

# SECTION 3

## INVESTMENT SECTION

*Caring For Your Future...*

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# INVESTMENT REPORT FROM THE RETIREMENT ADMINISTRATOR

## ANALYSIS OF ISSUES AFFECTING OUR PORTFOLIO IN FY 2009

Last year was another challenging year for all global investment markets and public pension funds and the Employees Retirement System was no exception. The continued prudent leadership of the Employee Retirement System Board is undoubtedly the most important factor in the long-term success of our System. Our Board understands that the Retirement System's portfolio requires a sound and stable strategy for meeting investment goals over the long-term and that in times of unprecedented financial market volatility a well-diversified portfolio with strong controls to manage risk and ensure compliance are likely to produce superior performance relative to its indices over the long term. To that end, the Board reviews its asset liability structure periodically to evaluate the appropriateness of the portfolio's assumptions and asset mix.

The Board conducted an evaluation of the System's Asset Allocation Plan and assumptions and approved Phase I implementation of a new Asset Allocation and Target Mix Allocations in July 2008. The new Asset Allocation Plan increased the target allocation from 20% to 30% for international equity (developed and emerging market) portfolios and reduced domestic equity (large and small cap) from 40% to 30%. The Board also approved a plan to rebalance domestic equity with the termination of the Goldman Sachs Enhanced Large Cap Equity portfolio and further reductions of all domestic large cap equity portfolios as necessary to fund the maximum amount to international equity.

The Board approved the retention of four new international equity managers and the termination of the interim BGI International

Alpha Tilts Fund and Genesis Emerging Markets Equity managers based upon the outcome of the international equity (developed and emerging markets) manager search. Effective September 1, 2008, the Board hired Baillie Gifford and Principal Global to manage international equity (ACWIXUS and EAFE) mandates respectively, and hired Batterymarch and Wellington to manage international emerging markets equity portfolios.

In general, the System's portfolio correlates fairly well with the performance of the U.S. stock market. During the fiscal years ended June 30, 2009 and 2008, market sentiment as well as performance were severely affected by the following global economic and market developments: (1) continued U.S. housing recession; (2) escalating fallout from the subprime mortgage defaults and foreclosures; (3) relatively low long-term interest rates and extended tightening of the lending monetary policy; (4) further weakening of consumer confidence and spending; (5) Lehman Brothers bankruptcy and the unraveling of the financial system stemming from the brokerage and investment bank debacle; (6) uncertainty and risks associated with geopolitical tensions; and (7) the general concerns about inflation and the economy.

During the fiscal year 2009, the Board focused on a thorough, comprehensive review of the System's historical Asset Allocation decisions; manager search and retention, process and procedures; and performance compared to other Public Pension Systems to ensure that the processes and procedures are effective and meet or exceed the necessary standards that are required to thrive in any given financial investment market.

Despite the overwhelming challenges that the economy faced which appear to have been even more profound than a recession and financial crisis, the System remains very well funded and have provided a solid rate of return from a long-term perspective.

**INVESTMENT PERFORMANCE**

Highlighted Investment Performance of the City of Fresno Employees Retirement System Investment Portfolio for FY 2009:

	Return
Total Fund	-20.12%
Domestic Equity	-26.90%
International Equity	-34.05%
Fixed Income	1.04%
Real Estate	-31.07%
Fiscal Year End	
Fund Value:	\$735,578,804

