



# Office of the City Treasurer

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## City of Sacramento

### QUARTERLY INVESTMENT REPORT *Large Cap Growth* *SCERS*

*December 31, 2007*

## INDEX

INTRODUCTION .....	3
STRATEGY .....	3
OBJECTIVES .....	3
HIGHLIGHTS.....	4
ECONOMIC COMMENTARY .....	5
PERFORMANCE SUMMARY.....	7
PORTFOLIO SUMMARY .....	8
PORTFOLIO APPRAISAL .....	9
PURCHASE/SALE AND GAIN/LOSS.....	11
COMMISSION PURPOSE.....	15

## INTRODUCTION

On December 1, 1992 the AIFM Board authorized the City Treasurer's Office to manage a Large Capitalization / Growth equity fund in-house. The program was initially allocated \$6.978 million. To date, net allocations to the fund totaled \$38.333 million.

## STRATEGY

- Identify large capitalization/growth stocks with the following three characteristics: average market capitalization of \$7 billion or more, net revenue growth rate over the last five years equal to or exceeding the rate of inflation, and net earnings-per-share growth rate equal to at least two times the rate of inflation over the five preceding years, and
- Develop a portfolio allocation of industries expected to achieve above-average growth for the immediate future, and
- Select for purchase from identified stocks within the allocated industries those companies whose ratio of price earnings (P/E) multiple to future earnings-per-share (EPS) growth rate is less than that of the S & P 500, and
- Passively manage approximately 25% of the portfolio with an exchange traded fund that closely tracks the S&P 500 Index, and
- Diversify the portfolio so that any one holding does not comprise more than 8% of the portfolio, other than the core holding, and, when necessary, acquire growth companies which may not meet all the above criteria, while at no time permitting the average market capitalization of the portfolio to fall below \$5 billion.

## OBJECTIVES

- Exceed the earning assumption for the asset class as presented in the 2006 Asset Allocation and Strategy Recommendation (9%).
- Out-perform the comparable benchmarks, Russell 1000 Growth, excluding dividends, on a long-term basis.

## HIGHLIGHTS

The rates of return for SCERS Large Cap Portfolio as of December 31, 2007 were: -2.16% for month-to-date, -1.04% for quarter-to-date, 2.55% for fiscal-year-to-date and 8.38% for inception-to-date (see table on page 7 for comparison with its benchmarks). Rates are annualized for periods greater than 12 months.

The portfolio was 98.56% invested with 1.44% or \$1.07 million in cash. Purchases and sales totaled \$52.853 million and \$53.855 million respectively.

The closed-end nature of the SCERS plan requires a unique strategy when investing in equity assets. Since the plan is in the net payout phase of its existence, all dividend and interest earned is used to fund the plan's liabilities thereby eliminating the ability to dollar-cost average back into the plan and reduce the cost of the holdings. This lack of cash infusion necessitates a more active portfolio management strategy with increased asset turnover to extract value and preserve capital.

## >>> *ECONOMIC COMMENTARY* <<<

### **OVERVIEW**

After November's turbulence, U.S. financial markets are closing the year on a quieter note. There are still concerns about liquidity at year-end, but recent actions by central banks around the world have at least halted the ongoing deterioration in financial markets. However, the level of uncertainty remains high and further negative headlines about losses and asset write-offs among the major U.S. banks and brokers remains likely. Still, there is also encouraging news, such as continued foreign investment in U.S. financial firms, which helps to replenish the bank equity affected by the collapse of the subprime mortgage-backed securities market.

Stock markets started December on a strong note, but have already given back most of those early gains. For the year, U.S. stocks are still showing a slight increase. Following a sharp rally in November, Treasury yields staged a tentative rebound in the past few weeks. Fixed income credit markets have also shown signs of stabilizing after the Lehman Credit Index experienced one of the worst months in its history in November. Finally, the U.S. dollar benefitted from weaker economic news abroad, as well as rate cuts in other developed markets, extending November's positive returns into December.

