SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
EXECUTIVE SUMMARY
DEFINED CONTRIBUTION PLANS
1ST QUARTER 2015

	1ST QUARTER %	1 YEAR %	3 YEAR %	5 YEAR %
457(b) Plan Performance	2.86	8.64	14.26	12.39
Customized Benchmark	2.42	11.12	14.25	13.26
DIFFERENCE	0.44	-2.48	0.01	-0.87
401(k) Plan Performance	2.77	8.69	14.37	12.53
Customized Benchmark	2.62	11.88	15.17	14.03
DIFFERENCE	0.15	-3.18	-0.79	-1.51
Retirement Medical Trust	2.58	8.21	11.76	10.94
Customized Benchmark	2.06	10.16	12.50	12.02
DIFFERENCE	0.53	-1.95	-0.74	-1.07

PORTFOLIO COMPOSITION AND ANALYSIS

The total assets in the County of San Bernardino's defined contribution plans increased from $798 million as of December 31, 2014 to $817 million, an increase of 2.4%. The 457(b) assets in the Ameritrade Self Directed Brokerage Account (SDBA) is remaining somewhat constant at $2.0 million and 30 participants. The 401(k) assets in the SDBA are also somewhat constant at $498,000 and 7 participants.

- 457(b) Assets $573,049,555
- 401(k) Assets $114,754,165
- 401(a) Assets $9,231,648
- RMT Assets $82,321,491
- 3121 Assets $38,122,156

457(b) PLAN CASH POSITION:

The stable value crediting rate was increased from 2.20% in the fourth quarter of 2014 to 2.60% in the first quarter of 2015 primarily because of the reduced expense charged by Voya Investment Management (VIA). The Portfolio Yield Calculated Net Crediting Rate and actual crediting rate for 2Q15 is unchanged at 2.60%. The anticipated reduction in crediting rate with the Committee's decision to reduce the duration of the Stabilizer portfolio, moving from a Core Plus strategy to an Intermediate Aggregate Plus strategy to align the portfolio to be more sensitive to increases in short term interest rates, did not occur. While the strategy was designed to make the portfolio more responsive to short term fluctuations in the fixed income space, the broad U.S. fixed income market posted gains for the quarter and the year. The 457(b) assets in the Stabilizer slightly decreased from 28.7% to 28.1% mostly because of contributions, accumulated earnings and the net effect of the mutual fund portfolio.

401(k) PLAN CASH POSITION:

The assets in the Stabilizer decreased from 27.8% to 27.1%.

RETIREMENT MEDICAL TRUST CASH POSITION:

Interest bearing assets in the RMT remained somewhat stable with the percentage of assets in the fixed interest account remaining fairly stable decreasing from 65.9% in the Voya General account to 65.3%.

457(b) PLAN MUTUAL FUNDS POSITION:

The underperformance to the customized benchmark for the one (1) year period continues to be due primarily to the underperformance of nearly one half of the actively managed mutual funds. All of the index funds in the portfolio performed as expected when adjusted for expense and tracking error. Investment performance of the actively managed funds that will be remaining in the portfolio were split between winners and losers. The winners were led by Dodge & Cox International Stock (2.24% outperformance), Invesco Small Cap Value (4.17% outperformance) and Voya Global Real Estate (2.00% outperformance). Retractors included American Funds Growth Fund of America (0.99% underperformance, Baron Growth (1.85% underperformance), and Pioneer Global High Yield (3.47% underperformance). The customized index is devoid of expenses while the mutual funds do have an expense structure.

The Sharpe Ratio is a tool that helps determine if the risk the fund or portfolio is taking to achieve the performance is worthwhile. The Sharpe Ratio for the 457(b) decreased from 1.81 to 1.51.

The Standard Deviation is a measurement of the volatility of the portfolio's short term return from the average long term return. The three (3) year Standard Deviation for the portfolio is 9.13, which is higher than the benchmark of 8.42.

The Alpha, a measurement of the value added by the investment manager is -0.92. Beta is a measure of the degree of change in value that can be expected given a change in value in the comparable index. The Beta is 1.07 over three (3) years.

The top 25 stocks in the mutual fund portfolio represent 13.0% of the portfolio led by Amazon.com with 1.00% of assets followed by Apple, Inc. with 0.88% of assets.

401(k) MUTUAL FUNDS POSITION:

The Sharpe Ratio for the 401(k) portfolio is 1.51. The three (3) year Standard Deviation for the portfolio is 9.15, which is higher than the benchmark of 8.82. The Alpha is -1.06 and the Beta is 1.03.

The top 25 stocks in the mutual fund portfolio represent 13.3% of the portfolio led by Amazon.com with 1.03% of assets followed by Gilead Sciences, Inc. with 0.83% of assets.

RETIREMENT MEDICAL TRUST (RMT) MUTUAL FUNDS POSITION:

With the RMT heavily weighted to the Voya General Account, the gains or losses of any one fund has little effect on the total portfolio.

The Sharpe Ratio for the RMT portfolio is 1.48. The three (3) year Standard Deviation for the portfolio is 7.73, which is higher than the benchmark of 6.98. The Alpha is -1.71 and the Beta is 1.09.

The top 25 stocks in the mutual fund portfolio represent 10.8% of the portfolio led by Apple, Inc. with 1.26% of assets followed by Microsoft, Inc. with 0.59% of assets.

