

PERFORMANCE REPORT

Independent
advice for
the institutional
investor

Ventura County
Employees'
Retirement
Association

Second Quarter 2009

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Ennis Knupp + Associates calculates rates of return for each investment manager monthly. Occasionally discrepancies arise between returns computed by the managers and those calculated by Ennis Knupp + Associates due to differences in computational procedures, securities pricing services, etc. We monitor these discrepancies closely and find that they generally do not tend to persist over time. If a material discrepancy does persist, we will bring the matter to your attention. A description of the policy portfolios and fund universes used throughout this report appears in Appendix II. All rates of return contained in this report for time periods greater than one year are annualized. Returns are calculated net of fees and expenses.

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HIGHLIGHTS

HIGHLIGHTS

Market Comments

Global stock and credit markets rallied during the second quarter as governments intervened to improve economic conditions. Central banks around the world cut policy interest rates and governments rolled out fiscal policy programs to combat the liquidity crisis, rising unemployment, and restore faith in the credit markets. In the U.S., the government launched the Term Asset-Backed Securities Loan Facility (TALF) during the second quarter and announced plans for the Public-Private Investment Program (PPIP). The Fed met twice during the second quarter, deciding in April and again in June to keep the federal funds rate within a range of 0.00% - 0.25%.

The U.S. stock market, as measured by the Dow Jones Total Stock Market Index, gained 16.8% during the second quarter. From a capitalization standpoint, small cap stocks outperformed large cap stocks, while from a style perspective, growth and value performed in-line with each other. Financial services and consumer discretionary were the best-performing sectors, while utilities was the worst-performing sectors. All sectors had positive returns during the second quarter.

The non-U.S. stock market, as measured by the MSCI All Country World ex-U.S. Index, returned 27.6% during the second quarter, outperforming the U.S. stock market by 10.8 percentage points. Emerging markets gained 34.7% during the quarter and outperformed developed countries. The Latin American and Eastern Europe & Middle East regions were the strongest performers, delivering returns of 38.5% and 34.0%, respectively. Every region in the Index generated a return greater than 20%.

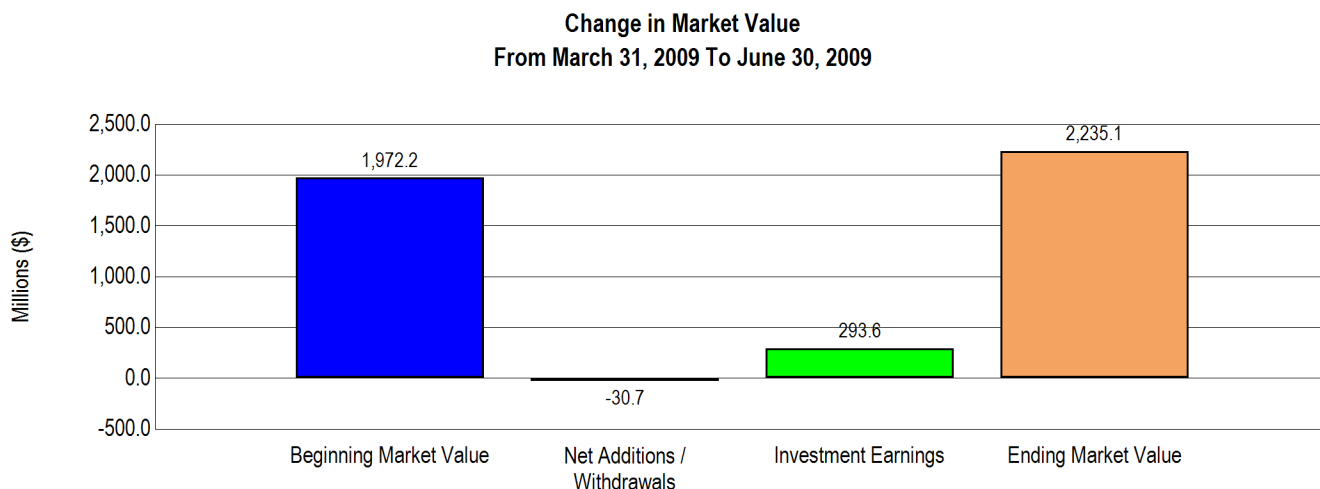
The U.S. bond market, as measured by the Barclays Capital Aggregate Bond Index, returned 1.8% during the second quarter. Treasuries were the worst-performing sector of the Index as interest rates rose. Riskier segments of the market performed well, as credit spreads collapsed in the credit and securitized markets. Many of the better-performing sectors of the market were impacted either directly or indirectly through the government's fiscal policies such as TALF, PPIP, and direct bail-outs.

MAJOR MARKET RETURNS

	Second Quarter	Year-To-Date	1 Year Ending 6/30/09	3 Years Ending 6/30/09
Dow Jones US Total Stock Index	16.8%	4.5%	-26.4%	-8.1%
MSCI All Country World ex-U.S. Index	27.6	13.9	-30.9	-5.8
MSCI EAFE Index	25.4	8.0	-31.4	-8.0
MSCI Emerging Markets Index	34.7	36.0	-28.1	3.0
MSCI All Country World Index	22.3	9.2	-29.3	-7.0
Barclays Capital Aggregate Bond Index	1.8	1.9	6.0	6.4

Asset Growth

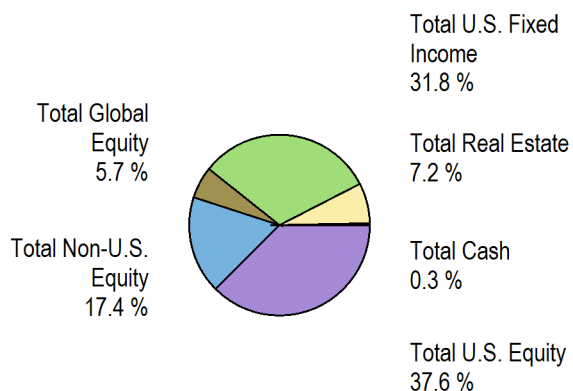
As shown below, the asset value of VCERA's Total Fund increased by \$262.9 million during the second quarter. The increase in assets was a result of investment gains of \$293.6 million which were partially offset by net withdrawals of approximately \$30.7 million.



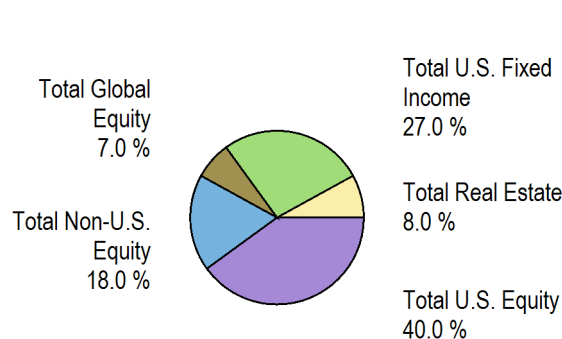
Asset Allocation

The pie charts below illustrate VCERA's investment allocations relative to its policy. As of June 30, 2009, the Fund was overweight relative to its policy within the fixed income and cash components. Corresponding underweights were experienced within the U.S. equity, non-U.S. equity, global equity, and real estate components.

**ASSET ALLOCATION
ACTUAL AS OF 6/30/09**



**ASSET ALLOCATION
POLICY AS OF 6/30/09**



HIGHLIGHTS

RETURN SUMMARY ENDING 6/30/09

	Second Quarter	Year-To-Date	1 Year Ending 6/30/09	3 Years Ending 6/30/09	5 Years Ending 6/30/09	10 Years Ending 6/30/09	Since Inception	Inception Date
Total Fund	15.0 %	5.3 %	-21.1 %	-4.8 %	0.6 %	2.2 %	8.2 %	3/31/80
Policy Portfolio	13.1	4.6	-18.5	-3.0	1.9	2.2	--	
Public Fund Index	10.6	4.2	-17.8	-2.6	2.5	3.0	--	
Total Fund ex-Clifton	14.9	5.2	-20.8	-4.7	0.6	2.2	8.2	3/31/80
Total U.S. Equity	17.2	4.2	-27.6	-10.0	-3.2	-1.1	5.8	12/31/93
Performance Benchmark*	16.8	4.5	-26.4	-8.1	-1.7	-1.4	6.5	
Total Non-U.S. Equity	24.4	10.9	-30.8	-6.9	3.4	2.9	6.1	3/31/94
Performance Benchmark*	27.6	13.9	-30.9	-5.8	4.5	2.4	4.5	
Total Global Equity	13.9	-1.7	-30.5	-8.2	--	--	-1.9	4/30/05
MSCI All Country World Index	22.3	9.2	-29.3	-7.0	--	--	-0.6	
Total U.S. Fixed Income	15.0	13.7	3.9	5.3	4.7	5.9	5.9	2/28/94
Barclays Capital Aggregate Bond Index	1.8	1.9	6.0	6.4	5.0	6.0	6.2	
Total Real Estate	-10.4	-24.1	-36.1	-7.9	0.9	5.8	7.3	3/31/94
Policy Benchmark	-5.2	-14.4	-21.8	-0.7	6.5	7.9	9.0	

Commentary on Investment Performance

The Total Fund advanced 15.0% during the second quarter, outperforming the return of the Policy Portfolio by 1.9 percentage points. Outperformance was a result of above-benchmark results from the Fund's U.S. equity and fixed income components. Mitigating results was below benchmark returns from the Fund's non-U.S. equity, global equity, and real estate portfolios.

Over the year-to-date period, the Fund has returned 5.3%, surpassing the return of the Policy Portfolio by 0.7 percentage points. Similar the second quarter, the fixed income component was responsible for the above-benchmark returns, while the U.S. equity, non-U.S. equity, global equity, and real estate components hindered relative performance.

The Total Fund's longer-term relative performance remains mixed. The Total Fund has underperformed the return of its benchmark during all trailing periods except during the trailing ten-year period. The Fund's since inception return remains favorable in absolute terms at 8.2%.

The attribution analysis exhibits on page 18 provide additional information regarding each sub-component's contribution to performance during the quarter and trailing one-year period.

*The DJ U.S. Total Stock Market Index. The Index was formerly named the DJ Wilshire 5000 Index. Prior to May 2007, the Russell 3000 Index.

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

MARKET ENVIRONMENT
Second Quarter 2009

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

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Dow Jones US Total Stock Index	16.8 %	4.5 %	-26.4 %	-8.1 %	-1.6 %	-1.3 %
MSCI All Country World ex-U.S. Index	27.6	13.9	-30.9	-5.8	4.5	2.5
MSCI EAFE Index	25.4	8.0	-31.4	-8.0	2.3	1.2
MSCI Emerging Markets Index	34.7	36.0	-28.1	3.0	14.7	8.7
MSCI All Country World Index	22.3	9.2	-29.3	-7.0	1.1	-0.2
Barclays Capital Aggregate Bond Index	1.8	1.9	6.0	6.4	5.0	6.0

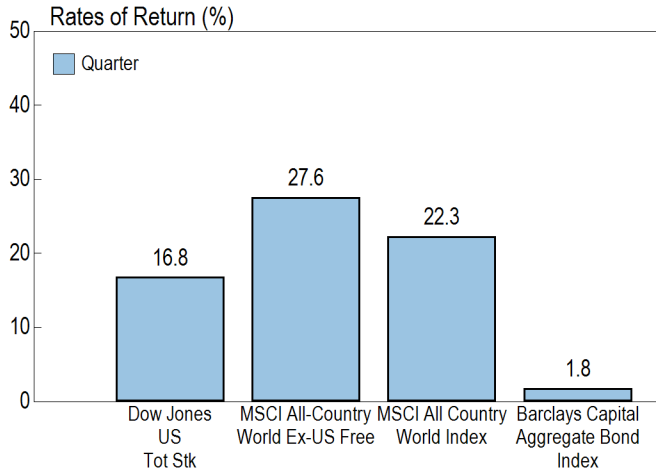
Global capital markets rallied during the second quarter as governments around the world acted to combat the troubles facing financial institutions and the consumer. The U.S. government moved forward with several fiscal policies aimed at restoring liquidity in the capital markets, including the Term Asset-Backed Securities Loan Facility (TALF), which was designed to attract investors to the new-issue asset-backed securities markets, and the Public-Private Investment Program (PPIP), which aims to restore liquidity for distressed securities such as non-agency residential mortgage-backed securities and commercial mortgage-backed securities. The Federal Open Markets Committee (FOMC) met twice during the quarter, deciding in April and again in June, to maintain the federal funds target range of 0.00-0.25%. The Committee resolved to support the credit markets by continuing in its plan to purchase up to \$1.25 trillion in agency mortgage-backed securities and \$200 billion in agency debt, as well as \$300 billion in Treasuries by the end of 2009. The U.S. Bureau of Economic Analysis revealed that the gross domestic product (GDP) decreased by an annualized 5.5% during the first quarter of 2009, and the Bureau of Labor Statistics reported that unemployment had risen to 9.5% during the month of June.

The Dow Jones U.S. Total Stock Market Index (formerly the Dow Jones Wilshire 5000 Index) returned 16.8% for the second quarter of 2009, moving its year-to-date return into positive territory. Stocks continued their climb from the end of the first quarter, peaking in early June, before weak economic data tempered investor optimism. The financial and consumer durable sectors were the strongest performers, returning 26.6% and 25.0%, respectively. By the end of the quarter the Chicago Board Options Exchange Volatility Index (VIX), which measures the cost of insurance against a market decline in the S&P 500 Index, had dropped to its lowest level since the bankruptcy of Lehman Brothers last fall.

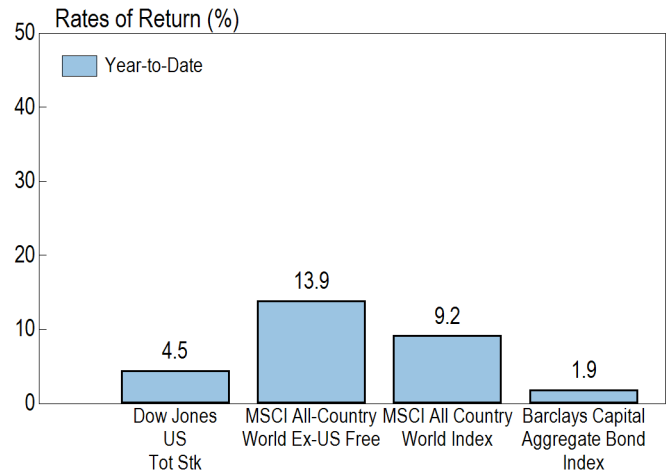
International markets outperformed U.S. stocks by more than ten percentage points during the second quarter of 2009, due in part to rising commodity prices and a subsequent 34.7% increase in the MSCI Emerging Markets Index. The Latin American and Eastern Europe & Middle East regions were the strongest performers, delivering returns of 38.5% and 34.0%, respectively. Developed market stock returns lagged those of emerging markets; however, every major region of the index generated a return greater than 20%. On June 24th the European Central Bank injected 442 billion euros into the banking system, lending at a rate of 1.00% to over 1,100 European banks.

The domestic fixed income market, as measured by the Barclays Capital Aggregate Bond Index, returned 1.8% for the second quarter of 2009. Government securities were the worst performing segment of the market as investors' risk appetite increased and lower-quality sectors generated strong returns. The Treasury yield curve steepened with short-term interest rates remaining low and longer term rates rising significantly from near-historic lows as market conditions improved.

**MAJOR MARKET RETURNS
SECOND QUARTER**

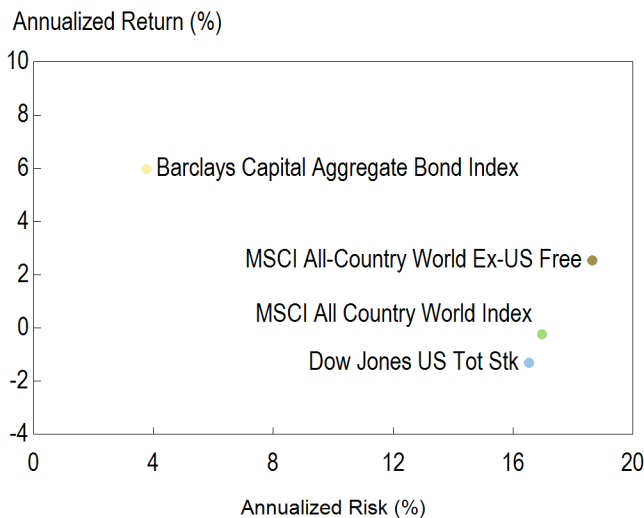


**MAJOR MARKET RETURNS
YEAR-TO-DATE ENDING 6/30/09**

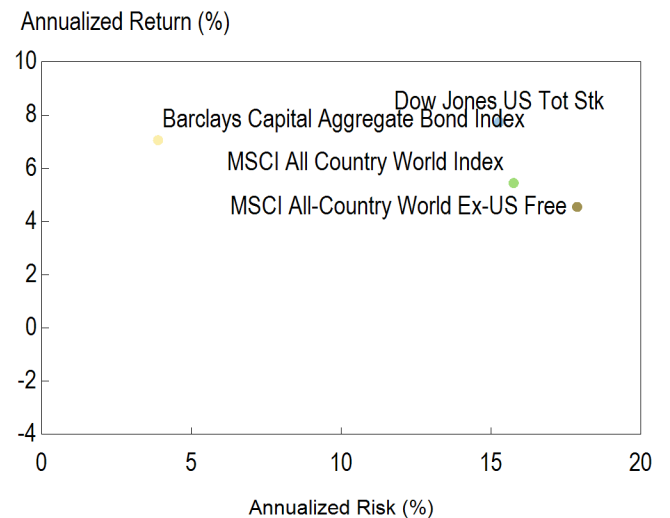


The exhibits above show the performance of the major capital markets during the second quarter and year-to-date periods.

**MARKET RISK/RETURN
10 YEARS ENDING 6/30/09**



**MARKET RISK/RETURN
20 YEARS ENDING 6/30/09**

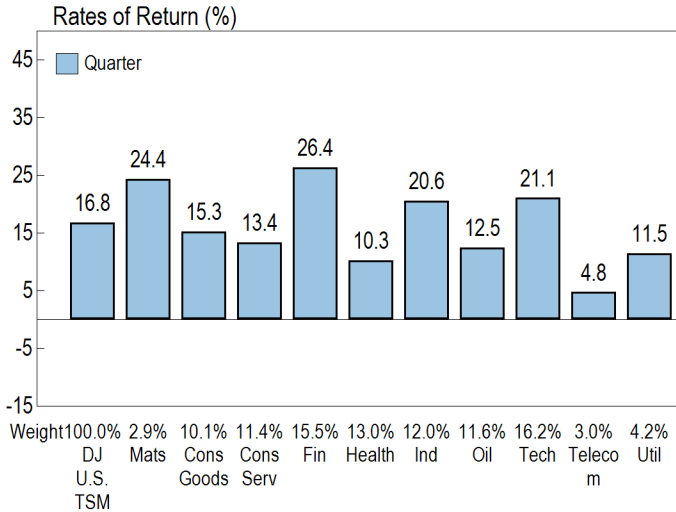


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

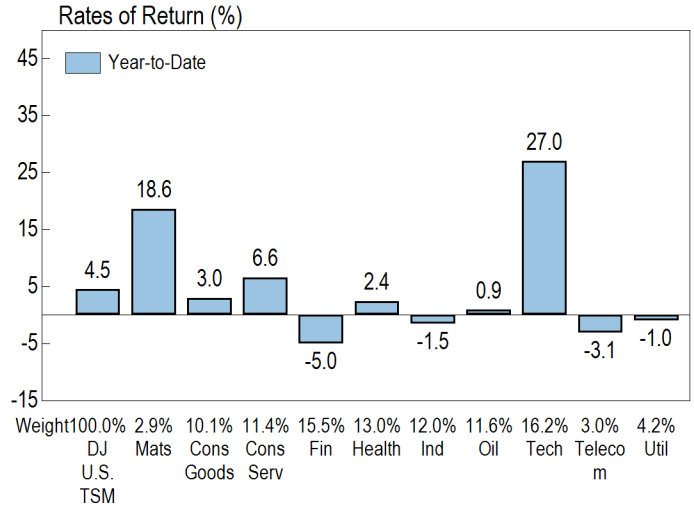
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS SECOND QUARTER



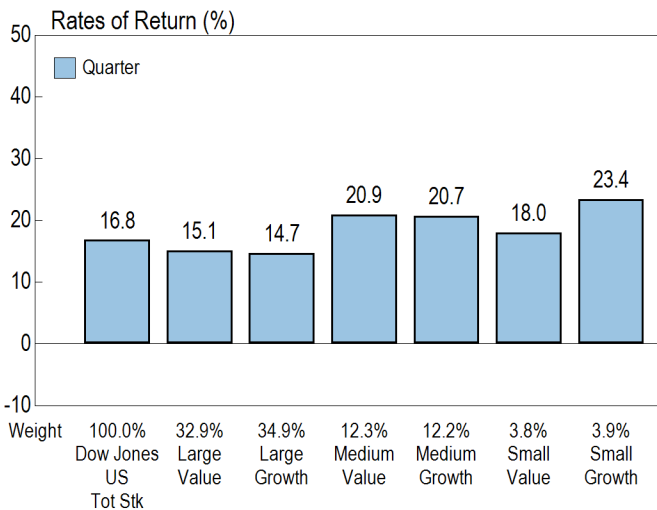
SECTOR RETURNS YEAR-TO-DATE ENDING 6/30/09



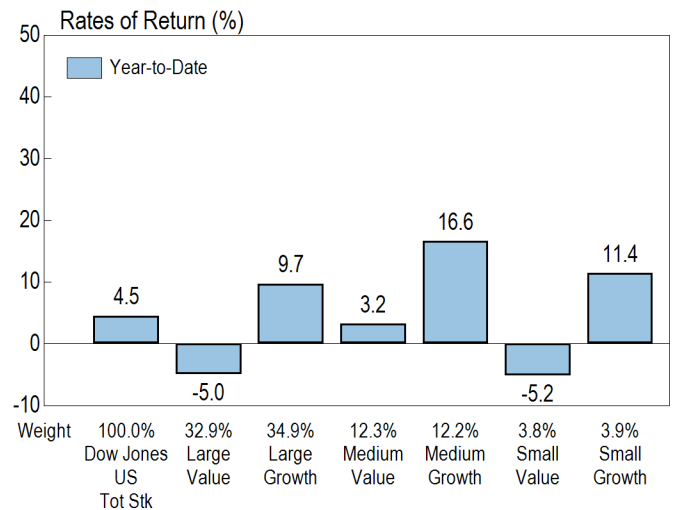
The Dow Jones U.S. Total Stock Market Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

The exhibits above show the performance of the sectors that comprise the Dow Jones U.S. Total Stock Market Index. The percentage below each bar indicates the sector's weight within the Dow Jones U.S. Total Stock Market Index at quarter-end.

STYLE RETURNS SECOND QUARTER

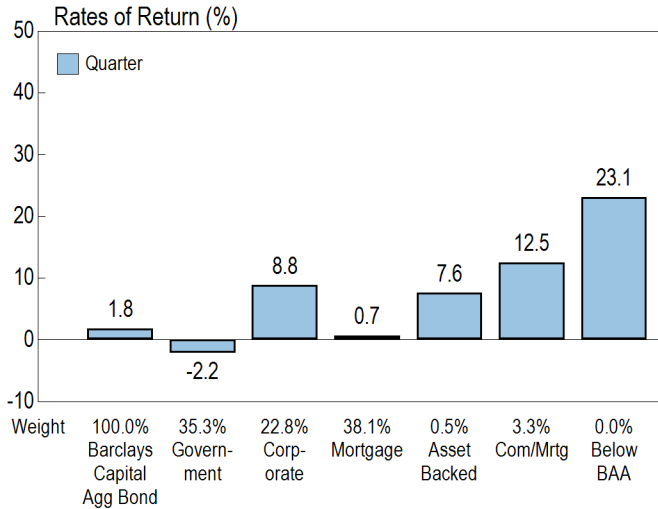


STYLE RETURNS YEAR-TO-DATE ENDING 6/30/09

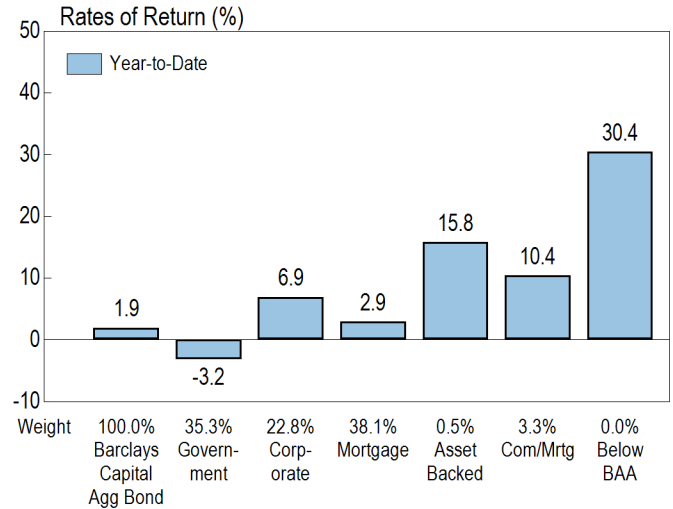


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones U.S. Total Stock Market Index at quarter-end.

**SECTOR RETURNS
SECOND QUARTER**



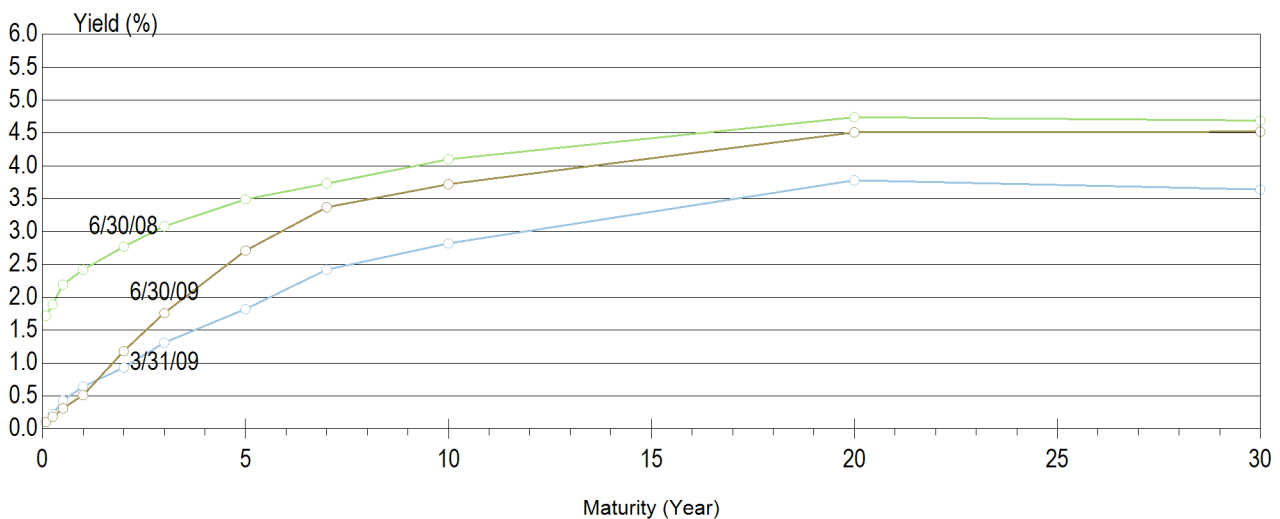
**SECTOR RETURNS
YEAR-TO-DATE ENDING 6/30/09**



The Barclays Capital Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of corporate, government, and mortgage-backed securities and includes credit card, auto, and home equity loan-backed securities.

