

# Asset Allocation

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## Sacramento County Employees Retirement System

Asset Summary  
As of September 30, 2006

	<u>Total Market Value</u>	<u>% of Total Fund</u>		<u>% of Asset Class</u>	
<b>Total Fund</b>	\$ 5,400.2	100.0	%	100.0	%
<b>Domestic Equity</b>	<b>1,902.9</b>	<b>35.2</b>		<b>100.0</b>	
<b>All Cap Index</b>					
AllianceBernstein L.P. Passive	1,092.6	20.2		57.4	
<b>Large Cap Growth</b>					
Independence Inv. LLC	251.8	4.7		13.2	
<b>Large Cap Value</b>	<b>279.2</b>	<b>5.2</b>		<b>14.7</b>	
OFI Institutional	90.5	1.7		4.8	
LSV Asset Management Large Cap Value	96.4	1.8		5.1	
Pzena Investment Management	92.3	1.7		4.8	
<b>Small Cap Growth</b>	<b>137.6</b>	<b>2.5</b>		<b>7.2</b>	
State Street Global Advisors SSgA Russ 2000	0.0	0.0		0.0	
Bear Stearns Asset Mgmt.	59.7	1.1		3.1	
M.A. Weatherbie & Co., Inc.	77.9	1.4		4.1	
<b>Small Cap Value</b>	<b>141.6</b>	<b>2.6</b>		<b>7.4</b>	
Dalton Greiner Hartman Maher	71.4	1.3		3.8	
TCW Group	70.2	1.3		3.7	
<b>International Equity</b>	<b>1,132.6</b>	<b>21.0</b>		<b>100.0</b>	
INVESCO Global	279.3	5.2		24.7	
Capital Guardian Trust Company International Equity	303.5	5.6		26.8	
LSV Asset Management International Equity	285.6	5.3		25.2	
AXA Rosenberg Inv. Mgmt. LLC	67.7	1.3		6.0	
Capital Guardian Trust Company Emerging Markets Growth	196.4	3.6		17.3	

All dollars in millions, numbers may not add due to rounding

## Sacramento County Employees Retirement System

### Asset Summary

As of September 30, 2006

	<u>Total Market Value</u>	<u>% of Total Fund</u>		<u>% of Asset Class</u>	
<b>Fixed Income</b>	<b>\$ 1,325.6</b>	<b>24.5</b>	%	<b>100.0</b>	%
Lehman Brothers Asset Mgmt Passive	443.3	8.2		33.4	
Metropolitan West Asset Mgmt	441.8	8.2		33.3	
Bradford & Marzec, Inc.	440.5	8.2		33.2	
<b>Hedge Fund</b>	<b>240.0</b>	<b>4.4</b>		<b>100.0</b>	
Blackstone Alternative Asset	124.4	2.3		51.9	
Grosvenor Capital Mgmt.	115.5	2.1		48.1	
<b>Total Real Estate</b>	<b>675.3</b>	<b>12.5</b>		<b>100.0</b>	
<b>Separate Account Portfolios</b>	<b>446.7</b>	<b>8.3</b>		<b>66.2</b>	
BlackRock Realty Leveraged	239.2	4.4		35.4	
BlackRock Realty Portfolio II Leveraged	93.5	1.7		13.8	
Cornerstone Real Est Adv Leveraged	114.0	2.1		16.9	
<b>REITS</b>	<b>94.3</b>	<b>1.7</b>		<b>14.0</b>	
Principal Global Investors	47.2	0.9		7.0	
Urdang Investment Mgmt. Inc.	47.1	0.9		7.0	
<b>Ltd. Partnerships</b>	<b>134.3</b>	<b>2.5</b>		<b>19.9</b>	
BlackRock Realty Tower Leveraged	66.8	1.2		9.9	
Cornerstone Real Est Adv Open-end Fund Leveraged	67.4	1.2		10.0	
Heitman Capital Mgmt Corp V	0.0	0.0		0.0	
JMB Group V	0.1	0.0		0.0	
<b>Cash</b>	<b>123.9</b>	<b>2.3</b>		<b>100.0</b>	
Total Cash	123.9	2.3		100.0	
Cash	0.0	0.0		0.0	

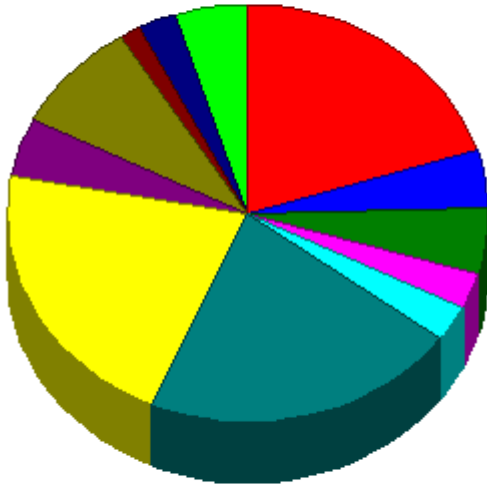
All dollars in millions, numbers may not add due to rounding

**Sacramento County Employees Retirement System**

Asset Allocation  
As of September 30, 2006

**Prior Asset Allocation - June 30, 2006**

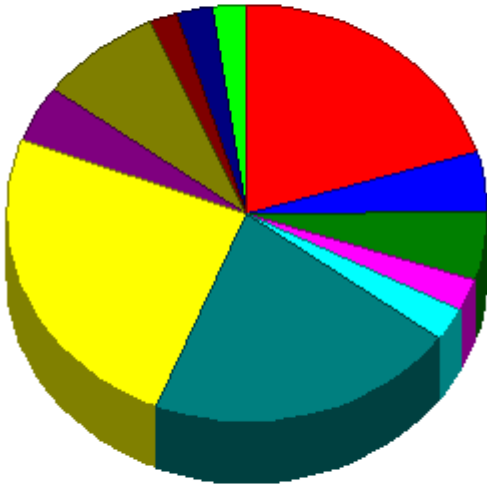
■ All Cap Index	20.0 %
■ Large Cap Growth	4.5 %
■ Large Cap Value	5.2 %
■ Small Cap Growth	2.8 %
■ Small Cap Value	2.8 %
■ International Equity	21.4 %
■ Fixed Income	21.3 %
■ Hedge Fund	4.7 %
■ Separate Account Portfolios	8.6 %
■ REITS	1.4 %
■ Ltd. Partnerships	2.5 %
■ Cash	4.9 %



**Total Market Value  
\$ 5,081,563,348**

**Current Asset Allocation - September 30, 2006**

■ All Cap Index	20.2 %
■ Large Cap Growth	4.7 %
■ Large Cap Value	5.2 %
■ Small Cap Growth	2.5 %
■ Small Cap Value	2.6 %
■ International Equity	21.0 %
■ Fixed Income	24.5 %
■ Hedge Fund	4.4 %
■ Separate Account Portfolios	8.3 %
■ REITS	1.7 %
■ Ltd. Partnerships	2.5 %
■ Cash	2.3 %