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PERFORMANCE OF INDEX FUNDS VS. ACTIVELY MANAGED FUNDS	1ST QTR %	1 YEAR %	3 YEAR %	5 YEAR %
LARGE CAP				
Vanguard Institutional Index	**0.94**	**12.71**	**16.08**	**14.44**
American Funds Growth Fund of America	3.47	12.31	17.13	13.71
TIAA-CREF Growth & Income	2.97	13.05	16.15	14.76
Wells Fargo Advantage Growth	4.86	11.47	12.69	17.13
Parnassus Core Equity	-0.73	12.90	17.94	13.91
Columbia Diversified Equity Income	-0.72	8.47	14.52	11.90
Main Stay ICAP Select Equity	0.78	8.25	13.48	12.16
MID CAP				
Vanguard Mid Cap Index	**4.28**	**14.89**	**17.94**	**16.10**
Baron Growth	4.75	9.35	17.62	15.99
Voya Mid Cap Opportunities	5.26	15.02	14.31	15.53
Fidelity Adv Leveraged Company Stock	4.15	8.35	18.36	15.13
Columbia Small/Mid Cap Value	4.97	8.69	16.72	13.63
SMALL CAP				
Vanguard Small Cap Index	**4.81**	**9.84**	**17.59**	**15.84**
Loomis Sayles Small Cap Growth	6.29	5.74	16.20	17.50
Invesco Small Cap Value	5.04	8.11	19.02	16.49
Perkins Small Cap Value	3.24	8.74	13.39	11.07

In the first quarter, eight (8) out of thirteen (13) actively managed funds outperformed the lower cost index funds. Only three (3) funds over the past one (1) year outperformed their benchmarks.

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LARGE GROWTH:

FUND # 1	AMERICAN FUNDS GROWTH FUND OF AMERICA		RGAGX
IMPLEMENTATION: MAR 2003	ASSETS: $ 71,051,961	BEST FIT INDEX: RUSSELL 1000 GROWTH	M* ANALYST RATING: Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	12.31	17.13	13.71	13.30	15.06	13.86	-0.99	2.07	-0.15

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	26.4	0.91	1.67	1.67	9.76	0.33%
PEER AVERAGES		6.9	1.02	-1.14	1.36	10.87	1.22%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	RGAGX	1	1	1	0	0	0	1	1	2	7	7	7	7
		82.8/ 58.5	11.4	96	13.5/ 13.7	94.1/ 102.4	-0.71	25	28		LCG	LCG	LCG	LCG

GFA misses a point for risk/return due to underperforming the index, which has been extremely tough to beat for any large growth manager while also being slightly more volatile. The standard deviation was 13.46% versus the index at 13.38%, so it missed by eight (8) basis points. GFA also missed a point in the up/down capture ratio, but again by very small margins. The score of 7 is an improvement from the prior year's Q1 of 5, which we anticipated.

The fund's return versus the peer slipped for the quarter, trailing the peer group over the one (1) year period and the five (5) year period, but beating over three (3) years (top 15% of all Large Growth funds). When accessing for survivorship bias the fund actually beats the peer group over five (5) years and underperforms by only .48% over the one (1) year versus the peer.

Cash continues to be near the historical norm of 7% with international stocks at a multi-year low of 11.5%. The market cap is significantly lower than the peer group at $48 billion versus $74 billion. There continues to be a slight overweight to Financial Services, Healthcare and Energy.

Recommendation: No action at this time.

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FUND # 2	TIAA-CREF GROWTH & INCOME	TIGRX

IMPLEMENTATION: NOV 2011 ASSETS: $ 14,252,624 BEST FIT INDEX: RUSSELL 1000 GROWTH M* ANALYST RATING: Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	13.05	16.15	14.76	13.30	15.06	13.86	-0.25	1.09	0.90

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	10.1	1.03	-0.52	1.51	10.28	0.45%
PEER AVERAGES		6.9	1.02	-1.14	1.36	10.87	1.22%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	TIGRX	1	1	1	1	0	0	1	1	2	8	8	8	8
		59.0/ 85.6	9	97.5	13.2/ 14.8	98.2/ 102.7	-0.42	17	14		LCG	LCG	LCG	LCG

This fund will be transitioning to the Vanguard Institutional Index.

SST BENEFITS CONSULTING

FUND # 3	WELLS FARGO ADVANTAGE GROWTH			SGRNX
IMPLEMENTATION: FEB 2012	ASSETS: $ 5,283,777	BEST FIT INDEX: RUSSELL 1000 GROWTH	M* ANALYST RATING:	Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	11.47	12.69	17.13	13.30	15.06	13.86	-1.83	-2.37	3.27

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	12.9	1.02	-3.70	1.01	12.66	0.75%
PEER AVERAGES		6.9	1.02	-1.14	1.36	10.87	1.22%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	SGRNX	0	1	1	1	1	1	1	1	2	9	9	9	9
		99.9/ 16.4	10.3	86.3	15.5/ 17.1	110.6/ 109.1	0.26	32	26		LCG	LCG	LCG	LCG

This fund will be transitioning to the Vanguard Institutional Index.

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LARGE BLEND:

FUND # 4	PARNASSUS CORE EQUITY			PRILX
IMPLEMENTATION: AUG 2010	ASSETS: $ 12,809,924	BEST FIT INDEX: RUSSELL 1000	M* ANALYST RATING:	Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	12.90	17.94	13.91	10.34	14.87	12.97	2.56	3.07	0.94

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	13.9	0.92	2.54	1.82	9.33	0.69%
PEER AVERAGES		5.9	1.01	-1.20	1.43	10.07	1.14%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	PRILX	1	1	1	1	1	0	1	1	2	9	9	9	9
		-21.7/ 87.2	12.5	91.9	11.9/ 13.9	89.9/ 87.4	-0.21	14	15		LCB	LCB	LCB	LCB

This fund will be transitioning to the Vanguard Institutional Index.

