Oakland Unified School District
JEM-457(b)

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Market Commentary

Message from TCG Advisors, LP

Uptrend Continues

January provided a pause as the last 3 weeks of the month moved down. It did prove to be a profit-taking cycle and the market continued its robust uptrend.

It was almost an across the board uptick for domestic equities. The S&P 500 Index had an increase for the quarter of 4.87%; the Dow was up 4.11%.

The continued rally was lead by Small Cap Stocks with an 8.58% increase. Mid Cap Stocks were up 8.17% and Large Cap Stocks came in at 5.40% increase.

The Fed continues to hold down interest rates and the economy is steadily improving. The Fed indicated that it would continue to hold down rates for an extended period.

Investor sentiment continues to be buoyant even as pundits wring their hands about unemployment, commercial real estate, and foreign debt worries.

This just goes to prove that “price” is king; in spite of all the pundits and analyst, the Market continues.

Corporate America continues to report improving earnings. Most improvement is as a result of increased efficiency and prior cost cutting. Top line growth continues to be slow. You can thank the consumer; in spite of poor sentiment, the consumer is spending money.

Sector Overview

There was a large variation in the super sectors. The Service sector posted a gain of 8.4%, the Information sector gained 2.43% and the Manufacturing sector gained 5.29%.

Financial services were the major leader in the Service sector as most banks were paying off government support and starting to turn a profit. It seems as though the memory of the credit crisis is fading.

The Homebuilders’ sector has been moving up; the sector’s stocks are in a definite uptrend. Other sectors that are trending up include: Retail, Consumer Discretionary Spending, and the Industrials sectors. Metals & Mining is trending up as are most of the other sectors.

The health sector was a lagging sector; it was up, but only slightly. As you know, the health care bill was signed into law near the end of the quarter and the heated battle did affect investor sentiment.

Information and Technology as well as Software were in a slight uptrend, but lagged the other sectors.
The worst performing sectors were Utilities and Energy. The Utility sector was actually down for the quarter, and the Energy sector showed a modest gain of less than 1%.

The International and Emerging equity markets had a net gain of a little over 1%, but they are definitely lagging the domestic markets. The European economy has had a slower recovery as has their equity markets.

The uncertainty of the geopolitical environment as it relates to Greece has had its toll. EU countries hold most of Greece’s debt and will be most affected.

Financial Markets

The value of the Dollar increased during the first quarter of 2010. A lot of the move was attributed to the credit problems in Greece. Greece basically defaulted on their debt and the crisis in Europe took several weeks to divert. Part of the result was a move from the Euro to the Dollar by investors and speculators.

The Treasury Yield Curve continues to be very steep. The Morningstar Core Bond Index, one of the broadest measures of the U.S. bond markets (this includes government, corporate, and mortgage-backed bonds), fell 0.3% in March, but finished up 1.5% for the quarter.

The Treasury rally that began in January faded by the end of the quarter. This recent upward pressure on yields has resulted from investor concerns about the huge amount of government debt. The U.S. budget deficit hit $1.4 trillion in 2009, which will lead to Treasury sells in 2010 of an estimated $2.43 trillion. The upward pressure on rates becomes very obvious.

Yield spreads continue to tighten. The financial sector was the primary driver in the later part of the quarter with this financial index up 2.6% by the end of the quarter. These yield spreads have now retreated to levels seen in mid-2007. A return to the pre-financial crisis levels of early 2007 would only require another 50 basis points in yield spread contraction.

There is also major pressure on quality with many downgrades at risk.

2010 – Our Outlook

Last quarter we mentioned that we expected a gradual and slow economic recovery; that opinion is unaltered.

Consumer spending is rebounding slowly. Housing is continuing to improve. Business activity and earnings are improving. In short, the recovery is underway.

Business investment is slow and employment numbers are not improving; however, this is typical in the beginning cycle of an economic recovery. Business efficiencies are responsible. Top line growth in sales is still sluggish. Expect improvements later in 2010.

