SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
ANALYSIS OF STABILIZER
DEFINED CONTRIBUTION PLANS
EXCLUDING RETIREMENT MEDICAL TRUST

2ND QUARTER 2015

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
2Q 2014	0.33%	1.95%	1.62%
3Q 2014	-0.02%	0.01%	0.03%
4Q 2014	-0.38%	0.82%	1.20%
1Q 2015	0.16%	1.48%	1.32%
2Q 2015	**0.06%**	**-0.61%**	**-0.67%**
I YEAR	**-0.18%**	**1.71%**	**1.89%**

The broad U.S. fixed income market posted a loss for the quarter, returning a negative 1.7% (Barclays Capital U.S. Aggregate). High yield bonds were the best performing sector, returning 0.00%. Global fixed income outperformed the U.S. fixed income market posting a negative 1.3% for the quarter.

The average credit rating of the portfolio continues to be AA- the bottom tier of "Very Strong". The benchmark is AA+, top tier of "Very Strong". The lower credit rating is due to the overweight of investment grade (BBB) holdings of 17.3% vs. the benchmark at 9.7% and the 8.5% allocation of below investment grade investments.

During the first quarter, the portfolio outperformed the Barclays Capital U.S. Intermediate Aggregate Bond Index by 0.06%. The -0.61% actual performance against the benchmark of -0.67% was primarily driven by the overweight to high yield Corporates. The overweight to Asset Backed Securities (ABS) and Commercial Mortgage Backed Securities (CMBS) helped performance.

Market to Book Value Ratio:

2ND QUARTER 2015	1ST QUARTER 2015	4TH QUARTER 2014	3RD QUARTER 2014	2ND QUARTER 2014
99.98%	101.38%	100.67%	100.62%	101.33%

As a reminder, Book Value is the accumulated total of all County of San Bernardino participant assets in the Stable Value Account and Market Value is the value of the underlying securities in the actual portfolio.

Quarter ending June 30, 2015

Portfolio Review

Prepared for:

County of San Bernardino

SA 891

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INVESTMENT MANAGEMENT

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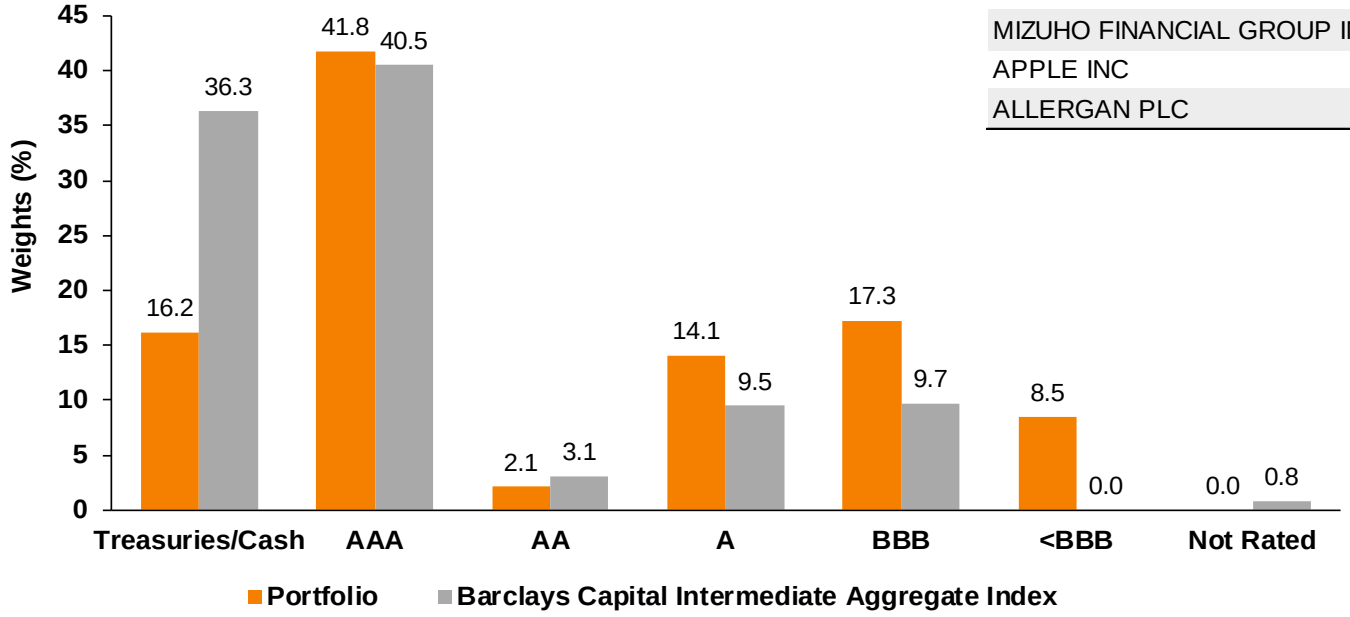
Portfolio Characteristics

