	3.63%	20.38%	5.23%	16.30%	-6.13%	4.09%
	<i>MSCI ACWI -ex US Value Index</i>	<i>6.28%</i>	<i>23.45%</i>	<i>8.40%</i>	<i>25.43%</i>	<i>-4.77%</i>	<i>4.92%</i>
US Fixed Income							
Aberdeen Asset	gross	-0.57%	2.90%	10.32%	14.18%	3.40%	4.10%
	net	-0.64%	2.76%	10.04%	13.88%	3.14%	3.85%
AG GECC	net	12.09%	24.58%	40.64%			
Pyramis	gross	-0.54%	2.53%	8.97%	12.97%	7.28%	
	net	-0.58%	2.45%	8.80%	12.79%	7.11%	
Western Asset	gross	-0.08%	4.14%	11.25%	14.94%	6.57%	5.96%
	net	-0.14%	4.02%	10.98%	14.67%	6.32%	5.71%
	<i>BC Aggregate Index</i>	<i>-1.30%</i>	<i>1.15%</i>	<i>6.54%</i>	<i>6.24%</i>	<i>5.90%</i>	<i>5.80%</i>
Brigade Capital Management	gross	3.16%					
	net	3.04%					
	<i>BC BA Intermediated High Yield Index</i>	<i>1.70%</i>					
Brown Brothers Harriman	gross	-1.26%					
	net	-1.30%					
	<i>BC U.S. Tips Index</i>	<i>-0.65%</i>					
Real Estate							
INVESCO Real Estate	gross	4.62%	12.40%	16.70%	-11.05%	-8.92%	0.46%
	net	4.49%	12.11%	16.06%	-11.56%	-9.40%	-0.05%
	<i>NCREIF NFI ODCE EW Index¹</i>	<i>4.86%</i>	<i>10.66%</i>	<i>16.14%</i>	<i>-10.26%</i>	<i>-9.01%</i>	<i>0.35%</i>

¹ See Appendix for Benchmark History.

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Manager Compliance Checklist

MANAGER	INDEX OUTPERFORMANCE						DATABASE BENCHMARK			MANAGER MEETING INVESTMENT PERFORMANCE EXPECTATIONS
	AFTER FEE VS. INDEX		BEFORE FEE VS. INDEX		RISK ADJUSTED (SHARPE RATIO)		MEDIAN			
	3 YEARS	5 YEARS	3 YEARS	5 YEARS	3 YEARS	5 YEARS	2 YEARS	3 YEARS	5 YEARS	
BLACKROCK- R1000 INDEX FUND Benchmark: R1000 Index	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
CHARTWELL Benchmark: R2000 Index	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
JENNISON Benchmark: R2000 Index	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	N/A	YES
ARTIO GLOBAL Benchmark: MSCI ACWI -ex US Index	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
MONDRIAN Benchmark: MSCI ACWI -ex US Index	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES
ABERDEEN ASSET Benchmark: BC Aggregate	NO	NO	NO	NO	NO	NO	YES	NO	NO	NO
PYRAMIS GLOBAL ADVISORS Benchmark: BC Aggregate	YES	N/A	YES	N/A	NO	N/A	YES	YES	N/A	YES
WESTERN ASSET Benchmark: BC Aggregate	YES	YES	YES	NO	NO	NO	YES	NO	NO	YES
INVESCO REAL ESTATE Benchmark: NCREIF Property Index	NO	NO	NO	NO	N/A	N/A	YES	YES	YES	YES

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Manager Performance Comparison

	Oct	Nov	Dec	4th Qtr. 2010	Difference	3rd Qtr. 2010	Difference	2nd Qtr. 2010	Difference	1st Qtr. 2010	Difference
SIS/SSB	3.89%	0.33%	6.68%	11.20%		11.56%		-11.41%		5.71%	
BlackRock-R1000 Fund	3.89%	0.33%	6.68%	11.20%	0.00%	11.56%	0.00%	-11.41%	0.00%	5.71%	0.00%
Russell 1000 Index	3.89%	0.33%	6.68%	11.20%		11.56%		-11.45%		5.70%	
SIS/SSB	3.89%	0.52%	6.70%	11.43%		10.13%		-11.78%		5.45%	
D.E. Shaw	3.91%	0.51%	6.68%	11.42%	0.01%	10.13%	0.00%	-11.79%	0.01%	5.45%	0.00%
Russell 1000 Index	3.89%	0.33%	6.68%	11.20%		11.56%		-11.45%		5.70%	
SIS/SSB	3.69%	0.27%	6.76%	10.99%		10.84%		-11.97%		5.43%	
T. Rowe Price	3.69%	0.27%	6.76%	10.99%	0.00%	10.84%	0.00%	-11.98%	0.01%	5.44%	0.00%
S&P 500 Index	3.80%	0.01%	6.68%	10.74%		11.30%		-11.42%		5.38%	
SIS/SSB	2.82%	0.22%	7.51%	10.79%		11.11%		-12.11%		7.04%	
Barrow Hanley	2.81%	0.23%	7.50%	10.77%	0.02%	11.13%	-0.02%	-12.07%	-0.05%	7.05%	-0.01%
Russell 1000 Value Index	3.00%	-0.53%	7.89%	10.54%		10.13%		-11.14%		6.79%	
SIS/SSB	6.39%	2.30%	4.97%	14.25%		14.14%		-11.24%		4.01%	
BlackRock	6.39%	2.30%	4.97%	14.25%	0.00%	14.14%	0.00%	-11.24%	0.00%	4.01%	0.00%
Russell 1000 Growth Index	4.78%	1.16%	5.51%	11.84%		13.00%		-11.74%		4.65%	
SIS/SSB	4.73%	4.18%	7.61%	17.41%		11.92%		-9.07%		9.97%	
Jennison	4.73%	4.17%	7.49%	17.27%	0.14%	11.92%	0.00%	-9.15%	0.09%	9.94%	0.03%
Russell 2000 Index	4.09%	3.47%	7.94%	16.25%		11.29%		-9.93%		8.85%	
SIS/SSB	1.92%	1.74%	8.55%	12.55%		8.71%		-10.10%		9.25%	
The Boston Company	1.92%	1.74%	8.55%	12.55%	0.00%	8.71%	0.00%	-10.10%	0.00%	9.24%	0.01%
Russell 2000 Value Index	3.87%	2.54%	8.31%	15.36%		9.72%		-10.59%		10.03%	
SIS/SSB	4.26%	2.97%	6.69%	14.55%		16.39%		-10.05%		9.13%	
Chartwell	4.28%	2.96%	6.69%	14.55%	0.00%	16.37%	0.02%	-10.07%	0.02%	9.13%	0.00%
Russell 2000 Growth Index	4.30%	4.36%	7.59%	17.11%		12.82%		-9.22%		7.61%	

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

As of December 31, 2010

Manager Performance Comparison

	Oct	Nov	Dec	4th Qtr. 2010	Difference	3rd Qtr. 2010	Difference	2nd Qtr. 2010	Difference	1st Qtr. 2010	Difference
SIS/SSB	2.60%	-1.78%	5.45%	6.27%		15.41%		-11.43%		-0.10%	
Artio Global	2.64%	-1.75%	5.48%	6.37%	-0.10%	15.39%	0.02%	-11.42%	-0.01%	-0.25%	0.15%
MSCI ACWI -ex US Growth Index	3.27%	-2.66%	7.62%	8.18%		17.14%		-11.29%		2.11%	
SIS/SSB	3.31%	-6.01%	6.78%	3.69%		16.23%		-11.62%		-0.97%	
Mondrian	1.51%	-6.00%	6.78%	1.89%	1.81%	16.25%	-0.02%	-11.68%	0.06%	-0.98%	0.01%
MSCI ACWI -ex US Value Index	3.57%	-5.06%	8.07%	6.26%		16.17%		-13.24%		1.20%	
SIS/SSB	0.63%	-0.33%	-0.86%	-0.55%		3.49%		3.61%		3.48%	
Aberdeen Asset	0.63%	-0.29%	-0.86%	-0.52%	-0.03%	3.50%	-0.01%	2.46%	1.14%	3.43%	0.04%
BC Aggregate Index	0.36%	-0.57%	-1.08%	-1.29%		2.49%		3.49%		1.78%	
SIS/SSB	4.39%	3.55%	3.70%	12.10%		11.15%		0.53%		12.30%	
AG PPI Fund	4.39%	3.55%	3.70%	12.10%	0.00%	11.15%	0.00%	0.53%	0.00%	12.30%	0.00%
BC Aggregate Index	0.36%	-0.57%	-1.08%	-1.29%		2.49%		3.49%		1.78%	
SIS/SSB	0.66%	-0.51%	-0.68%	-0.53%		3.08%		3.43%		2.75%	
Pyramis	0.66%	-0.51%	-0.68%	-0.53%	0.00%	3.08%	0.00%	3.43%	0.00%	2.75%	0.00%
BC Aggregate Index	0.36%	-0.57%	-1.08%	-1.29%		2.49%		3.49%		1.78%	
SIS/SSB	2.33%	-0.74%	1.55%	3.15%							
Brigade Capital	2.28%	-0.45%	1.51%	3.36%	-0.21%						
C BA Intermediate High Yield Index	2.09%	-1.48%	1.11%	1.70%							
SIS/SSB	2.14%	-1.68%	-1.68%	-1.26%							
Brown Brothers Harriman	2.15%	-1.70%	-1.67%	-1.26%	0.00%						
BC Aggregate Index	2.65%	-1.69%	-1.55%	-0.65%							
SIS/SSB	0.66%	-0.41%	-0.33%	-0.09%		4.22%		3.31%		3.40%	
Western Asset	0.96%	-0.28%	-0.40%	0.27%	-0.37%	4.00%	0.22%	3.32%	-0.01%	3.38%	0.02%
BC Aggregate Index	0.36%	-0.57%	-1.08%	-1.29%		2.49%		3.49%		1.78%	
SIS/SSB				4.62%		7.44%		3.54%		0.27%	
INVESCO Real Estate				4.62%	0.00%	7.44%	0.00%	3.54%	0.00%	0.27%	0.00%
NCREIF NFI ODCE EW Index				4.86%		5.53%		4.21%		0.71%	

SAN MATEO COUNTY EMPLOYEE'S RET ASSOC

Fourth Quarter 2010

Capital Market Review

MARKET SUMMARY

Equity Markets

	QTR	1 Year	3 Year
U.S.			
S&P 500	10.8	15.1	-2.9
Dow Jones Industrial Average	8.0	14.1	-1.6
NASDAQ	12.4	17.8	0.9
Russell 1000	11.2	16.1	-2.4
Russell 2000	16.3	26.9	2.2
Russell 3000	11.6	16.9	-2.0
Non-U.S.			
MSCI EAFE (Net)	6.6	7.8	-7.0
MSCI Emerging Markets (Net)	7.4	18.9	-0.3
MSCI All Country World ex U.S.	7.2	11.2	-5.0

Bond Markets

	QTR	1 Year	3 Year
U.S.			
Barclays Capital Aggregate	-1.3	6.5	5.9
Barclays Capital Gov/Credit	-2.2	6.6	5.6
Barclays Capital Universal	-1.0	7.2	6.0
Barclays Capital Corp. High Yield	3.2	15.1	10.4
Non-U.S.			
CG Non-U.S. World Govt.	-1.5	5.2	6.5

Non-Public Markets

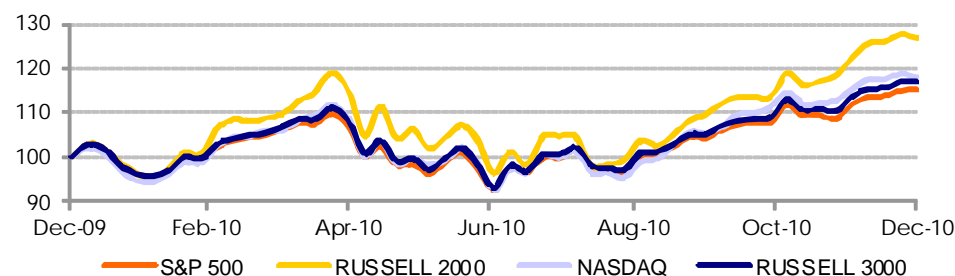
Lagged Data Set—3Q10

	QTR	1 Year	3 Year
NCREIF Property	3.9	5.8	-4.6
State Street Private Equity Index	6.6	16.2	-2.1

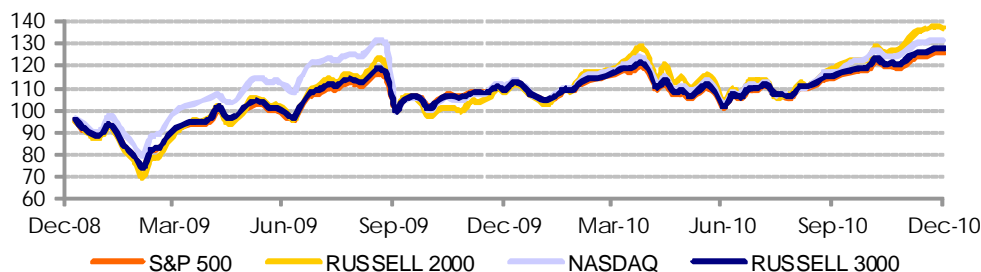
Global Equity Markets

- Global markets performed well in the fourth quarter of 2010. In the U.S., the broad market S&P 500 Index returned 10.8% and the Dow Jones Industrial Average gained 8.0%. The Tech/Telecom heavy NASDAQ advanced 12.4%. International markets, as represented by the MSCI EAFE Index, increased by 6.6%, a more modest increase compared with last quarter's gain of 16.5%. The MSCI Emerging Markets Index increased by 7.4%, continuing its strong recent performance. Over the past 12 months, the MSCI Emerging Markets Index returned 18.9%.
- The story of the quarter, however, was the relative success of the small cap indices over their large cap counterparts. The Russell 2000 Index posted a 16.3% return for the quarter, and the Russell Microcap Index posted a return of 19.4%, outperforming the Russell 1000 Index (large cap) return by 506 and 822 basis points, respectively.

Equity Index - Year to Date Growth Rate



Equity Index - 2-Year Growth Rate



SAN MATEO COUNTY EMPLOYEE'S RET ASSOC

Fourth Quarter 2010

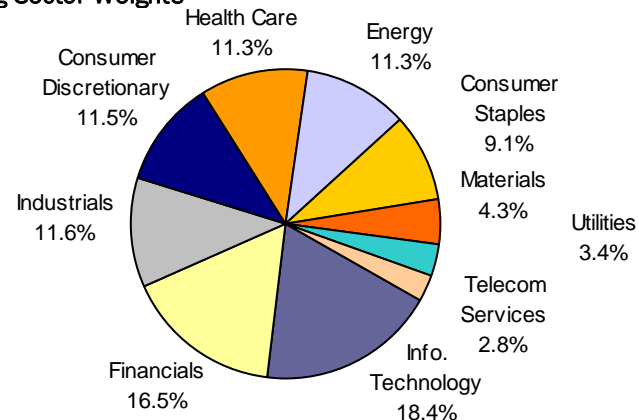
Capital Market Review

DOMESTIC MARKETS

Domestic Equity - Russell 3000

- The Russell 3000 Index gained 11.6% during the fourth quarter of 2010. Every sector within the Russell Index posted positive returns, with six sectors returning double digits. The greatest sector contributors to quarterly performance included Energy, Information Technology, and Consumer Discretionary. These sectors account for just under half of the index weight.
- In a continuation of the third quarter's success, all sectors reported positive returns over the trailing 12 months. The most influential sectors for the trailing one-year time frame were Consumer Discretionary, Industrials, Energy, and Information Technology – which aggregated, make up over half of the index. They returned 30.1%, 27.3%, 21.8%, and 12.8%, respectively, and as a result, had the largest positive impact on returns.

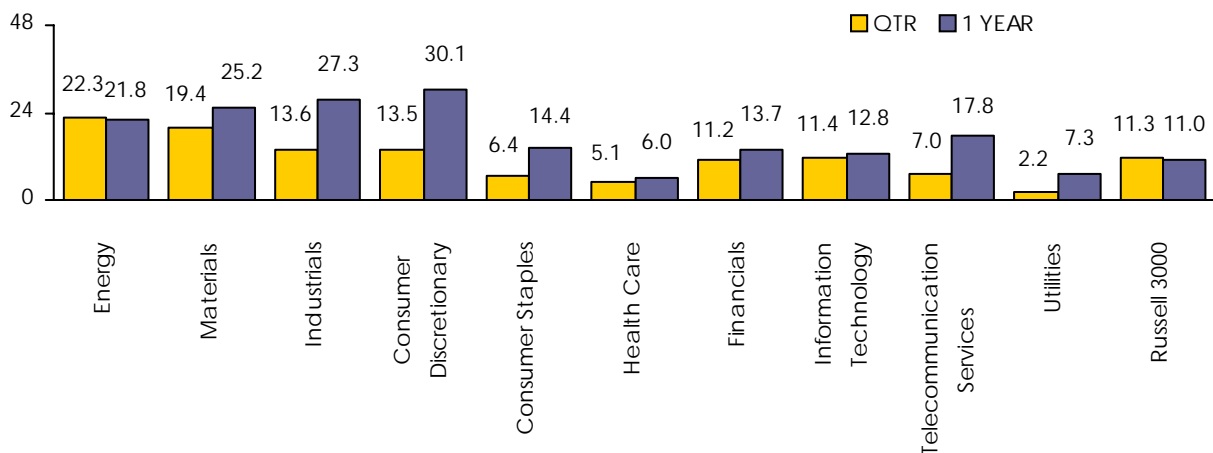
Ending Sector Weights



Characteristics

Div. Yield (%)	1.7
P/B Ratio	2.21
P/E Ratio	16.3
Fundamental Beta	1.01
Market Cap \$(MM)	72,270

Sector Returns (%)



Contribution to Return:

Qtr.	2.5	1.1	1.2	1.7	0.7	0.5	1.5	1.8	0.4	0.1
1 Yr.	2.4	1.1	3.1	3.5	.3	0.7	2.2	2.4	0.5	0.3

SAN MATEO COUNTY EMPLOYEE'S RET ASSOC

Fourth Quarter 2010

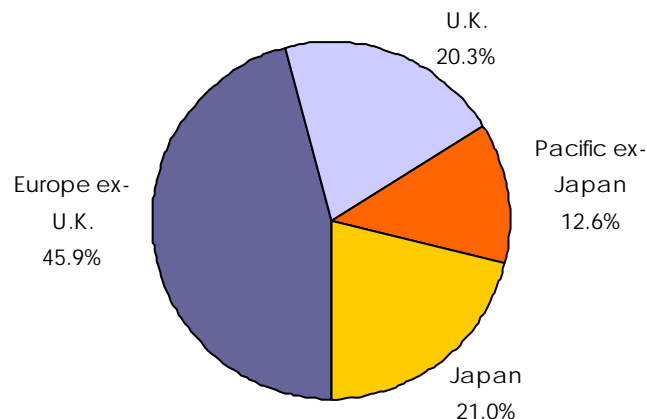
Capital Market Review

INTERNATIONAL MARKETS

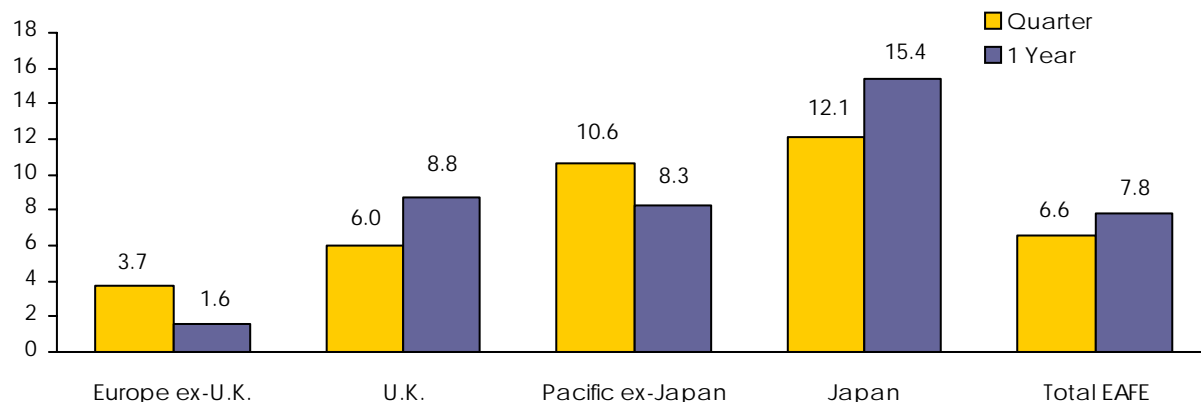
International Equity—MSCI EAFE (Net)

- The MSCI EAFE Index posted positive returns for two out of the three months in the quarter: October returned 3.6%, November dropped off 4.8%, and December came back to finish up 8.1%. The return for the fourth quarter of the 2010 was 6.6%. The Nordic Countries continued to perform well, particularly securities in Norway (11.6%), Sweden (7.4%) and Denmark (7.0%). The “PIIGS” countries however, are still struggling to secure their footing after debt concerns soured the markets earlier this year. The drag on performance caused by the “PIIGS” countries, mainly Greece (-10.8%) and Spain (-10.1%), was still outweighed by the majority of the countries in the index posting strong positive returns throughout the quarter.
- One year returns were strong, as the EAFE Index returned 8.2%. Top performing countries in Europe were based in the Nordic region, especially Sweden (31.3%), and Denmark (29.8%). The EAFE one-year rolling return was modest compared to that of emerging markets due to the recent debt troubles within Euro-zone markets. Greece (-46.4%), Spain (-25.4%), and Ireland (-19.7%) are still reeling from their respective fallouts earlier this year.

Ending Regional Weights



Regional Returns (%)



Contribution to Return:

Qtr.	1.6	1.3	1.1	2.6
1 Yr.	0.7	4.6	1.6	4.7

SAN MATEO COUNTY EMPLOYEE'S RET ASSOC

Fourth Quarter 2010

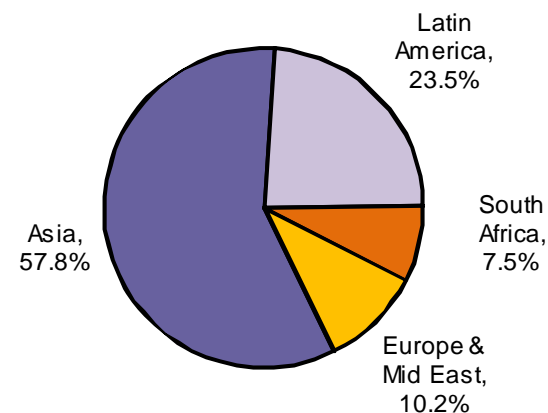
Capital Market Review

INTERNATIONAL MARKETS

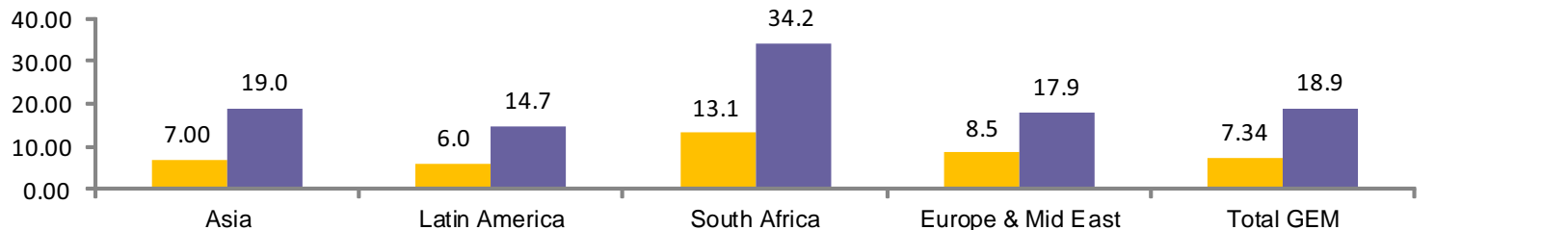
Emerging Markets Equity - MSCI EM (Net)

- The MSCI Emerging Markets ("EM") Index gained 7.4% in the fourth quarter, which brings its 12 month gain to 18.9% for the period ending December 31, 2010.
- Asia and Latin America based securities provided the greatest contribution to return over the quarter and one-year trailing periods. Key contributors in Asia included gains from securities domiciled in India and Korea, returning 21.0% and 26.7%, respectively. The biggest contributors in Latin America were Peru (53.3%) and Chile (44.2%).
- The majority of emerging markets countries (excluding Hungary and the Czech Republic) posted large positive returns over the trailing one year. The average country return during the year was 21.6%, dwarfing the EAFE average return of 2.7%.

Ending Regional Weights (%)



Regional Returns (%)



Contribution to Return:

Qtr.	4.0	1.4	1.0	0.9
1 Yr.	10.6	3.5	2.4	2.4

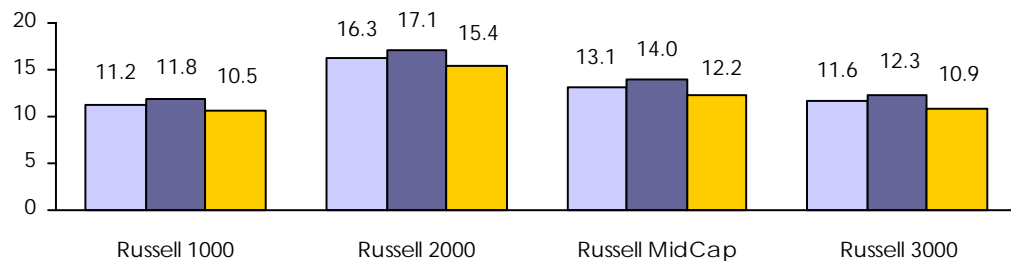
Capital Market Review

EQUITY BY STYLE & CAPITALIZATION

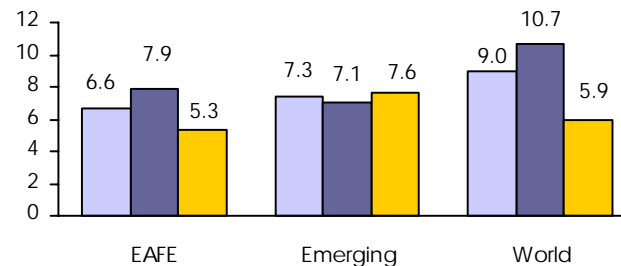
Style & Capitalization Returns

- The major indices within the worldwide markets continued their upswing during the fourth quarter of 2010, particularly growth indices within all of the cap spectrums of the domestic markets. The Russell 1000, 2000, 2500, and 3000 Growth Indices all outperformed their Value counterparts by 129, 175, 216, and 134 basis points, respectively. To illustrate the buoyancy of the fourth quarter, the Russell 1000 Value Index was the poorest performing Russell index but still increased by 10.5% over the period ending December 31, 2010. Overseas, the MSCI EAFE Growth and World Growth Indices each outperformed their value counterparts by 255 and 475 basis points, respectively, but the MSCI EM Growth Index trailed the Value Index by 40 basis points.
- Over the past 12 months, non-U.S. growth markets have shown significant outperformance over value markets. The MSCI EAFE and World Growth Indices outperformed their value indices by 249 and 223 basis points, respectively. The MSCI EM Growth Index however, underperformed its value counterpart, but by a more modest 50 basis points

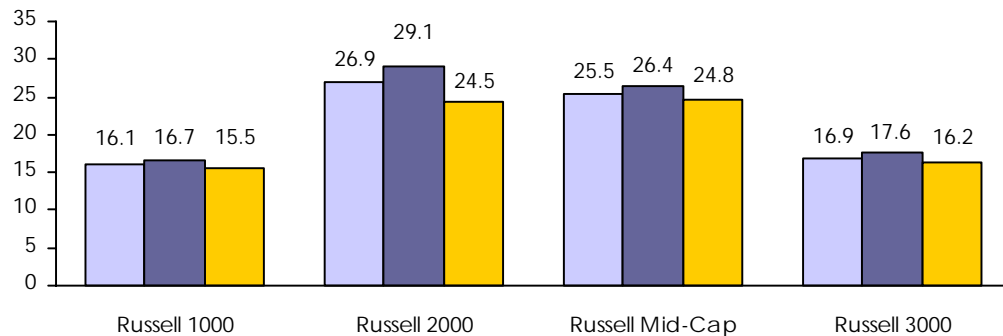
Russell U.S. Style Returns Quarter



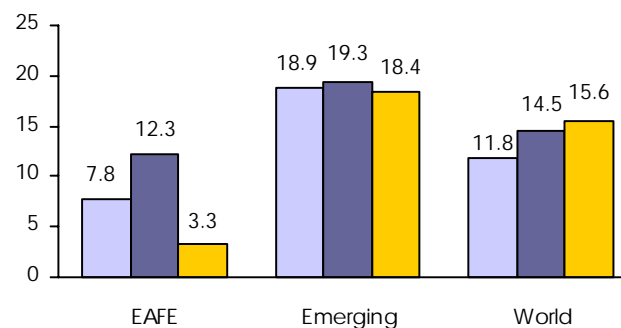
MSCI Non-U.S. Style Returns Quarter



Russell U.S. Style Returns - 1 Year



MSCI Non-U.S. Style Returns - 1 Year



□ Neutral ■ Growth ■ Value

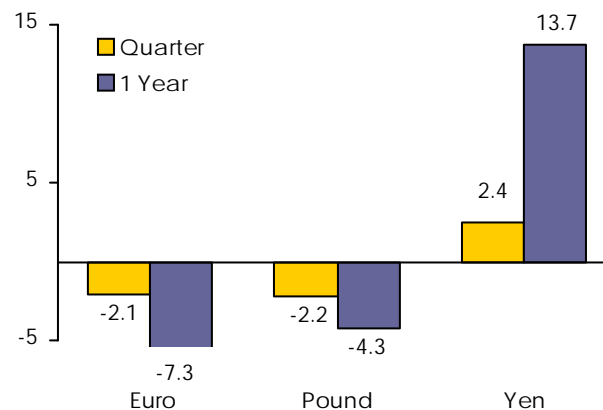
Capital Market Review

CURRENCY AND BOND MARKETS

Currency Markets

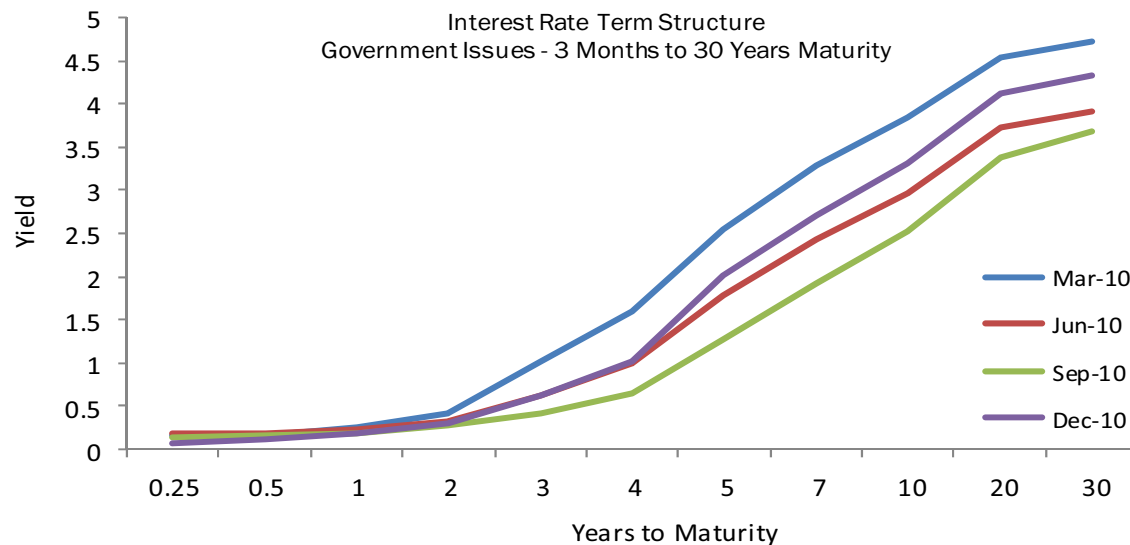
- The Bank of England and the European Central Bank held key lending rates at historic lows during the entire calendar year, keeping them at 0.5% and 1.0%, respectively. Rising inflation rates however, are adding pressure for the Banks to start raising interest rates.
- The U.S. Federal Reserve also kept its key lending rates at historic lows to allow for further recovering of the economy.
- Currency markets were relatively quiet in the fourth quarter of 2010. Much of November and October performance offset each other's returns, particularly the USD/JPY. With news of another European debt crisis, this time Ireland, investors looked for refuge in the U.S. dollar. As a result, both the pound and Euro were slightly negative during the fourth quarter, returning -2.2% and -2.1% respectively.
- During the calendar year, the U.S. dollar gained 7.3% relative to the Euro and 4.3% with respect to the Sterling, while the Japanese Yen rose 13.7% against the dollar. Some foreign currency analysts are expecting a potential "currency war". Several countries could potentially devalue their currencies to ensure competitiveness. There likely will be pressure on Asian countries to devalue their strengthening currencies.

Currency Returns (%)



Yield Curve

- Yields on nominal treasury securities increased significantly during the fourth quarter but have yet to reach the levels attained at the beginning of 2010.
- At the December 14th meeting of the Board of Governors to discuss the discount rate, the directors of the Federal Reserve Bank indicated that the U.S. is seeing a slower pace of recovery than originally anticipated. The minutes reflected that the Federal Reserve plans to "purchase \$600 billion of longer-term Treasury securities by the end of the second quarter of 2011 ... in order to foster maximum employment and price stability."



SAN MATEO COUNTY EMPLOYEE'S RET ASSOC

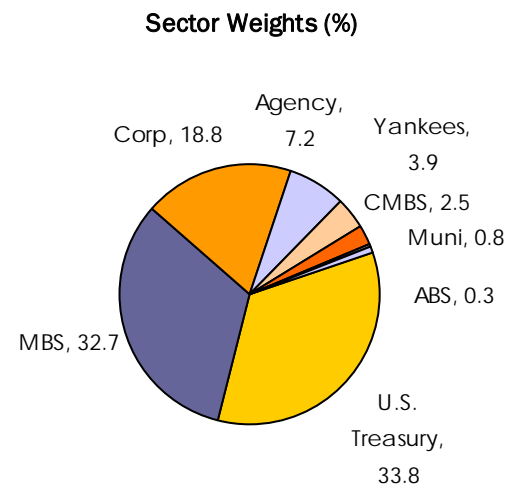
Fourth Quarter 2010

Capital Market Review

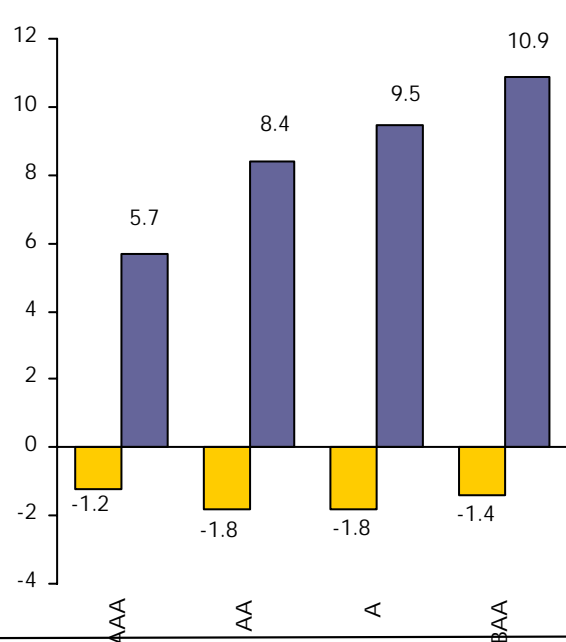
BOND MARKETS

U.S. Bond Market Returns - Barclays Capital Aggregate

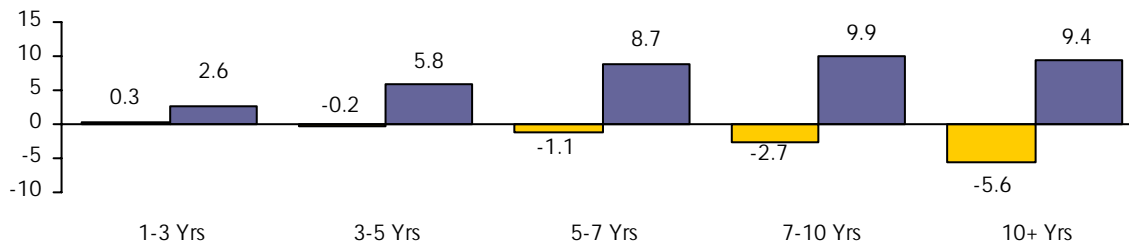
- While the equity markets surged at the end of 2010, the bond markets retreated. The Barclay's Capital Aggregate Bond Index lost 1.3% in the fourth quarter 2010, but still gained 6.5% over the past 12 month period.
- Commercial-Backed Bonds and Mortgage-Backed Securities were the only two sectors with positive, albeit modest returns this quarter, at 0.9% and 0.2%, respectively.
- Both CMBS and Corporate paper were additive over the past 12 months, returning 20.4% and 9.0%, respectively. Instruments with short maturities (1-3 years) experienced the strongest performance during the quarter (0.3%), but over the longer 12 month trailing period, longer-dated bonds (7-10 years) were more successful, returning 9.9%.
- Bonds across all quality spectrums lost value during the fourth quarter, with AA and A rated securities losing the most, at 1.8% each. However, over the past year, less favorably rated bonds performed better, with BAA rated issues returning 10.9%.



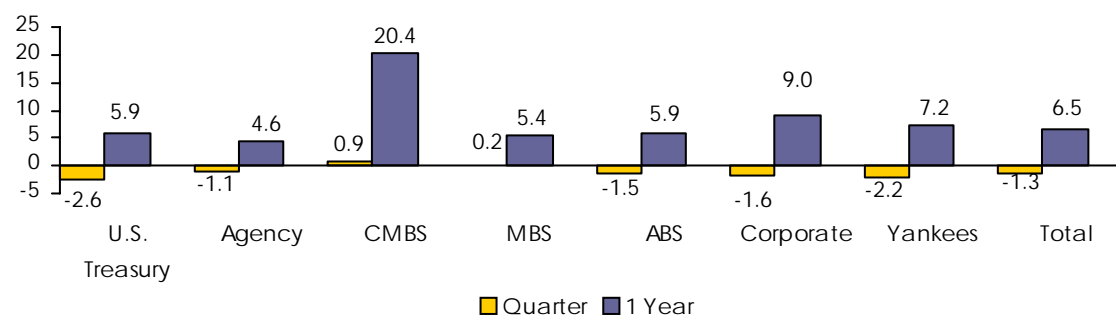
Quality Performance (%)



Duration Performance (%)



Sector Performance (%)



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Performance Report Glossary

TERM	CATEGORY	DEFINITION
91 Day T-Bill	Index	Composed of 91 day term treasury bills issued by the U.S. Government. Typically used as a benchmark for short-term investments.
Active Management Value Added	Equity	The value added to a portfolio by active management over a passive index investment. In equity performance attribution, it refers to the difference between the equity only and buy & hold return, representing the value added to the equity portfolio from the transactions occurring during the quarter.
Active Return	General	The difference between the manager's return and the benchmark's return. The active return reflects the manager's added value over the benchmark.
Allocation Index	General	Illustrates how the fund's actual asset allocation would have performed if it were invested in passive indices. The prior month's actual asset allocation from the composite fund is multiplied by the index returns for each manager's benchmark on a monthly basis to obtain the allocation index return for the quarter.
Alpha	General	The difference between the actual performance of the fund and the performance which should have been achieved given the market's performance and the fund's risk posture.
Annualized Rate of Return	General	The constant return needed each year of the period in question to provide the amount of wealth gained by the end of the period.
Average Market Capitalization	Equity	The position weighted average of all the securities' market capitalizations in the portfolio.
Average Maturity	Fixed Income	Market value-weighted average time to stated maturity for all securities in the portfolio.
Beta	Equity	The sensitivity of the rate of return of a portfolio or security to market fluctuations. A beta of .95 means that on average when the market moves X%, the portfolio (or security) will move X% * .95.
Buy & Hold Return	Equity	The return on the portfolio assuming the equity positions which were held at the beginning of the quarter were held throughout the quarter.
Citigroup Non-US World Gov't Bond Index	Index	This index is market value weighted and composed of the available market for domestic Government bonds in nine countries. It includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of US \$25 million.
Composite Fund	General	A composite consisting of all of the plan's portfolios. Returns are calculated by aggregating each manager's market value and transactions.
Core Fixed Income Manager	Fixed Income	Core fixed income managers have a duration ranging from 80-120% of the Lehman Aggregate and focus on sector or individual bond selection to create portfolios.

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Performance Report Glossary

TERM	CATEGORY	DEFINITION
Core Equity Managers	Equity	Core equity managers buy a mixture of value and growth stocks, without any strong style biases apparent. The most common benchmark is the S&P 500 Index.
Corporate Plan Universe	General	A total plan universe comprised of all Corporate Defined Benefit and VEBA plans in the ICC database. There are approximately 400 plans in this universe.
Country Selection	International	The excess performance that can be attributed to country allocation decisions.
Current Coupon	Fixed Income	Current annual income generated by the total portfolio.
Domestic Equity Composite	General	A composite consisting of all the fund's equity portfolios with U.S. equity mandates. Returns are calculated by aggregating each manager's market value and transactions.
Domestic Fixed Composite	General	A composite consisting of all the fund's fixed income portfolios with U.S. fixed income mandates. Returns are calculated by aggregating each manager's market value and transactions.
Duration	Fixed Income	A measure of a bond or bond portfolio's responsiveness to changes in interest rates, determined by the size and timing of future cash flows (interest, principal, and pre-payment of principal).
Endowment/Foundation Universe	General	A total plan universe comprised of all Endowment and Foundations in the ICC database. There are approximately 270 plans in this universe.
Equity Only Return	Equity	The total return of the equity positions in the portfolio.
Equity Segment Yield	Equity	The dividend yield of the entire equity portfolio.
Explicit Currency	International	The portion of the international portfolio performance attribution due to intentional currency hedging.
Five Year Earnings Growth	Equity	Represents the smoothed earnings growth rate of a firm (or portfolio) over the past 20 quarters.
Growth Equity Managers	Equity	Growth managers buy companies that are expected to have above average long-term growth earnings relative to the price of the stock. These stocks are usually selling at high price/book, high price/earning ratios.
High Yield Fixed Income Manager	Fixed Income	High yield managers invest in lower quality, higher yielding issues; generally companies who are experiencing financial difficulty or have limited financing means.
ICC	General	The State Street Bank/Independent Consultants Cooperative is formed by State Street Bank (formerly Deutsche Bank) and sixteen independent consulting firms. As a member of the SSB/ICC, SIS uses the SSB/ICC software and database to provide performance measurement and analytical service to plan sponsors.
Implicit Currency	International	The portion of the international portfolio performance attribution due to the currency implicit in the country allocation compared to the benchmark's currency allocation.
Interest Rate Anticipator Fixed Income Manager	Fixed Income	Interest rate anticipators attempt to add value primarily through interest rate forecasting and adjusting the duration of the portfolio to respond favorably to the expected change in interest rates.

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Performance Report Glossary

TERM	CATEGORY	DEFINITION
Intermediate Fixed Income Manager	Fixed Income	Intermediate fixed income managers invest in high quality issues with a duration that is 40-80% of the Lehman Aggregate.
International Equity Composite	International	A composite consists of all the fund's international equity managers. Returns are weighted by each manager's market value within the fund.
Lehman Aggregate Index	Index	Measures the total return of all major sectors of the domestic, taxable bond market (approx. 5400 fixed income securities). The index contains all the investment grade issues in the Lehman Brothers Government/Corporate and the Lehman Brothers Mortgage-Backed Securities Indexes.
Lehman Government/Credit Index	Index	A composite index consisting of all publicly issued, fixed rate, non-convertible, domestic debt of the U.S. government and domestic debt of the three major corporate classifications. The index is market capitalization weighted, and mortgages are excluded.
Long Fixed Income Manager	Fixed Income	Managers with portfolios having a duration greater than 120% of the Lehman Aggregate Bond Index.
Market Value	Equity	What the market is willing to pay for a specific amount of a security (or portfolio of securities). This is determined by multiplying the latest price of each stock (or bond) by the number of shares held.
Maturity - Return Decomposition	Fixed Income	Represents the amount of active return due to the spreads of different maturities of the same issue.
Median	General	Represents the fund (or manager) where half the universe has a higher return than the fund (or manager), and half has lower returns. By definition the median is the 50th percentile.
MSCI All Country World Index (ACWI) -ex US	Index	Composed of stocks of major non-US companies within the developed markets of Europe and Asia, 10% of the index is emerging markets. This index excludes all US issues.
MSCI EAFE	Index	Composed of approximately the top 60% of market capitalization of the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is market capitalization weighted using U.S. dollars.
NCREIF (National Council of Real Estate Investment Fiduciaries National Property index)	Index	Composed of 2,231 investment grade, non-agricultural properties, including wholly-owned and joint venture investment of existing properties. All properties have been acquired on behalf of tax-exempt institutions and are held in a fiduciary environment.
Price/Earnings Ratio	Equity	The dollar price of a company divided by annual earnings per common share. The P/E ratio reflects the anticipated future earnings growth and is market capitalization weighted.
Policy Index	General	Represents the fund's asset allocation policy. Returns are calculated using index returns weighted by policy allocations.

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Performance Report Glossary

TERM	CATEGORY	DEFINITION
Price/Book Ratio	Equity	The relationship between a security's valuation by the market and the book value of assets reported. In terms of a portfolio, it is the market capitalization weighted value of all the securities within the portfolio.
Public Funds Universe	General	A total plan universe comprised of all State and Local government run pension plans in the ICC database. There are approximately 250 plans in this universe.
Quality	Fixed Income	Measures the market value weighted credit quality of the portfolio.
R-Squared	General	Indicates the proportion of the portfolio's returns that can be explained by its beta.
Return on Equity (ROE)	Equity	The earnings per share of a firm divided by the firm's book value per share. It is the return on the equity capital of a business. In terms of a portfolio, it is the market capitalization weighted ROE of all the securities within the portfolio.
Return Ranking	General	The percentile ranking of the return. For example, if a fund's (manager's) return rank is 5 then 5% of the funds in the universe had higher returns and 95% of the funds had lower returns.
Russell 1000 Equity Index	Index	The largest 1000 stocks of the Russell 3000 Index, representing approximately 92% of the total market capitalization of the Russell 3000 Index. The average market capitalization is approximately \$3.8 billion. The smallest company in the index has an approximate market capitalization of \$1350.8 million.
Russell 2000 Equity Index	Index	The smallest 2000 stocks of the Russell 3000 Index. The average market capitalization for this index is approximately \$900 million.
Russell 3000 Equity Index	Index	The largest 3000 common stocks of U.S. domiciled companies, with market capitalization adjustments for cross ownership and large private holdings.
Sector - Risk Decomposition	Fixed Income	Represents the amount of active risk within the fixed income portfolio attributable to investments in different sectors.
Security Selection	International	The effect the actual securities (net of country and currency attribution) have on a manager's performance compared to its benchmark.
Sharpe Ratio (Reward/Variability Ratio)	General	Measures the added return per unit of risk. Mathematically, it is the excess return of a portfolio divided by the standard deviation of the portfolio returns.
Short Fixed Income Manager	Fixed Income	Usually "cash" managers, the portfolio duration should be 0-40% of the Lehman Aggregate Bond Index.
Specific - Return Decomposition	Fixed Income	Represents the active return of the portfolio that cannot be explained by sector, rating, maturity, time or term. This return is specific to the bond itself.
Specific - Risk Decomposition	Fixed Income	Represents the active risk of the portfolio that cannot be explained by sector, rating, or term. This risk is specific to the bond itself.

SAN MATEO COUNTY EMPLOYEES' RET ASSOC

Performance Report Glossary

TERM	CATEGORY	DEFINITION
S&P 500 (Standard & Poor's 500 Index)	Index	A composite index of 400 industrial, 40 financial, 40 utility and 20 transportation common stocks. The index is capitalization-weighted, so larger companies have a greater impact on the index.
Standard Deviation (Risk) Ranking	General	The percentile ranking of the risk inherent in the funds returns (standard deviation of the returns). For example, if the fund's rank is 5 then 5% of the funds in the universe have higher standard deviations (less risk) than the fund and 95% have lower.
Standard Deviation of Return (Risk)	General	Measures the range within which an actual return may deviate from the expected rate of return over a defined time period, or the amount of risk that you incur to achieve the expected return.
Term - Return Decomposition	Fixed Income	Represents the active return due to the term structure of fixed income instruments. It looks at the active return gained due to the cash flow structure of the portfolio and any interest rate movements.
Term - Risk Decomposition	Fixed Income	Represents the risk inherent in the portfolio due to the term structure of the underlying fixed income instruments. It looks at the active risk exposure due to the cash flow structure of the portfolio and any interest rate movements.
Time-Return Decomposition	Fixed Income	Represents the active return due to cash flows at different points on the term structure of a fixed income instrument.
Total Currency	International	The portion of the international portfolio performance attribution due to the total currency effect (implicit and explicit) of the portfolio.
Total Performance Attribution	International	The difference between the portfolio total return and the benchmark total return. It is the sum of attribution due to country selection, implicit currency, explicit currency, security selection and other.
Total Fund	General	A plan sponsor's composite portfolio. A plan sponsor may be defined as a corporate plan, public fund, trust, endowment, foundation, 401(k), Taft-Hartley, health & welfare, etc.
Total Fund Universe	Total Fund	This universe is an aggregation of institutional custodial data submitted by the ICC, selected regional banks, and the ICC consulting firms. The total fund universe contains an estimated 1,550 accounts. Specialty total fund universes are subset universes containing a plan sponsor type and/or size.
Total Rate of Return	General	Incorporates both realized and unrealized capital gains and losses, as well as total earnings from interest and dividends on a fund or plan.
Value Equity Managers	Equity	Value managers buy companies that are under-priced relative to the equity market in general. These stocks usually sell at low price/book and low price/earning ratios.
Yield to Maturity	Fixed Income	The rate of return that would be earned if all coupon payments on a bond held to maturity could be reinvested at the same rate as the coupon of the bond.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 6.3

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Investment Manager Review – Mondrian Investment Partners

**Mondrian will be interviewed by the Investment Committee,
Tuesday, February 22, at ~9:30 a.m.**

Staff Comments: Mondrian's **Jim Brecker**, Senior Vice-President, Client Service and **Russell Mackie**, Senior Portfolio Manager will be in the San Francisco Bay Area on February 22nd. Staff took that opportunity to invite them to interview with the Investment Committee.

Attached is a presentation booklet that Mondrian Investment Partners' will use to guide the Investment Committee through their presentation.

Performance & Values As of 01/31/2011	Book Value	Market Value	Trailing Three Months	Trailing Six Months	Trailing Twelve Months	Since Inception (12/01/2004)
	(Unit Million)					
Mondrian Investment Partners	\$212.0	\$220.1	2.77%	12.93%	13.69%	7.12%
MSCI ACWI Free ex-US (Value)			5.23%	15.26%	16.77%	7.87%
Return Variance			-2.46%	-2.33%	-3.08%	-0.75%

The management fee is marginally priced and is currently approximately 37 basis points.

Investment Strategy

The firm is an active value-oriented defensive manager. The firm's value driven investment philosophy is based on the belief that investments need to be evaluated in terms of their fundamental long-term value. The firm believes that the value of a company lies in its future income stream as dividends represent the most direct form of cash flow to a shareholder. The firm uses an inflation adjusted dividend discount model to derive the underlying value of a company. This methodology is applied consistently to individual securities across all markets and industries.

The firm's investment approach seeks to generate three specific investment benefits. These benefits are:

- Provide a rate of return meaningfully greater than the client's domestic rate of inflation.
- Structure client portfolios that preserve capital during protracted international market declines.
- Provide portfolio performance that is less volatile than both benchmark indices and other managers.

All portfolio managers act as analysts in the markets and sectors that they cover. Portfolio managers/analysts are responsible for research in the areas/sectors they cover. They provide input to their respective Regional Research Director, and the Director then presents that input along with the portfolio managers/analysts' recommendations to the Equity Strategy Committee, where it is reviewed and critiqued.

All final decisions with respect to the International Equity product are made by the Equity Strategy Committee which meets every two weeks.

Screening Process

Universe of Securities:

The universe spans markets covered in the MSCI Indices and those developing markets with adequate investor protection and good repatriation procedures. The firm will then narrow the universe to a list of more than 1000 securities on the basis of value criteria, and then further reduce this to a shorter list of approximately 250 securities annually, for detailed fundamental analysis. The screens include basic value characteristics such as price to book, price to cash flow ratio, price to earnings ratio, and yield, as well as liquidity considerations. A focus list of approximately 80 securities is then created from that list of approximately 250 through fundamental research and deliberations of the Equity Strategy Committee. It is this list of securities on which more detailed fundamental analysis and financial modeling is carried out utilizing the dividend discount model, which is based on an evaluation of a company's future income stream, which is then discounted in real terms.

Security Selection:

Security selection is the most important part of the firm's equity investment process. The firm uses the same dividend discount valuation model of future income streams across all markets, securities and industries. Securities which are significantly mispriced relative to the dividend discount valuation are purchase and sale candidates.

Key to the security selection process is fundamental company analysis and a regular program of meeting with companies. Meeting with the management of holdings is important to the investment process. The firm uses forward looking valuations, and, therefore, the business plans and projections for a company's future are extremely important. This type of forward looking analysis has helped the firm to be ahead of the markets in a number of instances.

Portfolio Construction Methodology

In the investment process for the International Equity product, top-down considerations make up 40% of the decision making process while bottom-up make up the remaining 60%.

Country Allocation:

Tied to the security selection process described above is a top-down country allocation overlay that helps to structure the firm's equity portfolios. Equity market valuations are based on inflation adjusted dividend discount analysis, coupled with long term purchasing power parity

analysis of currencies. The resulting currency and market valuations, together with client objectives and shorter term political and economic factors, are then analyzed with the help of a computer based optimization program, which produces a list of attractive portfolios that seeks to bring together the best international value within guidelines set by the client. This optimization helps the firm to choose portfolio allocations at appropriate points along the efficient risk/return frontier.

Sector/Industry Allocation:

Sector/Industry selection forms a secondary part of the firm's portfolio construction process. Levels of all allocations to sectors to the benchmark are monitored to ensure prudent diversification rather than being set at target levels themselves.

Individual Security Weightings:

Security weights are determined by the attractiveness of the stock, (dividend discount valuation relative to market price), attractiveness of the market and the marketability of the stock. Individual securities which are approved by the Equity Strategy Committee are initially weighted between 1% and 3%, depending on underlying liquidity, and generally will not constitute more than 4 to 5% of a portfolio.

Number of Holdings:

The firm's International Equity portfolios usually contain 35 to 55 issues.

Currency:

The firm will hedge defensively to protect the underlying value of a client's assets when currencies are widely mis-priced compared to their value against the client's base currency. A uniform currency hedging policy is in place across the firm.

The firm believes that in the medium to long term, currencies adjust to their purchasing power parities (PPP). However, it is clear that currencies do fluctuate quite significantly around their purchasing power fair value. Therefore, as a defensive measure to protect real returns, the firm will hedge a currency when its real exchange rate suggests that it is overvalued. This approach is supplemented by a shorter-term assessment of the key identifiable factors that result in deviations from purchasing power parity.

The firm's normal position is to manage portfolios on an unhedged basis. Should a currency become more than two standard deviations overvalued against the firm's PPP assessment of value, the firm would then undertake to defensively hedge the currency back into US dollars to protect the underlying value of the assets. The firm would normally hedge up to 100% of the currency's underlying asset value and up to 50% of the portfolio's market value.

Buy/Sell Discipline

Buy Discipline:

Using in-depth fundamental research, securities are analyzed by the dividend discount model and securities which are mispriced relative to their value are candidates for purchase. Portfolio managers/analysts bring their purchase recommendations from their assigned regions/sectors to the attention of the Equity Strategy Committee. After the in-depth fundamental research has been reviewed by the committee, securities which are highly undervalued relative to the dividend discount model's valuation are bought.

Sell Discipline:

Mondrian follows a clear sell discipline for stocks, markets and currencies. Sales are carried out when:

1. Price appreciation leads to significant overvaluation against a predetermined value level.
2. A change in the fundamentals occurs, which adversely affects appraised value.
3. More attractive alternative investments become available.

Trading Execution Strategy

Central Trading Desk:

All of the firm's security and foreign exchange trading is carried out by the central trading desk in the firm's London office. The firm's Trading Desk ("Trading Desk") is headed by Sandy Beveridge, Senior Trading Manager, who has over 20 years experience working in international securities markets. He has traded in large and small capitalization securities within all developed equity markets, government and corporate fixed income markets, emerging equity and debt markets and derivatives in both equity and fixed income markets. He is supported by two experienced traders and two trading assistants.

Best Execution:

It is the firm's policy to take all reasonable steps to achieve on a consistent basis the best possible result for clients on trades ("best execution"). Best execution refers to many factors, including, the price paid or received for a security, the size of the order, the commission charged, the promptness and reliability of execution, liquidity of the market, the confidentiality and placement accorded the order and other factors, such as the efficiency of settlement and the quality of any research received, affecting the overall benefit obtained by the client in the transaction.

The relative importance of each of the above factors will differ depending on the characteristics of the order, the financial instrument and the characteristics of the execution venue to which the trade may be directed. In most circumstances, price will be the most important execution factor; however in some circumstances the firm may determine that other execution factors have greater importance in achieving the best possible outcome for clients.

Dealing Venues and Methods:

The decision regarding the selection of the trading venue and executing broker/dealer (if applicable) is the sole responsibility of the Trading Desk. In certain circumstances they may

consult with the portfolio manager or analyst. In reaching their decision, the Trading Desk's objective is always to achieve best execution. The firm trades through a variety of sources in an effort to ensure best execution.

For each trade the firm will appraise the most effective execution method and venue. With the objective of achieving best execution as outlined above, the appraisal will include the use of some or all of the following criteria (this is not an exhaustive list):

- Size of trade
- Market liquidity
- Number of securities being traded
- Number of clients involved in the trade
- Trading/listing country
- Prevailing market conditions
- Type of asset being traded
- Ability to settle the trade
- Credit quality of the counterparty
- Custody transaction charges
- Characteristics of the execution venues to which the order can be directed

The firm's policy with regard to best execution is to exercise the same standards and operate the same processes across all the different markets and financial instruments. However, the diversity in markets and instruments may mean that different factors will have to be taken into account in the context of different markets and financial instruments. For example in some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, the choice of venue or execution method may be limited because of the nature of the order. For example, in the case of a large trade or a program trade across a number of markets, it may not be practical to use a direct market access venue or a multilateral trading facility such as a crossing network. Timeliness together with depth of liquidity may be the overriding factors in such cases and therefore the firm may select a broker/dealer to execute such trades either on a principal or agency basis.

Trades will take place both on exchanges regulated under MiFID and on those that fall outside MiFID's jurisdiction.

The firm uses a range of execution methods and venues to execute equity trades which may include:

- Broker/dealer execution on an agency basis
- Broker/dealer execution on a principal basis
- Execution through broker/dealers that deal on an organized frequent and systematic basis buying and selling off their own books outside a regulated market but for which continuous quotes must be provided. Firms that provide this category of trading are known under the MiFID regulations as "systematic internalisers".
- Direct market access
- Multilateral trading facilities e.g. crossing networks or matching engines

The firm may use the following trading strategies:

- Execution only
- Value added execution (agency trading)
- Principal trading
- Placement of limit orders
- External crossing
- Algorithmic trading (includes "program" and "package" trading)

Soft Dollar Arrangements:

As is typical in the investment management industry client funds are used to pay brokerage commissions for the execution of transactions in the client portfolio. As part of that execution service, brokers typically provide proprietary research to their clients as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; furnishing of analyses and reports concerning issuers, securities or industries; and providing information on economic factors and trends.

Proprietary research may be used by the firm in connection with its investment decision-making process with respect to one or more accounts managed by it, and it may or may not be used, or used exclusively, with respect to the account generating the brokerage.

The firm is satisfied that all proprietary research received is covered by the "Safe Harbor" in Section 28(e) of the US Securities Exchange Act of 1934.

With the exception of the receipt of proprietary research, the firm has no other soft dollar or commission sharing arrangements in place with brokers.

BACKGROUND: On May 25, 2004, the board selected Mondrian Investment Partners, Ltd. (then known as Delaware International Advisors, Ltd.) to manage approximately \$115 million in an international core value equity mandate. The portfolio is benchmarked against the MSCI ACWI ex US.

In a September 24, 2004, press release Delaware Investment Advisers Ltd. and Hellman & Friedman LLC, a leading private equity firm, announced that the buy-out of Delaware International Advisors from Delaware Investments, an affiliate of Lincoln National Corporation, was successfully completed by the management team and Hellman & Friedman. The firm also announced that Delaware International Advisors Ltd. would change its name to Mondrian Investment Partners Limited.

Criteria - SamCERA International Equity Core Value Search – April 2004

1. Create starting universe of all International Equity managers. (405 products)
2. Pass half available performance screens (3,5,7 and 10 yrs.) versus MSCI ACWI –ex US Index and median International Equity manager. (292 products)
3. At least \$500 million in product assets (so SamCERA would be maximum of 20% of product assets). (154 products)

4. Product open to new business. (137 products)
5. Minimum 5-year track record. (117 products)
6. Eliminate regional and emerging markets only products. (74 products)
7. Run return-based style screen and determine managers with Core-Value style based on a minimum 60% plotting to the MSCI Value Index. (27 products)
8. Initial qualitative cuts due to lack of emerging markets exposure/proven expertise, extreme style leanings, very high tracking error, low information ratios/relative performance, organizational instability, significant personnel turnover, unethical behavior, lack of institutional focus, etc. (6 products left)

The Investment Committee discussed the following pros and cons for Mondrian Investment Partners. Reminder – these are pros and cons that were valid in 12/2004. They may not be valid today.

Mondrian Investment Partners

Pros

- At less than \$10 billion, relatively low level of international equity assets
- Product just closed but open for *SamCERA* search
- Rigorous DDM research methodology
- High historical exposure to Emerging Markets in products
- Strong leadership from Chief Investment Officer David Tilles

Cons

- Less than ideal ownership arrangement – wholly-owned subsidiary of Lincoln National Corporation
- Defensive investment style can lag significantly in strong market environments
- Some turnover among investment team in recent years
- Relatively small investment team
- Recent returns have brought high asset growth

Below are the six semi-finalists for the mandate:

<u>International Equity Core Value</u>
1) Alliance Bernstein Institutional Investment Management
2) INVESCO Global Asset Management (N.A.), Inc.
3) <i>LSV Asset Management</i>
4) Philadelphia International Advisors
5) The Boston Company Asset Management. LLC

February 22, 2011



Representing Mondrian:

RUSSELL J. MACKIE
SENIOR PORTFOLIO MANAGER
MONDRIAN INVESTMENT PARTNERS LIMITED

JAMES F. BRECKER III
SENIOR VICE PRESIDENT, CLIENT SERVICES
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

PRESENTATION TO:
**SAN MATEO COUNTY
EMPLOYEES' RETIREMENT
ASSOCIATION**

MONDRIAN ALL COUNTRIES
WORLD EX-US EQUITY

A G E N D A

-
- 1 ORGANIZATION

 - 2 INVESTMENT PHILOSOPHY

 - 3 PERFORMANCE

 - 4 INVESTMENT STRATEGY

 - ANY OTHER BUSINESS

Mondrian Investment Partners Limited
Fifth Floor
10 Gresham Street
London EC2V 7JD
Telephone 020 7477 7000

Mondrian Investment Partners (U.S.), Inc.
Two Commerce Square
2001 Market Street, Suite 3810
Philadelphia, PA 19103
Telephone (215) 825-4500

Mondrian Investment Partners Limited is authorised
and regulated by the Financial Services Authority
www.mondrian.com

BIOGRAPHIES

MONDRIAN INVESTMENT PARTNERS

Russell J. Mackie

SENIOR PORTFOLIO MANAGER

MONDRIAN INVESTMENT PARTNERS LIMITED

LONDON

A graduate, with Honours in European Studies and French from the University of Dundee and the Université de Grenoble, France. Mr. Mackie joined Mondrian in 1997, previously he was an Investment Analyst for Hodgson Martin Ltd. Prior to that he worked for the European Commission in Brussels. Mr. Mackie holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. Mr. Mackie is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience in analyzing securities in Europe and in global consumer sectors. Mr. Mackie is a member of Mondrian's Non-US Equity Strategy Committee.

James F. Brecker III, CFA

SENIOR VICE PRESIDENT, CLIENT SERVICES

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

PHILADELPHIA

Mr. Brecker is a Cum Laude graduate of the University of Richmond, where he earned a Bachelor of Science degree in Business Administration. Prior to his current role, he worked in a marketing and client service role at Mondrian's former affiliate. In his present position, he is responsible for client service, consultant relations, and marketing. Mr. Brecker is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

Organization



OUR ORGANIZATION

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

A SUCCESSFUL, WELL-MANAGED COMPANY

- Founded in 1990
- 20 years of stable, consistent leadership
- Approximately US\$68 billion under management

AN INDEPENDENT, EMPLOYEE-OWNED COMPANY

- Equity ownership plan designed to attract, retain and motivate highly skilled people
- Broad employee ownership of 73% of the company's equity
- Approximately 80 employees are owners today, up from 60 in 2004

A PROVEN INVESTMENT PHILOSOPHY AND PROCESS

- All products utilize an income-oriented value discipline
- Successfully applied since the company's founding in 1990
- In-depth global fundamental research

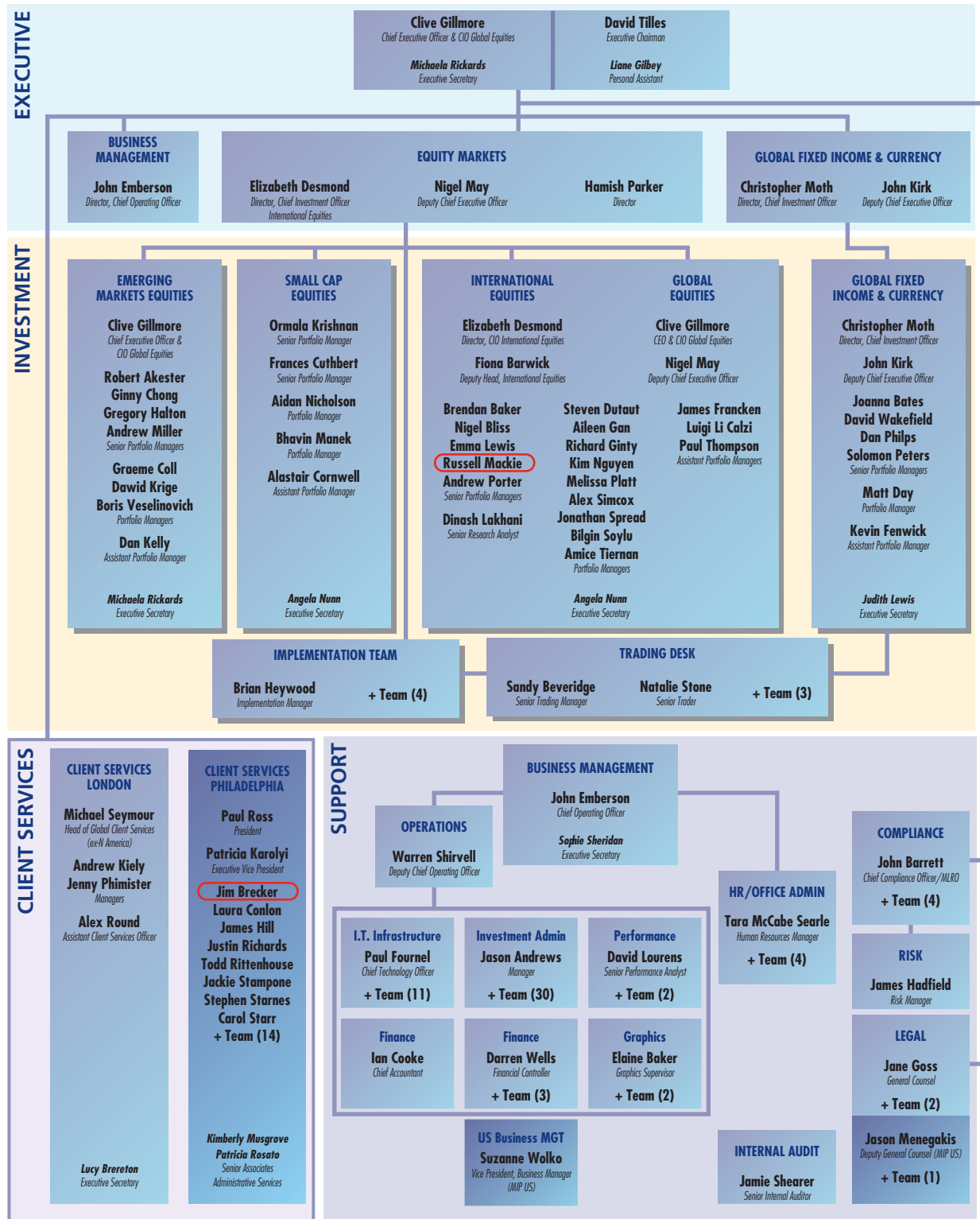
A WELL-RESOURCED TEAM

- Highly experienced team of 54 investment professionals in London
- Low turnover of professional staff
- Strong culture of client service and support

ORGANIZATION

JANUARY 2011

MONDRIAN INVESTMENT PARTNERS



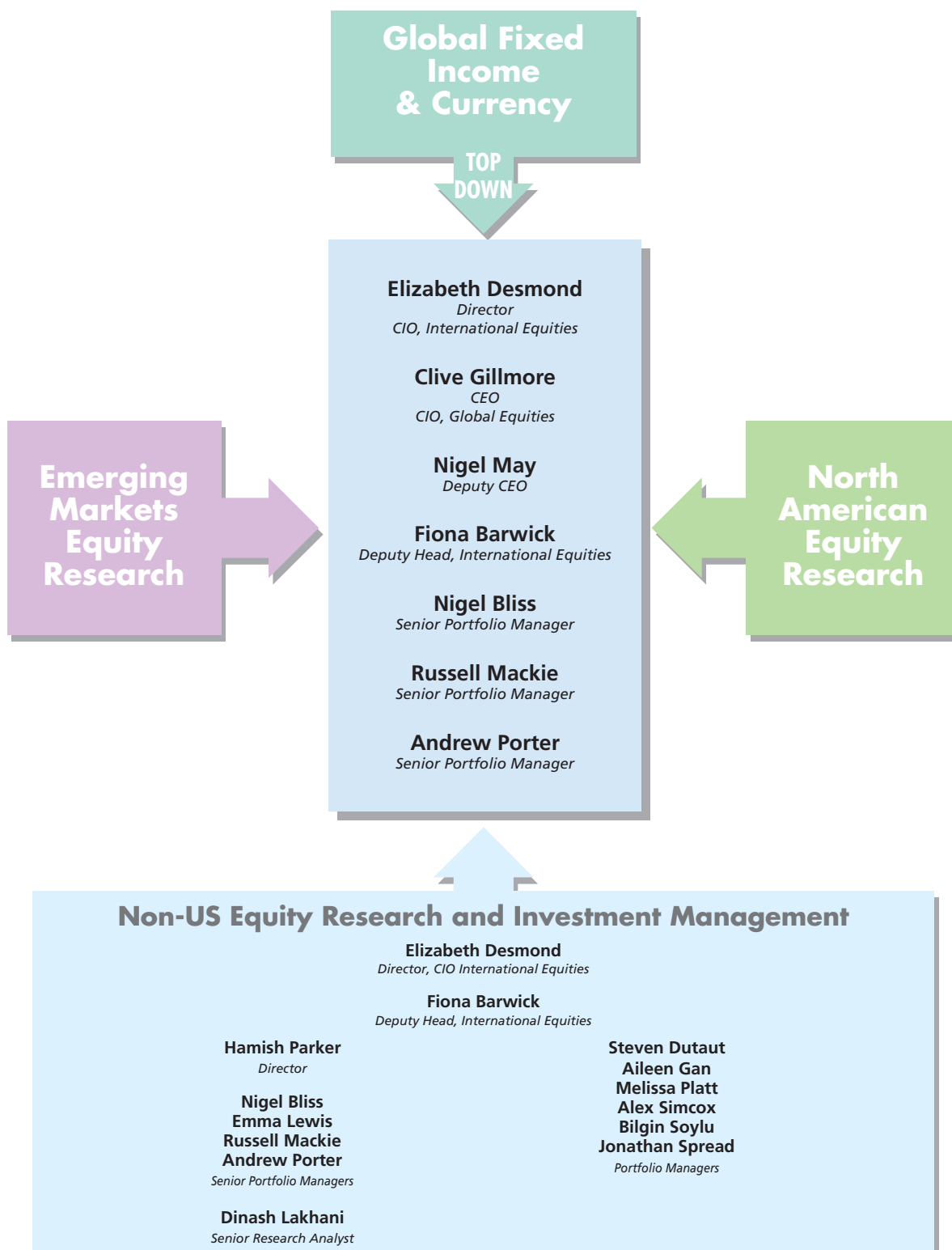
This chart is designed to indicate the staffing resources and management structure at Mondrian Investment Partners Limited, and Mondrian Investment Partners (U.S.), Inc. The chart does not attempt to show all functions nor reporting and delegation lines, details of which are maintained in separate records. Please note some people may appear on this chart more than once, reflecting various responsibilities.

EQUITY STRATEGY COMMITTEE

NON-US EQUITY

JANUARY 2011

MONDRIAN INVESTMENT PARTNERS



REPRESENTATIVE CLIENT LIST

NORTH AMERICA

MONDRIAN INVESTMENT PARTNERS

GOVERNMENT AND LABOR

Alameda County Employees' Retirement Association
Alaska Permanent Fund
Alaska Retirement Management Board
California State Teachers' Retirement System
Cincinnati Retirement System
City of Austin Employees' Retirement System
Colorado Public Employees' Retirement Association
Equity League Pension and Health Trust Fund
Florida State Board of Administration
Fresno County Employees Retirement Association
Georgia Division of Investment Services
Indiana Public Employees' Retirement Fund
Inter-Local Pension Fund
Louisiana School Employees' Retirement System
Louisiana State Employees' Retirement System
Massachusetts Pension Reserves Investment Management Board
Montgomery County Employees' Retirement System
Municipal Fire & Police Retirement System of Iowa
Nebraska State Investment Council
New York City Deferred Compensation Plan
New York City Employees' Retirement System
New York City Police Pension Fund
New York State Common Retirement Fund
Nova Scotia Association of Health Organizations
Oklahoma Police Pension & Retirement System
Oklahoma Public Employees' Retirement System
Ontario Power Generation Inc.
Orange County Retirement System
Public Employee Retirement System of Idaho
San Bernardino County Employees' Retirement System
San Francisco City and County Retirement System
San Mateo County Employees' Retirement Association
School Employees' Retirement System of Ohio
South Carolina Investment Commission
Southern California UFCW
State Universities Retirement System of Illinois
Teacher Retirement System of Texas
Teachers' Retirement System of the City of New York
Teachers' Retirement System of Illinois
Utah State Retirement System
Vermont Pension Investment Committee
Washington State Investment Board
Wichita Retirement Systems

INSURANCE

Nuclear Electric Insurance
Radian Asset Assurance
State Auto Insurance Companies

CORPORATIONS

Air Canada
Ascension Health
Bank of America
Burlington Northern Santa Fe
Catholic Healthcare Partners
Catholic Healthcare West
Chrysler LLC
ConAgra Foods
Deere & Company
Dow Chemical Company
Eastman Kodak
Honeywell International Inc.
LyondellBasell Industries
Pfizer
Southern Company
Verizon
Wal-Mart Stores, Inc.
Wells Fargo & Company Cash Balance Plan

SUB-ADVISORY

Brown Brothers Harriman
Charles Schwab Investment Management, Inc.
Delaware Investments
Guidestone Funds
ICMA Retirement Corporation
Lincoln National Life Insurance Co.
PACE Select Advisors Trust
Russell Investment Group
The Investment Fund for Foundations

ENDOWMENTS AND FOUNDATIONS

Cornell University
Michigan State University Foundation
Richard King Mellon Foundation
Stanford University
The McKnight Foundation
W.K. Kellogg Foundation Trust

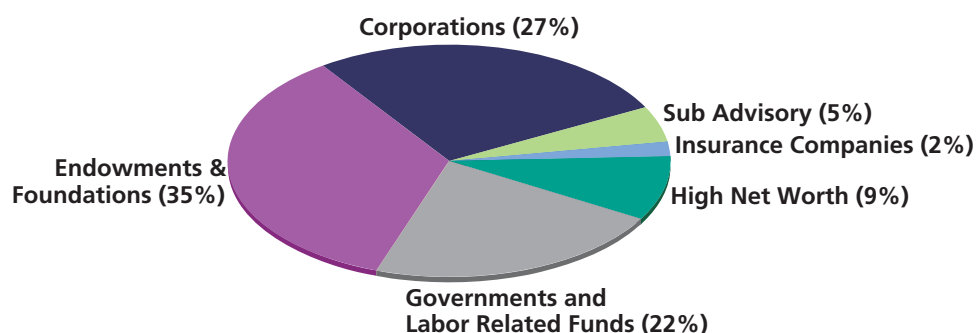
It is not known whether the listed clients approve or disapprove of the adviser or the advisory services provided. Please note, the above list includes separately managed accounts and participants in Mondrian commingled vehicles and is NOT a complete list of all Mondrian's clients.

BUSINESS PROFILE

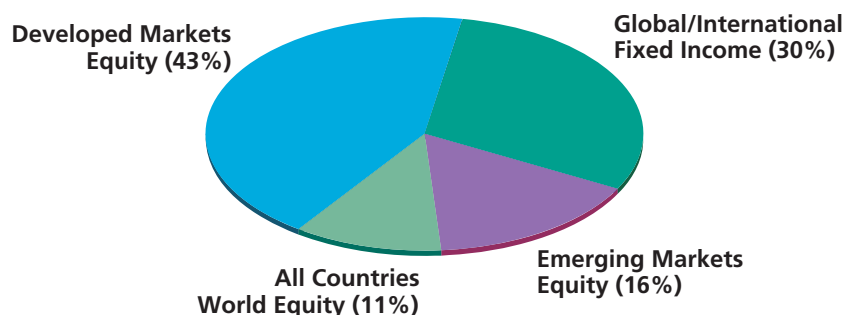
DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

TYPE OF CLIENTS SERVED (Number of Relationships)



TYPE OF ASSETS MANAGED (Assets Under Management)



DIVERSE INVESTMENT PRODUCTS

Equity

- *Non-US Equity*
- *Focused Non-US Equity*
- *Global Equity*
- *All Countries World (ACW) Ex-US Equity*
- *Focused (ACW) Ex-US Equity*
- *Emerging Markets Equity*
- *Focused Emerging Markets Equity*
- *Non-US Small Cap Equity*
- *Regional/Single Country Equity*

Fixed Income

- *Global Fixed Income*
- *Focused Global Fixed Income*
- *International Fixed Income*
- *Focused International Fixed Income*
- *European Fixed Income*
- *Emerging Markets Local Currency Debt*
- *Global Debt Opportunities*
- *Global Inflation-Linked Bonds*
- *US Aggregate Fixed Income*

A number of vehicles are available in each of the above product areas, including separate accounts, limited partnerships, and registered mutual funds. Please refer to additional information at the end of the book regarding available vehicles and minimum account sizes.

Investment Philosophy



STYLE SUMMARY

MONDRIAN INVESTMENT PARTNERS

INVESTMENT METHODOLOGY

- A value approach which emphasizes yield and future real growth in dividends.
- Consistent dividend discount methodology which compares value across all securities, markets and sectors.
- Analysis of central, best and worst case scenarios.
- In-depth worldwide fundamental research with an emphasis on company visits.
- Long term Purchasing Power Parity approach to currency analysis.

PERFORMANCE CHARACTERISTICS

- Seek to produce meaningfully high real returns.
- Aim to preserve capital during global market declines.
- Returns that typically have shown lower volatility than the index and most other managers.

