



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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JAMES R. WINFREE
Executive Director

LISA J. MORRIS
Deputy Executive Director

November 17, 2009

Aristotle Hutras, Director
Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, Ohio 43215

RE: Iran/Sudan Divestment Update

Dear Mr. Hutras:

As requested, attached please find SERS' FY 2009 divestment summary. As you know, in 2007, the SERS Retirement Board adopted a specific investment policy that honors the legislature's intent with regard to divestment while emphasizing the Board's fiduciary duties to its members. SERS' Investment Compliance Officer reports on a quarterly basis to the Retirement Board on the holdings of scrutinized companies, and the implementation of the policy. The enclosed documents are as follows:

- **Attachment A:** SERS' Iran and Sudan Investment Policy, as approved by the Retirement Board on September 26, 2007.
- **Attachment B:** FY 2009 Implementation Summary.
- **Attachment C:** Fourth quarter memo to the Retirement Board dated September 4, 2009. This memo and its exhibits encompass the fiscal year's results.
 - **Exhibit 1:** SERS' Exposure to Scrutinized Companies – 6/30/09 vs. FY 2009 Benchmark.
 - **Exhibit 2:** SERS' Exposure to Companies Added to the Scrutinized List as of June 30, 2009.
 - **Exhibit 3:** SERS' Fiscal Year 2010 Benchmark.

As always, if I can be of further assistance, please do not hesitate to contact me.

Sincerely,

James R. Winfree
Executive Director

RETIREMENT BOARD

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Appointed Member



POLICY

Iran and Sudan Investment Policy

Effective:	9/26/2007	2 - Organization		Audience:	Everyone
Owner:	Board	Certifier:	Winfree, James R.	Co-Owner(s):	Investments

Background

Substitute House Bill 151 (the Bill), legislation introduced in the Ohio House of Representatives (the House) during the 127th General Assembly, was drafted pursuant to legislators' findings that the Islamic Republic of Iran supports terrorism and the Republic of Sudan advocates genocide, therefore making those countries unstable and high risk investment locations. The Bill mandates that Ohio Retirement Systems (the Systems) divest active, direct holdings in certain non-U.S. publicly traded companies doing business in the Islamic Republic of Iran and the Republic of Sudan. The Bill was reported by the House Financial Institutions, Real Estate and Securities Committee with a recommendation for passage.

An alternative to mandated divestiture, according to House leadership, permits the Systems to adopt Iran and Sudan investment policies that detail the Systems' plans to divest, in a manner consistent with their fiduciary duties, active, direct holdings in certain non-U.S. publicly traded companies based on parameters set forth in the Bill.

Policy

The School Employees Retirement Board of Ohio hereby adopts this Iran and Sudan investment policy with the intent of divesting, in a manner consistent with its fiduciary duties, direct holdings in companies with scrutinized active business operations in Iran and Sudan.

1. Board's Fiduciary Duties

R.C. 3309.15(A) provides the Board shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries. Therefore, when considering whether divestment of direct holdings in a company with scrutinized active business operations shall occur, the Board shall require the System to divest only if doing so is consistent with the Board's fiduciary duties, and replacement holdings offer quality, return and safety comparable to the holdings subject to divestment.

Similarly, when the Board considers whether the System shall acquire direct holdings of a company with scrutinized active business operations, the Board must act consistent with its fiduciary duties, and may not invest in replacement holdings unless it determines that replacement holdings offer quality, return and safety comparable to the holdings of the company with scrutinized active business operations.

2. Timeline

The intent of the Board is to divest fifty percent of direct holdings in companies with scrutinized active business operations by December 31, 2007, with the ultimate goal of full divestiture from such holdings. However, divestment shall occur only to the extent that doing so does not violate the Board's fiduciary duties.

