

**Callan Associates Inc.  
Investment Measurement Service  
Quarterly Review**

**Mendocino County Employees' Retirement Association  
March 31, 2011**

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# Capital Market Review



FIRST QUARTER 2011

## Something Is Not Right With This Picture | U.S. ECONOMY

With job creation, a drop in unemployment and increased business activity, the economy showed signs of a recovery. Yet, GDP came in at 1.8%, well below the 3% estimate. So what happened? [see page 16](#)

## U.S. Equity Emerges Unscathed | U.S. EQUITY

Despite turmoil overseas, the U.S. equity market posted its highest first quarter return since 1998. The **Russell 3000 Index** increased 6.38% as optimism prevailed and all broad market sectors showed positive results. [see page 1](#)

## Spread Sectors Rally Amid Uncertainty | U.S. FIXED INCOME

Spread product led the charge as the **Barclays Capital Aggregate Index** eked out a 0.42% return in the first quarter. The **Barclays Corporate High Yield Index** was again the top performing sector (+3.88%). [see page 4](#)

## Markets Prove Resilient to Disasters | NON-U.S. EQUITY

Markets proved resilient amid continuing European sovereign debt concerns, geopolitical turbulence and the Tohoku Pacific earthquake. **EAFE Value** (+4.55%) surged past **EAFE Growth** (+2.22%). The **MSCI EAFE** (+3.36%) surpassed the **EM Index** (+2.10%) for the first time in nine quarters. [see page 7](#)

## Developed World Sings a Different Tune | NON-U.S. FIXED INCOME

The divergence in developed nations' economic situations was evident in their respective bond returns, which left the **Citi Non-U.S. World Government Bond Index** (+0.97%) modestly positive. Emerging markets proved largely resilient, demonstrated by the **JPM GBI EM Global Composite** (+2.71%).

[see page 10](#)

## Divergent Growth | REAL ESTATE

Institutional transactional activity slowed while demand for core assets remained high, with the **NCREIF Property Index** up 3.36%. European REITs, as measured by the **FTSE EPRA/NAREIT Developed Europe REIT Index** (+8.81%), topped all public and private real estate sectors. [see page 12](#)

## Fits and Starts | PRIVATE EQUITY

The first quarter showed both progress, which included improved fundraising totals and the three largest sponsor-backed IPOs in history, and pullbacks such as modest declines in new company investments. Overall, the private equity industry benefited from improved economic fundamentals and momentum is expected to build. [see page 14](#)

## Shake, Rattle and Roll | HEDGE FUNDS

Despite destabilizing global events, market risk appetite—fueled by a quickening global recovery and easy monetary conditions—seemed insatiable. The **Dow Jones Credit Suisse Hedge Fund Index** rose 2.21%, gross of any implementation costs. The median manager in the **Callan Hedge Fund-of-Funds Database** gained 1.58% net. [see page 15](#)

## Markets Plug Along | DIVERSIFIED ACCOUNTS

With the continued rally across global markets, all fund types posted gains for the third consecutive quarter. Taft-Hartley funds (+4.00%) led the pack while corporate funds lagged (+3.65%). [see page 18](#)

### Broad Market Quarterly Returns

U.S. Equity ( <b>Russell 3000</b> )	6.38%
Non-U.S. Equity ( <b>MSCI EAFE</b> )	3.36%
U.S. Fixed ( <b>BC Aggregate</b> )	0.42%
Non-U.S. Fixed ( <b>Citi Non-U.S.</b> )	0.97%
Real Estate ( <b>NCREIF Property Index</b> )	3.36%
Hedge Funds ( <b>DJCS HFI</b> )	2.21%
Cash ( <b>90-Day T-Bills</b> )	0.05%

Sources: Barclays Capital Inc., Citigroup, Credit Suisse Hedge Index LLC, Merrill Lynch, MSCI Inc., NCREIF, Russell Investment Group, Standard & Poor's

The *Capital Market Review* is a quarterly macroeconomic indicator newsletter that provides thoughtful insights on the economy and recent performance in the equity, fixed income, alternatives, international, real estate and other capital markets.

Editor-in-Chief – Stephanie Meade; Performance Data – Alpay Soyoguz, CFA, Adam Mills; Publication Layout – Tanja Eisenhardt

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#### **About the Callan Investments Institute**

The Callan Investments Institute, established in 1980, is a source of continuing education for those in the institutional investment community. The Institute conducts conferences and workshops and provides published research, surveys and newsletters. The Institute strives to present the most timely and relevant research and education available so our clients and our associates stay abreast of important trends in the investments industry.

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#### **About Callan Associates**

Founded in 1973, Callan Associates Inc. is one of the largest independently owned investment consulting firms in the country. Headquartered in San Francisco, Calif., the firm provides research, education, decision support and advice to a broad array of institutional investors through four distinct lines of business: Fund Sponsor Consulting, Independent Adviser Group, Institutional Consulting Group and the Trust Advisory Group. Callan employs more than 150 people and maintains four regional offices located in Denver, Chicago, Atlanta and Florham Park, N.J.



## U.S. EQUITY EMERGES UNSCATHED

Domestic equity markets turned a blind eye to continued sovereign debt crises in Europe, unrest in the Middle East and North Africa, and the catastrophic earthquake and tsunami in Japan. Oil prices reached two-and-a-half-year highs at the end of March at \$107 per barrel, catapulting the Energy sector to double-digit returns. Despite supply chain disruptions in Japan, mergers and acquisitions increased and IPOs showed healthy valuations. Employment data improved—the unemployment rate dropped to 9% at the end of February. Corporate profits were strong, consumer confidence recovered and the Fed’s Quantitative Easing (QE2) continued to have a positive effect on the market. However, inflation remained a significant concern as commodity prices increased and QE2 approached its end on June 30, 2011. The domestic housing market continued to decline and oil prices weighed on consumer spending. The U.S. equity market (**S&P 500**: +5.92%) emerged from the first quarter unscathed.

All sectors were positive within the broad benchmark **Russell 3000** (+6.38%) for the first quarter. By capitalization size, small cap stocks (**Russell 2000**: +7.94%) maintained their lead over large cap stocks,

also trumping the **Russell Midcap** (+7.63%). The largest stocks, (**Russell Top 50**: +4.90%) experienced the least amount of gains.

Within the Russell 3000, cyclical sectors were once again in the black: Energy (+16.88), Industrials (+8.82%), Materials (+5.55%) and Consumer Discretionary (+4.79%). Turmoil in Egypt and Libya fueled oil prices to reach record levels; companies within the Oil and Gas Refining and Marketing sub-sector (+30.53%) benefited immensely. Materials was propelled by the Diversified Chemicals sub-sector; in February the Producer Price Index for chemicals was at 264.9, the highest level since 2008. The Industrials sector included companies with double-digit expected earnings growth, specifically General Electric (+10.37%), Caterpillar (+19.43%) and Textron (+15.95%). Automobiles (-6.90%) and Retailing (+2.20%) dragged down the Consumer Discretionary sector; both felt the effect of higher gas prices.

Innovative companies like Vonage Holdings Corp. (+103.57%), an affordable communications provider, helped keep the Telecommunication Services (+4.44%) sector positive for the quarter. Information

### Economic Sector Exposure (Russell 3000)

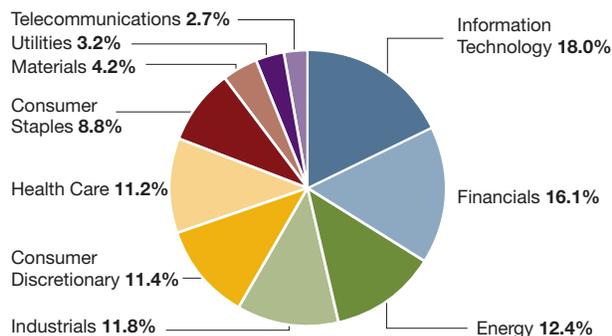
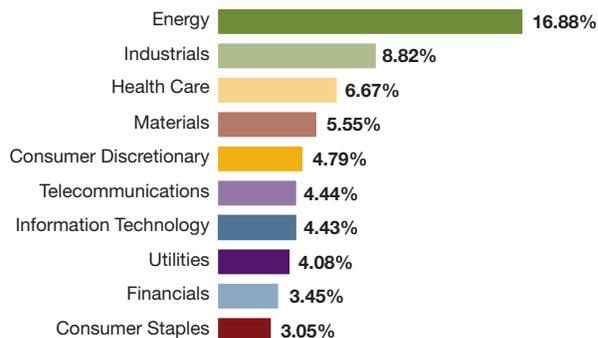
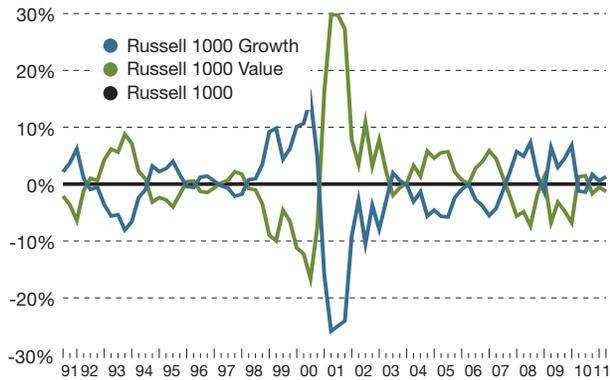


Chart may not sum to 100% due to rounding.  
Source: Russell Investment Group

### Economic Sector Quarterly Returns (Russell 3000)



### Rolling One-Year Relative Returns versus Russell 1000

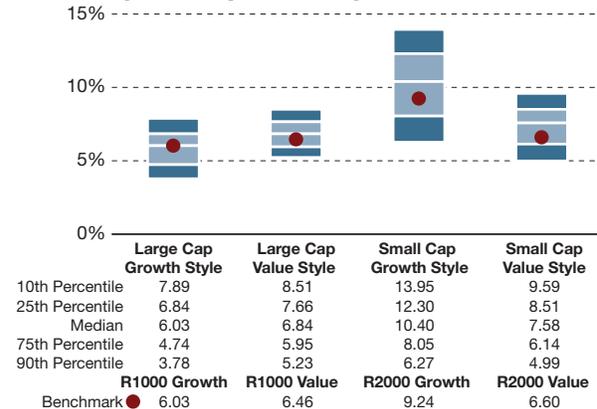


Technology (+4.43%) profited from favorable M&A activity as eBay (+11.53%) announced its acquisition of GSI Commerce (+26.00%), and Xilinx (+13.73%) purchased start-up Omiino Limited.

Consumer Staples (+3.05%), specifically Food & Staples Retailing (+0.62%), faltered from a rise in food prices. Financials (+3.45%) ended the quarter with disappointing results as insurance companies were punished by exposure to Japan's crisis.

Both Healthcare (+6.67%) and Utilities (+4.08%) saw improved performance over the prior quarter. Despite the unknown effects of health care reform, an aging

### Callan Style Group Quarterly Returns



population continues to support the sector, specifically within Managed Health Care (+24.69%). Utilities returns were pared back as Japan's nuclear crisis unfolded, prompting the EPA to announce aggressive new toxic emissions regulations.

Within the Russell style indices, growth surpassed value among smaller capitalization companies but lost ground in the larger stocks. The **Russell 2000 Small Cap Value Index** (+6.60%) trailed its growth counterpart (+9.24%), yet for larger stocks the **Russell 1000 Value Index** (+6.46%) topped the **Russell 1000 Growth Index** (+6.03%).

### U.S. Equity Index Characteristics as of March 31, 2011

	S&P 1500	S&P 500	S&P 400	S&P 600	Rus 3000	Rus 1000	Rus Midcap	Rus 2000
Cap Range Min (\$MM)	42	1,588	360	42	5	193	193	5
Cap Range Max (\$B)	417.17	417.17	9.99	3.87	428.78	428.78	24.03	5.04
Number of Issues	1,500	500	400	600	2,921	973	778	1,948
% of S&P 1500	100%	87%	9%	4%	100%	92%	28%	8%
Wtd Avg Mkt Cap (\$B)	80.17	91.19	4	1.32	74.12	80.82	8.44	1.42
Price/Book Ratio	2.2	2.3	2.2	2.0	2.2	2.3	2.2	2.0
P/E Ratio (forecasted)	13.6	13.2	17.5	18.4	14.0	13.6	16.2	20.8
Dividend Yield	1.8%	1.9%	1.3%	1.0%	1.7%	1.8%	1.4%	1.1%
5-Yr Earnings (forecasted)	10.4%	10.3%	11.4%	10.1%	10.7%	10.6%	11.4%	11.8%

Sources: Russell Investment Group, Standard & Poor's



U.S. EQUITY | continued

**Style Median and Index Returns\* for Periods ended March 31, 2011**

<b>Large Cap Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Large Cap–Broad Style	6.36	15.87	2.97	2.96	4.41	8.05
Large Cap–Growth Style	6.03	19.30	4.66	4.30	3.54	7.62
Large Cap–Value Style	6.84	14.90	1.77	2.29	5.20	8.39
Aggressive Growth Style	9.22	27.25	7.77	6.55	6.58	7.95
Contrarian Style	6.49	14.21	3.09	2.93	6.29	9.16
Core Style	6.43	15.41	3.10	3.21	4.27	8.07
Yield-Oriented Style	6.25	15.68	3.03	3.70	6.00	8.68
Russell 3000	6.38	17.41	3.42	2.95	4.13	7.06
Russell 1000	6.24	16.69	2.98	2.93	3.83	7.06
Russell 1000 Growth	6.03	18.26	5.19	4.34	2.99	5.77
Russell 1000 Value	6.46	15.15	0.60	1.38	4.53	7.68
S&P Composite 1500	6.28	16.91	3.18	2.93	3.97	7.21
S&P 500	5.92	15.65	2.35	2.62	3.29	6.80
NYSE	6.12	15.68	1.24	3.07	5.28	7.93
Dow Jones Industrials	7.07	16.51	3.12	4.87	4.73	7.73
<b>Mid Cap Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Mid Cap–Broad Style	8.10	25.21	7.79	5.61	9.14	11.09
Mid Cap–Growth Style	8.13	29.10	7.93	6.16	7.98	11.32
Mid Cap–Value Style	7.55	21.98	7.57	5.02	10.26	11.47
Russell Midcap	7.63	24.27	7.25	4.67	8.52	9.93
S&P MidCap 400	9.36	26.95	10.00	6.07	9.36	11.63
<b>Small Cap Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Small Cap–Broad Style	8.58	28.58	9.64	4.38	9.80	10.90
Small Cap–Growth Style	10.40	31.53	10.08	4.58	7.85	9.37
Small Cap–Value Style	7.58	24.00	9.59	4.72	11.55	12.64
Small Cap–Core Style	8.57	28.39	9.10	3.96	10.22	11.14
Russell 2000	7.94	25.79	8.57	3.35	7.87	7.83
S&P SmallCap 600	7.71	25.27	8.36	3.67	9.20	9.73
NASDAQ	5.05	17.20	7.92	4.45	4.97	6.99
<b>Russell 3000 Sectors</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Consumer Staples	3.05	11.19	5.33	7.95	6.86	8.08
Consumer Discretionary	4.79	21.75	10.05	3.92	4.03	6.46
Industrials	8.82	24.08	2.43	3.64	6.15	8.43
Energy	16.88	41.13	4.02	9.47	12.56	13.17
Materials	5.55	26.65	3.69	8.38	10.74	7.30
Information Technology	4.43	15.10	8.71	5.26	2.75	6.87
Utilities	4.08	14.61	-0.14	5.16	3.07	6.95
Financials	3.45	5.62	-8.23	-8.73	-0.24	5.84
Telecommunications	4.44	27.40	2.71	3.96	-0.14	-
Health Care	6.67	8.03	5.96	3.53	3.10	-

\*Returns less than one year are not annualized.

Sources: Callan Associates Inc., Dow Jones & Company Inc., Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market Inc.

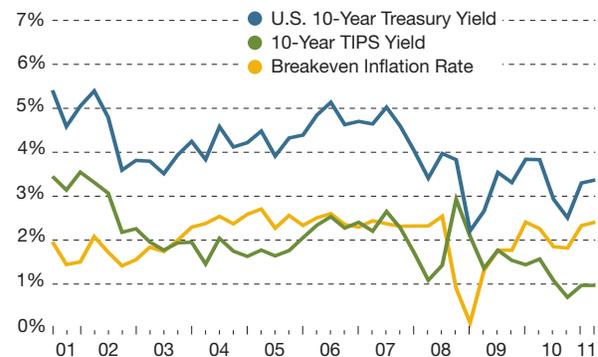
## SPREAD SECTORS RALLY AMID UNCERTAINTY

The fixed income market rebounded from a disappointing end to 2010, led primarily by performance from spread sectors. Investors appear to have faith in an economic recovery—long-term Treasury yields rose for the second straight quarter. Despite negative performance from the Treasury sector (-0.16%), the **Barclays Capital Aggregate Index** advanced 0.42% during the first quarter of 2011. Substantial uncertainty remains in the fixed income market, however, particularly with the expiration of the Fed’s Quantitative Easing (QE2) program in June.

The Fed did not waver from its focus on the unemployment rate and inflation, maintaining the federal funds rate and the discount rate at 0.00% to 0.25% and 0.75%, respectively. While signs of inflation have begun to appear in the marketplace, the Fed is unlikely to increase interest rates prior to measured improvement in unemployment. However, continued economic improvement puts pressure on the Fed to clarify its long-term monetary policy. Short-term (less than one year) yields dipped slightly during the quarter and long-term yields increased. Two-year yields rose 23 bps to 0.83% and the 30-year yield increased 17 bps to 4.51%. The yield curve flattened mildly during the quarter, as the spread between two-year and 30-year Treasuries dropped 5 bps to 368 bps. The breakeven rate (the difference between nominal and real yields) on the 10-year Treasury advanced 8 bps to 2.41%, as TIPS performed well relative to nominal Treasuries.

For the second consecutive quarter, Treasuries were unable to keep pace with spread product. No major sector underperformed like-duration Treasuries as spreads tightened across the board. Investment-grade credit started off the year with a gain (+1.05%) in excess returns, led by continued strong excess returns from Financials (+1.48%) and overall economic optimism.

### Historical 10-Year Yields



Source: Bloomberg

Securitized issues performed particularly well, with commercial mortgage-backed securities (CMBS) outpacing like-duration Treasuries by 2.03%. Mortgage-backed securities (MBS) and asset-backed securities (ABS) also rose, topping like-duration Treasuries by 0.55% and 0.61%, respectively. The MBS sector continues to benefit from the slow pace of refinancing and limited issuance. Performance in the ABS sector was driven by improved credit metrics and low issuance.

Performance within the non-investment grade corporate debt sector continued its impressive run, with

### U.S. Treasury Yield Curves



Source: Bloomberg

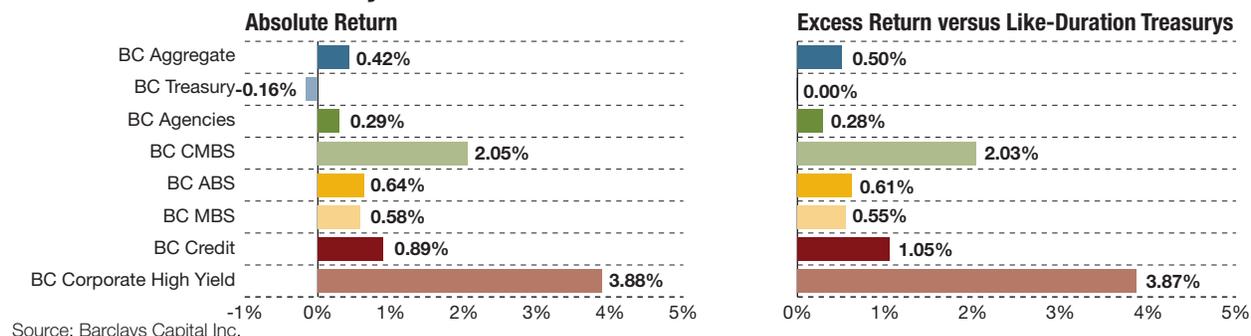


## U.S. FIXED INCOME | continued

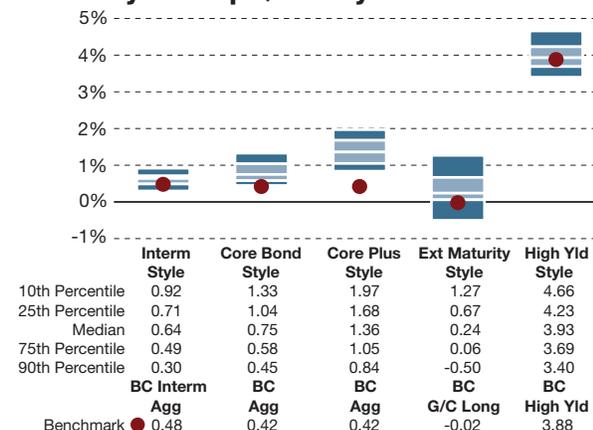
the **Barclays Corporate High Yield Index** increasing 3.88% for the quarter. Investor demand remained high with approximately \$8.6 billion flowing into high

yield mutual funds during the quarter. New issue activity maintained its blistering pace with 197 issues for \$89.6 billion coming to market.

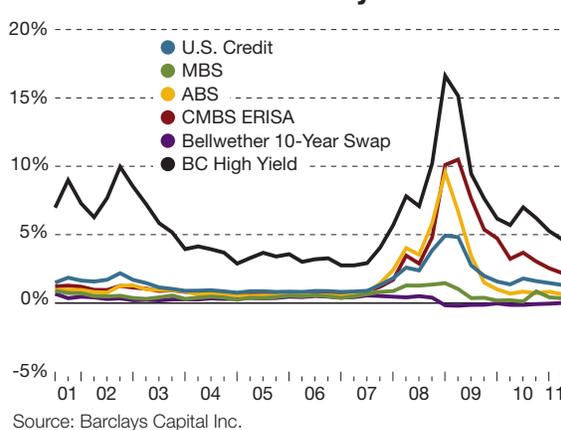
### Fixed Income Index Quarterly Returns



### Callan Style Group Quarterly Returns



### Effective Yield Over Treasuries



### U.S. Fixed Income Index Characteristics as of March 31, 2011

BC Indices	Yield to Worst	Modified Adj Duration	Avg Maturity	% of BC G/C	% of BC Agg
BC Aggregate	3.08	5.12	7.25	0.00%	100.00%
BC Govt/Credit	2.71	5.47	7.70	100.00%	64.32%
Intermediate	2.20	3.92	4.38	82.79%	53.25%
Long-Term	5.20	12.93	23.69	17.21%	11.07%
BC Govt	1.98	4.91	6.29	62.10%	39.95%
BC Credit	3.91	6.38	10.02	37.90%	24.38%
BC Mortgage	3.75	4.56	6.62	-	32.99%
BC Asset-Backed	2.05	3.22	3.74	-	0.28%
BC Commercial Mortgage	3.97	3.67	4.16	-	2.41%
BC Corp High Yield	7.02	4.28	6.88	-	-

Source: Barclays Capital Inc.

**Style Median and Index Returns\* for Periods ended March 31, 2011**

<b>Broad Fixed Income</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Core Bond Style	0.75	6.04	6.33	6.52	5.94	6.51
Core Bond Plus Style	1.36	7.65	7.45	6.84	6.50	6.95
BC Aggregate	0.42	5.12	5.30	6.03	5.56	6.20
BC Govt/Credit	0.28	5.26	4.82	5.83	5.53	6.15
BC Govt	-0.08	4.28	3.66	5.63	5.15	5.93
BC Credit	0.89	7.01	7.02	6.42	6.19	6.54
Citi Broad Investment Grade	0.36	5.11	5.36	6.21	5.68	6.27
<b>Long-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Extended Maturity Style	0.24	8.99	8.03	7.47	7.50	8.31
BC Gov/Credit Long	-0.02	8.45	6.50	6.65	6.82	7.38
BC Gov Long	-0.86	7.44	4.05	6.28	6.40	7.26
BC Credit Long	0.64	9.19	8.46	6.73	7.22	7.29
<b>Intermediate-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Intermediate Style	0.64	5.09	5.56	6.31	5.64	6.21
BC Intermediate Aggregate	0.48	4.76	5.17	5.96	5.38	6.00
BC Gov/Credit Intermediate	0.34	4.63	4.49	5.68	5.20	5.80
BC Gov Intermediate	0.02	3.83	3.54	5.48	4.81	5.52
BC Credit Intermediate	0.99	6.32	6.59	6.36	5.91	6.31
<b>Short-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Defensive Style	0.38	2.70	3.43	4.53	4.13	4.93
Active Cash Style	0.25	1.48	2.62	3.62	3.03	4.05
Money Market Funds (net of fees)	0.00	0.01	0.49	2.10	1.94	3.03
ML Treasury 1-3-Year	0.03	1.67	2.22	4.10	3.64	4.56
90-Day Treasury Bills	0.05	0.16	0.51	2.23	2.24	3.29
<b>High Yield</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
High Yield Style	3.93	14.54	11.85	8.80	8.78	8.02
BC Corporate High Yield	3.88	14.31	12.94	9.12	8.63	7.47
ML High Yield Master	3.85	14.14	12.46	8.88	8.47	7.59
<b>Mortgage/Asset-Backed</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Mortgages Style	0.62	5.56	6.34	6.41	5.84	6.47
BC MBS	0.58	4.37	5.88	6.48	5.66	6.30
BC ABS	0.64	4.21	5.74	4.36	4.59	5.48
BC CMBS	2.05	12.62	8.79	6.87	6.53	-
<b>Municipal</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
BC Muni	0.51	1.63	4.47	4.14	4.66	5.29
BC Muni 1-10-Year	0.67	2.95	4.56	4.74	4.42	4.87
BC Muni 3-Year	0.78	2.31	3.86	4.36	3.77	4.21

\*Returns less than one year are not annualized.

Sources: Barclays Capital Inc., Callan Associates Inc., Citigroup, Merrill Lynch



## MARKETS PROVE RESILIENT TO DISASTERS

Global markets endured a volatile start to the year but finished in the black for the third consecutive quarter. Markets proved resilient amid continuing European sovereign debt concerns, geopolitical turbulence and the Tohoku Pacific earthquake. The earthquake jolted global markets, which fell sharply initially but stabilized by quarter-end. Seven of 10 sectors were positive for the quarter. Energy (+11.04%) outpaced the developed EAFE Index, as geopolitical tensions in North Africa coupled with increased demand pushed the sector higher. Technology (-1.05%) lagged on concerns of bottlenecks within the supply chain, following the Japanese earthquake and ensuing Fukushima Daiichi nuclear facility disaster. **EAFE Value** (+4.55%) surged past **EAFE Growth** (+2.22%). The **MSCI EAFE** (+3.36%) surpassed the **EM Index** (+2.10%) for the first time in nine quarters, and **EAFE Small Cap** (+2.96%) trailed the broader, larger-cap heavy Index for only the second quarter since the March 2009 recovery.

### Europe

The **MSCI Europe Index** (+6.46%) led all regions, benefiting from a strengthening euro, increased M&A activity and improved corporate earnings. The region was propelled by last year's laggards, Greece (+15.15%), Italy (+13.77%) and Spain (+13.62), as investors increased their appetite for risk. Sovereign debt concerns persisted in the region—S&P downgraded Greece and Portugal while bank stress tests in Ireland revealed that it would require another round of capital injections. The economic outlook continued to improve in Germany (+7.47%), which enjoyed growth in M&A activity, manufacturing expansion and lower unemployment.

### Regional Quarterly Performance (U.S. Dollar)

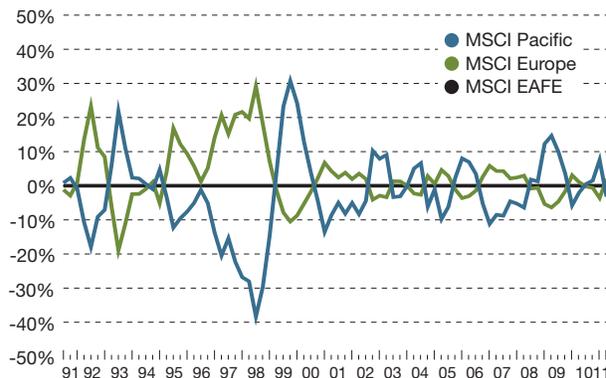


Source: MSCI Inc.

### Pacific

The **MSCI Pacific Index** (-2.03%) was driven lower as investors reacted to the March 11 Tohoku Pacific earthquake, tsunami and nuclear fallout. After falling nearly 20% in the days following the earthquake, the Japanese market (-4.93%) regained much of its losses by month-end. The situation remains fluid and the long-term impact has yet to be determined. Natural disasters also struck Australia and New Zealand. Despite the temporary headwind of January's flooding, Australia (+4.45%) was propelled higher by the strength of Banking and Mining names. The Bank of Australia kept its key interest rate unchanged at 4.75%.

### Rolling One-Year Relative Returns versus MSCI EAFE U.S. Dollar



Source: MSCI Inc.

### Developing Markets

After underperforming during the first two months of the year, a strong March pushed emerging markets (**MSCI EM Index**: +2.10%) into positive territory for the third consecutive quarter. Growth was attributed to Emerging Asia, which will likely benefit from Japan's production shortfall due to the earthquake. The Middle East and North Africa witnessed civil unrest and a series of regime changes during the quarter, arousing fears of a global oil supply shock that pushed the price of oil to well over \$100 per barrel, and causing Egypt (-23.23%) to close its stock market for two months. Inflationary concerns persisted in India (-5.11%) and China (+2.88%), where both

governments continued to raise interest rates. The European region (+11.76%) surged during the quarter, propelled by the strength of oil-rich Russia (+16.29%). Frontier markets, as measured by the **MSCI FM Index** (-5.49%), struggled to keep pace with their emerging markets counterparts.

### Quarterly Return Attribution for EAFE Countries (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	4.45%	3.53%	0.89%	8.81%
Austria	6.01%	0.22%	5.78%	0.34%
Belgium	5.54%	-0.23%	5.78%	0.93%
Denmark	9.42%	3.50%	5.72%	1.11%
Finland	1.88%	-3.68%	5.78%	1.09%
France	10.57%	4.53%	5.78%	10.18%
Germany	7.47%	1.60%	5.78%	8.62%
Greece	15.15%	8.86%	5.78%	0.28%
Hong Kong	-0.41%	-0.35%	-0.06%	2.78%
Ireland	8.98%	3.02%	5.78%	0.24%
Israel	-2.53%	-4.40%	1.96%	0.75%
Italy	13.77%	7.55%	5.78%	2.91%
Japan	-4.93%	-2.84%	-2.14%	20.31%
Netherlands	10.50%	4.46%	5.78%	2.69%
New Zealand	4.15%	6.67%	-2.36%	0.10%
Norway	6.81%	1.66%	5.08%	0.94%
Portugal	8.71%	2.77%	5.78%	0.28%
Singapore	-0.63%	-2.22%	1.63%	1.68%
Spain	13.62%	7.41%	5.78%	3.60%
Sweden	5.31%	-1.18%	6.57%	3.24%
Switzerland	1.48%	-0.39%	1.89%	7.85%
U.K.	3.78%	1.36%	2.38%	21.28%

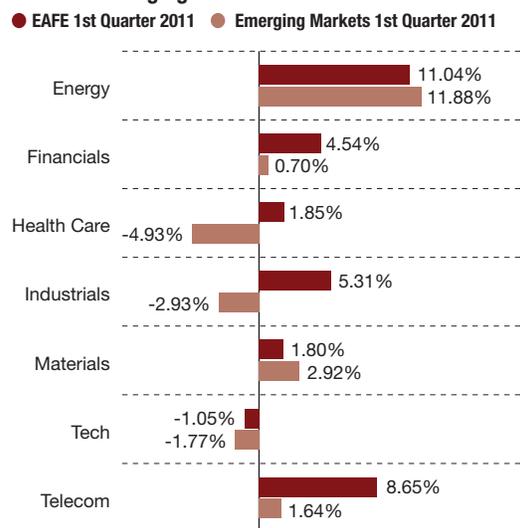
Source: MSCI Inc.

### Divergent Paths

#### Emerging Markets Selected Country Returns

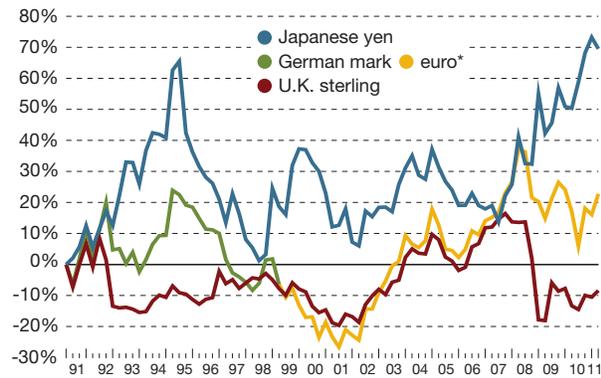


#### EAFE and Emerging Markets Selected Sector Performance



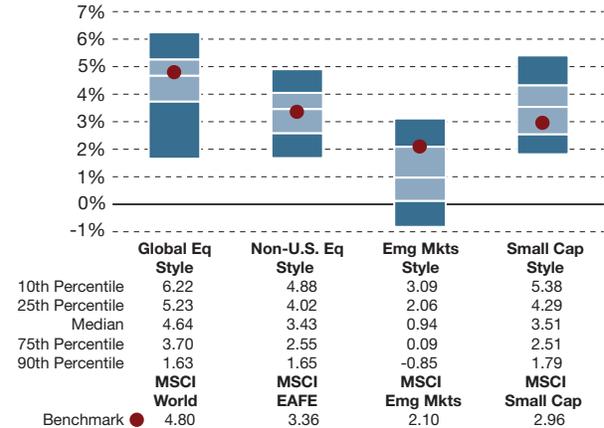
NON-U.S. EQUITY | continued

**Major Currencies Cumulative Returns versus U.S. Dollar**



Source: MSCI Inc.

**Callan Style Group Quarterly Returns**



Sources: Callan Associates Inc., MSCI Inc.

**Style Median and Index Returns\* for Periods ended March 31, 2011**

International Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Style	4.64	13.71	-0.36	1.92	5.05	7.47
Non-U.S. Style	3.43	12.97	-1.04	2.66	7.27	7.48
Core Style	3.49	12.73	-1.50	2.15	6.82	7.25
MSCI EAFE–Unhedged	3.36	10.42	-3.02	1.30	5.39	4.73
MSCI EAFE–Local	0.99	1.49	-2.49	-2.56	1.09	3.65
MSCI EAFE Growth–Unhedged	2.22	12.55	-2.52	2.14	4.80	3.33
MSCI EAFE Value–Unhedged	4.55	8.21	-3.57	0.39	5.88	5.99
MSCI World–Unhedged	4.80	13.45	-0.25	2.08	4.21	5.53
MSCI World–Local	3.58	8.86	-0.10	0.03	2.15	5.05
MSCI AC World ex-U.S.–Unhedged	3.49	13.61	-0.38	4.05	7.85	6.24
MSCI AC World–Unhedged	4.53	14.63	0.86	3.48	5.54	6.29
Pacific Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Pacific Basin Style	-0.67	12.63	2.65	4.02	8.65	3.58
Japan Style	-3.77	4.29	-2.50	-4.91	2.70	1.49
Pacific Rim Style	0.89	19.72	4.30	11.07	15.97	8.08
MSCI Pacific–Unhedged	-2.03	6.87	-0.28	-0.14	4.77	0.99
MSCI Pacific–Local	-1.02	-4.63	-5.68	-6.61	0.16	-0.79
MSCI Japan–Unhedged	-4.93	1.45	-3.61	-4.69	1.39	-1.28
MSCI Japan–Local	-2.84	-10.02	-9.32	-11.19	-2.71	-2.94
Europe Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Europe Style	6.08	14.57	-3.04	2.87	7.31	9.17
MSCI Europe–Unhedged	6.46	12.62	-4.15	2.04	5.68	7.34
MSCI Europe–Local	2.14	5.41	-0.36	-0.24	1.76	6.70
Emerging Markets	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Emerging Markets Style	0.94	17.75	4.18	10.58	17.79	11.30
MSCI EM–Unhedged	2.10	18.78	4.62	11.01	17.12	8.70
MSCI EM–Local	0.70	13.58	4.53	9.81	15.32	10.98
International Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Small Cap Style	3.51	22.61	1.40	4.34	11.36	10.71
MSCI EAFE Small Cap–Unhedged	2.96	19.94	1.39	1.36	10.54	-

\*Returns less than one year are not annualized.

Sources: Callan Associates Inc., MSCI Inc.

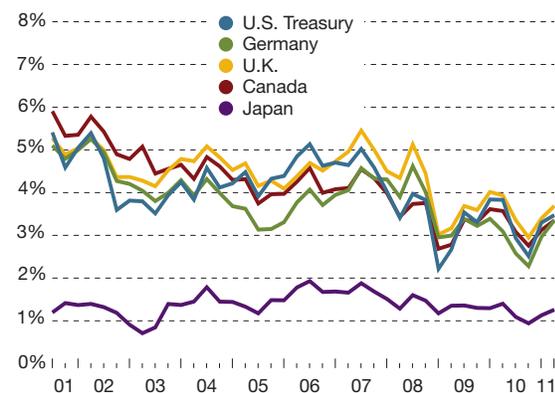
## DEVELOPED WORLD SINGS A DIFFERENT TUNE

While Europe discussed raising rates in the face of a 2.6% increase in prices, Japan was forced to issue monetary stimulus after the devastating earthquake hit. In the aftermath of the 2008 financial crisis, most developed nations had faced the similar issues of low growth and little to no inflation. European inflation and natural disasters in the Pacific Rim were just some of the events, however, that drove developed countries into very different situations at the end of first quarter 2011.

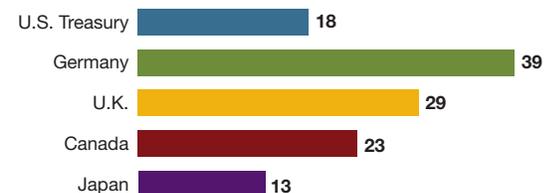
The divergence in developed nations' economic situations was evident in their respective bond returns, which left the **Citi Non-U.S. World Government Bond Index** (+0.97%) modestly positive. Despite the European Central Bank's talk of future rate increases,

the majority of the Index's European issuers finished the quarter with strong performance on the back of a strengthening euro. Differing fortunes were displayed among the PIIGS nations for the first time as Italy (+6.38%) and Spain (+8.15%) left behind their sty-mates Portugal (-3.85%) and Ireland (-0.24%). Japan (-2.74%) also dragged on the Index, as investors worried that the government would have to pile on more debt to already high levels after the disaster. Flooding in eastern Australia (+2.71%) dampened economic growth for the quarter, although the country's strong fiscal situation relative to its developed peers continued to reward its government bond investors.

### 10-Year Global Government Bond Yields



### Change in 10-Year Yields from 4Q10 to 1Q11 (bps)



Source: Citigroup

### Quarterly Return Attribution for Non-U.S. Gov't Indices (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	2.71%	1.81%	0.89%	1.16%
Austria	3.79%	-1.88%	5.78%	1.77%
Belgium	5.29%	-0.46%	5.78%	2.59%
Canada	1.57%	-0.56%	2.15%	2.80%
Denmark	2.93%	-2.65%	5.72%	0.81%
Finland	3.47%	-2.18%	5.78%	0.63%
France	3.75%	-1.92%	5.78%	9.55%
Germany	3.36%	-2.29%	5.78%	9.22%
Ireland	-0.24%	-5.70%	5.78%	0.65%
Italy	6.38%	0.56%	5.78%	9.68%
Japan	-2.74%	-0.61%	-2.14%	42.05%
Malaysia	2.23%	0.41%	1.81%	0.52%
Mexico*	2.07%	-1.46%	3.58%	0.89%
Netherlands	3.36%	-2.29%	5.78%	2.44%
Norway	4.80%	-0.26%	5.08%	0.27%
Poland	4.40%	0.35%	4.04%	0.92%
Portugal	-3.85%	-9.10%	5.78%	0.91%
Singapore	3.29%	1.64%	1.63%	0.39%
Spain	8.15%	2.24%	5.78%	4.34%
Sweden	6.88%	0.29%	6.57%	0.67%
Switzerland	1.06%	-0.81%	1.89%	0.51%
U.K.	1.56%	-0.80%	2.38%	7.24%

Greece was removed in 2Q10.

\*Mexico was added in 3Q10.

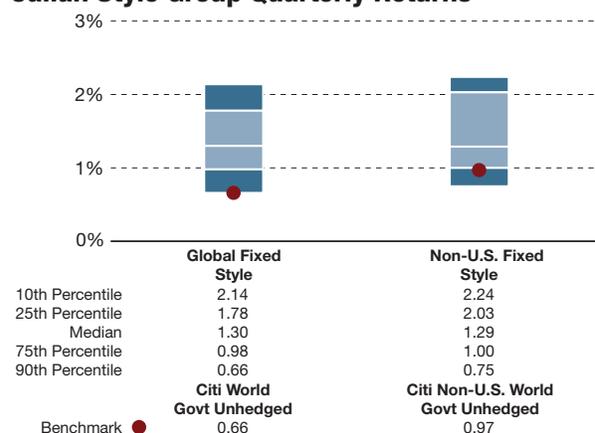
Source: Citigroup



## NON-U.S. FIXED INCOME | continued

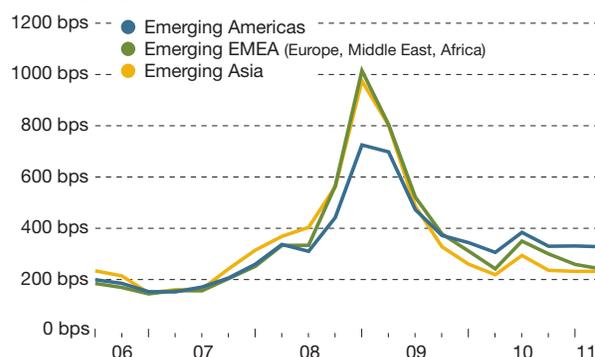
Despite inflation worries for some emerging market bond issuers, most emerging markets proved resilient, as demonstrated by the **JPM GBI EM Global Composite** (+2.71%). Continued strong economic growth and higher-than-desired inflation in China, India and Indonesia forced policymakers in each country to increase interest rates. Strong currency appreciation in Russia and Hungary led these two Eastern European nations to top the Index's performance on a total return basis. As its developed neighbors splintered along different courses in the first quarter, the emerging world generally continued to advance. In perhaps one of the most extreme examples yet of the improving fortunes of the developing world, Colombia joined the ranks of developing issuers who have risen to investment-grade status.

### Callan Style Group Quarterly Returns



Sources: Callan Associates Inc., Citigroup

### Emerging Spreads by Region



Source: Barclays Capital Inc.

### Style Median and Index Returns\* for Periods ended March 31, 2011

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Global Fixed</b>						
Global Style	1.30	8.26	4.85	7.71	7.84	6.74
Citi World Govt-Unhedged	0.66	7.28	3.16	7.31	7.40	5.86
Citi World Govt-Local	-0.65	1.54	3.30	3.67	3.85	4.90
<b>Non-U.S. Fixed</b>						
Non-U.S. Style	1.29	9.48	4.79	8.21	8.71	6.44
Citi Non-U.S. World Govt-Unhedged	0.97	8.52	3.25	7.83	8.07	5.65
Citi Non-U.S. World Govt-Local	-0.83	0.47	3.15	3.11	3.47	4.60
<b>Europe</b>						
Citi Euro Govt Bond-Unhedged	4.52	2.42	-0.10	6.68	9.57	-
Citi Euro Govt Bond-Local	-1.19	-2.34	3.64	3.34	4.49	-
<b>Emerging Markets Fixed</b>						
JPM Emerg Mkts Bond Plus	0.74	8.73	8.45	8.18	10.43	11.62
JPM Emerg Local Mkts Plus	3.29	7.65	3.84	8.26	9.44	8.13
JPM GBI EM Global Composite	2.71	13.03	8.56	11.21	-	-

\*Returns less than one year are not annualized.

Sources: Callan Associates Inc., Citigroup, JPMorgan Chase & Co.

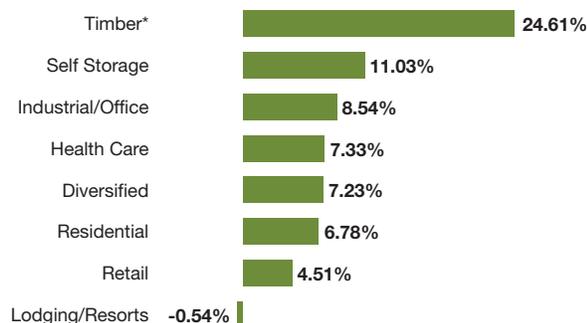
## DIVERGENT GROWTH

Commercial property markets progressed carefully as institutional transactional activity slowed for the second consecutive quarter. The NCREIF Property Index recorded 70 transactions for the first three months of 2011, representing \$2.5 billion in real estate assets. Real estate assets have seen an asymmetric pricing recovery between core and non-core assets. While investor appetite in core assets remains high, the pace at which core pricing has recovered has resulted in a moderate slowdown in transactional activity.

The **NCREIF Property Index** (+3.36%), comprised primarily of stabilized institutional real estate assets, advanced slowly during the quarter. Appreciation (+1.84%) was responsible for most of the gains while income returns contributed 1.52%. Hotel (+3.68%) led property performance, as daily lease maturities are closely linked to a growing economy. The Apartment sector (+3.34%) continued its trend of significant growth while Office (+3.19%) lagged all major property types.

NCREIF capitalization rates further compressed during the quarter, falling below 6% for the first time since 2008. The divergence between appraisal cap rates and transaction cap rates dropped to 25 basis points, reflecting closer expectations between holders and buyers of real estate.

### NAREIT Equity Sector Quarterly Performance



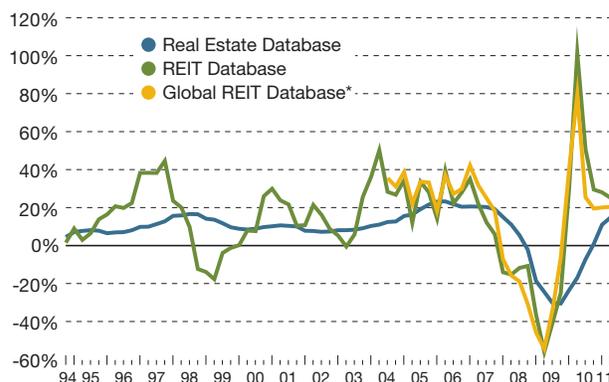
\*Timber replaced Specialty in 4Q10.  
Source: NAREIT

In the publicly traded real estate market, the **NAREIT Equity Index** (+7.50%) advanced, driven by a 5.43% price return. As of quarter-end, domestic REITs traded at a 3.48% dividend yield, down 10 basis points from the previous quarter. The most notable event of the quarter was the announced merger of AMB Property Corporation and ProLogis Trust, which pushed up both the Industrial sub-sector (+11.17%) and the Industrial/Office sector (+8.54%). Lodging/Resorts (-0.54%) lagged property sector performance.

European REITs, as measured by the **FTSE EPRA/NAREIT Developed Europe REIT Index** (USD), climbed 8.81% in the first quarter. Investors with capital cautiously targeted the German market alongside declining unemployment and primary and secondary capital raising activity. Investors remained wary of leverage and small capitalization exposure in the country; however, improving fundamentals and significant discounts to private market valuations have provided a counterbalance.

REITs in the Asia/Pacific region fell during the quarter due to the catastrophic earthquake and consequent tsunami and nuclear disaster in Japan. While the

### Rolling One-Year Returns



\*Global REIT returns from 2Q04  
Source: Callan Associates Inc.



## REAL ESTATE | continued

tragedy in Japan reversed positive and sustainable economic indicators, investor demand in the region remained high. The Japanese government's rebuilding plan is estimated to approach \$200 billion. Overall, the **FTSE EPRA/NAREIT Developed Asia Index** (USD) fell 3.61%.

On a global basis, the **FTSE EPRA/NAREIT Developed REIT Index** (USD) gained 3.04%, while international REITs grew 0.82%.

In the capital markets, domestic REITs raised \$23.3 billion in the first quarter, with over half the total issued in March. Two primary offerings were executed, raising \$902 million. Commercial mortgage-backed securities (CMBS) issuance reached close to \$9 billion in the first quarter and market observers expect up to \$50 billion in new issuances in 2011, as AAA-rated CMBS spreads declined to the lowest levels since the onset of the global financial crisis.

### Overall Capitalization Rates

Sector	1Q11	4Q10	1Q10
Apartment	5.26%	5.42%	6.07%
Industrial	6.30%	6.57%	7.38%
Office	5.90%	5.97%	7.34%
Retail	6.32%	6.59%	7.11%

Rates based on unleveraged, value-weighted, appraisal capitalization data.

Source: NCREIF

### NCREIF Property Index

#### Quarterly Returns by Property Type

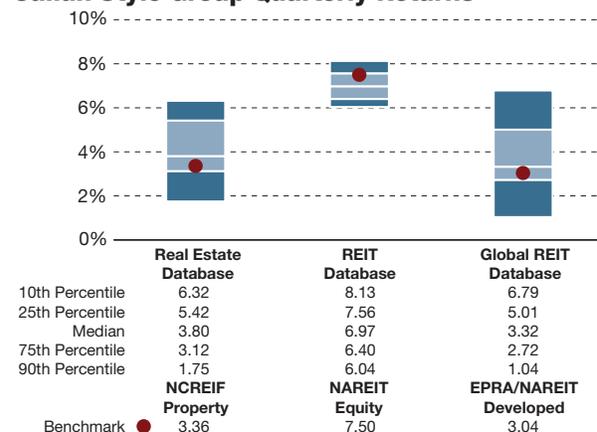


#### Quarterly Returns by Region



Source: NCREIF

### Callan Style Group Quarterly Returns



Sources: Callan Associates Inc., NAREIT, NCREIF, The FTSE Group

### Style Median and Index Returns\* for Periods ended March 31, 2011

Private Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Real Estate Database (net of fees)	3.80	19.25	-9.50	-1.10	4.51	7.84
NCREIF Property**	3.36	16.03	-3.63	3.46	7.48	9.22
Public Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
REIT Database	6.97	25.99	3.74	2.70	12.88	12.85
NAREIT Equity	7.50	25.02	2.64	1.70	11.52	10.91
Global Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
REIT Global Database	3.32	19.92	-0.23	2.38	13.80	-
FTSE EPRA/NAREIT Developed	3.04	19.34	-1.69	0.83	10.72	8.48

\*Returns less than one year are not annualized.

\*\*Represents data available as of publication date.

All REIT returns are reported gross in USD.

Sources: Callan Associates Inc., NAREIT, NCREIF, The FTSE Group

## FITS AND STARTS

Private equity fundraising in the first quarter of 2011 put in a respectable showing. *Private Equity Analyst* reports that new commitments in the first quarter totaled \$123.5 billion with 72 new partnerships formed—a 30% (\$5.5 billion) increase with five additional partnerships compared to the fourth quarter of 2010.

Regarding capital allocations by strategy, buyouts gained market share and may soon return to its 10-year historical average of 55%. Venture capital had a strong quarter on a percentage basis. GTCR Fund X raised the largest amount of capital, securing \$3.1 billion of its \$3.25 billion total.

The new investment deal pace took a respite to digest its fourth quarter 2010 holiday feast. According to *Buyouts* newsletter, the investment pace by funds into companies in the first quarter of 2011 totaled 170 control transactions, with 32 of the buyouts announcing values of \$20 billion. The deal count and the announced dollar volume both fell from the fourth quarter by 97 investments and \$11 billion, respectively. The largest buyout that closed during the first quarter was the \$5.3 billion take-private of consumer staples company Del Monte Foods Co. by KKR, Vestar and Centerview. By transaction type, platform investments was the largest category with 38% of closed deals. Add-on acquisitions to existing portfolio companies was the second largest at 29%. The remaining 33% was divided among

### Funds Closed 1/1/11 to 3/31/11

Strategy	# of Funds	Amt (\$MM)	%
Venture Capital	23	5,126	22
Buyouts	28	11,858	50
Subordinated Debt	3	369	2
Distressed Debt	4	2,796	12
Other	5	645	3
Fund-of-Funds	9	2,746	12
<b>Totals</b>	<b>72</b>	<b>23,540</b>	<b>100</b>

Source: *Private Equity Analyst*

sponsor-to-sponsor deals (15%), carve-outs (12%) and take-privates (3%).

Regarding exits, *Buyouts* reports that 74 private M&A exits of buyout-backed companies occurred in the first quarter, with 27 announcing values totaling \$11.3 billion. The largest M&A exit was the \$1.3 billion sale of Keystone Foods LLC to Marfrig Alimentos SA by Lindsay Goldberg. Buyout-backed IPOs were a bright spot. The first quarter boasted the three biggest sponsor-backed IPOs in the industry's history, the largest of which was the \$3.8 billion offering by hospital operator HCA Holdings Inc., backed by Bain, BAML Capital Partners and KKR. During the quarter, a total of seven IPOs raised a combined \$9.3 billion.

There were 109 venture-backed M&A exits, of which 45 announced values of \$5.9 billion. Venture-backed IPOs in the fourth quarter totaled 14 offerings raising \$1.4 billion, a steep drop from the 32 offerings and \$3.6 billion in the fourth quarter of 2010.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

### Private Equity Performance Database (Pooled Horizon IRRs Through September 30, 2010)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	20 Years
All Venture	5.1	9.6	-2.0	3.2	-2.1	15.9
All Buyouts	5.4	17.9	-3.0	5.3	6.0	9.8
Mezzanine	3.6	4.9	1.1	2.9	2.8	6.9
<b>All Private Equity</b>	<b>5.3</b>	<b>15.3</b>	<b>-2.0</b>	<b>5.2</b>	<b>3.8</b>	<b>11.6</b>
S&P 500	11.3	10.2	-7.2	0.6	-0.4	9.1

Private equity returns are net of fees.

Source: Thomson ONE



## SHAKE, RATTLE AND ROLL

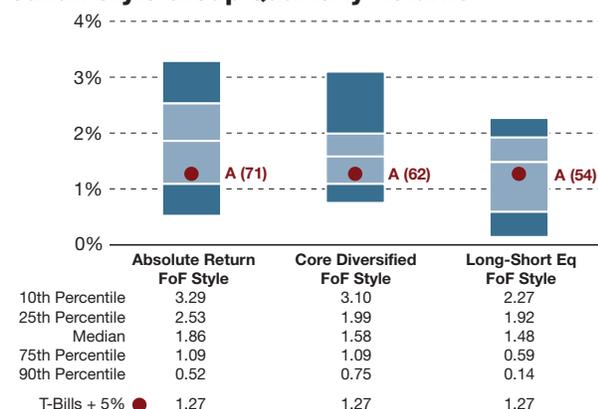
Japan's tragic experience with the earthquake, tsunami and nuclear meltdown disrupted global supply chains. Political unrest in the Middle East and North Africa threatened an already delicate balance in the oil markets, pushing oil prices higher. Intensifying sovereign risks in Europe and political brinkmanship over U.S. debt ceilings tested faith in the euro and dollar. Notwithstanding these destabilizing events, market risk appetite—fueled by a quickening global recovery and easy monetary conditions—seemed insatiable.

Representing an unmanaged proxy for hedge fund performance, the **Dow Jones Credit Suisse (DJCS) Hedge Fund Index** rose 2.21%, gross of any implementation costs. The median manager in the **Callan Hedge Fund-of-Funds Database** gained 1.58% net.

All hedge fund strategies except *Short Bias* (-5.88%) and *Managed Futures* (-1.05%) in the DJCS Index were positive. With faith in a long-term, unconstrained recovery shaken, hedged fundamentals became more important than a long bias. Consequently, *Market Neutral Equity* (+3.46%), *Convertible Arb* (+4.48%) and *Multi-Strategy* (+4.22%) performed well. *Long/Short Equity* gained only 2.28%, roughly half the MSCI ACWI (+4.53%) return.

Within investment styles of FoF managers, levels of equity and credit exposure greatly influence performance rankings. With its less directional style, the median *Callan Absolute Return FoF* (+1.86%) edged out the more long-biased *Long/Short Equity FoF* (+1.48%). Embracing all hedge fund strategies, the *Core Diversified FoF* manager rose 1.58%.

### Callan Style Group Quarterly Returns



Sources: Callan Associates Inc., Merrill Lynch

Please see our upcoming issue of *Hedge Fund Monitor* for more in-depth coverage.

### Style Median and Index Returns\* for Periods ended March 31, 2011

Diversified Hedge Fund Strategies	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	1.58	5.43	0.76	3.17	5.26	8.74
DJCS Hedge Fund Index	2.21	10.00	3.55	5.75	7.41	9.48
DJCS Investable Blue Chip Index	2.22	9.78	1.40	2.94	4.85	-
DJCS Subindices	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Market Neutral	3.46	3.33	-14.46	-5.66	0.56	5.06
Convertible Arb	4.48	11.97	8.15	5.89	5.85	8.44
Fixed Income Arb	2.31	11.14	3.84	2.91	4.33	5.07
Multi-Strategy	4.22	11.02	4.11	5.30	7.18	8.88
Distressed	2.66	7.79	3.77	5.46	9.47	10.72
Risk Arb	2.30	4.09	3.61	5.44	4.59	6.84
Event Driven Multi Strategy	3.27	12.92	7.27	8.93	9.30	10.36
Long/Short Equity	2.28	8.74	3.76	5.44	7.13	10.61
Short Bias	-5.88	-19.49	-17.17	-8.08	-7.44	-4.75
Global Macro	0.65	11.35	4.37	8.89	11.11	12.43
Managed Futures	-1.05	8.76	3.59	6.20	6.91	7.32

\*Returns less than one year are not annualized.

Sources: Callan Associates Inc., Credit Suisse Hedge Index LLC

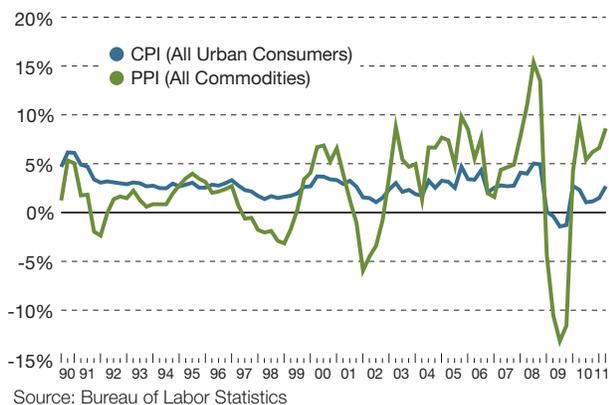
## SOMETHING IS NOT RIGHT WITH THIS PICTURE

As the first quarter of 2011 began to unfold, the U.S. economy appeared to finally be on track, with real GDP growth for the fourth quarter of 2010 revised up to 3.1%. Job creation began to take hold in February and March. The rate of new unemployment claims, one of the few true leading indicators, slipped steadily down toward the magic mark of 400,000, the point at which the job market is considered to be expanding. The unemployment rate, a lagging indicator, began to stage a small recovery, dipping below 9% for the first time since early 2009. Business activity showed solid signs of growth. The Institute for Supply Management purchasing survey, another reliable leading indicator, showed incredible strength in February, only to be beaten by the March measure. Spending on business equipment and software—technology in general—continued its robust growth that started back in late 2009. Then the first quarter GDP growth estimate came in at 1.8%, well below the 3% consensus estimate at the start of the quarter, and not at all in line with the picture of economic health and happiness that has taken so long to come into focus.

If the labor market and business activity showed such growth momentum, what happened to first quarter GDP? First and foremost, like all good economists, we should learn not to believe what the data suggest at first blush. The report is not nearly as bad as it looks on the surface. The unusually harsh winter faced by most of the country drove construction and other real estate spending lower and likely held back consumer spending as well. Overall consumer spending decelerated to 2.7% from 4% in the fourth quarter of 2010. Real federal government expenditures and investments fell 8%, pulled down by a sudden, very sharp (-11.7%) drop in federal defense spending. State and local government spending declined 3.3%. The contraction of consumer spending, the drop in government expenditures and a sharp increase in imports all served to offset the strength in the labor markets, business spending and exports. It is an unusual situation to see so many signs of growth momentum in key segments of the economy, yet the GDP data are not keeping pace.

Two shocks and two lingering problems hang over the economy at quarter-end. The earthquake, tsunami and subsequent nuclear disaster in Japan represent a human tragedy with a substantial destruction of wealth and economic capacity. The experience with other natural disasters, such as the Kobe earthquake in 1995, suggest that the events will cause a short-term hit to the Japanese economy. But the seeming perversity of the GDP data, which capture flows of economic activity, will mean that rebuilding and investment will boost GDP in the coming months and years. No one is suggesting the economy is better off having suffered through this set of triple disasters, but economic growth will reflect a boost. The greater effect on the global economy may come from the disruption of supply for high technology and

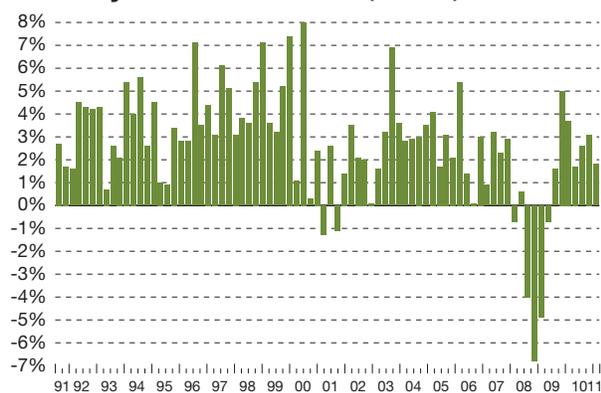
### Inflation Year-Over-Year





## U.S. ECONOMY | continued

### Quarterly Real GDP Growth\* (20 Years)



Source: U.S. Department of Labor

automotive components, but even then the impact is expected to be limited in time and muted in scope relative to global GDP. The second shock facing the economy is sharply higher oil and other commodity prices. At the end of March, oil prices were up 25% compared to one year earlier, and appeared to be settling in well above \$100 per barrel. Interestingly, natural gas and electricity prices have decoupled from oil and are barely up year-over-year. Agricultural commodity prices climbed over 60% compared to one year ago, and the Goldman Sachs Commodity Index is up over 30%. Finally, the price of gold—a

topic of much press during the past year—rose over 25%. By the third week of April (admittedly no longer the first quarter), it cracked \$1,500 per ounce. Adjusted for inflation, however, gold remains below its all-time peak set in the early 1980s.

The two lingering problems are the sovereign debt concerns cascading through peripheral Europe and the housing market in the United States. The debt worries in Europe have spurred “voluntary” austerity measures in France, Germany and the U.K., and “mandatory” austerity measures in the countries seeking relief. While fiscally sound for the long run, these austerity measures will restrict economic growth in the short run. The housing market in the U.S. has yet to find a true bottom, or more optimistically, is bouncing along a bottom with little evidence of a move upward. While distorted by weather and the activity surge a year earlier due to the homebuyer credit, new home sales in February reached their lowest point since 1963. Home prices are still falling, with the median home price in March down 5.9% from one year earlier. Clearly the inventory of homes has yet to fully work itself through the U.S. housing market.

### Recent Quarterly Indicators

Economic Indicators (seasonally adjusted)	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11
CPI—All Urban Consumers (year-over-year)	-1.4%	-1.3%	2.7%	2.3%	1.0%	1.1%	1.5%	2.7%
PPI—All Commodities (year-over-year)	-13.2%	-11.3%	4.2%	9.0%	5.5%	6.3%	6.6%	8.6%
Employment Cost—Total Compensation Growth	0.7%	1.8%	1.5%	2.6%	1.8%	1.8%	1.8%	2.6%
Nonfarm Business—Productivity Growth	6.9%	7.8%	6.3%	3.9%	-1.8%	2.3%	2.6%	1.3%
GDP Growth*	-0.7%	1.6%	5.0%	3.7%	1.7%	2.6%	3.1%	1.8%
Manufacturing Capacity Utilization (level %)	65.4	67.0	68.8	70.0	71.6	72.6	73.4	75.0
Consumer Sentiment Index (1966=1.000)	0.682	0.684	0.702	0.739	0.739	0.683	0.713	0.731

\*The GDP estimates released on April 28, 2011 reflect the results of the comprehensive (or benchmark) revision of the national income and product accounts, according to the Bureau of Economic Analysis (BEA) Web site. More information on the revision is available at [www.bea.gov/national/an1.htm](http://www.bea.gov/national/an1.htm). Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, Reuters/University of Michigan

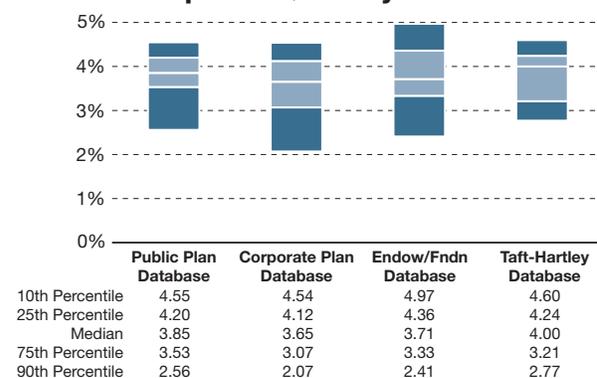
## MARKETS PLUG ALONG

The opening quarter of 2011 was rife with destabilizing headlines for global markets to digest. Deteriorating fiscal situations in Europe continued, geopolitical turmoil that began in Tunisia set off a chain reaction that consumed the Middle East and North Africa, and the catastrophic earthquake in Japan triggered a tsunami that brought devastation. Despite these events, global equity markets continued their rally into the first quarter (Russell 3000: +6.38%; MSCI ACWI ex-US: +3.49%). Positive returns in the fixed income markets were modest compared to equities (BC Aggregate: +0.42%; Citi Non-U.S. World Government Bond: +0.97%).

Using the median manager returns from the current quarter and ending asset allocations from the prior quarter, Callan estimates the recent total returns of the institutional investor community.

The Callan Fund Sponsor Returns chart—illustrating the range of returns for public, corporate and Taft-Hartley pension funds, as well as endowments/foundations—reflects the continued rally in global markets with strong gains across fund types

### Callan Fund Sponsor Quarterly Returns



Source: Callan Associates Inc.

for the third consecutive quarter. There was little dispersion in median returns: Taft-Hartley funds (+4.00%) led the pack while corporate funds lagged (+3.65%). Endowments/foundations and public funds fell in between, gaining 3.71% and 3.85%, respectively. Results were also narrow among all fund types when looking at the range of 10th percentile returns (+4.54% to +4.97%) and 90th percentile returns (+2.07% to +2.77%).

### Style Median and Index Returns\* for Periods ended March 31, 2011

Fund Sponsor	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Public Database	3.85	13.45	3.56	4.36	5.90	7.43
Corporate Database	3.65	13.49	4.04	4.68	6.03	7.85
Endowments/Foundations Database	3.71	12.93	2.74	4.45	5.96	7.68
Taft-Hartley Database	4.00	12.88	3.18	3.94	5.23	6.84
Diversified Manager	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Asset Allocator Style	5.11	15.43	2.86	2.38	5.68	6.93
Domestic Balanced Database	4.11	13.83	3.97	4.46	5.53	7.34
Global Balanced Database	2.94	12.27	2.04	4.86	7.31	8.21
60% Russell 3000 + 40% BC Aggregate	4.00	13.00	5.00	4.74	5.24	7.24
60% MSCI World + 40% BC Global Agg	3.38	11.32	2.14	4.55	5.86	6.21

\*Returns less than one year are not annualized.

Sources: Callan Associates Inc., Barclays Capital Inc., MSCI Inc., Russell Investment Group



## DIVERSIFIED ACCOUNTS | continued

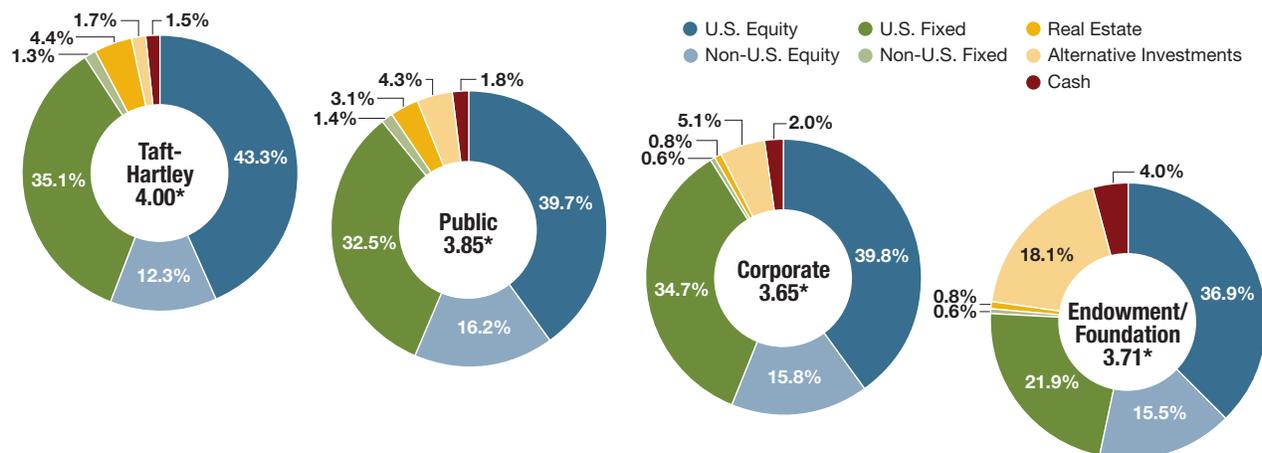
The table compares the returns of the four types of institutional fund sponsors to several benchmarks over longer time periods. Due to the continued rally across global markets, fund sponsors are now in the black for all time periods shown in the table.

Asset allocation choices, as seen in the charts below, explain performance differences. For the quarter, Taft-Hartley funds, which outperformed other fund sponsor types, had the largest allocation to domestic equities (43.3%)—the best performing asset class for the quarter. Although public and corporate funds had similar exposure to domestic and non-U.S. equities, corporate funds' higher allocation to fixed income (34.7%), which potentially included long duration

exposure, caused them to trail their institutional counterparts.

Callan's balanced manager groups generally maintain well-diversified portfolios and attempt to add value by underweighting or overweighting asset classes, as well as through stock selection. During the quarter, domestic balanced managers (+4.11%) eked out a gain over the blended 60% Russell 3000 and 40% BC Aggregate (+4.00%) benchmark. The reverse was true for global balanced managers (+2.94%), who fell short of their target (+3.38%). However, both global and domestic managers outperformed their respective benchmarks for the year.

### Callan Fund Sponsor Average Asset Allocation as of December 31, 2010



\*Latest median quarter return  
Source: Callan Associates Inc.



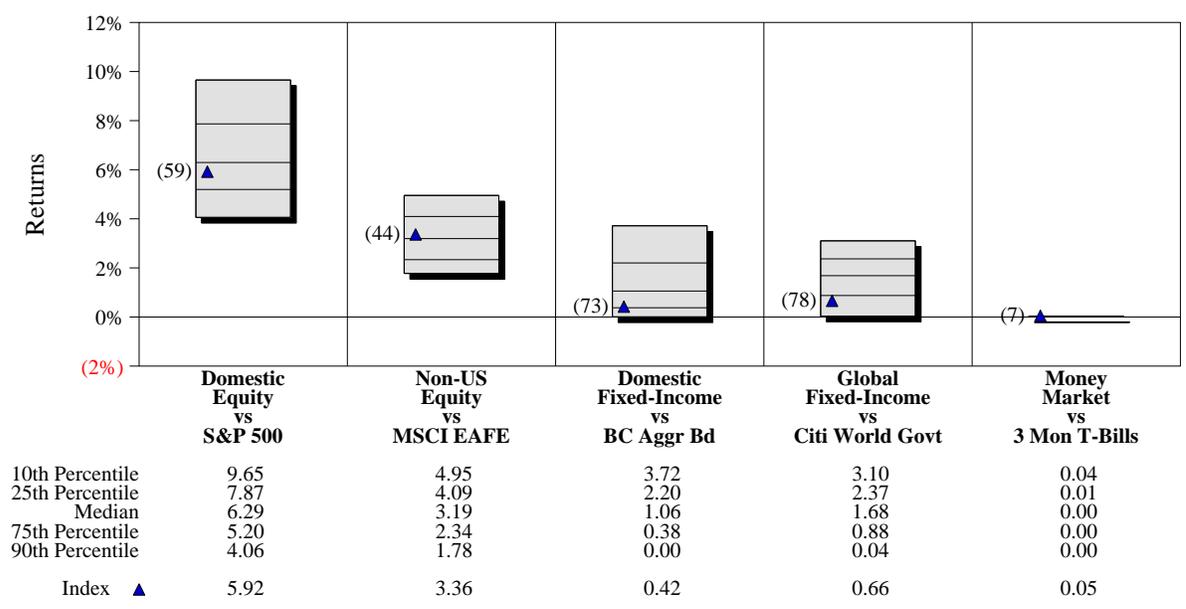
## MARKET OVERVIEW

### ACTIVE MANAGEMENT VS INDEX RETURNS

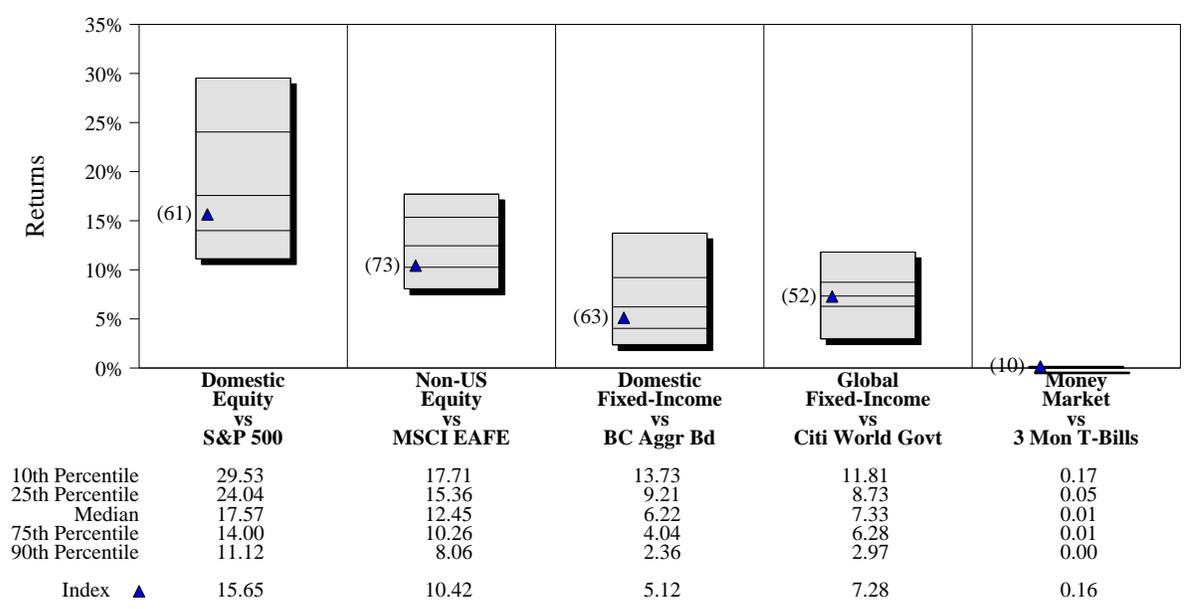
#### Market Overview

The charts below illustrate the range of returns across managers in Callan's Mutual Fund database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the domestic equity manager database.