The government's mortgage purchase program ended in March. The impact on housing starts and re-sales may take a bit of a dip in the second quarter. There won't be any government subsidy to suppress rates.

In the bond markets there are concerns of credit downgrades. The result is many new issues of debt have step-up features that increase the rate if the issuer's credit is downgraded.

In the bond markets consideration should be given to reducing your allocation and shortening your duration.

There is systematic risk; and the markets and the economy are fragile. There will be pressure to increase interest rates to finance the recovery and there is the issue of government debt. The Health Care Reform that recently passed will be costly and will affect everyone in some form or fashion.

There will be increases in taxes to pay for the debt and health care. Too much too soon could de-rail the recovery.

TCG Advisors, LP

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2010 Q1

Plan Performance: OAKLAND USD-JEM 457(b)

OAKLAND USD-JEM 457(b) Plan Performance 2010 Q1

Information as of 3/31/2010

Ticker	Fund Name	Tot Ret YTD	Tot Ret QTR	Tot Ret 1 YR	Tot Ret Annlzd 3 YR	Tot Ret Annlzd 5 YR	Tot Ret Annlzd 10 YR	Expense Ratio	3 Yr Std Deviation	% Ranked Objective 3 Month	% Ranked Objective 3 Year	Manager Tenure Years
Fixed Income												
BJBGX	**Artio Total Return Bond A**	2.22	2.22	13.12	6.44	5.54	6.72					
	BarCap US Agg Bond TR USD	1.78	1.78	7.69	6.14	5.44	6.29	0.69	5.03	58	27	11.75
	Performance vs Index	**0.44**	**0.44**	**5.43**	**0.30**	**0.10**	**0.43**					
DFIGX	**DFA Intermediate Govt Fixed-Incom**	1.70	1.70	2.40	7.10	5.84	6.93					
	BarCap Intermediate Treasury TR US	1.14	1.14	0.01	5.97	5.06	5.41	0.15	5.77	32	10	18.33
	Performance vs Index	**0.56**	**0.56**	**2.39**	**1.13**	**0.78**	**1.51**					
HABDX	**Harbor Bond Instl**	2.53	2.53	15.78	8.90	7.00	7.39					
	BarCap US Agg Bond TR USD	1.78	1.78	7.69	6.14	5.44	6.29	0.60	5.22	36	4	22.33
	Performance vs Index	**0.75**	**0.75**	**8.09**	**2.76**	**1.56**	**1.11**					
WELLS4	**Wells Fargo Stable Return Fund**	0.67	0.67	2.93	3.89	4.10	4.64					
	Citi Treasury Bill 3 Mon USD	0.02	0.02	0.13	1.80	2.76	2.70	0.30				
	Performance vs Index	**0.65**	**0.65**	**2.80**	**2.09**	**1.34**	**1.94**					
Large Cap												
RGAFX	**American Funds Growth Fund of A**	4.25	4.25	46.37	-1.95	4.40	1.33					
	Russell 1000 Growth TR USD	4.65	4.65	49.75	-0.78	3.42	-4.21	0.40	20.14	55	51	24.42
	Performance vs Index	**-0.39**	**-0.39**	**-3.38**	**-1.17**	**0.98**	**5.54**					
TWEIX	**American Century Equity Income In**	3.49	3.49	28.04	-2.21	3.03	7.72					
	Russell 1000 Value TR USD	6.78	6.78	53.55	-7.33	1.05	3.10	0.99	13.94	92	9	15.67
	Performance vs Index	**-3.30**	**-3.30**	**-25.52**	**5.12**	**1.98**	**4.62**					
Mid Cap												
ACRNX	**Columbia Acorn Z**	7.29	7.29	65.02	-1.75	5.39	8.64					
	Russell Mid Cap Growth TR USD	7.67	7.67	63.00	-2.04	4.27	-1.69	0.76	23.93	39	48	17.33
	Performance vs Index	**-0.38**	**-0.38**	**2.02**	**0.30**	**1.11**	**10.33**					
FLPSX	**Fidelity Low-Priced Stock**	8.36	8.36	63.58	-1.10	5.10	11.45					
	Russell Mid Cap TR USD	8.67	8.67	67.71	-3.30	4.20	4.84	0.99	23.39	42	21	20.33
	Performance vs Index	**-0.31**	**-0.31**	**-4.13**	**2.20**	**0.89**	**6.60**					

