I. APPROVAL OF AGENDA

II. APPROVAL OF MINUTES (JUNE 28, 2013)

III. ELECTION OF OFFICERS 2013-14
   A. Chair
   B. Vice Chair
   C. Parliamentarian (Appointed by Chair)

IV. AUDIT COMMITTEE MEMBERSHIP 2013-14 (Board Acceptance) - Ms. Kopp (enclosed) (5 min)

V. EDUCATION
   PIMCO Bravo II Fund - Stephanie King, Jennifer Bridwell, and John Murray (enclosed) (90 min)

VI. INVESTMENTS
   A. Discussion on PIMCO Bravo II Fund - Mr. Schulz (to follow) (15 min)
   B. Legacy Fund Transition - Mr. Schulz (to follow) (30 min)
   C. ND State Board of Medical Examiners - Mr. Schulz (enclosed) (10 min)
   D. Insurance Cash Pool - Mr. Schulz (5 min)

VII. GOVERNANCE
   A. Search Committee Status Report - Mr. Sandal (enclosed)
   B. Code of Conduct Certification - Mr. Schulz (enclosed) (5 min)

VIII. QUARTERLY MONITORING - 6/30/13 (enclosed). (Questions Only - Board Acceptance) (5 min)
   A. Executive Limitations/Staff Relations - Ms. Kopp (enclosed).
   B. Budget and Financial Conditions - Ms. Walcker (enclosed).
   C. Investment Program - Mr. Schulz (enclosed).
   D. Retirement Program - Ms. Kopp (enclosed)
   E. Watch List - Mr. Schulz (enclosed)

IX. OTHER.
   SIB meeting - August 23, 2013, 8:30 a.m. - Workforce Safety & Insurance
   SIB Audit Committee meeting - September 27, 2013, 1:00 p.m. - Peace Garden Room, State Capitol

X. ADJOURNMENT.
NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
JUNE 28, 2013, 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
Howard Sage, PERS Board
Kelly Schmidt, State Treasurer
Cindy Ternes, Workforce Safety & Insurance
Bob Toso, TFFR Board

BOARD MEMBERS ABSENT:
Adam Hamm, Insurance Commissioner

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

OTHERS PRESENT:
TJ Jerke, Forum News Services
Mary Kay Kelsch, Attorney General’s Office
Bryan Reinhardt, PERS

CALL TO ORDER:

Lt. Governor Wrigley called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, June 28, 2013, at the State Capitol, Peace Garden Room, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. ERDMANN AND CARRIED ON A VOICE VOTE TO ACCEPT THE REVISED JUNE 28, 2013, AGENDA.

AYES: MS. TERNES, MR. CORNEIL, TREASURER SCHMIDT, COMMISSIONER GAEBE, MR. ERDMANN, MR. TOSO, MR. SANDAL, MR. SAGE, MR. GESSNER, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER HAMM

MINUTES:

The minutes were considered from the May 17, 2013, meeting,

IT WAS MOVED BY COMMISSIONER GAEBE AND SECONDED BY MR. CORNEIL AND CARRIED ON A VOICE VOTE TO ACCEPT THE MAY 17, 2013, MINUTES AS WRITTEN AND AMENDED.

AYES: MS. TERNES, MR. CORNEIL, MR. SANDAL, TREASURER SCHMIDT, MR. GESSNER, MR. SAGE, COMMISSIONER GAEBE, MR. TOSO, MR. ERDMANN, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER HAMM

INVESTMENTS:

Legacy Fund - Mr. Schulz reviewed his recommendation and timeframe to transition the Legacy Fund into a new strategic asset allocation plan that was adopted by the Legacy and Budget Stabilization Fund Advisory Board (Advisory Board) on April 2, 2013, and accepted by the SIB on April 26, 2013. After discussion,

IT WAS MOVED BY COMMISSIONER GAEBE AND SECONDED BY MS. TERNES AND CARRIED ON A ROLL CALL VOTE TO ACCEPT STAFF’S TRANSITION PLAN AND TIMEFRAME TO IMPLEMENT A NEW STRATEGIC ASSET ALLOCATION PLAN FOR THE LEGACY FUND.

AYES: MR. TOSO, TREASURER SCHMIDT, MR. CORNEIL, COMMISSIONER GAEBE, MR. ERDMANN, MR. SANDAL, MR. GESSNER, MR. SAGE, MS. TERNES, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER HAMM

Manager Catalog - Ms. Flanagan reviewed an updated manager catalog for the SIB’s reference which lists each manager, its mandate, and date of inception.

IT WAS MOVED BY MR. CORNEIL AND SECONDED BY MR. GESSNER AND CARRIED ON A VOICE VOTE TO ACCEPT THE MANAGER CATALOG.

AYES: MS. TERNES, COMMISSIONER GAEBE, MR. GESSNER, MR. SAGE, MR. ERDMANN, MR. SANDAL, MR. TOSO, MR. CORNEIL, TREASURER SCHMIDT, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER HAMM

Westridge/WG Trading - Ms. Kelsch requested the SIB enter into Executive Session pursuant to NDCC 44-04-19.1(2), NDCC 44-04-19.1(5), and NDCC 44-04-19.2 for the purposes of attorney consultation regarding the Westridge/WG Trading litigation.

IT WAS MOVED BY MR. ERDMANN AND SECONDED BY TREASURER SCHMIDT AND CARRIED ON A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION FOR ATTORNEY CONSULTATION REGARDING THE WESTRIDGE/WG TRADING LITIGATION.

AYES: MR. GESSNER, COMMISSIONER GAEBE, MR. SAGE, TREASURER SCHMIDT, MR. TOSO, MR. CORNEIL, MR. ERDMANN, MR. SANDAL, MS. TERNES, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER HAMM

The board entered into Executive Session at 9:05 a.m.

The following were present - SIB with the exception of Commissioner Hamm, Mr. Schulz, Ms. Flanagan, Ms. Heit, Ms. Kelsch, Ms. Kopp, and Ms. Walcker.

The Board exited the Executive Session at 9:09 a.m.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. SANDAL AND CARRIED ON A ROLL CALL VOTE TO AUTHORIZE THE INTERIM CIO TO EXTEND THE TOLLING AGREEMENT WITH DELOITTE.
AYES: COMMISSIONER GAEBE, TREASURER SCHMIDT, MR. SANDAL, MR. CORNEIL, MS. TERNES, MR. GESSNER, MR. ERDMANN, MR. TOSO, MR. SAGE, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER HAMM

GOVERNANCE:

Search Committee - Mr. Sandal updated the SIB on the Executive Director/Chief Investment Officer search. On May 31, 2013, Mr. Michael Kennedy, KornFerry, met with the majority of the SIB as well as Mr. Schulz, Ms. Flanagan, and Ms. Kopp to determine the needs and to build the position specifications. As of June 27, 2013, KornFerry has reached out to over 60 contacts and has had conversations with more than half. Over the next two weeks, KornFerry will be reaching out to an additional group of approximately 40-50 individuals. At this point, KornFerry has approximately five to six candidates who are interested in the position and appear, initially, to have the appropriate experience and background. KornFerry will be interviewing several of the candidates via skype over the next two weeks. KornFerry will also be placing ads on the following websites - National Council on Teacher Retirement, National Association of Securities Professionals, and will also be placing an ad in Pensions and Investments. KornFerry has also been working with Ms. Jan Murtha on the States open records laws. KornFerry also indicated they are hoping to schedule first round interviews with the Search Committee in late July and that overall feedback has been positive. KornFerry will also be scheduling a conference call with the Search Committee the week of July 8, 2013, to provide an overview of the search, market feedback, and general candidate information, and to also solicit feedback.

The SIB then discussed the initial ED/CIO search through the States Human Resource Management Services (HRMS) and the current search by KornFerry. Candidates who applied through HRMS were informed they could also apply with the Executive Recruitment firm once the firm was in place if they so desired.

Audit Committee Liaison Report - Mr. Gessner updated the SIB on the activities of the SIB Audit Committee. At their May 17, 2013, meeting, CliftonLarsonAllen presented their financial audit scope and approach of the Retirement and Investment Office for FY13. The firm conducted preliminary field work the week of May 13, 2013, and will be back in the fall to finish the audit.

Mr. Gessner also stated, to date, the internal audit division has completed 44 school district audits. Staff and the Audit Committee have been reviewing policies and procedures to streamline the school district audit process. The Audit Committee also received internal audit reports from staff and are also reviewing and revising their charter. Once the charter is finalized, it will be brought back to the SIB for their review and acceptance.

IT WAS MOVED BY MR. CORNEIL AND SECONDED BY MR. TOSO AND CARRIED ON A VOICE VOTE TO ACCEPT THE AUDIT REPORT.

AYES: MR. GESSNER, COMMISSIONER GAEBE, MR. SAGE, MS. TERNES, TREASURER SCHMIDT, MR. TOSO, MR. CORNEIL, MR. ERDMANN, MR. SANDAL, AND LT. GOVERNOR WRIGLEY
NAYS: NONE
ABSENT: COMMISSIONER HAMM
**MONITORING REPORTS** - Mr. Schulz reviewed managers currently on the “watch list”.

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. CORNEIL AND CARRIED ON A VOICE VOTE TO ACCEPT THE “WATCH LIST” REPORT.

AYES: MR. CORNEIL, MR. ERDMANN, COMMISSIONER GAEBE, MR. GESSNER, MR. SAGE, MR. SANDEL, TREASURER SCHMIDT, MS. TERNES, MR. TOSO, AND LT. GOVERNOR WRIGHT

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER HAMM

**OTHER:**

The SIB recognized and thanked Mr. Toso for his six years of service to the SIB and for his service of 37 years in the education system and congratulated him on his retirement.

Commissioner Gaebe informed the SIB the Board of University and School Lands has hired RV Kuhns to conduct an asset allocation study of the Permanent Trust Funds and Strategic Investment and Improvement Fund. Commissioner Gaebe also mentioned the Board of University and School Lands is in the early stages of determining whether or not to invest the Permanent Trust Funds with the SIB.

Ms. Flanagan reported as of June 27, 2013, the Pension Trust was up about 13.5%, Workforce Safety & Insurance (WSI) 8.2%, and Insurance Trust 5.8%.

Ms. Ternes recognized Mr. Schulz for all of his work on the Legacy Fund and also for his efforts coordinating the process with Callan and RV Kuhns. Ms. Ternes also mentioned she recently reported to the WSI Board on the SIB process and was able to utilize reports previously given by staff to the SIB and the Advisory Board. Ms. Ternes recognized Mr. Schulz and Ms. Flanagan for all of their work that is done on a daily basis on behalf of the SIB clients.

The next SIB meeting is scheduled for July 26, 2013, at 8:30 am at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

The next Audit Committee meeting is scheduled for September 27, 2013, at 1:00 pm in the Peace Garden Room at the State Capitol.

**ADJOURNMENT:**

With no further business to come before the SIB, Lt. Governor Wrigley adjourned the meeting at 9:50 a.m.

___________________________________
Lt. Governor Wrigley, Chair
State Investment Board

___________________________________
Bonnie Heit
Assistant to the Board
MEMORANDUM

TO: STATE INVESTMENT BOARD
FROM: FAY KOPP
      INTERIM EXECUTIVE DIRECTOR
DATE: JULY 19, 2013
RE: AUDIT COMMITTEE APPOINTMENT

As directed by SIB Policy B-6, Governance Process/Standing Committees, the Audit Committee shall consist of five members selected by the SIB. Three members of the Audit Committee will represent the three groups on the SIB (TFFR board, PERS board, and the elected and appointed officials). The other two members will be selected from outside of the SIB and will be auditors with at least a Certified Public Accountant (CPA) or Certified Internal Auditor (CIA) designation.

Board representatives for the past year have been:

Cindy Ternes (designee for the Director of Workforce Safety & Insurance) representing elected and appointed officials
Mike Sandal, representing PERS
Michael Gessner, representing TFFR

External representatives for the past year have been:

Rebecca Dorwart, CPA, CIA

As of June 1, 2012, Rebecca is the Director of Internal Controls for MDU Resources Group, Inc. where she is responsible for the risk assessment of company-wide financial processes and controls and the coordination of the company’s Sarbanes-Oxley compliance program. She reports to the Vice President/Chief Financial Officer but also communicates with the Audit Committee of MDU Resources Group’s Board of Directors. Prior to her new assignment, she was the Director of Internal Auditing where she managed all internal audit functions of MDU and coordinates the work with the external audit. She directly supervised eleven internal auditors and reported to the Vice President/Chief Financial Officer, President and Chief Executive Officer and the Audit Committee of MDU Resources Group’s Board of Directors. She worked for the Montana Office of the Legislative Auditor as a financial compliance auditor for five years before joining MDU Resources Group, Inc. in 1992. At MDU Resources Group, Inc., Becky worked in the Internal Auditing Department until 1997 when she was transferred to Portland, Oregon as General Accounting Manager for International Line Builders, Inc., a MDU acquisition. In 1999, she transferred to Medford, Oregon as Senior Business Development Analyst for Knife River Corporation, working on the merger and acquisition of construction materials related businesses. In February of 2003, she was named Internal Auditing Manager for MDU Resources Group, Inc. She is active in the local chapter of the IIA.

Lonny Mertz, CPA, CIA, CFE

Lonny is the Grants Management Specialist for the ND Dept. of Health. His function with the Community Health Section is to administer grants and contracts to local and state agencies. His duties include overseeing a web-based reporting system, expenditure monitoring - guidance and review coordination, and state and federal report preparation. Lonny has worked in state government for more than eighteen years as an auditor and contract manager for the Department of Human Services, the Department of Transportation, Job Service North Dakota, and the Department of Health. A majority of his experience in state government is in the area of program compliance monitoring. He attended Moorhead State University and received a Bachelor of Science Degree with a Major in Accounting and a Minor in Finance. He is a member of the North Dakota Society of CPAs, The Institute of Internal Auditors (IIA), the Central NoDAK IIA Chapter and the Association of Certified Fraud Examiners.

The Committee members have committed to serve again. I recommend that these individuals be reappointed as SIB Audit Committee members for the period of July 1, 2013 - June 30, 2014.
The board’s standing committee is that which is set forth in this policy as follows:

1. Audit Committee
   
   A. The audit committee shall operate under the terms of a charter approved by the board.

INTRODUCTION

An Audit Committee has been established as a standing committee of the State Investment Board (SIB). The Audit Committee will assist the SIB in carrying out its oversight responsibilities as they relate to the Retirement and Investment Office (RIO) internal and external audit programs, including financial and other reporting practices, internal controls, and compliance with laws, regulations, and ethics.

The primary objective of the internal audit function is to assist the SIB and management in the effective discharge of their responsibilities. To this end, internal auditing will furnish them with analyses, appraisals, recommendations, and pertinent information concerning the activities reviewed.

Functions and units within RIO will be reviewed at appropriate intervals to determine whether they are effectively carrying out their responsibilities of planning, organizing, directing, and controlling in accordance with SIB and management instructions, applicable laws, policies, and procedures, and in a manner consistent with both the RIO objectives and high standards of administrative practice.

POLICY OF THE STATE INVESTMENT BOARD

The audit staff shall have full, free, and unrestricted access to all RIO activities, records, property, and personnel relative to the subject under review. The audit function will be conducted in a manner consistent with acceptable professional standards and coordinated with others to best achieve the audit objectives and the RIO objectives.

The Internal Audit Services Unit is responsible for developing and directing a broad, comprehensive program of internal auditing within RIO. The Internal Audit Services Unit will report administratively to management and functionally to the Audit Committee of the SIB.

The RIO unit supervisors are responsible for seeing that corrective action on reported weaknesses is either planned or taken within 30 days from the receipt of a report disclosing those weaknesses if known or applicable. The unit supervisors are also responsible for seeing that a written report of action planned or completed is sent to the executive director. If a plan for action is reported, a second report shall be made promptly upon completion of the plan.

An introduction to PIMCO’s

BRAVO II Fund

Opportunities in residential and commercial credit

North Dakota State Investment Board
26 July 2013
Global financial institutions are deleveraging to comply with widespread regulatory reform, and continue to make non-economic asset sales decisions. In contrast, a U.S. housing recovery is taking shape, which should produce very attractive returns in a variety of residential and commercial credit risk assets.
## BRAVO II summary

### Strategy
- Focus on residential and commercial real estate related assets in the U.S. and Europe
- Target Return is an annualized IRR of 15%-20% and target multiple of 1.8x-2.0x, net of fees and carried interest
- Five-year term, with two possible 1.5-year extensions (it is currently expected that the General Partner will elect to utilize both such extensions with respect to approximately 30% of the Fund’s investments)

### Performance
- 34.6% since inception IRR for BRAVO I (net of fees and expenses)
- Compelling five-year track record across seven other PIMCO mortgage-related opportunistic funds

### PIMCO’s edge
- **Market position**: PIMCO’s market presence provides unique access to the major sellers
- **Depth of resources**: One of the largest residential and commercial credit teams in the world
- **Expertise and credibility**: Resources to execute sizable and complex transactions across the capital structure quickly
- **Market access**: Ability to create liquidity and exit through structuring

### Team
- One of the largest and deepest mortgage credit portfolio management and analytics teams of over 100 individuals
- BRAVO portfolio management team of 25 asset specialists currently led by Dan Ivascyn
- Supported by an extensive team of over 45 credit specialists globally
- World class analytics and financial engineering platform of 60 people

### Fundraising status update
- $1.25 billion in commitments raised over the first two closings
- Third close document due date: 28 June 2013
- Robust investment pipeline; the Fund began to deploy capital in late March

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Please refer to the Fund’s Private Placement Memorandum (the “Memorandum”), the Limited Partnership Agreement and other legal documents of the Fund for more details, which will control in the event of any conflict with the information herein.

