PARS: County of Contra Costa

Second Quarter 2014

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DISCUSSION HIGHLIGHTS

U.S. Economic and Market Overview

Economic signals were mixed during the second quarter. Many investors believed that the 1Q14 GDP reading of -2.9% (revised down from the previous -1% reading) was mainly due to weather and not indicative of an economy headed into recession. That said, this was the lowest output reading for the economy since the first quarter of 2009, when the economy contracted -5.4%, and was the 17th worst quarterly GDP return since the end of World War II. While the report was certainly weak, encouraging economic readings were seen in the automobile sector, broad gains were realized in employment, and there were fairly positive retail sales figures. General consensus is that the macro slowdown experienced during the first quarter is unlikely to be repeated in the second quarter and that a rebound should continue during the second half of the year. Nevertheless, HighMark's 2014 GDP forecast has incorporated the impact of this negative print and, as a result, has been lowered to 2.0% from a previous forecast of 2.75%.

While geopolitical volatility was abundant during the quarter (tensions continued to flare in the Ukraine, with Russia likely to receive sanctions, civil wars in Afghanistan, Iraq, Somalia, and Syria, violence in Libya, Nigeria, Kenya, Pakistan, and Sudan, not to mention the situation in North Korea), investors generally ignored these concerns and tended to focus on the continued slow, but steady, economic rebound. Positive returns were broad-based across the majority of sectors, regions, and asset classes. While domestic equities continued to lead all returns on an annual basis (S&P 500 +5.24% during 2Q14 and +24.62% during the trailing 12-months), emerging markets posted a very strong quarter (+6.59% during 2Q14 and +14.30% during the trailing 12-months). Mid-caps (+4.98% during 2Q14 and +26.87% during the trailing 12-months), small caps (+2.04% during 2Q14 and +23.63% during the trailing 12-months), and developed international (+4.08% during 2Q14 and +23.57% during the trailing 12-months) all lagged on a relative basis, but still put up strong numbers for both the quarter and the trailing 12-months. Rounding out the returns, and perhaps aided by some of the geopolitical volatility, fixed income delivered very strong returns given where interest rates currently reside (Barclays Aggregate Index +2.04% during 2Q14 and +4.38% during the trailing 12-months).

The Federal Open Market Committee (FOMC) continued to reduce monthly asset purchases by $10 billion (to $35 billion from $45 billion) following their June 18th meeting. They have now reduced purchases by $10 billion at each of their prior four meetings, and June's meeting included the announcement that the Fed plans to end purchases this fall, likely at either the October or December meeting. Despite a reduction in forecasted 2014 U.S. growth from 2.1% to 2.3% versus the 2.8% to 3.0% listed at the March meeting, Fed Chairwoman Janet Yellen said in late June that the brisk recovery from a tough winter as evidenced by improving employment, business investment, and household spending supported the continued curtailment of QE III. Further clarity as to the Fed's timing to raise rates in 2015 was not discussed and the forecasted Fed Funds benchmark rate 1.2% by the end of 2015 changed only slightly from the March meeting. We continue to believe that the Fed will tighten over the second half of 2015 and the decline in asset purchases over the balance of the year will continue to place upward pressure on interest rates as asset demand on the part of the Fed diminishes.

DISCUSSION HIGHLIGHTS

Market overview/Performance Discussion

Total Plan

The County of Contra Costa OPEB Plan returned 2.59% in the second quarter, which underperformed the County's Plan benchmark return target of 3.21%. Underperformance from the large cap and mid-cap equity segments were the main drags on performance for the Plan. Alternative investments outperformed their primary benchmark, the HFRI Fund of Funds Market Defensive Index, however, alternatives underperformed fixed income in the quarter. For the fixed income segment, the Plan slightly underperformed the Barclays Aggregate Index in the second quarter, as the Plan's duration was shorter than the index. The small cap and real estate segments performed 'in-line' with benchmark targets in the second quarter. However, our underweight allocation to the real estate segment was a slight negative in the quarter, as REITs were the top performing asset class, returning 7.22% as measured by the DJ Wilshire REIT Index. The international/global equity segment offered mixed returns. Global equities, as represented by the Templeton Global Opportunities Fund lagged the MSCI-ACWI Index during the quarter. However investments in both emerging market equities and developed international equities offered positive investment contributions.

