

INVESTMENT PERFORMANCE REPORT

**103-033  
FRESNO COUNTY ECONOMIC  
OPPORTUNITIES COMMISSION PENSION PL  
DTD 1/1/80  
1920 MARIPOSA MALL  
FRESNO CA 93721-2504**

**103-013741C-033  
COMPOSITE REPORT  
PORTFOLIO TYPE : LONG-TERM EQUITY  
SEPTEMBER 30, 2008**

**YOUR FINANCIAL ADVISOR :**

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FRESNO CA 93720  
(559) 433-1330**

### Market Commentary

#### May You Live In Interesting Times

The third quarter of 2008 will undoubtedly be remembered as a historic period. The credit crisis firmly grasped and shook the global capital markets. Events that may have seemed unthinkable just a year ago such as the fall of Lehman Brothers, the government bailouts of Fannie Mae, Freddie Mac, American International Group, and the sale of Merrill Lynch spurred a panic in the financial system unlike any since the market crash of 1987. During this period of uncertainty, the global stock markets were weak and investors rushed to the perceived "safety" of Treasury bonds. Equity style performance favored value stocks, and U.S. stocks typically outperformed international stocks. Globally, energy and materials stocks dropped significantly as commodities experienced a deep sell-off.

#### U.S Stocks:

The financial crisis that has hampered the capital markets since late last year accelerated in the third quarter. The markets experienced tremendous volatility and consequently equities bore the brunt of the panic, particularly during the month of September. With bank failures and government help extended to several financial institutions, it was somewhat ironic that stocks classified in the S&P 500 financial sector fared well relative to other sectors during the quarter. Comparatively speaking, other sectors traditionally known for their stability during times of duress such as consumer staples and health care, also held up well during the period. The credit crisis and the slowing economy may have helped to cool off inflationary pressures that had been fueled by increasing energy prices for the past few years. During the quarter, most commodities, including oil, experienced dramatic price declines. This translated into abysmal performance for the S&P 500 energy and materials sectors, and in turn likely had a strong negative impact on portfolios and mutual funds that held large weightings in these areas for the period. Given the difficult economic backdrop it is not surprising that cyclical sectors such as technology, telecomm and industrials also found tough sledding during the quarter. As investors fled from riskier assets it was astonishing that the sell-off hurt the stocks of large and mid capitalization companies more than "small-caps", which are typically known for being relatively more volatile. To illustrate, the small cap Russell 2000 Index declined a scant -1.1% compared to the large cap Russell 1000 which declined -9.4% and the Russell Mid Cap Index which lost -12.9%. The perceived "safety" associated with value stocks along with their higher yields and lower valuations helped them to trump growth stocks across all market capitalization ranges during the period. In some instances the outperformance was significant. For example, while absolute returns were negative in the mid cap space, value beat growth by about 10%. The Russell 2000 Value Index was the top performing style index for the period while the Russell Mid Cap Growth Index was the bottom performing style index. All of the major domestic equity indices remained in negative territory for the year-to-date period ended September 30, 2008.

### Market Commentary

#### International Stocks:

During the third quarter it became crystal clear that the economic slowdown was not isolated solely to the United States. There was really nowhere for equity investors to hide as the effects of the credit crunch spread across continents, proving yet again that the global capital markets have become increasingly intertwined.

The broad international stock indices generally declined more than the domestic indices. Developed international markets, as measured by the MSCI EAFE Index, posted double-digit negative returns in third quarter. Like in the U.S., value stocks outperformed growth stocks, yet large caps held up a bit better than small caps internationally. Prior to the third quarter, a weaker U.S. dollar had helped international equity returns. This did not hold true in the third quarter however. Amidst the financial turmoil, the greenback was viewed as a source of stability and it appreciated relative to most of the major currencies, particularly the Euro. The Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East (EAFE) Index posted a -13% return in local currency this quarter, while the U.S. dollar return of the index was lower at -20.6%. For the year-to-date period, the benchmark index is down -29.3% in U.S. Dollar terms. The poor performance permeated across regions. Europe, as measured by the MSCI Europe Index lost -20.4% for the quarter and is down -32.4% for the year to date period in U.S. Dollar terms. Shares of Japanese stocks, as indicated by the MSCI Japan Index, depreciated -17.7%, for the quarter and is down -22.2% (U.S. Dollars) year to date. The rest of the Pacific region also posted negative performance as illustrated by the MSCI Pacific ex-Japan Index, which dropped -25.2% during the and -34% year to date (U.S. Dollars). As poor as developed market performance was during the quarter, falling commodity prices and a decreased appetite for risk derailed emerging market performance to an even greater extent. The MSCI Emerging Market Index lost 26.95%, marking its worst quarterly performance since the index was inception in 1988.