As of 31 March 2013

BRAVO I is closed to new investors. While PIMCO expects that BRAVO II will be similar to BRAVO I in certain respects, the funds may also differ in many respects (including, without limitation, their respective investment strategies, targeted investments, terms and conditions and management teams). Information about BRAVO I should therefore not be viewed as necessarily indicative of BRAVO II’s investment program, operations or performance. In addition, the returns represent the IRR of BRAVO I as of the date indicated and may have changed since that date, include both realized and unrealized investments, and are likely to change over the life of the Fund. Performance in a particular fund may vary because of different fees, the effect of investing through “blockers” parallel vehicles, or other reasons. Additional fee or other information is available upon request. PIMCO manages other private investment vehicles whose strategies are similar to those expected to be used by BRAVO II; information about these private investment vehicles is also available upon request. **Past performance is not a guarantee or a reliable indicator of future results.** Refer to Appendix for additional investment strategy, target return and risk information.

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*PIMCO* Your Global Investment Authority
## PIMCO’s track record in mortgage-related opportunistic strategies

<table>
<thead>
<tr>
<th>Private Equity-Style funds¹</th>
<th>SI net IRR (annualized)²</th>
<th>Fund Status</th>
<th>Fund term³</th>
<th>Investment period⁴</th>
<th>Committed capital</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAVO Fund⁴</td>
<td>34.6%</td>
<td>Investing capital</td>
<td>5 years</td>
<td>Nov 2010 – Jan 2014⁵</td>
<td>$2.4 billion</td>
<td>Residential and Commercial Credit, Bank Capital, Special Situations</td>
</tr>
<tr>
<td>Distressed Mortgage Fund II⁶</td>
<td>35.4%</td>
<td>Matured</td>
<td>5 years</td>
<td>Nov 2008 – Jul 2009</td>
<td>$610 million</td>
<td>Residential and Commercial Mortgage Credit</td>
</tr>
<tr>
<td>Distressed Mortgage Fund I⁷</td>
<td>9.0%</td>
<td>Matured</td>
<td>5 years</td>
<td>Oct 2007 – Oct 2008</td>
<td>$2.9 billion</td>
<td>Residential and Commercial Mortgage Credit</td>
</tr>
<tr>
<td>TALF Fund⁹</td>
<td>34.2%</td>
<td>Matured</td>
<td>3.5 years</td>
<td>May 2009 – Nov 2009</td>
<td>$1.5 billion</td>
<td>Senior Consumer ABS and Commercial Mortgage Credit</td>
</tr>
<tr>
<td>Distressed Senior Credit Opportunities Fund I⁸</td>
<td>11.0%</td>
<td>Matured</td>
<td>3 years</td>
<td>Jun 2008 – Aug 2009</td>
<td>$2.7 billion</td>
<td>Senior Structured Credit</td>
</tr>
<tr>
<td>Hybrid funds</td>
<td></td>
<td>SI net return (annualized)</td>
<td>Fund Status</td>
<td>Fund term</td>
<td>Launch date</td>
<td>Net assets</td>
</tr>
<tr>
<td>Distressed Senior Credit Opportunities Fund II</td>
<td>31.8%¹⁰</td>
<td>Fully invested</td>
<td>Open ended</td>
<td>Oct 2011¹¹</td>
<td>$3.1 billion¹²</td>
<td>Senior Structured Credit</td>
</tr>
<tr>
<td>Tactical Opportunities Fund</td>
<td>12.9%¹³</td>
<td>Investing capital</td>
<td>Open ended</td>
<td>Feb 2013¹⁴</td>
<td>$129 million¹⁵</td>
<td>Global Structured Credit</td>
</tr>
</tbody>
</table>

**Footnotes relating to the above table are contained in “Additional Notes on Related Fund Performance” in the Appendix hereto.**

Performance as of 31 May 2013 with the exception of the BRAVO Fund which is as of 31 March 2013

With respect to Active Prior Funds (as defined below), the returns above represent the net IRR as of the applicable Reference Date, may have changed since such date, include both realized and unrealized returns and are likely to change over the life of these funds. Moreover, because DiSCO II and Tac Opps are continuously offered and investors can purchase interests in them at current net asset values, returns to investors that have subscribed to DiSCO II and Tac Opps at different times may differ significantly from the IRR shown above.

BRAVO seeks to capitalize on capital infusion and risk disposition opportunities across the financial system, including investments in MBS and ABS. Tac Opps seeks to capitalize on dislocations across global credit markets with an initial focus on assets with exposure to PIMCO’s views on the U.S. housing market (and, in particular, a potential U.S. housing recovery). DMF and DMF II sought to capitalize on the historic dislocation in the U.S. and global mortgage markets. DiSCO II seeks, and DiSCO sought, to capitalize on the liquidity crisis in senior bonds across credit markets primarily in MBS, ABS, CMBS, investment grade and high yield. TALF sought to capitalize on government-guaranteed, non-recourse financing of TALF-eligible consumer ABS and CMBS. BRAVO, DiSCO II and Tac Opps (collectively, the “Active Prior Funds”) continue to be implemented based on their respective investment strategies; DMF, DMF II, DiSCO and TALF (collectively, and together with the Active Prior Funds, the “Prior Funds”) have concluded operations.

Prior Funds (other than DiSCO II and Tac Opps) are closed to new investors and have different overall investment strategies, risks and investment considerations than the Fund. PIMCO believes that the performance records of these Prior Funds are relevant to prospective investors because PIMCO expects that mortgage-related opportunistic investments will constitute a significant part of the overall strategy of the Fund. In addition, while the Fund’s investment team is not the same as the teams that are responsible for the performance of the Prior Funds, there is substantial overlap between the Prior Funds’ investment teams and the Fund’s investment team. PIMCO manages a number of other private investment vehicles whose performance is not presented because they utilize different investment strategies and are managed by different teams; the performance of those other funds is different from the performance of the Prior Funds listed above. The performance of the Prior Funds was achieved during periods of extreme market dislocations that presented unique opportunities that may not repeat and is due in part to a general recovery in the securitized product sector that also may have been unique. In addition, certain of the Prior Funds benefited from financing terms (including the availability of financing through the U.S. Federal Reserve’s Term Asset-Backed Securities Loan Facility program) that are not expected to be available to the Fund. The Prior Funds’ strategies, although similar to the Fund’s strategy in some respects, are substantially different in other respects. Because of these differences and other factors, the performance of the Prior Funds should not be considered to be predictive of the Fund’s performance. Past performance is not indicative of future results and no assurance can be made that the Fund will achieve returns comparable to the Prior Funds. One or more of the Prior Funds have different fee, profit allocation and expense arrangements than each other and the Fund. Performance in a particular fund may vary because of differing fees and expenses (e.g., distribution or organizational expenses), the effect of investing through “blockers” or parallel vehicles or other reasons. Additional fee, expense and carried interest information for these funds is available upon request.

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¹⁰ Active Prior Funds

¹¹ Prior Funds
The opportunity
### The evolution of distressed mortgage opportunities

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<tr>
<td>U.S. peak crisis securitized asset sales</td>
<td>U.S. increasingly complex securitized asset sales</td>
<td>High complexity CDO sales</td>
<td>New RMBS market</td>
</tr>
<tr>
<td>European early securitized asset sales</td>
<td>European securitized asset and early residential loan sales</td>
<td>Responsible new originations</td>
<td></td>
</tr>
<tr>
<td>U.S. early residential loan sales</td>
<td>Routine residential loan sales</td>
<td>Wind-down of GSE risk</td>
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<td></td>
<td></td>
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<td>Debt restructurings</td>
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<td></td>
<td></td>
<td></td>
<td>Continued European dispositions</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Non-core business dispositions</td>
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<tr>
<td></td>
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<td></td>
<td>Private capital as first loss risk takers</td>
</tr>
</tbody>
</table>

Refer to Appendix for additional outlook information
Real estate credit markets: A $13 trillion opportunity

Residential real estate opportunities
($10 trillion residential credit outstanding\(^1\))

- RMBS
- Restructured RMBS
- Mortgage servicing rights
- Residential real estate

Commercial real estate opportunities
($3 trillion commercial credit outstanding\(^1\))

- Multi-family
- CMBS
- Non-performing loans

- ABS CDOs\(^3\)
- Residential whole loans\(^2\)
- Originations

- Land/development
- CRE CDOs\(^3\)
- Originations
- Equity\(^4\)

Regulatory intervention may create opportunities that don’t exist today

---

As of March 2013
SOURCE: PIMCO, Federal Reserve, CoreLogic, 1010Data, Amherst Securities, Commercial Mortgage Alert

\(^1\)Does not include equity

\(^2\)Residential whole loans includes non-performing and re-performing residential whole loans

\(^3\)CDO = Collateralized debt obligation

\(^4\)Equity is part of the Fund opportunity set but is not included in the $3 trillion commercial credit outstanding

Refer to Appendix for additional risk information.
Higher returns now come from sacrificing liquidity

<table>
<thead>
<tr>
<th>MORE LIQUID</th>
<th>LESS LIQUID</th>
</tr>
</thead>
<tbody>
<tr>
<td>IG CMBS</td>
<td>U.S. / U.K. CRE Loans&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>IG RMBS</td>
<td>Residential NPLs&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>CRE CDOs</td>
<td>CRE NPLs&lt;sup&gt;2,3&lt;/sup&gt; / equity</td>
</tr>
<tr>
<td>Restructured RMBS / ABS CDOs</td>
<td>8–16%</td>
</tr>
<tr>
<td>Small-balance CMBS</td>
<td>12–17%</td>
</tr>
<tr>
<td>Unlevered loss-adjusted yield&lt;sup&gt;1&lt;/sup&gt;</td>
<td>12–25%</td>
</tr>
<tr>
<td>2–3%</td>
<td>4–11%</td>
</tr>
<tr>
<td>3–5%</td>
<td>5–10%</td>
</tr>
<tr>
<td>4–9%</td>
<td>8–16%</td>
</tr>
</tbody>
</table>

Investors typically overpay for liquidity<sup>4</sup>

As of 31 March 2013

SOURCE: PIMCO

<sup>1</sup>PIMCO unlevered loss-adjusted yields are based on loss-adjusted estimated returns from principal and interest payments on a hold to maturity basis. IG CMBS is represented by CMBX index tranche; IG RMBS is represented by PrimeX Yield index; U.S. CRE, CRE CDO, RMBS Re-REMIC, U.K. CRE Loans, Residential NPLs, CRE NPLs / equity and small-balance CMBS are based on BRAVO investment examples which are presented for illustrative purposes only. There can be no guarantee that BRAVO II will have access to comparable investments, or that PIMCO will utilize similar strategies or techniques in connection with BRAVO II investments. There can be no assurance that PIMCO’s forecasts or estimates for such investments will prove accurate. Please see Appendix for additional disclosure information. The loss-adjusted yields on BRAVO investment examples are shown net of deal related expenses and gross of fund expenses. BRAVO II investments may have materially different characteristics than those shown above, as BRAVO II may invest in assets not shown above.

<sup>2</sup>CRE = Commercial real estate

<sup>3</sup>NPLs = Non-performing loans

<sup>4</sup>Liquidity is defined as the ability to sell an asset in a minimal time period with a minimal loss of value and without causing a significant movement in price. Refer to appendix for additional index and risk information.
Private capital raised to date is dwarfed by the assets expected to be sold

PIMCO expects over $2 trillion in assets to be sold

$210 billion of real estate private capital raised

The deleveraging process is likely to take many years

As of 31 December 2012
SOURCE: IMF, Preqin
Real estate private capital represents aggregate capital commitments raised from 2009-2012
Refer to Appendix for additional outlook information.
# State of the real estate credit markets

<table>
<thead>
<tr>
<th>U.S. RESIDENTIAL REAL ESTATE</th>
<th>U.S. COMMERCIAL REAL ESTATE</th>
<th>EUROPEAN COMMERCIAL REAL ESTATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fundamentals</strong></td>
<td><strong>Fundamentals</strong></td>
<td><strong>Fundamentals</strong></td>
</tr>
<tr>
<td>Gradual recovery underway, but timing and pace of recovery will vary greatly by region</td>
<td>Recovering across all major property types</td>
<td>Two-tiered markets: core vs. non-core Europe and primary vs. secondary</td>
</tr>
<tr>
<td>Limited inventory driven in large part by little new construction over past five years</td>
<td>Limited new construction has been a positive</td>
<td>New supply at low point in most markets</td>
</tr>
<tr>
<td>Mortgage rates remain near record lows</td>
<td>Demand/supply has been favorable enough to result in moderate occupancy and rent gains</td>
<td>No overall rent growth due to lack of demand, average is misleading in Europe</td>
</tr>
<tr>
<td>2-3 million foreclosures still expected to occur</td>
<td>Apartments have led the way</td>
<td></td>
</tr>
<tr>
<td><strong>Valuations</strong></td>
<td><strong>Valuations</strong></td>
<td><strong>Valuations</strong></td>
</tr>
<tr>
<td>National home prices increased 10.1% in the past year, but remain 28% below peak levels</td>
<td>Overall market values up 33% since market trough but remain nearly 20% below peak levels</td>
<td>Spread between prime and secondary markets at a historical high</td>
</tr>
<tr>
<td>Distressed sale discounts have decreased in select markets due to low inventory and investor activity</td>
<td>Spread between “A” and “B” properties still pronounced, but declining</td>
<td>Ability to buy quality real estate below replacement cost in most markets</td>
</tr>
<tr>
<td>Public markets attractive on a hold-to-maturity basis in a housing recovery scenario</td>
<td>CRE values poised for further gains as debt markets normalize</td>
<td>Public markets generally fully priced</td>
</tr>
<tr>
<td><strong>Capital Markets</strong></td>
<td><strong>Capital Markets</strong></td>
<td><strong>Capital Markets</strong></td>
</tr>
<tr>
<td>Limited credit availability outside of the GSEs</td>
<td>Improving liquidity for debt and equity</td>
<td>A two-tiered market for debt financing. Secondary remains very challenging</td>
</tr>
<tr>
<td>Primary private label RMBS market remains largely non-existent; any new origination trades similar to Agency MBS</td>
<td>Primary CMBS market volume is up to the highest levels since late 2007, but still long way to go</td>
<td>While new sources of debt have emerged (fund, insurance cos), their focus is narrow</td>
</tr>
<tr>
<td>Improved liquidity in the secondary non-Agency MBS market</td>
<td>Ongoing wave of debt maturities has required new sources of capital</td>
<td>Primary CMBS market remains largely non-existent</td>
</tr>
<tr>
<td><strong>Size of opportunity</strong></td>
<td><strong>Size of opportunity</strong></td>
<td><strong>Size of opportunity</strong></td>
</tr>
<tr>
<td>$350 – 500 billion in potential NPL sales</td>
<td>Severe funding gap projected at &gt;$500 billion over next 5 years</td>
<td>Large funding gap of €400-600 billion remains</td>
</tr>
<tr>
<td>Large portfolio sales by European institutions underway</td>
<td>Banks have another ~$30 billion of losses to recognize and further loans to liquidate</td>
<td>Expect to dispose of over €260 billion of legacy distressed assets over the next 3-5 years</td>
</tr>
</tbody>
</table>

---

As of 31 May 2013
SOURCE: PIMCO, S&P Case-Shiller, Moody’s /RCA CPPI
Refer to appendix for additional investment strategy, outlook and risk information.
BRAVO II portfolio strategy
PIMCO’s edge
Focus on the least crowded spaces that combine our asset and structuring expertise

- Private and public mortgage/real estate markets are more interconnected now than ever before
- Narrowly-focused real estate investors rarely have deep structured credit expertise or the ability to price complex embedded options. Boutique firms typically do not possess PIMCO’s resource depth across the capital structure.

Refer to appendix for additional investment strategy and risk information.
BRAVO I portfolio summary

<table>
<thead>
<tr>
<th>Fund size</th>
<th>Capital called</th>
<th>Investment period</th>
<th>Since inception net IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.35 billion</td>
<td>$2.25 billion (95.8% of original commitments)</td>
<td>January 2011 – January 2014</td>
<td>34.6% (net of all fees and expenses)</td>
</tr>
</tbody>
</table>

**Sector exposure**
- Residential: 57%
- Commercial: 38%
- Bank capital/special situations: 5%

**Geographic exposure**
- U.S. (83%)
- U.K. (11%)
- Germany (5%)
- Other (1%)

As of 31 March 2013

1“Other” is comprised of exposure from the Netherlands, Italy, France, Ireland and Europe – multi-country
2Refer to appendix for additional investment strategy, portfolio structure and risk information.
BRAVO I’s performance and portfolio are likely to change over time, and may differ significantly from those of BRAVO II. In addition, BRAVO II may invest significantly in assets not shown above.
2 Cumulative purchases of Residential mortgage loans represent $603 million in invested amount.
Target Return is an annualized IRR of 15–20% and target multiple of 1.8–2x, net of all fees and carried interest

SOURCE: PIMCO
Reflects leverage (direct borrowings expected not to exceed 2x, with a hard cap of 2.5x), refer to the PPM for additional details on this guideline.
There can be no assurance that BRAVO II’s actual portfolio will resemble the above model portfolio, which is presented for illustrative purposes only and is subject to change at any time without notice. BRAVO II may also make investments not referred to above.
Refer to Appendix for additional target return and risk information.
Target BRAVO II net cashflow profile: Model portfolio

As of 15 October 2012

SOURCE: PIMCO

1Residential can include non/sub-performing loans, RMBS, ABS CDOs, and originations
2Commercial can include non/sub-performing loans, CRE equity, CMBS, CRE CDOs, land/development and originations
3Special situations can include bank capital, specialty finance, capital relief arbitrage trades and other

Reflects leverage (direct borrowings expected not to exceed 2x, with a hard cap of 2.5x), refer to the PPM for additional details on this guideline.

