PARS: County of Contra Costa

Third Quarter 2012

Presented by
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HighMark® CAPITAL MANAGEMENT

DISCUSSION HIGHLIGHTS

- The Plan returned 4.03%, net of fees in the third quarter. Performance was aided mainly by our overweight to domestic equities. While the return from our international and global equity holdings outperformed the benchmark, our underweight allocation was a detractor to performance as international equities were the strongest performing segment in the quarter. The weakest performing segment was real estate, and we have moved to an equal weight in this asset class. Detracting from performance was our mid cap equity and small cap equity funds, as both segments trailed their respective benchmark targets. In the large cap equity segment, our separately managed large cap core strategy trailed the benchmark, while our large cap mutual funds outperformed their benchmark targets. Finally, being underweight fixed income was a positive decision in the third quarter, as bond returns were dwarfed by equity returns. That being said, our fixed income returns were addititive to performance as they outperformed the benchmark for the quarter.

Market Overview

- The quarter experienced a rally in risk assets as the European Central Bank as well as central banks in the United States, Japan, the United Kingdom, Brazil, China and South Korea provided monetary stimulus to ease concerns over a global slowdown and to bolster market confidence. In September, the ECB pledged unlimited purchases of government debt through a program called “Outright Monetary Transactions” that will target short-dated maturities of up to three years for governments that meet conditions set by Europe’s rescue fund. Spanish and peripheral-European debt concerns remained the focus of the financial crisis, prompting the ECB to intervene with the new bond buying program to lower borrowing costs and support the Euro common currency. Also in September, the Federal Reserve announced a third round of quantitative easing actions in an aggressive step to lower borrowing costs and stimulate the U.S. economy. The new Federal Reserve program increases the pace of agency mortgage-backed securities purchases by $40 billion per month while extending the commitment to keep short-term interest rates at record lows until at least mid-2015. The Fed will also continue the $267 billion “Operation Twist” program through the end of 2012, which replaces short-term government debt held in their portfolio with longer-dated Treasury securities in an effort to further lower long term interest rates. Together these programs will increase the Fed’s holdings of longer-term securities by about $85 billion each month.

- While it was encouraging to see positive signs emanating from Europe, the same, unfortunately, cannot be said in regards to signals from Washington DC in response to the fiscal cliff. The near-term risks of our legislators allowing our economy to fall over the proverbial “fiscal cliff” grows larger by the day. Most likely, there will be no compromise, large or small, between the parties before the elections. Then, depending upon the outcome of the election, we may see some movement between the two parties towards a solution. Still it is also very possible that we will not see any action along this front until early next year, especially if the lame duck congress does not feel motivated to work responsibly towards a solution. It seems as if corporations are beginning to embrace the potential fall-out of the fiscal cliff a little more readily than consumers. Retail sales figures have been encouraging, however readings from corporations, as well as the forward guidance companies are providing on their quarterly earnings updates, have been tepid at best. If we are allowed to fall over this “cliff”, both consumers and business will feel a great impact.

DISCUSSION HIGHLIGHTS

- In response to the combined risks of the fiscal cliff, a slowing Chinese economy, the unknown outcome of the elections, and the general volatility regarding the situation in Europe, we took our equity allocation to a neutral position at the end of the third quarter. Our current target asset allocation stance for the Plan is: 50% equities, 4% real estate, and 43% bonds and 3% cash.

Performance Overview

- Large cap value, as measured by the Russell Indices, outperformed large cap growth (6.5% vs. 6.1%) in the third quarter. The leading sectors for the quarter were energy (+10.1%), telecommunications (+8.1%), consumer discretionary (+7.5%), and technology (+7.4%). Laggard sectors included consumer staples (+3.8%), industrials (+3.6%) and utilities (-0.5%). Utilities were the only sector that posted a negative return in the quarter. The main driver in the performance differential between value and growth indices in the quarter was energy stocks. The Russell 1000 Value Index maintains a 17% weighting to Energy stocks, while the Russell 1000 Growth Index's weight is 4%.