The System's direct holdings in companies as of June 30, 2007 shall be used as the starting point for

- C. If a company that remains on the list of scrutinized companies does not cease their scrutinized active business operations or convert such active business operations to scrutinized companies prepared by the Director of Investments.
- B. If a company provides documentation to staff, the investment manager and/or a consultant that the company does not have scrutinized active business operations in Iran or Sudan and, therefore, should not be on the list of scrutinized companies, the Director of Investments, in consultation with the Executive Director and staff, shall make a determination as to whether the company should remain on the list of scrutinized companies or be removed from the list. The basis for such determination shall be set forth in writing by the Director of Investments and provided to the investment managers and the Board. The investment managers and the Board shall also be provided with a revised list of scrutinized companies prepared by the Director of Investments.
- A. Staff, the investment manager and/or a consultant shall send written notice ("the Notice") to each company on the list of scrutinized companies requesting the company cease their scrutinized active business operations or convert such active business operations to inactive business operations. The company shall have ninety (90) days to respond and: (i) document that the company does not have scrutinized active business operations in Iran or Sudan and, therefore, should not be on the list of scrutinized companies; (ii) cease their scrutinized active business operations; or (iii) convert such active business operations to inactive business operations.

4. Divestment

- E. Investment managers shall review the System's direct holdings in the portfolio and compare those direct holdings to the list of companies with scrutinized active business operations in Iran or Sudan. The investment manager shall compile a list of companies with scrutinized active business operations in Iran and Sudan that are held in the portfolio ("list of scrutinized companies") and provide this list to the Director of Investments and the Executive Director.
- D. The Director of Investments will forward the list of companies with scrutinized active business operations in Iran and Sudan to all applicable investment managers with whom the Board has contracted.
- C. The independent research provider shall provide the Director of Investments a list of companies with scrutinized active business operations in Iran and Sudan not less than every six (6) months.
- B. The Director of Investments will provide the selected independent research provider with a copy of this investment policy. The independent research provider will screen using the definitions set forth in section 8 below.
- A. The Director of Investments shall select an independent research provider, found through a due diligence search, to identify companies with scrutinized active business operations.

3. Screening Process

The System's indirect holdings (for example: those held in index or commingled funds, or private equity or real estate funds) are not subject to this policy.

of such companies by December 31, 2007 and thereafter.

the screening process, and the System's direct holdings in companies with scrutinized active business operations as of June 30, 2007 shall be used as the baseline to measure the percentage of divestment

inactive business operations within ninety (90) days of receipt of the Notice, and if the investment manager determines that replacement holdings exist that offer quality, return and safety comparable to the direct holdings of the company on the list of scrutinized companies, the investment manager shall divest the System's direct holdings in the company on the list of scrutinized companies as soon as possible taking into account market conditions and transaction costs. The investment manager shall communicate to the Director of Investments and the Executive Director, in writing, the basis for such determination, and acquire the replacement holdings.

- D. If a company on the list of scrutinized companies ceases their scrutinized active business operations or converts such active business operations to inactive business operations after the investment manager has divested the System's direct holdings in the company, the company may provide documentation to the Director of Investments regarding their termination of scrutinized active business operations. If the Director of Investments, in consultation with the Executive Director and staff, determines the company no longer engages in scrutinized active business operations, the basis for such determination shall be set forth in writing by the Director of Investments and provided to the investment managers and the Board. The investment managers and the Board shall also be provided with a revised list of scrutinized companies prepared by the Director of Investments. The company shall not be considered a company with scrutinized active business operations in Iran or Sudan and the investment managers may acquire direct holdings of the company.
- E. If the investment manager determines that replacement holdings do not exist that offer quality, return and safety comparable to the direct holdings of the company on the list of scrutinized companies, or that the direct holdings cannot be immediately divested, consistent with its fiduciary duties, due to current market conditions and/or costs the investment manager shall communicate to the Director of Investments and the Executive Director, in writing, the basis for such determination.

5. Purchases

When an investment manager is considering acquiring direct holdings of a company that appears on the list of companies with scrutinized active business operations in Iran or Sudan, the investment manager shall determine whether replacement holdings exist that offer quality, return and safety comparable to the direct holdings of the company with scrutinized active business operations. The investment manager shall communicate to the System, in writing, the basis for such determination, and proceed, in accordance with such determination, with the investment in either direct holdings of the company with scrutinized active business operations or replacement holdings.

6. Reporting

The Executive Director shall file a report with the Ohio Retirement Study Council (the ORSC) at agreed upon intervals and in a form requested by the ORSC.