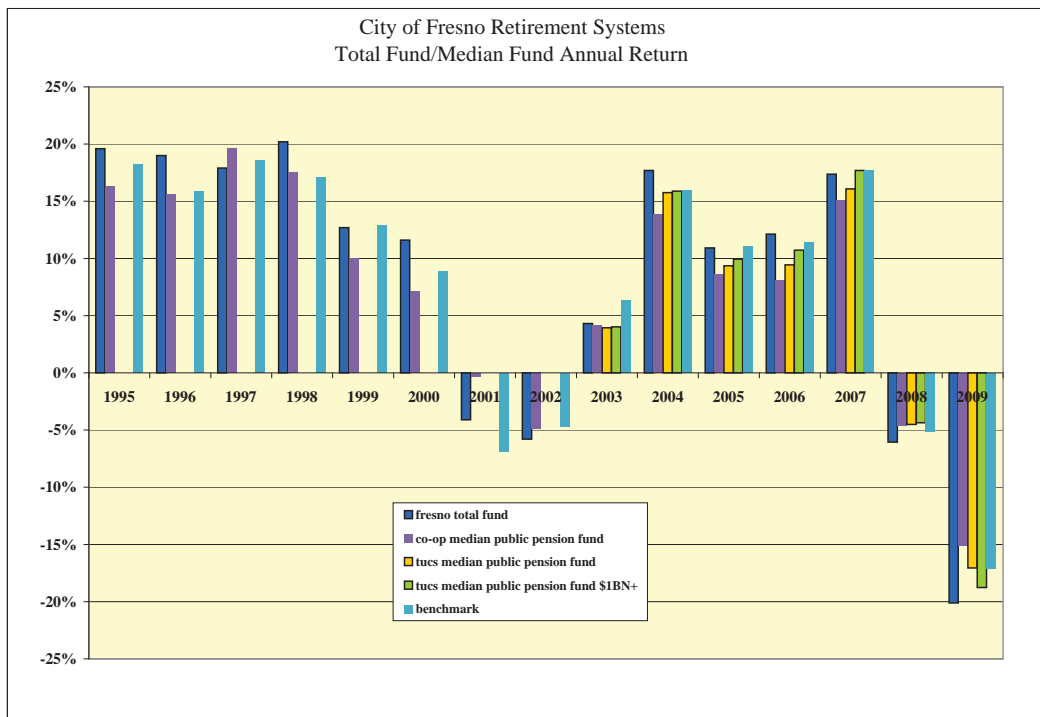
- 3) To achieve rates of return above inflation;
- 4) To comply with legal statutes and regulations; and
- 5) To maintain a fully funded pension status.

These are the fundamental goals as stated in the Board’s Investment Objectives and Policy Statement. The Employees Retirement Board has strong controls in place to manage the overall investment objectives of the Employees Retirement System assets and hold the fiduciary responsibility for the System.

The principal goals of the System’s Retirement Board in managing the Retirement System’s Investment Portfolios are the following:

- 1) To fund the System’s benefit payments
- 2) To assume a prudent risk posture to minimize the cost of meeting the obligations of the System;

The System’s Total Fund Returns Versus Wilshire Associates Public Pension Funds (Gross of Fee) Returns for the Period Ended June 30, 2009, ranked the System in the fourth quartile (87<sup>th</sup> percentile) of our Investment Consultant’s universe of public funds. Over the past ten years, the Systems’ investment returns have remained sound and outperformed its policy benchmark and the median fund returns as shown in the following chart.



	Jun-95	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
Fresno Total Fund	19.60%	19.00%	17.90%	20.20%	12.70%	11.60%	-4.10%	-5.80%	4.31%	17.70%	10.92%	12.12%	17.36%	-6.05%	-20.12%
Co-op Median Public Pension Fund	16.30%	15.60%	19.60%	17.50%	10.00%	7.10%	-0.30%	-4.90%	4.15%	13.83%	8.63%	8.08%	15.06%	-4.56%	-15.11%
TUCS Median Public Pension Fund	--	--	--	--	--	--	--	--	3.94%	15.75%	9.36%	9.44%	16.08%	-4.51%	-17.06%
TUCS median public pension fund \$1	--	--	--	--	--	--	--	--	4.02%	15.88%	9.95%	10.72%	17.69%	-4.36%	-18.76%
Benchmark	18.24%	15.87%	18.58%	17.07%	12.90%	8.85%	-6.84%	-4.67%	6.35%	15.94%	11.09%	11.42%	17.70%	-5.16%	-17.05%