#### Range of Mutual Fund Returns by Asset Class One Quarter Ended March 31, 2011



#### Range of Mutual Fund Returns by Asset Class One Year Ended March 31, 2011



## DOMESTIC EQUITY Active Management Overview

### Active vs. the Index

With the nuclear crisis in Japan and continued political turmoil in North Africa and the Middle East in the first quarter of 2011, conditions seemed right for a significant dip in the domestic equity market. However, U.S. stocks were able to overcome these events and post positive returns for the third consecutive quarter. The S&P 500 managed its largest first quarter percentage gain since 1998 with a return of 5.92% for the quarter ended March 31, 2011. The median Large Cap Core manager posted a 5.96% return, 4 basis points ahead of the S&P 500 Index return. The median Mid Cap Broad manager, however, fell well below its benchmark, yielding a 7.54% return for the quarter, 182 basis points behind the S&P Mid Cap's return of 9.36%. The median Small Cap Growth Manager was again the highest performer for the quarter with a return of 9.62%, besting its benchmark, the S&P 600 Growth index, by 48 basis points. For the year ended March 31, 2011, the median Large Cap Core manager (13.44%) and the median Mid Cap Broad manager (24.45%) both underperformed their respective benchmarks, the S&P 500 (15.65%) and the S&P Mid Cap (26.95%), by over 200 basis points. The median Small Cap manager (26.22%), however, managed to beat its benchmark, the S&P 600 (25.27%), by 95 basis points.

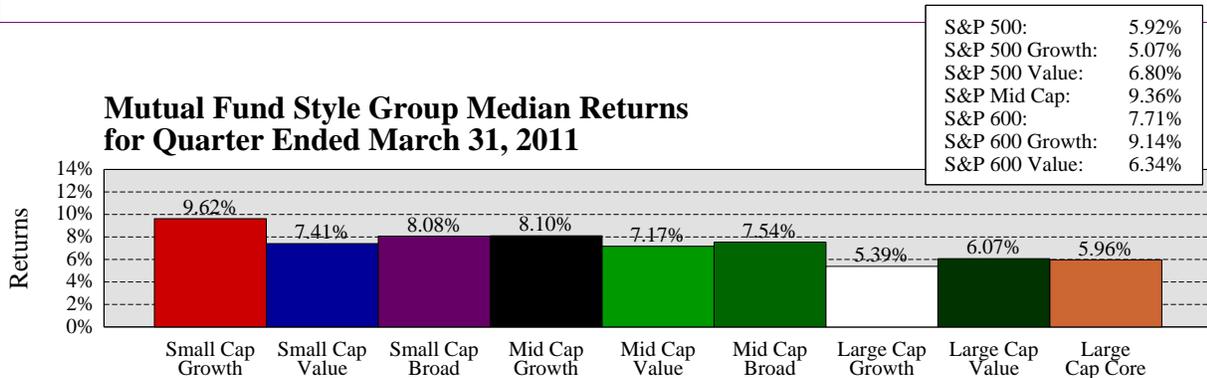
### Large Cap vs. Small Cap

Small and Mid Cap funds continued their superiority over Large Cap funds in the first quarter of 2011. Returns for median Small and Mid Cap managers ranged from 7.17% (Mid Cap Value) to 9.62% (Small Cap Growth), whereas returns for the median Large Cap managers ranged from 5.39% (Large Cap Growth) to 6.07% (Large Cap Value). The benchmarks reflected this tilt as the S&P 600 and the S&P Mid Cap indexes posted returns of 7.71% and 9.36%, respectively. Small and Mid Cap funds were also ahead of Large Cap funds for the previous twelve months. The median Small Cap Broad manager returned 26.22%, 1,278 basis points ahead of the median Large Cap Core manager's return of 13.44%. The S&P 600 yielded a return of 25.27% for the same period, well ahead of the S&P 500's return of 15.65%.

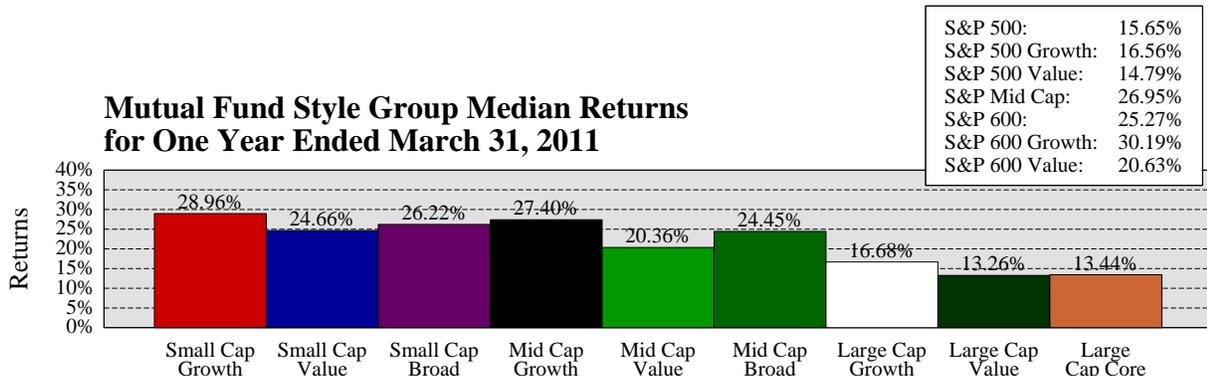
### Growth vs. Value

For the first quarter of 2011, growth stocks were more favorable than value stocks for Small and Mid Cap funds, but the opposite was true for Large Cap funds. The median Small Cap Growth fund returned 9.62%, 221 basis points ahead of the median Small Cap Value fund's return of 7.41%. Similarly, the Mid Cap Growth manager outperformed the Mid Cap Value manager, posting an 8.10% return, almost 100 basis points ahead of the 7.17% Mid Cap Value return. However, the median Large Cap Growth manager yielded a 5.39% return, which fell short of the median Large Cap Value manager's return of 6.07%. All growth funds significantly outperformed their value fund counterparts over the year ended March 31, 2011. The biggest spread difference came from Mid Cap with the median Mid Cap Growth manager returning an impressive 27.40% return, 704 basis points ahead of the median Mid Cap Value manager's return of 20.36%.

**Mutual Fund Style Group Median Returns  
for Quarter Ended March 31, 2011**



**Mutual Fund Style Group Median Returns  
for One Year Ended March 31, 2011**



## INTERNATIONAL EQUITY Active Management Overview

### Active vs. the Index

International Equity markets were generally positive during the first quarter of 2011 with high variability among specific regions and countries. Markets in North Africa and the Middle East were significantly affected by geopolitical troubles, while Japan was shaken by a natural disaster and an ongoing nuclear crisis. For the quarter ended March 31, 2011, the MSCI ACW Ex-US was up 3.49%, Europe leading the way with a median manager return of 5.55%, while the median Japan manager was down 4.72%. For the one year ended March 31, 2011, the median Emerging Markets manager led all groups returning 15.60%.

### Europe

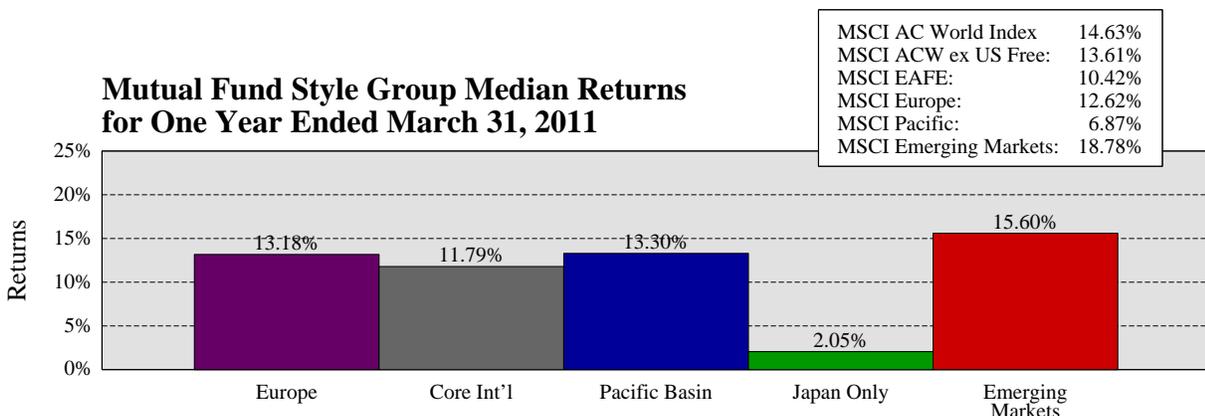
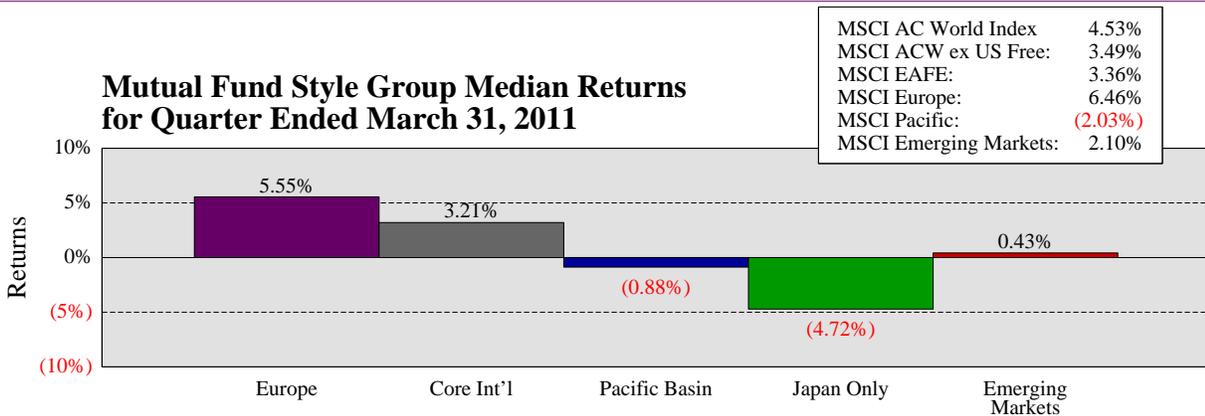
European stocks led all developed markets even with the continuing government debt crisis. During the first quarter, Portugal evolved as the biggest worry for many investors as it was expected to be the next European country to require an emergency bailout. Unlike the decline of the euro during the Greece bailout, the euro gained 6% in the first quarter against the U.S. dollar. For the quarter ended March 31, 2011, the median manager gained 5.55%, trailing the MSCI Europe Index by 91 basis points. For the one year ended March 31, 2011, the median manager bested the index by 0.56%.

### Pacific

Pacific region markets were down largely because of the natural disaster and nuclear crisis in Japan. In Australia, the market made modest gains led by large mining companies despite the disastrous flooding that devastated several Australian regions. For the quarter ended March 31, 2011, the median Pacific Basin manager was down 0.88%, while the MSCI Pacific Index had a loss of 2.03%. For the twelve months ended March 31, 2011, the median manager (13.30%) bested the MSCI Pacific Index (6.87%) by 6.43%.

### Emerging Markets

Emerging Markets performance varied widely with double digit losses in Egypt and Peru that were attributable to political and civil unrest. In contrast, Russia posted double digit gains due to rising oil prices and not being located in the Middle East. As a whole, Emerging Market stock returns lagged during the quarter primarily due to growing inflation concerns about rising oil and food prices. For the quarter ended March 31, 2011, returns were flat for the median manager at 0.43%, trailing the MSCI Emerging Markets Index return of 2.10%. For the one year ended March 31, 2011, the median manager yielded 15.60%, underperforming the index's return of 18.78%.





## DOMESTIC FIXED-INCOME Active Management Overview

### Active vs. the Index

Despite significant unrest and instability in the Middle East, a devastating earthquake and threat of nuclear disaster in Japan, and the re-emergence of sovereign debt concerns in Europe, the domestic fixed-income markets were generally optimistic in the first quarter of 2011. The domestic fixed-income performance seen in the quarter is likely to be attributed to an improved outlook for the U.S. economy and the notion that further quantitative easing may no longer be necessary. The median Core Bond Fund posted a return of 0.75%, which outperformed the Barclays Capital Aggregate Index by 33 basis points. For the year ended March 31, 2011, the median fund finished ahead of the index with a return of 6.04%, 92 basis points ahead of the Barclays Capital Aggregate return of 5.12%.

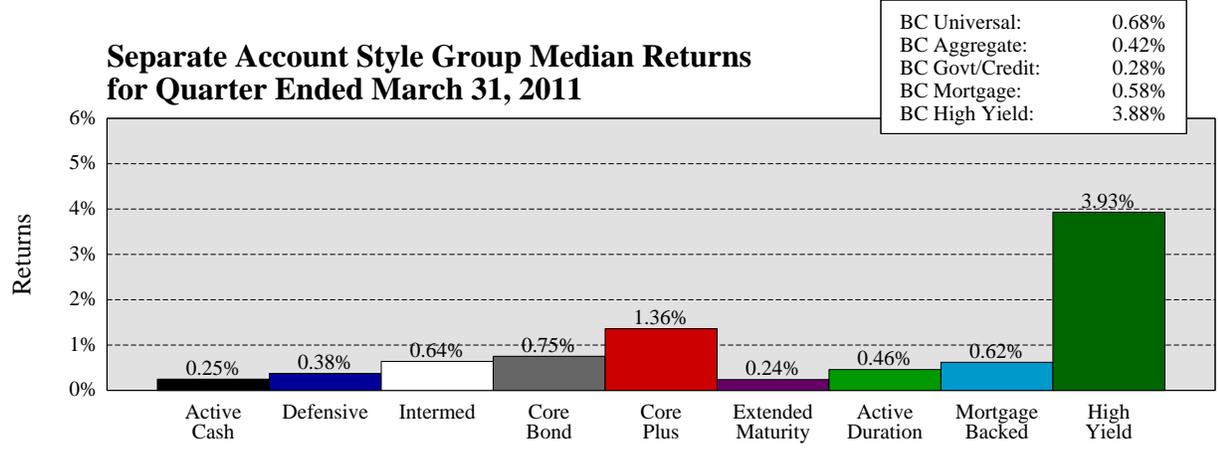
### Short vs. Long Duration

The Extended Maturity bond market continued to display lackluster performance in the first quarter of 2011, while the Intermediate market gained this period. The median Extended Maturity Fund gained 0.24% in the quarter ended March 31, 2011, 40 basis points behind the median Intermediate Fund which gained 0.64% for the quarter. For the twelve months ended March 31, 2011, the median Extended Maturity fund showed positive results with a return of 8.99%, 390 basis points ahead of the median Intermediate Fund's return of 5.09%.

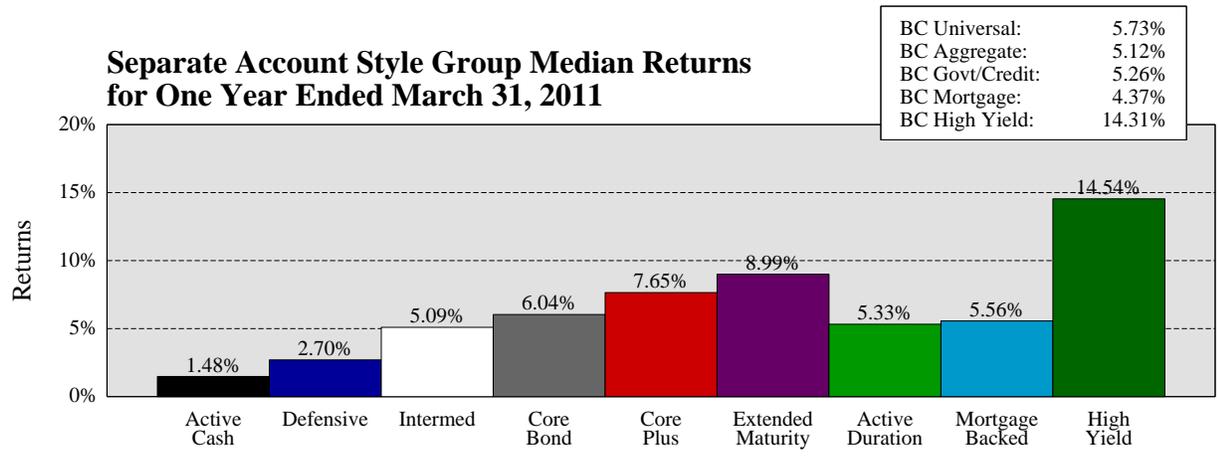
### Mortgages and High Yield

In the first quarter of 2011, Mortgage-backed bonds saw an improved return compared to the fourth quarter of 2010; however, the market remained slow-moving as February saw the fewest new home starts in nearly 2 years and a 9.6% plunge in existing home sales. The median Mortgage-Backed Fund posted a slightly positive return (0.62%) for the first quarter of 2011, slightly outperforming the Barclays Mortgage Index's return (0.58%) by 4 basis points. For the year ended March 31, 2011, the median Mortgage-Backed Fund outperformed the Barclays Mortgage Index generating a return of 5.56%, 119 basis points higher than the 4.37% index return. High Yield funds were the best performing group in the first quarter of 2011 (3.93%), besting the Barclays High Yield Index (3.88%) by 5 basis points. For the twelve months ended March 31, 2011, the median High Yield Fund produced a healthy return of 14.54%, outperforming the Barclays High Yield Index which returned 14.31%.

### Separate Account Style Group Median Returns for Quarter Ended March 31, 2011



### Separate Account Style Group Median Returns for One Year Ended March 31, 2011





## ASSET ALLOCATION AND PERFORMANCE

### **Asset Allocation and Performance**

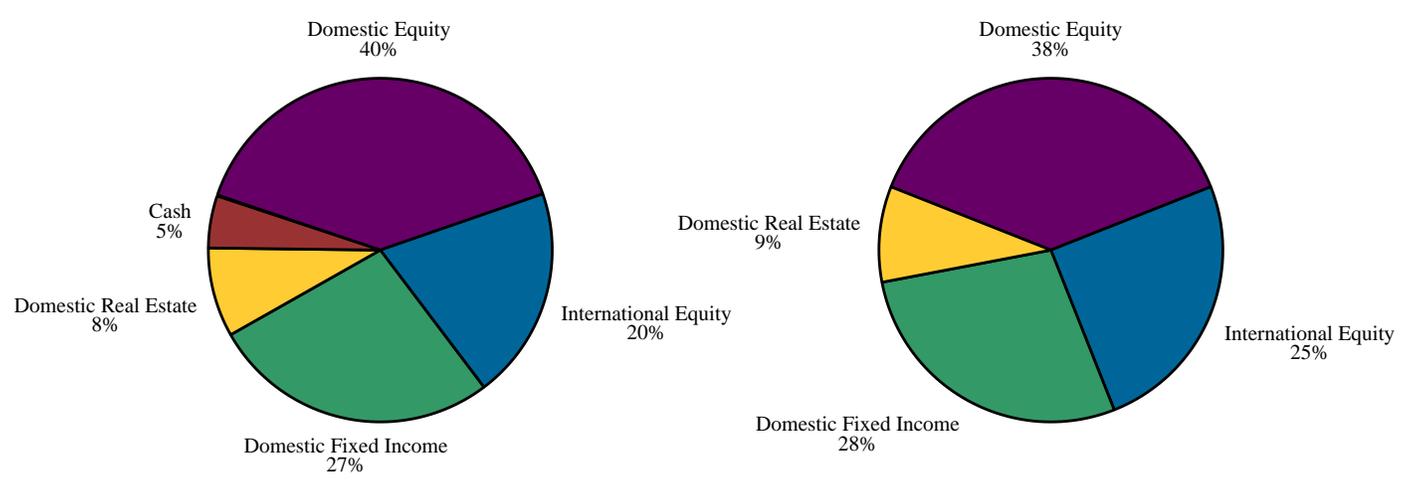
This section begins with an overview of the fund's asset allocation at the broad asset class level. This is followed by a top down performance attribution analysis which analyzes the fund's performance relative to the performance of the fund's policy target asset allocation. The fund's historical performance is then examined relative to funds with similar objectives. Performance of each asset class is then shown relative to the asset class performance of other funds. Finally, a summary is presented of the holdings of the fund's investment managers, and the returns of those managers over various recent periods.

**Actual vs Target Asset Allocation**

The top left chart shows the Fund's asset allocation as of March 31, 2011. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.

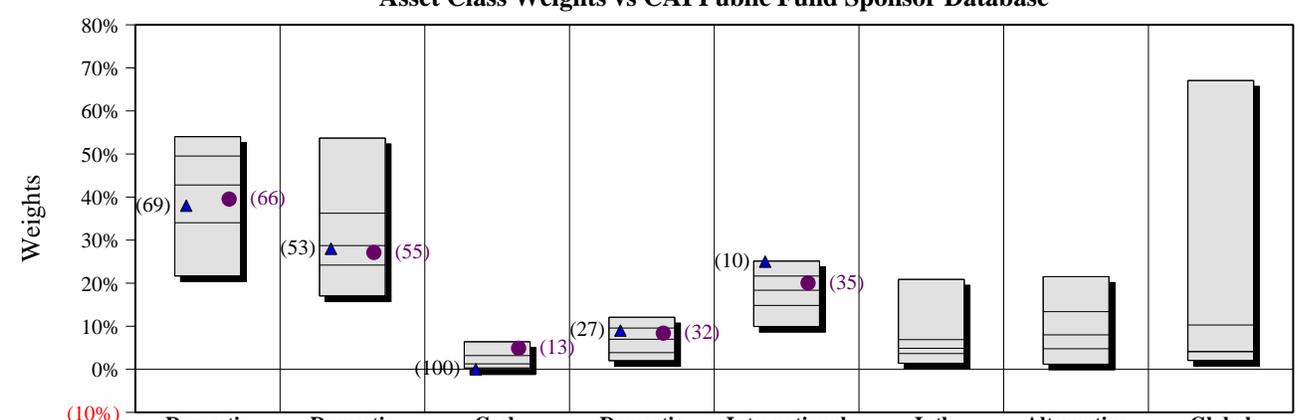
**Actual Asset Allocation**

**Target Asset Allocation**



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	139,763	39.5%	38.0%	1.5%	5,407
International Equity	70,864	20.0%	25.0%	(5.0%)	(17,528)
Domestic Fixed Income	95,942	27.1%	28.0%	(0.9%)	(3,057)
Domestic Real Estate	29,680	8.4%	9.0%	(0.6%)	(2,141)
Cash	17,318	4.9%	0.0%	4.9%	17,318
<b>Total</b>	<b>353,568</b>	<b>100.0%</b>	<b>100.0%</b>		

**Asset Class Weights vs CAI Public Fund Sponsor Database**



	Domestic Equity	Domestic Fixed Income	Cash	Domestic Real Estate	International Equity	Intl Fixed-Inc	Alternative	Global Equity Broad
10th Percentile	54.02	53.69	6.39	12.09	25.13	20.88	21.50	67.06
25th Percentile	49.52	36.25	3.19	9.58	21.66	6.90	13.38	10.29
Median	42.80	28.73	1.27	6.98	18.36	4.89	8.00	4.14
75th Percentile	34.04	24.20	0.32	3.88	14.84	3.66	4.78	4.09
90th Percentile	21.67	17.04	0.11	2.00	9.94	1.42	1.19	2.06
<b>Fund</b> ●	39.53	27.14	4.90	8.39	20.04	-	-	-
<b>Target</b> ▲	38.00	28.00	0.00	9.00	25.00	-	-	-
% Group Invested	96.63%	98.88%	66.29%	43.82%	88.76%	17.98%	43.82%	7.87%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BC Aggregate Index, 25.0% MSCI ACWI ex-US Index, 4.5% NAREIT and 4.5% NFI-ODCE Equal Weight Net.

### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2011, with the distribution as of December 31, 2010. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

#### Asset Distribution Across Investment Managers

	March 31, 2011		Net New Inv.	Inv. Return	December 31, 2010	
	Market Value	Percent			Market Value	Percent
<b>Domestic Equities</b>	<b>\$139,762,637</b>	<b>39.53%</b>	<b>\$(2,500,005)</b>	<b>\$7,898,257</b>	<b>\$134,364,385</b>	<b>39.15%</b>
<b>Large Cap Equities</b>	<b>\$95,216,424</b>	<b>26.93%</b>	<b>\$10,799,995</b>	<b>\$4,087,978</b>	<b>\$80,328,451</b>	<b>23.41%</b>
Selected American	10,686,929	3.02%	(1,500,005)	523,264	11,663,670	3.40%
Investment Co of America	10,720,261	3.03%	(1,500,000)	504,040	11,716,221	3.41%
Vanguard Growth & Income	10,804,742	3.06%	(700,000)	670,788	10,833,953	3.16%
Dodge & Cox Stock	15,905,863	4.50%	(0)	893,481	15,012,383	4.37%
Robeco	14,521,907	4.11%	14,500,000	21,907	-	-
Growth Fund of America	10,826,712	3.06%	0	553,486	10,273,226	2.99%
Harbor Cap Appreciation	10,873,547	3.08%	0	481,130	10,392,418	3.03%
Janus Research	10,876,463	3.08%	0	439,883	10,436,580	3.04%
<b>Mid Cap Equities</b>	<b>\$22,355,075</b>	<b>6.32%</b>	<b>\$(8,500,000)</b>	<b>\$1,800,088</b>	<b>\$29,054,987</b>	<b>8.47%</b>
Fidelity Low Priced Stock	5,378,996	1.52%	(4,250,000)	493,331	9,135,665	2.66%
Royce Total Return	5,391,180	1.52%	(4,250,000)	515,318	9,125,862	2.66%
Morgan Stanley	5,838,481	1.65%	0	443,447	5,395,034	1.57%
Janus Enterprise	5,746,418	1.63%	0	347,992	5,398,426	1.57%
<b>Small Cap Equities</b>	<b>\$15,125,462</b>	<b>4.28%</b>	<b>\$(4,800,000)</b>	<b>\$(5,055,485)</b>	<b>\$24,980,947</b>	<b>7.28%</b>
Vanguard Small Cap Value	7,240,072	2.05%	(4,800,000)	710,722	11,329,350	3.30%
Alliance US Small Growth	4,136,507	1.17%	0	497,461	3,639,046	1.06%
RS Investments	3,748,883	1.06%	0	328,736	3,420,147	1.00%
<b>Micro Cap Equities</b>	<b>\$7,065,676</b>	<b>2.00%</b>	<b>\$0</b>	<b>\$7,065,676</b>	<b>-</b>	<b>-</b>
Managers Inst Micro Cap	7,065,676	2.00%	0	473,272	6,592,404	1.92%
<b>International Equities</b>	<b>\$70,863,985</b>	<b>20.04%</b>	<b>\$(12,408,351)</b>	<b>\$2,092,232</b>	<b>\$81,180,105</b>	<b>23.65%</b>
EuroPacific	16,272,280	4.60%	0	562,030	15,710,251	4.58%
Harbor International	16,525,234	4.67%	0	650,207	15,875,027	4.63%
Columbia Acorn Int'l	8,802,209	2.49%	(2,700,000)	146,430	11,355,779	3.31%
Artisan International	-	-	(9,708,351)	234,459	9,473,892	2.76%
Janus Overseas	16,051,692	4.54%	0	206,232	15,845,461	4.62%
Oakmark International	13,212,569	3.74%	0	292,873	12,919,696	3.76%
<b>Domestic Fixed Income</b>	<b>\$95,942,119</b>	<b>27.14%</b>	<b>\$(402,587)</b>	<b>\$1,166,828</b>	<b>\$95,177,878</b>	<b>27.73%</b>
Bradford & Marzec	-	-	(402,587)	33	402,554	0.12%
Dodge & Cox Income	49,596,207	14.03%	0	660,271	48,935,936	14.26%
PIMCO	46,345,912	13.11%	0	506,524	45,839,388	13.36%
<b>Real Estate</b>	<b>\$29,680,475</b>	<b>8.39%</b>	<b>\$(9,251)</b>	<b>\$1,485,055</b>	<b>\$28,204,672</b>	<b>8.22%</b>
RREEF Public Fund	12,987,108	3.67%	0	863,741	12,123,367	3.53%
RREEF Private Fund	15,831,247	4.48%	0	612,063	15,219,185	4.43%
625 Kings Court	862,120	0.24%	(9,251)	9,251	862,120	0.25%
<b>Cash</b>	<b>\$17,318,430</b>	<b>4.90%</b>	<b>\$13,039,579</b>	<b>\$11,030</b>	<b>\$4,267,821</b>	<b>1.24%</b>
<b>Total Fund</b>	<b>\$353,567,646</b>	<b>100.0%</b>	<b>\$(2,280,616)</b>	<b>\$12,653,401</b>	<b>\$343,194,861</b>	<b>100.0%</b>

### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

#### Returns for Periods Ended March 31, 2011

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
<b>Domestic Equities</b>	<b>6.03%</b>	<b>19.48%</b>	<b>37.13%</b>	<b>5.05%</b>	<b>3.71%</b>
Russell 3000 Index	6.38%	17.41%	33.78%	3.42%	2.95%
<b>Large Cap Equities</b>					
Selected American*	4.66%	13.23%	33.54%	1.12%	2.00%
Investment Co of America*	4.41%	12.33%	27.07%	2.08%	2.78%
Vanguard Growth & Income	6.26%	15.22%	30.33%	0.83%	1.06%
S&P 500 Index	5.92%	15.65%	31.61%	2.35%	2.62%
Dodge & Cox Stock	5.95%	12.74%	36.16%	0.53%	0.17%
S&P 500 Index	5.92%	15.65%	31.61%	2.35%	2.62%
Russell 1000 Value Index	6.46%	15.15%	32.97%	0.60%	1.38%
Growth Fund of America*	5.39%	13.86%	29.13%	2.03%	3.02%
Harbor Cap Appreciation	4.63%	13.61%	29.08%	5.39%	3.40%
Janus Research*	4.21%	19.10%	38.19%	3.77%	5.54%
S&P 500 Index	5.92%	15.65%	31.61%	2.35%	2.62%
Russell 1000 Growth Index	6.03%	18.26%	33.07%	5.19%	4.34%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	6.20%	18.29%	39.11%	7.20%	4.94%
Royce Total Return*	6.36%	22.54%	37.35%	6.57%	4.15%
Russell 2000 Index	7.94%	25.79%	43.09%	8.57%	3.35%
Russell MidCap Value Idx	7.42%	22.26%	45.19%	6.61%	4.04%
Morgan Stanley	8.22%	35.00%	52.77%	11.48%	-
Janus Enterprise*	6.45%	26.44%	43.14%	6.50%	-
Russell MidCap Growth Idx	7.85%	26.60%	43.65%	7.63%	4.93%
<b>Small Cap Equities</b>					
Vanguard Small Cap Value	7.00%	21.32%	46.10%	8.34%	-
US Small Cap Value Idx	6.96%	21.30%	45.91%	8.19%	3.42%
Russell 2000 Value Index	6.60%	20.63%	41.11%	6.76%	2.23%
Alliance US Small Growth	13.67%	42.49%	52.43%	14.86%	6.88%
RS Investments*	9.61%	29.73%	45.39%	11.76%	4.82%
Russell 2000 Growth Index	9.24%	31.04%	44.94%	10.16%	4.34%
<b>Micro Cap Equities</b>					
Managers Inst Micro Cap	7.18%	30.02%	41.93%	10.70%	3.13%
Russell 2000 Growth Index	9.24%	31.04%	44.94%	10.16%	4.34%

\*Switched share class December 2009.

Mendocino County Employees' Retirement Association



### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

#### Returns for Periods Ended March 31, 2011

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
<b>International Equities</b>	<b>2.75%</b>	<b>14.28%</b>	<b>38.51%</b>	<b>2.03%</b>	<b>5.66%</b>
EuroPacific**	3.58%	12.78%	31.25%	0.90%	5.07%
Harbor International	4.10%	15.83%	37.89%	(0.18%)	-
Columbia Acorn Int'l	1.30%	20.08%	43.59%	3.01%	6.75%
Janus Overseas**	1.30%	11.58%	44.28%	3.57%	-
Oakmark International	2.27%	12.44%	43.12%	7.16%	-
MSCI EAFE Index	3.36%	10.42%	30.59%	(3.01%)	1.30%
MSCI ACWI ex-US Index	3.49%	13.61%	35.52%	(0.38%)	4.05%
<b>Domestic Fixed Income</b>	<b>1.23%</b>	<b>5.89%</b>	<b>10.94%</b>	<b>7.54%</b>	<b>7.01%</b>
Dodge & Cox Income	1.35%	6.45%	13.16%	8.43%	7.56%
PIMCO	1.10%	6.86%	11.09%	-	-
BC Aggregate Index	0.42%	5.12%	6.40%	5.30%	6.03%
<b>Real Estate</b>	<b>5.27%</b>	<b>23.59%</b>	<b>19.41%</b>	<b>(5.22%)</b>	<b>0.09%</b>
RREEF Public	7.12%	26.57%	61.51%	2.03%	1.80%
NAREIT	6.99%	24.68%	57.70%	2.93%	0.92%
RREEF Private	4.02%	22.47%	2.32%	(9.39%)	(1.31%)
NFI-ODCE Equal Weight Net	3.80%	18.91%	(3.01%)	(10.31%)	(1.42%)
625 Kings Court	1.08%	4.39%	2.72%	1.81%	1.08%
<b>Total Fund</b>	<b>3.64%</b>	<b>14.07%</b>	<b>25.35%</b>	<b>4.49%</b>	<b>5.33%</b>
Total Fund Benchmark*	3.90%	13.43%	24.10%	3.12%	4.04%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BC Aggregate Index, 25.0% MSCI ACWI ex-US Index, 4.5% NAREIT and 4.5% NFI-ODCE Equal Weight Net.

\*\*Switched share class December 2009.

### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2010- 3/2011	2010	2009	2008	2007
<b>Domestic Equities</b>	<b>6.03%</b>	<b>19.63%</b>	<b>34.90%</b>	<b>(38.99%)</b>	<b>7.26%</b>
Russell 3000 Index	6.38%	16.93%	28.34%	(37.31%)	5.14%
<b>Large Cap Equities</b>					
Selected American*	4.66%	12.90%	31.67%	(39.44%)	4.79%
Investment Co of America*	4.41%	11.16%	27.63%	(34.60%)	6.18%
Vanguard Growth & Income	6.26%	14.71%	22.60%	(37.62%)	2.73%
S&P 500 Index	5.92%	15.06%	26.47%	(37.00%)	5.49%
Dodge & Cox Stock	5.95%	13.49%	31.27%	(43.31%)	0.14%
S&P 500 Index	5.92%	15.06%	26.47%	(37.00%)	5.49%
Russell 1000 Value Index	6.46%	15.51%	19.69%	(36.85%)	(0.17%)
Growth Fund of America*	5.39%	12.67%	34.93%	(38.88%)	11.26%
Harbor Cap Appreciation	4.63%	11.61%	41.88%	(37.13%)	12.25%
Janus Research*	4.21%	21.20%	43.02%	(44.36%)	24.52%
S&P 500 Index	5.92%	15.06%	26.47%	(37.00%)	5.49%
Russell 1000 Growth Index	6.03%	16.71%	37.21%	(38.44%)	11.81%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	6.20%	20.70%	39.08%	(36.17%)	3.16%
Royce Total Return*	6.36%	23.65%	26.23%	(31.17%)	2.39%
Russell 2000 Index	7.94%	26.85%	27.17%	(33.79%)	(1.57%)
Russell MidCap Value Idx	7.42%	24.75%	34.21%	(38.44%)	(1.42%)
Morgan Stanley	8.22%	32.94%	60.19%	(47.22%)	-
Janus Enterprise*	6.45%	26.06%	42.89%	(43.13%)	-
Russell MidCap Growth Idx	7.85%	26.38%	46.29%	(44.32%)	11.43%
<b>Small Cap Equities</b>					
Vanguard Small Cap Value	7.00%	24.97%	30.71%	(32.02%)	(6.88%)
US Small Cap Value Idx	6.96%	24.99%	30.29%	(32.12%)	(6.94%)
Russell 2000 Value Index	6.60%	24.50%	20.58%	(28.92%)	(9.78%)
Alliance US Small Growth	13.67%	38.50%	43.78%	(44.62%)	15.33%
RS Investments*	9.61%	28.27%	47.63%	(45.61%)	13.96%
Russell 2000 Growth Index	9.24%	29.09%	34.47%	(38.54%)	7.05%
<b>Micro Cap Equities</b>					
Managers Inst Micro Cap	7.18%	30.54%	28.65%	(39.06%)	8.32%
Russell 2000 Growth Index	9.24%	29.09%	34.47%	(38.54%)	7.05%

\*Switched share class December 2009.

Mendocino County Employees' Retirement Association



### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2010-3/2011	2010	2009	2008	2007
<b>International Equities</b>	<b>2.75%</b>	<b>14.46%</b>	<b>49.73%</b>	<b>(44.96%)</b>	<b>17.68%</b>
EuroPacific**	3.58%	9.76%	39.59%	(40.38%)	19.22%
Harbor International	4.10%	11.98%	38.57%	(42.66%)	21.82%
Columbia Acorn Int'l	1.30%	22.70%	50.97%	(45.89%)	17.28%
Janus Overseas**	1.30%	19.58%	78.19%	(52.75%)	27.76%
Oakmark International	2.27%	16.22%	56.30%	(41.06%)	(0.52%)
MSCI EAFE Index	3.36%	7.75%	31.78%	(43.38%)	11.17%
MSCI ACWI ex-US Index	3.49%	11.60%	42.14%	(45.24%)	17.12%
<b>Domestic Fixed Income</b>	<b>1.23%</b>	<b>7.39%</b>	<b>13.24%</b>	<b>2.19%</b>	<b>5.77%</b>
Dodge & Cox Income	1.35%	7.81%	16.22%	1.51%	5.83%
PIMCO	1.10%	8.83%	-	-	-
BC Aggregate Index	0.42%	6.54%	5.93%	5.24%	6.97%
<b>Real Estate</b>	<b>5.27%</b>	<b>22.45%</b>	<b>(12.44%)</b>	<b>(23.78%)</b>	<b>0.68%</b>
RREEF Public	7.12%	28.89%	30.58%	(40.12%)	(16.28%)
NAREIT	6.99%	27.56%	27.80%	(37.84%)	(17.83%)
RREEF Private	4.02%	18.90%	(29.51%)	(14.12%)	18.40%
NFI-ODCE Equal Weight Net	3.80%	15.13%	(31.30%)	(11.09%)	14.99%
625 Kings Court	1.08%	4.39%	0.00%	0.00%	0.00%
<b>Total Fund</b>	<b>3.64%</b>	<b>14.64%</b>	<b>23.73%</b>	<b>(26.15%)</b>	<b>8.85%</b>
Total Fund Benchmark*	3.90%	13.04%	19.19%	(25.41%)	6.22%

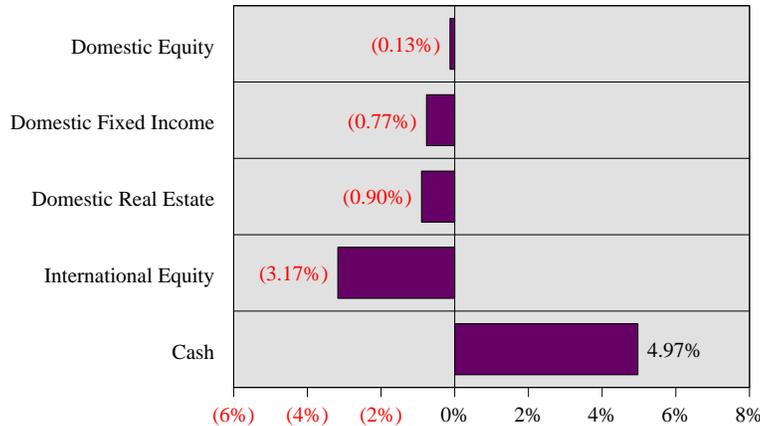
\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BC Aggregate Index, 25.0% MSCI ACWI ex-US Index, 4.5% NAREIT and 4.5% NFI-ODCE Equal Weight Net.

\*\*Switched share class December 2009.

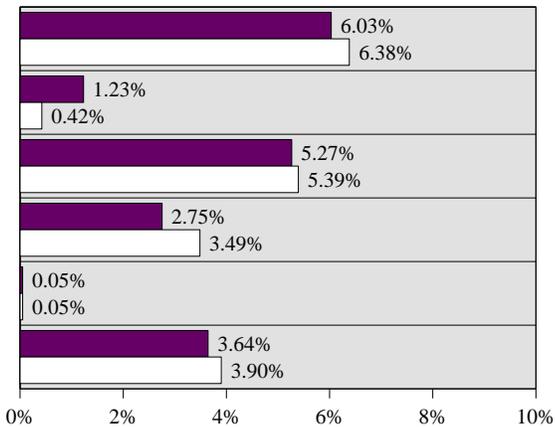
### Quarterly Total Fund Relative Attribution - March 31, 2011

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

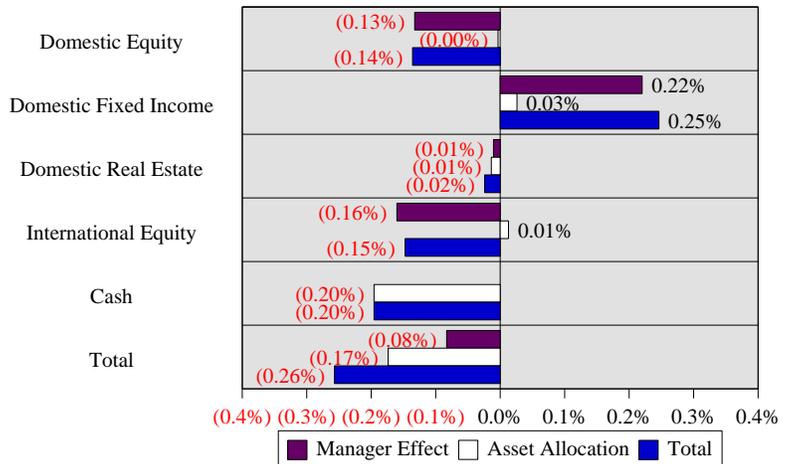
#### Asset Class Under or Overweighting



#### Actual vs Target Returns



#### Relative Attribution by Asset Class



#### Relative Attribution Effects for Quarter ended March 31, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	38%	6.03%	6.38%	(0.13%)	(0.00%)	(0.14%)
Domestic Fixed Income	27%	28%	1.23%	0.42%	0.22%	0.03%	0.25%
Domestic Real Estate	8%	9%	5.27%	5.39%	(0.01%)	(0.01%)	(0.02%)
International Equity	22%	25%	2.75%	3.49%	(0.16%)	0.01%	(0.15%)
Cash	5%	0%	0.05%	0.05%	0.00%	(0.20%)	(0.20%)
<b>Total</b>			<b>3.64%</b>	<b>3.90%</b>	<b>(0.08%)</b>	<b>(0.17%)</b>	<b>(0.26%)</b>

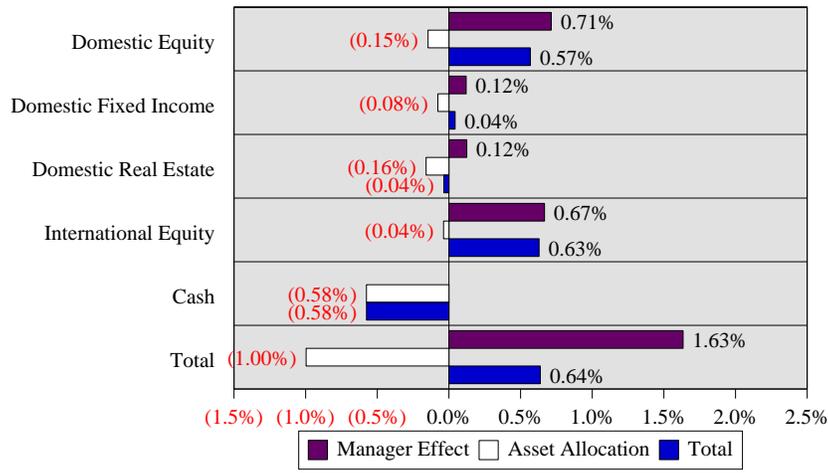
\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BC Aggregate Index, 25.0% MSCI ACWI ex-US Index, 4.5% NAREIT and 4.5% NFI-ODCE Equal Weight Net.



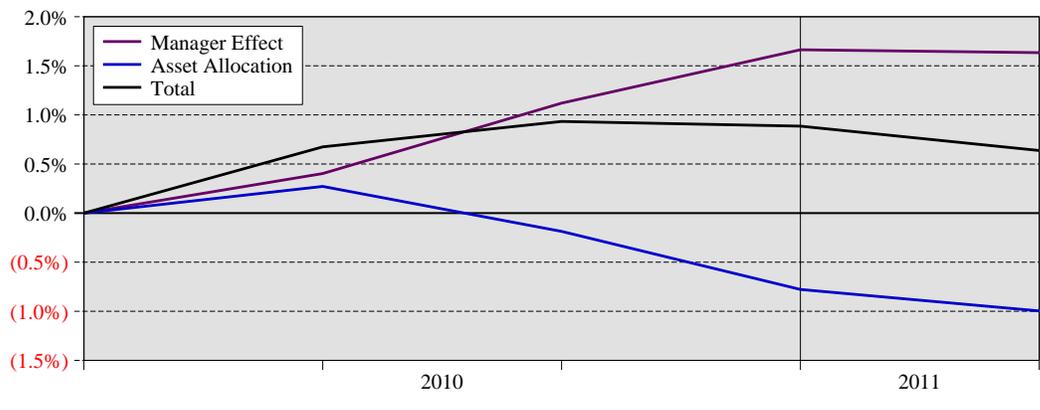
### Cumulative Total Fund Relative Attribution - March 31, 2011

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Relative Attribution Effects

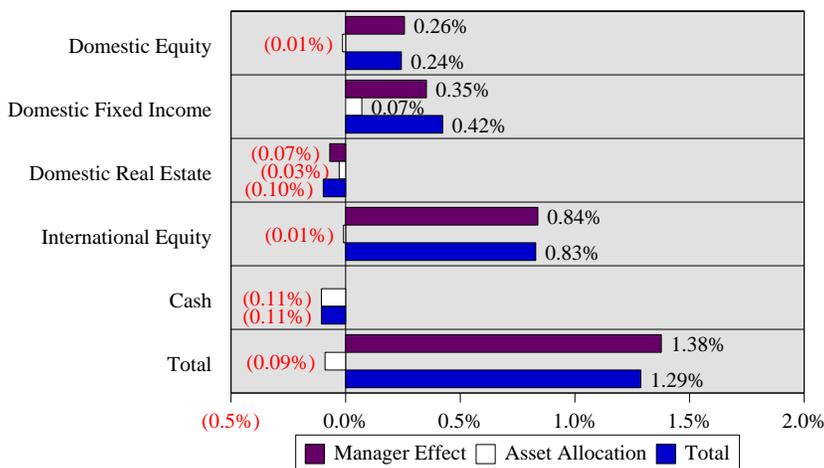
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	37%	39%	19.48%	17.41%	0.71%	(0.15%)	0.57%
Domestic Fixed Income	32%	30%	5.89%	5.12%	0.12%	(0.08%)	0.04%
Domestic Real Estate	8%	10%	23.59%	21.94%	0.12%	(0.16%)	(0.04%)
International Equity	20%	23%	14.28%	10.55%	0.67%	(0.04%)	0.63%
Cash	3%	0%	-	-	0.00%	(0.58%)	(0.58%)
<b>Total</b>			<b>14.07%</b>	<b>13.43%</b>	<b>+ 1.63%</b>	<b>+ (1.00%)</b>	<b>0.64%</b>

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BC Aggregate Index, 25.0% MSCI ACWI ex-US Index, 4.5% NAREIT and 4.5% NFI-ODCE Equal Weight Net.

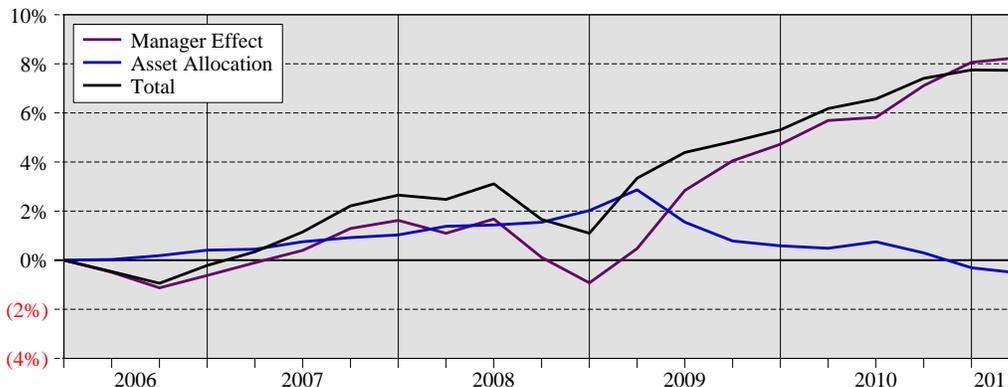
### Cumulative Total Fund Relative Attribution - March 31, 2011

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

#### Five Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### Five Year Annualized Relative Attribution Effects

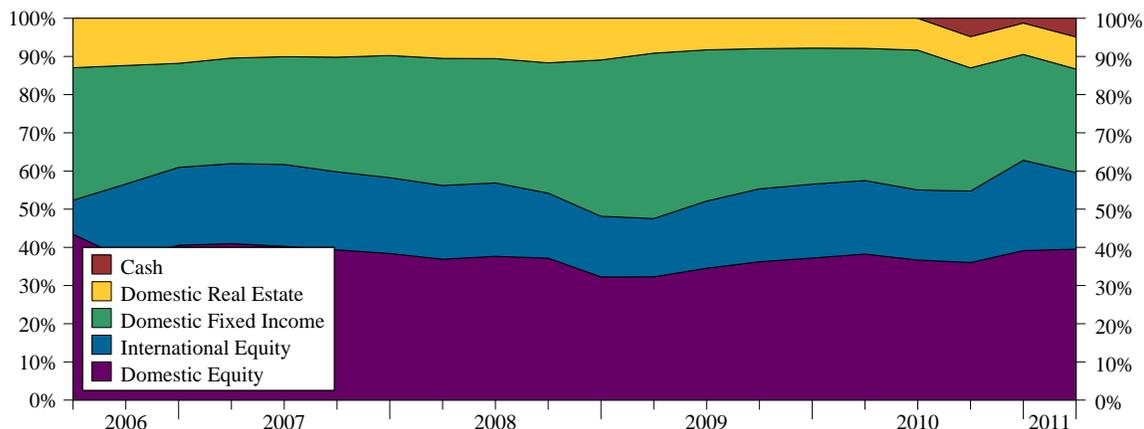
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	39%	3.71%	2.95%	0.26%	(0.01%)	0.24%
Domestic Fixed Income	33%	31%	7.01%	6.03%	0.35%	0.07%	0.42%
Domestic Real Estate	10%	10%	0.09%	1.01%	(0.07%)	(0.03%)	(0.10%)
International Equity	19%	21%	5.66%	1.33%	0.84%	(0.01%)	0.83%
Cash	1%	0%	-	-	0.00%	(0.11%)	(0.11%)
<b>Total</b>			<b>5.33%</b>	<b>4.04%</b>	<b>1.38%</b>	<b>(0.09%)</b>	<b>1.29%</b>

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BC Aggregate Index, 25.0% MSCI ACWI ex-US Index, 4.5% NAREIT and 4.5% NFI-ODCE Equal Weight Net.

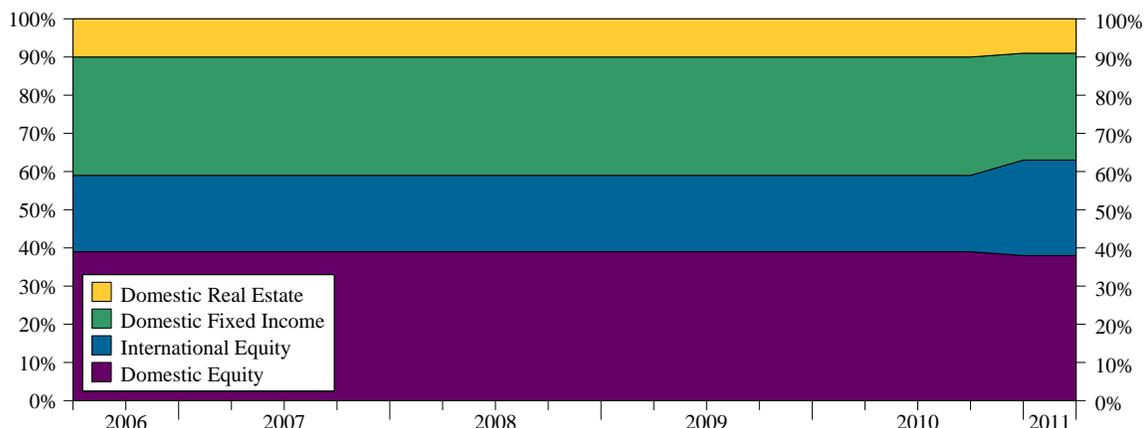
### Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, the fund's historical target asset allocation, and the historical asset allocation of the average fund in the CAI Public Fund Sponsor Database.

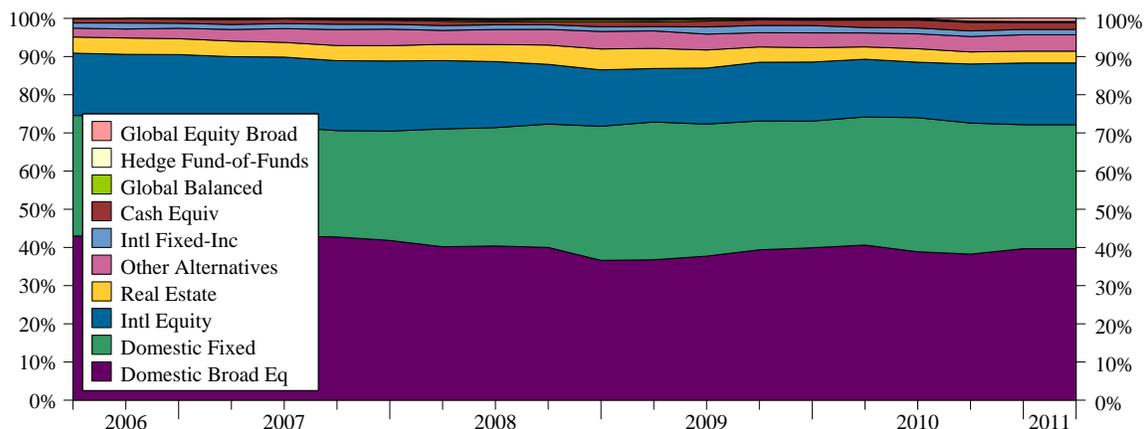
#### Actual Historical Asset Allocation



#### Target Historical Asset Allocation



#### Average CAI Public Fund Sponsor Database Historical Asset Allocation



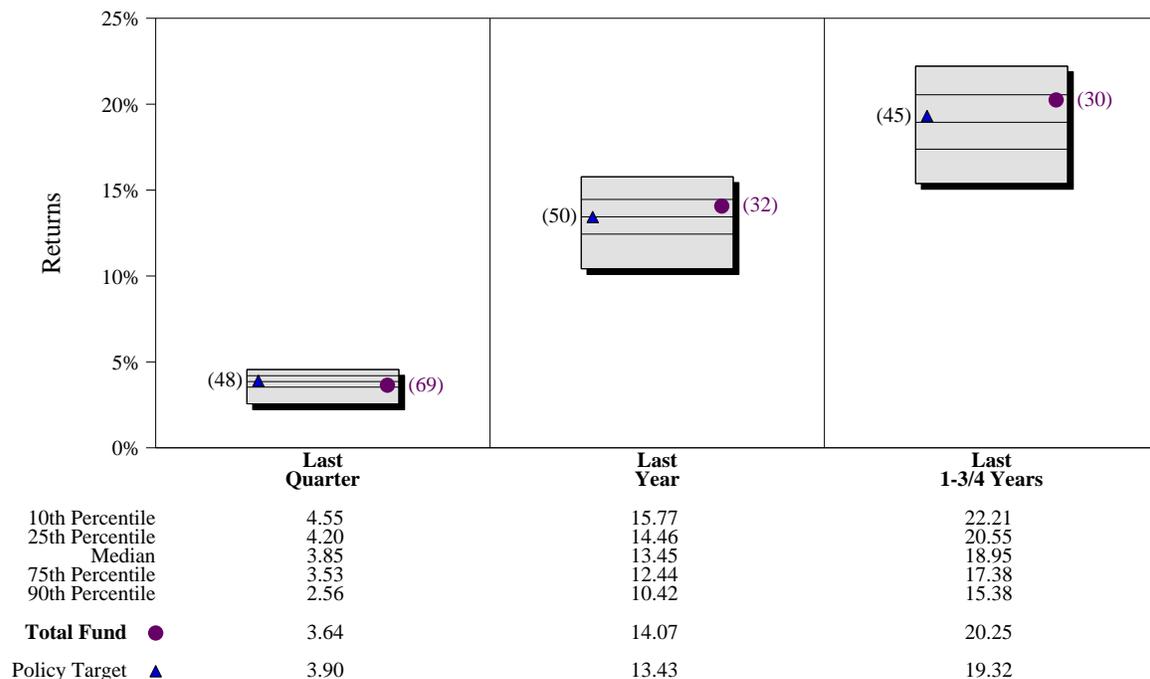
\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BC Aggregate Index, 25.0% MSCI ACWI ex-US Index, 4.5% NAREIT and 4.5% NFI-ODCE Equal Weight Net.



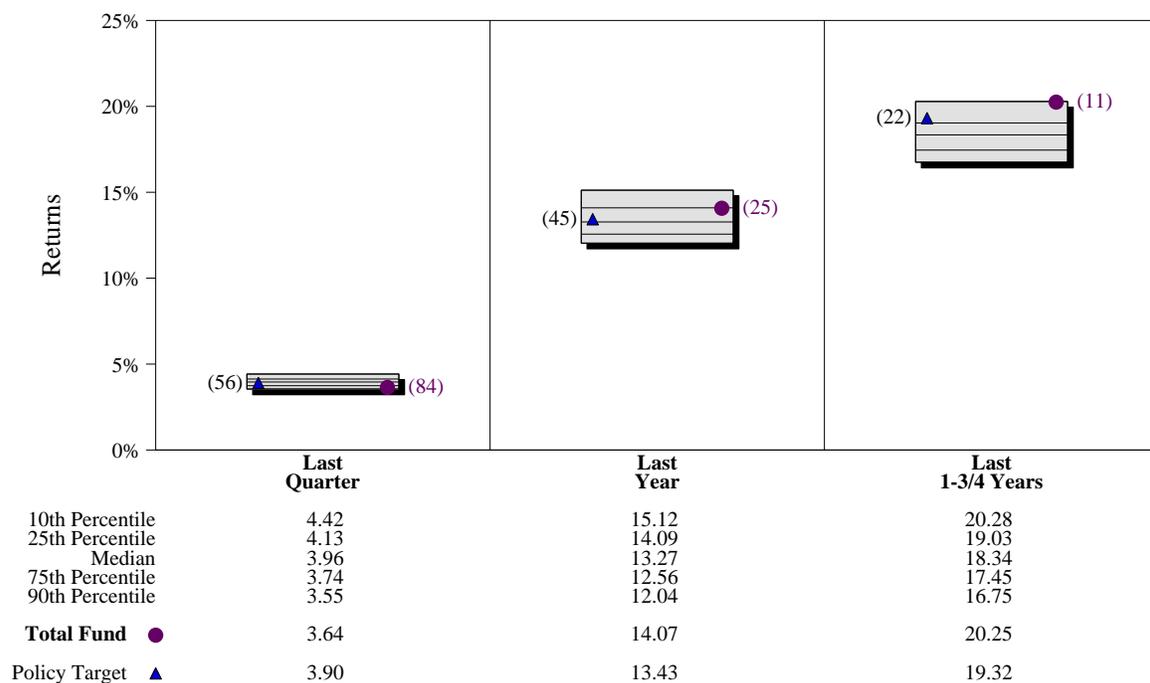
### Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended March 31, 2011. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

#### CAI Public Fund Sponsor Database



#### Asset Allocation Adjusted Ranking



\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BC Aggregate Index, 25.0% MSCI ACWI ex-US Index, 4.5% NAREIT and 4.5% NFI-ODCE Equal Weight Net.



## TOTAL FUND PERIOD ENDED MARCH 31, 2011

### Investment Philosophy

The Public Fund Sponsor Database consists of public employee pension total funds including both Callan Associates client and surveyed non-client funds.

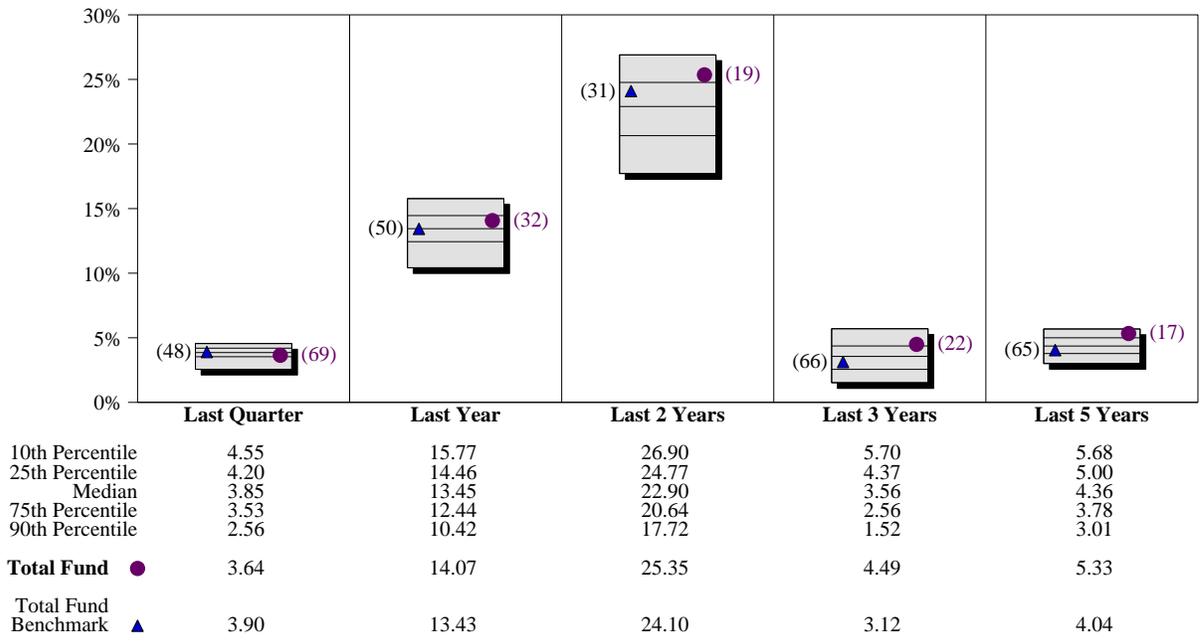
### Quarterly Summary and Highlights

- Total Fund's portfolio posted a 3.64% return for the quarter placing it in the 69 percentile of the CAI Public Fund Sponsor Database group for the quarter and in the 32 percentile for the last year.
- Total Fund's portfolio underperformed the Total Fund Benchmark by 0.26% for the quarter and outperformed the Total Fund Benchmark for the year by 0.64%.

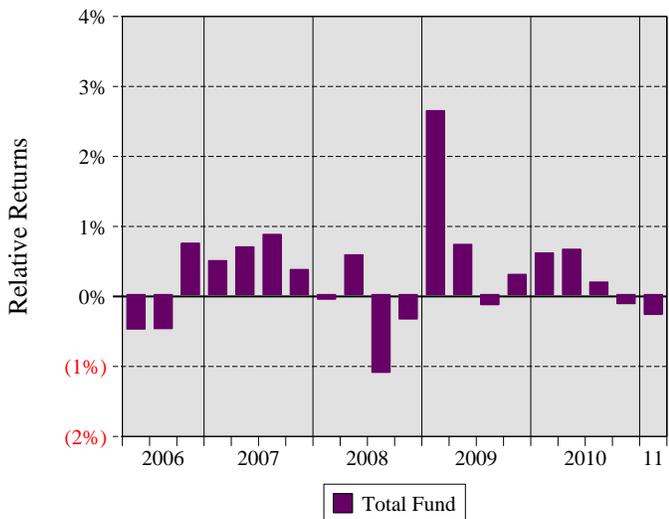
### Quarterly Asset Growth

Beginning Market Value	\$343,194,861
Net New Investment	\$-2,280,616
Investment Gains/(Losses)	\$12,653,401
Ending Market Value	\$353,567,646

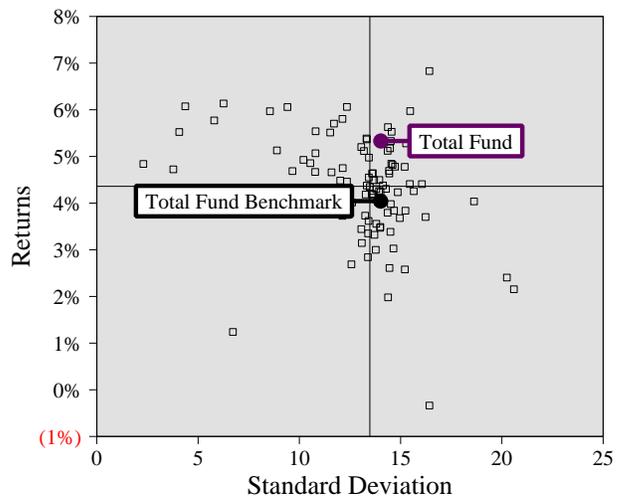
### Performance vs CAI Public Fund Sponsor Database (Gross)



### Relative Return vs Total Fund Benchmark



### CAI Public Fund Sponsor Database (Gross) Annualized Five Year Risk vs Return



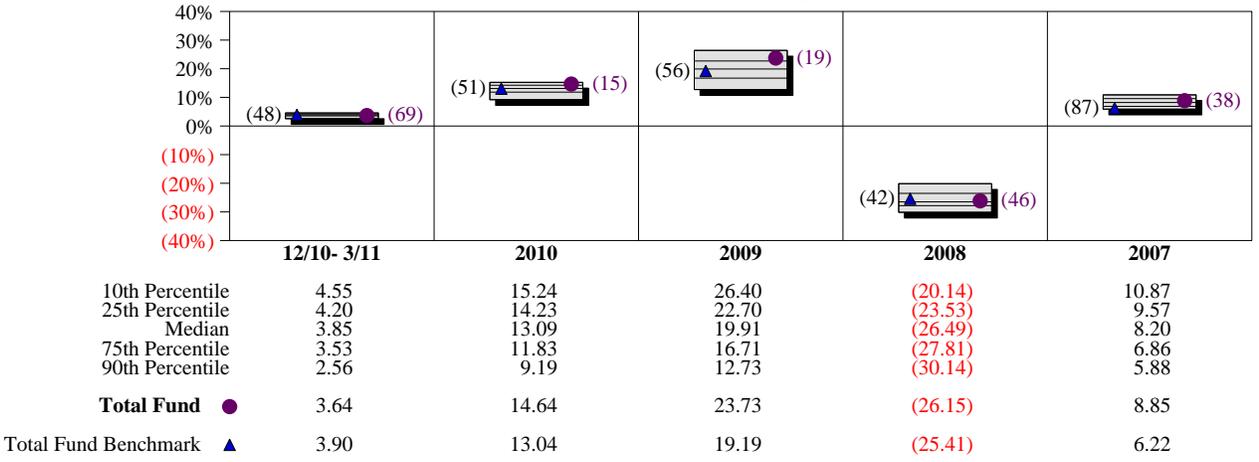


# TOTAL FUND RETURN ANALYSIS SUMMARY

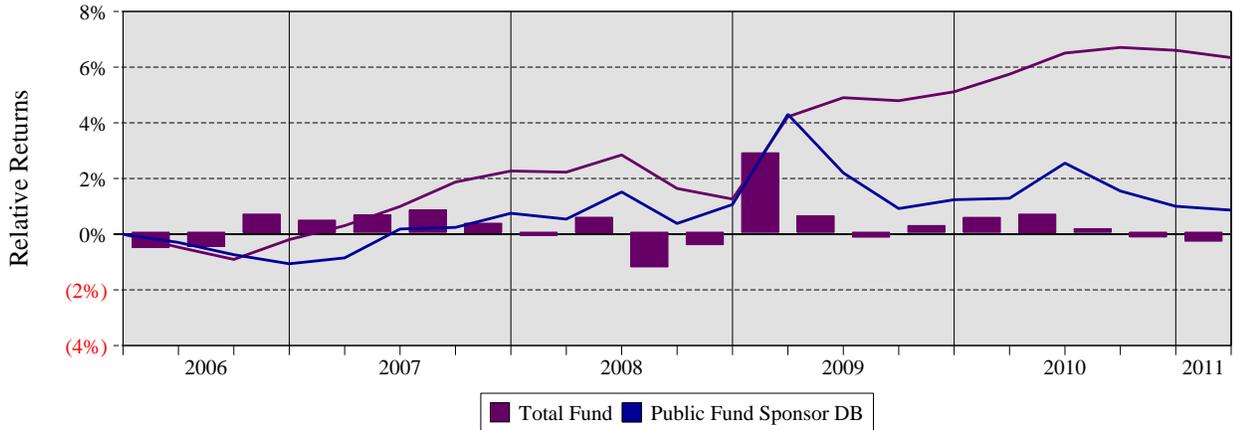
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

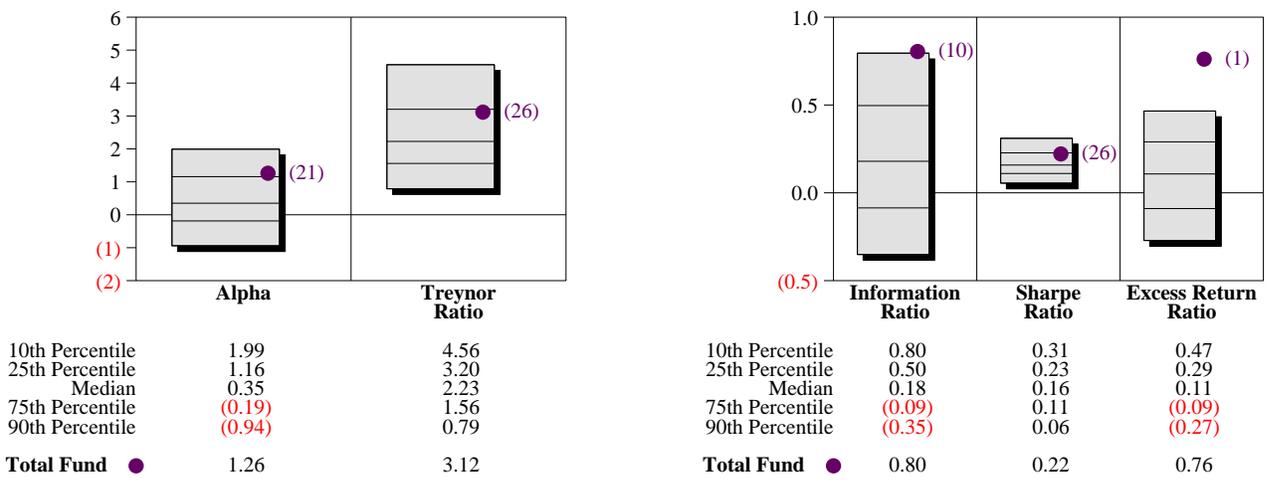
### Performance vs CAI Public Fund Sponsor Database (Gross)



### Cumulative and Quarterly Relative Return vs Total Fund Benchmark



### Risk Adjusted Return Measures vs Total Fund Benchmark Rankings Against CAI Public Fund Sponsor Database (Gross) Five Years Ended March 31, 2011







## DOMESTIC EQUITY COMPOSITE PERIOD ENDED MARCH 31, 2011

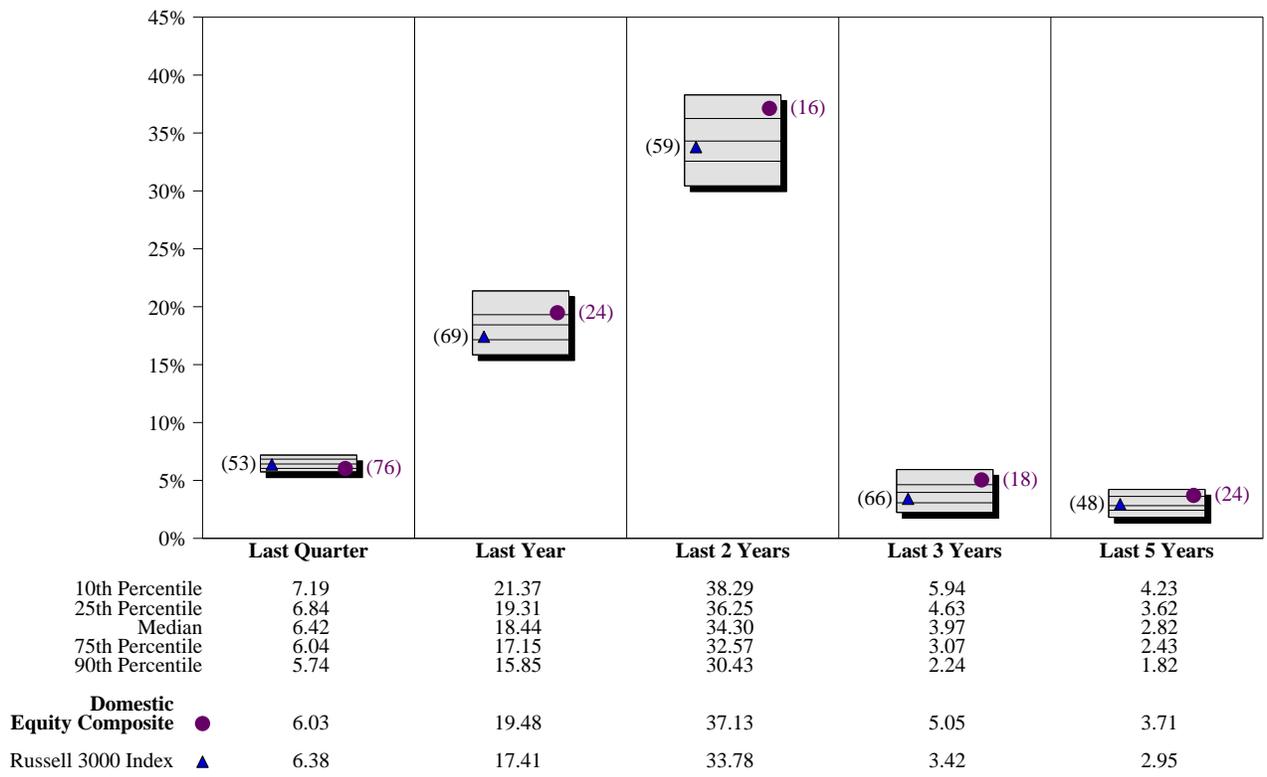
### Quarterly Summary and Highlights

- Domestic Equity Composite's portfolio posted a 6.03% return for the quarter placing it in the 76 percentile of the Public Fund - Domestic Equity group for the quarter and in the 24 percentile for the last year.
- Domestic Equity Composite's portfolio underperformed the Russell 3000 Index by 0.35% for the quarter and outperformed the Russell 3000 Index for the year by 2.07%.