NOTE: The above chart is presented for illustrative purposes only and is subject to change without notice. BRAVO II’s actual characteristics (including, without limitation, the timing and amount of actual cashflows and distributions to limited partners, as well as the fund’s term and portfolio investments) may differ materially from those presented above.

Cashflows are net of Fund-level fees, expenses and carried interest

Refer to the Appendix for additional risk information.

PIMCO Your Global Investment Authority
Why PIMCO?
PIMCO is well-resourced and ideally positioned for this opportunity

Macro expertise matters now more than ever

- Macroeconomic and policy expertise is critical to managing downside risk and identifying the most attractive global credit opportunities
- Detailed credit analysis can no longer be successful in isolation

Active management is required

- Create value by restructuring assets and exerting operational control
- Employ specialty servicing with proper incentive alignment

A global platform is critical for sourcing

- Asset sales have become more sporadic and financial institutions increasingly rely on trusted relationships who have the expertise to rapidly close complex transactions
- PIMCO’s global platform provides comprehensive solutions to sellers across the capital structure

Broad diversified mandate may provide for better return

- Investment flexibility provides investors with access to better value across asset classes, geographies and capital structure
- The ability to be nimble in a highly uncertain world is critical

Refer to appendix for additional risk information.
BRAVO investment committee

As of 12 June 2013

Your Global Investment Authority
BRAVO II portfolio management resources

As of 30 May 2013

**LEAD PORTFOLIO MANAGERS**

<table>
<thead>
<tr>
<th>Dan Ivascyn</th>
<th>Josh Anderson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Global Mortgage Credit Portfolio Management</td>
<td>Global Structured Credit Portfolio Management</td>
</tr>
</tbody>
</table>

**RESIDENTIAL CREDIT**

**Servicing/Origination**
- Kent Smith
- John Lawrence
- Jason Steiner
- Doug Vincent

**Resi Structured Products**
- Alfred Murata
- Giang Bui
- Sharad Bansal
- Jing Yang

**Agency Mortgages**
- Michael Cudzil
- Dan Hyman
- Daniel He

**COMMERCIAL REAL ESTATE**

**CRE Private Equity**
- Devin Chen
- John Murray
- John Lee
- Chris Flick
- Hansford Warner
- Kevin Morgenroth
- Matt Michalovsky
- Jonathan Schube
- Grover Burthey

**CRE Structured Products**
- Bill Cumby
- Russell Gannaway
- Bryan Tsu
- Stefanie Evans
- Lindsey O’Connor
- Cesar Villaveces

**EUROPEAN REAL ESTATE**

**CRE Private Equity**
- Laurent Luccioni
- Lee Galloway
- James Gilbert

**CRE Structured Products**
- Julia Kelting
- Shannon Erdmann
- Cyril Choppin

**Resi Structured Products**
- Felix Blomenkamp
- Will Davies
- Sunil Kothari
- Rachit Jain
- Jean-Sebastien Paley

**SPECIAL SITUATIONS**

**Financial Institutions**
- Harin de Silva
- Zubin Kapadia
- Christian Stracke
- Yuri Garbuzov
- Richard Hofmann
- Sean McCarthy
- Jiaying Huang
- Matthieu Loriferne
- Christian Wild

**Distressed Corporate Credit**
- Sai Devabhaktuni

**Consumer Credit**
- Patrick Schneider
- Gerlinde Schwab
- Ying Qiu

**REAL ESTATE ANALYTICS**

**Analytics**
- Marco van Akkeren
- Emmanuel Sharef
- Ji Li
- Stefano Risa
- Limin Zhang
- Haidi Gu
- Rishi Salwan
- Minwei Wu
- Philip Ling
- Tieu-Y Nguyen
- Stefan de Wachter
- Graeme Williams
BRAVO II fund management resources

<table>
<thead>
<tr>
<th>PRODUCT MANAGEMENT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jennifer Bridwell</td>
<td>Managing Director, Head of Alternatives</td>
</tr>
<tr>
<td>Neal Reiner</td>
<td>Executive Vice President, Credit Alternatives</td>
</tr>
<tr>
<td>Carrie Peterson</td>
<td>Senior Vice President, Mortgage Alternatives</td>
</tr>
<tr>
<td>Lalantika Medema</td>
<td>Vice President, Mortgage Alternatives</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ALTERNATIVES CFO GROUP</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>John Haymes</td>
<td>Alternatives Chief Financial Officer</td>
</tr>
<tr>
<td>George Yeboah</td>
<td>Vice President, Assistant Financial Officer Alternatives</td>
</tr>
<tr>
<td>Dave Ettingoff</td>
<td>Vice President, Financial Analyst Alternatives</td>
</tr>
<tr>
<td>Chad Buresh</td>
<td>Vice President, Accounting</td>
</tr>
<tr>
<td>Alexandria Rausch</td>
<td>Vice President, Accounting</td>
</tr>
<tr>
<td>David Clive</td>
<td>Manager, Finance</td>
</tr>
<tr>
<td>Tarun Dua</td>
<td>Manager, Accounting</td>
</tr>
<tr>
<td>Jeff Nunnenkamp</td>
<td>Manager, Accounting</td>
</tr>
<tr>
<td>Stephen Snow</td>
<td>Vice President, Tax</td>
</tr>
<tr>
<td>Lauren Shaffer</td>
<td>Senior Specialist, Tax</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEGAL SPECIALISTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rick Lebrun</td>
<td>Executive Vice President</td>
</tr>
<tr>
<td>Arthur Ong</td>
<td>Executive Vice President</td>
</tr>
<tr>
<td>Joe Friedman</td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>Andrea Martin</td>
<td>Vice President</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ALTERNATIVES MARKETING SPECIALISTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Molly Hall</td>
<td>Executive Vice President</td>
</tr>
<tr>
<td>Jennifer Strickland</td>
<td>Executive Vice President</td>
</tr>
<tr>
<td>Sonali Wilson</td>
<td>Vice President</td>
</tr>
</tbody>
</table>

As of 31 March 2013

PIMCO
Your Global Investment Authority
## Analytics organization

### GLOBAL HEAD OF ANALYTICS
- Ravi Mattu

<table>
<thead>
<tr>
<th>EMPIRICAL RESEARCH</th>
<th>PORTFOLIO ANALYTICS AND MODEL VALIDATION</th>
<th>RATES/FX</th>
<th>CREDIT AND EQUITIES</th>
<th>STRUCTURED PRODUCTS</th>
<th>EM AND COMMODITIES</th>
<th>ANALYTICS DELIVERY PLATFORM</th>
<th>CLIENT ANALYTICS</th>
<th>EMEA CLIENT ANALYTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vasant Naik</td>
<td>Peter Matheos</td>
<td>Riccardo Rebonato</td>
<td>Rama Nambimadom</td>
<td>Stefano Risa</td>
<td>Lutz Schlogel</td>
<td>Jim Xue</td>
<td>Sebastien Page</td>
<td>Soraya Kazziha</td>
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<tr>
<td>Mukand Devrajan</td>
<td>Masoud Sharif</td>
<td>Myck Schwetz</td>
<td>Steve Schulist</td>
<td>Limin Zhang</td>
<td>Ran Duan</td>
<td>Liqing Xu</td>
<td>Ahmed Kocagil</td>
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<tr>
<td>Jeremy Rosten</td>
<td>Rick Zhang</td>
<td>Wendong Qu</td>
<td>Shisheng Qu</td>
<td>Nicholas De Swardt</td>
<td>Fei He</td>
<td>Xindong Wang</td>
<td>Niels Pedersen</td>
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<tr>
<td>Andrew Nobilski</td>
<td>Mahmoud Hajo</td>
<td>Chelsea Wang</td>
<td>Vadim Yasnov</td>
<td>Arnaud Benahmed</td>
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<td>Mathieu Cator</td>
<td>Steve Sapra</td>
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<td>Georgi Vassilev</td>
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<td>Manny Hunjan</td>
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<td>Helen Guo</td>
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<td>Vlad Putatin</td>
<td>Giuliano De Rossi</td>
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<td>Alan Lue</td>
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<td>Antonios Sangvinalos</td>
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<td>Yuesong Li</td>
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<td>Frank Laue</td>
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<td>Surinder Singh</td>
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<td>David Pottinton</td>
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<td>Amit Sharma</td>
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<td>Haibin Zhang</td>
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<td></td>
<td></td>
<td></td>
<td>Deepak Ramaswamy</td>
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</tr>
</tbody>
</table>

As of 31 March 2013
## Fund operational risk management

### Team led by John Haymes, Alternative Funds Chief Financial Officer

<table>
<thead>
<tr>
<th>VENDOR AND JV PARTNER OVERSIGHT</th>
<th>FUND REPORTING AND EXPENSES</th>
<th>INVESTMENT VALUATION</th>
<th>TAX STRUCTURING AND COMPLIANCE</th>
<th>FINANCING AND LIQUIDITY MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assist with due diligence at underwriting as well as ongoing financial and operational monitoring</td>
<td>Oversee financial statement audit and financial reporting processes</td>
<td>Ensure consistent application of pricing policy</td>
<td>Oversee fund and investment tax structuring</td>
<td>Manage fund liquidity including LP capital calls and distributions</td>
</tr>
<tr>
<td>Cash management</td>
<td>Assist with quarterly investor reporting</td>
<td>Review assumptions used in pricing illiquid investments</td>
<td>Review tax calculations and allocations as well as K-1s and other investor and statutory reporting</td>
<td>Lead or assist with negotiation and documentation of all fund financing arrangements /borrowings</td>
</tr>
<tr>
<td>Ensure compliance with legal agreements alongside legal team</td>
<td>Review and recalculate all investor fees including carried interest</td>
<td>Conduct fund, LP and asset return review</td>
<td>Monitor debt covenants and compliance with LPA guidelines</td>
<td></td>
</tr>
</tbody>
</table>
Offering details
### Summary of key terms

#### Summary terms

<table>
<thead>
<tr>
<th>Minimum investment</th>
<th>$5 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>Delaware master fund and U.S./non-U.S. feeder funds</td>
</tr>
<tr>
<td>Term</td>
<td>Five-year term, with two possible 1.5 year extensions</td>
</tr>
<tr>
<td></td>
<td>It is currently expected that the General Partner will elect to utilize both such extensions with respect to approximately 30% of the Fund’s investments</td>
</tr>
<tr>
<td>Primary Investment period</td>
<td>Three years from final closing date</td>
</tr>
<tr>
<td>Leverage</td>
<td>Direct borrowings expected not to exceed 2x, with a hard cap of 2.5x</td>
</tr>
<tr>
<td>Management and administrative fees</td>
<td>160 and 20 bps, respectively, on invested capital</td>
</tr>
<tr>
<td>Carried interest / preferred return hurdle</td>
<td>20% over 8%</td>
</tr>
</tbody>
</table>

#### Service providers

<table>
<thead>
<tr>
<th>Custodian and administrator</th>
<th>Brown Brothers Harriman &amp; Co.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal counsel</td>
<td>Ropes and Gray LLP (U.S.); Walkers (Cayman Islands)</td>
</tr>
<tr>
<td>Auditor</td>
<td>PricewaterhouseCoopers LLP</td>
</tr>
</tbody>
</table>

#### Investor reporting

| Quarterly                      | Investor conference call |
|                               | Detailed investor report (portfolio construction and positioning, market commentary) |
|                               | Capital account statement |
| Annual                        | Annual audited financials |
|                               | K-1 for onshore investors |
|                               | Tax estimates for onshore investors |

This information is summary in nature and is no way complete, and these terms may change materially at any time. If you express an interest in investing in the Fund, you will be provided with an offering memorandum, limited partnership agreement, subscription agreement, and other Fund Documents ("Fund Documents"), which shall govern in the event of any conflict with the general terms listed in this material. You must rely only on the information contained in the Fund Documents in making any decision to invest. Refer to Appendix for additional risk and target return information.
# BRAVO II’s investor friendliness scorecard

## ALIGNMENT OF INTEREST
- Senior BRAVO portfolio management team members have made significant personal investments in the strategy
- Total employee commitments: $39 million
- Carried interest paid based upon life of fund contributions and distributions only (not deal by deal carried interest) and thus not paid until the limited partners have received a full return of all capital called and preferred return
- GP clawback provisions in place, but highly unlikely to be needed due to life of fund carried interest structure
- Management fees collected on invested capital, not on committed capital
- No investment acquisition or disposition fees
- No asset level management fees paid to PIMCO
- PIMCO will be responsible for all investment manager expenses

## TRANSPARENCY
- Detailed investment reporting provided on a quarterly basis
- Audited annual financials
- Administrator is the official valuation agent (PIMCO reconciles quarterly)
- PIMCO’s firm-wide pricing policy is utilized for all opportunistic funds
- Fair value methods approved by Pricing Committee. Pricing reviewed monthly

## RISK MANAGEMENT
- Extensive risk management oversight by PIMCO chief risk officer and team
- Multiple stress tests / scenario outputs
- Establish and maintain liquidity targets (percent of market value) intended to meet margin calls
- Extensive counterparty risk management overseen by the PIMCO Counterparty Risk Committee
- Collateral maintenance threshold is $250,000 per account, with netting arrangements
- Minimum BBB/Baa2 rating for all counterparties, with counterparties rated below A-/A3 subject to posting of initial margin/collateral and approval by Counterparty Risk Committee

As of 31 March 2013
Refer to Appendix for additional risk information.
BRAVO investment examples

The investments in this section are presented for illustrative purposes only, as a general example of the type of investments that may be acquired by BRAVO II as well as PIMCO’s unique capabilities in sourcing, modeling and managing such investments. BRAVO II does not own any of these investments, and may invest significantly in asset types not referred to in these examples. There can be no guarantee that BRAVO II will have access to comparable investments, or that PIMCO will utilize similar strategies or techniques in connection with BRAVO II investments. In addition, the investments referred to in this section may be unrealized or partially realized, and actual returns may vary significantly; there can be no assurance that PIMCO’s projections or forecasts for such investments will prove accurate. Descriptions of transactions and capital structures provided herein have been simplified for illustrative purposes.

This information should not be considered as investment advice or a recommendation of any particular investment, strategy or investment product, or as an indication that any particular strategy or investment product (including BRAVO II) will invest in these or similar instruments. The information presented herein is as of a specific date, may have changed since such time and is subject to future change. Such information should not be considered as an indication of the actual or potential returns of any particular strategy or investment product (or their respective investments). See the Appendix hereto, including the heading “Sample Investments,” for additional information.
Small balance CMBS investment: Focus on less crowded spaces that combine PIMCO expertise in asset and structure

Investment description
- $100 million small balance loan CMBS across two separate deals at an average price of 59% of par
- Estimated unlevered 20% IRR and 1.7x multiple; WAL of 3.5 years
- Estimated levered 48% IRR and 3.5x multiple
- Collateralized by 58 loans across the U.S. with an average balance of $2.4 million
- Paydowns and losses have simplified the capital structure. The senior tranches are now the controlling classes.
- Approximately 75% of the loans are current, making these deals sub-performing loan pools at non-performing loan pool (NPL) prices

PIMCO’s edge
- Exclusive sourcing opportunity from the “bad bank” of a large financial institution
- Less “crowded” area of the market given that pricing requires expertise in both structured finance and CRE investing
- BRAVO believes the investment traded 10–15% discount to NPL pool equivalents due to limited competition
- Negotiated favorable financing terms from the seller

Performance update
- Utilized PIMCO’s relationships with other bondholders to surpass the 50% minimum needed to establish a control position. BRAVO now has approval rights over every loan workout.
- Performance in line with expectations; received approximately 38% of the original invested amount since the initial purchase in November 2011

As of 31 March 2013
SOURCE: PIMCO
IRRs and multiples are shown net of deal related expenses and gross of fund expenses

Note: Investment owned by BRAVO I; BRAVO II does not own such an investment
See the Appendix hereto, including the heading “Sample Investments,” for additional information.
U.K. CRE loan portfolio investment: Attain a control position by acquiring the entire CMBS structure

Investment overview
- £750 million CMBS from a European central bank seeking to exit a legacy position, acquired as a result of a bankruptcy of a major global financial institution
- Estimated unlevered IRR of 13% with a 1.5x multiple; WAL of 3.5 years
- Estimated levered IRR of 25% with a 2.3x multiple
- Notes backed by a diversified portfolio of 513 U.K. small balance commercial loans (988 properties)
- Average loan balance of £1.5 million with the largest exposure equal to 4.4% of pool

PIMCO’s edge
- Less “crowded” area of the market given that pricing requires expertise in both structured finance and CRE investing
- Attained attractive pricing relative to NPL portfolios that are often impacted by adverse selection by seller
- Ability to gain control by acquiring the entire CMBS structure improved the return profile

Performance update
- Established a control position in the investment when transaction closed in March 2012
- Developed a strong working relationship with the servicer to:
  - improve servicing practices and enhance available workout options
  - improve transparency on underlying collateral
  - leverage trust structure to create liquidity for individual tranches
- Performance is ahead of expectations with approximately 24.5% of invested capital received to date

As of 31 March 2013
SOURCE: PIMCO
IRRs and multiples are shown net of deal related expenses and gross of fund expenses
Note: Investment owned by BRAVO I; BRAVO II does not own such an investment
See the Appendix hereto, including the heading “Sample Investments,” for additional information.
CRE loan investment: Capitalize on PIMCO sourcing and execution capabilities to access off-market opportunities