## SUMMARY OF PORTFOLIO RESULTS

The fiscal year, ended June 30, 2009, marked an extraordinarily volatile year which ended with significant negative performance for the City of Fresno Employees Retirement System. The System experienced a total investment loss from this market downturn and resulting economic recession of 20.12 percent for the fiscal year ended June 30, 2009, underperforming the System's actuarial interest rate assumption of 8.25 percent by 28.37 percent and underperforming the System's policy benchmark (a weighted average of the Fund's asset classes and their respective benchmarks) return of -17.99 percent by -2.13 percent. Over the longer term, our investment results remain sound with annualized returns 7.70 percent over the past fifteen years. The System's ten-year annualized returns averaged 3.02 percent exceeding its policy benchmarks for the period by 0.09 percent. After paying all benefits and expenses of the System, the year-end value of the System dropped to \$735.6 million.

The System's return of -20.12 percent for the Fiscal Year ended June 30, 2009 outperformed the Wilshire 5000, a broad index of stock prices which fell -26.40 percent. The global equity markets experienced a dramatic rally during the second quarter of 2009 with rewards of positive performance in almost every sector. For the quarter ended June 30, 2009, the System's return of 13.86 percent slightly underperformed the S&P 500 return of 15.93 percent and the Wilshire 5000 return of 16.69 percent. This result indicates that the System outperformed the broader investment market over the fiscal year despite the second quarter positive performance of the broader investment market.

The fundamental evaluations of equity and fixed income reached their lowest levels in decades in March 2009. Many academic studies suggest that about 80-90 percent of a portfolio's investment results are derived from its asset allocation and that a well-diversified investment portfolio is more likely to produce better performance relative to its indexes. In times of unprecedented market volatility, portfolio diversification takes on even greater

significance in controlling risk. The System's longer term success can be attributed to the well-thought-out asset allocation strategy adopted by the Employees Retirement Board and to the System's investment staff's timely implementation and rigorous monitoring of the System's investments, asset performance and risk in collaboration with the outside investment consultant.

## GENERAL INFORMATION

The System's investment assets are managed by external investment management firms. Professional investment consultants, along with staff, closely monitor the activity of these managers and assist the Board with the implementation of investment policies and long-term strategies. The System's goal is to fund benefit payments, while assuming a risk posture that is consistent with the Board's risk tolerance, protecting against loss of purchasing power by achieving rates of return above inflation, and to maintain a fully funded pension status.

## SUMMARY OF GENERAL INVESTMENT GUIDELINES, POLICIES AND PROCEDURES

The Retirement Board, having sole and exclusive authority and sole and exclusive fiduciary responsibility for the investment and administration of the System, and its assets, has adopted an Investment Objectives and Policy Statement which reflects the Board's policies for management of the System's investments. The Board reserves the right to amend, supplement or rescind this Statement at any time. This Investment Objectives and Policy Statement establishes the investment program goals and policies, asset allocation policies, performance objectives, investment management policies and risk controls. It also defines the principal duties of the Board, staff, investment managers, master custodian and consultants.

The System's primary investment objective is to take prudent risk, as necessary, to minimize the cost of meeting the obligations of the System. The purpose of the Investment Objectives and Policy Statement is to express in operational terms: Return expectations, prudence with respect to risk and compliance with statutes and regulations.

An integral part of the overall investment policy is the strategic asset allocation policy. This allocation mix is designed to provide an optimal mix of asset categories with return expectations that reflect expected risk. This emphasizes a maximum diversification of the portfolio that protects the System from declines that a particular asset class may experience in a given period. Both traditional assets (cash, bonds, domestic stocks, fixed income and mortgages) and nontraditional assets (real estate, international stock and emerging equity market stock) are included in the mix.

Total portfolio return, over the long term, is directed toward achieving and maintaining a fully funded status for the System. Prudent risk taking is warranted within the context of overall portfolio diversification to meet this objective. All activities will be conducted so as to serve the best interests of the System's members and beneficiaries.

