

Peralta Community College District

October 31, 2011

Current Asset Allocation

	Market Value	Percent of Total	Strategic Asset Allocation	Strategic Range	Current Asset Allocation View	Comment
Core Bond	55,214,429	34.9%	35.0%	30%-40%	Underweight	Given recent market performance, would overweight credit within our bond portfolios relative to benchmark
Large Cap Disciplined Growth	25,546,392	16.2%	15.0%			Valuations for large cap are attractive and fundamentals seem to be stabilizing. Large cap stocks can benefit from an improving global view more than small cap stocks
Large Cap Value	24,629,711	15.6%	15.0%			
	50,176,103	31.7%	30.0%	25%-35%	Overweight	
Small Cap Growth	16,877,555	10.7%	10.0%	5%-15%	Underweight	Relative valuations are not compelling
International Equities	27,250,691	17.2%	20.0%	15%-25%	Underweight	Developed markets are less appealing than than the emerging markets where we have a neutral view
Real Estate Investment Trusts	8,574,040	5.4%	5.0%	0%-10%	Neutral	Earnings have come through nicely and a low cost of capital benefits this group. Valuations are reasonable.
	158,092,818	100.0%	100.0%			

Recommended Asset Allocation

	Market Value	Percent of Total	Strategic Asset Allocation	Strategic Range	Current Asset Allocation View	Comment
Core Bond	52,961,094	33.5%	35.0%	30%-40%	Underweight	Given recent market performance, would overweight credit within our bond portfolios relative to benchmark
<i>Change in allocation</i>	<i>(2,253,335)</i>					
Socially Responsive Equities	23,713,923	15.0%	15.0%			Valuations for large cap are attractive and fundamentals seem to be stabilizing. Large cap stocks can benefit from an improving global view more than small cap stocks
Large Cap Disciplined Growth	15,809,282	10.0%	7.5%			
Large Cap Value	15,809,282	10.0%	7.5%			
	55,332,486	35.0%	30.0%	25%-35%	Overweight	
<i>Change in allocation</i>	<i>5,156,383</i>					
Small Cap Growth	13,437,890	8.5%	10.0%	5%-15%	Underweight	Relative valuations are not compelling
<i>Change in allocation</i>	<i>(3,439,665)</i>					
International Equities	28,456,707	18.0%	20.0%	15%-25%	Underweight	Developed markets are less appealing than than the emerging markets where we have a neutral view
<i>Change in allocation</i>	<i>1,206,016</i>					
Real Estate Investment Trusts	7,904,641	5.0%	5.0%	0%-10%	Neutral	Earnings have come through nicely and a low cost of capital benefits this group. Valuations are reasonable.
<i>Change in allocation</i>	<i>(669,399)</i>					
	158,092,818	100.0%	100.0%			
<i>Change in allocation</i>	<i>0</i>					

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Possible Long Term Asset Allocation Recommendation

	Percent of Total	Strategic Range	Comment
Core Bond	30.0%	25%-35%	Optimal exposure to cash & fixed income is 26% to 29%
Socially Responsive Equities	15.0%		Total Equity exposure is optimized at 53% to 56%.
Large Cap Disciplined Growth	7.5%		
Large Cap Value	7.5%		
	30.0%	25%-35%	
Small Cap Growth	8.0%	3%-13%	Incremental return not commensurate to higher level of risk vs. large caps
International Equities	17.0%	12%-22%	Higher expected returns but higher risks
Real Estate Investment Trusts	3.0%	0%-5%	Given size of this market, volatility can be high
Alternative Investments	12.0%	7%-17%	Thoughtful consideration to Emerging Managers, Low Vol Hedge Funds, etc.
Total	100.0%		

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