**Total Market Value  
\$ 5,400,200,924**

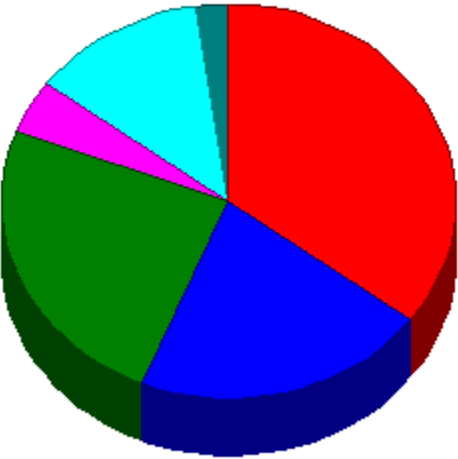
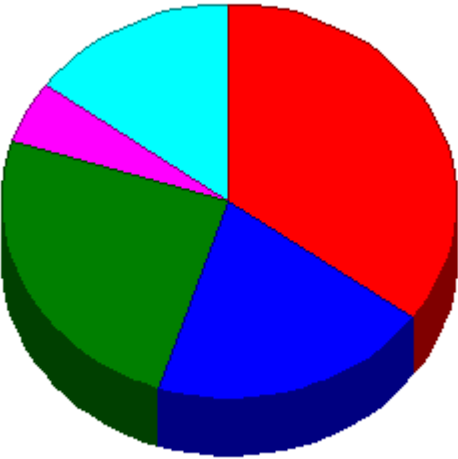
**Sacramento County Employees Retirement System**

Asset Allocation  
As of September 30, 2006

**Policy**

**Actual**

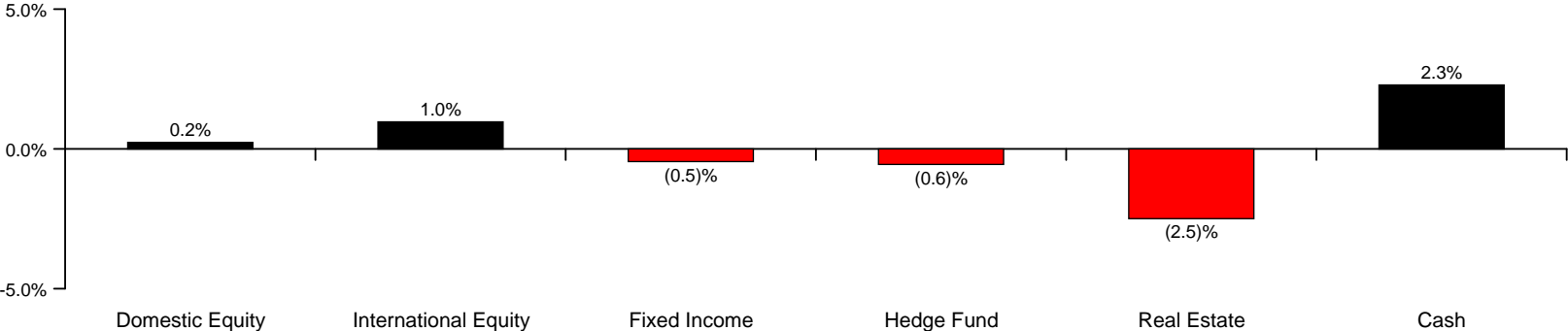
- Domestic Equity 35.0 %
- International Equity 20.0 %
- Fixed Income 25.0 %
- Hedge Fund 5.0 %
- Real Estate 15.0 %



- Domestic Equity 35.2 %
- International Equity 21.0 %
- Fixed Income 24.5 %
- Hedge Fund 4.4 %
- Real Estate 12.5 %
- Cash 2.3 %

**Total Market Value  
\$ 5,400,200,924**

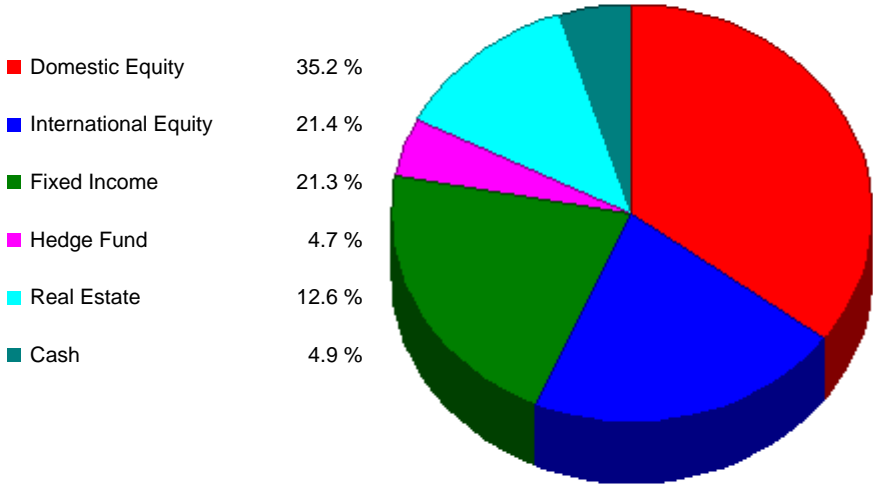
**Asset Allocation vs. Policy**



Numbers may not add due to rounding

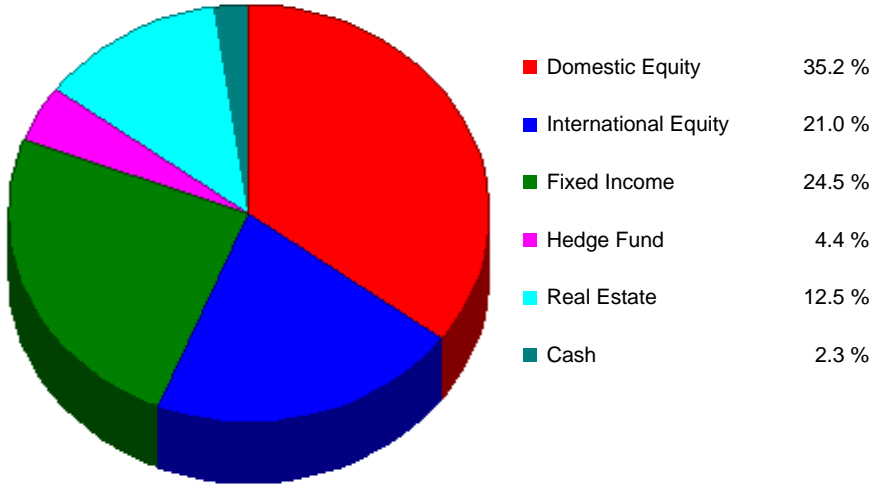
**Sacramento County Employees Retirement System**  
 Asset Allocation  
 As of September 30, 2006

