

QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT  
for  
**Contra Costa County  
Employees' Retirement Association**

FOR THE PERIOD ENDING  
*March 31, 2007*

---

May 18, 2007

© 2007, Milliman

650 California Street, 17<sup>th</sup> Floor  
San Francisco, CA 94108

Tel: (415) 403-1333  
Fax: (415) 986-2777

The following analysis was prepared by Milliman, using secondary data from statements provided by the plan custodian and investment managers, Milliman computer software and selected information in the Milliman database. Reasonable care has been taken to assure the accuracy of the data included, and all written comments are objectively stated and are based on facts gathered in good faith. Milliman does not guarantee the accuracy or completeness of this report.

This report is intended for the sole use of the intended recipient. Any judgments, recommendations or opinions expressed in the report pertain to the unique situation of the intended recipient and should not be construed as useful to any other party.

Wilshire Indexes<sup>SM</sup> are calculated, distributed and marketed by Dow Jones & Company, Inc. pursuant to an agreement between Dow Jones and Wilshire and have been licensed for use. All content of the Dow Jones Wilshire Indexes<sup>SM</sup> © 2007 Dow Jones & Company, Inc. and Wilshire Associates Incorporated.

Morgan Stanley Capital International, MSCI®, ACWI and EAFE® are the exclusive property of MSCI or its affiliates. All MSCI indices are the exclusive property of MSCI.

Frank Russell Company ("FRC") is the source and owner of the Russell Index data contained or reflected in this material and all related trademarks and copyrights. The material is intended for the sole use of the intended recipient. This is a Milliman presentation of the data. Frank Russell Company is not responsible for the formatting or configuration of this material or for any inaccuracy in its presentation. The Russell® Indices are trademarks/service marks of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company.

Standard & Poor's and S&P are trademarks of The McGraw-Hill Companies, Inc.

## TABLE OF CONTENTS

KEY POINTS .....	1
WATCH LIST.....	1
SUMMARY .....	2
ASSET ALLOCATION.....	4
CUMULATIVE PERFORMANCE STATISTICS .....	7
YEAR BY YEAR PERFORMANCE STATISTICS .....	11
TOTAL FUND PERFORMANCE.....	14
MANAGER COMMENTS – DOMESTIC EQUITY .....	18
Boston Partners .....	18
Delaware .....	20
Emerald .....	22
ING Investment.....	24
Intech - Enhanced Plus.....	26
Intech - Large Core .....	28
PIMCO .....	30
Progress.....	32
Rothschild .....	34
Wentworth, Hauser and Violich.....	36
Domestic Equity Regression Analysis.....	38
Domestic Equity Performance and Variability.....	40
Domestic Equity Style Map .....	43
PORTFOLIO PROFILE REPORT.....	44
MANAGER COMMENTS – INTERNATIONAL EQUITY .....	48
Grantham, Mayo, van Otterloo & Co.....	48
McKinley Capital.....	50
MANAGER COMMENTS – FIXED INCOME .....	52
AFL-CIO Housing Investment Trust.....	52
ING Clarion.....	54
ING Clarion II.....	56
Nicholas Applegate .....	58
PIMCO .....	60
Western Asset Management.....	62
Total Domestic Fixed Income .....	65
Domestic Fixed Income Performance and Variability.....	66
MANAGER COMMENTS – INTERNATIONAL FIXED INCOME .....	68
Fischer Francis Trees & Watts .....	68
MANAGER COMMENTS – REAL ESTATE.....	71
Adelante Capital Management .....	71
BlackRock Realty.....	71
DLJ Real Estate Capital Partners .....	72
DLJ Real Estate Capital Partners II.....	72
DLJ Real Estate Capital Partners III.....	73
FFCA Co-Investment Limited Partnership.....	73
Fidelity Investments US Growth Fund II .....	73
Hearthstone I & II .....	74
Invesco Real Estate Fund I.....	74
Prudential Strategic Performance Fund II .....	74
Total Real Estate Diversification.....	75
MANAGER COMMENTS - ALTERNATIVE INVESTMENTS .....	76
Adams Street Partners .....	76
Bay Area Equity Fund.....	76
Energy Investors - US Power Fund I.....	76
Energy Investors - US Power Fund II .....	76
Nogales Investors Fund I.....	77
Pathway Private Equity Fund.....	77
PT Timber Fund III .....	77
REAL ESTATE AND ALTERNATIVE INVESTMENT PORTFOLIO IRR RETURNS .....	79
APPENDIX – EXAMPLE CHARTS .....	80
DEFINITIONS .....	82



## KEY POINTS

### *First Quarter, 2007*

- A new Investment Policy Statement was approved on April 25, 2007. This policy statement includes a number of new benchmarks for use in measuring the performance of various managers and composites. We have included the new benchmarks in this report.
- Domestic equity markets had positive returns in the first quarter. The S&P 500 Index returned 0.7% for the quarter while the Russell 2000® small capitalization index returned 2.0%.
- Domestic bond markets were also positive in the quarter, with the Lehman Aggregate returning 1.5% and the median fixed income manager returning 1.6%.
- CCCERA Total Fund 3.0% for the first quarter, better than the 1.8% return of the median total fund and the 1.8% return of the median public fund. CCCERA Total Fund performance has been well above the median fund over all longer cumulative periods ended March 31, 2007.
- CCCERA domestic equities returned 1.8% in the quarter, exceeding the 1.3% return of the Russell 3000®, the 0.7% return of the S&P 500 and the 1.7% return of the median equity manager.
- CCCERA international equities returned 6.0% for the quarter, well above the 3.8% return of the MSCI ACWI ex-US Index and the 3.6% return of the median international equity manager.
- CCCERA fixed income returned 1.7% for the quarter, above the Lehman Aggregate return of 1.5% and the median fixed income manager return of 1.6%.
- CCCERA international fixed income returned 1.0% for the quarter, slightly exceeding the 0.9% return of the Citigroup Non US Government Hedged Index.
- CCCERA alternative assets returned 12.3% for the quarter.
- CCCERA real estate returned 5.3% for the quarter, well above the median real estate manager.
- Domestic equities and fixed income were over-weighted vs. target at the end of the first quarter, offset by under-weightings in alternative investments and commodities. US equities are the “parking place” for assets intended for alternative investments while US fixed income is the parking place for the commodities allocation. International equity, real estate, international fixed income and cash & equivalents were all close to target levels at quarter end.

## WATCH LIST

<u>Manager</u>	<u>Since</u>	<u>Reason</u>
ING Investments	2/22/2006	Personnel changes, performance concerns
PIMCO Stocks Plus	9/13/2006	Performance concerns
Wentworth, Hauser	2/28/2007	Personnel changes, performance concerns

## SUMMARY

The domestic equity markets registered modest gains in the first quarter of 2007, along with a significant amount of intra-quarter volatility. The S&P 500 returned 0.7% in the first quarter. Small capitalization stocks out-performed larger capitalization issues, with the Russell 2000® returning 2.0%. The median equity manager returned 1.7% and the broad market, represented by the Russell 3000® Index, returned 1.3%. International equity markets had strong results in the first quarter, with the MSCI EAFE Index returning 4.2%. The U.S. bond market was also positive in the first quarter of 2007, with the Lehman Aggregate Index returning 1.5% and the median fixed income manager returning 1.6%. Hedged international bonds were also slightly positive, with the Citigroup Hedged Index returning 0.9%. The domestic real estate market continued to post positive results in the first quarter of 2007, with the NCREIF Property Index returning 3.6% and the Dow Jones Wilshire REIT Index returning 3.7%.

CCCERA's first quarter return of 3.0% was better than both the median total fund and the median public fund. CCCERA has out-performed both medians over all trailing time periods, ranking in the upper quintile of both universes over the past one through five-year periods.

CCCERA total domestic equities returned 1.8% for the quarter, above the 1.3% return of the Russell 3000®, the 0.7% return of the S&P 500 and the 1.7% return of the median manager. Of CCCERA's domestic equity managers, Rothschild had the strongest performance with a return of 4.6%, better than the 3.1% return of the Russell 2500® Value Index. Emerald returned 3.9%, exceeding the 2.5% return of the Russell 2000® Growth Index. Progress returned 3.8%, well above the 2.0% return of the Russell 2000® Index. Intech Large Cap Core returned 2.9%, above the S&P 500. Wentworth returned 2.6%, well above the 0.7% return of the S&P 500. Intech Enhanced Plus returned 1.9%, above the S&P 500. PIMCO returned 0.9%, better than the S&P 500. Delaware returned 0.7%, below the Russell 1000® Growth return of 1.2%. ING returned 0.6%, slightly trailing the S&P 500 (but matching the S&P 500 ex-Tobacco Index). Finally, Boston Partners returned 0.4%, trailing 1.3% for the Russell 1000® Value.

CCCERA international equities returned 6.0%, well above the 4.2% return of the MSCI EAFE Index and the 3.6% return of the median international manager. The GMO Intrinsic Value portfolio returned 4.8%, above the MSCI EAFE and S&P Citi PMI EPAC Value indexes, as well as the median international equity manager. McKinley Capital returned 7.1%, well above both the MSCI EAFE and MSCI ACWI ex-US Growth indexes, as well as the median international equity manager.

CCCERA total domestic fixed income returned 1.7% for the first quarter, above 1.5% for the Lehman Aggregate and 1.6% for the median fixed income manager. AFL-CIO's return of 1.7% was better than the Lehman Aggregate and the median fixed income manager. PIMCO returned 1.7%, above the Lehman Aggregate and the median. Western Asset returned 1.5%, matching the Lehman Aggregate but slightly trailing the median. ING Clarion returned 9.9%, well above the high yield fixed income median and the 2.7% return of the Merrill Lynch High Yield Master II Index. ING Clarion II returned 3.0% in the first quarter, above both the 2.7% return of the ML High Yield II Index and the high yield fixed income median manager. Nicholas Applegate returned 2.8% versus 2.7% for the ML High Yield II Index, but slightly trailed the 2.9% return of the median high yield fixed income manager.

The Fischer Francis Trees & Watts international fixed income portfolio returned 1.0% for the first quarter, slightly exceeding the 0.9% return of the Citigroup Non-US Government Hedged Index.

CCCERA total alternative investments returned 12.3% in the first quarter. The Bay Area Equity Fund reported a return of 25.4%, Nogales had a return of 22.5%, Pathway returned 17.8%, Energy Investor Fund reported a return of 15.4%, Adams Street Partners reported a return of 12.1%, Energy Investor Fund II reported a return of 2.3%, and the Hancock PT Timber Fund returned 1.5% for the quarter. (Due to timing constraints, all alternative portfolio returns except Hancock PT Timber Fund are for the quarter ending December 31.)

The median real estate manager returned 3.5% for the quarter while CCCERA's total real estate returned 5.3%. DLJ's RECP II returned 20.3%; DLJ's RECP III returned 15.9%; BlackRock Realty returned 6.1%; Adelante returned 4.0%; Prudential SPF-II returned 4.0%; Invesco returned 3.8%; DLJ's RECP I returned 3.7%; FFCA returned 2.7%; Fidelity returned 2.4%; and the Willows Office property returned 1.2%. Also, please look at the internal rate of return (IRR) table for closed-end funds on page 79, which is a better measurement for such funds.

**Asset Allocation**

The CCCERA fund at March 31, 2007 was slightly over-weighted in domestic fixed income at 27% vs. the target of 25% and domestic equity at 44% versus the target of 43%. The fund was under-weight in alternatives at 4% versus the target of 5% and commodities at 0% versus the target of 2%. Assets earmarked for alternative investments are temporarily invested in U.S. equities while assets earmarked for commodities are temporarily invested in U.S. fixed income. Other asset classes were near their respective targets.

First quarter securities lending income from the custodian, State Street Bank, totaled \$178,053.

**Performance versus Investment Performance Objectives**

The Statement of Investment Policies and Guidelines specifies investment objectives for each asset class. These goals are meant as targets, and one would not expect them to be achieved by every manager over every period. They do provide justification for focusing on sustained manager under-performance. We show the investment objectives and compliance with the objectives below. We also include compliance with objectives in the manager comments. A new investment policy statement was accepted on April 25, 2007. The objectives in the new policy statement will be incorporated into future reports.

**Investment Performance Objectives – over a market cycle of 3-4-5 years:**

- Domestic large capitalization equity managers are expected to have a rate of return in excess of the S&P 500 after adjusting for risk and to have above median performance in the Wilshire COOP database. The enhanced index portfolios are expected to exceed the S&P 500. Small capitalization managers are expected to exceed the Russell 2000® Index and the median small capitalization manager.
- U.S. fixed managers are expected to exceed the Lehman Aggregate index and have above median performance. High yield managers are expected to exceed the Citi High Yield Index.
- International equity managers are expected to have a rate of return in excess of the MSCI EAFE index after adjusting for risk and to have above-median performance in the database.
- The international fixed income manager is expected to exceed the Citi International Government Fixed Hedged Index.
- Real estate managers are expected to exceed the return of the NCREIF Index.
- Alternative managers are expected to have a return in excess of the S&P 500 and peers.
- The total fund is expected to have a return 400 basis points above the CPI.

**Summary of Managers Compliance with Investment Performance Objectives**

Managers Meeting Objectives:	Adams Street, Adelante Capital, AFL-CIO, Boston Partners, DLJ I, DLJ II, Energy Investors Fund, FFTW, ING (equity), Intech Enhanced, Pathway, PIMCO (fixed income), Prudential SPF II, Rothschild, Western Asset Management, Willows
Managers Meeting Some Objectives:	FFCA, Nicholas-Applegate, PIMCO (equity), PT Timber Fund, Wentworth
Managers Not Meeting Objectives:	Emerald
Total Fund:	The Total Fund has exceeded the CPI + 400 basis points (4%) over the five-year period.

**ASSET ALLOCATION**  
**As of March 31, 2007**

	<b>Market Value</b>	<b>% of Portion</b>	<b>% of Total</b>	<b>Target % of Total</b>
<b>EQUITY - DOMESTIC</b>				
Boston Partners	\$ 334,596,274	15.0 %	6.7 %	6.8 %
Delaware Investments	335,893,893	15.1	6.7	6.8
Emerald	153,882,547	6.9	3.1	3.0
ING	279,409,361	12.6	5.6	5.6
Intech - Enhanced Plus	25,904,208	1.2	0.5	0.5
Intech - Large Core	257,132,207	11.6	5.1	5.1
PIMCO	251,821,116	11.3	5.0	3.6
Progress	150,847,021	6.8	3.0	3.0
Rothschild	155,616,388	7.0	3.1	3.0
Wentworth	279,979,770	12.6	5.6	5.6
<b>TOTAL DOMESTIC</b>	<b>\$ 2,225,082,785</b>	<b>100.0 %</b>	<b>44.4 %</b>	<b>43.0 %</b>
			<i>Range:</i>	<i>35 to 55 %</i>
<b>INTERNATIONAL EQUITY</b>				
McKinley Capital	\$ 302,807,078	50.5 %	6.0 %	5.75 %
GMO Intrinsic Value	296,261,088	49.5	5.9	5.75
<b>TOTAL INT'L EQUITY</b>	<b>\$ 599,068,166</b>	<b>100.0 %</b>	<b>12.0 %</b>	<b>11.5 %</b>
			<i>Range:</i>	<i>7 to 13 %</i>
<b>FIXED INCOME - (non hy)</b>				
AFL-CIO	\$ 177,789,598	14.4 %	3.5 %	3.6 %
ING Clarion	1,174,114	0.1	0.0	0.0
ING Clarion II	10,654,867	0.9	0.2	1.8
PIMCO	523,901,829	42.5	10.5	8.8
Western Asset	519,785,588	42.1	10.4	8.8
<b>TOTAL FIXED INCOME</b>	<b>1,233,305,996</b>	<b>100.0 %</b>	<b>24.6 %</b>	<b>23.0 %</b>
			<i>Range:</i>	<i>19 to 35 %</i>
<b>HIGH YIELD</b>				
Nicholas Applegate	\$ 101,853,723	100.0 %	2.0 %	2.0 %
<b>TOTAL HIGH YIELD</b>	<b>101,853,723</b>	<b>100.0 %</b>	<b>2.0 %</b>	<b>2.0 %</b>
			<i>Range:</i>	<i>1 to 4 %</i>
<b>TOTAL U.S. FIXED</b>	<b>\$ 1,335,159,719</b>	<b>100.0 %</b>	<b>26.6 %</b>	<b>25.0 %</b>
<b>INTERNATIONAL FIXED</b>				
Fischer Francis	\$ 196,196,997	100.0 %	3.9 %	4.0 %
<b>TOTAL INT'L FIXED</b>	<b>\$ 196,196,997</b>	<b>100.0 %</b>	<b>3.9 %</b>	<b>4.0 %</b>
			<i>Range:</i>	<i>3 to 7 %</i>



**ASSET ALLOCATION**  
**As of March 31, 2007**

	<u>Market Value</u>	<u>% of Portion</u>	<u>% of Total</u>	<u>Target % of Total</u>
<b>REAL ESTATE</b>				
Adelante Capital	\$ 288,369,659	63.6 %	5.8 %	- %
BlackRock Realty	28,820,889	6.4	0.6	-
DLJ RECP I	1,712,537	0.4	0.0	-
DLJ RECP II	12,907,119	2.8	0.3	-
DLJ RECP III	31,900,676	7.0	0.6	-
FFCA	7,182,883	1.6	0.1	-
Fidelity II	33,906,224	7.5	0.7	-
Hearthstone I	-766,000 *	-0.2	0.0	-
Hearthstone II	-134,000 *	0.0	0.0	-
Invesco Fund I	29,223,485	6.4	0.6	-
Prudential SPF II	9,024,965	2.0	0.2	-
U.S. Realty	8,206	0.0	0.0	-
Willows Office Property	11,000,000	2.4	0.2	-
<b>TOTAL REAL ESTATE</b>	<b>\$ 453,156,643</b>	<b>100.0 %</b>	<b>9.0 %</b>	<b>9.0 %</b>
			<i>Range:</i>	<i>5 to 12 %</i>
<b>COMMODITIES</b>				
N/A	\$ -	0.0 %	0.0 %	2.0 %
<b>TOTAL COMMODITIES</b>	<b>\$ -</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>2.0 %</b>
			<i>Range:</i>	<i>0 to 3 %</i>
<b>ALTERNATIVE INVESTMENTS</b>				
Adams Street Partners	\$ 47,189,305	27.0 %	0.9 %	- %
Bay Area Equity Fund	5,449,549	3.1	0.1	-
Energy Investor Fund	30,604,056	17.5	0.6	-
Energy Investor Fund II	31,440,906	18.0	0.6	-
Nogales	14,829,818	8.5	0.3	-
Pathway	31,880,597	18.2	0.6	-
Hancock PT Timber	13,564,934	7.8	0.3	-
<b>TOTAL ALTERNATIVE</b>	<b>\$ 174,959,165</b>	<b>100.0 %</b>	<b>3.5 %</b>	<b>5.0 %</b>
			<i>Range:</i>	<i>0 to 7 %</i>
<b>CASH</b>				
Custodian Cash	\$ 24,814,231	93.2 %	0.5 %	- %
Treasurer's Fixed	1,822,000	6.8	0.0	-
<b>TOTAL CASH</b>	<b>\$ 26,636,231</b>	<b>100.0 %</b>	<b>0.5 %</b>	<b>0.5 %</b>
			<i>Range:</i>	<i>0 to 2 %</i>
<b>TOTAL ASSETS</b>	<b>\$ 5,010,259,706</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

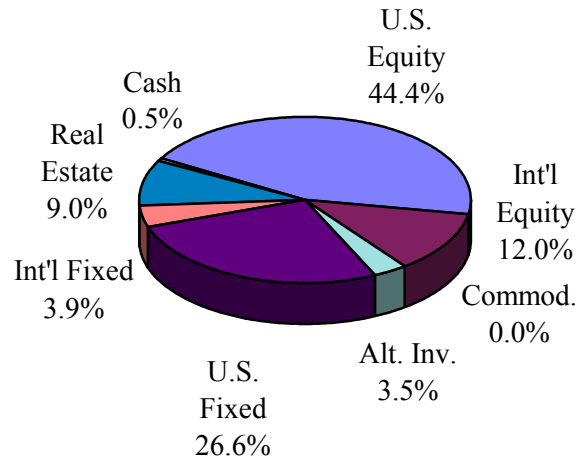
\*For a discussion of the negative asset values of the Hearthstone Funds, please refer to page 73.

\*\*CCCERA has committed \$85 million to ING Clarion Debt Opportunity Fund II, \$25 million to BlackRock (formerly SSR) Realty; \$15 million to DLJ RECP I; \$40 million to DLJ RECP II; \$75 million to DLJ III, \$12 million to FFCA, \$50 million to Fidelity II; \$75 million to Fidelity III; \$40 million to Prudential's SPF-II; \$40 million to US Realty; \$50 million to INVESCO Real Estate; \$130 million to Adams Street Partners; \$10 million to Bay Area Equity Fund; \$30 million to Energy Investors USPF I; \$50 million to Energy Investors USPF II; \$15 million to Nogales; \$75 million to Pathway and \$15 million to Hancock PT Timber Fund III.

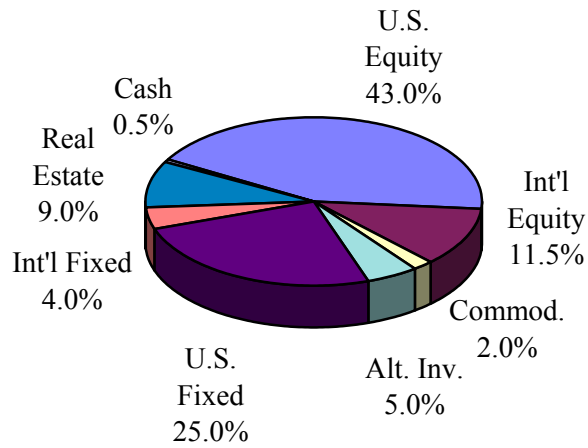
# ASSET ALLOCATION

As of March 31, 2007

## CCCERA Asset Allocation



## Target Asset Allocation



**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2007**

	<u>3 Mo</u>	<u>6 Mo</u>	<u>9 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>
<b>DOMESTIC EQUITY</b>								
<b>Boston Partners</b>	<b>0.4 %</b>	<b>9.1 %</b>	<b>15.3 %</b>	<b>14.3 %</b>	<b>16.5 %</b>	<b>14.7 %</b>	<b>20.1 %</b>	<b>9.7 %</b>
<i>Rank vs Equity</i>	79	43	19	19	18	18	38	41
<i>Rank vs Lg Value</i>	74	45	37	57	25	30	39	44
<b>Delaware</b>	<b>0.7</b>	<b>6.9</b>	<b>5.9</b>	<b>-0.1</b>	<b>11.5</b>	-	-	-
<i>Rank vs Equity</i>	69	75	90	91	68	-	-	-
<i>Rank vs Lg Growth</i>	59	34	88	84	25	-	-	-
<b>Emerald Advisors</b>	<b>3.9</b>	<b>9.9</b>	<b>5.9</b>	<b>1.5</b>	<b>16.7</b>	<b>10.0</b>	-	-
<i>Rank vs Equity</i>	19	36	90	87	16	64	-	-
<i>Rank vs Sm Cap Growth</i>	35	61	76	53	33	59	-	-
<b>ING Investments</b>	<b>0.6</b>	<b>7.2</b>	<b>13.7</b>	<b>11.6</b>	<b>11.7</b>	<b>10.4</b>	<b>15.4</b>	<b>6.4</b>
<i>Rank vs Equity</i>	77	71	32	38	65	57	79	71
<i>Rank vs Lg Core</i>	71	70	21	59	74	44	86	53
<b>Intech - Enhanced Plus</b>	<b>1.9</b>	<b>8.0</b>	<b>13.5</b>	<b>11.3</b>	<b>12.7</b>	<b>12.2</b>	<b>18.0</b>	<b>8.7</b>
<i>Rank vs Equity</i>	45	58	37	40	51	40	54	50
<i>Rank vs Lg Core</i>	13	30	35	64	33	19	23	18
<b>Intech - Large Core</b>	<b>2.9</b>	-	-	-	-	-	-	-
<i>Rank vs Equity</i>	31	-	-	-	-	-	-	-
<i>Rank vs Lg Core</i>	6	-	-	-	-	-	-	-
<b>PIMCO Stocks Plus</b>	<b>0.9</b>	<b>7.7</b>	<b>14.2</b>	<b>12.3</b>	<b>11.7</b>	<b>10.0</b>	<b>16.1</b>	-
<i>Rank vs Equity</i>	65	60	28	28	65	66	67	-
<i>Rank vs Lg Core</i>	32	32	13	24	74	80	47	-
<b>Progress</b>	<b>3.8</b>	<b>12.7</b>	<b>8.4</b>	<b>3.4</b>	<b>17.1</b>	<b>11.7</b>	-	-
<i>Rank vs Equity</i>	20	16	81	83	13	42	-	-
<i>Rank vs Small Core</i>	33	47	87	88	23	80	-	-
<b>Rothschild</b>	<b>4.6</b>	<b>13.6</b>	<b>15.4</b>	<b>13.6</b>	<b>19.6</b>	<b>17.1</b>	-	-
<i>Rank vs Equity</i>	15	10	19	22	4	7	-	-
<i>Rank vs Sm Cap Value</i>	22	19	21	21	9	26	-	-
<b>Wentworth, Hauser</b>	<b>2.6</b>	<b>8.0</b>	<b>11.5</b>	<b>7.7</b>	<b>10.2</b>	<b>10.4</b>	<b>16.1</b>	<b>5.4</b>
<i>Rank vs Equity</i>	34	57	60	62	77	57	67	83
<i>Rank vs Lg Core</i>	7	29	82	90	86	45	46	91
<b>Total Domestic Equities</b>	<b>1.8</b>	<b>8.7</b>	<b>12.0</b>	<b>8.9</b>	<b>13.3</b>	<b>11.4</b>	<b>17.6</b>	<b>5.9</b>
<i>Rank vs Equity</i>	47	48	57	55	43	45	57	80
Median Equity	1.7	8.6	12.7	10.0	12.8	11.0	18.6	8.7
S&P 500	0.7	7.4	13.5	11.9	11.8	10.1	15.9	6.3
S&P 500 ex-Tobacco	0.6	7.2	13.3	11.5	11.6	9.9	15.5	6.1
Russell 3000®	1.3	8.5	13.5	11.3	12.8	10.9	17.1	7.2
Russell 1000® Value	1.3	9.3	16.1	16.8	15.0	14.4	20.5	10.2
Russell 1000® Growth	1.2	7.2	11.4	7.1	10.1	7.0	12.8	3.5
Russell 2000®	2.0	11.0	11.5	5.9	15.4	12.0	23.2	10.9
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>4.8</b>	<b>14.5</b>	<b>18.7</b>	<b>19.7</b>	<b>23.1</b>	-	-	-
<i>Rank vs Int'l Eq</i>	25	55	58	48	50	-	-	-
<b>McKinley Capital</b>	<b>7.1</b>	<b>17.7</b>	<b>22.0</b>	<b>23.1</b>	-	-	-	-
<i>Rank vs Int'l Eq</i>	4	23	28	17	-	-	-	-
<b>Total Int'l Equities</b>	<b>6.0</b>	<b>16.1</b>	<b>20.4</b>	<b>21.4</b>	<b>26.8</b>	<b>21.8</b>	<b>30.6</b>	<b>17.3</b>
<i>Rank vs Int'l Eq</i>	11	35	44	30	21	25	31	41
Median Int'l Equity	3.6	14.9	19.7	19.5	23.1	19.9	28.5	16.5
MSCI ACWI ex-US	3.8	15.5	20.0	20.3	24.1	21.4	30.1	17.4
MSCI EAFE Index	4.2	15.0	19.6	20.7	22.8	20.3	28.8	16.2
S&P Citi PMI EPAC Value	4.3	15.0	21.0	21.7	24.4	21.8	31.1	18.2
MSCI ACWI ex-US Growth	4.4	15.5	18.6	18.2	23.2	19.3	26.7	15.2

Notes: Returns for periods longer than one year are annualized.

**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2007**

	<u>3 Mo</u>	<u>6 Mo</u>	<u>9 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>
<b>DOMESTIC FIXED INCOME</b>								
<b>AFL-CIO Housing</b>	1.7 %	3.1 %	7.2 %	7.2 %	5.1 %	3.8 %	4.3 %	5.8 %
<i>Rank vs Fixed Income</i>	40	31	21	23	24	29	34	25
<b>Nicholas Applegate</b>	2.8	7.2	11.0	11.1	9.4	8.3	10.4	9.9
<i>Rank vs High Yield</i>	38	19	16	19	28	20	n/a	n/a
<b>ING Clarion</b>	9.9	58.6	62.2	69.2	40.9	32.8	-	-
<i>Rank vs High Yield</i>	1	1	1	1	1	1	-	-
<b>ING Clarion II</b>	3.0	6.5	-	-	-	-	-	-
<i>Rank vs High Yield</i>	22	41	-	-	-	-	-	-
<b>PIMCO</b>	1.7	3.0	7.2	7.1	5.0	4.3	5.0	-
<i>Rank vs Fixed Income</i>	25	35	21	26	24	21	18	-
<b>Western Asset</b>	1.5	3.0	7.5	7.4	4.8	4.1	5.0	-
<i>Rank vs Fixed Income</i>	64	31	18	21	30	23	17	-
<b>Total Domestic Fixed</b>	1.7	4.8	9.0	9.2	6.6	5.5	6.1	7.2
<i>Rank vs Fixed Income</i>	26	12	11	8	12	13	13	10
Median Fixed Income	1.6	2.8	6.4	6.5	4.5	3.4	3.9	5.4
Median High Yield Mgr.	2.6	6.3	9.6	9.5	8.5	7.3	n/a	n/a
Lehman Universal	1.6	3.1	7.2	7.0	5.0	3.9	4.6	5.9
Lehman Aggregate	1.5	2.8	6.7	6.6	4.4	3.3	3.8	5.4
Citigroup Mortgage	1.6	3.2	6.9	7.0	4.9	4.1	4.1	5.0
Merrill Lynch HY II	2.7	7.1	11.4	11.6	9.4	8.5	11.8	10.1
Citigroup High Yield	2.5	7.0	11.5	11.5	9.0	8.4	11.7	10.3
Merrill Lynch BB/B	2.4	6.4	10.7	10.5	8.9	7.9	10.6	9.0
T-Bills	1.3	2.5	3.9	5.1	4.3	3.4	2.8	2.6
<b>INT'L FIXED INCOME</b>								
<b>Fischer Francis</b>	1.0	1.7	5.0	4.6	3.9	4.5	4.3	5.2
Citigroup NonUS Govt Hdg	0.9	1.6	5.0	5.0	4.2	4.4	3.9	4.8
<b>ALTERNATIVE INVESTMENTS*</b>								
<b>Adams Street**</b>	12.1	15.6	22.4	29.6	22.9	19.9	18.1	11.3
<b>Bay Area Equity Fund**</b>	25.4	21.5	21.4	11.2	9.5	-	-	-
<b>Energy Investor Fund**</b>	15.4	19.2	22.6	26.0	29.2	37.2	-	-
<b>Energy Investor Fund II**</b>	2.3	4.9	27.0	32.4	-	-	-	-
<b>Nogales**</b>	22.5	24.9	25.8	27.2	22.0	-	-	-
<b>Pathway**</b>	17.8	20.8	27.8	32.9	33.2	28.2	23.7	15.2
<b>Hancock PT Timber Fund</b>	1.5	12.5	12.5	14.1	11.2	9.9	8.4	6.3
<b>Total Alternative</b>	12.3	16.1	23.2	27.5	24.4	23.7	20.1	13.7
S&P 500 + 400 bps	1.7	9.4	16.5	15.9	15.8	14.1	19.9	10.3

*Note: Returns for periods longer than one year are annualized.*

*\* See also see Internal Rates of Return for closed-end funds on page 79.*

*\*\* Performance as of December 31, 2006.*

**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2007**

	<u>3 Mo</u>	<u>6 Mo</u>	<u>9 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>
<b>REAL ESTATE*</b>								
<b>Adelante Capital REIT</b>	<b>4.0 %</b>	<b>14.2 %</b>	<b>24.1 %</b>	<b>23.5 %</b>	<b>35.5 %</b>	<b>26.7 %</b>	<b>32.4 %</b>	<b>25.0 %</b>
<i>Rank vs REITs</i>	<i>19</i>	<i>23</i>	<i>19</i>	<i>25</i>	<i>1</i>	<i>17</i>	<i>n/a</i>	<i>n/a</i>
<b>BlackRock Realty</b>	<b>6.1</b>	<b>11.0</b>	<b>13.2</b>	<b>19.6</b>	<b>23.2</b>	-	-	-
<i>Rank</i>	<i>12</i>	<i>26</i>	<i>33</i>	<i>30</i>	<i>28</i>	-	-	-
<b>DLJ RECP I**</b>	<b>3.7</b>	<b>10.1</b>	<b>47.0</b>	<b>49.6</b>	<b>21.7</b>	<b>18.7</b>	<b>18.0</b>	<b>15.3</b>
<i>Rank</i>	<i>43</i>	<i>27</i>	<i>2</i>	<i>2</i>	<i>29</i>	<i>38</i>	<i>35</i>	<i>38</i>
<b>DLJ RECP II**</b>	<b>20.3</b>	<b>33.4</b>	<b>35.3</b>	<b>38.8</b>	<b>42.0</b>	<b>39.5</b>	<b>38.2</b>	<b>34.0</b>
<i>Rank</i>	<i>4</i>	<i>2</i>	<i>3</i>	<i>3</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<b>DLJ RECP III**</b>	<b>15.9</b>	<b>22.4</b>	<b>22.9</b>	<b>35.0</b>	-	-	-	-
<i>Rank</i>	<i>5</i>	<i>4</i>	<i>19</i>	<i>4</i>	-	-	-	-
<b>FFCA</b>	<b>2.7</b>	<b>5.4</b>	<b>7.7</b>	<b>8.5</b>	<b>17.9</b>	<b>18.1</b>	<b>14.5</b>	<b>13.7</b>
<i>Rank</i>	<i>70</i>	<i>77</i>	<i>82</i>	<i>84</i>	<i>47</i>	<i>42</i>	<i>57</i>	<i>50</i>
<b>Fidelity II</b>	<b>2.4</b>	<b>4.6</b>	<b>6.8</b>	<b>11.8</b>	<b>16.5</b>	<b>15.6</b>	-	-
<i>Rank</i>	<i>72</i>	<i>83</i>	<i>85</i>	<i>74</i>	<i>71</i>	<i>62</i>	-	-
<b>Invesco Fund I</b>	<b>3.8</b>	<b>15.3</b>	<b>16.7</b>	<b>25.5</b>	<b>20.4</b>	-	-	-
<i>Rank</i>	<i>39</i>	<i>11</i>	<i>27</i>	<i>12</i>	<i>34</i>	-	-	-
<b>Prudential SPF II</b>	<b>4.0</b>	<b>27.8</b>	<b>38.1</b>	<b>77.7</b>	<b>56.3</b>	<b>46.1</b>	<b>36.5</b>	<b>30.0</b>
<i>Rank</i>	<i>29</i>	<i>2</i>	<i>3</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>3</i>	<i>2</i>
<b>U.S. Realty</b>	<b>30.4</b>	<b>-24.0</b>	<b>-20.3</b>	<b>-17.4</b>	<b>-18.7</b>	<b>-10.4</b>	<b>-4.3</b>	<b>-0.9</b>
<i>Rank</i>	<i>2</i>	<i>100</i>	<i>100</i>	<i>99</i>	<i>99</i>	<i>98</i>	<i>99</i>	<i>98</i>
<b>Willows Office Property</b>	<b>1.2</b>	<b>2.4</b>	<b>4.3</b>	<b>6.2</b>	<b>6.9</b>	<b>1.8</b>	<b>2.8</b>	<b>4.0</b>
<i>Rank</i>	<i>86</i>	<i>90</i>	<i>91</i>	<i>87</i>	<i>89</i>	<i>98</i>	<i>97</i>	<i>95</i>
<b>Total Real Estate</b>	<b>5.3</b>	<b>14.6</b>	<b>21.9</b>	<b>24.7</b>	<b>32.5</b>	<b>26.2</b>	<b>28.3</b>	<b>23.3</b>
<i>Rank</i>	<i>13</i>	<i>13</i>	<i>21</i>	<i>13</i>	<i>16</i>	<i>14</i>	<i>25</i>	<i>23</i>
Median Real Estate	3.5	7.1	10.5	15.5	17.7	16.9	15.5	13.9
Real Estate Benchmark	3.7	9.5	15.0	18.0	21.9	19.4	19.5	16.3
DJ Wilshire REIT	3.7	12.9	23.2	21.8	31.6	24.0	30.2	22.7
NCREIF Property Index	3.6	8.3	12.1	16.6	18.4	17.4	15.5	13.7
NCREIF Index + 300 bps	4.4	9.8	14.3	19.6	21.4	20.4	18.5	16.7
NCREIF Index + 500 bps	4.9	10.8	15.8	21.6	23.4	22.4	20.5	18.7
NCREIF Apartment								
NCREIF Apt + 300 bps	0.8	1.5	2.3	3.0	3.0	3.0	3.0	3.0
<b>CCCERA Total Fund</b>	<b>3.0 %</b>	<b>9.0 %</b>	<b>13.3 %</b>	<b>12.6 %</b>	<b>15.3 %</b>	<b>12.9 %</b>	<b>16.8 %</b>	<b>10.6 %</b>
<i>Rank vs. Total Fund</i>	<i>11</i>	<i>20</i>	<i>13</i>	<i>11</i>	<i>5</i>	<i>6</i>	<i>10</i>	<i>7</i>
<i>Rank vs. Public Fund</i>	<i>3</i>	<i>10</i>	<i>8</i>	<i>5</i>	<i>4</i>	<i>4</i>	<i>6</i>	<i>7</i>
Median Total Fund	1.8	7.2	10.8	9.7	10.8	9.2	13.1	7.9
Median Public Fund	1.8	6.9	10.7	9.3	10.7	8.9	12.7	7.8
CPI + 400 bps	2.8	3.2	4.2	6.9	7.2	7.2	7.0	7.0