### **ECONOMY AND POLICY**

The major economic event of the quarter was the concerted action by a number of major central banks to address the sharp deterioration in global liquidity conditions, which rattled financial markets in November. Following a third cut in both the Funds and Discount rates since the crisis started in August, the Federal Reserve decided to make billions of U.S. dollars available, not just to U.S. banks, but also to foreign institutions that need dollars. These institutions would otherwise tap into U.S. inter-bank for their funding.

While the Federal Reserve is addressing the tense liquidity situation on Wall Street, the real economy continues to produce positive surprises and has, thus far, failed to support the more bearish outlook by a number of economists. Retail sales rebounded strongly in November, job growth continued to expand at a moderate pace, and even home sales posted a tentative rebound in October. More troublesome, however, was the surprise inflation pick-up in November in both the producer and consumer sectors, which was more broad-based than previously expected, and not driven solely by energy prices.

The U.S. macroeconomic outlook for 2008 depends in large part on short term evolution of the financial market crisis. A significant decline in bank lending as a result of their losses and balance sheet contraction could adversely impact business investment and consumer spending, which are otherwise supported by loan inventories, growing capacity utilization and tight labor markets. While we see this as the single greatest risk to our macro outlook, we believe there is

still an abundance of global capital, and the Federal Reserve has demonstrated the willingness to ensure the proper functioning of the financial system.

Another challenge for the economy in 2008 will be the housing market crisis. We expect new construction activity to continue to contract through most of the year. However, demand should stabilize in the first half and rebound later in the year. Coupled with a sharp drop in newly completed homes coming to the market, this should help to reduce the excess capacity of unsold homes.

Given our baseline scenario for next year, we would expect U.S. equities to have a moderately positive 2008. Lower interest rates and a recovering economy should support higher stock prices. However, profit growth is unlikely to rebound to 2005 levels. The main risks to our forecast are a continuation of the financial markets crisis into next year and an intensification of the housing crisis with even greater declines in both sales and new construction. The longer the two crises last, the more they undermine the offsets that have prevented a more serious slowdown in the U.S. As with so many things in life, timing is everything. We believe that the central banks will take the necessary steps to address the issues still plaguing the financial system.

City of Sacramento  
**Performance Summary**  
***Large Cap Growth***  
**SCERS**  
*December 31, 2007*

**PORTFOLIO COMPOSITION**

December 31, 2007

Asset Class	Market Value	Pct Assets	Yield
Equities	73,656,621	98.56	1.29
Cash and Equiv.	1,073,489	1.44	4.87
<b>TOTAL PORTFOLIO</b>	<b>74,730,111</b>	<b>100.00</b>	<b>1.34</b>

**PORTFOLIO ACTIVITY SUMMARY**

From 09-30-07 to 12-31-07

<b>Portfolio Value on 09-30-07</b>	<b>75,768,381</b>
Contributions	0
Withdrawals	-257,741
Realized Gains	373,663
Unrealized Gains	-1,498,389
Interest	74,798
Dividends	269,399
<b>Portfolio Value on 12-31-07</b>	<b>74,730,111</b>

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**ANNUALIZED  
GROSS OF FEES**

*December 31, 2007*

	Month To Date	Quarter To Date	Year To Date	Latest 5 Year	Inception To Date	Since 06-30-07
Portfolio	-2.16	-1.04	8.50	10.67	8.38	2.55
S&P 500	-0.86	-3.82	3.53	10.79	8.47	-2.33
Russell 1000 Growth	-0.47	-1.06	10.53	10.86	7.24	2.81

City of Sacramento  
**PORTFOLIO SUMMARY**  
*Large Cap Growth*  
**SCERS**  
*December 31, 2007*

