

AGENDA

NORTH DAKOTA STATE INVESTMENT BOARD MEETING

FRIDAY, AUGUST 24, 2012, 8:30 AM
PEACE GARDEN ROOM
STATE CAPITOL
BISMARCK ND

I. APPROVAL OF AGENDA

II. APPROVAL OF MINUTES (JULY 27, 2012)

III. MONITORING

- A. Pension Trust and Insurance Trust Performance Measurement - Mr. Erlendson, Mr. Howard, and Mr. Schulz (enclosed) **(Board Acceptance Needed)** - 60 min
- B. Annual Compliance Reports - Ms. Moszer (enclosed) **(Board Acceptance Needed)** 5 min

IV. INVESTMENTS

- A. Callan Contract - Mr. Erlendson, Mr. Schulz (to follow) (15 min)
- B. Legacy Fund - Mr. Schulz (10 min)
- C. Credit Suisse Update - Mr. Schulz (10 min)

V. GOVERNANCE

- A. Search Committee Status Report - Lt. Governor Wrigley
- B. Discussion on Structure of Retirement and Investment Office

VI. OTHER

Next Meeting

SIB meeting - September 28, 2012, 8:30 a.m. - Peace Garden Room, State Capitol

SIB Audit Committee meeting - September 28, 2012, 1:00 p.m. - Peace Garden Room, State Capitol

VII. ADJOURNMENT

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
JULY 27, 2012 BOARD MEETING**

BOARD MEMBERS PRESENT: Drew Wrigley, Lt. Governor, Chair
Mike Sandal, Vice Chair
Clarence Corneil, TFFR Board
Levi Erdmann, PERS Board
Lance Gaebe, Land Commissioner
Mike Gessner, TFFR Board
Adam Hamm, Insurance Commissioner
Howard Sage, PERS Board
Kelly Schmidt, State Treasurer
Cindy Ternes, Workforce Safety & Insurance
Bob Toso, TFFR Board

STAFF PRESENT: Bonnie Heit, Office Manager
Fay Kopp, Interim Executive Director
Darren Schulz, Interim CIO
Susan Walcker, Investment Accountant

OTHERS PRESENT: Nedra Hadley, Brandywine
Jack McIntyre, Brandywine
Jan Murtha, Attorney General's Office
Tricia Opp, Procurement Office

CALL TO ORDER:

Lt. Governor Wrigley called the State Investment Board (SIB) meeting to order at 8:35 a.m. on Friday, July 27, 2012, at Workforce Safety & Insurance, 1600 East Century, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

MR. CORNEIL MOVED AND MR. SANDAL SECONDED TO ACCEPT THE JULY 27, 2012, AGENDA AS PRESENTED.

AYES: COMMISSIONER GAEBE, TREASURER SCHMIDT, MR. SANDAL, COMMISSIONER HAMM, MR. CORNEIL, MS. TERNES, MR. GESSNER, MR. ERDMANN, MR. TOSO, MR. SAGE, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

MINUTES:

The minutes were considered from the June 22, 2012, meeting.

TREASURER SCHMIDT MOVED AND COMMISSIONER HAMM SECONDED TO APPROVE THE JUNE 22, 2012, MINUTES.

AYES: MR. GESSNER, COMMISSIONER GAEBE, MR. SAGE, MS. TERNES, TREASURER SCHMIDT, MR. TOSO, COMMISSIONER HAMM, MR. CORNEIL, MR. ERDMANN, MR. SANDAL, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

ELECTION OF SIB OFFICERS:

COMMISSIONER GAEBE MOVED AND MR. SAGE SECONDED TO CONTINUE WITH THE CURRENT LEADERSHIP OF THE SIB FOR FISCAL YEAR 2012-13; LT. GOVERNOR WRIGLEY, CHAIR, MR. SANDAL, VICE CHAIR, AND MR. CORNEIL, PARLIAMENTARIAN.

AYES: MR. CORNEIL, MR. ERDMANN, COMMISSIONER GAEBE, MR. GESSNER, COMMISSIONER HAMM, MR. SAGE, MR. SANDAL, TREASURER SCHMIDT, MS. TERNES, MR. TOSO, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

SIB AUDIT COMMITTEE MEMBERSHIP:

TREASURER SCHMIDT MOVED AND MR. ERDMANN SECONDED TO CONTINUE WITH THE CURRENT MEMBERSHIP OF THE SIB AUDIT COMMITTEE FOR FISCAL YEAR 2012-13; MS. BECKY DORWART, MR. GESSNER, MR. LONNY MERTZ, MR. SANDAL, AND MS TERNES.

AYES: TREASURER SCHMIDT, MR. GESSNER, COMMISSIONER HAMM, MS. TERNES, COMMISSIONER GAEBE, MR. SAGE, MR. TOSO, MR. SANDAL, MR. ERDMANN, MR. CORNEIL, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

EDUCATION:

Brandywine - Representatives provided an overview of the firm, reviewed their SIB mandate, and also provided their perspective on the global economy.

Mr. Schulz provided an educational segment on global equity structuring. Mr. Schulz will continue to discuss options with the board on restructuring the SIB equity portfolio.

The Board recessed at 10:55 a.m. and reconvened at 11:05 a.m.

GOVERNANCE:

Search Committee - Lt. Governor Wrigley stated a letter was sent to all SIB clients on July 11, 2012 informing them of the interim leadership of RIO and that the SIB is taking some time to look at the current structure of RIO and welcomes any input or questions that they may have.

Lt. Governor Wrigley also mentioned Search Committee members Treasurer Schmidt, Mr. Sandal, and State Procurement representative, Ms. Opp, are currently working on updating the Request for Proposal (RFP) for an executive search firm.

Discussion by the SIB on the structure of RIO will be placed on their August 24, 2012, agenda.

Code of Conduct Certification - The SIB was provided a copy of their Governance policy, Board Members' Code of Conduct. As outlined in the policy, board members are annually required to affirm their understanding of the policy by signing and dating the acknowledgement.

Audit Committee Liaison Report - Mr. Gessner reported on Audit Committee activity from its June 22, 2012 meeting. Mr. Gessner stated Mr. Thomas Rey, CliftonLarsonAllen, presented the audit scope and approach for the FY2012 audit of RIO. The results of the audit will be reviewed with the Audit Committee at their November 16, 2012, meeting.

The auditing of the school districts is on track. The goal is to audit all school districts who have at least 10 members within a five year period.

MR. ERDMANN MOVED AND COMMISSIONER HAMM SECONDED TO ACCEPT THE REPORT ON AUDIT COMMITTEE ACTIVITIES.

AYES: MR. SAGE, MR. SANDAL, MR. CORNEIL, MR. GESSNER, MR. TOSO, MR. ERDMANN, MS. TERNES, COMMISSIONER HAMM, COMMISSIONER GAEBE, TREASURER SCHMIDT, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

MOTION CARRIED

INVESTMENTS:

State Street - Mr. Schulz stated he is continuing to closely monitor State Street as a result of changes in the SIB mandate, key personnel, and performance issues. Mr. Schulz anticipates bringing a recommendation on State Street for the Board's consideration to the next meeting.

The Board questioned Callan's perspective on State Street and Mr. Schulz will follow up with Callan and report back to the board.

Tribune Company - Ms. Murtha updated the board on the legal proceedings. The time frames for motions to dismiss will be held in a two phase process. Phase one will be applicable to the larger investment defendants and should conclude early 2013. Phase two will follow and represent the remaining smaller investment defendants. Ms. Murtha will discuss with the board litigation strategies at the August or September 2012 SIB meetings.

Legacy Fund - Lt. Governor Wrigley, Mr. Schulz, and Senator Randel Christmann, Chairman of the Budget Stabilization and Legacy Fund Advisory Board (Advisory Board), met to discuss the role of staff, the SIB, and the Advisory Board if an asset allocation study is conducted for the Legacy Fund. The asset allocation study would be spearheaded by the Advisory Board with the SIB, as governing body to the Advisory Board, ultimately approving the process and expenses.

Tamale RMS - Mr. Schulz informed the board he has been looking at research management software solutions that would assist staff in managing the data received from the SIB money managers and would also enhance staff's ability to capture, distribute, and research the data. Mr. Schulz learned of the

capabilities of Tamale RMS software through CliftonLarsonAllen and is working with RIO information technology staff on possible implementation.

MONITORING:

The following monitoring reports for the quarter ending June 30, 2012 were provided to the board for their acceptance - Budget/Financial Conditions, Executive Limitations/Staff Relations, Investment Program and Retirement Program.

MR. SAGE MOVED AND MR. ERDMANN SECONDED TO ACCEPT THE MONITORING REPORTS FOR THE QUARTER ENDING JUNE 30, 2012.

AYES: MR. ERDMANN, TREASURER SCHMIDT, MR. CORNEIL, COMMISSIONER GAEBE, MR. TOSO, MR. SANDAL, COMMISSIONER HAMM, MR. GESSNER. MR. SAGE, AND LT. GOVERNOR WRIGLEY

NAYS: NONE

ABSENT: MS. TERNES

The next SIB meeting is scheduled for August 24, 2012, at 8:30 a.m., at the State Capitol, Peace Garden Room, Bismarck ND.

The next SIB Audit Committee meeting is scheduled for September 28, 2012, at 1:00 p.m., at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

Lt. Governor Wrigley adjourned the meeting at 11:50 a.m.

Respectfully Submitted:

Lt. Governor Wrigley, Chair
State Investment Board

Bonnie Heit
Assistant to the Board

August 24, 2012



**North Dakota State
Investment Board**

2Q12 Performance Evaluation

Paul Erlendson
Senior Vice President

William Howard, CFA
Senior Vice President

Agenda

- Review economic and market environment for periods ended June 30th
- Discuss asset allocation and total fund results
- Review manager performance



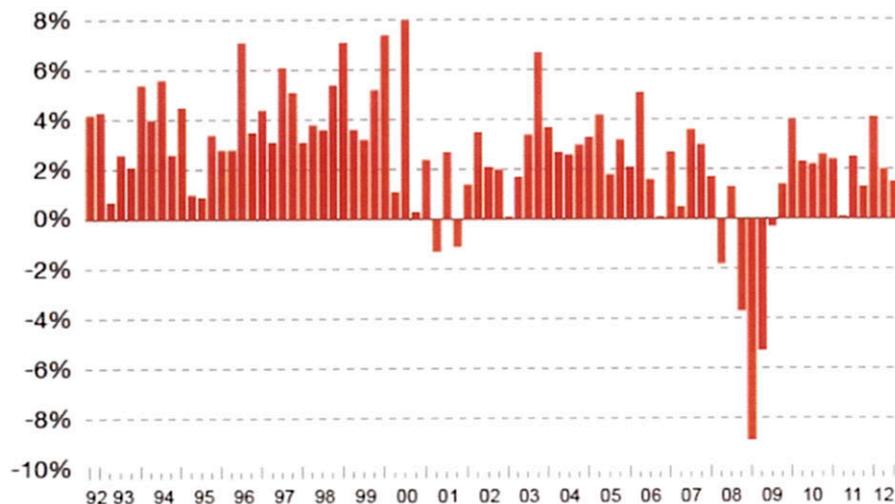
Market Overview

U.S. Economy

Quarter Ending June 30, 2012

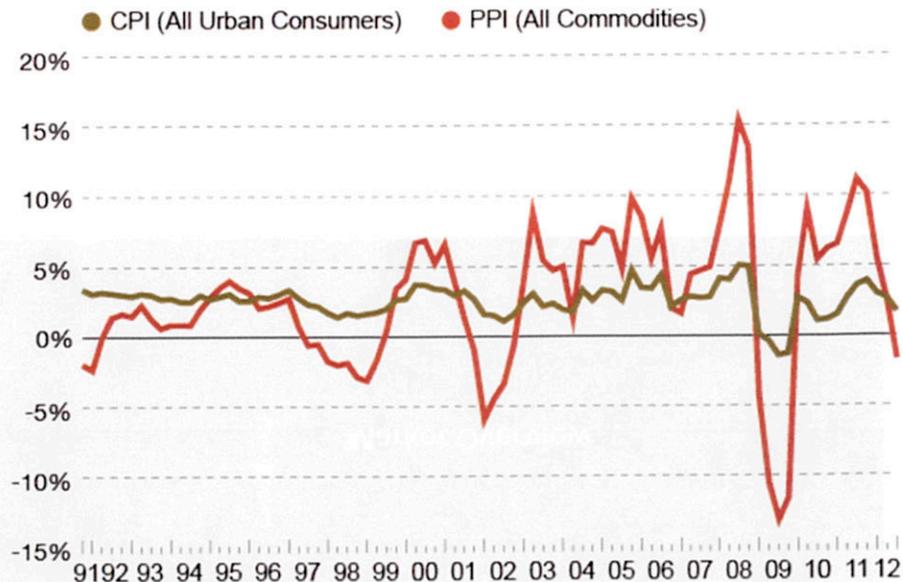
Quarterly Real GDP Growth*

(20 Years)



Source: U.S. Department of Labor

Inflation Year-Over-Year



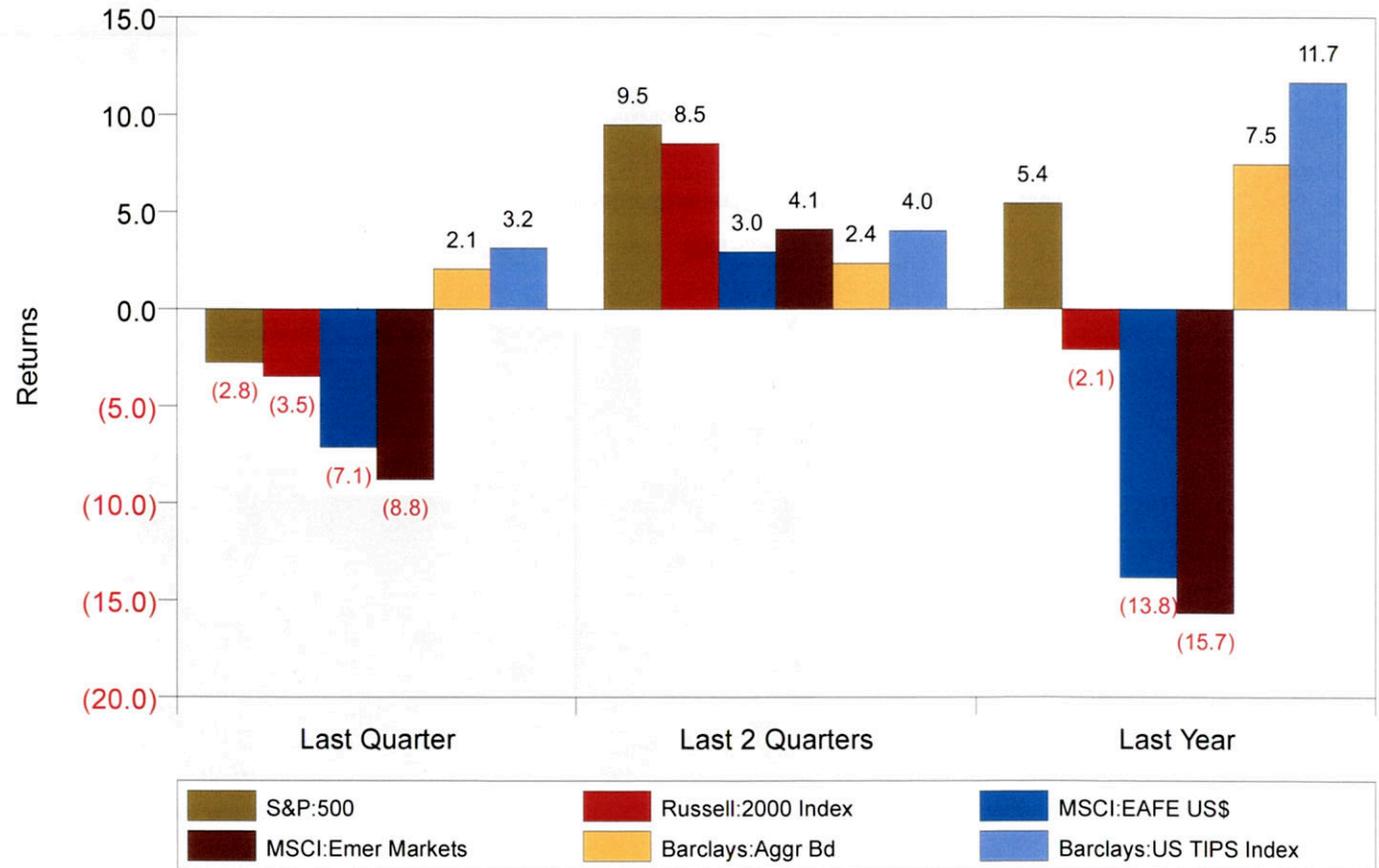
Source: Bureau of Labor Statistics

- 2nd quarter GDP increased 1.5% (2.0% last quarter)
- CPI increased 1.7% over the trailing twelve-months (2.7% last quarter)
- Unemployment rate held steady at 8.2%
- The Fed extended Operation Twist through the end of 2012

Asset Class Performance

Periods Ending June 30, 2012

Returns for Various Periods
Current Quarter Ending June 30, 2012



YTD as of 8/23/12:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI EM:

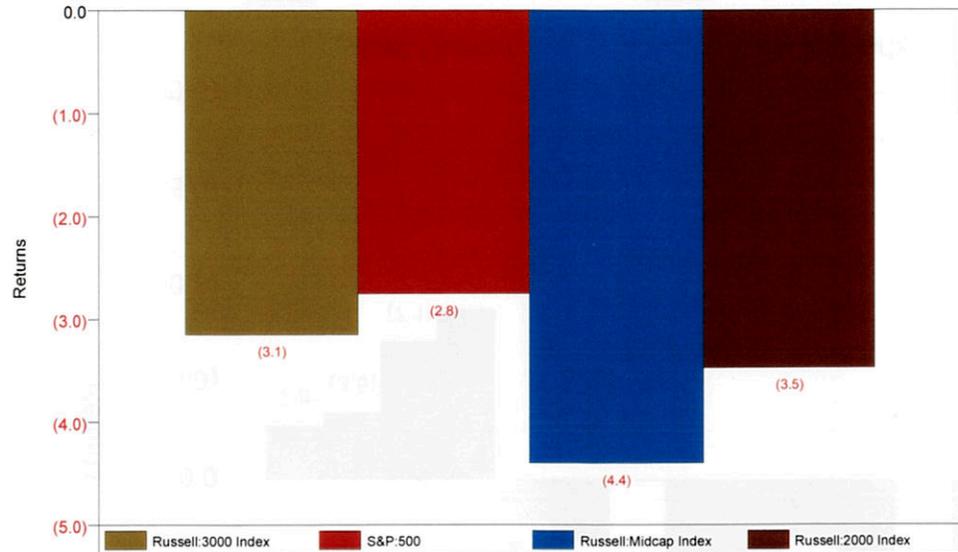
BC Aggregate:

BC TIPS:

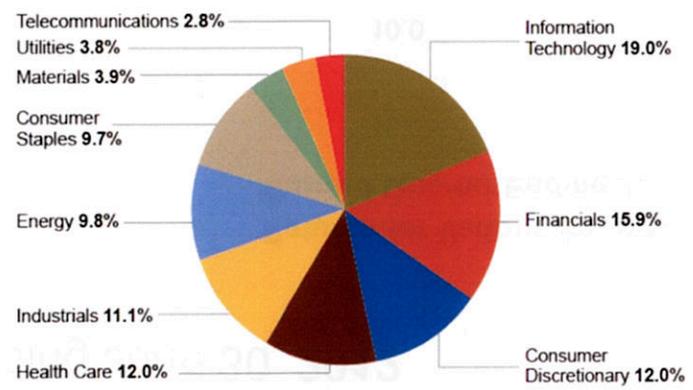
U.S. Equity Returns

Quarter Ending June 30, 2012

Returns Current Quarter Ending June 30, 2012



Economic Sector Exposure



Economic Sector Quarterly Returns

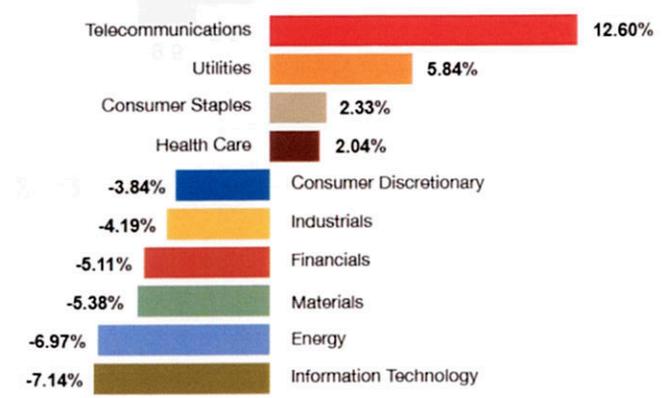
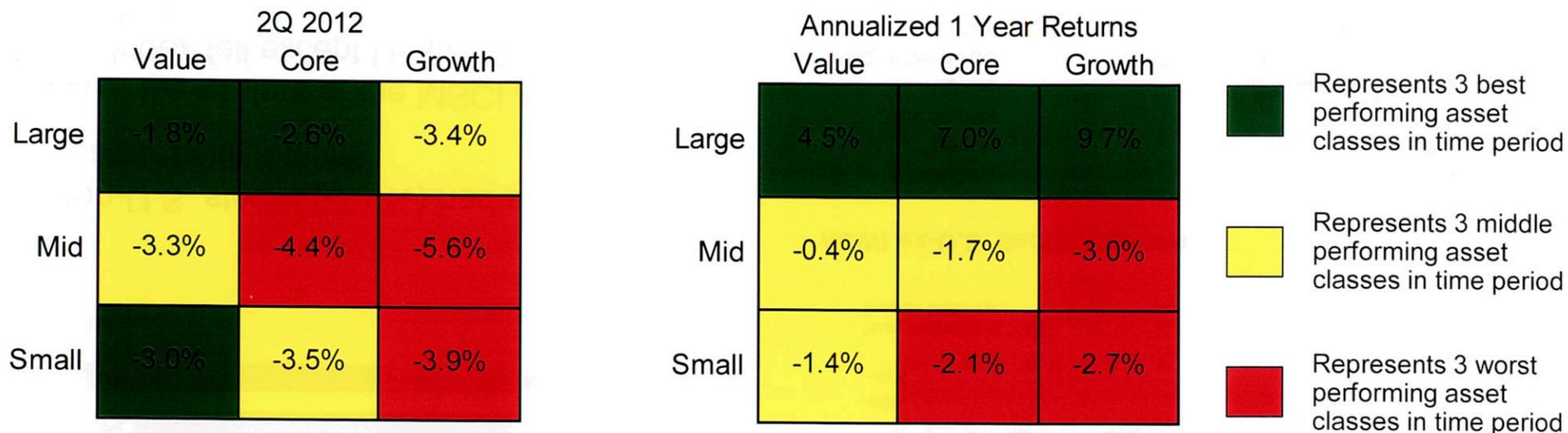


Chart may not sum to 100% due to rounding.
Source: Russell Investment Group

U.S. Equity Style Returns

Periods Ending June 30, 2012



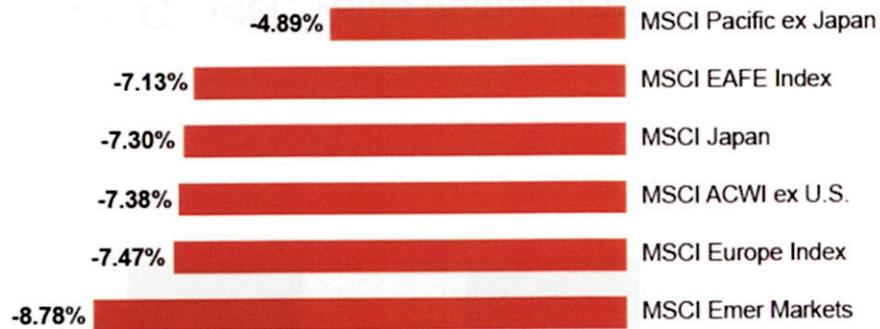
- Last Quarter: Value outperformed growth; large outperformed small
- Last Year: Large caps best, growth and value results mixed

Large Cap Core is represented by the Russell Top 200 Index, Large Cap Value is represented by the Russell Top 200 Value Index and Large Cap Growth is represented by the Russell Top 200 Growth Index. Mid Cap Core is represented by the Russell Mid Cap Index, Mid Cap Value is represented by the Russell Mid Cap Value Index and Mid Cap Growth is represented by the Russell Mid Cap Growth Index. Small Cap Core is represented by the Russell 2000 Index, Small Cap Value is represented by the Russell 2000 Value Index and Small Cap Growth is represented by the Russell 2000 Growth Index.

International Equity Returns

Quarter Ending June 30, 2012

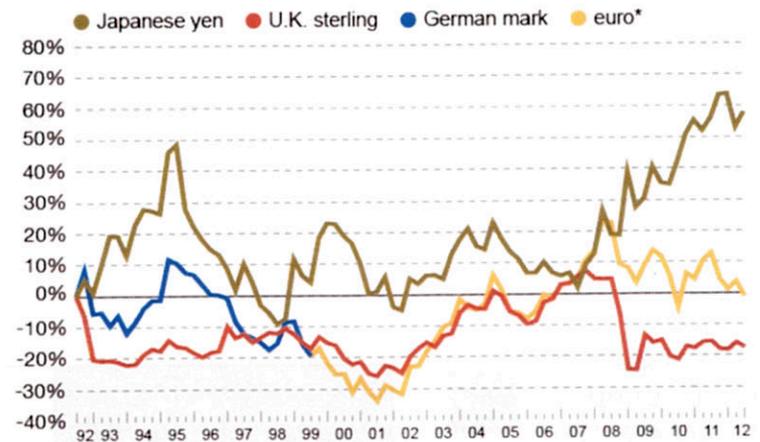
Regional Quarterly Performance (U.S. Dollar)



Source: MSCI Inc.

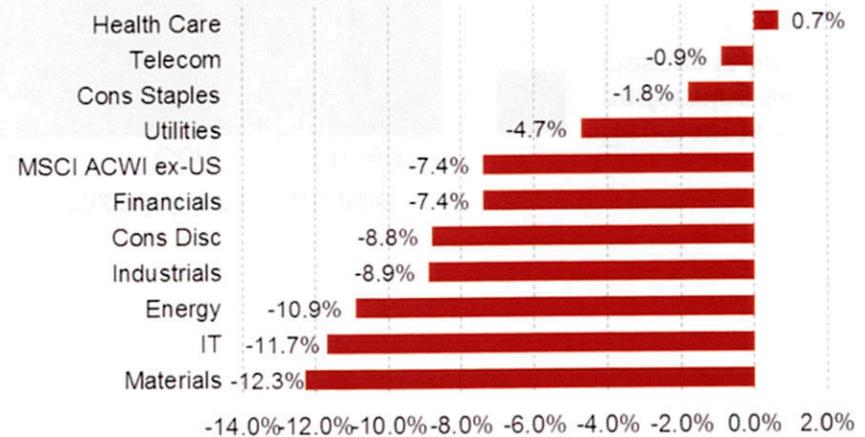
- Non-U.S. stocks (-7.4%) had a weak quarter in all regions
- All of the sectors of the MSCI ACWI ex-US Index fell except Health Care (+0.7%)
- Developed markets (EAFE: -7.1%) outperformed emerging markets (MSCI EM: -8.8%)

Major Currencies' Cumulative Returns (vs. U.S. Dollar)



Source: MSCI Inc.

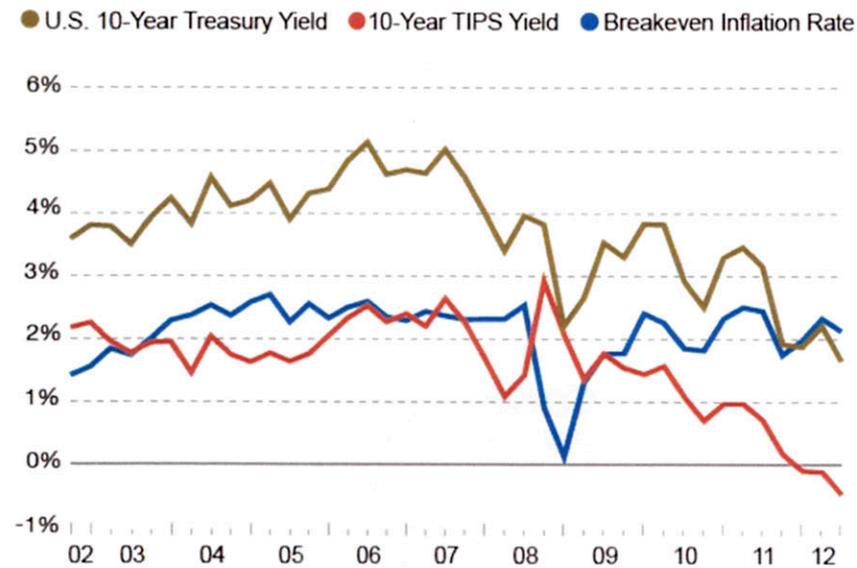
ACWI ex-U.S. Sector Returns



Yield Curve Changes

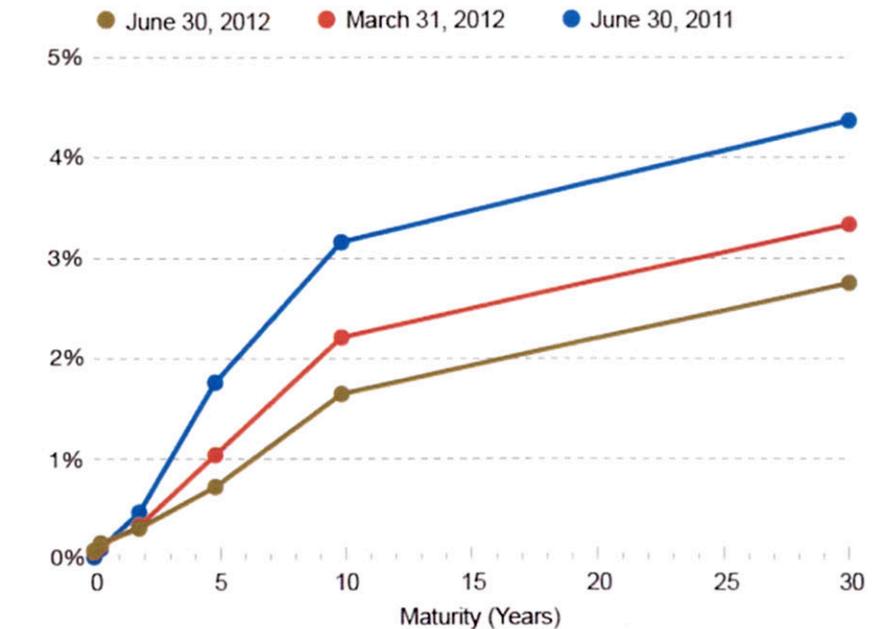
Periods Ending June 30, 2012

Historic 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



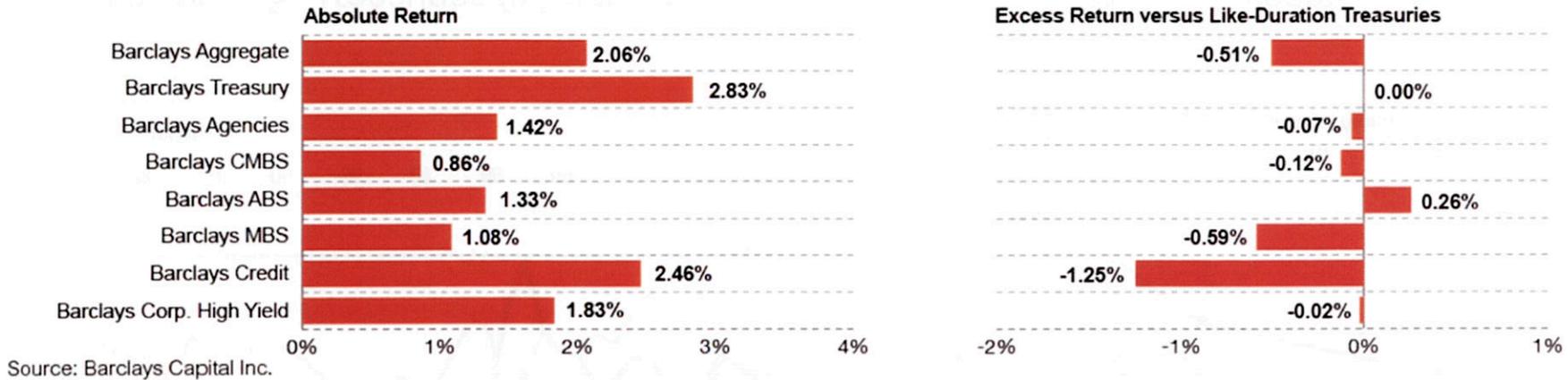
Source: Bloomberg

- Yields on U.S. Treasuries fell significantly for all maturities of at least 2 years
- The 10-year breakeven inflation rate fell to 2.13% (2.33% last quarter)

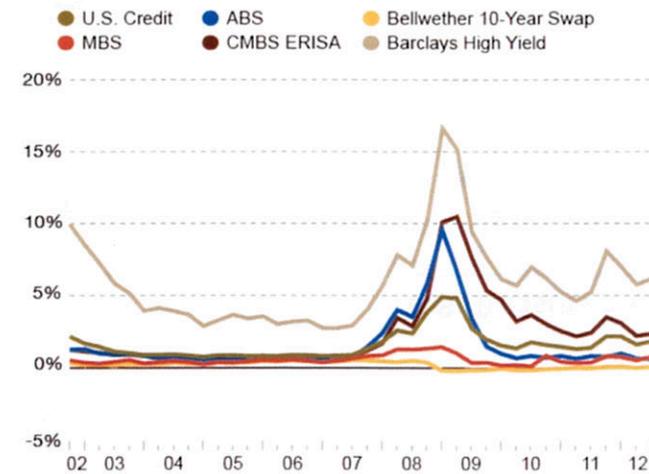
Bond Returns

Quarter Ending June 30, 2012

Fixed Income Index Quarterly Returns



Effective Yield Over Treasuries



Source: Barclays Capital Inc.



Asset Allocation & Total Fund

North Dakota Pension Trust

Asset allocation versus target as of June 30, 2012



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,006,646	27.5%	27.6%	(0.1%)	(2,455)
Domestic Fixed-Income	683,268	18.7%	18.0%	0.7%	25,158
International Equity	598,977	16.4%	18.1%	(1.7%)	(62,788)
Int'l Fixed-Income	191,969	5.3%	5.1%	0.2%	5,504
Global Real Estate	361,820	9.9%	9.6%	0.3%	10,828
World Equity	217,853	6.0%	6.0%	0.0%	(1,517)
Private Equity	213,590	5.8%	4.8%	1.0%	38,094
Timber	200,934	5.5%	4.9%	0.6%	21,782
Infrastructure	129,171	3.5%	4.9%	(1.4%)	(49,981)
Cash Equivalents	51,936	1.4%	1.0%	0.4%	15,375
Total	3,656,164	100.0%	100.0%		

- The newly defined asset allocation framework is beginning to take shape as the portfolio is being reformatted to fit within the asset class definitions adopted by PERS and TFFR.
- “Percent Difference” shows how close the individual funds’ allocations are to target: CLOSE.
- The Trust’s market value as of 6/31/12 was \$3.73 billion, a reduction of approximately \$77 million since 3/31/12.
 - Net withdrawals amounted to \$12.9 million during the second calendar quarter;
 - Investment losses totaled \$64.7 million during the second calendar quarter.

North Dakota Pension Trust

Sources of relative performance for the quarter ended June 30, 2012

Relative Attribution Effects for Quarter ended June 30, 2012

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return		
Domestic Equity	28%	28%	(3.08%)	(2.92%)	(0.04%)	(0.02%)	(0.06%)		
Domestic Fixed-Income	18%	18%	2.22%	2.00%	0.04%	(0.02%)	0.03%		
Global Real Estate	9%	10%	1.83%	2.68%	(0.08%)	(0.02%)	(0.10%)		
Timber	6%	5%	(1.49%)	0.61%	(0.12%)	0.01%	(0.10%)		
Infrastructure	3%	5%	(1.06%)	(0.12%)	(0.03%)	(0.02%)	(0.05%)		
International Equity	17%	18%	(7.96%)	(7.50%)	(0.08%)	(0.04%)	(0.12%)		
International Fixed-Inc.	5%	5%	1.18%	(0.38%)	0.08%	(0.01%)	0.07%		
Private Equity	6%	5%	6.54%	6.54%	0.00%	0.06%	0.06%		
World Equity	6%	6%	(4.81%)	(5.07%)	0.02%	(0.01%)	0.01%		
Cash & Equivalents	1%	1%	0.02%	0.03%	(0.00%)	(0.01%)	(0.01%)		
Total			(1.74%)	(1.45%)	+	(0.21%)	+	(0.07%)	(0.28%)

- The Total Fund lagged its benchmark by 0.28% during the second calendar quarter.
- Within domestic equities, LSV underperformed.
- Within the international equity allocation, underperformers included:
 - DFA international small cap value
 - LSV international large cap value
 - State Street Global Advisors International Alpha non-lending fund
- Timber also underperformed but there is a delay in the reporting cycle for illiquid assets.

North Dakota Insurance Trust

Asset allocation versus target as of June 30, 2012



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Large Cap	158,553	7.2%	7.0%	0.2%	4,046
Small Cap	57,368	2.6%	2.4%	0.2%	4,394
International Equity	89,171	4.0%	4.9%	(0.9%)	(18,984)
Domestic Fixed-Income	786,524	35.6%	35.0%	0.6%	13,989
Inflation Protected	304,062	13.8%	14.5%	(0.7%)	(15,988)
Short Term Fixed Income	676,208	30.6%	30.6%	0.0%	792
Cash & Equivalents	38,505	1.7%	1.7%	0.0%	982
Real Estate	96,852	4.4%	3.9%	0.5%	10,769
Total	2,207,243	100.0%	100.0%		

- “Percent Difference” is the key category on this page. It indicates that RIO’s rebalancing procedures are keeping the Insurance Trust’s allocations very close to target weights.
- The Insurance Trust’s market value as of June 30, 2012 was \$2.207 billion.
 - Net contributions amounted to \$121.4 million during the second calendar quarter;
 - Investment gains totaled \$10.1 million during the second calendar quarter, driven chiefly by the positive returns generated in fixed-income.

North Dakota Insurance Trust

Sources of relative performance for the quarter ended June 30, 2012

Relative Attribution Effects for Quarter ended June 30, 2012

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	7%	7%	(2.88%)	(2.75%)	(0.01%)	(0.03%)	(0.04%)
Small Cap	3%	2%	(3.86%)	(3.47%)	(0.01%)	(0.02%)	(0.03%)
Domestic Fixed-Income	36%	35%	2.53%	2.06%	0.16%	0.02%	0.18%
Real Estate	4%	4%	3.86%	2.68%	0.05%	0.01%	0.06%
International Equity	4%	5%	(7.93%)	(7.13%)	(0.04%)	(0.01%)	(0.04%)
Inflation Protected	14%	15%	(0.34%)	(0.71%)	0.05%	0.01%	0.06%
Short Term Fixed Income	29%	31%	0.48%	0.20%	0.08%	(0.00%)	0.08%
Cash & Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.00%)	(0.00%)
Total			0.47%	= 0.21%	+ 0.29%	+ (0.04%)	0.26%

- The Total Fund exceeded its benchmark by 0.26% during the second calendar quarter, with five of the eight major asset classes meeting or exceeding their respective benchmark's return.
- "Inflation Protected" assets, which includes TIPS, Timber, and Infrastructure, declined in value but did so to a lesser degree than the benchmark, the Barclay's Capital Global Inflation-linked Index.
- Domestic Fixed-Income, over one-third of the Total Fund's market value, was the star with PIMCO, Wells, and Prudential delivering superior returns.
- The "Asset Allocation" effect should ideally be as close to "0" as possible; and it is. This reflects an efficient and effective rebalancing discipline being employed by RIO investment staff.

INVESTMENT PERFORMANCE SUMMARY REPORT
PENSION TRUST FUNDS
June 30, 2012

	Quarter Ended 6/30/2012	1 Yr Ended 6/30/2012	3 Yrs Ended 6/30/2012	5 Yrs Ended 6/30/2012	Risk 5 Yrs Ended 6/30/2012	Risk Adj Excess Return 5 Yrs Ended 6/30/2012
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)						
Total Fund Return - Net	-1.80%	0.06%	11.36%	-0.32%	14.85%	-2.59%
Policy Benchmark Return	-1.57%	1.17%	11.44%	2.38%	13.55%	
Attribution Analysis						
Asset Allocation	-0.26%	-0.43%				
Manager Selection	0.02%	-0.68%				
Total Relative Return	-0.24%	-1.12%	-0.07%	-2.70%		
TEACHERS' FUND FOR RETIREMENT (TFFR)						
Total Fund Return - Net	-1.69%	-0.97%	11.87%	-1.24%	16.47%	-2.26%
Policy Benchmark Return	-1.55%	-0.82%	11.17%	1.19%	15.22%	
Attribution Analysis						
Asset Allocation	-0.24%	0.27%				
Manager Selection	0.10%	-0.43%				
Total Relative Return	-0.14%	-0.16%	0.70%	-2.43%		
CITY OF BISMARCK EMPLOYEES PENSION						
Total Fund Return - Net	-1.31%	1.57%	11.28%	1.02%	13.29%	-2.59%
Policy Benchmark Return	-1.11%	2.81%	10.93%	3.61%	11.42%	
Attribution Analysis						
Asset Allocation	-0.11%	-0.01%				
Manager Selection	-0.09%	-1.22%				
Total Relative Return	-0.20%	-1.23%	0.35%	-2.59%		
CITY OF BISMARCK POLICE PENSION						
Total Fund Return - Net	-1.49%	1.31%	11.60%	0.51%	14.18%	-2.60%
Policy Benchmark Return	-1.32%	2.46%	11.37%	3.16%	12.49%	
Attribution Analysis						
Asset Allocation	-0.10%	-0.05%				
Manager Selection	-0.07%	-1.09%				
Total Relative Return	-0.17%	-1.14%	0.24%	-2.66%		
JOB SERVICE PENSION PLAN						
Total Fund Return - Net	-0.41%	3.09%	10.88%	2.26%	11.26%	-2.61%
Policy Benchmark Return	-0.52%	4.26%	10.73%	4.67%	9.45%	
Attribution Analysis						
Asset Allocation	-0.14%	-0.42%				
Manager Selection	0.25%	-0.75%				
Total Relative Return	0.11%	-1.17%	0.16%	-2.41%		

INVESTMENT PERFORMANCE SUMMARY REPORT
PENSION TRUST FUNDS
June 30, 2012

	Quarter Ended 6/30/2012	1 Yr Ended 6/30/2012	3 Yrs Ended 6/30/2012	5 Yrs Ended 6/30/2012	Risk 5 Yrs Ended 6/30/2012	Risk Adj Excess Return 5 Yrs Ended 6/30/2012
CITY OF FARGO PENSION PLAN						
Total Fund Return - Net	-1.68%	0.97%	12.12%	N/A	N/A	N/A
Policy Benchmark Return	-1.49%	2.30%	11.84%			
Attribution Analysis						
Asset Allocation	0.00%	0.21%				
Manager Selection	-0.19%	-1.54%				
Total Relative Return	-0.19%	-1.33%	0.27%			
CITY OF GRAND FORKS PENSION PLAN						
Total Fund Return - Net	-1.66%	1.09%	11.89%	N/A	N/A	N/A
Policy Benchmark Return	-1.49%	2.30%	11.84%			
Attribution Analysis						
Asset Allocation	0.03%	0.28%				
Manager Selection	-0.20%	-1.49%				
Total Relative Return	-0.17%	-1.21%	0.05%			
GRAND FORKS PARK DISTRICT PENSION PLAN						
Total Fund Return - Net	-1.79%	0.86%	N/A	N/A	N/A	N/A
Policy Benchmark Return	-1.57%	2.87%				
Attribution Analysis						
Asset Allocation	0.18%	-0.20%				
Manager Selection	-0.40%	-1.80%				
Total Relative Return	-0.22%	-2.00%				

June 30, 2012



North Dakota State Investment Board Pension Funds

**Investment Measurement Service
Quarterly Review**

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June 30, 2012

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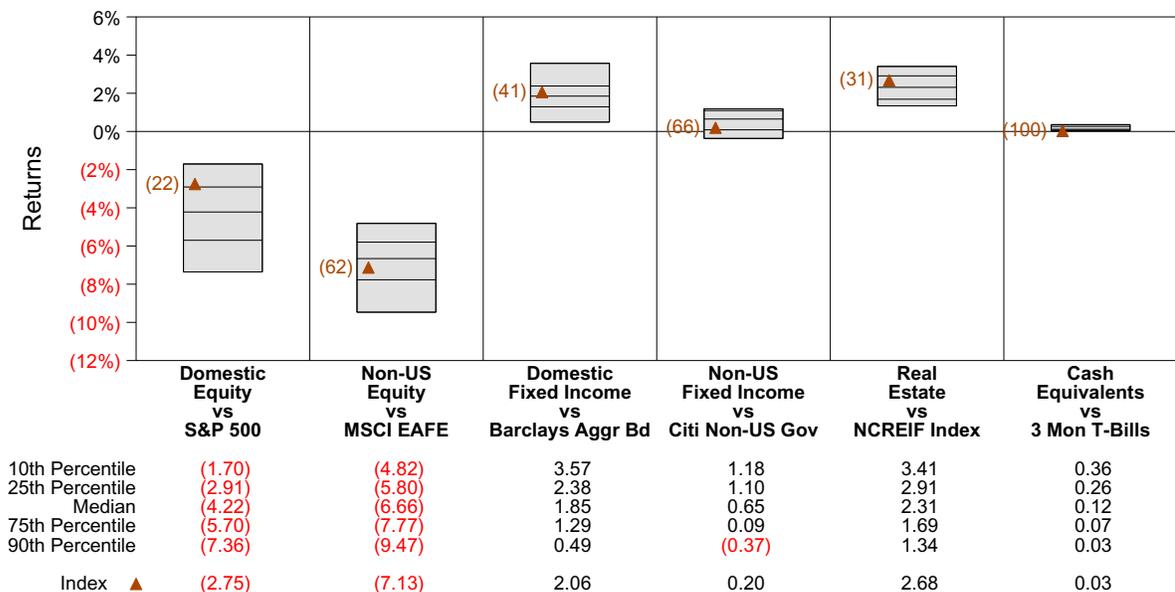
Market Overview

Active Management vs Index Returns

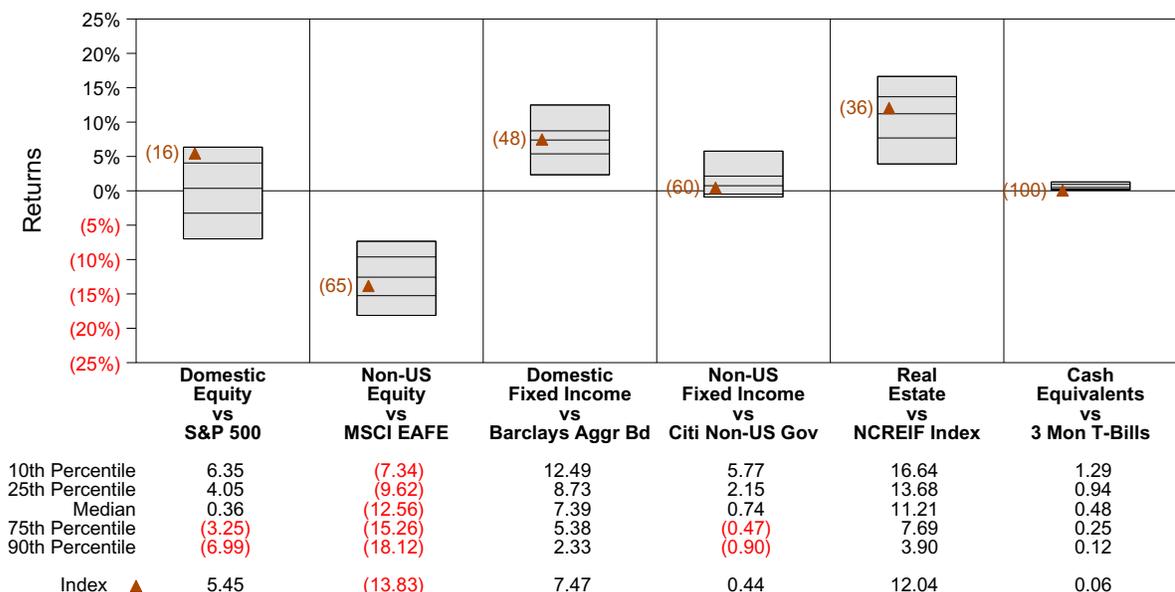
Market Overview

The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the domestic equity manager database.

Range of Separate Account Manager Returns by Asset Class One Quarter Ended June 30, 2012



Range of Separate Account Manager Returns by Asset Class One Year Ended June 30, 2012



Domestic Equity Active Management Overview

Active vs. the Index

After a strong start to 2012, the second quarter left investors wanting more, with most stock indices getting punished in May. Fortunately, the best returns for the month of June since 1999, helped recoup some of the early losses, with the S&P 500 closing the quarter with a loss of 2.75%. With an underwhelming jobs report, consumer confidence took a hit which resulted in investors retreating from the stock market. For the second quarter of 2012, the median Large Cap Core manager underperformed the S&P 500 index by 1.10% with a return of -3.85%. The median Mid Cap Broad manager outperformed the S&P Mid Cap Index by 0.15%, with a return of -4.78%, while the median Small Cap Broad manager was beaten by the S&P 600 Index by 0.94%, with a return of -4.52%. For the year ended June 30, 2012, the median large Cap Core fund underperformed the S&P 500 Index by 1.63% with a return of 3.82%. The median Mid Cap Broad fund returned -2.17% besting the S&P Mid Cap Index's return of -2.33%. The median Small Cap Broad fund returned -1.82%, which trailed the S&P 600 Index's return of 1.43%.

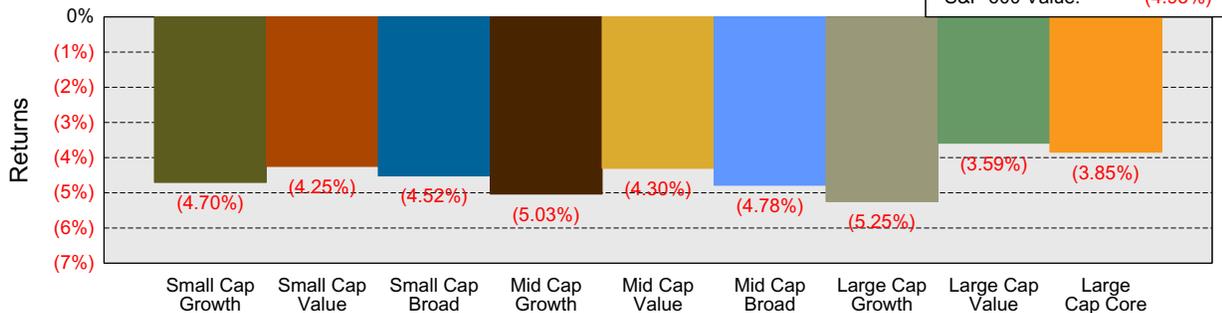
Large Cap vs. Small Cap

During the second quarter of 2012, Large Cap funds generally outperformed Small Cap funds. The returns for the median Large Cap managers ranged from -3.59% to -5.25%, a difference of 1.66%. Median Small and Mid Cap manager returns were less volatile with a range of 0.78% from -5.03% (Mid Cap Growth) to -4.25% (Small Cap Value). For the year ended June 30, 2012 Large Cap funds continued to outperform Small and Mid Cap funds. The median Large Cap Core manager gained 3.82% during the one-year period, besting the median Small Cap Broad manager's return of -1.82%. This was also reflected in the indices for the year ended June 30, 2012, with the S&P 500 returning 5.45% outperforming the S&P 600's return of 1.43% by 4.02%.

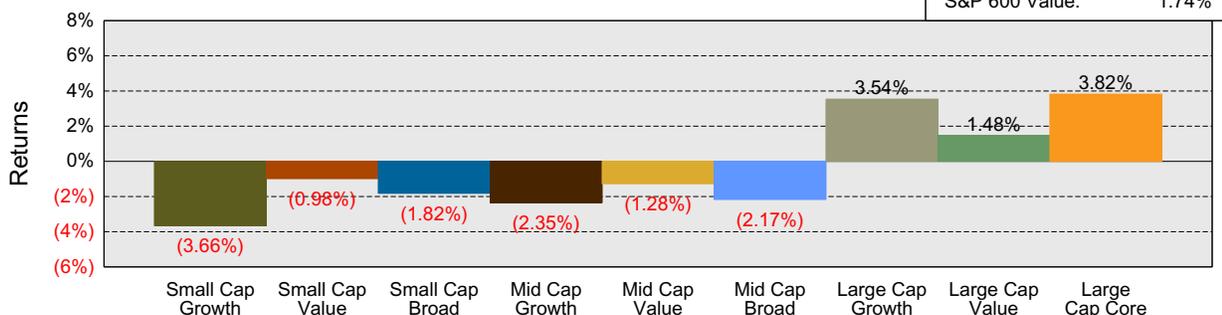
Growth vs. Value

For the second quarter of 2012, returns for Growth and Value Small Cap were both negative, with the median Small Cap Growth fund losing 4.70% compared to Small Cap Value's loss of 4.25%. The median Mid Cap Growth manager's return of -5.03% underperformed the median Mid Cap Value fund's return of -4.30%. In the Large Cap arena, the median Growth manager's return of -5.25% was beaten by the median Value manager's return of -3.59%. Small and Mid Cap Value funds outperformed Growth funds for the year ended June 30, 2012. However, in the Large Cap arena, Growth outperformed Value with the median Large Cap Growth fund returning 3.54%, which outperformed the median Large Cap Value fund's return of 1.48%.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2012



Separate Account Style Group Median Returns for One Year Ended June 30, 2012



Domestic Fixed Income Active Management Overview

Active vs. the Index

The second quarter was an anxious period as investors sought refuge from the ongoing European debt crisis. As the U.S. election draws nearer and more attention is brought to the national deficit, the Federal Reserve is keeping a near zero interest rate, and allowing a decline for longer term yields. For the quarter ended June 30, 2012, the median Core Bond manager experienced a 2.16% return, outperforming the Barclays Aggregate index by 10 basis points. For the twelve months ended June 30, 2012, the median Core Bond manager posted a 8.04% return, outperforming the index which gained 7.47%.

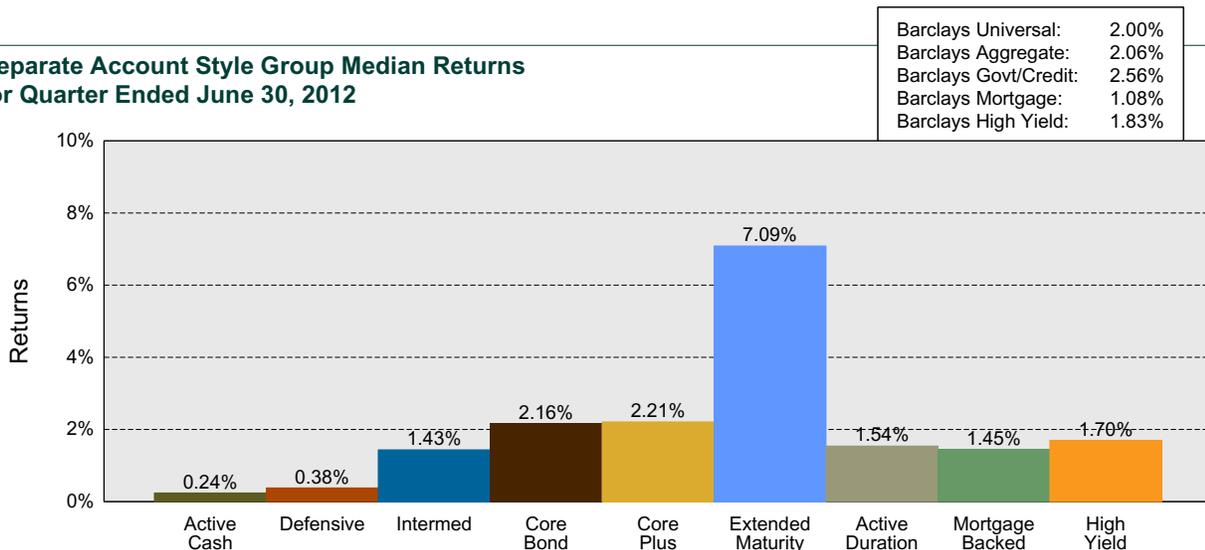
Short vs. Long Duration

Interest rate spreads widened at the 10 year sector due to the extension of Operation Twist by the Federal Reserve. Extended maturities rebounded during the second quarter, with the median manager boasting a 7.09% return, while the median Intermediate fund manager posted a gain of 1.43%. For the twelve months ended June 30, 2012, the median Extended Maturity fund experienced an exceptional gain of 23.36%, outperforming the median Intermediate fund by 1,756 basis points.

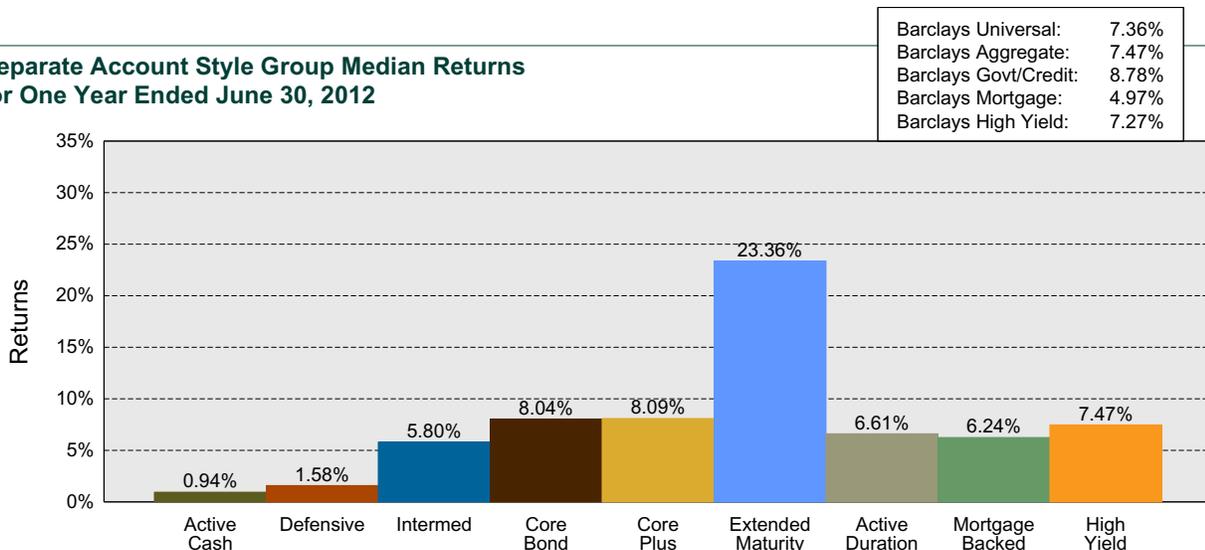
Mortgages and High Yield

For the quarter ended June 30, 2012, the median Mortgage Backed manager posted a return of 1.45%, outperforming the Barclays Mortgage Index by 37 basis points. For the year ended June 30, 2012, the median Mortgage Backed fund experienced a return of 6.24%, besting its index by 127 basis points. The strong start High Yield funds experienced at the beginning of the year dwindled as consumer confidence remained uncertain. For the second quarter, the median High Yield manager underperformed the Barclays High Yield Index by 13 basis points with a return of 1.70%. For the twelve months ended June 30, 2012, however, the median High Yield fund manager had a 7.47% return versus 7.27% for its index.

**Separate Account Style Group Median Returns
for Quarter Ended June 30, 2012**



**Separate Account Style Group Median Returns
for One Year Ended June 30, 2012**



International Equity Active Management Overview

Active vs. the Index

Despite a strong rally in June, global stock markets posted major losses in the second quarter wiping out the gains generated in the first quarter. Stocks fell in April and May due to the European debt crisis and weaker economic data in the U.S. and China. Although some progress on European policy helped drive equity markets upwards in June, all major global equity indices still finished the second quarter in negative territory. For the quarter, the S&P 500 lost 2.75% while international stocks fell even further, with the MSCI EAFE and MSCI Emerging Markets returning -7.13% and -8.78%, respectively. For the quarter ended June 30, 2012 the median Emerging Markets manager underperformed its index with a -9.13% return. For the twelve months ended June 30, 2012, the median Emerging manager was down 15.86%, 19 basis points lower than the MSCI Emerging Markets Index.

Europe

For most of the volatile second quarter, the European sovereign debt crisis caused instability, resulting in poor returns for the MSCI Europe index which lost 7.47%. Interest rates approached new highs in Germany, Italy, and Spain, increasing concerns of a deep recession throughout Europe. Despite a poor second quarter, the market recovered in the final days of June in response to decisions made on bank loans during the Eurozone summit in Brussels. For the quarter ended June 30, 2012 the median European manager beat its benchmark by 0.63% and bested its index by 2.23% for the year ended June 30, 2012.

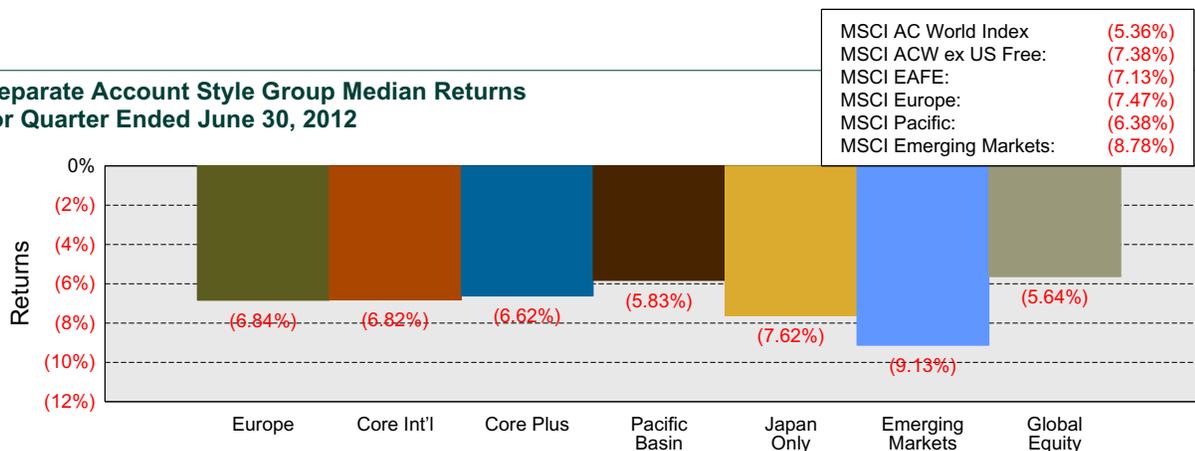
Pacific

Led by Singapore, Hong Kong and Australia, the MSCI Pacific Index was one of the best international performers this quarter with a -6.38% return. However, returns within the Pacific region were inconsistent due to slowing growth in China and the weak yen in Japan. The median Pacific manager finished the quarter with a -5.83% return, 55 basis points above its benchmark. For the year ended June 30, 2012, the median Pacific manager underperformed its benchmark by 0.45%.

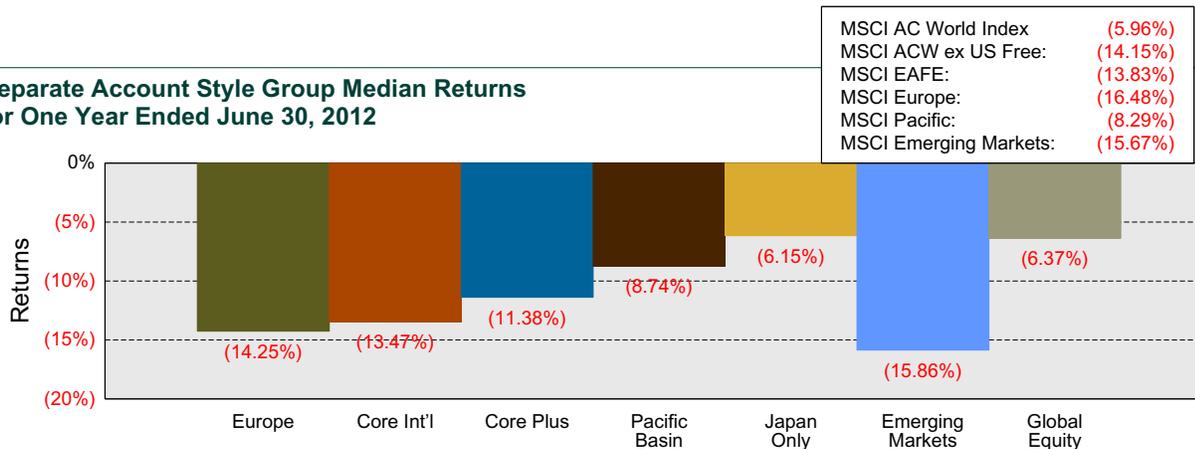
Emerging Markets

With a 8.78% loss, the MSCI Emerging Markets index produced the lowest return in the second quarter of 2012. This performance was due to steep losses reported by the larger emerging markets in the region, including India, South Korea, and Taiwan. For the quarter ended June 30, 2012 the median Emerging Markets manager underperformed its benchmark by 35 basis points. For the twelve months ended June 30, 2012, the median manager was 19 basis points behind its benchmark.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2012



Separate Account Style Group Median Returns for One Year Ended June 30, 2012



International Fixed Income Active Management Overview

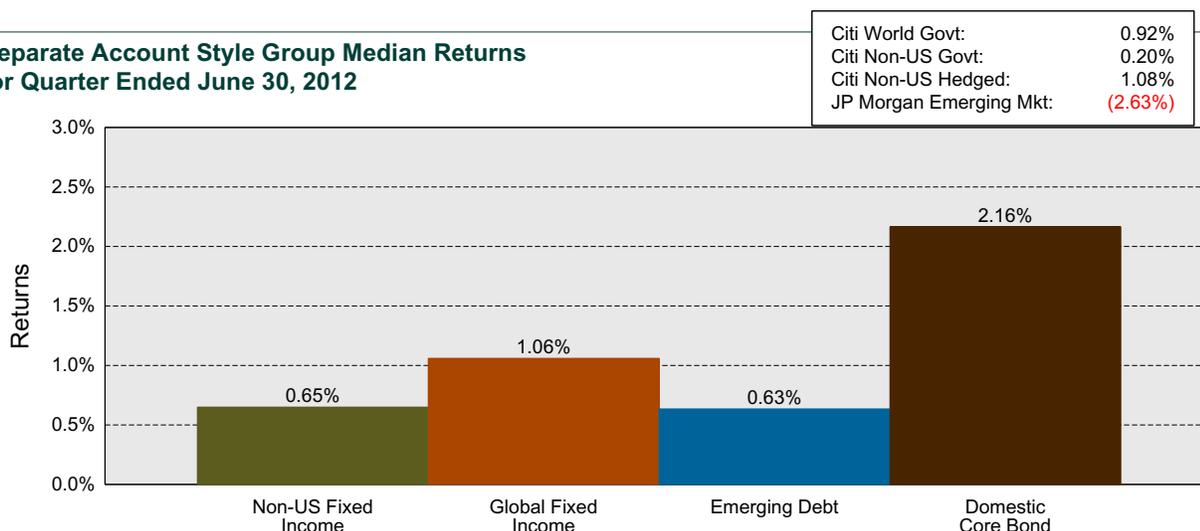
Active vs. the Index

Despite the temporary relief of last quarter's Greek Private Section Involvement (PSI), international markets were, again, exposed to significant levels of volatility. This was due largely to Spain's bailout and threats of anti-austerity support in Greek elections. In May, foreign currencies depreciated against the dollar amidst the fear of a Greek exit from the euro and anxiety over the failing Spanish banking system. Investors sought stability in bonds outside of the Eurozone causing U.S., German and Japanese government bonds to hit record lows in early June. Later in the quarter, in an emergency summit meeting, central banks signaled their intent to support Spain and Italy. By the end of June, foreign currencies had regained some of the losses experienced earlier in the quarter and troubled sovereign yields had dropped. For the quarter ended in June 30, 2012, the median Non-U.S. Fixed Income manager posted a positive return of 0.65%, outperforming its index by 0.45%, while the median Global Fixed Income Manager was up 1.06%, outperforming its benchmark by 0.14%. For the year end June 30, 2012, the median Non-U.S. Fixed Income Manager posted a gain of 0.74% and outperformed its index by 0.30%. The median Global Fixed Income Manager bested its benchmark by 0.84% returning 3.52%.

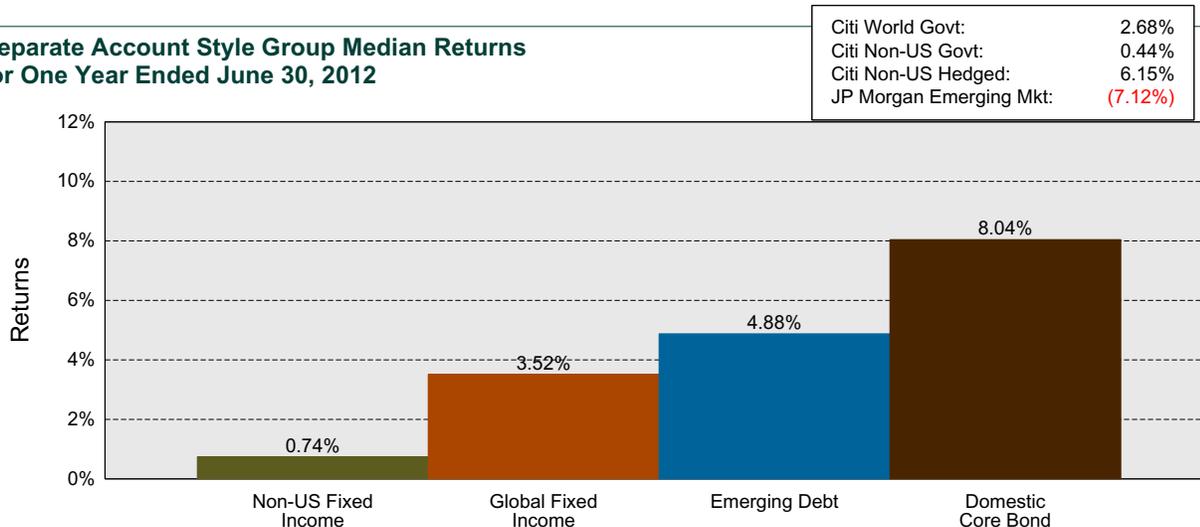
Emerging Markets

Dollar dominated emerging market bonds posted solid returns due to appreciation of the dollar during the quarter, combined with the central bank actions in the Eurozone. In addition, emerging economies such as Brazil, Australia, India and China were able to combat the effects of depreciation by cutting interest rates. In contrast, local currency bond markets suffered during the quarter as currency depreciation was not offset by lower interest rates. For the quarter ended June 30, 2012, the median Emerging Debt manager's return was up slightly gaining 0.63%, versus the JP Morgan Emerging Market Index which experienced a loss of 2.63%. For the year ended June 30, 2012, the median Emerging Debt manager experienced a gain of 4.88%, outperforming its index by 12.00%.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2012



Separate Account Style Group Median Returns for One Year Ended June 30, 2012



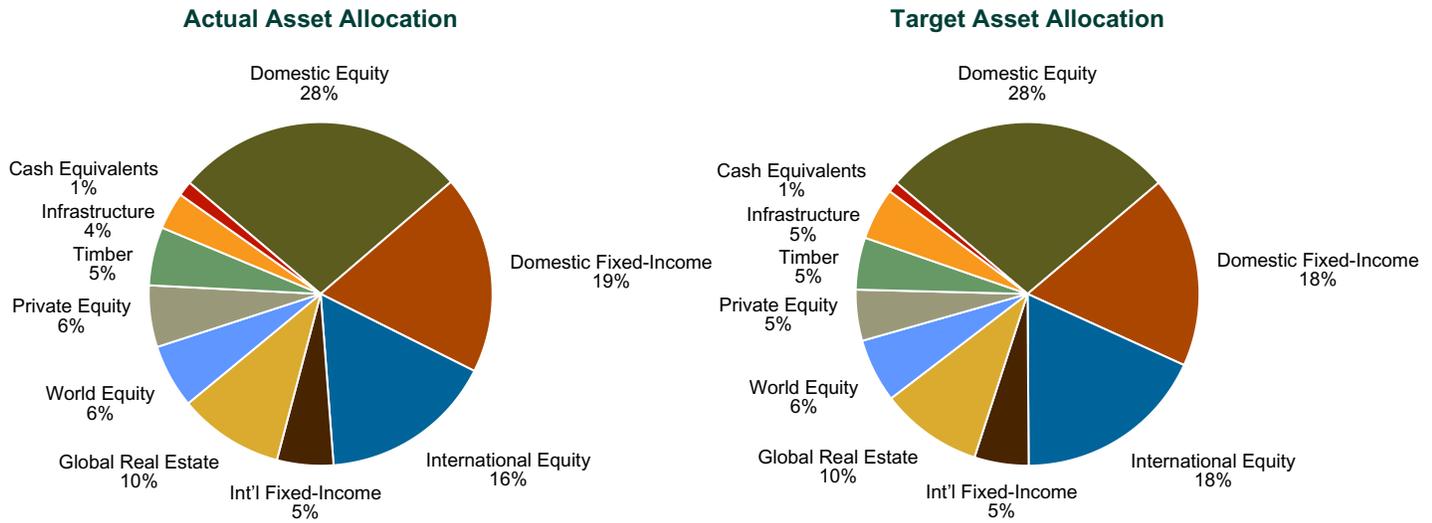
ASSET ALLOCATION AND PERFORMANCE

Asset Allocation and Performance

This section begins with an overview of the fund's asset allocation at the broad asset class level. This is followed by a top down performance attribution analysis which analyzes the fund's performance relative to the performance of the fund's policy target asset allocation. The fund's historical performance is then examined relative to funds with similar objectives. Performance of each asset class is then shown relative to the asset class performance of other funds. Finally, a summary is presented of the holdings of the fund's investment managers, and the returns of those managers over various recent periods.