*Note: Returns for periods longer than one year are annualized.*

*\* See also see Internal Rates of Return for closed-end funds on page 79.*

*\*\* Performance as of December 31, 2006.*

**AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2007**

	<u>3 Mo</u>	<u>6 Mo</u>	<u>9 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>
<b>DOMESTIC EQUITY</b>								
<b>Boston Partners</b>	<b>0.3 %</b>	<b>9.0 %</b>	<b>15.0 %</b>	<b>13.9 %</b>	<b>16.2 %</b>	<b>14.4 %</b>	<b>19.8 %</b>	<b>9.3 %</b>
<b>Delaware</b>	<b>0.6</b>	<b>6.7</b>	<b>5.5</b>	<b>-0.6</b>	<b>11.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Emerald Advisors</b>	<b>3.8</b>	<b>9.5</b>	<b>5.5</b>	<b>0.9</b>	<b>16.0</b>	<b>9.4</b>	<b>-</b>	<b>-</b>
<b>ING</b>	<b>0.5</b>	<b>7.0</b>	<b>13.5</b>	<b>11.3</b>	<b>11.4</b>	<b>10.1</b>	<b>15.1</b>	<b>6.1</b>
<b>Intech - Enhanced Plus</b>	<b>1.8</b>	<b>7.8</b>	<b>13.3</b>	<b>11.0</b>	<b>12.4</b>	<b>11.9</b>	<b>17.7</b>	<b>8.3</b>
<b>Intech - Large Core</b>	<b>2.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PIMCO Stocks Plus</b>	<b>0.8</b>	<b>7.6</b>	<b>14.0</b>	<b>12.0</b>	<b>11.4</b>	<b>9.7</b>	<b>15.7</b>	<b>-</b>
<b>Progress</b>	<b>3.6</b>	<b>12.3</b>	<b>7.9</b>	<b>2.6</b>	<b>16.3</b>	<b>11.0</b>	<b>-</b>	<b>-</b>
<b>Rothschild</b>	<b>4.4</b>	<b>13.3</b>	<b>14.9</b>	<b>12.9</b>	<b>18.9</b>	<b>16.4</b>	<b>-</b>	<b>-</b>
<b>Wentworth, Hauser</b>	<b>2.6</b>	<b>7.9</b>	<b>11.3</b>	<b>7.5</b>	<b>10.0</b>	<b>10.2</b>	<b>15.9</b>	<b>5.1</b>
S&P 500	0.7	7.4	13.5	11.9	11.8	10.1	15.9	6.3
S&P 500 ex-Tobacco	0.6	7.2	13.3	11.5	11.6	9.9	15.5	6.1
Russell 3000®	1.3	8.5	13.5	11.3	12.8	10.9	17.1	7.2
Russell 1000® Value	1.3	9.3	16.1	16.8	15.0	14.4	20.5	10.2
Russell 1000® Growth	1.2	7.2	11.4	7.1	10.1	7.0	12.8	3.5
Russell 2000®	2.0	11.0	11.5	5.9	15.4	12.0	23.2	10.9
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>4.7</b>	<b>14.1</b>	<b>18.1</b>	<b>18.9</b>	<b>22.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>McKinley Capital</b>	<b>7.0</b>	<b>17.4</b>	<b>21.6</b>	<b>22.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
MSCI ACWI ex-US	3.8	15.5	20.0	20.3	24.1	21.4	30.1	17.4
MSCI EAFE	4.2	15.0	19.6	20.7	22.8	20.3	28.8	16.2
S&P Citi PMI EPAC Value	4.3	15.0	21.0	21.7	24.4	21.8	31.1	18.2
MSCI ACWI ex-US Growth	4.4	15.5	18.6	18.2	23.2	19.3	26.7	15.2
<b>DOMESTIC FIXED INCOME</b>								
<b>AFL-CIO Housing</b>	<b>1.6</b>	<b>2.9</b>	<b>6.9</b>	<b>6.8</b>	<b>4.7</b>	<b>3.4</b>	<b>3.9</b>	<b>5.5</b>
<b>Nicholas Applegate</b>	<b>2.7</b>	<b>7.0</b>	<b>10.7</b>	<b>10.6</b>	<b>8.9</b>	<b>7.8</b>	<b>9.9</b>	<b>9.4</b>
<b>ING Clarion</b>	<b>9.9</b>	<b>58.3</b>	<b>61.3</b>	<b>67.8</b>	<b>38.7</b>	<b>30.0</b>	<b>-</b>	<b>-</b>
<b>ING Clarion II</b>	<b>-4.3</b>	<b>-3.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PIMCO</b>	<b>1.7</b>	<b>2.8</b>	<b>7.0</b>	<b>6.8</b>	<b>4.7</b>	<b>4.0</b>	<b>4.7</b>	<b>-</b>
<b>Western Asset</b>	<b>1.4</b>	<b>2.9</b>	<b>7.3</b>	<b>7.2</b>	<b>4.6</b>	<b>3.9</b>	<b>4.8</b>	<b>-</b>
Lehman Universal	1.6	3.1	7.2	7.0	5.0	3.9	4.6	5.9
Lehman Aggregate	1.5	2.8	6.7	6.6	4.4	3.3	3.8	5.4
Citigroup Mortgage	1.6	3.2	6.9	7.0	4.9	4.1	4.1	5.0
Merrill Lynch High Yield II	2.7	7.1	11.4	11.6	9.4	8.5	11.8	10.1
T-Bills	1.3	2.5	3.9	5.1	4.3	3.4	2.8	2.6
<b>INT'L FIXED INCOME</b>								
<b>Fischer Francis</b>	<b>0.9</b>	<b>1.5</b>	<b>4.7</b>	<b>4.3</b>	<b>3.6</b>	<b>4.2</b>	<b>3.9</b>	<b>4.8</b>
Citigroup NonUS Govt Hdg	0.9	1.6	5.0	5.0	4.2	4.4	3.9	4.8
<b>REIT</b>								
<b>Adelante Capital</b>	<b>3.8</b>	<b>14.0</b>	<b>23.7</b>	<b>22.9</b>	<b>34.9</b>	<b>26.1</b>	<b>31.8</b>	<b>24.4</b>
DJ Wilshire REIT	3.7	12.9	23.2	21.8	31.6	24.0	30.2	22.7

*Note: Returns for periods longer than one year are annualized.*

**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2007**

<b>DOMESTIC EQUITY</b>	<b>YTD</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Boston Partners</b>	<b>0.4 %</b>	<b>20.2 %</b>	<b>12.0 %</b>	<b>16.6 %</b>	<b>27.1 %</b>	<b>-18.7 %</b>	<b>4.1 %</b>
<i>Rank vs Equity</i>	79	12	14	31	75	32	21
<i>Rank vs Lg Value</i>	74	36	14	32	81	54	22
<b>Delaware</b>	<b>0.7</b>	<b>3.2</b>	-	-	-	-	-
<i>Rank vs Equity</i>	69	91	-	-	-	-	-
<i>Rank vs Lg Growth</i>	59	74	-	-	-	-	-
<b>Emerald Advisors</b>	<b>3.9</b>	<b>13.8</b>	<b>10.1</b>	<b>4.1</b>	-	-	-
<i>Rank vs Equity</i>	19	56	25	93	-	-	-
<i>Rank vs Sm Cap Growth</i>	35	39	20	86	-	-	-
<b>ING</b>	<b>0.6</b>	<b>15.9</b>	<b>5.4</b>	<b>11.2</b>	<b>26.7</b>	-	-
<i>Rank vs Equity</i>	77	38	61	60	77	-	-
<i>Rank vs Lg Core</i>	71	39	40	36	83	-	-
<b>Intech - Enhanced Plus</b>	<b>1.9</b>	<b>14.4</b>	<b>8.9</b>	<b>15.3</b>	<b>29.4</b>	-	-
<i>Rank vs Equity</i>	45	54	34	37	60	-	-
<i>Rank vs Lg Core</i>	13	80	14	7	34	-	-
<b>Intech - Large Cap Core</b>	<b>2.9</b>	-	-	-	-	-	-
<i>Rank vs Equity</i>	31	-	-	-	-	-	-
<i>Rank vs Lg Core</i>	6	-	-	-	-	-	-
<b>PIMCO Stocks Plus</b>	<b>0.9</b>	<b>15.7</b>	<b>4.6</b>	<b>11.1</b>	<b>29.9</b>	-	-
<i>Rank vs Equity</i>	65	43	75	62	58	-	-
<i>Rank vs Lg Core</i>	32	64	78	15	29	-	-
<b>Progress</b>	<b>3.8</b>	<b>15.4</b>	<b>9.1</b>	-	-	-	-
<i>Rank vs Equity</i>	20	46	32	-	-	-	-
<i>Rank vs Sm Core</i>	36	46	36	-	-	-	-
<b>Rothschild</b>	<b>4.6</b>	<b>21.3</b>	<b>11.2</b>	<b>20.7</b>	-	-	-
<i>Rank vs Equity</i>	15	9	18	15	-	-	-
<i>Rank vs Sm Cap Value</i>	22	19	23	39	-	-	-
<b>Wentworth, Hauser</b>	<b>2.6</b>	<b>7.2</b>	<b>9.6</b>	<b>13.6</b>	<b>27.1</b>	<b>-23.4</b>	<b>-6.7</b>
<i>Rank vs Equity</i>	34	83	28	46	75	65	42
<i>Rank vs Lg Core</i>	7	98	9	15	82	77	11
<b>Total Domestic Equities</b>	<b>1.8</b>	<b>13.5</b>	<b>8.8</b>	<b>13.0</b>	<b>31.0</b>	<b>-28.0</b>	<b>-9.2</b>
<i>Rank vs Equity</i>	47	60	35	49	50	83	48
Median Equity	1.7	15.0	6.5	12.9	31.0	-22.0	-9.7
S&P 500	0.7	15.8	4.9	10.9	28.7	-22.1	-11.9
S&P 500 ex-Tobacco	0.6	15.7	4.6	10.7	28.4	-22.3	-12.1
Russell 3000®	1.3	15.7	6.1	12.0	31.0	-21.6	-11.5
Russell 1000® Value	1.3	22.2	7.0	16.5	30.0	-15.5	-5.6
Russell 1000® Growth	1.2	9.1	5.3	6.3	29.8	-27.9	-20.4
Russell 2000®	2.0	18.4	4.6	18.3	47.3	-20.5	2.5
<b>INT'L EQUITY</b>							
<b>GMO</b>	<b>4.8</b>	<b>26.2</b>	-	-	-	-	-
<i>Rank vs Int'l Eq</i>	25	44	-	-	-	-	-
<b>McKinley Capital</b>	<b>7.1</b>	-	-	-	-	-	-
<i>Rank vs Int'l Eq</i>	4	-	-	-	-	-	-
<b>Total Int'l Equities</b>	<b>6.0</b>	<b>26.6</b>	<b>20.0</b>	<b>18.1</b>	<b>39.9</b>	<b>-14.6</b>	<b>-18.1</b>
<i>Rank vs Int'l Eq</i>	11	41	32	68	27	45	59
Median Int'l Equity	3.6	25.9	15.9	19.9	36.4	-15.0	-16.5
MSCI ACWI ex-US	3.8	27.2	17.1	21.4	41.4	-14.7	-19.5
MSCI EAFE Index	4.2	26.9	14.0	20.7	39.2	-15.7	-21.2
S&P Citi PMI EPAC Value	4.3	28.1	15.7	23.5	42.1	-13.1	-18.1
MSCI ACWI ex-US Growth	4.4	24.0	17.1	17.1	34.9	-14.7	-23.4

**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2007**

	<u>YTD</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>DOMESTIC FIXED INCOME</b>							
AFL-CIO Housing	1.7 %	5.1 %	3.0 %	4.6 %	4.2 %	12.1 %	8.6 %
<i>Rank vs Fixed Income</i>	40	28	25	41	66	6	43
Nicholas Applegate	2.8	10.2	3.8	9.1	21.2	4.8	3.6
<i>Rank vs. High Yield</i>	53	32	15	66	68	5	40
ING Clarion	9.9	64.8	15.3	-	-	-	-
<i>Rank vs Fixed Income</i>	1	1	1	-	-	-	-
ING Clarion II	3.0	-	-	-	-	-	-
<i>Rank vs Fixed Income</i>	5	-	-	-	-	-	-
PIMCO	1.7	4.8	3.4	5.6	6.9	-	-
<i>Rank vs Fixed Income</i>	25	37	18	20	21	-	-
Western Asset	1.5	5.2	2.4	6.5	7.1	-	-
<i>Rank vs Fixed Income</i>	64	27	56	15	18	-	-
<b>Total Domestic Fixed</b>	<b>1.7</b>	<b>7.5</b>	<b>3.7</b>	<b>6.3</b>	<b>7.9</b>	<b>9.1</b>	<b>7.2</b>
<i>Rank vs Fixed Income</i>	<b>26</b>	<b>11</b>	<b>14</b>	<b>16</b>	<b>14</b>	<b>52</b>	<b>75</b>
Median Fixed Income	1.6	4.5	2.5	4.4	4.6	9.2	8.4
Median High Yield Mgr.	2.9	9.0	2.5	9.8	24.0	-1.1	2.7
Lehman Universal	1.6	5.0	2.7	5.0	5.8	9.8	8.1
Lehman Aggregate	1.5	4.3	2.4	4.3	4.1	10.3	8.4
Citigroup Mortgage	1.6	5.2	2.7	4.8	3.1	8.8	8.2
ML High Yield II	2.7	11.7	2.7	10.8	28.1	-1.9	
T-Bills	1.3	4.8	3.1	1.3	1.1	1.8	4.4
<b>INT'L FIXED INCOME</b>							
Fischer Francis	1.0	2.6	5.4	6.4	3.5	7.3	5.4
Citigroup NonUS Govt Hdg	0.9	3.1	5.7	5.2	1.9	6.9	6.1
<b>ALTERNATIVE INVESTMENTS</b>							
Adams Street**	12.1	23.5	17.0	13.0	4.5	-10.9	-28.9
Bay Area Equity Fund**	25.4	-6.5	1.9	-	-	-	-
Energy Investor Fund**	15.4	12.7	84.2	-	-	-	-
Energy Investor Fund II**	2.3	-	-	-	-	-	-
Nogales**	22.5	11.0	13.1	-	-	-	-
Pathway**	17.8	21.4	42.5	12.2	0.2	-23.1	-33.9
Hancock PT Timber Fund	1.5	12.1	9.8	6.9	3.8	-1.1	0.2
<b>Total Alternative</b>	<b>12.3</b>	<b>19.2</b>	<b>33.3</b>	<b>11.4</b>	<b>3.5</b>	<b>-9.3</b>	<b>-22.8</b>
S&P 500 + 400 bps	1.7	19.8	8.9	14.9	32.7	-18.1	-7.9

See also IRRs on closed end funds (real estate and alternatives) on Page 79.

\*\* Performance as of December 31, 2006.



**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2007**

	<u>YTD</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>REAL ESTATE</b>							
<b>Adelante Capital REIT</b>	<b>4.0 %</b>	<b>38.2 %</b>	<b>16.7 %</b>	<b>36.9 %</b>	<b>36.1 %</b>	<b>4.2 %</b>	<b>- %</b>
<i>Rank</i>	<i>19</i>	<i>13</i>	<i>4</i>	<i>11</i>	<i>53</i>	<i>47</i>	<i>-</i>
<b>BlackRock Realty</b>	<b>6.1</b>	<b>23.8</b>	<b>28.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>12</i>	<i>27</i>	<i>11</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>DLJ RECP I**</b>	<b>3.7</b>	<b>41.2</b>	<b>14.2</b>	<b>11.8</b>	<b>4.2</b>	<b>6.8</b>	<b>9.0</b>
<i>Rank</i>	<i>43</i>	<i>6</i>	<i>62</i>	<i>54</i>	<i>84</i>	<i>39</i>	<i>35</i>
<b>DLJ RECP II**</b>	<b>20.3</b>	<b>35.7</b>	<b>51.3</b>	<b>33.8</b>	<b>25.8</b>	<b>9.9</b>	<b>4.9</b>
<i>Rank</i>	<i>4</i>	<i>17</i>	<i>4</i>	<i>19</i>	<i>28</i>	<i>14</i>	<i>66</i>
<b>DLJ RECP III**</b>	<b>15.9</b>	<b>10.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>5</i>	<i>79</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>FFCA</b>	<b>2.7</b>	<b>25.3</b>	<b>29.3</b>	<b>14.5</b>	<b>9.6</b>	<b>9.9</b>	<b>10.2</b>
<i>Rank</i>	<i>70</i>	<i>25</i>	<i>11</i>	<i>39</i>	<i>43</i>	<i>13</i>	<i>21</i>
<b>Fidelity II</b>	<b>2.4</b>	<b>16.5</b>	<b>16.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>72</i>	<i>45</i>	<i>51</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Invesco Fund I</b>	<b>3.8</b>	<b>38.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>39</i>	<i>10</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Prudential SPF II</b>	<b>4.0</b>	<b>83.8</b>	<b>38.3</b>	<b>19.7</b>	<b>12.4</b>	<b>6.5</b>	<b>4.1</b>
<i>Rank</i>	<i>29</i>	<i>1</i>	<i>7</i>	<i>30</i>	<i>33</i>	<i>40</i>	<i>68</i>
<b>U.S. Realty</b>	<b>30.4</b>	<b>-33.8</b>	<b>-21.1</b>	<b>8.3</b>	<b>17.2</b>	<b>13.8</b>	<b>11.1</b>
<i>Rank</i>	<i>2</i>	<i>100</i>	<i>96</i>	<i>69</i>	<i>32</i>	<i>2</i>	<i>20</i>
<b>Willows Office Property</b>	<b>1.2</b>	<b>7.4</b>	<b>7.5</b>	<b>-8.9</b>	<b>7.9</b>	<b>8.2</b>	<b>66.1</b>
<i>Rank</i>	<i>86</i>	<i>87</i>	<i>80</i>	<i>96</i>	<i>67</i>	<i>29</i>	<i>1</i>
<b>Total Real Estate</b>	<b>5.3</b>	<b>33.8</b>	<b>20.4</b>	<b>30.4</b>	<b>25.6</b>	<b>7.5</b>	<b>10.2</b>
<i>Rank</i>	<i>13</i>	<i>20</i>	<i>29</i>	<i>23</i>	<i>28</i>	<i>35</i>	<i>25</i>
Median Real Estate	3.5	15.6	16.7	12.3	9.5	4.8	7.3
DJ Wilshire REIT Index	3.7	36.0	13.8	33.1	36.2	3.6	12.2
NCREIF Property Index	3.6	16.6	20.1	14.5	9.0	6.7	6.3
<b>CCCERA Total Fund</b>	<b>3.0</b>	<b>15.3</b>	<b>10.8</b>	<b>13.38</b>	<b>23.5</b>	<b>-9.5</b>	<b>-2.4</b>
<i>Rank vs. Total Fund</i>	<i>11</i>	<i>13</i>	<i>5</i>	<i>15</i>	<i>20</i>	<i>63</i>	<i>54</i>
<i>Rank vs. Public Fund</i>	<i>3</i>	<i>11</i>	<i>2</i>	<i>8</i>	<i>19</i>	<i>69</i>	<i>47</i>
Median Total Fund	1.8	12.0	6.1	10.4	19.1	-8.1	-1.6
Median Public Fund	1.8	11.9	6.0	10.0	20.4	-8.0	-2.4
CPI + 400 bps	2.8	6.6	7.6	7.4	6.5	6.5	5.5

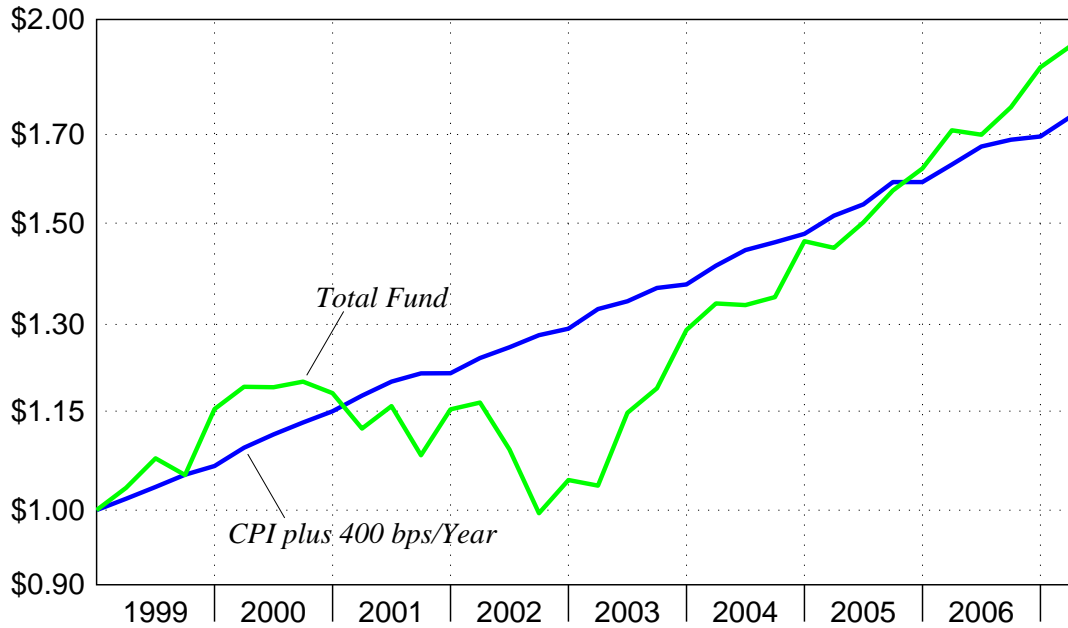
\*\* Performance as of December 31, 2006.

# TOTAL FUND PERFORMANCE

## Total Fund

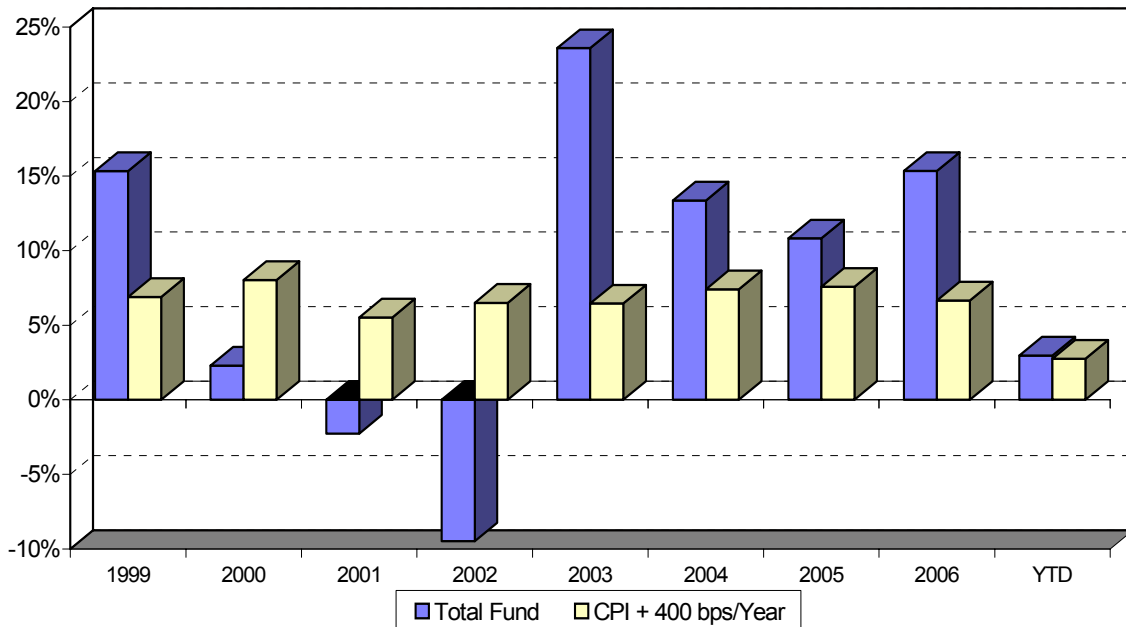
### Total Fund vs. CPI plus 400 bps/Year

Cumulative Value of \$1 (Gross of Fees)

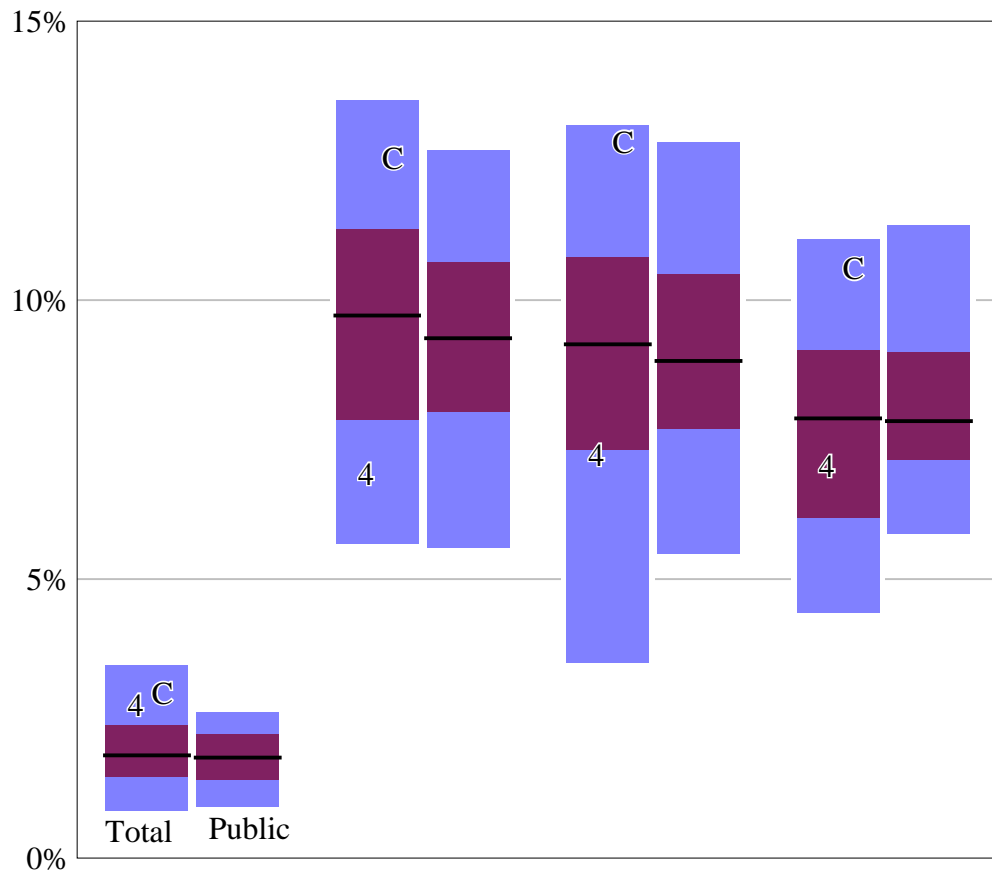


### Total Fund vs. CPI plus 400 bps/Year

Year by Year Performance



## Total Fund



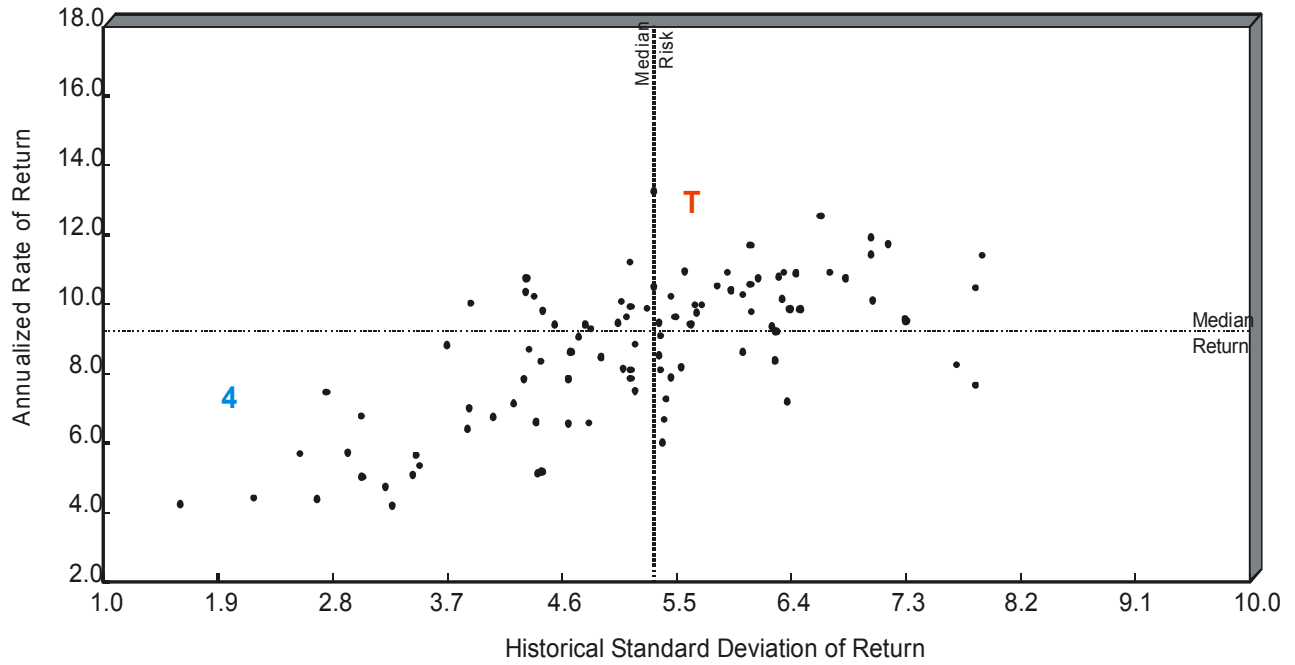
	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
Total Fund (C)	3.0	12.6	12.9	10.6
Rank v. Total	11	11	6	7
Rank v. Public	3	5	4	7
CPI plus 400bp (4)	2.8	6.9	7.2	7.0
Total Fund Median	1.8	9.7	9.2	7.9
Public Fund Median	1.8	9.3	8.9	7.8

CCCERA Total Fund returned 3.0% in the first quarter, better than the 1.8% return of the median total fund and the 1.8% return of the median total public fund. For the one-year period, the Total Fund returned 12.6%, well above 9.7% for the median total fund and 9.3% for the median public fund. Over the longer periods CCCERA has performed much better than both fund medians. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a somewhat higher risk level over the past three and five year periods. CCCERA Total Fund also exceeded the CPI plus 400 basis points over the past five years.

