



Orange County Employees Retirement System Investment Program Overview

Presented by:

Reed Royalty, Board Member, Chair

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OCERS Investment Program Overview

- September to remember
- Designed to weather fiscal storms
- Invest for the very long-term
- Positive cash flow
- Professional investment staff with prudent Board-directed policy

September to remember

- FNMA and Freddie placed into conservatorship
- Lehman declared bankruptcy
- AIG rescued by government
- Merrill Lynch sold to Bank of America
- Morgan Stanley and Goldman Sachs convert to bank holding companies
- Buffet invested \$5 billion in Goldman Sachs

Source: Callan Associates

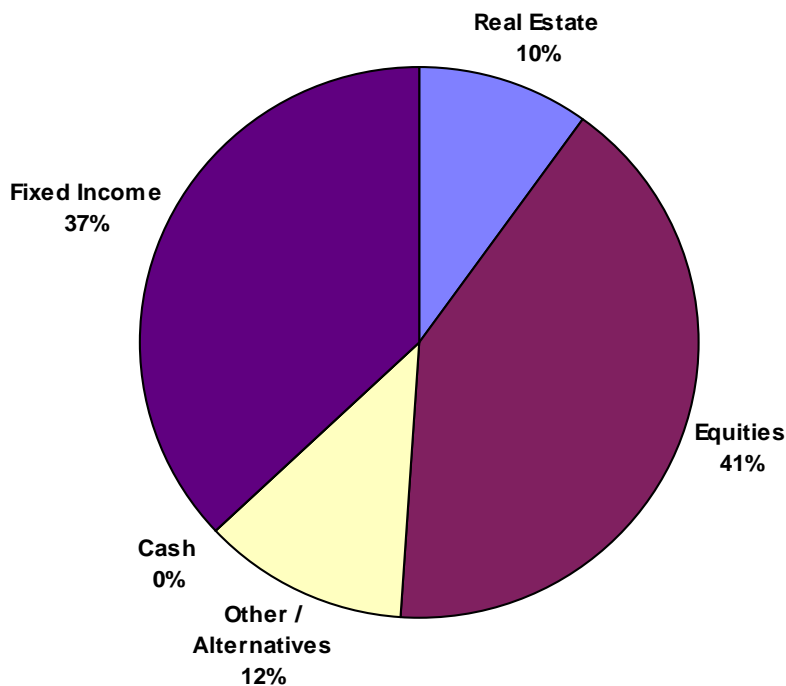
September to remember

- WAMU seized by regulators, assets sold to JP Morgan
- \$700 billion rescue plan
- Money market funds “break the buck”
- Oil drops by almost \$50/barrel