<u>Security Type</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Cur. Yield</u>	<u>Est. Annual Income</u>
<b>Equities</b>					
COMMON STOCK					
MATERIALS	3,823,515	3,324,010	4.45	4.16	138,337
INDUSTRIALS	10,556,843	11,567,300	15.48	2.26	261,800
CONSUMER	4,519,440	4,249,850	5.69	1.74	74,000
DISCRETIONARY					
CONSUMER STAPLES	8,518,276	9,102,110	12.18	2.00	181,638
ENERGY	5,244,190	5,062,830	6.77	0.92	46,458
FINANCIAL	2,655,012	2,486,600	3.33	3.51	87,278
HEALTHCARE	15,993,827	14,894,297	19.93	0.62	91,996
INFORMATION	21,761,152	21,432,424	28.68	0.30	64,600
TECHNOLOGY					
PASSIVE INDEX	1,542,185	1,537,200	2.06	0.42	6,397
COMMON STOCK	74,614,439	73,656,621	98.56	1.29	952,504
	74,614,439	73,656,621	98.56	1.29	952,504
<b>Cash and Equiv.</b>					
CASH AND EQUIVALENTS	1,073,489	1,073,489	1.44	4.87	52,302
	1,073,489	1,073,489	1.44	4.87	52,302
<b>TOTAL PORTFOLIO</b>	<b>75,687,928</b>	<b>74,730,111</b>	<b>100.00</b>	<b>1.34</b>	<b>1,004,806</b>

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*Large Cap Growth*  
**SCERS**  
 December 31, 2007

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Cur. Yield	S & P	Moody
<b>CASH AND EQUIVALENTS</b>												
	divacc	Dividend Accrual		77,512		77,512		77,511.70	0.10	4.00		
	miscintrec	Misc Interest Receivable		10,934		10,934		10,934.37	0.01	4.00		
	PoolA	Pool A Cash		890,565		890,565		890,564.54	1.19	4.93		
	intreceiv	Pool A Interest Receivable		94,479		94,479		94,478.65	0.13	5.11		
				1,073,489		1,073,489		1,073,489.26	1.44	4.87		
<b>COMMON STOCK</b>												
<b>MATERIALS</b>												
11,000	fcx	Freeport-McMoran Cop & G Cl B	115.87	1,274,520	102.44	1,126,840		1,126,840.00	1.51	1.71	B	
30,000	xlb	Select Sector Spdr Tr Sbi Materials	43.21	1,296,288	41.70	1,251,000		1,251,000.00	1.67	3.76		
9,000	pcu	Southern Copper Corp Com	139.19	1,252,706	105.13	946,170		946,170.00	1.27	7.61	B	
				3,823,515		3,324,010		3,324,010.00	4.45	4.16		
<b>INDUSTRIALS</b>												
20,000	ba	Boeing Co Com	96.61	1,932,271	87.46	1,749,200		1,749,200.00	2.34	1.83	B+	
50,000	dow	Dow Chem Co Com	44.49	2,224,310	39.42	1,971,000		1,971,000.00	2.64	4.26	B	
80,000	ge	General Electric Co	37.24	2,979,412	37.07	2,965,600		2,965,600.00	3.97	3.35	A+	
30,000	mon	Monsanto C0 New Com	62.08	1,862,441	111.69	3,350,700		3,350,700.00	4.48	0.63		
20,000	utx	United Technologies	77.92	1,558,408	76.54	1,530,800		1,530,800.00	2.05	1.67	A+	
				10,556,843		11,567,300		11,567,300.00	15.48	2.26		
<b>CONSUMER DISCRETIONARY</b>												
40,000	dis	Disney (walt) Com	33.89	1,355,770	32.28	1,291,200		1,291,200.00	1.73	1.08	A-	
25,000	mcd	Mcdonald's Corp	52.19	1,304,845	58.91	1,472,750		1,472,750.00	1.97	2.55	A	
90,000	twx	Time Warner Inc New	20.65	1,858,825	16.51	1,485,900		1,485,900.00	1.99	1.51	B	
				4,519,440		4,249,850		4,249,850.00	5.69	1.74		
<b>CONSUMER STAPLES</b>												
20,000	clx	Clorox Co	64.33	1,286,541	65.17	1,303,400		1,303,400.00	1.74	2.46	A	
25,000	cl	Colgate Palmolive Co Com	67.72	1,693,015	77.96	1,949,000		1,949,000.00	2.61	1.85	A+	
15,000	fo	Fortune Brands Inc	83.27	1,248,982	72.36	1,085,400		1,085,400.00	1.45	2.32	B	
20,000	iyk	Ishares Tr Cons Goods Idx	59.38	1,187,612	63.92	1,278,400		1,278,400.00	1.71	1.77		
30,000	pg	Procter & Gamble Co	65.31	1,959,217	73.42	2,202,600		2,202,600.00	2.95	1.91	A+	
27,000	wmt	Wal Mart Stores Inc	42.33	1,142,908	47.53	1,283,310		1,283,310.00	1.72	1.85	A+	
				8,518,276		9,102,110		9,102,110.00	12.18	2.00		
<b>ENERGY</b>												
15,000	eye	Ishares Tr Dj Us Energy	132.31	1,984,579	136.97	2,054,550		2,054,550.00	2.75	0.75		
55,000	sto	Statoil Asa Sponsored Adr	31.87	1,752,801	30.52	1,678,600		1,678,600.00	2.25	1.85		
22,000	sgr	The Shaw Group Inc	68.49	1,506,809	60.44	1,329,680		1,329,680.00	1.78	0.00	B-	
				5,244,190		5,062,830		5,062,830.00	6.77	0.92		
<b>FINANCIAL</b>												
20,000	iyf	Ishares Tr Dj Financial Sector	100.02	2,000,474	94.14	1,882,800		1,882,800.00	2.52	3.32		