Investment overview

- $99 million, off-market acquisition of a performing CRE loan from a financial institution
- Estimated unlevered 13.4% IRR and 1.3x multiple
- Projected hold period of 2.12 years
- $113 million UPB loan collateralized by a full service hotel property
- Borrower is a well capitalized and highly respected hotel investor
- Borrower recently invested $50 million of equity to acquire the hotel and is investing an additional $53 million on renovations
- Acquired the loan at 88% of UPB and 35% of appraised collateral value

PIMCO’s edge

- Sourced the investment through relationship with the seller, who needed to monetize the loan to address near-term liquidity needs
- Combination of PIMCO expertise and relationship with the seller enabled BRAVO to complete acquisition quickly

Performance update

- The renovation was completed on time and on budget with $50 million of additional sponsor equity invested in the asset
- All components of the hotel have re-opened for business subsequent to the renovation
- Local lodging market is performing well with average revenue per available room up 16.7% YTD

As of 31 March 2013
SOURCE: PIMCO
IRRs and multiple are shown net of deal related expenses and gross of fund expenses
See the Appendix hereto, including the heading “Sample Investments,” for additional information

Note: Investment owned by BRAVO I; BRAVO II does not own such an investment
The above investment example reflects the general profile of a specific BRAVO investment, but does not reflect actual figures with respect to such investment
Re-securitizations: Industry expertise necessary to analyze complex assets

**Investment description**
- Employed PIMCO’s restructuring technology to customize re-pack structure for a $30.3 million legacy RMBS in November 2011
- Sold newly created senior tranche and retained higher yielding junior tranche which has significant upside in a housing recovery scenario

**PIMCO’s edge**
- PIMCO’s trading expertise and advanced modeling capabilities allowed for quick identification and execution of trades
- PIMCO has experience restructuring nearly 150 securitizations
- Active re-REMIC market participant, with over 400 re-REMICs held firmwide with a current face value of over $7.2 billion

**Re-REMIC market update**
- Negative net supply in the underlying non-agency market coupled with improved performance has supported prices
- Current yields for junior tranches of re-REMICs have tightened from prior unlevered yields of 8–10% to current unlevered yields of 5–10%
- Entry points remain critical (particularly as underlying cash bonds tighten), narrowing the potential gap between the re-REMIC and other similar positions

As of 31 March 2013
SOURCE: PIMCO
IRRs and yields are shown net of deal related expenses and gross of fund expenses
See the Appendix hereto, including the heading “Sample Investments,” for additional information.
Representation and warranty investment: Combines expertise in mortgage credit, corporate credit and legal to identify value

Investment description
- $15 million mezzanine U.S. RMBS backed by subprime loans originated in 2005
- Estimated unlevered 9.2% IRR and 1.9x multiple, with a WAL of 5.5 years
- Additional upside exposure from Bank of America’s $8.5 billion settlement with non-agency investors on various Countrywide trusts

PIMCO’s edge
- PIMCO’s loan servicing expertise integral to identifying breaches of representations and warranties on behalf of investors
- Collaborative portfolio management effort that incorporated corporate credit insight on the ability of parent company to cover all legal liabilities

Performance update
- 600 basis points of spread compression from announcement of initial settlement
- PIMCO believes further potential spread tightening is likely given uncertainty surrounding the timing and distribution of any recovery

As of 31 March 2013
SOURCE: PIMCO
Settlement process is ongoing and has not received final court approval; the amount and timing of any recovery is uncertain.
IRRs and multiples are shown net of deal related expenses and gross of fund expenses.
See the Appendix hereto, including the heading “Sample Investments,” for additional information.
Residential non-performing loan investment: Extract value through operational control and proprietary Geo index

Investment description
- $86.3 million (UPB) portfolio of 287 non-performing residential whole loans from a large bank seller in April 2011
- Estimated unlevered 18.4% IRR and 1.1–1.3x multiple
- Estimated weighted average disposition time equal to 20.4 months
- Average UPB and BPO of $300,000 and $210,000, respectively
- Geographic exposure: 23% Florida, 20% New York, 18% California (percent of UPB, top 3 states)
- Average days since last payment was approximately 480, consistent with pools from large bank sellers

PIMCO’s edge
- PIMCO uses a servicing model with the following potential advantages:
  - Provides maximum control of loan outcomes through direct oversight
  - Minimizes number of loans per employee
  - Minimizes time to resolution, thus reducing costs
- Utilizes PIMCO’s proprietary geo-score model to identify potential risks and opportunities during the bidding process and active management as highlighted in the accompanying loan examples
- Modeling, pricing and loan resolutions incorporate real-time data feeds and continuous interaction with the asset managers

Performance update
- Approximately 72% of the pool liquidated and 90% of invested proceeds recovered
- 15% of remaining loans are current, cash-flowing assets
- Average severity has been in the 45–55% range relative to UPB (20–30% range relative to BPO) versus the high 70% area for ABX indices

As of 31 March 2013
SOURCE: PIMCO
IRR and multiples are shown net of deal related expenses and gross of fund expenses
Note: Investment owned by BRAVO I; BRAVO II does not own such an investment
See the Appendix hereto, including the heading “Sample Investments,” for additional information.
PIMCO’s proprietary Geo Score model

PIMCO’s housing toolkit
- Granular Geo Score framework capturing local economics, demographics and trends
  - Zip codes with high Geo Scores have above average economic fundamentals than most of U.S.
- Zip-level home price forecasts and sensitivities
- Suite of proprietary loan-level mortgage prepay and default models
- Consistent NPL decision-making and servicing framework

Data sources
- Loan level databases covering over 35 million mortgage loans
- Census tract level demographic and economic indicators
- Zip-level house price indices
- Zip-level data including distressed sales and home-equity trends
- Local insights from NPL servicing
- Updated consumer credit data
- Complementary data (i.e., land use regulation, property tax rates, etc.)

As of 3 April 2013
Uses most recent available economic data from 31 December 2012
PIMCO uses significant amounts of data to evaluate mortgage loans

**Mortgage**
- $196k loan originated in 2006
- Appraised $245k (80LTV)
- First delinquency 2008, foreclosed 2012

**Property**
- 3 bed, 3 bath; 1330 sq. ft.
- Assessed 2012 at $98.6k
- For sale: $139k (-43% from 2006)

**Borrower**
- Three loans over $1 million total
- FICO down from 708 to 575
- Multiple delinquencies on other debt

**Housing prices:**

**Geo score:** 10.2

**Servicing**

**Model curves**

Investments are analyzed across all relevant dimensions

As of 31 March 2013  
SOURCE: PIMCO, Loan Performance, CoreLogic  
Note: This is not a position currently in BRAVO II
Investment process
Combine asset-level expertise with PIMCO Investment Committee guidance on macroeconomic risk

## MACRO RISKS MATTER NOW MORE THAN EVER

BRAVO transactions are evaluated within the context of PIMCO’s investment committee views

<table>
<thead>
<tr>
<th>Pricing and structuring</th>
<th>Active management</th>
<th>Exit strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Assess impact of active management</td>
<td>• Oversee all aspects of management</td>
<td>• Package loans or assemble asset pools for resale to investors</td>
</tr>
<tr>
<td>• Identify key investment merits, risks and mitigants</td>
<td>• Aim to quickly secure cash flows post acquisition</td>
<td>• Securitize or refinance assets or investment portfolios</td>
</tr>
<tr>
<td>• Review and finalize covenants/documentation</td>
<td>• Execute business plan for loan resolution</td>
<td>• Sell assets outright</td>
</tr>
<tr>
<td>• Select vendors</td>
<td>• Reposition CRE assets through renovation, redevelopment, re-tenanting, or change-in-use</td>
<td>• Natural amortization</td>
</tr>
</tbody>
</table>

Note: The above is presented for illustrative purposes only, and BRAVO II may employ analyses, techniques and strategies other than those referred to above. Please refer to the PPM for additional information. Refer to appendix for additional investment strategy and risk information.
Significant resources devoted to sourcing and valuing assets

- PIMCO has significant relationships with the top financial institutions and central banks globally
- Advisory relationships with many of the world’s largest institutions
- Ability to offer a comprehensive solution to sellers across the capital structure

- Experienced global credit portfolio management team of 100 members
- Portfolio management in California, New York, London and Munich

- PIMCO is well connected in policy-making circles and understands the global regulatory environment
- Public policy experts in the U.S. housing market
- Senior PMs with significant European policy experience and relationships
Asset level underwriting and approval process

1. Initial review
   - Asset level and deal structure underwriting
   - Market analysis of local real estate conditions, trends and transactions
   - Relative value comparison (asset type, location, place in the capital structure, risks, liquidity)
   - Review for any potential legal/regulatory issues

2. Detailed analysis
   - Site visit
   - Stress underwriting assumptions
   - Evaluate/negotiate structure and terms
   - Sponsor research
   - Scenario and options analysis

3. Final review
   - Third-party reports and appraisals
   - Refine underwriting assumptions
   - Documentation
   - Final legal review

BRAVO Investment Committee “BIC”

Members from multiple disciplines provide cross-sector perspectives and relative value input

Initial pipeline relative value and pricing

Preliminary BIC approval to pursue

Final BIC approval

Note: The above is presented for illustrative purposes only. There can be no assurance that all such measures will be employed for each investment, and PIMCO may also employ measures not referred to above.
BRAVO’s loan servicing model

Loan servicing and loan investment IRRs are in natural conflict

- Servicing is a scale business. Profits come from loan volume and loan retention.

- Loan investing often requires the polar opposite. Profits come from continuous borrower contact (high staffing) and total flexibility to resolve loans.

- BRAVO uses close partnerships with specialized servicers. This provides ample control through the alignment of incentives via performance-based compensation.

- Team of 60 additional servicing experts dedicated to the oversight of residential loan activity, with a staffing ratio of approximately 50 accounts per servicing expert. BRAVO retains the flexibility to increase or decrease staffing with specialized servicers based on need.

- GPs often earn significant additional fees by owning the servicer outside the fund. Investors in loan strategies should carefully review fund documents to understand costs of GP-owned servicers.
BRAVO II investment process: Focus on the risks

- Extract increased value from holdings through efficient execution, restructuring or securitization
- Constantly monitor market conditions to identify opportune exit points
- Compare risk pricing across geographies, asset classes and capital structures
- Analyze embedded optionality using sophisticated quantitative modeling
- Evaluate macroeconomic and geopolitical risks
- Scour legal documents to identify potential liability issues
- Rigorous stress testing across a variety of economic scenarios
- Pricing of embedded options
- Sizing of downside risks
- Exit options
- Comparison of risk across markets

Identify most efficient means of exposure

INVESTMENT RISKS

Note: The above is presented for illustrative purposes only. There can be no assurance that all such measures will be employed for each investment, and PIMCO may also employ measures not referred to above. Refer to appendix for additional risk information.
# Intense focus on portfolio risk management

PIMCO risk management team led by Bill De Leon, global head of portfolio risk management

<table>
<thead>
<tr>
<th>Fund</th>
<th>Concentration</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with PIMCO IC and BRAVO PMs to set risk targets and monitor overall fund risk</td>
<td>Monitor asset and sector concentrations</td>
<td>Oversee operational controls and settlement functions</td>
</tr>
<tr>
<td>Stress test fund</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Liquidity</th>
<th>Regulatory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regularly review trading counterparties and monitor indirect exposure daily</td>
<td>Monitor fund liquidity needs based on forward settlement and derivative positions</td>
<td>Closely monitor economic, political and idiosyncratic developments</td>
</tr>
<tr>
<td>Manage collateral</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proprietary analytics team</th>
<th>Financial engineering and technology teams</th>
<th>Alternatives product management and operations teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>30+ proprietary systems to measure and monitor risk factors across markets and security types</td>
<td>Focused on continual development of risk management systems</td>
<td>Teams dedicated to the daily monitoring of fund objectives and guidelines</td>
</tr>
</tbody>
</table>

PIMCO risk management team manages the following key risks: Fund, Counterparty, Concentration, Liquidity, Operational, Regulatory, Proprietary analytics team, Financial engineering and technology teams, Alternatives product management and operations teams. Additional resources to ensure risks are properly monitored.
Additional information
Fundamentals of the analysis

<table>
<thead>
<tr>
<th>CREDIT QUALITY</th>
<th>REAL ESTATE</th>
<th>WHOLE LOANS</th>
<th>CAPITAL STRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Residential</td>
<td></td>
<td>Senior</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mezzanine</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Equity</td>
</tr>
<tr>
<td>Residential</td>
<td>Homeowner</td>
<td>Home prices</td>
<td>Residual, MSR,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>loan status</td>
</tr>
<tr>
<td>Commercial</td>
<td>Tenant</td>
<td>Property type/market</td>
<td>Special servicer, loan status</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Residual, MSR,</td>
</tr>
<tr>
<td></td>
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<td>Residual, MSR,</td>
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<td></td>
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<td>loan status</td>
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</table>
Over €600 billion in capital shortfalls remain - banks must deleverage

- Despite balance sheet improvements, banks still face a capital shortfall of over €600 billion if full Basel III requirements were currently in place.
- Banks are still in the early stages of raising capital for Basel III, with the pace of asset sales likely to increase.
- Over $20 billion in bank assets were sold during the first quarter of 2013.
- Banks in Ireland, Germany, Netherlands and the UK remain the most active sellers.

**CORE TIER 1 CAPITAL RATIOS**

<table>
<thead>
<tr>
<th>Basel III requirements</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Fully phased-in³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum CET1 plus capital conservation buffer</td>
<td>3.5%</td>
<td>4.0%</td>
<td>4.5%</td>
<td>5.1%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Minimum Tier 1 capital</td>
<td>4.5%</td>
<td>5.5%</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Global systemically important bank surcharge</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>Begin phase-in</td>
<td>1.0% to 2.5%⁴</td>
</tr>
</tbody>
</table>

As of: 30 June 2012

**SOURCE:** BIS

¹Includes 101 internationally active banks with Tier 1 capital in excess of €3 billion; assumes full implementation of the Basel III requirements, including changes to the definition of capital and risk-weighted assets, and ignoring phase-in arrangements.

²Common Equity Tier 1

³Full phase-in occurs 1 January 2019

⁴Varies depending on bank – levels determined by the Financial Stability Board.
Basel III is only one regulation that European banks are implementing

<table>
<thead>
<tr>
<th>IMPLEMENTATION TIMELINE</th>
<th>2013</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>Capital ratios: Phase-in through 2014, conservation buffer must be fully implemented by 2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital deductions: Phase-in through 2018 (increased scrutiny of deductions from Common Equity Tier 1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liquidity coverage ratio: Beginning in 2015</td>
<td></td>
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<tr>
<td></td>
<td>Net stable funding ratio: Beginning in 2018</td>
<td></td>
</tr>
<tr>
<td>SIFI&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Additional capital requirements: Phase-in through 2018</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>Increased regulation on complex EU-packaged retail investment products:</td>
<td></td>
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<tr>
<td></td>
<td>MiFID&lt;sup&gt;2&lt;/sup&gt; II: Expected to become law by 2014; implementation two years thereafter</td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td>SEPA&lt;sup&gt;3&lt;/sup&gt;: National designation schemes to be abolished by 2014</td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Basel Committee on Banking Supervision, current regulatory discussions

<sup>1</sup>Systemically important financial institutions  
<sup>2</sup>Markets in Financial Instruments Directive  
<sup>3</sup>Single Euro Payments Area
Based on past deleveraging cycles, European banks still have a long way to go

**ASSETS LIKELY TO BE SOLD:**

**Legacy assets**
- CMBS / RMBS / ABS
- Structured products
- Distressed corporate bonds

**Whole loans / financing, particularly in the periphery**
- Commercial real estate
- Residential real estate (esp. Spain)
- Consumer loans

**Non-core assets and lines of business**
- Sub-scale foreign subsidiaries
- Dollar-funded assets
- Mortgage servicing rights
- Private equity
- Insurance

**Bank capital**
- Tier 1 / Tier 2 capital instruments
- Contingent convertibles (private CoCos)

As of 31 March 2013
SOURCE: PIMCO, BIS, Morgan Stanley, CEIC, SNL Financial FDIC
Peak = highest loan to deposit ratio month
By contrast, strong capital positions at U.S. banks allow for continued balance sheet repair

- Currently, U.S. banks are healthy enough to absorb losses on asset sales
- Non-performing residential loans are still a significant problem
  - Banks remain understaffed and often lack the operational skill to work out defaulted loans
  - Sources of supply are the biggest banks and servicers: Bank of America, JPMorgan Chase, Citigroup, Wells Fargo, HUD and the GSEs
  - $350 to $500 billion in potential NPL sales
- Commercial real estate is a close second
  - Lending remains extremely tight
  - Funding gaps estimated at $500 billion to $1 trillion across the U.S. and Europe

As of 31 December 2012
SOURCE: FDIC, PIMCO
Represents Commercial Banks, Assets over $10 billion
Refer to Appendix for additional outlook information.
BRAVO Investment Committee biographies
BRAVO Investment Committee biographies

**Dan Ivascyn**  
Mr. Ivascyn is a managing director in the Newport Beach office. He is the head of the mortgage credit portfolio management team and a lead portfolio manager for PIMCO’s credit hedge fund and mortgage opportunistic strategies. Mr. Ivascyn is a member of PIMCO’s Executive Committee and has also periodically served as a member of the Investment Committee. Prior to joining PIMCO in 1998, he worked at Bear Stearns in the asset-backed securities group, as well as T. Rowe Price and Fidelity Investments. He has 20 years of investment experience and holds an MBA in analytic finance from the University of Chicago Graduate School of Business and a bachelor’s degree in economics from Occidental College.