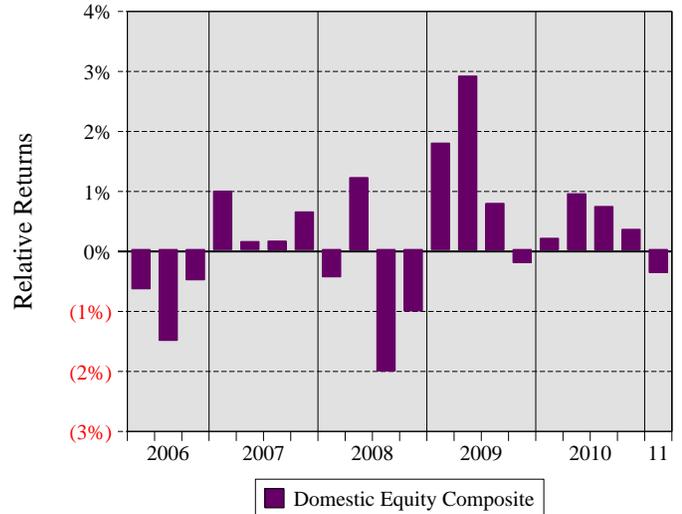
### Quarterly Asset Growth

Beginning Market Value	\$134,364,385
Net New Investment	\$-2,500,005
Investment Gains/(Losses)	\$7,898,257
Ending Market Value	\$139,762,637

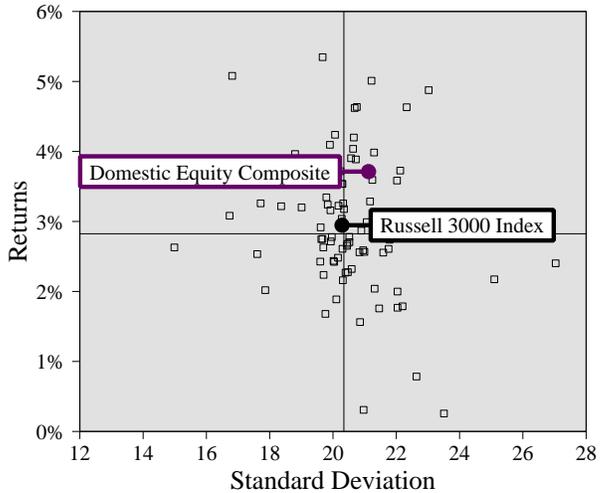
### Performance vs Public Fund - Domestic Equity (Gross)



### Relative Return vs Russell 3000 Index



### Public Fund - Domestic Equity (Gross) Annualized Five Year Risk vs Return



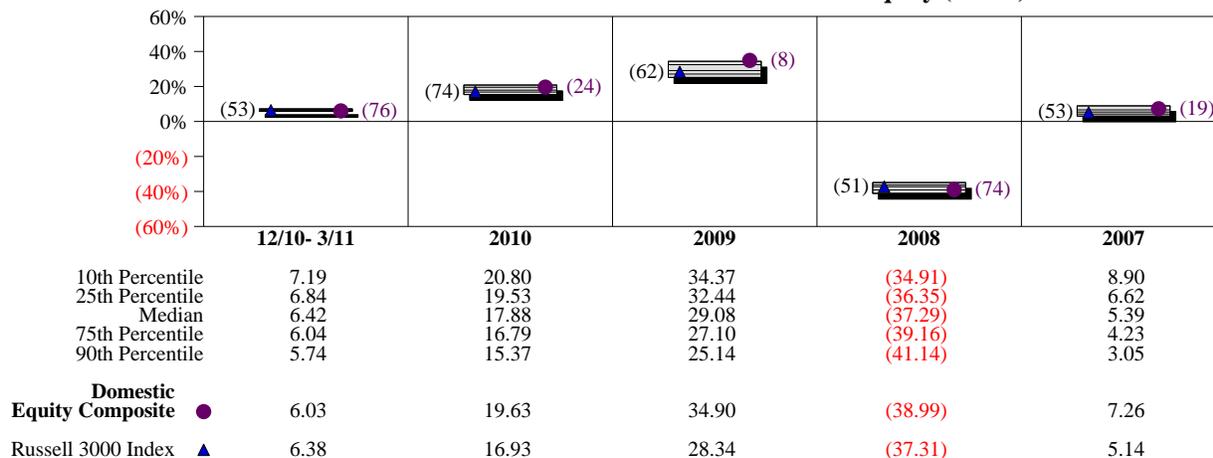
# DOMESTIC EQUITY COMPOSITE RETURN ANALYSIS SUMMARY



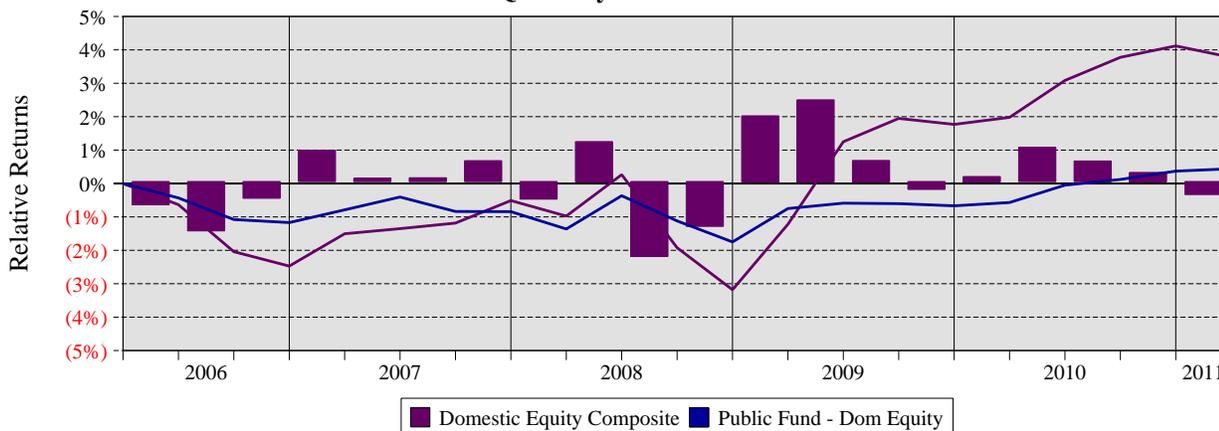
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

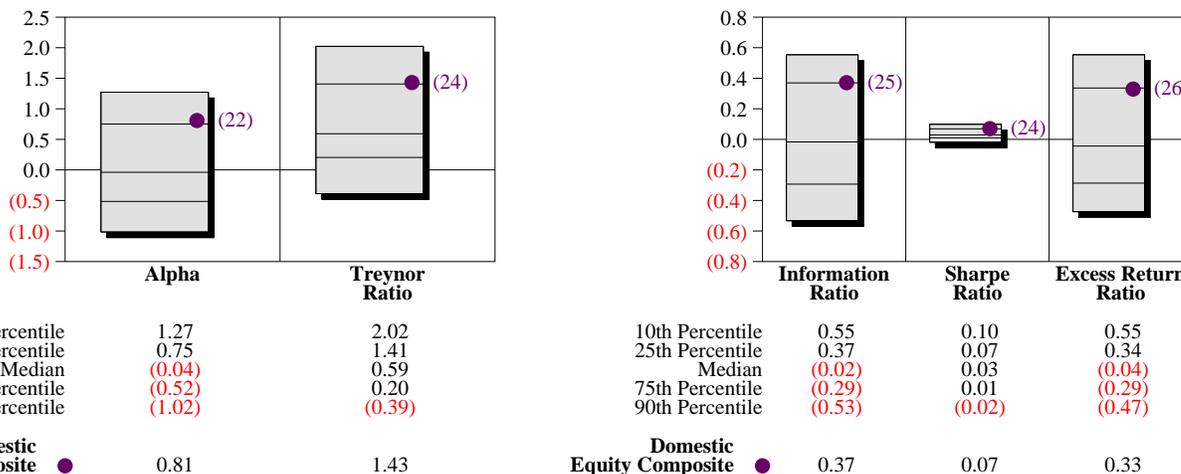
### Performance vs Public Fund - Domestic Equity (Gross)



### Cumulative and Quarterly Relative Return vs Russell 3000 Index



### Risk Adjusted Return Measures vs Russell 3000 Index Rankings Against Public Fund - Domestic Equity (Gross) Five Years Ended March 31, 2011



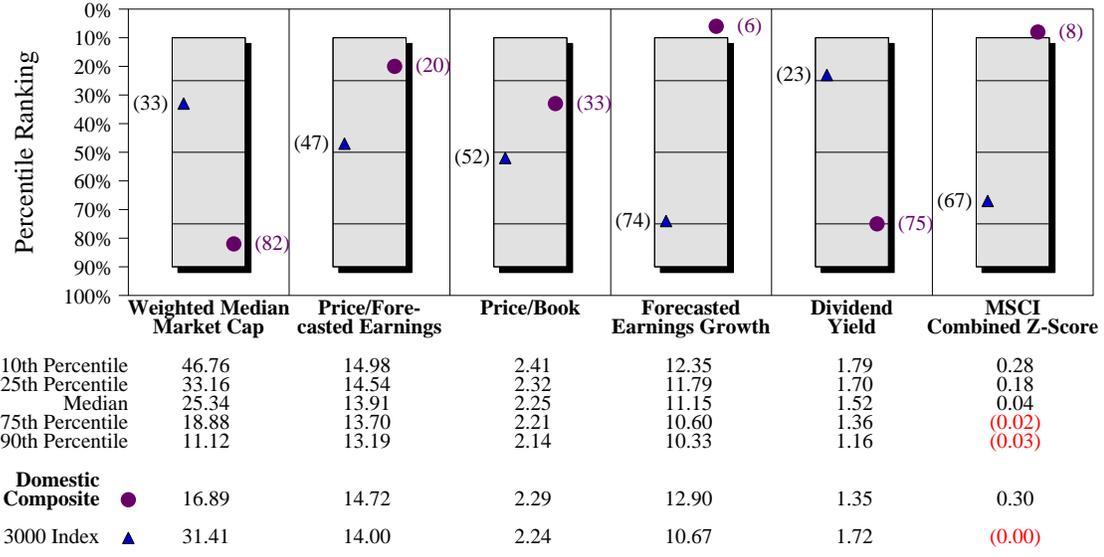


# DOMESTIC EQUITY COMPOSITE EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

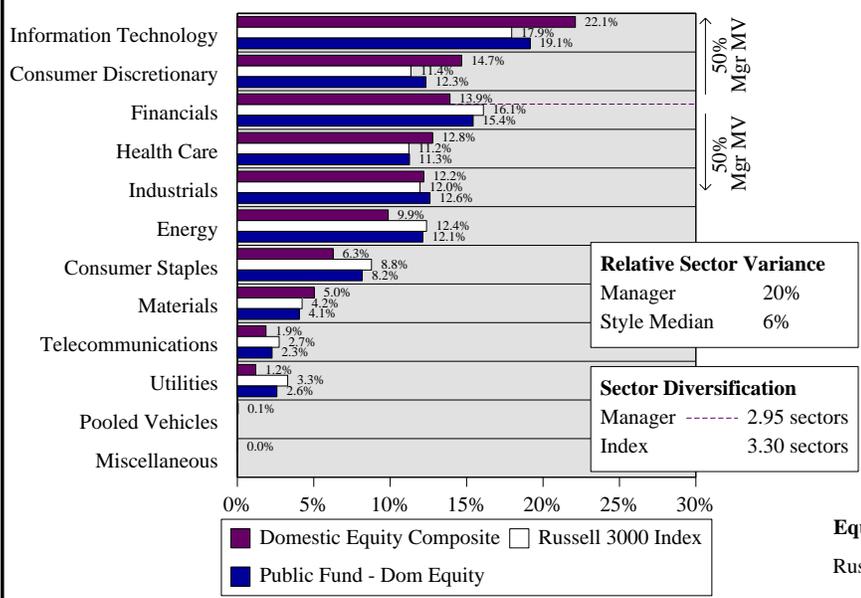
**Portfolio Characteristics Percentile Rankings  
Rankings Against Public Fund - Domestic Equity  
as of March 31, 2011**



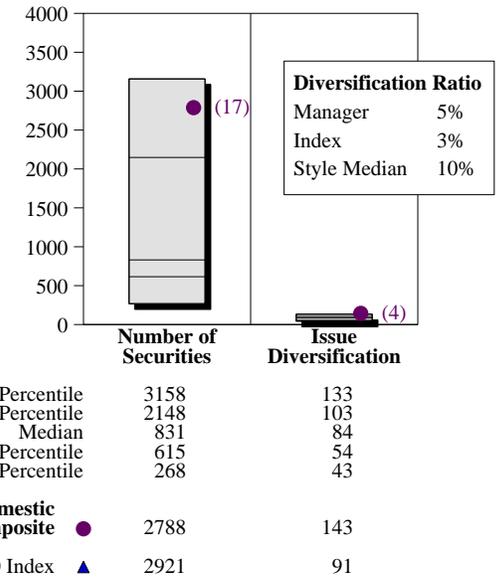
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2011**



**Diversification  
March 31, 2011**

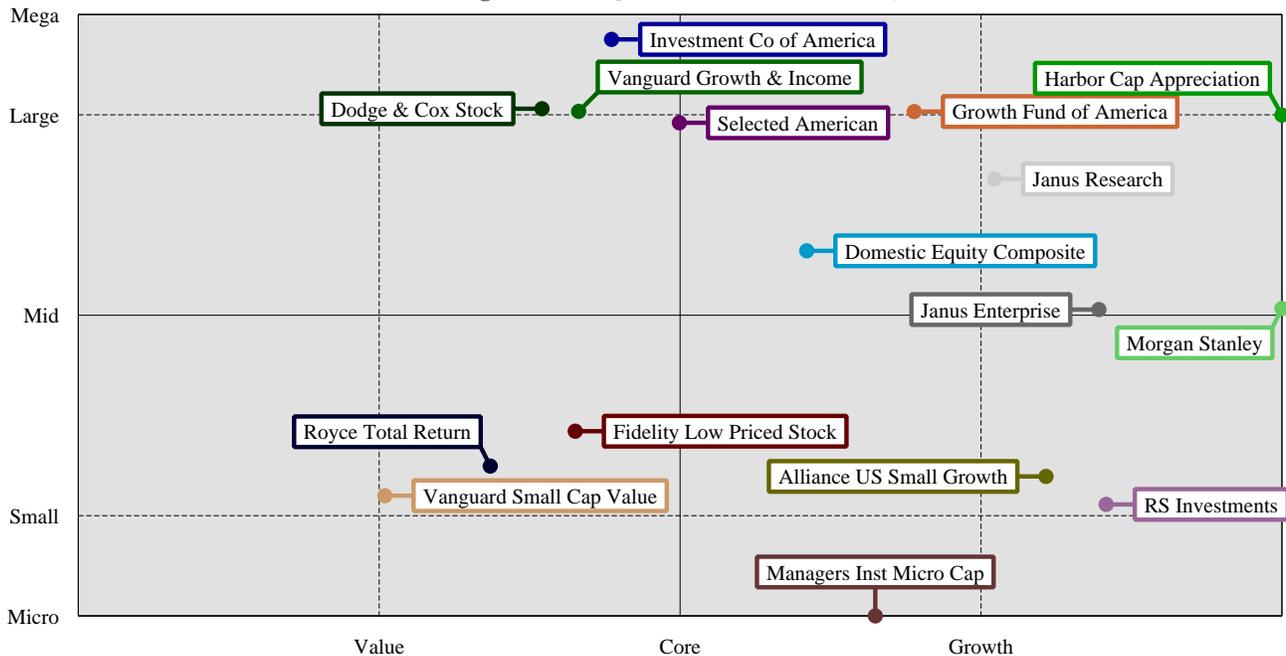




## HOLDINGS BASED STYLE ANALYSIS FOR ONE QUARTER ENDED MARCH 31, 2011

This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

**Style Map**  
**Holdings for One Quarter Ended March 31, 2011**



	Weight %	Wtd Median Mkt Cap	Combined Z-Score	Growth Z-Score	Value Z-Score	Number of Securities	Security Diversification
Selected American	7.65%	37.57	0.01	(0.07)	(0.08)	82	14.87
Investment Co of America	7.67%	70.76	(0.16)	(0.04)	0.12	158	24.74
Vanguard Growth & Income	7.73%	40.30	(0.24)	(0.05)	0.19	122	25.86
Dodge & Cox Stock	11.38%	41.42	(0.33)	(0.19)	0.14	83	17.19
Growth Fund of America	7.75%	40.23	0.55	0.25	(0.30)	307	47.52
Harbor Cap Appreciation	7.78%	38.82	1.50	0.69	(0.82)	67	20.48
Janus Research	7.78%	28.51	0.73	0.30	(0.43)	107	30.15
Fidelity Low Priced Stock	3.85%	3.45	(0.25)	(0.01)	0.24	867	53.22
Royce Total Return	3.86%	2.54	(0.45)	(0.13)	0.32	422	72.43
Morgan Stanley	4.18%	7.58	1.52	0.61	(0.91)	63	21.05
Janus Enterprise	4.11%	7.40	0.97	0.33	(0.64)	74	21.07
Vanguard Small Cap Value	5.18%	1.76	(0.71)	(0.28)	0.43	979	189.93
Alliance US Small Growth	2.96%	2.27	0.85	0.31	(0.54)	108	39.05
RS Investments	2.68%	1.53	0.99	0.45	(0.54)	93	35.08
Managers Inst Micro Cap	5.06%	0.49	0.46	0.28	(0.18)	327	72.38
Domestic Equity Composite	100.00%	16.89	0.30	0.13	(0.17)	2788	143.37



## SELECTED AMERICAN PERIOD ENDED MARCH 31, 2011

### Investment Philosophy

Davis uses a fundamental, bottom-up approach to purchase shares of high quality, durable businesses when they are trading at a discount to intrinsic value and allows these holdings to compound over the long term according to the underlying business's ability to generate attractive returns on reinvested capital. Switched from Class S Shares to Class D Shares in December 2009.

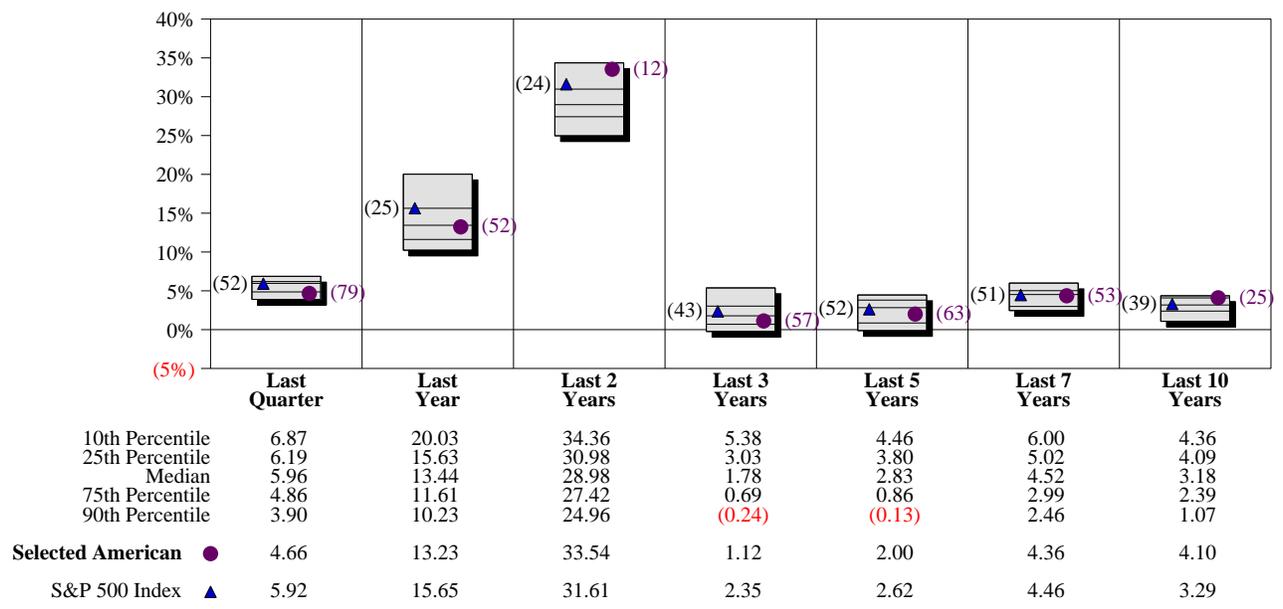
### Quarterly Summary and Highlights

- Selected American's portfolio posted a 4.66% return for the quarter placing it in the 79 percentile of the CAI MF - Core Equity Style group for the quarter and in the 52 percentile for the last year.
- Selected American's portfolio underperformed the S&P 500 Index by 1.26% for the quarter and underperformed the S&P 500 Index for the year by 2.41%.

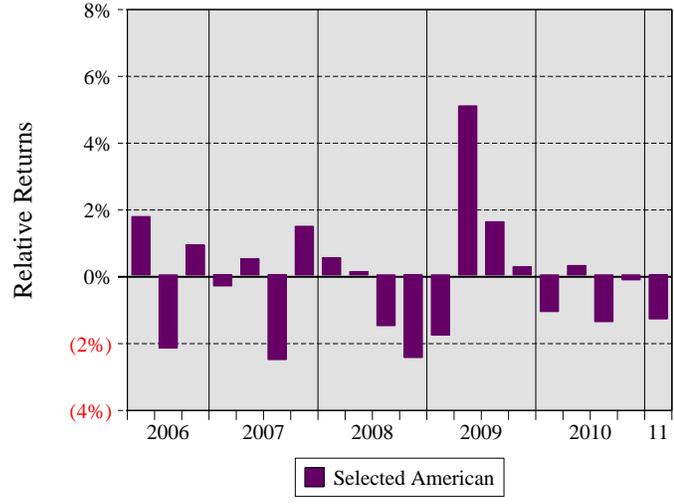
### Quarterly Asset Growth

Beginning Market Value	\$11,663,670
Net New Investment	\$-1,500,005
Investment Gains/(Losses)	\$523,264
Ending Market Value	\$10,686,929

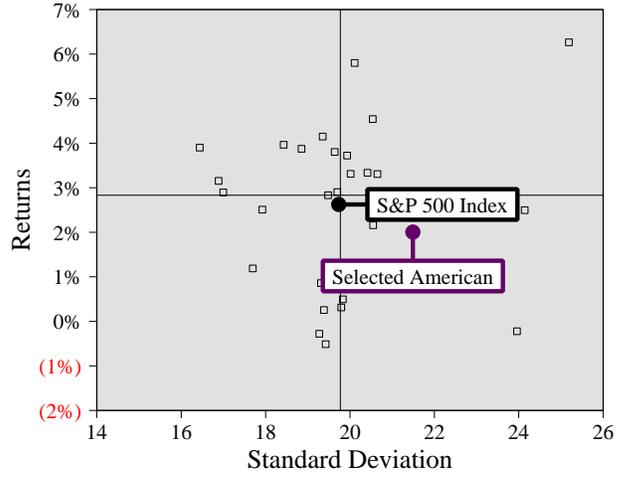
### Performance vs CAI MF - Core Equity Style (Net)



### Relative Return vs S&P 500 Index



### CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return



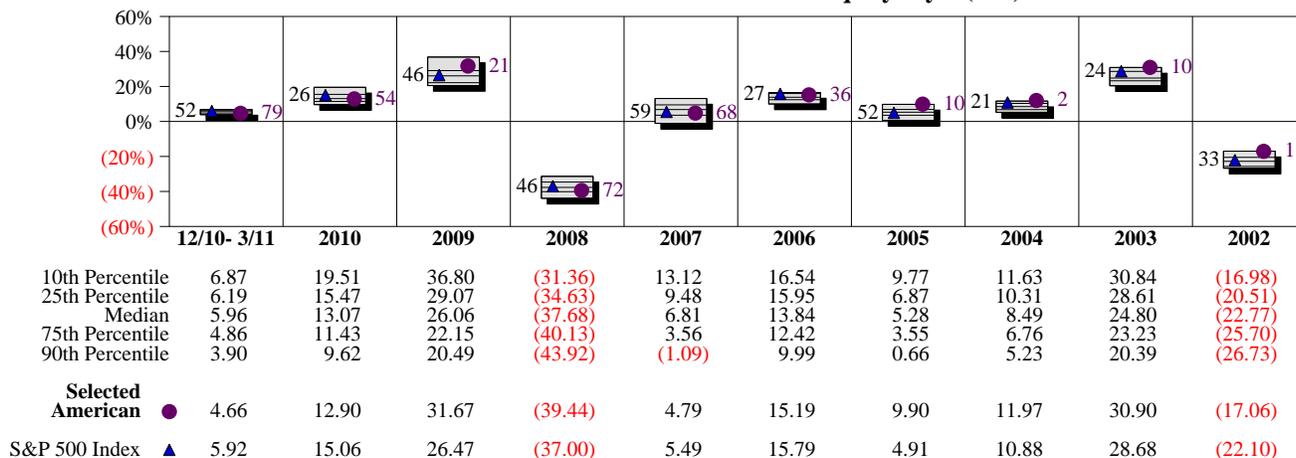


## SELECTED AMERICAN RETURN ANALYSIS SUMMARY

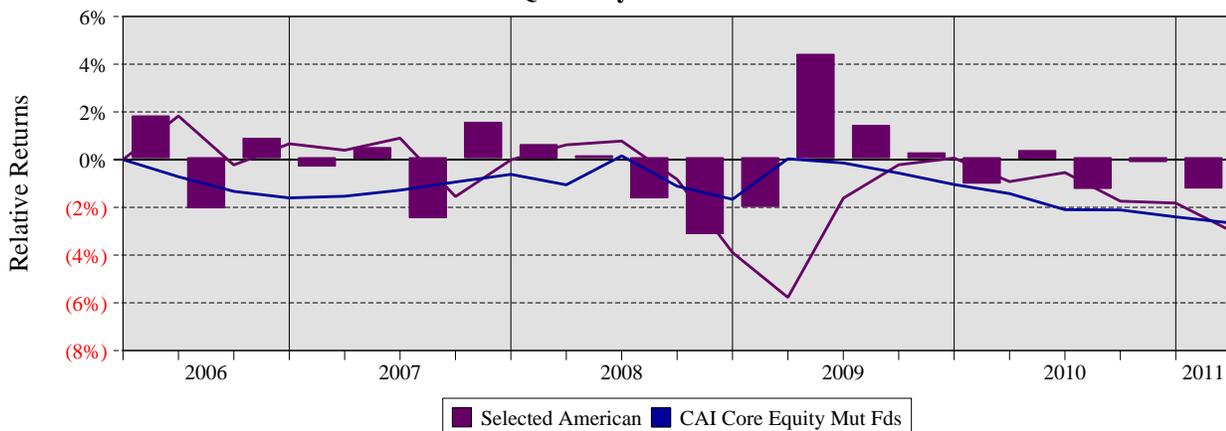
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

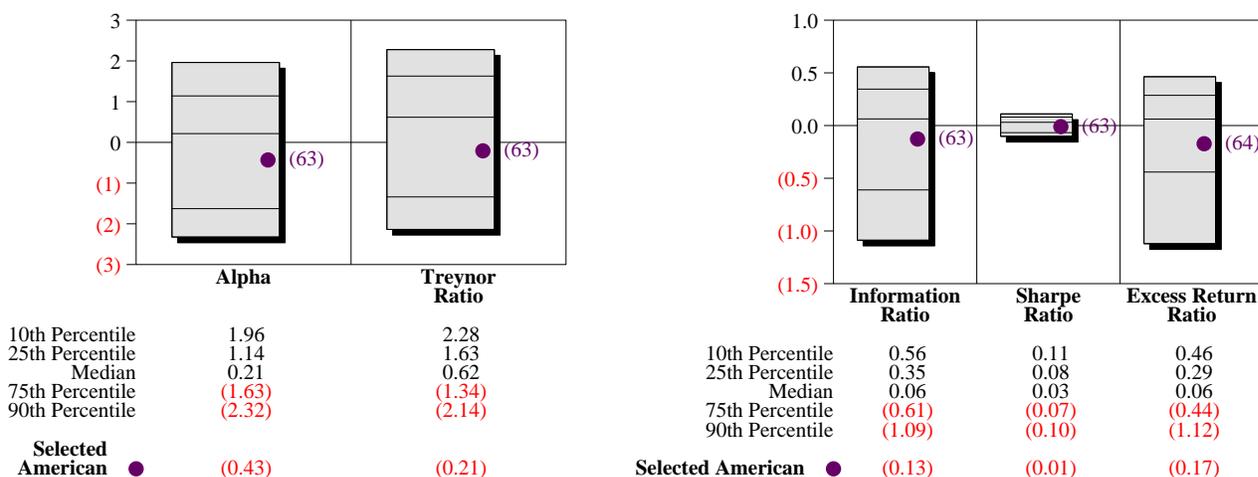
**Performance vs CAI MF - Core Equity Style (Net)**



**Cumulative and Quarterly Relative Return vs S&P 500 Index**



**Risk Adjusted Return Measures vs S&P 500 Index  
Rankings Against CAI MF - Core Equity Style (Net)  
Five Years Ended March 31, 2011**

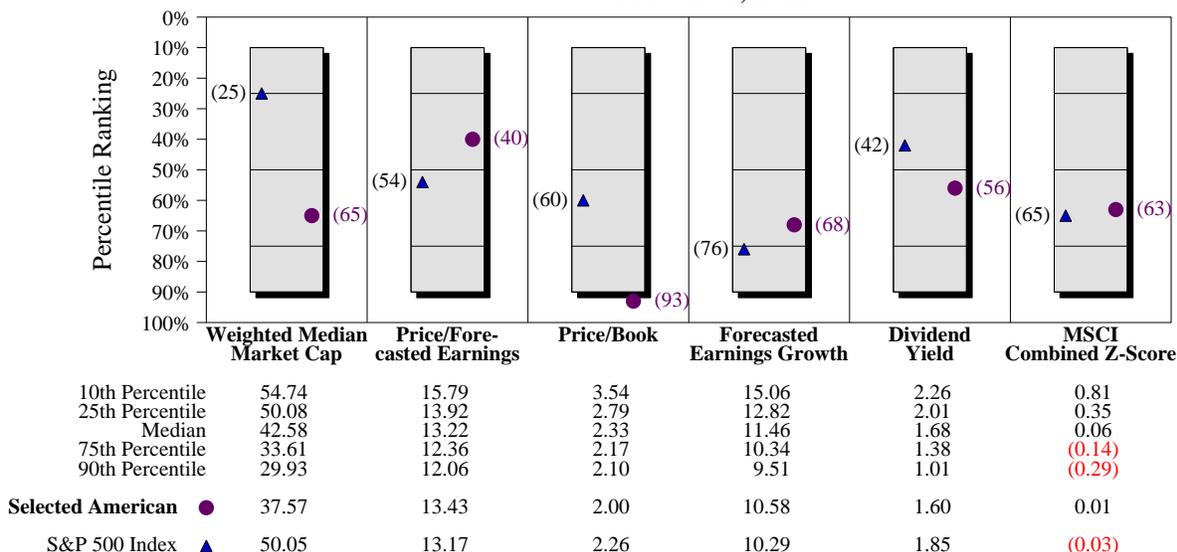


## SELECTED AMERICAN EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

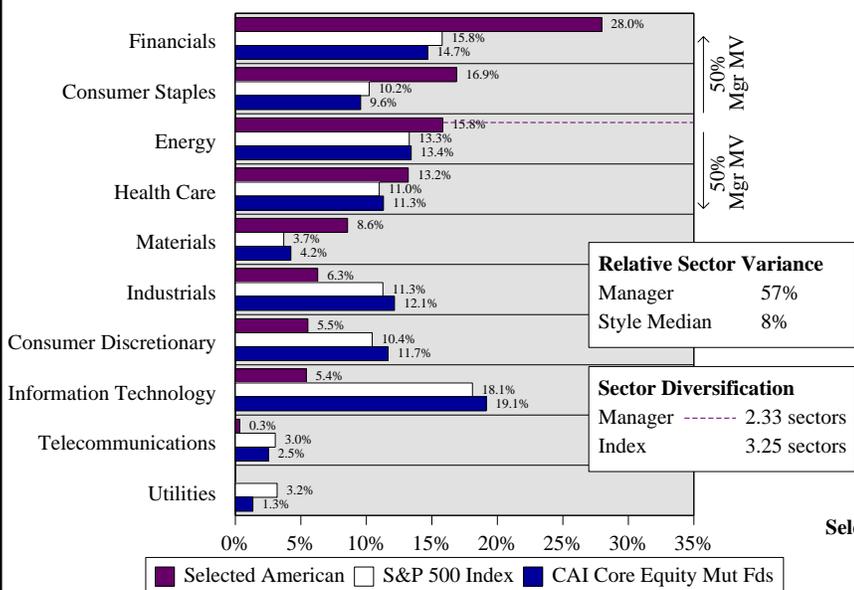
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI MF - Core Equity Style  
as of March 31, 2011**



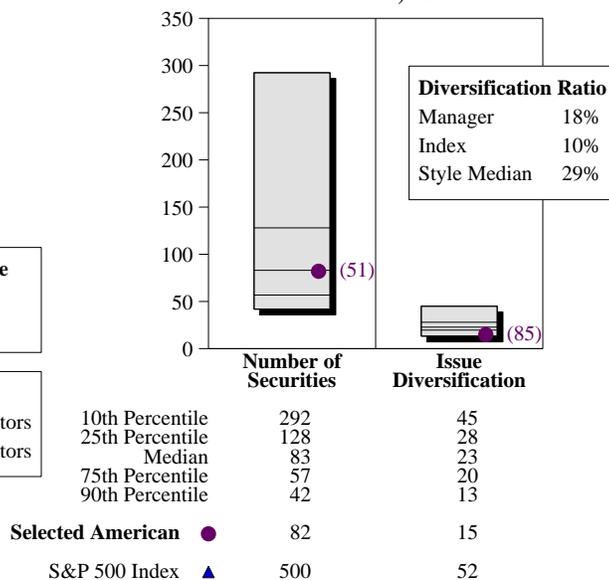
### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2011**



**Diversification  
March 31, 2011**



# INVESTMENT CO OF AMERICA PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Capital Research and Management Company utilizes a value-oriented, fundamental investment approach guided by thorough, detailed internal research and analysis based on extensive field work and direct company contact. Switched from Class R-5 Shares to Class R-6 Shares in December 2009.

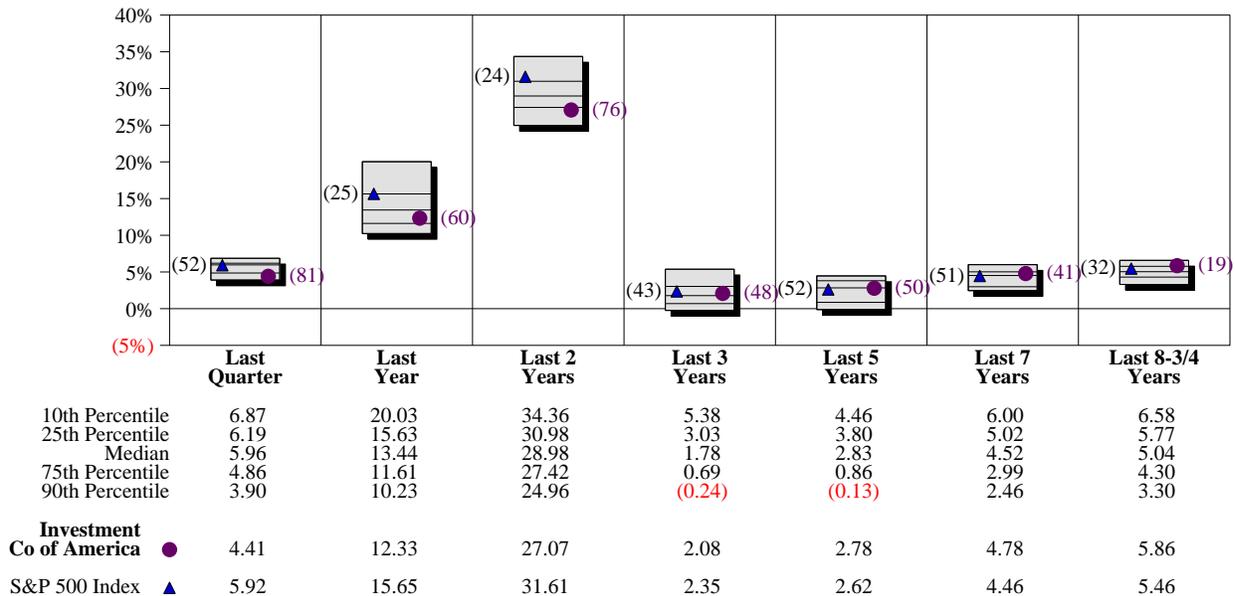
## Quarterly Summary and Highlights

- Investment Co of America's portfolio posted a 4.41% return for the quarter placing it in the 81 percentile of the CAI MF - Core Equity Style group for the quarter and in the 60 percentile for the last year.
- Investment Co of America's portfolio underperformed the S&P 500 Index by 1.51% for the quarter and underperformed the S&P 500 Index for the year by 3.31%.

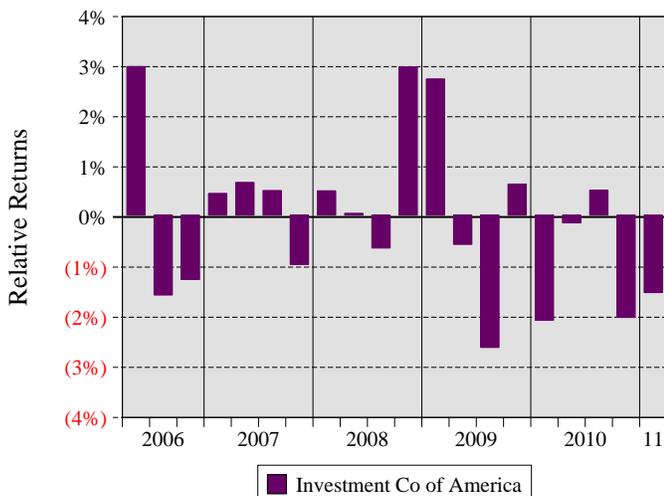
## Quarterly Asset Growth

Beginning Market Value	\$11,716,221
Net New Investment	\$-1,500,000
Investment Gains/(Losses)	\$504,040
Ending Market Value	\$10,720,261

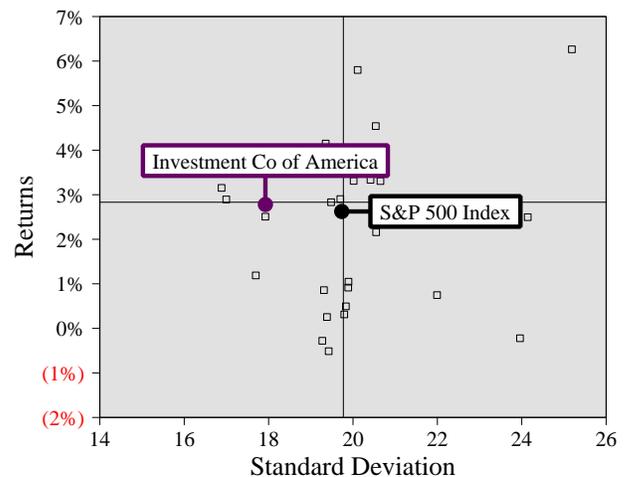
## Performance vs CAI MF - Core Equity Style (Net)



## Relative Return vs S&P 500 Index



## CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return



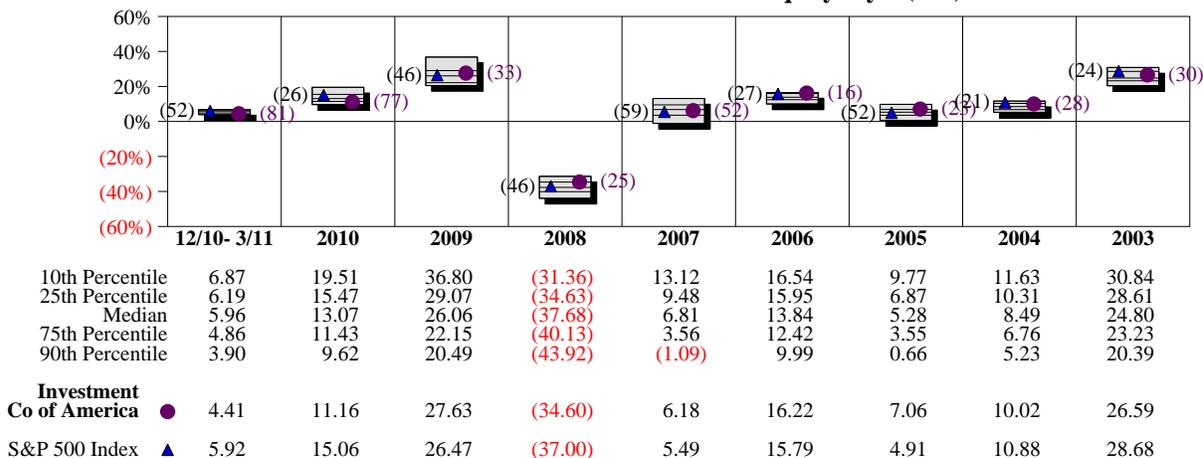
# INVESTMENT CO OF AMERICA RETURN ANALYSIS SUMMARY



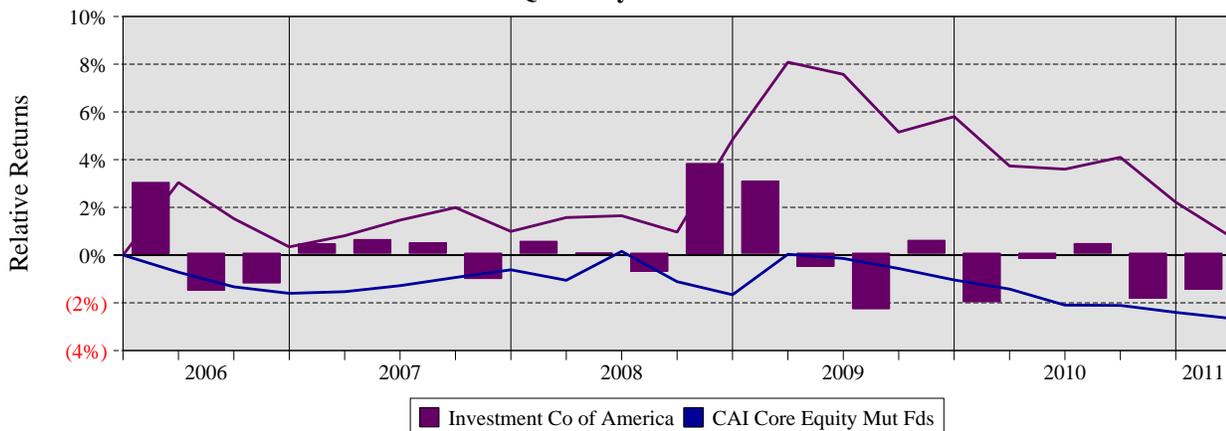
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

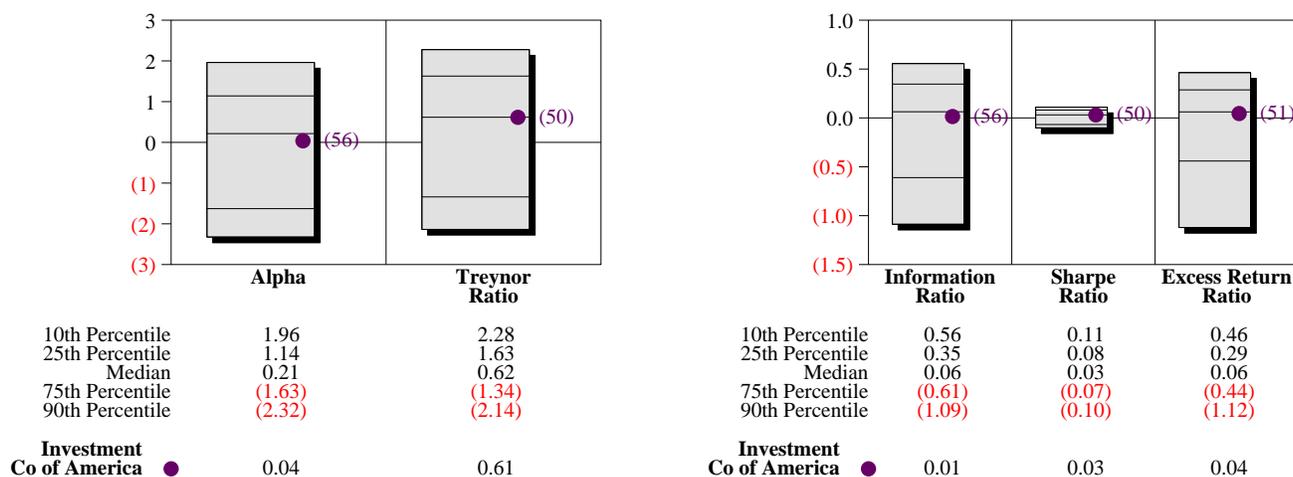
### Performance vs CAI MF - Core Equity Style (Net)



### Cumulative and Quarterly Relative Return vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI MF - Core Equity Style (Net) Five Years Ended March 31, 2011



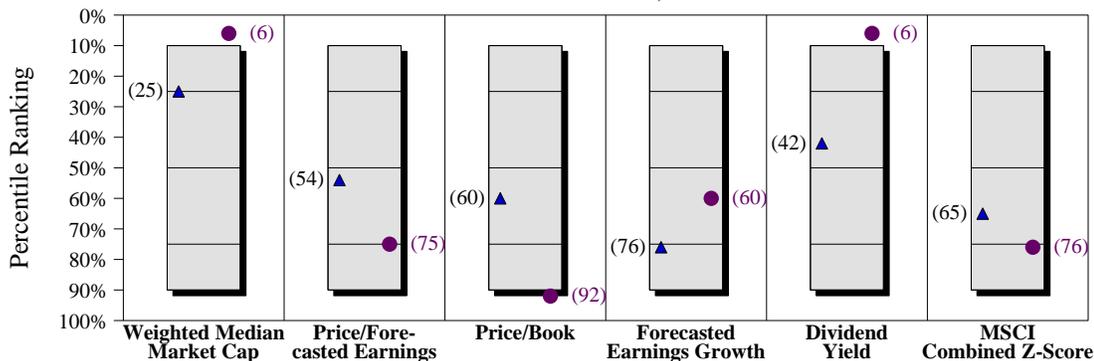
# INVESTMENT CO OF AMERICA EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Core Equity Style as of March 31, 2011

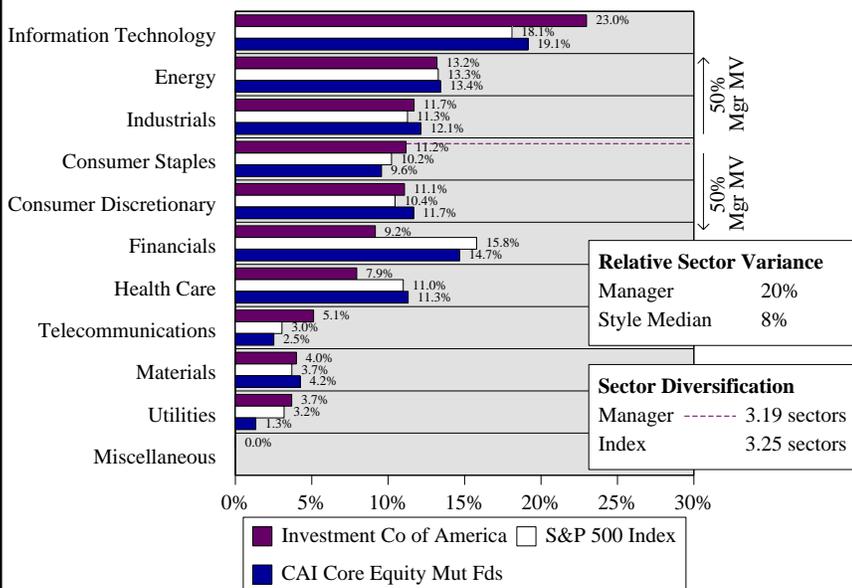


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	54.74	15.79	3.54	15.06	2.26	0.81
25th Percentile	50.08	13.92	2.79	12.82	2.01	0.35
Median	42.58	13.22	2.33	11.46	1.68	0.06
75th Percentile	33.61	12.36	2.17	10.34	1.38	(0.14)
90th Percentile	29.93	12.06	2.10	9.51	1.01	(0.29)
<b>Investment Co of America</b> ●	<b>70.76</b>	<b>12.36</b>	<b>2.05</b>	<b>10.96</b>	<b>2.36</b>	<b>(0.16)</b>
S&P 500 Index ▲	50.05	13.17	2.26	10.29	1.85	(0.03)

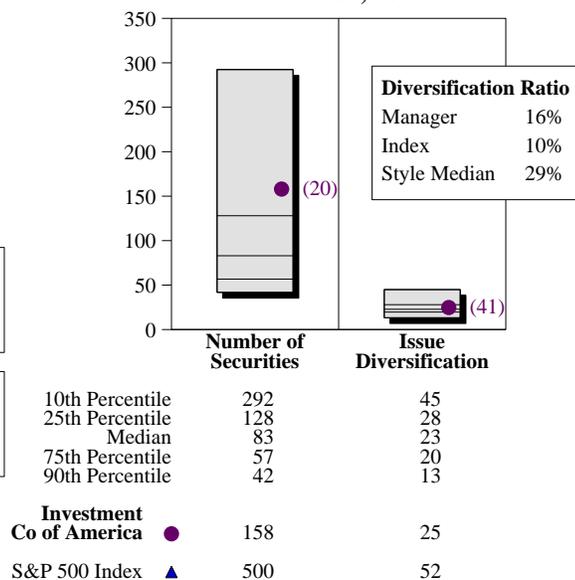
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation March 31, 2011



### Diversification March 31, 2011



# VANGUARD GROWTH & INCOME PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

The fund's philosophy is based upon the belief that security mispricings occur continually in the stock market. The fund seeks to take advantage of these situations by constructing a fund with risk and sector profiles similar to the S&P Index, but with emphasis on stocks that are undervalued by the market.

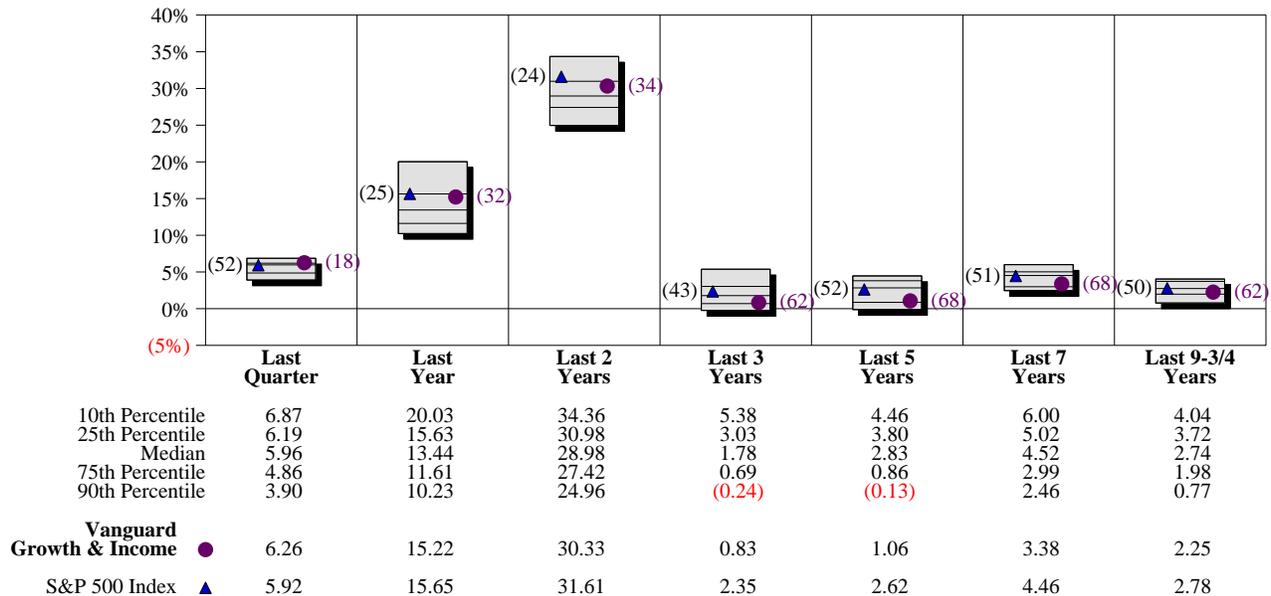
## Quarterly Summary and Highlights

- Vanguard Growth & Income's portfolio posted a 6.26% return for the quarter placing it in the 18 percentile of the CAI MF - Core Equity Style group for the quarter and in the 32 percentile for the last year.
- Vanguard Growth & Income's portfolio outperformed the S&P 500 Index by 0.34% for the quarter and underperformed the S&P 500 Index for the year by 0.43%.

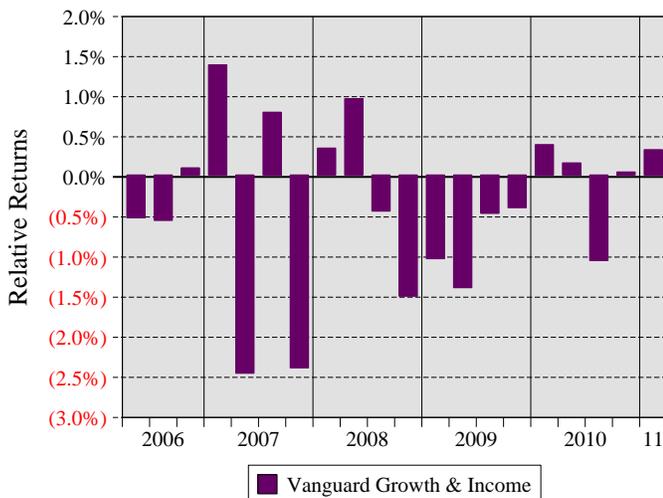
## Quarterly Asset Growth

Beginning Market Value	\$10,833,953
Net New Investment	\$-700,000
Investment Gains/(Losses)	\$670,788
Ending Market Value	\$10,804,742

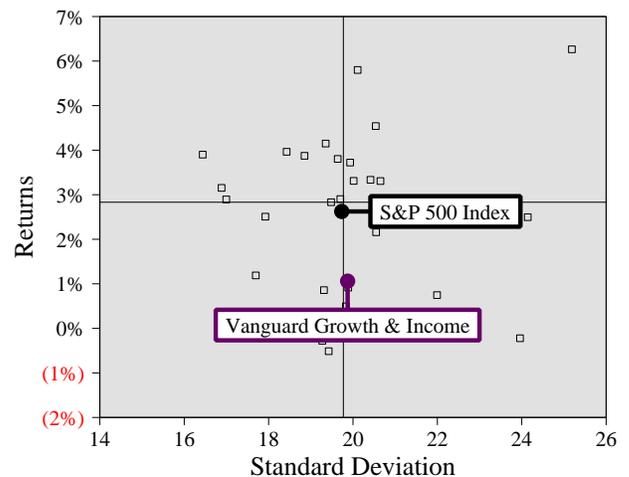
## Performance vs CAI MF - Core Equity Style (Net)



## Relative Return vs S&P 500 Index



## CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return



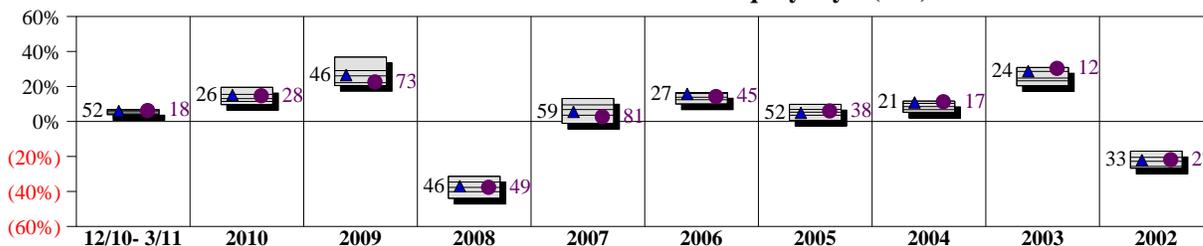


# VANGUARD GROWTH & INCOME RETURN ANALYSIS SUMMARY

## Return Analysis

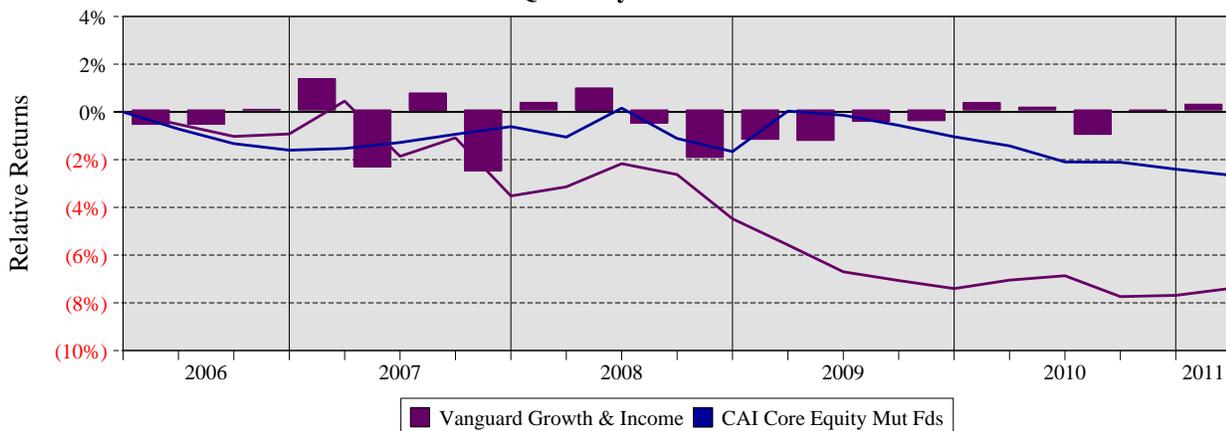
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

### Performance vs CAI MF - Core Equity Style (Net)

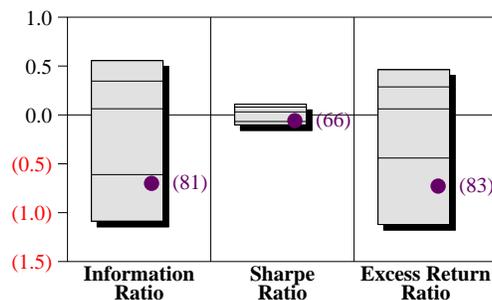
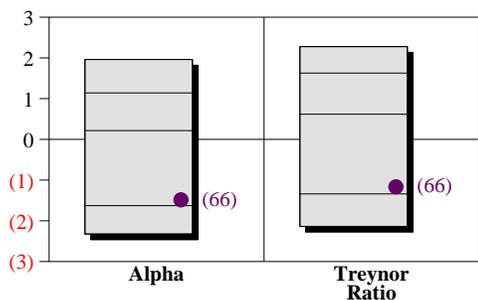


	12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Vanguard Growth &amp; Income</b> ●	6.26	14.71	22.60	(37.62)	2.73	14.24	6.01	11.28	30.34	(21.83)
<b>S&amp;P 500 Index</b> ▲	5.92	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88	28.68	(22.10)

### Cumulative and Quarterly Relative Return vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI MF - Core Equity Style (Net) Five Years Ended March 31, 2011



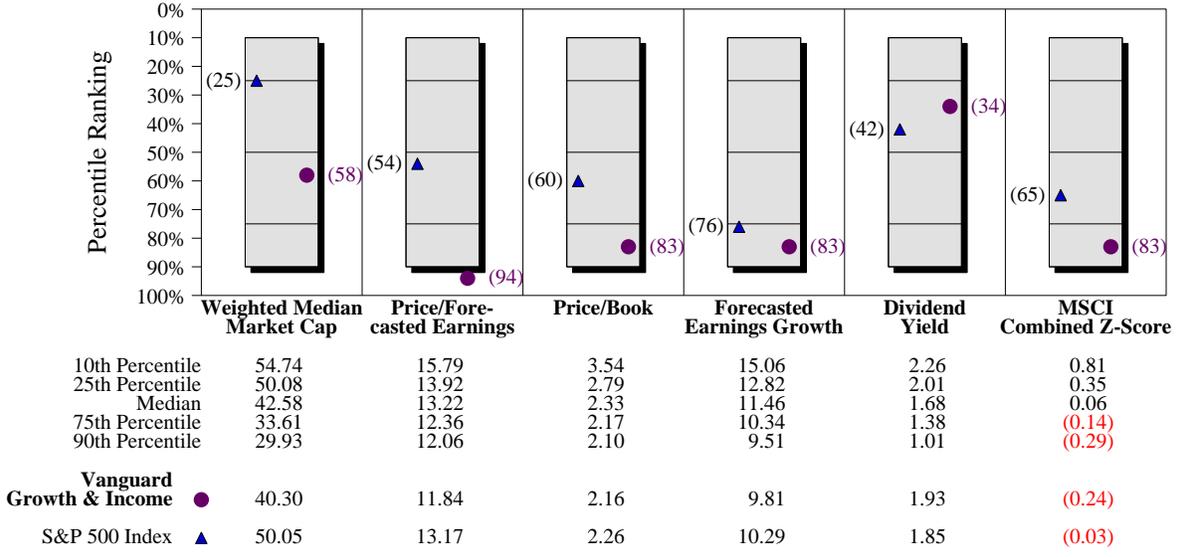
	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
<b>Vanguard Growth &amp; Income</b> ●	(1.49)	(1.17)	(0.70)	(0.06)	(0.73)

# VANGUARD GROWTH & INCOME EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

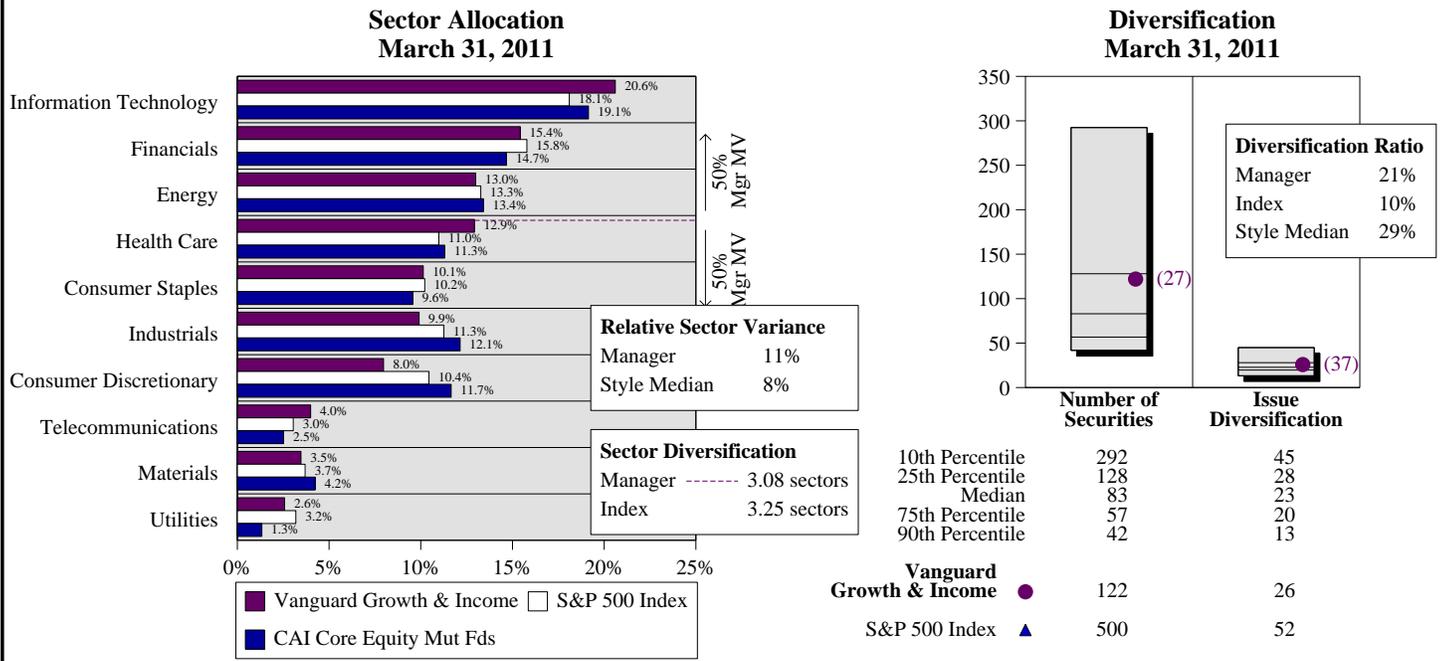
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI MF - Core Equity Style  
as of March 31, 2011**



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.



# DODGE & COX STOCK PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Dodge & Cox believes that increased earnings are a primary factor driving increased valuations over the long term. To effect this policy, the firm relies on thorough fundamental research and a valuation discipline.

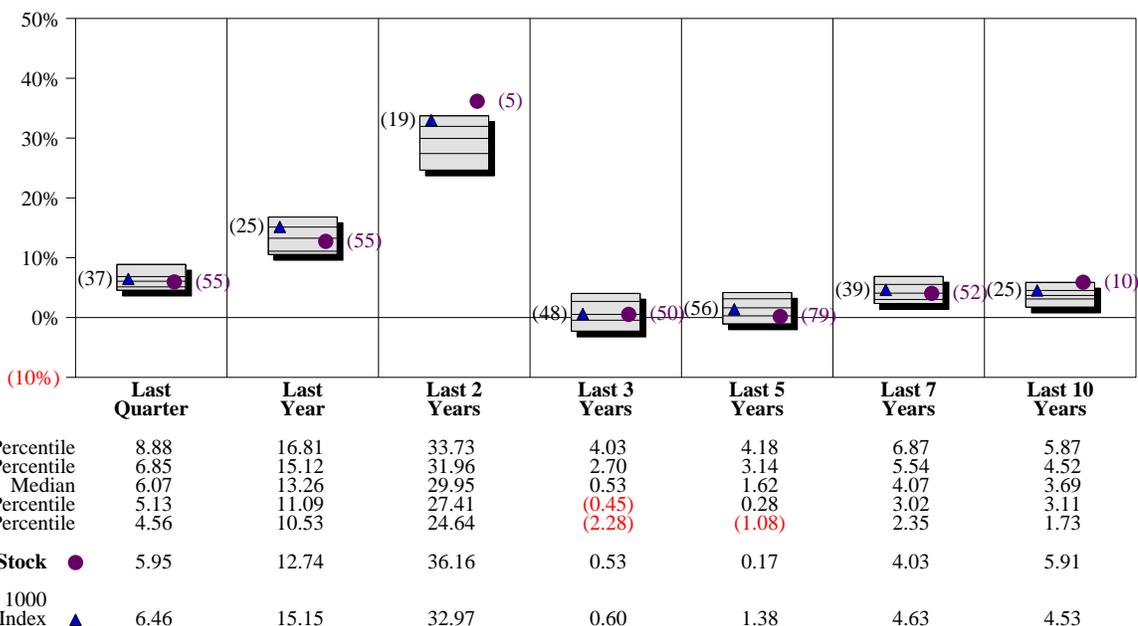
## Quarterly Summary and Highlights

- Dodge & Cox Stock's portfolio posted a 5.95% return for the quarter placing it in the 55 percentile of the CAI MF - Large Cap Value Style group for the quarter and in the 55 percentile for the last year.
- Dodge & Cox Stock's portfolio underperformed the Russell 1000 Value Index by 0.50% for the quarter and underperformed the Russell 1000 Value Index for the year by 2.42%.

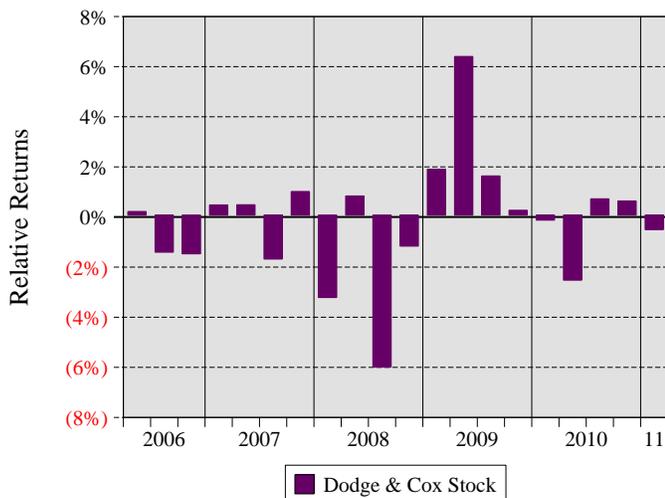
## Quarterly Asset Growth

Beginning Market Value	\$15,012,383
Net New Investment	\$0
Investment Gains/(Losses)	\$893,481
Ending Market Value	\$15,905,863

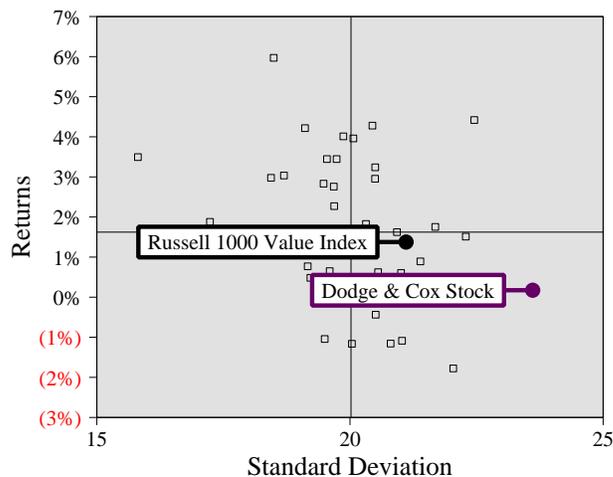
## Performance vs CAI MF - Large Cap Value Style (Net)



## Relative Return vs Russell 1000 Value Index



## CAI MF - Large Cap Value Style (Net) Annualized Five Year Risk vs Return



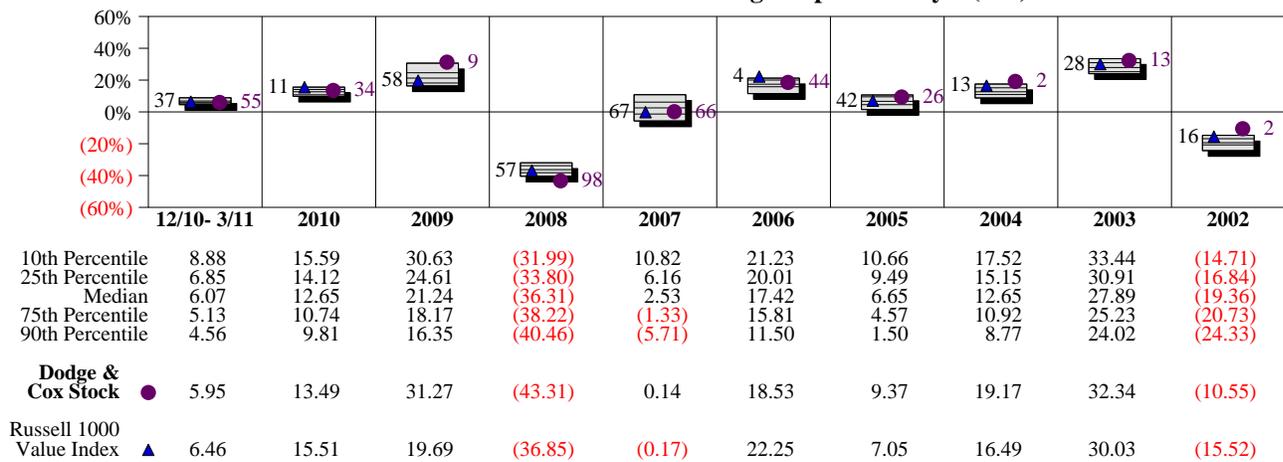


## DODGE & COX STOCK RETURN ANALYSIS SUMMARY

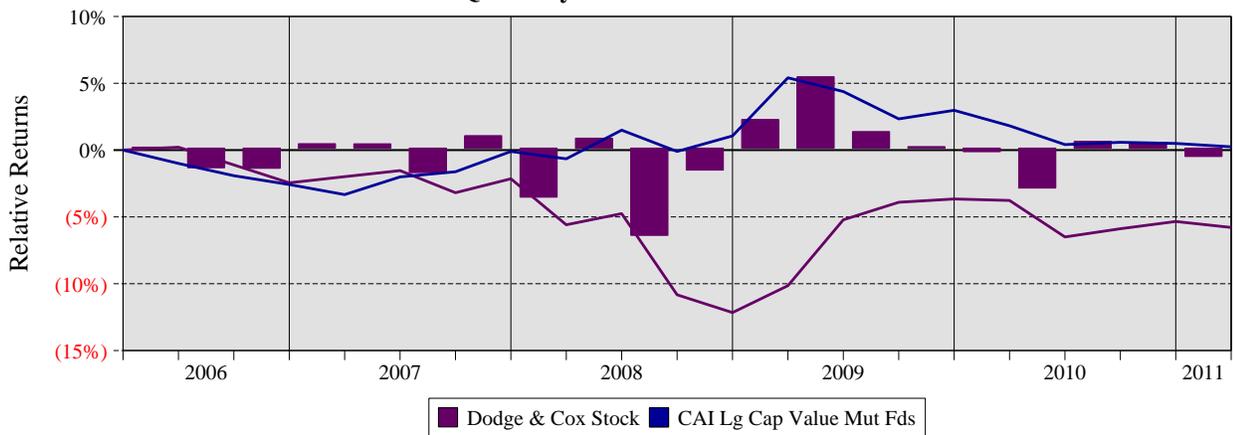
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

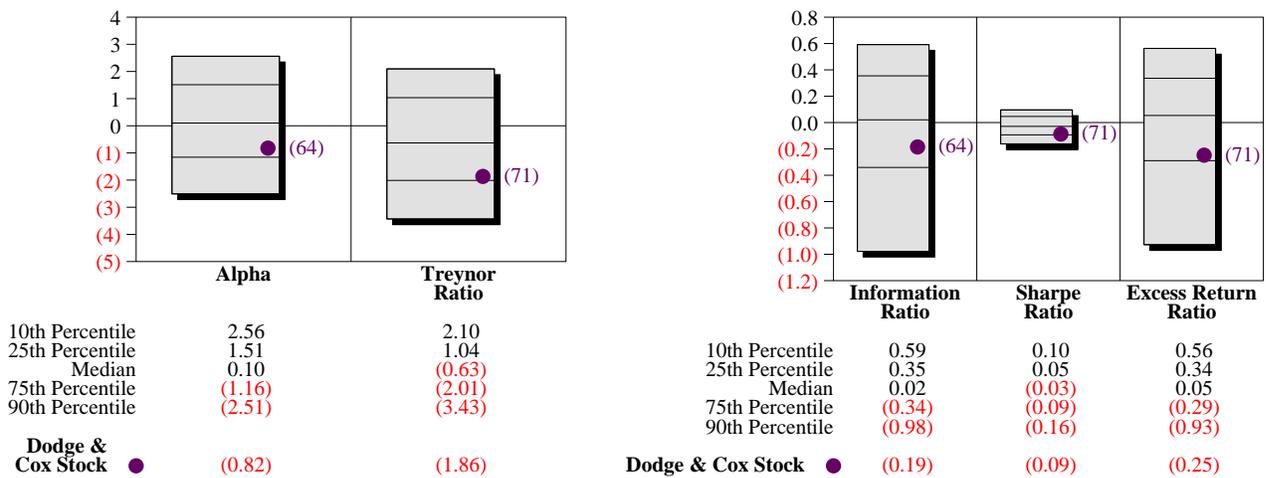
#### Performance vs CAI MF - Large Cap Value Style (Net)



#### Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



#### Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against CAI MF - Large Cap Value Style (Net) Five Years Ended March 31, 2011



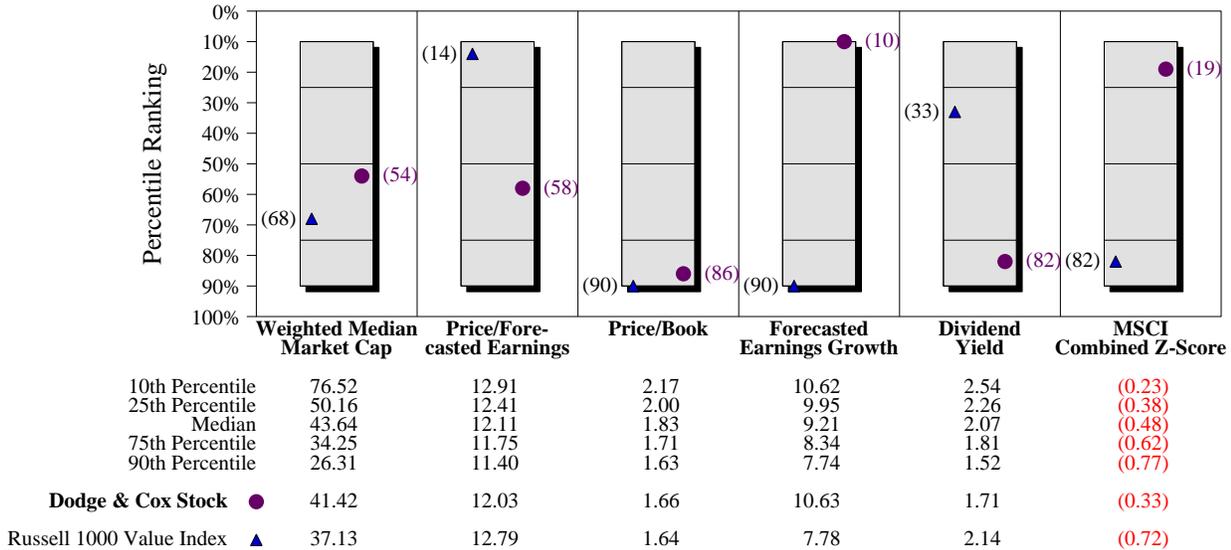
# DODGE & COX STOCK EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

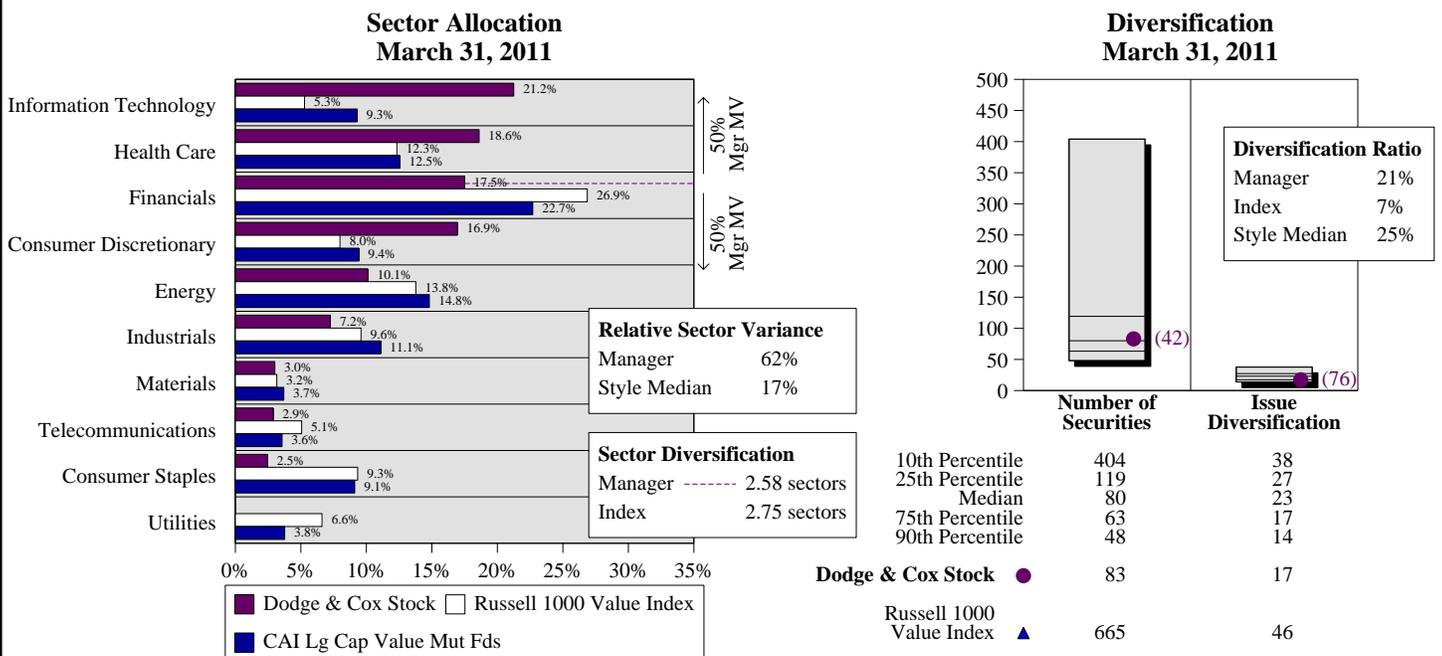
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Large Cap Value Style  
as of March 31, 2011



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.