OAKLAND USD-JEM 457(b) Plan Performance 2010 Q1

Information as of 3/31/2010

Ticker	Fund Name	Tot Ret YTD	Tot Ret QTR	Tot Ret 1 YR	Tot Ret Annlzd 3 YR	Tot Ret Annlzd 5 YR	Tot Ret Annlzd 10 YR	Expense Ratio	3 Yr Std Deviation	% Ranked Objective 3 Month	% Ranked Objective 3 Year	Manager Tenure Years
RPMGX	**T. Rowe Price Mid-Cap Growth**	8.36	8.36	59.42	2.70	7.00	5.51					
	Russell Mid Cap Growth TR USD	7.67	7.67	63.00	-2.04	4.27	-1.69	0.83	24.00	20	8	17.83
	Performance vs Index	**0.69**	**0.69**	**-3.58**	**4.74**	**2.73**	**7.20**					
	International											
DFEMX	**DFA Emerging Markets I**	3.64	3.64	80.23	5.62	15.39	10.29					
	MSCI EM USD	2.11	2.11	77.26	2.84	12.99	7.30	0.62	31.05	21	17	11.33
	Performance vs Index	**1.53**	**1.53**	**2.97**	**2.79**	**2.40**	**2.99**					
DODFX	**Dodge & Cox International Stock**	3.70	3.70	75.71	-4.64	5.98						
	MSCI World Ex US NR USD	1.35	1.35	55.96	-6.15	4.33	1.70	0.64	28.79	8	17	8.92
	Performance vs Index	**2.36**	**2.36**	**19.75**	**1.52**	**1.65**						
OAKGX	**Oakmark Global I**	6.67	6.67	73.29	-2.18	6.55	12.38					
	MSCI World NR USD	3.24	3.24	52.37	-5.41	2.89	-0.03	1.23	24.73	5	29	6.50
	Performance vs Index	**3.43**	**3.43**	**20.92**	**3.22**	**3.66**	**12.41**					

2010 Q1

Plan Portfolios: OAKLAND USD-JEM 457(b)

OAKLAND USD-JEM 457(b) Portfolio Analysis 2010 Q1

Information as of 3/31/2010

Profile Portfolio Funds	Tot Ret YTD	Tot Ret QTR	Tot Ret 1 YR	Tot Ret Annlzd 3 YR	Tot Ret Annlzd 5 YR	Tot Ret Annlzd 10 YR
Preservation						
Portfolio Performance	1.78	1.78	8.56	6.58	5.62	6.42
Benchmark Index Performance	1.18	1.18	3.88	5.01	4.68	5.17
Portfolio Performance vs Benchmark Performance	**0.60**	**0.60**	**4.68**	**1.57**	**0.94**	**1.25**
Conservative						
Portfolio Performance	3.34	3.34	29.69	4.22	6.02	6.61
Benchmark Index Performance	2.92	2.92	25.43	2.46	4.84	4.21
Portfolio Performance vs Benchmark Performance	**0.42**	**0.42**	**4.26**	**1.76**	**1.18**	**2.41**
Moderately Conservative						
Portfolio Performance	3.75	3.75	34.80	3.69	6.24	7.03
Benchmark Index Performance	3.33	3.33	30.85	2.05	5.00	3.89
Portfolio Performance vs Benchmark Performance	**0.42**	**0.42**	**3.95**	**1.64**	**1.24**	**3.14**
Growth						
Portfolio Performance	4.74	4.74	45.56	1.91	6.34	7.00
Benchmark Index Performance	4.46	4.46	44.42	-0.15	4.81	2.56
Portfolio Performance vs Benchmark Performance	**0.28**	**0.28**	**1.14**	**2.06**	**1.53**	**4.45**