City of Sacramento  
**PORTFOLIO APPRAISAL**  
*Large Cap Growth*  
**SCERS**  
 December 31, 2007

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Cur. Yield	S & P	Moody
20,000	wfc	Wells Fargo & Company	32.73	654,538	30.19	603,800		603,800.00	0.81	4.11	A	
				2,655,012		2,486,600		2,486,600.00	3.33	3.51		
<b>HEALTHCARE</b>												
30,000	celg	Celgene Corporation	62.65	1,879,491	46.21	1,386,300		1,386,300.00	1.86	0.00	B-	
35,000	dna	Genentech Inc.	77.54	2,713,942	67.07	2,347,450		2,347,450.00	3.14	0.00		
43,000	gild	Gilead Sciences Inc	40.07	1,722,932	46.01	1,978,430		1,978,430.00	2.65	0.00	B-	
18,000	hgsi	Human Genome Sciences	11.19	201,445	10.44	187,920		187,920.00	0.25	0.00	C	
4,000	isrg	Intuitive Surgical Inc Com New	295.04	1,180,176	324.50	1,298,000		1,298,000.00	1.74	0.00		
28,000	iyh	Ishares Tr Dj Us Healthcr	69.95	1,958,737	70.67	1,978,760		1,978,760.00	2.65	1.02		
70,000	isis	Isis Pharmaceuticals Com	13.52	946,131	15.75	1,102,500		1,102,500.00	1.48	0.00	C	
30,000	jjj	Johnson & Johnson	62.16	1,864,942	66.70	2,001,000		2,001,000.00	2.68	2.49	A+	
22,000	mdt	Medtronic Inc Com	47.13	1,036,871	50.27	1,105,940		1,105,940.00	1.48	0.99	A	
57,142	ntii	Neurobiological Tec Inc Com New	18.40	1,051,365	3.08	175,997		175,997.36	0.24	0.00	C	
50,000	sgp	Schering Plough Corp	28.76	1,437,795	26.64	1,332,000		1,332,000.00	1.78	0.83	A-	
				15,993,827		14,894,297		14,894,297.36	19.93	0.62		
<b>INFORMATION TECHNOLOGY</b>												
60,000	akam	Akamai Technologies	39.91	2,394,521	34.60	2,076,000		2,076,000.00	2.78	0.00		
10,000	aapl	Apple Inc.	178.51	1,785,097	198.08	1,980,800		1,980,800.00	2.65	0.00	B	
70,000	cscs	Cisco Sys Inc Com	27.93	1,955,076	27.07	1,894,900		1,894,900.00	2.54	0.00	B+	
30,000	ctxs	Citrix Systems Inc	32.03	960,978	38.01	1,140,300		1,140,300.00	1.53	0.00	B+	
30,000	erts	Electronic Arts Inc Com	58.75	1,762,543	58.41	1,752,300		1,752,300.00	2.34	0.00	B+	
50,000	emc	Emc Corp/Mass	19.64	981,875	18.53	926,500		926,500.00	1.24	0.00	B	
3,800	goog	Google Inc Cl A	671.63	2,552,180	691.48	2,627,624		2,627,624.00	3.52	0.00		
75,000	intc	Intel Corp	26.31	1,973,224	26.66	1,999,500		1,999,500.00	2.68	1.20	B+	
15,000	ibm	International Bus Mach	115.08	1,726,147	108.10	1,621,500		1,621,500.00	2.17	0.74	A	
100,000	mrvi	Marvell Technology Group Ltd	18.18	1,817,874	13.98	1,398,000		1,398,000.00	1.87	0.00		
65,000	msft	Microsoft Corp	31.21	2,028,643	35.60	2,314,000		2,314,000.00	3.10	1.24	B+	
15,000	rimm	Research In Motion Ltd	121.53	1,822,994	113.40	1,701,000		1,701,000.00	2.28	0.00		
				21,761,152		21,432,424		21,432,424.00	28.68	0.30		
<b>PASSIVE INDEX</b>												
30,000	qqqq	Powershares QQQ Trust Unit Ser 1	51.41	1,542,185	51.24	1,537,200		1,537,200.00	2.06	0.42		
				74,614,439		73,656,621		73,656,621.36	98.56	1.29		
<b>TOTAL PORTFOLIO</b>				<b>75,687,928</b>		<b>74,730,111</b>	<b>0</b>	<b>74,730,110.62</b>	<b>100.00</b>	<b>1.34</b>		