The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Barclays Capital Aggregate Bond Index at quarter-end.

U.S. TREASURY CURVE

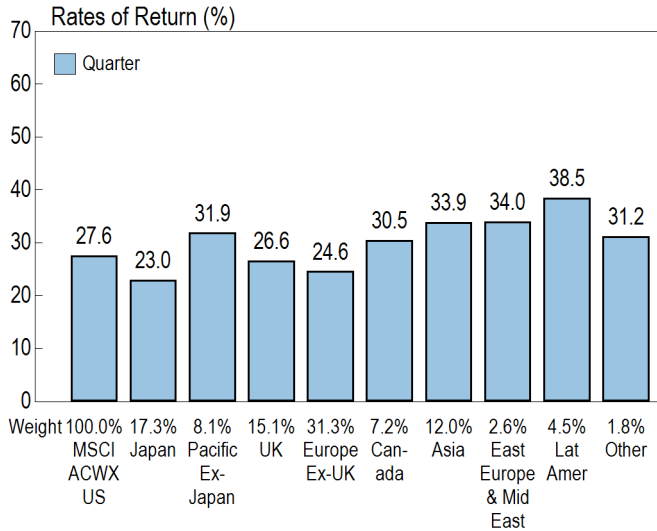


The exhibit above illustrates yields of Treasury securities of various maturities as of June 30, 2008, March 31, 2009, and June 30, 2009.

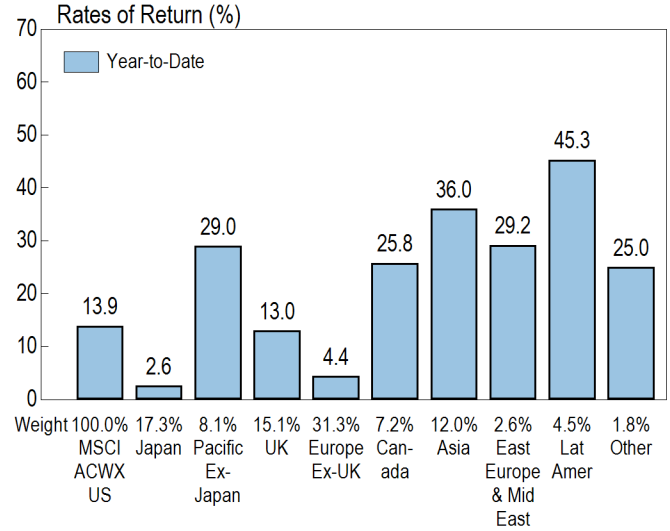
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

**NON-U.S. STOCK MARKET RETURNS
SECOND QUARTER**

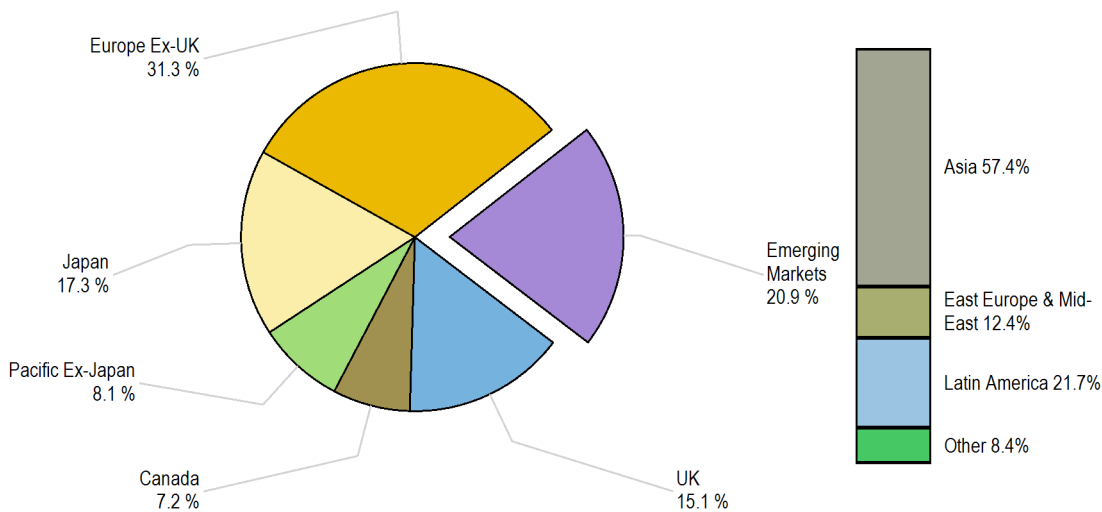


**NON-U.S. STOCK MARKET RETURNS
YEAR-TO-DATE ENDING 6/30/09**



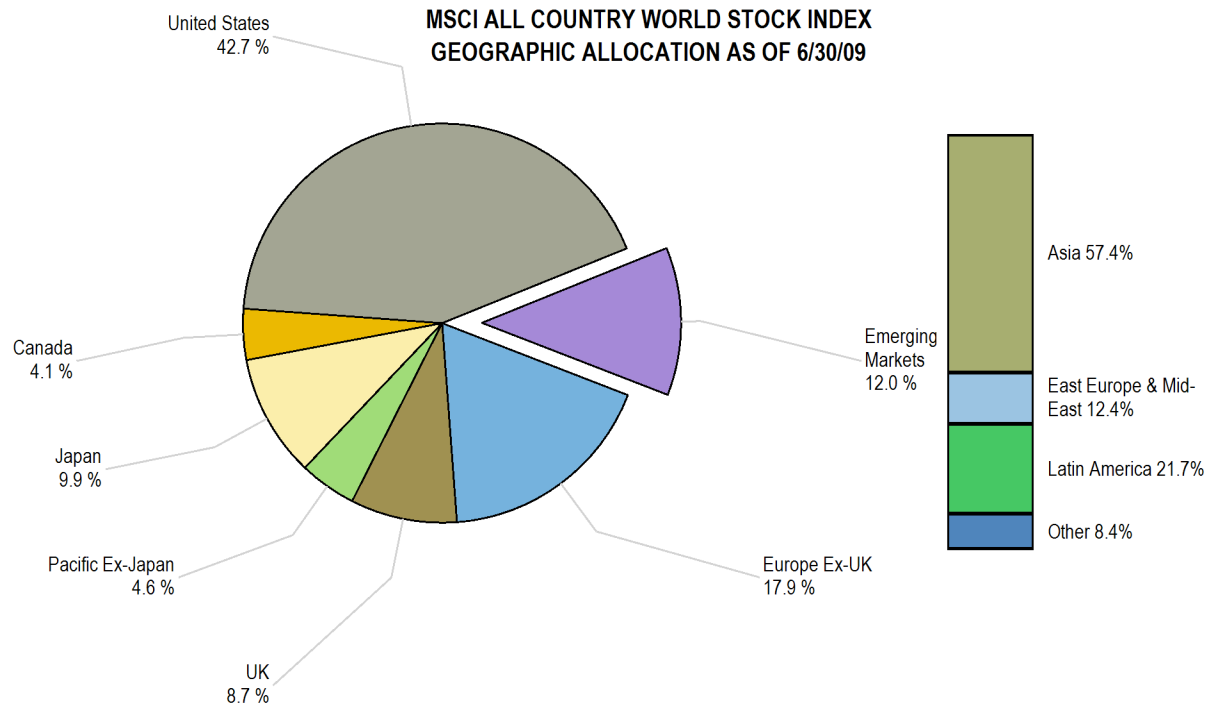
The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 22 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

**MSCI ALL COUNTRY WORLD EX-U.S. STOCK INDEX
GEOGRAPHIC ALLOCATION AS OF 6/30/09**



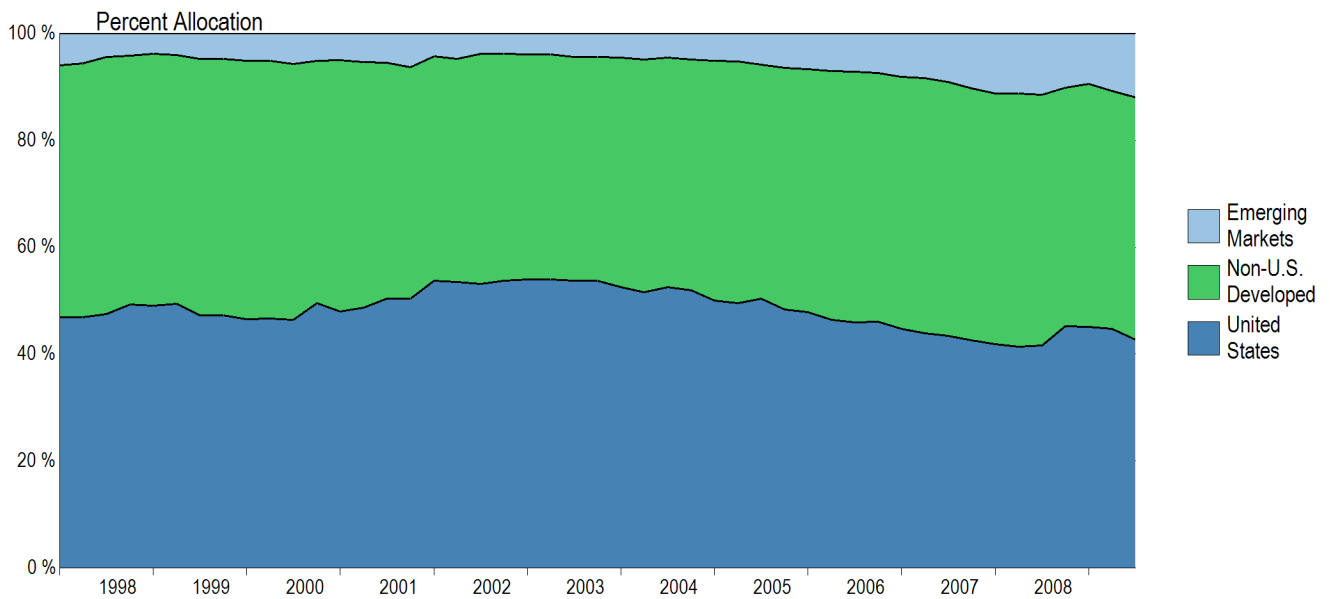
The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.

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



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 22 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end.
Note on Other: Includes South Africa, Egypt, and Morocco.

ALLOCATION



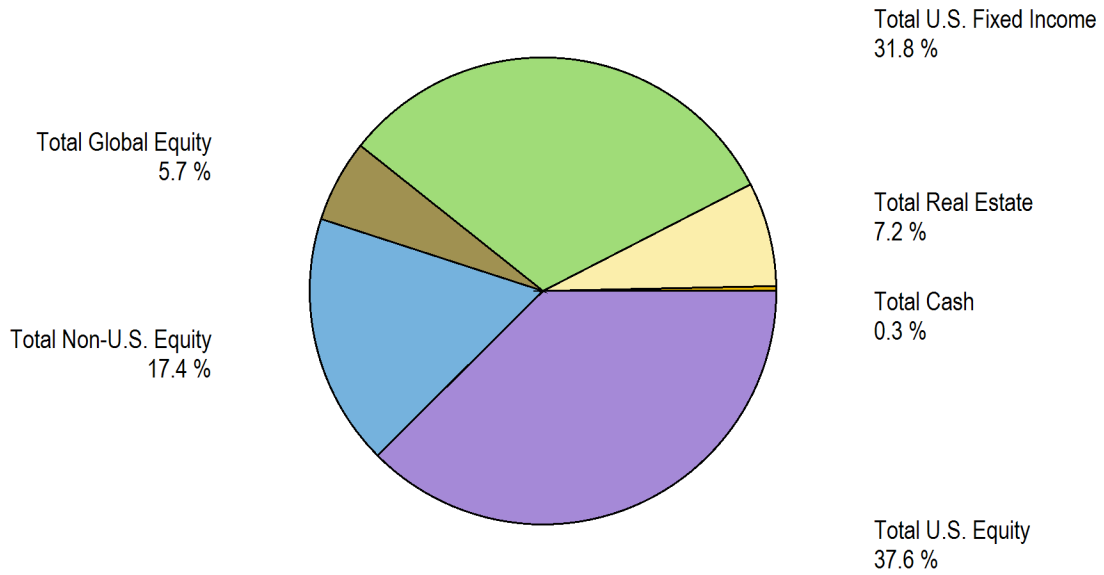
The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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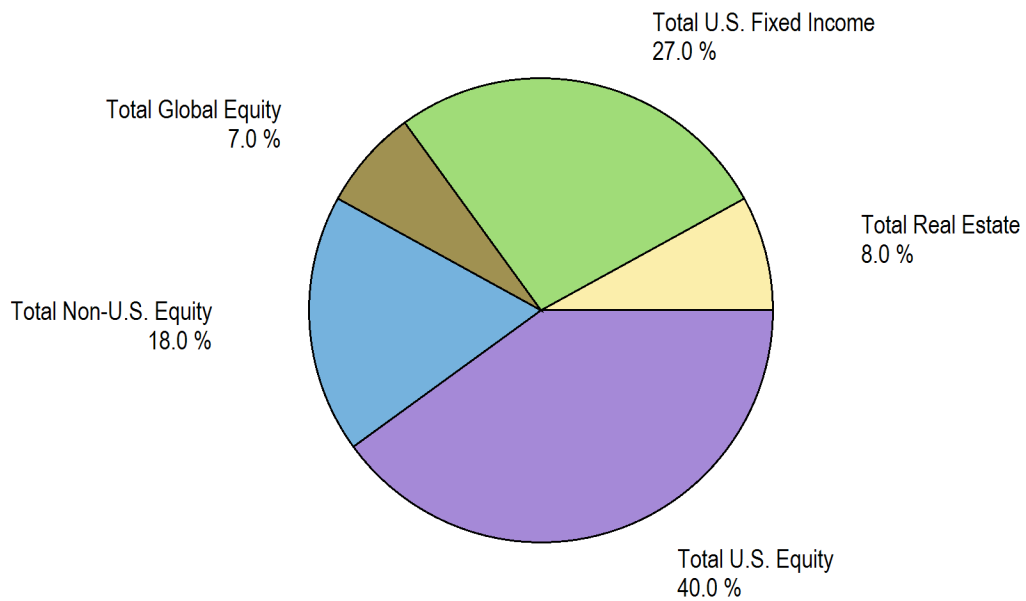
ASSET ALLOCATION

ASSET ALLOCATION

**ASSET ALLOCATION
ACTUAL AS OF 6/30/09**



**ASSET ALLOCATION
POLICY AS OF 6/30/09**



ASSET ALLOCATION

ASSET ALLOCATION AS OF 6/30/09

(\$ in thousands)

	U.S. Equity	Non-U.S. Equity	U.S. Bond	Non-U.S. Bond	Real Estate	Cash	Total	Percent of Total	Policy
BGI Extended Equity Index Fund	\$15,673	--	--	--	--	--	\$15,673	0.7%	
Western U.S. Index Plus	\$35,077	--	--	--	--	\$14,926	\$50,002	2.2%	
BGI Equity Market Fund	\$776,529	--	--	--	--	--	\$776,529	34.6%	
Total U.S. Equity	\$827,279	--	--	--	--	\$14,926	\$842,204	37.6%	40.0%
BGI ACWI ex-U.S. Index	--	\$157,615	--	--	--	--	\$157,615	7.0%	
Capital Guardian	--	\$83,116	--	--	--	\$5,024	\$88,140	3.9%	
Sprucegrove	--	\$80,145	--	--	--	\$4,041	\$84,186	3.8%	
Artio International Equity II	--	\$58,378	--	--	--	\$2,623	\$61,001	2.7%	
Total Non-U.S. Equity	--	\$379,254	--	--	--	\$11,688	\$390,942	17.4%	18.0%
GMO Global Fund	\$32,736	\$34,966	\$1,367	--	--	\$2,878	\$71,947	3.2%	
Acadian	\$26,182	\$28,849	--	--	--	\$1,009	\$56,039	2.5%	
Total Global Equity	\$58,918	\$63,815	\$1,367	--	--	\$3,887	\$127,987	5.7%	7.0%
Western	--	--	\$266,414	\$5,339	--	\$15,300	\$287,053	12.8%	
BGI U.S. Debt Fund	--	--	\$58,562	--	--	--	\$58,562	2.6%	
Reams	--	--	\$265,492	--	--	\$21,837	\$287,329	12.8%	
Loomis Sayles	--	\$9,740	\$67,386	--	--	\$2,059	\$79,184	3.5%	
Total U.S. Fixed Income	--	\$9,740	\$657,854	\$5,339	--	\$39,196	\$712,128	31.8%	27.0%
Total Prudential Real Estate	--	--	--	--	\$59,817	--	\$59,817	2.7%	
UBS Real Estate	--	--	--	--	\$79,680	--	\$79,680	3.6%	
Guggenheim	--	--	--	--	\$15,313	--	\$15,313	0.7%	
RREEF	--	--	--	--	\$7,019	--	\$7,019	0.3%	
Total Real Estate	--	--	--	--	\$161,828	--	\$161,828	7.2%	8.0%
Clifton Group	--	--	--	--	--	\$7,431	\$7,431	0.3%	
Total Cash	--	--	--	--	--	\$7,431	\$7,431	0.3%	
Total Fund	\$886,196	\$452,809	\$659,221	\$5,339	\$161,828	\$77,127	\$2,242,520	100.0%	100.0%
Percent of Total	39.5%	20.2%	29.4%	0.2%	7.2%	3.4%	100.0%		

Asset Allocation

In the table above, we detail the Total Fund's allocations among managers. On the right side of the table, we show the actual percent of total. The bottom row of the table shows the Fund's percentage investments in each asset class. These allocations reflect both the Board's decisions on manager allocations as well as the managers' active allocation decisions.

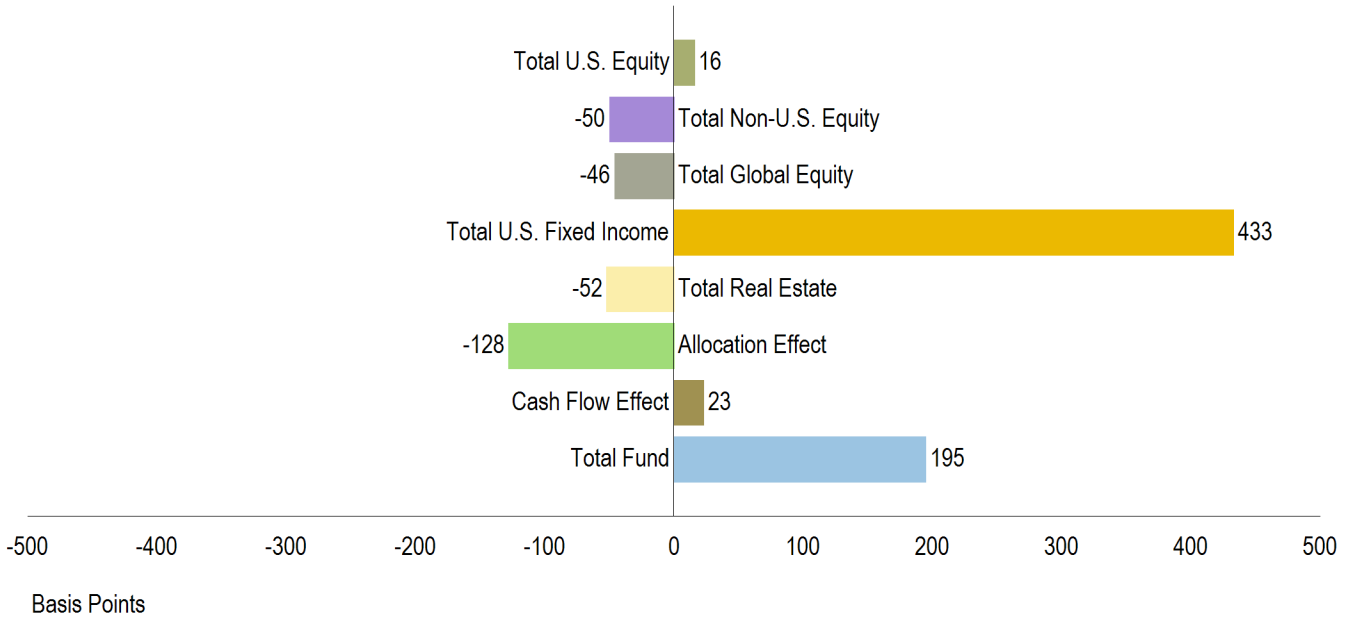
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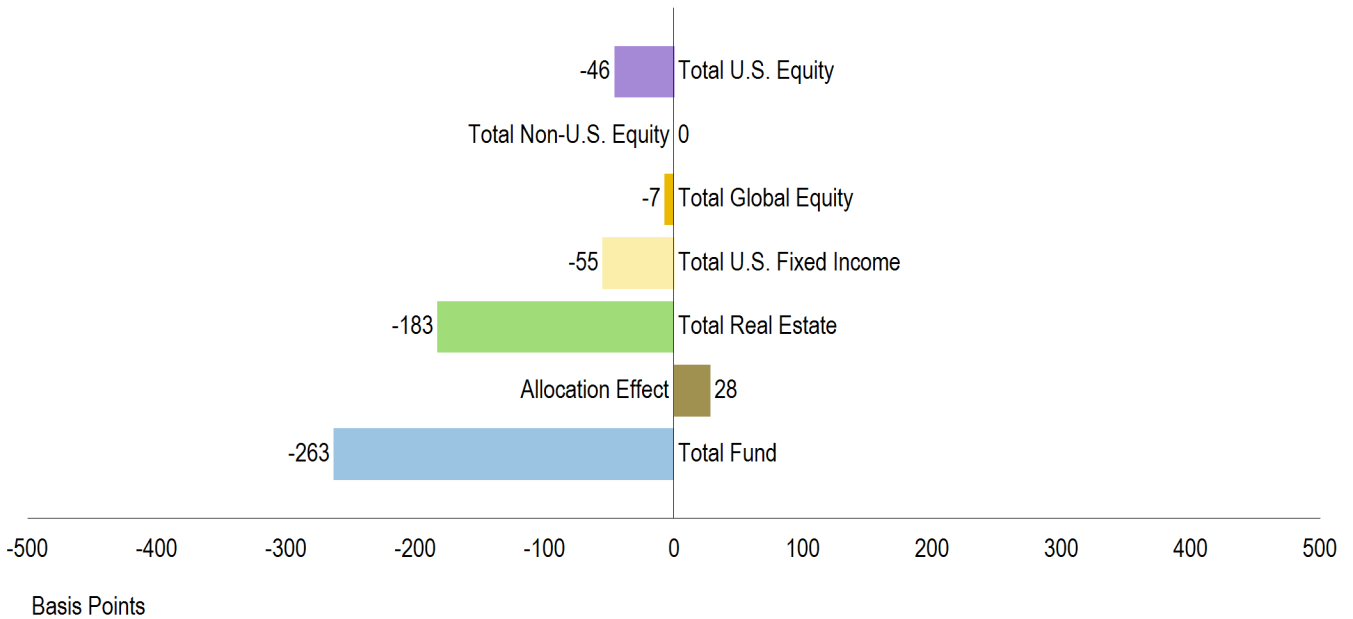
PERFORMANCE EVALUATION

TOTAL FUND

TOTAL FUND ATTRIBUTION ANALYSIS 3 MONTHS ENDING 6/30/09



TOTAL FUND ATTRIBUTION ANALYSIS 1 YEAR ENDING 6/30/09



RETURN SUMMARY
ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		10 Years Ending 6/30/09	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund	15.0 %	11	5.3 %	31	-21.1 %	83	-4.8 %	93	0.6 %	91	2.2 %	81
Policy Portfolio	13.1	20	4.6	42	-18.5	57	-3.0	49	1.9	58	2.2	81
Public Fund Index	10.6	55	4.2	45	-17.8	46	-2.6	39	2.5	33	3.0	54

Commentary on Investment Performance

The Total Fund advanced 15.0% during the second quarter, outperforming the return of the Policy Portfolio by 1.9 percentage points. Outperformance was a result of above-benchmark results from the Fund's U.S. equity and fixed income components. Mitigating results was below benchmark returns from the Fund's non-U.S. equity, global equity, and real estate portfolios.

Over the year-to-date period, the Fund has returned 5.3%, surpassing the return of the Policy Portfolio by 0.7 percentage points. Similar the second quarter, the fixed income component was responsible for the above-benchmark returns, while the U.S. equity, non-U.S. equity, global equity, and real estate components hindered relative performance.

The Total Fund's longer-term relative performance remains mixed. The Total Fund has underperformed the return of its benchmark during all trailing periods except during the trailing ten-year period. The Fund's since inception return remains favorable in absolute terms at 8.2%.

The attribution graphs on the opposite page illustrate each asset class's contribution to the relative performance of the Total Fund over the past three-month and trailing one-year periods. A positive value for a component indicates a positive contribution to the aggregate relative performance. A negative value indicates a detrimental impact. The top five bars indicate the value added or subtracted by each asset class over the specified time period based on the average weight of each asset class multiplied by the amount of its outperformance (or underperformance). The bar labeled Allocation Effect details the impact on performance due to deviations from the policy allocation targets. If the Fund's asset allocation was always identical to that of its policy, the Allocation Effect would be zero. The bar labeled "Cash Flow Effect" illustrates the effect on the Total Fund's performance by the timing of cash contributions, withdrawals, and asset movements between accounts. All of the effects combine to equal the "Total Fund" bar in these graphs. This is the difference between the Total Fund's return and that of the Policy Portfolio.

