SST BENEFITS CONSULTING

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

2ND QUARTER 2014

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
2Q 2013	-0.35%	-2.67%	-2.32%
3Q 2013	0.09%	0.66%	0.57%
4Q 2013	0.66%	0.52%	-0.14%
1Q 2014	0.47%	2.18%	1.71%
2Q 2014	**0.33%**	**1.95%**	**1.62%**
I YEAR	**1.61%**	**5.42%**	**3.81%**

The second quarter results are from a results from the strategy change to Intermediate Aggregate Plus. The first quarter was a combination of the Core Plus strategy and the Intermediate Aggregate Plus strategy.

The average credit rating of the portfolio is AA3. AA3 is the bottom tier of "Excellent." The benchmark is AA1, 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 17.3% versus the index of 9.3%.

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:

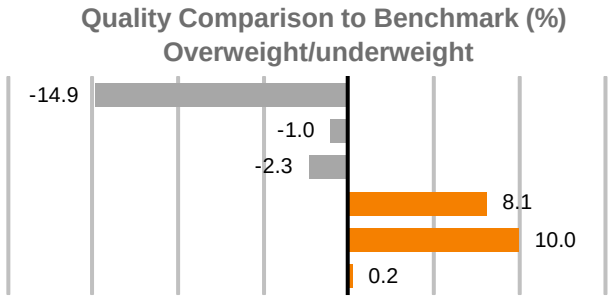
2ND QUARTER 2014	1ST QUARTER 2014	4TH QUARTER 2013	3RD QUARTER 2013	2ND QUARTER 2013
101.33%	100.07%	98.58%	98.78%	98.93%

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 June 30, 2014

Quality Rating (%)	Portfolio	Barclays Capital Inter Agg
AAA	62.9	77.8
AA	2.5	3.6
A	7.0	9.3
BBB	17.3	9.3
<BBB	10.0	0.0
Not Rated	0.3	0.1



Characteristics	Portfolio	Barclays Capital Inter Agg
Effective Duration (Years)	3.67	3.92
Yield to Maturity (%)	2.50	1.71
Average Quality	AA3	AA1

Top Ten Credit Exposures	% of Portfolio
BANK OF AMERICA CORP	0.75
GOLDMAN SACHS GROUP INC/THE	0.67
MORGAN STANLEY	0.54
VERIZON COMMUNICATIONS INC	0.51
INTESA SANPAOLO SPA	0.45
GENERAL ELECTRIC CO	0.41
APPLE INC	0.39
ENERGY TRANSFER EQUITY LP	0.37
JPMORGAN CHASE + CO	0.36
GROUPE BPCE	0.34

See Explanatory Notes Section for footnotes and disclosures.

Bond Sector Comparisons

Quarter Ending June 30, 2014

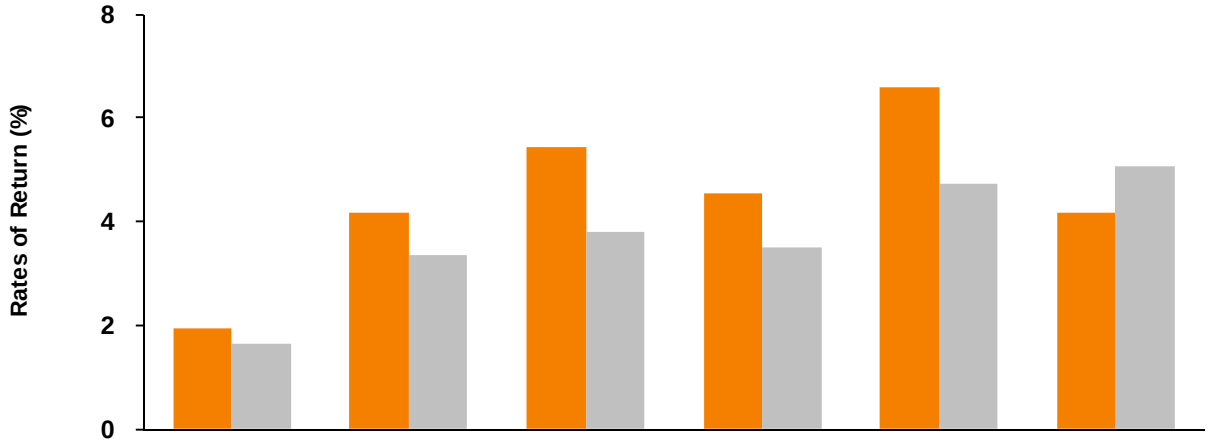
		Mar '14	April '14	May '14	June '14
Asset Group	Barclays Capital Intermediate Agg	County of San Bernadino Sepco891	County of San Bernadino Sepco891	County of San Bernadino Sepco891	County of San Bernadino Sepco891
ABS	1%	5%	5%	5%	5%
Govt related	7%	5%	5%	5%	5%
CMBS	2%	9%	8%	8%	8%
HY	0%	6%	4%	4%	4%
EM	2%	6%	6%	5%	5%
Investment Grade	19%	20%	19%	20%	18%
Agency RMBS	33%	26%	25%	44%	43%
Non-Agency MBS	0%	3%	3%	3%	3%
Non$	0%	0%	0%	0%	0%
Treasuries, Cash and TBA Liab	36%	20%	24%	7%	10%
Total	100%	100%	100%	100%	100%

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

For financial professional or qualified institutional investor use only. Not for inspection by, distribution or quotation to, the general public.

Portfolio Performance

Quarter Ending June 30, 2014



	Quarter	YTD	1 Year	Annualized 3 Year	5 Year	Since Inception
Portfolio	1.95	4.18	5.42	4.55	6.59	4.18
Barclays Capital Inter Agg/BC Cap Agg	1.62	3.36	3.81	3.48	4.74	5.06

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.