



ND STATE INVESTMENT BOARD MEETING

Friday, May 22, 2015, 8:30 a.m.
Peace Garden Room, State Capitol
600 E Blvd, Bismarck, ND

AGENDA

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA

II. ACCEPTANCE OF MINUTES (April 24, 2015)

III. INVESTMENTS

- A. Asset and Investment Performance Overview - Mr. Hunter (enclosed) (20 min.)
- B. Callan Associates **Board Acceptance**
 - 1. Market Update 1st Quarter 2015 - Mr. Erlendson (to follow) (20 min.)
 - 2. Pension Trust Review Quarter Ending 3-31-15 - Mr. Erlendson (enclosed) (25 min.)
 - 3. Insurance Trust Review Quarter Ending 3-31-15 - Mr. Erlendson (enclosed) (25 min.)

===== BREAK 10:00 to 10: 15 am =====

- C. Executive Session - Springbank - Ms. Angus (enclosed) (30 min.) **Board Action**
N.D.C.C. §44-04-19.1(9) and N.D.C.C. §44-04-19.2

IV. GOVERNANCE

- A. Legislative Update - Mr. Hunter (enclosed) (10 min) *Informational*
- B. Audit Committee Report - Ms. Miller Bowley (10 min) **Board Acceptance**
- C. Governance Policy Review - Mr. Hunter (enclosed) (20 min)
 - 1. Ends (Second Reading) *Informational*
 - 2. Investments (First Reading) *Informational*

V. MONITORING

- A. Watch List (enclosed) *Informational*

VI. OTHER

Next Meetings:

SIB meeting - June 26, 2015, 8:30 a.m. - State Capitol, Peace Garden Room

SIB Audit Committee meeting - September 25, 2015, 1:00 pm - State Capitol, Ft. Union Room

VII. ADJOURNMENT

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
April 24, 2015, BOARD MEETING**

MEMBERS PRESENT: Drew Wrigley, Lt. Governor, Chair
Mike Sandal, Vice Chair
Lance Gaebe, Land Commissioner
Mike Gessner, TFFR Board
Adam Hamm, Insurance Commissioner (TLCF)
Rob Lech, TFFR Board
Mel Olson, TFFR Board
Cindy Ternes, WSI designee
Tom Trenbeath, PERS Board

MEMBERS ABSENT: Kelly Schmidt, State Treasurer
Yvonne Smith, PERS Board

STAFF PRESENT: Eric Chin, Investment Analyst
Connie Flanagan, Fiscal & Invt Op Mgr
Bonnie Heit, Assist to the SIB
David Hunter, ED/CIO
Terra Miller-Bowley, Supvr Audit Services
Cody Schmidt, Compliance Officer

OTHERS PRESENT: Jan Murtha, Attorney General's Office

CALL TO ORDER:

Mr. Sandal called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, April 24, 2015, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

AGENDA:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. GESSNER AND CARRIED ON A VOICE VOTE TO ACCEPT THE AGENDA FOR THE APRIL 24, 2015, MEETING AS DISTRIBUTED.

AYES: COMMISSIONER GAEBE, COMMISSIONER HAMM, MR. OLSON, MS. TERNES, MR. GESSNER, MR. TRENBEATH, MR. LECH, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

MINUTES:

IT WAS MOVED BY MR. OLSON AND SECONDED BY MR. LECH AND CARRIED ON A VOICE VOTE TO APPROVE THE MARCH 27, 2015, MINUTES AS DISTRIBUTED.

AYES: MR. GESSNER, COMMISSIONER GAEBE, MS. TERNES, MR. LECH, COMMISSIONER HAMM, MR. OLSON, MR. TRENBEATH, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

INVESTMENTS

Annual Board Planning Cycle - Mr. Hunter reviewed the SIB biennial agenda for 2015-2017, which also included a strategic investment plan.

IT WAS MOVED BY MR. TRENBEATH AND SECONDED BY COMMISSIONER GAEBE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE SIB BIENNIAL AGENDA FOR 2015/17 AS WELL AS THE STRATEGIC INVESTMENT PLAN.

AYES: MR. OLSON, MR. TRENBEATH, COMMISSIONER GAEBE, MR. GESSNER, COMMISSIONER HAMM, MS. TERNES, MR. LECH, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

City of Grand Forks - Mr. Hunter conducted an investment review for the year ended December 31, 2014, with City of Grand Forks representatives on April 22, 2015. Future meetings will be conducted with the City of Grand Forks representatives to review the Fund's asset allocation and investment policy statement.

Executive Session

IT WAS MOVED BY MR. TRENBEATH AND SECONDED BY MR. LECH AND CARRIED BY A ROLL CALL VOTE TO MOVE INTO EXECUTIVE SESSION PER NDCC §44-04-19.1(9) AND NDCC §44-04-19.2 TO DISCUSS THE SPRINGBANK AGREEMENT.

AYES: MR. GESSNER, COMMISSIONER HAMM, MS. TERNES, COMMISSIONER GAEBE, MR LECH, MR. SANDAL, MR. TRENBEATH, AND MR. OLSON

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

The SIB entered into Executive Session at 8:45 a.m. The SIB, Ms. Murtha, and RIO personnel were present.

The SIB exited Executive Session at 9:00 a.m.

IT WAS MOVED BY MR. LECH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO EXTEND THE TERM OF THE EXISTING SPRINGBANK AGREEMENT FROM JUNE 30, 2015, TO SEPTEMBER 30, 2015, TO ALLOW ADDITIONAL TIME TO RENEGOTIATE THE AGREEMENT.

AYES: MR. OLSON, MR. GESSNER, MR. LECH, MR. TRENBEATH, MS. TERNES, COMMISSIONER HAMM, COMMISSIONER GAEBE, AND MR. SANDAL

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

GOVERNANCE

Legislative Update - Mr. Hunter updated the SIB on legislation as of April 17, 2015, which may affect RIO and the SIB.

Governance Review - The Board received the second reading of the Board Staff Relationship policies. There were no modifications made to the policies. No action was taken.

The Board received the first reading of the Ends policies. The policies will be presented for a second reading and possible acceptance at the next meeting.

MONITORING:

Per Governance Policy, Board/Staff Relationship/Monitoring Executive Performance C-4, the following monitoring reports for the quarter ending March 31, 2015, were provided to the SIB for their consideration: Budget/Financial Conditions, Executive Limitations/Staff Relations, Investment Program, and Retirement Program.

An updated Watch List was also distributed.

IT WAS MOVED BY MR. TRENBEATH AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE MARCH 31, 2015, MONITORING REPORTS.

AYES: MR. TRENBEATH, MR. OLSON, COMMISSIONER GAEBE, MR. LECH, MR. SANDAL, COMMISSIONER HAMM, MR. GESSNER, AND MS. TERNES

NAYS: NONE

MOTION CARRIED

ABSENT: TREASURER SCHMIDT, MS. SMITH, LT. GOVERNOR WRIGLEY

BOARD EDUCATION:

ND Bankers Association - Mr. Hunter, Mr. Schulz, and Mr. Erlendson, Callan Associates, met on April 13, 2015, with Mr. Rick Clayburgh, President and CEO of the ND Bankers Association, along with ten North Dakota based investment professionals. The entities met to gain a better understanding of the investment services offered by the North Dakota based firms and review the search process and selection criteria utilized by the SIB and RIO. Future meetings will be scheduled and Mr. Hunter will keep the SIB apprised.

Lt. Governor Wrigley entered the meeting. Mr. Sandal continued to preside over the meeting.

SIB Offsite Preview - Mr. Hunter informed the SIB he has contracted with Mr. Keith Ambachtsheer, KPA Advisory Services, Toronto, Ontario, Canada. Mr. Ambachtsheer will address the following at the SIB's pension governance offsite meeting on July 24, 2015, at the University of Mary: survey findings on pension fund governance and their implications, preferred investment board dynamics and practices, and investment beliefs and policies for the 21st Century.

OTHER:

Next scheduled meetings:

SIB Meeting - May 22, 2015, 8:30 a.m. - State Capitol, Peace Garden Room

SIB Audit Committee Meeting - May 21, 2015, 3:00 p.m. - State Capitol, Peace Garden Room

ADJOURNMENT:

With no further business to come before the SIB, Mr. Sandal adjourned the meeting at 9:32 a.m.

Mr. Mike Sandal, Vice Chair
State Investment Board

Bonnie Heit
Assistant to the Board

State Investment Board

Asset and Investment Performance Overview

May 22, 2015

Dave Hunter, Executive Director / CIO
Darren Schulz, Deputy Chief Investment Officer
ND Retirement & Investment Office (RIO)
State Investment Board (SIB)

State Investment Board – Client Assets Under Management

Fund Name	Market Values as of 3/31/15 ⁽¹⁾	Market Values as of 6/30/14 ⁽²⁾	Market Values as of 3/31/14 ⁽¹⁾
Pension Trust Fund			
Public Employees Retirement System (PERS)	2,401,309,136	2,332,744,037	2,243,514,709
Teachers' Fund for Retirement (TFFR)	2,090,299,471	2,061,684,912	1,995,969,373
Job Service of North Dakota Pension	98,026,580	97,825,769	95,949,225
City of Bismarck Employees Pension	81,230,926	78,804,326	76,180,588
City of Grand Forks Employees Pension	56,504,623	57,896,611	53,425,887
City of Bismarck Police Pension	35,631,338	34,643,204	33,473,553
Grand Forks Park District	6,033,693	5,938,993	5,744,021
City of Fargo Employees Pension	1,489	9,702	36,523
Subtotal Pension Trust Fund	4,769,037,256	4,669,547,555	4,504,293,878
Insurance Trust Fund			
Legacy Fund	3,194,769,809	2,215,941,142	1,930,191,282
Workforce Safety & Insurance (WSI)	1,770,406,238	1,703,987,980	1,660,256,351
Budget Stabilization Fund	595,135,717	586,199,881	589,665,298
City of Fargo FargoDome Permanent Fund	41,752,458	41,775,992	39,463,100
PERS Group Insurance Account	41,205,242	37,425,567	39,225,538
State Fire and Tornado Fund	25,431,804	29,223,707	28,883,451
Petroleum Tank Release Compensation Fund	7,232,124	7,092,998	6,993,990
State Risk Management Fund	6,929,517	6,948,162	6,738,970
State Risk Management Workers Comp Fund	6,290,439	5,965,322	5,777,405
ND Association of Counties (NDACo) Fund	3,562,951	3,445,373	3,352,331
State Bonding Fund	3,339,532	3,268,991	3,219,350
ND Board of Medical Examiners	2,168,964	1,889,897	
Bismarck Deferred Sick Leave Account	881,132	849,818	825,231
Insurance Regulatory Trust Fund	658,357	1,146,038	1,122,648
Cultural Endowment Fund	383,865	364,979	366,130
Subtotal Insurance Trust Fund	5,700,148,149	4,645,525,847	4,316,081,075
PERS Retiree Insurance Credit Fund	96,499,236	90,360,366	85,940,208
Total Assets Under SIB Management	10,565,684,641	9,405,433,768	8,906,315,161

⁽¹⁾ 3/31/15 and 3/31/14 market values are unaudited and subject to change.

⁽²⁾ 6/30/14 market values as stated in the Comprehensive Annual Financial Report.

- ▶ SIB Client Assets Under Management grew by approximately 19% or \$1.66 billion in the last year.
- ▶ The Pension Trust posted a net return of over 6.5%, while the Insurance Trust generated a 5.4% net return in the last year. Investments were responsible for gains of \$293 million for the Pension Trust and \$233 million for the Insurance Trust.
- ▶ Legacy assets increased by 66% (or \$1.3 billion) primarily due to tax collections, although net returns were 5.7% for the year ended March 31, 2015.
- ▶ SIB client assets exceeded \$10.5 billion based on unaudited valuations as of March 31, 2015.

Client Level Return & Risk Summary – March 31, 2015

Overview: Pursuant to Section D.3 of the SIB Governance Manual, SIB clients should receive investment returns consistent with their investment policies and market variables. This “End” is evaluated based on comparison of each client’s actual net rate of return, standard deviation and risk adjusted excess return, to the client’s policy benchmark over a minimum period of 5 years. The following five pages summarizes actual client level returns (net of fees), for the 1-, 3- and 5-year periods ended March 31, 2015. In order to determine relative performance, actual returns (net of fees) are compared to the policy benchmark for each relevant period. Risk metrics (standard deviation and risk adjusted excess return) are also reported for each SIB client, if applicable, for the 5-year period ended March 31, 2015.

Pension Trust: All Pension Trust clients generated positive Excess Returns for the 1-, 3- and 5-year periods ended March 31, 2015, as summarized on the following two pages. Over the past year, PERS and TFFR generated a net return of approximately 6.5% which exceeded the policy benchmark by 1.2%. Based on \$4.4 billion of combined assets for PERS and TFFR, this translates into over \$52 million of incremental income for the State’s two largest pension plans in the last year (e.g. \$4.4 billion x 1.2% = \$52.8 million). The main drivers of excess returns in the overall Pension Trust were Fixed Income (0.8%), Real Estate (0.3%), Infrastructure (0.3%) and U.S. Equities (0.2%), with Timber (-0.3%) representing the largest detractor during the past year. Risk Adjusted Excess Returns for the five-years ended March 31, 2015 were positive for all current Pension Trust clients with one exception for the Grand Forks Park District Plan (a \$6 million plan which still generated 0.38% of excess return over the past five-years).

Insurance Trust: All Insurance Trust clients generated positive Excess Returns for the 1-, 3- and 5-year periods ended March 31, 2015, with two 1-year exceptions for PERS Retiree Heath and PERS Group Insurance. The PERS Retiree Health Insurance Credit Fund (\$96 million) and Group Insurance Fund (\$41 million) experienced negative excess returns of 0.28% and 0.02%, respectively, in the past year. Both funds had positive excess return for the 3- and 5-year periods ended March 31, 2015. RIO and PERS are reviewing the asset allocation for Group Insurance based on changing liquidity requirements. The top three drivers of excess returns in the Insurance Trust were Fixed Income (0.5%), Real Assets (0.1%) and U.S. Large Cap (0.1%), while International Equity (-0.1%) was the largest detractor in the last year. Risk Adjusted Excess Returns were positive for all Insurance Trust clients for the five-year period ended March 31, 2015.

Actual asset allocations are within Target ranges and guidelines as confirmed by Callan Associates as of March 31, 2015.

Note: Current year returns are unaudited and subject to change.

Pension Trust Return & Risk Summary – March 31, 2015

Risk: The standard deviation of all Pension client portfolios were within approved levels for the 5-year period ended 3/31/14 (i.e. less than 115% of policy).

	Current FYTD 3/31/2015	1 Yr Ended 3/31/2015	3 Yrs Ended 3/31/2015	5 Yrs Ended 3/31/2015	Risk 5 Yrs Ended 3/31/2015	Risk Adj Excess Return 5 Yrs Ended 3/31/2015
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PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

\$ 2,401,309,136

Total Fund Return - Net	2.76%	6.52%	10.00%	9.20%	8.7%	0.05%
Policy Benchmark Return	1.89%	5.28%	9.06%	8.77%	8.3%	
EXCESS RETURN	0.87%	1.24%	0.94%	0.43%	104.3%	

TEACHERS' FUND FOR RETIREMENT (TFFR)

\$ 2,090,299,471

Total Fund Return - Net	2.72%	6.47%	10.11%	9.31%	9.5%	0.44%
Policy Benchmark Return	1.90%	5.27%	9.12%	8.51%	9.2%	
EXCESS RETURN	0.82%	1.21%	0.98%	0.80%	104.1%	

CITY OF BISMARCK EMPLOYEES PENSION

\$ 81,230,926

Total Fund Return - Net	3.09%	6.66%	9.42%	9.36%	7.4%	0.60%
Policy Benchmark Return	2.25%	5.37%	8.17%	8.48%	7.1%	
EXCESS RETURN	0.84%	1.29%	1.26%	0.89%	103.2%	

Pension Trust Return & Risk Summary – March 31, 2015

Risk: The standard deviation of all Pension client portfolios were within approved levels for the 5-year period ended 3/31/14 (i.e. less than 115% of policy).

	Current FYTD 3/31/2015	1 Yr Ended 3/31/2015	3 Yrs Ended 3/31/2015	5 Yrs Ended 3/31/2015	Risk 5 Yrs Ended 3/31/2015	Risk Adj Excess Return 5 Yrs Ended 3/31/2015
CITY OF BISMARCK POLICE PENSION						
\$	35,631,338					
Total Fund Return - Net	2.86%	6.48%	9.70%	9.47%	8.0%	0.53%
Policy Benchmark Return	2.08%	5.28%	8.54%	8.74%	7.8%	
EXCESS RETURN	0.78%	1.20%	1.17%	0.73%	102.2%	
JOB SERVICE PENSION PLAN						
\$	98,026,580					
Total Fund Return - Net	3.90%	7.20%	9.49%	8.85%	6.4%	0.49%
Policy Benchmark Return	2.44%	5.66%	7.50%	7.83%	6.0%	
EXCESS RETURN	1.45%	1.55%	1.99%	1.03%	106.6%	
CITY OF GRAND FORKS PENSION PLAN						
\$	56,504,623					
Total Fund Return - Net	3.15%	6.78%	10.39%	9.74%	8.7%	0.28%
Policy Benchmark Return	2.17%	5.60%	9.33%	9.17%	8.5%	
EXCESS RETURN	0.98%	1.19%	1.06%	0.57%	103.0%	
GRAND FORKS PARK DISTRICT PENSION PLAN						
\$	6,033,693					
Total Fund Return - Net	4.23%	7.73%	10.90%	9.70%	9.1%	-0.32%
Policy Benchmark Return	3.15%	6.77%	9.78%	9.32%	8.4%	
EXCESS RETURN	1.07%	0.96%	1.11%	0.38%	107.8%	

Risk Adjusted Excess Return

measures a portfolio's excess return adjusted by its risk relative to a benchmark portfolio. This metric is positive if returns are due to "smart" investment decisions or negative if driven by excess risk.

Insurance Trust Return & Risk Summary – March 31, 2015

	Current FYTD 3/31/2015	1 Yr Ended 3/31/2015	3 Yrs Ended 3/31/2015	5 Yrs Ended 3/31/2015	Risk 5 Yrs Ended 3/31/2015	Risk Adj Excess Return 5 Yrs Ended 3/31/2015
WORKFORCE SAFETY & INSURANCE (WSI)						
\$	1,770,406,238					
Total Fund Return - Net	3.81%	7.07%	8.06%	8.35%	3.98%	0.52%
Policy Benchmark Return	3.19%	6.15%	5.74%	7.18%	3.67%	
EXCESS RETURN	0.61%	0.92%	2.32%	1.17%		
LEGACY FUND						
\$	3,194,769,809					
Total Fund Return - Net	3.10%	5.73%	3.76%	N/A	N/A	N/A
Policy Benchmark Return	2.56%	5.39%	2.97%	N/A	N/A	
EXCESS RETURN	0.54%	0.34%	0.79%			
BUDGET STABILIZATION FUND						
\$	595,135,717					
Total Fund Return - Net	1.48%	2.04%	1.97%	2.34%	0.74%	0.33%
Policy Benchmark Return	0.63%	0.85%	0.57%	0.41%	0.23%	
EXCESS RETURN	0.85%	1.21%	1.40%	1.93%		
FIRE & TORNADO FUND						
\$	25,431,804					
Total Fund Return - Net	3.78%	6.78%	8.90%	8.75%	5.56%	0.45%
Policy Benchmark Return	3.32%	6.04%	6.78%	6.86%	4.65%	
EXCESS RETURN	0.46%	0.75%	2.12%	1.89%		

Risk Adjusted Excess Return

measures a portfolio's excess return adjusted by its risk relative to a benchmark portfolio. This metric is positive if returns are due to "smart" investment decisions or negative if driven by excess risk.

Note: Excess Return values for WSI and the Legacy Fund were impacted by asset allocation changes in the last year.

Insurance Trust Return & Risk Summary – March 31, 2015

	Current FYTD 3/31/2015	1 Yr Ended 3/31/2015	3 Yrs Ended 3/31/2015	5 Yrs Ended 3/31/2015	Risk 5 Yrs Ended 3/31/2015	Risk Adj Excess Return 5 Yrs Ended 3/31/2015
STATE BONDING FUND						
\$	3,339,532					
Total Fund Return - Net	2.15%	3.74%	3.53%	4.14%	1.76%	1.44%
Policy Benchmark Return	1.98%	3.13%	1.74%	2.46%	1.66%	
EXCESS RETURN	0.17%	0.60%	1.80%	1.69%		
INSURANCE REGULATORY TRUST FUND (IRTF)						
\$	658,357					
Total Fund Return - Net	2.57%	4.74%	6.73%	6.50%	4.73%	0.41%
Policy Benchmark Return	2.24%	4.28%	5.32%	5.21%	4.09%	
EXCESS RETURN	0.34%	0.46%	1.41%	1.29%		
PETROLEUM TANK RELEASE COMPENSATION FUND						
\$	7,232,124					
Total Fund Return - Net	1.95%	3.39%	3.14%	3.77%	1.58%	1.35%
Policy Benchmark Return	1.80%	2.84%	1.59%	2.24%	1.50%	
EXCESS RETURN	0.15%	0.55%	1.55%	1.54%		
STATE RISK MANAGEMENT FUND						
\$	6,929,517					
Total Fund Return - Net	5.09%	8.30%	9.39%	9.57%	4.87%	0.24%
Policy Benchmark Return	4.53%	7.31%	6.96%	7.45%	3.91%	
EXCESS RETURN	0.55%	0.99%	2.43%	2.12%		
STATE RISK MANAGEMENT WORKERS COMP FUND						
\$	6,290,439					
Total Fund Return - Net	5.48%	8.86%	10.32%	10.29%	5.92%	0.35%
Policy Benchmark Return	4.86%	7.85%	7.96%	8.27%	4.96%	
EXCESS RETURN	0.62%	1.00%	2.37%	2.02%		
ND ASSOCIATION OF COUNTIES FUND (NDACo)						
\$	3,562,951					
Total Fund Return - Net	3.44%	6.27%	8.11%	7.51%	6.76%	0.77%
Policy Benchmark Return	3.03%	5.55%	6.01%	5.69%	5.81%	
EXCESS RETURN	0.41%	0.72%	2.10%	1.82%		

Risk Adjusted Excess Return measures a portfolio's excess return adjusted by its risk relative to a benchmark portfolio. This metric is positive if returns are due to "smart" investment decisions or negative if driven by excess risk.

Note: Every Insurance Trust client generated positive Risk Adjusted Excess Return over the past 5-years (if applicable).

Insurance Trust Return & Risk Summary – March 31, 2015

	Current FYTD 3/31/2015	1 Yr Ended 3/31/2015	3 Yrs Ended 3/31/2015	5 Yrs Ended 3/31/2015	Risk 5 Yrs Ended 3/31/2015	Risk Adj Excess Return 5 Yrs Ended 3/31/2015
CITY OF BISMARCK DEFERRED SICK LEAVE ACCOUNT						
\$ 881,132						
Total Fund Return - Net	3.76%	6.85%	8.65%	8.73%	4.91%	0.36%
Policy Benchmark Return	3.32%	6.03%	6.27%	6.56%	3.89%	
EXCESS RETURN	0.43%	0.82%	2.38%	2.17%		
FARGODOME PERMANENT FUND						
\$ 41,752,458						
Total Fund Return - Net	3.67%	7.06%	10.49%	10.00%	8.12%	0.50%
Policy Benchmark Return	2.99%	6.30%	8.61%	8.56%	7.35%	
EXCESS RETURN	0.68%	0.76%	1.88%	1.44%		
CULTURAL ENDOWMENT FUND						
\$ 383,865						
Total Fund Return - Net	5.20%	8.70%	12.02%	11.35%	8.72%	0.53%
Policy Benchmark Return	4.56%	7.99%	10.10%	9.66%	7.83%	
EXCESS RETURN	0.64%	0.71%	1.93%	1.68%		
BOARD OF MEDICAL EXAMINERS						
\$ 2,168,964						
Total Fund Return - Net	2.37%	N/A	N/A	N/A		N/A
Policy Benchmark Return	1.81%	N/A	N/A	N/A		
EXCESS RETURN	0.57%					
PERS RETIREE HEALTH						
\$ 96,499,236						
Total Fund Return - Net	3.61%	7.43%	10.79%	10.32%	9.27%	0.05%
Policy Benchmark Return	4.08%	7.71%	10.11%	9.64%	8.71%	
EXCESS RETURN	-0.47%	-0.28%	0.68%	0.67%		
PERS GROUP INSURANCE						
\$ 41,205,242						
Total Fund Return - Net	0.01%	0.01%	0.13%	0.20%	0.07%	0.01%
Policy Benchmark Return	0.02%	0.03%	0.07%	0.09%	0.03%	
EXCESS RETURN	-0.01%	-0.02%	0.06%	0.11%		

Risk Adjusted Excess Return

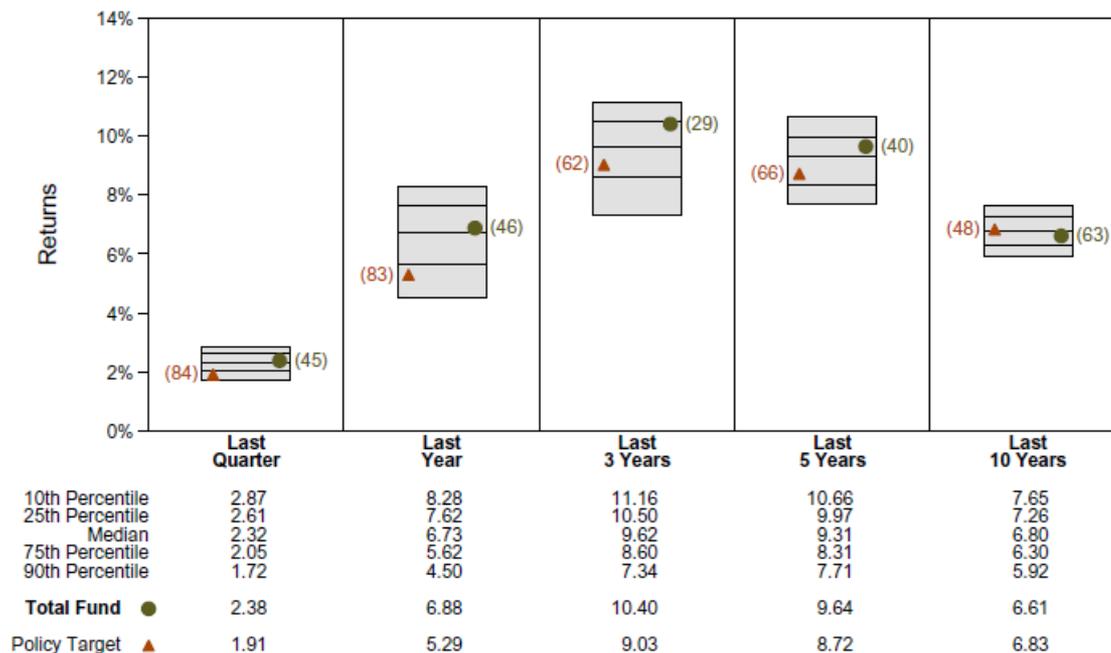
measures a portfolio's excess return adjusted by its risk relative to a benchmark portfolio. This metric is positive if returns are due to "smart" investment decisions or negative if driven by excess risk.

Note: Every Insurance Trust client generated positive Risk Adjusted Excess Return over the past 5-years (if applicable).

Peer Performance - Pension Trust Total Fund Ranking

The chart displays the ranking of the Total Pension Fund's performance relative to that of the Public Fund Sponsor Database for periods ended March 31, 2015, without any adjustment for the historical asset allocations of the Total Pension Fund (versus other public fund sponsors).

Callan Public Fund Sponsor Database



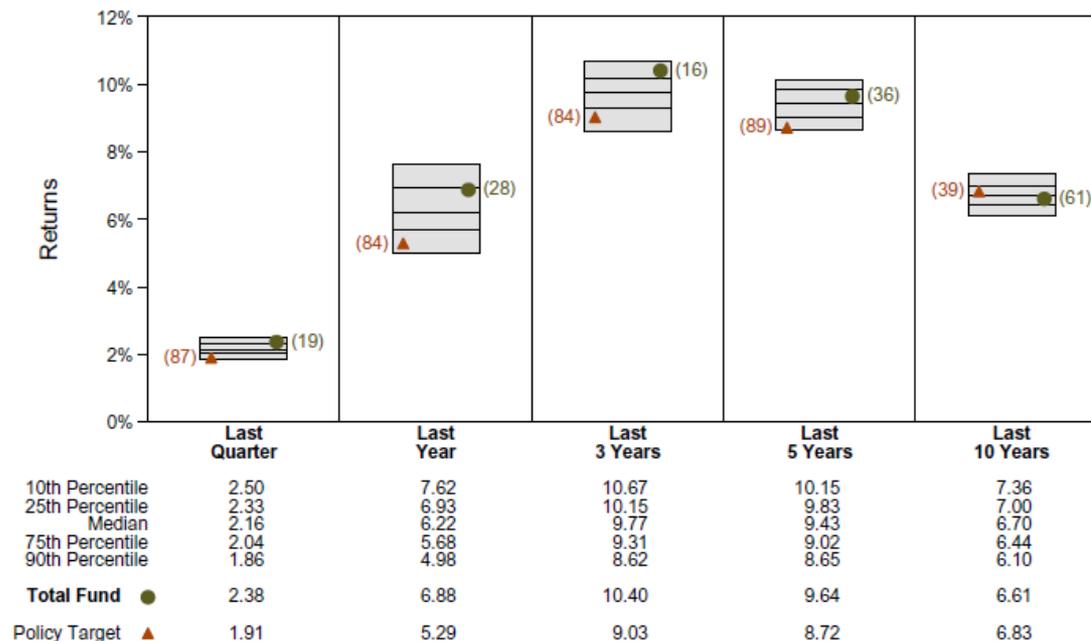
* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

Gross Returns: The Pension Trust generated 2nd quartile returns for the 1-, 3-, and 5-year periods and 3rd quartile returns for the 10-year period ended March 30, 2015 based on the Callan Associates Public Fund Sponsor Database (unadjusted basis).

Peer Performance - Pension Trust Total Fund Ranking

The chart displays the ranking of the Total Pension Fund's performance relative to that of the Public Fund Sponsor Database for periods ended March 31, 2015, adjusted for the historical asset allocations of the Total Pension Fund (versus other public fund sponsors).

Callan Public Fund Sponsor Database

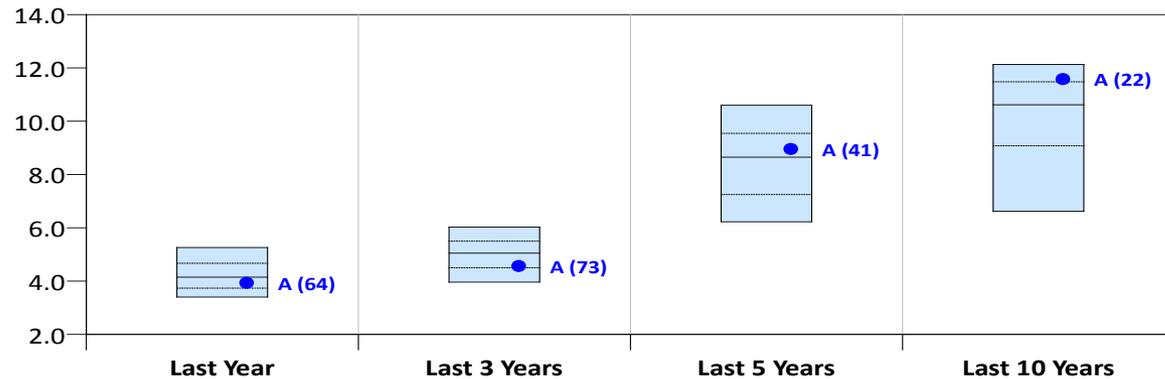


* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

Gross Returns: The Pension Trust generated 1st quartile returns for the 3-year period, 2nd quartile returns for the 1- and 5-year periods, and a 3rd quartile return for the 10-year period ended March 30, 2015 based on the Callan Associates Public Fund Sponsor Database (adjusted basis).