**Prior Asset Allocation - June 30, 2006**



**Total Market Value  
 \$ 5,081,563,348**

**Current Asset Allocation - September 30, 2006**



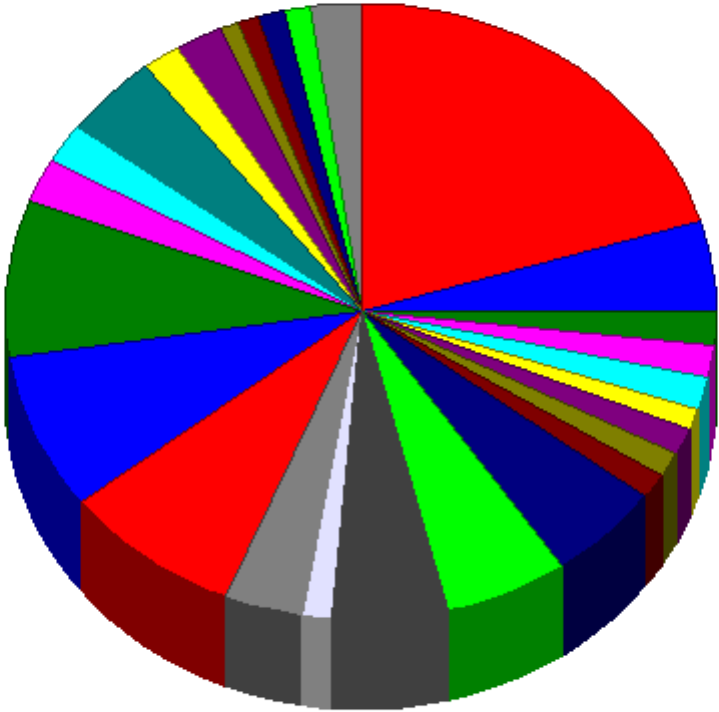
**Total Market Value  
 \$ 5,400,200,924**

**Sacramento County Employees Retirement System**  
 Asset Allocation  
 As of September 30, 2006

**Actual**

■ AllianceBernstein L.P. Passive	20.2%
■ Independence Inv. LLC	4.7%
■ LSV Asset Management Large Cap Value	1.8%
■ Pzena Investment Management	1.7%
■ OFI Institutional	1.7%
■ State Street Global Advisors SSgA Russ 2000	0.0%
■ Bear Stearns Asset Mgmt.	1.1%
■ M.A. Weatherbie & Co., Inc.	1.4%
■ Dalton Greiner Hartman Maher	1.3%
■ TCW Group	1.3%
■ INVESCO Global	5.2%
■ Capital Guardian Trust Company International Equity	5.6%
■ LSV Asset Management International Equity	5.3%
■ AXA Rosenberg Inv. Mgmt. LLC	1.3%
■ Capital Guardian Trust Company Emerging Markets Growth	3.6%
■ Lehman Brothers Asset Mgmt Passive	8.2%

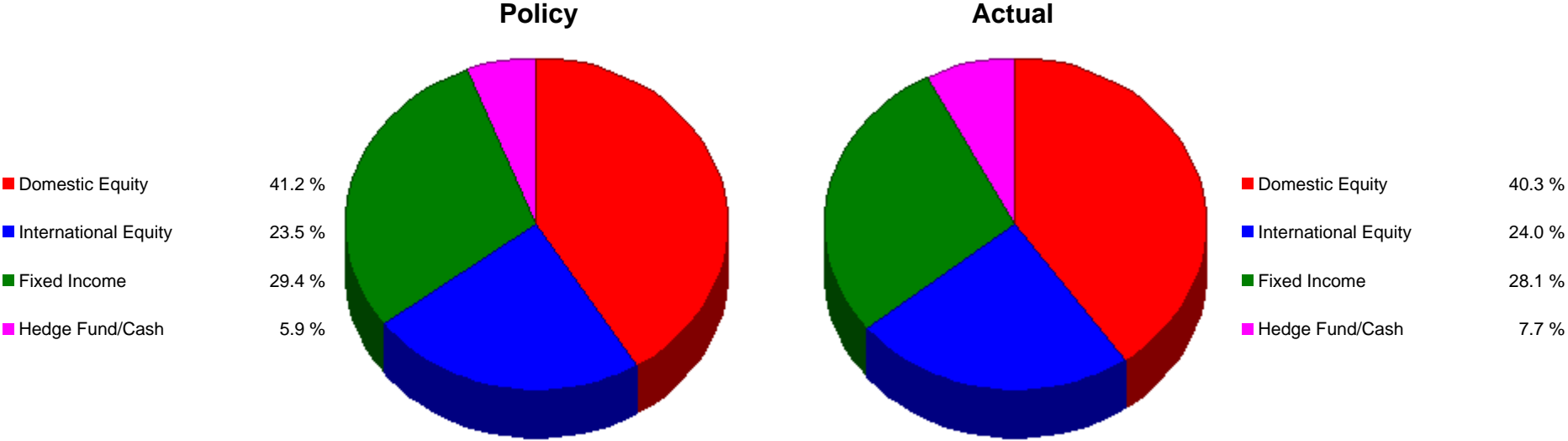
■ Metropolitan West Asset Mgmt	8.2%
■ Bradford & Marzec, Inc.	8.2%
■ Blackstone Alternative Asset	2.3%
■ Grosvenor Capital Mgmt.	2.1%
■ BlackRock Realty Leveraged	4.4%
■ BlackRock Realty Portfolio II Leveraged	1.7%
■ Cornerstone Real Est Adv Leveraged	2.1%
■ Principal Global Investors	0.9%
■ Urdang Investment Mgmt. Inc.	0.9%
■ BlackRock Realty Tower Leveraged	1.2%
■ Cornerstone Real Est Adv Open-end Fund Leveraged	1.2%
■ Heitman Capital Mgmt Corp V	0.0%
■ JMB Group V	0.0%
■ Total Cash	2.3%
■ Cash	0.0%