**Joshua Anderson, CFA**  
Mr. Anderson is a managing director and portfolio manager in the Newport Beach office, focusing on global structured credit investments. Prior to joining PIMCO in 2003, he was an analyst at Merrill Lynch covering both the residential ABS and collateralized debt obligation sectors and was ranked as one of the top analysts by Institutional Investor magazine. He was previously a portfolio manager at Merrill Lynch Investment Managers. He has 18 years of investment experience and holds an MBA from the State University of New York, Buffalo.

**Alfred Murata**  
Mr. Murata is a managing director and portfolio manager in the Newport Beach office on the mortgage credit team. Prior to joining PIMCO in 2001, he researched and implemented exotic equity and interest rate derivatives at Nikko Financial Technologies. He has 13 years of investment experience and holds a Ph.D. in engineering-economic systems and operations research from Stanford University. He also earned a J.D. from Stanford Law School and is a member of the State Bar of California.

**Christian Stracke**  
Mr. Stracke is a managing director in the Newport Beach office, a member of PIMCO’s Investment Committee, and global head of the credit research group. The group covers all levels of the debt capital structure for targeted industries, including investment grade and high yield bonds, bank debt and convertibles. Prior to joining PIMCO in 2008, he was a senior credit strategist at CreditSights and also held positions as head of Latin America fixed income strategy with Commerzbank Securities and head of Latin America local markets strategy with Deutsche Bank. He has 14 years of investment experience and holds an undergraduate degree from the University of Chicago.

**Devin Chen**  
Mr. Chen is an executive vice president in the Newport Beach office and a portfolio manager focusing on commercial real estate investments. Prior to joining PIMCO in 2010, he was with private equity real estate firm JER Partners for 11 years, most recently as managing director and a member of the firm’s investment committee. Mr. Chen previously held positions in the investment banking division of Banc of America Securities and the sales and trading division of Morgan Stanley. He has 15 years of investment experience and holds a bachelor’s degree in economics from Georgetown University.

**Laurent Luccioni**  
Mr. Luccioni is an executive vice president in the London office and a portfolio manager heading commercial real estate investments in Europe. Prior to joining PIMCO in 2013, he was the European CEO for MGPA, the Macquarie-backed private equity real estate investment advisory company, where he was responsible for 88 people and a €2.5 billion real estate portfolio. Prior to MGPA, Mr. Luccioni worked with Cherokee Investment Partners in London. He has 15 years of experience in commercial real estate in both U.S. and Europe, and holds an MBA from Kellogg School of Management at Northwestern University and a Ph.D. in Civil and Environmental Engineering from the University of California, Berkeley.

**John Murray**  
Mr. Murray is an executive vice president in the Newport Beach office and a portfolio manager focusing on commercial real estate investments. Prior to joining PIMCO in 2009, he structured real estate transactions throughout the U.S. at JER Partners. Prior to JER Partners, Mr. Murray was in commercial real estate development and construction and also served for three years as a combat engineer officer with the U.S. Army. He has 13 years of commercial real estate experience and holds an MBA from the Wharton School of the University of Pennsylvania. He also holds a master’s degree in civil engineering from MIT and a bachelor’s degree from Lehigh University.

**Kent Smith**  
Mr. Smith is an executive vice president and portfolio manager in the Newport Beach office on the mortgage credit team. He is responsible for residential loan investments and focuses on origination and servicing risk, as well as distressed mortgage opportunities. Prior to joining PIMCO in 2008, he was the head of capital markets for First Horizon Home Loans’ and National Bank of Kansas City’s non-prime mortgage originations. Previously, Mr. Smith spent 10 years with Fannie Mae and Freddie Mac as a director in credit portfolio management and credit portfolio acquisitions. He has 25 years of investment experience and holds an undergraduate degree from Kansas State University.

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As of 22 April 2013

PIMCO
Your Global Investment Authority
BRAVO Investment Committee biographies

Harin de Silva
Mr. de Silva is an executive vice president in PIMCO’s Portfolio Management Group focusing on special situations investments. He is based in New York. Prior to joining PIMCO in 2009, he was a managing director at Merrill Lynch and focused on structured credit. Mr. de Silva previously worked at Credit Suisse First Boston and Prudential Securities, focusing on structured finance, CDOs and credit derivatives. He began his career in the actuarial department at Royal Sun Alliance. He has 17 years of investment experience and holds an MBA in analytical finance from the University of Chicago and a bachelor’s degree in applied mathematics from Davidson College in North Carolina.

Marco van Akkeren
Mr. van Akkeren is an executive vice president in the Newport Beach office and a portfolio manager focusing on mortgage and real estate related assets. Prior to joining PIMCO in 2008, he worked in mortgage strategies at Goldman Sachs and at Morgan Stanley in New York. He has 13 years of investment experience and holds a Ph.D. in economics from the University of California, Berkeley, where he earned a master’s degree in statistics and an undergraduate degree.

Richard LeBrun
Mr. LeBrun is an executive vice president and attorney in the legal and compliance department in the Newport Beach office. Prior to joining PIMCO in 2005, he was an associate with Ropes & Gray, focusing on investment management and private equity-related matters. He has 13 years of legal experience and holds a J.D. from the University of Michigan Law School. He received an undergraduate degree from Northwood University. He was admitted to the bar in Massachusetts and New York.

As of 20 March 2013
Past performance is not a guarantee or a reliable indicator of future results. The Fund’s fees and expenses are discussed within its Documents (defined below).

Any investment decision must be based only on the Fund’s private placement memorandum, limited partnership agreement, and other definitive legal documents (the “Documents”) which shall govern in the event of any conflict with the information contained herein. **You must rely only on the information in the Documents in making any decision to invest.**

The information contained herein is being furnished to you solely for the purpose of giving you a preliminary indication of the strategy and structure of the Fund and is not to be used for any other purpose or made available to anyone not directly concerned with your evaluation of the possibility of requesting further information regarding an investment in the Fund. The summary of the structure and other information for the Fund mentioned in the presentation are not and do not purport to be complete, and are qualified by and will be subject to the Documents (defined below). If the Fund is launched and you express an interest in investing in the Fund, an offer may be made and, if so, you will be provided with the Documents. This summary is for informational purposes only, and does not constitute an offer to sell, or a solicitation of an offer to buy, interests in the Fund or to participate in any trading strategy. In the event that an offer were to be made, any such offer would be made only after a prospective purchaser has had the opportunity to conduct its own independent evaluation of the Fund and has received all information required to make its own investment decision, including a copy of the Documents, which will contain material information not included herein and to which prospective purchasers are referred. This summary is intended solely to determine the level of interest, if any, in the Fund. No person has been authorized to give any information or to make any representation with respect to the Fund other than those contained in this summary and, if given or made, such information or representations must not be relied upon as having been authorized. Each prospective investor should consult its own counsel, accountant, or tax or business adviser as to legal, accounting, regulatory, tax and related matters, as well as economic risks and merits, concerning the possibility of making an investment in the Fund.

**TARGET RETURN**
The Target Return is not a guarantee, projection or prediction of future results of the Fund. There can be no assurance that the Fund will achieve the Target Return or any particular level of return; an investor may lose all of its money by investing in the Fund. Actual results may vary significantly from the target returns.

There can be no assurance that the Target Return will be achieved. In considering the Target Return prospective investors should bear in mind that such targeted performance is not a guarantee, projection or prediction and is not indicative of future results of the Fund. Actual gross returns in any given year may be lower than the Target Return. Even if the Target Return is met, actual returns to investors will be lower due to expenses, taxes, structuring considerations and other factors. In addition, the Target Return may be adjusted without notice to investors in light of available investment opportunities and/or changing market conditions. PIMCO believes that the Target Return for the Fund is reasonable based on a combination of factors, including the Fund’s investment team’s general experience, the availability of leverage and financing at expected costs and other terms and assessment of prevailing market conditions and investment opportunities. There are, however, numerous assumptions that factor into the Target Return that may not be consistent with future market conditions and that may significantly affect actual investment results. Such assumptions include (i) the ability to source and acquire attractively priced assets from global financial institutions; (ii) the expected response of specific investments to market conditions; (iii) the availability of leverage for certain investments at expected terms; and (iv) PIMCO’s outlook for certain global and local economies and markets as it relates to potential changes to the regulatory environment, interest rates, growth expectations, residential and commercial housing fundamentals and the health of the consumer. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating the Target Return have been stated or fully considered. Prospective investors reviewing the Target Return contained herein must make their own determination as to the reasonableness of the assumptions and the reliability of the Target Return. Actual results and events may differ significantly from the assumptions and estimates on which the Target Return is based.

The Target Return stated above is intended to illustrate the return profile of certain investments the Investment Manager will seek for the Fund. The Fund may make investments for which the expected return is higher or lower than the Target Return, and actual returns from an investment in the Fund over any given time horizon may vary significantly from the Target Return.
ADDITIONAL NOTES ON RELATED FUND PERFORMANCE (page four of presentation)

(1) All funds presented (other than DiSCO II and Tac Opps) are private equity-style investment funds. DiSCO II and Tac Opps are hybrid funds, the performance of which is presented given the similarities in their investment strategies with that of the Fund (and, in the case of DiSCO II because it represents a continuation of the investment strategy of DiSCO).

(2) Assumes that BRAVO is liquidated as of 31 March 2013 and that DiSCO II and Tac Opps are each liquidated as of 31 May 2013 (such dates are the “Reference Dates”. IRRs for DMF, DMF II, DiSCO and TALF are final, as DMF concluded operations on 16 November 2012 (a final de minimis distribution was made in April 2013), DMF II concluded operations on 29 April 2013 (an additional de minimis distribution is expected to be made at a later date), DiSCO concluded operations on 5 March 2012 (a final de minimis distribution was made in late October 2012) and TALF concluded operations on 7 June 2011. The returns for DMF and DMF II are subject to further changes as a result of the funds’ final audit and other factors. Additionally, the IRR for each fund has been calculated net of all fees (including management fees and administration fees), expenses (including any expenses associated with leverage) and unrealized carried interest and is shown since the date of the initial capital call of each fund (i.e., 14 January 2011 (BRAVO); 31 October 2007 (DMF); 20 November 2008 (DMF II); 30 June 2008 (DiSCO); 26 May 2009 (TALF); 7 October 2011 (DiSCO II; see also footnote 10 below regarding the IRR for DiSCO II); and 1 February 2013 (Tac Opps; see also footnote 13 below regarding the IRR for Tac Opps). In addition, the IRR calculation for each fund assumes (among other things) that capital contributions by investors that pre-funded their investments were disposed of on the applicable Reference Date. With respect to the performance returns for funds with unrealized investments, actual returns will vary from the estimates and the variations may be significant. Each of the funds listed above has one or more feeder funds that invest or invested all or substantially all of its assets in such fund. The performance of such feeder funds may differ from the performance listed in the chart above due to different fee and expense arrangements and/or tax consequences. (3) Represents the initial term of each of the private equity-style funds (without any extensions). The initial term of BRAVO may be extended for up to two years.

(4) Performance as of 31 March 2013. Investment period has not ended. As of 21 May 2013, BRAVO had called 95.8% of its committed capital.

(5) As BRAVO has not fully drawn down the capital commitments of its limited partners, the end date presented herein represents the end of its investment period (during which time capital commitments may be drawn down without restriction).

(6) DMF II has concluded operations and made a final distribution to limited partners on 29 April 2013 (an additional de minimis distribution is expected to be made at a future date).

(7) DMF has concluded operations and made a final distribution to limited partners on November 16, 2012 (a final de minimis distribution was made in April 2013).

(8) DiSCO has concluded operations and made a final liquidation distribution to its limited partners on 5 March 2012 (a final de minimis distribution was made in late October 2012).

(9) TALF has concluded operations and made a final liquidation distribution to its limited partners on 7 June 2011.

(10) Reflects returns to an investor that subscribed to DiSCO II on the initial closing date, 7 October 2011.

(11) Investors in DiSCO II pay the full amount of their subscription at the time of such subscription. The initial closing date of DiSCO II was 7 October 2011.

(12) Reflects net assets of DiSCO II as of 31 May 2013.

(13) Reflects returns to an investor that subscribed to Tac Opps on the initial closing date, 1 February 2013.

(14) Investors in Tac Opps pay the full amount of their subscription at the time of such subscription. The initial closing date of Tac Opps was 1 February 2013.

(15) Reflects net assets of Tac Opps as of 31 May 2013

CERTAIN RISKS

The Fund’s investments are expected to give rise to numerous risks. Investments in residential/commercial mortgage loans and consumer loans are subject to risks that include prepayment, delinquency, foreclosure, risks of loss, servicing risks and adverse regulatory developments, which risks may be heightened in the case of non-performing loans. The Fund will also have exposure to such risks through its investments in mortgage and asset-backed securities, which are highly complex instruments that may be sensitive to changes in interest rates and subject to early repayment risk. Structured products such as collateralized debt obligations are also highly complex instruments, typically involving a high degree of risk; use of these instruments may involve derivative instruments that could lose more than the principal amount invested. The Fund will also be subject to real estate-related risks, which include new regulatory or legislative developments, the attractiveness and location of properties, the financial condition of tenants, potential liability under environmental and other laws, as well as natural disasters and other factors beyond the Fund’s control. Equity investments may decline in value due to both real and perceived general market, economic and industry conditions, while debt investments are subject to credit, interest rate and other risks. Investing in banks and related entities is a highly complex field subject to extensive regulation, and investments in such entities or other operating companies may give rise to control person liability and other risks. In addition, there can be no assurance that PIMCO’s strategies with respect to any investment will be capable of implementation or, if implemented, will be successful. Investing in foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks. The current regulatory climate relating to the Fund and its investments is uncertain and rapidly evolving and future developments could adversely affect the Fund and/or its investments.
The foregoing is only a description of certain key risks relating to the Fund’s investments, and is not a complete enumeration of all risks to which the Fund will be subject. The Fund will be subject to numerous other risks not described herein. Prospective investors must carefully review the Documents (including, without limitation, the risk factors contained in the Fund’s private placement memorandum) prior to making any investment decision.

The Fund will not be subject to the same regulatory requirements as mutual funds. The Fund may be, and is expected to be, leveraged and may engage in speculative investment practices that may increase the risk of investment loss. The Fund’s performance could be volatile; an investor could lose all or a substantial amount of its investment.

The Fund’s manager will have broad trading authority over the Fund. The use of a single adviser applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. The Fund will not be restricted to tracking a particular benchmark. There is no secondary market for the Fund’s interests and none is expected to develop. There will be restrictions on transferring interests in the Fund and limited liquidity provisions. The Fund’s fees and expenses may offset its trading profits. The Fund will not be required to provide periodic pricing or valuation information to investors. The Fund will involve complex tax structures and there may be delays in distributing important tax information.

A purchase of Fund interests involves a high degree of risk that each prospective investor must carefully consider prior to making such an investment. Investors should thoroughly review the Documents for a more complete description of these risks. Investors MUST review the Documents including the risk factors described therein, prior to making a decision to invest in the Fund. All investments contain risk and may lose value. Prospective investors are advised that an investment in the Fund is suitable only for persons of adequate financial means who have no need for liquidity with respect to their investment and who can bear the economic risk, including the possible complete loss, of their investment.

CREDIT QUALITY
The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio.

HYPOTHETICAL EXAMPLE
No representation is being made that any investment, product, or strategy will or is likely to achieve profits, losses, or results similar to those shown. Hypothetical or simulated results have several inherent limitations. Unlike an actual results, simulated results do not represent actual performance and are generally prepared with the benefit of hindsight. There are frequently sharp differences between simulated results and the actual results subsequently achieved by any investment, product or strategy. In addition, since trades have not actually been executed, simulated results cannot account for the impact of certain market risks such as lack of liquidity. There are numerous other factors related to the markets in general or the implementation of any specific investment strategy, which cannot be fully accounted for in the preparation of simulated results and all of which can adversely affect actual results. Investors should bear in mind that the past or projected or estimated results of these investments is not necessarily indicative of future results, and that there can be no assurance that these returns will be achieved or that the Fund will achieve comparable results. In addition, an investor’s return on its Fund investment will be impacted by Fund fees and expenses (among other factors), and particular feeder funds or other investment vehicles may be subject to specific fees, expenses and/or other factors that may further impact investor returns.

INVESTMENT STRATEGY
There is no guarantee that the Fund’s investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate its ability to invest long-term, especially during periods of downturn in the market.

LEVERAGE
The use of leverage may cause a portfolio to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. Leverage, including borrowing, may cause a portfolio to be more volatile than if the portfolio had not been leveraged.

FORECASTS
Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. There is no guarantee that any forecasts or predicted results will be achieved or occur.

INDEX DESCRIPTIONS
PrimeX Index: Synthetic CDS index comprised of four sub-indices referencing a basket of 20 prime mortgage-backed securities each
CMBX Index: Synthetic tradeable index referencing a basket of 25 commercial mortgage-backed securities
Appendix

OUTLOOK
Statements concerning financial market trends are based on current market conditions, which will fluctuate. Outlook and strategies are subject to change without notice.

PORTFOLIO STRUCTURE
The portfolio structure presented is intended only as a general indication of the sectors in which the Fund may invest (as well as cashflows there from), and is subject to change at any time without notice and no guarantee is being made that the Fund’s actual portfolio will resemble the illustrative portfolio presented herein. Such information is highly speculative, and the Fund’s actual characteristics may differ materially. In particular, the timing and amounts of distributions from the Fund’s actual investments may differ materially from those presented in the model portfolio; the Fund may make investments other than those referred to in the model portfolio; and the Fund’s term may expire prior to the end date referred to in the model portfolio. Particular investments within a group may have materially different characteristics than those of the group as a whole (as presented in the model portfolio). In addition, the model portfolio represents cashflows to the Fund (net of Fund-level fees, expenses and carried interest), and should not be viewed as indicative of the amounts or timing of distributions to be received by limited partners of the Fund. Information relating to BRAVO I’s portfolio is presented for illustrative purposes only, and the Fund’s portfolio may differ materially.