TOTAL FUND

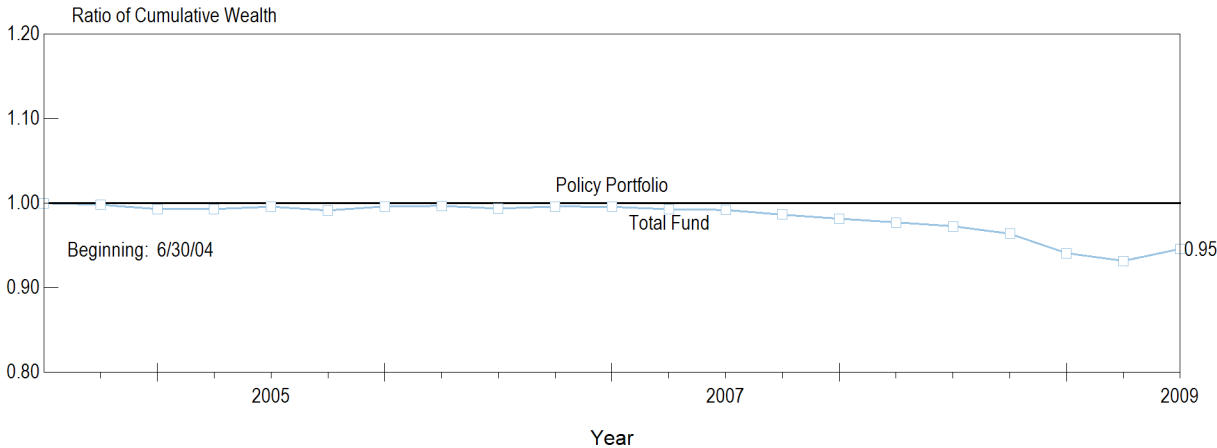
HISTORICAL RETURNS

(BY Years)

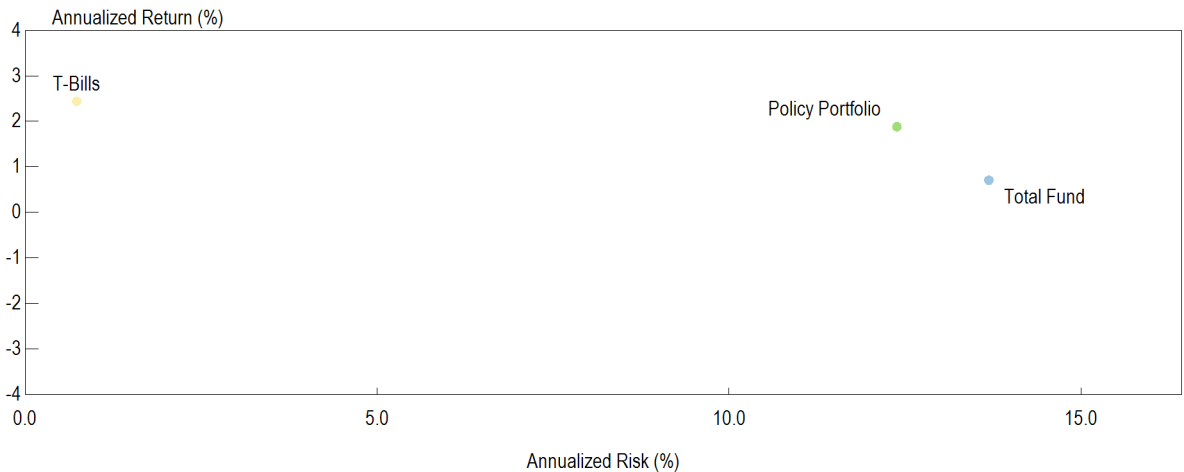
	Total Fund	Policy Portfolio	Return Difference
	Return	Return	
1980	7.7%	9.1%	-1.4
1981	2.2	4.5	-2.3
1982	32.4	26.4	6.0
1983	13.3	11.6	1.7
1984	8.4	11.4	-3.0
1985	22.4	22.8	-0.4
1986	15.4	15.4	0.0
1987	6.6	3.4	3.2
1988	10.1	11.7	-1.6
1989	19.6	21.9	-2.3
1990	6.1	2.9	3.2
1991	19.8	22.1	-2.3
1992	8.6	7.7	0.9
1993	10.0	8.7	1.3
1994	-2.1	0.8	-2.9
1995	25.2	24.6	0.6
1996	14.9	13.6	1.3
1997	18.8	19.9	-1.1
1998	16.8	20.3	-3.5
1999	13.5	14.4	-0.9
2000	0.7	-1.8	2.5
2001	-2.2	-6.0	3.8
2002	-10.4	-10.1	-0.3
2003	24.4	22.9	1.5
2004	10.8	11.3	-0.5
2005	7.9	7.6	0.3
2006	14.0	14.0	0.0
2007	6.9	8.5	-1.6
2008	-30.4	-27.2	-3.2
2009 (6 months)	5.3	4.6	0.7
Trailing 1-Year	-21.1%	-18.5%	-2.6
Trailing 3-Year	-4.8	-3.0	-1.8
Trailing 5-Year	0.6	1.9	-1.3
Trailing 10-Year	2.2	2.2	0.0

The table above compares the historical annual and cumulative annualized returns of VCERA's Total Fund with those of the Policy Portfolio.

**RATIO OF CUMULATIVE WEALTH
5 YEARS ENDING 6/30/09**



**ANNUALIZED RISK RETURN
5 YEARS ENDING 6/30/09**

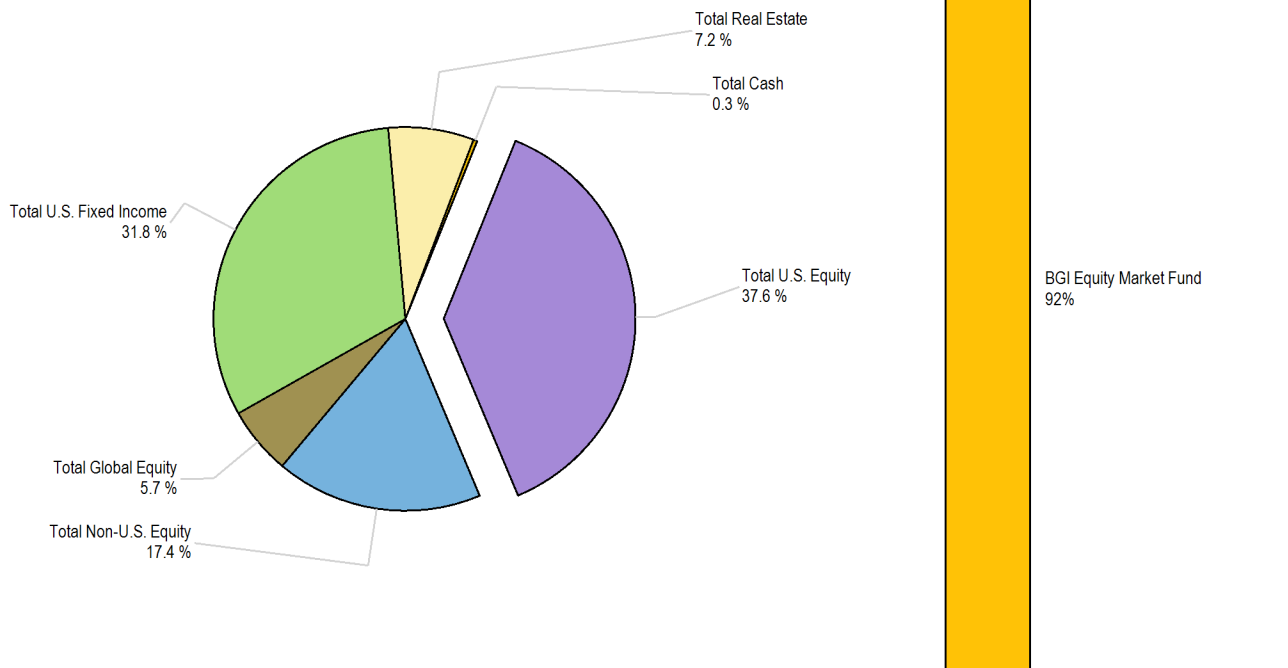


The Ratio of Cumulative Wealth graph on the top of the page illustrates the Total Fund's cumulative performance relative to the Policy Portfolio. An upward sloping line between two points indicates that the component's return exceeded that of the Policy Portfolio, while a downward sloping line indicates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

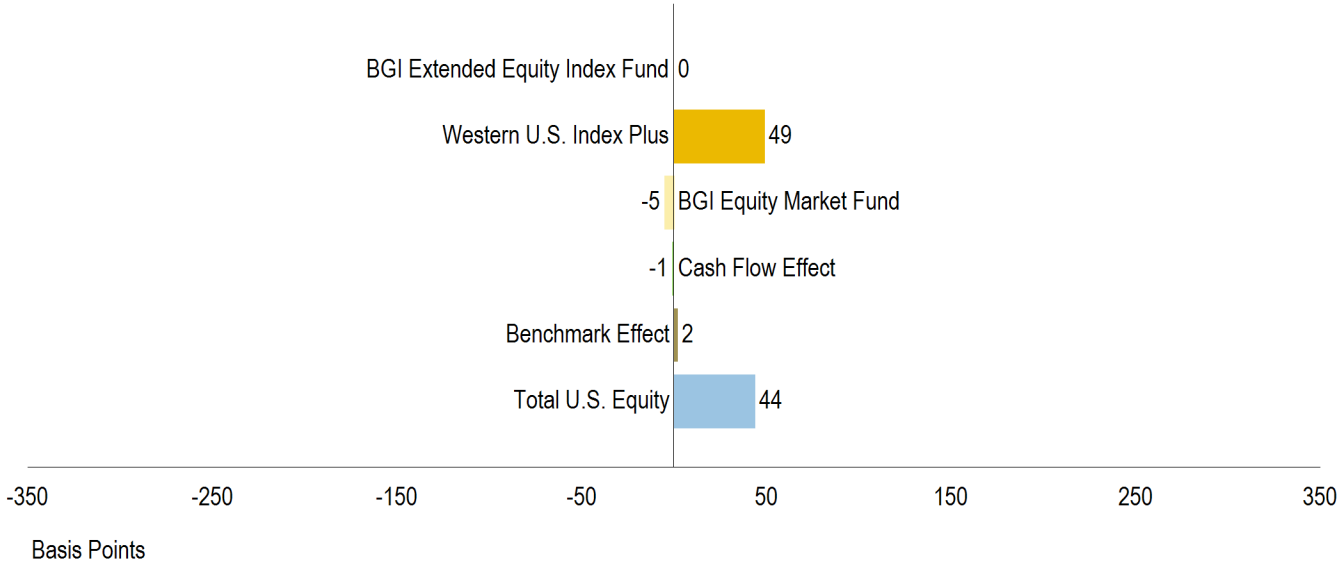
The risk/return graph on the bottom of the page illustrates the historical risk (volatility of returns) and return of VCERA's Total Fund to that of its Policy Portfolio. During the trailing five-years, the Total Fund experienced a lower rate of return while incurring a higher level of risk.

TOTAL U.S. EQUITY

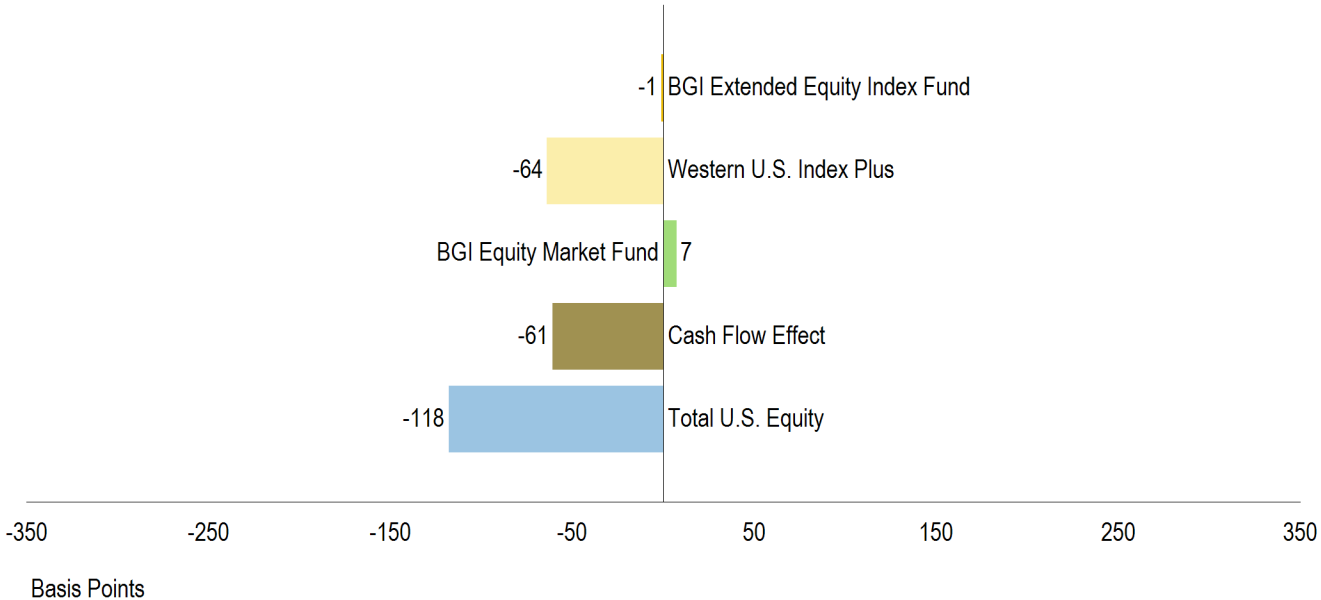
ASSET ALLOCATION ACTUAL AS OF 6/30/09



MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 6/30/09



MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 6/30/09



TOTAL U.S. EQUITY

RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		10 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total U.S. Equity	17.2 %	39	4.2 %	62	-27.6 %	62	-10.0 %	82	-3.2 %	90	-1.1 %	61	5.8 %	72	12/31/93
Performance Benchmark*	16.8	51	4.5	57	-26.4	41	-8.1	36	-1.7	43	-1.4	68	6.5	49	
BGI Extended Equity Index Fund	20.5	46	8.0	31	-27.9	57	-8.6	35	-0.1	30	--	--	6.7	--	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	20.8	42	9.5	29	-27.5	54	-8.4	34	-0.1	30	--	--	6.8	--	
Western U.S. Index Plus	24.6	4	18.1	3	-34.9	95	--	--	--	--	--	--	-30.6	--	5/31/07
S&P 500 Index	15.9	47	3.2	63	-26.2	47	--	--	--	--	--	--	-19.9	--	
BGI Equity Market Fund	16.8	58	4.2	64	-26.3	47	--	--	--	--	--	--	-30.3	--	5/31/08
Dow Jones U.S. Total Stock Market Index	16.8	57	4.5	63	-26.4	48	--	--	--	--	--	--	-30.3	--	

Commentary on Investment Performance

The Total Fund's U.S. equity component returned 17.2% during the second quarter, outperforming the Performance Benchmark by 0.4 percentage points. Above benchmark results were due to Western's strong 24.6% return which surpassed the return of its benchmark by 8.7 percentage points. Western benefited from exposure to high yield, Alt-A, and Prime mortgages. The BGI Extended Equity Index Fund experienced a negative tracking error due to not holding publicly traded partnerships, while the BGI Equity Market Fund matched the return of its index.

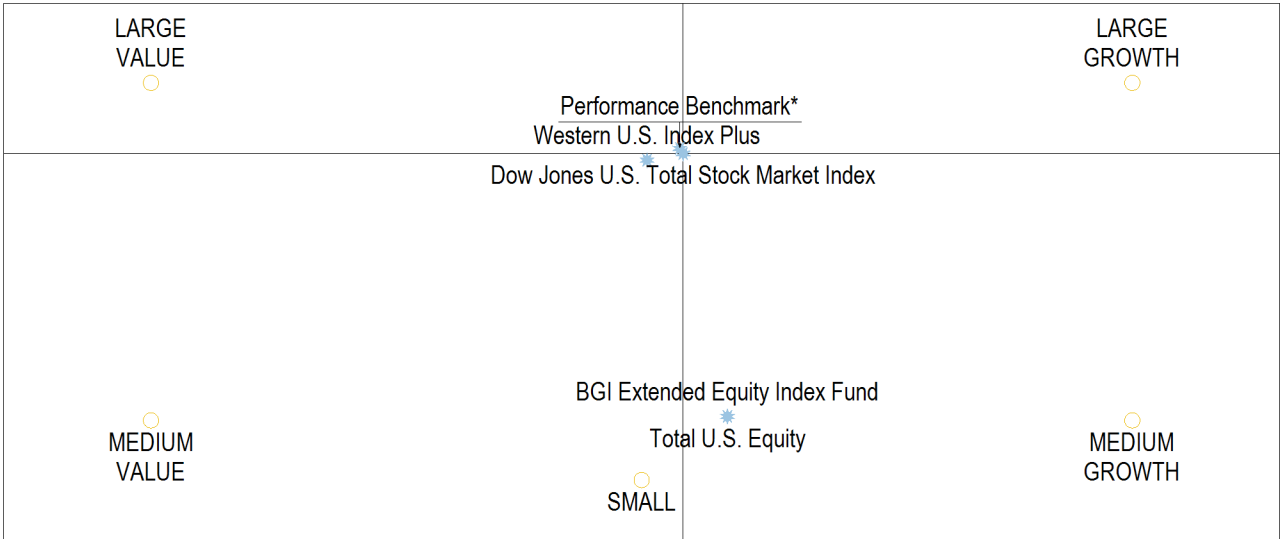
Over the trailing one-year period, the U.S. equity component has lagged the return of the Performance Benchmark by 1.2 percentage points. Below-benchmark results from Western were responsible for the component's underperformance.

Longer-term performance for the U.S. equity component remains mixed. The component has surpassed the return of its benchmark during the trailing ten-year period, but has underperformed during the trailing three-, five-, and since-inception periods.

The attribution analysis on the previous page highlights each manager's contribution to the relative performance within VCERA's U.S. equity component over the past three-month and trailing one-year periods. The benchmark effect in the three-month attribution graph is a result of the combined performance of the individual managers' benchmarks (the S&P 500 Index and the DJ U.S. Completion Total Stock Market Index) outperforming the U.S. equity component's Performance Benchmark (the DJ U.S. Total Stock Index).

*The DJ U.S. Total Stock Market Index. The Index was formerly named the DJ Wilshire 5000 Index. Prior to May 2007, the Russell 3000 Index.

**EFFECTIVE STYLE MAP
5 YEARS ENDING 6/30/09**



U.S. Equity Style Map

The exhibit above highlights the style and capitalization orientation of the Total U.S. Equity component and the domestic equity managers utilized in VCERA's investment program. Managers plotting above the horizontal crosshair are larger-cap than the DJ U.S. Total Stock Market Index, while those plotting below are smaller-cap. Managers plotting to the left of the vertical crosshair are effectively more value-oriented than the DJ U.S. Total Stock Market Index, while managers plotting to the right are effectively more growth-oriented.

*The DJ U.S. Total Stock Market Index. The Index was formerly named the DJ Wilshire 5000 Index. Prior to May 2007, the Russell 3000 Index.

BGI EXTENDED EQUITY INDEX FUND

RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BGI Extended Equity Index Fund	20.5 %	46	8.0 %	31	-27.9 %	57	-8.6 %	35	-0.1 %	30	6.7 %	--	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	20.8	42	9.5	29	-27.5	54	-8.4	34	-0.1	30	6.8	--	

Philosophy and Process

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

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

HISTORICAL RETURNS (BY YEAR)

	BGI Extended Equity Index Fund		Dow Jones U.S. Completion Total Stock Market Index		Return Difference
	Return	Rank	Return	Rank	
2002 (2 months)	2.1 %	--	2.4 %	--	-0.3
2003	43.2	46	43.8	44	-0.6
2004	18.1	70	18.1	70	0.0
2005	10.5	27	10.0	34	0.5
2006	15.2	45	15.3	44	-0.1
2007	5.4	30	5.4	30	0.0
2008	-38.4	58	-39.0	65	0.6
2009 (6 months)	8.0	31	9.5	29	-1.5
Trailing 1-Year	-27.9 %	57	-27.5 %	54	-0.4
Trailing 3-Year	-8.6	35	-8.4	34	-0.2
Trailing 5-Year	-0.1	30	-0.1	30	0.0
Since Inception (10/31/02)	6.7	--	6.8	--	-0.1

**RETURN SUMMARY
ENDING 6/30/09**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Western U.S. Index Plus	24.6 %	4	18.1 %	3	-34.9 %	95	-30.6 %	--	5/31/07
S&P 500 Index	15.9	47	3.2	63	-26.2	47	-19.9	--	

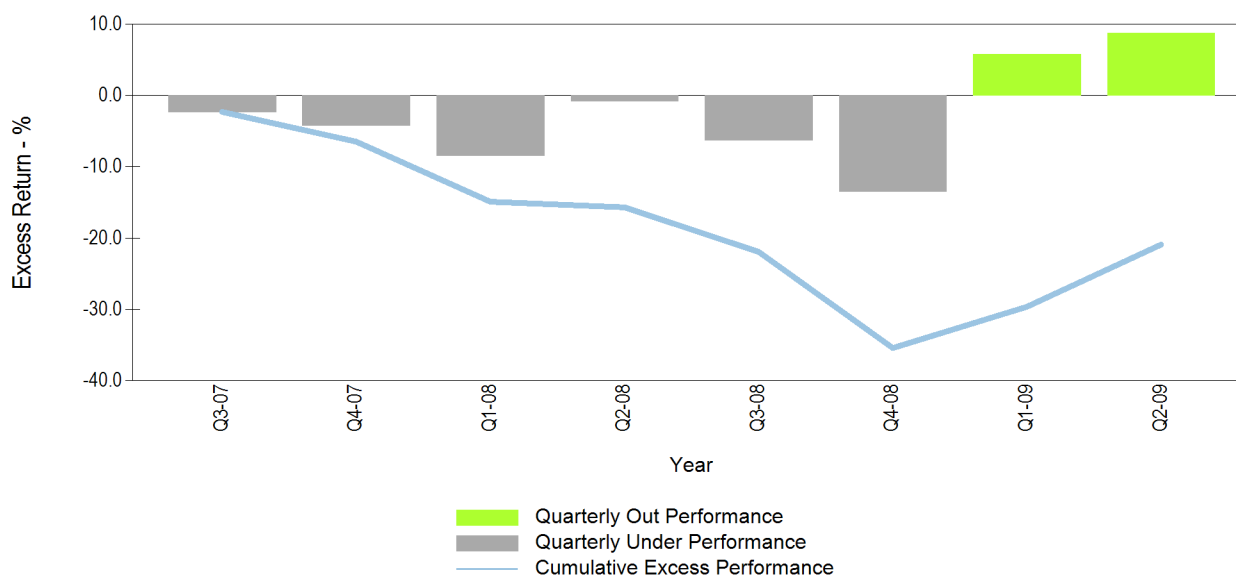
Philosophy and Process

Western employs a value-oriented investment approach that has proven successful in adding excess returns across various market cycles. This versatility comes from the manager's multiple sources of value-added and focus on finding long-term fundamental value. Western seeks to achieve balance between multiple sources of value added - duration management, yield curve positioning, sector allocation, and security selection - while diversifying risk. Western has one of the deepest teams of investment/risk professionals in the industry. The manager also has dedicated significant resources to analytics and risk management. We would highlight that active sector rotation and portfolio construction are key strengths of Western.

Manager Monitoring

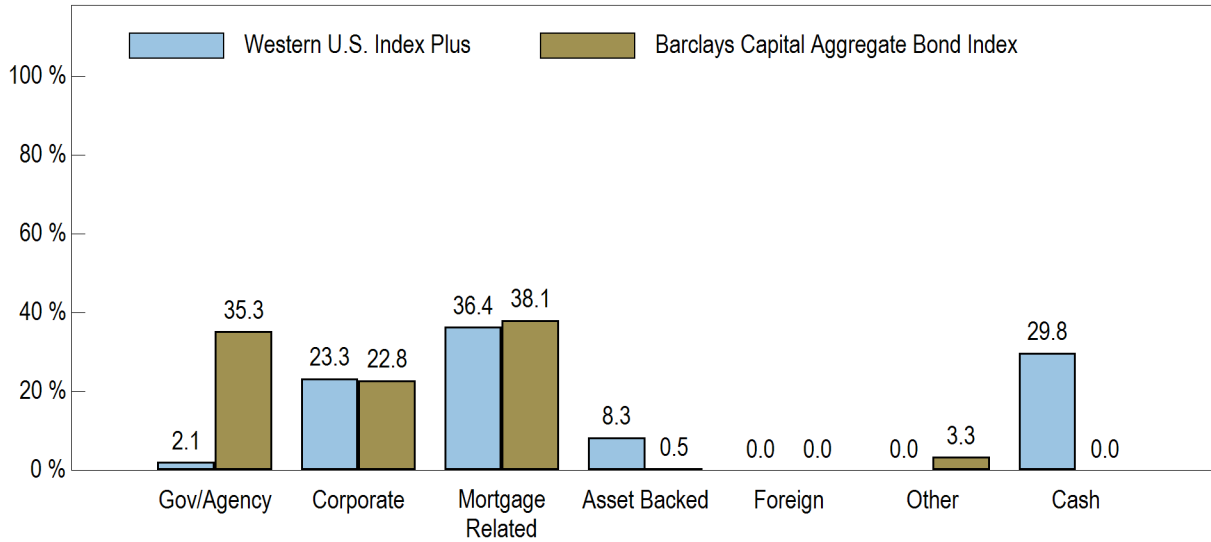
As of June 30, 2009, the manager reported that the portfolio was not in compliance with VCERA's account guidelines, which VCERA was made aware of. Specifically, the portfolio held a 10.0% allocation to U.S. securities rated below investment grade, exceeding the maximum 5% allocation stated in the guidelines. In addition, the portfolio held a 2.3% allocation to GMAC, a 1.5% allocation to Ford, a 1.9% allocation to Bank of America, and a 1.3% allocation to Washington Mutual, which are all rated below investment grade. VCERA's account guidelines allow for a maximum of 1% to any one holding rated below investment grade.

Quarterly and Cumulative Excess Performance



WESTERN U.S. INDEX PLUS

SECTOR ALLOCATION AS OF 6/30/09
Western U.S. Index Plus



The exhibit above illustrates the sector allocations of the Western U.S. Index Plus portfolio as of June 30, 2009.