# TOTAL FUND PERFORMANCE

## Performance and Variability

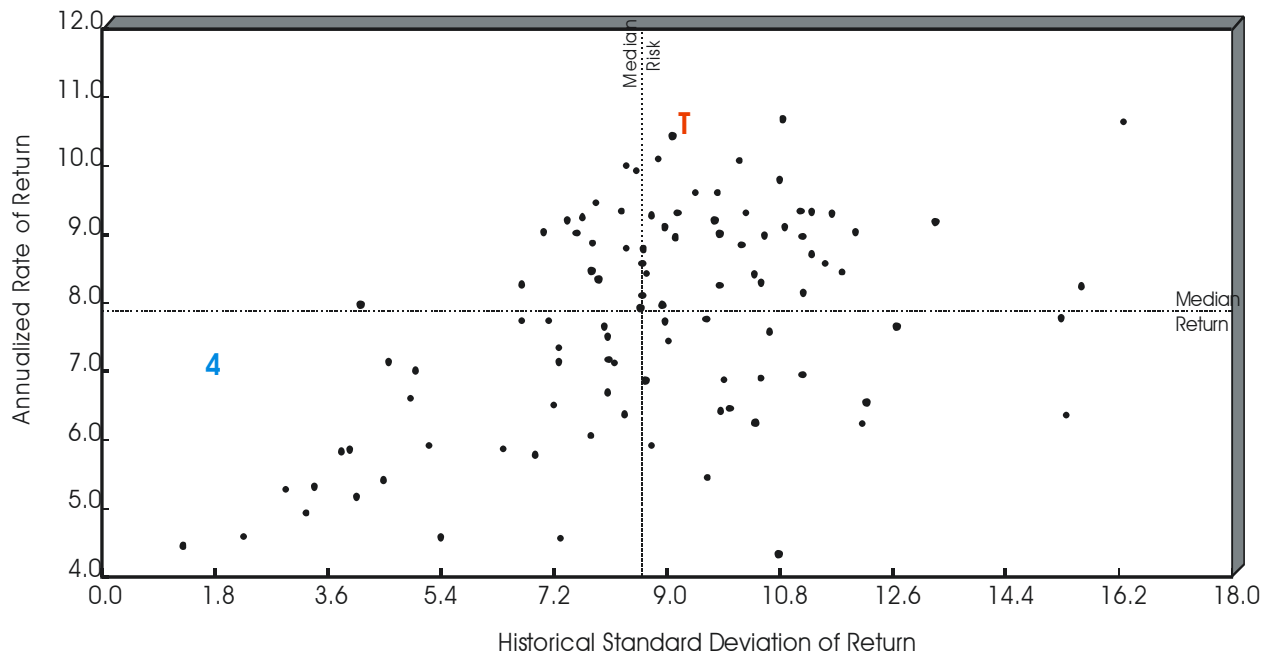
*Three Years Ending March 31, 2007*



	Annualized Return		Standard Deviation	
	Value	Rank	Value	Rank
<b>T</b> Total Fund	12.85	6	5.65	63
<b>4</b> CPI + 400bps/yr	7.24	75	2.03	4
Median	9.21		5.32	

# Performance and Variability

*Five Years Ending March 31, 2007*



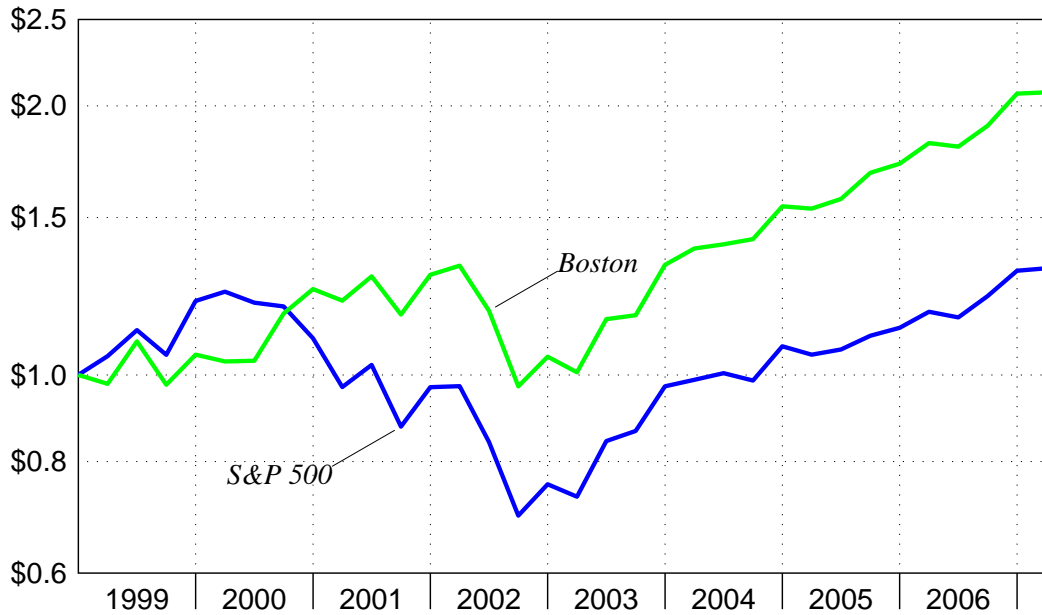
	Annualized Return		Standard Deviation	
	Value	Rank	Value	Rank
<b>T</b> Total Fund	10.58	7	9.40	65
<b>4</b> CPI + 400bps/yr	7.04	64	1.84	4
Median	7.88		8.61	

MANAGER COMMENTS – DOMESTIC EQUITY

Boston Partners

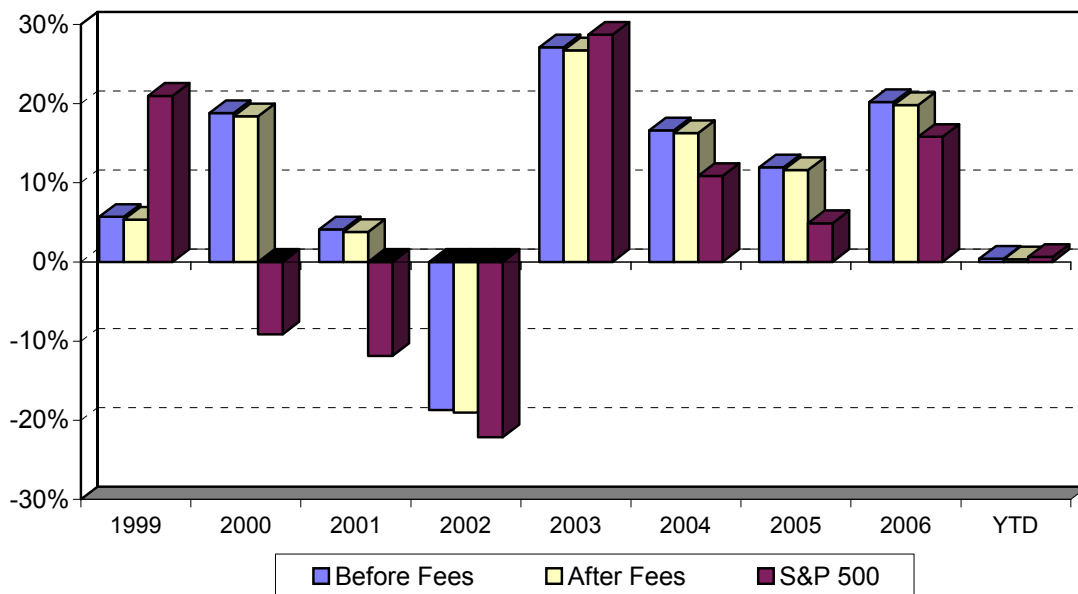
## Boston Partners vs. S&P 500

Cumulative Value of \$1 (Net of Fees)

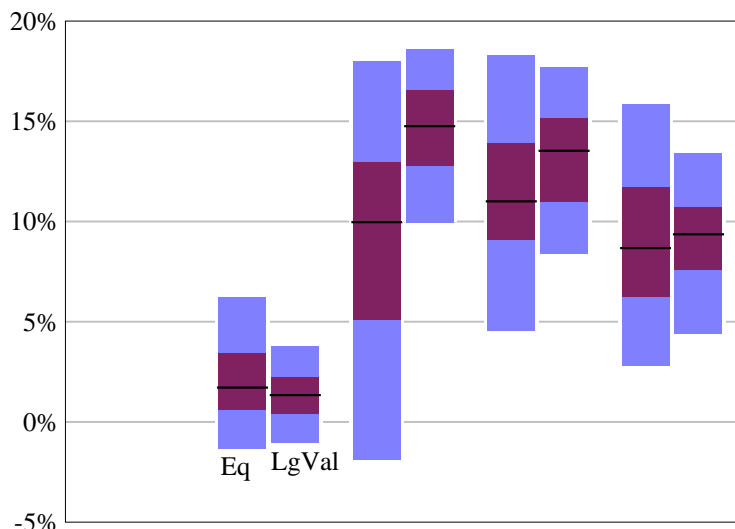


## Boston vs. S&P 500

Year by Year Performance



## Boston Partners



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Boston (B)	0.4	14.3	14.7	9.7
Rank v. Equity	79	19	18	41
Rank v. Lg Value	74	57	30	44
S&P 500 (S)	0.7	11.9	10.1	6.3
Rus. 1000® Val. (r)	1.3	16.8	14.4	10.2
Equity Median	1.7	10.0	11.0	8.7
Lg Value Median	1.3	14.8	13.5	9.4

Portfolio Characteristics	Boston Partners	S&P 500
Eq Mkt Value (\$Mil)	330.9	N/A
Wtd. Avg. Cap (\$Bil)	87.3	98.1
Beta	1.04	1.00
Yield (%)	1.82	1.88
P/E Ratio	15.24	17.14
Cash (%)	1.1	0.0
Number of Holdings	85	500
Turnover Rate (%)	60.6	-

Sector	Boston Partners	S&P 500
Energy	12.0 %	10.1 %
Materials	0.5	3.1
Industrials	8.4	10.9
Cons. Discretionary	8.8	10.5
Consumer Staples	4.0	9.9
Health Care	11.7	11.9
Financials	30.9	21.6
Info Technology	18.0	14.8
Telecom Services	4.7	3.7
Utilities	1.1	3.7

Boston Partners' first quarter return of 0.4% trailed the 0.7% return of the S&P 500, the 1.7% return of the median equity manager and the 1.3% return of the Russell 1000® Value Index. For the one-year period, Boston Partners returned 14.3%, above 11.9% for the S&P 500, but below the 16.8% return of the Russell 1000® Value Index. Over both the three and five year periods, Boston Partners' performance was above the median equity manager and exceeded the S&P 500 on both an absolute and risk-adjusted basis (page 38). Boston Partners is in compliance with CCCERA's performance objectives.

The portfolio had a slightly above market beta of 1.04x, a below-market P/E ratio and a slightly below-market yield. It included 85 stocks, concentrated in the large to mid capitalization sectors. Boston's largest economic sector over-weightings were in the financials, information technology and energy sectors, while the largest under-weightings were in the consumer staples, utilities and materials sectors. Boston's annual portfolio turnover rate for the year ended March 31, 2007 was 60.6%, up from last quarter's rate of 54.4%.

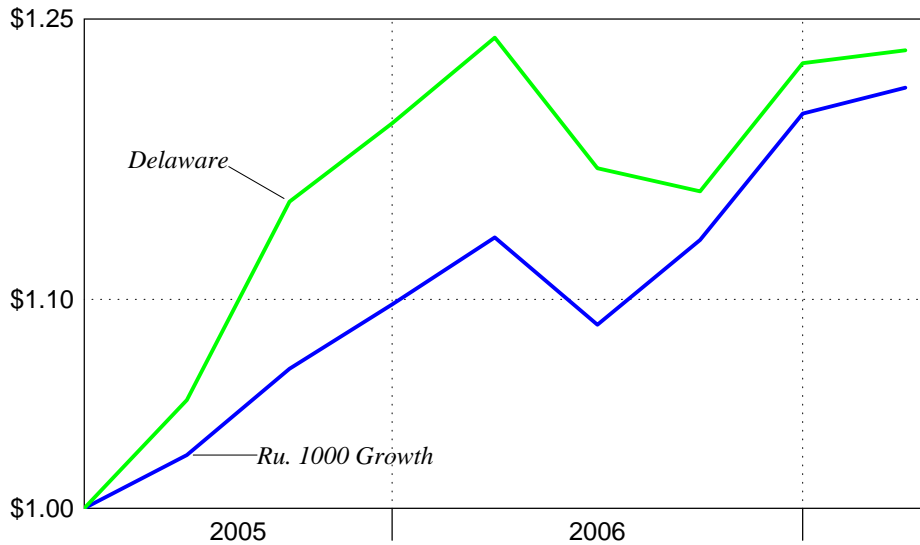
Boston Partners' first quarter performance relative to the S&P 500 was helped by stock selection decisions but hurt by sector allocation and active trading decisions. Stock selection decisions in the information technology and consumer discretionary sectors had the strongest positive impacts on the portfolio. Top performing holdings included Medco Health Solutions (+36%), Avis Budget Group (+26%) and Groupe Cgi (+25%), while the worst performing holdings included Countrywide Financial (-20%), Motorola (-14%) and Consec Inc (-13%).

**MANAGER COMMENTS – DOMESTIC EQUITY**

**Delaware**

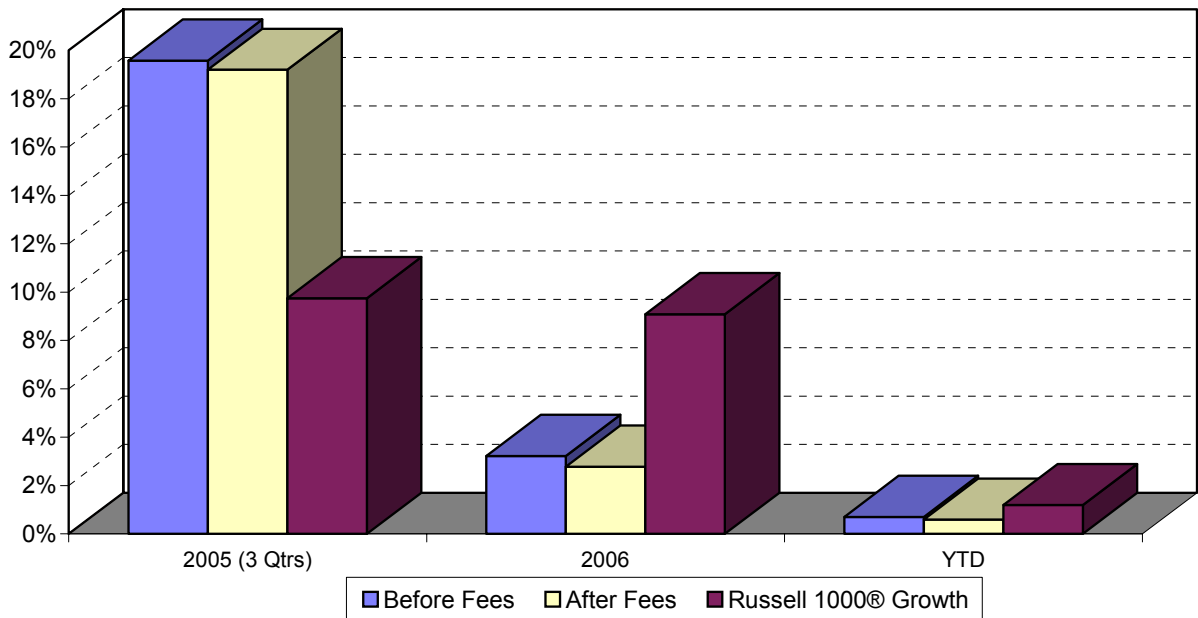
**Delaware vs. Ru. 1000 Growth**

Cumulative Value of \$1 (Net of Fees)



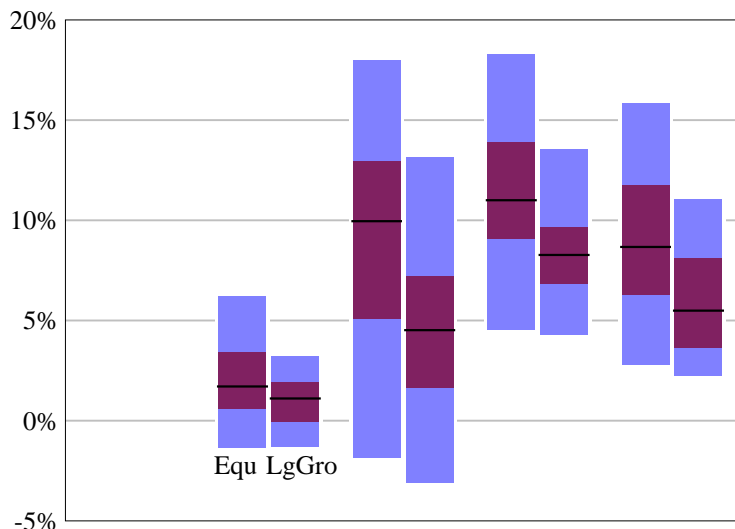
**Delaware vs. Russell 1000® Growth**

Year by Year Performance





## Delaware



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Delaware (D)	0.7	-0.1	-	-
Rank v. Equity	69	91	-	-
Rank v. Lg Growth	59	84	-	-
S&P 500 (S)	0.7	11.9	10.1	6.3
Rus. 1000® Gro (R)	1.2	7.1	7.0	3.5
Equity Median	1.7	10.0	11.0	8.7
Lg Growth Median	1.1	4.5	8.3	5.5

### Portfolio

Characteristics	Delaware	S&P 500
Eq Mkt Value (\$Mil)	334.47	N/A
Wtd. Avg. Cap (\$Bil)	49.00	98.1
Beta	1.01	1.00
Yield (%)	0.76	1.88
P/E Ratio	28.86	17.14
Cash (%)	0.4	0.0
Number of Holdings	26	500
Turnover Rate (%)	19.3	-

Sector	Delaware	S&P 500
Energy	0.0 %	10.1 %
Materials	3.8	3.1
Industrials	7.4	10.9
Cons. Discretionary	14.0	10.5
Consumer Staples	11.7	9.9
Health Care	17.5	11.9
Financials	11.5	21.6
Info Technology	34.1	14.8
Telecom Services	0.0	3.7
Utilities	0.0	3.7

Delaware's return of 0.7% for the first quarter was below the 1.2% return of the Russell 1000® Growth Index and the 1.1% return of the large cap growth median, ranking in the 59<sup>th</sup> percentile in the universe of large growth equity managers. Over the past year, the portfolio has returned -0.1%, trailing the Russell 1000® Growth Index return of 7.1%, and ranked in the 84<sup>th</sup> percentile of large growth equity managers. (Delaware got off to a good start in early 2005; since inception performance remains above the Russell 1000® Growth Index.)

The portfolio (compared to the S&P 500 Index) had a well below-market yield and a well above-market P/E ratio. It included 26 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weightings relative to the S&P 500 were in the information technology, health care and consumer discretionary sectors, while the largest under-weightings were in the energy and financials sectors.

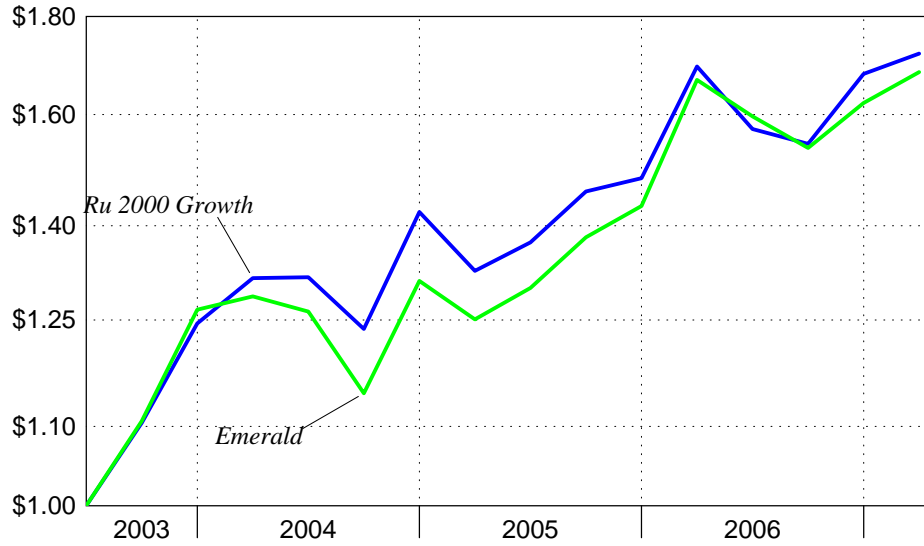
Delaware's first quarter performance relative to the S&P 500 Index was helped by stock selection decisions while sector allocation decisions detracted from performance. Stock selection in the financials and information technology sectors had the most positive impacts. Underweighting the utilities sector and overweighting the information technology sector had substantial negative impacts on performance. Trading decisions had a small negative impact on performance for the quarter. The top performing holdings included MGM Grand (+21%), Intercontinentalexch (+13%) and Qualcomm (+13%). The worst performing holdings included International Game (-12%), Weight Watchers (-12%) and Seagate Technologies (-12%). At the end of the quarter, the largest holdings were Qualcomm Inc (6.1%), eBay (5.1%) and Intercontinentalexch (4.9%).

# MANAGER COMMENTS – DOMESTIC EQUITY

## Emerald

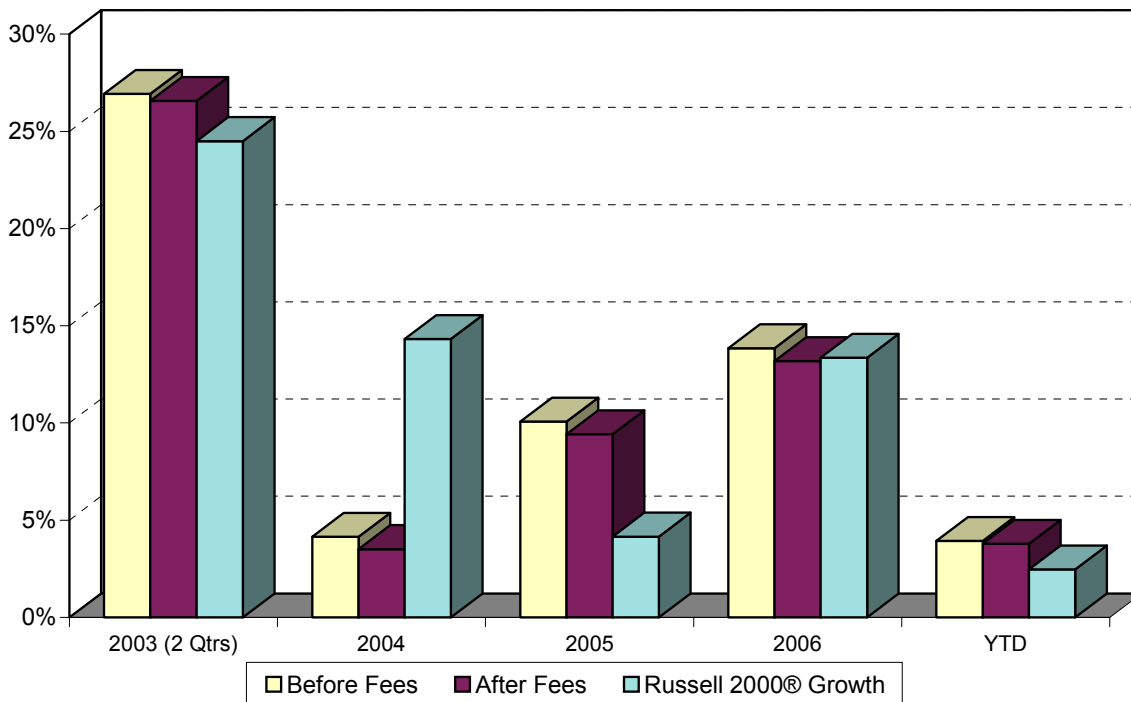
### Emerald vs. Rus. 2000 Growth

Cumulative Value of \$1 (Net of Fees)

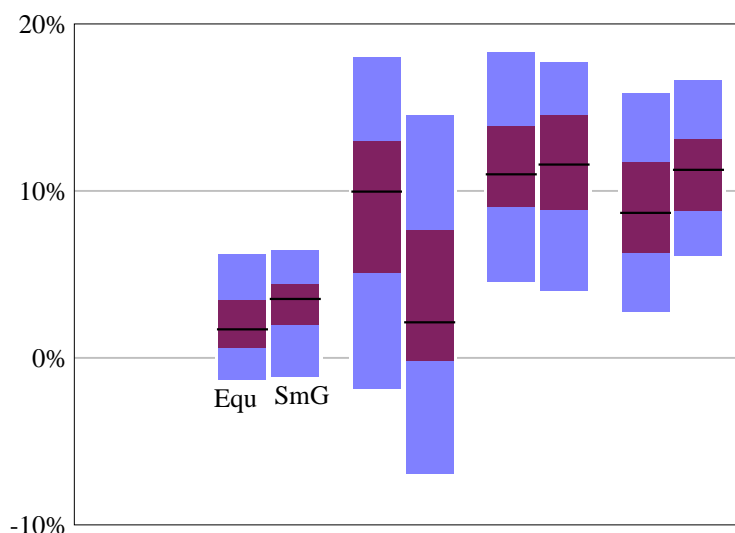


### Emerald vs. Russell 2000® Growth

Year by Year Performance



## Emerald



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Emerald (E)	3.9	1.5	10.0	-
Rank v. Equity	19	87	64	-
Rank v. Sm. Gro	35	53	59	-
Ru 2000® Gro (R)	2.5	1.6	9.4	7.9
Equity Median	1.7	10.0	11.0	8.7
Sm. Gro Median	3.5	2.1	11.6	11.3

Portfolio Characteristics	Emerald	Russell 2000®
Eq Mkt Value (\$Mil)	151.06	N/A
Wtd. Avg. Cap (\$Bil)	1.62	1.27
Beta	1.46	1.51
Yield (%)	0.15	1.18
P/E Ratio	41.13	33.99
Cash (%)	1.8	0.0
Number of Holdings	127	1,957
Turnover Rate (%)	99.2	-

Sector	Emerald	Russell 2000®
Energy	1.7 %	5.0 %
Materials	3.5	5.0
Industrials	19.6	14.2
Cons. Discretionary	18.7	16.1
Consumer Staples	1.0	3.3
Health Care	20.0	11.7
Financials	5.7	22.0
Info Technology	28.6	18.2
Telecom Services	1.3	1.6
Utilities	0.0	2.9

Emerald's return of 3.9% for the first quarter was above the 2.5% return of the Russell 2000® Growth index and the 3.5% return of the small cap growth median, ranking in the 35<sup>th</sup> percentile in the universe of small growth equity managers. For the one-year period, Emerald returned 1.5%, slightly below the 1.6% return of the Russell 2000® Growth and 2.1% return of the small cap growth median. Emerald's one-year performance ranked in the 53<sup>rd</sup> percentile in the universe of small growth equity managers. Over the three year period, Emerald's performance was below the median small growth equity manager. The portfolio trailed the Russell 2000® Index on both an absolute and risk-adjusted basis (page 38). Emerald is not in compliance with some of CCCERA's performance objectives in that it trails the median and the Russell 2000® Index over the past three years.

The portfolio has a beta of 1.46x compared to 1.51x for the Russell 2000® Index and has a well below-market yield. It includes 127 stocks, concentrated in the small capitalization sector. Emerald's largest economic sector over-weightings relative to the Russell 2000® are in the information technology, health care and industrials sectors. The largest under-weightings are in the financials, energy and utilities sectors. Annual portfolio turnover was 99.2%.

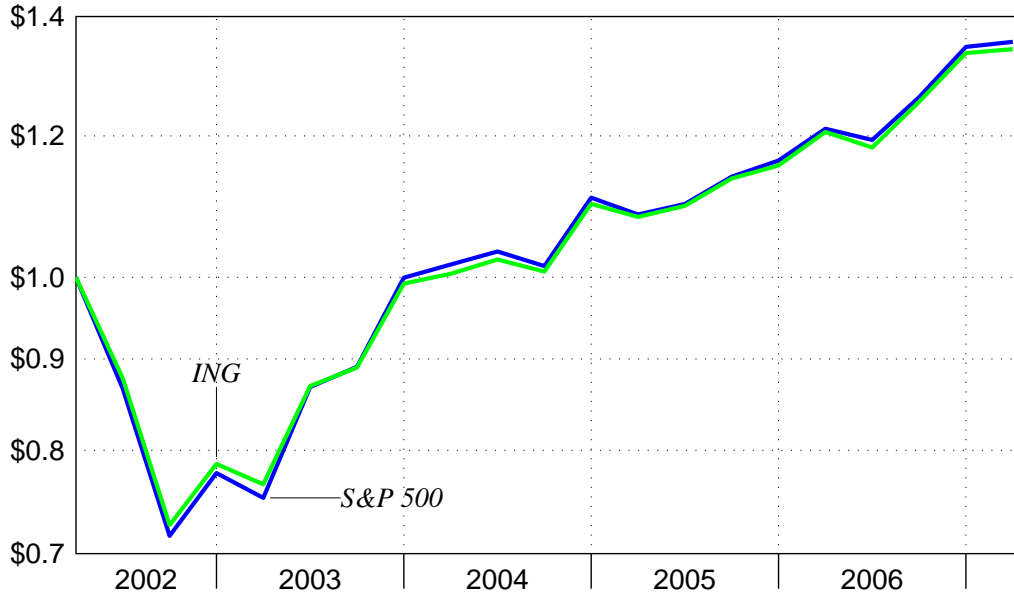
Emerald's first quarter performance relative to the Russell 2000® Growth Index was boosted by both stock selection and sector allocation decisions. Stock selection was strongest in the information technology and industrials sectors. Trading decisions had a large negative impact on performance for the quarter. The top performing holdings included Novatel Wireless (+66%), thestreet.com (+38%) and Fei Co (+37%). The worst performing holdings included Ocean Networks (-32%), Shuffle Master (-30%) and Cache Inc (-30%). At the end of the quarter, the largest holdings were BE Aerospace (2.5%), Psychiatric Solution (2.3%) and Airgas (2.2%). Emerald reported that current portfolio positioning is reflective of their cautiously optimistic economic outlook, which the firm believes favors consumer and technology stocks.

**MANAGER COMMENTS – DOMESTIC EQUITY**

**ING Investment**

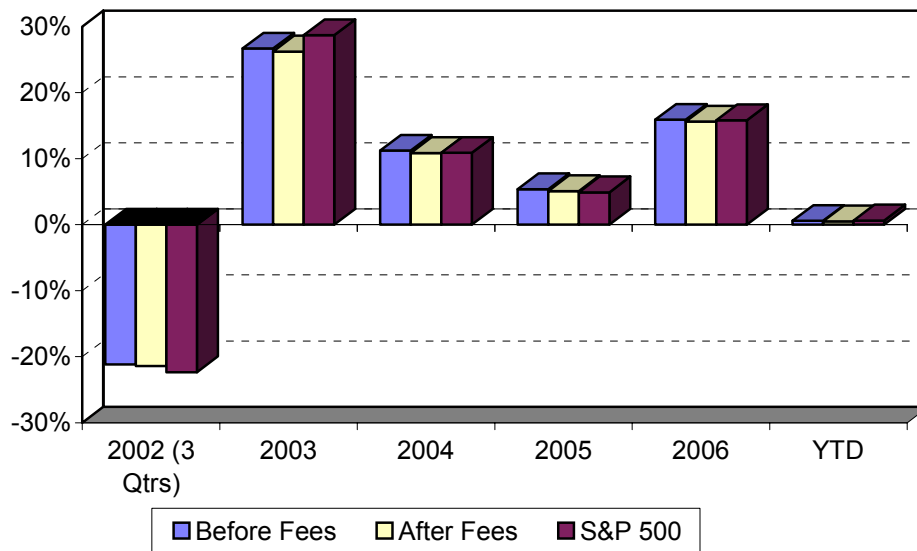
**ING vs. S&P 500**

Cumulative Value of \$1 (Net of Fees)

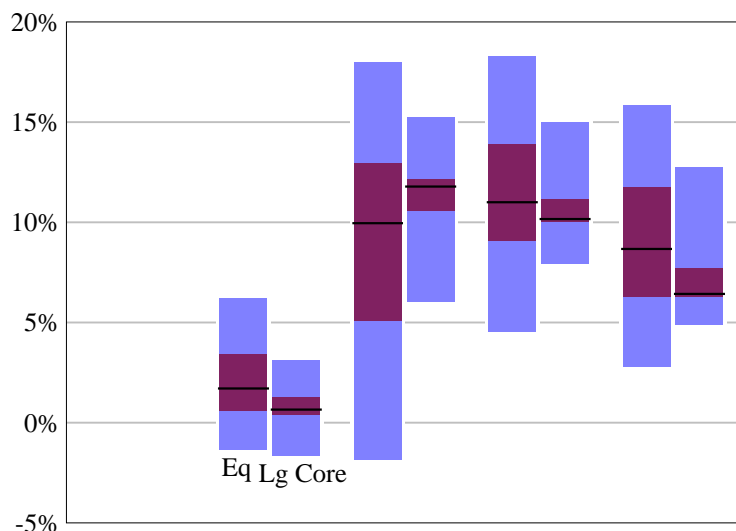


**ING vs. S&P 500**

Year by Year Performance



## ING Investment Management



	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING (I)	0.6	11.6	10.4	6.4
Rank v. Equity	77	38	57	71
Rank v. Lg Core	71	59	44	53
S&P 500 (S)	0.7	11.9	10.1	6.3
S&P 500 x-Tob (T)	0.6	11.5	9.9	6.1
Equity Median	1.7	10.0	11.0	8.7
Lg Core Median	0.7	11.8	10.2	6.4

### Portfolio

Characteristics	ING	S&P 500
Eq Mkt Value (\$Mil)	278.46	N/A
Wtd. Avg. Cap (\$Bil)	100.29	98.09
Beta	1.00	1.00
Yield (%)	1.84 %	1.88 %
P/E Ratio	16.31	17.14
Cash (%)	0.3 %	0.0 %
Number of Holdings	337	500
Turnover Rate (%)	68.5	-

Sector	ING	S&P 500
Energy	10.7 %	10.1 %
Materials	3.1	3.1
Industrials	10.2	10.9
Cons. Discretionary	10.5	10.5
Consumer Staples	8.6	9.9
Health Care	11.2	11.9
Financials	23.1	21.6
Info Technology	15.5	14.8
Telecom Services	3.2	3.7
Utilities	3.9	3.7

ING's return of 0.6% for the first quarter was slightly below the 0.7% return of the S&P 500, matched the S&P 500 ex-Tobacco, and ranked in the 71<sup>st</sup> percentile in the universe of large core equity managers. For the one-year period, ING returned 11.6%, below 11.9% for the S&P 500 and just above the Tobacco-free Index return of 11.5%. ING has exceeded the S&P 500 over the past three and five years on both an absolute and risk-adjusted basis (see page 38). ING is in compliance CCCERA's performance objectives. As of June 2005, ING stopped using Innovest's rankings, but the portfolio is still tobacco-free (as are all CCCERA US equity portfolios).

The portfolio had a market beta, a marginally lower yield and a below-market P/E ratio. It included 337 stocks, concentrated in large capitalization sectors. The portfolio closely resembles the S&P 500. ING's largest economic sector over-weightings were in the financials, energy and information technology sectors, while the largest under-weightings were in the consumer staples, health care and industrials sectors. Portfolio turnover was at an annual rate of 68.5% this quarter.

ING's performance for the first quarter relative to the S&P 500 was hindered slightly by both stock selection and sector allocation decisions. Trading decisions during the quarter had a positive impact on performance. The largest portfolio holdings at the end of the quarter were Exxon Mobil (4.2%), General Electric (2.6%) and Citigroup (2.4%). The best performing holdings during the quarter included Radioshack (+61%), Big Lots (+36%) and US Steel (+36%), while the worst performing holdings included Nvidia (-22%), Countrywide Financial (-20%) and Lexmark (-20%).

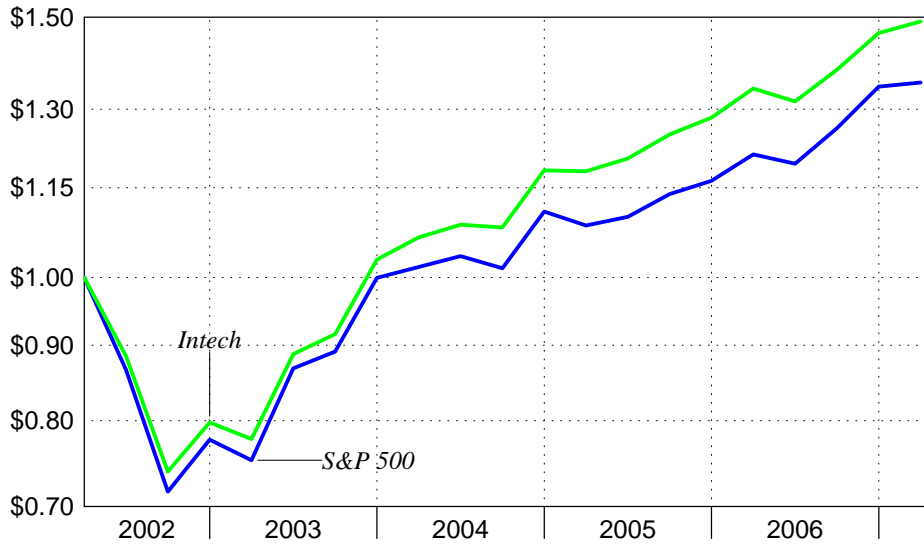
Vincent Costa reported that the strategy struggled in January and February prior to the February 27<sup>th</sup> sell off. Subsequent results were considerably stronger. The bulk of first quarter returns were generated by stock selection in the consumer discretionary sector. Specifically, an underweight to Home Depot and an overweight to Kohl's boosted first quarter results.

**MANAGER COMMENTS – DOMESTIC EQUITY**

**Intech - Enhanced Plus**

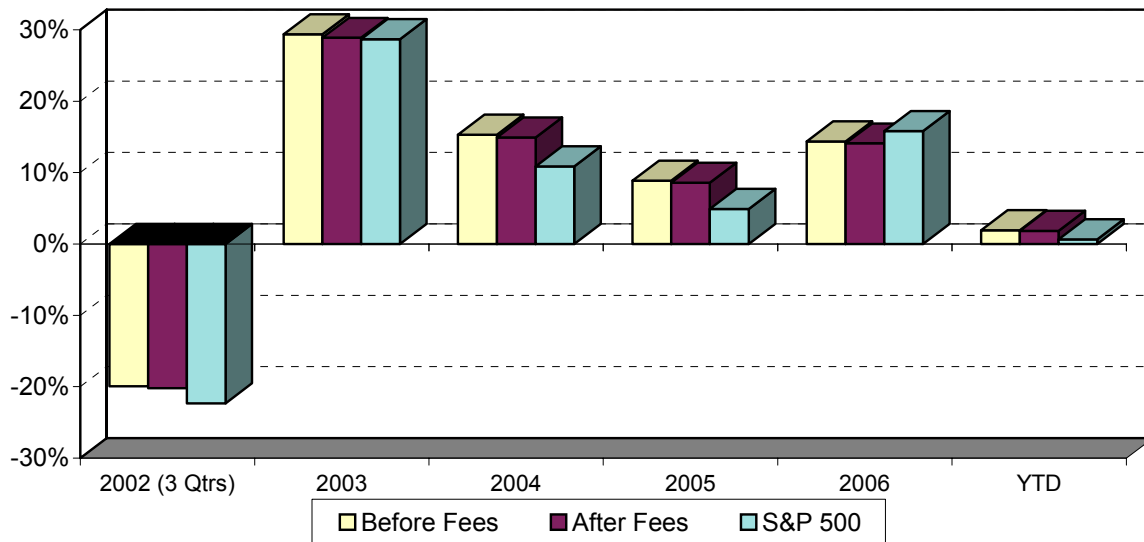
**Intech Enhanced Plus vs. S&P 500**

Cumulative Value of \$1 (Net of Fees)

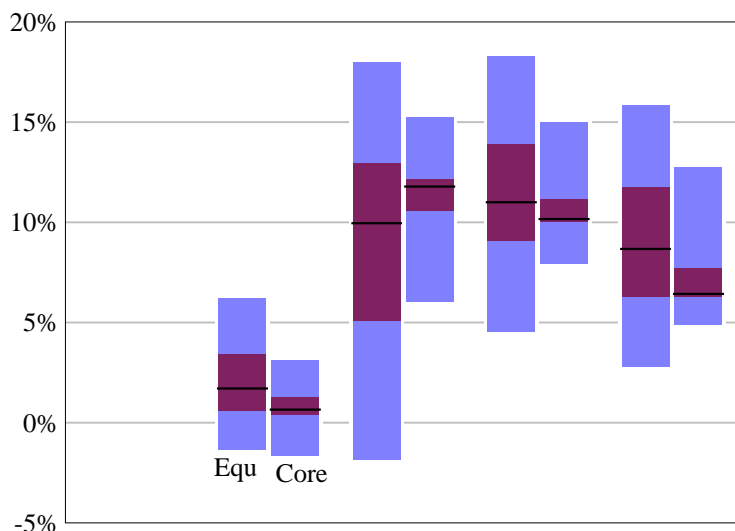


**Intech Enhanced Plus vs. S&P 500**

Year by Year Performance



## Intech - Enhanced Plus



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
Intech Enhanced (I)	1.9	11.3	12.2	8.7
Rank v. Equity	45	40	40	50
Rank v. Lg Core	13	64	19	18
S&P 500 (S)	0.7	11.9	10.1	6.3
Equity Median	1.7	10.0	11.0	8.7
Lg Core Median	0.7	11.8	10.2	6.4

Portfolio Characteristics	Intech - Enhanced	
	Plus	S&P 500
Eq Mkt Value (\$Mil)	25.66	N/A
Wtd. Avg. Cap (\$Bil)	76.41	98.09
Beta	0.95	1.00
Yield (%)	1.74 %	1.88 %
P/E Ratio	18.73	17.14
Cash (%)	0.9 %	0.0 %
Number of Holdings	349	500
Turnover Rate (%)	246.9	-

Sector	Intech - Enhanced	
	Plus	S&P 500
Energy	5.8 %	10.1 %
Materials	3.7	3.1
Industrials	10.0	10.9
Cons. Discretionary	15.8	10.5
Consumer Staples	12.1	9.9
Health Care	11.9	11.9
Financials	21.1	21.6
Info Technology	10.2	14.8
Telecom Services	3.8	3.7
Utilities	5.8	3.7

Intech's return of 1.9% for the first quarter was above the 0.7% return of the S&P 500 and the 0.7% return of the median large core equity manager, ranking in the 13<sup>th</sup> percentile in the universe of large core equity managers. For the one-year period, Intech returned 11.3%, trailing 11.9% for the S&P 500 and the 11.8% return of the median large core equity manager. Over the past five years, Intech returned 8.7%, above the 6.3% return of the S&P 500, and ranked in the 18<sup>th</sup> percentile of large core equity managers. Over the past three and five years, Intech's performance matched or exceeded the median equity manager and exceeded the S&P 500 on both a risk-adjusted and absolute basis (page 38). Intech is in compliance with CCCERA's performance objectives.