SAMPLE INVESTMENTS
References to specific investments are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities. The sample investments referred to herein are owned by BRAVO I; the Fund does not own any of these investments. No representation is being made that such securities will continue to be held by BRAVO I. There can be no guarantee that BRAVO II will have access to comparable investments. In addition, the investments referred to herein may be unrealized or partially realized, and actual returns may vary significantly.

Certain information contained herein is based on or derived from information provided by independent third-party sources. The Fund cannot guarantee the accuracy of such investments, and has not independently verified the xx on which such information is based.

This material (including, without limitation, certain price and other information presented herein) reflects the current opinions of the manager, and such opinions are subject to change without notice. There can be no assurance that such opinions are or will remain accurate, or that other opinions or methodologies would not produce different results. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Certain information presented herein is as of a specified reference date, and may have changed significantly since such date.

None of the Fund, PIMCO or any of its affiliates shall have any duty to update any of the information presented herein.

This material contains the current opinions of the manager and such opinions are subject to change without notice.

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PIMCO provides services only to qualified institutions and investors. PIMCO Investments LLC ("PI"), a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, serves as the principal underwriter for the U.S. registered PIMCO Funds ("Funds") and placement agent for the PIMCO-sponsored private funds (the "Private Funds"). The Funds are distributed in Latin America and the Caribbean by certain of PI's non-U.S. sub-agents, certain of whom also serve as sub-placement agents to PI with respect to the Private Funds in those jurisdictions. Shares of the Funds and Private Funds may not be offered or sold in, or to citizens or residents of, any country, state or jurisdiction where it would be unlawful to offer, to solicit an offer for, or to sell such shares.

For qualified investor use only.
PIMCO BRAVO II Fund

Executive Summary

Recommendation:

Staff recommends that the State Investment Board commit $50 million of Pension Trust assets to the PIMCO BRAVO II Fund to be included in the Below Investment Grade Fixed Income asset class. It is recommended that the commitment will be funded by the Loomis Sayles high yield account. Additionally, Staff recommends a commitment of $50 million within the Insurance Trust Fixed Income asset class to be funded by the Western Core Plus account.

Rationale:

The PIMCO BRAVO (Bank Recapitalization and Value Opportunities) Fund was launched by PIMCO in early 2011 to capitalize on distressed residential and commercial credit opportunities created by the deleveraging of global financial institution balance sheets. As of June 30, 2013, the Fund’s since inception IRR, net of fees, expenses and unrealized carry was 30.1%.

Following a similar strategy to the BRAVO Fund, BRAVO II is now being launched to take advantage of non-economic sales of residential and commercial real estate-related assets from the financial sector in the U.S. and Europe. Over the coming years, PIMCO believes that financial institutions will continue to shed their nonperforming, noncore assets, most of which are residential or commercial real estate-related. In Europe, the process for repairing balance sheets through asset dispositions by banks is pacing well behind that experienced in the U.S. and future asset sales are needed to meet regulatory capital requirements. While some financial institutions in the U.S. have made progress in bolstering balance sheets, larger U.S. banks continue to be saddled with residential mortgage loans for which many institutions are not positioned to service for a long period of time. Additionally, in the U.S., regional and community banks will need to divest commercial real estate-related assets over the coming years. Finally, BRAVO II will seek to invest in assets that are positioned to increase in value as the U.S. housing market continues to recover.

BRAVO II is an opportunistic credit strategy that seeks to take advantage of mispriced and misunderstood assets that offer risk premiums owing to their inherent illiquidity and complexity. As such, it is complementary with more liquid, less complex fixed income strategies employed within traditional core/core plus-oriented mandates. Additionally, given that the current allocation to senior structured credit through the PIMCO DISCO II Fund is approaching its mature phase and may be a source of liquidity in the near future, a commitment to BRAVO II
would capture the evolving opportunities created by further deleveraging by financial institutions with the flexibility to best capture opportunities across the capital structure should the deleveraging process change in scope and depth.
Fund description

An opportunistic residential and commercial credit strategy seeking to capitalize on the continued deleveraging and re-regulation of the financial system, with particular focus on bank disposition of assets for non-economic reasons.

The opportunity

- Ongoing European deleveraging
- Re-regulation
- Global economic weakness
- U.S. housing recovery
- Central bank liquidity injections favorable for credit markets

The BRAVO II investment strategy seeks to earn attractive, long-term returns by:

- Acquiring attractively discounted loans or structured credit tied to residential or commercial real estate markets in the U.S. or Europe
- Actively managing assets through restructuring, high-quality specialty servicing and exerting operational control to extract additional value
- Purchasing assets with exposure to a potential U.S. housing recovery
- Targeting uncrowded areas of global credit markets that fall in between public securities and private real estate markets
- Leveraging PIMCO’s strong sourcing relationships to provide financial institutions with comprehensive solutions across the capital structure

PIMCO’s strength in opportunistic mortgage-related strategies

1. Strong performance track record

<table>
<thead>
<tr>
<th>Fund</th>
<th>Net IRR (annualized)</th>
<th>Capital call period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently deploying capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BRAVO I</td>
<td>34.6</td>
<td>Nov '10-Jan '14'</td>
</tr>
<tr>
<td>DMF IP</td>
<td>35.4</td>
<td>Nov '08-Jul '09</td>
</tr>
<tr>
<td>DMF II</td>
<td>9.0</td>
<td>Oct '07-Oct '08</td>
</tr>
<tr>
<td>DISCO</td>
<td>11.0</td>
<td>Jun '08-Aug '09</td>
</tr>
<tr>
<td>TALF</td>
<td>34.2</td>
<td>May '09-Nov '09</td>
</tr>
<tr>
<td>Matured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DISCO II</td>
<td>31.8%</td>
<td>Oct '11 '13</td>
</tr>
<tr>
<td>Tac Opps</td>
<td>12.9%</td>
<td>Feb '13 '12</td>
</tr>
</tbody>
</table>

Please refer to the following pages for footnotes and additional information relating to above chart

2. Significant depth of resources — one of the largest residential and commercial credit teams in the world of over 100 investment professionals

3. Strong sourcing capabilities — capitalizing on PIMCO’s relationships with financial institutions and central banks globally

4. Time-tested investment process that combines macroeconomic expertise with detailed asset-level credit analysis
**BRAVO II Fund**

This information is summary in nature and is by no way complete, and these terms may change materially at any time. If you express an interest in investing in the Fund, you will be provided with an offering memorandum, limited partnership agreement, subscription agreement, and other Fund documents ("Documents") which shall govern in the event of any conflict with the general terms listed in this material. You must rely only on the information contained in the Documents in making any decision to invest.

Performance as of 31 May, 2013 with the exception of the BRAVO Fund which is as of 31 March 2013

With respect to Active Prior Funds (as defined below), the returns above represent the net IRR as of the applicable Reference Date (as defined in the ADDITIONAL NOTES ON RELATED FUND PERFORMANCE below), may have changed since such date, include both realized and unrealized returns and are likely to change over the life of these funds. Moreover, because DISCO II and Tac Opps are continuously offered and investors can purchase interests in it at current net asset values, returns to investors who have subscribed to DISCO II and Tac Opps at different times may differ significantly from the IRR shown above.

BRAVO seeks to capitalize on capital infusion and risk disposition opportunities across the financial system, including investments in MBS and ABS. Tac Opps seeks to capitalize on dislocations across global credit markets with an initial focus on assets with exposure to PIMCO’s views on the U.S. housing market and, in particular, a potential U.S. housing recovery. DMF and DMF II sought, to capitalize on the historic dislocation in the U.S. and global mortgage markets. DISCO II seeks, and DISCO sought, to capitalize on the liquidity crisis in senior bonds across credit markets primarily in MBS, ABS, CMBS, investment grade and high yield. TALF sought to capitalize on government-guaranteed, non-recourse financing of TALF-eligible consumer ABS and CMBS. BRAVO, DISCO II and Tac Opps (collectively, the “Active Prior Funds”) continue to be implemented based on their respective investment strategies; DMF, DMF II, DISCO and TALF (collectively, and together with the Active Prior Funds, the “Prior Funds”) have completed operations. Prior Funds (other than DISCO II and Tac Opps) are closed to new investors and have different overall investment strategies, risks and investment considerations than the Fund.

PIMCO believes that the performance records of these Prior Funds are relevant to prospective investors because PIMCO expects that mortgage-related opportunistic investments will constitute a significant part of the overall strategy of the Fund. In addition, while the Fund’s investment team is not the same as the teams that are responsible for the performance of the Prior Funds, there is substantial overlap between the Prior Funds’ investment teams and the Fund’s investment team. PIMCO manages a number of other private investment vehicles whose performance is not presented because they utilize different investment strategies and are managed by different teams; the performance of those other vehicles is different from the performance of the Prior Funds listed above. The performance of the Prior Funds was achieved during periods of extreme market dislocations that presented unique opportunities that may not repeat and is due in part to a general recovery in the securitized product sector that also may have been unique. In addition, certain of the Prior Funds benefited from financing terms (including the availability of financing through the U.S. Federal Reserve’s Term Asset-Backed Securities Loan Facility program) that are not expected to be available to the Fund. The Prior Fund’s strategies, although similar to the Fund’s strategy in some respects, are substantially different in other respects. Because of these differences and other factors, the performance of the Prior Funds should not be considered predictable of the Fund’s performance. Past performance is not indicative of future results and no assurance can be made that the Fund will achieve returns comparable to the Prior Funds. One or more of the Prior Funds have different fees, profit allocation and expense arrangements than other than the other and the Fund. Performance in a particular fund may vary because of differing fees and expenses (e.g., distribution or organizational expenses), the effect of investing through “blockers” or parallel vehicles or other reasons. Additional fee, expense and carried interest information for these funds is available upon request.

**ADDITIONAL NOTES ON RELATED FUND PERFORMANCE:**

1. All funds presented (other than DISCO II and Tac Opps) are private equity-style investment funds. DISCO II and Tac Opps are hybrid funds; the performance of which is presented given the similarities in their investment strategies with that of the Fund (and, in the case of DISCO II because it represents a continuation of the investment strategy of DISCO).
2. Assumes that BRAVO is liquidated as of March 31, 2013 and that DISCO II and Tac Opps are each liquidated as of May 31, 2013 (such dates are the “Reference Dates” and such funds, are “Active Prior Funds”). IRRs for DMF, DMF II, DISCO and TALF (together with the Active Prior Funds, are “Prior Funds”) are final, as DMF concluded operations on November 16, 2012 (a final de minimis distribution was made in April 2013); DMF II concluded operations on April 29, 2013 (an additional de minimis distribution is expected to be made at a later date). DISCO concluded operations on March 5, 2012 (a final de minimis distribution was made in late October 2012) and TALF concluded operations on June 7, 2011. The returns for DMF II is subject to further changes as a result of the funds’ final audit and other factors. Additionally, the IRR for each fund has been calculated net of all fees (including management fees and administration fees), expenses (including any expenses associated with leverage) and unrealized carried interest and is shown since the date of the initial capital call of each fund. (i.e., January 14, 2011 (BRAVO); October 31, 2007 (DMF); November 20, 2008 (DMF II); June 30, 2008 (DISCO); May 26, 2009 (TALF); October 7, 2011 (DISCO II); see also footnote 10 below regarding the IRR for DISCO II; and February 1, 2013 (Tac Opps); see also footnote 13 below regarding the IRR for Tac Opps). In addition, the IRR calculation for each fund assumes (among other things) that capital contributions by investors that pre-funded their commitments to such fund have been made at the same time as capital contributions drawn from investors that did not pre-fund. The investment performance of each fund has been calculated on the basis of both net cash flows generated from the disposition of realized investments and, with respect to unrealized investments of the Active Prior Funds, estimated net cash flows as though such investments were disposed of in the applicable Reference Date. With respect to the performance returns for funds with unrealized investments, actual returns will vary from the estimates and the variations may be significant. Each of the funds listed above has one or more feeder funds that invest in or invested all or substantially all of its assets in such fund. The performance of such feeder funds may differ from the performance listed in the chart above due to different fee and expense arrangements and/or tax consequences.
3. Investment period has not ended. As of May 21, 2013, BRAVO had called 95.9% of its committed capital.
4. As BRAVO has not fully drawn down the capital commitments of its limited partners, the end date presented herein represents the end of its investment period (during which time capital commitments may be drawn down without restriction).
5. DMF II has concluded operations and made a final distribution to limited partners on April 29, 2013 (an additional de minimis distribution is expected to be made at a future date).
6. DMF has concluded operations and made a final distribution to limited partners on November 16, 2012 (a final de minimis distribution was made in April 2013).
7. DISCO has concluded operations and made a final liquidation distribution to its limited partners on March 5, 2012. (a final de minimis distribution was made in late October 2012)
8. TALF has concluded operations and made a final liquidation distribution to its limited partners on June 7, 2011.
9. Reflects returns to an investor that subscribed to DISCO II on the initial closing date, October 7, 2011.
10. Investors in DISCO II pay the full amount of their subscription at the time of such subscription. The initial closing date of DISCO II was October 7, 2011.
11. Reflects returns to an investor that subscribed to Tac Opps on the initial closing date, February 1, 2013.
12. Investors in Tac Opps pay the full amount of their subscription at the time of such subscription. The initial closing date of Tac Opps was February 1, 2013.

Past performance is not a guarantee or a reliable indicator of future results. The Fund’s fees are discussed within the Documents. This is neither an offer to sell nor a solicitation of an offer to buy interest in the Fund referenced herein but is provided for informational purposes only. Offers are made solely pursuant to the private placement memorandum. This material has been prepared for informational purposes only, should not be considered as investment advice or a recommendation of any investment strategy or investment product; and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. You should consult your tax or legal advisor regarding such matters.

The information contained herein is being furnished to you solely for the purpose of giving you a preliminary indication of the strategy and structure of the Fund and is not to be used for any other purpose or made available to anyone not directly concerned with your evaluation of the possibility of requesting further information regarding an investment in the Fund. The summary of the structure and other information for the Fund mentioned in the presentation are not and do not purport to be complete, and are qualified by and will be subject to the Documents. If the Fund is launched and you express an interest in investing in the Fund, an offer may be made and, if so, you will be provided with the Documents. This summary is for informational purposes only, and does not constitute an offer to sell, or a solicitation of an offer to buy, interests in the Fund or to participate in any trading strategy. In the event that an offer were to be made, any such offer would be made only after a prospective purchaser has had the opportunity to conduct its own independent evaluation of the Fund and has received all information required to make its own investment decision, including a copy of the Documents, which will contain material information not included herein and to which prospective purchasers are referred. This summary is intended solely to determine the level of interest, if any, in the Fund. No person has been authorized to give any...
information or to make any representation with respect to the Fund other than those contained in this summary and, if given or made, such information or representations must not be relied upon as having been authorized. Each prospective investor should consult its own counsel, accountant, or tax or business adviser as to legal, accounting, regulatory, tax and related matters, as well as economic risks and merits, concerning the possibility of making an investment in the Fund.

The Target Return is not a guarantee, projection or prediction of future results of the Fund. There can be no assurance that the Fund will achieve the Target Return or any particular level of return; an investor may lose all of its money by investing in the Fund. Actual returns may vary significantly from the target returns.

There can be no assurance that the Target Return will be achieved. In considering the Target Return prospective investors should bear in mind that such targeted performance is not a guarantee, projection or prediction and is not indicative of future results of the Fund. Actual gross returns in any given year may be lower than the Target Return. Even if the Target Return is met, actual returns to investors will be lower due to expenses, taxes, structuring considerations and other factors. In addition, the Target Return may be adjusted without notice to investors in light of available investment opportunities and/or changing market conditions. PIMCO believes that the Target Return for the Fund set forth in this Memorandum is reasonable based on a combination of factors, including the Fund’s investment team’s general experience, the availability of leverage and financing at expected costs and other terms and assessment of prevailing market conditions and investment opportunities. There are, however, numerous assumptions that factor into the Target Return that may not be consistent with future market conditions and that may significantly affect actual investment results. Such assumptions include: (i) the ability to source and acquire attractively priced assets from global financial institutions; (ii) the expected response of specific investments to market conditions; (iii) the availability of leverage for certain investments at expected terms; and (iv) PIMCO’s outlook for certain global and local economies and markets as it relates to potential changes to the regulatory environment, interest rates, growth expectations, residential and commercial housing fundamentals and the health of the consumer. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating the Target Return have been stated or fully considered. Prospective investors reviewing the Target Return contained herein must make their own determination as to the reasonableness of the assumptions and the reliability of the Target Return. Actual results and events may differ significantly from the assumptions and estimates on which the Target Return is based.

The Target Return stated above is intended to illustrate the return profile of certain investments the Investment Manager will seek for the Fund. The Fund may make investments for which the expected return is higher or lower than the Target Return, and actual returns from an investment in the Fund over any given time horizon may vary significantly from the Target Return.

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The foregoing is only a description of certain key risks relating to the Fund’s investments, and is not a complete enumeration of all risks to which the Fund will be subject. The Fund will be subject to numerous other risks not described herein. Prospective investors must carefully review the Documents (including, without limitation, the risk factors contained in the Fund’s private placement memorandum) prior to making any investment decision.

The Fund will not be subject to the same regulatory requirements as mutual funds. The Fund may be, and is expected to be, leveraged and may engage in speculative investment practices that may increase the risk of investment loss. The Fund’s performance could be volatile; an investor could lose all or a substantial amount of its investment. The Fund’s manager will have broad trading authority over the Fund. The use of a single adviser applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. The Fund will not be required to track a particular benchmark. There is no secondary market for the Fund’s interests and none is expected to develop. There will be restrictions on transferring interests in the Fund and limited liquidity provisions. The Fund’s fees and expenses may offset its trading profits. The Fund will not be required to provide periodic pricing or valuation information to investors. The Fund will involve complex tax structures and there may be delays in distributing important tax information.