# GROWTH FUND OF AMERICA PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

The investment philosophy is based on fundamental research and analysis that focuses on the future earnings power of a company. The commitment of capital must offer a return-on-investment that appears superior to both present and future alternatives. Switched from Class R-5 Shares to Class R-6 Shares in December 2009.

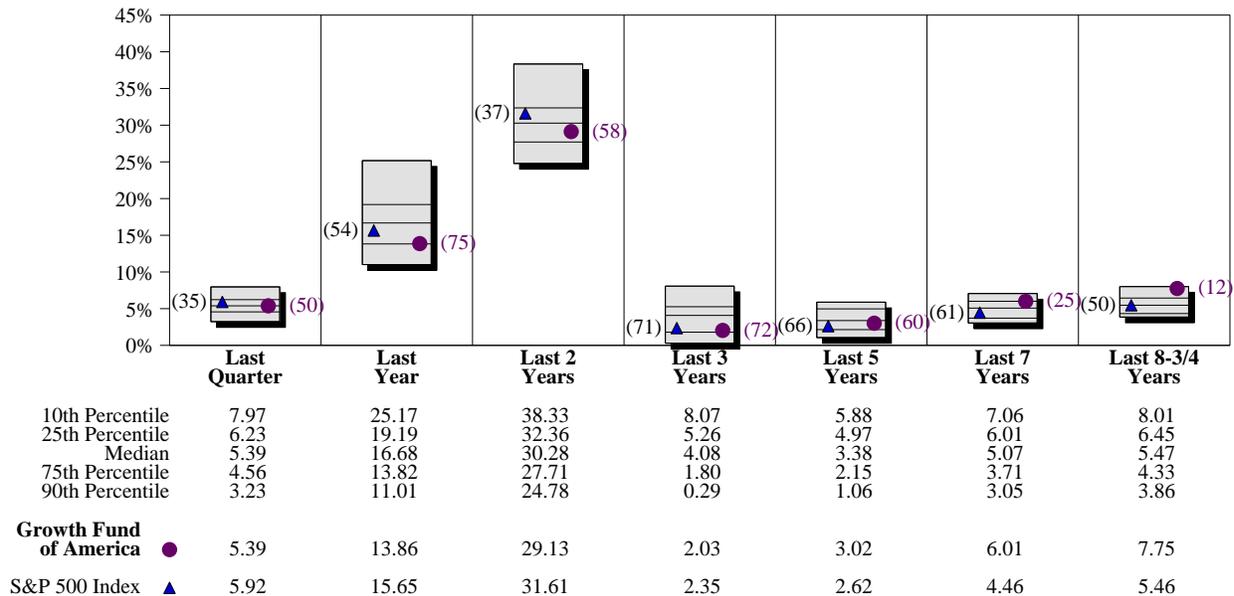
## Quarterly Summary and Highlights

- Growth Fund of America's portfolio posted a 5.39% return for the quarter placing it in the 50 percentile of the CAI MF - Large Cap Growth Style group for the quarter and in the 75 percentile for the last year.
- Growth Fund of America's portfolio underperformed the S&P 500 Index by 0.53% for the quarter and underperformed the S&P 500 Index for the year by 1.78%.

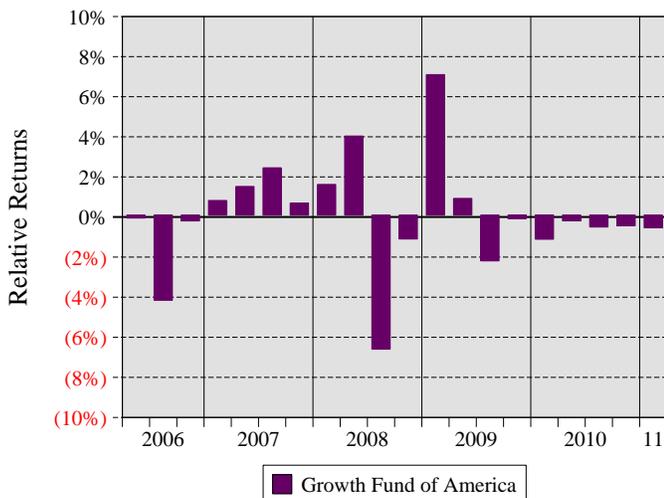
## Quarterly Asset Growth

Beginning Market Value	\$10,273,226
Net New Investment	\$0
Investment Gains/(Losses)	\$553,486
Ending Market Value	\$10,826,712

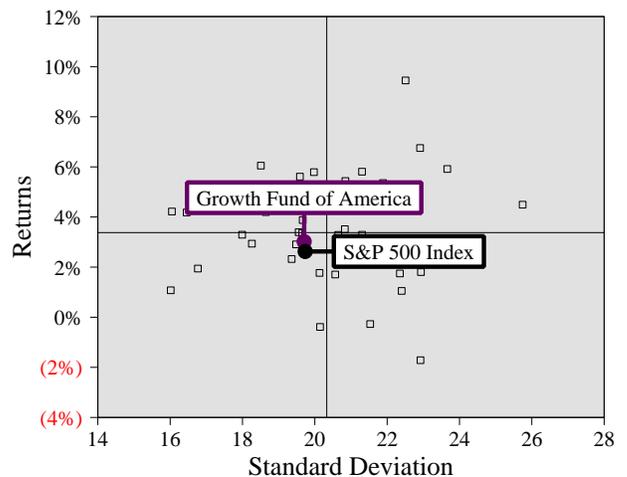
## Performance vs CAI MF - Large Cap Growth Style (Net)



## Relative Return vs S&P 500 Index



## CAI MF - Large Cap Growth Style (Net) Annualized Five Year Risk vs Return



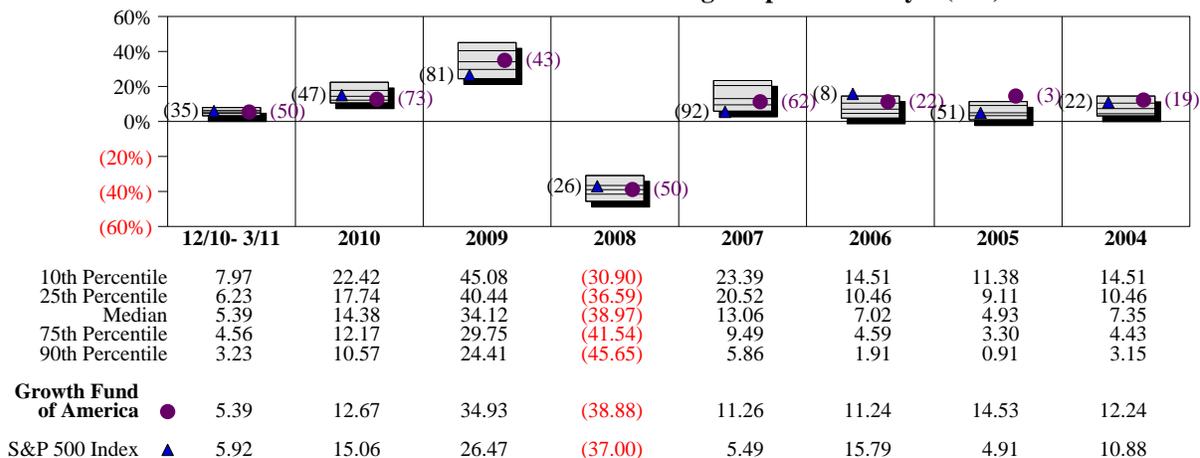


## GROWTH FUND OF AMERICA RETURN ANALYSIS SUMMARY

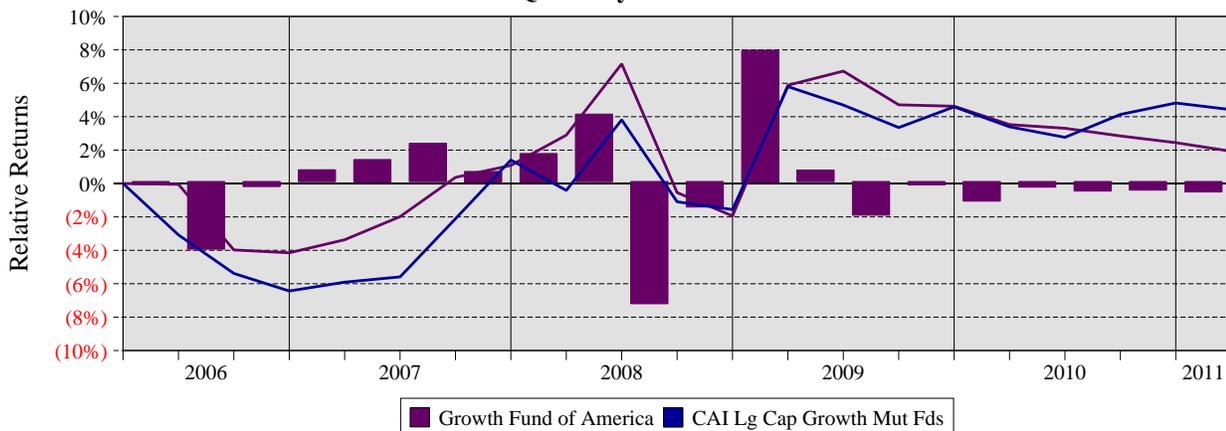
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

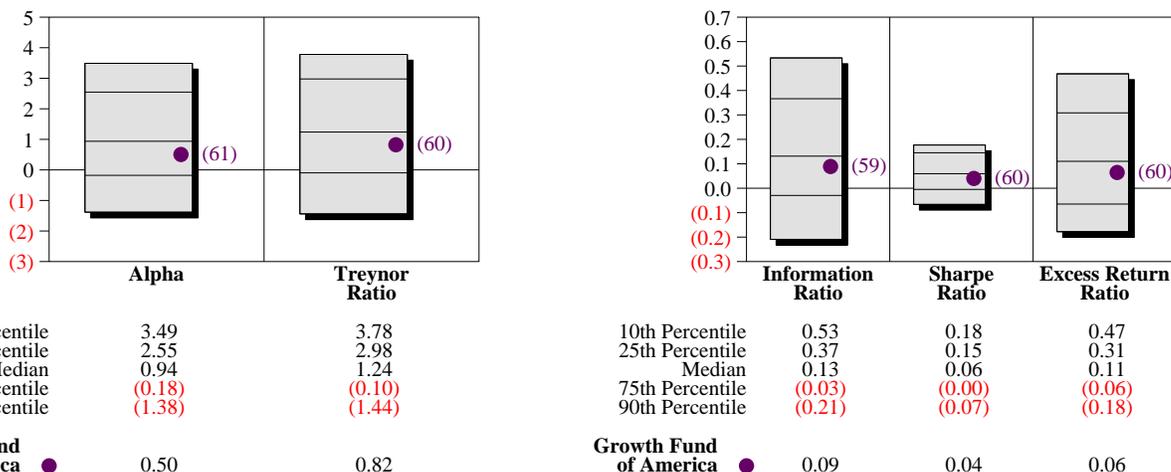
#### Performance vs CAI MF - Large Cap Growth Style (Net)



#### Cumulative and Quarterly Relative Return vs S&P 500 Index



#### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI MF - Large Cap Growth Style (Net) Five Years Ended March 31, 2011



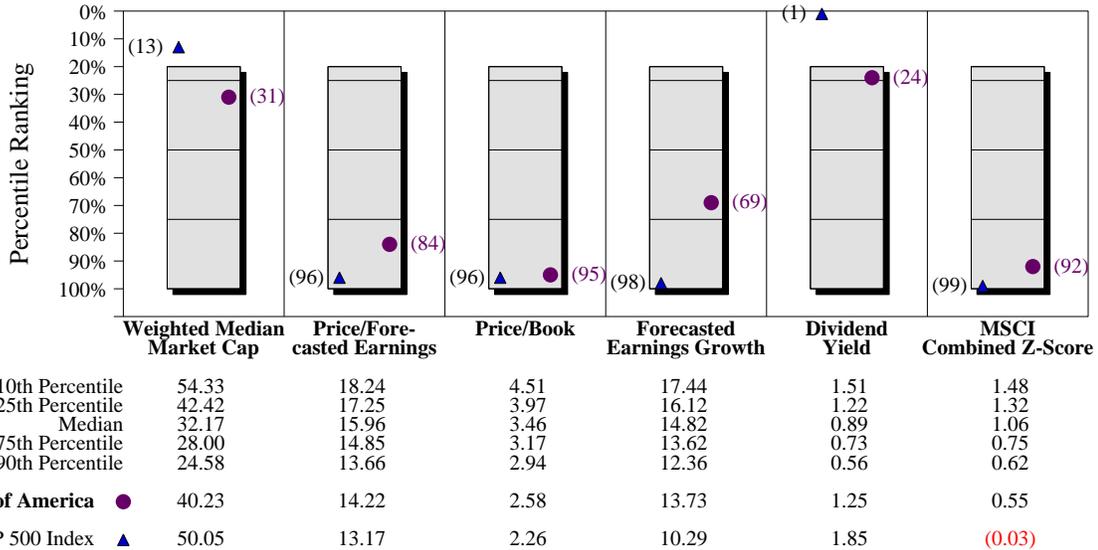
# GROWTH FUND OF AMERICA EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

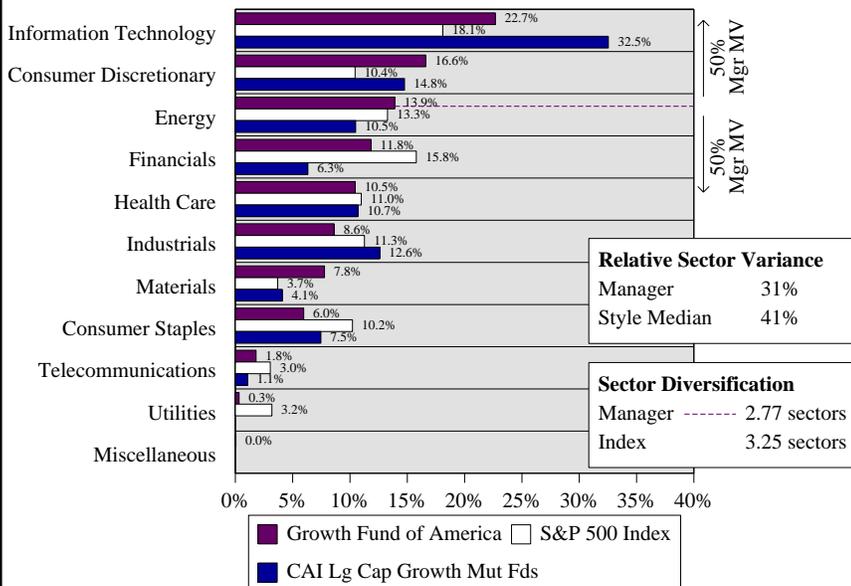
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI MF - Large Cap Growth Style  
as of March 31, 2011**



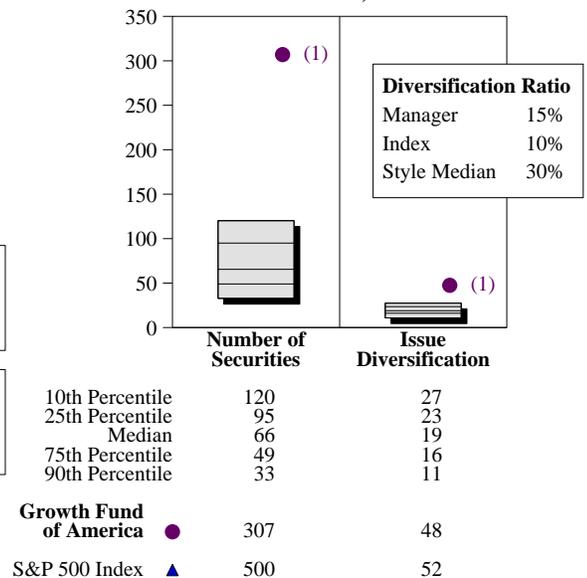
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2011**



**Diversification  
March 31, 2011**





## HARBOR CAP APPRECIATION PERIOD ENDED MARCH 31, 2011

### Investment Philosophy

Jennison constructs portfolios through individual bottom-up stock selection and believes it can generate attractive returns by investing in companies with above average growth in units, revenues, earnings and cash flows. The firm seeks to capture inflection points in a company's growth rate in buy and sell decisions.

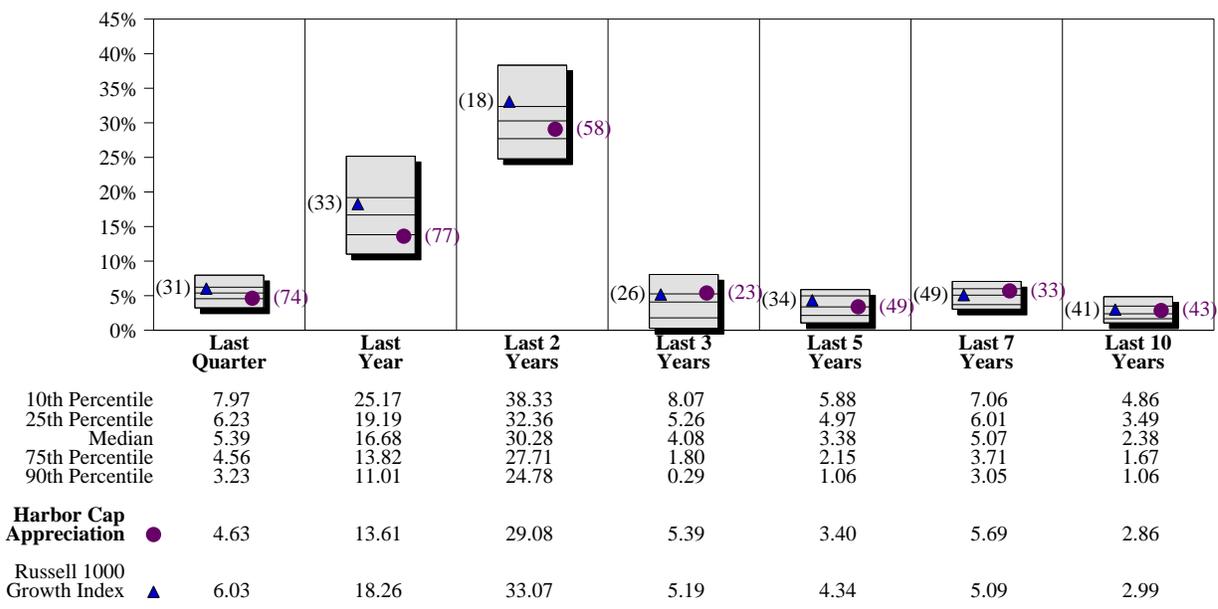
### Quarterly Summary and Highlights

- Harbor Cap Appreciation's portfolio posted a 4.63% return for the quarter placing it in the 74 percentile of the CAI MF - Large Cap Growth Style group for the quarter and in the 77 percentile for the last year.
- Harbor Cap Appreciation's portfolio underperformed the Russell 1000 Growth Index by 1.40% for the quarter and underperformed the Russell 1000 Growth Index for the year by 4.65%.

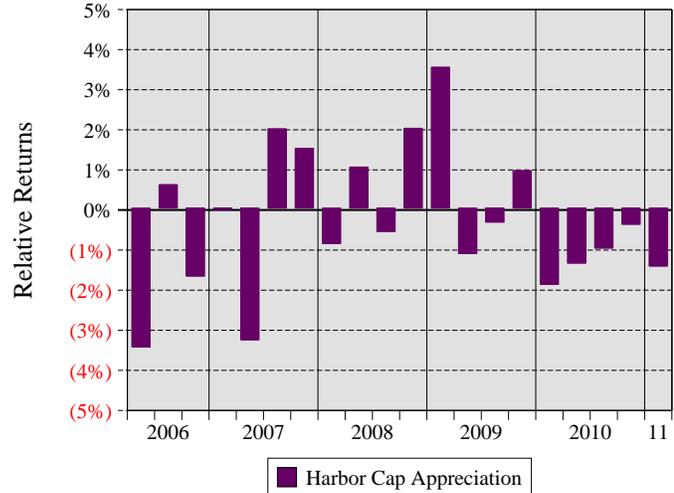
### Quarterly Asset Growth

Beginning Market Value	\$10,392,418
Net New Investment	\$0
Investment Gains/(Losses)	\$481,130
Ending Market Value	\$10,873,547

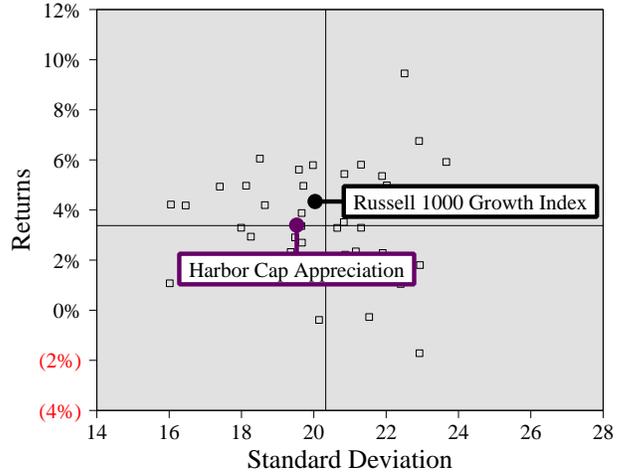
### Performance vs CAI MF - Large Cap Growth Style (Net)



### Relative Return vs Russell 1000 Growth Index



### CAI MF - Large Cap Growth Style (Net) Annualized Five Year Risk vs Return



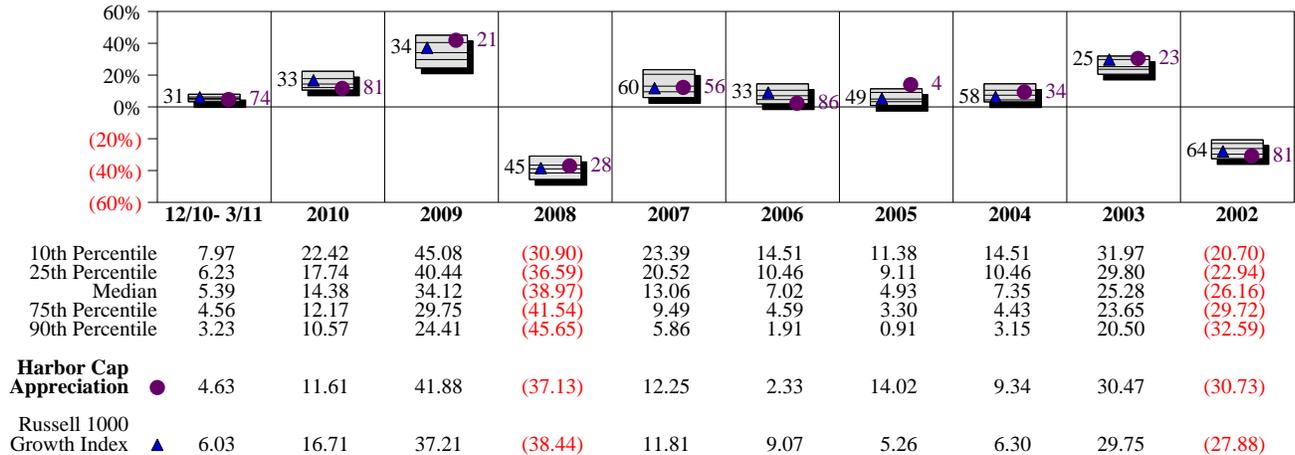


## HARBOR CAP APPRECIATION RETURN ANALYSIS SUMMARY

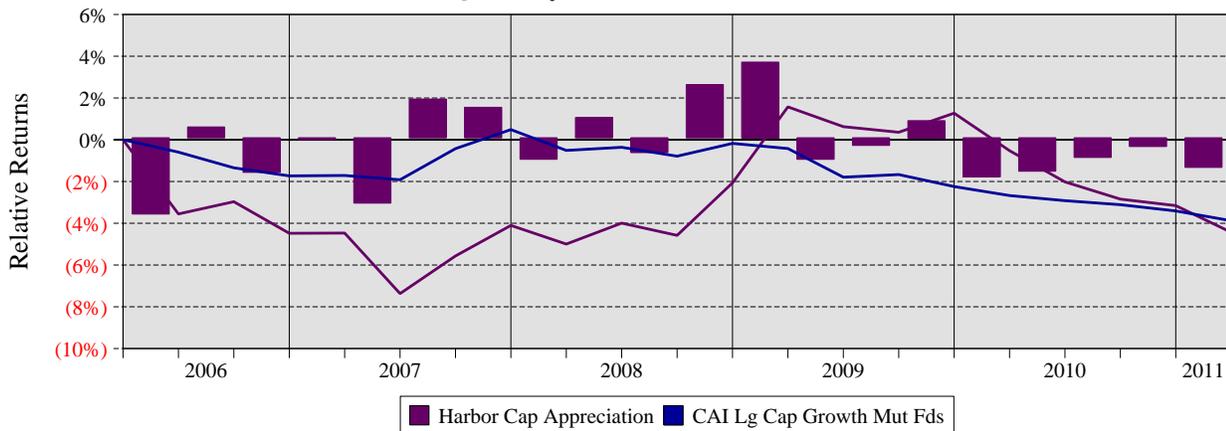
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

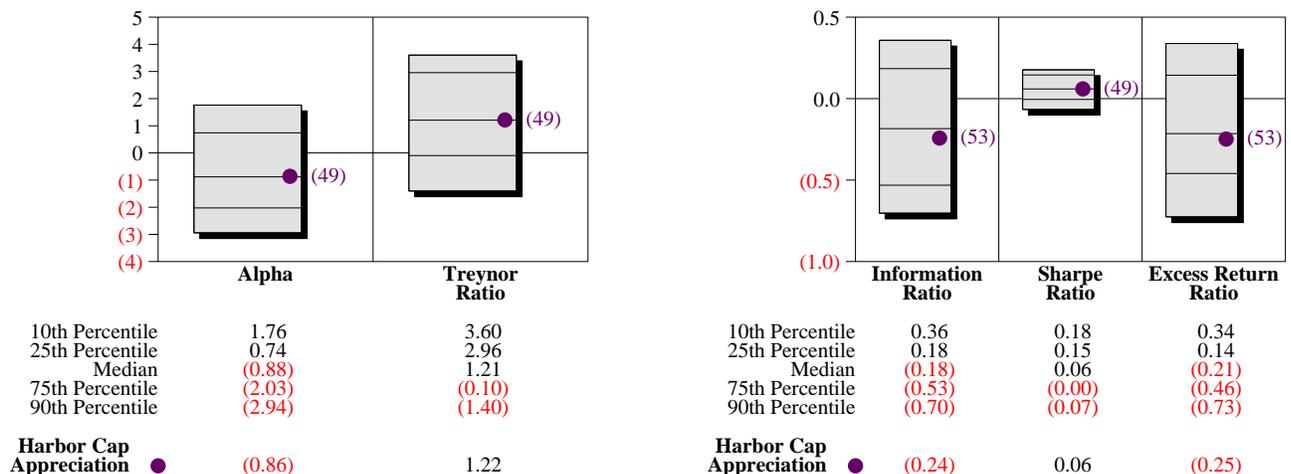
**Performance vs CAI MF - Large Cap Growth Style (Net)**



**Cumulative and Quarterly Relative Return vs Russell 1000 Growth Index**



**Risk Adjusted Return Measures vs Russell 1000 Growth Index  
Rankings Against CAI MF - Large Cap Growth Style (Net)  
Five Years Ended March 31, 2011**

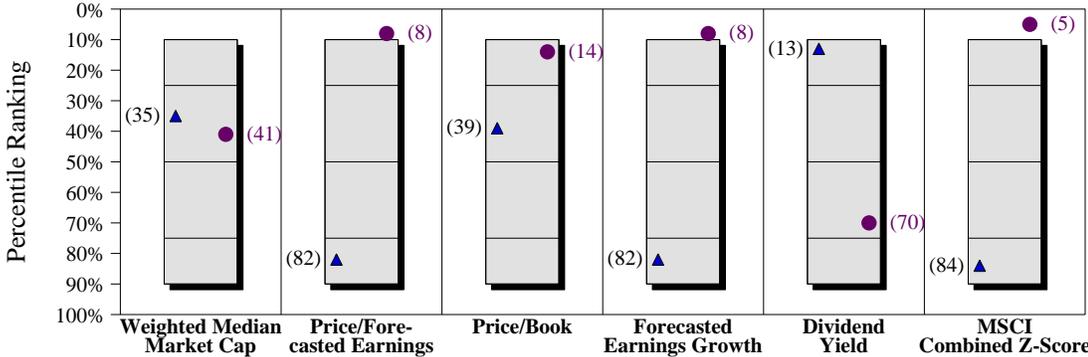


## HARBOR CAP APPRECIATION EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Large Cap Growth Style  
as of March 31, 2011



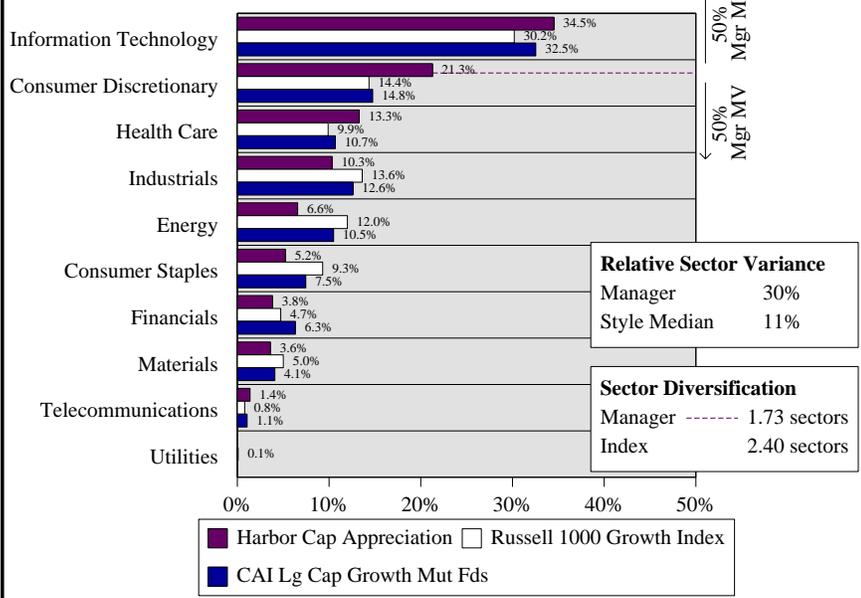
10th Percentile	54.33	18.24	4.51	17.44	1.51	1.48
25th Percentile	42.42	17.25	3.97	16.12	1.22	1.32
Median	32.17	15.96	3.46	14.82	0.89	1.06
75th Percentile	28.00	14.85	3.17	13.62	0.73	0.75
90th Percentile	24.58	13.66	2.94	12.36	0.56	0.62

<b>Harbor Cap Appreciation</b> ●	38.82	18.40	4.43	17.55	0.77	1.50
Russell 1000 Growth Index ▲	39.00	14.48	3.70	13.26	1.42	0.69

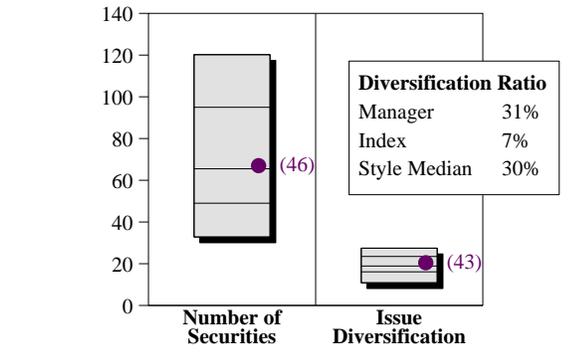
### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2011



**Diversification**  
March 31, 2011



10th Percentile	120	27
25th Percentile	95	23
Median	66	19
75th Percentile	49	16
90th Percentile	33	11

<b>Harbor Cap Appreciation</b> ●	67	20
Russell 1000 Growth Index ▲	624	42

# JANUS RESEARCH PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Growth Equity Style mutual funds invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in stock selection. Switched from Class J Shares to Class I Shares in December 2009.

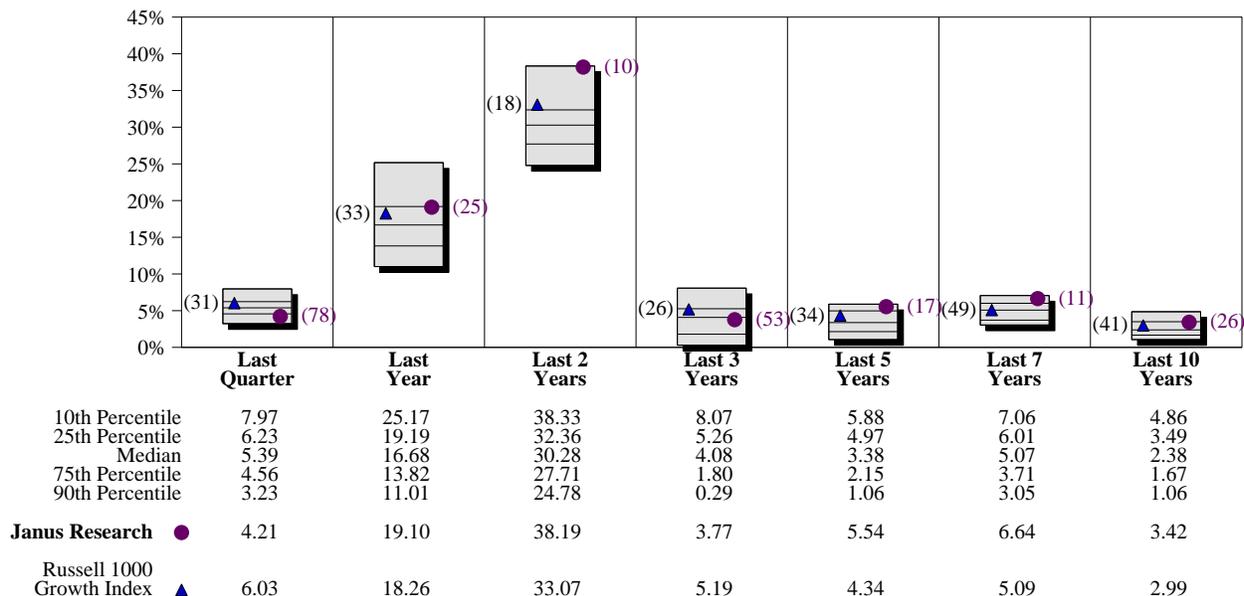
## Quarterly Summary and Highlights

- Janus Research's portfolio posted a 4.21% return for the quarter placing it in the 78 percentile of the CAI MF - Large Cap Growth Style group for the quarter and in the 25 percentile for the last year.
- Janus Research's portfolio underperformed the Russell 1000 Growth Index by 1.82% for the quarter and outperformed the Russell 1000 Growth Index for the year by 0.84%.

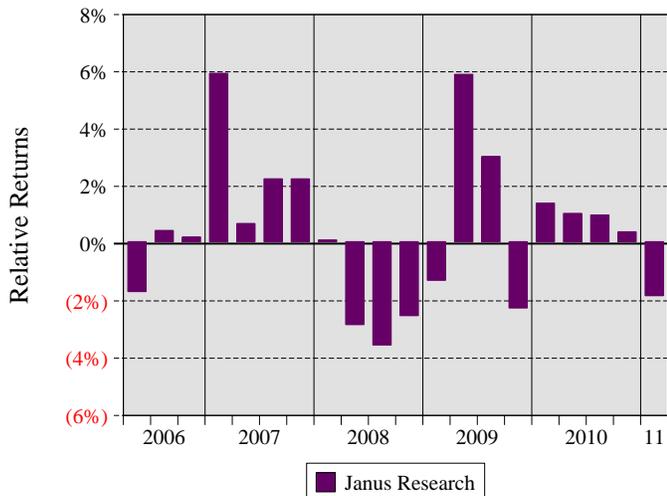
## Quarterly Asset Growth

Beginning Market Value	\$10,436,580
Net New Investment	\$0
Investment Gains/(Losses)	\$439,883
Ending Market Value	\$10,876,463

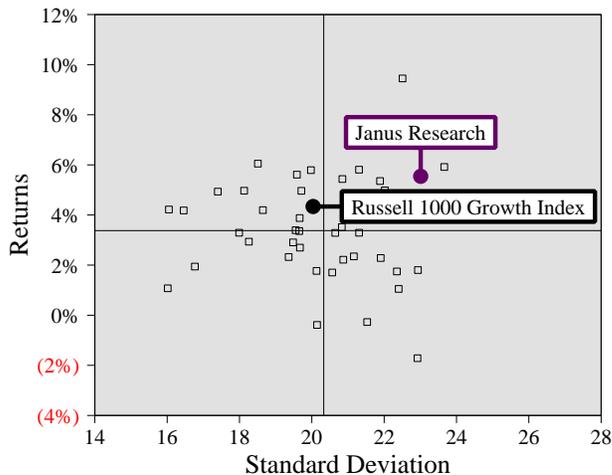
## Performance vs CAI MF - Large Cap Growth Style (Net)



## Relative Return vs Russell 1000 Growth Index



## CAI MF - Large Cap Growth Style (Net) Annualized Five Year Risk vs Return



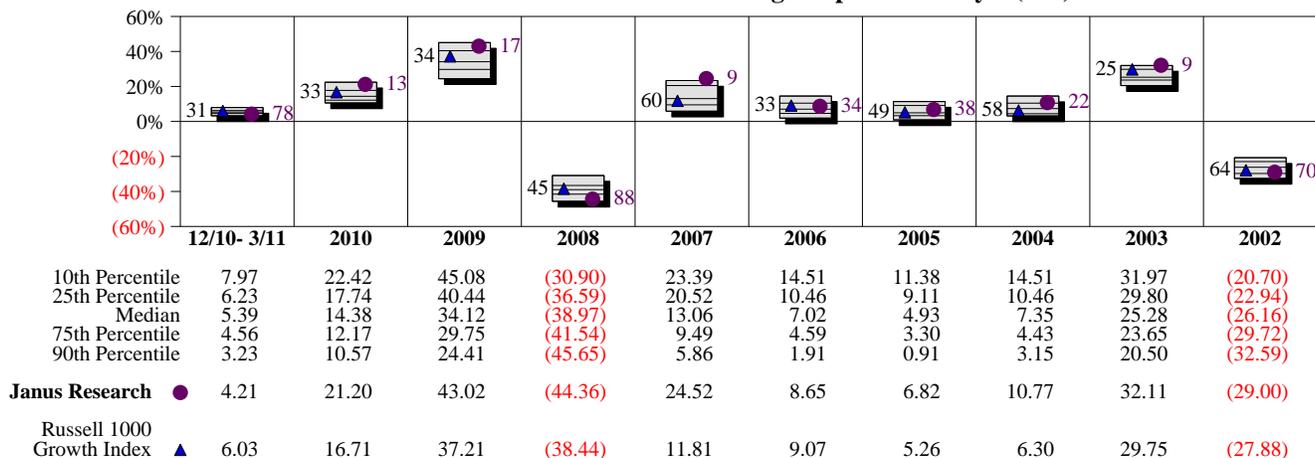


# JANUS RESEARCH RETURN ANALYSIS SUMMARY

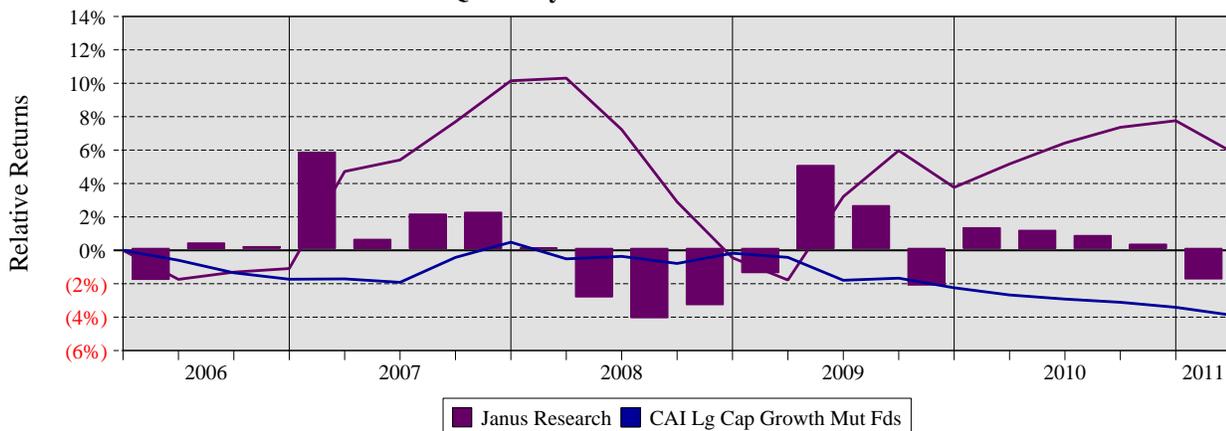
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

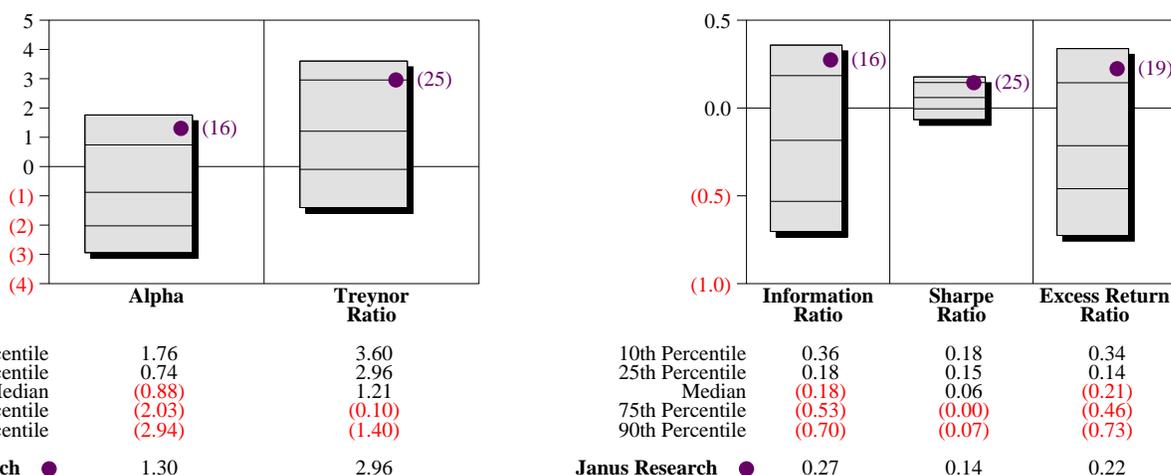
### Performance vs CAI MF - Large Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 1000 Growth Index



### Risk Adjusted Return Measures vs Russell 1000 Growth Index Rankings Against CAI MF - Large Cap Growth Style (Net) Five Years Ended March 31, 2011



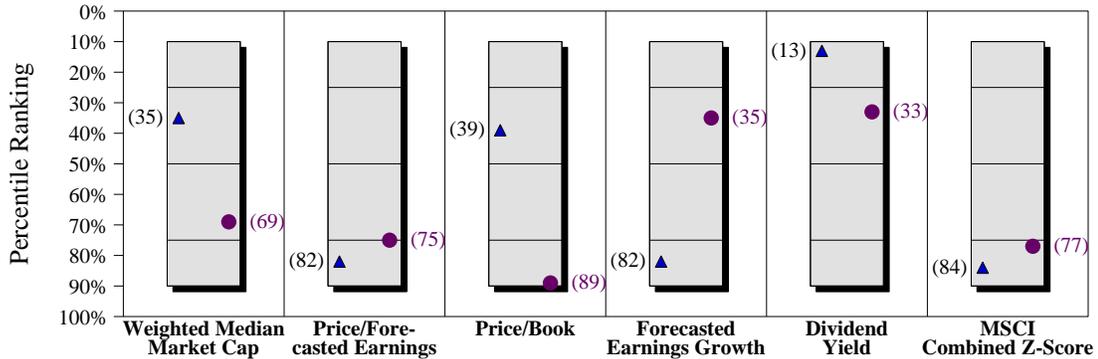
# JANUS RESEARCH EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Large Cap Growth Style  
as of March 31, 2011

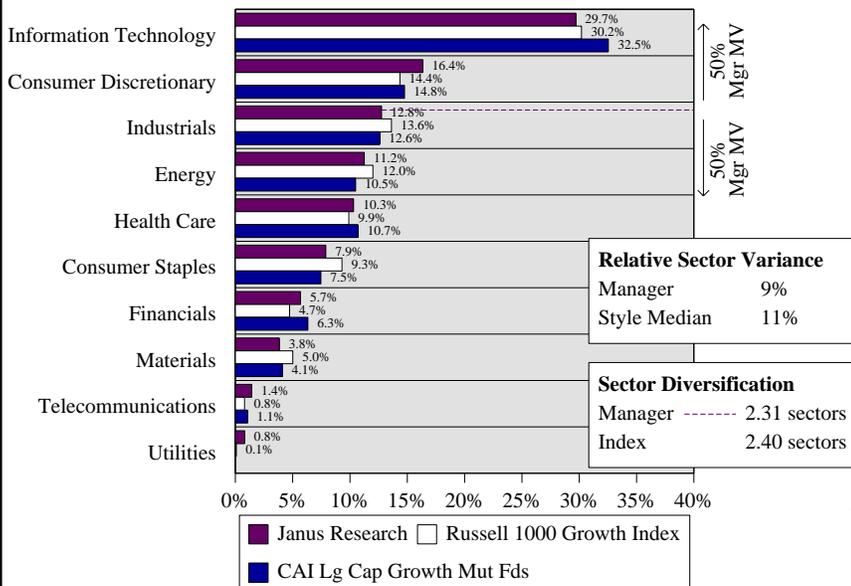


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	54.33	18.24	4.51	17.44	1.51	1.48
25th Percentile	42.42	17.25	3.97	16.12	1.22	1.32
Median	32.17	15.96	3.46	14.82	0.89	1.06
75th Percentile	28.00	14.85	3.17	13.62	0.73	0.75
90th Percentile	24.58	13.66	2.94	12.36	0.56	0.62
<b>Janus Research</b> ●	28.51	14.84	3.00	15.61	1.13	0.73
Russell 1000 Growth Index ▲	39.00	14.48	3.70	13.26	1.42	0.69

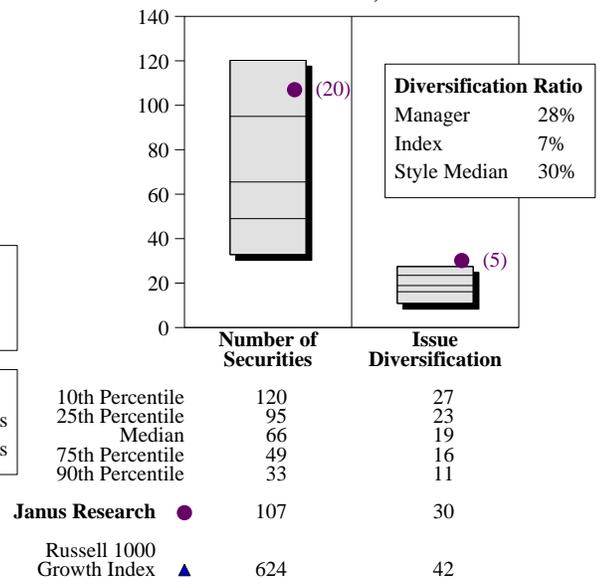
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2011



**Diversification**  
March 31, 2011



# FIDELITY LOW PRICED STOCK PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

The Low Priced Stock team believes that many low priced, non-glamour, small companies are mispriced, providing opportunities, and seeks capital appreciation by investing mostly in common and preferred domestic stocks, but also international equities, convertible securities, and other fixed income securities.

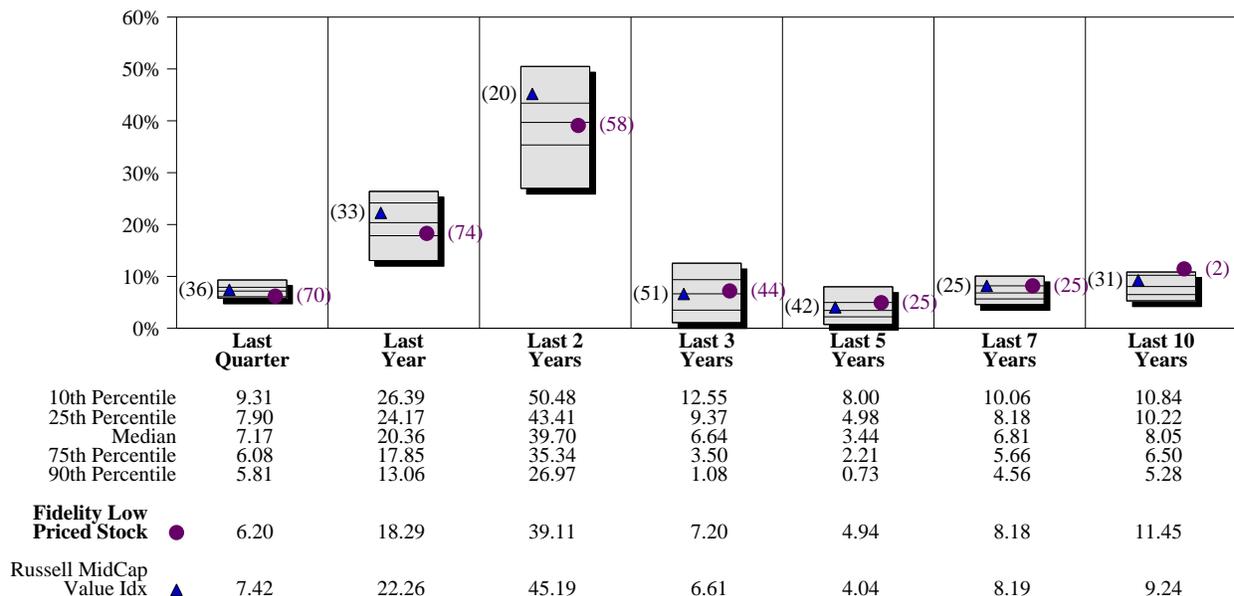
## Quarterly Summary and Highlights

- Fidelity Low Priced Stock's portfolio posted a 6.20% return for the quarter placing it in the 70 percentile of the CAI MF - Mid Cap Value Style group for the quarter and in the 74 percentile for the last year.
- Fidelity Low Priced Stock's portfolio underperformed the Russell MidCap Value Idx by 1.22% for the quarter and underperformed the Russell MidCap Value Idx for the year by 3.96%.

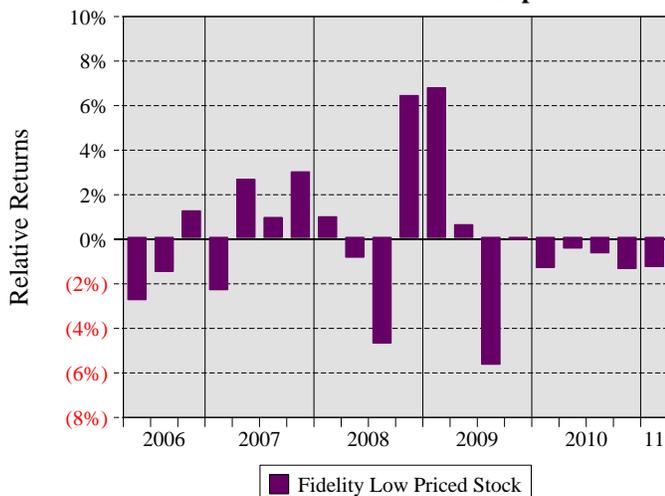
## Quarterly Asset Growth

Beginning Market Value	\$9,135,665
Net New Investment	\$-4,250,000
Investment Gains/(Losses)	\$493,331
Ending Market Value	\$5,378,996

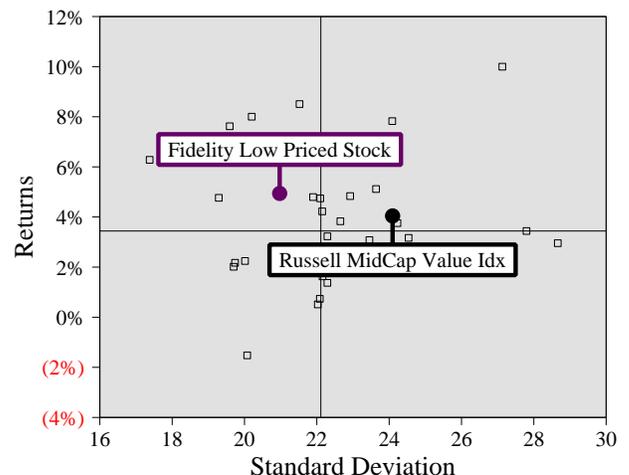
## Performance vs CAI MF - Mid Cap Value Style (Net)



## Relative Return vs Russell MidCap Value Idx



## CAI MF - Mid Cap Value Style (Net) Annualized Five Year Risk vs Return



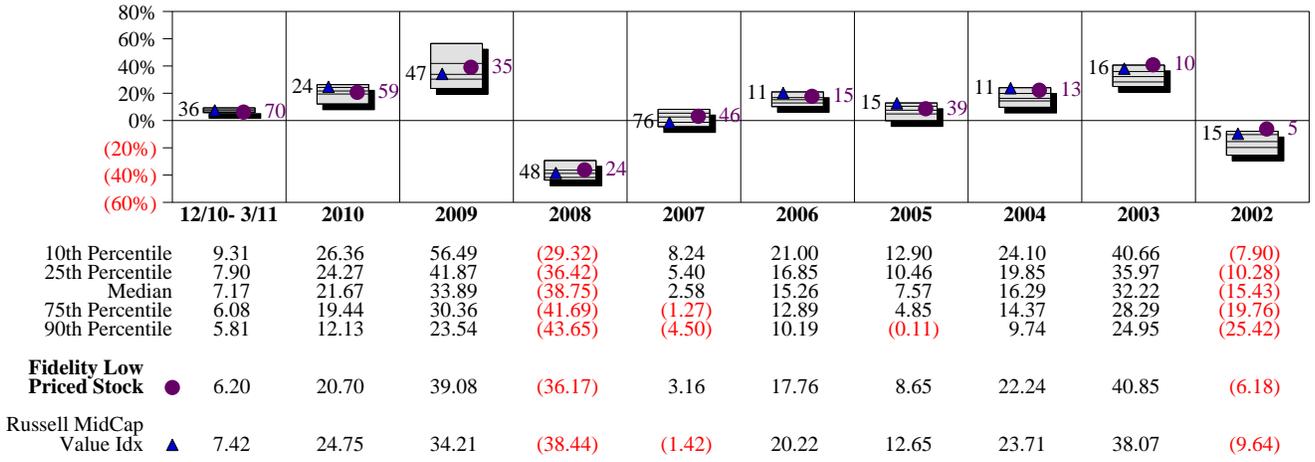


# FIDELITY LOW PRICED STOCK RETURN ANALYSIS SUMMARY

## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

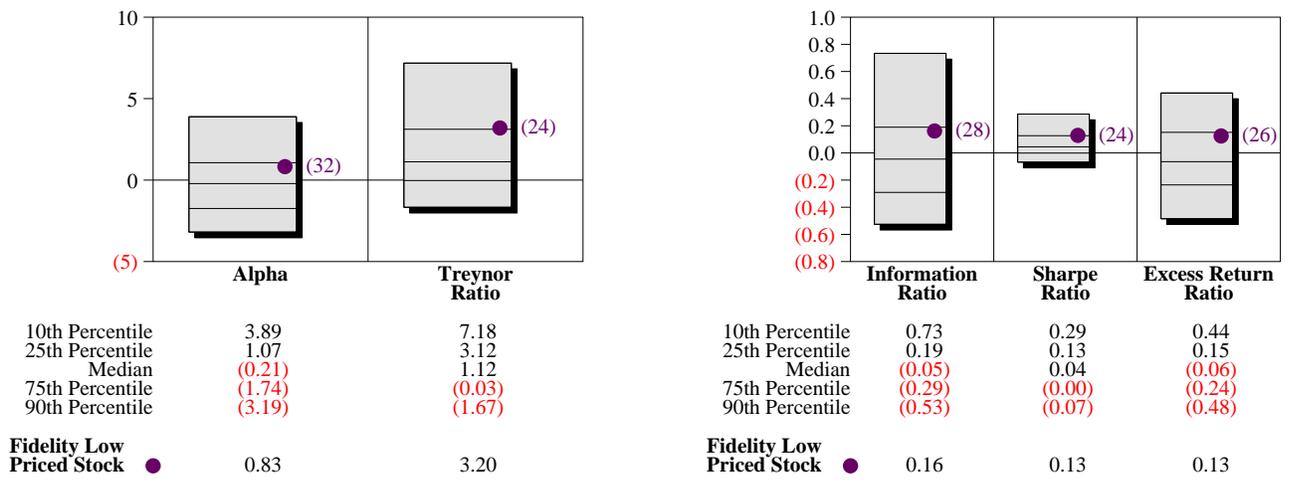
### Performance vs CAI MF - Mid Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Value Idx



### Risk Adjusted Return Measures vs Russell MidCap Value Idx Rankings Against CAI MF - Mid Cap Value Style (Net) Five Years Ended March 31, 2011



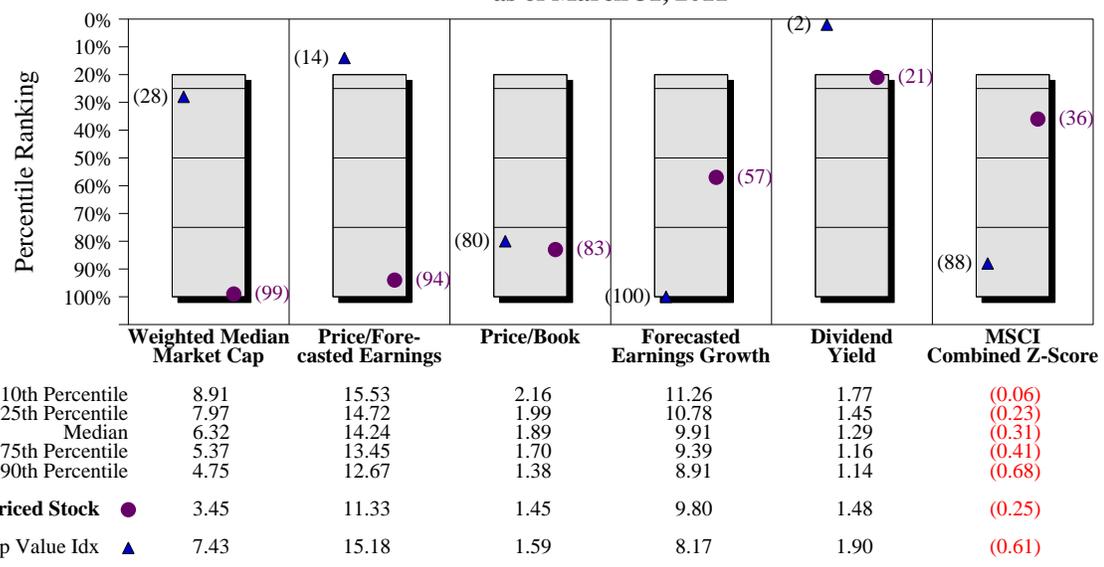


## FIDELITY LOW PRICED STOCK EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

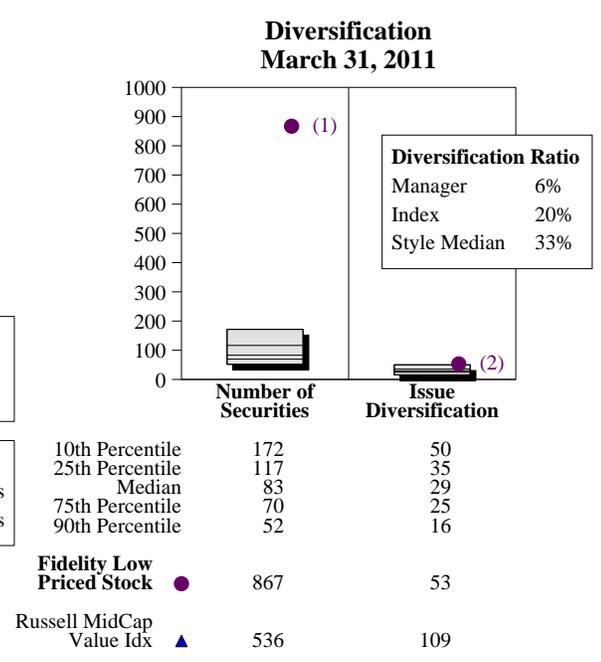
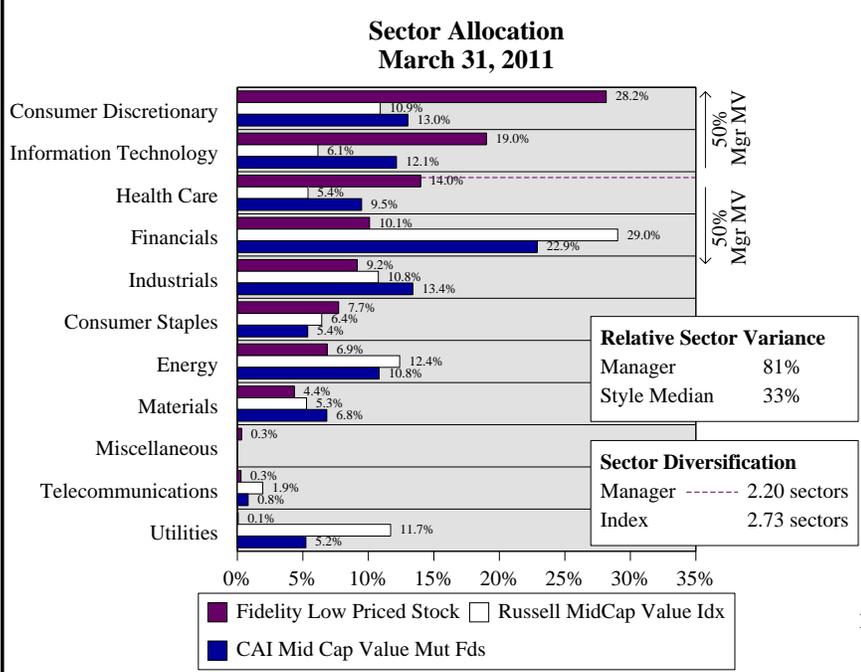
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Mid Cap Value Style  
as of March 31, 2011



### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.





## ROYCE TOTAL RETURN PERIOD ENDED MARCH 31, 2011

### Investment Philosophy

The Royce Total Return Fund is managed with a disciplined value approach. The Fund's investment objectives are long-term growth and current income. Royce invests the Fund's assets primarily in dividend-paying small- and micro-cap companies. Switched from Investment Class Shares to Institutional Class Shares in December 2009.

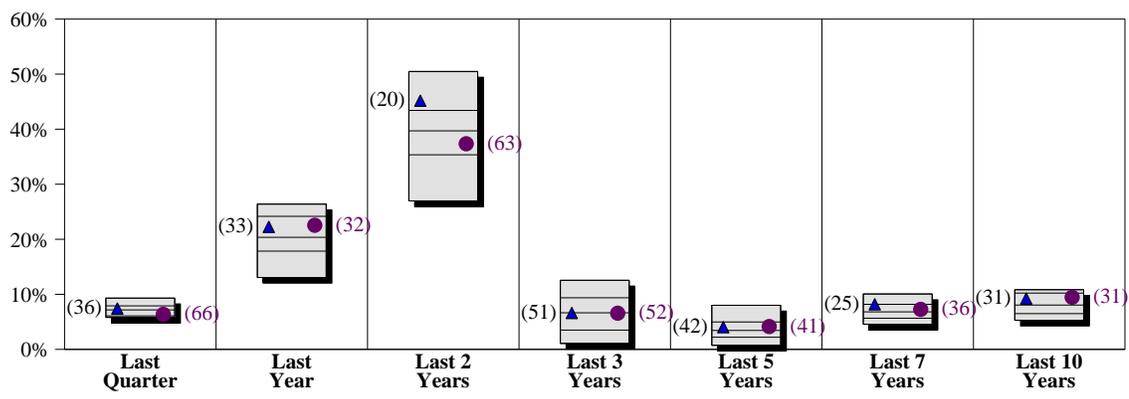
### Quarterly Summary and Highlights

- Royce Total Return's portfolio posted a 6.36% return for the quarter placing it in the 66 percentile of the CAI MF - Mid Cap Value Style group for the quarter and in the 32 percentile for the last year.
- Royce Total Return's portfolio underperformed the Russell MidCap Value Idx by 1.07% for the quarter and outperformed the Russell MidCap Value Idx for the year by 0.28%.