Pension “Risk” has declined as measured by Standard Deviation

Standard Deviation
for Periods Ended March 31, 2015
Group: CAI Public Fund Sponsor Database



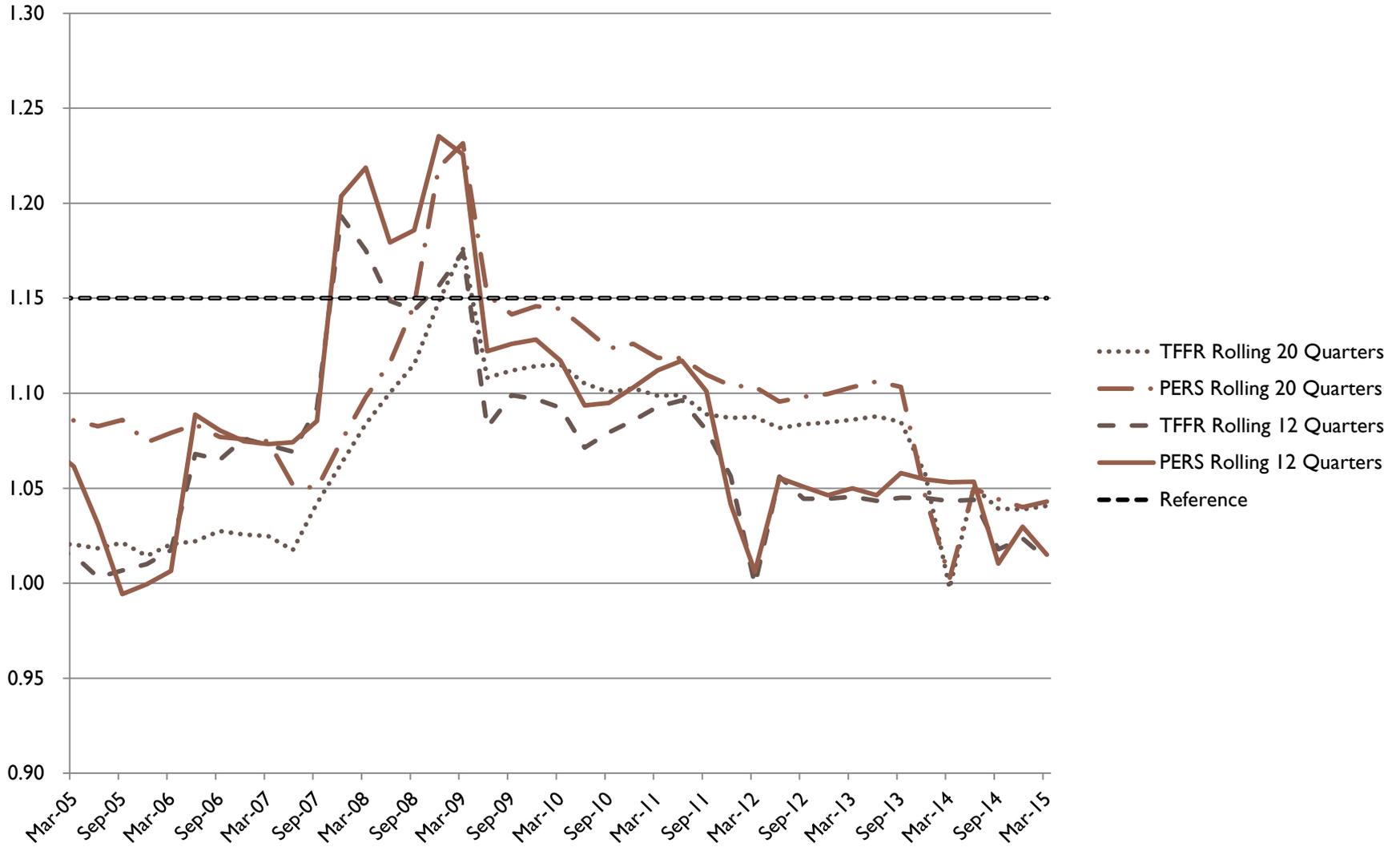
Period	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile	Member Count	ND Pen-Total Fund
Last Year	5.3	4.7	4.1	3.7	3.4	259	3.9
Last 3 Years	6.0	5.5	5.0	4.5	4.0	245	4.6
Last 5 Years	10.6	9.5	8.7	7.2	6.2	225	9.0
Last 10 Years	12.1	11.5	10.6	9.1	6.6	196	11.6

Portfolio volatility, as measured by Standard Deviation, has declined significantly and currently resides in the 3rd quartile for 3-year period ended 3/31/15 versus the upper two quartiles for the 5- and 10-year periods ended 3/31/15.

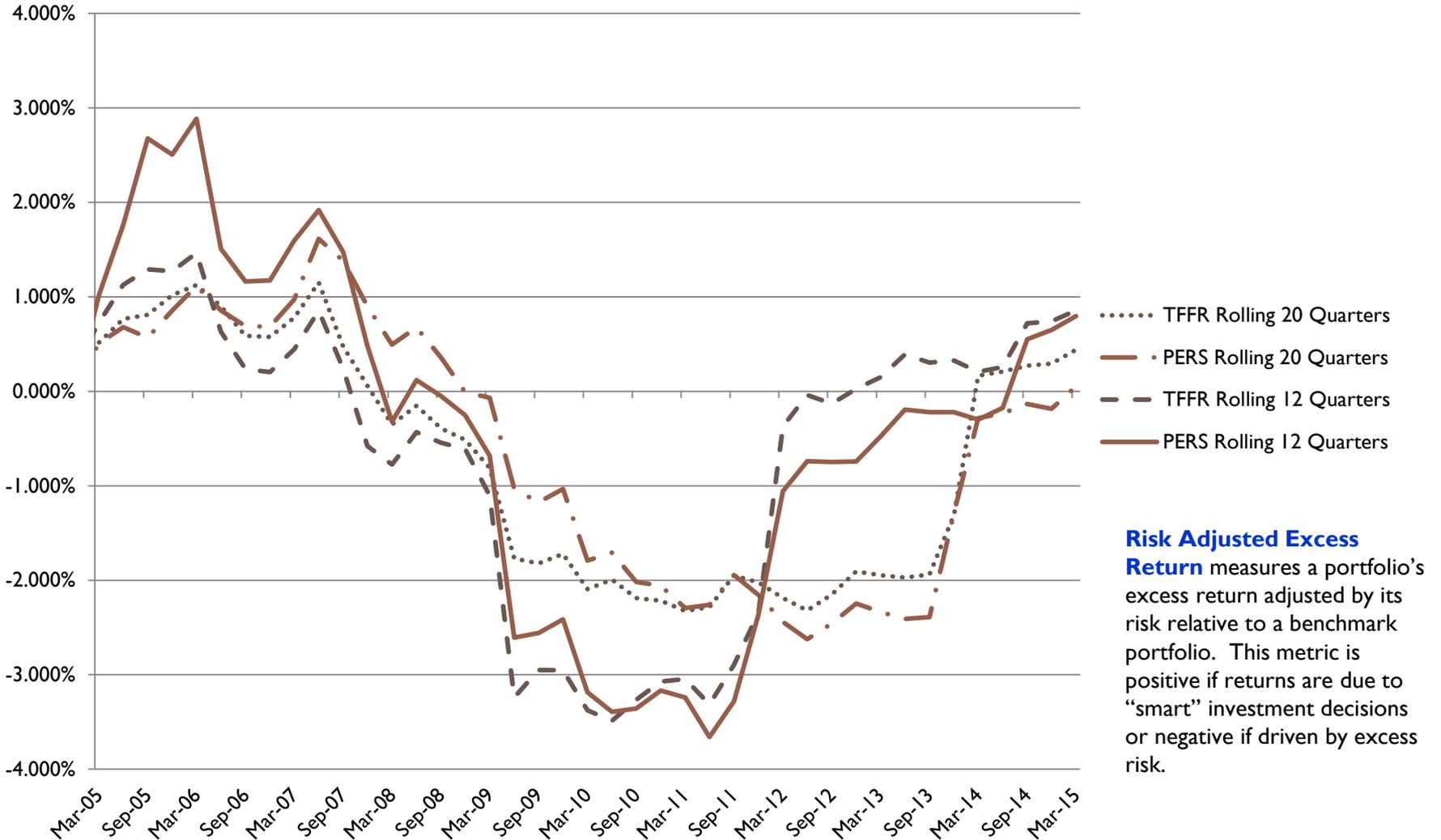
Excess Returns Relative to Policy Benchmarks 10 Years Ended 3/31/2015



Relative Standard Deviation Relative to Policy Benchmarks 10 Years Ended 3/31/2015



Risk Adjusted Excess Returns 10 Years Ended 3/31/2015



Risk Adjusted Excess Return measures a portfolio's excess return adjusted by its risk relative to a benchmark portfolio. This metric is positive if returns are due to "smart" investment decisions or negative if driven by excess risk.

Strategic Initiatives – May 15, 2015 Update

RIO Budget Update (2Q) – The 64th Legislative Assembly adjourned in late-April without approving Senate Bill 2022. This bill contained the biennial appropriation for RIO (and PERS). In light of this development, RIO respectfully requested the Attorney General provide an opinion on whether and to what extent RIO is authorized to make expenditures during the 2015-17 biennium. It is important to note that the House and Senate did not raise any concerns to RIO with regards to the appropriateness of its budget request and RIO generally found the legislature to be supportive of RIO and its efforts.

Other Projects (2Q-3Q) – RIO continues to work with the Tobacco Prevention and Control Trust Fund (new client), Bank of North Dakota Match Loan CD Program (documentation enhancement), Land Board Synergies (jointly negotiated fee reductions and a review of operating synergies) and Risk Management (review of market leading risk management systems) among other projects.

Private Capital (3Q) – RIO commenced a review of our existing Timber, Infrastructure, Real Estate and Private Equity mandates in 2014 to confirm our investment approach to less liquid strategies, rationalize smaller investments, ease administrative reporting and identify potential fee savings. This month, Callan will review one of our most challenged private investments (Springbank - \$116 million). RIO will continue to review our existing Timber and Private Equity mandates during the second half of 2015.

Global Fixed Income (4Q) – RIO intends to complete a review of our existing fixed income strategies in mid- 2015 so as to confirm sector allocations in light of our long-term strategic goals and strong performance.

Governance and Board Education (Ongoing) – Each section of our Governance manual will be reviewed in detail during the first half of 2015 followed by a ½-day offsite in July so as to increase our overall awareness to pension governance trends and reconfirm our desire to maintain the existing governance model framework. RIO will also work with the SIB to schedule additional board and governance related education on a variety of topics including asset allocation, capital markets theory, fiduciary role and performance measurement over the next year.

Watch List (Ongoing) – Timber Investment Resources, UBS and PIMCO will be retained on the Watch List until performance improves and/or recent firm developments are satisfactorily resolved.

Historical Asset Class Market Returns and Key Economic Indicators

Asset Class	Benchmark	Period Ended March 31, 2015			
		1-Year	3-Years	5-Years	10-Years
Large Cap US Stocks	Russell 1000	12.73%	16.45%	14.73%	8.34%
Small Cap US Stocks	Russell 2000	8.21%	16.27%	14.57%	8.82%
Non-US Stocks (Developed)	MSCI EAFE	-0.92%	9.02%	6.16%	4.95%
Non-US Stocks (Emerging)	MSCI Emerging Markets	0.79%	0.66%	2.08%	8.82%
US Bonds	Barclays Aggregate	5.72%	3.10%	4.41%	4.93%
High Yield Bonds	Barclays Corporate High Yield	2.00%	7.46%	8.59%	8.18%
Non-US Debt	Citi Non-US World Govt	-9.82%	-3.32%	0.38%	2.51%
Inflation Protected	Barclays Global Inflation Linked	-0.93%	1.23%	4.24%	4.32%
Real Estate	NCREIF	12.72%	11.47%	12.75%	8.39%

Recent Quarterly Indicators	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13
GDP Growth	0.2%	2.2%	5.0%	4.6%	-2.1%	3.5%	4.5%	1.8%
Unemployment Rate	5.6%	5.7%	6.1%	6.2%	6.6%	7.0%	7.3%	7.5%
CPI	-0.1%	0.8%	1.7%	2.1%	1.5%	1.5%	1.2%	1.8%
Consumer Sentiment	93.0	93.6	84.6	82.5	80.0	82.5	77.5	84.1



May 22, 2015

**North Dakota
State Investment Board**

Performance Evaluation
as of March 31, 2015

Paul Erlendson
Senior Vice President

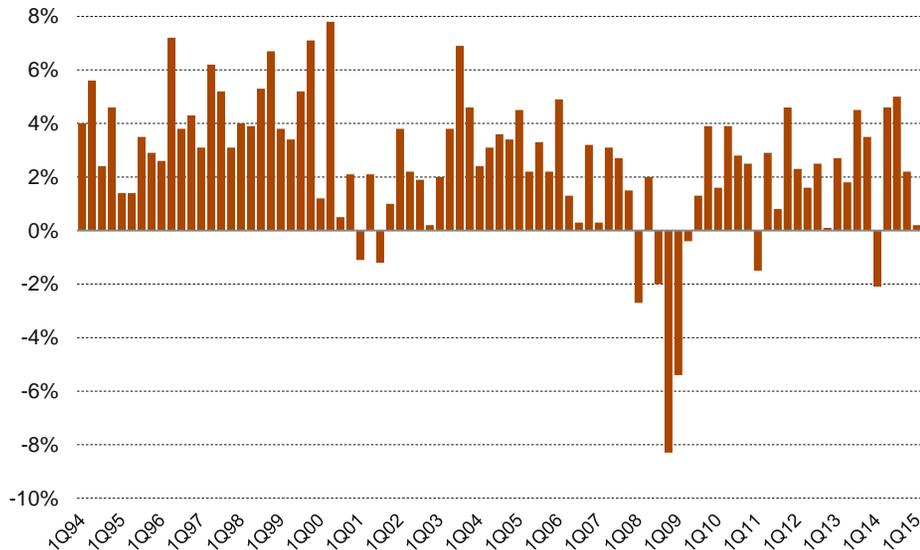
Agenda

- Review economic and market environment for periods ended March 31, 2015
- Pension Trust Quarterly Review
 - Results and Observations
- Insurance Trust Quarterly Review
 - Results and Observations

U.S. Economy

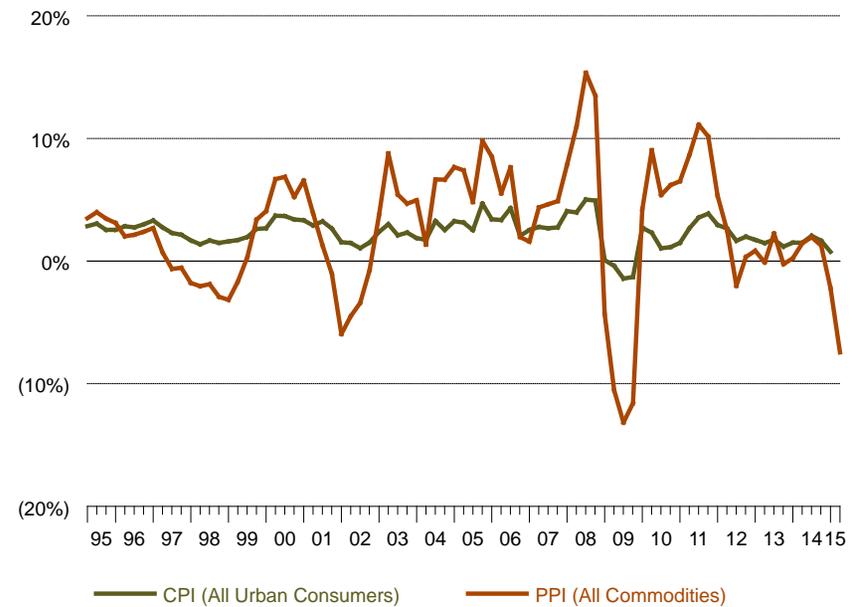
Periods Ending March 31, 2015

Quarterly Real GDP Growth (20 Years)*



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

- Initial first quarter GDP came in at 0.2%, behind the 4th quarter's gain of 2.2%.
- March headline inflation fell 0.1% from a year earlier, core inflation was 1.8%.
- The unemployment rate was 5.5% at quarter end, down 0.1% from start of year.
- Payroll growth decelerated with an average addition of 155,000 jobs per month, down from 324,000 in 4Q14.
- U.S. crude oil prices are down 56% since June 2014

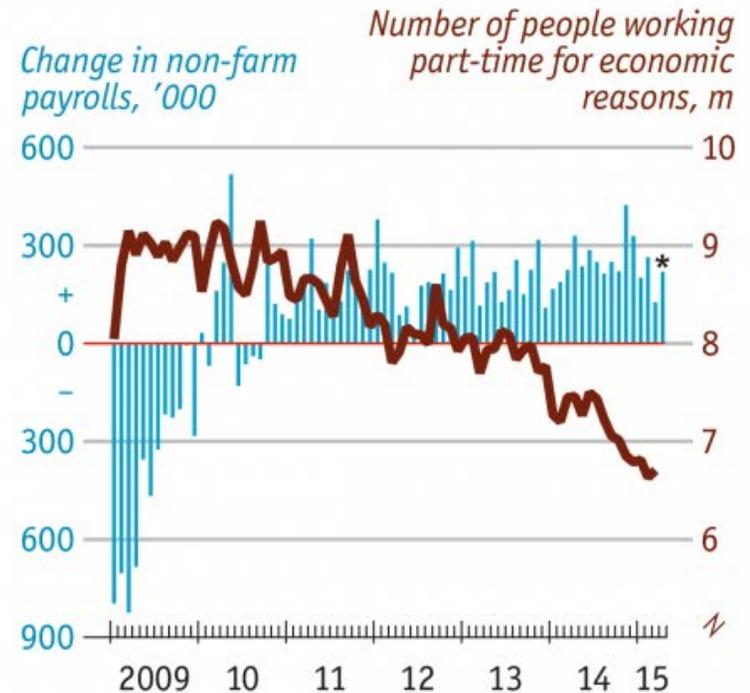
The Employment Picture Continues to Improve. Gradually.

United States



Source: The Economist

Half full, half empty



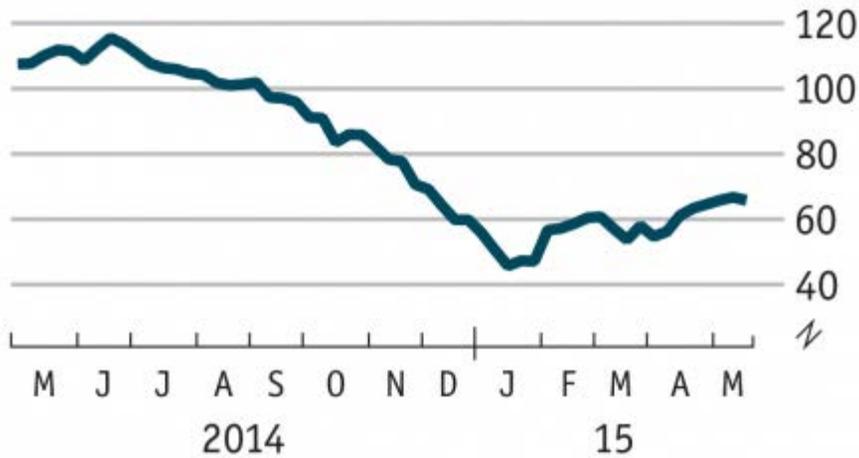
Sources: Bureau of Labour Statistics; NASDAQ *Estimate

- Over the past year, employment costs measured by the Employment Cost Index have been climbing at their fastest rate since fourth quarter 2008.
- March payroll numbers were revised downward, showing an addition of 85,000 positions, bringing the average jobs added per month to 184,000.
- The US unemployment rate hovered around 5.5% for most of the first calendar quarter of 2015.

Oil prices off the peak

Technological efficiencies enhance production

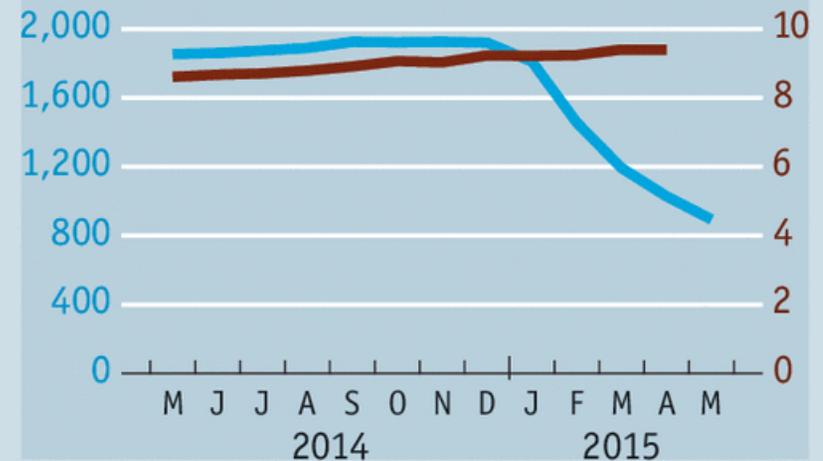
Brent crude oil price
\$ per barrel



Sources: Thomson Reuters; The Economist, Espresso

Still pumping

Number of active oil rigs in US*
US crude oil production (million b/d)



Sources: EIA; Baker Hughes; The Economist
* Shale and conventional

Asset Class Performance

Periods Ending March 31, 2015

- S&P 500 gained 1.0%, behind mid and small cap but was best over last year, up 12.7%
- The Russell 2000 appreciated 4.3%
- BC Aggregate rose 1.6%, 5.7% for last year
- Developed international equities beat domestic equities but trailed over last year

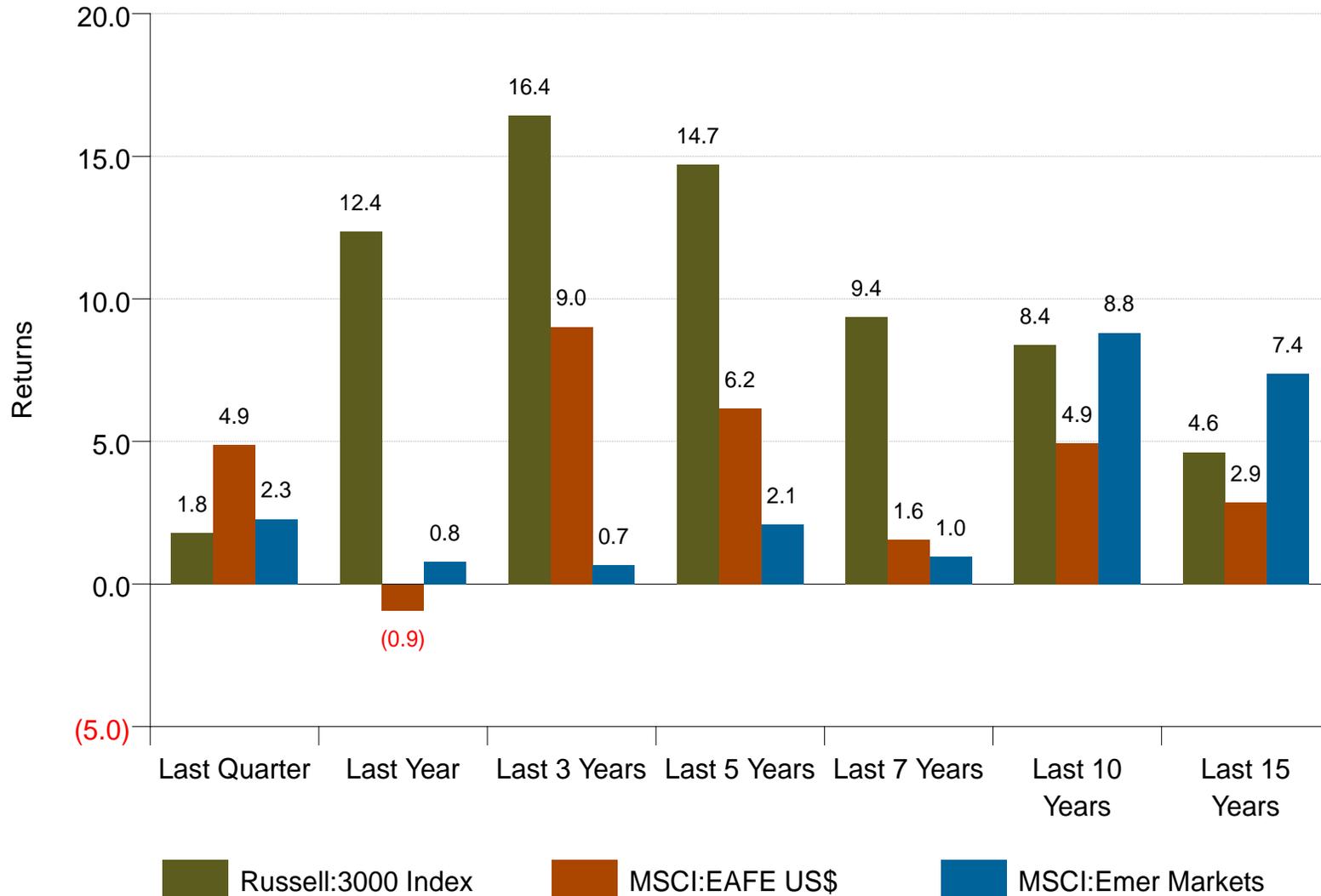
	YTD (5/15/15)
Russell 3000	4.2%
MSCI EAFE	11.3%
MSCI EM	9.8%
BC Aggregate	0.8%
BC TIPS	1.0%

**Periodic Table of Investment Returns
for Periods Ended March 31, 2015**

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:EAFE US\$ 4.9%	S&P:500 12.7%	S&P:600 Small Cap 17.3%	S&P:600 Small Cap 16.3%	S&P:600 Small Cap 9.7%
S&P:600 Small Cap 4.0%	S&P:600 Small Cap 8.7%	S&P:500 16.1%	S&P:500 14.5%	MSCI:Emer Markets 8.8%
MSCI:Emer Markets 2.3%	Barclays:Aggregate Index 5.7%	MSCI:EAFE US\$ 9.0%	MSCI:EAFE US\$ 6.2%	S&P:500 8.0%
Barclays:Aggregate Index 1.6%	MSCI:Emer Markets 0.8%	Barclays:Aggregate Index 3.1%	Barclays:Aggregate Index 4.4%	MSCI:EAFE US\$ 4.9%
S&P:500 1.0%	3 Month T-Bill 0.0%	MSCI:Emer Markets 0.7%	MSCI:Emer Markets 2.1%	Barclays:Aggregate Index 4.9%
3 Month T-Bill 0.0%	MSCI:EAFE US\$ (0.9%)	3 Month T-Bill 0.1%	3 Month T-Bill 0.1%	3 Month T-Bill 1.5%

Domestic, Developed, and Emerging Stock Returns

Returns for Various Periods Current Quarter Ending March 31, 2015



U.S. Equity Style Returns

Periods Ending March 31, 2015

	1Q 2015		
	Value	Core	Growth
Large	-0.7%	1.6%	3.8%
Mid	2.4%	4.0%	5.4%
Small	2.0%	4.3%	6.6%

	Annualized 1 Year Returns		
	Value	Core	Growth
Large	9.3%	12.7%	16.1%
Mid	11.7%	13.7%	15.6%
Small	4.4%	8.2%	12.1%

-  Represents 3 best performing asset classes in time period
-  Represents 3 middle performing asset classes in time period
-  Represents 3 worst performing asset classes in time period

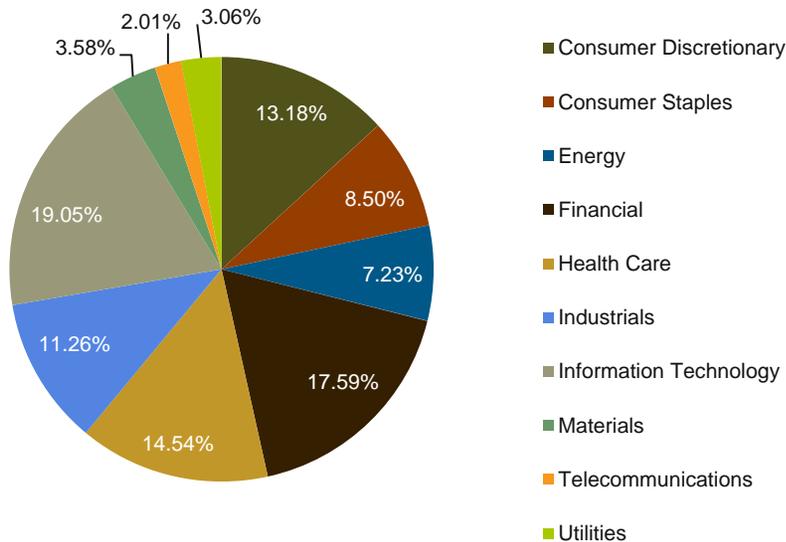
- Last Quarter: Growth, Mid and Small Cap fared best
- Last Year: Growth, Large and Mid Cap fared best

Large Cap Core is represented by the Russell 1000 Index, Large Cap Value is represented by the Russell 1000 Value Index and Large Cap Growth is represented by the Russell 1000 Growth Index. Mid Cap Core is represented by the Russell Midcap Index, Mid Cap Value is represented by the Russell Midcap Value Index and Mid Cap Growth is represented by the Russell Midcap Growth Index. Small Cap Core is represented by the Russell 2000 Index, Small Cap Value is represented by the Russell 2000 Value Index and Small Cap Growth is represented by the Russell 2000 Growth Index.

U.S. Equity Returns

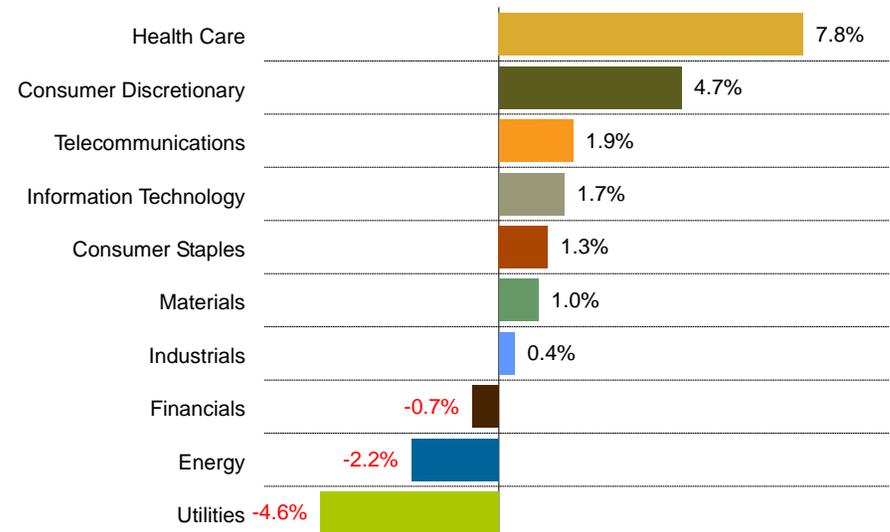
Periods Ending March 31, 2015

Economic Sector Exposure (Russell 3000)



Pie chart may not sum to 100% due to rounding
Source: Russell Investment Group

Quarterly Returns (Russell 3000)

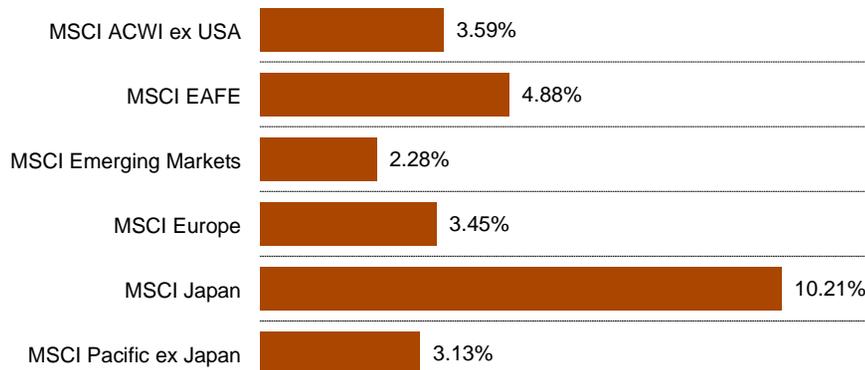


- Volatile first quarter for U.S. equities (down in Jan, up in Feb, mixed in Mar)
- Large caps lagged small caps as strong dollar detracted from large multinational's earnings
- Style generated largest differential in 6 years (RU1V: -0.7%; RU1G: +3.8%)
- Oil prices will likely remain suppressed with U.S. inventories near 80 year highs

International Equity Returns

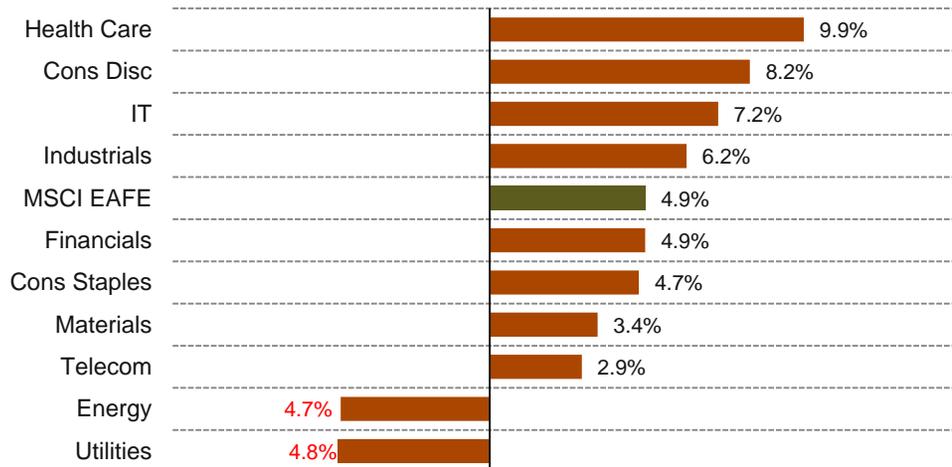
Periods Ending March 31, 2015

Regional Quarterly Performance (U.S. Dollar)



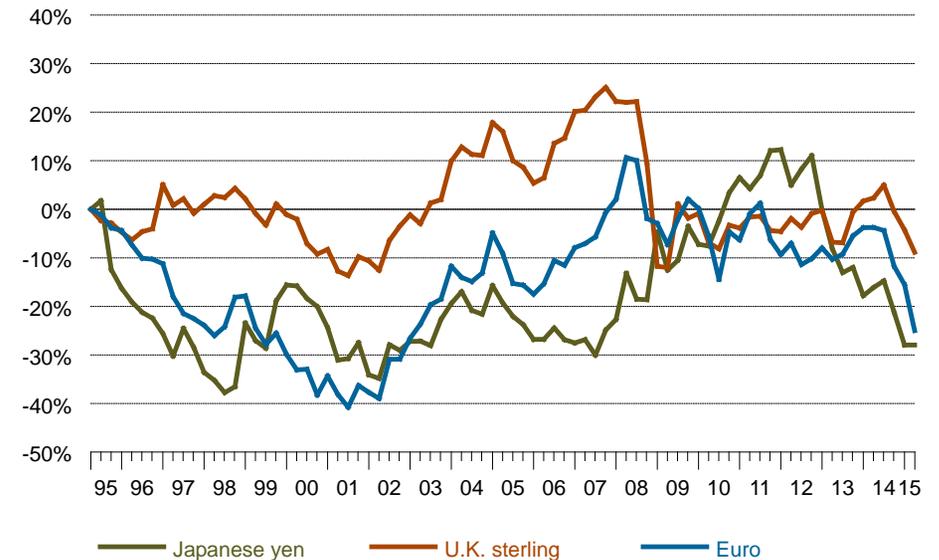
Source: MSCI

MSCI EAFE Sector Returns



Source: Barrow Hanley Quarterly Benchmark Review

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



*Euro returns from 1Q99. German mark prior to 1Q99.