City of Sacramento  
PURCHASE/SALE AND GAIN/LOSS

*Large Cap Growth*

**SCERS**

From 10-01-07 To 12-31-07

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>12-31-07 Price</u>	<u>Difference</u>
<u>Purchases</u>							
<b>COMMON STOCK</b>							
10-03-07	10-09-07	10,000	Akamai Technologies	31.74	317,356	34.60	3
11-08-07	11-14-07	5,000	Apple Inc.	176.59	882,954	198.08	21
11-29-07	12-04-07	5,000	Apple Inc.	180.43	902,143	198.08	18
10-04-07	10-10-07	12,000	Bank Of America Corp	52.24	626,834	41.26	-11
10-05-07	10-11-07	13,000	Bank Of America Corp	52.58	683,540	41.26	-11
11-05-07	11-08-07	10,000	Bank Of America Corp	44.84	448,450	41.26	-4
11-14-07	11-19-07	10,000	Bank Of America Corp	46.87	468,749	41.26	-6
10-26-07	10-31-07	65,000	Bea Systems Inc.	16.63	1,081,106	15.78	-1
11-29-07	12-04-07	5,000	Boeing Co Com	94.19	470,949	87.46	-7
10-25-07	10-30-07	12,000	Celgene Corporation	64.86	778,334	46.21	-19
10-04-07	10-10-07	22,000	Citigroup Inc	48.15	1,059,300	29.44	-19
11-05-07	11-08-07	10,000	Citigroup Inc	35.89	358,900	29.44	-6
11-14-07	11-19-07	10,000	Citigroup Inc	37.24	372,400	29.44	-8
10-15-07	10-18-07	10,000	Dow Chem Co Com	46.53	465,326	39.42	-7
11-29-07	12-04-07	15,000	Dow Chem Co Com	41.80	627,024	39.42	-2
11-02-07	11-07-07	16,000	Electronic Arts Inc Com	59.68	954,869	58.41	-1
11-29-07	12-04-07	14,000	Electronic Arts Inc Com	57.69	807,674	58.41	1
11-29-07	12-04-07	25,000	Emc Corp/Mass	19.67	491,725	18.53	-1
11-29-07	12-04-07	25,000	Emc Corp/Mass	19.61	490,150	18.53	-1
10-03-07	10-09-07	1,000	Freeport-McMoran Cop & G Cl B	108.33	108,330	102.44	-6
10-30-07	11-02-07	11,000	Freeport-McMoran Cop & G Cl B	115.87	1,274,520	102.44	-13
10-11-07	10-16-07	5,000	Genentech Inc.	75.92	379,617	67.07	-9
10-25-07	10-30-07	5,000	Genentech Inc.	74.47	372,344	67.07	-7
11-29-07	12-04-07	20,000	General Electric Co	38.13	762,620	37.07	-1
10-04-07	10-10-07	2,500	Goldman Sachs Group Com	225.15	562,887	215.05	-10
10-05-07	10-11-07	2,500	Goldman Sachs Group Com	226.81	567,025	215.05	-12
10-23-07	10-26-07	3,000	Google Inc Cl A	665.57	1,996,717	691.48	26
11-08-07	11-14-07	800	Google Inc Cl A	694.33	555,463	691.48	-3
10-18-07	10-23-07	30,000	Intel Corp	26.96	808,794	26.66	0
10-18-07	10-23-07	15,000	International Bus Mach	115.08	1,726,147	108.10	-7