**Total Market Value**  
**\$ 5,400,200,924**

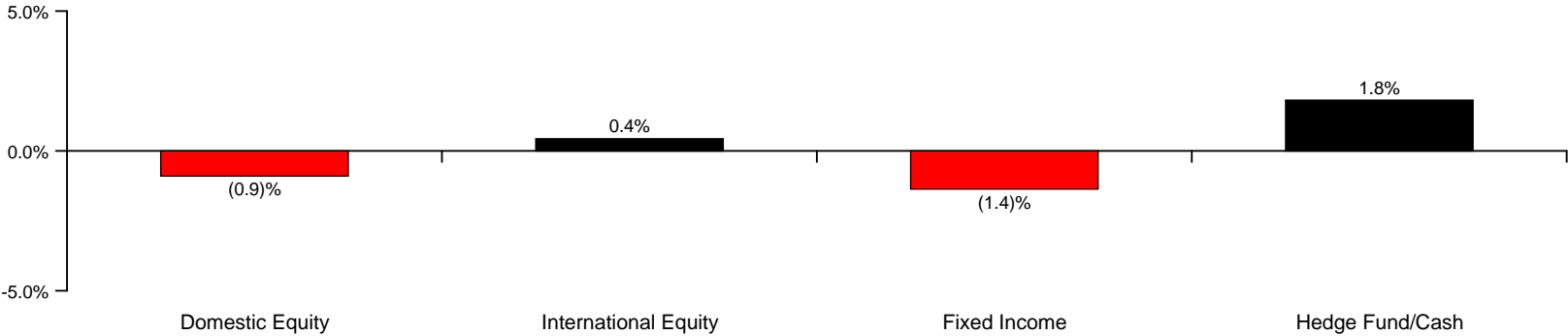
Numbers may not add due to rounding

**Sacramento County Employees Retirement System**  
 Excluding SSgA Overlay (Real Estate not included)  
 Asset Allocation  
 As of September 30, 2006



**Total Market Value**  
**\$ 4,724,933,404**

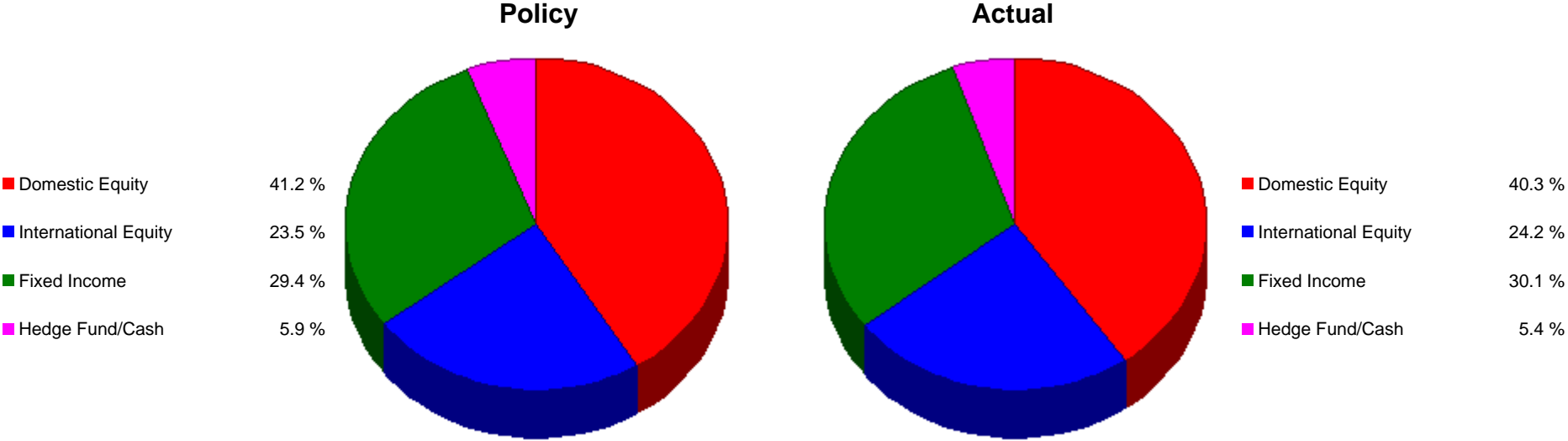
**Asset Allocation vs. Policy**



Numbers may not add due to rounding

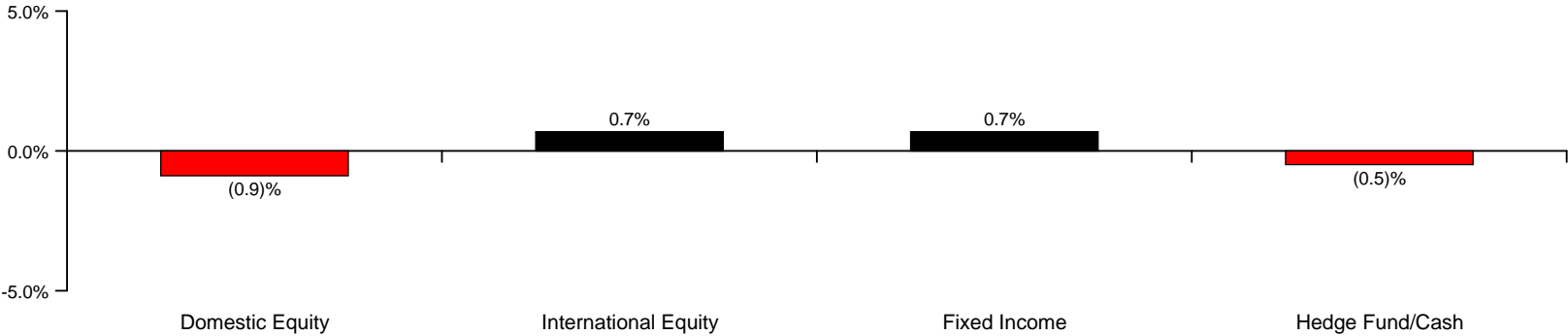


**Sacramento County Employees Retirement System**  
 Including SSgA Overlay (Real Estate not included)  
 Asset Allocation  
 As of September 30, 2006