### Quarterly Asset Growth

Beginning Market Value	\$9,125,862
Net New Investment	\$-4,250,000
Investment Gains/(Losses)	\$515,318
Ending Market Value	\$5,391,180

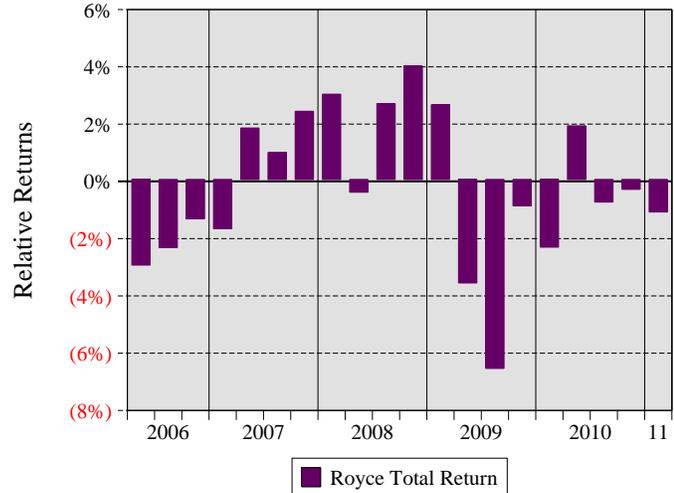
### Performance vs CAI MF - Mid Cap Value Style (Net)



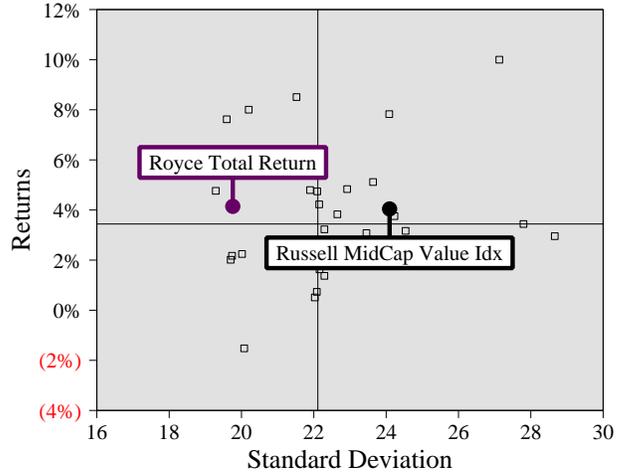
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	9.31	26.39	50.48	12.55	8.00	10.06	10.84
25th Percentile	7.90	24.17	43.41	9.37	4.98	8.18	10.22
Median	7.17	20.36	39.70	6.64	3.44	6.81	8.05
75th Percentile	6.08	17.85	35.34	3.50	2.21	5.66	6.50
90th Percentile	5.81	13.06	26.97	1.08	0.73	4.56	5.28

<b>Royce Total Return</b> ●	6.36	22.54	37.35	6.57	4.15	7.27	9.47
Russell MidCap Value Idx ▲	7.42	22.26	45.19	6.61	4.04	8.19	9.24

### Relative Return vs Russell MidCap Value Idx



### CAI MF - Mid Cap Value Style (Net) Annualized Five Year Risk vs Return



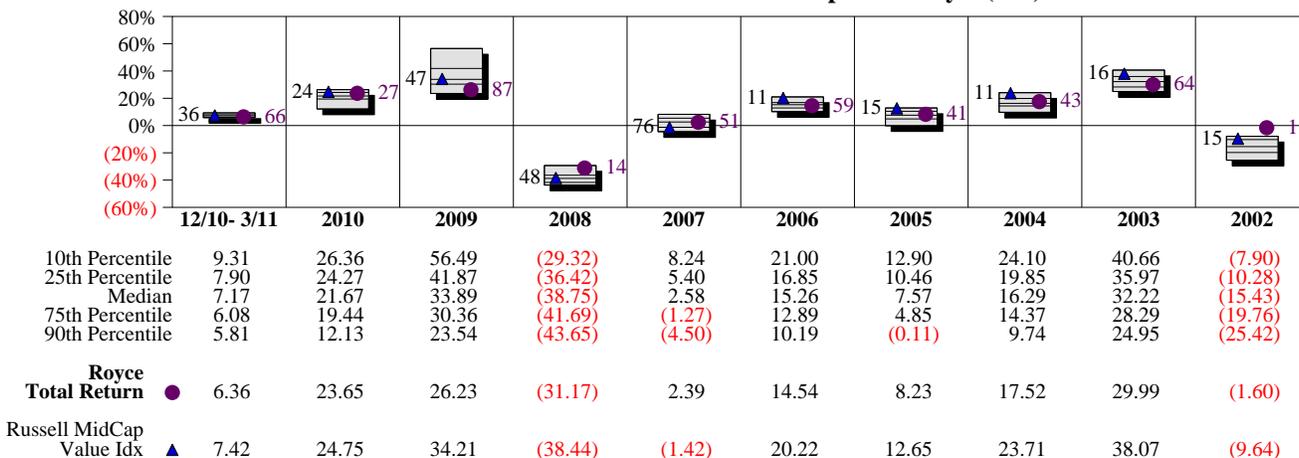


## ROYCE TOTAL RETURN RETURN ANALYSIS SUMMARY

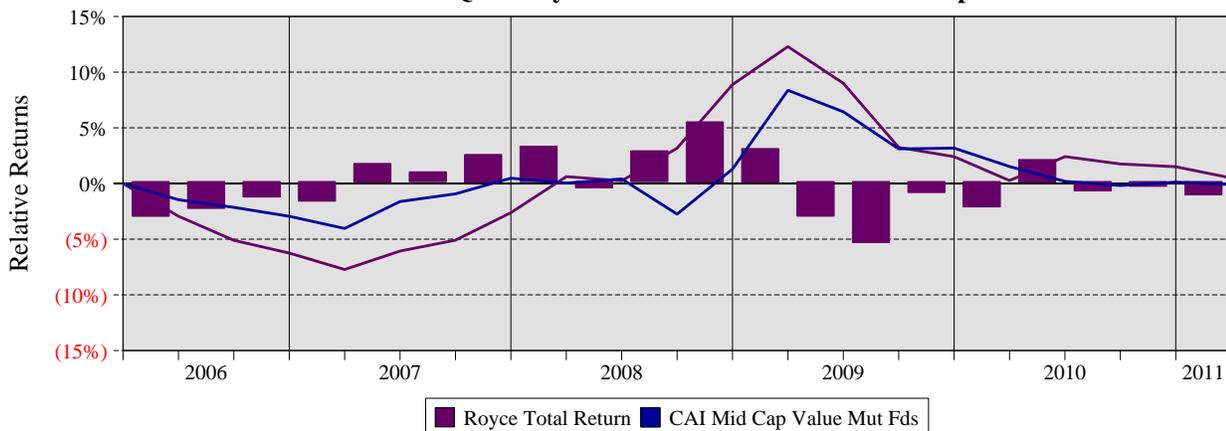
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

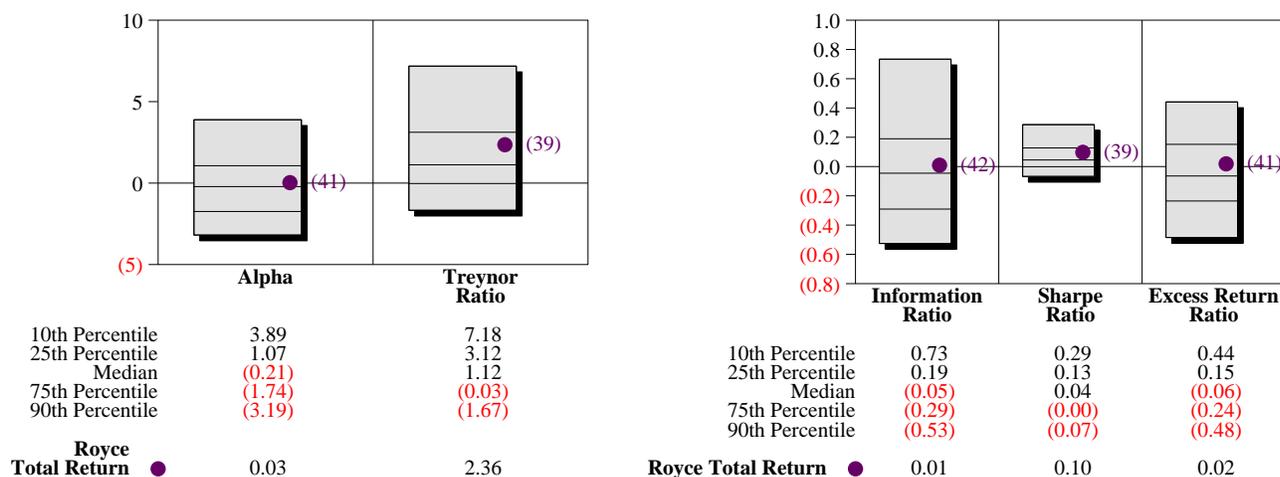
#### Performance vs CAI MF - Mid Cap Value Style (Net)



#### Cumulative and Quarterly Relative Return vs Russell MidCap Value Idx



#### Risk Adjusted Return Measures vs Russell MidCap Value Idx Rankings Against CAI MF - Mid Cap Value Style (Net) Five Years Ended March 31, 2011



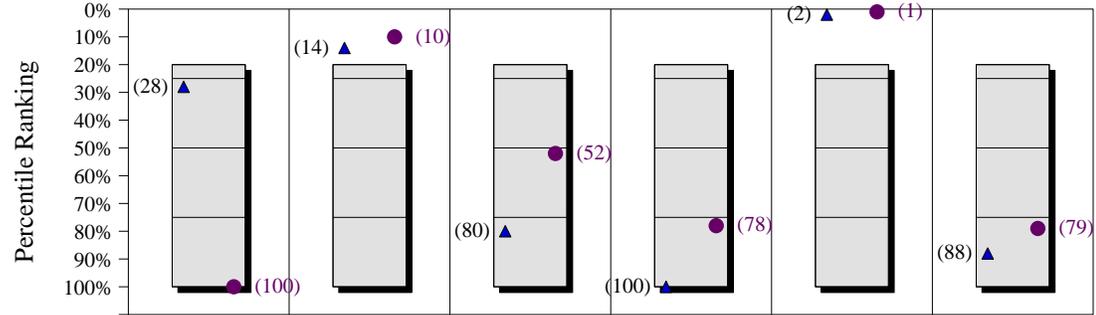


## ROYCE TOTAL RETURN EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Mid Cap Value Style  
as of March 31, 2011

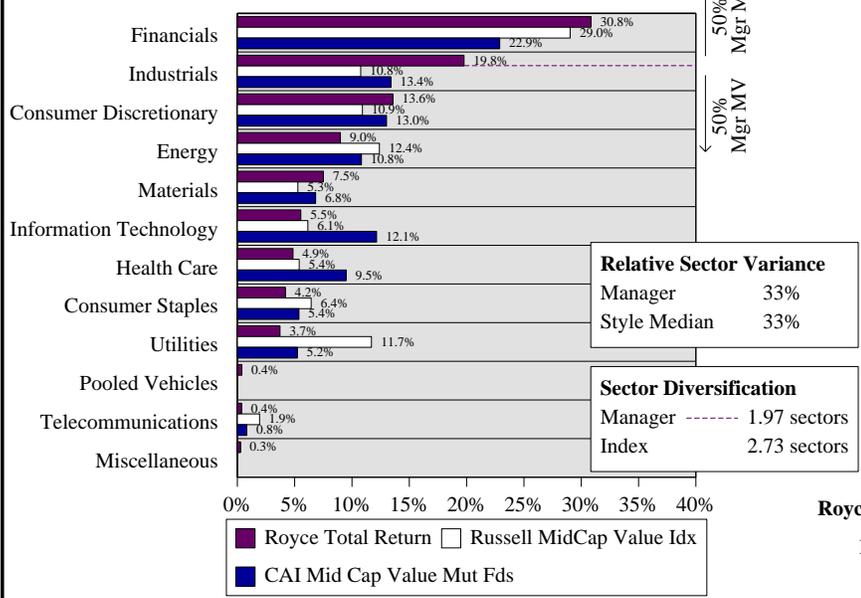


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	8.91	15.53	2.16	11.26	1.77	(0.06)
25th Percentile	7.97	14.72	1.99	10.78	1.45	(0.23)
Median	6.32	14.24	1.89	9.91	1.29	(0.31)
75th Percentile	5.37	13.45	1.70	9.39	1.16	(0.41)
90th Percentile	4.75	12.67	1.38	8.91	1.14	(0.68)
<b>Royce Total Return</b> ●	2.54	15.53	1.88	9.29	2.05	(0.45)
Russell MidCap Value Idx ▲	7.43	15.18	1.59	8.17	1.90	(0.61)

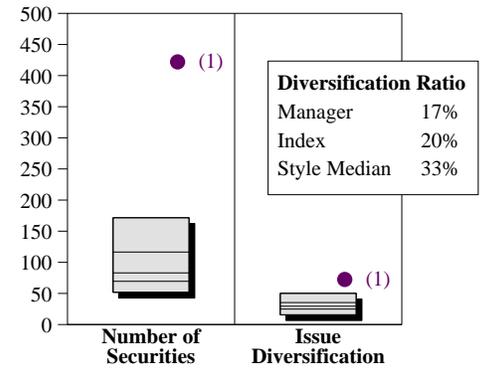
### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2011



**Diversification**  
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	172	50
25th Percentile	117	35
Median	83	29
75th Percentile	70	25
90th Percentile	52	16
<b>Royce Total Return</b> ●	422	72
Russell MidCap Value Idx ▲	536	109

**MORGAN STANLEY  
PERIOD ENDED MARCH 31, 2011**



**Investment Philosophy**

Morgan Stanley believes that sustainable growth that exceeds market expectations will produce superior investment results.

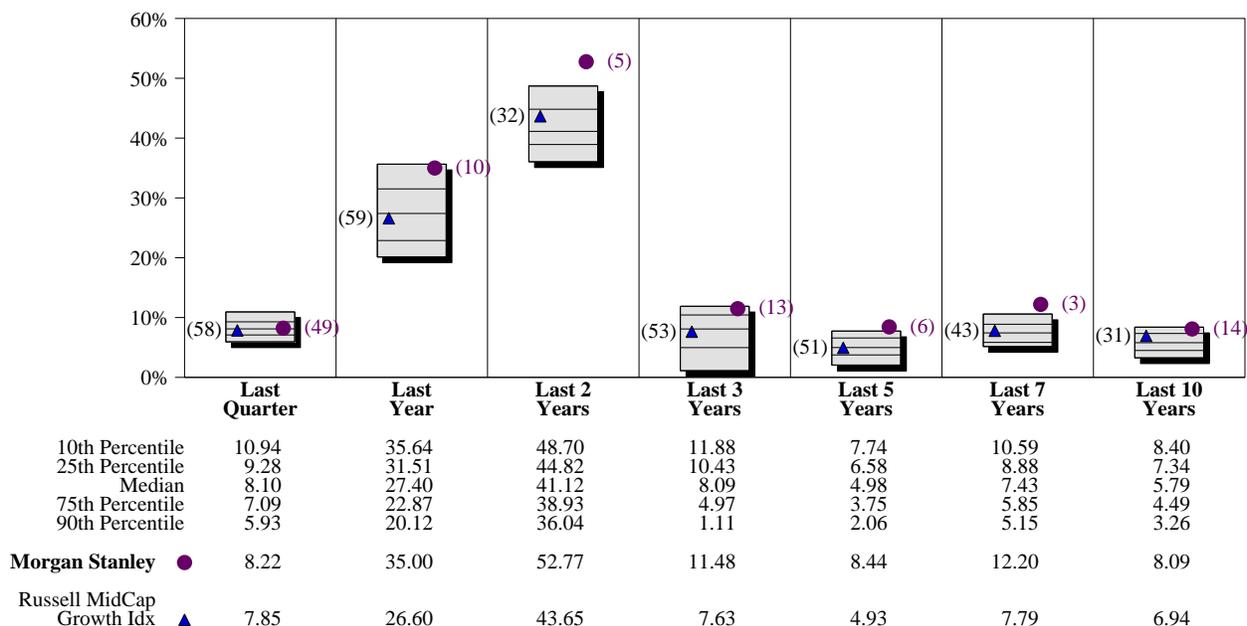
**Quarterly Summary and Highlights**

- Morgan Stanley's portfolio posted a 8.22% return for the quarter placing it in the 49 percentile of the CAI MF - Mid Cap Growth Style group for the quarter and in the 10 percentile for the last year.
- Morgan Stanley's portfolio outperformed the Russell MidCap Growth Idx by 0.37% for the quarter and outperformed the Russell MidCap Growth Idx for the year by 8.40%.

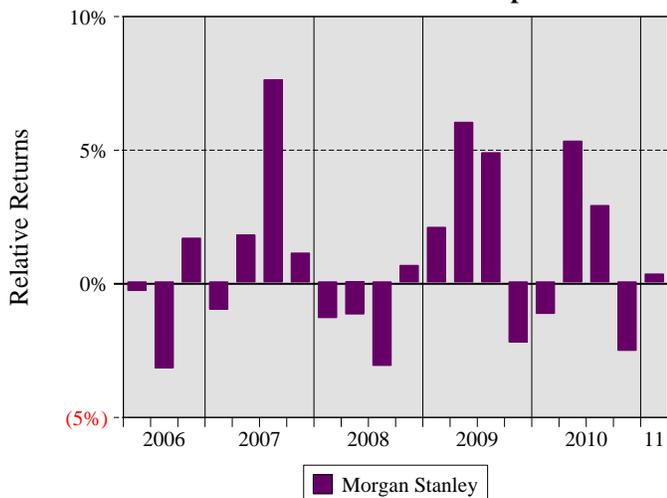
**Quarterly Asset Growth**

Beginning Market Value	\$5,395,034
Net New Investment	\$0
Investment Gains/(Losses)	\$443,447
Ending Market Value	\$5,838,481

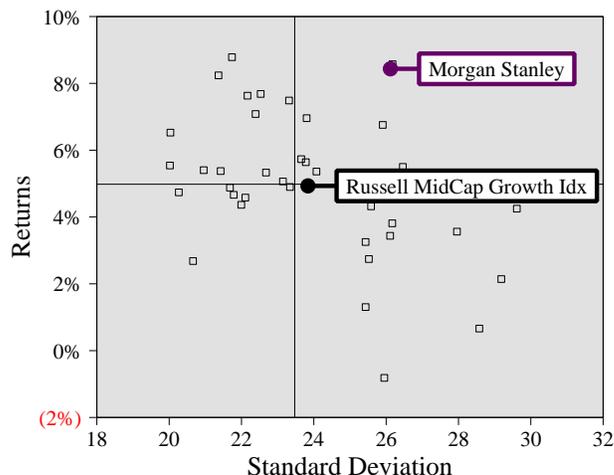
**Performance vs CAI MF - Mid Cap Growth Style (Net)**



**Relative Return vs Russell MidCap Growth Idx**



**CAI MF - Mid Cap Growth Style (Net)  
Annualized Five Year Risk vs Return**



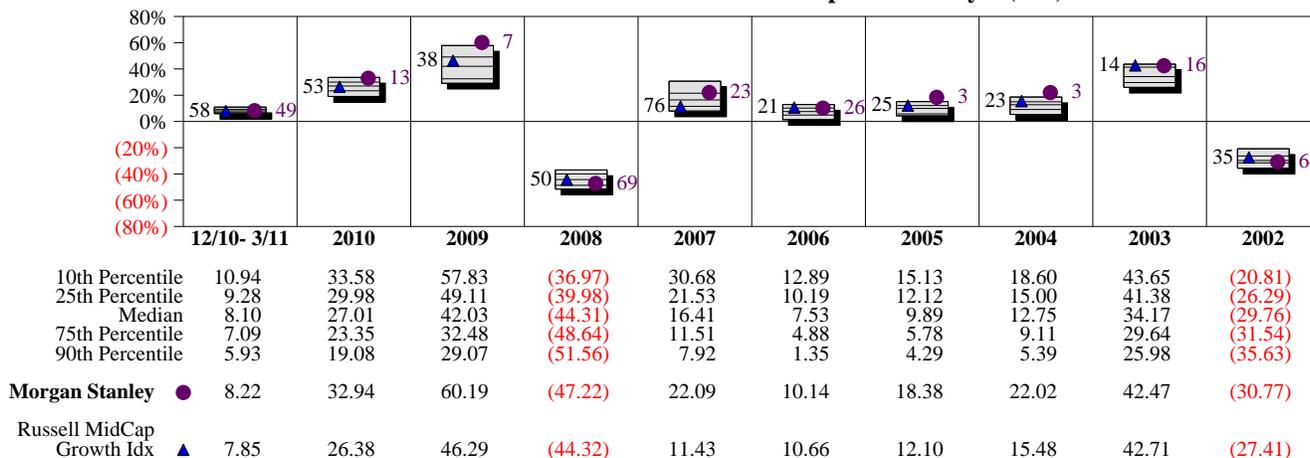
# MORGAN STANLEY RETURN ANALYSIS SUMMARY



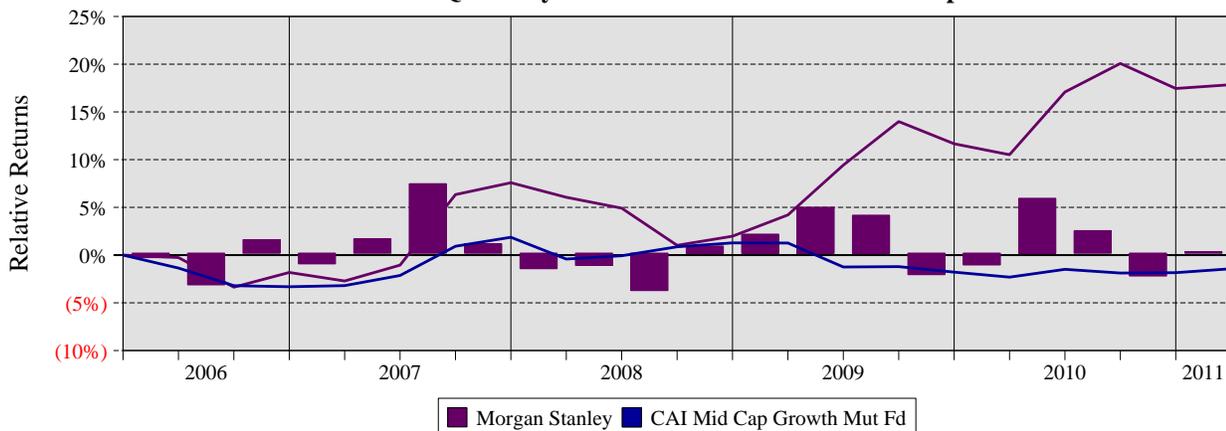
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

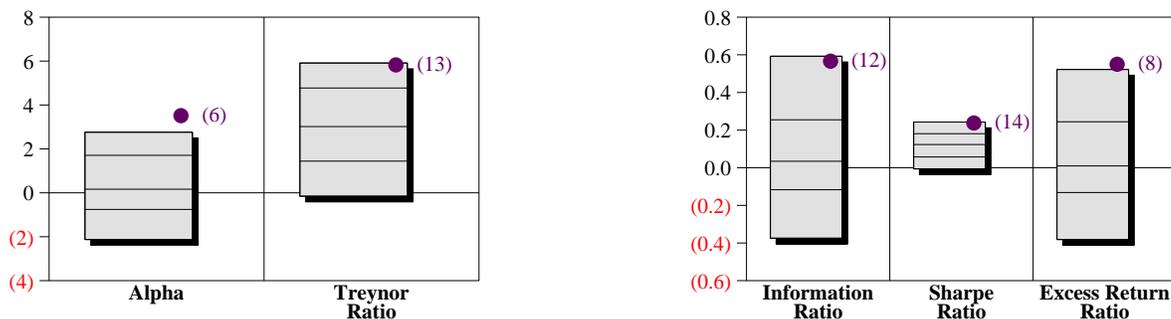
### Performance vs CAI MF - Mid Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Growth Idx



### Risk Adjusted Return Measures vs Russell MidCap Growth Idx Rankings Against CAI MF - Mid Cap Growth Style (Net) Five Years Ended March 31, 2011



10th Percentile	2.76
25th Percentile	1.71
Median	0.16
75th Percentile	(0.76)
90th Percentile	(2.13)

10th Percentile	5.91
25th Percentile	4.77
Median	3.02
75th Percentile	1.44
90th Percentile	(0.15)

10th Percentile	0.59	0.24	0.52
25th Percentile	0.25	0.18	0.24
Median	0.03	0.12	0.01
75th Percentile	(0.12)	0.06	(0.13)
90th Percentile	(0.37)	(0.01)	(0.38)

**Morgan Stanley** ● 3.51

5.83

**Morgan Stanley** ● 0.57

0.24

0.55

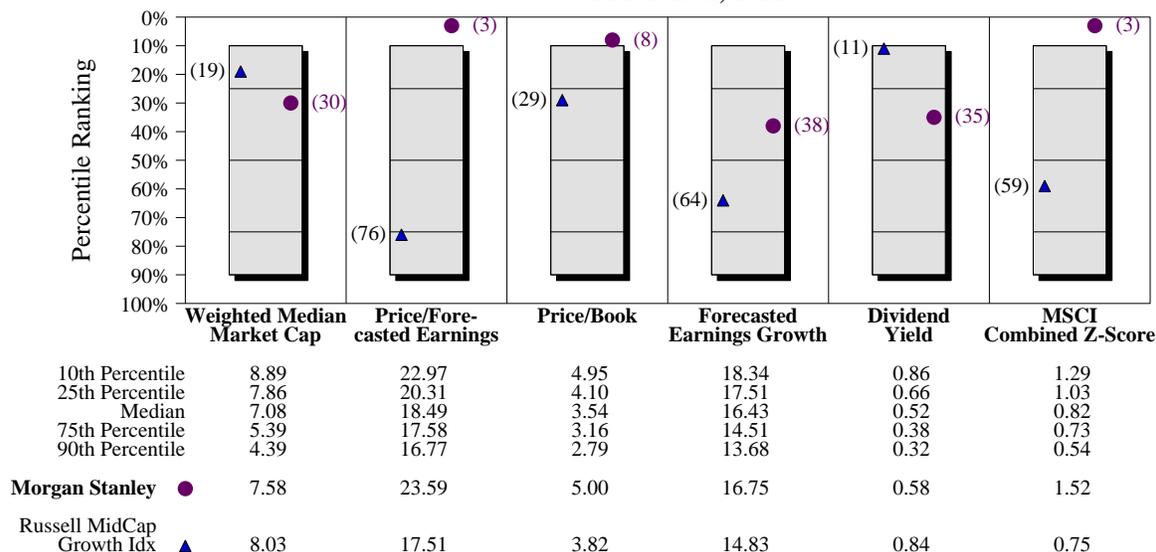
# MORGAN STANLEY EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

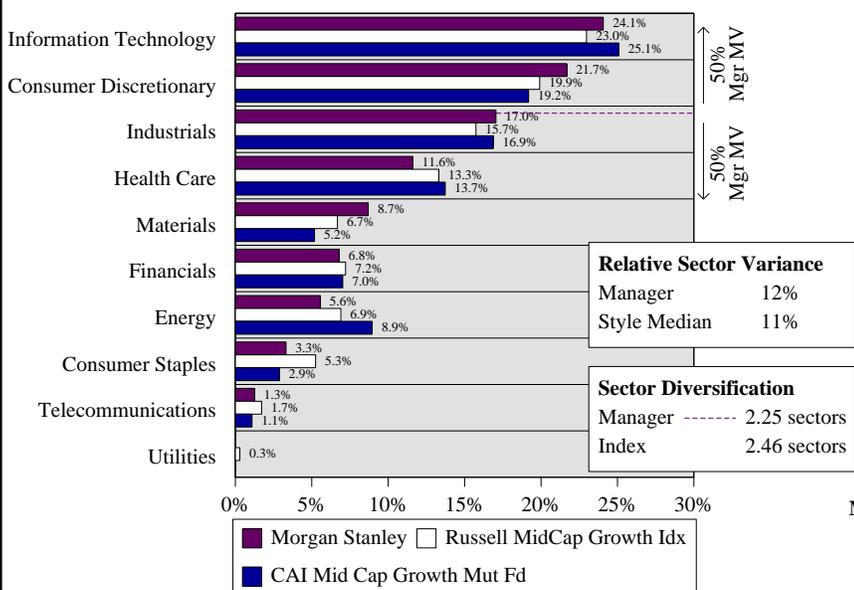
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI MF - Mid Cap Growth Style  
as of March 31, 2011**



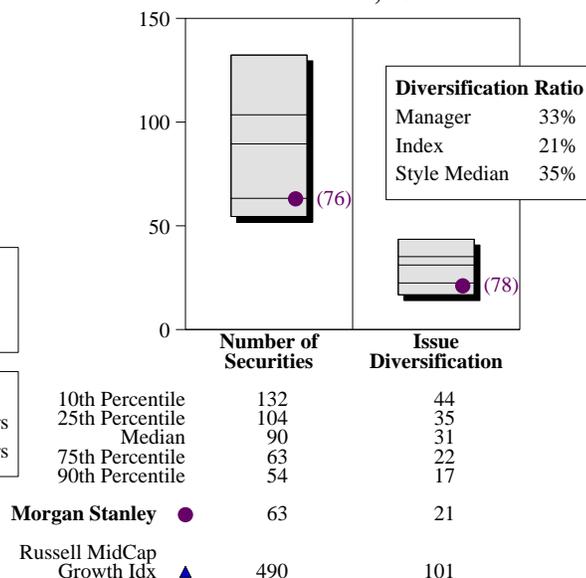
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2011**



**Diversification  
March 31, 2011**



# JANUS ENTERPRISE PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Janus equity management is active, driven by independent fundamental analysis. They strive to add value through superior stock selection, following a bottom-up approach. Switched from Class J Shares to Class I Shares in December 2009.

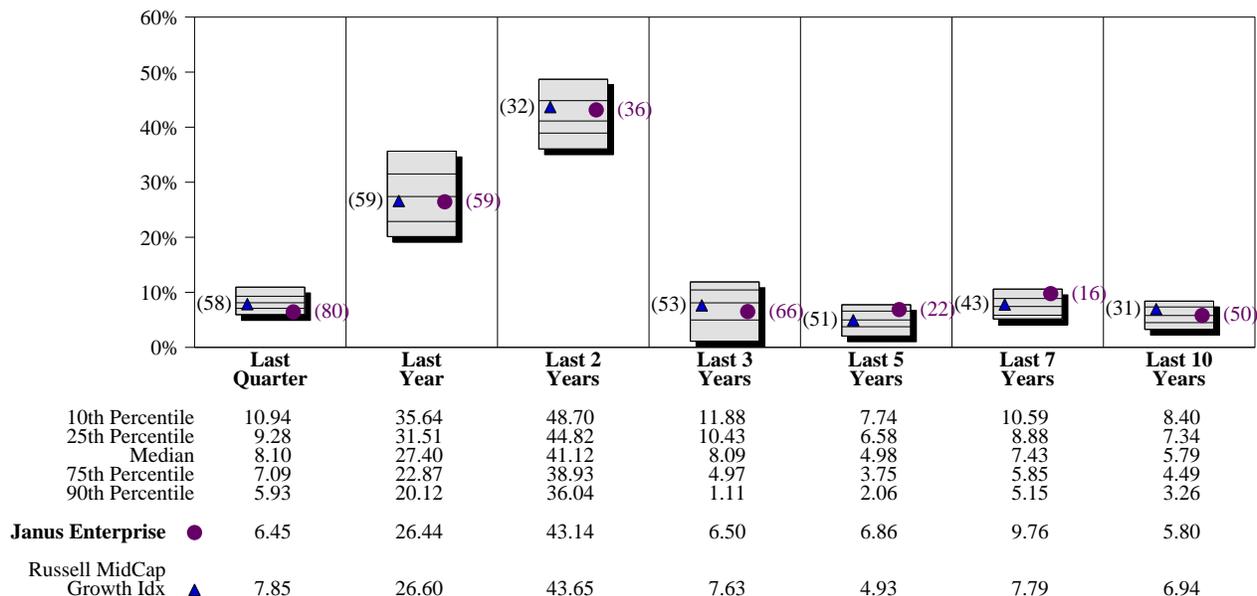
## Quarterly Summary and Highlights

- Janus Enterprise's portfolio posted a 6.45% return for the quarter placing it in the 80 percentile of the CAI MF - Mid Cap Growth Style group for the quarter and in the 59 percentile for the last year.
- Janus Enterprise's portfolio underperformed the Russell MidCap Growth Idx by 1.41% for the quarter and underperformed the Russell MidCap Growth Idx for the year by 0.16%.

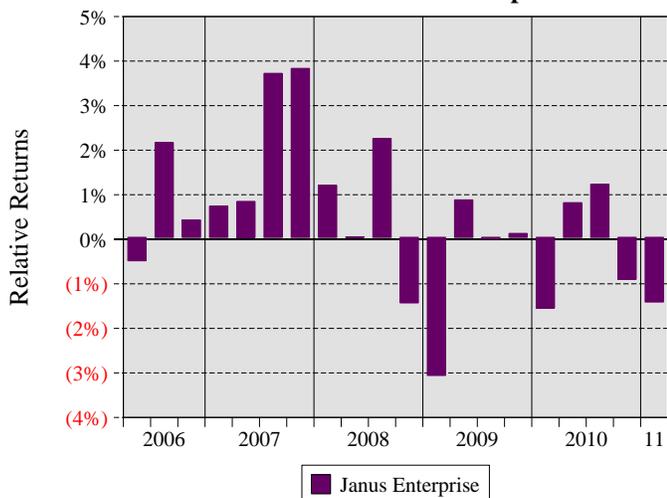
## Quarterly Asset Growth

Beginning Market Value	\$5,398,426
Net New Investment	\$0
Investment Gains/(Losses)	\$347,992
Ending Market Value	\$5,746,418

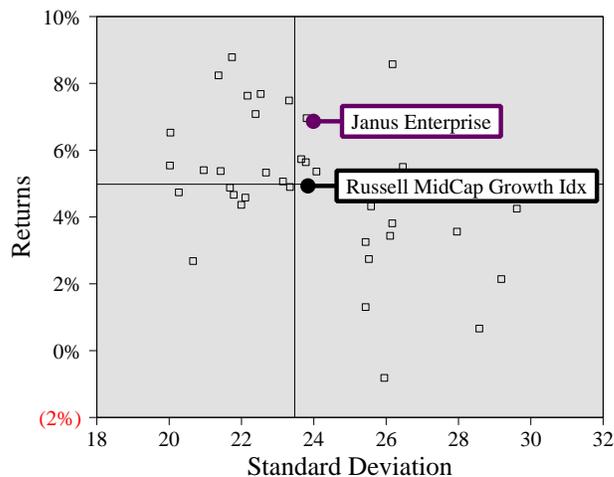
## Performance vs CAI MF - Mid Cap Growth Style (Net)



## Relative Return vs Russell MidCap Growth Idx



## CAI MF - Mid Cap Growth Style (Net) Annualized Five Year Risk vs Return



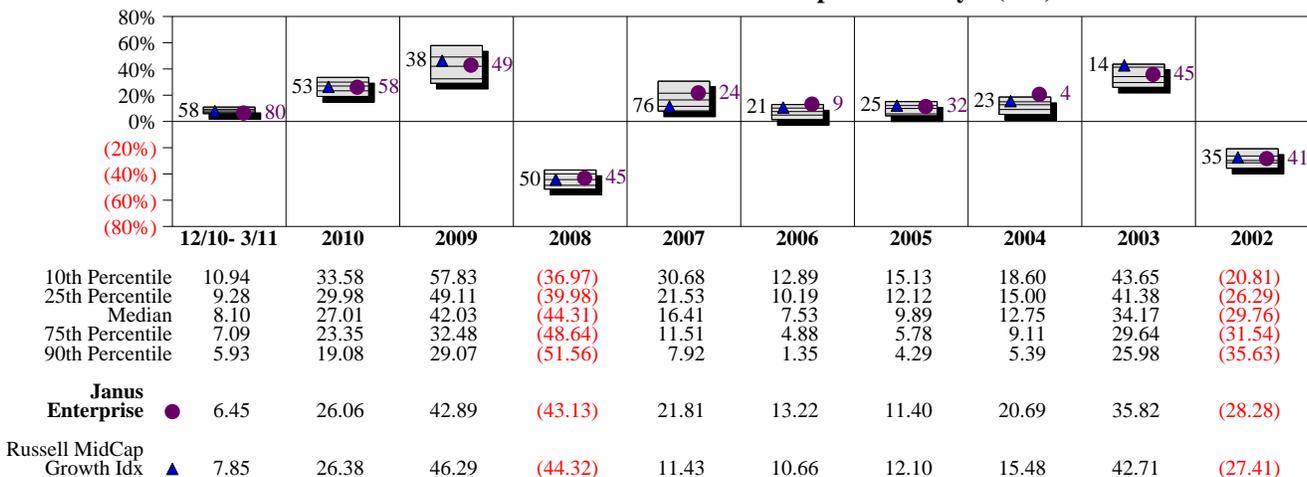


# JANUS ENTERPRISE RETURN ANALYSIS SUMMARY

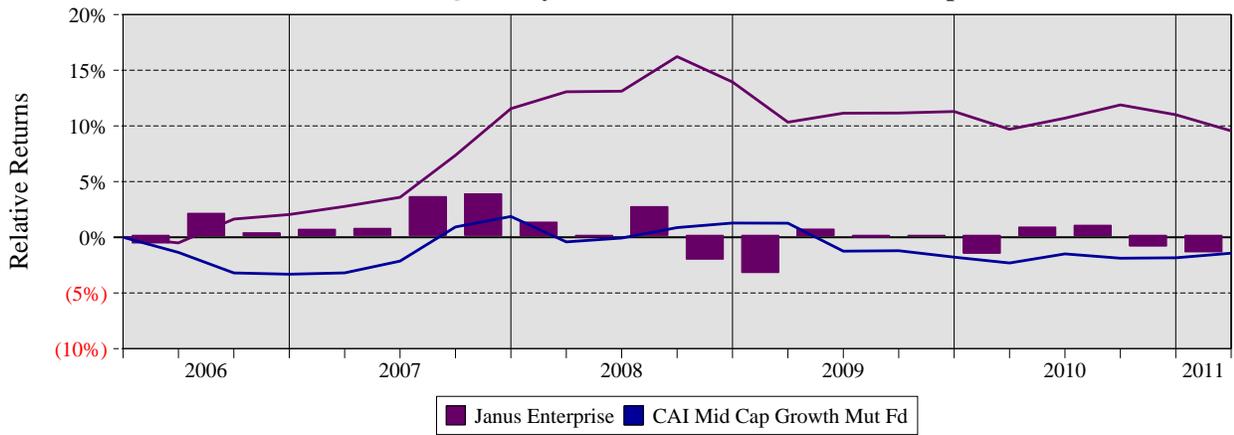
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

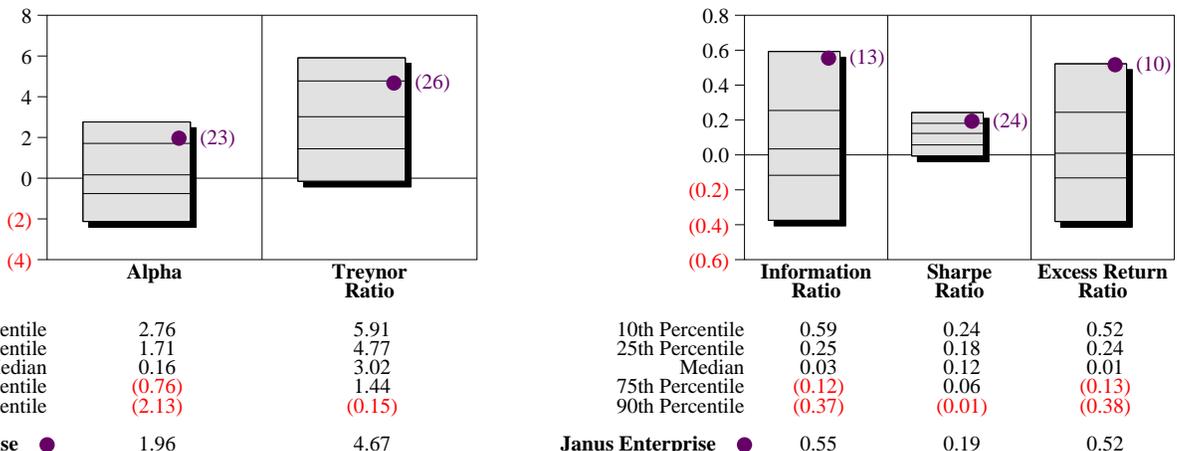
### Performance vs CAI MF - Mid Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Growth Idx



### Risk Adjusted Return Measures vs Russell MidCap Growth Idx Rankings Against CAI MF - Mid Cap Growth Style (Net) Five Years Ended March 31, 2011



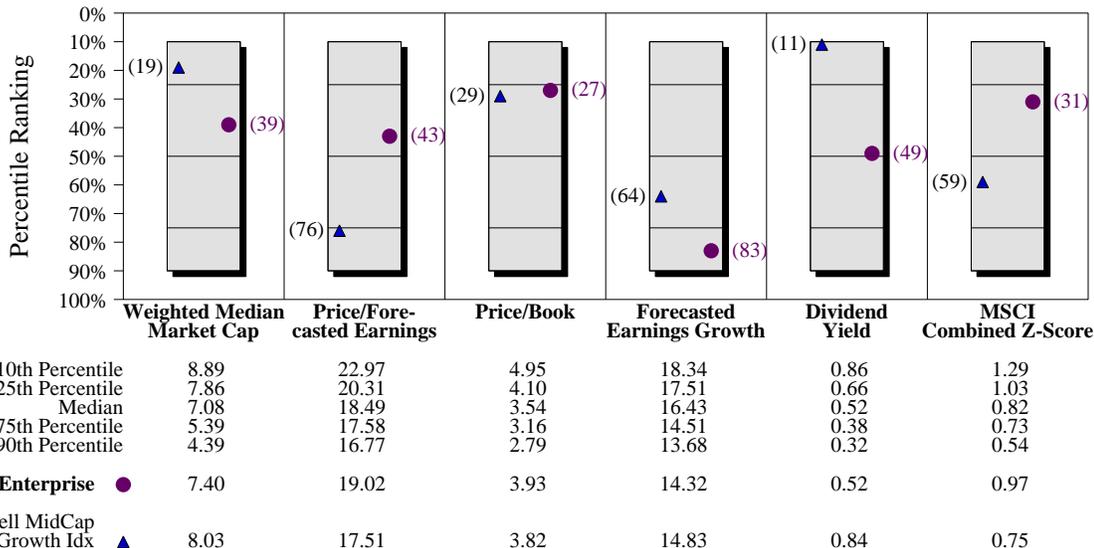
# JANUS ENTERPRISE EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

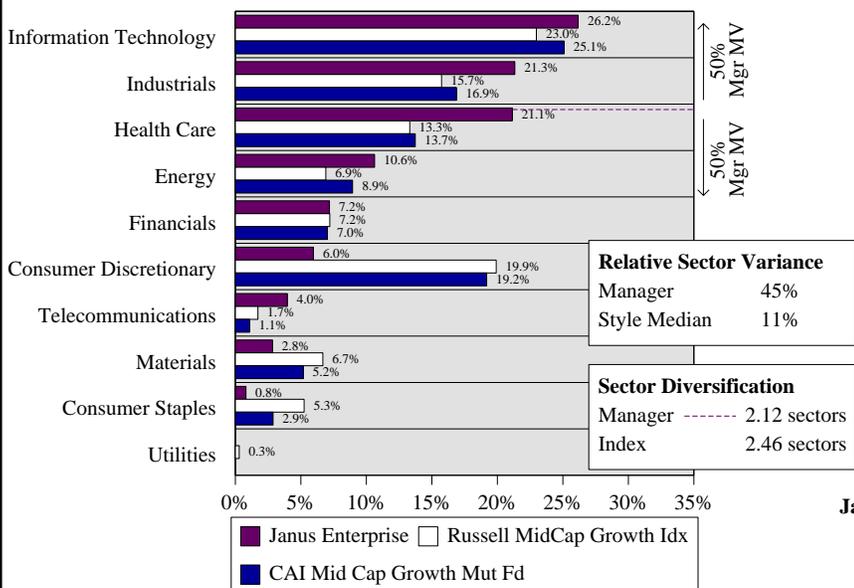
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI MF - Mid Cap Growth Style  
as of March 31, 2011**



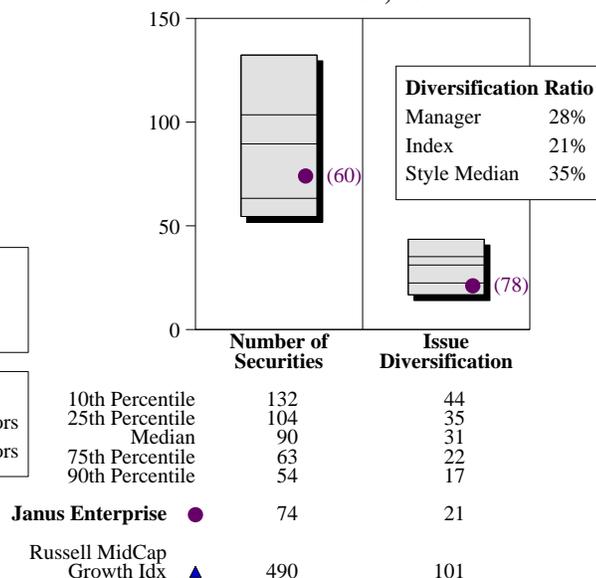
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2011**



**Diversification  
March 31, 2011**



# VANGUARD SMALL CAP VALUE PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Vanguard's objective is to create a fund which replicates the risk and total return characteristics of the MSCI Small Cap Value Index while keeping transaction costs associated with the trading of the securities as low as possible.

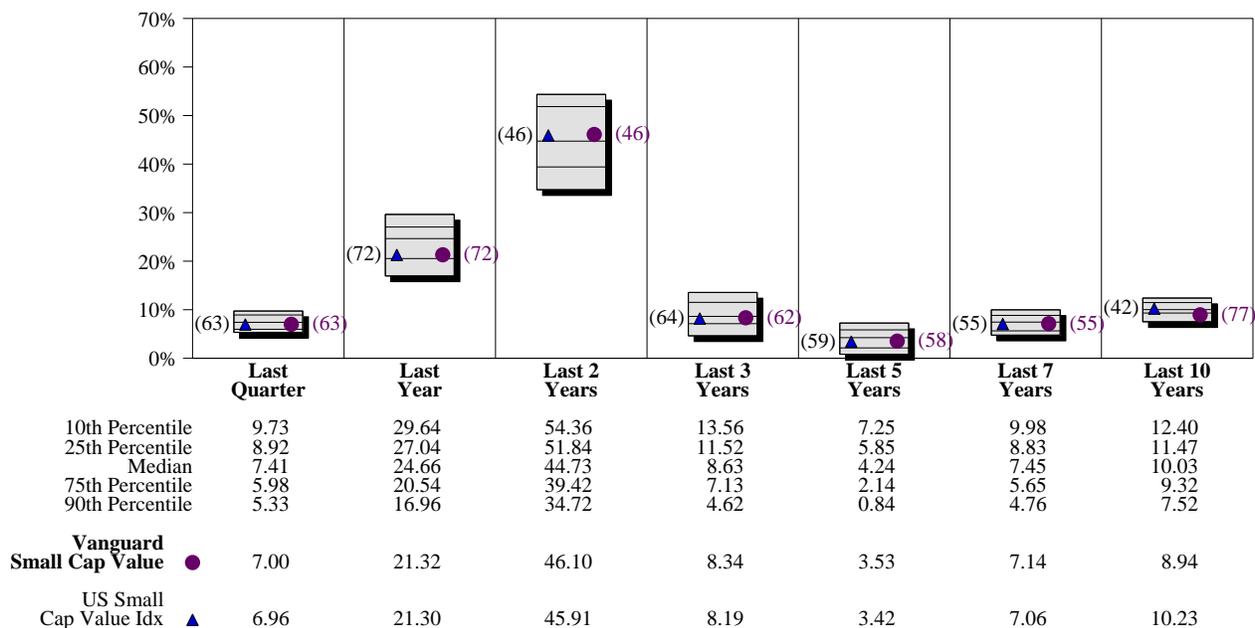
## Quarterly Summary and Highlights

- Vanguard Small Cap Value's portfolio posted a 7.00% return for the quarter placing it in the 63 percentile of the CAI MF - Small Cap Value Style group for the quarter and in the 72 percentile for the last year.
- Vanguard Small Cap Value's portfolio outperformed the US Small Cap Value Idx by 0.04% for the quarter and outperformed the US Small Cap Value Idx for the year by 0.02%.

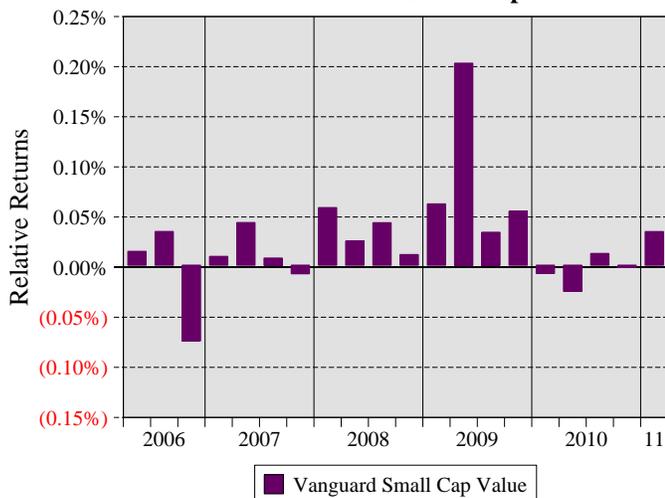
## Quarterly Asset Growth

Beginning Market Value	\$11,329,350
Net New Investment	\$-4,800,000
Investment Gains/(Losses)	\$710,722
Ending Market Value	\$7,240,072

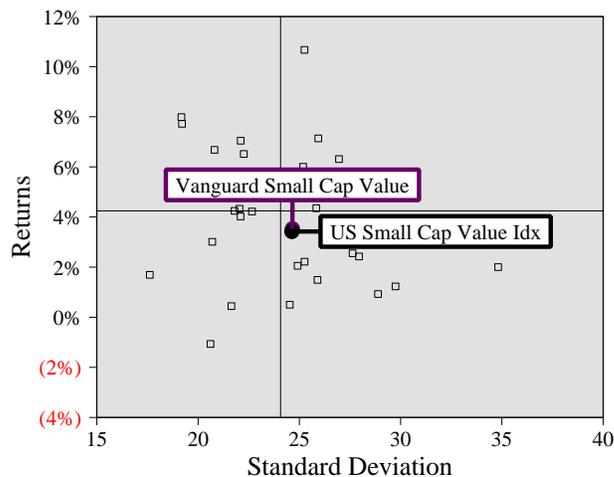
## Performance vs CAI MF - Small Cap Value Style (Net)



## Relative Return vs US Small Cap Value Idx



## CAI MF - Small Cap Value Style (Net) Annualized Five Year Risk vs Return



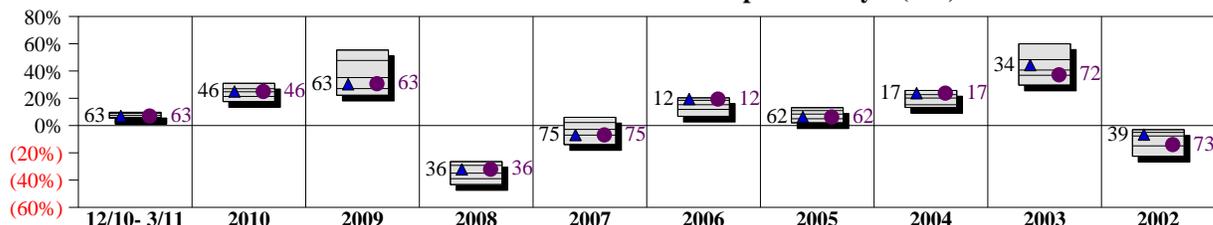


# VANGUARD SMALL CAP VALUE RETURN ANALYSIS SUMMARY

## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

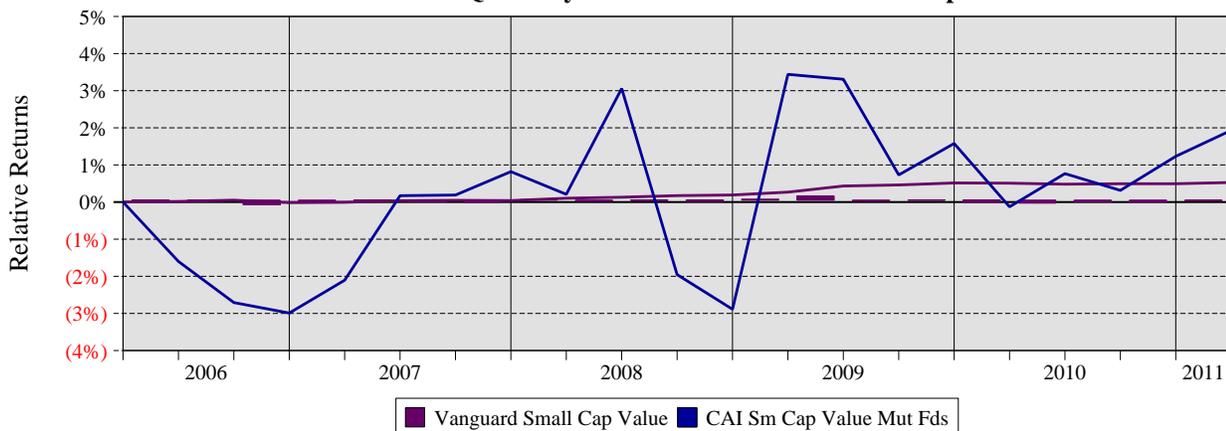
### Performance vs CAI MF - Small Cap Value Style (Net)



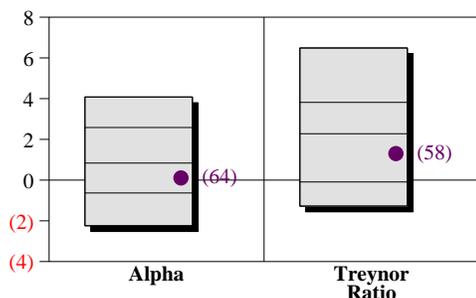
10th Percentile	9.73	30.98	55.37	(26.44)	6.04	20.33	13.08	25.74	59.93	(3.02)
25th Percentile	8.92	26.99	47.72	(29.19)	2.22	18.49	10.95	22.66	48.33	(5.03)
Median	7.41	24.75	35.18	(34.92)	(2.81)	15.30	8.40	20.18	40.71	(7.66)
75th Percentile	5.98	21.35	27.08	(38.99)	(7.01)	11.83	4.99	15.25	36.87	(14.91)
90th Percentile	5.33	17.56	22.22	(43.31)	(14.00)	6.77	2.00	13.26	29.65	(22.51)

<b>Vanguard Small Cap Value</b>	●	7.00	24.97	30.71	(32.02)	(6.88)	19.44	6.28	23.77	37.22	(13.96)
<b>US Small Cap Value Idx</b>	▲	6.96	24.99	30.29	(32.12)	(6.94)	19.44	6.27	23.71	44.34	(6.63)

### Cumulative and Quarterly Relative Return vs US Small Cap Value Idx

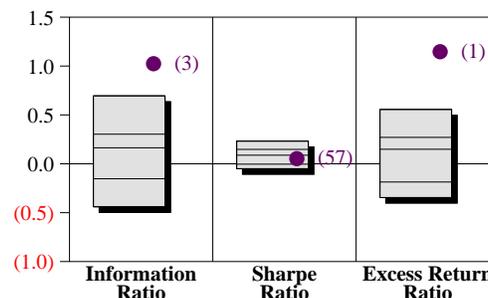


### Risk Adjusted Return Measures vs US Small Cap Value Idx Rankings Against CAI MF - Small Cap Value Style (Net) Five Years Ended March 31, 2011



10th Percentile	4.08	6.49
25th Percentile	2.58	3.82
Median	0.84	2.28
75th Percentile	(0.63)	(0.09)
90th Percentile	(2.24)	(1.28)

<b>Vanguard Small Cap Value</b>	●	0.11	1.30
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10th Percentile	0.70	0.23	0.56
25th Percentile	0.30	0.15	0.27
Median	0.16	0.09	0.15
75th Percentile	(0.15)	(0.00)	(0.19)
90th Percentile	(0.44)	(0.05)	(0.35)

<b>Vanguard Small Cap Value</b>	●	1.02	0.05	1.15
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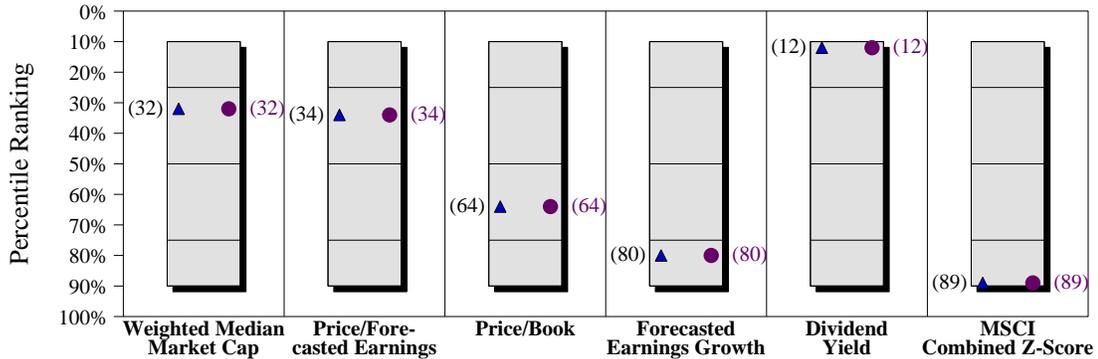
# VANGUARD SMALL CAP VALUE EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

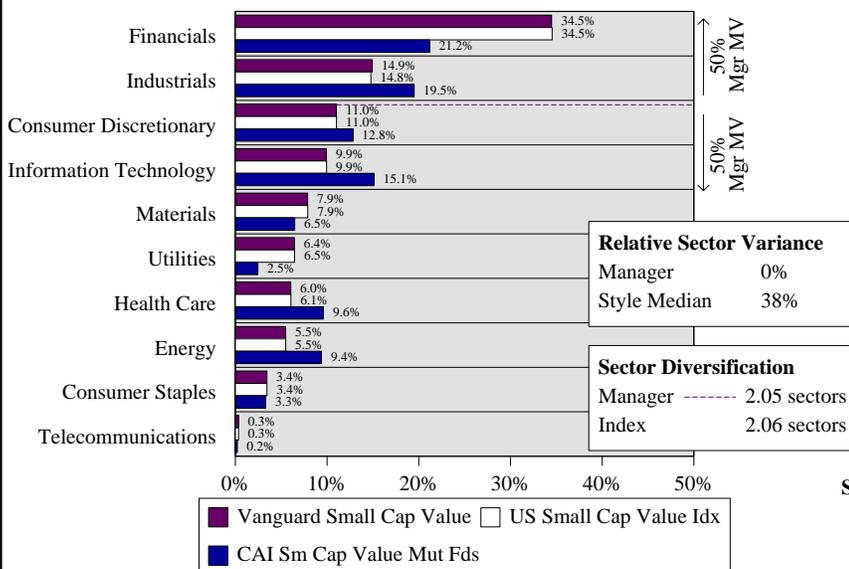
**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Small Cap Value Style  
as of March 31, 2011



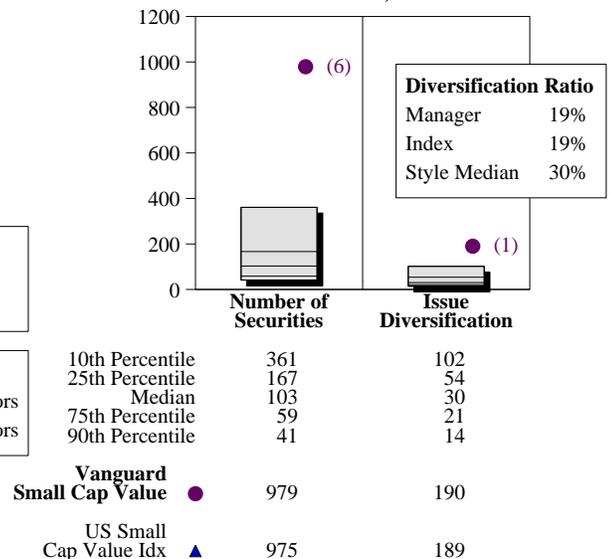
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2011



**Diversification**  
March 31, 2011



# ALLIANCE US SMALL GROWTH PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

AllianceBernstein's small cap growth investment process emphasizes in-house fundamental research and direct management contact in order to identify rapidly growing companies with accelerating earnings power and reasonable valuations.

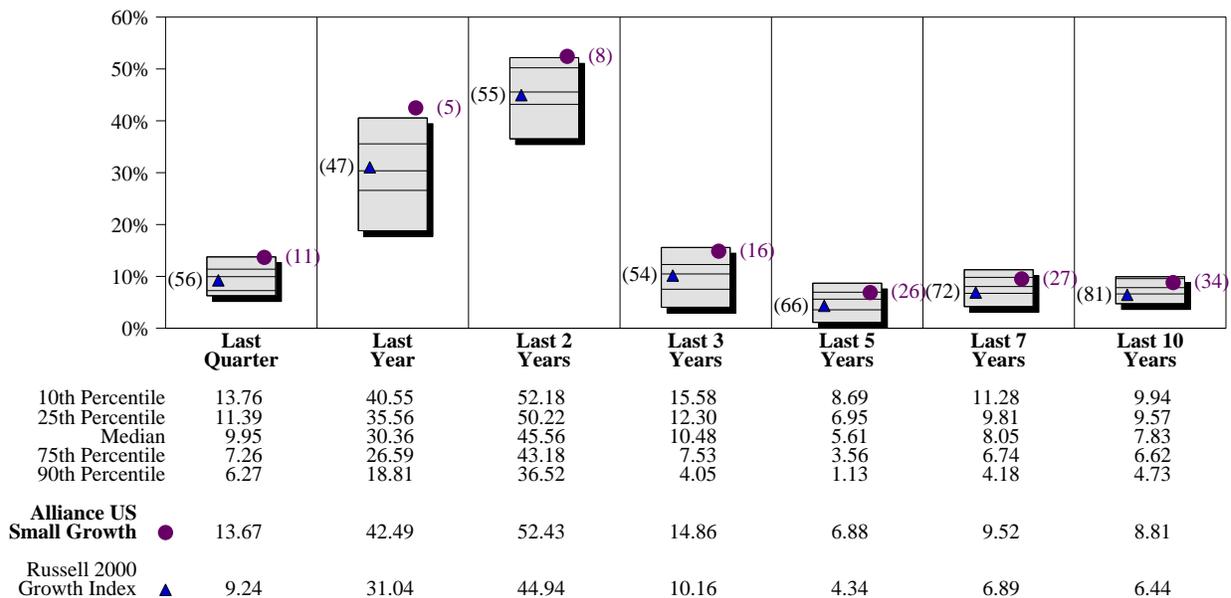
## Quarterly Summary and Highlights

- Alliance US Small Growth's portfolio posted a 13.67% return for the quarter placing it in the 11 percentile of the CAI MF- Small Cap Growth Style group for the quarter and in the 5 percentile for the last year.
- Alliance US Small Growth's portfolio outperformed the Russell 2000 Growth Index by 4.43% for the quarter and outperformed the Russell 2000 Growth Index for the year by 11.45%.

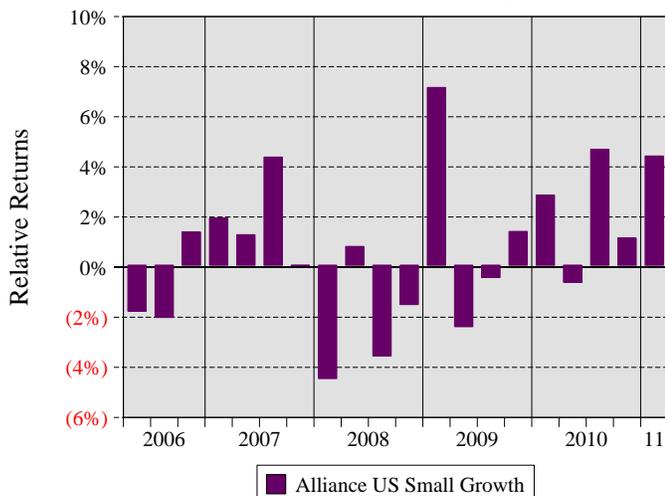
## Quarterly Asset Growth

Beginning Market Value	\$3,639,046
Net New Investment	\$0
Investment Gains/(Losses)	\$497,461
Ending Market Value	\$4,136,507

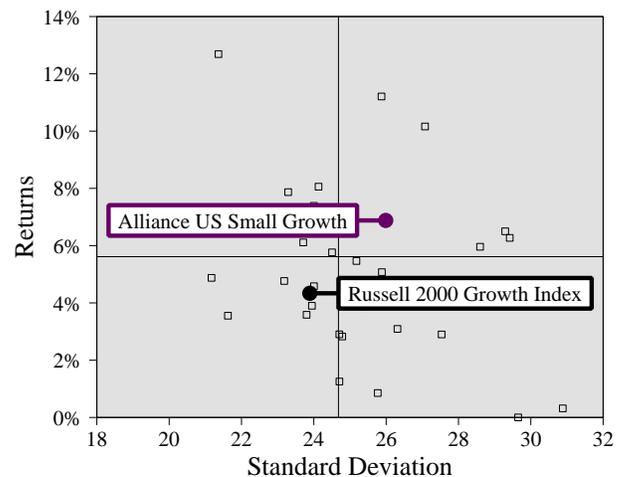
## Performance vs CAI MF- Small Cap Growth Style (Gross)



## Relative Return vs Russell 2000 Growth Index



## CAI MF- Small Cap Growth Style (Gross) Annualized Five Year Risk vs Return



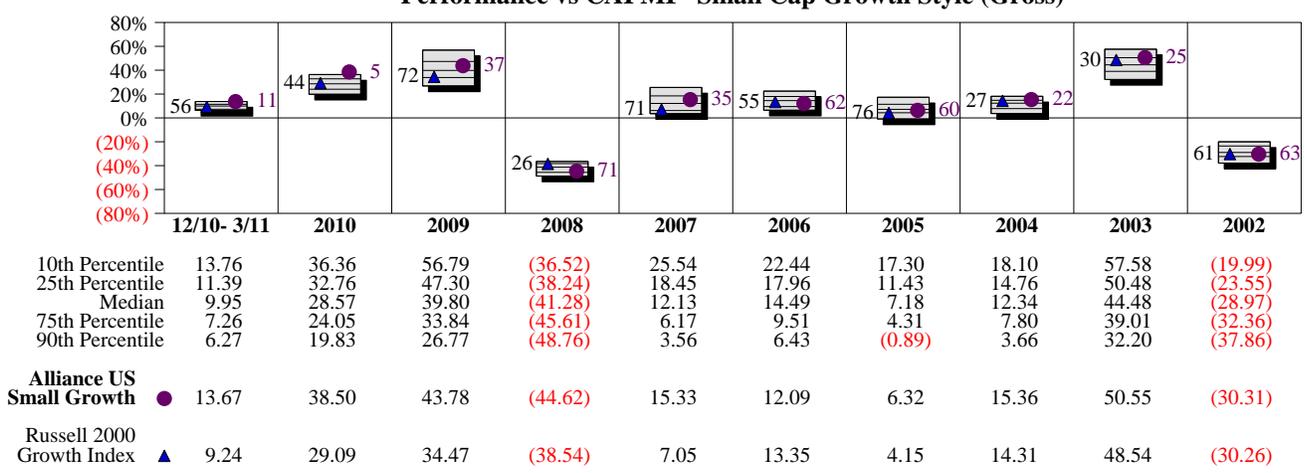


# ALLIANCE US SMALL GROWTH RETURN ANALYSIS SUMMARY

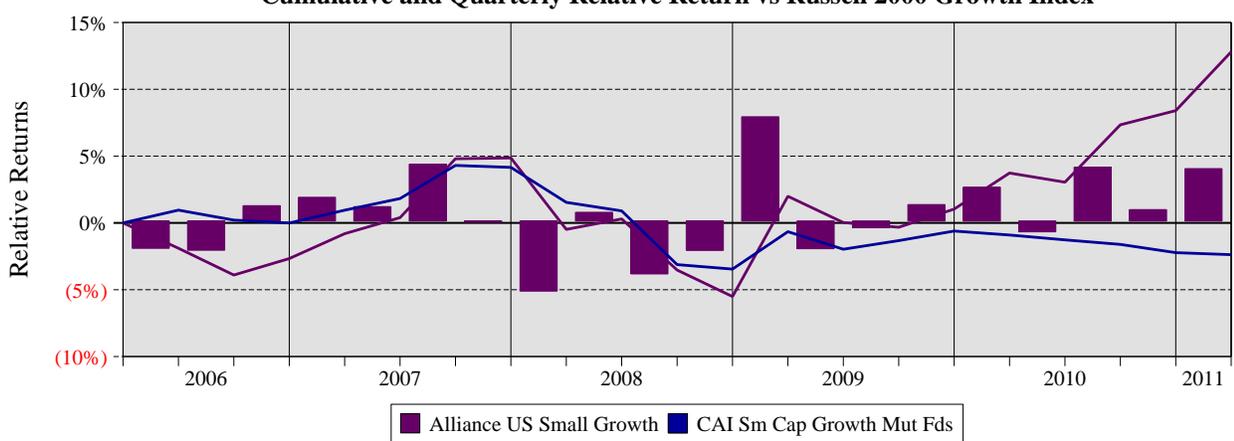
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

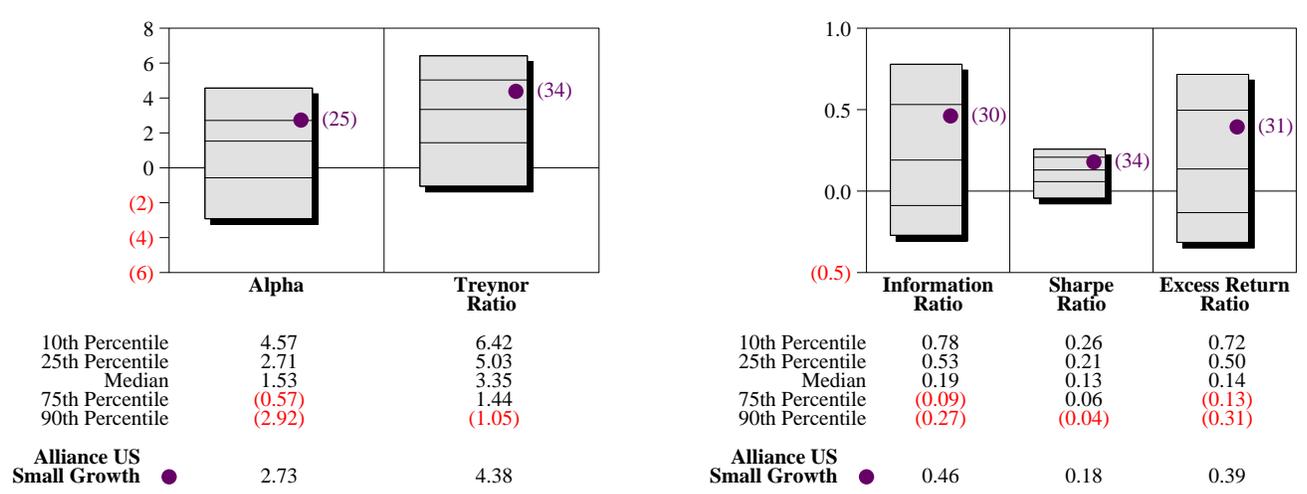
### Performance vs CAI MF- Small Cap Growth Style (Gross)



### Cumulative and Quarterly Relative Return vs Russell 2000 Growth Index



### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI MF- Small Cap Growth Style (Gross) Five Years Ended March 31, 2011



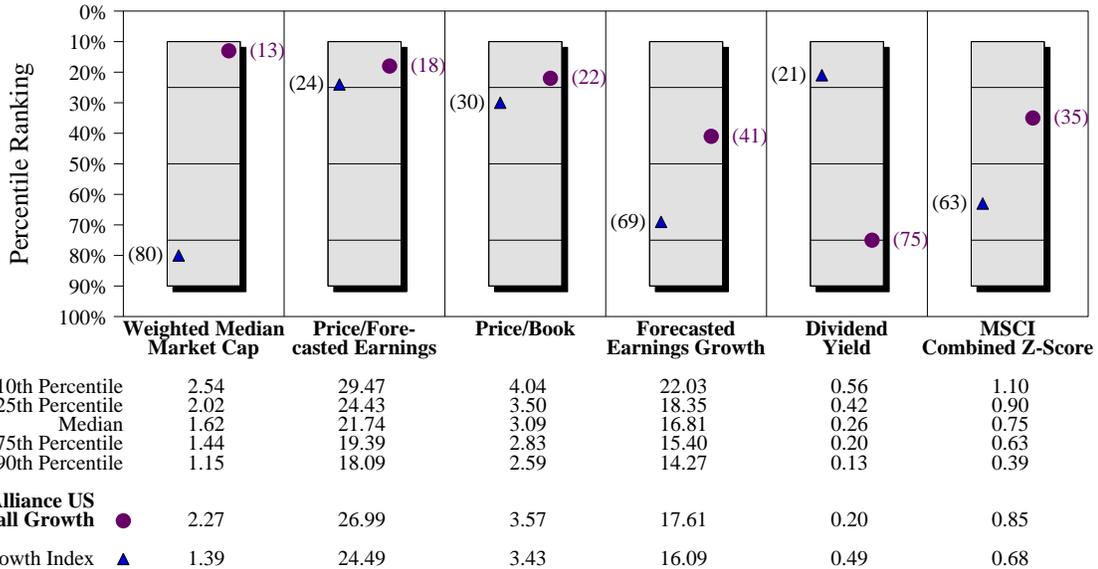
# ALLIANCE US SMALL GROWTH EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

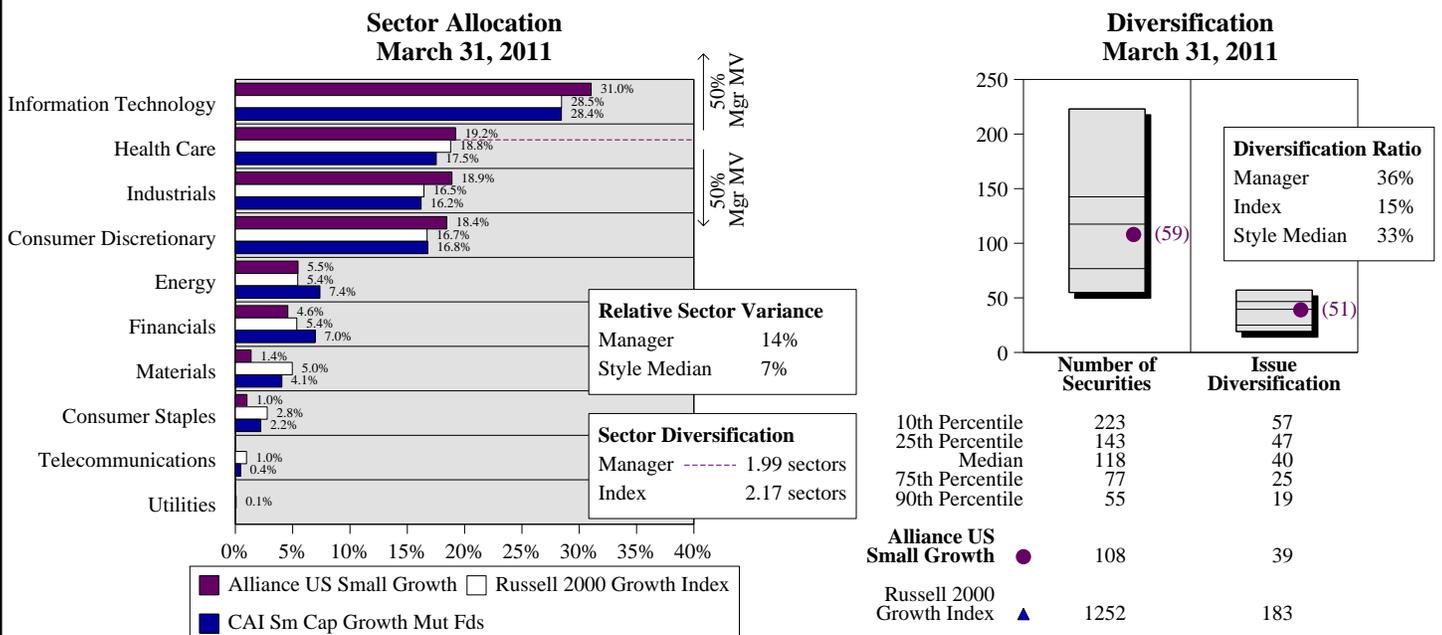
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI MF- Small Cap Growth Style  
as of March 31, 2011**



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.



# RS INVESTMENTS PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

RS Growth Team's investment philosophy is based upon the belief that long term capital appreciation can be achieved by exploiting opportunities where an information gap exists. They believe that companies with developing or proven competitive advantages and strong fundamentals can be identified early in their growth cycle, through insightful fundamental research performed by experienced analysts and proprietary quantitative tools. Switched from Class A Shares to Class Y Shares in December 2009.

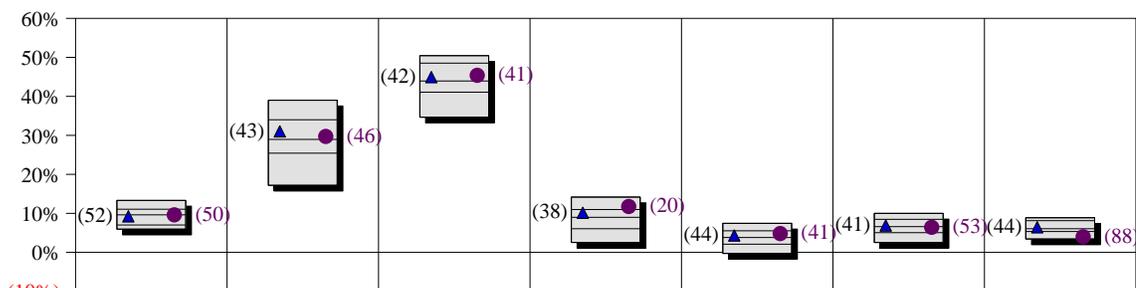
## Quarterly Summary and Highlights

- RS Investments's portfolio posted a 9.61% return for the quarter placing it in the 50 percentile of the CAI MF-Small Cap Growth Style group for the quarter and in the 46 percentile for the last year.
- RS Investments's portfolio outperformed the Russell 2000 Growth Index by 0.37% for the quarter and underperformed the Russell 2000 Growth Index for the year by 1.31%.

