SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
ANALYSIS OF STABILIZER
DEFINED CONTRIBUTION PLANS
EXCLUDING RETIREMENT MEDICAL TRUST
1ST QUARTER 2014

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
1Q 2013	0.32%	0.18%	-0.12%
2Q 2013	-0.35%	-2.67%	-2.32%
3Q 2013	0.09%	0.66%	0.57%
4Q2013	0.66%	0.52%	-0.14%
1Q14	**0.47%**	**2.18%**	**1.71%**
I YEAR	**0.87%**	**0.64%**	**-0.23%**

The first quarter results are from a combination of the Core Plus strategy and the Intermediate Aggregate Plus strategy. The portfolio did have an effective fourth quarter in comparison to bond benchmarks.

The average credit rating of the portfolio is A1. A1 is the top tier of "Good." The benchmark is AA2, middle of Excellent. The lower credit rating is due to the overweight of investment grade (BBB) holdings and the nearly 14% allocation of below investment grade investments. The BBB rated investments total 19.8% versus the index of 9.2%.

The portfolio has been outperforming the Barclays Capital U.S. Intermediate Aggregate Bond Index because of favorable asset allocation and security selection. With a greater allocation to higher yielding assets, the portfolio is taking on more exposure to investment grade corporate bonds and reducing exposure to Treasuries.

The ING Investment Management (IIM) team has managed to also generate excess earnings by specific securities selection in the investment grade corporate bonds generating 0.80% and high yield generating nearly 2.00% excess return to Treasuries. Overweighting to Commercial Mortgage Backed Securities (CMBS) has been beneficial because of the improvement in the commercial real estate market. Non-agency Mortgage Backed Securities (MBS) have benefited by the recovering housing market.

Market to Book Value Ratio:

1ST QUARTER 2014	4TH QUARTER 2013	3RD QUARTER 2013	2ND QUARTER 2013	1ST QUARTER 2013
110.07%	98.58%	98.78%	98.93%	102.46%

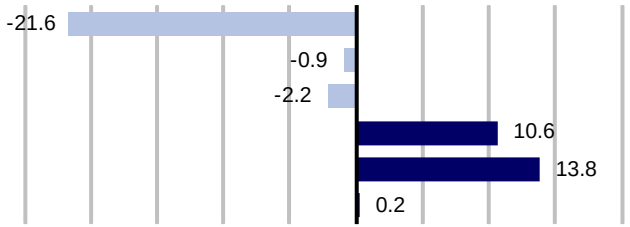
As a reminder, Book Value is the accumulated total of all County of San Bernardino participant assets in the Stable Value Account and Market Value is the value of the underlying securities in the actual portfolio.

Portfolio Characteristics

Quarter Ending March 31, 2014

Quality Rating (%)	Portfolio	Barclays Capital Intermediate Agg
AAA	56.3	77.9
AA	2.5	3.5
A	7.1	9.3
BBB	19.8	9.2
<BBB	13.8	0.0
Not Rated	0.4	0.1