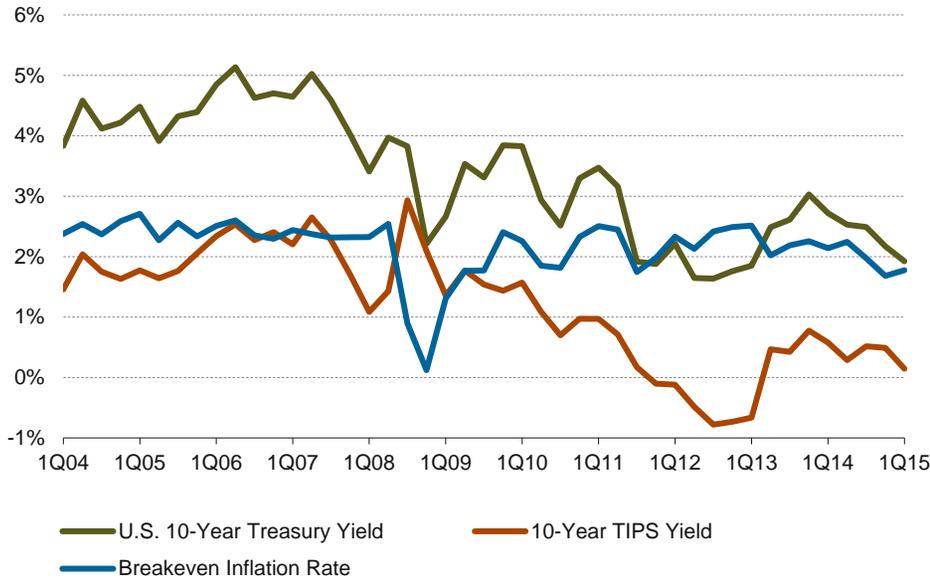
Source: MSCI

- ACWI ex-U.S. rose during the quarter and led U.S. markets
- The euro (-11.2%) was hit hard by the ECB quantitative easing program. The pound (-4.8%) also depreciated versus the dollar while the yen was flat.
- Emerging markets lagged their developed counterparts for the quarter.

Yield Curve Changes

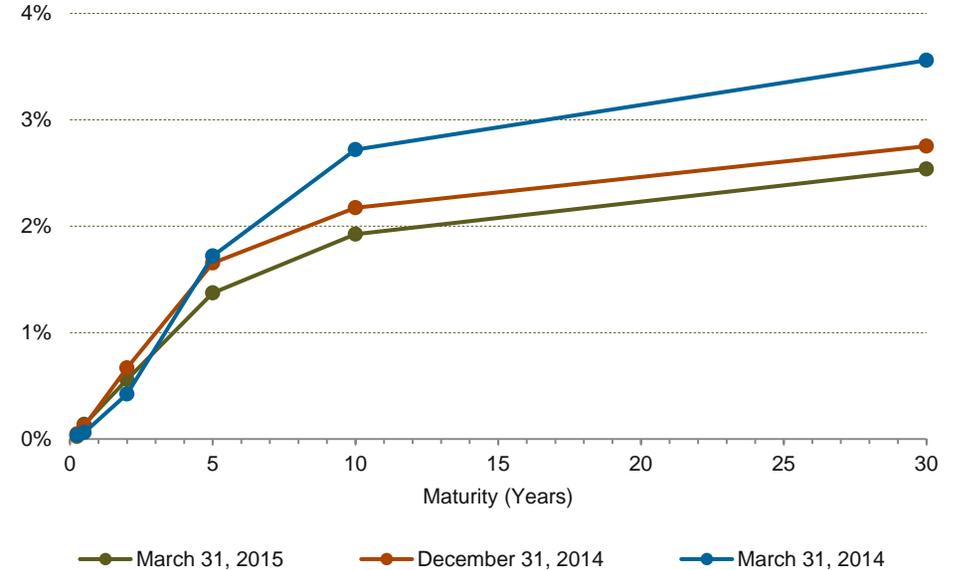
Periods Ending March 31, 2015

Historical 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



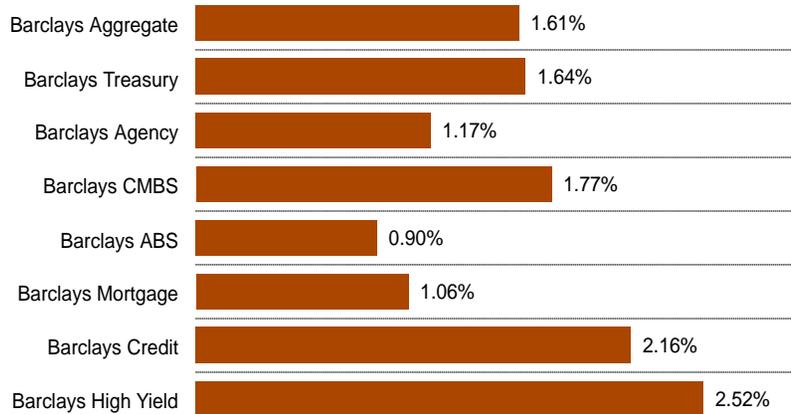
Source: Bloomberg

- The yield curve shifted downward, boosting fixed income returns
- The 10-year Treasury yield fell to 1.94%, a decline of 23 basis points from the end of 2014
- Real yield on 10-year Treasury fell to 0.18%, a drop of 28 basis points since the start of the year
- The breakeven inflation rate rose to 1.77% on a sharp decline in real yields

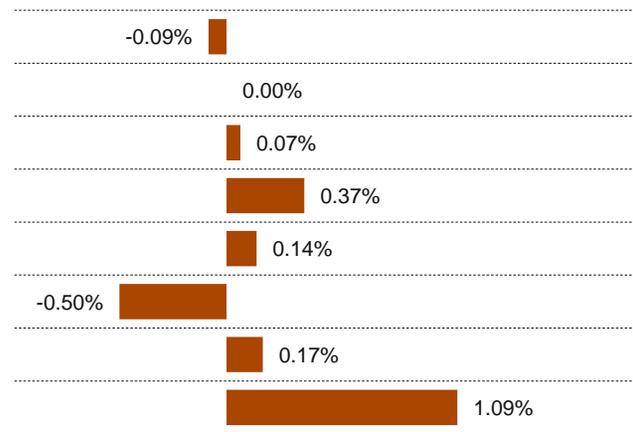
Total Rates of Return by Bond Sector

Periods Ending March 31, 2015

Absolute Returns for Quarter ended March 31, 2015

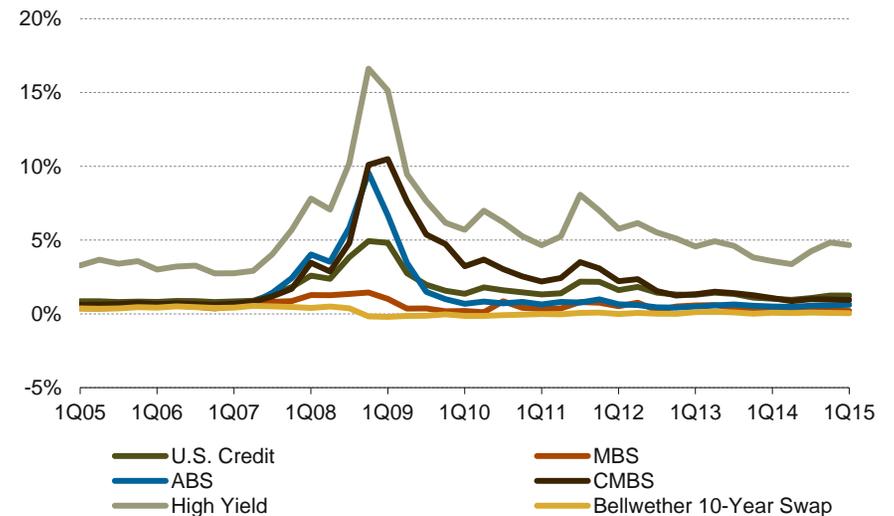


Excess Return versus Like-Duration Treasuries



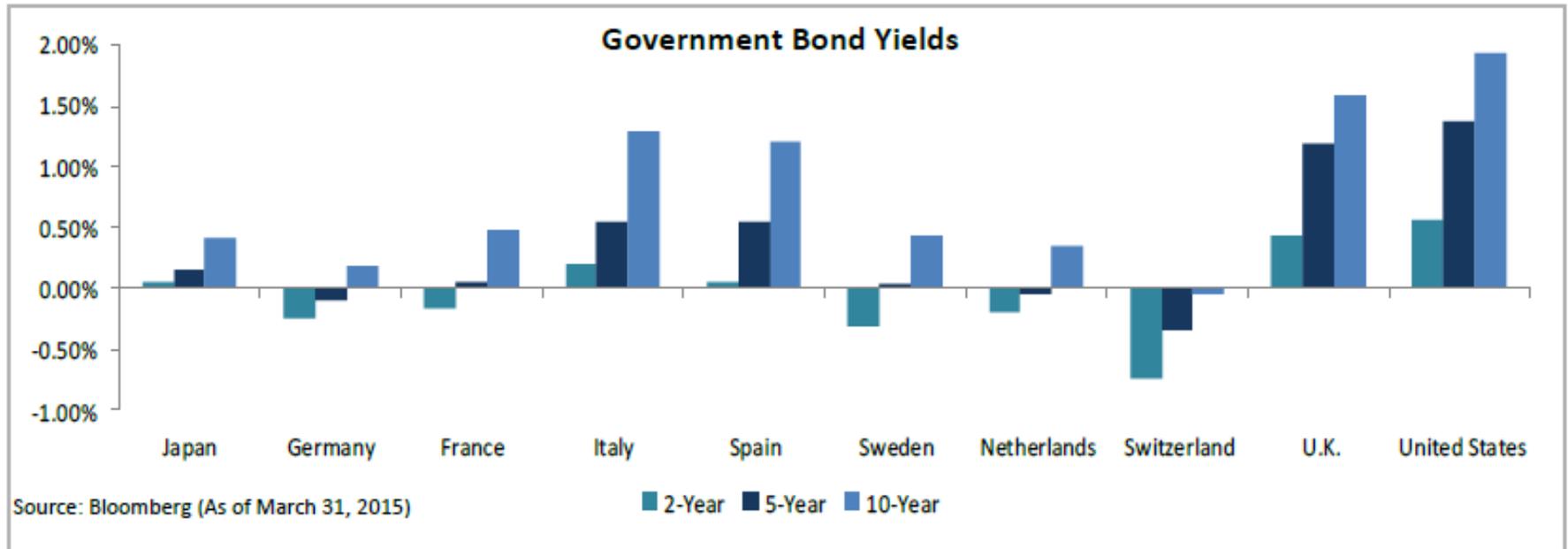
- BC Aggregate gained 1.6% as yields fell
- BC Credit Index returned 2.2% as market absorbed record 1Q issuance
- High yield spreads narrowed during the quarter and the BC High Yield Index led all other segments of the bond market

Effective Yield Over Treasuries



Source: Barclays

Global Sovereign Yields Reaching Historic Lows



Source: Dupont Capital, "Fixed Income Market Review and Outlook," 3/31/15.

- It's a strange world for bonds....
 - For the first time ever, a country sold 10-year debt with a negative yield. Switzerland auctioned 10-year bonds yielding -0.055% on April 8. Mexico sold a 100 year bond in Euros with a yield of 4.2%
- 2- and 5-Year yields for many European sovereigns tipped into negative territory as the European Central Bank implemented its quantitative easing program
- 10-year yield for Germany approaching zero with UK and US the only developed markets 10-year note yielding above 1.5%

Impact of Strong Dollar on S&P 500 Earnings

Dinged by the Dollar

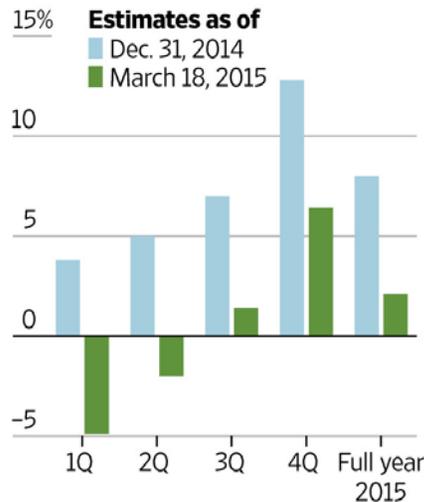
A strong U.S. dollar is taking a bite out of profit expectations.

WSJ Dollar Index



Sources: WSJ Market Data Group (dollar index); FactSet (profit growth)

Expected profit growth in 2015 from a year earlier, S&P 500 companies

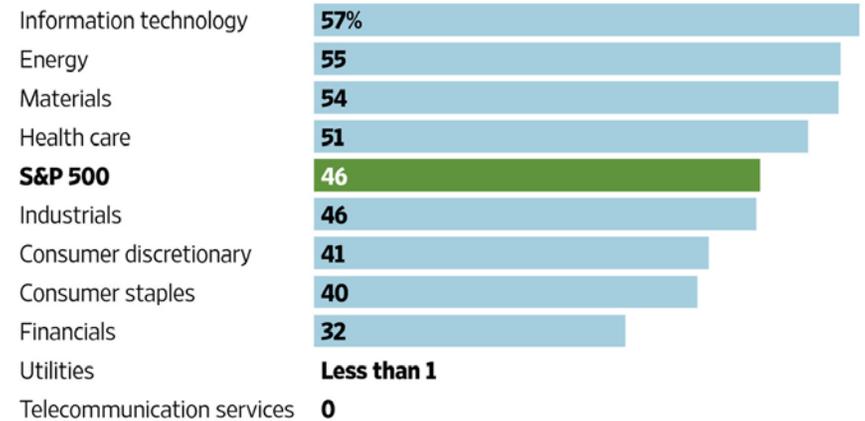


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Exposed

A surging U.S. currency is steering investors toward sectors that have the least foreign exposure.

Foreign sales as a percentage of total, by S&P 500 sector*



*Latest data, from 2013
Source: S&P Capital IQ

THE WALL STREET JOURNAL.

- Approximately 45% of S&P 500 sales are outside the U.S.; 19% for the Russell 2000
- Biggest dollar headwinds are felt in technology, industrials, health care and materials

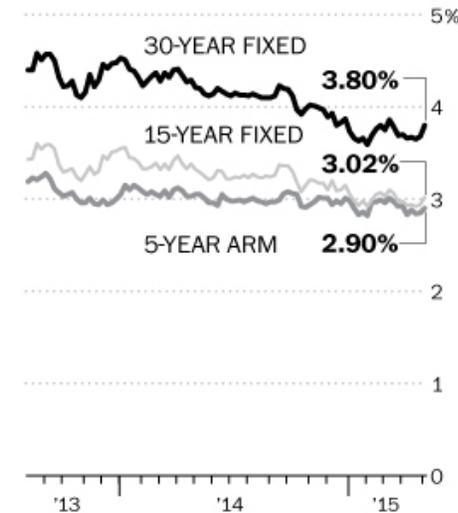
Source: Wall Street Journal

Mortgage Rates Remain a Focus

First quarter 2015 themes

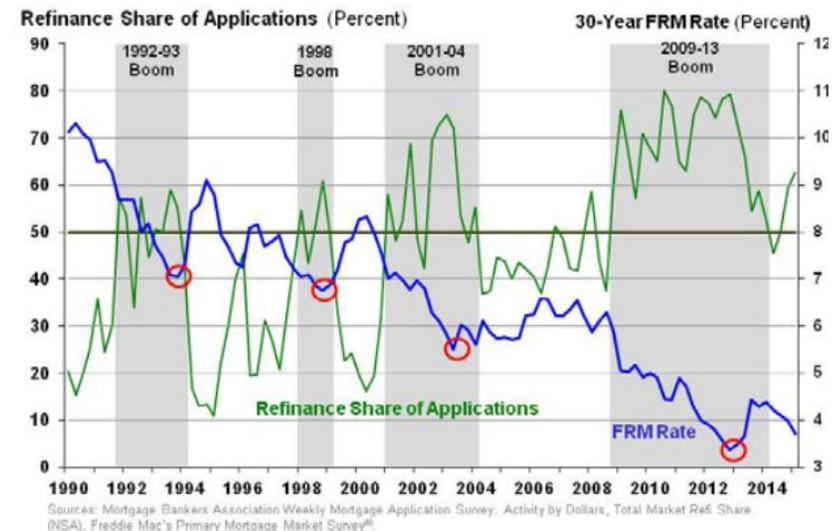
- Refinancing: A study by Freddie Mac shows borrowers who refinanced in the first quarter will save over \$1.4 billion in interest over the first 12 months of their new loan, freeing up household cash flow to be spent elsewhere.
- Rumbblings of rising rates: After a strong jobs report in mid-March, mortgage rates rebounded from their February dip to come back even with rates from the beginning of the year.
- Increasing price strength: Average loan amount for a purchase application is on the high side, a sign that a large proportion of home purchases are for higher priced homes, according to an article from the Washington Post. Case-Shiller index shows evidence of rising prices in the 20 cities covered by their index.

Weekly averages for popular mortgage types

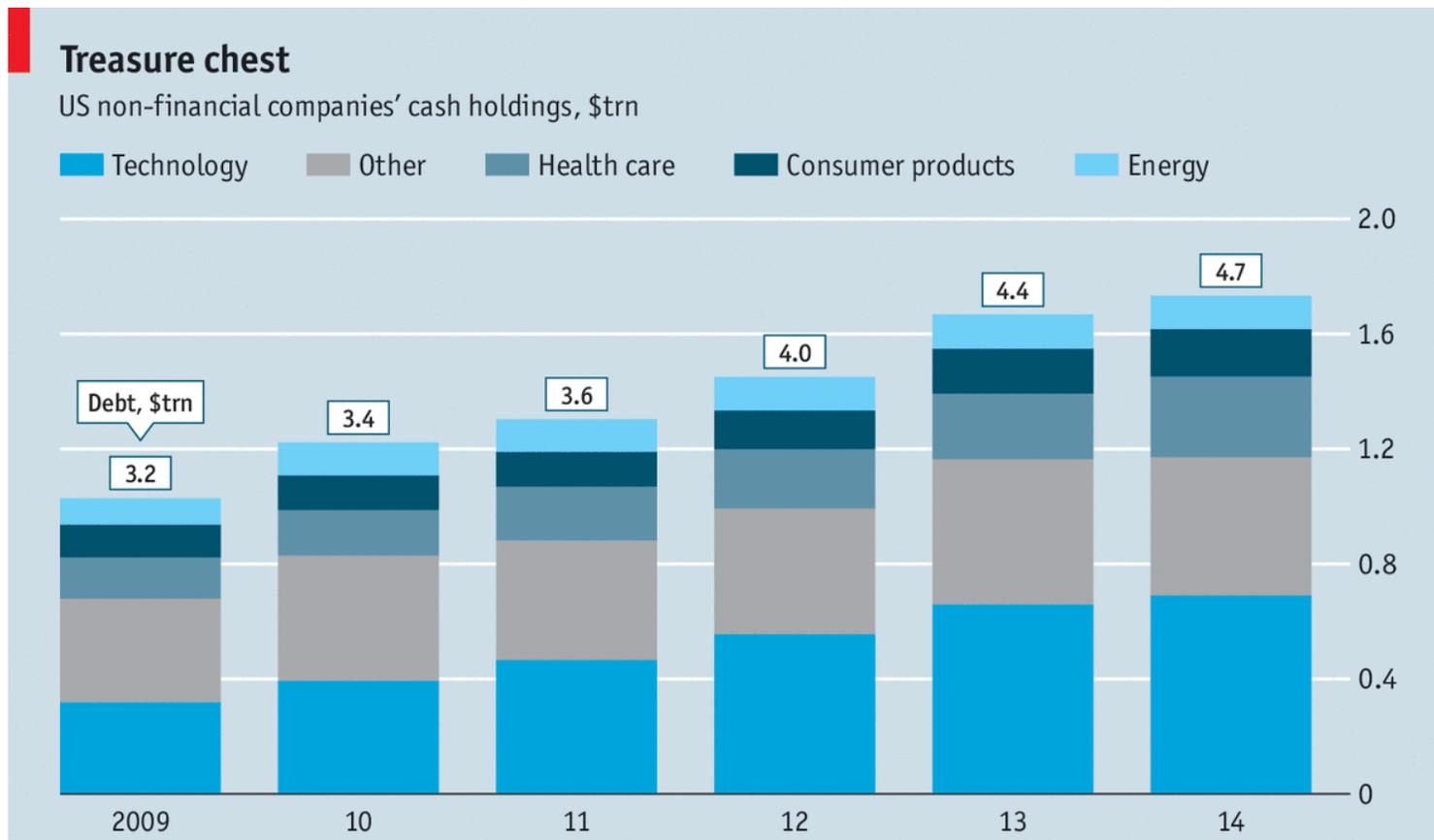


Source: Top; Freddie Mac, The Washington Post. Bottom; Freddie Mac 2015 First Quarter Refinance Report

Lower Mortgage Rates Boost Refinance Activity



Money, money, money everywhere. . . but not much here

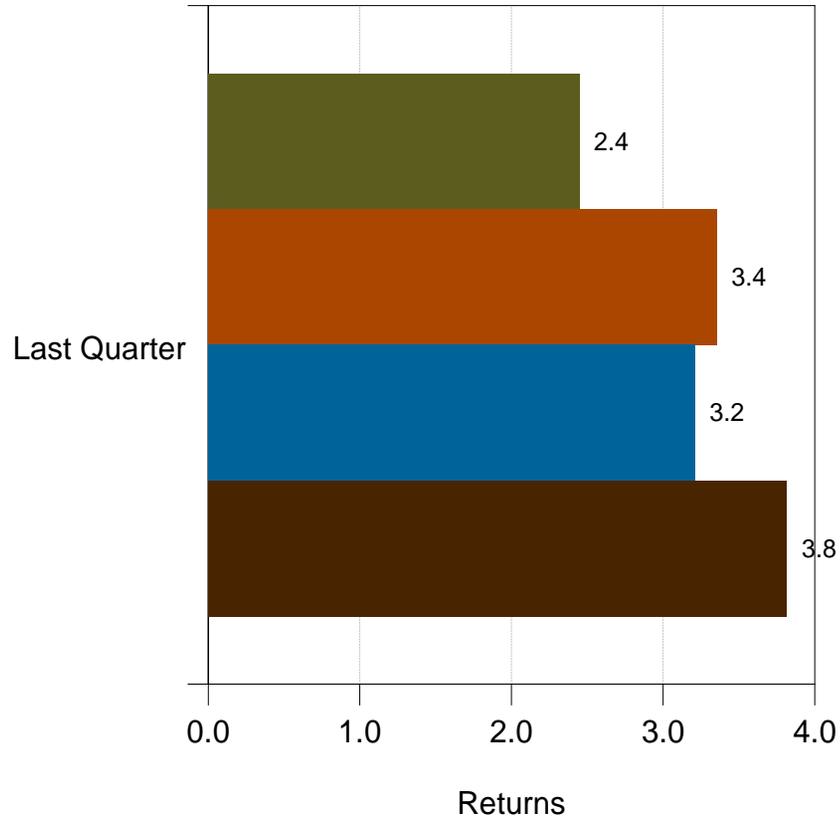


Sources: The Economist, Moody's Investor Services

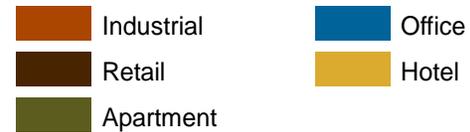
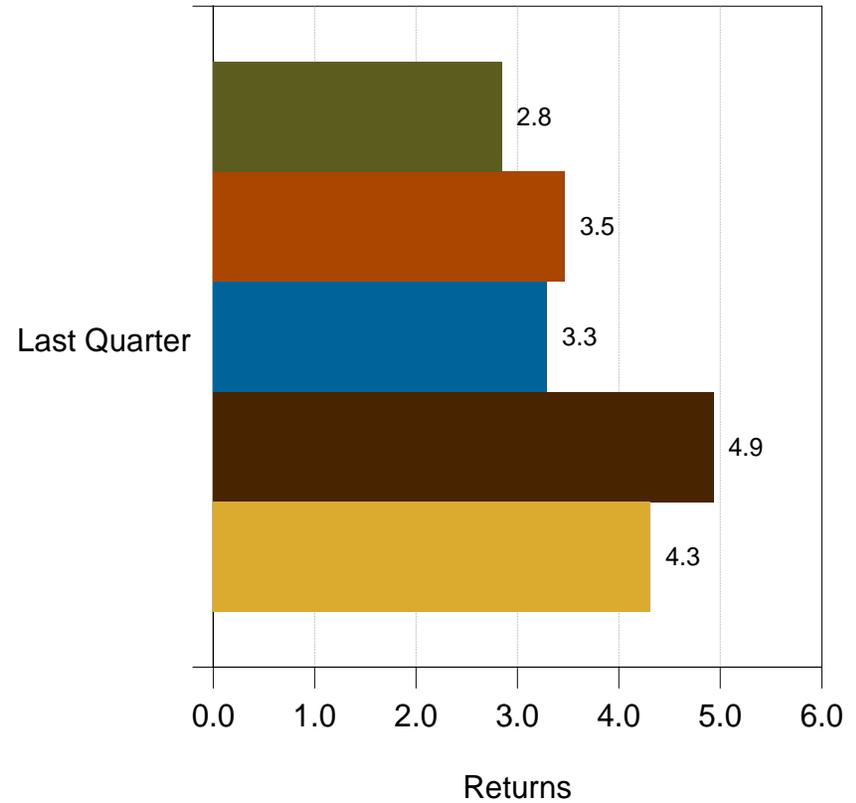
- American companies' cash levels are over \$1.7 trillion. Moody's estimates that nearly two-thirds of that amount – \$1.1 trillion – is held outside of the US.
- Two factors drive this behavior:
 - cheap borrowing costs within the US to fund spending via debt,
 - avoidance of taxes if they were to repatriate profits.

Real Estate

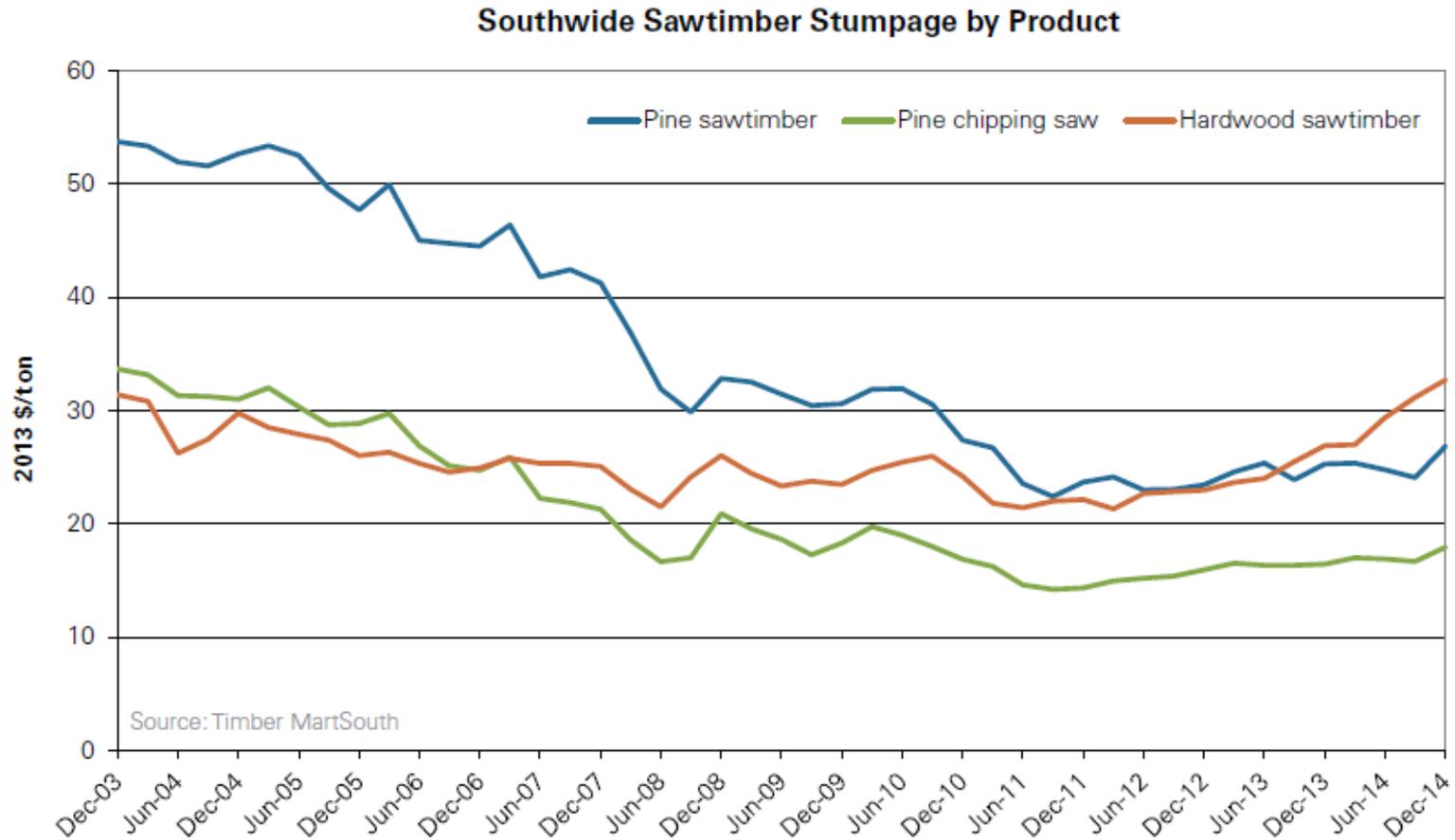
**NCREIF Regional Returns
for Quarter Ending March 31, 2015**



**NCREIF Property Type Returns
for Quarter Ending March 31, 2015**



Timber



Source: Campbell Global, "Timber Trends" Feb. 2015

- Growth in Chinese timber demand has declined as the Chinese economy's growth rate slows.
- Southern sawlog prices have been trending up but have not yet reached the 10-year average.