A purchase of Fund interests involves a high degree of risk that each prospective investor must carefully consider prior to making such an investment. Investors should thoroughly review the Documents for a more complete description of these risks. Investors MUST review the Documents including the risk factors described therein, prior to making a decision to invest in the Fund. All investments contain risk and may lose value. Prospective investors are advised that an investment in the Fund is suitable only for persons of adequate financial means who have no need for liquidity with respect to their investment and who can bear the economic risk, including the possible complete loss, of their investment.

Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. There is no guarantee that any forecasts or predicted results will be achieved or occur.

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The model portfolio structure presented is intended to illustrate sectors in which the Fund may invest. The structure is subject to change, and no guarantee is being made that the Fund’s actual portfolio will resemble the illustrative portfolio presented herein. In addition, the Fund may make investments other than those referred to herein.

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BRAVO II Fund

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Notice to investors in Switzerland

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(b) otherwise than in conformity with the provisions of the Companies Acts 1963-2012;
(c) otherwise than in a manner that does not constitute an offer for sale to the public within the meaning of Section 9 of the Unit Trusts Act, 1990;
(d) in any way which would require the publication of a prospectus under the Investment Funds, Companies and Miscellaneous Provisions Act, 2005, as amended, and any regulations adopted pursuant thereto;
(e) in any country or jurisdiction including Ireland except in all circumstances that will result in compliance with all applicable laws and regulations in such country or jurisdiction.

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BRAVO II Fund

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BRAVO II Fund

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Legacy Fund Strategic Asset Allocation Transition Implementation

Executive Summary

Recommendation:

Staff recommends that the State Investment Board approve the implementation of the transition to the new strategic asset allocation through the utilization of existing managers within the Insurance Trust. By employing existing Insurance Trust managers, the Legacy Fund can promptly initiate the transition, gain desired asset class exposures, and recognize the efficiencies and economies of scale from pooling with other insurance clients.

Rationale:

At the June 28, 2013 SIB meeting, the State Investment Board approved a transition plan to fully implement a new strategic asset allocation for the Legacy Fund over the course of a period of approximately 18 months. The new policy allocation is as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad US Equity</td>
<td>30%</td>
</tr>
<tr>
<td>Broad International Equity</td>
<td>20%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>35%</td>
</tr>
<tr>
<td>Diversified Real Assets</td>
<td>10%</td>
</tr>
<tr>
<td>Core Real Estate</td>
<td>5%</td>
</tr>
</tbody>
</table>

100%

Attachment 1 summarizes the managers currently employed within the insurance pool investment program. The full complement of manager mandates within all asset classes with the exception of real assets and fixed income are open for transferring assets from the existing short-term fixed income mandates and investing monthly tax revenue deposits in accordance with the asset allocation transition plan approved by the Board. In the case of fixed income, all manager accounts with the exception of PIMCO DISCO II are open for accepting new contributions. The Legacy Fund would, however, receive a pro-rata allocation to the existing DISCO II investment. With respect to the real assets pool, new contributions would flow into the Western TIPS account and the Legacy Fund would receive a pro-rata allocation to accounts closed for new contributions: TIR Eastern Timber Opportunities, JP Morgan Infrastructure, and Credit Suisse Infrastructure.
The use of existing manager mandates provides numerous benefits:

- **Ease of implementation** – Manager accounts are already open and gaining asset class exposures can be accomplished promptly.

- **Investment costs** – Pooling with other insurance clients allows the Legacy Fund to benefit from lower management fees and trading costs.

- **Administrative efficiencies** – Efficiencies would be realized in such areas as manager due diligence, compliance, rebalancing, accounting, custody, fee invoicing, audit and legal.

With approval of the transition implementation of the Legacy Fund, Staff would begin the 18-month transition plan to the new strategic asset allocation in August 2013.
## Insurance Pool Investment Managers

<table>
<thead>
<tr>
<th>Style</th>
<th>Total insurance Pool Values</th>
<th>Status</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large Cap Domestic Equity Pool</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Los Angeles Capital Management</td>
<td>Lg Cap Growth</td>
<td>54,827,521</td>
<td>✓</td>
</tr>
<tr>
<td>LSV Asset Management</td>
<td>Lg Cap Value</td>
<td>55,310,586</td>
<td>✓</td>
</tr>
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<tr>
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<td>Enhanced S&amp;P 500</td>
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<td>Vanguard</td>
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<td><strong>Real Estate Pool</strong></td>
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<tr>
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<td>Core Commingled</td>
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<td>Invesco</td>
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<td>Pool</td>
<td>Style</td>
<td>5/31/13</td>
<td>Status</td>
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<tr>
<td>Prudential</td>
<td>Core Plus</td>
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<td>Government/Credit</td>
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<td>JP Morgan - Legacy</td>
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¹ Mandate terminated and transitioned to State Street Global Advisors in June 2013.
² Insurance cash account transitioned to Northern Trust in July 2013.
Attachment 2

Legacy Fund Asset Allocation Transition
All New $ pro-rata to All New Asset Classes and Gradual ($71 M per month) Transition out of ST Fixed
Initial Balance (Est. July 2013) $1,275,000,000
Monthly Tx out of ST Fixed: $ 70,833,333

<table>
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<tr>
<th>New Contributions*</th>
<th>US Equity</th>
<th>Non-US Equity</th>
<th>Broad Fixed Income</th>
<th>Diversified Real Assets</th>
<th>Core Real Estate</th>
<th>Short-Term Fixed</th>
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<td>$ 38,536,525</td>
<td>$ 25,691,017</td>
<td>$ 44,959,279</td>
<td>$ 12,845,508</td>
<td>$ 6,422,754</td>
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<td>$ 77,672,518</td>
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<td>$ 25,890,839</td>
<td>$ 12,945,420</td>
<td>$ 1,332,621,750</td>
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<td>$ 117,032,408</td>
<td>$ 78,021,605</td>
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<td>$ 39,010,803</td>
<td>$ 19,505,401</td>
<td>$ 1,452,608,025</td>
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<td>$ 129,177,333</td>
<td>$ 155,785,608</td>
<td>$ 103,857,072</td>
<td>$ 181,749,875</td>
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<td>$ 131,199,633</td>
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<td>$ 65,048,499</td>
<td>$ 32,524,250</td>
<td>$ 1,603,318,325</td>
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<td>Month 5</td>
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<td>$ 234,115,373</td>
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<td>$ 45,616,527</td>
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<td>$ 313,282,948</td>
<td>$ 208,855,298</td>
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<td>$ 312,774,965</td>
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<td>$ 133,857,333</td>
<td>$ 509,319,648</td>
<td>$ 339,546,432</td>
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<td>$ 136,040,133</td>
<td>$ 550,131,688</td>
<td>$ 366,754,458</td>
<td>$ 641,820,302</td>
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<td>$ 393,962,485</td>
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</table>

* Monthly deposits into the Legacy Fund are based on forecasts provided by the Office of State Tax Commissioner.
Memorandum

To: State Investment Board
From: Connie Flanagan
Date: 7/15/2013
Re: ND State Board of Medical Examiners

In compliance with NDSIB Governance Policy E-13, I am providing you with information regarding a potential new investment client. Staff was contacted by Duane Houdek, Executive Secretary of the State Board of Medical Examiners, regarding the investment of their reserve fund. They currently are invested with two local brokers but would like to pursue the possibility of contracting for investment services with the SIB as allowed under NDCC 21-10-06.

The fund is quite small. The June 30, 2013, market value of the fund was approximately $1.4 million. Darren and I met with Mr. Houdek on July 15 and discussed their investment objectives and risk tolerance and also discussed the possible benefits of conducting an asset/liability study. Staff will be providing additional information to Mr. Houdek as follow-up to the discussion during the meeting. If the SIB agrees to accept the funds, an asset allocation would be designed that would fit within our Insurance Trust.

Based on the initial discussions, internal staff administrative capacity would not be affected by this small fund and the client’s goals and risk tolerances would fit within the existing Insurance Trust structure. As required by Governance Policy E-13, staff is asking for preliminary approval from the Board to move forward with the possible contracting for investment services with the State Board of Medical Examiners.
POLICY TYPE: INVESTMENTS

POLICY TITLE: ACCEPTING NEW CLIENTS

NDCC 21-10-06 states “The state investment board may provide investment services to, and manage the money of, any agency, institution, or political subdivision of the state, subject to agreement with the industrial commission. The scope of services to be provided by the state investment board to the agency, institution, or political subdivision must be specified in a written contract. The state investment board may charge a fee for providing investment services and any revenue collected must be deposited in the state retirement and investment fund.”

When a request is received by staff from a potential new investor requesting investment services from the State Investment (SIB), the following steps shall be followed.

1. Staff will conduct initial discussions with the potential client regarding type of fund, risk tolerance, size of fund, services to be provided, costs, etc.

2. Staff will recommend that an Asset/Liability study be conducted by the potential client if one has not been done recently. This discussion will include a description of the asset classes available for investment with the SIB to be included in their study.

3. If the potential client is still interested in participating in the SIB program, staff will bring the preliminary request to the SIB for acceptance. It shall be the policy of the SIB to take the following into consideration when determining if a new investor request will be accepted.
   a. Internal staff administrative capacity.
   b. Compatibility of new investor’s goals and risk tolerances with the existing SIB program structure.
   c. Whatever other factors the SIB determines to be appropriate to the decision.

4. If the SIB chooses to accept the preliminary request, staff will provide the necessary template documents to the potential client for review and completion. These documents include a contract for services and investment guidelines.

5. Once documentation is completed, staff will request to have the issue included on the Industrial Commission’s agenda for their approval. Copies of all documentation will be provided for their review.

6. If approved by the Industrial Commission, final documentation will be presented to the SIB for final acceptance.

7. If accepted, staff will work with the new client to set up transfer of funds and implementation of asset allocation as directed. All new clients will be brought in as of the last day of a calendar quarter.

8. Fees will be charged with the intention of covering all associated costs as described in RIO Fiscal Management procedure “Investment Fee Allocations”.

Policy Implemented: November 20, 2009
Memo

To: John Geissinger
From: Tim Porter
Date: 9/9/2011 11:57:00 AM
Re: Insurance Trust Cash Account

When we established the pricing formula for the Insurance Trust Cash Account, the rate and terms we agreed upon were determined by the market rates at that time and a cash balance in the range of $50 to $75 million. With the prospects of this balance increasing significantly from the Budget Stabilization and Legacy Funds, we need to establish a cap on the amount that can be held in this account under the current pricing formula.

The current pricing on this account is the weekly 3-month bill auction plus 20. This formula is subject to change, but for now, we will continue to pay this amount on balances up to $75 million. After September 30, if the balance in this account exceeds $75 million, the entire balance would revert to our financial institution rate which is currently at 10%.

If you have any questions, John, please call me at 328-5650.
May 15, 2013

Darren Schulz, Acting Chief Investment Officer
ND Retirement and Investment Office
1930 Burnt Boat Drive
Bismarck, ND 58507-7100

Dear Mr. Schulz,

For the past several years, Bank of North Dakota (BND) has paid a special rate on the Insurance Trust Cash Account equal to the weekly 3-month bill auction rate plus 20 basis points. In a memo to former CIO John Geissinger in September, 2011, we agreed to continue paying that rate on balances up to $75 million (see attached memo). We also stated that if the balance in the account exceeded $75 million, that the rate would revert back to our financial institution rate for money markets, which is currently 5 basis points. This memo was presented to the State Investment Board (SIB) at the September 2011 meeting.

As you can see in the attached monthly account statements, this account has consistently exceeded the guidelines established in the memo. Therefore, effective June 1, 2013, we will be changing the pricing formula for this account to reflect the financial institution money market rate.

We appreciate the opportunity you gave us to compete for these deposits.

Sincerely,

Tim C. Porter
Chief Financial Officer
Hi Connie,

Sorry for the confusion on this, but the special rate will no longer be available under any circumstances.

Tim

Tim,

I need to clarify something in your May 15 letter to Darren about the special rate on the Insurance Trust Cash Account. Are you saying that the special rate will no longer be available under any circumstances or will the special rate kick back in if we keep the balance below $75 million? We weren’t sure based on the wording in the letter. Thanks.

Connie
## Ending Monthly Balance for Insurance Cash Account

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Opened 2nd insurance cash account at JP Morgan 10/18/11 closed 12/31/11
CALL TO ORDER:

A meeting of the State Investment Board Search Committee was called to order at 11:05 am on Thursday, July 11, 2013. The meeting was conducted by teleconference.

The meeting was held for the purposes of receiving an update from KornFerry representatives on the status of recruitment efforts for the Executive Director/Chief Investment Officer of the Retirement and Investment Office.

Mr. Kennedy informed the Search Committee an ad was placed with Pension and Investments, and also on the National Council on Teacher Retirement and the National Association of Security Professionals web sites. As a result of the ad, feedback, resumes, and interest is coming in.

KornFerry has had conversations with approximately 90 individuals. The types of candidates KornFerry has been reaching out to are Chief Investment Officers and Deputy Chief Investment Officers from a variety of plans. The CIOs contacted are with public plans that are the size of North Dakota. The Deputy CIOs contacted are from larger plans with asset class experience. KornFerry has also reached out to individuals who have experience with endowments, foundations, and asset management organizations, etc. Of those contacted, approximately 13-14 individuals have initially indicated they would have an interest in North Dakota. Of the 13-14 individuals, 5-6 candidates have been interviewed and KornFerry feels they are strong candidates. KornFerry has more individuals to connect with and feel good about the momentum.

Mr. Kennedy stated the biggest drawback from the candidates is the location and compensation. The 13-14 candidates who initially expressed an interest are very interested in North Dakota and relocating. The candidates are also intrigued about the Legacy Fund and the assets they would oversee. Many candidates are aware of the oil opportunities and the influx of people to North Dakota. Overall, there is a positive perspective on the State and where it is right now.

Mr. Kennedy also reviewed the States open records laws and has been working with Ms. Jan Murtha. Mr. Kennedy indicated North Dakota open records laws are the most stringent that he has worked with and some of the candidates may be put at risk as they will not have the appropriate background to be considered for the ED/CIO position.

Mr. Kennedy reviewed the backgrounds of five candidates whom KornFerry has interviewed. Mr. Kennedy stated the first three of the five candidates are very strong candidates and arrangements could be made to have them come in for preliminary interviews before the Search Committee. Mr. Sandal indicated the Search Committee
would like to interview a number of candidates and from those interviews finalists will be selected and brought before the full SIB.

The Search Committee and KornFerry discussed dates and the next meeting of the Search Committee will be July 26, 2013, from 1-5 pm at Workforce Safety & Insurance. The Search Committee and KornFerry will conduct preliminary interviews with the first three candidates.

KornFerry will also continue to reach out to other candidates to bring before the Search Committee a week or two after the July 26, 2013, meeting.

ADJOURNMENT:

With no further issues to come before the Search Committee, the meeting adjourned at 11:30 a.m.

_______________________________________
Lt. Governor Wrigley, Chair
State Investment Board Search Committee

___________________________________
Bonnie Heit
Assistant to the Board
Memorandum

To: State Investment Board

From: Connie Flanagan

Date: July 19, 2013

RE: Annual Affirmation of Code of Conduct Policy

Governance Process Policy B-8, Board Members’ Code of Conduct, which is attached to this memorandum, details the Code of Ethical Responsibility for the SIB. Item #12 of this policy indicates that each Board Member is required to reaffirm their understanding of this policy annually and disclose any conflicts of interest. Therefore, please read and sign the statement below to comply with this requirement.

“I have read and understand SIB Governance Process Policy B-8 Board Members’ Code of Conduct. I have disclosed any conflicts of interest as required by this policy.”

Name (printed) ________________________________

Signature_____________________________________

Date_________________________________________

Detail of any conflicts of interest (if any):
The following will be the Code of Ethical Responsibility for the SIB:

1. SIB members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the SIB members and to strive to avoid not only professional impropriety but also the appearance of impropriety.

2. SIB members should perform the duties of their offices impartially and diligently. SIB members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and regulations and to refrain from any form of dishonest or unethical conduct. Board members should be unswayed by partisan interest, public sentiment, or fear of criticism.

3. Conflicts of interest and the appearance of impropriety shall be avoided by SIB members. Board members must not allow their family, social, professional, or other relationships to influence their judgment in discharging their responsibilities. Board members must refrain from financial and business dealings that tend to reflect adversely on their duties. If a conflict of interest unavoidably arises, the board member shall immediately disclose the conflict to the SIB. A board member must abstain in those situations where the board member is faced with taking some official action regarding property or a contract in which the board member has a personal interest. Conflicts of interest to be avoided include, but are not limited to: receiving consideration for advice given to a person concerning any matter over which the board member has any direct or indirect control, acting as an agent or attorney for a person in a transaction involving the board, and participation in any transaction involving for which the board member has acquired information unavailable to the general public, through participation on the board.

"Conflict of Interest" means a situation in which a board member or staff member has a direct and substantial personal or financial interest in a matter with also involves the member’s fiduciary responsibility.

4. The board should not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered.

5. Board members must abide by North Dakota Century code 21-10-09, which reads: “No member, officer, agent, or employee of the state investment board shall profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a Class A misdemeanor.”

6. Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities.

7. All activities and transactions performed on behalf of public pension funds must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.
8. **Prohibited transactions.** Prohibited transactions are those involving self-dealing. Self-dealing refers to the fiduciary's use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are adverse to the plan; or receiving personal consideration in connection with any planned transaction.