## Quarterly Asset Growth

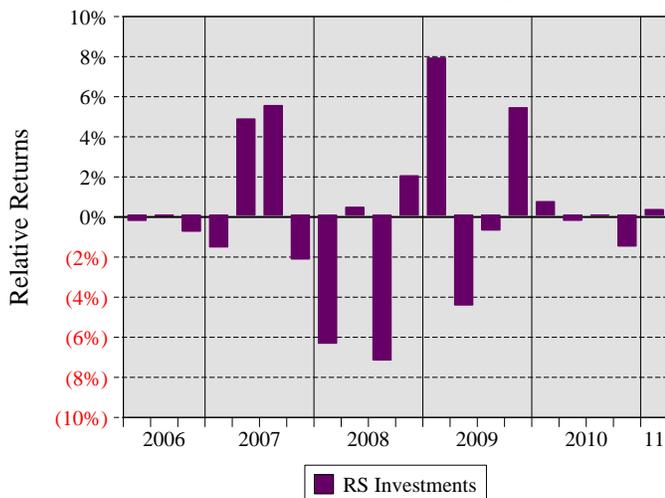
Beginning Market Value	\$3,420,147
Net New Investment	\$0
Investment Gains/(Losses)	\$328,736
Ending Market Value	\$3,748,883

## Performance vs CAI MF- Small Cap Growth Style (Net)

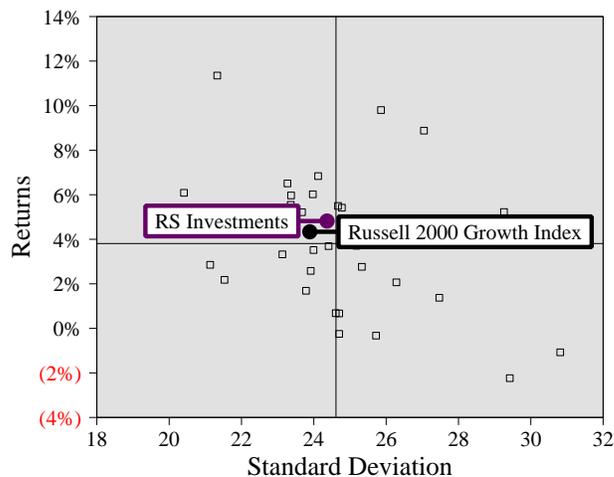


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	13.32	39.01	50.43	14.17	7.45	10.00	8.88
25th Percentile	11.07	34.00	48.52	10.99	5.53	8.47	8.12
Median	9.62	28.96	43.94	8.99	3.81	6.59	6.06
75th Percentile	7.02	25.43	41.08	6.06	2.09	5.05	5.34
90th Percentile	5.95	17.19	34.66	2.54	(0.27)	2.53	3.42
<b>RS Investments</b> ●	9.61	29.73	45.39	11.76	4.82	6.43	4.02
Russell 2000 Growth Index ▲	9.24	31.04	44.94	10.16	4.34	6.89	6.44

## Relative Return vs Russell 2000 Growth Index



## CAI MF- Small Cap Growth Style (Net) Annualized Five Year Risk vs Return

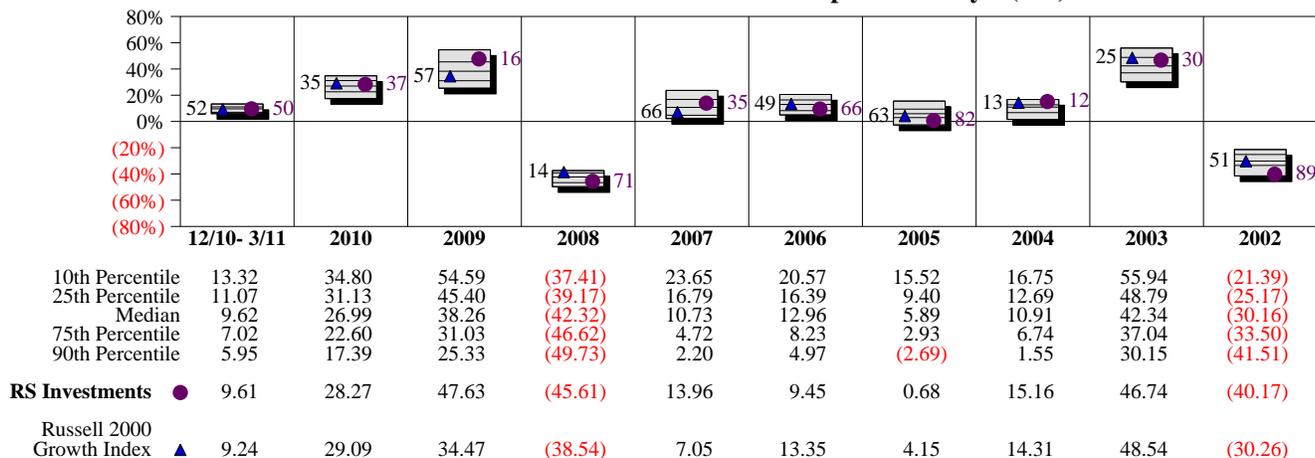


## RS INVESTMENTS RETURN ANALYSIS SUMMARY

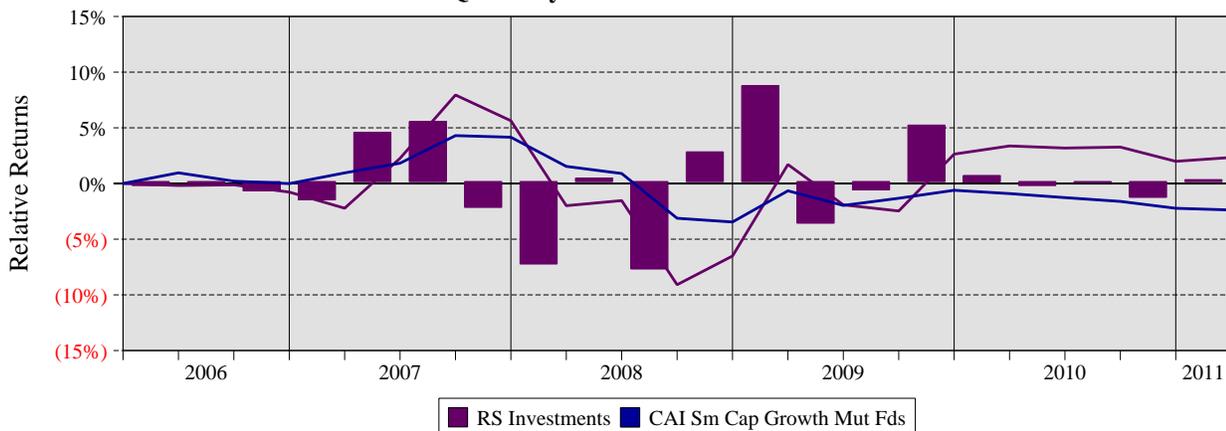
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

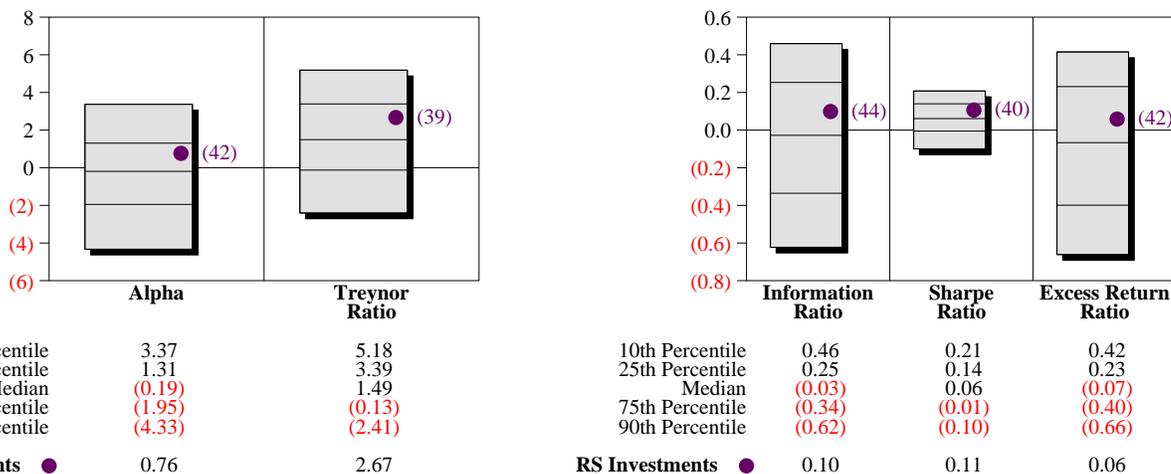
#### Performance vs CAI MF- Small Cap Growth Style (Net)



#### Cumulative and Quarterly Relative Return vs Russell 2000 Growth Index



#### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI MF- Small Cap Growth Style (Net) Five Years Ended March 31, 2011



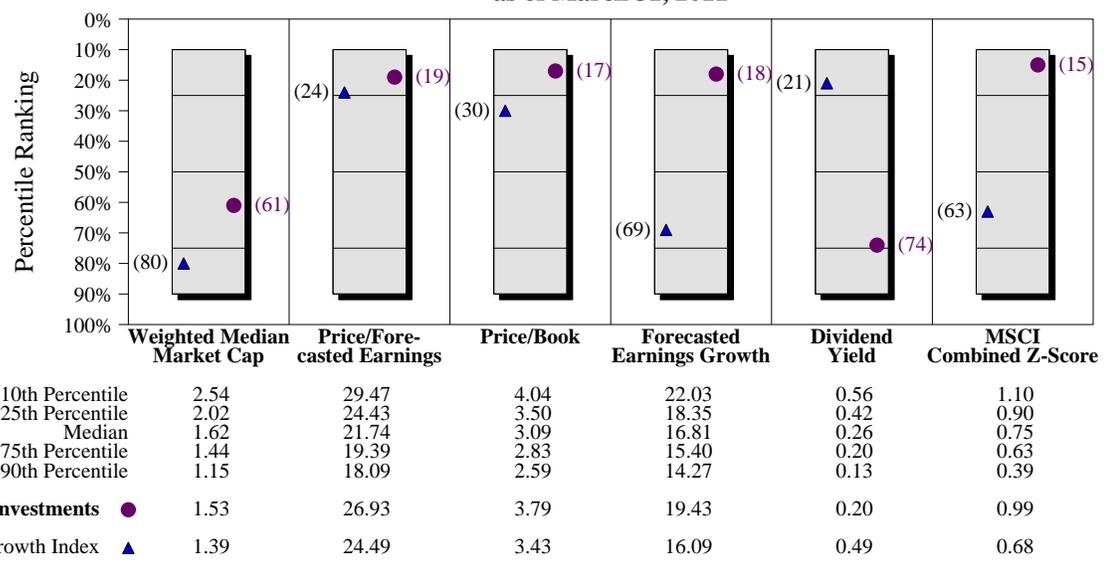


# RS INVESTMENTS EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

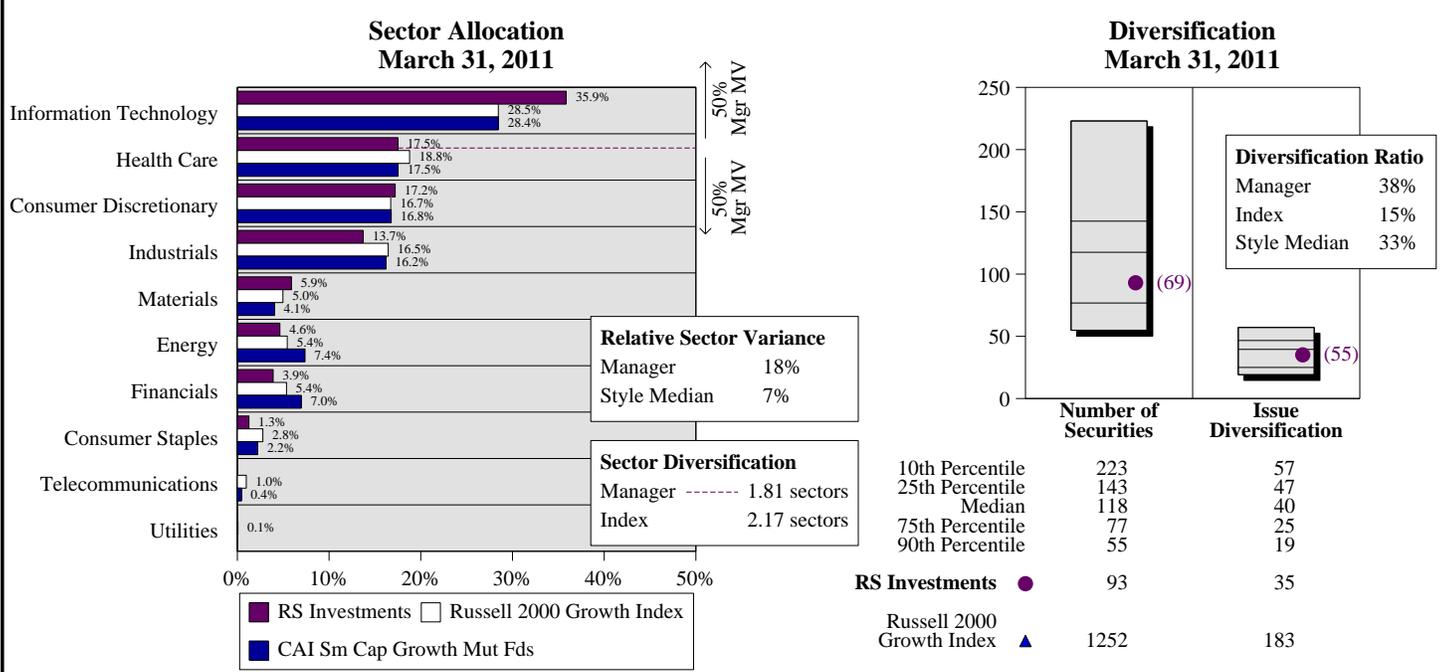
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI MF- Small Cap Growth Style  
as of March 31, 2011**



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.



# MANAGERS INST MICRO CAP PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

The Fund's objective is to achieve long term capital appreciation, through the investment of U.S. companies, which at the time of initial purchase have a market capitalization amongst the smallest 5% of companies listed on the U.S. stock markets

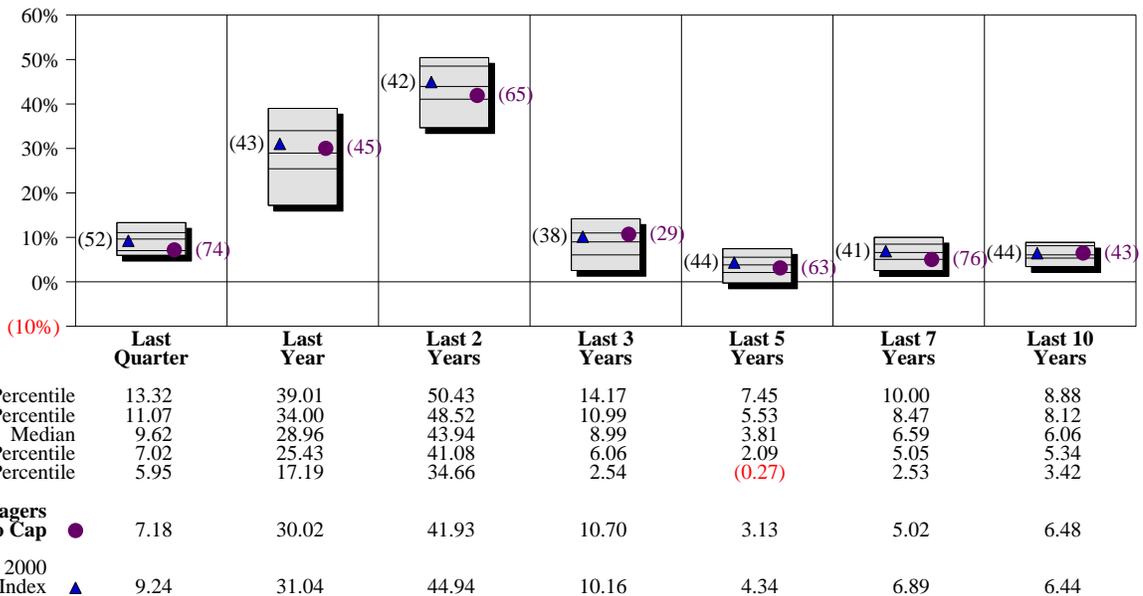
## Quarterly Summary and Highlights

- Managers Inst Micro Cap's portfolio posted a 7.18% return for the quarter placing it in the 74 percentile of the CAI MF- Small Cap Growth Style group for the quarter and in the 45 percentile for the last year.
- Managers Inst Micro Cap's portfolio underperformed the Russell 2000 Growth Index by 2.06% for the quarter and underperformed the Russell 2000 Growth Index for the year by 1.02%.

## Quarterly Asset Growth

Beginning Market Value	\$6,592,404
Net New Investment	\$0
Investment Gains/(Losses)	\$473,272
Ending Market Value	\$7,065,676

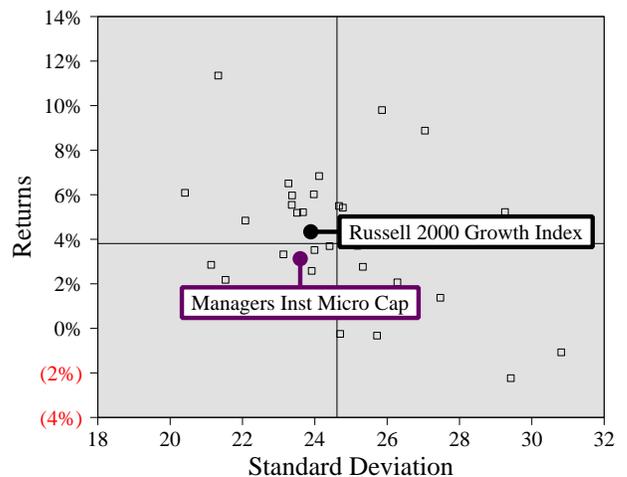
## Performance vs CAI MF- Small Cap Growth Style (Net)



## Relative Return vs Russell 2000 Growth Index



## CAI MF- Small Cap Growth Style (Net) Annualized Five Year Risk vs Return



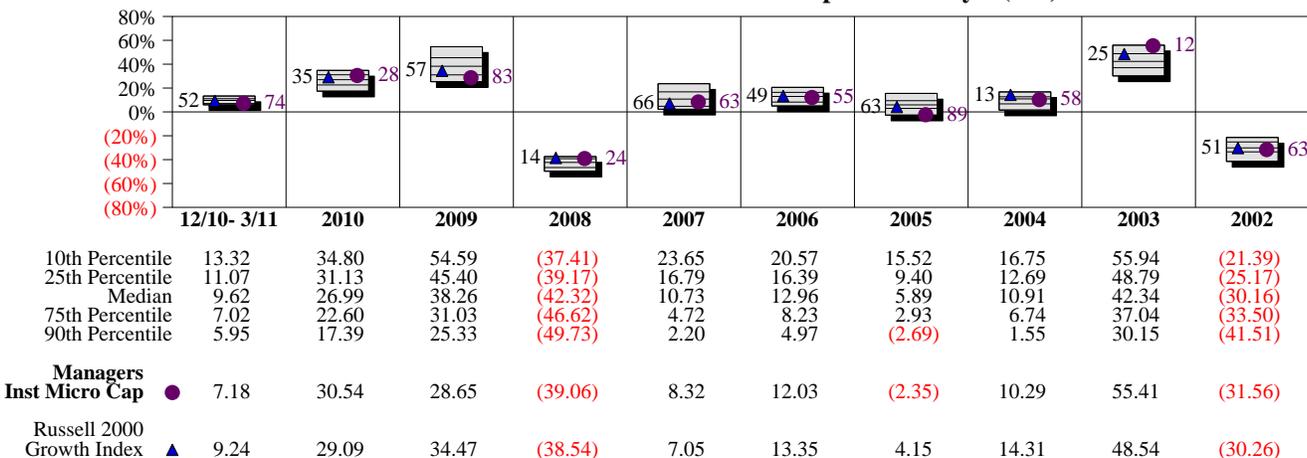


# MANAGERS INST MICRO CAP RETURN ANALYSIS SUMMARY

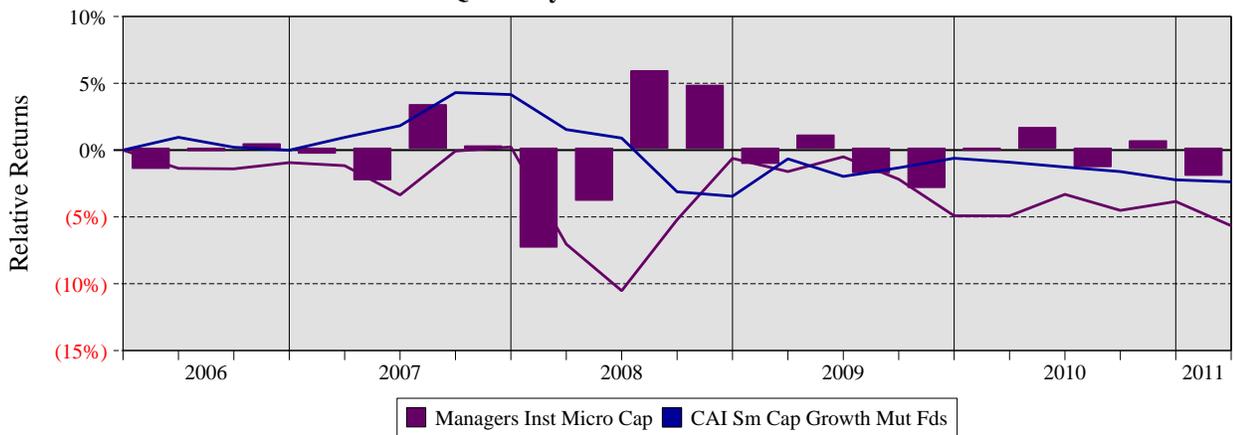
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

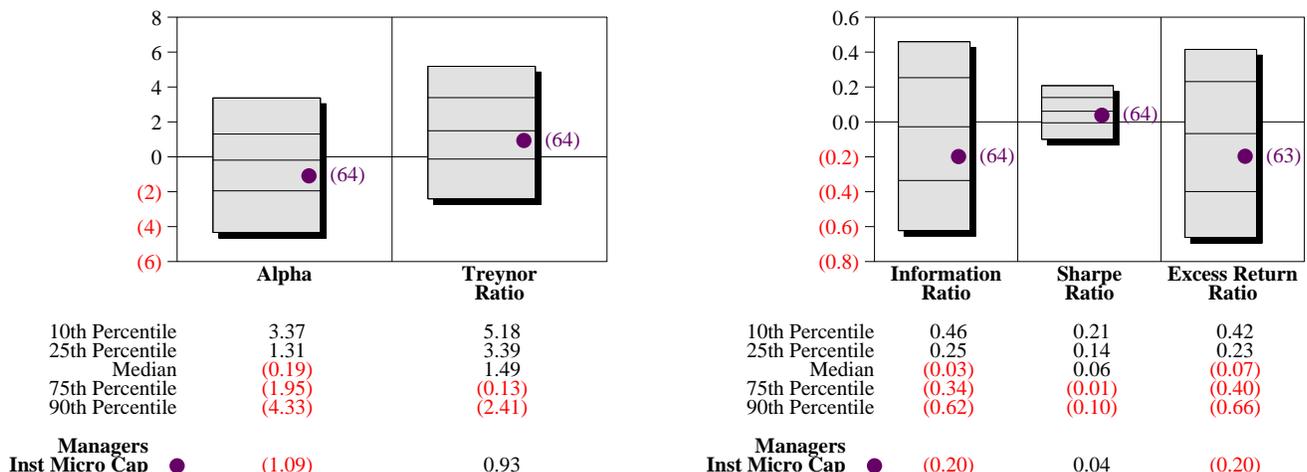
### Performance vs CAI MF- Small Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 2000 Growth Index



### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI MF- Small Cap Growth Style (Net) Five Years Ended March 31, 2011

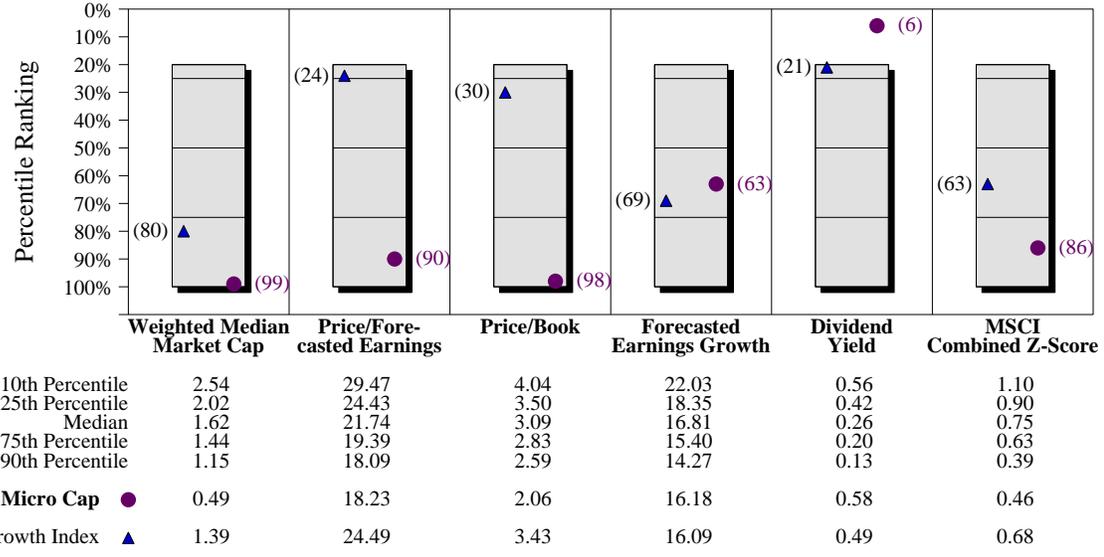


# MANAGERS INST MICRO CAP EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

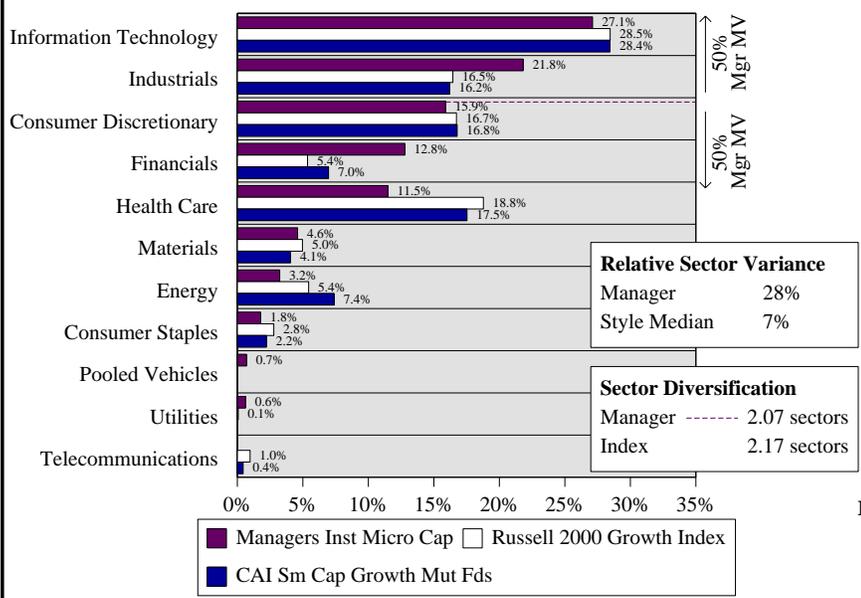
### Portfolio Characteristics Percentile Rankings Rankings Against CAI MF- Small Cap Growth Style as of March 31, 2011



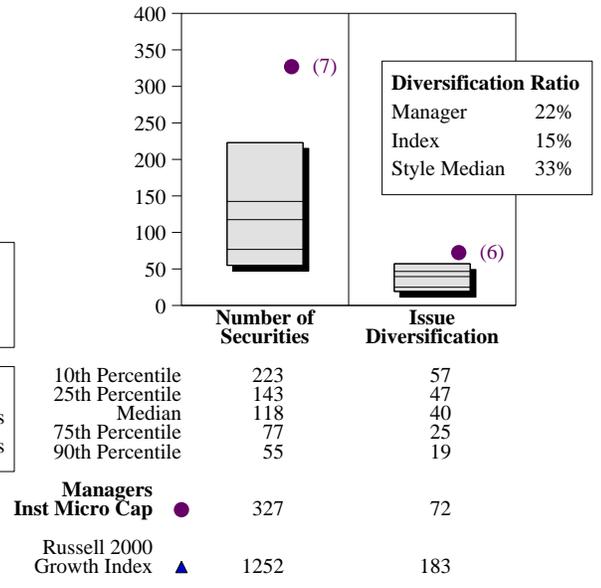
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation March 31, 2011



### Diversification March 31, 2011







## INTERNATIONAL EQUITY COMPOSITE PERIOD ENDED MARCH 31, 2011

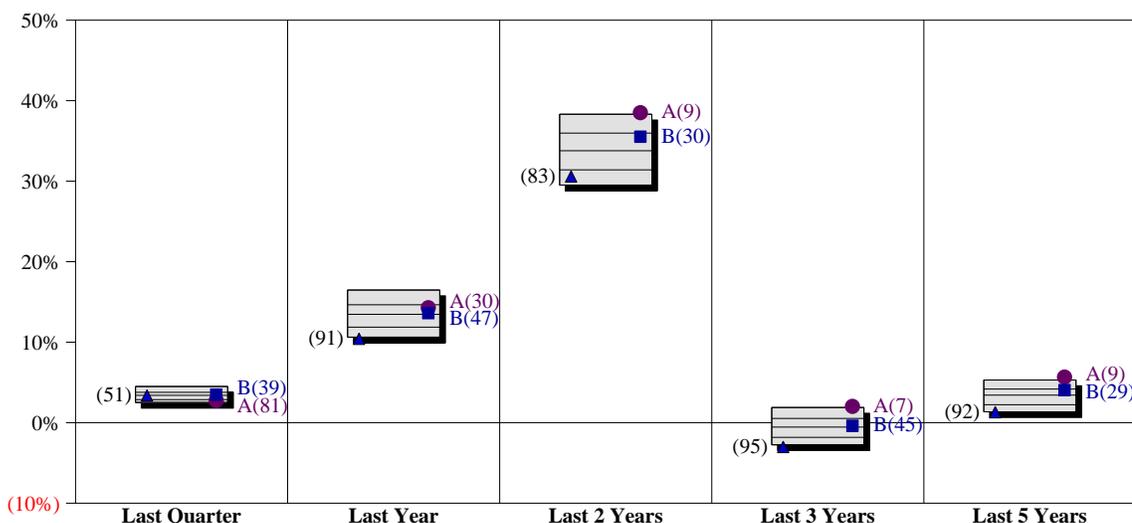
### Quarterly Summary and Highlights

- International Equity Composite's portfolio posted a 2.75% return for the quarter placing it in the 81 percentile of the Public Fund - International Equity group for the quarter and in the 30 percentile for the last year.
- International Equity Composite's portfolio underperformed the MSCI EAFE Index by 0.61% for the quarter and outperformed the MSCI EAFE Index for the year by 3.86%.

### Quarterly Asset Growth

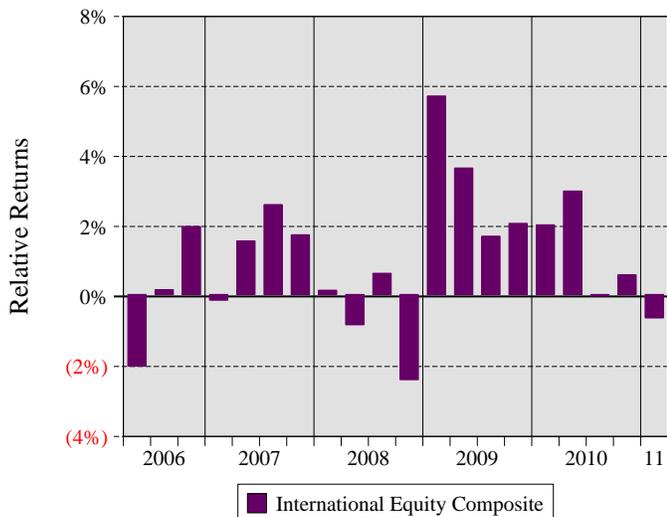
Beginning Market Value	\$81,180,105
Net New Investment	\$-12,408,351
Investment Gains/(Losses)	\$2,092,232
Ending Market Value	\$70,863,985

### Performance vs Public Fund - International Equity (Gross)

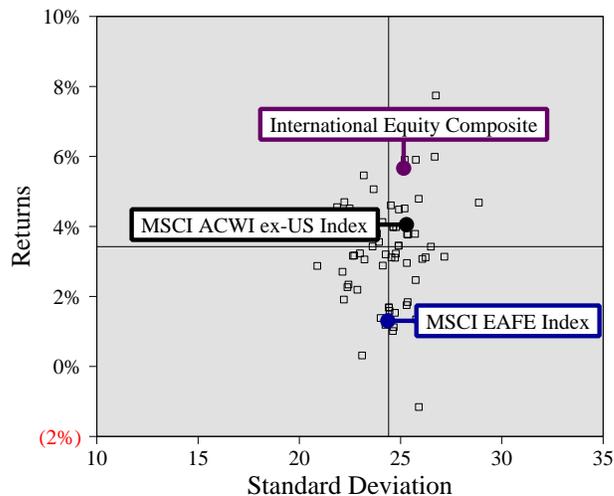


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	4.50	16.48	38.32	1.89	5.30
25th Percentile	3.77	14.65	35.97	0.53	4.18
Median	3.39	13.46	33.78	(0.55)	3.42
75th Percentile	2.86	11.87	31.41	(1.82)	2.23
90th Percentile	2.51	10.62	29.52	(2.75)	1.35

### Relative Return vs MSCI EAFE Index



### Public Fund - International Equity (Gross) Annualized Five Year Risk vs Return



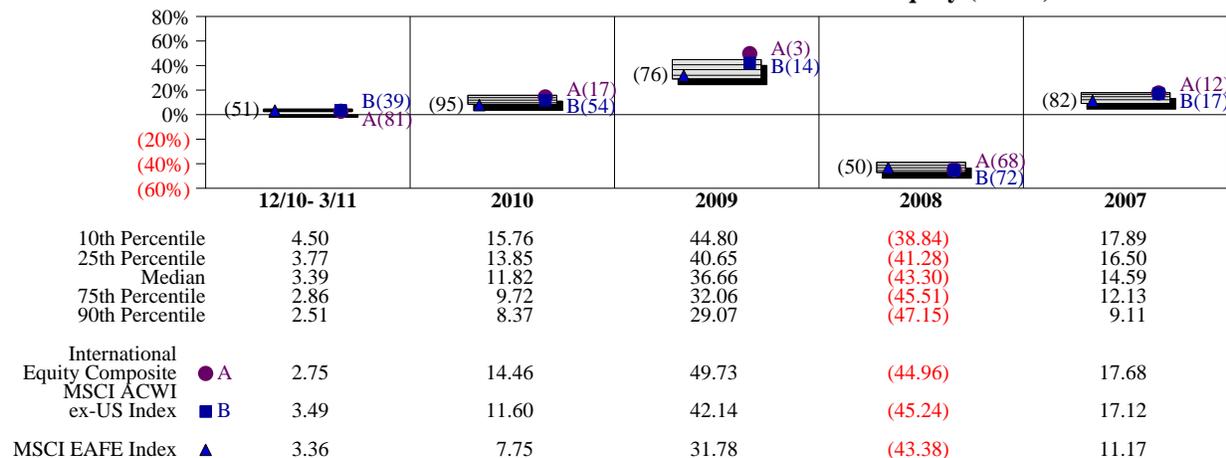


## INTERNATIONAL EQUITY COMPOSITE RETURN ANALYSIS SUMMARY

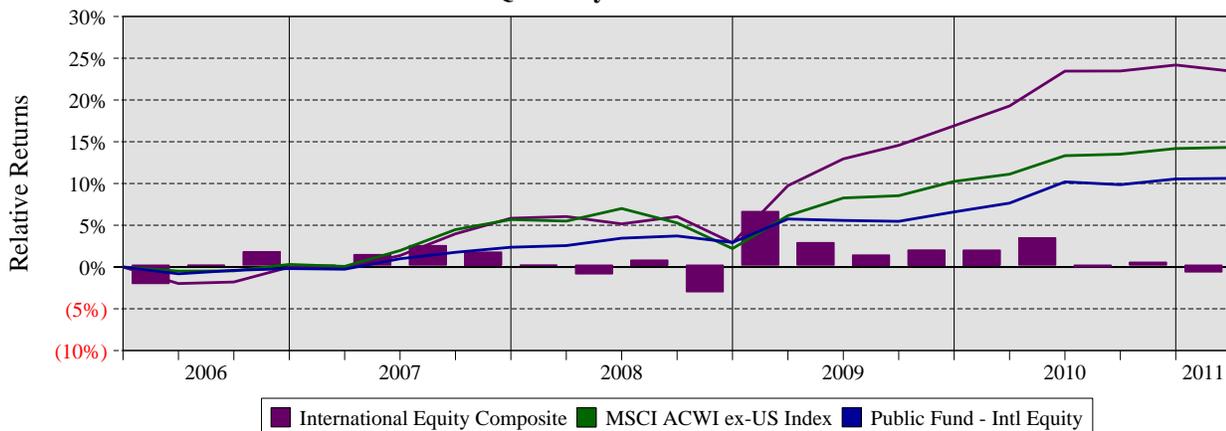
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

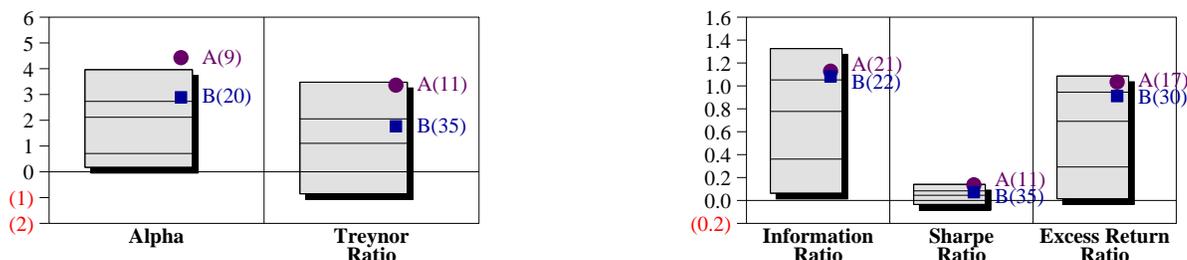
#### Performance vs Public Fund - International Equity (Gross)



#### Cumulative and Quarterly Relative Return vs MSCI EAFE Index



#### Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against Public Fund - International Equity (Gross) Five Years Ended March 31, 2011



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.96	3.48	1.33	0.14	1.09
25th Percentile	2.73	2.05	1.05	0.08	0.95
Median	2.12	1.11	0.78	0.05	0.69
75th Percentile	0.71	0.00	0.36	0.00	0.29
90th Percentile	0.17	(0.85)	0.06	(0.03)	0.01
International Equity Composite ● A	4.43	3.36	1.13	0.14	1.03
MSCI ACWI ex-US Index ■ B	2.89	1.77	1.08	0.07	0.91

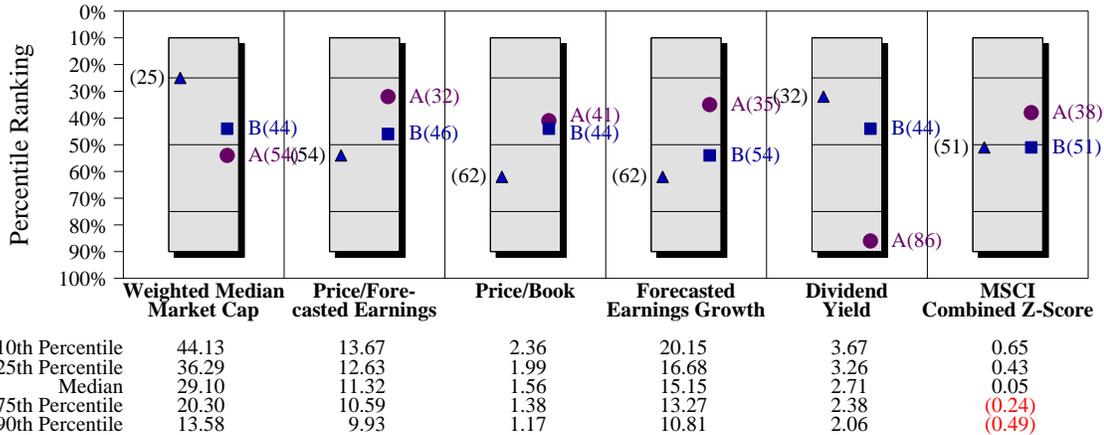
# INTERNATIONAL EQUITY COMPOSITE EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Non-U.S. Equity Style  
as of March 31, 2011**

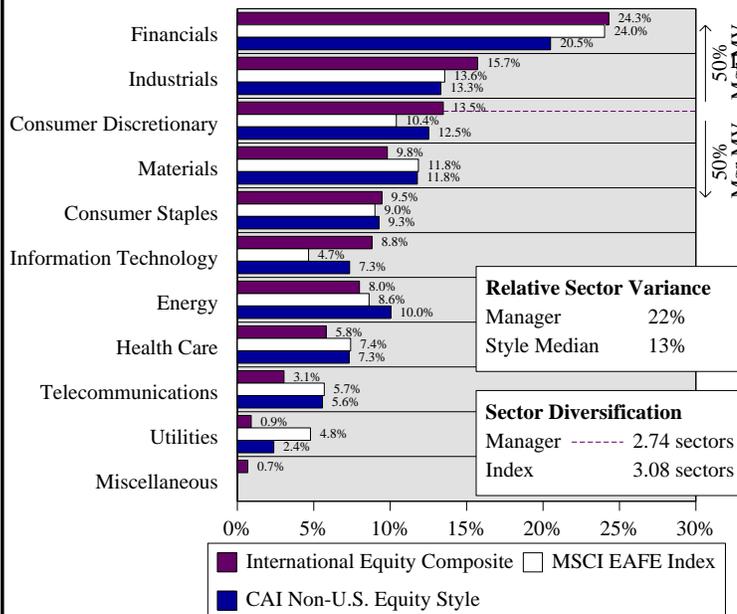


International Equity Composite	● A	26.80	12.25	1.70	16.13	2.23	0.28
MSCI ACWI ex-US Index	■ B	30.87	11.48	1.65	14.98	2.83	(0.01)
MSCI EAFE Index	▲	36.09	11.18	1.49	14.59	3.14	(0.00)

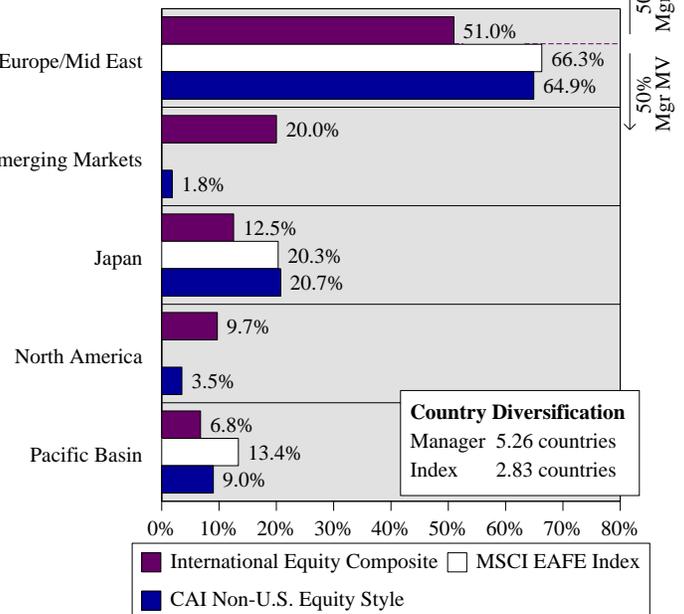
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. The regional allocation chart compares the manager's geographical region weights with those of the benchmark as well as the median region weights of the peer group.

**Sector Allocation  
March 31, 2011**



**Regional Allocation  
March 31, 2011**

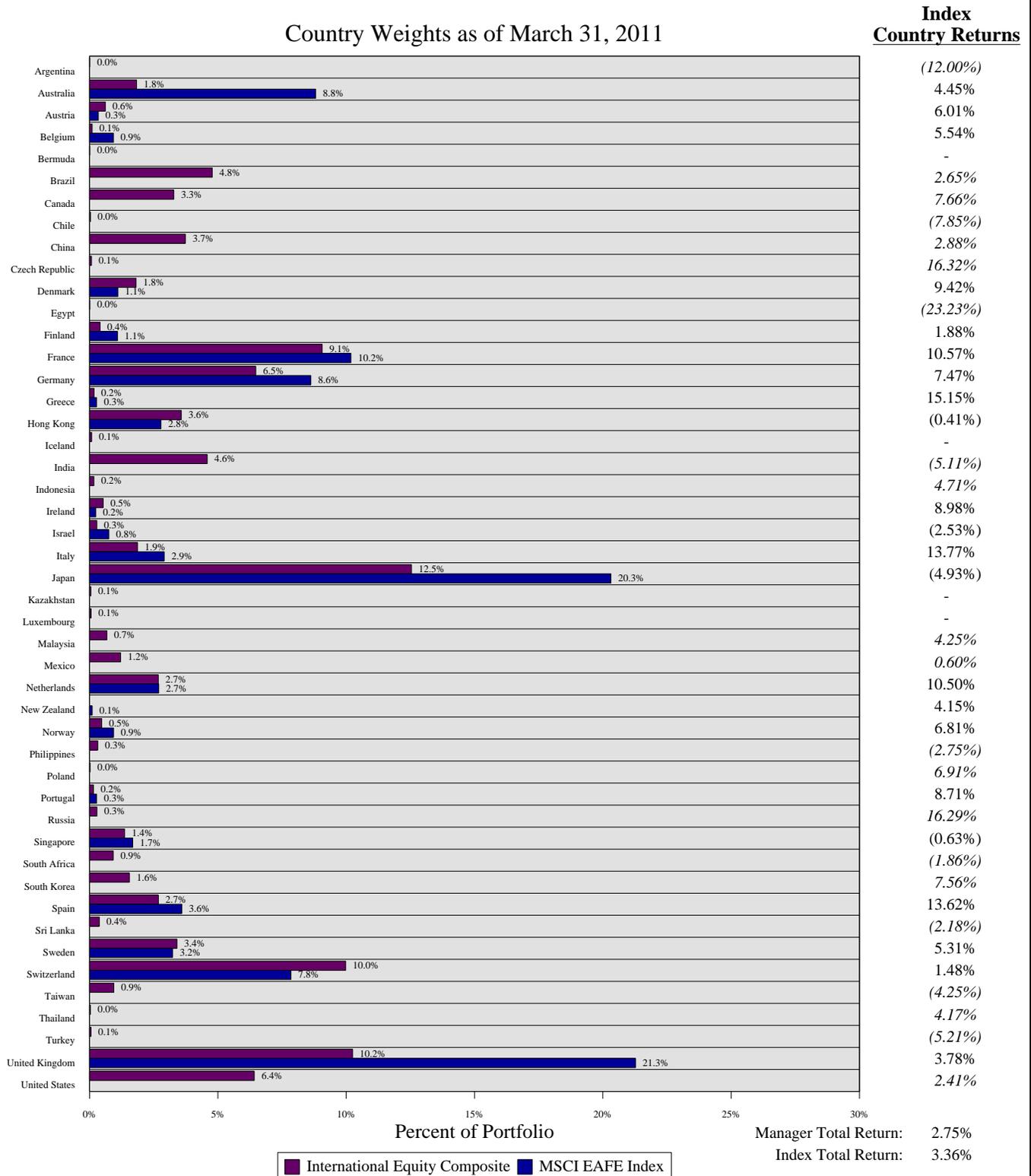


# COUNTRY ALLOCATION INTERNATIONAL EQUITY COMPOSITE VS MSCI EAFE INDEX



## Country Allocation

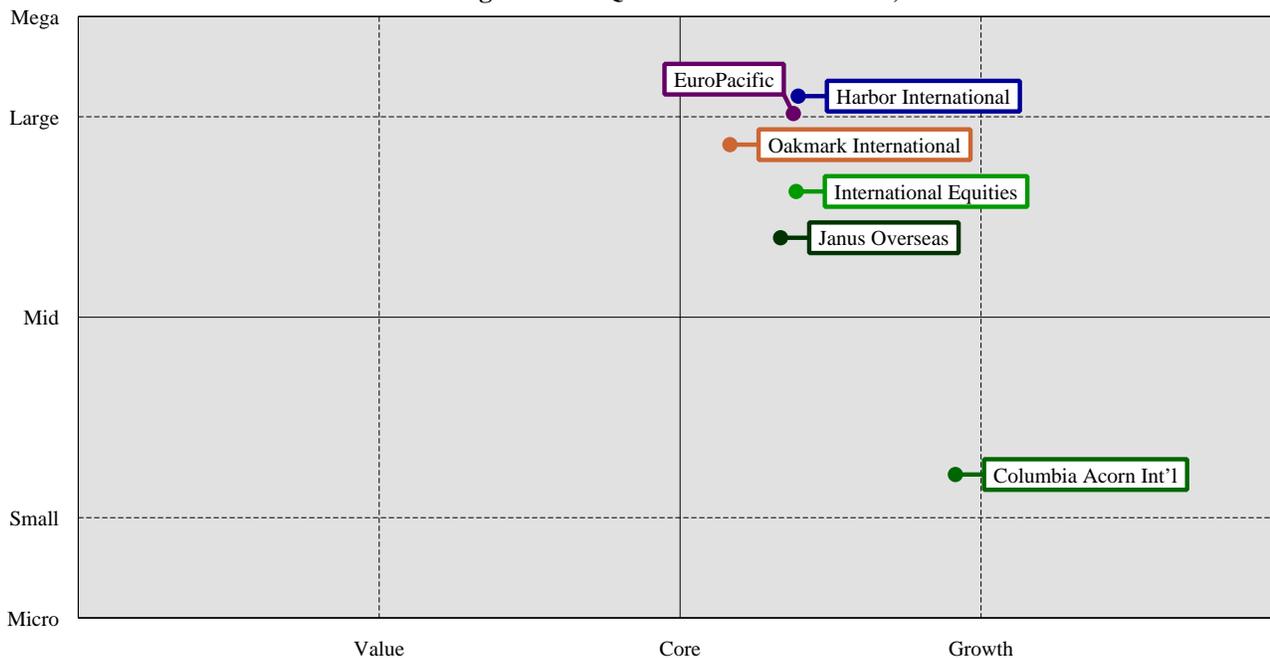
The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2011. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.



## HOLDINGS BASED STYLE ANALYSIS FOR ONE QUARTER ENDED MARCH 31, 2011

This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

**Style Map**  
**Holdings for One Quarter Ended March 31, 2011**



	<b>Weight %</b>	<b>Wtd Median Mkt Cap</b>	<b>Combined Z-Score</b>	<b>Growth Z-Score</b>	<b>Value Z-Score</b>	<b>Number of Securities</b>	<b>Security Diversification</b>
EuroPacific	22.96%	40.24	0.27	0.08	(0.19)	316	52.39
Harbor International	23.32%	47.59	0.28	0.06	(0.22)	71	24.38
Columbia Acorn Int'l	12.42%	2.37	0.64	0.27	(0.37)	213	61.27
Janus Overseas	22.65%	19.32	0.24	0.15	(0.09)	72	14.39
Oakmark International	18.64%	34.36	0.12	(0.04)	(0.16)	57	17.55
International Equities	100.00%	26.80	0.28	0.09	(0.19)	622	69.64

# EUROPACIFIC PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Capital Research & Management Company's (CRMC) approach to non-U.S. investing is research-driven. Their bottom-up fundamental approach is blended with macroeconomic and political judgments on the outlook for economies, industries, currencies and markets. Switched from Class R-5 Shares to Class R-6 Shares in December 2009.

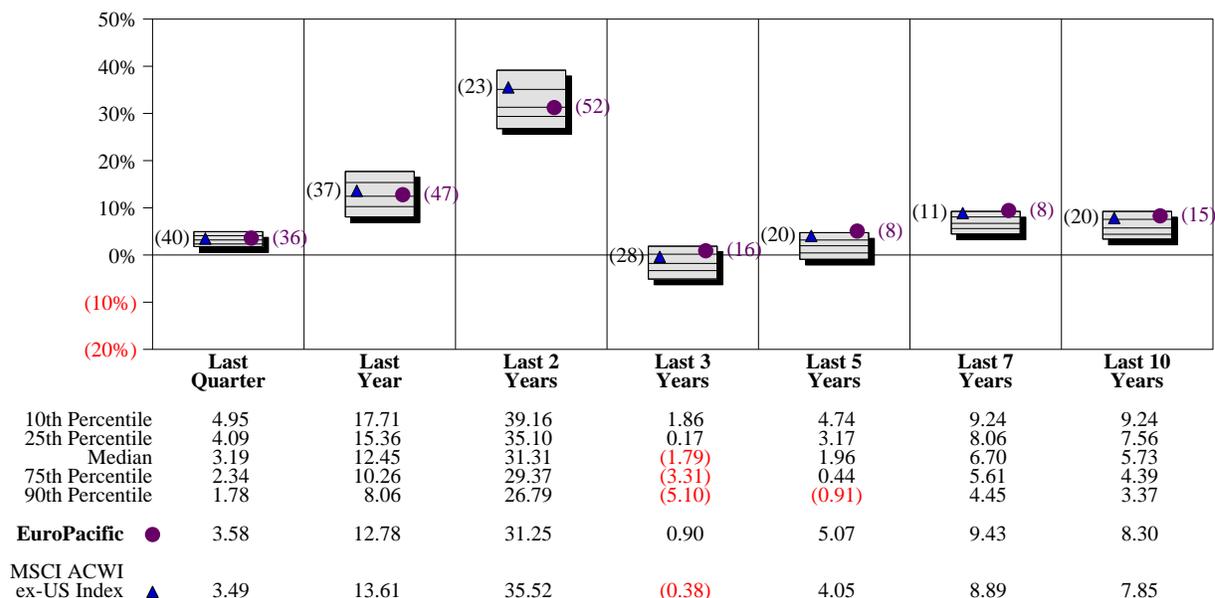
## Quarterly Summary and Highlights

- EuroPacific's portfolio posted a 3.58% return for the quarter placing it in the 36 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 47 percentile for the last year.
- EuroPacific's portfolio outperformed the MSCI ACWI ex-US Index by 0.09% for the quarter and underperformed the MSCI ACWI ex-US Index for the year by 0.83%.

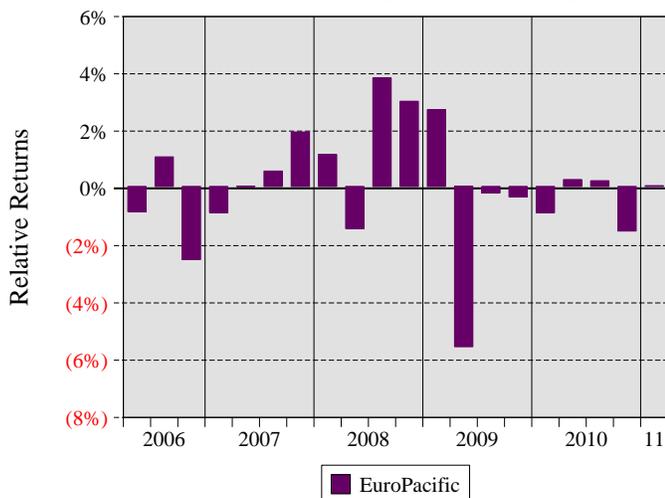
## Quarterly Asset Growth

Beginning Market Value	\$15,710,251
Net New Investment	\$0
Investment Gains/(Losses)	\$562,030
Ending Market Value	\$16,272,280

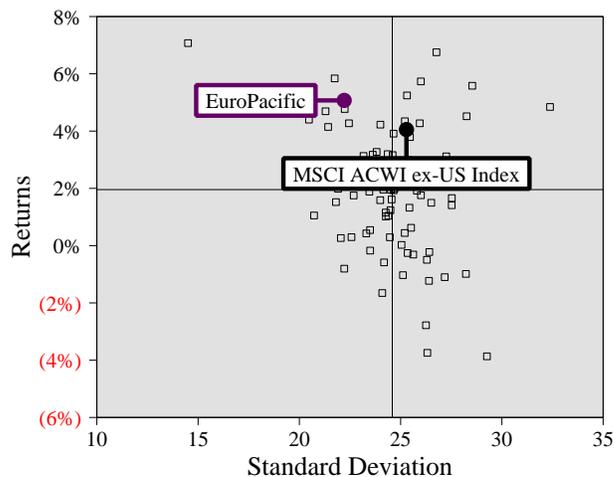
## Performance vs CAI MF - Non-US Equity Style (Net)



## Relative Return vs MSCI ACWI ex-US Index



## CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return



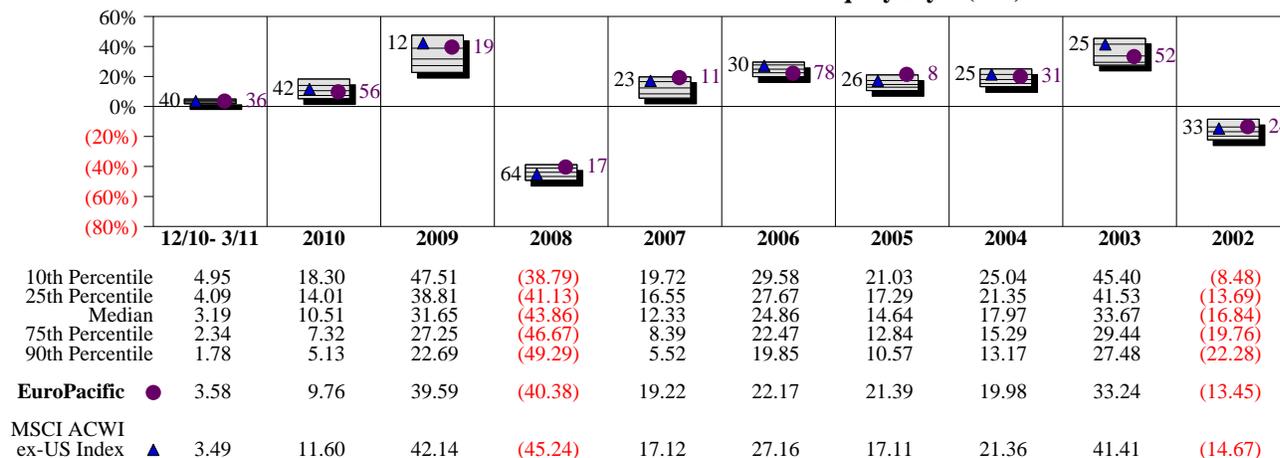


## EUROPACIFIC RETURN ANALYSIS SUMMARY

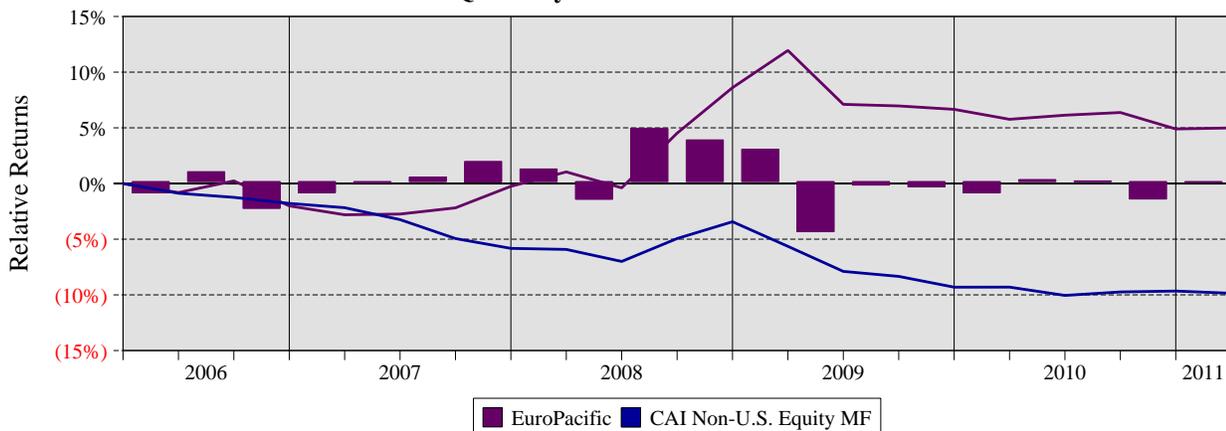
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

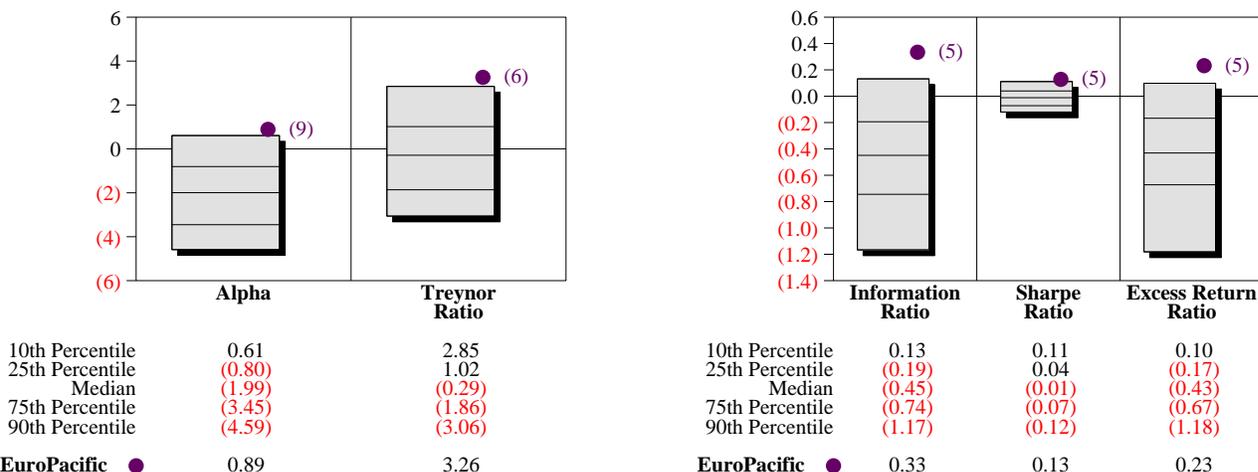
#### Performance vs CAI MF - Non-US Equity Style (Net)



#### Cumulative and Quarterly Relative Return vs MSCI ACWI ex-US Index



#### Risk Adjusted Return Measures vs MSCI ACWI ex-US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2011



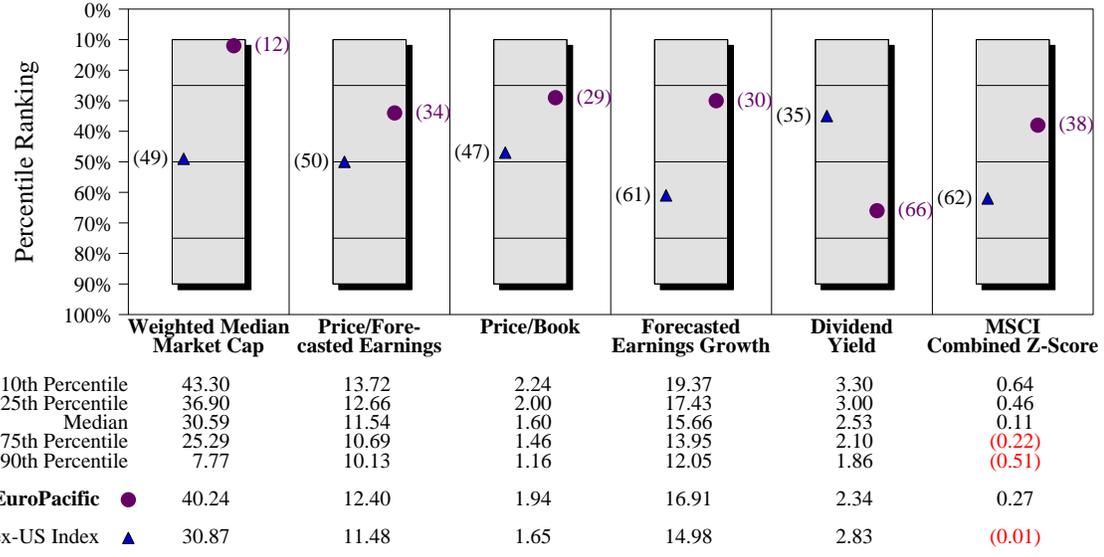


# EUROPACIFIC EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

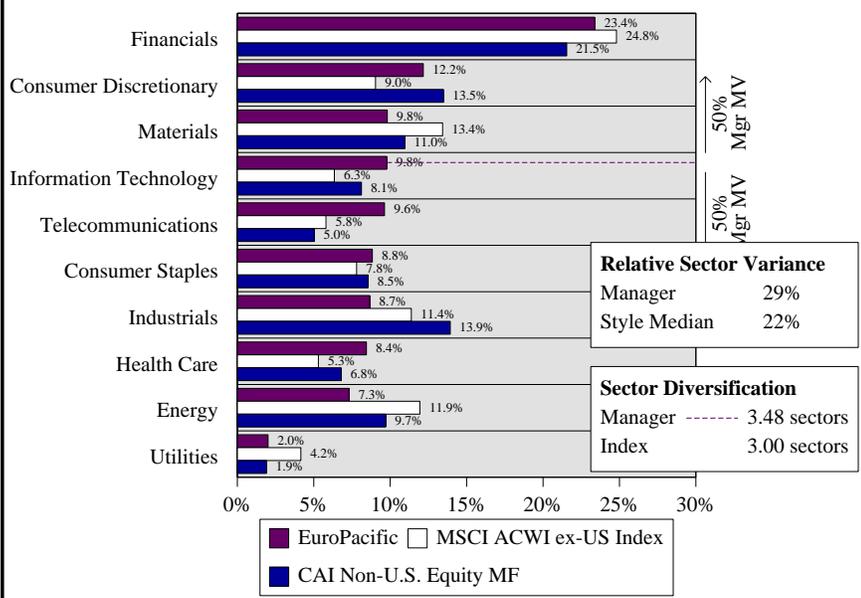
**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Non-US Equity Style  
as of March 31, 2011



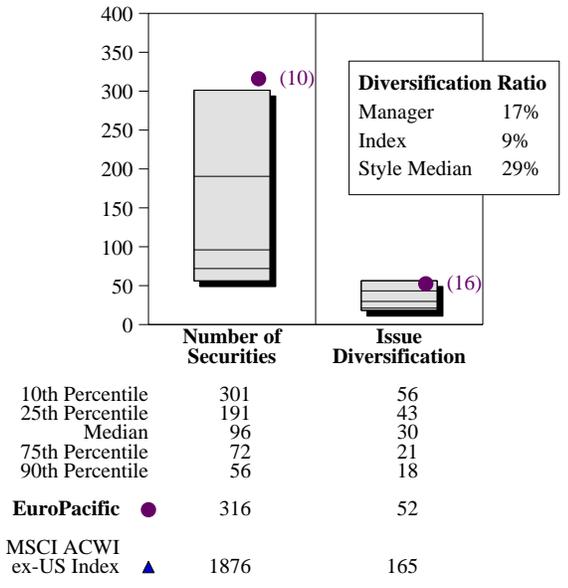
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2011



**Diversification**  
March 31, 2011



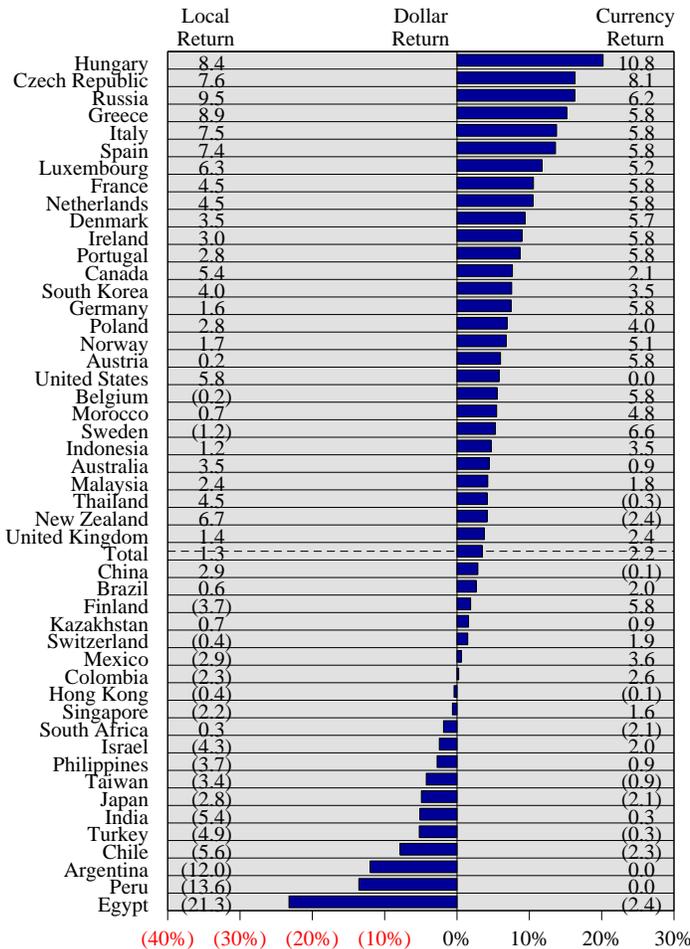
# EUROPACIFIC VS MSCI ACWI EX-US INDEX ATTRIBUTION FOR QUARTER ENDED MARCH 31, 2011



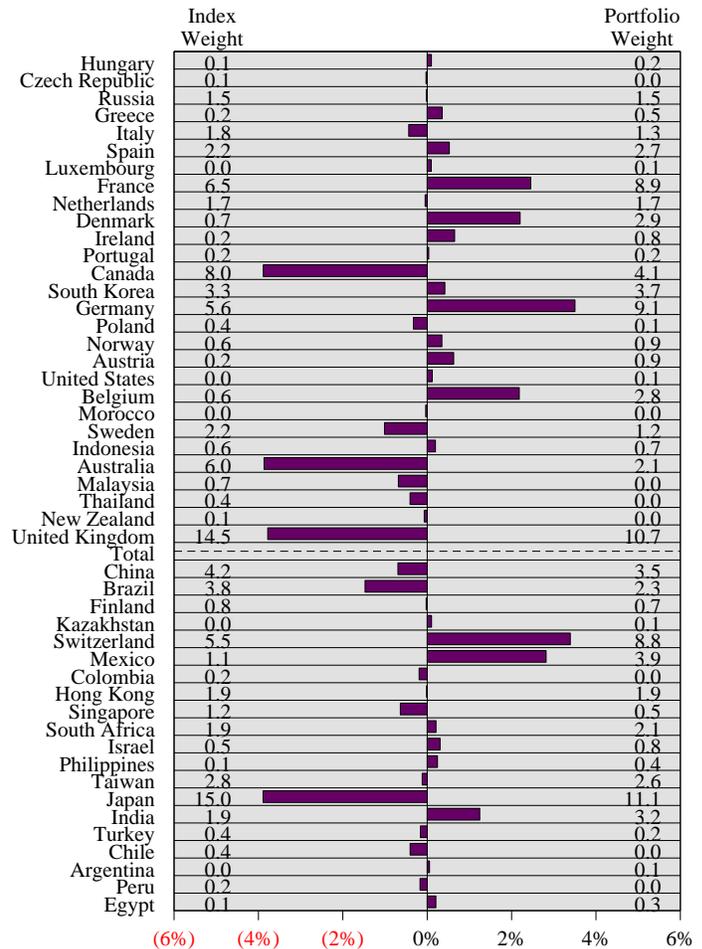
## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.

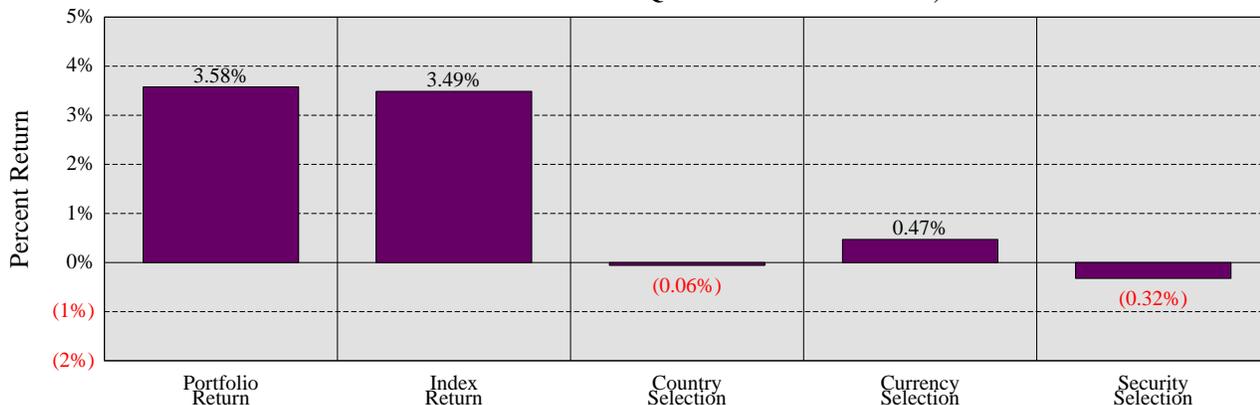
### Index Returns by Country



### Beginning Relative Weights (Portfolio - Index)



### Attribution Factors for Quarter Ended March 31, 2011



# HARBOR INTERNATIONAL PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

The Harbor International Value Fund is sub-advised by Northern Cross Investments and Northern Cross, LLC. The investment philosophy focuses on companies with prospects of margin expansion and those that have strong franchise value or asset value. The fund takes a long-term view, expecting to hold a security for 7-10 years.

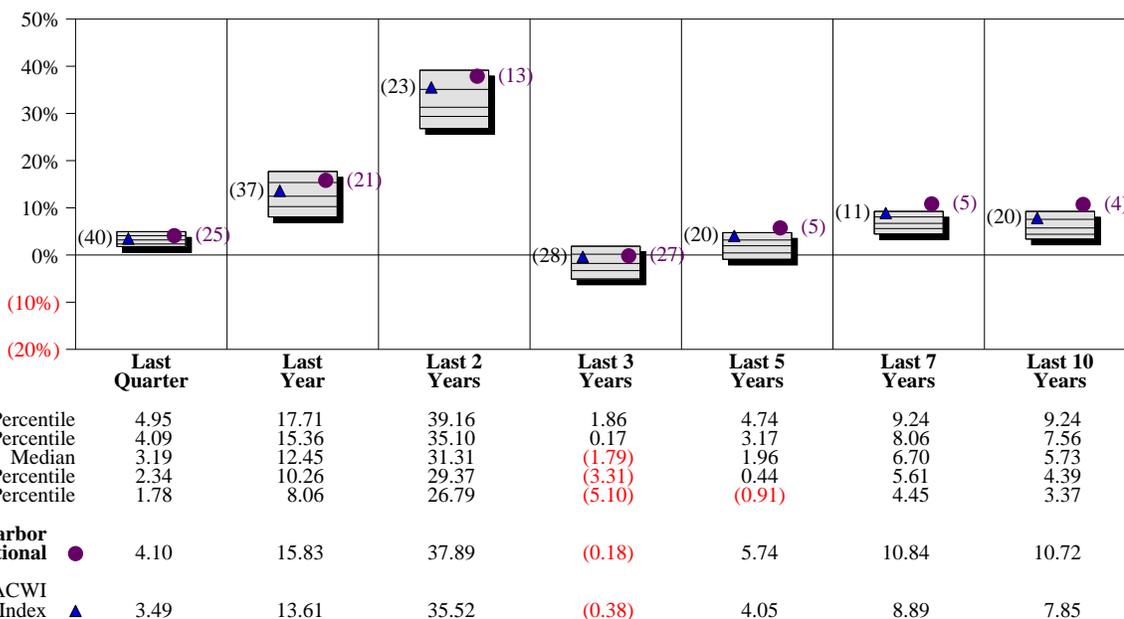
## Quarterly Summary and Highlights

- Harbor International's portfolio posted a 4.10% return for the quarter placing it in the 25 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 21 percentile for the last year.
- Harbor International's portfolio outperformed the MSCI ACWI ex-US Index by 0.61% for the quarter and outperformed the MSCI ACWI ex-US Index for the year by 2.22%.