- The separately managed large cap core portfolio underperformed the S&P500 Index (4.13% vs. 6.35%). The manager's strategy focuses on investing in high quality businesses with durable, sustainable growth outlooks. The strategy has put a particular emphasis on companies whose growth drivers are secular in nature, rather than on companies whose growth is dependent on a more robust economic backdrop. During the quarter, the portfolio's performance was negatively impacted by the underperformance of a number of positions in the energy, materials, industrial, consumer discretionary and financial sectors. In most cases, the fundamental performance of these holdings remained strong, and they were perhaps simply victims of some profit taking as the market rotated away from previous winners. Stronger performance from some of the portfolio's holdings in the technology sector acted as a partial offset, as did an underweight to utilities. Top performers for the quarter included Accenture PLC (+16.5%), Apple Inc. (+14.7%), Procter & Gamble (+14.2%) and Qualcomm (+12.6%). The worst performers for the quarter included J.B. Hunt Transport Services Inc. (-12.7%), Dollar Tree Inc. (-10.3%), UPS (-8.4%), and Ecolabs (-5.1%).

DISCUSSION HIGHLIGHTS

- Within the Plan's two large cap value funds, energy holdings in Chevron and Exxon helped returns, and stock selection in financials and healthcare was also additive to performance. The Loomis Sayles Value Fund returned 7.95%, which bested the benchmark. Three of the fund's top holdings, hailed from the financial sector: Fifth Third Bancorp (+16.5%), Discover Financial (+15.2%) and JP Morgan Chase (+14.3%). Additionally healthcare issues such as Merck (+9%) and Pfizer (+9%) also buoyed results. The T. Rowe Price Equity Income Fund matched the benchmark target for the quarter, returning 6.32%. Many of the holdings that helped the Loomis Sayles Fund in the quarter, also supported the T. Rowe Price Fund: JP Morgan Chase, Merck, and Pfizer. Despite the struggles for the industrial sector in the quarter, two of the top performing stocks for the fund where Whirlpool (+36.4%) and Illinois Tool Work (+13.2%).

- Both of our large cap growth funds underperformed the benchmark during the quarter. On a positive note, the technology sector helped both of our growth funds, with support from common holdings such as Google (+30.1%), Qualcomm (12.6%), Apple (+14.7%), and Amazon (+11.3%). While technology proved beneficial, each fund had other noticeable issues that impacted performance for the quarter. The Harbor Capital Appreciation Fund returned 5.62% in the quarter, which ranked in the 66th percentile of the Morningstar Large Cap Growth Universe. The Fund suffered from several high profile stock disappointments, with Facebook (-30.3%), Chipotle Mexican Grill (-16.4%), Dunkin Brands (-14.6%) Mead Johnson (-8.6%) and Harley Davidson (-7.0%) all proving problematic. The T. Rowe Price Growth Stock Fund faired slightly better, returning 6.07%. The fund's performance was impacted by exposure to the industrial sector, with UPS (-8.4%), Federal Express (-8.0%), Praxair (-4.0%) and Precision Castparts (-0.7%) all posting sub-par returns. The fund ranked in the 50th percentile of the Morningstar Large Cap Growth Universe.