PORTFOLIO CHARACTERISTICS

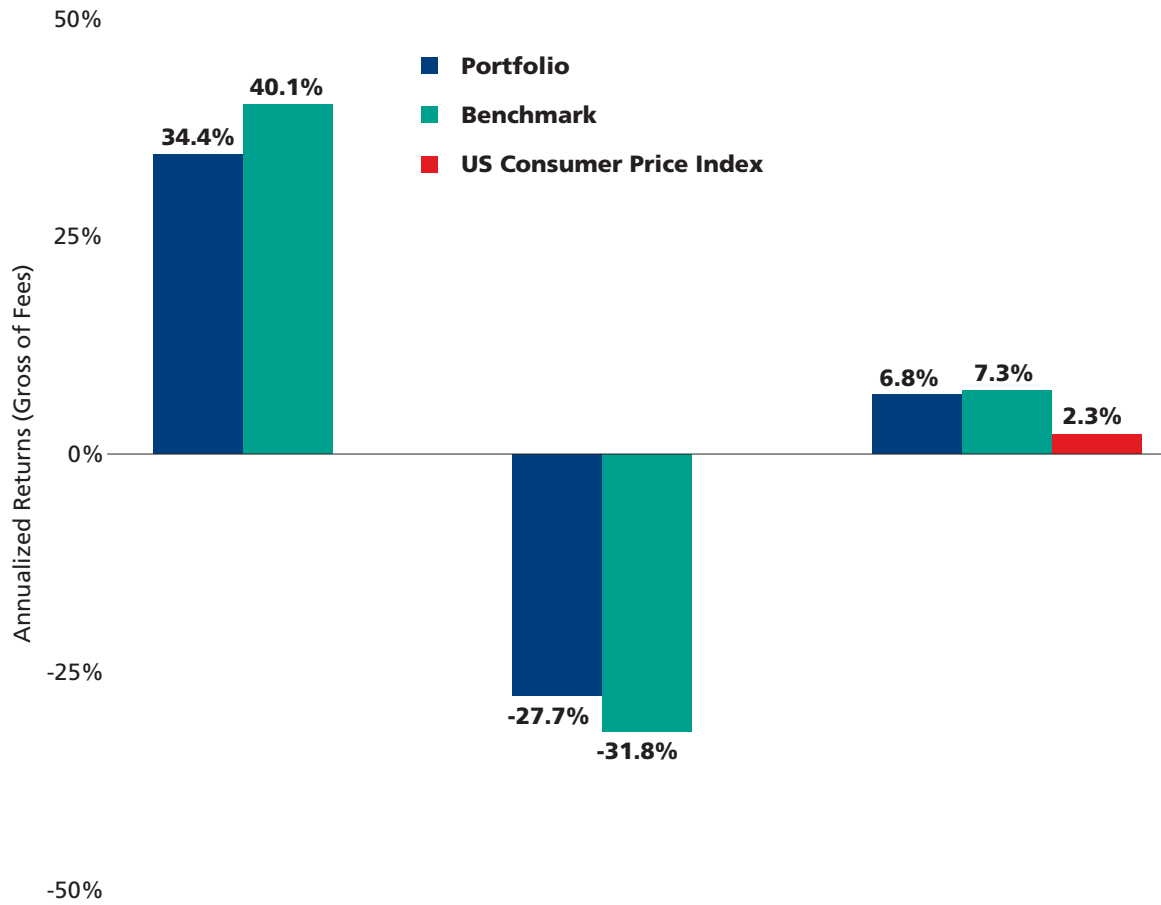
- Focused portfolios with strong value characteristics.
- Long term focus resulting in low turnover and reduced transaction costs.

DEFENSIVE CHARACTERISTICS

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 1, 2004 THROUGH DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS



	BULL MARKET	BEAR MARKET	TOTAL
NUMBER OF QUARTERS	15.3	9	24.3
PORTFOLIO AGGREGATE PERFORMANCE	210.5%	-51.8%	49.5%
BENCHMARK AGGREGATE PERFORMANCE	264.7%	-57.8%	53.9%

Source: Mondrian Investment Partners and MSCI

A Bull Market quarter is defined as one in which the benchmark showed a positive U.S. dollar return, and a Bear Market quarter when the benchmark showed a negative U.S. dollar return.

The returns presented on this page reflect a combination of developed market assets held in the separate account portion of the overall portfolio and assets held in the Delaware Pooled Trust - The Emerging Markets Portfolio ("DPT"). Performance results for the separate account are presented gross of advisory fees and other expenses associated with managing an investment advisory account. Performance results for DPT are net of management fees and expenses, but gross of contribution and withdrawal fees. Actual returns will be reduced by such fees and expenses. Please carefully review the disclosure at the back of this book for more information concerning these gross performance results including an illustration of the negative effect of advisory fees on performance. Past performance is not a guarantee of future results.

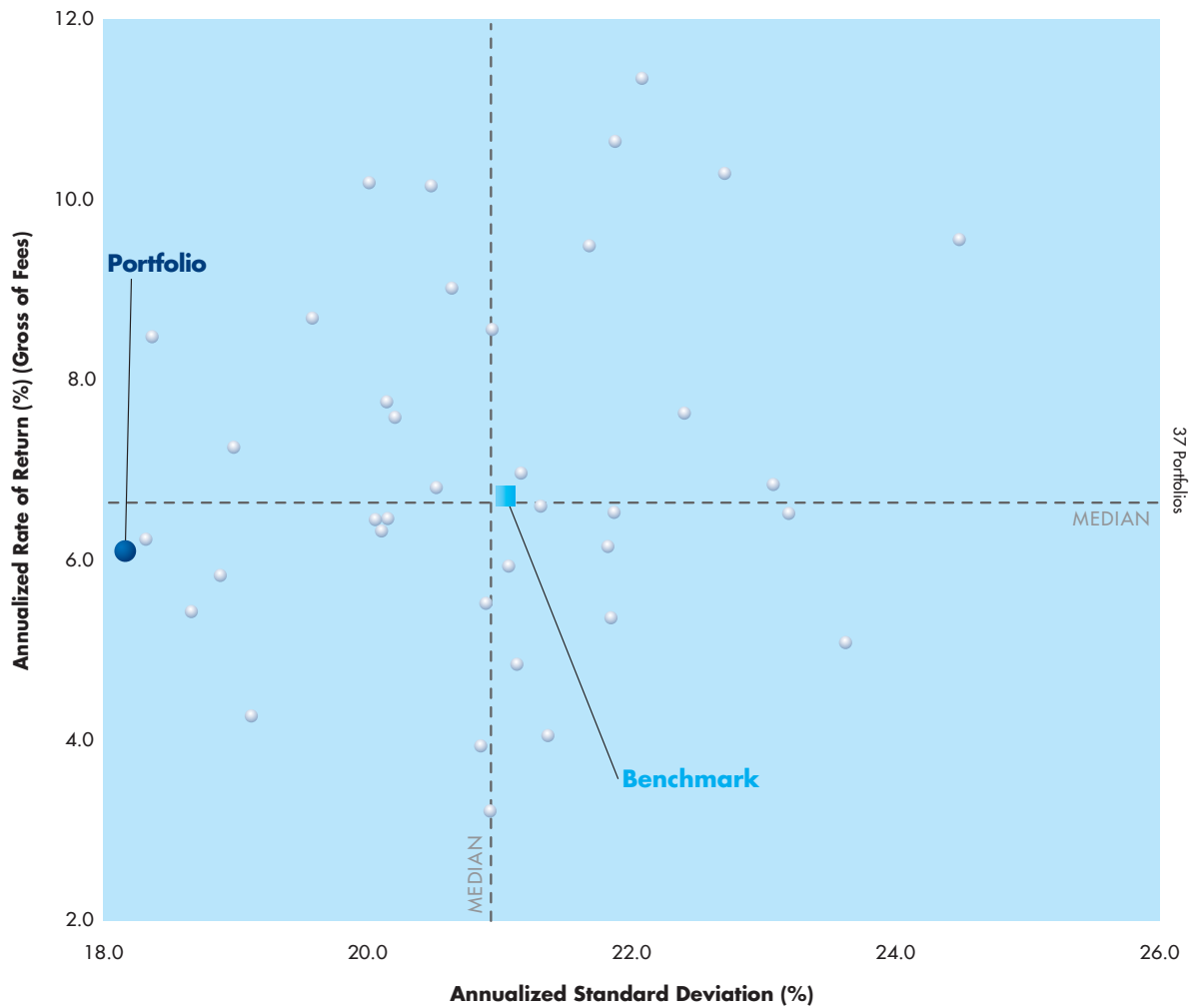
RISK/RETURN COMPARISON

ALL COUNTRIES WORLD EX-US PORTFOLIOS

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SIX YEARS ENDED DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS



Source: Mondrian Investment Partners and Recognized Financial and Statistical Reporting Service

The returns presented on this page reflect a combination of developed market assets held in the separate account portion of the overall portfolio and assets held in the Delaware Pooled Trust - The Emerging Markets Portfolio ("DPT"). Performance results for the separate account are presented gross of advisory fees and other expenses associated with managing an investment advisory account. Performance results for DPT are net of management fees and expenses, but gross of contribution and withdrawal fees. Actual returns will be reduced by such fees and expenses. Please carefully review the disclosure at the back of this book for more information concerning these gross performance results including an illustration of the negative effect of advisory fees on performance. Past performance is not a guarantee of future results.

Performance



PERFORMANCE

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

JANUARY 31, 2011

MONDRIAN INVESTMENT PARTNERS

	Portfolio %	Benchmark %	Relative %	US Inflation %
Quarter 1, 2010	-1.0	1.6	-2.5	0.7
Quarter 2, 2010	-11.7	-12.5	0.9	0.2
Quarter 3, 2010	16.3	16.6	-0.2	0.3
Quarter 4, 2010	3.7	7.2	-3.3	N/A
January	2.4	1.0	1.4	N/A
1 Year	13.7	18.0	-3.6	0.9
3 Years (annualized)	-2.3	-1.4	-0.8	1.2
5 Years (annualized)	3.7	3.6	0.1	2.0
Since Inception December 1, 2004 (annualized)	7.2	7.4	-0.2	2.2

Market Value: US\$220,043,471

Source: Mondrian Investment Partners and MSCI

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BENCHMARK SECTOR RETURNS

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

	QUARTER 4, 2010	2010
	US\$ Return (%)	US\$ Return (%)
CONSUMER DISCRETIONARY	8.6	22.0
Automobiles & Components	11.8	23.2
Consumer Durables & Apparel	9.3	24.7
Consumer Services	11.4	32.9
Media	5.5	13.4
Retailing	0.9	18.2
CONSUMER STAPLES	4.1	15.3
Food & Staples Retailing	1.6	15.9
Food Beverage & Tobacco	5.7	15.6
Household & Personal Products	0.9	12.4
ENERGY	11.5	5.9
FINANCIALS	2.7	3.8
Banks	0.7	2.7
Diversified Financials	4.8	4.6
Insurance	6.8	0.6
Real Estate	5.6	14.5
HEALTH CARE	2.7	3.0
Health Care Equipment & Services	4.3	5.3
Pharmaceuticals Biotechnology & Life Sciences	2.5	2.7
INDUSTRIALS	9.9	21.8
Capital Goods	11.8	24.7
Commercial & Professional Services	7.1	12.8
Transportation	4.5	14.9
INFORMATION TECHNOLOGY	12.3	14.4
Software & Services	6.2	16.3
Technology Hardware & Equipment	11.8	13.0
Semiconductors & Semiconductor Equipment	19.1	15.5
MATERIALS	15.7	21.6
TELECOMMUNICATION SERVICES	2.1	9.3
UTILITIES	2.2	-2.4
AC WORLD EX-US	7.2	11.2

EQUITY MARKETS PERFORMANCE

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

	QUARTER 4, 2010			2010		
	Local Market Return (%)	Currency Change vs. US\$ (%)	US\$ Return (%)	Local Market Return (%)	Currency Change vs. US\$ (%)	US\$ Return (%)
NORTH AMERICA	10.6	0.3	11.0	14.7	0.5	15.3
Canada	8.6	3.2	12.2	14.2	5.5	20.5
USA	10.8	0.0	10.8	14.8	0.0	14.8
PACIFIC	6.9	3.5	10.6	2.1	13.6	15.9
Australia	3.7	5.9	9.8	0.5	14.0	14.5
Hong Kong	4.9	-0.1	4.8	23.5	-0.3	23.2
Japan	8.9	3.0	12.1	0.6	14.8	15.4
New Zealand	4.9	6.2	11.4	0.9	7.4	8.3
Singapore	4.0	2.7	6.8	11.4	9.6	22.1
Taiwan	9.5	7.2	17.4	11.1	9.7	21.8
EUROPE	5.0	-0.5	4.5	6.8	-2.8	3.9
Austria	13.7	-1.7	11.7	17.5	-6.5	9.9
Belgium	-1.9	-1.7	-3.6	6.5	-6.5	-0.4
Denmark	8.9	-1.7	7.1	40.0	-6.6	30.7
Finland	7.7	-1.7	5.9	17.9	-6.5	10.3
France	3.5	-1.7	1.7	2.6	-6.5	-4.1
Germany	11.4	-1.7	9.5	16.0	-6.5	8.4
Greece	-8.6	-1.7	-10.2	-41.0	-6.5	-44.9
Ireland	8.3	-1.7	6.4	-12.4	-6.5	-18.1
Israel	2.0	2.6	4.6	-2.5	7.1	4.4
Italy	-0.7	-1.7	-2.4	-9.1	-6.5	-15.0
Netherlands	3.7	-1.7	1.9	8.8	-6.5	1.7
Norway	11.0	0.8	11.8	11.6	-0.6	10.9
Portugal	1.1	-1.7	-0.7	-5.2	-6.5	-11.3
Spain	-7.1	-1.7	-8.7	-16.5	-6.5	-22.0
Sweden	7.3	0.1	7.4	25.9	6.2	33.8
Switzerland	2.6	4.8	7.5	0.8	10.9	11.8
United Kingdom	6.7	-0.6	6.0	12.2	-3.0	8.8
THE WORLD INDEX	8.3	0.6	9.0	10.0	1.6	11.8
EAFE	5.6	0.9	6.6	4.8	2.8	7.8
AC WORLD EX-US	5.9	1.3	7.2	7.6	3.3	11.2

Source: MSCI

EMERGING MARKETS PERFORMANCE

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

	QUARTER 4, 2010			2010		
	Local Market Return (%)	Currency Change vs. US\$ (%)	US\$ Return (%)	Local Market Return (%)	Currency Change vs. US\$ (%)	US\$ Return (%)
EM EMEA	8.7	1.4	10.3	18.9	3.9	23.5
Czech Republic	0.3	-3.8	-3.5	-1.0	-1.6	-2.5
Egypt	6.9	-1.8	4.9	18.5	-5.1	12.4
Hungary	-7.2	-2.4	-9.4	-0.4	-9.2	-9.6
Morocco	5.5	-1.4	4.0	21.5	-5.4	14.9
Poland	5.9	-1.4	4.4	19.0	-3.1	15.2
Russia	16.4	0.1	16.5	20.0	-0.7	19.1
South Africa	7.3	5.4	13.1	20.6	11.3	34.2
Turkey	-2.0	-6.0	-7.9	24.0	-2.6	20.8
EM ASIA	5.5	1.4	7.0	14.6	3.8	19.0
China	0.8	-0.1	0.7	4.9	-0.2	4.6
India	1.7	0.5	2.2	16.2	4.1	20.9
Indonesia	0.2	-0.9	-0.7	28.4	4.3	33.9
Korea	12.3	0.5	12.8	23.5	2.6	26.7
Malaysia	5.3	0.1	5.5	23.4	11.0	37.0
Philippines	-3.8	0.2	-3.6	26.9	5.5	33.9
Taiwan	9.5	7.2	17.4	11.1	9.7	21.8
Thailand	5.2	0.7	5.9	40.8	10.6	55.7
EM LATIN AMERICA	4.2	1.7	6.0	9.0	5.2	14.7
Brazil	1.4	2.1	3.4	1.5	5.0	6.5
Chile	2.4	3.3	5.8	33.0	8.4	44.2
Colombia	1.0	-6.2	-5.2	34.8	6.4	43.4
Mexico	14.8	1.6	16.7	20.6	5.8	27.6
EM (EMERGING MARKETS)	5.7	1.5	7.3	14.1	4.2	18.9

PERFORMANCE SUMMARY – QUARTER 4, 2010

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

PERFORMANCE CONTRIBUTION %

TOTAL RETURN		CURRENCY		MARKET		STOCK SELECTION PORTFOLIO
PORTFOLIO	ACW EX-US	PORTFOLIO	ACW EX-US	PORTFOLIO	ACW EX-US	
+3.7	+7.2	+0.6	+1.3	+4.9	+5.9	-1.7

PERFORMANCE ATTRIBUTION %

RELATIVE RETURN	RELATIVE CURRENCY CONTRIBUTION	RELATIVE MARKET CONTRIBUTION	STOCK SELECTION
-3.3	-0.6	-1.0	-1.7

POSITIVE

NEGATIVE

CURRENCY CONTRIBUTION

- Overweight Australia
- Overweight the euro

MARKET CONTRIBUTION

- No exposure to Belgium
- Overweight Spain and France
- Underweight Canada

STOCK SELECTION

- Underweight Financials and overweight Energy
 - Underweight Materials
- Seven & I - Japan
 Canon - Japan
 Royal Dutch Shell - UK
- Carrefour - France
 Intesa Sanpaolo - Italy
 BSCH - Spain

Source: Mondrian Investment Partners and MSCI

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PERFORMANCE SUMMARY – 2010

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

PERFORMANCE CONTRIBUTION %

TOTAL RETURN		CURRENCY		MARKET		STOCK SELECTION PORTFOLIO
PORTFOLIO	ACW EX-US	PORTFOLIO	ACW EX-US	PORTFOLIO	ACW EX-US	
+5.5	+11.2	+2.2	+3.3	+4.9	+7.6	-1.7

PERFORMANCE ATTRIBUTION %

RELATIVE RETURN	RELATIVE CURRENCY CONTRIBUTION	RELATIVE MARKET CONTRIBUTION	STOCK SELECTION
-5.1	-1.0	-2.5	-1.7

POSITIVE

NEGATIVE

CURRENCY CONTRIBUTION

- Overweight Japanese yen
- Overweight Australian dollar
- Overweight the euro
- Underweight Canadian dollar

MARKET CONTRIBUTION

- Overweight Singapore
- No exposure to Greece
- Overweight Spain
- Limited exposure to Nordic countries
- Underweight Canada

STOCK SELECTION

- Underweight Financials and overweight Consumer Staples
 - Stock selection in Financials and Telecommunication Services
- Canon - Japan
Seven & I - Japan
Takeda - Japan
- RWE - Germany
BP - UK
Intesa Sanpaolo - Italy

Source: Mondrian Investment Partners and MSCI

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Investment Strategy



COUNTRY ALLOCATION

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

	1	2	3	4	5
	FORECAST REAL RETURN (%)	MIN/MAX ALLOCATION (%)	PORTFOLIO ALLOCATION (%)	ACW EX-US WEIGHT (%)	CURRENCY HEDGE (%)
North America			1.1	8.0	
Canada	4.4	0 - 20	1.1	8.0	
Pacific			28.3	24.2	
Australia	4.4	0 - 15	7.4	6.0	
Hong Kong	4.8	0 - 10	0.5	1.9	
Japan	4.3	0 - 40	16.7	15.0	
New Zealand	4.6	0 - 5	0.5	0.1	
Singapore	4.8	0 - 10	3.2	1.2	
Europe			51.5	43.8	
France	5.6	0 - 20	12.3	6.5	
Germany	4.9	0 - 20	4.0	5.6	
Italy	7.3	0 - 10	3.6	1.8	
Netherlands	5.8	0 - 15	3.7	1.7	
Spain	7.3	0 - 10	5.6	2.2	
Switzerland	5.1	0 - 15	4.6	5.5	
United Kingdom	5.9	0 - 40	17.7	14.5	
Other Europe			—	6.1	
Emerging Markets		0 - 25	18.3	24.1	

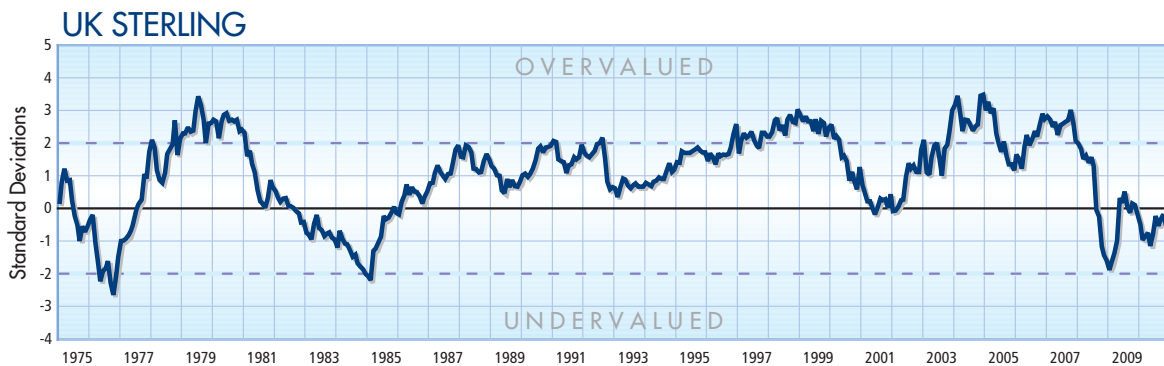
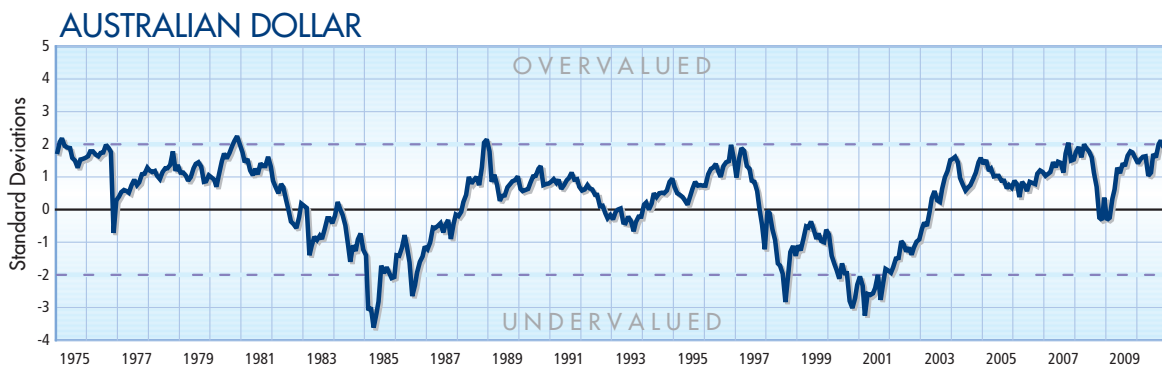
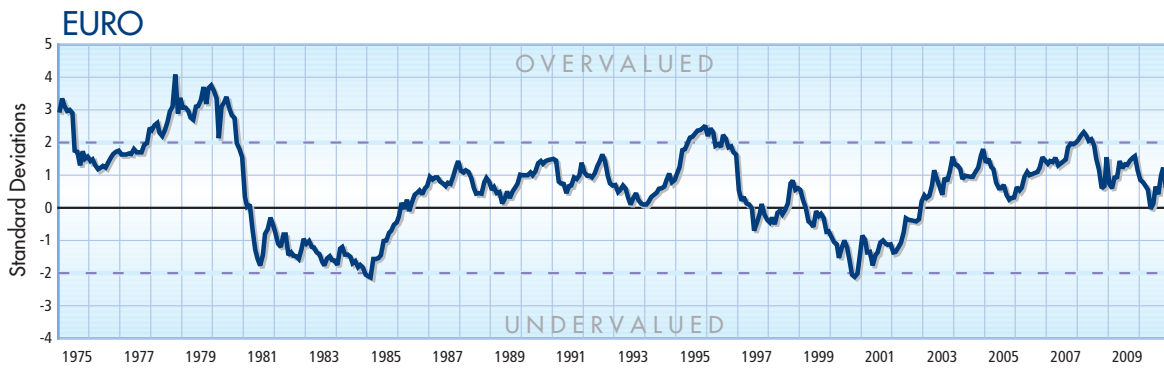
- 1 Calculated using Mondrian's dividend discount methodology and long term purchasing power parity currency analysis. These forecast "real" annualized market returns are used solely as a basis for making judgements about country allocations and are not intended to be indications of expected returns. Forecast real returns in US dollars are calculated as at December 31, 2010.
- 2 A minimum/maximum country allocation policy allows broad flexibility while guarding against concentration relative to benchmark.
- 3 Client portfolio allocation
- 4 Benchmark weights
- 5 Currency hedges are put into place if appropriate and permissible under client objectives.

Source: Mondrian Investment Partners and MSCI

PURCHASING POWER PARITY VALUATIONS VERSUS US DOLLAR

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS



INTERNATIONAL EQUITY PORTFOLIO

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

	HOLDINGS (%)		P/E RATIO		DIVIDEND YIELD (%)	
	PORTFOLIO	ACW EX-US	PORTFOLIO	ACW EX-US	PORTFOLIO	ACW EX-US
NORTH AMERICA	1.1	8.0	11.1	19.3	5.2	2.3
CANADA	1.1	8.0	11.1	19.3	5.2	2.3
BCE	1.1		11.1		5.2	
PACIFIC	28.3	24.2	16.4	17.1	4.1	2.6
AUSTRALIA	7.4	6.0	16.0	17.2	6.5	4.1
Amcor	1.4		45.1		4.4	
Fosters	0.8		Loss		4.8	
Telstra	2.0		8.9		10.0	
QBE Insurance	1.7		9.4		7.1	
Wesfarmers	1.5		23.7		3.9	
HONG KONG	0.5	1.9	15.4	22.9	4.3	2.4
Hong Kong Electric	0.5		15.4		4.3	
JAPAN	16.7	15.0	18.3	16.6	2.9	2.0
Astellas Pharmaceutical	2.3		17.3		4.0	
Canon	2.6		20.1		2.9	
Kao Corp	2.3		27.2		2.7	
KDDI	0.8		10.2		2.8	
Sekisui House	0.6		Loss		1.9	
Seven & I	2.5		32.9		2.6	
Takeda Pharmaceutical	2.5		12.5		4.5	
Tokio Marine	1.6		12.4		2.1	
Toyota Motor	1.6		18.2		1.4	
NEW ZEALAND	0.5	0.1	11.0	17.1	9.9	5.2
Telecom Corporation of New Zealand	0.5		11.0		9.9	
SINGAPORE	3.2	1.2	11.8	16.0	3.6	2.8
Jardine Matheson	0.9		11.7		2.2	
Singapore Telecom	1.2		12.7		4.9	
United Overseas Bank	1.2		11.1		3.3	
EUROPE	51.5	43.8	12.9	14.7	4.7	3.1
FRANCE	12.3	6.5	13.1	15.2	4.9	3.5
Carrefour	2.0		20.9		3.5	
France Télécom	2.1		14.5		9.0	
Saint Gobain	1.4		35.2		2.6	
Sanofi Aventis	2.2		10.1		5.0	
Société Générale	0.9		11.0		0.6	
Vinci	1.3		13.8		4.0	
Total	2.4		9.1		5.8	
GERMANY	4.0	5.6	11.3	13.3	7.5	2.6
Deutsche Telekom	1.9		18.5		8.1	
RWE	2.1		8.4		7.0	
ITALY	3.6	1.8	10.4	12.5	5.2	4.1
ENI	2.0		11.0		6.1	
Intesa Sanpaolo	1.6		9.7		3.9	
NETHERLANDS	3.7	1.7	12.1	12.7	2.3	2.7
Ahold	1.1		12.0		2.3	
ING-Groep	1.2		8.2		0.0	
Reed Elsevier	1.4		20.7		4.3	
SPAIN	5.6	2.2	8.5	8.7	6.9	6.2
Banco Santander	0.9		7.9		7.6	
Iberdrola	2.3		11.5		5.8	
Telefonica	2.4		6.9		7.7	
SWITZERLAND	4.6	5.5	12.3	14.6	4.9	2.8
Novartis	2.8		13.9		3.8	
Zurich Financial Services	1.8		10.4		6.6	
UNITED KINGDOM	17.7	14.5	17.2	17.1	3.6	3.0
BG	1.6		18.0		1.0	
BP	2.1		Loss		1.9	
Compass Group	1.8		16.3		3.0	
Experian	1.0		26.5		2.0	
GlaxoSmithKline	2.5		12.8		5.2	
Royal Dutch Shell A	2.7		16.0		4.9	
Tesco	1.4		14.4		3.2	
Unilever	2.7		16.4		3.6	
Vodafone	2.1		10.3		5.1	
DEVELOPED MARKETS	80.9	75.9	13.9	15.8	4.5	2.9
EMERGING MARKETS	18.3	24.1	13.4	14.6	3.4	2.1
CASH	0.9	-	-	-	0.3	-
US dollars	0.6				0.4	
Other Currency	0.2					
TOTAL	100.0	100.0	13.8	15.5	4.3	2.7

INVESTMENT STRATEGY SUMMARY

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

RECENT PORTFOLIO TRANSACTIONS

- During the quarter, we added a new position in **Ahold**, the Dutch food retailer, to the portfolio.
- We reduced the overweight position in Asia and eliminated positions in **Nitto Denko**, the Japanese materials company, and **West Japan Railway**. The position in **Aviva**, the UK-based insurer, was also sold.
- Most of the proceeds were reinvested across Europe. We continued to build positions in **Tesco**, the UK food retailer, and **ENI**, the Italian oil and gas group.

SECTOR ALLOCATION

Sector	Portfolio %	Benchmark %	Relative %
Consumer Discretionary	5.7	9.1	-3.4
Consumer Staples	16.1	8.6	7.5
Energy	12.9	10.9	2.0
Financials	15.1	24.6	-9.6
Health Care	12.2	5.8	6.4
Industrials	6.2	10.8	-4.7
Information Technology	4.9	6.7	-1.8
Materials	2.6	13.2	-10.7
Telecommunication Services	16.0	5.7	10.3
Utilities	7.1	4.3	2.7
Cash	1.3	—	1.3

Source: Mondrian Investment Partners and MSCI

SUMMARY PORTFOLIO CHARACTERISTICS

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

Portfolio Turnover

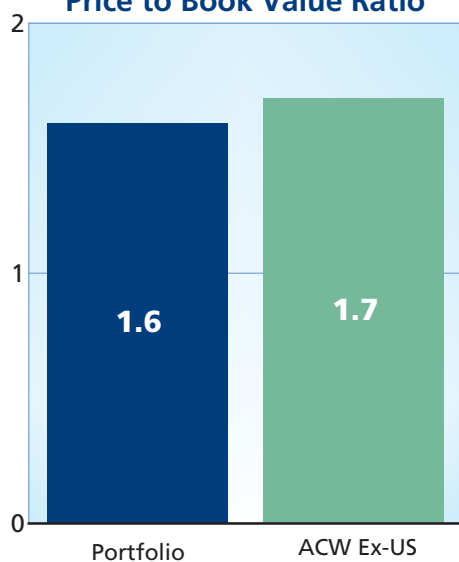
12 months to Dec. 31, 2010:	13.6%
12 months to Dec. 31, 2009:	12.1%

Market Capitalization

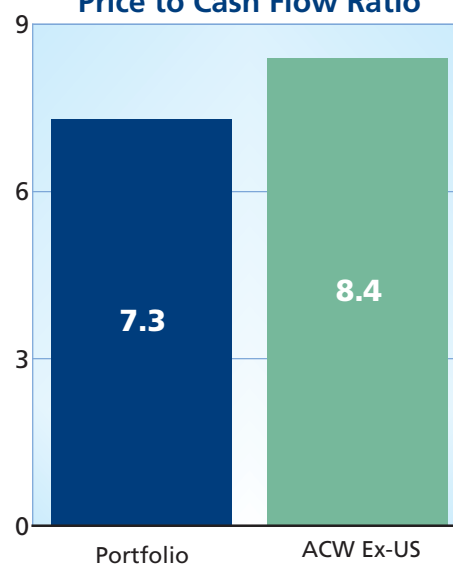
(Weighted Average)

Portfolio:	US\$52.8 billion
ACW Ex-US:	US\$45.2 billion

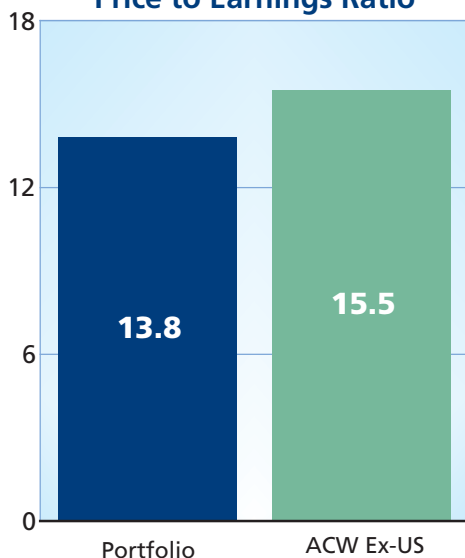
Price to Book Value Ratio



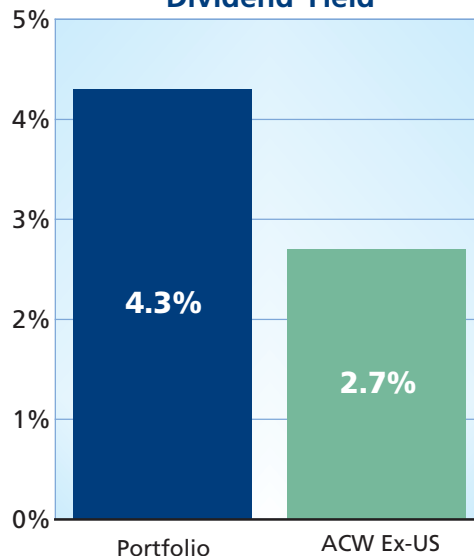
Price to Cash Flow Ratio



Price to Earnings Ratio




Dividend Yield



Source: Mondrian Investment Partners and MSCI

Appendix



5.2	TRANSACTIONS
5.6	PERFORMANCE SUMMARY
5.8	MONDRIAN INVESTMENT PARTNERS – <i>History</i> – <i>Key Biographies</i>
5.16	IMPORTANT INFORMATION

TRANSACTION SUMMARY

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

QUARTER 4, 2010

MONDRIAN INVESTMENT PARTNERS

COUNTRY	ACTION	STOCK	STATUS	DATE
AUSTRALIA	Sale	Ancor	Reduce Position	Oct
FRANCE	Purchase	Vinci	Add to Position	Oct
GERMANY	Purchase	Deutsche Telekom	Add to Position	Oct
UK	Sale	Vodafone	Reduce Position	Oct
ITALY	Purchase	ENI	Add to Position	Oct-Nov
NETHERLANDS	Purchase	Ahold	New Position	Oct-Dec
JAPAN	Sale	Nitto Denko	Eliminate Position	Nov
UK	Sale	Aviva	Eliminate Position	Nov
HONG KONG	Sale	Hong Kong Electric	Reduce Position	Nov-Dec
UK	Purchase	Tesco	Add to Position	Nov-Dec
AUSTRALIA	Sale	Foster's Group	Reduce Position	Dec
JAPAN	Sale	West Japan Railway	Eliminate Position	Dec

- During the quarter, we added a new position in **Ahold**, the Dutch food retailer, to the portfolio. Ahold operates supermarkets in Europe and the United States and benefits from a very strong balance sheet.
- We also added added to existing holdings in **ENI**, the Italian oil company, **Vinci**, the French construction and civil engineering group, **Deutsche Telekom** and **Tesco**, the UK-based food retailer.
- Positions in **Nitto Denko**, the Japanese materials company, **Aviva**, the UK insurer, and **West Japan Railway**, were all sold on valuation grounds.
- In addition, we trimmed positions in **Hong Kong Electric**, **Vodafone**, the UK-based telecommunication services provider, **Ancor**, the Australian packaging company, and **Foster's Group**, the Australian beverage company.

TRANSACTION SUMMARY

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

QUARTER 3, 2010

MONDRIAN INVESTMENT PARTNERS

COUNTRY	ACTION	STOCK	STATUS	DATE
AUSTRALIA	Purchase	QBE	Add to Position	Jul
AUSTRALIA	Sale	Telstra	Reduce Position	Jul
FRANCE	Purchase	France Télécom	Add to Position	Jul
JAPAN	Sale	JR West	Reduce Position	Jul
FRANCE	Purchase	Sanofi-Aventis	Add to Position	Jul-Aug
AUSTRALIA	Sale	Fosters Group	Reduce Position	Jul - Sep
EMERGING MARKETS	Purchase		Add to Position	Aug
FINLAND	Sale	UPM	Eliminate Position	Aug
ITALY	Purchase	ENI	New Position	Aug
ITALY	Purchase	Intesa Sanpaolo	Add to Position	Aug
ITALY	Sale	Unicredit	Eliminate Position	Aug
UK	Purchase	Tesco	Add to Position	Aug
BELGIUM	Sale	Ageas	Eliminate Position	Sep

- During the quarter, we added a new position in **ENI**, the Italian energy company, to the portfolio. We also added to existing holdings in **Tesco**, the UK food retailer, **Sanofi-Aventis**, the French pharmaceuticals company, **QBE Insurance**, the Australian insurer, **France Télécom**, **Intesa Sanpaolo**, the Italian bank, and to the exposure to emerging markets.
- To fund these transactions, we sold the holdings in **UPM-Kymmene**, the Finnish paper company, **Ageas**, the Benelux insurance company, and **UniCredit**, the Italian bank.
- In addition, we trimmed positions in **Telstra Corporation**, the Australian telecommunication services provider, **Foster's Group**, the Australian brewer, **UniCredit**, the Italian bank, and **West Japan Railway**.

TRANSACTION SUMMARY

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

QUARTER 2, 2010

MONDRIAN INVESTMENT PARTNERS

COUNTRY	ACTION	STOCK	STATUS	DATE
HONG KONG	Sale	Wharf Holdings	Eliminate position	Apr
UK	Purchase	Unilever	Add to position	Apr
FRANCE	Purchase	Sanofi-Aventis	Add to position	Apr - May
FINLAND	Sale	UPM	Reduce position	Apr - Jun
SINGAPORE	Sale	OCBC	Eliminate position	Apr - Jun
UK	Purchase	Experian	New position	Apr - Jun
SPAIN	Purchase	Telefonica	Add to position	May
FRANCE	Purchase	Total	Add to position	Jun
HONG KONG	Sale	Hong Kong Electric	Reduce position	Jun
JAPAN	Purchase	Astellas	Add to position	Jun
JAPAN	Sale	Takeda	Reduce position	Jun
UK	Purchase	Tesco	New position	Jun
UK	Sale	Compass	Reduce position	Jun

- During the quarter, we added two new positions; **Experian**, the UK-based credit information group. Experian has growth opportunities in new service areas and new geographies, and operates in a market with significant barriers to entry, and **Tesco**, a large UK-based food retailer with significant overseas operations in Eastern Europe, the US and Asia. We expect Tesco's strong free cashflow generation to be reinvested profitably in retail services and continued overseas expansion
- In addition, we added to existing holdings in **Sanofi-Aventis**, the French pharmaceuticals company, **Unilever**, the Anglo-Dutch consumer goods group, **Telefónica**, the Spanish telecommunication services provider, **Total**, the French oil company, **Astellas**, the Japanese pharmaceutical company.
- These purchases were, in part, funded by the sales of **Wharf Holdings**, the Hong Kong-based real estate group, and **OCBC**, the Singaporean bank, as well as reductions in **UPM-Kymmene**, the Finnish paper company, **Hong Kong Electric**, **Takeda** and **Compass Group**.

TRANSACTION SUMMARY

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

QUARTER 1, 2010

MONDRIAN INVESTMENT PARTNERS

COUNTRY	ACTION	STOCK	STATUS	DATE
FRANCE	Purchase	Vinci	New position	Jan - Feb
ITALY	Sale	UniCredit	Reduce position	Jan - Feb
JAPAN	Sale	Nitto Denko	Reduce position	Jan - Feb
SINGAPORE	Purchase	Singapore Telecommunications	Add to position	Jan - Feb
JAPAN	Purchase	Seven & I	Add to position	Jan - Mar
AUSTRALIA	Sale	Wesfarmers	Reduce position	Feb - Mar
HONG KONG	Sale	Wharf	Reduce position	Feb - Mar
FRANCE	Purchase	Sanofi-Aventis	New position	Feb
SWITZERLAND	Purchase	Zurich Financial Services	Add to position	Feb
SWITZERLAND	Sale	Novartis	Reduce position	Feb
AUSTRALIA	Purchase	Telstra	Add to position	March
AUSTRALIA	Sale	NAB	Eliminate position	March
UNITED KINGDOM	Purchase	GlaxoSmithKline	Add to position	March
UNITED KINGDOM	Purchase	Royal Dutch Shell	Add to position	March

- During the quarter, we added two new positions to the portfolio: **Vinci**, the French construction and civil engineering group, and **Sanofi-Aventis**, the French pharmaceuticals company.
- We also added to existing holdings in **Zurich Financial Services**, the Swiss insurer, **Seven & I**, the Japanese retailer, and **Singapore Telecommunications**.
- We trimmed existing positions in **Wharf Holdings**, the Hong-Kong based real estate group, **Unicredit**, the Italian bank, **Wesfarmers**, the Australian conglomerate, and **Novartis**, the Swiss pharmaceuticals company. Finally, we sold the holding in **National Australia Bank** following strong returns last year.

PERFORMANCE

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

JANUARY 31, 2011

MONDRIAN INVESTMENT PARTNERS

	Portfolio %	Benchmark %	Relative %	US Inflation %
December 2004	4.9	4.3	0.5	-0.4
2005	14.9	16.6	-1.5	3.4
2006	30.6	26.7	3.1	2.5
2007	13.9	16.7	-2.4	4.1
2008	-38.7	-45.5	12.6	0.1
2009	29.0	41.5	-8.8	2.7
Quarter 1, 2010	-1.0	1.6	-2.5	0.7
Quarter 2, 2010	-11.7	-12.5	0.9	0.2
Quarter 3, 2010	16.3	16.6	-0.2	0.3
Quarter 4, 2010	3.7	7.2	-3.3	N/A
2010	5.5	11.2	-5.1	1.3
January	2.4	1.0	1.4	N/A
Since Inception <small>December 1, 2004 (annualized)</small>	7.2	7.4	-0.2	2.2

Market Value: US\$220,043,471

Source: Mondrian Investment Partners and MSCI

The returns presented on this page reflect a combination of developed market assets held in the separate account portion of the overall portfolio and assets held in the Delaware Pooled Trust - The Emerging Markets Portfolio ("DPT"). Performance results for the separate account are presented gross of advisory fees and other expenses associated with managing an investment advisory account. Performance results for DPT are net of management fees and expenses, but gross of contribution and withdrawal fees. Actual returns will be reduced by such fees and expenses. Please carefully review the disclosure at the back of this book for more information concerning these gross performance results including an illustration of the negative effect of advisory fees on performance. Past performance is not a guarantee of future results.

DISCLOSURE – ALL COUNTRIES WORLD EXCLUDING US EQUITY COMPOSITE

MONDRIAN INVESTMENT PARTNERS

ANNUAL PERFORMANCE

Year	Total Gross US\$ Return	Total Net of Fees US\$ Return	Benchmark US\$ Return	Composite Standard Deviation	Benchmark Standard Deviation	Number of Portfolios	Composite Dispersion	Total Composite Assets (US\$ millions)	% of Firm Assets	Total Firm Assets (US\$ millions)
2001	-8.28%	-8.92%	-19.73%	14.44%	15.89%	9	0.22%	1,125.6	8.26	13,623
2002	-7.16%	-7.81%	-14.95%	15.31%	16.37%	11	0.59%	1,455.3	10.53	13,823
2003	47.74%	46.71%	40.83%	16.83%	17.92%	15	0.58%	2,155.6	10.31	20,899
2004	23.64%	22.78%	20.91%	14.53%	15.28%	22	0.28%	4,566.1	14.62	31,226
2005	14.98%	14.18%	16.62%	10.99%	11.63%	23	0.15%	5,219.6	11.92	43,794
2006	30.63%	29.72%	26.65%	8.85%	10.22%	23	0.59%	6,549.3	12.33	53,102
2007	13.88%	13.09%	16.65%	9.20%	10.63%	15	0.12%	5,200.2	8.08	64,338
2008	-38.45%	-38.87%	-45.53%	17.29%	20.88%	16	0.22%	4,051.9	8.40	48,233
2009	29.25%	28.35%	41.45%	21.24%	25.24%	13	0.26%	4,246.2	6.59	64,393
2010	5.57%	4.84%	11.15%	23.56%	27.29%	10	0.30%	3,712.2	5.43	68,386

ACCOMPANYING NOTES CONCERNING PERFORMANCE CALCULATION AND GIPS® COMPLIANCE

- This composite was created in February 1998.
- Past performance is not a guarantee of future results. Independent third parties have completed an annual Verification of Mondrian's firm wide claim of compliance with GIPS from 1993 to 2009. Additional third party Performance Examination under GIPS of this composite's results has also been undertaken from 1998 to 2009.
- A complete list and description of all firm composites is available on request.

Mondrian Investment Partners Limited ("Mondrian") has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The Firm is defined as all discretionary portfolios managed by Mondrian.

Mondrian is a value-oriented defensive manager seeking to achieve high real returns for its clients. Mondrian invests mainly in securities where rigorous dividend discount analysis identifies value in terms of the long-term flows of income. Mondrian's methodology is applied consistently to markets and individual securities, both bonds and equities.

The All Countries World Excluding US Equity Composite includes US dollar based discretionary fee paying portfolios, measured against the Morgan Stanley Capital International All Countries World Index excluding US or equivalent index, net of US withholding taxes. The portfolios are invested in non-US based equities with allowance for hedging and investment in Emerging Markets.

Portfolios are valued on a trade date basis using accrual accounting. Returns are calculated using the modified Dietz method and then weighted by using beginning-of-period market values to calculate the monthly composite returns. Portfolio returns are calculated net of irrecoverable withholding tax on dividend income. New portfolios are included in the first full month of investment in the composite's strategy. Terminated portfolios remain in the composite through the last full month of investment. Additional information regarding policies for calculating and reporting returns is available on request.

Composite and benchmark standard deviation are measured as the rolling 3 year annualised standard deviation of monthly returns. The dispersion of annual returns of portfolios within the composite (Composite Dispersion), is measured by the standard deviation of the equal-weighted returns of portfolios represented within the composite for the full year. Composite Dispersion is not presented if there are less than five portfolios in the composite during the year.

Performance results marked "Gross" do not reflect deduction of investment advisory fees. Investment returns will be reduced accordingly. For example, if a 1.00% advisory fee were deducted quarterly (0.25% each quarter) and the three year gross annual returns were 10.00%, 3.00% and -2.00%, giving an annualized return of 3.55% before deduction of advisory fees, then the deduction of advisory fees would result in three year net annual returns of 8.91%, 1.98% and -2.97% giving an annualized net return of 2.52%.

Performance returns marked "Net" reflect deduction of investment advisory fees and are calculated by deducting a quarterly indicative fee from the quarterly composite return. The indicative fee is defined as being the effective fee rate (or average weighted fee) at the composite's minimum account size as set out below. Actual net composite performance would be higher than the indicative performance shown because some accounts have sliding fee scales and accordingly lower effective fee rates.

Mondrian's investment advisory fees are described in Part II of its Form ADV. A representative United States fee schedule for institutional accounts is provided below, although it is expected that from time to time the fee charged will differ from the below schedule depending on the country in which the client is located and the nature, circumstances and requirements of individual clients. The fees will be charged as follows: the first US\$100m at 0.70%; the next US\$100m at 0.60%; and amounts over US\$100m at 0.45%. Minimum segregated portfolio size of currently US\$100 million (or fees equivalent thereto).

SUMMARY BIOGRAPHIES

JANUARY 2011

MONDRIAN INVESTMENT PARTNERS

Investment Professionals & Traders	Name	Position/Title	Discipline	Former Employer	Years with MIP	Industry Experience
	David Tilles	Executive Chairman	Strategy	Hill Samuel	20	36
Clive Gillmore	CEO & CIO, Global Equities	Equities/Emerging & Global	Hill Samuel	20	28	
Elizabeth Desmond	Director, CIO International Equities	Equities/International	Hill Samuel	19	23	
John Kirk	Deputy Chief Executive Officer	Fixed Income & Currency	Royal Bank of Canada	12	26	
Nigel May	Deputy Chief Executive Officer	Equities/Global	Hill Samuel	19	24	
Christopher Moth	Director, CIO GFI & Currency	Fixed Income & Currency	Guardian Royal Exchange	18	21	
Hamish Parker	Director	Equities/International	Hill Samuel	20	29	
Fiona Barwick	Deputy Head, International Equities	Equities/International	Touche Remnant	17	21	
Robert Akester	Senior Portfolio Manager	Equities/Emerging Markets	Hill Samuel	15	41	
Brendan Baker	Senior Portfolio Manager	Equities/North America	Lombard Street Research	9	21	
Joanna Bates	Senior Portfolio Manager	Fixed Income & Currency	Hill Samuel	13	28	
Nigel Bliss	Senior Portfolio Manager	Equities/International	Cazenove & Co.	15	17	
Ginny Chong	Senior Portfolio Manager	Equities/Emerging Markets	PricewaterhouseCoopers	10	15	
Frances Cuthbert	Senior Portfolio Manager	Equities/Small Cap	Deutsche Bank	11	12	
Gregory Halton	Senior Portfolio Manager	Equities/Emerging Markets	Deutsche Asset Management Ltd	7	10	
Ormala Krishnan	Senior Portfolio Manager	Equities/Small Cap	Koenean Capital Management	10	17	
Emma Lewis	Senior Portfolio Manager	Equities/International	Fuji Investment	15	20	
Russell Mackie	Senior Portfolio Manager	Equities/International	Hodgson Martin Ltd.	13	16	
Andrew Miller	Senior Portfolio Manager	Equities/Emerging Markets	PricewaterhouseCoopers	10	12	
Solomon Peters	Senior Portfolio Manager	Fixed Income & Currency	CEBR	10	14	
Dan Philips	Senior Portfolio Manager	Fixed Income & Currency	Dresdner Bank	12	15	
Andrew Porter	Senior Portfolio Manager	Equities/International	Frank Russell	7	11	
David Wakefield	Senior Portfolio Manager	Fixed Income & Currency	Bank of England	9	18	
Graeme Coll	Portfolio Manager	Equities/Emerging Markets	Ernst & Young	5	12	
Matt Day	Portfolio Manager	Fixed Income & Currency	Buck Consultants	3	8	
Steven Dutaut	Portfolio Manager	Equities/International	Baillie Gifford	3	6	
Aileen Gan	Portfolio Manager	Equities/International	Accenture	5	10	
Richard Ginty	Portfolio Manager	Equities/North America	Kleinwort Benson	17	22	
Dawid Krige	Portfolio Manager	Equities/Emerging Markets	RMB International	5	9	
Bhavin Manek	Portfolio Manager	Equities/Small Cap	Mercer Investment Consulting	4	7	
Kim Nguyen	Portfolio Manager	Equities/North America	Citigroup Asset Management	6	6	
Aidan Nicholson	Portfolio Manager	Equities/Small Cap	Cazenove & Co.	7	9	
Melissa Platt	Portfolio Manager	Equities/International	FundSource Research	7	12	
Alex Simcox	Portfolio Manager	Equities/International	Ernst & Young LLP	3	7	
Bilgin Soyly	Portfolio Manager	Equities/International	Yapi Kredi Bank	10	11	
Jonathan Spread	Portfolio Manager	Equities/International	Morley Fund Management	5	11	
Amice Tiernan	Portfolio Manager	Equities/North America	ING	5	13	
Boris Veselinovich	Portfolio Manager	Equities/Emerging Markets	Challenger International	9	12	
Dinash Lakhani	Senior Research Analyst	Equities/International	Abu Dhabi Investment Authority	10	27	
Alastair Cornwell	Asst. Portfolio Manager	Equities/Small Cap	PricewaterhouseCoopers	2	2	
Kevin Fenwick	Asst. Portfolio Manager	Fixed Income & Currency	Wilshire Associates	2	7	
James Francken	Asst. Portfolio Manager	Equities/North America	Investec Asset Management	2	3	
Dan Kelly	Asst. Portfolio Manager	Equities/Emerging Markets	Deloitte LLP	1	4	
Luigi Li Calzi	Asst. Portfolio Manager	Equities/Strategy	Matterhorn Investments	2	3	
Paul Thompson	Asst. Portfolio Manager	Equities/North America	Deloitte LLP	1	4	
Brian Heywood	Implementation Manager	Equities	Mercury Asset Management	14	15	
Alan Fedarb	Portfolio Managers' Asst.	Equities	Gartmore Fund Managers	13	21	
Samantha Pollard	Portfolio Managers' Asst	Equities	Lambeth Building Society	5	10	
Vinit Shah	Portfolio Managers' Asst	Equities	State Street Bank	5	13	
Stuart Thomas	Portfolio Managers' Asst	Equities	ABN AMRO Asset Management	2	11	
Sandy Beveridge	Senior Trading Manager	Trading Desk	IDS International Inc	20	38	
Natalie Stone	Senior Trader	Trading Desk	WestAM	6	15	
Arthur van Hoogstraten	Trading Technology Specialist	Trading Desk	Banque Paribas	12	23	
Clark Simpson	Trader	Trading Desk	None	9	9	

SUMMARY BIOGRAPHIES

JANUARY 2011

MONDRIAN INVESTMENT PARTNERS

Client Service Professionals	Name	Position/Title	Former Employer	Years with MIP	Industry Experience
	Michael Seymour	Head of Global Client Services (ex-N America), London	SEI Investments	<1	24
	Andrew Kiely	Manager, Client Services, London	Bank of Ireland Asset Management	4	14
	Jenny Phimister	Manager, Client Services, London	Hill Samuel Investment Management	10	21
	Paul Ross	President, MIP (U.S.), Inc., Philadelphia	The Travelers Corporation*	17*	29
	Patricia Karolyi	Executive Vice President, MIP (U.S.), Inc., Philadelphia	Blank, Rome, Comisky & McCauley*	19*	21
	James Brecker	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	None*	10*	10
	Laura Conlon	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	Morgan Lewis & Bockius, LLP*	13*	13
	James Hill	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	PNC Equity Advisors*	12*	19
	Justin Richards	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	None*	11*	11
	Todd Rittenhouse	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	Chartwell Investment Partners*	11*	19
Steve Starnes	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	1838 Investment Advisers*	8*	29	

*Prior to joining Mondrian Investment Partners (U.S.), Inc. in September 2004, these individuals worked with Delaware Investments. Delaware Investments was an affiliate of Mondrian Investment Partners Limited prior to the management buy-out and name change of September 2004. The listing for "Former Employer" denotes the individual's employer prior to joining Delaware Investments. The listing for "Years with MIP" includes both years with Delaware Investments and MIP (U.S.), Inc. Todd Rittenhouse rejoined in 2007 after having worked with Delaware Investments from 1992 – 1999.

SENIOR INVESTMENT STAFF AND SENIOR MANAGEMENT

MONDRIAN INVESTMENT PARTNERS

DAVID G. TILLES

EXECUTIVE CHAIRMAN

Mr. Tilles was educated at the Sorbonne, Warwick University and Heidelberg University. Prior to joining Mondrian in 1990 as founding Managing Director & Chief Investment Officer he spent 16 years with Hill Samuel in London, serving in a number of investment capacities. Mr. Tilles was appointed Executive Chairman in November 2007. Mr. Tilles holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

CLIVE A. GILLMORE

CHIEF EXECUTIVE OFFICER & CIO GLOBAL EQUITIES

Mr. Gillmore is a graduate of the University of Warwick and has completed the Investment Management Program at the London Business School. In 1990, Mr. Gillmore joined Mondrian Investment Partners' predecessor organization as a founding member, having previously worked as a Senior Portfolio Manager for Hill Samuel Investment Advisers Ltd., and a Portfolio Manager at Legal and General Investment Management. He has over twenty years' experience analyzing equity markets and securities around the world and has managed client portfolios with a wide range of mandates. Mr. Gillmore is CEO of Mondrian, CIO of Global Equities and he is a member of Mondrian's Equity Strategy Committee, Chairman of the Emerging Markets Strategy Committee (where his research specialization lies) and a member of the Management Steering Committee.

ELIZABETH A. DESMOND

DIRECTOR, CHIEF INVESTMENT OFFICER INTERNATIONAL EQUITIES

Ms. Desmond is a graduate of Wellesley College and the Masters Program in East Asian Studies at Stanford University. After working for the Japanese government for two years, she began her investment career as a Pacific Basin investment manager with Shearson Lehman Global Asset Management. Prior to joining Mondrian in 1991, she was a Pacific Basin Equity Analyst and Senior Portfolio Manager at Hill Samuel Investment Advisers Ltd. Ms. Desmond is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of the UK.

JOHN KIRK

DEPUTY CHIEF EXECUTIVE OFFICER

Mr. Kirk is a Math graduate from the University of Wales and has an MA in operations research from Lancaster University. Before joining Mondrian in 1998, Mr. Kirk was at Royal Bank of Canada in London, where he was responsible for European and Asian Fixed Income. Mr. Kirk started his career at Ford Motor Company as a member of their operations research group. Mr. Kirk leads our credit research and heads the Global Credit Valuation Committee.

NIGEL G. MAY

DEPUTY CHIEF EXECUTIVE OFFICER

Mr. May is a graduate of Sidney Sussex College, Cambridge University, where he completed his Masters in Engineering. He joined Mondrian in 1991. Having led the European Team's research effort since 1995, he is now on the investment committee for several of Mondrian's investment products. Mr. May was formerly a Senior Portfolio Manager and analyst with Hill Samuel Investment Advisers Ltd., having joined the Hill Samuel Investment Group in 1986. Mr. May holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

CHRISTOPHER A. MOTH

DIRECTOR, CHIEF INVESTMENT OFFICER GLOBAL FIXED INCOME & CURRENCY

Mr. Moth is an Actuarial graduate from The City University in London, and was later awarded the Certificate in Finance & Investment from the London Institute of Actuaries. He joined Mondrian in 1992, after working for the GRE insurance company where he was responsible for quantitative models and projections. He has made key contributions to the development of Mondrian's fixed income product, and was primarily responsible for the structure of the company's in-house systems to control and facilitate the investment process. Mr. Moth chairs the Global Fixed Income and Currency Committee meeting.

HAMISH O. PARKER

DIRECTOR

Mr. Parker has a degree from St. Johns College, Oxford. He began his investment career in 1981 as a Portfolio Manager for the Kuwait Investment Office, London, before joining J. Rothschild Holdings. Prior to joining Mondrian in 1990, he was with Hill Samuel Investment Advisers Ltd, which he joined in 1986 as a European Analyst and Senior Portfolio Manager.

JOHN EMBERSON

DIRECTOR, CHIEF OPERATING OFFICER

Mr. Emberson is a member of the Institute of Chartered Accountants in England and Wales and has completed an MBA. Upon joining Mondrian in 1991, he assumed the role of business manager and compliance officer and is now responsible for all operating functions. He began his career with Dearden Farrow, where his specialization was the auditing of organizations in the investment management business. He joined Touche, Remnant & Co. in 1987 as head of finance and planning. In addition to the above, Mr. Emberson is also responsible for management information systems, with which he has extensive experience.

FIONA A. BARWICK

DEPUTY HEAD, INTERNATIONAL EQUITIES

Ms. Barwick is a graduate of University College, London. She joined Mondrian in 1993 to cover the Non-US markets. Prior to this, she spent 3 years at Touche, Remnant & Co. in London as an Assistant Portfolio Manager and Research Analyst. Ms. Barwick holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

PAUL M. ROSS

PRESIDENT

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Ross is a graduate of the University of Connecticut, where he earned an MBA, and Western Connecticut State University, where he earned a Bachelor of Business Administration degree. Prior to joining Mondrian's former affiliate in 1993, he spent eleven years in the institutional client service, consultant relations and business development group at The Travelers Corporation. In his present position, he is responsible for managing Mondrian's North American client service, consultant relations and marketing activities. Mr. Ross is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

PATRICIA M. KAROLYI

EXECUTIVE VICE PRESIDENT

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Ms. Karolyi is a graduate of Villanova University, where she earned an MBA, and Temple University, where she earned a Bachelor of Science degree. She began her investment career at Mondrian's former affiliate in 1989, where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, marketing and consultant relations. Ms. Karolyi is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

INVESTMENT STAFF

MONDRIAN INVESTMENT PARTNERS

ROBERT AKESTER

SENIOR PORTFOLIO MANAGER

A graduate of University College, London, Mr. Akester joined Mondrian in 1996. Prior to joining Mondrian he was a Director of Hill Samuel Investment Management where he had responsibility for significant overseas clients and Far Eastern markets. He has 40 years of investment experience, including over 30 years of involvement in emerging markets. Mr. Akester is a Senior Portfolio Manager in the Emerging Markets Team.

BRENDAN BAKER

SENIOR PORTFOLIO MANAGER

Mr. Baker has a BSc in History and an MSc in Economics from the University of London. He commenced his career as a financial journalist covering UK markets. On completing his MSc, Mr. Baker moved to Lombard Street Research, a leading UK economics consultancy. As a Senior Economist there, he worked on global economic analysis and financial markets strategy. He joined Mondrian in 2001. Mr. Baker is a Senior Portfolio Manager with the US Equities Team and is a member of the Global Equity Strategy Committee.

JOANNA BATES

SENIOR PORTFOLIO MANAGER

Ms. Bates is a graduate of London University. She joined Mondrian's Fixed Income Team in 1997, before which she was Associate Director of Fixed Interest at Hill Samuel Investment Management. She has also worked for Fidelity International and Save & Prosper as a fund manager and analyst for global bond markets. At Mondrian, Ms. Bates is a Senior Portfolio Manager with many client relationships including those based in Japan. Her research specialities are emerging market currencies and debt. Ms. Bates holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

NIGEL A. BLISS

SENIOR PORTFOLIO MANAGER

Mr. Bliss has a BA (Hons) Degree in Geography from the University of Manchester. He holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. He commenced his career at Cazenove & Co. and moved to join Mondrian in 1995. Mr. Bliss is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience analyzing securities in the Pacific Basin region and in the global materials, utilities, property and industrials sectors. Mr. Bliss is a member of Mondrian's Non-US Equity Strategy Committee.

GINNY CHONG

SENIOR PORTFOLIO MANAGER

Prior to joining Mondrian in 2000, Ms. Chong worked for PricewaterhouseCoopers in Vancouver, within the Corporate Finance and Investment Banking Division where she qualified as a Canadian Chartered Accountant. Ms. Chong has a degree in Commerce from the University of British Columbia, Vancouver. Ms. Chong is presently a Senior Portfolio Manager within the Emerging Markets Team. Ms. Chong is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

FRANCES M. CUTHBERT

SENIOR PORTFOLIO MANAGER

Ms. Cuthbert is a graduate of the University of Edinburgh where she completed a MA (Hons) degree in Economics. She commenced her career at Deutsche Bank before joining Mondrian in 1999 with responsibilities in the International Small Capitalisation Team. Ms. Cuthbert is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

GREGORY J.P. HALTON

SENIOR PORTFOLIO MANAGER

Having graduated from St Catherine's College, Oxford in 2000 with a MEng (Hons) in Engineering Science, Mr. Halton worked in the global equity division of Deutsche Asset Management before joining Mondrian in 2004. Mr. Halton is a Senior Portfolio Manager within the Emerging Markets Team. Mr. Halton is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

ORMALA KRISHNAN

SENIOR PORTFOLIO MANAGER

Dr. Krishnan heads Mondrian's International Small Capitalisation Team. Dr. Krishnan started her investment career in 1993 with Singapore based Koenean Capital Management. Prior to joining Mondrian in 2000 as a portfolio manager, Dr. Krishnan was an investment consultant with William M Mercer. Upon completion of her BSc in Pure and Applied Mathematics from the National University of Singapore, Dr. Krishnan achieved her MSc in Actuarial Science from City University, London. In 2006, Dr. Krishnan completed her Doctoral program in Investment and Finance from Sir John Cass Business School, City of London. Her doctoral thesis was on 'Value versus Growth in the Asian Equity Markets'.

EMMA R. E. LEWIS

SENIOR PORTFOLIO MANAGER

Ms. Lewis is a graduate of Pembroke College, Oxford University, where she completed her Masters in Philosophy and Theology. She joined Mondrian in 1995, assuming analytical responsibilities in the Non-US Equity Team. Ms. Lewis is currently a Senior Portfolio Manager at Mondrian where she manages international portfolios. Prior to joining Mondrian, Ms. Lewis began her investment career at the Dutch bank ABN AMRO and later joined Fuji Investment Management. Ms. Lewis holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

RUSSELL J. MACKIE

SENIOR PORTFOLIO MANAGER

A graduate, with Honours in European Studies and French from the University of Dundee and the Université de Grenoble, France. Mr. Mackie joined Mondrian in 1997, previously he was an Investment Analyst for Hodgson Martin Ltd. Prior to that he worked for the European Commission in Brussels. Mr. Mackie holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. Mr. Mackie is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience in analyzing securities in Europe and in global consumer sectors. Mr. Mackie is a member of Mondrian's Non-US Equity Strategy Committee.

ANDREW MILLER

SENIOR PORTFOLIO MANAGER

Mr. Miller is a graduate of the University of Birmingham. Prior to joining Mondrian in 2000, he worked in the Investment Management department of PricewaterhouseCoopers, where he was responsible for the analysis and audit of various investment vehicles. Mr. Miller is presently a Senior Portfolio Manager within the Emerging Markets Team. Mr. Miller holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

SOLOMON O. PETERS

SENIOR PORTFOLIO MANAGER

Mr. Peters joined Mondrian's Fixed Income Team in 2000. He has a BA in Economics from King's College, Cambridge and an MSc in Economics and Econometrics from Southampton University. After a period with the UK Government Statistical Service, he moved to research consulting at the Centre for Economics and Business Research (CEBR), specializing in econometric forecasting. Mr. Peters has helped to further develop Mondrian's proprietary inflation forecasting models, and also supplies quantitative support to our credit research. Mr. Peters is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

DANIEL G. PHILPS

SENIOR PORTFOLIO MANAGER

Mr. Philps joined Mondrian in 1998. He has a BSc from London University (King's College). Before joining Mondrian, Mr. Philps was a consultant to the derivatives businesses of Dresdner KB, Bankers Trust and Barclays Capital where he specialized in building pricing, risk and value models. At Mondrian he is a Senior Portfolio Manager and had a lead role in building our in-house proprietary credit analysis system. As a member of the Global Fixed Income and Currency Committee Mr. Philps has primary responsibility for credit research. Mr. Philps is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

ANDREW R. PORTER

SENIOR PORTFOLIO MANAGER

Mr. Porter studied at Magdalen College, Oxford University graduating with a first class degree in Chemistry. He also has an MSc in Economics from the University of London. Mr. Porter started his career as a consultant and trainee chartered accountant at Deloitte and Touche. Prior to joining Mondrian in 2003, Mr. Porter worked at Frank Russell, part of the team managing the multi-manager funds in the Asia Pacific region. Mr. Porter is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

DAVID J. WAKEFIELD

SENIOR PORTFOLIO MANAGER

Mr. Wakefield joined Mondrian in 2001. He took both a BSc and an MSc in Economics from the University of Warwick. Prior to joining Mondrian, Mr. Wakefield was an economic adviser to the Monetary Policy Committee of the Bank of England, and formerly an economic adviser to the UK Treasury Department, specializing in inflation forecasting in both positions. At Mondrian, he is a Senior Portfolio Manager and an active member of the Global Fixed Income and Currency Committee, where he utilizes his extensive inflation forecasting experience. Mr. Wakefield is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

INVESTMENT STAFF (CONTINUED)

MONDRIAN INVESTMENT PARTNERS

GRAEME R. COLL

PORTFOLIO MANAGER

Mr. Coll is a graduate of the University of the Witwatersrand, South Africa where he completed his Bachelor of Commerce with Honours. Prior to joining Mondrian in 2005, Mr. Coll was an Assistant Director at Ernst & Young Corporate Finance in London. Previously, he was employed at Deloitte & Touche in both New York and Johannesburg in their Financial Advisory Services Practice. Mr. Coll is a Portfolio Manager within the Emerging Markets Team. Mr. Coll is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

MATT DAY

PORTFOLIO MANAGER

Mr. Day joined the Mondrian Global Fixed Income & Currency Team in 2007. Prior to this, he worked at Buck Consultants in their investment and actuarial divisions, specialising in the development of stochastic asset and liability models for UK pension schemes. At Mondrian, Mr. Day is a quantitative analyst responsible for the continuing development of the company's proprietary inflation and mortgage backed securities models. Mr. Day has a BSc in Economics with Actuarial Studies from the University of Southampton and is a Fellow of the Institute of Actuaries.

STEVEN DUTAUT

PORTFOLIO MANAGER

Mr. Dutaut holds a BA in Business Finance from the University of Durham and a M.Litt. in Management, Economics and International Relations from the University of St. Andrews. After completing his postgraduate degree, Mr. Dutaut worked in Bank of America's investment banking division for one year, followed by two years as an investment analyst for Baillie Gifford. Mr. Dutaut joined Mondrian as an Assistant Portfolio Manager in the Non-US Equity Team in 2007. Mr. Dutaut is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

AILEEN GAN

PORTFOLIO MANAGER

Ms. Gan is a Commerce graduate from the University of Melbourne, Australia and holds a Masters of Commerce degree from the University of New South Wales, Australia. Prior to joining Mondrian in 2005, she was a consultant at Accenture, specialising in the financial services sector, firstly in Singapore and subsequently in the UK. Ms. Gan is a CPA (Australia) and CFA Charterholder. She is also a member of the CPA Australia, the CFA Institute and the CFA Society of the UK.

RICHARD J. GINTY

PORTFOLIO MANAGER

A graduate of Sheffield University, Mr. Ginty joined Mondrian in 1993. He began his investment career with Fiduciary Trust International in 1988 and subsequently moved to Kleinwort Benson Securities Limited. His primary research focus at Mondrian is in the Non-US Equity markets. Mr. Ginty holds the ASIP designation.

DAWID KRIGE

PORTFOLIO MANAGER

Mr. Krige graduated from the University of Stellenbosch, South Africa in 2000 with an Honours degree in Mathematical Statistics. He started his career at RMB International as a Portfolio Analyst where he was responsible for multi-management investments in the Asia Pacific region. He joined Mondrian in 2005 and is a Portfolio Manager in the Emerging Markets Team. Mr. Krige is a member of the CFA Institute and the CFA Society of the UK.

BHAVIN MANEK

PORTFOLIO MANAGER

Mr. Manek is a graduate of the London School of Economics where he achieved a First Class Honours degree in Economics. Mr. Manek started his career at Mercer Investment Consulting where he worked for 3 years as an Investment Analyst, before joining Mondrian in 2006. Mr. Manek is a Portfolio Manager on the International Small Capitalisation Team. Mr. Manek is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

KIM NGUYEN

PORTFOLIO MANAGER

Ms. Nguyen is a graduate of the University of New South Wales where she completed her Bachelor of Laws and Bachelor of Commerce (Finance). On graduation in 2000, Ms. Nguyen joined Credit Suisse as a Legal and Compliance Analyst. Ms. Nguyen has also worked with Citigroup and Invesco before joining Mondrian in 2004 where she had been working as a Compliance Executive before accepting a position as Assistant Portfolio Manager with the North American Team in 2005. Ms. Nguyen is a CFA Charterholder and a member of the CFA Institute and the CFA Society of the UK.

AIDAN NICHOLSON

PORTFOLIO MANAGER

Having graduated from Pembroke College, Oxford with Masters in Engineering, Economics & Management, Mr. Nicholson worked at Cazenove & Co. in the UK Smaller Companies Team, before moving to Mondrian in 2003 where he is a Portfolio Manager on the International Small Capitalisation Team. Mr. Nicholson is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

MELISSA J. A. PLATT

PORTFOLIO MANAGER

Ms. Platt is an Economics and Finance graduate of Massey University, New Zealand. She started her career as a consultant at KPMG Corporate Finance. She then moved to FundSource Research for 3 years as an Investment Analyst and later as Research Manager. Ms. Platt joined Mondrian in 2004 and is a Portfolio Manager in the Non-US Equity Team. Ms. Platt is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

ALEX SIMCOX

PORTFOLIO MANAGER

Mr. Simcox graduated from Robinson College, Cambridge with an MA in History. He worked at Ernst and Young LLP for four years, where he qualified as a Chartered Accountant, before joining the Non-US Equity Team at Mondrian in 2007. Mr. Simcox is a CFA Charterholder, and a member of the CFA Institute, the CFA Society of the UK, and the Institute of Chartered Accountants of Scotland.

BILGIN SOYLU

PORTFOLIO MANAGER

Dr. Soylu holds a Science/Engineering PhD from Cambridge University. Following nine years in scientific research and project management at Cambridge University and having gained an MBA, he moved from the academic world to join a consultancy specialising in Telecommunications. Dr. Soylu's most recent position before joining Mondrian in 2000, was as senior telecoms/technology analyst for Yapi Kredi Bank, the largest private bank in Turkey. Dr. Soylu is a Portfolio Manager in the Non-US Equity Team. Dr. Soylu is a member of the CFA Institute and a member of the CFA Society of the UK.

JONATHAN SPREAD

PORTFOLIO MANAGER

Mr. Spread graduated from Durham University in 1999 with a BSc in Computer Science and joined Morley Fund Management as part of their Pan-European research team. He joined Mondrian in 2005 and continues to focus on Non-US banks and insurers. Mr. Spread is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

AMICE TIERNAN

PORTFOLIO MANAGER

Ms. Tiernan graduated from the University of Bristol in 1996 with a BSc in Mathematics. After completing her degree, she worked in the Financial Services department at PricewaterhouseCoopers for 6 years where she qualified as a Chartered Accountant. She then joined ING as an internal auditor, before moving to Mondrian in 2005. Ms. Tiernan is a Portfolio Manager in the North American Team. Ms. Tiernan is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

BORIS VESELINOVICH

PORTFOLIO MANAGER

Mr. Veselinovich is an Economics and Quantitative Finance graduate from the University of Western Australia and holds an MSc in Mathematical Trading and Finance from CASS Business School, London. He commenced his career as an Investment Research Analyst at Challenger International in Australia covering the local equity market. He joined Mondrian in 2001 and has since worked on global equity coverage as well as new product development initiatives. Mr. Veselinovich has the IMC designation, the Securities and Investment Institute Certificate in Derivatives and is a member of the CFA Institute and CFA Society of the UK.

INVESTMENT STAFF (CONTINUED)

MONDRIAN INVESTMENT PARTNERS

DINASH V. LAKHANI

SENIOR RESEARCH ANALYST

Mr. Lakhani holds a joint Honours degree in Chemical Engineering and Management Sciences from Imperial College, London and an MBA from Manchester Business School. After completing his degree in 1983, he joined Fleming Investment Management in London, where he gained wide ranging experience in fund management. Prior to joining Mondrian, in 2000, Mr. Lakhani worked as a Senior Investment Analyst at the Abu Dhabi Investment Authority in Abu Dhabi covering the energy and utility sectors across Europe. Mr. Lakhani is a Senior Research Analyst in the Non-US Equity Team.

ALASTAIR CORNWELL

ASSISTANT PORTFOLIO MANAGER

Mr. Cornwell graduated from Imperial College, London with a BSc (Hons) degree in Physics. He started his career at Mondrian as an Investment Administrator in 2008, subsequently joining the International Small Capitalisation Team in 2010. Mr. Cornwell holds the IMC designation and is a CFA candidate.

KEVIN FENWICK

ASSISTANT PORTFOLIO MANAGER

Mr. Fenwick is an Economics graduate from the University of Cambridge and also holds a Masters degree in Computer Science from the University of Adelaide, Australia. He joined Mondrian in 2008, working in the Performance and Attribution Department, and became a member of the Global Fixed Income and Currency team in 2010. Directly before joining Mondrian, Mr. Fenwick worked for Wilshire Associates in their portfolio analytics division. He started his career at Touche Ross & Co as an auditor and forensic accountant and, for a number of years, was a Professor at the City University of New York, where he taught algorithms and logic. Mr. Fenwick is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

JAMES FRANCKEN

ASSISTANT PORTFOLIO MANAGER

Mr. Francken is a graduate of Exeter College, Oxford University and Emmanuel College, Cambridge University and holds an MBA in Finance from London Business School. Prior to joining Mondrian in 2009, he worked for Investec Asset Management. Mr. Francken is an Assistant Portfolio Manager in the North American Team.

DAN KELLY

ASSISTANT PORTFOLIO MANAGER

Mr. Kelly graduated from the University of Leeds in 2004, with a BSc (Hons) degree in Mathematics with Philosophy. He subsequently worked in the Financial Services department of Deloitte LLP for three years, where he qualified as a Chartered Accountant. He joined the Mondrian Emerging Markets Equity Team in 2009. Mr. Kelly is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

LUIGI LI CALZI

ASSISTANT PORTFOLIO MANAGER

Mr. Li Calzi holds an MSc in Physics from the University College, London, and an MSc in Quantitative Finance from the Sir John Cass Business School, London. Prior to joining Mondrian in 2008 he worked for Matterhorn Investment Management, a London based fund specialising in emerging markets.

PAUL THOMPSON

ASSISTANT PORTFOLIO MANAGER

Mr. Thompson graduated from St. Peter's College, Oxford University, with a BA (Hons) degree in Modern History and Politics in 2006. He spent three years in the financial services practice of Deloitte LLP, where he qualified as a Chartered Accountant. He joined the Mondrian US Equity Team in 2009. Mr. Thompson is a member of the Institute of Chartered Accountants in England and Wales and is a candidate for Level II of the CFA Program.

BRIAN HEYWOOD

IMPLEMENTATION MANAGER

Mr. Heywood is a graduate of the University of Bournemouth, where he achieved a BA (Hons) degree in Financial Services. He commenced his career at Mercury Asset Management. Mr. Heywood joined the Investment Administration department of Mondrian in 1996, and three years later was promoted to the investment staff. Mr. Heywood holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

ALAN FEDARB

PORTFOLIO MANAGER'S ASSISTANT

Prior to joining Mondrian, Mr. Fedarb spent seven years at Gartmore Investment Management. He joined the Investment Administration department of Mondrian in 1997, and was promoted to the investment staff in 2000. Mr. Fedarb has the IMC designation.

SAMANTHA POLLARD

PORTFOLIO MANAGER'S ASSISTANT

Ms. Pollard graduated from Kingston University with a BA (Hons) in Accountancy and Law. After completing her degree, she worked for Newton Investment Partners for 3 years where she qualified as an accountant. She joined Mondrian in 2005 as management accountant and in 2008 transferred to the investment staff. Ms. Pollard has the IMC designation and passed Level I of the CFA in 2009.

VINIT SHAH

PORTFOLIO MANAGERS' ASSISTANT

Mr. Shah graduated from Leicester University in 1997 with a BSc (Hons) in Mathematics and Computer Science. Prior to joining Mondrian in 2005 Mr. Shah worked for State Street Bank for 5 years in the Client service department. Mr. Shah has the IMC designation and is a CFA candidate.

STUART THOMAS

PORTFOLIO MANAGERS' ASSISTANT

Mr. Thomas graduated from Leicester University in 1997 with a BA (Hons) in Business Economics. Prior to joining Mondrian in 2008 Mr. Thomas worked for ABN AMRO Asset Management for 2 years in the trade reconciliations department. Mr. Thomas has the IMC designation and is a CFA candidate.

SANDY BEVERIDGE

SENIOR TRADING MANAGER

Mr. Beveridge joined Morgan Grenfell Investment Division in 1972 and was an international trader with that organization between 1984 and 1988. Prior to joining Mondrian in 1990, as Trading Manager, he was a trader at IDS International Inc., in London.

NATALIE STONE

SENIOR TRADER

Ms. Stone holds a BSc (Hons) degree in Maths and Physics from Leeds University. She started her career in investment administration at Pictet Asset Management. Ms. Stone then moved to WestLB Asset Management as a dealer and progressed to Head of Dealing, trading all instruments. After nearly 8 years at WestAM, she joined Mondrian in 2004. Ms. Stone has the IMC designation.

ARTHUR VAN HOOGSTRATEN

TRADING TECHNOLOGY SPECIALIST

Mr. van Hoogstraten has a degree in Electronics from the HTS Rens & Rens in Hilversum, Netherlands and holds the CFA UK Level 3 Certificate in Investment Management. He has over 22 years experience in Information Technology and before joining Mondrian in 1998, he worked for Siemens, ABN Amro and Banque Paribas in systems development and project management roles.

CLARK SIMPSON

TRADER

Mr. Simpson holds a BA Honours degree in Sociology from the University of Essex. Prior to joining Mondrian's Trading Team in June 2010 Mr. Simpson spent seven years as a Compliance Executive at Mondrian. Mr. Simpson has successfully completed the Investment Administration Qualification and the Investment Management Certificate. Mr. Simpson is a Member of the UK Chartered Institute for Securities & Investment and holds both the diploma in Investment Compliance and the full Securities Institute diploma.

CLIENT SERVICE STAFF – LONDON & PHILADELPHIA

MONDRIAN INVESTMENT PARTNERS

LONDON:

MICHAEL SEYMOUR

HEAD OF GLOBAL CLIENT SERVICES
(EX-N AMERICA)

Mr. Seymour has a BSc in Mechanical Engineering from Cardiff University. Prior to joining Mondrian in 2010, he worked for SEI Investment as a Client Investment Strategist. He has over twenty years in the industry mostly with Deutsche Asset Management and Fidelity. His experience covers both client service and work as an investment specialist in global and emerging market equities. At Mondrian, Mr Seymour is part of the client service team. He holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

ANDREW KIELY

MANAGER, CLIENT SERVICES

Mr. Kiely has a BA in Economics from University College Dublin and an MSc in Investment & Treasury from Dublin City University. Prior to joining Mondrian in 2006, Mr. Kiely worked for 6 years in client services and marketing for Bank of Ireland Asset Management in the United States. Before this, Mr. Kiely was a junior equity analyst with ABN Amro in Dublin. In his present position, his responsibilities include UK based Consultant liaison and client servicing. Mr. Kiely holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

JENNY PHIMISTER

MANAGER, CLIENT SERVICES

Ms. Phimister is a graduate of The Open University, and is a holder of the Investment Management Certificate. She joined Mondrian's Client Service Team in 2000 from Hill Samuel Investment Management, where she was a Client Service Manager. Ms. Phimister has many years experience in liaising with international clients particularly in Japan and the Middle East.