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FUND # 5	VANGUARD INSTITUTIONAL INDEX	VINIX

IMPLEMENTATION: MAY 2008 ASSETS: $ 30,670,287 BEST FIT INDEX: S&P 500 M* ANALYST RATING: Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	12.71	16.08	14.44	12.73	16.11	14.47	-0.02	-0.03	-0.03

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	14.3	1.00	-0.03	1.61	9.59	0.04%
PEER AVERAGES			1.00	0.00	1.67	9.59	N/A

Passive	Ticker/ ID	Style				Peer Group				Qual.	Score			
		Style	Style Drift	R^2	Tracking Error	TE Rank	Expense Rank	Return Rank	SR Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	VINIX	1	1	1	1	1	1	1	1	2	10	10	10	10
		-8.8/ 99.2	1.6	99.5	0.7	37	2	12	8		LCB-P	LCB-P	LCB-P	LCB-P

This large cap blend index is performing as expected adjusted for tracking error and expense.

RECOMMENDATION: No action at this time.

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LARGE VALUE:

FUND # 6	COLUMBIA DIVERSIFIED EQUITY INCOME		CDEYX
IMPLEMENTATION: MAY 2008	ASSETS: $ 18,497,134	BEST FIT INDEX: RUSSELL 1000 VALUE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	8.47	14.52	11.90	7.86	14.42	12.25	0.61	0.10	-0.35

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	1.8	1.00	-1.43	1.42	9.87	0.64%
PEER AVERAGES		6.3	1.00	-1.48	1.39	10.15	1.27%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	CDEYX	1	1	1	0	0	0	0	0	1	4	3	3	3
		-57.7/ 92.7	8.9	96.8	14.0/ 11.9	96.0/ 105	-0.73	69	66	T	LCV	LCV	LCV	LCV

This fund will be transitioning to the Vanguard Institutional Index.

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FUND # 7	MAINSTAY ICAP SELECT EQUITY			ICSLX
IMPLEMENTATION: MAY 2008	ASSETS: $ 3,911,468	BEST FIT INDEX: RUSSELL 1000 VALUE	M* ANALYST RATING:	Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	8.25	13.48	12.16	7.86	14.42	12.25	0.39	-0.94	-0.09

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	17.3	1.08	-3.46	1.23	10.75	0.90%
PEER AVERAGES		6.3	1.00	-1.48	1.39	10.15	1.27%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	ICSLX	1	1	1	0	0	0	0	0	2	5	5	6	6
		-49.9/ 86.8	12.2	96	13.7/ 12.2	95.9/ 103.3	-0.58	68	68		LCV	LCV	LCV	LCV

This fund will be transitioning to the Vanguard Institutional Index.

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MID CAP GROWTH:

FUND # 8	BARON GROWTH		BGRIX
IMPLEMENTATION: MAR 2003	ASSETS: $ 20,359,339	BEST FIT INDEX: RUSSELL MID CAP GROWTH	M* ANALYST RATING: Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	9.35	17.62	15.99	11.20	14.95	14.47	-1.85	2.67	1.52

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	20.3	0.91	1.97	1.58	10.66	1.05%
PEER AVERAGES		7.2	1.04	-1.48	1.25	11.78	1.34%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	BGRIX	1	1	1	1	1	0	1	1	2	9	9	9	9
		21.9/ -28.8	12.6	89.9	14.5/ 16	93.1/ 90.7	-0.09	12	12		MCG	MCG	MCG	MCG

Had Baron's Information Ratio been just a tad better, it would have scored a perfect 10 on the RPAG score. As it stands this is the 4th quarter in a row with a score of 9 and it has scored an 8 or above in 7 of the past 8 quarters. This string of great scores masks the recent weakness the fund has experienced against small, mid and "smid" growth indexes. The indexes have not been easy to beat as nearly every asset category has experienced during this bull market. Against the peer it is a different story. The fund only trails during the most recent one (1) year period against the mid cap growth category, otherwise it is beating over all periods and against the small cap growth category as well.

The market cap of the Russell Mid Cap Growth index is $12 billion versus just under $5 billion for Baron Growth. The Russell 2000 Growth index is a tad under $2 billion. As far as "SMID" type funds go, this one is certainly more biased toward small caps.

The fund continues to be overweight Real Estate and underweight Technology and Healthcare. The top holding is UnderArmour which is up 23% year to date. Five (5) stocks were added to the fund in the first quarter in very small amounts, all with the exception of one (1) being solidly small growth stocks. This is in addition to the eight (8) companies added in 2014 whose average market caps were $1.5 billion (small cap). In addition, in the past 12 months new money was added to existing small cap stocks while the mid cap holdings were reduced. The biggest driver of underperformance was an underweight to BioTech stocks which rose 22% in 2014.

While the fund occupies the mid growth category by both Morningstar® and RPAG's systems, the fund itself at its heart is a small cap entity and that is where Baron and his analysts focus their time.

Recommendation: No action at this time.

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FUND # 9	VOYA MID CAP OPPORTUNITIES		IMOZX
IMPLEMENTATION: MAY 2011	ASSETS: $ 10,376,452	BEST FIT INDEX: RUSSELL MID CAP GROWTH	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	15.02	14.31	15.53	11.20	14.95	14.47	3.82	-0.64	1.06

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	9.8	N/A	N/A	1.26	11.13	0.88%
PEER AVERAGES		7.2	1.04	-1.48	1.25	11.78	1.34%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	IMOZX	1	1	1	1	0	0	0	0	2	6	6	7	8
		97.2/ -4.2	6.2	97.9	14.9/ 15.5	95.8/ 98.1	-0.4	56	90		MCG	MCG	MCG	MCG

This fund will be transitioning to the Vanguard Mid Cap Index.

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MID CAP BLEND:

FUND # 10	FIDELITY ADV LEV CO STOCK			FLVIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 5,380,289	BEST FIT INDEX: RUSSELL MIDCAP	M* ANALYST RATING:	Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	8.35	18.36	15.13	8.83	15.99	13.72	-0.48	2.37	1.41

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	11.8	0.96	0.13	1.56	11.27	0.82%
PEER AVERAGES		5.9	1.04	-0.82	1.37	11.18	1.24%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	FLVIX	0	0	1	0	0	0	1	1	2	5	5	5	7
		-12.1/ -16.5	35.4	92.3	18.6/ 15.1	116.8/ 132.4	-0.11	8	9		MCV	MCV	MCB	MCB

This fund will be transitioning to the Vanguard Mid Cap Index.