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- Relative to the various benchmarks for the Plan, our mid-cap segment performance was the most disappointing of any of the segments within the Plan for the quarter, with both funds underperforming the Russell Mid-Cap Index for the three month period. The HighMark Geneva Mid-Cap Growth Fund returned 3.3%. Stock selection in the healthcare, consumer discretionary, and industrial sectors all detracted from performance. Top detractors for the quarter included Chipotle Mexican Grill and Gentex (-18%). The managers pointed to “quality” as having a negative impact on the fund. Low quality stocks (“C” and “D” rating from S&P) outperformed high quality (“A” and “A+” rated stocks) by over 5% during the quarter. Within the Russell Mid-Cap Index, stocks in the lowest quintile for ROE (Return on Equity) gained roughly 3.0%, and stocks in the highest quintile for ROE declined about -1.5%. A further measure of quality, price per share, also was quite informative for the quarter. Stocks priced less than $5/share gained roughly 39%, while stocks priced higher than $20/share gained just 5% on average during the quarter. Stocks priced at less than $5/share can be viewed as lower in quality. The fund historically does not invest in “lower-quality” stock investments. The managers of the TIAA-CREF Mid-Cap Value Fund also pointed to the quality trade as a reason for the fund’s underperformance in the quarter. The fund returned 4.34% for the quarter. Most of the decline for the quarter came in the month of September, where the fund underperformed by roughly 1%. Specific holdings that detracted from performance included: Green Mountain Coffee Roasters, Mead Johnson Nutrition, and Lorillard. In telecommunications, the biggest drag on performance came from not owning benchmark names Sprint (+69.3%) and MetroPCS (+93.6%), two wireless operators that posted gains on rumors of various merger combinations involving T Mobile. Shortly after quarter-end, T Mobile announced that it would pay a premium to acquire MetroPCS. Both of these companies would be an example of stocks that trade between the $5 - $10 per share level.

- After posting strong returns for several quarters, the REIT market paused in the third quarter, with the DJ Wilshire REIT Index posting a decline of -0.14%. Overall, most REIT earnings were in-line with analyst estimates. However, the combination of a REIT universe that is beginning to look fairly valued across a variety of industries, along with REIT management teams that are sounding quite cautious in their forward guidance, combined to create some selling pressure in this asset class for the quarter. The Nuveen Real Estate Securities Fund returned a positive 0.09% return, which was modestly ahead of the benchmark. The sell-off in apartment REITs had the most dramatic impact on the fund in the quarter, with Camden Property (-3.9%), Equity Residential (-7.2%) AvalonBay (-3.2%) and Essex Property Trust (-3.0%) all posting negative returns for the fund. The manager believes that apartment REIT holdings still are an attractive sector within the market as long as the housing market is struggling to recover.

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- Our small cap funds returned 4.19%, which underperformed the Russell 2000 Index return of 5.25%. The T. Rowe Price New Horizons Fund (small cap growth) underperformed the Russell 2000 benchmark for the quarter, and posted a 4.76% return. The underperformance in the quarter stemmed primarily from stock selection in the consumer discretionary sector, where Chipotle Mexican Grill, O'Reilly Automotive, Angie's List, and Zumiez were noticeable detractors. Additionally, underweights in the financial and energy sectors hurt performance for the quarter. While the quarter was disappointing, the fund still ranks in the 13th percentile, year to date, for small cap growth managers, as measured by Morningstar. The Columbia Small Cap Value Fund lagged the Russell 2000 Index as well during the quarter, and returned 3.86%. Both stock selection and sector positioning proved unhelpful for the fund in the quarter. The biggest negative impact came from the fund's underweight position in energy and financials. Individual names that hurt performance included Metals USA Holdings, Nu Skin Enterprises, Helen of Troy, and Kilroy Realty. A further negative that was cited by the managers was an excessive position in cash during the period.

- International markets, outside of Japan, enjoyed strong gains during the third quarter. The MSCI-EAFE Index returned 6.92%, as global markets, especially Europe, rebounded due to the actions of a variety of central banks. Europe was in the spotlight with the European Central Bank committing to unlimited bond purchases for EU members that requested support. Combining this measure with both the European Stability Mechanism (ESM) and the European Financial Stability Facility, liquidity support vehicles are now available to members, and the benefits were noticeable as yields for sovereign issues receded throughout the quarter. While challenges still remain in terms of trying to develop growth initiatives to help European nations emerge from the recession, these various measures are encouraging. There is still a long road ahead for many of these European nations.