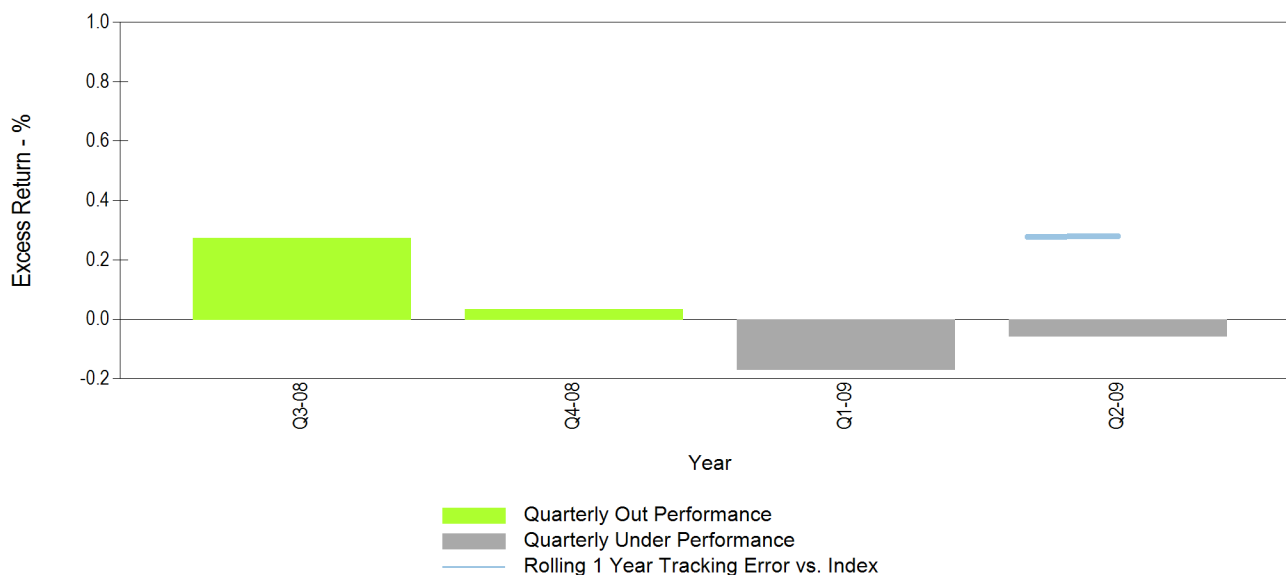
**RETURN SUMMARY
ENDING 6/30/09**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BGI Equity Market Fund	16.8 %	58	4.2 %	64	-26.3 %	47	-30.3 %	--	5/31/08
Dow Jones U.S. Total Stock Market Index	16.8	57	4.5	63	-26.4	48	-30.3	--	

Philosophy and Process

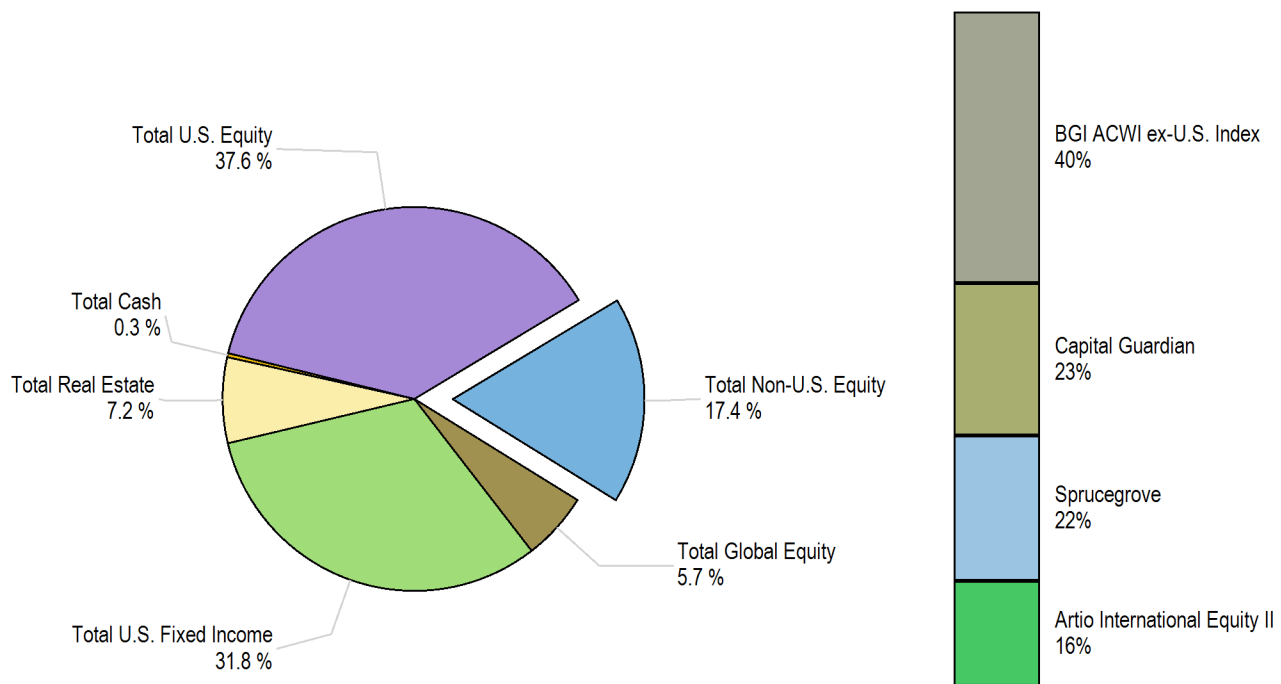
The objective of the BGI U.S. Equity Market Fund is to approximate the return of the Dow Jones U.S. Total Stock Market Index. The Dow Jones U.S. Total Stock Market Index contains essentially all publicly traded stocks in the U.S. Accordingly, it is the broadest available measure of the domestic stock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

Tracking Error

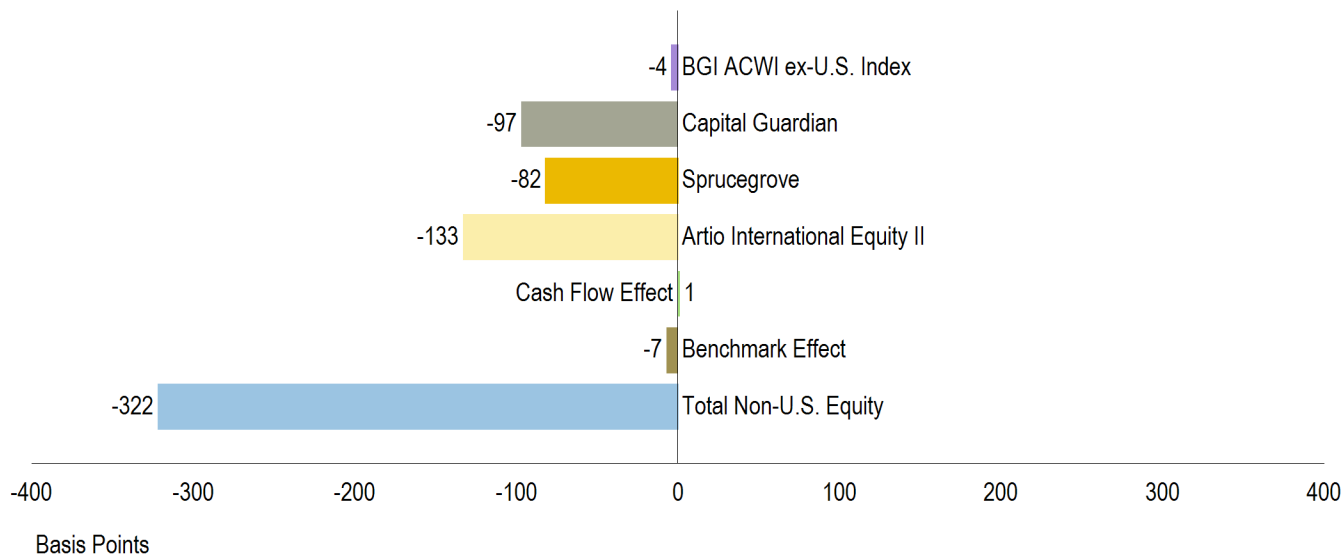


TOTAL NON-U.S. EQUITY

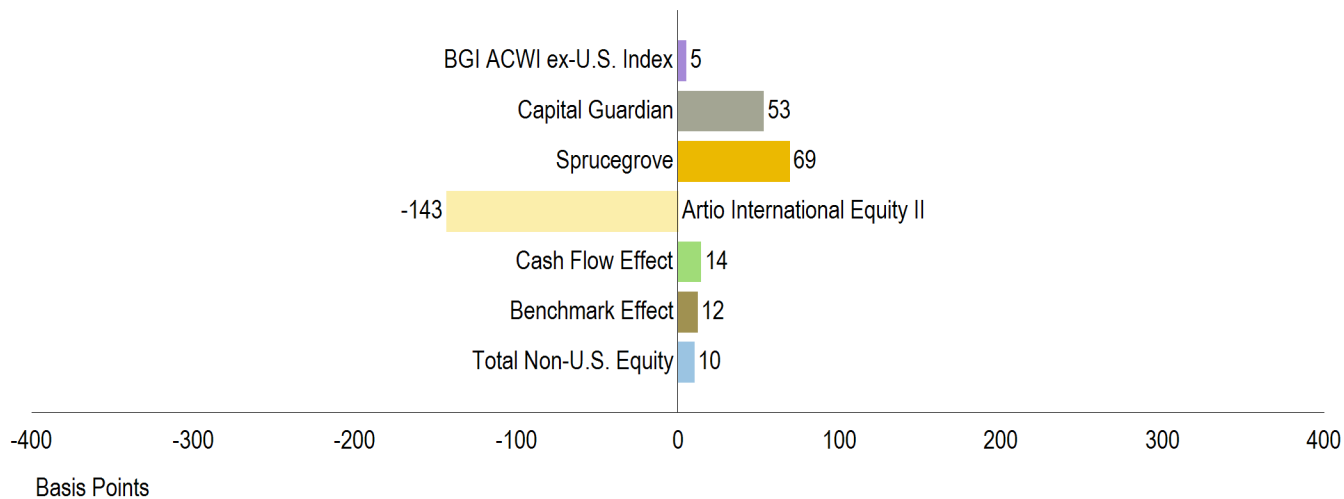
ASSET ALLOCATION ACTUAL AS OF 6/30/09



**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 6/30/09**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 6/30/09**



TOTAL NON-U.S. EQUITY

RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		10 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total Non-U.S. Equity	24.4 %	60	10.9 %	52	-30.8 %	52	-6.9 %	58	3.4 %	48	2.9 %	53	6.1 %	38	3/31/94
Performance Benchmark*	27.6	19	13.9	22	-30.9	53	-5.8	35	4.5	29	2.4	65	4.5	71	
BGI ACWI ex-U.S. Index	28.5	17	15.2	16	-30.4	41	--	--	--	--	--	--	-14.4	21	3/31/07
Performance Benchmark	28.6	16	15.4	16	-30.5	41	--	--	--	--	--	--	-14.6	25	
Capital Guardian	23.3	50	11.7	27	-28.9	35	-5.6	22	4.5	21	--	--	0.7	--	7/31/00
Performance Benchmark*	27.6	20	13.9	22	-30.9	43	-5.8	23	4.5	22	--	--	1.3	--	
Sprucegrove	21.7	76	10.1	42	-28.5	35	-7.3	50	3.0	46	--	--	6.0	31	3/31/02
MSCI EAFE Index	25.4	30	8.0	57	-31.4	46	-8.0	59	2.3	58	--	--	4.3	63	
Artio International Equity II	19.4	94	0.7	99	--	--	--	--	--	--	--	--	1.2	--	10/31/08
MSCI All Country World ex-U.S. Index	27.6	20	13.9	22	--	--	--	--	--	--	--	--	13.4	--	

Commentary on Investment Performance

During the second quarter, the non-U.S. equity portfolio gained 24.4%, but trailed the return of the MSCI All Country World ex-U.S. Index by 3.2 percentage points. Underperformance was a result of below-benchmark returns from each of the portfolio's active managers. Capital Guardian trailed the return of its benchmark by 4.3 percentage points due to poor stock selection within the financial and material sectors. Artio's underperformance was a result of an underweight allocation to emerging markets and defensive positioning, specifically holding certain energy stocks. Sprucegrove was hurt by an underweight position in the financial sector and weak stock selection within the material and industrial sectors.

Over the trailing one-year period, the non-U.S. component returned -30.8% compared to -30.9% from the MSCI All Country World ex-U.S. Index. Both Sprucegrove and Capital Guardian saved value relative to their respective benchmarks. BGI experienced modest positive tracking error.

The portfolio's longer-term performance remains mixed. While the portfolio has underperformed its benchmark over the trailing three- and five-year periods, it has outperformed during the trailing ten-year and since-inception periods.

The attribution analysis on the previous page highlights each manager's contribution to relative performance within VCERA's non-U.S. equity component. The benchmark effect in the quarter attribution graph is a result of the cumulative performance of the individual managers' benchmarks (the MSCI EAFE Index and the MSCI All Country World ex-U.S. IMI Index) underperforming the non-U.S. equity component's performance benchmark (the MSCI All Country World ex-U.S. Index).

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

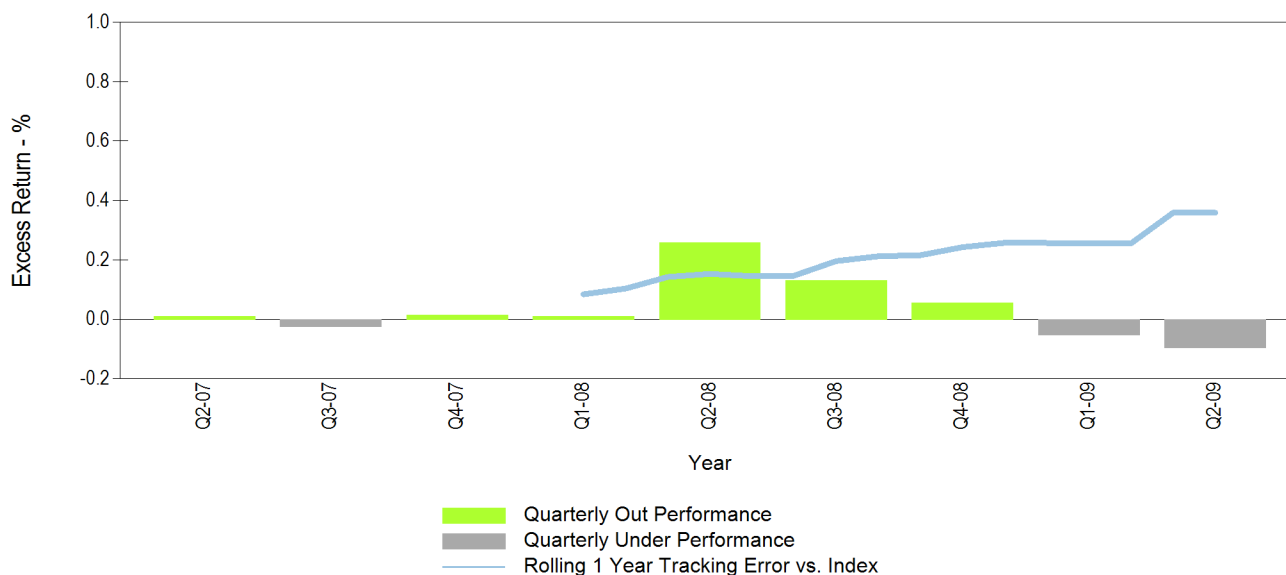
**RETURN SUMMARY
ENDING 6/30/09**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BGI ACWI ex-U.S. Index	28.5 %	17	15.2 %	16	-30.4 %	41	-14.4 %	21	3/31/07
Performance Benchmark	28.6	16	15.4	16	-30.5	41	-14.6	25	

Philosophy and Process

The Barclays Global Investors (BGI) ACWI ex-U.S. Index Fund is designed to track the performance and risk characteristics of the MSCI All Country World ex-U.S. IM Index.

Tracking Error



CAPITAL GUARDIAN

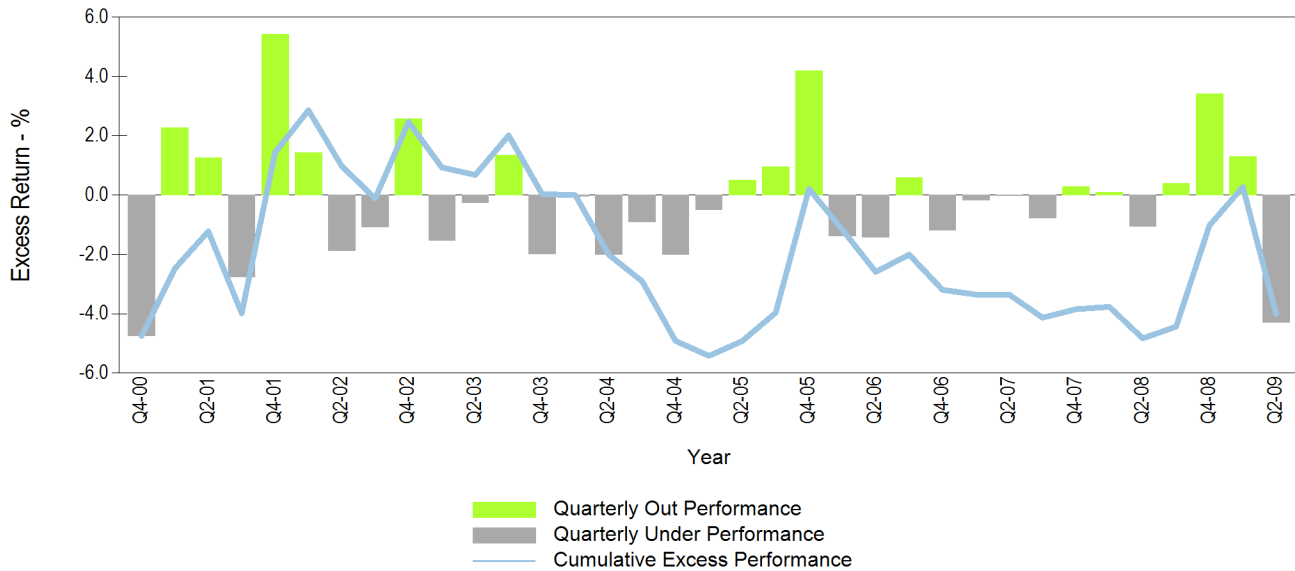
RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Capital Guardian	23.3 %	50	11.7 %	27	-28.9 %	35	-5.6 %	22	4.5 %	21	0.7 %	--	7/31/00
Performance Benchmark*	27.6	20	13.9	22	-30.9	43	-5.8	23	4.5	22	1.3	--	

Philosophy and Process

Capital Guardian refers to its investment approach as a multiple-manager system. Under this system, portfolios are divided among the firm's portfolio managers (75%) and research analysts (25%). Each sub-portfolio is invested in an individual portfolio at the discretion of the portfolio manager or analyst team. For the analysts' research portfolio, each analyst manages a small percentage of the portfolio based on their industry and/or country research responsibility. All stocks are selected from the firm's "buy" list of about 200 companies. To minimize transaction costs, all sales are posted to an internal list that other portfolio managers have the opportunity to buy. All portfolio managers have the discretion to hedge their portfolio. The firm's investment process is driven by value-oriented stock selection. The firm attempts to identify the difference between the underlying value of a company and its stock price through fundamental analysis and direct company contact. Individual company analysis is blended with the firm's macroeconomic and political judgments based on its outlook for world economies, industries, markets, and currencies.

Quarterly and Cumulative Excess Performance



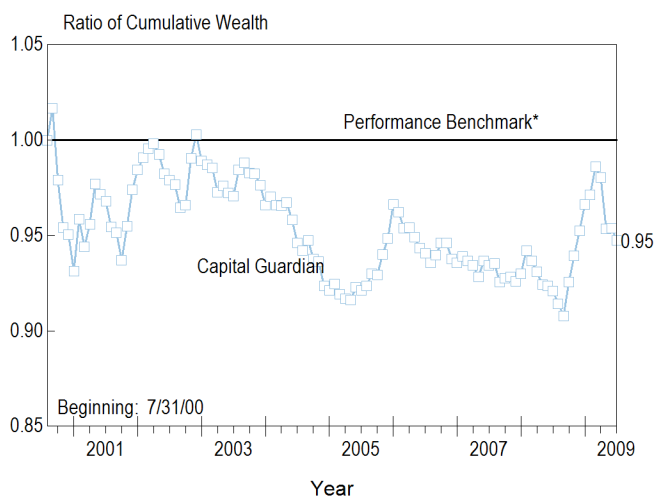
*The MSCI All Country World ex-U.S. Index. Prior to May 2002, the MSCI EAFE Index.

COUNTRY ALLOCATION RETURNS
3 MONTHS ENDING 6/30/09

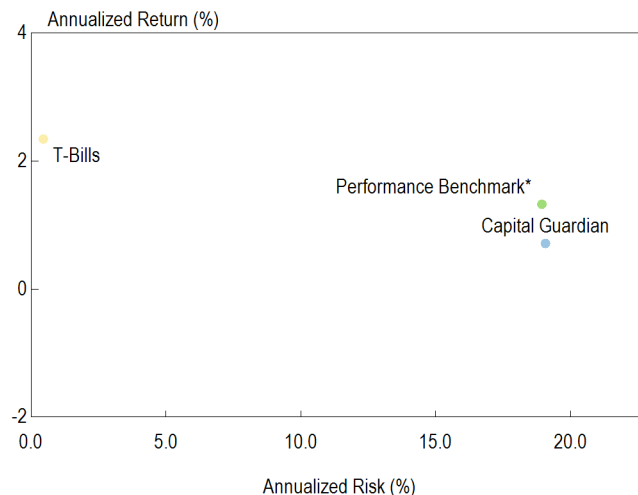
	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.2 %	0.2 %	34.0 %
Belgium	0.2	0.7	26.0
Czech Republic*	0.1	0.1	31.4
Denmark	0.5	0.7	34.2
Finland	1.1	0.9	31.3
France	10.2	7.5	21.5
Germany	5.0	5.6	23.5
Greece	0.1	0.4	38.9
Hungary*	0.0	0.1	69.7
Ireland	1.1	0.2	6.6
Italy	0.3	2.5	29.0
Netherlands	3.2	1.7	25.1
Norway	0.9	0.5	24.7
Poland*	0.2	0.2	36.6
Portugal	0.1	0.2	26.2
Russia*	1.3	1.3	37.5
Spain	1.1	3.2	36.6
Sweden	0.4	1.7	34.8
Switzerland	7.4	5.3	16.3
United Kingdom	12.3	15.1	26.6
Asia/Pacific			
Australia	2.0 %	5.3 %	28.4 %
China*	0.0	4.1	35.6
Hong Kong	1.9	1.8	35.8
India*	2.1	1.6	59.8
Indonesia*	0.4	0.3	54.5
Japan	16.3	17.3	23.1
Korea*	2.4	2.6	25.1
Malaysia*	0.6	0.6	28.1
New Zealand	0.0	0.1	23.7
Pakistan*	0.0	--	--
Philippines*	0.2	0.1	24.1
Singapore	0.3	1.0	46.0
Sri Lanka*	0.0	--	--
Taiwan, China*	7.7	2.5	25.0
Thailand*	0.3	0.3	53.5
Americas			
Argentina*	0.0 %	--	--
Brazil*	3.1	3.1 %	40.9 %
Canada	4.9	7.2	30.5
Chile*	0.2	0.3	34.2
Colombia*	0.0	0.1	52.6
Mexico*	3.8	0.9	35.6
Peru*	0.0	0.1	11.2
United States	0.0	--	15.7
Venezuela*	0.0	--	--
Other			
Egypt*	0.2 %	0.1 %	37.3 %
Israel*	0.3	0.6	15.9
Morocco*	0.0	0.1	19.6
Jordan*	0.0	--	--
Other Countries*	0.0	--	--
South Africa*	1.5	1.6	31.3
Turkey*	0.3	0.3	56.6
Cash			
Cash	5.7 %	--	--
Total	100.0 %	100.0 %	27.6 %
Developed	69.4	79.1	
Emerging*	24.9	20.9	
Cash	5.7	--	

CAPITAL GUARDIAN

RATIO OF CUMULATIVE WEALTH 8 YEARS 11 MONTHS ENDING 6/30/09



ANNUALIZED RISK RETURN 8 YEARS 11 MONTHS ENDING 6/30/09



HISTORICAL RETURNS (BY YEAR)

	Capital Guardian		Performance Benchmark*		Return Difference
	Return	Rank	Return	Rank	
2000 (5 months)	-13.0 %	--	-6.6 %	--	-6.4
2001	-17.0	29	-21.4	55	4.4
2002	-15.4	54	-15.8	57	0.4
2003	37.5	45	40.8	22	-3.3
2004	15.3	70	20.9	28	-5.6
2005	22.3	11	16.6	39	5.7
2006	22.6	78	26.7	45	-4.1
2007	15.9	29	16.7	25	-0.8
2008	-43.4	40	-45.5	60	2.1
2009 (6 months)	11.7	27	13.9	22	-2.2
Trailing 1-Year	-28.9 %	35	-30.9 %	43	2.0
Trailing 3-Year	-5.6	22	-5.8	23	0.2
Trailing 5-Year	4.5	21	4.5	22	0.0
Since Inception (7/31/00)	0.7	--	1.3	--	-0.6

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

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

** Capital Guardian International Non-U.S. Equity Fund

**RETURN SUMMARY
ENDING 6/30/09**

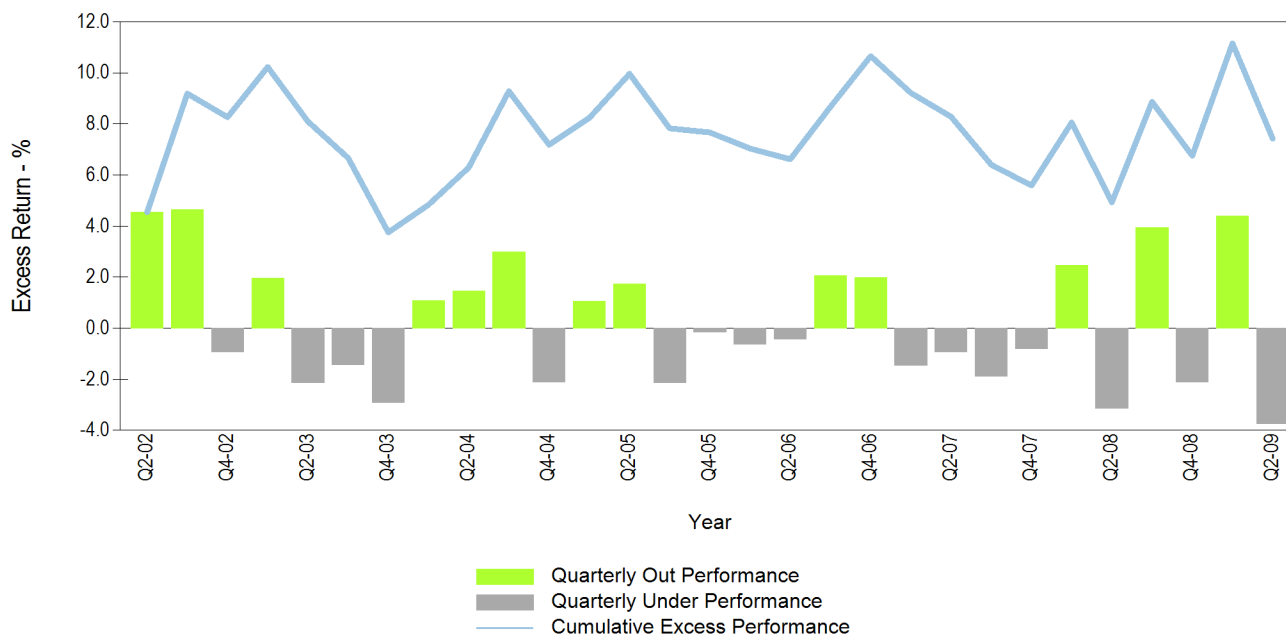
	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Sprucegrove	21.7%	76	10.1%	42	-28.5%	35	-7.3%	50	3.0%	46	6.0%	31	3/31/02
MSCI EAFE Index	25.4	30	8.0	57	-31.4	46	-8.0	59	2.3	58	4.3	63	

Philosophy and Process

Sprucegrove is a value manager, following a bottom-up approach, and seeking to invest in quality companies selling at attractive valuations. As a value manager, Sprucegrove believes that the international markets are inefficient and by maintaining a long term perspective, they can capitalize on mispricings in the market. Investment objectives are: to maximize the long-term rate of return while preserving the investment capital of the fund by avoiding investment strategies that expose fund assets to excessive risk; to outperform the benchmark over a full market cycle; and to achieve a high ranking relative to similar funds over a market cycle.