**Total Market Value**  
**\$ 4,724,933,404**

**Asset Allocation vs. Policy**



Numbers may not add due to rounding

**Sacramento County Employees' Retirement System**  
Financial Reconciliation  
Quarter Ending September 30, 2006

Manager	Beginning Market Value	Net Cash Flow	Investment Income	Capital Gain/Loss	Net Investment Gain/Loss	Ending Market Value
AllianceBernstein L.P. Passive	1,014,966,170	25,216,480	4,782,861	47,635,357	52,418,218	1,092,600,867
Independence Inv. LLC	231,194,335	--	--	20,634,980	20,634,980	251,829,314
LSV Asset Management Large Cap Value	93,116,120	(763,010)	574,075	3,505,098	4,079,173	96,432,284
Pzena Investment Management	84,255,127	(519,695)	453,851	8,082,677	8,536,528	92,271,960
OFI Institutional	85,668,916	(552,992)	591,478	4,771,608	5,363,086	90,479,009
State Street Global Advisors	61,853,995	(62,710,997)	10,072	846,930	857,002	--
Bear Stearns Asset Mgmt.	--	62,451,820	28,771	(2,764,161)	(2,735,390)	59,716,430
M.A. Weatherbie & Co., Inc.	79,472,358	(267,194)	113,017	(1,387,400)	(1,274,383)	77,930,781
Dalton Greiner Hartman Maher	71,270,659	(362,806)	243,146	237,614	480,760	71,388,612
TCW Group	68,723,151	(213,976)	101,660	1,631,026	1,732,686	70,241,861
INVESCO Global	267,669,022	(2,354,774)	692,426	13,289,211	13,981,637	279,295,884
Capital Guardian Trust Company International Equity	294,068,402	(2,260,625)	1,158,314	10,575,596	11,733,910	303,541,688
Bank of Ireland Asset Mgmt Ltd	1,733	--	--	(16)	(16)	1,716
LSV Asset Management International Equity	274,718,045	(3,120,974)	1,471,557	12,569,407	14,040,964	285,638,035
AXA Rosenberg Inv. Mgmt. LLC	65,781,072	(454,394)	180,250	2,178,450	2,358,700	67,685,378
Capital Guardian Trust Company Emerging Mkt Growth	183,379,994	(397,968)	--	13,444,861	13,444,861	196,426,887
Lehman Brothers Asset Mgmt Passive	361,710,275	65,347,067	5,467,526	10,762,915	16,230,441	443,287,783
Metropolitan West Asset Mgmt	359,490,079	65,809,297	4,819,298	11,650,613	16,469,910	441,769,287
Bradford & Marzec, Inc.	359,113,501	64,761,268	4,525,507	12,144,630	16,670,137	440,544,906
Blackstone Alternative Asset	123,461,448	(319,930)	--	1,307,281	1,307,281	124,448,799

**Sacramento County Employees' Retirement System**  
 Financial Reconciliation  
 Quarter Ending September 30, 2006

Manager	Beginning Market Value	Net Cash Flow	Investment Income	Capital Gain/Loss	Net Investment Gain/Loss	Ending Market Value
Grosvenor Capital Mgmt.	112,905,529	(264,648)	--	2,900,519	2,900,519	115,541,400
BlackRock Realty Leveraged	231,464,339	--	--	7,742,697	7,742,697	239,207,036
BlackRock Realty Port. II Leveraged	91,280,000	--	--	2,200,000	2,200,000	93,480,000
Cornerstone Real Est Adv Leveraged	113,832,276	--	--	197,769	197,769	114,030,045
Principal Global Investors	36,872,558	7,472,444	292,839	2,553,928	2,846,767	47,191,769
Urdang Investment Mgmt. Inc.	36,376,587	7,473,674	319,705	2,913,071	3,232,776	47,083,036
BlackRock Realty Tower Lev.	62,054,360	--	--	4,719,138	4,719,138	66,773,498
Cornerstone Real Est Adv Open-End Fund Lev.	66,443,849	--	--	937,524	937,524	67,381,373
Heitman Capital Mgmt Corp V	9,184	--	--	(963)	(963)	8,221
JMB Group V	150,546	--	--	(38,004)	(38,004)	112,542
Cash Account	250,254,747	(128,242,206)	1,931,047	(88,068)	1,842,979	123,855,521
Cash	4,973	--	--	27	27	5,000
<b>Total</b>	<b>\$5,081,563,348</b>	<b>\$95,725,862</b>	<b>\$27,757,400</b>	<b>\$195,154,314</b>	<b>\$222,911,714</b>	<b>\$5,400,200,924</b>

# Performance

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## Sacramento County Employees Retirement System

### Performance Summary

Period Ending September 30, 2006

	Market Value	Annualized										
		Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
<b>Total Fund</b>	<b>\$ 5,423.8</b>	<b>4.2 %</b>	<b>30</b>	<b>8.5 %</b>	<b>38</b>	<b>11.8 %</b>	<b>28</b>	<b>12.9 %</b>	<b>69</b>	<b>9.9 %</b>	<b>65</b>	<b>9.8 %</b>
<b>Total Fund-Net</b>	<b>5,423.8</b>	<b>4.1</b>	<b>37</b>	<b>8.3</b>	<b>48</b>	<b>11.5</b>	<b>37</b>	<b>12.6</b>	<b>76</b>	<b>9.6</b>	<b>69</b>	<b>9.7</b>
<i>Rank vs. Total Funds Billion Dollar - Public</i>												
<i>Total Funds Billion Dollar - Public Med</i>												
<i>Benchmark</i>		4.0		8.1		10.6		13.5		10.2		--
<i>Benchmark (CURRENT)</i>		4.2		8.7		11.7		13.2		10.1		10.0
		4.1		8.9		11.8		--		--		--
<b>SSgA Overlay Impact (excluding Real Estate)</b>												
Total Fund without SSgA Overlay	4,724.9	4.4		--		--		--		--		4.2
Total Fund with SSgA Overlay	4,724.9	4.4		--		--		--		--		4.3
<b>Total Domestic Equity</b>	<b>1,781.2</b>	<b>4.5</b>	<b>29</b>	<b>7.4</b>	<b>48</b>	<b>9.7</b>	<b>56</b>	<b>12.6</b>	<b>96</b>	<b>8.2</b>	<b>90</b>	<b>11.3</b>
<b>Total Domestic Equity-Net</b>	<b>1,781.2</b>	<b>4.4</b>	<b>30</b>	<b>7.2</b>	<b>59</b>	<b>9.4</b>	<b>66</b>	<b>12.3</b>	<b>100</b>	<b>7.9</b>	<b>93</b>	<b>11.2</b>
<i>Rank vs. US Equity Billion Dollar Segment - Public</i>												
<i>US Equity Billion Dollar Segment - Public Med</i>												
<i>Russell 3000 Index</i>		3.9		7.3		9.8		13.7		9.3		--
		4.6		8.0		10.2		13.0		8.1		11.0
<b>Total Large Cap Domestic Equity</b>	<b>1,501.9</b>	<b>5.4</b>	<b>36</b>	<b>8.0</b>	<b>46</b>	<b>10.3</b>	<b>46</b>	<b>12.7</b>	<b>57</b>	<b>7.6</b>	<b>61</b>	<b>3.8</b>
<b>Total Large Cap Domestic Equity-Net</b>	<b>1,501.9</b>	<b>5.4</b>	<b>37</b>	<b>7.8</b>	<b>47</b>	<b>10.2</b>	<b>48</b>	<b>12.6</b>	<b>59</b>	<b>7.5</b>	<b>63</b>	<b>3.7</b>
<i>Rank vs. Mercer US Equity Large Cap Equity Universe</i>												
<i>Mercer US Equity Large Cap Equity Universe Med</i>												
<i>Russell 1000 Index</i>		4.7		7.5		10.0		13.4		8.5		--
		5.1		8.0		10.2		12.8		7.6		4.2
<b>All Cap Index</b>												
AllianceBernstein L.P. Passive	1,092.6	5.0	43	8.0	46	10.2	48	12.8	57	7.8	59	11.3
AllianceBernstein L.P. Passive-Net	1,092.6	5.0	43	7.9	46	10.2	48	12.7	57	7.7	59	11.2
<i>Rank vs. Mercer US Equity Large Cap Equity Universe</i>												
<i>Mercer US Equity Large Cap Equity Universe Med</i>												
<i>Benchmark</i>		4.7		7.5		10.0		13.4		8.5		--
		5.1		8.0		10.2		12.8		7.6		11.2