Domestic Equity

Equity returns during the quarter were strong and broad-based with large cap (S&P 500 +5.24%) outperforming mid-cap (Russell Midcap +4.98%) and small cap (Russell 200 Index +2.04%). Within the large cap universe, returns were approximately the same for the value and growth styles during the 2Q14, resulting in value holding on strongly to its year-to-date outperformance (+8.3% versus +6.3%). While all sectors of the S&P 500 showed positive returns, there were large dispersions of returns during the quarter: sector returns were strong in energy (+12.1%), utilities (+7.8%), and technology (+6.5%) and lagged in financials (+2.3%), consumer discretionary (+3.5%), telecom (+3.8%), and industrials (+3.9%). Valuation wise, at the end of 2Q14, the S&P 500 was trading at 15.6x forward P/E versus its 15-yr historical average of 15.8x. It should also be noted that the first half of the year was particularly difficult for large cap managers – as an example, a recent S&P Capital IQ report said that just 27% of actively managed large cap core funds beat the S&P 500 in the first half of the year.

- **The Plan's large cap funds returned 4.23% in the quarter, which underperformed the Russell 1000 Index return of 5.11%.**
  - The Sentinel Common Stock Fund returned 3.81% in the quarter, which underperformed the benchmark. The Fund ranked in the 81st percentile of the Morningstar Large Cap Blend Universe.
  - The Columbia Contrarian Core Fund beat its benchmark with a 5.14% return. The Fund ranked in the 26th percentile of the Morningstar Large Cap Blend Universe
  - The Harbor Capital Appreciation Fund returned 4.59% in the quarter, which underperformed the Russell 1000 Growth Index's return of 5.13%. The Harbor Fund ranked in the 38th percentile of the Morningstar Large Cap Growth Universe.
  - The T. Rowe Price Growth Stock Fund returned 4.03% in the quarter, which underperformed the Russell 1000 Growth Index. The Fund ranked in the 58th percentile of the Morningstar Large Cap Growth Universe.

DISCUSSION HIGHLIGHTS

Domestic Equity (Cont.)

- The T. Rowe Price Equity Income Fund returned 4.46%, which ranked in the 53rd percentile of the Morningstar Large Cap Value Universe, and underperformed the Russell 1000 Value Index return of 5.10%.
- The Loomis Sayles Value Fund posted a 4.08% return which underperformed the Russell 1000 Value Index, and ranked in the 68th percentile of the Morningstar Large Cap Value Universe.

Mid-cap equities outperformed small cap stocks over the quarter, with the Russell Mid-Cap Index returning 4.98% and the Russell 2000 Index posting a 2.04% return. Energy was the leading sector for both mid-cap and small cap equities. Value equities outperformed growth equities in the quarter as the growth benchmarks were negatively impacted by a heavier weighting in the lagging consumer discretionary sector. Consumer discretionary earnings were dampened by the winter slowdown, which was evidenced by the -2.9% GDP print. Energy was the leading sector for both mid-caps and small caps in the quarter, contributing +12.6% for the mid-cap index and +11.3% for the small cap index. Energy stocks were boosted by an increase in global oil prices stemming from fears of Iraqi oil production disruptions.

- **The mid-cap equity segment returned 4.19% in the quarter, which underperformed the Russell Mid-Cap Equity return of 4.98%**
  - The TIAA-CREF Mid-Cap Value Fund returned 5.19% in the quarter, which underperformed the Russell Mid-Cap Value Index return of 5.62%. The Fund ranked in the 30th percentile of the Morningstar Mid-Cap Value Universe of managers.
  - The iShares Russell Mid-Cap Growth ETF returned 4.31% in the quarter.

- **The small cap equity segment returned 2.09% in the quarter, which performed in-line with the Russell 2000 Index return of 2.04%.**
  - The T. Rowe Price New Horizons Fund returned 1.34%, and underperformed the Russell 2000 Growth Index return of 1.72%. This performance ranked in the 41st percentile of small cap growth managers as measured by Morningstar.
  - The Columbia Small Cap Value Fund II return of 2.84% outperformed the Russell 2000 Value Index's return of 2.05%. This ranked in the 50th percentile of Morningstar's Small Cap Value Universe.