High emphasis is given to balance sheet fundamentals, historical operating results, and company management. If a company is truly promising, the portfolio management team instructs the analyst to do a full research report to ensure the company qualifies for inclusion in Sprucegrove's investable universe. There are approximately 300 companies on Sprucegrove's working list.

Quarterly and Cumulative Excess Performance



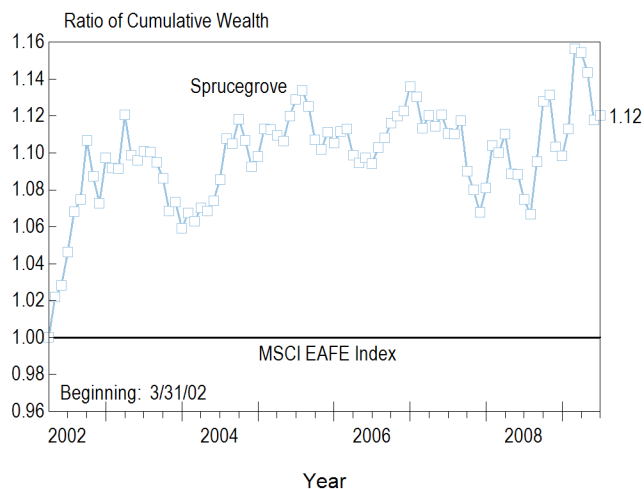
SPRUCEGROVE

COUNTRY ALLOCATION/RETURNS

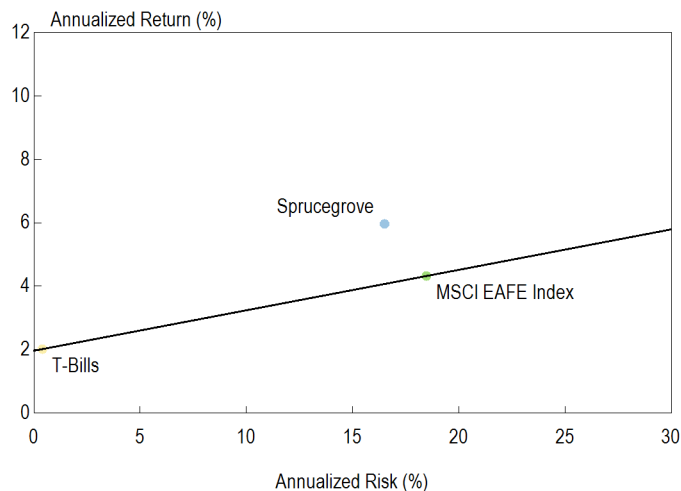
3 MONTHS ENDING 6/30/09

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	--	0.3 %	34.0 %
Belgium	--	0.9	26.0
Czech Republic*	--	--	31.4
Denmark	--	0.9	34.2
Finland	1.8 %	1.3	31.3
France	3.6	10.4	21.5
Germany	3.7	7.8	23.5
Greece	--	0.6	38.9
Hungary*	0.7	--	69.7
Ireland	4.9	0.3	6.6
Italy	2.9	3.5	29.0
Netherlands	1.8	2.3	25.1
Norway	--	0.7	24.7
Poland*	--	--	36.6
Portugal	--	0.3	26.2
Russia*	--	--	37.5
Spain	1.4	4.5	36.6
Sweden	--	2.4	34.8
Switzerland	12.3	7.4	16.3
United Kingdom	16.9	21.0	26.6
Asia/Pacific			
Australia	1.3 %	7.4 %	28.4 %
China*	--	--	35.6
Hong Kong	4.6	2.4	35.8
India*	2.4	--	59.8
Indonesia*	--	--	54.5
Japan	21.0	24.1	23.1
Korea*	3.6	--	25.1
Malaysia*	0.7	--	28.1
New Zealand	--	0.1	23.7
Philippines*	--	--	24.1
Singapore	4.6	1.4	46.0
Taiwan, China*	--	--	25.0
Thailand*	--	--	53.5
Americas			
Brazil*	1.6 %	--	40.9 %
Canada	2.7	--	30.5
Chile*	--	--	34.2
Colombia*	--	--	52.6
Mexico*	1.3	--	35.6
Peru*	--	--	11.2
United States	--	--	15.7
Other			
Egypt*	--	--	37.3 %
Israel*	--	--	15.9
Morocco*	--	--	19.6
South Africa*	1.4 %	--	31.3
Turkey*	--	--	56.6
Cash			
Cash	4.8 %	--	--
Total	100.0 %	100.0 %	25.4 %
Developed	83.5	100.0	
Emerging*	11.7	--	
Cash	4.8	--	

**RATIO OF CUMULATIVE WEALTH
7 YEARS 3 MONTHS ENDING 6/30/09**



**ANNUALIZED RISK RETURN
7 YEARS 3 MONTHS ENDING 6/30/09**



**HISTORICAL RETURNS
(BY YEAR)**

	Sprucegrove		MSCI EAFE Index		Return Difference
	Return	Rank	Return	Rank	
2002 (9 months)	-8.2 %	22	-16.4 %	57	8.2
2003	33.8	65	38.6	40	-4.8
2004	24.6	9	20.2	33	4.4
2005	14.3	61	13.5	69	0.8
2006	29.9	20	26.3	50	3.6
2007	5.8	88	11.2	56	-5.4
2008	-42.5	33	-43.4	40	0.9
2009 (6 months)	10.1	42	8.0	57	2.1
Trailing 1-Year	-28.5 %	35	-31.4 %	46	2.9
Trailing 3-Year	-7.3	50	-8.0	59	0.7
Trailing 5-Year	3.0	46	2.3	58	0.7
Since Inception (3/31/02)	6.0	31	4.3	63	1.7

The table above compares the historical annual and cumulative annualized returns of the Sprucegrove portfolio and its benchmark, the MSCI EAFE Index.

ARTIO INTERNATIONAL EQUITY II

RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	
Artio International Equity II	19.4 %	94	0.7 %	99	1.2 %	--	10/31/08
MSCI All Country World ex-U.S. Index	27.6	20	13.9	22	13.4	--	

Philosophy and Process

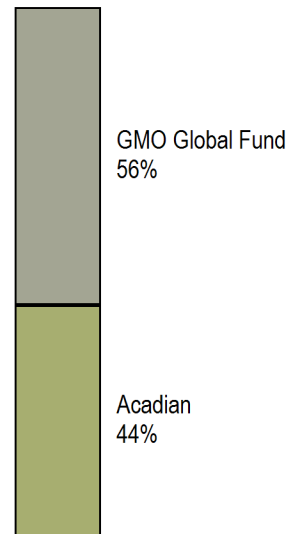
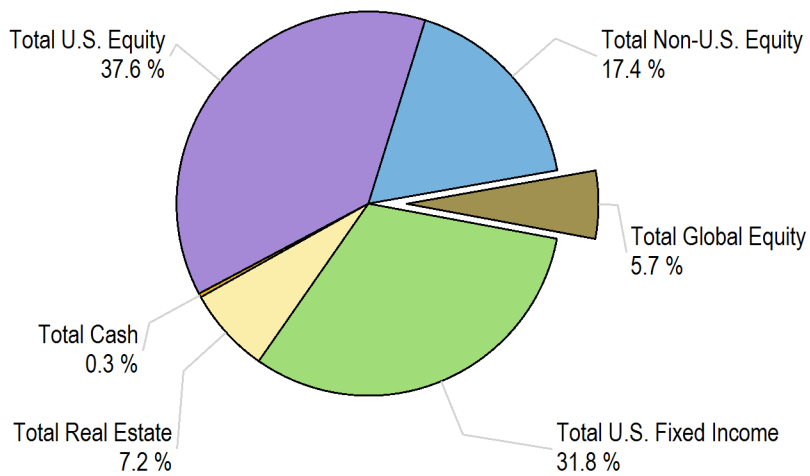
Artio's International Equity II strategy is a core, primarily top-down, non-U.S. equity product offering with market capitalization exposure similar to that of the MSCI All Country World ex-U.S. Index. The investment process starts from a macro perspective with focus on how changing global factors will impact individual industries, sectors, and countries. While every member of the investment team is involved at each step of the investment process, it is Mr. Younes who is the primary driver of investment thought and new idea generation. The team applies different fundamental factors to each industry, sector, and country. Country factor analysis is a dominating tool as it pertains to emerging markets. While the investment process is predominately theme-based, bottom-up analysis is employed once specific pockets of relative value are discovered through the top-down process. Artio's bottom-up analysis focuses on industry/country fundamentals, growth expectations, assessment of management, and relative valuation.

COUNTRY ALLOCATION/RETURNS
3 MONTHS ENDING 6/30/09

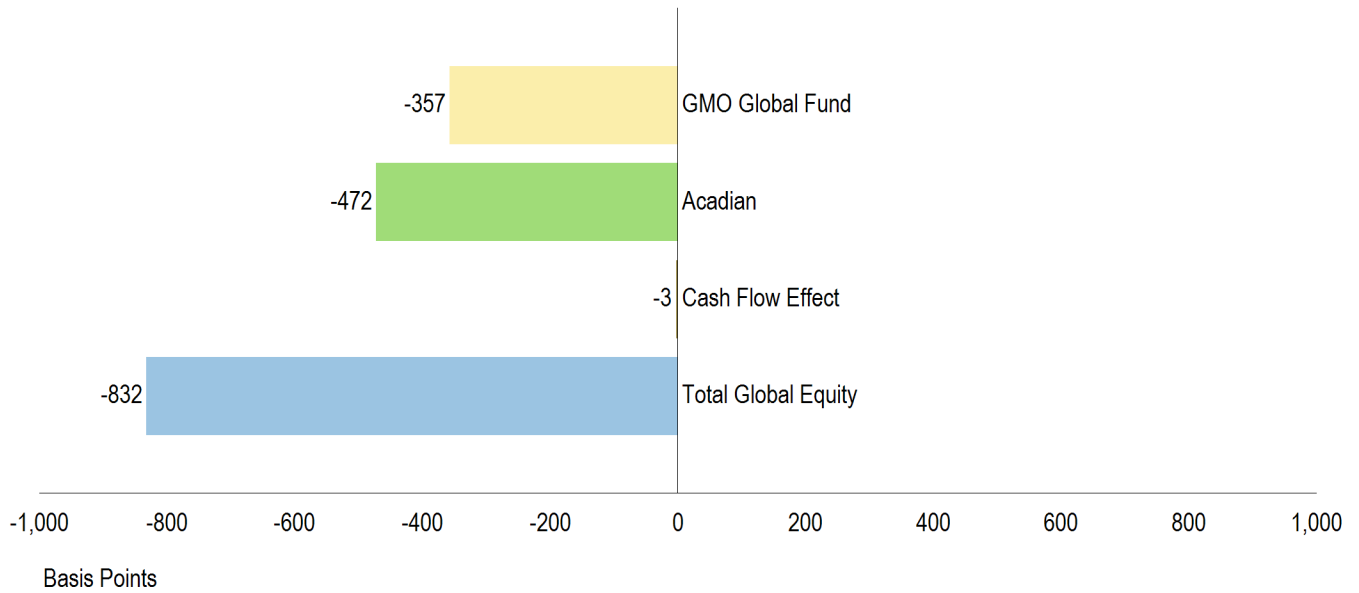
	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.6 %	0.2 %	34.0 %
Belgium	0.2	0.7	26.0
Czech Republic*	1.4	0.1	31.4
Denmark	0.5	0.7	34.2
Finland	0.5	0.9	31.3
France	9.7	7.5	21.5
Germany	6.7	5.6	23.5
Greece	0.2	0.4	38.9
Hungary*	1.3	0.1	69.7
Ireland	0.4	0.2	6.6
Italy	2.4	2.5	29.0
Netherlands	3.2	1.7	25.1
Norway	1.0	0.5	24.7
Poland*	0.0	0.2	36.6
Portugal	0.1	0.2	26.2
Russia*	2.3	1.3	37.5
Spain	2.9	3.2	36.6
Sweden	1.1	1.7	34.8
Switzerland	5.9	5.3	16.3
United Kingdom	11.5	15.1	26.6
Asia/Pacific			
Australia	5.8 %	5.3 %	28.4 %
China*	5.5	4.1	35.6
Hong Kong	2.1	1.8	35.8
India*	3.8	1.6	59.8
Indonesia*	0.0	0.3	54.5
Japan	12.4	17.3	23.1
Korea*	2.8	2.6	25.1
Malaysia*	0.0	0.6	28.1
New Zealand	--	0.1	23.7
Philippines*	--	0.1	24.1
Singapore	--	1.0	46.0
Taiwan, China*	2.1	2.5	25.0
Thailand*	0.0	0.3	53.5
Americas			
Brazil*	3.4 %	3.1 %	40.9 %
Canada	4.5	7.2	30.5
Chile*	0.0	0.3	34.2
Colombia*	0.0	0.1	52.6
Mexico*	0.5	0.9	35.6
Peru*	0.1	0.1	11.2
United States	0.3	--	15.7
Other			
Egypt*	0.0 %	0.1 %	37.3 %
Israel*	0.0	0.6	15.9
Morocco*	--	0.1	19.6
Other Countries*	0.1	--	--
South Africa*	0.3	1.6	31.3
Turkey*	0.0	0.3	56.6
Cash			
Cash	4.3 %	--	--
Total	100.0 %	100.0 %	27.6 %
Developed	72.1	79.1	
Emerging*	23.7	20.9	
Cash	4.3	--	

TOTAL GLOBAL EQUITY

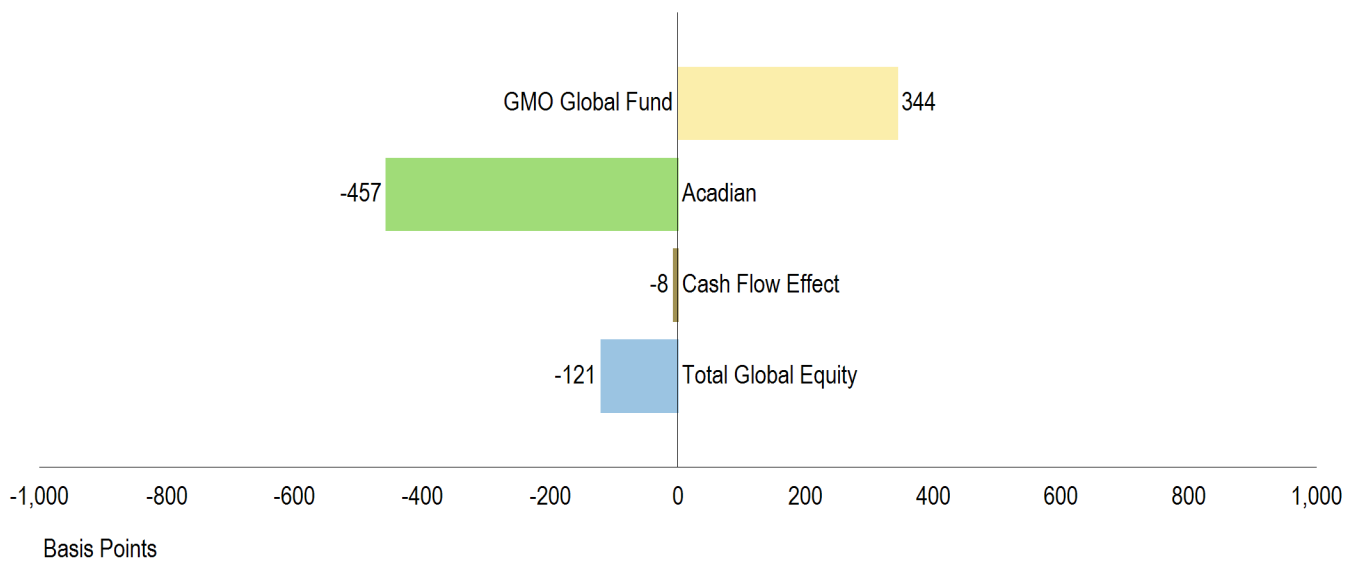
ASSET ALLOCATION ACTUAL AS OF 6/30/09



MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 6/30/09



MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 6/30/09



TOTAL GLOBAL EQUITY

RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total Global Equity	13.9 %	88	-1.7 %	96	-30.5 %	51	-8.2 %	54	-1.9 %	--	4/30/05
MSCI All Country World Index	22.3	25	9.2	29	-29.3	48	-7.0	34	-0.6	--	
GMO Global Fund	15.8	80	4.0	74	-22.5	10	-4.6	14	1.1	--	4/30/05
MSCI All Country World Index	22.3	25	9.2	29	-29.3	48	-7.0	34	-0.6	--	
Acadian	11.7	94	-7.9	99	-38.6	92	--	--	-41.3	--	5/31/08
MSCI All Country World Index	22.3	25	9.2	29	-29.3	48	--	--	-32.9	--	

Commentary on Investment Performance

Although the global equity portfolio advanced 13.9% during the second quarter, it trailed the MSCI All Country World Index by 8.4 percentage points. Underperformance was a result of below-benchmark results from both GMO and Acadian. GMO was hurt by weak relative performance from its U.S. Core, U.S. Quality, and International Growth Equity Funds. Acadian continued to struggle as losses were mostly experienced on the short side specifically in the Japan, Norway, U.K., and U.S. markets.

The portfolio declined 30.5% during the trailing one-year period and lagged the return of the Index by 1.2 percentage points. Acadian's significant underperformance contributed to the portfolio's below-benchmark result. GMO partially offset performance as it saved value relative to the Index.

Since the inception of the global equity component, it has trailed the return of the Index by 1.3 percentage points. Underperformance is attributed to recent below-benchmark results.

The attribution analysis on the previous page highlights each manager's contribution to relative performance within VCERA's global equity component over the past three-month and trailing one-year periods. The bar labeled "Cash Flow Effect" illustrates the effect on performance by the timing of cash contributions, withdrawals, and asset movements between accounts. The "Total" bar in these graphs represents the difference between the global equity component's return and that of the Index.

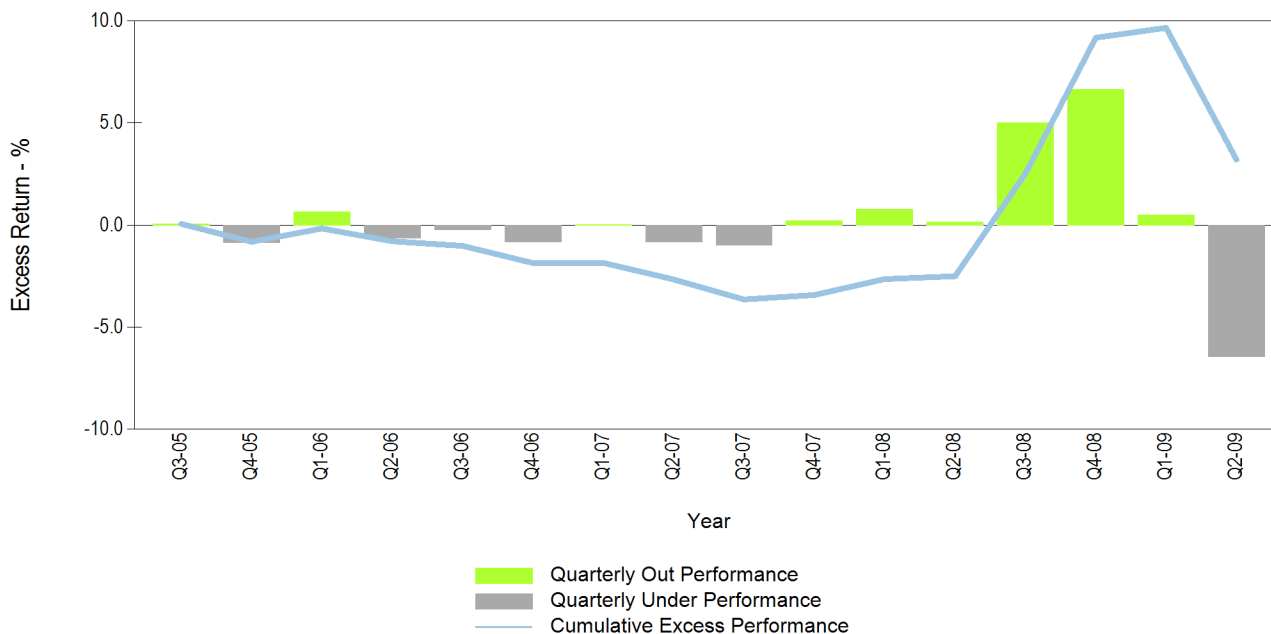
**RETURN SUMMARY
ENDING 6/30/09**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
GMO Global Fund	15.8 %	80	4.0 %	74	-22.5 %	10	-4.6 %	14	1.1 %	--	4/30/05
MSCI All Country World Index	22.3	25	9.2	29	-29.3	48	-7.0	34	-0.6	--	

Philosophy and Process

Grantham Mayo Van Otterloo's (GMO) Global Asset Allocation strategy uses quantitative methods to allocate among the firm's mutual funds including U.S. equity, non-U.S. developed market equity, emerging markets, fixed income, and real estate funds. GMO attempts to add value from allocations across sectors as well as security selection within sectors. The firm desires to make large bets on a few high-conviction opportunities, while still incurring less absolute risk than the benchmark. GMO does not employ a traditional team of fundamental security analysts. Instead, they attempt to exploit market inefficiencies by evaluating asset classes and individual securities largely through quantitative analysis. They believe their edge lies in their ability to interpret already available information, as opposed to an explicit information edge. Although the process will consider both valuation and momentum factors in selecting stocks, the portfolio will tend to exhibit value characteristics.