- Aside from Europe, the slowing Chinese economy is becoming more of a focus for international investors. As China prepares for its biggest political handover in years, political tensions are emerging with Japan over the Senkaku Islands, a chain of islands located between Taiwan and Okinawa. The days of China growing over 8% seem to be over, as growth rates of between 5-7% seem to be a more reasonable forecast over the next few years. And for some who doubt the authenticity of Chinese Governmental statistics, perhaps the true rate of growth is lower than this. China faces a challenge as it transitions from an export-oriented economy, to one that is more focused on internal domestic consumption. And with one of their largest trading partners (Europe) facing a prolonged recession, this transition is all the more difficult.

- India rebounded strongly from a disappointing second quarter, to be one of the leading markets in the third quarter up, +15.4%. Other areas of strength in international markets for the quarter included Germany (+13.9%), Portugal (+13.0%), Norway (+13.6%), Spain (+11.1%), Finland (+10.6%) and the Netherlands (+9.1%). Japan was the noticeable laggard, returning -0.8%.

DISCUSSION HIGHLIGHTS

- The Dodge and Cox International Fund was our leading international fund performer in the quarter, returning 7.41%, which ranked in the 23rd percentile of the Morningstar Foreign Large Blend Universe. From a country perspective, the fund benefited from a 5% overweight to European issues, relative to the MSCI-EAFE benchmark. Additionally, the fund was significantly underweight Japan (11.2% vs. the benchmark 20.1%) in the quarter. While two Japanese holdings in the fund, Panasonic (-17%) and Mitsubishi Electric (-10%) detracted from performance, the lack of Japanese corporate exposure benefited the fund. Standout performers for the fund came from European financial holdings, such as Barclays (+37%), Lloyds Banking Group (+29%), and Banco Santander (+15%). Additionally, the managers pointed to healthcare and construction, as sectors that boosted returns. Holdings such as Lafarge (+22%), Lanxess (+32%), Sanofi (+13%) and Bayer (+19%) were positive contributors.

- The other two international developed market funds slightly underperformed the MSCI-EAFE Index in the quarter. The HighMark International Fund returned 6.28% in the quarter. The fund was slightly impacted by country selection as an overweight to Japanese issues and an underweight to Nordic countries hurt returns. The managers are moving to increase their northern European exposure. Currently the HighMark Fund is underweight in emerging market investments. The MFS International Growth Fund returned 6.44% for the quarter, which also underperformed the MSCI-EAFE Index. Over the past five years, the managers of the fund have maintained an emerging market allocation between 15 – 23% of fund assets. Currently, the fund is positioned at a 16% target for emerging markets. With emerging market equities performing well in the third quarter, this was one slight negative factor contributing to performance. The managers feel that emerging market nations are fairly valued at this point, and the managers point to select European companies, as attractive opportunities. The fund has a 40% allocation to Europe, ex United Kingdom, where the managers feel comfortable about their holdings in names such as Danone, LVMH, Diageo, Nestle, and Linde. While disappointed that they underperformed the benchmark in the third quarter, the managers stressed that in a very strong, upward moving market, the investments that the fund holds will likely underperform a higher beta oriented fund.

- Emerging markets slightly outperformed international developed market returns in the third quarter, with the MSCI-Emerging Market Index registering a 7.7% return. As mentioned previously, India was one of the leading markets for the quarter, but Taiwan (+10.9%),Thailand (+11.1%), and Korea (+9.9%), also supported returns. The RS Emerging Market Fund returned 7.1% in the quarter, which slightly trailed the benchmark. Country selection was additive to performance with underweights in Brazil (+4.7%), and overweight positions in South Korea and Taiwan supporting returns. India was a highlight for the fund with holdings such as Mahindra & Mahindra, HDFC, and IDFC supporting returns. A slight underweight to European shares was the difference in the underperformance relative to the benchmark in the quarter. While slightly underperforming the benchmark, the fund did rank favorably in the Morningstar Emerging Market Fund Universe for the quarter, ranking in the 28th percentile. The managers in their quarterly outlook wish to remind investors that their style is one that seeks out higher growth oriented companies, and that in a period of a market downturn, their investments might face some downside pricing pressure. However, over the long-term, the market should reward these types of investments.