**SUMMARY OF PROXY VOTING GUIDELINES AND PROCEDURES**

In recognition of its duty to manage retirement plan assets in the best interest of the plan participants, the Board has established proxy voting guidelines and procedures which are intended to assist in the faithful discharge of the Board's duty to vote proxies on behalf of plan participants. These guidelines consist of preferences with respect to specific, recurring proxy-voting issues followed by a general statement of voting policies. The System will at all times strive to cast proxy votes so as to advance the overall good of the System.

The Board incorporates International equity proxy voting guidelines for share-blocking markets into its Proxy Voting policy. Share-blocking markets are markets of countries outside the U.S. and Canada, which restrict trade activity by shareholders who vote proxies. For portfolio managers managing assets in these international developed and emerging market countries, the requirement to vote proxies may prevent the full exercise of their fiduciary duty to manage the portfolio in the best interest of the Systems. Therefore, under these circumstances, the portfolio manager is granted the authority to choose whether or not to vote proxies in share-blocking markets based upon the manager's determination of what is in the best interest of the Systems.

**SPECIFIC INVESTMENT RESULTS BY ASSET CLASSIFICATION**

As of June 30, 2009, the Retirement System's portfolio was under-weighted in total equities, with 57.1 percent in total equities versus the target of 60.0 percent. Domestic equities were under-weighted with 27.8 percent versus the target of 30.0 percent, while international equity with 22.9 percent developed and 6.4 percent emerging markets was slightly under-weight total international equity with 29.3 percent versus the target of 30.0 percent. Fixed income was 33.3 percent, 3.3 percent above its target of 30.0 percent and real estate at 9.6 percent was slightly under-weight its target of 10.0 percent.

The investments were further diversified into the following asset classes and target percentages:

	Actual	Target
Asset Classification		
Domestic Equities:		
Large-Cap Equities	19.8%	22.5%
Small Cap Equities	8.0%	7.5%
International Equities:		
Developed Equities	22.9%	25.0%
Emerging Market Equities	6.4%	5.0%
Fixed Income		
Domestic Fixed Income	27.3%	25.0%
High Yield Fixed Income	6.0%	5.0%
RealEstate		
Private Real Estate	7.0%	6.0%
Public (REITs)	2.6%	4.0%
Cash	0.0%	0.0%
Total	100.0%	100.0%

This asset class diversification along with portfolio investment style diversification is all part of the Retirement Board's Investment Risk Management Program. The investment returns presented herein are based on a time-weighted rate of return methodology based upon market values.

Respectfully submitted,

  
 Stanley L. McDivitt  
 Retirement Administrator

November 25, 2009

# INVESTMENT CONSULTANT'S REPORT



October 21, 2009

City of Fresno Employees and Fire & Police Retirement Boards  
2828 Fresno Street, Suite 201  
Fresno, California 93721-1327

## Introduction and Overview

Performance in fiscal year 2009 was disappointing and broke a string of successes over the last several years. For the fiscal year ended June 30, 2009, the combined systems experienced a total loss of -20.12% gross of fees, the second year in the last seven that the systems have not generated a positive return and the second year in the last six in which the systems' return did not exceed the actuarial interest rate assumption. Over the last year, the fund underperformed its benchmark<sup>1</sup> return of -17.05% by 3.07% (gross of fees). Fortunately, due to the double digit returns of fiscal year 2004 through 2007, and the experience with very high investment returns through the late 1990s, the combined systems continue to maintain a healthy funding level despite the weaker investment performance in the past two fiscal years.

The Systems' total return over the past five years has been an annualized average of +1.84% gross of fees versus the fund benchmark return of +2.77% and the 8.25% actuarial interest rate assumption. Over the past five years, the Systems have underperformed the benchmark by 0.93% gross of fees. During the past ten years, the combined Systems achieved a total annualized return of +3.02% gross of fees versus a return of +3.17% for the composite benchmark. Over this time period, the Systems underperformed the benchmark by 0.15% per year.

## Summary of Investment Results

The investment information is presented in conformance with the Global Investment Performance Standards of the Chartered Financial Analyst Institute (CFAI, formerly AIMR).