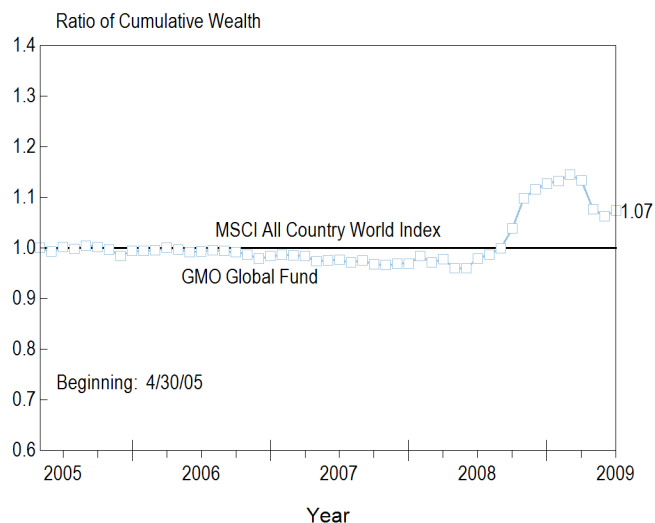
Quarterly and Cumulative Excess Performance



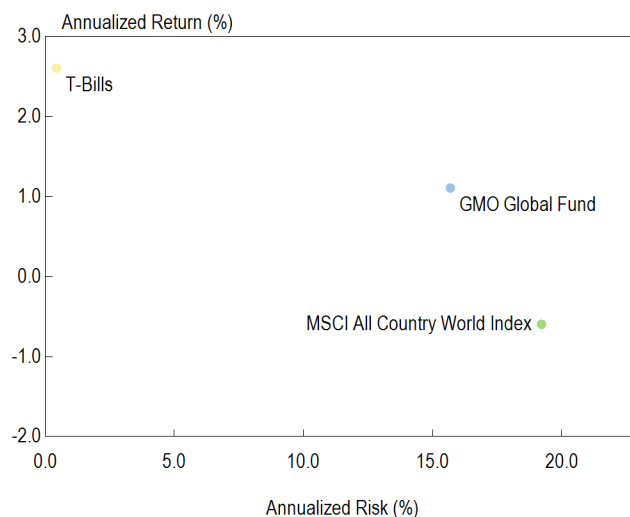
COUNTRY ALLOCATION/RETURNS
3 MONTHS ENDING 6/30/09

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	--	0.1 %	34.0 %
Belgium	0.5 %	0.4	26.0
Czech Republic*	0.1	0.1	31.4
Denmark	0.3	0.4	34.2
Finland	0.4	0.5	31.3
France	4.6	4.3	21.5
Germany	2.4	3.2	23.5
Greece	0.2	0.2	38.9
Hungary*	--	0.1	69.7
Ireland	0.1	0.1	6.6
Italy	1.6	1.5	29.0
Netherlands	1.0	0.9	25.1
Norway	0.1	0.3	24.7
Poland*	0.3	0.1	36.6
Portugal	--	0.1	26.2
Russia*	1.2	0.7	37.5
Spain	0.9	1.9	36.6
Sweden	1.2	1.0	34.8
Switzerland	4.1	3.1	16.3
United Kingdom	9.9	8.6	26.6
Asia/Pacific			
Australia	1.4 %	3.0 %	28.4 %
China*	--	2.3	35.6
Hong Kong	0.5	1.0	35.8
India*	0.7	0.9	59.8
Indonesia*	0.2	0.2	54.5
Japan	12.9	9.9	23.1
Korea*	2.2	1.5	25.1
Malaysia*	0.2	0.4	28.1
New Zealand	0.1	0.0	23.7
Philippines*	0.1	0.1	24.1
Singapore	0.6	0.6	46.0
Taiwan, China*	2.9	1.4	25.0
Thailand*	0.6	0.2	53.5
Americas			
Brazil*	1.7 %	1.8 %	40.9 %
Canada	0.6	4.1	30.5
Chile*	--	0.2	34.2
Colombia*	--	0.1	52.6
Mexico*	0.1	0.5	35.6
Peru*	--	0.1	11.2
United States	40.7	42.7	15.7
Other			
Egypt*	0.2 %	0.1 %	37.3 %
Israel*	0.2	0.4	15.9
Morocco*	--	0.1	19.6
South Africa*	0.4	0.9	31.3
Turkey*	0.8	0.2	56.6
Cash			
Cash	4.0 %	--	--
Total	100.0 %	100.0 %	22.3 %
Developed	84.1	88.0	
Emerging*	11.9	12.0	
Cash	4.0	--	

**RATIO OF CUMULATIVE WEALTH
4 YEARS 2 MONTHS ENDING 6/30/09**



**ANNUALIZED RISK RETURN
4 YEARS 2 MONTHS ENDING 6/30/09**



**HISTORICAL RETURNS
(BY YEAR)**

	GMO Global Fund		MSCI All Country World Index		Return Difference
	Return	Rank	Return	Rank	
2005 (8 months)	13.7 %	--	14.4 %	--	-0.7
2006	19.7	52	21.0	47	-1.3
2007	10.0	56	11.7	46	-1.7
2008	-32.8	9	-42.2	53	9.4
2009 (6 months)	4.0	74	9.2	29	-5.2
Trailing 1-Year	-22.5 %	10	-29.3 %	48	6.8
Trailing 3-Year	-4.6	14	-7.0	34	2.4
Since Inception (4/30/05)	1.1	--	-0.6	--	1.7

RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Acadian	11.7 %	94	-7.9 %	99	-38.6 %	92	-41.3 %	--	5/31/08
MSCI All Country World Index	22.3	25	9.2	29	-29.3	48	-32.9	--	

Philosophy and Process

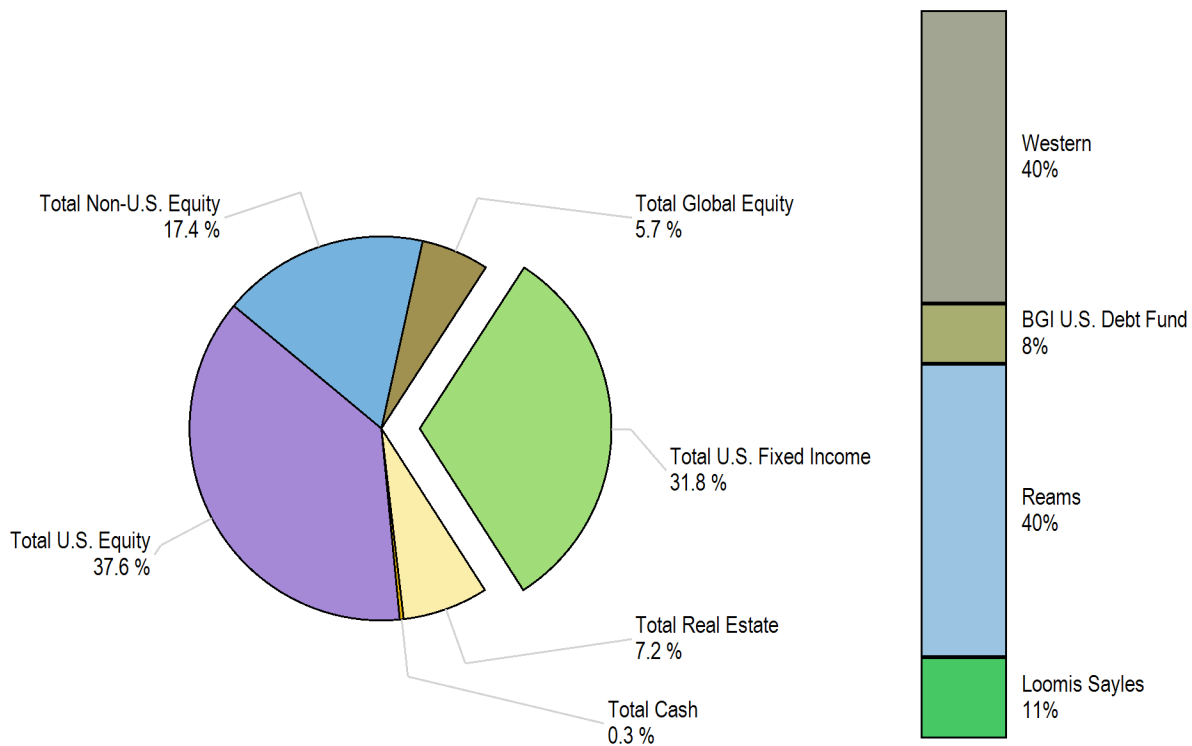
Acadian Asset Management, Inc. applies a disciplined, multi-factor model to a broad universe of equities with the objective of earning superior returns. The firm utilizes both stock factors (micro) and country/sector factors (macro) to forecast returns from the entire 25,000 stock universe. They evaluate four categories of stock factors: valuation, earnings trends, earnings quality, and price momentum. Acadian combines both micro and macro factors to produce forecasted returns for individual stocks. Positions are then sized by optimizing the return forecasts with expected transaction costs, stock borrowing cost, and liquidity. For the global 130-30 fund, the maximum long is 5% and the maximum short is -3% of portfolio value. The strategy targets gross exposures of 130% long and 30% short for a net exposure of 100% long. The maximum short exposure the fund will take is 50%. As shorting local emerging markets stocks is not feasible, Acadian will occasionally utilize ADRs to short emerging markets.

Manager Monitoring

In June 2009, Acadian announced the departure of Carl Johnson, Chief Technology Officer. Mr. Johnson had been with the firm for ten years. Hunter Smith was named the new Chief Technology Officer effective June 30, 2009. Mr. Smith was recruited by Mr. Johnson and worked closely with him. Mr. Smith has been with the firm for three years. The departure of Mr. Johnson was voluntary and driven by an entrepreneurial interest unrelated to asset management, though he will continue to work with Acadian on a consultant basis until the end of 2009. We believe Mr. Johnson's departure and the transition of his role to Mr. Smith were well planned.

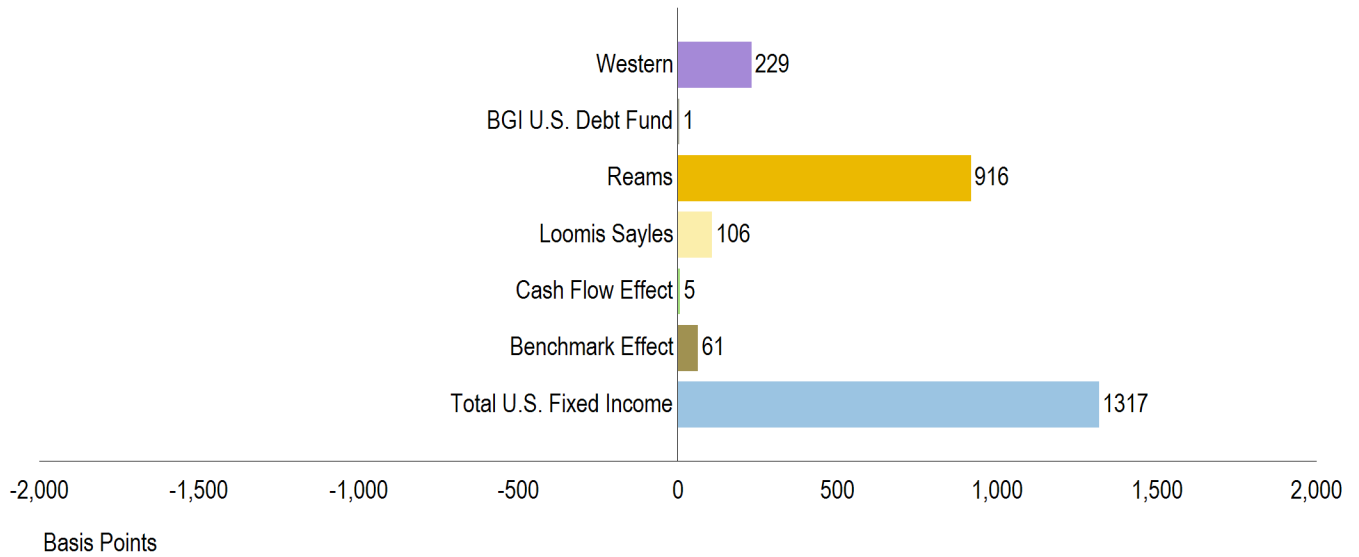
Please see Acadian's Global Equity Strategies Update Memo for a detailed review of the Fund.

ASSET ALLOCATION
ACTUAL AS OF 6/30/09

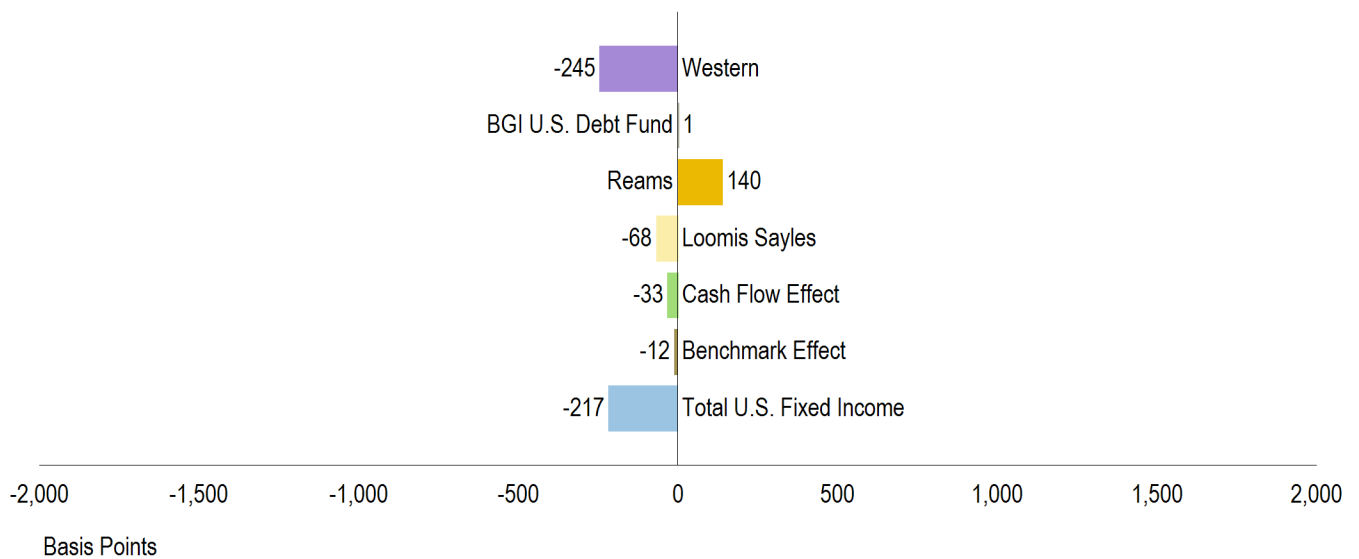


TOTAL U.S. FIXED INCOME

MANAGER ATTRIBUTION ANALYSIS 3 MONTHS ENDING 6/30/09



MANAGER ATTRIBUTION ANALYSIS 1 YEAR ENDING 6/30/09



TOTAL U.S. FIXED INCOME

RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		10 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Total U.S. Fixed Income	15.0 %	2	13.7 %	4	3.9 %	42	5.3 %	39	4.7 %	40	5.9 %	--	5.9 %	--	2/28/94
Barclays Capital Aggregate Bond Index	1.8	87	1.9	82	6.0	9	6.4	14	5.0	25	6.0	--	6.2	--	
Western	7.2	21	8.0	21	-1.1	91	2.9	87	3.4	83	5.7	61	5.9	63	12/31/96
Barclays Capital Aggregate Bond Index	1.8	88	1.9	87	6.0	47	6.4	37	5.0	37	6.0	35	6.1	35	
BGI U.S. Debt Fund	1.8	88	1.9	87	6.1	47	6.5	35	5.1	35	6.0	32	6.0	--	11/30/95
Barclays Capital Aggregate Bond Index	1.8	88	1.9	87	6.0	47	6.4	37	5.0	37	6.0	35	6.0	--	
Reams	27.8	1	23.4	1	7.9	16	7.1	16	5.9	6	--	--	5.4	19	9/30/01
Barclays Capital Aggregate Bond Index	1.8	88	1.9	87	6.0	47	6.4	37	5.0	37	--	--	5.1	40	
Loomis Sayles	17.8	2	18.2	1	-3.7	98	3.0	85	--	--	--	--	2.7	--	7/31/05
Performance Benchmark	7.7	19	9.4	12	4.0	65	5.2	64	--	--	--	--	4.3	--	

Commentary on Investment Performance

The U.S. fixed income component generated a return of 15.0% during the second quarter, outperforming the Barclay's Capital Aggregate Bond Index by 13.2 percentage points. Each of the component's underlying active managers outperformed their respective benchmarks. Western's above-benchmark return was a result of an overweight allocation to A and Baa/BBB credits as well as an underweight allocation to U.S. Treasuries. Reams contributed the most to outperformance on an absolute and relative basis and benefited from security selection within the investment grade credit sector. Loomis Sayles outperformed as a result of positive security selection within corporates and favorable sector allocation to U.S. Treasuries and corporates.

Over the trailing one-year period, the U.S. fixed income component return 3.9%, but lagged the Index by 2.1 percentage points. Underperformance was a result of below-benchmark returns from Western and Loomis Sayles. Partially offsetting performance was Reams' above-benchmark return.

Although positive on an absolute basis, the component's longer-term performance remains unfavorable relative to the Barclays Capital Aggregate Bond Index.

The attribution analysis on the previous page highlights each manager's contribution to relative performance within VCERA's fixed income component over the past three-month and trailing one-year periods. The bar labeled "Cash Flow Effect" illustrates the effect on performance by the timing of cash contributions, withdrawals, and asset movements between accounts. The benchmark effect in the quarter graph is a result of one of the individual manager's benchmark (performance benchmark of Loomis Sayles) outperforming the fixed income component's benchmark (Barclays Capital Aggregate Bond Index). Additionally, the benchmark effect in the one-year attribution graph is a result of the cumulative performance of one of the individual manager's benchmark (performance benchmark of Loomis Sayles) underperforming the fixed income component's benchmark (Barclays Capital Aggregate Bond Index).

RETURN SUMMARY ENDING 6/30/09

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		10 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Western	7.2%	21	8.0%	21	-1.1%	91	2.9%	87	3.4%	83	5.7%	61	5.9%	63	12/31/96
Barclays Capital Aggregate Bond Index	1.8	88	1.9	87	6.0	47	6.4	37	5.0	37	6.0	35	6.1	35	

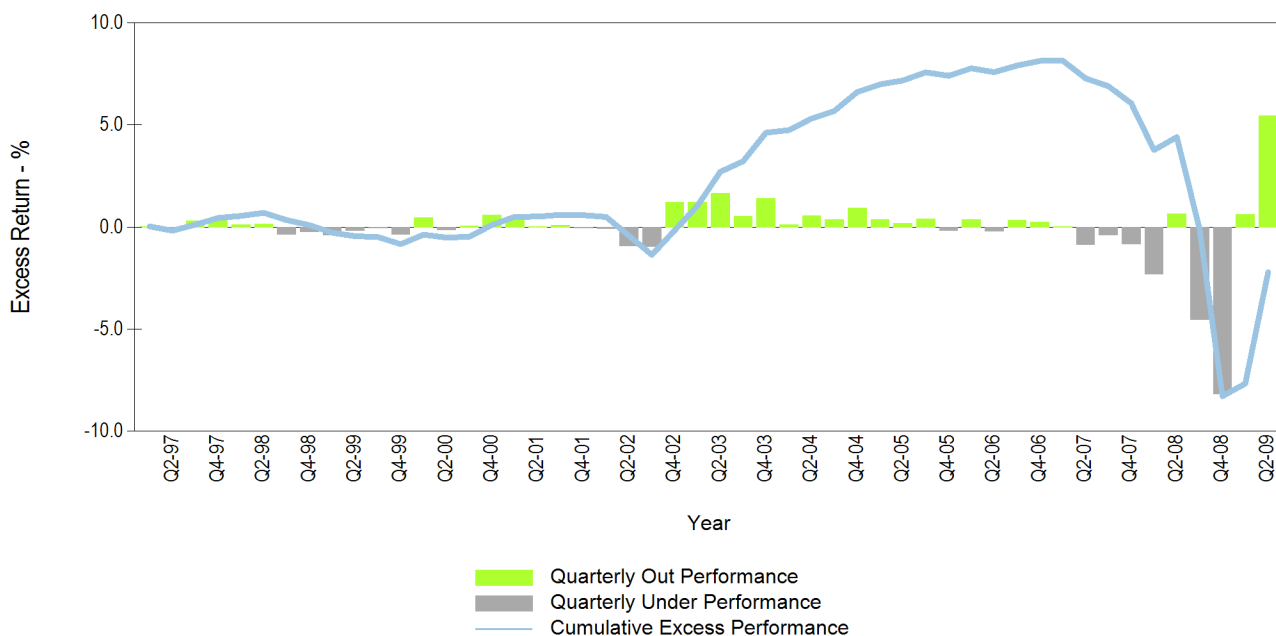
Philosophy and Process

Western Asset Management seeks to add value in fixed income accounts by employing multiple investment strategies while controlling risk. Western is an active sector rotator and attempts to exploit market inefficiencies by making opportunistic trades. The firm emphasizes non-Treasury sectors such as corporate and mortgages. The firm's team approach to fixed income management revolves around an investment outlook developed by the Investment Strategy Group. This group interacts on a daily basis, evaluating developments in both the market and the economy. Additionally, the group meets formally twice a month to review its outlook and investment strategy.

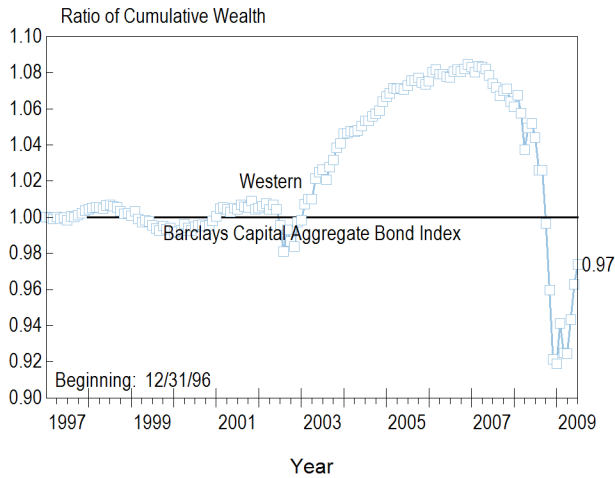
Manager Monitoring

As of June 30, 2009, the manager reported that the portfolio was not in compliance with VCERA's account guidelines, which VCERA was made aware of. Specifically, the portfolio held a 1.1% allocation to Ford, which is rated below investment grade. VCERA's account guidelines allow for a maximum of 1% to any one holding rated below investment grade.

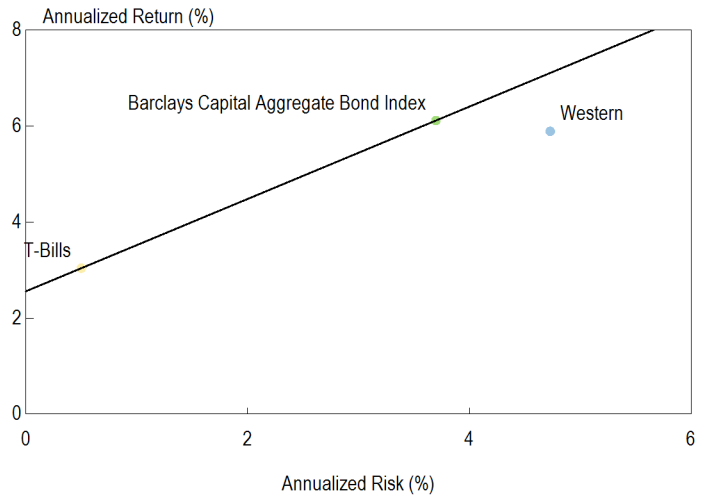
Quarterly and Cumulative Excess Performance



**RATIO OF CUMULATIVE WEALTH
12 YEARS 6 MONTHS ENDING 6/30/09**

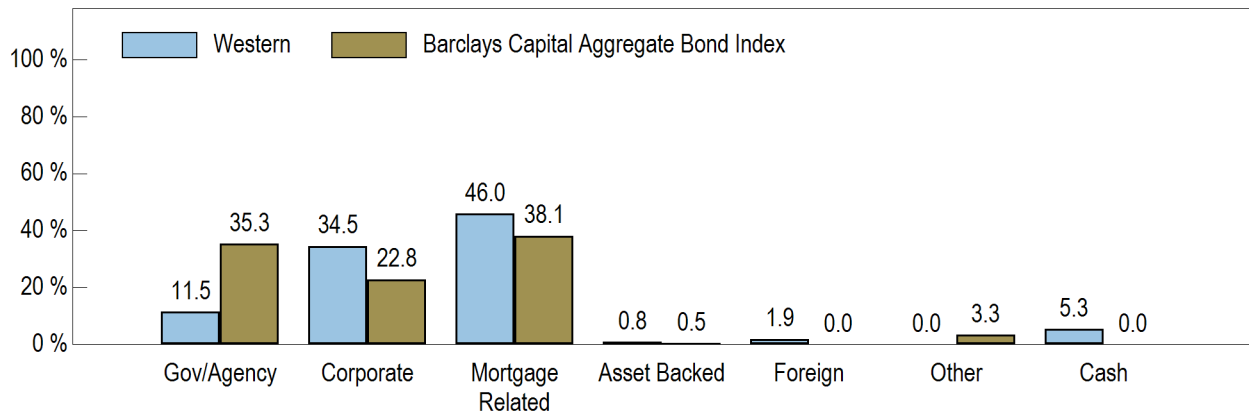


**ANNUALIZED RISK RETURN
12 YEARS 6 MONTHS ENDING 6/30/09**



The table below details Western's sector allocation relative to the Barclays Capital Aggregate Bond Index. The allocation to cash represents highly-liquid short-term fixed income instruments such as money market funds and commercial paper.

**SECTOR ALLOCATION AS OF 6/30/09
Western**



WESTERN

HISTORICAL RETURNS

(BY YEAR)

	Western		Barclays Capital Aggregate Bond Index		Return Difference
	Return	Rank	Return	Rank	
1997	10.1 %	31	9.7 %	58	0.4
1998	8.3	57	8.7	42	-0.4
1999	-1.7	80	-0.8	53	-0.9
2000	12.6	10	11.6	43	1.0
2001	8.9	15	8.4	38	0.5
2002	9.5	44	10.3	24	-0.8
2003	9.1	6	4.1	69	5.0
2004	6.4	6	4.3	58	2.1
2005	3.2	8	2.4	58	0.8
2006	5.1	15	4.3	53	0.8
2007	4.8	86	7.0	16	-2.2
2008	-8.9	85	5.2	16	-14.1
2009 (6 months)	8.0	21	1.9	87	6.1
Trailing 1-Year	-1.1 %	91	6.0 %	47	-7.1
Trailing 3-Year	2.9	87	6.4	37	-3.5
Trailing 5-Year	3.4	83	5.0	37	-1.6
Trailing 10-Year	5.7	61	6.0	35	-0.3
Since Inception (12/31/96)	5.9	63	6.1	35	-0.2

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

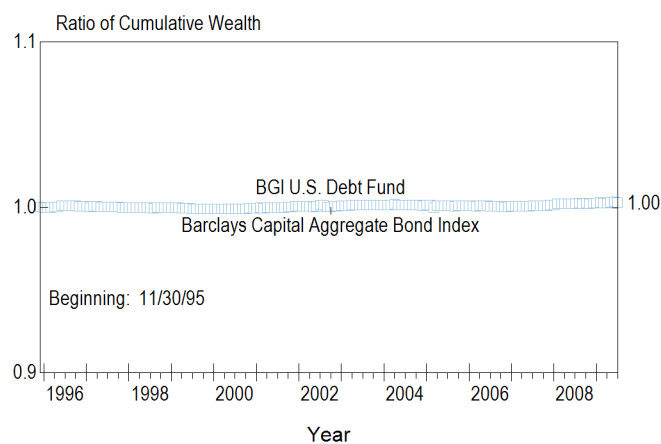
**RETURN SUMMARY
ENDING 6/30/09**

	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		10 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
BGI U.S. Debt Fund	1.8 %	88	1.9 %	87	6.1 %	47	6.5 %	35	5.1 %	35	6.0 %	32	6.0 %	--	11/30/95
Barclays Capital Aggregate Bond Index	1.8	88	1.9	87	6.0	47	6.4	37	5.0	37	6.0	35	6.0	--	