**Sacramento County Employees Retirement System**  
Performance Summary  
Period Ending September 30, 2006

	Market Value	Annualized										
		Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
<b>Large Cap Growth</b>												
Independence w/Transition	\$ 251.8	4.9 %	22	3.3 %	44	5.6 %	57	7.8 %	81	4.1 %	75	0.6 %
Independence w/Transition-Net	251.8	4.9	23	3.2	45	5.5	58	7.7	83	3.9	80	0.4
Independence Inv. LLC	130.1	5.0	20	3.4	43	5.7	55	7.8	80	4.2	75	0.6
Independence Inv. LLC-Net	130.1	5.0	21	3.3	44	5.6	56	7.7	83	3.9	79	0.4
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>												
<i>Mercer US Equity Large Cap Growth Universe Med</i>		3.1		2.6		6.0		10.0		6.1		--
<i>Russell 1000 Growth Index</i>		3.9		3.0		6.0		8.4		4.4		1.0
<b>Large Cap Value</b>												
LSV Asset Management Large Cap Value	96.4	4.4	72	14.2	8	15.7	14	--	--	--	--	20.1
LSV Asset Management Large Cap Value-Net	96.4	4.2	76	12.8	19	14.3	28	--	--	--	--	19.2
Pzena Investment Management	92.3	10.2	1	11.4	38	16.6	9	--	--	--	--	18.1
Pzena Investment Management-Net	92.3	10.1	1	10.6	48	15.8	13	--	--	--	--	17.4
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>												
<i>Mercer US Equity Large Cap Value Universe Med</i>		5.5		10.5		12.8		16.5		10.9		--
<i>Russell 1000 Value Index</i>		6.2		13.2		14.6		17.2		10.7		15.4
OFI Institutional	90.5	6.3	32	11.3	39	12.7	52	16.1	54	10.9	49	9.4
OFI Institutional-Net	90.5	6.3	32	11.2	40	12.5	55	15.8	57	10.7	53	9.1
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>												
<i>Mercer US Equity Large Cap Value Universe Med</i>		5.5		10.5		12.8		16.5		10.9		--
<i>Russell 1000 Value Index</i>		6.2		13.2		14.6		17.2		10.7		10.4
<b>Total Small Cap Domestic Equity</b>	<b>279.3</b>	<b>(0.3)</b>	<b>44</b>	<b>3.9</b>	<b>69</b>	<b>5.9</b>	<b>68</b>	<b>11.5</b>	<b>87</b>	<b>10.6</b>	<b>85</b>	<b>14.9</b>
<b>Total Small Cap Domestic Equity-Net</b>	<b>279.3</b>	<b>(0.5)</b>	<b>45</b>	<b>3.4</b>	<b>73</b>	<b>5.2</b>	<b>72</b>	<b>10.7</b>	<b>90</b>	<b>9.8</b>	<b>89</b>	<b>14.2</b>
<i>Rank vs. Mercer US Equity Small Cap Universe</i>												
<i>Mercer US Equity Small Cap Universe Med</i>		(0.9)		6.4		8.2		16.5		15.3		--
<i>Russell 2000 Index</i>		0.4		8.7		9.9		15.5		13.8		13.0
<b>Small Cap Growth</b>												
Bear Stearns Asset Mgmt.	59.7	--		--		--		--		--		(3.1)
Bear Stearns Asset Mgmt.-Net	59.7	--		--		--		--		--		(3.1)
<i>Rank vs. Mercer US Equity Small Cap Growth Universe</i>												
<i>Mercer US Equity Small Cap Growth Universe Med</i>		(2.8)		3.5		6.4		13.2		11.7		--
<i>Russell 2000 Growth Index</i>		(1.8)		4.2		5.9		11.8		10.1		3.6

**Sacramento County Employees Retirement System**  
Performance Summary  
Period Ending September 30, 2006

	Market Value	Annualized										
		Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
M.A. Weatherbie & Co., Inc.	\$ 77.9	(1.6)%	33	2.9 %	58	7.9 %	35	11.7 %	67	--%		14.6 %
M.A. Weatherbie & Co., Inc.-Net	77.9	(1.8)	36	2.0	67	6.8	47	10.7	75	--		13.6
<i>Rank vs. Mercer US Equity Small Cap Growth Universe</i>												
<i>    Mercer US Equity Small Cap Growth Universe Med</i>		(2.8)		3.5		6.4		13.2		11.7		--
<i>    Russell 2000 Growth Index</i>		(1.8)		4.2		5.9		11.8		10.1		17.7
<b>Small Cap Value</b>												
Dalton Greiner Hartman Maher	71.4	0.7	48	3.6	90	4.8	87	15.1	91	14.2	88	12.5
Dalton Greiner Hartman Maher-Net	71.4	0.5	50	3.1	91	4.2	90	14.5	94	13.4	94	11.7
TCW Group	70.2	2.5	20	10.2	34	13.1	24	11.7	99	13.0	95	11.0
TCW Group-Net	70.2	2.4	21	9.7	40	12.5	28	11.1	100	12.2	97	10.2
<i>Rank vs. Mercer US Equity Small Cap Value Universe</i>												
<i>    Mercer US Equity Small Cap Value Universe Med</i>		0.5		8.7		10.3		19.1		17.6		--
<i>    Russell 2000 Value Index</i>		2.6		13.3		14.0		19.0		17.0		14.1
<b>Total International Equity</b>	<b>1,132.6</b>	<b>5.1</b>	<b>9</b>	<b>15.2</b>	<b>20</b>	<b>22.2</b>	<b>5</b>	<b>24.0</b>	<b>50</b>	<b>17.5</b>	<b>39</b>	<b>7.9</b>
<b>Total International Equity-Net</b>	<b>1,132.6</b>	<b>5.0</b>	<b>16</b>	<b>14.7</b>	<b>41</b>	<b>21.6</b>	<b>8</b>	<b>23.4</b>	<b>60</b>	<b>17.0</b>	<b>47</b>	<b>7.6</b>
<i>Rank vs. Non-US Equity Billion Dollar Segment - Public</i>												
<i>    Non-US Equity Billion Dollar Segment - Public Med</i>		4.1		14.4		19.9		24.0		16.7		--
<i>    MSCI EAFE Net Dividend Index</i>		3.9		14.5		19.2		22.3		14.3		6.8
<b>Total Intl Equity - Established Mkts</b>	<b>936.2</b>	<b>4.7</b>	<b>31</b>	<b>15.7</b>	<b>36</b>	<b>21.7</b>	<b>24</b>	<b>22.3</b>	<b>59</b>	<b>14.2</b>	<b>72</b>	<b>5.7</b>
<b>Total Intl Equity - Established Mkts-Net</b>	<b>936.2</b>	<b>4.6</b>	<b>34</b>	<b>15.2</b>	<b>40</b>	<b>21.1</b>	<b>31</b>	<b>21.8</b>	<b>66</b>	<b>13.7</b>	<b>77</b>	<b>5.3</b>
<i>Rank vs. Mercer Intl Equity Universe</i>												
<i>    Mercer Intl Equity Universe Med</i>		4.0		14.5		19.8		23.0		16.0		--
<i>    MSCI EAFE Net Dividend Index</i>		3.9		14.5		19.2		22.3		14.3		5.9
INVESCO Global	279.3	5.3	19	16.7	25	20.9	33	--		--		19.4
INVESCO Global-Net	279.3	5.1	21	16.4	28	20.4	40	--		--		19.0
<i>Rank vs. Mercer Intl Equity Universe</i>												
<i>    Mercer Intl Equity Universe Med</i>		4.0		14.5		19.8		23.0		16.0		--
<i>    MSCI EAFE Net Dividend Index</i>		3.9		14.5		19.2		22.3		14.3		19.2