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- The Templeton Global Opportunities Fund was the top returning fund in the Plan for the quarter, returning 9.98% which ranked in the 3rd percentile of the Morningstar Global Equity Universe. After a difficult stretch of underperformance for roughly the last three consecutive quarters, the managers feel somewhat vindicated that their value-oriented approach to global equity investing has been rewarded. The managers have believed for some time now that various factors have created an environment where Europe, in particular, is offering a compelling investment opportunity. Despite Europe's gains in the quarter, Europe still remains historically cheap on every valuation metric. As the managers stated in their quarterly review, "While we can no longer say that the region (Europe) trades at the biggest ever discount to its global peers, we can say that the discount remained wider at the end of the third quarter than 96% of the time on record". Similar to the managers at HighMark, new holdings that entered the portfolio hailed from northern Europe. Aside from Europe, the fund benefited from an underweight to Japanese stocks, and an overeweight to South Korea and Singapore.

Fixed Income

- The Barclays Aggregate Index returned 1.59% for the quarter, as the U.S. Treasury Index returned only 0.6% during the quarter, with two-year yields declining by 7 basis points while thirty-year yields rose by 7 basis points. All non-treasury sectors outperformed, rebounding strongly from the prior period as European financial crisis concerns eased. Investment-grade corporate bonds gained 3.8%, outperforming equivalent duration treasuries by +324 basis points as monetary easing by the world's central banks provided the catalyst for tighter credit spreads. High yield corporate bonds returned 4.5%, outperforming equivalent duration U.S. Treasury securities by +387 basis points during the quarter due to the continued search for yield by investors and the resulting flow of funds into the sector. Investment grade corporate bond spreads ended the quarter at +169 basis points, while high yield bond spreads finished at +574, both of which are close to or below their long term averages after the strong credit rally during the quarter. Investment grade and high yield corporate bond issuance was robust during the quarter as companies took advantage of low borrowing costs and receptive capital markets. All major corporate sectors posted positive excess returns during the quarter, with the best performance coming from Communications, Energy, Finance, Insurance and Real Estate Investment Trusts, while Technology, Healthcare, Consumer Products and Metals underperformed the Barclays U.S. Corporate Index.

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- The Pimco Total Return Bond Fund had another strong quarter, posting a 3.15% return which placed it in the 24th percentile of the Morningstar Intermediate-Term Bond Universe. This is on the back of an even stronger second quarter, where the fund was ranked in the fifth percentile. Most of the strategic decisions that worked in the second quarter, continued to bear fruit in the third quarter. The fund's exposure to high yield bonds, emerging market debt, Agency mortgages, and corporate bonds all supported performance. The managers continue to reduce their duration target, which at quarter end stood at 4.02 years.

- The separately managed fixed income portfolio returned 1.96% in the third quarter. The strategy outperformed the Barclays Aggregate benchmark this quarter, primarily due to its higher weighting in corporate bonds (45.5% vs. 21%). Individual names that positively impacted performance for the quarter included Spanish telecom Telefonica, GAP Stores, Kinder Morgan Energy, Verizon, and Bank of America. Also helping performance, was the strategy's yield curve positioning and its short duration positioning (approximately 95% of the benchmark), as longer dated Treasuries posted negative returns. The managers do not see rates rising until sometime in 2014. As such, the managers are keeping the strategy's duration at approximately 95% of the benchmark. The strategy will remain underweight Treasuries, agencies, mortgages and sovereign/suprantionals. The strategy is overweight investment-grade corporates, high yield, asset backed securities, and CMBS.