The quarterly performance of the Systems' total fund composite reflected the extremely high level of stock market volatility over the past year. From mid-2008 through the first weeks of March 2009, U.S. and global equity and credit benchmarks tumbled precipitously, as the powerful headwinds that were gathering developed into a full-fledged recession. In December 2008, the National Bureau of Economic Research declared that a recession had begun 12 months earlier. By the end of 2008, the economy was contracting at a pace of over 5.5% annually. This worsened in the first quarter of 2009 to -6%. Consumer spending weakened dramatically with the U.S. economy losing 2.9 million jobs in 2008. The job market continued to deteriorate in the first half of 2009 and shows only modest signs of improvement even now. The weak economy and financial crises prompted aggressive fiscal and monetary policy responses by the Federal Reserve and federal government in efforts to revive the economy.

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In this environment, all types of risky assets declined as investors shied away from the investments which historically had produced the highest returns. Against this backdrop, the Systems returned -9.97% gross of fees in the third calendar quarter of 2008 (first fiscal quarter), underperforming the benchmark return of -8.15%. This performance ranked the Systems in the bottom 10% of all pension funds in our database (90<sup>th</sup> percentile). When the equity markets fell in the fourth calendar quarter, the Systems assets dropped, as well. In this quarter, the Systems returned -16.55% gross of fees, underperforming the benchmark return of -15.42%, and ranking in the 97<sup>th</sup> (97<sup>th</sup> percentile) of all pension funds in this quarter. In the first calendar quarter of 2009, the Systems outperformed their benchmark, returning -6.61% gross of fees versus -7.85% for the index. This performance placed the combined Systems in the 78<sup>th</sup> percentile of our database.

Markets bottomed in the first two weeks of March, and capital markets around the globe staged a substantial rally. Global equity markets were up more than 30% from the bottom through June, while credit markets began to normalize. Sectors like high yield which were hit the hardest in late 2008 and early 2009, recovered sharply. As such, in the second calendar quarter of 2009, the Systems returned +13.86% gross of fees, underperforming the benchmark return of +15.88% but ranking the Systems in the top 8% of funds in our database (8<sup>th</sup> percentile).

For the year ending June 30, 2009, the Systems' gross of fee performance of -20.12% trailed the benchmark return of -17.05% and ranked in the fourth quartile (87<sup>th</sup> percentile) of all public pension funds gross of fee performance in our database.

#### **Asset Allocation**

At the end of the fiscal year, investment allocations in all asset classes were close to their policy targets and within reasonable rebalancing ranges.

#### **Brokerage Recapture Programs**

A brokerage recapture program is in place with several brokerage firms. A significant percentage of equity trading is being executed through the program, generally at a low cost, and has resulted in a meaningful cost recapture.

#### **Performance Comparison**

The following table compares the total return for the Systems to all other public pension funds in the TUCS universe and the Systems' benchmark. The table illustrates that the Systems' performance over the last two years has lagged that of the median public pension fund. However, over the five years prior (2003 – 2007), the Systems ranked above the median on a consistent basis.



	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
fresno total fund	4.31%	17.70%	10.92%	12.12%	17.36%	-6.05%	-20.12%
TUCS median public pension fund	3.94%	15.75%	9.36%	9.44%	16.08%	-4.51%	-17.06%
TUCS median public pension fund \$1BN+	4.02%	15.88%	9.95%	10.72%	17.69%	-4.36%	-18.76%
benchmark	6.35%	15.94%	11.09%	11.42%	17.70%	-5.16%	-17.05%

**Summary**

The fiscal year 2009 was a turbulent and challenging environment for all investors. Risky assets around the globe fell sharply through most of the first three quarters of the fiscal year before trimming losses in the final quarter. While the short term outlook for the stock markets and the economy is uncertain, we remain confident that the Systems have an appropriate asset allocation mix that will maximize the potential for return while minimizing unwanted risks. The Systems also continue to take a pro-active approach in evaluating additional opportunities to enhance both the Systems asset allocation and the existing manager lineup. As such, Wilshire is confident in the longer-term outlook for the plan as the Systems continue to meet participant needs through timely benefit payments and a high level of service.