10-23-07	10-26-07	4,000	Intuitive Surgical Inc Com New	295.04	1,180,176	324.50	29
11-30-07	12-05-07	20,000	Ishares Tr Dj Financial Sector	100.02	2,000,474	94.14	-6
12-07-07	12-12-07	15,000	Ishares Tr Dj Us Energy	132.31	1,984,579	136.97	5
10-22-07	10-25-07	28,000	Ishares Tr Dj Us Healthcr	69.95	1,958,737	70.67	1
10-09-07	10-12-07	20,000	Ishares Tr Dj Us Tech Sec	64.36	1,287,188	62.46	-2
10-23-07	10-26-07	75,000	Jetblue Airways Corp	9.55	716,115	5.90	-4
10-29-07	11-01-07	75,000	Jetblue Airways Corp	9.14	685,867	5.90	-3
10-22-07	10-25-07	42,000	Medtronic Inc Com	47.13	1,979,481	50.27	3
10-18-07	10-23-07	65,000	Microsoft Corp	31.21	2,028,643	35.60	4
10-04-07	10-10-07	8,000	Northern Tr Corp	67.77	542,193	76.58	9
10-05-07	10-11-07	7,000	Northern Tr Corp	68.46	479,220	76.58	8
10-23-07	10-26-07	40,000	Northwest Airls Corp Com	18.63	745,156	14.51	-4

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
*Large Cap Growth*  
**SCERS**  
From 10-01-07 To 12-31-07

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>12-31-07 Price</u>	<u>Difference</u>
<b>Purchases</b>							
10-09-07	10-12-07	20,000	Powershares QQQ Trust Unit Ser 1	53.10	1,061,970	51.24	-2
10-30-07	11-02-07	9,000	Procter & Gamble Co	69.14	622,273	73.42	4
11-08-07	11-14-07	7,000	Research In Motion Ltd	121.50	850,500	113.40	-8
11-29-07	12-04-07	8,000	Research In Motion Ltd	121.56	972,494	113.40	-8
10-09-07	10-12-07	5,000	Ryanair Hldgs Plc Sponsored Adr	45.01	225,031	39.44	-6
10-23-07	10-26-07	70,000	Schering Plough Corp	28.76	2,012,913	26.64	-2
10-26-07	10-31-07	30,000	Select Sector Spdr Tr Sbi Materials	43.21	1,296,288	41.70	-2
10-30-07	11-02-07	9,000	Southern Copper Corp Com	139.19	1,252,706	105.13	-34
10-09-07	10-12-07	40,000	Statoil Asa Sponsored Adr	31.67	1,266,908	30.52	-1
11-29-07	12-04-07	15,000	Statoil Asa Sponsored Adr	32.39	485,893	30.52	-2
12-07-07	12-12-07	22,000	The Shaw Group Inc	68.49	1,506,809	60.44	-8
10-23-07	10-26-07	15,000	Ual Corp Com New	48.90	733,560	35.66	-13
12-07-07	12-12-07	20,000	United Technologies	77.92	1,558,408	76.54	-1
12-10-07	12-13-07	20,000	Wells Fargo & Company	32.73	654,538	30.19	-3
10-03-07	10-09-07	50,000	Yahoo Inc.	27.24	1,362,185	23.26	-4
					52,852,556		
Total Purchases					52,852,556		