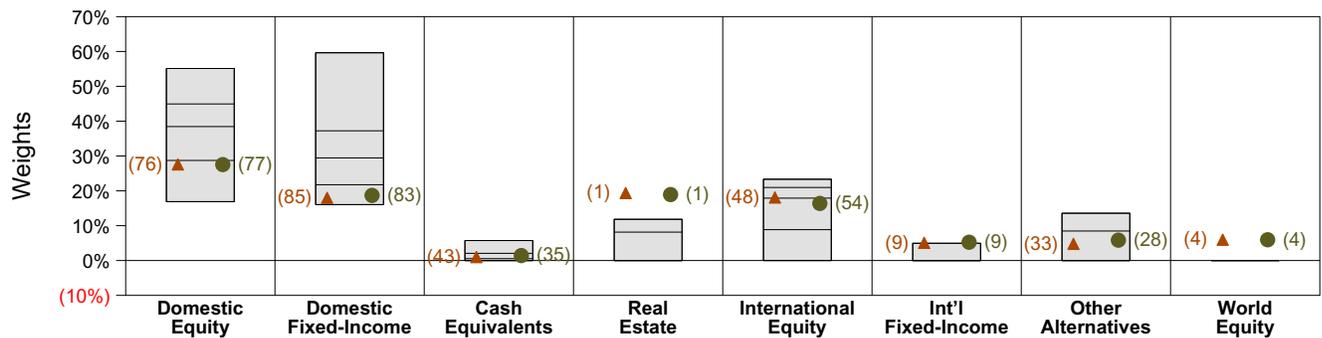
Actual vs Target Asset Allocation As of June 30, 2012

The top left chart shows the Fund's asset allocation as of June 30, 2012. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,006,646	27.5%	27.6%	(0.1%)	(2,455)
Domestic Fixed-Income	683,268	18.7%	18.0%	0.7%	25,158
International Equity	598,977	16.4%	18.1%	(1.7%)	(62,788)
Int'l Fixed-Income	191,969	5.3%	5.1%	0.2%	5,504
Global Real Estate	361,820	9.9%	9.6%	0.3%	10,828
World Equity	217,853	6.0%	6.0%	0.0%	(1,517)
Private Equity	213,590	5.8%	4.8%	1.0%	38,094
Timber	200,934	5.5%	4.9%	0.6%	21,782
Infrastructure	129,171	3.5%	4.9%	(1.4%)	(49,981)
Cash Equivalents	51,936	1.4%	1.0%	0.4%	15,375
Total	3,656,164	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



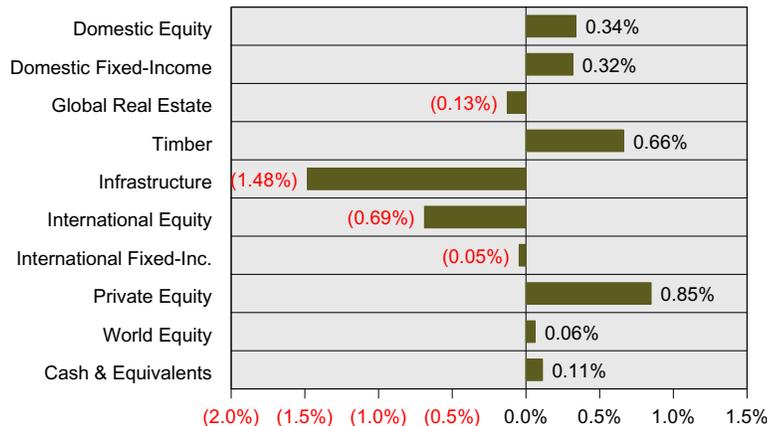
	Domestic Equity	Domestic Fixed-Income	Cash Equivalents	Real Estate	International Equity	Int'l Fixed-Income	Other Alternatives	World Equity
10th Percentile	55.12	59.63	5.74	11.83	23.33	4.96	13.58	0.00
25th Percentile	44.94	37.23	2.06	8.15	20.97	0.00	8.47	0.00
Median	38.45	29.45	0.54	0.00	17.91	0.00	0.00	0.00
75th Percentile	28.72	21.75	0.00	0.00	8.86	0.00	0.00	0.00
90th Percentile	16.89	16.04	0.00	0.00	0.00	0.00	0.00	0.00
Fund ●	27.53	18.69	1.42	18.92	16.38	5.25	5.84	5.96
Target ▲	27.60	18.00	1.00	19.40	18.10	5.10	4.80	6.00
% Group Invested	95.35%	97.67%	72.09%	46.51%	86.05%	19.77%	47.67%	8.14%

* Current Quarter Target = 21.3% S&P 500 Index, 14.2% MSCI EAFE Index, 13.0% Barclays Aggregate Index, 9.6% NCREIF Total Index, 6.3% Russell 2000 Index, 6.0% MSCI World Index, 5.1% Barclays Global Agg ex US, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% NCREIF Timberland Index, 4.8% NDSIB PEN - Private Equity, 3.9% Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

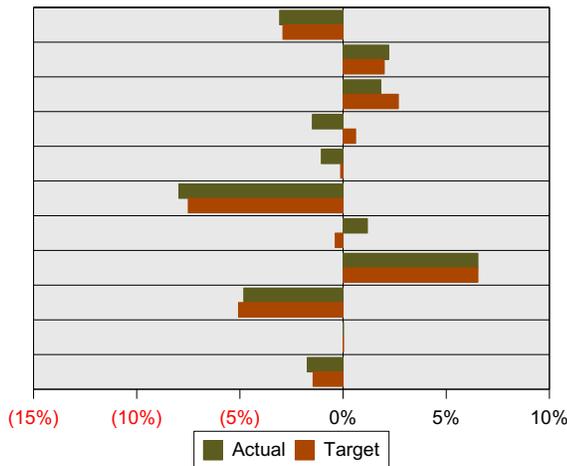
Quarterly Total Fund Relative Attribution - June 30, 2012

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

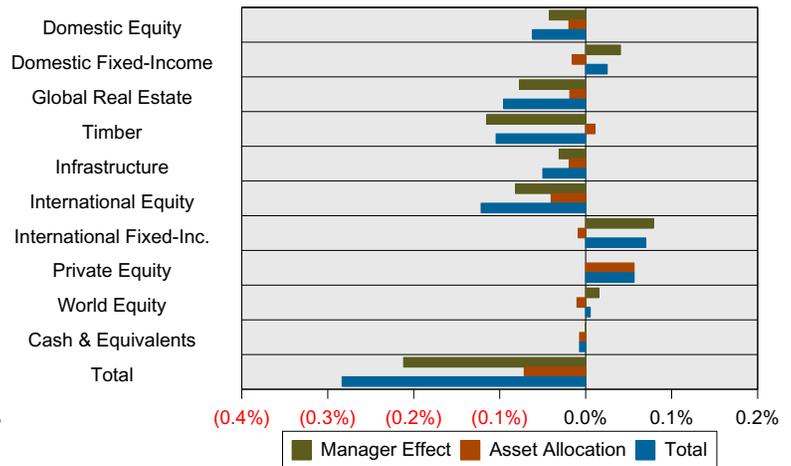
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	28%	(3.08%)	(2.92%)	(0.04%)	(0.02%)	(0.06%)
Domestic Fixed-Income	18%	18%	2.22%	2.00%	0.04%	(0.02%)	0.03%
Global Real Estate	9%	10%	1.83%	2.68%	(0.08%)	(0.02%)	(0.10%)
Timber	6%	5%	(1.49%)	0.61%	(0.12%)	0.01%	(0.10%)
Infrastructure	3%	5%	(1.06%)	(0.12%)	(0.03%)	(0.02%)	(0.05%)
International Equity	17%	18%	(7.96%)	(7.50%)	(0.08%)	(0.04%)	(0.12%)
International Fixed-Inc.	5%	5%	1.18%	(0.38%)	0.08%	(0.01%)	0.07%
Private Equity	6%	5%	6.54%	6.54%	0.00%	0.06%	0.06%
World Equity	6%	6%	(4.81%)	(5.07%)	0.02%	(0.01%)	0.01%
Cash & Equivalents	1%	1%	0.02%	0.03%	(0.00%)	(0.01%)	(0.01%)

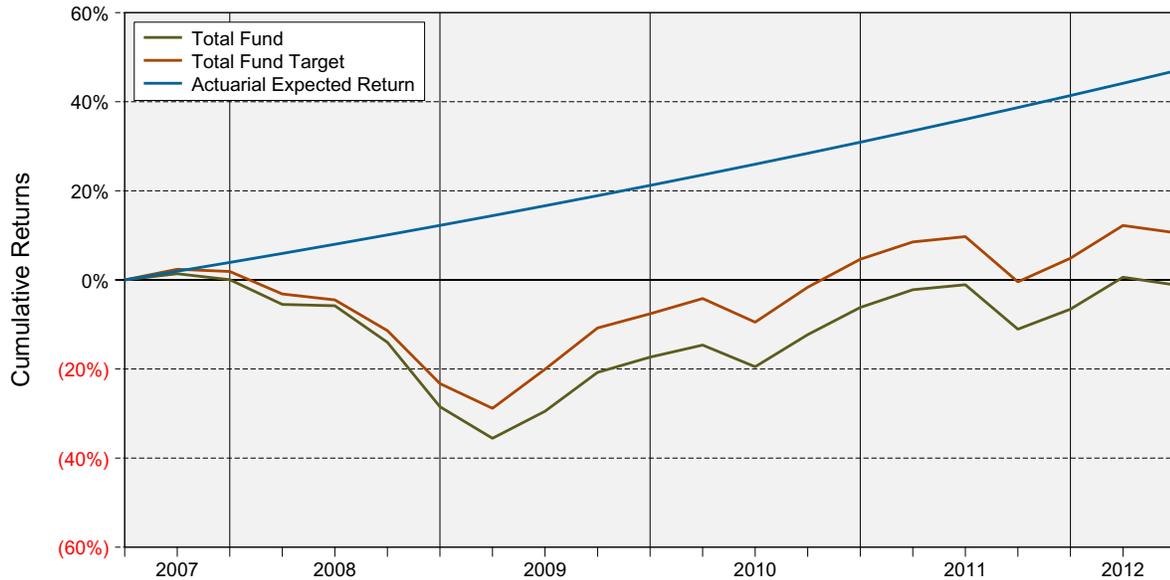
Total (1.74%) = (1.45%) + (0.21%) + (0.07%) (0.28%)

* Current Quarter Target = 21.3% S&P 500 Index, 14.2% MSCI EAFE Index, 13.0% Barclays Aggregate Index, 9.6% NCREIF Total Index, 6.3% Russell 2000 Index, 6.0% MSCI World Index, 5.1% Barclays Global Agg ex US, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% NCREIF Timberland Index, 4.8% NDSIB PEN - Private Equity, 3.9% Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

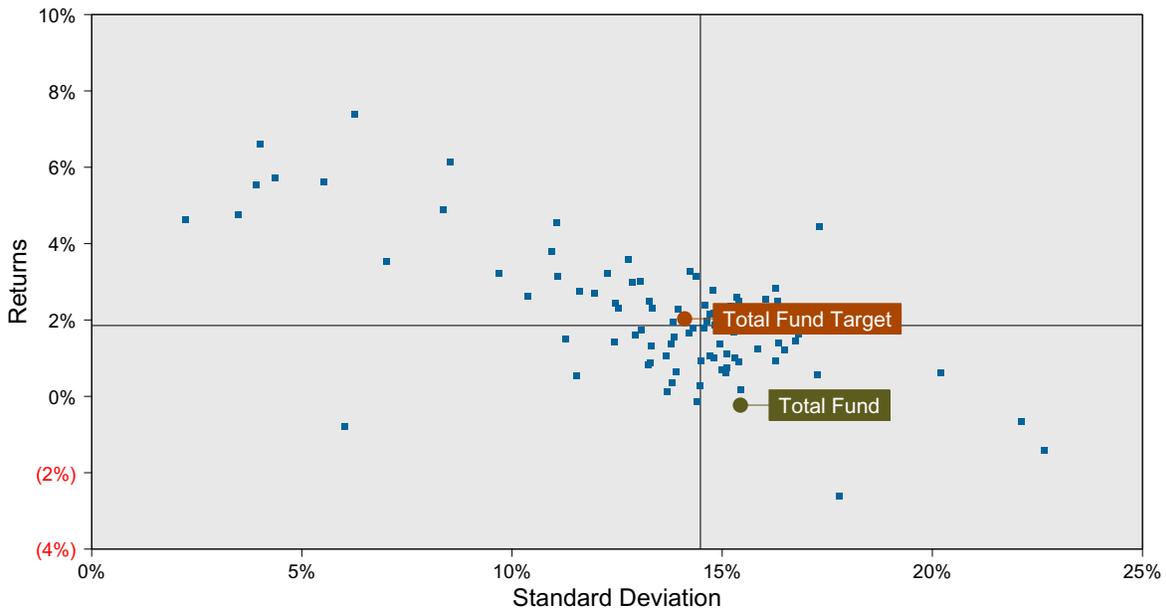
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the CAI Public Fund Sponsor Database.

Cumulative Returns Actual vs Target



Five Year Annualized Risk vs Return



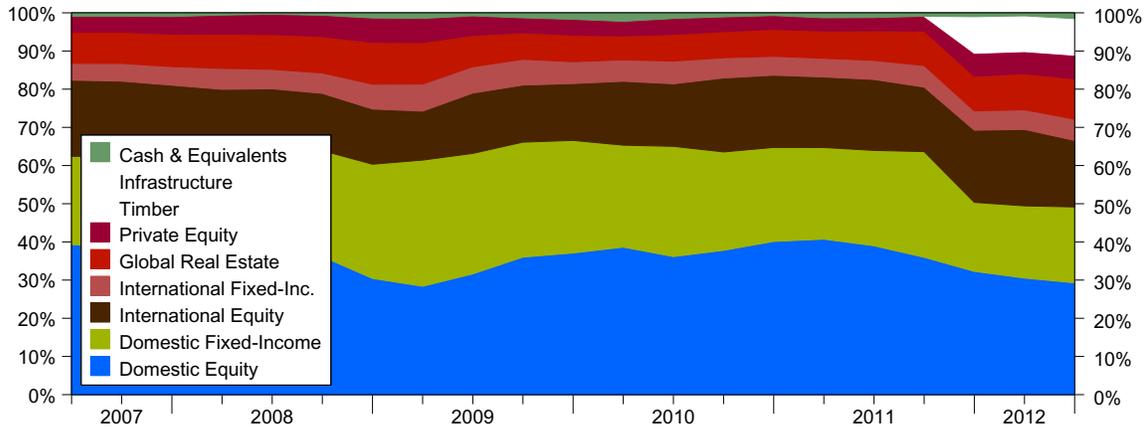
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 21.3% S&P 500 Index, 14.2% MSCI EAFE Index, 13.0% Barclays Aggregate Index, 9.6% NCREIF Total Index, 6.3% Russell 2000 Index, 6.0% MSCI World Index, 5.1% Barclays Global Agg ex US, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% NCREIF Timberland Index, 4.8% NDSIB PEN - Private Equity, 3.9% Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

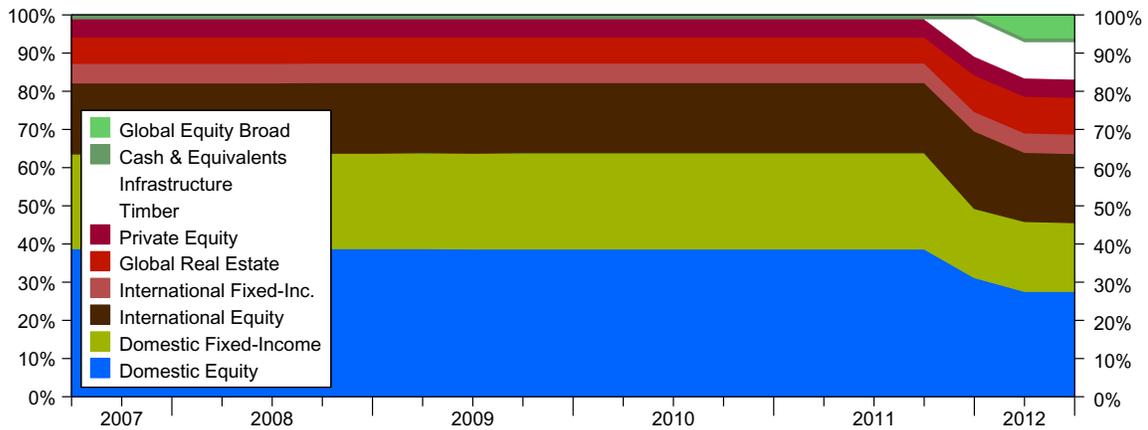
Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, the fund's historical target asset allocation, and the historical asset allocation of the average fund in the CAI Public Fund Sponsor Database.

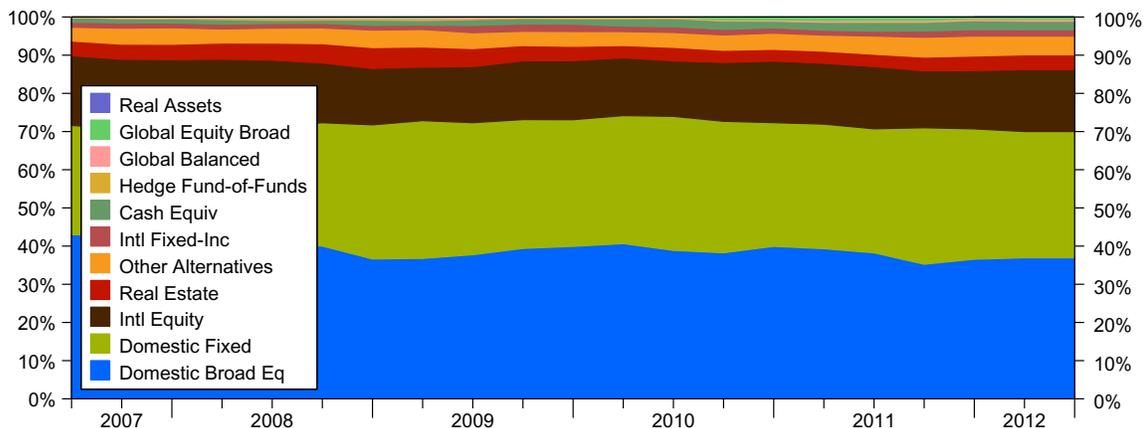
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

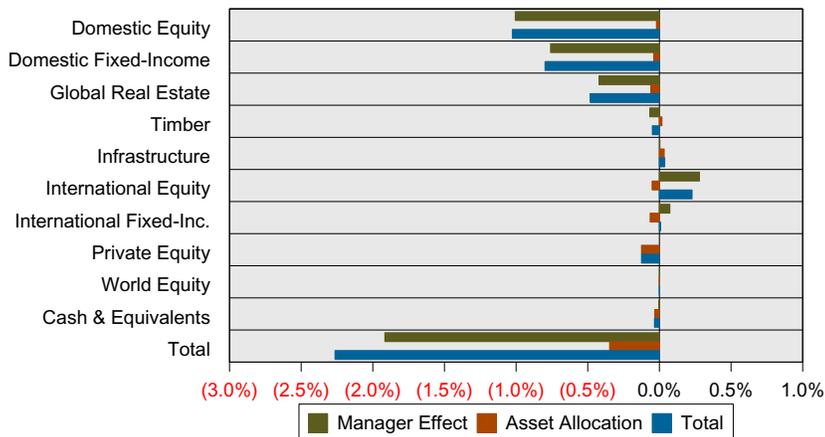


* Current Quarter Target = 21.3% S&P 500 Index, 14.2% MSCI EAFE Index, 13.0% Barclays Aggregate Index, 9.6% NCREIF Total Index, 6.3% Russell 2000 Index, 6.0% MSCI World Index, 5.1% Barclays Global Agg ex US, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% NCREIF Timberland Index, 4.8% NDSIB PEN - Private Equity, 3.9% Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

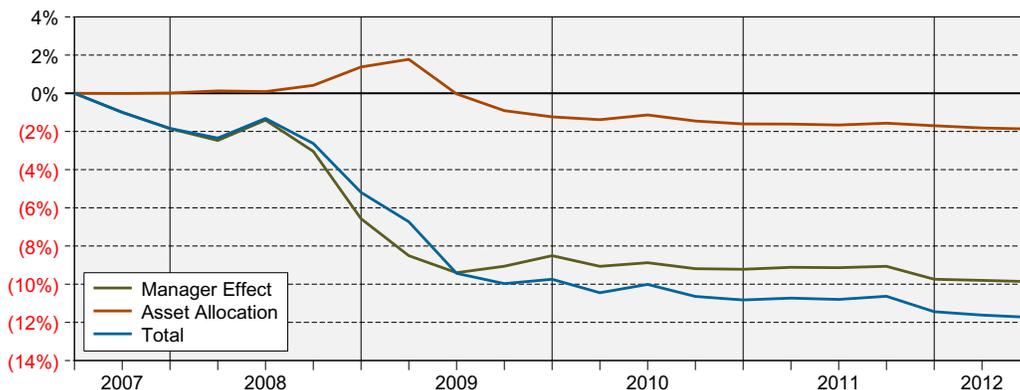
Cumulative Total Fund Relative Attribution - June 30, 2012

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

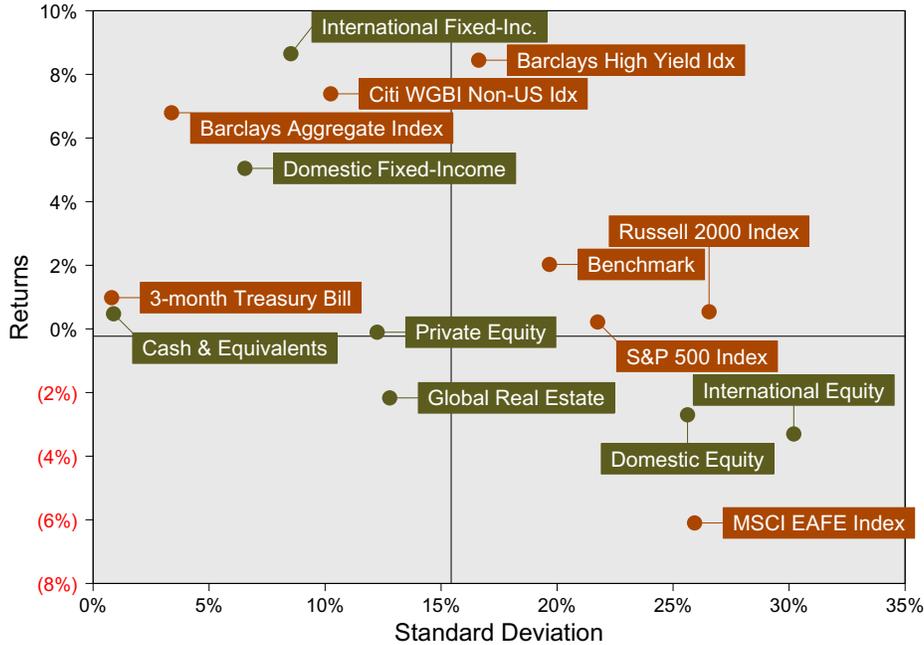
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	36%	37%	(2.70%)	0.36%	(1.01%)	(0.02%)	(1.03%)
Domestic Fixed-Income	26%	24%	5.05%	7.57%	(0.76%)	(0.04%)	(0.80%)
Global Real Estate	8%	7%	(2.17%)	2.51%	(0.42%)	(0.06%)	(0.48%)
Timber	1%	1%	-	-	(0.07%)	0.02%	(0.05%)
Infrastructure	0%	1%	-	-	0.00%	0.03%	0.04%
International Equity	17%	18%	(3.30%)	(4.70%)	0.28%	(0.05%)	0.23%
International Fixed-Inc.	5%	5%	8.65%	7.34%	0.07%	(0.06%)	0.01%
Private Equity	5%	5%	(0.10%)	(0.10%)	0.00%	(0.13%)	(0.13%)
World Equity	1%	1%	-	-	(0.00%)	0.00%	0.00%
Cash & Equivalents	1%	1%	0.48%	0.98%	(0.00%)	(0.03%)	(0.03%)
Total			(0.23%)	2.03%	(1.92%)	(0.35%)	(2.26%)

* Current Quarter Target = 21.3% S&P 500 Index, 14.2% MSCI EAFE Index, 13.0% Barclays Aggregate Index, 9.6% NCREIF Total Index, 6.3% Russell 2000 Index, 6.0% MSCI World Index, 5.1% Barclays Global Agg ex US, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% NCREIF Timberland Index, 4.8% NDSIB PEN - Private Equity, 3.9% Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

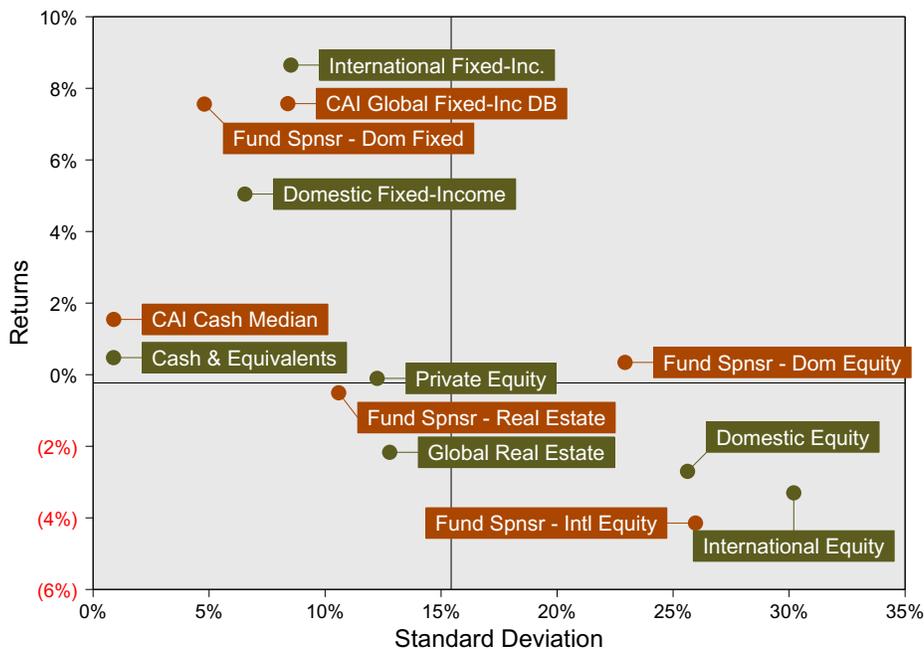
Asset Class Risk and Return

The charts below show the five year annualized risk and return for each asset class component of the Total Fund. The first graph contrasts these values with those of the appropriate index for each asset class. The second chart contrasts them with the risk and return of the median portfolio in each of the appropriate CAI comparative databases. In each case, the crosshairs on the chart represent the return and risk of the Total Fund.

Five Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



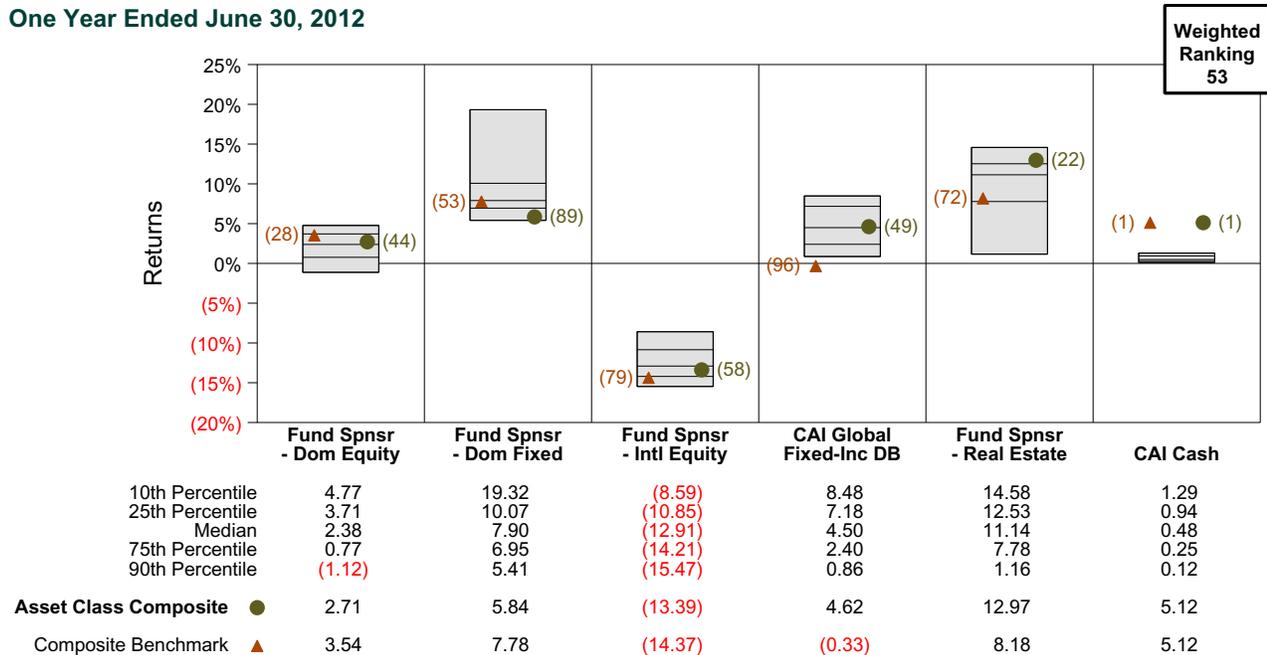
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



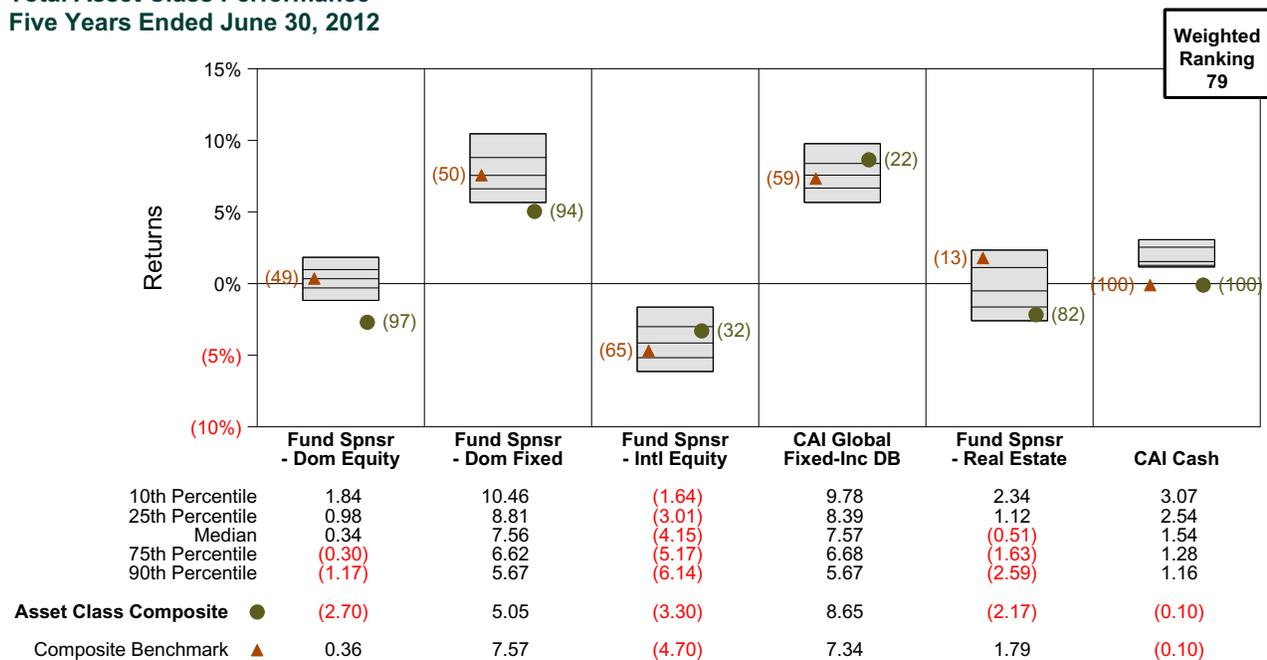
Asset Class Rankings

The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used to make this calculation. The weighted average ranking can be viewed as a measure of the fund's overall success in picking managers and structuring asset classes.

Total Asset Class Performance One Year Ended June 30, 2012



Total Asset Class Performance Five Years Ended June 30, 2012



* Current Quarter Target = 21.3% S&P 500 Index, 14.2% MSCI EAFE Index, 13.0% Barclays Aggregate Index, 9.6% NCREIF Total Index, 6.3% Russell 2000 Index, 6.0% MSCI World Index, 5.1% Barclays Global Agg ex US, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% NCREIF Timberland Index, 4.8% NDSIB PEN - Private Equity, 3.9% Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2012, with the distribution as of March 31, 2012. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	June 30, 2012		Net New Inv.	Inv. Return	March 31, 2012	
	Market Value	Percent			Market Value	Percent
GLOBAL EQUITY	\$2,037,066,197	55.72%	\$(82,677,710)	\$(83,712,009)	\$2,203,455,917	59.01%
Domestic Equity	\$1,006,645,974	27.53%	\$(31,282,801)	\$(31,848,820)	\$1,069,777,595	28.65%
Large Cap Domestic Equity	\$771,050,845	21.09%	\$(31,082,775)	\$(22,527,999)	\$824,661,619	22.09%
L.A. Capital	233,239,037	6.38%	6,584,677	(5,292,914)	231,947,274	6.21%
LACM Enhanced Index	157,640,744	4.31%	9,802,916	(1,555,116)	149,392,943	4.00%
LSV Asset Management	227,082,824	6.21%	9,778,603	(11,394,601)	228,698,822	6.13%
Northern Trust	76,359,911	2.09%	2,284,000	(2,469,250)	76,545,162	2.05%
Prudential Pru-Alpha Fund	367,548	0.01%	(61,887,971)	(210,371)	62,465,890	1.67%
Clifton Enhanced S&P	76,360,781	2.09%	2,355,000	(1,605,747)	75,611,528	2.03%
Small Cap Domestic Equity	\$235,595,129	6.44%	\$(200,026)	\$(9,320,821)	\$245,115,976	6.56%
Callan	116,986,405	3.20%	(200,026)	(5,839,462)	123,025,893	3.29%
Clifton Enhanced Small Cap	117,922,590	3.23%	0	(3,367,744)	121,290,334	3.25%
SEI Investments	686,133	0.02%	0	(113,616)	799,749	0.02%
International Equity	\$598,977,339	16.38%	\$(48,681,206)	\$(53,945,796)	\$701,604,341	18.79%
Developed Int'l Equity	\$481,190,423	13.16%	\$(23,585,493)	\$(41,445,629)	\$546,221,545	14.63%
Capital Guardian Trust Co.	55,108,794	1.51%	(72,933)	(3,629,286)	58,811,013	1.58%
Clifton EAFE Index	176,404,405	4.82%	(23,090,005)	(15,461,003)	214,955,413	5.76%
DFA Int'l Small Cap	48,660,916	1.33%	(80,343)	(5,907,903)	54,649,162	1.46%
LSV	105,086,195	2.87%	(138,760)	(9,337,475)	114,562,430	3.07%
State Street - Country Selection	39,551,223	1.08%	(75,835)	(3,762,399)	43,389,457	1.16%
Wellington	56,378,890	1.54%	(127,618)	(3,347,563)	59,854,070	1.60%
Emerging Markets Equity	\$117,786,916	3.22%	\$(25,095,713)	\$(12,500,167)	\$155,382,796	4.16%
DFA	29,520,296	0.81%	(17,086)	(2,530,498)	32,067,880	0.86%
JP Morgan	36,673,011	1.00%	(76,386)	(3,247,738)	39,997,135	1.07%
PanAgora	15,095,747	0.41%	0	(1,007,464)	16,103,211	0.43%
UBS Global	36,497,727	1.00%	0	(3,478,420)	39,976,146	1.07%
BlackFriars	135	0.00%	(25,002,241)	(2,236,047)	27,238,423	0.73%
World Equity	\$217,852,822	5.96%	\$(411,055)	\$(11,029,820)	\$229,293,697	6.14%
EPOCH Investment Partners (1)	167,814,398	4.59%	(347,412)	(7,890,274)	176,052,084	4.72%
Calamos Investments	50,038,424	1.37%	(63,642)	(3,139,546)	53,241,613	1.43%

(1) EPOCH Investment Partners was moved from the Domestic Equity composite to the new World Equity composite as of January 1, 2012.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2012, with the distribution as of March 31, 2012. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	June 30, 2012		Net New Inv.	Inv. Return	March 31, 2012	
	Market Value	Percent			Market Value	Percent
Private Equity*	\$213,590,062	5.84%	\$(2,302,648)	\$13,112,427	\$202,780,283	5.43%
Brinson Partners Venture II	9,396	0.00%	0	0	9,396	0.00%
Brinson Partners Venture III	40,278	0.00%	(7,248)	1,773	45,753	0.00%
Adams Street Direct Co-Invest Fd	19,141,537	0.52%	(797,918)	1,325,650	18,613,805	0.50%
Adams Street Direct Fund 2010	681,185	0.02%	112,500	11,951	556,734	0.01%
Adams Street 1998 Partnership	523,517	0.01%	0	1,887	521,630	0.01%
Adams Street 1999 Partnership	1,360,818	0.04%	0	2,210	1,358,608	0.04%
Adams Street 2000 Partnership	4,530,862	0.12%	0	103,092	4,427,770	0.12%
Adams Street 2001 Partnership	5,138,882	0.14%	(481,383)	217,672	5,402,593	0.14%
Adams Street 2002 Partnership	2,936,953	0.08%	(250,830)	178,148	3,009,635	0.08%
Adams Street 2003 Partnership	950,077	0.03%	0	18,728	931,349	0.02%
Adams Street 2008 Fund	3,605,308	0.10%	230,330	(65,867)	3,440,845	0.09%
Adams Street Non-US 1999	764,501	0.02%	0	(88,834)	853,335	0.02%
Adams Street Non-US 2000	1,297,580	0.04%	0	(29,196)	1,326,776	0.04%
Adams Street Non-US 2001	832,465	0.02%	(115,303)	48,070	899,698	0.02%
Adams Street Non-US 2002	3,055,650	0.08%	(93,448)	(92,441)	3,241,539	0.09%
Adams Street Non-US 2003	1,805,331	0.05%	(217,914)	52,452	1,970,793	0.05%
Adams Street Non-US 2004	1,384,508	0.04%	0	(59,800)	1,444,308	0.04%
Adams Street Non-US 2010	936,334	0.03%	99,000	(16,176)	853,510	0.02%
Adams Street Non-US Emg 2010	120,994	0.00%	27,000	(11,714)	105,708	0.00%
Adams Street US 2010	1,906,534	0.05%	120,000	36,223	1,750,311	0.05%
Adams Street BVCF IV Fund	4,314,590	0.12%	0	817,066	3,497,524	0.09%
Coral Partners V	51,384	0.00%	(3,091,899)	341,362	2,801,921	0.08%
Coral Partner VI	4,611,310	0.13%	0	79,157	4,532,153	0.12%
Coral Partners Technology Fund	431,263	0.01%	0	89,531	341,732	0.01%
Hearthstone Advisors MSII	3,641	0.00%	0	0	3,641	0.00%
Hearthstone Advisors MSIII	1	0.00%	0	0	1	0.00%
CorsAir III	12,383,715	0.34%	49,619	76,670	12,257,426	0.33%
ND Investors	10,606,202	0.29%	25,000	145,541	10,435,661	0.28%
CorsAir IV	8,566,379	0.23%	5,966	677,281	7,883,132	0.21%
Capital International V	23,984,653	0.66%	25,617	851,625	23,107,411	0.62%
Capital International VI	4,296,657	0.12%	791,933	501,073	3,003,651	0.08%
TCW Energy Fund XIV	36,003,322	0.98%	(349,959)	176,668	36,176,613	0.97%
Lewis & Clark, LP	6,852,369	0.19%	0	388,554	6,463,815	0.17%
Lewis & Clark II	6,688,550	0.18%	1,712,345	(191,178)	5,167,383	0.14%
Quantum Energy Partners	8,863,850	0.24%	786,900	1,049,352	7,027,598	0.19%
Quantum Resources	9,851,000	0.27%	(1,545,300)	1,154,864	10,241,436	0.27%
Matlin Patterson I	10,140	0.00%	0	(12,204)	22,344	0.00%
Matlin Patterson II	1,684,344	0.05%	0	(649,832)	2,334,176	0.06%
Matlin Patterson III	23,363,982	0.64%	662,344	5,993,963	16,707,675	0.45%

*Corsair III and North Dakota Investors were taken out of the Private Equity composite on 7/1/09. They were then added back into the Private Equity composite on 10/1/11. At this time Corsair IV, Capital Intl and TCW were also added to this composite.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2012, with the distribution as of March 31, 2012. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	June 30, 2012		Net New Inv.	Inv. Return	March 31, 2012	
	Market Value	Percent			Market Value	Percent
GLOBAL FIXED INCOME	\$875,236,802	23.94%	\$15,435,386	\$16,966,149	\$842,835,267	22.57%
Domestic Fixed-Income	\$683,267,940	18.69%	\$5,749,549	\$14,726,155	\$662,792,236	17.75%
Inv. Grade Fixed Income	\$497,164,561	13.60%	\$9,730,073	\$10,913,994	\$476,520,494	12.76%
Bank of North Dakota	49,421,998	1.35%	(65,016,917)	2,430,386	112,008,530	3.00%
Calamos Investments	-	-	(24)	0	24	0.00%
PIMCO DiSCO II	78,462,373	2.15%	0	2,612,565	75,849,808	2.03%
Prudential PRIVEST	-	-	(2,732,771)	0	2,732,771	0.07%
Wells Capital	-	-	(353,682)	283	353,400	0.01%
Western Asset Management Co.	99,903,659	2.73%	(40,928)	1,213,925	98,730,662	2.64%
PIMCO Unconstrained	67,901,855	1.86%	(125,605)	2,477,015	65,550,444	1.76%
PIMCO MBS	146,632,811	4.01%	24,000,000	1,337,956	121,294,855	3.25%
Declaration Total Return	54,841,865	1.50%	54,000,000	841,865	-	-
Below Inv. Grade Fixed Income	\$186,103,379	5.09%	\$(3,980,524)	\$3,812,162	\$186,271,742	4.99%
Goldman Sachs 2006 Offshore	4,215,000	0.12%	(157,734)	(36,486)	4,409,220	0.12%
Goldman Sachs Offshore V	10,362,000	0.28%	(490,394)	1,009,640	9,842,754	0.26%
Loomis Sayles	156,186,263	4.27%	(193,207)	525,457	155,854,013	4.17%
PIMCO Distressed Mortgage	15,340,116	0.42%	(3,139,189)	2,313,550	16,165,755	0.43%
Intl Fixed Income	\$191,968,862	5.25%	\$9,685,837	\$2,239,994	\$180,043,031	4.82%
UBS	94,744,089	2.59%	9,785,000	87,198	84,871,891	2.27%
Brandywine	97,224,773	2.66%	(99,163)	2,152,796	95,171,140	2.55%
GLOBAL REAL ASSETS	\$691,925,019	18.92%	\$30,357,802	\$2,055,501	\$659,511,716	17.66%
Global Real Estate	\$361,820,162	9.90%	\$23,917,323	\$6,420,016	\$331,482,822	8.88%
INVESCO Realty	126,225,148	3.45%	(130,963)	2,104,756	124,251,355	3.33%
INVESCO Real Estate Fund II	36,193,731	0.99%	(4,500,000)	2,414,414	38,279,317	1.03%
INVESCO Real Estate Fund III	19,577,698	0.54%	20,000,000	(422,302)	-	-
INVESCO Asia RE Feeder	18,736,155	0.51%	0	809,504	17,926,651	0.48%
JP Morgan	112,610,551	3.08%	(258,679)	2,567,216	110,302,014	2.95%
JP Morgan Alternative Fd	16,625,164	0.45%	(524,984)	808,137	16,342,011	0.44%
JP Morgan China Property Fd	23,841,030	0.65%	1,300,090	(1,520,031)	24,060,971	0.64%
JP Morgan Greater European Opp Fd	8,010,685	0.22%	8,031,859	(341,678)	320,503	0.01%
Timber	\$200,933,770	5.50%	\$(26,467)	\$(3,042,081)	\$204,002,318	5.46%
TIR - Teredo	76,936,495	2.10%	0	(2,933,215)	79,869,710	2.14%
TIR - Springbank	123,997,275	3.39%	(26,467)	(108,866)	124,132,608	3.32%
Infrastructure	\$129,171,087	3.53%	\$6,466,946	\$(1,322,435)	\$124,026,576	3.32%
JP Morgan Asian Infrastructure	16,469,637	0.45%	(27,471)	261,186	16,235,922	0.43%
JP Morgan IIF	88,770,000	2.43%	0	(1,366,332)	90,136,332	2.41%
Credit Suisse Cust. Infrastructure	23,931,450	0.65%	6,494,417	(217,289)	17,654,322	0.47%
CASH & CASH EQUIVALENTS	\$51,936,243	1.42%	\$23,997,841	\$11,536	\$27,926,867	0.75%
Cash Account	51,936,243	1.42%	23,997,841	11,536	27,926,867	0.75%
Total Fund	\$3,656,164,261	100.0%	\$(12,886,681)	\$(64,678,823)	\$3,733,729,766	100.0%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2012

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
GLOBAL EQUITY	(3.89%)	-	-	-	-
Wtd Avg Global Equity Bench	(3.76%)	-	-	-	-
Domestic Equity	(3.08%)	2.71%	18.55%	(2.70%)	4.99%
Wtd Avg Domestic Equity Bench	(2.92%)	3.54%	16.80%	0.36%	5.82%
Large Cap Domestic Equity	(2.86%)	3.68%	17.23%	(3.88%)	3.97%
L.A. Capital	(2.28%)	6.79%	17.65%	2.22%	-
LACM Enhanced Index	(1.32%)	6.36%	17.27%	1.25%	6.49%
LSV Asset Management	(4.95%)	(1.21%)	15.39%	(2.85%)	6.57%
Northern Trust	(3.25%)	6.47%	16.89%	0.13%	5.32%
Prudential Pru-Alpha Fund	0.09%	6.42%	30.88%	-	-
Clifton Enhanced S&P	(2.13%)	6.57%	-	-	-
Large Cap Domestic Equity Target (1)	(3.12%)	5.34%	16.36%	0.20%	5.32%
Small Cap Domestic Equity	(3.80%)	0.23%	22.93%	0.37%	7.61%
Callan	(4.75%)	(3.11%)	19.04%	1.05%	-
Clifton Enhanced Small Cap	(2.78%)	(0.63%)	-	-	-
SEI Investments	(14.21%)	(27.98%)	(3.92%)	(16.98%)	(2.14%)
Russell 2000 Index	(3.47%)	(2.08%)	17.80%	0.54%	7.00%
International Equity	(7.96%)	(13.39%)	9.76%	(3.30%)	7.98%
Wtd Avg Int'l Equity Bench	(7.50%)	(14.37%)	6.26%	(4.70%)	6.83%
Developed Int'l Equity	(7.81%)	(14.72%)	8.25%	(5.42%)	5.30%
Capital Guardian Trust Co.	(6.17%)	(11.29%)	6.93%	(5.92%)	4.15%
Clifton EAFE Index	(7.69%)	(15.37%)	-	-	-
DFA Int'l Small Cap Value	(10.81%)	(17.09%)	7.92%	-	-
LSV	(8.15%)	(15.65%)	4.91%	(8.59%)	-
State Street	(8.67%)	(17.85%)	4.88%	(7.61%)	3.31%
Wellington	(5.58%)	(7.52%)	13.15%	(2.05%)	9.49%
MSCI EAFE Index (2)	(7.13%)	(13.83%)	4.92%	(6.56%)	4.16%
Emerging Markets Equity	(8.38%)	(9.21%)	12.69%	1.69%	15.20%
DFA	(7.89%)	(16.19%)	15.04%	1.78%	-
JP Morgan	(8.11%)	(12.95%)	10.63%	1.23%	-
PanAgora	(6.26%)	(14.67%)	9.90%	(0.50%)	-
UBS Global	(8.70%)	(15.06%)	11.31%	0.84%	-
MSCI Emerging Mkts Idx Net (3)	(8.89%)	(15.94%)	9.98%	0.14%	14.39%
World Equity	(4.81%)	-	-	-	-
EPOCH Investment Partners	(4.49%)	-	-	-	-
Calamos Investments	(5.89%)	-	-	-	-
MSCI World Index	(5.07%)	(4.98%)	10.97%	(2.96%)	5.18%

(1) Large Cap Domestic Equity Target is S&P 500 Index through 12/31/2011, and Russell 1000 Index thereafter.

(2) International Equity Target is MSCI EAFE through 12/31/1996, 50% Hedged EAFE through 03/31/2011, and MSCI EAFE again thereafter.

(3) Emerging Markets Target is MSCI Emerging Mkts Idx (Gross) through 6/30/2011, and MSCI Emerging Mkts Idx Net thereafter.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2012

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Private Equity	6.54%	5.12%	12.90%	(0.10%)	3.78%
Brinson Partners Venture II	0.00%	(12.12%)	(6.63%)	14.39%	12.34%
Brinson Partners Venture III	3.81%	9.19%	19.22%	14.97%	24.50%
Adams Street Direct Co-Invest Fd	7.29%	5.82%	14.37%	1.24%	-
Adams Street Direct Fund 2010	1.93%	22.19%	-	-	-
Adams Street 1998 Partnership	0.36%	(14.46%)	(1.43%)	(7.20%)	1.40%
Adams Street 1999 Partnership	0.16%	(5.66%)	8.72%	0.81%	4.20%
Adams Street 2000 Partnership	2.33%	6.74%	14.10%	5.38%	7.60%
Adams Street 2001 Partnership	4.42%	4.90%	12.44%	2.58%	5.05%
Adams Street 2002 Partnership	6.46%	12.41%	22.51%	3.79%	7.79%
Adams Street 2003 Partnership	2.01%	(5.78%)	10.46%	(0.59%)	-
Adams Street 2008 Fund	(1.81%)	(1.84%)	3.99%	-	-
Adams Street Non-US 1999	(10.41%)	(0.36%)	18.50%	2.79%	20.53%
Adams Street Non-US 2000	(2.20%)	(3.49%)	12.53%	2.59%	13.26%
Adams Street Non-US 2001	6.13%	(14.12%)	5.11%	(7.15%)	1.51%
Adams Street Non-US 2002	(2.94%)	(2.78%)	12.98%	(1.62%)	-
Adams Street Non-US 2003	2.72%	(11.60%)	16.11%	4.71%	-
Adams Street Non-US 2004	(4.14%)	(8.24%)	9.51%	0.91%	-
Adams Street Non-US 2010	(1.82%)	4.57%	-	-	-
Adams Street Non-US Emg 2010	(8.83%)	(21.77%)	-	-	-
Adams Street US 2010	1.98%	8.84%	-	-	-
Adams Street BVCF IV Fund	23.36%	64.19%	89.31%	44.31%	23.73%
Coral Partners V	40.41%	12.85%	75.73%	38.62%	8.99%
Coral Partner VI	1.75%	4.47%	(14.90%)	(16.04%)	-
Coral Partners Technology Fund	26.20%	(58.37%)	(15.86%)	(14.90%)	(7.36%)
CorsAir III	0.62%	(2.14%)	1.61%	5.38%	-
ND Investors	1.39%	5.04%	1.06%	-	-
CorsAir IV	8.43%	(16.03%)	-	-	-
Capital International V	3.68%	(3.29%)	14.14%	-	-
Capital International VI	12.18%	-	-	-	-
TCW Energy Fund XIV	0.50%	7.17%	13.10%	-	-
Lewis & Clark, LP	6.01%	6.14%	8.60%	8.40%	1.11%
Lewis & Clark II	(3.26%)	(3.26%)	(10.62%)	-	-
Quantum Energy Partners	13.79%	30.29%	16.80%	3.54%	-
Quantum Resources	6.70%	(0.85%)	(13.12%)	(49.44%)	-
Matlin Patterson I	(54.62%)	*****%	4355.20%	635.41%	-
Matlin Patterson II	(27.84%)	(79.03%)	(53.26%)	(45.01%)	-
Matlin Patterson III	34.22%	124.86%	44.49%	5.42%	-

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2012

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
GLOBAL FIXED INCOME	2.00%	-	-	-	-
Wtd Avg Global FI Bench	1.47%	-	-	-	-
Domestic Fixed-Income	2.22%	5.84%	8.93%	5.05%	7.95%
Wtd Avg Domestic FI Bench	2.00%	7.78%	9.26%	7.57%	6.95%
Inv. Grade Fixed Income	2.27%	6.24%	6.23%	5.01%	7.78%
Bank of North Dakota	4.12%	9.53%	7.95%	7.80%	6.16%
PIMCO DiSCO II	3.44%	-	-	-	-
Western Asset Management Co.	1.23%	6.89%	11.10%	5.41%	5.60%
PIMCO Unconstrained	3.78%	-	-	-	-
PIMCO MBS	0.96%	-	-	-	-
BC Aggregate Index	2.06%	7.47%	6.93%	6.79%	5.63%
BC Mortgage Index	1.08%	4.97%	5.40%	6.67%	5.40%
Below Inv. Grade Fixed Income	2.08%	3.46%	17.25%	4.42%	7.99%
Goldman Sachs 2006 Offshore	(0.83%)	(20.28%)	31.00%	(2.25%)	-
Goldman Sachs Offshore V	10.87%	7.04%	22.19%	-	-
Loomis Sayles	0.34%	2.57%	16.71%	7.46%	-
PIMCO Distressed Mortgage	15.62%	5.54%	30.43%	-	-
BC HY Corp 2% Issuer Cap	1.79%	7.21%	16.19%	8.62%	10.10%
Intl Fixed Income	1.18%	4.62%	9.76%	8.65%	8.65%
Wtd Avg Int'l FI Bench	(0.38%)	(0.33%)	5.05%	7.34%	7.12%
UBS	0.08%	(0.87%)	5.36%	7.02%	7.03%
Brandywine	2.26%	9.67%	13.36%	9.77%	-
BC Global Aggregate ex US (1)	(0.38%)	(0.33%)	5.05%	7.34%	7.12%
GLOBAL REAL ASSETS	0.31%	-	-	-	-
Wtd Avg Global Real Assets Bench	1.46%	-	-	-	-
Global Real Estate	1.83%	12.97%	7.34%	(2.17%)	6.12%
INVESCO Realty	1.69%	8.97%	8.03%	(0.79%)	7.11%
INVESCO Real Estate Fund II	6.40%	28.70%	(3.09%)	-	-
INVESCO Asia RE Feeder	4.52%	1.09%	(22.90%)	-	-
JP Morgan	2.33%	13.37%	8.43%	(1.20%)	6.92%
JP Morgan Alternative Fd	4.98%	26.25%	2.52%	(7.88%)	-
JP Morgan China Property Fd	(6.19%)	(4.20%)	3.62%	-	-
JP Morgan Greater European Opp Fd	(100.00%)	(100.01%)	-	-	-
NCREIF Total Index	2.68%	12.04%	8.82%	2.51%	8.29%
Timber	(1.49%)	-	-	-	-
TIR - Teredo	(3.67%)	(2.76%)	4.79%	8.43%	10.73%
TIR - Springbank	(0.09%)	(5.48%)	(8.07%)	(1.34%)	-
NCREIF Timberland Index	0.61%	1.13%	(0.67%)	3.95%	7.60%
Infrastructure	(1.06%)	-	-	-	-
JP Morgan Asian Infrastructure	1.61%	(4.28%)	(0.68%)	-	-
JP Morgan IIF	(1.52%)	4.51%	5.87%	0.66%	-
Credit Suisse Cust. Infrastructure	(1.20%)	-	-	-	-
CPI-W	(0.12%)	1.58%	2.33%	2.08%	2.54%
CASH & CASH EQUIVALENTS	0.02%	0.13%	0.19%	0.48%	1.76%
Northern Trust	0.02%	0.13%	0.15%	0.46%	1.75%
3-month Treasury Bill	0.03%	0.06%	0.12%	0.98%	1.87%
Total Fund	(1.74%)	(0.06%)	11.92%	(0.23%)	6.61%
Target	(1.45%)	0.79%	11.42%	2.03%	6.81%

* Current Quarter Target = 21.3% S&P 500 Index, 14.2% MSCI EAFE Index, 13.0% Barclays Aggregate Index, 9.6% NCREIF Total Index, 6.3% Russell 2000 Index, 6.0% MSCI World Index, 5.1% Barclays Global Agg ex US, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% NCREIF Timberland Index, 4.8% NDSIB PEN - Private Equity, 3.9% Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

(1) The International Fixed Income Benchmark is the Citigroup Non-US Govt through 12/31/2009 and the BC Global Aggregate Index ex US thereafter.

L.A. Capital Period Ended June 30, 2012

Investment Philosophy

The LA Capital Structured portfolio is a large growth portfolio benchmarked to the Russell 1000 Growth Index. It is an active assignment meaning that it targets a 2% alpha and constrains its risk budget (tracking error) to 4% relative to the benchmark. LA Capital believes that investment results are driven by Investor Preferences and thus recognize that when preferences shift a different posture related to that factor is warranted.

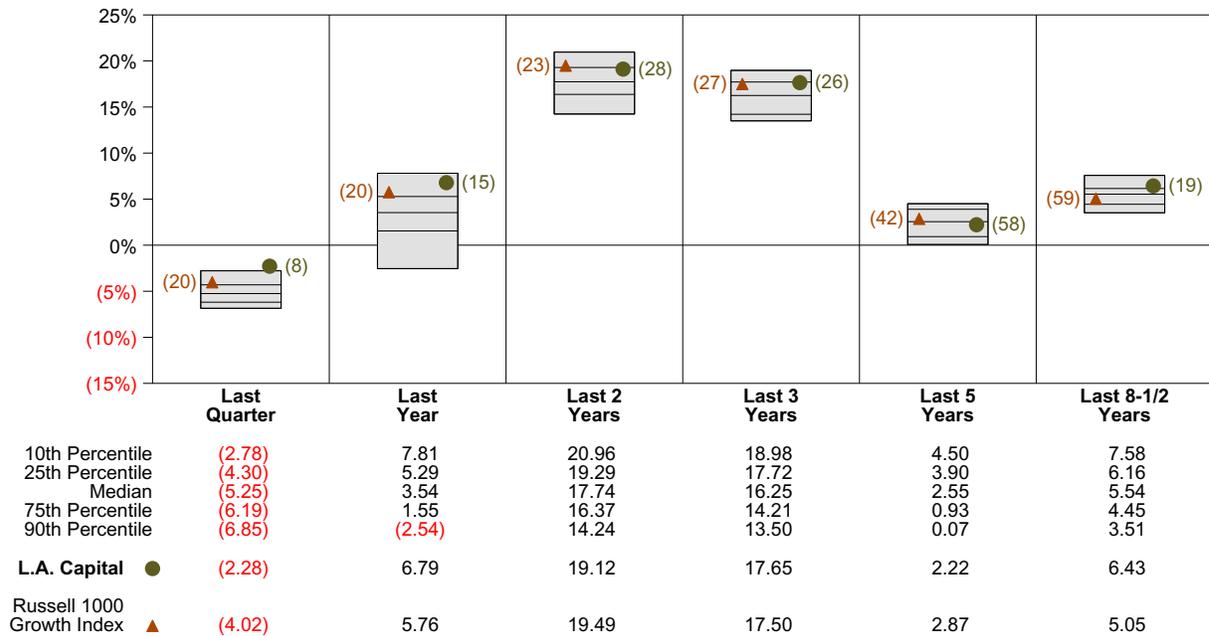
Quarterly Summary and Highlights

- L.A. Capital's portfolio posted a (2.28)% return for the quarter placing it in the 8 percentile of the CAI Large Cap Growth Style group for the quarter and in the 15 percentile for the last year.
- L.A. Capital's portfolio outperformed the Russell 1000 Growth Index by 1.74% for the quarter and outperformed the Russell 1000 Growth Index for the year by 1.03%.

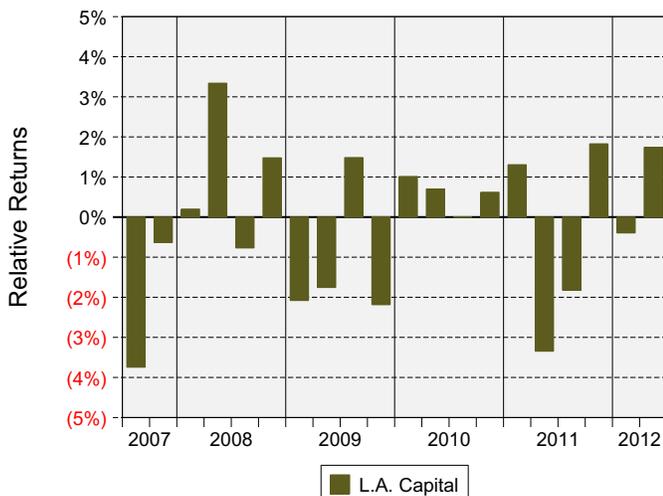
Quarterly Asset Growth

Beginning Market Value	\$231,947,274
Net New Investment	\$6,584,677
Investment Gains/(Losses)	\$-5,292,914
Ending Market Value	\$233,239,037

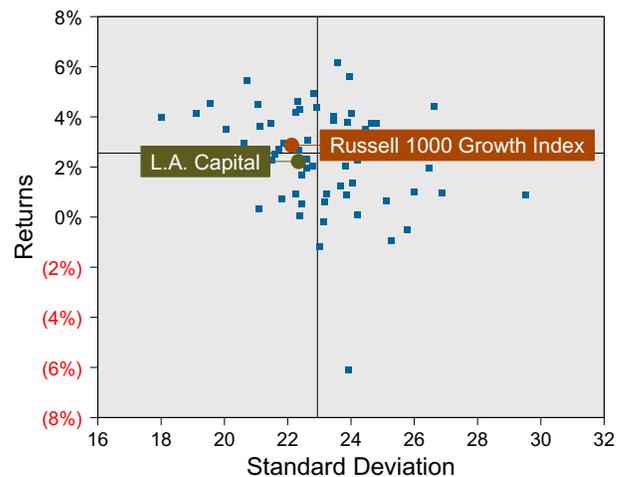
Performance vs CAI Large Cap Growth Style (Gross)



Relative Return vs Russell 1000 Growth Index



CAI Large Cap Growth Style (Gross) Annualized Five Year Risk vs Return



L.A. Capital Management Enhanced Index Period Ended June 30, 2012

Investment Philosophy

The LA Capital Enhanced portfolio is a large core portfolio benchmarked to the Russell 1000 Index. Characterized as an enhanced index assignment, its objective is to track the benchmark with lower variability. The pension portfolio began in August of 2000 and the insurance portfolio was initiated in April of 2004. Since October of 2006 a small portion of each of the two core accounts was allocated into the Large Cap Alpha Fund with intent to add incremental alpha to the assignment given that the information ratio was expected to be higher.

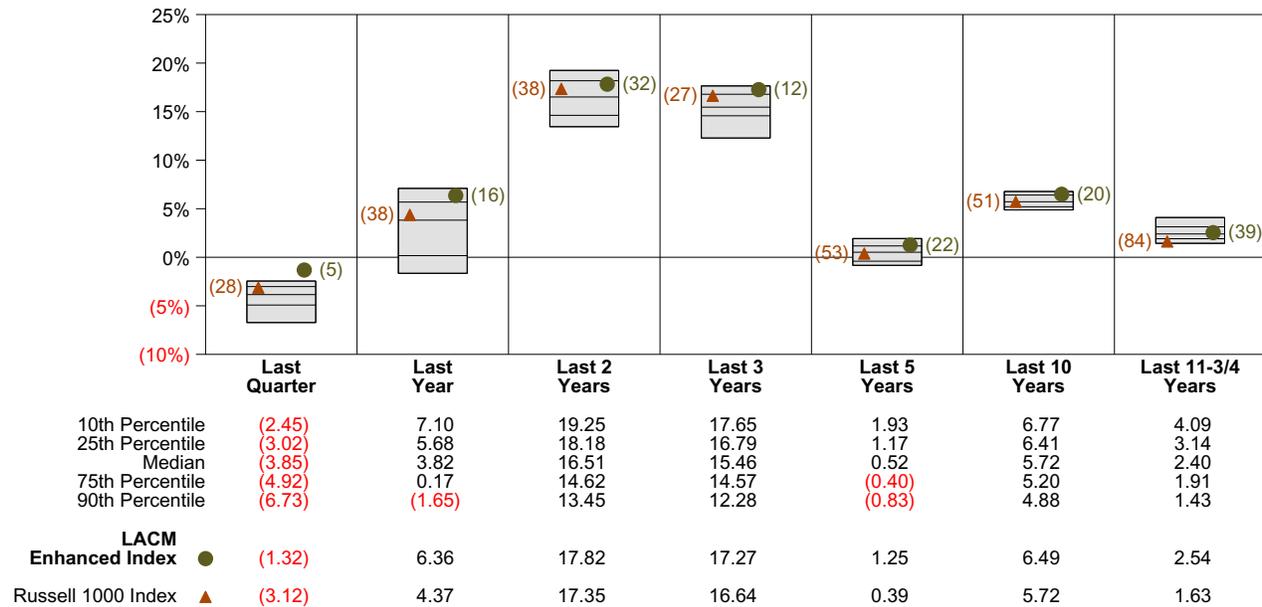
Quarterly Summary and Highlights

- LACM Enhanced Index's portfolio posted a (1.32)% return for the quarter placing it in the 5 percentile of the CAI Large Cap Core Style group for the quarter and in the 16 percentile for the last year.
- LACM Enhanced Index's portfolio outperformed the Russell 1000 Index by 1.80% for the quarter and outperformed the Russell 1000 Index for the year by 1.99%.

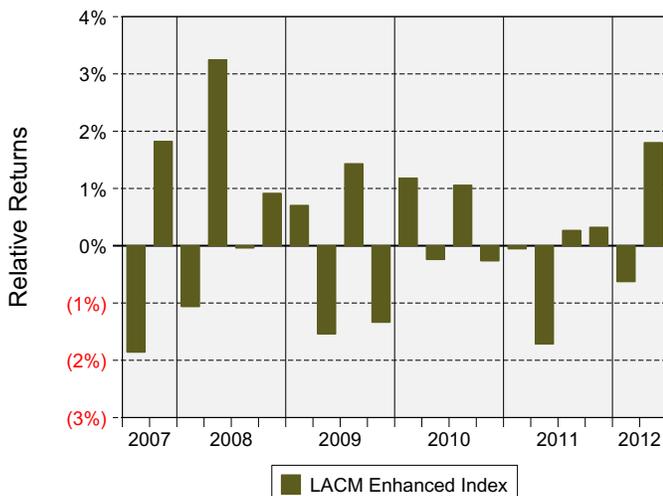
Quarterly Asset Growth

Beginning Market Value	\$149,392,943
Net New Investment	\$9,802,916
Investment Gains/(Losses)	\$-1,555,116
Ending Market Value	\$157,640,744

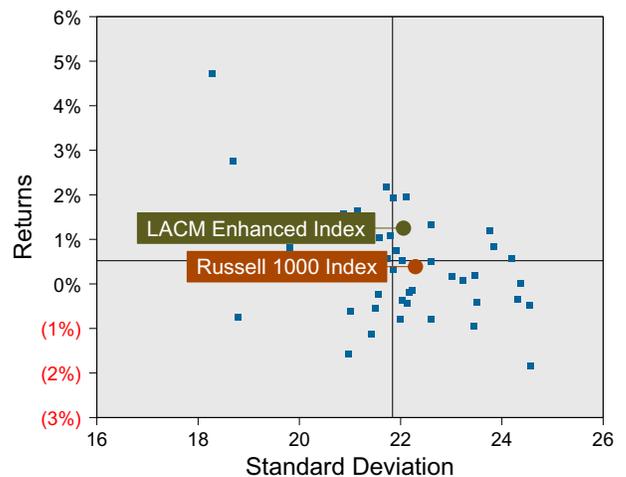
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs Russell 1000 Index



CAI Large Cap Core Style (Gross) Annualized Five Year Risk vs Return



LSV Asset Management

Period Ended June 30, 2012

Investment Philosophy

The objective of LSV Asset Management's Large Cap Value Equity (U.S.) strategy is to outperform the Russell 1000 Value by at least 200 basis points (gross of fees) per annum over a 3-5 year period with a tracking error of approximately 4%. Their stock selection process is a quantitative approach that ranks a broad universe of stocks on a combination of value and momentum factors and seeks to invest approximately 100 stocks in the most attractive securities possible within strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio is broadly diversified across industry groups and fully invested.

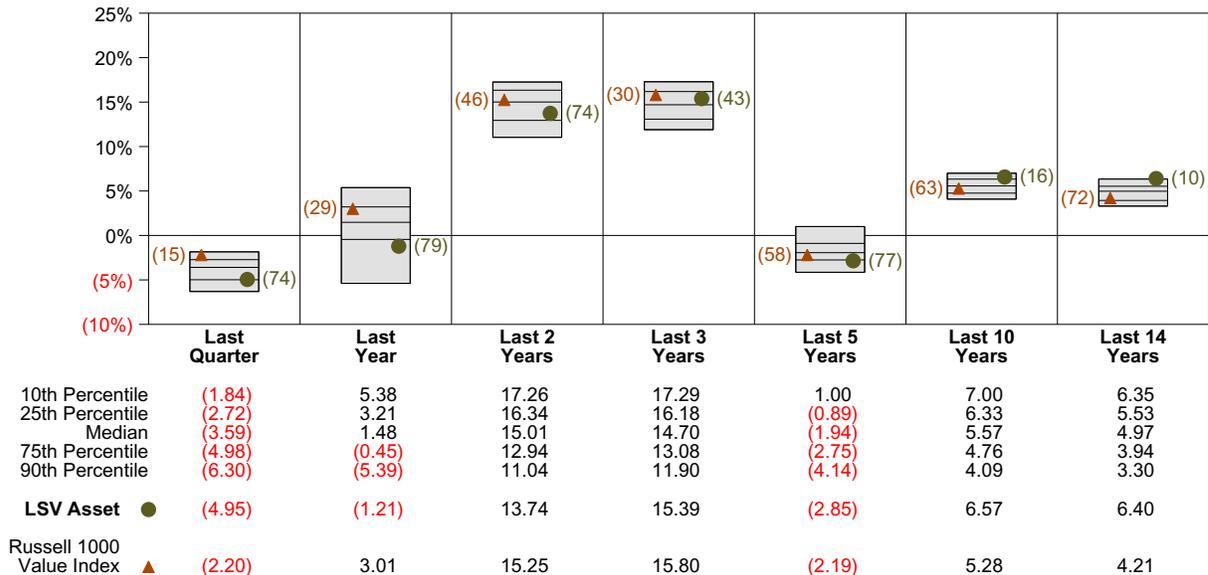
Quarterly Summary and Highlights

- LSV Asset's portfolio posted a (4.95)% return for the quarter placing it in the 74 percentile of the CAI Large Cap Value Style group for the quarter and in the 79 percentile for the last year.
- LSV Asset's portfolio underperformed the Russell 1000 Value Index by 2.75% for the quarter and underperformed the Russell 1000 Value Index for the year by 4.22%.