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FUND # 11	VANGUARD MID CAP INDEX			VMCIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 13,229,785	BEST FIT INDEX: SPLICED MID CAP INDEX	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	14.89	17.94	16.10	14.95	17.99	16.15	-0.06	-0.05	-0.05

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	16.9	0.97	0.26	1.63	10.48	0.08%
PEER AVERAGES			1.00	N/A	1.81	10.41	N/A

Passive	Ticker/ ID	Style				Peer Group				Qual.	Score			
		Style	Style Drift	R^2	Tracking Error	TE Rank	Expense Rank	Return Rank	SR Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	VMCIX	1	0	1	1	1	1	1	1	2	9	9	9	9
		22.6/ 5.2	9.3	99.3	0.9	16	5	3	3		MCB-P	MCB-P	MCB-P	MCB-P

This mid cap blend index is performing as expected adjusted for expense and tracking error.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

MID CAP VALUE:

FUND # 12	COLUMBIA SMALL/MID CAP VALUE		RSCMX
IMPLEMENTATION: MAY 2008	ASSETS: $ 21,000,073	BEST FIT INDEX: RUSSELL MID CAP VALUE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	8.69	16.72	13.63	8.89	16.30	13.69	-0.20	0.42	-0.06

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	1.6	0.96	0.44	1.47	10.91	0.85%
PEER AVERAGES		6.3	1.02	-0.12	1.46	10.83	1.27%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	RSCMX	0	0	1	1	1	1	0	0	1	5	3	3	2
		-33.3/ -24	23.7	89.8	15.7/ 13.6	88.1/ 79.5	0.19	54	55	T	SCV	MCV	MCV	MCV

This fund will be transitioning to the Vanguard Mid Cap Index.

SST BENEFITS CONSULTING

SMALL GROWTH:

FUND # 13	LOOMIS SAYLES SMALL CAP GROWTH			LSSIX
IMPLEMENTATION: DEC 2012	ASSETS: $ 3,019,413	BEST FIT INDEX: RUSSELL 2000 GROWTH	M* ANALYST RATING:	Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	5.74	16.20	17.50	8.06	15.21	15.12	-2.32	0.99	2.38

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	10.3	0.98	-0.93	1.10	14.57	0.94%
PEER AVERAGES		6.67	1.11	-2.00	1.10	13.83	1.39%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	LSSIX	1	1	1	1	1	1	1	1	2	10	10	10	10
		91.5/ -88	12.2	93.4	16.9/ 17.5	91.4/ 83.6	0.19	17	17		SCG	SCG	SCG	SCG

This fund will be transitioning to the Vanguard Small Cap Index.

SST BENEFITS CONSULTING

SMALL BLEND:

FUND # 14	VANGUARD SMALL CAP INDEX			VSCIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 6,302,699	BEST FIT INDEX: SPLICED SMALL CAP INDEX	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	9.84	17.59	15.84	9.82	17.56	15.78	0.02	0.03	0.06

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	23.3	0.96	1.27	1.41	12.00	0.08%
PEER AVERAGES			1.00	N/A	1.52	11.95	N/A

Passive	Ticker/ ID	Style				Peer Group				Qual.	Score			
		Style	Style Drift	R^2	Tracking Error	TE Rank	Expense Rank	Return Rank	SR Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	VSCIX	1	0	1	1	0	1	1	1	2	8	8	9	9
		-4.5/ -56.7	7.3	96.9	2.7	89	3	2	2		SCB-P	SCB-P	SCB-P	SCB-P

This small cap blend index is performing as expected adjusted for expense and tracking error.

RECOMMENDATION: No action at this time.

SST BENEFITS CONSULTING

SMALL VALUE:

FUND # 15	INVESCO SMALL CAP VALUE		VSMIX
IMPLEMENTATION: MAY 2011	ASSETS: $ 6,147,238	BEST FIT INDEX: RUSSELL 2000 VALUE	M* ANALYST RATING: Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	8.11	19.02	16.49	3.94	14.29	12.55	4.17	4.73	3.94

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	4.8	1.12	0.26	1.22	15.33	0.87%
PEER AVERAGES		6.6	1.12	-3.14	1.11	12.87	1.38%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	VSMIX	0	0	1	1	1	1	1	1	2	8	8	8	8
		28.2/ -58.5	42	87.6	20.4/ 16.5	118.1/ 105.8	0.54	1	13		SCV	SCV	SCV	SCV

The success of this management team has led to them being assigned an additional mandate at Invesco; the Invesco Value Opportunities Fund. Management does not anticipate the additional mandate affecting performance at this fund. However, given both will be run with a similar style and have some overlap, we are a bit more skeptical. Additional mandates are common among the successful managers and it doesn't automatically mean that the original fund will be given less priority, but there is less time available to be devoted to it. Time will tell and this team should be given the benefit of the doubt.

While the fund has a "Value" moniker in its name and mission, management tends to be a bit more liberal with their definition and is willing to go anywhere to find value. This means the smaller sized mid-cap stocks are not off limits (though growth of their original picks also pushes some holdings into the mid-cap space as turnover is low) and stocks that might be classified in the blend/core space are often held in the portfolio. This has caused the fund to move more toward the blend space, which is what we call style drift.

The fund loses two points because of style drift on the RPAG scorecard, which holds it back from scoring a perfect 10. The fund has drifted back and forth over the past five (5) years between the Morningstar® classification of value and blend. As bargains become more difficult to find in this market, it is not surprising to see managers expanding their universe of available stocks, but with only 23% in the Small Value box, this fund is certainly moving away from its roots (and as assets poor in, it will be forced into buying more mid-cap names).