#### U.S. Bonds:

Investors flocked to the security of U.S. Treasury bonds as the fallout from the financial crises spurred a massive "flight to safety". Accordingly Treasury prices rose as yields fell. In fact, yields were down across the yield curve and decreases were most pronounced on the short-end. The "flight to safety" was so extreme that Treasury Bills actually traded at a negative yield during late September. At quarter-end, the yield on the benchmark 10-year Treasury fell to around 3.8%. In this risk-averse environment most broad "spread" sectors lagged Treasuries during the quarter. Mortgage-backed securities performed relatively well after the government announced the rescues of Fannie Mae and Freddie Mac. Conversely, the credit sector suffered the most during the quarter. By extension, high yield corporate bonds experienced large price declines. Municipal bonds, traditionally known for their higher quality, suffered as poor liquidity continued to weigh on their returns.

### Market Commentary

#### Closing Thoughts:

The current market environment is a very difficult environment for most investors. During periods of extreme volatility, it is very important to maintain a disciplined investment approach. Abandoning your strategy during periods of financial anxiety as an emotional response may compromise your ability to achieve your objectives down the road. While empirical evidence has shown that a well-diversified allocation can help to protect assets during turbulent markets past performance is no guarantee of future results. In addition, while bear markets are grueling, they present tactical opportunities for long-term investors. In this regard, please continue to consider ideas put forth by Morgan Stanley strategists. Their publications, copies of which you can request from your Financial Advisor, can be of great use in strategically and tactically positioning your portfolio and can also help to uncover new opportunities amidst uncertain markets. GWMG offers structured strategic allocations that span a variety of asset classes for a variety of client types. As always, please speak to your Financial Advisor about your own particular investment needs.

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## *Portfolio Performance Review*

	<b>Current Quarter 06/30/08-09/30/08</b>	<b>Year-To-Date 12/31/07-09/30/08</b>	<b>One Year 09/07-09/08</b>	<b>Three Years 09/05-09/08</b>	<b>Five Years 09/03-09/08</b>	<b>Ten Years 09/98-09/08</b>	<b>Since Inception 10/09/91-09/30/08</b>
Portfolio Beginning Value	\$ 12,731,136	\$ 13,705,545	\$ 13,614,344	\$ 10,352,008	\$ 6,068,013	\$ 4,107,824	\$ 1,100,000
Accrued Income	18,096	15,882	16,439	10,492	9,079	5,365	0
<b>Total Beginning Value</b>	<b>\$ 12,749,232</b>	<b>\$ 13,721,427</b>	<b>\$ 13,630,783</b>	<b>\$ 10,362,500</b>	<b>\$ 6,077,092</b>	<b>\$ 4,113,189</b>	<b>\$ 1,100,000</b>
Net Contributions/Withdrawals	0	500,000	1,000,000	1,500,000	2,990,000	3,790,309	5,134,672
<b>Net Invested Capital</b>	<b>\$ 12,749,232</b>	<b>\$ 14,221,427</b>	<b>\$ 14,630,783</b>	<b>\$ 11,862,500</b>	<b>\$ 9,067,092</b>	<b>\$ 7,903,498</b>	<b>\$ 6,234,672</b>
Portfolio Appreciation	(1,541,611)	(3,013,806)	(3,423,162)	(654,879)	2,140,529	3,304,123	4,972,949
Portfolio Ending Value	\$ 11,186,112	\$ 11,186,112	\$ 11,186,112	\$ 11,186,112	\$ 11,186,112	\$ 11,186,112	\$ 11,186,112
Accrued Income	21,509	21,509	21,509	21,509	21,509	21,509	21,509
<b>Total Ending Value</b>	<b>\$ 11,207,621</b>	<b>\$ 11,207,621</b>	<b>\$ 11,207,621</b>	<b>\$ 11,207,621</b>	<b>\$ 11,207,621</b>	<b>\$ 11,207,621</b>	<b>\$ 11,207,621</b>
Total Net Return (Cumulative %)	( 12.1)	( 21.4)	( 23.7)	( 3.6)	36.1	73.8	290.0
Total Net Return (Annualized %)				( 1.2)	6.4	5.7	8.3