Sincerely,

Thomas Toth, CFA  
Vice President

<sup>1</sup> City of Fresno Total Fund Policy Index

Policy Index	10/01/08 - 6/30/09	7/01/06 - 9/30/08	2/01/05 - 6/30/06	7/01/04 - 1/31/05	7/01/03 - 6/30/04	4/01/01 - 6/30/03	3/01/97 - 3/31/01	9/13/95 - 2/28/97
Wilshire 5000 Index	30.0%	40.0%	40.0%	40.0%	42.0%	45.0%	46.0%	51.0%
MSCI ACWI x-US	30.0%	-	-	-	-	-	-	-
MSCI EAFE Index	-	17.0%	17.0%	17.0%	15.0%	9.0%	10.0%	7.0%
MSCI EMF Index	-	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	-
Barclays Aggregate	25.0%	25.0%	25.0%	25.0%	28.0%	28.0%	25.0%	37.0%
Barclays High Yield	5.0%	5.0%	5.0%	5.0%	4.0%	2.0%	-	-
Barclays Gov/Credit/LB	-	-	-	-	-	7.0%	5.0%	-
JPMorgan Non US Govt Bond	-	-	-	-	-	-	8.0%	4.0%
NCREIF	6.0%	6.0%	7.5%	10.0%	8.0%	7.0%	4.0%	1.0%
Wilshire Real Estate Securities Index	4.0%	4.0%	2.5%	-	-	-	-	-
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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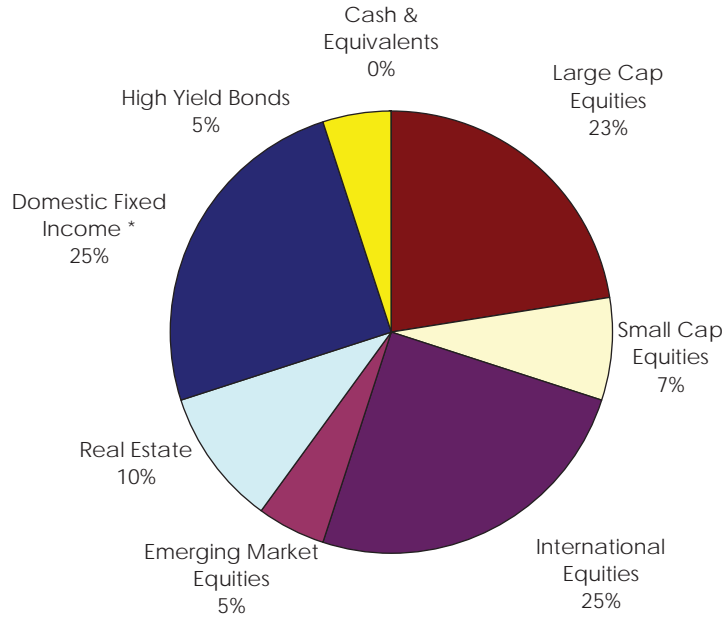
## INVESTMENT RESULTS

Calculations are prepared using a time-weighted rate of return based on the market values.