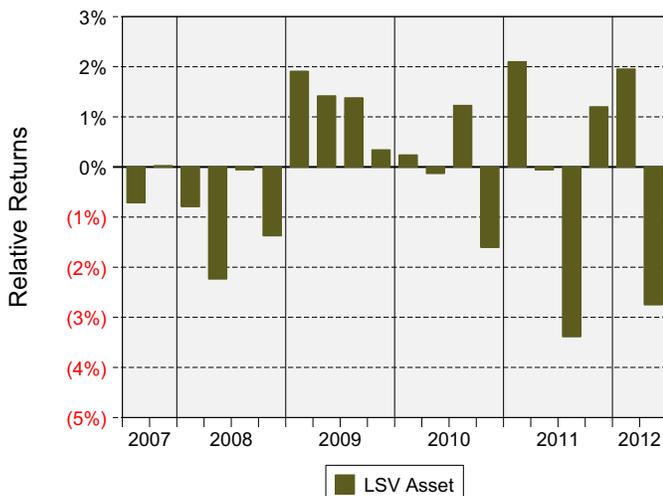
Quarterly Asset Growth

Beginning Market Value	\$228,698,822
Net New Investment	\$9,778,603
Investment Gains/(Losses)	\$-11,394,601
Ending Market Value	\$227,082,824

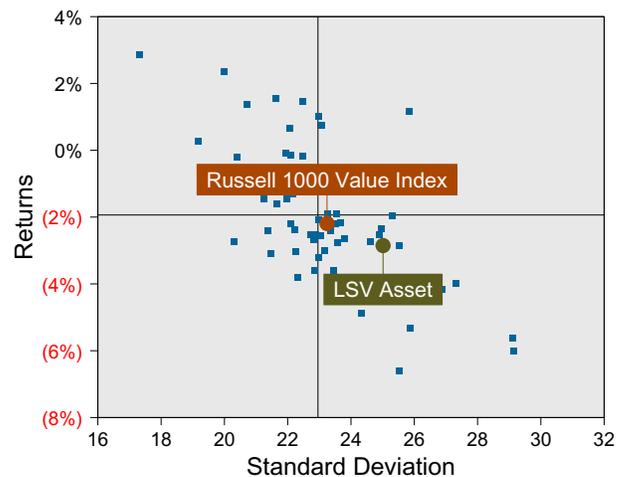
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs Russell 1000 Value Index



CAI Large Cap Value Style (Gross) Annualized Five Year Risk vs Return



Northern Trust Period Ended June 30, 2012

Investment Philosophy

NTGI Enhanced S&P 500 employs a quantitative investment approach, focusing on the stock selection process as the principal source of value added. The account invests primarily in a broadly diversified portfolio of equity securities that include securities convertible into equity securities (including common stock), warrants, rights and units or shares in trusts, exchange traded funds and investment companies. The Investment Manager intends to use futures and options to manage market risk associated with the account's investments.

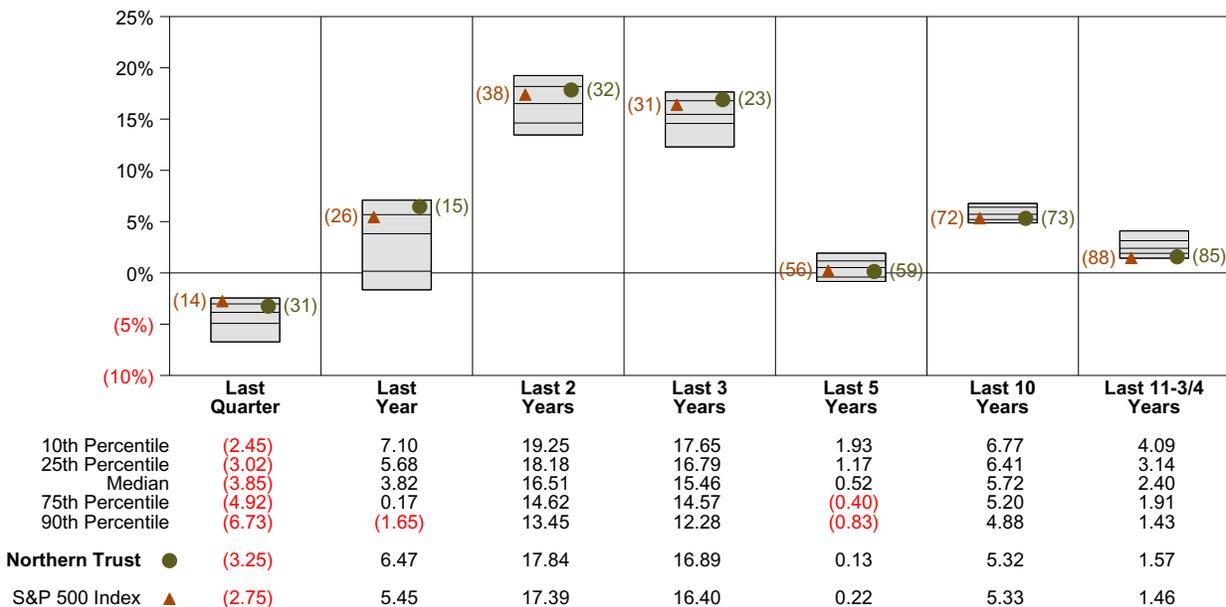
Quarterly Summary and Highlights

- Northern Trust's portfolio posted a (3.25)% return for the quarter placing it in the 31 percentile of the CAI Large Cap Core Style group for the quarter and in the 15 percentile for the last year.
- Northern Trust's portfolio underperformed the S&P 500 Index by 0.50% for the quarter and outperformed the S&P 500 Index for the year by 1.02%.

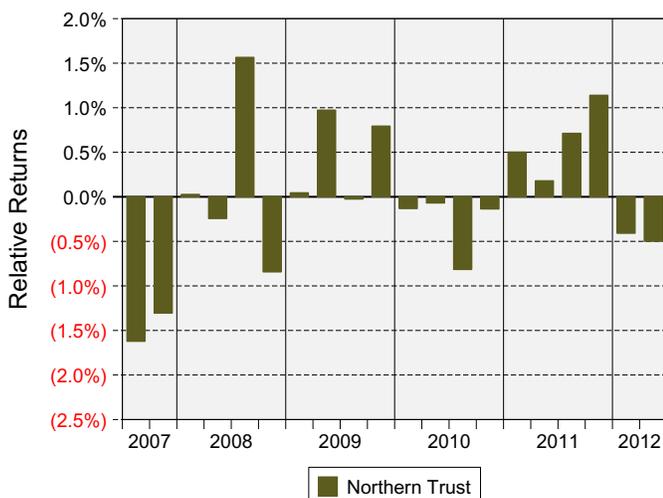
Quarterly Asset Growth

Beginning Market Value	\$76,545,162
Net New Investment	\$2,284,000
Investment Gains/(Losses)	\$-2,469,250
Ending Market Value	\$76,359,911

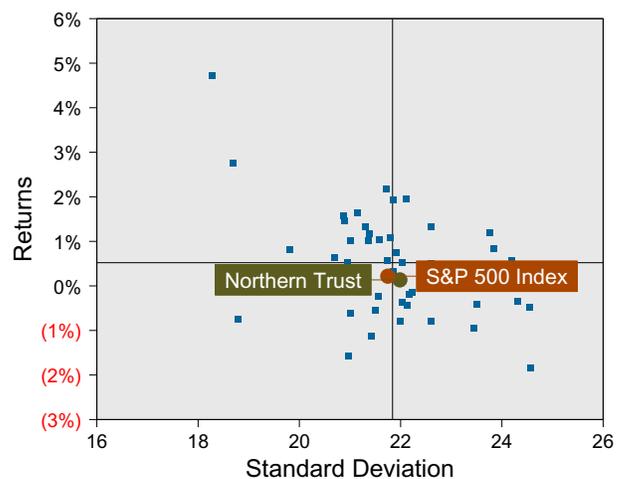
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs S&P 500 Index



CAI Large Cap Core Style (Gross) Annualized Five Year Risk vs Return



Prudential Pru-Alpha Fund

Period Ended June 30, 2012

Investment Philosophy

At launch, Pru Alpha was an absolute return strategy investing across multiple sectors of the global fixed income markets, however Pru Alpha is currently focused on investing in distressed securities in the fixed income markets.

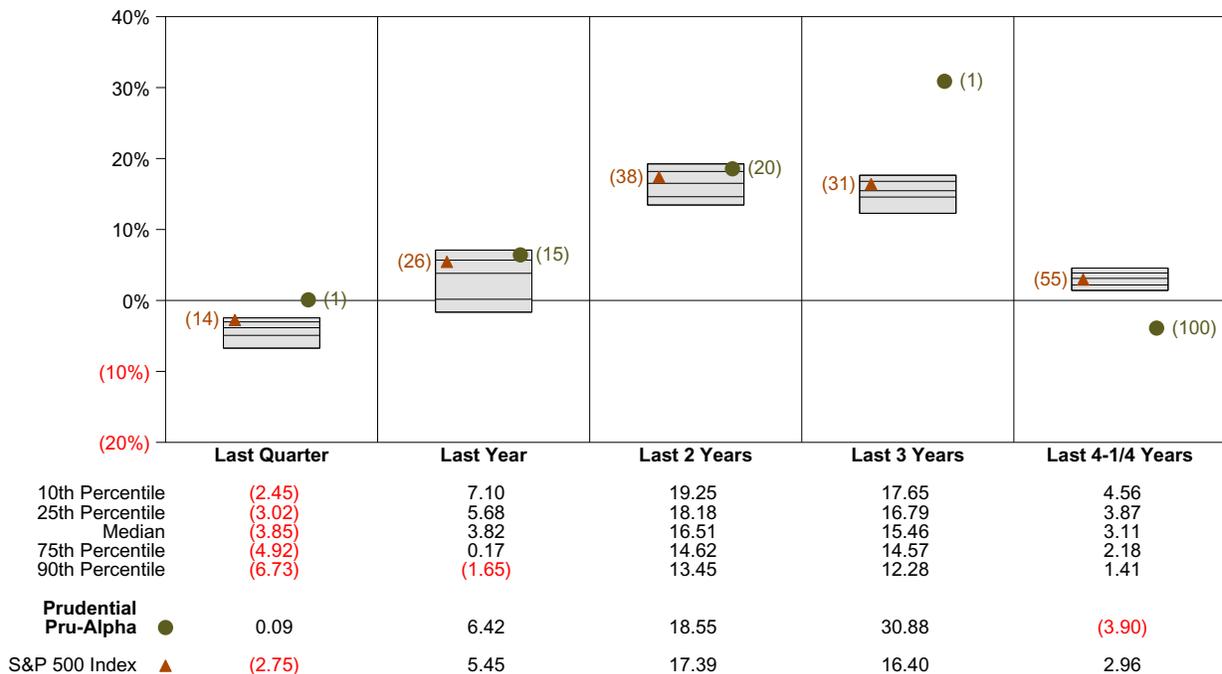
Quarterly Summary and Highlights

- Prudential Pru-Alpha's portfolio posted a 0.09% return for the quarter placing it in the 1 percentile of the CAI Large Cap Core Style group for the quarter and in the 15 percentile for the last year.
- Prudential Pru-Alpha's portfolio outperformed the S&P 500 Index by 2.84% for the quarter and outperformed the S&P 500 Index for the year by 0.97%.

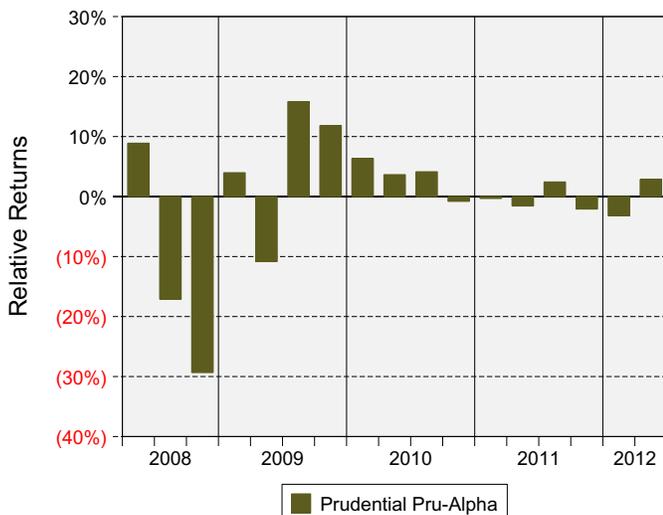
Quarterly Asset Growth

Beginning Market Value	\$62,465,890
Net New Investment	\$-61,887,971
Investment Gains/(Losses)	\$-210,371
Ending Market Value	\$367,548

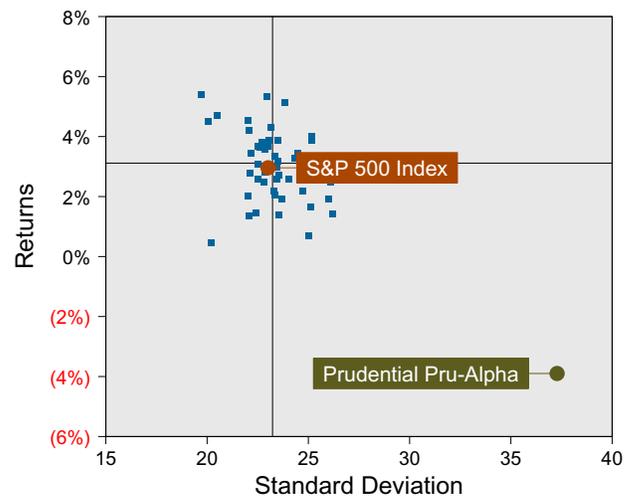
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs S&P 500 Index



CAI Large Cap Core Style (Gross) Annualized Four and One-Quarter Year Risk vs Return



Clifton Enhanced S&P Period Ended June 30, 2012

Investment Philosophy

The Clifton Group combines a synthetic index structure (cash + futures) with active high quality cash management to achieve performance objectives.

Quarterly Summary and Highlights

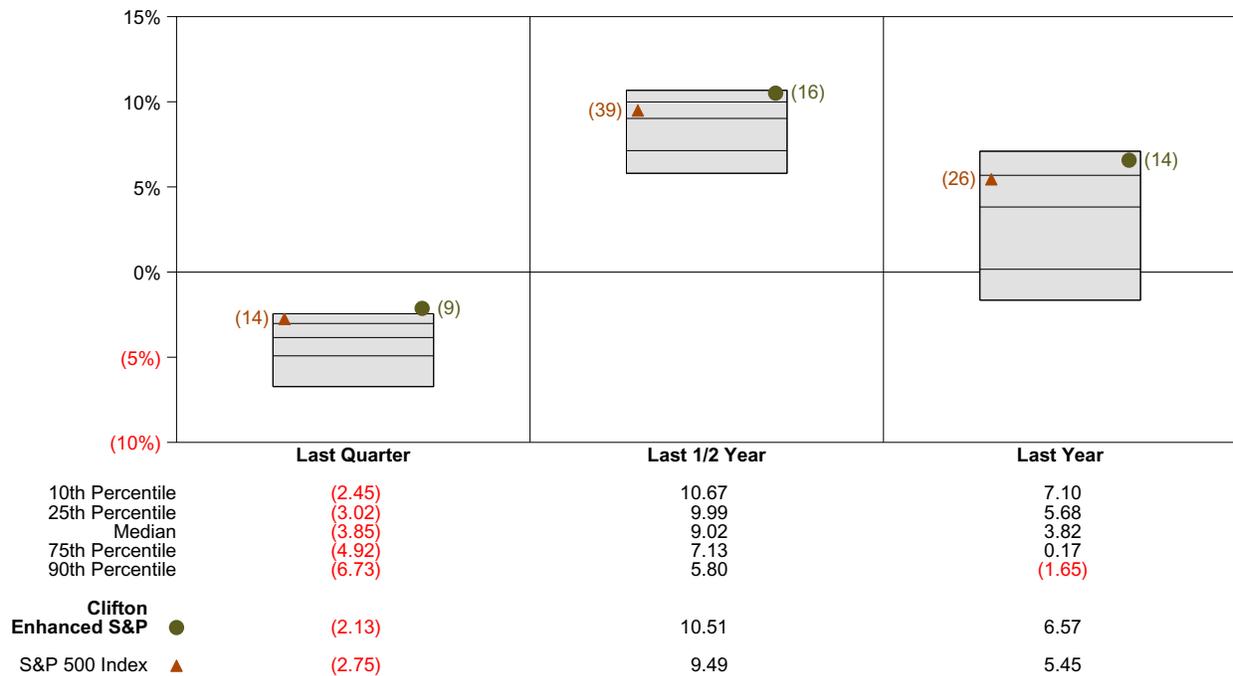
- Clifton Enhanced S&P's portfolio posted a (2.13)% return for the quarter placing it in the 9 percentile of the CAI Large Cap Core Style group for the quarter and in the 14 percentile for the last year.
- Clifton Enhanced S&P's portfolio outperformed the S&P 500 Index by 0.62% for the quarter and outperformed the S&P 500 Index for the year by 1.12%.

Quarterly Asset Growth

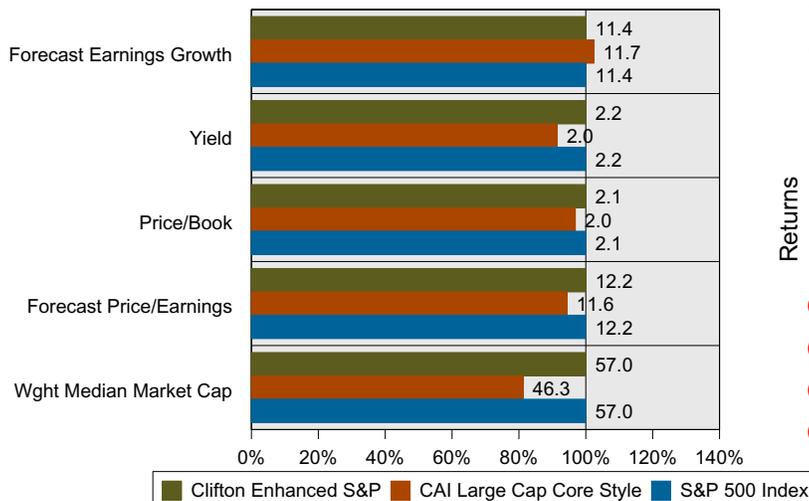
Beginning Market Value	\$75,611,528
Net New Investment	\$2,355,000
Investment Gains/(Losses)	\$-1,605,747
Ending Market Value	\$76,360,781

Percent Cash: 0.0%

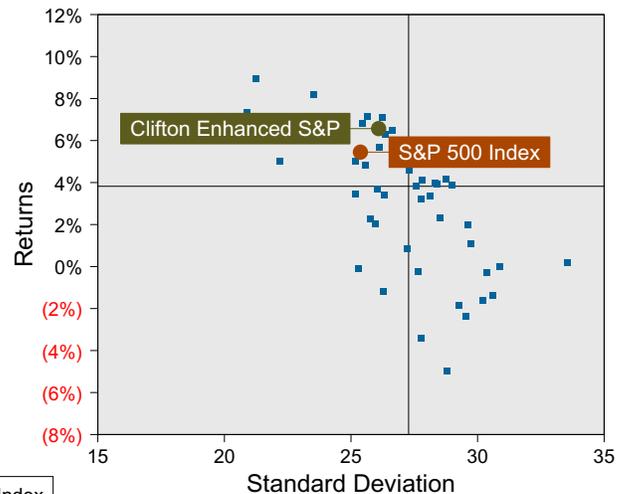
Performance vs CAI Large Cap Core Style (Gross)



Portfolio Characteristics as a Percentage of the S&P 500 Index



CAI Large Cap Core Style (Gross) One Year Risk vs Return



Callan

Period Ended June 30, 2012

Investment Philosophy

The fundamental belief inherent in this strategy is that the stock-weightings reflected in the average portfolio of a broad universe of institutional Small Cap managers is a more efficient representation of the Small Cap market than any of the more mechanical Small Cap indices that are typically employed as benchmarks. Hence, a portfolio designed to generate the return of this average portfolio in the most cost-effective possible manner will consistently out-perform the standard benchmarks on a risk-adjusted basis over time. This process results in a total portfolio made up of 40 equity sub-advisors, equally weighted in the Fund's portfolio, which very closely tracks the performance of the average actively managed institutional small cap product (historical tracking error since inception of approximately one percent annualized).

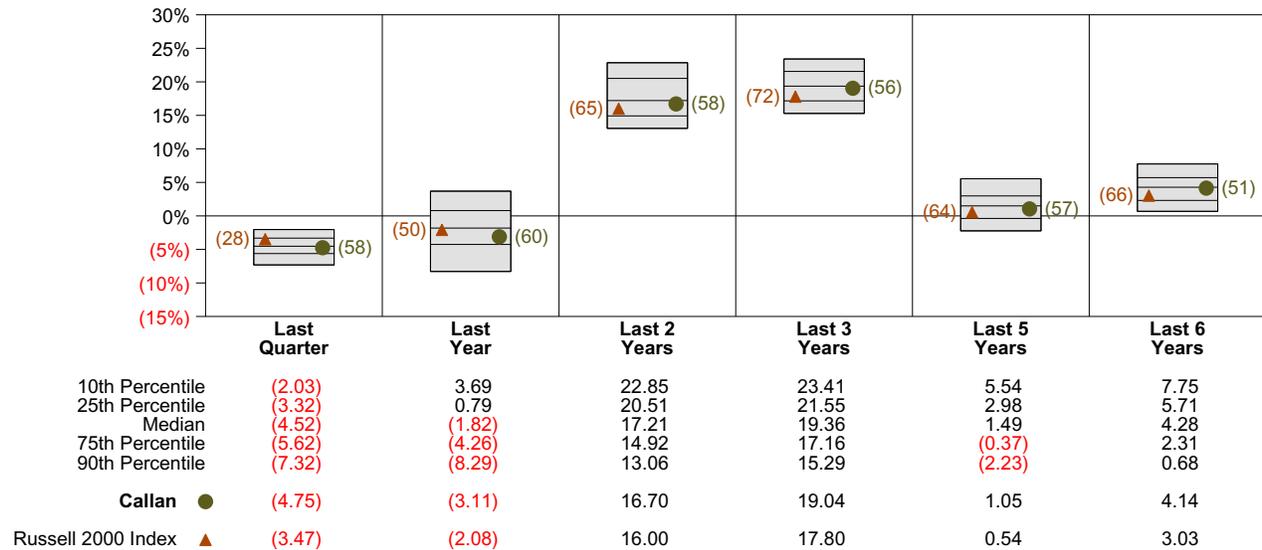
Quarterly Summary and Highlights

- Callan's portfolio posted a (4.75)% return for the quarter placing it in the 58 percentile of the CAI Small Capitalization Style group for the quarter and in the 60 percentile for the last year.
- Callan's portfolio underperformed the Russell 2000 Index by 1.27% for the quarter and underperformed the Russell 2000 Index for the year by 1.03%.

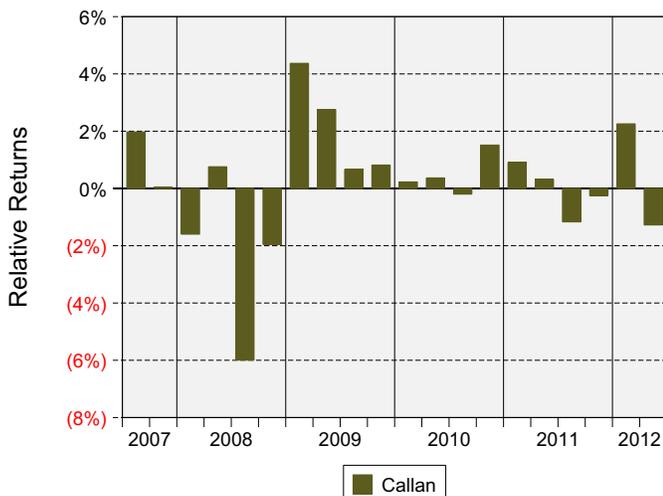
Quarterly Asset Growth

Beginning Market Value	\$123,025,893
Net New Investment	\$-200,026
Investment Gains/(Losses)	\$-5,839,462
Ending Market Value	\$116,986,405

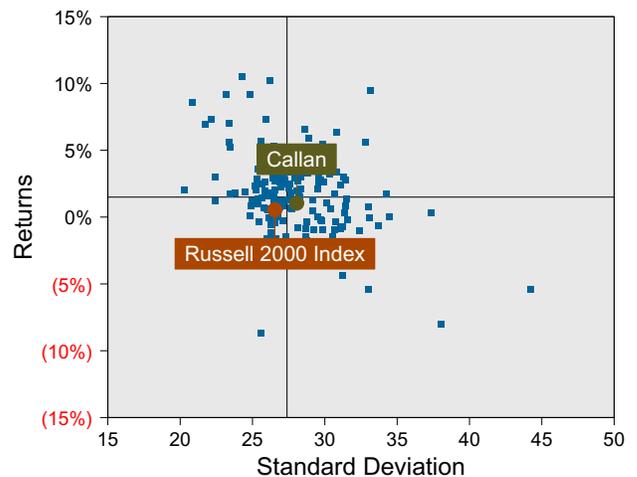
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



CAI Small Capitalization Style (Gross) Annualized Five Year Risk vs Return



Clifton Enhanced Small Cap Period Ended June 30, 2012

Investment Philosophy

The Clifton Group utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

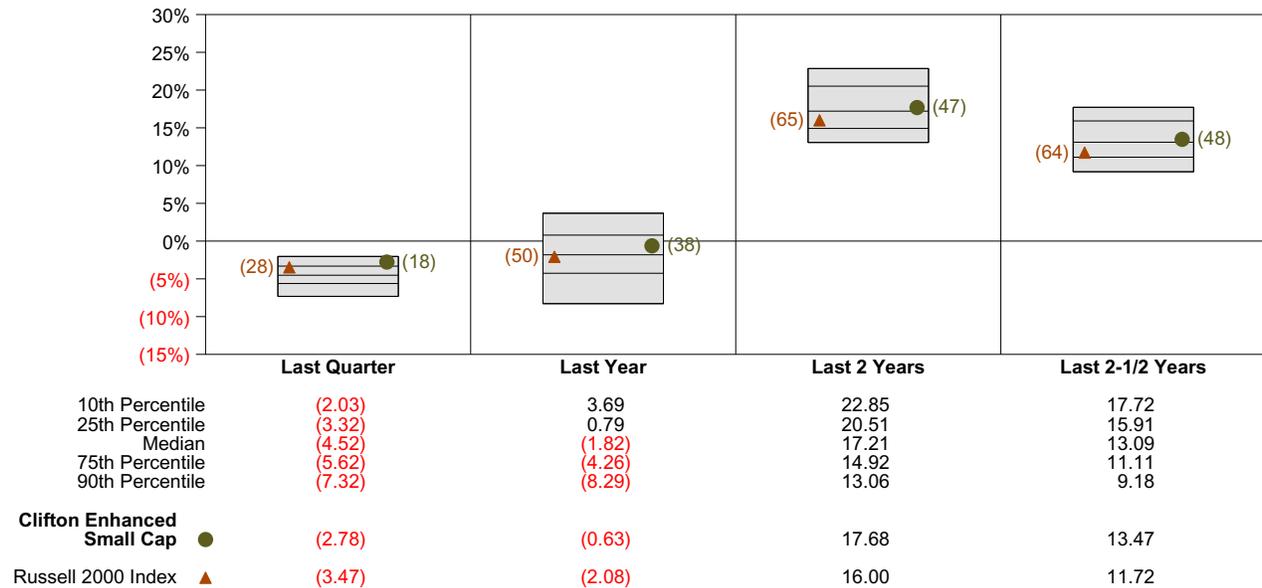
Quarterly Summary and Highlights

- Clifton Enhanced Small Cap's portfolio posted a (2.78)% return for the quarter placing it in the 18 percentile of the CAI Small Capitalization Style group for the quarter and in the 38 percentile for the last year.
- Clifton Enhanced Small Cap's portfolio outperformed the Russell 2000 Index by 0.70% for the quarter and outperformed the Russell 2000 Index for the year by 1.45%.

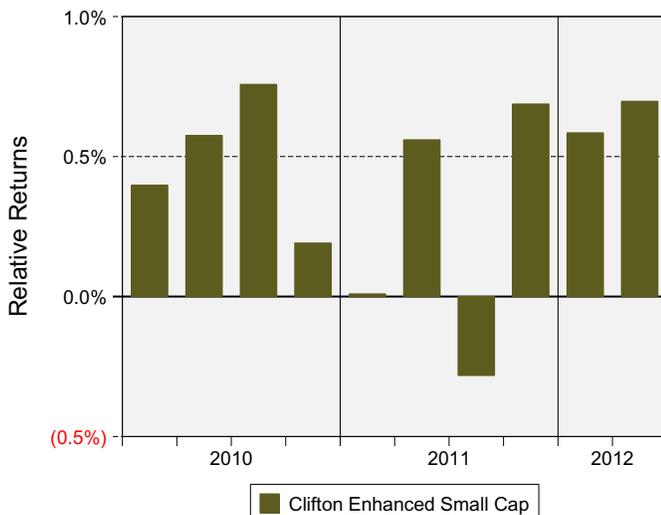
Quarterly Asset Growth

Beginning Market Value	\$121,290,334
Net New Investment	\$0
Investment Gains/(Losses)	\$-3,367,744
Ending Market Value	\$117,922,590

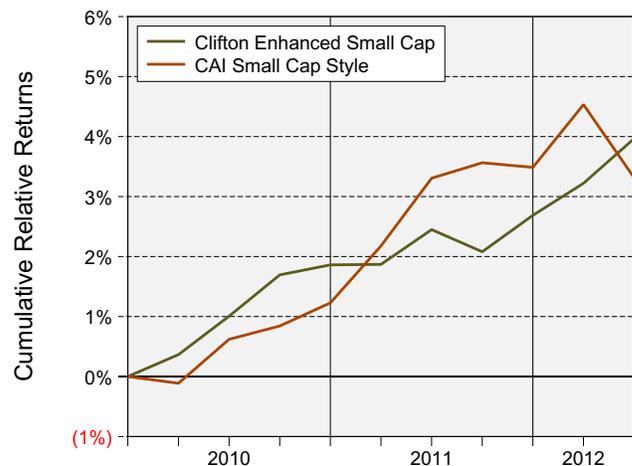
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



Cumulative Returns vs Russell 2000 Index



SEI Investments

Period Ended June 30, 2012

Investment Philosophy

Balance represents residual holdings in SEI Small Cap Alpha Opportunities Fund awaiting final liquidation.

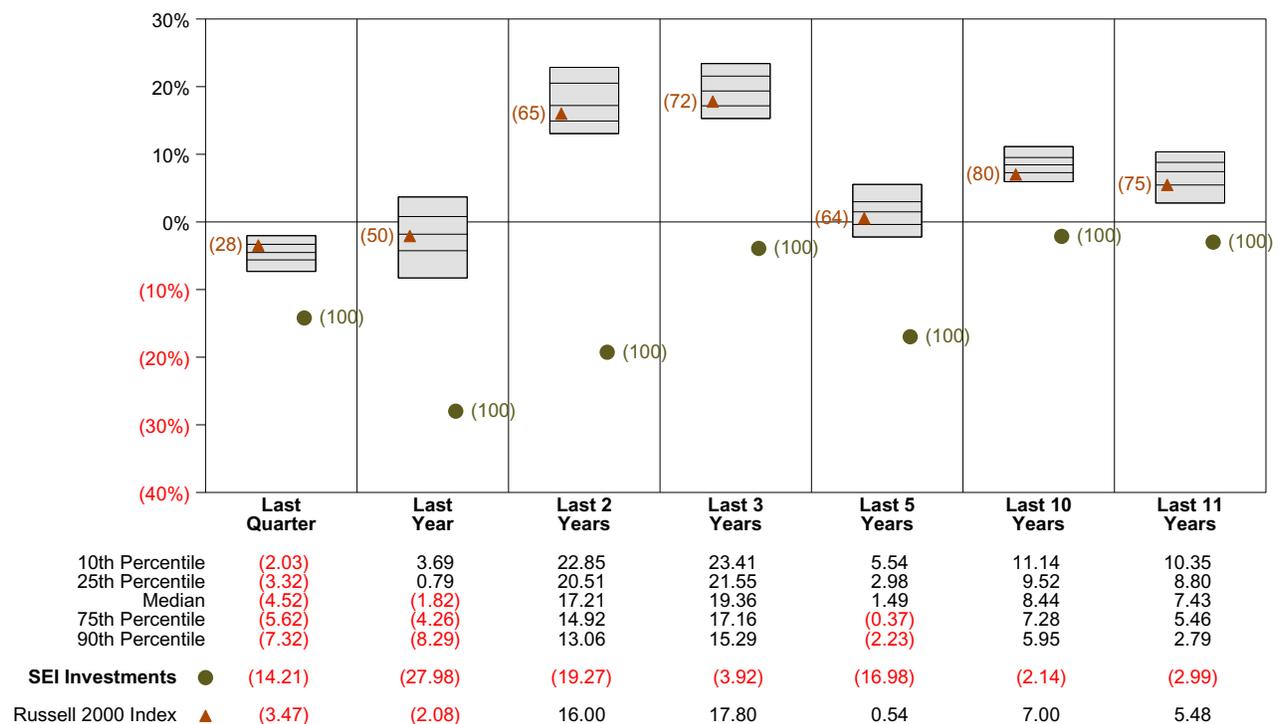
Quarterly Summary and Highlights

- SEI Investments's portfolio posted a (14.21)% return for the quarter placing it in the 100 percentile of the CAI Small Capitalization Style group for the quarter and in the 100 percentile for the last year.
- SEI Investments's portfolio underperformed the Russell 2000 Index by 10.73% for the quarter and underperformed the Russell 2000 Index for the year by 25.91%.

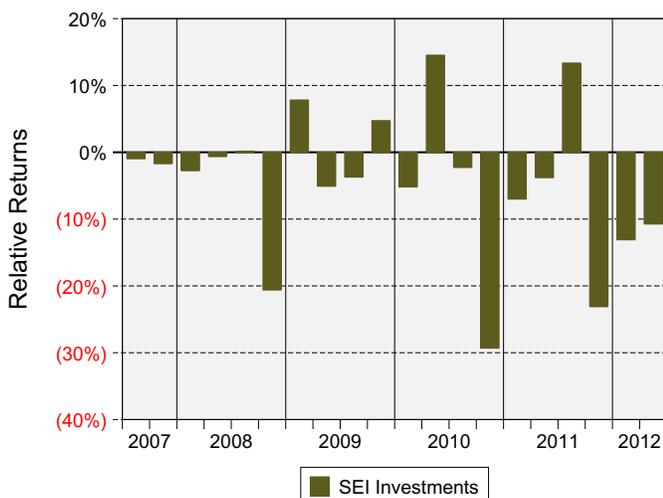
Quarterly Asset Growth

Beginning Market Value	\$799,749
Net New Investment	\$0
Investment Gains/(Losses)	\$-113,616
Ending Market Value	\$686,133

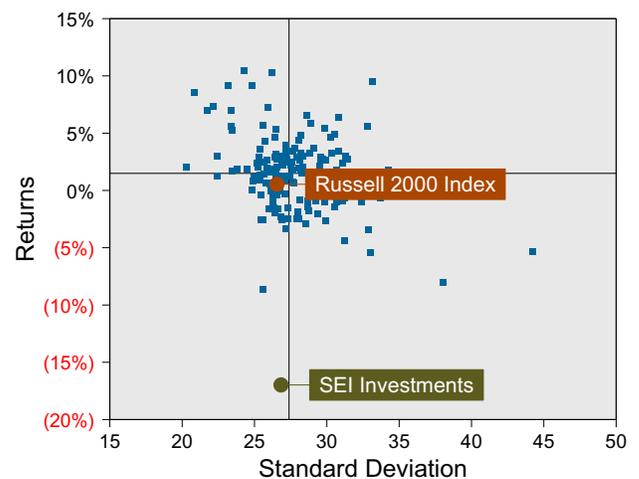
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



CAI Small Capitalization Style (Gross) Annualized Five Year Risk vs Return



Capital Guardian Trust Company

Period Ended June 30, 2012

Investment Philosophy

The Portfolio will invest primarily in equity or equity type securities of companies in developed countries excluding the U.S. These equity securities will be listed on a stock exchange or traded in another recognized market and include, but are not limited to, common and preferred stocks, securities convertible or exchangeable into common or preferred stock, warrants, rights and depository arrangements. ** International Equity Target is MSCI EAFE through 12/31/1996, 50% Hedged EAFE through 03/31/2011, and MSCI EAFE again thereafter.

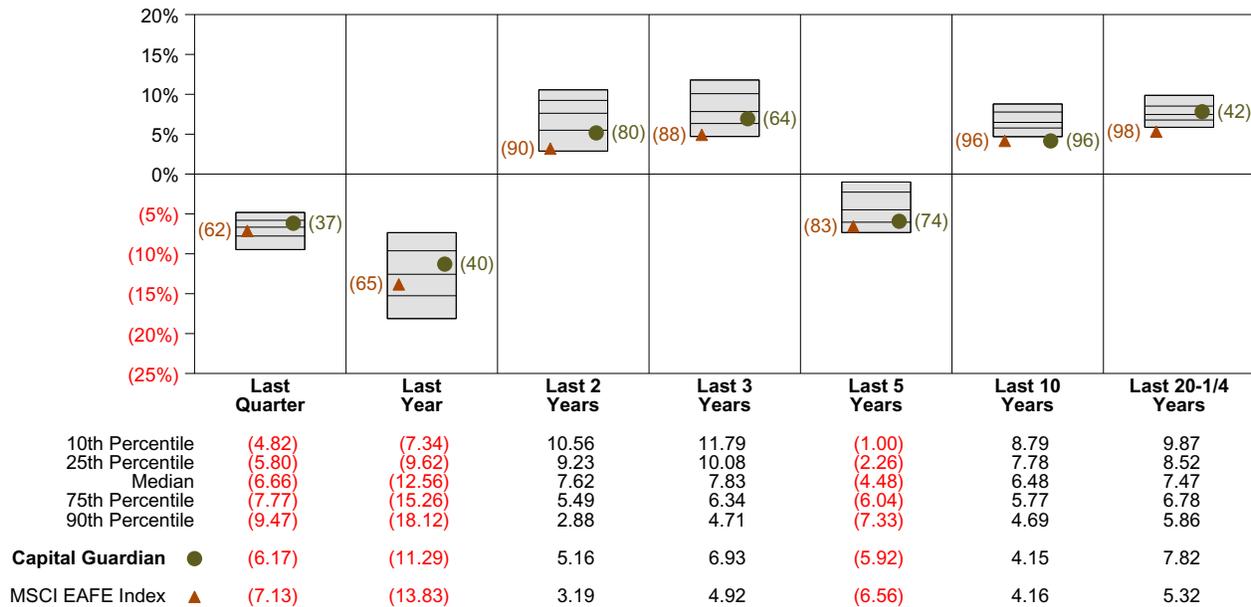
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a (6.17)% return for the quarter placing it in the 37 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 40 percentile for the last year.
- Capital Guardian's portfolio outperformed the MSCI EAFE Index by 0.96% for the quarter and outperformed the MSCI EAFE Index for the year by 2.54%.

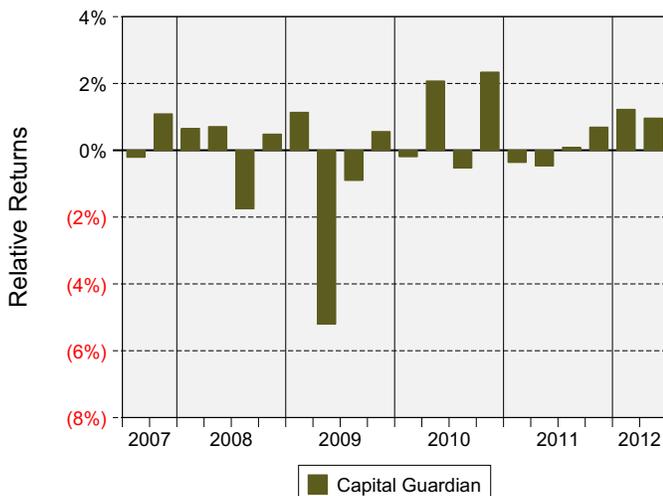
Quarterly Asset Growth

Beginning Market Value	\$58,811,013
Net New Investment	\$-72,933
Investment Gains/(Losses)	\$-3,629,286
Ending Market Value	\$55,108,794

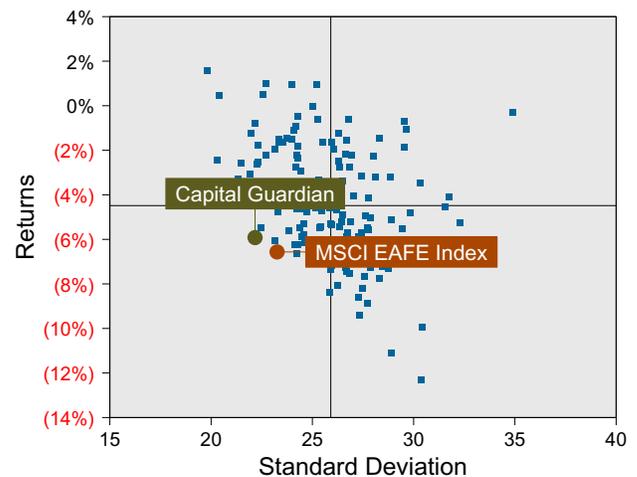
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



Clifton EAFE Index Period Ended June 30, 2012

Investment Philosophy

The Clifton EAFE Index is an index fund using MSCI EAFE futures to earn the benchmark return and is fully collateralized with cash.

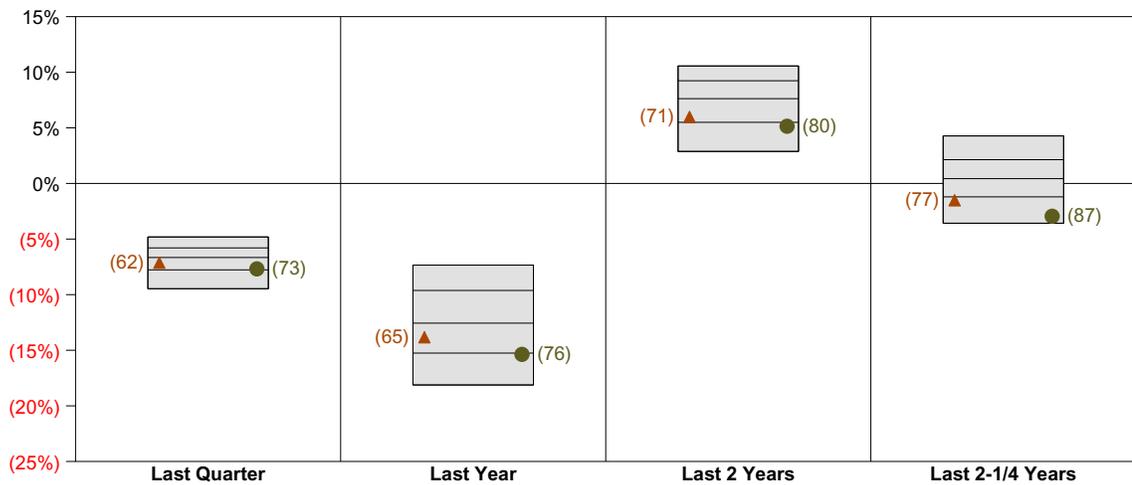
Quarterly Summary and Highlights

- Clifton EAFE Index's portfolio posted a (7.69)% return for the quarter placing it in the 73 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 76 percentile for the last year.
- Clifton EAFE Index's portfolio underperformed the MSCI EAFE Index by 0.56% for the quarter and underperformed the MSCI EAFE Index for the year by 1.54%.

Quarterly Asset Growth

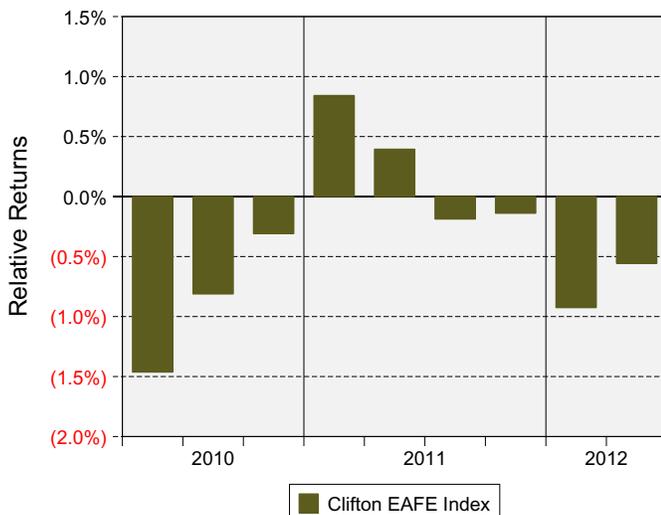
Beginning Market Value	\$214,955,413
Net New Investment	\$-23,090,005
Investment Gains/(Losses)	\$-15,461,003
Ending Market Value	\$176,404,405

Performance vs CAI Non-U.S. Equity Style (Gross)

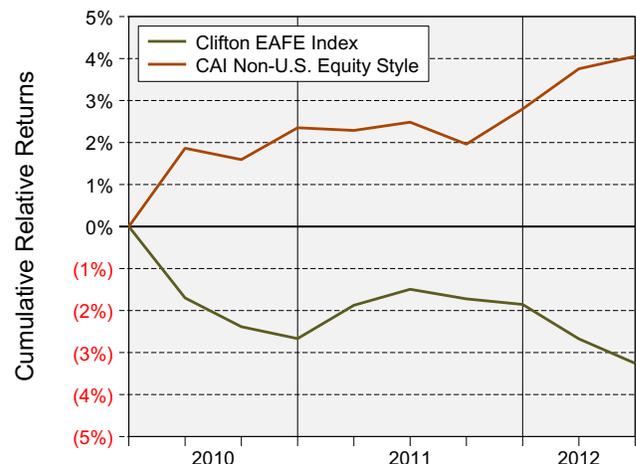


	Last Quarter	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	(4.82)	(7.34)	10.56	4.28
25th Percentile	(5.80)	(9.62)	9.23	2.14
Median	(6.66)	(12.56)	7.62	0.43
75th Percentile	(7.77)	(15.26)	5.49	(1.21)
90th Percentile	(9.47)	(18.12)	2.88	(3.58)
Clifton EAFE Index	(7.69)	(15.37)	5.14	(2.95)
MSCI EAFE Index	(7.13)	(13.83)	5.98	(1.51)

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index



DFA International Small Cap Value Fund

Period Ended June 30, 2012

Investment Philosophy

The International Small Cap Value Portfolio invests in the stocks of small, non-US developed markets companies that Dimensional believes to be value stocks at the time of purchase. Specifically, it looks at companies that fall within the smallest 8-10% of each country's market capitalization, and whose shares have a high book value in relation to their market value (BtM). It does not invest in emerging markets.

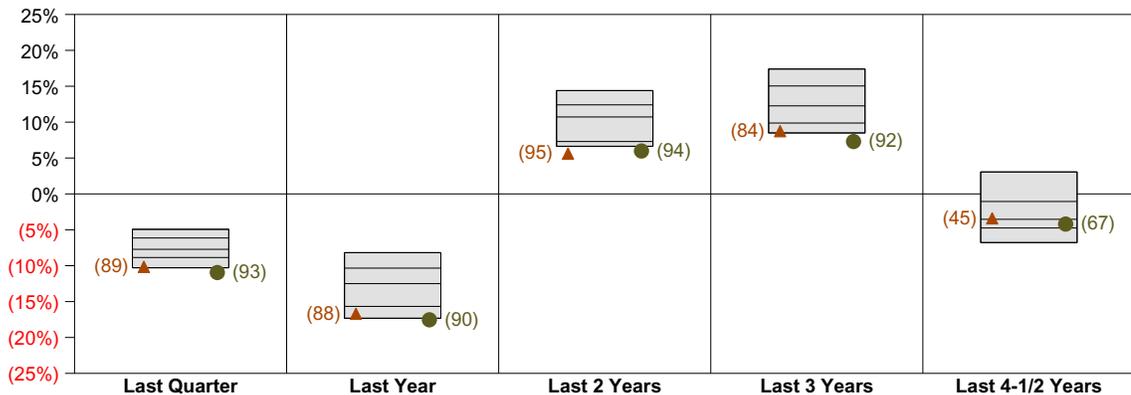
Quarterly Summary and Highlights

- DFA International Small Value's portfolio posted a (10.96)% return for the quarter placing it in the 93 percentile of the CAI International Small Cap Style group for the quarter and in the 90 percentile for the last year.
- DFA International Small Value's portfolio underperformed the World ex US SC Va by 0.80% for the quarter and underperformed the World ex US SC Va for the year by 0.84%.

Quarterly Asset Growth

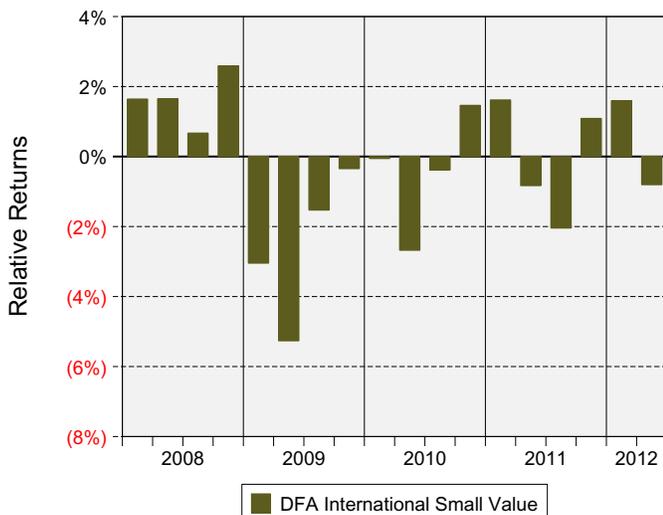
Beginning Market Value	\$54,649,162
Net New Investment	\$0
Investment Gains/(Losses)	\$-5,988,246
Ending Market Value	\$48,660,916

Performance vs CAI International Small Cap Style (Gross)

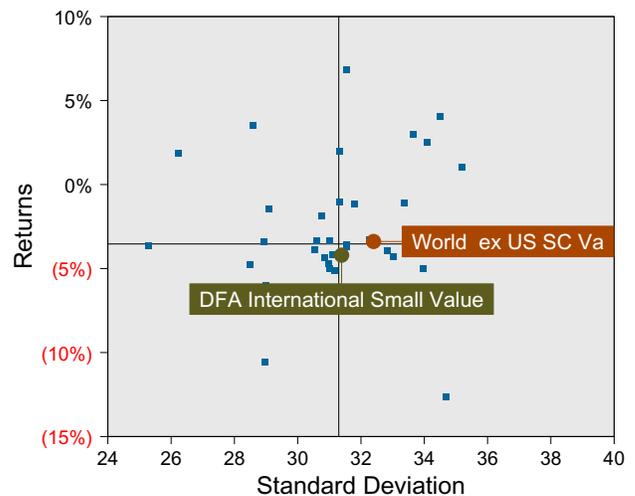


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	(4.93)	(8.18)	14.39	17.40	3.06
25th Percentile	(6.14)	(10.34)	12.41	15.04	(1.06)
Median	(7.72)	(12.50)	10.72	12.27	(3.54)
75th Percentile	(8.86)	(15.67)	7.30	9.87	(4.75)
90th Percentile	(10.29)	(17.32)	6.63	8.49	(6.78)
DFA International Small Value	(10.96)	(17.54)	5.98	7.30	(4.20)
World ex US SC Va	(10.15)	(16.69)	5.63	8.75	(3.39)

Relative Return vs World ex US SC Va



CAI International Small Cap Style (Gross) Annualized Four and One-Half Year Risk vs Return



LSV Asset

Period Ended June 30, 2012

Investment Philosophy

The objective of LSV Asset Management's International Large Cap Value strategy is to outperform the MSCI EAFE Index by at least 250 basis points (gross of fees) per annum over an annualized 3-5 year period with a tracking error of approximately 5-6%. Their stock selection process is a quantitative approach that ranks a broad universe of stocks on a combination of value and momentum factors and seeks to invest approximately 150 stocks in the most attractive securities possible within strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio is broadly diversified across industry groups and fully invested. LSV weights countries at a neutral weight relative to the benchmark country weights. 50% of the portfolio is US dollar hedged. ** International Equity Target is MSCI EAFE through 12/31/1996, 50% Hedged EAFE through 03/31/2011, and MSCI EAFE again thereafter.

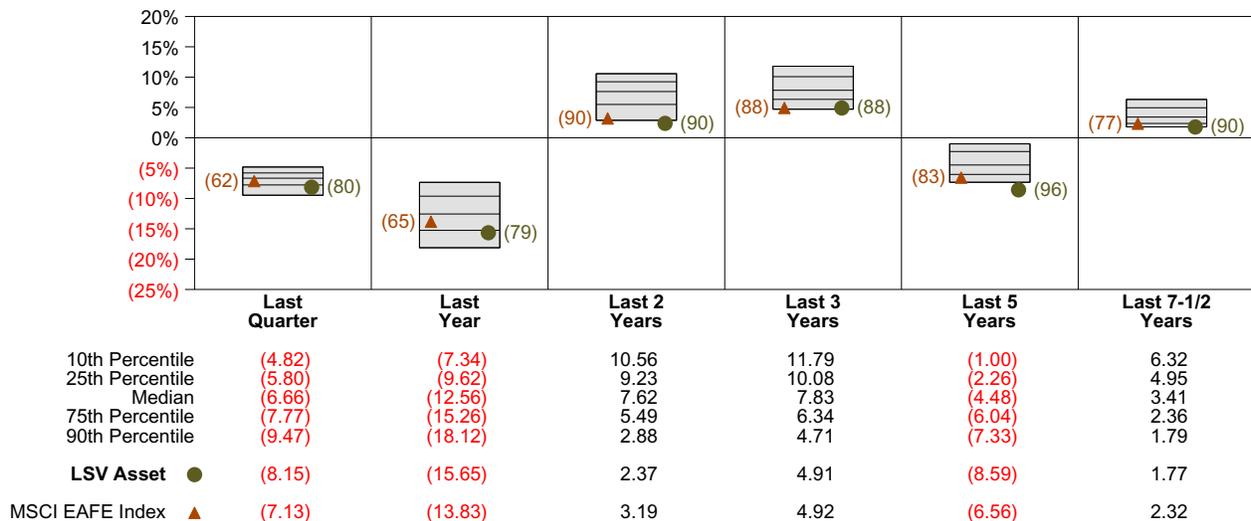
Quarterly Summary and Highlights

- LSV Asset's portfolio posted a (8.15)% return for the quarter placing it in the 80 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 79 percentile for the last year.
- LSV Asset's portfolio underperformed the MSCI EAFE Index by 1.02% for the quarter and underperformed the MSCI EAFE Index for the year by 1.82%.

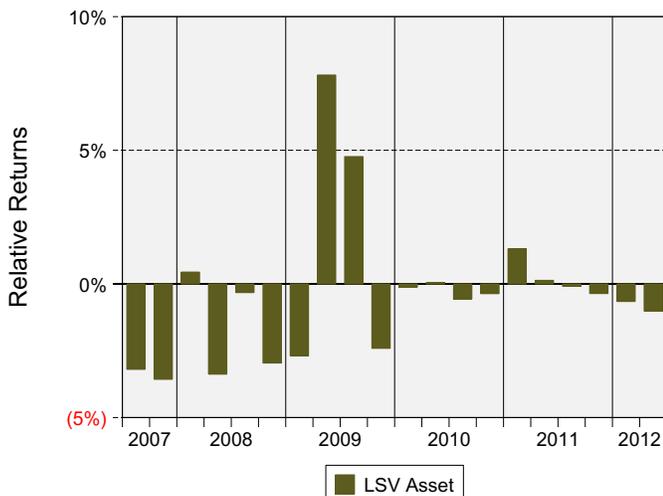
Quarterly Asset Growth

Beginning Market Value	\$114,562,430
Net New Investment	\$-138,760
Investment Gains/(Losses)	\$-9,337,475
Ending Market Value	\$105,086,195

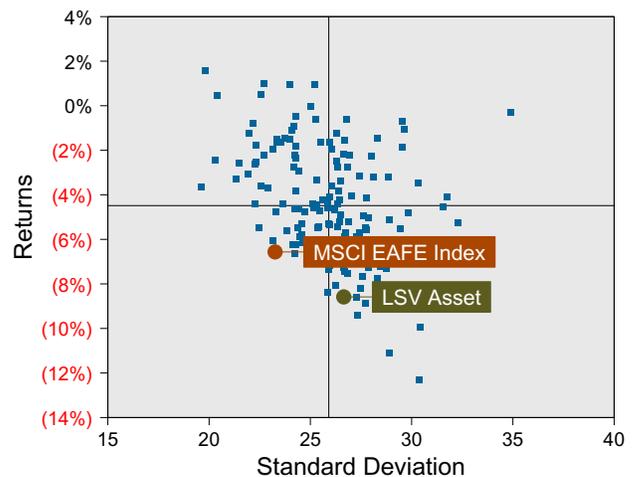
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



State Street Global Advisors Period Ended June 30, 2012

Investment Philosophy

SSgA attempts to identify stocks that it believes are undervalued, using detailed investment analysis. The strategy is normally broadly invested among countries and industries. The investable universe is equity securities of companies outside the United States within the market capitalization range of the index. ** Benchmark is MSCI EAFE through 12/31/1996, 50% Hedged EAFE through 12/31/04, and MSCI EAFE again thereafter.

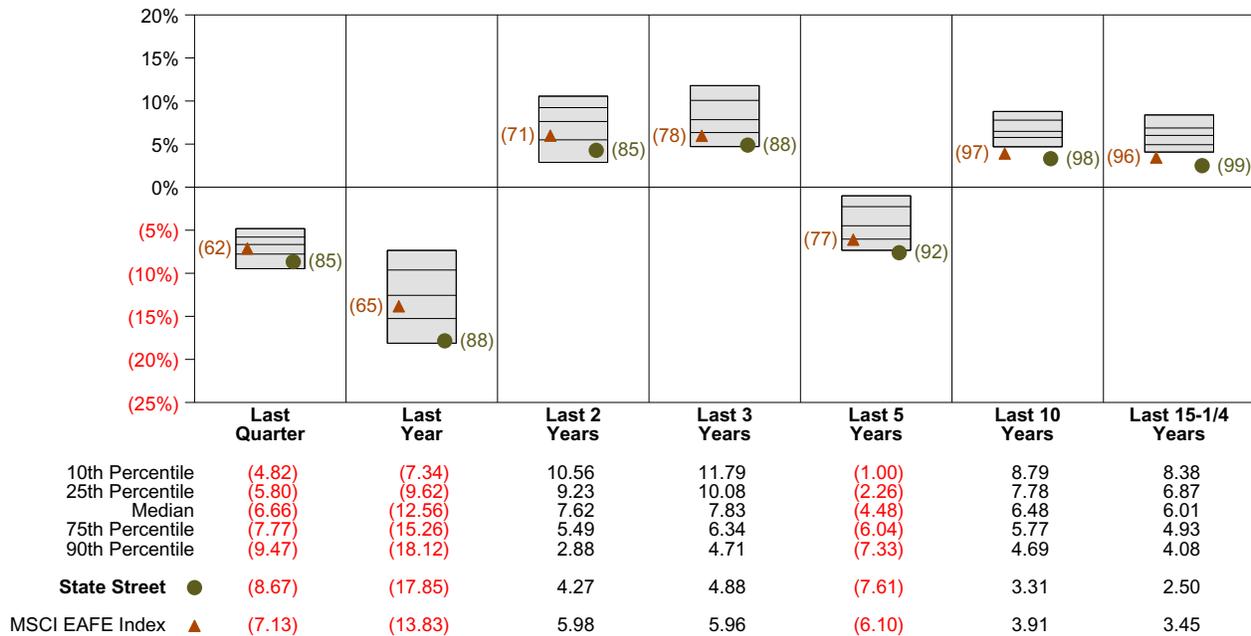
Quarterly Summary and Highlights

- State Street's portfolio posted a (8.67)% return for the quarter placing it in the 85 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 88 percentile for the last year.
- State Street's portfolio underperformed the MSCI EAFE Index by 1.54% for the quarter and underperformed the MSCI EAFE Index for the year by 4.02%.

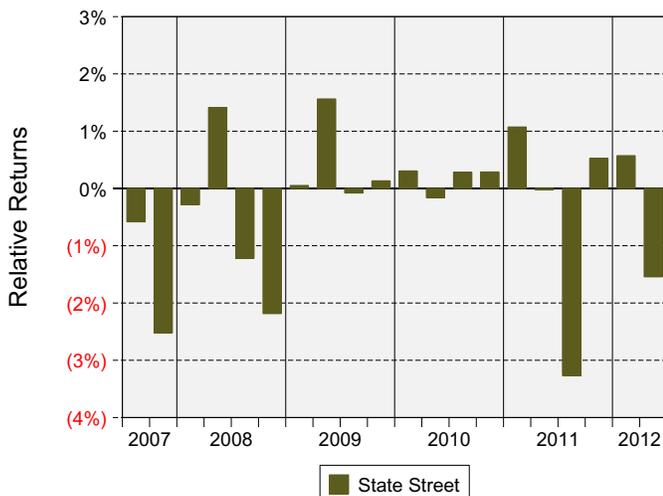
Quarterly Asset Growth

Beginning Market Value	\$43,389,457
Net New Investment	\$-75,835
Investment Gains/(Losses)	\$-3,762,399
Ending Market Value	\$39,551,223

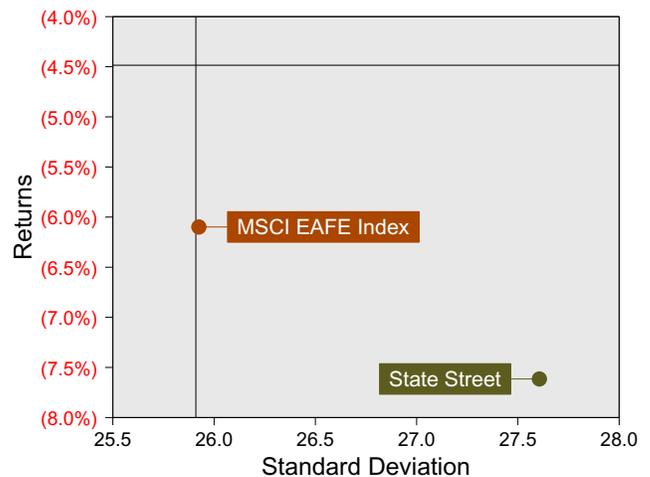
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



Wellington

Period Ended June 30, 2012

Investment Philosophy

The International Small Cap Opportunities investment approach is bottom-up focused, and leverages the global research resources at Wellington Management. In implementing purchase decisions, consideration is given to the size, liquidity, and volatility of these prospects. Sell decisions are based on changing fundamentals or valuations, or on finding better opportunities elsewhere. The assets are not hedged.

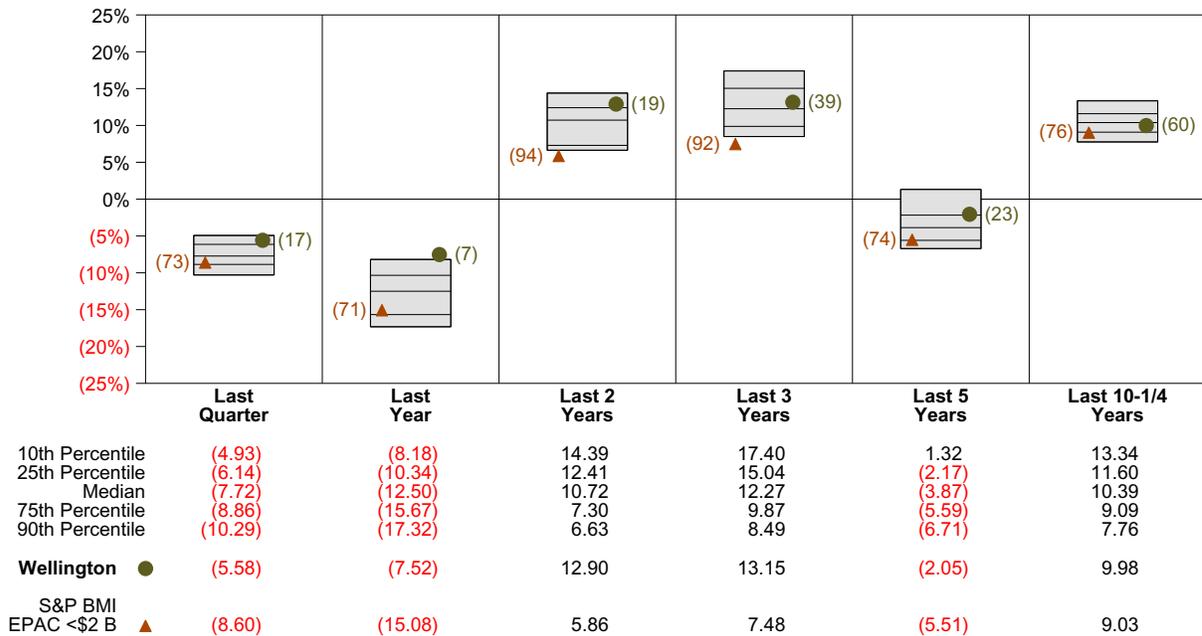
Quarterly Summary and Highlights

- Wellington's portfolio posted a (5.58)% return for the quarter placing it in the 17 percentile of the CAI International Small Cap Style group for the quarter and in the 7 percentile for the last year.
- Wellington's portfolio outperformed the S&P BMI EPAC <\$2 B by 3.02% for the quarter and outperformed the S&P BMI EPAC <\$2 B for the year by 7.56%.

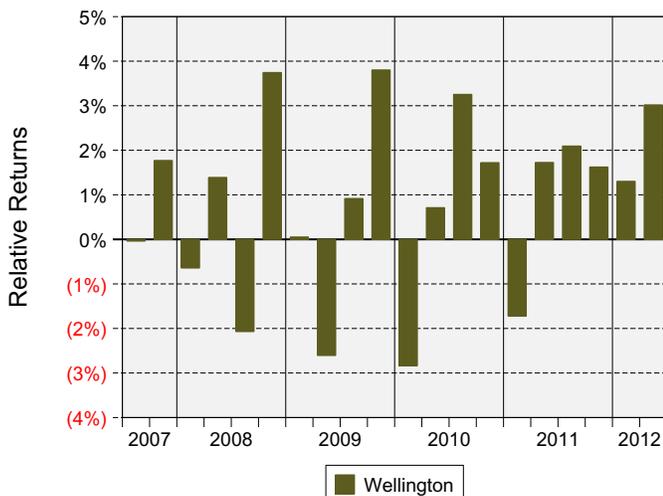
Quarterly Asset Growth

Beginning Market Value	\$59,854,070
Net New Investment	\$-127,618
Investment Gains/(Losses)	\$-3,347,563
Ending Market Value	\$56,378,890

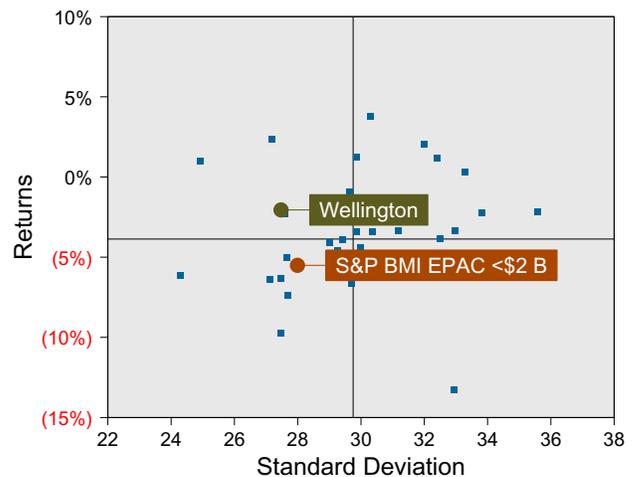
Performance vs CAI International Small Cap Style (Gross)



Relative Return vs S&P BMI EPAC <\$2 B



CAI International Small Cap Style (Gross) Annualized Five Year Risk vs Return



DFA Emerging Markets Period Ended June 30, 2012

Investment Philosophy

The Emerging Markets Small Cap Portfolio invests in small cap emerging markets companies. Presently, this means investment in companies whose market capitalization is less than \$2.3 billion at the time of purchase. Dimensional considers, among other things, information disseminated by the International Finance Corporation in determining and approving emerging market countries.

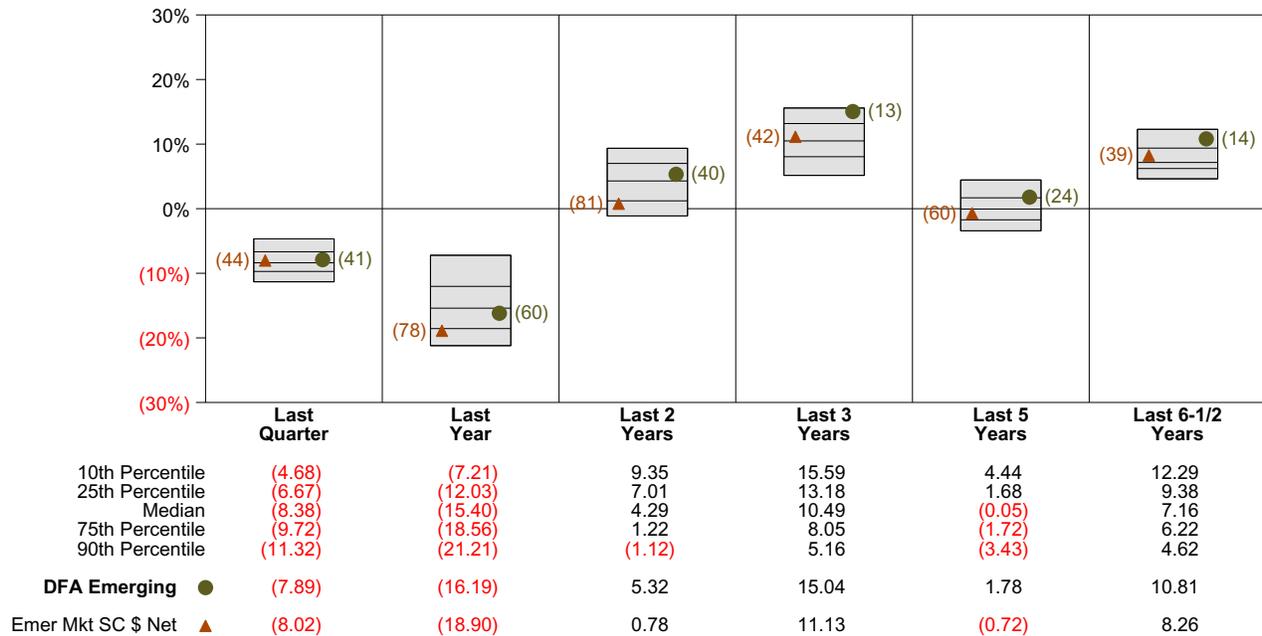
Quarterly Summary and Highlights

- DFA Emerging's portfolio posted a (7.89)% return for the quarter placing it in the 41 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 60 percentile for the last year.
- DFA Emerging's portfolio outperformed the Emer Mkt SC \$ Net by 0.13% for the quarter and outperformed the Emer Mkt SC \$ Net for the year by 2.71%.