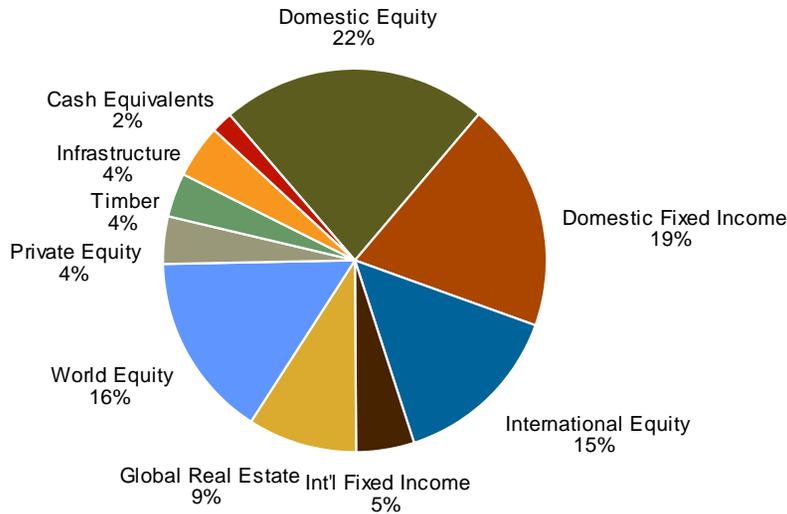
Consolidated Pension Trusts Quarterly Review

- Public Employees Retirement System
- Teachers' Fund for Retirement

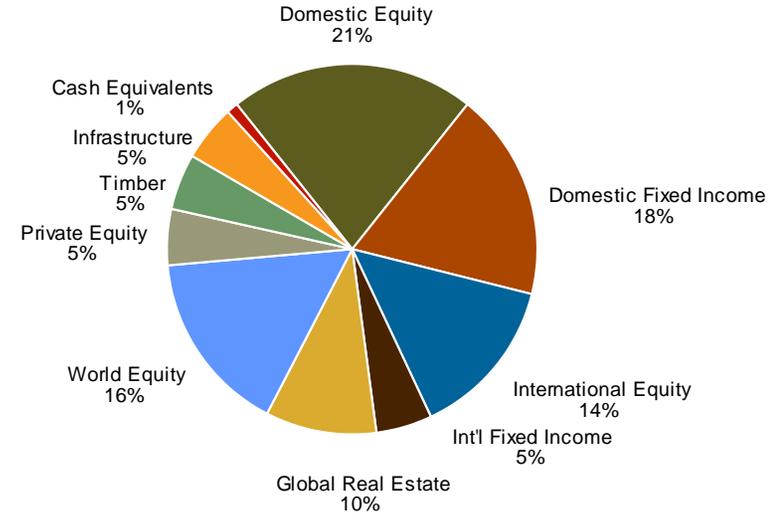
Consolidated Pension Trust Allocation

As of March 31, 2015

Actual Asset Allocation



Target Asset Allocation

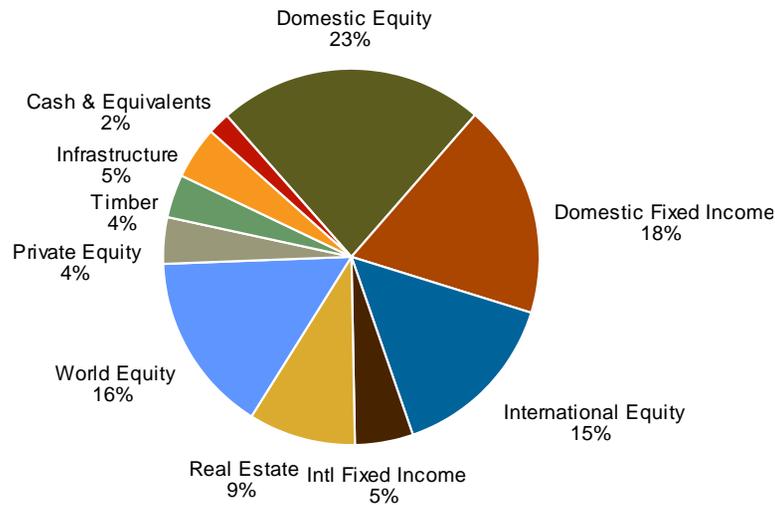


Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	1,071,715	22.5%	21.4%	1.1%	51,141
Domestic Fixed Income	919,382	19.3%	18.2%	1.1%	51,417
International Equity	692,648	14.5%	14.1%	0.4%	20,214
Int'l Fixed Income	235,936	4.9%	4.9%	0.0%	2,253
Global Real Estate	437,124	9.2%	9.7%	(0.5%)	(25,472)
World Equity	744,221	15.6%	16.0%	(0.4%)	(18,825)
Private Equity	190,798	4.0%	4.9%	(0.9%)	(42,885)
Timber	176,684	3.7%	4.9%	(1.2%)	(56,999)
Infrastructure	214,488	4.5%	4.9%	(0.4%)	(19,195)
Cash Equivalents	86,041	1.8%	1.0%	0.8%	38,351
Total	4,769,037	100.0%	100.0%		

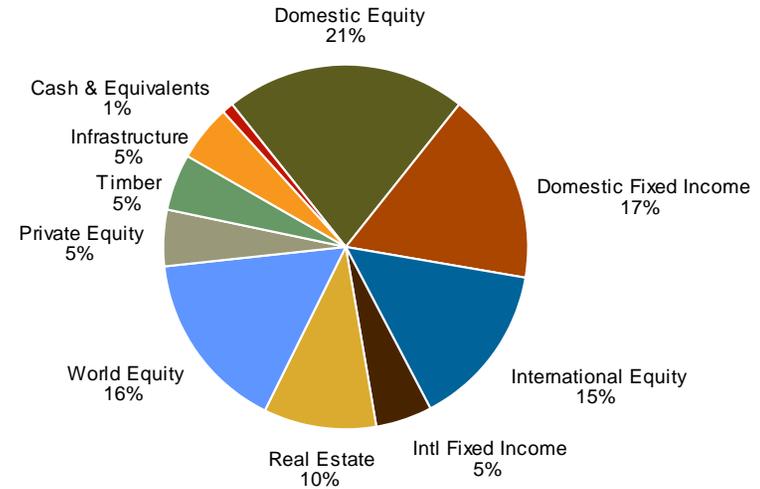
PERS Allocation

As of March 31, 2015

Actual Asset Allocation



Target Asset Allocation

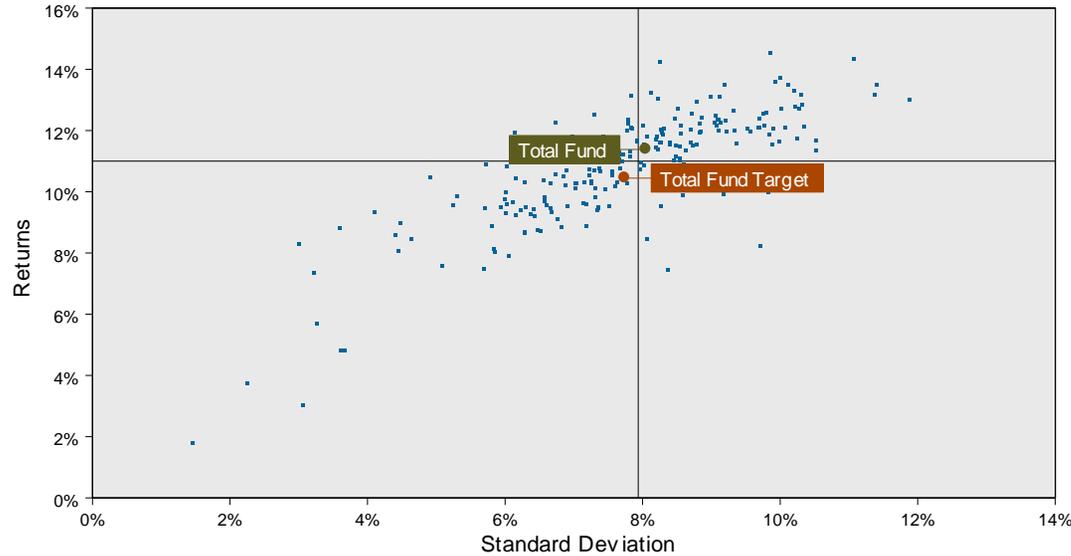


Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	549,025	22.9%	21.4%	1.5%	35,144
Domestic Fixed Income	440,838	18.4%	17.0%	1.4%	32,616
International Equity	358,353	14.9%	14.6%	0.3%	7,761
Intl Fixed Income	120,698	5.0%	5.0%	0.0%	633
Real Estate	221,596	9.2%	10.0%	(0.8%)	(18,535)
World Equity	372,693	15.5%	16.0%	(0.5%)	(11,516)
Private Equity	95,720	4.0%	5.0%	(1.0%)	(24,345)
Timber	89,246	3.7%	5.0%	(1.3%)	(30,819)
Infrastructure	108,507	4.5%	5.0%	(0.5%)	(11,558)
Cash & Equivalents	44,632	1.9%	1.0%	0.9%	20,619
Total	2,401,309	100.0%	100.0%		

PERS Performance and Attribution

As of March 31, 2015 PERS's managers collectively added value over 4-3/4 years (gross and net)

Four and Three-Quarter Year Annualized Risk vs Return



Squares represent membership of the Public Fund Sponsor Database

4.75 Years Ended 03/31/15

Gross: 11.38%
 Net: 11.02%
 Target: 10.50%
 Net Added: 0.52%

Four and Three-Quarter Year Annualized Relative Attribution Effects

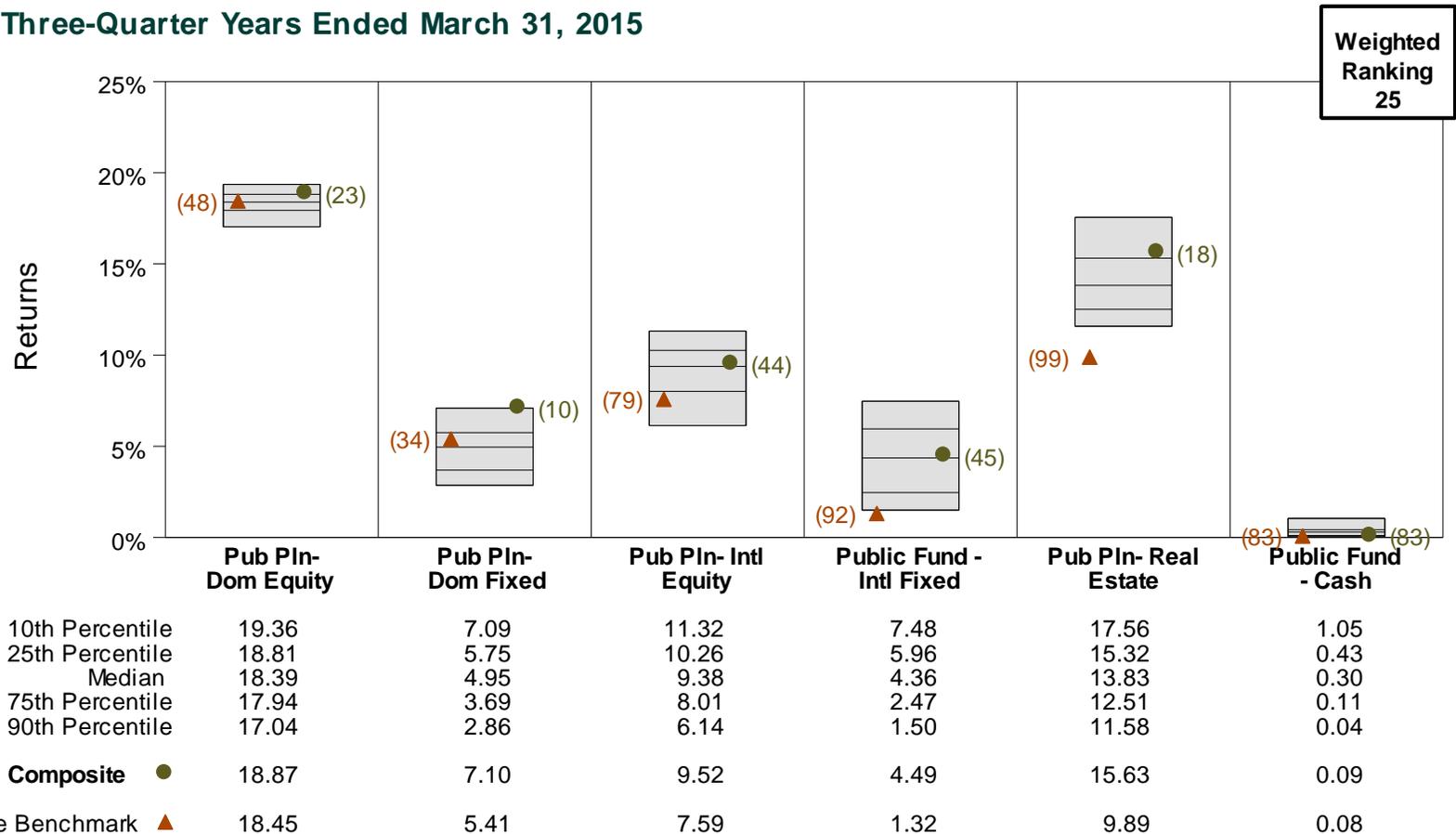
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	28%	18.87%	18.45%	0.03%	0.14%	0.17%
Domestic Fixed Income	21%	20%	7.10%	5.41%	0.28%	(0.06%)	0.22%
Real Estate	8%	9%	15.63%	12.69%	0.21%	0.02%	0.23%
Timber	4%	4%	-	-	(0.32%)	(0.05%)	(0.37%)
Infrastructure	3%	4%	-	-	0.19%	0.10%	0.29%
International Equity	16%	16%	9.52%	7.59%	0.29%	(0.07%)	0.22%
International Fixed Income	5%	5%	4.49%	1.32%	0.17%	(0.01%)	0.17%
Private Equity	5%	5%	5.61%	5.61%	0.00%	(0.07%)	(0.07%)
World Equity	9%	9%	-	-	0.09%	(0.05%)	0.04%
Cash & Equivalents	1%	1%	0.09%	0.08%	0.00%	(0.03%)	(0.03%)
Total			11.38%	10.50%	+ 0.94%	+ (0.05%)	0.89%

Asset class composite results

PERS' results vs other public funds

All public market asset classes are above their respective medians except for cash

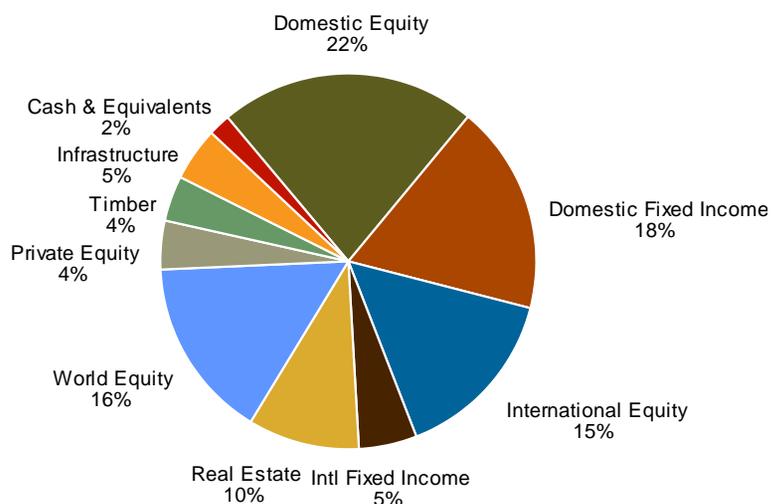
Total Asset Class Performance
Four and Three-Quarter Years Ended March 31, 2015



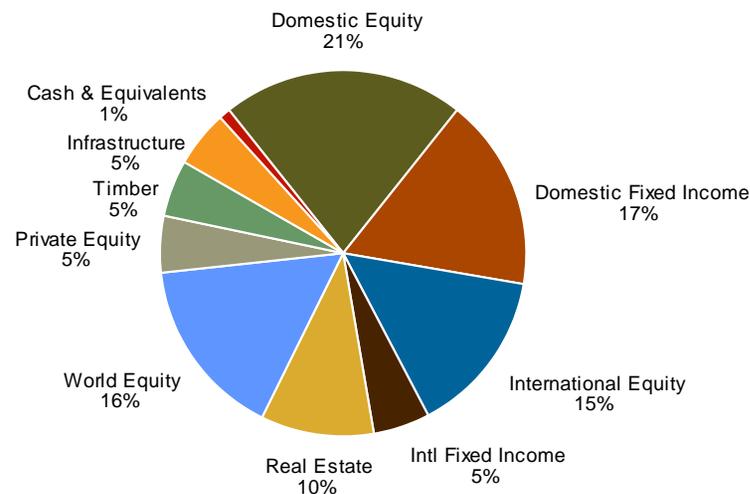
TFFR Allocation

As of March 31, 2015

Actual Asset Allocation



Target Asset Allocation

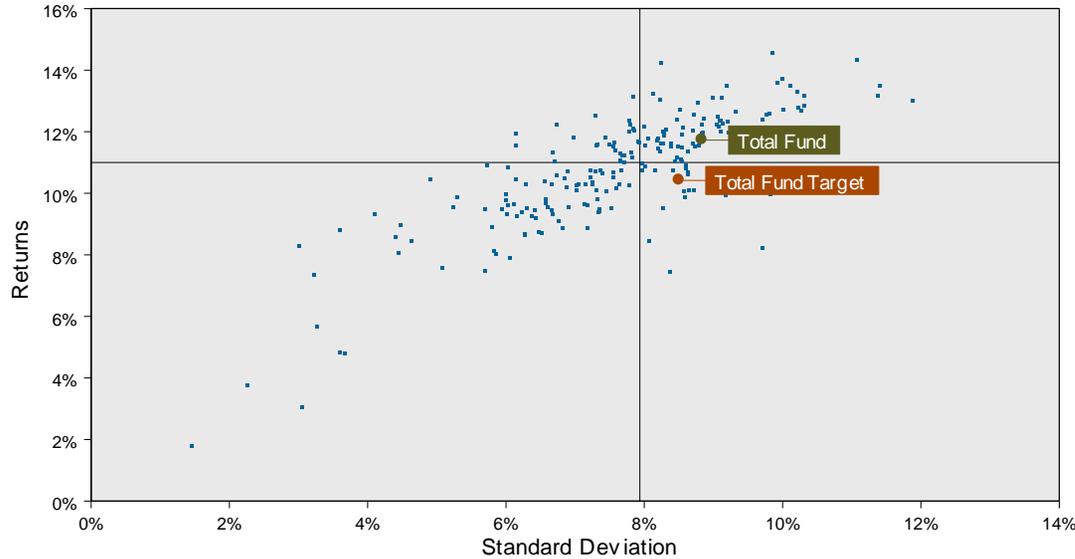


Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	460,920	22.1%	21.4%	0.7%	13,596
Domestic Fixed Income	375,562	18.0%	17.0%	1.0%	20,211
International Equity	314,836	15.1%	14.6%	0.5%	9,653
Intl Fixed Income	104,871	5.0%	5.0%	0.0%	356
Real Estate	201,397	9.6%	10.0%	(0.4%)	(7,633)
World Equity	326,840	15.6%	16.0%	(0.4%)	(7,608)
Private Equity	87,860	4.2%	5.0%	(0.8%)	(16,655)
Timber	80,949	3.9%	5.0%	(1.1%)	(23,566)
Infrastructure	97,152	4.6%	5.0%	(0.4%)	(7,363)
Cash & Equivalents	39,913	1.9%	1.0%	0.9%	19,010
Total	2,090,299	100.0%	100.0%		

TFFR Performance and Attribution

As of March 31, 2015

Four and Three-Quarter Year Annualized Risk vs Return



4.75 Years Ended 03/31/15

Gross: 11.73%
 Net: 11.36%
 Target: 10.47%
 Net Added: 0.89%

Squares represent membership of the Public Fund Sponsor Database

Four and Three-Quarter Year Annualized Relative Attribution Effects

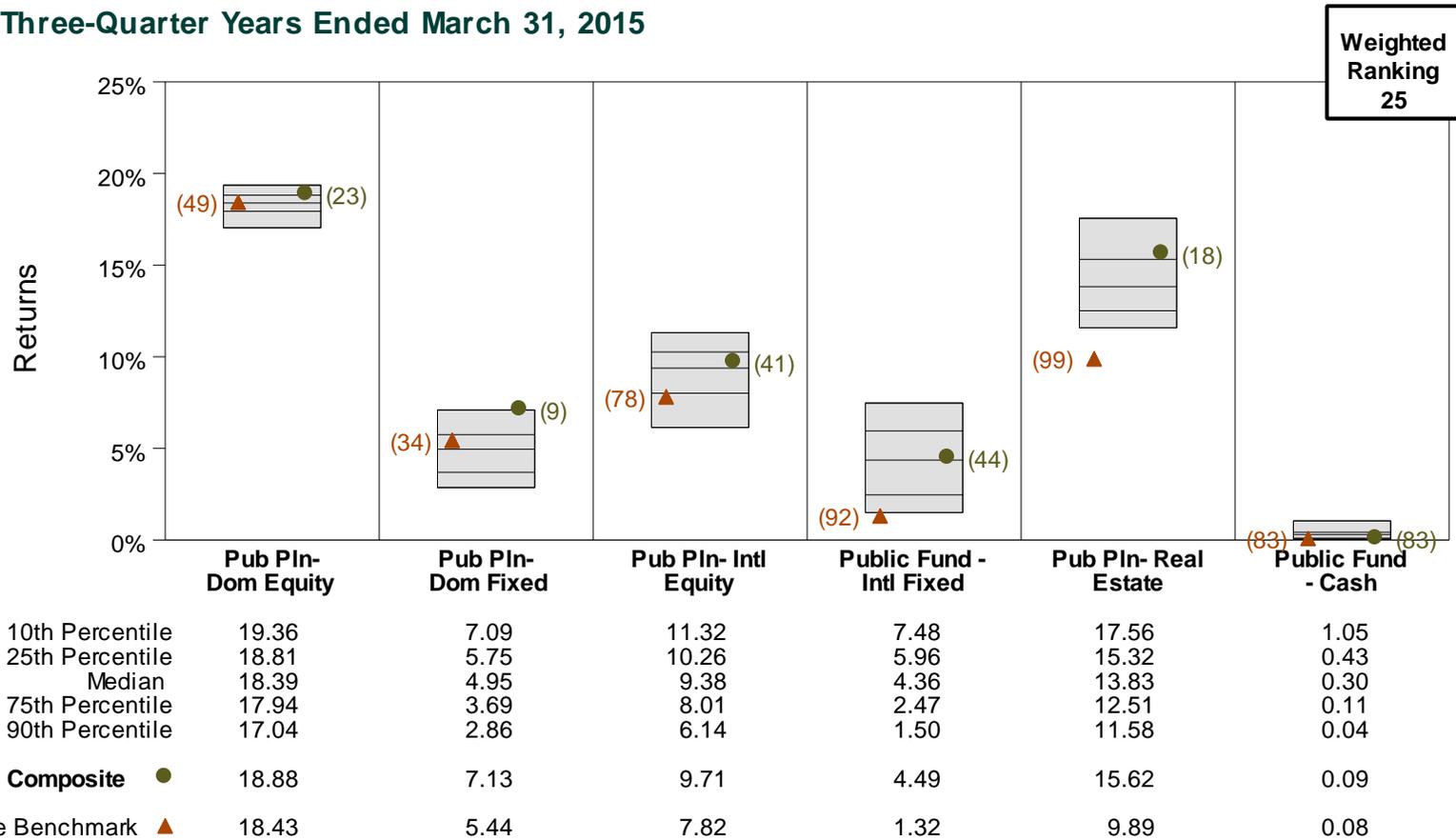
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	28%	18.88%	18.43%	0.05%	0.12%	0.17%
Domestic Fixed Income	18%	18%	7.13%	5.44%	0.29%	(0.02%)	0.26%
Real Estate	10%	10%	15.62%	12.69%	0.27%	0.03%	0.31%
Timber	4%	4%	-	-	(0.31%)	0.01%	(0.30%)
Infrastructure	3%	4%	-	-	0.19%	0.14%	0.33%
International Equity	18%	18%	9.71%	7.82%	0.38%	(0.02%)	0.36%
International Fixed Income	5%	5%	4.49%	1.32%	0.17%	(0.01%)	0.16%
Private Equity	5%	5%	5.64%	5.64%	0.00%	(0.05%)	(0.05%)
World Equity	9%	9%	-	-	0.09%	(0.05%)	0.04%
Cash & Equivalents	1%	1%	0.09%	0.08%	0.00%	(0.02%)	(0.02%)

Total **11.73% = 10.47% + 1.14% + 0.13%** **1.26%**

Asset Class Composite Results

TFFR's asset class results vs. other Public Pension Funds

Total Asset Class Performance
Four and Three-Quarter Years Ended March 31, 2015

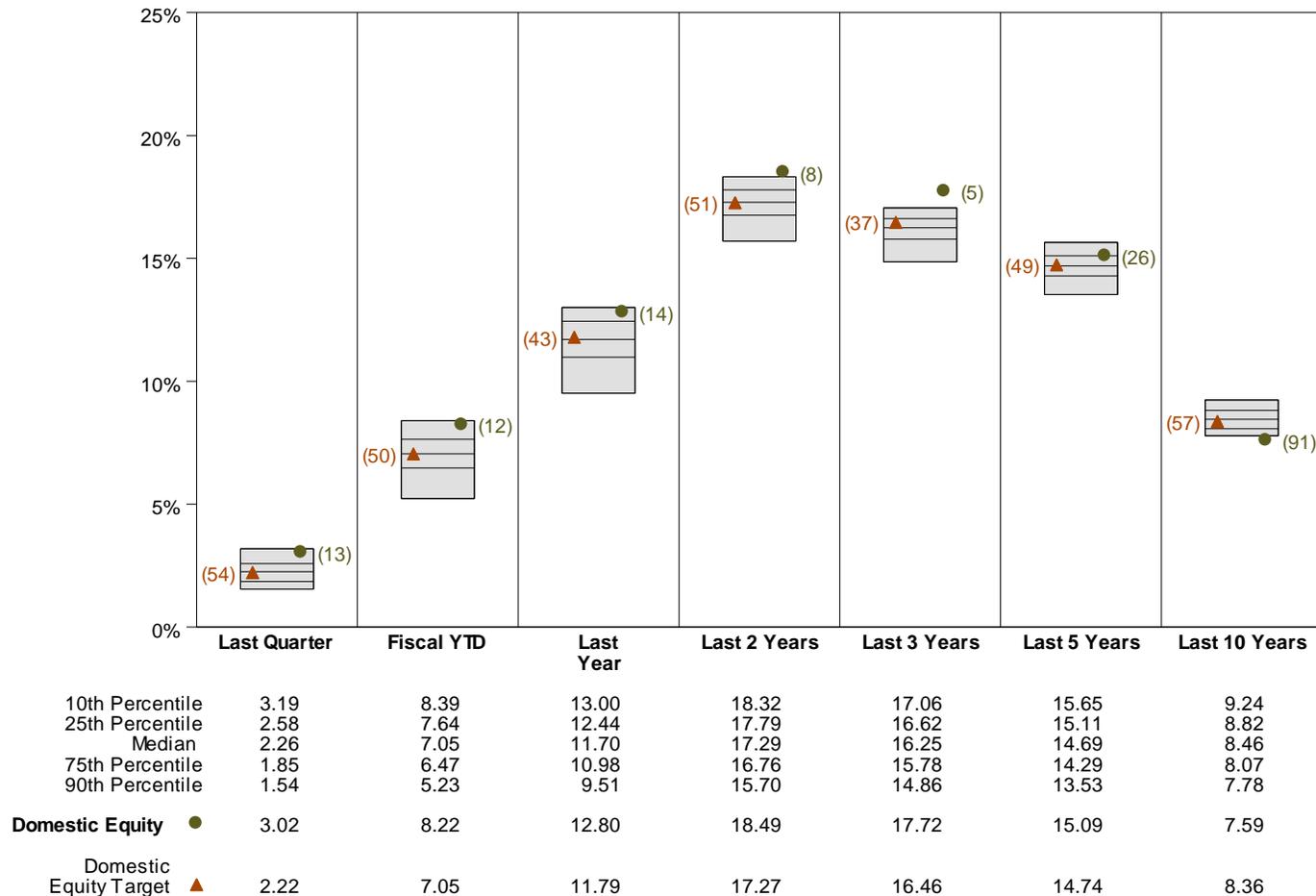


- Public market asset classes are all above their respective medians except cash
 - Cash results slightly higher than the benchmark annualized return: 9 basis points.
- U.S. equity, fixed income, and real estate returns in top quartile

Consolidated Pension Trust's Domestic Equity

As of March 31, 2015

Performance vs Pub Pln- Domestic Equity (Gross)

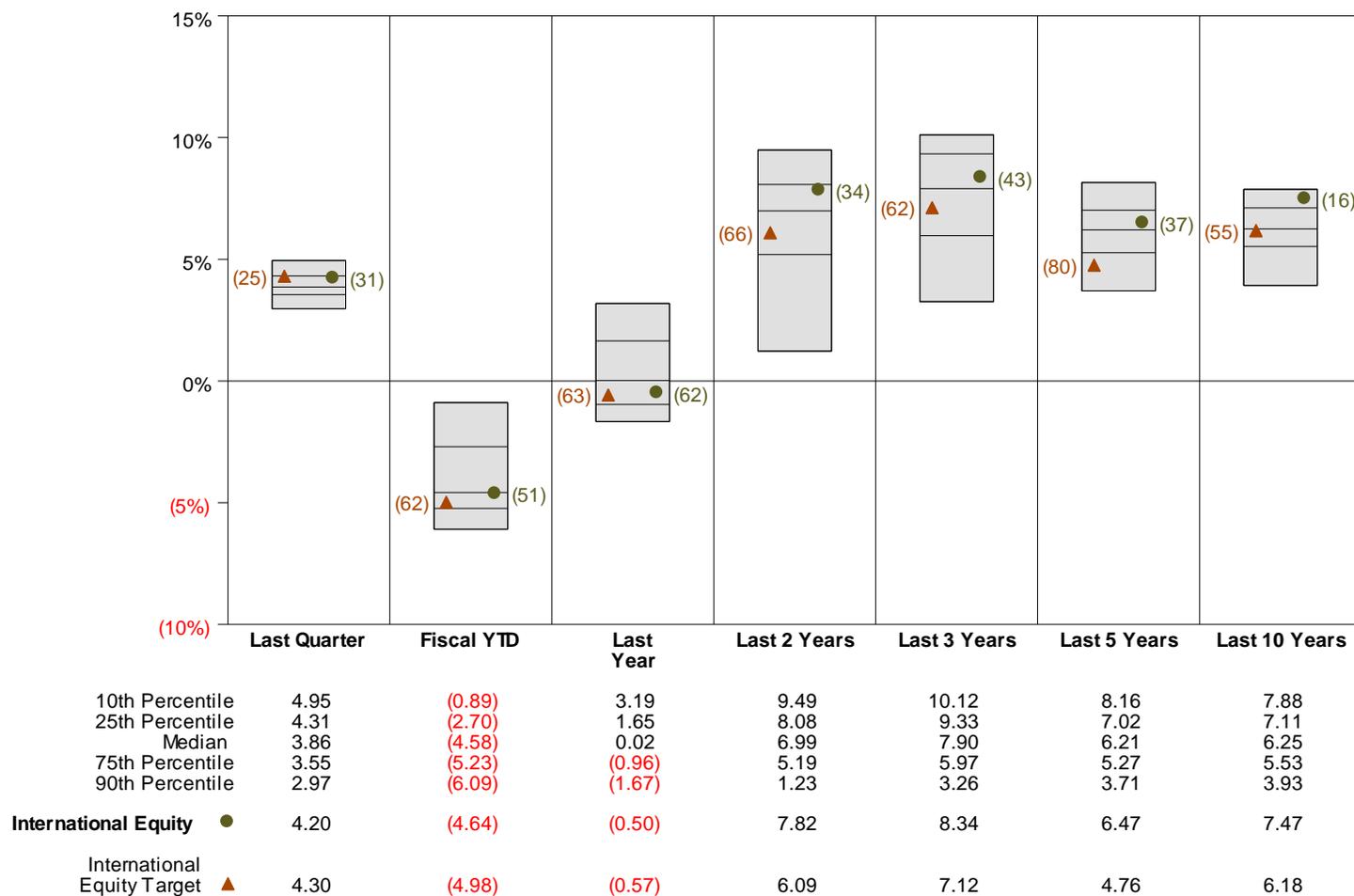


- Consistently well above median and hammering the benchmark for the last 5 years!

Consolidated Pension Trust's International Equity

As of March 31, 2015

Performance vs Pub Pln- International Equity (Gross)

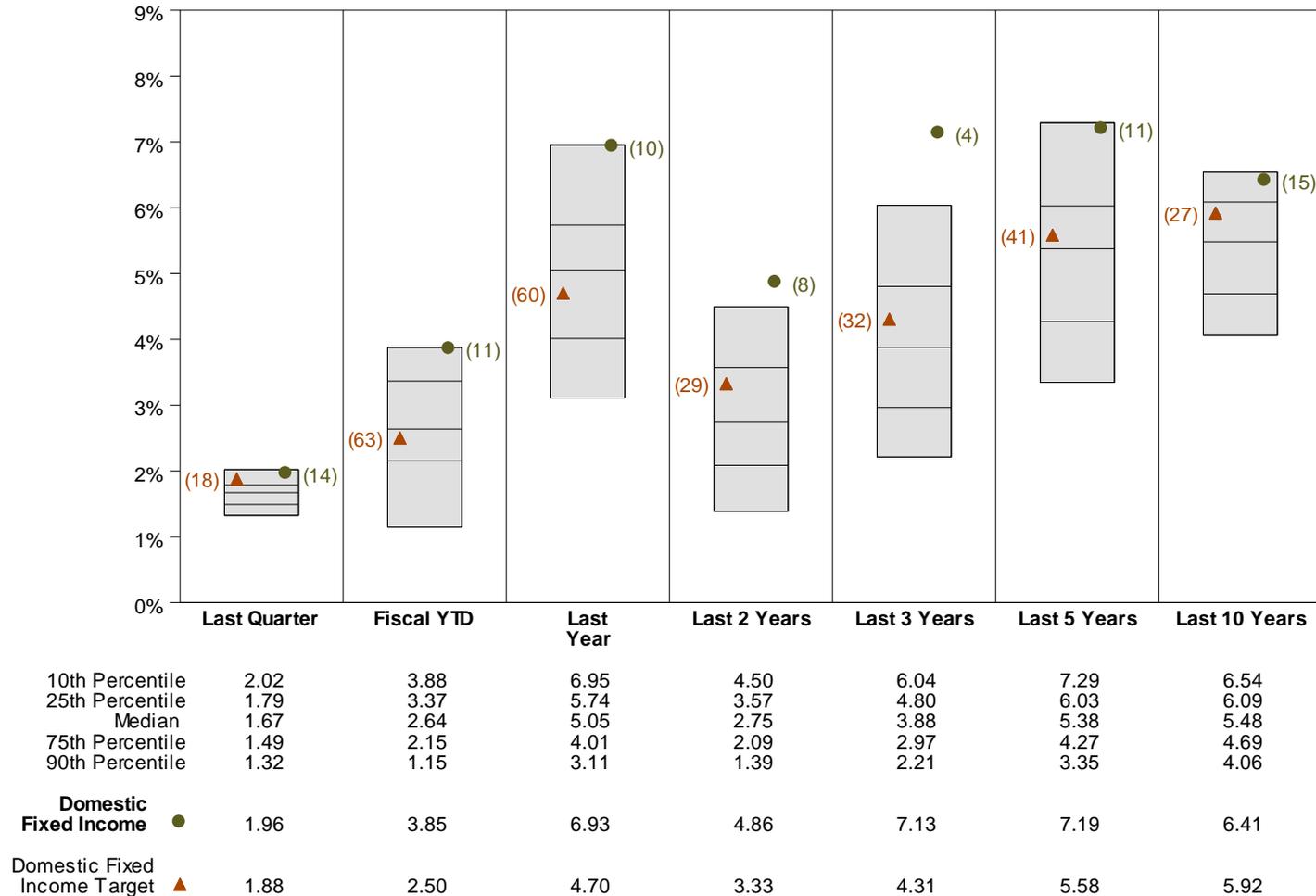


- The Pension Trust's International Equity pool's long-term returns exceed index and median peer.
- Though they had a rough past year, Wellington performed in the top quartile of its peer group for first quarter.

Consolidated Pension Trust: Domestic Fixed Income

As of March 31, 2015

Performance vs Pub Pln- Domestic Fixed (Gross)

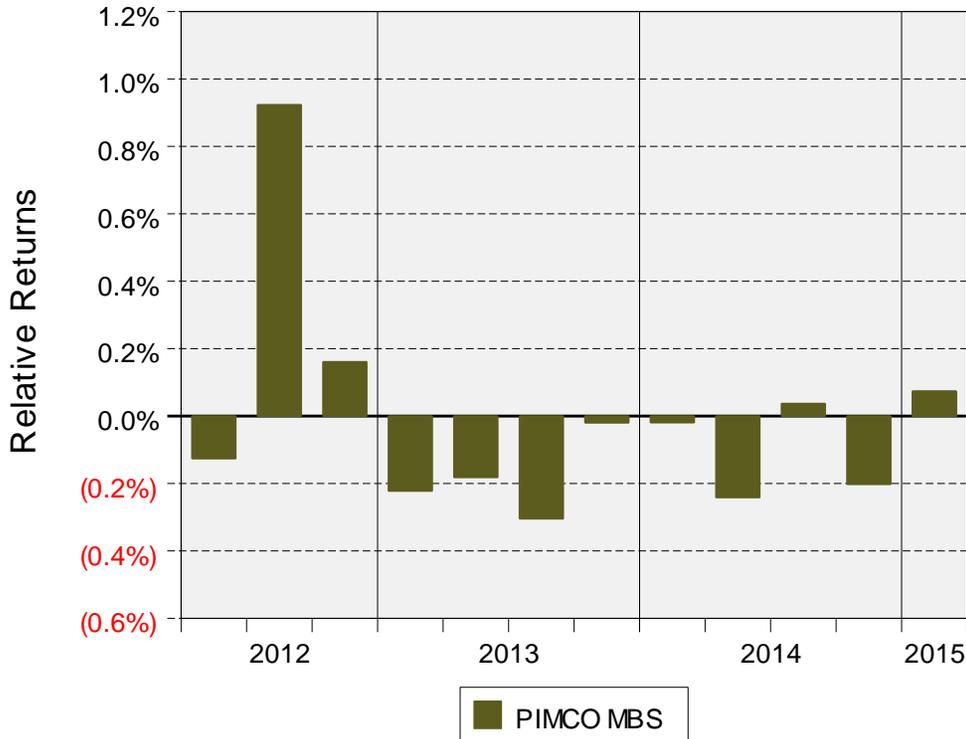


- Pension Trust's fixed income program continues to dominate its peers!