Intech uses a mathematical, quantitative approach to managing funds. The portfolio has a below-market beta of 0.95x, a lower yield and an above-market P/E ratio. The portfolio has 349 holdings concentrated in large capitalization sectors. The largest economic sector over-weightings were in the consumer discretionary, consumer staples and utilities sectors, while largest under-weightings were in the information technology and energy sectors. First quarter portfolio turnover was at an annual rate of 246.9%.

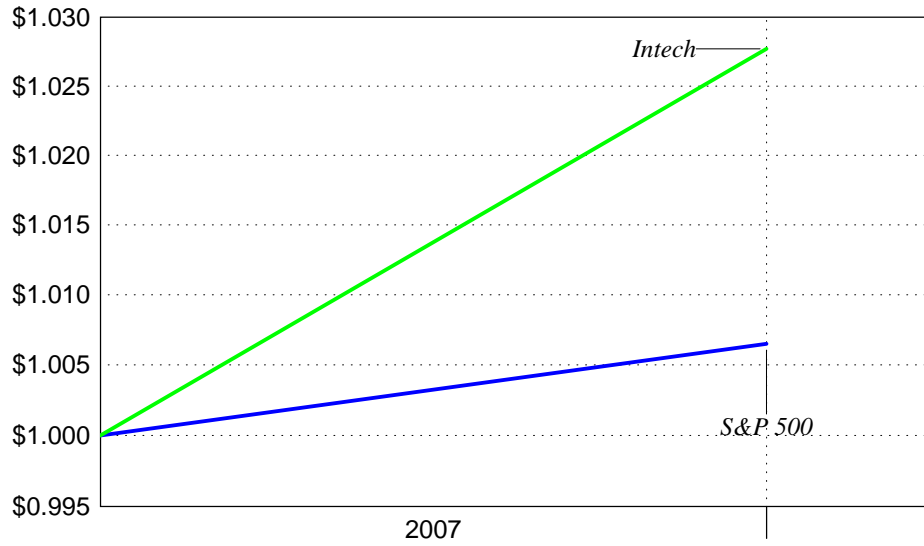
Intech's first quarter performance relative to the S&P 500 was boosted significantly by both stock selection and active trading decisions. Sector allocation decisions had a small positive impact on performance. Stock selection in the health care and financials sectors helped performance the most during the quarter. The best performing portfolio stocks included Radioshack (+61%), Goodyear (+49%) and Big Lots (+36%), while the worst performing holdings during the quarter included Constellation Brands (-27%), Qlogic Corp (-22%) and Nvidia (-22%).

# MANAGER COMMENTS – DOMESTIC EQUITY

## Intech - Large Cap Core

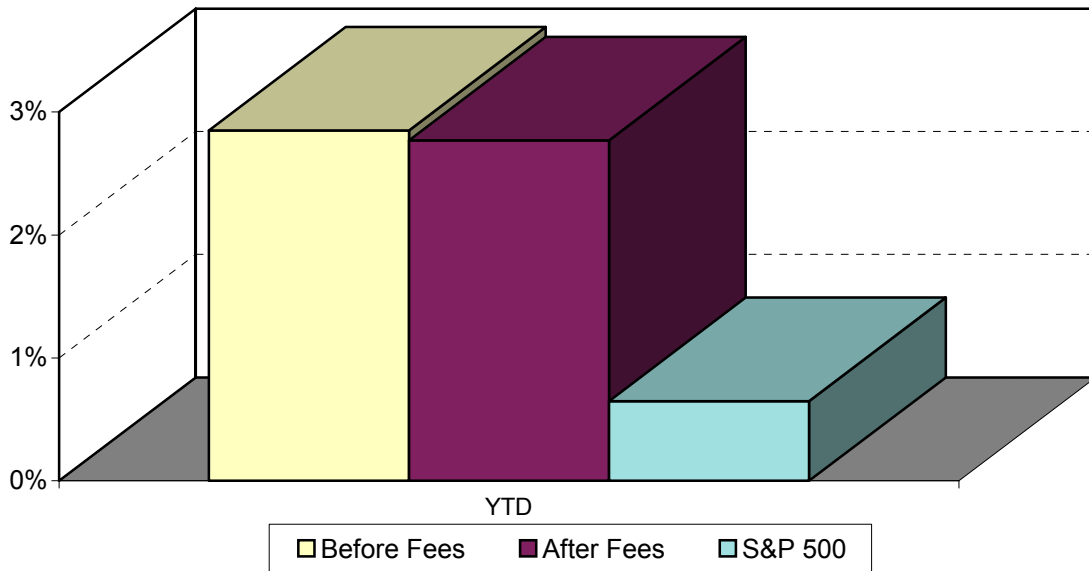
### Intech Large Cap Core vs. S&P 500

Cumulative Value of \$1 (Net of Fees)



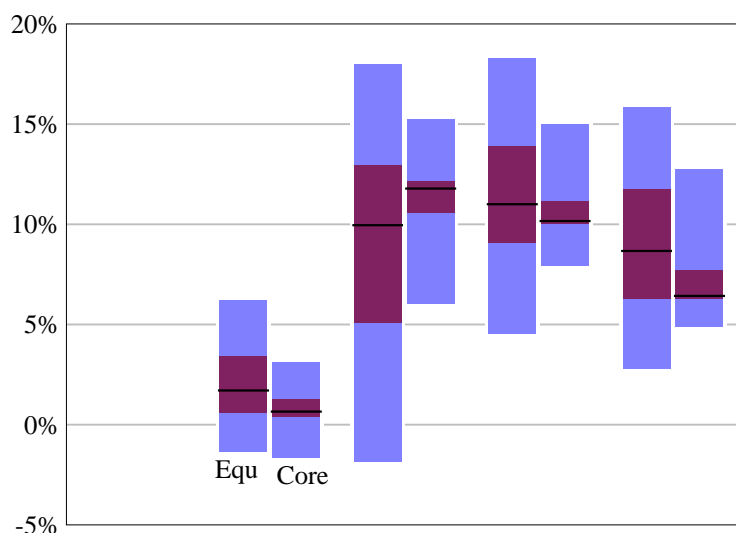
### Intech Large Cap Core vs. S&P 500

Year by Year Performance





## Intech - Large Cap Core



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Intech Lg Core (I)	2.9	-	-	-
Rank v. Equity	31	-	-	-
Rank v. Lg Core	6	-	-	-
S&P 500 (S)	0.7	11.9	10.1	6.3
Equity Median	1.7	10.0	11.0	8.7
Lg Core Median	0.7	11.8	10.2	6.4

Portfolio Characteristics	Intech - Large Cap	S&P 500
Eq Mkt Value (\$Mil)	254.64	N/A
Wtd. Avg. Cap (\$Bil)	56.24	98.09
Beta	0.95	1.00
Yield (%)	1.69 %	1.88 %
P/E Ratio	20.27	17.14
Cash (%)	1.0 %	0.0 %
Number of Holdings	253	500
Turnover Rate (%)	-	-

Sector	Intech - Large Cap	S&P 500
Energy	2.4 %	10.1 %
Materials	4.3	3.1
Industrials	8.1	10.9
Cons. Discretionary	21.8	10.5
Consumer Staples	13.0	9.9
Health Care	10.7	11.9
Financials	18.0	21.6
Info Technology	7.9	14.8
Telecom Services	5.0	3.7
Utilities	8.9	3.7

Intech's Large Cap Core return of 2.9% for the first quarter was well above the 0.7% return of the S&P 500 and the 0.7% return of the median large core equity manager, ranking in the 6<sup>th</sup> percentile in the universe of large core equity managers. This is an excellent start for the new portfolio.

The Large Cap Core portfolio follows a somewhat more aggressive investment approach than the Intech Enhanced Plus portfolio. The portfolio has a below-market beta of 0.95x, a lower yield and an above-market P/E ratio. The portfolio has 253 holdings concentrated in large capitalization sectors. The largest economic sector over-weightings were in the consumer discretionary and utilities sectors, while largest under-weightings were in the energy and information technology sectors.

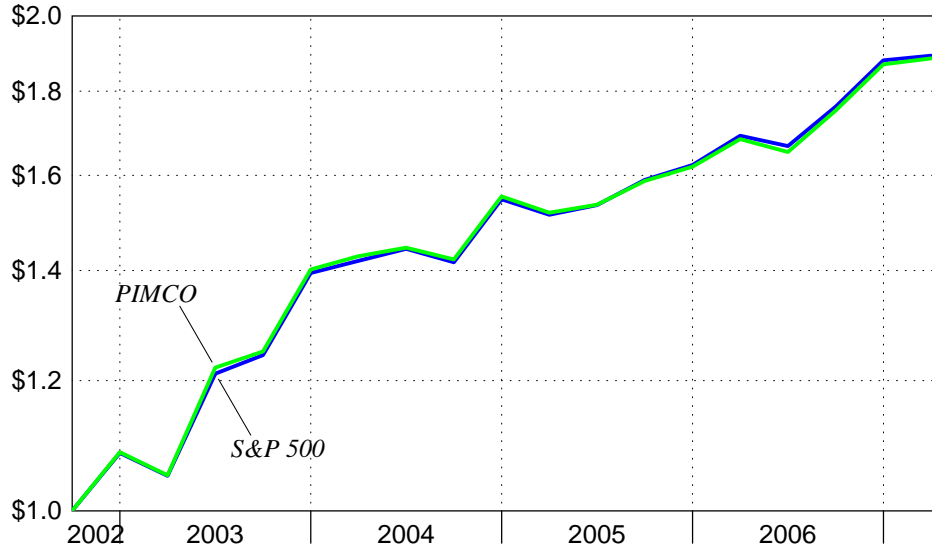
Intech's first quarter performance relative to the S&P 500 was boosted significantly by both stock selection and sector allocation decisions. Active trading decisions had a small positive impact on performance. Stock selection in the financials and health care sectors helped performance the most during the quarter. The best performing portfolio stocks included Radioshack (+61%), Goodyear (+49%) and Big Lots (+36%), while the worst performing holdings during the quarter included Constellation Brands (-27%), Qlogic Corp (-22%) and Nvidia (-22%).

**MANAGER COMMENTS – DOMESTIC EQUITY**

**PIMCO**

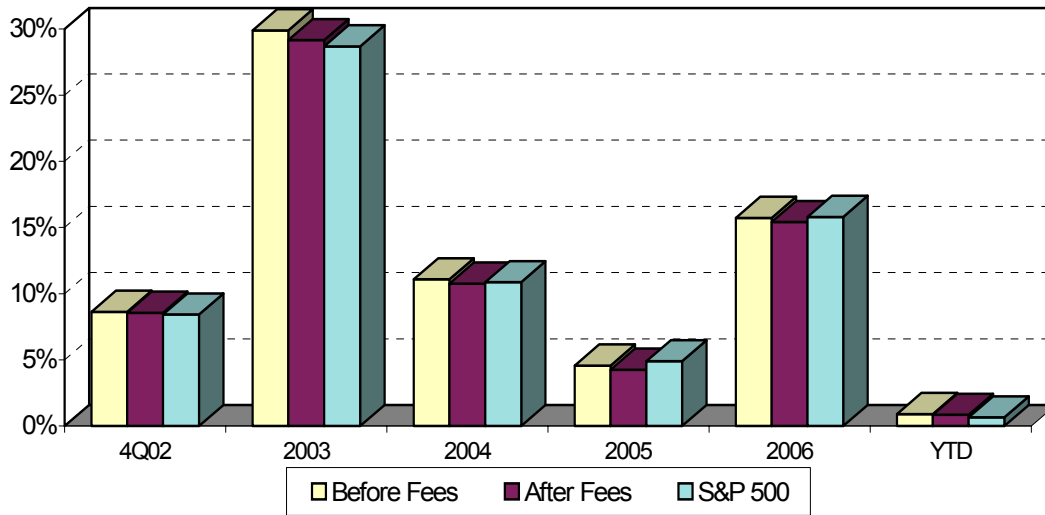
**PIMCO Stocks Plus vs. S&P 500**

Cumulative Value of \$1 (Net of Fees)

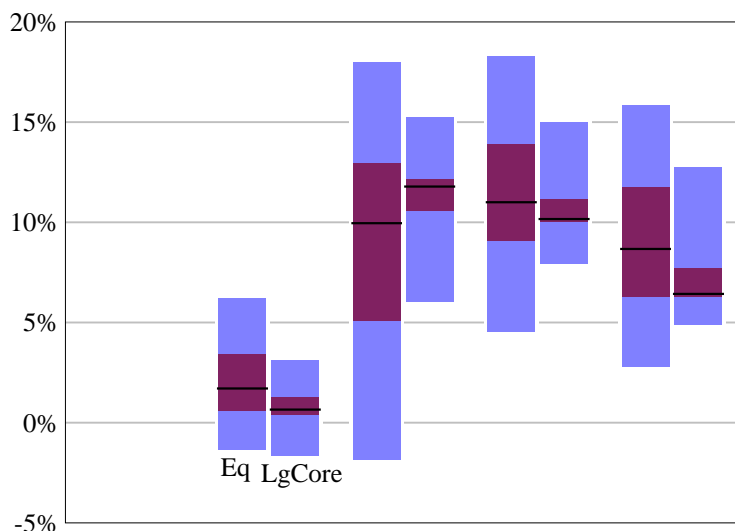


**PIMCO vs. S&P 500**

Year by Year Performance



## PIMCO



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
PIMCO (P)	0.9	12.3	10.0	-
Rank v. Equity	65	28	66	-
Rank v. Lg Core	32	24	80	-
S&P 500 (S)	0.7	11.9	10.1	6.3
Equity Median	1.7	10.0	11.0	8.7
Lg Core Median	0.7	11.8	10.2	6.4

### Portfolio

<u>Characteristics</u>	<u>PIMCO</u>	<u>S&amp;P 500</u>
Eq Mkt Value (\$Mil)	251.8	N/A
Wtd. Avg. Cap (\$Bil)	*	98.09
Beta	*	1.00
Yield (%)	* %	1.88 %
P/E Ratio	*	17.14
Cash (%)	-8.1 %	0.0 %
Number of Holdings	*	500
Turnover Rate (%)	922.0	-

### Sector

<u>Sector</u>	<u>PIMCO</u>	<u>S&amp;P 500</u>
Energy	* %	10.1 %
Materials	*	3.1
Industrials	*	10.9
Cons. Discretionary	*	10.5
Consumer Staples	*	9.9
Health Care	*	11.9
Financials	*	21.6
Info Technology	*	14.8
Telecom Services	*	3.7
Utilities	*	3.7

\*PIMCO manages a synthetic equity portfolio and does not hold any equity securities.

PIMCO's Stocks Plus (futures plus cash) portfolio returned 0.9% for the first quarter, exceeding the 0.7% return of the S&P 500 and the 0.7% return of the median large core equity manager. For the one-year period, PIMCO returned 12.3%, above the 11.9% return of the S&P 500 (and exceeding the 11.8% return of the median large core equity manager). Over the past three years, the portfolio return of 10.0% slightly trailed the 10.1% return of the S&P 500 and ranked in the 80<sup>th</sup> percentile of large core managers. The portfolio has not met the objective of exceeding the S&P 500 over the past three years, but has essentially matched the S&P 500 before fees since inception.

PIMCO's mix of fixed income strategies added value in the first quarter. Several strategies boosted quarterly returns, including exposure to forward Eurodollar futures positions where rate declines were significant, a U.S. yield curve steepening bias, an emphasis on mortgages, exposure to asset-backed bonds, exposure to short maturity corporate debt, modest holdings of real return bonds and exposure to the yen and sterling currencies. The lone strategy that detracted from first quarter performance were positions designed to benefit from a steeper U.K. yield curve, which lost ground after a surprise rate hike by the Bank of England.

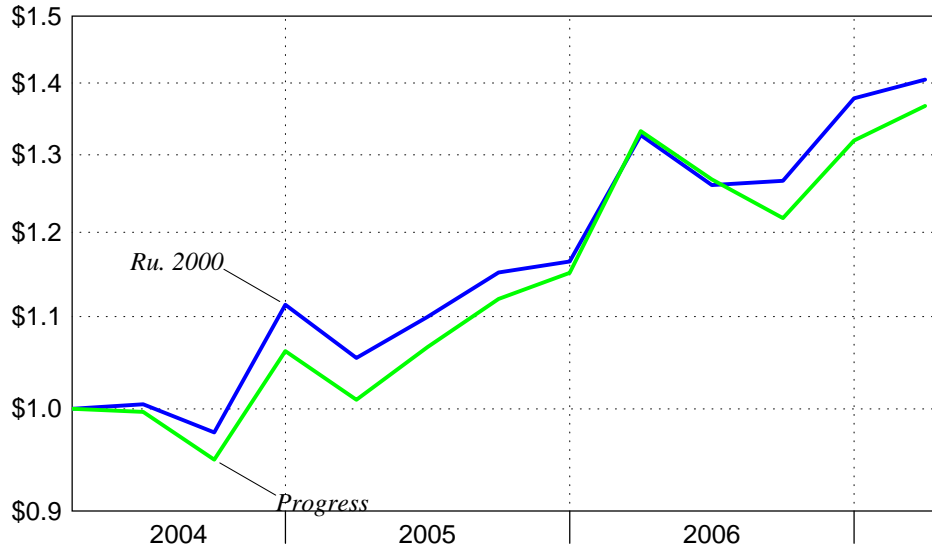
PIMCO will manage Stocks Plus portfolios to exploit anticipated trends in financial markets that seem to be coming to fruition, including wider risk premiums and yield curve steepening. PIMCO will also continue to emphasize shorter maturities that should have strong relative returns as the market anticipates Fed easing.

# MANAGER COMMENTS – DOMESTIC EQUITY

## Progress

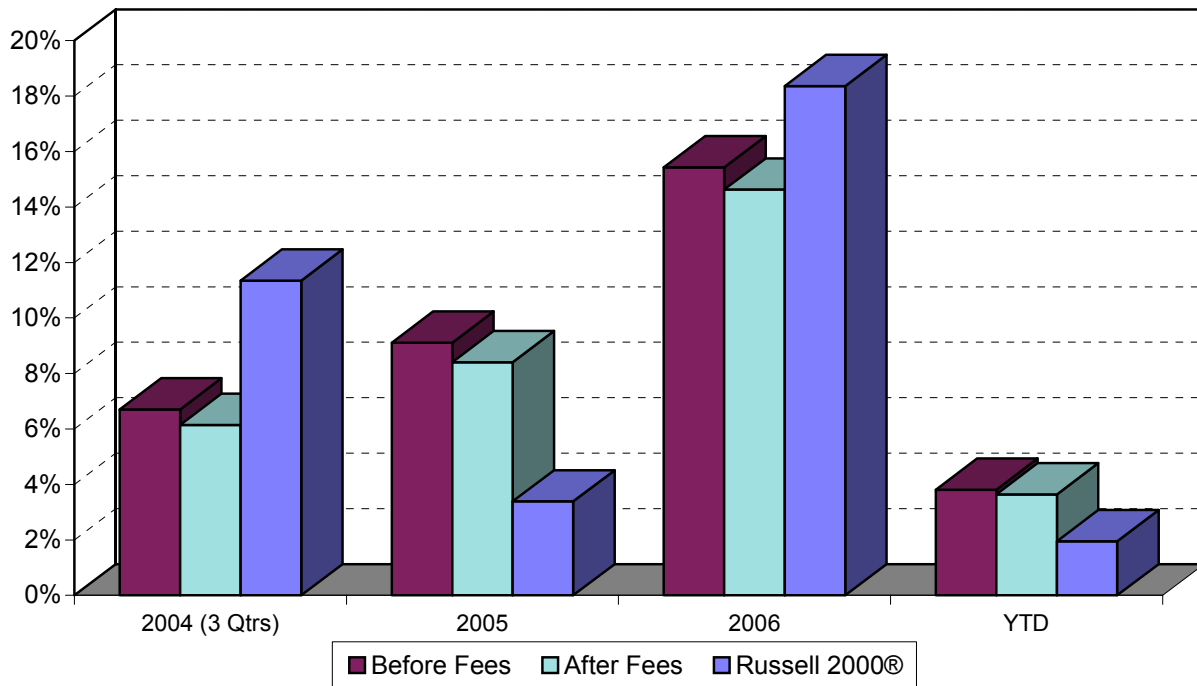
### Progress vs. Russell 2000

Cumulative Value of \$1 (Net of Fees)

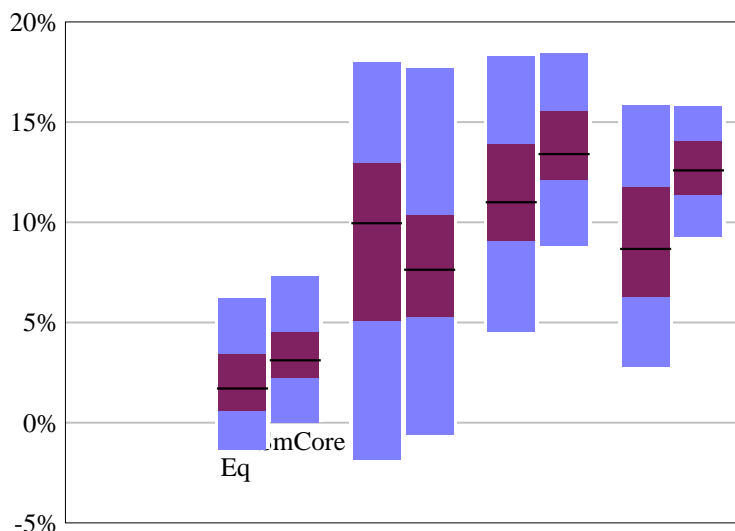


### Progress vs. Russell 2000®

Year by Year Performance



## Progress



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Progress (P)	3.8	3.3	11.7	-
Rank v. Equity	20	83	42	-
Rank v. Small Core	33	88	80	-
Russell 2000® (R)	2.0	5.9	12.0	10.9
Equity Median	1.7	10.0	11.0	8.7
Small Cap Median	3.1	7.6	13.4	12.6

Portfolio Characteristics	Progress	Russell 2000®
Eq Mkt Value (\$Mil)	150.85	N/A
Wtd. Avg. Cap (\$Bil)	2.06	1.27
Beta	1.22	1.51
Yield (%)	1.11 %	1.18 %
P/E Ratio	26.81	33.99
Cash (%)	0.0 %	0.0 %
Number of Holdings	604	1,957
Turnover Rate (%)	0.6	-

Sector	Progress	Russell 2000®
Energy	5.8 %	5.0 %
Materials	5.9	5.0
Industrials	13.3	14.2
Cons. Discretionary	17.0	16.1
Consumer Staples	1.6	3.3
Health Care	12.4	11.7
Financials	19.9	22.0
Info Technology	17.9	18.2
Telecom Services	2.5	1.6
Utilities	3.6	2.9

Progress, a manager of emerging managers that invest in small capitalization stocks, returned 3.8% for the first quarter, exceeding the 2.0% return of the Russell 2000® Index and the 3.3% return of the small core median. Progress' first quarter performance ranked in the 33<sup>rd</sup> percentile of small capitalization equity managers. Over the past year, Progress has returned 3.3%, trailing the 5.9% return of the Russell 2000® Index, and ranked in the 88<sup>th</sup> percentile of small cap equity managers. Over the past three years, Progress has trailed its benchmark on both an absolute and risk-adjusted basis (see page 38). This portfolio is not in compliance with the CCCERA performance objectives.

The portfolio had a beta of 1.22x compared to 1.51x for the Russell 2000® Index, a below-market yield and a below-market P/E ratio. It included 604 stocks, concentrated in the small and mid capitalization sectors. Progress' largest economic sector over-weightings relative to the Russell 2000® were in the materials and telecom services sectors, while the largest under-weightings were in the financials and consumer staples sectors.

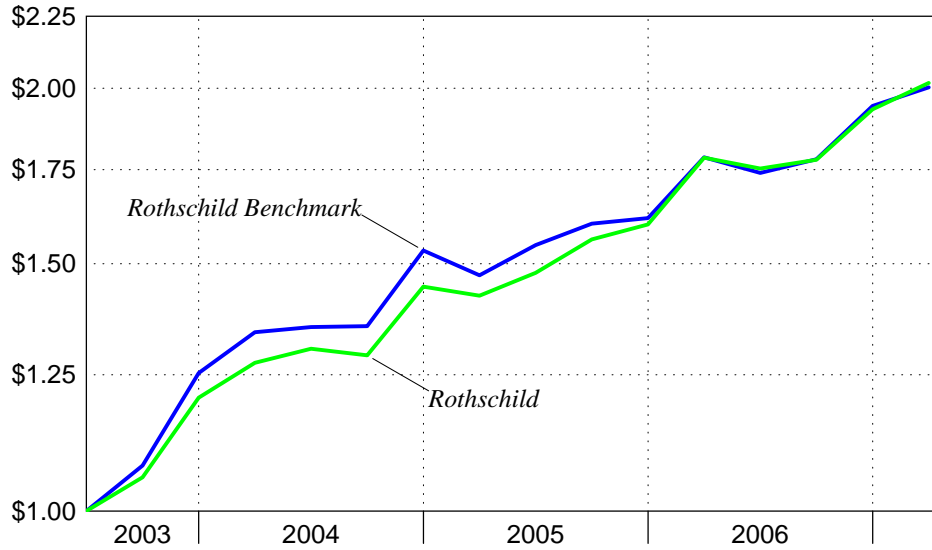
The portfolio's first quarter performance was boosted relative to the Russell 2000® by stock selection decisions but hurt by sector allocation decisions. Stock selection in the consumer discretionary, financials and health care sectors had the largest positive impacts on first quarter performance. Aggregate trading decisions had a small positive impact on performance. The largest holdings at the end of the quarter were Owens Ill Inc (0.9%), Crown Holdings (0.8%) and Allscripts Healthcare (0.7%). During the quarter, the best performing holdings included Trina Solar Limited (+133%), Cynosure (+82%) and First Solar (+75%). The worst performing holdings included KMG Amer Corp (-52%), Trimeris (-46%) and Peoplesupport Inc (-46%).

**MANAGER COMMENTS – DOMESTIC EQUITY**

**Rothschild**

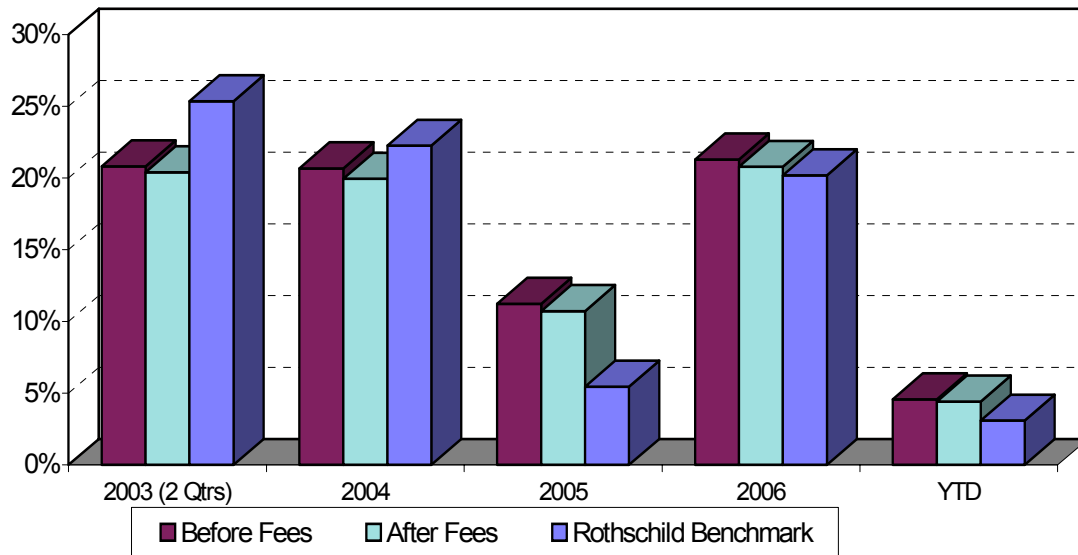
**Rothschild vs. Custom Bench**

Cumulative Value of \$1 (Net of Fees)



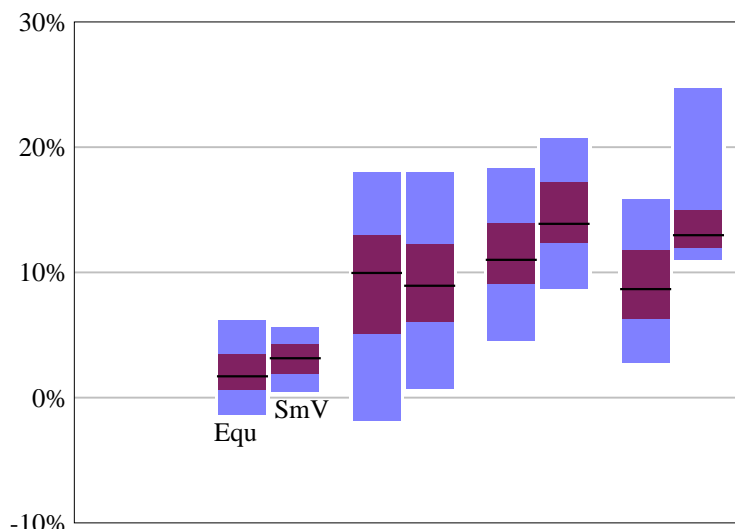
**Rothschild vs. Custom Benchmark**

Year by Year Performance



*The Rothschild custom benchmark is the Russell 2000® Value index through 2<sup>nd</sup> quarter, 2005, Russell 2500™ Value thereafter.*

## Rothschild



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Rothschild (R)	4.6	13.6	17.1	-
Rank v. Equity	15	22	7	-
Rank v. Sm. Value	22	21	26	-
Custom Bench (B)	3.1	12.2	14.3	13.5
Equity Median	1.7	10.0	11.0	8.7
Sm. Value Median	3.2	8.9	13.9	13.0

Portfolio Characteristics	Rothschild	Russell 2500™
Eq Mkt Value (\$Mil)	153.10	N/A
Wtd. Avg. Cap (\$Bil)	2.63	2.74
Beta	0.96	1.41
Yield (%)	1.32 %	1.28 %
P/E Ratio	18.92	27.28
Cash (%)	1.6 %	0.0 %
Number of Holdings	139	2,443
Turnover Rate (%)	88.6	-

Sector	Rothschild	Russell 2500™
Energy	4.0 %	5.3 %
Materials	8.2	6.7
Industrials	13.6	13.4
Cons. Discretionary	12.9	15.6
Consumer Staples	4.6	3.4
Health Care	6.9	11.0
Financials	28.0	21.9
Info Technology	11.8	15.1
Telecom Services	1.1	1.9
Utilities	8.9	5.7

Rothschild's return of 4.6% for the first quarter exceeded the 3.1% return of the Russell 2500™ Value Index and was better than the 3.2% return of the small cap value median, ranking in the 22<sup>nd</sup> percentile in the universe of small value equity managers. For the one-year period, Rothschild returned 13.6%, exceeding the benchmark return of 12.2% and the 8.9% return of the median small value equity manager. Rothschild's one-year performance ranked in the 21<sup>st</sup> percentile in the universe of small cap value equity managers. Over the past three years, Rothschild has exceeded its benchmark on both an absolute and risk-adjusted basis (see page 38). Performance since inception is near the benchmark. This portfolio is in compliance with the CCCERA performance objectives.

The portfolio had a beta of 0.96x versus 1.41x for the Index, an above-index yield and a below index P/E ratio. It included 139 stocks, concentrated in the small and mid capitalization sectors. Rothschild's largest economic sector over-weightings relative to the Russell 2500™ were in the financials, utilities and materials sectors, while the largest under-weightings were in the health care, information technology and consumer discretionary sectors. First quarter portfolio turnover was at an annual rate of 88.6%, up from last quarter's rate of 71.4%.

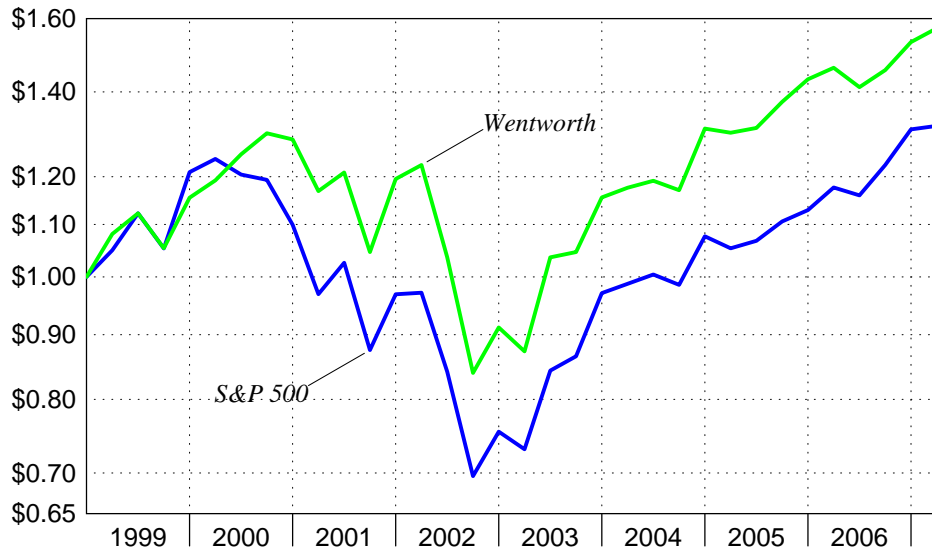
Rothschild's first quarter performance relative to the Russell 2500™ Value index was helped by both stock selection and sector allocation decisions. Trading decisions also had a positive impact on performance. Stock selection in the information technology sector had the largest positive impact on the portfolio during the first quarter. The best performing portfolio stocks were Terra Industries (+46%), Hyperion Solutions (+44%) and Belden Consolidated (+37%). The worst performing holdings included Capitol Bancorp (-20%), Acxiom (-16%) and RCN (-15%).