City of Sacramento  
PURCHASE/SALE AND GAIN/LOSS

*Large Cap Growth*

**SCERS**

From 10-01-07 To 12-31-07

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount	Original Price	Gain/Loss
<u>Sales</u>							
<b>COMMON STOCK</b>							
10-10-07	10-15-07	35,000	At&t Inc	42.05	1,471,709	40.15	66,452
10-30-07	11-02-07	25,000	Bank Of America Corp	47.72	1,192,989	52.41	-117,385
11-27-07	11-30-07	20,000	Bank Of America Corp	42.42	848,351	45.86	-68,848
10-03-07	10-09-07	15,000	Barnes Group Inc Com	31.40	471,018	30.92	7,269
10-04-07	10-10-07	15,000	Barnes Group Inc Com	31.31	469,616	30.92	5,866
11-02-07	11-07-07	65,000	Bea Systems Inc.	16.66	1,082,656	16.63	1,550
10-19-07	10-24-07	10,000	Caterpillar Inc Del Com	74.70	746,989	76.14	-14,446
10-22-07	10-25-07	10,000	Caterpillar Inc Del Com	73.31	733,086	76.14	-28,349
10-04-07	10-10-07	22,000	Celgene Corporation	72.18	1,588,065	61.70	230,624
12-07-07	12-12-07	10,000	Celgene Corporation	57.27	572,663	62.65	-53,834
10-12-07	10-17-07	22,000	Citigroup Inc	47.58	1,046,691	48.15	-12,609
11-27-07	11-30-07	20,000	Citigroup Inc	30.15	603,083	36.56	-128,217
10-25-07	10-30-07	70,000	Comcast Corporation	20.96	1,467,395	26.31	-374,631
10-11-07	10-16-07	50,000	Ebay Inc	39.54	1,976,800	34.13	270,092
10-19-07	10-24-07	11,000	Freeport-McMoran Cop & G Cl B	110.83	1,219,158	108.72	23,235
10-04-07	10-10-07	25,000	Genentech Inc.	78.20	1,954,943	78.48	-7,038
10-19-07	10-24-07	45,000	General Electric Co	39.94	1,797,524	36.95	134,930
12-07-07	12-12-07	7,000	Gilead Sciences Inc	46.91	328,352	40.07	47,875
10-30-07	11-02-07	5,000	Goldman Sachs Group Com	242.12	1,210,619	225.98	80,707
12-21-07	12-27-07	72,000	Human Genome Sciences	11.20	806,647	11.19	868
10-19-07	10-24-07	15,000	Ishares Tr Dj Us Energy	131.61	1,974,141	117.23	215,692
10-03-07	10-09-07	10,000	Ishares Tr Dj Us Tech Sec	62.86	628,570	61.39	14,708
11-14-07	11-19-07	27,000	Ishares Tr Dj Us Tech Sec	62.17	1,678,462	62.38	-5,724
12-07-07	12-12-07	33,000	Ishares Tr Dj Us Tech Sec	63.21	2,085,901	62.38	27,452
11-02-07	11-07-07	150,000	Jetblue Airways Corp	8.69	1,303,060	9.35	-98,922
10-04-07	10-10-07	10,000	Johnson & Johnson	66.21	662,069	62.16	40,422
11-30-07	12-05-07	20,000	Medtronic Inc Com	50.04	1,000,785	47.13	58,175
10-03-07	10-09-07	10,000	Monsanto C0 New Com	83.47	834,726	62.08	213,913
11-02-07	11-07-07	10,000	Monsanto C0 New Com	93.51	935,139	62.08	314,325
11-27-07	11-30-07	15,000	Northern Tr Corp	74.62	1,119,235	68.09	97,822
11-02-07	11-07-07	10,400	Northwest Airls Corp Com	18.01	187,346	18.63	-6,395
11-02-07	11-07-07	29,600	Northwest Airls Corp Com	17.97	531,948	18.63	-19,467
10-09-07	10-12-07	50,000	Oracle Corp Com	22.46	1,123,118	19.89	128,835
11-14-07	11-19-07	10,000	Powershares QQQ Trust Unit Ser 1	50.91	509,092	51.41	-4,969
11-30-07	12-05-07	20,000	Powershares QQQ Trust Unit Ser 1	51.57	1,031,384	51.41	3,261
11-14-07	11-19-07	10,000	Procter & Gamble Co	71.54	715,432	65.31	62,360
10-09-07	10-12-07	22,000	Research In Motion Ltd	115.05	2,531,099	82.66	712,528
10-19-07	10-24-07	25,000	Ryanair Hldgs Plc Sponsored Adr	45.93	1,148,315	39.48	161,354
12-07-07	12-12-07	20,000	Schering Plough Corp	30.10	601,985	28.76	26,867
10-19-07	10-24-07	30,000	Select Sector Spdr Tr Sbi Materials	42.14	1,264,058	38.48	109,700
10-09-07	10-12-07	20,000	Target Corp	65.57	1,311,384	64.82	14,954
11-02-07	11-07-07	15,000	Ual Corp Com New	45.77	686,592	48.90	-46,968