- U.S. high yield issuance totaled $45 billion in September, which is a record for monthly issuance. For the first nine months of 2012, the total high yield issuance in the U.S. totaled approximately $236 billion. A yield hungry investor base, and corporations looking to take advantage of low interest rates are the two primary catalysts behind the strong issuance trends in 2012. For the quarter, the Pimco High Yield Bond Fund returned 4.09%, which slightly underperformed the Merrill Lynch US HY BB-B rated index return of 4.45%. The fund's higher overall credit quality was a negative in a "risk-on" quarter. An underweight to financials detracted from returns as banks outperformed due to the actions from the various central banks. As well, an underweight to telecommunication names also was a negative to performance. Exposure to underperforming, lower-beta sectors such as utilities, capital goods, and energy was also a detractor in the quarter. The fund ranked in the 70th percentile of the Morningstar High Yield Fund Universe.

INVESTMENT STRATEGY AS OF September 30, 2012

Tactical Asset Allocation

Asset Class	% Portfolio Weighting: Target	Current Portfolio	Over/Under Weighting	Rationale
Cash	1%	3%	2%	
Fixed Income	45%	42.5%	-2.5%	▪ We reduced our equity overweight in the quarter, and have increased our allocation to fixed income. We have not amended our long-term forecast for fixed income returns (2-3% over the next five years).
High Yield	0%	3.5%	-	▪ High yield should continue to offer attractive opportunities, despite a slowing U.S. economy. Default rates are predicated to remain low.
Real Estate (REITS)	4%	4.75%	.75%	▪ We remain slightly overweight REITs. Valuation metrics for a variety of REIT sectors: multifamily, Industrial, regional malls, office, and shopping centers, are becoming fully valued.

Tactical Asset Allocation

Asset Class	Target	Current Portfolio	Over/Under Weighting	Rationale
	% Portfolio Weighting			
Global Equity	8%	6.75%	-1.25%	▪ Our concerns remain regarding China and Europe. While the recent quarter was positive for European equities, it was more based on central bank liquidity measures. Risk factors compel us to be underweight both global and international equities.
International (Developed)	10%	5.0%	-5%	
International (Emerging)	0%	2.5%	2.5%	▪ While we are still overweight emerging markets, we did reduce slightly our allocation this quarter. Emerging markets still offer a compelling combination of growth and value.
Total Domestic Equity	32%	35.5%	3.5%	
Large Cap	18%	22.0%	4%	▪ Given the risk factors present from international markets, and given the current valuations of large cap domestic stocks, we remain overweight to U.S. domestic equities.
Mid Cap	6%	7.0%	1%	▪ Mid-cap stocks are trading at 13X next year's earnings. The growth prospects appear more attractive than small cap equities.
Small Cap	8%	6.5%	-1.5%	▪ Based on valuation measures, we are underweight small cap equities.

Investment Summary
Period Ending September 30, 2012

Investment Summary		Third Quarter
Beginning Value	**$**	**85,524,511.78**
Net Contributions/Withdrawals		-31,253.18
Fees Deducted		-30,322.47
Income Received		424,625.86
Market Appreciation		3,014,484.50
Net Change in Accrued Income		6,832.76
Ending Market Value	**$**	**88,908,879.25**