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Real Estate

REIT equities posted a second straight quarter of strong returns, outperforming all other broad equity market indices, with the Wilshire REIT Index returning 7.22%. All major REIT sectors posted gains in the quarter, led by manufactured homes (+10.2%), hotels (+10.8%), apartments (+8.5%), regional malls (+7.9%), and healthcare REITs (+7.5%). Apartment REITs performed well despite some signs of pressure in terms of new supply of apartment units. Regional malls and shopping centers were aided by a bounce back in consumer spending after the cold winter season. The REIT sector continues to be supported by investors reaching for yield, seeking to invest in income oriented (average dividend yield of the FTSE NAREIT Index 3.8%) investments in this low yield environment.

- The Nuveen Real Estate Securities Fund returned 7.34% in the second quarter, which outperformed the Wilshire REIT Index return of 7.22%. The Fund placed in the 19th percentile of the Morningstar Real Estate Manager's Universe.

Global/International Equity

Global equity markets posted strong returns in the second quarter, with both developed markets (MSCI-EAFE Index +4.08%) and emerging markets (MSCI Emerging Market Index +6.59%) posting solid returns in both U.S. dollar and local currency terms. Despite Japan being the leading contributor to returns for the MSCI-EAFE Index in the second quarter, it still remains one of the biggest laggards for the year to date period. Investors are still wary of the near-term prospects for success from Japan's push for structural reforms centering on immigration, farming, labor, and corporate governance and taxation. Europe saw mixed economic data points. Worries regarding the potential spill over impact of the crises in both Ukraine and the Middle East has dampened consumer sentiment in the European region. Manufacturing activity showed mixed signs as well in the quarter. However, European Central Bank (ECB) President Mario Draghi has recommitted the ECB to supporting negative interest rates on deposits, policy rate cuts, and targeted long-term refinancing operations in hopes of spurring a recovery in the region. Emerging market returns were the highlight in the quarter, after several quarters of lagging returns relative to developed markets. Leading regions included Turkey (+15.1%), India (+12.7%), Brazil (+7.5%), and Korea (+6.4%). Investors were also encouraged by the new leadership in India and China launched a modest stimulus program in the quarter.

- **The Plan's international/global equity segment returned 3.43% in the quarter. This return underperformed the MSCI-EAFE Index (+4.08%).**
  - The Dodge & Cox International Stock Fund's 5.0% return outperformed the MSCI-EAFE Index in the quarter, and ranked in the 14th percentile of the Foreign Large Blend Universe as measured by Morningstar.

DISCUSSION HIGHLIGHTS

Global/International Equity (Cont.)

- The Nationwide Bailard International Equity Fund registered a 2.73% return in the second quarter, and underperformed the MSCI-EAFE Index. The Fund ranked in the 80th percentile of the Morningstar Foreign Large Blend Universe.
- The MFS International Fund's return of 4.78% beat the index and the peer group in the quarter. The Fund ranked in the 25th percentile for foreign large cap growth managers as measured by Morningstar.
- The Templeton Global Opportunities Fund's return of 2.24% in the quarter significantly underperformed the MSCI-ACWI benchmark, and ranked in the 88th percentile of the Morningstar World Stock Index Universe.
- The Schroder Emerging Market Equity Fund returned 6.47% and ranked in the 57th percentile of emerging market equity managers, and was in-line with the MSCI Emerging Market Index return of 6.6%.

DISCUSSION HIGHLIGHTS

Fixed Income

Long-term interest rates declined during the quarter as ten-year and thirty-year bond yields dropped 19 basis points, while short-term rates changed very little. The decline in long rates was sufficient to produce a 5.2% gain for the thirty-year Treasury this quarter, and an impressive 13.8% gain year-to-date. Investment-grade corporate bonds advanced 2.7%, outperforming U.S. Treasury securities by +70 basis points as risk assets benefited from better economic data, improving consumer sentiment and solid corporate profitability. High yield corporate bonds posted a 2.4% gain, outperforming equivalent-duration U.S. Treasury securities by +135 basis points. Investors' continued search for yield and support from an improving U.S. economy helped high yield bonds extend their streak of positive excess returns dating back to the fourth quarter of 2011. Investment-grade corporate bond spreads ended the quarter at +109 basis points, the tightest level since July 2007, while high yield bond spreads finished at +353 basis points, significantly below the long-term average of +600 basis points. Both investment-grade and high yield bond issuance were strong during the second quarter as corporations took advantage of low interest rates to pursue mergers and acquisitions as well as to fund stock repurchases.