City of Sacramento  
**PURCHASE/SALE AND GAIN/LOSS**  
*Large Cap Growth*  
**SCERS**  
*From 10-01-07 To 12-31-07*

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>	<u>Original Price</u>	<u>Gain/Loss</u>
<u>Sales</u>							
10-19-07	10-24-07	20,000	United Technologies	76.92	1,538,469	73.45	69,506
10-19-07	10-24-07	20,000	Urs Corp New Com	59.16	1,183,294	49.53	192,752
10-19-07	10-24-07	15,000	Valero Energy Corp New Com	68.96	1,034,363	65.35	54,096
10-11-07	10-16-07	5,100	Vmware Inc Cl A Com	102.74	523,988	53.39	251,721
10-18-07	10-23-07	10,000	Vmware Inc Cl A Com	101.94	1,019,380	53.39	485,523
10-19-07	10-24-07	5,000	Vmware Inc Cl A Com	98.97	494,865	53.39	227,937
10-02-07	10-05-07	500	Wal Mart Stores Inc	44.72	22,360	42.33	1,195
10-02-07	10-05-07	2,500	Wal Mart Stores Inc	44.90	112,248	42.33	6,423
11-14-07	11-19-07	30,000	Waste Mgmt Inc Del Com	35.74	1,072,115	35.62	3,404
10-09-07	10-12-07	50,000	Yahoo Inc.	28.04	1,402,134	27.24	39,949
					53,855,410		3,416,536
Total Sales					53,855,410		3,416,536

City of Sacramento  
**COMMISSION PURPOSE**

*Large Cap Growth*  
*SCERS*

From 10-01-07 to 12-31-07

	<b>Commission Amount</b>	<b>Avg. Commission Per Share</b>	<b>Percent of Total Commission</b>
<b>Commission Purpose - Undefined</b>			
Citicorp or Citigroup Global Markets Inc.	4,725	0.030	6.8%
Instinet	9,873	0.030	14.1%
JNK Securities	29,220	0.029	41.8%
Merrill Lynch	2,637	0.030	3.8%
Sutter Securities	23,463	0.029	33.6%
Subtotal	69,918	0.029	100.0%
<b>TOTAL</b>	<b>69,918</b>	<b>0.029</b>	<b>100%</b>