Quarter Ending June 30, 2015

Characteristics	Portfolio	Barclays Capital Intermediate Aggregate Index
Effective Duration (Years)	3.88	3.94
Yield to Maturity (%)	2.72	2.04
Average Quality	AA-	AA+

Top Ten Credit Exposures	% of Portfolio
MORGAN STANLEY	0.95
CREDIT SUISSE GROUP AG	0.76
GOLDMAN SACHS GROUP INC/THE	0.72
JPMORGAN CHASE + CO	0.69
BANK OF AMERICA CORP	0.69
HUNTINGTON BANCSHARES INC/OH	0.61
VERIZON COMMUNICATIONS INC	0.60
MIZUHO FINANCIAL GROUP INC	0.60
APPLE INC	0.57
ALLERGAN PLC	0.56

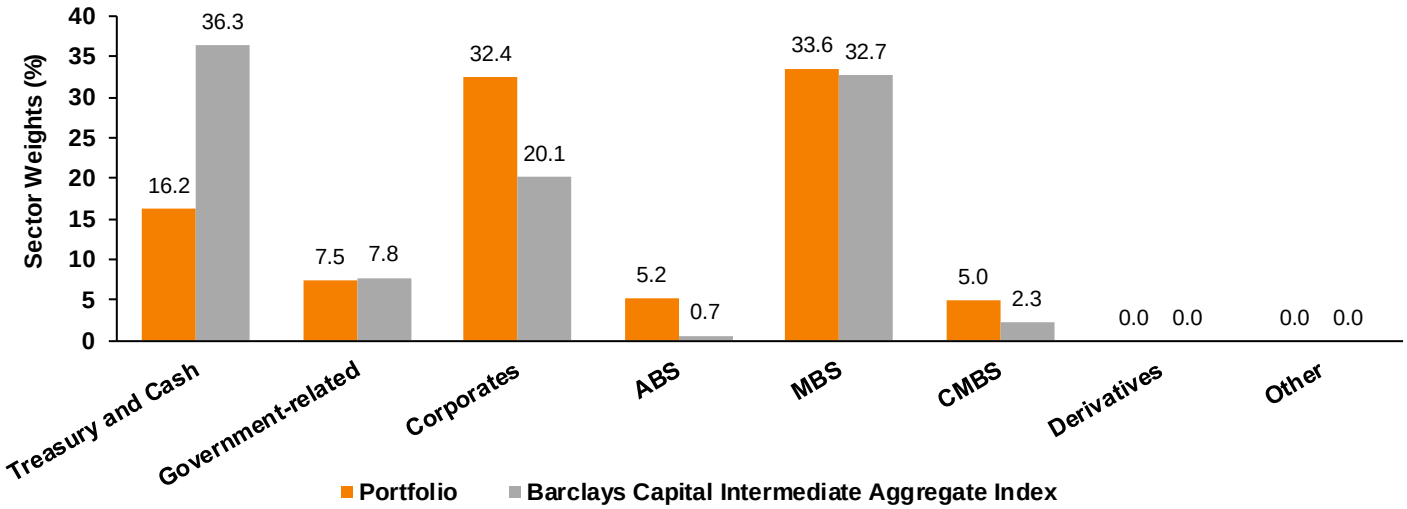
Quality Comparison



See Explanatory Notes Section for footnotes and disclosures.

Asset Allocation

Quarter Ending June 30, 2015



	09/30/2014	12/31/2014	03/31/2015	04/30/2015	05/31/2015	06/30/2015			Change from prior quarter
Asset Group	Portfolio					Portfolio	Index	Active	Portfolio
ABS	6%	5%	5%	5%	5%	5%	1%	5%	0%
CMBS	7%	6%	5%	5%	5%	5%	2%	3%	0%
Corporates	25%	32%	32%	32%	32%	32%	20%	12%	1%
Derivatives	0%	0%	0%	0%	0%	0%	0%	0%	0%
Government-related	8%	8%	7%	8%	8%	8%	8%	0%	0%
MBS	35%	26%	30%	34%	34%	34%	33%	1%	4%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%
Treasury and Cash	20%	23%	20%	15%	16%	16%	36%	-20%	-4%
Total	100%	100%	100%	100%	100%	100%	100%	0%	0%

Allocations may not add to 100% due to rounding.
See Explanatory Notes Section for footnotes and disclosures.