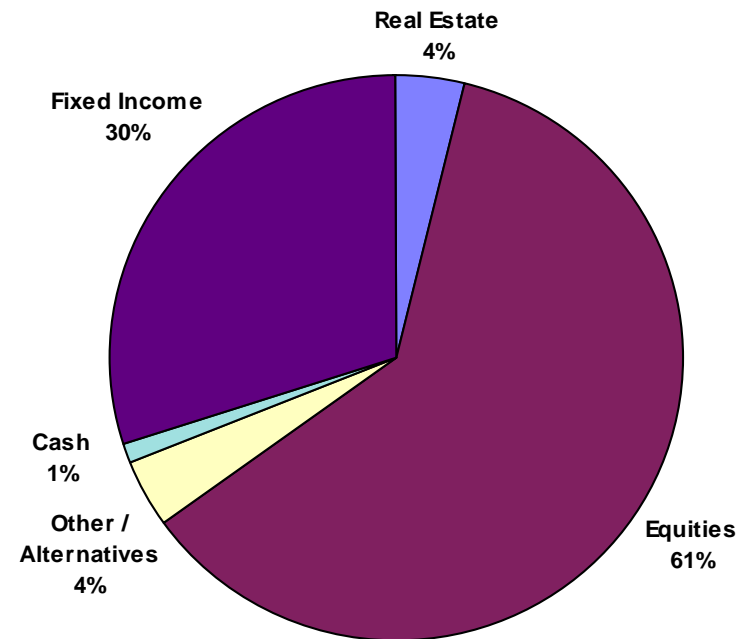
Source: Callan Associates

Designed to weather fiscal storms

OCERS Policy



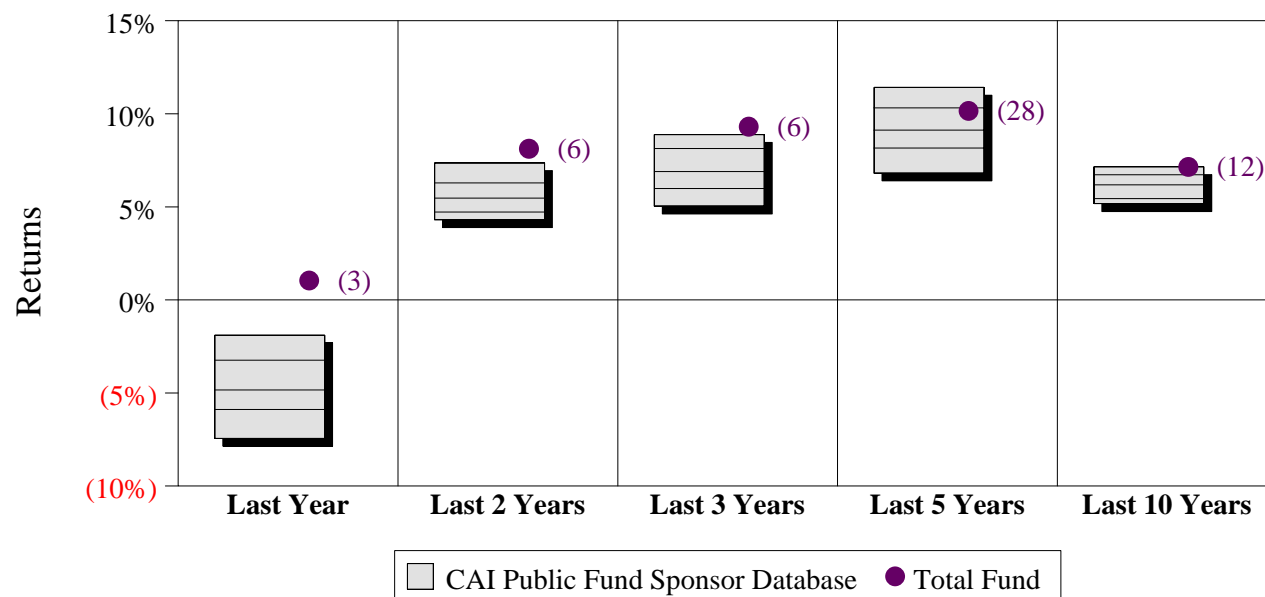
Public Funds



Diversified & Conservative Asset Allocation

Designed to Weather Fiscal Storms

OCERS Ranking Relative to Peers as of June 30, 2008

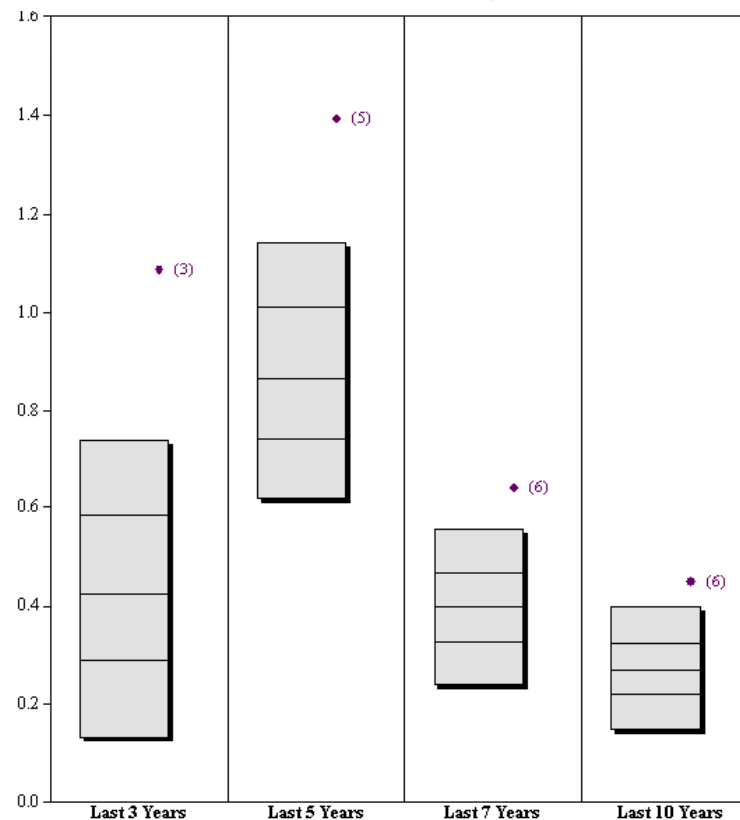


OCERS returns are ranked in the top quartile for 4 out of the 5 annualized time periods