During downturns the fund tends to underperform (as it did last year during the small market swoon), but typically outperforms on the upside. Recent returns across all time periods have been almost unbeatable, but long term outperformance rarely persists and we continue to urge caution about the future returns of this fund.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

FUND # 16	PERKINS SMALL CAP VALUE			JDSNX
IMPLEMENTATION: NOV 2010	ASSETS: $ 19,782,250	BEST FIT INDEX: RUSSELL 2000 VALUE	M* ANALYST RATING:	Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	8.74	13.39	11.07	3.94	14.29	12.55	4.80	-0.90	-1.48

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	30.2	N/A	N/A	1.22	10.76	0.58%
PEER AVERAGES		6.6	1.12	-3.14	1.11	12.87	1.38%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	JDSNX	1	0	1	1	1	0	0	0	2	6	6	7	5
		-39.3/ -39.9	22.8	95	13.7/ 11.1	79.5/ 79	-0.29	88	83		SCV	SCV	SCV	SCV

This fund will be transitioning to the Vanguard Small Cap Index.

SST BENEFITS CONSULTING

INTERNATIONAL STOCK:

FUND # 17	AMERICAN FUNDS CAPITAL WORLD G/I		RWIGX
IMPLEMENTATION: MAY 2008	ASSETS: $ 34,602,436	BEST FIT INDEX: MSCI WORLD NR	M* ANALYST RATING: Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	5.42	13.01	9.84	4.19	10.89	9.45	1.23	2.12	0.39

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	22.1	0.92	2.82	1.28	9.96	0.45%
PEER AVERAGES		4.5	0.77	5.52	1.00	10.99	1.39%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	RWIGX	1	1	1	1	1	0	1	1	2	9	7	7	6
		8.9/ 69.4	15.1	96.1	14.2/ 9.9	96.7/ 95.8	-0.02	28	26		GE	GE	GE	GE

This fund's score has improved from 7 to almost 10 in just the past quarter, as we had anticipated. The fund's barely negative information ratio (-.02) is the only thing keeping it from being a perfect 10.

As we have said in the past, this fund's classification within global equity has caused it to underperform mainly due to the fact that most global equity funds have a U.S. country bias, which this fund does not. As U.S. stocks have outperformed it has been tough for this fund to compete, but compete it has. Even during the times of great divergence of U.S. versus International stocks, CWGI held up and even beat the peer group. We had commented that if International stocks began outperforming domestic, this fund would race ahead and, in fact, that is what happened in the first quarter of 2015.

Overall this fund remains a good option for those participants looking for a global equity portfolio that tilts mostly toward very large stocks around the globe.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

FUND # 18	DFA INTERNATIONAL SMALL COMPANY		DFISX
IMPLEMENTATION: AUG 2009	ASSETS: $ 12,587,797	BEST FIT INDEX: MSCI EAFE SM CAP NR	M* ANALYST RATING: Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	-6.60	8.81	7.98	-3.36	10.07	8.91	-3.24	-1.26	-0.93

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	16.3	0.97	0.82	0.71	13.12	0.54%
PEER AVERAGES		5.3	0.89	4.10	0.87	12.11	1.43%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	DFISX	1	1	1	0	0	0	0	0	2	5	8	8	8
		23.8/ -95.1	7.6	97.2	16.9/ 8	97.6/ 98.1	-0.07	64	64		ISMB	ISMB	ISMB	ISMB

This fund will be transitioning to the Vanguard International Total Stock Market Index.

SST BENEFITS CONSULTING

FUND # 19	DODGE & COX INTERNATIONAL STOCK			DODFX
IMPLEMENTATION: MAY 2008	ASSETS: $ 13,325,080	BEST FIT INDEX: MSCI WORLD EX US NR	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	1.48	12.25	7.99	-0.76	7.86	5.68	2.24	4.39	2.31

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	13.9	1.06	5.12	0.91	13.64	0.64%
PEER AVERAGES		5.1	0.96	1.64	0.68	12.43	1.31%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	DODFX	1	1	1	1	1	1	1	1	2	10	10	10	10
		-6.4/ 60.8	22.4	95.8	17.5/ 8	105.8/ 98.1	0.5	11	11		ILCB	ILCB	ILCB	ILCB

This fund continues to buck expectations, beating the index and peer while posting a positive return for the one (1) year period where most funds and indexes were negative. Over the three (3), five (5) and ten (10) year periods the fund is outperforming by significant margins against the peer and the index. Smart stock picking within emerging markets has helped as does the experienced management team.

The contrarian style of this fund lends itself to heavy outperformance, but such a distinct style will (and has) lead to periods of underperformance, as well. The fund does not look like the index or peer and for the most part ignores both when building the portfolio. Management is concerned with one thing, valuation. In this market of stretched valuations it might get a little more difficult to outperform, however, the willingness to search for value in non-traditional ways should provide a long-term headwind, though at the expense of short-term volatility.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

FUND # 20	OPPENHEIMER INTERNATIONAL GROWTH			OIGIX
IMPLEMENTATION: AUG 2013	ASSETS: $ 5,305,910	BEST FIT INDEX: MSCI WORLD EX US GROWTH	M* ANALYST RATING:	Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	-3.95	9.52	8.72	1.36	8.23	6.79	-5.31	1.29	1.93

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	19.1	0.98	0.70	0.79	12.38	0.71%
PEER AVERAGES		6.2	0.90	2.31	0.72	11.91	1.38%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	OIGIX	0	1	1	1	1	1	1	1	2	9	9	9	9
		97.4/ -14.6	8.3	94.5	16.2/ 8.7	103.6/ 94.7	0.5	3	3		ILCG	ILCG	ILCG	ILCG

This fund will be transitioning to the Vanguard International Total Stock Market Index.