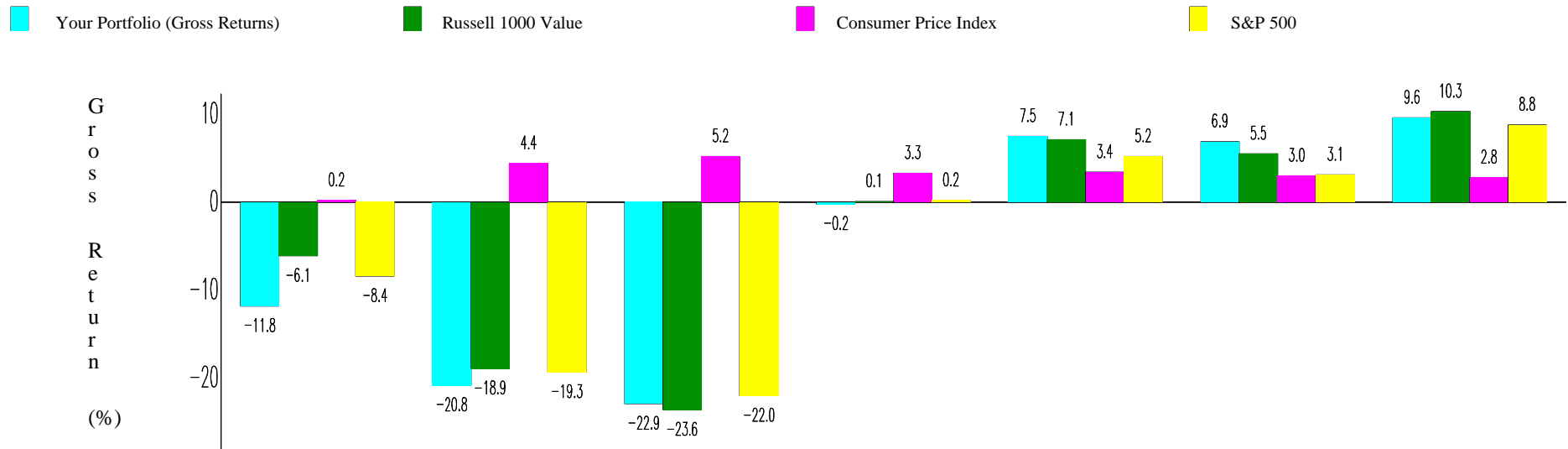
Note: Portfolio Appreciation is reduced by the account fee paid directly from your account for services.

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## Comparative Rates of Return

Your Portfolio's Performance (Gross Return) Compared to Benchmark Returns (Time-Weighted)



	Current Quarter (%) 06/30/08-09/30/08	Year to Date (%) 12/31/07-09/30/08	One Year (%) 09/07-09/08	Three Years (%) 09/05-09/08	Five Years (%) 09/03-09/08	Ten Years (%) 09/98-09/08	Since (%) 10/31/91*
<b>Your Portfolio (Gross Returns)</b>	-11.8	-20.8	-22.9	-0.2	7.5	6.9	9.6
<b>Russell 1000 Value</b>	-6.1	-18.9	-23.6	0.1	7.1	5.5	10.3
<b>Consumer Price Index</b>	0.2	4.4	5.2	3.3	3.4	3.0	2.8
<b>S&amp;P 500</b>	-8.4	-19.3	-22.0	0.2	5.2	3.1	8.8
<b>LB Govt Credit Intermediate</b>	-1.2	0.2	3.1	4.0	3.2	5.0	6.0
<b>Citigroup 3 Month T-Bill</b>	0.4	1.5	2.5	4.0	3.1	3.4	3.9
<b>Russell 1000 Growth</b>	-12.3	-20.3	-20.9	0.0	3.7	0.6	7.0

\* Comparative performance starts at the first month-end after inception. Returns for time periods greater than one year are annualized. All index returns include reinvestment of income.