Asset Allocation
Period Ending September 30, 2012

Asset Allocation	6/30/2012 Market Value	6/30/2012 % of Total	9/30/2012 Market Value	9/30/2012 % of Total	Target Allocation
Domestic Equity					
Large Cap Core Holdings	$ 10,985,023	12.9%	$11,300,505.66	12.7%	-
T. Rowe Price Equity Income Fund	2,650,913	3.1%	2,845,658	3.2%	-
Loomis Sayles Value Fund	2,655,443	3.1%	2,864,225	3.2%	-
Harbor Capital Appreciation Instl	1,377,672	1.6%	1,349,347	1.5%	-
T. Rowe Price Growth Stock Fund	1,407,218	1.6%	1,377,058	1.6%	-
TIAA-CREF Mid-Cap Value Instl	3,234,484	3.8%	3,451,575	3.9%	
HighMark Geneva Mid Cap Growth Fund	2,396,176	2.8%	2,625,657	3.0%	-
Columbia Small Cap Value Fund II	3,071,369	3.6%	3,519,504	4.0%	-
T. Rowe Price New Horizons Fund	2,214,579	2.6%	2,178,037	2.5%	-
Total Domestic Equity	**$ 29,992,876**	**35.2%**	**$ 31,511,567**	**35.5%**	**32.0%**
		Range		*Range*	*21-57%*
International					
HighMark International Opportunity Fund	1,225,583	1.4%	1,784,457	2.0%	-
Dodge & Cox International Stock Fund	1,200,742	1.4%	1,289,774	1.5%	-
MFS International Growth Fund	1,234,751	1.4%	1,314,284	1.5%	-
RS Emerging Markets Y	2,347,369	2.8%	2,237,170	2.5%	-
Total International	**$ 6,008,445**	**7.0%**	**$ 6,625,685**	**7.5%**	**10.0%**
		Range		*Range*	*4-19%*
Global					
Templeton Global Opportunities A LW	4,943,832	5.8%	6,049,647	6.8%	-
Total Real Estate	**$ 4,943,832**	**5.8%**	**$ 6,049,647**	**6.8%**	**8.0%**
		Range		*Range*	*4-12%*
Real Estate					
Nuveen Real Estate Secs I Fund	4,035,258	4.7%	4,281,213	4.8%	-
Total Real Estate	**$ 4,035,258**	**4.7%**	**$ 4,281,213**	**4.8%**	**4.0%**
		Range		*Range*	*0-8%*
Fixed Income					
Core Fixed Income Holdings	$ 23,984,435	28.1%	$27,031,442.76	30.5%	-
PIMCO Total Return Instl Fund	6,225,037	7.3%	7,662,573	8.6%	-
PIMCO High Yield Instl	2,752,695	3.2%	3,039,100	3.4%	-
Total Fixed Income	**$ 32,962,167**	**38.6%**	**$ 37,733,116**	**42.6%**	**45.0%**
		Range		*Range*	*35-67%*
Cash					
HighMark Diversified MM Fund	$ 7,355,938	8.6%	2,474,085	2.8%	-
Total Cash	**$ 7,355,938**	**8.6%**	**$ 2,474,085**	**2.8%**	**1.0%**
		Range		*Range*	*0-5%*
TOTAL	**$ 85,298,516**	**100.0%**	**$ 88,675,313**	**100.0%**	**100.0%**

Selected Period Performance

PARS/COUNTY OF CONTRA COSTA PRHCP

Account 6746038001

Period Ending: 09/30/2012

Sector	3 Months	Year to Date (9 Months)	1 Year	Inception to Date (20 Months)
Cash Equivalents	.01	.01	.02	.02
iMoneyNet, Inc. Taxable	*.00*	*.00*	*.00*	*.00*
Total Fixed Income	2.44	6.23	8.44	8.02
BC US Aggregate Bd Index	*1.59*	*4.00*	*5.17*	*7.06*
Total Equities	5.28	15.11	28.14	4.42
Indiv Domestic Common Stock	4.13	18.14	32.81	7.23
Large Cap Funds	6.70	16.83	29.62	5.36
Russell 1000 Index	*6.31*	*16.28*	*30.06*	*8.90*
Mid Cap Funds	3.92	11.86	25.87	4.33
Russell Midcap Index	*5.58*	*13.98*	*28.02*	*5.81*
Small Cap Funds	4.19	13.33	31.87	5.31
Russell 2000 Index	*5.25*	*14.23*	*31.91*	*5.74*
REIT Funds	.29	14.78	32.43	10.53
Wilshire REIT Index	*-.14*	*14.74*	*32.43*	*12.16*
International Equities	8.35	13.94	19.97	-1.78
MSCI EAFE Index	*6.92*	*10.09*	*13.75*	*-3.34*
Total Managed Portfolio	4.03	10.65	18.26	5.12
County of Contra Costa	*3.89*	*9.39*	*15.87*	*5.97*

*Inception Date: 02/01/2011

**Benchmark: 18% Russell 1000 Index, 6% Russell Midcap Index, 8% Russell 2000 Index, 8% MSCI AC World ex US Index, 10% MSCI EAFE Index, 45% Barclays Aggregate Index, 4% DJ Wilshire REIT Index, 1% Citigroup 3 Month T-Bill Index.