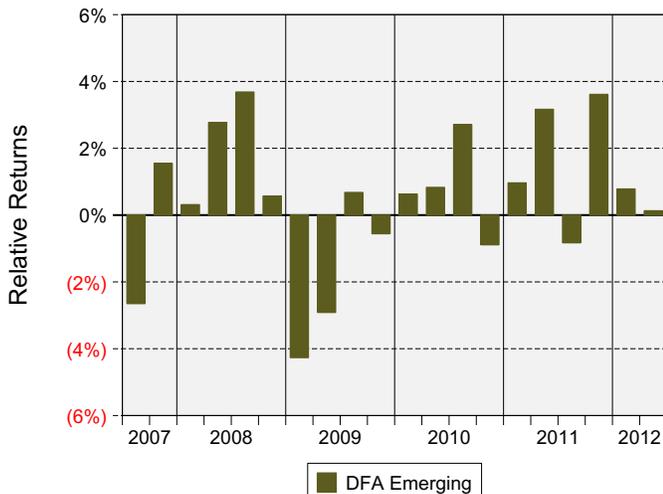
Quarterly Asset Growth

Beginning Market Value	\$32,067,880
Net New Investment	\$-17,086
Investment Gains/(Losses)	\$-2,530,498
Ending Market Value	\$29,520,296

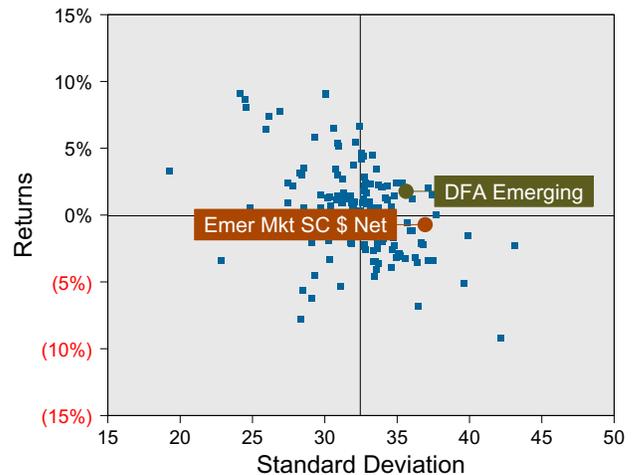
Performance vs CAI Emerging Markets Equity DB (Gross)



Relative Return vs Emer Mkt SC \$ Net



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return



JP Morgan Emerging Markets Period Ended June 30, 2012

Investment Philosophy

The emphasis of investments in the Emerging Markets Equity Focused Fund is in capital and common stocks, securities convertible into capital and common stocks, and other equity investments, all of which involve foreign companies and enterprises' located primarily in emerging markets. In this context, 'Emerging' refers generally to countries outside of the MSCI EAFE Universe. ** Emerging Markets Target is MSCI Emerging Mkts Idx (Gross) through 6/30/2011, and MSCI Emerging Mkts Idx Net thereafter.

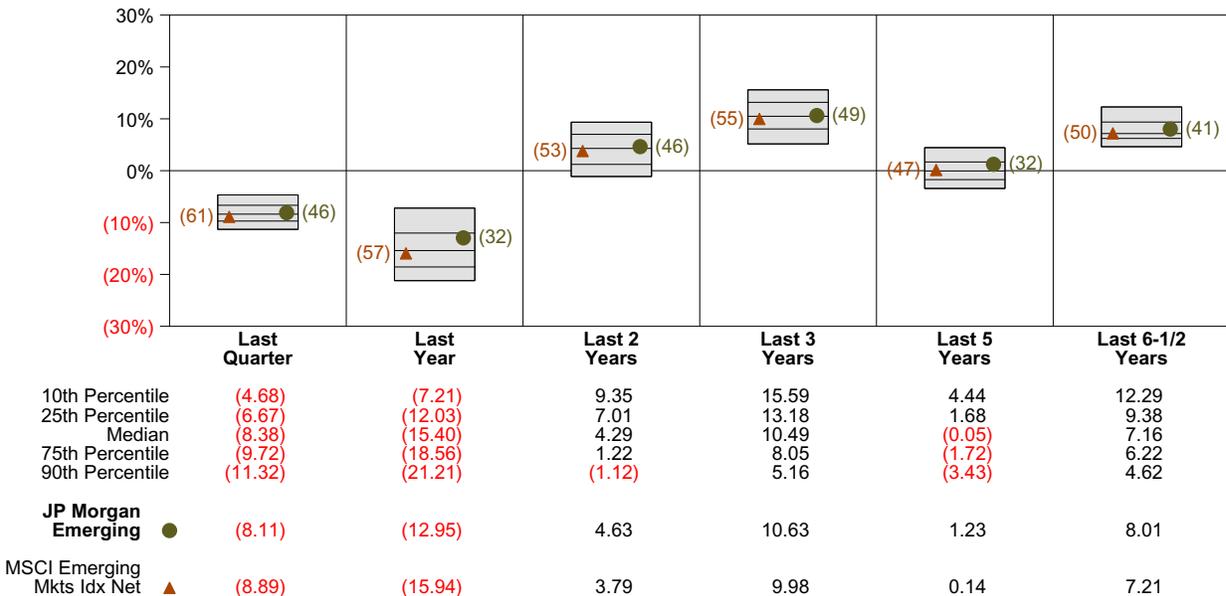
Quarterly Summary and Highlights

- JP Morgan Emerging's portfolio posted a (8.11)% return for the quarter placing it in the 46 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 32 percentile for the last year.
- JP Morgan Emerging's portfolio outperformed the MSCI Emerging Mkts Idx Net by 0.78% for the quarter and outperformed the MSCI Emerging Mkts Idx Net for the year by 2.99%.

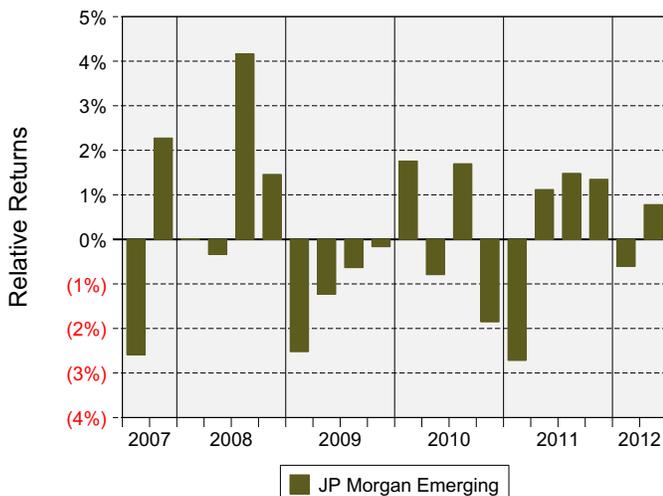
Quarterly Asset Growth

Beginning Market Value	\$39,997,135
Net New Investment	\$-76,386
Investment Gains/(Losses)	\$-3,247,738
Ending Market Value	\$36,673,011

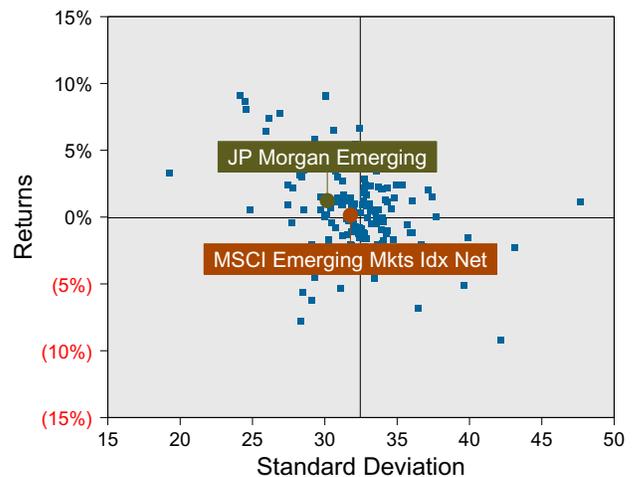
Performance vs CAI Emerging Markets Equity DB (Gross)



Relative Returns vs MSCI Emerging Mkts Idx Net



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return



PanAgora Emerging Markets Period Ended June 30, 2012

Investment Philosophy

The Emerging Markets Fund seeks to exceed, in the aggregate, the return of the Morgan Stanley Capital International Emerging Markets Index before fees and expenses. The Emerging Markets fund may be invested in: International equity securities, American Depository Receipts, Global Depository Receipts, European Depository Receipts, exchange traded funds based on the underlying securities in the Benchmark, spot and forward currency exchange contracts, US Treasury bills and a Daily Liquidity Fund. The maximum investment in companies which comprise the Morgan Stanley Capital International Frontier Markets Equity Index will not exceed 10% measured at time of purchase. ** Emerging Markets Target is MSCI Emerging Mkts Idx (Gross) through 6/30/2011, and MSCI Emerging Mkts Idx Net thereafter.

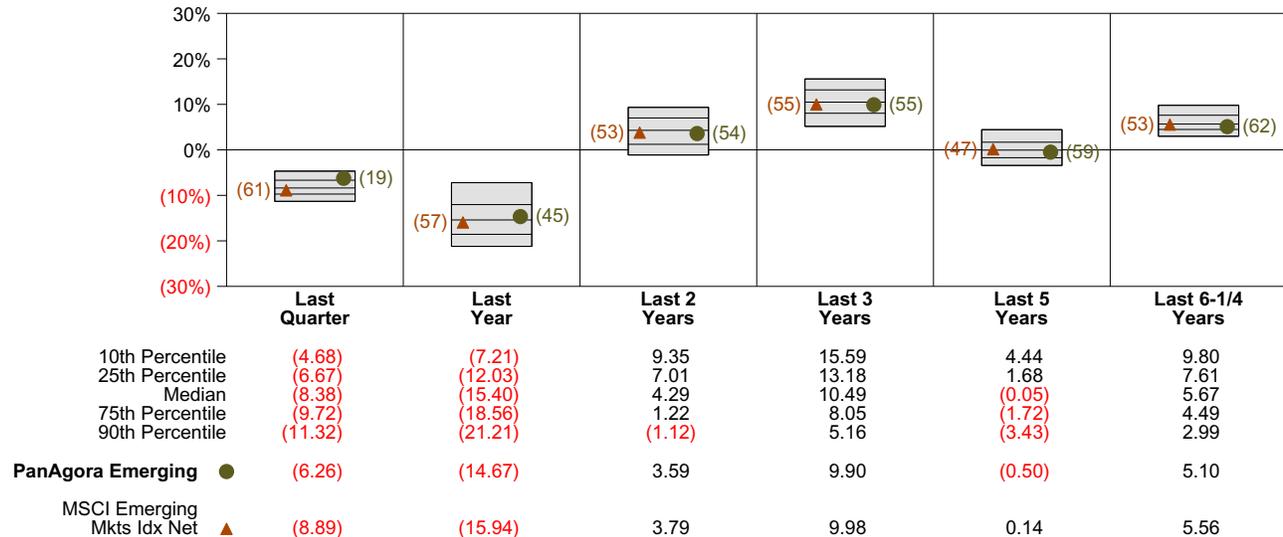
Quarterly Summary and Highlights

- PanAgora Emerging's portfolio posted a (6.26)% return for the quarter placing it in the 19 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 45 percentile for the last year.
- PanAgora Emerging's portfolio outperformed the MSCI Emerging Mkts Idx Net by 2.63% for the quarter and outperformed the MSCI Emerging Mkts Idx Net for the year by 1.28%.

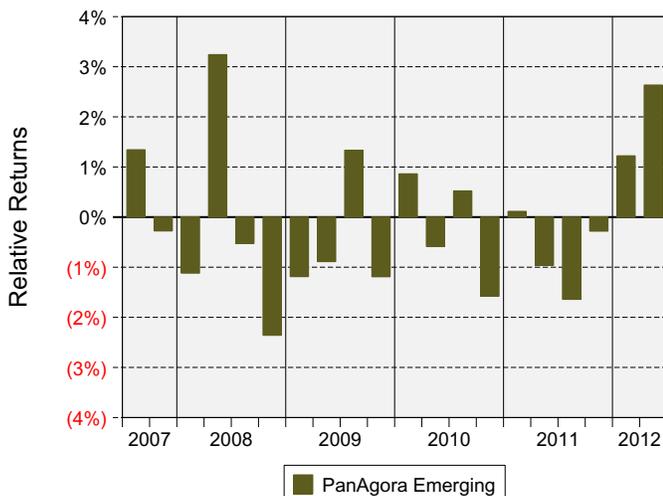
Quarterly Asset Growth

Beginning Market Value	\$16,103,211
Net New Investment	\$0
Investment Gains/(Losses)	\$-1,007,464
Ending Market Value	\$15,095,747

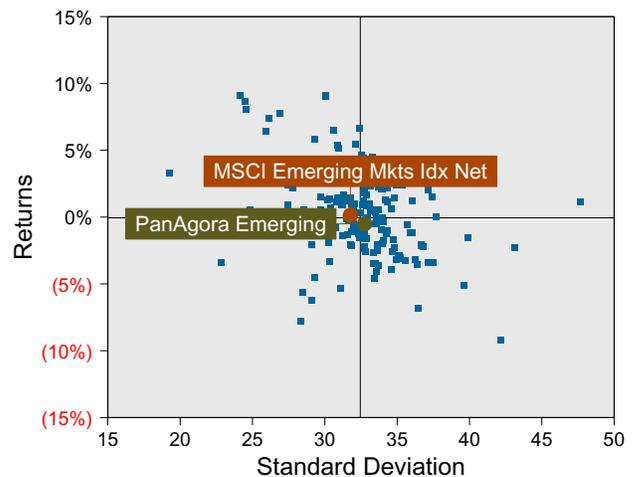
Performance vs CAI Emerging Markets Equity DB (Gross)



Relative Returns vs MSCI Emerging Mkts Idx Net



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return



UBS Global Asset Emerging Markets Period Ended June 30, 2012

Investment Philosophy

The UBS Group Trust's emerging markets equity investments will be confined to the UBS Emerging Markets Equity collective Fund. The account's emerging markets equity assets will be fully-invested at all times, but such assets may be invested in the UBS US Cash Management Prime Collective Fund for operational and risk management purposes. ** Emerging Markets Target is MSCI Emerging Mkts Idx (Gross) through 6/30/2011, and MSCI Emerging Mkts Idx Net thereafter.

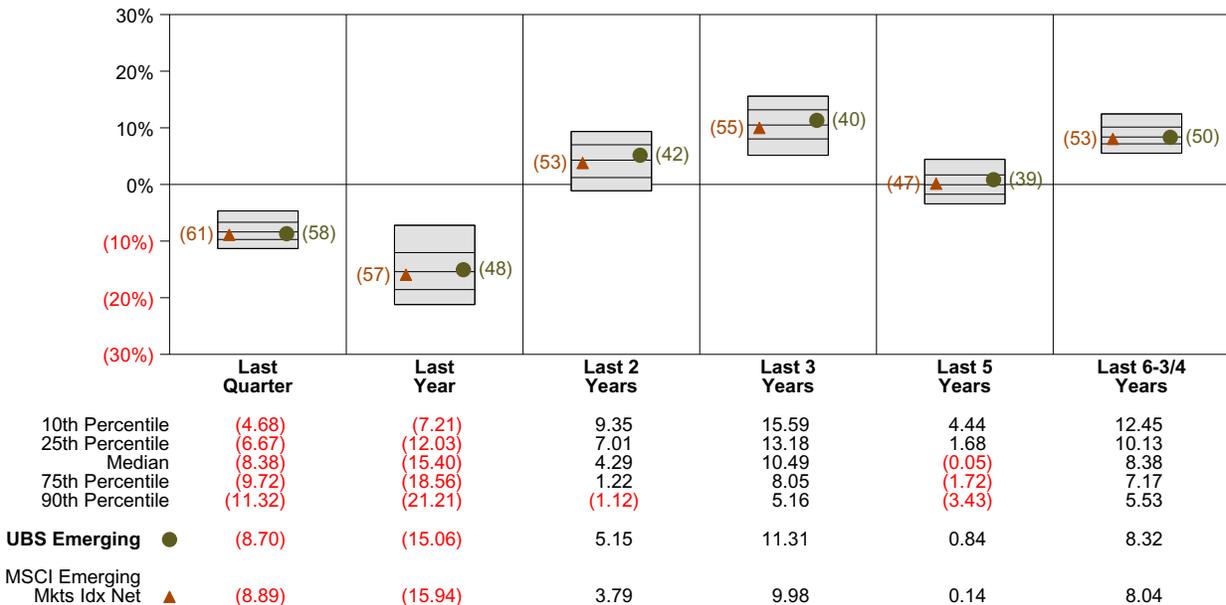
Quarterly Summary and Highlights

- UBS Emerging's portfolio posted a (8.70)% return for the quarter placing it in the 58 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 48 percentile for the last year.
- UBS Emerging's portfolio outperformed the MSCI Emerging Mkts Idx Net by 0.19% for the quarter and outperformed the MSCI Emerging Mkts Idx Net for the year by 0.89%.

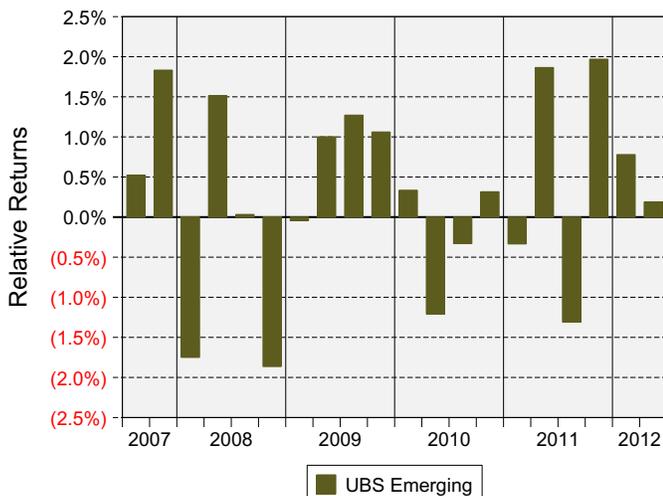
Quarterly Asset Growth

Beginning Market Value	\$39,976,146
Net New Investment	\$0
Investment Gains/(Losses)	\$-3,478,420
Ending Market Value	\$36,497,727

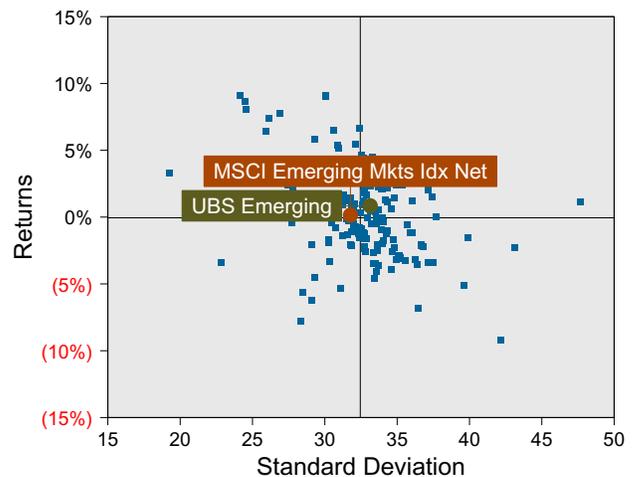
Performance vs CAI Emerging Markets Equity DB (Gross)



Relative Returns vs MSCI Emerging Mkts Idx Net



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return



EPOCH Investment Partners Period Ended June 30, 2012

Investment Philosophy

Epoch's Global Absolute Return strategy seeks to capture the benefits of borderless investing and produce superior risk-adjusted returns by building portfolios of businesses with outstanding risk/reward profiles without assuming a high degree of capital risk. With this strategy, Epoch manages portfolio risk exposure through quantitative and qualitative asset allocation inputs to reduce the likelihood of loss of capital and uses cash to mitigate downside capture. Their goal is to produce a portfolio of 20-30 positions that exhibits low volatility, strong risk-adjusted returns and real absolute returns. The EPOCH Blended Benchmark consists of the S&P 500 Index through 12/31/2011 and the MSCI World Index thereafter.

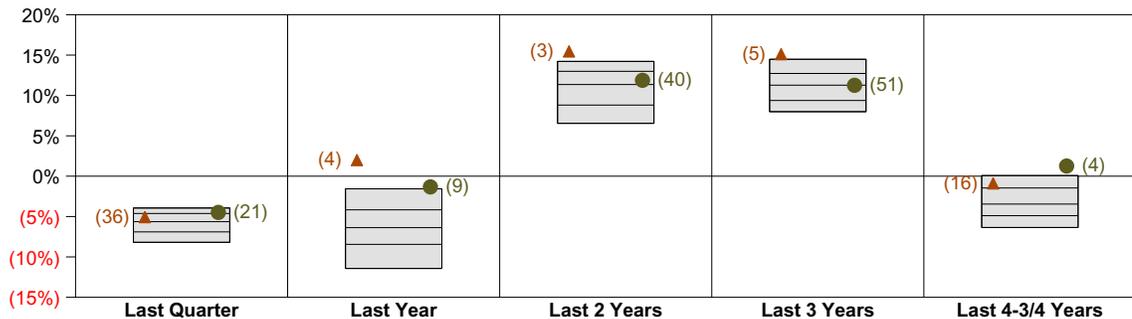
Quarterly Summary and Highlights

- EPOCH Investment Partners's portfolio posted a (4.49)% return for the quarter placing it in the 21 percentile of the CAI Global Equity Broad Style group for the quarter and in the 9 percentile for the last year.
- EPOCH Investment Partners's portfolio outperformed the EPOCH Blended Benchmark by 0.58% for the quarter and underperformed the EPOCH Blended Benchmark for the year by 3.33%.

Quarterly Asset Growth

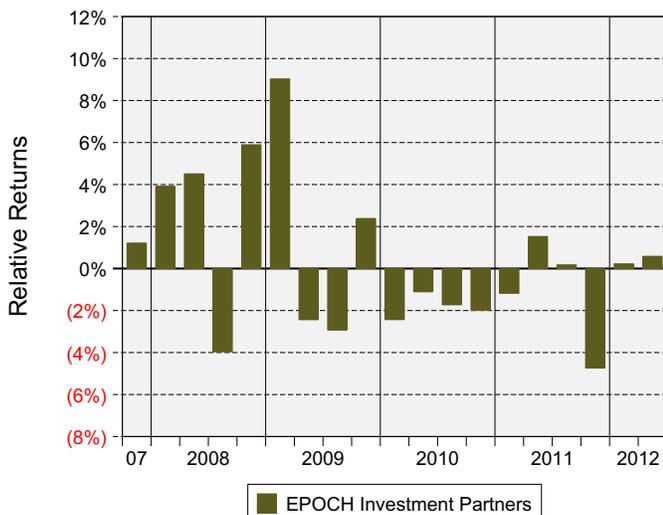
Beginning Market Value	\$176,052,084
Net New Investment	\$-347,412
Investment Gains/(Losses)	\$-7,890,274
Ending Market Value	\$167,814,398

Performance vs CAI Global Equity Broad Style (Gross)

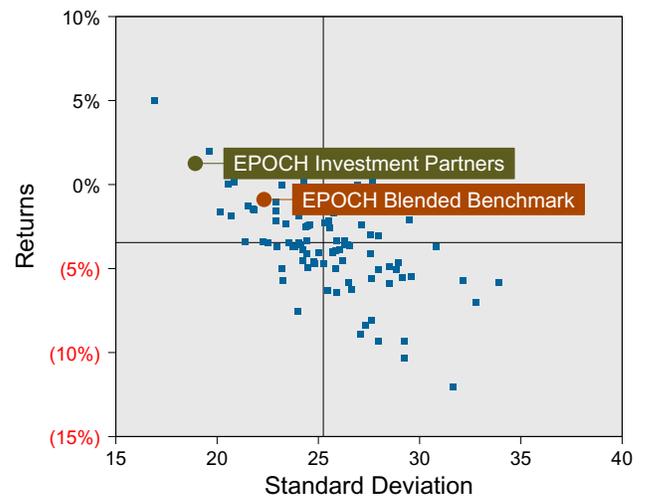


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	(3.94)	(1.57)	14.22	14.48	0.08
25th Percentile	(4.62)	(4.17)	12.99	12.72	(1.46)
Median	(5.64)	(6.37)	11.35	11.27	(3.45)
75th Percentile	(6.90)	(8.44)	8.81	9.38	(4.89)
90th Percentile	(8.19)	(11.43)	6.55	7.99	(6.36)
EPOCH Investment Partners	(4.49)	(1.33)	11.88	11.26	1.26
EPOCH Blended Benchmark	(5.07)	2.00	15.46	15.12	(0.89)

Relative Returns vs EPOCH Blended Benchmark



CAI Global Equity Broad Style (Gross) Annualized Four and Three-Quarter Year Risk vs Return



Calamos Investments

Period Ended June 30, 2012

Investment Philosophy

Calamos utilizes both top down and bottom up analysis. The strategy invests in equity and convertible securities. From a bottom up perspective they believe that to have a thorough understanding of a company they must assess the economic enterprise value of the business. They then look at a company's capital structure and value the equity and equity sensitive securities a company offers. They believe this holistic view of a company, and the fact they are often invested for longer periods than equity only managers, provides them with better levels of due diligence.

Quarterly Summary and Highlights

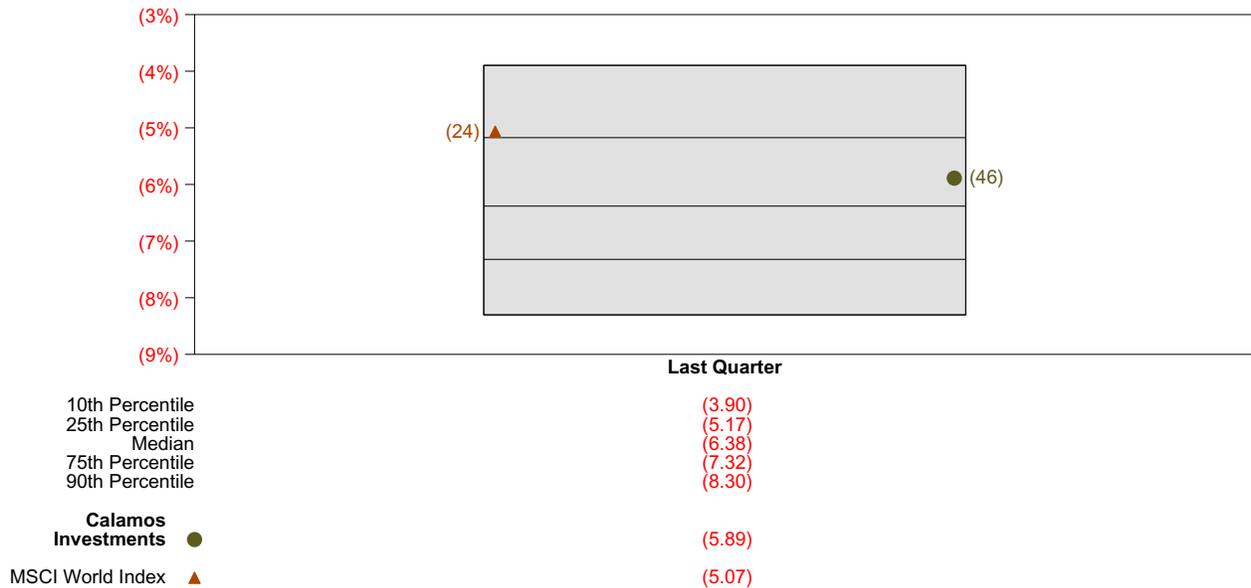
- Calamos Investments's portfolio posted a (5.89)% return for the quarter placing it in the 46 percentile of the CAI MF - Global Equity Style group for the quarter.
- Calamos Investments's portfolio underperformed the MSCI World Index by 0.82% for the quarter.

Quarterly Asset Growth

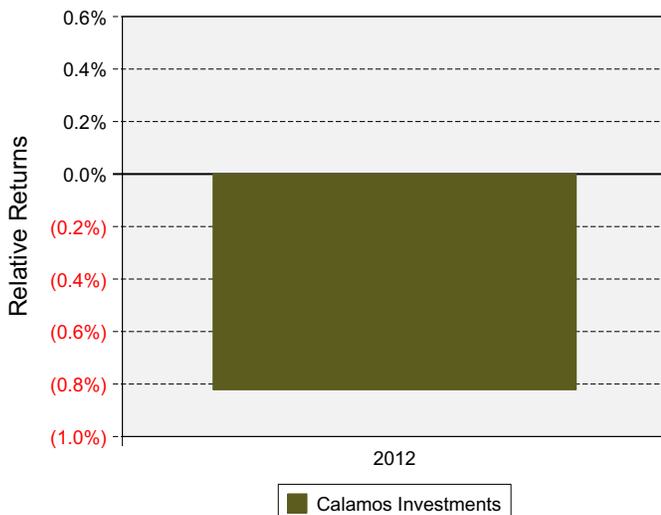
Beginning Market Value	\$53,241,613
Net New Investment	\$-63,642
Investment Gains/(Losses)	\$-3,139,546
Ending Market Value	\$50,038,424

Percent Cash: 0.0%

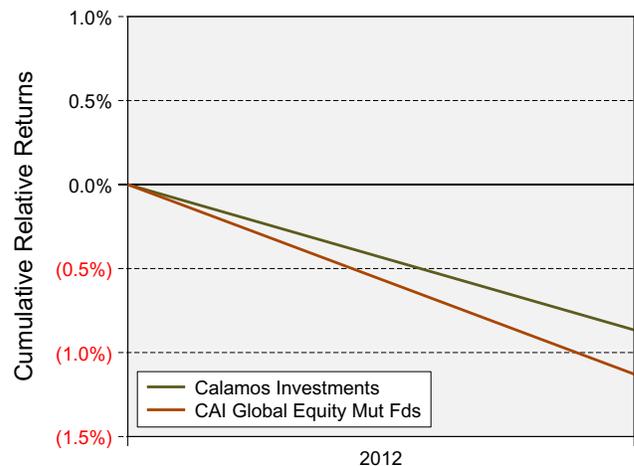
Performance vs CAI MF - Global Equity Style (Net)



Relative Return vs MSCI World Index



Cumulative Returns vs MSCI World Index



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2012

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 23-1/4 Years
Private Equity	6.54%	5.12%	12.90%	(0.10%)	9.73%
Brinson Partners Venture II	0.00%	(12.12%)	(6.63%)	14.39%	18.06%
Brinson Partners Venture III	3.81%	9.19%	19.22%	14.97%	-
Adams Street Direct Co-Invest Fd	7.29%	5.82%	14.37%	1.24%	-
Adams Street Direct Fd 2010	1.93%	22.19%	-	-	-
Adams Street 1998 Partnership	0.36%	(14.46%)	(1.43%)	(7.20%)	-
Adams Street 1999 Partnership	0.16%	(5.66%)	8.72%	0.81%	-
Adams Street 2000 Partnership	2.33%	6.74%	14.10%	5.38%	-
Adams Street 2001 Partnership	4.42%	4.90%	12.44%	2.58%	-
Adams Street 2002 Partnership	6.46%	12.41%	22.51%	3.79%	-
Adams Street 2003 Partnership	2.01%	(5.78%)	10.46%	(0.59%)	-
Adams Street 2010 Partnership	1.98%	8.84%	-	-	-
Adams Street 2008 Fund	(1.81%)	(1.84%)	3.99%	-	-
Adams Street 1999 Non-US	(10.41%)	(0.36%)	18.50%	2.79%	-
Adams Street 2000 Non-US	(2.20%)	(3.49%)	12.53%	2.59%	-
Adams Street 2001 Non-US	6.13%	(14.12%)	5.11%	(7.15%)	-
Adams Street 2002 Non-US	(2.94%)	(2.78%)	12.98%	(1.62%)	-
Adams Street 2003 Non-US	2.72%	(11.60%)	16.11%	4.71%	-
Adams Street 2004 Non-US	(4.14%)	(8.24%)	9.51%	0.91%	-
Adams Street 2010 Non-US	(1.82%)	4.57%	-	-	-
Adams Street 2010 NonUS Em	(8.83%)	(21.77%)	-	-	-
Adams Street US 2010	1.98%	8.84%	-	-	-
Adams Street BVCF IV Fund	23.36%	64.19%	89.31%	44.31%	-
Coral Partners V	40.41%	12.85%	75.73%	38.62%	-
Coral Partner VI	1.75%	4.47%	(14.90%)	(16.04%)	-
Coral Partners Technology Fund	26.20%	(58.37%)	(15.86%)	(14.90%)	-
CorsAir III	0.62%	(2.14%)	1.61%	5.38%	-
ND Investors	1.39%	5.04%	1.06%	-	-
CorsAir IV	8.43%	(16.03%)	-	-	-
Capital International V	3.68%	(3.29%)	14.14%	-	-
Capital International VI	12.18%	-	-	-	-
TCW Energy Fund XIV	0.50%	7.17%	13.10%	-	-
Lewis & Clark	6.01%	6.14%	8.60%	8.40%	-
Lewis & Clark II	(3.26%)	(3.26%)	(10.62%)	-	-
Quantum Energy Partners	13.79%	30.29%	16.80%	3.54%	-
Quantum Resources	6.70%	(0.85%)	(13.12%)	(49.44%)	-
Matlin Patterson I	(54.62%)	*****%	4355.20%	635.41%	-
Matlin Patterson II	(27.84%)	(79.03%)	(53.26%)	(45.01%)	-
Matlin Patterson III	34.22%	124.86%	44.49%	5.42%	-
Russell 1000 Index	(3.12%)	4.37%	16.64%	0.39%	9.29%
Russell 2000 Index	(3.47%)	(2.08%)	17.80%	0.54%	8.78%

Bank of North Dakota Period Ended June 30, 2012

Investment Philosophy

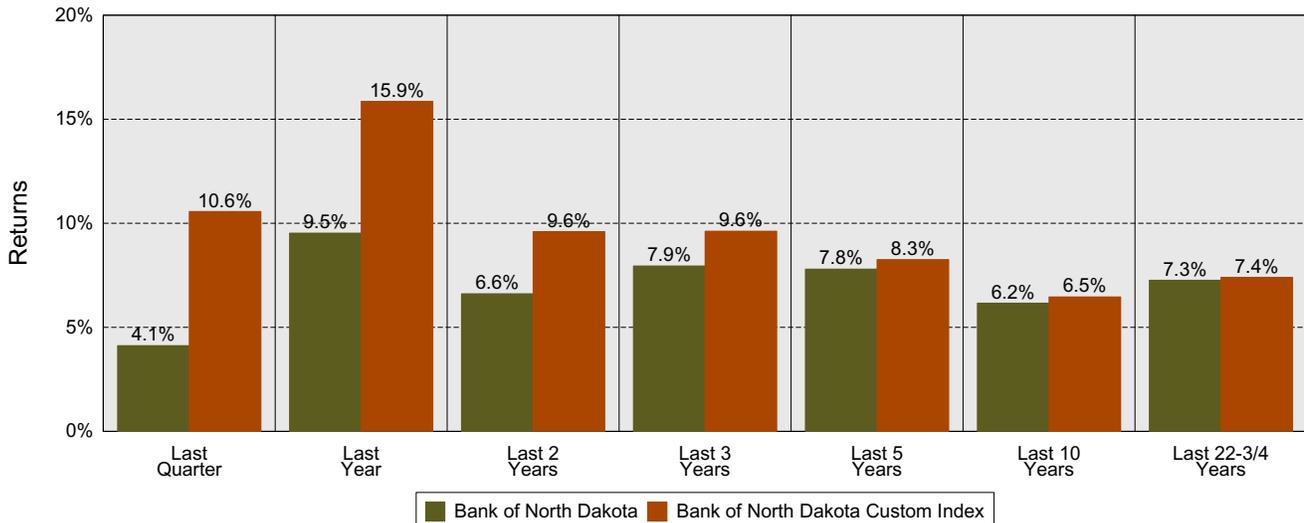
The Bank of North Dakota (BND) uses a passive management style designed to replicate the Barclays Government/Corporate Bond Index. In order to accomplish this objective, BND utilizes optimization software that allows us to monitor several portfolio and individual security constraints (duration, yield, convexity, credit quality and issue size). The Custom Index represents the Barclays Gov/Credit Bond Idx through 12/31/2011, then the Barclays Government Index through 3/31/2012, and the Barclays Treasury Long Idx thereafter.

Quarterly Summary and Highlights

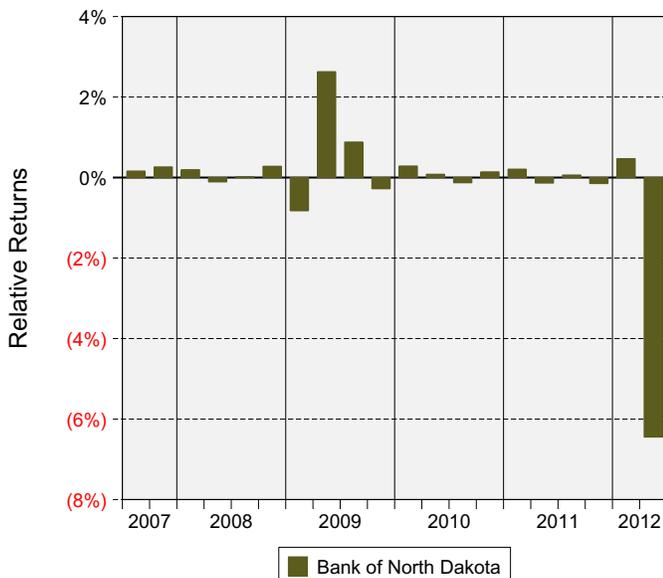
- Bank of North Dakota's portfolio underperformed the Bank of North Dakota Custom Index by 6.45% for the quarter and underperformed the Bank of North Dakota Custom Index for the year by 6.33%.

Quarterly Asset Growth

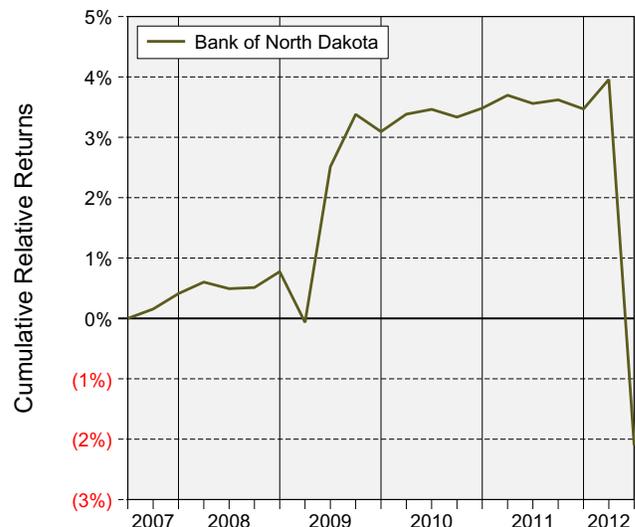
Beginning Market Value	\$112,008,530
Net New Investment	\$-65,016,917
Investment Gains/(Losses)	\$2,430,386
Ending Market Value	\$49,421,998



Relative Returns vs Bank of North Dakota Custom Index



Cumulative Returns vs Bank of North Dakota Custom Index



PIMCO DiSCO II

Period Ended June 30, 2012

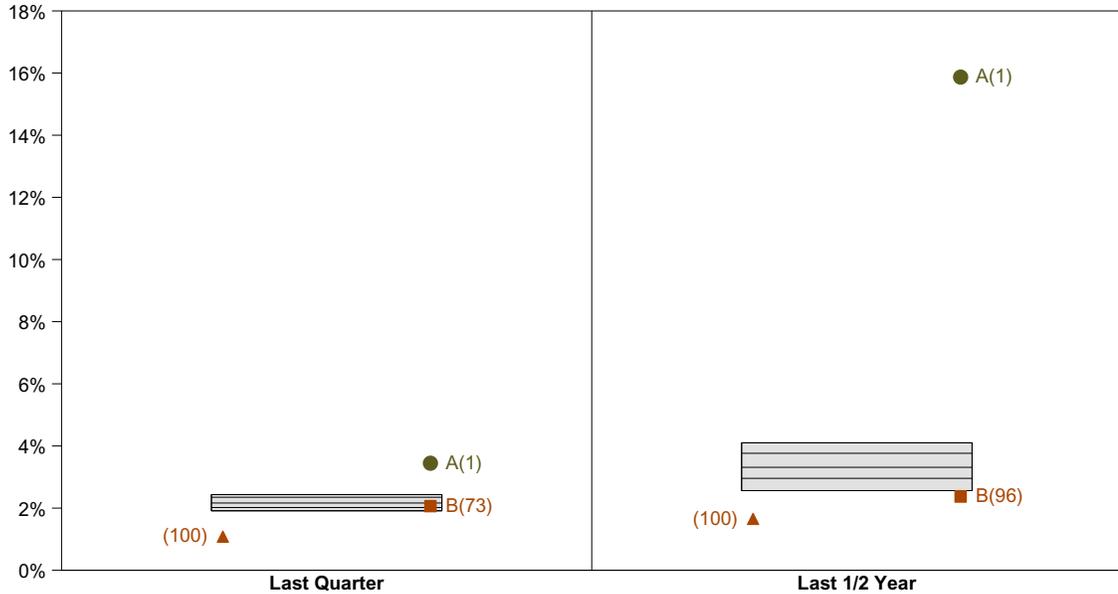
Quarterly Summary and Highlights

- PIMCO DiSCO II's portfolio posted a 3.44% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 1 percentile for the last one-half year.
- PIMCO DiSCO II's portfolio outperformed the Barclays Mortgage by 2.36% for the quarter and outperformed the Barclays Mortgage for the one-half year by 14.21%.

Quarterly Asset Growth

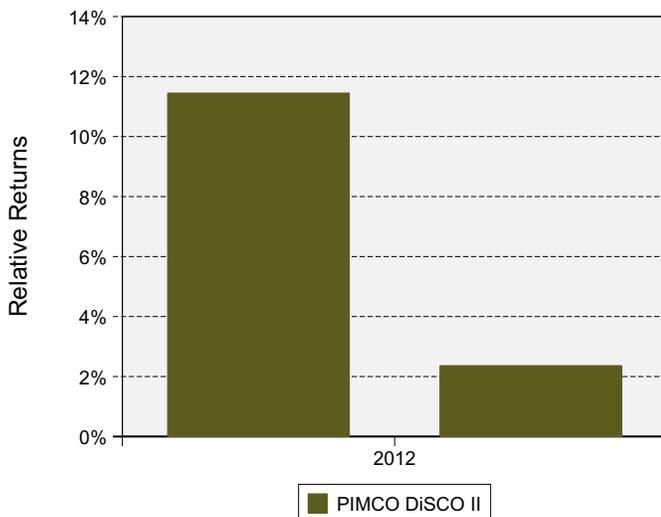
Beginning Market Value	\$75,849,808
Net New Investment	\$0
Investment Gains/(Losses)	\$2,612,565
Ending Market Value	\$78,462,373

Performance vs CAI Core Bond Fixed-Inc Style (Gross)

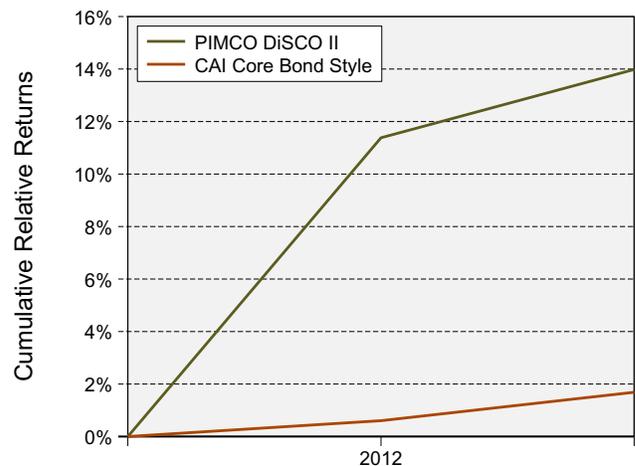


10th Percentile	2.44	4.10
25th Percentile	2.35	3.76
Median	2.16	3.31
75th Percentile	2.02	2.96
90th Percentile	1.91	2.56
PIMCO DiSCO II ● A	3.44	15.87
Barclays Aggregate Index ■ B	2.06	2.37
Barclays Mortgage ▲	1.08	1.66

Relative Return vs Barclays Mortgage



Cumulative Returns vs Barclays Mortgage



Western Asset Management Company

Period Ended June 30, 2012

Investment Philosophy

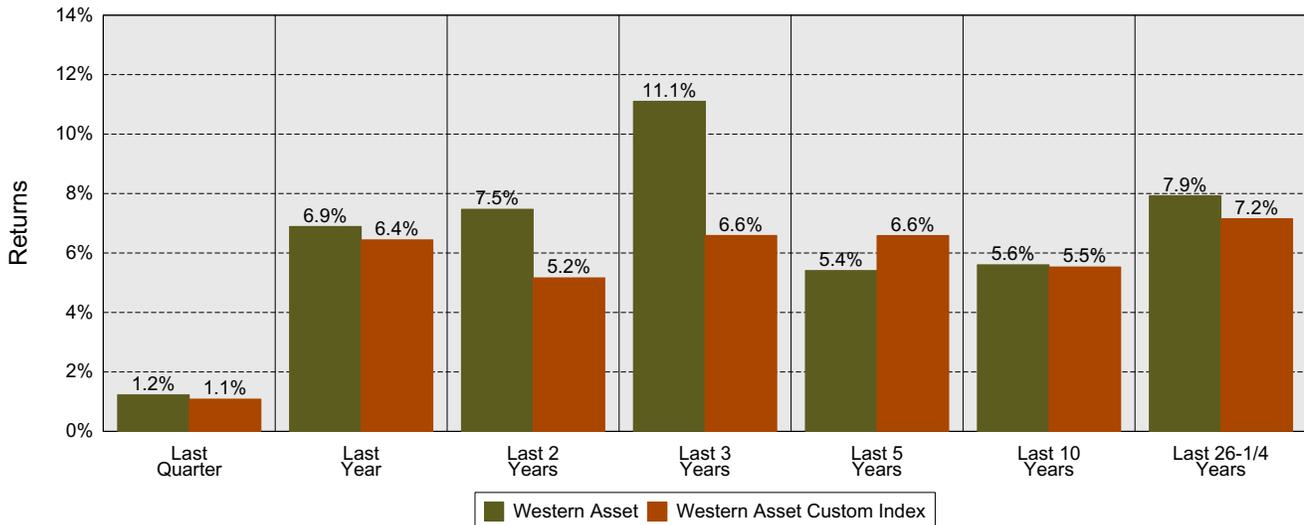
The investment objective for the Western Asset Mortgage-Backed Securities portfolio is to outperform the Barclays Capital US Mortgage Backed Securities Index over a three to five year market cycle. The portfolio is designed to hold high quality assets, with at least 90% of the portfolio rated AAA, or the rating of US Treasury or Agency securities, by at least one of the nationally recognized statistical rating organizations. The Custom Index represents the Barclays Aggregate Index through 03/31/2012, and the Barclays Mortgage Index thereafter.

Quarterly Summary and Highlights

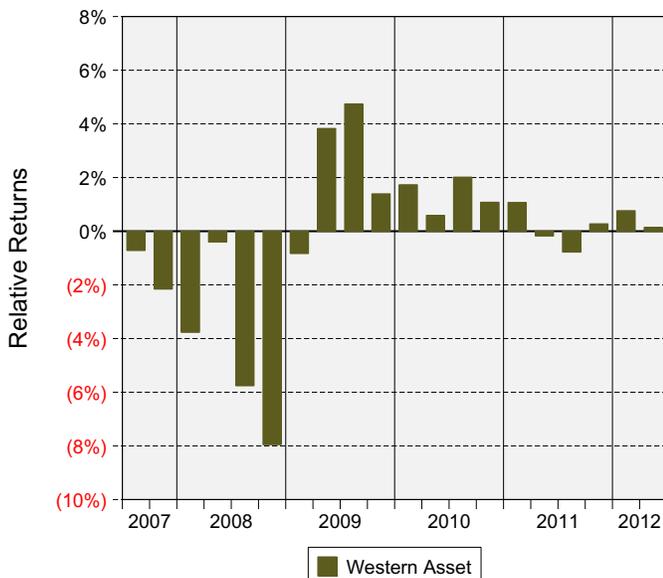
- Western Asset's portfolio outperformed the Western Asset Custom Index by 0.15% for the quarter and outperformed the Western Asset Custom Index for the year by 0.45%.

Quarterly Asset Growth

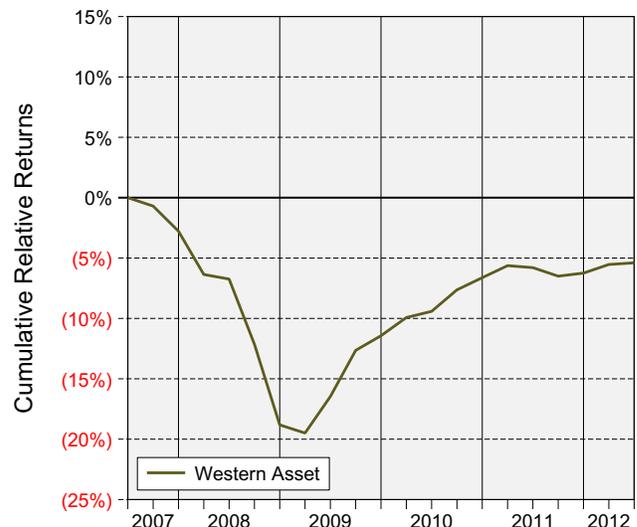
Beginning Market Value	\$98,730,662
Net New Investment	\$-40,928
Investment Gains/(Losses)	\$1,213,925
Ending Market Value	\$99,903,659



Relative Returns vs Western Asset Custom Index



Cumulative Returns vs Western Asset Custom Index



PIMCO Unconstrained Period Ended June 30, 2012

Investment Philosophy

The PIMCO Unconstrained Bond Strategy is an absolute return-oriented, investment grade quality fixed income strategy that embodies PIMCO's secular thinking, global themes, and integrated investment process without the constraints of a benchmark or significant sector/instrument limitations. The strategy is designed to offer the traditional benefits of a core bond portfolio seeks maximum long-term return consistent with capital preservation and prudent management but with higher potential alpha and the potential to mitigate downside risk to a greater degree than what is reasonably possible from traditional active fixed income management approaches as the strategy allows for more manager discretion to adjust duration exposure, allocate across sectors and otherwise express the firm's active views. The strategy is governed by PIMCO's investment philosophy and unique, disciplined secular investment process, which focuses on long-term economic, social and political trends that may have lasting impacts on investment returns. Moreover, over shorter cyclical time frames, the unconstrained nature of the strategy allows PIMCO to take on more risk when tactical opportunities are identified, and it allows for reduction and diversification of risk at times when the outlook may be more challenging for traditional fixed income benchmarks.

Quarterly Summary and Highlights

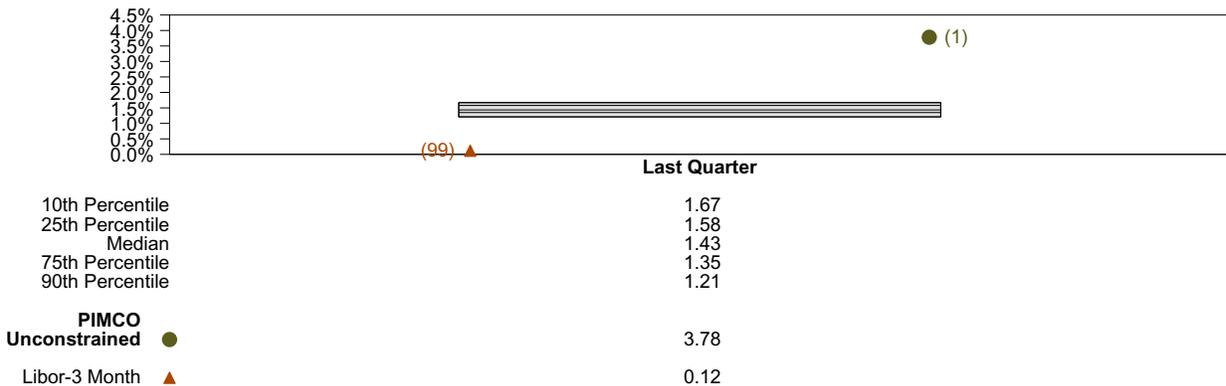
- PIMCO Unconstrained's portfolio posted a 3.78% return for the quarter placing it in the 1 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter.
- PIMCO Unconstrained's portfolio outperformed the Libor-3 Month by 3.66% for the quarter.

Quarterly Asset Growth

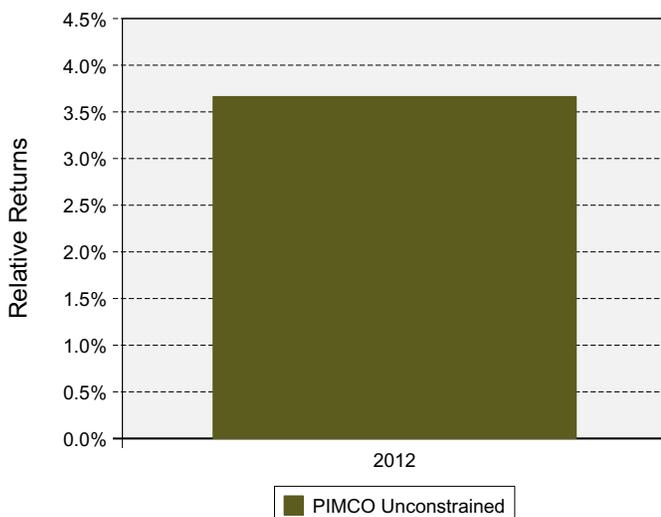
Beginning Market Value	\$65,550,444
Net New Investment	\$-125,605
Investment Gains/(Losses)	\$2,477,015
Ending Market Value	\$67,901,855

Percent Cash: 0.0%

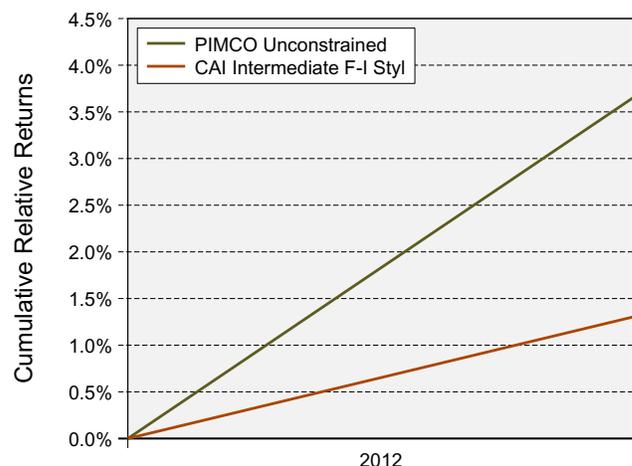
Performance vs CAI Intermediate Fixed-Inc Style (Gross)



Relative Return vs Libor-3 Month



Cumulative Returns vs Libor-3 Month



PIMCO MBS

Period Ended June 30, 2012

Quarterly Summary and Highlights

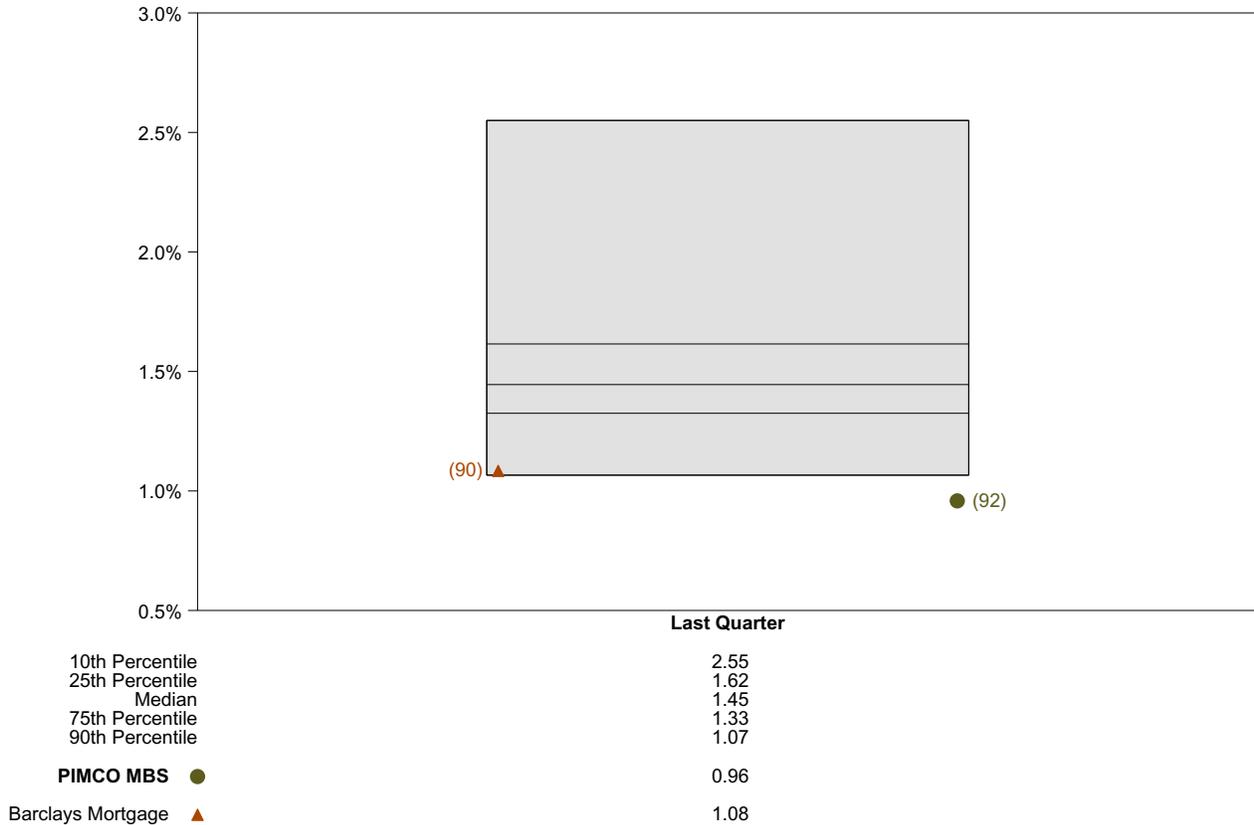
- PIMCO MBS's portfolio posted a 0.96% return for the quarter placing it in the 92 percentile of the CAI Mtg-Backed FI Style group for the quarter.
- PIMCO MBS's portfolio underperformed the Barclays Mortgage by 0.13% for the quarter.

Quarterly Asset Growth

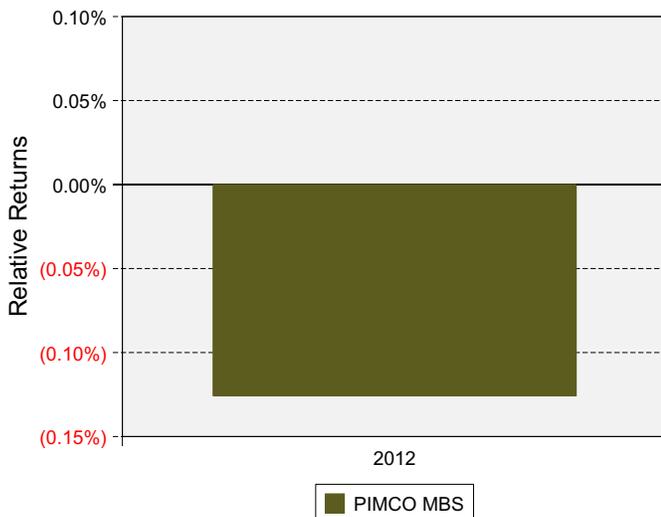
Beginning Market Value	\$121,294,855
Net New Investment	\$24,000,000
Investment Gains/(Losses)	\$1,337,956
Ending Market Value	\$146,632,811

Percent Cash: 0.0%

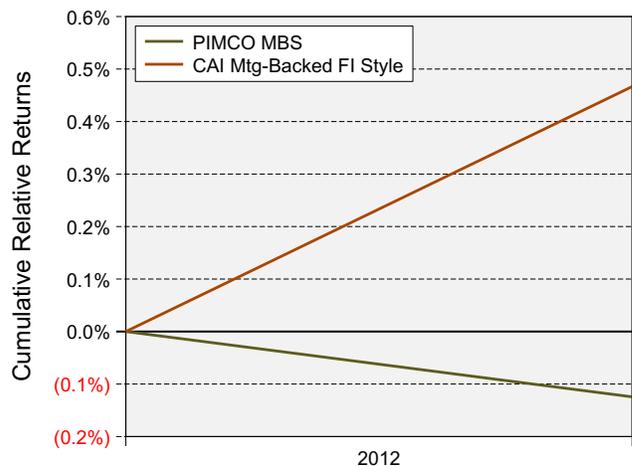
Performance vs CAI Mtg-Backed FI Style (Gross)



Relative Return vs Barclays Mortgage



Cumulative Returns vs Barclays Mortgage



Goldman Sachs 2006 Offshore Period Ended June 30, 2012

Investment Philosophy

GS Mezzanine Partners seeks large-sized mezzanine investments comprised generally of fixed income securities and an associated equity component. They focus on providing private high yield capital for mid- to large-sized leveraged and management buyout transactions, recapitalizations, financings, re-financings, acquisitions and restructurings for private equity firms, private family companies and corporate issuers.

Quarterly Summary and Highlights

- Goldman Sachs's portfolio posted a (0.83)% return for the quarter placing it in the 100 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 100 percentile for the last year.
- Goldman Sachs's portfolio underperformed the Barclays HY Corp 2% Issue by 2.62% for the quarter and underperformed the Barclays HY Corp 2% Issue for the year by 27.49%.

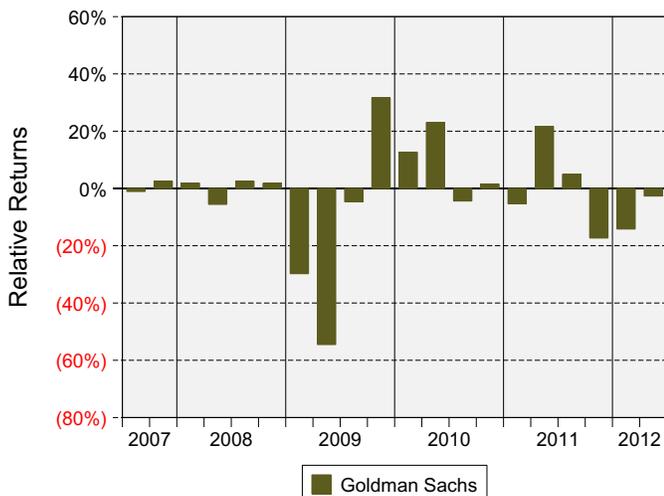
Quarterly Asset Growth

Beginning Market Value	\$4,409,220
Net New Investment	\$-157,734
Investment Gains/(Losses)	\$-36,486
Ending Market Value	\$4,215,000

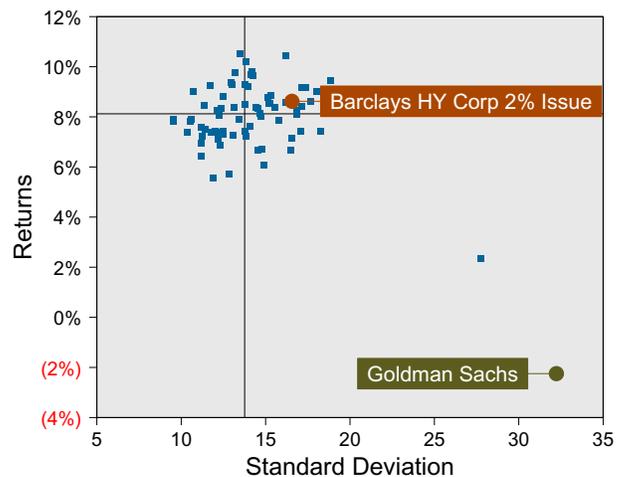
Performance vs CAI High Yield Fixed-Inc Style (Gross)



Relative Return vs Barclays HY Corp 2% Issue



CAI High Yield Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



Goldman Sachs Offshore Fund V

Period Ended June 30, 2012

Investment Philosophy

GS Mezzanine Partners seeks large-sized mezzanine investments comprised generally of fixed income securities and an associated equity component. They focus on providing private high yield capital for mid- to large-sized leveraged and management buyout transactions, recapitalizations, financings, re-financings, acquisitions and restructurings for private equity firms, private family companies and corporate issuers.

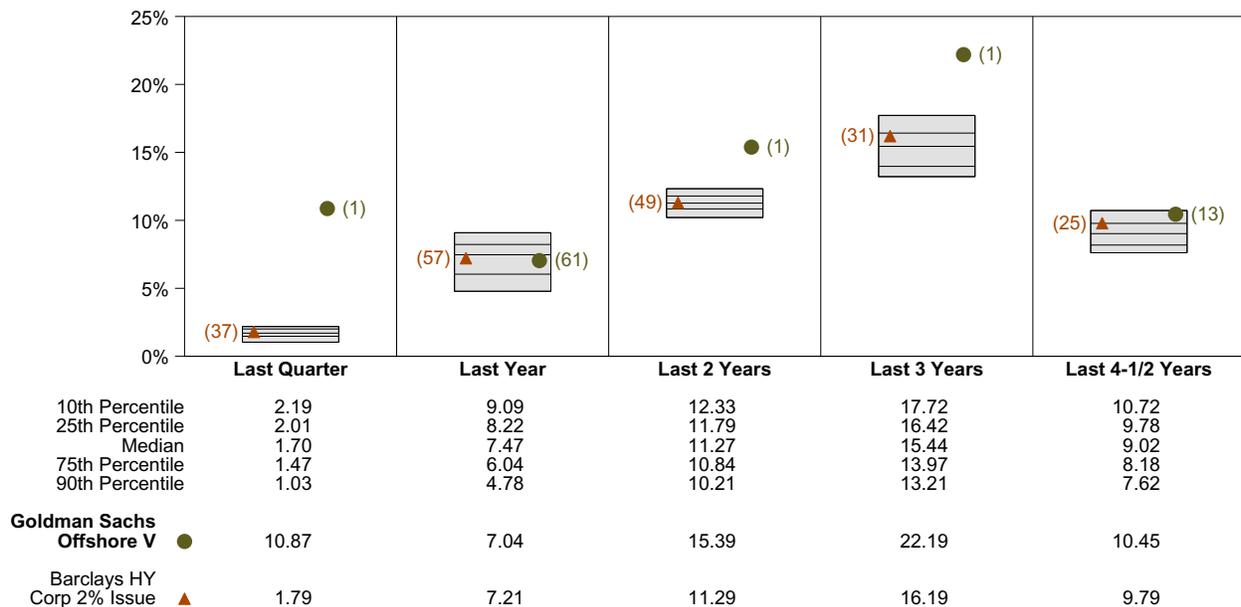
Quarterly Summary and Highlights

- Goldman Sachs Offshore V's portfolio posted a 10.87% return for the quarter placing it in the 1 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 61 percentile for the last year.
- Goldman Sachs Offshore V's portfolio outperformed the Barclays HY Corp 2% Issue by 9.08% for the quarter and underperformed the Barclays HY Corp 2% Issue for the year by 0.17%.

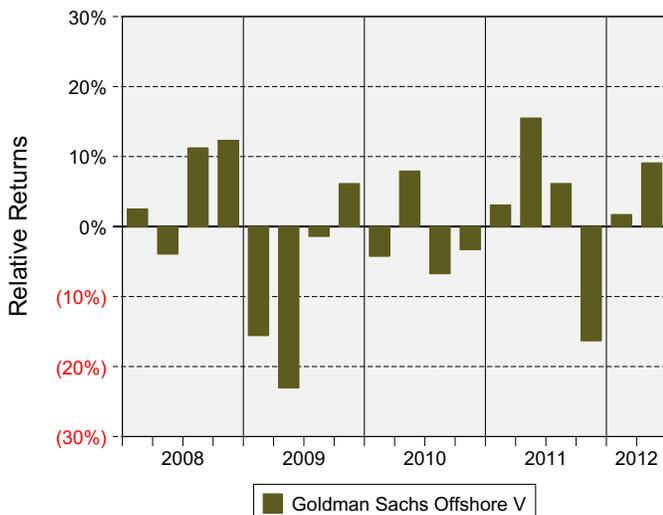
Quarterly Asset Growth

Beginning Market Value	\$9,842,754
Net New Investment	\$-490,394
Investment Gains/(Losses)	\$1,009,640
Ending Market Value	\$10,362,000

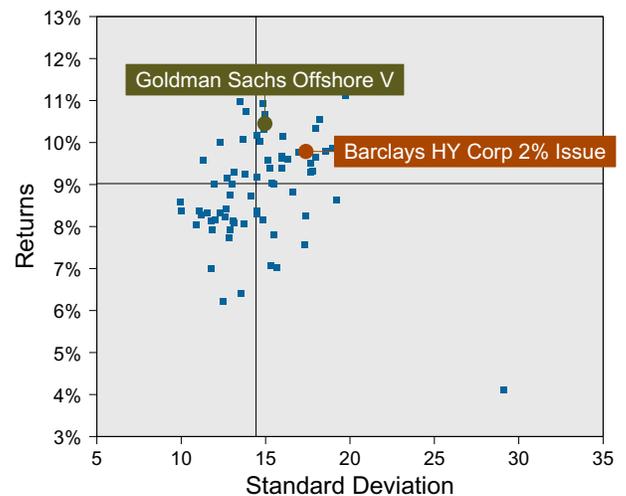
Performance vs CAI High Yield Fixed-Inc Style (Gross)



Relative Return vs Barclays HY Corp 2% Issue



CAI High Yield Fixed-Inc Style (Gross) Annualized Four and One-Half Year Risk vs Return



Loomis Sayles

Period Ended June 30, 2012

Investment Philosophy

The High Yield Full Discretion Strategy seeks to identify attractive sectors and specific investment opportunities primarily within the global fixed income market through a global economic and interest rate framework. Portfolio managers incorporate a long-term macroeconomic view along with a stringent bottom-up investment evaluation process that drives security selection and resulting sector allocations. Opportunistic investments in non-benchmark sectors including investment grade corporate, emerging market, and non-US dollar debt and convertible bonds help to manage overall portfolio risk and enhance total return potential.

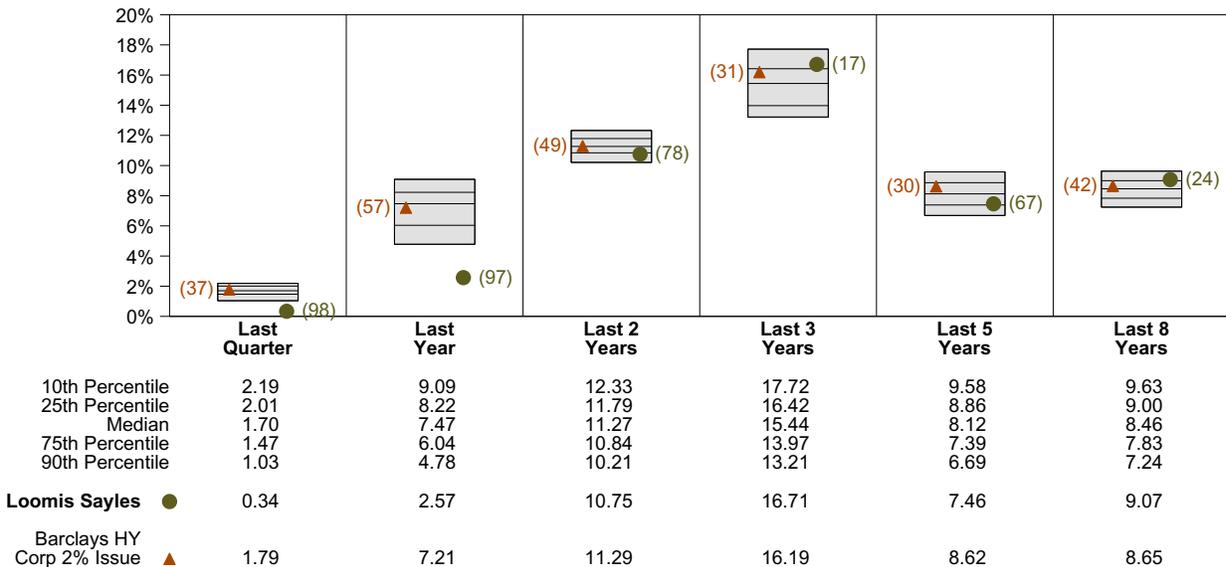
Quarterly Summary and Highlights

- Loomis Sayles's portfolio posted a 0.34% return for the quarter placing it in the 98 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 97 percentile for the last year.
- Loomis Sayles's portfolio underperformed the Barclays HY Corp 2% Issue by 1.45% for the quarter and underperformed the Barclays HY Corp 2% Issue for the year by 4.64%.