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## Portfolio Overview

### GICS Equity Sector Allocation

Account Value			GICS Equity Sector Allocation		
Holding Summary	Market Value (\$)	Percent (%)	Sectors	Market Value (\$)	Percent (%)
Cash & Equivalents	985,727.92	8.7	Consumer Discretionary	521,904.19	4.6
Bonds	.00	.0	Consumer Staples	1,204,676.50	10.7
Stocks	10,200,384.39	91.3	Energy	1,194,166.27	10.6
<b>Total Account Value</b>	<b>11,186,112.31</b>	<b>100.0</b>	Financials	1,749,524.34	15.5
			Health Care	982,549.32	8.7
			Industrials	1,550,257.17	13.7
			Information Technology	1,233,085.56	10.8
			Materials	720,954.66	6.5
			Telecommunication Services	481,193.41	4.2
			Utilities	162,766.04	1.4
			Other	399,306.93	3.5

### Top Ten Holdings

Shares	Security	Market Value (\$)	Percent of Portfolio (%)	Sector
13,961	MICROSOFT CORP	372,619.09	3.3	Information Technology
18,092	CA INCORPORATED	361,116.32	3.2	Information Technology
3,378	APACHE CORP	352,257.84	3.1	Energy
8,725	WELLS FARGO & CO NEW	327,449.25	2.9	Financials
9,450	PITNEY BOWES INC	314,307.00	2.8	Industrials
8,088	BARRICK GOLD CORP	297,153.12	2.7	Materials
5,337	NOBLE ENERGY INC	296,683.83	2.7	Energy
2,326	LOCKHEED MARTIN CORP	255,092.42	2.3	Industrials
9,891	VIACOM INC NEW CLASS B	245,692.44	2.2	Other
3,750	KIMBERLY CLARK CORP	243,150.00	2.2	Consumer Staples

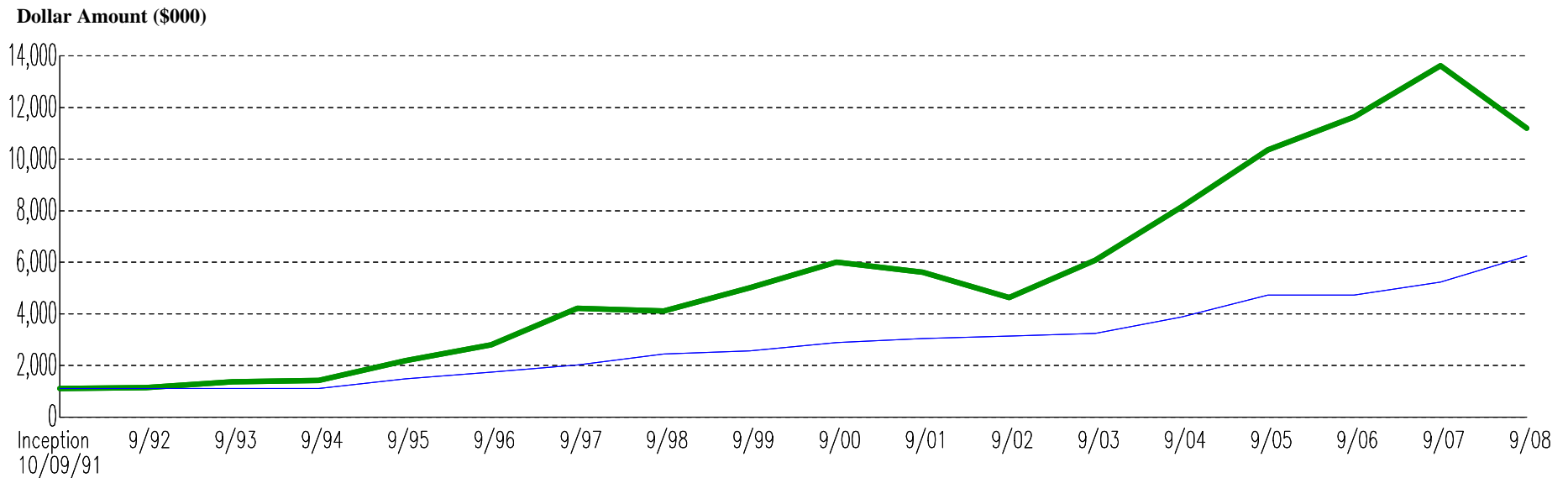
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## Net Invested Capital