Quality Comparison to Benchmark (%)
Overweight/underweight



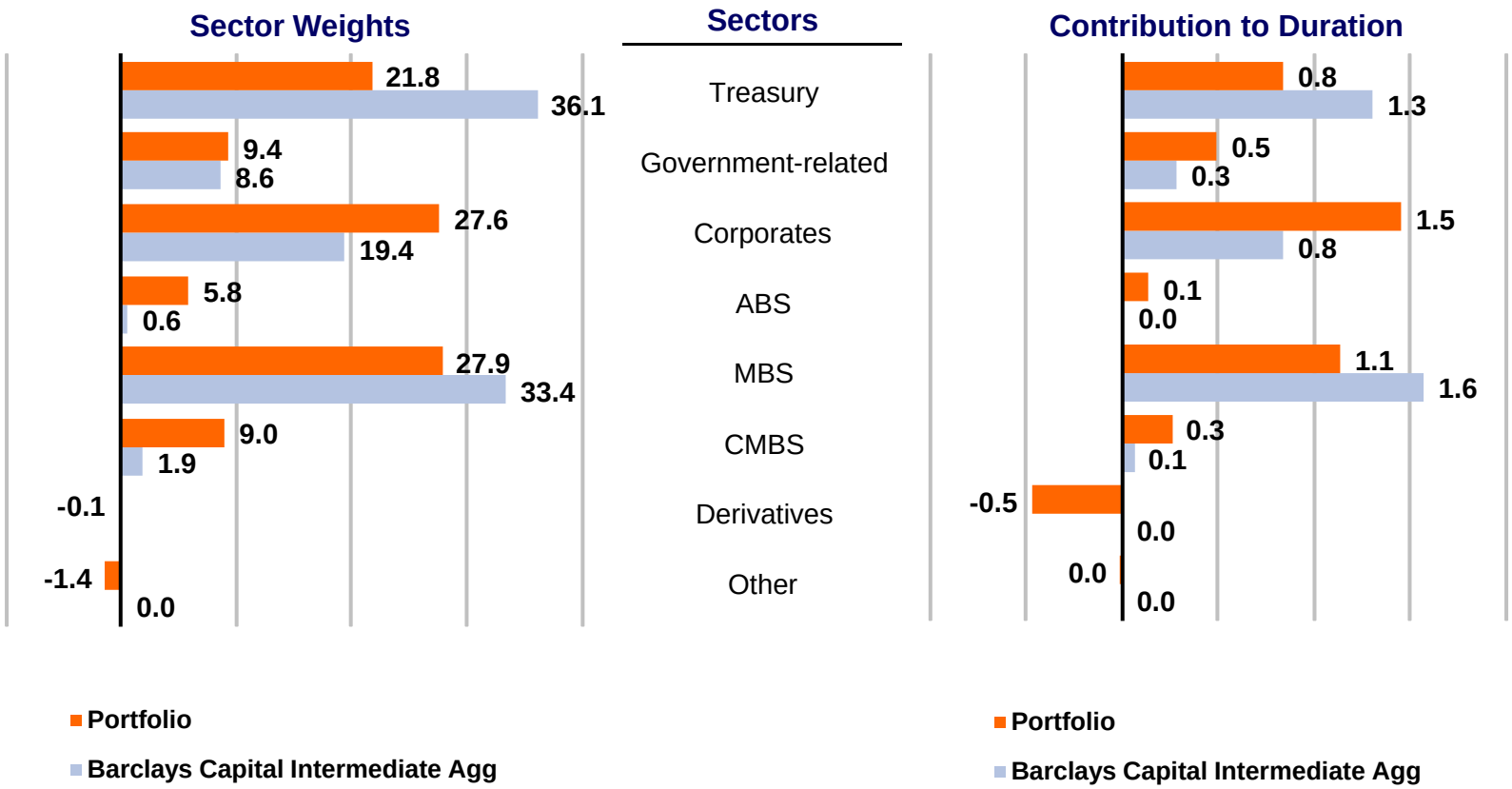
Characteristics	Portfolio	Barclays Capital Intermediate Agg
Effective Duration (Years)	3.86	4.10
Yield to Maturity (%)	2.85	1.95
Average Quality	A1	AA1

Top Ten Credit Exposures	% of Portfolio
BANK OF AMERICA CORP	1.00
GOLDMAN SACHS GROUP INC/THE	0.67
MORGAN STANLEY	0.54
VERIZON COMMUNICATIONS INC	0.51
HEWLETT-PACKARD CO	0.44
AMERICAN INTERNATIONAL GROUP INC	0.42
INTESA SANPAOLO SPA	0.41
GENERAL ELECTRIC CO	0.40
AMERICAN TOWER CORP	0.36
JPMORGAN CHASE + CO	0.36

See Explanatory Notes Section for footnotes and disclosures.

Bond Sector Comparisons

Quarter Ending March 31, 2014



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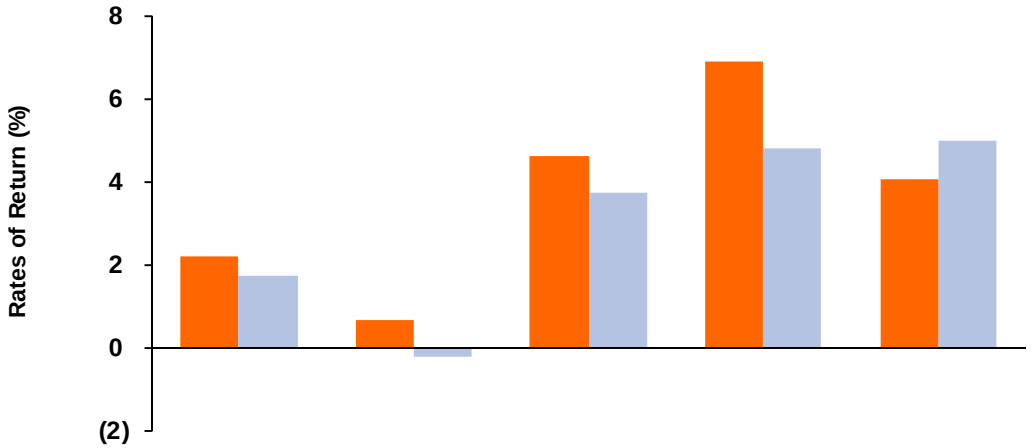
Portfolio Performance

Quarter Ending March 31, 2014



			Annualized		
	Quarter	1 Year	3 Year	5 Year	Since Inception
Portfolio	**2.18%**	**0.64%**	**4.60%**	**6.90%**	**4.05%**
Barclays Capital Inter Agg/BC Cap Agg	1.71	(0.23)	3.70	4.77	5.00

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.