## Sacramento County Employees Retirement System

### Performance Summary

Period Ending September 30, 2006

	Market Value	Annualized											
		Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date	
Capital Guardian Trust Company International Equity	\$ 303.5	4.0	% 51	11.4	% 84	19.8	% 50	21.1	% 76	14.9	% 64	2.8	%
Capital Guardian Trust Company International Equity-Net	303.5	4.0	52	11.2	85	19.5	56	20.6	80	14.4	69	2.4	
<i>Rank vs. Mercer Intl Equity Universe</i>													
<i>  Mercer Intl Equity Universe Med</i>		4.0		14.5		19.8		23.0		16.0		--	
<i>  MSCI EAFE Net Dividend Index</i>		3.9		14.5		19.2		22.3		14.3		3.1	
<i>  MSCI EAFE Net Div-Growth Index</i>		2.3		11.8		16.7		19.4		12.4		(1.1)	
LSV Asset Management International Equity	285.6	5.2	20	19.6	5	24.4	9	--		--		20.3	
LSV Asset Management International Equity-Net	285.6	4.9	25	18.6	10	23.3	13	--		--		19.7	
<i>Rank vs. Mercer Intl Equity Universe</i>													
<i>  Mercer Intl Equity Universe Med</i>		4.0		14.5		19.8		23.0		16.0		--	
<i>  MSCI EAFE Net Dividend Index</i>		3.9		14.5		19.2		22.3		14.3		16.2	
<i>  MSCI EAFE Net Div-Value Index</i>		5.5		17.2		21.6		25.2		16.1		17.9	
AXA Rosenberg Inv. Mgmt. LLC	67.7	3.6	15	15.7	34	22.2	46	--		--		20.8	
AXA Rosenberg Inv. Mgmt. LLC-Net	67.7	3.5	17	15.2	38	21.7	51	--		--		20.4	
<i>Rank vs. Mercer Intl Equity Small Cap Universe</i>													
<i>  Mercer Intl Equity Small Cap Universe Med</i>		1.9		13.7		21.8		29.4		24.2		--	
<i>  MSCI Small Cap World Ex United States Net Composite</i>		0.2		7.1		14.9		25.7		22.7		16.0	
<i>  S&amp;P/Citigroup Extended Market Index World Ex United States</i>		3.4		14.8		22.5		27.8		22.7		19.4	
<b>Total Intl Equity - Emerging Mkts</b>	<b>196.4</b>	<b>7.3</b>	<b>14</b>	<b>16.0</b>	<b>25</b>	<b>27.8</b>	<b>8</b>	<b>31.1</b>	<b>69</b>	<b>28.6</b>	<b>73</b>	<b>9.2</b>	
<b>Total Intl Equity - Emerging Mkts-Net</b>	<b>196.4</b>	<b>7.1</b>	<b>18</b>	<b>15.4</b>	<b>31</b>	<b>27.0</b>	<b>11</b>	<b>30.3</b>	<b>76</b>	<b>27.9</b>	<b>85</b>	<b>8.6</b>	
Capital Guardian Trust Company Emerging Markets Growth	196.4	7.3	14	16.0	25	27.8	8	31.1	69	28.6	73	9.2	
Capital Guardian Trust Company Emerging Markets Growth-Net	196.4	7.1	18	15.4	31	27.0	11	30.3	76	27.9	85	8.6	
<i>Rank vs. Mercer Emerging Markets Equity Universe</i>													
<i>  Mercer Emerging Markets Equity Universe Med</i>		5.4		13.3		22.3		33.0		30.8		--	
<i>  MSCI Emerging Markets Index</i>		5.0		12.7		20.8		31.0		28.9		10.0	
<b>Total Domestic Fixed Income</b>	<b>1,325.6</b>	<b>3.9</b>	<b>45</b>	<b>3.7</b>	<b>40</b>	<b>4.2</b>	<b>47</b>	<b>4.2</b>	<b>56</b>	<b>5.4</b>	<b>55</b>	<b>8.1</b>	
<b>Total Domestic Fixed Income-Net</b>	<b>1,325.6</b>	<b>3.9</b>	<b>51</b>	<b>3.6</b>	<b>45</b>	<b>4.1</b>	<b>56</b>	<b>4.1</b>	<b>62</b>	<b>5.3</b>	<b>65</b>	<b>8.0</b>	
<i>Rank vs. US Fixed Income Billion Dollar Segment - Public</i>													
<i>  US Fixed Income Billion Dollar Segment - Public Med</i>		3.9		3.4		4.1		4.6		5.6		--	
<i>  Lehman Brothers Aggregate Bond</i>		3.8		3.1		3.7		3.4		4.8		7.5	