Your Account Value vs. Net Invested Capital (\$000)



This graph illustrates the relationship between your Net Invested Capital (the inception value of your portfolio plus or minus capital contributions and withdrawals) and the market value of your portfolio at specific points in time. The graph depicts to what degree your money manager's investment decisions, market forces, fees and other relevant factors have increased or decreased the value of your portfolio.

<b>Total Beginning Value</b>	\$1,100,000
<b>Net Contribution/Withdrawals</b>	5,134,672
<b>Net Invested Capital</b>	6,234,672
<b>Total Ending Value</b>	\$11,207,621

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## *Dollar Values and Quarterly Returns*

<u>PERIOD ENDING</u>	<u>DOLLAR VALUES (\$000'S)</u>			<u>GROSS RETURNS (%)</u>		
	<u>YOUR PORTFOLIO</u>	<u>RUS1000VL</u>	<u>CPI</u>	<u>YOUR PORTFOLIO</u>	<u>RUS1000VL</u>	<u>CPI</u>
10/31/91*	1,148.2	1,148.2	1,148.2	N/A	N/A	N/A
3/04	7,973.3	8,401.4	3,968.3	5.2	3.0	1.7
6/04	8,169.6	8,453.5	3,995.5	2.7	0.9	1.2
9/04	8,136.3	8,561.8	3,978.1	( 0.1)	1.5	0.1
12/04	9,349.8	9,918.4	4,414.0	9.2	10.4	0.2
3/05	9,537.2	10,299.5	4,860.0	( 2.0)	0.1	1.6
6/05	9,767.3	10,446.0	4,865.1	2.7	1.7	0.6
9/05	10,362.5	10,825.6	4,946.5	6.4	3.9	2.2
12/05	10,561.4	10,934.8	4,870.0	2.2	1.3	( 1.0)
3/06	10,987.7	11,554.8	4,916.3	4.3	5.9	1.5
6/06	11,083.5	11,594.6	4,963.7	1.1	0.6	1.6
9/06	11,628.2	12,285.4	4,934.9	5.2	6.2	0.0
12/06	12,354.4	13,236.2	4,878.3	6.5	8.0	( 0.5)
3/07	12,970.0	13,871.0	5,436.8	1.2	1.2	1.8
6/07	13,738.2	14,518.2	5,481.2	6.2	4.9	1.5
9/07	13,630.8	14,443.5	5,448.4	( 0.5)	( 0.2)	0.1
12/07	13,721.4	14,058.3	5,952.9	( 2.7)	( 5.8)	0.7
3/08	12,970.2	13,280.3	6,519.1	( 8.8)	( 8.7)	1.7
6/08	12,749.2	12,543.7	6,644.8	( 1.4)	( 5.3)	2.5
9/08	11,207.6	11,743.9	6,649.0	( 11.8)	( 6.1)	0.2