**MANAGER COMMENTS – DOMESTIC EQUITY**

**Wentworth, Hauser and Violich**

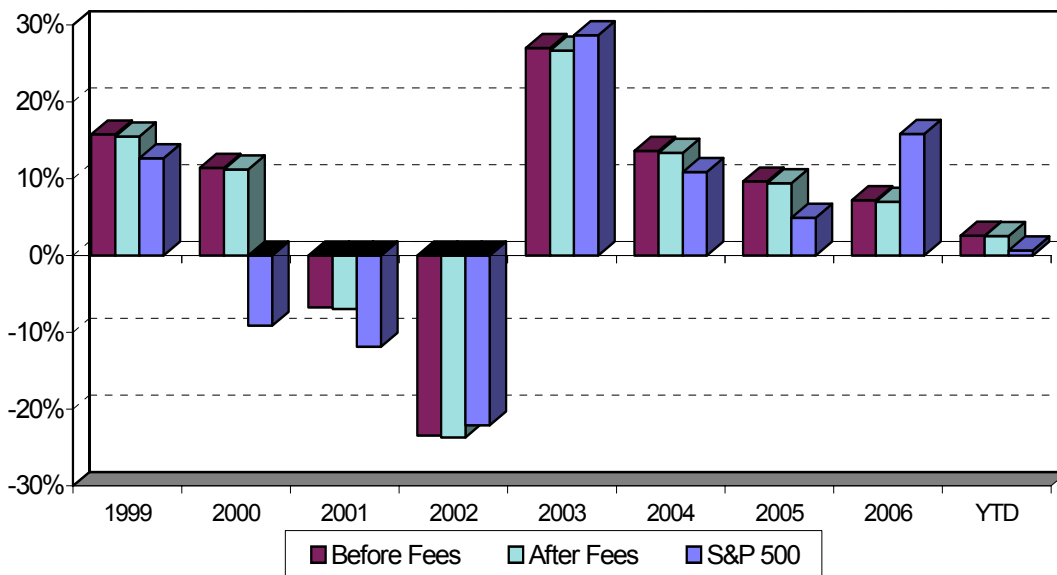
**Wentworth, Hauser vs. S&P 500**

Cumulative Value of \$1 (Net of Fees)



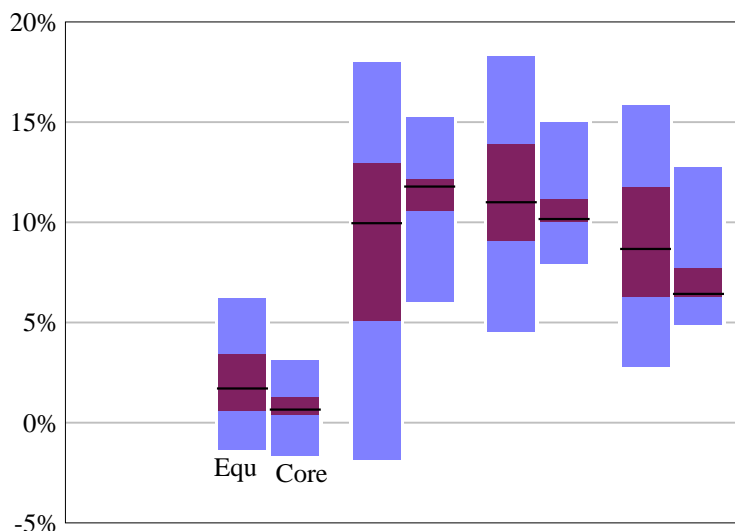
**Wentworth vs. S&P 500**

Year by Year Performance





## Wentworth, Hauser and Violich



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Wentworth (W)	2.6	7.7	10.4	5.4
Rank v. Equity	34	62	57	83
Rank v. Lg Core	7	90	45	91
S&P 500 (S)	0.7	11.9	10.1	6.3
Equity Median	1.7	10.0	11.0	8.7
Lg Core Median	0.7	11.8	10.2	6.4

### Portfolio

Characteristics	Wentworth	S&P 500
Eq Mkt Value (\$Mil)	279.19	N/A
Wtd. Avg. Cap (\$Bil)	82.02	98.09
Beta	1.07	1.00
Yield (%)	1.51	1.88
P/E Ratio	16.00	17.14
Cash (%)	0.3	0.0
Number of Holdings	37	500
Turnover Rate (%)	43.0	-

Sector	Wentworth	S&P 500
Energy	15.1 %	10.1 %
Materials	0.0	3.1
Industrials	14.4	10.9
Cons. Discretionary	10.4	10.5
Consumer Staples	9.1	9.9
Health Care	14.3	11.9
Financials	24.5	21.6
Info Technology	12.2	14.8
Telecom Services	0.0	3.7
Utilities	0.0	3.7

Wentworth's return of 2.6% for the first quarter was above the 0.7% return of the S&P 500 and the 1.7% return of the median equity manager. For the one-year period, Wentworth returned 7.7%, trailing the 11.9% return of the S&P 500 and the 10.0% return of the median manager. Wentworth has exceeded the S&P 500 on an absolute basis but trailed the index on a risk-adjusted basis over the past three years. The portfolio has trailed the index on both an absolute and risk-adjusted basis over the past five years (page 38). It has not met the objectives of exceeding the median equity manager over the trailing three and five year periods.

The portfolio has an above-market beta of 1.07x, a below-market yield and a below-market P/E ratio. The portfolio has 37 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weightings are in the energy, industrials and financials sectors, while largest under-weightings are in the utilities, telecom services and materials sectors. First quarter portfolio turnover was at an annual rate of 43.0%, down from last quarter's rate of 44.7%.

Wentworth's first quarter performance relative to the S&P 500 was helped by stock selection decisions but hurt by sector allocation decisions. Stock selection in the health care and industrials sectors was particularly strong. The best performing portfolio stocks included Teva Pharmaceutical (+21%), Chicos (+18%) and Cadence Designs (+18%) while the worst performing holdings included Merrill Lynch (-12%), Citigroup (-7%) and Microsoft (-6%). At the end of the quarter, the three largest holdings were Abbott Labs, XTO Energy and Walgreen.

## MANAGER COMMENTS – DOMESTIC EQUITY

### Domestic Equity Regression Analysis

#### *Three Year Regression for Periods Ending March 31, 2007*

*T-Bills and S&P 500 used for Regression Calculations*

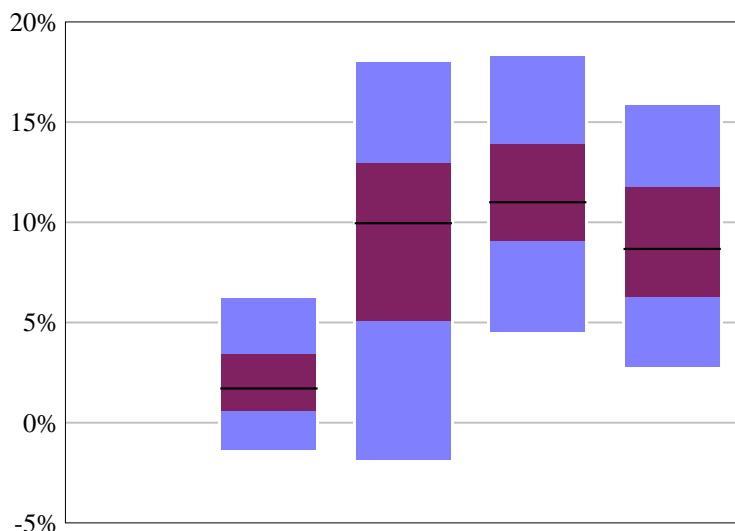
<b>Portfolio</b>		<b>Standard</b>				
<b>Component</b>	<b>Return</b>	<b>Deviation</b>	<b>Alpha</b>	<b>Beta</b>	<b>R<sup>2</sup></b>	<b>Sharpe</b>
T-BILL	3.36	0.72				
S&P 500	10.05	6.83				0.98
Boston Partners	14.71	6.63	4.88	0.90	0.85	1.71
Emerald	10.05	15.35	-3.24	1.52	0.49	0.44
ING Investments	10.43	6.78	0.39	0.99	0.99	1.04
INTECH Enhanced	12.18	5.89	2.87	0.85	0.95	1.50
PIMCO StocksPLUS	9.98	6.90	-0.10	1.01	1.00	0.96
Progress	11.74	13.57	-0.58	1.34	0.47	0.62
Rothschild	17.10	8.93	5.93	1.07	0.67	1.54
Wentworth	10.39	7.56	0.28	1.00	0.79	0.93
Total Equity	11.43	7.57	0.92	1.05	0.89	1.07
Russell 3000®	10.85	7.31	0.36	1.06	0.97	1.02
Russell 1000® Growth	7.02	8.44	-3.77	1.17	0.90	0.43
Russell 1000® Value	14.40	6.36	4.81	0.87	0.87	1.74
Russell 2000®	12.00	12.72	-1.58	1.53	0.70	0.68
Russell 2000® Growth	9.41	15.09	-5.29	1.77	0.68	0.40
Russell 2500™ Value	15.19	9.65	3.44	1.19	0.71	1.23

#### *Five Year Regression for Periods Ending March 31, 2007*

*T-Bills and S&P 500 used for Regression Calculations*

<b>Portfolio</b>		<b>Standard</b>				
<b>Component</b>	<b>Return</b>	<b>Deviation</b>	<b>Alpha</b>	<b>Beta</b>	<b>R<sup>2</sup></b>	<b>Sharpe</b>
T-Bill	2.53	0.75				
S&P 500	6.26	16.33				0.23
Boston Partners	9.69	16.15	3.33	0.97	0.96	0.44
ING Investment	6.38	15.49	0.29	0.95	1.00	0.25
INTECH Enhanced	8.66	15.04	2.53	0.92	0.99	0.41
Wentworth	5.36	18.24	-1.17	1.09	0.97	0.16
Total Equity	5.94	18.93	-0.78	1.13	0.98	0.18
Russell 3000®	7.23	16.55	0.88	1.01	1.00	0.28
Russell 1000® Growth	3.48	17.14	-2.67	1.01	0.94	0.06
Russell 1000® Value	10.24	16.68	3.76	1.00	0.95	0.46
Russell 2000®	10.94	21.17	3.76	1.17	0.85	0.40
Russell 2000® Growth	7.88	23.74	0.39	1.31	0.86	0.23
Russell 2500™ Value	14.33	17.88	7.62	0.99	0.83	0.66

## Total Domestic Equity



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
Total Equity (B)	1.8	8.9	11.4	5.9
Rank vs. Equity	47	55	45	80
Russell 3000 (R)	1.3	11.3	10.9	7.2
Equity Median	1.7	10.0	11.0	8.7

<b>Portfolio Characteristics</b>	<b>Total Fund</b>	<b>Russell 3000</b>
Eq Mkt Value (\$Mil)	1,955.49	N/A
Wtd. Avg. Cap (\$Bil)	63.27	81.12
Beta	1.07	1.07
Yield (%)	1.38 %	1.74 %
P/E Ratio	21.30	18.49
Cash (%)	-0.3 %	0.0 %
Number of Holdings	1,285	2,933
Turnover Rate (%)	176.5	-

<b>Sector</b>	<b>Total Fund</b>	<b>Russell 3000</b>
Energy	8.0 %	8.8 %
Materials	3.0	3.6
Industrials	11.3	11.0
Cons. Discretionary	12.2	11.7
Consumer Staples	7.2	8.5
Health Care	13.3	12.1
Financials	21.2	21.7
Info Technology	19.4	15.1
Telecom Services	2.2	3.6
Utilities	2.3	4.0

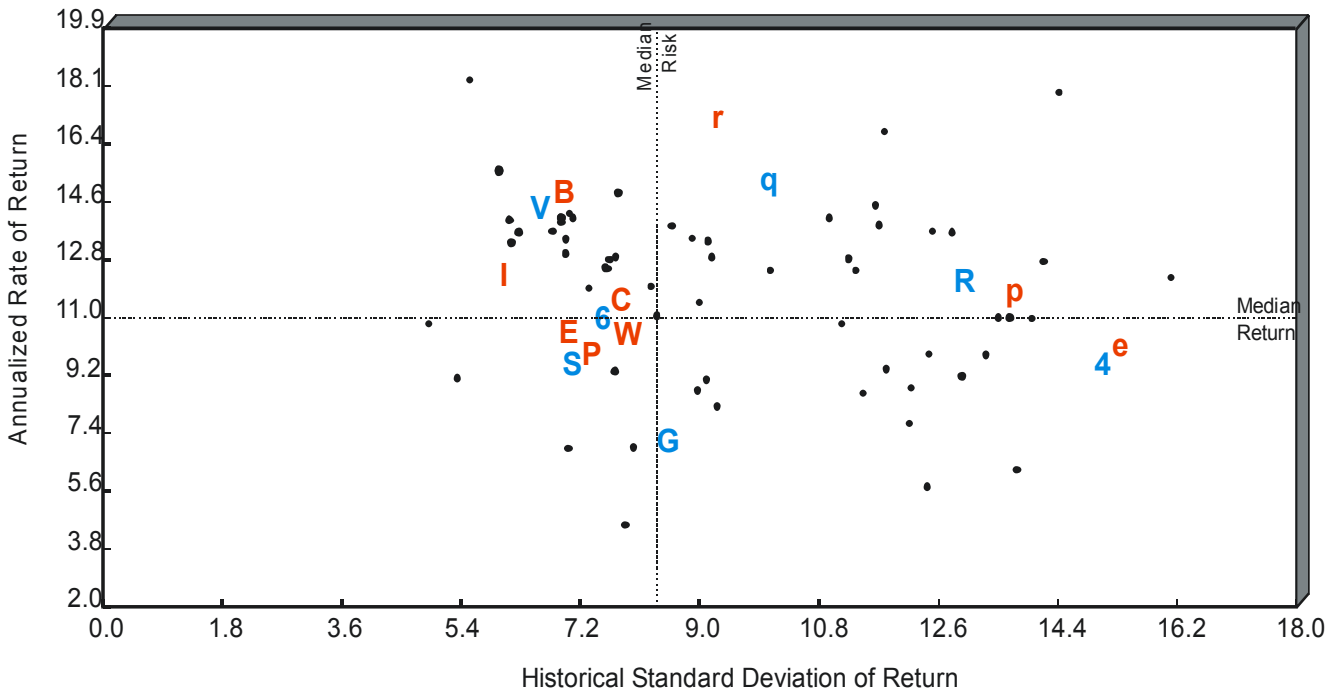
CCCERA total domestic equities returned 1.8% in the first quarter, above the 1.3% return of the Russell 3000® Index, and ranked in the 47<sup>th</sup> percentile of all equity managers. For the one-year period, the CCCERA equity return of 8.9% trailed the 11.3% return of the Russell 3000® and the 10.0% return of the median manager. Over the past three years, CCCERA domestic equities exceed both the S&P 500 and Russell 3000® indexes on an absolute and risk-adjusted basis. Over the past five years, affected by departed managers, the domestic equities have trailed the S&P 500 and the Russell 3000® indexes on an absolute and risk-adjusted basis (page 38).

The combined domestic equity portfolio has a beta of 1.07x, a below-index yield and an above-index P/E ratio. The portfolio is broadly diversified with 1,285 stocks, and resembles the broad market with an R<sup>2</sup> of 0.98 to the S&P 500 over the past five years. The combined portfolio's largest economic sector over-weightings are in the information technology and health care sectors, while the largest under-weightings are in the utilities and telecom services sectors.

# MANAGER COMMENTS – DOMESTIC EQUITY

## Domestic Equity Performance and Variability

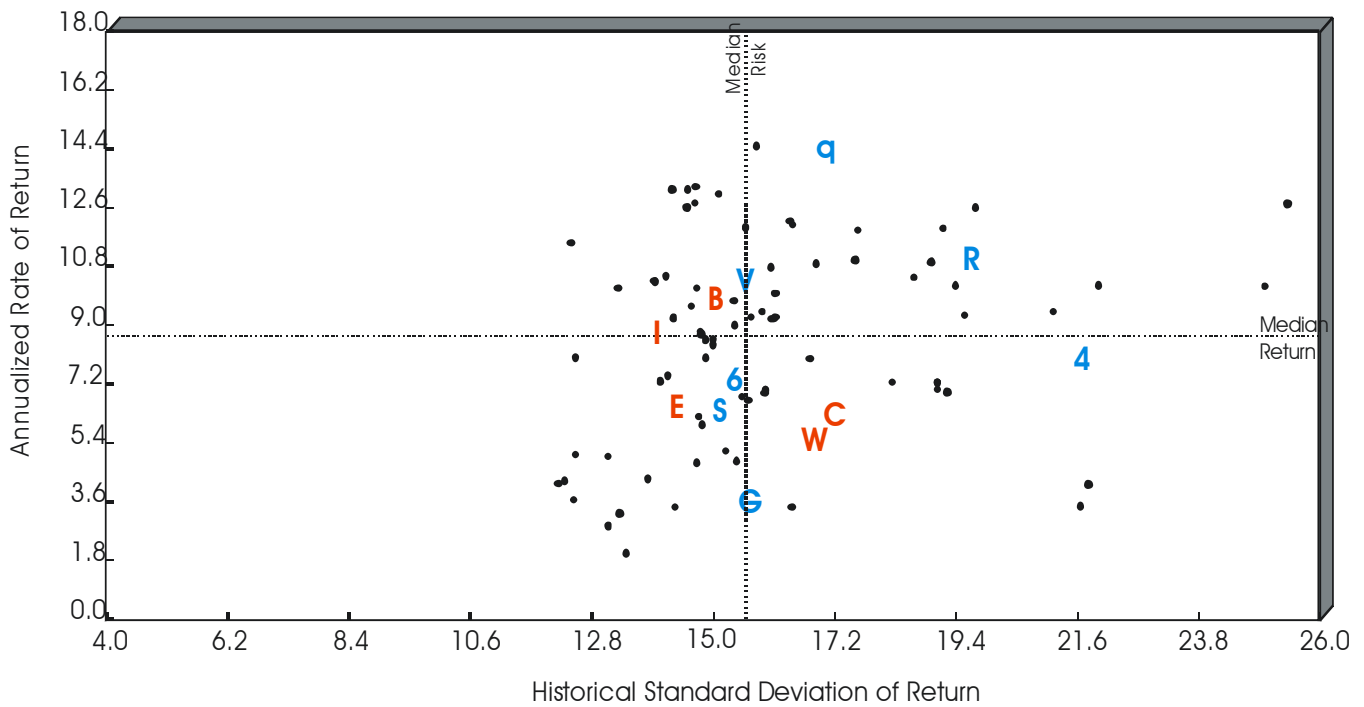
Three Years Ending March 31, 2007



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
<b>B</b>	Boston Partners	14.72	18	6.97	21
<b>e</b>	Emerald Advisors	10.04	64	15.44	95
<b>E</b>	ING Investment Mgmt	10.44	57	7.07	24
<b>I</b>	Intech Enhanced Plus	12.17	40	6.19	10
<b>P</b>	PIMCO StocksPLUS	9.99	66	7.18	32
<b>p</b>	Progress Investment Mgmt Co	11.74	42	13.82	91
<b>r</b>	Rothschild Asset Management	17.10	7	9.39	59
<b>W</b>	Wentworth, Hauser & Violich	10.39	57	7.91	47
<b>C</b>	Domestic Equity	11.43	45	7.86	46
<b>6</b>	Russell 3000	10.85	52	7.61	41
<b>S</b>	Standard & Poors 500	10.05	64	7.11	28
<b>G</b>	Russell 1000 Growth	7.02	89	8.55	53
<b>V</b>	Russell 1000 Value	14.41	20	6.75	17
<b>R</b>	Russell 2000	12.00	41	13.04	87
<b>4</b>	Russell 2000 Growth	9.41	72	15.17	95
<b>q</b>	Russell 2500 Value	15.19	15	10.12	66
	Median	11.00		8.36	

# Domestic Equity Performance and Variability

Five Years Ending March 31, 2007



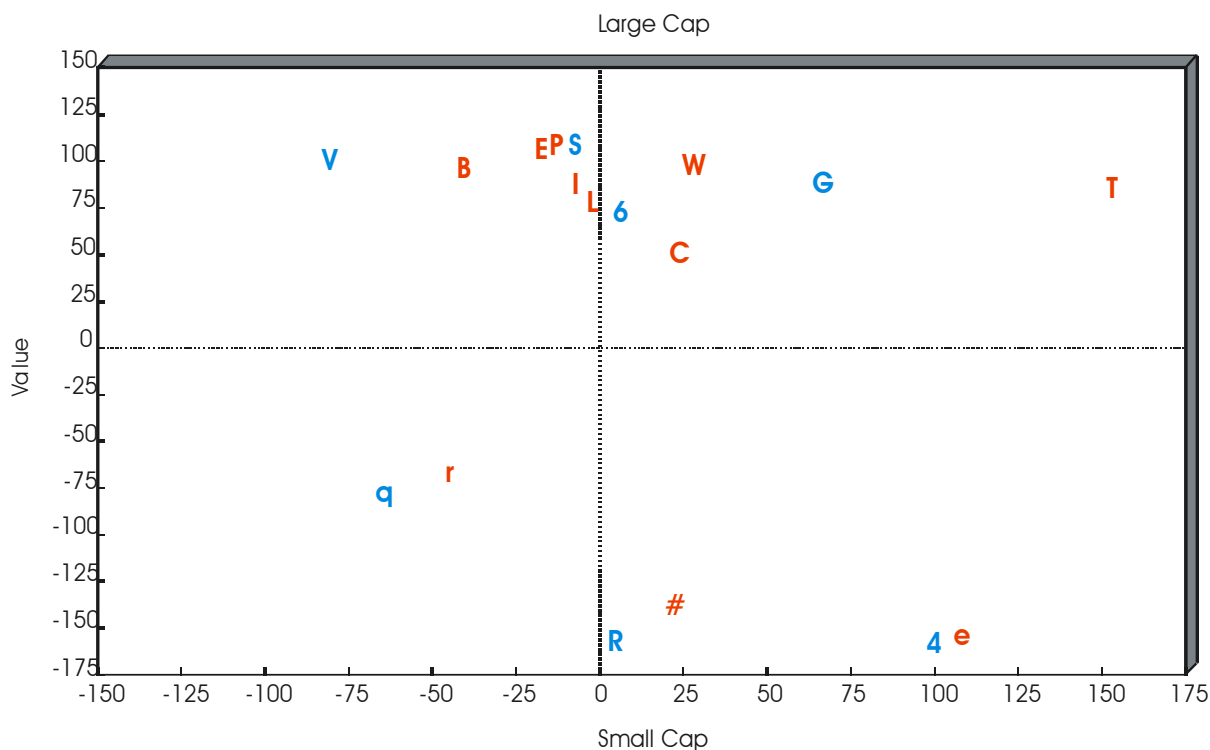
		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
<b>B</b>	Boston Partners	9.70	41	15.14	35
<b>E</b>	ING Investment Mgmt	6.39	71	14.47	24
<b>I</b>	Intech Enhanced Plus	8.66	50	14.15	21
<b>W</b>	Wentworth, Hauser & Violich	5.36	83	16.86	69
<b>C</b>	Domestic Equity	5.94	80	17.09	71
<b>6</b>	Russell 3000	7.23	63	15.48	50
<b>S</b>	Standard & Poors 500	6.26	75	15.23	43
<b>G</b>	Russell 1000 Growth	3.48	92	15.69	55
<b>V</b>	Russell 1000 Value	10.24	36	15.66	54
<b>R</b>	Russell 2000	10.94	30	19.76	88
<b>4</b>	Russell 2000 Growth	7.87	57	21.77	93
<b>q</b>	Russell 2500 Value	14.33	9	17.11	71
	Median	8.67		15.58	

*This page intentionally left blank.*

# MANAGER COMMENTS - DOMESTIC EQUITY

## Domestic Equity Style Map

As of March 31, 2007



	Growth-Value	Size
<b>B</b> Boston Partners	-39.12	94.17
<b>T</b> Delaware	155.15	83.77
<b>e</b> Emerald Advisors	109.69	-155.07
<b>E</b> ING Investment Mgmt	-15.56	104.56
<b>I</b> Intech Enhanced Plus	-4.45	85.70
<b>L</b> Intech Large Cap Core	-0.38	76.32
<b>P</b> PIMCO StocksPLUS	-9.31	106.38
<b>#</b> Progress Investment Mgmt Co	23.15	-140.01
<b>r</b> Rothschild Asset Management	-42.42	-68.49
<b>W</b> Wentworth, Hauser & Violich	28.57	95.88
<b>C</b> Domestic Equity	24.53	49.02
<b>S</b> Standard & Poors 500	-9.31	106.38
<b>G</b> Russell 1000 Growth	67.31	86.72
<b>V</b> Russell 1000 Value	-79.23	99.04
<b>R</b> Russell 2000	6.31	-158.85
<b>4</b> Russell 2000 Growth	81.73	-159.57
<b>q</b> Russell 2500 Value	-70.04	-79.06
<b>6</b> Russell 3000	-4.42	70.96

## PORTFOLIO PROFILE REPORT

	<b>PIMCO/ S&amp;P 500 Cap Wtd 3/31/2007</b>	<b>Russell 3000® 3/31/2007</b>	<b>Russell 2500™ 3/31/2007</b>	<b>Russell 2000® 3/31/2007</b>	<b>Boston 3/31/2007</b>	<b>Delaware 3/31/2007</b>	<b>Emerald 3/31/2007</b>
Equity Market Value	251,821,116				330,871,602	334,468,955	151,063,117
Beta	1.00	1.07	1.41	1.51	1.04	1.01	1.46
Yield	1.88	1.74	1.28	1.18	1.82	0.76	0.15
P/E Ratio	17.14	18.49	27.28	33.99	15.24	28.86	41.13
Standard Error	0.00	1.03	4.15	5.04	1.53	4.49	7.24
R <sup>2</sup>	1.00	0.98	0.73	0.69	0.96	0.62	0.60
Wtd Cap Size (\$Mil)	98092.13	81121.77	2735.95	1269.20	87314.73	48999.06	1623.94
Avg Cap Size (\$Mil)	13642.60	1162.65	874.71	658.80	19774.36	19223.06	906.86
Number of Holdings	500	2933	2443	1957	85	26	127
<b>Economic Sectors</b>							
Energy	10.05	8.75	5.30	5.03	12.02	0.00	1.66
Materials	3.07	3.56	6.70	4.95	0.52	3.77	3.50
Industrials	10.87	11.01	13.44	14.22	8.35	7.41	19.55
Consumer Discretionary	10.45	11.70	15.62	16.10	8.80	14.04	18.65
Consumer Staples	9.94	8.49	3.38	3.29	3.99	11.69	1.03
Health Care	11.85	12.05	11.04	11.69	11.74	17.50	19.98
Financials	21.55	21.70	21.87	22.02	30.87	11.51	5.68
Information Technology	14.80	15.13	15.09	18.24	17.96	34.09	28.64
Telecom. Services	3.71	3.57	1.91	1.58	4.67	0.00	1.31
Utilities	3.72	4.04	5.66	2.88	1.07	0.00	0.00



## PORTFOLIO PROFILE REPORT

	<b>ING</b>	<b>Intech Enhanced</b>	<b>Intech Large Cap</b>	<b>Progress</b>	<b>Rothschild</b>	<b>Wentworth</b>	<b>Combined Equity</b>
	<b>3/31/2007</b>	<b>3/31/2007</b>	<b>3/31/2007</b>	<b>3/31/2007</b>	<b>3/31/2007</b>	<b>3/31/2007</b>	<b>3/31/2007</b>
Equity Market Value	278,464,115	25,661,936	254,638,488	150,847,021	153,099,663	279,189,564	1,955,487,089
Beta	1.00	0.95	0.95	1.22	0.96	1.07	1.07
Yield	1.84	1.74	1.69	1.11	1.32	1.51	1.38
P/E Ratio	16.31	18.73	20.27	26.81	18.92	16.00	21.30
Standard Error	0.70	1.37	2.05	5.34	4.22	2.32	2.11
R <sup>2</sup>	0.99	0.95	0.90	0.67	0.68	0.90	0.93
Wtd Cap Size (\$Mil)	100292.43	76413.44	56243.54	2064.27	2628.92	82022.34	63,272.23
Avg Cap Size (\$Mil)	17326.03	16001.13	16088.55	1273.19	1836.30	58791.53	19,773.72
Number of Holdings	337	349	253	604	139	37	1,285
<b>Economic Sectors</b>							
Energy	10.74	5.80	2.35	5.82	4.04	15.11	7.98
Materials	3.14	3.71	4.33	5.90	8.19	0.00	2.99
Industrials	10.23	10.02	8.06	13.34	13.58	14.44	11.33
Consumer Discretionary	10.49	15.75	21.75	16.97	12.91	10.38	12.18
Consumer Staples	8.61	12.05	13.04	1.59	4.62	9.09	7.20
Health Care	11.18	11.90	10.71	12.37	6.89	14.32	13.34
Financials	23.07	21.05	17.96	19.92	27.96	24.45	21.18
Information Technology	15.45	10.16	7.94	17.92	11.79	12.21	19.37
Telecom. Services	3.23	3.81	4.99	2.53	1.14	0.00	2.16
Utilities	3.85	5.75	8.86	3.63	8.87	0.00	2.26

## PORTFOLIO PROFILE REPORT

	<b>PIMCO/ S&amp;P 500 Cap Wtd 3/31/2007</b>	<b>Russell 3000® 3/31/2007</b>	<b>Russell 2500™ 3/31/2007</b>	<b>Russell 2000® 3/31/2007</b>	<b>Boston 3/31/2007</b>	<b>Delaware 3/31/2007</b>	<b>Emerald 3/31/2007</b>
<b>Beta Sectors</b>							
1 0.0 - 0.9	52.28	51.80	47.17	43.01	45.89	53.53	26.75
2 0.9 - 1.1	9.82	10.25	12.16	11.59	9.47	8.18	7.53
3 1.1 - 1.3	13.03	11.70	9.48	10.23	16.44	8.07	12.18
4 1.3 - 1.5	7.39	7.36	6.62	6.98	6.15	15.79	11.23
5 Above 1.5	17.48	18.89	24.58	28.18	22.05	14.43	42.30
<b>Yield Sectors</b>							
1 Above 5.0	13.78	20.94	46.36	55.29	15.52	35.91	83.47
3 3.0 - 5.0	29.77	27.95	23.21	18.22	29.53	38.98	15.23
3 1.5 - 3.0	34.20	30.30	14.98	12.47	39.73	25.11	0.89
4 0.0 - 1.5	21.79	19.50	10.28	7.94	14.38	0.00	0.41
5 0.0	0.46	1.31	5.17	6.09	0.83	0.00	0.00
<b>P/E Sectors</b>							
1 0.0 - 12.0	18.56	19.00	20.15	21.39	25.53	3.98	15.24
2 12.0 - 20.0	44.71	40.85	30.33	28.52	47.69	18.49	14.43
3 20.0 - 30.0	25.74	25.43	25.86	23.33	19.34	38.96	21.68
4 30.0 - 150.0	9.90	12.97	20.78	22.53	4.40	38.57	42.55
5 N/A	1.10	1.76	2.88	4.22	3.03	0.00	6.11
<b>Capitalization Sectors</b>							
1 Above 20.0 (\$Bil)	75.13	60.42	0.00	0.00	63.33	51.20	0.00
2 10.0 - 20.0	16.13	13.91	0.00	0.00	12.59	31.66	3.14
3 5.0 - 10.0	6.83	8.58	11.48	0.00	13.66	14.72	0.00
4 1.0 - 5.0	1.91	13.66	70.09	60.42	10.41	2.41	51.02
5 0.5 - 1.0	0.00	2.21	11.87	25.50	0.00	0.00	28.72
6 0.1 - 0.5	0.00	1.22	6.53	14.03	0.00	0.00	17.07
7 0.0 - 0.1	0.00	0.00	0.02	0.05	0.00	0.00	0.04
<b>5 Yr Earnings Growth</b>							
1 N/A	12.59	13.72	23.25	25.92	8.13	0.00	15.11
2 0.0 - 10.0	32.90	32.06	29.97	30.54	34.44	20.88	35.13
3 10.0 - 20.0	30.30	30.01	26.72	24.53	24.65	56.95	33.38
4 Above 20.0	24.20	24.20	20.06	19.02	32.78	22.17	16.38

## PORTFOLIO PROFILE REPORT

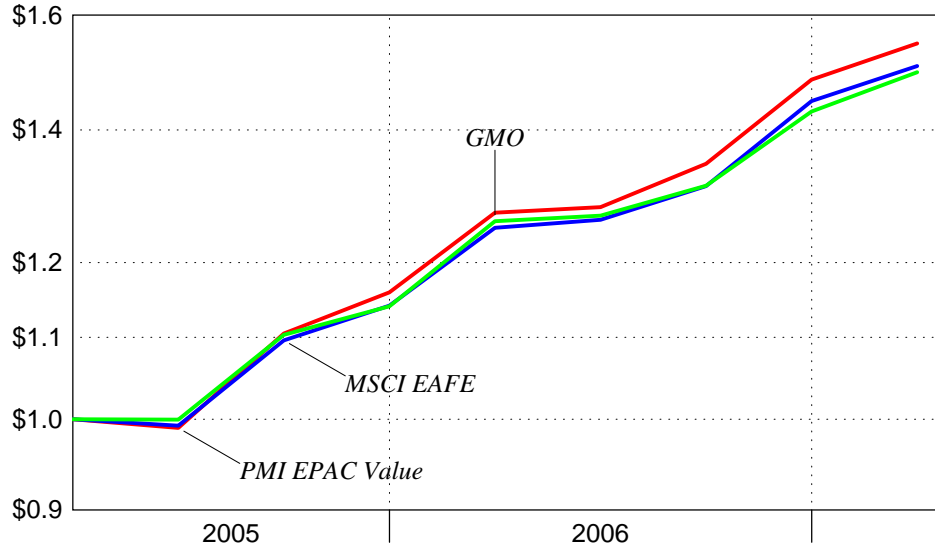
	ING 3/31/2007	Intech Enhanced 3/31/2007	Intech Large Cap 3/31/2007	Progress 3/31/2007	Rothschild 3/31/2007	Wentworth 3/31/2007	Combined Equity 3/31/2007
<b>Beta Sectors</b>							
1 0.0 - 0.9	52.41	55.86	53.53	39.23	55.22	43.62	47.49
2 0.9 - 1.1	8.05	10.79	12.41	12.67	7.20	10.29	9.15
3 1.1 - 1.3	13.87	13.31	11.73	8.82	10.77	23.34	13.79
4 1.3 - 1.5	7.77	5.92	7.05	8.17	8.95	7.09	9.09
5 Above 1.5	17.89	14.12	15.29	31.11	17.86	15.66	20.48
<b>Yield Sectors</b>							
1 Above 5.0	14.23	15.99	18.42	57.23	35.91	14.56	28.53
3 3.0 - 5.0	29.87	31.65	31.41	18.24	29.18	38.26	30.50
3 1.5 - 3.0	35.81	33.39	32.00	11.17	18.36	34.07	28.19
4 0.0 - 1.5	19.47	18.42	17.65	7.73	13.20	13.11	11.79
5 0.0	0.62	0.54	0.53	5.63	3.35	0.00	0.99
<b>P/E Sectors</b>							
1 0.0 - 12.0	22.09	15.88	13.06	16.35	9.80	28.57	18.03
2 12.0 - 20.0	44.24	40.91	39.24	29.06	44.93	28.27	34.74
3 20.0 - 30.0	25.30	30.63	32.21	24.54	29.35	28.32	27.16
4 30.0 - 150.0	7.68	11.24	13.51	26.04	15.19	14.85	18.46
5 N/A	0.70	1.34	1.97	4.02	0.73	0.00	1.61
<b>Capitalization Sectors</b>							
1 Above 20.0 (\$Bil)	74.11	55.31	47.56	0.51	0.00	65.32	49.79
2 10.0 - 20.0	14.89	26.08	33.55	0.33	0.00	17.33	14.83
3 5.0 - 10.0	7.38	13.94	14.15	1.19	11.02	11.55	9.55
4 1.0 - 5.0	3.62	4.67	4.74	66.96	76.74	5.80	18.94
5 0.5 - 1.0	0.00	0.00	0.00	20.48	8.99	0.00	4.50
6 0.1 - 0.5	0.00	0.00	0.00	10.27	3.26	0.00	2.37
7 0.0 - 0.1	0.00	0.00	0.00	0.26	0.00	0.00	0.02
<b>5 Yr Earnings Growth</b>							
1 N/A	11.31	13.73	17.53	21.54	27.80	9.42	11.14
2 0.0 - 10.0	30.35	32.86	30.85	26.46	31.54	19.89	28.45
3 10.0 - 20.0	30.49	31.51	31.89	30.48	22.44	45.36	35.73
4 Above 20.0	27.85	21.89	19.73	21.52	18.22	25.32	24.67

**MANAGER COMMENTS – INTERNATIONAL EQUITY**

**Grantham, Mayo, van Otterloo & Co**

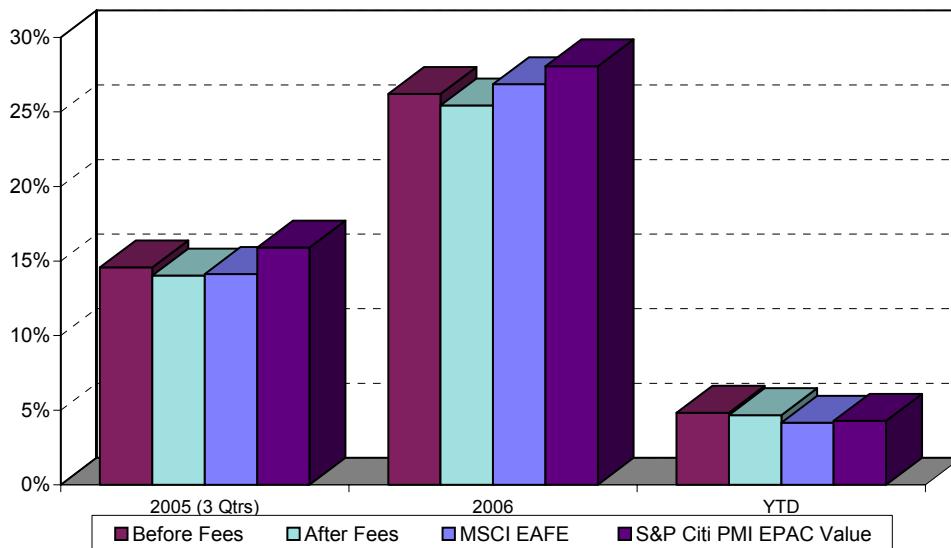
**GMO vs. Benchmarks**

Cumulative Value of \$1 (Net of Fees)

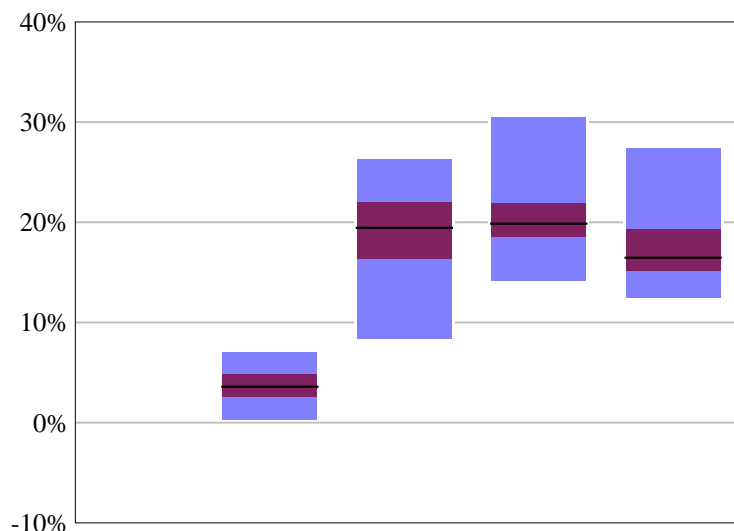


**GMO vs. Benchmarks**

Year by Year Performance



## Grantham, Mayo, van Otterloo & Co



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
GMO (G)	4.8	19.7	-	-
Rank vs. Int'l Eq	25	48	-	-
EAFE (E)	4.2	20.7	20.3	16.2
PMI EPAC Val (V)	4.3	21.7	21.8	18.2
Int'l Median	3.6	19.5	19.9	16.5

<b>Portfolio Characteristics</b>	<b>GMO</b>	<b>MSCI EAFE</b>
IEq Mkt Value (\$Mil)	296.3	N/A
Cash	0.0 %	0.0 %

<b>Over-Weighted Countries</b>	<b>GMO</b>	<b>MSCI EAFE</b>
Netherlands	10.0 %	4.1 %
Japan	24.1	22.5
Germany	9.1	7.6

<b>Under-Weighted Countries</b>	<b>GMO</b>	<b>MSCI EAFE</b>
Australia	2.0 %	5.9 %
Switzerland	3.6	6.7
Spain	1.9	4.0

The GMO value international portfolio returned 4.8% in the first quarter, above the 4.2% return of the MSCI EAFE Index, the 4.3% return of the S&P Citigroup PMI EPAC Value Index and the 3.6% return of the median international equity manager. Over the past year, the portfolio has returned 19.7%, trailing both the MSCI EAFE Index and the S&P Citigroup PMI EPAC Value Index. However, this return ranked in the 48<sup>th</sup> percentile of international portfolios.