7. Board May Rescind Policy

If any of the following occur, the Board may rescind this policy as it relates to addressing investments in companies with scrutinized active business operations in Iran:

- A. Congress or the president of the United States determines that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism.
- B. The federal government revokes all sanctions imposed against the government of Iran.

- (F) "Direct holdings" means all stocks or bonds of a company held directly by the System or held in an alter the record on human rights abuses in Darfur; or other similar actions.
- (E) "Complicit" means taking actions during any preceding twenty-month period that directly support or promote the genocidal campaign in the Darfur region of Sudan, including, but not limited to, preventing members of the population of the Darfur region of Sudan negatively affected by genocide from communicating with each other; encouraging Sudanese citizens to speak against the internationally approved security force that provides aide to the Darfur region; actively working to deny, cover up, or alter the record on human rights abuses in Darfur; or other similar actions.
- (D) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability company, business association, or other entity, including any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of any of those types of entities, that exists for the purpose of making a profit and is headquartered, domiciled, and incorporated outside the United States.
- (C) "Business operations" means engaging in commerce in any form in Sudan or Iran, including by maintaining, selling, acquiring, developing, owning, possessing, operating, or leasing equipment, facilities, personnel, products, services, personal or real property, or any other apparatus of business or commerce.
- (B) "Board" means the School Employees Retirement Board of Ohio.
- (A) "Active business operations" means all business operations that are not inactive business operations.
8. Definitions
- E. The Ohio General Assembly enacts legislation or adopts a resolution that in the Board's determination renders this policy moot.
- D. Congress or the president of the United States declares that the government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons.
- C. Congress or the president of the United States, through legislation or executive order, declares that divestment of the type provided for in this policy interferes with the conduct of United States foreign policy.
- B. The federal government revokes all sanctions imposed against the government of Sudan.
- A. Congress or the president of the United States determines that the government of Sudan has sufficiently halted the genocide in the Darfur region.
- If any of the following occur, the Board may rescind this policy as it relates to addressing investments in companies with scrutinized active business operations in Sudan:
- D. The Ohio General Assembly enacts legislation or adopts a resolution that in the Board's determination renders this policy moot.
- C. Congress or the president of the United States, through legislation or executive order, declares that divestment of the type provided for in this policy interferes with the conduct of United States foreign policy.

account or fund of which the System owns all of the shares or interests.

(G) "Government of Iran" means the Islamic republic of Iran, its instrumentalities, and companies owned or controlled by the government of Iran.

(H) "Government of Sudan" means the government in Khartoum, Sudan, that is led by the national congress party, formerly known as the national Islamic front, or any successor government formed on or after October 13, 2006, including the coalition national unity government agreed upon in the "2005 Comprehensive Peace Agreement," and does not include the regional government of southern Sudan.

(I) "Inactive business operations" means those business operations conducted by a company that involve only the continued holding or renewal of rights to property that, at one time, was used for the purpose of generating revenue for the company but is not presently used for such purpose.

(J) "Indirect holdings" means all stocks and bonds of a company that are not direct holdings and are held in an account or fund in which the System owns shares or interests together with other investors not subject to the provisions of this policy, as well as any private equity fund, private equity fund-of-funds, venture capital fund, hedge fund, hedge fund-of-funds, real estate fund or other investment vehicle that is not publicly traded, mutual funds, and pooled or securitized investment vehicles.

(K) "Iran" means the Islamic republic of Iran.

(L) "List of scrutinized companies" means the list compiled by an investment manager based on a comparison of the System's direct holdings in the portfolio managed by the investment manager with those companies on the list of companies with scrutinized active business operations in Iran and Sudan.

(M) "Marginalized populations of Sudan" includes, but is not limited to, all of the following:

- (1) The portion of the population in the Darfur region that has been negatively affected by genocide;
- (2) The portion of the population of southern Sudan negatively affected by the civil war that occurred between the north and south regions of Sudan;
- (3) The Beja, Rashidiya, and other similarly underserved groups of eastern Sudan;
- (4) The Nubian and other similarly underserved groups in the Abyei, southern blue Nile, and Nuba mountain regions of Sudan;
- (5) The Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.

