SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
ANALYSIS OF STABILIZER
DEFINED CONTRIBUTION PLANS
EXCLUDING RETIREMENT MEDICAL TRUST
1ST QUARTER 2013

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
1Q 2012	1.20%	1.50%	0.30%
2Q 2012	-0.52%	1.52%	2.06%
3Q 2012	1.03%	2.61%	1.58%
4Q 2012	0.60%	0.81%	0.21%
1Q 2013	**0.32%**	**0.18%**	**-0.12%**
1 YEAR	**1.43%**	**5.20%**	**3.77%**

The portfolio had a good first quarter only in comparison to bond benchmarks. The average credit rating of the portfolio is Aa3, up one category from the previous quarter of A1. Aa3 is the bottom of Excellent. The benchmark is Aa2, middle of Excellent. This is due to the overweight of investment grade, BBB, holdings and the over 9% allocation of below grade investments. The BBB rated investments are lower than the previous quarter by 2.5% and now total 20.8% versus the index of 10.7%.

The allocation to emerging market securities reduced by one third to 4%. Less than 50% of the emerging markets holdings are rated high yield. The high yield investments performed well.

The small allocation to Asset Back Securities is concentrated in Autos. The loans consist of higher quality borrowers. We think quality is important as the next potential bubble may be auto loans consisting of purchasers with low credit scores and paying high interest rates. There was an increase in the allocation to Treasuries.

Overweights to high yield corporate bonds and non-agency mortgage backed securities were beneficial for performance as they outperformed the benchmark. In contrast, the overweighting to emerging market debt was a drag on performance for the first quarter, but has rebounded well in April. Treasuries were a modest drag on performance.

Market to Book Value Ratio:

1ST QUARTER 2013	4TH QUARTER, 2012	3RD QUARTER, 2012	2ND QUARTER, 2012	1ST QUARTER 2012
102.46%	103.18%	103.28%	101.54%	100.85%

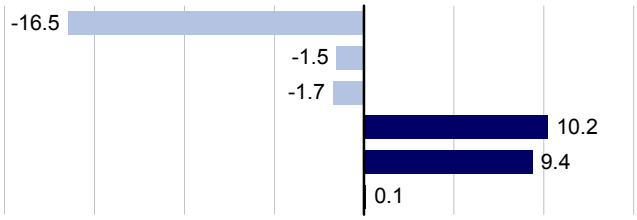
The Market Value continues to be well above book value. The market value to book value was 103.54% as of April 30. As a reminder, Book Value is the accumulated totals of all County of San Bernardino participant assets in the Stable Value Account and Market Value is the value of the underlying investments in the actual portfolio.

Portfolio Characteristics

Quarter Ending March 31, 2013

Quality Rating (%)	Portfolio	BarCap U.S. Agg
AAA	57.9	74.4
AA	2.1	3.7
A	9.6	11.3
BBB	20.9	10.7
<BBB	9.4	0.0
Not Rated	0.1	0.0

Quality Comparison to Benchmark (%)
Overweight/underweight



Characteristics	Portfolio	BarCap U.S. Agg
Effective Duration (Years)	4.83	4.91
Yield to Maturity (%)	2.80	1.71
Average Quality	A1	AA2

Top Ten Credit Exposures	% of Portfolio
Banc Of America Funding 2005-D Trus	0.89
Goldman Sachs Group Inc/The	0.72
Citigroup Inc	0.72
Jpmorgan Alerian Mlp Index Etn	0.65
General Electric Capital Corp	0.52
Morgan Stanley	0.50
Hewlett-Packard Co	0.43
St Jude Medical Inc	0.41
Verizon Communications Inc	0.41
Metlife Inc	0.39

See Explanatory Notes Section for footnotes and disclosures.

Bond Sector Comparisons

Quarter Ending March 31, 2013

		June 12	Sept 12	Dec 12	Jan 13	Feb 13	Mar 13
Asset Group	Barclays Aggregate	SEPCO891	SEPCO891	SEPCO891	SEPCO891	SEPCO891	SEPCO891
ABS	0%	3%	1%	1%	1%	1%	1%
Govt related	9%	5%	6%	5%	5%	5%	5%
CMBS	2%	6%	7%	7%	7%	7%	7%
HY	0%	6%	4%	5%	5%	5%	4%
EM	2%	3%	4%	6%	6%	5%	5%
Investment Grade	22%	25%	22%	27%	27%	25%	23%
Agency RMBS	29%	40%	33%	38%	38%	34%	37%
Non-Agency MBS	0%	3%	3%	3%	3%	3%	3%
Non$	0%	2%	2%	1%	1%	2%	3%
Treasuries, Cash and TBA Liab	37%	7%	18%	8%	8%	14%	13%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Allocations may not add to 100% due to rounding.
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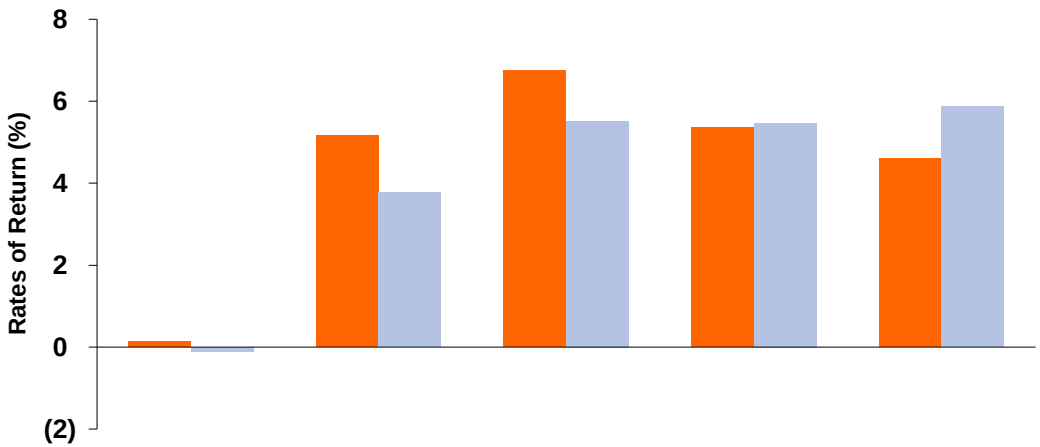
Portfolio Performance

Quarter Ending March 31, 2013



	Quarter	1 Year	Annualized 3 Year	Annualized 5 Year	Annualized Since Inception
Portfolio	**0.13%**	**5.16%**	**6.74%**	**5.35%**	**4.61%**
BarCap U.S. Agg	(0.12)	3.77	5.52	5.47	5.87

Inception date of the account: January 10, 2007. 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 BarCap U.S. Agg Index are time-weighted total return performance results as reported by Barclays Capital.

Account returns are gross returns, which include reinvestment of income and are before deduction of fees. Account inception date is 1/10/2007. It is important to note that the investment has a limited operating history. Performance over a longer period of time may be more meaningful than short-term performance. The Barclays Capital Aggregate Index is an unmanaged index and is composed of securities from the Barclays Capital Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. An index does not reflect the portfolio of any investment. Individuals cannot invest directly in an index.