PHILADELPHIA:

PAUL M. ROSS

PRESIDENT

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Ross is a graduate of the University of Connecticut, where he earned an MBA, and Western Connecticut State University, where he earned a Bachelor of Business Administration degree. Prior to joining Mondrian's former affiliate in 1993, he spent eleven years in the institutional client service, consultant relations and business development group at The Travelers Corporation. In his present position, he is responsible for managing Mondrian's North American client service, consultant relations and marketing activities. Mr. Ross is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

PATRICIA M. KAROLYI

EXECUTIVE VICE PRESIDENT

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Ms. Karolyi is a graduate of Villanova University, where she earned an MBA, and Temple University, where she earned a Bachelor of Science degree. She began her investment career at Mondrian's former affiliate in 1989, where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, consultant relations, and marketing. Ms. Karolyi is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

JAMES F. BRECKER III

SENIOR VICE PRESIDENT, CLIENT SERVICES

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Brecker is a Cum Laude graduate of the University of Richmond, where he earned a Bachelor of Science degree in Business Administration. Prior to his current role, he worked in a marketing and client service role at Mondrian's former affiliate. In his present position, he is responsible for client service, consultant relations, and marketing. Mr. Brecker is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

LAURA A. CONLON

SENIOR VICE PRESIDENT, CLIENT SERVICES

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Ms. Conlon is a Summa Cum Laude graduate of Rosemont College where she earned a Bachelor of Science degree in Business Administration. Ms. Conlon worked at Morgan, Lewis & Bockius, LLP before joining Mondrian's former affiliate in 1997 where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, consultant relations, and marketing. Ms. Conlon is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

JAMES H. HILL

SENIOR VICE PRESIDENT, CLIENT SERVICES

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Hill is a graduate of Saint Joseph's University, where he earned a Bachelor of Arts degree in Political Science. He has held positions in marketing and client services for PNC Equity Advisors and Provident Capital Management. Prior to joining Mondrian, he was an Investment Specialist for Growth Equities at Mondrian's former affiliate. In his present position, Mr. Hill is responsible for client service, consultant relations, and marketing.

JUSTIN A. RICHARDS

SENIOR VICE PRESIDENT, CLIENT SERVICES

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Richards is a graduate of Temple University, where he earned an MBA with Honors, and a Cum Laude graduate of Gettysburg College, where he earned a Bachelor of Arts degree in Economics and Japanese Studies. Mr. Richards worked for the Japanese government as a participant in the Japan Exchange Teaching Programme, before joining Mondrian's former affiliate in 2000, where he worked in various client service and marketing roles. In his present position, Mr. Richards is responsible for client service, consultant relations, and marketing.

E. TODD RITTENHOUSE

SENIOR VICE PRESIDENT, CLIENT SERVICES

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Rittenhouse is a graduate of LaSalle University where he earned a Bachelor of Science degree in Business Administration. He worked at Mondrian's former affiliate from 1992 to 1999, where he was a Vice President in the Client Services Group. Prior to joining Mondrian, he was a Partner in the Client Services Group at Chartwell Investment Partners, where he worked for eight years. In his present position, Mr. Rittenhouse is responsible for client service, consultant relations, and marketing.

STEPHEN W. STARNES

SENIOR VICE PRESIDENT, CLIENT SERVICES

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Starnes is a graduate of Hamilton College, where he earned Bachelor of Arts degree in Sociology. He began his investment career at Bache, Halsey, Stuart, Shields (now Wells Fargo) in 1983. After spending 10 years at 1838 Investment Advisors, LLC as a Partner and Director, he joined Mondrian's former affiliate in 2002 as head of Wealth Management and Managed Accounts. Mr. Starnes was seconded in August 2006 to Mondrian's London office where he acted as Senior Manager for European and Australasian clients. In March 2009, he returned to the Mondrian US office. In addition to work with the institutional client base, he acts as the Investment Specialist for International Equity ADR portfolio.

OPERATIONS SENIOR STAFF

MONDRIAN INVESTMENT PARTNERS

JOHN L. BARRETT

CHIEF COMPLIANCE OFFICER

Mr. Barrett is a Fellow of the UK Chartered Institute for Securities & Investment and holds the Securities Institute diploma. Prior to joining Mondrian in 2001, he spent 8 years with Newton Investment Management as Deputy Head of Compliance. Mr. Barrett began his financial services career in 1988 at the Investment Management Regulatory Organisation (IMRO), a UK regulatory body which now forms part of the Financial Services Authority (FSA). At IMRO he held a variety of positions including Team Leader with responsibilities for carrying out regulatory examinations of regulated firms.

PAUL J. FOURNEL

CHIEF TECHNOLOGY OFFICER

Mr. Fournel joined Mondrian in 1995 with 9 years experience within offshore investment management companies, latterly with S.G. Warburg KAG in Frankfurt. He was initially recruited as Investment Administration Manager, which at that time included responsibility for systems. As the Company has expanded, Mr. Fournel has concentrated on the Information Technology development and is now responsible for all IT Management and Projects at Mondrian.

JANE S. GOSS

GENERAL COUNSEL

Ms. Goss is a graduate of Tufts University and the American University - Washington College of Law. Prior to joining Mondrian in 2004, she was the general counsel and compliance officer for GMO Europe Ltd for five years. She began her career in London with Morgan Stanley Asset Management Limited where she was employed for 11 years, latterly as an executive director and head of the legal and compliance department with responsibilities for Europe, Japan, Australia and the Far East.

WARREN D. SHIRVELL

DEPUTY CHIEF OPERATING OFFICER

Mr. Shirvell graduated from Exeter University in 1989 with a Honours degree in Applied Mathematics. He joined Arthur Andersen's Financial Markets Group, working in audit practice but also performing a large number of investment and operations consulting assignments. Before joining Mondrian in 2001, he undertook a number of short term senior consultancy roles at Invesco Asset Management, Hill Samuel Investment Advisers and BNP Paribas Asset Management. At Mondrian, he has responsibility for Operations, Finance, Performance and IT, focusing on improving operational effectiveness and internal control. Mr. Shirvell is an Associate Member of the Institute of Chartered Accountants (ACA), a Fellow of the UK Chartered Institute for Securities & Investment and holds the Securities Institute Diploma.

IAN N. COOKE

CHIEF ACCOUNTANT

Mr. Cooke's first degree was in Electronic Engineering from the University of Surrey. He trained to be a Chartered Accountant at KPMG. After qualification, he worked at National Westminster Bank for four years in the Head Office as an accountant. In 1994, he transferred to NatWest Markets, a newly formed subsidiary, to establish a management reporting function. During this period he undertook a part time MBA at Sir John Cass Business School, City of London. Mr. Cooke joined Ernst & Young in 1997 as a management consultant specialising in finance process improvement and shared service centres. He became a freelance consultant in 2001. In 2004 he implemented a new finance system at Mondrian and later joined the finance function as Chief Accountant.

JAMIE A. SHEARER

SENIOR INTERNAL AUDITOR

Ms. Shearer holds a Master of Professional Accounting degree from the University of Saskatchewan and a Bachelor of Arts degree from the University of British Columbia, both in Canada. She subsequently qualified as a Chartered Accountant with KPMG, working in the Vancouver, Canada and London, UK markets. Prior to joining Mondrian in 2010, she worked in Northern Trust's Audit Services department where she led internal audits in their London, Channel Islands, Luxembourg, and Ireland jurisdictions. She also holds a Securities & Investment Institute Level 3 Certificate in Investment Administration Qualification with a focus on Operational Risk.

IMPORTANT INFORMATION

MONDRIAN INVESTMENT PARTNERS

TERM/ISSUE	DESCRIPTION/DISCLOSURE
Benchmark:	All references to “Benchmark” or “ACW Ex-US” refer to the MSCI (Morgan Stanley Capital International) All Countries World Excluding United States Index net dividends reinvested.
Confidentiality:	This document is confidential and only for the use of the party named on its cover and its advisers. It may not be redistributed or reproduced, in whole or in part.
Current Views:	Views expressed were current as of the date indicated, are subject to change, and may not reflect current views. Views should not be considered a recommendation to buy, hold or sell any security and should not be relied on as research or investment advice.
Forecast “Real” Annualized Market Returns:	These forecast “real” annualized market returns are used solely as a basis for making judgements about country allocation weightings and are not intended to be indications of expected returns.
Forward-looking Statements:	This document may include forward-looking statements. All statements other than statements of historical facts are forward-looking statements (including words such as “believe”, “estimate”, “anticipate”, “may”, “will”, “should”, “expect”). Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those reflected in such forward-looking statements.
Gross Performance Results:	<p>Performance returns of the client’s overall portfolio presented in this book reflect a combination of developed market assets held in the separate account portion of the overall portfolio and assets held in the Delaware Pooled Trust - The Emerging Markets Portfolio (“DPT”). Performance results for the separate account are presented gross of advisory fees and other expenses associated with managing an investment advisory account. Performance results for DPT are net of management fees and expenses, but gross of contribution and withdrawal fees. Results have not been adjusted to reflect the different treatments of various expenses and fees. Performance results for the Mondrian ACW Excluding US Equity Composite do not reflect deduction of investment advisory and other fees and are net of transactions costs and withholding tax. The fees will be charged as follows: the first US\$20m at 0.825%; the next US\$30m at 0.55%; the next US\$50m at 0.44%; and amounts over US\$100m at 0.385%. Currently, new accounts are typically subject to a minimum account size of US\$100m (or fees equivalent thereto).</p> <p>Unless otherwise noted, all returns are in US Dollar.</p>
Portfolio Characteristics:	Portfolio Turnover, Market Capitalization, Price to Book Value Ratio, Price to Cash Flow Ratio, Price to Earnings Ratio and Dividend Yield are each based on generally accepted industry standards. All portfolio characteristics are derived by first calculating the characteristics for each security, and then calculating the weighted-average of these values for the portfolio. The details of exact calculations can be provided on request.
Purchasing Power Parity Valuations:	Using proprietary Mondrian models. Further information on these models can be provided on request.
Universe Information:	The information provided in Risk/Return chart is from InterSec Research Corp.
US Consumer Price Index:	Data provided through Datastream; one month in arrears.

MONDRIAN EQUITY PRODUCTS

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

MONDRIAN PRODUCT AND TYPICAL BENCHMARK	VEHICLE			
	SEPARATE ACCOUNT	COMMINGLED FUND US INVESTORS	REGISTERED MUTUAL FUND	COMMINGLED FUND NON-US INVESTORS
Non-US Equity MSCI EAFE	Closed	Open Minimum: \$5 million		
Focused Non-US Equity MSCI EAFE	Open Minimum: \$100 million	Open Minimum: \$5 million	Laudus Mondrian ⁴	Available
Global Equity MSCI World	Open Minimum: \$100 million	Open Minimum: \$2 million	Laudus Mondrian ⁴	
All Countries World Equity MSCI ACW	Open Minimum: \$300 million ¹ Minimum: \$100 million ²			
All Countries World Ex-US Equity MSCI ACW ex-US	Closed	Open Minimum: \$5 million		
Focused All Countries World Ex-US Equity MSCI ACW ex-US	Open Minimum: \$300 million ¹ Minimum: \$100 million ²			
Emerging Markets Equity MSCI EM	Closed	Closed		Available
Focused Emerging Markets Equity MSCI EM	Open Minimum: \$100 million	Open Minimum: \$3 million	Laudus Mondrian ⁴	Available
Non-US Small Cap Equity MSCI World ex-US Small Cap	Closed	Closed		
Regional/Single Country Equity ³	Open Minimum: \$100 million	Available		Available

- Utilizing separate account only
- Utilizing commingled fund for emerging markets exposure
- Regional mandates include Japan, UK, Pacific and US Equity
- Mondrian serves as sole sub-advisor to a range of registered mutual funds known as the Laudus Mondrian Funds. The Funds are advised by Charles Schwab Investment Management. For additional information on the Laudus Mondrian Funds, please contact your Mondrian client service representative or see www.laudus.com

Mondrian may, from time to time, reduce and/or increase the minimum amounts listed above. The above is for information purposes only and intended solely for the person to whom it has been delivered. It is not an offer or solicitation with respect to the purchase of any securities. Any investment decision in connection with any investment vehicle should be based on the information contained in its written offering materials.

MONDRIAN FIXED INCOME PRODUCTS

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

MONDRIAN PRODUCT AND TYPICAL BENCHMARK	VEHICLE			
	SEPARATE ACCOUNT	COMMINGLED FUND US INVESTORS	REGISTERED MUTUAL FUND	COMMINGLED FUND NON-US INVESTORS
Global Fixed Income <i>Citigroup WGBI</i> <i>Barclays Capital Global Aggregate Bond Index</i>	Closed	Closed		Available
International Fixed Income <i>Citigroup WGBI ex-US</i> <i>Barclays Capital Global Aggregate ex-US Bond Index</i>	Closed	Closed	Laudus Mondrian ¹	
Focused Global Fixed Income <i>JPMorgan Global Government Bond Index</i> <i>Barclays Capital Global Aggregate Bond Index</i>	Open <i>Minimum: \$50 million</i>	Open <i>Minimum: \$1 million</i>		
Focused International Fixed Income <i>JPMorgan Global Government Bond ex-US Index</i> <i>Barclays Capital Global Aggregate ex-US Bond Index</i>	Open <i>Minimum: \$50 million</i>	Open <i>Minimum: \$1 million</i>		
Global Inflation-Linked Bonds <i>Barclays World Government Inflation-Linked Bond Index</i>	Open <i>Minimum: \$50 million</i>	Open <i>Minimum: \$1 million</i>		
US Aggregate Fixed Income <i>Barclays Capital US Aggregate Bond Index</i>	Open <i>Minimum: \$50 million</i>	Open <i>Minimum: \$1 million</i>		
Global Debt Opportunities <i>80% WGBI/20% JPM GBI-EM BD</i>	Open <i>Minimum: \$100 million</i>	Open <i>Minimum: \$1 million</i>		
Emerging Markets Debt <i>JP Morgan GBI-EM BD</i>	Open <i>Minimum: \$50 million</i>	Open <i>Minimum: \$1 million</i>		

1. Mondrian serves as sole sub-advisor to a range of registered mutual funds known as the Laudus Mondrian Funds. The Funds are advised by Charles Schwab Investment Management. For additional information on the Laudus Mondrian Funds, please contact your Mondrian client service representative or see www.laudus.com

Mondrian may, from time to time, reduce and/or increase the minimum amounts listed above. The above is for information purposes only and intended solely for the person to whom it has been delivered. It is not an offer or solicitation with respect to the purchase of any securities. Any investment decision in connection with any investment vehicle should be based on the information contained in its written offering materials.

Delaware Pooled® Trust The Emerging Markets Portfolio

Presentation to:

San Mateo County Employees' Retirement Association

Representing Mondrian Investment Partners Limited:

Russell J. Mackie *Senior Portfolio Manager*

James F. Brecker III, CFA *Senior Vice President, Client Services – Mondrian Investment Partners (U.S.), Inc.*

February 22, 2011

Delaware Investments • 2005 Market Street • Philadelphia, PA 19103-7094

Delaware Investments, a member of Macquarie Group, refers to Delaware Management Holdings, Inc. and its subsidiaries. Macquarie Group refers to Macquarie Group Limited and its subsidiaries and affiliates worldwide.

Investments in The Emerging Markets Portfolio are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including their subsidiaries or related companies (the "Macquarie Group"), and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of the Portfolio, the repayment of capital from the Portfolio, or any particular rate of return.

Investments in international equity securities are not only subject to the usual market volatility, they may also be affected by other risks, including foreign taxes, differences in financial standards, currency fluctuations and political instability.

This marketing book must be preceded or accompanied by a performance update for the most recent calendar quarter and a prospectus for The Emerging Markets Portfolio which contain more information including investment strategy, charges, and expenses. Please read the prospectuses carefully before you invest or send money.

Advised by Delaware Management Company

Sub-advised by Mondrian Investment Partners Limited (formerly known as Delaware International Advisers Ltd.)

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Biographies

Representing Mondrian Investment Partners Limited *(formerly Delaware International Advisers Ltd.)*

Russell J. Mackie *Senior Portfolio Manager*

A graduate, with Honours in European Studies and French from the University of Dundee and the Université de Grenoble, France. Mr. Mackie joined Mondrian in 1997, previously he was an Investment Analyst for Hodgson Martin Ltd. Prior to that he worked for the European Commission in Brussels. Mr. Mackie holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. Mr. Mackie is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience in analyzing securities in Europe and in global consumer sectors. Mr. Mackie is a member of Mondrian's Non-US Equity Strategy Committee.

James F. Brecker III, CFA *Senior Vice President, Client Services – Mondrian Investment Partners (U.S.), Inc.*

Mr. Brecker is a Cum Laude graduate of the University of Richmond, where he earned a Bachelor of Science degree in Business Administration. Prior to his current role, he worked in a marketing and client service role at Mondrian's former affiliate. In his present position, he is responsible for client service, consultant relations, and marketing. Mr. Brecker is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

Firm overview

Delaware Investments

December 31, 2010

History

- 1929 Delaware Investments predecessor firm is founded
- 1938 Delaware Investments introduces its first mutual fund
- 1970 Begin managing fixed income strategies
- 1972 Institutional separate account management is established
- 1974 Taft-Hartley business is established
- 1990 International/global capabilities are established
- 2000 Begin decade of broadening investment capabilities
- 2004 Entered into an agreement to have Mondrian Investment Partners Limited (formerly known as Delaware International Advisors Ltd.) sub-advise Delaware Pooled Trust: Emerging Markets Portfolio**
- 2007 Ireland-based UCITS funds are launched
- 2010 Delaware Investments joins Macquarie Group

Staff

129 Investment professionals

38 Portfolio managers

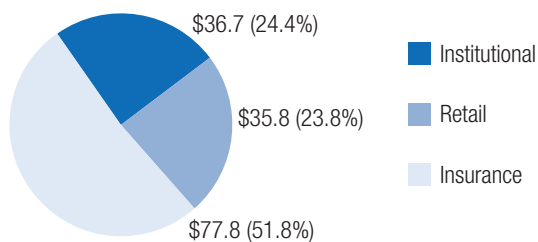
53 Research analysts

28 Traders

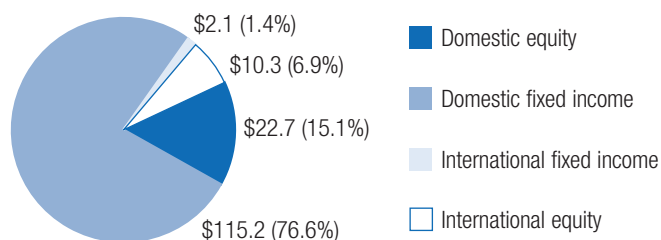
10 Quantitative analysts

Assets \$150.3 billion under management

By client type (\$ billions)



By asset class (\$ billions)



Institutional profile

520 Institutional client accounts

366 Institutional equity accounts

154 Institutional fixed income accounts

By assets

Sub-advisory: 57%	Taft-Hartley: 3%
Public: 14%	Endowments and foundations: 2%
Corporate: 14%	High net worth: 2%
NDT/VEBA: 8%	

**Please refer to the prospectus for more information.

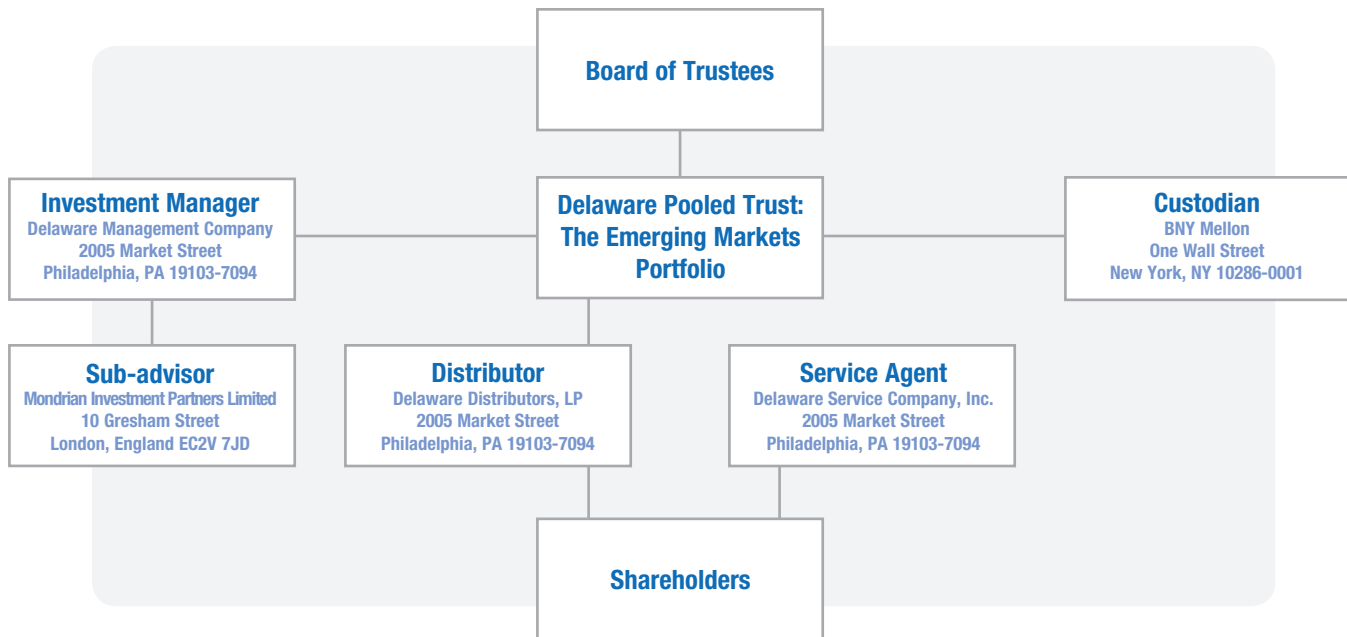
Delaware Investments®
A member of Macquarie Group



Powered by research®

Delaware Pooled Trust overview

As of December 31, 2010



Sub-advisor profile

Mondrian Investment Partners Limited *(formerly known as Delaware International Advisers Ltd.)*

- Established in 1990.
- Assets under management / advice of over \$68 billion, with over \$45 billion in international/global equity strategies.
- Highly experienced investment team that has worked together for many years under a common investment philosophy.
 - 54 investment professionals / analysts
- An owner-operated business since management led buyout on September 24, 2004.
 - Employees hold a 73% ownership interest.
 - Up to 5% ownership interest in future business growth can be re-distributed among employees each and every year to retain and motivate the next generation.
 - Approximately 80 employees are owners today, up from 60 in 2004.

Representative client list

Delaware Pooled Trust: The Emerging Markets Portfolio

AMA
Alameda County Employees' Retirement Association
Austin Presbyterian Seminary
Burlington Northern Santa Fe Retirement Plan
Care New England
Clinton Township Fire & Police Retirement System
Father Flanagan Foundation, Inc.
IHM Congregation
Illinois Teachers' Retirement System
Molex Inc.
Monte Vista Management Co.
Moorings Capital
Old Dominion University
Pfizer Master Trust
Spencer Foundation
Wichita Employees' Retirement System

Delaware Pooled Trust: The International Equity Portfolio

American Council of Learned Societies
Boston Newspaper Retirement Fund
Boston Shipping Association/ILA
College of William & Mary
Everest Reinsurance
Wells Fargo Bank
Franciscan Sisters of Little Falls
Hampton University
Herb Block Foundation
Intel Corporation
Pfizer Foundation
Standex International
Trust for Public Land
U.S. Airways
Washington and Jefferson College

Delaware Pooled Trust: The International Fixed Income Portfolio

City of Brockton
Delaware Pooled Trust:
The Global Fixed Income
Portfolio
American Dehydrated Foods
Belmont Retirement System
Bristol County Retirement System
Boston Shipping Association/ILA
Capital Region Healthcare
Catholic Medical Center
Meredith College
New Hampshire Charitable Foundation
Palmer & Dodge
Steelcase Retirement Plan
University of New England
Williams and Connolly

It is not known whether the listed clients approve or disapprove of the advisory services. Delaware Investments does not use performance-based criteria to determine which clients are included on the list.

Equity investment philosophy

Delaware Pooled Trust: The Emerging Markets Portfolio

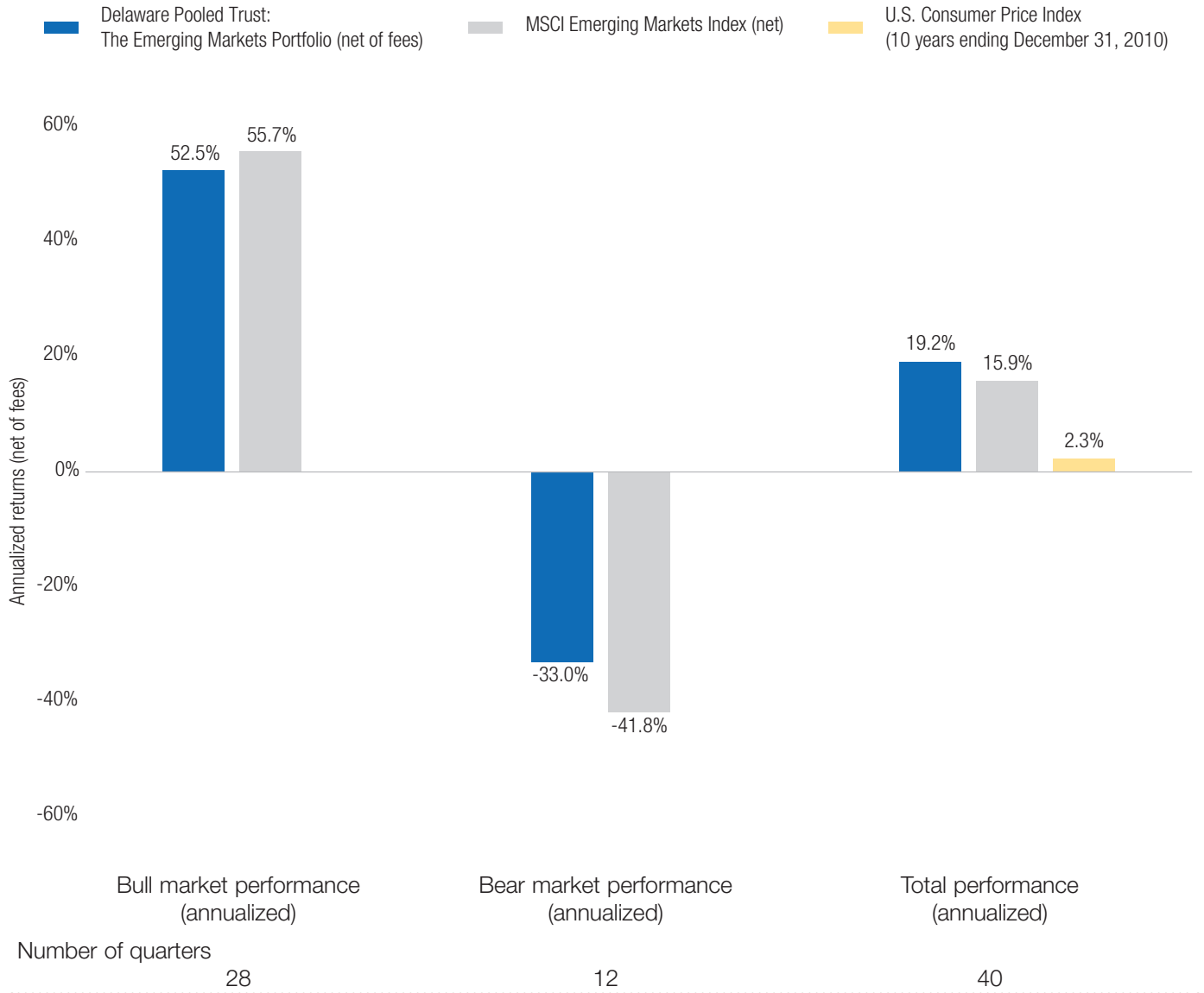
The portfolio is managed in a value-oriented defensive style

Mondrian invests the portfolio in stocks where rigorous dividend discount analysis isolates value in terms of the long-term flow of dividends. Dividend yield and future growth play a central role in the decision making process and over time the dividend component will be a meaningful portion of expected total return.

- An approach that focuses on providing a **rate of return** meaningfully **greater than** the client's domestic rate of **inflation**.
- Client portfolios that seek to **preserve capital** during protracted global market declines.
- Portfolio performance has typically been **less volatile** than the MSCI EM Index (net) and most other emerging markets managers.

Defensive characteristics

Delaware Pooled Trust: The Emerging Markets Portfolio
December 31, 2000 – December 31, 2010



Additional performance information is presented on page 4.5

A bull market quarter is defined as one in which the MSCI Emerging Markets Index showed a positive U.S. dollar return, and bear market quarter as one in which the MSCI Emerging Markets Index showed a negative U.S. dollar return. For purposes of the performance graph above, the "bear market" quarters were: 2001 (1Q,3Q) 2002; (2Q,3Q); 2003 (1Q); 2004 (2Q); 2006 (2Q); 2008 (1Q, 2Q, 3Q, 4Q), 2010 (2Q). All other quarters were "bull" quarters. The bull market performance is calculated as an average of 28 quarters during the time period from December 31, 2000 to December 31, 2010.

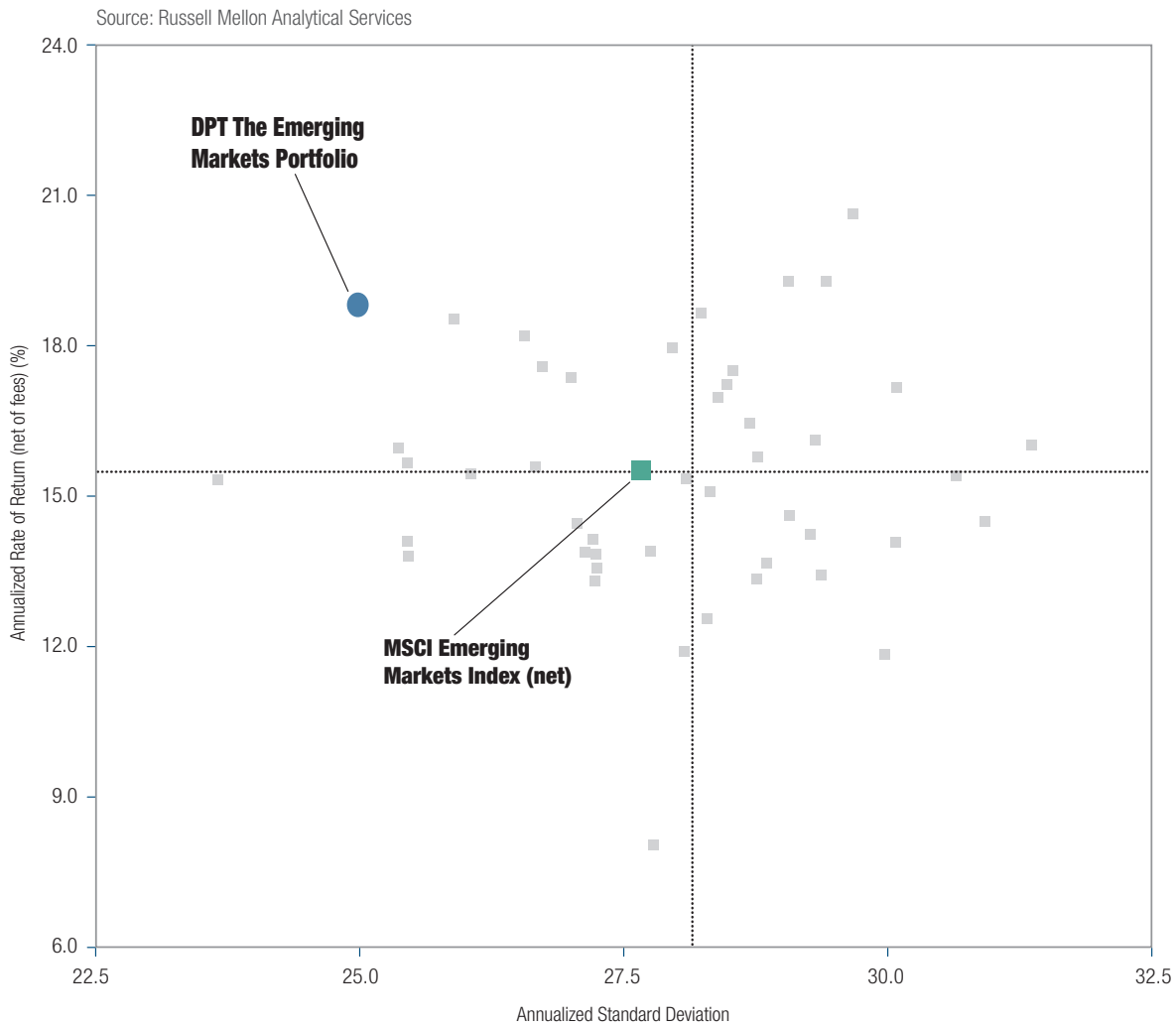
The bear market performance is calculated as an average of 12 quarters during the time period from December 31, 2000 to December 31, 2010.

*Mondrian Investment Partners Limited ("Mondrian") sub-advises Delaware Pooled Trust: The Emerging Markets Portfolio. Mondrian was formerly known as Delaware International Advisers Ltd. ("DIAL"). DIAL previously acted as the sole investment advisor since the inception of Delaware Pooled Trust: The Emerging Markets Portfolio.

The MSCI Emerging Markets Index, measures equity market performance across emerging market countries world-wide. Index "net" return approximates the minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. The MSCI Emerging Markets Index is an unmanaged index. You cannot invest directly in an index.

Emerging markets mutual fund portfolios

Delaware Pooled Trust: The Emerging Markets Portfolio
10 years ending December 31, 2010



The small gray squares in the chart above represent 46 emerging market mutual fund competitors of Delaware Pooled Trust - The Emerging Markets Equity Portfolio as determined by Russell Mellon Analytical Services.

*Mondrian Investment Partners Limited ("Mondrian") sub-advises Delaware Pooled Trust: The Emerging Markets Portfolio. Mondrian was formerly known as Delaware International Advisers Ltd. ("DIAL"). DIAL previously acted as the sole investment advisor since the inception of Delaware Pooled Trust: The Emerging Markets Portfolio.

Investment process

Delaware Pooled Trust: The Emerging Markets Portfolio

- A **value-oriented dividend discount methodology** toward individual security and market analysis that isolates value across country boundaries.
- A long-term oriented **purchasing power parity approach** supplemented by shorter-term probability assessment is the cornerstone of ongoing currency analysis.
- Extensive **world-wide fundamental research** with the **emphasis on company visits** being the central focus of the research process.

Framework for decision making

Delaware Pooled Trust: The Emerging Markets Portfolio



Country allocation

Delaware Pooled Trust: The Emerging Markets Portfolio
December 31, 2010

	* Estimated "Real" Annualized Market Returns (%)	Country Allocation Weightings (%)			Currency Hedge
	1	2	3	4	5
	U.S. Dollar	Normal Minimum/Maximum Weightings	Current Allocation	MSCI Emerging Markets Index "net"	
LATIN AMERICA			26.7	23.5	
Brazil	6.3	0-30	15.7	15.8	
Chile	4.8	0-10	2.6	1.7	
Mexico	5.1	0-20	6.2	4.5	
Others		0-10	2.2	1.5	
EUROPE, MIDDLE EAST, AFRICA			20.6	18.6	
Czech Republic	6.5	0-10	1.9	0.3	
Poland	5.5	0-10	0.9	1.6	
Russia	6.0	0-20	3.2	6.4	
South Africa	5.2	0-20	7.4	7.8	
Turkey	6.9	0-10	5.9	1.5	
Others		0-10	1.3	1.0	
ASIA			50.5	57.8	
China	6.6	0-30	20.4	17.2	
India	5.4	0-20	3.9	8.0	
Indonesia	5.7	0-10	2.2	2.3	
Korea	5.2	0-30	6.3	13.8	
Malaysia	5.5	0-10	1.1	2.8	
Taiwan	5.9	0-25	11.7	11.5	
Thailand	6.2	0-10	3.2	1.7	
Others		0-5	1.7	0.5	

- 1 Calculated using Mondrian's dividend discount methodology and long term purchasing power parity currency analysis. These forecast "real" annualized market returns are used solely as a basis for making judgements about country allocations and are not intended to be indications of expected returns. Forecast real returns in US dollars are calculated as at December 31, 2010.
- 2 A minimum/maximum country allocation policy allows broad flexibility while guarding against concentration relative to benchmark.
- 3 Portfolio allocation
- 4 Benchmark weights
- 5 Currency hedges are put into place if appropriate.

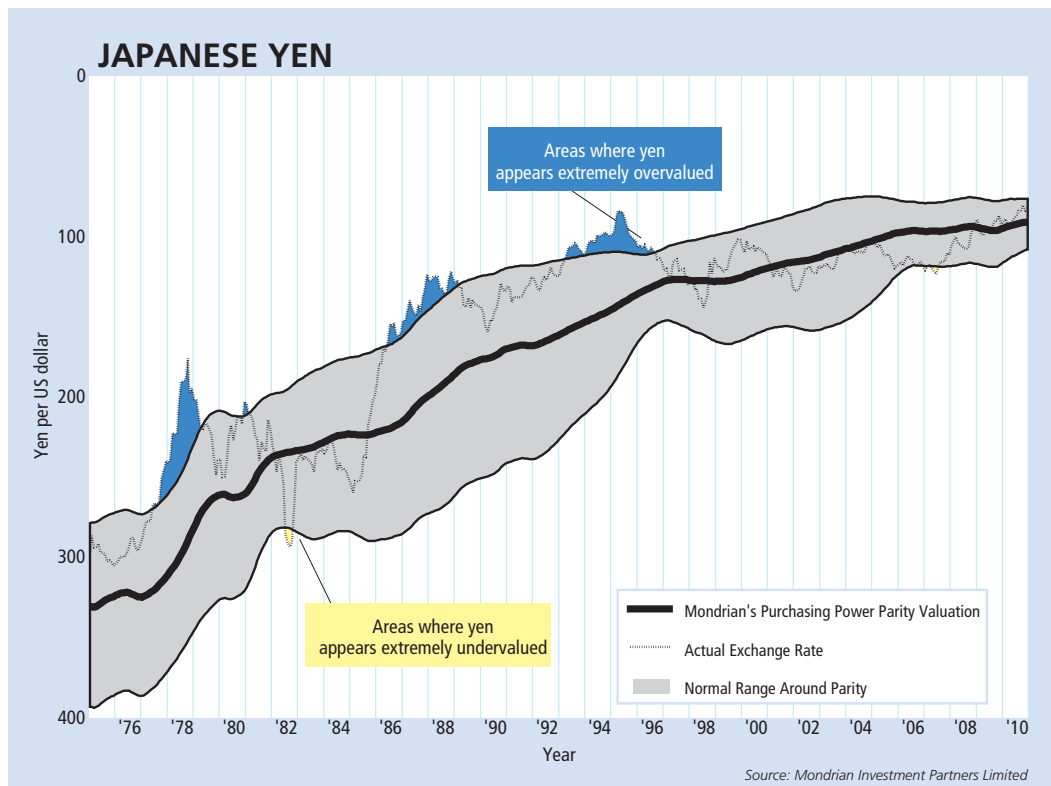


Currency analysis: a purchasing power parity approach

Delaware Pooled Trust: The Emerging Markets Portfolio

A long-term-oriented purchasing power parity approach supplemented by shorter-term probability assessment is the cornerstone of ongoing currency analysis.

Currency approach: a defensive strategy



Purchasing power parity (PPP) is a theory which states that exchange rates between currencies are in equilibrium when their purchasing power is the same in each of the two countries. In the chart above, the black solid line represents our calculation of the fair value of an exchange rate. The dotted line is the actual exchange rate and the gray area represents our calculation of the normal trading range.

- **HEDGING IS FOR DEFENSIVE PURPOSES ONLY**



However...

- Costs can be prohibitive
- Weaknesses with the data

Therefore...

- Assess and monitor economic imbalances and political uncertainty
- Top down – **AVOID MARKET**
- Bottom up – **BUY NATURAL HEDGES**



- **CURRENCY MATTERS**
– **HELPS TO ENHANCE DEFENSIVE CHARACTERISTICS**

Sell discipline

Delaware Pooled Trust: The Emerging Markets Portfolio

Stocks, markets, and currencies

- Price appreciation leading to significant overvaluation against a predetermined value level.
- A change in the fundamentals that adversely affects ongoing appraisal of value.
- More attractive alternatives.
- A change in the political environment which has implications for the investment's future prospects.

Controlling risk in emerging markets

Delaware Pooled Trust: The Emerging Markets Portfolio

- Dividend Discount Model neutralizes accounting differences and focuses on more stable element of return.
- Market optimization process addresses worst case as well as central case.
- Currency issues are critical in building Emerging Market Portfolios.
- Our portfolios are well diversified by stocks and markets.
- Direct local market investment is avoided where necessary.

Emerging markets performance

December 31, 2010

	QUARTER 4, 2010			2010		
	Local Market Return (%)	Currency Change vs. US\$ (%)	US\$ Return (%)	Local Market Return (%)	Currency Change vs. US\$ (%)	US\$ Return (%)
EM EMEA	8.7	1.4	10.3	18.9	3.9	23.5
Czech Republic	0.3	-3.8	-3.5	-1.0	-1.6	-2.5
Egypt	6.9	-1.8	4.9	18.5	-5.1	12.4
Hungary	-7.2	-2.4	-9.4	-0.4	-9.2	-9.6
Morocco	5.5	-1.4	4.0	21.5	-5.4	14.9
Poland	5.9	-1.4	4.4	19.0	-3.1	15.2
Russia	16.4	0.1	16.5	20.0	-0.7	19.1
South Africa	7.3	5.4	13.1	20.6	11.3	34.2
Turkey	-2.0	-6.0	-7.9	24.0	-2.6	20.8
EM ASIA	5.5	1.4	7.0	14.6	3.8	19.0
China	0.8	-0.1	0.7	4.9	-0.2	4.6
India	1.7	0.5	2.2	16.2	4.1	20.9
Indonesia	0.2	-0.9	-0.7	28.4	4.3	33.9
Korea	12.3	0.5	12.8	23.5	2.6	26.7
Malaysia	5.3	0.1	5.5	23.4	11.0	37.0
Philippines	-3.8	0.2	-3.6	26.9	5.5	33.9
Taiwan	9.5	7.2	17.4	11.1	9.7	21.8
Thailand	5.2	0.7	5.9	40.8	10.6	55.7
EM LATIN AMERICA	4.2	1.7	6.0	9.0	5.2	14.7
Brazil	1.4	2.1	3.4	1.5	5.0	6.5
Chile	2.4	3.3	5.8	33.0	8.4	44.2
Colombia	1.0	-6.2	-5.2	34.8	6.4	43.4
Mexico	14.8	1.6	16.7	20.6	5.8	27.6
EM (EMERGING MARKETS)	5.7	1.5	7.3	14.1	4.2	18.9

Source: MSCI

Benchmark sector returns

December 31, 2010

	QUARTER 4, 2010	2010
	US\$ Return (%)	US\$ Return (%)
CONSUMER DISCRETIONARY	6.1	31.4
Automobiles & Components	4.9	47.8
Consumer Durables & Apparel	2.0	2.8
Consumer Services	7.5	51.6
Media	20.4	33.6
Retailing	2.7	32.9
CONSUMER STAPLES	4.7	30.4
Food & Staples Retailing	8.8	45.8
Food Beverage & Tobacco	4.9	24.9
Household & Personal Products	-4.0	29.4
ENERGY	10.6	9.9
FINANCIALS	4.0	17.0
Banks	3.9	20.0
Diversified Financials	4.9	24.4
Insurance	7.8	5.7
Real Estate	-2.0	-1.8
HEALTH CARE	4.8	26.8
Health Care Equipment & Services	0.8	16.1
Pharmaceuticals Biotechnology & Life Sciences	5.9	29.4
INDUSTRIALS	7.3	29.0
Capital Goods	8.7	29.9
Commercial & Professional Services	-10.1	20.7
Transportation	3.2	26.5
INFORMATION TECHNOLOGY	13.7	16.4
Software & Services	6.6	19.1
Technology Hardware & Equipment	12.3	15.8
Semiconductors & Semiconductor Equipment	18.5	15.4
MATERIALS	11.1	22.8
TELECOMMUNICATION SERVICES	2.5	14.6
UTILITIES	0.9	8.1
EM (EMERGING MARKETS)	7.3	18.9

Source: MSCI

Emerging markets gross performance

Quarter 4, 2010

PERFORMANCE ATTRIBUTION %			
RELATIVE RETURN	RELATIVE CURRENCY CONTRIBUTION	RELATIVE MARKET CONTRIBUTION	STOCK SELECTION
-2.4	-0.6	-1.4	-0.4

POSITIVE

NEGATIVE

CURRENCY CONTRIBUTION

- Underweight Korean won
- Overweight Turkish lira
- Underweight Malaysian ringgit

MARKET CONTRIBUTION

- Underweight India
- Underweight Korea
- Overweight Turkey
- Underweight Russia

STOCK SELECTION

- Materials and Consumer Discretionary stock selection
- Overweight Utilities and stock selection in Information Technology

Grupo Mexico
TSMC - Taiwan
Sasol South Africa

China Gas
Redecard - Brazil
China Resources Power

Source: Mondrian Investment Partners and MSCI

Past performance is no guarantee of future performance

Performance and attribution data calculated by Mondrian's attribution system, which is based on performance gross of fees and neutralizes the effect of fair pricing policy required on mutual funds.

Emerging markets gross performance

Year 2010

PERFORMANCE ATTRIBUTION %			
RELATIVE RETURN	RELATIVE CURRENCY CONTRIBUTION	RELATIVE MARKET CONTRIBUTION	STOCK SELECTION
-0.2	-1.4	-0.5	+1.7

POSITIVE

NEGATIVE

CURRENCY CONTRIBUTION

- Underweight Hungarian forint
- Overweight Turkish lira
- Underweight Brazilian real
- Overweight Czech koruna

MARKET CONTRIBUTION

- Underweight Brazil
- Underweight Korea
- Overweight Turkey
- Overweight Czech Republic

STOCK SELECTION

- Energy and Financials stock selection
- Overweight Utilities and stock selection in Information Technology

HTC - Taiwan
President Chain - Taiwan
BanColombia

Redecard - Brazil
KazMunaiGas - Kazakhstan
Asustek - Taiwan

Source: Mondrian Investment Partners and MSCI

Past performance is no guarantee of future performance

Performance and attribution data calculated by Mondrian's attribution system, which is based on performance gross of fees and neutralizes the effect of fair pricing policy required on mutual funds.

San Mateo County Employees' Retirement Association

Delaware Pooled Trust: The Emerging Markets Portfolio

Performance Summary

	DPT Emerging Markets (net of fees)	MSCI Emerging Markets Index (net)	Relative Performance
First Quarter 2010	2.31	2.40	-0.09
Second Quarter 2010	-7.38	-8.37	0.99
Third Quarter 2010	18.47	18.03	0.44
Fourth Quarter 2010	4.74	7.33	-2.59
through December 31, 2010			
One Year	17.59	18.87	-1.28
Three Years (annualized)	2.93	-0.33	3.26
Five Years (annualized)	12.20	12.77	-0.57
Since Inception Account (annualized)*	15.42	16.71	-1.29

Total Market Value: \$39,246,300

* Inception of San Mateo County Employees' Retirement Association (11/18/2004). The returns have been calculated from the start of the month following the corresponding Portfolio's inception date.

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 800 231-8002 or visiting www.delawareinvestments.com/institutional/performance.

Instances of high double-digit returns are unusual, cannot be sustained, and were achieved primarily during favorable market conditions.

Returns reflect the reinvestment of all distributions. The Portfolio's total operating expenses are 1.16%. The Portfolio has a purchase reimbursement fee and a redemption reimbursement fee that is paid to the Portfolio. These fees are designed to reflect an approximation of the brokerage and other transaction costs associated with the investment of an investor's purchase amount or the disposition of assets to meet redemptions, and to limit the extent to which the Portfolio (and, indirectly, the Portfolio's existing shareholders) would have to bear such costs. In lieu of the reimbursement fees, investors in the Portfolio may be permitted to utilize alternative purchase and redemption methods designed to accomplish the same economic effect as the reimbursement fees.

Investing involves risk, including the possible loss of principal.

International investments entail risks not ordinarily associated with U.S. investments including unfavorable fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations. Investing in emerging markets can be riskier than investing in established foreign markets due to increased volatility and lower trading volume.

If and when we invest in forward foreign currency contracts or use other investments to hedge against currency risks, the Portfolio will be subject to special risks, including counterparty risk.

Fixed income securities and bond funds can lose value, and investors can lose principal, as interest rates rise. They also may be affected by economic conditions that hinder an issuer's ability to make interest and principal payments on its debt.

High yielding, noninvestment grade bonds (junk bonds) involve higher risk than investment grade bonds.

Holdings are for informational purposes only and are subject to change.

The MSCI Emerging Markets Index, measures equity market performance across emerging market countries world-wide. Index "net" return approximates the minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. The MSCI Emerging Markets Index is an unmanaged index. You cannot invest directly in an index.

Carefully consider the Portfolio's investment objectives, risk factors, charges, and expenses before investing. This and other information can be found in the Portfolio's prospectus, which may be obtained by visiting www.delawareinvestments.com/institutional or calling 800 231-8002. Investors should read the prospectus carefully before investing.

Performance Summary of Delaware Pooled Trust: The Emerging Markets Portfolio

through December 31, 2010

	DPT Emerging Markets (net of fees)	MSCI Emerging Markets Index (net)	Relative Performance
One Year	17.59	18.87	-1.28
Three Years (annualized)	2.93	-0.33	3.26
Five Years (annualized)	12.20	12.77	-0.57
Ten Years (annualized)	19.15	15.88	3.27
Since Inception Account (annualized)**	11.02	8.51	2.51

**Inception of Delaware Pooled Trust: The Emerging Markets Portfolio (4/14/1997). The returns for the MSCI EM (net) have been calculated from the start of the month following the portfolio's inception date.

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Emerging markets transaction summary

Delaware Pooled Trust: The Emerging Markets Portfolio
Quarter 4, 2010

BUY

COUNTRY	STOCK	DATE
China	Tingyi	Oct-10
Korea	Kangwon Land	Dec-10
Taiwan	Quanta Computer	Dec-10
Taiwan	Wistron Corp	Dec-10

SELL

COUNTRY	STOCK	DATE
China	China Power	Oct-10
China	China Yurun	Nov-10
Egypt	Orascom Telecom	Nov-10
Chile	Banco Santander Chile	Dec-10
China	CNOOC	Dec-10
Czech Republic	Komerčni	Dec-10

portfolio snapshot

Portfolio

Delaware Pooled Trust: The Emerging Markets Portfolio
December 31, 2010

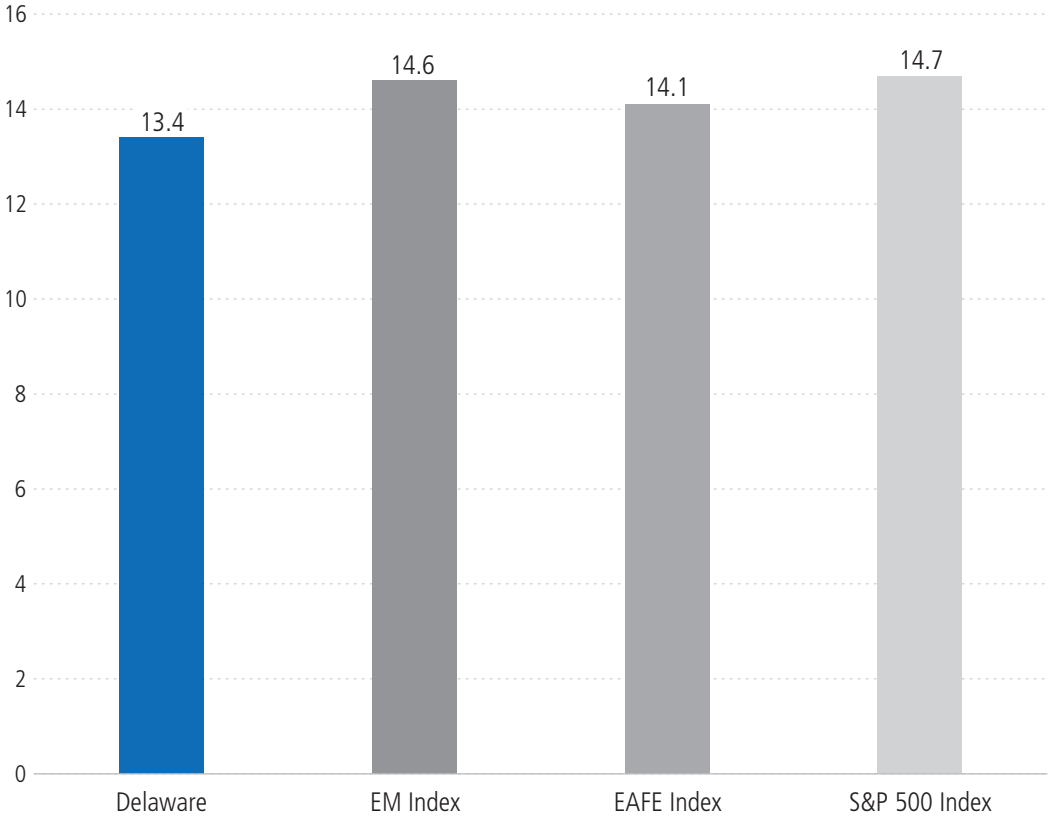
	Holdings		P/E		Yield (%)*	
	Portfolio	MSCI Emerging Markets Index	Portfolio	MSCI Emerging Markets Index	Portfolio	MSCI Emerging Markets Index
LATIN AMERICA	26.7	23.5	14.9	15.9	3.8	2.3
BRAZIL	15.7	15.8	13.0	13.8	5.0	2.7
AES TIETE PEF	0.5		11.9		8.8	
AES TIETE	0.2		10.6		2.9	
AMBEV	1.3		23.2		4.0	
CCR	2.0		32.2		4.1	
CIELO	2.0		10.0		8.5	
CPFL ENERGIA	1.3		12.5		7.1	
VALE PEF	3.2		12.8		2.7	
ITAU UNIBANCO	1.1		14.3		2.5	
ITAUSA	2.1		12.7		3.4	
REDECARD	1.6		9.8		9.4	
SANTOS BRASIL	0.4		5.7		3.1	
CHILE	2.6	1.7	15.7	21.4	2.8	1.4
ENERSIS	2.2		16.0		1.9	
IAM	0.4		14.3		8.0	
COLOMBIA	0.7	0.8	16.6	23.5	2.2	2.1
BANCOLOMBIA	0.7		16.6		2.2	
MEXICO	6.2	4.5	21.6	23.9	1.9	1.6
BANCO COMPARTAMOS	1.6		23.8		0.9	
GRUPO AEROPORTUARIO PACIFICO	1.2		20.5		3.4	
GRUPO MEXICO	1.9		19.9		0.8	
GRUPO TELEVISIA	0.8		28.5		2.1	
KIMBERLY-CLARK DE MEXICO	0.7		18.8		4.2	
PERU	1.5	0.7	16.8	21.0	1.4	1.1
CREDICORP	1.5		16.8		1.4	
EUROPE, AFRICA & MIDDLE EAST	20.6	18.6	9.6	9.3	4.0	1.9
CZECH REPUBLIC	1.9	0.3	9.0	9.9	8.0	6.6
CEZ	1.3		8.8		6.8	
TELEFONICA O2	0.6		9.6		10.5	
EGYPT	0.3	0.5	10.3	17.4	4.5	3.5
MOBINIL	0.3		10.3		4.5	
KAZAKHSTAN	1.0	-	6.6	7.9	4.0	2.9
KAZMUNAIGAS	1.0		6.6		4.0	
POLAND	0.9	1.6	16.2	14.1	2.4	2.5
BANK PEKAO	0.5		18.8		1.6	
POLSKA GRUPA ENERGA	0.4		14.0		3.3	
RUSSIA	3.2	6.4	4.8	8.3	2.2	1.5
GAZPROM	1.6		4.6		1.3	
LUKOIL	1.7		4.9		3.0	
SOUTH AFRICA	7.4	7.8	14.9	18.9	3.9	2.3
AFRICAN BANK INVESTMENTS	2.1		16.5		4.8	
PRETORIA PORTLAND CEMENT	0.8		16.6		5.0	
SASOL	3.1		13.9		3.0	
TIGER BRANDS	1.4		14.0		3.9	
TURKEY	5.9	1.5	11.0	10.8	3.9	2.2
GARANTI BANK	1.4		9.0		1.1	
TOFAS	0.6		10.0		3.3	
TUPRAS	2.0		11.1		6.5	
TURKCELL	1.9		13.8		3.7	

	Holdings		P/E		Yield (%)*	
	Portfolio	MSCI Emerging Markets Index	Portfolio	MSCI Emerging Markets Index	Portfolio	MSCI Emerging Markets Index
ASIA	50.5	57.8	15.1	15.2	3.2	2.0
CHINA	20.4	17.2	15.3	14.6	2.6	2.2
BEIJING ENTERPRISES	0.9		21.6		1.5	
CHINA BLUECHEMICAL	0.7		22.0		1.5	
CHINA CONSTRUCTION BANK	2.9		11.2		3.4	
CHINA GAS	0.6		25.7		0.5	
CHINA MERCHANTS INTL	1.7		21.0		1.9	
CHINA MOBILE	2.0		11.2		3.7	
CHINA RESOURCES POWER	1.7		12.0		2.7	
CHINA SHENHUA	0.6		16.2		1.9	
CHINA SHIPPING	1.3		18.2		1.1	
ENN ENERGY	0.8		21.6		0.9	
HENGAN	0.7		34.7		1.8	
ICBC	2.9		10.7		3.5	
JIANGSU EXPRESSWAY	1.2		16.8		4.7	
TINGYI	1.2		35.6		1.3	
WANT WANT	1.2		32.8		2.7	
INDIA	3.9	8.0	16.9	22.4	1.5	0.9
AXIS BANK	1.3		19.3		0.9	
HCL TECHNOLOGIES	0.9		26.9		1.0	
RURAL ELECTRIFICATION	1.7		13.1		2.2	
INDONESIA	2.2	2.3	16.5	19.0	3.5	2.2
PT PERUSAHAAN	2.2		16.5		3.5	
KOREA	6.3	13.8	9.9	12.1	2.6	1.1
HYUNDAI MOTOR 2ND PRF	0.5		3.6		2.0	
KANGWON LAND	0.3		13.5		3.4	
KB FINANCIAL	1.6		68.8		0.0	
KT&G	2.5		8.9		4.3	
SAMSUNG ELECTRONICS PREF	1.1		7.5		1.9	
SK TELECOM	0.3		9.6		5.4	
MALAYSIA	1.1	2.8	26.4	18.1	3.6	2.3
MAXIS	1.1		26.4		3.6	
PHILIPPINES	1.7	0.5	11.4	17.5	6.0	2.4
PLDT	1.7		11.4		6.0	
TAIWAN	11.7	11.5	18.7	16.1	4.8	3.2
ASUSTEK COMPUTER	0.5		11.4		5.1	
CHUNGHWA TELECOM	2.2		15.5		5.5	
FAR EASTONE	0.5		15.5		6.6	
HTC	0.6		29.4		2.9	
LITE-ON TECHNOLOGY	1.0		9.5		5.6	
MEDIA TEK	1.6		11.2		6.2	
PRESIDENT CHAIN STORES	1.5		26.5		2.7	
QUANTA COMPUTER	0.2		10.0		6.0	
TAIWAN SEMICONDUCTOR	3.2		13.4		4.2	
WISTRON CORP	0.4		10.2		4.6	
THAILAND	3.2	1.7	17.1	14.8	2.5	2.5
KASIKORN BANK	1.3		17.5		1.9	
PTT	1.9		16.8		2.9	
CASH	2.2				0.2	
US DOLLARS	1.0				0.4	
OTHER CURRENCY	1.2					
TOTAL PORTFOLIO	100.0	100.0	13.4	14.6	3.4	2.1
CURRENT 30-DAY SEC YIELD**					2.8	

*The yield for the total portfolio and countries has been calculated utilizing the stock yields provided by MSCI. **SEC 30-day yield shows the rate of return (dividends and interest, less expenses) on a fund's offering price over a trailing 30-day period.

Price to earnings value ratio

Delaware Pooled Trust: The Emerging Markets Portfolio
December 31, 2010

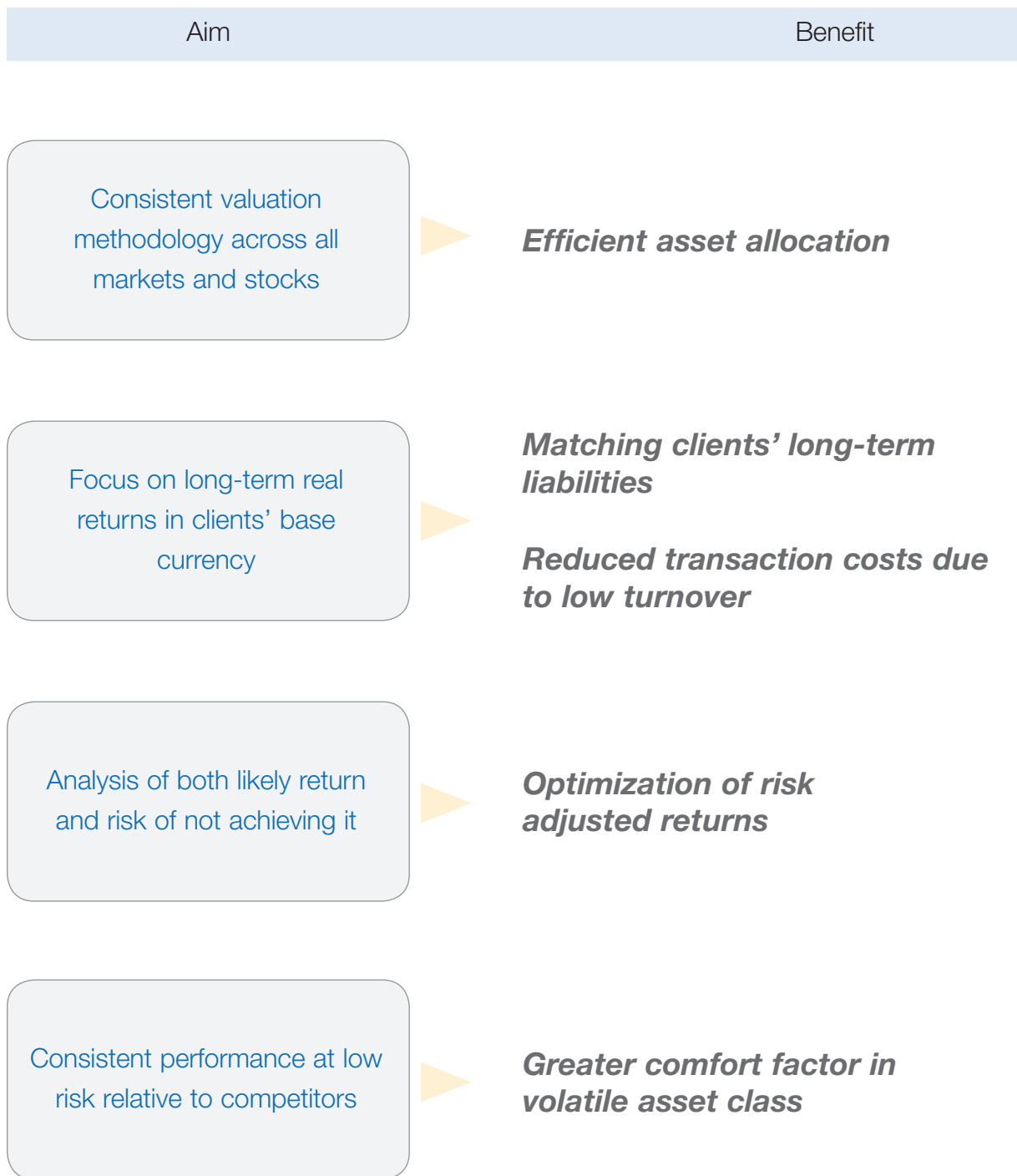


Source: MSCI & S&P



Key characteristics

Delaware Pooled Trust: The Emerging Markets Portfolio



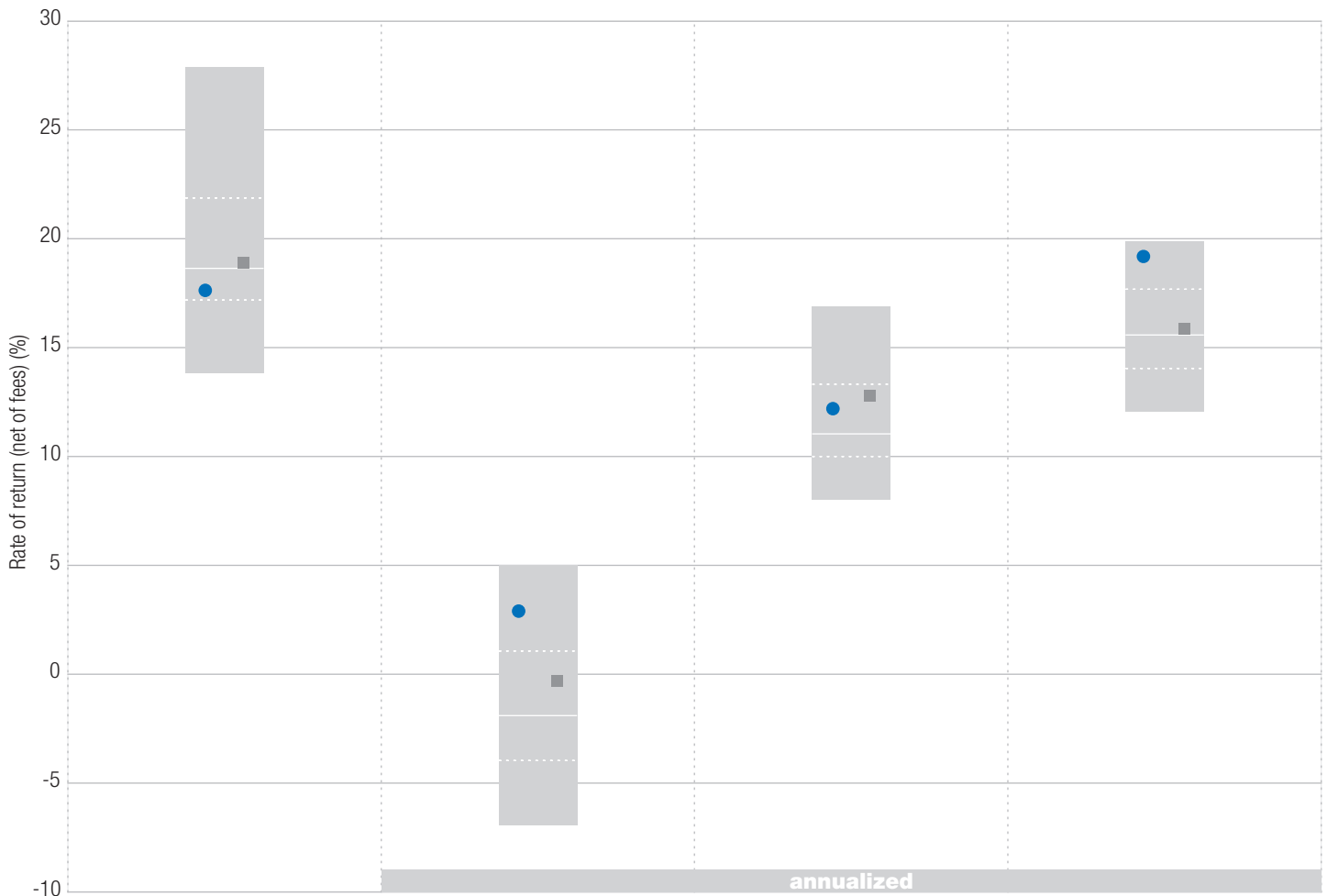
Key features of Delaware Pooled Trust

Delaware Pooled Trust: The Emerging Markets Portfolio

- Equitable procedure for handling inflows and outflows.
- As of February 28, 2010, total annual operating expenses were 1.16%.
- SEC registered mutual fund, with daily pricing.
- Client service resources of Delaware Investments supplemented by personnel from Mondrian Investment Partners Limited.

Performance of emerging markets equity mutual funds

Delaware Pooled Trust: The Emerging Markets Portfolio
December 31, 2010



	1 Year	3 Years	5 Years	10 Years
5th percentile	27.90	5.02	16.90	19.87
25th percentile	21.88	1.07	13.32	17.69
Median	18.64	-1.90	11.04	15.59
75th percentile	17.19	-3.96	10.00	14.05
95th percentile	13.85	-6.91	8.03	12.04

● **Delaware Pooled Trust: The Emerging Markets Portfolio (net of fees) / (percentile rank)**

17.59 / (69th) **2.93 / (11th)** **12.20 / (35th)** **19.15 / (13th)**

■ **MSCI Emerging Markets Index (net) / (percentile rank)**

18.87 / (49th) **-0.33 / (37th)** **12.77 / (32nd)** **15.88 / (47th)**

Source: Russell Mellon Analytical Services

As of December 31, 2010, the universe contains 46 emerging markets mutual fund competitors of the Delaware Pooled Trust-The Emerging Markets Portfolio as determined by Russell Mellon Analytical Services.

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San Mateo County Employees' Retirement Association

Delaware Pooled Trust: The Emerging Markets Portfolio

Performance Summary

	DPT Emerging Markets (net of fees)	MSCI Emerging Markets Index (net)	Relative Performance
First Quarter 2010	2.31	2.40	-0.09
Second Quarter 2010	-7.38	-8.37	0.99
Third Quarter 2010	18.47	18.03	0.44
Fourth Quarter 2010	4.74	7.33	-2.59
through January 31, 2011			
One Year	17.68	22.48	-4.80
Three Years (annualized)	4.34	3.25	1.09
Five Years (annualized)	9.48	9.80	-0.32
Since Inception Account (annualized)*	14.56	15.95	-1.39

Total Market Value: \$37,942,327

* Inception of San Mateo County Employees' Retirement Association (11/18/2004). The returns have been calculated from the start of the month following the corresponding Portfolio's inception date.

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Performance Summary of Delaware Pooled Trust: The Emerging Markets Portfolio

through January 31, 2011

	DPT Emerging Markets (net of fees)	MSCI Emerging Markets Index (net)	Relative Performance
One Year	17.68	22.48	-4.80
Three Years (annualized)	4.34	3.25	1.09
Five Years (annualized)	9.48	9.80	-0.32
Ten Years (annualized)	17.63	14.08	3.55
Since Inception Account (annualized)**	10.68	8.24	2.44

**Inception of Delaware Pooled Trust: The Emerging Markets Portfolio (4/14/1997). The returns for the MSCI EM (net) have been calculated from the start of the month following the portfolio's inception date.

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SUB-ADVISOR PROFILE

DECEMBER 31, 2010

MONDRIAN INVESTMENT PARTNERS

MISSION

- Provide clients with a focused value-oriented investment style.
- A commitment to client servicing. For Delaware Pooled Trust accounts, Delaware and Mondrian will jointly service.

ORGANIZATION

- Established 1990.
- Assets under management/advice of over \$68 billion with over \$45 billion in international/global equity strategies.
- Highly experienced investment team that has worked together for many years under a common investment philosophy.
— 54 investment professionals/analysts
- Familiarity with the requirements of taxable and tax-exempt clients.
- Diverse product capabilities using a consistent value philosophy.

SUMMARY BIOGRAPHIES

JANUARY 2011

MONDRIAN INVESTMENT PARTNERS

Investment Professionals & Traders	Name	Position/Title	Discipline	Former Employer	Years with MIP	Industry Experience
	David Tilles	Executive Chairman	Strategy	Hill Samuel	20	36
	Clive Gillmore	CEO & CIO, Global Equities	Equities/Emerging & Global	Hill Samuel	20	28
	Elizabeth Desmond	Director, CIO International Equities	Equities/International	Hill Samuel	19	23
	John Kirk	Deputy Chief Executive Officer	Fixed Income & Currency	Royal Bank of Canada	12	26
	Nigel May	Deputy Chief Executive Officer	Equities/Global	Hill Samuel	19	24
	Christopher Moth	Director, CIO GFI & Currency	Fixed Income & Currency	Guardian Royal Exchange	18	21
	Hamish Parker	Director	Equities/International	Hill Samuel	20	29
	Fiona Barwick	Deputy Head, International Equities	Equities/International	Touche Remnant	17	21
	Robert Akester	Senior Portfolio Manager	Equities/Emerging Markets	Hill Samuel	15	41
	Brendan Baker	Senior Portfolio Manager	Equities/North America	Lombard Street Research	9	21
	Joanna Bates	Senior Portfolio Manager	Fixed Income & Currency	Hill Samuel	13	28
	Nigel Bliss	Senior Portfolio Manager	Equities/International	Cazenove & Co.	15	17
	Ginny Chong	Senior Portfolio Manager	Equities/Emerging Markets	PricewaterhouseCoopers	10	15
	Frances Cuthbert	Senior Portfolio Manager	Equities/Small Cap	Deutsche Bank	11	12
	Gregory Halton	Senior Portfolio Manager	Equities/Emerging Markets	Deutsche Asset Management Ltd	7	10
	Ormalal Krishnan	Senior Portfolio Manager	Equities/Small Cap	Koenean Capital Management	10	17
	Emma Lewis	Senior Portfolio Manager	Equities/International	Fuji Investment	15	20
	Russell Mackie	Senior Portfolio Manager	Equities/International	Hodgson Martin Ltd.	13	16
	Andrew Miller	Senior Portfolio Manager	Equities/Emerging Markets	PricewaterhouseCoopers	10	12
	Solomon Peters	Senior Portfolio Manager	Fixed Income & Currency	CEBR	10	14
	Dan Philips	Senior Portfolio Manager	Fixed Income & Currency	Dresdner Bank	12	15
	Andrew Porter	Senior Portfolio Manager	Equities/International	Frank Russell	7	11
	David Wakefield	Senior Portfolio Manager	Fixed Income & Currency	Bank of England	9	18
	Graeme Coll	Portfolio Manager	Equities/Emerging Markets	Ernst & Young	5	12
	Matt Day	Portfolio Manager	Fixed Income & Currency	Buck Consultants	3	8
	Steven Dutaut	Portfolio Manager	Equities/International	Baillie Gifford	3	6
	Aileen Gan	Portfolio Manager	Equities/International	Accenture	5	10
	Richard Ginty	Portfolio Manager	Equities/North America	Kleinwort Benson	17	22
	Dawid Krige	Portfolio Manager	Equities/Emerging Markets	RMB International	5	9
	Bhavin Manek	Portfolio Manager	Equities/Small Cap	Mercer Investment Consulting	4	7
	Kim Nguyen	Portfolio Manager	Equities/North America	Citigroup Asset Management	6	6
	Aidan Nicholson	Portfolio Manager	Equities/Small Cap	Cazenove & Co.	7	9
Melissa Platt	Portfolio Manager	Equities/International	FundSource Research	7	12	
Alex Simcox	Portfolio Manager	Equities/International	Ernst & Young LLP	3	7	
Bilgin Soyly	Portfolio Manager	Equities/International	Yapi Kredi Bank	10	11	
Jonathan Spread	Portfolio Manager	Equities/International	Morley Fund Management	5	11	
Amice Tiernan	Portfolio Manager	Equities/North America	ING	5	13	
Boris Veselinovich	Portfolio Manager	Equities/Emerging Markets	Challenger International	9	12	
Dinash Lakhani	Senior Research Analyst	Equities/International	Abu Dhabi Investment Authority	10	27	
Alastair Cornwell	Asst. Portfolio Manager	Equities/Small Cap	PricewaterhouseCoopers	2	2	
Kevin Fenwick	Asst. Portfolio Manager	Fixed Income & Currency	Wilshire Associates	2	7	
James Francken	Asst. Portfolio Manager	Equities/North America	Investec Asset Management	2	3	
Dan Kelly	Asst. Portfolio Manager	Equities/Emerging Markets	Deloitte LLP	1	4	
Luigi Li Calzi	Asst. Portfolio Manager	Equities/Strategy	Matterhorn Investments	2	3	
Paul Thompson	Asst. Portfolio Manager	Equities/North America	Deloitte LLP	1	4	
Brian Heywood	Implementation Manager	Equities	Mercury Asset Management	14	15	
Alan Fedarb	Portfolio Managers' Asst.	Equities	Gartmore Fund Managers	13	21	
Samantha Pollard	Portfolio Managers' Asst	Equities	Lambeth Building Society	5	10	
Vinit Shah	Portfolio Managers' Asst	Equities	State Street Bank	5	13	
Stuart Thomas	Portfolio Managers' Asst	Equities	ABN AMRO Asset Management	2	11	
Sandy Beveridge	Senior Trading Manager	Trading Desk	IDS International Inc	20	38	
Natalie Stone	Senior Trader	Trading Desk	WestAM	6	15	
Arthur van Hoogstraten	Trading Technology Specialist	Trading Desk	Banque Paribas	12	23	
Clark Simpson	Trader	Trading Desk	None	9	9	

SUMMARY BIOGRAPHIES

JANUARY 2011

MONDRIAN INVESTMENT PARTNERS

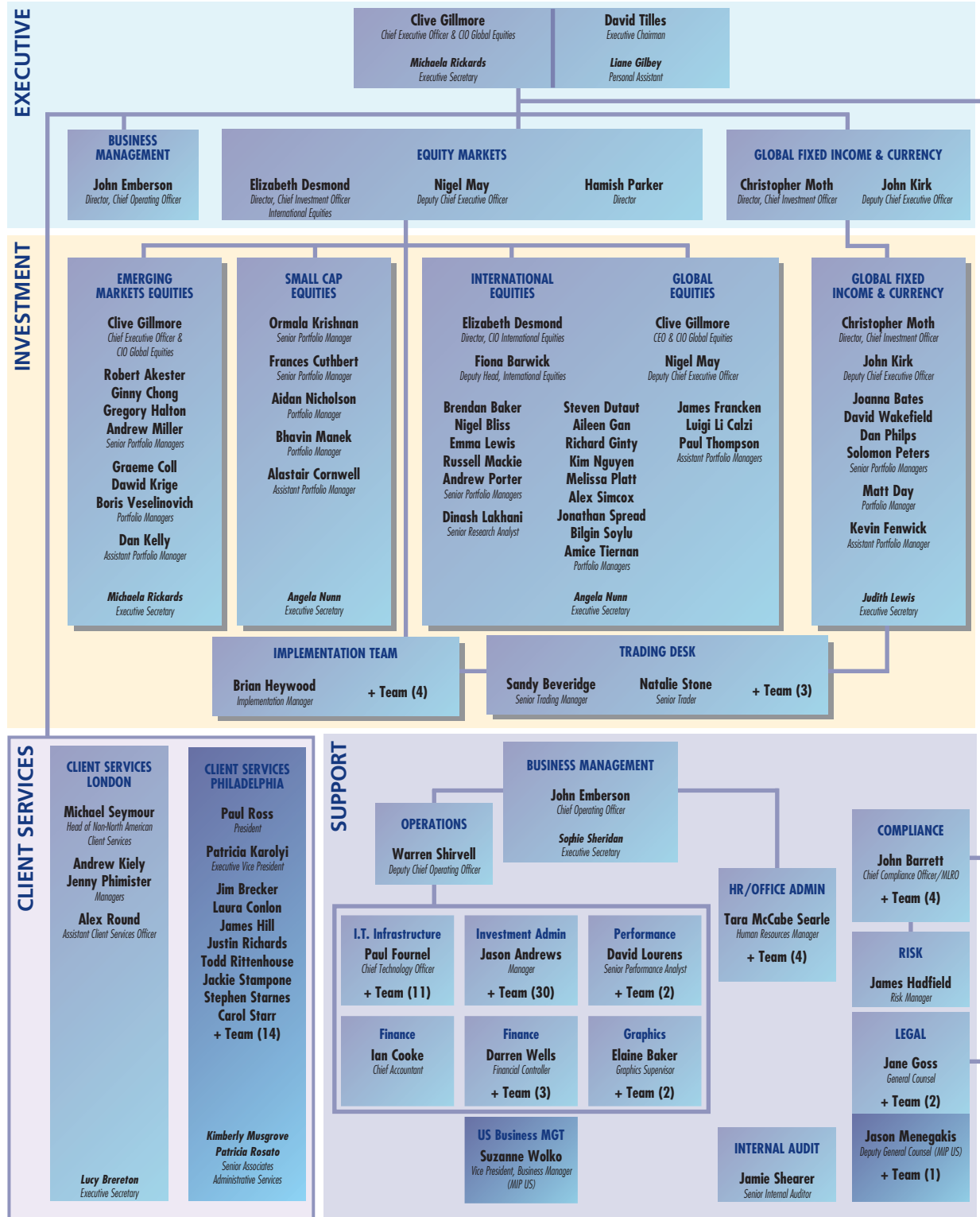
Client Service Professionals	Name	Position/Title	Former Employer	Years with MIP	Industry Experience
	Michael Seymour	Head of Non-North American Client Services, London	SEI Investments	<1	24
	Andrew Kiely	Manager, Client Services, London	Bank of Ireland Asset Management	4	14
	Jenny Phimister	Manager, Client Services, London	Hill Samuel Investment Management	10	21
	Paul Ross	President, MIP (U.S.), Inc., Philadelphia	The Travelers Corporation*	17*	29
	Patricia Karolyi	Executive Vice President, MIP (U.S.), Inc., Philadelphia	Blank, Rome, Comisky & McCauley*	19*	21
	James Brecker	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	None*	10*	10
	Laura Conlon	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	Morgan Lewis & Bockius, LLP*	13*	13
	James Hill	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	PNC Equity Advisors*	12*	19
	Justin Richards	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	None*	11*	11
	Todd Rittenhouse	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	Chartwell Investment Partners*	11*	19
Steve Starnes	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia	1838 Investment Advisers*	8*	29	

*Prior to joining Mondrian Investment Partners (U.S.), Inc. in September 2004, these individuals worked with Delaware Investments. Delaware Investments was an affiliate of Mondrian Investment Partners Limited prior to the management buy-out and name change of September 2004. The listing for "Former Employer" denotes the individual's employer prior to joining Delaware Investments. The listing for "Years with MIP" includes both years with Delaware Investments and MIP (U.S.), Inc. Todd Rittenhouse rejoined in 2007 after having worked with Delaware Investments from 1992 – 1999.