INVESTMENT MANAGEMENT

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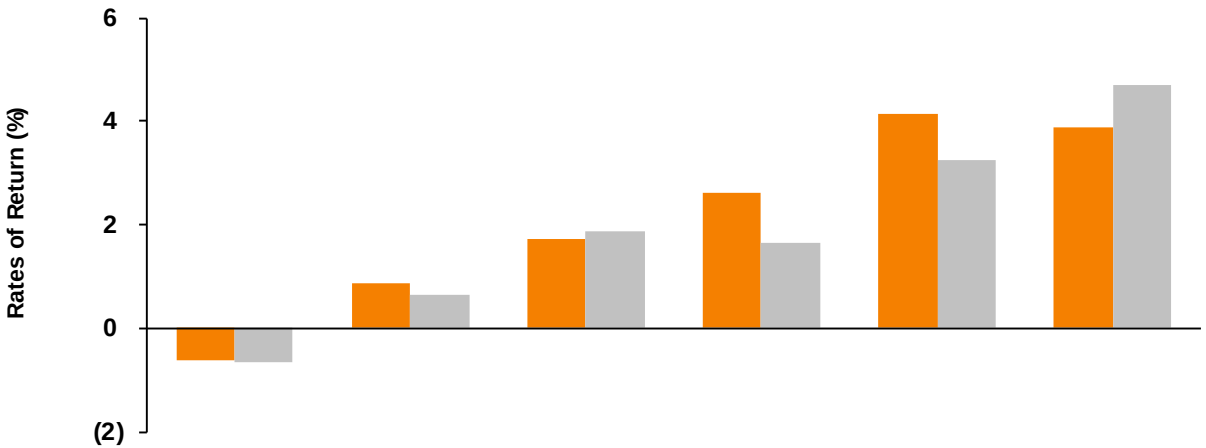
Portfolio Performance

Quarter Ending June 30, 2015



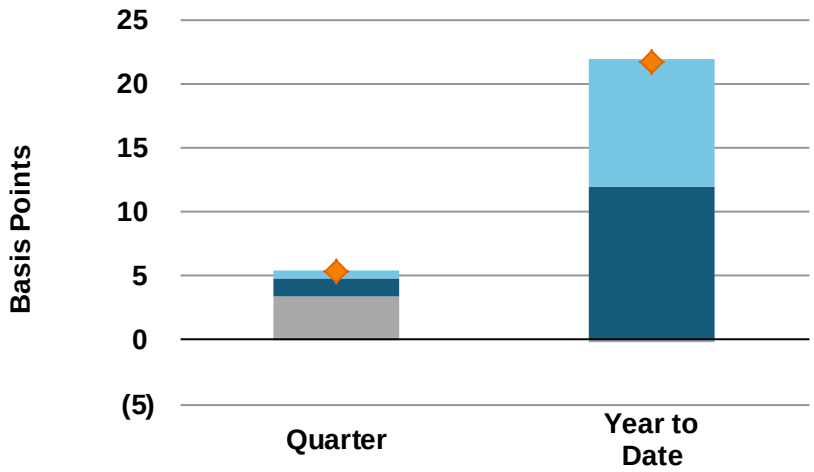
	Quarter	YTD	1 Year	Annualized 3 Year	5 Year	Since Inception
Portfolio	(0.61)	0.86	1.71	2.63	4.13	3.89
Barclays Capital Inter Agg/BC Cap Agg	(0.67)	0.64	1.89	1.65	3.24	4.68

Performance measurement inception date: January 17, 2007. Performance is calculated on a time-weighted total return basis and is presented on a "gross" basis (i.e., before the deduction of investment management fees). The returns for the Barclays Capital Inter Agg/BC Cap Agg Index are time-weighted total return performance results as reported by Barclays Capital.

Account inception date is January 10, 2007. The benchmark from inception through February 28, 2014 was the Barclay's Capital US Aggregate. Effective March 1, 2014 the benchmark was changed to the Barclays Capital Intermediate US Aggregate.

Portfolio Attribution

Quarter Ending June 30, 2015



	Quarter	Year to Date
Security Selection	1	10
Sector Allocation	1	12
Duration/Curve	3	(0)
Total	5	22

Performance attribution relative to the index.
Components may not add to Total due to rounding.