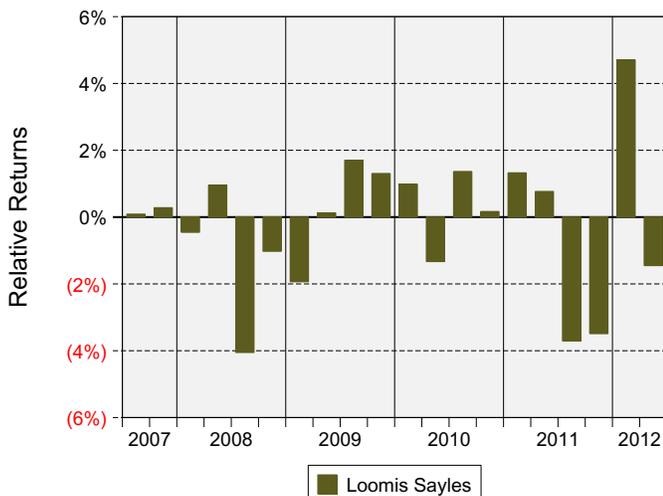
Quarterly Asset Growth

Beginning Market Value	\$155,854,013
Net New Investment	\$-193,207
Investment Gains/(Losses)	\$525,457
Ending Market Value	\$156,186,263

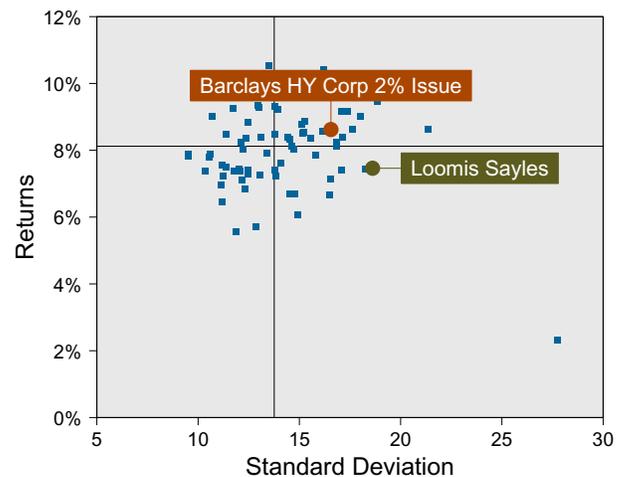
Performance vs CAI High Yield Fixed-Inc Style (Gross)



Relative Return vs Barclays HY Corp 2% Issue



CAI High Yield Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



PIMCO Distressed Mortgages

Period Ended June 30, 2012

Investment Philosophy

The PIMCO Distressed Mortgage Fund is an opportunistic private-equity-style Fund which invests in mortgage-related securities and loans, seeking to capitalize on the historic dislocation in the US and global mortgage markets. The Fund will essentially look to capitalize on forced liquidations of mortgage risk from mark-to-market and ratings sensitive investors at historic high yields.

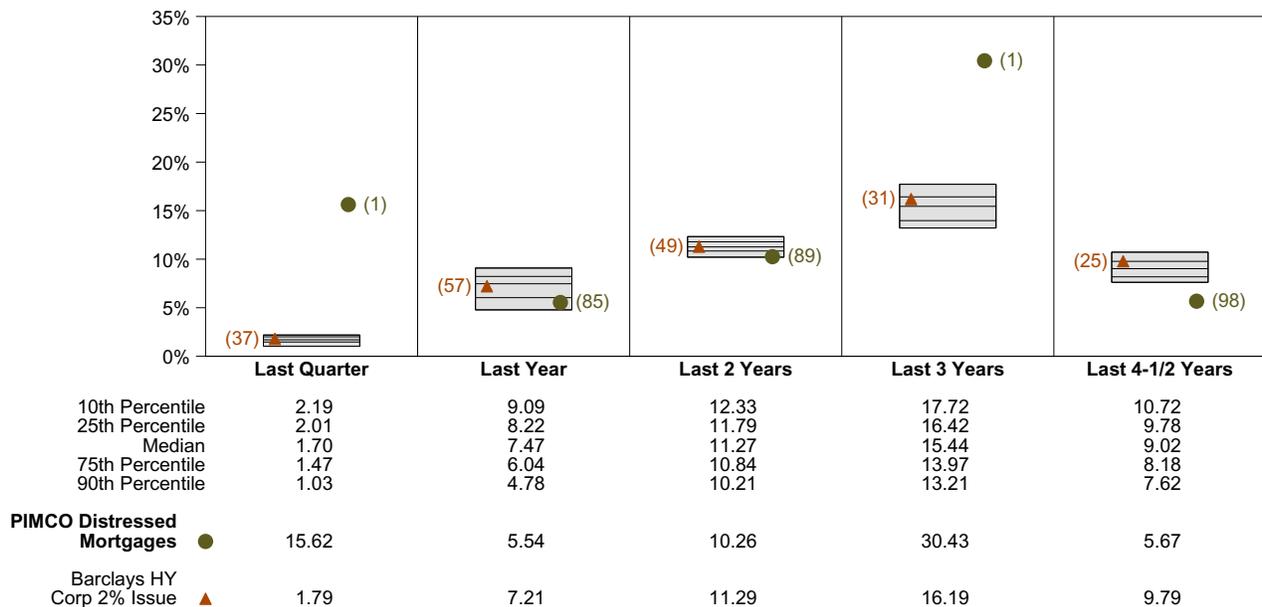
Quarterly Summary and Highlights

- PIMCO Distressed Mortgages's portfolio posted a 15.62% return for the quarter placing it in the 1 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 85 percentile for the last year.
- PIMCO Distressed Mortgages's portfolio outperformed the Barclays HY Corp 2% Issue by 13.84% for the quarter and underperformed the Barclays HY Corp 2% Issue for the year by 1.67%.

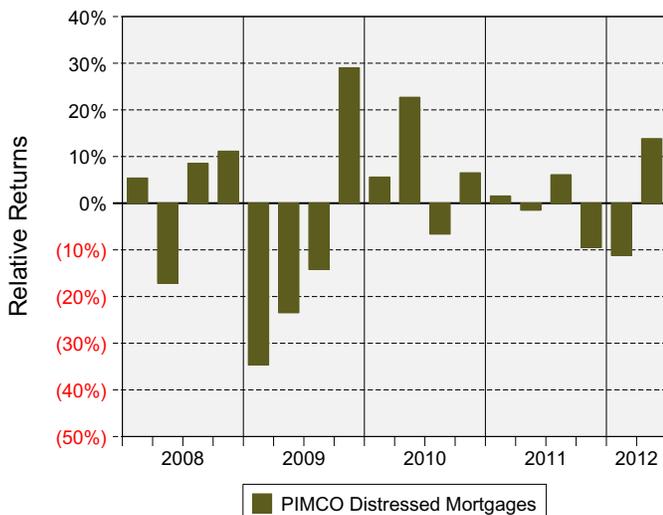
Quarterly Asset Growth

Beginning Market Value	\$16,165,755
Net New Investment	\$-3,139,189
Investment Gains/(Losses)	\$2,313,550
Ending Market Value	\$15,340,116

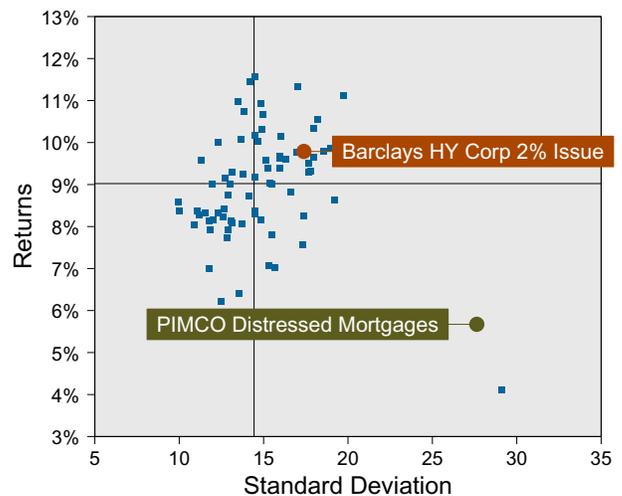
Performance vs CAI High Yield Fixed-Inc Style (Gross)



Relative Return vs Barclays HY Corp 2% Issue



CAI High Yield Fixed-Inc Style (Gross) Annualized Four and One-Half Year Risk vs Return



UBS Global Asset Management Period Ended June 30, 2012

Investment Philosophy

UBS Global Asset Management's non-US fixed income portfolio's assets are invested in emerging markets debt on an opportunistic basis up to the stated maximum allocation of 5%. The account's non-US fixed income assets will be fully-invested at all times, but such assets may be invested in the UBS US Cash Management Prime Collective Fund for operational and risk management purposes. *The UBS Blended Benchmark is comprised of the Citigroup Non-US Govt Index through 12/31/2009, and the BC Global Aggregate ex-US Index thereafter.

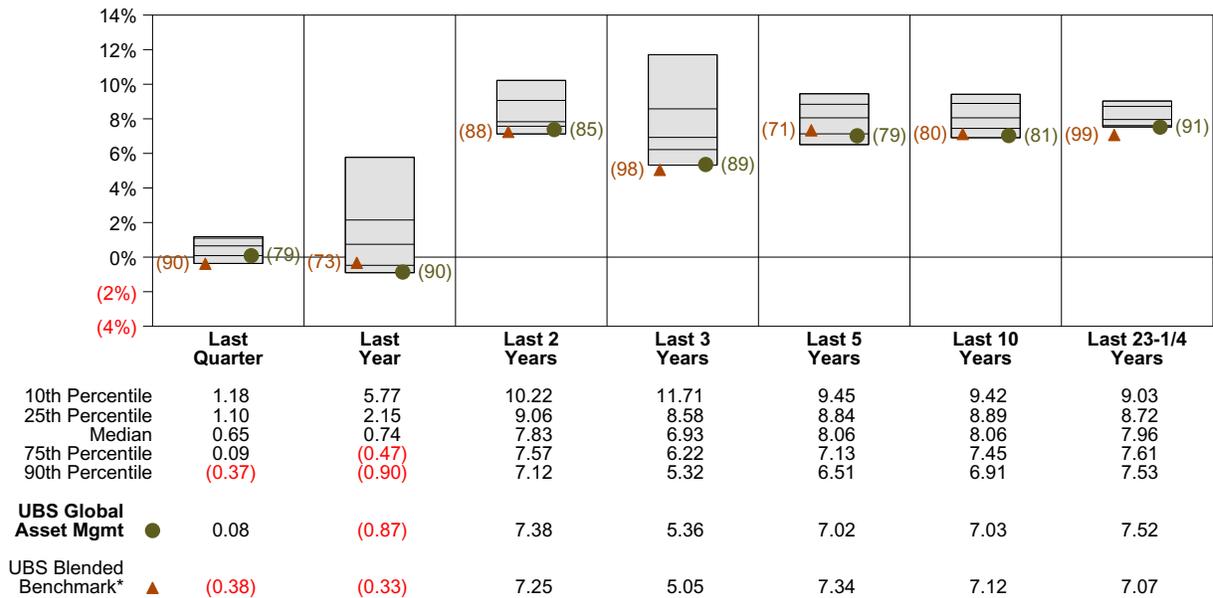
Quarterly Summary and Highlights

- UBS Global Asset Mgmt's portfolio posted a 0.08% return for the quarter placing it in the 79 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 90 percentile for the last year.
- UBS Global Asset Mgmt's portfolio outperformed the UBS Blended Benchmark* by 0.46% for the quarter and underperformed the UBS Blended Benchmark* for the year by 0.54%.

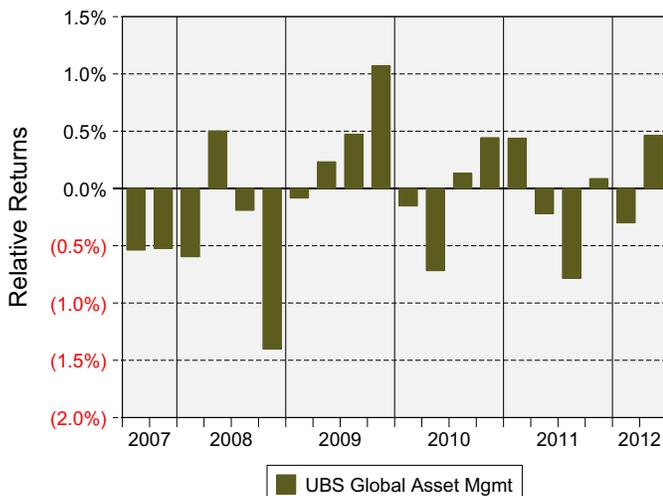
Quarterly Asset Growth

Beginning Market Value	\$84,871,891
Net New Investment	\$9,785,000
Investment Gains/(Losses)	\$87,198
Ending Market Value	\$94,744,089

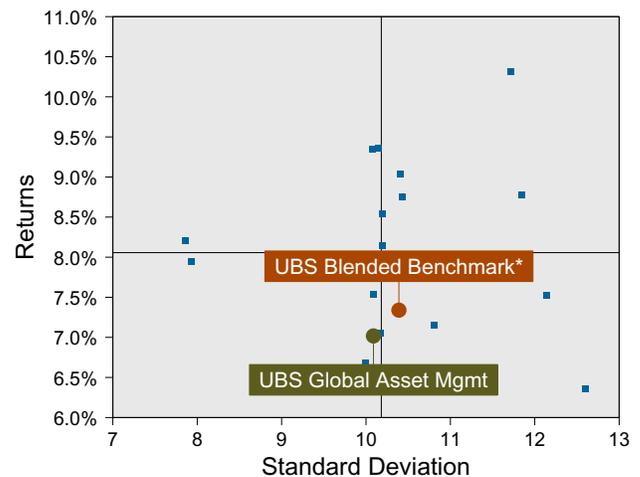
Performance vs CAI Non-U.S. Fixed-Inc Style (Gross)



Relative Return vs UBS Blended Benchmark*



CAI Non-U.S. Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



Brandywine Asset Management Period Ended June 30, 2012

Investment Philosophy

Brandywine engages in a disciplined, active, value-driven, strategic approach. Their investment strategy concentrates on top-down analysis of macro-economic conditions in order to determine where the most attractive valuations exist. Specifically, they invest in bonds with the highest real yields globally. They manage currency to protect principal and increase returns, patiently rotated among countries and attempt to control risk by purchasing undervalued securities.

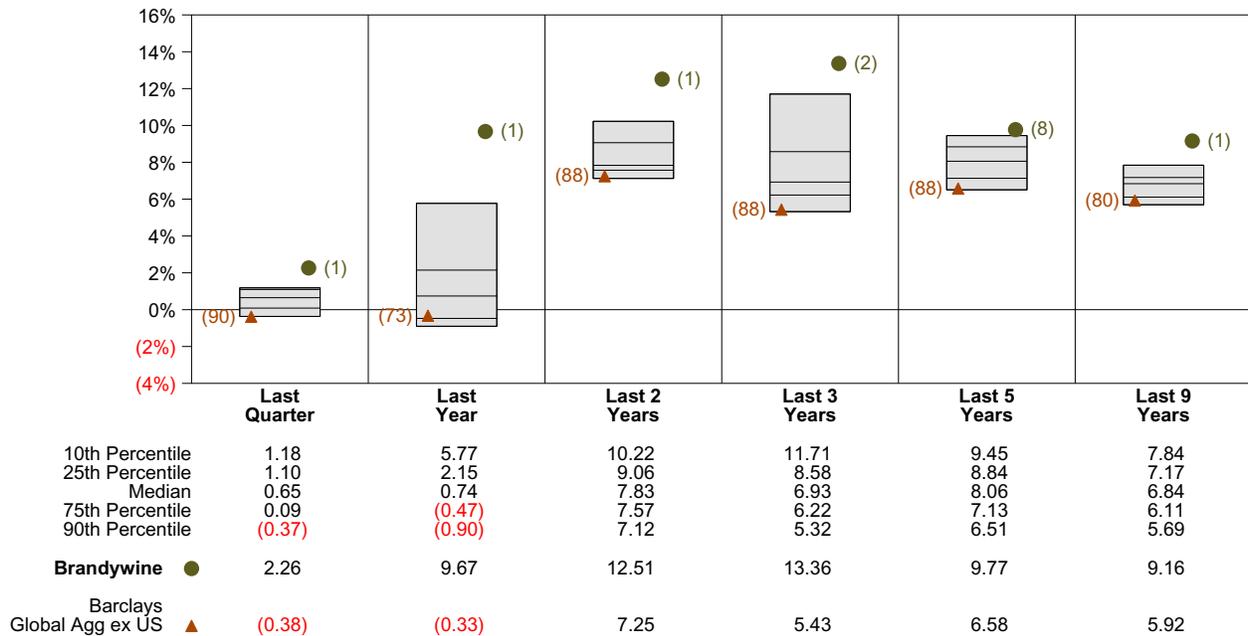
Quarterly Summary and Highlights

- Brandywine's portfolio posted a 2.26% return for the quarter placing it in the 1 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Brandywine's portfolio outperformed the Barclays Global Agg ex US by 2.65% for the quarter and outperformed the Barclays Global Agg ex US for the year by 10.00%.

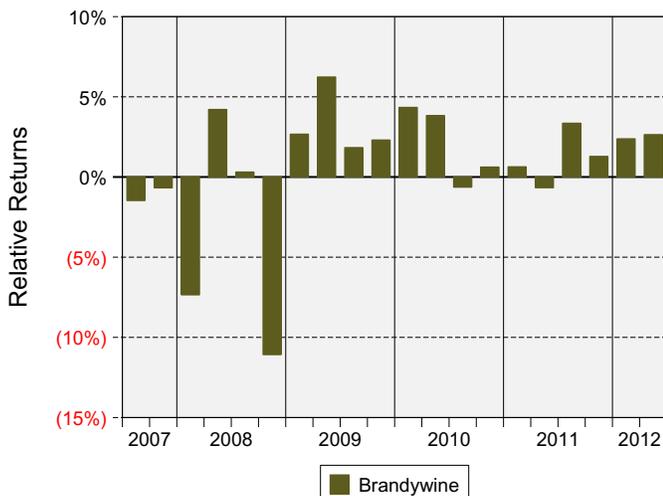
Quarterly Asset Growth

Beginning Market Value	\$95,171,140
Net New Investment	\$-99,163
Investment Gains/(Losses)	\$2,152,796
Ending Market Value	\$97,224,773

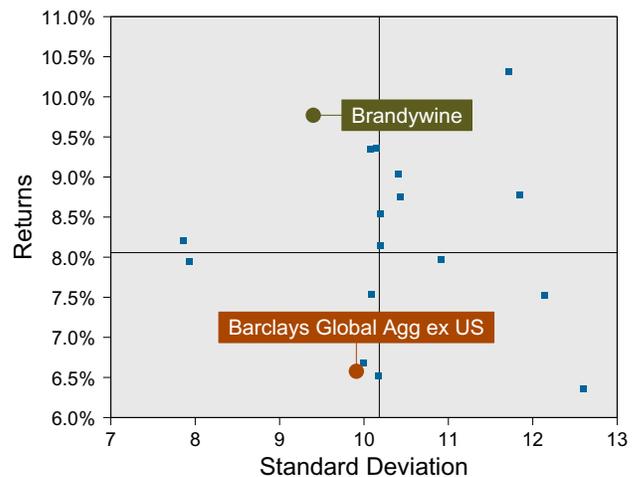
Performance vs CAI Non-U.S. Fixed-Inc Style (Gross)



Relative Return vs Barclays Global Agg ex US



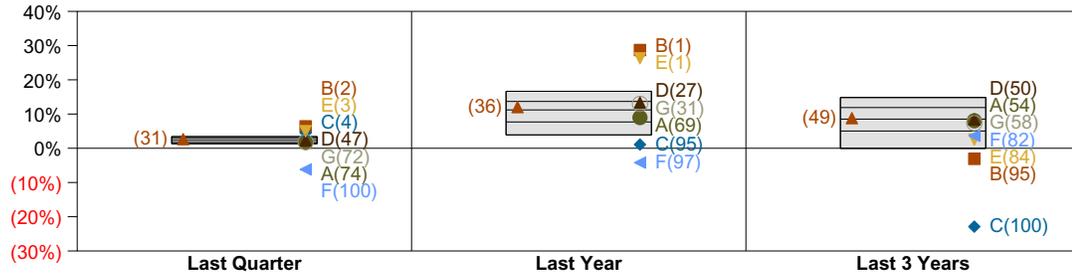
CAI Non-U.S. Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



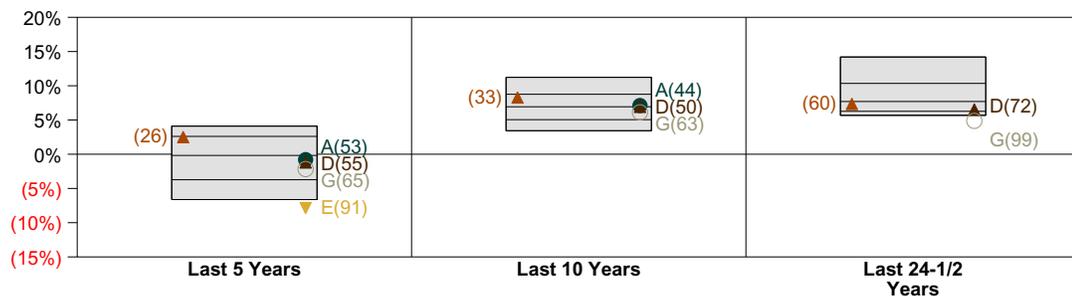
North Dakota State Investment Board Pension Funds Performance vs Total Real Estate DB Periods Ended June 30, 2012

Return Ranking

The chart below illustrates fund rankings over various periods versus the Total Real Estate DB. The bars represent the range of returns from the 10th percentile to the 90th percentile for each period for all funds in the Total Real Estate DB. The numbers to the right of the bar represent the percentile rankings of the funds being analyzed. The table below the chart details the rates of return plotted in the graph above.



10th Percentile	3.41	16.64	14.83
25th Percentile	2.91	13.68	11.89
Median	2.31	11.21	8.53
75th Percentile	1.69	7.69	5.04
90th Percentile	1.34	3.90	(0.01)
INVESTCO Realty	1.69	8.97	8.03
INVESTCO Real Estate II	6.40	28.70	(3.09)
INVESTCO Asia			
Real Estate	4.52	1.09	(22.90)
J.P. Morgan Investment	2.33	13.37	8.43
J.P. Morgan Alternative Fd	4.98	26.25	2.52
JP Morgan			
Greater China Fund	(6.19)	(4.20)	3.62
Total Real Estate	1.83	12.97	7.34
NCREIF Total Index	2.68	12.04	8.82



10th Percentile	4.11	11.23	14.20
25th Percentile	2.60	8.76	10.35
Median	(0.18)	6.93	7.70
75th Percentile	(3.73)	5.05	6.27
90th Percentile	(6.62)	3.43	5.68
INVESTCO Realty	(0.79)	7.11	-
INVESTCO Real Estate II	-	-	-
INVESTCO Asia			
Real Estate	-	-	-
J.P. Morgan Investment	(1.20)	6.92	6.54
J.P. Morgan Alternative Fd	(7.88)	-	-
JP Morgan			
Greater China Fund	-	-	-
Total Real Estate	(2.17)	6.12	4.88
NCREIF Total Index	2.51	8.29	7.34

TIR - TEREDO

Period Ended June 30, 2012

Investment Philosophy

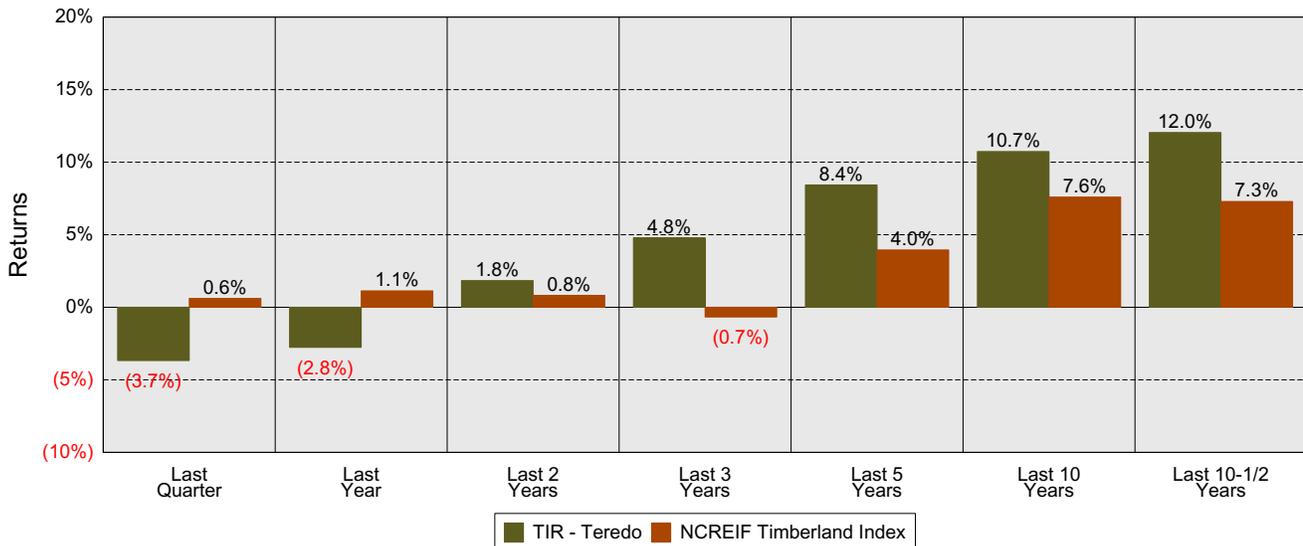
Teredo Timber LLC - The investment objective of Teredo is to provide competitive investment returns from increasing saw timber production through the 20 year term of the partnership. TIR's management strategy is to maximize saw timber volume by applying intensive forest management techniques which accelerate growth through the diameter class distribution. Periodic cash flows are produced from thinning and final harvests of the individual timber stands.

Quarterly Summary and Highlights

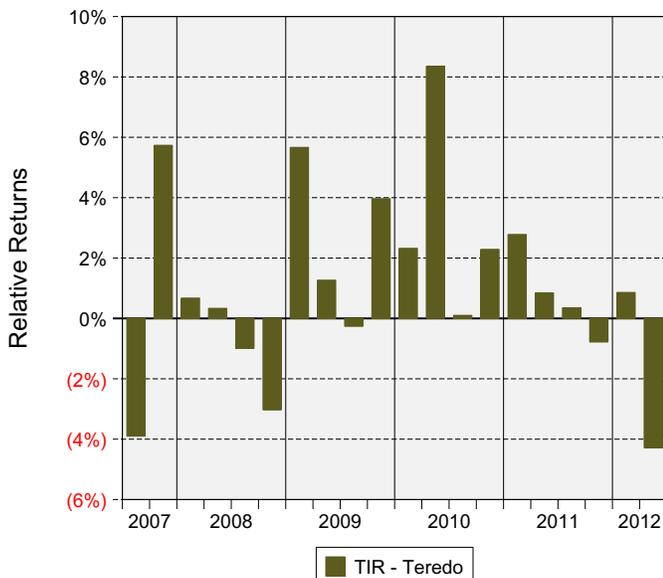
- TIR - Teredo's portfolio posted a (3.67)% return for the quarter placing it in the 100 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 100 percentile for the last year.
- TIR - Teredo's portfolio underperformed the NCREIF Timberland Index by 4.28% for the quarter and underperformed the NCREIF Timberland Index for the year by 3.89%.

Quarterly Asset Growth

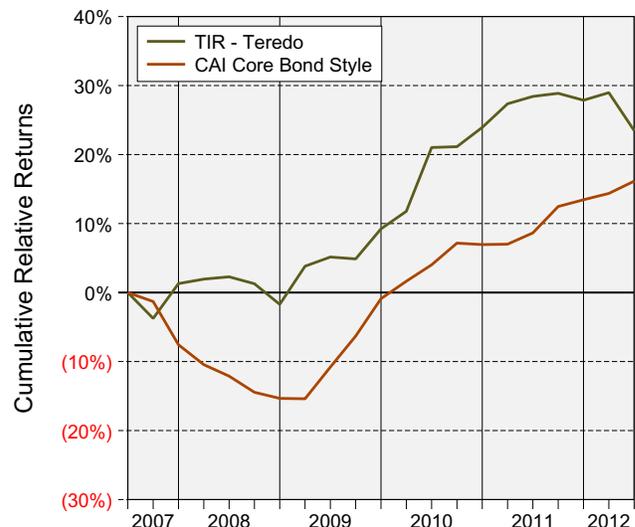
Beginning Market Value	\$79,869,710
Net New Investment	\$0
Investment Gains/(Losses)	\$-2,933,215
Ending Market Value	\$76,936,495



Relative Return vs NCREIF Timberland Index



Cumulative Returns vs NCREIF Timberland Index



TIR - SPRINGBANK

Period Ended June 30, 2012

Investment Philosophy

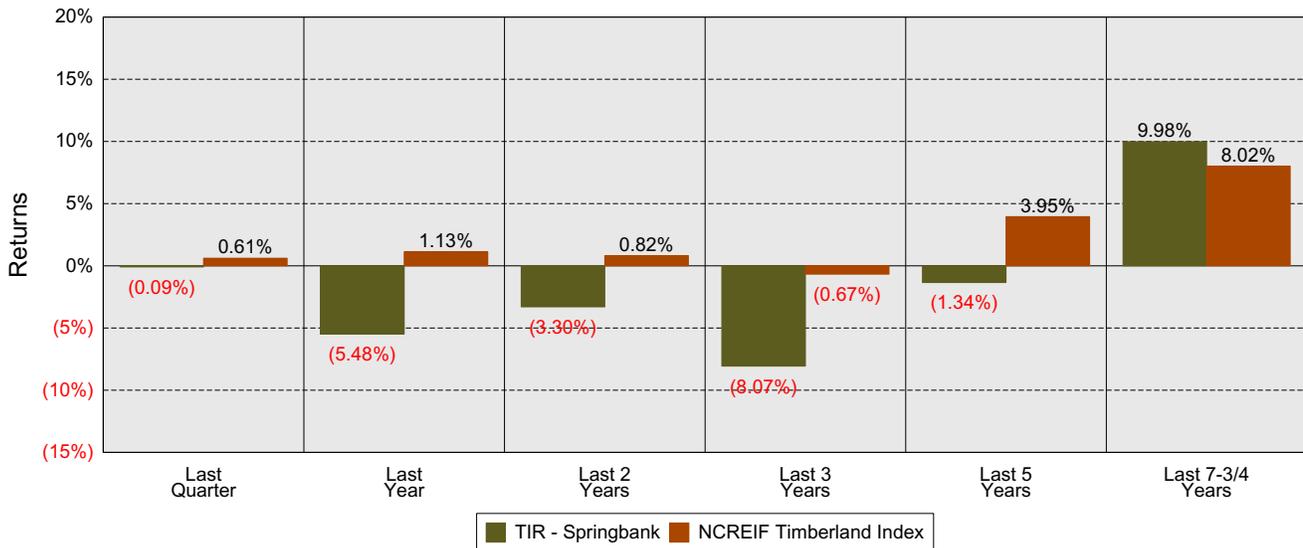
Springbank LLC - The investment objective of Springbank is to maximize long-term investment potential by means of the formation of a dedicated land management group, intensive timber management to increase timber production, the coordination of timber harvesting with land management activities and direct marketing and selective real estate partnerships.

Quarterly Summary and Highlights

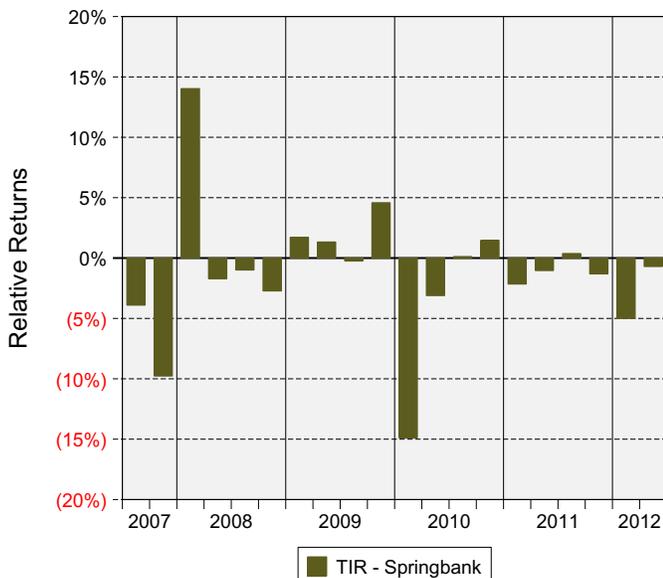
- TIR - Springbank's portfolio posted a (0.09)% return for the quarter placing it in the 100 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 100 percentile for the last year.
- TIR - Springbank's portfolio underperformed the NCREIF Timberland Index by 0.70% for the quarter and underperformed the NCREIF Timberland Index for the year by 6.61%.

Quarterly Asset Growth

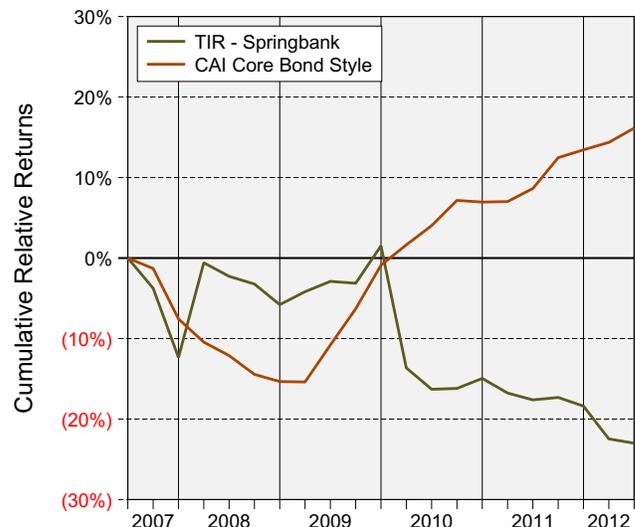
Beginning Market Value	\$124,132,608
Net New Investment	\$-26,467
Investment Gains/(Losses)	\$-108,866
Ending Market Value	\$123,997,275



Relative Return vs NCREIF Timberland Index



Cumulative Returns vs NCREIF Timberland Index



JP Morgan Asian Infrastructure Period Ended June 30, 2012

Investment Philosophy

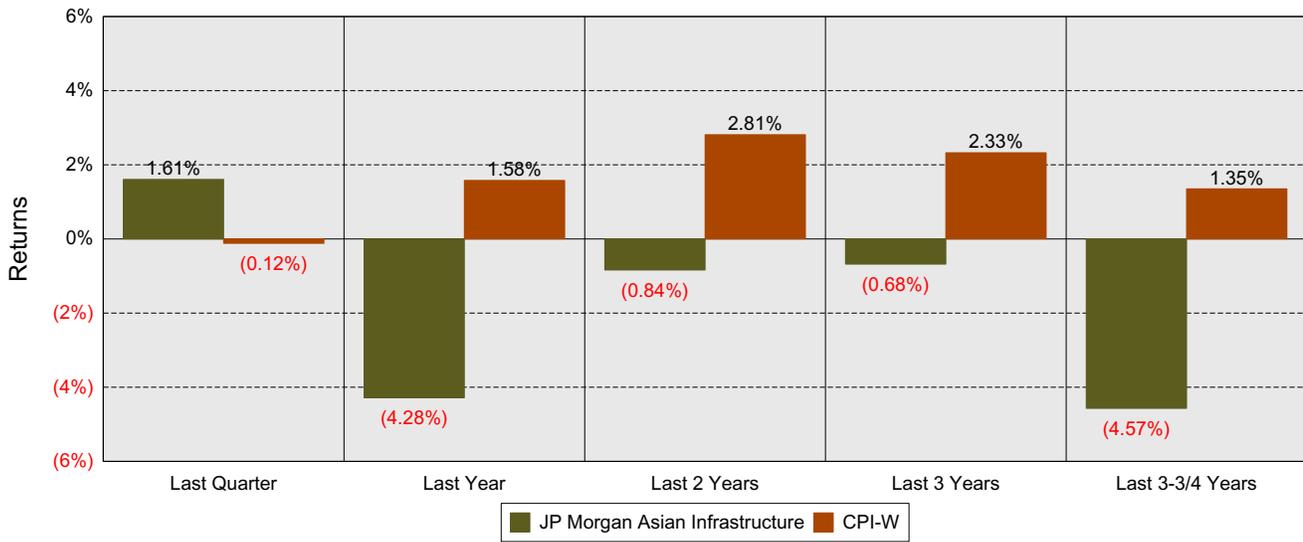
The JPMorgan Asian Infrastructure & Related Resources Opportunity (AIRRO) Fund seeks to invest in infrastructure and related resources opportunities across the greater Asia Pacific region. The Fund seeks to invest in a broad range of assets, including: core infrastructure, power both from conventional and renewable sources, communications, water and waste-water, public works, urban development and other "social" infrastructure assets and related resources.

Quarterly Summary and Highlights

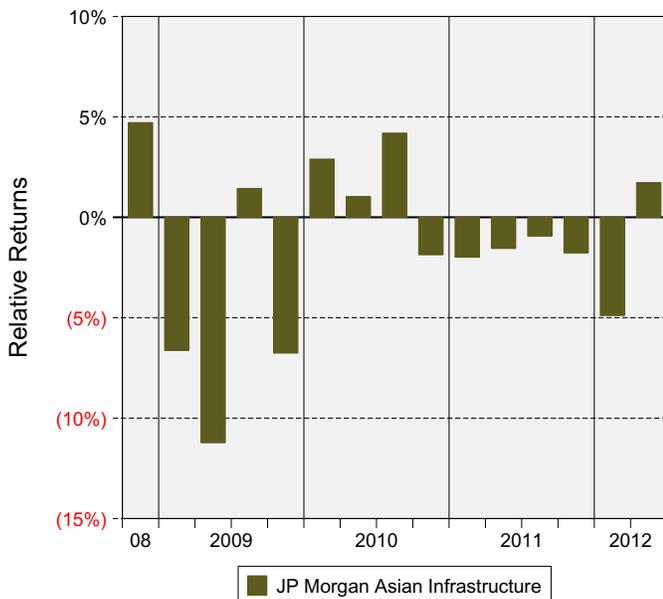
- JP Morgan Asian Infrastructure's portfolio outperformed the CPI-W by 1.73% for the quarter and underperformed the CPI-W for the year by 5.86%.

Quarterly Asset Growth

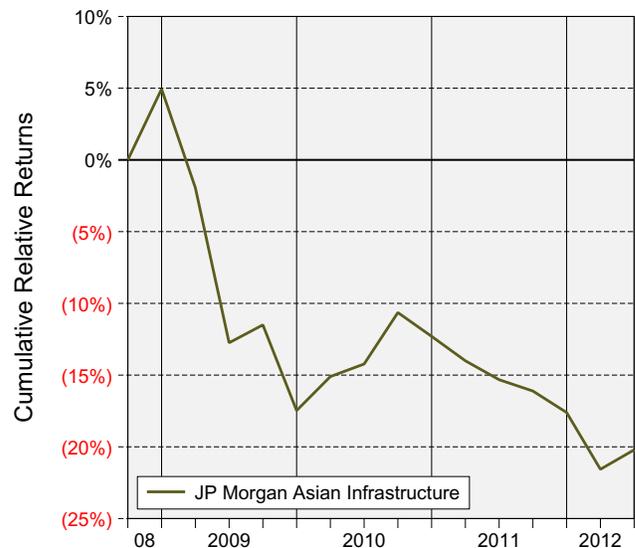
Beginning Market Value	\$16,235,922
Net New Investment	\$-27,471
Investment Gains/(Losses)	\$261,186
Ending Market Value	\$16,469,637



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



JP Morgan Infrastructure Fund Period Ended June 30, 2012

Investment Philosophy

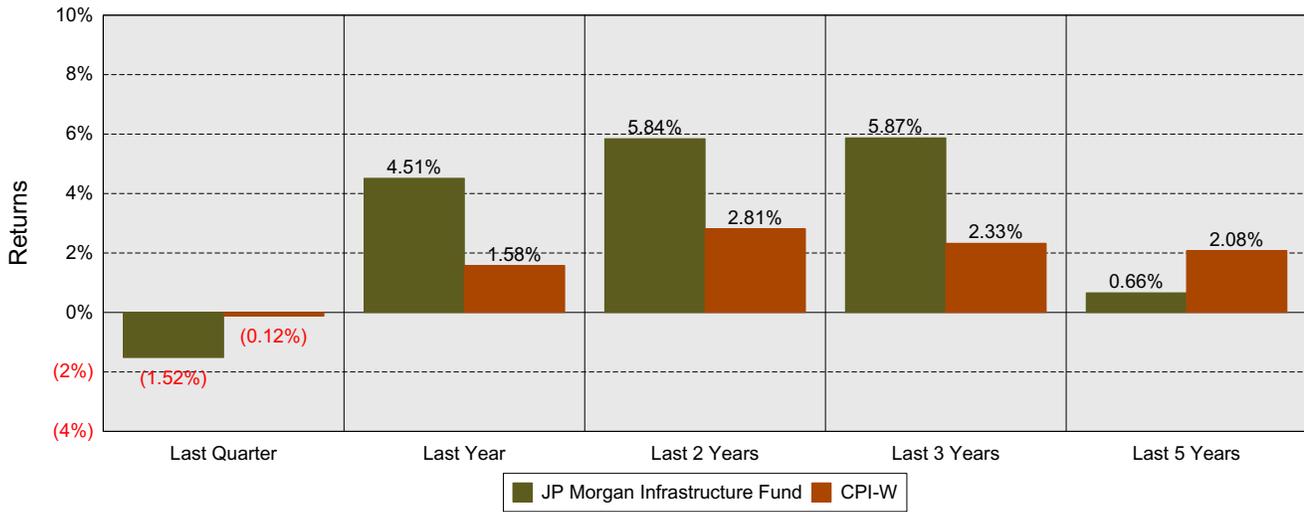
The only open-ended private commingled infrastructure fund in the U.S., the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas pipelines; electricity transmission and distribution facilities; contracted power generation assets; water distribution; waste-water collection and processing; railway lines and rapid rail links; and seaports and airports.

Quarterly Summary and Highlights

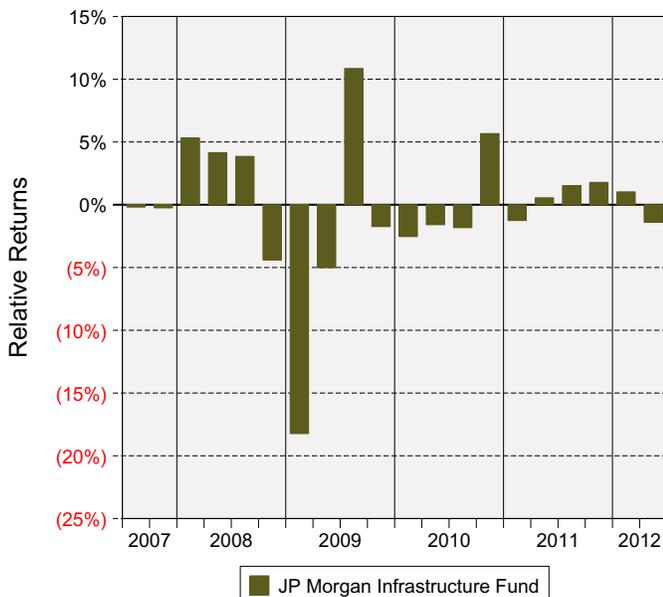
- JP Morgan Infrastructure Fund's portfolio underperformed the CPI-W by 1.40% for the quarter and outperformed the CPI-W for the year by 2.93%.

Quarterly Asset Growth

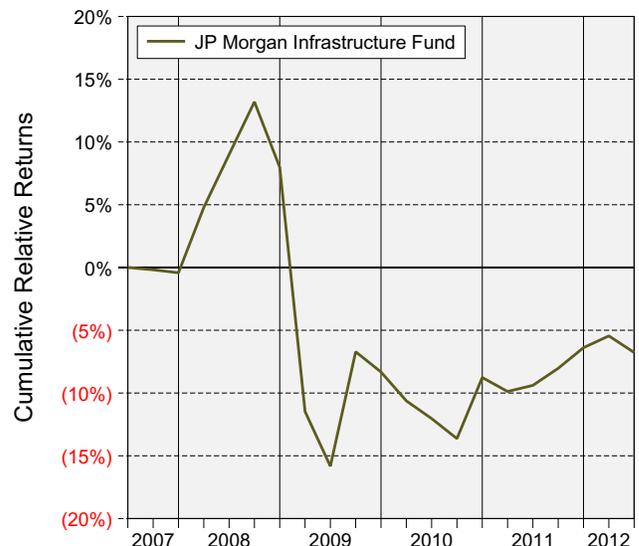
Beginning Market Value	\$90,136,332
Net New Investment	\$-1
Investment Gains/(Losses)	\$-1,366,332
Ending Market Value	\$88,770,000



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



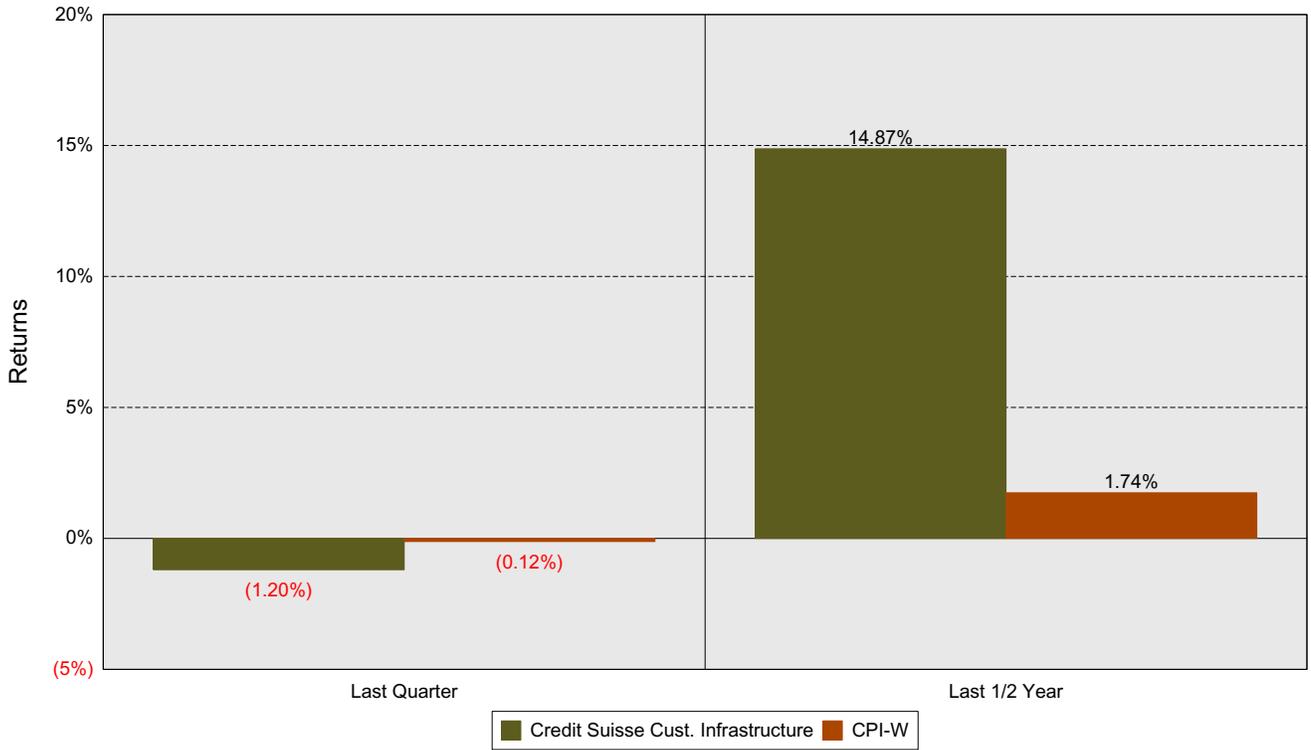
Credit Suisse Cust. Infrastructure Period Ended June 30, 2012

Quarterly Summary and Highlights

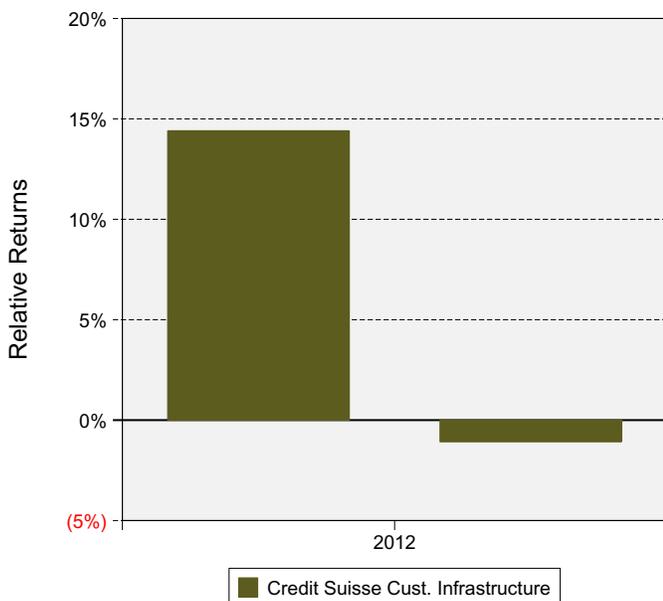
- Credit Suisse Cust. Infrastructure's portfolio underperformed the CPI-W by 1.08% for the quarter and outperformed the CPI-W for the one-half year by 13.13%.

Quarterly Asset Growth

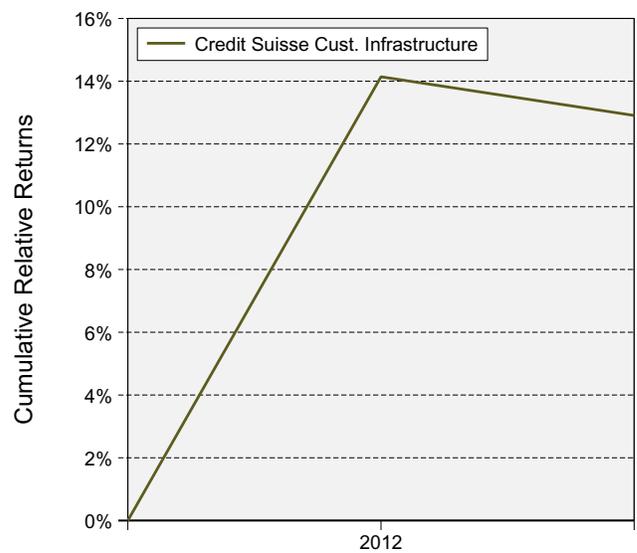
Beginning Market Value	\$17,654,322
Net New Investment	\$6,494,417
Investment Gains/(Losses)	\$-217,289
Ending Market Value	\$23,931,450



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



Research and Educational Programs

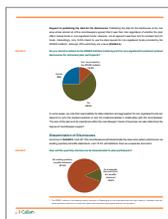
The Callan Investments Institute provides research that keeps clients updated on the latest trends in the investment industry, and helps clients learn through carefully structured educational programs. Below are the Institute's recent publications – all of which can be found on our website at: www.callan.com/research.

White Papers



Risk Factors as Building Blocks for Portfolio Diversification: The Chemistry of Asset Allocation

In search of higher returns at current risk levels, institutional investors have expressed intense interest in further diversifying seemingly staid “traditional” asset allocations constructed using asset class inputs with mean-variance optimization (MVO) tools. In this paper we explore portfolio construction using risk factors, also referred to as risk premia, as the basic elements.



Status of Required Participant Disclosure Compliance: 2012 DC Recordkeeper Survey

Callan canvassed the major recordkeepers in March 2012 regarding the amount of support they are providing to plan sponsors to satisfy fee disclosure regulations. In this report, we examine the status of recordkeepers in providing disclosure support to plan sponsors, discuss compliance issues both recordkeepers and plan sponsors face, and recommend best practices for plan sponsors for the required disclosures.



On the Frontline of Fixed Income: A Roundtable Discussion with Callan's Bond Experts

We assembled a group of Callan's bond experts – Brett Cornwell, Steve Center, Janet Becker-Wold, Matt Routh, and Kristin Bradbury – to address some of the issues that fixed income investors are facing in this low-yield environment.



Domestic Equity Benchmark Review: Year-End 2011

The Domestic Equity Benchmark Review is designed to aid in portfolio monitoring and evaluation by helping readers assess the similarities and differences in coverage, performance, characteristics and style of popular domestic equity indices alongside Callan's active manager style groups.

Quarterly Publications

Quarterly Data Package: Quarterly investment performance information gathered (for a variety of time periods) from Callan's proprietary database. This report allows you to compare the results of your own funds with our database.

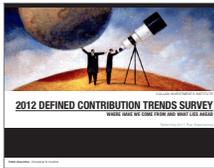
Capital Market Review: a quarterly macro-economic indicator newsletter that provides thoughtful insights on the economy as well as recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

Private Markets Trends: a seasonal newsletter that discusses the market environment, recent events, performance and other issues involving private equity.

Hedge Fund Monitor: a quarterly newsletter that provides a current view of hedge fund industry trends and detailed quarterly performance commentary.

DC Observer & Callan DC Index™: a quarterly newsletter that offers Callan's observations and opinions on a variety of topics pertaining to the defined contribution industry. Each issue is updated with the latest Callan DC Index™ returns.

Surveys



2012 Defined Contribution Trends Survey: Where Have We Come From and What Lies Ahead

This survey shows that the defined contribution environment has been, and continues to be, dominated by a focus on plan fees. But while plan sponsors are prioritizing, monitoring, and evaluating plan fees for reasonableness, they do not always understand plan fees. Find out about this and much more, as the results from the survey incorporate responses from nearly 100 companies across the U.S.



2011 Investment Manager Fee Survey

A current report on institutional investment management fee payment practices and trends. The survey includes published and actual fee data, and qualitative and quantitative observations from both fund sponsors and investment managers.

Events

Did you miss out on a Callan conference or workshop? If so, you can catch up on what you missed by reading our “Event Summaries” and downloading the actual presentation slides from our website. Our most recent programs:



Summary write-up and the presentation of our June 2012 Regional Workshop, **Plan Sponsor Roundtable – Shifting to an Institutional Approach to DC Investments**. This workshop featured Mark Kelliher from Deluxe Corporation, and Craig Stone from Utah Retirement System. These two DC plan experts discussed how they took their plan “institutional” by incorporating separate accounts, collective trusts, and unitized fund of funds, as well as discussed the pros and cons of these approaches.



The **2012 National Conference Summary** features a synopsis of our speakers: Sheila Bair, Ian Bremmer, David Laibson, 2012 Capital Markets Panel, and Tony LaRussa. The Summary also reviews our three workshops on: defined contribution, investment perceptions and myths, and international investing. Select PowerPoint presentations from the conference are also available on our website.

Upcoming Educational Programs

Our October 2012 Regional Workshops will be held on October 24 in Chicago, and then on October 25 in New York City. The topic will be announced shortly.

Our 33rd Annual National Conference will be held in San Francisco on January 28-30, 2013. More information will be available this fall.

Our research can be found at www.callan.com/research or feel free to contact us for hard copies.

For more information about research or educational events, please contact Ray Combs or Gina Falsetto at 415-974-5060 or institute@callan.com

The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. Continuing education credits are available for The CFA Institute, IBCFP, and NASBA. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the different types of sessions Callan offers.

Standard Session

July 10-11, 2012 in Chicago

This is a two day session that provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds (defined benefit and/or defined contribution); representatives of family trusts; and investment management professionals and staff involved in client service, business development, consultant relations, and portfolio management.

Defined Contribution

July 12, 2012 in Chicago

Callan Associates will share its expertise through a one day educational program on defined contribution plan investing, delivery, and communication/education. Callan's consultants have extensive knowledge and experience in the DC arena and will provide insights relating to the role of the fiduciary; plan investment structure evaluation and implementation; plan monitoring and evaluation; investment and fee policy statements; and meeting the needs of the participant through plan features such as automatic enrollment, Roth designated accounts, managed accounts and advice.

An Introduction to Investments

October 23-24, 2012 in San Francisco

This one and one half day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The program will familiarize fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. For more information on a customized "Callan College" for your organization, please send an email to Kathleen Cunnie at college@callan.com.

List of Managers That Do Business with Callan Associates Inc.

Confidential – For Callan Client Use Only

Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 06/30/12, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

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Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
American Yellowstone Advisors, LLC		Y
Analytic Investors	Y	
Apollo Global Management	Y	
AQR Capital Management	Y	
Artio Global Management (fka, Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Capital Inc.	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock	Y	
BMO Asset Management	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Calamos Advisors, LLC	Y	
Capital Guardian Trust Company	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
Citigroup Asset Management	Y	
ClearBridge Advisors	Y	
Columbia Management Investment Advisors, LLC	Y	
Columbus Circle Investors	Y	Y
Cooke & Bieler, L.P.		Y
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council		Y
Crestline Investors		Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Diamond Hill Investments	Y	
Dimensional Fund Advisors Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Echo Point Investment Management	Y	
Epoch Investment Partners	Y	
Evanston Capital Management	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fiduciary Asset Management Company	Y	Y
First Eagle Investment Management	Y	
Flag Capital Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management	Y	Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.	Y	Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
Harris Investment Management, Inc.	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hermes Investment Management (North America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INTECH Investment Management	Y	
Invesco	Y	Y
Investec	Y	
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
KeyCorp		Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Man Investments	Y	
Manulife Asset Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group LLC	Y	Y

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	
Oppenheimer Funds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC	Y	Y
Partners Group	Y	
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)	Y	
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Private Advisors	Y	
Prudential Fixed Income	Y	
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y
Regions Financial Corporation		Y
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.		Y
Russell Investment Management	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	Y	
Smith Graham and Company		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management		Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TIAA-CREF	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
Thrivent Asset Management	Y	
Tradewinds Global Investors	Y	
Turner Investment Partners	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Valley Forge Asset Management	Y	
Victory Capital Management Inc.	Y	
Virtus Investment Partners		Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Yellowstone Partners		Y

INVESTMENT PERFORMANCE SUMMARY REPORT**INSURANCE TRUST FUNDS**

June 30, 2012

	Quarter Ended 6/30/2012	1 Yr Ended 6/30/2012	3 Yrs Ended 6/30/2012	5 Yrs Ended 6/30/2012	Risk 5 Yrs Ended 6/30/2012	Risk Adj Excess Return 5 Yrs Ended 6/30/2012
WORKFORCE SAFETY & INSURANCE (WSI)						
Total Fund Return - Net	0.44%	6.14%	10.40%	3.96%	7.22%	-1.65%
Policy Benchmark Return	0.24%	5.19%	8.25%	4.83%	5.34%	
Attribution Analysis						
Asset Allocation	-0.03%	-0.22%				
Manager Selection	0.24%	1.17%				
Total Relative Return	0.21%	0.95%	2.15%	-0.87%		
FIRE & TORNADO FUND						
Total Fund Return - Net	-0.23%	4.93%	11.24%	3.56%	9.84%	-0.73%
Policy Benchmark Return	-0.22%	3.98%	8.41%	3.72%	7.65%	
Attribution Analysis						
Asset Allocation	-0.08%	0.16%				
Manager Selection	0.07%	0.79%				
Total Relative Return	-0.01%	0.95%	2.83%	-0.16%		
STATE BONDING FUND						
Total Fund Return - Net	1.40%	5.31%	6.31%	-0.54%	6.15%	0.68%
Policy Benchmark Return	1.14%	4.08%	3.83%	-0.92%	4.93%	
Attribution Analysis						
Asset Allocation	0.01%	0.00%				
Manager Selection	0.25%	1.23%				
Total Relative Return	0.26%	1.23%	2.48%	0.38%		
INSURANCE REGULATORY TRUST FUND (IRTF)						
Total Fund Return - Net	-0.55%	2.82%	8.16%	2.78%	7.69%	-0.05%
Policy Benchmark Return	-0.48%	2.27%	6.56%	2.56%	6.53%	
Attribution Analysis						
Asset Allocation	-0.08%	0.03%				
Manager Selection	0.01%	0.52%				
Total Relative Return	-0.07%	0.55%	1.60%	0.22%		
PETROLEUM TANK RELEASE COMPENSATION FUND						
Total Fund Return - Net	1.28%	4.84%	5.85%	-0.78%	5.94%	0.74%
Policy Benchmark Return	1.04%	3.71%	3.49%	-1.20%	4.87%	
Attribution Analysis						
Asset Allocation	0.01%	0.01%				
Manager Selection	0.23%	1.12%				
Total Relative Return	0.24%	1.13%	2.36%	0.42%		
STATE RISK MANAGEMENT FUND						
Total Fund Return - Net	0.67%	7.63%	12.62%	4.81%	9.01%	-1.27%
Policy Benchmark Return	0.51%	6.36%	9.84%	5.01%	6.50%	
Attribution Analysis						
Asset Allocation	-0.04%	0.20%				
Manager Selection	0.19%	1.07%				
Total Relative Return	0.15%	1.27%	2.78%	-0.20%		

INVESTMENT PERFORMANCE SUMMARY REPORT
INSURANCE TRUST FUNDS
June 30, 2012

	Quarter Ended 6/30/2012	1 Yr Ended 6/30/2012	3 Yrs Ended 6/30/2012	5 Yrs Ended 6/30/2012	Risk 5 Yrs Ended 6/30/2012	Risk Adj Excess Return 5 Yrs Ended 6/30/2012
STATE RISK MANAGEMENT WORKERS COMP FUND						
Total Fund Return - Net	0.33%	7.40%	13.27%	4.36%	10.32%	-1.09%
Policy Benchmark Return	0.21%	6.29%	10.70%	4.71%	8.07%	
Attribution Analysis						
Asset Allocation	-0.03%	0.22%				
Manager Selection	0.15%	0.89%				
Total Relative Return	0.12%	1.11%	2.57%	-0.35%		
ND ASSOCIATION OF COUNTIES FUND (NDACo)						
Total Fund Return - Net	-0.02%	1.69%	11.35%	1.28%	12.89%	-0.46%
Policy Benchmark Return	-0.04%	0.89%	9.29%	1.70%	11.31%	
Attribution Analysis						
Asset Allocation	-0.07%	0.12%				
Manager Selection	0.09%	0.68%				
Total Relative Return	0.02%	0.80%	2.06%	-0.42%		
CITY OF BISMARCK DEFERRED SICK LEAVE ACCOUNT						
Total Fund Return - Net	0.18%	5.69%	11.52%	4.24%	9.26%	-1.00%
Policy Benchmark Return	0.13%	4.51%	8.69%	4.29%	6.57%	
Attribution Analysis						
Asset Allocation	-0.07%	0.15%				
Manager Selection	0.12%	1.03%				
Total Relative Return	0.05%	1.18%	2.83%	-0.05%		
FARGODOME PERMANENT FUND						
Total Fund Return - Net	-1.43%	3.14%	12.80%	2.56%	12.77%	-1.03%
Policy Benchmark Return	-1.29%	2.62%	11.02%	3.39%	11.17%	
Attribution Analysis						
Asset Allocation	-0.08%	0.21%				
Manager Selection	-0.06%	0.31%				
Total Relative Return	-0.14%	0.52%	1.78%	-0.83%		
CULTURAL ENDOWMENT FUND						
Total Fund Return - Net	-1.13%	4.65%	13.42%	1.90%	13.94%	-0.88%
Policy Benchmark Return	-1.05%	3.97%	11.43%	2.67%	12.31%	
Attribution Analysis						
Asset Allocation	-0.06%	0.26%				
Manager Selection	-0.02%	0.42%				
Total Relative Return	-0.08%	0.68%	1.99%	-0.77%		

INVESTMENT PERFORMANCE SUMMARY REPORT
INSURANCE TRUST FUNDS
June 30, 2012

	Quarter Ended 6/30/2012	1 Yr Ended 6/30/2012	3 Yrs Ended 6/30/2012	5 Yrs Ended 6/30/2012	Risk 5 Yrs Ended 6/30/2012	Risk Adj Excess Return 5 Yrs Ended 6/30/2012
PERS RETIREE HEALTH						
Total Fund Return - Net	-1.89%	2.62%	13.41%	0.73%	15.51%	-1.20%
Policy Benchmark Return	-1.55%	2.84%	11.79%	1.95%	14.39%	
Attribution Analysis						
Asset Allocation						
Manager Selection						
Total Relative Return	-0.34%	-0.22%	1.62%	-1.22%		
PERS GROUP INSURANCE						
Total Fund Return - Net	0.07%	0.24%	0.31%	1.08%	0.68%	0.12%
Policy Benchmark Return	0.03%	0.06%	0.12%	0.98%	0.80%	
Attribution Analysis						
Asset Allocation						
Manager Selection						
Total Relative Return	0.05%	0.18%	0.19%	0.10%		
BUDGET STABILIZATION FUND						
Total Fund Return - Net	0.61%	1.67%	4.20%	1.62%	4.18%	0.07%
Policy Benchmark Return	0.16%	0.31%	0.21%	1.03%	0.79%	
Attribution Analysis						
Asset Allocation						
Manager Selection						
Total Relative Return	0.45%	1.36%	3.99%	0.59%		
LEGACY FUND						
Total Fund Return - Net	0.41%	N/A	N/A	N/A		N/A
Policy Benchmark Return	0.20%	N/A	N/A	N/A		
Attribution Analysis						
Asset Allocation	0.00%					
Manager Selection	0.21%					
Total Relative Return	0.21%					

June 30, 2012



**North Dakota State Investment
Board Insurance Trust**

**Investment Measurement Service
Quarterly Review**

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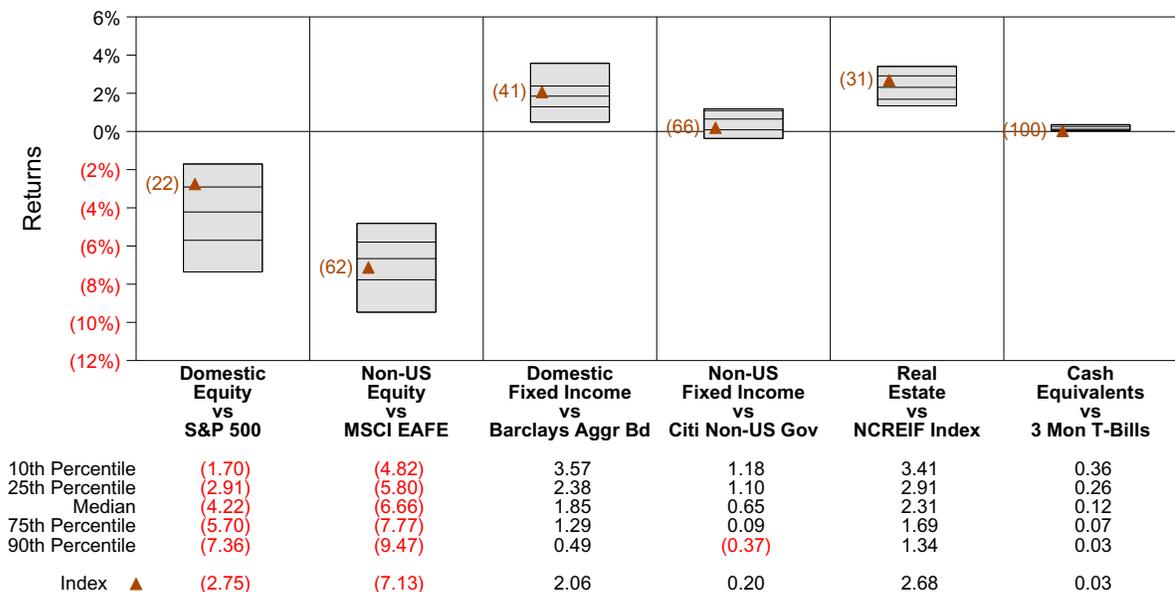
Market Overview

Active Management vs Index Returns

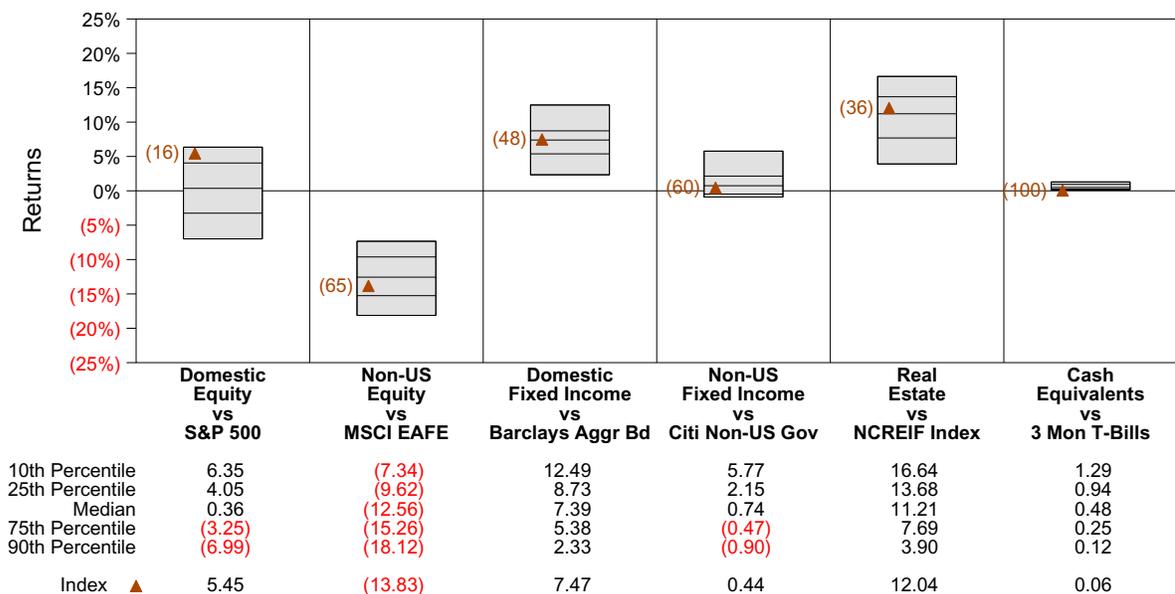
Market Overview

The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the domestic equity manager database.

Range of Separate Account Manager Returns by Asset Class One Quarter Ended June 30, 2012



Range of Separate Account Manager Returns by Asset Class One Year Ended June 30, 2012



Domestic Equity Active Management Overview

Active vs. the Index

After a strong start to 2012, the second quarter left investors wanting more, with most stock indices getting punished in May. Fortunately, the best returns for the month of June since 1999, helped recoup some of the early losses, with the S&P 500 closing the quarter with a loss of 2.75%. With an underwhelming jobs report, consumer confidence took a hit which resulted in investors retreating from the stock market. For the second quarter of 2012, the median Large Cap Core manager underperformed the S&P 500 index by 1.10% with a return of -3.85%. The median Mid Cap Broad manager outperformed the S&P Mid Cap Index by 0.15%, with a return of -4.78%, while the median Small Cap Broad manager was beaten by the S&P 600 Index by 0.94%, with a return of -4.52%. For the year ended June 30, 2012, the median large Cap Core fund underperformed the S&P 500 Index by 1.63% with a return of 3.82%. The median Mid Cap Broad fund returned -2.17% besting the S&P Mid Cap Index's return of -2.33%. The median Small Cap Broad fund returned -1.82%, which trailed the S&P 600 Index's return of 1.43%.

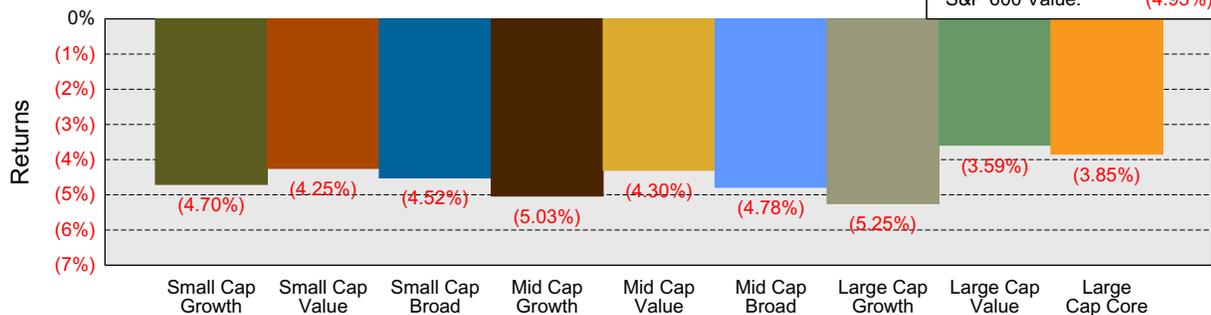
Large Cap vs. Small Cap

During the second quarter of 2012, Large Cap funds generally outperformed Small Cap funds. The returns for the median Large Cap managers ranged from -3.59% to -5.25%, a difference of 1.66%. Median Small and Mid Cap manager returns were less volatile with a range of 0.78% from -5.03% (Mid Cap Growth) to -4.25% (Small Cap Value). For the year ended June 30, 2012 Large Cap funds continued to outperform Small and Mid Cap funds. The median Large Cap Core manager gained 3.82% during the one-year period, besting the median Small Cap Broad manager's return of -1.82%. This was also reflected in the indices for the year ended June 30, 2012, with the S&P 500 returning 5.45% outperforming the S&P 600's return of 1.43% by 4.02%.