ORGANIZATION

JANUARY 2011

MONDRIAN INVESTMENT PARTNERS



This chart is designed to indicate the staffing resources and management structure of Mondrian Investment Partners Limited, and Mondrian Investment Partners (U.S.), Inc. The chart does not attempt to show all functions nor reporting and delegation lines, details of which are maintained in separate records. Please note some people may appear on this chart more than once, reflecting various responsibilities.

SENIOR INVESTMENT STAFF AND SENIOR MANAGEMENT

MONDRIAN INVESTMENT PARTNERS

DAVID G. TILLES

EXECUTIVE CHAIRMAN

Mr. Tilles was educated at the Sorbonne, Warwick University and Heidelberg University. Prior to joining Mondrian in 1990 as founding Managing Director & Chief Investment Officer he spent 16 years with Hill Samuel in London, serving in a number of investment capacities. Mr. Tilles was appointed Executive Chairman in November 2007. Mr. Tilles holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

CLIVE A. GILLMORE

CHIEF EXECUTIVE OFFICER & CIO GLOBAL EQUITIES

Mr. Gillmore is a graduate of the University of Warwick and has completed the Investment Management Program at the London Business School. In 1990, Mr. Gillmore joined Mondrian Investment Partners' predecessor organization as a founding member, having previously worked as a Senior Portfolio Manager for Hill Samuel Investment Advisers Ltd., and a Portfolio Manager at Legal and General Investment Management. He has over twenty years' experience analyzing equity markets and securities around the world and has managed client portfolios with a wide range of mandates. Mr. Gillmore is CEO of Mondrian, CIO of Global Equities and he is a member of Mondrian's Equity Strategy Committee, Chairman of the Emerging Markets Strategy Committee (where his research specialization lies) and a member of the Management Steering Committee.

ELIZABETH A. DESMOND

DIRECTOR, CHIEF INVESTMENT OFFICER INTERNATIONAL EQUITIES

Ms. Desmond is a graduate of Wellesley College and the Masters Program in East Asian Studies at Stanford University. After working for the Japanese government for two years, she began her investment career as a Pacific Basin investment manager with Shearson Lehman Global Asset Management. Prior to joining Mondrian in 1991, she was a Pacific Basin Equity Analyst and Senior Portfolio Manager at Hill Samuel Investment Advisers Ltd. Ms. Desmond is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of the UK.

JOHN KIRK

DEPUTY CHIEF EXECUTIVE OFFICER

Mr. Kirk is a Math graduate from the University of Wales and has an MA in operations research from Lancaster University. Before joining Mondrian in 1998, Mr. Kirk was at Royal Bank of Canada in London, where he was responsible for European and Asian Fixed Income. Mr. Kirk started his career at Ford Motor Company as a member of their operations research group. Mr. Kirk leads our credit research and heads the Global Credit Valuation Committee.

NIGEL G. MAY

DEPUTY CHIEF EXECUTIVE OFFICER

Mr. May is a graduate of Sidney Sussex College, Cambridge University, where he completed his Masters in Engineering. He joined Mondrian in 1991. Having led the European Team's research effort since 1995, he is now on the investment committee for several of Mondrian's investment products. Mr. May was formerly a Senior Portfolio Manager and analyst with Hill Samuel Investment Advisers Ltd., having joined the Hill Samuel Investment Group in 1986.

Mr. May holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

CHRISTOPHER A. MOTH

DIRECTOR, CHIEF INVESTMENT OFFICER GLOBAL FIXED INCOME & CURRENCY

Mr. Moth is an Actuarial graduate from The City University in London, and was later awarded the Certificate in Finance & Investment from the London Institute of Actuaries. He joined Mondrian in 1992, after working for the GRE insurance company where he was responsible for quantitative models and projections. He has made key contributions to the development of Mondrian's fixed income product, and was primarily responsible for the structure of the company's in-house systems to control and facilitate the investment process. Mr. Moth chairs the Global Fixed Income and Currency Committee meeting.

HAMISH O. PARKER

DIRECTOR

Mr. Parker has a degree from St. Johns College, Oxford. He began his investment career in 1981 as a Portfolio Manager for the Kuwait Investment Office, London, before joining J. Rothschild Holdings. Prior to joining Mondrian in 1990, he was with Hill Samuel Investment Advisers Ltd, which he joined in 1986 as a European Analyst and Senior Portfolio Manager.

JOHN EMBERSON

DIRECTOR, CHIEF OPERATING OFFICER

Mr. Emberson is a member of the Institute of Chartered Accountants in England and Wales and has completed an MBA. Upon joining Mondrian in 1991, he assumed the role of business manager and compliance officer and is now responsible for all operating functions. He began his career with Dearden Farrow, where his specialization was the auditing of organizations in the investment management business. He joined Touche, Remnant & Co. in 1987 as head of finance and planning. In addition to the above, Mr. Emberson is also responsible for management information systems, with which he has extensive experience.

FIONA A. BARWICK

DEPUTY HEAD, INTERNATIONAL EQUITIES

Ms. Barwick is a graduate of University College, London. She joined Mondrian in 1993 to cover the Non-US markets. Prior to this, she spent 3 years at Touche, Remnant & Co. in London as an Assistant Portfolio Manager and Research Analyst. Ms. Barwick holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

PAUL M. ROSS

PRESIDENT

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Ross is a graduate of the University of Connecticut, where he earned an MBA, and Western Connecticut State University, where he earned a Bachelor of Business Administration degree. Prior to joining Mondrian's former affiliate in 1993, he spent eleven years in the institutional client service, consultant relations and business development group at The Travelers Corporation. In his present position, he is responsible for managing Mondrian's North American client service, consultant relations and marketing activities. Mr. Ross is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

PATRICIA M. KAROLYI

EXECUTIVE VICE PRESIDENT

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Ms. Karolyi is a graduate of Villanova University, where she earned an MBA, and Temple University, where she earned a Bachelor of Science degree. She began her investment career at Mondrian's former affiliate in 1989, where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, marketing and consultant relations. Ms. Karolyi is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

INVESTMENT STAFF

MONDRIAN INVESTMENT PARTNERS

ROBERT AKESTER

SENIOR PORTFOLIO MANAGER

A graduate of University College, London, Mr. Akester joined Mondrian in 1996. Prior to joining Mondrian he was a Director of Hill Samuel Investment Management where he had responsibility for significant overseas clients and Far Eastern markets. He has 40 years of investment experience, including over 30 years of involvement in emerging markets. Mr. Akester is a Senior Portfolio Manager in the Emerging Markets Team.

BRENDAN BAKER

SENIOR PORTFOLIO MANAGER

Mr. Baker has a BSc in History and an MSc in Economics from the University of London. He commenced his career as a financial journalist covering UK markets. On completing his MSc, Mr. Baker moved to Lombard Street Research, a leading UK economics consultancy. As a Senior Economist there, he worked on global economic analysis and financial markets strategy. He joined Mondrian in 2001. Mr Baker is a Senior Portfolio Manager with the US Equities Team and is a member of the Global Equity Strategy Committee.

JOANNA BATES

SENIOR PORTFOLIO MANAGER

Ms. Bates is a graduate of London University. She joined Mondrian's Fixed Income Team in 1997, before which she was Associate Director of Fixed Interest at Hill Samuel Investment Management. She has also worked for Fidelity International and Save & Prosper as a fund manager and analyst for global bond markets. At Mondrian, Ms. Bates is a Senior Portfolio Manager with many client relationships including those based in Japan. Her research specialities are emerging market currencies and debt. Ms. Bates holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

NIGEL A. BLISS

SENIOR PORTFOLIO MANAGER

Mr. Bliss has a BA (Hons) Degree in Geography from the University of Manchester. He holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. He commenced his career at Cazenove & Co. and moved to join Mondrian in 1995. Mr. Bliss is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience analyzing securities in the Pacific Basin region and in the global materials, utilities, property and industrials sectors. Mr. Bliss is a member of Mondrian's Non-US Equity Strategy Committee.

GINNY CHONG

SENIOR PORTFOLIO MANAGER

Prior to joining Mondrian in 2000, Ms. Chong worked for PricewaterhouseCoopers in Vancouver, within the Corporate Finance and Investment Banking Division where she qualified as a Canadian Chartered Accountant. Ms. Chong has a degree in Commerce from the University of British Columbia, Vancouver. Ms. Chong is presently a Senior Portfolio Manager within the Emerging Markets Team. Ms. Chong is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

FRANCES M. CUTHBERT

SENIOR PORTFOLIO MANAGER

Ms. Cuthbert is a graduate of the University of Edinburgh where she completed a MA (Hons) degree in Economics. She commenced her career at Deutsche Bank before joining Mondrian in 1999 with responsibilities in the International Small Capitalisation Team. Ms. Cuthbert is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

GREGORY J.P. HALTON

SENIOR PORTFOLIO MANAGER

Having graduated from St Catherine's College, Oxford in 2000 with a MEng (Hons) in Engineering Science, Mr. Halton worked in the global equity division of Deutsche Asset Management before joining Mondrian in 2004. Mr. Halton is a Senior Portfolio Manager within the Emerging Markets Team. Mr. Halton is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

ORMALA KRISHNAN

SENIOR PORTFOLIO MANAGER

Dr. Krishnan heads Mondrian's International Small Capitalisation Team. Dr. Krishnan started her investment career in 1993 with Singapore based Koeneman Capital Management. Prior to joining Mondrian in 2000 as a portfolio manager, Dr. Krishnan was an investment consultant with William M Mercer. Upon completion of her BSc in Pure and Applied Mathematics from the National University of Singapore, Dr. Krishnan achieved her MSc in Actuarial Science from City University, London. In 2006, Dr. Krishnan completed her Doctoral program in Investment and Finance from Sir John Cass Business School, City of London. Her doctoral thesis was on 'Value versus Growth in the Asian Equity Markets'.

EMMA R. E. LEWIS

SENIOR PORTFOLIO MANAGER

Ms. Lewis is a graduate of Pembroke College, Oxford University, where she completed her Masters in Philosophy and Theology. She joined Mondrian in 1995, assuming analytical responsibilities in the Non-US Equity Team. Ms. Lewis is currently a Senior Portfolio Manager at Mondrian where she manages international portfolios. Prior to joining Mondrian, Ms. Lewis began her investment career at the Dutch bank ABN AMRO and later joined Fujii Investment Management. Ms. Lewis holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

RUSSELL J. MACKIE

SENIOR PORTFOLIO MANAGER

A graduate, with Honours in European Studies and French from the University of Dundee and the Université de Grenoble, France. Mr. Mackie joined Mondrian in 1997, previously he was an Investment Analyst for Hodgson Martin Ltd. Prior to that he worked for the European Commission in Brussels. Mr. Mackie holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. Mr. Mackie is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience in analyzing securities in Europe and in global consumer sectors. Mr. Mackie is a member of Mondrian's Non-US Equity Strategy Committee.

ANDREW MILLER

SENIOR PORTFOLIO MANAGER

Mr. Miller is a graduate of the University of Birmingham. Prior to joining Mondrian in 2000, he worked in the Investment Management department of PricewaterhouseCoopers, where he was responsible for the analysis and audit of various investment vehicles. Mr. Miller is presently a Senior Portfolio Manager within the Emerging Markets Team. Mr. Miller holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

SOLOMON O. PETERS

SENIOR PORTFOLIO MANAGER

Mr. Peters joined Mondrian's Fixed Income Team in 2000. He has a BA in Economics from King's College, Cambridge and an MSc in Economics and Econometrics from Southampton University. After a period with the UK Government Statistical Service, he moved to research consulting at the Centre for Economics and Business Research (CEBR), specializing in econometric forecasting. Mr. Peters has helped to further develop Mondrian's proprietary inflation forecasting models, and also supplies quantitative support to our credit research. Mr. Peters is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

DANIEL G. PHILPS

SENIOR PORTFOLIO MANAGER

Mr. Philps joined Mondrian in 1998. He has a BSc from London University (King's College). Before joining Mondrian, Mr. Philps was a consultant to the derivatives businesses of Dresdner KB, Bankers Trust and Barclays Capital where he specialized in building pricing, risk and value models. At Mondrian he is a Senior Portfolio Manager and had a lead role in building our in-house proprietary credit analysis system. As a member of the Global Fixed Income and Currency Committee Mr. Philps has primary responsibility for credit research. Mr. Philps is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

ANDREW R. PORTER

SENIOR PORTFOLIO MANAGER

Mr. Porter studied at Magdalen College, Oxford University graduating with a first class degree in Chemistry. He also has an MSc in Economics from the University of London. Mr. Porter started his career as a consultant and trainee chartered accountant at Deloitte and Touche. Prior to joining Mondrian in 2003, Mr. Porter worked at Frank Russell, part of the team managing the multi-manager funds in the Asia Pacific region. Mr. Porter is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

DAVID J. WAKEFIELD

SENIOR PORTFOLIO MANAGER

Mr. Wakefield joined Mondrian in 2001. He took both BSc and an MSc in Economics from the University of Warwick. Prior to joining Mondrian, Mr. Wakefield was an economic adviser to the Monetary Policy Committee of the Bank of England, and formerly an economic adviser to the UK Treasury Department, specializing in inflation forecasting in both positions. At Mondrian, he is a Senior Portfolio Manager and an active member of the Global Fixed Income and Currency Committee, where he utilizes his extensive inflation forecasting experience. Mr. Wakefield is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

INVESTMENT STAFF (CONTINUED)

MONDRIAN INVESTMENT PARTNERS

GRAEME R. COLL

PORTFOLIO MANAGER

Mr. Coll is a graduate of the University of the Witwatersrand, South Africa where he completed his Bachelor of Commerce with Honours. Prior to joining Mondrian in 2005, Mr. Coll was an Assistant Director at Ernst & Young Corporate Finance in London. Previously, he was employed at Deloitte & Touche in both New York and Johannesburg in their Financial Advisory Services Practice. Mr. Coll is a Portfolio Manager within the Emerging Markets Team. Mr. Coll is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

MATT DAY

PORTFOLIO MANAGER

Mr. Day joined the Mondrian Global Fixed Income & Currency Team in 2007. Prior to this, he worked at Buck Consultants in their investment and actuarial divisions, specialising in the development of stochastic asset and liability models for UK pension schemes. At Mondrian, Mr. Day is a quantitative analyst responsible for the continuing development of the company's proprietary inflation and mortgage backed securities models. Mr. Day has a BSc in Economics with Actuarial Studies from the University of Southampton and is a Fellow of the Institute of Actuaries.

STEVEN DUTAUT

PORTFOLIO MANAGER

Mr. Dutaut holds a BA in Business Finance from the University of Durham and a M.Litt. in Management, Economics and International Relations from the University of St. Andrews. After completing his postgraduate degree, Mr. Dutaut worked in Bank of America's investment banking division for one year, followed by two years as an investment analyst for Baillie Gifford. Mr. Dutaut joined Mondrian as an Assistant Portfolio Manager in the Non-US Equity Team in 2007. Mr. Dutaut is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

AILEEN GAN

PORTFOLIO MANAGER

Ms. Gan is a Commerce graduate from the University of Melbourne, Australia and holds a Masters of Commerce degree from the University of New South Wales, Australia. Prior to joining Mondrian in 2005, she was a consultant at Accenture, specialising in the financial services sector, firstly in Singapore and subsequently in the UK. Ms. Gan is a CPA (Australia) and CFA Charterholder. She is also a member of the CPA Australia, the CFA Institute and the CFA Society of the UK.

RICHARD J. GINTY

PORTFOLIO MANAGER

A graduate of Sheffield University, Mr. Ginty joined Mondrian in 1993. He began his investment career with Fiduciary Trust International in 1988 and subsequently moved to Kleinwort Benson Securities Limited. His primary research focus at Mondrian is in the Non-US Equity markets. Mr. Ginty holds the ASIP designation.

DAVID KRIGE

PORTFOLIO MANAGER

Mr. Krige graduated from the University of Stellenbosch, South Africa in 2000 with an Honours degree in Mathematical Statistics. He started his career at RMB International as a Portfolio Analyst where he was responsible for multi-management investments in the Asia Pacific region. He joined Mondrian in 2005 and is a Portfolio Manager in the Emerging Markets Team. Mr. Krige is a member of the CFA Institute and the CFA Society of the UK.

BHAVIN MANEK

PORTFOLIO MANAGER

Mr. Manek is a graduate of the London School of Economics where he achieved a First Class Honours degree in Economics. Mr. Manek started his career at Mercer Investment Consulting where he worked for 3 years as an Investment Analyst, before joining Mondrian in 2006. Mr. Manek is a Portfolio Manager on the International Small Capitalisation Team. Mr. Manek is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

KIM NGUYEN

PORTFOLIO MANAGER

Ms. Nguyen is a graduate of the University of New South Wales where she completed her Bachelor of Laws and Bachelor of Commerce (Finance). On graduation in 2000, Ms. Nguyen joined Credit Suisse as a Legal and Compliance Analyst. Ms. Nguyen has also worked with Citigroup and Invesco before joining Mondrian in 2004 where she had been working as a Compliance Executive before accepting a position as Assistant Portfolio Manager with the North American Team in 2005. Ms. Nguyen is a CFA Charterholder and a member of the CFA Institute and the CFA Society of the UK.

AIDAN NICHOLSON

PORTFOLIO MANAGER

Having graduated from Pembroke College, Oxford with a Masters in Engineering, Economics & Management, Mr. Nicholson worked at Cazenove & Co. in the UK Smaller Companies Team, before moving to Mondrian in 2003 where he is a Portfolio Manager on the International Small Capitalisation Team. Mr. Nicholson is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

MELISSA J. A. PLATT

PORTFOLIO MANAGER

Ms. Platt is an Economics and Finance graduate of Massey University, New Zealand. She started her career as a consultant at KPMG Corporate Finance. She then moved to FundSource Research for 3 years as an Investment Analyst and later as Research Manager. Ms. Platt joined Mondrian in 2004 and is a Portfolio Manager in the Non-US Equity Team. Ms. Platt is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

ALEX SIMCOX

PORTFOLIO MANAGER

Mr. Simcox graduated from Robinson College, Cambridge with an MA in History. He worked at Ernst and Young LLP for four years, where he qualified as a Chartered Accountant, before joining the Non-US Equity Team at Mondrian in 2007. Mr. Simcox is a CFA Charterholder, and a member of the CFA Institute, the CFA Society of the UK, and the Institute of Chartered Accountants of Scotland.

BILGIN SOYLU

PORTFOLIO MANAGER

Dr. Soylyu holds a Science/Engineering PhD from Cambridge University. Following nine years in scientific research and project management at Cambridge University and having gained an MBA, he moved from the academic world to join a consultancy specialising in Telecommunications. Dr. Soylyu's most recent position before joining Mondrian in 2000, was as senior telecoms/technology analyst for Yapi Kredi Bank, the largest private bank in Turkey. Dr. Soylyu is a Portfolio Manager in the Non-US Equity Team. Dr. Soylyu is a member of the CFA Institute and a member of the CFA Society of the UK.

JONATHAN SPREAD

PORTFOLIO MANAGER

Mr. Spread graduated from Durham University in 1999 with a BSc in Computer Science and joined Morley Fund Management as part of their Pan-European research team. He joined Mondrian in 2005 and continues to focus on Non-US banks and insurers. Mr. Spread is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

AMICE TIERNAN

PORTFOLIO MANAGER

Ms. Tiernan graduated from the University of Bristol in 1996 with a BSc in Mathematics. After completing her degree, she worked in the Financial Services department at PricewaterhouseCoopers for 6 years where she qualified as a Chartered Accountant. She then joined ING as an internal auditor, before moving to Mondrian in 2005. Ms. Tiernan is a Portfolio Manager in the North American Team. Ms. Tiernan is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

BORIS VESELINOVICH

PORTFOLIO MANAGER

Mr. Veselinovich is an Economics and Quantitative Finance graduate from the University of Western Australia and holds an MSc in Mathematical Trading and Finance from CASS Business School, London. He commenced his career as an Investment Research Analyst at Challenger International in Australia covering the local equity market. He joined Mondrian in 2001 and has since worked on global equity coverage as well as new product development initiatives. Mr. Veselinovich has the IMC designation, the Securities and Investment Institute Certificate in Derivatives and is a member of the CFA Institute and CFA Society of the UK.

INVESTMENT STAFF (CONTINUED)

MONDRIAN INVESTMENT PARTNERS

DINASH V. LAKHANI

SENIOR RESEARCH ANALYST

Mr. Lakhani holds a joint Honours degree in Chemical Engineering and Management Sciences from Imperial College, London and an MBA from Manchester Business School. After completing his degree in 1983, he joined Fleming Investment Management in London, where he gained wide ranging experience in fund management. Prior to joining Mondrian, in 2000, Mr. Lakhani worked as a Senior Investment Analyst at the Abu Dhabi Investment Authority in Abu Dhabi covering the energy and utility sectors across Europe. Mr. Lakhani is a Senior Research Analyst in the Non-US Equity Team.

ALASTAIR CORNWELL

ASSISTANT PORTFOLIO MANAGER

Mr. Cornwell graduated from Imperial College, London with a BSc (Hons) degree in Physics. He started his career at Mondrian as an Investment Administrator in 2008, subsequently joining the International Small Capitalisation Team in 2010. Mr. Cornwell holds the IMC designation and is a CFA candidate.

KEVIN FENWICK

ASSISTANT PORTFOLIO MANAGER

Mr. Fenwick is an Economics graduate from the University of Cambridge and also holds a Masters degree in Computer Science from the University of Adelaide, Australia. He joined Mondrian in 2008, working in the Performance and Attribution Department, and became a member of the Global Fixed Income and Currency team in 2010. Directly before joining Mondrian, Mr. Fenwick worked for Wilshire Associates in their portfolio analytics division. He started his career at Touche Ross & Co as an auditor and forensic accountant and, for a number of years, was a Professor at the City University of New York, where he taught algorithms and logic. Mr. Fenwick is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

JAMES FRANCKEN

ASSISTANT PORTFOLIO MANAGER

Mr. Francken is a graduate of Exeter College, Oxford University and Emmanuel College, Cambridge University and holds an MBA in Finance from London Business School. Prior to joining Mondrian in 2009, he worked for Investec Asset Management. Mr. Francken is an Assistant Portfolio Manager in the North American Team.

DAN KELLY

ASSISTANT PORTFOLIO MANAGER

Mr. Kelly graduated from the University of Leeds in 2004, with a BSc (Hons) degree in Mathematics with Philosophy. He subsequently worked in the Financial Services department of Deloitte LLP for three years, where he qualified as a Chartered Accountant. He joined the Mondrian Emerging Markets Equity Team in 2009. Mr. Kelly is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

LUIGI LI CALZI

ASSISTANT PORTFOLIO MANAGER

Mr. Li Calzi holds an MSc in Physics from the University College, London, and an MSc in Quantitative Finance from the Sir John Cass Business School, London. Prior to joining Mondrian in 2008 he worked for Matterhorn Investment Management, a London based fund specialising in emerging markets.

PAUL THOMPSON

ASSISTANT PORTFOLIO MANAGER

Mr. Thompson graduated from St. Peter's College, Oxford University, with a BA (Hons) degree in Modern History and Politics in 2006. He spent three years in the financial services practice of Deloitte LLP, where he qualified as a Chartered Accountant. He joined the Mondrian US Equity Team in 2009. Mr. Thompson is a member of the Institute of Chartered Accountants in England and Wales and is a candidate for Level II of the CFA Program.

BRIAN HEYWOOD

IMPLEMENTATION MANAGER

Mr. Heywood is a graduate of the University of Bournemouth, where he achieved a BA (Hons) degree in Financial Services. He commenced his career at Mercury Asset Management. Mr. Heywood joined the Investment Administration department of Mondrian in 1996, and three years later was promoted to the investment staff. Mr. Heywood holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

ALAN FEDARB

PORTFOLIO MANAGER'S ASSISTANT

Prior to joining Mondrian, Mr. Fedarb spent seven years at Gartmore Investment Management. He joined the Investment Administration department of Mondrian in 1997, and was promoted to the investment staff in 2000. Mr. Fedarb has the IMC designation.

SAMANTHA POLLARD

PORTFOLIO MANAGER'S ASSISTANT

Ms. Pollard graduated from Kingston University with a BA (Hons) in Accountancy and Law. After completing her degree, she worked for Newton Investment Partners for 3 years where she qualified as an accountant. She joined Mondrian in 2005 as management accountant and in 2008 transferred to the investment staff. Ms. Pollard has the IMC designation and passed Level I of the CFA in 2009.

VINIT SHAH

PORTFOLIO MANAGERS' ASSISTANT

Mr. Shah graduated from Leicester University in 1997 with a BSc (Hons) in Mathematics and Computer Science. Prior to joining Mondrian in 2005 Mr. Shah worked for State Street Bank for 5 years in the Client service department. Mr. Shah has the IMC designation and is a CFA candidate.

STUART THOMAS

PORTFOLIO MANAGERS' ASSISTANT

Mr. Thomas graduated from Leicester University in 1997 with a BA (Hons) in Business Economics. Prior to joining Mondrian in 2008 Mr. Thomas worked for ABN AMRO Asset Management for 2 years in the trade reconciliations department. Mr. Thomas has the IMC designation and is a CFA candidate.

SANDY BEVERIDGE

SENIOR TRADING MANAGER

Mr. Beveridge joined Morgan Grenfell Investment Division in 1972 and was an international trader with that organization between 1984 and 1988. Prior to joining Mondrian in 1990, as Trading Manager, he was a trader at IDS International Inc., in London.

NATALIE STONE

SENIOR TRADER

Ms. Stone holds a BSc (Hons) degree in Maths and Physics from Leeds University. She started her career in investment administration at Pictet Asset Management. Ms. Stone then moved to WestLB Asset Management as a dealer and progressed to Head of Dealing, trading all instruments. After nearly 8 years at WestAM, she joined Mondrian in 2004. Ms. Stone has the IMC designation.

ARTHUR VAN

HOOGSTRATEN

TRADING TECHNOLOGY SPECIALIST

Mr. van Hoogstraten has a degree in Electronics from the HTS Rens & Rens in Hilversum, Netherlands and holds the CFA UK Level 3 Certificate in Investment Management. He has over 22 years experience in Information Technology and before joining Mondrian in 1998, he worked for Siemens, ABN Amro and Banque Paribas in systems development and project management roles.

CLARK SIMPSON

TRADER

Mr. Simpson holds a BA Honours degree in Sociology from the University of Essex. Prior to joining Mondrian's Trading Team in June 2010 Mr. Simpson spent seven years as a Compliance Executive at Mondrian. Mr. Simpson has successfully completed the Investment Administration Qualification and the Investment Management Certificate. Mr. Simpson is a Member of the UK Chartered Institute for Securities & Investment and holds both the diploma in Investment Compliance and the full Securities Institute diploma.

CLIENT SERVICE STAFF – LONDON & PHILADELPHIA

MONDRIAN INVESTMENT PARTNERS

LONDON:

MICHAEL SEYMOUR

HEAD OF NON-NORTH AMERICAN CLIENT SERVICES
Mr. Seymour has a BSc in Mechanical Engineering from Cardiff University. Prior to joining Mondrian in 2010, he worked for SEI Investment as a Client Investment Strategist. He has over twenty years in the industry mostly with Deutsche Asset Management and Fidelity. His experience covers both client service and work as an investment specialist in global and emerging market equities. At Mondrian, Mr Seymour is part of the client service team. He holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

ANDREW KIELY

MANAGER, CLIENT SERVICES
Mr. Kiely has a BA in Economics from University College Dublin and an MSc in Investment & Treasury from Dublin City University. Prior to joining Mondrian in 2006, Mr. Kiely worked for 6 years in client services and marketing for Bank of Ireland Asset Management in the United States. Before this, Mr. Kiely was a junior equity analyst with ABN Amro in Dublin. In his present position, his responsibilities include UK based Consultant liaison and client servicing. Mr. Kiely holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

JENNY PHIMISTER

MANAGER, CLIENT SERVICES
Ms. Phimister is a graduate of The Open University, and is a holder of the Investment Management Certificate. She joined Mondrian's Client Service Team in 2000 from Hill Samuel Investment Management, where she was a Client Service Manager. Ms. Phimister has many years experience in liaising with international clients particularly in Japan and the Middle East.

PHILADELPHIA:

PAUL M. ROSS

PRESIDENT
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.
Mr. Ross is a graduate of the University of Connecticut, where he earned an MBA, and Western Connecticut State University, where he earned a Bachelor of Business Administration degree. Prior to joining Mondrian's former affiliate in 1993, he spent eleven years in the institutional client service, consultant relations and business development group at The Travelers Corporation. In his present position, he is responsible for managing Mondrian's North American client service, consultant relations and marketing activities. Mr. Ross is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

PATRICIA M. KAROLYI

EXECUTIVE VICE PRESIDENT
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.
Ms. Karolyi is a graduate of Villanova University, where she earned an MBA, and Temple University, where she earned a Bachelor of Science degree. She began her investment career at Mondrian's former affiliate in 1989, where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, consultant relations, and marketing. Ms. Karolyi is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

JAMES F. BRECKER III

SENIOR VICE PRESIDENT, CLIENT SERVICES
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.
Mr. Brecker is a Cum Laude graduate of the University of Richmond, where he earned a Bachelor of Science degree in Business Administration. Prior to his current role, he worked in a marketing and client service role at Mondrian's former affiliate. In his present position, he is responsible for client service, consultant relations, and marketing. Mr. Brecker is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

LAURA A. CONLON

SENIOR VICE PRESIDENT, CLIENT SERVICES
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.
Ms. Conlon is a Summa Cum Laude graduate of Rosemont College where she earned a Bachelor of Science degree in Business Administration. Ms. Conlon worked at Morgan, Lewis & Bockius, LLP before joining Mondrian's former affiliate in 1997 where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, consultant relations, and marketing. Ms. Conlon is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

JAMES H. HILL

SENIOR VICE PRESIDENT, CLIENT SERVICES
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.
Mr. Hill is a graduate of Saint Joseph's University, where he earned a Bachelor of Arts degree in Political Science. He has held positions in marketing and client services for PNC Equity Advisors and Provident Capital Management. Prior to joining Mondrian, he was an Investment Specialist for Growth Equities at Mondrian's former affiliate. In his present position, Mr. Hill is responsible for client service, consultant relations, and marketing.

JUSTIN A. RICHARDS

SENIOR VICE PRESIDENT, CLIENT SERVICES
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.
Mr. Richards is a graduate of Temple University, where he earned an MBA with Honors, and a Cum Laude graduate of Gettysburg College, where he earned a Bachelor of Arts degree in Economics and Japanese Studies. Mr. Richards worked for the Japanese government as a participant in the Japan Exchange Teaching Programme, before joining Mondrian's former affiliate in 2000, where he worked in various client service and marketing roles. In his present position, Mr. Richards is responsible for client service, consultant relations, and marketing.

E. TODD RITTENHOUSE

SENIOR VICE PRESIDENT, CLIENT SERVICES
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.
Mr. Rittenhouse is a graduate of LaSalle University where he earned a Bachelor of Science degree in Business Administration. He worked at Mondrian's former affiliate from 1992 to 1999, where he was a Vice President in the Client Services Group. Prior to joining Mondrian, he was a Partner in the Client Services Group at Chartwell Investment Partners, where he worked for eight years. In his present position, Mr. Rittenhouse is responsible for client service, consultant relations, and marketing.

STEPHEN W. STARNES

SENIOR VICE PRESIDENT, CLIENT SERVICES
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.
Mr. Starnes is a graduate of Hamilton College, where he earned Bachelor of Arts degree in Sociology. He began his investment career at Bache, Halsey, Stuart, Shields (now Wells Fargo) in 1983. After spending 10 years at 1838 Investment Advisors, LLC as a Partner and Director, he joined Mondrian's former affiliate in 2002 as head of Wealth Management and Managed Accounts. Mr. Starnes was seconded in August 2006 to Mondrian's London office where he acted as Senior Manager for European and Australasian clients. In March 2009, he returned to the Mondrian US office. In addition to work with the institutional client base, he acts as the Investment Specialist for International Equity ADR portfolio.

OPERATIONS SENIOR STAFF

MONDRIAN INVESTMENT PARTNERS

JOHN L. BARRETT

CHIEF COMPLIANCE OFFICER

Mr. Barrett is a Fellow of the UK Chartered Institute for Securities & Investment and holds the Securities Institute diploma. Prior to joining Mondrian in 2001, he spent 8 years with Newton Investment Management as Deputy Head of Compliance. Mr. Barrett began his financial services career in 1988 at the Investment Management Regulatory Organisation (IMRO), a UK regulatory body which now forms part of the Financial Services Authority (FSA). At IMRO he held a variety of positions including Team Leader with responsibilities for carrying out regulatory examinations of regulated firms.

PAUL J. FOURNEL

CHIEF TECHNOLOGY OFFICER

Mr. Fournel joined Mondrian in 1995 with 9 years experience within offshore investment management companies, latterly with S.G.Warburg KAG in Frankfurt. He was initially recruited as Investment Administration Manager, which at that time included responsibility for systems. As the Company has expanded, Mr. Fournel has concentrated on the Information Technology development and is now responsible for all IT Management and Projects at Mondrian.

JANE S. GOSS

GENERAL COUNSEL

Ms. Goss is a graduate of Tufts University and the American University - Washington College of Law. Prior to joining Mondrian in 2004, she was the general counsel and compliance officer for GMO Europe Ltd for five years. She began her career in London with Morgan Stanley Asset Management Limited where she was employed for 11 years, latterly as an executive director and head of the legal and compliance department with responsibilities for Europe, Japan, Australia and the Far East.

WARREN D. SHIRVELL

DEPUTY CHIEF OPERATING OFFICER

Mr. Shirvell graduated from Exeter University in 1989 with a Honours degree in Applied Mathematics. He joined Arthur Andersen's Financial Markets Group, working in audit practice but also performing a large number of investment and operations consulting assignments. Before joining Mondrian in 2001, he undertook a number of short term senior consultancy roles at Invesco Asset Management, Hill Samuel Investment Advisers and BNP Paribas Asset Management. At Mondrian, he has responsibility for Operations, Finance, Performance and IT, focusing on improving operational effectiveness and internal control. Mr. Shirvell is an Associate Member of the Institute of Chartered Accountants (ACA), a Fellow of the UK Chartered Institute for Securities & Investment and holds the Securities Institute Diploma.

IAN N. COOKE

CHIEF ACCOUNTANT

Mr. Cooke's first degree was in Electronic Engineering from the University of Surrey. He trained to be a Chartered Accountant at KPMG. After qualification, he worked at National Westminster Bank for four years in the Head Office as an accountant. In 1994, he transferred to NatWest Markets, a newly formed subsidiary, to establish a management reporting function. During this period he undertook a part time MBA at Sir John Cass Business School, City of London. Mr. Cooke joined Ernst & Young in 1997 as a management consultant specialising in finance process improvement and shared service centres. He became a freelance consultant in 2001. In 2004 he implemented a new finance system at Mondrian and later joined the finance function as Chief Accountant.

JAMIE A. SHEARER

SENIOR INTERNAL AUDITOR

Ms. Shearer holds a Master of Professional Accounting degree from the University of Saskatchewan and a Bachelor of Arts degree from the University of British Columbia, both in Canada. She subsequently qualified as a Chartered Accountant with KPMG, working in the Vancouver, Canada and London, UK markets. Prior to joining Mondrian in 2010, she worked in Northern Trust's Audit Services department where she led internal audits in their London, Channel Islands, Luxembourg, and Ireland jurisdictions. She also holds a Securities & Investment Institute Level 3 Certificate in Investment Administration Qualification with a focus on Operational Risk.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 6.4

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

SUBJECT: Approval of Investment Management Agreement(s) for the Risk Parity Mandate.

STAFF RECOMMENDATION: Staff recommends that the board authorize the board chair to execute the documents between *SamCERA* and AQR for management of a risk parity mandate.

BACKGROUND: In August 2010, the board, with Strategic Investment Solutions assistance (SIS), completed an asset-liability study. SIS' Marc Gesell addressed asset mix optimization, including the expected return and standard deviation of asset classes. He presented a sample set of asset mix optimizations with *SamCERA*'s current asset classes as well as asset classes the board has expressed interest in, specifically alternatives (Private Equity, Commodities, Hedge Funds and Risk Parity). He noted that full funding of alternative mandates may take time.

Following extensive discussion the board voted unanimously to select an asset mix optimization which included an allocation to alternative investments. The alternative investment allocation includes 6% of the total portfolio allocated to risk parity.

In October 2010, SIS discussed the initial screening criteria for *SamCERA*'s risk parity search and provided a summary of each of the five candidates that passed the screening process. The board reduced the number of candidates to be interviewed to three. The finalists for the risk parity mandate were: (1) AQR Capital Management: Global Risk Premium Strategy 10% Volatility, (2) Bridgewater Associates: All Weather Strategy, and (3) PanAgora Asset Management: Risk Parity. They were invited to interview with the board on December 14, 2010. AQR was selected as the firm to be awarded the mandate.

COMMENT: On February 2nd and 3rd Strategic Investments Solutions' Steve Masarik and Patrick Thomas along with *SamCERA*'s Chief Investment Officer went to the office of AQR to perform due diligence. A copy of that report is attached to this item. Based on the visit, staff is proceeding with the implementation of the risk parity mandate with AQR.

Staff and county counsel's Eugene Whitlock are working with AQR to finalize the documentation required to formalize the agreement for AQR to invest a portion of *SamCERA*'s portfolio. Those documents may not be finalized when the board meets. With a target implementation date of March 1, 2011, staff is recommending that the board authorize the chair to execute the necessary documentation with AQR dependent upon approval of staff and counsel.

Specific Strategy Discussed: Global Risk Parity 10% Volatility

Dates of Visit: February 2nd and 3rd, 2011

Reason for Visit: SamCERA Manager Due Diligence

MEETING OVERVIEW

Client Representatives

Gary Clifton, SamCERA CIO

Manager Representatives

Abdon Bolivar, Chief Compliance Officer
Brian Cromwell, Consultant Relations
London Thomson-Thurn, Consultant Relations
Joey Lee, Client Strategies
Jim Riccobono, Operations
Eric Swann, Operations
Stephan Mellas, Head of Operations
Yao Hua Ooi, Portfolio Manager
Brian Hurst, Portfolio Manager
Ronnen Isreal, Principal, Research
Lasse Pederson, Principal, Research
Saied Hedayati, Portfolio Manager
Gunnar Arnson, Portfolio Manager

SIS Representatives

Steve Masarik
Patrick Thomas

Purpose of Meeting

SamCERA staff and SIS conducted an on site due diligence visit to AQR Capital Management's (AQR) Greenwich, Connecticut offices as the final step in the search process undertaken to fulfill the Plan's Risk Parity investment mandate. The on site visit is intended to test and confirm the conclusions reached in the earlier Database Screening, Request for Proposal Questionnaire analysis, and Committee Interview portions of the candidate search procedure. The on site search team met the people and experienced firsthand the culture of the firm to help further assess the firm's suitability as a long term partner to SamCERA. This report contains a brief summary of our findings.

Organization, Personnel & Business Strategy

Our meeting began with Joey Lee and Brian Cromwell who will be SamCERA's primary day to day contacts for this mandate, delivering an executive summary of the meeting schedule and an overview of the AQR organization.

AQR was founded in January 1998 by four founding principals formerly with Goldman Sachs, & Co. Three of the four, Cliff Asness, Robert Krail and John Liew, comprised the senior management of the Quantitative Research Group at Goldman Sachs Asset Management (GSAM). AQR now has nearly 200 employees and manages approximately \$30 billion in private funds, separate accounts and mutual funds all run in systematic and process-driven strategies for a diverse and global client base.

AQR is independently owned and operated with fourteen principals holding a majority interest (greater than 75%) in the firm. In November 2004, Affiliated Managers Group (AMG) bought a minority interest (AQR will only disclose that it is less than 25%) in AQR Capital Management. Since AMG's ownership share is a percentage of top-line revenue, AQR remains employee operated and has preserved independence in the management of its investment process. CNH Partners, an affiliate largely devoted to merger and convertible arbitrage strategies, is 50% owned by AQR and 50% owned by CNH's two principals (for all practical purposes, it is integrated into AQR). Mark Mitchell, formerly a professor at Harvard, and Todd Pulvino, formerly a professor at Northwestern, are the CNH principals. SIS believes that AQR's largely partnership-

AQR Capital Management

oriented ownership structure aligns its principals' interests with those of its clients and that the AMG ownership stake is small enough (probably approximately 10 to 15%) that it does not meaningfully dilute this favorable characteristic.

The Global Risk Premium (GRP) strategy is overseen by Portfolio Managers Brian Hurst, Michael Mendelson and Yao Hua Ooi. Additional oversight and input with respect to new research, changes to the models, etc., is provided by the GRP Investment Committee, which includes investment, risk and trading professionals from several areas of AQR. The firm is organized around investment strategies/asset classes rather than specific products; an arrangement that AQR believes allows expertise from many of the areas to contribute to the management of the individual strategies.

The GRP portfolio managers are supported by the Global Asset Allocation team, which has 17 researchers and 7 portfolio management members, a 9-member Global Trading team, and a 3-person independent Risk Management team. Although none are 100% dedicated to GRP, in total there are more than 30 investment professionals who support the investment management efforts for the strategy. The senior professionals that provide inputs to the GRP strategy, arranged by functional team, are as follows:

GRP Investment Committee

- Cliff Asness
- John Liew
- Brian Hurst
- Michael Mendelson
- Lasse Pedersen
- Aaron Brown
- Jeremy Getson
- Yao Hua Ooi

Portfolio Management

- Brian Hurst
- Michael Mendelson
- Yao Hua Ooi

Research

- John Liew
- Lasse Pedersen
- Roni Israelov
- Nathan Sosner

Risk Management

- Aaron Brown
- Lularalyn Pestrutto

We also discussed AQR's recent business initiatives, including the broad discretion investment mandate the firm is managing for the Alaska Permanent Fund, which is invested 60% in the GRP product (and 30% in another AQR product that is of direct interest to SamCERA, AQR's Delta hedge fund, rounded out with a 10% allocation to AQR's multi-strategy hedge fund). AQR reported that the Alaska relationship is going very well and could serve as a useful construct for other full discretion relationships.

Regarding total firm assets, Lee stated that the firm's assets peaked at approximately \$39 billion in 2007, and reached a low point of \$19 billion in early 2009 before rebounding to the current level of \$33 billion. The firm's highly varied Alternative strategies make up about \$14 billion in assets in aggregate, while the single largest product by assets is AQR's traditional long-only international equity product, which is currently at just under \$10 billion in assets. AQR values its diverse client base, and is looking to grow assets and client relationships within its individual product capacity constraints.

AQR Capital Management

The firm estimates that at \$3.9 billion, GRP is about half way to its capacity of \$7 to \$8 billion under current market conditions.

Investment Philosophy, Process and Risk Control

Brian Hurst and Yao Hua Ooi, two of the three named portfolio managers for the product, then joined the meeting and described the team's investment philosophy and research process.

AQR believes that for many institutional portfolios equity risk has historically been the predominant risk and the source of most return expectations since equities offer higher expected returns to compensate for their high risk. Investor preference for and concentration in equities has been driven by their expected return needs, which often cannot be completely satisfied in a well-diversified (and un-levered) portfolio. GRP addresses this problem by providing a diversified portfolio with a much more balanced risk composition that can be scaled to the desired level of risk/return. Consistent with modern portfolio theory GRP is designed to provide a more optimal portfolio from a risk-adjusted return standpoint with less reliance on equity returns than typical institutional portfolios, to which moderate leverage is then applied in order to target an equity-like level of expected returns.

AQR explains their investment process as proceeding from four basic activities:

- Select Universe of Risk Premia
- Determine Risk Allocations
- Construct the Portfolio
- Monitor and Trade

Select Universe of Risk Premia Assets

The Global Risk Premium strategy seeks to provide exposure to the major liquid and investable asset class risk premia, namely: Equities, Interest Rates, Inflation and Credit Spreads. The strategy aims for roughly equal risk contribution from these four main buckets and is broadly diversified within these four areas with over 70 individual exposures.

Risk Allocation

Equal risk weightings mean that GRP's exposure to each of the four main categories, or risk premia, is approximately the same on a contribution-to-risk basis. While the weightings of and within each risk category may change over time (e.g. based on future research, capacity constraints, market liquidity, and the availability of new betas) the team does not vary these weights tactically to express a view that one asset will have a higher or lower risk adjusted return than any other in GRP. Portfolio construction, risk control and dynamic rebalancing are the key inputs in maintaining the equal risk budget.

Portfolio Construction

AQR constructs the portfolio by calculating the exposures that meet the desired risk targets and risk composition. Exposure limits are set based on stress-testing scenarios which are focused on potential stress losses. GRP uses a broad range of asset class types that provide wide coverage with low trading cost, and are generally achieved with exchange traded futures using low-cost techniques including using electronic and algorithmic execution where feasible. The team places great emphasis on trading and implementation research and analysis, and transaction costs are modeled on a market by market basis.

Monitor and Rebalance

The long-term success of the strategy depends on maintaining diversified risk exposure. Market movements will cause those exposures to change over time, requiring routine monitoring and rebalancing. In addition, evolution in the underlying volatility, correlation and stress test estimates will lead the team to adjust its positions. AQR monitors volatility daily but rebalance only when the assessment shows meaningful drift away from the desired target risk budget.

Risk Control

AQR monitors the total risk of the GRP portfolio through its risk systems during the portfolio construction and trading process. Risk monitoring and analysis is conducted at both the overall portfolio level and within each of the four main risk premia buckets,, and includes the following measures:

AQR Capital Management

1. Forecasted tracking error (using multiple robust estimates)
2. Forecasted correlation between securities and between strategies
3. Worst and best case analysis
4. Skewness
5. Kurtosis
6. Correlation and beta to risk factors
7. Event analysis (i.e., what happened to these positions in Aug-1998)
8. Position limits (to enforce diversification)
9. Operational risk management and controls
10. Judgmental risk control (only to reduce risk)

In addition to the GRP portfolio team, AQR's Risk Committee independently monitors all strategies within the firm. The Risk Committee is responsible for managing all market, credit, liquidity, model and funding risk exposures of all firm-managed investments. Additionally, the Risk Committee monitors all counterparty exposures and risks along with any money market/cash exposure.

The Risk Committee and Portfolio Managers independently monitor returns, position by position, through the internal P&L system, which is able to capture live the returns on all the portfolios within GRP and also firm wide. Finally, AQR also employs a drawdown control process that uses market volatility and fund performance to determine when to take down/up portfolio exposure levels. In essence a sophisticated stop-loss strategy, the system is a technique for taking risk down in a controlled manner and for putting risk back on quickly when conditions improve. The drawdown policy seems to have helped the portfolio weather the market crisis of 2008 and 2009.

Operations, Compliance & GRP Model Demo

The second day of the onsite visit focused almost exclusively on operations beginning with a broad overview of AQR's back office structure, which totals 90 non-investment staff across six distinct groups:

- Operations (33 members; led by Steve Mellas, Eric Swann, Joe Trentacosta and John Walsh)
- Accounting (10 members; led by Nir Massafi)
- Systems Development & Technology (25 members, including 14 developers; led by Ismail Coskun)
- Compliance (7 members; led by Abdon Bolivar, Dan Rodriguez and Lisa Laudadio)
- Legal (11 members, including 4 attorneys; led by Brad Asness and Brendan Kalb)
- Human Resources (4 members; led by Susan Quattrochi)

Steve Mellas, Head of Operations, and Eric Swan, his second-in-command, provided an overview of the main functions of the operations group and procedures used for activities such as transaction processing, trade reconciliation, portfolio valuation and accounting, cash movement and client reporting. In terms of systems, AQR utilizes Charles River for its order management system (OMS) and Advent Geneva for portfolio accounting, as well as several other internally-developed software tools used for transaction processing, trade reconciliation, collateral/margin management and client reporting. During this session we also covered AQR's relationships with 3rd-party service providers. Fund administration has been handled since 2003 by IFS, a large and well-respected firm that specializes in independent valuation. AQR utilizes several prime brokers, wishing to avoid undue concentration in this area, and also uses an outside custodian (State Street) that holds all unencumbered cash and securities away from the prime brokers (i.e., assets that are not needed to meet margin requirements). PricewaterhouseCoopers (PWC) has been AQR's auditor since the firm's inception in 1998. Finally, we discussed AQR's disaster recovery and business continuity framework which appear adequate.

In addition to this standard overview, Mellas discussed the evolution of the operations group starting with his arrival from Goldman Sachs in 2005, when the firm had only 12 operations professionals. At the time AQR had less than \$10 billion in AUM which was concentrated in the firm's hedge fund products, but from an operational standpoint was not set up to effectively handle the back-office needs of a larger firm with a broad product line-up, global trading activities and multiple

AQR Capital Management

types of investment vehicles (e.g., institutional separate accounts, mutual funds). As AQR grew it was forced to simply add bodies to its operations group, which by 2007 had grown to over 50 members. Both Mellas and Swan admitted that this was not the desired approach, but rather a necessity while the firm evaluated ways in which it could more efficiently scale its operations to match the growing AUM and product/investment vehicle diversity. AQR finally addressed these issues through a combination of internal and 3rd-party systems that have been implemented over the past 2-3 years, as well as replacing operations professionals that had a “hedge fund mentality and skill set” with individuals better suited for a large asset management firm. As the market downturn coincided with many of these new systems coming on line, AQR used this period as an opportunity to reduce the headcount of its operations group by about 20%. As a stark indication of this overhaul, Swan is now the only member of the team who pre-dates Mellas. As a final comment on operations, although we were a bit surprised by the apparent bootstrap nature and neglect of standard back-office systems until fairly recently we do believe that the firm now has a robust operations infrastructure in place that will be capable of supporting both the firm’s current needs and future growth.

After the session covering operations we met with Abdon Bolivar, Chief Compliance Officer (and former SEC auditor) to discuss the compliance function. Topics included the firm’s regulatory framework, compliance manual, code of ethics, personal trading policies and procedures, guideline compliance procedures, trade allocation policies and structure of AQR’s legal group. While AQR appears to have all the correct policies and procedures in place from a compliance standpoint, Bolivar himself did not leave the best impression. There were several instances where we asked about a specific issue or certain type of report and Bolivar’s pat response was essentially “sure, we’re working on implementing that”. While this is most likely true, at times it seemed as though Bolivar was merely providing whatever answers he thought we wanted to hear. Another noteworthy instance was when Bolivar was asked whether or not AQR has ever submitted an E&O insurance claim. He answered no, but that there had of course been trade errors throughout the years. When asked what the largest error had been Bolivar answered “around \$500,000” and that AQR had made the client whole as a result. When pressed for additional details, however, Bolivar got a bit hazy and claimed that he needed to go back and review the case even though the actual amount of the error came to mind readily enough. Although we explicitly asked for a follow-up on this item AQR has yet to provide further information. In terms of the legal group, it should be noted that the co-head is Brad Asness, the younger brother of Cliff Asness. While this structure is certainly sub-optimal, in AQR’s case we are less concerned because Brad Asness is not involved in any compliance or operational functions and is not solely in charge of the legal group (Brendan Kalb is the other co-head).

The day ended with a tour of the trading floor and a demo of the GRP model, conducted by Saied Hedayati and Gunnar Arnson. The model is fairly straightforward and runs in Excel on a daily basis. Current volatility estimates are used in combination with an optimizer to rebalance the portfolio between the main asset class buckets and also rebalance the various components within each bucket (described in depth above in the “Investment Philosophy & Process” section), subject to risk-weight bands that must be breached before a trade is triggered. Once a set of recommended trades are generated by the model they are directly populated into the trade blotter on Charles River, where they are then reviewed by a member of the GRP team and released to the traders for execution. After seeing the actual process, it appears that the junior investment professionals are the ones actually “managing” the portfolio on a day-to-day basis, although this is not too alarming since GRP is purely a model-driven strategy and the senior PMs (Brian Hurst, Michael Mendelson and Yao Hua Ooi) review all rebalancing activity and become more actively involved if a major shift is set to occur. We were a bit surprised that the model driving a \$4 B and counting strategy is run using Excel, rather than a custom application, but AQR believes that Excel is robust enough for their purposes and remains the best interface since it allows them to perform on-the-fly calculations.

Conclusion

Our onsite confirmed SIS’ view that the AQR Capital Management Global Risk Parity product, and the firm itself, are suitable for the new Risk Parity investment mandate in the SamCERA portfolio.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 6.5

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

SUBJECT: Approval of Semi-Finalists for a Commodities Manager Search.

STAFF RECOMMENDATION: Staff recommends that the board review and approve Strategic Investment Solutions' (SIS) list of semi-finalists for *SamCERA's* Commodities Manager Search. The managers on this list will receive a Request for Information (RFI), which must be completed and returned to SIS.

BACKGROUND: Last month the investment committee reported to the board that it reviewed the commodity search criteria and timeline with staff and Strategic Investment Solutions (SIS). The mandate is set for \$60 million and the selection of finalists will be scheduled to occur in June. SIS recommends that *SamCERA* fund the commodity allocation mandate in two stages. The first stage this year and the second stage next year.

COMMENT: Following discussion of the commodities search at the January 25, 2011, board meeting, the following initial screening criteria were approved:

INITIAL SCREENING CRITERIA:

The goal of this search is to find an active commodity futures manager that offers market exposure to the asset class. The starting universe has approximately 65 strategies.

1. Starting Universe: Combined eVestment Alliance and Internal SIS Databases.
2. Product must possess demonstrable live performance record with institutional clients.
3. Product must be open to new accounts.
4. Product must have minimum notional assets of \$100 million as of September 30, 2010.
5. Firm AUM greater than \$500 mm as of 12/31/10.
6. Strategy should provide broad beta exposure to a diversified set of commodity futures (specifically exclude Commodity Trading Advisors (CTA), natural resource equity products and purely skill-based trading strategies.)
7. Passive or index replication strategies will be removed from the universe (specifically exclude portable alpha or collateral alpha strategies.)

This set of screens produced 11 products managed by 10 firms, which we propose as candidates to receive a Request for Information (RFI) pending discussion with the investment committee and board at the February 22nd, 2011 meeting.

The proposed candidates are:

Q:\Board\IPAD DOCUMENTS\1102 Board Packet\Second Mailing\11-02-6.5_Commodities_Long_List.doc

- Cargill Risk Management: ProAlpha Index
- Deutsche Asset Management: DWS Enhanced Commodity Strategy
- GE Asset Management: Active Commodities
- Gresham Investment Management: Enhanced Tangible Asset Program
- Hermes Fund Managers: Hermes Commodities Index Plus Fund
- INVESCO: Balanced Risk Commodities
- Macquarie Group: Macquarie Commodities Fund
- Prudential/Bache Asset Management: Bache Commodity Index
- Schroders: Commodities
- Schroders: NFC Relative Return Commodities
- State Street Global Advisors: Multisource Active Commodity Strategy

Note: Cargill Risk Management's ProAlpha Index is not available in eVestment so SIS has attached a product overview on the strategy in their overview booklet.

SamCERA: Commodities Manager Search

TIMELINE:

- February 2011:** SIS performs screening, develops draft of Request for information (RFI) and sends out RFI after the meeting.
- Deliverables:* List of products passing screen, summary data on passing products, draft of RFI.
- Desired Output from the Meeting:* Identify semi-finalist candidates to receive RFI and make any necessary adjustments to the RFI.
- March 2011:** SIS will Receive and begin reading RFI responses.
- Deliverables:* None from SIS, managers deliver completed RFI responses to SIS.
- Desired Output from the Meeting:* No official agenda related to this search.
- April 2011:** *Deliverables:* No official agenda related to this search.
- May 2011:** Finish reading RFI responses and prepare summary material.
- Deliverables:* SIS produces statistics sheet and pros and cons (bullet points) for semi finalists based on RFI responses.
- Desired Output from the Meeting:* Select finalists for interviews.
- June 2010:** Prepare for interviews
- Deliverables:* Search book with comparative analysis and statistics for finalist candidates.
- Desired Output from the Meeting:* Interview finalists in San Mateo. Select manager.

REQUEST FOR INFORMATION: COMMODITY MANAGER

Strategic Investment Solutions, Inc. (SIS) is issuing this Request for Information (RFI) on behalf of our client.

Please provide the requested information in a comprehensive yet succinct fashion and in the format provided. All data should be as of [12/31/2010](#).

The deadline for your firm’s response to this RFI is [03/16/2011](#).

Please submit **three (?) hard copies and one (?) electronic copy** to:

[John Nicolini](#)
Strategic Investment Solutions
333 Bush Street, Ste 2000
San Francisco, CA. 94104
(415-362-3484)
jnicolini@sis-sf.com

NOTE: Where noted, exhibits are to be completed in the attached Excel document.

I. BACKGROUND & GENERAL INFORMATION

A. Contact information:

Firm Name:	
Address:	
Telephone Number:	
Fax Number:	
Website:	
Primary Contact	
Name:	
Title:	
Telephone Number:	
Email:	

- B. Provide a brief overview of the firm, its history and main lines of business. Specify any lines of business other than investment management and provide the approximate percentage of firm revenues that each comprises.
- C. Attach an organizational chart depicting the firm’s distinct business units as **Appendix A - Firm Organizational Chart** and provide the total number of employees within each business unit.
- D. List the firm’s office locations and the main functional responsibilities of each. In addition, indicate the location(s) of the investment team responsible managing the proposed strategy.
- E. List any subsidiaries, affiliates or joint ventures and briefly describe each relationship.
- F. Provide a breakdown of ownership of your firm, including minority ownership. Particularly, we are interested in the information relating to active employee ownership of the firm.

- G. List all individuals or entities that hold a 5% or greater stake along with their respective ownership percentage, distinguishing between “full” ownership and non-voting, economic participation-only interests if applicable.
- H. Provide a timeline of any past changes to the firm’s legal, organizational or ownership structure, or if possible, those presently contemplated.
- I. Describe your succession and continuity plans for management of the firm.
- J. Please list turnover among senior staff (Officers, Managing Directors, etc.) over the past three years.
- K. **Exhibit-A (in the attached Excel document)**: Provide a breakdown of assets under management (AUM) including growth and retention of accounts. Please include an explanation of any major changes in AUM in a given year.
- L. Has your firm ever liquidated, dissolved or otherwise terminated a strategy, hedge fund or other commingled fund? If so, please provide details.

II. INVESTMENT TEAM

- A. Attach an organizational chart encompassing the group(s) responsible for managing the proposed strategy as **Appendix B – Investment Team Organizational Chart**.
- B. **Exhibit B (in the attached Excel document)**: Provide a list of key individual(s) (up to ten) who are responsible for managing the proposed strategy and note the amount of time they dedicate to this strategy, number of years they have worked on this strategy with your firm and number of years they have worked on this strategy in the industry.
- C. Attach biographies for each of the individuals named above as **Appendix C – Biographies of Key Investment Professionals**.
- D. Identify the named portfolio manager(s) who would be responsible for our client’s specific portfolio. If different individuals would be assigned for a separate account vs. the commingled fund, indicate so.
- E. **Exhibit B (in the attached Excel document)**: Provide a summary of the firm’s employees.
- F. For those personnel listed in the questions above, please describe their compensation arrangements and incentives. How are employees evaluated and rewarded? In particular, is the portfolio management team compensated on a percentage of assets or a performance basis? Do they receive a percentage of the management fees and incentive fees of the products they run? In addition, specifically discuss any employment contracts or other retention mechanisms related to the individuals named in response to II.B.
- G. **Exhibit B (in the attached Excel document)**: Complete the table listing turnover for the individuals responsible for the proposed strategy.
- H. Describe your succession and continuity plans for the management of the proposed strategy if any of the key investment professionals are internally redeployed or cease to be with the firm altogether.
- I. Are any of the investment activities or administrative services associated with the proposed strategy fully or partially outsourced to third-party service providers? If so, please list each firm and describe their respective roles. Are any of these firms considered affiliates of your firm?

III. INVESTMENT STRATEGY & PROCESS

- A. Describe your overall investment philosophy and approach as it relates to the proposed strategy.

- B. Explain the theoretical basis and specific market anomalies or inefficiencies the strategy seeks to exploit. Do you use term structure decision and if so, to what extent? Do you utilize inter-commodity spreads?
- C. Is your approach primarily fundamental, quantitative, technical, or some combination thereof?
- D. How much of the portfolio construction process is driven by top-down allocation decisions and what provides the basis for such decisions?
- E. Outline and briefly describe the main steps of your investment process.
- F. Describe the decision making process, including the committees, groups or individuals ultimately responsible for trading decisions.
- G. What are the sources that contribute to research? If research analysts are involved, what role do they play in the process?
- H. What are the sources of return for a long-only commodity futures strategy?
- I. How do you explain the markets moving into contango? What will cause a shift back into backwardation?
- J. How do you address term structure issues in the futures market? Explain how your strategy changes depending on whether futures are trading in contango or backwardation.
- K. Estimate the proportion of past returns directly attributable to positive roll yield from markets in backwardation. In light of this, and the fact that roll yield is currently negative for many markets, what is the justification for establishing a long-only strategic allocation to commodities?
- L. Although spot prices are largely driven by supply/demand factors, do you believe that commodities can also act as a hedge against US dollar depreciation? What is your medium-to long-term outlook for the US dollar and how does this view impact your management of the proposed strategy?
- M. In regards to the management of the proposed commodity strategy, do you delegate any parts of the money management business to an outside organization or money manager, including branches of your parent company?
- N. Explain how collateral is managed in this strategy. Is it used as a source of alpha?
- O. How do you define "risk"?
- P. List applicable portfolio constraints or guidelines (e.g., target exposures and allowable ranges, either benchmark-relative or absolute) and describe any other quantitative or qualitative risk controls.
- Q. Does the proposed strategy employ leverage? If so, discuss how leverage is used, typical amounts, limits, etc., and provide justification for its use. In addition, describe the leverage facility including providers, structure, terms, cost, etc.
- R. Does the proposed strategy employ short positions? If so, discuss the role of short positions, typical amounts, limits, etc., and provide justification for their inclusion.
- S. Describe any hedging activities pursued in the proposed strategy, including what risks/exposures are typically hedged, instruments used and how your hedging activities add value.
- T. Regarding risk management:
 - 1) List the main risks associated with the proposed strategy and describe how each is explicitly measured and managed at both the individual security and aggregate portfolio level.
 - 2) Identify the person(s) or group primarily responsible for the risk management function.

- 3) Discuss how risk management both interacts with and maintains independence from the other aspects of the investment process.
- U. What is the aggregate investment in this strategy by your firm? The portfolio manager(s)? Are investment professionals allowed to invest in strategies not managed by your firm?
- V. Discuss any material changes that have been made to the investment process or risk management techniques since inception of the proposed strategy. Were these changes considered normal enhancements, or were they made in response to the macroeconomic environment and/or specific market events?

IV. PERFORMANCE & PORTFOLIO COMPOSITION

- A. Identify the most appropriate benchmark for the proposed strategy and provide a brief rationale.
- B. The client utilizes the Dow Jones-UBS Commodity Index for benchmark purposes, if your strategy uses another benchmark; provide some detail on how the two are different.
- C. Indicate established performance targets or expectations (e.g., absolute return, relative return, volatility, tracking error) for the proposed strategy.
- D. Describe any structural elements or biases (e.g. avoidance of a commodity or sector) that might cause the proposed strategy to over/underperform in certain market environments.
- E. Discuss any periods during which the proposed strategy experienced exceptionally good/bad performance or high/low volatility – in essence provide context and explanation for any periods that would be considered abnormal.
- F. **Exhibit-C (in the attached Excel document):** Provide current and historical commodity allocation exposures.
- G. Regarding your performance – How much of your historical “value added” is attributable to the following factors: Commodity Selection, Trading, Collateral Management, Short or Hedging Activity and Non-Benchmark Commodity Exposure? Provide discussion as appropriate.
- H. Regarding composite quality:
 - 1) Is the composite for the proposed strategy calculated in compliance with CFA Institute GIPS? If so, what is the initial date of compliance?
 - 2) Has it been your firm’s policy to include all fully discretionary portfolios in the composite since its inception? If not, please explain.
 - 3) Are there currently any fully discretionary portfolios excluded from the composite? If so, provide an explanation for each instance.
 - 4) Are terminated portfolios included in the composite? If not, please explain.
 - 5) When are new portfolios included in the composite? Has this policy been consistently applied since inception of the composite?
 - 6) How are portfolios in the composite weighted? Has this policy been consistently applied since inception of the composite?
 - 7) Are cash returns mixed with asset returns? Has this policy been consistently applied since inception of the composite?
 - 8) Are accounts ever switched from one composite to another? What determines the appropriateness of any such changes?
 - 9) For the calendar year ending 12/31/10, provide the number of accounts and assets for both the investment style of the proposed strategy and the composite itself.

- 10) Provide the performance dispersion (high, low and median returns) of the accounts in the composite for each of the past five calendar years ending 12/31/10.

V. INVESTMENT VEHICLES, FEES & TERMS

- A. What is the legal structure for the strategy being proposed (i.e. limited partnership, separate account, etc.)?
- B. Comment on the growth of assets in the proposed strategy and indicate the size at which the firm will consider closing the product. How was this AUM level chosen?
- C. Provide the standard fee schedule, liquidity terms and minimum investment for the following:
 - 1) Separate Account
 - 2) Commingled Fund
 - 3) Institutional Mutual Fund
 - 4) Other
- D. Unless covered above, does your firm currently offer an alternative, performance-based fee arrangement for the proposed strategy? If so, describe the structure.
- E. Specifically regarding commingled vehicles (excluding mutual funds):
 - 1) Describe the structure of your commingled investment vehicle(s), including type (e.g., LLC, L.P.) and domicile.
 - 2) Aside from stated management and incentive fees, what additional fees or expenses are borne by the commingled vehicle? Please provide annual estimates in bps for these fees/expenses and state the cap, if any.
 - 3) How often may an investor withdraw funds? What is the notice period? Are there any lock-ups associated with the fund? Are there flood gates? Are investors paid with cash or distributions in kind? Are there any fees or penalties associated with withdrawals?
- F. Has your firm ever offered certain investors in the proposed strategy fee structures, fee rebates, liquidity provisions, or any other modifications to the standard terms of investment through side letters or other agreements? If so, please describe the modified terms and the classes of investors to whom they were offered.
- G. Are fees and/or terms negotiable for this mandate? If so, at what size?
- H. Provide the current amount of co-investment in the proposed strategy by both the firm and its employees. Are these investments made on the same terms as other investors?
- I. Attach relevant documents (e.g., sample investment management agreement, offering memorandum, prospectus) as **Appendix E - Legal Documents**.

VI. OPERATIONS, TRADING & CONTROLS

- A. Briefly describe your administrative/back office operations and organizational structure.
- B. If applicable, discuss fund administration and custody, indicating any relevant outside service providers.
- C. Briefly describe the key systems and tools used for portfolio management, analysis, trading and accounting. Indicate if these systems are third party or internally developed.
- D. If this strategy utilizes derivatives, address the following:
 - 1) What are your guidelines for managing counter-party risk?
 - 2) Describe the types of derivatives that will be allowed in this strategy.

- 3) What limits, if any, are applicable with respect to the usage of derivatives in the strategy?
 - 4) How do you control your exposure?
- E. Regarding valuation practices:
- 1) Provide an overview of pricing procedures for securities in the proposed strategy, including sources and frequency of marks.
 - 2) Do you currently contract with outside pricing services? If so, provide a list of the firms and indicate the general types of securities each prices on your behalf.
 - 3) Do you maintain a formal valuation committee or other entity that provides oversight for security/portfolio valuation?
- F. Provide an overview of your operational risk monitoring and management practices. Does your firm participate in SAS 70 or equivalent reviews? If available, provide your auditor's opinion on whether controls are adequate to achieve specified objectives and whether controls were operating effectively at the time of audit.
- G. Discuss procedures used to prevent and detect rogue/unauthorized trading in client or firm accounts.
- H. Discuss procedures used to monitor and control personal trading activities.
- I. Does your firm maintain a written ethics or standards of conduct policy? What steps are taken to ensure that employees comply with this policy?
- J. Describe any potential or actual conflicts of interest that exist with respect to the proposed strategy and how each is addressed through internal controls or guidelines.
- K. List and briefly describe any internally managed strategies, funds, separate accounts, etc., that have the potential to invest in the same or similar securities as those held in the proposed strategy. Comment on the potential conflicts of interest these strategies pose and how they are addressed by internal controls or guidelines.
- L. Provide an overview of your trade allocation protocols and procedures for controlling performance dispersion between accounts with substantially the same guidelines.
- M. Provide an overview of your pre- and post-trade investment guideline monitoring practices. Is a separate, independent group responsible for ensuring guideline compliance?
- N. Regarding counterparties:
- 1) List all counterparties you have engaged to execute trades/establish positions within the proposed strategy over the year ending 12/31/10 (including any OTC swap counterparties).
 - 2) Estimate the percentage of trades within the proposed strategy allocated to the counterparties named in response to VI.M.1 over the year ending 12/31/10.
 - 3) How are your trading counterparties selected, monitored and evaluated?
 - 4) Are there any firm-wide or strategy-specific guidelines/restrictions related to counterparties? If so, please outline them.
- O. Provide an overview of your business continuity and disaster recovery systems and plans.

VII. LEGAL & REGULATORY ISSUES

- A. Is your firm registered as an investment advisor under the Investment Advisors Act of 1940? If so, please attach your firm's ADV Part II as **Appendix F - ADV Part II**. If exempt, please describe the exemption.

- B. Has your firm or any officer, director, partner, principal or employee ever been involved in any past or pending civil or criminal litigation or legal proceeding concerning the management of institutional assets? If so, describe each instance.
- C. Has your firm or any officer, director, partner, principal or employee ever been the subject of any past or pending non-routine investigation or inquiry by a federal or state agency or self-regulatory body regarding fiduciary responsibilities or other investment-related matters? If so, describe each instance and indicate if any directives, letters or opinions were issued concerning said inquiry.
- D. Has any officer, director, partner, principal or employee of your firm ever been convicted of, pled guilty to, or pled *nolo contendere* to a felony? If so, describe each instance.
- E. Summarize the coverage for errors and omissions, professional liability, fiduciary insurance or fidelity bonds held by your firm (i.e., amounts and respective carriers).
- F. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.
- G. Has your firm ever filed, voluntarily or involuntarily, for bankruptcy protection or otherwise been subject to the appointment of a receiver, trustee, or assignee for the benefit of creditors? If so, describe each instance.

VIII. MISCELLANEOUS

- A. What type of standard reporting package do you provide to clients for the proposed strategy? Please attach a sample report as **Appendix G – Sample Client Report**.
- B. Attach a list of institutional clients invested in the proposed strategy as **Appendix H – Representative Institutional Clients**.
- C. Provide references for five current institutional clients invested in the proposed strategy.
- D. Provide references for three prior institutional clients that have terminated their mandates with your firm during the past two years.

STRATEGIC INVESTMENT SOLUTIONS, INC.

333 BUSH STREET, STE. 2000
SAN FRANCISCO, CALIFORNIA 94104

TEL 415/362-3484 ■ FAX 415/362-2752

MEMORANDUM

To: SAMCERA Investment Committee
From: SIS
Date: February 8, 2011
Subject: Commodity Manager Search

Following discussion of the commodity manager search at the January 25th, 2011 Board meeting the following initial screening criteria were approved:

INITIAL SCREENING CRITERIA:

The goal of this search is to find an active commodity futures manager that offers market exposure to the asset class. The starting universe has approximately 65 strategies.

1. Starting Universe: Combined eVestment Alliance and Internal SIS Databases.
2. Product must possess demonstrable live performance record with institutional clients.
3. Product must be open to new accounts.
4. Product must have minimum notional assets of \$100 million as of September 30, 2010.
5. Firm AUM greater than \$500 mm as of 12/31/10.
6. Strategy should provide broad beta exposure to a diversified set of commodity futures (specifically exclude CTA's, natural resource equity products and purely skill-based trading based strategies).
7. Passive or index replication strategies will be removed from the universe (specifically exclude portable alpha or collateral alpha strategies).

This set of screens produced **11 products** managed by 10 firms, which we propose as candidates to receive a Request for Information (RFI) pending discussion with the Investment Committee and Board at the February 22nd, 2011 meeting. The proposed candidates are:

- Cargill Risk Management: ProAlpha Index
- Deutsche Asset Management: DWS Enhanced Commodity Strategy
- GE Asset Management: Active Commodities
- Gresham Investment Management: Enhanced Tangible Asset Program
- Hermes Fund Managers: Hermes Commodities Index Plus Fund
- INVESCO: Balanced-Risk Commodities

- Macquarie Group: Macquarie Commodities Fund
- Prudential/Bache Asset Management: Bache Commodity Index
- Schroders: Commodities
- Schroders: NFC Relative Return Commodities
- State Street Global Advisors: Multisource Active Commodity Strategy

Note: Cargill - ProAlpha Index is not available in eVestment so we have attached a product overview on the strategy.