Agency mortgage-backed securities rose 2.4% during the quarter, outperforming equivalent-duration Treasuries by 90 basis points as option-adjusted spreads narrowed by 17 basis points. Agency mortgage-backed spreads remain significantly below long-term averages, supported by the Federal Reserve's low interest rate policy and continued purchases by the Federal Reserve. The Fed continues to reinvest principal and interest payments from its existing portfolio into additional agency mortgage-backed securities, although the purchases made under the quantitative easing program are scheduled to end in the fourth quarter.

Although the Fed is on track to end the quantitative easing program in October, the near-term outlook for interest rates remains mostly unchanged. The Fed continues to emphasize that policy will remain accommodative well beyond the termination of their bond purchasing program due to continued concern over the pace of economic growth. While the unemployment rate has declined more quickly than anticipated, to its current level of 6.1%, the number of long-term unemployed and other measures of employment indicate there is still considerable slack in the labor market. The Fed's primary motivation for ending QE is not an expectation of robust economic growth, but rather concern over financial stability. Six years after the financial crisis, unconventional Fed policy has become more controversial as concerns grow that Fed policy may be leading to speculative excess and a misallocation of capital. Investors continue to add incremental risk to portfolios in an attempt to maintain a desired yield level, driving valuations to less and less attractive levels. In this environment we continue to be cautious with respect to high-yield bonds, while investment-grade securities still appear relatively attractive. Although there is not much room left for spreads to tighten in the short end of the curve, the extra income from investment-grade risk assets should still provide for better returns relative to Treasury securities.

DISCUSSION HIGHLIGHTS

Fixed Income (Cont.)

- **The Plan's fixed income segment returned 1.85% in the quarter, which underperformed the Barclays Aggregate return of 2.04%.**
  - The separately managed fixed income portfolio returned less than the benchmark, gaining 1.77%.
  - The Pimco Total Return Bond Fund gained 2.37% in the quarter, which placed it in the 23rd percentile of Morningstar's Intermediate-Term Bond Universe. The Fund outperformed the BC Aggregate Index.

Alternative Investments

Alternative investments returned 1.10%, supported by our managers who posted a narrow band of positive returns, ranging from a high of 1.41% for the Arbitrage Fund, to a low of 0.83% for the Eaton Vance Global Macro Absolute Return Fund. Investment returns for the Arbitrage Fund (+1.41%) were bolstered by numerous opportunities resulting from resurging M&A activity. Globally, $1 trillion of deals were announced in the quarter, and year-to-date $1.83 trillion in deals have been announced. With companies finding organic growth difficult to achieve, merger and acquisition activity has flourished. Additionally, tax inversion strategies also have become a catalyst whereby a company seeks to re-domicile their business under a country with a more favorable tax regime. And to accomplish this, a merger must be executed. The Eaton Vance Global Macro Fund returned 0.83%. Positive contributors to performance included long currency and credit allocations to Sri Lanka, long Slovenian credit, and long Turkish credit and currency positions. Negatives for the Fund included a short position in Spanish credit, short positions to the Canadian dollar, and short currency and credit positions in Russia. The AQR Managed Futures Fund returned 0.9% in the quarter. Equity and fixed income futures positions added to gains in the quarter, while both currency and commodity positions detracted. The Fund ended the quarter with a targeted volatility of 9%.