	annualized			
	1 year	3 years	5 years	10 years
<b>Domestic Equity</b>				
Total Large Cap Domestic Equity	-28.10	-9.51	-2.30	-2.70
Median Large Cap Equity	-25.59	-6.88	-0.77	0.40
Benchmark: S&P 500	-26.21	-8.22	-2.24	-2.22
Total Small Cap Domestic Equity	-22.93	-8.73	-0.67	1.93
Median Small Cap Equity	-25.55	-8.64	-0.34	5.94
Benchmark: Russell 2000	-25.01	-9.89	-1.71	2.38
<b>International Equity</b>				
Total International Equity (EAFE)	-35.87	-9.39	0.48	1.50
Median International Equity (EAFE)	-30.72	-6.53	3.95	4.13
Benchmark: MSCI EAFE (\$g)	-30.96	-7.51	2.79	1.59
<b>Emerging Market Equity</b>				
Total Emerging Market Equity	-25.63	2.88	15.23	11.90
Median Emerging Market Equity	-29.20	3.48	15.48	11.13
Benchmark: MSCI EMF (\$g)	-27.82	3.27	15.08	9.02
<b>Fixed Income</b>				
Total Fixed Income	1.04	4.19	4.19	5.65
Median Fixed Income	4.93	5.51	4.68	5.83
Benchmark: Barclays Aggregate Bond Index	6.05	6.43	5.01	5.98
<b>Real Estate</b>				
Total Real Estate	-31.07	-6.98	3.19	6.37
Median Real Estate	-30.30	-4.73	3.49	6.25
Benchmark: Weighted Indexes	-27.83	-6.24	3.35	6.33
<b>Total Fund</b>				
Retirement System	-20.12	-4.14	1.84	3.02
Median TUCS Public Fund	-17.06	-2.60	2.19	--
Median TUCS Public Fund \$1BN+	-18.76	-2.69	2.36	--
Benchmark: Weighted Indexes	-17.05	-2.53	2.77	3.17

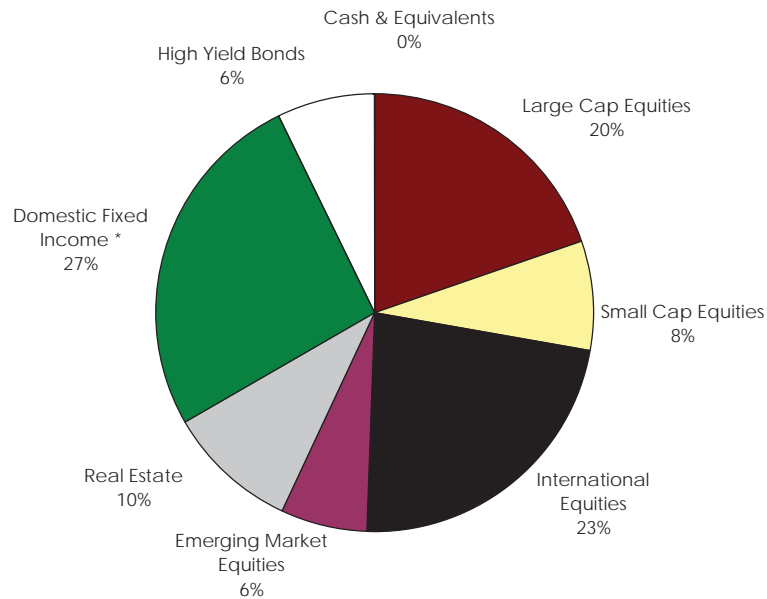
## TARGET ALLOCATION

AS OF JUNE 30, 2009



## ACTUAL ASSET ALLOCATION

AS OF JUNE 30, 2009



Asset Class	Current Target	Allocation Range	Actual
Large Cap Equities	22.5%	18.5% - 26.5%	19.8%
Small Cap Equities	7.5%	4.5% - 10.50%	8.0%
International Equities	25.0%	21% - 29%	22.9%
Emerging Market Equities	5.0%	0% - 7%	6.4%
Real Estate	10.0%	8% - 12%	9.6%
Domestic Fixed Income *	25.0%	20% - 30%	27.3%
High Yield Bonds	5.0%	0% - 8%	6.0%
Cash & Equivalents	0.0%	0% - 2%	0.07%

\* 2% High Yield Bonds Managed Within Domestic Fixed Income

**LARGEST STOCK HOLDING (BY MARKET VALUE)**

AS OF JUNE 30, 2009

	Shares	Stock Holding	Market Value
1)	108,646	Nestle SA Comstk	\$ 4,087,883
2)	44,633	Sanofi-Aventis Eur2	2,621,267
3)	60,868	ADR Petroleo Brasileiro	2,494,364
4)	88,703	Brit Amer Tobacco	2,443,928
5)	16,441	Goldman Sachs Group Inc Com	2,424,116
6)	50,931	Astrazeneca	2,239,886
7)	89,687	Royal Dutch Shell	2,239,237
8)	30,655	Chevron Corp Com	2,030,883
9)	37,472	Total EUR2.5	2,022,515
10)	58,828	JPMorgan Chase & Co Com	2,006,621
Total Largest Stock Holdings			\$ 24,610,700