**Sacramento County Employees Retirement System**  
Performance Summary  
Period Ending September 30, 2006

	Market Value	Annualized										
		Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
Lehman Brothers Asset Mgmt Passive	\$ 443.3	3.8 %	28	3.1 %	81	3.7 %	85	3.4 %	62	5.0 %	51	7.7 %
Lehman Brothers Asset Mgmt Passive-Net	443.3	3.8	29	3.0	83	3.6	87	3.4	64	4.9	58	7.7
<i>Rank vs. Mercer US Fixed Combined Universe</i>												
<i>Mercer US Fixed Combined Universe Med</i>		3.6		3.4		4.1		3.7		5.0		--
<i>Lehman Brothers Aggregate Bond</i>		3.8		3.1		3.7		3.4		4.8		7.7
Metropolitan West Asset Mgmt	441.8	3.9	21	4.6	14	4.9	19	5.1	20	--		5.7
Metropolitan West Asset Mgmt-Net	441.8	3.9	27	4.5	15	4.7	22	4.9	21	--		5.5
<i>Rank vs. Mercer US Fixed Combined Universe</i>												
<i>Mercer US Fixed Combined Universe Med</i>		3.6		3.4		4.1		3.7		5.0		--
<i>Lehman Brothers Aggregate Bond</i>		3.8		3.1		3.7		3.4		4.8		5.1
Bradford & Marzec, Inc.	440.5	4.0	13	3.4	46	4.1	44	4.2	32	5.6	29	8.5
Bradford & Marzec, Inc.-Net	440.5	3.9	18	3.3	67	3.9	68	3.9	41	5.3	37	8.3
<i>Rank vs. Mercer US Fixed Combined Universe</i>												
<i>Mercer US Fixed Combined Universe Med</i>		3.6		3.4		4.1		3.7		5.0		--
<i>Benchmark</i>		3.8		3.1		3.7		3.4		4.8		7.6
<b>Hedge Funds</b>	<b>240.0</b>	<b>1.8</b>		<b>4.6</b>		<b>6.7</b>		<b>--</b>		<b>--</b>		<b>11.6</b>
Blackstone Alternative Asset	124.4	1.1		3.9		6.6		--		--		13.0
Blackstone Alternative Asset-Net	124.4	0.8		2.6		5.0		--		--		11.4
Grosvenor Capital Mgmt.	115.5	2.6		5.4		6.8		--		--		9.8
Grosvenor Capital Mgmt.-Net	115.5	2.3		4.7		5.8		--		--		9.0
<i>T-Bill + 5%</i>		2.6		7.4		9.6		7.8		7.2		8.5
<i>CSFB Tremont Hedge Funds Long/Short Equity Index</i>		1.6		6.9		9.7		11.7		8.9		13.0
<b>Total Real Estate</b>	<b>675.3</b>	<b>3.9</b>	<b>47</b>	<b>11.6</b>	<b>76</b>	<b>19.4</b>	<b>69</b>	<b>18.7</b>	<b>52</b>	<b>14.8</b>	<b>48</b>	<b>8.1</b>
<i>Rank vs. Real Estate Billion Dollar Segment - Public</i>												
<i>Real Estate Billion Dollar Segment - Public Med</i>		3.8		15.8		20.9		18.8		14.7		--
<i>NCREIF Property Index</i>		3.5		11.6		17.6		16.4		12.4		8.3
<b>Separate Accounts Portfolios</b>												
BlackRock Realty Unleveraged	313.2	4.1		9.7		17.3		15.0		12.9		12.7
<i>NCREIF Property Index</i>		3.5		11.6		17.6		16.4		12.4		12.2
BlackRock Realty Leveraged	239.2	4.9		11.0		20.0		17.8		14.8		13.3
<i>NCREIF Property Index</i>		3.5		11.6		17.6		16.4		12.4		11.9

**Sacramento County Employees Retirement System**  
Performance Summary  
Period Ending September 30, 2006

	Market Value	Annualized					
		Quarter	YTD	1 Year	3 Years	5 Years	Inception to Date
BlackRock Realty Portfolio II Unleveraged <i>NCREIF Property Index</i>	\$ 113.4	3.3 % 3.5	10.6 % 11.6	18.4 % 17.6	20.8 % 16.4	14.8 % 12.4	13.9 % 12.0
BlackRock Realty Portfolio II Leveraged <i>NCREIF Property Index</i>	93.5	3.6 3.5	11.8 11.6	21.1 17.6	-- 16.4	-- 12.4	29.1 18.0
Cornerstone Real Est Adv Unleveraged <i>NCREIF Property Index</i>	173.8	0.8 3.5	7.8 11.6	9.3 17.6	-- 16.4	-- 12.4	9.6 17.8
Cornerstone Real Est Adv Leveraged <i>NCREIF Property Index</i>	114.0	(0.5) 3.5	10.4 11.6	12.3 17.6	-- 16.4	-- 12.4	13.4 17.6
<b>REITS</b>							
Principal Global Investors	47.2	8.0 80	--	--	--	--	15.9
Principal Global Investors-Net	47.2	7.9 82	--	--	--	--	15.8
Urdang Investment Mgmt. Inc.	47.1	8.7 56	--	--	--	--	14.5
Urdang Investment Mgmt. Inc.-Net	47.1	8.7 59	--	--	--	--	14.4
<i>Rank vs. Mercer US Real Estate Public REITS Universe</i>							
<i>Mercer US Real Estate Public REITS Universe Med</i>		8.9	24.5	28.5	28.6	24.4	--
<i>FTSE NAREIT Equity REITs Return Only</i>		9.3	23.4	25.3	26.0	22.2	15.0
<b>Limited Partnerships</b>							
BlackRock Realty Tower Unleveraged	74.0	4.7	11.5	18.3	--	--	18.8
BlackRock Realty Tower Leveraged <i>NCREIF Property Index</i>	66.8	5.0 3.5	12.4 11.6	20.0 17.6	-- 16.4	-- 12.4	20.6 17.8
Cornerstone Real Est Adv Open-end Fund Unleveraged	79.9	2.3	10.7	16.1	--	--	17.2
Cornerstone Real Est Adv Open-end Fund Leveraged <i>NCREIF Property Index</i>	67.4	2.1 3.5	12.1 11.6	18.1 17.6	-- 16.4	-- 12.4	19.2 18.4
Heitman Capital Mgmt Corp V <i>NCREIF Property Index</i>	0.0	1.2 3.5	3.4 11.6	4.4 17.6	15.9 16.4	21.0 12.4	11.7 9.7
JMB Group V <i>NCREIF Property Index</i>	0.1	1.2 3.5	2.4 11.6	15.0 17.6	31.5 16.4	21.2 12.4	13.0 8.7

## Sacramento County Employees Retirement System

Performance Summary

Period Ending September 30, 2006

			Annualized				
Market Value	Quarter	YTD	1 Year	3 Years	5 Years	Inception to Date	
<b>Total Cash</b>	<b>\$ 123.9</b>	<b>1.3 % 52</b>	<b>3.7 % 50</b>	<b>4.8 %</b>	<b>3.7 %</b>	<b>3.2 %</b>	<b>4.8 %</b>
<i>Rank vs. Cash and Equivalents Segment - Billion Dollar Public</i>							
<i>Cash and Equivalents Segment - Billion Dollar Public Med</i>	1.3	3.7	--	--	--	--	--
<i>Citigroup Treasury Bill-3 Month</i>	1.2	3.5	4.4	2.6	2.2	3.9	