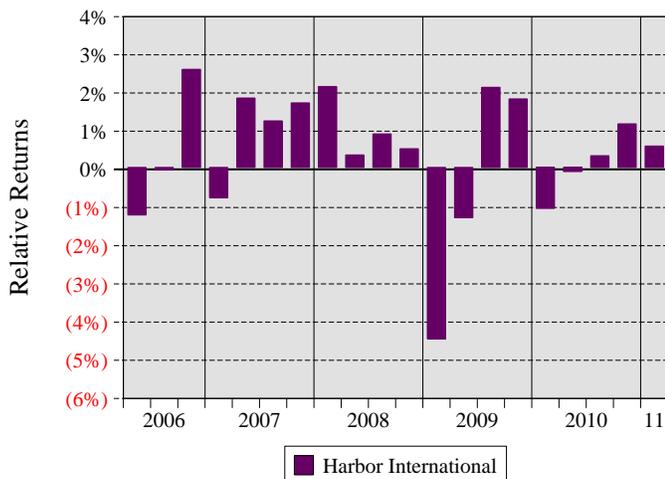
## Quarterly Asset Growth

Beginning Market Value	\$15,875,027
Net New Investment	\$0
Investment Gains/(Losses)	\$650,207
Ending Market Value	\$16,525,234

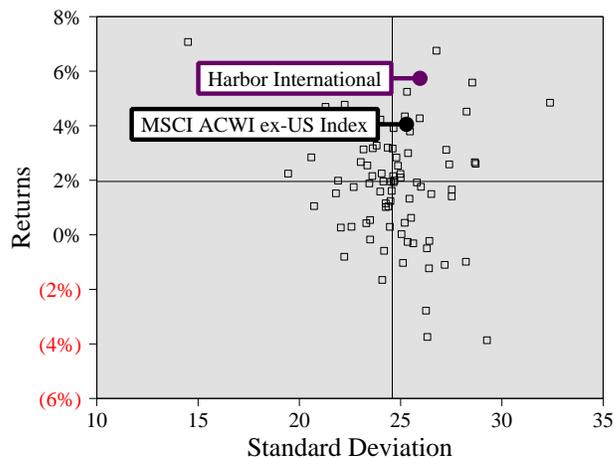
## Performance vs CAI MF - Non-US Equity Style (Net)



## Relative Return vs MSCI ACWI ex-US Index



## CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return



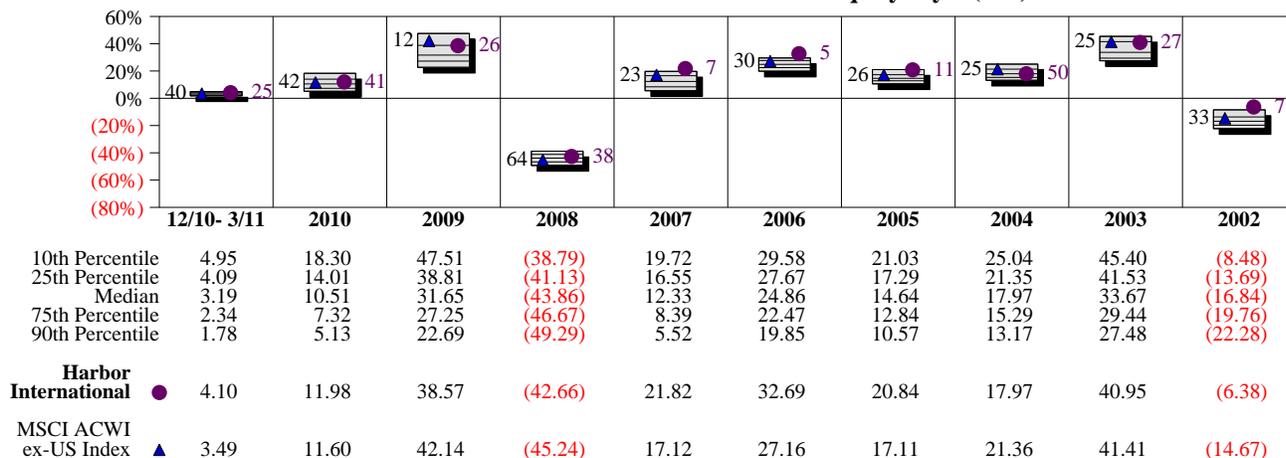


## HARBOR INTERNATIONAL RETURN ANALYSIS SUMMARY

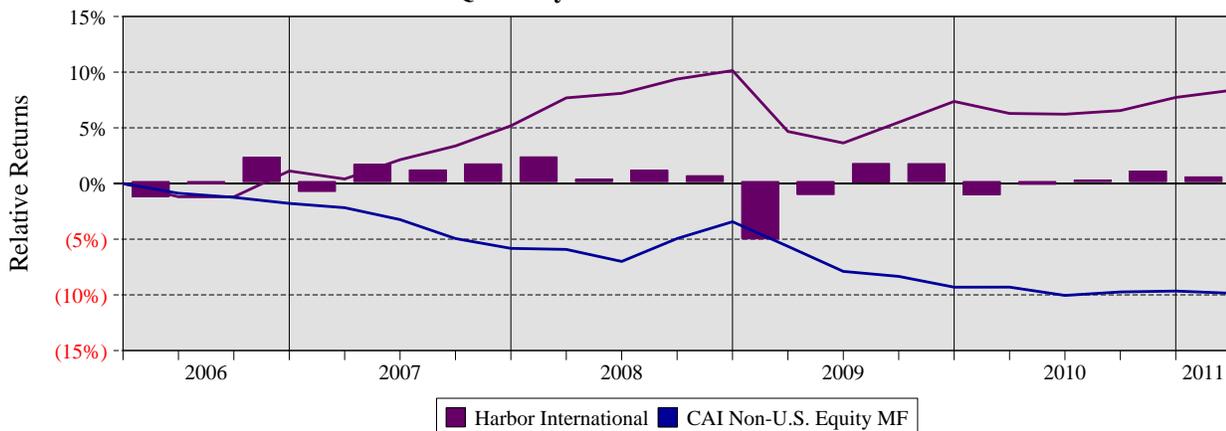
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

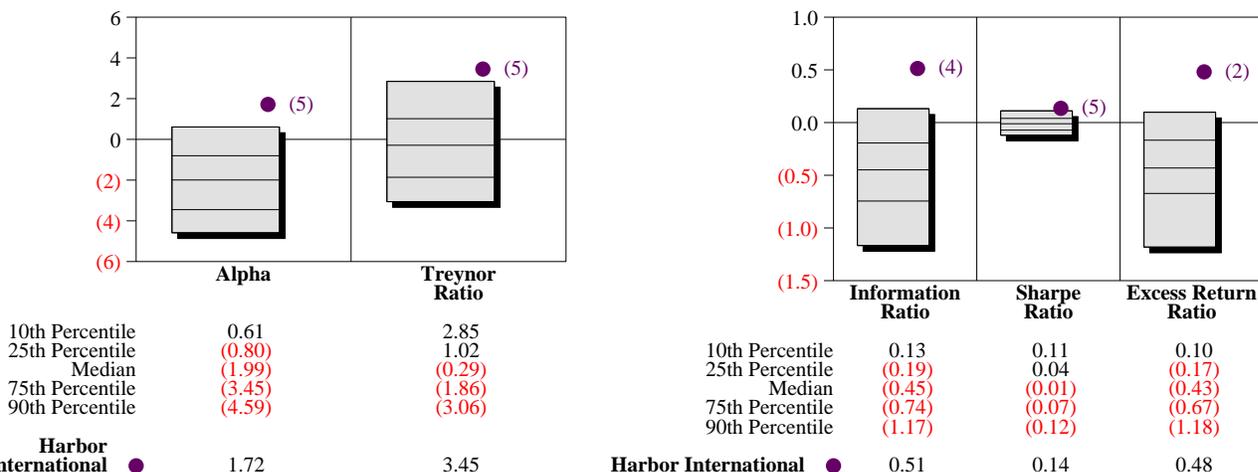
#### Performance vs CAI MF - Non-US Equity Style (Net)



#### Cumulative and Quarterly Relative Return vs MSCI ACWI ex-US Index



#### Risk Adjusted Return Measures vs MSCI ACWI ex-US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2011



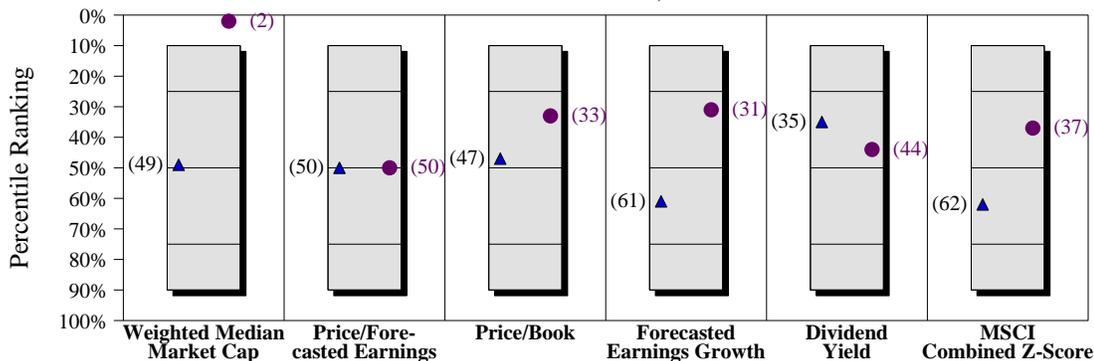
# HARBOR INTERNATIONAL EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

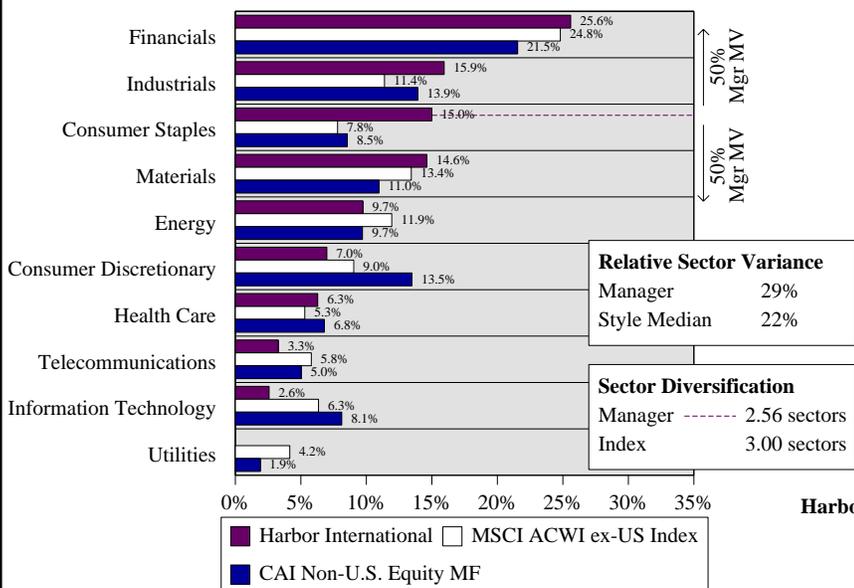
**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Non-US Equity Style  
as of March 31, 2011



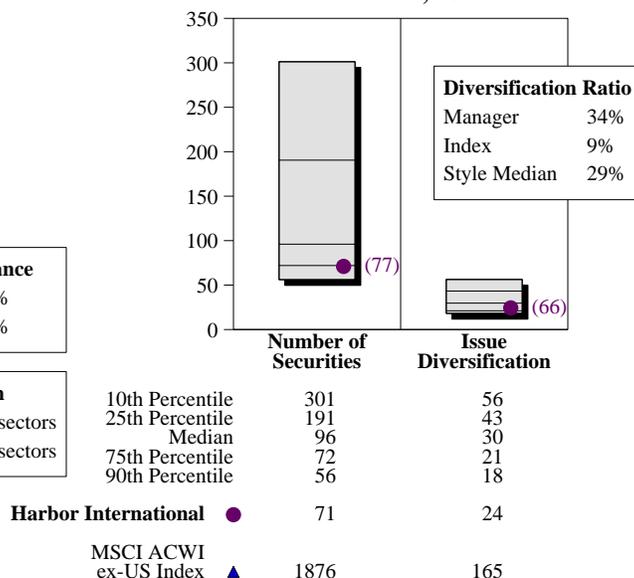
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2011



**Diversification**  
March 31, 2011



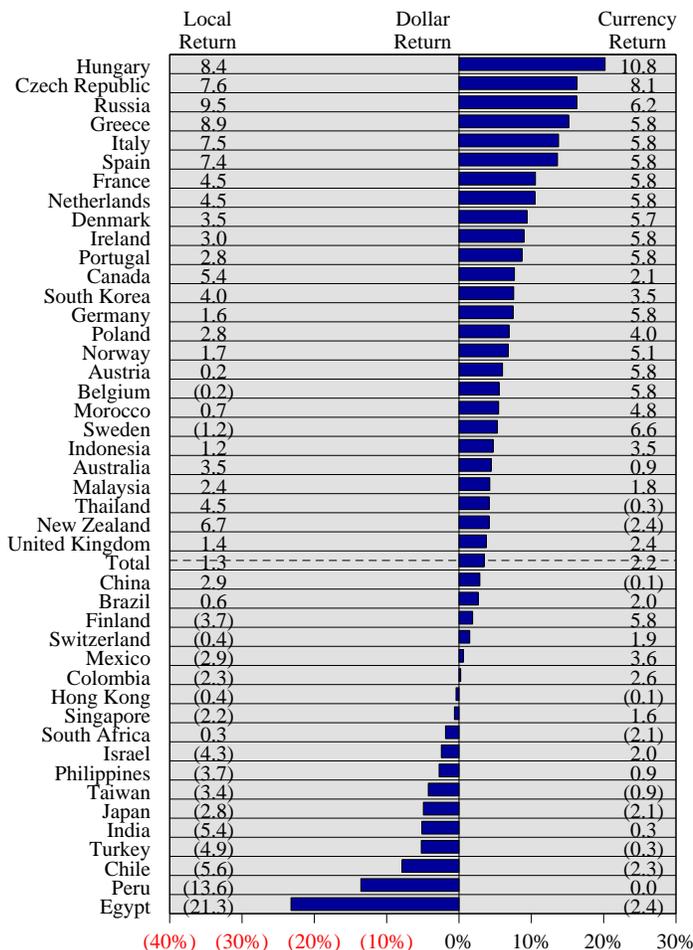
# HARBOR INTERNATIONAL VS MSCI ACWI EX-US INDEX ATTRIBUTION FOR QUARTER ENDED MARCH 31, 2011



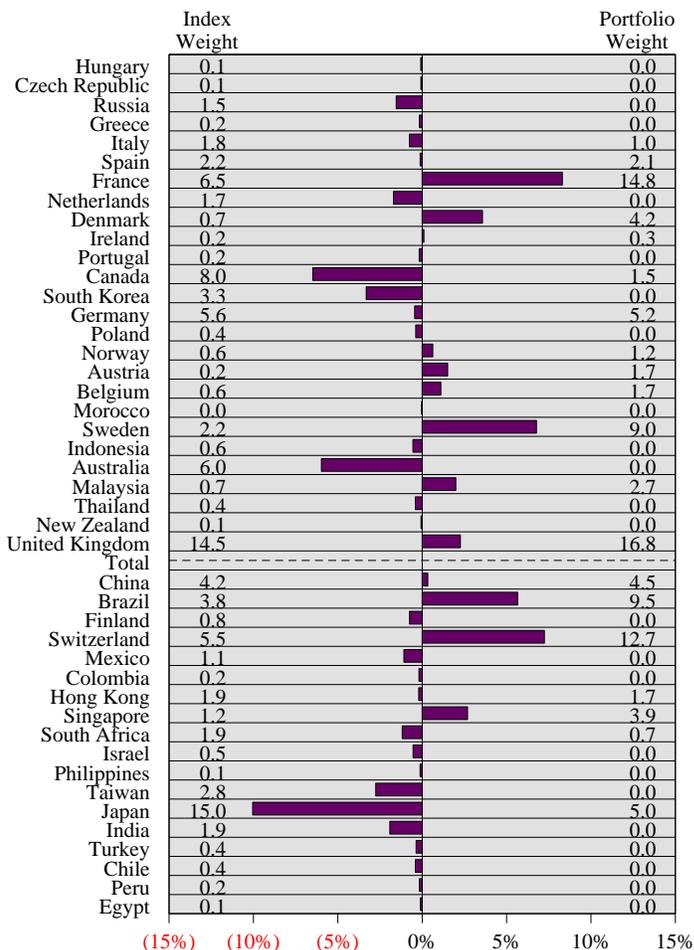
## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.

### Index Returns by Country



### Beginning Relative Weights (Portfolio - Index)



### Attribution Factors for Quarter Ended March 31, 2011



# COLUMBIA ACORN INT'L PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Non-U.S. Equity Style mutual funds invest in only non-U.S. equity securities. This style group excludes regional and index funds.

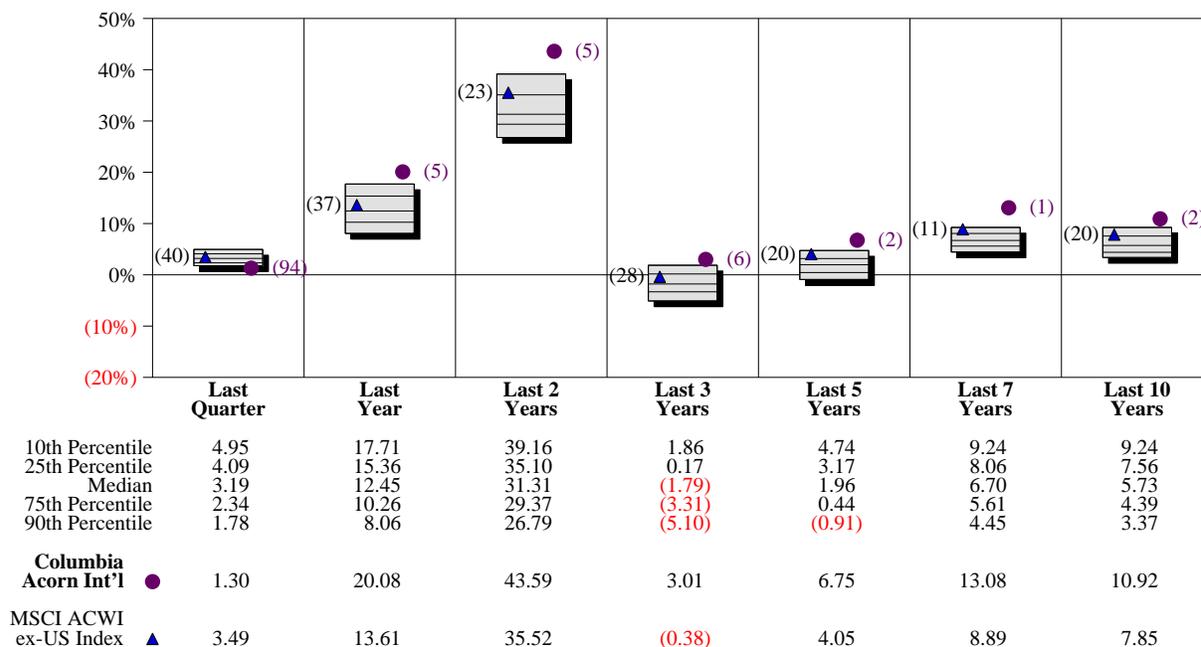
## Quarterly Summary and Highlights

- Columbia Acorn Int'l's portfolio posted a 1.30% return for the quarter placing it in the 94 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 5 percentile for the last year.
- Columbia Acorn Int'l's portfolio underperformed the MSCI ACWI ex-US Index by 2.19% for the quarter and outperformed the MSCI ACWI ex-US Index for the year by 6.47%.

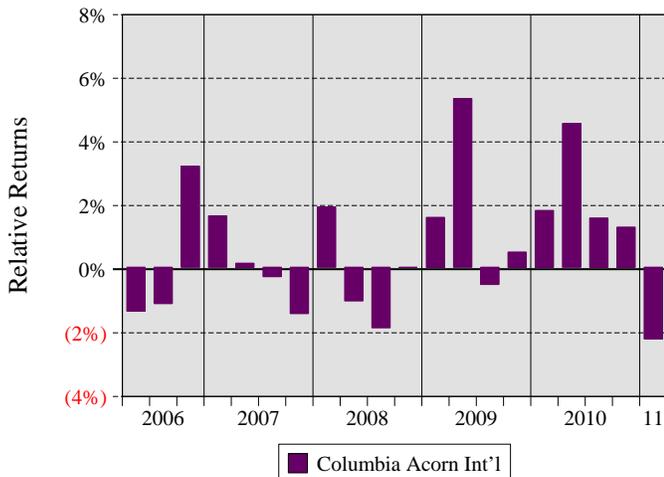
## Quarterly Asset Growth

Beginning Market Value	\$11,355,779
Net New Investment	\$-2,700,000
Investment Gains/(Losses)	\$146,430
Ending Market Value	\$8,802,209

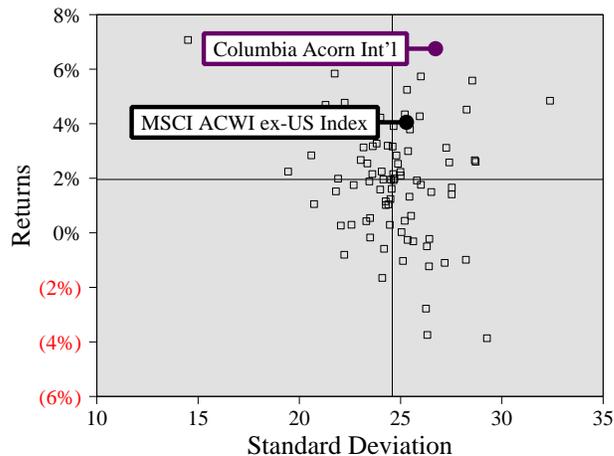
## Performance vs CAI MF - Non-US Equity Style (Net)



## Relative Return vs MSCI ACWI ex-US Index



## CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return



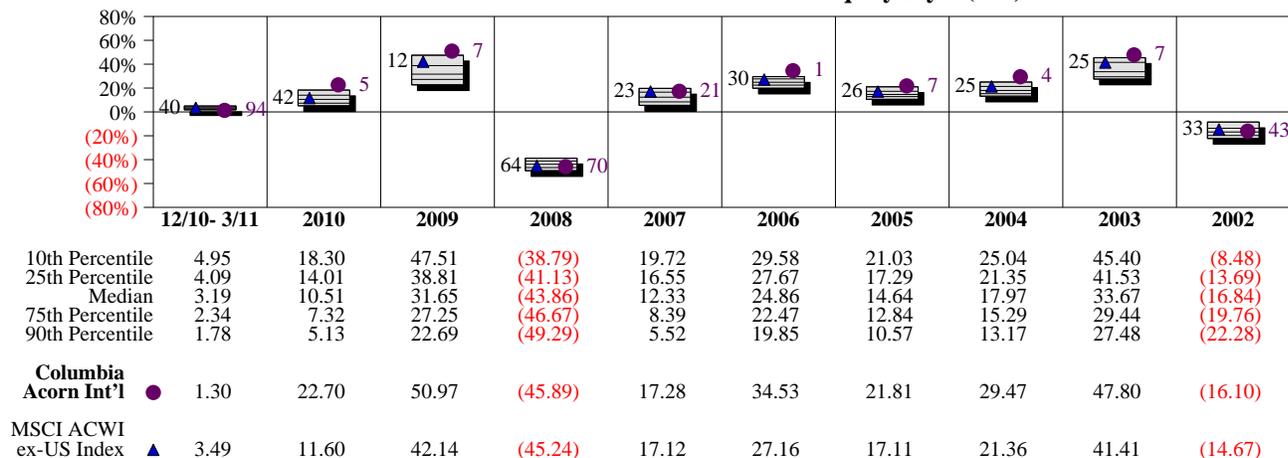


## COLUMBIA ACORN INT'L RETURN ANALYSIS SUMMARY

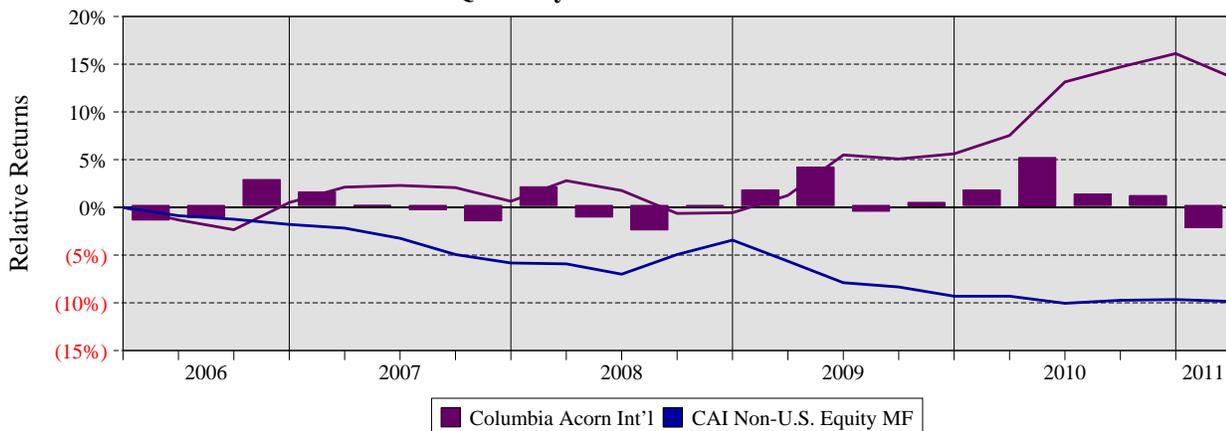
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

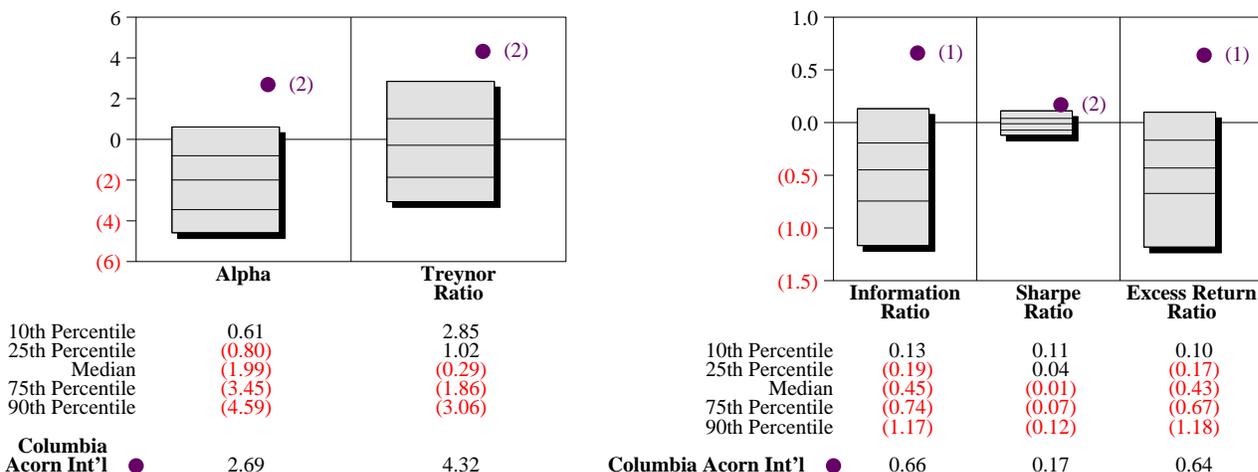
#### Performance vs CAI MF - Non-US Equity Style (Net)



#### Cumulative and Quarterly Relative Return vs MSCI ACWI ex-US Index



#### Risk Adjusted Return Measures vs MSCI ACWI ex-US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2011



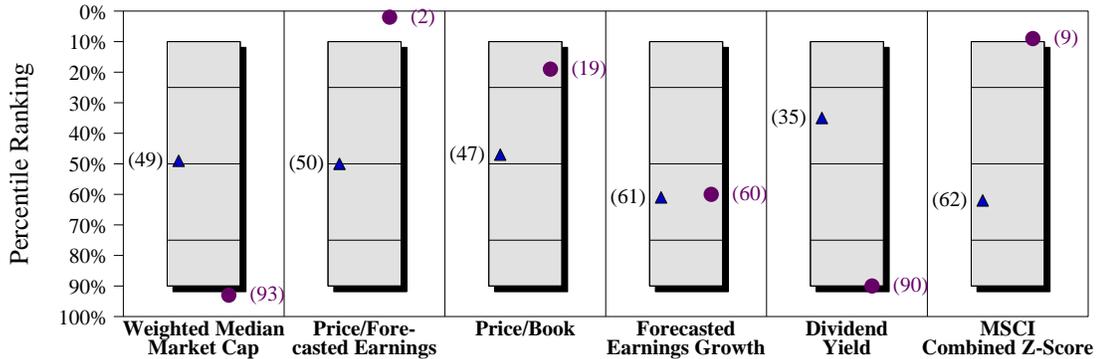
# COLUMBIA ACORN INT'L EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

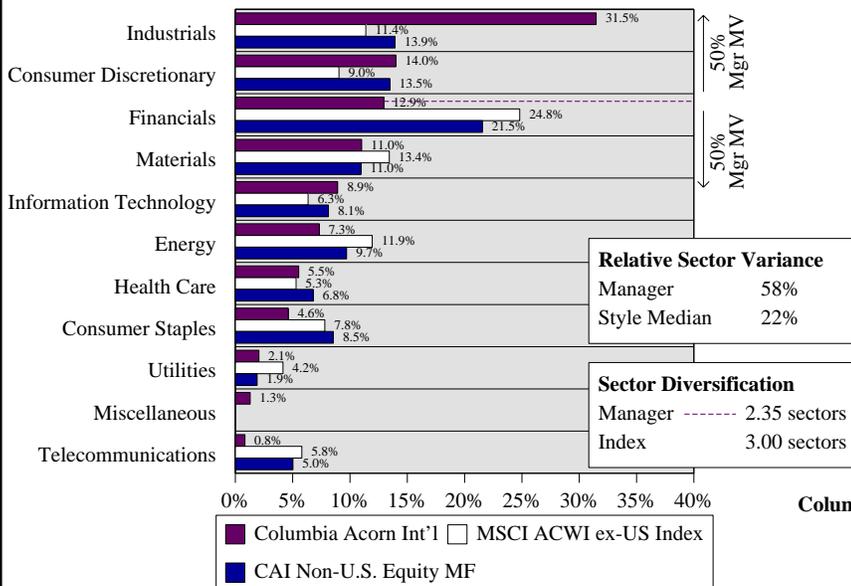
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI MF - Non-US Equity Style  
as of March 31, 2011**



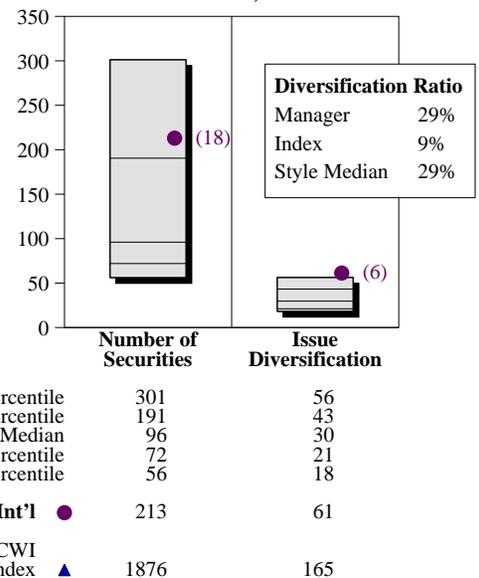
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2011**



**Diversification  
March 31, 2011**



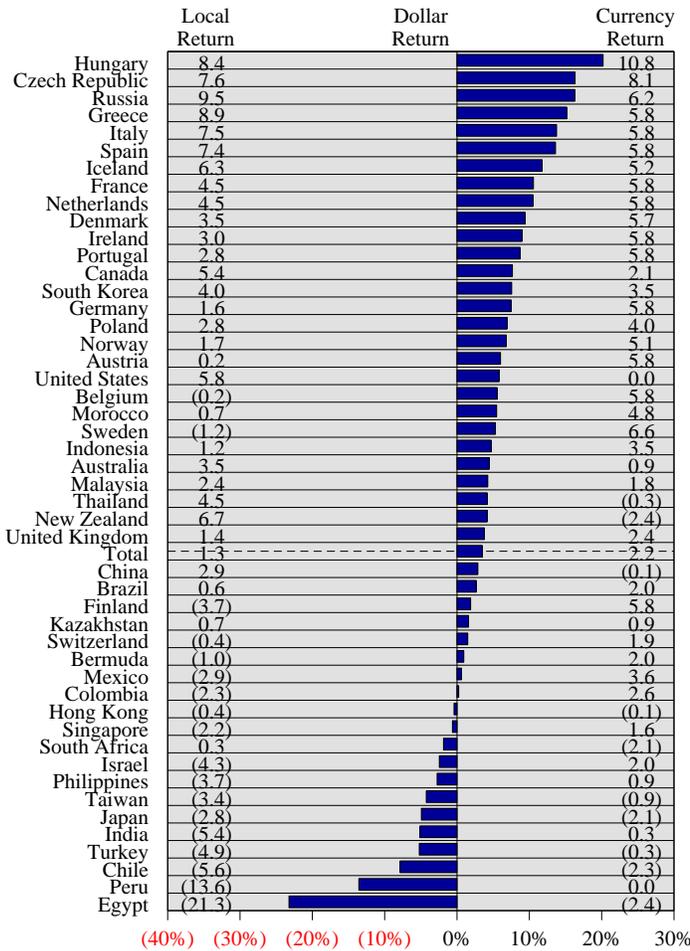
# COLUMBIA ACORN INT'L VS MSCI ACWI EX-US INDEX ATTRIBUTION FOR QUARTER ENDED MARCH 31, 2011



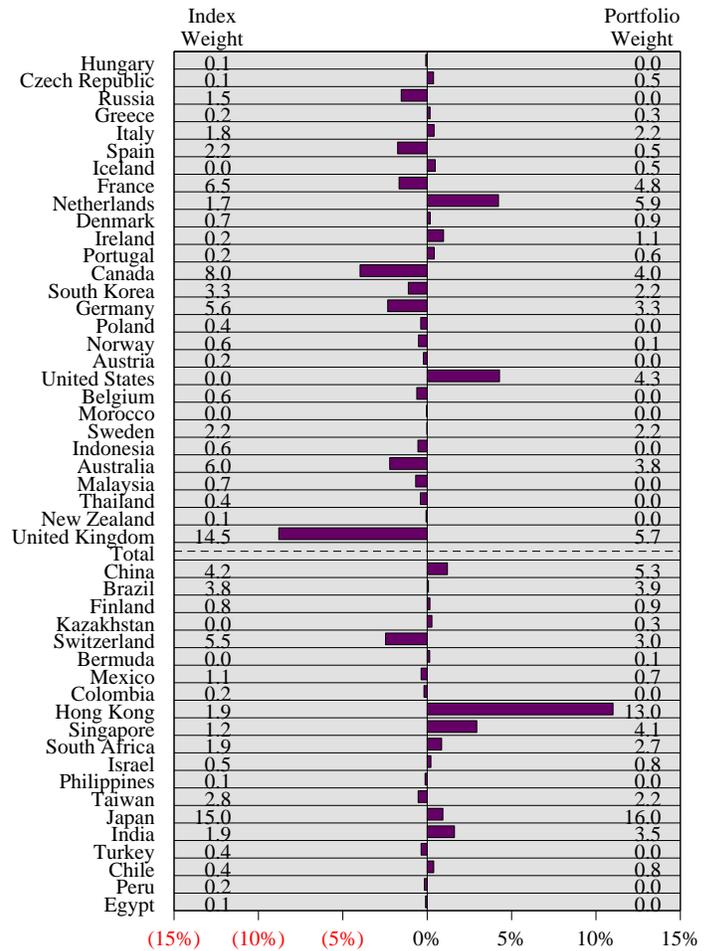
## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.

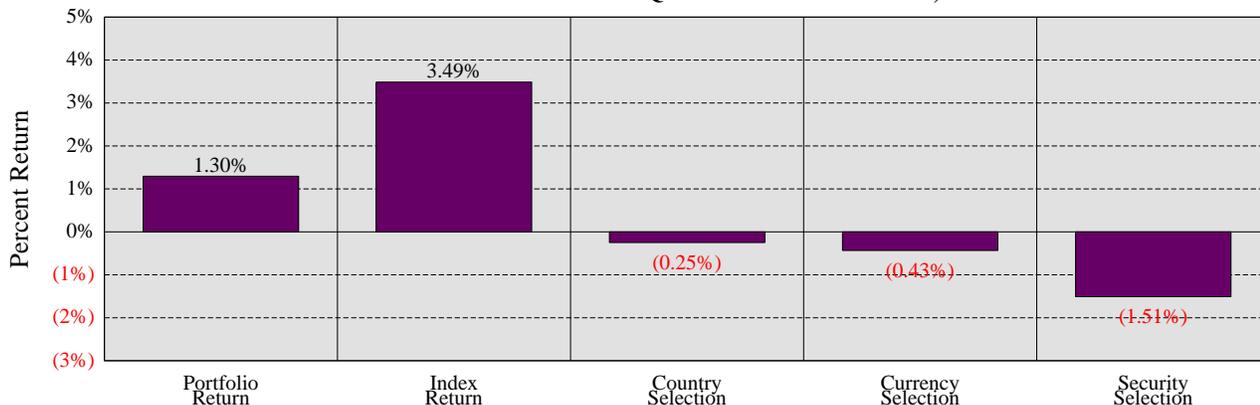
### Index Returns by Country



### Beginning Relative Weights (Portfolio - Index)



### Attribution Factors for Quarter Ended March 31, 2011



# JANUS OVERSEAS PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Janus' investment philosophy is based on the belief that the earnings growth of companies ultimately determines the valuation of their stock. They use fundamental analysis in order to understand the earnings potential of the companies in which they invest. Switched from Class J Shares to Class I Shares in December 2009.

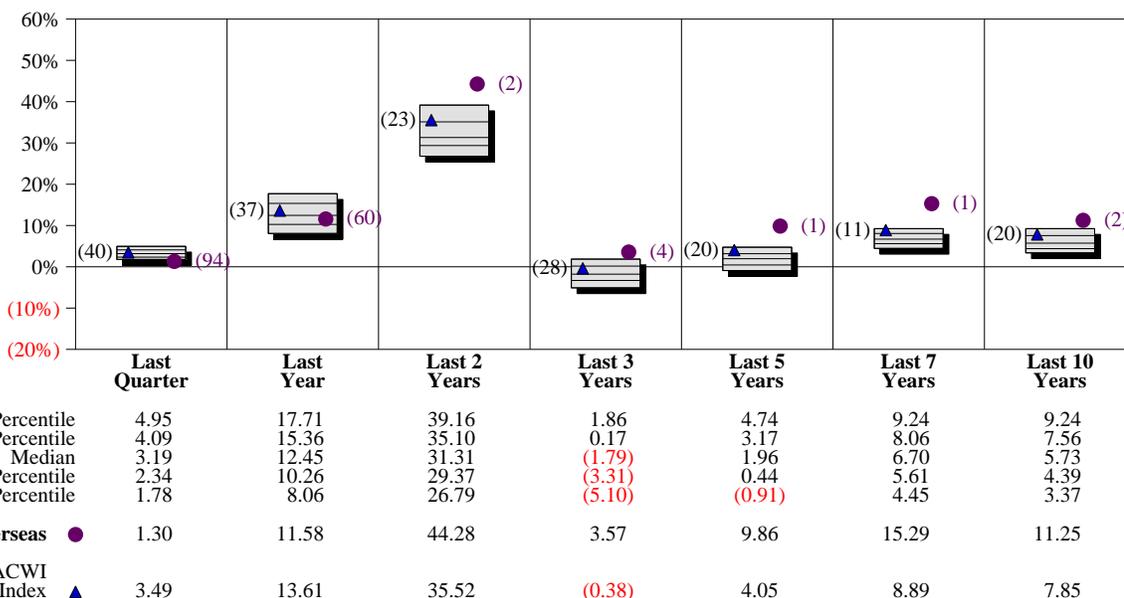
## Quarterly Summary and Highlights

- Janus Overseas's portfolio posted a 1.30% return for the quarter placing it in the 94 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 60 percentile for the last year.
- Janus Overseas's portfolio underperformed the MSCI ACWI ex-US Index by 2.19% for the quarter and underperformed the MSCI ACWI ex-US Index for the year by 2.03%.

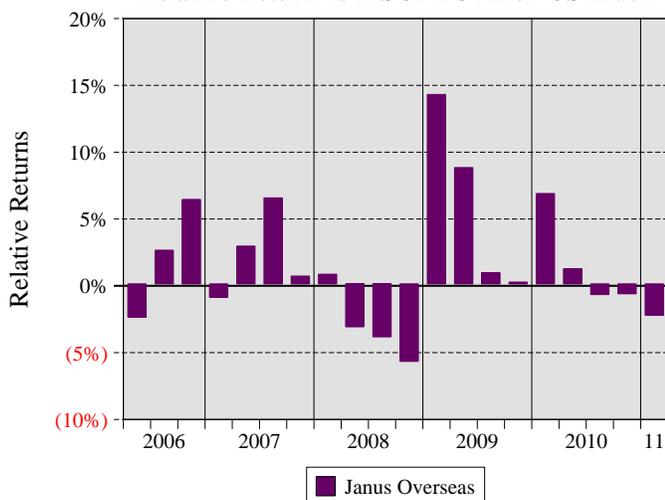
## Quarterly Asset Growth

Beginning Market Value	\$15,845,461
Net New Investment	\$0
Investment Gains/(Losses)	\$206,232
Ending Market Value	\$16,051,692

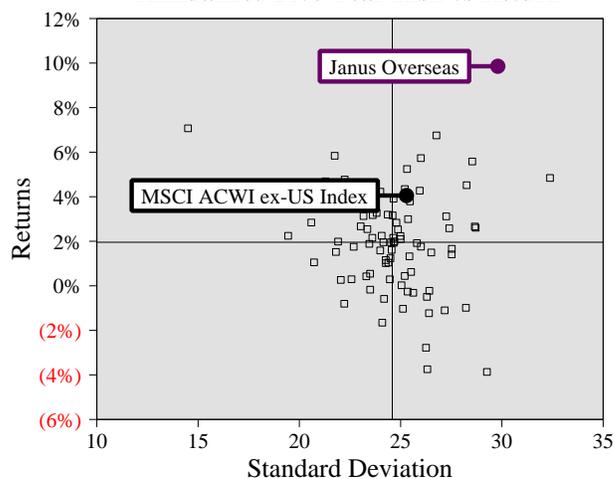
## Performance vs CAI MF - Non-US Equity Style (Net)



## Relative Return vs MSCI ACWI ex-US Index



## CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return



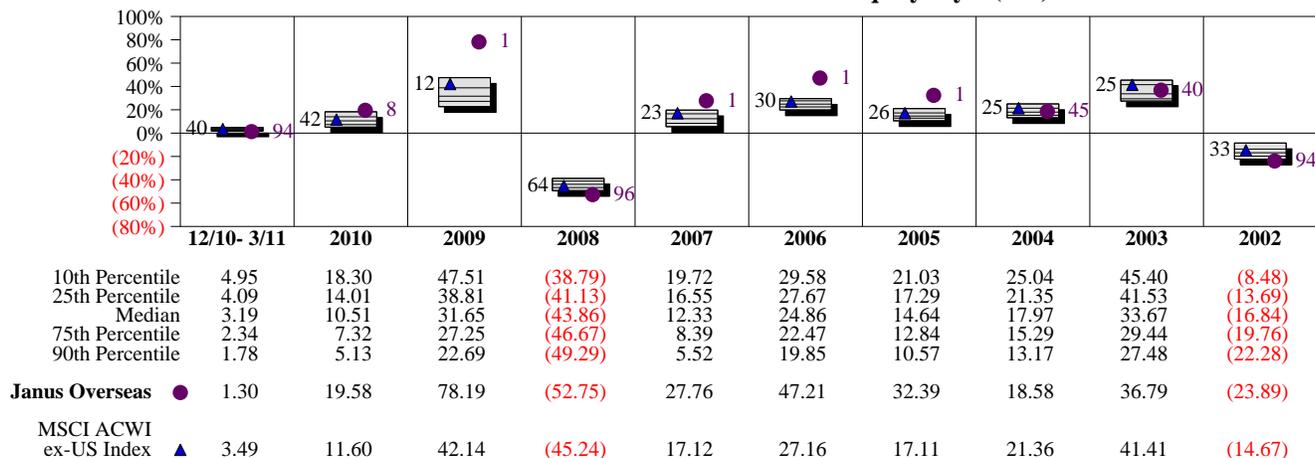


## JANUS OVERSEAS RETURN ANALYSIS SUMMARY

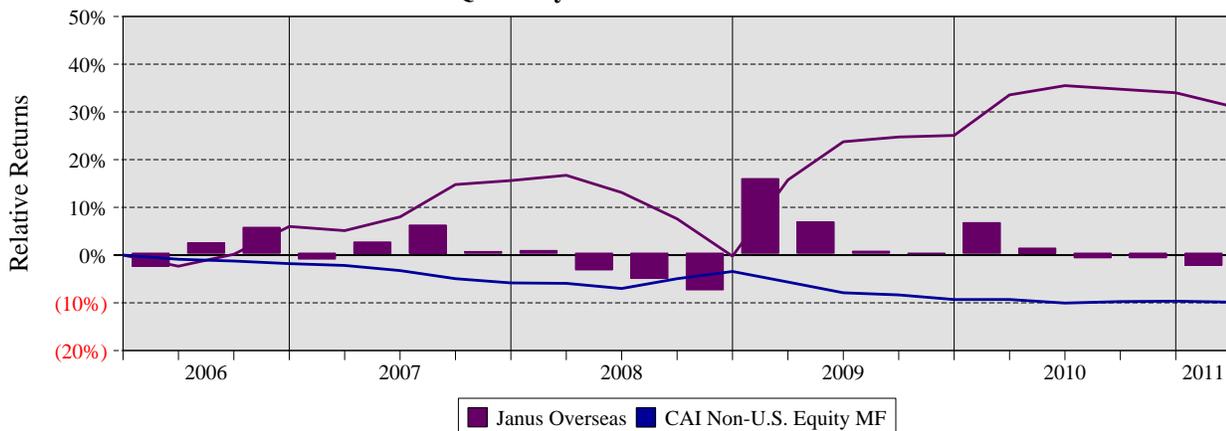
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

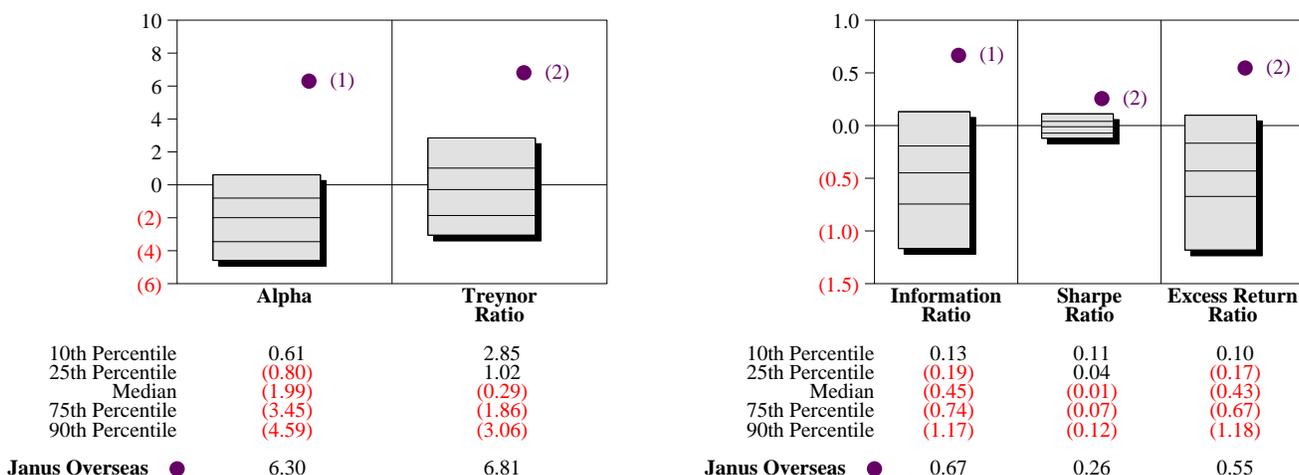
#### Performance vs CAI MF - Non-US Equity Style (Net)



#### Cumulative and Quarterly Relative Return vs MSCI ACWI ex-US Index



#### Risk Adjusted Return Measures vs MSCI ACWI ex-US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2011



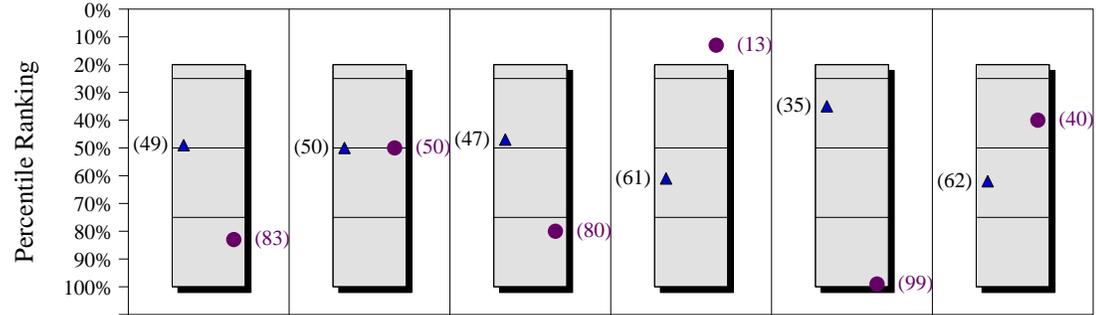


# JANUS OVERSEAS EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Non-US Equity Style  
as of March 31, 2011

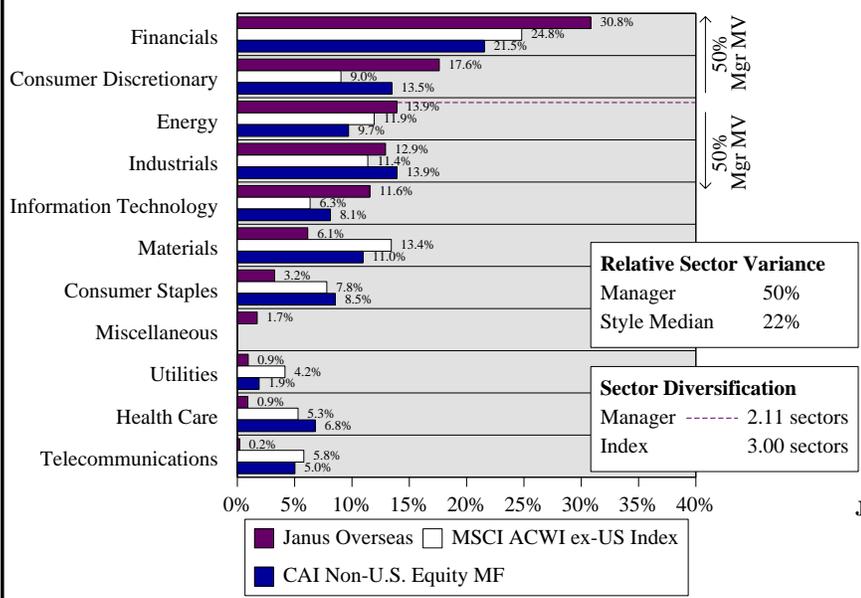


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	43.30	13.72	2.24	19.37	3.30	0.64
25th Percentile	36.90	12.66	2.00	17.43	3.00	0.46
Median	30.59	11.54	1.60	15.66	2.53	0.11
75th Percentile	25.29	10.69	1.46	13.95	2.10	(0.22)
90th Percentile	7.77	10.13	1.16	12.05	1.86	(0.51)
<b>Janus Overseas</b> ●	19.32	11.50	1.44	18.95	1.34	0.24
MSCI ACWI ex-US Index ▲	30.87	11.48	1.65	14.98	2.83	(0.01)

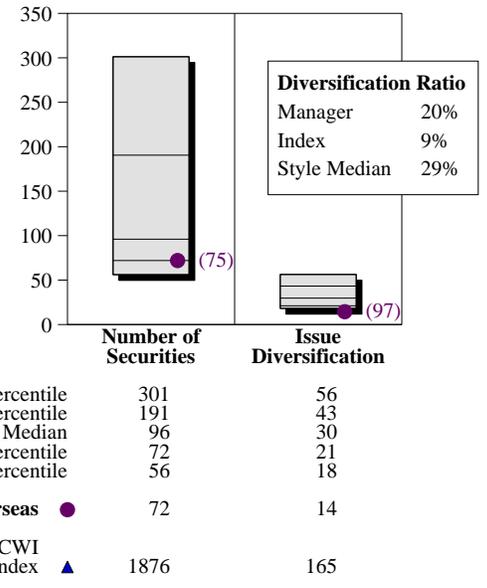
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2011



**Diversification**  
March 31, 2011



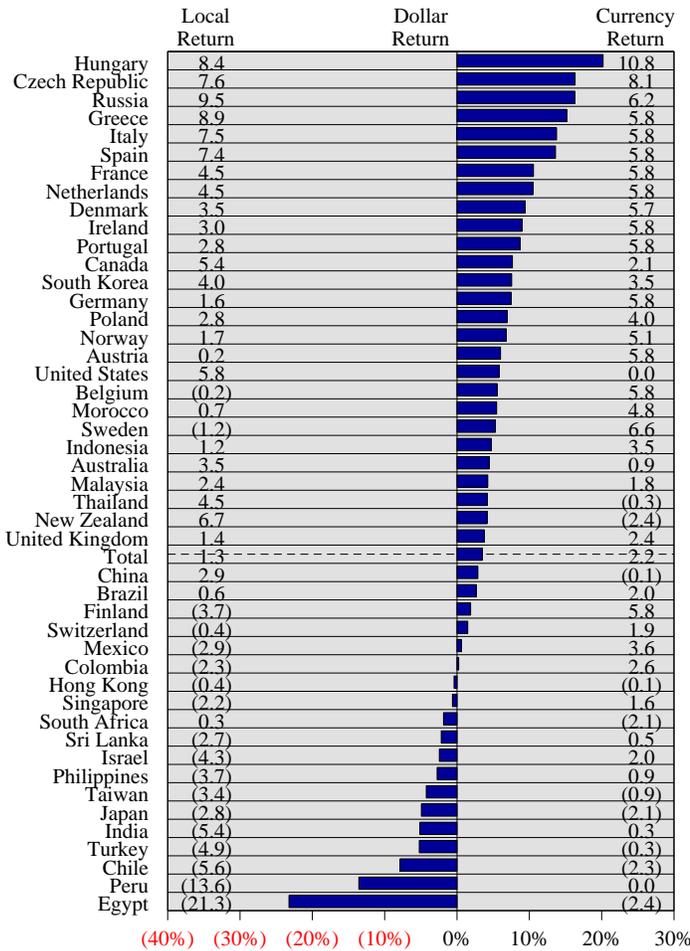
# JANUS OVERSEAS VS MSCI ACWI EX-US INDEX ATTRIBUTION FOR QUARTER ENDED MARCH 31, 2011



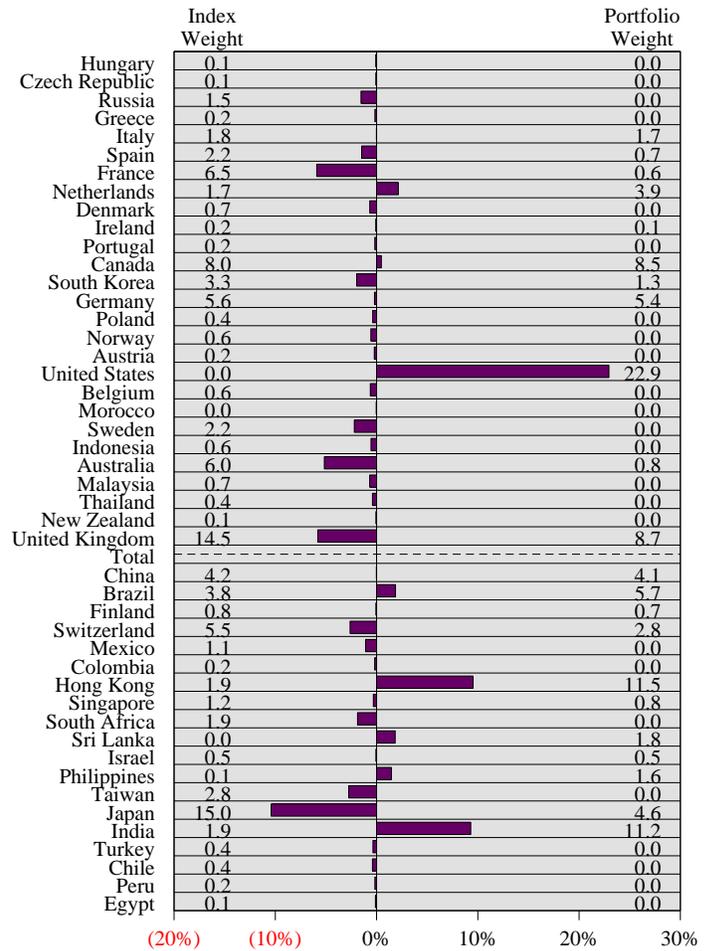
## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.

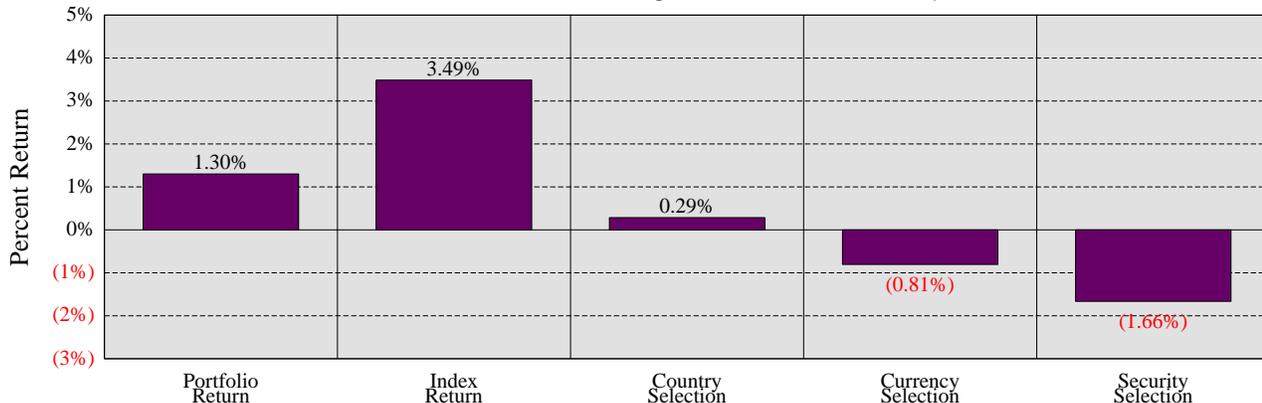
### Index Returns by Country



### Beginning Relative Weights (Portfolio - Index)



### Attribution Factors for Quarter Ended March 31, 2011



# OAKMARK INTERNATIONAL PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Harris believes that superior, long-term results are achieved through investing as owners in quality companies that can be purchased at a significant discount to their true economic value. They search for international stocks in both established and emerging markets seeking quality companies that are selling at a substantial discount to their true value.

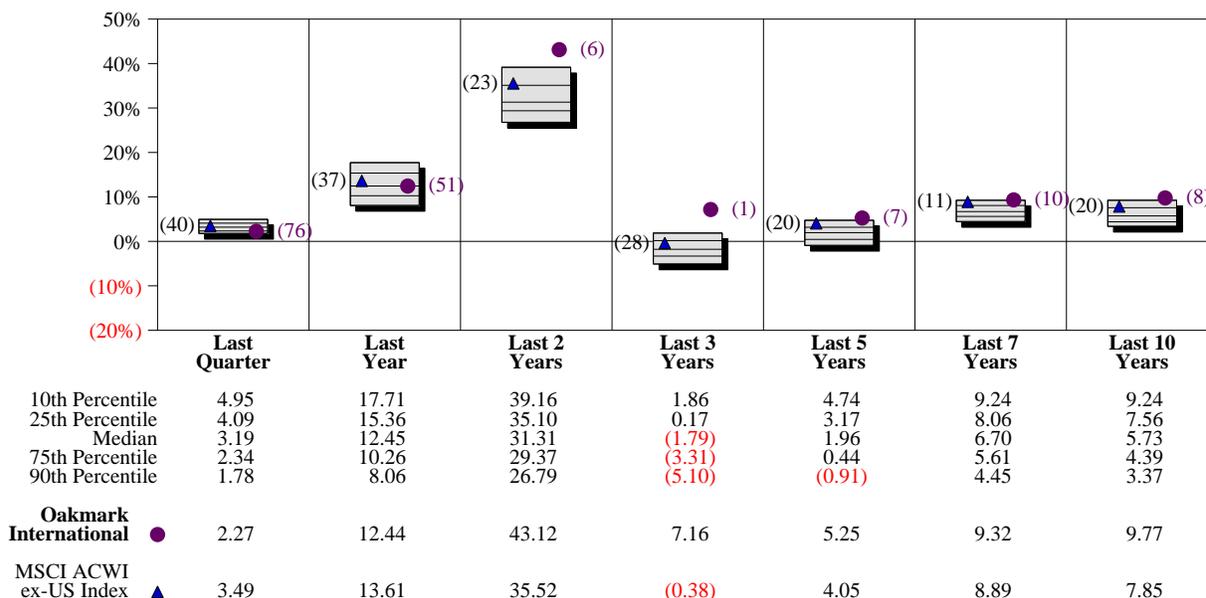
## Quarterly Summary and Highlights

- Oakmark International's portfolio posted a 2.27% return for the quarter placing it in the 76 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 51 percentile for the last year.
- Oakmark International's portfolio underperformed the MSCI ACWI ex-US Index by 1.22% for the quarter and underperformed the MSCI ACWI ex-US Index for the year by 1.17%.

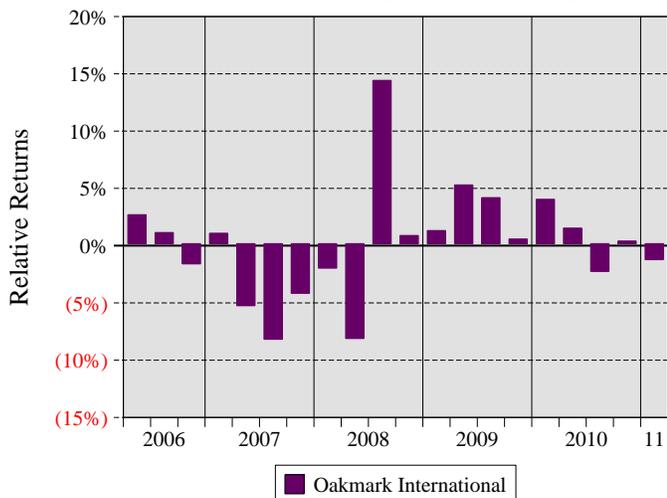
## Quarterly Asset Growth

Beginning Market Value	\$12,919,696
Net New Investment	\$0
Investment Gains/(Losses)	\$292,873
Ending Market Value	\$13,212,569

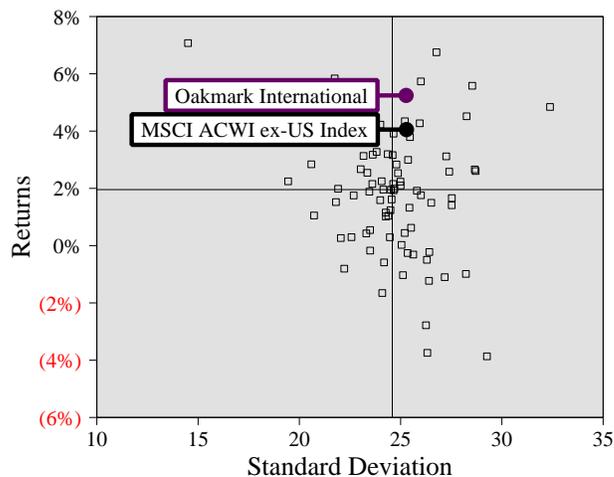
## Performance vs CAI MF - Non-US Equity Style (Net)



## Relative Return vs MSCI ACWI ex-US Index



## CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return



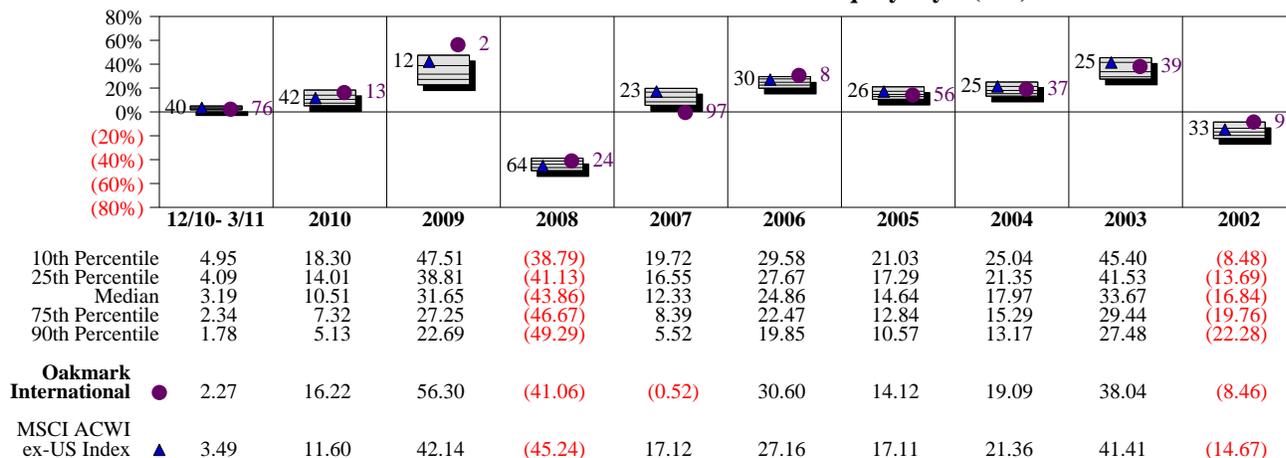
# OAKMARK INTERNATIONAL RETURN ANALYSIS SUMMARY



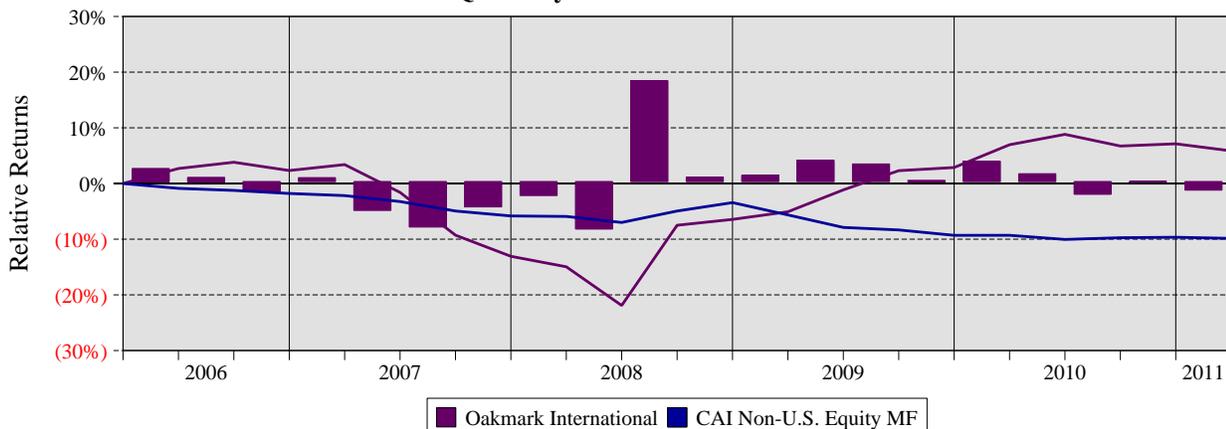
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

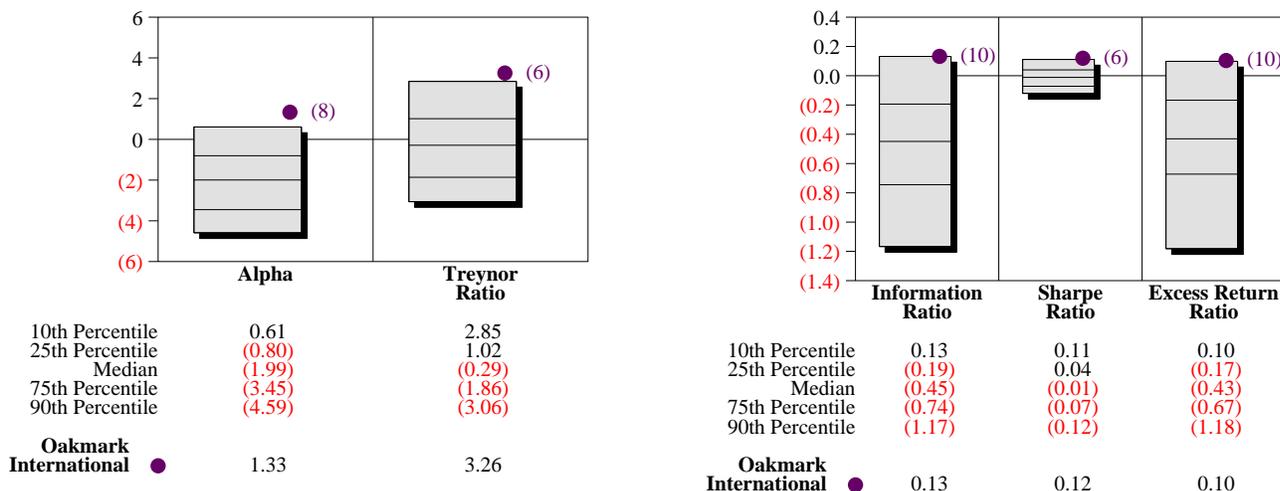
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWI ex-US Index



### Risk Adjusted Return Measures vs MSCI ACWI ex-US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2011



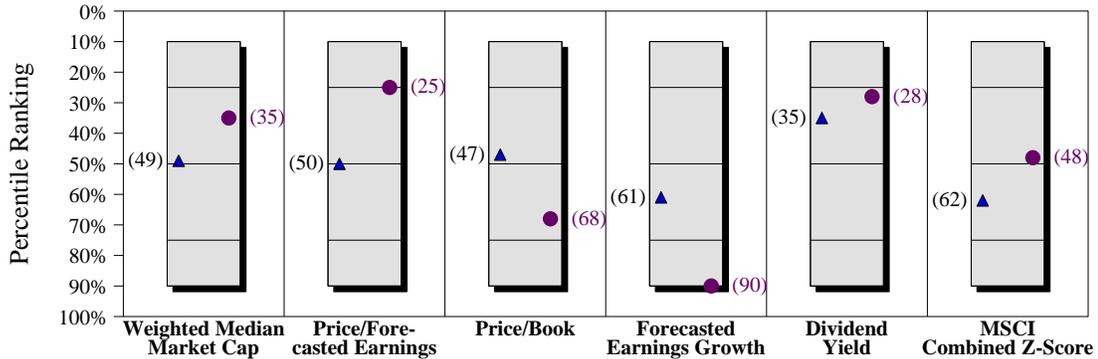
# OAKMARK INTERNATIONAL EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

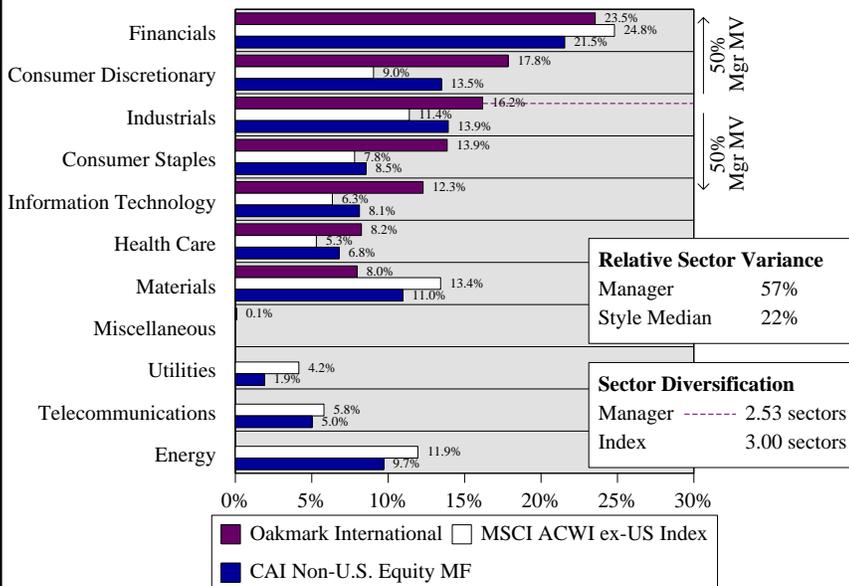
**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI MF - Non-US Equity Style  
as of March 31, 2011



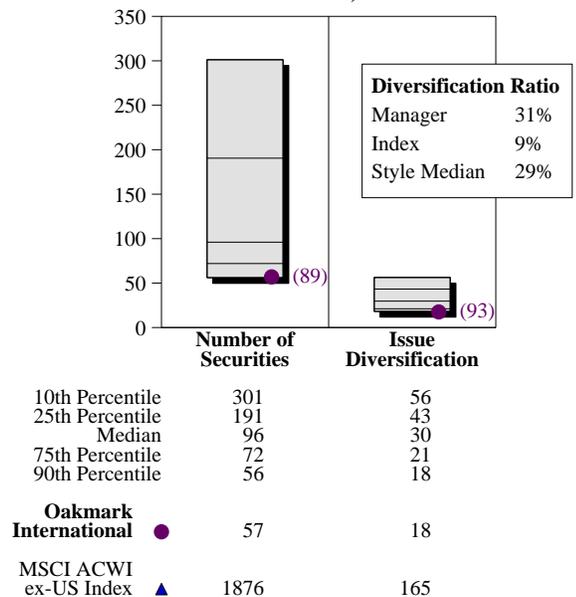
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2011



**Diversification**  
March 31, 2011



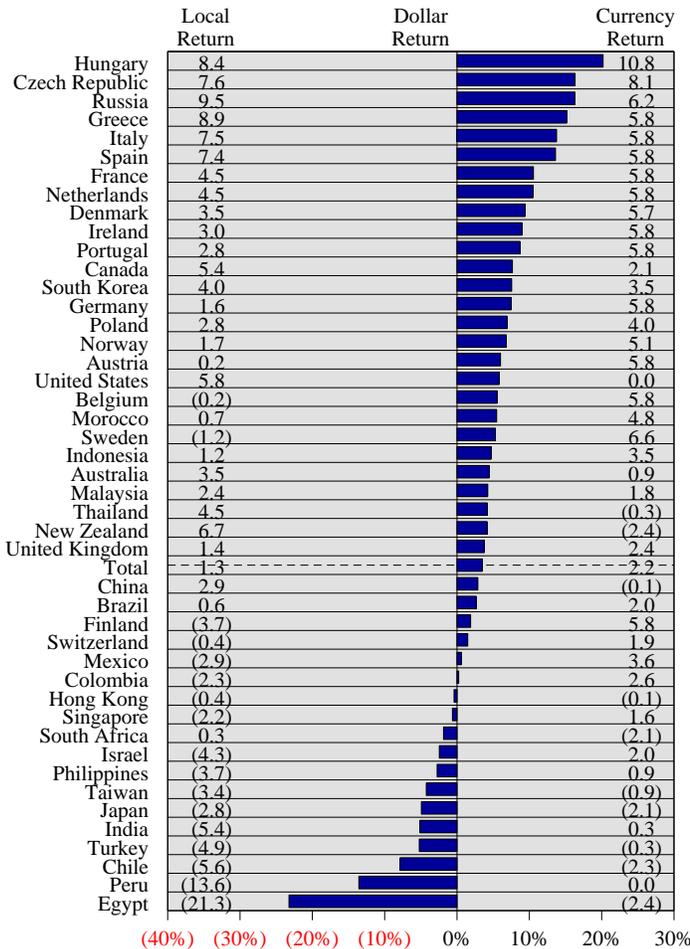
# OAKMARK INTERNATIONAL VS MSCI ACWI EX-US INDEX ATTRIBUTION FOR QUARTER ENDED MARCH 31, 2011



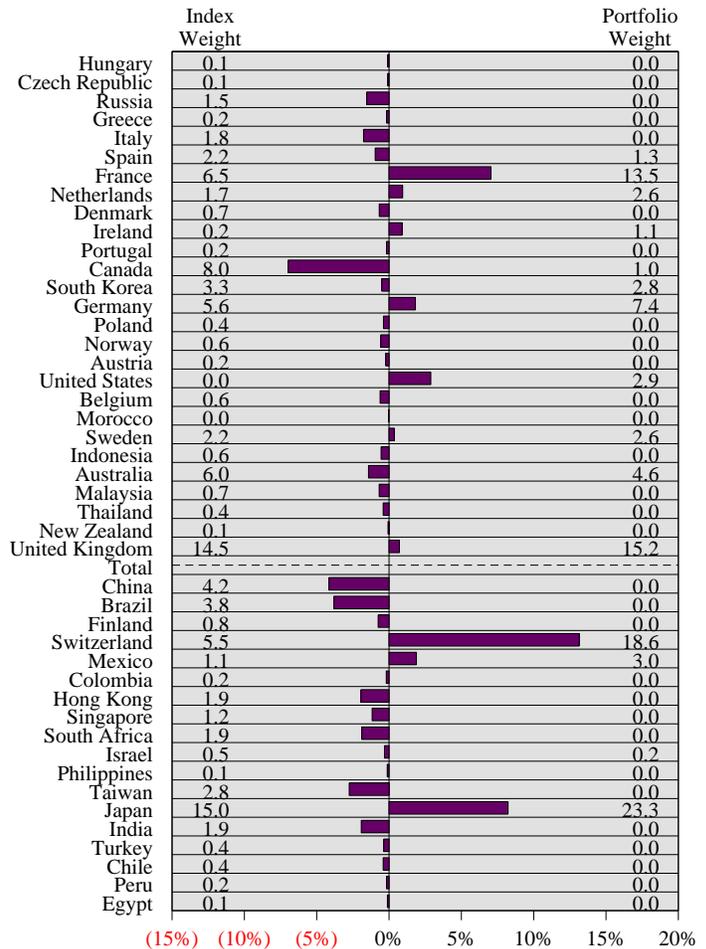
## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.