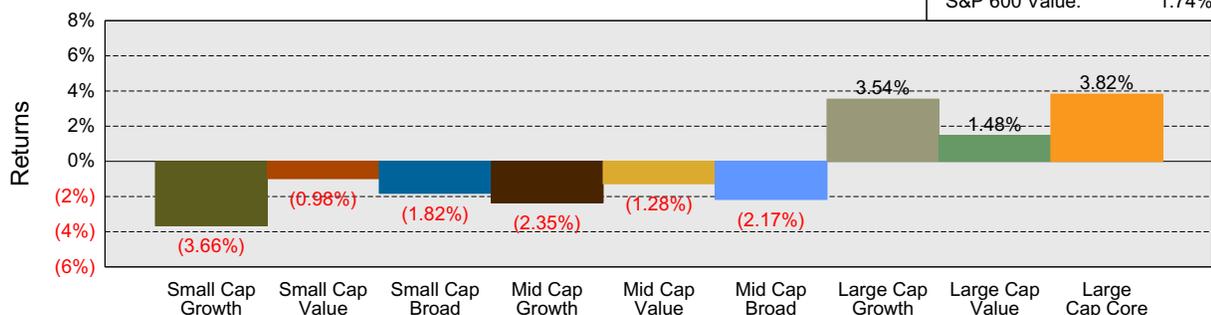
Growth vs. Value

For the second quarter of 2012, returns for Growth and Value Small Cap were both negative, with the median Small Cap Growth fund losing 4.70% compared to Small Cap Value's loss of 4.25%. The median Mid Cap Growth manager's return of -5.03% underperformed the median Mid Cap Value fund's return of -4.30%. In the Large Cap arena, the median Growth manager's return of -5.25% was beaten by the median Value manager's return of -3.59%. Small and Mid Cap Value funds outperformed Growth funds for the year ended June 30, 2012. However, in the Large Cap arena, Growth outperformed Value with the median Large Cap Growth fund returning 3.54%, which outperformed the median Large Cap Value fund's return of 1.48%.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2012



Separate Account Style Group Median Returns for One Year Ended June 30, 2012



Domestic Fixed Income Active Management Overview

Active vs. the Index

The second quarter was an anxious period as investors sought refuge from the ongoing European debt crisis. As the U.S. election draws nearer and more attention is brought to the national deficit, the Federal Reserve is keeping a near zero interest rate, and allowing a decline for longer term yields. For the quarter ended June 30, 2012, the median Core Bond manager experienced a 2.16% return, outperforming the Barclays Aggregate index by 10 basis points. For the twelve months ended June 30, 2012, the median Core Bond manager posted a 8.04% return, outperforming the index which gained 7.47%.

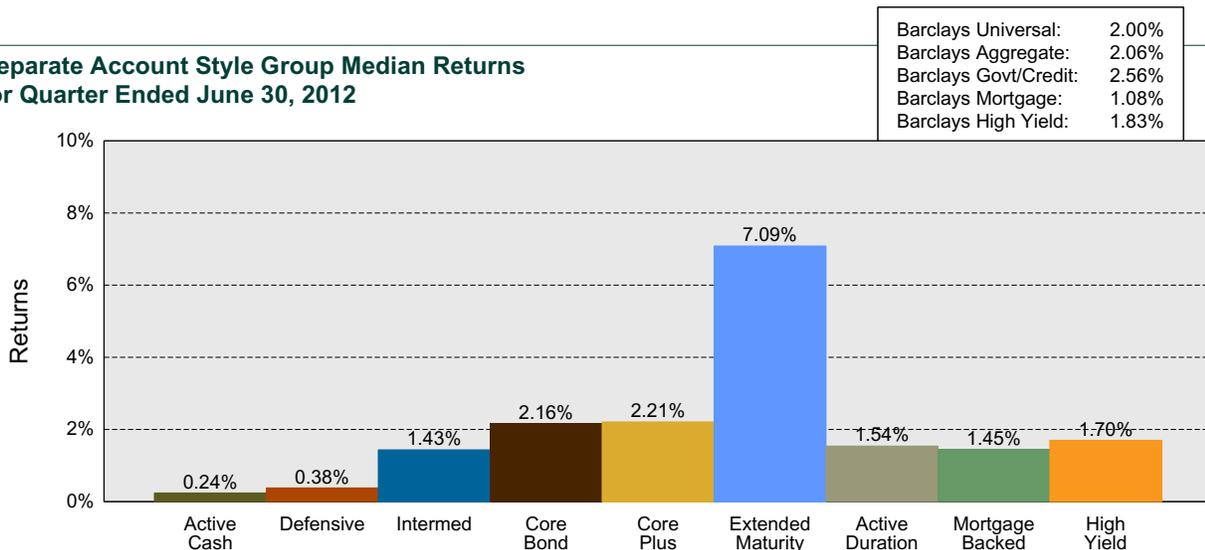
Short vs. Long Duration

Interest rate spreads widened at the 10 year sector due to the extension of Operation Twist by the Federal Reserve. Extended maturities rebounded during the second quarter, with the median manager boasting a 7.09% return, while the median Intermediate fund manager posted a gain of 1.43%. For the twelve months ended June 30, 2012, the median Extended Maturity fund experienced an exceptional gain of 23.36%, outperforming the median Intermediate fund by 1,756 basis points.

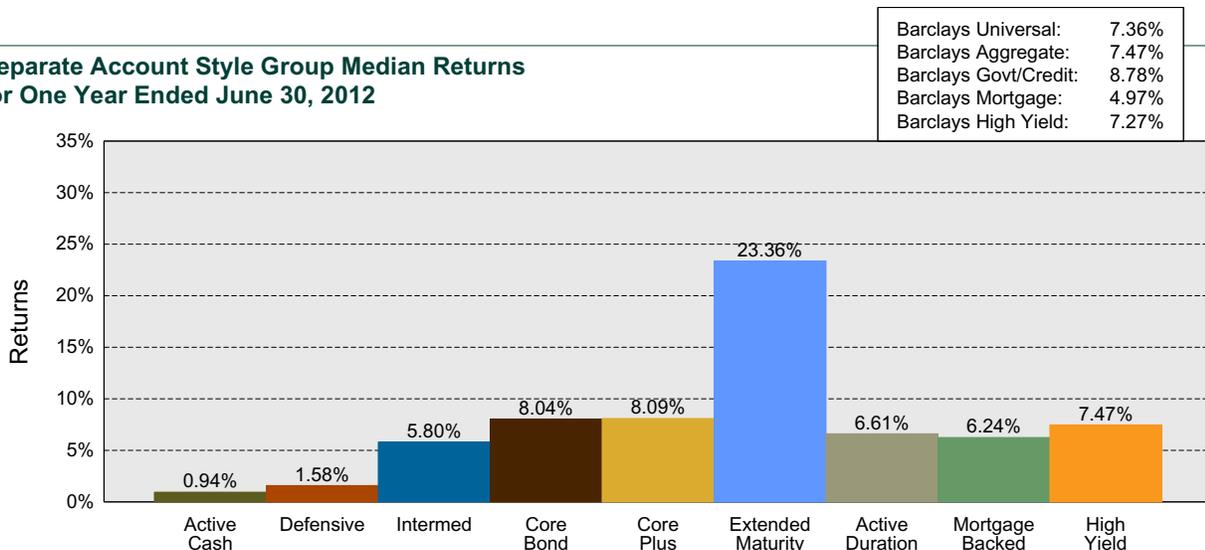
Mortgages and High Yield

For the quarter ended June 30, 2012, the median Mortgage Backed manager posted a return of 1.45%, outperforming the Barclays Mortgage Index by 37 basis points. For the year ended June 30, 2012, the median Mortgage Backed fund experienced a return of 6.24%, besting its index by 127 basis points. The strong start High Yield funds experienced at the beginning of the year dwindled as consumer confidence remained uncertain. For the second quarter, the median High Yield manager underperformed the Barclays High Yield Index by 13 basis points with a return of 1.70%. For the twelve months ended June 30, 2012, however, the median High Yield fund manager had a 7.47% return versus 7.27% for its index.

**Separate Account Style Group Median Returns
for Quarter Ended June 30, 2012**



**Separate Account Style Group Median Returns
for One Year Ended June 30, 2012**



International Equity Active Management Overview

Active vs. the Index

Despite a strong rally in June, global stock markets posted major losses in the second quarter wiping out the gains generated in the first quarter. Stocks fell in April and May due to the European debt crisis and weaker economic data in the U.S. and China. Although some progress on European policy helped drive equity markets upwards in June, all major global equity indices still finished the second quarter in negative territory. For the quarter, the S&P 500 lost 2.75% while international stocks fell even further, with the MSCI EAFE and MSCI Emerging Markets returning -7.13% and -8.78%, respectively. For the quarter ended June 30, 2012 the median Emerging Markets manager underperformed its index with a -9.13% return. For the twelve months ended June 30, 2012, the median Emerging manager was down 15.86%, 19 basis points lower than the MSCI Emerging Markets Index.

Europe

For most of the volatile second quarter, the European sovereign debt crisis caused instability, resulting in poor returns for the MSCI Europe index which lost 7.47%. Interest rates approached new highs in Germany, Italy, and Spain, increasing concerns of a deep recession throughout Europe. Despite a poor second quarter, the market recovered in the final days of June in response to decisions made on bank loans during the Eurozone summit in Brussels. For the quarter ended June 30, 2012 the median European manager beat its benchmark by 0.63% and bested its index by 2.23% for the year ended June 30, 2012.

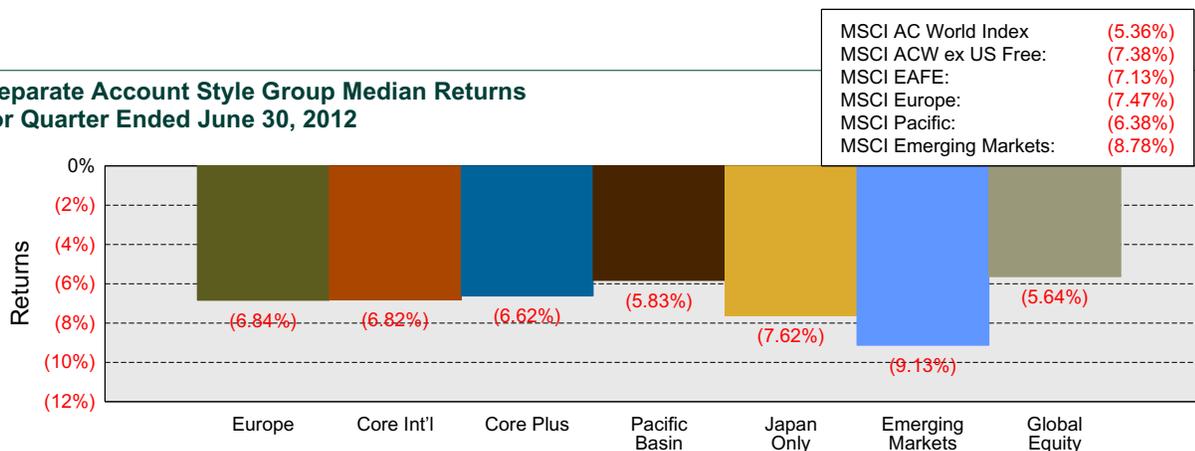
Pacific

Led by Singapore, Hong Kong and Australia, the MSCI Pacific Index was one of the best international performers this quarter with a -6.38% return. However, returns within the Pacific region were inconsistent due to slowing growth in China and the weak yen in Japan. The median Pacific manager finished the quarter with a -5.83% return, 55 basis points above its benchmark. For the year ended June 30, 2012, the median Pacific manager underperformed its benchmark by 0.45%.

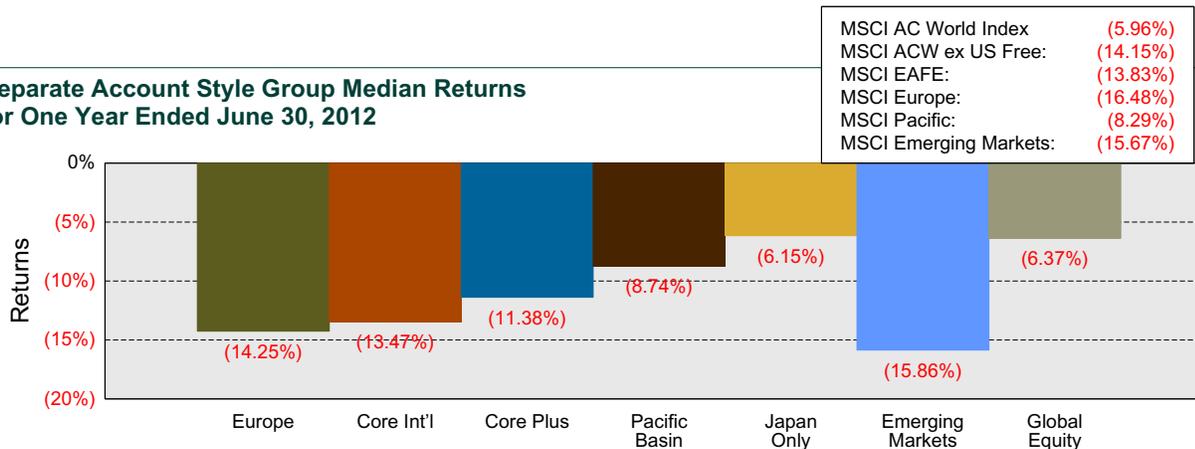
Emerging Markets

With a 8.78% loss, the MSCI Emerging Markets index produced the lowest return in the second quarter of 2012. This performance was due to steep losses reported by the larger emerging markets in the region, including India, South Korea, and Taiwan. For the quarter ended June 30, 2012 the median Emerging Markets manager underperformed its benchmark by 35 basis points. For the twelve months ended June 30, 2012, the median manager was 19 basis points behind its benchmark.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2012



Separate Account Style Group Median Returns for One Year Ended June 30, 2012



International Fixed Income Active Management Overview

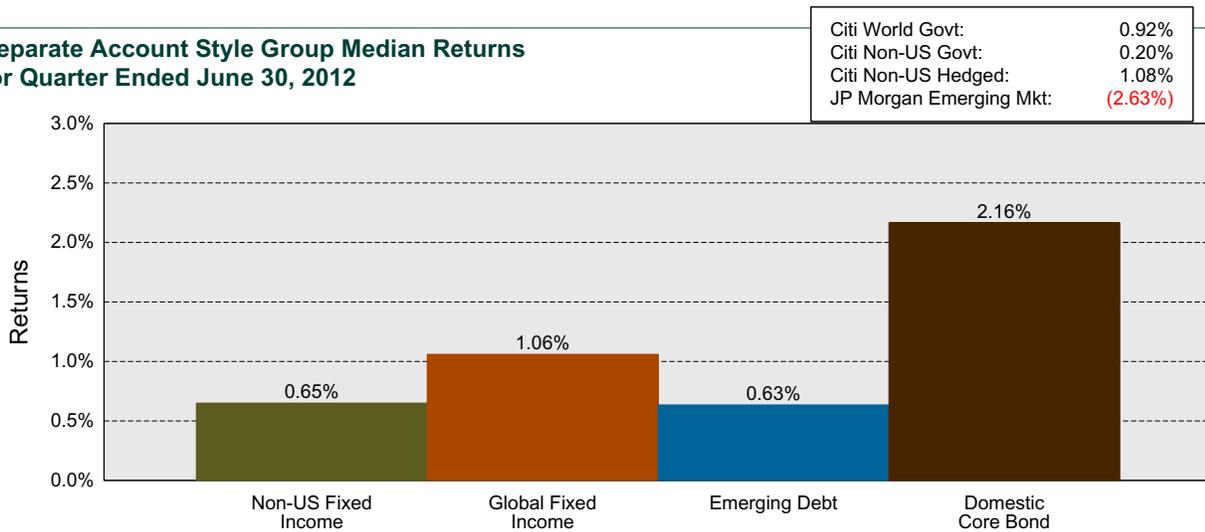
Active vs. the Index

Despite the temporary relief of last quarter's Greek Private Section Involvement (PSI), international markets were, again, exposed to significant levels of volatility. This was due largely to Spain's bailout and threats of anti-austerity support in Greek elections. In May, foreign currencies depreciated against the dollar amidst the fear of a Greek exit from the euro and anxiety over the failing Spanish banking system. Investors sought stability in bonds outside of the Eurozone causing U.S., German and Japanese government bonds to hit record lows in early June. Later in the quarter, in an emergency summit meeting, central banks signaled their intent to support Spain and Italy. By the end of June, foreign currencies had regained some of the losses experienced earlier in the quarter and troubled sovereign yields had dropped. For the quarter ended in June 30, 2012, the median Non-U.S. Fixed Income manager posted a positive return of 0.65%, outperforming its index by 0.45%, while the median Global Fixed Income Manager was up 1.06%, outperforming its benchmark by 0.14%. For the year end June 30, 2012, the median Non-U.S. Fixed Income Manager posted a gain of 0.74% and outperformed its index by 0.30%. The median Global Fixed Income Manager bested its benchmark by 0.84% returning 3.52%.

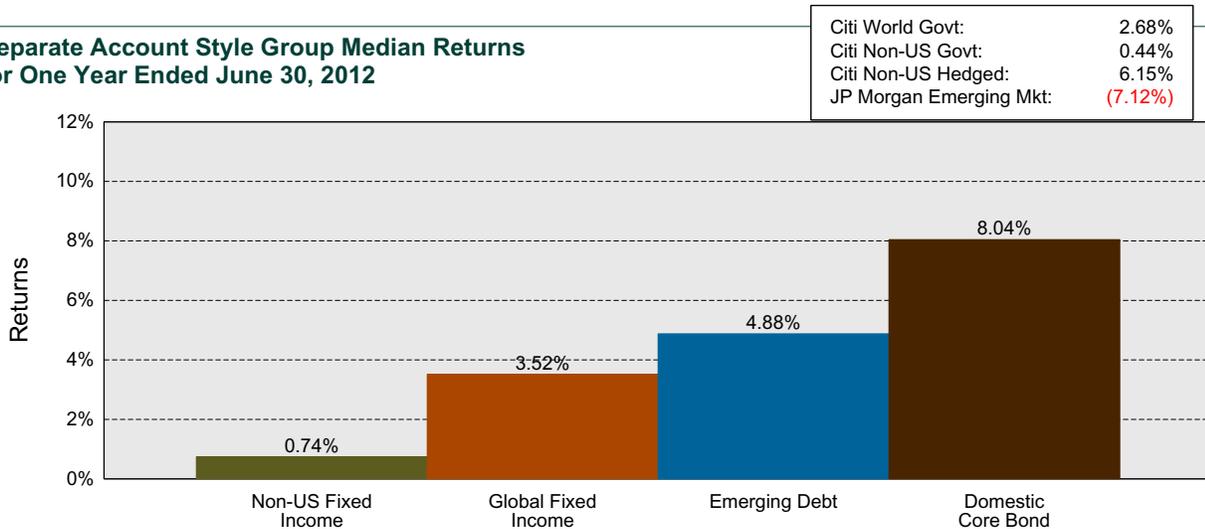
Emerging Markets

Dollar dominated emerging market bonds posted solid returns due to appreciation of the dollar during the quarter, combined with the central bank actions in the Eurozone. In addition, emerging economies such as Brazil, Australia, India and China were able to combat the effects of depreciation by cutting interest rates. In contrast, local currency bond markets suffered during the quarter as currency depreciation was not offset by lower interest rates. For the quarter ended June 30, 2012, the median Emerging Debt manager's return was up slightly gaining 0.63%, versus the JP Morgan Emerging Market Index which experienced a loss of 2.63%. For the year ended June 30, 2012, the median Emerging Debt manager experienced a gain of 4.88%, outperforming its index by 12.00%.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2012



Separate Account Style Group Median Returns for One Year Ended June 30, 2012



ASSET ALLOCATION AND PERFORMANCE

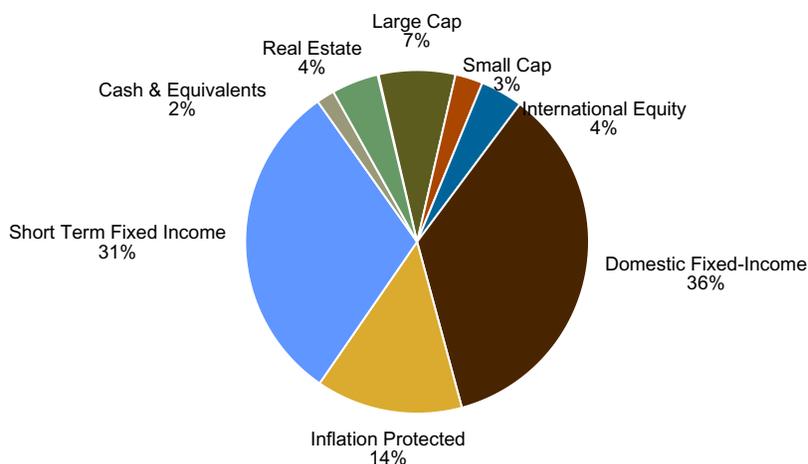
Asset Allocation and Performance

This section begins with an overview of the fund's asset allocation at the broad asset class level. This is followed by a top down performance attribution analysis which analyzes the fund's performance relative to the performance of the fund's policy target asset allocation. The fund's historical performance is then examined relative to funds with similar objectives. Performance of each asset class is then shown relative to the asset class performance of other funds. Finally, a summary is presented of the holdings of the fund's investment managers, and the returns of those managers over various recent periods.

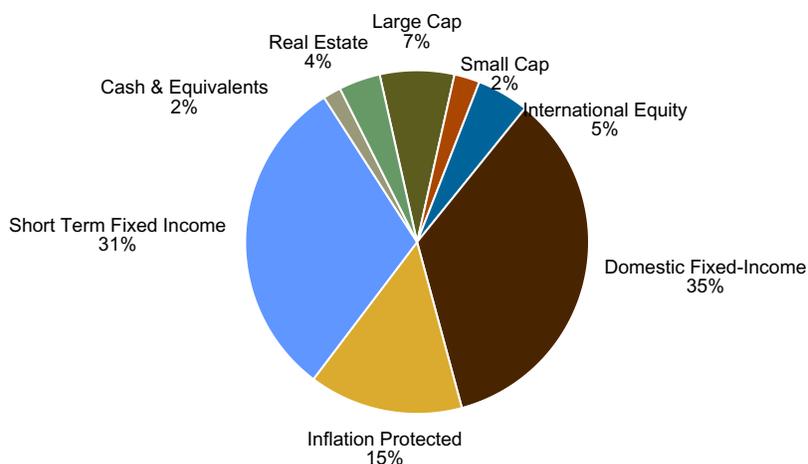
Actual vs Target Asset Allocation As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



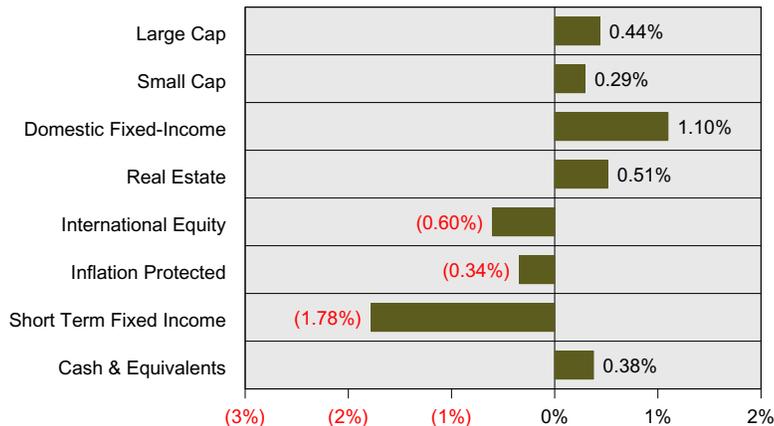
Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Large Cap	158,553	7.2%	7.0%	0.2%	4,046
Small Cap	57,368	2.6%	2.4%	0.2%	4,394
International Equity	89,171	4.0%	4.9%	(0.9%)	(18,984)
Domestic Fixed-Income	786,524	35.6%	35.0%	0.6%	13,989
Inflation Protected	304,062	13.8%	14.5%	(0.7%)	(15,988)
Short Term Fixed Income	676,208	30.6%	30.6%	0.0%	792
Cash & Equivalents	38,505	1.7%	1.7%	0.0%	982
Real Estate	96,852	4.4%	3.9%	0.5%	10,769
Total	2,207,243	100.0%	100.0%		

* Current Quarter Target = 35.0% Barclays Aggregate Index, 30.6% Barclays Gov 1-3 Yr, 14.5% Barclays Gbl Inftn-Lnked, 7.0% S&P 500 Index, 4.9% MSCI EAFE Index, 3.9% NCREIF Total Index, 2.4% Russell 2000 Index and 1.7% 3-month Treasury Bill.

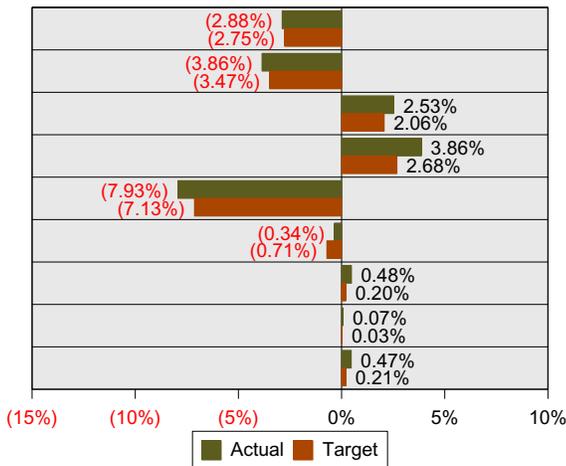
Quarterly Total Fund Relative Attribution - June 30, 2012

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

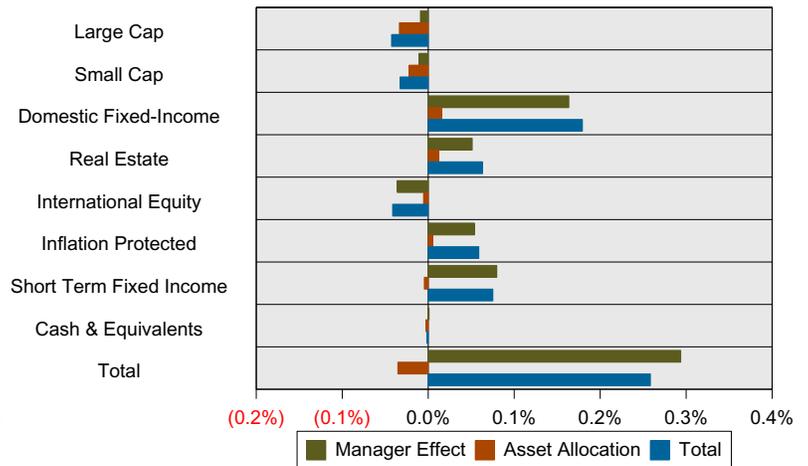
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

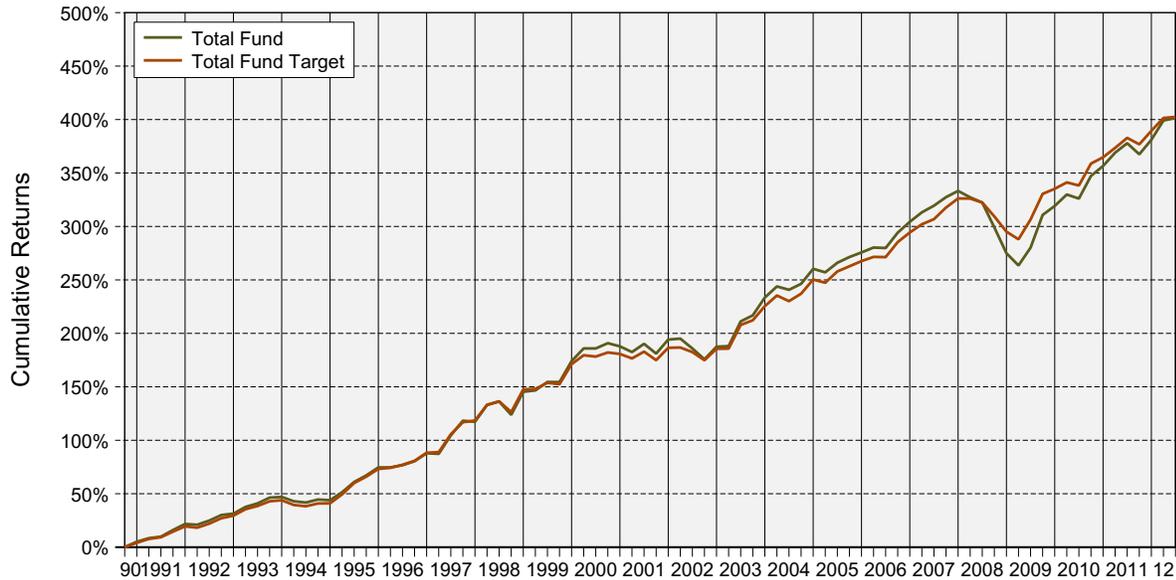
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	7%	7%	(2.88%)	(2.75%)	(0.01%)	(0.03%)	(0.04%)
Small Cap	3%	2%	(3.86%)	(3.47%)	(0.01%)	(0.02%)	(0.03%)
Domestic Fixed-Income	36%	35%	2.53%	2.06%	0.16%	0.02%	0.18%
Real Estate	4%	4%	3.86%	2.68%	0.05%	0.01%	0.06%
International Equity	4%	5%	(7.93%)	(7.13%)	(0.04%)	(0.01%)	(0.04%)
Inflation Protected	14%	15%	(0.34%)	(0.71%)	0.05%	0.01%	0.06%
Short Term Fixed Income	29%	31%	0.48%	0.20%	0.08%	(0.00%)	0.08%
Cash & Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.00%)	(0.00%)
Total			0.47%	0.21%	0.29%	(0.04%)	0.26%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 30.6% Barclays Gov 1-3 Yr, 14.5% Barclays Gbl Infn-Lnked, 7.0% S&P 500 Index, 4.9% MSCI EAFE Index, 3.9% NCREIF Total Index, 2.4% Russell 2000 Index and 1.7% 3-month Treasury Bill.

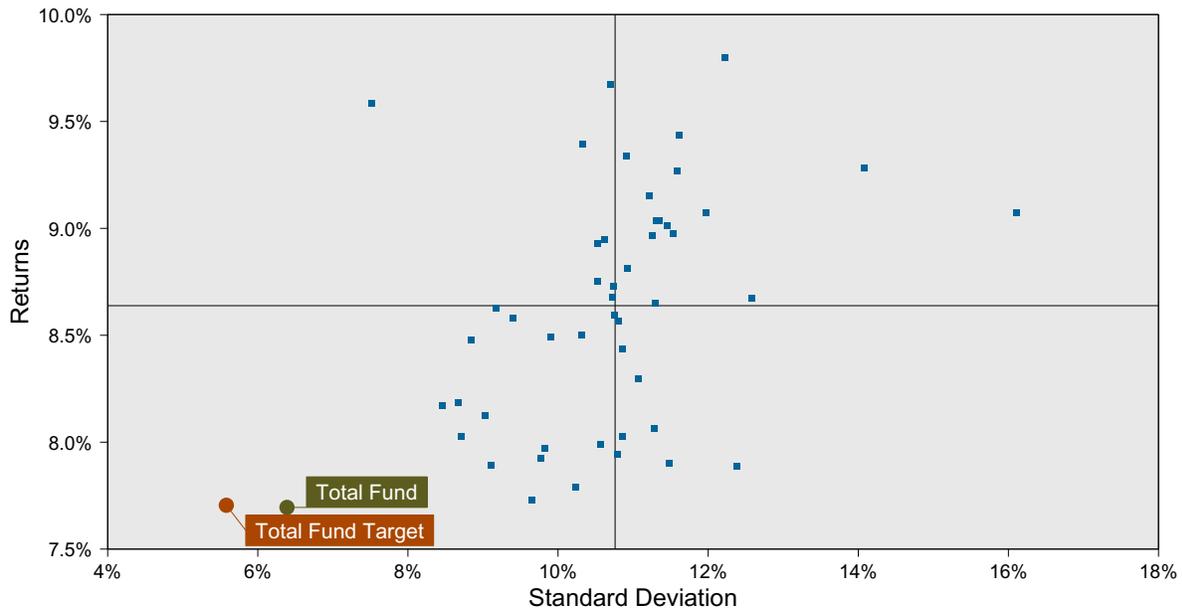
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the CAI Public Fund Sponsor Database.

Cumulative Returns Actual vs Target



Twenty-One and Three-Quarter Year Annualized Risk vs Return



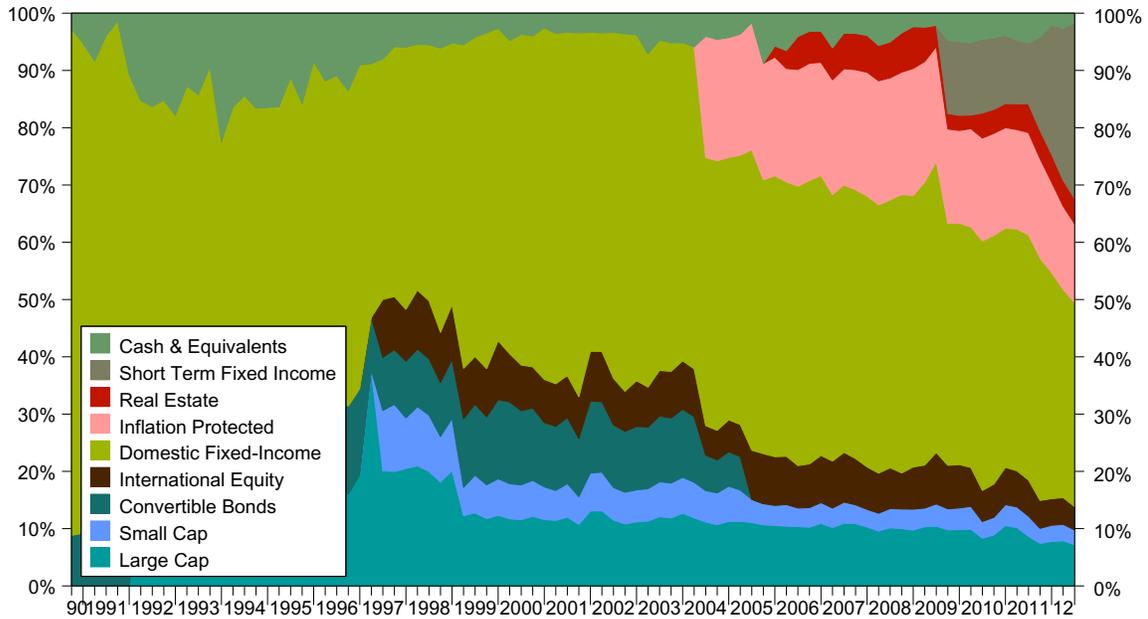
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 35.0% Barclays Aggregate Index, 30.6% Barclays Gov 1-3 Yr, 14.5% Barclays Gbl Inftn-Lnked, 7.0% S&P 500 Index, 4.9% MSCI EAFE Index, 3.9% NCREIF Total Index, 2.4% Russell 2000 Index and 1.7% 3-month Treasury Bill.

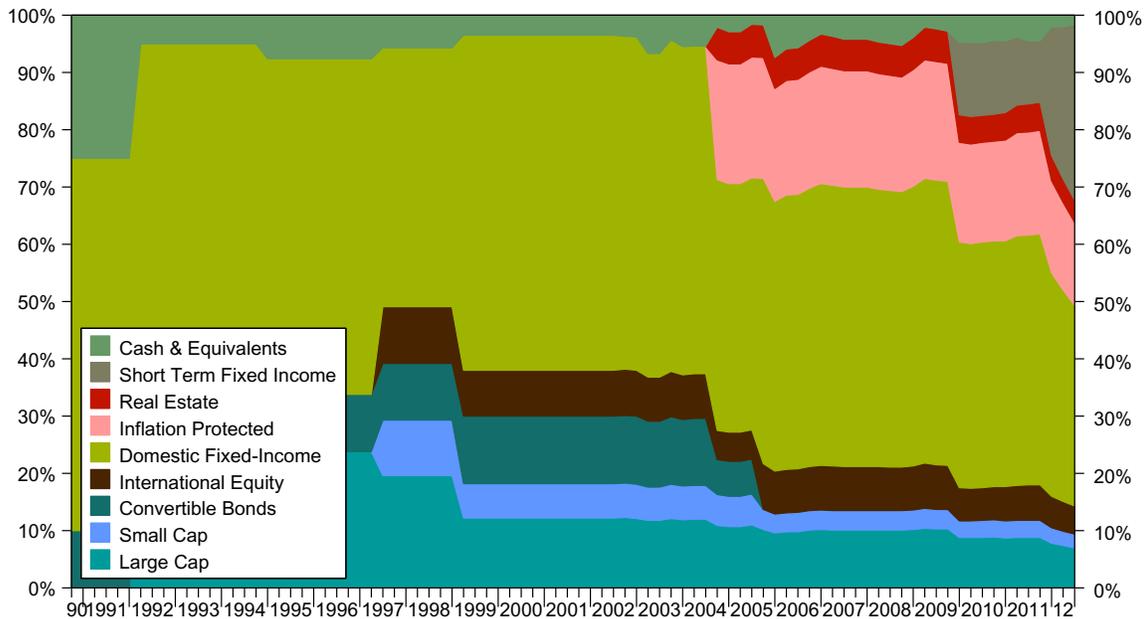
Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

Actual Historical Asset Allocation



Target Historical Asset Allocation

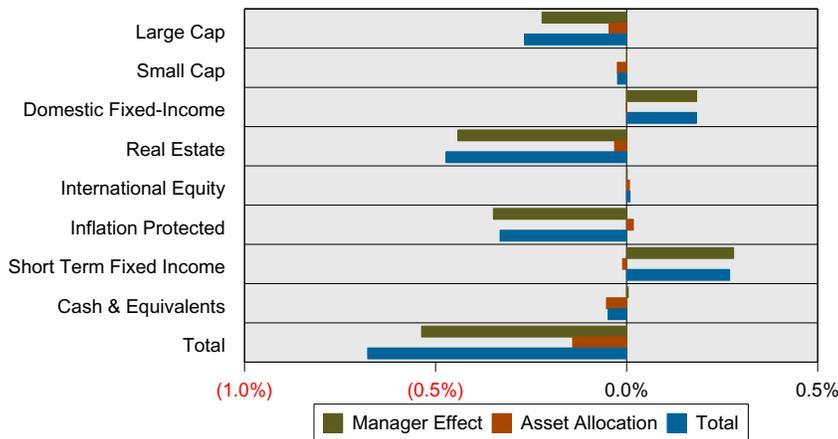


* Current Quarter Target = 35.0% Barclays Aggregate Index, 30.6% Barclays Gov 1-3 Yr, 14.5% Barclays Gbl Inftn-Linked, 7.0% S&P 500 Index, 4.9% MSCI EAFE Index, 3.9% NCREIF Total Index, 2.4% Russell 2000 Index and 1.7% 3-month Treasury Bill.

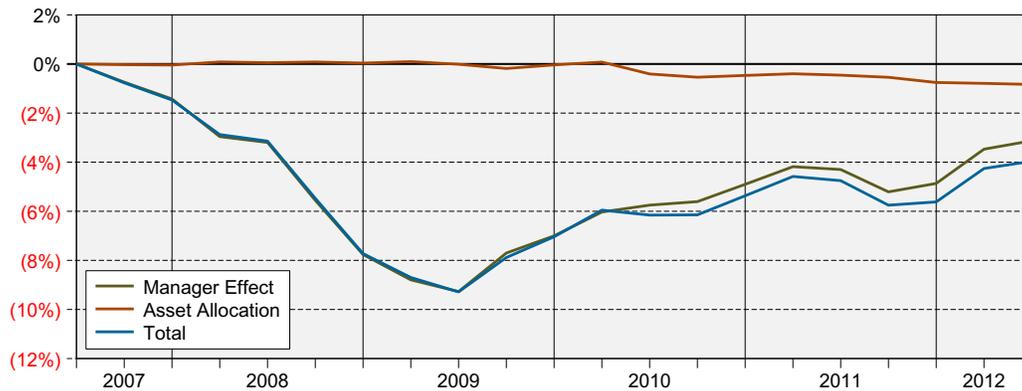
Cumulative Total Fund Relative Attribution - June 30, 2012

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

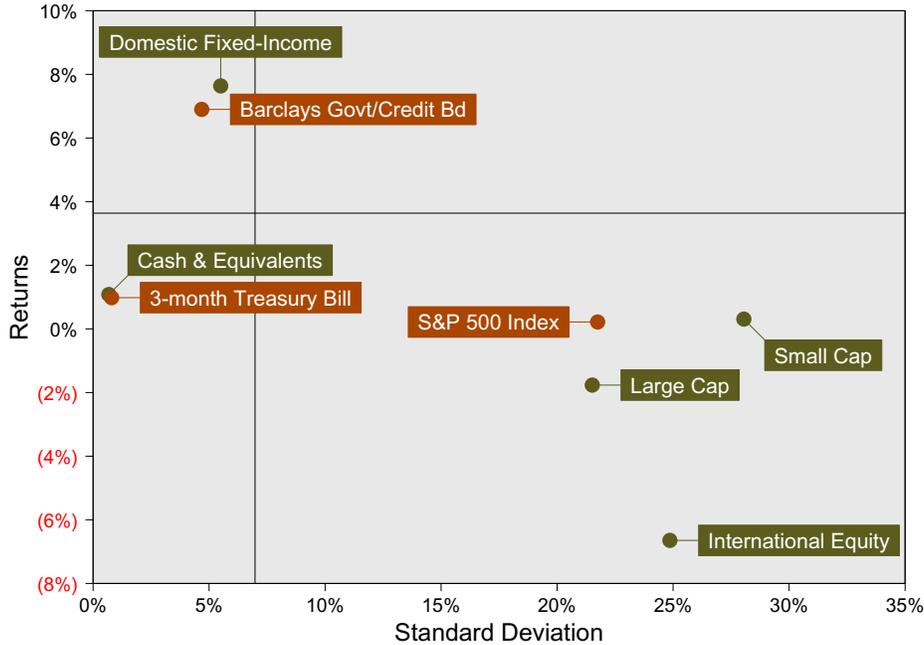
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	9%	9%	(1.77%)	0.22%	(0.22%)	(0.05%)	(0.27%)
Small Cap	3%	3%	0.31%	0.54%	0.00%	(0.02%)	(0.02%)
Domestic Fixed-Income	44%	45%	7.64%	6.79%	0.18%	(0.00%)	0.18%
Real Estate	5%	5%	(7.09%)	2.51%	(0.44%)	(0.03%)	(0.47%)
International Equity	7%	7%	(6.65%)	(6.56%)	0.00%	0.01%	0.01%
Inflation Protected	19%	19%	4.96%	6.68%	(0.35%)	0.02%	(0.33%)
Short Term Fixed Income	9%	9%	3.11%	1.21%	0.28%	(0.01%)	0.27%
Cash & Equivalents	4%	4%	1.08%	0.98%	0.00%	(0.05%)	(0.05%)
Total			3.64%	4.32%	+ (0.54%)	+ (0.14%)	(0.68%)

* Current Quarter Target = 35.0% Barclays Aggregate Index, 30.6% Barclays Gov 1-3 Yr, 14.5% Barclays Gbl Infn-Lnked, 7.0% S&P 500 Index, 4.9% MSCI EAFE Index, 3.9% NCREIF Total Index, 2.4% Russell 2000 Index and 1.7% 3-month Treasury Bill.

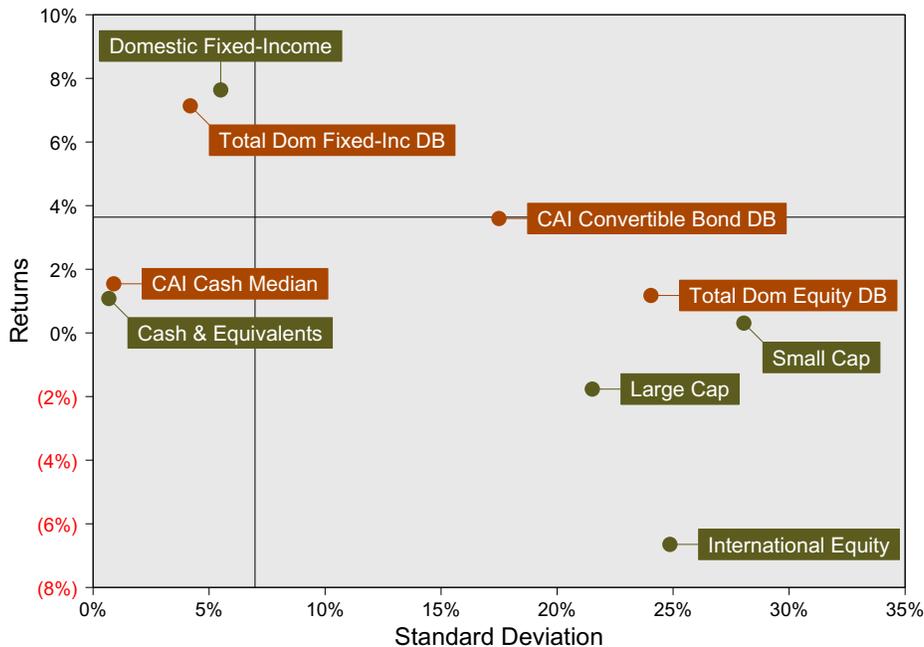
Asset Class Risk and Return

The charts below show the five year annualized risk and return for each asset class component of the Total Fund. The first graph contrasts these values with those of the appropriate index for each asset class. The second chart contrasts them with the risk and return of the median portfolio in each of the appropriate CAI comparative databases. In each case, the crosshairs on the chart represent the return and risk of the Total Fund.

Five Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



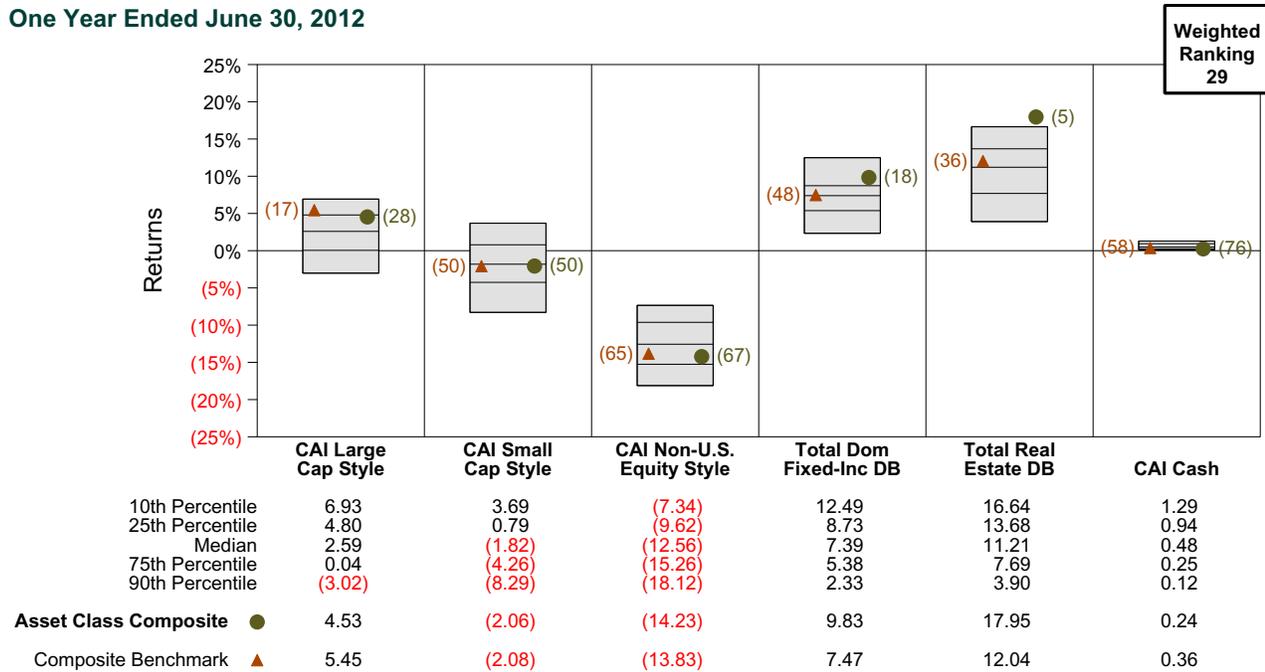
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



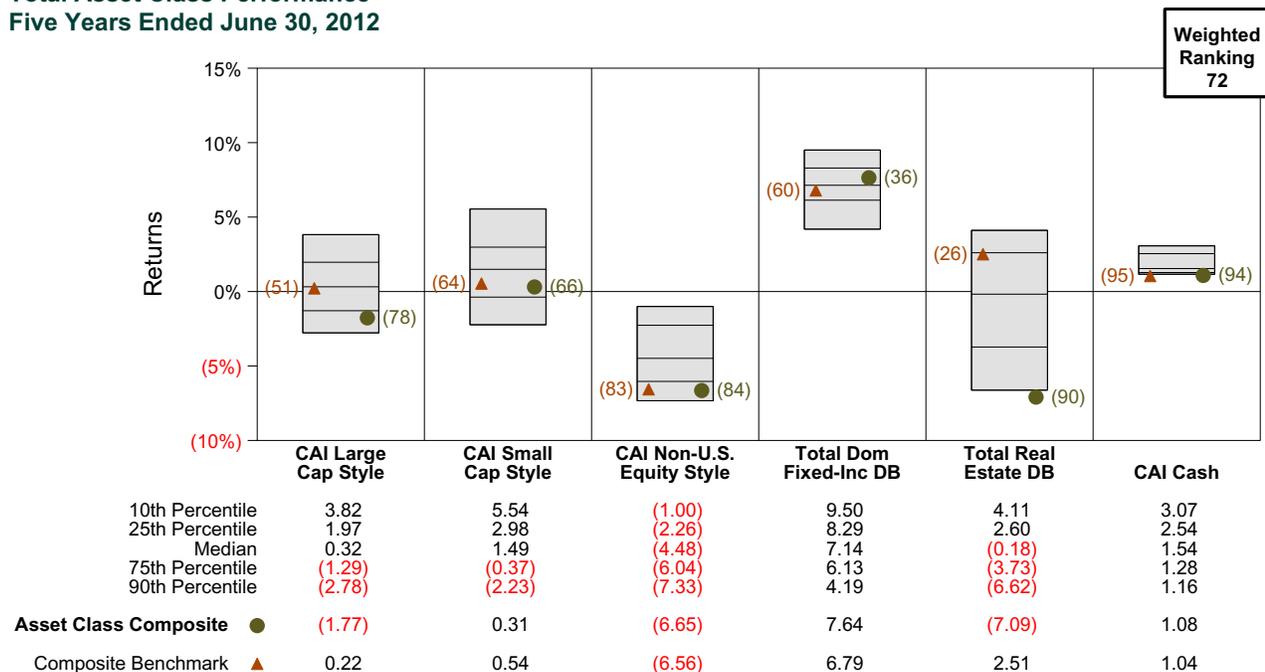
Asset Class Rankings

The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used to make this calculation. The weighted average ranking can be viewed as a measure of the fund's overall success in picking managers and structuring asset classes.

Total Asset Class Performance One Year Ended June 30, 2012



Total Asset Class Performance Five Years Ended June 30, 2012



* Current Quarter Target = 35.0% Barclays Aggregate Index, 30.6% Barclays Gov 1-3 Yr, 14.5% Barclays Gbl Inftn-Lnked, 7.0% S&P 500 Index, 4.9% MSCI EAFE Index, 3.9% NCREIF Total Index, 2.4% Russell 2000 Index and 1.7% 3-month Treasury Bill.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2012, with the distribution as of March 31, 2012. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	June 30, 2012		Net New Inv.	Inv. Return	March 31, 2012	
	Market Value	Percent			Market Value	Percent
Domestic Equity	\$215,921,338	9.78%	\$(106,832)	\$(7,003,679)	\$223,031,849	10.75%
Large Cap	\$158,553,340	7.18%	\$(73,335)	\$(4,702,697)	\$163,329,372	7.87%
Clifton Large Cap	31,119,059	1.41%	0	(820,848)	31,939,907	1.54%
L.A. Capital	48,806,884	2.21%	(26,335)	(1,175,553)	50,008,771	2.41%
L.A. Capital Enhanced	32,342,743	1.47%	(10,786)	(419,374)	32,772,903	1.58%
LSV Asset Management	46,284,654	2.10%	(36,215)	(2,286,921)	48,607,791	2.34%
Small Cap	\$57,367,998	2.60%	\$(33,497)	\$(2,300,982)	\$59,702,477	2.88%
Clifton Small Cap	29,332,733	1.33%	0	(928,918)	30,261,651	1.46%
Research Affiliates	28,035,265	1.27%	(33,497)	(1,372,122)	29,440,883	1.42%
International Equity	\$89,171,145	4.04%	\$(114,391)	\$(7,694,594)	\$96,980,130	4.67%
Capital Guardian Trust Co.	31,488,021	1.43%	(47,652)	(2,339,984)	33,875,657	1.63%
DFA Int'l Small Cap Value	9,015,409	0.41%	(14,885)	(1,094,557)	10,124,851	0.49%
LSV Asset Management	39,328,634	1.78%	(51,854)	(3,337,245)	42,717,734	2.06%
Vanguard	9,339,081	0.42%	0	(922,807)	10,261,888	0.49%
Domestic Fixed-Income	\$786,523,697	35.63%	\$12,651,482	\$19,350,106	\$754,522,108	36.35%
Bank of North Dakota	111,046,636	5.03%	(16,357)	2,687,455	108,375,538	5.22%
Prudential	66,809,329	3.03%	(48,123)	1,681,476	65,175,977	3.14%
Wells Capital	281,135,603	12.74%	(146,225)	7,315,134	273,966,695	13.20%
Western Asset Management	208,292,185	9.44%	(92,595)	4,606,039	203,778,741	9.82%
Declaration	50,153,819	2.27%	12,954,783	759,558	36,439,478	1.76%
PIMCO DiSCO II	69,086,124	3.13%	0	2,300,445	66,785,679	3.22%
Inflation Protected	\$304,061,977	13.78%	\$3,170,031	\$(1,023,173)	\$301,915,119	14.55%
Western Asset Management	169,723,269	7.69%	(77,177)	(46,878)	169,847,324	8.18%
JP Morgan Infrastructure	60,740,000	2.75%	0	(932,963)	61,672,963	2.97%
Eastern Timber Opportunities	61,632,983	2.79%	0	65,312	61,567,671	2.97%
Credit Suisse Cust. Infra.	11,965,725	0.54%	3,247,209	(108,645)	8,827,161	0.43%
Real Estate	\$96,851,717	4.39%	\$(318,625)	\$3,606,842	\$93,563,500	4.51%
JP Morgan RE	96,851,717	4.39%	(318,625)	3,606,842	93,563,500	4.51%
Short Term Fixed Income	\$676,208,116	30.64%	\$121,829,597	\$2,863,505	\$551,515,014	26.57%
Prudential - Budget	90,705	0.00%	(8,979,334)	14,997	9,055,042	0.44%
JPM Short Term - Budget	138,386,611	6.27%	(149,250)	536,069	137,999,791	6.65%
Babson Short Term - Budget	132,396,781	6.00%	151,213	930,918	131,314,651	6.33%
Babson Bank Loan - Budget	6,366,797	0.29%	(839,201)	2,869	7,203,129	0.35%
Babson Short Term Legacy	199,856,943	9.05%	65,821,173	870,900	133,164,870	6.42%
JPM Short Term Legacy	199,110,280	9.02%	65,824,997	507,752	132,777,531	6.40%
Cash & Equivalents	\$38,504,683	1.74%	\$(15,681,983)	\$36,091	\$54,150,574	2.61%
Bank of ND - Money Mkt	38,504,683	1.74%	(15,681,983)	36,091	54,150,574	2.61%
Total Fund	\$2,207,242,671	100.0%	\$121,429,280	\$10,135,097	\$2,075,678,294	100.0%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2012

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity	(3.14%)	2.62%	17.10%	(1.22%)	5.68%
Large Cap	(2.88%)	4.53%	16.11%	(1.77%)	5.11%
Clifton Large Cap	(2.57%)	5.97%	18.08%	-	-
L.A. Capital	(2.35%)	7.55%	18.02%	2.44%	-
L.A. Capital Enhanced	(1.28%)	6.36%	17.35%	1.92%	-
LSV Asset Management	(4.70%)	(0.66%)	15.64%	(2.41%)	6.85%
Standard & Poor's 500	(2.75%)	5.45%	16.40%	0.22%	5.33%
Small Cap	(3.86%)	(2.06%)	19.95%	0.31%	7.51%
Clifton Small Cap	(3.07%)	(0.86%)	20.25%	-	-
Research Affiliates	(4.66%)	(3.32%)	19.98%	-	-
Russell 2000	(3.47%)	(2.08%)	17.80%	0.54%	7.00%
International Equity	(7.93%)	(14.23%)	6.48%	(6.65%)	4.85%
Capital Guardian Trust Co.	(6.90%)	(12.20%)	6.70%	(5.68%)	4.40%
DFA International Small Cap Value	(10.81%)	(17.09%)	7.92%	-	-
LSV Asset Management	(7.81%)	(14.44%)	4.99%	(8.69%)	-
Vanguard	(8.99%)	(17.06%)	8.43%	(4.96%)	-
MSCI EAFE Index (1)	(7.13%)	(13.83%)	4.92%	(6.56%)	4.16%
Domestic Fixed-Income	2.53%	9.83%	11.54%	7.64%	6.55%
Bank of North Dakota	2.48%	8.08%	7.00%	6.86%	5.62%
Prudential	2.58%	9.58%	11.45%	8.79%	-
Wells Capital	2.67%	10.06%	12.68%	9.68%	8.22%
Western Asset Management	2.26%	8.88%	11.89%	7.16%	6.50%
Declaration	1.60%	7.05%	11.02%	(7.13%)	-
PIMCO DiSCO II	3.44%	-	-	-	-
BC Aggregate	2.06%	7.47%	6.93%	6.79%	5.63%
Insurance Inflation Protected Assets	(0.34%)	4.64%	5.57%	4.96%	-
Western Asset Management	(0.03%)	4.72%	6.35%	6.00%	-
JP Morgan Infrastructure	(1.51%)	4.51%	5.47%	-	-
Eastern Timber Opportunities	0.11%	3.93%	2.31%	-	-
Credit Suisse Cust. Infra.	(1.20%)	-	-	-	-
BC Global Inflation Linked (2)	(0.71%)	4.25%	6.67%	6.68%	-
Real Estate	3.86%	17.95%	10.92%	(7.09%)	-
JP Morgan RE	3.86%	17.95%	10.92%	(7.09%)	-
NCREIF Total Index	2.68%	12.04%	8.82%	2.51%	8.29%
Short Term Fixed Income	0.48%	0.24%	5.24%	-	-
JPM Short Term - Budget	0.39%	-	-	-	-
Babson Short Term - Budget	0.71%	-	-	-	-
Babson Bank Loan - Budget	0.00%	-	-	-	-
Babson Short Term Legacy	0.55%	-	-	-	-
JPM Short Term Legacy	0.33%	-	-	-	-
BC Gov 1-3 Yr	0.20%	0.86%	1.69%	3.40%	3.14%
Cash & Equivalents	0.07%	0.24%	0.31%	1.08%	2.04%
Bank of ND - Money Mkt	0.07%	0.25%	0.31%	1.08%	2.04%
90 Day Treasury Bills	0.03%	0.06%	0.12%	0.98%	1.87%
Total Fund	0.47%	4.94%	9.67%	3.64%	5.78%
Policy Target	0.21%	4.07%	7.32%	4.31%	5.93%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 30.6% Barclays Gov 1-3 Yr, 14.5% Barclays Gbl Index, 7.0% S&P 500 Index, 4.9% MSCI EAFE Index, 3.9% NCREIF Total Index, 2.4% Russell 2000 Index and 1.7% 3-month Treasury Bill.

(1) International Equity target is MSCI EAFE through 9/30/2000, 50% Hedged EAFE through 3/31/2011, and MSCI EAFE again thereafter.

(2) Inflation Protected Benchmark is the BC US TIPS Index through 12/31/09 and the BC Global Inflation-Linked thereafter

Clifton Large Cap Period Ended June 30, 2012

Investment Philosophy

The Clifton Group utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

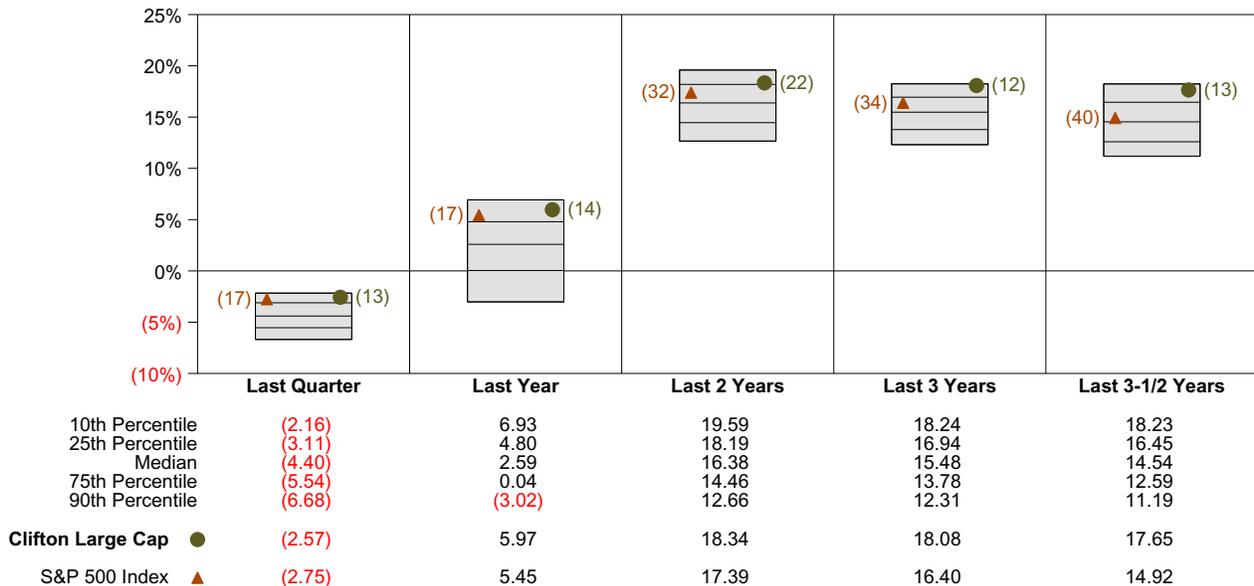
Quarterly Summary and Highlights

- Clifton Large Cap's portfolio posted a (2.57)% return for the quarter placing it in the 13 percentile of the CAI Large Capitalization Style group for the quarter and in the 14 percentile for the last year.
- Clifton Large Cap's portfolio outperformed the S&P 500 Index by 0.18% for the quarter and outperformed the S&P 500 Index for the year by 0.52%.

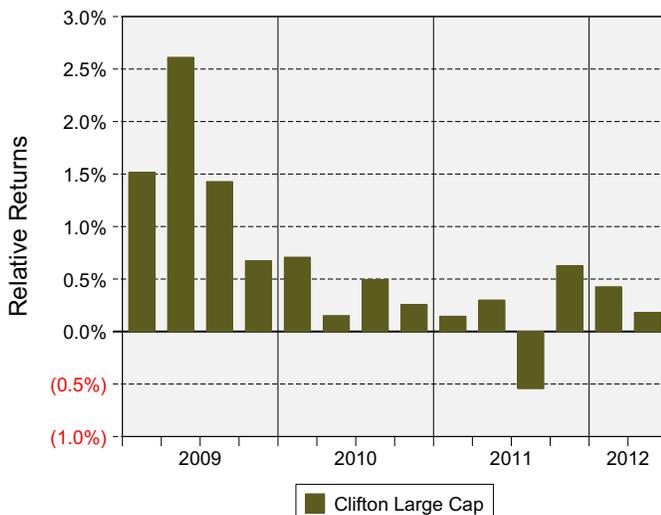
Quarterly Asset Growth

Beginning Market Value	\$31,939,907
Net New Investment	\$0
Investment Gains/(Losses)	\$-820,848
Ending Market Value	\$31,119,059

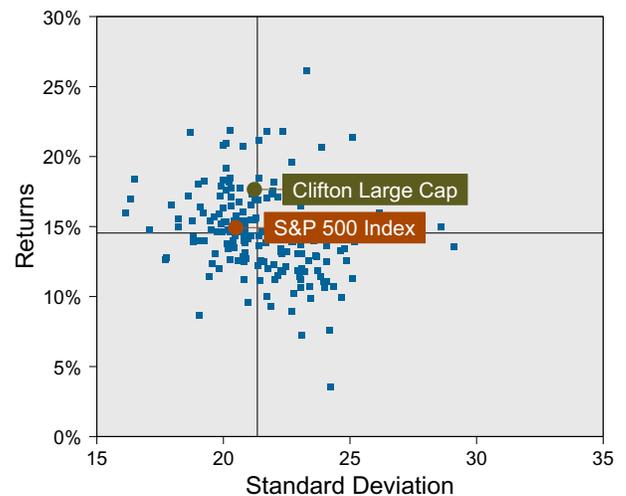
Performance vs CAI Large Capitalization Style (Gross)



Relative Return vs S&P 500 Index



CAI Large Capitalization Style (Gross) Annualized Three and One-Half Year Risk vs Return



L.A. Capital Period Ended June 30, 2012

Investment Philosophy

The LA Capital Structured portfolio is a large growth portfolio benchmarked to the Russell 1000 Growth Index. It is an active assignment meaning that it targets a 2% alpha and constrains its risk budget (tracking error) to 4% relative to the benchmark. LA Capital believes that investment results are driven by Investor Preferences and thus recognize that when preferences shift a different posture related to that factor is warranted.

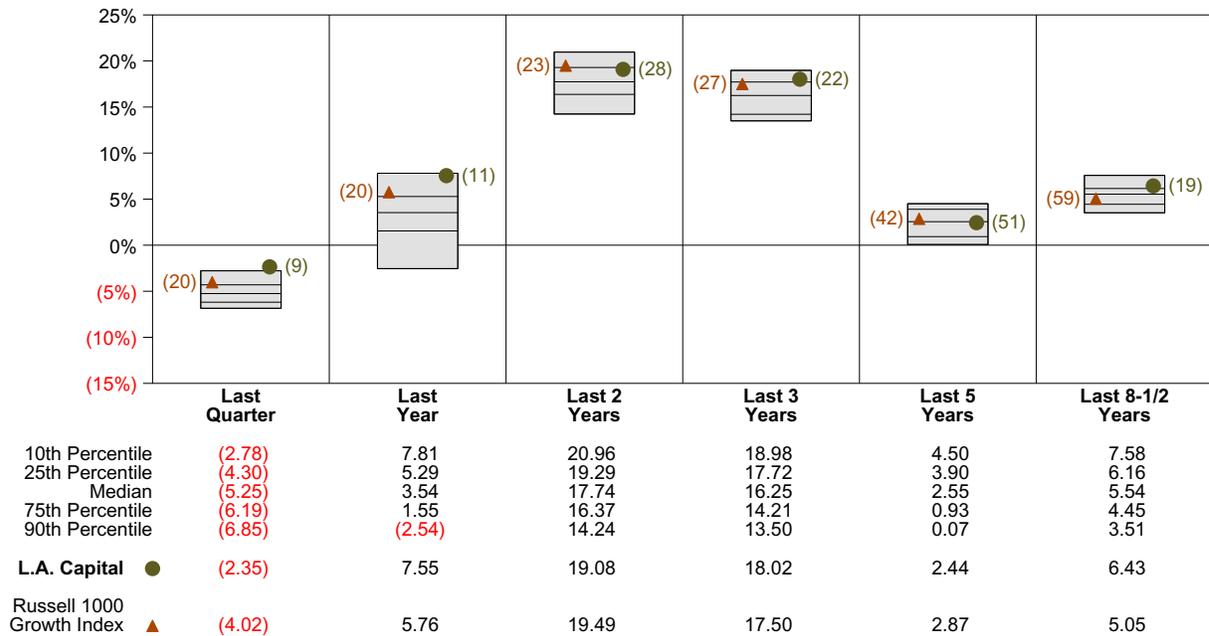
Quarterly Summary and Highlights

- L.A. Capital's portfolio posted a (2.35)% return for the quarter placing it in the 9 percentile of the CAI Large Cap Growth Style group for the quarter and in the 11 percentile for the last year.
- L.A. Capital's portfolio outperformed the Russell 1000 Growth Index by 1.67% for the quarter and outperformed the Russell 1000 Growth Index for the year by 1.79%.

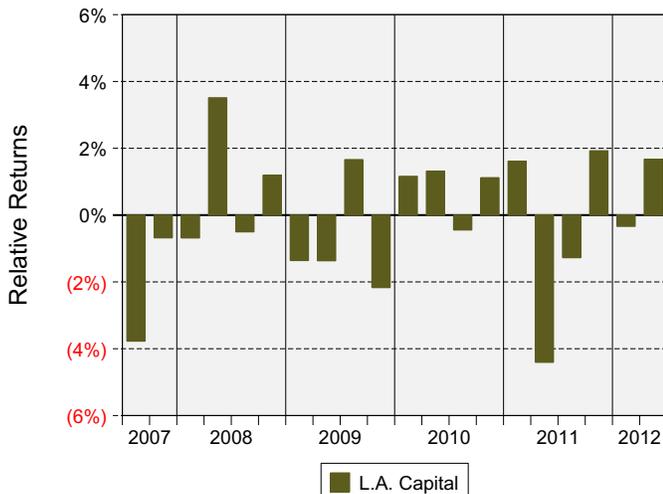
Quarterly Asset Growth

Beginning Market Value	\$50,008,771
Net New Investment	\$-26,335
Investment Gains/(Losses)	\$-1,175,553
Ending Market Value	\$48,806,884

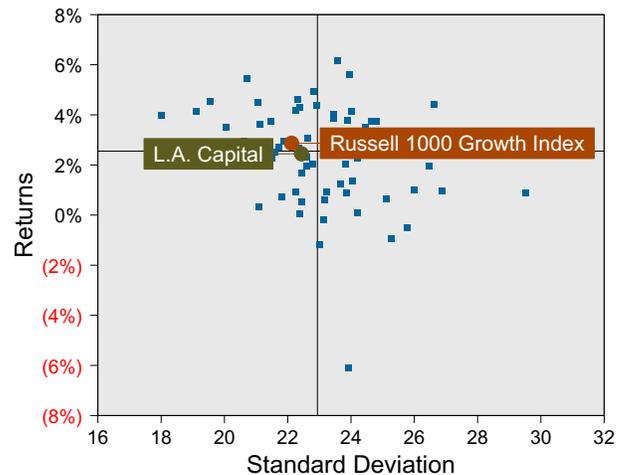
Performance vs CAI Large Cap Growth Style (Gross)



Relative Return vs Russell 1000 Growth Index



CAI Large Cap Growth Style (Gross) Annualized Five Year Risk vs Return



L.A. Capital Enhanced Period Ended June 30, 2012

Investment Philosophy

The LA Capital Enhanced portfolio is a large core portfolio benchmarked to the Russell 1000 Index. Characterized as an enhanced index assignment, its objective is to track the benchmark with lower variability. The pension portfolio began in August of 2000 and the insurance portfolio was initiated in April of 2004. Since October of 2006 a small portion of each of the two core accounts was allocated into the Large Cap Alpha Fund with intent to add incremental alpha to the assignment given that the information ratio was expected to be higher.

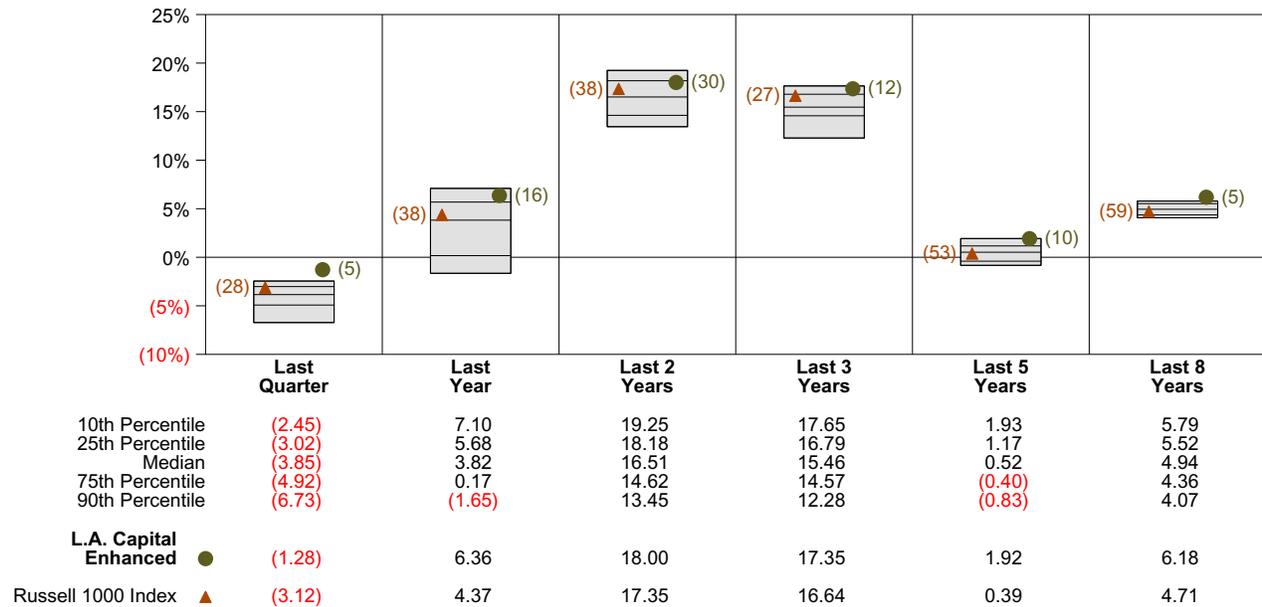
Quarterly Summary and Highlights

- L.A. Capital Enhanced's portfolio posted a (1.28)% return for the quarter placing it in the 5 percentile of the CAI Large Cap Core Style group for the quarter and in the 16 percentile for the last year.
- L.A. Capital Enhanced's portfolio outperformed the Russell 1000 Index by 1.84% for the quarter and outperformed the Russell 1000 Index for the year by 1.98%.