The portfolio's largest country over-weightings were the Netherlands, Japan and Germany, while the largest under-weightings were in Australia, Switzerland and Spain.

Stock selection decision contributed to first quarter returns vs. EAFE while country allocation decisions detracted slightly from returns. Stock selection was particularly strong in the Netherlands. An underweight position in Australia had the largest negative impact on first quarter returns.

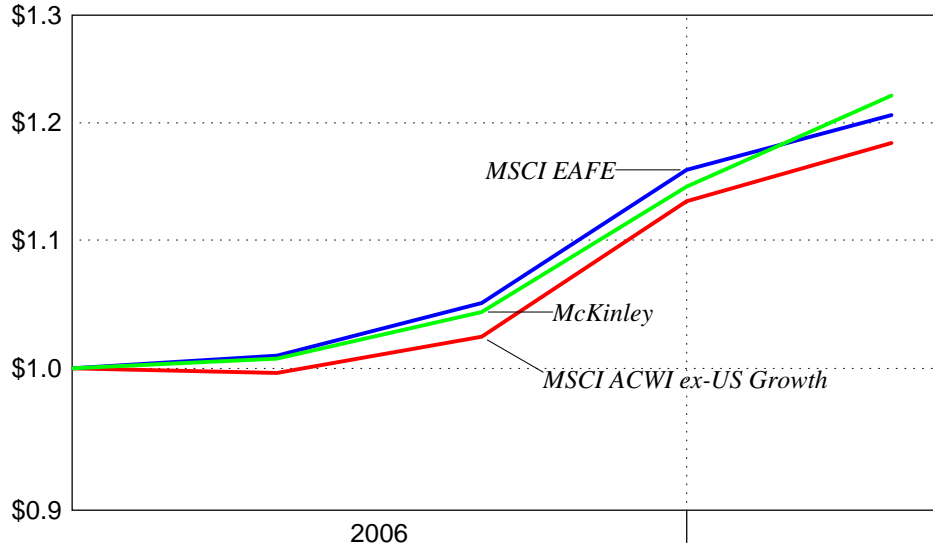
GMO's investment disciplines had net positive results in the first quarter as quality-adjusted value and momentum portions outperformed, but intrinsic value portion of the strategy underperformed. Positions in Dutch financial ABN AMRO, European steel maker Arcelor Mittal, and German automaker Volkswagen helped the first quarter returns. Stocks that detracted from first quarter performance included Japanese automaker Honda Motor, Japanese drug maker Takeda Pharmaceutical and French oil company Total.

**MANAGER COMMENTS – INTERNATIONAL EQUITY**

**McKinley Capital**

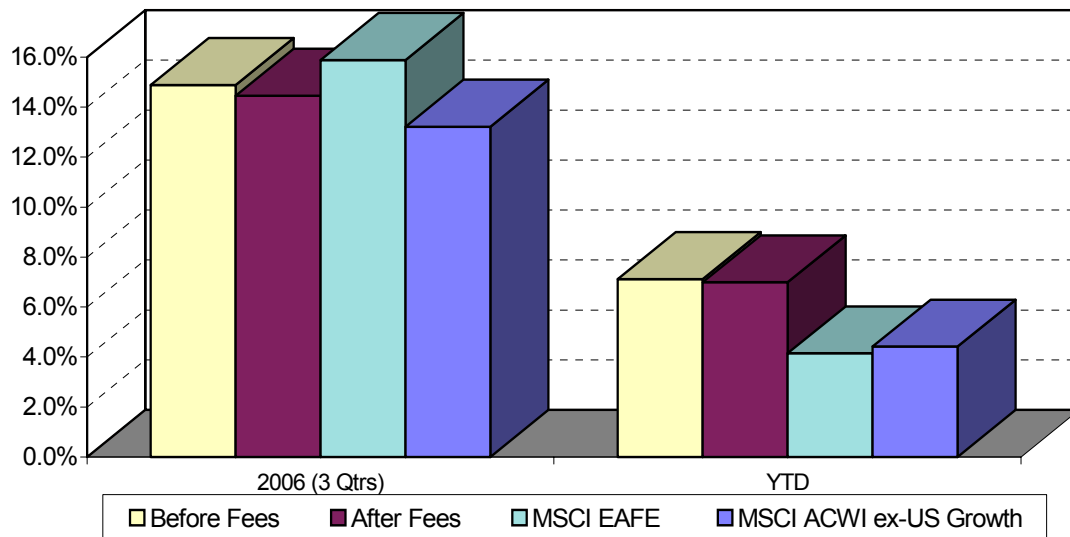
**McKinley Capital vs. Benchmarks**

Cumulative Value of \$1 (Net of Fees)

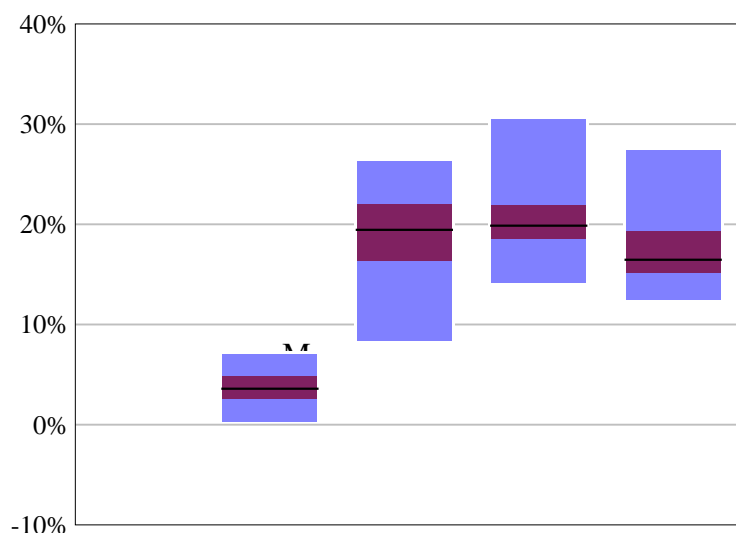


**McKinley vs. Benchmarks**

Year by Year Performance



## McKinley Capital



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
McKinley (M)	7.1	23.1	-	-
Rank	4	17	-	-
EAFE (E)	4.2	20.7	20.3	16.2
ACW xUS Gro (G)	4.4	18.2	19.3	15.2
Int'l Median	3.6	19.5	19.9	16.5

<b>Portfolio Characteristics</b>	<b>McKinley Capital</b>	<b>MSCI EAFE</b>
IEq Mkt Value (\$Mil)	302.8	N/A
Cash	1.1 %	0.0 %

<b>Over-Weighted Countries</b>	<b>McKinley Capital</b>	<b>MSCI EAFE</b>
France	16.3 %	9.5 %
Canada	6.3	0.0
Italy	8.9	3.8

<b>Under-Weighted Countries</b>	<b>McKinley Capital</b>	<b>MSCI EAFE</b>
Japan	10.8 %	22.6 %
United Kingdom	14.3	23.2
Switzerland	4.1	6.7

The McKinley Capital portfolio returned 7.1% in the first quarter, exceeding the 4.2% return of the MSCI EAFE Index and the MSCI ACWI ex-US Growth Index return of 4.4%. This return ranked in the 4<sup>th</sup> percentile of international equity managers. Over the past year, McKinley has returned 23.1%, above both the 20.7% return of the MSCI EAFE Index and the 18.2% return of the MSCI ACWI ex-US Growth Index, and ranked in the 17<sup>th</sup> percentile of international equity managers.

The portfolio's largest country over-weightings were in France, Canada and Italy, while the largest under-weightings were in Japan, the United Kingdom and Switzerland.

Stock selection in aggregate contributed strongly to first quarter performance vs. EAFE while country allocation decisions detracted from returns. Stock selection was particularly strong in Japan, Italy and France. On a country allocation basis, non-benchmark positions in Canada, South Korea and Mexico proved to be a drag on performance. Active trading had a large negative impact on first quarter returns.

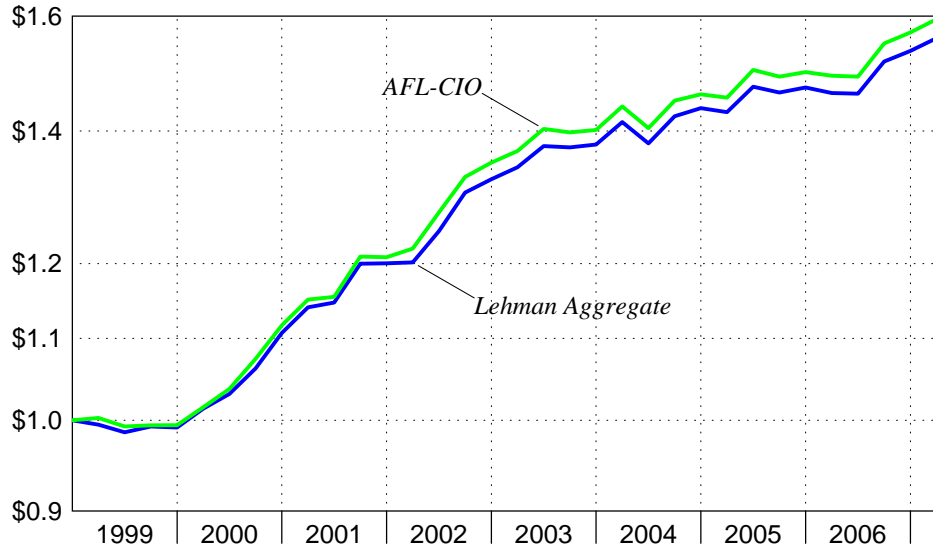
McKinley reports that holdings in Japan Steel Works (Japan), Fiat (Italy) and Mitsubishi Corp (Japan) positively impacted first quarter performance. Its investment process is currently identifying relatively more companies in the Industrials, Materials and Financials, sectors, and – on a country basis – in Spain and Sweden.

**MANAGER COMMENTS – FIXED INCOME**

**AFL-CIO Housing Investment Trust**

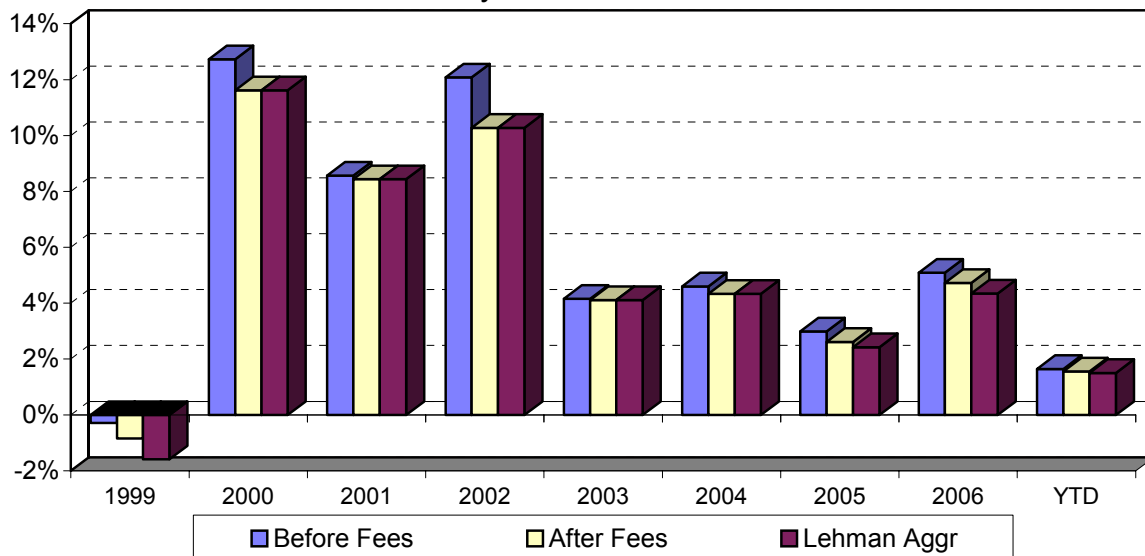
**AFL-CIO vs. Lehman Aggregate**

Cumulative Value of \$1 (Net of Fees)



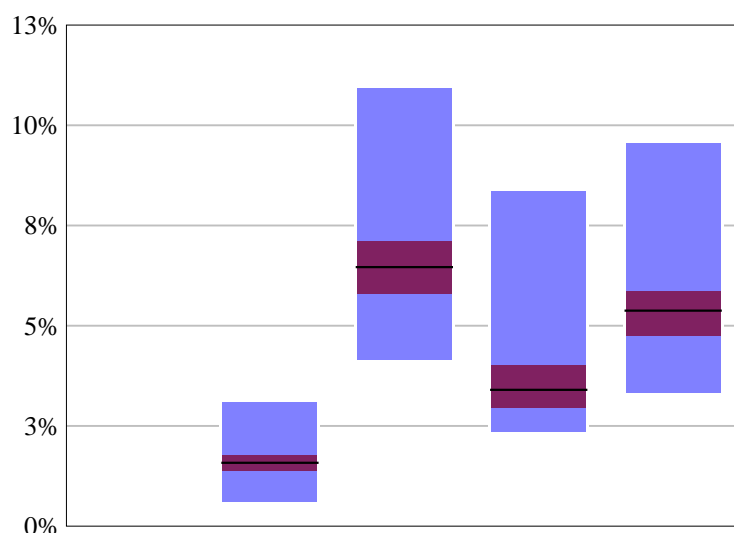
**AFL-CIO vs. Lehman Aggregate**

Year by Year Performance





## AFL-CIO Housing Investment Trust



<b>Portfolio Characteristics</b>	<b>AFL-CIO</b>
Mkt Value (\$Mil)	177.8
Current Yield (%)	5.6
Duration (yrs)	4.5
Avg Quality	AAA

<b>Diversification by Sector</b>	<b>AFL-CIO</b>
Agency Multifamily MBS	58 %
Agency Single Family MBS	30
US Treasury/Agency	4
AAA Private-Label CMBS	3
Cash & Short-Term	5

	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
AFL-CIO (A)	1.7	7.2	3.8	5.8
Rank	40	23	29	25
L. Agg (L)	1.5	6.6	3.3	5.4
Citi. Mtg. (C)	1.6	7.0	4.1	5.0
Fixed Median	1.6	6.5	3.4	5.4

AFL-CIO returned 1.7% in the first quarter, better than the 1.5% return of the Lehman Aggregate. The portfolio ranked in the 40<sup>th</sup> percentile of fixed income managers. For the past year, AFL-CIO returned 7.2%, which was better than the 6.6% return of the Lehman Aggregate. Over the past five years, AFL-CIO has exceeded the Lehman Aggregate and the median, meeting performance objectives.

At the end of the first quarter, the AFL-CIO Housing Investment Trust had 58% of the portfolio allocated to multi-family mortgage backed securities (down 1% from the end of the previous quarter), 30% allocated to single family MBS (down 1%), 4% to US Treasury notes (up 3%), 3% to AAA Private-Label CMBS (down 3%) and 5% to short-term (up 3%). The AFL-CIO portfolio duration at the end of the first quarter was 4.5 years and the current yield of the portfolio was 5.6%.

During the first quarter of 2007, the AFL-CIO Housing Investment Trust committed \$36.5 million to four multifamily investments which have a total of 712 units. During the quarter, 267 single family loans, totaling \$69.2 million, were issued in New York City under the HIT HOME program in collaboration with Chase and the Union Plus Mortgage Program.

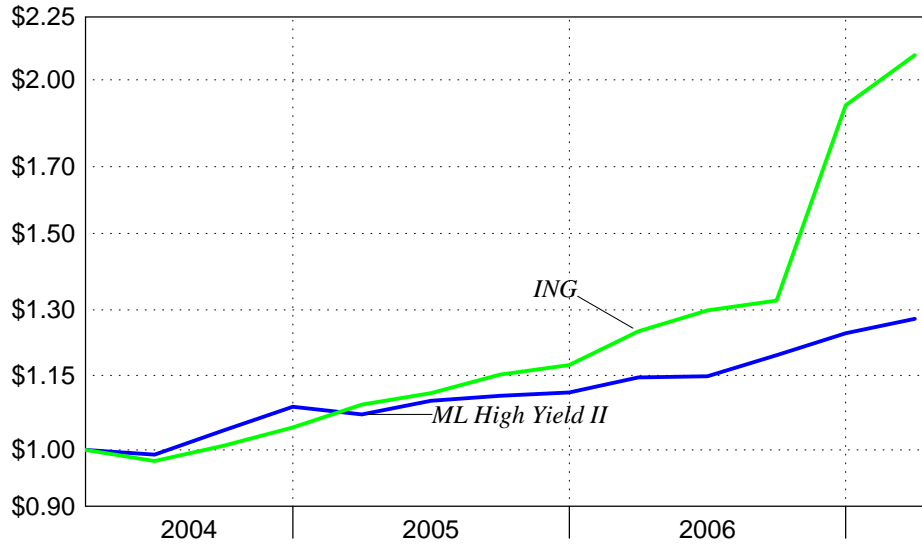
The Trust has kept the same risk management strategy in place for several years. In the near term, the Trust will continue to manage the portfolio to have an effectively neutral duration stance versus the Lehman Aggregate. To help mitigate the risk of spread widening, the Trust increased somewhat its allocation to cash and U.S. Treasuries ahead of the “flight-to quality” rally that gained momentum at the end of February. This allocation was again reduced as spreads recovered towards the end of March. The Trust anticipates maintaining its strategy of interest rate neutrality relative to its benchmark, which will help to minimize interest rate risk given the recent increases in uncertainty about the likely path of interest rates in the coming year. The absence of any HIT investments in pools of sub-prime mortgage loans is also expected to contribute positively.

**MANAGER COMMENTS – FIXED INCOME**

**ING Clarion**

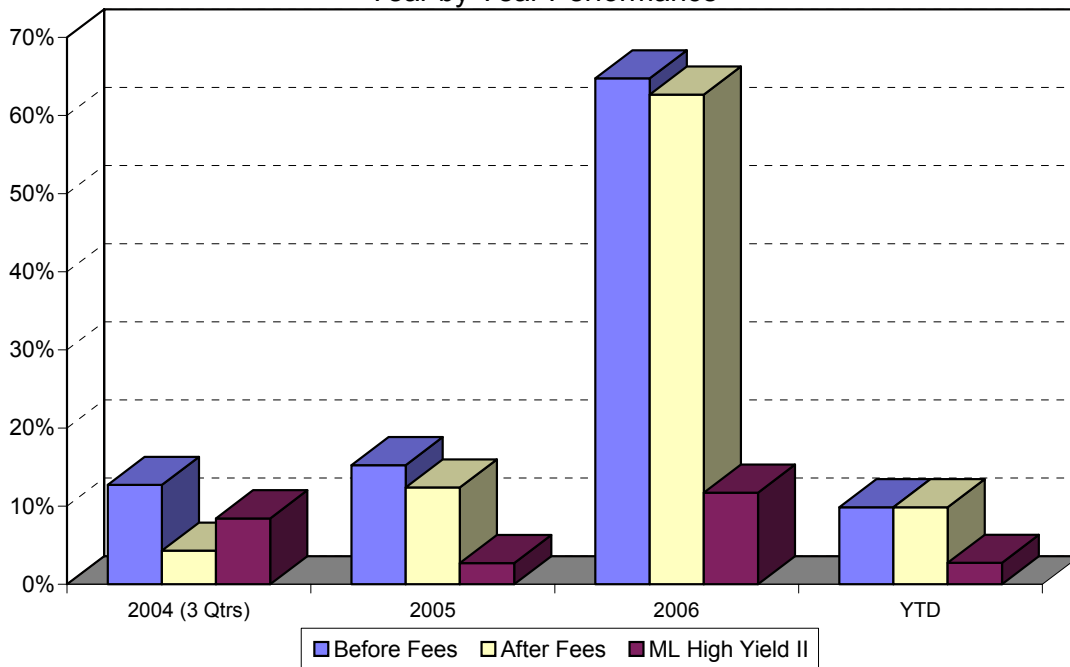
**ING Clarion vs. Lehman Aggregate**

Cumulative Value of \$1 (Net of Fees)

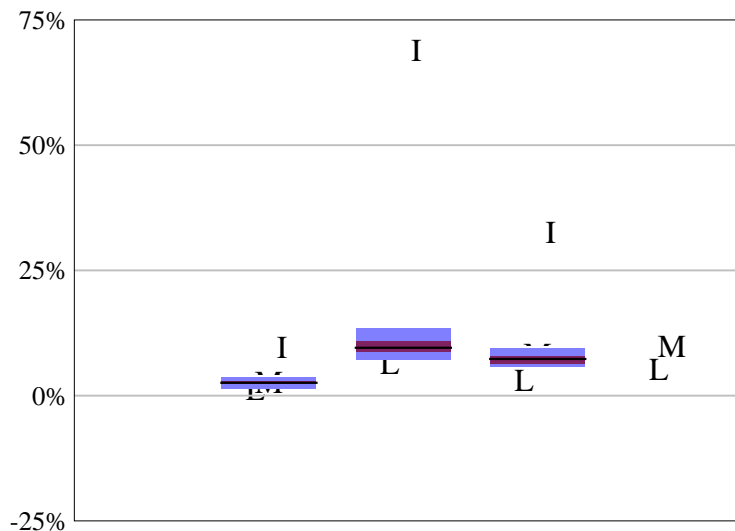


**ING Clarion vs. ML High Yield II**

Year by Year Performance



## ING Clarion



Portfolio Characteristics	ING Clarion	ML High Yield II
Mkt Value (\$Mil)	1.2	n/a
Yield to Maturity (%)	32.8 %	7.8 %
Duration (yrs)	4.5	4.7
Avg. Quality	BB-	B+

	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING Clarion (I)	9.9	69.2	32.8	-
Rank v. High Yield	1	1	1	-
ML HY II (M)	2.7	11.6	8.5	10.1
L. Agg (L)	1.5	6.6	3.3	5.4
Hi Yield Median	2.6	9.5	7.3	-

ING Clarion returned 9.9% for the first quarter. This return was well above both the Merrill Lynch High Yield Master II Index return of 2.7% and the Lehman Aggregate return of 1.5% and ranked in the first percentile of high yield portfolios. Over the past year, the portfolio has returned 69.2%, again well above the ML High Yield II return of 11.6%, ranked in the 1<sup>st</sup> percentile. Over the past three years, the portfolio has returned 32.8%, well above the ML High Yield II return of 8.5% and once again ranked in the 1<sup>st</sup> percentile. This has been an extremely successful investment.

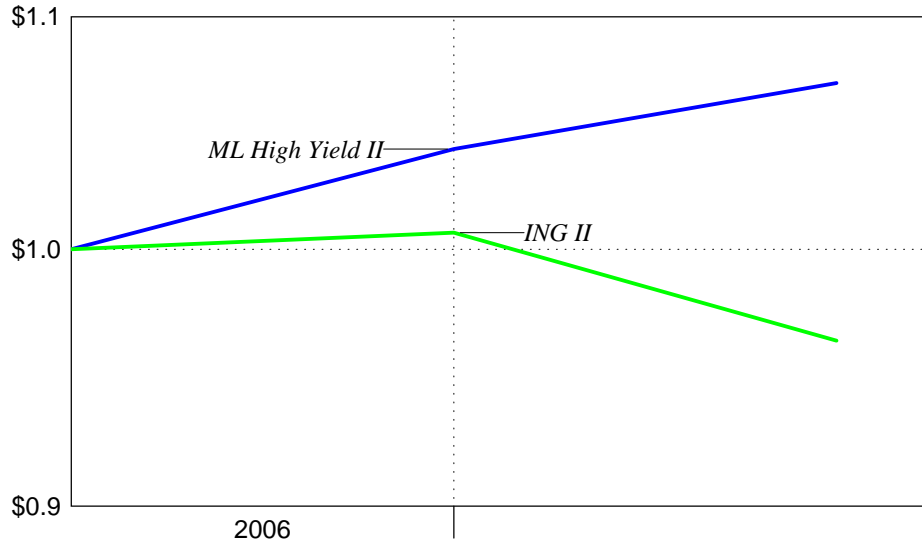
The fund continues to hold a small, residual interest in Ansonia CDO 2006-1, which as of March 31, 2007 consisted of seven tranches of the CDO issue, for a total face amount of \$162.4 million and coupons ranging from 1.00% to 1.25%. This position was valued at \$11.0 million as of March 31, 2007. CCCERA's portion of this position was valued at \$1.2 million.

MANAGER COMMENTS – FIXED INCOME

ING Clarion II

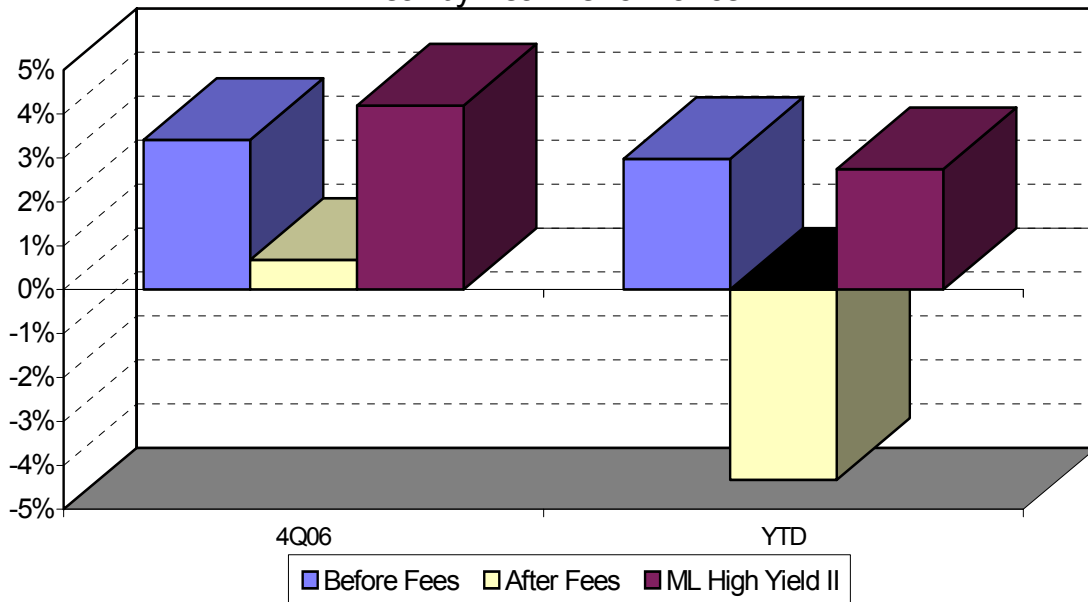
ING Clarion II vs. Lehman Aggregate

Cumulative Value of \$1 (Net of Fees)

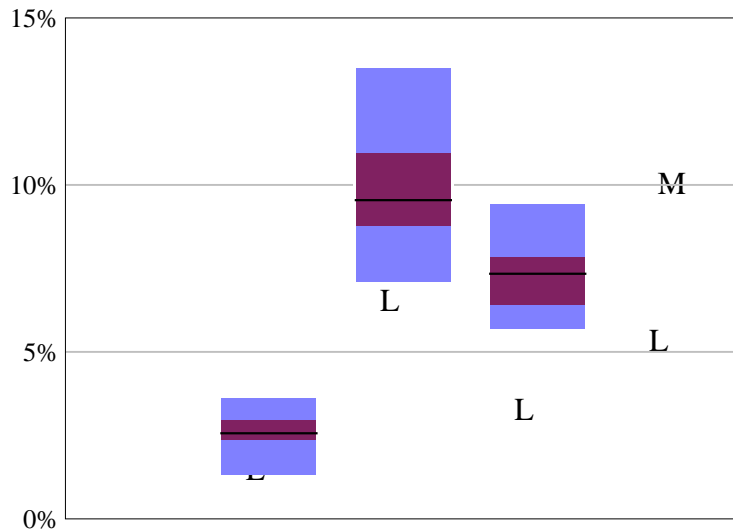


ING Clarion II vs. ML High Yield II

Year by Year Performance



## ING Clarion II



Portfolio Characteristics	ING Clarion II	ML High Yield II
Mkt Value (\$Mil)	10.7	n/a
Yield to Maturity (%)	15.3 %	7.8 %
Duration (yrs)	5.7	4.7
Avg. Quality	B-	B+

	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
ING Clarion II (II)	3.0	-	-	-
Rank v. High Yield	22	-	-	-
ML HY II (M)	2.7	11.6	8.5	10.1
L. Agg (L)	1.5	6.6	3.3	5.4
Hi Yield Median	2.6	9.5	7.3	-

CCCERA funded the ING Clarion Debt Opportunity Fund II (ING Clarion II) on September 28, 2006 as a follow on to the very successful ING Clarion Fund that was substantially liquidated in the fourth quarter of 2006. ING Clarion II returned 3.0% for the first quarter, which was above the Merrill Lynch High Yield Master II return of 2.7% and the Lehman Aggregate return of 1.2%, ranking in the 22<sup>nd</sup> percentile in the universe of high yield portfolios.

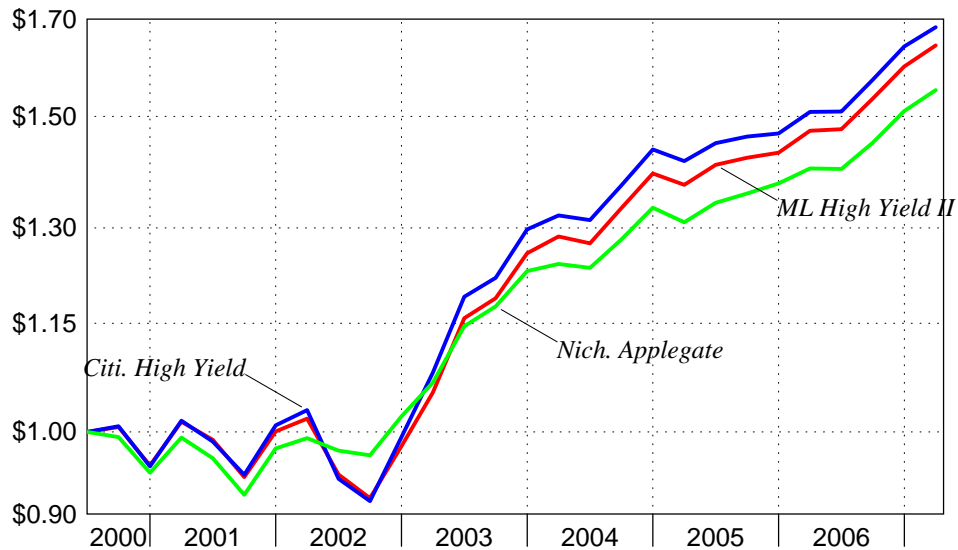
ING Clarion invests in lower quality mortgages purchased at a significant discount. As of March 31, 2007, the portfolio consisted of 4 classes of a single CMBS with a coupon of 5.1%.