OAKLAND USD-JEM 457(b) Portfolio Analysis 2010 Q1

Information as of 3/31/2010

Profile Portfolio Funds	Tot Ret YTD	Tot Ret QTR	Tot Ret 1 YR	Tot Ret Annlzd 3 YR	Tot Ret Annlzd 5 YR	Tot Ret Annlzd 10 YR
Aggressive Growth						
Portfolio Performance	5.75	5.75	59.32	-0.90	6.18	7.19
Benchmark Index Performance	5.60	5.60	59.96	-3.10	4.39	1.04
Portfolio Performance vs Benchmark Performance	**0.14**	**0.14**	**-0.64**	**2.19**	**1.79**	**6.15**

Source: Morningstar **Registered Investment Advisor**

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Note: Portfolio performance is based on current allocations and may differ from actual participant returns due to factors such as, but not limited to, timing of contributions and withdrawals, periodic rebalancing and previous allocation changes.

OAKLAND USD-JEM 457(b) Portfolio Funds 2010 Q1

Information as of 3/31/2010

Percent Weight	Ticker	Fund Name	Tot Ret YTD	Tot Ret QTR	Tot Ret 1 YR	Tot Ret Annlzd 3 YR	Tot Ret Annlzd 5 YR	Tot Ret Annlzd 10 YR	Expense Ratio
	Preservation								
25.00%	BJBGX	Artio Total Return Bond A	2.22	2.22	13.12	6.44	5.54	6.72	0.69
25.00%	DFIGX	DFA Intermediate Govt Fixed-Income	1.70	1.70	2.40	7.10	5.84	6.93	0.15
25.00%	HABDX	Harbor Bond Instl	2.53	2.53	15.78	8.90	7.00	7.39	0.60
25.00%	WELLS4	Wells Fargo Stable Return Fund	0.67	0.67	2.93	3.89	4.10	4.64	0.30
100.00%			**1.78**	**1.78**	**8.56**	**6.58**	**5.62**	**6.42**	**0.44**
	Conservative								
4.00%	TWEIX	American Century Equity Income Inv	3.49	3.49	28.04	-2.21	3.03	7.72	0.99
6.00%	RGAFX	American Funds Growth Fund of Ame	4.25	4.25	46.37	-1.95	4.40	1.33	0.40
20.00%	BJBGX	Artio Total Return Bond A	2.22	2.22	13.12	6.44	5.54	6.72	0.69
7.00%	ACRNX	Columbia Acorn Z	7.29	7.29	65.02	-1.75	5.39	8.64	0.76
3.00%	DFEMX	DFA Emerging Markets I	3.64	3.64	80.23	5.62	15.39	10.29	0.62
7.00%	DODFX	Dodge & Cox International Stock	3.70	3.70	75.71	-4.64	5.98		0.64
8.00%	FLPSX	Fidelity Low-Priced Stock	8.36	8.36	63.58	-1.10	5.10	11.45	0.99
35.00%	HABDX	Harbor Bond Instl	2.53	2.53	15.78	8.90	7.00	7.39	0.60
10.00%	WELLS4	Wells Fargo Stable Return Fund	0.67	0.67	2.93	3.89	4.10	4.64	0.30
100.00%			**3.34**	**3.34**	**29.69**	**4.22**	**6.02**	**6.61**	**0.64**