- **The alternative investment segment returned 1.10% in the second quarter, which was ahead of the Hedge Fund Research Institute Market Defensive Index return of 0.39%.**
  - The Arbitrage Fund returned 1.41% in the quarter which ranked in the 21st percentile of Morningstar's market neutral universe.
  - The JP Morgan Research Market Neutral Fund returned 1.29%, which placed the Fund in the 24th percentile of the Morningstar market neutral universe.
  - The Eaton Vance Global Macro Absolute Return Fund posted a 0.83% return, which placed in the 66th percentile of the Morningstar non-traditional bond universe.
  - The AQR Managed Futures Fund's return of 0.90% ranked in the 49th percentile of Morningstar's managed futures fund universe.

DISCUSSION HIGHLIGHTS

Asset Allocation/Portfolio Transitions

Several portfolio transitions took place in the quarter.

- A 2% allocation was established to the SPDR Euro STOXX 50 ETF, an international equity ETF targeting Eurozone companies.
- The Nationwide Geneva Mid-Cap Growth Fund was eliminated from the Plan due to performance considerations. The iShares Mid-Cap Growth ETF was selected as a replacement while due diligence is being conducted for an active manager replacement.
- The Pimco High Yield Fund was eliminated from the Plan due to concerns surrounding the valuations in the high yield market.

INVESTMENT STRATEGY
As of June 30, 2014

Tactical Asset Allocation

Asset Class	Target	Current Portfolio	Over/Under Weighting	Rationale
Cash	1.0%	4.1%	+3.1%	▪ The cash allocation reflects a contribution received at the end of the quarter. Our target allocation for cash is 1%.
Fixed Income	38.0%	36.0%	-2%	▪ The fixed income allocation is positioned as an underweight. Our forecast for fixed income returns range between 2-3% for intermediate-term bonds over the next three to five years.
High Yield	0.0%	0.0%	0%	▪ We eliminated the high yield allocation during the quarter, based on valuation concerns.
Alternatives	10.0%	9.7%	-.3%	▪ As we invest the cash contribution in the quarter, we will target a 2% overweight to alternatives. Alternatives serve to mitigate the impact of a decline in the bond market, due to a potential rise in interest rates.
Real Estate (REITS)	4.0%	1.9%	-2.1%	▪ We continue to maintain an underweight to REITs due to concerns about valuation, as well as the impact of a rising interest rate environment on the asset class.
Global Equity	7.0%	8.7%	+1.7%	▪ We have increased our allocation to global/international equities. Valuations look more appealing overseas with the MSCI-EAFE Index trading at 14 times forward earnings estimates and emerging markets trading at 11 times next year's earnings. During the quarter, we added a tactical 2% allocation to European equities to further take advantage of the region's reasonable valuations and accommodative ECB policy. We expect aggregate demand and employment to slowly improve in the area. Financial markets have generally stabilized and an early–stage recovery appears underway.
International (Developed)	9.0%	10%	+1%	
International (Emerging)	0.0%	1.5%	+1.5%	▪ We maintain our allocation to emerging market equities. While valuations are attractive, the geopolitical risks present in many of these markets limit our willingness to increase the position.
Total Domestic Equity	31.0%	28.1%	-2.9%	
Large Cap	17.0%	18.4%	+1.4%	▪ Large cap equity trades at roughly 15.6 times next year's earnings, which represents a more attractive value proposition relative to mid-cap or small cap equities.
Mid Cap	6.0%	4.4%	-1.6%	▪ Mid-cap equity is underweight due to valuation concerns, with the Russell Mid-Cap Index trading at an 18.5X PE ratio.
Small Cap	8.0%	5.3%	-2.7%	▪ Small cap equity is underweight due to valuation concerns, with the Russell 2000 Index trading at a 20X PE ratio.