PIMCO MBS: Domestic Fixed Income Manager on Watch List

As of March 31, 2015

Relative Return vs Barclays Mortgage

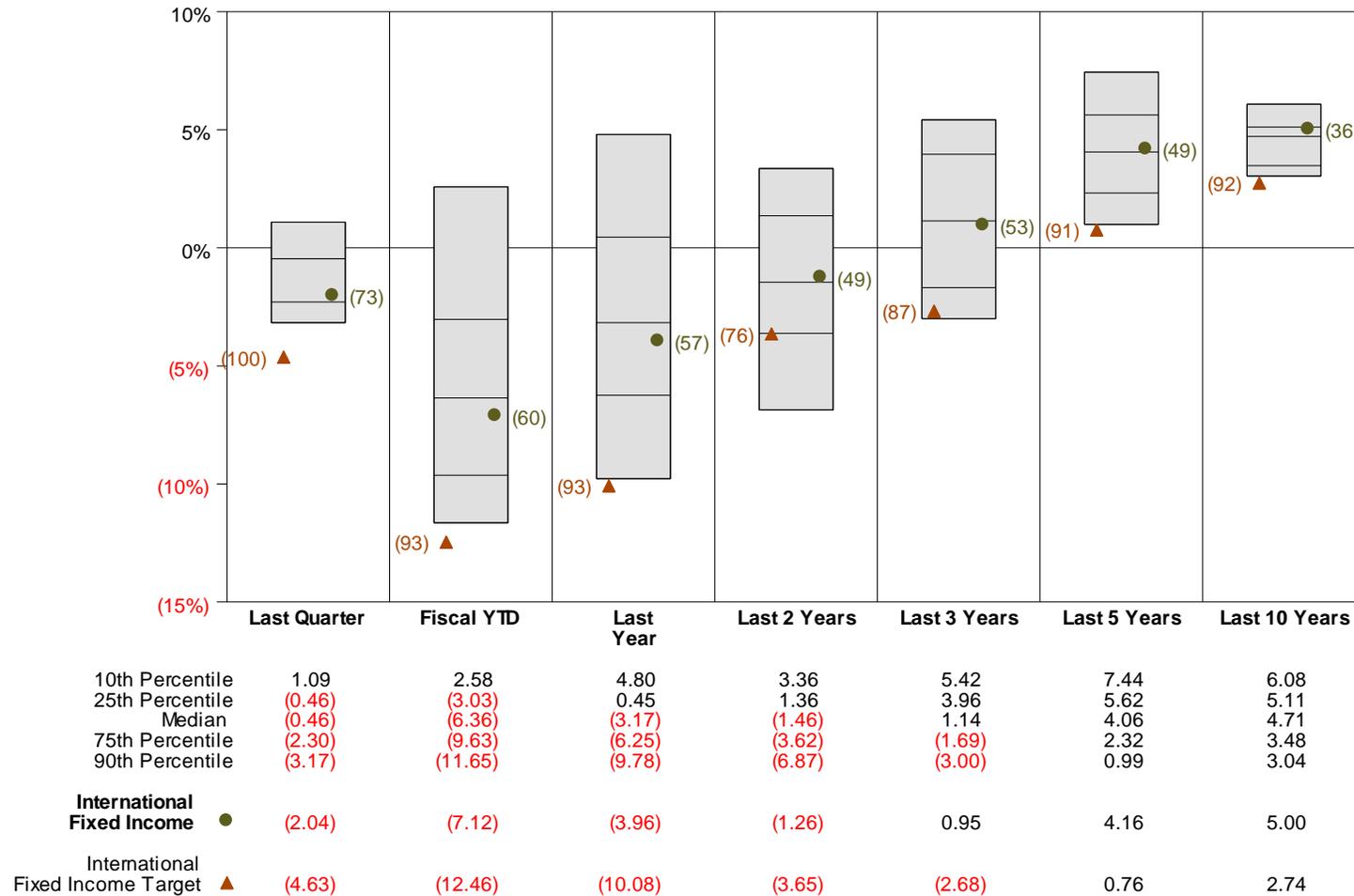


- PIMCO manages \$180 million in a mortgage-backed securities (MBS) strategy.
- Manager has lagged its benchmark, the Barclay's Mortgage Index, in eight (8) of the last 12 quarters.
- For the three-year period ended 3/31/15:
 - PIMCO: 2.50
 - Index: 2.54
 - Difference: (0.04)%

Consolidated Pension Trust: International Fixed Income

As of March 31, 2015

Performance vs Public Fund - International Fixed (Gross)

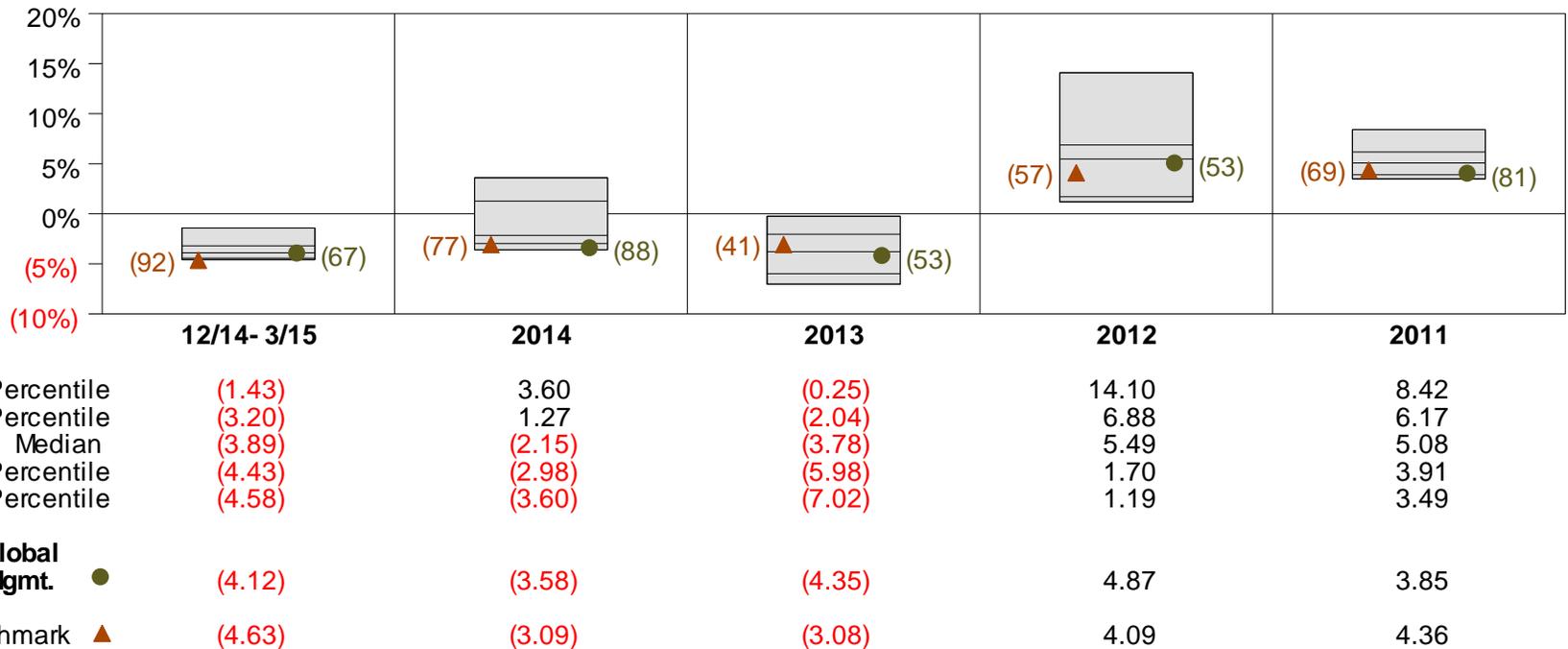


- The International Fixed Income allocation has outperformed its index for the last 10 years

UBS: International Fixed Income Manager on Watch List

UBS: Calendar-Year Results through March 31, 2015

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

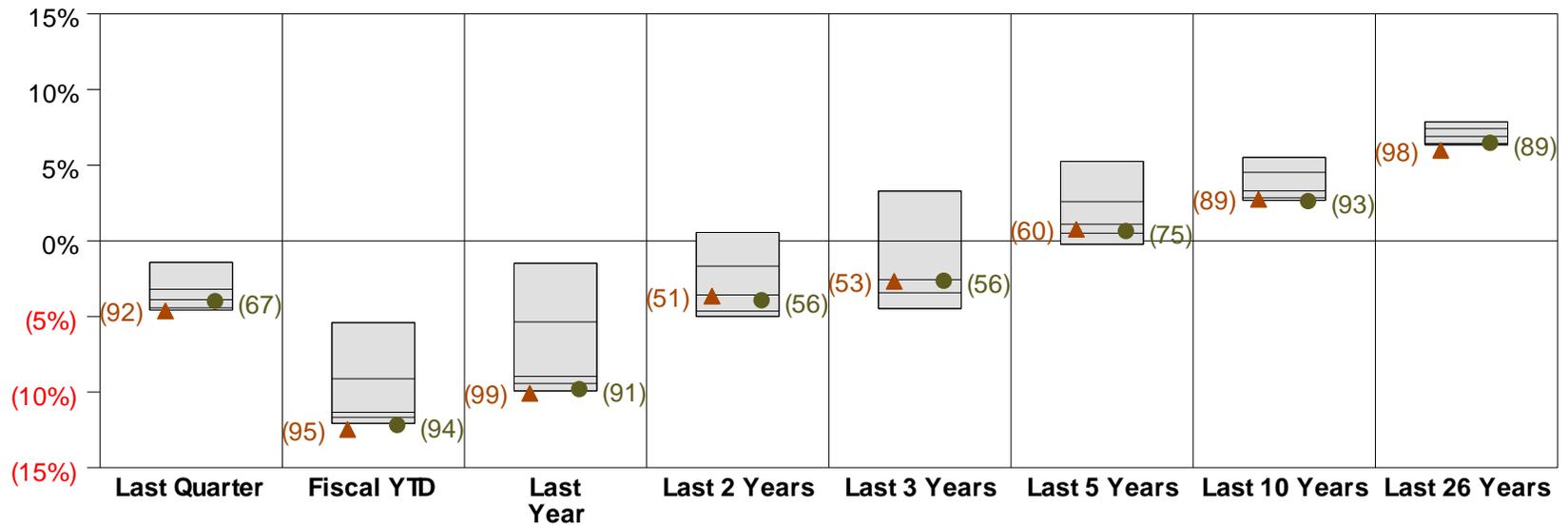


- UBS outperformed the benchmark for first quarter, but remains below median.
- UBS has ranked below median in each of the last five calendar years.
- UBS places in the bottom decile for performance over the last 10 years.
- SIB's investment staff continues to monitor the performance while keeping it on the watch list.

UBS: International Fixed Income Manager on Watch List

UBS Cumulative Results through March 31, 2015

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



10th Percentile	(1.43)	(5.41)	(1.48)	0.55	3.28	5.24	5.51	7.86
25th Percentile	(3.20)	(9.12)	(5.36)	(1.68)	(0.02)	2.58	4.53	7.42
Median	(3.89)	(11.34)	(8.96)	(3.58)	(2.57)	1.09	3.30	6.89
75th Percentile	(4.43)	(11.67)	(9.43)	(4.65)	(3.44)	0.51	2.84	6.44
90th Percentile	(4.58)	(12.07)	(9.92)	(5.00)	(4.48)	(0.23)	2.67	6.35
UBS Global Asset Mgmt ●	(4.12)	(12.31)	(9.93)	(4.06)	(2.76)	0.51	2.49	6.35
Blended Benchmark* ▲	(4.63)	(12.46)	(10.08)	(3.65)	(2.68)	0.76	2.74	5.98



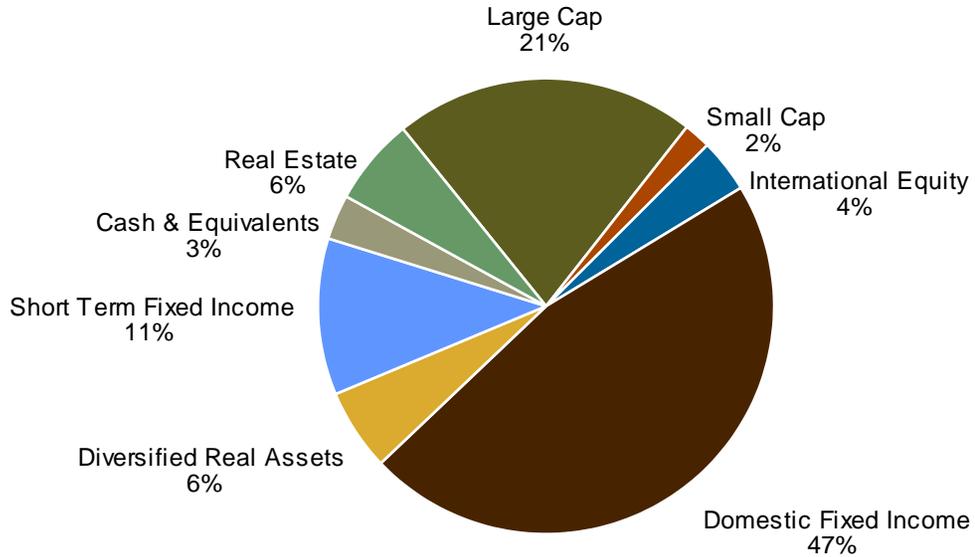
Consolidated Insurance Trust Quarterly Review

- Workforce Safety & Insurance
- Legacy Fund
- Budget Stabilization Fund

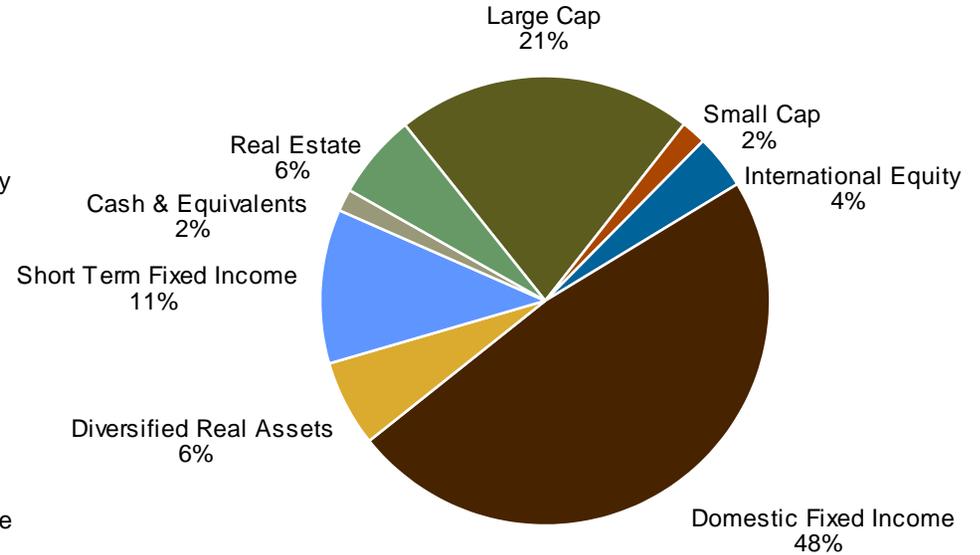
Consolidated Insurance Trust Allocation

As of March 31, 2015

Actual Asset Allocation



Target Asset Allocation

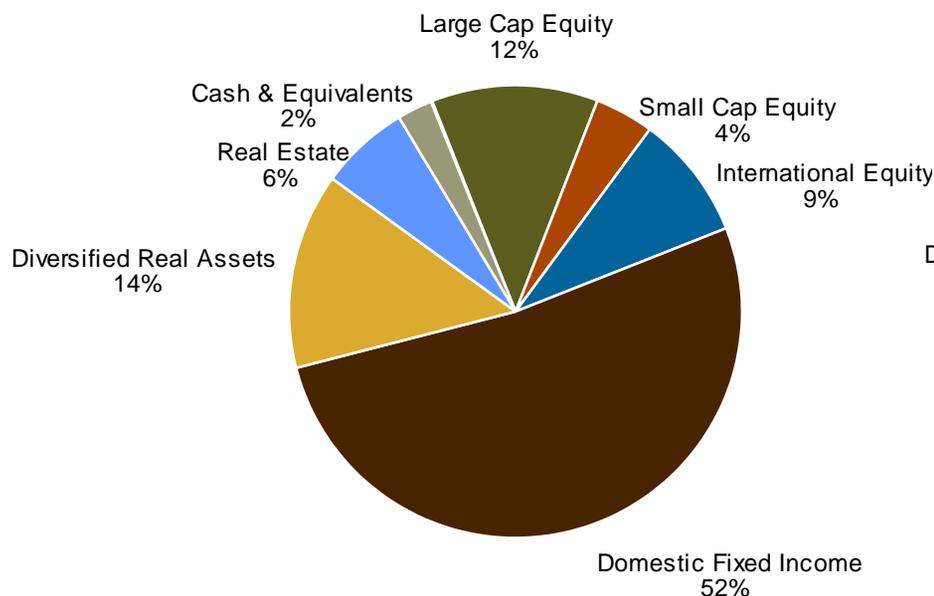


Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap	938,696	21.4%	21.3%	0.1%	4,626
Small Cap	82,329	1.9%	1.8%	0.1%	3,394
International Equity	166,233	3.8%	3.9%	(0.1%)	(4,793)
Domestic Fixed Income	2,044,067	46.6%	48.0%	(1.4%)	(60,880)
Diversified Real Assets	252,768	5.8%	6.2%	(0.4%)	(19,121)
Short Term Fixed Income	486,742	11.1%	11.1%	0.0%	(27)
Cash & Equivalents	141,853	3.2%	1.6%	1.6%	71,688
Real Estate	272,617	6.2%	6.1%	0.1%	5,114
Total	4,385,306	100.0%	100.0%		

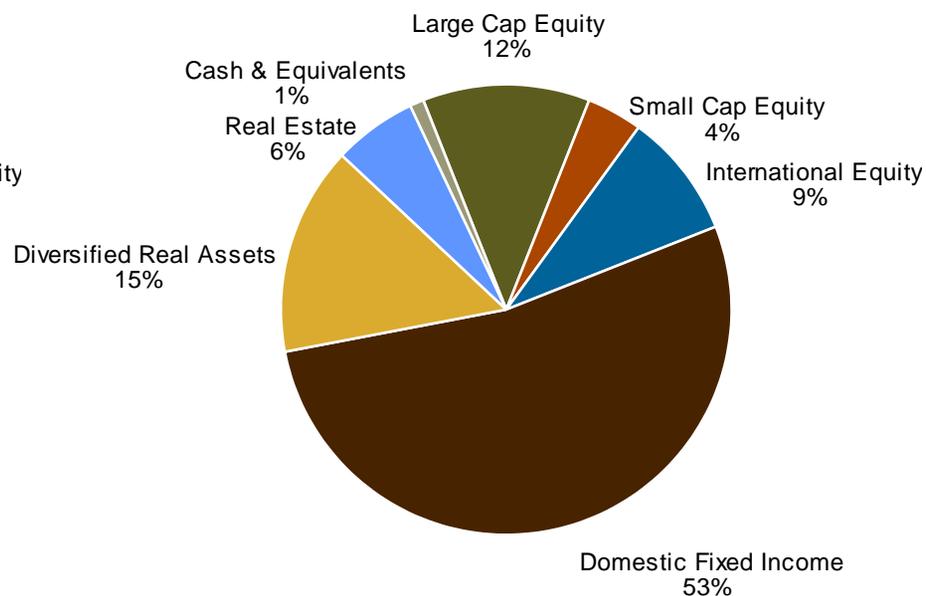
WSI Allocation

As of March 31, 2015

Actual Asset Allocation



Target Asset Allocation

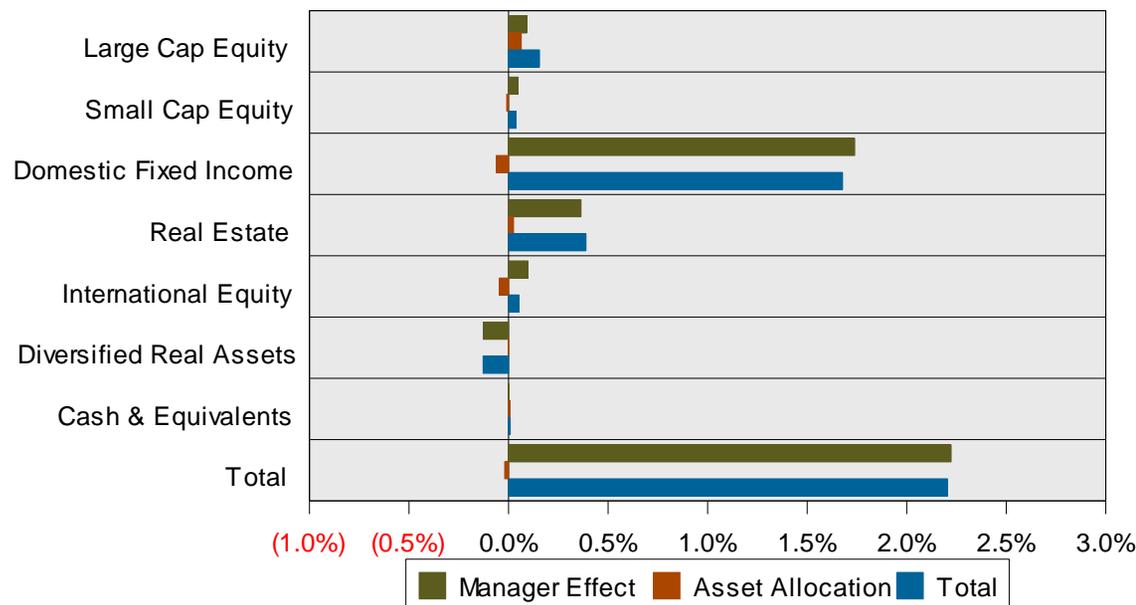


Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	211,304	11.9%	12.0%	(0.1%)	(1,145)
Small Cap Equity	74,194	4.2%	4.0%	0.2%	3,378
International Equity	157,337	8.9%	9.0%	(0.1%)	(2,000)
Domestic Fixed Income	921,409	52.0%	53.0%	(1.0%)	(16,908)
Diversified Real Assets	248,521	14.0%	15.0%	(1.0%)	(17,041)
Real Estate	113,493	6.4%	6.0%	0.4%	7,268
Cash & Equivalents	44,152	2.5%	1.0%	1.5%	26,448
Total	1,770,410	100.0%	100.0%		

WSI Performance and Attribution

As of March 31, 2015

Four and Three-Quarter Year Annualized Relative Attribution Effects



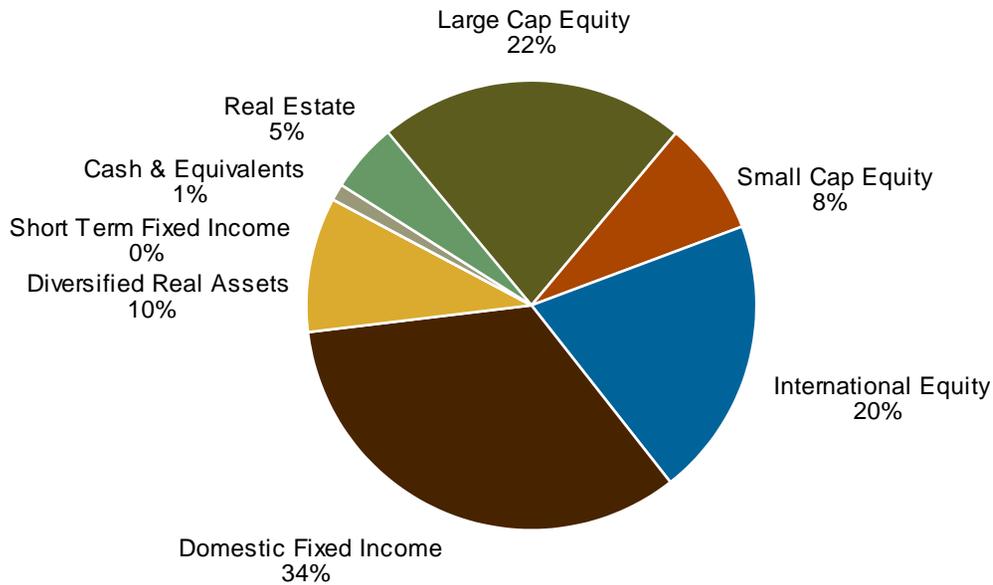
Four and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	10%	10%	19.46%	18.55%	0.09%	0.06%	0.16%
Small Cap Equity	4%	3%	19.42%	17.96%	0.05%	(0.01%)	0.04%
Domestic Fixed Income	51%	51%	7.21%	3.90%	1.74%	(0.06%)	1.68%
Real Estate	6%	6%	18.96%	12.69%	0.36%	0.03%	0.39%
International Equity	7%	7%	10.05%	8.69%	0.10%	(0.04%)	0.05%
Diversified Real Assets	20%	21%	5.24%	5.84%	(0.13%)	(0.00%)	(0.13%)
Cash & Equivalents	1%	1%	0.18%	0.08%	0.00%	0.01%	0.01%
Total			9.38%	7.18%	+ 2.22%	+ (0.02%)	2.20%

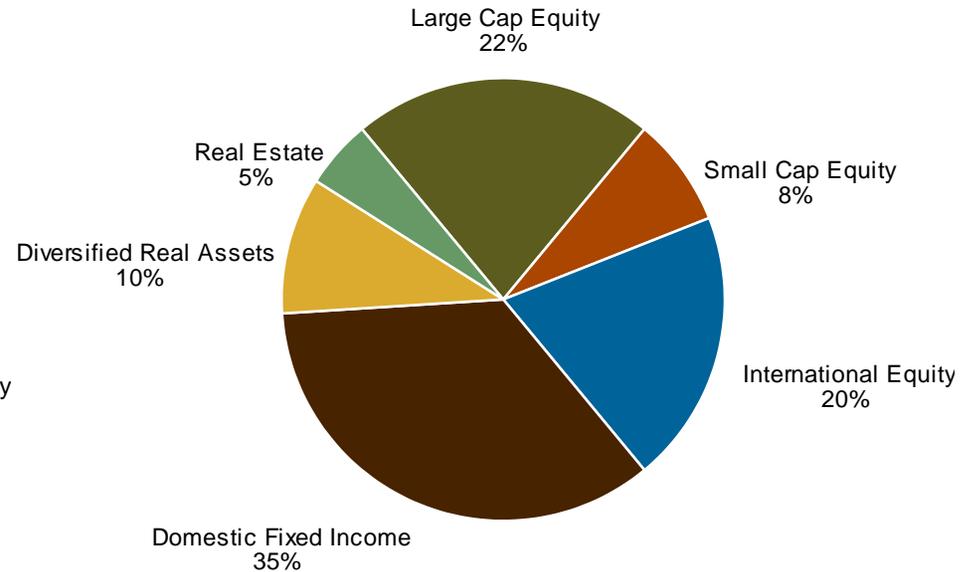
Legacy Fund Allocation

As of March 31, 2015

Actual Asset Allocation



Target Asset Allocation

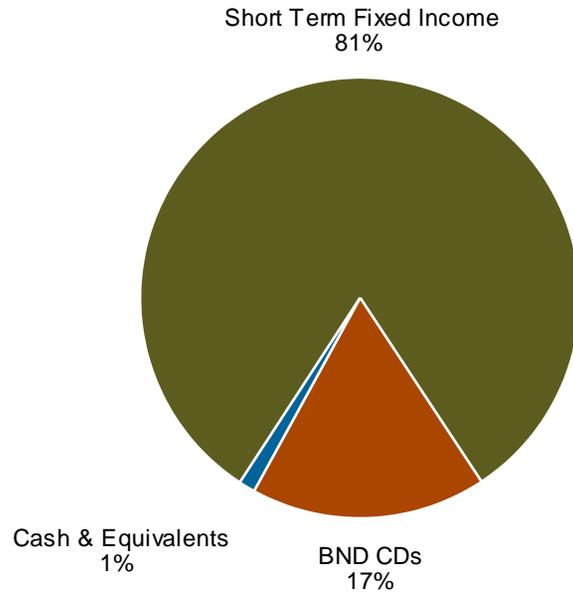


Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	708,400	22.2%	22.0%	0.2%	5,552
Small Cap Equity	263,137	8.2%	8.0%	0.2%	7,555
International Equity	640,570	20.1%	20.0%	0.1%	1,617
Domestic Fixed Income	1,075,144	33.7%	35.0%	(1.3%)	(43,023)
Diversified Real Assets	308,360	9.7%	10.0%	(0.3%)	(11,117)
Short Term Fixed Income	296	0.0%	0.0%	0.0%	296
Cash & Equivalents	39,797	1.2%	0.0%	1.2%	39,797
Real Estate	159,061	5.0%	5.0%	0.0%	(678)
Total	3,194,763	100.0%	100.0%		

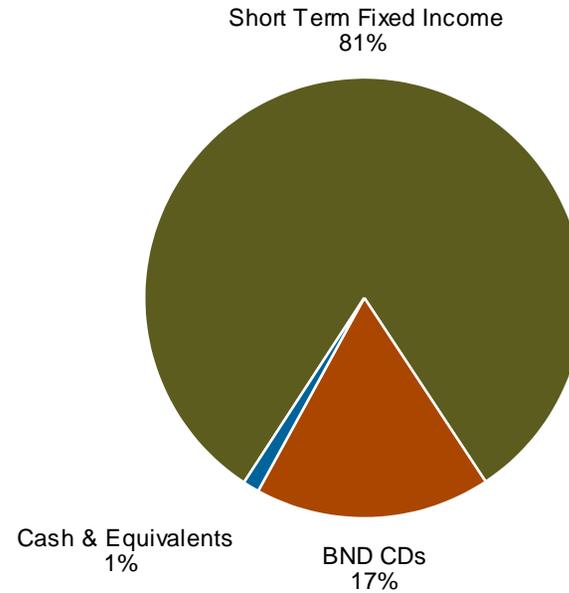
Budget Stabilization Fund Allocation

As of March 31, 2015

Actual Asset Allocation



Target Asset Allocation

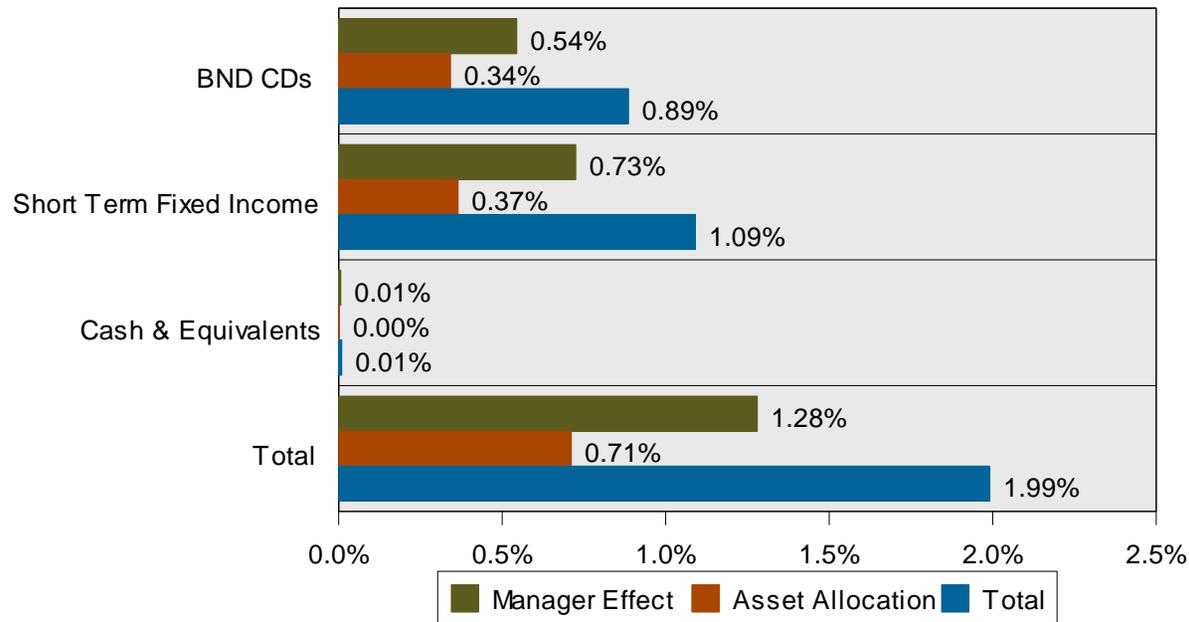


Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Short Term Fixed Income	485,031	81.5%	81.5%	0.0%	174
BND CDs	102,768	17.3%	17.3%	0.0%	(191)
Cash & Equivalents	7,337	1.2%	1.2%	0.0%	76
Total	595,136	100.0%	100.0%		