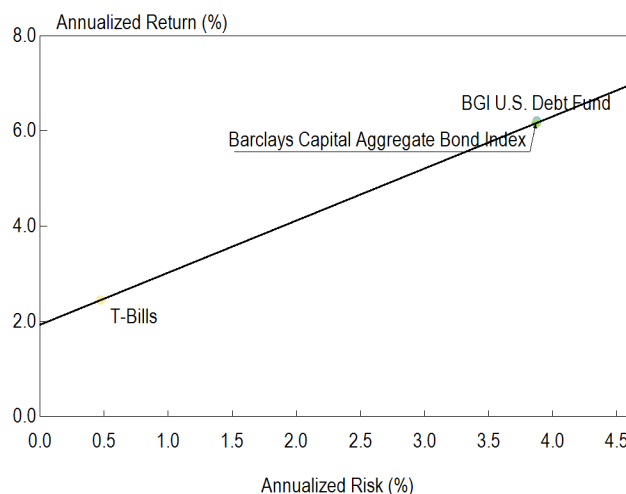
Philosophy and Process

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

**RATIO OF CUMULATIVE WEALTH
13 YEARS 7 MONTHS ENDING 6/30/09**

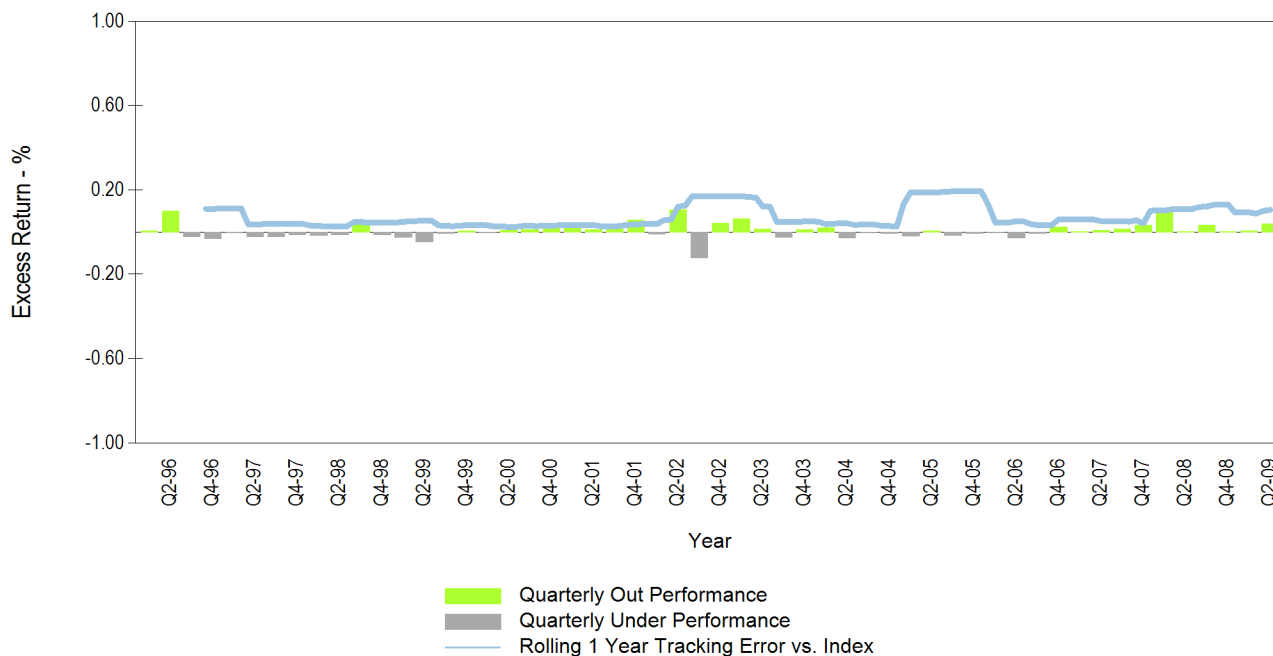


**ANNUALIZED RISK RETURN
9 YEARS 3 MONTHS ENDING 6/30/09**



BGI U.S. DEBT FUND

Tracking Error



HISTORICAL RETURNS (BY YEAR)

	BGI U.S. Debt Fund		Barclays Capital Aggregate Bond Index		Return Difference
	Return	Rank	Return	Rank	
2000 (9 months)	9.3 %	31	9.2 %	36	0.1
2001	8.6	34	8.4	38	0.2
2002	10.3	24	10.3	24	0.0
2003	4.2	68	4.1	69	0.1
2004	4.3	59	4.3	58	0.0
2005	2.4	60	2.4	58	0.0
2006	4.3	55	4.3	53	0.0
2007	7.0	15	7.0	16	0.0
2008	5.4	16	5.2	16	0.2
2009 (6 months)	1.9	87	1.9	87	0.0
Trailing 1-Year	6.1 %	47	6.0 %	47	0.1
Trailing 3-Year	6.5	35	6.4	37	0.1
Trailing 5-Year	5.1	35	5.0	37	0.1
Trailing 10-Year	6.0	32	6.0	35	0.0
Since Inception (11/30/95)	6.0	--	6.0	--	0.0

**RETURN SUMMARY
ENDING 6/30/09**

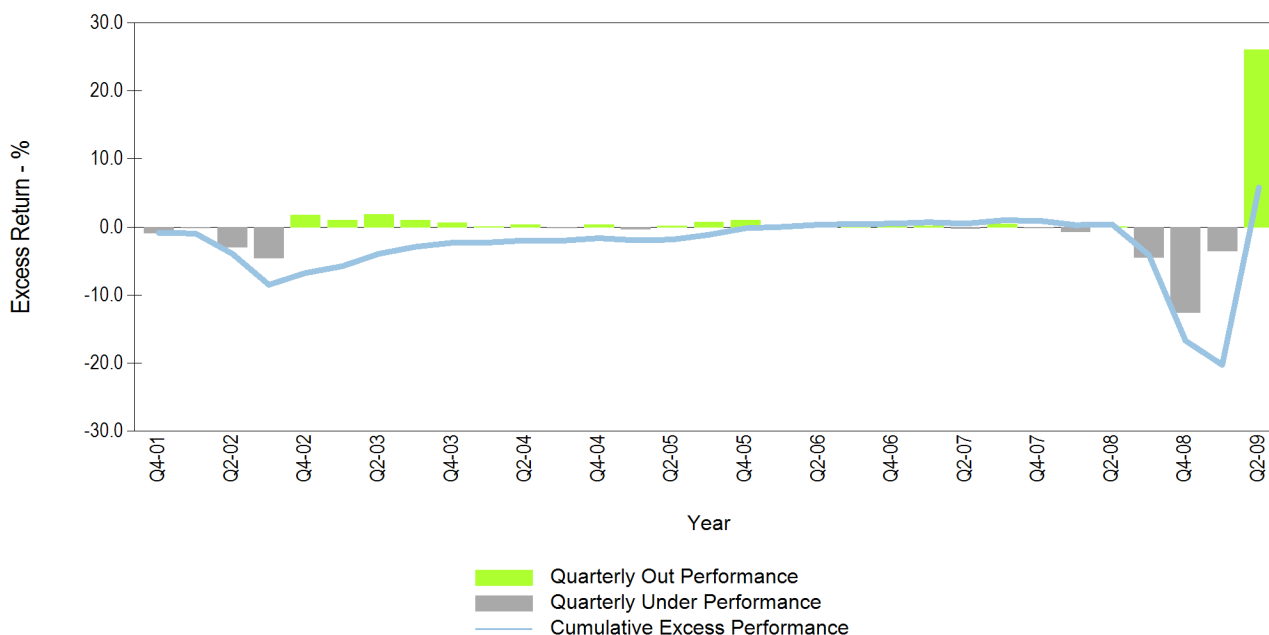
	Second Quarter		Year-To-Date		1 Year Ending 6/30/09		3 Years Ending 6/30/09		5 Years Ending 6/30/09		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
Reams	27.8%	1	23.4%	1	7.9%	16	7.1%	16	5.9%	6	5.4%	19	9/30/01
Barclays Capital Aggregate Bond Index	1.8	88	1.9	87	6.0	47	6.4	37	5.0	37	5.1	40	

Philosophy and Process

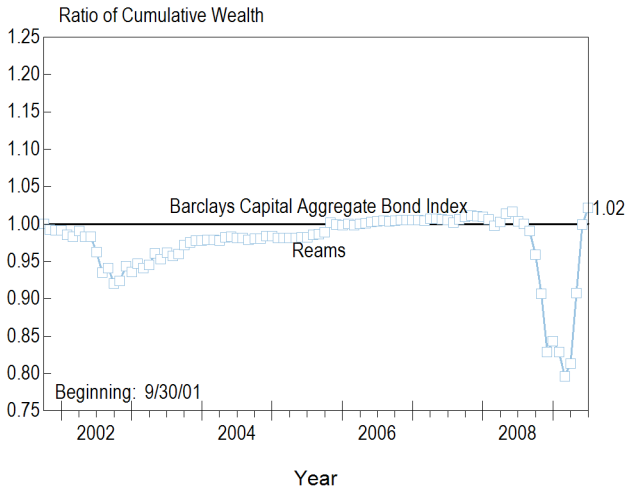
Reams' investment process revolves around the manager's ability to combine top-down macroeconomic portfolio positioning with bottom-up bond selection. The top-down interest rate positioning is somewhat contrarian in that the manager uses real interest rates to gauge when the market is expensive and when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

The manager attempts to exploit its relatively small size and uncover issues not widely followed by Wall Street. The manager prefers to hold securities by underlying collateral. The firm tends to avoid residential mortgages in favor of commercial mortgages.

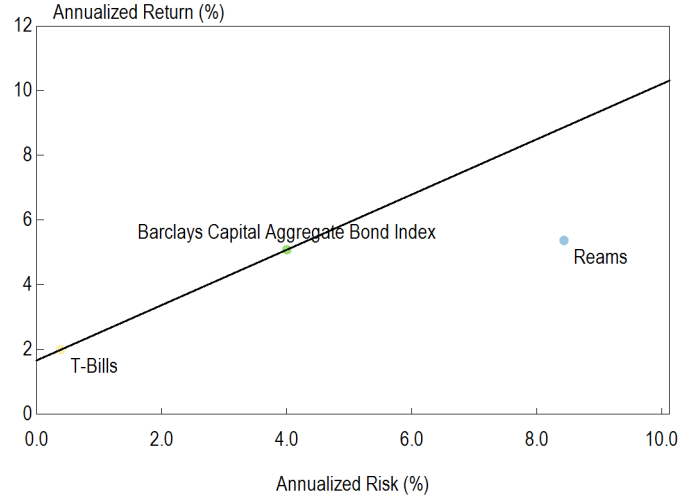
Quarterly and Cumulative Excess Performance



**RATIO OF CUMULATIVE WEALTH
7 YEARS 9 MONTHS ENDING 6/30/09**

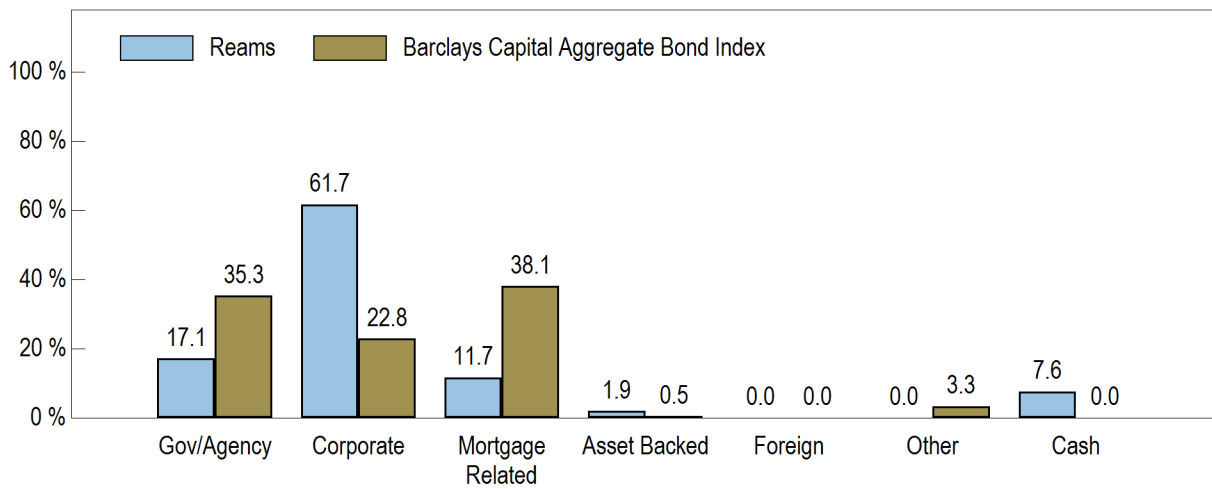


**ANNUALIZED RISK RETURN
7 YEARS 9 MONTHS ENDING 6/30/09**



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

**SECTOR ALLOCATION AS OF 6/30/09
Reams**



HISTORICAL RETURNS
 (BY YEAR)

	Reams		Barclays Capital Aggregate Bond Index		Return Difference
	Return	Rank	Return	Rank	
2001 (3 months)	-0.8%	91	0.0%	53	-0.8
2002	4.1	98	10.3	24	-6.2
2003	8.7	7	4.1	69	4.6
2004	5.0	22	4.3	58	0.7
2005	3.9	5	2.4	58	1.5
2006	5.0	16	4.3	53	0.7
2007	7.4	6	7.0	16	0.4
2008	-12.1	95	5.2	16	-17.3
2009 (6 months)	23.4	1	1.9	87	21.5
Trailing 1-Year	7.9%	16	6.0%	47	1.9
Trailing 3-Year	7.1	16	6.4	37	0.7
Trailing 5-Year	5.9	6	5.0	37	0.9
Since Inception (9/30/01)	5.4	19	5.1	40	0.3

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

LOOMIS SAYLES

RETURN SUMMARY ENDING 6/30/09

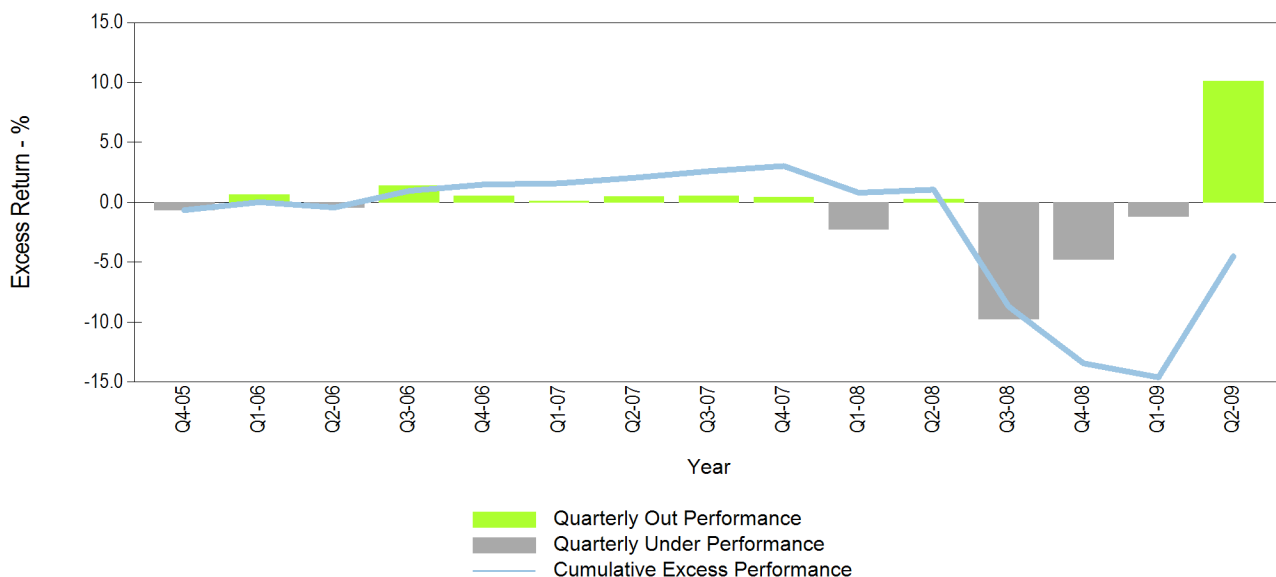
	Second Quarter	Year-To-Date	1 Year Ending 6/30/09	3 Years Ending 6/30/09	Since Inception	Inception Date
Loomis Sayles	17.8 %	18.2 %	-3.7 %	3.0 %	2.7 %	7/31/05
Performance Benchmark	7.7	9.4	4.0	5.2	4.3	
Barclays Capital Aggregate Bond Index	1.8	1.9	6.0	6.4	4.9	

Philosophy and Process

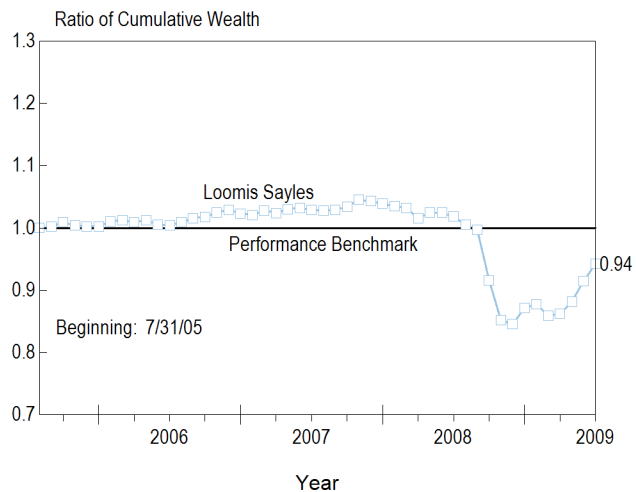
Loomis Sayles' fixed income philosophy is rooted in identifying undervalued securities through in-house credit research. Its philosophy emphasizes identifying issuers whose credit ratings appear likely to be upgraded or downgraded. The fixed income analysts use forward-looking analyses of cash flow, along with source and application of funds, to identify factors that may affect a debt issuer's future credit rating. Loomis Sayles believes that considerable value can be added by holding under-rated issues for which the firm has projected a credit upgrading.

Loomis typically allocates up to 40% of its assets to high yield securities and its portfolio's duration is significantly higher than that of the broad bond market. The manager also invests in convertible securities. The performance benchmark for the strategy is 60% Barclays Capital Aggregate Bond Index and 40% Barclays Capital High Yield Index.

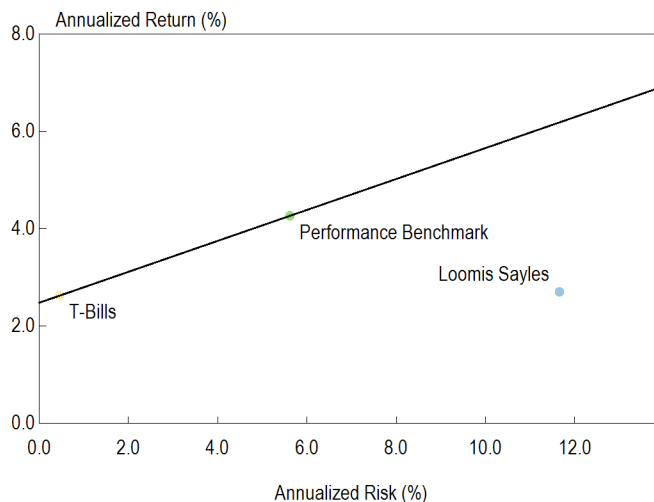
Quarterly and Cumulative Excess Performance



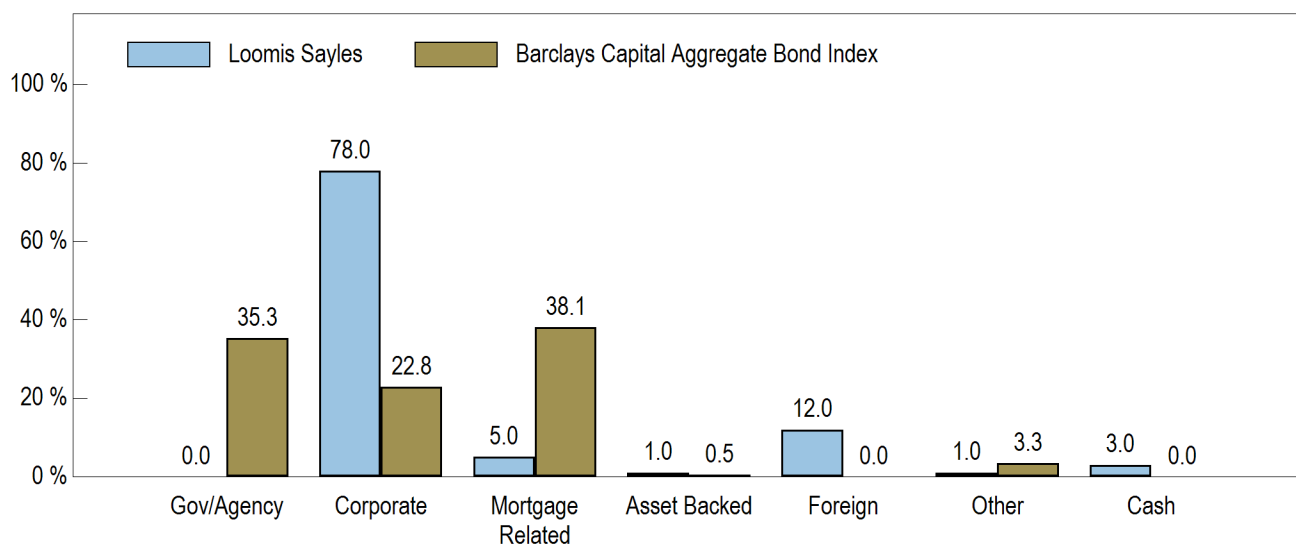
**RATIO OF CUMULATIVE WEALTH
3 YEARS 11 MONTHS ENDING 6/30/09**



**ANNUALIZED RISK RETURN
3 YEARS 11 MONTHS ENDING 6/30/09**



**SECTOR ALLOCATION AS OF 6/30/09
Loomis Sayles**



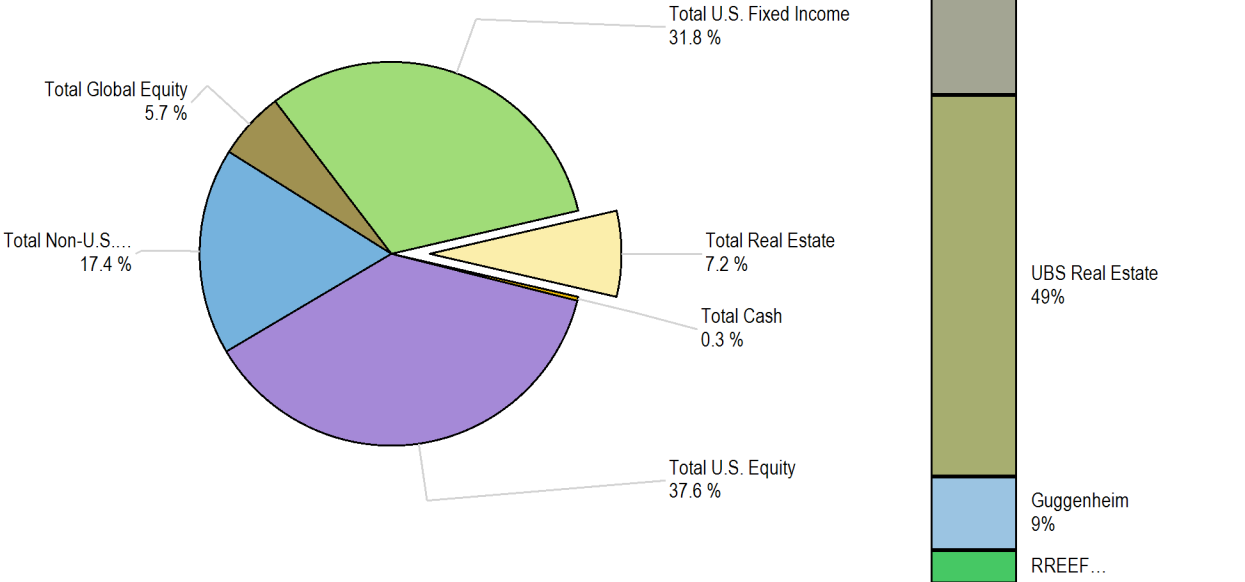
LOOMIS SAYLES

HISTORICAL RETURNS (BY YEAR)

	Loomis Sayles		Performance Benchmark		Return Difference
	Return	Rank	Return	Rank	
2005 (5 months)	0.7 %	--	0.5 %	--	0.2
2006	9.0	1	6.8	3	2.2
2007	6.7	23	5.1	77	1.6
2008	-19.9	99	-4.6	73	-15.3
2009 (6 months)	18.2	1	9.4	12	8.8
Trailing 1-Year	-3.7 %	98	4.0 %	65	-7.7
Trailing 3-Year	3.0	85	5.2	64	-2.2
Since Inception (7/31/05)	2.7	--	4.3	--	-1.6

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

ASSET ALLOCATION
ACTUAL AS OF 6/30/09



TOTAL REAL ESTATE

RETURN SUMMARY ENDING 6/30/09

	Second Quarter	Year-To-Date	1 Year Ending 6/30/09	3 Years Ending 6/30/09	5 Years Ending 6/30/09	10 Years Ending 6/30/09	Since Inception	Inception Date
Total Real Estate	-10.4 %	-24.1 %	-36.1 %	-7.9 %	0.9 %	5.8 %	7.3 %	3/31/94
Policy Benchmark	-5.2	-14.4	-21.8	-0.7	6.5	7.9	9.0	
Total Prudential Real Estate	-13.5	-27.0	-37.6	-7.8	-0.4	--	-0.4	6/30/04
Policy Benchmark	-5.2	-14.4	-21.8	-0.7	6.5	--	6.5	
UBS Real Estate	-6.4	-16.6	-23.9	-2.1	5.2	--	6.1	3/31/03
NCREIF Open End Fund Index	-5.2	-14.4	-21.8	-0.7	6.2	--	7.0	
Guggenheim	-4.7	-26.2	-47.5	-15.2	--	--	-15.2	6/30/06
Performance Benchmark	4.9	-10.7	-24.7	-3.7	--	--	-3.7	
RREEF	-30.4	-52.1	-69.7	--	--	--	-53.5	10/1/07
NCREIF Open End Fund Index	-5.2	-14.4	-21.8	--	--	--	-11.3	

In January 2006, the Board approved the change of the total real estate policy benchmark from the NCREIF Property Index to the NCREIF Open-End Fund Property Index. Both of these indices are sponsored by the National Council of Real Estate Investment Fiduciaries (NCREIF), a leading real estate investment management advocacy group.

Consistent with the motion approved, the benchmark changed when the funding of a second open-end real estate fund manager (Prudential PRISA Fund) was complete and no separate account properties remained.

Commentary on Investment Performance

The real estate component declined 10.9% during the second quarter, trailing the return of the Policy Benchmark by 5.7 percentage points. Each of the component's underlying portfolios experienced below-benchmark returns. The largest contributor to underperformance was the RREEF portfolio, which generated a loss of 30.4%. In the portfolio, every property was externally appraised during the quarter and resulted in a \$315 million decline in gross real estate value.

The portfolio's longer-term results remain unfavorable as shown above. The real estate portfolio has trailed its Policy Benchmark during all trailing periods illustrated above.