Asset Allocation
Period Ending June 30, 2014

Asset Allocation	3/31/2014 Market Value	3/31/2014 % of Total	6/30/2014 Market Value	6/30/2014 % of Total	Target Allocation
Large Cap Equities					
Columbia Contrarian Core Z	5,784,248	4.3%	6,811,357	4.6%	-
Sentinel Common Stock I	4,437,944	3.3%	4,651,005	3.1%	-
T. Rowe Price Equity Income Fund	3,034,852	2.2%	3,215,689	2.2%	-
Loomis Sayles Value Fund	4,414,435	3.3%	4,651,690	3.1%	-
Harbor Capital Appreciation Instl	3,728,728	2.8%	3,995,602	2.7%	-
T. Rowe Price Growth Stock Fund	3,705,714	2.7%	3,980,438	2.7%	-
Total Large Cap Equities	**25,105,921**	**18.6%**	**27,305,781**	**18.4%**	**17.0%**
		Range		*Range*	*13-32%*
Mid Cap Equities					
TIAA-CREF Mid-Cap Value Instl	3,100,259	2.3%	3,233,768	2.2%	-
iShares Russell MidCap Growth Fund	-	0.0%	3,242,072	2.2%	-
Nationwide Geneva Mid Cap Growth Fund	3,077,686	2.3%	-	0.0%	-
Total Mid Cap Equities	**6,177,944**	**4.6%**	**6,475,840**	**4.4%**	**6.0%**
		Range		*Range*	*2-10%*
Small Cap Equities					
Columbia Small Cap Value Fund II	3,787,935	2.8%	3,975,868	2.7%	-
T. Rowe Price New Horizons Fund	3,762,383	2.8%	3,965,077	2.7%	-
Total Small Cap Equities	**$ 7,550,318**	**5.6%**	**$ 7,940,945**	**5.3%**	**8.0%**
		Range		*Range*	*4-12%*
International					
Nationwide Bailard Intl Equities Fund	4,425,643	3.3%	4,279,837	2.9%	-
Dodge & Cox International Stock Fund	4,776,879	3.5%	4,616,839	3.1%	-
MFS International Growth Fund	3,049,386	2.3%	3,218,669	2.2%	-
Schroder Emerging Market Equity	2,059,263	1.5%	2,172,051	1.5%	-
SPDR EURO STOXX 50 ETF	-	0.0%	2,834,185	1.9%	-
Total International	**$ 14,311,171**	**10.6%**	**$ 17,121,580**	**11.5%**	**9.0%**
		Range		*Range*	*4-16%*
Global					
Templeton Global Opportunities A LW	12,251,447	9.1%	12,854,133	8.7%	-
Total Real Estate	**$ 12,251,447**	**9.1%**	**$ 12,854,133**	**8.7%**	**7.0%**
		Range		*Range*	*4-12%*
Real Estate					
Nuveen Real Estate Secs I Fund	2,026,697	1.5%	2,863,034	1.9%	-
Total Real Estate	**$ 2,026,697**	**1.5%**	**$ 2,863,034**	**1.9%**	**4.0%**
		Range		*Range*	*0-8%*

Asset Allocation	3/31/2014 Market Value	3/31/2014 % of Total	6/30/2014 Market Value	6/30/2014 % of Total	Target Allocation
Fixed Income					
Core Fixed Income Holdings	$ 43,323,513	32.0%	45,393,359	30.6%	-
PIMCO Total Return Instl Fund	5,620,590	4.2%	7,973,443	5.4%	-
PIMCO High Yield Instl	1,325,829	1.0%	0	0.0%	-
Total Fixed Income	**$ 50,269,932**	**37.2%**	**$ 53,366,802**	**36.0%**	**38.0%**
		Range		*Range*	*30-50%*
Alternatives					
AQR Managed Futures I	$5,074,771	3.8%	4,678,744	3.2%	-
Arbitrage I	$3,360,325	2.5%	2,878,072	1.9%	-
Eaton Vance Glbl Macro Abs Ret I	$5,024,276	3.7%	5,003,274	3.4%	-
JP Morgan Research Market Neutral I	$2,681,070	2.0%	1,801,091	1.2%	-
Total Alternatives	**$ 16,140,441**	**11.9%**	**$ 14,361,181**	**9.7%**	**10.0%**
		Range		*Range*	*5-20%*
Cash					
Money Market	$ 1,423,192	1.1%	6,153,169	4.1%	-
Total Cash	**$ 1,423,192**	**1.1%**	**$ 6,153,169**	**4.1%**	**1.0%**
		Range		*Range*	*0-5%*
TOTAL	**$ 135,257,063**	**100.0%**	**$ 148,442,465**	**100.0%**	**100.0%**