(N) "Military equipment" means weapons, arms, military supplies, and equipment including, but not limited to, radar systems, or military-grade transport vehicles, that readily may be used for military purposes; or supplies or services sold or directly or indirectly provided to any force actively participating in armed conflict in Sudan.

(O) "Mineral extraction activities" include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides, also known as ore, including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc; and includes facilitating such activities, including by providing supplies or services in support of such activities.

(P) "Oil-related activities" includes, but is not limited to, owning rights to oil blocks; exporting,

extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; or facilitating such activities, including by providing supplies or services in support of such activities. "Oil-related activities" does not mean engaging in only the retail sale of gasoline and related consumer products.

(Q) "Petroleum resource" means petroleum, petroleum byproducts, or natural gas.

(R) "Power production activities" means any business operation that involves a project commissioned by the national electricity corporation of Sudan or other similar entity of the government of Sudan whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for a project, providing service contracts related to the installation or maintenance of a project, or facilitating any of these activities, including by providing supplies or services in support of such activities.

(S) "Replacement holdings" means direct holdings of companies that are not on the list of scrutinized companies or the list of companies with scrutinized active business operations in Iran or Sudan that an investment manager may consider in determining whether to divest or purchase.

(T) "Scrutinized active business operation" means active business operations that have resulted in a company becoming a scrutinized company.

(U) "Scrutinized business operations" means business operations that have resulted in a company that meets any of the following criteria:

(1) The company has business operations that involve contracts with or provision of supplies or services to the government of Sudan, consortiums or projects commissioned by the government of Sudan, or companies involved in consortiums or projects commissioned by the government of Sudan, and more than ten per cent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral-extraction activities; less than seventy-five per cent of the company's revenues or assets linked to Sudan involve contracts with or provision of oil-related products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; and the company has failed to take substantial action specific to Sudan; or more than ten per cent of the company's revenues or assets linked to Sudan involve power-production activities; less than seventy-five per cent of the company's power-production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; and the company has failed to take substantial action specific to Sudan.

(2) The company is complicit in the Darfur genocide.

(3) The company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict. Examples of safeguards include post-sale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.

(4)(a) The company has business operations that involve contracts with or provision of supplies or services to the government of Iran, companies in which the government of Iran has any direct or indirect equity share, consortiums, or projects commissioned by the government of Iran, or companies involved in consortiums or projects commissioned by the government of

Iran, and one of the following apply:

(i) More than ten per cent of the company's total revenues or assets are linked to Iran and involve oil-related activities, mineral-extraction activities, or petroleum resources;

(ii) The company has, with actual knowledge, on or after August 5, 1996, made an investment of twenty million dollars or more, or any combination of investments of at least ten million dollars each, which in the aggregate equals or exceeds twenty million dollars in any twelve-month period, and which directly or significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran;

(iii) The company is engaged in business with an Iranian organization labeled as a terrorist organization by the United States government.

(b) Any company that takes substantial action specific to Iran with respect to divisions (U)(4)(a)(i) and (U)(4)(a)(ii) of this section shall not meet the criteria to be deemed a company involved in scrutinized business operations.

(c) A social development company that is not complicit in the Darfur genocide shall not be deemed a company involved in scrutinized business operations.

(V) "Social development company" means a company whose primary purpose in Sudan is to provide only the following humanitarian goods or services to the people of Sudan:

(1) Medicine or medical equipment;

(2) Agricultural supplies or infrastructure;

(3) Educational opportunities;

(4) Journalistic activities;

(5) Information or information materials;

(6) Spiritual-related activities;

(7) Services of a purely clerical or reporting nature;

(8) Food, clothing, or general consumer goods that are unrelated to oil-related activities, mineral extraction activities, or power production activities.

(W) "Substantial action specific to Iran" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations.

(X) "Substantial action specific to Sudan" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations; undertaking humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity evaluated and certified by an independent third party to be substantially in a relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or, through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

(Y) "Sudan" means the republic of the Sudan.

(Z) "System" means the School Employees Retirement System of Ohio.