SST BENEFITS CONSULTING

BONDS:

FUND # 21	LOOMIS SAYLES INV GRADE BOND	LSIIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 15,173,954 BEST FIT INDEX: BARCLAYS US CREDIT TR USD	M* ANALYST RATING: Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	1.07	4.36	6.02	2.62	4.78	6.07	-1.55	-0.42	-0.05

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	18.3	0.90	-2.22	0.95	4.54	0.58%
PEER AVERAGES		5.3	0.73	2.45	1.26	3.91	1.11%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	LSIIX	0	1	0	1	1	1	1	1	0	6	6	6	6
		24.2/ -40.3	17.1	18	5.0/ 6	126.7/ 105.3	0.35	5	36	S	CFI	CFI	CFI	CFI

Over 80% of the assets of this fund are invested in North America, most of which is in the U.S. (70%), but it is the non-dollar allocation that hurt the most recent performance. The strengthening dollar hurt the developed and emerging markets bond positions, which was enough to drop this fund to the bottom 1% of Intermediate Term bond funds for the first quarter and the bottom 3% for the year. Longer term returns look very good in the top 20% for three (3) years, 8% for five (5) years and 1% for ten (10) and fifteen (15) years.

Having non-dollar exposure can help or hurt this fund versus the category; in the most recent period it has hurt. In addition, the ability to look outside the U.S. for bonds creates a small category mismatch which can lead to an apparent style drift. The fund is not actually deviating from its stated objectives, but given how different it can look from the peers, it sometimes leads to losing RPAG points. The fund essentially lost 2 points due to its positioning, making the score of 6 more palatable.

This fund has always been positioned as an option to gain a better return in fixed income through active management but with greater risk. We haven't witnessed any change in management strategy; it is doing what we would expect.

Recommendation: Place on Watch List due to investment performance.

SST BENEFITS CONSULTING

FUND # 22	OPPENHEIMER INTERNATIONAL BOND		OIBIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 3,589,645	BEST FIT INDEX: MSTAR GLOBAL EX US GOV BOND	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	0.33	1.83	2.86	-1.05	1.58	3.54	1.38	0.25	-0.68

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	2.3	1.01	-5.43	0.35	5.38	0.56%
PEER AVERAGES		4.7	0.84	-0.97	0.50	4.66	1.07%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	OIBIX	0	0	0	1	0	1	0	0	0	2	3	3	3
		-19.6/ -11.9	41.7	72	7.6/ 2.9	129.9/ 135.1	0.07	54	56	T/S	GFI	GFI	GFI	GFI

It would appear this fund is deteriorating rather than getting better by looking at its RPAG score of 2 after three (3) straight quarters at 3, however, we think things might be turning around. We mentioned last quarter that the allocation to emerging markets was hurting returns versus other bond funds and that the International Bond category is itself very disparate, including in it both hedged and unhedged bond funds and dozens of different strategies. This makes the peer group less helpful in determining how this fund is really doing. With a return of only 0.33% last calendar year, it is understandable that participants might be disappointed with performance, however, the CitiWGBI non-USD index (essentially unhedged global bonds) returned -2.68% and is down an additional 4.36% in 2015; this fund has a positive return so far in 2015.

While we haven't exactly been ecstatic supporters of this fund in the past, and we'd rather pay a little less in expenses, we think this fund's overall thesis is starting to be rewarded. Of course, given the large allocation to emerging markets and BBB and below bonds any global hiccup could throw this progress away quickly, but we'd certainly urge additional patience.

The score is low and in a traditional category would likely push us to urge termination, but we think patience is likely to be rewarded with this fund.

Recommendation: Remove from Watch List due to improved investment performance.

SST BENEFITS CONSULTING

FUND # 23	PIONEER GLOBAL HIGH YIELD		GHYYX
IMPLEMENTATION: MAY 2008	ASSETS: $ 4,315,850	BEST FIT INDEX: BARCLAYS GLOBAL HY	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	-2.72	4.48	5.91	0.75	6.35	7.45	-3.47	-1.87	-1.54

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	1	13.7	1.09	-3.01	0.85	5.28	0.82%
PEER AVERAGES		5.9	0.46	4.80	1.46	4.44	1.10%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	GHYYX	1	1	1	0	0	0	0	0	2	5	5	5	5
		99.6/ -99.6	1.2	90.1	7.5/ 5.8	94.6/ 130.7	-1.03	89	57		HY	HY	HY	HY

This fund's scorecard number suffers from the same problem that our other bond funds suffer from, a lack of a good category to fit in. Most bond funds fit into easy categories, it just so happens that San Bernardino has chosen bond funds that are more eclectic and flexible and don't lend themselves toward simple categorization. This was a conscious choice by the committee to ensure that participants had access to options that provided added diversification and were sufficiently different than the stable value option.

The returns between U.S. and International high yield have diverged for several years and a global fund that is classified or measured against a domestic high yield fund is going to look pretty poor in such an environment. With that said, this fund is also not outperforming a Global high yield benchmark.

In the past 12 months Domestic high yield hasn't exactly performed well, but depending on how you measure it had a positive return of 0.45 - 2.05% while International high yield returned -8.03% as measured by Barclays Global High Yield ex-U.S. index. The Barclays Global High Yield index was down 2.25% for the past 12 months, beating the Pioneer Global High Yield fund by more than a half percent. Over all periods the Pioneer fund has trailed the Barclays index and not by small margins, as well as the Merrill Lynch U.S. High Yield Master II index.

While the fund will always suffer from classification problems, we are concerned overall with the returns and recommend it remain on watch.

Recommendation: Remain on Watch List due to investment performance.