Investment Summary

Period Ending June 30, 2014

Investment Summary		Second Quarter
Beginning Value	**$**	**135,517,785.67**
Net Contributions/Withdrawals		9,762,183.92
Fees Deducted		-40,568.58
Income Received		518,297.17
Market Appreciation		3,190,388.86
Net Change in Accrued Income		70,501.12
Ending Market Value	**$**	**149,018,588.16**

Selected Period Performance

PARS/COUNTY OF CONTRA COSTA PRHCP

Account 6746038001

Period Ending: 06/30/2014

Sector	3 Months	Year to Date (6 Months)	1 Year	3 Years	Inception to Date (41 Months)
Cash Equivalents	.00	.01	.02	.02	.02
iMoneyNet, Inc. Taxable	*.00*	*.00*	*.00*	*.00*	*.00*
Fixed Income ex Funds	1.77	3.40	4.32	4.12	4.58
Total Fixed Income	1.85	3.46	4.56	4.34	4.73
BC US Aggregate Bd Index	*2.04*	*3.92*	*4.38*	*3.67*	*4.00*
Total Equities	3.74	5.20	22.85	13.07	11.95
Large Cap Funds	4.23	5.25	24.96	16.23	13.95
Russell 1000 Index	*5.11*	*7.28*	*25.37*	*16.63*	*15.74*
Mid Cap Funds	4.19	5.67	23.02	13.64	12.97
Russell Midcap Index	*4.98*	*8.68*	*26.87*	*16.08*	*15.90*
Small Cap Funds	2.09	4.36	27.06	17.13	16.14
Russell 2000 Index	*2.04*	*3.18*	*23.63*	*14.57*	*14.77*
REIT Funds	7.29	17.33	13.79	11.35	11.41
Wilshire REIT Index	*7.22*	*18.08*	*13.56*	*11.71*	*12.44*
International Equities	3.43	4.39	22.51	7.89	7.71
MSCI EAFE Index	*4.08*	*4.77*	*23.57*	*8.10*	*7.87*
MSCI AC World Index	*5.04*	*6.17*	*22.97*	*10.26*	*9.92*
MSCI EM Free Index	*6.59*	*6.14*	*14.30*	*-.40*	*.71*
Alternatives	1.10	-.86	.49		
HFRI FOF Market Def	*.39*	*-.99*	*-.15*	*-1.49*	*-2.43*
Total Account Net of Fees	2.59	3.60	12.51	8.30	7.61
*County of Contra Costa**	*3.21*	*5.02*	*13.47*	*8.50*	*8.55*

Inception Date: 02/01/2011

* Benchmark from February 1, 2011 to June 30, 2013: 18% Russell 1000 Index, 6% Russell Midcap Index, 8% Russell 2000 Index, 8% MSCI AC World ex US Index, 10% MSCI EAFE Index, 45% Barclays Aggregate Index, 4% DJ Wilshire REIT Index, 1% Citigroup 3 Month T-Bill Index. From July 1, 2013: 17% Russell 1000 Index, 6% Russell Midcap Index, 8% Russell 2000 Index, 7% MSCI AC World ex US Index, 9% MSCI EAFE Index, 38% Barclays Aggregate Index, 4% DJ Wilshire REIT Index, 10% HFRI Fund of Funds Market Defensive Index, 1% Citigroup 3 Month T-Bill Index

Returns are gross-of-fees unless otherwise noted. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