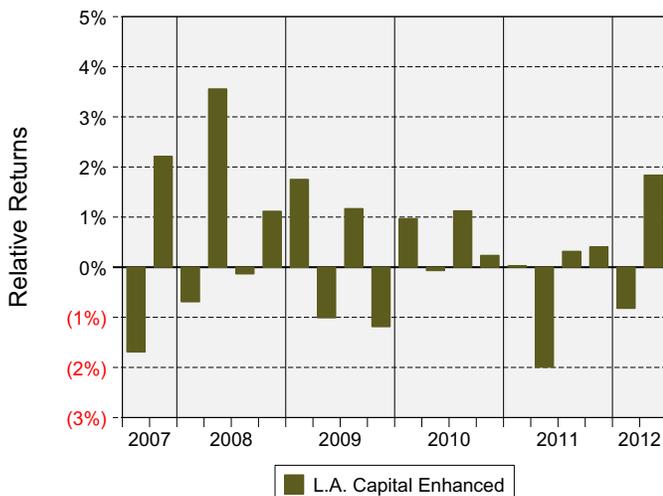
Quarterly Asset Growth

Beginning Market Value	\$32,772,903
Net New Investment	\$-10,786
Investment Gains/(Losses)	\$-419,374
Ending Market Value	\$32,342,743

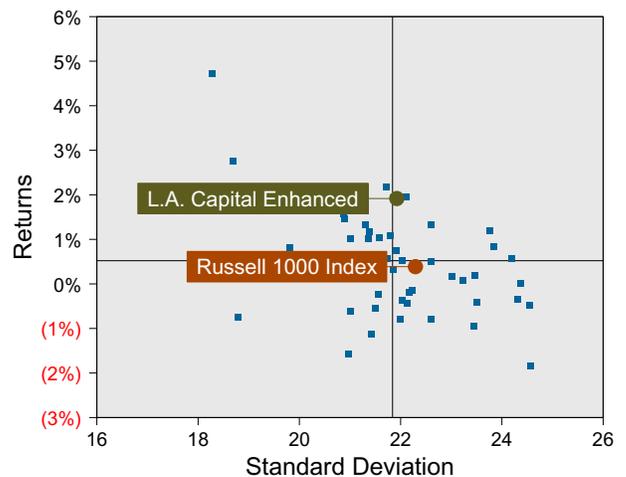
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs Russell 1000 Index



CAI Large Cap Core Style (Gross) Annualized Five Year Risk vs Return



LSV Asset Management

Period Ended June 30, 2012

Investment Philosophy

The objective of LSV Asset Management's Large Cap Value Equity (U.S.) strategy is to outperform the Russell 1000 Value by at least 200 basis points (gross of fees) per annum over a 3-5 year period with a tracking error of approximately 4%. Their stock selection process is a quantitative approach that ranks a broad universe of stocks on a combination of value and momentum factors and seeks to invest approximately 100 stocks in the most attractive securities possible within strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio is broadly diversified across industry groups and fully invested.

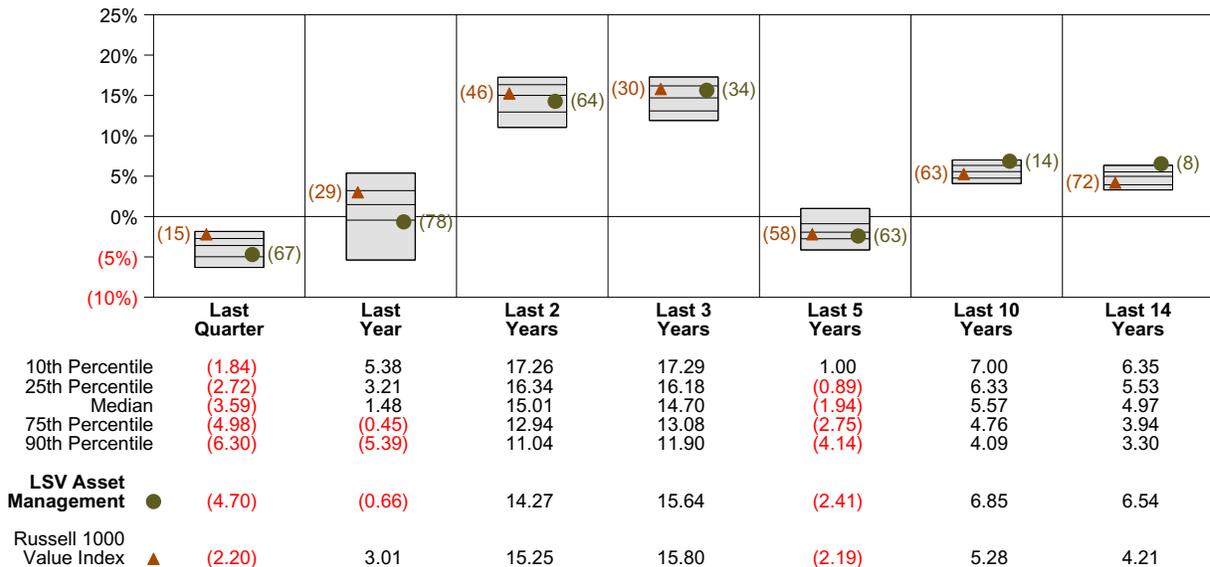
Quarterly Summary and Highlights

- LSV Asset Management's portfolio posted a (4.70)% return for the quarter placing it in the 67 percentile of the CAI Large Cap Value Style group for the quarter and in the 78 percentile for the last year.
- LSV Asset Management's portfolio underperformed the Russell 1000 Value Index by 2.50% for the quarter and underperformed the Russell 1000 Value Index for the year by 3.67%.

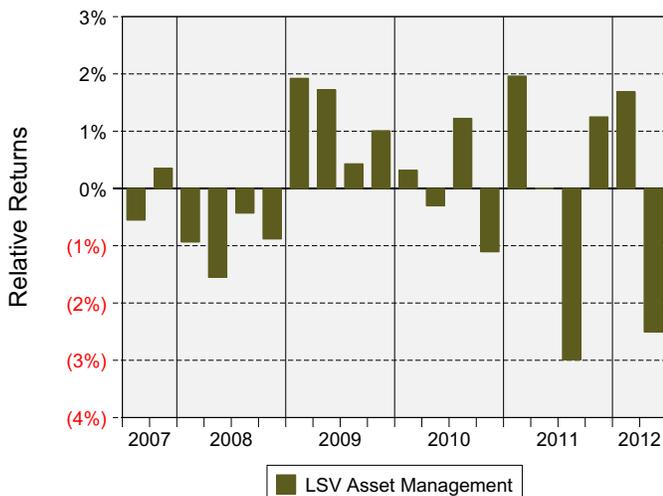
Quarterly Asset Growth

Beginning Market Value	\$48,607,791
Net New Investment	\$-36,215
Investment Gains/(Losses)	\$-2,286,921
Ending Market Value	\$46,284,654

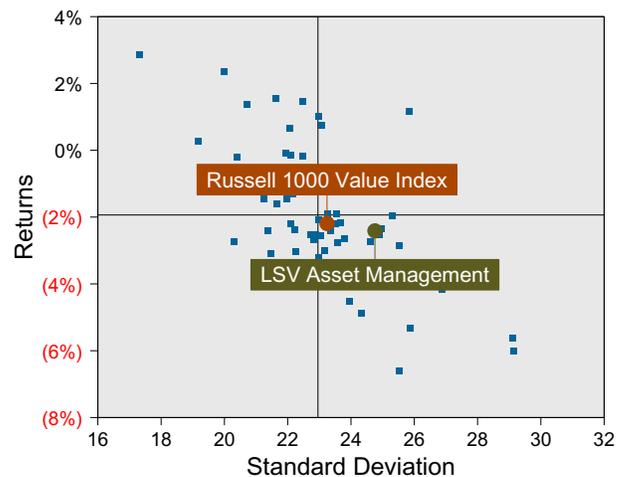
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs Russell 1000 Value Index



CAI Large Cap Value Style (Gross) Annualized Five Year Risk vs Return



Clifton Small Cap Period Ended June 30, 2012

Investment Philosophy

The Clifton Group utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

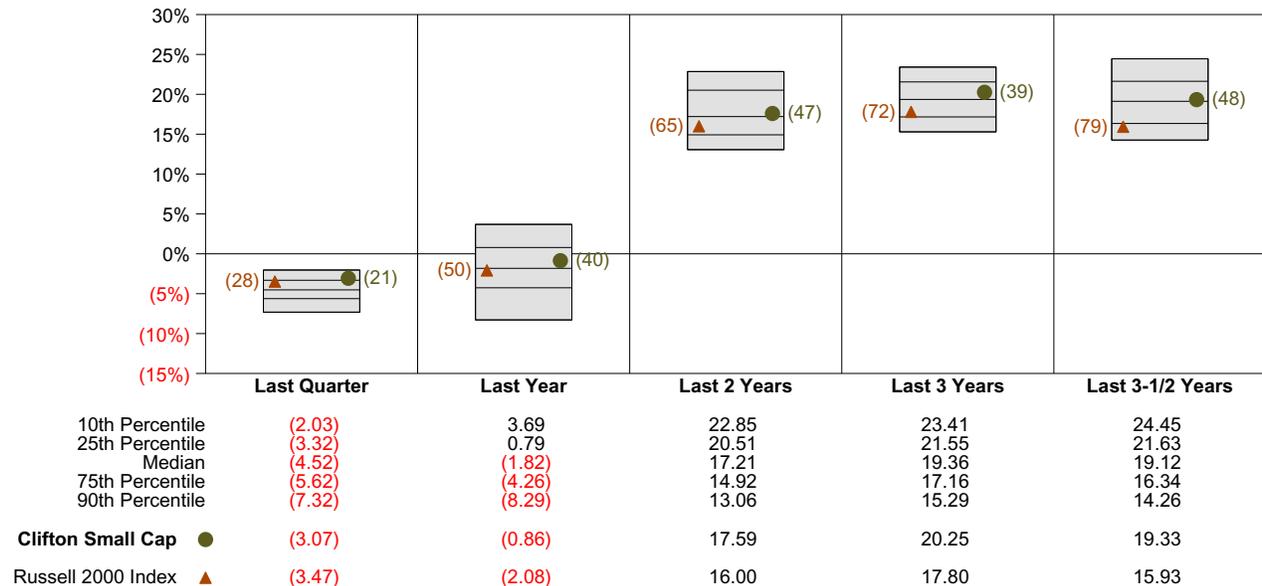
Quarterly Summary and Highlights

- Clifton Small Cap's portfolio posted a (3.07)% return for the quarter placing it in the 21 percentile of the CAI Small Capitalization Style group for the quarter and in the 40 percentile for the last year.
- Clifton Small Cap's portfolio outperformed the Russell 2000 Index by 0.40% for the quarter and outperformed the Russell 2000 Index for the year by 1.22%.

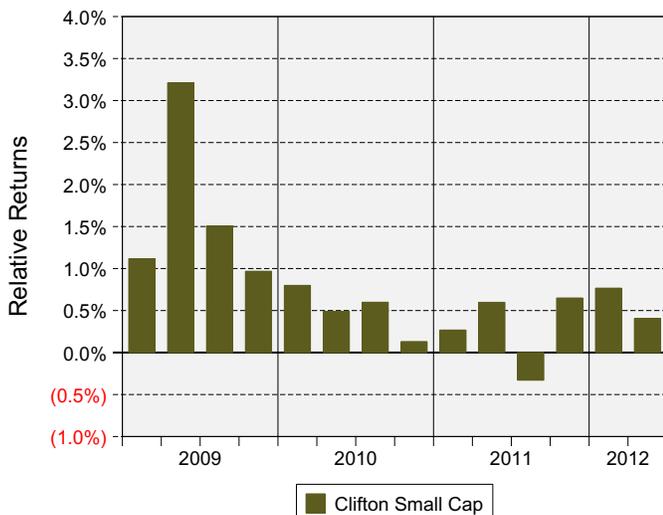
Quarterly Asset Growth

Beginning Market Value	\$30,261,651
Net New Investment	\$0
Investment Gains/(Losses)	\$-928,918
Ending Market Value	\$29,332,733

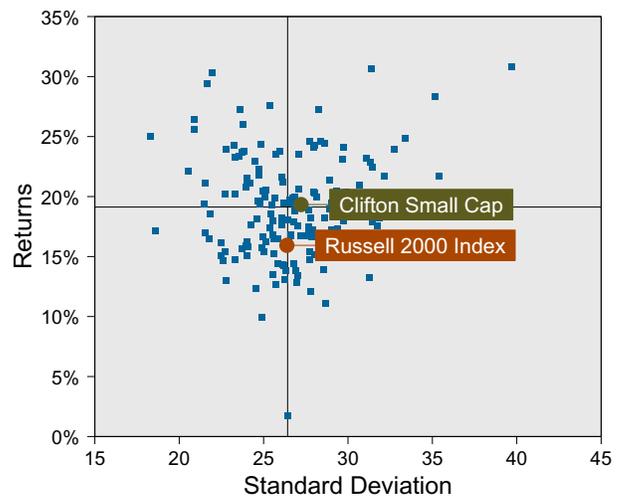
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



CAI Small Capitalization Style (Gross) Annualized Three and One-Half Year Risk vs Return



Research Affiliates Period Ended June 30, 2012

Investment Philosophy

Small company value equity portfolio utilizing the index strategy and philosophy described as the Enhanced RAFI US Small strategy which relies on portfolio weights derived from firm fundamentals (free cash flow, book equity value, total sales and gross dividend), instead of market capitalization. Additionally, the enhanced portfolio strategy uses a quality of earnings screening and a financial distress screening to augment portfolio returns and reduce portfolio volatility.

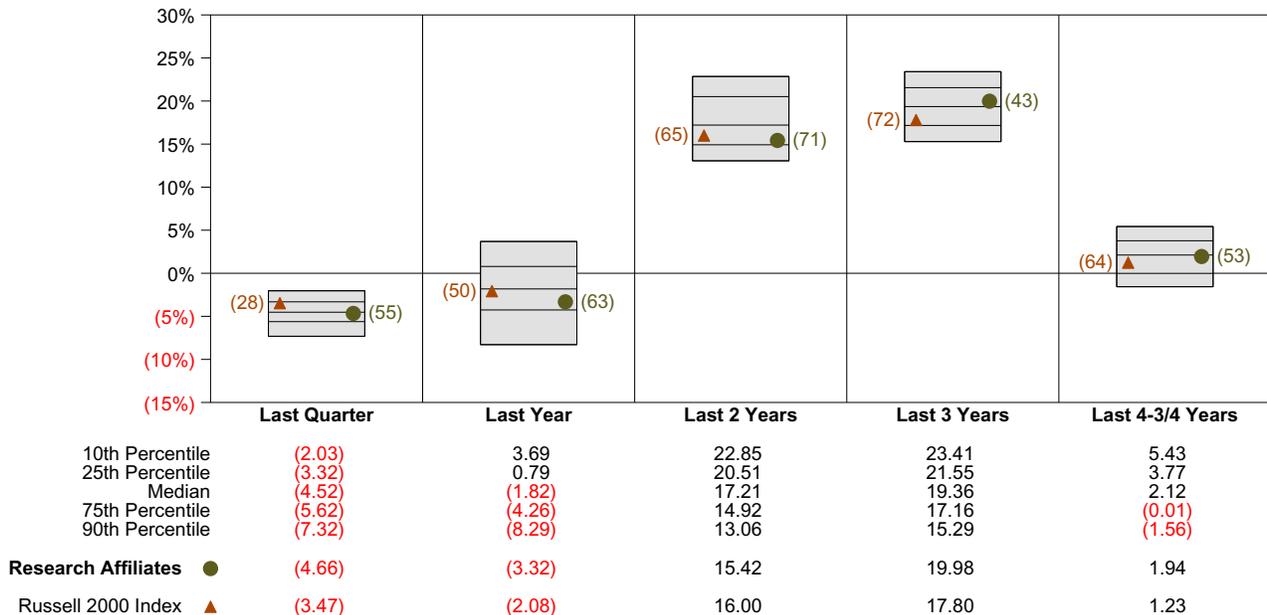
Quarterly Summary and Highlights

- Research Affiliates's portfolio posted a (4.66)% return for the quarter placing it in the 55 percentile of the CAI Small Capitalization Style group for the quarter and in the 63 percentile for the last year.
- Research Affiliates's portfolio underperformed the Russell 2000 Index by 1.19% for the quarter and underperformed the Russell 2000 Index for the year by 1.24%.

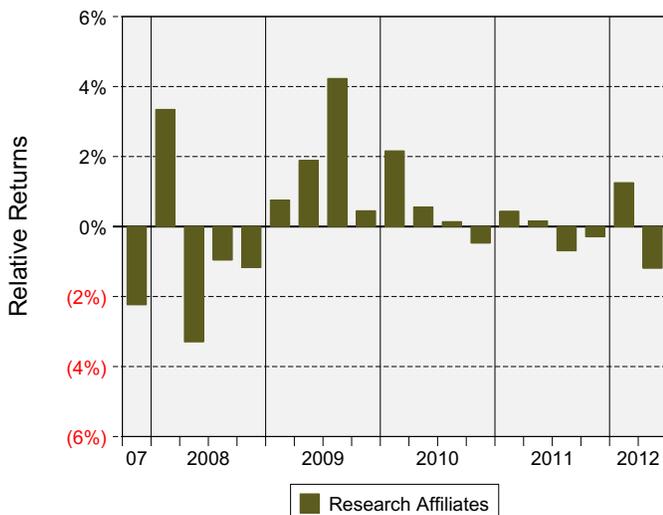
Quarterly Asset Growth

Beginning Market Value	\$29,440,883
Net New Investment	\$-33,497
Investment Gains/(Losses)	\$-1,372,122
Ending Market Value	\$28,035,265

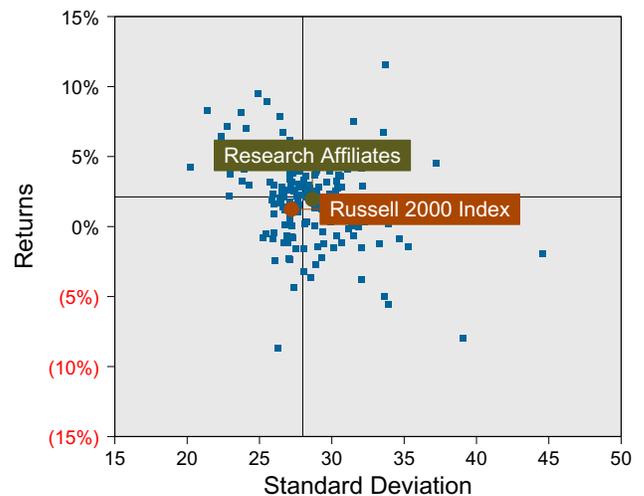
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



CAI Small Capitalization Style (Gross) Annualized Four and Three-Quarter Year Risk vs Return



Capital Guardian Trust Company

Period Ended June 30, 2012

Investment Philosophy

The Portfolio will invest primarily in equity or equity type securities of companies in developed countries excluding the U.S. These equity securities will be listed on a stock exchange or traded in another recognized market and include, but are not limited to, common and preferred stocks, securities convertible or exchangeable into common or preferred stock, warrants, rights and depository arrangements. **International Equity target is MSCI EAFE through 9/30/2000, 50% Hedged EAFE through 3/31/2011, and MSCI EAFE again thereafter.

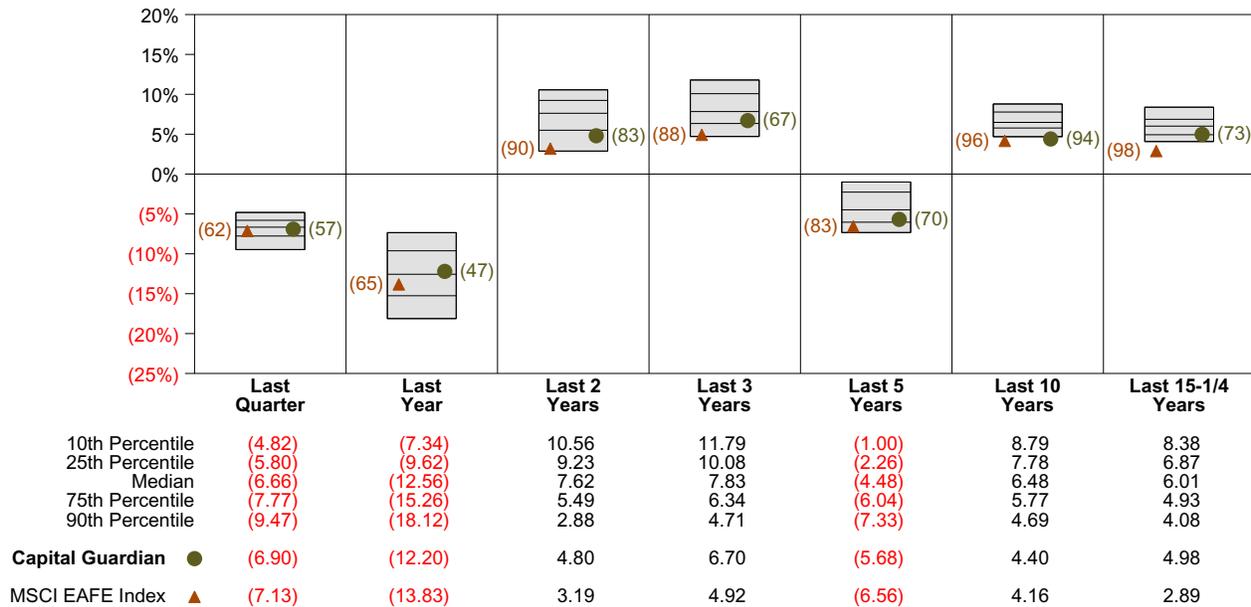
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a (6.90)% return for the quarter placing it in the 57 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 47 percentile for the last year.
- Capital Guardian's portfolio outperformed the MSCI EAFE Index by 0.22% for the quarter and outperformed the MSCI EAFE Index for the year by 1.63%.

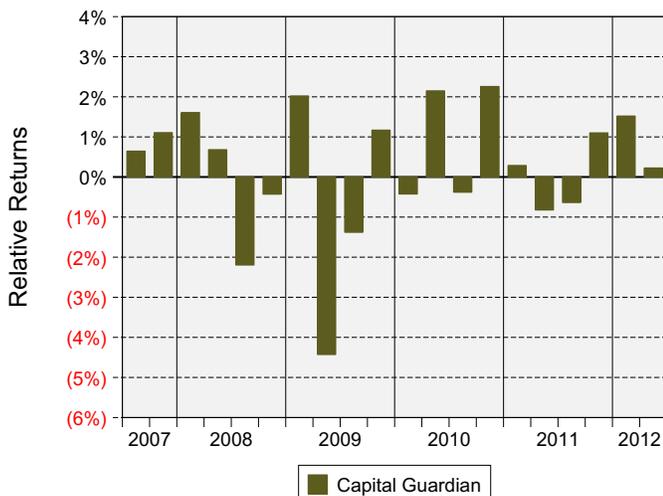
Quarterly Asset Growth

Beginning Market Value	\$33,875,657
Net New Investment	\$-47,652
Investment Gains/(Losses)	\$-2,339,984
Ending Market Value	\$31,488,021

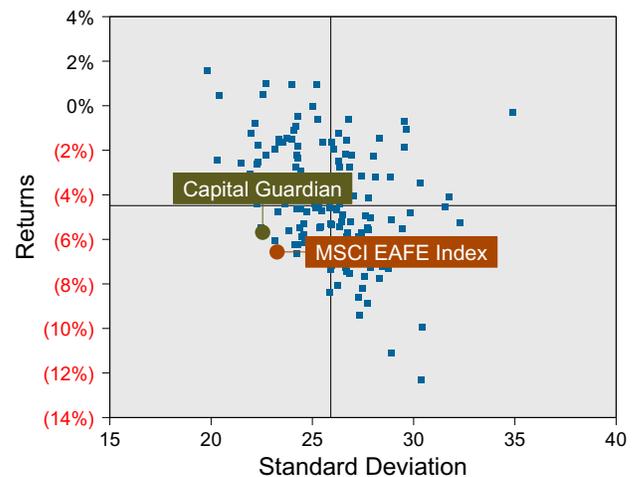
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



DFA International Small Value Period Ended June 30, 2012

Investment Philosophy

The International Small Cap Value Portfolio invests in the stocks of small, non-US developed markets companies that Dimensional believes to be value stocks at the time of purchase. Specifically, it looks at companies that fall within the smallest 8-10% of each country's market capitalization, and whose shares have a high book value in relation to their market value (BtM). It does not invest in emerging markets.

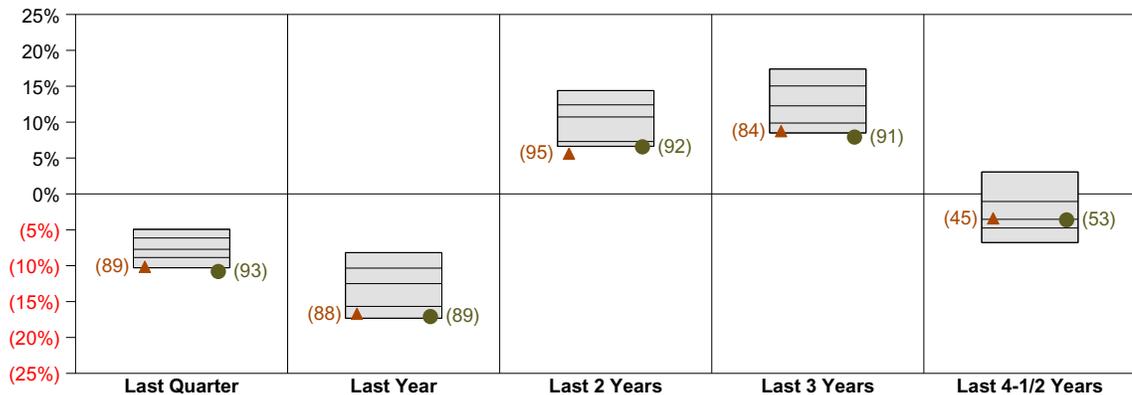
Quarterly Summary and Highlights

- DFA International Small Value's portfolio posted a (10.81)% return for the quarter placing it in the 93 percentile of the CAI International Small Cap Style group for the quarter and in the 89 percentile for the last year.
- DFA International Small Value's portfolio underperformed the World ex US SC Va by 0.66% for the quarter and underperformed the World ex US SC Va for the year by 0.39%.

Quarterly Asset Growth

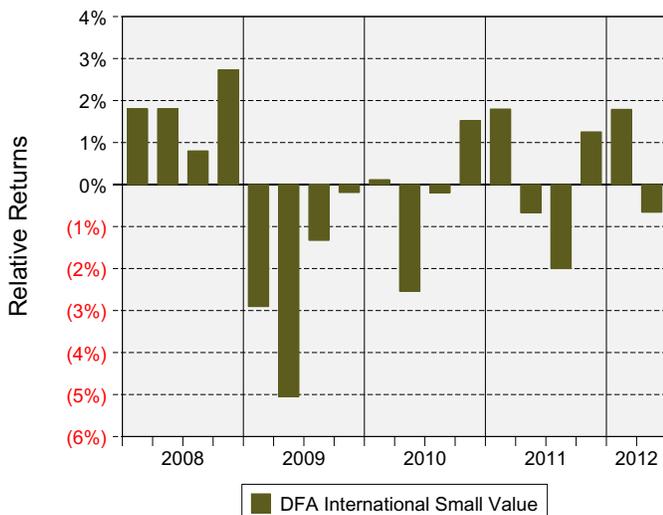
Beginning Market Value	\$10,124,851
Net New Investment	\$-14,885
Investment Gains/(Losses)	\$-1,094,557
Ending Market Value	\$9,015,409

Performance vs CAI International Small Cap Style (Gross)

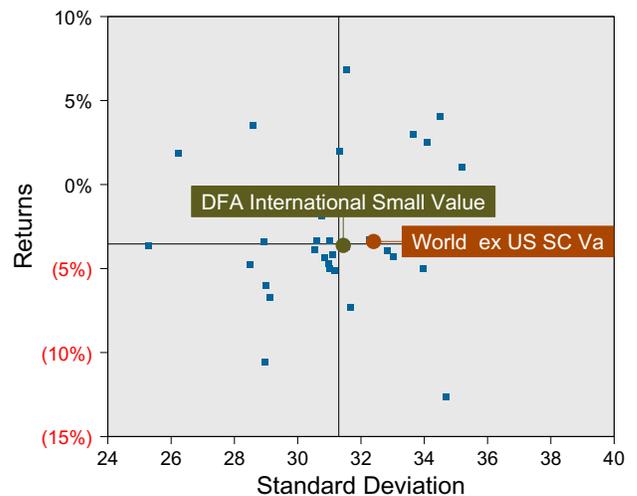


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	(4.93)	(8.18)	14.39	17.40	3.06
25th Percentile	(6.14)	(10.34)	12.41	15.04	(1.06)
Median	(7.72)	(12.50)	10.72	12.27	(3.54)
75th Percentile	(8.86)	(15.67)	7.30	9.87	(4.75)
90th Percentile	(10.29)	(17.32)	6.63	8.49	(6.78)
DFA International Small Value	(10.81)	(17.09)	6.56	7.92	(3.62)
World ex US SC Va	(10.15)	(16.69)	5.63	8.75	(3.39)

Relative Return vs World ex US SC Va



CAI International Small Cap Style (Gross) Annualized Four and One-Half Year Risk vs Return



LSV Asset Management Period Ended June 30, 2012

Investment Philosophy

The objective of LSV Asset Management's International Large Cap Value strategy is to outperform the MSCI EAFE Index by at least 250 basis points (gross of fees) per annum over an annualized 3-5 year period with a tracking error of approximately 5-6%. Their stock selection process is a quantitative approach that ranks a broad universe of stocks on a combination of value and momentum factors and seeks to invest approximately 150 stocks in the most attractive securities possible within strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio is broadly diversified across industry groups and fully invested. LSV weights countries at a neutral weight relative to the benchmark country weights. 50% of the portfolio is US dollar hedged. **International Equity target is MSCI EAFE through 9/30/2000, 50% Hedged EAFE through 3/31/2011, and MSCI EAFE again thereafter.

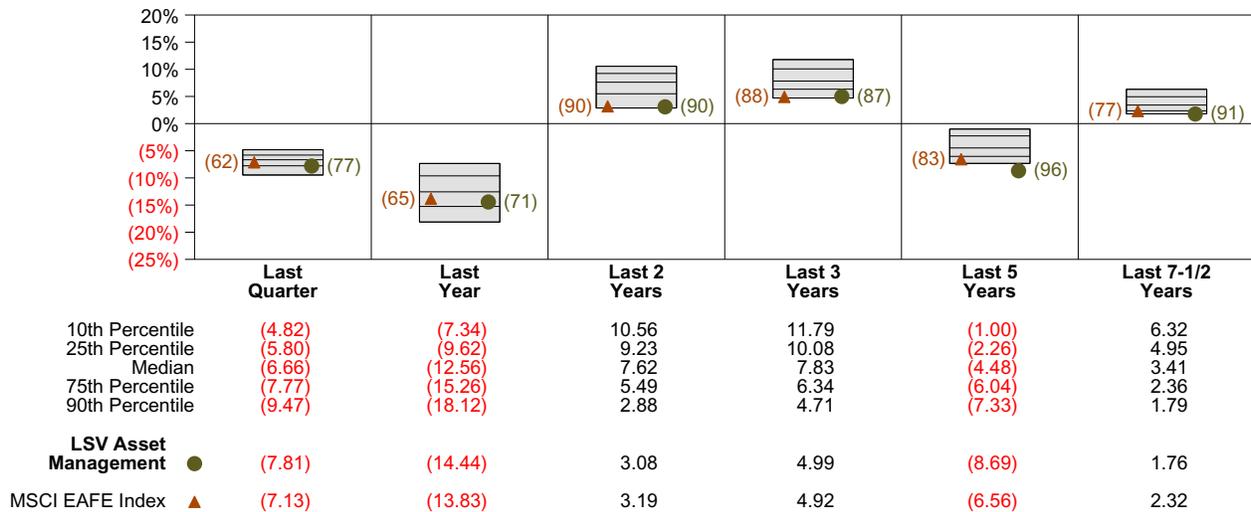
Quarterly Summary and Highlights

- LSV Asset Management's portfolio posted a (7.81)% return for the quarter placing it in the 77 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 71 percentile for the last year.
- LSV Asset Management's portfolio underperformed the MSCI EAFE Index by 0.68% for the quarter and underperformed the MSCI EAFE Index for the year by 0.61%.

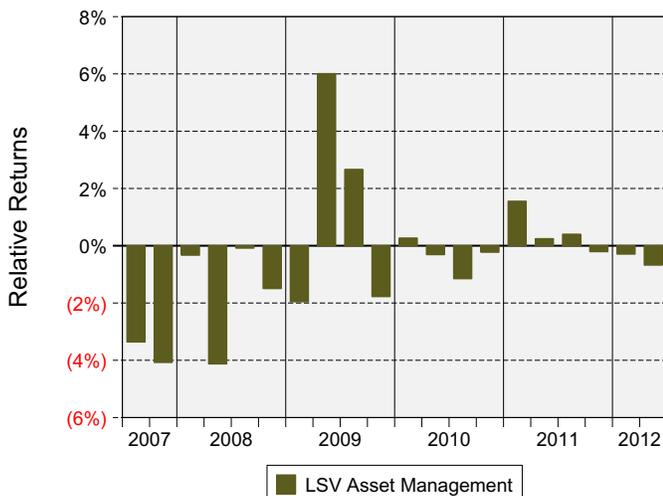
Quarterly Asset Growth

Beginning Market Value	\$42,717,734
Net New Investment	\$-51,854
Investment Gains/(Losses)	\$-3,337,245
Ending Market Value	\$39,328,634

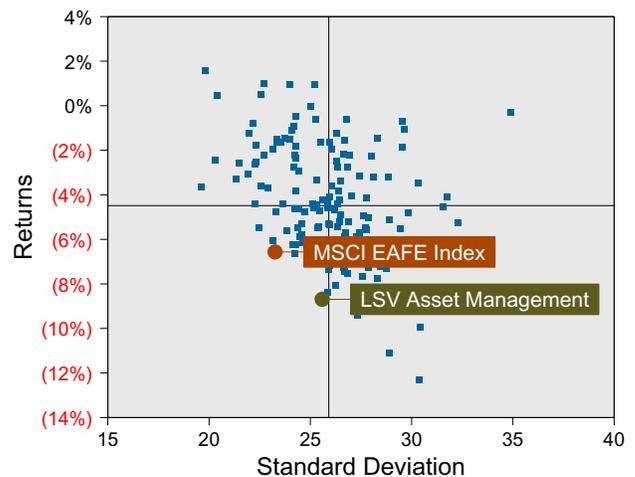
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



Vanguard

Period Ended June 30, 2012

Investment Philosophy

Vanguard International Explorer Fund invests primarily in the equity securities of small-capitalization companies located outside the United States that the advisor believes offer the potential for long-term capital appreciation. The advisor considers, among other things, whether a company is likely to have above-average earnings growth, whether the company's securities are attractively valued, and whether the company has any proprietary advantages.

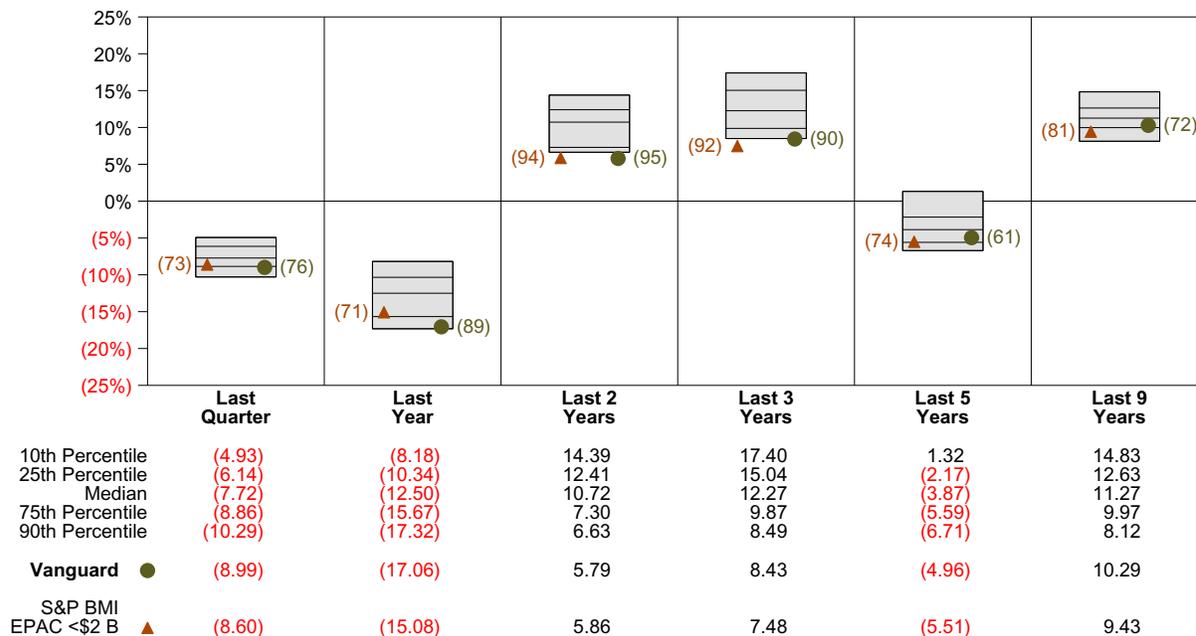
Quarterly Summary and Highlights

- Vanguard's portfolio posted a (8.99)% return for the quarter placing it in the 76 percentile of the CAI International Small Cap Style group for the quarter and in the 89 percentile for the last year.
- Vanguard's portfolio underperformed the S&P BMI EPAC <\$2 B by 0.39% for the quarter and underperformed the S&P BMI EPAC <\$2 B for the year by 1.98%.

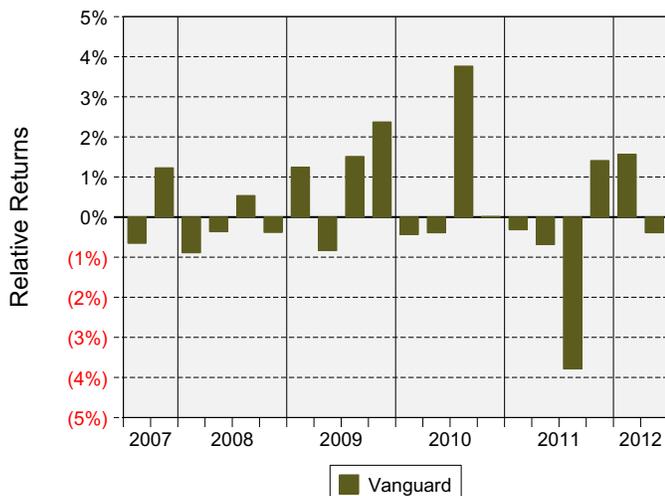
Quarterly Asset Growth

Beginning Market Value	\$10,261,888
Net New Investment	\$0
Investment Gains/(Losses)	\$-922,807
Ending Market Value	\$9,339,081

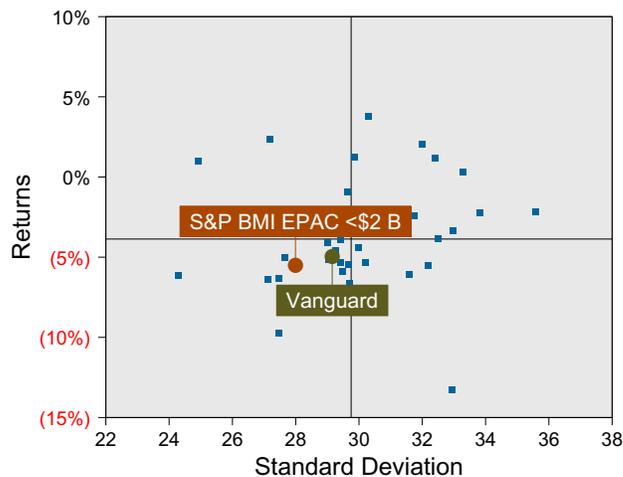
Performance vs CAI International Small Cap Style (Gross)



Relative Return vs S&P BMI EPAC <\$2 B



CAI International Small Cap Style (Gross) Annualized Five Year Risk vs Return



Bank of North Dakota Period Ended June 30, 2012

Investment Philosophy

The Bank of North Dakota (BND) uses a passive management style designed to replicate the Barclays Government/Corporate Bond Index. In order to accomplish this objective, BND utilizes optimization software that allows us to monitor several portfolio and individual security constraints (duration, yield, convexity, credit quality and issue size).

**Blended Benchmark consists of BC Gov/Credit Bond Ldx through 03/31/2004, BC Gov/Credit Index Intermediate through 06/30/2005, and BC Gov/Credit Bond Ldx again thereafter.

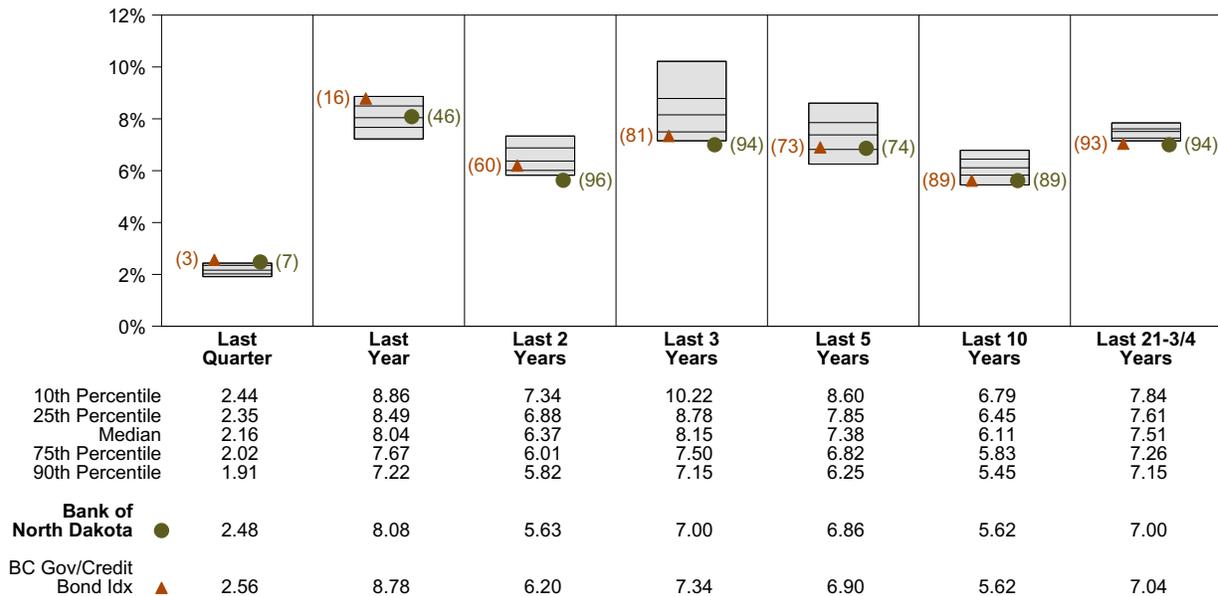
Quarterly Summary and Highlights

- Bank of North Dakota's portfolio posted a 2.48% return for the quarter placing it in the 7 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 46 percentile for the last year.
- Bank of North Dakota's portfolio underperformed the BC Gov/Credit Bond Ldx by 0.08% for the quarter and underperformed the BC Gov/Credit Bond Ldx for the year by 0.70%.

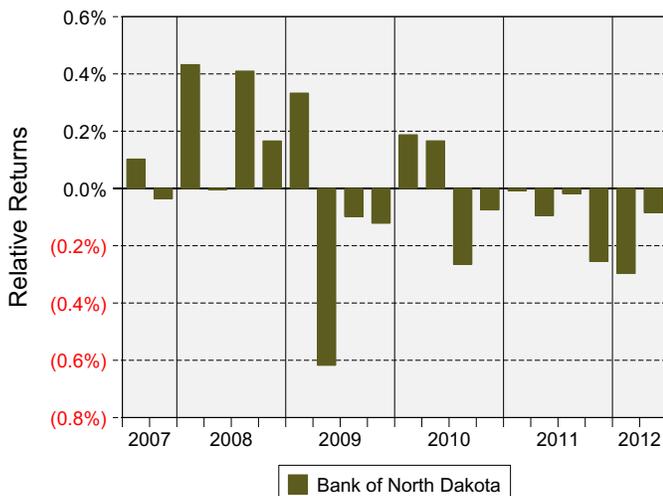
Quarterly Asset Growth

Beginning Market Value	\$108,375,538
Net New Investment	\$-16,357
Investment Gains/(Losses)	\$2,687,455
Ending Market Value	\$111,046,636

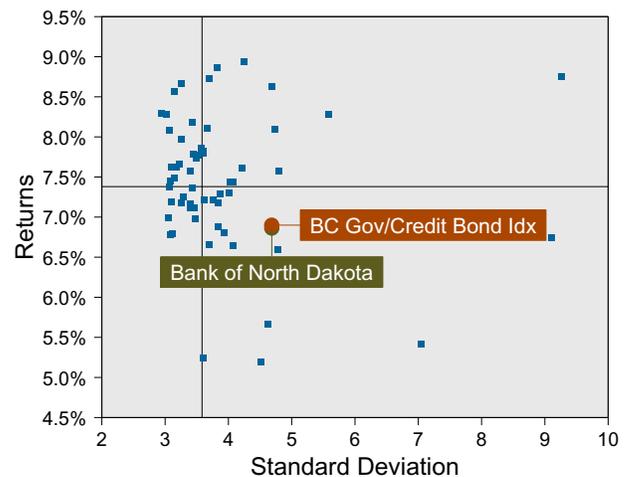
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs BC Gov/Credit Bond Ldx



CAI Core Bond Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



Prudential Period Ended June 30, 2012

Investment Philosophy

The core plus fixed income account is a multi-sector strategy that is diversified across a broad range of fixed income sectors, including Treasuries, agencies, mortgage-backed securities, structured product (asset-backed securities, commercial mortgage-backed securities), investment grade corporate bonds, high yield bonds, bank loans and international debt. The primary sources of excess return are sector allocation and security selection, with duration and yield curve less of a focus.

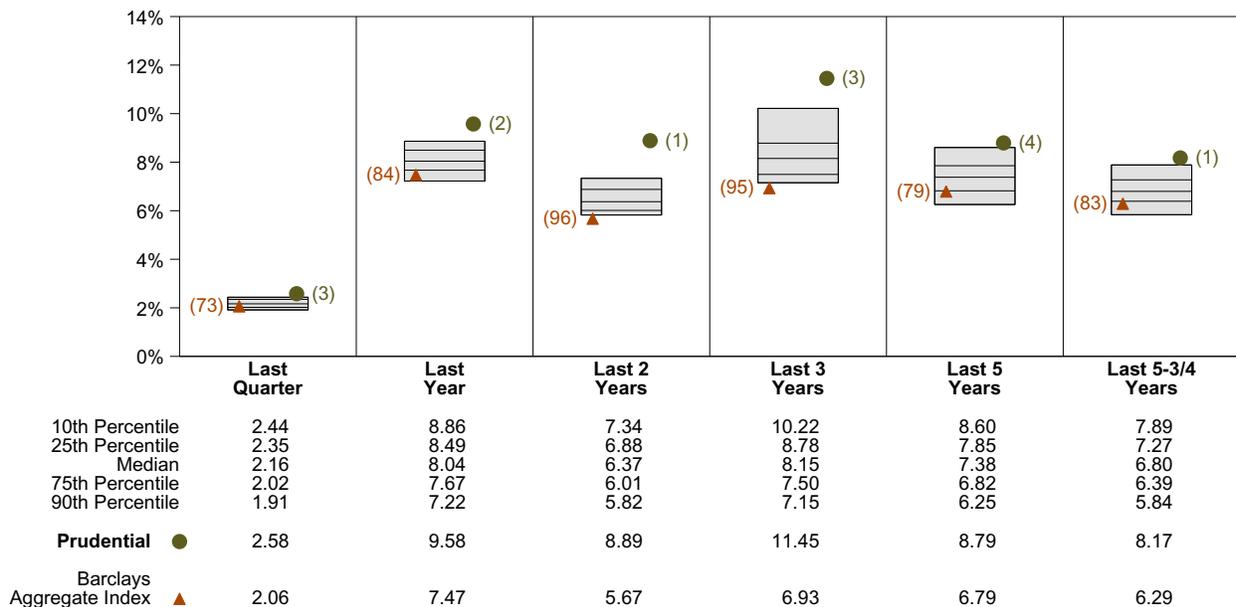
Quarterly Summary and Highlights

- Prudential's portfolio posted a 2.58% return for the quarter placing it in the 3 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 2 percentile for the last year.
- Prudential's portfolio outperformed the Barclays Aggregate Index by 0.52% for the quarter and outperformed the Barclays Aggregate Index for the year by 2.10%.

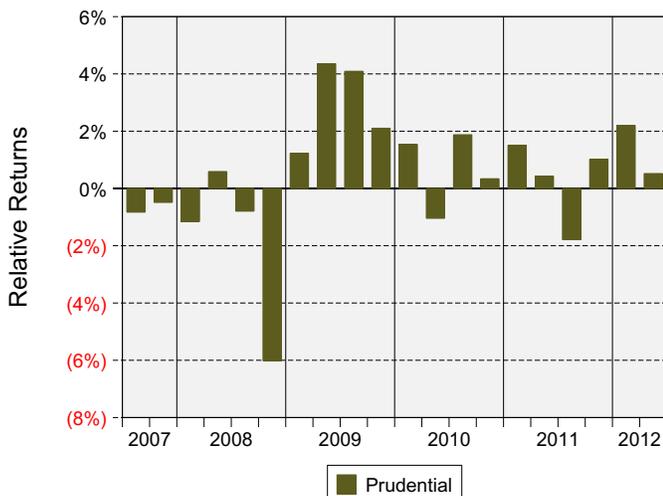
Quarterly Asset Growth

Beginning Market Value	\$65,175,977
Net New Investment	\$-48,123
Investment Gains/(Losses)	\$1,681,476
Ending Market Value	\$66,809,329

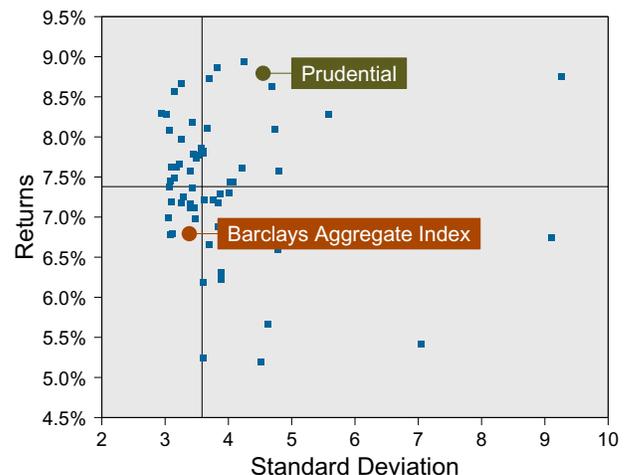
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs Barclays Aggregate Index



CAI Core Bond Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



Wells Capital Period Ended June 30, 2012

Investment Philosophy

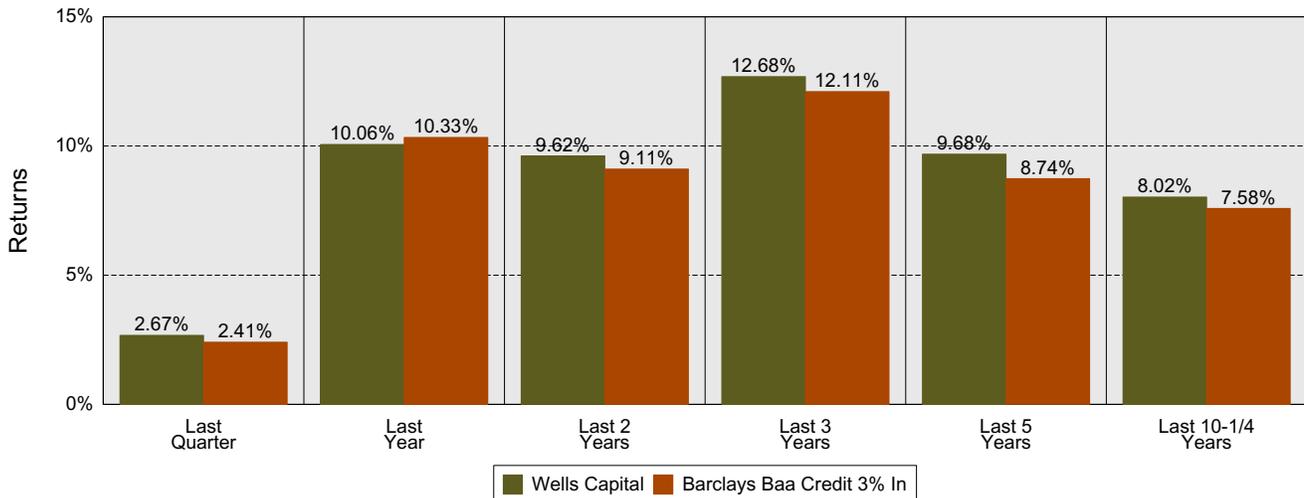
The Medium Quality Credit fixed income strategy is designed to maximize total return from the high-grade corporate bond market while maintaining a strategic allocation to the BBB portion of the high yield market. The investment process for this fund starts with a "top-down" strategy. Security selection is determined by in-depth credit research, holding that in-depth knowledge of industries, companies, and their management teams can help identify credit trends that can lead to investment opportunities. Furthermore, a disciplined relative value framework is applied to help determine the optimal position to invest within an industry and within an individual issuer's capital structure.

Quarterly Summary and Highlights

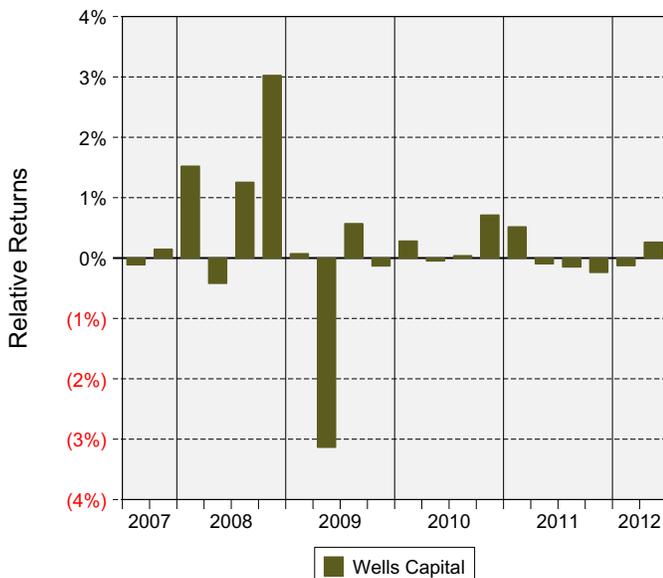
- Wells Capital's portfolio posted a 2.67% return for the quarter placing it in the 2 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Wells Capital's portfolio outperformed the Barclays Baa Credit 3% In by 0.26% for the quarter and underperformed the Barclays Baa Credit 3% In for the year by 0.27%.

Quarterly Asset Growth

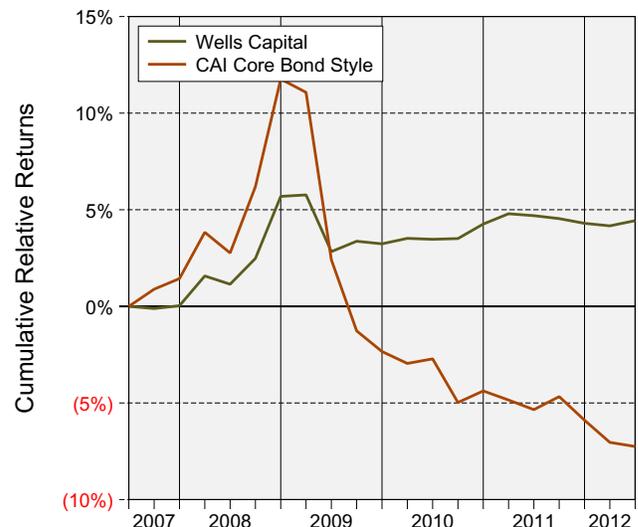
Beginning Market Value	\$273,966,695
Net New Investment	\$-146,225
Investment Gains/(Losses)	\$7,315,134
Ending Market Value	\$281,135,603



Relative Return vs Barclays Baa Credit 3% In



Cumulative Returns vs Barclays Baa Credit 3% In



Western Asset Management Company

Period Ended June 30, 2012

Investment Philosophy

Western Asset designs this portfolio using all major fixed-income sectors with a bias towards non-Treasuries, especially corporate, mortgage-backed and asset-backed securities. Value can be added through sector rotation, issue selection, duration and term structure weighting.

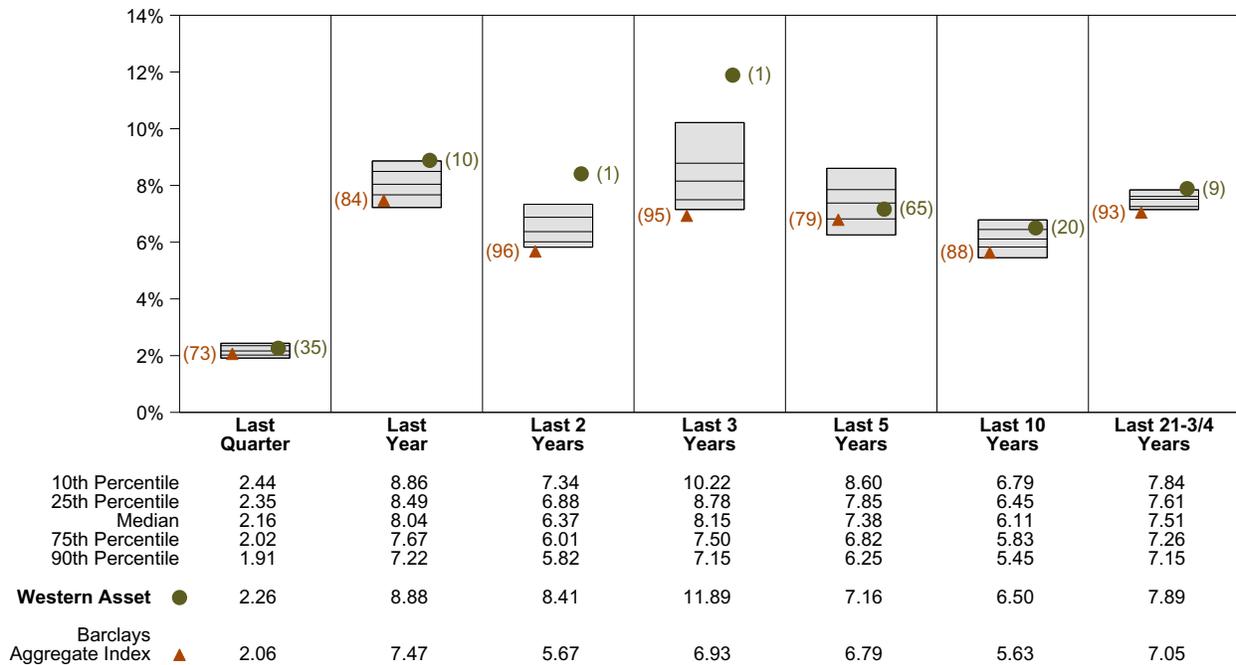
Quarterly Summary and Highlights

- Western Asset's portfolio posted a 2.26% return for the quarter placing it in the 35 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 10 percentile for the last year.
- Western Asset's portfolio outperformed the Barclays Aggregate Index by 0.20% for the quarter and outperformed the Barclays Aggregate Index for the year by 1.41%.

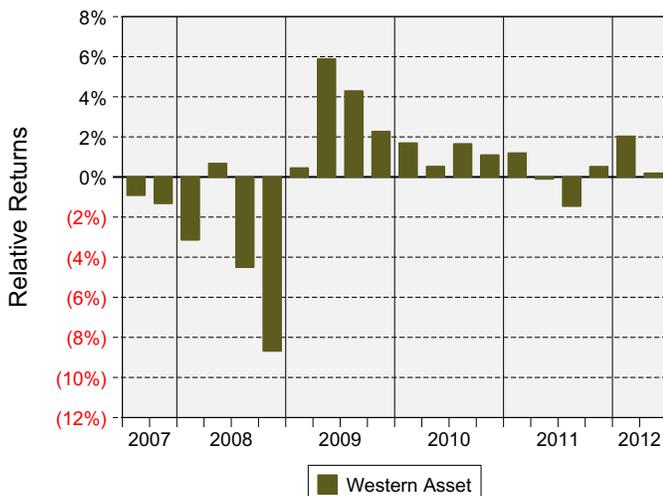
Quarterly Asset Growth

Beginning Market Value	\$203,778,741
Net New Investment	\$-92,595
Investment Gains/(Losses)	\$4,606,039
Ending Market Value	\$208,292,185

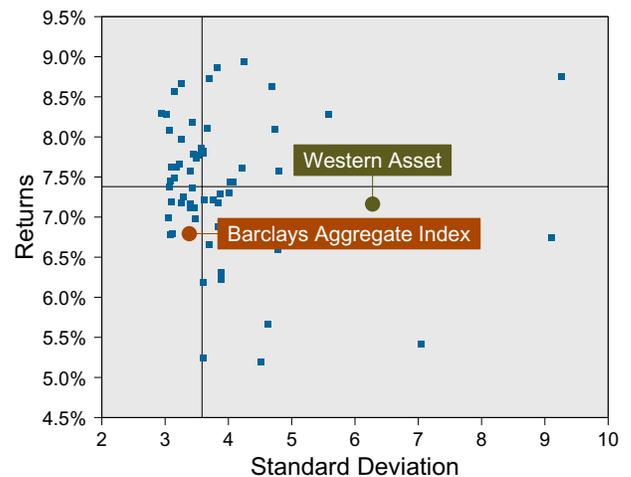
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs Barclays Aggregate Index



CAI Core Bond Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



Declaration Period Ended June 30, 2012

Investment Philosophy

DMR assumed management of mortgage assets originally acquired by Brookfield (Hyperion). DMR will provide a fresh perspective on the holdings, some of which are credit impaired. The portfolio management services will include loan-level analysis on individual securities and portfolio level risk management of liquidity and volatility. Holdings include structured finance assets: agency and non-agency RMBS, CMBS, and ABS. DMR will seek to optimize the risk-return profile of the portfolio and will look to identify and execute re-investment opportunities with focus on lower volatility, par-based assets. The performance target of the portfolio is a gross total return of 1.25% above the return of the Benchmark over a full market cycle. The Benchmark is the Securitized Portion of Barclays U.S. Aggregate Index. Declaration took over management of this fund on April 1, 2010. Prior performance reflects Hyperion Brookfield.

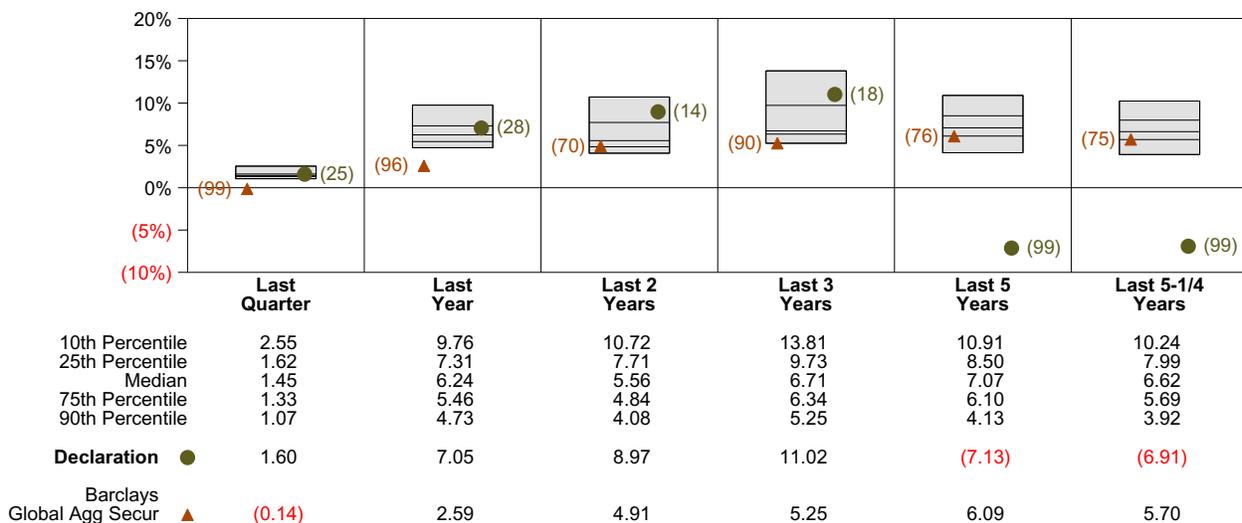
Quarterly Summary and Highlights

- Declaration's portfolio posted a 1.60% return for the quarter placing it in the 25 percentile of the CAI Mtg-Backed FI Style group for the quarter and in the 28 percentile for the last year.
- Declaration's portfolio outperformed the Barclays Global Agg Secur by 1.73% for the quarter and outperformed the Barclays Global Agg Secur for the year by 4.46%.

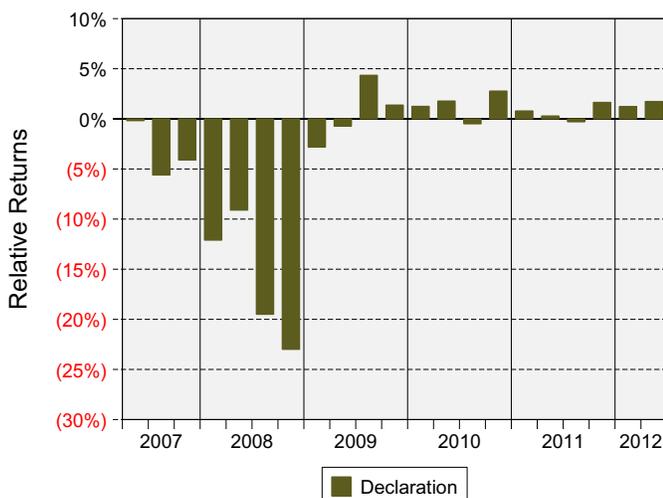
Quarterly Asset Growth

Beginning Market Value	\$36,439,478
Net New Investment	\$12,954,783
Investment Gains/(Losses)	\$759,558
Ending Market Value	\$50,153,819

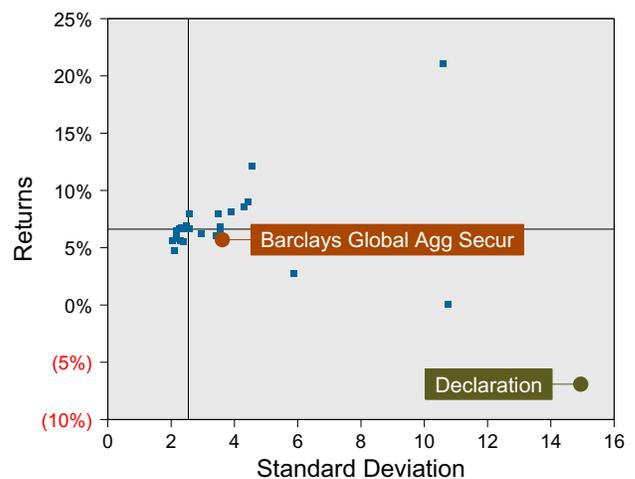
Performance vs CAI Mtg-Backed FI Style (Gross)



Relative Return vs Barclays Global Agg Secur



CAI Mtg-Backed FI Style (Gross) Annualized Five and One-Quarter Year Risk vs Return



PIMCO DiSCO II

Period Ended June 30, 2012

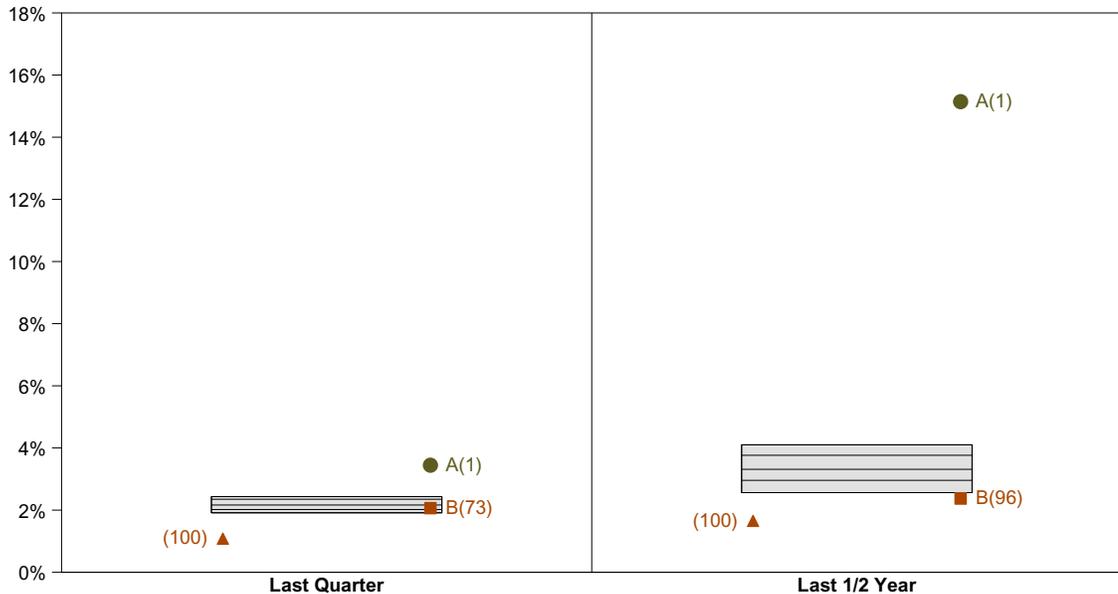
Quarterly Summary and Highlights

- PIMCO DiSCO II's portfolio posted a 3.44% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 1 percentile for the last one-half year.
- PIMCO DiSCO II's portfolio outperformed the Barclays Mortgage by 2.36% for the quarter and outperformed the Barclays Mortgage for the one-half year by 13.49%.