**MANAGER COMMENTS – FIXED INCOME**

**Nicholas Applegate**

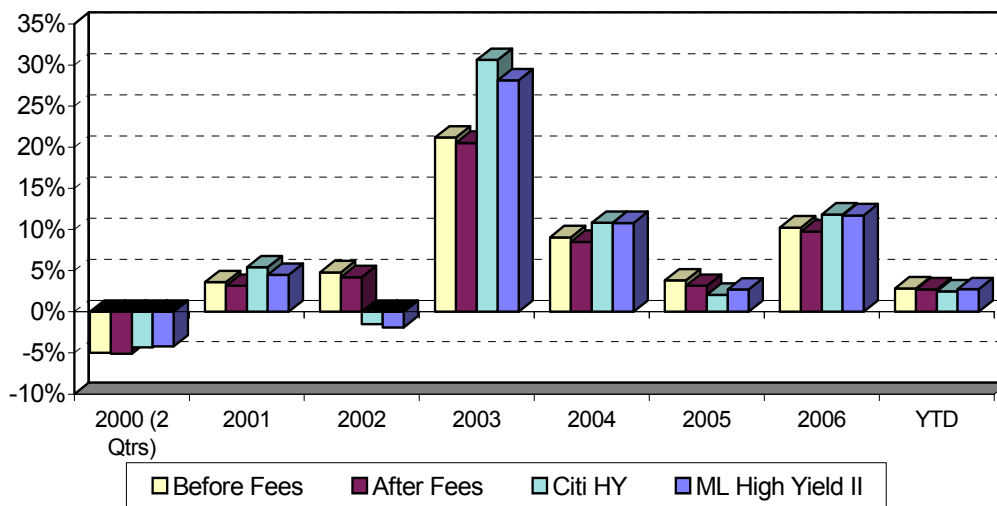
**Nicholas-Applegate vs. Benchmarks**

Cumulative Value of \$1 (Net of Fees)

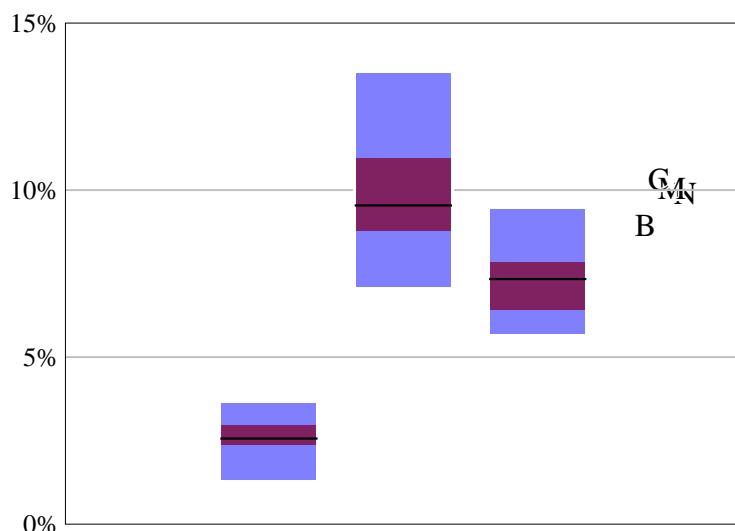


**Nicholas Applegate vs. Benchmarks**

Year by Year Performance



## Nicholas Applegate



Portfolio Characteristics	Nicholas Applegate	ML High Yield II
Mkt Value (\$Mil)	101.9	n/a
Yield to Maturity (%)	7.7 %	7.8 %
Duration (yrs)	4.1	4.7
Avg. Quality	BB	B+

Quality Distribution	Nicholas Applegate	ML High Yield II
A	0 %	0 %
BBB	1	0
BB	26	40
B	69	44
CCC	4	16

	Last Qtr	1 Yr	3 Yrs	5 Yrs
Nich. Appl. (N)	2.8	11.1	8.3	9.9
Rank v. High Yield	38	19	20	*
ML HY II (M)	2.7	11.6	8.5	10.1
Citi. Hi Yield (C)	2.5	11.5	8.4	10.3
ML BB/B (B)	2.4	10.5	7.9	9.0
Hi Yield Median	2.6	9.5	7.3	*

\*Database comparison unavailable.

Nicholas Applegate's high yield fixed income portfolio returned 2.8% for the first quarter, slightly above the 2.7% return of the Merrill Lynch High Yield II Index, but ranked in the 53<sup>rd</sup> percentile of high yield managers. Nicholas Applegate returned 11.1% in the past year versus 11.6% for the ML High Yield II Index and 9.5% for the median. For the five-year period, Nicholas Applegate's return of 9.9% was slightly below the 10.1% return of the ML High Yield II Index.

As of March 31, 2007, the Nicholas Applegate high yield portfolio was allocated 1% to BBB rated securities vs. 0% for the ML High Yield II Index, 26% to BB rated issues versus 40% for the Index, 69% to B rated issues versus 44% in the Index and 4% to CCC rated securities versus 16% for the Index. The portfolio's March 31, 2007 duration was 4.1 years, shorter than 4.7 years for the ML High Yield II Index.

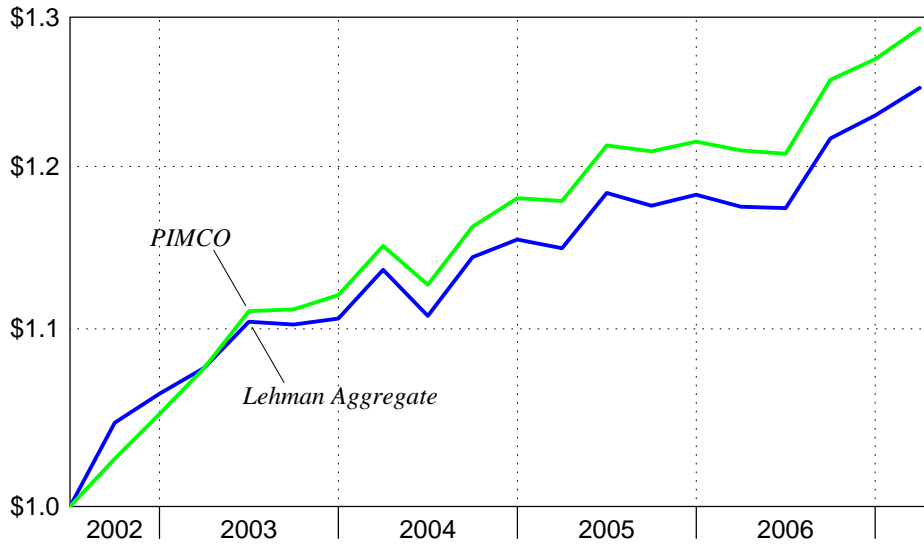
Positive performance was attributable to both positive changes in companies held and negative changes at companies not held. Winners in the period included Freeport-McMoran Corp., Bon-Ton Stores Inc and West Corp. Freeport was a new issue and is now the largest public copper producer in the world. Homebuilders and subprime lenders were the worst performers and having no exposure to these sectors helped the portfolio. There were fourteen positive rating actions in the quarter among ten issuers. There were only three downgrades in the portfolio during the first quarter. The portfolio was freshened with fifteen new names in the quarter. There was a healthy mix between new issues and secondary market purchases. There is little change to the firm's fundamental outlook for the high yield market. Nicholas Applegate believes that the high yield market should continue to produce positive returns during the remainder of the year.

**MANAGER COMMENTS – FIXED INCOME**

**PIMCO**

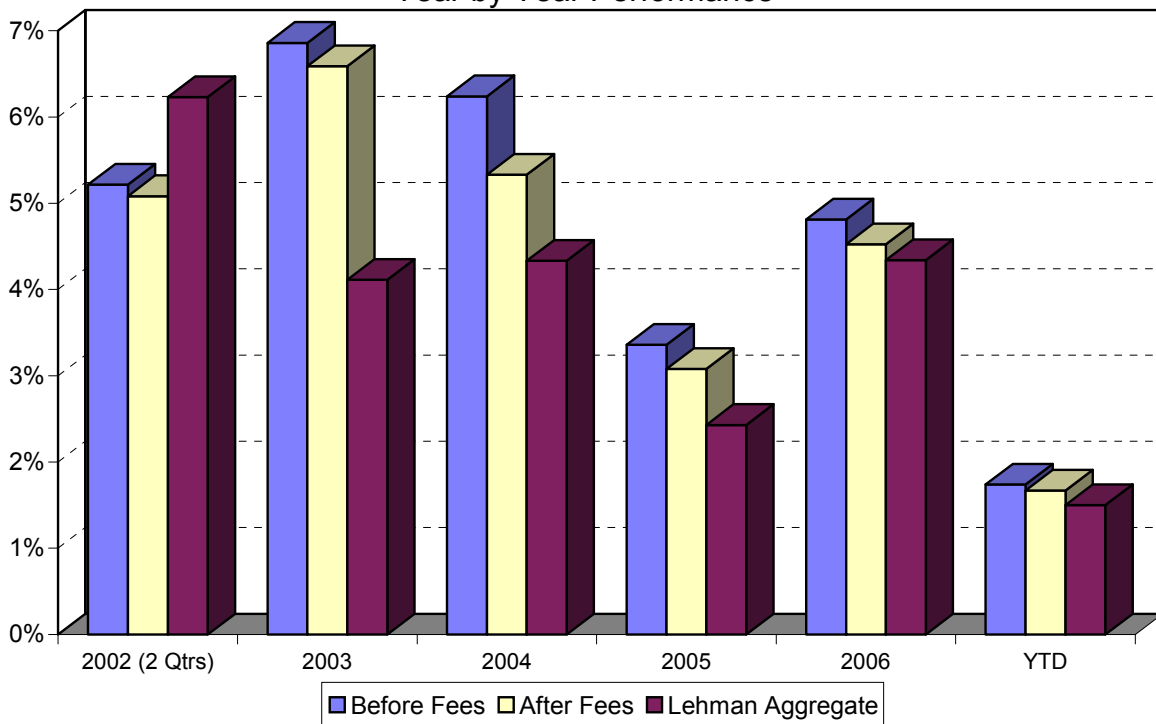
**PIMCO vs. Lehman Aggregate**

Cumulative Value of \$1 (Net of Fees)



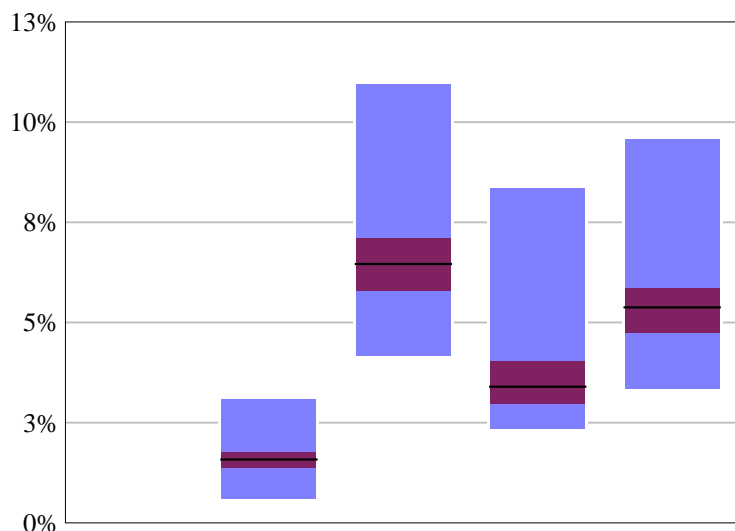
**PIMCO vs. Lehman Aggregate**

Year by Year Performance





## PIMCO



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
PIMCO (P)	1.7	7.1	4.3	-
Rank	25	26	21	-
L. Agg (L)	1.5	6.6	3.3	5.4
Fixed Median	1.6	6.5	3.4	5.4

<b>Portfolio Characteristics</b>	<b>PIMCO</b>	<b>Lehman Aggregate</b>
Mkt Value (\$Mil)	523.9	n/a
Yield to Maturity (%)	5.4 %	5.3 %
Duration (yrs)	5.6	4.5
Avg. Quality	AAA	AA+

<b>Sectors</b>	<b>PIMCO</b>	<b>Lehman Aggregate</b>
Treasury/Agency	39 %	34 %
Mortgages	35	39
Corporates	5	19
High Yield	0	0
Asset-Backed	0	0
CMBS	0	0
International	6	8
Emerging Markets	2	0
Other	1	0
Cash	12	0

PIMCO's return of 1.7% for the first quarter exceeded the 1.5% return of the Lehman Aggregate and ranked in the 25<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 7.1% was better than the 6.6% return of the Lehman Aggregate and ranked in the 26<sup>th</sup> percentile. Over the past three years, the portfolio has returned 4.3%, above the Lehman Aggregate return of 3.3%, and ranked in the 21<sup>st</sup> percentile.

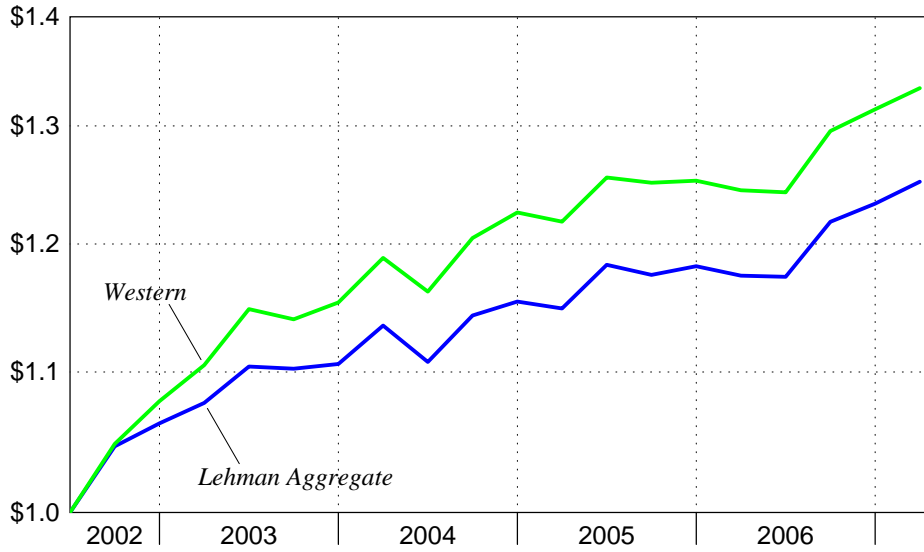
During the first quarter, PIMCO made a number of changes to the portfolio. The allocation to treasuries and agencies increased by 8%, the allocation to mortgages decreased by 15% and investment grade corporate exposure was down 1%. The allocations to international, emerging markets and other bonds were unchanged. The cash allocation was up 8%. All other sectors were unchanged. The duration of the PIMCO fixed income portfolio at the end of the first quarter was 5.6 years, slightly longer than last quarter's duration and longer than that of the benchmark.

First quarter performance was helped by retaining positions that benefited from expectations of a steeper yield curve and repricing of risk that began to pay off in the first quarter. Specifically, the portfolio was helped by an above-benchmark duration, exposure to short maturities via Eurodollar futures, tactical shifts in mortgage allocations, emerging market exposure and exposure to the yen. The portfolio's underweight position in corporate securities detracted from first quarter results as did exposure to U.K. interest rates, which rose after the Bank of England unexpectedly tightened. Looking forward, PIMCO plans to maintain its above-index duration and focus on the short maturities in the U.S. that are expected to have relatively stronger appreciation potential as markets anticipate Fed easing.

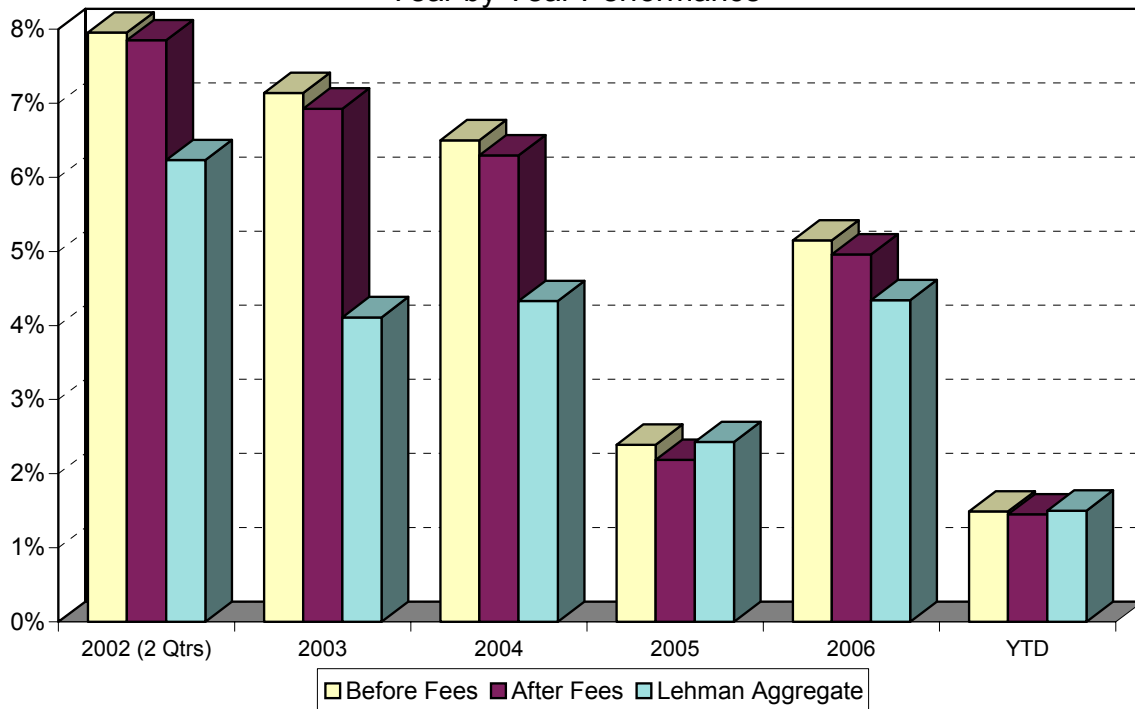
**MANAGER COMMENTS – FIXED INCOME**

**Western Asset Management**

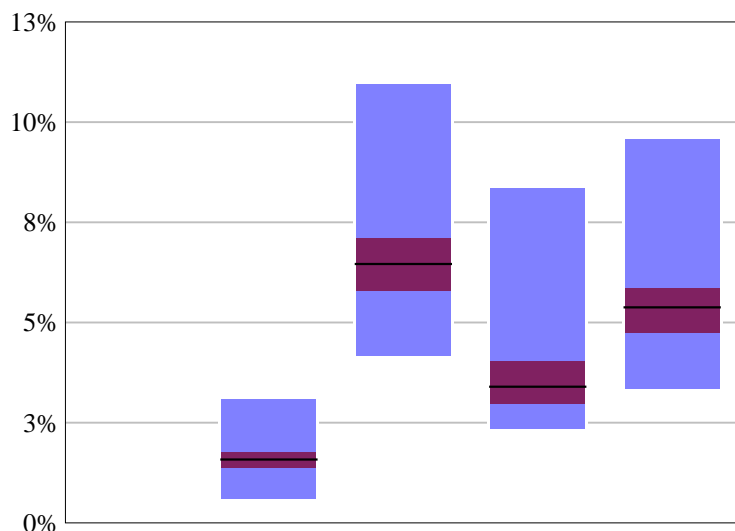
**Western Asset Mgmt vs. Lehman Aggregate**  
Cumulative Value of \$1 (Net of Fees)



**Western Asset vs. Lehman Aggregate**  
Year by Year Performance



## Western Asset Management



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
Western Asset (W)	1.5	7.4	4.1	-
Rank	64	21	23	-
L. Agg (L)	1.5	6.6	3.3	5.4
Fixed Median	1.6	6.5	3.4	5.4

<b>Portfolio Characteristics</b>	<b>Western Asset</b>	<b>Lehman Aggregate</b>
Mkt Value (\$Mil)	519.8	n/a
Yield to Maturity (%)	5.4 %	5.3 %
Duration (yrs)	5.2	4.5
Avg. Quality	AA+	AA+

<b>Sectors</b>	<b>Western Asset</b>	<b>Lehman Aggregate</b>
Treasury/Agency	21 %	34 %
Mortgages	49	39
Corporates	17	19
High Yield	3	0
Asset-Backed	1	0
CMBS	1	0
International	5	8
Emerging Markets	0	0
Other	0	0
Cash	3	0

Western Asset Management's return of 1.5% for the first quarter matched the 1.5% return of the Lehman Aggregate but slightly trailed the 1.6% return of the median fixed income manager. The first quarter performance ranked in the 64<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, Western's return of 7.4% exceeded the return of the Lehman Aggregate and ranked in the 21<sup>st</sup> percentile. Over the past three years, Western returned 4.1%, above the Lehman Aggregate return of 3.3%, and ranked in the 23<sup>rd</sup> percentile.

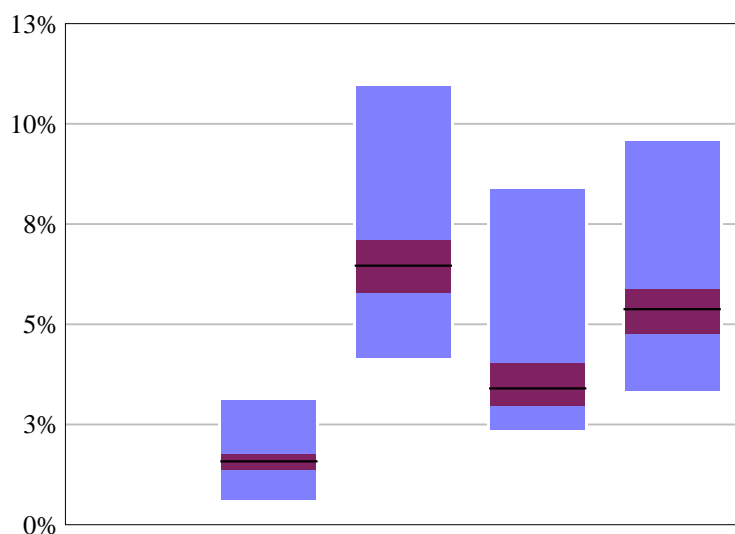
During the first quarter, Western Asset made few changes to the portfolio. The allocations to treasuries/agencies and mortgage securities were unchanged. Corporates were up 1%, high yield was down 3%, emerging markets were down 1% and cash was up 2%. All other sectors were unchanged. The duration of the Western Asset fixed income portfolio at the end of the first quarter was 5.2 years, marginally longer than the 5.1 year duration at the end of the previous quarter, and longer than that of the index.

Western Asset Management's first quarter performance was helped by tactical duration adjustments, a modest bulleted exposure to the front end of the yield curve, a moderate exposure to TIPS and a modest exposure to emerging markets. The underweight position in corporate securities hurt the portfolio in the first quarter. Western Asset intends to target a tactically neutral duration posture with a view that interest rates are unlikely to move significantly up or down. Western Asset also intends to maintain a modest exposure to TIPS, high yield, emerging market and non-dollar debt.

*This page was intentionally left blank.*

## MANAGER COMMENTS – FIXED INCOME

### Total Domestic Fixed Income



	Last Qtr	1 Yr	3 Yrs	5 Yrs
CCC Total (C)	1.7	9.2	5.5	7.2
Rank	26	8	13	10
LB Univ (U)	1.6	7.0	3.9	5.9
LB Agg (L)	1.5	6.6	3.3	5.4
Fixed Median	1.6	6.5	3.4	5.4

Portfolio Characteristics	Total Fixed*	Lehman Aggregate
Mkt Value (\$Mil)	1,323.3	n/a
Yield to Maturity (%)	5.6 %	5.3 %
Duration (yrs)	5.2	4.5
Avg. Quality	AA	AA+

Sectors	Total Fixed*	Lehman Aggregate
Treasury/Agency	24 %	34 %
Mortgages	45	39
Corporates	9	19
High Yield	9	0
Asset-Backed	0	0
CMBS	1	0
International	4	8
Emerging Markets	1	0
Other	0	0
Cash	6	0

*\*Exclusive of the ING Clarion portfolios.*

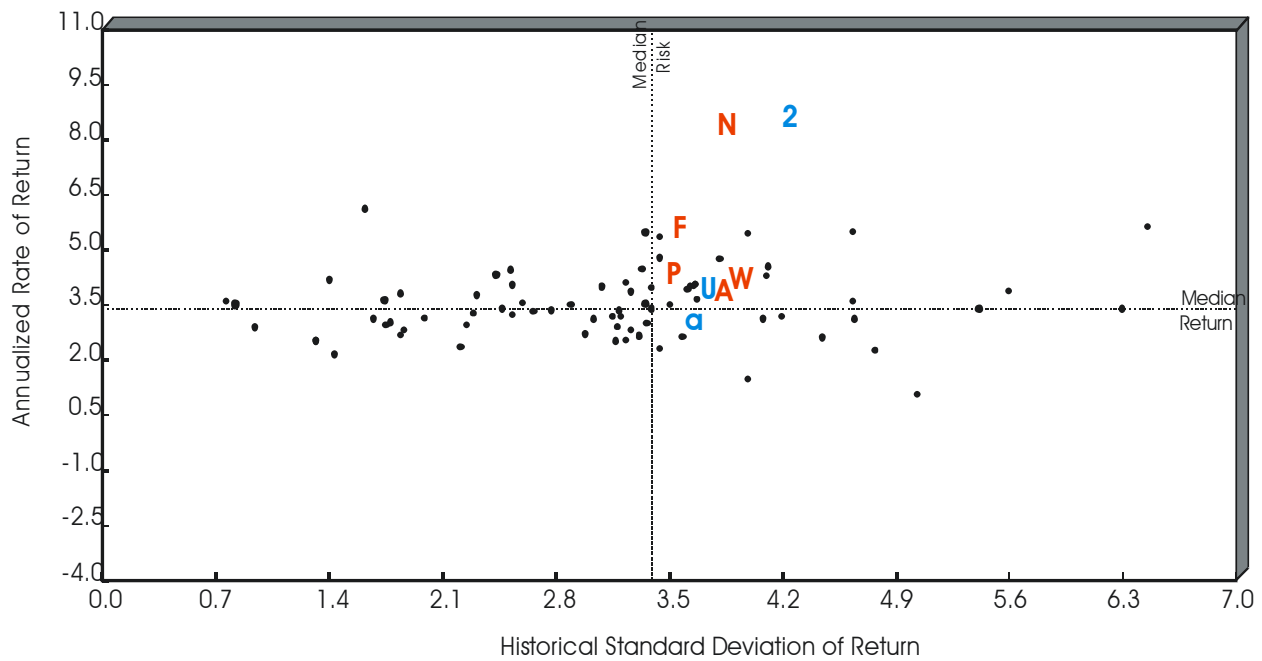
CCCERA total fixed income returned 1.7% in the first quarter, which was slightly better than the 1.6% return of the Lehman Universal and the 1.5% return of the Lehman Aggregate, ranking in the 26<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 9.2%, significantly better than the 7.0% return of the Lehman Universal and the 6.6% return of the Lehman Aggregate. Much of the past year's strong performance was generated by the large ING Clarion liquidation distributions in December 2006. The CCCERA total fixed income returns have significantly exceeded the Aggregate and the median fixed income manager over both the three and five year periods.

During the first quarter, the allocations to treasury/agency securities increased by 3%, mortgages were down by 6%, high yield was down 1% and cash increased by 4%. All other sector allocations were unchanged. The duration of the total fixed income portfolio at the end of the first quarter was 5.2 years, longer than the 4.5 year duration of the index.

# MANAGER COMMENTS – FIXED INCOME

## Domestic Fixed Income Performance and Variability

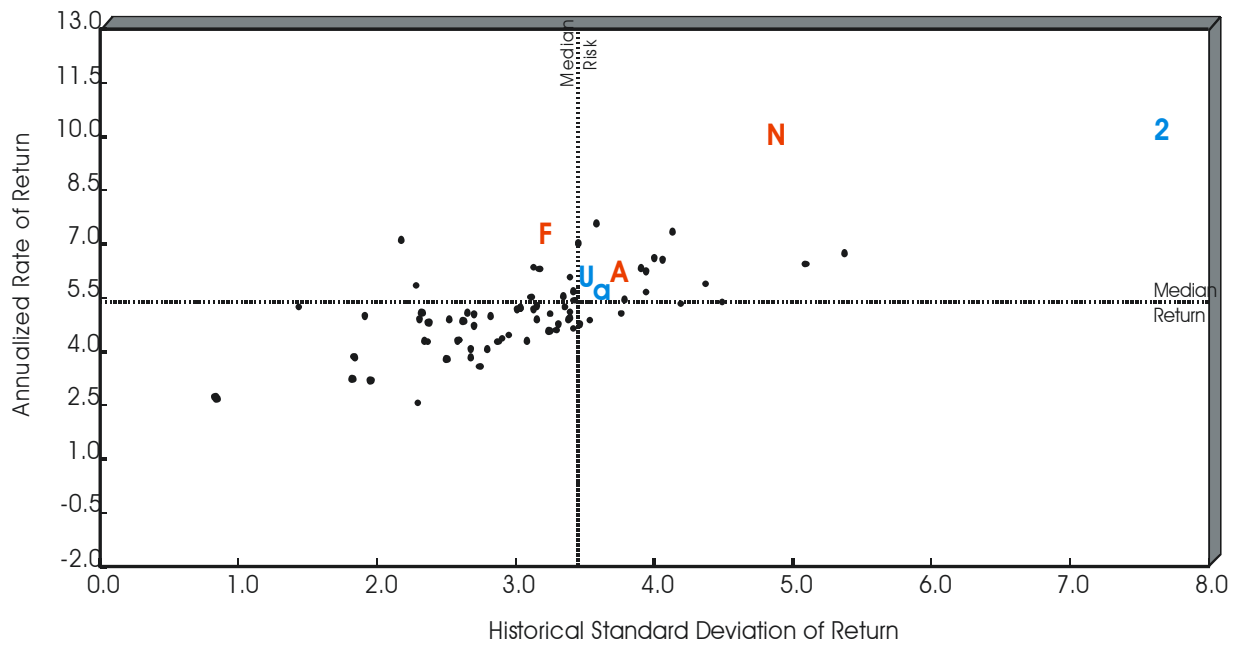
Three Years Ending March 31, 2007



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
<b>A</b>	AFL-CIO	3.81	29	3.81	80
<b>N</b>	Nicholas Applegate	8.30	5	3.88	83
<b>P</b>	PIMCO	4.25	21	3.56	60
<b>W</b>	Western Asset Management	4.11	23	3.95	84
<b>F</b>	Total Fixed Income	5.48	13	3.60	61
<b>a</b>	LB Aggregate	3.31	55	3.69	71
<b>2</b>	ML High Yield II	8.53	4	4.27	90
<b>U</b>	Lehman Universal	3.86	28	3.77	78
	Median	3.40		3.39	

# Domestic Fixed Income Performance and Variability

Five Years Ending March 31, 2007



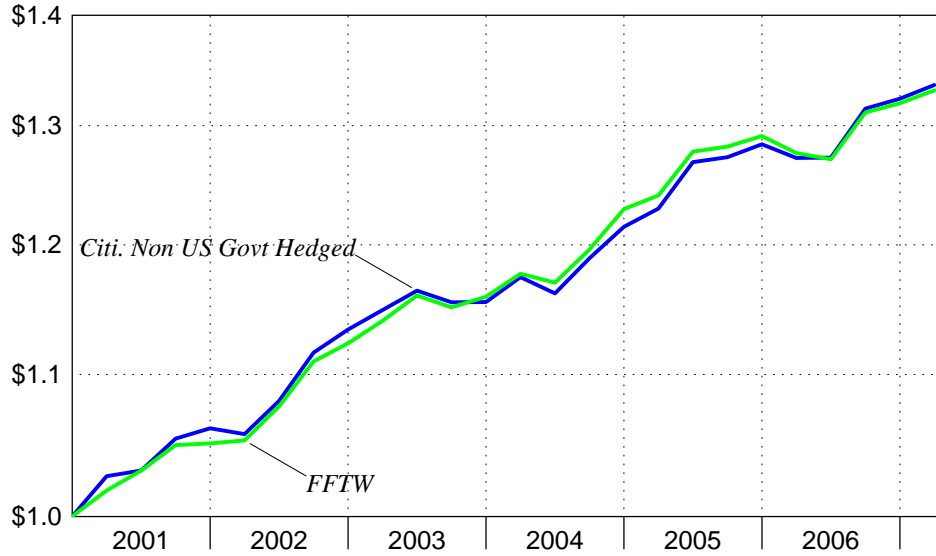
		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
<b>A</b>	AFL-CIO	5.84	25	3.78	74
<b>N</b>	Nicholas Applegate	9.94	4	4.90	90
<b>F</b>	Total Fixed Income	7.20	10	3.26	35
<b>a</b>	LB Aggregate	5.35	51	3.64	63
<b>2</b>	ML High Yield II	10.07	3	7.69	99
<b>U</b>	Lehman Universal	5.91	22	3.52	57
	Median	5.38		3.45	

**MANAGER COMMENTS – INTERNATIONAL FIXED INCOME**

**Fischer Francis Trees & Watts**

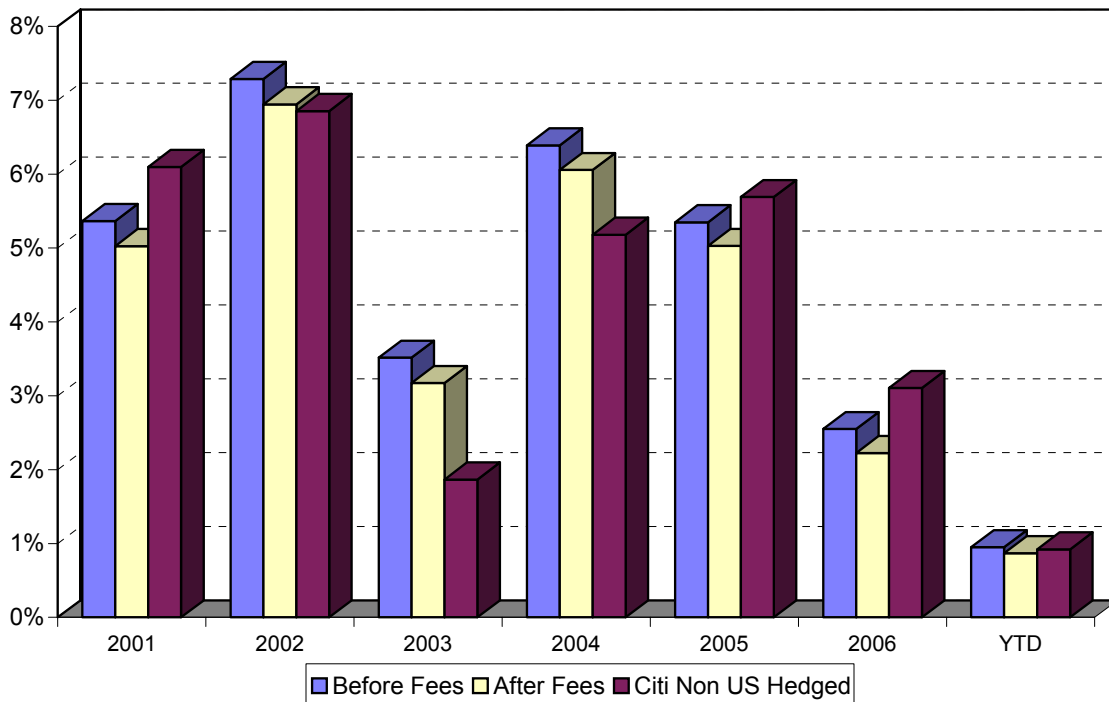
**FFTW vs. Citi. Non US Govt Hedged**

Cumulative Value of \$1 (Net of Fees)



**FFTW vs. Citi Non-US Govt Hedged**

Year by Year Performance





## Fischer Francis Trees & Watts

### Performance

	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
FFTW	1.0%	4.6%	4.5%	5.2%
Citi. NonUS Hdg	0.9	5.0	4.4	4.8

### Portfolio

<u>Characteristics</u>	<u>FFTW</u>	<u>Citi. NonUS</u>
Mkt. Value (\$mil)	196.2	N/A
Duration (years)	6.1	6.2

### Over-Weighted Countries

	<u>FFTW</u>	<u>Citigroup NonUS</u>
United States	14%	0%
Germany	21	12

### Under-Weighted Countries

	<u>FFTW</u>	<u>Citigroup NonUS</u>
Italy	0%	11%
Japan	10	37

### Non-Government Securities

	<u>FFTW</u>	<u>Citigroup NonUS</u>
Non-US Collateralized	6%	0%
US ABS	2	0
Non-US Credit	1	0
US Credit	12	0
Non-US Gov/Agency	79	100
Cash	0	0

The Fischer Francis Trees & Watts (FFTW) portfolio returned 1.0% for the first quarter, slightly exceeding the 0.9% return of the Citigroup Non US Government Hedged Index. For the past year, FFTW returned 4.6%, below the 5.0% return of the Index. For the five-year period, FFTW's return of 5.2% was above the 4.8% return of the Index. The portfolio is in compliance with the three- and five-year performance objectives.