PARS/COUNTY OF CONTRA COSTA

For Period Ending June 30, 2014

Fund Name	Inception	3-Month Return	Rank	YTD Return	Rank	1-Year Return	Rank	3-Year Return	Rank	5-Year Return	Rank
LARGE CAP EQUITY FUNDS											
Sentinel Common Stock I	(7/13)	3.81	81	5.17	83	20.60	84	14.67	59	17.39	50
Columbia Contrarian Core Z	(7/13)	5.14	26	6.21	57	25.26	29	17.09	13	19.20	13
T. Rowe Price Equity Income		4.46	53	6.13	73	20.66	74	15.27	48	18.06	32
Harbor Capital Appreciation Instl		4.59	38	4.46	56	31.41	8	15.57	30	18.26	37
Loomis Sayles Value Fund	(7/11)	4.08	68	6.64	60	24.60	18	16.70	15	17.83	38
T. Rowe Price Growth Stock		4.03	58	2.74	82	28.68	27	16.96	11	19.63	14
Idx: Russell 1000		**5.12**	**--**	**7.27**	**--**	**25.35**	**--**	**16.63**	**--**	**19.25**	**--**
MID CAP EQUITY FUNDS											
TIAA-CREF Mid-Cap Value Instl		5.19	30	9.53	17	26.30	41	15.39	51	20.29	57
Idx: Russell Mid Cap Value		**5.62**	**--**	**11.14**	**--**	**27.76**	**--**	**17.56**	**--**	**22.97**	**--**
iShares Russell Mid-Cap Growth		4.31	15	6.40	22	25.74	23	14.31	9	20.91	40
Idx: Russell Mid Cap Growth		**4.37**	**--**	**6.51**	**--**	**26.04**	**--**	**14.54**	**--**	**21.16**	**--**
SMALL CAP EQUITY FUNDS											
Columbia Small Cap Value II Z		2.84	50	5.12	40	25.85	19	15.27	38	21.16	28
Idx: Russell 2000 Value		**2.38**	**--**	**4.20**	**--**	**22.54**	**--**	**14.65**	**--**	**19.88**	**--**
T. Rowe Price New Horizons		1.34	41	3.07	21	28.08	7	19.36	1	26.14	1
Idx: Russell 2000 Growth		**1.72**	**--**	**2.22**	**--**	**24.73**	**--**	**14.49**	**--**	**20.50**	**--**
INTERNATIONAL EQUITY FUNDS											
Dodge & Cox International Stock		5.00	14	7.90	4	29.31	1	10.41	5	14.89	4
Nationwide Bailard Intl Eqs InSvc		2.73	80	4.22	41	24.49	9	7.21	39	12.20	24
MFS International Growth I		4.78	25	3.80	42	17.45	72	6.46	57	12.74	45
Templeton Global Opportunities A LW		2.24	88	3.64	78	23.85	37	10.06	65	12.66	83
Idx: MSCI EAFE		**4.09**	**--**	**4.78**	**--**	**23.57**	**--**	**8.10**	**--**	**11.77**	**--**
Idx: MSCI ACWI		**5.04**	**--**	**6.18**	**--**	**22.95**	**--**	**10.25**	**--**	**14.28**	**--**
Schroder Emerging Market Equity	(11/12)	6.47	57	3.68	85	13.25	59	0.26	41	9.00	50
Idx: MSCI Emerging Markets		**6.59**	**--**	**6.14**	**--**	**14.30**	**--**	**-0.40**	**--**	**9.23**	**--**
SPDR EURO STOXX 50 ETF	(6/14)	3.54	46	5.65	55	34.64	23	6.11	100	9.42	100
REIT EQUITY FUNDS											
Nuveen Real Estate Secs Y		7.34	19	18.61	4	14.39	22	11.64	13	23.59	18
Idx: Wilshire REIT		**7.22**	**--**	**18.08**	**--**	**13.56**	**--**	**11.71**	**--**	**24.05**	**--**
BOND FUNDS											
Core Fixed Income Portfolio		1.77	79	3.40	81	4.32	65	4.12	49	--	--
Pimco Total Return Inst'l		2.37	23	3.70	71	4.88	50	4.32	41	6.39	39
BarCap US Aggregate Bond		**2.04**	**--**	**3.93**	**--**	**4.37**	**--**	**3.66**	**--**	**4.85**	**--**
ALTERNATIVE FUNDS											
Arbitrage I	(7/13)	1.41	21	0.86	54	2.10	59	1.65	39	2.31	38
AQR Managed Futures	(7/13)	0.90	49	-5.19	82	0.33	35	1.30	7	--	--
Eaton Vance Glbl Macro Abs Ret	(7/13)	0.83	66	0.89	79	0.44	86	1.08	80	3.07	78
JPMorgan Research Market Neutral Instl	(7/13)	1.29	24	1.88	30	3.23	42	0.84	55	0.68	56

Data Source: Morningstar, SEI Investments

Returns less than one year are not annualized. Past performance is not indicative of future returns. The information presented has been obtained from sources believed accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.