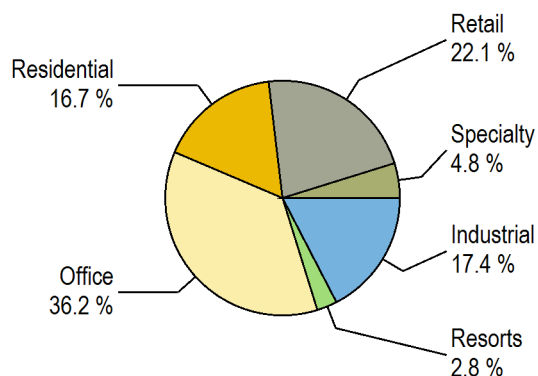
**RETURN SUMMARY
ENDING 6/30/09**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/09	3 Years Ending 6/30/09	5 Years Ending 6/30/09	Since Inception	Inception Date
Total Prudential Real Estate	-13.5%	-27.0%	-37.6%	-7.8%	-0.4%	-0.4%	6/30/04
Policy Benchmark	-5.2	-14.4	-21.8	-0.7	6.5	6.5	
PRISA Fund I	-13.5	-27.0	-37.6	-7.8	--	-0.1	3/31/05
NCREIF Open End Fund Index	-5.2	-14.4	-21.8	-0.7	--	4.6	

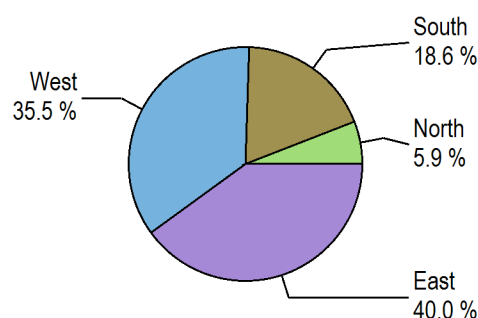
Philosophy and Process

Prudential's PRISA is a core-only product with no value-added component. The manager utilizes low leverage (max 30%) and is diversified across both property types and regions. PRISA has a dedicated team of 15 regional research professionals who work on the portfolio. In constructing the PRISA portfolio, the lead portfolio manager annually develops a forward-looking three-year forecast. The forecast is based on macroeconomic predictions, along with input from the manager's proprietary software systems. The transaction team utilizes this forward-looking forecast in its search for potential properties.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 6/30/09**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 6/30/09**



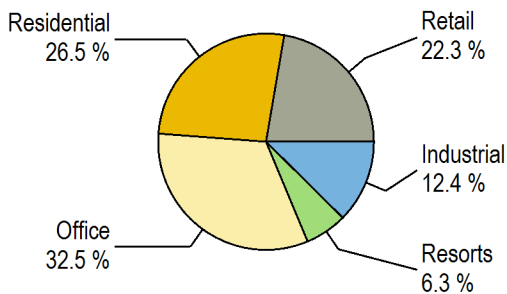
**RETURN SUMMARY
ENDING 6/30/09**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/09	3 Years Ending 6/30/09	5 Years Ending 6/30/09	Since Inception	Inception Date
UBS Real Estate	-6.4 %	-16.6 %	-23.9 %	-2.1 %	5.2 %	6.1 %	3/31/03
NCREIF Open End Fund Index	-5.2	-14.4	-21.8	-0.7	6.2	7.0	
NCREIF NPI	-5.2	-12.1	-19.6	1.0	7.6	8.2	

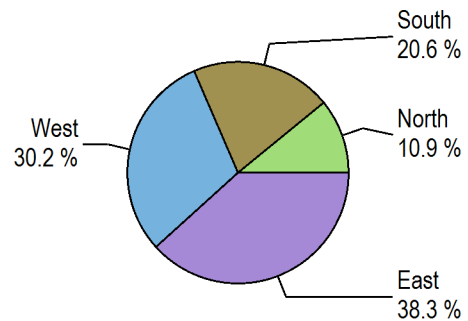
Philosophy and Process

UBS Realty's Real Estate Separate Account (RESA) is an actively managed core portfolio that utilizes broad market and economic trends to provide attractive returns while limiting downside risk. The investment process for the portfolio is very analytic and research intensive. The RESA team relies on multiple proprietary pricing and asset allocation models which analyze different property types in over 25 national markets. The UBS Realty Strategy Team, which is composed of the senior-most professionals from the different areas of UBS Realty, works on an ongoing basis with the research department to continually modify the proprietary modeling systems. RESA management tends to purchase properties in slower-growing markets, as they believe that faster-growth areas generate more attention by the investment community, and thus the ability for value-added is diminished.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 6/30/09**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 6/30/09**



**RETURN SUMMARY
ENDING 6/30/09**

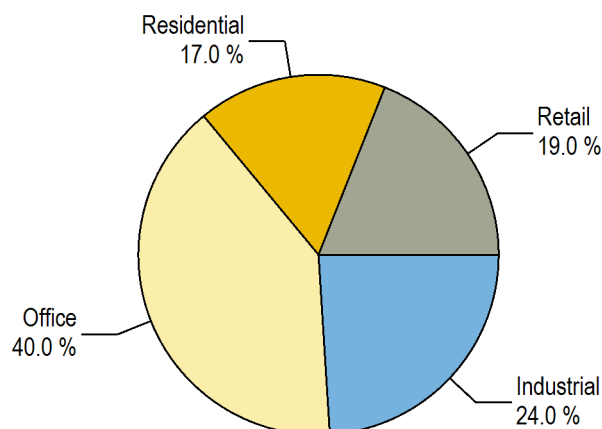
	Second Quarter	Year-To-Date	1 Year Ending 6/30/09	3 Years Ending 6/30/09	Since Inception	Inception Date
Guggenheim	-4.7 %	-26.2 %	-47.5 %	-15.2 %	-15.2 %	6/30/06
Performance Benchmark	4.9	-10.7	-24.7	-3.7	-3.7	

Philosophy and Process

The Guggenheim Real Estate PLUS Trust invests 70% of its assets in private real estate equity and 30% of its assets in public real estate securities. The firm employs considerable leverage in implementing the strategy, both through its REIT holdings and its limited partnership investments. The manager attempts to add value through exploiting pricing differentials between public and private real estate markets and emphasizes diversification both in structure of investment vehicles as well as by property type and location.

The benchmark for this strategy comprises 70% of the NCREIF Index and 30% of the NAREIT Index, reflective of the blend between public and private real estate that characterizes the strategy.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 6/30/09**



**RETURN SUMMARY
ENDING 6/30/09**

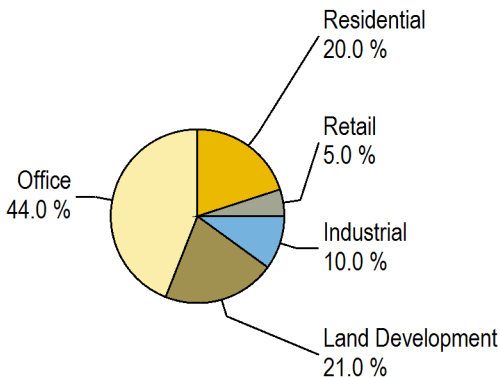
	Second Quarter	Year-To-Date	1 Year Ending 6/30/09	Since Inception	Inception Date
RREEF	-30.4 %	-52.1 %	-69.7 %	-53.5 %	10/1/07
NCREIF Open End Fund Index	-5.2	-14.4	-21.8	-11.3	

Philosophy and Process

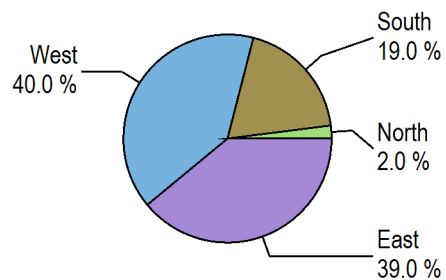
RREEF employs 625 real estate investment professionals in 115 offices located in every major metropolitan market nationwide. RREEF America III (RA III) is a \$600 million open-end private REIT that pursues value-added investment opportunities in the U.S. The RREEF research process, dubbed the Market Profile Process, is led by Asieh Mansour, Ph. D and is roughly 65% bottom up asset-specific fundamental research and 25% top down market and demographic research. The remainder focuses on the investment performance of real estate in both public market and private market settings. This process is executed by the 17 members of the full-time research staff.

RA III has a target total fund size of \$1-2 billion, which RA III management expects to reach over a five year period. RREEF expects RA III to produce more than one-half of its total return from realized and unrealized gains resulting from the improvements it makes in the fund's assets. RA III investments will include income-producing properties, properties requiring re-positioning, and speculative development. The fund is scheduled to have a 15-year life and will commence an orderly liquidation of assets on January 22, 2016. RA III shareholders and the Board of Directors are considering a proposal to extend product life. As a REIT, oversight of RA III is maintained by an independent board that approves: the investment plan, dispositions, financing, and quarterly valuations.

**PROPERTY TYPE ALLOCATION
ALLOCATION AS OF 6/30/09**



**GEOGRAPHIC DIVERSIFICATION
ALLOCATION AS OF 6/30/09**



RETURNS OF THE MAJOR CAPITAL MARKETS

RETURNS OF THE MAJOR CAPITAL MARKETS

	Second Quarter	Annualized Periods Ending 6/30/09				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
Dow Jones US Total Stock Index	16.8%	-26.4%	-8.1%	-1.6%	-1.3%	7.0%
S&P 500 Index	15.9	-26.2	-8.2	-2.2	-2.2	6.9
Russell 3000 Index	16.8	-26.6	-8.3	-1.8	-1.5	7.0
Russell 1000 Value Index	16.7	-29.0	-11.1	-2.1	-0.1	7.5
Russell 1000 Growth Index	16.3	-24.5	-5.5	-1.8	-4.2	6.0
Russell MidCap Value Index	20.9	-30.5	-11.1	-0.4	4.0	9.1
Russell MidCap Growth Index	20.7	-30.3	-7.9	-0.4	0.0	7.0
Russell 2000 Value Index	18.0	-25.2	-12.1	-2.3	5.0	8.2
Russell 2000 Growth Index	23.4	-24.8	-7.8	-1.3	-0.9	4.3
Domestic Bond Indices:						
Barclays Capital Aggregate Index	1.8%	6.0%	6.4%	5.0%	6.0%	6.6%
Barclays Capital Govt/Credit Index	1.9	5.3	6.2	4.8	5.9	6.5
Barclays Capital Long Govt/Credit Index	2.8	5.3	6.4	5.6	6.9	7.8
Barclays Capital 1-3 Year Govt/Credit Index	1.4	4.9	5.7	4.2	4.9	5.4
Barclays Capital U.S. MBS Index	0.7	9.4	7.9	6.0	6.3	6.8
Barclays Capital High Yield Index	23.1	-2.4	2.1	4.3	4.7	6.3
Barclays Capital Universal Index	2.9	4.9	5.9	5.0	6.0	6.6
Real Estate Indices:						
NCREIF Property Index	-5.2%	-19.6%	1.0%	7.6%	8.5%	9.4%
NCREIF ODCE Index	-9.2	-31.1	-4.9	3.4	5.9	7.5
Dow Jones Real Estate Securities Index	31.7	-45.7	-20.0	-3.4	5.2	6.8
FTSE NAREIT US Real Estate Index	28.9	-43.3	-18.0	-2.7	5.5	6.9
Foreign/Global Stock Indices:						
MSCI All Country World Index	22.3%	-29.3%	-7.0%	1.1%	-0.2%	4.9%
MSCI All Country World IMI	23.2	-28.9	-7.5	1.0	0.3	4.6
MSCI All Country World ex-U.S. Index	27.6	-30.9	-5.8	4.5	2.5	4.2
MSCI All Country World ex-U.S. IMI	28.6	-30.5	-5.8	4.6	2.8	3.8
MSCI All Country World ex-U.S. Small Cap Index	37.6	-27.0	-6.1	5.3	5.3	3.3
MSCI EAFE Index	25.4	-31.4	-8.0	2.3	1.2	3.5
MSCI EAFE IMI	26.3	-31.0	-8.0	2.4	1.4	3.2
MSCI EAFE Index (in local currency)	16.9	-25.5	-9.9	0.6	-1.1	3.0
MSCI Emerging Markets IMI	36.5	-26.9	3.4	14.8	8.2	4.1
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	5.4%	3.5%	7.9%	6.2%	6.5%	6.2%
Citigroup Hedged World Gov't Bond Index	0.2	8.5	5.7	5.3	5.3	7.1
Cash Equivalents:						
Treasury Bills (30-Day)	0.0%	0.5%	2.4%	2.4%	2.6%	3.3%
EnnisKnupp STIF Index	0.1	1.4	3.7	3.5	3.5	4.2
Inflation Index:						
Consumer Price Index	1.4%	-1.4%	2.1%	2.6%	2.6%	2.5%

APPENDIX II

Description of Fund Benchmarks and Universe Rankings

Total Fund

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

Public Fund Universe - An equal-weighted index that is designed to represent the average return earned by U.S. public pension funds. The index is calculated based on a universe of 90 funds compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$763.2 billion as of 6/30/2009.

Total U.S. Equity

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

Universe. A universe of 459 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$426.1 billion as of 6/30/2009.

BGI Extended Equity Index Fund

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

Universe. A universe of 65 actively managed domestic large cap stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$48.9 billion as of 6/30/2009.

Western U.S. Index Plus

Benchmark. The S&P 500 Index.

Universe. A universe of 413 actively managed domestic large cap stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$534.6 billion as of 6/30/2009.

BGI Equity Market Fund

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

Universe. A universe of 802 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$720.5 billion as of 6/30/2009.

Total Non-U.S. Equity

Benchmark. The Morgan Stanley Capital International All Country World ex-U.S. Free Index. Prior to May 2002, the Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$197.5 billion as of 6/30/2009.

BGI ACWI ex U.S.

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

Universe. A universe of 93 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$188.6 billion as of 6/30/2009.

APPENDIX II

Capital Guardian

Benchmark. The Morgan Stanley Capital International All Country World ex-U.S. Free Index. Prior to May 2002, the Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of 93 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$188.6 billion as of 6/30/2009.

Sprucegrove

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

Universe. A universe of 93 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$188.6 billion as of 6/30/2009.

Artio Global

Benchmark. The Morgan Stanley Capital International All Country World ex-U.S. Free Index. Prior to May 2002, the Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of 93 actively managed domestic stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$188.6 billion as of 6/30/2009.

Total Global Equity

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

Universe. A universe of 64 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$118.6 billion as of 6/30/2009.

Grantham Mayo Van Otterloo (GMO)

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

Universe. A universe of 64 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$118.6 billion as of 6/30/2009.

Acadian

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

Universe. A universe of 64 actively managed global stock portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$118.6 billion as of 6/30/2009.

Total Fixed Income

Benchmark. The Barclays Capital Aggregate Bond Index.

Universe. A universe of 80 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$217.8 billion as of 6/30/2009.

Western Asset Management

Benchmark. The Barclays Capital Aggregate Bond Index.

Universe. A universe of 113 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$582.7 billion as of 6/30/2009.

BGI U.S. Debt Index Fund

Benchmark. The Barclays Capital Aggregate Bond Index.

Universe. A universe of 113 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$582.7 billion as of 6/30/2009.

Reams

Benchmark. The Barclays Capital Aggregate Bond Index.

Universe. A universe of 113 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$582.7 billion as of 6/30/2009.

Loomis Sayles

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

Universe. A universe of 113 actively managed fixed income portfolios compiled by BNY Mellon Performance & Risk Analytics, LLC with an aggregate market value of \$582.7 billion as of 6/30/2009.

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Total Real Estate

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund. Prior to January 2006, the NCREIF Property Index.

Prudential Real Estate

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund. Prior to January 2006, the NCREIF Property Index.

Prudential Real Estate PRISA

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund.

UBS RESA

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund.

Guggenheim

Benchmark. 70% of the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund and 30% of the NAREIT Index.

RREEF

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund.

Description of Benchmarks (continued)

Russell 3000 Index- A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

S&P 500 Index- A capitalization-weighted index representing the 500 largest publicly traded U.S. stocks.

MSCI Europe, Australasia, Far East (EAFE) Foreign Index- A capitalization-weighted index of 20 stock markets in Europe, Australia, Asia and the Far East.

MSCI All Country World Index - An index of major world stock markets, including the U.S., representing countries according to their approximate share of world market capitalization. The weights are adjusted to reflect foreign currency fluctuations relative to the U.S. dollar.

Barclays Capital Aggregate Bond Index- A market value-weighted index consisting of the Barclays Capital Corporate, Government and Mortgage-Backed Indices. This index is the broadest available measure of the aggregate U.S. fixed income market.

NCREIF Open End Fund Index- A capitalization-weighted index of privately owned investment grade income-producing properties representing approximately \$67 billion in assets.

APPENDIX II

Description of Terms

Rank - A representation of the percentile position of the performance of a given portfolio, relative to a universe of similar funds. For example, a rank of 25 for a given manager indicates outperformance by that manager of 75% of other funds in that same universe.

Universe - A distribution of the returns achieved by a group of funds with similar investment objectives.

U.S. Stock Universe - The rankings are based on a universe that is designed to represent the average equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by Mellon Analytical Solutions, and includes 459 funds with an equity aggregate market value of \$426.1 billion.

Non-U.S. Equity Universe - The rankings are based on a universe that is designed to represent the average international equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by Mellon Analytical Solutions, and includes 410 funds with an international equity aggregate market value of \$197.5 billion.

Global Equity Universe - The rankings are based on a universe that is designed to represent the average global equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by Mellon Analytical Solutions, and includes 64 funds with a global equity aggregate market value of \$118.6 billion.

Fixed Income Universe - The rankings are based on a universe that is designed to represent the average fixed income return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by Mellon Analytical Solutions, and includes 80 funds with a fixed income aggregate market value of \$217.8 billion.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, unannualized performance relative to that of its benchmark. An upward sloping line indicates superior fund performance. Conversely, a downward sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Risk-Return Graph - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As most investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return tradeoffs associated with market portfolios or index funds.

Style Map - This illustration represents the manager's style compared to that of the broadest stock index (the DJ U.S. Total Stock Market Index). Any manager falling above the axis is referred to as large-cap and any manager falling below the axis is considered to be medium- to small-cap.

Manager "Watch" Status Policy

A manager may be placed on "Watch" status for:

- Failure to meet one or more of the standards, objectives, goals, or risk controls as set forth in this policy statement
- Violation of ethical, legal, or regulatory standards
- Material adverse change in the ownership of the firm or personnel changes
- Failure to meet reporting or disclosure requirements
- Failure to meet performance objectives or goals
- Any actual or potentially adverse information, trends, or developments that the Board feels might impair the investment manager's ability to deliver successful outcomes for the participants of the plan

The Board may take action to place a manager on Watch status. Managers placed on Watch status shall be notified in writing, and be made aware of the reason for the action and the required remediation. Watch status is an optional interim step that may be used to formally communicate dissatisfaction to the investment manager and the potential for termination. Watch status is not a required step in terminating a manager. Watch status will normally be for a period of six months, but the time frame may be determined by action of the Board. The Board retains the right to terminate the manager at any time, extend the period of the Watch status, or remove the manager from Watch status at any time.

Watch status indicates that the manager shall be subject to increased focus on the remediation of the factors that caused the manager to be placed on Watch status. Discussion of the manager on Watch status shall become a regular monthly reporting agenda item for the Board. Staff or retained Consultant shall prepare a written monthly report addressing the progress of the manager in the remediation of the dissatisfaction.

"Watch" status:

- Capital Guardian, Westerm, and RREEF are currently on watch for performance reasons.

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Manager	Restrictions	In Compliance as of 6/30/09
BGI	-Portfolio is a commingled fund.	N/A
BGI	-Portfolio is a commingled fund.	N/A
Western Index Plus	- Average weighted Duration of portfolio security holdings are one year or less -Bonds rated investment grade by either Moody's, Standard & Poor's, or Fitch's must comprise at least 90% of the total portfolio at the time of purchase -Below-investment grade holdings must not exceed 1% in any single issuer -A maximum of 10% of the portfolio may be invested in non-dollar denominated securities -A maximum of 5% of the portfolio may be invested in un-hedged non-dollar denominated securities -A maximum of 5% of the portfolio may be invested in U.S. securities rated below investment grade -A maximum of 10% of the portfolio may be invested in non-U.S. securities (dollar and non-dollar denominated) rated below investment grade -A maximum of 10% of the portfolio may be invested in CDOs, CBOs & CLOs -A maximum of 10% per issuer for obligations of their national governments -A maximum of 10% per issuer of private mortgage-backed and asset-backed securities, unless the collateral is credit-independent of the issuer and the security's credit enhancement is generated internally, in which the maximum is 25% per issuer -A maximum of 3% per issuer of investment grade corporations -A maximum of 2% per issuer for obligations of other issuers excluding investments in commingled vehicles -A maximum of 10% of portfolio may be invested in issuers rated below Baa3 or BBB- / A2 or P2 -A maximum of 20% of the portfolio may be invested in original futures, margin, and option premiums, exclusive of any in-the-money portion of premiums. -No leverage is permitted in the portfolio	YES YES NO YES YES NO YES YES YES YES YES YES YES YES YES YES YES YES YES YES
Capital Guardian	-Portfolio is a commingled fund.	N/A
Sprucegrove	-Portfolio is a commingled fund.	N/A
GMO	-Portfolio is a separate account of mutual funds.	N/A
BGI U.S. Debt	-Portfolio is a commingled fund.	N/A
Reams	-Duration may be managed to a maximum 25% deviation relative to the Aggregate Bond Index -The total portfolio shall maintain an average quality rating of A -A maximum of 20% of the portfolio may be invested in bonds issued by a non-U.S. entity -A maximum of 15% of the portfolio may be invested in high yield bonds -A maximum of 5% of the portfolio may be invested in any single investment grade U.S. issuer -A maximum of 5% of the portfolio may be invested in high interest rate sensitivity mortgage-backed securities -The portfolio's combined allocation may not exceed 30% to the following securities; non-U.S. bonds, privately placed debt, excluding 144A securities and mortgage-backed securities that exhibit unusually high interest rate sensitivity -Bonds rated investment grade by either Moody's or Standard & Poor's must comprise at least 90% of the total portfolio -The portfolio contains no prohibited securities named in the investment guidelines -Derivatives are not used to lever the portfolio*	YES YES YES YES YES YES YES YES YES YES YES YES YES YES YES

*Based on affirmative statement from manager

APPENDIX II

Manager	Restrictions	In Compliance as of 6/30/09
Loomis Sayles	<ul style="list-style-type: none"> -At least 50% of the portfolio must be invested in investment grade securities at time of purchase -A maximum of 5% of the portfolio may be invested in any single investment grade U.S. issuer -60% of the portfolio must be invested in U.S. domiciled issues 	<ul style="list-style-type: none"> YES YES YES
Western Core Plus	<ul style="list-style-type: none"> -Duration may be managed to a maximum 20% deviation relative to the Aggregate Bond Index -The total portfolio shall maintain an average quality rating of AA -A maximum of 20% of the portfolio may be invested in bonds issued by a non-U.S. entity at time of purchase -A maximum of 10% of the portfolio may be invested in high yield bonds at time of purchase -A maximum of 1% per issue for below investment grade securities -A maximum of 5% of the portfolio may be invested in any single investment grade U.S. issuer at time of purchase -A maximum of 5% of the portfolio may be invested in high interest rate sensitivity mortgage-backed securities at the time of purchase -The portfolio's combined allocation may not exceed 30% to the following securities: non-U.S. bonds, privately placed debt, excluding 144A securities and mortgage-backed securities that exhibit unusually high interest rate sensitivity and bonds not receiving an investment grade rating -Bonds rated investment grade by either Moody's or Standard & Poor's must comprise at least 90% of the total portfolio at the time of purchase -The portfolio contains no prohibited securities named in the investment guidelines -Derivatives are not used to lever the portfolio* 	<ul style="list-style-type: none"> YES YES YES YES NO YES YES YES YES YES YES YES

* Based on affirmative statement from manager

APPENDIX II

Account	Fee Schedule	Market Value As of 6/30/2009	% of Portfolio	Est. Minimum Annual Fee (\$)	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Total U.S. Equity	No Fee	\$842,204,252	37.6%		--	--
BGI Extended Equity Index Fund	0.04% of Assets	\$15,672,931	0.7%	\$0	\$6,269	0.04%
Western U.S. Index Plus	0.20% of Assets	\$50,002,443	2.2%		\$100,005	0.20%
BGI Equity Market Fund	0.03% of First \$250.0 Mil, 0.02% Thereafter	\$776,528,878	34.6%	\$0	\$180,306	0.02%
Total Non-U.S. Equity	No Fee	\$390,941,663	17.4%		--	--
BGI ACWI ex-U.S. Index	0.20% of First \$50.0 Mil, 0.12% of Next \$50.0 Mil, 0.08% of Next \$400.0 Mil, 0.06% Thereafter	\$157,615,100	7.0%	\$0	\$206,092	0.13%
Capital Guardian	0.70% of First \$25.0 Mil, 0.55% of Next \$25.0 Mil, 0.42% of Next \$200.0 Mil, 0.38% Thereafter	\$88,139,736	3.9%	\$0	\$474,594	0.53%
Sprucegrove	0.90% of First \$5.0 Mil, 0.65% of Next \$10.0 Mil, 0.55% of Next \$25.0 Mil, 0.50% of Next \$35.0 Mil, 0.25% Thereafter	\$84,185,692	3.8%	\$0	\$445,464	0.52%
Artio International Equity II	0.85% of First \$20.0 Mil, 0.65% of Next \$20.0 Mil, 0.55% of Next \$40.0 Mil, 0.45% Thereafter	\$61,001,136	2.7%	\$0	\$415,506	0.68%
Total Global Equity	No Fee	\$127,986,640	5.7%		--	--
GMO Global Fund	0.66% of Assets	\$71,947,308	3.2%	\$0	\$474,852	0.66%
Acadian	0.95% of First \$25.0 Mil, 0.90% Thereafter	\$56,039,332	2.5%	\$0	\$516,854	0.92%
Total U.S. Fixed Income	No Fee	\$712,128,166	31.8%		--	--
Western	0.30% of First \$150.0 Mil, 0.15% Thereafter	\$287,052,650	12.8%		\$655,579	0.22%
BGI U.S. Debt Fund	0.04% of First \$100.0 Mil, 0.03% of Next \$300.0 Mil, 0.02% Thereafter	\$58,561,569	2.6%	\$0	\$23,425	0.03%
Reams	0.20% of First \$150.0 Mil, 0.15% Thereafter	\$287,329,478	12.8%	\$0	\$505,994	0.17%
Loomis Sayles	0.50% of First \$20.0 Mil, 0.40% of Next \$30.0 Mil, 0.30% Thereafter	\$79,184,468	3.5%	\$0	\$307,553	0.38%
Total Real Estate	No Fee	\$161,828,236	7.2%		--	--
Total Prudential Real Estate	0.81% of Assets	\$59,817,044	2.7%	\$0	\$484,518	0.81%
UBS Real Estate	0.90% of Assets	\$79,680,020	3.6%	\$0	\$717,120	0.90%
Guggenheim	0.50% of Assets	\$15,312,598	0.7%		\$76,563	0.50%
RREEF	0.60% of Assets	\$7,018,575	0.3%	\$0	\$42,111	0.60%
Total Cash	No Fee	\$7,431,473	0.3%		--	--
Clifton Group	0.15% of First \$25.0 Mil, 0.10% of Next \$75.0 Mil, 0.04% Thereafter	\$7,431,473	0.3%	\$0	\$11,147	0.14%
Investment Management Fee		\$2,242,520,431	100.0%		\$5,643,954	0.25%