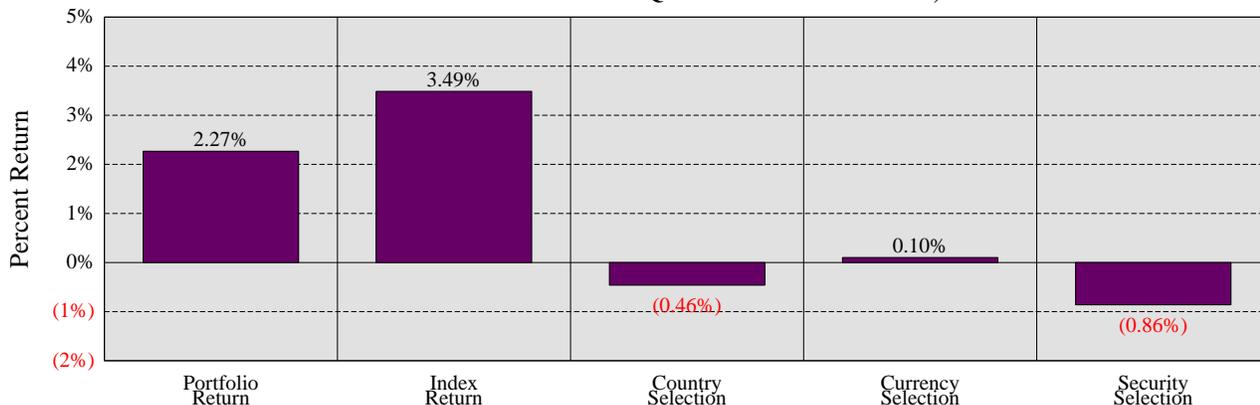
### Index Returns by Country



### Beginning Relative Weights (Portfolio - Index)



### Attribution Factors for Quarter Ended March 31, 2011







## DOMESTIC FIXED INCOME COMPOSITE PERIOD ENDED MARCH 31, 2011

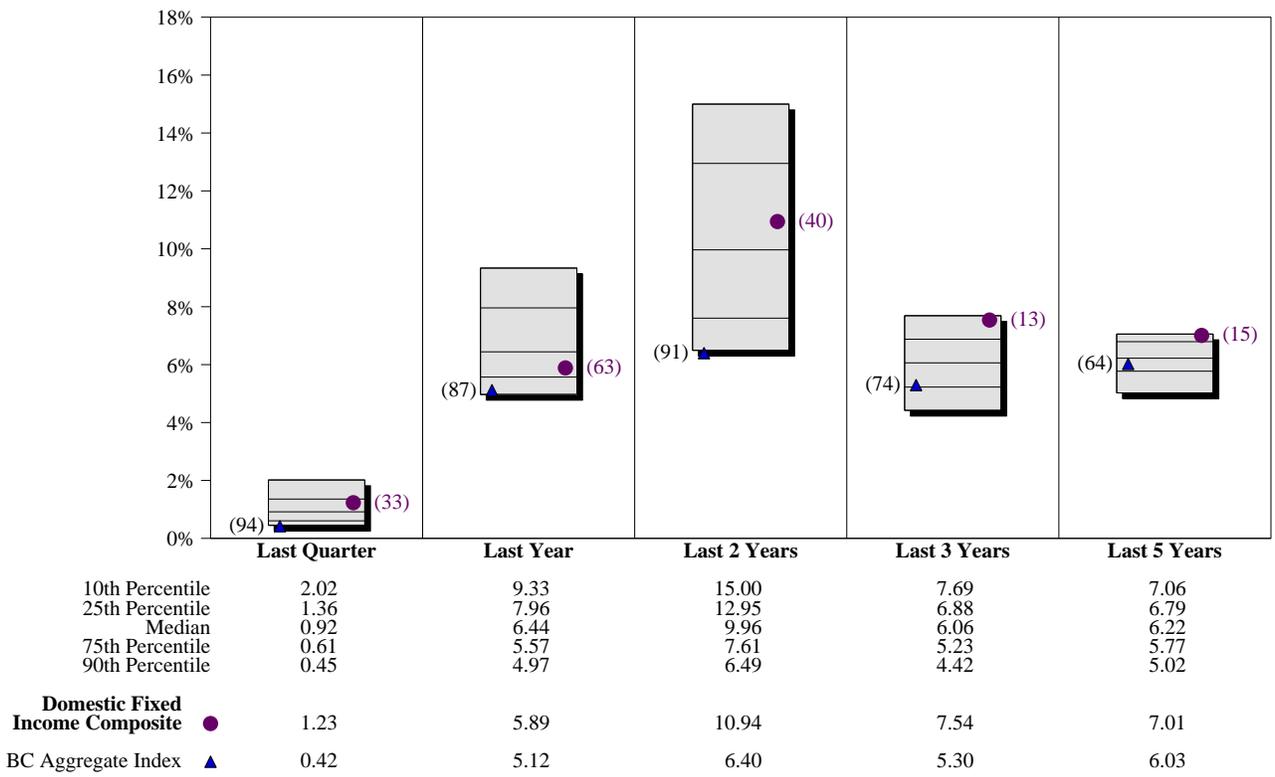
### Quarterly Summary and Highlights

- Domestic Fixed Income Composite's portfolio posted a 1.23% return for the quarter placing it in the 33 percentile of the Public Fund - Domestic Fixed group for the quarter and in the 63 percentile for the last year.
- Domestic Fixed Income Composite's portfolio outperformed the BC Aggregate Index by 0.81% for the quarter and outperformed the BC Aggregate Index for the year by 0.77%.

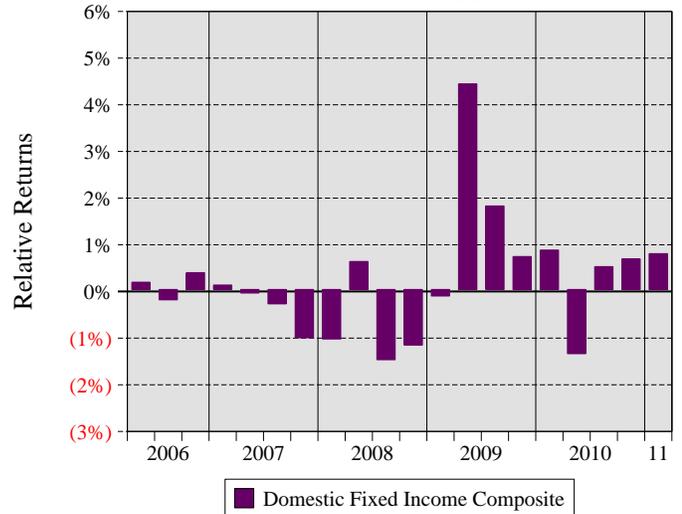
### Quarterly Asset Growth

Beginning Market Value	\$95,177,878
Net New Investment	\$-402,587
Investment Gains/(Losses)	\$1,166,828
Ending Market Value	\$95,942,119

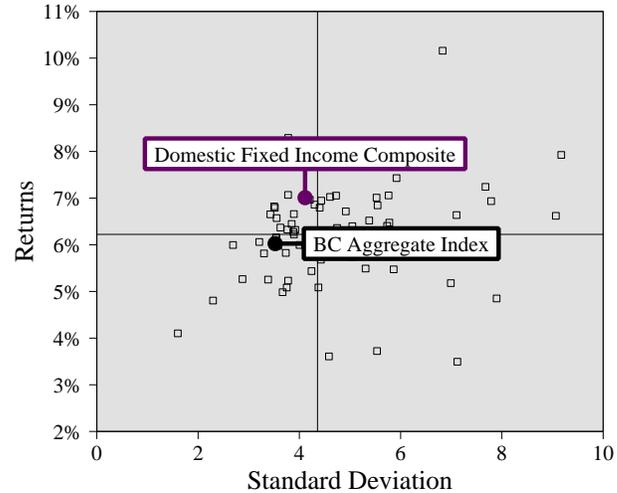
### Performance vs Public Fund - Domestic Fixed (Gross)



### Relative Return vs BC Aggregate Index



### Public Fund - Domestic Fixed (Gross) Annualized Five Year Risk vs Return



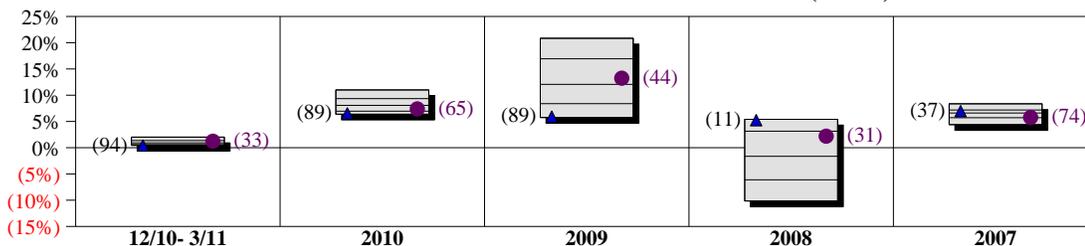
# DOMESTIC FIXED INCOME COMPOSITE RETURN ANALYSIS SUMMARY



## Return Analysis

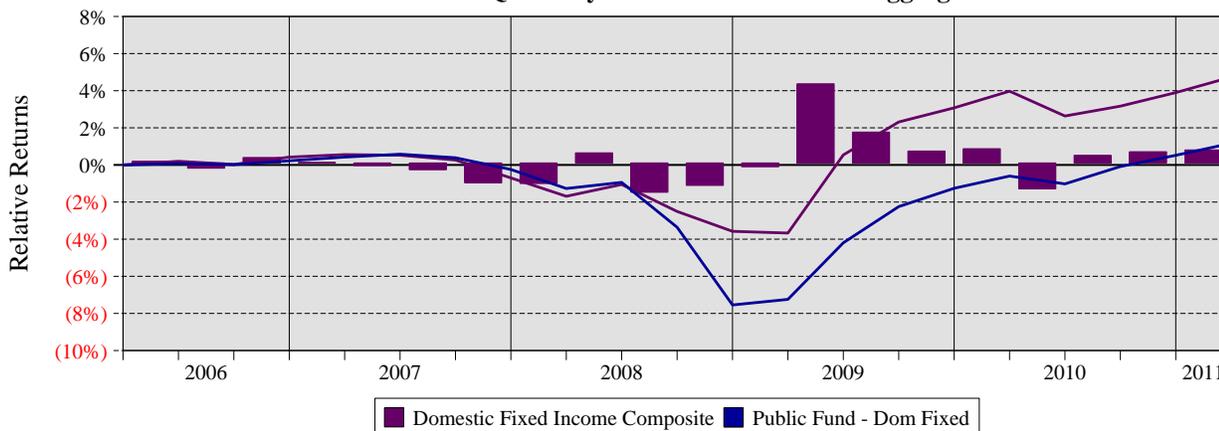
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

### Performance vs Public Fund - Domestic Fixed (Gross)

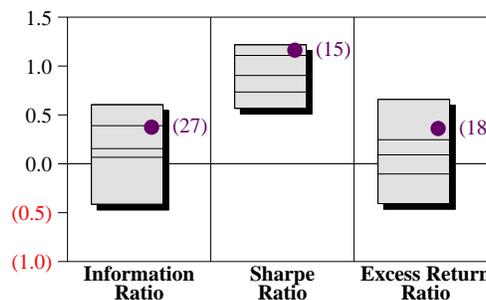
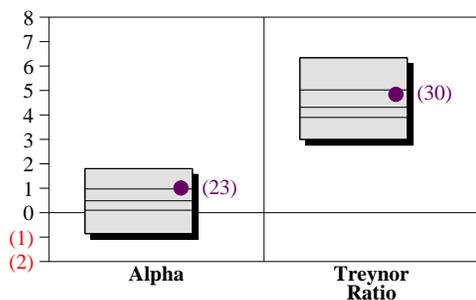


10th Percentile	2.02	11.01	20.84	5.41	8.36
25th Percentile	1.36	9.35	16.94	3.14	7.18
Median	0.92	8.06	12.07	(1.64)	6.61
75th Percentile	0.61	6.95	8.39	(6.11)	5.71
90th Percentile	0.45	6.37	5.75	(10.14)	4.39
<b>Domestic Fixed Income Composite</b>	<b>1.23</b>	<b>7.39</b>	<b>13.24</b>	<b>2.19</b>	<b>5.77</b>
<b>BC Aggregate Index</b>	<b>0.42</b>	<b>6.54</b>	<b>5.93</b>	<b>5.24</b>	<b>6.97</b>

### Cumulative and Quarterly Relative Return vs BC Aggregate Index



### Risk Adjusted Return Measures vs BC Aggregate Index Rankings Against Public Fund - Domestic Fixed (Gross) Five Years Ended March 31, 2011



10th Percentile	1.80	6.34	10th Percentile	0.60	1.22	0.66
25th Percentile	0.97	5.02	25th Percentile	0.39	1.11	0.25
Median	0.49	4.31	Median	0.16	0.90	0.09
75th Percentile	0.10	3.90	75th Percentile	0.07	0.73	(0.10)
90th Percentile	(0.86)	3.00	90th Percentile	(0.41)	0.57	(0.41)

<b>Domestic Fixed Income Composite</b>	<b>1.01</b>	<b>4.84</b>	<b>Domestic Fixed Income Composite</b>	<b>0.37</b>	<b>1.16</b>	<b>0.36</b>
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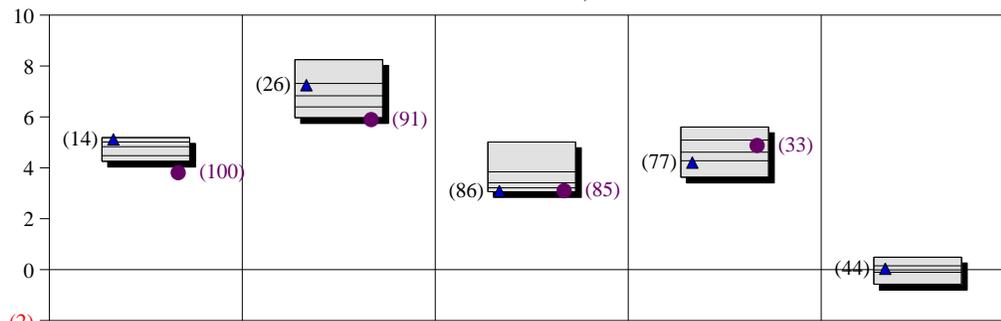
## DOMESTIC FIXED INCOME COMPOSITE BOND CHARACTERISTICS ANALYSIS SUMMARY



### Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Fixed-Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed-Inc Style as of March 31, 2011

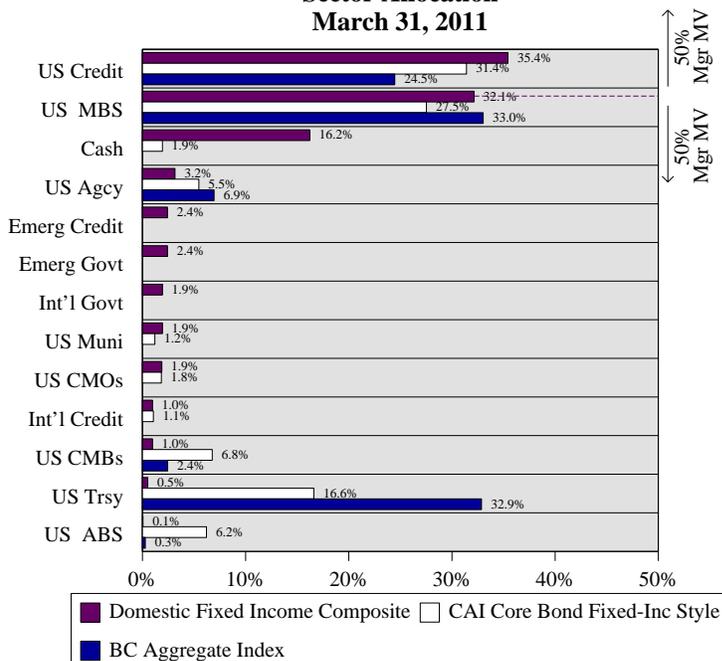


	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	5.19	8.25	5.01	5.60	0.49
25th Percentile	5.01	7.32	3.84	5.09	0.15
Median	4.83	6.83	3.41	4.62	(0.01)
75th Percentile	4.48	6.39	3.21	4.28	(0.10)
90th Percentile	4.25	5.97	3.06	3.63	(0.57)
<b>Domestic Fixed Income Composite</b> ●	3.81	5.89	3.10	4.88	-
<b>BC Aggregate Index</b> ▲	5.12	7.25	3.08	4.20	0.04

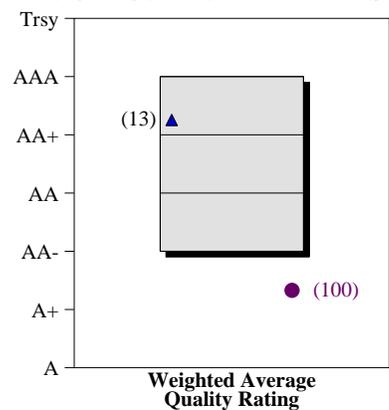
### Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

#### Sector Allocation March 31, 2011



#### Quality Ratings vs CAI Core Bond Fixed-Inc Style



10th Percentile	AAA
25th Percentile	AA+
Median	AA
75th Percentile	AA-
90th Percentile	AA-

<b>Domestic Fixed Income Composite</b> ●	A+
<b>BC Aggregate Index</b> ▲	AA+

# DODGE & COX INCOME PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

Dodge & Cox employs a bottom-up security selection process focusing on undervalued issues. The process aims to produce a high-quality, diversified portfolio with above-market returns over three-to-five year periods.

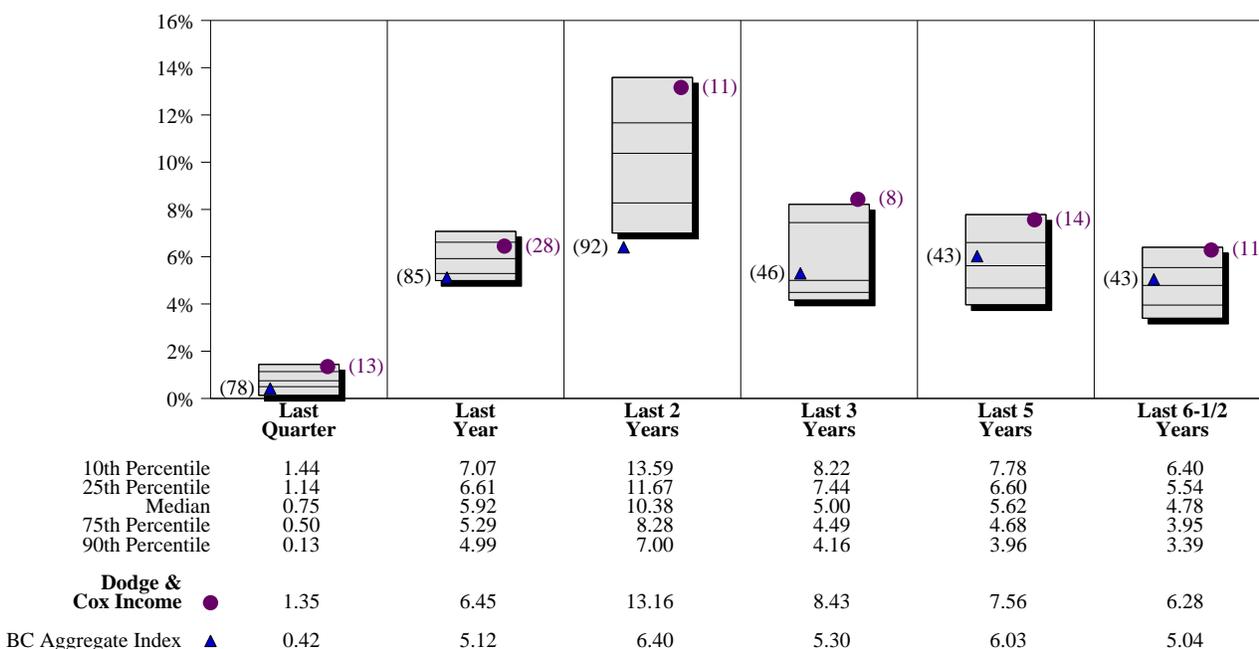
## Quarterly Summary and Highlights

- Dodge & Cox Income's portfolio posted a 1.35% return for the quarter placing it in the 13 percentile of the CAI MF - Core Bond Style group for the quarter and in the 28 percentile for the last year.
- Dodge & Cox Income's portfolio outperformed the BC Aggregate Index by 0.93% for the quarter and outperformed the BC Aggregate Index for the year by 1.33%.

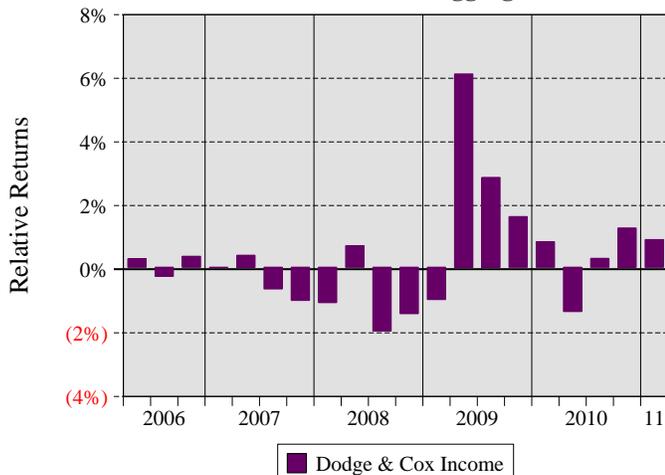
## Quarterly Asset Growth

Beginning Market Value	\$48,935,936
Net New Investment	\$0
Investment Gains/(Losses)	\$660,271
Ending Market Value	\$49,596,207

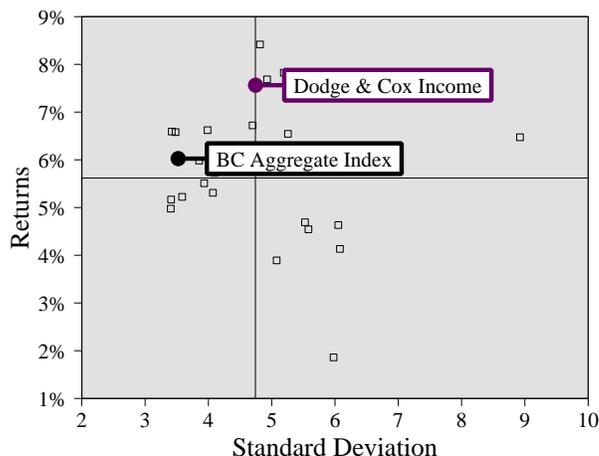
## Performance vs CAI MF - Core Bond Style (Net)



## Relative Return vs BC Aggregate Index



## CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return



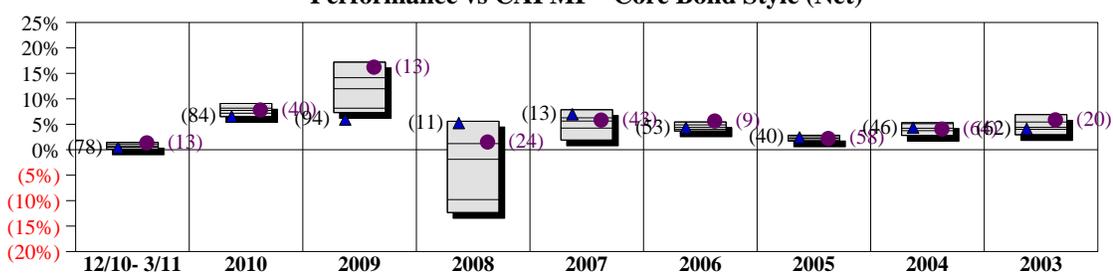


## DODGE & COX INCOME RETURN ANALYSIS SUMMARY

### Return Analysis

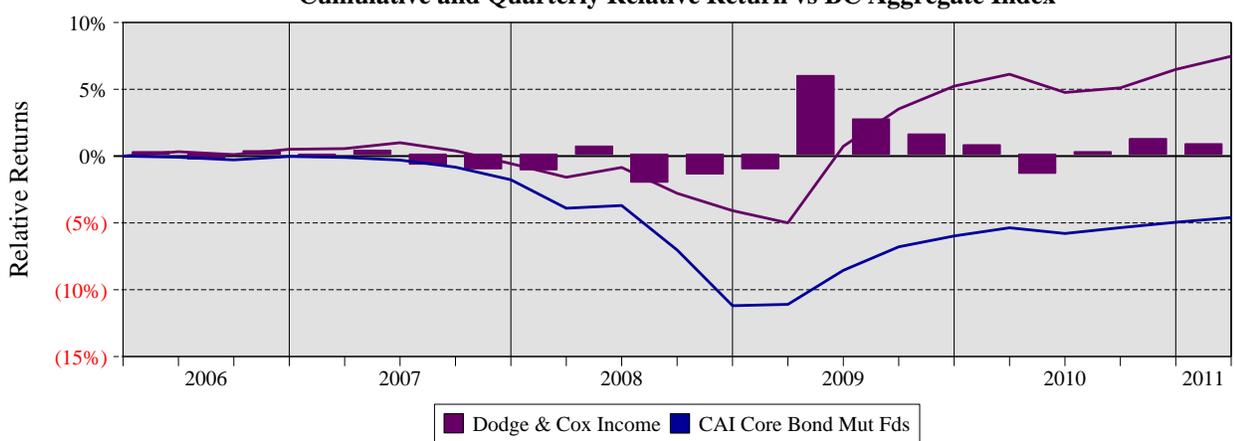
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

#### Performance vs CAI MF - Core Bond Style (Net)

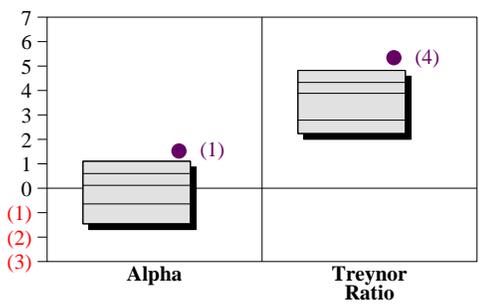


10th Percentile	1.44	9.09	17.21	5.59	7.86	5.45	2.85	5.30	6.90
25th Percentile	1.14	8.16	14.15	1.21	6.27	4.87	2.57	5.11	5.44
Median	0.75	7.73	11.98	(1.88)	5.63	4.38	2.24	4.22	4.41
75th Percentile	0.50	7.17	8.16	(9.80)	4.25	3.99	1.93	3.75	4.02
90th Percentile	0.13	6.49	7.29	(12.35)	1.90	3.67	1.70	2.81	2.94
<b>Dodge &amp; Cox Income</b>	● 1.35	7.81	16.22	1.51	5.83	5.64	2.21	4.06	5.87
<b>BC Aggregate Index</b>	▲ 0.42	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10

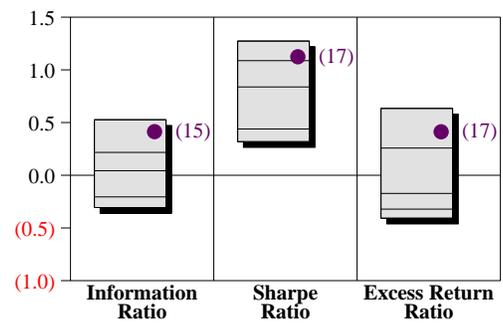
#### Cumulative and Quarterly Relative Return vs BC Aggregate Index



#### Risk Adjusted Return Measures vs BC Aggregate Index Rankings Against CAI MF - Core Bond Style (Net) Five Years Ended March 31, 2011



10th Percentile	1.11	4.82
25th Percentile	0.60	4.33
Median	0.12	3.89
75th Percentile	(0.64)	2.79
90th Percentile	(1.46)	2.24
<b>Dodge &amp; Cox Income</b>	● 1.52	5.34



10th Percentile	0.53	1.27	0.63
25th Percentile	0.22	1.09	0.26
Median	0.04	0.84	(0.17)
75th Percentile	(0.21)	0.44	(0.32)
90th Percentile	(0.31)	0.32	(0.41)
<b>Dodge &amp; Cox Income</b>	● 0.41	1.12	0.41

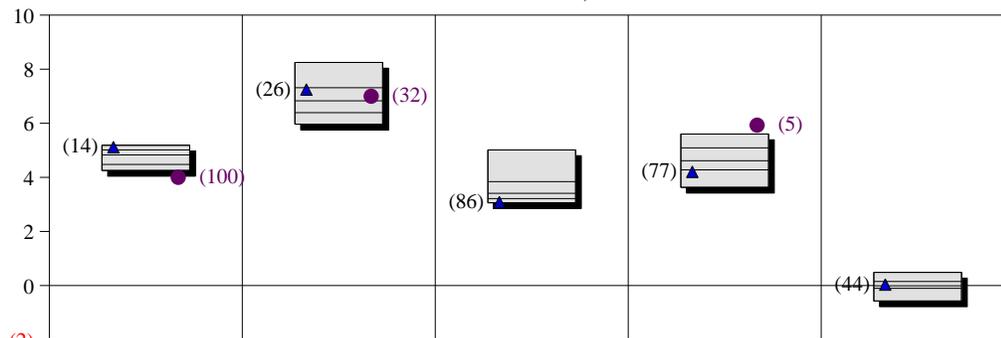
# DODGE & COX INCOME BOND CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Fixed-Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed-Inc Style as of March 31, 2011

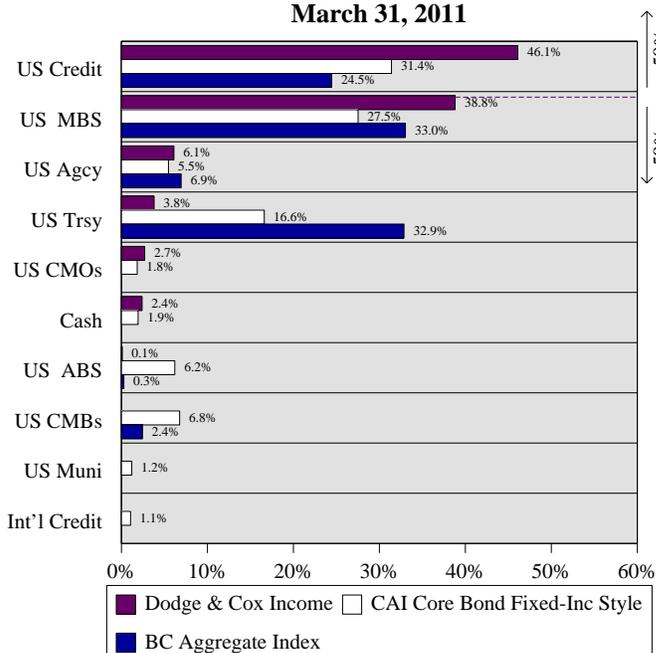


	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	5.19	8.25	5.01	5.60	0.49
25th Percentile	5.01	7.32	3.84	5.09	0.15
Median	4.83	6.83	3.41	4.62	(0.01)
75th Percentile	4.48	6.39	3.21	4.28	(0.10)
90th Percentile	4.25	5.97	3.06	3.63	(0.57)
<b>Dodge &amp; Cox Income</b> ●	4.00	7.00	-	5.93	-
<b>BC Aggregate Index</b> ▲	5.12	7.25	3.08	4.20	0.04

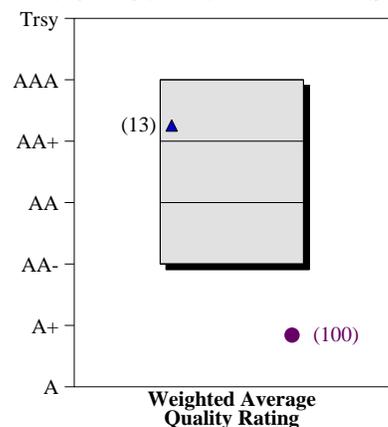
## Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

### Sector Allocation March 31, 2011



### Quality Ratings vs CAI Core Bond Fixed-Inc Style



10th Percentile: AAA  
 25th Percentile: AA+  
 Median: AA  
 75th Percentile: AA-  
 90th Percentile: AA-

**Dodge & Cox Income** ● A+  
**BC Aggregate Index** ▲ AA+

# PIMCO PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

PIMCO emphasizes adding value by rotating through the major sectors of the domestic and international bond markets. They also seek to enhance returns through duration management.

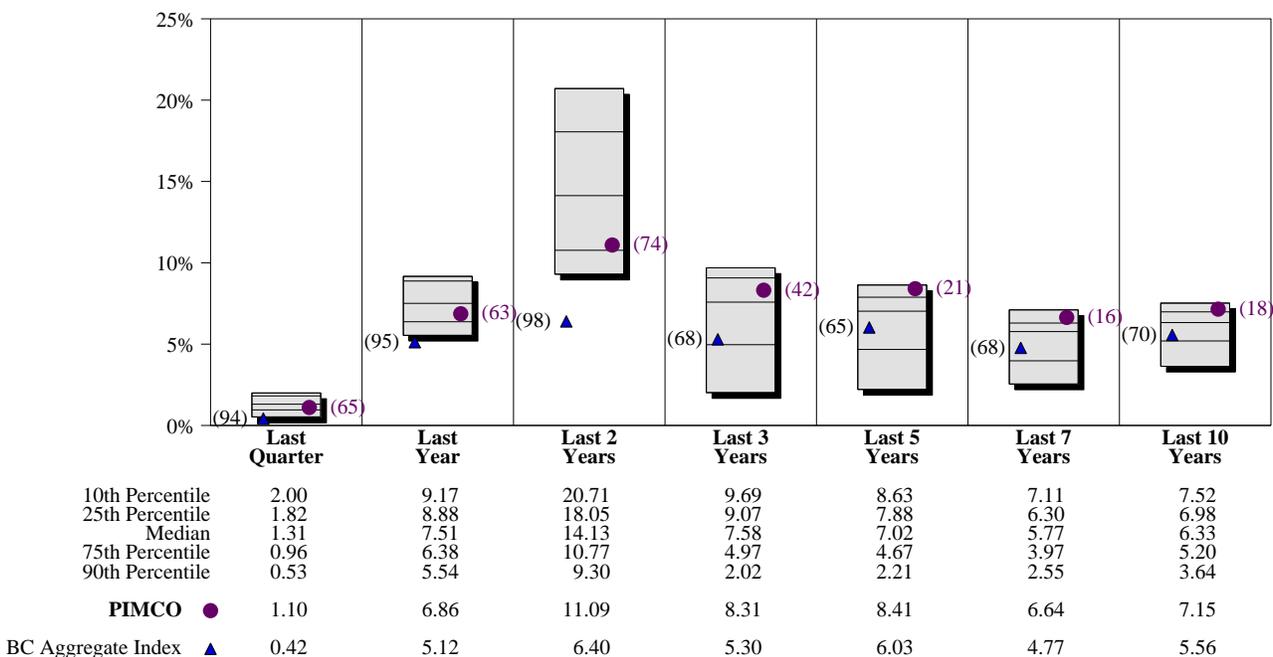
## Quarterly Summary and Highlights

- PIMCO's portfolio posted a 1.10% return for the quarter placing it in the 65 percentile of the CAI MF - Core Plus Style group for the quarter and in the 63 percentile for the last year.
- PIMCO's portfolio outperformed the BC Aggregate Index by 0.68% for the quarter and outperformed the BC Aggregate Index for the year by 1.75%.

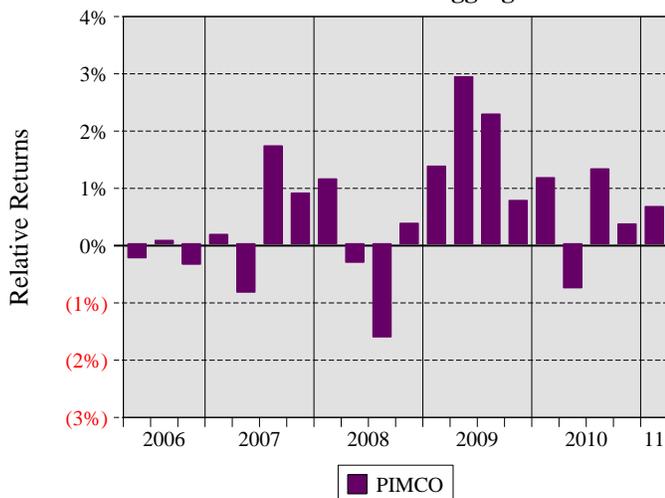
## Quarterly Asset Growth

Beginning Market Value	\$45,839,388
Net New Investment	\$0
Investment Gains/(Losses)	\$506,524
Ending Market Value	\$46,345,912

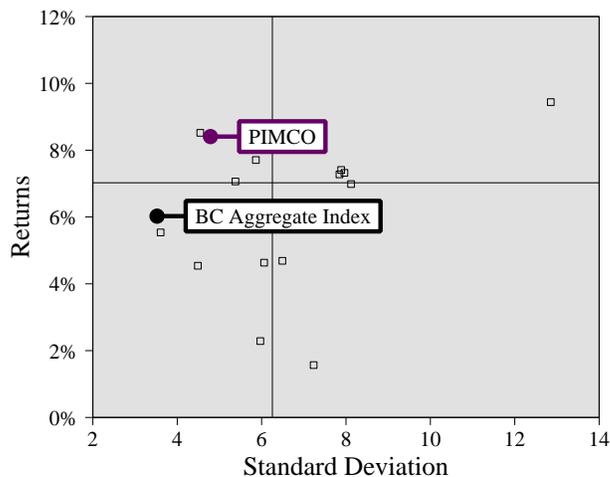
## Performance vs CAI MF - Core Plus Style (Net)



## Relative Return vs BC Aggregate Index



## CAI MF - Core Plus Style (Net) Annualized Five Year Risk vs Return



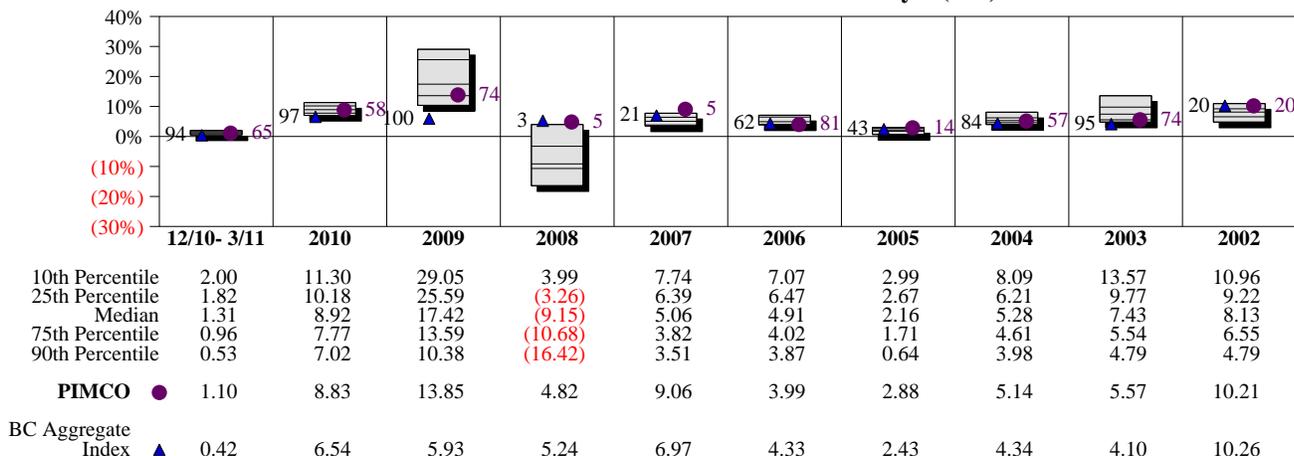


## PIMCO RETURN ANALYSIS SUMMARY

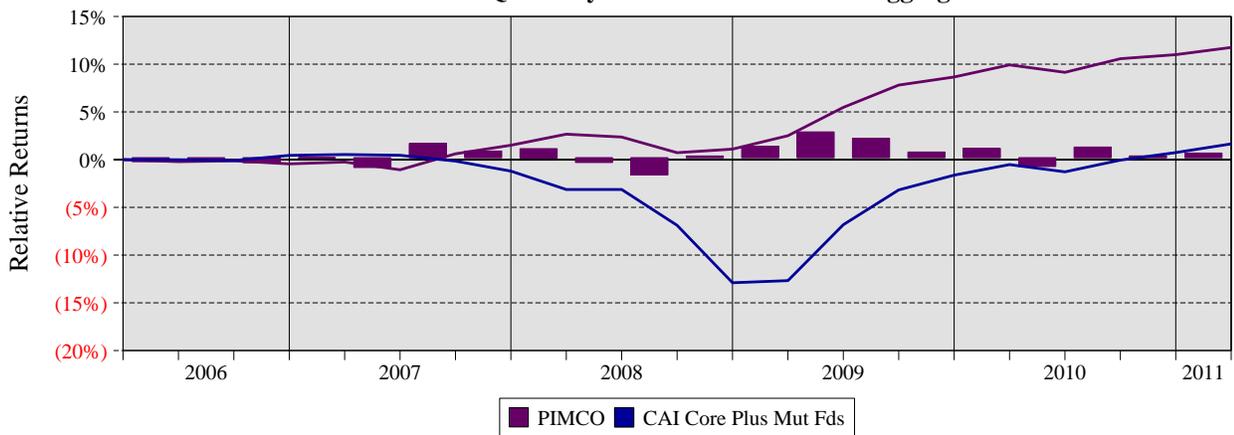
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

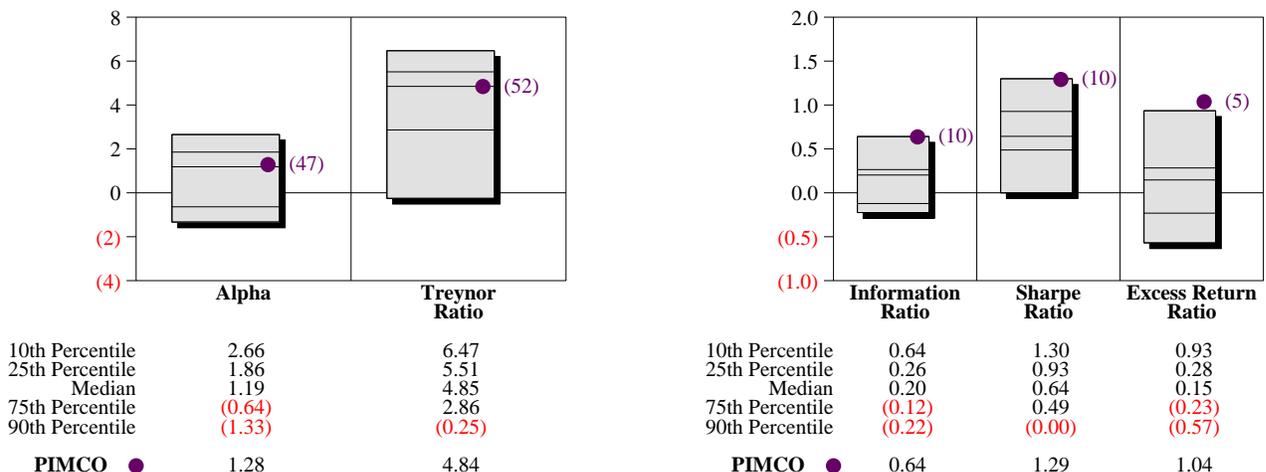
#### Performance vs CAI MF - Core Plus Style (Net)



#### Cumulative and Quarterly Relative Return vs BC Aggregate Index



#### Risk Adjusted Return Measures vs BC Aggregate Index Rankings Against CAI MF - Core Plus Style (Net) Five Years Ended March 31, 2011



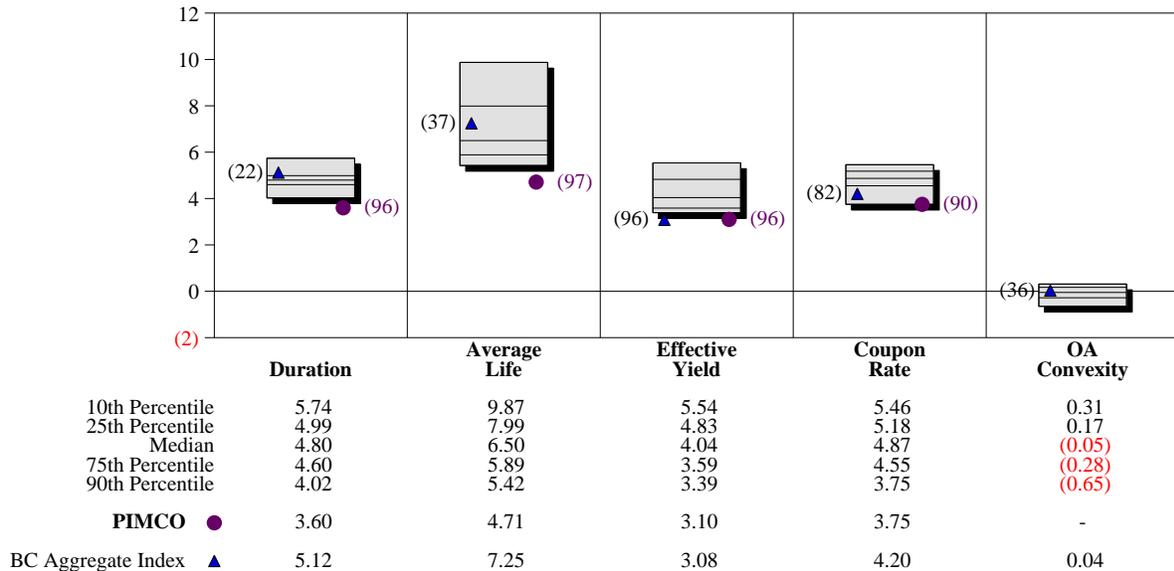
# PIMCO BOND CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

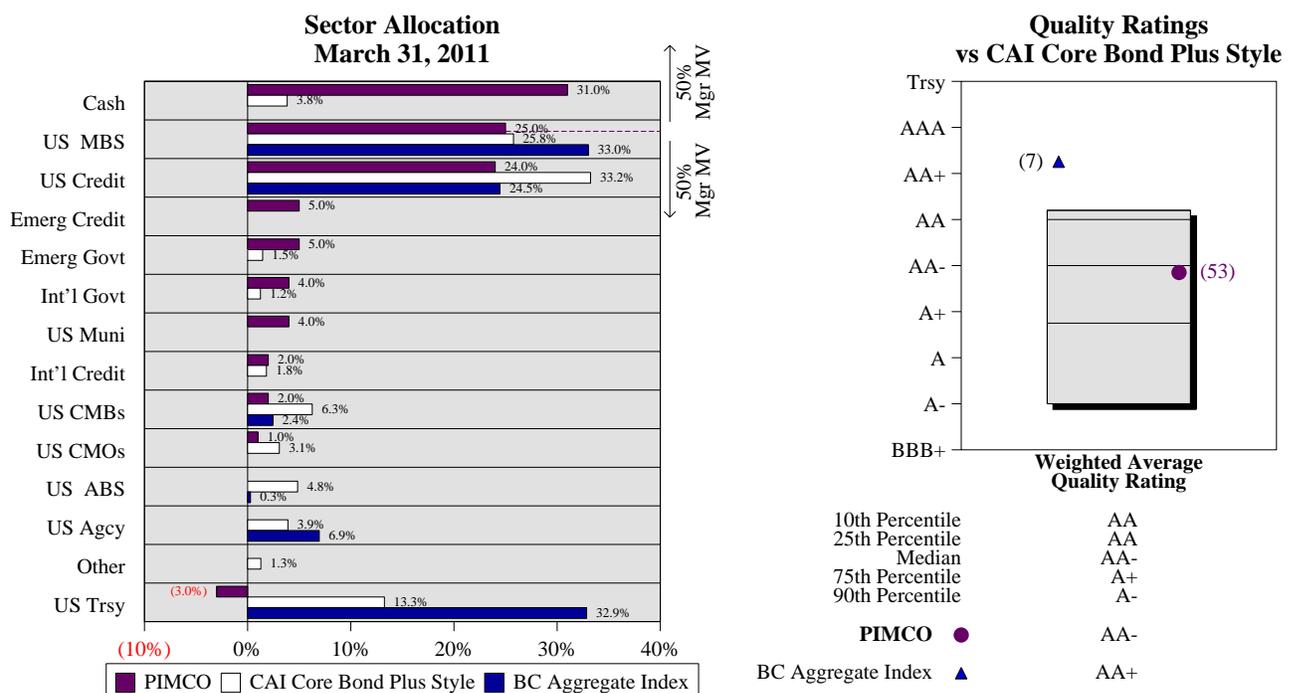
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Fixed-Income Portfolio Characteristics Rankings Against CAI Core Bond Plus Style as of March 31, 2011



## Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.





# RREEF PUBLIC PERIOD ENDED MARCH 31, 2011



## Investment Philosophy

RREEF Public Fund invests in Real Estate Investment Trusts (REITs) and Real Estate Operating Companies (REOCs) using an active top down component accompanied with detailed bottom up analysis. RREEF believes underlying real estate fundamentals drive real estate securities returns and that proprietary research and deep resources can capitalize on market inefficiencies.

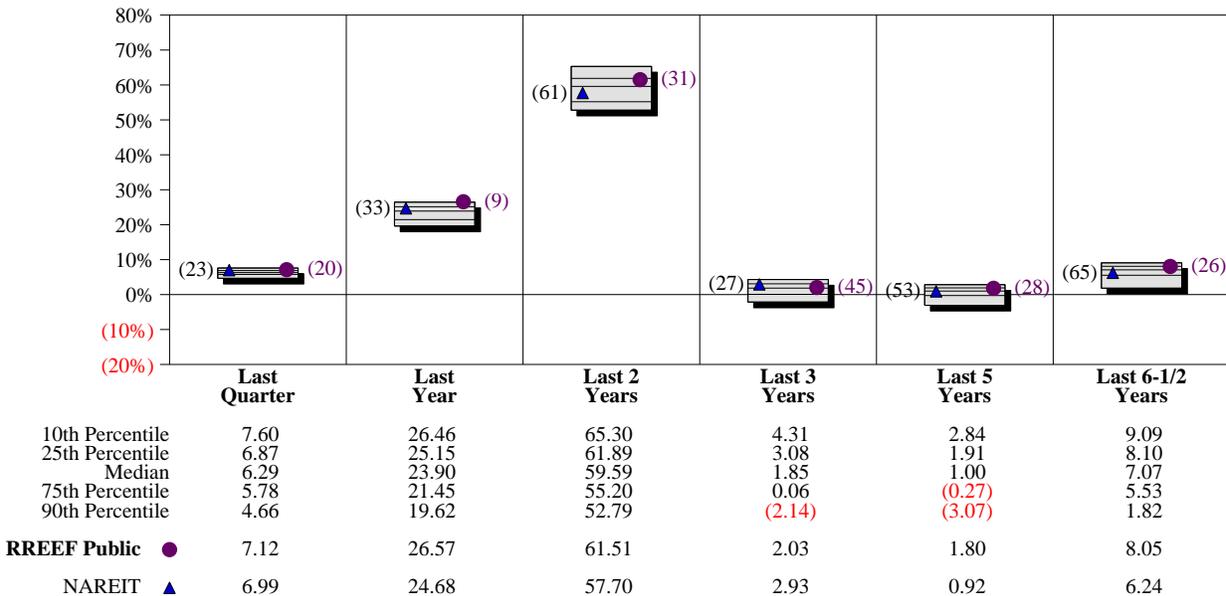
## Quarterly Summary and Highlights

- RREEF Public's portfolio posted a 7.12% return for the quarter placing it in the 20 percentile of the Lipper: Real Estate Funds group for the quarter and in the 9 percentile for the last year.
- RREEF Public's portfolio outperformed the NAREIT by 0.14% for the quarter and outperformed the NAREIT for the year by 1.89%.

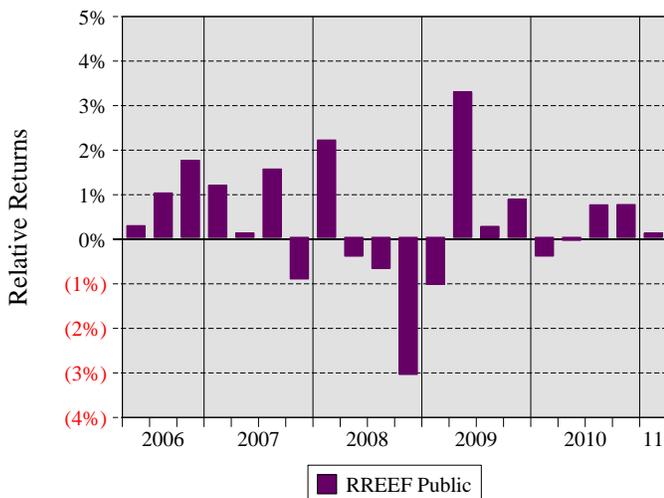
## Quarterly Asset Growth

Beginning Market Value	\$12,123,367
Net New Investment	\$0
Investment Gains/(Losses)	\$863,741
Ending Market Value	\$12,987,108

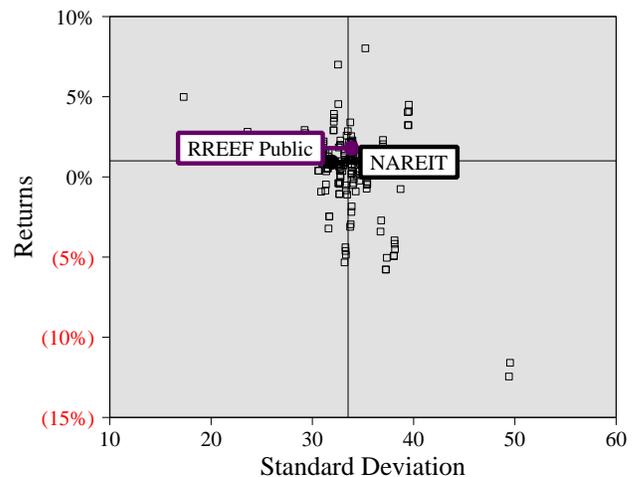
## Performance vs Lipper: Real Estate Funds (Net)



## Relative Return vs NAREIT



## Lipper: Real Estate Funds (Net) Annualized Five Year Risk vs Return





## RREEF PRIVATE PERIOD ENDED MARCH 31, 2011

### Investment Philosophy

RREEF America II acquires 100 percent equity interests in small- to medium-sized (\$10 million to \$70 million) apartment, industrial, retail and office properties in targeted metropolitan areas within the continental United States. The fund capitalizes on RREEF's national research capabilities and market presence to identify superior investment opportunities in major metropolitan areas across the United States.

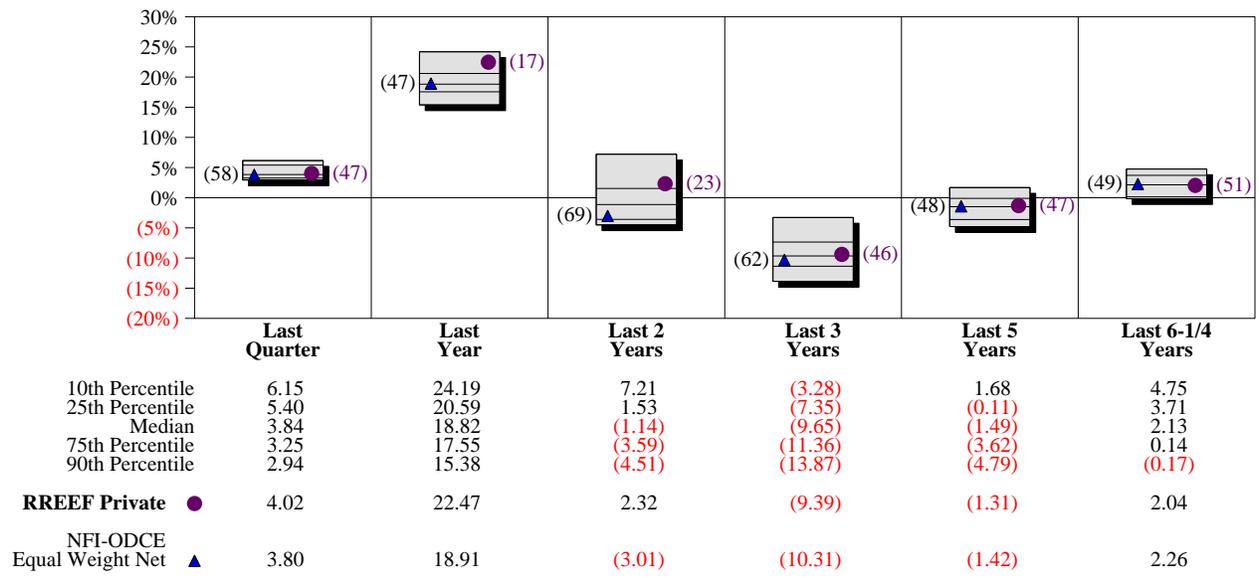
### Quarterly Summary and Highlights

- RREEF Private's portfolio posted a 4.02% return for the quarter placing it in the 47 percentile of the CAI Open-End Real Estate Funds group for the quarter and in the 17 percentile for the last year.
- RREEF Private's portfolio outperformed the NFI-ODCE Equal Weight Net by 0.22% for the quarter and outperformed the NFI-ODCE Equal Weight Net for the year by 3.55%.

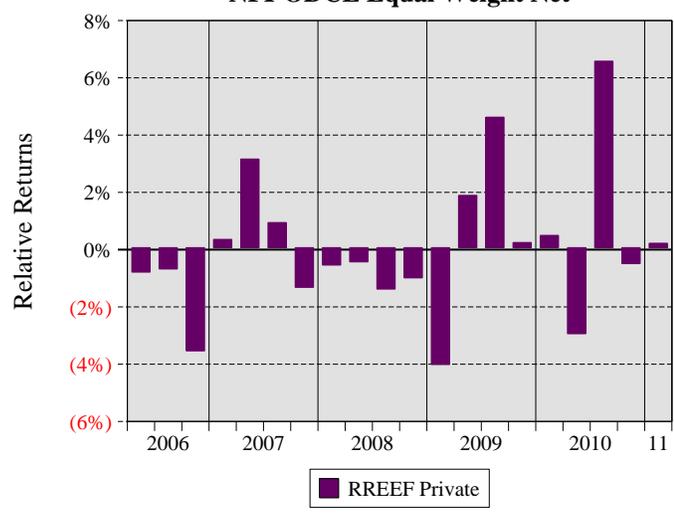
### Quarterly Asset Growth

Beginning Market Value	\$15,219,185
Net New Investment	\$0
Investment Gains/(Losses)	\$612,063
Ending Market Value	\$15,831,247

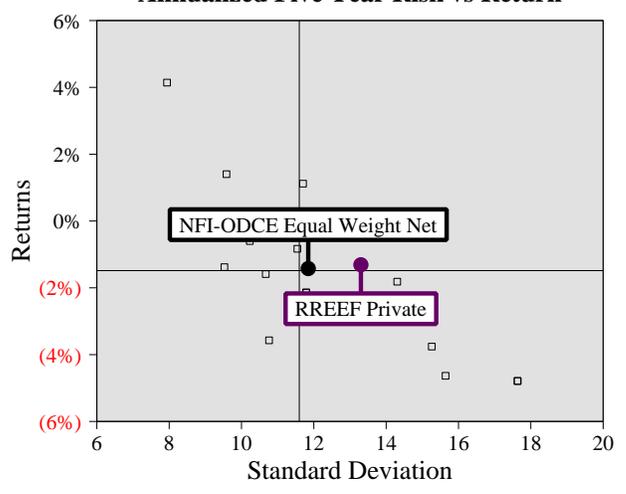
### Performance vs CAI Open-End Real Estate Funds (Net)



### Relative Returns vs NFI-ODCE Equal Weight Net



### CAI Open-End Real Estate Funds (Net) Annualized Five Year Risk vs Return







## RESEARCH AND UPCOMING PROGRAMS

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Below is a list of recent Callan Institute research and upcoming programs. The Institute's research and educational programs keep clients updated on the latest trends in the investment industry and help clients learn through carefully structured workshops and lectures. For more information, please contact your Callan Consultant or Gina Falsetto at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).

### White Papers

**Charticle – Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle?**

**Charticle – Real Return Strategies: A Closer Look**

**Ask the Expert – Private Equity: The Strategy Comes of Age**

Jim Callahan, CFA and Gary Robertson

**The Future of Stable Value**

Lori Lucas, CFA

**Beyond U.S. Timberland**

Sarah Angus, CAIA

### Publications

**DC Observer and Callan DC Index™** – 4th Quarter 2010

**Hedge Fund Monitor** – 4th Quarter 2010

**Capital Market Review** – 1st Quarter 2011

**Quarterly Performance Data** – 1st Quarter 2011

**Private Markets Trends** – Winter 2010/2011

### Surveys

**2011 Investment Management Fee Survey** – Coming soon!

Please contact Anna West ([westA@callan.com](mailto:westA@callan.com)) to participate.

**2011 DC Trends Survey** – January 2011

**2010 Alternative Investments Survey** – November 2010



## RESEARCH AND UPCOMING PROGRAMS

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(continued)

### Event Summaries and Presentations

**Summary: The 31st Annual National Conference** – Jan/Feb 2011

Featuring: Henry Paulson, The Capital Markets Panel, Fareed Zakaria, Joshua Cooper Ramo, Dan Ariely, Arianna Huffington, and workshops on DC, portfolio structure, and real assets.

**Presentations: The 31st Annual National Conference** – Jan/Feb 2011

“Getting to the Ideal DC Plan”

“Post-Crash, Post-Modern Equity Portfolio Structures”

“Implementing Real Asset Portfolios”

### Upcoming Educational Programs

**June 2011 Regional Breakfast Workshops**

**June 22** in Atlanta

**June 23** in San Francisco

“Latest Developments in Asset Allocation for DB and DC Plans”

Presenters: Greg Allen (President), Lori Lucas (DC consulting services), and Gene Podkaminer (capital markets research).

*Registration is now open! Visit [www.callan.com](http://www.callan.com) or contact us for more information.*

**If you have any questions regarding these programs,  
please contact Ray Combs at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).**

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The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2011

## EDUCATIONAL SESSIONS

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### **An Introduction to Investments**

**October 18–19, 2011 in San Francisco**

This two-day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. It will familiarize fund sponsor trustees and staff with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

Topics for the session will include a description of the different parties involved in the investment management process, a brief outline of the types and characteristics of different plans, an introduction to fiduciary issues as they pertain to fund management and oversight, and an overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment programs

Tuition for the Introductory "Callan College" session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

### **Advanced Investment Topics**

**July 12–13, 2011 in Chicago**

This is a two day session that provides attendees with a thorough overview of prudent investment practices for both defined benefit and defined contribution funds. We cover the key concepts needed to successfully meet a fund's investment objectives.

Topics for the session will include the following primary components of the investment management process: The Role of the Fiduciary, Capital Market Theory, Asset Allocation, Manager Structure, Investment Policy Statements, Manager Search, Custody, Securities Lending, Fees, and Performance Measurement.

Tuition for the Advanced "Callan College" session is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2011

## EDUCATIONAL SESSIONS

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(continued)

### **Session on Private Real Assets**

**July 14, 2011 in Chicago**

Callan Associates will share its expertise through a one day educational program designed to advance the participants' knowledge, understanding, and comfort with real estate, timber, infrastructure and agriculture. Callan's real estate specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends, and best practices. Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive one day program offers a blend of interactive discussion, lectures, presentations, and case studies.

Topics for the session will include an overview of the real estate market, evaluating the most efficient way to access the real estate asset class, understanding the risks associated with real estate investing and how to protect your investments, and an exploration of the other real return asset classes and their unique attributes with particular focus on timber, infrastructure and agriculture.

Tuition for the Private Real Assets "Callan College" session is \$1,000 per person. Tuition includes instruction, all materials, breakfast and lunch.

### **Customized Sessions**

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

**For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or [college@callan.com](mailto:college@callan.com).**

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The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)

**Callan Associates • Knowledge for Investors**



## EQUITY MARKET INDICATORS

The market indicators included in this report are regarded as measures of equity or fixed-income performance results. The returns shown reflect both income and capital appreciation.

**Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Growth** contains those Russell 2000 securities with a greater than average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earning ratios, lower dividend yields and higher forecasted growth values than the Value universe.

**Russell 2000 Index** is composed of the 2000 smallest stocks in the Russell 3000 Index, representing approximately 11% of the U.S. equity market capitalization.

**Russell 2000 Value** contains those Russell 2000 securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earning ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

**Russell 3000 Index** is a composite of 3,000 of the largest U.S. companies by market capitalization. The smallest company's market capitalization is roughly \$20 million and the largest is \$72.5 billion. The index is capitalization-weighted.

**Russell Mid Cap Growth** measures the performance of those Russell Mid Cap Companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

**Russell MidCap Value Index** The Russell MidCap Value index contains those Russell MidCap securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratio, higher dividend yields and lower forecasted growth values than the Growth universe.

**Standard & Poor's 500 Index** is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is capitalization-weighted, with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

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**FIXED-INCOME MARKET INDICATORS**

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**Barclays Capital Aggregate Bond Index** is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Credit Bond Index.

**NCREIF Open Ended Diversified Core Equity** is a capitalization-weighted, gross of fee, time-weighted return index with an inception date of December 31, 1997. Open-end Funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The Term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties. The NFI-ODCE, like the NCREIF Property Index and other stock and bond indices, is a capitalization-weighted index based on each fund's Net Invested Capital, which is defined as Beginning Market Value Net Assets (BMV) adjusted for Weighted Cash Flows (WCF) during the period. To the extent WCF are not available; which may be the case for older liquidated funds, BMV is used.

**The NAREIT Composite Index** is a REIT index that includes all REITs currently trading on the NYSE, NASDAQ, or American Stock Exchange.

## INTERNATIONAL EQUITY MARKET INDICATORS

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**MSCI ACWI ex US Index** The MSCI ACWI ex US(All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the US. As of May 27, 2010 the MSCI ACWI consisted of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

**Morgan Stanley Capital International (MSCI) EAFE Index** is composed of approximately 1000 equity securities representing the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

In order to provide comparative investment results for use in evaluating a fund's performance, Callan Associates gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

## EQUITY FUNDS

Equity funds concentrate their investments in common stocks and convertible securities. The funds included maintain well-diversified portfolios.

**Core Equity** - Mutual funds whose portfolio holdings and characteristics are similar to that of the broader market as represented by the Standard & Poor's 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection. The core portfolio exhibits similar risk characteristics to the broad market as measured by low residual risk with Beta and R-Squared close to 1.00.

**Large Cap Growth** - Mutual Funds that invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, Return-on-Assets values, Growth-in-Earnings values above the broader market. The companies typically have zero dividends or dividend yields below the broader market. Invests in securities which exhibit greater volatility than the broader market as measured by the securities' Beta and Standard Deviation.

**Large Cap Value** - Mutual funds that invest in predominantly large capitalization companies believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Valuation issues take precedence over near-term earnings prospects in the stock selection process. Invests in companies with P/E ratios and Price-to-Book values below the broader market. Usually exhibits lower risk than the broader market as measured by the Beta and Standard Deviation.

**Non-U.S. Equity** A broad array of active managers who employ various strategies to invest assets in a well-diversified portfolio of non-U.S. equity securities. This group consists of all Core, Core Plus, Growth, and Value international products, as well as products using various mixtures of these strategies. Region-specific, index, emerging market, or small cap products are excluded.

**Non-U.S. Equity Style Mutual Funds** - Mutual funds that invest their assets only in non-U.S. equity securities but exclude regional and index funds.

**Small Capitalization (Growth)** - Mutual funds that invest in small capitalization companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, and Growth-in-Earnings values above the broader market as well as the small capitalization market segment. The companies typically have zero dividends or dividend yields below the broader market. The securities exhibit greater volatility than the broader market as well as the small capitalization market segment as measured by the risk statistics beta and standard deviation.

**Small Capitalization (Value)** - Mutual funds that invest in small capitalization companies that are believed to be currently undervalued in the general market. Valuation issues take precedence over near-term earnings prospects in the stock selection process. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book values below the broader market as well as the small capitalization market segment. The companies typically have dividend yields in the high range for the small capitalization market. Invests in securities with risk/reward profiles in the lower risk range of the small capitalization market.

### FIXED-INCOME FUNDS

Fixed-Income funds concentrate their investments in bonds, preferred stocks, and money market securities. The funds included maintain well-diversified portfolios.

**Core Bond** - Mutual Funds that construct portfolios to approximate the investment results of the Barclays Capital Government/Credit Bond Index or the Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

**Core Bond** - Managers who construct portfolios to approximate the investment results of the Barclays Capital Government/Credit Bond Index or the Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

**Core Plus Bond** - Active managers whose objective is to add value by tactically allocating significant portions of their portfolios among non-benchmark sectors while maintaining majority exposure similar to the broad market.

### REAL ESTATE FUNDS

Real estate funds consist of open or closed-end commingled funds. The returns are net of fees and represent the overall performance of commingled institutional capital invested in real estate properties.

**Real Estate Open-End Commingled Funds** - The Open-End Funds Database consists of all open-end commingled real estate funds.

### OTHER FUNDS

**Public - Total** - consists of return and asset allocation information for public pension funds at the city, county and state level. The database is made up of Callan clients and non-clients.



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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
American Yellowstone Advisors, LLC		Y
Analytic Investors	Y	
Angelo, Gordon & Co.	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Attucks Asset Management, LLC	Y	
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baceline Investments, LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Capital Inc.	Y	
Baring Asset Management	Y	
Barrow, Hanlev, Mewhinne & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Advisors	Y	
Cohen & Steers Capital Management Inc.	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Credo Capital Management	Y	
Crestline Investors	Y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DF Dent & Company	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	

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Manager Name	Educational Services	Consulting Services
Eaton Vance Management	Y	Y
Emerald Advisers, Inc.	Y	
Epoch Investment Partners	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Harris Associates	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
iShares	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Kayne Anderson Rudnick Investment Management	Y	
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Lochin Circle	Y	
Longfellow Investment Management Co.	Y	
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Mackay Shields LLC	Y	Y
Madison Square Investors	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miles Capital Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montagu & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Mount Lucas Management	Y	
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	

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Manager Name	Educational Services	Consulting Services
Neuberger Berman, LLC (fka. Lehman Brothers)	Y	Y
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group LLC	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Opus Capital Management	Y	
Pacific Investment Management Company	Y	
Palisades Investment Partners, LLC	Y	Y
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
Rainer Investment Management		
RBC Global Asset Management (U.S.) Inc.		Y
Reinhart Partners Inc.	Y	
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	Y	
Sage Advisory Services, Ltd. Co.	Y	
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX	Y	
Smith Graham and Company		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka. Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
The London Company	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y

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Manager Name	Educational Services	Consulting Services
Tradewind Global Investors	Y	
Turner Investment Partners, Inc.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	
Virtus Investment Partners		Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Yellowstone Partners		Y
Zephyr Management	Y	