Quarterly Asset Growth

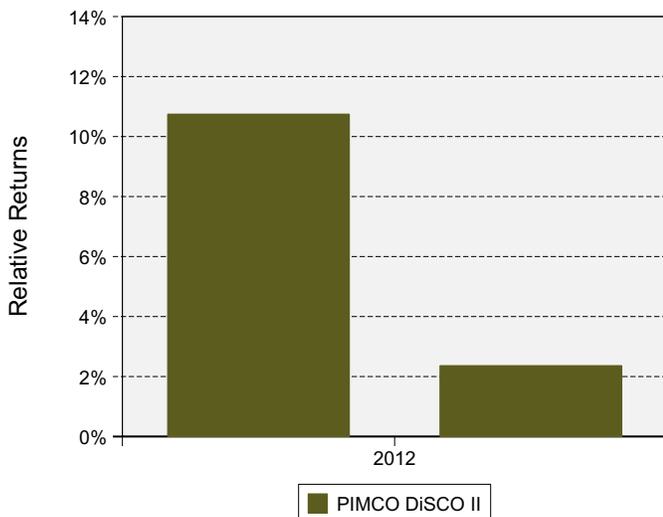
Beginning Market Value	\$66,785,679
Net New Investment	\$0
Investment Gains/(Losses)	\$2,300,445
Ending Market Value	\$69,086,124

Performance vs CAI Core Bond Fixed-Inc Style (Gross)

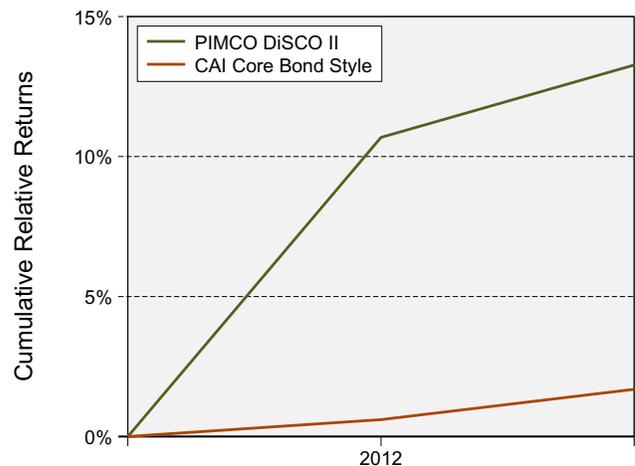


10th Percentile	2.44	4.10
25th Percentile	2.35	3.76
Median	2.16	3.31
75th Percentile	2.02	2.96
90th Percentile	1.91	2.56
PIMCO DiSCO II ● A	3.44	15.14
Barclays Aggregate Index ■ B	2.06	2.37
Barclays Mortgage ▲	1.08	1.66

Relative Return vs Barclays Mortgage



Cumulative Returns vs Barclays Mortgage



Western Asset Management TIPS Period Ended June 30, 2012

Investment Philosophy

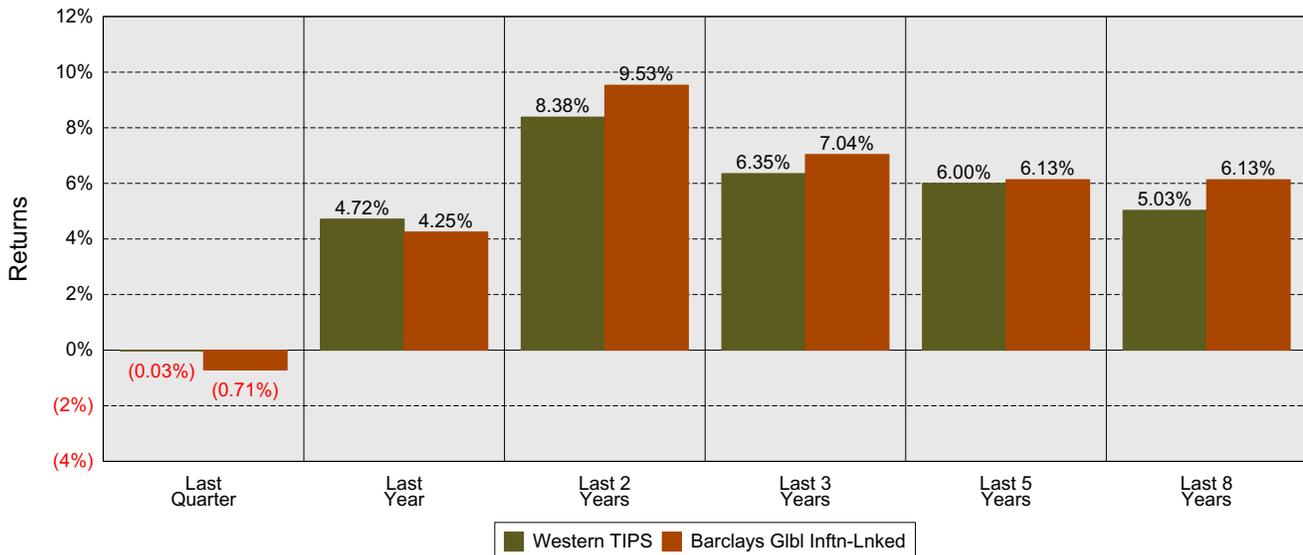
Western Asset's Global Inflation-Linked composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. Constructed primarily of inflation-indexed securities, these portfolios use diversified strategies in seeking to add value while minimizing risk. Value can be added through country selection, term structure, issue selection, duration management and currency management.

Quarterly Summary and Highlights

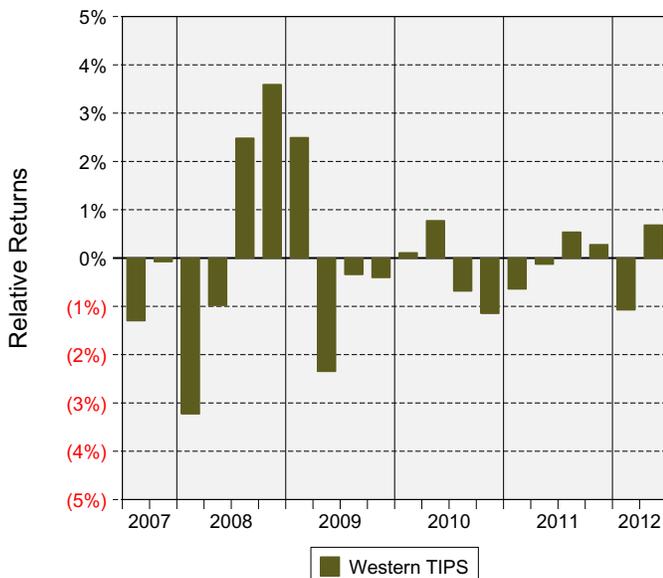
- Western TIPS's portfolio outperformed the Barclays Gbl Inftn-Lnked by 0.69% for the quarter and outperformed the Barclays Gbl Inftn-Lnked for the year by 0.46%.

Quarterly Asset Growth

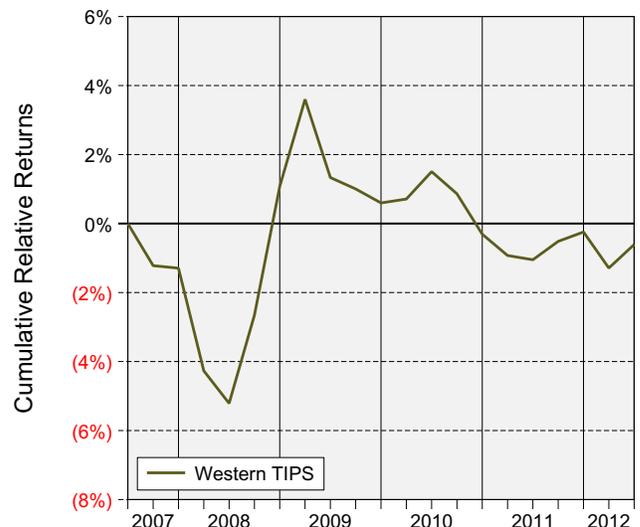
Beginning Market Value	\$169,847,324
Net New Investment	\$-77,177
Investment Gains/(Losses)	\$-46,878
Ending Market Value	\$169,723,269



Relative Return vs Barclays Gbl Inftn-Lnked



Cumulative Returns vs Barclays Gbl Inftn-Lnked



JP Morgan Infrastructure Period Ended June 30, 2012

Investment Philosophy

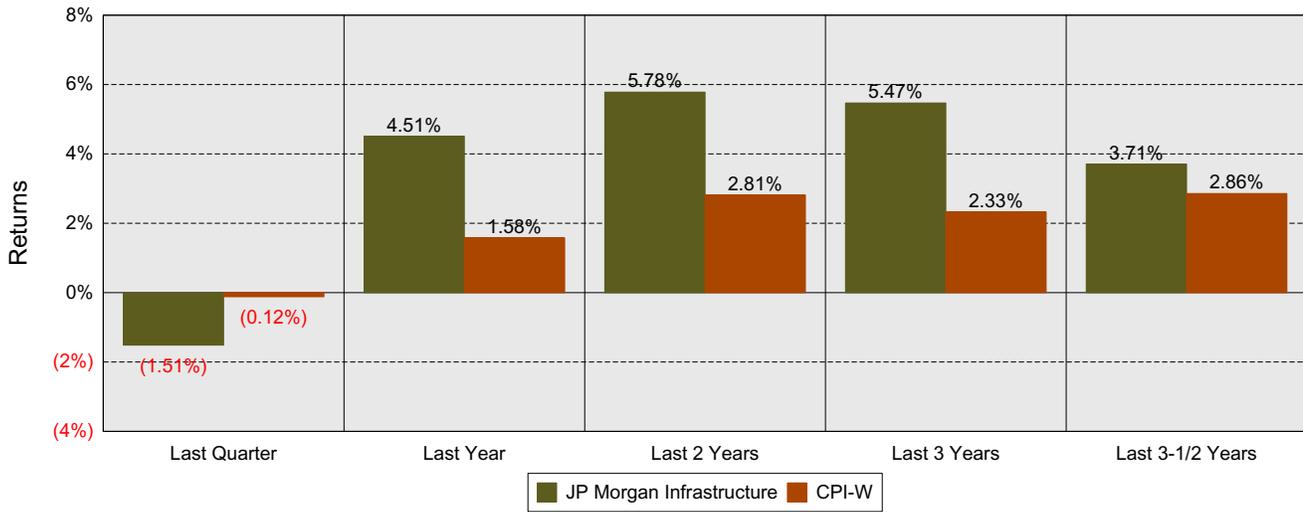
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas pipelines; electricity transmission and distribution facilities; contracted power generation assets; water distribution; waste-water collection and processing; railway lines and rapid rail links; and seaports and airports.

Quarterly Summary and Highlights

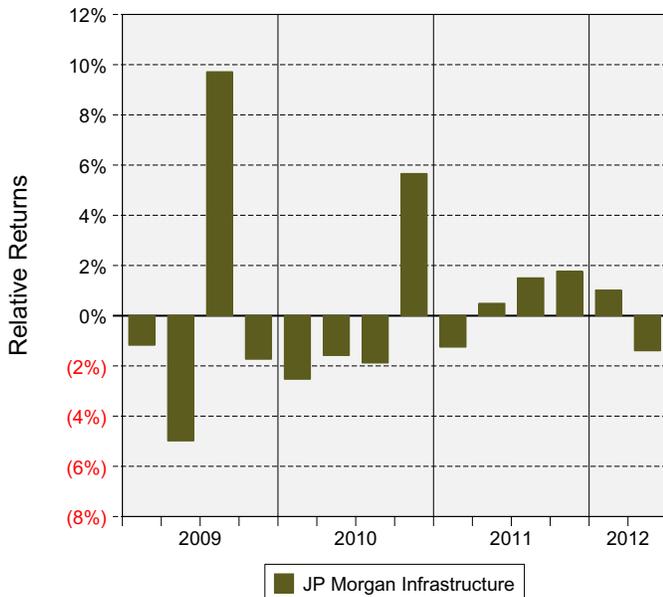
- JP Morgan Infrastructure's portfolio underperformed the CPI-W by 1.39% for the quarter and outperformed the CPI-W for the year by 2.93%.

Quarterly Asset Growth

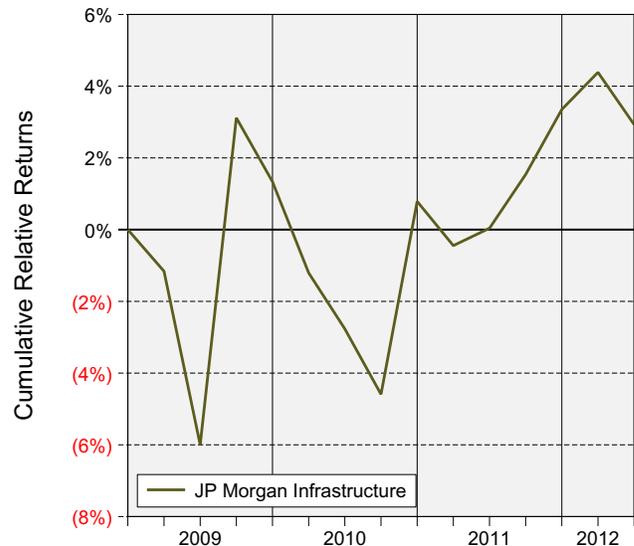
Beginning Market Value	\$61,672,963
Net New Investment	\$0
Investment Gains/(Losses)	\$-932,963
Ending Market Value	\$60,740,000



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



Eastern Timber Opportunities

Period Ended June 30, 2012

Investment Philosophy

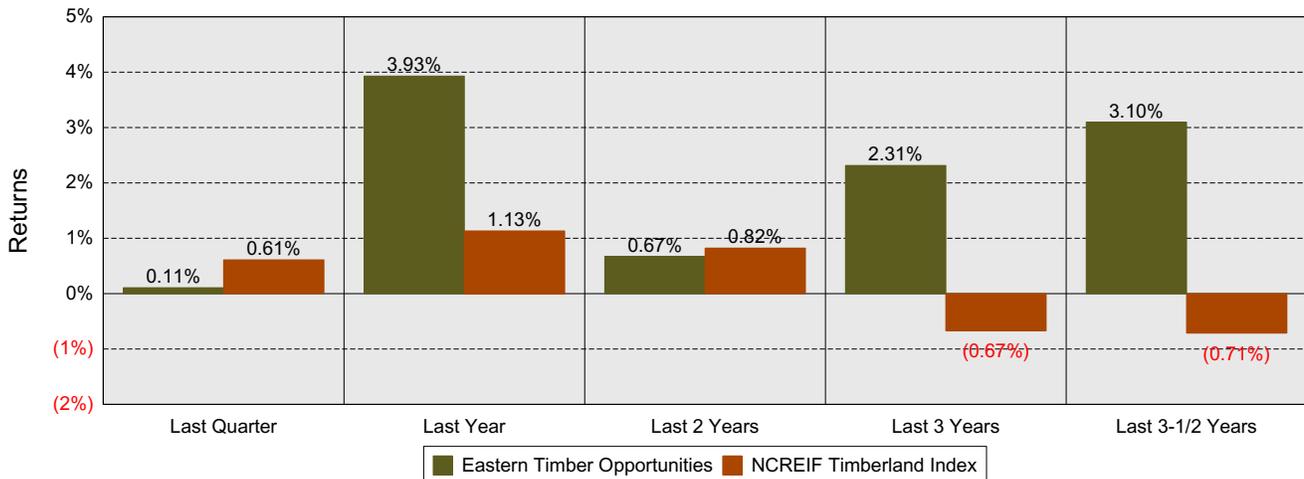
The investment objective of the Eastern Timberland Opportunities fund is to provide competitive timberland investment returns from Eastern US timberland investments by pursuing management strategies to increase timber production and land values through the investment term. TIR will maximize timber values within the portfolio with the application of intensive forest management techniques to accelerate the growth in timber volume and movement into higher value product categories. Additional value will be captured by realizing higher and better use opportunities for select timberland properties throughout the portfolio.

Quarterly Summary and Highlights

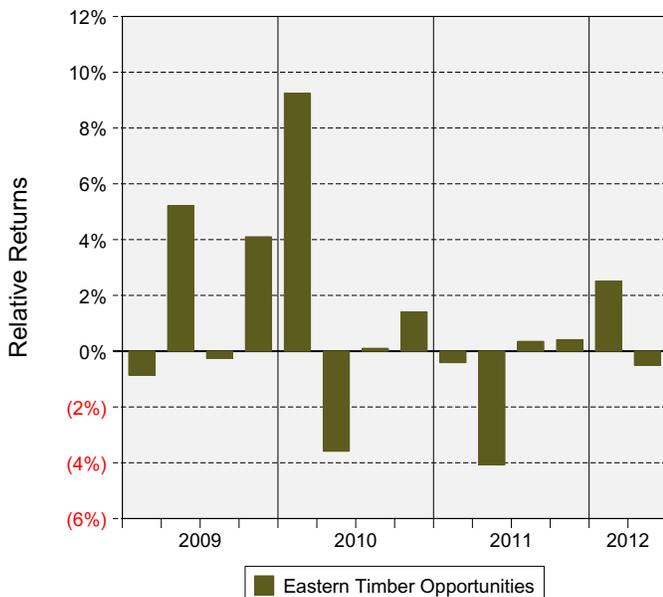
- Eastern Timber Opportunities's portfolio underperformed the NCREIF Timberland Index by 0.50% for the quarter and outperformed the NCREIF Timberland Index for the year by 2.80%.

Quarterly Asset Growth

Beginning Market Value	\$61,567,671
Net New Investment	\$0
Investment Gains/(Losses)	\$65,312
Ending Market Value	\$61,632,983



Relative Return vs NCREIF Timberland Index



Cumulative Returns vs NCREIF Timberland Index



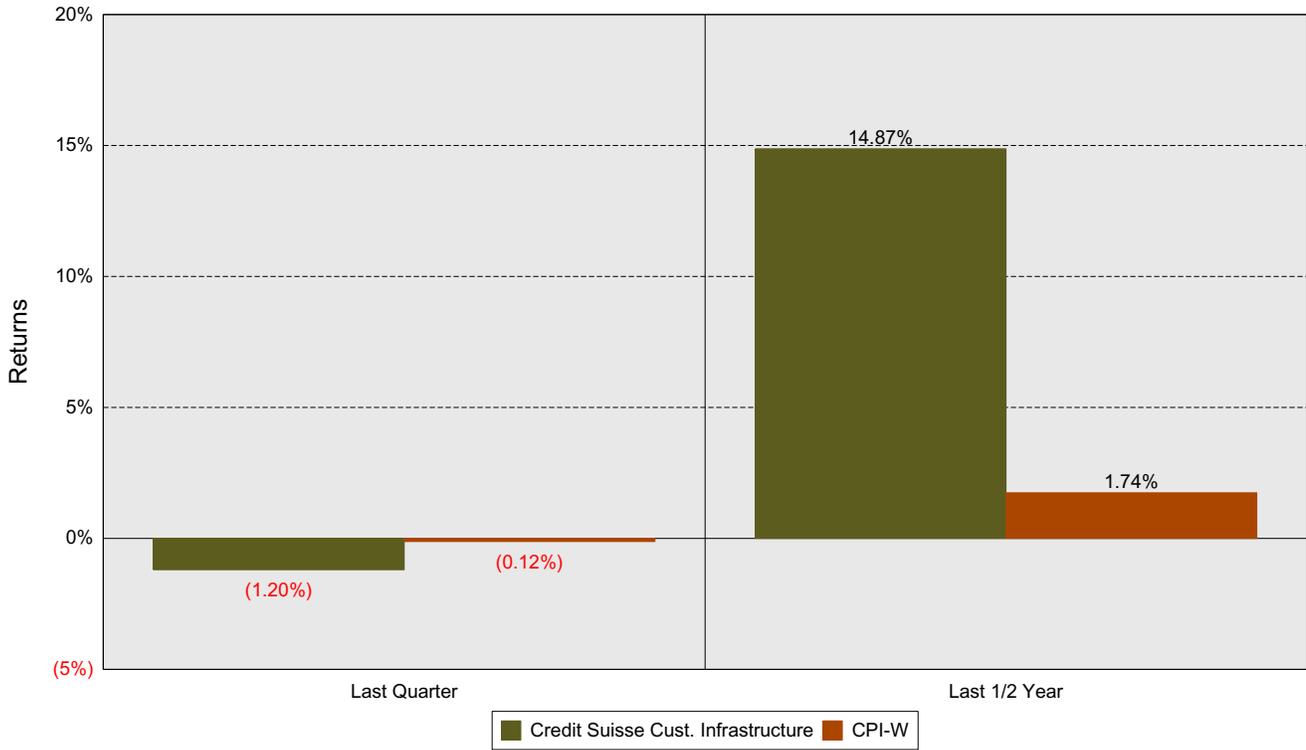
Credit Suisse Cust. Infrastructure Period Ended June 30, 2012

Quarterly Summary and Highlights

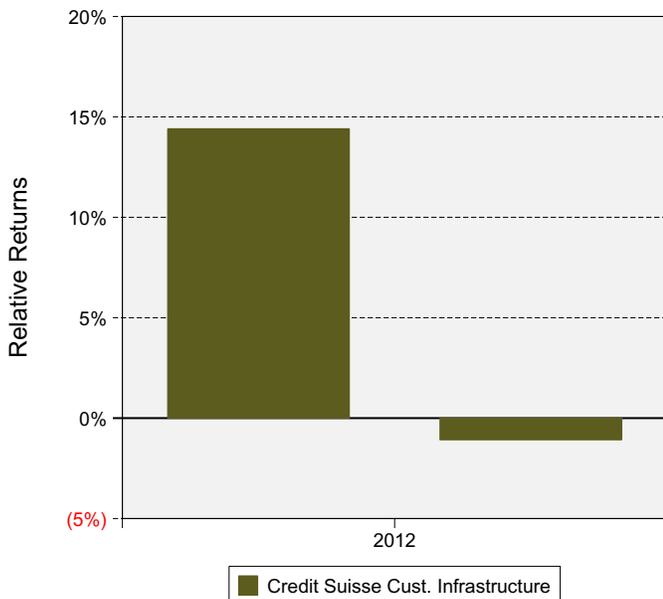
- Credit Suisse Cust. Infrastructure's portfolio underperformed the CPI-W by 1.08% for the quarter and outperformed the CPI-W for the one-half year by 13.13%.

Quarterly Asset Growth

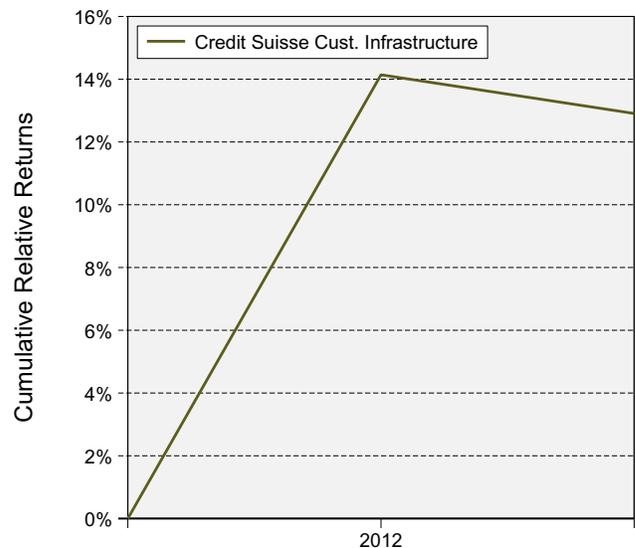
Beginning Market Value	\$8,827,161
Net New Investment	\$3,247,209
Investment Gains/(Losses)	\$-108,645
Ending Market Value	\$11,965,725



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



JP Morgan Real Estate Period Ended June 30, 2012

Investment Philosophy

The J.P. Morgan U.S. Real Estate Income and Growth Fund seeks to construct and opportunistically manage a portfolio of core direct real estate investments, complemented by other real estate and real estate-related assets. The Fund pursues a broadly diversified absolute-return strategy and pursues all property investments on an opportunistic basis. The majority of the Fund's investments will be in direct core properties in the office, industrial, retail and residential sectors.

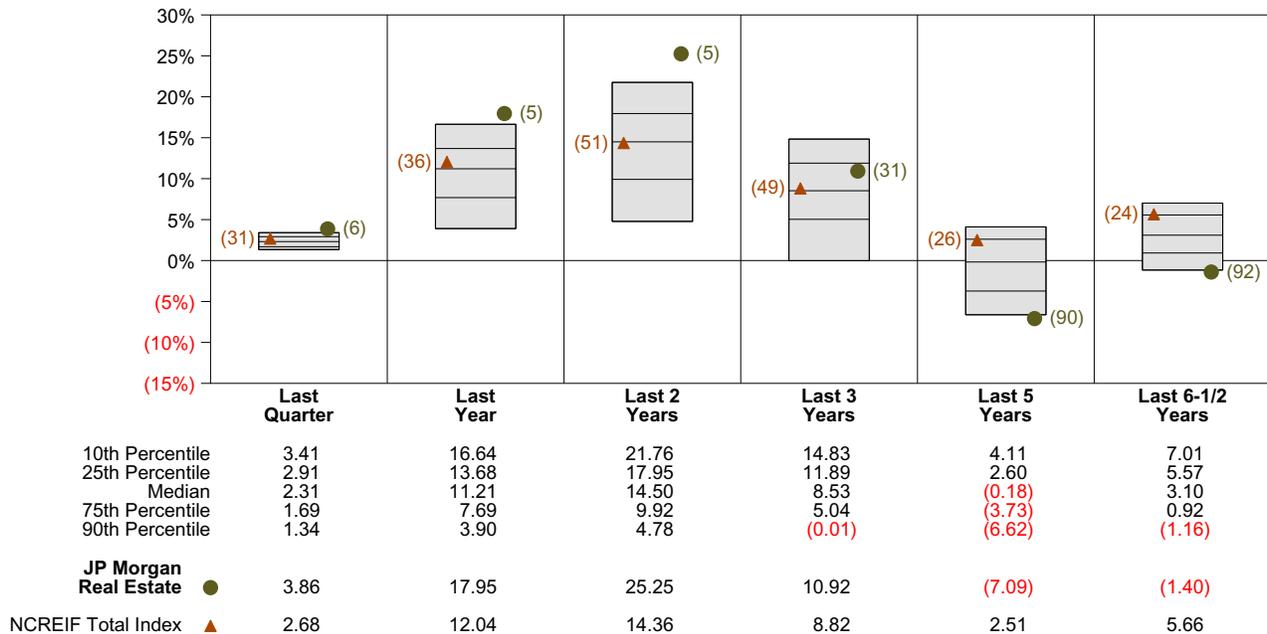
Quarterly Summary and Highlights

- JP Morgan Real Estate's portfolio posted a 3.86% return for the quarter placing it in the 6 percentile of the Total Real Estate DB group for the quarter and in the 5 percentile for the last year.
- JP Morgan Real Estate's portfolio outperformed the NCREIF Total Index by 1.18% for the quarter and outperformed the NCREIF Total Index for the year by 5.91%.

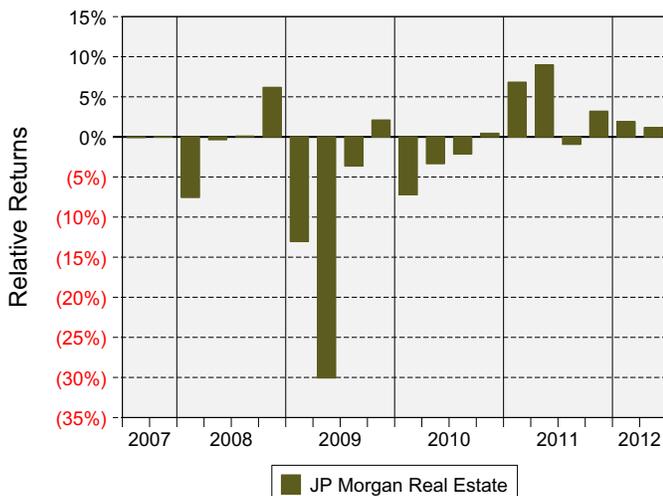
Quarterly Asset Growth

Beginning Market Value	\$93,563,500
Net New Investment	\$-318,625
Investment Gains/(Losses)	\$3,606,842
Ending Market Value	\$96,851,717

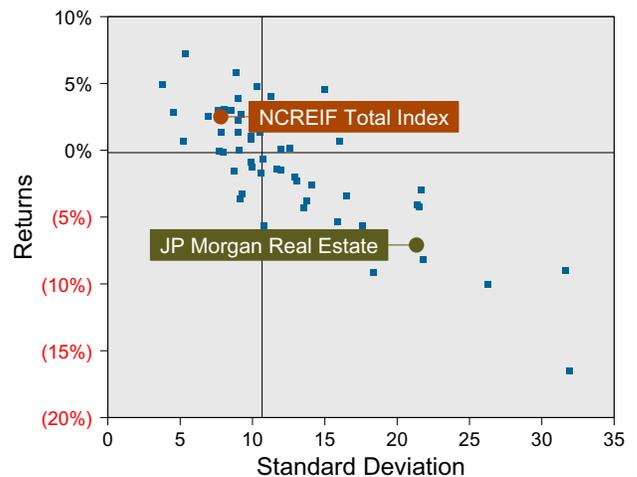
Performance vs Total Real Estate DB (Net)



Relative Return vs NCREIF Total Index



Total Real Estate DB (Net) Annualized Five Year Risk vs Return



JPM Short Term - Budget Period Ended June 30, 2012

Investment Philosophy

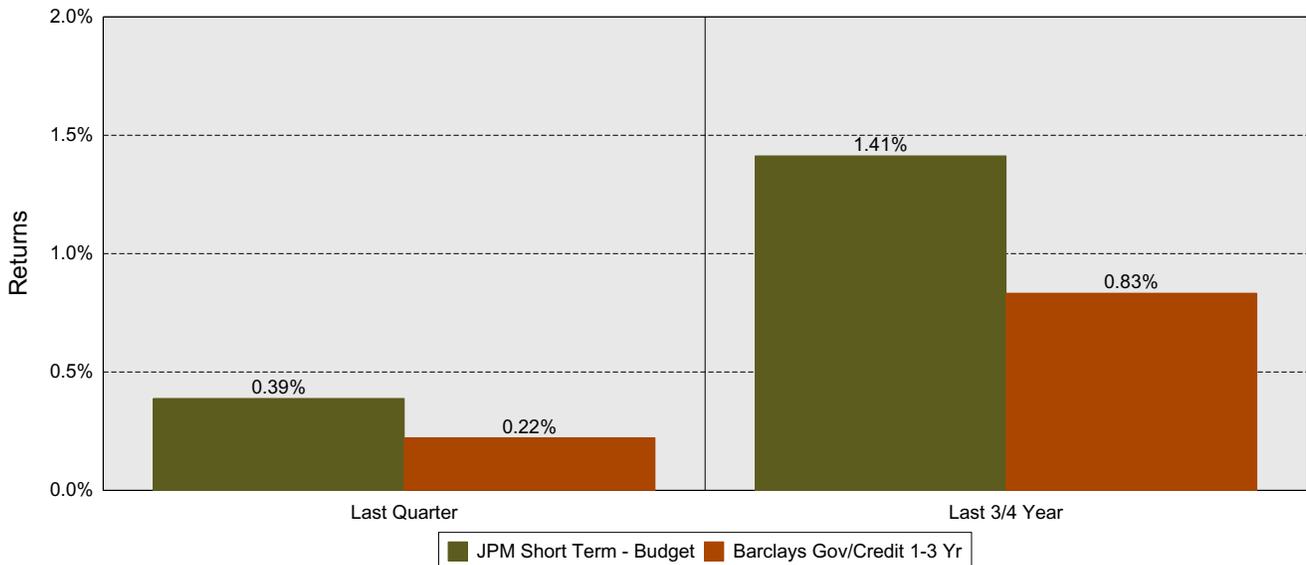
The investment objective of this account is to outperform the Barclays Capital 1-3 year Government/Credit Index while maintaining total return risk similar to that of the benchmark as measured over a market cycle. The weighted average effective duration of the portfolio will typically remain within +/- 30% of the benchmark.

Quarterly Summary and Highlights

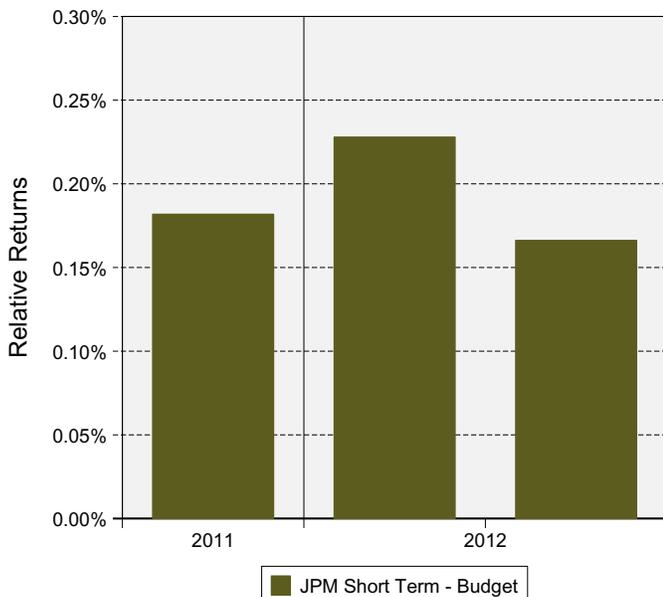
- JPM Short Term - Budget's portfolio outperformed the Barclays Gov/Credit 1-3 Yr by 0.17% for the quarter and outperformed the Barclays Gov/Credit 1-3 Yr for the three-quarter year by 0.58%.

Quarterly Asset Growth

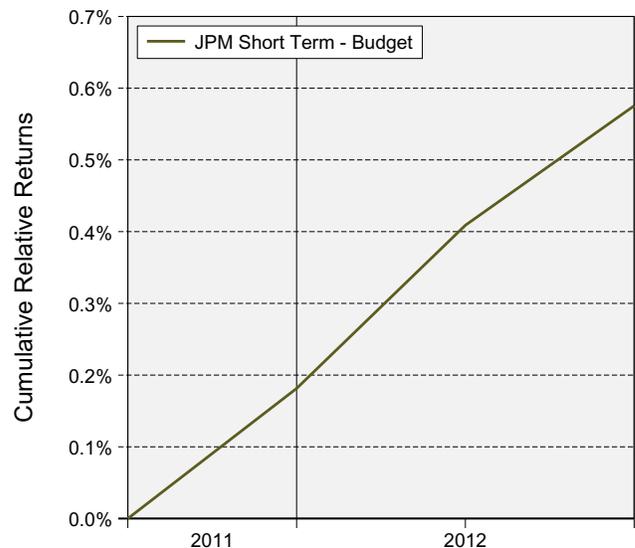
Beginning Market Value	\$137,999,791
Net New Investment	\$-149,250
Investment Gains/(Losses)	\$536,069
Ending Market Value	\$138,386,611



Relative Return vs Barclays Gov/Credit 1-3 Yr



Cumulative Returns vs Barclays Gov/Credit 1-3 Yr



Babson Short Term - Budget Period Ended June 30, 2012

Investment Philosophy

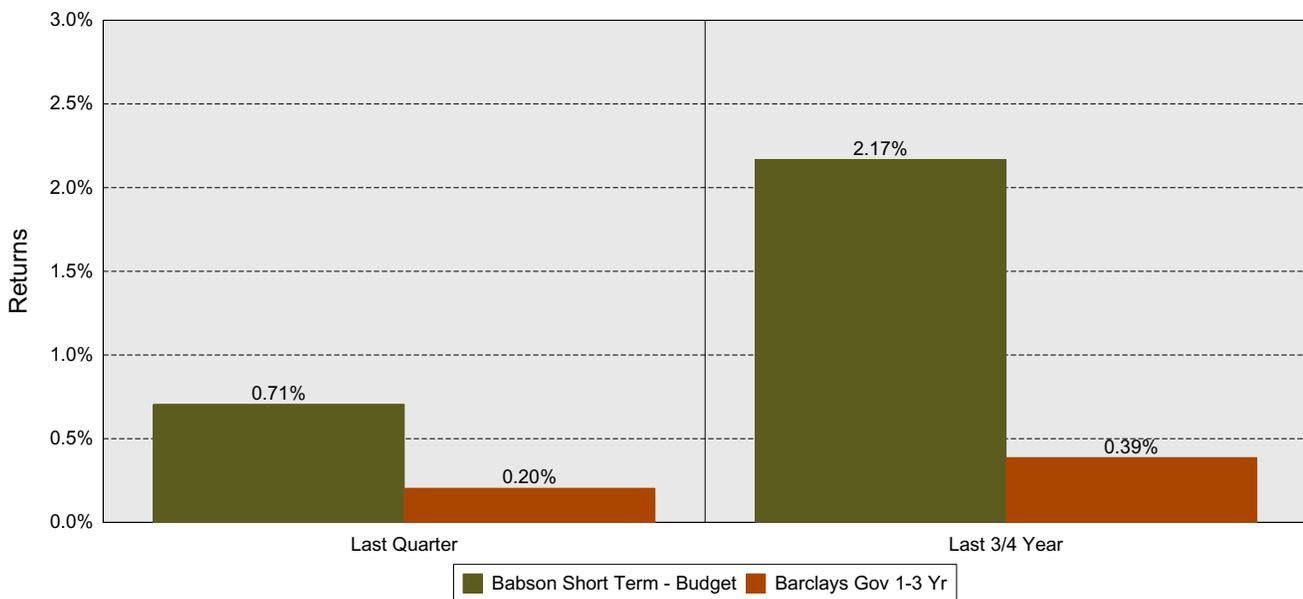
The investment objective of this account is to outperform the total return of the Barclays Capital 1-3 year US Government Index while minimizing fluctuations in capital value and providing sufficient liquidity to fund withdrawals.

Quarterly Summary and Highlights

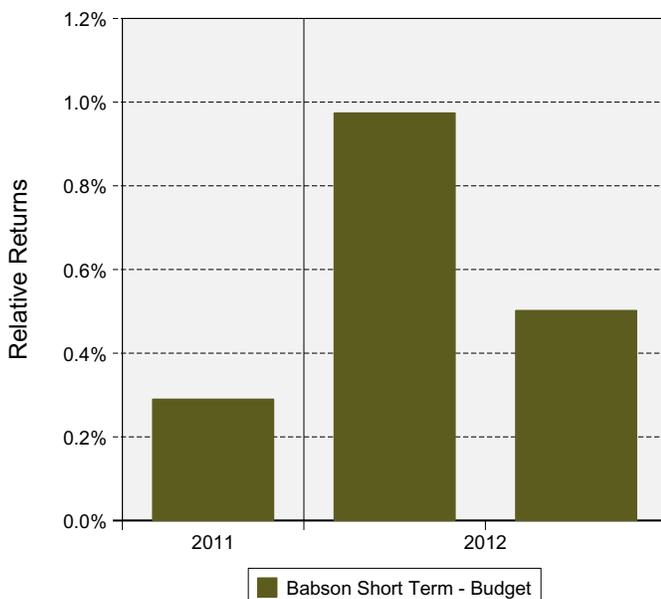
- Babson Short Term - Budget's portfolio outperformed the Barclays Gov 1-3 Yr by 0.50% for the quarter and outperformed the Barclays Gov 1-3 Yr for the three-quarter year by 1.78%.

Quarterly Asset Growth

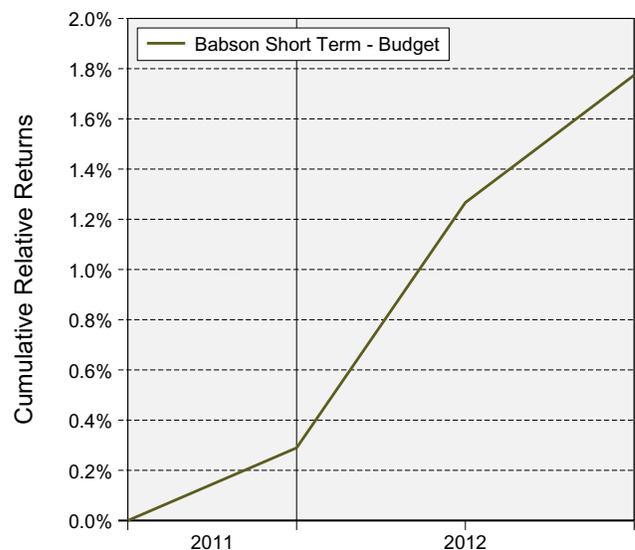
Beginning Market Value	\$131,314,651
Net New Investment	\$151,213
Investment Gains/(Losses)	\$930,918
Ending Market Value	\$132,396,781



Relative Return vs Barclays Gov 1-3 Yr



Cumulative Returns vs Barclays Gov 1-3 Yr



Babson Bank Loan - Budget Period Ended June 30, 2012

Investment Philosophy

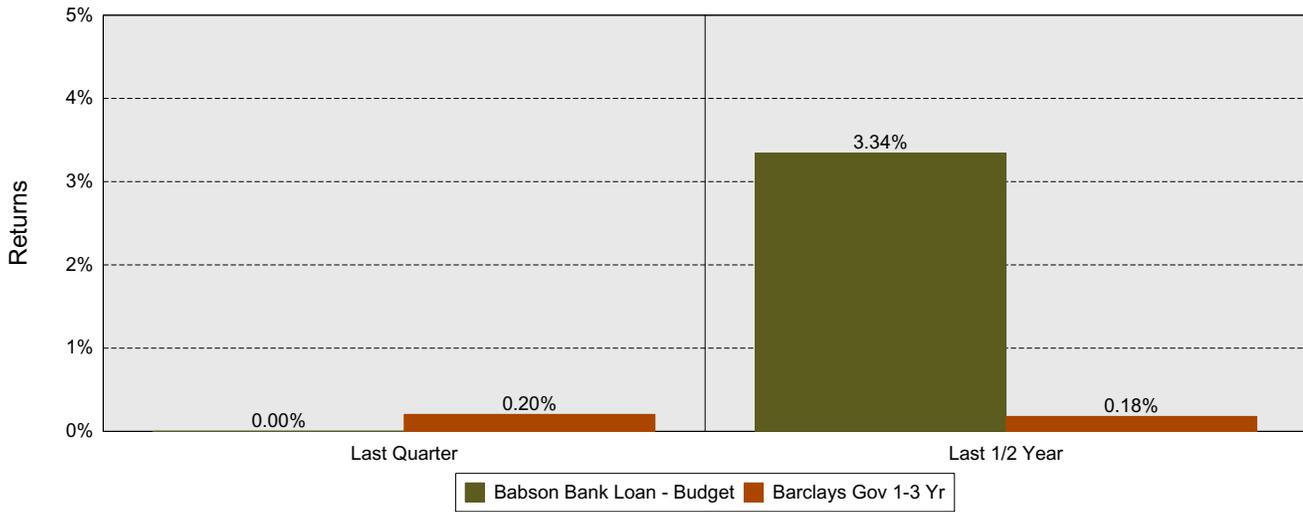
Babson takes a credit-focused approach to asset selection by fully underwriting each credit they are shown and formally presenting each investment opportunity to their investment committee. The firm seeks to determine where favorable value exists based on fundamental bottom-up analysis and assess this value on a relative basis to other investments. The team focuses on in-depth company and industry analysis, with particular attention paid to free cash flow generation, management team and capital structure.

Quarterly Summary and Highlights

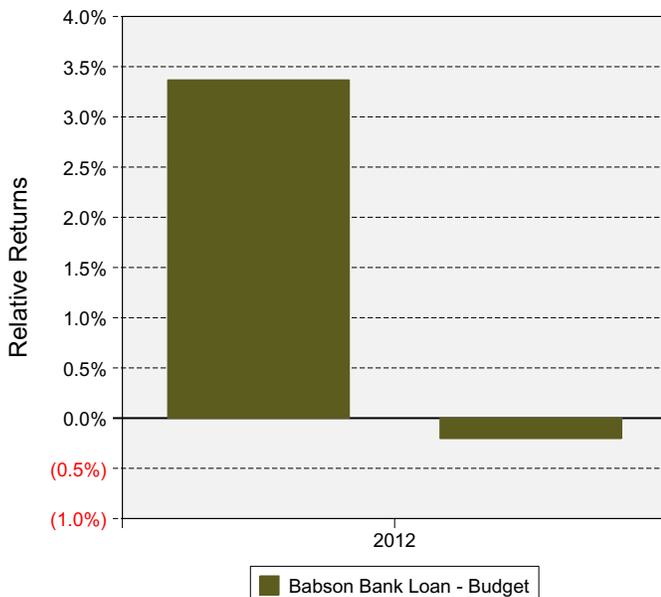
- Babson Bank Loan - Budget's portfolio underperformed the Barclays Gov 1-3 Yr by 0.20% for the quarter and outperformed the Barclays Gov 1-3 Yr for the one-half year by 3.16%.

Quarterly Asset Growth

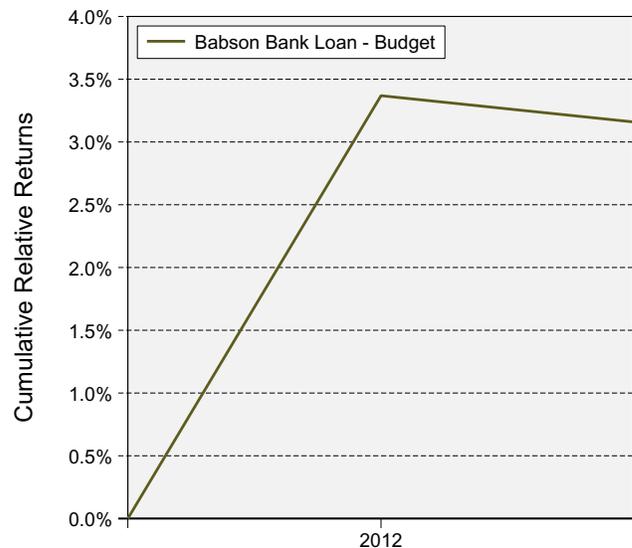
Beginning Market Value	\$7,203,129
Net New Investment	\$-839,201
Investment Gains/(Losses)	\$2,869
Ending Market Value	\$6,366,797



Relative Return vs Barclays Gov 1-3 Yr



Cumulative Returns vs Barclays Gov 1-3 Yr



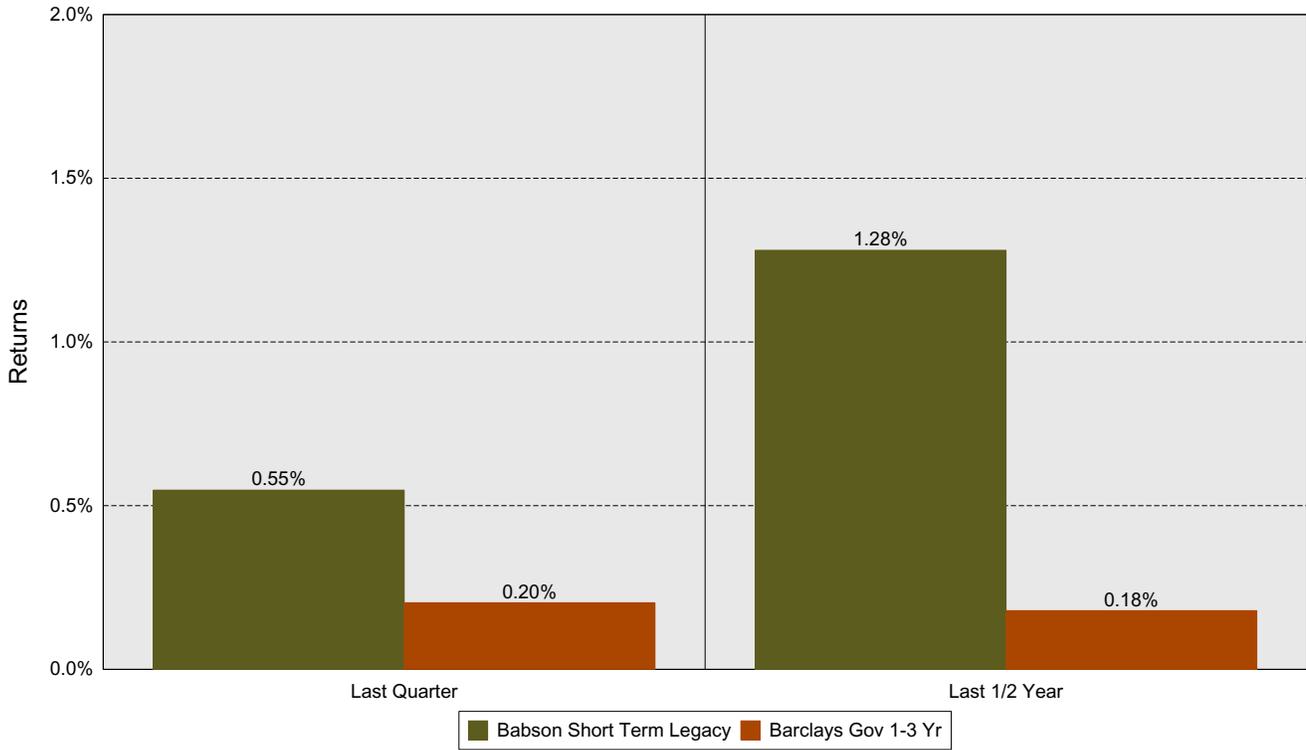
Babson Short Term Legacy Period Ended June 30, 2012

Quarterly Summary and Highlights

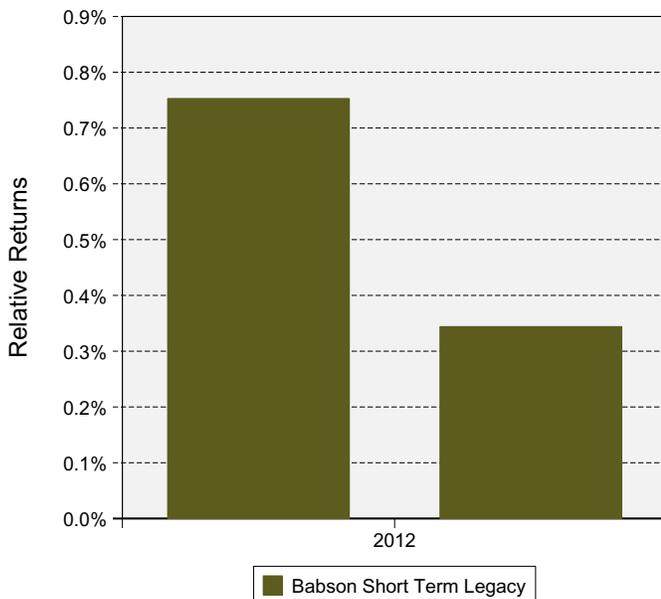
- Babson Short Term Legacy's portfolio outperformed the Barclays Gov 1-3 Yr by 0.34% for the quarter and outperformed the Barclays Gov 1-3 Yr for the one-half year by 1.10%.

Quarterly Asset Growth

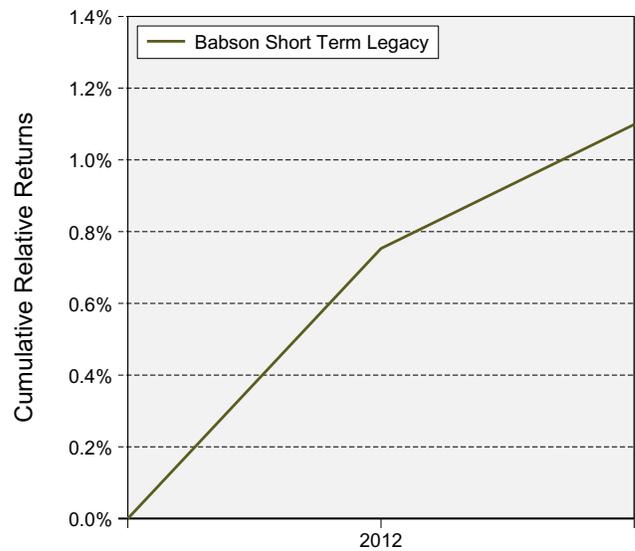
Beginning Market Value	\$133,164,870
Net New Investment	\$65,821,173
Investment Gains/(Losses)	\$870,900
Ending Market Value	\$199,856,943



Relative Return vs Barclays Gov 1-3 Yr



Cumulative Returns vs Barclays Gov 1-3 Yr



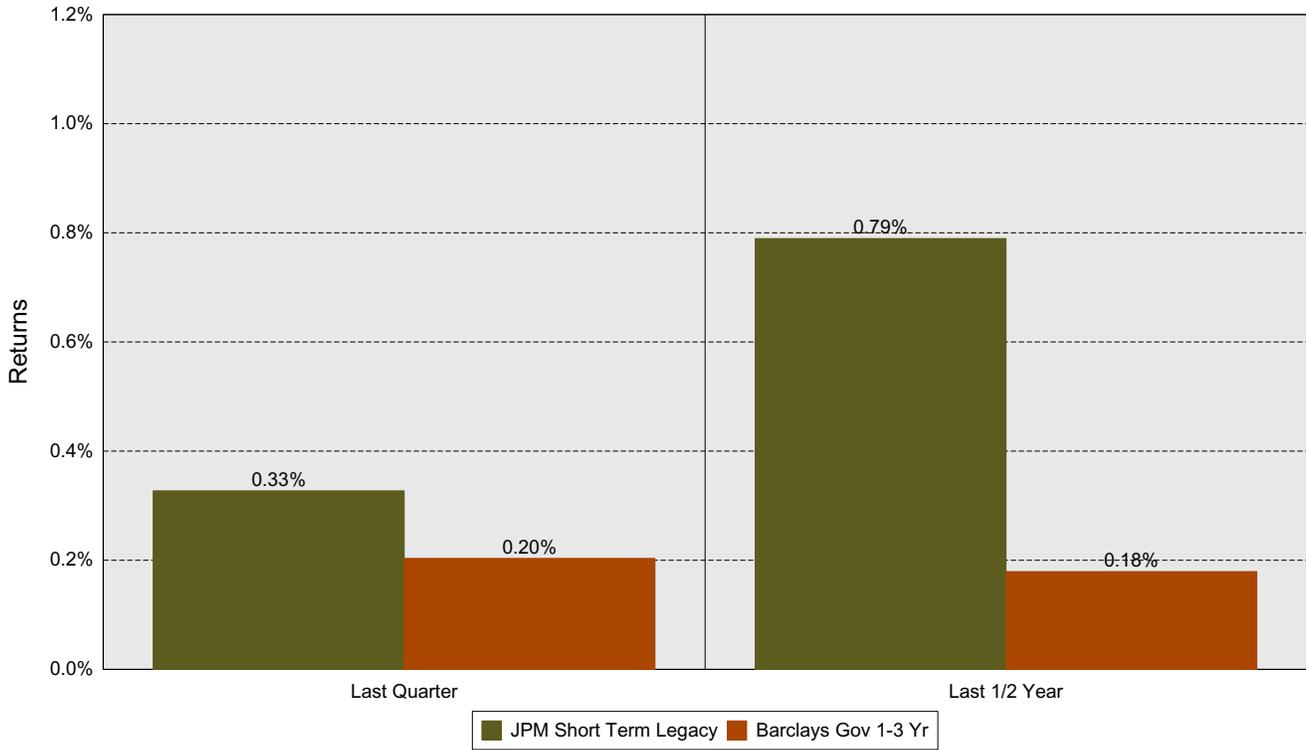
JPM Short Term Legacy Period Ended June 30, 2012

Quarterly Summary and Highlights

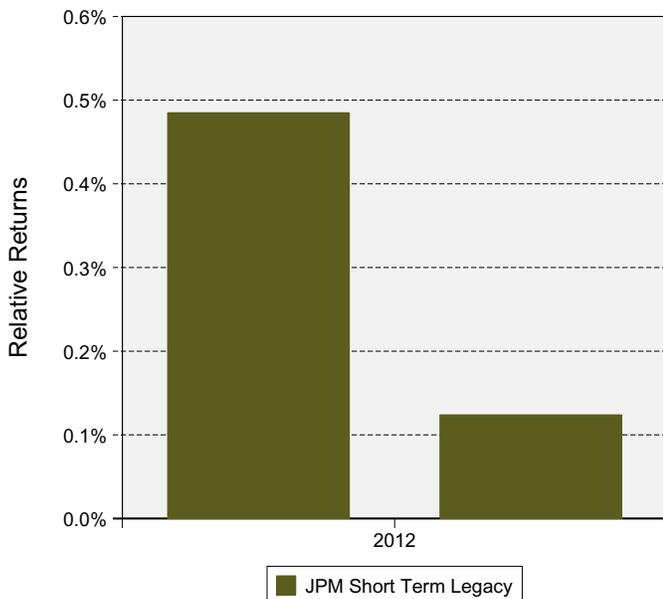
- JPM Short Term Legacy's portfolio outperformed the Barclays Gov 1-3 Yr by 0.12% for the quarter and outperformed the Barclays Gov 1-3 Yr for the one-half year by 0.61%.

Quarterly Asset Growth

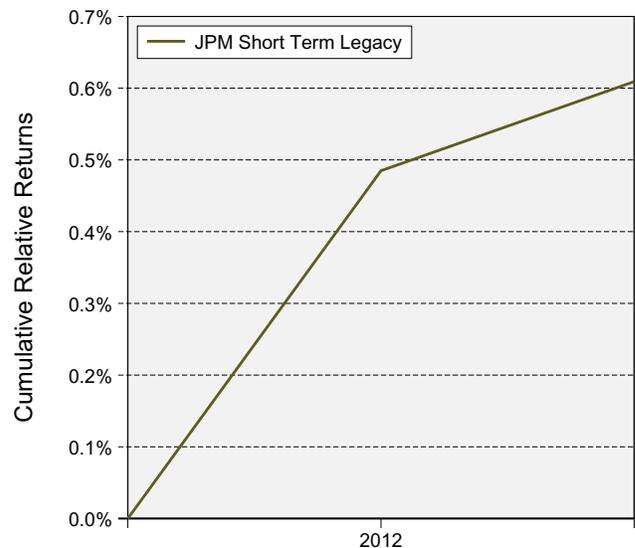
Beginning Market Value	\$132,777,531
Net New Investment	\$65,824,997
Investment Gains/(Losses)	\$507,752
Ending Market Value	\$199,110,280



Relative Return vs Barclays Gov 1-3 Yr



Cumulative Returns vs Barclays Gov 1-3 Yr



Research and Educational Programs

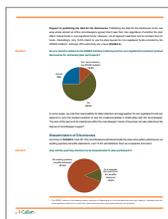
The Callan Investments Institute provides research that keeps clients updated on the latest trends in the investment industry, and helps clients learn through carefully structured educational programs. Below are the Institute's recent publications – all of which can be found on our website at: www.callan.com/research.

White Papers



Risk Factors as Building Blocks for Portfolio Diversification: The Chemistry of Asset Allocation

In search of higher returns at current risk levels, institutional investors have expressed intense interest in further diversifying seemingly staid “traditional” asset allocations constructed using asset class inputs with mean-variance optimization (MVO) tools. In this paper we explore portfolio construction using risk factors, also referred to as risk premia, as the basic elements.



Status of Required Participant Disclosure Compliance: 2012 DC Recordkeeper Survey

Callan canvassed the major recordkeepers in March 2012 regarding the amount of support they are providing to plan sponsors to satisfy fee disclosure regulations. In this report, we examine the status of recordkeepers in providing disclosure support to plan sponsors, discuss compliance issues both recordkeepers and plan sponsors face, and recommend best practices for plan sponsors for the required disclosures.



On the Frontline of Fixed Income: A Roundtable Discussion with Callan's Bond Experts

We assembled a group of Callan's bond experts – Brett Cornwell, Steve Center, Janet Becker-Wold, Matt Routh, and Kristin Bradbury – to address some of the issues that fixed income investors are facing in this low-yield environment.



Domestic Equity Benchmark Review: Year-End 2011

The Domestic Equity Benchmark Review is designed to aid in portfolio monitoring and evaluation by helping readers assess the similarities and differences in coverage, performance, characteristics and style of popular domestic equity indices alongside Callan's active manager style groups.

Quarterly Publications

Quarterly Data Package: Quarterly investment performance information gathered (for a variety of time periods) from Callan's proprietary database. This report allows you to compare the results of your own funds with our database.

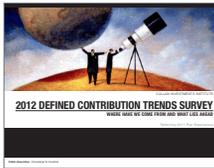
Capital Market Review: a quarterly macro-economic indicator newsletter that provides thoughtful insights on the economy as well as recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

Private Markets Trends: a seasonal newsletter that discusses the market environment, recent events, performance and other issues involving private equity.

Hedge Fund Monitor: a quarterly newsletter that provides a current view of hedge fund industry trends and detailed quarterly performance commentary.

DC Observer & Callan DC Index™: a quarterly newsletter that offers Callan's observations and opinions on a variety of topics pertaining to the defined contribution industry. Each issue is updated with the latest Callan DC Index™ returns.

Surveys



2012 Defined Contribution Trends Survey: Where Have We Come From and What Lies Ahead

This survey shows that the defined contribution environment has been, and continues to be, dominated by a focus on plan fees. But while plan sponsors are prioritizing, monitoring, and evaluating plan fees for reasonableness, they do not always understand plan fees. Find out about this and much more, as the results from the survey incorporate responses from nearly 100 companies across the U.S.



2011 Investment Manager Fee Survey

A current report on institutional investment management fee payment practices and trends. The survey includes published and actual fee data, and qualitative and quantitative observations from both fund sponsors and investment managers.

Events

Did you miss out on a Callan conference or workshop? If so, you can catch up on what you missed by reading our “Event Summaries” and downloading the actual presentation slides from our website. Our most recent programs:



Summary write-up and the presentation of our June 2012 Regional Workshop, **Plan Sponsor Roundtable – Shifting to an Institutional Approach to DC Investments**. This workshop featured Mark Kelliher from Deluxe Corporation, and Craig Stone from Utah Retirement System. These two DC plan experts discussed how they took their plan “institutional” by incorporating separate accounts, collective trusts, and unitized fund of funds, as well as discussed the pros and cons of these approaches.



The **2012 National Conference Summary** features a synopsis of our speakers: Sheila Bair, Ian Bremmer, David Laibson, 2012 Capital Markets Panel, and Tony LaRussa. The Summary also reviews our three workshops on: defined contribution, investment perceptions and myths, and international investing. Select PowerPoint presentations from the conference are also available on our website.

Upcoming Educational Programs

Our October 2012 Regional Workshops will be held on October 24 in Chicago, and then on October 25 in New York City. The topic will be announced shortly.

Our 33rd Annual National Conference will be held in San Francisco on January 28-30, 2013. More information will be available this fall.

Our research can be found at www.callan.com/research or feel free to contact us for hard copies.

For more information about research or educational events, please contact Ray Combs or Gina Falsetto at 415-974-5060 or institute@callan.com

The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. Continuing education credits are available for The CFA Institute, IBCFP, and NASBA. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the different types of sessions Callan offers.

Standard Session

July 10-11, 2012 in Chicago

This is a two day session that provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds (defined benefit and/or defined contribution); representatives of family trusts; and investment management professionals and staff involved in client service, business development, consultant relations, and portfolio management.

Defined Contribution

July 12, 2012 in Chicago

Callan Associates will share its expertise through a one day educational program on defined contribution plan investing, delivery, and communication/education. Callan's consultants have extensive knowledge and experience in the DC arena and will provide insights relating to the role of the fiduciary; plan investment structure evaluation and implementation; plan monitoring and evaluation; investment and fee policy statements; and meeting the needs of the participant through plan features such as automatic enrollment, Roth designated accounts, managed accounts and advice.

An Introduction to Investments

October 23-24, 2012 in San Francisco

This one and one half day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The program will familiarize fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. For more information on a customized "Callan College" for your organization, please send an email to Kathleen Cunnie at college@callan.com.

List of Managers That Do Business with Callan Associates Inc.

Confidential – For Callan Client Use Only

Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 06/30/12, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

Fund sponsor clients may request a copy of this list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
American Yellowstone Advisors, LLC		Y
Analytic Investors	Y	
Apollo Global Management	Y	
AQR Capital Management	Y	
Artio Global Management (fka, Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Capital Inc.	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock	Y	
BMO Asset Management	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Calamos Advisors, LLC	Y	
Capital Guardian Trust Company	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
Citigroup Asset Management	Y	
ClearBridge Advisors	Y	
Columbia Management Investment Advisors, LLC	Y	
Columbus Circle Investors	Y	Y
Cooke & Bieler, L.P.		Y
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council		Y
Crestline Investors		Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Diamond Hill Investments	Y	
Dimensional Fund Advisors Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Echo Point Investment Management	Y	
Epoch Investment Partners	Y	
Evanston Capital Management	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fiduciary Asset Management Company	Y	Y
First Eagle Investment Management	Y	
Flag Capital Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management	Y	Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.	Y	Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
Harris Investment Management, Inc.	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hermes Investment Management (North America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INTECH Investment Management	Y	
Invesco	Y	Y
Investec	Y	
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
KeyCorp		Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Man Investments	Y	
Manulife Asset Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group LLC	Y	Y

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	
Oppenheimer Funds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC	Y	Y
Partners Group	Y	
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)	Y	
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Private Advisors	Y	
Prudential Fixed Income	Y	
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y
Regions Financial Corporation		Y
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.		Y
Russell Investment Management	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	Y	
Smith Graham and Company		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management		Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y

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Manager Name	Educational Services	Consulting Services
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TIAA-CREF	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
Thrivent Asset Management	Y	
Tradewinds Global Investors	Y	
Turner Investment Partners	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Valley Forge Asset Management	Y	
Victory Capital Management Inc.	Y	
Virtus Investment Partners		Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Yellowstone Partners		Y

Annual Certification of Compliance with Investment Guidelines

Manager	6-30-12 Certification Rec'd
Adams Street Partners (All Funds)	7/5/2012
Babson Capital	8/2/2012
BND	7/11/2012
Brandywine	7/23/2012
Calamos	8/8/2012
Callan	7/30/2012
Capital Guardian	7/10/2012
Capital International V, VI	6/21/2012
Clifton Group	7/11/2012
Coral	6/27/2012
Corsair III,IV,ND Inv LLC	7/26/2012
Credit Suisse	7/27/2012
Declaration	7/13/2012
DFA	7/30/2012
EIG (TCW)	7/20/2012
Epoch	7/16/2012
Goldman Sachs 2006 & V	7/25/2012
Hearthstone II, III	6/20/2012
INVESCO (Core, II & III)	7/10/12 & 7/15/2012 (Asia)
Invest America (L & C & L & C II)	7/05/2012
JP Morgan	8/15/2012
LACM	7/02/2012
Loomis Sayles	7/18/2012
LSV	7/26/2012
Matlin Patterson I, II, III	8/16/2012
PanAgora	7/25/2012
PIMCO Distressed	7/31/2012
PIMCO DiSCO	7/31/2012
Prudential (Fixed Income)	7/25/2012
Quantum Energy	7/2/2012
Quantum Resources	8/16/2012
Research Affiliates	7/6/2012
SEI	8/2/2012
State Street	7/24/2012
TIR (3 accounts)	8/3/2012
TNT	8/2/2012
UBS	7/25/2012
Vanguard	6/20/2012
Wellington	7/16/2012
Wells Capital	7/25/2012
Western (all portfolios)	7/5/2012

multiple accounts

Investment Guideline Exceptions Log
For Fiscal Year Ended June 30, 2012

Date Received	Manager	Guideline Exception	Description	Manager Recommendation	Action Taken	Maturity Date	Par	Cost	Fair Value
									as of 6/30/2012
1/19/2011	Bank of North Dakota	Minimum Quality Issue (min BBB- currently C)	Lehman Bros. Inc.	Pursue opportunities to liquidate	concur	8/1/2026	1,000,000	1,191,735	140,000
1/19/2011	Bank of North Dakota	Minimum Quality Issue (min BBB- currently C)	Lehman Bros. Inc.	Pursue opportunities to liquidate	concur	N/A	1,000,000	995,770	227,500
5/26/2011	Clifton Group	Minimum Quality Issue (min BBB - currently Caa3)	Residential Asset Mtg.	HOLD until maturity or until opp to liq	concur	10/25/2033	61,269	60,819	41,933
5/26/2011	Clifton Group	Minimum Quality Issue (min BBB - currently Caa3)	Residential Asset Mtg.	HOLD until maturity or until opp to liq	concur	10/25/2033	61,269	60,819	41,933
10/17/2011	Clifton Group	Minimum Quality Issue (min BBB - currently BB)	Bank of America Funding Corp	HOLD until maturity or until opp to liq	concur	2/25/2035	68,173	69,962	68,592
10/17/2011	Clifton Group	Minimum Quality Issue (min BBB - currently Ba1)	Renaissance Mtge	HOLD until maturity or until opp to liq	concur	8/25/2035	20,185	19,706	19,370
10/17/2011	Clifton Group	Minimum Quality Issue (min BBB - currently Ba1)	Renaissance Mtge	HOLD until maturity or until opp to liq	concur	8/25/2035	20,185	18,255	19,370
5/3/2011	Clifton Group	Minimum Quality Issue (min BBB - currently BB)	Residential Mtg	HOLD until maturity	concur	3/25/2035	90,717	92,532	91,254
9/15/2011	Loomis Sayles	Security in Default	NGC (Dynegy) Corp	HOLD through bankruptcy.	concur	5/15/2018	865,000	792,800	579,550
9/15/2011	Loomis Sayles	Security in Default	NGC (Dynegy) Corp	HOLD through bankruptcy.	concur	10/15/2026	865,000	792,800	579,550
9/15/2011	Loomis Sayles	Security in Default	NGC Corp Cap Trust Co	HOLD through bankruptcy.	concur	6/1/2027	340,000	297,850	54,400
1/14/2008	Loomis Sayles	Security in Default	Northern Telecom Capital	HOLD through bankruptcy.	concur	6/15/2026	1,460,000	1,415,980	1,584,100
5/2/2012	Loomis Sayles	Security in Default	Ally Financial Inc	HOLD through bankruptcy.	concur	5/15/2015	23,800	595,000	546,210
6/30/2012	Loomis Sayles	Illiquid Security due to debt restructuring	American President LTD	HOLD until maturity or until opp to liq	concur	1/15/2024	50,000	47,138	35,898
6/30/2012	Loomis Sayles	Illiquid Security due to debt restructuring	Level 3 Communications	HOLD until maturity or until opp to liq	concur	3/15/2015	835,000	818,288	890,841
6/15/2011	Loomis Sayles	Illiquid Security due to debt restructuring	Novasep Holdings	HOLD through bankruptcy.	concur	12/15/2016	261,000	621,375	212,338
2/15/2012	Loomis Sayles	Illiquid Security due to debt restructuring	Reichhold Inds Inc	HOLD until maturity or until opp to liq	concur	5/8/2017	1,477,501	1,304,969	1,078,576

SSAE 16 Reports Received for Fiscal Year 2012

Manager

Adams Street Partners	N/A
Calamos Investments	State Street
Callan Associates	BNY Mellon
Capital International	JP Morgan
Coral Partners Capital Management	N/A
Corsair Capital LLC	N/A
Credit Suisse	Credit Suisse
Declaration Management	LaCrosse Global Fund Services LLC
Dimensional Fund Advisors	Dimensional Fund Advisors
EIG (formerly TCW)	BNY Mellon
Goldman Sachs	Goldman Sachs
Hearthstone	N/A
Invesco	Invesco
InvestAmerica	N/A
JP Morgan	JP Morgan
LA Capital	LA Capital
Matlin Patterson	N/A
Northern Trust	Northern Trust
Panagora	Panagora
PIMCO	PIMCO
Prudential	Prudential
Quantum Energy	Quantum Energy
Quantum Resources	N/A
SEI	SEI
State Street	State Street
Timberland Investment Resources	N/A
UBS	JP Morgan
Vanguard	N/A - filed N-SAR internal report with SEC
Wellington Management	Wellington Management
Western Asset Management	Western Asset

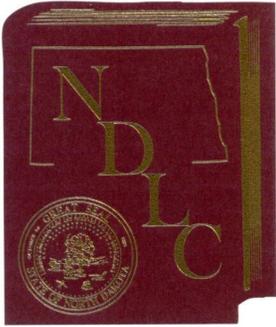
All Separately Managed Accounts Northern Trust as Custodian

Statement on Standards for Attestation Engagement (SSAE) No. 16

A compliance audit for assessing the internal control framework on service organizations that provide critical outsourcing activities for other entities.

SSAE 16 is the reporting standard for all service auditors' reports from June 15th 2011, and beyond. SSAE 16 was preceded by SAS 70. A main difference between SSAE 16 and SAS70 is the SSAE 16 requires the management of the service company to provide written assertion to the auditor that their description accurately represents their organizational system.

N/A - SSAE 16 reviews generally apply to service organizations with a large number of transactions, such as custody services. These firms have determined that a SSAE 16 review is not necessary based on the number of transactions and types of investments held. We will continue to monitor them but concur with their determination at this time.



North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360

Jim W. Smith
Director

Jay E. Buringrud
Legal Services
Division Director

Allen H. Knudson
Legislative Budget
Analyst & Auditor

Jason J. Steckler
Administrative Services
Division Director

John Walstad
Code Revisor

August 23, 2012

Lt. Governor Drew Wrigley
Chairman
State Investment Board
State Capitol
Bismarck, ND 58505

Dear Lt. Governor Wrigley:

This letter is to inform you of action recently taken by the Legacy and Budget Stabilization Fund Advisory Board regarding the legacy fund. The motion approved by the advisory board at its August 23, 2012, meeting is:

It was moved by Representative Kempenich, seconded by Senator Dotzenrod, and carried on a roll call vote that the Legacy and Budget Stabilization Fund Advisory Board recommend that the State Investment Board arrange to contract with an investment consultant to conduct a study on the appropriate asset class mix for the legacy fund.

Please let me know if you have any questions.

Sincerely,

Senator Randel Christmann
Chairman
Legacy and Budget Stabilization Fund Advisory Board

RC/BM

cc: Mr. Darren Schulz