Global Commodities

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Spencer Engel
 Title: Director - Global Head of Business Development
 Phone/Fax: 212.454.1891 /
 Email Address: spencer_engel@db.com

Key Facts	
Primary Capitalization:	Equities
Primary Style Emphasis:	S&P Goldman Sachs Commodity
Preferred Benchmark:	\$686.6
Total Product Assets:	3
Total Product Accounts:	SA, MF: Inst, MF: Retail
Product Offered As:	Commodities
Investment Focus:	

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts	Assets by Vehicle Type	Assets (\$ Million)
Total in Product	\$686.6	3	Separate/Segregated Assets	\$466.7
Total Taxable	\$94.5	2	Pooled/Commingled Assets	\$125.4
Total Tax-Exempt	\$592.0	1	Mutual Fund/Institutional Assets	\$0.0
Total Institutional	\$592.0	2	Mutual Fund/Retail Assets	\$94.5

Accounts Gained	Number	\$ (Million)	% Product Assets	Assets Lost	Number	\$ (Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	1	\$48.5	4.7 %
2010	0	\$0.0	0.0 %	2010	2	\$183.6	28.7 %
2009	0	\$0.0	0.0 %	2009	1	\$1.4	0.2 %

Performance Information

Performance For: Separate Account Composite-Gross of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess	Std Dev					
1 Year	11.85	16.83	-4.98	23.20	-5.56	1.12	8.82	-0.56	0.51
2 Year	19.51	17.86	1.64	21.48	-0.73	1.16	7.60	0.22	0.90
3 Year	-5.92	-3.67	-2.25	27.89	-1.46	1.05	10.24	-0.22	-0.24
4 Year	3.46	0.96	2.50	25.24	3.07	1.05	9.67	0.26	0.07
5 Year	3.33	1.18	2.14	24.07	2.69	1.05	9.77	0.22	0.04
6 Year	---	4.30	---	---	---	---	---	---	---
7 Year	---	4.98	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---	---
Since Inception	6.27	3.77	2.50	23.61	2.81	1.06	9.45	0.26	0.16

Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	16.59	11.85	27.69	-41.70	37.59	2.81	---	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	0.80	-4.98	8.78	-6.05	21.36	0.74	---	---	---

Fee Information

Professional Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee
Separate/Segregated	Open	\$50	\$500,000
Pooled/Commingled	Open	\$10	---
Institutional MFs	---	---	---

Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M
Separate/Segregated	\$250,000	\$500,000	\$750,000	\$1,000,000
	100 bps	100 bps	100 bps	100 bps
Pooled/Commingled	\$250,000	\$500,000	\$750,000	\$1,000,000
	100 bps	100 bps	100 bps	100 bps
Institutional MFs	---	---	---	---

Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Portfolio Managers:	2	14	6
Research Analysts:	7	8	4
Traders:	0	0	0

Professional Turnover	Port Mgrs.	Analysts
Professionals Gained	MRQ	0
	2010	0
	2009	0
		1
Professionals Lost	MRQ	0
	2010	0
	2009	1
		2

Active Commodities

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Christopher Adey
 Title: Global Consultant Relations Leader
 Phone/Fax: 203.326.4129 /
 Email Address: christopher.adey@ge.com

Key Facts	
Primary Capitalization:	
Primary Style Emphasis:	Futures Strategy
Preferred Benchmark:	Dow Jones-UBS Commodity
Total Product Assets:	\$391.5
Total Product Accounts:	4
Product Offered As:	SA
Investment Focus:	Commodities

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts		Assets by Vehicle Type	Assets (\$ Million)		
Total in Product	\$391.5	4		Separate/Segregated Assets	\$355.6		
Total Taxable	\$0.0	0		Pooled/Commingled Assets	\$35.9		
Total Tax-Exempt	\$391.5	4		Mutual Fund/Institutional Assets	\$0.0		
Total Institutional	\$391.5	4		Mutual Fund/Retail Assets	\$0.0		
Accounts Gained	Number	\$ (Million)	% Product Assets	Assets Lost	Number	\$ (Million)	% Product Assets
Current Quarter	3	\$35.9	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	3	\$35.9	0.0 %	2010	0	\$0.0	0.0 %
2009	0	\$0.0	0.0 %	2009	0	\$0.0	0.0 %

Performance Information

Performance For: Separate Account Composite-Gross of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess	Std Dev					
1 Year	16.78	16.83	-0.06	19.74	-0.37	1.02	1.50	-0.04	0.84
2 Year	21.59	17.86	3.72	17.74	3.10	1.01	2.17	1.72	1.21
3 Year	-1.53	-3.67	2.14	25.06	2.24	1.00	2.94	0.73	-0.09
4 Year	1.65	0.96	0.69	22.40	0.70	0.99	3.26	0.21	0.00
5 Year	---	1.18	---	---	---	---	---	---	---
6 Year	---	4.30	---	---	---	---	---	---	---
7 Year	---	4.98	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---	---
Since Inception	2.47	0.18	2.30	21.48	2.30	0.98	3.68	0.62	0.02
Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	16.91	16.78	26.60	-35.42	11.83	---	---	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	1.12	-0.06	7.69	0.23	-4.40	---	---	---	---

Fee Information

Professional Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee	
Separate/Segregated	Open	\$25	\$250,000	
Pooled/Commingled	Open	\$10	---	
Mutual Fund	---	---	---	
Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M
Separate/Segregated	\$250,000	\$500,000	\$712,500	\$925,000
	100 bps	100 bps	95 bps	93 bps
Pooled/Commingled	---	---	---	---
Mutual Fund	---	---	---	---

Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Portfolio Managers:	2	14	12
Research Analysts:	1	9	9
Traders:	1	0	0
Professional Turnover	Port Mgrs.	Analysts	
Professionals Gained	MRQ	0	0
	2010	0	0
	2009	0	0
Professionals Lost	MRQ	0	0
	2010	0	0
	2009	0	0

Enhanced Tangible Asset Program

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Jason Ungar
 Title: Director of Marketing
 Phone/Fax: 212.984.1126 /
 Email Address: JU@greshamllc.com

Key Facts	
Primary Capitalization:	
Primary Style Emphasis:	Futures Strategy
Preferred Benchmark:	Dow Jones-UBS Commodity
Total Product Assets:	\$0.0
Total Product Accounts:	0
Product Offered As:	SA, CF
Investment Focus:	Commodities

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts	Assets by Vehicle Type	Assets (\$ Million)
Total in Product	\$0.0	0	Separate/Segregated Assets	\$0.0
Total Taxable	\$0.0	0	Pooled/Commingled Assets	\$0.0
Total Tax-Exempt	\$0.0	0	Mutual Fund/Institutional Assets	\$0.0
Total Institutional	\$0.0	0	Mutual Fund/Retail Assets	\$0.0

Accounts Gained	Number	\$(Million)	% Product Assets	Assets Lost	Number	\$(Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	0	\$0.0	0.0 %	2010	0	\$0.0	0.0 %
2009	0	\$0.0	0.0 %	2009	0	\$0.0	0.0 %

Performance Information

Performance For: Separate Account Composite-Gross of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess	Std Dev					
1 Year	21.96	16.83	5.13	17.88	5.94	0.91	4.39	1.17	1.22
2 Year	23.29	17.86	5.43	16.46	6.18	0.91	4.39	1.24	1.41
3 Year	0.25	-3.67	3.92	24.49	4.01	0.97	4.73	0.83	-0.02
4 Year	6.62	0.96	5.66	21.98	5.72	0.96	4.75	1.19	0.22
5 Year	7.75	1.18	6.57	20.40	6.60	0.94	4.85	1.35	0.27
6 Year	12.15	4.30	7.85	19.21	7.92	0.92	5.22	1.50	0.51
7 Year	---	4.98	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---	---
Since Inception	12.17	4.05	8.12	18.73	8.20	0.91	5.16	1.57	0.52

Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	15.21	21.96	24.64	-33.72	28.27	12.42	36.95	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	-0.59	5.13	5.73	1.93	12.04	10.34	15.59	---	---

Fee Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee
Separate/Segregated	Open	\$50	\$125,000
Pooled/Commingled	---	\$5	\$20,000
Mutual Fund	---	---	---

Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M
Separate/Segregated	\$62,500	\$125,000	\$187,500	\$237,500
	25 bps	25 bps	25 bps	24 bps
Pooled/Commingled	\$85,000	\$160,000	\$222,500	\$272,500
	34 bps	32 bps	30 bps	27 bps
Mutual Fund	---	---	---	---

Professional Information

Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Portfolio Managers:	---	---	---
Research Analysts:	---	---	---
Traders:	---	---	---

Professional Turnover	Port Mgrs.	Analysts
Professionals Gained	MRQ	0
	2010	0
	2009	0
Professionals Lost	MRQ	0
	2010	0
	2009	0

Hermes Commodities Index Plus Fund

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Simon Cartwright
 Title: Director - UK Institutions and Global Consultants
 Phone/Fax: 02077026169 /
 Email Address: s.cartwright@hermes.co.uk

Key Facts	
Primary Capitalization:	
Primary Style	Futures Strategy
Emphasis:	
Preferred Benchmark:	S&P Goldman Sachs Commodity Light Energy Tot Rtn
Total Product Assets:	\$1,009.8
Total Product	1
Accounts:	
Product Offered As:	SA,CF
Investment Focus:	Commodities

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts	Assets by Vehicle Type	Assets (\$ Million)
Total in Product	\$1,009.8	1	Separate/Segregated Assets	\$0.0
Total Taxable	\$0.0	0	Pooled/Commingled Assets	\$1,009.8
Total Tax-Exempt	\$1,009.8	0	Mutual Fund/Institutional Assets	\$0.0
Total Institutional	\$0.0	1	Mutual Fund/Retail Assets	\$0.0

Accounts Gained	Number	\$ (Million)	% Product Assets	Assets Lost	Number	\$ (Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	0	\$0.0	0.0 %	2010	0	\$0.0	0.0 %
2009	0	\$0.0	0.0 %	2009	0	\$0.0	0.0 %

Performance Information

Performance For: CF Non-ERISA-Gross of Fees
 Risk Index: Dow Jones-UBS Commodity
 Frequency: Monthly
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns									
	Product	Benchmark	Excess	Std Dev	Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio	
1 Year	18.31	16.83	1.48	19.95	1.15	1.02	4.00	0.37	0.91	
2 Year	17.53	17.86	-0.34	17.83	-0.01	0.99	4.42	-0.08	0.97	
3 Year	---	-3.67	---	---	---	---	---	---	---	
4 Year	---	0.96	---	---	---	---	---	---	---	
5 Year	---	1.18	---	---	---	---	---	---	---	
6 Year	---	4.30	---	---	---	---	---	---	---	
7 Year	---	4.98	---	---	---	---	---	---	---	
8 Year	---	---	---	---	---	---	---	---	---	
9 Year	---	---	---	---	---	---	---	---	---	
10 Year	---	---	---	---	---	---	---	---	---	
Since Inception	-6.41	-7.14	0.74	25.13	1.08	1.01	4.56	0.16	-0.27	

Calendar Years	MRO	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	14.58	18.31	16.76	---	---	---	---	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	-1.21	1.48	-2.15	---	---	---	---	---	---

Fee Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee
Separate/Segregated	Not Available	\$75	---
Pooled/Commingled	Not Available	\$2	---
Mutual Fund	Not Available	---	---

Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M
Separate/Segregated	\$187,500	\$375,000	\$562,500	\$750,000
	75 bps	75 bps	75 bps	75 bps
Pooled/Commingled	\$187,500	\$375,000	\$562,500	\$750,000
	75 bps	75 bps	75 bps	75 bps
Mutual Fund	---	---	---	---

Professional Information

Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Portfolio Managers:	3	15	4
Research Analysts:	5	13	7
Traders:	6	23	9

Professional Turnover	Port Mgrs.	Analysts
Professionals Gained	MRO	0
	2010	0
	2009	0
Professionals Lost	MRO	0
	2010	0
	2009	0

Balanced-Risk Commodities

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Absolute Return
 Marketing Contact: Cathy McLagan
 Title: Director, RFP & Consultant Databases
 Phone/Fax: 404.439.3294 /
 Email Address: rpfmanager@invesco.com

Key Facts	
Primary Capitalization:	
Primary Style Emphasis:	Futures Strategy
Preferred Benchmark:	Dow Jones-UBS Commodity
Total Product Assets:	\$0.0
Total Product Accounts:	0
Product Offered As:	SA, CF
Investment Focus:	Commodities

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts	Assets by Vehicle Type	Assets (\$ Million)
Total in Product	\$0.0	0	Separate/Segregated Assets	\$0.0
Total Taxable	\$0.0	0	Pooled/Commingled Assets	\$0.0
Total Tax-Exempt	\$0.0	0	Mutual Fund/Institutional Assets	\$0.0
Total Institutional	\$0.0	0	Mutual Fund/Retail Assets	\$0.0

Accounts Gained	Number	\$(Million)	% Product Assets	Assets Lost	Number	\$(Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	1	\$100.0	0.0 %	2010	0	\$0.0	0.0 %
2009	0	\$0.0	0.0 %	2009	0	\$0.0	0.0 %

Performance Information

Performance For: Separate Account Composite-Gross of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Std Dev	Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess							
1 Year	31.18	16.83	14.35	17.77	15.03	0.85	7.30	1.96	1.75	
2 Year	41.34	17.86	23.47	17.26	23.55	0.84	9.40	2.50	2.39	
3 Year	17.25	-3.67	20.91	25.16	21.72	0.94	9.56	2.19	0.66	
4 Year	25.27	0.96	24.31	23.23	24.53	0.96	9.02	2.69	1.02	
5 Year	26.22	1.18	25.04	22.50	25.26	0.97	9.46	2.65	1.06	
6 Year	29.83	4.30	25.54	21.11	25.40	0.92	10.12	2.52	1.30	
7 Year	29.36	4.98	24.38	20.23	24.22	0.92	10.01	2.44	1.34	
8 Year	31.44	---	---	19.88	---	---	---	---	1.48	
9 Year	31.63	---	---	19.04	---	---	---	---	1.55	
10 Year	27.60	---	---	18.49	---	---	---	---	1.37	
Since Inception	17.08	---	---	15.64	---	---	---	---	0.87	

Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	18.60	31.18	52.28	-19.32	52.82	30.09	49.49	26.54	46.96
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	2.81	14.35	33.38	16.33	36.59	28.02	28.13	17.39	---

Fee Information

Professional Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee
Separate/Segregated	Open	\$25	---
Pooled/Commingled	Open	\$1	---
Mutual Fund	Not Available	---	---

Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M
Separate/Segregated	\$175,000 70 bps	\$350,000 70 bps	\$525,000 70 bps	\$700,000 70 bps
Pooled/Commingled	\$150,000 60bps	\$300,000 60bps	\$450,000 60bps	\$600,000 60bps
Mutual Fund	---	---	---	---

Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Portfolio Managers:	---	---	---
Research Analysts:	---	---	---
Traders:	---	---	---

Professional Turnover	Port Mgrs.	Analysts
Professionals Gained	MRQ 2010 2009	0 0 2
Professionals Lost	MRQ 2010 2009	0 0 0

Macquarie Commodity Alpha SPC

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Elyse M Dolbec
 Title: Senior Associate
 Phone/Fax: 212.231.2617 / 212.231.1878
 Email Address: elyse.dolbec@macquarie.com

Key Facts	
Primary Capitalization:	
Primary Style Emphasis:	Futures Strategy
Preferred Benchmark:	S&P Goldman Sachs Commodity
Total Product Assets:	\$0.0
Total Product Accounts:	0
Product Offered As:	SA, CF
Investment Focus:	Commodities

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts		Assets by Vehicle Type	Assets (\$ Million)		
Total in Product	\$0.0	0		Separate/Segregated Assets	\$0.0		
Total Taxable	\$0.0	0		Pooled/Commingled Assets	\$0.0		
Total Tax-Exempt	\$0.0	0		Mutual Fund/Institutional Assets	\$0.0		
Total Institutional	\$0.0	0		Mutual Fund/Retail Assets	\$0.0		
Accounts Gained	Number	\$ (Million)	% Product Assets	Assets Lost	Number	\$ (Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	0	\$0.0	0.0 %	2010	0	\$0.0	0.0 %
2009	0	\$0.0	0.0 %	2009	0	\$0.0	0.0 %

Performance Information

Performance For: CF Non-ERISA-Net of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess	Std Dev					
1 Year	-6.41	16.83	-23.24	5.82	-3.52	-0.17	22.94	-1.01	-1.12
2 Year	-2.37	17.86	-20.23	5.64	0.11	-0.13	20.42	-0.99	-0.45
3 Year	1.18	-3.67	4.85	5.56	1.29	-0.07	27.01	0.18	0.09
4 Year	---	0.96	---	---	---	---	---	---	---
5 Year	---	1.18	---	---	---	---	---	---	---
6 Year	---	4.30	---	---	---	---	---	---	---
7 Year	---	4.98	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---	---
Since Inception	3.26	0.42	2.84	5.60	3.61	-0.05	26.08	0.11	0.40
Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	-3.54	-6.41	1.84	8.68	---	---	---	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	-19.34	-23.24	-17.07	44.33	---	---	---	---	---

Fee Information

Professional Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee	Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Separate/Segregated	Open	\$25	---	Portfolio Managers:	---	---	---
Pooled/Commingled	Open	\$1	---	Research Analysts:	---	---	---
Mutual Fund	Not Available	---	---	Traders:	---	---	---
Fees By Acct. Size	\$25M	\$50M	\$75M	Professional Turnover	Port Mgrs.	Analysts	
Separate/Segregated	\$500,000	\$1,000,000	\$1,500,000	Professionals Gained	MRQ	0	0
	200bps	200bps	200bps		2010	0	0
					2009	0	0
Pooled/Commingled	\$500,000	\$1,000,000	\$1,500,000	Professionals Lost	MRQ	0	0
	200bps	200bps	200bps		2010	0	0
					2009	0	0
Mutual Fund	---	---	---				
	---	---	---				

Bache Commodity Index Strategy (On Shore)

Product Snapshot

Asset Class: United States-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Laryssa S Temnycky
 Title: Sales Associate
 Phone/Fax: 212.778.1091 /
 Email Address: laryssa.temnycky@bache.com

Key Facts	
Primary Capitalization:	
Primary Style Emphasis:	Futures Strategy
Preferred Benchmark:	Dow Jones-UBS Commodity
Total Product Assets:	\$380.9
Total Product Accounts:	3
Product Offered As:	SA
Investment Focus:	Commodities

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts	Assets by Vehicle Type	Assets (\$ Million)
Total in Product	\$380.9	3	Separate/Segregated Assets	\$380.9
Total Taxable	\$0.0	0	Pooled/Commingled Assets	\$0.0
Total Tax-Exempt	\$380.9	3	Mutual Fund/Institutional Assets	\$0.0
Total Institutional	\$380.9	3	Mutual Fund/Retail Assets	\$0.0

Accounts Gained	Number	\$ (Million)	% Product Assets	Assets Lost	Number	\$ (Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	1	\$20.0	2.8 %	2010	0	\$0.0	0.0 %
2009	2	\$219.7	199.0 %	2009	0	\$6.4	5.8 %

Performance Information

Performance For: Separate Account Composite-Gross of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess	Std Dev					
1 Year	9.09	16.83	-7.75	15.13	-3.49	0.77	5.47	-1.42	0.59
2 Year	9.86	17.86	-8.01	13.73	-3.17	0.75	5.82	-1.38	0.71
3 Year	---	-3.67	---	---	---	---	---	---	---
4 Year	---	0.96	---	---	---	---	---	---	---
5 Year	---	1.18	---	---	---	---	---	---	---
6 Year	---	4.30	---	---	---	---	---	---	---
7 Year	---	4.98	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---	---
Since Inception	-0.99	-6.27	5.28	15.26	2.27	0.60	11.03	0.48	-0.08

Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	11.75	9.09	10.64	---	---	---	---	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	-4.04	-7.75	-8.27	---	---	---	---	---	---

Fee Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee
Separate/Segregated	Open	\$50	\$350,000
Pooled/Commingled	Not Available	---	---
Mutual Fund	Not Available	---	---

Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M
Separate/Segregated	\$187,500	\$375,000	\$537,500	\$700,000
	75 bps	75 bps	72 bps	70 bps
Pooled/Commingled	---	---	---	---
Mutual Fund	---	---	---	---

Professional Information

Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Portfolio Managers:	---	---	---
Research Analysts:	---	---	---
Traders:	---	---	---

Professional Turnover	Port Mgrs.	Analysts
Professionals Gained	MRQ 0 2010 0 2009 0	0 0 0
Professionals Lost	MRQ 0 2010 0 2009 0	0 0 0

Commodities

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Kathleen Hopkins
 Title: Consultant Research & Relations Manager
 Phone/Fax: 212.641.3917 / 212.641.3985
 Email Address: kathleen.hopkins@us.schroders.com

Key Facts	
Primary Capitalization:	
Primary Style Emphasis:	Futures Strategy
Preferred Benchmark:	Dow Jones-UBS Commodity
Total Product Assets:	\$0.0
Total Product Accounts:	0
Product Offered As:	CF
Investment Focus:	Commodities

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts	Assets by Vehicle Type	Assets (\$ Million)
Total in Product	\$0.0	0	Separate/Segregated Assets	\$0.0
Total Taxable	\$0.0	0	Pooled/Commingled Assets	\$0.0
Total Tax-Exempt	\$0.0	0	Mutual Fund/Institutional Assets	\$0.0
Total Institutional	\$0.0	0	Mutual Fund/Retail Assets	\$0.0

Accounts Gained	Number	\$ (Million)	% Product Assets	Assets Lost	Number	\$ (Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	49	\$1,397.6	19.4 %	2010	6	\$4.4	0.1 %
2009	26	\$520.9	22.8 %	2009	3	\$1.1	0.1 %

Performance Information

Performance For: Separate Account Composite-Gross of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess	Std Dev					
1 Year	16.36	16.83	-0.47	17.28	1.84	0.85	6.06	-0.08	0.94
2 Year	23.19	17.86	5.32	17.56	6.82	0.88	8.67	0.61	1.31
3 Year	0.50	-3.67	4.17	24.00	3.97	0.91	8.51	0.49	-0.01
4 Year	8.04	0.96	7.08	21.77	7.16	0.91	7.99	0.89	0.29
5 Year	10.08	1.18	8.89	20.29	8.99	0.89	8.18	1.09	0.38
6 Year	---	4.30	---	---	---	---	---	---	---
7 Year	---	4.98	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---	---
Since Inception	10.37	1.81	8.56	19.98	8.68	0.89	8.07	1.06	0.40

Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	14.84	16.36	30.41	-33.11	34.25	18.61	---	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	-0.95	-0.47	11.50	2.54	18.01	16.54	---	---	---

Fee Information

Professional Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee	Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Separate/Segregated	Not Available	\$400	---	Portfolio Managers:	---	---	---
Pooled/Commingled	Open	\$1	\$7,500	Research Analysts:	---	---	---
Mutual Fund	Not Available	---	---	Traders:	---	---	---

Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M	Professional Turnover	Port Mgrs.	Analysts
Separate/Segregated	\$200,000 80bps	\$400,000 80bps	\$600,000 80bps	\$800,000 80bps	Professionals Gained	MRQ 2010 2009	0 0 0
Pooled/Commingled	\$187,500 75bps	\$375,000 75bps	\$562,500 75bps	\$750,000 75bps	Professionals Lost	MRQ 2010 2009	0 0 0
Mutual Fund	---	---	---	---			

NFC Relative Return Commodities

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Kathleen Hopkins
 Title: Consultant Research & Relations Manager
 Phone/Fax: 212.641.3917 / 212.641.3985
 Email Address: kathleen.hopkins@us.schroders.com

Key Facts	
Primary Capitalization:	
Primary Style Emphasis:	Futures Strategy
Preferred Benchmark:	Dow Jones-UBS Commodity
Total Product Assets:	\$0.0
Total Product Accounts:	0
Product Offered As:	SA, CF
Investment Focus:	Commodities

Asset & Account Information

Current Totals	Assets (\$ Million)	Accounts		Assets by Vehicle Type	Assets (\$ Million)		
Total in Product	\$0.0	0		Separate/Segregated Assets	\$0.0		
Total Taxable	\$0.0	0		Pooled/Commingled Assets	\$0.0		
Total Tax-Exempt	\$0.0	0		Mutual Fund/Institutional Assets	\$0.0		
Total Institutional	\$0.0	0		Mutual Fund/Retail Assets	\$0.0		
Accounts Gained	Number	\$ (Million)	% Product Assets	Assets Lost	Number	\$ (Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	0	\$0.0	0.0 %	2010	0	\$0.0	0.0 %
2009	0	\$0.0	0.0 %	2009	0	\$0.0	0.0 %

Performance Information

Performance For: Representative Account-Net of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess	Std Dev					
1 Year	16.19	16.83	-0.64	21.50	-1.59	1.08	5.40	-0.12	0.75
2 Year	23.59	17.86	5.73	18.98	4.12	1.06	4.43	1.29	1.24
3 Year	4.89	-3.67	8.55	25.58	8.97	1.00	5.74	1.49	0.16
4 Year	---	0.96	---	---	---	---	---	---	---
5 Year	---	1.18	---	---	---	---	---	---	---
6 Year	---	4.30	---	---	---	---	---	---	---
7 Year	---	4.98	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---	---
Since Inception	7.15	-2.01	9.16	24.97	9.47	1.01	5.59	1.64	0.25
Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	16.43	16.19	31.46	-24.46	---	---	---	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	0.64	-0.64	12.56	11.19	---	---	---	---	---

Fee Information

Professional Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee	Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Separate/Segregated	Open	\$25	---	Portfolio Managers:	---	---	---
Pooled/Commingled	Open	\$0.50	---	Research Analysts:	---	---	---
Mutual Fund	Not Available	---	---	Traders:	---	---	---
Fees By Acct. Size	\$25M	\$50M	\$75M	Professional Turnover	Port Mgrs.	Analysts	
Separate/Segregated	\$187,500	\$375,000	\$562,500	Professionals Gained	MRQ	0	0
	75bps	75bps	75bps		2010	0	0
Pooled/Commingled	\$187,500	\$375,000	\$562,500		2009	0	0
	75bps	75bps	75bps	Professionals Lost	MRQ	0	0
Mutual Fund	---	---	---		2010	0	0
	---	---	---		2009	0	0

Multisource Active Commodity Strategy

Product Snapshot

Asset Class: Global-Alternatives
 eA Primary Universe: eA Commodities
 Marketing Contact: Christopher MacIsaac
 Title: RFP Database Analyst
 Phone/Fax: 617.664.3148 / 617.664.2950
 Email Address: christopher_macisaac@ssga.com

Key Facts	
Primary Capitalization:	
Primary Style Emphasis:	Futures Strategy
Preferred Benchmark:	Dow Jones-UBS Commodity
Total Product Assets:	\$0.0
Total Product Accounts:	0
Product Offered As:	SA, CF
Investment Focus:	Commodities

Asset & Account Information

Current Totals			Assets by Vehicle Type	
Assets (\$ Million)	Accounts		Assets (\$ Million)	
Total in Product	\$0.0	0	Separate/Segregated Assets	\$0.0
Total Taxable	\$0.0	0	Pooled/Commingled Assets	\$0.0
Total Tax-Exempt	\$0.0	0	Mutual Fund/Institutional Assets	\$0.0
Total Institutional	\$0.0	0	Mutual Fund/Retail Assets	\$0.0

Accounts Gained	Number	\$ (Million)	% Product Assets	Assets Lost	Number	\$ (Million)	% Product Assets
Current Quarter	0	\$0.0	0.0 %	Current Quarter	0	\$0.0	0.0 %
2010	0	\$0.0	0.0 %	2010	0	\$0.0	0.0 %
2009	0	\$0.0	0.0 %	2009	0	\$0.0	0.0 %

Performance Information

Performance For: Separate Account Composite-Gross of Fees
 Frequency: Monthly
 Risk Index: Dow Jones-UBS Commodity
 Risk-Free Index: Citigroup 3-Month T-Bill

Trailing Periods	Returns				Alpha	Beta	Trk Error	Info Ratio	Sharpe Ratio
	Product	Benchmark	Excess	Std Dev					
1 Year	21.33	16.83	4.49	20.78	4.87	0.96	9.42	0.48	1.02
2 Year	18.34	17.86	0.48	17.65	2.27	0.90	8.21	0.06	1.03
3 Year	2.76	-3.67	6.43	24.98	6.53	0.93	9.73	0.66	0.08
4 Year	---	0.96	---	---	---	---	---	---	---
5 Year	---	1.18	---	---	---	---	---	---	---
6 Year	---	4.30	---	---	---	---	---	---	---
7 Year	---	4.98	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---	---
Since Inception	3.90	-3.07	6.97	24.48	7.08	0.93	9.49	0.73	0.12

Calendar Years	MRQ	YTD	2009	2008	2007	2006	2005	2004	2003
Product Returns:	19.79	21.33	15.43	-22.52	---	---	---	---	---
Benchmark Returns:	15.79	16.83	18.91	-35.65	16.23	2.07	21.36	9.15	---
Excess Returns:	4.00	4.49	-3.48	13.13	---	---	---	---	---

Fee Information

Professional Information

Vehicle Type	Available	Min. Size(\$ Mil)	Minimum Fee
Separate/Segregated	Open	---	\$175,000
Pooled/Commingled	Open	---	\$25,000
Mutual Fund	Not Available	---	---

Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M
Separate/Segregated	\$187,500	\$375,000	\$562,500	\$750,000
	75bps	75bps	75bps	75bps
Pooled/Commingled	\$150,000	\$300,000	\$450,000	\$600,000
	60bps	60bps	60bps	60bps
Mutual Fund	---	---	---	---

Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Portfolio Managers:	---	---	---
Research Analysts:	---	---	---
Traders:	---	---	---

Professional Turnover	Port Mgrs.	Analysts
Professionals Gained	MRQ 0 2010 2 2009 0	0 0 0
Professionals Lost	MRQ 0 2010 2 2009 0	0 0 0



CARGILL RISK MANAGEMENT

PROALPHA INDEX[®] SWAP

PRODUCT DESCRIPTION

CARGILL, INCORPORATED

CARGILL RISK MANAGEMENT
9350 EXCELSIOR BOULEVARD
MS #150
HOPKINS, MN 55343

January 2011

II. PRODUCT OVERVIEW

The ProAlpha Index[®] Swap (“ProAlpha Index”) is an actively managed index derivative product that includes both a beta and alpha component. The overall objective of the ProAlpha Index is to generate a return that exceeds the return of the Underlying Index (or Benchmark Index) within a target of 3-5% per annum primarily on the back of Cargill’s extensive fundamental trading expertise principally expressed through the alpha component. The ProAlpha Index level is determined on a daily basis and is calculated via an objective method that incorporates the daily settlement prices of the underlying futures contracts to which the index components are exposed. The ProAlpha Index resets on a monthly basis, investors receive a daily statement of positions, and liquidity is available on a daily basis.

The beta component is based on a passive, rules-based commodity index (“Underlying Index”), such as the S&P Goldman Sachs Commodity Index (“SPGSCI”) or Dow Jones UBS Commodity Index (“DJUBSCI”). At the investor’s discretion and subsequent approval, Cargill will implement and manage a proprietary beta index enhancement (“enhanced beta strategy”) to add incremental value through various techniques designed to mitigate the negative roll yield that exists in a market with a steep contango. The enhanced beta strategy utilized will generally involve the following techniques: modified roll schedules that differs from the traditional index roll schedule of the 5th through the 9th business day of the applicable month, modified roll weights that differ from the traditional index roll weight of 20% per roll day, and curve optimization strategies that may place the long only exposure to different contract month(s) on the curve based on the current contango being experienced at different points on the curve.

The alpha component (“Alpha Strategy”) consists of a basket of relative value spread trades and directional trades (“alpha trades”) that are actively managed by the IBP team, specifically the members of the Alpha Investment Committee (“AIC”). The Alpha Strategy will consist of, but is not limited to, up to 10 trades at any one time that are based on Cargill’s proprietary and fundamental insight on the commodity markets. The eligible universe of alpha trade styles consists of: intra-market (time spreads), inter-market (spreads across related markets), and outright long or short flat price exposure as well as the purchase of options via buying of outright calls/puts and call/put spreads (directional themes).

All alpha trade ideas originate from the various commercial trading desks embedded within Cargill’s physical trading BUs. The trade ideas are communicated directly to the AIC by the trading desks, and the AIC is then responsible for evaluating trade ideas, sizing the trade appropriate to risk, and handling all aspects of execution and monitoring. The alpha trades typically mimic similar trades/themes that the BUs execute in the physical and/or futures markets for either hedging or proprietary trading purposes. Cargill’s investment philosophy is driven on fundamental analysis of the physical and derivative commodity markets. The company’s BUs are well positioned to gather real-time intelligence on both supply and demand conditions in many different markets via Cargill’s global relationships with commodity producers and commercial users.

The BUs generally identify market inefficiencies by comparing in-house proprietary supply and demand forecasts for the underlying commodity with USDA data or other public agencies. Whenever there is a significant discrepancy, traders seek out market inefficiencies and exploit them when they exist. The information used in building Cargill’s proprietary S&D forecasts

include planted acreage estimates, crop yields, private farm surveys, weather forecasts, industry production data, trade/export data, and other input. Cargill employs a wide network of assets including agronomists, economists, satellite technology, meteorologists, and field agents to gather information. The environment in which the Alpha Strategy may outperform or underperform depends on the specific fundamentals of each market. The performance outcome of the strategy is not limited to any single factor and other general undisclosed risks may apply.

VI. FEES

A) Management Fee:

There will be a general management fee, paid to Cargill, of **0.50%** of the notional Beta exposure (subject to monthly reset).

B) Performance Fee:

There will be a Performance Fee, paid to Cargill, equal to **20%** of any positive profits (including interest) representing the outperformance of the ProAlpha Index[®] Swap over the applicable Underlying Index (or Benchmark Index) calculated from the swap Trade Date to the Termination Date. This performance fee will be incorporated into the ProAlpha Index[®] level on a daily basis, which will impact margin, resets, and final cash payment at maturity.

Group 1

Section 1

Firm/Product Summaries

SAMCERA

Commodity Manager Search

Section 2

Performance Exhibits

SAMCERA

Commodity Manager Search

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Summary Tables

All Strategies

Cargill: ProAlpha		DB Advisors: Global Commodities		GEAM: Active Commodities		Gresham TAP		Hermes: Commodities Index Plus		Invesco: Commodities		DJ-UBS US Commodity		eA Commodities Median	Commodities Size
Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank		

Total Return

3 Mos.	0.6	100	16.6	25	16.9	24	16.0	38	14.6	69	18.6	16	15.8	46	15.7	25
1 Yr.	1.3	100	12.5	84	16.8	65	20.4	44	18.3	60	31.2	8	16.8	65	19.9	24
3 Yrs.	n/a	n/a	-7.1	80	-1.5	47	-3.2	53	n/a	n/a	17.3	2	-3.7	62	-2.6	24
5 Yrs.	n/a	n/a	2.5	55	n/a	n/a	2.0	70	n/a	n/a	26.2	1	1.2	72	3.4	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	7.3	50	n/a	n/a	29.4	1	5.0	75	7.3	7

Excess Return

3 Mos.	-15.2		0.8		1.1		0.2		-1.2		2.8				-0.1	25
1 Yr.	-15.5		-4.4		-0.1		3.6		1.5		14.4				3.0	24
3 Yrs.	n/a	n/a	-3.4		2.1		0.5		n/a	n/a	20.9				1.1	24
5 Yrs.	n/a	n/a	1.3		n/a	n/a	0.8		n/a	n/a	25.0				2.2	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	2.3		n/a	n/a	24.4				2.3	7

Excess Return vs. Universe Median

3 Mos.	-15.0		0.9		1.3		0.4		-1.1		3.0		0.1			25
1 Yr.	-18.6		-7.4		-3.1		0.6		-1.6		11.3		-3.0			24
3 Yrs.	n/a	n/a	-4.5		1.1		-0.6		n/a	n/a	19.9		-1.1			24
5 Yrs.	n/a	n/a	-0.9		n/a	n/a	-1.4		n/a	n/a	22.9		-2.2			14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	0.0		n/a	n/a	22.1		-2.3			7

Standard Deviation

3 Yrs.	n/a	n/a	28.6	51	25.0	28	25.3	31	n/a	n/a	25.2	29	24.8	23	28.2	24
5 Yrs.	n/a	n/a	24.6	37	n/a	n/a	21.3	24	n/a	n/a	22.5	32	21.0	21	25.6	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	19.3	1	n/a	n/a	20.2	17	19.2	1	23.0	7

Tracking Error

3 Yrs.	n/a	n/a	11.0	62	2.8	9	4.5	27	n/a	n/a	9.6	53			9.3	24
5 Yrs.	n/a	n/a	10.2	53	n/a	n/a	4.4	16	n/a	n/a	9.6	51			9.3	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	4.4	17	n/a	n/a	10.1	61			7.0	7

Information Ratio

3 Yrs.	n/a	n/a	-0.3	80	0.8	20	0.1	53	n/a	n/a	2.2	1			0.2	24
5 Yrs.	n/a	n/a	0.1	66	n/a	n/a	0.2	62	n/a	n/a	2.6	1			0.4	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	0.5	34	n/a	n/a	2.4	1			0.5	7

Universe: eA Commodities

Universe Rank: Green = Top Quartile Red = Bottom Quartile

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Summary Tables

All Strategies

Cargill: ProAlpha		DB Advisors: Global Commodities		GEAM: Active Commodities		Gresham TAP		Hermes: Commodities Index Plus		Invesco: Commodities		DJ-UBS US Commodity		eA Commodities Median	eA Commodities Size
Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank		

Beta

3 Yrs.	n/a	n/a	1.1	49	1.0	71	1.0	70	n/a	n/a	0.9	91			1.1	24
5 Yrs.	n/a	n/a	1.1	60	n/a	n/a	1.0	77	n/a	n/a	1.0	82			1.2	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	1.0	100	n/a	n/a	0.9	100			1.1	7

Alpha (CAPM)

3 Yrs.	n/a	n/a	-3.1	81	2.1	47	0.5	57	n/a	n/a	20.6	2			1.6	24
5 Yrs.	n/a	n/a	1.4	55	n/a	n/a	0.8	70	n/a	n/a	25.0	1			2.3	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	2.4	50	n/a	n/a	24.6	1			2.4	7

Sharpe Ratio

3 Yrs.	n/a	n/a	-0.3	80	-0.1	47	-0.2	57	n/a	n/a	0.7	1	-0.2	61	-0.1	24
5 Yrs.	n/a	n/a	0.0	55	n/a	n/a	0.0	70	n/a	n/a	1.1	1	-0.1	73	0.0	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	0.3	50	n/a	n/a	1.3	1	0.1	74	0.3	7

Upside Capture Ratio

3 Yrs.	n/a	n/a	98.5	90	103.9	67	98.1	92	n/a	n/a	121.7	17			108.2	24
5 Yrs.	n/a	n/a	109.7	63	n/a	n/a	98.5	100	n/a	n/a	142.9	9			110.1	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	101.7	100	n/a	n/a	137.9	7			120.0	7

Downside Capture Ratio

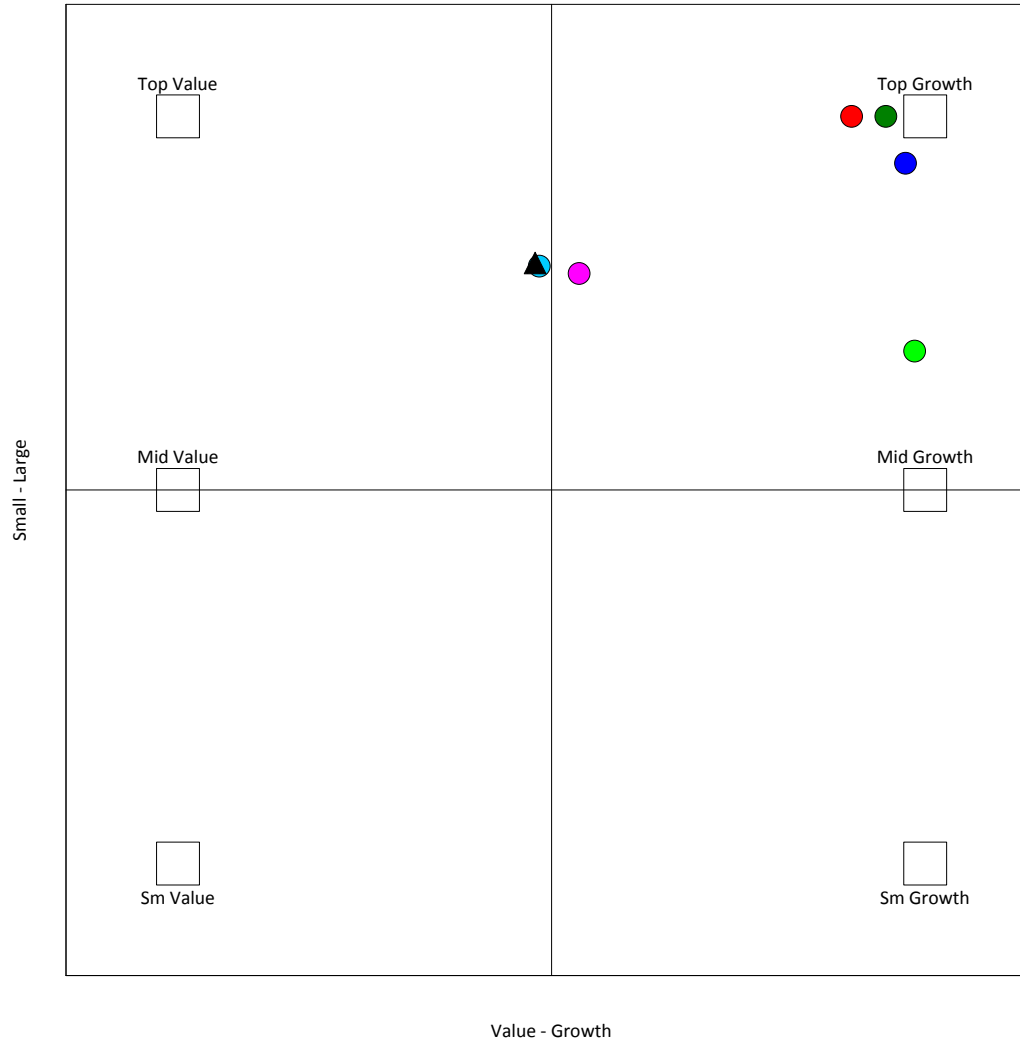
3 Yrs.	n/a	n/a	107.5	56	97.3	34	97.7	40	n/a	n/a	64.8	3			101.0	24
5 Yrs.	n/a	n/a	103.4	49	n/a	n/a	96.4	31	n/a	n/a	59.7	1			104.3	14
7 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	93.3	34	n/a	n/a	52.1	1			101.5	7

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Style Analysis
All Strategies

Style Map (Aug 02 - Dec 10)



Legend

- Cargill: ProAlpha
- DB Advisors: Global Commodities
- GEAM: Active Commodities
- Gresham TAP
- Hermes: Commodities Index Plus
- Invesco: Commodities
- ▲ DJ-UBS US Commodity

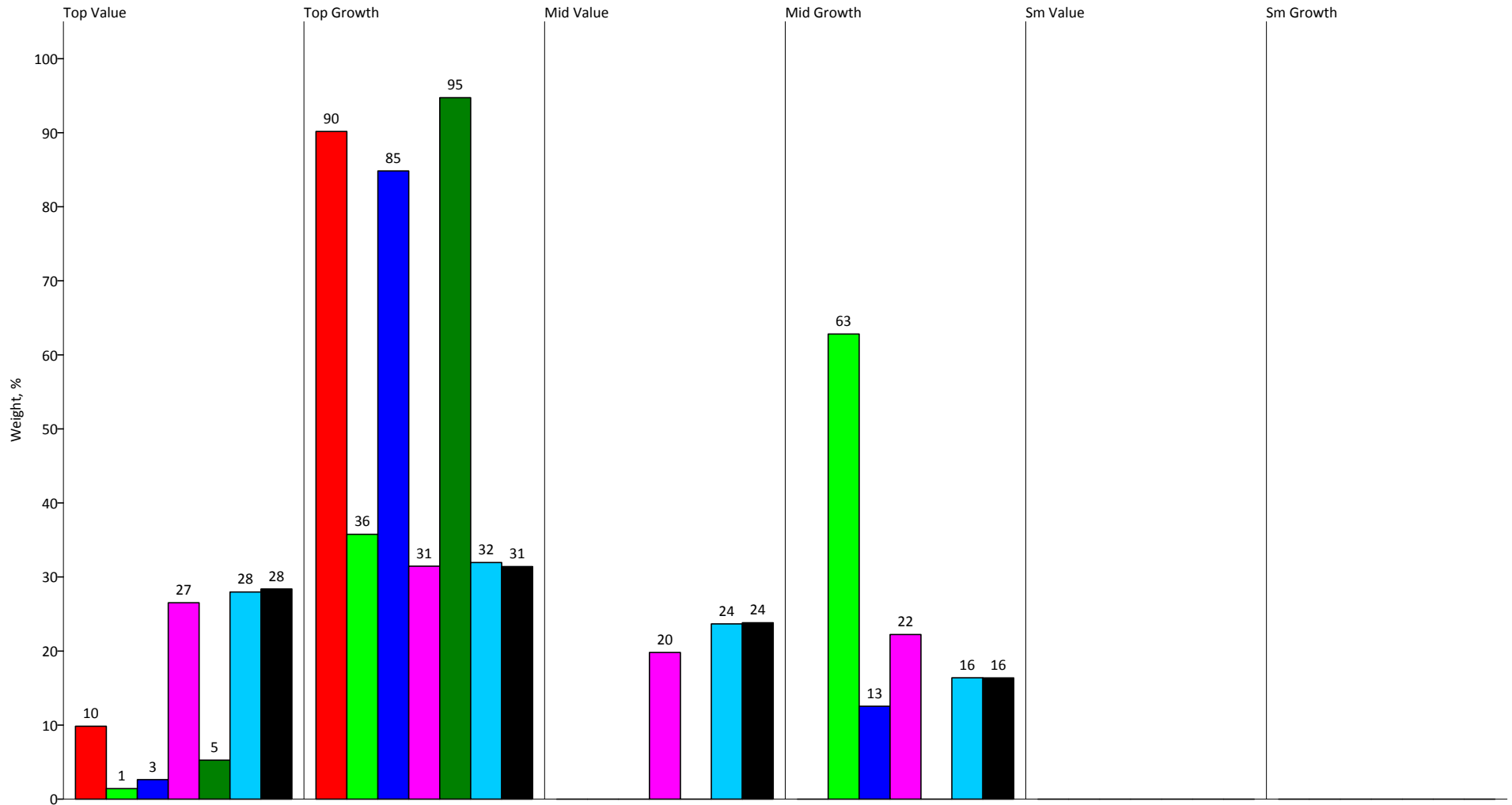
Note: The date range displayed in style analysis charts will not match those in other charts because the system requires a certain number of returns (18 months in this study) before it can perform the first style calculation.

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Style Analysis
All Strategies

Style Weights (Aug 02 - Dec 10)



Legend

- Cargill: ProAlpha
- DB Advisors: Global Commodities
- GEAM: Active Commodities
- Gresham TAP
- Hermes: Commodities Index Plus
- Invesco: Commodities
- DJ-UBS US Commodity

Note: The date range displayed in style analysis charts will not match those in other charts because the system requires a certain number of returns (18 months in this study) before it can perform the first style calculation.

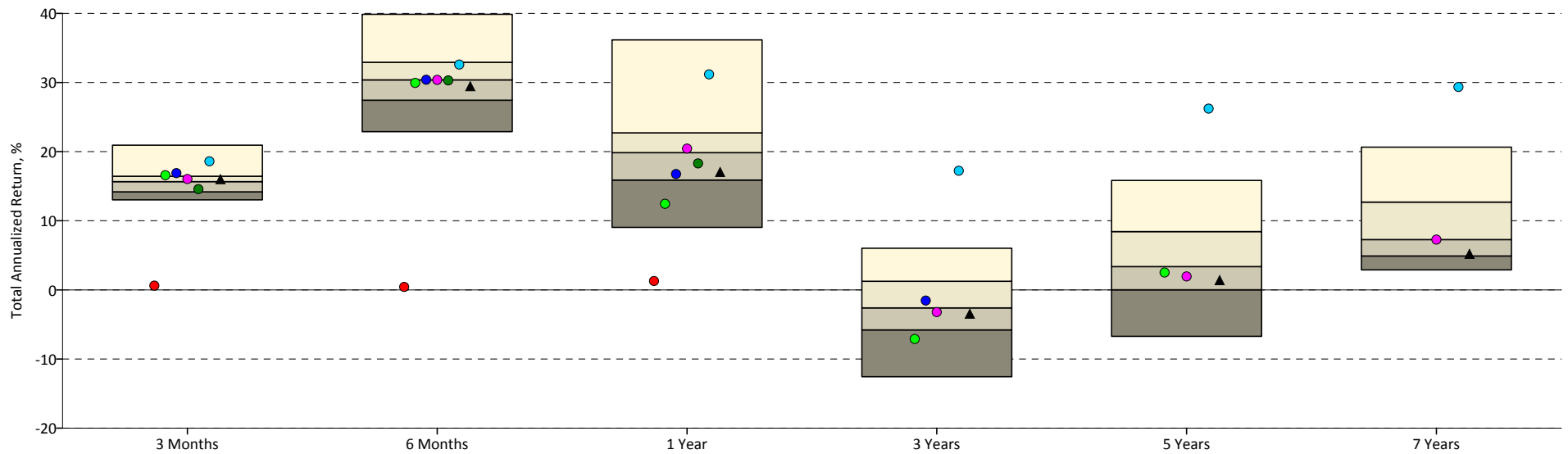
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

Total Return: Trailing Periods



	Total Return											
	3 Months		6 Months		1 Year		3 Years		5 Years		7 Years	
	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank
Cargill: ProAlpha	0.6	100	0.4	100	1.3	100	n/a	n/a	n/a	n/a	n/a	n/a
DB Advisors: Global Commodities	16.6	25	30.0	57	12.5	84	-7.1	80	2.5	55	n/a	n/a
GEAM: Active Commodities	16.9	24	30.4	50	16.8	65	-1.5	47	n/a	n/a	n/a	n/a
Gresham TAP	16.0	38	30.4	50	20.4	44	-3.2	53	2.0	70	7.3	50
Hermes: Commodities Index Plus	14.6	69	30.3	52	18.3	60	n/a	n/a	n/a	n/a	n/a	n/a
Invesco: Commodities	18.6	16	32.6	32	31.2	8	17.3	2	26.2	1	29.4	1
DJ-UBS US Commodity	15.8	46	29.2	63	16.8	65	-3.7	62	1.2	72	5.0	75
eA Commodities Median	15.7		30.4		19.9		-2.6		3.4		7.3	
eA Commodities Size	25		25		24		24		14		7	

Legend

- 5th to 25th Percentile
 - 25th Percentile to Median
 - Median to 75th Percentile
 - 75th to 95th Percentile
 - Cargill: ProAlpha
 - DB Advisors: Global Commodities
 - GEAM: Active Commodities
 - Gresham TAP
 - Hermes: Commodities Index Plus
 - Invesco: Commodities
 - ▲ DJ-UBS US Commodity
- Universe:*
eA Commodities
- Universe Rank:*
Green = Top Quartile Red = Bottom Quartile

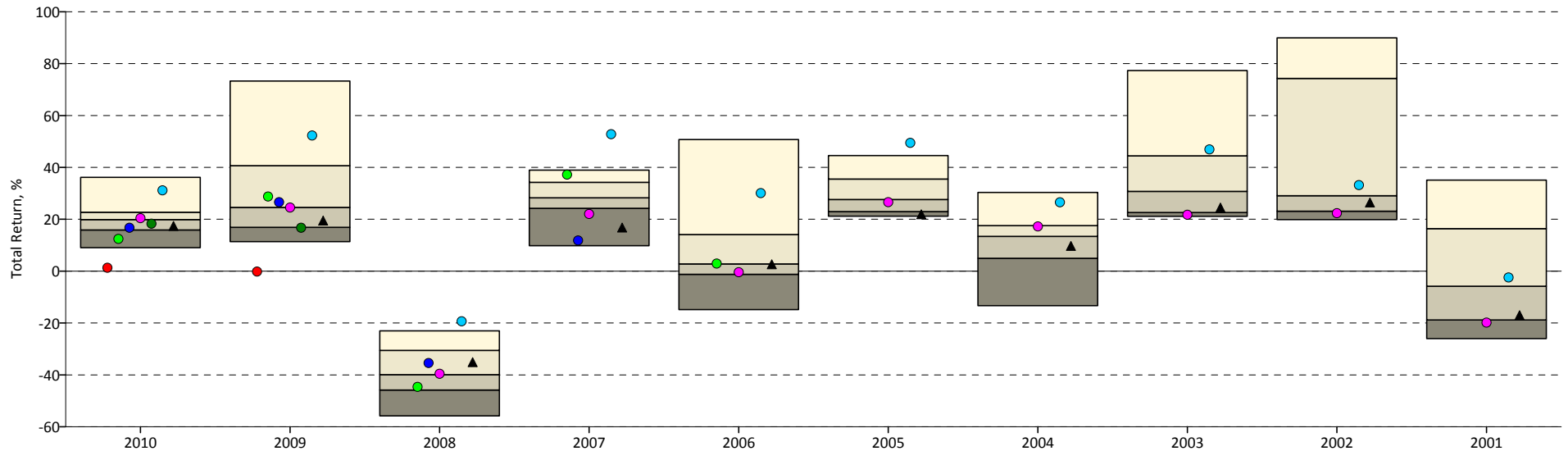
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

Total Return: Calendar Years



	Total Return																			
	2010		2009		2008		2007		2006		2005		2004		2003		2002		2001	
	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank
Cargill: ProAlpha	1.3	100	-0.1	100	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DB Advisors: Global Commodities	12.5	84	28.8	45	-44.6	66	37.2	7	3.0	47	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GEAM: Active Commodities	16.8	65	26.6	47	-35.4	36	11.8	93	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gresham TAP	20.4	44	24.5	52	-39.6	48	22.0	82	-0.4	67	26.6	62	17.2	29	21.7	84	22.3	80	-19.8	80
Hermes: Commodities Index Plus	18.3	60	16.8	76	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Invesco: Commodities	31.2	8	52.3	15	-19.3	4	52.8	1	30.1	11	49.5	1	26.5	9	47.0	16	33.2	40	-2.4	47
DJ-UBS US Commodity	16.8	65	18.9	64	-35.7	37	16.2	89	2.1	61	21.4	92	9.2	72	23.9	66	25.9	59	-17.6	69
eA Commodities Median	19.9		24.6		-39.9		28.3		2.8		27.6		13.4		30.8		29.1		-5.8	
eA Commodities Size	24		26		26		17		16		14		8		7		6		6	

Legend

- 5th to 25th Percentile
 - 25th Percentile to Median
 - Median to 75th Percentile
 - 75th to 95th Percentile
 - Cargill: ProAlpha
 - DB Advisors: Global Commodities
 - GEAM: Active Commodities
 - Gresham TAP
 - Hermes: Commodities Index Plus
 - Invesco: Commodities
 - ▲ DJ-UBS US Commodity
- Universe: eA Commodities
 Universe Rank: Green = Top Quartile Red = Bottom Quartile

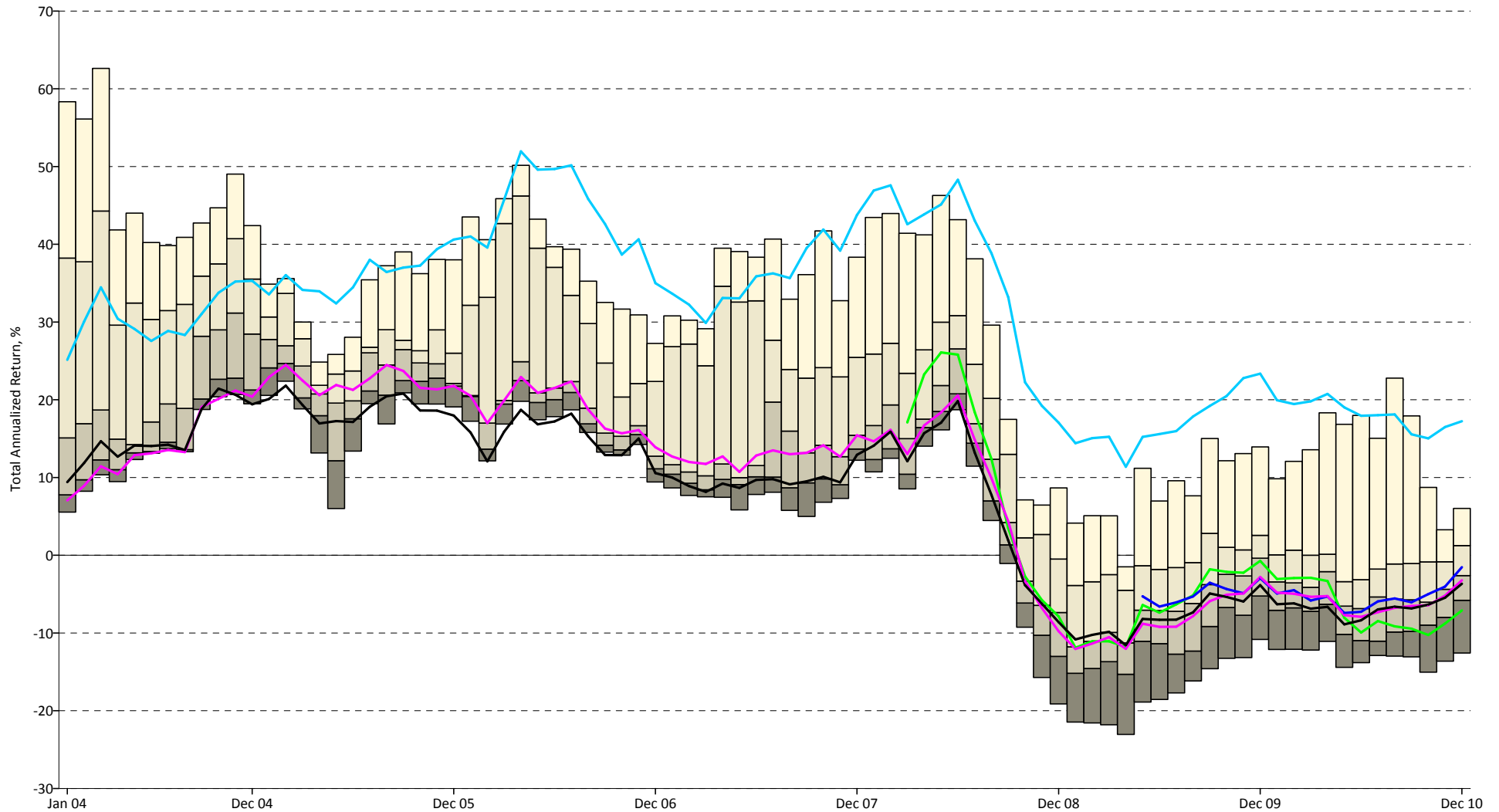
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

Total Return: Rolling 36-month Periods (Jan 04 - Dec 10)



Legend

- | | | | | |
|----------------------------------|-----------------------------------|-----------------------------|---------------------------|---|
| □ 5th to 25th Percentile | □ 25th Percentile to Median | □ Median to 75th Percentile | □ 75th to 95th Percentile | <i>Universe:</i>
eA Commodities |
| ■ Cargill: ProAlpha | ■ DB Advisors: Global Commodities | ■ GEAM: Active Commodities | ■ Gresham TAP | |
| ■ Hermes: Commodities Index Plus | ■ Invesco: Commodities | ■ DJ-UBS US Commodity | | |

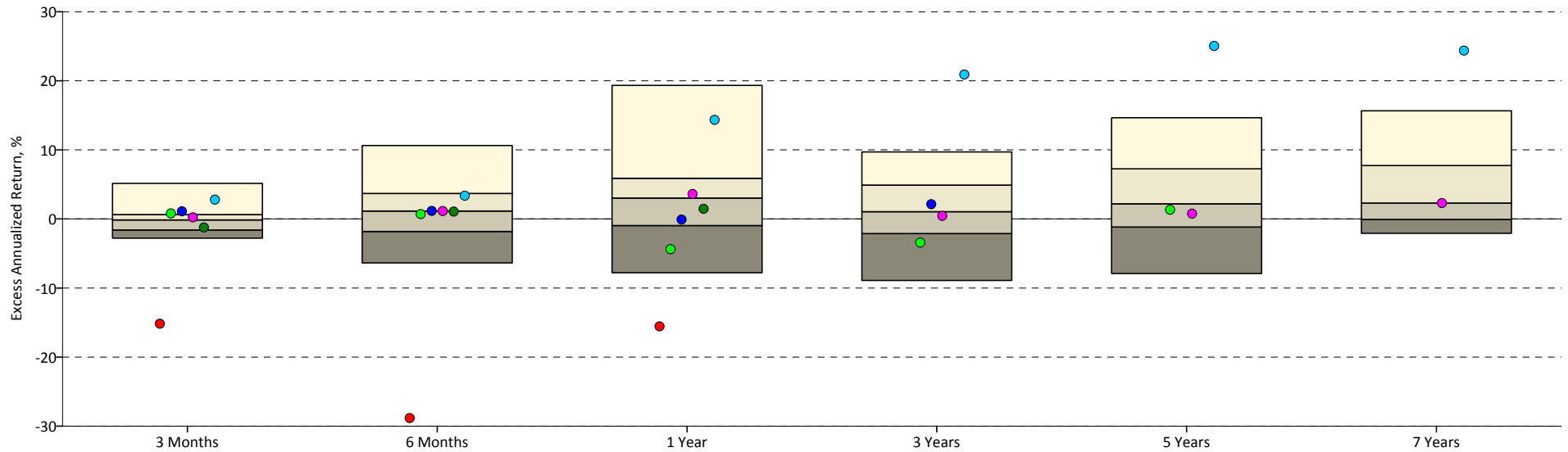
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

Excess Return: Trailing Periods

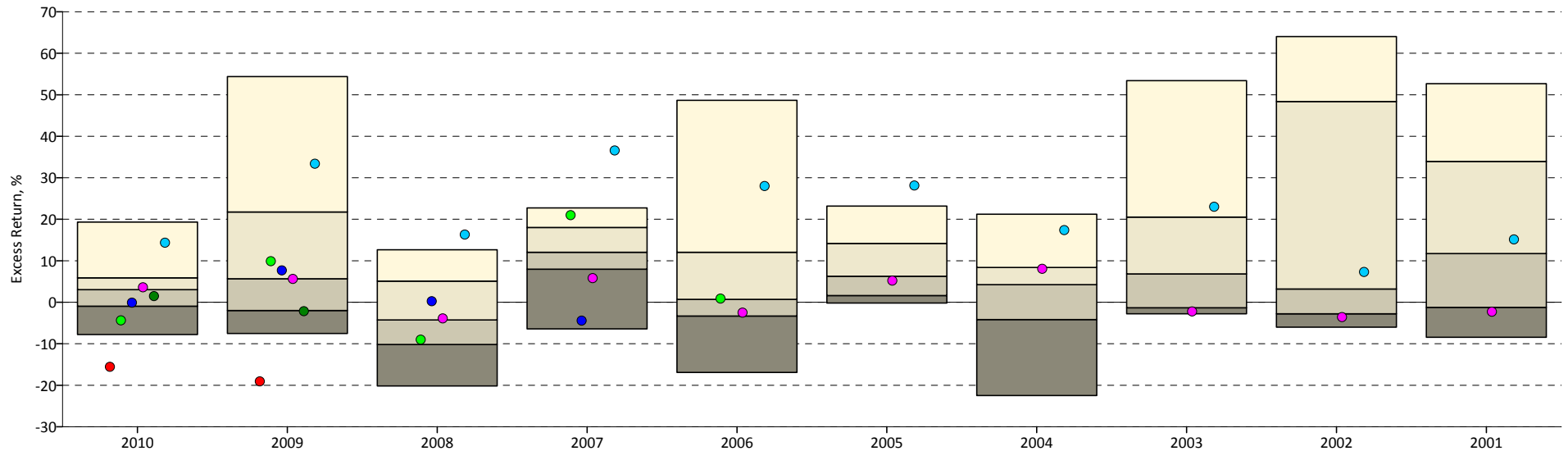


	Excess Return											
	3 Months		6 Months		1 Year		3 Years		5 Years		7 Years	
	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank
Cargill: ProAlpha	-15.2	100	-28.8	100	-15.5	100	n/a	n/a	n/a	n/a	n/a	n/a
DB Advisors: Global Commodities	0.8	25	0.7	57	-4.4	84	-3.4	80	1.3	55	n/a	n/a
GEAM: Active Commodities	1.1	24	1.2	50	-0.1	65	2.1	47	n/a	n/a	n/a	n/a
Gresham TAP	0.2	38	1.1	50	3.6	44	0.5	53	0.8	70	2.3	50
Hermes: Commodities Index Plus	-1.2	69	1.1	52	1.5	60	n/a	n/a	n/a	n/a	n/a	n/a
Invesco: Commodities	2.8	16	3.4	32	14.4	8	20.9	2	25.0	1	24.4	1
eA Commodities Median	-0.1		1.1		3.0		1.1		2.2		2.3	
<i>eA Commodities Size</i>	25		25		24		24		14		7	

Legend

- 5th to 25th Percentile
 25th Percentile to Median
 Median to 75th Percentile
 75th to 95th Percentile
 - Cargill: ProAlpha
 ● DB Advisors: Global Commodities
 ● GEAM: Active Commodities
 ● Gresham TAP
 - Hermes: Commodities Index Plus
 ● Invesco: Commodities
- Universe: eA Commodities*
Universe Rank: Green = Top Quartile Red = Bottom Quartile

Excess Return: Calendar Years



	Excess Return																			
	2010		2009		2008		2007		2006		2005		2004		2003		2002		2001	
	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank
Cargill: ProAlpha	-15.5	100	-19.1	100	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DB Advisors: Global Commodities	-4.4	84	9.9	45	-9.0	66	21.0	7	0.9	47	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GEAM: Active Commodities	-0.1	65	7.7	47	0.2	36	-4.4	93	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gresham TAP	3.6	44	5.6	52	-3.9	48	5.8	82	-2.5	67	5.2	62	8.1	29	-2.2	84	-3.6	80	-2.3	80
Hermes: Commodities Index Plus	1.5	60	-2.2	76	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Invesco: Commodities	14.4	8	33.4	15	16.3	4	36.6	1	28.0	11	28.1	1	17.4	9	23.0	16	7.3	40	15.2	47
eA Commodities Median	3.0		5.7		-4.3		12.0		0.7		6.3		4.3		6.8		3.2		11.7	
eA Commodities Size	24		26		26		17		16		14		8		7		6		6	

Legend

- 5th to 25th Percentile
 25th Percentile to Median
 Median to 75th Percentile
 75th to 95th Percentile
 - Cargill: ProAlpha
 ● DB Advisors: Global Commodities
 ● GEAM: Active Commodities
 ● Gresham TAP
 ● Invesco: Commodities
 - Hermes: Commodities Index Plus
- Universe: eA Commodities
 Universe Rank: Green = Top Quartile Red = Bottom Quartile

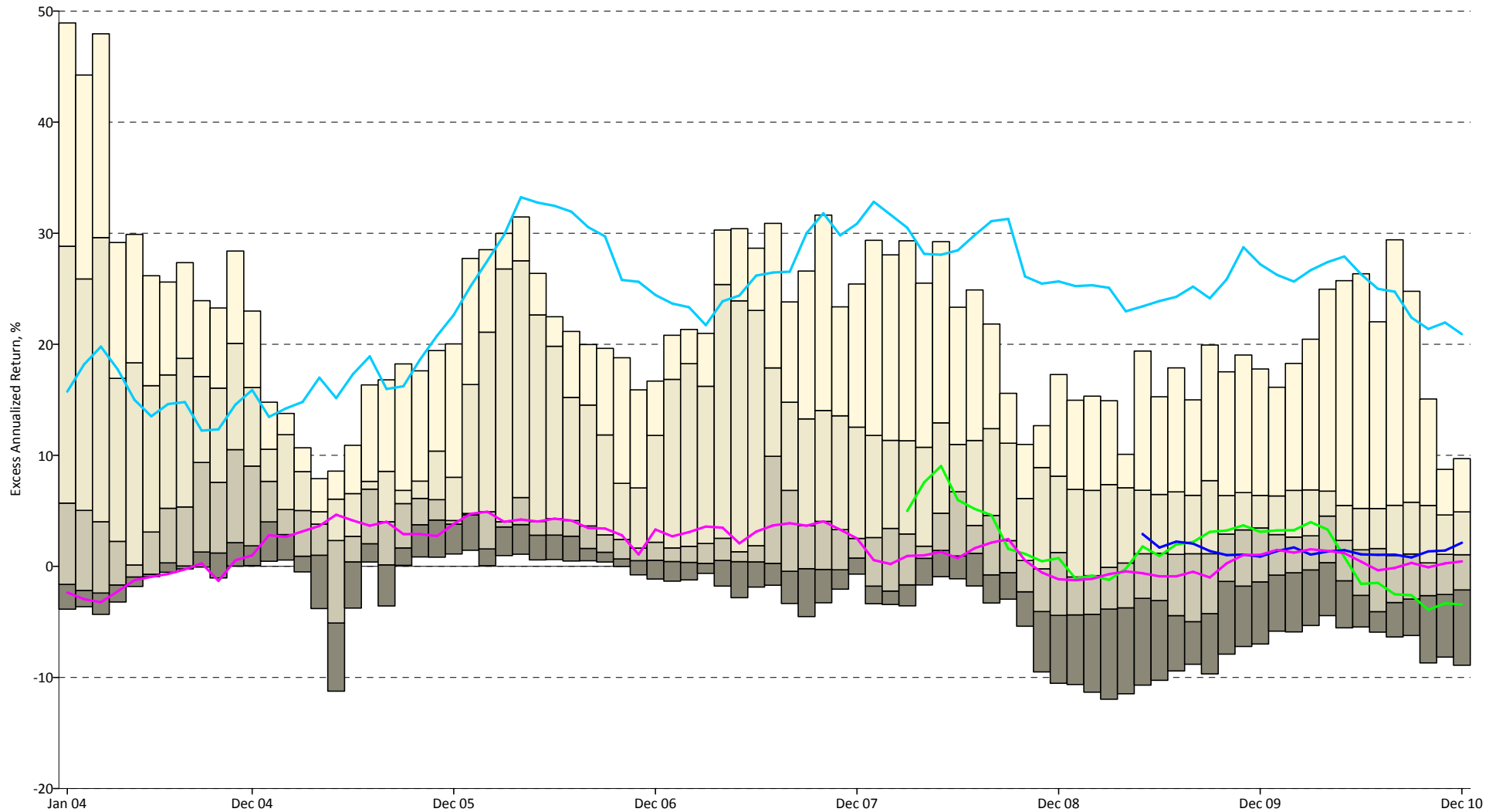
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

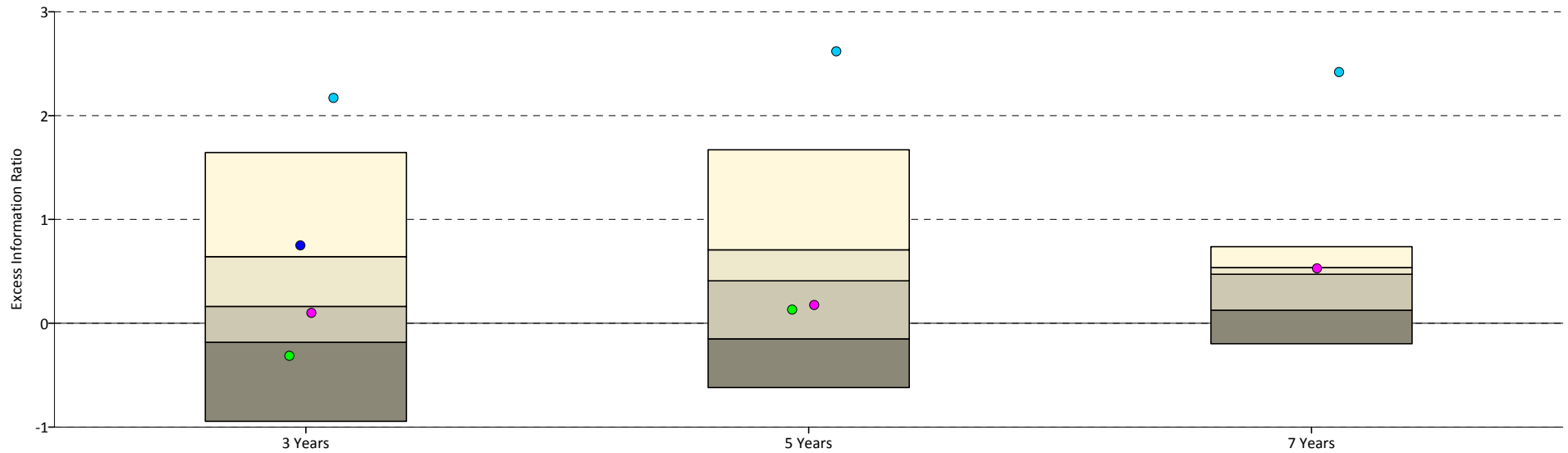
Excess Return: Rolling 36-month Periods (Jan 04 - Dec 10)



Legend

- | | | | | |
|--------------------------------|---------------------------------|---------------------------|-------------------------|--------------------------|
| 5th to 25th Percentile | 25th Percentile to Median | Median to 75th Percentile | 75th to 95th Percentile | Universe: eA Commodities |
| Cargill: ProAlpha | DB Advisors: Global Commodities | GEAM: Active Commodities | Gresham TAP | |
| Hermes: Commodities Index Plus | Invesco: Commodities | | | |

Information Ratio: Trailing Periods



	Information Ratio					
	3 Years		5 Years		7 Years	
	Stat	Rank	Stat	Rank	Stat	Rank
Cargill: ProAlpha	n/a	n/a	n/a	n/a	n/a	n/a
DB Advisors: Global Commodities	-0.3	80	0.1	66	n/a	n/a
GEAM: Active Commodities	0.8	20	n/a	n/a	n/a	n/a
Gresham TAP	0.1	53	0.2	62	0.5	34
Hermes: Commodities Index Plus	n/a	n/a	n/a	n/a	n/a	n/a
Invesco: Commodities	2.2	1	2.6	1	2.4	1
eA Commodities Median	0.2		0.4		0.5	
eA Commodities Size		24		14		7

Legend

- 5th to 25th Percentile
 25th Percentile to Median
 Median to 75th Percentile
 75th to 95th Percentile
 Universe: eA Commodities
- Cargill: ProAlpha
 ● DB Advisors: Global Commodities
 ● GEAM: Active Commodities
 ● Gresham TAP
 ● Invesco: Commodities
 Universe Rank: Green = Top Quartile Red = Bottom Quartile

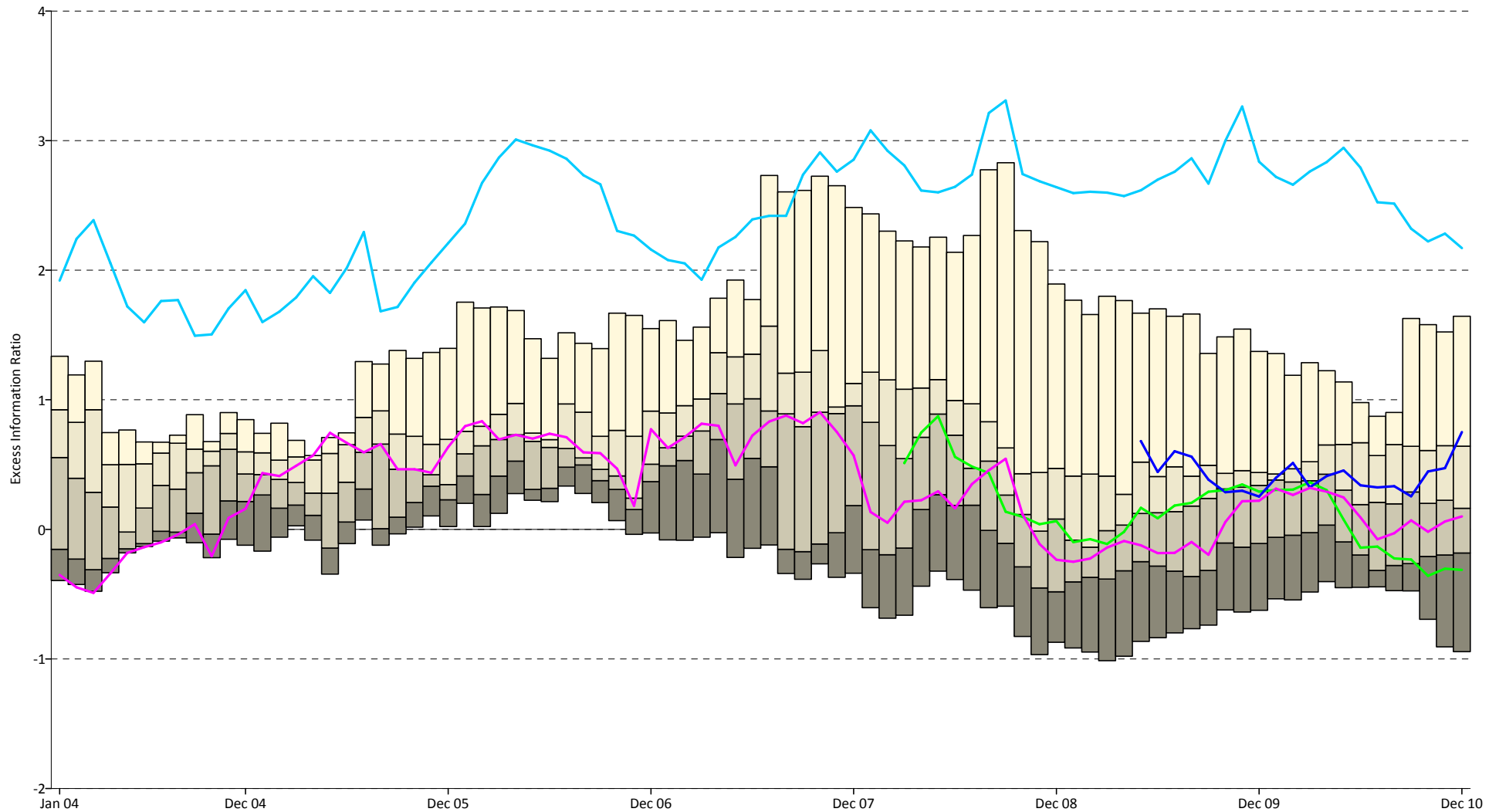
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Risk/Return Analysis

All Strategies

Information Ratio: Rolling 36-month Periods (Jan 04 - Dec 10)



Legend

- | | | | | |
|----------------------------------|-----------------------------------|-----------------------------|---------------------------|-----------------------|
| □ 5th to 25th Percentile | □ 25th Percentile to Median | □ Median to 75th Percentile | ■ 75th to 95th Percentile | <i>Universe:</i> |
| ■ Cargill: ProAlpha | ■ DB Advisors: Global Commodities | ■ GEAM: Active Commodities | ■ Gresham TAP | eA Commodities |
| ■ Hermes: Commodities Index Plus | ■ Invesco: Commodities | | | |

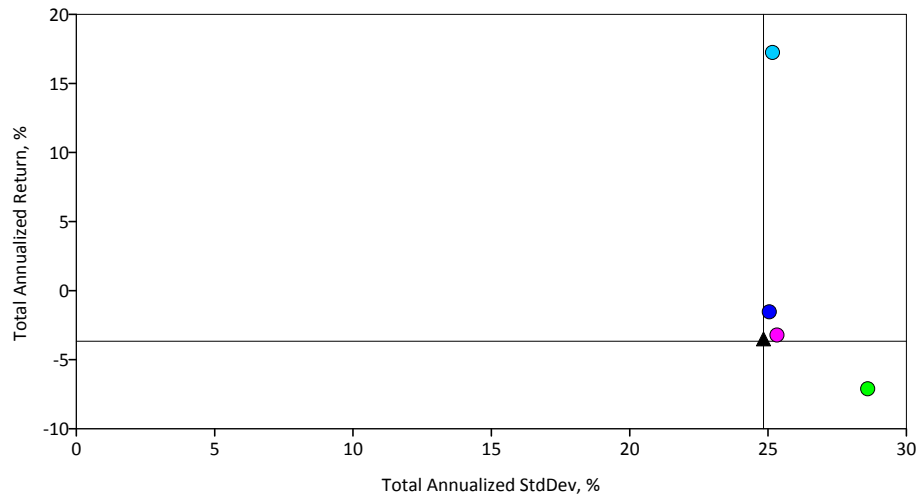
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

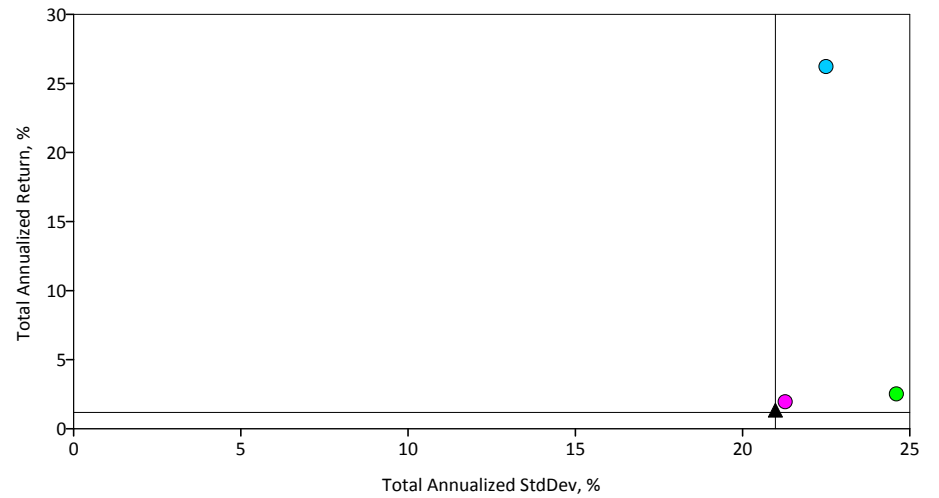
Risk/Return Analysis

All Strategies

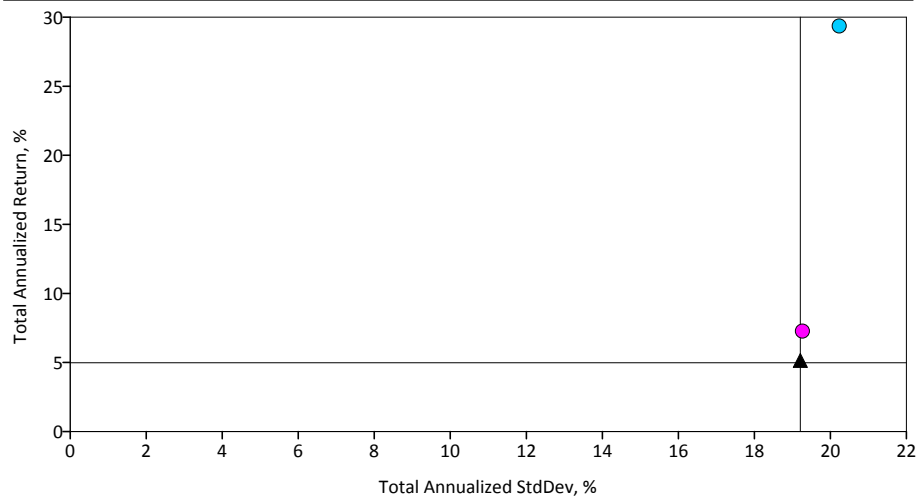
Total Return vs. Standard Deviation: Trailing 3 Years (Jan 08 - Dec 10)



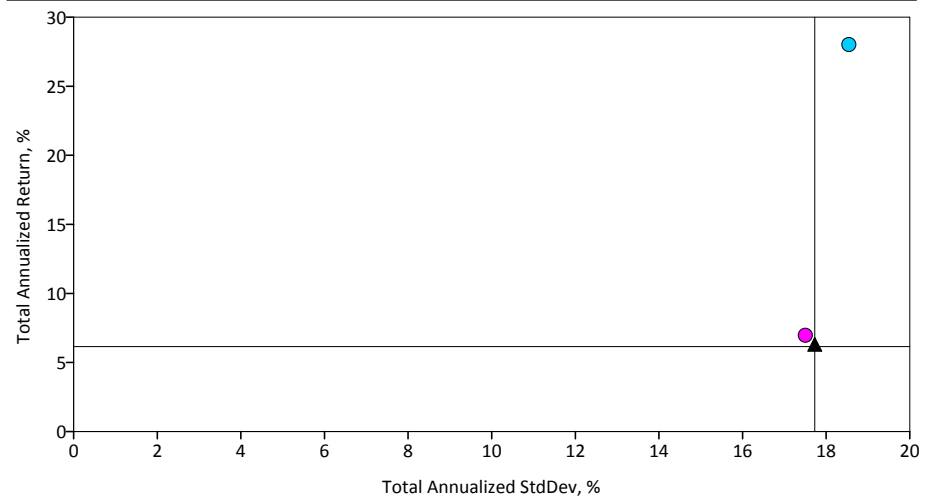
Total Return vs. Standard Deviation: Trailing 5 Years (Jan 06 - Dec 10)



Total Return vs. Standard Deviation: Trailing 7 Years (Jan 04 - Dec 10)



Total Return vs. Standard Deviation: Trailing 10 Years (Feb 01 - Dec 10)



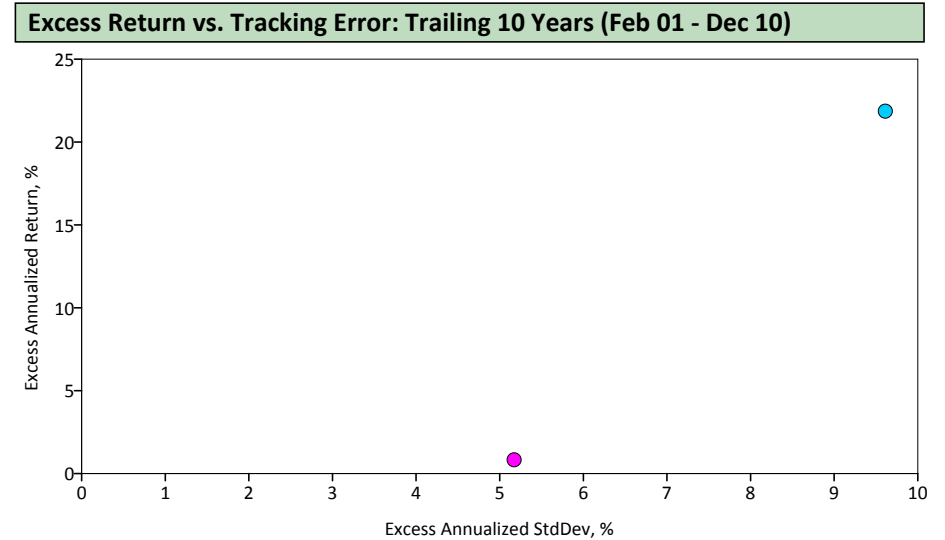
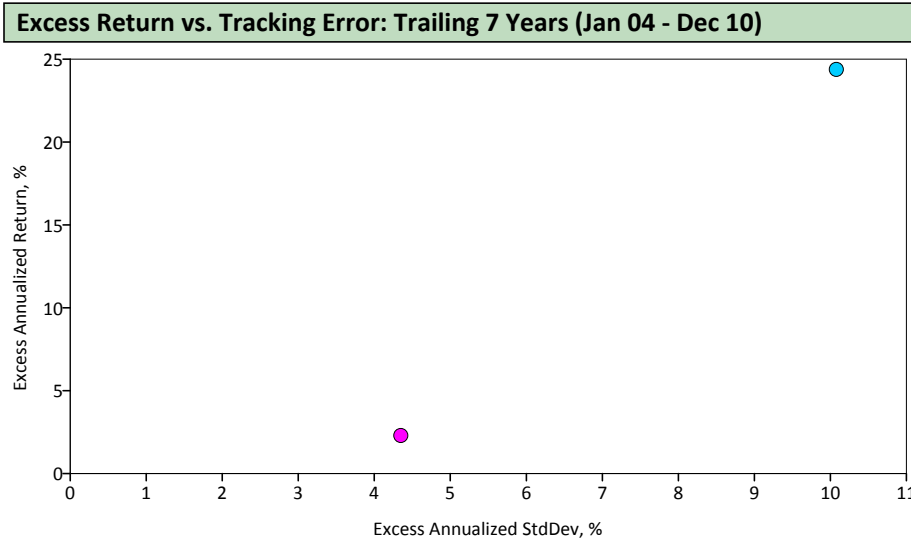
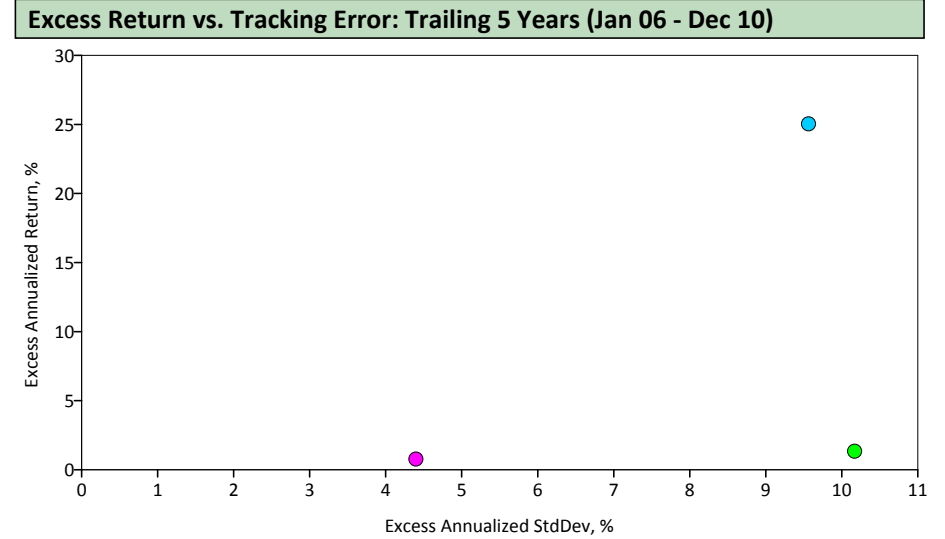
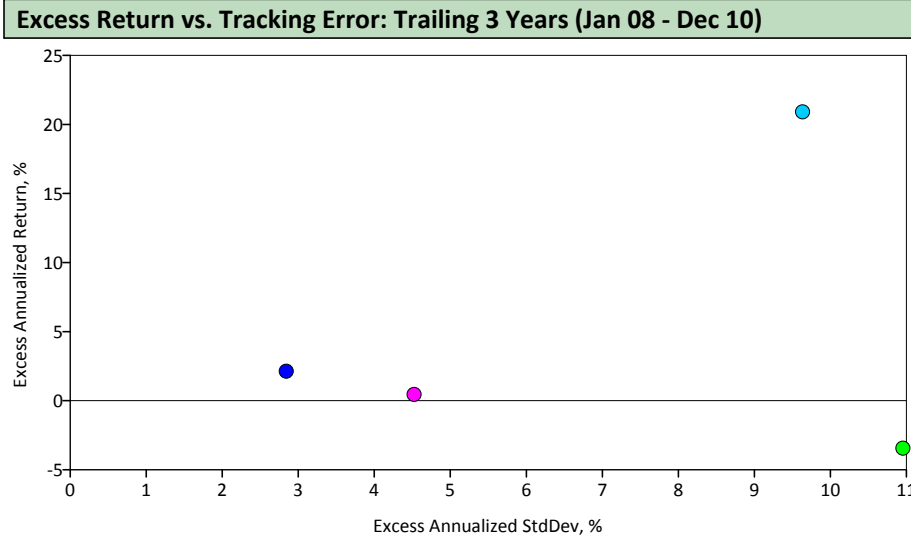
Legend			
● Cargill: ProAlpha	● DB Advisors: Global Commodities	● GEAM: Active Commodities	● Gresham TAP
● Hermes: Commodities Index Plus	● Invesco: Commodities	▲ DJ-UBS US Commodity	