Budget Stabilization Fund Overview

As of March 31, 2015

Four and Three-Quarter Year Annualized Relative Attribution Effects



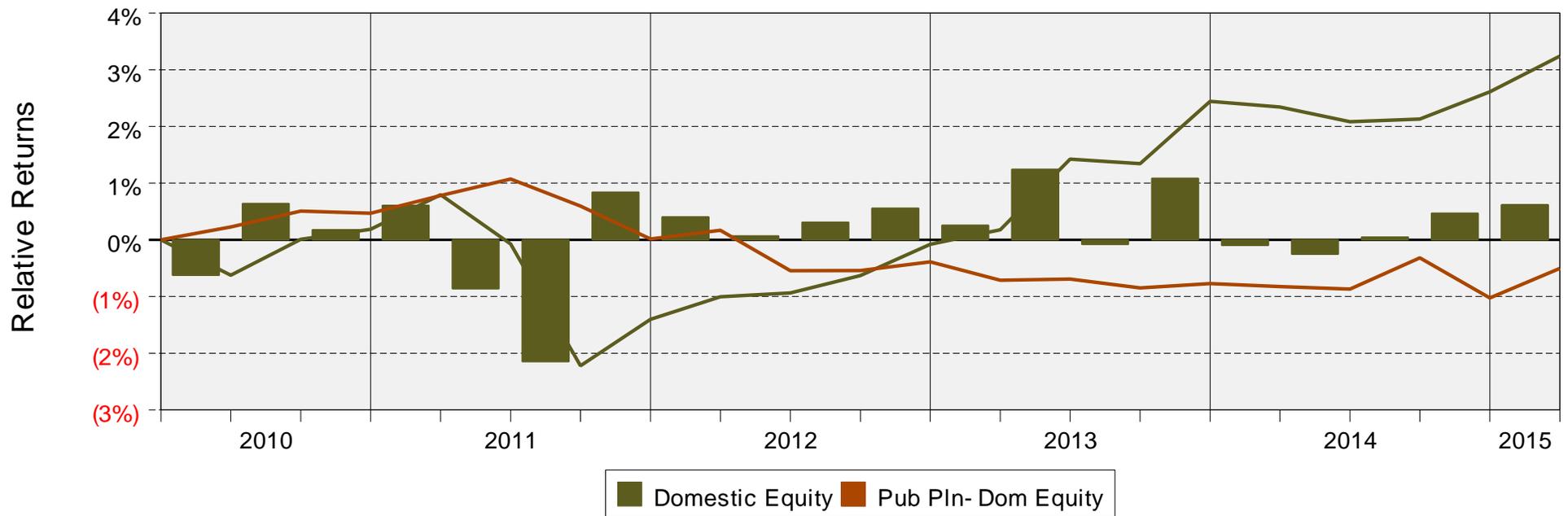
Four and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
BND CDs	24%	16%	3.64%	1.19%	0.54%	0.34%	0.89%	
Short Term Fixed Income	71%	56%	2.08%	1.13%	0.73%	0.37%	1.09%	
Cash & Equivalents	5%	28%	0.18%	0.08%	0.01%	0.00%	0.01%	
Total			2.41%		0.42%	1.28%	0.71%	1.99%

Consolidated Insurance Trust: Domestic Equity

As of March 31, 2015

Cumulative and Quarterly Relative Return vs Domestic Equity Target

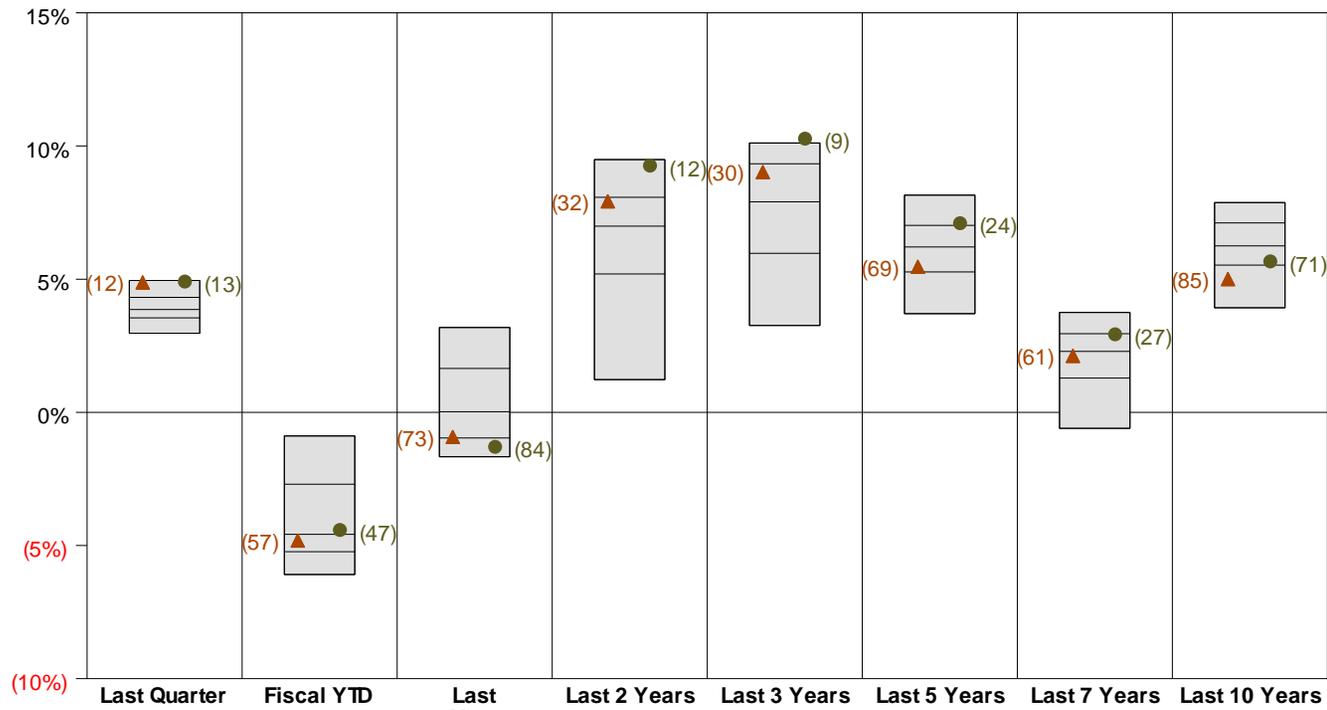


- Since the 2008 financial crisis, the Insurance Trust's domestic equity pool has done very well.
- For the last five years the fund has outperformed the benchmark and placed above median.

Consolidated Insurance Trust: International Equity

As of March 31, 2015

Performance vs Pub Pln- International Equity (Gross)



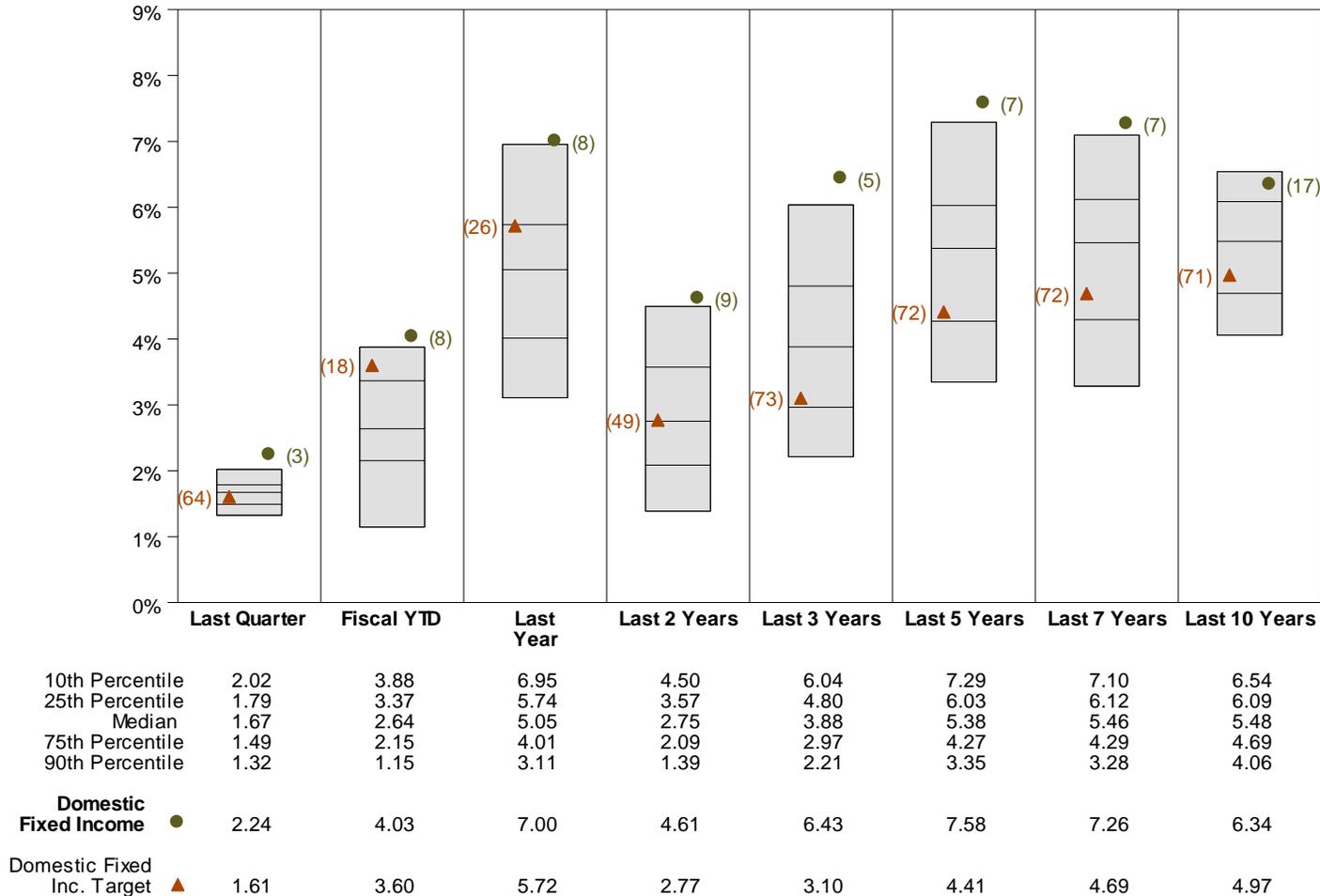
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	4.95	(0.89)	3.19	9.49	10.12	8.16	3.75	7.88
25th Percentile	4.31	(2.70)	1.65	8.08	9.33	7.02	2.96	7.11
Median	3.86	(4.58)	0.02	6.99	7.90	6.21	2.29	6.25
75th Percentile	3.55	(5.23)	(0.96)	5.19	5.97	5.27	1.29	5.53
90th Percentile	2.97	(6.09)	(1.67)	1.23	3.26	3.71	(0.60)	3.93
International Equity ●	4.85	(4.48)	(1.36)	9.20	10.22	7.05	2.87	5.60
International Equity Target ▲	4.88	(4.81)	(0.92)	7.92	9.02	5.47	2.12	5.01

- With last year as the lone exception, the International Equity program has done extremely well over the last seven years.

Consolidated Insurance Trust: Domestic Fixed Income

As of March 31, 2015

Performance vs Pub Pln- Domestic Fixed (Gross)

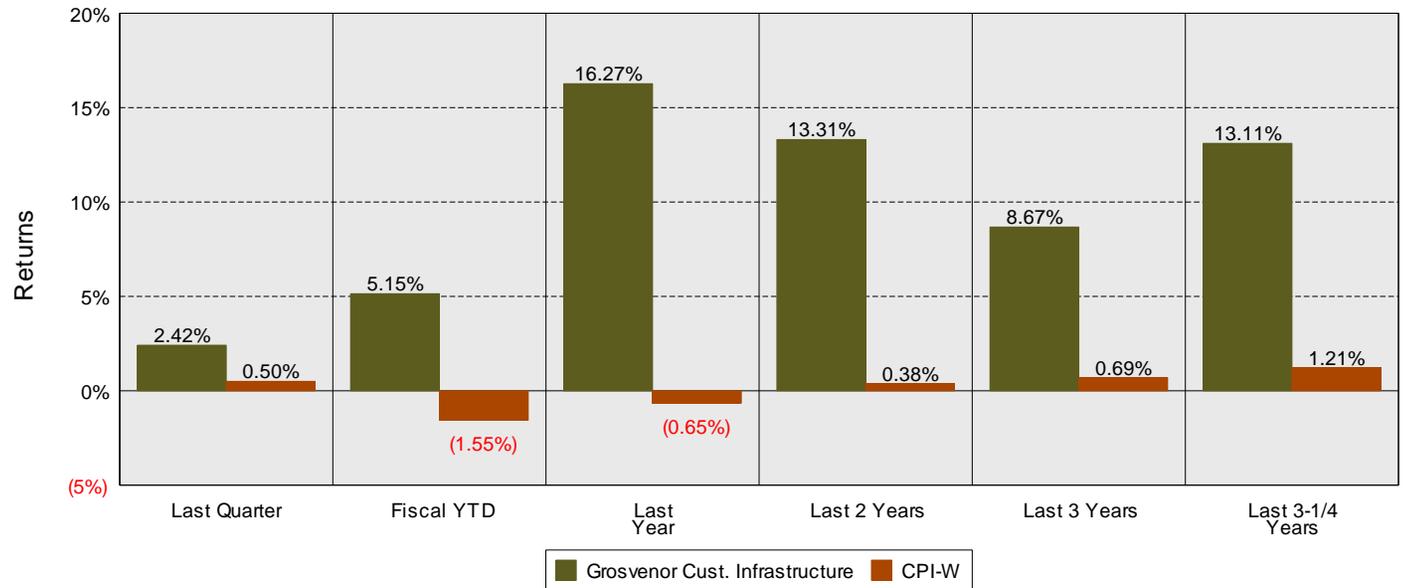
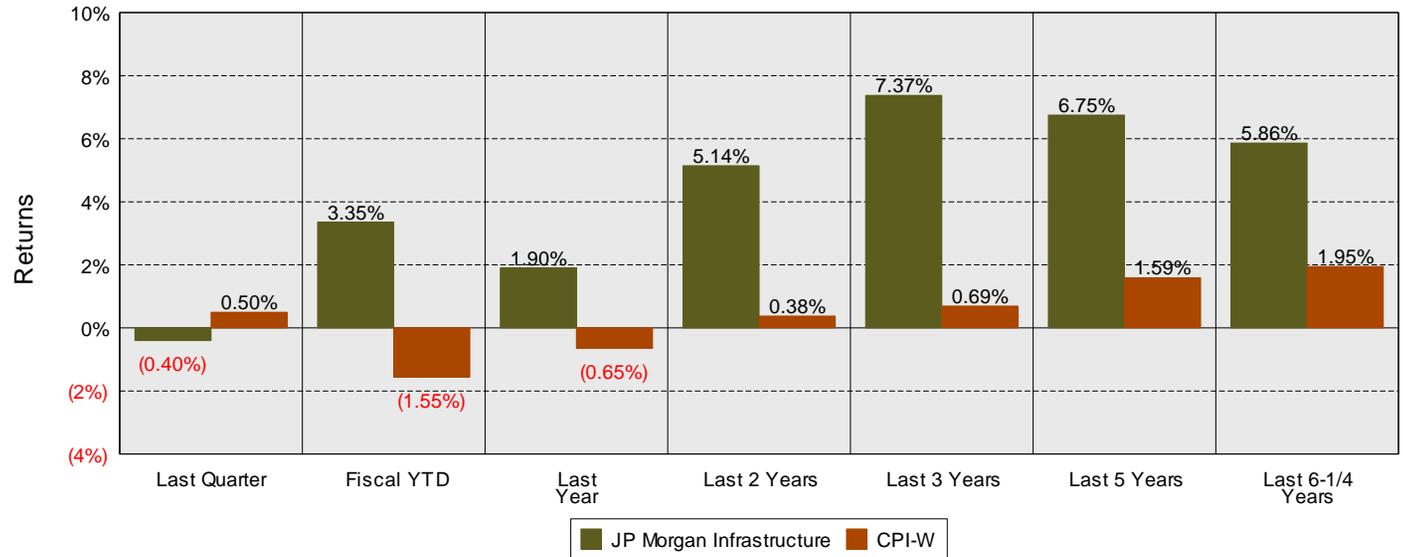


- Fixed Income has been a large and exceptionally well-performing asset in the Insurance Trust.

Consolidated Insurance Trust: Infrastructure

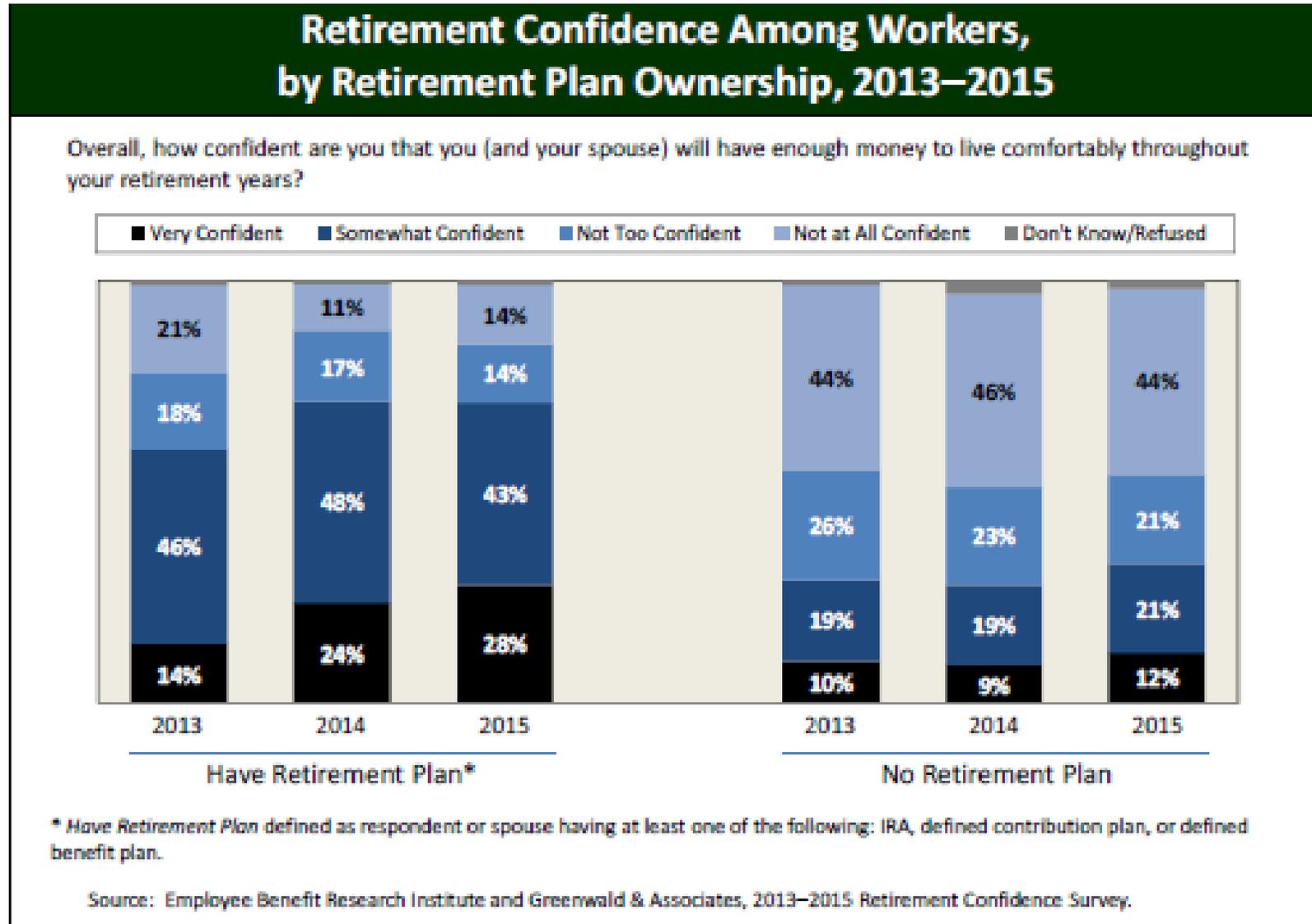
As of March 31, 2015

- The JP Morgan fund and Grosvenor fund have outperformed the CPI-W for the year by 2.54% and 16.92%, respectively.
- The JP Morgan fund contains 1.7% of the Consolidated Insurance Trust's total market value.
- The Grosvenor fund comprises 0.49% of the Consolidated Insurance Trust's total market value.



The money's nice, but so is the outlook for the future.

Retirement benefits make a difference in quality of life



March 31, 2015



North Dakota State Investment Board Pension Funds

Investment Measurement Service
Quarterly Review

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. Callan does not provide advice regarding, nor shall Callan be responsible for, the purchase, sale, hedge or holding of individual securities, including, without limitation securities of the client (i.e., company stock) or derivatives in the client's accounts. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the conformity of individual security holdings with the client's investment policies and guidelines, nor has it assumed any responsibility to do so. Advice pertaining to the merits of individual securities and derivatives should be discussed with a third party securities expert. Copyright 2015 by Callan Associates Inc.

Table of Contents

March 31, 2015

Executive Summary

Active Management Overview	2
Capital Market Review	3

NDSIB - Consolidated Pension Trust

Actual vs Target Asset Allocation	27
Quarterly Total Fund Attribution	28
Cumulative Total Fund Attribution	29
Cumulative Performance	33
Historical Asset Allocation	34
Asset Class Risk and Return	35
Total Fund Ranking	36
Asset Class Rankings	37
Investment Manager Asset Allocation	38
Investment Manager Returns	41

NDSIB - Public

Employees Retirement System

Actual vs Target Asset Allocation	47
Quarterly Total Fund Attribution	48
Cumulative Total Fund Attribution	49
Cumulative Performance	52
Historical Asset Allocation	53
Asset Class Risk and Return	54
Total Fund Ranking	55
Asset Class Rankings	56
Asset Class Allocation	57
Asset Class Returns	58

NDSIB

Teachers Fund For Retirement

Actual vs Target Asset Allocation	61
Quarterly Total Fund Attribution	62
Cumulative Total Fund Attribution	63
Cumulative Performance	66
Historical Asset Allocation	67
Asset Class Risk and Return	68
Total Fund Ranking	69
Asset Class Rankings	70
Asset Class Allocation	71
Asset Class Returns	72

Table of Contents

March 31, 2015

Manager Evaluation

Domestic Equity

L.A. Capital Management	75
L.A. Capital Management Enhanced Index	76
Northern Trust AM Enhanced S&P 500	77
Parametric Clifton Enhanced S&P	78
Callan	79
Parametric Clifton Enhanced Small Cap	80

International Equity

Capital Group	82
DFA International Small Cap Value Fund	83
Northern Trust AM World ex US	84
Wellington Management Company	85
Axiom Emerging Markets	86
DFA Emerging Markets	87

World Equity

EPOCH Investment Partners	89
LSV Asset Management	90

Private Equity

Investment Manager Returns	92
----------------------------	----

Domestic Fixed Income

Declaration Total Return	94
J.P. Morgan MBS	95
PIMCO DiSCO II	96
PIMCO MBS	97
PIMCO Unconstrained	98
SSgA Long US Treasury Index	99
Goldman Sachs 2006 Offshore	100
Goldman Sachs Offshore Fund V	101
Loomis Sayles	102
PIMCO Bravo II Fund	103

International Fixed Income

Brandywine Asset Management	105
UBS Global Asset Management	106

Real Estate

Performance vs Total Real Estate Database	108
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Table of Contents

March 31, 2015

Timber

TIR Teredo	110
TIR Springbank	111

Infrastructure

JP Morgan Asian Infrastructure	113
JP Morgan Infrastructure Fund	114
Grosvenor Cust. Infrastructure	115

Callan Research/Education	116
----------------------------------	-----

Disclosures	121
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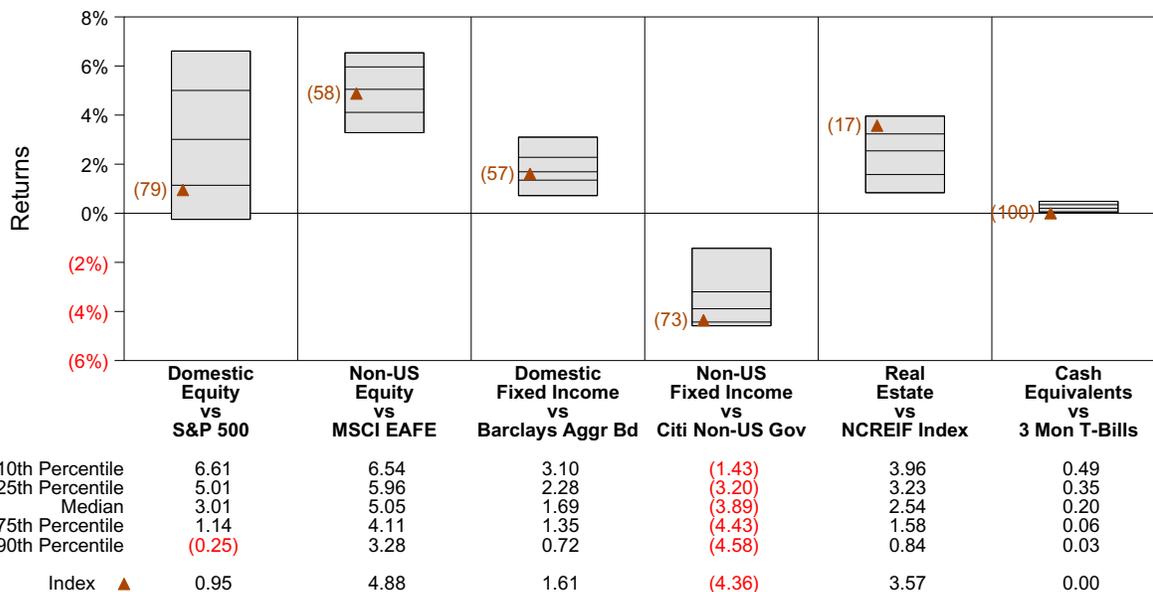
Market Overview

Active Management vs Index Returns

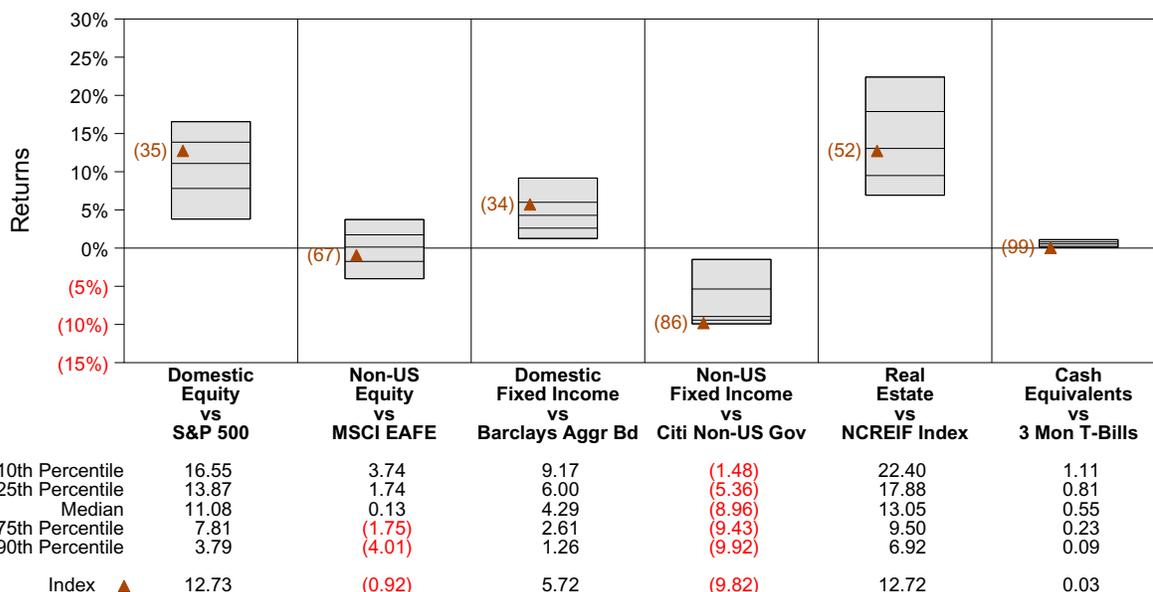
Market Overview

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

Range of Separate Account Manager Returns by Asset Class One Quarter Ended March 31, 2015



Range of Separate Account Manager Returns by Asset Class One Year Ended March 31, 2015





Is There Really a “First-Quarter Effect”?

U.S. ECONOMY

2 Real GDP came to a screeching halt, inching up by just 0.2% (annual rate), following moderating growth in the fourth quarter of 2014. The dollar's rise and oil price's plunge began to work through the U.S. economy.

Strong Dollar, Weak Yields

FUND SPONSOR

4 According to the **Callan Fund Sponsor Database**, all fund types enjoyed decent gains with corporate funds leading the way at the median (+2.50%). Taft-Hartley funds (+2.29) were the worst performers of the quarter.

Broad Market Quarterly Returns

U.S. Equity (Russell 3000)	+1.80%
Non-U.S. Equity (MSCI ACWI ex USA)	+3.59%
Emerging Equity (MSCI Em. Mkts.)	+2.28%
U.S. Fixed (Barclays Aggregate)	+1.61%
Non-U.S. Fixed (Citi Non-U.S.)	-4.36%
Real Estate (NCREIF Property)	+3.57%
Hedge Funds (CS HFI)	+2.48%
Commodities (Bloomberg)	-5.95%
Cash (90-Day T-Bills)	0.00%

Sources: Barclays, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group, S&P Dow Jones

Subdued Returns

U.S. EQUITY

6 The first quarter's ups and downs resulted in only a slight net increase for U.S. equities as represented by the **S&P 500 Index** (+0.95%). Large cap stocks trailed (**Russell 1000 Index**; +1.59%) and growth undoubtedly beat value (**Russell 1000 Growth Index**; +3.84% and **Russell 1000 Value Index**; -0.72%).

The Waiting Game

NON-U.S. EQUITY

9 While volatile markets await a more solid reprieve from negative news, February gains lifted the **MSCI ACWI ex USA Index** (+3.59%). The developed **MSCI World ex USA Index** (+3.83%) beat the **MSCI Emerging Markets Index** (+2.28%) for the second straight quarter.

New Year's Rally

U.S. FIXED INCOME

12 All sectors of the U.S. fixed income market, led by credit, posted positive returns and almost all gained over 1%. The **Barclays Aggregate Index** climbed 1.61% and the **Barclays Corporate High Yield Index** gained 2.52%.

How Low Can You Go?

NON-U.S. FIXED INCOME

15 Currency effects and declining yield curves defined the world bond markets. The USD hedged **Citi Non-U.S. World Government Bond Index** increased 2.25%, beating its unhedged equivalent by 6.61%.

Indices Advance

REAL ESTATE

17 The **NCREIF Property Index** gained 3.57%, recording a 1.24% income return and a 2.33% appreciation return. The **FTSE EPRA/NAREIT Developed REIT Index** (USD) climbed 4.17%.

A Choppy Launch

PRIVATE EQUITY

19 Most private equity activity measures fell in the first quarter relative to the fourth quarter 2014's strong finish. Year-over-year, 2015's first quarter had strongly increased fundraising, a moderated new company investment pace, and a large drop in exit activity.

Think Global, Act Local

HEDGE FUNDS

20 Diverging macro policies lead to disparate impacts. The **Credit Suisse Hedge Fund Index** advanced 2.48%. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** produced 2.23%.

DC Plans Wrap up a Respectable 2014

DEFINED CONTRIBUTION

21 The **Callan DC Index™** rounded out 2014 with a respectable total return (+6.8%). However, the Index underperformed for the year compared to the average corporate DB plan (+7.7%).

Is There Really a “First-Quarter Effect”?

U.S. ECONOMY | Jay Kloepfer

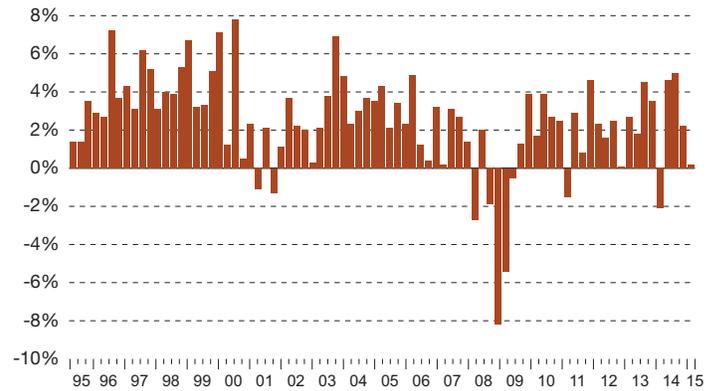
Real GDP came to a screeching halt in the first quarter of 2015, inching up by just 0.2% (annual rate) following moderating growth in the fourth quarter of 2014. Last year, first-quarter growth actually fell 2.4%, surprising many observers, with the blame laid squarely at the feet of historically bad weather in the Northeast U.S., weaker growth in the global economy outside the U.S., and other “one-time factors.” This year is no different, with more one-time factors blamed, another harsh winter in the Northeast, weaker global growth, along with a surging dollar cutting exports (and boosting imports, a negative in the GDP calculations), and the collapse in oil prices hitting investment spending.

How often can this phenomenon occur before we can no longer cite “one-time factors”? This weak first-quarter pattern also showed up in 2012. Wait a minute, there it is again in 2011, as well as 2010. Seasonality in economic activity has long vexed economists’ measures of “true” GDP activity, and many sophisticated data collection and seasonal adjustment calculations have evolved to deal with it. When the seasonally adjusted data show a strong seasonal pattern, with sharp GDP slowdowns in five of the past six years in the same quarter, the results suggest either a change in the pattern to the seasonality of economic activity or problems in the collection and interpretation of the economic data. To be fair, expectations for first-quarter GDP growth had been brought down substantially as the monthly data came out, settling in at a consensus of 1.0% prior to the official data release. A further reading of the economic tea leaves from other sources suggests, just as it has in each of the past five years with first-quarter slowdowns, that the U.S. economy remains in reasonable shape, and that expectations for GDP growth for the calendar year 2015 remain in the 2.5% range.