**LARGEST BOND HOLDINGS (BY MARKET VALUE)**

AS OF JUNE 30, 2009

	Share/Par Value	Bond Holding	Coupon Rate	Maturity Date	Market Value
1)	3,760,176	US Treas Nts	3.375%	15 Sept 2009	\$ 3,784,410
2)	2,312,014	FNMA Pool	6.500%	1 May 2038	2,465,592
3)	2,018,256	FNMA Pool	6.500%	1 Oct 2037	2,145,749
4)	2,115,099	US Treas Nts	0.875%	31 Mar 2011	2,112,208
5)	1,992,893	US Treas Nts	0.875%	31 Dec 2010	1,995,618
6)	2,056,346	US Treas Nts	3.125%	15 May 2019	1,988,878
7)	1,675,409	FNMA Pool	5.500%	1 Aug 2023	1,743,816
8)	1,692,079	Xerox Corp	6.400%	15 Mar 2016	1,556,713
9)	1,586,324	AOL Time Warner	7.625%	15 Apr 2031	1,542,155
10)	1,274,747	FNMA Pool	6.000%	1 Apr 2035	1,342,494
Total Largest Bond Holdings					\$ 20,677,633

A complete list of portfolio holdings is available upon request.

The System participates in a commission recapture program offered by Northern Trust Securities Inc. (NTSI). Investment Managers are instructed to seek best execution and to seek to minimize omission and market impact costs when trading securities. Consistent with the pursuit of best execution, equity manager's participating in the Brokerage Commission Recapture Program are to give consideration to executing a portion of the trades

for their account through brokerage firms identified by NTSI as eligible Broker Dealer firms. The System receives a rebate in the amount of 70% of the total commissions directed through the NTSI Network. For FY 2009, the net income from Brokerage Commission Recapture was \$52,893. During this period, the overall participating rate by the System's equity managers was 10.32%. The percentage of equity trading being executed through the program is generally at a low cost and has resulted in a meaningful cost recapture.

## SCHEDULE OF COMMISSIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Brokerage Firm	Total Commissions	Number of Shares	Commission Cost/Share
Lehman Brothers International EUR	\$ 43,039	1,302,945	0.0330
JP Morgan Securities Limited	39,429	540,841	0.0729
Merrill Lynch Intl Ltd Equities	34,790	3,956,373	0.0088
Deutsche Bank Securities	27,040	35,952,292	0.0008
Ridge Clearing & Outsourcing SOL Inc	25,026	1,668,369	0.0150
Credit Suisse First Boston Corporation	24,640	35,445,994	0.0007
Goldman Sachs & Co	22,515	5,865,107	0.0038
CSFB London	19,487	2,040,254	0.0096
CSFB New York	19,466	5,597,561	0.0035
ADP Clearing & Outsourcing Inc	19,153	1,756,631	0.0109
	\$ 274,585	94,126,367	0.0029
All Other Brokerage Firms	670,310	10,261,777,534	0.0001
<b>TOTAL</b>	<b>\$ 944,895</b>	<b>10,355,903,901</b>	<b>0.0001</b>

## INVESTMENT SUMMARY

	Investment Value as of June 30, 2009	Percent of Fund
Equity		
Domestic	\$193,087,111	26.0%
International	184,229,080	24.8%
Emerging Market Equity	35,009,363	4.7%
Fixed Income		
Domestic	240,582,260	32.4%
Real Estate	73,145,372	9.9%
Short Term Investments	16,213,067	2.2%
<b>Total</b>	<b>\$742,266,253</b>	<b>100.0%</b>

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