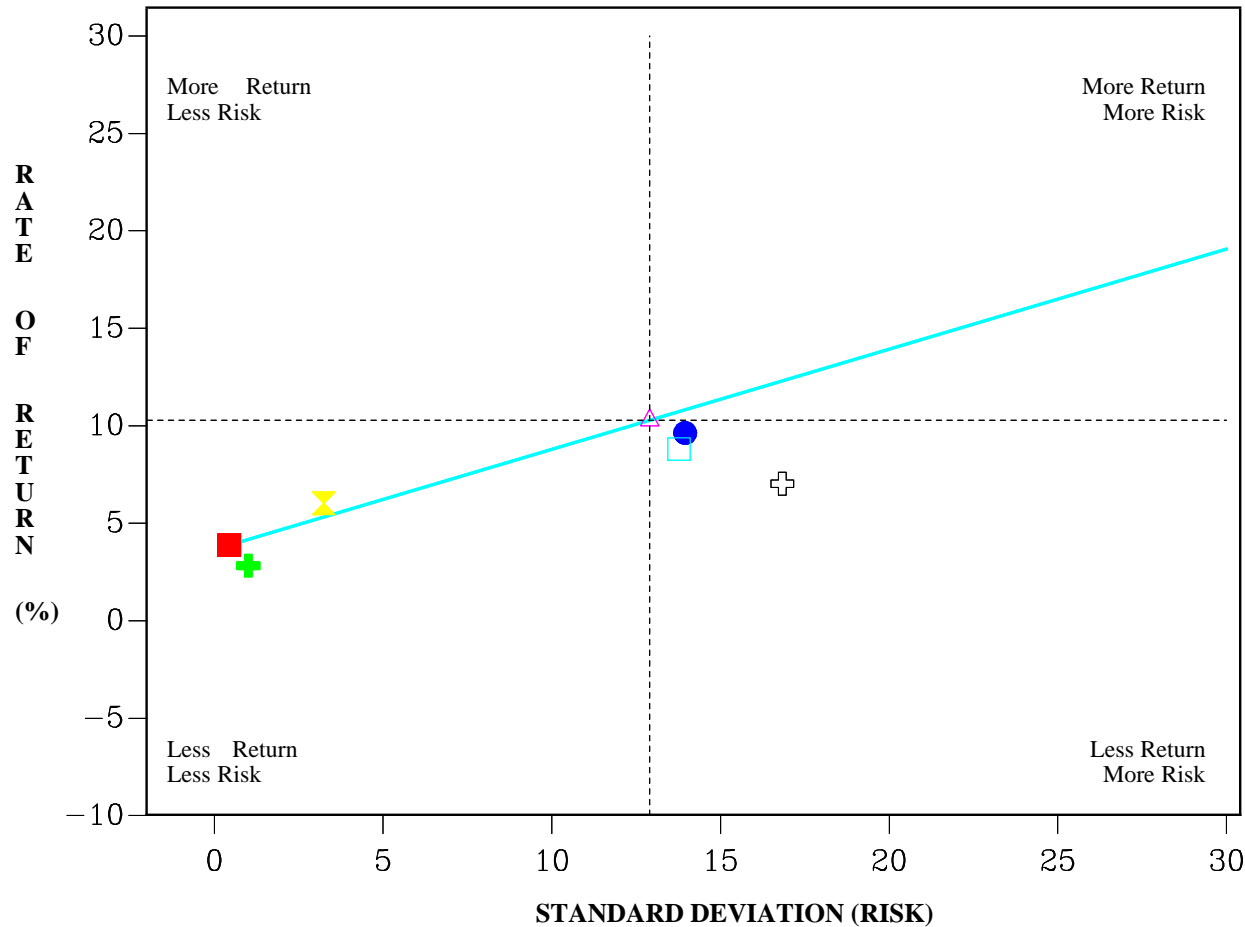
\* First month end following the inception of your account

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## Comparative Risk Return

October 31, 1991\* through September 30, 2008



	Rate of Return (%)	Standard Deviation (%)
● Your Portfolio	9.6	13.95
■ TBILL	3.9	0.44
△ RUS1000VL	10.3	12.90
⊕ CPI	2.8	1.01
□ SP500	8.8	13.77
× LBGC-INT	6.0	3.24
⊕ RUS1000GR	7.0	16.83

\* First month-end following the inception of your account.  
Note: All returns are annualized.