Two of this year’s one-time factors—the rise in the dollar and the plunge in the price of oil—first showed up in the fourth quarter of 2014 but really began to work through the economy in the first quarter of 2015. Interestingly, the initial plunge in the price of oil generated an immediate boost to consumers’ disposable

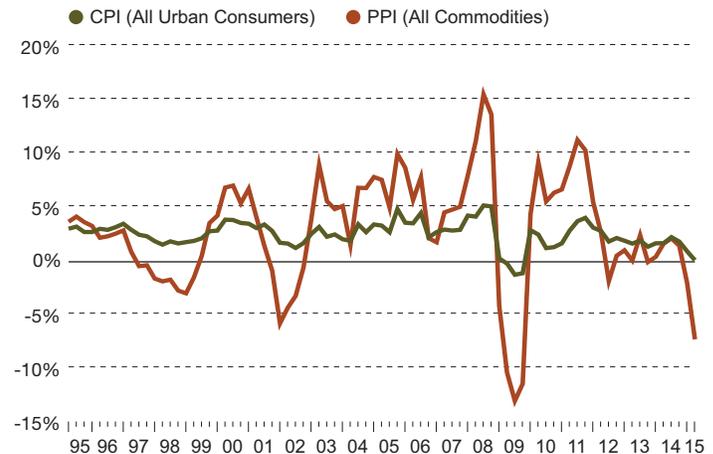
Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

incomes, akin to a tax cut, that has been estimated to be as large as \$150 billion just in the U.S. In the fourth quarter, this oil price dividend overwhelmed the initial negative impact on drilling and production activity within the domestic oil industry. In the first quarter of 2015, drilling activity largely ceased. Oil wells and other mining activity are classified as non-residential structures, and investment in structures took a major hit, falling 23% and pulling total non-residential investment down by 3.4%. This decline in structures investment alone shaved 0.75% off GDP growth

for the quarter. The consumer impact from lower gasoline prices (\$150 billion annually if the low prices held) appears to have been overshadowed in the first quarter of 2015, and in fact personal consumption expenditures slipped from a growth rate of 4.4% in the fourth quarter to 1.9%.

The weather impact showed up primarily in consumption, which slowed from a robust 4.4% gain in the fourth quarter to 1.9% growth in the first quarter of 2015, despite the gasoline price dividend. Consumer savings rose substantially in the quarter. If truly temporary, this boost to savings should help fuel consumer spending if it rolls out as delayed gratification later in the year. Net exports fell 7.2% in the first quarter, no doubt hit hard by the stronger dollar, and subtracted 1% from total GDP growth. Imports, which count as a negative in the GDP numbers, rose sharply in the fourth quarter of 2014 (+10.4%), fueled by lower dollar prices for imported goods and a buoyant consumer mood. The more somber consumer and the hibernation effect held import growth to just 1.8% in the first quarter of 2015; low oil prices also held down the value of imports.

The job market has been one of the brightest spots in the economy over the last two years, generating more than 200,000 new jobs for 12 straight months through February 2015. This streak was broken in March as employers added 126,000 jobs, still robust but less than half of February's gain. This break in the job market growth rate is consistent with other signals such as housing starts, consumer spending, and manufacturing activity that suggested a slowing of momentum in the U.S. economy as the first quarter unfolded. However, neither the job market nor these other broad indicators are at levels that signal danger for the U.S. economy, and these indicators fully support the notion that the halt in GDP

The Long-Term View

Index	2015 1st Qtr	Periods ended December 31, 2014			
		Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	1.80	12.56	15.63	7.94	9.78
S&P 500	0.95	13.69	15.45	7.67	9.62
Russell 2000	4.32	4.89	15.55	7.77	9.75
Non-U.S. Equity					
MSCI EAFE	4.88	-4.90	5.33	4.43	4.31
MSCI EM	2.28	-1.82	2.11	8.78	8.83
S&P Ex-U.S. Small Cap	4.43	-3.42	8.52	6.84	5.48
Fixed Income					
Barclays Aggregate	1.61	5.97	4.45	4.71	6.49
90-Day T-Bill	0.00	0.03	0.09	1.54	3.24
Barclays Long G/C	3.36	19.31	9.81	7.36	8.49
Citi Non-U.S. Govt	-4.36	-2.68	0.85	2.64	6.21
Real Estate					
NCREIF Property	3.57	11.82	12.13	8.38	7.61
FTSE NAREIT Equity	4.75	30.14	16.88	8.31	11.25
Alternatives					
CS Hedge Fund	2.48	4.13	5.88	5.82	-
Cambridge PE*	-	23.46	17.80	13.72	15.50
Bloomberg Commodity	-5.94	-17.01	-5.53	-1.86	-
Gold Spot Price	-0.08	-1.51	1.55	10.45	4.38
Inflation – CPI-U	0.56	0.76	1.69	2.12	2.52

*Private equity data is time-weighted return for period ended June 30, 2014.

Sources: Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's, Thomson/Cambridge.

growth may indeed be a result of one-time factors. The Fed has continued to reign in its outlook for U.S. GDP growth and to offer caution on the timing of interest rate increases; markets are now betting the next Fed move on interest rates may be pushed out to September or even December 2015.

Recent Quarterly Indicators

Economic Indicators	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13
Employment Cost–Total Compensation Growth	2.6%	2.2%	2.2%	2.0%	1.8%	2.0%	1.9%	1.9%
Nonfarm Business–Productivity Growth	-0.8%*	-2.2%	3.9%	2.9%	-4.7%	3.0%	3.4%	0.9%
GDP Growth	0.2%	2.2%	5.0%	4.6%	-2.1%	3.5%	4.5%	1.8%
Manufacturing Capacity Utilization	77.2%	77.8%	77.5%	77.1%	76.2%	76.4%	76.0%	75.9%
Consumer Sentiment Index (1966=100)	95.5	89.8	83.0	82.8	80.9	76.9	81.6	81.7

*Estimate

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, Reuters/University of Michigan

Strong Dollar, Weak Yields

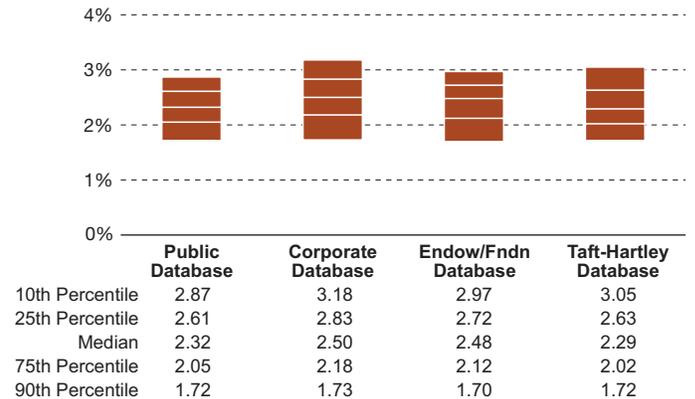
FUND SPONSOR | Kevin Nagy

Most public markets enjoyed moderate to strong growth in the first quarter. A strong performance from Asia and the Pacific region plus the arrival of ECB quantitative easing helped push international equity ahead of U.S. equity for the first time since the second quarter of 2014 (**Russell 3000 Index**: +1.80%; **MSCI ACWI ex USA Index**: +3.59%). The story was reversed in the fixed income markets, with domestic bonds yielding positive gains compared to significant losses overseas, due mainly to the currency effect caused by the dollar's appreciation (**Barclays Aggregate Index**: +1.61%, **Citi Non-U.S. World Government Bond Index-Unhedged Index**: -4.36%).

As seen in the Callan Fund Sponsor Quarterly Returns chart, all fund types enjoyed decent gains. Corporate funds (+2.50%) led the way at the median while Taft-Hartley funds (+2.29%) were the worst performers of the quarter. The 10th percentile's performance displayed the widest dispersion, with corporate plans (+3.18%) again coming in first place and public funds (+2.87%) in last. At the low end, there was only 0.03% between the best and worst returns (corporate: +1.73%; endowments and foundations: +1.70%).

The differing performance among the fund types can be partially explained by asset allocations. Corporate funds benefitted from

Callan Fund Sponsor Quarterly Returns



Source: Callan

higher exposures to U.S. fixed income; in a similar vein, Taft-Hartley plans' minimal exposure to non-U.S. equity contributed to that group's underperformance. Public funds had the least dispersion between the top and bottom percentiles, while corporate funds had the widest, as some plans employ liability-driven investment (LDI) programs.

Over longer time periods, corporate funds won nearly every time (up +7.52%, +9.61%, and +7.08% for the trailing one-, five-, and ten-year time periods, respectively). Taft-Hartley funds beat corporates for the trailing three-year period, when they were up

Database Median and Index Returns* for Periods ended March 31, 2015

Fund Sponsor	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Public Database	2.32	6.73	9.62	9.31	6.80	5.62
Corporate Database	2.50	7.52	9.73	9.61	7.08	5.67
Endowments/Foundations Database	2.48	5.77	9.23	8.74	6.68	5.57
Taft-Hartley Database	2.29	7.40	9.94	9.51	6.42	5.50
Diversified Manager	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Asset Allocator Style	1.37	11.39	12.40	10.47	7.01	6.41
U.S. Balanced Database	2.21	6.92	10.28	9.63	7.04	6.40
Global Balanced Database	2.06	5.44	7.37	7.32	6.86	6.48
60% Russell 3000 + 40% Barclays Agg	1.72	9.68	11.05	10.87	7.41	5.53
60% MSCI World + 40% Barclays Gbl Agg	0.62	2.07	7.15	7.05	5.54	4.24

*Returns less than one year are not annualized.

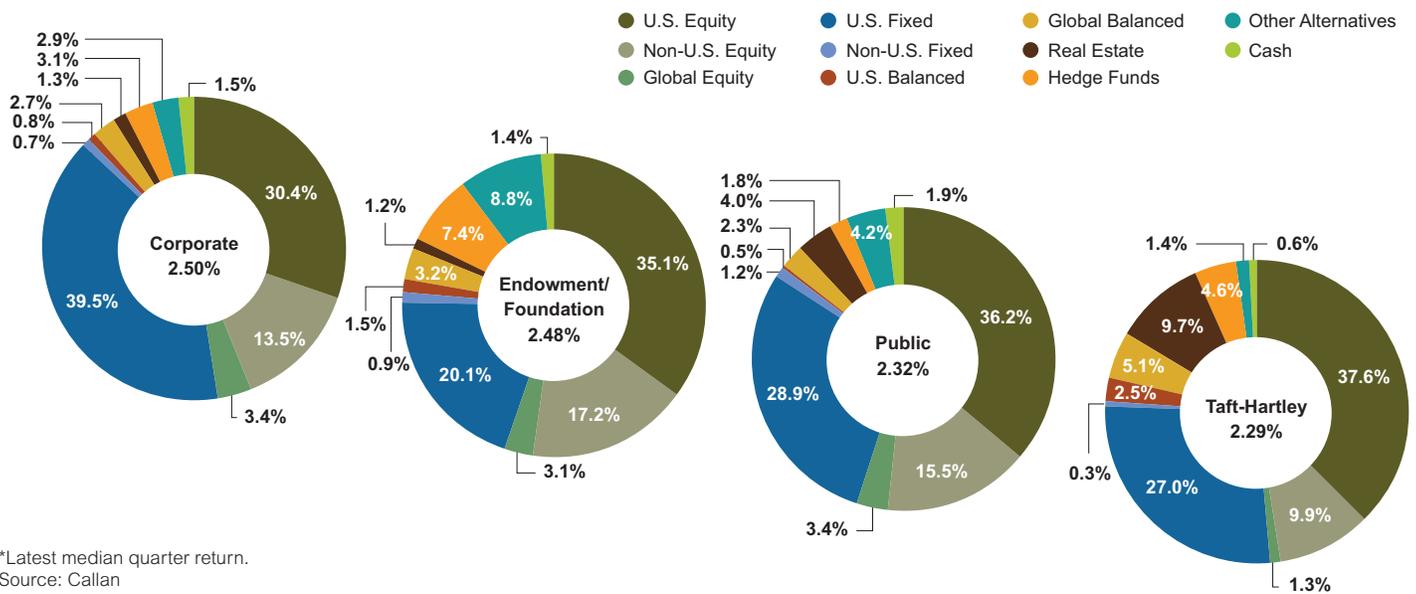
Sources: Callan, Barclays, MSCI, Russell Investment Group

9.94%. Despite the strong three-year number, Taft-Hartley plans also had the weakest performance of the 10-year period, a still-solid 6.42%. Higher allocations to alternative investments have hurt endowments and foundations, which continue to be the worst performer over every period except the trailing 10 years.

MSCI World + 40% Barclays Global Aggregate benchmark (+0.62%). Once again U.S. allocations hold a lead over global in every time period. Callan's balanced manager groups mirrored this result as U.S. balanced managers enjoy a significant advantage over global balanced managers in almost every time period. The 10-year numbers are more favorable to global allocations, with only an 0.18% difference between U.S. and global.

Of Callan's balanced manager groups, the 60% Russell 3000 + 40% Barclays Aggregate (+1.72%) outperformed the 60%

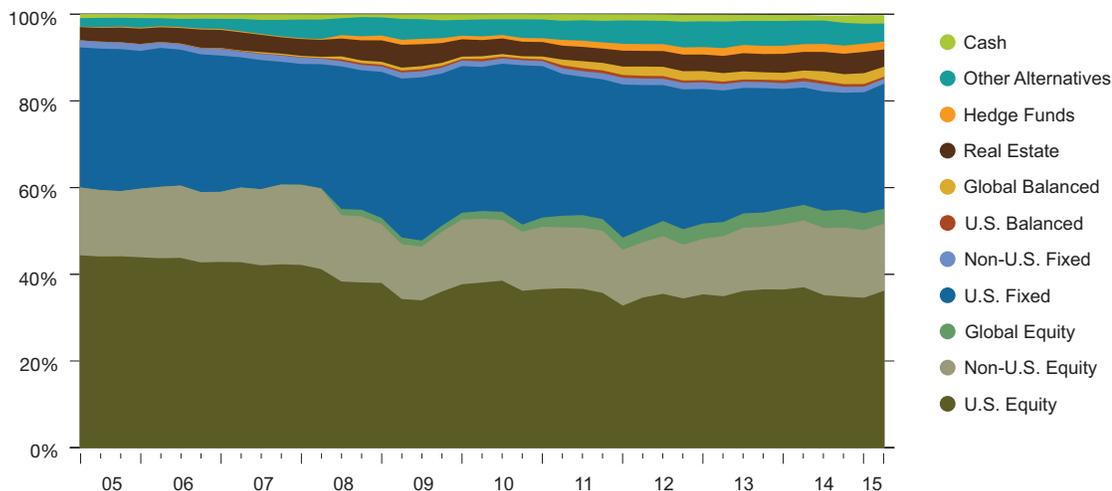
Callan Fund Sponsor Average Asset Allocation



*Latest median quarter return. Source: Callan

Callan Public Fund Database Average Asset Allocation

(10 Years)



Source: Callan

Subdued Returns

U.S. EQUITY | Lauren Mathias, CFA

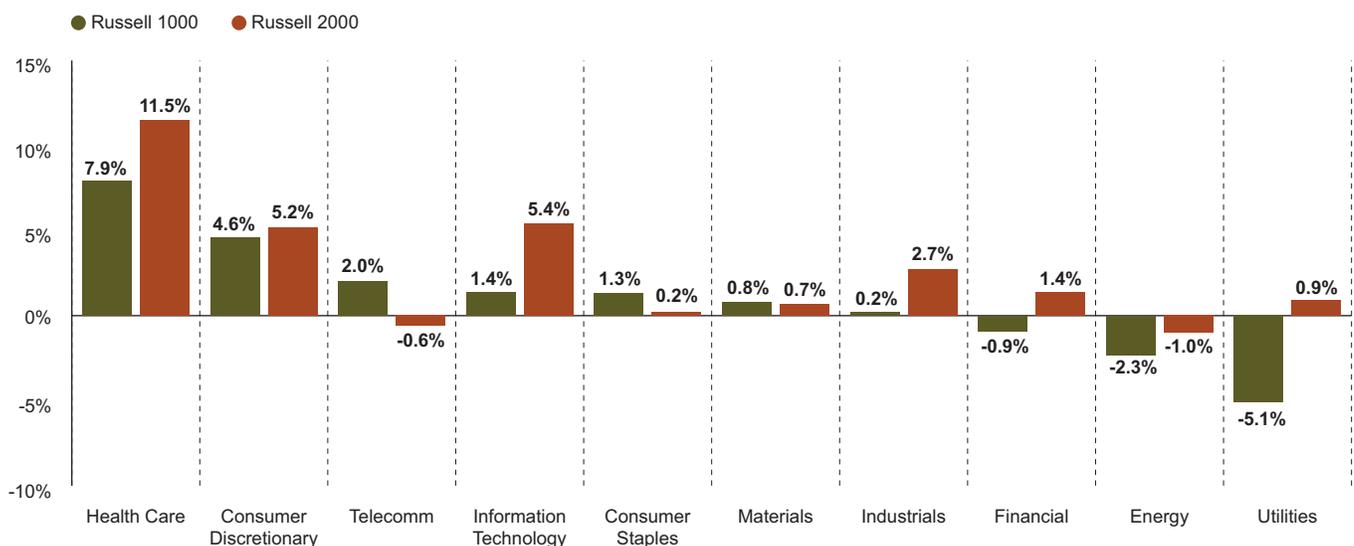
The first quarter's ups and downs resulted in only a slight net increase for U.S. equities as represented by the **S&P 500 Index** (+0.95%). The U.S. economy made some progress—an increase in jobs decreased unemployment (5.5%) and fourth-quarter GDP growth was confirmed at a modest 2.2%, albeit down from a 5.0% pace in the third quarter. Despite this, Fed Chair Janet Yellen remained conservative in her plan to raise interest rates, indicating it will be a slow process. The strengthening U.S. dollar challenged large multinationals while quantitative easing in Europe helped bolster economic growth abroad.

Though the broad U.S. equity market delivered subdued returns, areas of strength persisted. Growth did much better than value with the outperformance of momentum and quality factors and the underperformance of dividend yields. In the first quarter, investors preferred high-beta, high-growth, and smaller market capitalization companies. Volatility declined and as a result market participants took on more risk.

Growth sectors such as Health Care and Technology trumped value sectors including Financials, Telecommunications, and Utilities. Energy stocks were weak again on the heels of volatile oil prices. For active investment managers, sector positioning away from defensive areas and into cyclicals paid off. A preference for smaller, higher-growth and higher-beta stocks provided an additional tailwind.

Large cap stocks trailed this quarter (**Russell 1000 Index**: +1.59%) and growth trounced value (**Russell 1000 Growth Index**: +3.84%; **Russell 1000 Value Index**: -0.72%). Small (**Russell 2000 Index**: +4.32%) and mid cap (**Russell Mid Cap Index**: +3.95%) stocks reclaimed their performance advantage and small cap growth retained its lead on value. Small cap growth now beats small cap value in all annualized time periods of less than 10 years; beyond that value is on top. Micro cap could not maintain its strong fourth-quarter performance but still posted a positive return (**Russell Microcap Index**: +3.14%).

Economic Sector Quarterly Performance

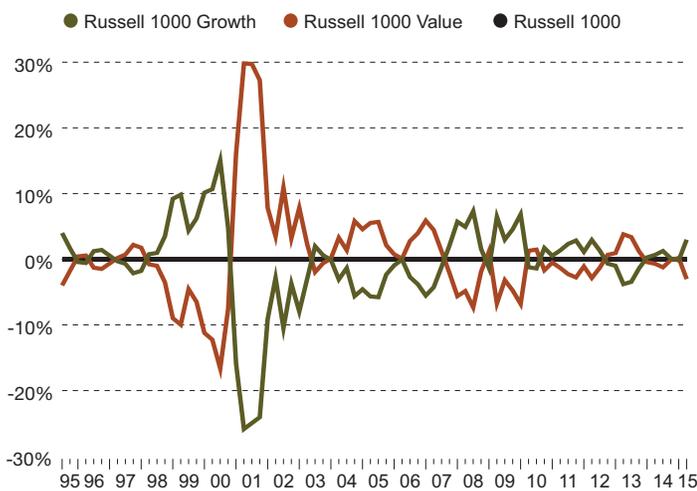


Source: Russell Investment Group

Small and large cap sectors exhibited much different quarterly results. Large cap Utilities declined substantially while Health Care—which was a positive contributor to both market caps—was much stronger in small cap. Utilities companies were punished as the expectations for rising interest rates continued. Merger and acquisition activity was prevalent in the Health Care

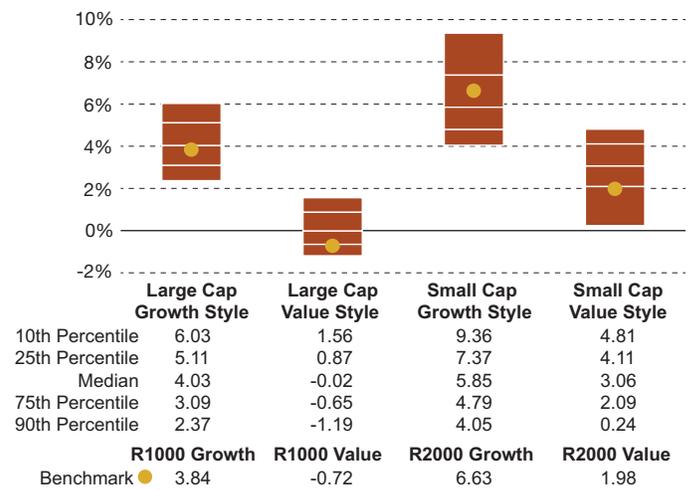
sector and smaller cap companies benefitted. Energy was the only sector in which both small and large cap declined; weakening oil prices hurt oil services and exploration and production companies. Though large cap trailed small cap overall for the quarter, longer-term returns (one, three, and five years annualized) show large cap outpacing small.

Rolling One-Year Relative Returns (vs. Russell 1000)



Source: Russell Investment Group

Callan Style Group Quarterly Returns



Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of March 31, 2015

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Cap Range Min (\$mm)	1,800	3	149	149	3	3
Cap Range Max (\$bn)	753.40	774.57	774.57	39.06	18.63	11.42
Number of Issues	502	3,016	1,036	841	2,506	1,980
% of Russell 3000	80%	100%	92%	29%	18%	8%
Wtd Avg Mkt Cap (\$bn)	126.10	103.62	112.25	13.42	4.51	2.11
Price/Book Ratio	2.7	2.7	2.7	2.7	2.4	2.2
Forward P/E Ratio	16.9	17.5	17.3	19.5	20.2	21.3
Dividend Yield	2.0%	1.9%	1.9%	1.5%	1.4%	1.3%
5-Yr Earnings (forecasted)	10.6%	11.5%	11.2%	13.4%	14.6%	15.6%

Sources: Russell Investment Group, Standard & Poor's

U.S. EQUITY (Continued)

Style Median and Index Returns* for Periods ended March 31, 2015

Large Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Large Cap Core Style	1.50	13.57	16.72	14.96	8.71	5.22
Large Cap Growth Style	4.03	15.92	16.08	15.38	9.63	3.27
Large Cap Value Style	-0.02	9.40	16.55	14.00	7.78	7.84
Aggressive Growth Style	5.20	8.95	15.10	14.33	10.24	3.32
Contrarian Style	-0.16	10.08	16.34	13.64	8.17	9.48
Yield-Oriented Style	-0.17	9.09	14.13	13.56	8.48	8.77
Russell 3000	1.80	12.37	16.43	14.71	8.38	4.63
Russell 1000	1.59	12.73	16.45	14.73	8.34	4.43
Russell 1000 Growth	3.84	16.09	16.34	15.63	9.36	1.99
Russell 1000 Value	-0.72	9.33	16.44	13.75	7.21	6.53
S&P Composite 1500	1.39	12.54	16.17	14.60	8.25	4.69
S&P 500	0.95	12.73	16.11	14.47	8.01	4.15
NYSE	1.14	6.02	12.95	12.49	7.84	6.11
Dow Jones Industrials	0.33	10.57	13.18	13.23	8.17	5.79
Mid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Mid Cap Core Style	5.24	14.57	19.04	17.71	10.74	9.81
Mid Cap Growth Style	6.14	12.88	15.52	15.96	10.77	6.10
Mid Cap Value Style	2.78	9.71	17.47	15.33	10.29	11.81
Russell Midcap	3.95	13.68	18.10	16.16	10.02	8.49
S&P MidCap 400	5.31	12.19	17.03	15.72	10.32	9.16
Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Small Cap Core Style	4.84	10.09	18.60	17.09	10.01	10.30
Small Cap Growth Style	5.85	8.13	17.35	16.80	10.83	5.42
Small Cap Value Style	3.06	7.82	16.95	15.13	9.57	12.57
Russell 2000	4.32	8.21	16.27	14.57	8.82	7.19
S&P SmallCap 600	3.96	8.72	17.30	16.25	9.68	9.75
NASDAQ	3.79	18.12	18.19	16.81	10.53	1.31
Smid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Smid Cap Broad Style	6.17	11.38	16.59	15.99	10.45	10.08
Smid Cap Growth Style	6.61	11.14	16.43	16.48	10.43	8.32
Smid Cap Value Style	3.83	10.58	17.14	14.90	10.44	12.85
Russell 2500	5.17	10.07	17.13	15.48	9.62	8.26
S&P 1000	4.91	11.15	17.13	15.89	10.10	9.32
Russell 3000 Sectors	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Consumer Discretionary	4.68	16.77	20.85	19.88	9.89	6.03
Consumer Staples	1.25	16.64	16.16	15.33	10.98	10.72
Energy	-2.24	-13.36	3.36	7.51	6.86	9.11
Financials	-0.67	10.52	16.79	10.83	1.82	3.79
Health Care	7.80	27.60	27.63	20.83	12.22	8.90
Industrials	0.40	7.90	17.28	15.09	8.67	7.35
Information Technology	1.68	17.29	13.97	14.66	10.04	-0.99
Materials	1.01	3.71	11.50	11.12	8.53	8.69
Telecommunications	1.90	4.00	11.30	12.61	7.59	-1.39
Utilities	-4.56	10.63	13.04	13.25	8.70	7.36

*Returns less than one year are not annualized.

Sources: Callan, Dow Jones & Company, Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market

The Waiting Game

NON-U.S. EQUITY | Matt Lai

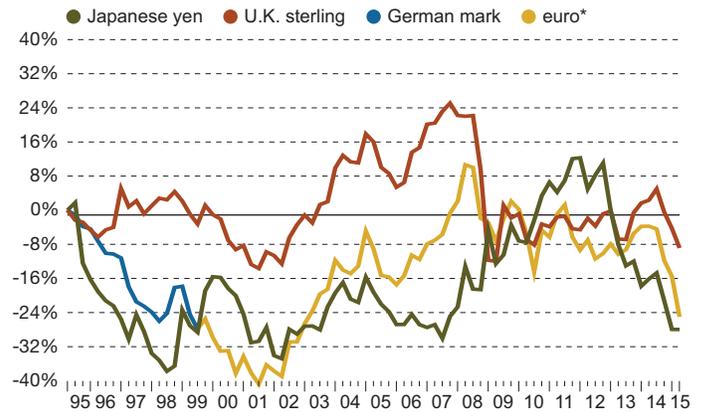
Markets across the globe shook off a historic oil slump to kick off the year in the black. Individual countries largely advanced in local terms, though pockets of economic unrest left a sharp sting in isolated markets. Foreign investors await the arrival of the elusive “recovery” that only the U.S. enjoys for now. Market volatility in January and March could not stop a largely ascendant February for the **MSCI ACWI ex USA Index**, which advanced 3.59% in the first quarter. A shuffle in Health Care sent stocks soaring (+10.63%); Utilities (-4.53%) and commodities-burdened Energy (-4.04%) were the only drag on non-U.S. sectors. Crude oil stayed low, ending March under \$50/barrel.

The developed **MSCI World ex USA Index** (+3.83%) beat the **MSCI Emerging Markets Index** (+2.28%) for the second consecutive quarter. **MSCI ACWI ex USA Growth Index** (+4.89%) stocks far outpaced **MSCI ACWI ex USA Value** (+2.24%) counterparts once again. Small cap stocks provided a healthy boost (**MSCI ACWI ex USA Small Cap Index**: +4.01%). Canada (-6.04%) continued to smart from the oil slump and ended up as the largest drag on the developed world outside the U.S.

Europe supplied one of 2015’s earliest economic headlines after a €1.1 trillion stimulus plan was unveiled to thwart deflation and reignite growth in the region (**MSCI Europe Index**: +3.45%). E.U. unemployment continued its marginal slide to 9.8% in February (from 9.9% at 2014’s end), and the euro’s 11% fall against the U.S. dollar saw retail soar (Consumer Discretionary: +8.21%). Advances in Health Care research boosted Denmark to the fore of the developed world (+15.82%). The U.K. (-0.96%) and Spain (-0.57%) were the only drags on the region, hampered mostly by a strong dollar and weak Utilities (European Utilities: -8.51%). The focus shifts to the U.K.’s parliamentary elections in May and to ongoing E.U. talks with emerging Greece (more below).

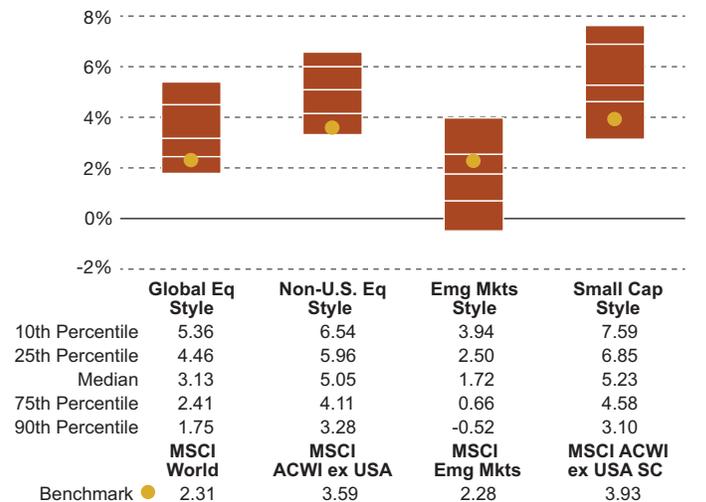
Keeping with the previous quarter, the **MSCI Pacific Index** trumped Europe with a strong gain of 7.61%. Japan (+10.21%) led the region, as fourth-quarter 2014 GDP grew 1.5%

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



*euro returns from 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



bucking two quarters of contraction. Only Japan’s Energy names slid into the red (-0.66%), while consumer stocks soared (Consumer Discretionary: +10.52%; Consumer Staples: +16.43%). However, inflation continued to notch downward and unemployment rates remained volatile. Singapore dipped 1.91%.

NON-U.S. EQUITY (Continued)

EM Asia (+5.26%) carried the broad emerging category. Accelerating infrastructure projects and a raised GDP growth forecast (+6.7% in 2015) sent the Philippines (+10.18%) to first place. China advanced 8.12% on solid Information Technology performance (+32.32%) and robust factory activity in March. China's picture was slightly marred by ever-increasing housing vacancies as well as an anticipated GDP growth rate of 7% this year, continuing a worrisome decline. Russia (+18.61%) rebounded from a crushing fourth quarter as oil prices stabilized.

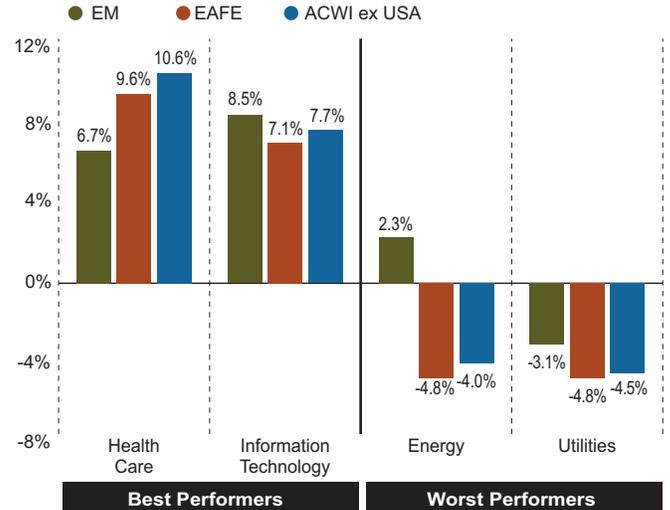
At the other end, Greece fell furthest (-29.32%) as Alexis Tsipras's anti-austerity Syriza party swept the nation's January elections. Soaring debt coupled with troubled talks with E.U. leadership cast further doubt on its future with the euro zone. Significant unrest over President Dilma Rousseff's involvement in the Petrobras scandal hurt Brazil (-14.57%), mirroring a respite **EM Latin America** (-9.49%). The **MSCI Frontier Markets Index** (-2.93%) echoed the burden of the strong dollar.