9. Violation of these rules may result in an official reprimand from the SIB. No reprimand may be issued until the board member or employee has had the opportunity to be heard by the board.

10. Board Members are required to affirm their understanding of this policy annually, in writing, and must disclose any conflicts of interest that may arise (See Exhibit B-I).

**Policy Implemented:** June 23, 1995.
STAFF RELATIONS

The Executive Limitation “Staff Relations” deals with the treatment of staff at RIO. The executive director “shall not cause or allow any condition or any communication which is unfair, undignified, or disrespectful.” This Executive Limitation lists six specific limitations that range from personnel policies to exit interviews. All the limitations are intended to protect staff from unfair, undignified, or disrespectful treatment by management.

During the past quarter, there were no exceptions to this Executive Limitation.

Leslie Moszer, Compliance Officer, resigned effective June 6, 2013.

Les Mason, Audit Supervisor, retired effective July 12, 2013.

RIO staff is kept informed of status of search for Executive Director/CIO, and other vacant positions.
## BUDGETING / FINANCIAL CONDITION

### AS OF JUNE 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>2011-2013 BUDGET</th>
<th>ADJUSTED APPROPRIATION</th>
<th>BIENNium TO DATE ACTUAL</th>
<th>BUDGET AVAILABLE</th>
<th>% BUDGET AVAILABLE</th>
<th>% OF BIENNium REMAINING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALARIES AND BENEFITS</strong></td>
<td>$3,203,114.00</td>
<td>$3,203,114.00</td>
<td>$2,804,242.46</td>
<td>$396,871.54</td>
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<td>0.00%</td>
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<tr>
<td><strong>OPERATING EXPENDITURES</strong></td>
<td>947,840.00</td>
<td>947,840.00</td>
<td>870,496.77</td>
<td>77,343.23</td>
<td>8.16%</td>
<td>0.00%</td>
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<tr>
<td><strong>CONTINGENCY</strong></td>
<td>82,000.00</td>
<td>82,000.00</td>
<td>48,087.67</td>
<td>33,912.33</td>
<td>41.36%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>$4,232,954.00</td>
<td>$4,232,954.00</td>
<td>$3,722,826.90</td>
<td>$510,127.10</td>
<td>12.05%</td>
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# Expenditure Report

## Quarter Ended June 30, 2013

### Continuing Appropriations

<table>
<thead>
<tr>
<th></th>
<th>Investment</th>
<th>Retirement</th>
<th>Quarterly Totals</th>
<th>Fiscal Year To-Date</th>
<th>Biennium To-Date</th>
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<tbody>
<tr>
<td><strong>Investment Expenditures</strong> (See Attached Detail)</td>
<td>$4,925,231.03</td>
<td>$0.00</td>
<td>$4,925,231.03</td>
<td>$18,839,599.00</td>
<td>$38,044,332.14</td>
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<tr>
<td><strong>Member Claims</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1. Annuity Payments</td>
<td>0.00</td>
<td>36,695,951.76</td>
<td>36,695,951.76</td>
<td>145,122,439.22</td>
<td>279,891,920.66</td>
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<td>2. Refund Payments</td>
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<td>889,676.82</td>
<td>889,676.82</td>
<td>3,917,365.26</td>
<td>6,928,682.10</td>
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<tr>
<td><strong>Total Member Claims</strong></td>
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<td>37,585,628.58</td>
<td>149,039,824.48</td>
<td>286,820,602.76</td>
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<tr>
<td><strong>Other Continuing Appropriations</strong></td>
<td>50,684.16</td>
<td>9,101.82</td>
<td>59,785.98</td>
<td>268,071.90</td>
<td>536,054.67</td>
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<tr>
<td><strong>Total Continuing Appropriations</strong></td>
<td>4,975,915.19</td>
<td>37,594,730.40</td>
<td>42,570,645.59</td>
<td>168,147,496.38</td>
<td>325,400,999.57</td>
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</tbody>
</table>

### Budgeted Expenditures

1. **Salaries & Benefits**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>98,952.82</td>
<td>165,584.24</td>
<td>264,537.08</td>
<td>1,032,139.06</td>
<td>2,102,489.06</td>
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<td>Overtime/Temporary</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Termination Salary &amp; Benefits</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>30,103.30</td>
<td>62,960.73</td>
<td>92,764.03</td>
<td>356,241.48</td>
<td>701,753.40</td>
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<tr>
<td><strong>Total Salary &amp; Benefits</strong></td>
<td>129,056.12</td>
<td>228,244.97</td>
<td>357,301.09</td>
<td>1,388,308.54</td>
<td>2,804,242.46</td>
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</table>

2. **Operating Expenditures**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Data Processing</td>
<td>2,781.58</td>
<td>18,877.87</td>
<td>21,659.45</td>
<td>67,422.97</td>
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<tr>
<td>Telecommunications - ISD</td>
<td>1,093.81</td>
<td>2,792.67</td>
<td>3,886.48</td>
<td>11,742.38</td>
<td>23,914.57</td>
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<tr>
<td>Travel</td>
<td>1,701.50</td>
<td>5,155.95</td>
<td>6,857.45</td>
<td>24,426.74</td>
<td>52,386.32</td>
</tr>
<tr>
<td>IT - Software/Supplies</td>
<td>3.99</td>
<td>117.88</td>
<td>121.87</td>
<td>196.51</td>
<td>439.37</td>
</tr>
<tr>
<td>Postage Services</td>
<td>769.19</td>
<td>5,507.41</td>
<td>6,276.60</td>
<td>41,118.30</td>
<td>72,596.27</td>
</tr>
<tr>
<td>IT - Contractual Services</td>
<td>657.15</td>
<td>27,987.51</td>
<td>28,644.66</td>
<td>121,650.20</td>
<td>277,412.24</td>
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<tr>
<td>Equipment Rents and Leases</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Building/Land Rent &amp; Leases</td>
<td>4,274.60</td>
<td>9,377.36</td>
<td>13,652.16</td>
<td>77,947.96</td>
<td>155,930.92</td>
</tr>
<tr>
<td>Dues &amp; Prof. Development</td>
<td>2,655.00</td>
<td>2,089.78</td>
<td>4,744.78</td>
<td>16,158.45</td>
<td>27,858.95</td>
</tr>
<tr>
<td>Operating Fees &amp; Services</td>
<td>2,706.57</td>
<td>5,823.43</td>
<td>8,550.00</td>
<td>39,264.70</td>
<td>52,984.65</td>
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<tr>
<td>Repair Service</td>
<td>28.16</td>
<td>59.84</td>
<td>88.00</td>
<td>724.95</td>
<td>1,073.95</td>
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<tr>
<td>Professional Services</td>
<td>649.17</td>
<td>2,410.83</td>
<td>3,060.00</td>
<td>9,810.00</td>
<td>20,430.00</td>
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<tr>
<td>Insurance</td>
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<td>0.00</td>
<td>0.00</td>
<td>1,042.77</td>
<td>2,075.54</td>
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<tr>
<td>Office Supplies</td>
<td>157.09</td>
<td>667.60</td>
<td>844.69</td>
<td>2,868.07</td>
<td>4,190.48</td>
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<tr>
<td>Printing</td>
<td>1,365.20</td>
<td>6,401.89</td>
<td>6,767.09</td>
<td>17,774.12</td>
<td>27,345.50</td>
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<tr>
<td>Professional Supplies &amp; Materials</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1,637.16</td>
<td>4,229.41</td>
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<tr>
<td>Miscellaneous Supplies</td>
<td>672.36</td>
<td>369.91</td>
<td>1,042.27</td>
<td>1,931.67</td>
<td>2,672.03</td>
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<tr>
<td>IT Equipment Under $5000</td>
<td>236.54</td>
<td>311.43</td>
<td>547.97</td>
<td>547.97</td>
<td>567.96</td>
</tr>
<tr>
<td>Other Equipment Under $5000</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3,207.00</td>
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<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>19,952.11</td>
<td>86,971.36</td>
<td>106,923.47</td>
<td>436,039.92</td>
<td>870,496.77</td>
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</tbody>
</table>

3. **Contingency**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>48,087.67</td>
<td>48,087.67</td>
<td>48,087.67</td>
<td>48,087.67</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budgeted Expenditures</strong></td>
<td>197,095.90</td>
<td>315,216.33</td>
<td>512,312.23</td>
<td>1,872,508.13</td>
<td>3,722,826.90</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
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<td>$43,082,957.82</td>
<td>$170,020,003.51</td>
<td>$329,123,826.47</td>
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</table>
INVESTMENT EXPENDITURE DETAIL
FEES PAID DURING THE QUARTER ENDED JUNE 30, 2013

FOR QUARTER ENDED 12/31/12

PENSION REAL ESTATE
Invesco 131,340.32
JP Morgan (Special & Strategic) 281,461.46
TOTAL PENSION REAL ESTATE 412,801.78

PENSION EMERGING MARKETS
Northern Trust 13,829.70

INSURANCE REAL ESTATE
Invesco 40,572.43

CUSTODIAN
Northern Trust 225,133.22

TOTAL FOR QUARTER ENDED 12/31/12 692,337.13

FOR QUARTER ENDED 3/31/13

PERS Retiree Health Credit
SEI 48,573.12

PENSION DEVELOPED INTERNATIONAL EQUITY POOL
Capital Guardian 78,938.41
Clifton - EAFE Index 44,572.00
State Street 84,594.08
Wellington 144,940.88
TOTAL PENSION INTERNATIONAL EQUITY 353,045.37

PENSION GLOBAL EQUITY POOL
Caiamos 97,453.00
Epoch 364,068.03
LSV 300,957.00
Pension Global Equity Pool 762,478.03

PENSION BELOW INVESTMENT GRADE FIXED
Loomis Sayles 232,585.42

PENSION INVESTMENT GRADE FIXED INCOME POOL
Bank of ND 7,079.19
PIMCO 65,597.56
Western Asset 44,170.74
TOTAL PENSION FIXED INCOME 116,847.49

PENSION INFRASTRUCTURE POOL
JP Morgan 307,851.12

PENSION LARGE CAP EQUITY POOL
Northern Trust 67,017.50
LA Capital 194,051.38
TOTAL PENSION LARGE CAP EQUITY 261,068.88

PENSION INTERNATIONAL FIXED INCOME
Brandywine 108,274.76
UBS 71,502.62
TOTAL PENSION INTERNATIONAL FIXED INCOME 179,777.38
# INVESTMENT EXPENDITURE DETAIL

FEES PAID DURING THE QUARTER ENDED JUNE 30, 2013

## PENSION EMERGING MARKETS

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>JP Morgan</td>
<td>67,857.69</td>
</tr>
<tr>
<td>Northern Trust</td>
<td>7,312.40</td>
</tr>
<tr>
<td>PanAgora</td>
<td>30,111.20</td>
</tr>
<tr>
<td>UBS</td>
<td>72,522.94</td>
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<tr>
<td><strong>TOTAL PENSION EMERGING MARKETS</strong></td>
<td><strong>177,804.23</strong></td>
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## PENSION PRIVATE EQUITY

<table>
<thead>
<tr>
<th>Fund</th>
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</thead>
<tbody>
<tr>
<td>Adams Street Partners</td>
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## INSURANCE FIXED INCOME POOL

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of ND</td>
<td>16,861.56</td>
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<tr>
<td>Declaration</td>
<td>67,358.00</td>
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<td>Prudential</td>
<td>51,690.98</td>
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<tr>
<td>Wells</td>
<td>152,825.84</td>
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<td>Western Asset</td>
<td>93,495.29</td>
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<tr>
<td><strong>TOTAL INSURANCE FIXED INCOME</strong></td>
<td><strong>382,231.67</strong></td>
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## INSURANCE LARGE CAP EQUITY POOL

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>LA Capital</td>
<td>39,061.62</td>
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<td>LSV</td>
<td>40,756.00</td>
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<td><strong>TOTAL INSURANCE LARGE CAP</strong></td>
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## INSURANCE SMALL CAP EQUITY POOL

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<tr>
<td>Research Affiliates</td>
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## INSURANCE INT'L EQUITY

<table>
<thead>
<tr>
<th>Fund</th>
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<tbody>
<tr>
<td>Capital Guardian</td>
<td>96,150.08</td>
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<td>LSV</td>
<td>60,952.00</td>
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<td><strong>TOTAL INSURANCE INT'L EQUITY</strong></td>
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## INSURANCE INFLATION PROTECTED

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>JP Morgan</td>
<td>210,637.49</td>
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<tr>
<td>Western Asset</td>
<td>86,920.22</td>
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<tr>
<td><strong>TOTAL INSURANCE INFLATION PROTECTED</strong></td>
<td><strong>297,557.71</strong></td>
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## INSURANCE REAL ESTATE

<table>
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</thead>
<tbody>
<tr>
<td>JP Morgan</td>
<td><strong>201,009.00</strong></td>
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## BUDGET STABILIZATION SHORT TERM FIXED

<table>
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<tbody>
<tr>
<td>Babson</td>
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## LEGACY FUND SHORT TERM FIXED

<table>
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</thead>
<tbody>
<tr>
<td>Babson</td>
<td><strong>147,230.03</strong></td>
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</table>

## CUSTODIAN

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<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Trust</td>
<td><strong>253,246.56</strong></td>
</tr>
</tbody>
</table>

## CONSULTANT

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams Street</td>
<td><strong>39,117.00</strong></td>
</tr>
<tr>
<td>Callian</td>
<td><strong>77,806.04</strong></td>
</tr>
<tr>
<td>RV Kuhns - Legacy</td>
<td><strong>70,000.00</strong></td>
</tr>
<tr>
<td><strong>TOTAL CONSULTANT</strong></td>
<td><strong>186,923.04</strong></td>
</tr>
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</table>

## TOTAL FOR QUARTER ENDED 3/31/13

<table>
<thead>
<tr>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>4,232,893.90</strong></td>
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</table>

## TOTAL FEES PAID DURING QUARTER ENDED 6/30/2013

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4,925,231.03</strong></td>
</tr>
</tbody>
</table>
Quarterly Report on Ends  
Q4:FY13  

Investment Program

Continuing due diligence conducted on following:

- Clifton Group
- PIMCO
- State Street
- Longview
- Babson
- Arrowstreet
- AllianceBernstein
- Calamos
- Wellington
- Manulife
- Capital Group
- Loomis Sayles
- DFA
- Brandes
- JPMorgan
- LA Capital
- Vontobel
- PanAgora

Staff worked with consultant R.V. Kuhns to complete an asset allocation and spending study for the Legacy Fund. A new policy asset allocation and investment policy change to allow pooling was recommended by the Advisory Board and approved by the SIB in April. Staff developed a transition plan to implement the policy allocation over 18 months, which was approved by SIB in June.

A pension account credit was received from the Bank of North Dakota in May. The transition of passive fixed income mandates from the Bank of North Dakota to State Street was completed in June.

Staff continues to work on its review and pending restructuring of the current global equity mandate structure.

Staff provided information and testimony to various legislators and legislative committees regarding investment program-related legislation.

Staff is exploring benchmark-agnostic/unconstrained and absolute return credit fixed income strategies for the insurance trust.

Staff continues to conduct preliminary due diligence on possible managers/products for future consideration.

Staff continues to monitor each client’s asset allocation monthly and makes rebalancing decisions based on rebalancing policy and cash flow requirements.
Quarterly Report on TFFR Ends
Quarter ended June 30, 2013

Retirement Program

This report highlights exceptions to normal operating conditions.

- Governor Dalrymple appointed Melvin Olson of Fargo to represent retired members on the TFFR Board. Mr. Olson replaces Lowell Latimer.

- Governor Dalrymple also appointed Rob Lech, Superintendent of Jamestown Public Schools, to complete the term of Bob Toso on the TFFR Board representing school administrators.

- 2011 legislative implementation project for HB1134 benefit changes (7/1/13) and contribution changes (7/1/12 and 7/1/14) is complete. Project included developing and modifying pension software, forms, publications, processes, procedures, and presentations.

- TFFR celebrates 100 years of service to ND educators in 2013. Plans are underway for a special edition newsletter and a small commemorative event.
# SIB Managers Currently Under Review

<table>
<thead>
<tr>
<th>Manager</th>
<th>Pool</th>
<th>Review Inception</th>
<th>Reason</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calamos</td>
<td>Pension</td>
<td>Feb-13</td>
<td>Nick Calamos resignation as co-CIO, Gary Black hiring as co-CIO</td>
<td>Ongoing review, on-site visit scheduled for July 30</td>
</tr>
<tr>
<td>Clifton Group</td>
<td>Pension, Insurance</td>
<td>Nov-12</td>
<td>Acquisition by Parametric Portfolio Associates</td>
<td>Ongoing review, acquisition closed</td>
</tr>
<tr>
<td>Credit Suisse</td>
<td>Pension, Insurance</td>
<td>Aug-12</td>
<td>Credit Suisse announced intention to divest Customized Fund Investment Group (CFIG)</td>
<td>Ongoing review, sale pending</td>
</tr>
<tr>
<td>Epoch Investment Partners</td>
<td>Pension</td>
<td>Dec-12</td>
<td>Acquisition by TD Bank Group</td>
<td>Ongoing review, on-site visit pending</td>
</tr>
<tr>
<td>Loomis Sayles</td>
<td>Pension</td>
<td>Oct-12</td>
<td>Full Discretion co-PM Kathleen Gaffney departure</td>
<td>Ongoing review of two additions to Full Discretion team and Dan Fuss succession plan</td>
</tr>
<tr>
<td>State Street</td>
<td>Pension</td>
<td>Jun-12</td>
<td>Process change: Addition of dynamic component to existing static model</td>
<td>Ongoing review of dynamic model, contingent upon global equity mandate structure review</td>
</tr>
</tbody>
</table>