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Risk/Return Analysis

All Strategies



Legend

● Cargill: ProAlpha	● DB Advisors: Global Commodities	● GEAM: Active Commodities	● Gresham TAP
● Hermes: Commodities Index Plus	● Invesco: Commodities		

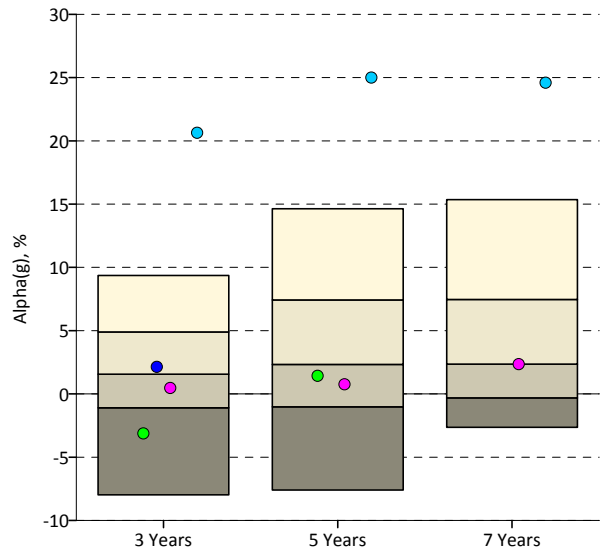
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

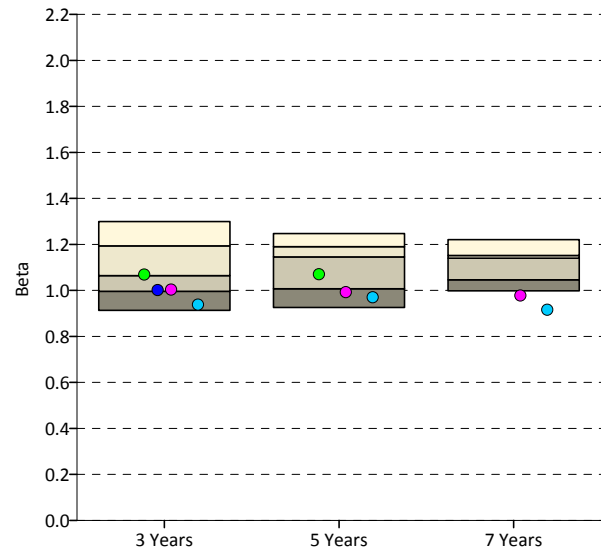
MPT Statistics

All Strategies

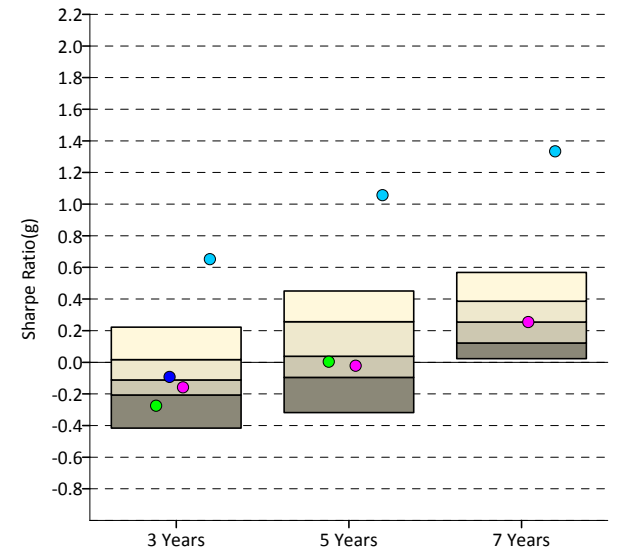
Alpha: Trailing Periods (Jan 04 - Dec 10)



Beta: Trailing Periods (Jan 04 - Dec 10)



Sharpe Ratio: Trailing Periods (Jan 04 - Dec 10)



	3 Yrs			5 Yrs			7 Yrs.		
	Alpha [Rank]	Beta [Rank]	Sharpe [Rank]	Alpha [Rank]	Beta [Rank]	Sharpe [Rank]	Alpha [Rank]	Beta [Rank]	Sharpe [Rank]
Cargill: ProAlpha	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DB Advisors: Global Commodities	-3.1 [81]	1.1 [49]	-0.3 [80]	1.4 [55]	1.1 [60]	0.0 [55]	n/a	n/a	n/a
GEAM: Active Commodities	2.1 [47]	1.0 [71]	-0.1 [47]	n/a	n/a	n/a	n/a	n/a	n/a
Gresham TAP	0.5 [57]	1.0 [70]	-0.2 [57]	0.8 [70]	1.0 [77]	0.0 [70]	2.4 [50]	1.0 [100]	0.3 [50]
Hermes: Commodities Index Plus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Invesco: Commodities	20.6 [2]	0.9 [91]	0.7 [1]	25.0 [1]	1.0 [82]	1.1 [1]	24.6 [1]	0.9 [100]	1.3 [1]
eA Commodities Median	1.6	1.1	-0.1	2.3	1.2	0.0	2.4	1.1	0.3
eA Commodities Size	24			14			7		

Legend

- 5th to 25th Percentile
 25th Percentile to Median
 Median to 75th Percentile
 75th to 95th Percentile
 - Cargill: ProAlpha
 ● DB Advisors: Global Commodities
 ● GEAM: Active Commodities
 ● Gresham TAP
 - Hermes: Commodities Index Plus
 ● Invesco: Commodities
- Universe: eA Commodities
 Universe Rank: Green = Top Quartile Red = Bottom Quartile

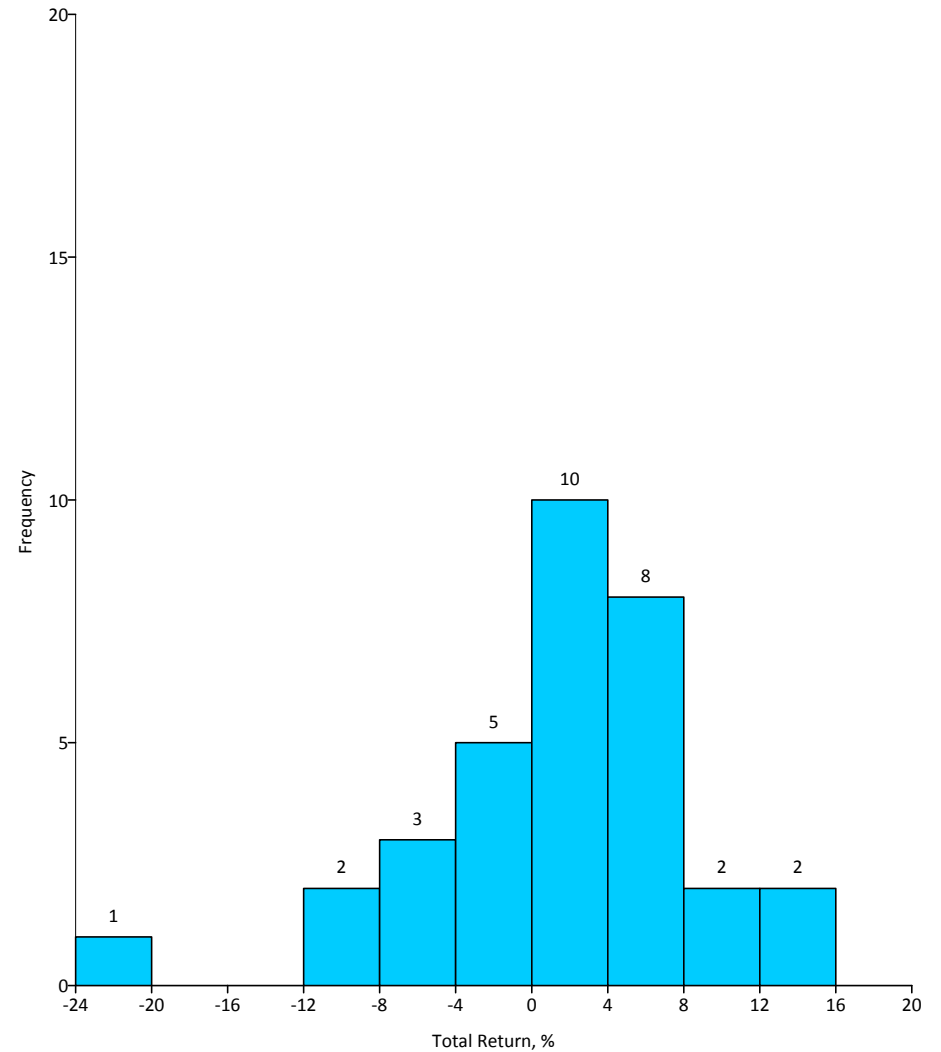
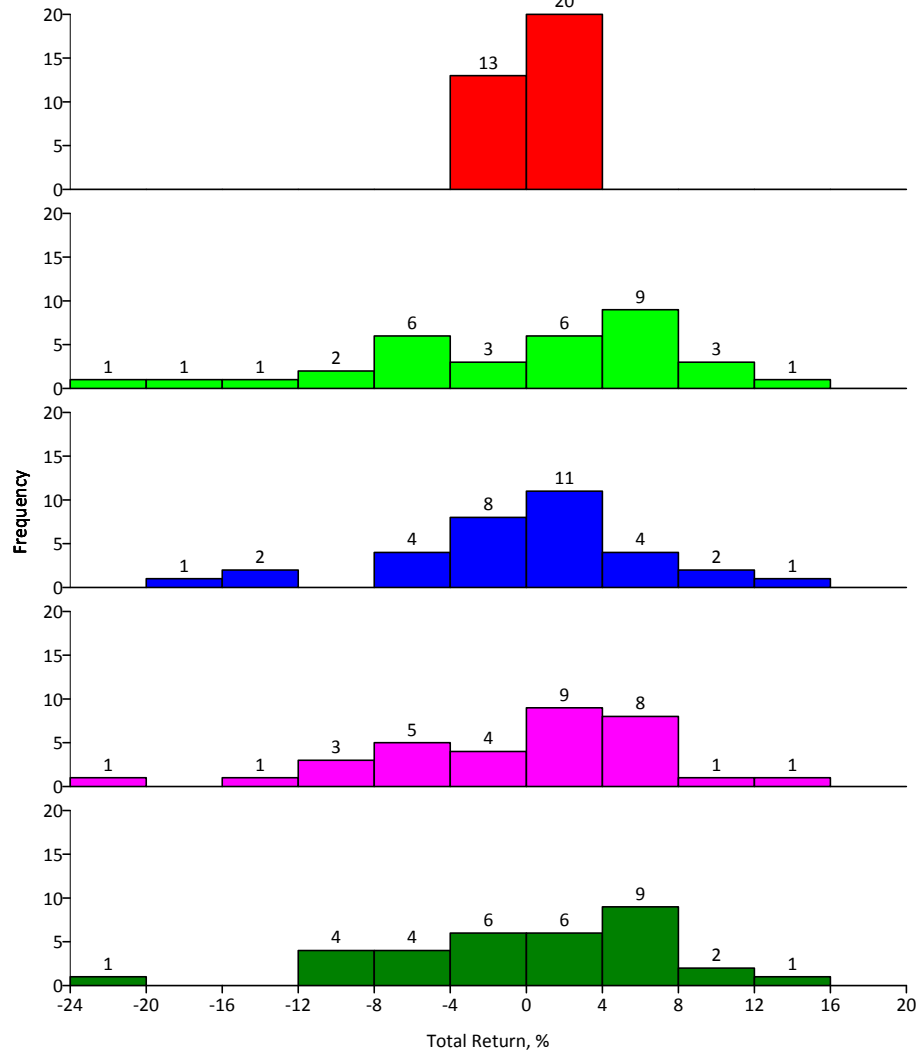
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Distribution of Returns

All Strategies

Distribution of Total Returns: Common Period (Apr 08 - Dec 10)



Legend

- Cargill: ProAlpha
- DB Advisors: Global Commodities
- GEAM: Active Commodities
- Gresham TAP
- Hermes: Commodities Index Plus
- Invesco: Commodities

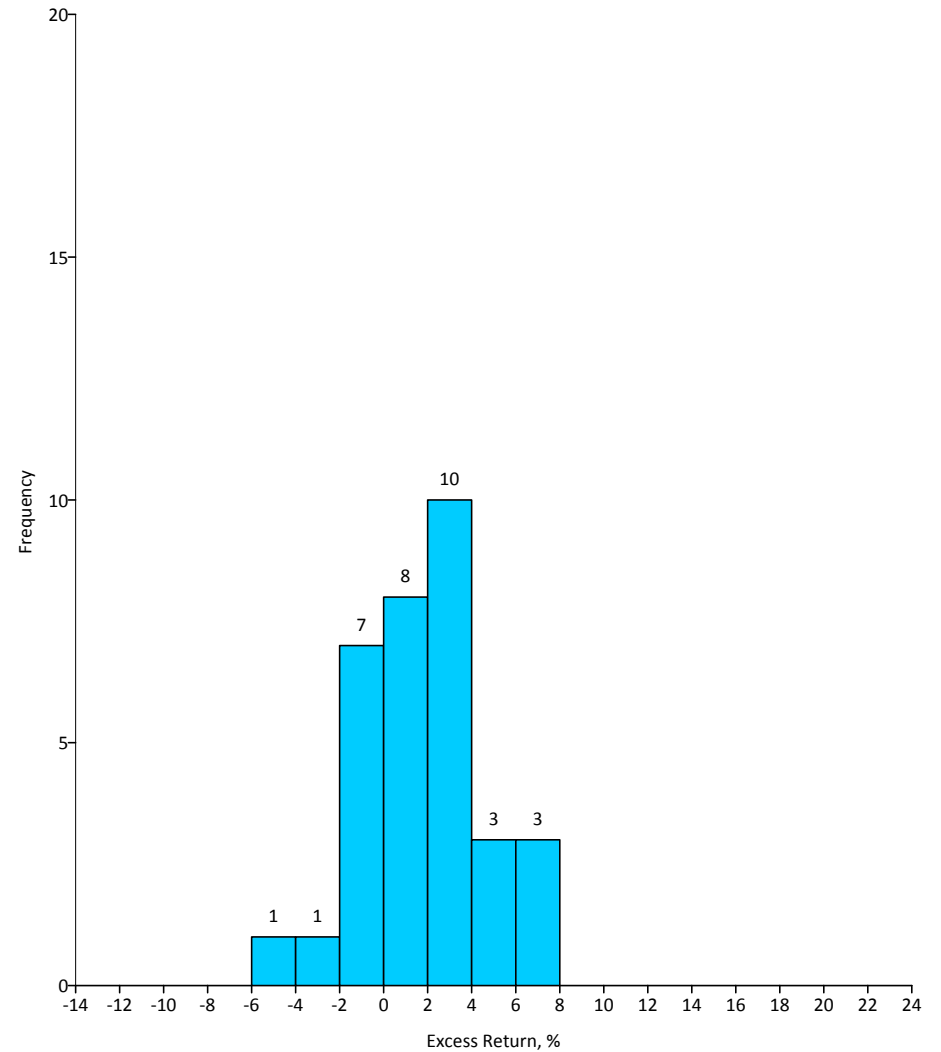
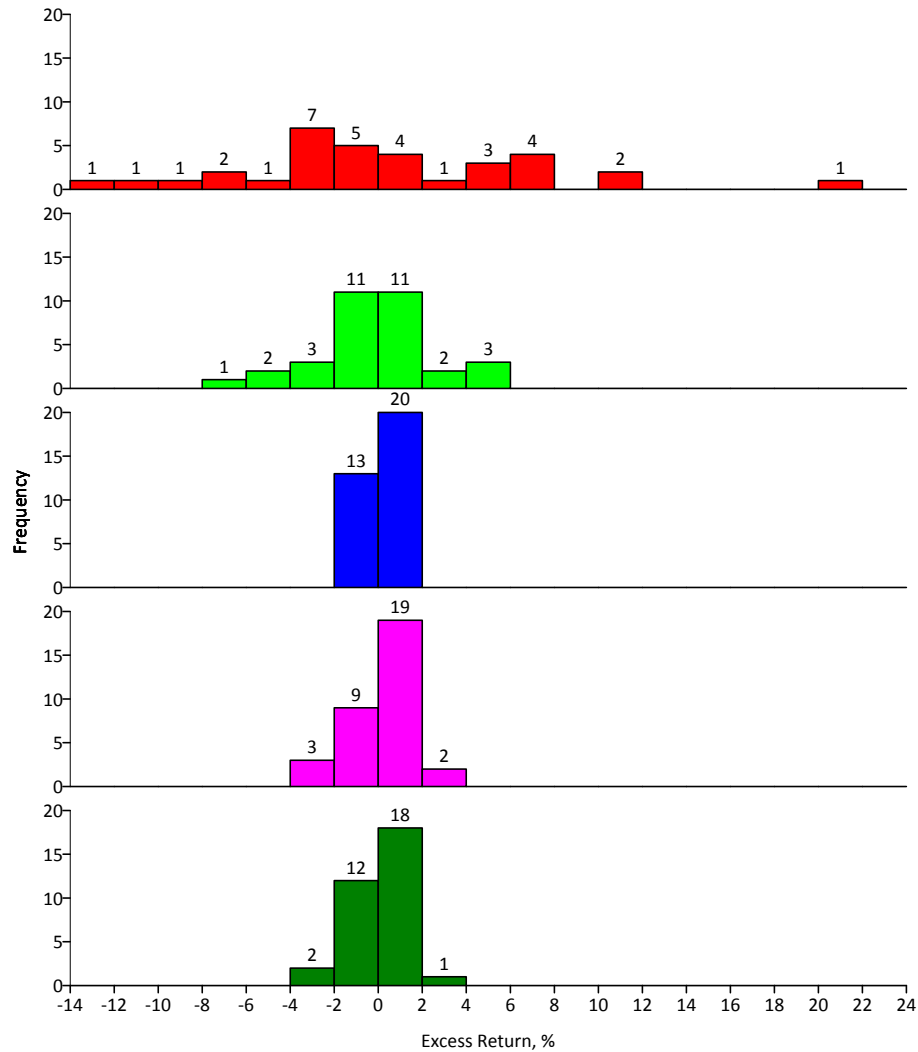
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Distribution of Returns

All Strategies

Distribution of Excess Returns: Common Period (Apr 08 - Dec 10)



Legend

- Cargill: ProAlpha
- DB Advisors: Global Commodities
- GEAM: Active Commodities
- Gresham TAP
- Hermes: Commodities Index Plus
- Invesco: Commodities

Alpha (Jenson's Alpha) – a manager's *Total Return* in excess of that which can be explained by its systematic risk, or *Beta*. Alpha is calculated by regressing a manager's *Total Returns* against those of the benchmark (taken to represent the “market”). Alpha is the intercept term in this regression, also known as a Capital Asset Pricing Model (CAPM) regression. A positive Alpha implies that a manager has added value relative to the benchmark on a *Beta*- or risk-adjusted basis.

Batting Average – the percentage frequency a manager's periodic *Total Return* exceeds the benchmark. A manager that outperforms the benchmark in 15 out of 20 months will have a *Batting Average* of 0.75.

Benchmark R-Squared – a statistical measure that represents the percentage of volatility in a manager's returns which can be explained by the volatility of the benchmark. Benchmark R-Squared can range from 0-100%. See also *R-Squared*.

Best/Worst Quarter – the maximum/minimum *Total Return* or *Excess Return* over any rolling 3-month period (when monthly returns are used). Note that the term “quarter” in this calculation does not refer to calendar quarters (unless the periodicity is quarterly), but rather 3-month windows.

Best/Worst Year – the maximum/minimum *Total Return* or *Excess Return* over any rolling 12-month period (when monthly returns are used). Note that the term “year” in this calculation does not refer to calendar years, but rather 12-month (or 4-quarter) windows.

Beta – a measure of a manager's sensitivity to systematic, or market risk. Beta is calculated by regressing a manager's *Total Returns* against those of the benchmark (taken to represent the “market”). Beta is the slope coefficient in this regression, also known as a Capital Asset Pricing Model (CAPM) regression. A manager with a Beta of 1 has a systematic volatility equal to that of the benchmark, while a Beta less than 1 implies lower systematic volatility than the benchmark and a Beta greater than 1 indicates that a manager exhibits more systematic volatility than the benchmark.

Calmar Ratio – a risk/return measure that is calculated by dividing a manager's *Total Return* or *Excess Return* by the respective *Maximum Drawdown*. A higher Calmar Ratio implies greater manager efficiency in generating *Total Returns* or *Excess Returns* without experiencing correspondingly high *Maximum Drawdowns*.

Capture Ratio – the ratio of a manager's average *Total Return* to the benchmark's average *Total Return*. Up Market Capture Ratio refers to relative performance in periods where the benchmark *Total Return* is greater than 0 (i.e., positive) and Down Market Capture Ratio is calculated over those periods where the benchmark *Total Return* is less than 0 (i.e., negative).

Correlation – a standardized measure of *Covariance* scaled to a range of -1 to 1. Correlations close to 1 suggest that two *Return Series* move together very closely while Correlations close to -1 indicate that two *Return Series* tend to move opposite of one another.

Covariance – a measure of the co-movement of two variables, *Return Series* for these purposes. When two *Return Series* tend to deviate in the same direction they will exhibit positive Covariance and if they tend to deviate in opposite directions they will exhibit negative Covariance.

Excess Correlation – the *Correlation* between two sets of *Excess Return Series*.

Excess Information Ratio – a measure of a manager's active return per unit of active risk. Excess Information Ratio (commonly referred to as *Information Ratio*) is calculated by dividing a manager's *Excess Return* by the *Tracking Error*. A higher Excess Information Ratio implies greater manager efficiency in terms of the active risk taken versus the benchmark.

Excess Loss Ratio – a measure of a manager's active return per unit of downside active risk. Excess Loss Ratio is calculated by dividing a manager's *Excess Return* by the *Semi-Standard Deviation of Excess Returns*. A higher Excess Loss Ratio implies greater manager efficiency.

Excess Omega Ratio – a measure of a manager's active return versus active risk that uses the cumulative probability distribution function (CDF) of *Excess Returns* and assigns a return threshold (0 in this case), with part of the distribution on each side. Excess Omega Ratio is calculated by dividing the area above the CDF curve to the right of the threshold by the area below the CDF curve to the left of the threshold. Excess Omega Ratio is useful in that it incorporates the full distribution of *Excess Returns*, not just the mean and standard deviation (i.e., tracking error), and does not rely on a normally-distributed return series as many other risk-adjusted measures such as the *Sharpe Ratio* and *Information Ratio* implicitly do. As with other risk-adjusted measures, a higher Excess Omega Ratio implies greater manager efficiency in terms of active risk and return.

Excess Return – a manager's return in excess of the benchmark's *Total Return*.

Excess Style Weights – a manager's style weights in excess of the benchmark's style weights for a given period. This measures a manager's style deviations, or bets, versus the benchmark.

Information Ratio – a measure of a manager's return per unit of risk. Information Ratio is calculated by dividing a manager's *Total Return* by the *Standard Deviation*. A higher Information Ratio implies greater manager efficiency. To avoid confusion and conform to industry standards, the term “Information Ratio” is used throughout the study when referencing the *Excess Information Ratio* statistic.

Maximum Drawdown – a drawdown is any losing period during a *Return Series* (either *Total Return* or *Excess Return*) and the Maximum Drawdown measures the cumulative return during the worst “peak to trough” period for the *Return Series*. The Maximum Drawdown does not necessarily occur over consecutive months (or quarters) of negative performance and can be interrupted by periods of positive performance as long as this does not cause full recovery of the initial value prior to the drawdown.

Recovery Duration – the number of months (or quarters) from trough to full recovery after the *Maximum Drawdown*. If the full amount of the initial value has not been recovered, Recovery Duration will display “N/A”.

Recovery Percent – where the full amount of the initial value has not been recovered after the *Maximum Drawdown*, Recovery Percent represents the partial percent of peak to trough loss that has been regained to date. If the initial value has been re-achieved, Recovery Percent will display “100%”.

Recovery Period – the range of months (or quarters) to regain the value before the *Maximum Drawdown* occurred, starting from the first month (or quarter) after a trough. When the full amount of the initial value has not been recovered the date range shown is from the trough to the highest subsequent cumulative value.

Return Series – a set of *Returns* over a range of time periods.

Risk – see *Standard Deviation*.

R-Squared – within the context of regression analysis, R-Squared represents the portion of the variation of a dependent variable (e.g., a manager's *Return Series*) that can be explained by the variation of the independent variable(s) (e.g., a benchmark index or set of *Style Indices*). R-squared values range from 0 to 100. An R-squared of 100 indicates that all movements of the dependent variable are completely explained by movements of the independent variable(s). In addition, R-Squared provides a measure of the goodness of fit, or validity, of the regression model.

Selection Return – a manager's *Total Return* in excess of the *Style Return*. A positive Selection Return implies that a manager has added value relative to the *Style Benchmark* through security selection.

Semi-Standard Deviation – a measure of downside risk similar to Standard Deviation, except that it is calculated using only the variance of returns below a target rate (0 by default, but can also be set to a Minimum Accepted Return or MAR, the risk-free rate or the benchmark's return). A high Semi-Standard Deviation represents a wide range of returns below the target rate and therefore implies a higher level of downside risk. Semi-Standard Deviation is useful in that it penalizes managers only for volatile returns below the target rate, unlike the full Standard Deviation calculation which does not distinguish between upside (good) and downside (bad) volatility.

Sharpe Ratio – a manager's *Excess Return* over the risk-free rate divided by the *Standard Deviation*. Sharpe Ratio measures a manager's return per unit of risk. A higher Sharpe Ratio implies greater manager efficiency.

Standard Deviation – a measure of the extent to which observations in a series vary from the arithmetic mean of the series. Standard Deviation (also referred to as *Volatility* or *Risk*) provides an indication of the dispersion of periodic returns. A high Standard Deviation represents a wide range of returns and therefore implies a higher level of risk.

Style Benchmark – a blended index of *Style Indices* combined at the corresponding *Style Weights*. The *Style Return* represents the *Total Return* of the Style Benchmark.

Style Indices – independent (or explanatory) variables used in the *Style Regression*. Style Indices can also be interpreted as the manager's *Betas* or risk factors within the context of the *Style Regression*.

Style Map – a specialized form of scatter plot used to show where a manager lies in relation to a set of *Style Indices* on a two-dimensional plane. A Style Map is simply a different way of viewing the *Style Weights*. The x and y co-ordinates are calculated by rescaling the *Style Weights* to a range of -1 to 1 on each axis.

Style Regression – a constrained quadratic regression of a manager or benchmark return series against a set of *Style Indices*. Style Regression calculates a series of *Betas* that collectively seek to explain as much of a return series as possible.

Style Return – calculated by multiplying a manager's (or benchmark's) *Style Weights* by the corresponding returns of the Style Indices and summing the resulting weighted component returns.

Style R-Squared – a statistical measure that represents the percentage of volatility in a manager's returns which can be explained by the volatility of the *Style Indices* (or collectively, the *Style Benchmark*). Style R-Squared can range from 0-100%. See also *R-Squared*.

Style Weights – represent the periodic exposure of a manager (or benchmark) to various explanatory variables, also referred to as *Style Indices*. Style Weights are returns-based, i.e. they are calculated through the *Style Regression*.

Timing Return – a manager's *Style Return* in excess of the benchmark's *Style Return*¹. A positive Timing Return implies that a manager has added value relative to the benchmark through asset allocation decisions, i.e., over/underweight “positions” in the *Style Indices* versus those of the benchmark.

1) If the market benchmark used in the study is not also one of the *Style Indices* then it too will have *Style Weights*, a *Style Return* and a *Style Benchmark*. If the benchmark is one of the *Style Indices*, its *Style Return* will equal the benchmark's *Total Return*.

Total Return – a measure of the appreciation or depreciation in the price of an investment over a given time period.

Tracking Error – the *Standard Deviation* of a manager's *Excess Return* series. Tracking Error measures the extent to which a manager's returns diverge from the benchmark's returns. A low Tracking Error indicates that the manager closely tracks the benchmark.

Volatility – see *Standard Deviation*.

Note: All calculations use geometrically annualized returns except for cumulative returns and those that cover periods less than one year.

Group 2

Section 1

Firm/Product Summaries

SAMCERA

Commodity Manager Search

Section 2

Performance Exhibits

SAMCERA

Commodity Manager Search

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Summary Tables

All Strategies

Macquarie Funds: MCFA		PBAM - BCL: Bache Index		Schroders: Relative Return		Schroders: Commodities		SSgA: MAC		DJ-UBS US Commodity		eA Commodities Median	eA Commodities Size
Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank		

Total Return

3 Mos.	14.2	75	11.8	100	16.4	25	14.8	67	19.8	13	15.8	46	15.7	25
1 Yr.	7.8	100	9.1	94	16.2	74	16.4	70	21.3	40	16.8	65	19.9	24
3 Yrs.	-12.1	92	n/a	n/a	4.9	9	0.5	31	2.8	14	-3.7	62	-2.6	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	10.1	8	n/a	n/a	1.2	72	3.4	14

Excess Return

3 Mos.	-1.6		-4.0		0.6		-1.0		4.0				-0.1	25
1 Yr.	-9.0		-7.8		-0.6		-0.5		4.5				3.0	24
3 Yrs.	-8.4		n/a	n/a	8.6		4.2		6.4				1.1	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	8.9		n/a	n/a			2.2	14

Excess Return vs. Universe Median

3 Mos.	-1.5		-3.9		0.8		-0.8		4.1		0.1			25
1 Yr.	-12.0		-10.8		-3.7		-3.5		1.5		-3.0			24
3 Yrs.	-9.4		n/a	n/a	7.5		3.1		5.4		-1.1			24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	6.7		n/a	n/a	-2.2			14

Standard Deviation

3 Yrs.	31.8	70	n/a	n/a	25.6	35	24.0	5	25.0	27	24.8	23	28.2	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	20.3	1	n/a	n/a	21.0	21	25.6	14

Tracking Error

3 Yrs.	12.6	74	n/a	n/a	5.7	35	8.5	44	9.7	53			9.3	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	8.3	47	n/a	n/a			9.3	14

Information Ratio

3 Yrs.	-0.7	87	n/a	n/a	1.5	9	0.5	31	0.7	22			0.2	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	1.1	16	n/a	n/a			0.4	14

Universe: eA Commodities

Universe Rank: Green = Top Quartile Red = Bottom Quartile

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Summary Tables

All Strategies

Macquarie Funds: MCFA		PBAM - BCL: Bache Index		Schroders: Relative Return		Schroders: Commodities		SSgA: MAC		DJ-UBS US Commodity		eA Commodities Median	A Commodities Size
Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank		

Beta

3 Yrs.	1.2	27	n/a	n/a	1.0	66	0.9	100	0.9	92			1.1	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	0.9	100	n/a	n/a			1.2	14

Alpha (CAPM)

3 Yrs.	-7.5	92	n/a	n/a	8.6	9	3.8	40	6.1	18			1.6	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	8.8	8	n/a	n/a			2.3	14

Sharpe Ratio

3 Yrs.	-0.4	92	n/a	n/a	0.2	9	0.0	31	0.1	14	-0.2	61	-0.1	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	0.4	8	n/a	n/a	-0.1	73	0.0	14

Upside Capture Ratio

3 Yrs.	107.8	53	n/a	n/a	114.7	27	91.4	100	94.0	96			108.2	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	101.0	93	n/a	n/a			110.1	14

Downside Capture Ratio

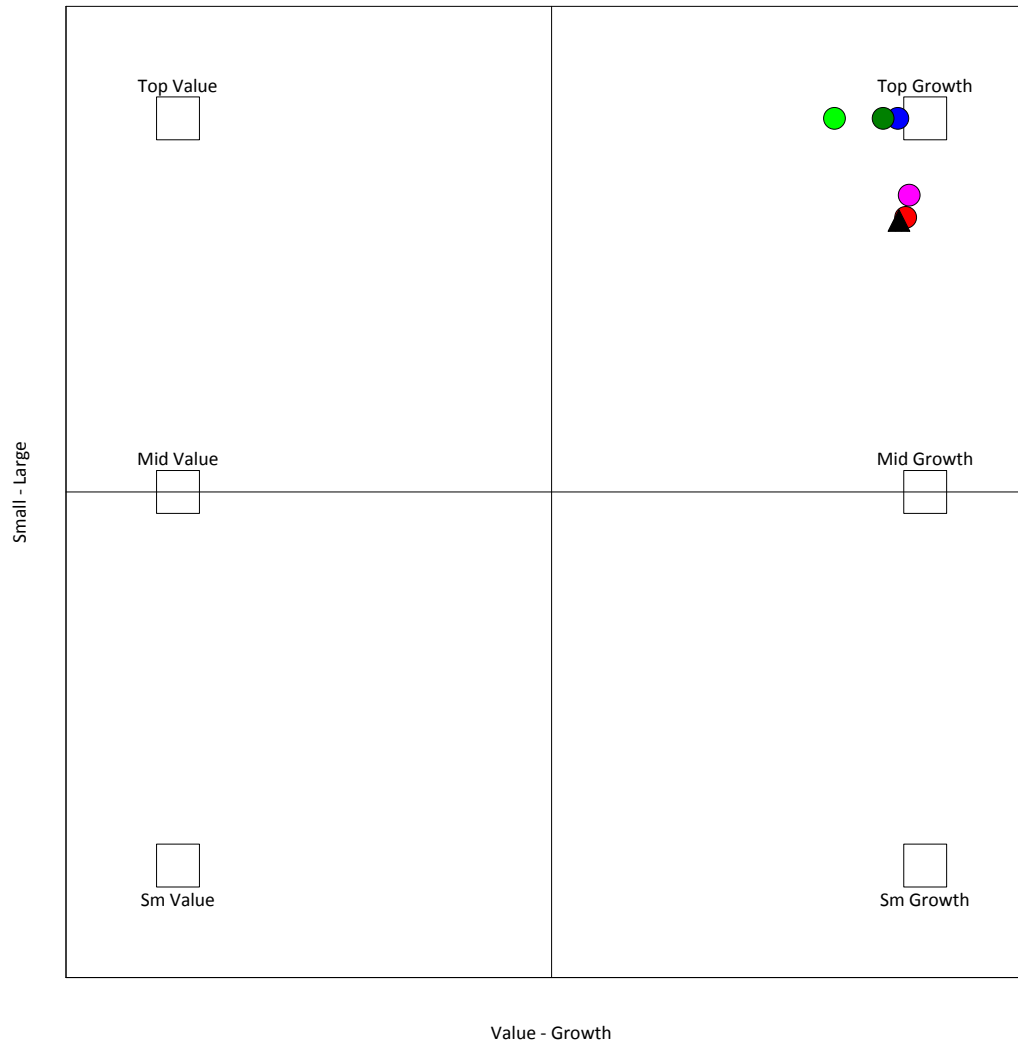
3 Yrs.	125.0	92	n/a	n/a	88.9	18	84.0	14	80.1	9			101.0	24
5 Yrs.	n/a	n/a	n/a	n/a	n/a	n/a	73.0	8	n/a	n/a			104.3	14

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Style Analysis
All Strategies

Style Map (Mar 07 - Dec 10)



Legend

- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schrodgers: Relative Return
- Schrodgers: Commodities
- SSgA: MAC
- ▲ DJ-UBS US Commodity

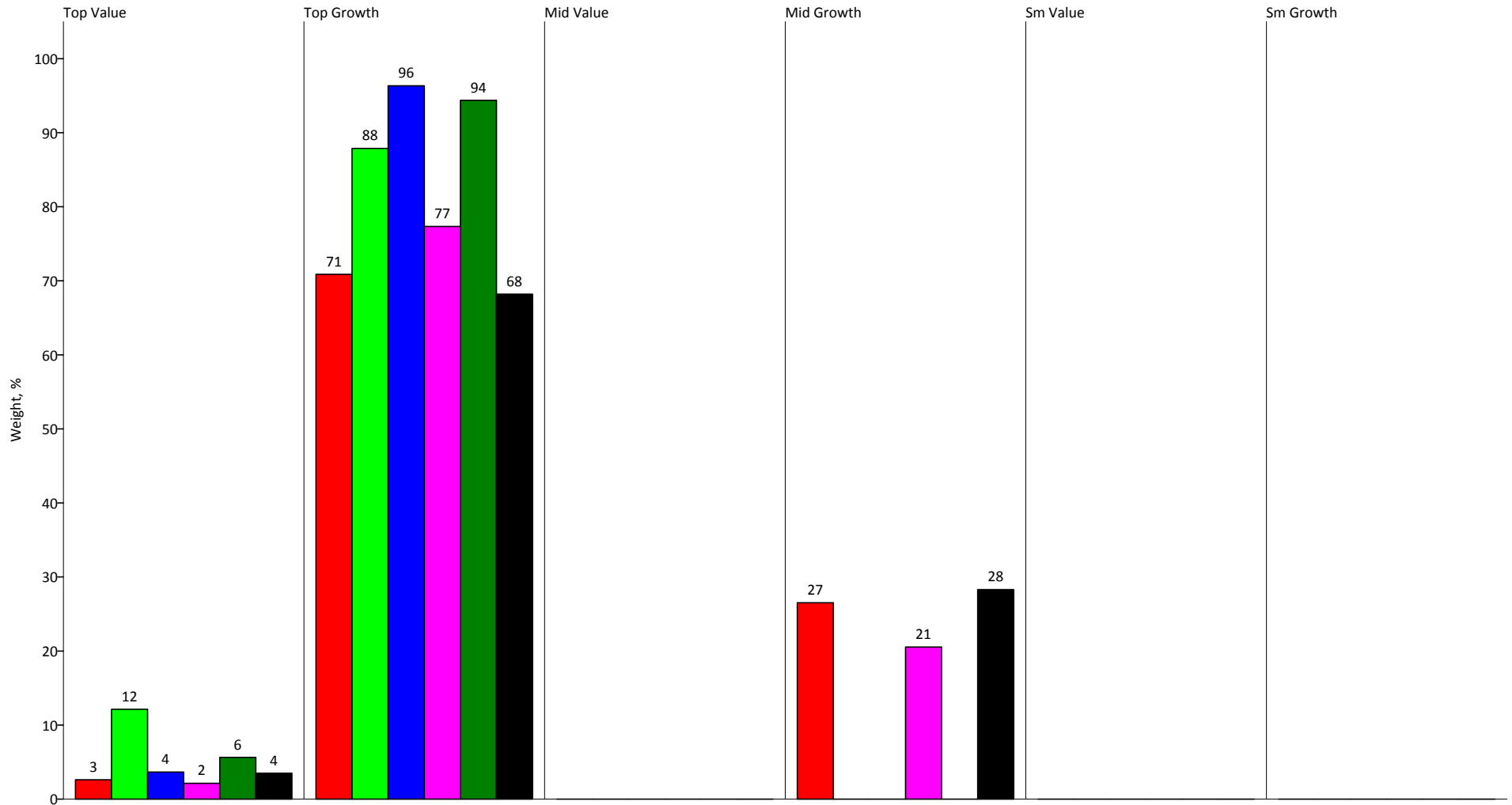
Note: The date range displayed in style analysis charts will not match those in other charts because the system requires a certain number of returns (18 months in this study) before it can perform the first style calculation.

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Style Analysis
All Strategies

Style Weights (Mar 07 - Dec 10)



Legend

- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schroders: Relative Return
- Schroders: Commodities
- SSgA: MAC
- DJ-UBS US Commodity

Note: The date range displayed in style analysis charts will not match those in other charts because the system requires a certain number of returns (18 months in this study) before it can perform the first style calculation.

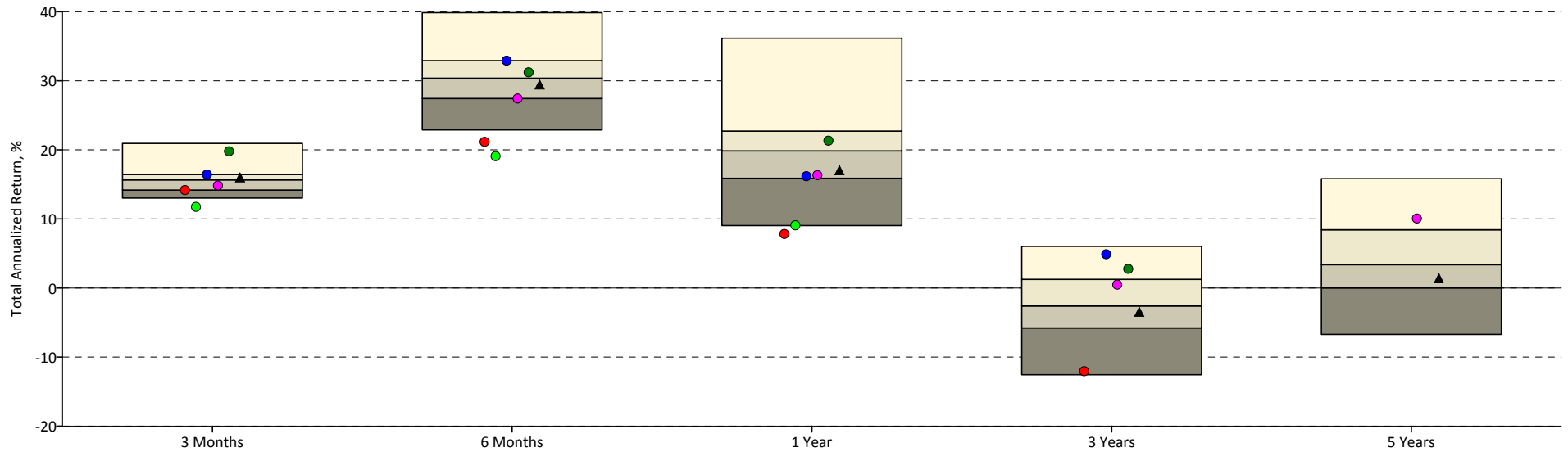
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

Total Return: Trailing Periods



	Total Return									
	3 Months		6 Months		1 Year		3 Years		5 Years	
	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank
Macquarie Funds: MCFA	14.2	75	21.2	100	7.8	100	-12.1	92	n/a	n/a
PBAM - BCL: Bache Index	11.8	100	19.1	100	9.1	94	n/a	n/a	n/a	n/a
Schroders: Relative Return	16.4	25	32.9	25	16.2	74	4.9	9	n/a	n/a
Schroders: Commodities	14.8	67	27.4	75	16.4	70	0.5	31	10.1	8
SSgA: MAC	19.8	13	31.2	38	21.3	40	2.8	14	n/a	n/a
DJ-UBS US Commodity	15.8	46	29.2	63	16.8	65	-3.7	62	1.2	72
eA Commodities Median	15.7		30.4		19.9		-2.6		3.4	
eA Commodities Size	25		25		24		24		14	

Legend

- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schroders: Relative Return
- Schroders: Commodities
- SSgA: MAC
- ▲ DJ-UBS US Commodity

Universe:
eA Commodities

Universe Rank:
Green = Top Quartile Red = Bottom Quartile

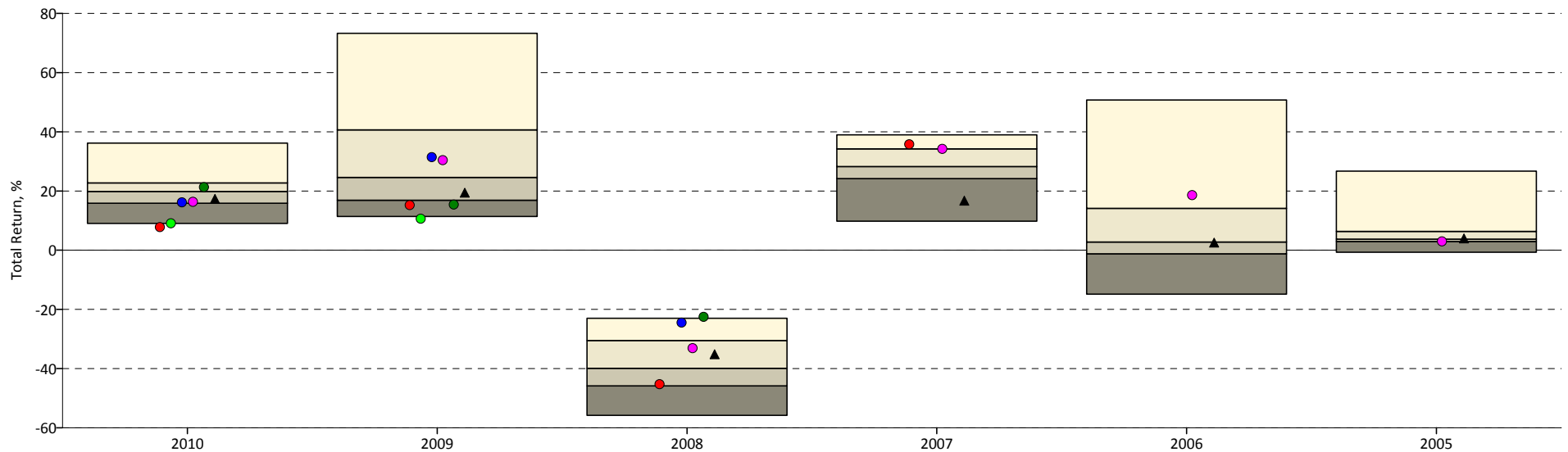
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

Total Return: Calendar Years



	Total Return											
	2010		2009		2008		2007		2006		2005	
	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank
Macquarie Funds: MCFA	7.8	100	15.2	88	-45.3	68	35.8	13	n/a	n/a	n/a	n/a
PBAM - BCL: Bache Index	9.1	94	10.6	96	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Schroders: Relative Return	16.2	74	31.5	40	-24.5	8	n/a	n/a	n/a	n/a	n/a	n/a
Schroders: Commodities	16.4	70	30.4	44	-33.1	28	34.3	25	18.6	14	3.0	74
SSgA: MAC	21.3	40	15.4	84	-22.5	4	n/a	n/a	n/a	n/a	n/a	n/a
DJ-UBS US Commodity	16.8	65	18.9	64	-35.7	37	16.2	89	2.1	61	3.5	59
eA Commodities Median	19.9		24.6		-39.9		28.3		2.8		3.7	
eA Commodities Size	24		26		26		17		16		16	

Legend

- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schroders: Relative Return
- Schroders: Commodities
- SSgA: MAC
- ▲ DJ-UBS US Commodity

Universe:
eA Commodities

Universe Rank:
Green = Top Quartile Red = Bottom Quartile

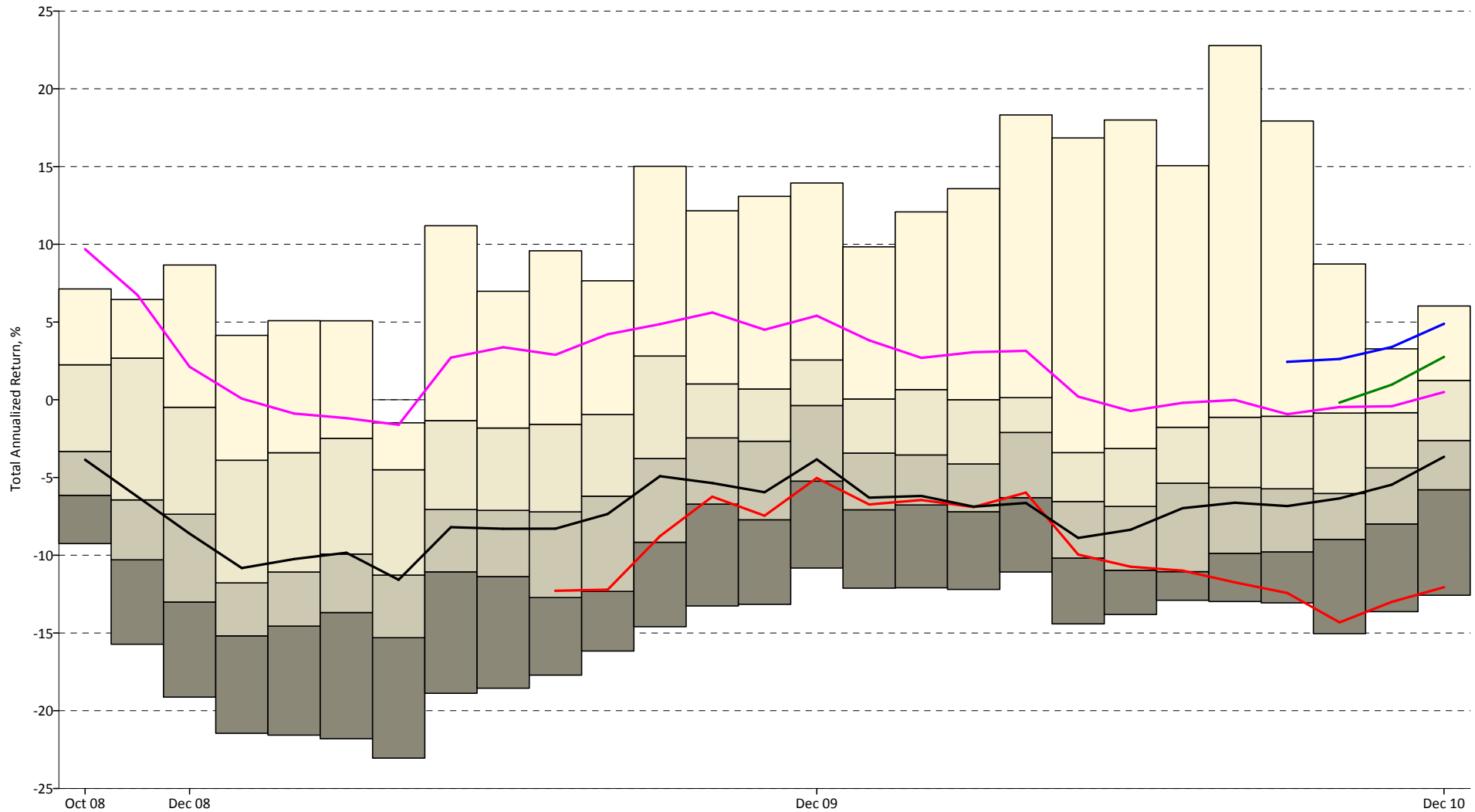
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

Total Return: Rolling 36-month Periods (Oct 08 - Dec 10)



Legend

- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: eA Commodities
- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schrodgers: Relative Return
- Schrodgers: Commodities
- SSgA: MAC
- DJ-UBS US Commodity

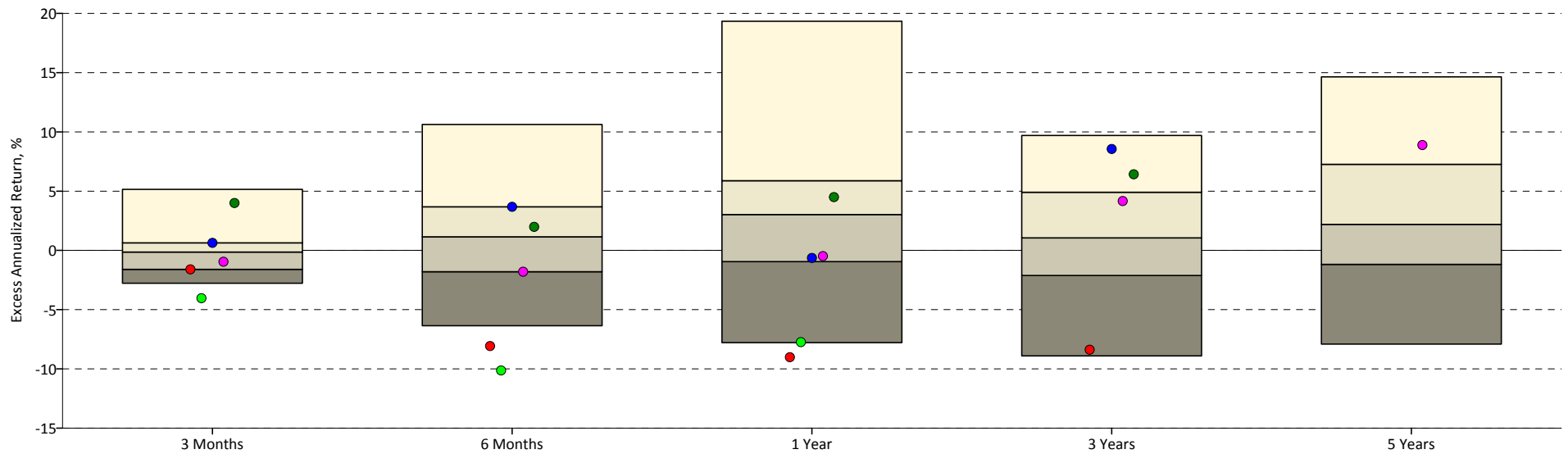
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

Excess Return: Trailing Periods



	Excess Return									
	3 Months		6 Months		1 Year		3 Years		5 Years	
	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank
Macquarie Funds: MCFA	-1.6	75	-8.1	100	-9.0	100	-8.4	92	n/a	n/a
PBAM - BCL: Bache Index	-4.0	100	-10.1	100	-7.8	94	n/a	n/a	n/a	n/a
Schrodgers: Relative Return	0.6	25	3.7	25	-0.6	74	8.6	9	n/a	n/a
Schrodgers: Commodities	-1.0	67	-1.8	75	-0.5	70	4.2	31	8.9	8
SSgA: MAC	4.0	13	2.0	38	4.5	40	6.4	14	n/a	n/a
eA Commodities Median	-0.1		1.1		3.0		1.1		2.2	
eA Commodities Size	25		25		24		24		14	

Legend

- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schrodgers: Relative Return
- Schrodgers: Commodities
- SSgA: MAC

Universe:
eA Commodities

Universe Rank:
Green = Top Quartile Red = Bottom Quartile

Excess Return: Calendar Years



	Excess Return											
	2010		2009		2008		2007		2006		2005	
	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank	Stat	Rank
Macquarie Funds: MCFA	-9.0	100	-3.7	88	-9.6	68	19.6	13	n/a	n/a	n/a	n/a
PBAM - BCL: Bache Index	-7.8	94	-8.3	96	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Schroders: Relative Return	-0.6	74	12.6	40	11.2	8	n/a	n/a	n/a	n/a	n/a	n/a
Schroders: Commodities	-0.5	70	11.5	44	2.5	28	18.0	25	16.5	14	-0.5	74
SSgA: MAC	4.5	40	-3.5	84	13.1	4	n/a	n/a	n/a	n/a	n/a	n/a
eA Commodities Median	3.0		5.7		-4.3		12.0		0.7		0.3	
eA Commodities Size	24		26		26		17		16		16	

Legend

- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schroders: Relative Return
- Schroders: Commodities
- SSgA: MAC

Universe:
eA Commodities

Universe Rank:
Green = Top Quartile Red = Bottom Quartile

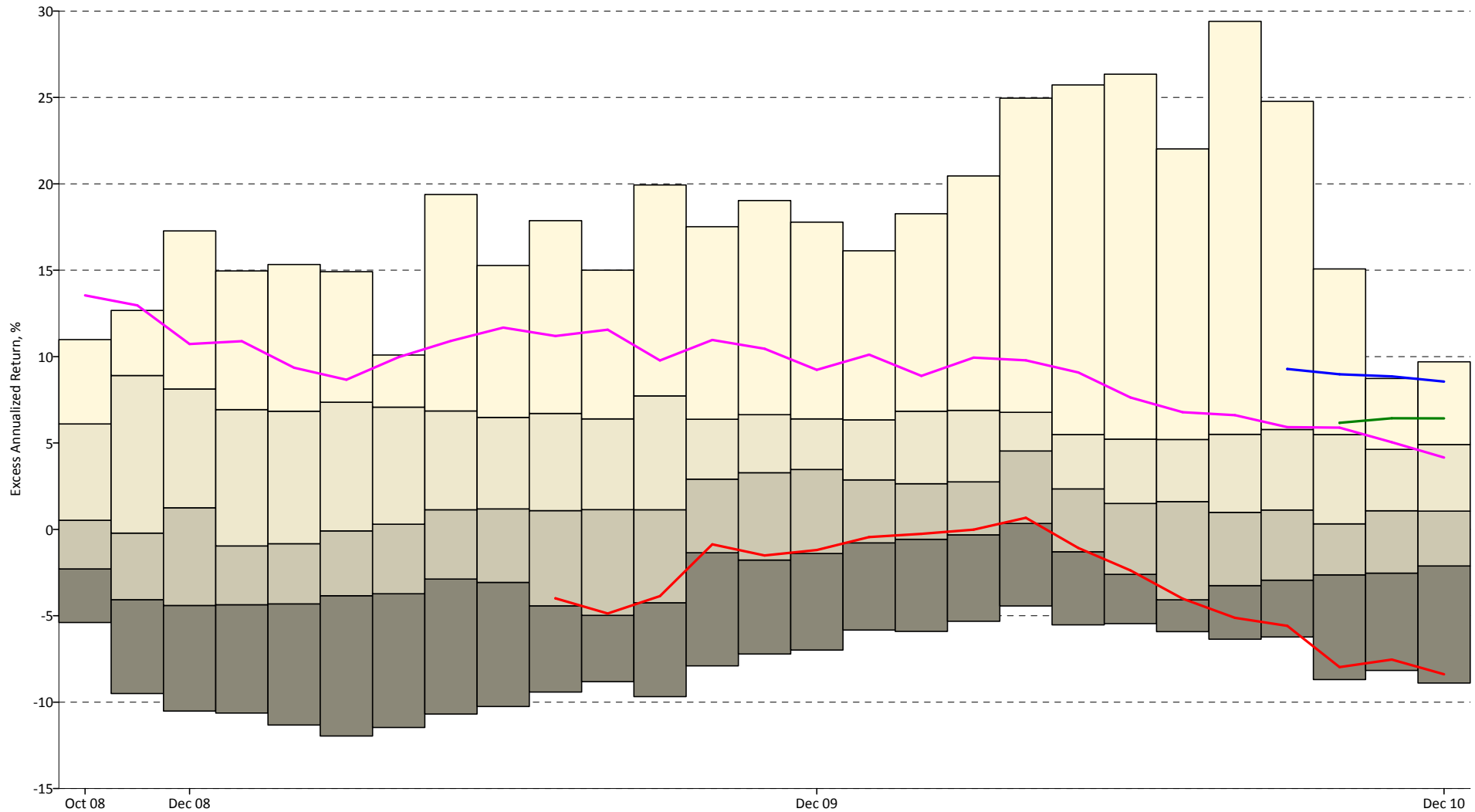
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Performance Detail

All Strategies

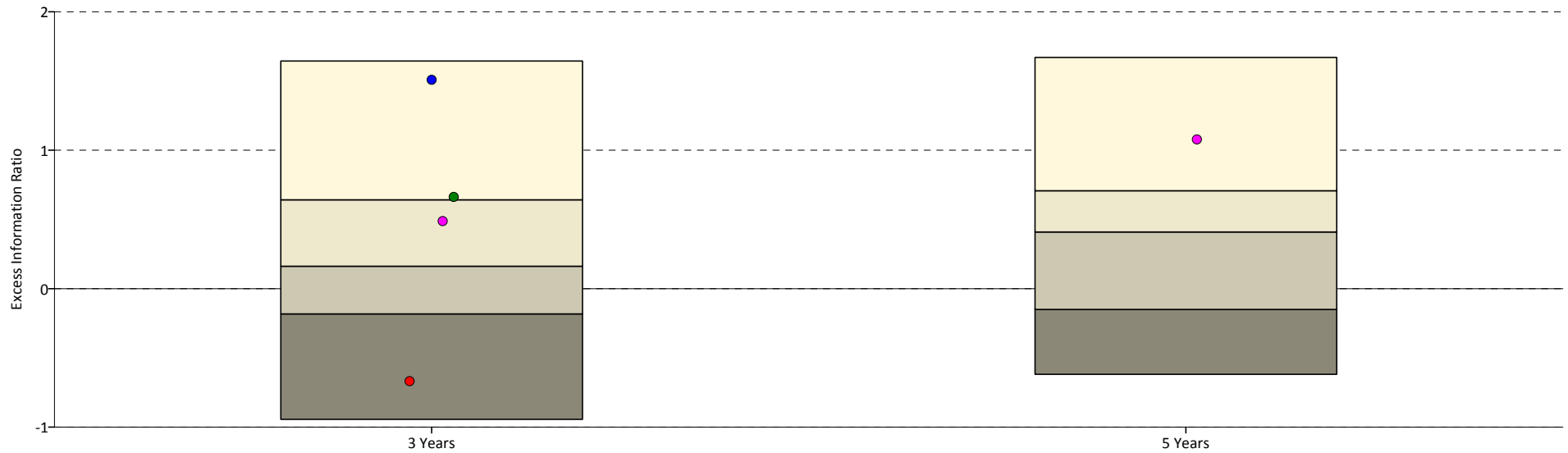
Excess Return: Rolling 36-month Periods (Oct 08 - Dec 10)



Legend

- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: eA Commodities
- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schrodgers: Relative Return
- Schrodgers: Commodities
- SSgA: MAC

Information Ratio: Trailing Periods



	Information Ratio			
	3 Years		5 Years	
	Stat	Rank	Stat	Rank
Macquarie Funds: MCFA	-0.7	87	n/a	n/a
PBAM - BCL: Bache Index	n/a	n/a	n/a	n/a
Schroders: Relative Return	1.5	9	n/a	n/a
Schroders: Commodities	0.5	31	1.1	16
SSgA: MAC	0.7	22	n/a	n/a
eA Commodities Median	0.2		0.4	
eA Commodities Size		24		14

Legend

- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schroders: Relative Return
- Schroders: Commodities
- SSgA: MAC

Universe:
eA Commodities

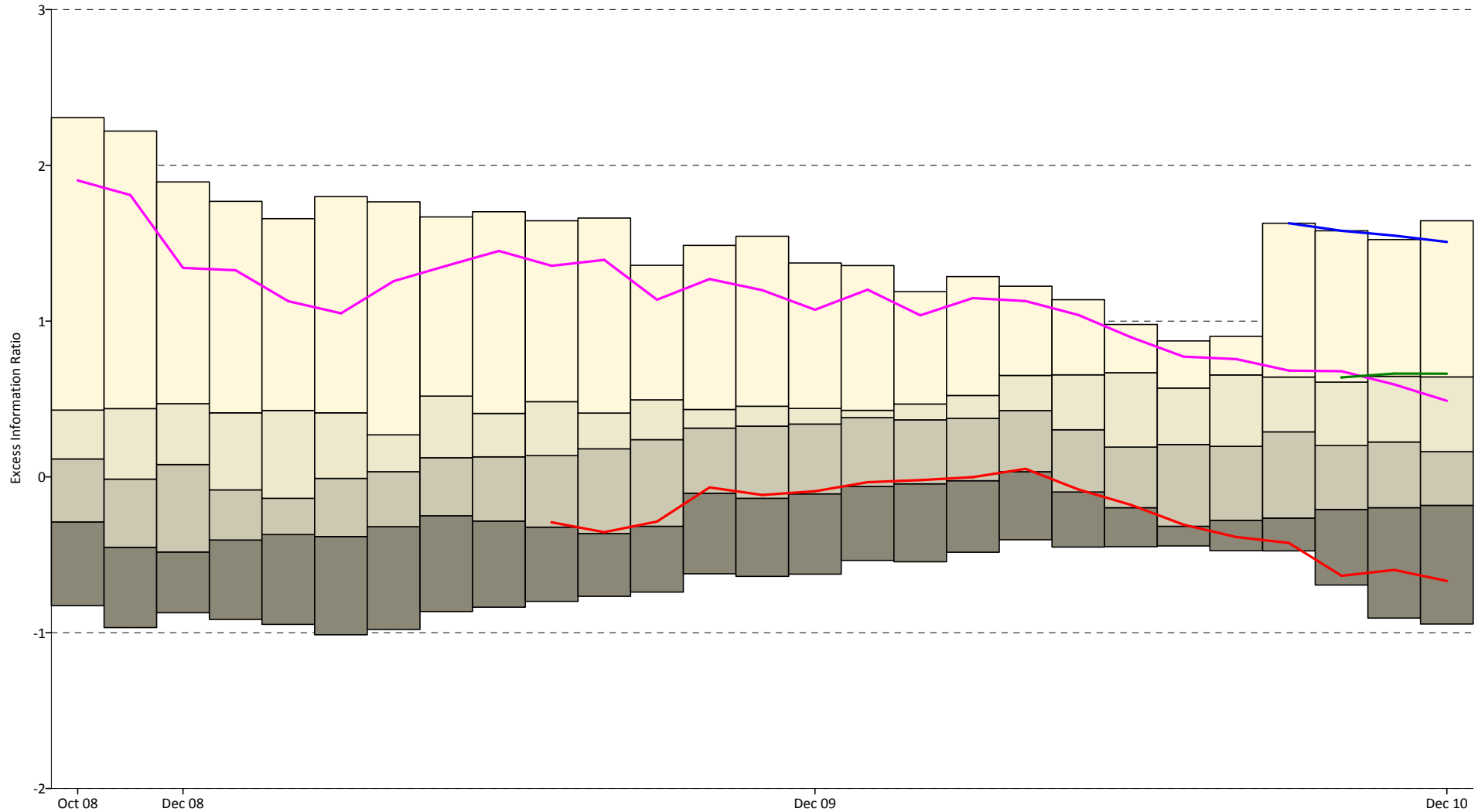
Universe Rank:
Green = Top Quartile Red = Bottom Quartile

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Risk/Return Analysis
All Strategies

Information Ratio: Rolling 36-month Periods (Oct 08 - Dec 10)



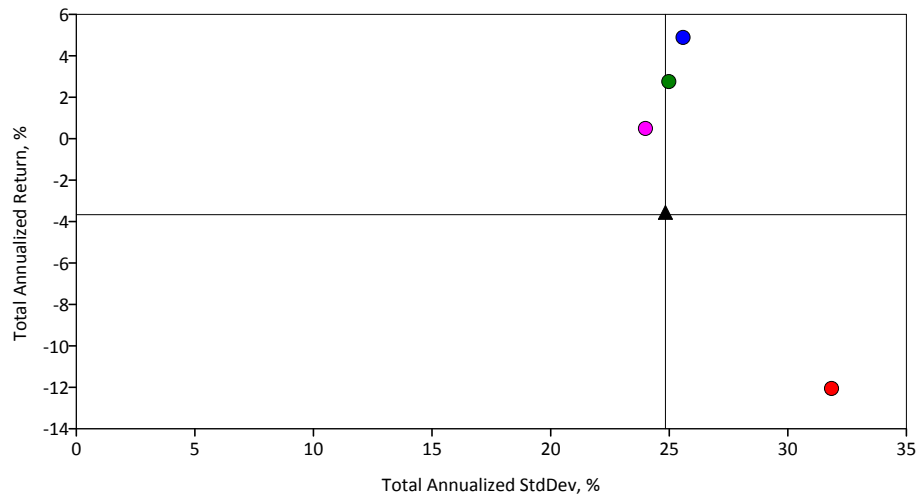
Legend				
5th to 25th Percentile	25th Percentile to Median	Median to 75th Percentile	75th to 95th Percentile	Universe: eA Commodities
Macquarie Funds: MCFA	PBAM - BCL: Bache Index	Schrodgers: Relative Return	Schrodgers: Commodities	
SSgA: MAC				

SAMCERA - Commodity Manager Search

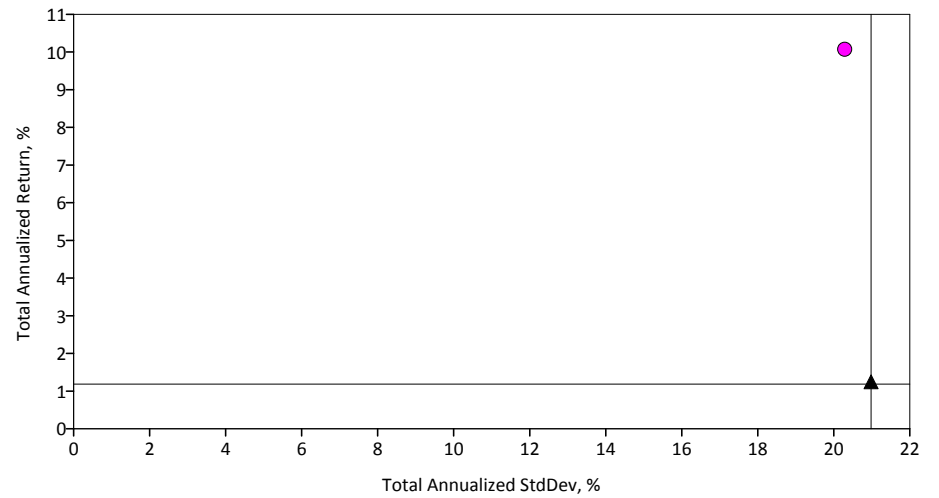
Periods ending December 31, 2010

Risk/Return Analysis
All Strategies

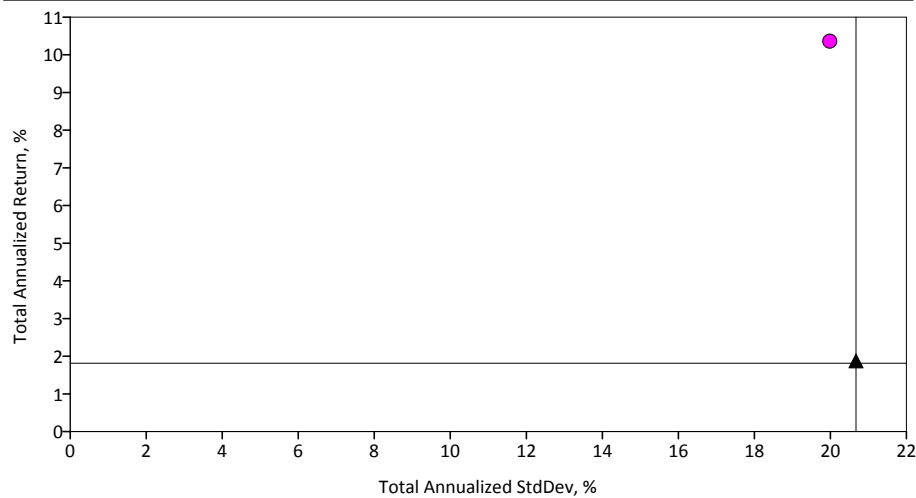
Total Return vs. Standard Deviation: Trailing 3 Years (Jan 08 - Dec 10)



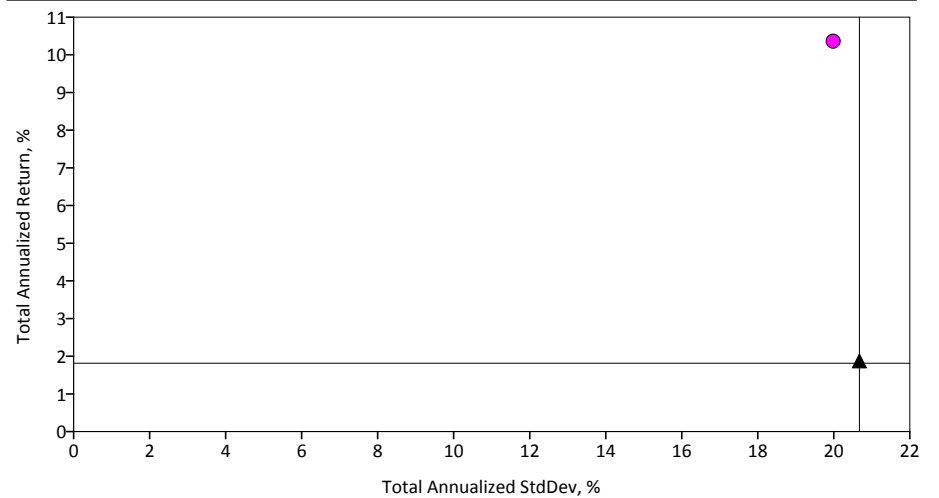
Total Return vs. Standard Deviation: Trailing 5 Years (Jan 06 - Dec 10)



Total Return vs. Standard Deviation: Trailing 7 Years (Nov 05 - Dec 10)



Total Return vs. Standard Deviation: Trailing 10 Years (Nov 05 - Dec 10)

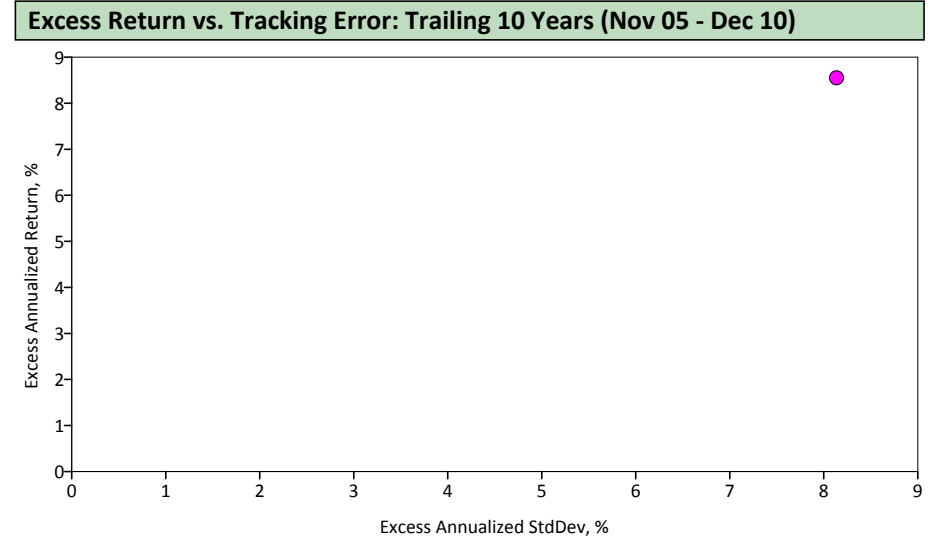
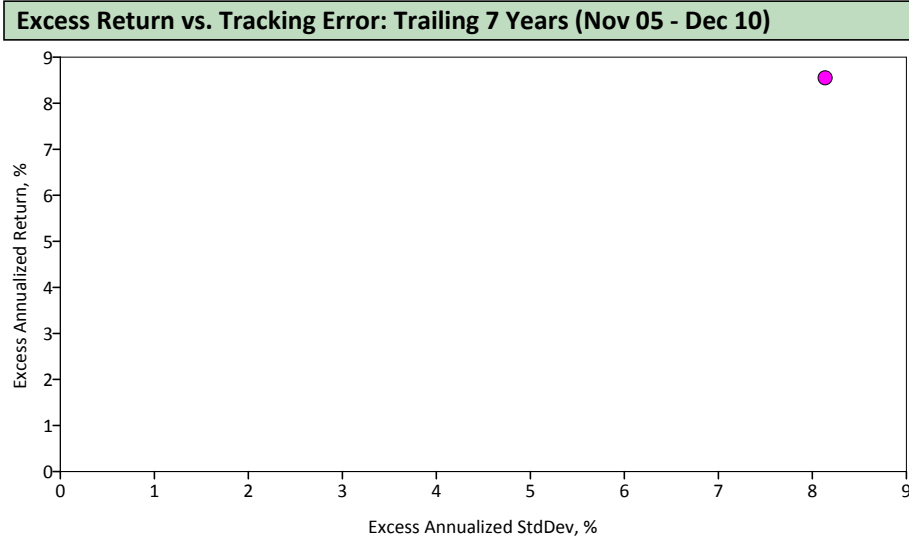
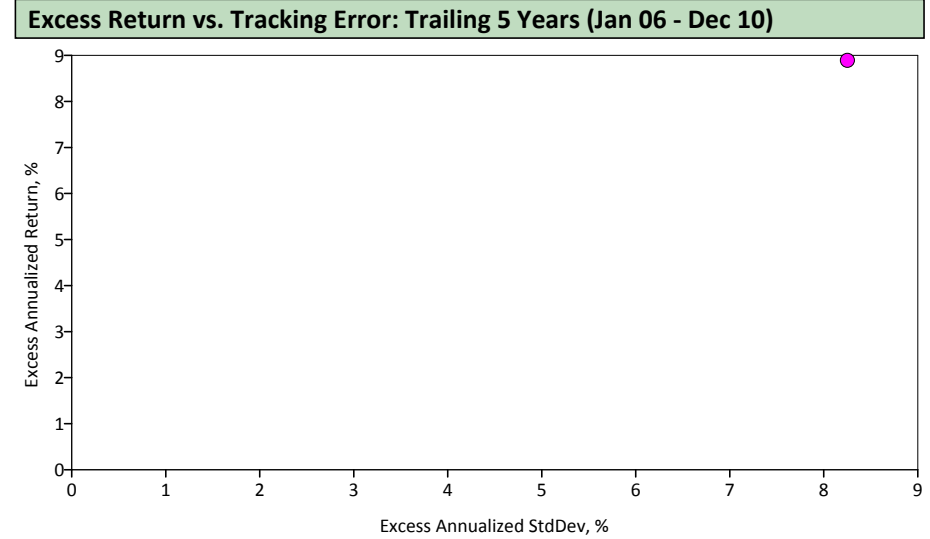
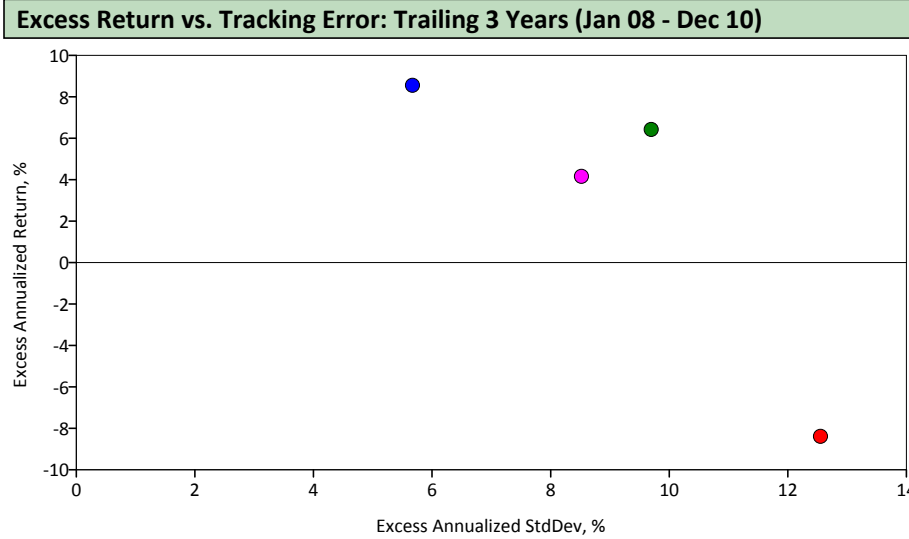


Legend			
● Macquarie Funds: MCFA	● PBAM - BCL: Bache Index	● Schrodgers: Relative Return	● Schrodgers: Commodities
● SSgA: MAC	▲ DJ-UBS US Commodity		

SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Risk/Return Analysis
All Strategies



Legend			
● Macquarie Funds: MCFA	● PBAM - BCL: Bache Index	● Schroders: Relative Return	● Schroders: Commodities
● SSgA: MAC			

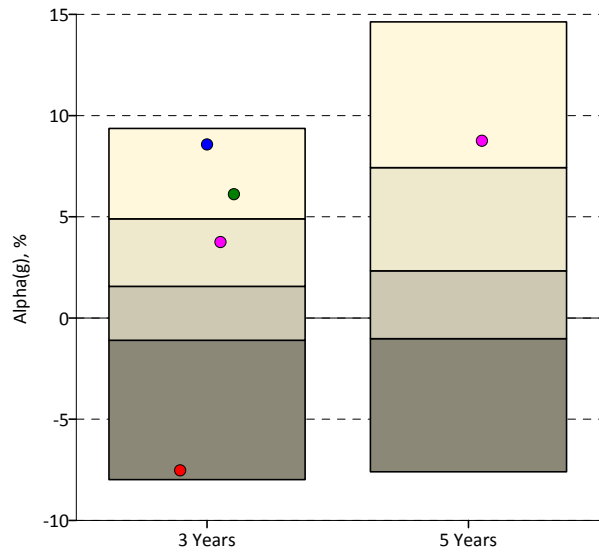
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

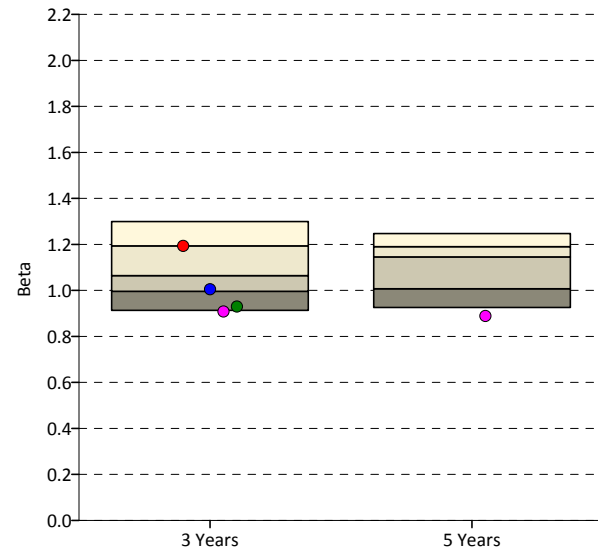
MPT Statistics

All Strategies

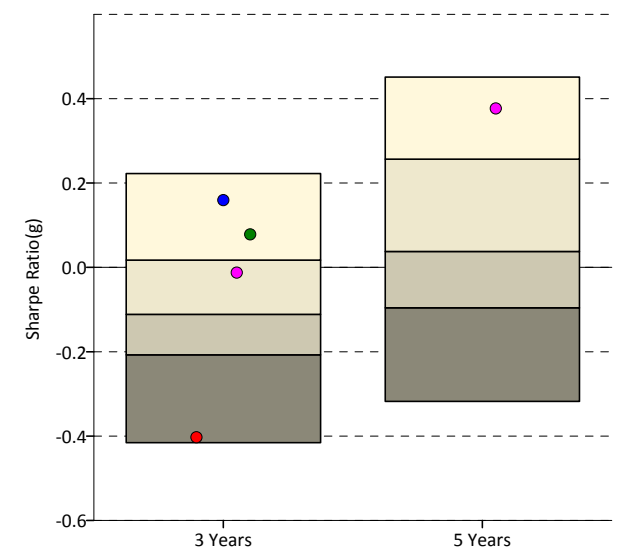
Alpha: Trailing Periods (Jan 06 - Dec 10)



Beta: Trailing Periods (Jan 06 - Dec 10)



Sharpe Ratio: Trailing Periods (Jan 06 - Dec 10)



	3 Yrs			5 Yrs		
	Alpha [Rank]	Beta [Rank]	Sharpe [Rank]	Alpha [Rank]	Beta [Rank]	Sharpe [Rank]
Macquarie Funds: MCFA	-7.5 [92]	1.2 [27]	-0.4 [92]	n/a	n/a	n/a
PBAM - BCL: Bache Index	n/a	n/a	n/a	n/a	n/a	n/a
Schroders: Relative Return	8.6 [9]	1.0 [66]	0.2 [9]	n/a	n/a	n/a
Schroders: Commodities	3.8 [40]	0.9 [100]	0.0 [31]	8.8 [8]	0.9 [100]	0.4 [8]
SSgA: MAC	6.1 [18]	0.9 [92]	0.1 [14]	n/a	n/a	n/a
eA Commodities Median	1.6	1.1	-0.1	2.3	1.2	0.0
eA Commodities Size	24			14		

Legend

- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schroders: Relative Return
- Schroders: Commodities
- SSgA: MAC

Universe:
eA Commodities

Universe Rank:
Green = Top Quartile Red = Bottom Quartile

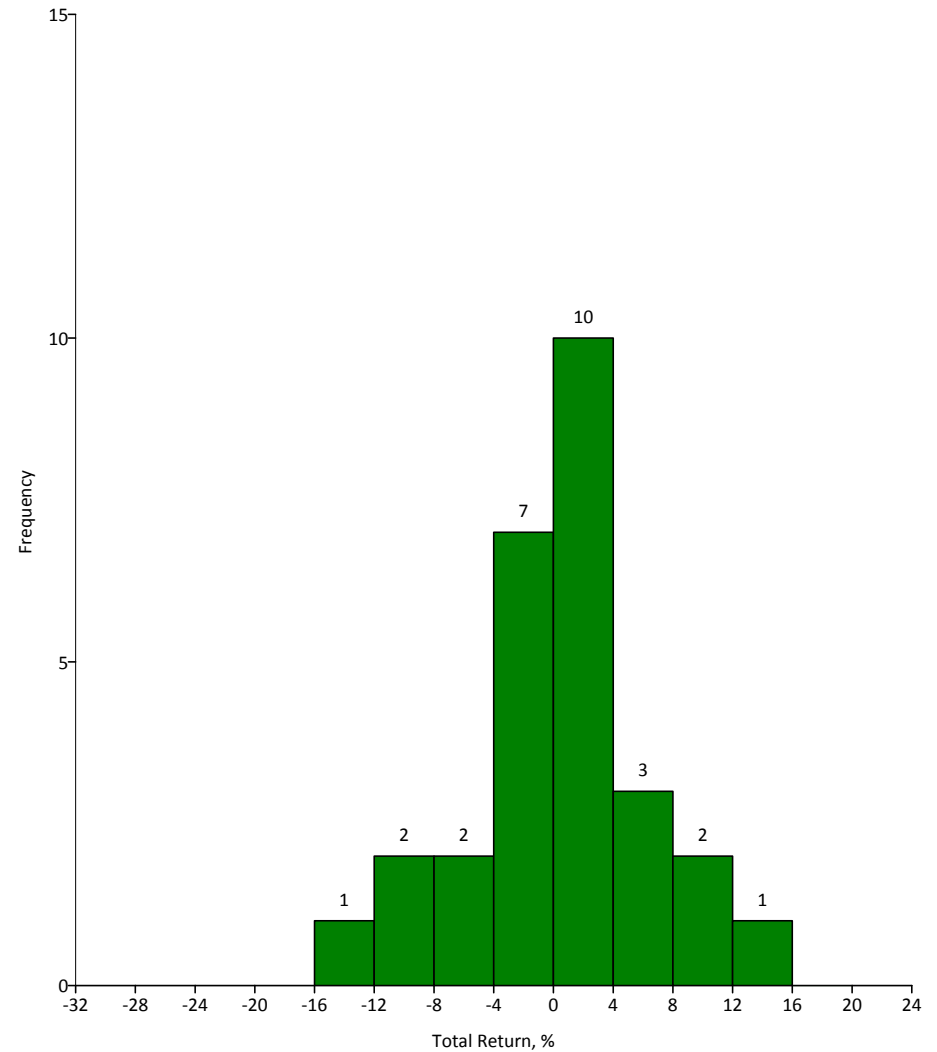
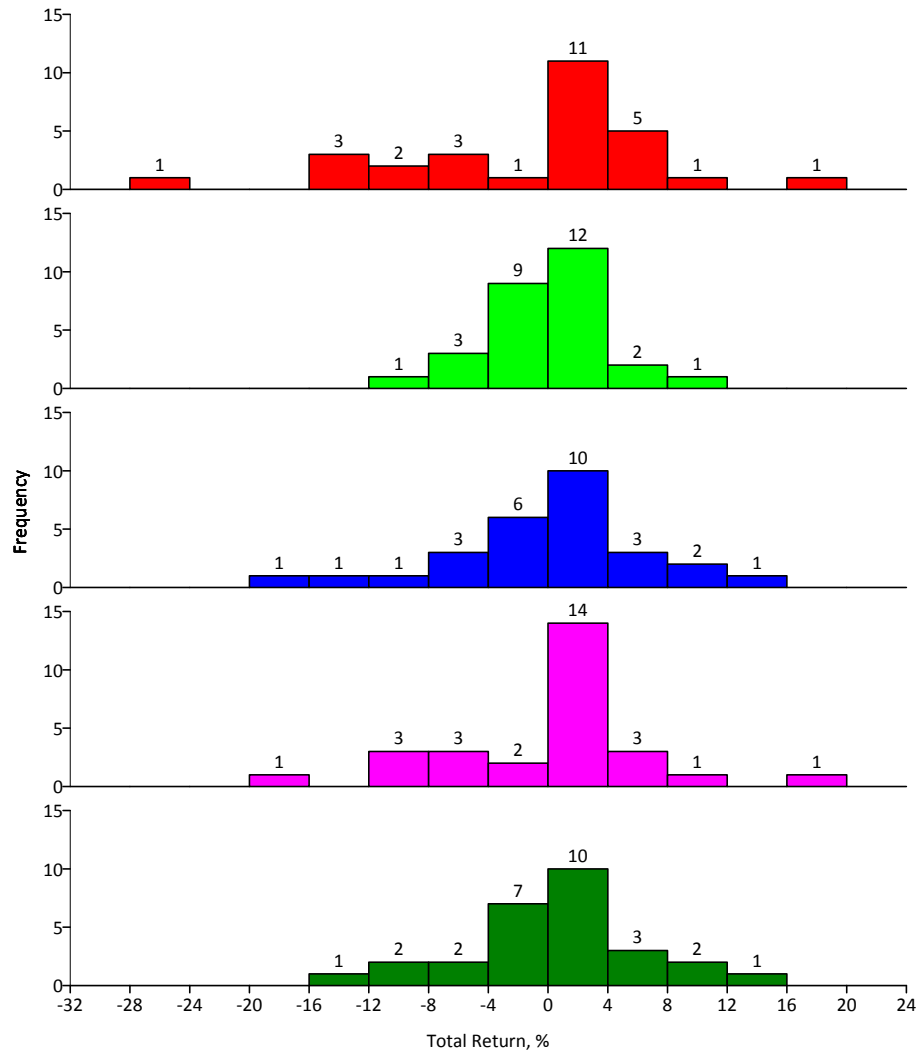
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Distribution of Returns

All Strategies

Distribution of Total Returns: Common Period (Sep 08 - Dec 10)



Legend

- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schroders: Relative Return
- Schroders: Commodities
- SSgA: MAC

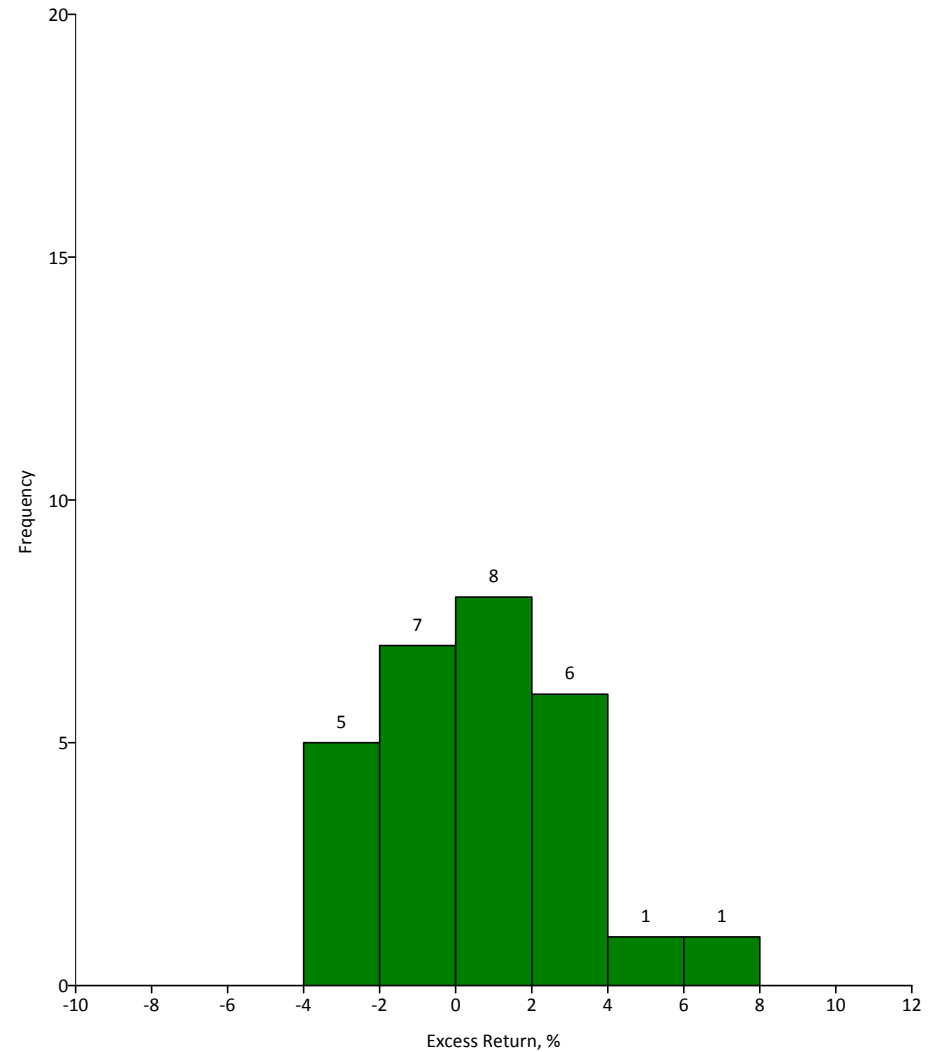
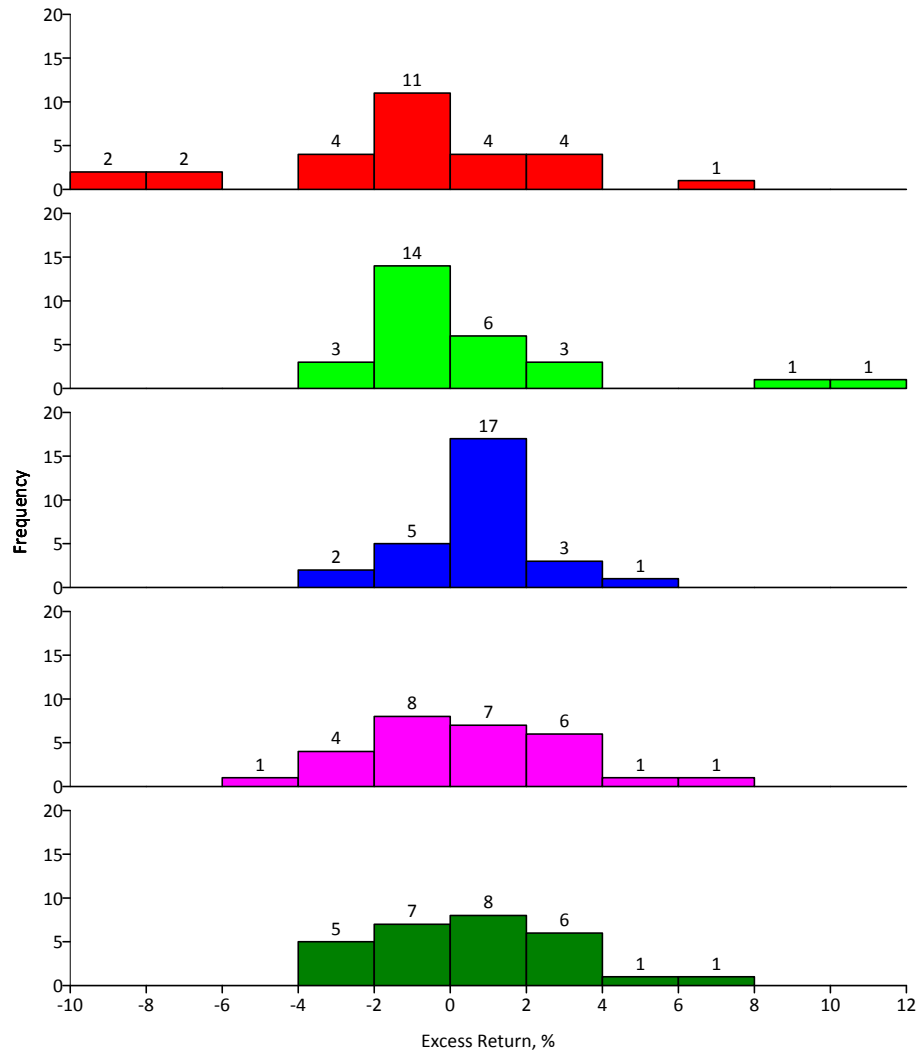
SAMCERA - Commodity Manager Search

Periods ending December 31, 2010

Distribution of Returns

All Strategies

Distribution of Excess Returns: Common Period (Sep 08 - Dec 10)



Legend

- Macquarie Funds: MCFA
- PBAM - BCL: Bache Index
- Schroders: Relative Return
- Schroders: Commodities
- SSgA: MAC

Alpha (Jenson's Alpha) – a manager's *Total Return* in excess of that which can be explained by its systematic risk, or *Beta*. Alpha is calculated by regressing a manager's *Total Returns* against those of the benchmark (taken to represent the “market”). Alpha is the intercept term in this regression, also known as a Capital Asset Pricing Model (CAPM) regression. A positive Alpha implies that a manager has added value relative to the benchmark on a *Beta*- or risk-adjusted basis.

Batting Average – the percentage frequency a manager's periodic *Total Return* exceeds the benchmark. A manager that outperforms the benchmark in 15 out of 20 months will have a *Batting Average* of 0.75.

Benchmark R-Squared – a statistical measure that represents the percentage of volatility in a manager's returns which can be explained by the volatility of the benchmark. Benchmark R-Squared can range from 0-100%. See also *R-Squared*.

Best/Worst Quarter – the maximum/minimum *Total Return* or *Excess Return* over any rolling 3-month period (when monthly returns are used). Note that the term “quarter” in this calculation does not refer to calendar quarters (unless the periodicity is quarterly), but rather 3-month windows.

Best/Worst Year – the maximum/minimum *Total Return* or *Excess Return* over any rolling 12-month period (when monthly returns are used). Note that the term “year” in this calculation does not refer to calendar years, but rather 12-month (or 4-quarter) windows.

Beta – a measure of a manager's sensitivity to systematic, or market risk. Beta is calculated by regressing a manager's *Total Returns* against those of the benchmark (taken to represent the “market”). Beta is the slope coefficient in this regression, also known as a Capital Asset Pricing Model (CAPM) regression. A manager with a Beta of 1 has a systematic volatility equal to that of the benchmark, while a Beta less than 1 implies lower systematic volatility than the benchmark and a Beta greater than 1 indicates that a manager exhibits more systematic volatility than the benchmark.

Calmar Ratio – a risk/return measure that is calculated by dividing a manager's *Total Return* or *Excess Return* by the respective *Maximum Drawdown*. A higher Calmar Ratio implies greater manager efficiency in generating *Total Returns* or *Excess Returns* without experiencing correspondingly high *Maximum Drawdowns*.

Capture Ratio – the ratio of a manager's average *Total Return* to the benchmark's average *Total Return*. Up Market Capture Ratio refers to relative performance in periods where the benchmark *Total Return* is greater than 0 (i.e., positive) and Down Market Capture Ratio is calculated over those periods where the benchmark *Total Return* is less than 0 (i.e., negative).

Correlation – a standardized measure of *Covariance* scaled to a range of -1 to 1. Correlations close to 1 suggest that two *Return Series* move together very closely while Correlations close to -1 indicate that two *Return Series* tend to move opposite of one another.

Covariance – a measure of the co-movement of two variables, *Return Series* for these purposes. When two *Return Series* tend to deviate in the same direction they will exhibit positive Covariance and if they tend to deviate in opposite directions they will exhibit negative Covariance.

Excess Correlation – the *Correlation* between two sets of *Excess Return Series*.

Excess Information Ratio – a measure of a manager's active return per unit of active risk. Excess Information Ratio (commonly referred to as *Information Ratio*) is calculated by dividing a manager's *Excess Return* by the *Tracking Error*. A higher Excess Information Ratio implies greater manager efficiency in terms of the active risk taken versus the benchmark.

Excess Loss Ratio – a measure of a manager's active return per unit of downside active risk. Excess Loss Ratio is calculated by dividing a manager's *Excess Return* by the *Semi-Standard Deviation of Excess Returns*. A higher Excess Loss Ratio implies greater manager efficiency.

Excess Omega Ratio – a measure of a manager's active return versus active risk that uses the cumulative probability distribution function (CDF) of *Excess Returns* and assigns a return threshold (0 in this case), with part of the distribution on each side. Excess Omega Ratio is calculated by dividing the area above the CDF curve to the right of the threshold by the area below the CDF curve to the left of the threshold. Excess Omega Ratio is useful in that it incorporates the full distribution of *Excess Returns*, not just the mean and standard deviation (i.e., tracking error), and does not rely on a normally-distributed return series as many other risk-adjusted measures such as the *Sharpe Ratio* and *Information Ratio* implicitly do. As with other risk-adjusted measures, a higher Excess Omega Ratio implies greater manager efficiency in terms of active risk and return.

Excess Return – a manager's return in excess of the benchmark's *Total Return*.

Excess Style Weights – a manager's style weights in excess of the benchmark's style weights for a given period. This measures a manager's style deviations, or bets, versus the benchmark.

Information Ratio – a measure of a manager's return per unit of risk. Information Ratio is calculated by dividing a manager's *Total Return* by the *Standard Deviation*. A higher Information Ratio implies greater manager efficiency. To avoid confusion and conform to industry standards, the term "Information Ratio" is used throughout the study when referencing the *Excess Information Ratio* statistic.

Maximum Drawdown – a drawdown is any losing period during a *Return Series* (either *Total Return* or *Excess Return*) and the Maximum Drawdown measures the cumulative return during the worst "peak to trough" period for the *Return Series*. The Maximum Drawdown does not necessarily occur over consecutive months (or quarters) of negative performance and can be interrupted by periods of positive performance as long as this does not cause full recovery of the initial value prior to the drawdown.

Recovery Duration – the number of months (or quarters) from trough to full recovery after the *Maximum Drawdown*. If the full amount of the initial value has not been recovered, Recovery Duration will display "N/A".

Recovery Percent – where the full amount of the initial value has not been recovered after the *Maximum Drawdown*, Recovery Percent represents the partial percent of peak to trough loss that has been regained to date. If the initial value has been re-achieved, Recovery Percent will display "100%".

Recovery Period – the range of months (or quarters) to regain the value before the *Maximum Drawdown* occurred, starting from the first month (or quarter) after a trough. When the full amount of the initial value has not been recovered the date range shown is from the trough to the highest subsequent cumulative value.

Return Series – a set of *Returns* over a range of time periods.

Risk – see *Standard Deviation*.

R-Squared – within the context of regression analysis, R-Squared represents the portion of the variation of a dependent variable (e.g., a manager's *Return Series*) that can be explained by the variation of the independent variable(s) (e.g., a benchmark index or set of *Style Indices*). R-squared values range from 0 to 100. An R-squared of 100 indicates that all movements of the dependent variable are completely explained by movements of the independent variable(s). In addition, R-Squared provides a measure of the goodness of fit, or validity, of the regression model.

Selection Return – a manager's *Total Return* in excess of the *Style Return*. A positive Selection Return implies that a manager has added value relative to the *Style Benchmark* through security selection.

Semi-Standard Deviation – a measure of downside risk similar to Standard Deviation, except that it is calculated using only the variance of returns below a target rate (0 by default, but can also be set to a Minimum Accepted Return or MAR, the risk-free rate or the benchmark's return). A high Semi-Standard Deviation represents a wide range of returns below the target rate and therefore implies a higher level of downside risk. Semi-Standard Deviation is useful in that it penalizes managers only for volatile returns below the target rate, unlike the full Standard Deviation calculation which does not distinguish between upside (good) and downside (bad) volatility.

Sharpe Ratio – a manager's *Excess Return* over the risk-free rate divided by the *Standard Deviation*. Sharpe Ratio measures a manager's return per unit of risk. A higher Sharpe Ratio implies greater manager efficiency.

Standard Deviation – a measure of the extent to which observations in a series vary from the arithmetic mean of the series. Standard Deviation (also referred to as *Volatility* or *Risk*) provides an indication of the dispersion of periodic returns. A high Standard Deviation represents a wide range of returns and therefore implies a higher level of risk.

Style Benchmark – a blended index of *Style Indices* combined at the corresponding *Style Weights*. The *Style Return* represents the *Total Return* of the Style Benchmark.

Style Indices – independent (or explanatory) variables used in the *Style Regression*. Style Indices can also be interpreted as the manager's *Betas* or risk factors within the context of the *Style Regression*.

Style Map – a specialized form of scatter plot used to show where a manager lies in relation to a set of *Style Indices* on a two-dimensional plane. A Style Map is simply a different way of viewing the *Style Weights*. The x and y co-ordinates are calculated by rescaling the *Style Weights* to a range of -1 to 1 on each axis.

Style Regression – a constrained quadratic regression of a manager or benchmark return series against a set of *Style Indices*. Style Regression calculates a series of *Betas* that collectively seek to explain as much of a return series as possible.

Style Return – calculated by multiplying a manager's (or benchmark's) *Style Weights* by the corresponding returns of the Style Indices and summing the resulting weighted component returns.

Style R-Squared – a statistical measure that represents the percentage of volatility in a manager's returns which can be explained by the volatility of the *Style Indices* (or collectively, the *Style Benchmark*). Style R-Squared can range from 0-100%. See also *R-Squared*.

Style Weights – represent the periodic exposure of a manager (or benchmark) to various explanatory variables, also referred to as *Style Indices*. Style Weights are returns-based, i.e. they are calculated through the *Style Regression*.

Timing Return – a manager's *Style Return* in excess of the benchmark's *Style Return*¹. A positive Timing Return implies that a manager has added value relative to the benchmark through asset allocation decisions, i.e., over/underweight “positions” in the *Style Indices* versus those of the benchmark.

1) If the market benchmark used in the study is not also one of the *Style Indices* then it too will have *Style Weights*, a *Style Return* and a *Style Benchmark*. If the benchmark is one of the *Style Indices*, its *Style Return* will equal the benchmark's *Total Return*.

Total Return – a measure of the appreciation or depreciation in the price of an investment over a given time period.

Tracking Error – the *Standard Deviation* of a manager's *Excess Return* series. Tracking Error measures the extent to which a manager's returns diverge from the benchmark's returns. A low Tracking Error indicates that the manager closely tracks the benchmark.

Volatility – see *Standard Deviation*.

Note: All calculations use geometrically annualized returns except for cumulative returns and those that cover periods less than one year.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 6.6

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Approval of Private Equity Investments

STAFF RECOMMENDATION: Staff recommends that the board review and approve the private equity investment recommendations brought forward by Strategic Investment Solutions.

BACKGROUND: In August 2010, the board, with Strategic Investment Solutions assistance (SIS), completed an asset-liability study. SIS' Marc Gesell addressed asset mix optimization, including the expected return and standard deviation of asset classes. He presented a sample set of asset mix optimizations with *SamCERA's* current asset classes as well as asset classes the board has expressed interest in, specifically alternatives (Private Equity, Commodities, Hedge Funds and Risk Parity). He noted that full funding of alternative mandates may take time.

Following extensive discussion the board voted unanimously to select an asset mix optimization which included an allocation to alternative investments. The newly adopted asset allocation was 35% US Equity, 22% Fixed Income, 18% International Equity, 5% Real Estate, 20% Alternatives. *SamCERA's* 8% allocation to Private Equity, contains sub-asset class allocations, in rough percentages, of 60% buyouts, 20% venture capital, and 20% debt-related/special situations.

In July and August of 2010, Faraz Shooshani of Strategic Investment Solutions provided presentations on the implementation of private equity. In July Mr. Shooshani thoroughly reviewed private equity asset classes and reiterated that the primary reason to invest in the asset class is for the return enhancement with diversification benefits. He then reviewed a proposed private equity strategy and implementation approach, including a preliminary roadmap through 2014, which is when he believes the initial implementation of *SamCERA's* private equity allocation will be completed. The board delegated authority to SIS for sourcing and timing of product to build out the private equity allocation.

SamCERA approved its first private equity investment in August 2010.

COMMENT: Strategic Investment Solutions' **Faraz Shooshani** will be present at the board to discuss the in-depth review and analysis that SIS has performed for the following private equity investment.

Attached to this agenda item is a private equity investment opportunity executive summary prepared by Strategic Investment Solutions. The executive summary is for **ABRY Partners VII, L.P.** an investment with a focus on buyouts of media, communications and business services.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 6.7

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Approval of Private Equity Investment Opportunity - Leveraged Sr. Bank Loans
(Media, Communications, Business Services)

STAFF RECOMMENDATION: Staff recommends that the board review and approve the private equity investment recommendations brought forward by Strategic Investment Solutions.

BACKGROUND: In August 2010, the board, with Strategic Investment Solutions assistance (SIS), completed an asset-liability study. SIS' Marc Gesell addressed asset mix optimization, including the expected return and standard deviation of asset classes. He presented a sample set of asset mix optimizations with *SamCERA's* current asset classes as well as asset classes the board has expressed interest in, specifically alternatives (Private Equity, Commodities, Hedge Funds and Risk Parity). He noted that full funding of alternative mandates may take time.

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SamCERA approved its first private equity investment in August 2010.

COMMENT: Strategic Investment Solutions' **Faraz Shooshani** will be present at the board to discuss the in-depth review and analysis that SIS has performed for the following private equity investment.

Attached to this agenda item is a private equity investment opportunity executive summary prepared by Strategic Investment Solutions. The executive summary is for **ABRY Advanced Securities Fund II, L.P.** an investment with a focus on leveraged senior bank loans of media, communications and business services. Strategic Investment Solutions **Faraz Shooshani** will present this agenda item.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 6.8

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Approval of Investment Committee Plan for Fiscal Year 2011/2012

STAFF RECOMMENDATION: Staff recommends that the committee review, revise as required and adopt the Investment Committee plan for fiscal year 2011 / 2012.

STAFF COMMENTS: The Investment Committee is charged with providing direction to the board in its ongoing evaluation of *SamCERA's Investment Policy*. The schedule below should reflect the committees' strategic objectives for the 2011 / 2012 fiscal year. Staff wishes to discuss restructuring the manager reviews. Therefore the calendar is incomplete. It may be completed following a discussion with the investment committee and depending upon board approval.

Please note the board changed the meeting date for March 2011. In addition, staff is proposing changes to the meeting dates in December 2011 and June 2012

The Investment Committee Charter is attached to the end of this agenda item.

March 29, 2011 Note: Date Change	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Select Semi-Finalists for a Commodity Mandate • Review Possible Private Equity Investments • Educational Presentation – Hedge Funds – Beta Product and Hedge Fund of Funds
April 25 & 26, 2011 Board Retreat	<ul style="list-style-type: none"> • Two-Day Board Retreat
May 24, 2011	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Quarterly Investment Performance Analysis for period ended March 31, 2011
June 28, 2011	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report
July 26, 2011	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Annual Investment Consultant Review – Strategic Investment Solutions
August 23, 2011	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Quarterly Investment Performance Analysis for period ended June 30, 2010 • Annual Review, Revision & Reaffirmation of the Investment Committee Charter
September 27, 2011	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Educational Presentation – To Be Announced
October 25, 2011	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report

November 22, 2011	
Meeting May Be Rescheduled or Canceled	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Quarterly Investment Performance Analysis for Period Ended September 30, 2010
December 13, 2011	
Note: Date Change	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Educational Presentation – To Be Announced
January 24, 2012	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report
February 28, 2012	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Quarterly Investment Performance Analysis for Period Ended December 31, 2010
March 26 & 27, 2012	
Board Retreat	<ul style="list-style-type: none"> • Two-Day Board Retreat
April 24, 2012	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Educational Presentation
May 22, 2012	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report • Quarterly Investment Performance Analysis for period ended March 31, 2010
June 19, 2012	
Note: Date Change	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report
July 24, 2012	<ul style="list-style-type: none"> • Monthly Portfolio Performance Report

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Investment Committee Charter
RESOLUTION 99-00-09, As Amended

*This Resolution, adopted by the Board of Retirement (Board)
of the San Mateo County Employees' Retirement Association (SamCERA),
sets forth the Charter for the Board's Investment Committee.*

WHEREAS, Article XVI, §17 of the Constitution of the State of California as amended in 1992 to read, in pertinent part, as follows:

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

(a) The retirement board shall have the sole and exclusive fiduciary responsibility over the assets of the ... system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets ... are trust funds and shall be held for the exclusive purposes of providing benefits to participants ... and their beneficiaries and defraying reasonable expenses of administering the system.

(b) The members of the retirement board ... shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

(c) The members of the retirement board ... shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(d) The members of the retirement board...shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

(e) The retirement board..., consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the system...; &

WHEREAS, California Government Code §31595 states, as follows:

The Board has exclusive control of the investment of the employee's retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board...; &

WHEREAS, *The Board of Retirement*, wishes to exercise these powers as follows:

EXERCISE OF POWERS: *The Board shall exercise its investment, management and administrative authority and responsibility through the approval of motions recorded in public meetings; &*

WHEREAS, the Board has adopted *SamCERA's Investment Plan* and amendments thereto to direct the investments of the Retirement Fund and now wishes to establish an Investment Committee to guide the future evolution of *SamCERA's Investment Plan*. Therefore, be it

RESOLVED that the Board hereby establishes a standing Investment Committee to direct the Board in its ongoing evaluation of *SamCERA's Investment Plan*, including but not limited to

1.0 CONDUCT ASSET ALLOCATION STUDIES

1.1 Determine the characteristics of the Plan's liabilities in regards to the nature of Fund's cash flows

1.2 Evaluate plan funded status

1.3 Evaluate active & retired member demographics

1.4 Model plan payments for 50-70 years into future

- 1.5 Project expected contribution rates & variability
- 2.0 DEVELOP ASSET MIX ALTERNATIVES TO MEET LIABILITY REQUIREMENTS
 - 2.1 Establish allowable asset classes
 - 2.2 Determine asset class benchmarks
 - 2.3 Develop risk, return & correlation projections
- 3.0 EVALUATE EFFICIENT FRONTIER ALTERNATIVES
 - 3.1 Define risk, return and correlation
 - 3.2 Evaluate mean variance optimization
 - 3.3 Determine low risk alternatives and high risk alternatives
 - 3.4 Scale portfolios between two extremes
 - 3.5 Evaluate optimized efficient frontier
 - 3.6 Integrate optimized efficient frontier with asset-liability relationships
- 4.0 ANALYZE BOARD RISK TOLERANCE
 - 4.1 Assess risk/reward trade-offs
 - 4.2 Assess contribution rate sensitivity & variability
 - 4.3 Assess ability to exceed actuarial interest rate
 - 4.4 Assess comfort level with characteristics of specific asset mixes
- 5.0 RECOMMEND PREFERRED ASSET MIX
 - 5.1 Evaluate differences from current target
 - 5.2 Evaluate Board's willingness to implement new target asset mix
 - 5.3 Evaluate appropriateness of variance from peer public fund norms
- 6.0 RECOMMEND AMENDMENTS TO *SAMCERA'S INVESTMENT PLAN*
 - 6.1 Adjust target asset mix
 - 6.2 Introduce new benchmarks
 - 6.3 Include required asset class/portfolio modifications
- 7.0 RECOMMEND REVISIONS TO MANAGER STRUCTURE
 - 7.1 Adjust manager/style line-up as necessary
 - 7.2 Introduce new managers/asset classes
 - 7.3 Terminate managers/asset classes as necessary
 - 7.4 Establish active & passive allocation targets as appropriate
- 8.0 IMPLEMENT CHANGES TO MANAGER STRUCTURE
 - 8.1 Recommend time-line & approach to revise structure
 - 8.2 Conduct manager evaluations
 - 8.3 Establish portfolio and asset allocation rebalancing procedures
- 9.0 EVALUATE MANAGER PERFORMANCE
 - 9.1 Monitor results of managers both gross and net of investment management fees
 - 9.2 Assess consistency of portfolio decision making
 - 9.3 Evaluate organizational, ownership, personnel & other firm developments
- 10.0 RECOMMEND AND EVALUATE INVESTMENT CONSULTANT STRUCTURE & PERFORMANCE
 - 10.1 Recommend for Board determination the retention and termination of Investment Consultant(s) as necessary
 - 10.2 Define and assign special projects as warranted
 - 10.3 Monitor performance of Investment Consultant
 - 10.4 Conduct evaluations of Investment Consultants
 - 10.5 Evaluate organizational, ownership, personnel and other firm developments
- 11.0 EVALUATE & RECOMMEND REVISIONS TO THE ECONOMIC ACTUARIAL ASSUMPTIONS AND OTHER ACTUARIAL ASSET CONSIDERATIONS
 - 11.1 Evaluate the data and methodology employed by the Actuary when setting the assumptions for inflation, investment return, salary increase and when establishing the actuarial value of assets and recommend revisions as appropriate.
 - 11.2 Assure that the Consultant integrates Actuarial input with all Asset Liability Modeling Studies
 - 11.3 Evaluate the consistency of actuarial-economic and investment policies and processes
- 12.0 INITIATE & EVALUATE SPECIAL INVESTMENT STUDIES
- 13.0 UNDERTAKE OTHER WORK ASSIGNED TO IT BY THE BOARD Be it further

RESOLVED that the Chair may appoint the members of the Investment Committee per Regulation 2.5.1. Be it

further

RESOLVED that the Chief Executive Officer is hereby instructed to provide the Committee with access to all appropriate County and SamCERA resources and records, so long as such access is consistent with sound fiduciary practices. Be it further

RESOLVED that the Chief Executive Officer is hereby authorized to provide compensation of \$100 per meeting for not more than two meetings per month to the members of the Committee eligible for such compensation, per GC§31521. Be it further

RESOLVED that the Board hereby reserves to itself sole authority to accept, modify, or reject the recommendations, which the Investment Committee may present from time to time pursuant to the provisions of this Resolution, per Regulation 2.3.

ADOPTED by unanimous vote, January 25, 2000

AMMENDED by unanimous vote, May 22, 2001

AMMENDED by unanimous vote, July 27, 2004

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 7.1

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Preliminary Monthly Financial Report for the Period Ending January 31, 2011

STAFF RECOMMENDATION: Staff recommends that the board review the attached preliminary financial statements.

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

Statement of Fiduciary Net Assets

SamCERA's Net Assets Held in Trust for Pension Benefits as of January 31, 2011, totaled \$2,249,420,527.

Statement of Changes in Fiduciary Net Assets

Net assets held in trust for pension benefits increased by approximately \$81.5 million, month over month.

SamCERA's increase in net assets is attributed to a \$65 million prepayment of employer contributions that occurred at month end.

The following reports are attached to this agenda item:

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

San Mateo County Employees' Retirement Association
Statement of Fiduciary Net Assets - YTD Comparative
January 2011
PRELIMINARY

	January 2011	January 2010
ASSETS		
CASH AND CASH EQUIVALENTS	110,241,828	107,978,766
SECURITIES LENDING CASH COLLATERAL	143,011,092	256,369,979
TOTAL CASH	253,252,920	364,348,745
RECEIVABLES		
Contributions	0	0
Due from Broker for Investments Sold	215,265,978	41,803,412
Investment Income	4,241,556	3,843,559
Securities Lending Income	76,516	92,336
Other Receivable	113,236	114,184
TOTAL ACCOUNTS RECEIVABLES	219,697,286	45,853,491
PREPAID EXPENSE	7,669	7,669
INVESTMENTS AT FAIR VALUE		
Domestic Fixed Income Securities	604,170,435	486,401,190
Domestic Equities	1,003,533,809	813,895,111
International Equities	424,542,713	373,046,744
Real Estate	122,302,877	106,113,595
Private Equities	250,000	0
	2,154,799,834	1,779,456,640
FIXED ASSETS	0	0
LESS ACCUMULATED DEPRECIATION	0	0
	0	0
TOTAL ASSETS	2,627,757,709	2,189,666,545
LIABILITIES		
Investment Management Fees	2,548,592	2,415,293
Due to Broker for Investments Purchased	232,063,547	69,608,097
Collateral Payable for Securities Lending	143,011,092	256,369,979
Other	713,905	585,010
TOTAL LIABILITIES	378,337,137	328,978,379
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	2,249,420,572	1,860,688,167

San Mateo County Employees' Retirement Association
Statement of Changes in Fiduciary Net Assets - YTD Comparative
January 2011
Preliminary

	January 2011	January 2010	Increase/Decrease
ADDITIONS			
CONTRIBUTIONS			
Employer Contribution	143,920,585	99,856,898	44,063,687
Employee Contribution	27,322,093	28,154,054	(831,962)
TOTAL CONTRIBUTIONS	171,242,677	128,010,952	43,231,725
INVESTMENT INCOME			
Interest and Dividends	20,834,157	20,436,146	398,011
Net Appreciation (Depreciation) in fair value of investments	325,937,654	199,330,626	126,607,028
Less Investment Expense	(6,767,664)	(4,266,176)	(2,501,487)
Less Asset Management Expense	(367,186)	(297,689)	(69,497)
NET INVESTMENT INCOME	339,636,961	215,202,906	124,434,055
SECURITIES LENDING INCOME			
Earnings	365,712	689,525	(323,813)
Less: Securities Lending Expenses	(95,080)	(221,540)	126,461
NET SECURITIES LENDING INCOME	270,632	467,984	(197,352)
OTHER ADDITIONS	54,266	15,476	38,790
TOTAL ADDITIONS	511,204,536	343,697,319	167,507,217
DEDUCTIONS			
ASSOCIATION BENEFITS			
Service Retirement Allowance	65,582,704	61,366,280	4,216,425
Disability Retirement Allowance	8,386,331	8,559,165	(172,833)
Survivor, Death and Other Benefits	432,241	486,614	(54,373)
TOTAL ASSOCIATION BENEFITS	74,401,276	70,412,058	3,989,218
REFUND OF MEMBER CONTRIBUTIONS	1,346,600	2,028,732	(682,131)
ADMINISTRATIVE EXPENSE	1,889,612	1,912,813	(23,201)
OTHER EXPENSE	42,930	55,107	(12,178)
TOTAL DEDUCTIONS	77,680,419	74,408,710	3,271,709
NET INCREASE	433,524,118	269,288,609	164,235,509
Net Assets Held in Trust for Pension Benefits:			
Beginning of Period	1,815,896,455	1,591,399,558	
End of Period	2,249,420,572	1,860,688,167	

San Mateo County Employees' Retirement Association
CHANGES IN FIDUCIARY NET ASSETS - TRAILING SEVEN MONTHS
For the Month Ending January 31, 2011
PRELIMINARY

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	YTD
ADDITIONS							
CONTRIBUTIONS							
Employee Contribution	3,019,936	3,655,943	3,594,335	3,642,307	3,931,107	5,744,046	23,587,673
Employer Contributions - Regular	5,407,157	7,251,548	7,302,907	7,314,517	7,373,448	11,260,294	45,909,870
Employer Contributions - COLA	3,047,757	4,080,356	4,106,941	4,109,218	4,138,857	6,315,925	25,799,055
Employer Prefunded Contribution	68,411,230	(11,274,407)	(11,390,665)	(11,385,369)	(11,454,658)	(15,713,522)	7,192,610
TOTAL CONTRIBUTIONS	79,886,080	3,713,440	3,613,518	3,680,673	3,988,754	7,606,743	102,489,208
INVESTMENT INCOME							
Interest and Dividends	2,228,528	3,312,853	3,275,168	2,196,872	2,999,996	4,821,615	18,835,032
Net Appreciation (Depreciation) in fair value of investments	87,400,814	(43,766,849)	127,340,342	56,496,595	(9,582,182)	85,376,887	303,265,608
Securities Lending Income	45,487	50,647	58,657	56,343	55,461	56,056	322,650
Other Additions	0	0	0	0	0	0	0
Asset Management Expense	(34,874)	(48,180)	(45,105)	(56,665)	(69,170)	(68,573)	(322,568)
Other Investment Related Expense	(54,893)	(21,994)	(28,660)	(16,428)	(60,565)	(50,291)	(232,830)
Securities Lending Expense	(18,072)	(17,797)	(6,250)	(20,480)	(1,432)	(14,372)	(78,403)
TOTAL ADDITIONS	169,453,071	(36,777,881)	134,207,670	62,336,911	(2,669,137)	97,728,065	424,278,699
DEDUCTIONS							
ASSOCIATION BENEFITS							
Retiree Annuity	2,369,716	2,389,206	2,405,091	2,402,821	2,430,529	2,422,802	14,420,165
Retiree Pension	5,649,275	5,673,987	5,713,621	5,694,015	5,746,049	5,743,755	34,220,701
Retiree COLA	2,514,530	2,506,061	2,503,348	2,492,815	2,488,067	2,481,293	14,986,114
Retiree Death and Modified Work Benefit	3,579	3,579	3,579	3,579	3,579	3,579	21,475
Active Member Death Benefit	0	0	0	0	0	0	0
Voided and Reissue	492	0	0	0	0	0	492
TOTAL ASSOCIATION BENEFITS	10,537,591	10,572,833	10,625,639	10,593,230	10,668,223	10,651,429	63,648,946
REFUND OF MEMBER CONTRIBUTIONS	110,411	290,928	163,314	170,084	414,929	26,231	1,175,896
ACTUARIAL FEES	16,083	19,083	750	750	2,667	833	40,167
CONSULTANT FEES - INVESTMENT (SIS)	16,667	16,667	16,667	33,333	33,333	50,000	166,667
CUSTODIAN FEES - STATE STREET	11,800	12,057	11,800	11,705	11,800	58,136	117,298
INVESTMENT MANAGEMENT FEE - R1000 INDEX	7,601	7,361	7,835	7,939	7,601	7,953	46,291
INVESTMENT MANAGEMENT FEE - ABERDEEN	29,975	30,448	30,368	30,622	30,622	28,031	180,066
INVESTMENT MANAGEMENT FEE - PYRAMIS	21,220	21,489	21,411	21,572	21,475	18,080	125,248
INVESTMENT MANAGEMENT FEE - BROWN BROTHERS	5,651	5,814	5,770	5,935	744	5,770	29,683
INVESTMENT MANAGEMENT FEE - BRIGADE CAPITAL	18,265	18,265	13,122	17,156	16,987	17,071	100,865
INVESTMENT MANAGEMENT FEE - FRANKLIN TEMPLETON	0	0	0	0	0	5,407	5,407
INVESTMENT MANAGEMENT FEE - CHARTWELL	27,285	25,486	29,832	30,634	31,847	33,350	178,434
INVESTMENT MANAGEMENT FEE - D E SHAW	38,742	36,395	40,770	41,744	42,032	44,604	244,287
INVESTMENT MANAGEMENT FEE - T ROWE PRICE	28,364	26,801	29,807	30,424	30,525	32,394	178,315
INVESTMENT MANAGEMENT FEE - BLACKROCK	53,979	50,802	57,819	60,137	61,723	63,563	348,022
INVESTMENT MANAGEMENT FEE - BARROW HANLEY	53,239	50,247	55,417	55,847	54,720	59,454	328,924
INVESTMENT MANAGEMENT FEE - THE BOSTON COMPANY	29,952	26,946	31,460	31,259	31,937	34,136	185,690
INVESTMENT MANAGEMENT FEE - JENNISON ASSOCIATES	61,867	57,824	65,932	67,596	70,895	72,168	396,283
INVESTMENT MANAGEMENT FEE - MONDRIAN	53,376	40,166	43,103	43,995	26,437	48,337	255,414
INVESTMENT MANAGEMENT FEE - ARTIO	81,045	76,961	84,099	86,442	87,385	89,412	505,344
INVESTMENT MANAGEMENT FEE - WESTERN ASSET	34,141	34,643	34,573	34,846	34,723	29,035	201,962
INVESTMENT MANAGEMENT FEE - INVESCO CORE	53,711	53,711	50,725	52,715	52,715	41,566	305,143
TOTAL PROFESSIONAL FEE	642,963	611,167	631,257	664,651	650,168	739,303	3,939,509
ADMIN EXPENSE - SALARIES & BENEFITS	99,487	168,819	170,584	171,415	174,710	258,847	1,043,860
ADMIN EXPENSE - SERVICES & SUPPLIES	34,996	55,862	124,612	150,416	105,433	112,074	582,393
TOTAL ADMINISTRATIVE EXPENSES	133,483	224,680	295,196	321,830	280,143	370,920	1,626,253
INTEREST FOR PREPAID CONTRIBUTION	0	0	0	0	0	1,804,884	1,804,884
OTHER DEDUCTIONS	919	4,096	4,593	12,505	7,962	10,075	40,149
TOTAL DEDUCTIONS	11,425,368	11,703,704	11,719,999	11,762,300	12,021,425	13,602,843	72,235,638
NET INCREASE	158,027,703	(48,481,584)	122,487,671	50,574,610	(14,690,562)	84,125,222	352,043,061

San Mateo County Employees' Retirement Association
CHANGES IN FIDUCIARY NET ASSETS - TRAILING SEVEN MONTHS
For the Month Ending January 31, 2011
PRELIMINARY

	December YTD 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	YTD
ADDITIONS								
CONTRIBUTIONS								
Employee Contribution	23,587,673	3,734,419	0	0	0	0	0	27,322,093
Employer Contributions - Regular	45,909,870	7,652,176	0	0	0	0	0	53,562,046
Employer Contributions - COLA	25,799,055	4,292,459	0	0	0	0	0	30,091,513
Employer Prefunded Contribution	7,192,610	53,074,415	0	0	0	0	0	60,267,025
TOTAL CONTRIBUTIONS	102,489,208	68,753,468	0	0	0	0	0	171,242,677
INVESTMENT INCOME								
Interest and Dividends	18,835,032	1,999,124	0	0	0	0	0	20,834,157
Net Appreciation (Depreciation) in fair value of investments	303,265,608	22,726,312	0	0	0	0	0	325,991,920
Securities Lending Income	322,650	43,061	0	0	0	0	0	365,712
Other Additions	0	0	0	0	0	0	0	0
Asset Management Expense	(322,568)	(44,618)	0	0	0	0	0	(367,186)
Other Investment Related Expense	(232,830)	(38,041)	0	0	0	0	0	(270,871)
Securities Lending Expense	(78,403)	(16,677)	0	0	0	0	0	(95,080)
TOTAL ADDITIONS	424,278,699	93,422,629	0	0	0	0	0	517,701,328
DEDUCTIONS								
ASSOCIATION BENEFITS								
Retiree Annuity	14,420,165	2,455,713	0	0	0	0	0	16,875,878
Retiree Pension	34,220,701	5,825,447	0	0	0	0	0	40,046,149
Retiree COLA	14,986,114	2,474,478	0	0	0	0	0	17,460,592
Retiree Death and Modified Work Benefit	21,475	3,579	0	0	0	0	0	25,054
Active Member Death Benefit	0	0	0	0	0	0	0	0
Void and Reissue	492	(6,887)	0	0	0	0	0	(6,396)
TOTAL ASSOCIATION BENEFITS	63,648,946	10,752,331	0	0	0	0	0	74,401,276
REFUND OF MEMBER CONTRIBUTIONS	1,175,896	170,704	0	0	0	0	0	1,346,600
ACTUARIAL FEES								
ACTUARIAL FEES	40,167	833	0	0	0	0	0	41,000
CONSULTANT FEES - INVESTMENT (SIS)								
CONSULTANT FEES - INVESTMENT (SIS)	166,667	16,667	0	0	0	0	0	183,333
CUSTODIAN FEES - STATE STREET								
CUSTODIAN FEES - STATE STREET	117,298	28,689	0	0	0	0	0	145,987
INVESTMENT MANAGEMENT FEE - R1000 INDEX								
INVESTMENT MANAGEMENT FEE - R1000 INDEX	46,291	7,972	0	0	0	0	0	54,263
INVESTMENT MANAGEMENT FEE - ABERDEEN								
INVESTMENT MANAGEMENT FEE - ABERDEEN	180,066	28,231	0	0	0	0	0	208,297
INVESTMENT MANAGEMENT FEE - PYRAMIS								
INVESTMENT MANAGEMENT FEE - PYRAMIS	125,248	18,093	0	0	0	0	0	143,341
INVESTMENT MANAGEMENT FEE - BROWN BROTHERS								
INVESTMENT MANAGEMENT FEE - BROWN BROTHERS	29,683	5,747	0	0	0	0	0	35,430
INVESTMENT MANAGEMENT FEE - BRIGADE CAPITAL								
INVESTMENT MANAGEMENT FEE - BRIGADE CAPITAL	100,865	17,694	0	0	0	0	0	118,560
INVESTMENT MANAGEMENT FEE - FRANKLIN TEMPLETON								
INVESTMENT MANAGEMENT FEE - FRANKLIN TEMPLETON	5,407	81,162	0	0	0	0	0	86,569
INVESTMENT MANAGEMENT FEE - CHARTWELL								
INVESTMENT MANAGEMENT FEE - CHARTWELL	178,434	34,224	0	0	0	0	0	212,659
INVESTMENT MANAGEMENT FEE - D E SHAW								
INVESTMENT MANAGEMENT FEE - D E SHAW	244,287	45,429	0	0	0	0	0	289,716
INVESTMENT MANAGEMENT FEE - T ROWE PRICE								
INVESTMENT MANAGEMENT FEE - T ROWE PRICE	178,315	31,080	0	0	0	0	0	209,395
INVESTMENT MANAGEMENT FEE - BLACKROCK								
INVESTMENT MANAGEMENT FEE - BLACKROCK	348,022	64,716	0	0	0	0	0	412,738
INVESTMENT MANAGEMENT FEE - BARROW HANLEY								
INVESTMENT MANAGEMENT FEE - BARROW HANLEY	328,924	60,782	0	0	0	0	0	389,706
INVESTMENT MANAGEMENT FEE - THE BOSTON COMPANY								
INVESTMENT MANAGEMENT FEE - THE BOSTON COMPANY	185,690	34,280	0	0	0	0	0	219,970
INVESTMENT MANAGEMENT FEE - JENNISON ASSOCIATES								
INVESTMENT MANAGEMENT FEE - JENNISON ASSOCIATES	396,283	73,876	0	0	0	0	0	470,159
INVESTMENT MANAGEMENT FEE - MONDRIAN								
INVESTMENT MANAGEMENT FEE - MONDRIAN	255,414	38,236	0	0	0	0	0	293,650
INVESTMENT MANAGEMENT FEE - ARTIO								
INVESTMENT MANAGEMENT FEE - ARTIO	505,344	86,562	0	0	0	0	0	591,907
INVESTMENT MANAGEMENT FEE - WESTERN ASSET								
INVESTMENT MANAGEMENT FEE - WESTERN ASSET	201,962	29,125	0	0	0	0	0	231,087
INVESTMENT MANAGEMENT FEE - INVESCO CORE								
INVESTMENT MANAGEMENT FEE - INVESCO CORE	305,143	48,999	0	0	0	0	0	354,142
TOTAL PROFESSIONAL FEE	3,939,509	752,399	0	0	0	0	0	4,691,909
ADMIN EXPENSE - SALARIES & BENEFITS								
ADMIN EXPENSE - SALARIES & BENEFITS	1,043,860	184,241	0	0	0	0	0	1,228,102
ADMIN EXPENSE - SERVICES & SUPPLIES								
ADMIN EXPENSE - SERVICES & SUPPLIES	582,393	79,118	0	0	0	0	0	661,511
TOTAL ADMINISTRATIVE EXPENSES	1,626,253	263,359	0	0	0	0	0	1,889,612
INTEREST FOR PREPAID CONTRIBUTION	1,804,884	0	0	0	0	0	0	1,804,884
OTHER DEDUCTIONS	40,149	2,780	0	0	0	0	0	42,930
TOTAL DEDUCTIONS	72,235,638	11,941,573	0	0	0	0	0	84,177,211
NET INCREASE	352,043,061	81,481,056	0	0	0	0	0	433,524,117

**San Mateo County Employees' Retirement Association
Statement of Fiduciary Net Assets - Monthly Comparative
For the Month Ending January 2011**

	January 2011	December 2010	Increase/(Decrease)	% of Incr/Decr
ASSETS				
CASH AND CASH EQUIVALENTS	110,241,828	91,583,013	18,658,815	20.37%
SECURITIES LENDING CASH COLLATERAL	143,011,092	160,028,095	(17,017,002)	-10.63%
TOTAL CASH	253,252,920	251,611,107	1,641,813	0
RECEIVABLES				
Contributions	0	0	0	N/A
Due from Broker for Investments Sold	215,265,978	217,923,941	(2,657,962)	-1.22%
Investment Income	4,241,556	4,566,120	(324,564)	-7.11%
Securities Lending Income	76,516	91,816	(15,300)	-16.66%
Other Receivable	113,236	113,315	(79)	-0.07%
TOTAL ACCOUNTS RECEIVABLES	219,697,286	222,695,191	(2,997,905)	-1.35%
PREPAID EXPENSE	7,669	7,669	0	0.00%
INVESTMENTS AT FAIR VALUE				
Domestic Fixed Income Securities	604,170,435	602,986,338	1,184,097	0.20%
Domestic Equities	1,003,533,809	983,781,199	19,752,610	2.01%
International Equities	424,542,713	429,700,043	(5,157,329)	-1.20%
Real Estate	122,302,877	122,302,877	0	0.00%
Private Equity	250,000	250,000	0	0.00%
	2,154,799,834	2,139,020,456	15,779,378	0.74%
FIXED ASSETS	0	0	0	N/A
LESS ACCUMULATED DEPRECIATION	0	0	0	N/A
	0	0	0	0.00%
TOTAL ASSETS	2,627,757,709	2,613,334,424	14,423,285	0.55%
LIABILITIES				
Investment Management Fees	2,548,592	1,862,348	686,244	36.85%
Due to Broker for Investments Purchased	232,063,547	282,844,978	(50,781,431)	-17.95%
Collateral Payable for Securities Lending	143,011,092	160,028,095	(17,017,002)	-10.63%
Other	713,905	659,487	54,418	8.25%
TOTAL LIABILITIES	378,337,137	445,394,908	(67,057,771)	-15.06%
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	2,249,420,572	2,167,939,516	81,481,056	3.76%

San Mateo County Employees' Retirement Association
Statement of Changes in Fiduciary Net Assets - Monthly Comparative
For the Month Ending January 2011
Preliminary

	January 2011	December 2010	Increase/Decrease
ADDITIONS			
CONTRIBUTIONS			
Employer Contribution	143,920,585	78,901,535	65,019,049
Employee Contribution	27,322,093	23,587,673	3,734,419
TOTAL CONTRIBUTIONS	171,242,677	102,489,209	68,753,468
INVESTMENT INCOME			
Interest and Dividends	20,834,157	18,835,032	1,999,124
Net Appreciation (Depreciation) in fair value of investments	325,937,654	303,211,343	22,726,311
Less Investment Expense	(6,767,664)	(5,977,223)	(790,440)
Less Asset Management Expense	(367,186)	(322,568)	(44,618)
NET INVESTMENT INCOME	339,636,961	315,746,584	23,890,377
SECURITIES LENDING INCOME			
Earnings	365,712	322,650	43,061
Less: Securities Lending Expenses	(95,080)	(78,403)	(16,677)
NET SECURITIES LENDING INCOME	270,632	244,248	26,384
OTHER ADDITIONS			
	54,266	54,266	0
TOTAL ADDITIONS	511,204,536	418,534,306	92,670,230
DEDUCTIONS			
ASSOCIATION BENEFITS			
Service Retirement Allowance	65,582,704	56,081,080	9,501,625
Disability Retirement Allowance	8,386,331	7,191,400	1,194,931
Survivor, Death and Other Benefits	432,241	376,466	55,775
TOTAL ASSOCIATION BENEFITS	74,401,276	63,648,946	10,752,331
REFUND OF MEMBER CONTRIBUTIONS	1,346,600	1,175,896	170,704
ADMINISTRATIVE EXPENSE	1,889,612	1,626,253	263,359
OTHER EXPENSE	42,930	40,149	2,780
TOTAL DEDUCTIONS	77,680,419	66,491,244	11,189,174
NET INCREASE	433,524,118	352,043,061	81,481,056
Net Assets Held in Trust for Pension Benefits:			
Beginning of Period	2,167,939,517	2,083,814,294	
End of Period	2,249,420,572	2,167,939,517	

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 7.2

TO: Board of Retirement

FROM: David Bailey, Chief Executive Officer



SUBJECT: Approval of First 5 UAAL Calculation Method and Amount

Issue

A county agency that may be eliminated by state budget cuts is considering paying off the Unfunded Actuarial Accrued Liability (UAAL) associated with its county employees. In this agenda item the board will be asked to approve a methodology to calculate the UAAL.

Background

In November 1998, California voters passed Proposition 10, the California Children and Families Act, which added a 50-cent tax on all tobacco products to fund early childhood development, health care, parent education, and other programs that improve services for children from a prenatal stage through age five and their families.

First 5 San Mateo administers those funds for San Mateo County. However, there is concern that the state may severely reduce or eliminate funds to the First 5 commissions in each California county. In considering to what ends remaining funds should be put, the First 5 San Mateo Commission has asked *SamCERA* what amount would be required to pay off the UAAL associated with all First 5 employees. If First 5 is eliminated, the UAAL associated with these employees would become a liability to the county general fund.

There is no specific 1937 Act language that addresses this situation. However, there is language that addresses the withdrawal of a 'district' from a retirement system. While First 5 is not a district we can use the language regarding district withdrawal as guidance in determining a fair method of calculating the First 5 UAAL.

1937 Act Section 31564.2 describes development of a percentage, which is the withdrawing entity's portion of all county employer contributions for the five years

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

preceding withdrawal. This percentage is applied against the total UAAL of the county to determine the UAAL of the withdrawing entity.

Retirement Finance Officer Mabel Wong developed the amounts necessary to determine First 5's portion of the UAAL for general members. Milliman, Inc. will make the final calculation. A letter from Nick Collier of Milliman, Inc., describing the calculation and the UAAL payoff amount will be distributed at the February board meeting. Staff will also distribute a resolution approving the payoff amount.


Staff Recommendation

Staff recommends approval of the resolution adopting a calculation method and UAAL amount for First 5 San Mateo.

**San Mateo County Employees' Retirement Association
Board of Retirement**

February 22, 2011

Agenda Item 7.3

To: Board of Retirement

From: Gary Clifton, Chief Investment Officer
Subject: Approval of Audit Committee Plan for Fiscal Year 2011/2012.

STAFF RECOMMENDATION: Staff recommends that the board review, revise as required and adopt the Audit Committee Plan for fiscal year 2011 / 2012.

STAFF COMMENTS: The Board of Retirement is charged with periodic and systematic reviews of *SamCERA's* policies and procedures. The schedule below should reflect, in part, the audit committee's strategic objectives for the 2011 / 2012 fiscal year. Please review the schedule and provide comments and amendments as appropriate.

The Audit Committee, Ms. Kwan Lloyd, Chair; Ms. Arnott, Mr. Tashman and Mr. Spinello, may meet at other times as required during the fiscal year.

- | | |
|--------------------------------------|--|
| March 29, 2011 | <ol style="list-style-type: none">1.) Review and Approval of a Draft Request for Proposal for Actuarial Audit Services.2.) Consideration of Financial Audit Structure3.) Approval of Estimated Employer Contribution Amount for Fiscal Year 2011/2012 |
| May 23, 2011
(Monday at 9:00a.m.) | <ol style="list-style-type: none">1.) Recommendation of Provider for Actuarial Audit Services Based Upon Responses to the RFP2.) Consideration and Adoption of Assumptions for June 30, 2011, Actuarial Valuation.3.) Acceptance of Entrance Letter for the June 30, 2011, Financial Audit.4.) Approval of Questions for the Annual Review of Legal Counsel - County Counsel |
| July 26, 2011 | <ol style="list-style-type: none">1.) Annual Review of Legal Counsel - County Counsel2.) Approval of Questions for the Annual Review of <i>SamCERA's</i> Actuarial Firm – Milliman Inc.3.) Approval of Questions for the Annual Review of <i>SamCERA's</i> Audit Firm – To Be Announced |
| September 27, 2011 | <ol style="list-style-type: none">1.) Acceptance of Actuarial Valuation Report2.) Acceptance of 2011-2012 Fiscal Year Employer & Employee Contribution Rates3.) Annual Review of <i>SamCERA's</i> Actuary – Milliman Inc.4.) Approve Auditor's Reports for June 30th Financial Audit5.) Approve Comprehensive Annual Financial Report6.) Review of <i>SamCERA's</i> Internal Control Structure7.) Annual Review of <i>SamCERA's</i> Independent Auditor |
| November 22, 2011 | <ol style="list-style-type: none">1.) Acceptance of Actuarial Audit Report |
| May 22, 2012 | <ol style="list-style-type: none">1.) Consideration and Adoption of Assumptions for June 30, 2012, Actuarial Valuation.2.) Acceptance of Entrance Letter for the June 30, 2012, Financial Audit.3.) Approval of Questions for the Annual Review of Legal Counsel - County Counsel |

The Audit Committee Charter is on the following page.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Audit Committee Charter as amended

RESOLUTION 97-98-18

THIS RESOLUTION, adopted by the Board of Retirement (Board) of the San Mateo County Employees' Retirement Association (SamCERA), establishes a standing Audit Committee and defines its powers and duties

WHEREAS, Section 17 of Article XVI of the Constitution of the State of California states that *the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for the investment of monies and administration of the system; &*

WHEREAS, SamCERA is governed by the provisions of the County Employees' Retirement Law of 1937 of which Government Code §31520 vests the management of the Association in the Board; &

WHEREAS, the Board has adopted Regulations and Resolutions setting forth the policies of the Board; &

WHEREAS, the Board bears full fiduciary responsibility for assuring that its policies are implemented in faithful compliance with all applicable provisions of Federal and State Law: &

WHEREAS, the Investment & Finance Manager has recommended that the Board establish an Audit Committee to conduct periodic and systematic reviews of *SamCERA's* policies and procedures. Therefore be it

RESOLVED that the Board hereby establishes a standing Audit Committee to perform the following functions:

1. SELECTION OF AUDITOR: The Committee shall select and recommend the Auditor to the Board, for Board approval of the contract;
2. SCOPE OF AUDIT: The Committee shall review, revise and approve the annual audit work plan submitted by the Auditor;
3. REVIEW OF AUDIT: The Committee shall monitor, review and comment on the work of the Auditor;
4. REVIEW OF INTERNAL CONTROLS: The Committee shall monitor the implementation of the Auditor's recommendations regarding *SamCERA's* Internal Controls;
5. REVIEW OF ACTUARIAL PROCESSES: The Committee shall monitor all aspects of the Actuarial process, other than those matters specifically delegated to the Investment Committee, and make recommendations to the Board as appropriate;
6. REVIEW OF BUDGET PROCESSES: The Committee shall monitor all aspects of the Budget process and make recommendations to the Board as appropriate;
7. REVIEW OF BOARD RESPONSIBILITIES: The Committee shall monitor the performance of the Board's Responsibilities set forth in the *Strategic Services Resolution* and make recommendations to the Board, as appropriate;
8. REVIEW OF BOARD SUPPORT SERVICES: The Committee shall monitor staff's performance of the Board Support Services set forth in the *Strategic Services Resolution* and make recommendations to the Board, as appropriate;
9. REVIEW OF MANAGEMENT SERVICES: The Committee shall monitor staff's implementation of the components of *SamCERA's* Management Services Plan set forth in the *Strategic Services Resolution*, with particular emphasis on matters related to *SamCERA's* Administrative Budget, Contract Management and Business Continuity (Disaster Recovery) Planning, and make recommendations to the Board, as appropriate; Be it further

RESOLVED that the Chair may appoint the members of the Audit Committee per Regulation 1.1. Be it further

RESOLVED that the Chief Executive Officer is hereby instructed to provide the Committee with access to all appropriate County and *SamCERA* resources and records, so long as such access is consistent with sound fiduciary practices. Be it further

RESOLVED that the Chief Executive Officer is hereby authorized to provide compensation of \$100 per meeting for not more than two meetings per month to the members of the Committee eligible for such compensation, per GC§31521. Be it further

RESOLVED that the Board hereby reserves to itself sole authority to accept, modify, or reject the recommendations which the Audit Committee may present from time to time pursuant to the provisions of this Resolution, per Regulation 2.3.

ADOPTED by unanimous vote, April 28, 1998

AMENDED by unanimous vote, May 22, 2001

AMENDED by unanimous vote, November 23, 2004

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 7.4

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Introduction of *SamCERA's Sources, Uses, and Budget Report for Fiscal Year 2011/2012*

COMMENT: Under this agenda item, staff will provide an oral report on the professional and administrative budget development process.

SamCERA's Education Policy authorizes the chair to approve the participation and associated travel for trustees, the Treasurer's constitutional alternate, the Safety Member alternate, the Retired Member alternate, and the Chief Executive Officer in the educational activities of the organizations set forth in the *SamCERA* Education Policy, to the extent that the budget provides funds for such activities. The approved trustee requests will be used to budget the travel and educational expenditures in *SamCERA's* administrative budget.

The trustee educational preference form for 2011/2012 is attached. It is one of the tools used by staff when estimating expenditures for the next fiscal year budget. An "other" category is provided on the form. It may be used to add a conference(s) you wish to attend that is not on the form. If you use the other category, for budgetary purposes please estimate the cost of each additional item, including registration, airfare and lodging.

Please complete the request form to the best of your ability and return it to Mr. Clifton by February 22, 2011.

SamCERA Memorandum



San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125, Redwood Shores, CA 94065

E-mail: gclifton @ samcera.org

Toll free: 1-800-339-0761

Telephone: 650-599-7231

Facsimile: 650-591-1488

February 16, 2011

SamCERA Memorandum

To: All Trustees

From: Al David, Chair

Subject: Educational Conferences

As part of our effort to prepare an appropriate budget for educational activities, while being fair to all trustees, I need an estimate of who would like to participate in the following activities. Please indicate the educational conferences you would like to attend during Fiscal Year 2011-2012.

Reminder that the Educational Policy states that, "the board hereby authorizes the chief executive officer to allocate \$15,000 for each new trustee's education during each of his or her first two years in office and \$7,500 for each trustee's education during each subsequent year."

SACRS and CALAPRS events are included in the list of approved events below for scheduling and budgeting purposes, but they do not add to the costs considered when calculating each trustee's dollar limit for education.

Please return this completed form to Mr. Clifton by **February 22nd**. You may contact Mr. Clifton via any of the methods in the letterhead.

To: Al David, Chair
Board of Retirement

Date: _____

From: _____

I am interested in participating in the following educational activities that I have checked:

- SACRS Public Pension Investment Management Program (* Berkeley) (\$3,500)
- IFEBP Certificate of Achievement in Public Plan Policy Part One Only (10/29-30/2011, New Orleans, Louisiana) (3,000)
- CALAPRS Trustees' Round Table (10/14/11, San Jose) (\$100)
- IFEBP Annual Employee Benefits Conference (10/30-11/2/2011, New Orleans, Louisiana) (\$3,875)
- SACRS Fall Educational Conference (11/15-18/2011, Costa Mesa, CA)(\$1,800)
- IIR Public Fund Boards Forum (12/2011, San Francisco) (\$2,250)
- Wharton Investment Strategies & Portfolio Management Program (10/31-11/4/2011, Philadelphia) (\$11,500)
- CALAPRS Trustees' Round Table (2/2012, *) (\$500)
- CALAPRS General Assembly, (3/2012, *TBD) (\$1,500)
- CALAPRS Basic Principles of Pension Management (3/2012, Stanford) (\$2,750)
- SACRS Spring Educational Conference (5/8-11/2011, Lake Tahoe, CA) (\$1,800)
- Government Finance Officers Association Annual Conference (6/10-13/2012, Chicago, Illinois) (\$3,000)
- CALAPRS Trustees' Round Table (6/2012,*) (\$500)
- IFEBP Certificate of Achievement in Public Plan Policy (6/2012,*) Part One and/or Two (One Part: \$3,000; Both Parts: \$4,850)
- Wharton Investment Strategies & Portfolio Management (5/2012*, Philadelphia) (\$10,500)
- OTHER (please specify) _____
- Subscriptions _____

* The dates and/or location is not confirmed.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 7.5

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Annual Review and Reaffirmation of *SamCERA's Mission and Goals* Statements

STAFF RECOMMENDATION: Staff recommends that the board review and reaffirm *SamCERA's Mission, Goals and Objectives* Resolution 95-96-05 as amended, by approving the attached resolution.

BACKGROUND: Resolution 95-96-05 as amended, incorporates the basic language, which was submitted to the board on April 14, 1994, as part of *SamCERA's* first independent budget. The resolution is an integral part of *SamCERA's Policies and Procedures Manual, Trustee's Manual, and Sources, Uses and Budget Report*, and *SamCERA's Strategic Plan*.

DISCUSSION: A statement of mission and goals should, at a minimum, capture the purpose of *SamCERA* as defined in the California State Constitution and the County Employees Retirement Law of 1937 ('37 Act); but more importantly, the statement should express the board's vision of the fundamental principles guiding board and staff actions. The resolution was amended on February 27, 2007, to correct the statement's grammar, spelling, and capitalization. It was amended on February 26, 2008, for clarity and to put phrases in the proper priority. It was last amended on January 27, 2009 when it was shortened to remove redundancies and define all categories of *SamCERA* membership as members.

Review of *SamCERA's* Mission and Goals Statements is an integral part of the staff strategic planning retreat and the board's budget process. This year there are no recommended amendments.

Mission and Goals
RESOLUTION 95-96-05 as amended

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

WHEREAS, Article XVI, '17(a) of the Constitution of the State of California states in part that "the retirement board...shall have plenary authority and fiduciary responsibility for investment of monies and administration of the system...;" &

WHEREAS, Article XVI, '17(b) of the Constitution of the State of California states in part that "the members of the retirement board...shall discharge their duties...solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty...;" &

WHEREAS, Article XVI, '17(c) of the Constitution of the State of California states in part that "the members of the retirement board...shall discharge their duties with respect to the system with the care, skill, prudence, and diligence...a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims;" &

WHEREAS, Government Code '31520 vests the management of *SamCERA* in the Board; &

WHEREAS, the Board wishes to define its mission and goals so as to direct its efforts and the efforts of its staff in concert with the spirit of the law. Now, therefore, be it

RESOLVED, that the Board hereby adopts the following:

MISSION

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

GOALS

Provide caring, fair, accurate, timely and knowledgeable professional service to clients and the public.

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

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

Be it further

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

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

ADOPTED by unanimous vote August 25, 1995

AMENDED February 26, 2002

AMENDED February 27, 2007

AMENDED February 26, 2008

AMENDED January 27, 2009

San Mateo County Employees' Retirement Association
Board of Retirement

February 22, 2011

Agenda Item 7.6

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Annual Review and Reaffirmation of *SamCERA's Code of Fiduciary Conduct*

STAFF RECOMMENDATION: Staff recommends that the board review and reaffirm *SamCERA's Code of Fiduciary Conduct* Resolution 96-97-02 as amended February 23, 2010.

BACKGROUND: The Board's *Code of Fiduciary Conduct* is an integral component of board governance. The code memorializes the trustees' commitment to fulfill their fiduciary duties as defined by California's Constitution, the '37 Act & applicable law.

DISCUSSION: *SamCERA's Code of Fiduciary Conduct, Educational Policy, Travel Policy and Conflict of Interest Code* provide a comprehensive fiduciary framework for the proper conduct of *SamCERA's* affairs.

The board reviews its *Code of Fiduciary Conduct* along with its *Conflict of Interest Code* annually prior to completion of the Fair Political Practices Commission's Form 700, *Statement of Economic Interests*.

Resolution 96-97-02, containing the *Code of Fiduciary Conduct*, as amended on February 23, 2010, is attached.

San Mateo County Employees' Retirement Association Board of Retirement

CODE OF FIDUCIARY CONDUCT

RESOLUTION 96-97-02, as amended February 23, 2010

*This Resolution, adopted by the Board of Retirement (Board)
of the San Mateo County Employees' Retirement Association (SamCERA),
sets forth the Board's Code of Fiduciary Conduct.*

WHEREAS Article XVI, §17 of the Constitution of the State of California was amended by the electorate in 1992 to read, in pertinent part, as follows:

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

(a) The retirement board shall have the sole and exclusive fiduciary responsibility over the assets of the ... system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets ... are trust funds and shall be held for the exclusive purposes of providing benefits to participants ... and their beneficiaries and defraying reasonable expenses of administering the system.

(b) The members of the retirement board ... shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

(c) The members of the retirement board ... shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(d) The members of the retirement board...shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

(e) The retirement board..., consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the system .. ; &

RESOLVED that the Board hereby adopts the following Code of Fiduciary Conduct:

PREAMBLE

The San Mateo County Employees Retirement Association (*SamCERA*) is a public pension plan organized under the County Employees Retirement Law of 1937. (California Government Code Section 31450, et seq.)

The management of *SamCERA* is vested in the Board of Retirement.

Members of the Board hold positions of public trust. Article XVI, Section 17 of the California Constitution charges *SamCERA* Board members with the responsibility of administering the affairs of *SamCERA* "in a manner that will assure prompt delivery of benefits and related services to *SamCERA*'s participants and their

beneficiaries,” and further mandates *SamCERA* Board members to “discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries.”

The members of *SamCERA*'s Board are mindful of the positions of trust and confidence held by them. They adopt this Code to ensure the proper administration of *SamCERA*, and to foster unquestioned public confidence in *SamCERA*'s institutional integrity as a prudently managed and fiduciarily governed public pension system, operated for the sole and exclusive purpose of providing benefits to *SamCERA*'s participants and beneficiaries.

SamCERA's *Code of Fiduciary Conduct, Educational Policy, and Conflict of Interest Code* provide a comprehensive fiduciary framework for the proper conduct of *SamCERA*'s affairs.

1. Fiduciary Duty:

Pursuant to Article XVI, Section 17 of the California Constitution, state statutes, and case law, the Board members are fiduciaries and have special duties to the system and its members, their survivors and beneficiaries.

A Board member's duty to its participants and their beneficiaries shall take precedence over any other duty. Board members must act exclusively in the interest of the participants and their beneficiaries, as opposed to the Board member's own interests or those of a third party. This duty includes the obligation to put aside the interests of the party responsible for a Board member's appointment. It also includes the duty to be impartial towards differing interests of participants.

2. Adherence to *SamCERA*'s Investment Policy:

Board members shall not authorize the making of any investment which is not contemplated in *SamCERA's Investment Policy*. *SamCERA's Investment Policy* may be amended at any properly noticed meeting of the Board, but only after considering the recommendations and comments of the Chief Executive Officer, Consultants and Investment Managers, which shall be promptly submitted upon request of the trustees.

3. Investment Authority:

The investment authority vested in the Board shall not be delegated to any committees of the Board, except by formal resolution. Such resolutions shall specify the limits of the authority delegated and require that all actions be reported to the Board for approval.

4. Investment Signature Authority:

Investment Signature Authority shall be limited to individuals identified by formal resolution which shall specify the limits of the authority delegated and require that all actions be reported to the Board for ratification.

5. Due Diligence Mandatory:

Due diligence shall be completed prior to the execution of any Board-initiated investment transaction. Due diligence will be performed in accordance with established guidelines and procedures by persons with expertise relevant to the transaction under evaluation.

6. Adherence to Related Laws:

Board members are responsible for conducting public business for *SamCERA* and are subject to all provisions of the Ralph M. Brown Act, California Government Code §54950 et seq., which Act mandates open meetings for local legislative bodies.

Board members conducting public business for *SamCERA* are subject to applicable California laws regarding conflicts of interests. Board members shall avoid impropriety and the appearance of impropriety, and shall not use their position to further their own pecuniary gain or for any other purpose not directly related to the duties of their Board position.

In accordance with state law, Board member shall refrain from attempting in any way to influence a *SamCERA* decision in which the Board member has a financial interest.

Board members shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to their duties as members of *SamCERA*'s Board, or with the duties, functions, or responsibilities of the *SamCERA* Board as a whole.

7. Limitation on the Acceptance of Gifts:

Board members shall comply with the gift limitation as set forth in state laws and regulations. The gift limit effective January 1, 2009 - December 31, 2010 is \$420. Board members employees designated on *SamCERA*'s Conflict of Interest Code employees are prohibited from receiving a gift or gifts totaling more than \$420 in a calendar year.

8. Prohibition on Acceptance of Honoraria:

Board members shall refrain from accepting any honoraria. An honorarium is a payment received for making a speech, publishing an article, or attending any public or private conference, convention, meeting, social event, meal or similar gathering, unless the payment is income earned from a bona fide business or profession.

9. Public Disclosure of Economic Interests:

Board members shall comply with the disclosure of economic interests and related filing requirements as set forth in the Political Reform Act and the regulations promulgated thereunder.