SST BENEFITS CONSULTING

BALANCED ALLOCATION:

FUND # 24	AMERICAN FUNDS INCOME FUND OF AMERICA		RIDGX
IMPLEMENTATION: MAY 2008	ASSETS: $ 11,819,675	BEST FIT INDEX: MORNINGSTAR MODERATE	M* ANALYST RATING: Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	6.89	11.54	11.01	6.19	9.45	8.97	0.70	2.09	2.04

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	23.3	1.04	2.96	1.64	6.78	0.29%
PEER AVERAGES		5.6	1.01	1.21	1.40	6.66	1.26%

Asset Allocation	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Risk Level	Style Diversity	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	SR Rank	(2pt. max)	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014
	RIDGX	1	1	1	1	1	1	1	1	2	10	10	10	10
		8.5	64.4/ 35.6	92.4	8.5/ 11	104.7/ 94.3	0.55	4	3		MOD	MOD	MOD	MOD

This fund will be transitioning to the Moderate Allocation Fund.

SST BENEFITS CONSULTING

TARGET FUNDS:

FUND # 25	VANGUARD TARGET RETIREMENT INCOME			VTINX
IMPLEMENTATION: DEC 2009	ASSETS: $ 4,120,285	BEST FIT INDEX: MORNINGSTAR CONSERVATIVE INC	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	5.71	5.79	6.70	5.92	5.97	6.82	-0.21	-0.18	-0.12

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	2.2	0.79	1.72	1.66	3.40	0.16%
PEER AVERAGES			1.00	N/A	1.77	3.37	0.94%

Target Date fund review summary follows fund #29

FUND # 26	VANGUARD TARGET RETIREMENT 2020			VTWNX
IMPLEMENTATION: DEC 2009	ASSETS: $ 13,775,796	BEST FIT INDEX: MORNINGSTAR MODERATE 2020	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	7.50	9.61	9.27	7.74	9.87	9.53	-0.24	-0.26	-0.26

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	2.2	1.00	1.48	1.49	6.29	0.16%
PEER AVERAGES			1.00	N/A	1.66	6.23	0.97%

Target Date fund review summary follows fund #29

SST BENEFITS CONSULTING

FUND # 27	VANGUARD TARGET RETIREMENT 2030			VTHRX
IMPLEMENTATION: DEC 2009	ASSETS: $ 12,695,178	BEST FIT INDEX: MORNINGSTAR MODERATE 2030	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	7.77	11.10	10.28	8.01	11.36	10.54	-0.24	-0.26	-0.26

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	2.2	0.87	1.34	1.39	7.79	0.17%
PEER AVERAGES			1.00	N/A	1.57	7.70	1.01%

Target Date fund review summary follows fund #29.

FUND # 28	VANGUARD TARGET RETIREMENT 2040			VFORX
IMPLEMENTATION: DEC 2009	ASSETS: $ 9,546,624	BEST FIT INDEX: MORNINGSTAR MODERATE 2040	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	7.91	12.30	11.06	8.23	12.59	11.35	-0.32	-0.29	-0.29

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	2.2	0.97	1.16	1.33	9.06	0.18%
PEER AVERAGES			1.00	N/A	1.51	8.93	1.03%

Target Date fund review summary follows fund #29.

SST BENEFITS CONSULTING

FUND # 29	VANGUARD TARGET RETIREMENT 2050			VFIFX
IMPLEMENTATION: DEC 2009	ASSETS: $ 4,922,149	BEST FIT INDEX: MORNINGSTAR MODERATE 2050	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	7.91	12.30	11.06	8.23	12.59	11.34	-0.32	-0.29	-0.28

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	2.2	0.97	1.17	1.33	9.06	0.18%
PEER AVERAGES			1.00	N/A	1.51	8.93	1.03%

This target date series is performing as expected adjusted for expense and tracking error. The equity portion is well diversified with 44% giant cap, 30% large cap, 18% mid cap, 6% small cap and 2% micro exposure. The bond portion has an average credit quality of AA, no holdings below investment grade and has an average effective duration of 5.85 years. The glidepath is "to" and levels off at five (5) years after the "zero" year.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

SPECIALTY:

FUND # 30	VOYA GLOBAL REAL ESTATE			IGLIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 7,070,007	BEST FIT INDEX: S&P DEVELOPED PROPERTY	M* ANALYST RATING:	Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	14.94	11.32	10.61	12.94	11.21	10.19	2.00	0.11	0.42

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	13.4	0.97	-0.10	0.92	12.52	0.97%
PEER AVERAGES		5.8	0.76	3.14	0.94	12.26	1.42%

Though a small category, Global Real Estate is finally at least on the radar. This fund debuted with an RPAG score of 6, missing points for underperforming the index in terms of return and up/down capture. When looking closer though we find that the index used is the MSCI World REIT index, which is 70% U.S. This fund's allocation to U.S. is at 54%, so the underperformance is not unexpected as U.S. REITs outperformed by a wide margin. Adjusting for this difference in allocation would have added points for sure.

Overall we continue to like this fund for Real Estate exposure precisely because of its global exposure as U.S. REITS have soared to valuations not seen in the past. Holdings are less concentrated than most U.S. only REITs and participants are likely to have less fluctuation and better diversification over the long term.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

ASSET ALLOCATION:

FUND # 31	ASSET ALLOCATION FUNDS AGGRESSIVE		
IMPLEMENTATION: MAY 2008	ASSETS: $ 38,853,485	BEST FIT INDEX: MORNINGSTAR AGGRESSIVE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	6.93	12.12	10.31	9.01	11.91	11.58	-2.08	0.21	-1.27

FUND # 32	ASSET ALLOCATION FUNDS MODERATE		
IMPLEMENTATION: MAY 2008	ASSETS: $ 53,095,793	BEST FIT INDEX: MORNINGSTAR MODERATE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	7.10	10.36	9.20	6.75	9.20	9.01	0.35	1.16	0.19

FUND # 33	ASSET ALLOCATION FUNDS CONSERVATIVE		
IMPLEMENTATION: MAY 2008	ASSETS: $ 21,413,044	BEST FIT INDEX: MORNINGSTAR CONSERVATIVE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	3.98	6.53	6.26	3.69	5.37	5.33	0.29	1.16	0.93

The asset allocation models are performing as expected.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

WATCH LIST*

The Watch List contains funds that did not meet the criteria outlined in the County of San Bernardino's Investment Policy. Specifically, "if a fund does not meet or exceed the designated benchmark for both the three (3) and five (5) year periods it must be placed on the Watch List." There are other reasons for a fund to be placed on the Watch List including ownership or manager change.