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

PARS/COUNTY OF CONTRA COSTA

For Period Ending September 30, 2012

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
LARGE CAP EQUITY FUNDS							
T. Rowe Price Equity Income	2.58	6.32	15.04	28.90	11.48	0.55	7.97
Harbor Capital Appreciation Instl	2.73	5.62	17.13	25.46	12.73	3.40	8.51
Loomis Sayles Value Fund	3.11	7.95	17.41	32.05	9.76	0.08	9.28
T. Rowe Price Growth Stock	2.60	6.07	20.17	32.20	14.95	2.50	9.23
S&P 500 Index	**2.58**	**6.35**	**16.44**	**30.20**	**13.20**	**1.05**	**8.01**
MID CAP EQUITY FUNDS							
HighMark Geneva Mid Cap Growth	1.73	3.34	10.89	25.08	16.59	5.00	10.33
Russell Mid Cap Growth Index	**2.00**	**5.35**	**13.88**	**26.69**	**14.73**	**2.54**	**11.11**
TIAA-Cref Mid-Cap Value Instl	1.26	4.34	12.58	26.44	11.64	0.87	--
Russell Mid Cap Value Index	**2.23**	**5.80**	**14.03**	**29.28**	**13.86**	**1.73**	**10.96**
SMALL CAP EQUITY FUNDS							
Columbia Small Cap Value II Z	2.49	3.86	10.74	30.93	12.05	1.51	10.58
T. Rowe Price New Horizons	2.11	4.76	17.11	33.49	20.90	7.08	13.76
Russell 2000 Index	**3.28**	**5.25**	**14.23**	**31.91**	**12.99**	**2.21**	**10.17**
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox Intl Stock	3.44	7.41	10.98	15.67	2.69	-3.70	11.72
HighMark Int'l Opportunities Fid	3.45	6.28	12.44	17.09	2.98	-5.62	9.69
RS Emerging Markets Y	4.59	7.14	11.90	20.80	4.43	-1.10	17.37
MFS International Growth I	3.36	6.44	13.28	20.18	6.99	-0.62	10.82
MSCI EAFE Index	**2.96**	**6.92**	**10.08**	**13.75**	**2.12**	**-5.24**	**8.20**
Templeton Global Opportunities A LW	3.35	9.98	14.64	20.36	3.28	-3.96	9.05
MSCI ACWI NR USD	**3.15**	**6.84**	**12.88**	**20.98**	**7.23**	**-2.07**	**8.61**
REIT EQUITY FUNDS							
Nuveen Real Estate Secs I	-1.78	0.09	15.19	32.27	21.03	4.01	13.30
DJ US Select REIT TR USD	**-1.97**	**-0.38**	**14.47**	**32.06**	**20.52**	**1.60**	**11.28**
BOND FUNDS							
Pimco Total Return Inst'l	0.89	3.15	9.08	11.51	7.69	8.92	6.95
BarCap US Aggregate Bond	**0.14**	**1.58**	**3.99**	**5.16**	**6.19**	**6.53**	**5.32**
Pimco High Yield Inst'l	1.17	4.09	11.01	18.02	11.87	7.78	9.76
Credit Suisse High Yield Index	**1.25**	**4.27**	**11.22**	**17.92**	**12.55**	**8.62**	**10.54**

Source: SEI Investments, Morningstar Investments

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