10. Communications with Service Providers and Other Non-SamCERA Persons and Entities:

Board members shall not correspond with a non-*SamCERA* person or entity using *SamCERA* letterhead unless the communication is authorized by the Board. Copies of all written communications from a Board member to a current service provider, or person or entity related to a current service provider, relating to *SamCERA*'s business (other than purely personal or social correspondence) shall be provided to the Chief Executive Officer for subsequent distribution to all members of the Board.

A copy of any written communication (other than purely personal or social correspondence, routine announcements, generally distributed newsletters, and the like) received by a Board member from a current *SamCERA* service provider, or person or entity related to a current service provider, shall be forwarded to the Chief Executive Officer for subsequent distribution to all members of the Board.

11. Training on Laws Related to Ethics and this Code of Conduct:

Board members shall receive periodic training on ethics principles and laws. This training shall cover ethics laws, and include, but not be limited to: laws relating to personal financial gain by public servants, including laws prohibiting conflicts of interest and bribery; laws relating to claiming prerequisites of office such as gifts and travel, use of public resources or gifts of public funds, mass mailing restrictions, and prohibitions on the receipt of free or discounted transportation; government transparency laws such as financial interest disclosure requirements, the Brown Act, and the Public Records Act; and laws relating to fair processes including those covering bias, due process, incompatible offices, competitive bidding, and nepotism.

ADOPTED by unanimous vote August 25, 1995

AMENDED July 27, 2004

AMENDED February 24, 2009

AMENDED February 23, 2010

San Mateo County Employees' Retirement Association
Board of Retirement

February 22, 2011

Agenda Item 7.7

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Annual Review & Approval of Amendments to *SamCERA's Conflict of Interest Code*

RECOMMENDATION: Staff recommends that the board review and approve the amendments to the *Conflict of Interest Code*, Resolution, 98-99-15.

BACKGROUND: The Political Reform Act declares that public officials, whether elected or appointed, are required to perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who support them. Government Code §87300 mandates that California political subdivisions and independent public agencies adopt conflict of interest codes.

There are two types of filers for FPPC Form 700 Statements of Economic Interest: Government Code §87100 filers and Government Code §87200 filers. Officials "who manage public investments" are §87200 filers and are required to file statements of economic interests under Chapter 7, Article 2, of the Act. (Sections 87200-87210.) Public officials "who manage public investments" include those "[m]embers of boards and commissions, including pension and retirement boards and commissions, or committees thereof, who exercise responsibility for the management of public investments." (California Code of Regulations §18701(b)(1)(A).)

The Fair Political Practices Commission has opined that "consultants" include "investment consultant and investment management firm employees and principals ... who provide services to [*SamCERA*] ... with influence over the investment decisions pertaining to the [retirement fund] ... in positions that involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest ... are required to file financial disclosure statements for ... investments in and income from, business entities which are or may foreseeably be invested in by [*SamCERA*] and investments in, and income from, persons or business entities engaged in buying and selling securities for the account of [*SamCERA*]."

DISCUSSION: March 2010, the board amended the code, which changed the disclosure requirements for the Trustees, the Chief Executive Officer and Chief Investment Officer. State and local officials who are listed in Government Code §87200, are prohibited from accepting a gift or gifts totaling more than \$420 (adjusted every other year) in a calendar year from **any** single source unless an exception applies such as gifts from family members. This is contrasted to designated filers, in which the \$420 (adjusted every other year) gift limit prohibition is applicable only to sources of income that would otherwise be required to report on the statement of economic interests.

The resolution approving the Conflict of Interest Code identifies the firms that meet the definition of consultant. In the past several months *SamCERA* has entered into agreements with two new investment managers and terminated one manager. The resolution needs to be amended to include the new managers and eliminate the AXA Rosenberg's name. The proposed amended resolution appears below.

It should be noted that staff and counsel are still discussing how private equity and certain alternative investments should be treated under this policy. A determination will be made later this year.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Conflict of Interest Code

RESOLUTION 98-99-15, as amended

THIS RESOLUTION, adopted by the Board of Retirement (Board) of the San Mateo County Employees' Retirement Association (SamCERA), amends SamCERA's Conflict of Interest Code and provides for its implementation.

WHEREAS, the board has adopted a *Code of Fiduciary Conduct* which requires among other things, that Trustees, the Chief Executive Officer, Consultants, Investment Managers and other professionals retained by the board and SamCERA staff shall comply with the provisions of the California Constitution; the Political Reform Act of 1974, as amended...and all other laws pertinent to the conduct of public pension fund fiduciaries; and

WHEREAS, Government Code §87300 mandates the adoption of a Conflict of Interest Code by independent public agencies; and

WHEREAS, the board, by Resolution 96-97-03, adopted the Conflict of Interest Code provisions of California Fair Political Practices Commission (FPPC) Regulation 18730; and

WHEREAS, Government Code §87306.5 mandates that the board review its *designation of employees and disclosure categories* from time to time. Therefore, be it

RESOLVED that the board hereby redefines SamCERA's *List of Designated Individuals and Disclosure Categories* per FPPC Regulation 18730, to read as follows:

List of Designated Individuals and Applicable Disclosure Categories

Each individual holding a *Designated Position* must file FPPC Form 700--*Statement of Economic Interests* disclosing the applicable financial interests indicated for the position in accordance with Government Code §87200, *et seq.*

San Mateo County Employees' Retirement Association

List of Designated Positions in the San Mateo County Employees' Retirement Association and Financial Disclosure Categories

Each person holding any position listed below must file statements disclosing the kinds of financial interest shown for the designated employee's position. Statements must be filed at the times and on the forms prescribed by law. Failure to file statements on time may result in penalties including but not limited to late fines.

	Disclosure Category
Trustees and Alternate Trustees	*
Chief Executive Officer	*
Chief Investment Officer	*
Designated Employees	Disclosure Category
Investment and Finance Manager	1,2,3,4
Assistant Executive Officer	1,2,3,4
Consultants**	1,2,3,4
County Counsel Acting As Chief Counsel to the Board	1,2,3,4
Actuary	1,2,3,4
Investment Managers	1,2,3,4

* The Trustees, Alternate Trustees, Chief Executive Officer, and Chief Investment Officer must file Statements of Economic Interest in accordance with Government Code Section 87200 et seq and California Code of Regulations, Regulation 18701 (b) with respect to all disclosure categories: However, the original statements will be filed with SamCERA and with a copy to County Clerk. The County Clerk does not need to forward the Statement of Economic Interest to the Fair Political Practices Commission.

**In addition to the consultants listed, the Chief Executive Officer, after consultation with the County Counsel, shall review the duties and authority of all consultants retained by San Mateo County Employees' Retirement Association. Those consultants who, within the meaning of California Code of Regulations 18700 (a)(2) are required to file statements of economic interests, shall do so.

Be it further

RESOLVED that the board hereby adopts the following

DESCRIPTION OF FINANCIAL DISCLOSURE CATEGORIES

Category 1: Investments that may be materially affected by any decision made or participated in by the designated individual must be disclosed on Schedules A-1 &/or A-2 of Form 700.

Category 2: Interests in Real Property that may be materially affected by any decision made or participated in by the designated individual must be disclosed on Schedules B &/or C of Form 700. If the designated individual is a trustee, designated alternate trustee, or *SamCERA* staff member, disclosure is only required on real property located in the County of San Mateo.

Category 3: Income that may be materially affected by any decision made or participated in by the designated individual must be disclosed on Schedules C, D, E, &/or F of Form 700.

Category 4: A Business Entity in which the designated individual is a director, officer, partner, trustee, or holds any position of management that may be materially affected by any decision made or participated in by the designated individual must be disclosed on Schedule C of FPPC Form 700. Be it further

RESOLVED that the board, in concert with the opinion of the FPPC, defines as *consultants specifically identified to file by the Board of Retirement* "employees and principals who provide services to the board, with influence over the investment decisions pertaining to the retirement fund and in positions that involve the making or participation in the making of decisions which may foreseeably have a material effect on any reportable financial interest". Be it further

RESOLVED that the board hereby authorizes the Chief Executive Officer to instruct the following firms to identify employees and principals who meet the definition of consultant set forth above: Aberdeen Asset Management, Angelo Gordon, Artio Global Investors, , Barrow Hanley Mewhinney& Strauss, Inc., BlackRock Capital Management, Inc., Brigade Capital Management, Brown Brothers Harriman, Chartwell Investment Partners, D.E. Shaw Investment Management LLC, Franklin Templeton Institutional, INVESCO Realty Advisors, Jennison Associates, Mondrian Investment Partners, Pyramis Global Advisors, Strategic Investment Solutions, T. Rowe Price Associates, Inc., The Boston Company Asset Management LLC, and Western Asset Management. Be it further

RESOLVED that the board hereby instructs the Chief Executive Officer to provide annual disclosure Form 700s to all trustees and all individuals in the *Designated Positions*. Each individual receiving said form must file the original Form 700 with the Chief Executive Officer who must make and retain a copy and forward the original to the County Clerk. Form 700 must be filed at the times and on the forms prescribed by law. Failure to file statements on time may result in penalties, including but not limited to late fines. Be it further

RESOLVED that the board hereby instructs the Chief Executive Officer to implement a program to provide reasonable assurance that foreseeable potential conflict of interest situations will be disclosed

and prevented and to provide each affected person with a clear and specific statement of his or her duties under the Conflict of Interest Code. Be it further

RESOLVED that the board hereby instructs the Chief Executive Officer to supply the necessary forms and manuals, to monitor timely and complete filing compliance, to take action regarding late filings and to report apparent violations of the Conflict of Interest Code to the Board.

ADOPTED by unanimous vote, February 23, 1999

AMENDED by unanimous vote, February 22, 2000

AMENDED by unanimous vote, February 27, 2001

AMENDED by unanimous vote, February 26, 2002

AMENDED by unanimous vote, March 25, 2003

AMENDED by unanimous vote, February 22, 2005

AMENDED by unanimous vote, January 24, 2006

AMENDED by unanimous vote, February 26, 2008

AMENDED by unanimous vote, July 28, 2009

AMENDED by unanimous vote, March, 2010

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 7.8

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Annual Review of *SamCERA's* Strategic Services Resolution

STAFF RECOMMENDATION: Staff recommends that the board review and reaffirm the attached Strategic Services Resolution 95-96-06, as amended on March 22, 2005.

BACKGROUND: Resolution 95-96-06, as amended, incorporates the language, which was submitted to the board on April 14, 1994, as part of *SamCERA's* first independent budget. The resolution flows from the Mission & Goals Resolution and is an integral part of *SamCERA's Policies and Procedures Manual* and annual budget process. It also defines the program structure of *SamCERA's* budget.

DISCUSSION: The statement of strategic services should, at a minimum, categorize the broad range of services provided by the association and differentiate between the duties of the board and the duties of staff. Unless amended, the resolution as it appears will be incorporated into *SamCERA's Sources, Uses and Budget Report* for the fiscal year 2011-2012.

Resolution 95-96-06, as amended on March 22, 2005, is attached.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Strategic Services

RESOLUTION 95-96-06 as amended

THIS RESOLUTION, adopted by the Board of Retirement (Board) of the San Mateo County Employees' Retirement Association (SamCERA), sets forth the Board's Responsibilities & Strategic Staff Services.

WHEREAS, Government Code 31520 vests the management of SamCERA in the Board; &

WHEREAS, Resolution 95-96-05 defines the Board's mission and goals; &

WHEREAS, the Board wishes to direct its efforts and the efforts of its staff in concert with the spirit of the law and the Board's Mission and Goals. Now, therefore, be it

RESOLVED, that the Board hereby adopts the following:

BOARD RESPONSIBILITIES

- Determine Eligibility for Benefits & Provide for the Disbursement of those Benefits
- Provide for the Investment & Safekeeping of Retirement Fund Assets
- Assure the Actuarial Soundness of the System
- Establish & Arrange for the Collection of Contributions
- Manage the Association & System in accordance with the Law
- Define Fiduciary & Ministerial Responsibilities and Effectively Delegate them to Designated Fiduciaries
- Select & Monitor the Performance of Designated Fiduciaries, including but not limited to chief executive officer, investment managers, consultants and other advisors
- Approve & Monitor Policies, Internal Controls & Audit Programs

STRATEGIC STAFF SERVICES

MEMBER BENEFIT & ACTUARIAL SERVICES

- Implement the Benefit Services Plan, including individual member counseling
- Establish Eligibility & Process Applications for Membership & Benefits
- Provide for & Monitor Payment of Benefits & Refunds
- Accurately Maintain & Monitor Member & Benefit Databases
- Provide Timely, Accurate & Useful Services, Reports & Recommendations for Members, Retirees, Beneficiaries & the Board

INVESTMENT MANAGEMENT SERVICES

- Implement the Investment Plan
- Monitor Manager & Custodial Activity
- Project & Monitor Retirement Fund Cash Flows
- Provide Timely, Accurate & Useful Reports & Recommendations to the Board

BOARD SUPPORT SERVICES

- Faithfully Execute the Duties & Responsibilities Delegated by the Board
- Support the Board in its execution of its Powers & Duties
- Provide Timely, Accurate & Useful Information & Recommendations to the Board
- Direct the Benefits, Investments & Management Services Programs
- Provide Member Education, Public Information & Inter-Agency Services
- Propose, Implement & Monitor Internal Control Systems

MANAGEMENT SERVICES

- Implement the Management Services Plan, including Human Resources, Information Systems, Fiscal, Accounting, Analytical, Facilities & Support Services
- Manage Contracts
- Maintain liaison with providers of County support services
- Direct Catastrophe Recovery Planning

Be it further

RESOLVED, that the Board hereby expresses its intent to review annually the responsibilities and strategic services set forth herein.

ADOPTED by unanimous vote August 25, 1995

AMENDED by unanimous vote September 19, 1996

AMENDED by unanimous vote February 26, 2002

AMENDED by unanimous vote March 22, 2005

San Mateo County Employees' Retirement Association
Board of Retirement

February 22, 2011

Agenda Item 7.9

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Annual Review & Reaffirmation of Internal Controls Policy

STAFF RECOMMENDATION: Staff recommends that the board review and reaffirm the attached Internal Controls – Disbursements from the Retirement Fund Resolution 95-96-16, as amended on April 22, 2003.

BACKGROUND: Government Code §31520 vests management of the association in the Board of Retirement. Pursuant to Government Code §31522.2 the board appointed the Administrator as Chief Executive Officer. In April 1994, the board adopted its Delegation of Authority to the Chief Executive Officer. In that delegation, the board reserved unto itself all powers regarding the approval of the system of internal controls.

The delegation, in pertinent part, provided the following instructions to the CEO:

The board hereby retains all powers (**UNDELEGATED POWERS**) regarding the approval of Investment Policy & Plan, Benefits Policy & Plan, Disability Benefit Applications, Contribution Rates, the Budget, the system of Internal Controls, the conduct of board business & contracts with non-governmental entities; as well as the selection of investment managers, master custodians, legal counsel, actuaries, consultants & auditors...

The board hereby **DELEGATES** the following powers & duties to the Chief Executive Officer: ...

- 1.1 The Chief Executive Officer shall provide the Board with his independent analysis & timely recommendations on issues & proposals pertaining to the **UNDELEGATED POWERS**.
- 1.2 The Chief Executive Officer shall provide support for the **CONDUCT OF BOARD BUSINESS**.
- 1.3 The Chief Executive Officer may, in writing, delegate any of the delegated powers & duties to designated employees of the Association, so long as he first obtains the approval of the Board & so long as he remains accountable for the acts of the designated employee.
- 1.4 The Chief Executive Officer shall prudently exercise delegated signature authority, as provided for in a separate resolution, except that he is hereby authorized to sign on the Board's behalf in matters between the Association & the County.

The delegation empowers the CEO to disburse benefits, refunds and budgeted expenditures. The board budgets administrative expenses through resolution and professional expenses through executed agreements. The CEO executes those budgets, but Resolution 95-96-16 expressly prohibits him from performing the functions required to prepare supporting documentation or the transactions to initiate disbursements. County policy allows another level of internal control. The Auditor-Controller is required to review and authorize the board's budgeted expenditures. Resolution 95-96-16 requires the Controller's signature on all disbursements.

DISCUSSION: In staff's opinion, there are no matters in *SamCERA*'s disbursement process that may be considered to be material weaknesses. The internal controls governing the disbursement of monies from the San Mateo County Employees' Retirement Association assure separation of duties.

Resolution 95-96-16, as amended April 22, 2003, is attached.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Internal Controls - Disbursements from the Retirement Fund
RESOLUTION 95-96-16, as amended

*THIS RESOLUTION, adopted by the Board of Retirement (Board)
of the San Mateo County Employees' Retirement Association (SamCERA),
adopts Internal Controls for the disbursement of monies from the Retirement Fund.*

WHEREAS, Government Code §31520 vests the management of the Association in the Board; and §31525 empowers the Board to adopt regulations; and

WHEREAS, Government Code §31590 provides specific guidance for disbursements from the Retirement Fund; and

WHEREAS, Section 17 of Article XVI of the Constitution of the State of California states that *the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for the...administration of the system*; and

WHEREAS, The board has appointed a Chief Executive Officer pursuant to Government Code §31522.2 & has resolved to delegate specific powers and duties to the Chief Executive Officer, including the duty to provide for an effective system of internal controls; and

WHEREAS, The Chief Executive Officer has recommended the following controls to help assure that the assets of the Fund cannot be compromised. Therefore be it

RESOLVED that the Chief Executive Officer will implement the following internal controls for the disbursement of moneys from the retirement fund.

1. The retirement payroll checks shall bear the signature of the County Controller. The board delegates safekeeping of the retirement payroll check stock to the County Controller.
2. Changes to the retirement payroll may only be performed by designated retirement staff.
3. *SamCERA* shall utilize the accounts payable system of the County Controller for operational expenditures. The accounts payable checks are from the Controller's check stock and shall bear the signature of the County Controller.
4. Preparation and approval of operational expense documents & transactions may only be performed as referred to below.
5. All other checks drawn on the retirement fund shall bear the signature of the Chief Executive Officer or a staff member he has delegated and the facsimile signature of the Board Secretary & County Controller in accordance with Government Code §31590 & Board Resolution 95-96-15.
6. The board delegates safekeeping of the blank check stock to the Chief Investment Officer. The Chief Investment Officer is hereby prohibited from initiating or granting final approval for retirement disbursements via check stock. Blank check stock shall not be released to a staff member authorized to approve disbursements. The Chief Investment Officer shall maintain a log, which documents inventory released, date, amount, stated intent of the disbursement and require a signature or initial from the staff member receiving the blank stock.
7. The County Controller shall not honor any journal entries, claims, purchase orders, transmittals, appropriation transfer requests, or other charges against the retirement fund without the written or electronic approval of the Chief Executive Officer or, in his absence, his designee.

8. The Treasurer shall not honor any claims, transmittals, or other charges against the retirement fund without the approval of the Chief Executive Officer or, in his absence, his designee.
9. The Chief Executive Officer's or, in his absence, his designee's approval shall be evidenced by his signature or initials on the document initiating the transaction. The document may be any standard form, including, but not limited to, a register authorizing electronic funds transfers.
10. Pursuant to his Delegation of Authority, the Chief Executive Officer shall delegate to staff the task of preparing the documents & transactions referred to above, and shall supervise & audit staff's work.
11. Pursuant to his Delegation of Authority, the Chief Executive Officer shall delegate to the County Controller the task of reconciling the bank statement to *SamCERA*'s general ledger. The Controller shall provide *SamCERA* with a timely outstanding checks reconciliation report. *SamCERA*'s staff shall promptly resolve any discrepancies. The Chief Investment Officer shall supervise & audit the bank reconciliation process.
12. The Chief Executive Officer and his designee are hereby prohibited from having access to check stock or performing the functions required to prepare any and all documents and transactions which allow disbursement of moneys from the retirement fund, but shall audit the work of others prior to granting approval. Document approval is specified in number 9 above. Check approval from the blank stock will be further evidenced by the appropriate signature and affixing the facsimile signature of the Board Secretary prior to forwarding it to the County Controller for his signature.
13. The board delegates safekeeping of the Board Secretary's facsimile signature to the Chief Executive Officer.
14. The Chief Executive Officer may delegate disbursement approval and check signing authority to one employee of the association, who may act only in the absence of the Chief Executive Officer. That employee is prohibited from having access to the blank check stock. In acting for the Chief Executive Officer the employee agrees to all responsibilities and prohibitions stated above.
15. Pursuant to his Delegation of Authority, the Chief Executive Officer shall report to the board regularly on matters of significance related to the Association's Internal Controls.

ADOPTED by unanimous vote, February 22, 1996

AMENDED, by unanimous vote, March 28, 1996

AMENDED, by unanimous vote, March 27, 2001

AMENDED by unanimous vote, May 28, 2002

AMENDED by unanimous vote, April 22, 2003

**San Mateo County Employees' Retirement Association
The Board of Retirement**

February 22, 2011

Agenda Item 7.9 a

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Review of *SamCERA's* Internal Control Structure

STAFF RECOMMENDATION: Staff recommends that the board review and reaffirm the Internal Control Guidelines below, *SamCERA's* Risk Identifications, and *SamCERA's* Internal Controls – Disbursements from the Retirement Fund Resolution 95-96-16, as amended April 22, 2003.

BACKGROUND: Government Code §31520 vests management of the association in the Board of Retirement. Pursuant to Government Code §31522.2 the board appointed the Administrator as Chief Executive Officer. In April 1994 the board adopted its Delegation of Authority to the Chief Executive Officer. In that delegation, the board reserved unto itself all powers regarding the approval of the system of internal controls.

At the conclusion of the June 30, 2006, audit, the Audit Committee, staff and independent auditor discussed the possibility of an internal controls audit. The committee was reminded that an internal controls audit covers only those controls attested to by management. After a lengthy discussion, the committee opined that staff should develop and implement an internal controls system to identify and assess *SamCERA's* risks. Those guidelines followed by *SamCERA's* Risk Identifications and a Resolution that specifically details the internal controls for disbursements from *SamCERA* are on the following pages.

DISCUSSION: The internal control guidelines that appear below are *SamCERA's* framework for implementing an effective and efficient internal control system.

In addition to the guidelines below, there is a compilation of *SamCERA's* identified risks. The identification process drew heavily upon work completed by Brown Armstrong, *SamCERA's* independent audit firm. A staff project for the upcoming fiscal year will be to expand the areas of risk identification. The final step in this process will be to develop a risk manual that lists the identifiable risks, then details the procedure(s) in place to mitigate each specific risk.

Internal Control Guidelines

There are five internal control standards issued by the United States General Accounting Office. *SamCERA* will address these standards when documenting its internal controls. The purpose of the controls is to guide *SamCERA's* management in carrying out its goals and objectives. This guidance is not intended to take the place of management's judgment or to dictate how management chooses to carry out its responsibilities.

One definition of internal control or an internal control system is the integration of the activities, plans, attitudes, policies, and efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its mission and objectives.

This definition establishes that:

- internal control impacts every aspect of an organization: all of its people, processes and physical structures;
- internal control is a basic element that permeates an organization - not a feature that is added on;
- internal control incorporates the qualities of good management;
- internal control is dependent upon people and will succeed or fail depending on the attention people give to it;
- internal control is effective when all of the people and the surrounding environment work together;
- internal control provides a level of comfort to an organization; controls do not guarantee success; and
- internal control helps an organization achieve its goals and objectives.

As stated in the above definition, internal control is a means for achieving an organization's goals and objectives. More specifically, there are four purposes of internal control:

- to promote orderly, economical, efficient and effective operations and to produce quality products and services consistent with the organization's mission;
- to safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud;
- to ensure adherence to laws, regulations, contracts and management directives; and
- to develop and maintain reliable financial and management data, and to accurately present that data in a timely report.

If *SamCERA* addresses each of these four purposes in developing its internal control system, it will most likely achieve its goals and objectives. Failure to adequately address any one of these purposes may put the organization at risk.

The first internal control standard is Control Environment.

Control environment is the attitude toward internal control and control consciousness established and maintained by the management and the employees of *SamCERA*. It is a product of management's philosophy, style and supportive attitude, as well as the competence, ethical values, integrity, and morale of its people. *SamCERA*'s structure and accountability relationships are key factors in the control environment.

SamCERA will establish and maintain a positive and supportive attitude towards the achievement of its objectives. While management sets the tone for the work environment, all employees have input into the control environment. Over the years, studies have found that there are two effective ways to reduce fraud. One way is to lock up everything in your workplace and the other way is to surround yourself with ethical people. Employees make internal controls work. The values in place at *SamCERA* determine its ethical tone.

The second internal control standard is Risk Assessment.

Risks are events that threaten the accomplishment of objectives. They ultimately impact *SamCERA*'s ability to accomplish its mission. Risk assessment is the process of identifying, evaluating and determining how to manage these events. At every level within *SamCERA* there are both internal and external risks that could prevent the accomplishment of established objectives. Ideally, management should seek to prevent these risks. However, sometimes management cannot prevent the risk from occurring. In such cases, management should decide whether to accept the risk, reduce the risk to acceptable levels, or avoid the risk. To have

reasonable assurance that the organization will achieve its objectives, management should ensure each risk is assessed and handled properly.

Risk identification occurs as a result of findings from audits, evaluations and other testing or assessments. Risk analysis includes estimating the likelihood and frequency of occurrence of each risk and determining whether it falls into the low, medium, or high-risk category. Once risk is identified, the potential impact on programs should be measured and additional controls should be developed. Risk is not another thing to manage, but a way of managing.

SamCERA will perform a risk assessment on an annual basis. This involves a review and analysis of program operations to determine where risk exists, and what those risks are. These risks are then measured towards the impact on our operations. A risk assessment also allows *SamCERA* to target high-risk areas or programs and focus on where the greatest exposure exists. Management will reassess risk as a result of changing conditions, both internal and external, in the workplace.

The third internal control standard is Control Activities.

Control activities are tools - both manual and automated - that help prevent or reduce the risks that can impede accomplishment of *SamCERA's* objectives and mission. *SamCERA* will establish control activities to effectively and efficiently accomplish its objectives and mission.

SamCERA will use methods to reduce risk identified during the risk assessment process to ensure that *SamCERA's* decisions and objectives are carried out. Methods used to control activities include policies, procedures, networking, auditing and investigations. Control activities can include both prepayment and/or post payment mechanisms to manage any improper payments.

SamCERA will have in place detection techniques to quickly identify and correct improper payments. Detection techniques play a large role in identifying improper payments and also provide information on why these payments were made so that corrections in our process can be made. Management will ensure that there is a proper segregation of duties, divided among different people to reduce error, waste, or fraud. No one individual will be allowed to control all key aspects on a transaction or event. The internal control activities will be flexible, weighing costs and benefits, to allow *SamCERA* to tailor these activities to fit its special needs. Once in place, control activities will provide useful information to meet *SamCERA's* objectives.

The fourth internal control standard is Information and Communications.

Communication is the exchange of useful information between and among people and organizations to support decisions and coordinate activities. Within *SamCERA*, information should be communicated to management and other employees who need it in a form and within a time frame that helps them to carry out their responsibilities. Communication also takes place with outside parties such as members, departments of the county, outside professional staff and regulators.

For *SamCERA* to run and control its operations, it will foster fast, reliable and accurate information. Also, it will make sure that the types of communications are broad-based and that information technology management assures useful, reliable and continuous communications.

How *SamCERA* communicates is as important as what it communicates. Effective communication should occur in a broad sense with information flowing down, across, and up *SamCERA's* organization. By asking questions, management will treat feedback from employees as another way to consider if the internal controls are effective.

The fifth internal control standard is Monitoring.

Monitoring is the review of *SamCERA's* activities and transactions to assess the quality of performance over time and to determine whether controls are effective. Management should focus monitoring efforts on internal control and achievement of organizational objectives. For monitoring to be most effective, all employees need to understand the organization's mission, objectives, responsibilities and risk tolerance levels.

Monitoring performance is a critical tool to success. When risk is identified, internal control monitoring will be put in place to measure the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. *SamCERA* will implement continuous monitoring activities as well as specific events, such as audits, special reviews or evaluations to monitor internal controls.

SamCERA's monitoring includes policies and procedures for tracking audit findings and other reviews brought to the attention of management to see they are promptly resolved. Specific evaluations are a great method to look at internal controls by focusing on a specific event and time. Proper monitoring and review allows *SamCERA* to track the progress of improvements and determine if deficiencies are corrected.

Monitoring activities will be ongoing to aid in reducing improper payments. *SamCERA's* monitoring process will include procedures for ensuring that results are communicated to the necessary people so that they can be promptly resolved. Using data from monitoring not only improves operations; it allows management ways to identify areas needing further attention or a shift in focus.

SAMCERA'S RISK IDENTIFICATIONS

I. CONTRIBUTIONS RECEIVED AND RECEIVABLE **(INCLUDING EMPLOYER AND EMPLOYEE CONTRIBUTIONS)**

CONTROL OBJECTIVES

1. Employer and employee contributions are recorded timely and accurately as to account, amount, and period.
2. Employee contributions are properly applied to participant accounts.
3. Employer contributions are calculated in accordance with the plan document.
4. Employer and employee contributions comply with Department of Labor or other requirements.
5. Past due contributions are properly investigated.

COMMON CONTROL PROCEDURES

1. Is there documentation of the basis for determining the employer contribution in the plan instrument or collective bargaining agreement?
2. Is an actuary used to determine the contribution for a defined benefit retirement plan; a target benefit plan or money purchase plan; or a health and welfare benefit plan, if appropriate?
3. Are approved eligibility lists used to determine, the contribution?
4. Are employer payroll records compared with contribution calculations?
5. Are control totals established over employer and employee contributions?
6. Are employee contributions posted to individual participant account records?
7. Are recorded contributions periodically reconciled to:
 - a. Actuary Reports?
 - b. Trustee's or third-party administrator's reports of contributions received?
 - c. Employer payroll records?
 - d. Individual participant accounts?

8. Are there procedures for determining that contributions (employer, employee, elective deferrals, etc.) to defined contribution retirement plans do not exceed the annual limitation?
9. Are there procedures for determining that employee contributions withheld by the employer(s) are remitted to and received by the plan on a timely basis in accordance with DOL Regulations?
10. Are past due contributions receivable investigated?
11. If cash contributions are sent to the plan rather than directly to a bank, trustee, or third-party administrator, see PCX-8e on Cash.
12. Are employees with contribution responsibilities required to take vacation, and are other employees required to perform those functions when an employee is absent?
13. Is access to computerized contribution records limited to those with a logical need for such access?

Questions related to Multiemployer Plans

14. Are preprinted, prenumbered employer contribution reports used?
 - a. Do the reports allow for the identification of employer and employee contributions?
 - b. Do the reports allow for the determination of the period to which then employer and employee contributions relate?
15. Is control established over employer contribution reports as they are received and maintained throughout processing. for example, by accounting for the sequence of report numbers or by a dollar control total?
 - a. Are missing contribution reports investigated?
16. Are employer contribution reports checked for accuracy of the contribution rate, hours worked, period to which the contribution relates, extensions and footings, and social security numbers?
 - a. Are errors or discrepancies investigated?
17. Are periodic audits made of employers' payroll records?
18. If union dues are included in contribution remittances, are they promptly remitted to the union?

II. INVESTMENTS

CONTROL OBJECTIVES

1. All investment transactions, including participant loans, are authorized, properly documented, and comply with the plan's provisions.
2. All investment transactions are properly recorded in detail records and accumulated, classified, and summarized in control accounts.
3. All investment transactions, including investment income and expenses, are recorded timely and accurately as to account, amount, and period.
4. All investments and insurance contracts are properly valued and classified.
5. Insurance companies are able to fulfill their contract obligations.
6. Physical loss of securities and other investments evidenced by certificates is prevented or accounted for on a timely basis.

COMMON CONTROL PROCEDURES

1. Does the plan instrument or minutes of the administrative or investment committee or board of trustees document the following:
 - a. Investment policies and objectives?
 - b. Authority to execute investment transactions?
 - c. Types and terms of investment and insurance contracts?
2. If plan investments are administered under a discretionary trust agreement, has the administrative or investment committee or board of trustees approved the agreement with the trustee and documented approval in its minutes?
3. Does the administrative or investment committee or board of trustees review investment transactions, balances, and reports from trustees for adherence to:
 - a. Investment policies and objectives of the plan instrument or administrative or investment committee?
 - b. ERISA investment limitations and diversification requirements?
4. Are investment transactions and balances either recorded in a subsidiary ledger or supported by detailed reports from a trustee?
 - a. Are detailed subsidiary ledgers maintained and reconciled to control accounts and brokers' statements?
 - b. Are the reconciliations between the detail subsidiary ledgers and the control accounts prepared and reviewed by the plan administrator or other appropriate person?

- c. Are investment securities periodically counted or confirmed and reconciled to the detail subsidiary ledgers?
 - d. Are reconciliations of physical counts or confirmations to detail subsidiary ledgers reviewed by the plan administrator or other appropriate person?
5. Are reliable sources (such as published dividend and interest listings, leases, mortgage and loan agreements, insurance contracts, etc.) checked to determine that all investment income (dividends, interest, rents, etc.) has been received and is accurate?
6. If a significant amount of investment income is received by the plan rather than being sent directly to a bank, trustee, servicing agent, etc., see PCX-8e on Cash.
7. Are investment commissions, management fees, real estate maintenance and property taxes, insurance premiums, etc., reviewed for reasonableness and adherence to contractual terms?
8. Are investment valuation methods documented in trust agreements or minutes of the administrative or investment committee or board of trustees?
9. If investment valuations include "good faith" valuations of securities that do not have a market price:
 - a. Is the basis for the valuations documented in appraisal reports or minutes of the administrative or investment committee or board of trustees?
 - b. Is approval of the valuation documented in minutes of the administrative or investment committee or board of trustees?
10. Are recorded investment valuations compared with market quotations or appraisal reports?
11. Does the plan administrator or other appropriate person periodically assess whether any of the investments are permanently impaired and adjust the carrying amounts of the impaired securities accordingly?
 - a. Are write-downs and other adjustments approved by the plan administrator or other appropriate individual?
 - b. Is there periodic review of investments that have been written off for possible appreciation?
12. Are there procedures for identifying investment transactions that require disclosure, for example, party-in-interest transactions and reportable transactions (transactions, or a series of transactions, exceeding 5% of the current value of plan assets)?
13. Is the custodial function separate from the responsibility for investment decisions, transactions, and recordkeeping?

14. Are the reputation, integrity, and financial capability of financial institutions or other custodians holding investment securities or with which the plan has trust agreements or insurance or investment contracts periodically reviewed, including review of financial statements, reports of the institution's independent auditor, rating bureau reports, etc.?
 - a. Are there procedures for identifying changes in recorded values in light of current conditions related to the financial institutions?
15. Are investment documents such as stock certificates, bonds, leases, deeds, mortgage and loan agreements, insurance contracts, etc., kept in a safe place to which there is limited access?
16. Are securities and other investment documents that are held by custodians or depositories periodically inspected or confirmed and compared to recorded amounts?
17. If the plan invests in derivative financial instruments, has the plan fiduciary or investment committee established procedures for obtaining timely market value information on the derivatives and analyzing their results?
18. Does plan management monitor agreements to determine that embedded derivatives are identified and properly accounted for?
19. Are employees with investment responsibilities required to take vacations, and are other employees required to perform those functions when an employee is absent?
20. Is access to computerized investment records limited to those with a logical need for such access?

Additional Questions for Investment Management Agreements

21. Are modifications of investment contract terms approved by the administrative or investment committee or board of trustees, with approval documented in its minutes?

III. CASH

CONTROL OBJECTIVES

1. Cash receipts are recorded accurately as to account, amount, and period.
2. Cash disbursements are recorded accurately as to account, amount, and period.
3. Cash disbursements are made for authorized and received goods and services and authorized benefit payments.

COMMON CONTROL PROCEDURES

Cash Receipts

1. Are cash receipts controlled upon receipt, such as by prelisting by someone with no access to cash records?
 - a. Is the list later compared to the bank deposit and cash receipts records by someone with no access to cash?
2. Are preprinted, prenumbered cash receipt forms used?
 - a. Are the forms used in numerical sequence and the sequence accounted for?
3. Are checks restrictively endorsed (e.g., for deposit only) upon receipt?
4. Is cash deposited intact and promptly?
5. Are contribution forms and other remittance advices (for example, loan payment forms, interest and dividend statements, rent forms, etc.) that accompany cash received reconciled to cash receipts ledgers and bank deposits?
6. Are cash receipts handled by persons other than those who process contributions?

Cash Disbursements

7. Are bank accounts that are maintained independent of a trust or insurance agreement, and check signers related to such accounts, approved by the administrative or investment committee or board of trustees?
8. Are checks and purchase orders prenumbered, used in sequence, the sequence accounted for, and unissued checks and purchase orders controlled?
9. Are blank checks stored in a secure place to which access is limited to authorized persons?

10. Is the check signer independent of the initiator, approver, and processor of the disbursement, investment purchase, benefit payment, etc.?
 - a. Are checks signed when needed (that is, not signed in advance)?
 - b. Is counter-signature required for amounts over a predetermined cutoff?
 - c. Are checks not returned to the preparer after signing?
 - d. If mechanical check signers and signature plates are used, are they kept under the control of a person who is independent of the initiator, approver, and processor of the disbursement, investment purchase, benefit payment, etc.?
 - e. Are checks signed by authorized signers?

11. Are checks prepared only after matching to proper and approved supporting documents (investment or other purchase order, benefit or claim application, etc.)?
 - a. Does the check signer review all supporting documentation?
 - b. Are the supporting documents canceled, marked with the check number when the check is prepared, and retained?
 - c. Is the clerical accuracy of the documents supporting disbursement checked?

12. Are there adequate controls over non-check disbursements such as debit memos and wire transfers (for example, passwords for individuals authorized to make transfers, bank callback verifications for telephone transfers exceeding a predetermined dollar amount, etc.)?

Reconciliation and Review

13. Are bank accounts reconciled regularly by a person who is independent of the cash receipts and disbursements functions?
 - a. Are bank reconciliations reviewed by another appropriate person?
 - b. Are stale checks followed up on periodically by a person who is independent of the accounts payable and cash disbursements functions?
 - c. Is the list of daily cash receipts compared to postings to participant accounts and deposits by a person independent of the cash receipts and contributions functions?
 - d. Are cash disbursement records matched against accounts payable (or benefits payable) open invoice files (or benefit payment calculations)?
 - e. Does a manager or another responsible person periodically compare actual cash receipts and disbursements to budgeted cash receipts and disbursements and follow-up on significant variances?

14. Other checking or processing routines:
 - a. Are cash receipts and checks promptly and accurately recorded upon issuance?

- b. Are cash receipts and disbursements periodically reviewed by the plan administrator or other appropriate person?
 - c. Are adjustments of cash accounts approved by the plan administrator or other appropriate person?
 - d. Are there adequate procedures for approving and recording interbank transfers?
 - e. Is a mechanical check protector used to inscribe checks so that alteration of amounts or payees might be more easily detected?
 - f. Are voided checks and other voided documents canceled and retained?
15. Are employees with cash disbursement and bank reconciliation responsibilities required to take vacations, and are other employees required to perform those functions when an employee is absent?
16. Is access to computerized cash receipts and disbursements records limited to those with a logical need for such access?
17. Are checks that have been outstanding for a long time investigated and payment stopped?

IV. OPERATING EXPENSES

CONTROL OBJECTIVES

1. Operating expenses are valid, in accordance with the plan document, and properly approved.
2. Expenses are promptly and accurately recorded as to payee, amount, account, and period.

COMMON CONTROL PROCEDURES

1. Does the plan instrument describe types of administrative services the plan will offer?
2. Are operating expenses approved by a responsible official who is not involved in processing expenses?
3. Are recorded expenses compared to contracts and agreements, reports of amounts paid by trustees or third-party administrators, and disbursements?
4. Are there procedures for identifying transactions that require disclosure, for example, party-in-interest transactions?
5. If expenses are allocated to more than one plan, are the allocation methods and calculations reviewed?
6. If the plan makes payments for expenses, see PCX-8e on cash disbursements.

V. COMPUTER CONTROLS QUESTIONNAIRE—GENERAL CONTROLS

Organization Controls

1. Is the information technology (IT) department independent of the departments it serves?
2. Are IT personnel prohibited from initiating or authorizing transactions?
3. Are IT personnel prohibited from initiating changes to master files or are appropriate procedures followed to control those changes?
4. Are departments that initiate master file changes given a report showing the changes that were made?
5. Are appropriate procedures followed when IT personnel make corrections to errors in data files or applications?
6. Is there separation of duties between programmers, system administration, and users?
7. Are the duties of IT personnel rotated periodically?
8. Are IT personnel required to take annual vacations of at least one continuous week and during the vacationing personnel's absence, are their duties performed by other personnel?
9. If there is an internal audit function, do the internal auditors report to the audit committee on whether the computerized accounting applications are designed and operated to produce information that can be used to prepare accurate financial statements?

Access Controls (If the entity has more than one computer system or a LAN, this section of the form should be completed for each system or LAN. To do so, a copy of this page and the next can be made and completed for each system or LAN.)

10. Is one employee assigned the responsibility for IT security?
11. Are there adequate physical controls to ensure that access to computer facilities are restricted to authorized personnel?
12. Are programmers restricted from access to applications in live operation, job control language, and live data files?
13. Are procedures in place to prevent testing of new or revised programs on live data files?

14. Are software users prohibited from having access to source code, the compiler, and programming documentation?
15. Is access to application processing parameter databases or table files restricted to authorized personnel, and are changes to those files adequately reviewed?
16. Are software utilities that can alter data or applications adequately controlled and their use logged for subsequent management review?
17. Is access control software used for terminals and workstations so that—
 - a. Access is limited to specified persons?
 - b. Individuals have access only to those applications or files that are necessary to perform their duties?
18. If passwords are used to control terminal or workstation access—
 - a. Are procedures established to determine that those passwords are confidential and unique?
 - b. Are passwords changed at regular intervals?
 - c. Are passwords promptly canceled for terminated employees?
19. Regarding IT personnel who are terminated—
 - a. Are they released from sensitive duties immediately?
 - b. Is their access to the IT system suspended immediately?
 - c. Are their actions appropriately supervised until their departure from the premises?
20. Are there procedures to prevent remote access to the network through dialup, Internet, or Virtual Private Network (e.g., dial- back, polling lists, user ID or passwords)?
21. If confidential or sensitive information is transmitted through public carrier networks (e.g., by leased line), are protection methods used to prevent or detect unauthorized access, either through carrier security methods or independent methods (e.g., encryption methods)?
22. For internal network traffic, are procedures that are commensurate with data traffic sensitivity in place to provide security over transmissions across the network?
23. Are intrusion detection systems in place on the internal network to monitor the network?
24. Has all data been classified and appropriate risk ranking established that will support and provide evidence for the use of implemented network security controls?
25. For centralized data centers, are there appropriate controls over access to system administrator instruction manuals?

26. For decentralized, distributed client server systems, are there appropriate education, training, and support materials available for the system administrator and security administrator over the servers?

Application Development Controls (If the entity has more than one computing platform, such as mainframe and LAN, this section of the form should be completed for each platform. To do so, a copy of this page can be made and completed for each platform.)

(The following questions apply to all key applications, both those developed in-house and those purchased from third-party vendors.)

27. Are there established procedures and is approval obtained for development of new applications, as well as modifications of existing applications, preferably through a system development life cycle methodology?
28. Do the application development procedures give adequate consideration to development of adequate control features for the new or modified applications?
29. Do the application development procedures require active involvement by the users (and internal audit, if applicable)?
30. Have formal testing procedures been established to check the functioning of new applications and modifications of existing applications (including testing of modifications made by vendors to purchased software)?
31. During the testing phase, does the user group (or the personnel who will run the system for the user group) test the application as a complete product, and is testing performed under conditions similar to those in which the application or system is expected to be run?
32. Are there formal standards and procedures for documentation of new applications as well as modifications of existing applications?
33. Are procedures in place to prevent unauthorized changes to applications, preferably as part of the plan's system development life cycle methodology?
34. Are there controls over the movement of new or modified code from development to testing and to the live operating environment?

System Software Controls. (System software includes the operating system, database management systems, telecommunications software, security software, and utility software, file management systems, library management packages, compilers, sorts, job control software, and time-sharing software.)

35. If plan personnel have the technical expertise and tools to develop or modify system software—
- a. Are those personnel prevented from having a detailed understanding of related applications and user controls over key files and transactions?
 - b. Are those personnel appropriately supervised?
 - c. Does the plan have in place controls over system software like those for application development (questions 27—34)?
 - d. Are changes to the system software reviewed and approved before moving them into the live operations environment?
 - e. Are changes to the system software tested before moving them into the live operations environment?
 - f. Are key system software parameters periodically reviewed to ensure adequate use and governance of system resources and processing?
 - g. Are maintenance and emergency software patches installed and kept up to date per vendor specifications?

Operational Controls (If the entity has more than one computing platform, such as mainframe and LAN, this section of the form should be completed for each platform. To do so, a copy of this page and the next two pages can be made and completed for each platform.)

36. Are schedules prepared and followed for processing of computer applications?
37. Are changes to work schedules appropriately authorized?
38. Are automated or manual logs used to record system administrator activities?
- a. Are controls in place to ensure that logs are complete and accurate?
 - b. Are the logs reviewed by appropriate supervisory personnel, and are unusual entries appropriately investigated?
39. Are system administrators required to report system failures, restart and recovery, or other unusual incidents, and are those reports reviewed by an appropriate official?
40. Are system administrator instruction manuals available to each computer user (in the form of a printed manual or instructions that can be accessed online)?
41. Do the system administrator instruction manuals contain the following:

- a. Setup of batch jobs and loading of operating systems or software (including applicable control statements or parameters used in processing)?
 - b. Hardware components and data files to be used?
 - c. Input and output media to be used?
 - d. Termination of applications?
 - e. Instructions on actions to be taken (such as rerun or restart procedures) if a process fails to operate properly?
42. Are there appropriate procedures to monitor system administrator compliance with prescribed operating procedures?
43. Are there appropriate procedures for back-up and storage of applications and data files?
44. Is there a documented background screening of IT personnel?
45. Are periodic security briefings provided for IT personnel?
46. Are there appropriate procedures to prevent test versions of applications from being run on live operating data and to control such tests when it is necessary to run them?
47. In circumstances when system administrators must initiate input of data, do procedures exist to allow the system administrators to determine whether the input is properly authorized?
48. Are there appropriate controls such as the following for situations when outside third parties (such as vendors from whom application or system software is licensed) are permitted to sign on to the client's system, for example, to perform problem determination and resolution procedures:
- a. The vendor must specifically request the client's authorization and a user ID and password (ideally a onetime use password) to sign on to the client's system?
 - b. The vendor must ask the client to turn on an activation switch that permits access to the system?
 - c. The client's procedures call for the client to call back vendors who initiate a request for access to the client's system to verify the identity and authority of the caller?

Disaster Recovery/Contingency Planning

49. Is off-premises storage maintained for—
 - a. Master files and transaction files sufficient to recreate the current master files?
 - b. Applications and related documentation?
50. Have contingency plans been developed for alternative processing in the event of loss or interruption of the IT function?
51. If contingency plans have been developed, have they been tested for adequacy in the event of a disaster?
52. Are copies of the backup files for the following periodically tested to make certain they are usable:
 - a. Software copies?
 - b. Master files?
 - c. Transaction or transaction history files?

VI. PARTICIPANT DATA

CONTROL OBJECTIVES

1. All eligible employees are notified of eligibility and allowed to participate in the plan.
2. All participants are eligible to participate in the plan.
3. Participant data is properly and timely recorded and only used for appropriate purposes.
4. Participants' withdrawal requests are properly documented and authorized.

COMMON CONTROL PROCEDURES

1. Does the plan instrument define eligibility for plan participation?
2. Are there procedures to promptly identify employees who become eligible to participate in the plan, for example, by accumulation and periodic review of data relevant to eligibility such as age and service hours?
3. Are employees who become eligible to participate in the plan promptly notified of their eligibility?
4. Is a record kept of employees who decline to participate, for example, by retaining their signed refusals?
5. Are enrollment applications retained and numerically controlled?
6. Are enrollment applications reviewed for eligibility and approved by a responsible official?
7. Are withdrawal forms numerically controlled?
8. Are withdrawal forms [including requests for hardship withdrawals from 401(k) arrangements] reviewed by a responsible official?
 - a. For hardship withdrawals, is documentation maintained that supports the withdrawal request, authorization, amount, and adherence to related tax requirements (for instance, documentation of financial hardship and limitation of amount that may be withdrawn to the amount of the participant's elective deferrals)?

- b. Are there procedures to ensure that participants making hardship withdrawals do not make any contributions to any retirement plans during the six months following the withdrawal, if required by the plan agreement?
- 9. Is the number of plan participants reconciled with the number on enrollment and withdrawal forms?
- 10. Are detailed subsidiary ledgers or records kept of participants who are active, retired, and terminated with vested benefits?
 - a. Are participant subsidiary ledgers or records periodically reconciled to the general ledger?
- 11. Is participant data periodically reconciled to the employer's (or participating employers' in a multiemployer plan) payroll and personnel records?
- 12. Are participant account balances of a defined contribution plan periodically reviewed for the following, and discrepancies investigated:
 - a. Agreement of the total of all balances to the amount of net assets in the plan financial statements?
 - b. Agreement of the number of account balances with the number of plan participants?
 - c. Reasonableness?
- 13. Are participants given statements of their account balances and benefit data upon written request?
- 14. Are participant data records maintained by:
 - a. Persons other than those who approve benefits?
 - b. Persons other than those who process the data records?
- 15. Are employees with participant data responsibilities required to take vacations, and are other employees required to perform those functions when an employee is absent?
- 16. Is access to computerized participant data records limited to those with a logical need for such access?
- 17. Are participant data records maintained in a secure place to which access is limited to authorized persons?

VII. BENEFIT OBLIGATIONS AND PAYMENTS

CONTROL OBJECTIVES

1. Benefit obligations are properly calculated, reviewed, and recorded.
2. Benefit payments are based on valid, approved application forms properly executed.
3. Benefit payments are promptly and accurately recorded as to payee, amount, and period.
4. Benefit payments are made only to those entitled to receive benefits.

COMMON CONTROL PROCEDURES

Benefit Obligations

1. Does the plan instrument specify the formula for the accrual of - benefits?
2. Is participant data updated and reconciled to the employer's payroll and personnel records before being sent to the plan actuary?
3. Do responsible plan officials discuss the actuarial valuation methods and assumptions that are the basis for the actuarial valuation with the actuary?
4. Is the participant data in the actuary's valuation report reconciled to the participant data subsidiary records?
5. Is the actuary's valuation reviewed by responsible plan officials?

Benefit Payments

6. Are signed benefit or claim application forms used to apply for benefits or claims?
 - a. Are the forms preprinted and prenumbered?
 - b. Is numerical control maintained over the forms, such as by accounting for the sequence of form numbers?
7. Are benefit or claims calculations checked for clerical accuracy?
8. Are control totals of monthly benefit or claims payments established?

- a. Are such totals compared to trustee, third-party administrator, or insurance company reports of payments made?
9. If the plan (rather than a trustee, claims processor, or third-party administrator) makes significant cash disbursements to pay claims or benefits, see PCX-8e on Cash.
10. Are benefit or claim applications reviewed for the following and approved by a responsible official or committee not involved in processing:
 - a. Eligibility to receive benefits?
 - b. Benefit or claim amount?
 - c. Compliance with the plan's benefit or claims provisions?
 - d. Supporting documents such as payroll and personnel records, insurance company records, medical bills, etc.?
11. Are participants or beneficiaries notified of their right to have denied benefits or claims reviewed?
12. Are there procedures for identifying persons no longer entitled to receive benefits, such as:
 - a. Periodic correspondence with retirees or their beneficiaries to determine that they are still alive?
 - b. Comparison of benefit check endorsements with signatures in personnel files?
 - c. Having checks and other correspondence returnable to the plan if undeliverable?
13. Are there procedures for promptly removing deceased retirees and others no longer entitled to receive benefits from the benefit rolls?
14. Are benefit and claims approval and recording functions performed by different persons who do not maintain participant records?
15. Are employees with benefit payment responsibilities required to take vacations, and are other employees required to perform those functions when an employee is absent?
16. Is access to computerized benefit payment records limited to those with a logical need for such access?

VIII. PROPERTY AND EQUIPMENT USED IN OPERATIONS

CONTROL OBJECTIVES

1. Fixed assets are purchased/disposed of only with proper authorization.
2. Acquisitions and disposals of fixed assets are properly recorded on a timely basis.
3. Depreciation of fixed assets is calculated and recorded accurately using proper lives and amounts.
4. The carrying value of assets are recoverable.
5. Physical loss of fixed assets is prevented or accounted for on a timely basis.

COMMON CONTROL PROCEDURES

1. Is approval of the administrative or investment committee or board of trustees required and documented for property and equipment additions and disposals?
2. Are there written policies and procedures for:
 - a. Distinguishing between property held for investment and property used in operations?
 - b. Distinguishing between capital items and repairs and maintenance?
 - c. Determining a cutoff amount below which items are charged to operating expense?
 - d. Establishing depreciation method and depreciable life?
 - e. Determining current value (for reporting in Form 5500)?
3. Are detailed property and equipment subsidiary ledgers and records maintained that include description, date purchased, cost, depreciation method, estimated useful life, accumulated depreciation, and depreciation expense?
 - a. Are fully depreciated assets that are still in use maintained in the records to help provide control?
 - b. Are the detailed ledgers and records regularly reconciled to the general ledger?
4. Is access to computerized property and equipment records limited to those with a logical need for such access?

5. Are estimated useful lives and depreciation methods periodically reviewed by a responsible official?
6. Are property items identified by numbered tag or other means of identification attached to the item?
7. Are property items adequately safeguarded from loss due to fire, theft, or misplacement?
8. Are periodic physical inventories taken of moveable property items, compared to detailed property records, and discrepancies investigated?
9. Does the plan administrator or other appropriate person periodically review property and equipment for impairment and adjust the carrying amounts of impaired assets accordingly?
10. Is there adequate segregation of duties between initiating property transactions, asset custody, and recordkeeping?

IX. LOANS PAYABLE

CONTROL OBJECTIVES

1. Financing arrangements and the incurrence of other liabilities (including lease transactions) are properly authorized.
2. All financing transactions are properly recorded and classified in the accounts.
3. Access to debt records and related proceeds is controlled.
4. Debt and other restrictive covenants and ERISA requirements are complied with.

COMMON CONTROL PROCEDURES

1. Are loans and leases authorized by the administrative or investment committee or board of trustees and authorization documented in its minutes?
2. Are loan and lease agreements in the custody of a responsible official and updated for any changes?
3. Are detailed records maintained that reflect debt transactions, including source, description, maturity, interest rate, debt service payment dates, collateral, restrictions, guarantees, etc.?
 - a. Are the detailed records regularly reconciled to the general ledger?
 - b. Are the reconciliations reviewed by the plan administrator or other appropriate person?
4. Are there periodic reviews to determine compliance with debt agreement restrictions and ERISA requirements?
 - a. Are compliance calculations or other detail reviewed by the plan administrator or other person who is familiar with the debt agreement?
5. Are interest expense calculations periodically reviewed for accuracy by the plan administrator or other appropriate person?

**San Mateo County Employees' Retirement Association
Board of Retirement**

February 22, 2011

Agenda Item 7.10

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Approval of *SamCERA's Travel Policy*.

STAFF RECOMMENDATION: Staff recommends that the board review and reaffirm as last amended on March 24, 2009, *SamCERA's Travel Policy*.

COMMENT: At the January 27, 2009, meeting of the Board of Retirement, the Travel Policy was presented as part of the annual policy review process. The board asked that further research be done to determine whether it is necessary for *SamCERA* to have its own policy or whether it could operate under the policy of the County of San Mateo.

After reviewing both policies, staff determined that there are no substantive differences between the standards of travel and reimbursement set by the two policies. However, there are clear differences in the governing authorities, funding sources, and purposes of travel. Numerous references define the following:

<u>Subject</u>	<u>County</u>	<u>SamCERA</u>
Governing Board	Board of Supervisors	Board of Retirement
Governing Officer	County Manager	Chief Executive Officer
Funding Source	County	<i>SamCERA</i>
Purpose of Travel	Represent the County	Represent <i>SamCERA</i>

The board determined these differences are appropriate given that *SamCERA* is a separate legal entity from the County and because the administration of the retirement association is the responsibility of the Board of Retirement.

For the board's reference the current reimbursement rates for the Continental United States (CONUS) as set forth in the Code of Federal Regulations will be distributed at the board.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Travel Policy
Resolution 06-07-01

WHEREAS, Article XVI, §17(c) of the Constitution of the State of California states in part that *The members of the retirement board...shall discharge their duties with respect to the system with the care, skill, prudence, and diligence...that a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims;* and

WHEREAS, Government Code §31520 vests the management of *SamCERA* in the Board; and

WHEREAS, the board acknowledges the vital importance of making informed judgments on all matters which come before it and has adopted a *Code of Fiduciary Conduct* and an *Educational Policy* to guide its actions; and

WHEREAS, associations and institutes exist which offer specialized training for pension fund trustees and staff; and

WHEREAS, the board wishes to encourage its trustees and staff to become as expert as is cost-effective in the matters of pension fund investments, service and disability retirements and plan administration; and

WHEREAS, the board recognizes that it is imperative for pension fund trustees and staff to travel to receive the appropriate specialized training required of a plan fiduciary. Now, therefore, be it

RESOLVED, that the board hereby approves *SamCERA's Travel Policy* drafted July 25, 2006, and attached as part of this resolution. Be it further

RESOLVED, that reimbursement rates in this policy shall be automatically updated to comply with amendments to the travel policy of San Mateo County.

Adopted by unanimous vote July 25, 2006

Amended February 26, 2008

Amended Marc 24, 2009

Travel Policy

As Amended March 24, 2009

SamCERA's Travel Policy

SECTION 1. Travel expenses.

This section regulates reimbursement for travel expenditures for trustees and employees of the San Mateo County Employees' Retirement Association (*SamCERA*). These provisions do not apply to other expenses that are incurred in the performance of the official duties of *SamCERA's* trustees and employees. Whenever any member of the Board of Retirement, or any *SamCERA* employee in the service of *SamCERA* is required to travel outside or within San Mateo County, such person shall be allowed, in addition to any salary or compensation, actual and necessary travel expenses, as set forth below. Occurrences that would require a member of the Board of Retirement or *SamCERA* employee to travel include, but are not limited to, official business of the retirement association at conferences, education, due diligence, appearances before local, state, and federal administrative agencies, legislative bodies, and judicial proceedings or when otherwise serving in their official capacity or representing the Retirement Association.

(a) Transportation and Conveyance. Actual cost incurred for transportation or conveyance by any carrier services. Reimbursement for travel by any privately owned automobile shall be in accordance with the provisions of paragraph (c), below, except that it shall not be more than the cost of common carrier services where the one-way distance required to be traveled is 200 miles or more, and in such event the reimbursement for such travel shall not exceed the cost of air travel regardless of the mode of transportation used therefore. The cost of air travel shall be based on coach fares, unless air coach service is not available, or unless otherwise authorized by the Chief Executive Officer. Government and group rates offered by a provider of transportation services shall be used when available.

(b) Meals, Lodging, and Incidentals. Actual cost incurred outside San Mateo County or within the county for approved educational expenses for meals, lodging, and incidentals, including baggage transfer, tips, car storage, and other actual and necessary incidental expenses. The maximum reimbursement for the actual cost of meals will be limited to the Continental United States (CONUS) current rate as set forth in the Code of Federal Regulations except that for CONUS designated high cost of living metropolitan areas the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate. Government and group rates offered by a provider of lodging services shall be used when available. If such rate is not available, the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate. If the lodging is in connection with a conference or organized educational activity lodging reimbursement for lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available at the time of booking. If such rate is not available, the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate or the group rate, whichever is higher. A complete listing of CONUS rates can be found at www.gsa.gov. If it is necessary to secure lodging in excess of double the CONUS rates, that expenditure must be approved in advance.

(c) Privately Owned Automobile. Actual costs for miles actually traveled, at a rate determined by the San Mateo County Manager, provided the amount is at least that established by the Internal Revenue Service as the allowable business deduction rate for such travel.

(d) Travel expenses may be paid to the supplier of the transportation where the mode of transportation is other than by a privately owned motor vehicle. In other instances travel shall be claimed by the individual employee.

(e) Required registration fees for educational courses, conferences, or other meetings may be paid directly to the organization or association conducting such course, conference, or other meeting and the officer or employee shall not be required to advance the funds therefore.

(f) *SamCERA* trustees or employees shall not submit a claim to *SamCERA* except for those expenses actually incurred in connection with the performance of official business of the retirement association.

(i) No officer or employee shall engage in any travel in connection with the performance of official business of *SamCERA* in a privately owned conveyance, either their own, or that belonging to another, unless the same is insured in such manner as to comply with County of San Mateo Administrative Memorandum.

(k) All reimbursable expenses for members of the Board of Retirement that do not fall within the above provisions may be approved by the Board of Retirement at a public meeting before the expense is incurred.

SECTION 2. Reimbursement for expenses.

Members of the Board of Retirement and other *SamCERA* employees, are entitled to reimbursement of the actual cost of expenses, including meals, that are reasonably incurred in the performance of official duties within San Mateo County, unless otherwise specified by this policy.

SECTION 3. Authority to host--Conventions, conferences, training and special meetings.

Whenever the San Mateo County Employees' Retirement Association, or any of its trustees or employees, acts as host for a convention, conference, training or special meeting which will be of benefit to *SamCERA*, the expenses of the convention, conference, training or special meeting including meals of duly authorized delegates, representatives or participants thereto, may be paid by *SamCERA* upon presentation of claims therefore and approval by *SamCERA's* Chief Executive Officer if the amount does not exceed two thousand five hundred dollars (\$2,500), or upon approval by the Board Chair if the amount thereof exceeds two thousand five hundred dollars (\$2,500). Prior approval for *SamCERA's* participation as host of such conferences, conventions, or meetings shall be obtained whenever time permits.

SECTION 4. Claims for expenses.

Before any travel expenses are allowed or paid, the claimant shall file a claim in the manner provided by law for claims to be filed against *SamCERA*, duly certified as correct by the claimant and approved by *SamCERA's* Chief Executive Officer. The Board Chair will approve the Chief Executive Officer's claims. There shall be attached to said claim all receipts showing the moneys expended by the claimant. Receipts are required for all expenditures \$25 and over. If a receipt is lost, the claimant must detail the expenditure to the best of their ability and attest to its accuracy by affixing their signature to the reimbursement expense. Expenses shall be submitted within sixty (60) days after incurring the expense.

SECTION 5. Advance payments for expenses.

Whenever it appears to be for the best interests of *SamCERA* that any member of the Board of Retirement, or employee of *SamCERA* travel outside of the County of San Mateo on official business and where prior authorization for such travel has been given by the Board of Retirement, and it appears that it is necessary that such trustee or employee be allowed a sum of money not in excess of two thousand five hundred dollars (\$2,500) for such travel expenses in advance, a claim for such advance showing the emergency requiring such advance shall be made out in the regular form and approved by the Chief Executive Officer and thereafter *SamCERA* shall draw their warrant in favor of such Trustee or employee and the Treasurer shall pay the same. The trustee or employee receiving such advance shall file with *SamCERA* after their return from such trip an itemized account, together with proper vouchers of their expenses and shall pay to *SamCERA* any balance remaining in their hands unexpended. *SamCERA* shall attach such statement to the original claim for such advance and shall immediately make the proper adjustment of the account from which the advance was drawn .

SECTION 6. Reporting By Members of the Board of Retirement on Meetings Attended.

Members of the Board of Retirement shall provide a brief report, either orally or in writing, on meetings attended at the expense of *SamCERA* at the next regular meeting of the board.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 7.11

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Approval of Amendments to *SamCERA's Education Policy*.

STAFF RECOMMENDATION: Staff recommends that the board review and reaffirm *SamCERA's Education Policy*, Resolution 98-99-12 as amended August 24, 2010.

BACKGROUND: *SamCERA's Education Policy* provides a framework for training that helps each trustee and staff member fulfill his or her fiduciary duties as defined by California's Constitution, the County Employees' Retirement Law of 1937 (the 1937 Act) & applicable law. The board first adopted an *Education, Conference and Travel Policy* with Resolution 94-95-12 on October 20, 1994. The current governance for *SamCERA's Education Policy* is provided by Resolution 98-99-12 as amended.

DISCUSSION: The board annually reviews its *Education Policy* as part of the association's budget process. During that process, in keeping with the intent of the policy, the trustees and staff request educational events. After approval of those requests, an appropriation for travel and education is reflected in *SamCERA's Sources, Uses, and Budget Report*. The *Education Policy* spells out the amount that each individual may spend on education in each fiscal year.

In the last year, the board amended the policy twice.

The first amendment added the CFA Institute and related membership fees to the list of approved education events in *SamCERA's Education Policy*. The CFA Institute offers the Chartered Financial Analyst (CFA) designation and the Certificate in Investment Performance Measurement (CIPM.) It also offers seminars and publications on investment-related topics. The CFA Institute Centre for Financial Market Integrity is the policy authority on ethics in the global capital markets. It promotes high ethical standards and investor protection through professional codes of conduct, guidance, and outreach. The CFA learning topics are based on the Global Body of Investment Knowledge (GBIK). The institute's goal is to keep pace with trends and current practices in an effort to deliver relevant lifelong learning opportunities to its members.

The second amendment excluded certain conferences from an individual's annual education budget. It was noted that peer plans with similar education and travel policies encourage attendance at SACRS (State Association of County Retirement Systems) and CALAPRS (California Association of Public Retirement Systems) by covering the cost of attendance through the plans "general fund" budget versus reflecting the cost on the individual's education budget. After discussing the pros and cons of attending SACRS and CALAPRS, the board opined that it also wished to encourage attendance at those events and the policy was amended.

The complete education resolution appears on the following pages.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Education Policy

Resolution 98-99-12, as amended January 27, 2009

WHEREAS, Article XVI, §17(c) of the Constitution of the State of California states in part that

The members of the retirement board...shall discharge their duties with respect to the system with the care, skill, prudence, and diligence...that a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims; and

WHEREAS, Government Code §31520 vests the management of *SamCERA* in the Board; and

WHEREAS, the board acknowledges the vital importance of making informed judgments on all matters which come before it and has adopted a *Code of Fiduciary Conduct* to guide its actions; and

WHEREAS, Associations and institutes exist which offer specialized training for pension fund trustees and staff; and

WHEREAS, the board wishes to encourage its trustees and staff to become as expert as is cost-effective in the matters of pension fund investments, service and disability retirements and plan administration. Now, therefore, be it

RESOLVED, that the board hereby stipulates that all trustees and staff shall participate to the fullest extent possible in approved educational activities, and that each trustee and staff member shall be expected to complete at least three endorsed educational activities each year. Be it further

RESOLVED, that the board hereby authorizes the participation of trustees and staff in the educational activities of the State Association of County Retirement Systems (SACRS), the California Association of Public Retirement Systems (CALAPRS), the Government Finance Officers Association (GFOA), the Institute for Fiduciary Education (IFE), International Foundation of Employee Benefit Plans (IFEFP), the California Retired County Employees' Association, the Pacific Pension Institute (PPI), the Pension Real Estate Association (PREA) and the Wharton program for pension fiduciaries, to the extent that the budget provides funds for such participation. Be it further

RESOLVED, that the board hereby approves the following recommended progression of courses for new trustees to complete within their first three-year term: (1) SACRS Fall or Spring Conference &/or CALAPRS General Assembly, (2) CALAPRS' Trustee Roundtables, (3) CALAPRS @ Stanford Principles of Pension Management, (4) SACRS Public Pensions Investment Management Program (5) IFEFP Certificates of Achievement in Public Plan Policy and (6) Wharton Pension Fund and Investment Management Program. Be it further

RESOLVED, that the board hereby also approves the following programs for trustees with the recommendation that trustees complete the programs listed above in the 3rd Resolve Clause prior to participation in the following: Fiduciary Institute @ Stanford, IFEFP Public Funds Annual Conference, GFOA Annual Conference, Pension Real Estate Association Annual Conference and US-based programs of IFE & PPI. Be it further

RESOLVED, that the board hereby authorizes the participation of trustees and staff in the educational activities of the CFA Institute (including membership dues), the Institute for International Research, the Public Pension Fund Forum, Investors Press, the Investment Risk Institute, the Institutional Investor Institute, the Information Management Network, Opal Financial Group, Frank Russell Company, Milliman USA, The Pension Bridge and Callan Associates, to the extent that the budget provides funds for such participation. Be it further

RESOLVED, that participants may provide the board with a summary oral report on the content of educational activities, including a recommendation regarding *SamCERA's* participation in future activities offered by the same sponsor. Be it further

RESOLVED, that, in addition to the organizations listed above, other educational activities which may be counted toward the board's educational requirement are subscriptions to *Pensions & Investments*, the *Public Retirement Journal*, or other pension, investment or financial publications; completion of recommended readings from SACRS or *SamCERA* reading lists; participation in due diligence activities to meet with and monitor service providers; and/or participation in SACRS or *SamCERA* sponsored mentoring programs. Be it

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

further,

RESOLVED, that the board authorizes the chief executive officer to enroll *SamCERA* as a pension fund member of the organizations set forth above and the National Conference of Public Employees Retirement Systems and to submit recommendations to the Board for additional educational activities, to the extent that the budget provides funds for such activities. Be it further,

RESOLVED, that the board hereby authorizes the chief executive officer to allocate \$15,000 for each new trustee's education during each of his or her first two years in office and \$7,500 for each trustee's education during each subsequent year. Trustees who wish to exceed these allocations may request board approval for their participation in additional educational activities when placed on the agenda of a public meeting of the board. The cost of attending events sponsored by SACRS and CALAPRS will be paid by the association and not charged against the individual's education allocation. Be it further

RESOLVED, that the board hereby authorizes the chairman to approve the participation and associated travel for trustees, the Treasurer's Constitutional alternate, the Safety Member alternate, the Retired Member alternate, and the chief executive officer in the educational activities of the organizations set forth above, to the extent that the budget provides funds for such activities. Be it further,

RESOLVED, that the board hereby authorizes the chief executive officer to approve a progression of courses for staff, to approve the participation and associated travel of staff in the educational activities of the organizations set forth above, to the extent that the chief executive officer finds that such participation will contribute to the staff member's ability to perform her or his duties and the budget provides funds for such activities. Be it further

RESOLVED, that the board may approve participation in additional educational activities when placed on the agenda of a public meeting of the board.

ADOPTED by unanimous vote November 24, 1998
AMENDED by unanimous vote March 27, 2001
AMENDED by unanimous vote March 26, 2002
AMENDED by unanimous vote May 28, 2002
AMENDED by unanimous vote November 26, 2002
AMENDED by unanimous vote March 25, 2003
AMENDED by unanimous vote July 27, 2004
AMENDED by unanimous vote September 28, 2004
AMENDED by unanimous vote February 22, 2005
AMENDED by unanimous vote February 27, 2007
AMENDED by unanimous vote January 27, 2009
AMENDED by unanimous vote April 27, 2010
AMENDED by unanimous vote August 24, 2010

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 7.12

To: Board of Retirement



From: Gary Clifton, Chief Investment Officer

Subject: Annual Review and Reaffirmation of *SamCERA's Expense Reimbursement Policy*.

STAFF RECOMMENDATION: Staff recommends that the board review and reaffirm *SamCERA's Expense Reimbursement Policy*.

COMMENT: In February 2010, Ms. Wong introduced *SamCERA's Expense Reimbursement Policy*. As a result of an internal control review, staff noted that there was no explicit guideline for the reimbursement of business expenses incurred in the performance of official duties of *SamCERA's* trustees and staff. *SamCERA* has adhered to the County's Expense Reimbursement Policy as set forth in the Administrative Memorandum. To improve the internal control and efficiency of *SamCERA's* fiscal process, staff recommended that an Expense Reimbursement Policy be adopted to clarify and simplify the expense reimbursement process. The policy works in conjunction with the Travel Policy.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Expense Reimbursement Policy
Resolution 09-10-10

“**WHEREAS**, Article XVI, §17(a) of the Constitution of the State of California states in part that *the retirement board...shall have plenary authority and fiduciary responsibility for investment of monies and administration of the system...*; and

“**WHEREAS**, Article XVI, §17(c) of the Constitution of the State of California states in part that *“The members of the retirement board...shall discharge their duties with respect to the system with the care, skill, prudence, and diligence...that a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims;* and

“**WHEREAS**, Government Code §31520 vests the management of *SamCERA* in the board; and

“**WHEREAS**, the board expects the staff to constantly improve the effectiveness of *SamCERA's* services and the efficiency of its operations; and

“**WHEREAS**, the board recognizes that it is necessary on occasions for pension fund trustees and staff to incur out-of-pocket expenses related to travel for education, conference, due diligence purposes, and in performance of normal business operations. Now, therefore, be it

“**RESOLVED**, that the board hereby approves *SamCERA's Expense Reimbursement Policy* and **authorizes** the Chief Executive Officer to take all actions necessary to implement the policy.”

Adopted by unanimous vote February 23, 2010

San Mateo County Employees' Retirement Association
Expense Reimbursement Policy
February 23, 2010

Contents

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2. Reimbursement Process
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 - 2.3 Controller's Responsibility
3. Management's Responsibility
4. Guidelines for Reimbursable Expenses
 - 4.1 Travel Related Reimbursable Expenses
 - 4.2 Travel Related Non Reimbursable Expense
 - 4.3 Business Supplies Expenses
 - 4.4 Expenses Under \$50
 - 4.5 Tuition for Continuing Education

1. Purpose

The purpose of this policy is to clarify and simplify expense reimbursement for: (a) authorized travel-related expenses incurred by trustees and employees as part of continuing education in attending conferences, seminars, and professional training; (b) travel expenses for due diligence of current or prospective investment firms and consultants; (c) pre-approved purchases made by employees for *SamCERA's* business purposes; and (d) tuition reimbursement for continuing education.

This policy works in conjunction with the Travel Policy in which alternatives and limitations are set forth in detail for various types of travel expenses.

2. Reimbursement Process

2.1 Travel Related Expenses

Trustees and employees will use the Travel Expense Form to submit reimbursement for out-of-pocket travel-related expenses (see attached) for continuing education and due diligence. Trustee travel forms will be submitted to and approved by the Chief Executive Officer. Employee forms will be submitted to and approved by the supervising manager. All travel forms may be submitted as soon as practical and must be submitted within 60 days of travel. Approved travel forms will be forwarded to *SamCERA's* Controller for reimbursement process.

2.2 Non Travel Related Supplies Expenses

All expenditures must be necessary, appropriate, and pre-approved by the supervising manager or the Chief Executive Officer. Employees will use the Claim Form (see attached) to submit non travel-related *SamCERA* business expense for reimbursement.

2.3 Controller's Responsibility

SamCERA's Controller will verify and code the expenditures on the approved Travel Expense Forms and Claim Forms and process for payment within 3 business days. Payments should be mailed within 7 days.

3. Management's Responsibility

Management has the responsibility to approve or disapprove all reimbursement requests as well as pre-approval of business supplies and travel and education requests.

Managers must ensure that:

- Proper procedures are being followed
- Funds are available
- Expenses are reasonable, appropriate and cost is not excessive

4. Guidelines for Reimbursable Expenses

4.1 Travel Related Reimbursable Expense

Expenses related to travel must comply with the Travel Policy. Business related expenses such as fax, internet connection, delivery and postage, incurred while travelling are reimbursable. Use of a rental car for local use at the travel destination when flying in to reach the destination is optional.

When submitting a joint receipt for multiple trustees and employees, list the names of the participants on the receipt. If a receipt includes non-*SamCERA* expenses, e.g. personal expenses, claim only the actual portion that pertains to *SamCERA*.

Personal auto mileage related to *SamCERA* business will be reimbursed at the prevailing rates as establish annually by the Internal Revenue Service. Local travel on *SamCERA* business may include performance of normal duty, attendance at meetings, conferences, and training.

Receipts are required for all expenses of \$25 and above. If a receipt is lost, the claimant must detail the expenditure to the best of their ability and attest to its accuracy by affixing their signature to the reimbursement expense.

4.2 Travel Related Non Reimbursable Expenses

Below is a list of some of the expenses which are not reimbursable.

- Non *SamCERA* business-related expenses
- Transportation, lodging, and meal expenses which exceed the guidelines set by the Travel Policy

- Alcoholic beverages
- Personal entertainment
- Additional costs for additional person(s) in room
- Extra baggage charges for personal items, such as golf clubs, skis, etc
- Traffic citations and parking tickets

4.3 Business Supplies Expenses

All purchases must be pre-approved by the supervising manager or the Chief Executive Officer. Employees are encouraged to use the corporate credit card for necessary online purchases. Use the Claim Form to submit reimbursement of employee-paid expenses. Attach original detailed receipts to the Claim Form for verification of each expenditure. Note the purpose or recipient of the expense items on the Claim Form as applicable.

4.4 Expenses under \$50

Employees may request immediate reimbursement of approved expenditures under \$50 from the Petty Cash Fund. Ask the Petty Cash Custodian for a Petty Cash Voucher, return the completed Petty Cash Voucher with original detailed receipt to the custodian. Typical petty cash expenses are refreshments for meetings, kitchen supplies, postage stamps, and certified mailings. The Petty Cash Custodian will obtain approval from the Chief Executive Officer and reimburse the employee.

4.5 Tuition Reimbursement for Continuing Education

Permanent *SamCERA* employees are eligible to participate in the County's Tuition Reimbursement Program to enhance work performance and career mobility. College level courses may be taken at accredited educational institutions. Requests must be submitted and approved by the supervising manager at least two weeks before the beginning date of the course. The County Human Resources Department will have the final approval for this program.

Refer to the County Human Resources website as noted below for program details.

<http://www.co.sanmateo.ca.us/portal/site/HR/menuitem.1121a725a256f52a3d6082a1e17332a0/?vgnnextoid=d66199387a7a7110VgnVCM1000001d37230aRCRD&vgnnextchannel=840907a1df2c8110VgnVCM1000001937230aRCRD>

COUNTY OF SAN MATEO, STATE OF CALIFORNIA

DEMAND ON THE TREASURY

CLAIM FORM

Date: _____ PE ID: _____ Batch ID: _____

GENERAL LEDGER		JOB LEDGER		AMOUNT
ORG KEY	OBJ KEY	JOB ORG KEY	JOB OBJ KEY	
20110	5721			
20450	5721			
20110				

CLAIMANT		
NAME:		
ADDRESS 1:		
ADDRESS 2:		
CITY:	STATE:	ZIP:

DESCRIPTION		
Reimbursement of <i>SamCERA</i> business expense:		Amount:
1.		
2.		
3.		
4.		
5.		
Total:		

Invoice Number	Inv Date	Due Date	Tax Code	Division
			NOTX	

Others: (Please specify)

I hereby certify as to the correctness of the above computations and hereby submit this claim for the payment.

_____ Date _____ Claimant

In conformance with section 29705 of the Government Code, I approve this claim for allowance.

_____ Date _____ Department Head or Authorized Employee

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

February 22, 2011

Agenda Item 7.13

TO: Board of Retirement



FROM: Scott Hood, Assistant Executive Officer

SUBJECT: Approval to Authorize *SamCERA's* Chief Executive Officer to Amend the Lease for Office Space

ISSUE

Acquisition of additional office space.

BACKGROUND

Additional permanent space is required to house additional staff, create space for information technology development and take advantage of space now available within the current location. Staff has been negotiating with the landlord to add suite 160 to the current lease. Attached is a letter from the broker representing the owner of the building offering terms and conditions for such an amendment. After discussions with Steve Alms, the real property manager with the County Manager's Office, and Mike McCormac from Grub and Ellis, staff has found the proposal to be slightly better than current market conditions dictate for office space in Redwood Shores.

DISCUSSION

Due to the timing of the proposal, staff is requesting that the board authorize the Chief Executive Officer to execute an amendment to the current lease under the terms and conditions as provided in the attached letter. Staff estimates the total cost to *SamCERA* to prepare both suites for occupancy to be approximately \$140,000 after the tenant improvement allowance. Staff anticipates that there is enough funding in the current budget to cover this cost. Should additional funding be required staff will make a separate request to the board at a subsequent meeting.

STAFF RECOMMENDATION

Staff recommends that the board authorize the CEO to negotiate and amend *SamCERA's* current lease to add suite 160 per the terms in the attached letter.



February 9, 2011

Mr. David Bailey
SamCERA
100 Marine Parkway, Suite 125
Redwood Shores, CA 94065

Re: 100 Marine Parkway, Suite 160

Dear David:

Thank you for your letter dated January 5, 2011. We have had an opportunity to review your proposal and offer this response.

We propose to amend your existing lease to include Suite 160; this will bring your total leased premises to 9,506 square feet. The term for the expansion space shall be coterminous with your current lease; the base rent shall follow the base rent schedule in your current lease. The Landlord is willing to provide you with a Tenant Improvement allowance not to exceed \$20.00 per rentable square foot for Suite 160. SamCERA will be responsible for paying any costs associated with this transaction above and beyond this tenant improvement allowance

The Landlord will draft an amendment to your lease with a start date of March 1, 2011, inclusive of a sixty day rent free period for the completion of your tenant improvements. The rent commencement date for the expansion suite shall be May 1, 2011.

Thank you for your consideration to this matter.

Sincerely,

Craig Kalinowski
Senior Vice President
Lic #01260870

craigk@ccareynkf.com
T 650.358.5287