Related Documents and Information

Statutes:

3309.15

Rules:

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Policies:

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Procedures:

No

Yes

Attachments:

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**Implementation Summary
FY 2009 Iran and Sudan Investment Policy**

SERS continues to execute its investment policy according to the steps outlined in last year's fiscal year report to ORSC, dated August 15, 2008. The following summary itemizes only the enhancements to the process added in FY 2009.

Additional Executed Steps:

March 1, 2009 – SERS asks all investment managers who hold securities subject to the Iran and Sudan Investment Policy to notify the SERS Investment Compliance Officer in writing when purchasing any securities of scrutinized companies. Each notification is to include a specific reason for the purchase.

May 31, 2009 – The Sudan Divestment Task Force (SDTF), which had been a secondary source of information, begins to charge a fee for previously free services. SERS stops using this duplicative resource in favor of its contracted, third-party screening entity.

July 1, 2009 – The new benchmark is set for FY 2010. Because SERS stopped using the information from the SDTF, any companies that had been removed from the scrutinized list as a result of information previously provided by the SDTF were added back to the list. This revised list will be used to measure the system's progress in another year, at June 30, 2010.

Planned Activities:

During the first quarter of calendar 2010, staff plans to re-engage all scrutinized companies on the list, whether SERS holds them or not.

**School Employees
Retirement System**

Memo

To: Retirement Board
cc: Jim Winfree
From: Julie Deisler, Investment Compliance Officer
Date: September 4, 2009
Re: Iran/Sudan Update for the Quarter Ending June 30, 2009

The purpose of this memo is to update you on activities related to the Iran-Sudan Investment Policy during the quarter ending June 30, 2009. The end of this quarter also marks the end of fiscal year 2009.

As of June 30, 2009, we held 21 of the scrutinized companies on the FY 2009 benchmark list at a total market value of \$97.5 million. Compared to the FY 2009 benchmark, this is a 22% reduction in number of scrutinized companies and a 61% decrease in market value for the year. A spreadsheet that details SERS' exposure to the scrutinized companies at June 30, 2009 versus the FY 2009 benchmark is attached as Exhibit 1. In addition, attached as Exhibit 2 is a list of five scrutinized companies that have been added to the scrutinized list since June 30, 2008 and which SERS held as of June 30, 2009.

Staff continues to receive monthly updates on scrutinized companies from RiskMetrics, an independent third-party screening entity, however, we no longer receive quarterly updates from the Sudan Divestment Task Force (SDTF). As of May 31, 2009, the information that we had been receiving free of charge from SDTF was no longer available to us without a fee. Due to the fact that we already pay a fee to receive information from RiskMetrics on a more frequent (monthly) basis, staff decided that paying for what is often duplicative information from the SDTF would not be prudent. Therefore, as of July 1, 2009, any company names that had been removed from the scrutinized list as a result of information previously provided by the SDTF were added back to the list. The monthly scrutinized list that is sent to our external investment managers now only contains information that we have gathered from the data sent by RiskMetrics.

In response to our request in March 2009, investment managers who hold international securities subject to the Iran/Sudan Investment Policy continue to notify me in writing when purchasing any securities from scrutinized companies. Each notification includes a specific reason for the purchase.

As of July 1, 2009, a new benchmark has been set for Fiscal Year 2010. The new benchmark includes all of the companies listed on Exhibit 1, as well as the five companies listed in Exhibit 2, which are companies that have been added to the scrutinized company list over the past

fiscal year. As I mentioned previously, the new benchmark list, attached as Exhibit 3, is based only on information that we have received from RiskMetrics. It is comprised of 26 scrutinized companies and has a total market value of \$104 million. This will be the baseline against which we will measure our progress in the upcoming year.

An update for the quarter ending September 30, 2009 will be provided to you in November. If you have any questions, please let me know.