Source: Callan Associates

Designed to Weather Fiscal Storms

Higher returns with lower volatility - as of June 30, 2008



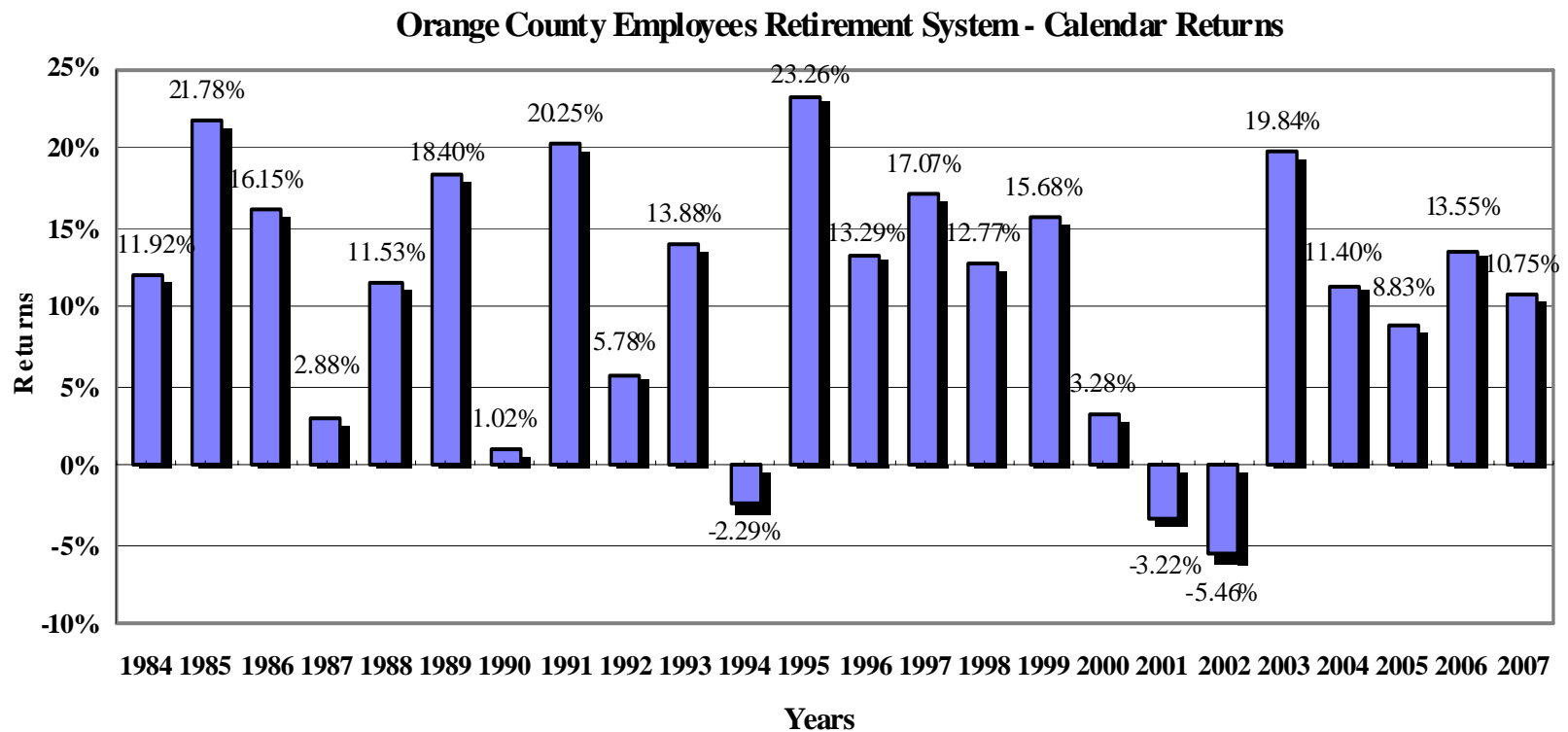
Source: Callan Associates

Invest for the very long term

- 30 year horizon spanning employee careers



Invest for the very long term



Positive cash flow

**Total Fund
\$7.9 Billion**

**Total Annual
Contributions
\$498 Million**

**Total Annual
Benefit Payments
\$345 Million**

As of 12/31/2007

Professional investment staff with prudent Board-directed policy

- Staff and consultant continue due diligence and monitoring of portfolios
- Engaged leading investment professionals to work with OCERS Board
- OCERS is not a distressed seller of assets rather looking for long term investment opportunities
- Asset Liability Study – Review capital markets and determine appropriate investment policy

OCERS Investment Program Overview

– In summary

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