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### *Accounts Included In Composite*

Account # / Program	Manager / Investment Style	Market Value (\$) / Index	Percent Composite	Current Quarter	Gross Performance Results (%)						Start Date / End Date
					Current Year	One Year	Three Years	Five Years	Ten Years	Since Inception*	
<b>103-013741C Composite</b>		<b>11,207,621 Russell 1000 Value</b>	<b>100.0</b>	<b>-11.8 -6.1</b>	<b>-20.8 -18.9</b>	<b>-22.9 -23.6</b>	<b>-0.2 0.1</b>	<b>7.5 7.1</b>	<b>6.9 5.5</b>	<b>9.6 10.3</b>	<b>10-09-1991</b>
103-013741 Access	Madison Investment Advisors, Inc. Large-Cap Market-Oriented	1,564,910 S&P 500	14.0	-0.4 -8.4	-11.1 -19.3	-12.3 -22.0	2.0 0.2	N/A N/A	N/A N/A	2.0 1.6	03-11-2005
103-034754 Access	Lazard Asset Management, LLC International Value	1,605,245 MSCI EAFE Net	14.3	-14.7 -20.6	-22.6 -29.3	-22.8 -30.5	N/A N/A	N/A N/A	N/A N/A	-10.1 -14.8	02-20-2007
103-118109 Access	N W Q Investment Management Company Large-Cap Value	8,037,467 Russell 1000 Value	71.6	-13.2 -6.1	-22.1 -18.9	-24.6 -23.6	-0.6 0.1	8.2 7.1	9.0 5.5	10.9 10.3	10-09-1991
103-013741H	Seneca Capital Management	0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	-8.5	03-07-2000 03-11-2005

\* Comparative performance starts at the first month-end after inception.

Note: Returns for time periods greater than one year are annualized. All index returns include reinvestment of income.

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## *Glossary of Terms*

### **Portfolio Beginning Value**

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The total market value of the portfolio on a trade date basis excluding "Accrued Income" at the beginning of the reporting period.

### **Accrued Income**

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The dividends and interest earned but not received at both the beginning and end of each reporting period.

### **Total Beginning Value**

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The "Portfolio Beginning Value" including "Accrued Income" at the start of each measurement period.

### **Net Contributions/Withdrawals**

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The total dollar amount that was contributed or withdrawn from the account during the reporting period. A negative dollar amount indicates that the total withdrawals exceeded the total contributions for the reporting period.

### **Net Invested Capital**

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The "Total Beginning Value" of the portfolio at the start of each reporting period adjusted for "Net Contributions/Withdrawals" occurring through the end of the reporting period.

### **Portfolio Appreciation**

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The total dollar gain/loss of the portfolio for each reporting period. It is calculated as the difference between "Net Invested Capital" and "Total Ending Value."

### **Portfolio Ending Value**

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The total market value of the portfolio on a trade date basis excluding accrued income at the end of the reporting period.

### **Total Ending Value**

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The "Portfolio Ending Value" including "Accrued Income" at the end of the reporting period.

### **Total Net Return**

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The percentage gain/loss of the portfolio since the beginning of each reporting period. The return is reduced by the account fee paid directly from your account for services. Fees paid outside Morgan Stanley are not recognized and therefore will not impact this return. These returns are expressed cumulatively and annualized.

### **Your Portfolio's Performance (Gross Returns)**

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The percentage gain/loss of the portfolio since the first month-end following the Inception Date. The gross return is not reduced by the amount of the fee. Returns in excess of one year are annualized.

### **Risk (Standard Deviation)**

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A statistical measure defined as the volatility of returns relative to an average (mean) return. When returns are normally distributed, a return will fall within one standard deviation about two-thirds of the time. For example, if an account or index had a return of 5% and a standard deviation of 13%, there is a 66% (two-thirds) chance that the return would vary plus or minus 13 percentage points from the 5% return (-8% to +18%). Simplified, this means that a higher standard deviation implies greater volatility (ie., risk) in the portfolio.

*For further explanation of terms, please contact your Financial Advisor.*