SERS' Exposure to Scrutinized Companies - 6/30/09 vs. FY09 Benchmark
July 1, 2008 to June 30, 2009

SERS Positions 6/30/2008 Company Name	Shares 6/30/08	Market Value 6/30/08	SERS Positions 6/30/2009* Company Name	Shares 6/30/09	Market Value 6/30/09
Air Liquide (L')	13,456 \$	1,778,081	Air Liquide (L')	1,633 \$	149,136
Aker Solutions ASA	9,723 \$	229,548			
Alstom	14,964 \$	3,457,970	Alstom	29,246 \$	1,725,176
CNOOC Ltd.	2,991,500 \$	5,148,597	CNOOC Ltd.	8,857,771 \$	11,199,255
Electricity Generating Company Ltd. (EGCO)	3,000 \$	7,582			
Eni S.p.A.	479,635 \$	17,909,828	Eni S.p.A.	215,890 \$	5,102,485
Gazprom OAO (including bonds)	7,562,872 \$	48,720,746	Gazprom OAO (including bonds)	520,148 \$	10,678,657
GS Holdings Corp.	3,300 \$	126,189	GS Holdings Corp.	102,460 \$	2,404,767
Harbin Power Equipment Company Ltd.	148,000 \$	214,480	Harbin Power Equipment Company Ltd.	258,000 \$	243,351
ITOCHU Corporation*	6,000 \$	64,016			
LUKOIL OAO	198,639 \$	19,522,905	LUKOIL OAO	99,848 \$	4,520,348
MISC Berhad	106,000 \$	269,258	MISC Berhad	106,000 \$	259,346
Mitsui & Co., Ltd.*	166,000 \$	3,672,185			
OMV AG	53,798 \$	4,226,205	OMV AG	43,505 \$	1,628,685
Petrobras (Petroleo Brasileiro)	780,586 \$	31,106,631	Petrobras (Petroleo Brasileiro)	1,019,067 \$	14,681,244
PetroChina	1,030,162 \$	2,375,547	PetroChina	2,936,766 \$	4,241,206
Petronas Dagangan Bhd (PDB)	22,600 \$	51,875	Petronas Dagangan Bhd (PDB)	22,600 \$	53,687
Repsol YPF	195,280 \$	7,701,065	Repsol YPF	35,658 \$	797,250
Rolls-Royce (value includes rights)*	42,685,957 \$	3,420,985			
Royal Dutch Shell plc	1,340,418 \$	42,671,888	Royal Dutch Shell plc	869,807 \$	21,759,790
Saipem S.p.A.	1,155 \$	54,283	Saipem S.p.A.	1,973 \$	47,987
Sasol	291,533 \$	17,168,388	Sasol	33,018 \$	1,154,315
Sinopec Corp. (China Petroleum & Chemical)	2,437,276 \$	2,950,842	Sinopec Corp. (China Petroleum & Chemical)	2,678,196 \$	2,357,436
StatoilHydro	257,644 \$	9,605,787	StatoilHydro	516,781 \$	2,522,206
Technip	66,732 \$	6,181,157	Technip	8,904 \$	435,748
Total S.A.	280,192 \$	23,926,943	Total S.A.	214,241 \$	11,563,438
Wärtsilä Oyj	1,870 \$	117,704			
TOTAL	61,148,292 \$	252,680,685	TOTAL	18,571,512 \$	97,525,513
Number of Companies	27		Number of Companies	21	

Change in Shares Owned Since 6/30/08

Change in Market Value Since 6/30/08

Percentage Change in Market Value Since 6/30/08

Change in Number of Companies Since 6/30/08

Percentage Change in Number of Companies Since 6/30/08

(42,576,780)
(\$155,155,172)
(61%)
(6)
(22%)

* Three companies were dropped from the list by RiskMetrics between 6/30/08 and 6/30/09.

Exhibit 2

SERS' Exposure to Companies Added to the Scrutinized List as of June 30, 2009

SERS Positions 6/30/2009	Company Name	Shares	6/30/09	Market Value	6/30/09
	Bharat Heavy Electricals Ltd.	40,645	\$	1,870,026	
	CNPC Hong Kong Ltd.	3,420,000	\$	2,824,240	
	Dongfeng Motor Group Co., Ltd.	1,968,000	\$	1,660,727	
	Hyundai Heavy Industries	2,095	\$	313,276	
	Oil & Natural Gas Corp. Ltd.	12,109	\$	269,783	
TOTAL				5,442,849	\$ 6,938,052