OAKLAND USD-JEM 457(b) Portfolio Funds 2010 Q1

Information as of 3/31/2010

Percent Weight	Ticker	Fund Name	Tot Ret YTD	Tot Ret QTR	Tot Ret 1 YR	Tot Ret Annlzd 3 YR	Tot Ret Annlzd 5 YR	Tot Ret Annlzd 10 YR	Expense Ratio
	Moderately Conservative								
6.00%	TWEIX	American Century Equity Income Inv	3.49	3.49	28.04	-2.21	3.03	7.72	0.99
10.00%	RGAFX	American Funds Growth Fund of Ame	4.25	4.25	46.37	-1.95	4.40	1.33	0.40
25.00%	BJBGX	Artio Total Return Bond A	2.22	2.22	13.12	6.44	5.54	6.72	0.69
7.00%	ACRNX	Columbia Acorn Z	7.29	7.29	65.02	-1.75	5.39	8.64	0.76
5.00%	DFEMX	DFA Emerging Markets I	3.64	3.64	80.23	5.62	15.39	10.29	0.62
5.00%	DODFX	Dodge & Cox International Stock	3.70	3.70	75.71	-4.64	5.98		0.64
7.00%	FLPSX	Fidelity Low-Priced Stock	8.36	8.36	63.58	-1.10	5.10	11.45	0.99
30.00%	HABDX	Harbor Bond Instl	2.53	2.53	15.78	8.90	7.00	7.39	0.60
5.00%	OAKGX	Oakmark Global I	6.67	6.67	73.29	-2.18	6.55	12.38	1.23
100.00%			**3.75**	**3.75**	**34.80**	**3.69**	**6.24**	**7.03**	**0.70**
	Growth								
10.00%	TWEIX	American Century Equity Income Inv	3.49	3.49	28.04	-2.21	3.03	7.72	0.99
12.00%	RGAFX	American Funds Growth Fund of Ame	4.25	4.25	46.37	-1.95	4.40	1.33	0.40
15.00%	BJBGX	Artio Total Return Bond A	2.22	2.22	13.12	6.44	5.54	6.72	0.69
8.00%	ACRNX	Columbia Acorn Z	7.29	7.29	65.02	-1.75	5.39	8.64	0.76
8.00%	DFEMX	DFA Emerging Markets I	3.64	3.64	80.23	5.62	15.39	10.29	0.62
6.00%	DODFX	Dodge & Cox International Stock	3.70	3.70	75.71	-4.64	5.98		0.64
10.00%	FLPSX	Fidelity Low-Priced Stock	8.36	8.36	63.58	-1.10	5.10	11.45	0.99
15.00%	HABDX	Harbor Bond Instl	2.53	2.53	15.78	8.90	7.00	7.39	0.60
6.00%	OAKGX	Oakmark Global I	6.67	6.67	73.29	-2.18	6.55	12.38	1.23
10.00%	RPMGX	T. Rowe Price Mid-Cap Growth	8.36	8.36	59.42	2.70	7.00	5.51	0.83
100.00%			**4.74**	**4.74**	**45.56**	**1.91**	**6.34**	**7.00**	**0.75**

OAKLAND USD-JEM 457(b) Portfolio Funds 2010 Q1

Information as of 3/31/2010

Percent Weight	Ticker	Fund Name	Tot Ret YTD	Tot Ret QTR	Tot Ret 1 YR	Tot Ret Annlzd 3 YR	Tot Ret Annlzd 5 YR	Tot Ret Annlzd 10 YR	Expense Ratio
		Aggressive Growth							
15.00%	TWEIX	American Century Equity Income Inv	3.49	3.49	28.04	-2.21	3.03	7.72	0.99
15.00%	RGAFX	American Funds Growth Fund of Ame	4.25	4.25	46.37	-1.95	4.40	1.33	0.40
15.00%	ACRNX	Columbia Acorn Z	7.29	7.29	65.02	-1.75	5.39	8.64	0.76
10.00%	DFEMX	DFA Emerging Markets I	3.64	3.64	80.23	5.62	15.39	10.29	0.62
10.00%	DODFX	Dodge & Cox International Stock	3.70	3.70	75.71	-4.64	5.98		0.64
15.00%	FLPSX	Fidelity Low-Priced Stock	8.36	8.36	63.58	-1.10	5.10	11.45	0.99
10.00%	OAKGX	Oakmark Global I	6.67	6.67	73.29	-2.18	6.55	12.38	1.23
10.00%	RPMGX	T. Rowe Price Mid-Cap Growth	8.36	8.36	59.42	2.70	7.00	5.51	0.83
100.00%			**5.75**	**5.75**	**59.32**	**-0.90**	**6.18**	**7.19**	**0.80**

Source: Morningstar

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