It is recommended that the following funds remain on, or be removed from, the Watch List:

ACTION	FUND #	TICKER	FUND NAME	INVESTMENT POLICY	QUARTER ADDED
⚠	21	LSIIX	LOOMIS SAYLES INV GRADE BOND	Place on Watch List due to investment performance. The 3 / 5 Information Ratios are 0.32 / 0.35.	1Q 2015
✔	22	OIBIX	OPPENHEIMER INTN'L BOND	Remove from Watch List due to improved investment performance. The 3 / 5 Information Ratios have changed from (0.03) / (0.20) to (0.29) / (0.21).	3Q 2013
⚠	23	GHYYX	PIONEER GLOBAL HIGH YIELD	Remain on Watch List due to investment performance. The 3 / 5 Information Ratios have changed from 0.66 / 0.31 to 0.24 / 0.19.	4Q 2014

***Note: Mutual funds transitioning are not listed on this report.**

SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
INVESTMENT OPTIONS SPECTRUM

TARGET ALLOCATION	ASSET ALLOCATION	SPECIALTY	BONDS	BALANCED ALLOCATION
Vanguard Ret Inc	Aggressive Allocation	Voya Global Real Est	Loomis Sayles Inv	AmFunds Inc
Vanguard Ret 2020	Moderate Allocation		Oppenheimer Intl	
Vanguard Ret 2030	Conservative Allocation		Pioneer Global HY	
Vanguard Ret 2040				
Vanguard Ret 2050				

DOMESTIC EQUITY			INTERNATIONAL - GLOBAL EQUITY
LARGE VALUE	**LARGE BLEND**	**LARGE GROWTH**	AmFunds Cap World
Columbia Div Equity Inc	Parnassus Core Equity	AmFunds Growth Fund	DFA Intl Sm Company
MainStay ICAP Sel Equity	Vanguard Institutional Idx	TIAA-CREF G/I	Dodge & Cox Intl
		Wells Fargo Adv Growth	Oppenheimer Intl Gr
MID CAP VALUE	**MID CAP BLEND**	**MID CAP GROWTH**	
Columbia Sm/Mid Cap Value	Fidelity Adv Lev Co Stk	Baron Growth	
	Vanguard Mid Cap Idx	Voya Mid Cap Opp	
SMALL VALUE	**SMALL BLEND**	**SMALL GROWTH**	
Invesco SmCap Value	Vanguard SmCap Index	Loomis Sayles SmCap Gr	
Perkins SmCap Value			

Funds to the left have potentially more inflation risk and less investment risk

Funds to the right have potentially less inflation risk and more investment risk

MUTUAL FUND FORWARD LOOKING RATING SCALE

As mutual fund investors, we have received quantitative and qualitative analysis that provides investors with a look back at how and why a mutual fund performed as it did. Morningstar® is a dominant player in mutual fund analytics. Their quantitative star rating for funds is a backward looking achievement test. The star system takes into account performance category peers after adjusting for risk and sales charges over three (3), five (5) and ten (10) year periods with the greatest weight on the ten (10) year achievement.

Morningstar® has developed a more qualitative approach to evaluating the potential for funds to outperform their benchmarks and peer groups. This is a forward looking approach that uses a methodology based on five qualitative and numeric factors or pillars.

The five pillars are:

1. **PROCESS**
2. **PERFORMANCE**
3. **PEOPLE**
4. **PARENT**
5. **PRICE**

Performance is viewed in the context of risk taken, with a focus on downside risk. The Morningstar® analysts consider that the fundamentals and risks of a fund's holdings are as important as past performance, perhaps more so.

Morningstar® assigns three medal ratings, Gold, Silver and Bronze, along with a Neutral and Negative rating. Morningstar® has only completed 500-600 mutual fund assessments with this new process. So many funds will have an "N/A" instead of one of the five ratings. We expect that nearly all funds will have a rating by the end of 2012.

The ratings should be interpreted as follows:

GOLD Gold

A Gold rating indicates an expectation that the fund will outperform its relative performance benchmark and peer group within the context of the level of risk taken over the long term, (usually five years or a full market cycle). To earn a Gold rating a fund must distinguish itself across the five pillars.

SILVER Silver

Funds in this category have notable advantages across most, but perhaps not all of the five pillars. Funds that have a high price may be the reason for the Silver rating.

BRONZE Bronze

Funds with a Bronze rating have advantages that outweigh any disadvantages across the five pillars. Like Silver, Bronze rated funds may be working their way up or down the scale.

NEUTRAL

These are funds where the Morningstar analysts do not have a strong positive or negative conviction. For example, a fund that combines an overly benchmark conscious strategy with competitive fees could receive this rating because the strategy lends itself to average performance.

NEGATIVE

These funds have at least one major flaw that is likely to hamper future performance. For example, a fund that combines an overly benchmark conscious strategy with high fees could receive this rating because its strategy lends itself to underperformance.

N/A

Morningstar® analysts have not completed their evaluation of this particular fund.

CONCLUSION

- One caution is that a fund with a Gold rating is not necessarily suitable for all investors.
- The People pillar is more critical in concentrated funds whose success is tied to stock picking.
- The expense is a critical factor in all funds, but particularly index funds.
- This rating system does not replace the Morningstar® star system but rather supplements it.
- Finally, there are skeptics of this rating system. We think it may take some time to evaluate the effectiveness of this forward rating system.