As of March 31, 2007, the portfolio's largest country over-weightings remain the United States and Germany, while the largest under-weightings continue to be in Italy and Japan. The portfolio contained 6% non-US collateralized securities, 2% US asset backed securities, 1% other non-US credits and 12% US Credits. The portfolio's first quarter duration was 6.1 years, slightly shorter than the 6.2 year duration of the Citigroup Non US Government Index.

In exceeding the benchmark, FFTW had good performance in its interest rate strategy, marginal contributions from its corporate credit and mortgage-backed security strategies and underperformance within its foreign exchange strategy. The bulk of the interest rate outperformance came from the firm's underweight in European bonds in favor of both US and Japanese bonds. The impact of non-US credit was marginal, as the portfolio had only moderate exposure. FFTW continues to believe that systemic risk will remain tempered in credit markets, and thus allocations are still justified, despite tight valuations. However, it sees the best risk/reward tradeoff in US MBS and CMBS – where credit quality remains high, yields are more attractive, and sensitivity to a rise in systemic risk is lower than in the US high-grade corporate bond market. FFTW believes that higher US Treasury rates should rejuvenate overseas demand for MBS, and the risk of a re-financing event is fairly remote at current Treasury yield levels. Overall, the performance impact of MBS positions was only marginal, as the underperformance in February was offset by a similar outperformance in March, and January was relatively flat. The portfolio's underperformance in foreign exchange was largely the result of a long US dollar/short Japanese yen position, which detracted substantially in February when the dollar fell approximately six percent against the yen in seven trading days.

## **MANAGER COMMENTS – REAL ESTATE**

### **Adelante Capital Management**

Adelante Capital Management reported a return of 4.0% for the first quarter, ranking in the 23<sup>rd</sup> percentile in the universe of REIT portfolios. Adelante's one-year return of 23.5% out-performed the DJ Wilshire REIT Index return of 21.8%.

As of March 31, the portfolio consisted of 26 REITS. Office properties comprised 22.5% of the portfolio, apartments made up 21.2%, retail represented 24.0%, industrials accounted for 7.2%, 8.0% is accounted for as diversified/specialty, hotels accounted for 10.3%, and 6.9% is cash. The properties were diversified regionally with 6.8% in the East North Central region, 14.3% in the Mideast, 7.9% in the Mountain, 30.3% in the Northeast, 21.3% in the Pacific region, 9.8% in the Southeast, 6.1% in the Southwest region, 2.5% in the West North Central region, 0.4% international and 0.6% unclassified.

REITs continued to out-perform in a positive first quarter for equities. The DJ Wilshire REIT Index returned 3.7% in the first quarter of 2007, better than the S&P 500 Index and the Russell 2000® Indices which advanced 0.7% and 2.0% respectively.

### **BlackRock Realty**

BlackRock Realty Apartment Value Fund III (AVF III) reported a first quarter total return of 6.1%. Over the one-year period, BlackRock has returned 19.6%. CCCERA has an 18.7% interest in the AVF III.

As of March 31, 2007, the fund held seventeen investments. The portfolio consisted of 100% apartment properties. The properties were distributed regionally as follows: 46% in the Pacific, 11% in the Northeast, 5% in the Mideast, 18% in the East North Central, 4% in the Southwest and 16% in the Southeast. Average portfolio occupancy rate of developed existing properties is near 90%.

Oxford Creek, located in the McDonough submarket of Atlanta and acquired in January 27, 2005, has performed above pro forma with physical occupancy at 95%. The asset received a write-up in value of \$0.9 million, or 4%, in the first quarter through an external appraisal. The asset's net operating income exceeded the budget by 10% in the first quarter due to strong occupancy as well as operating expenses that were lower than expected.

Woodcreek Apartments, located in the Lynnwood submarket of Seattle and acquired in May 17, 2006, has performed well with physical occupancy at 96% and net operating income exceeding the quarterly budget by 5%. The property is well located at the intersection of two major freeways just to the south, providing direct access to downtown Seattle and the Eastside employment centers in Redmond and Bellevue. The area's most notable employer, Boeing Corporation, is just minutes to the northwest. The Seattle MSA continues to exhibit strong demand and net operating income creating upward pressure on values.

Due to higher general vacancy and aggressive concessions on Fund properties undergoing renovation or lease-up, AVF III's total property net operating income was slightly below budget by 4% for the first quarter.

## **DLJ Real Estate Capital Partners**

DLJ Real Estate Capital Partners (RECP) reported a return of 3.7% in the quarter ending December 31, 2006. (Performance lags by one quarter due to the availability of financial reporting.) Over the one-year period, RECP has returned 49.6%. CCCERA has a 3.8% ownership interest in RECP.

As of December 31, the portfolio consisted of 100% land development. The properties were diversified regionally with 26.0% in the Pacific, 71.1% in the Southwest and 3.0% in the Southeast.

RECP I completed its investment activities in 1999 and has since emphasized asset management and asset realizations. By the end of 2006, RECP I has essentially realized its entire portfolio of 49 investments. Residual value remains in a handful of assets, with the majority of these proceeds expected to be realized in 2007, including these residual values. RECP I is expected to generate profits of approximately \$409 million on an aggregate investment of \$632 million.

## **DLJ Real Estate Capital Partners II**

DLJ Real Estate Capital Partners II (RECP II) reported a return of 20.3% in the quarter ending December 31, 2006. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP II has returned 38.9%. CCCERA has a 3.4% ownership interest in RECP II.

As of December 31, the portfolio consisted of 9.7% office properties, hotels accounted for 22.2%, residential accounted for 25.8%, land development made up 9.3%, retail made up 27.6%, sub-performing loans made up 4.5% and “other” made up 0.9%. The properties were diversified regionally with 27.9% in the Pacific, 16.3% in the Northeast, 22.2% listed as “Various U.S.” and 33.3% international.

The RECP II Fund has acquired 51 investments with total capital committed of \$981 million. RECP II’s investment activities were completed in 2004 and the focus thereafter has been on the management, positioning and realization of the portfolio.

The Fund has received substantial proceeds as partial realizations on its remaining portfolio. These partial proceeds, together with the fully realized transaction, have allowed the Fund to distribute \$1.6 billion, representing 165% of the capital invested by the Fund. The 16 assets remaining in the portfolio overall are performing very well, creating significant current cash flow and appreciation.

To date, the Fund has fully realized 35 of its 51 investments, generating profits of \$800 million. The Fund expects to continue to harvest the majority of the portfolio over the next 6-18 months.

## **DLJ Real Estate Capital Partners III**

DLJ Real Estate Capital Partners III (RECP III) reported a return of 15.9% in quarter of ending December 31, 2006. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP III has returned 35.0%. CCCERA has a 6.7% ownership interest in RECP III.

As of December 31, 2006 the portfolio consisted of 2.0% office properties, hotels accounted for 3.7%, residential accounted for 22.8%, land development made up 8.3%, retail made up 10.0%, mixed use development accounted for 27.8%, a vacation home development company made up 16.1%, sub-performing loans made up 5.1% and “other” made up 4.2%. The properties were diversified regionally with 19.4% in the Pacific, 21.0% in the Northeast, 1.3% listed as “Various U.S.” and 58.3% international.

In June, RECP III had its final closing, bringing the capital commitments of the RECP III to \$1.15 billion. Over the course of 2006, the Fund made 17 new investments in locations across Asia, Europe, the U.S. and the Caribbean. With three additional investments made to date in 2007, RECP III has make 39 investments with total commitments of \$720 million. In addition, RECP III realized five investments in 2006, generating profits of \$98.6 million.

The Fund has completed 39 investments, committing \$720 million of equity. The Fund has attractive pipeline of approximately \$163 million of transactions in the later stages of the acquisition process.

## **FFCA Co-Investment Limited Partnership**

Milliman was unable to obtain current quarterly information from FFCA. We extrapolated FFCA’s first quarter total return of 2.7% based on previous quarterly information. For the one-year period, FFCA reported a total return of 8.5%. Over longer periods, FFCA has met the objective of exceeding the CPI plus 500 basis points. CCCERA has a 33% interest in the Co-Investment.

## **Fidelity Investments US Growth Fund II**

Fidelity Investments reported a return of 2.4% for the first quarter of 2006. For the one-year period, Fidelity reported a total return of 11.8%

As of March 31, the fund was comprised of forty three investments. The portfolio consisted of 27.0% apartment properties, office space accounted for 2.3%, retail accounted for 5.2%, condos accounted for 29.0%, hotels accounted for 8.7%, self storage made up 1.5%, land made up 11.2%, student housing accounted for 14.0%, and golf courses made up the remaining 1.0% of the portfolio. The properties were diversified regionally with 18.7% in the Pacific, 7.0% in the Northeast, 24.1% in the Southeast, 15.4% in the Mideast, 17.5% in the Mountain region, 12.6% in the East North Central and 4.7% in the Southwest.

## **Hearthstone I & II**

The two Hearthstone homebuilding funds are approaching completion. Both funds have shown negative asset values for several quarters. The reason for the negative values is that the liabilities associated with those values will be due in the future. Funds required to pay the liabilities have been advanced to the fund participants. When the liabilities become due, CCCERA will have to return the advances and/or the liabilities will be paid from future profits from the few remaining projects.

Given the negative asset values, ongoing calculation of quarterly time-weighted performance for the two funds is not meaningful. (We do include the income in the combined real estate and the total fund performance.) As always for closed-end funds, the best measure of performance is the internal rate of return (IRR), shown on page 79. By this measure, the first fund has been a disappointing performer and the second fund a strong one.

## **Invesco Real Estate Fund I**

Invesco Real Estate Fund I (“IREF”) reported a first quarter total return of 3.8%. Over the past year, Invesco Real Estate Fund I returned 25.5%. CCCERA has a 15.6% interest in the Real Estate Fund I.

As of March 31, the portfolio consisted of nine properties. The portfolio consisted of 17.3% retail, 22.1% industrial properties, 9.0% office and 51.6% multi-family. The properties were diversified regionally with 20.2% in the Mountain, 19.2% in the North East, 9.4% in the Midwest, 8.5% in the Southeast, 5.1% in the Southwest and 37.6% in the “Various”.

The Fund is currently 92% committed and 69% called on its equity capital. Since inception, the fund has made twelve investments, nine of which are currently held in the portfolio and three that have been sold (at disposition pricing in excess of the Fund’s overall return target).

## **Prudential Strategic Performance Fund II**

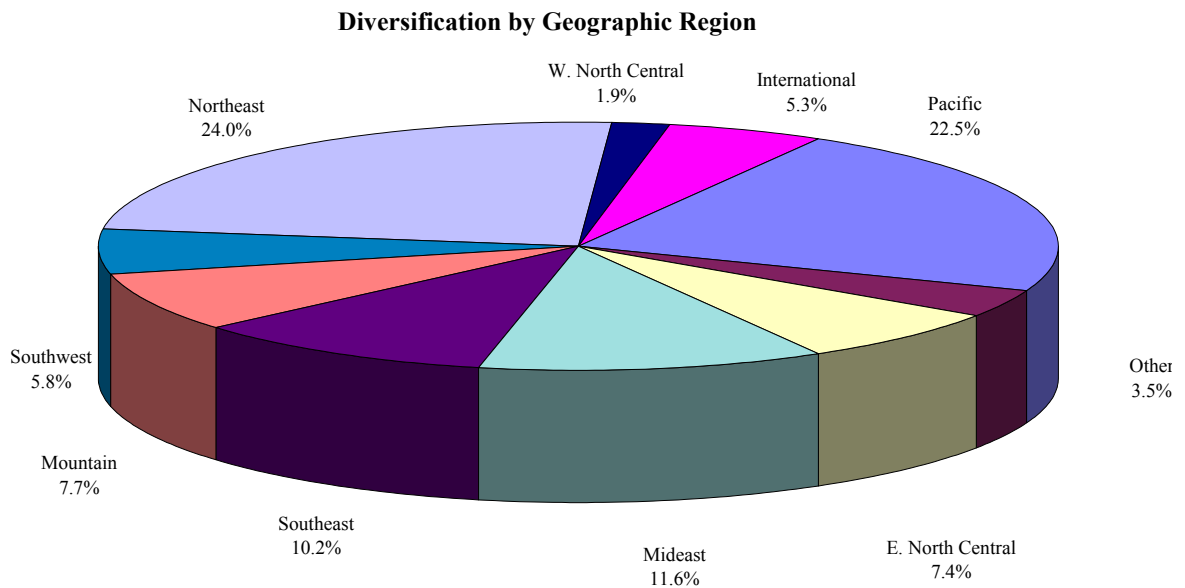
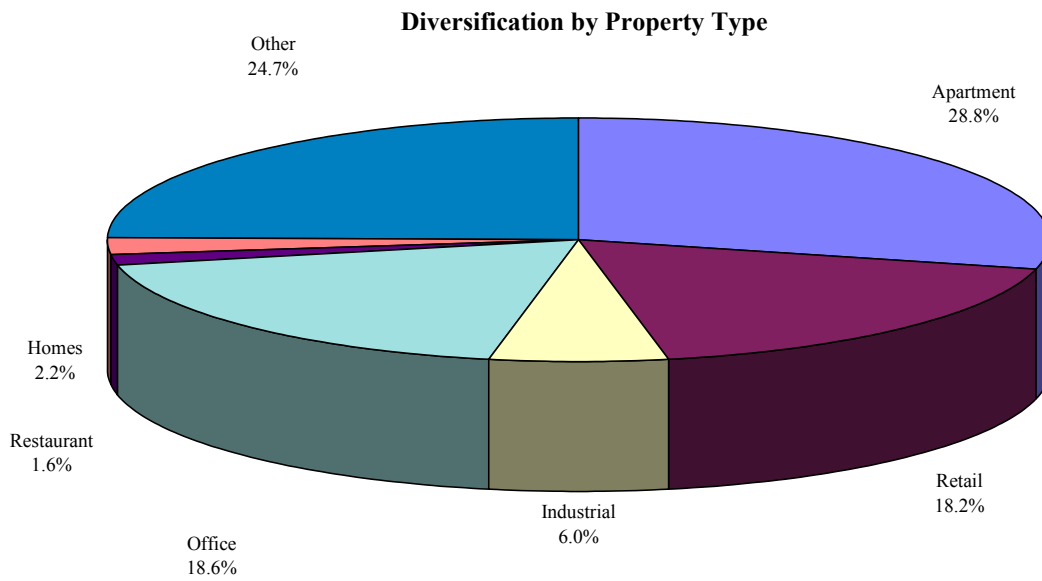
For the first quarter, the Prudential Strategic Performance Fund-II (SPF-II) reported a total return of 4.0%, all from income. Over the one year period, the fund returned 77.7%, 15.0% from income and 62.8% from appreciation. CCCERA accounts for 16.2% of SPF-II.

As of March 31, the portfolio was invested in seven properties: two office properties (34.4%) and five residential complexes (65.6%). The regional distribution of the portfolio is 6.7% in the Southeast, 27.8% in the Southwest, 17.4% Northeast, and 48.2% Mideast. Current occupancy at the office buildings averages 100%, remaining the same from last quarter. The residential properties are 98% leased, slightly higher than the last quarter.

SPF-II’s investor equity commitments total approximately \$237.3 million. The Fund can leverage up to 40% of gross market value of its assets. On September 8, 2006, the Fund notified the investors that it does not intend to make any further capital calls and therefore released the \$31.8 million outstanding capital commitment. From inception to March 31, 2007, SPF-II has drawn down approximately \$205.5 million (86.6%) of the capital committed by the investors.

# MANAGER COMMENTS – REAL ESTATE

## Total Real Estate Diversification



## **MANAGER COMMENTS - ALTERNATIVE INVESTMENTS**

### **Adams Street Partners**

Adams Street reported a fourth quarter return of 12.1% for the Partnership Trust. For the one-year period, Adams Street has returned 29.6%. (Performance lags by one quarter due to financial reporting constraints. This is typical for this type of investment vehicle.) The portfolio will still be acquiring investments for several years. CCCERA makes up 3.0% of the Fund.

The Fund is comprised of 38.4% venture capital funds, 7.4% in mezzanine funds, 38.1% in buyout funds, 11.1% in special situation funds, and 5.0% in restructuring/distressed debt. Geographically, 82.7% of the commitment is in the U.S. and 17.3% is non-U.S.

### **Bay Area Equity Fund**

Bay Area Equity Fund reported a fourth quarter return of 25.4% (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned 11.2%. CCCERA has a 13.3% ownership interest in the Fund.

As of December 31, 2006, the Bay Area Equity Fund has fourteen investments in private companies in the 10-county Bay Area, which are located in or near low- to middle-income neighborhoods.

### **Energy Investors - US Power Fund I**

The Energy Investors Fund Group (EIF) reported a fourth quarter return of 15.4%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF reports a total return of 26.0%. CCCERA has a 12.0% ownership interest in Fund I.

The EIF Fund's portfolio of investments continued to perform well during the fourth quarter distributing over \$13.7 million to the Fund. The Fund distributed \$9.0 million to the investors during the quarter, bringing cash distributions for 2006 to \$45.5 million. Since inception, the Fund has distributed a total of \$161.5 million.

### **Energy Investors - US Power Fund II**

Energy Investors reported a fourth quarter return of 2.3% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund returned 32.4%. CCCERA has a 19.7% ownership interest in USPF-II.

During 2006, the Fund invested over \$120 million of partners' capital into a number of projects, including Berkshire Power (\$28.6 million), Ferndale (\$25.1 million), Astoria (\$12.8 million), Crockett (\$18.9 million), Northbrook Energy (\$12.9 million), Burney (\$6.3 million) and Mojave (\$4.6 million). The Fund made additional commitments of more than \$70 million to projects in construction or development including Plum Point (\$25.4 million), Panoche (\$10.0 million and Bullard (\$6.0 million) With the Fund more than 80% committed, the Fund has built a well diversified portfolio. With the current pipeline of investments, the Fund expects to be fully committed in the next three to six months.



## **Nogales Investors Fund I**

The Nogales Investors Fund I reported a fourth quarter return of 22.5%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has returned 27.2%. CCCERA makes up 15.2% of the Fund.

The total capital committed to the Partnership is \$98.8 million consisting of Limited and General Partner's capital commitments of \$97.0 million and \$1.8 million.

The Partnership had its first portfolio investment realization in the first quarter of 2007. G.I. Joe's Inc. was sold to a private equity investor on January 31, 2007.

## **Pathway Private Equity Fund**

The Pathway Private Equity Fund (PPEF) reported a fourth quarter return of 17.8% (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, PPEF reports a total return of 32.9%. PPEF contains a mixture of buyout, venture capital, and other special equity investments.

As of December 31, 2006, the PPEF portfolio has taken \$40.4 million in contributions, an increase of \$1.9 million from the prior quarter. The PPEF portfolio also made \$3.3 million in distributions, increasing the total distribution received to \$21.4 million, which represents 53% of the fund's total contributions.

## **PT Timber Fund III**

John Hancock reported for Fund III a first quarter return of 1.5%. For the one-year period, John Hancock reports a total return of 14.1%. CCCERA makes up 12.3% of the Fund III.

As of the end of the first quarter, PT-3's timberland portfolio is comprised of five properties: Covington in Alabama and Florida; Bonifay in Florida; Choctaw in Mississippi; Alexander Plantations LLC in Alabama, Louisiana and Mississippi; and Hamakua in Hawaii.

Operations from the Fund's \$107 million of timber assets drove quarterly distributions totaling \$2.55 million, similar to the year-ago quarter. The portfolio remains in compliance with its investment policy.

Net cash from property operations for the portfolio is a bit behind Hancock's budget, but this is attributable to timing differences. Most timber harvesting and sales on the Bonifay and Choctaw properties did not take place in the first quarter as they projected, partially offset by greater-than-expected timber revenue from the Covington property. As these timber sales and harvests are undertaken in future quarters, this variance should reverse itself.

Alexander Plantations is the primary generator of cash flow for the portfolio, and on the strength of better-than-expected timber prices, this property had a favorable first quarter of operations. Alexander Plantations' blended average timber price of \$31.61 per ton was 10% above budget, and 3% above last year's average.

*This page intentionally left blank.*

## REAL ESTATE AND ALTERNATIVE INVESTMENT PORTFOLIO IRR RETURNS

	Gross of Fees		Net of Fees		Inception
	Fund Level IRR	CCCERA IRR	Fund Level IRR	CCCERA IRR	
<b>REAL ESTATE</b>					
BlackRock Realty	25.4%	<i>n/a</i>	22.0%	<i>n/a</i>	11/19/04
DLJ RECP I	17.0%	<i>n/a</i>	<i>n/a</i>	11.0%	05/14/96
DLJ RECP II	31.0%	<i>n/a</i>	<i>n/a</i>	21.0%	09/24/99
DLJ RECP III	47.0%	<i>n/a</i>	<i>n/a</i>	29.0%	06/23/05
FFCA	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	03/11/92
Fidelity Growth Fund II	15.4%	11.8%	12.4%	10.7%	03/10/04
Hearthstone I	<i>n/a</i>	<i>n/a</i>	4.3%	4.3%	06/15/95
Benchmark <sup>1</sup>	<i>n/a</i>	<i>n/a</i>	17.0%	17.0%	
Hearthstone II	<i>n/a</i>	<i>n/a</i>	31.0%	31.0%	06/17/98
Benchmark <sup>2</sup>	<i>n/a</i>	<i>n/a</i>	17.0%	17.0%	
Invesco Real Estate I	27.2%	27.2%	20.7%	23.1%	2/1/2005
Prudential SPF II	<i>n/a</i>	13.3%	<i>n/a</i>	11.6%	05/14/96
U.S. Realty	12.0%	12.0%	11.2%	11.2%	10/10/95
<b>ALTERNATIVE INVESTMENTS</b>					
Adams Street Partners	<i>n/a</i>	17.3%	<i>n/a</i>	14.4%	02/12/04
Bay Area Equity Fund	13.8%	14.6%	-2.0%	-2.1%	06/14/04
EIF US Power Fund I	30.7%	37.2%	25.8%	30.8%	11/26/03
EIF US Power Fund II	10.8%	10.0%	3.5%	3.2%	08/16/05
Nogales	23.2%	21.9%	13.8%	13.5%	02/15/04
Pathway	12.6%	12.6%	10.3%	10.3%	11/09/98
Benchmark <sup>3</sup>	12.9%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
Benchmark <sup>4</sup>	-2.5%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
PruTimber	<i>n/a</i>	<i>n/a</i>	3.1%	3.1%	12/12/95

Benchmarks:

Hearthstone I

Benchmark <sup>1</sup>

Target IRR range per CCCERA agreement

Hearthstone II

Benchmark <sup>2</sup>

Target IRR range per CCCERA agreement

Pathway

Benchmark <sup>3</sup>

Venture Economics Buyout Pooled IRR - 1999-2004 as of 6/30/04

Benchmark <sup>4</sup>

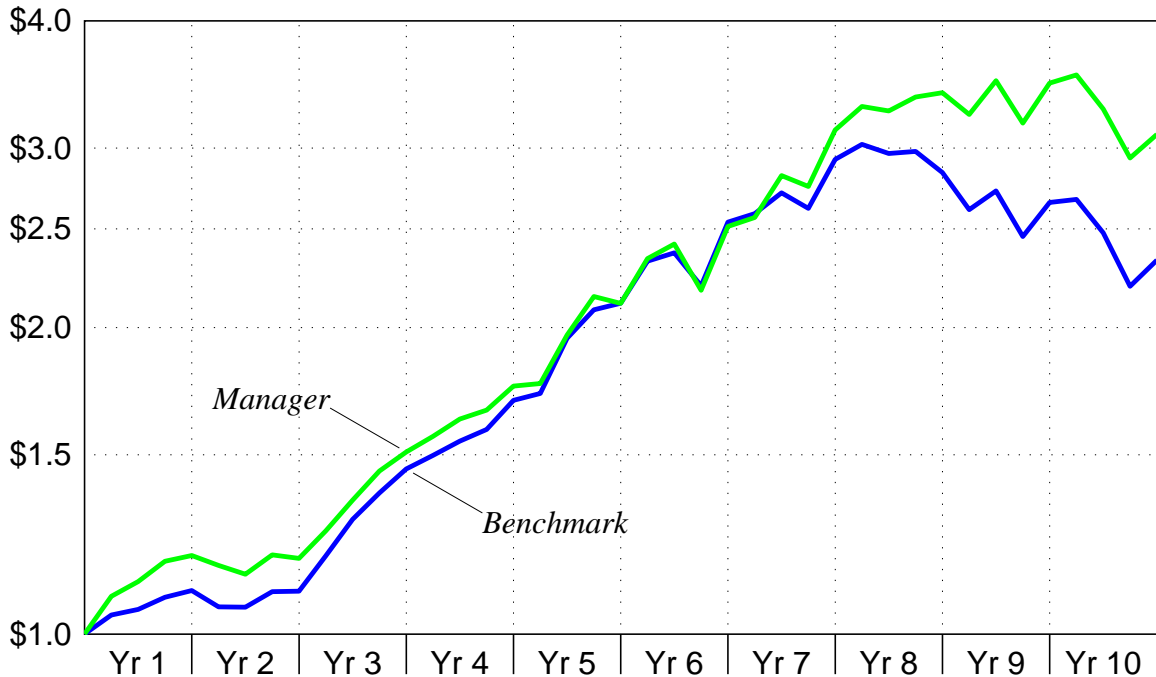
Venture Economics Venture Capital IRR - 1999-2004 as of 6/30/04

## APPENDIX – EXAMPLE CHARTS

### How to Read the Cumulative Return Chart:

# Manager vs. Benchmark

Cumulative Value of \$1

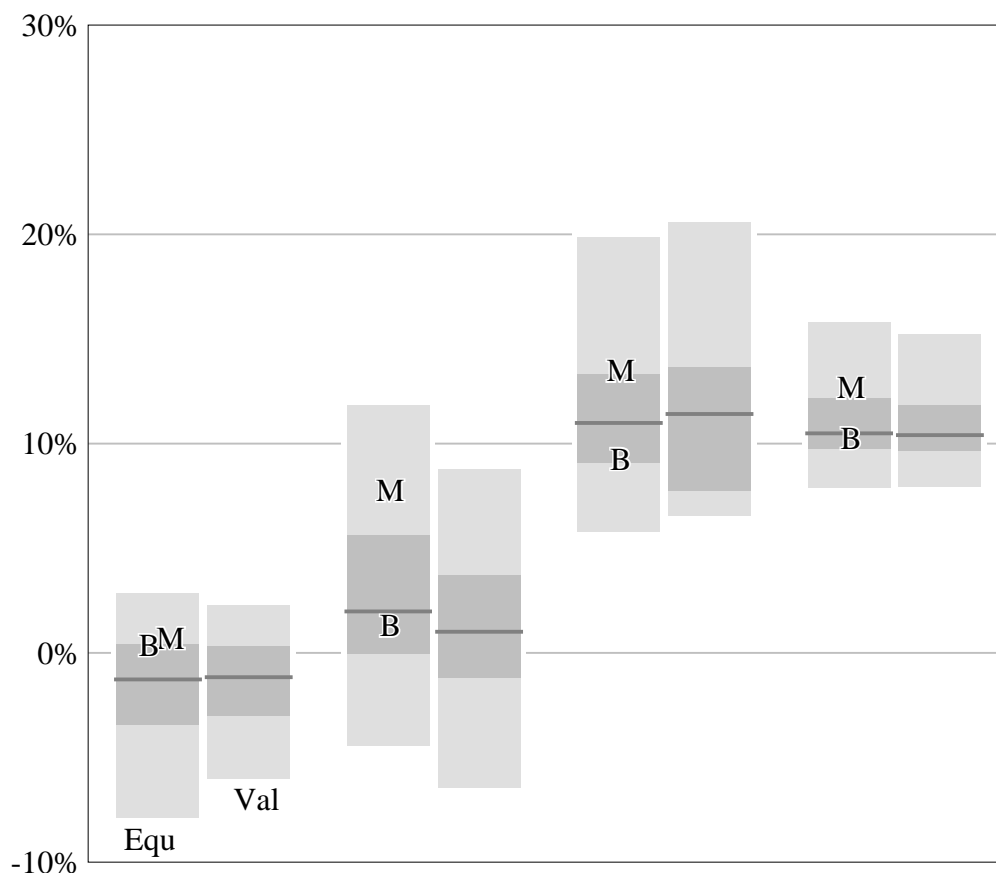


This chart shows the growth of \$1 invested in the 1<sup>st</sup> quarter of Year 1 with the manager vs. \$1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if \$1 had been invested with the manager at the beginning of the 1<sup>st</sup> quarter of 1985, it would have grown to approximately \$2 by the first quarter of Year 5 and would be above \$3 by the end of Year 10. Similarly, \$1 invested in the benchmark would have been worth near \$3 by the end of Year 7 and would be above \$2 by the end of the Year 10.

This is a semi-logarithmic or “log” graph. This is to show equal percentage moves with an equal slope at any place on the graph. For example, with equal scaling a manager who consistently returns 2% every quarter would show a return line which would steepen through time even though the growth rate is the same. With log scaling, a constant growth rate results in a straight line.

An advantage to using log graphs is that it is possible to compare managers more fairly to the benchmark. If the manager appears to be catching up to or losing ground to the benchmark on the log graph, then this is what is actually happening. This may not be the case with an arithmetic chart, where distortions are possible.

## How to Read The Floating Bar Chart:



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
Manager ( <b>M</b> )	0.8	7.8	13.5	12.7
<i>Rank v. Equity</i>	18	13	23	19
<i>Rank v. Value</i>	15	10	25	12
Benchmark ( <b>B</b> )	0.4	1.3	9.3	10.3
Equity Median	-1.3	2.0	11.0	10.5
Value Median	-1.2	1.0	11.4	10.4

This chart shows Manager **M**'s cumulative performance for each of four time periods: the last quarter and one, three and five years. The time period is printed below the graph. Each **M** on the chart is performance for a different time period; the first **M** is the return for last quarter: 0.8%.

The benchmark index and two manager universes are presented for comparison. **B** is the benchmark's return, 0.4% for last quarter. The universes are labeled "Equ" for all equity and "Val" for value. Each universe for each period is shown as a shaded box divided into 4 portions. The box top is the return of the manager at the 5<sup>th</sup> percentile of the universe (better than 95% of managers), while the box bottom is the return at the 95<sup>th</sup> percentile. The shading changes at the 25<sup>th</sup> and 75<sup>th</sup> percentiles. The 50<sup>th</sup> percentile is the horizontal line drawn through the center of the box. The manager's return and ranking in each database for each period is shown in the table underneath the graph, as is return for the benchmark index and the median manager in each database.

## DEFINITIONS

**Alpha** – Alpha is a measure of value added after adjusting for risk. Beta is the measure of risk used in the calculation of alpha, so the accuracy of alpha is dependent on the accuracy of beta. Alpha is the difference between the manager's return and what one would expect the manager to return after adjusting for the amount of risk taken. Mathematically,  $\text{Alpha} = \text{Portfolio Return} - \text{Risk Free Rate} - \text{Beta} * (\text{Market Return} - \text{Risk Free Rate})$ ;  $\alpha = r_p - r_f - \beta(r_m - r_f)$ . A positive alpha is an indication of value added.

**Asset Backed Security (ABS)** – A fixed income security which has specifically pledged collateral such as car loans, credit card receivables, lease loans, etc.

**Average Capitalization** – Average capitalization is the sum of the capitalization of each stock in the portfolio divided by the number of stocks in the portfolio.

**Barbell** – A barbell yield curve strategy is a portfolio made up of long term and short term bonds with nothing (or very little) in between. This strategy performs well during periods when the yield curve flattens.

**Beta** – Beta is a measure of risk for domestic equities. The market has a beta of 1. A manager with a beta above 1 exhibits more risk than the market, while a manager with a beta below 1 is less risky than the market.

**Bullet** – A bullet yield curve strategy focuses on the intermediate area of the yield curve. This strategy performs well during periods when the yield curve steepens.

**Collateralized Mortgage Obligation (CMO)** – A CMO is a security backed by a pool of pass through securities and/or mortgages. Since CMOs derive their cash flow from the underlying mortgage collateral, they are referred to as derivatives. CMOs are structured so there are several classes of bondholders with varying stated maturities and varying certainty of the timing of cash flows.

**Consumer Price Index** – The Consumer Price Index is an indicator of the general level of prices. It attempts to compare the cost of purchasing a market basket of goods purchased by a typical consumer during a specific period with the cost of purchasing the same market basket of goods during an earlier period.

**Coupon** – The coupon rate is the annual coupon (i.e. interest) payment value divided by the par value of the bond.

**Diversifiable Risk** – Diversifiable risk – also known as specific risk, non-market risk and residual risk – is the risk of a portfolio that can be diversified away.

**Duration** – Duration is a weighted average maturity, expressed in years. All coupon and principal payments are weighted by the present value term for the expected time of payment. Duration is a measure of sensitivity to changes in interest rates with a longer duration indicating a greater sensitivity to changes in interest rates.

**Dividend Yield** – Dividend yield is calculated on common stock holdings, and is the ratio of the last twelve months dividend payments as a percentage of the most recent quarter-ending stock market value.

**Growth Sector** – Growth sectors are referred to in the Portfolio Profile Report (PPR) in our quarterly reports. The market is divided into five growth sectors based on the forecast of the fifth year growth rate in earnings per share. The PPR reports what portion of a manager's (or the composite's) portfolio is invested in stocks in each growth sector.

**Interest Only Strip (IO)** – An IO is a type of CMO that gets its cash flows from interest payments only. IOs benefit from a slowing in prepayments (i.e. interest rates rise) and under-perform in an accelerating prepayment environment (i.e. interest rates decline). IOs can be very volatile, but can offset volatility in the over all portfolio.

**Market Capitalization** - Market capitalization is a company's market value, or closing price times the number of shares outstanding.

**Maturity** – The maturity for an individual bond is calculated as the number of years until principal is paid. For a portfolio of bonds, the maturity is a weighted average maturity, where the weighting factors are the individual security's percentage of the total portfolio.

**Median Manager** – The median manager is the manager with the middle return when returns are ranked from high to low. Half of the managers will have a higher return and half will have a lower return.

**Mortgage Pass Through** – A mortgage pass through is a security which “passes through” to the holder the interest and principal payments on a group of mortgages.

**Percentile Rank** – A manager's rank signifies the percentage of managers in the universe performing better than the manager. For example, a manager with a rank of 10 means that only 10% of managers had returns greater than the managers over the period of measurement. Likewise, a rank of 50 (i.e. the median manager) indicates that 50% of managers in the universe did better and 50% did worse.

**Planned Amortization Class (PAC)** – A PAC is a type of CMO with the cash flows set up to be fairly certain. PACs appeal to investors who want more certain cash flow payments from a mortgage security than provided by the underlying collateral.

**Price/Book Value** – The price/book value for an individual common stock is the stock's price divided by book value per share. Book value per share is the company's common stockholders equity divided by the number of common shares outstanding.

**Price/Earnings Ratio (P/E)** – The P/E ratio of a common stock's price divided by earnings per share. The ratio is used as a valuation technique employed by investment managers.

**Principal Only Strip (PO)** – A PO is a type of CMO that gets its cash flows from principal payments only. POs are sold at a discount and perform well if prepayments come in faster than expected (i.e. interest rates decrease) and extend and perform poorly if prepayments come in slower than expected (i.e. interest rates rise).

**Quality** – Quality relates to the credit risk of a bond (i.e. the issuer's ability to pay). Quality is most relevant for corporate bonds. Several rating organizations publish ratings of bonds including Moody's and Standard & Poor's. AAA is the highest quality rating, followed by AA+, AA, AA-, A+, A, A- and then BBB+, BBB, BBB-, BB+, BB, BB-, etc. Bonds rated above BBB- are said to be of investment grade.

**R<sup>2</sup> (R Squared)** – R<sup>2</sup> is a measure of how well a manager moves with the market. If a manager's performance closely tracks that of the market, the R<sup>2</sup> will be close to 1. Broadly diversified managers have an R<sup>2</sup> of 0.90 or greater, while the R<sup>2</sup> of un-diversified managers will be lower.

**Return On Equity** – The return on equity for a common stock is the annual net income divided by total common stockholders' equity.

**Standard Deviation** – Standard deviation is the degree of variability of a time series, such as quarterly returns, relative to the average. Standard deviation measures the volatility of the time series.

**Weighted Capitalization** – Weighted capitalization is the sum of the capitalization of each stock in the portfolio weighted by its percentage of the portfolio.

**Yield to Maturity** – The yield to maturity is the discount rate that equates the present value of cash flows (coupons and principal) to the market price taking into account the time value of money.