SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
ANALYSIS OF STABILIZER
DEFINED CONTRIBUTION PLANS
EXCLUDING RETIREMENT MEDICAL TRUST
4TH QUARTER 2014

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
4Q 2013	0.66%	0.52%	-0.14%
1Q 2014	0.47%	2.18%	1.71%
2Q 2014	0.33%	1.95%	1.62%
3Q 2014	-0.02%	0.01%	0.03%
4Q 2014	**-0.38%**	**0.82%**	**1.20%**
I YEAR	**0.41%**	**5.05%**	**4.64%**

The third and fourth quarter results are entirely generated from the Intermediate Aggregate Plus strategy that changed from the Core Plus strategy part way through the second quarter 2014 in an effort to shorten duration of the portfolio.

The average credit rating of the portfolio is 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 and the 10.3% allocation of below investment grade investments. The BBB rated investments total 18.4% versus the index of 8.9%.

During the fourth quarter, the portfolio underperformed the Barclays Capital U.S. Intermediate Aggregate Bond Index. The Fed did end the Quantitative Easing in October. Long bonds rallied in the fourth quarter with Treasuries with maturities over 20 years generating 27% for the year. VIM increased Treasuries from 11% of the portfolio to 23% primarily from a reduction in Agency RBMS. The unexpected bump in long term bonds led to VIM's underperformance in Corporates and Agency RMBS. The overweight CMBS sleeve representing 6% of the portfolio led all sectors and helped drive positive performance.

Market to Book Value Ratio:

4TH QUARTER 2014	3RD QUARTER 2014	2ND QUARTER 2014	1ST QUARTER 2014	4TH QUARTER 2013
100.67%	100.62%	101.33%	100.07%	98.58%

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.

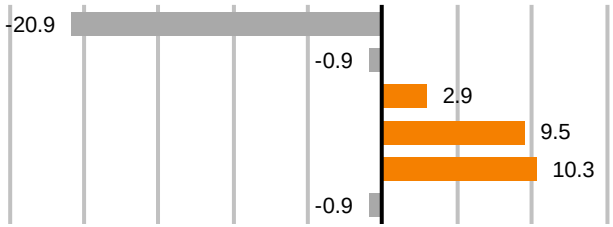
Portfolio Characteristics

Quarter Ending December 31, 2014

Quality Rating (%)	Portfolio	Barclays Capital Intermediate Aggregate Index
AAA	56.6	77.5
AA	2.2	3.1
A	12.5	9.6
BBB	18.4	8.9
<BBB	10.3	0.0
Not Rated	0.0	0.9

Characteristics	Portfolio	Barclays Capital Intermediate Aggregate Index
Effective Duration (Years)	3.46	3.72
Yield to Maturity (%)	2.60	1.90
Average Quality	AA-	AA+

Quality Comparison to Benchmark (%)
Overweight/underweight



Top Ten Credit Exposures	% of Portfolio
MORGAN STANLEY	0.97
BANK OF AMERICA CORP	0.80
JPMORGAN CHASE + CO	0.77
GOLDMAN SACHS GROUP INC/THE	0.65
VERIZON COMMUNICATIONS INC	0.62
CITIGROUP INC	0.53
CREDIT SUISSE GROUP AG	0.51
ENTERGY CORP	0.45
WALGREENS BOOTS ALLIANCE INC	0.45
APPLE INC	0.40

See Explanatory Notes Section for footnotes and disclosures.

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Bond Sector Comparisons

Quarter Ending December 31, 2014

Asset Group	Barclays Capital Intermediate Agg	September 2014 County of San Bernardino SA 891	October 2014 County of San Bernardino SA 891	November 2014 County of San Bernardino SA 891	December 2014 County of San Bernardino SA 891
ABS	1%	5%	5%	5%	5%
Government-related	7%	4%	4%	4%	4%
CMBS	2%	7%	6%	6%	6%
HY	0%	5%	5%	5%	5%
EM	2%	4%	4%	5%	4%
Investment Grade	19%	19%	21%	25%	26%
Agency RMBS	34%	33%	37%	37%	24%
Non-Agency MBS	0%	2%	2%	2%	2%
Non $	0%	0%	0%	0%	0%
Treasuries, Cash & TBA Liab	36%	20%	14%	11%	23%
Total	100%	100%	100%	100%	100%

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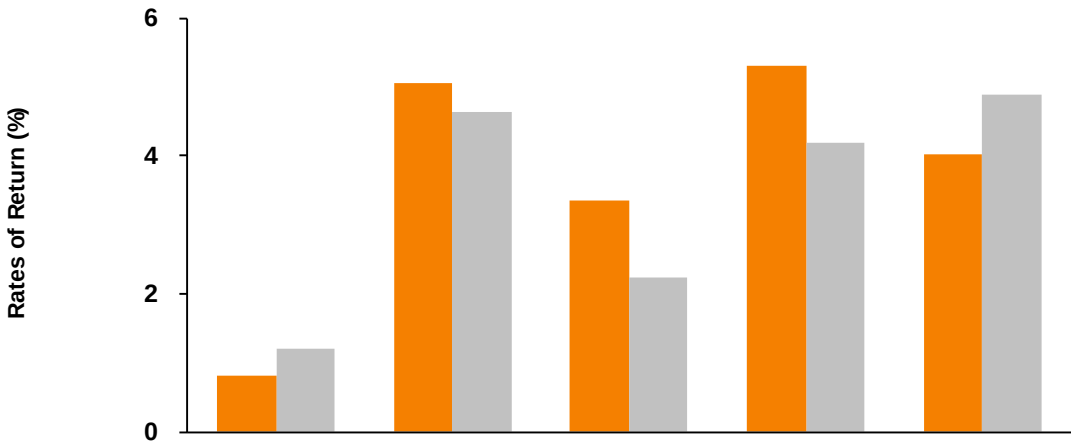
Portfolio Performance

Quarter Ending December 31, 2014



	Quarter	1 Year	Annualized 3 Year	5 Year	Since Inception
Portfolio	0.82	5.05	3.36	5.31	4.02
Barclays Capital Inter Agg/BC Cap Agg	1.20	4.64	2.23	4.19	4.89

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.