Quarterly Return Attribution for EAFE (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	3.09%	10.43%	-6.65%	7.30%
Austria	3.11%	16.17%	-11.24%	0.20%
Belgium	5.95%	19.37%	-11.24%	1.31%
Denmark	15.82%	30.92%	-11.53%	1.67%
Finland	2.49%	15.47%	-11.24%	0.87%
France	4.70%	17.96%	-11.24%	9.73%
Germany	8.28%	22.00%	-11.24%	9.52%
Hong Kong	6.00%	5.98%	0.02%	3.14%
Ireland	3.60%	16.73%	-11.24%	0.34%
Israel	8.95%	11.33%	-2.14%	0.60%
Italy	6.84%	20.37%	-11.24%	2.34%
Japan	10.21%	10.24%	-0.03%	22.23%
Netherlands	4.91%	18.20%	-11.24%	2.73%
New Zealand	-1.79%	2.36%	-4.06%	0.15%
Norway	2.28%	9.94%	-6.97%	0.63%
Portugal	7.27%	20.85%	-11.24%	0.15%
Singapore	-1.91%	1.47%	-3.40%	1.45%
Spain	-0.57%	12.02%	-11.24%	3.56%
Sweden	5.19%	15.88%	-9.23%	3.08%
Switzerland	4.74%	2.39%	2.30%	9.25%
U.K.	-0.96%	4.03%	-4.79%	19.76%

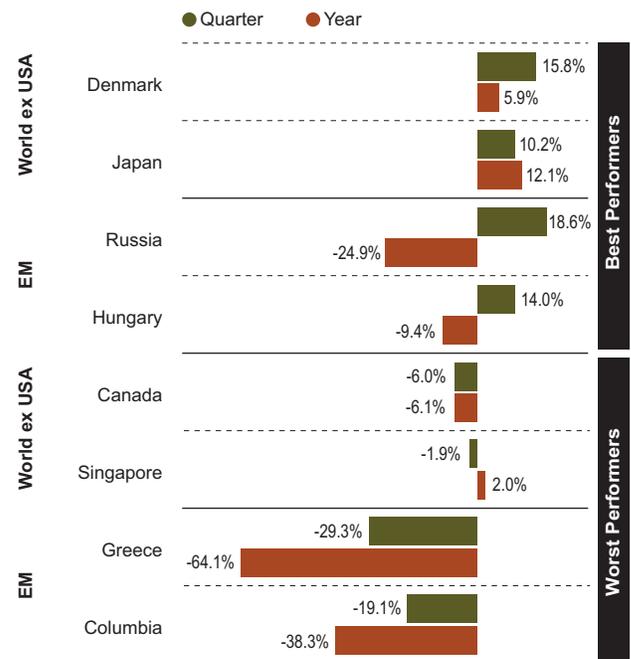
Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly Returns: Strong and Struggling Sectors



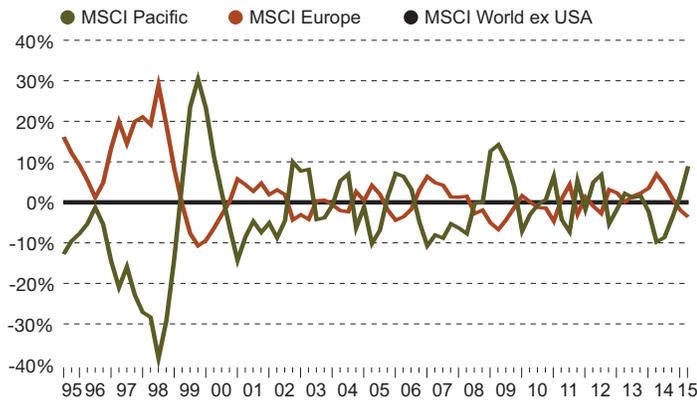
Source: MSCI

Quarterly and Annual Country Performance Snapshot



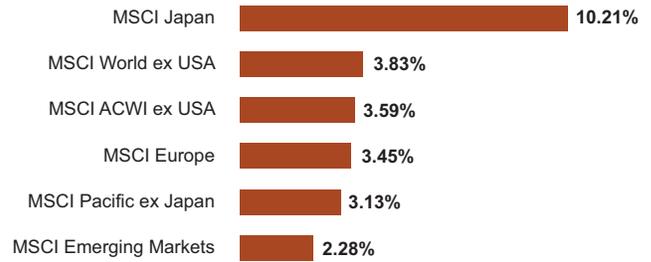
Source: MSCI

Rolling One-year Relative Returns (vs. MSCI World ex USA)



Source: MSCI

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

Style Median and Index Returns* for Periods ended March 31, 2015

Non-U.S. Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Equity Style	5.05	0.13	9.64	7.25	6.21	4.94
MSCI EAFE	4.88	-0.92	9.02	6.16	4.95	2.88
MSCI EAFE (local)	10.85	17.74	16.62	9.07	6.07	2.33
MSCI ACWI ex USA	3.59	-0.57	6.89	5.29	5.93	3.89
MSCI ACWI ex USA Growth	4.89	2.09	7.52	6.11	6.30	2.18
MSCI ACWI ex USA Value	2.24	-3.26	6.20	4.42	5.82	5.72
Global Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Equity Style	3.13	6.70	13.11	10.59	7.51	5.10
MSCI World	2.31	6.03	12.19	10.01	6.39	3.21
MSCI World (local)	4.86	13.98	15.59	11.27	6.73	2.91
MSCI ACWI	2.44	5.97	11.35	9.57	7.00	3.84
Regional Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
MSCI Europe	3.45	-4.94	9.37	6.38	4.91	3.29
MSCI Europe (local)	11.60	14.72	15.12	8.96	6.52	2.59
MSCI Japan	10.21	12.06	9.36	5.87	3.54	-0.12
MSCI Japan (local)	10.24	30.49	23.98	11.29	4.73	0.92
MSCI Pacific ex Japan	3.13	-0.30	6.63	5.94	8.70	8.28
MSCI Pacific ex Japan (local)	7.97	13.52	13.94	8.12	8.39	6.66
Emerging/Frontier Markets	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Emerging Market Style	1.72	0.93	1.48	2.68	9.34	8.72
MSCI Emerging Markets	2.28	0.79	0.66	2.08	8.82	7.37
MSCI Emerging Markets (local)	4.94	11.31	6.82	5.91	10.46	8.68
MSCI Frontier Markets	-3.11	-3.62	10.37	5.08	2.27	--
Non-U.S. Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Small Cap Style	5.23	-1.95	12.37	11.20	8.71	7.72
MSCI World ex USA Small Cap	4.03	-4.82	8.52	7.63	5.86	--
MSCI ACWI ex USA Small Cap	3.93	-3.60	7.39	6.52	6.93	6.60
MSCI Emerging Market Small Cap	3.59	1.06	3.48	2.64	9.98	8.17

*Returns less than one year are not annualized.

Sources: Callan, MSCI

New Year's Rally

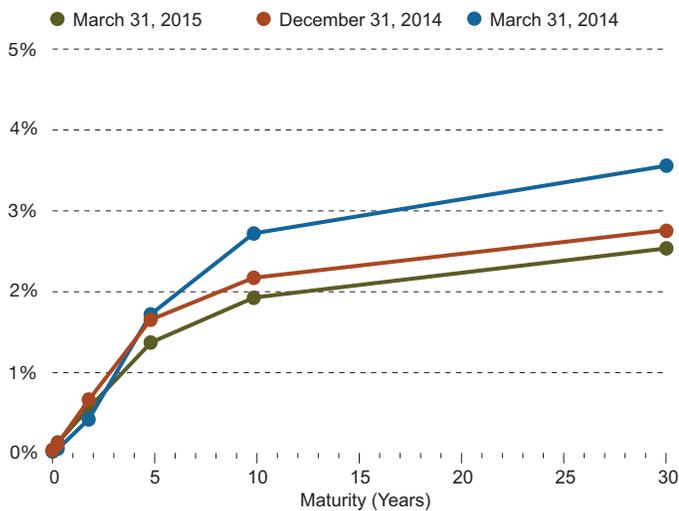
U.S. FIXED INCOME | Nathan Wong, CFA

The yield on the 10-year U.S. Treasury note declined for the fifth straight quarter as divergent central bank policies around the globe began to take hold. Long Treasuries again outperformed intermediate Treasuries as rates dropped. High yield credit spreads compressed more than investment grade credit spreads, which were largely unchanged during the quarter. The **Barclays Aggregate Index** climbed 1.61%.

At the end of March, more dovish comments from the Fed on raising the federal funds rate drove yields lower across the curve. The 2- to 30-year spread tightened from 2.08% at year-end to 1.98%. The short end of the curve declined the least with the two-year yield ending 11 bps lower. Returns increased moving farther out along the curve. The 30-year Treasury yield dropped 22 bps over the quarter and gained 5.05%.

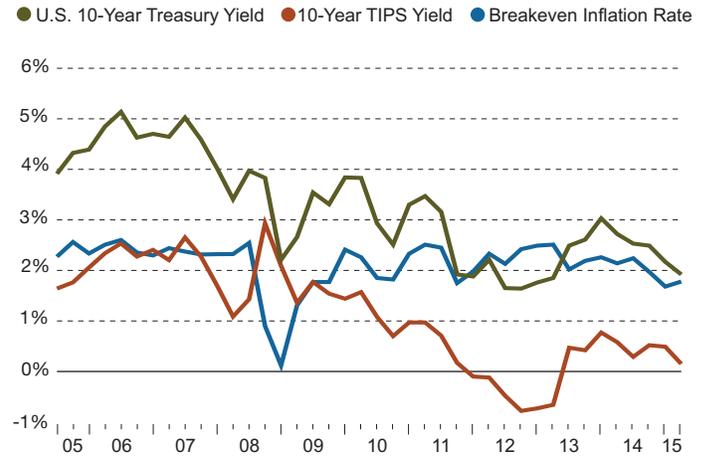
Inflation-protected securities gained 1.4% as measured by the Barclays TIPS Index. The 10-year break-even inflation rate ended the quarter at 1.76%, a marginal increase from the end of 2014.

U.S. Treasury Yield Curves



Source: Bloomberg

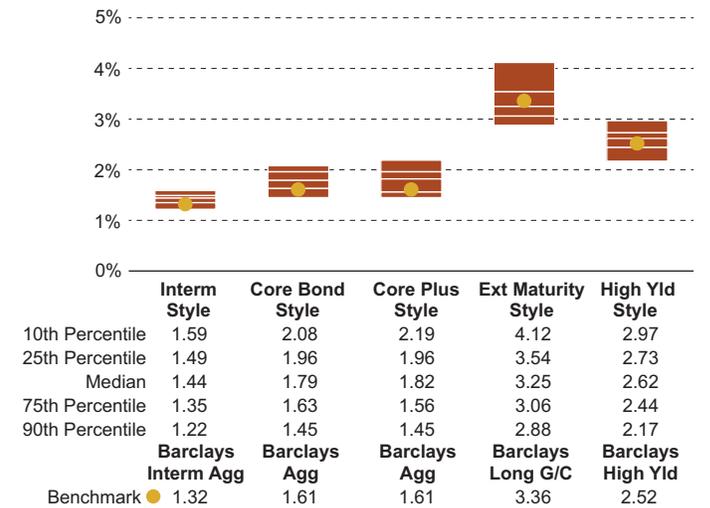
Historical 10-Year Yields



Source: Bloomberg

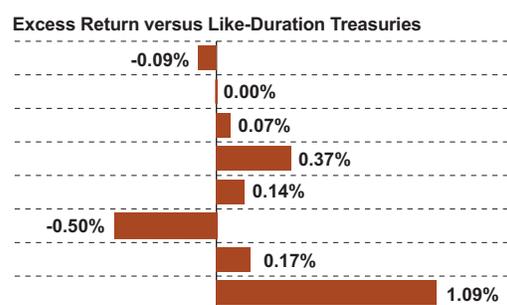
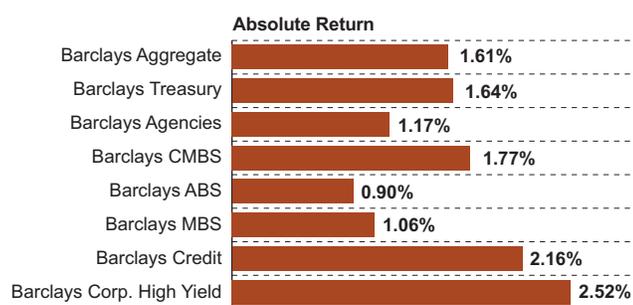
Corporate credit returns were strong across the rating spectrum. The **Barclays Corporate Index** returned 2.32%. Corporate issuance came at a blistering pace in the first quarter, setting an all-time record, as companies took advantage of the low rate environment. On a duration-adjusted basis,

Callan Style Group Quarterly Returns



Sources: Barclays, Callan

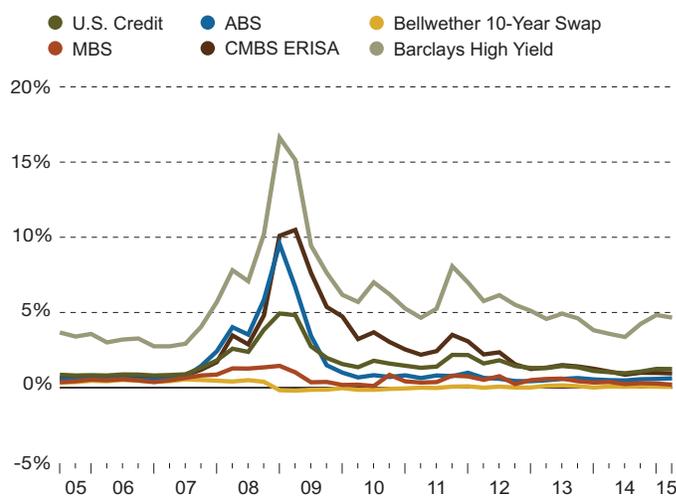
Fixed Income Index Quarterly Returns



Source: Barclays

Financials outperformed Industrials and Utilities. Although MBS gained 1.06%, volatility in the 10-year U.S. Treasury led to MBS underperformance of 50 bps against like-duration U.S. Treasuries. High yield bonds performed well as investors continued to search for yield. The **Barclays Corporate High Yield Index** rose 2.52%.

Effective Yield Over Treasuries



Source: Barclays

U.S. Fixed Income Index Characteristics as of March 31, 2015

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity	% of Barclays G/C	% of Barclays Agg
Barclays Aggregate	2.06	5.45	7.72		100.00%
Barclays Govt/Credit	1.93	6.27	8.50	100.00%	69.34%
Intermediate	1.49	3.94	4.28	79.08%	54.83%
Long-Term	3.58	15.05	24.39	20.92%	14.51%
Barclays Govt	1.25	5.55	6.80	56.98%	39.51%
Barclays Credit	2.83	7.23	10.76	43.02%	29.83%
Barclays MBS	2.40	3.54	6.09		28.08%
Barclays ABS	1.36	2.53	2.71		0.55%
Barclays CMBS	2.15	4.47	4.99		1.96%
Barclays Corp High Yield	6.18	4.21	6.48		

Source: Barclays

U.S. FIXED INCOME (Continued)

Style Median and Index Returns* for Periods ended March 31, 2015

Broad Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Core Bond Style	1.79	5.99	3.73	5.02	5.43	6.11
Core Bond Plus Style	1.82	5.70	4.41	5.77	5.86	6.71
Barclays Aggregate	1.61	5.72	3.10	4.41	4.93	5.66
Barclays Govt/Credit	1.84	5.86	3.35	4.75	4.96	5.73
Barclays Govt	1.60	5.22	2.32	3.80	4.50	5.22
Barclays Credit	2.16	6.74	4.88	6.23	5.80	6.56
Citi Broad Investment Grade	1.62	5.70	3.10	4.41	5.03	5.73
Long-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Extended Maturity Style	3.25	15.22	8.36	10.66	8.14	8.49
Barclays Long Govt/Credit	3.36	15.73	7.71	10.20	7.72	8.23
Barclays Long Govt	3.89	21.03	7.60	10.49	7.83	8.12
Barclays Long Credit	3.06	12.84	7.80	9.92	7.48	8.33
Citi Pension Discount Curve	4.83	20.86	10.82	14.14	9.35	10.72
Intermediate-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Intermediate Style	1.44	3.73	2.61	3.80	4.81	5.53
Barclays Intermediate Aggregate	1.32	4.24	2.41	3.62	4.54	5.29
Barclays Intermediate Govt/Credit	1.45	3.58	2.31	3.52	4.34	5.12
Barclays Intermediate Govt	1.25	3.15	1.54	2.81	3.96	4.66
Barclays Intermediate Credit	1.77	4.30	3.73	4.88	5.19	5.96
Short-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Defensive Style	0.66	1.40	1.28	1.84	3.24	3.86
Active Duration Style	1.53	3.93	3.32	4.57	4.90	5.73
Money Market Funds (net of fees)	0.00	0.01	0.01	0.01	1.38	1.70
ML Treasury 1–3-Year	0.52	1.00	0.67	1.02	2.62	3.28
90-Day Treasury Bills	0.00	0.03	0.07	0.09	1.49	1.92
High Yield	Quarter	Year	3 Years	5 Years	10 Years	15 Years
High Yield Style	2.62	2.48	7.56	8.61	8.13	8.08
Barclays Corporate High Yield	2.52	2.00	7.46	8.59	8.18	7.83
ML High Yield Master	2.53	1.98	7.42	8.38	7.96	7.77
Mortgage/Asset-Backed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Mortgage Style	1.19	5.84	3.17	4.58	5.18	5.97
Barclays MBS	1.06	5.53	2.54	3.63	4.87	5.52
Barclays ABS	0.90	2.24	1.76	2.96	3.50	4.59
Barclays CMBS	1.77	4.35	3.94	6.33	5.56	6.64
Municipal	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Barclays Muni	1.01	6.62	4.05	5.11	4.85	5.42
Barclays Muni 1–10-Year	0.83	3.87	2.71	3.69	4.17	4.59
Barclays Muni 3-Year	0.41	1.30	1.35	1.96	3.09	3.53
TIPS	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Barclays TIPS Full Duration	1.42	3.11	0.63	4.29	4.55	6.29
Barclays TIPS 1-10 Year	1.20	1.08	-0.05	2.85	3.96	5.48

*Returns of less than one year are not annualized.

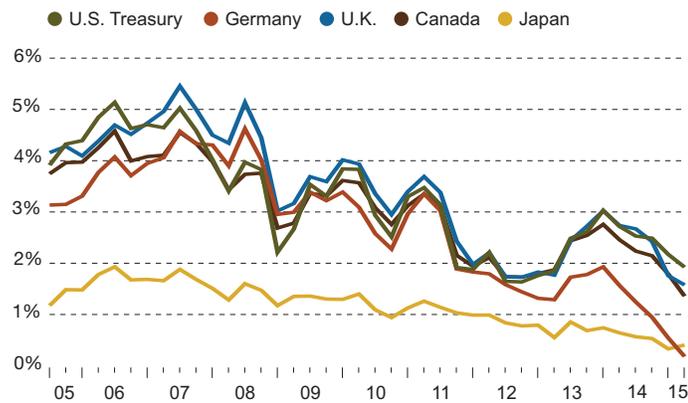
Sources: Barclays, Callan, Citigroup, Merrill Lynch

How Low Can You Go?

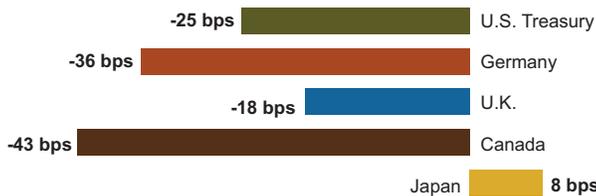
NON-U.S. FIXED INCOME | Kyle Fekete

Currency effects and declining yield curves defined the world's bond markets. U.S. dollar-denominated and dollar-hedged securities outperformed their local currency-denominated counterparts. The **Citi Non-U.S. World Government Bond Index (Hedged)** increased 2.25%, beating its unhedged equivalent (**Citi Non-U.S. World Government Bond Index: -4.36%**) by 6.61%. European bonds rallied in the wake of the ECB's quantitative easing announcement. However, the euro's 11% decline against the U.S. dollar offset gains in unhedged portfolios. The ECB announced on March 9 that it would purchase €1.1 trillion over the next 18 months, including sovereign and corporate bonds, in order to avert deflation and encourage lending. Rates around the globe continued their descent in spite of record low yields in many countries. German 10-year bunds, the euro zone's proxy for sovereign debt, declined 36 bps to end the quarter at 0.18%—1.76% below comparable U.S. Treasuries.

10-Year Global Government Bond Yields



Change in 10-Year Yields from 4Q14 to 1Q15



Source: Bloomberg

The bond-buying program also spurred demand for peripheral bonds; Italian and Spanish 10-year bond yields declined 68 and 71 bps, respectively. The threat of a “Grexit” weighed on investor risk sentiment, but a last-minute agreement on a bridging loan provided a short-term resolution. Greek debt finished the quarter yielding 11.6%.

The Commonwealth provided investors with attractive spreads relative to other developed markets. The U.K. 10-year yield ended the quarter at 1.58% and the Bank of England held rates at a record low for the sixth consecutive year. Australia's benchmark 10-year yield ended at 2.32%; the yield spread above Treasuries has declined from 100 bps in the middle of last year to only 40 bps as of quarter end. With the goal of spurring

Quarterly Return Attribution for Non-U.S. Gov't Indices (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	-3.59%	3.28%	-6.65%	2.00%
Austria	-7.95%	3.71%	-11.24%	1.82%
Belgium	-6.95%	4.83%	-11.24%	2.93%
Canada	-5.43%	3.41%	-8.55%	2.57%
Denmark	-6.44%	5.76%	-11.53%	0.82%
Finland	-8.77%	2.79%	-11.24%	0.74%
France	-7.73%	3.96%	-11.24%	11.15%
Germany	-8.00%	3.66%	-11.24%	8.80%
Ireland	-8.48%	3.12%	-11.24%	0.97%
Italy	-6.18%	5.70%	-11.24%	11.34%
Japan	-0.56%	-0.54%	-0.03%	33.36%
Malaysia	-3.27%	2.45%	-5.59%	0.59%
Mexico	-1.99%	1.29%	-3.25%	1.24%
Netherlands	-7.89%	3.78%	-11.24%	3.03%
Norway	-6.52%	0.48%	-6.97%	0.31%
Poland	-5.05%	1.36%	-6.32%	0.69%
Singapore	-3.40%	0.00%	-3.40%	0.45%
South Africa	-1.36%	3.31%	-4.52%	0.62%
Spain	-7.74%	3.95%	-11.24%	6.18%
Sweden	-6.03%	3.52%	-9.23%	0.56%
Switzerland	4.41%	2.06%	2.30%	0.35%
U.K.	-2.56%	2.35%	-4.79%	9.47%

Source: Citigroup

NON-U.S. FIXED INCOME (Continued)

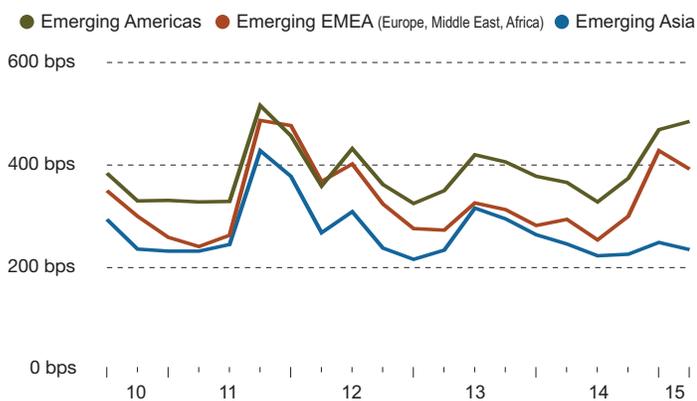
growth, Australia cut its lending rate to a record low in February as the country's currency slid 7% against the U.S. dollar. The Canadian 10-year yield finished at 1.36%.

The Bank of Japan maintained the status quo with near-zero interest rates and continued debt purchases as revised fourth-quarter economic growth figures were too low to avoid contraction. The Japanese 10-year yield increased 8 bps to 0.41%.

Within the emerging markets, the dollar-denominated **JPM EMBI Global Diversified Index** gained 2.01%, while the

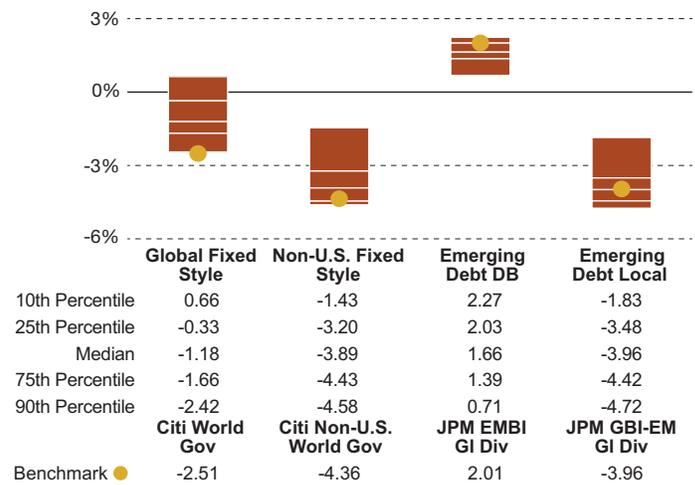
local currency **JPM GBI-EM Global Diversified Index** plummeted 3.96% due to overall weakness against the greenback. Russian bonds recovered despite downgrades from Moody's and Standard & Poor's at the beginning of the year. Russia's local currency-denominated bonds gained 15% but are still down more than 40% year-over-year. Fellow BRIC country Brazil experienced a deteriorating credit outlook. The country's local currency bonds fell 15%, hurt by a potential downgrade and a currency that slid 17% versus the U.S. dollar.

Emerging Spreads Over Developed (By Region)



Source: Barclays

Callan Style Group Quarterly Returns



Sources: Callan, Citigroup, JPMorgan Chase & Co.

Style Median and Index Returns* for Periods ended March 31, 2015

Global Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Style	-1.18	-2.41	0.19	2.84	4.25	5.70
Citi World Govt	-2.51	-5.50	-1.64	1.42	3.09	4.76
Citi World Govt (Local)	2.11	8.47	4.84	4.61	4.12	4.53
Barclays Global Aggregate	-1.92	-3.66	-0.21	2.31	3.61	5.05
Non-U.S. Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Style	-3.89	-8.96	-2.57	1.09	3.30	5.25
Citi Non-U.S. World Govt	-4.36	-9.82	-3.32	0.38	2.51	4.42
Citi Non-U.S. World Govt (Local)	2.36	9.85	5.90	4.94	4.10	4.37
European Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Citi Euro Govt Bond	-7.42	-11.40	1.33	1.61	3.33	6.61
Citi Euro Govt Bond (Local)	4.31	11.67	8.21	6.03	5.13	5.67
Emerging Markets Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
JPM EMBI Global Diversified	2.01	5.65	5.37	7.10	8.11	9.56
JPM GBI-EM Global Diversified	-3.96	-11.14	-3.86	0.73	6.25	--

*Returns less than one year are not annualized.

Sources: Callan, Citigroup, JPMorgan Chase

Indices Advance

REAL ESTATE | Jay Nayak

The **NCREIF Property Index** advanced 3.57% and recorded a 1.24% income return and a 2.33% appreciation return. The Index cash flow return was 0.87% for the quarter and 3.51% for the trailing four quarters. A preliminary query cited 118 asset trades in the quarter, representing \$6.4 billion of overall transactional volume. This remains ahead of the \$5.0 billion 10-year quarterly transaction average. The maximum quarterly transaction volume over the prior 10-year period was \$8.7 billion in the second quarter of 2007.

Pricing growth continued to characterize asset trades as a preliminary query of value-weighted transactional capitalization rates showed a significant drop to 4.89%. This reflects the lowest recorded value of the measure since the inception of the Index. Over the course of the prior cycle, quarterly value-weighted transactional capitalization rates dipped to a low of 5.00% in the third quarter of 2007 and expanded to 8.42% in the third quarter of 2009. Appraisal capitalization rates declined to 4.73% during the first quarter of 2015. As markets peaked over the prior cycle, appraisal capitalization rates declined to a low of 4.89% in the third quarter of 2008.

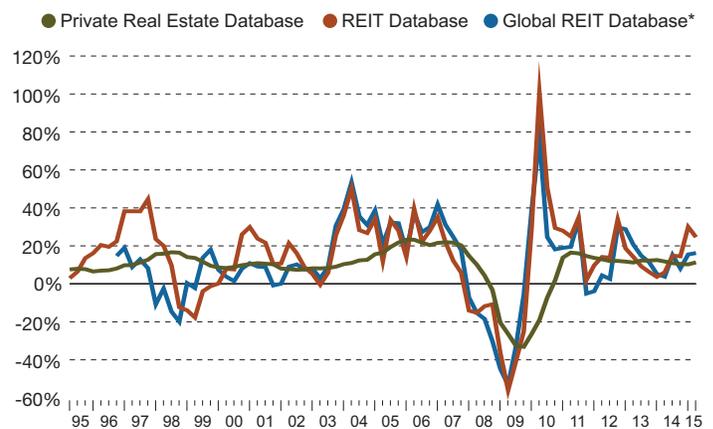
On a preliminary basis, the **NCREIF Open End Diversified Core Equity Index** produced a 3.40% total return, composed of a 1.19% income return and a 2.21% appreciation return. In the listed real estate market, the **FTSE EPRA/NAREIT Developed REIT Index (USD)** advanced 4.17% and domestic REITs, tracked by the **FTSE NAREIT Equity REITs Index**, gained 4.75%. Domestic REITs saw a failed acquisition attempt by Simon Property Group for Macerich, representing one of the larger potential transactions of large-scale domestic REITs. Additionally, Sears indicated that it would form a REIT comprising some of its store locations, which may present compelling redevelopment opportunities.

In the U.K., office rents have exceeded prior market peaks and value growth is broadening. This is not reflective of the retail sector where strong fundamentals exist and rental rates are on the upswing. Continental Europe's capitalization rates have compressed, while rental growth similar to the U.K.'s has not yet appeared.

In the Asia/Pacific region, well-positioned residential developers in China saw a mid-quarter rebound as expectations for continued property price cooling measures were expected to subside. Property stocks in Hong Kong are trading below average discount to net asset value levels, despite favorable fundamentals. Japanese REITs declined alongside modest reported investment activity from the Japanese government, while local developers meaningfully outperformed.

In the U.S., Self Storage (+9.16%) led sector performance for the quarter, followed by Residential (+7.87%) and Retail (+5.84%). Lodging/Resorts REITs lagged (-4.42%) as well as Health Care (+2.97%). Domestic REITs raised \$22.1 billion during the first quarter following the completion of four initial public offerings that raised \$932 million, 24 secondary offerings raising \$11.1

Rolling One-Year Returns



*Global REIT returns from 3Q96
Source: Callan

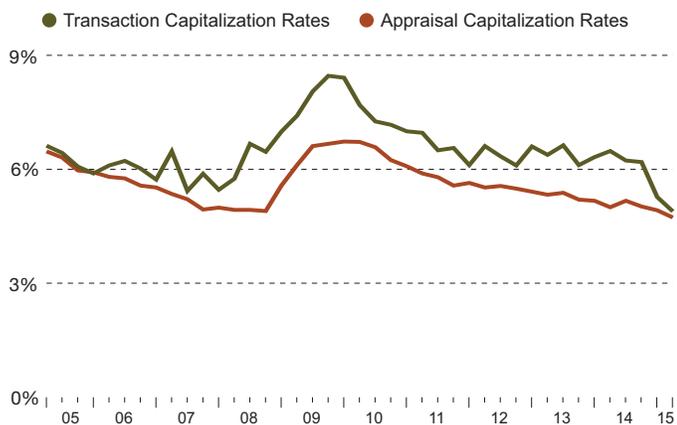
REAL ESTATE (Continued)

billion, three preferred equity offerings raising \$1.4 billion, and 22 unsecured debt offerings raising \$8.6 billion.

Commercial mortgage-backed securities issuance reached \$27.0 billion in the first quarter of the year, ahead of the \$25.2

billion of issuance volume from the quarter prior. Total issuance for the trailing twelve months was \$100.7 billion, nearing rolling one-year issuance volumes not seen since 2005. Quarterly issuance volume between 2005 and 2007 ranged from \$33.0 billion to a high of \$73.6 billion.

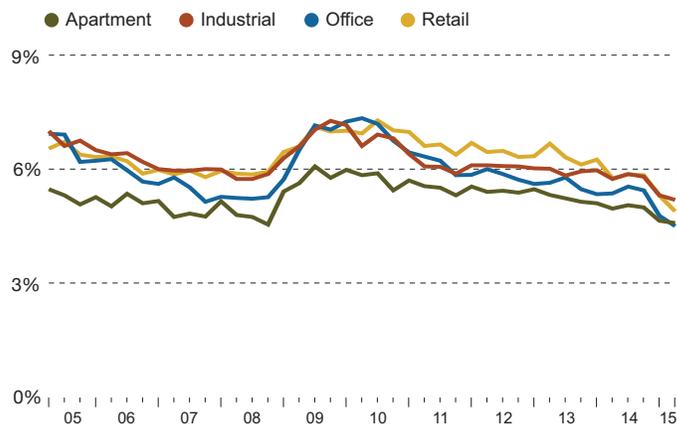
NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF

Note: Transaction capitalization rate is equal-weighted.

NCREIF Capitalization Rates by Property Type



Source: NCREIF

Note: Capitalization rates are appraisal-based.

Callan Database Median and Index Returns* for Periods ended March 31, 2015

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Private Real Estate						
Real Estate Database (net of fees)	2.99	13.08	12.57	14.31	5.86	7.21
NCREIF Property	3.57	12.72	11.47	12.75	8.39	8.97
NFI-ODCE (value wtd. net)	3.15	12.39	11.59	13.44	6.00	6.94
Public Real Estate						
REIT Database	4.84	25.66	14.89	16.92	10.70	14.07
FTSE NAREIT Equity	4.75	23.95	14.18	15.74	9.61	12.85
Global Real Estate						
Global REIT Database	4.66	17.30	13.53	12.80	8.67	12.40
FTSE EPRA/NAREIT Developed REIT	4.17	16.06	12.84	12.09	7.88	10.63

*Returns less than one year are not annualized.

All REIT returns are reported gross in USD.

Sources: Callan, NAREIT, NCREIF, The FTSE Group. NCREIF statistics are the product of direct queries and may not represent frozen statistics.

A Choppy Launch

PRIVATE EQUITY | Gary Robertson

Private Equity Analyst reports that first quarter fundraising totaled \$56.2 billion in new commitments with 147 new partnerships formed. This represents a strong start to the year as it is up 41% from the first quarter of 2014, which totaled \$40.0 billion with 173 partnerships formed. Given the larger dollar amount and smaller partnership count, it is evident that capital is flowing to larger funds.

According to *Buyouts* newsletter, the investment pace by funds into companies in the first quarter totaled 333 transactions, a fall from 455 deals in the first quarter of 2014. The announced aggregate dollar volume was \$34.9 billion, up slightly from \$30.8 billion a year ago. Eight deals with announced values of \$1 billion or more closed in the quarter, notably the \$9.2 billion Safeway and \$8.8 billion PetSmart transactions.

According to the National Venture Capital Association, new investments in venture capital companies totaled \$13.4 billion in 1,020 rounds of financing. The dollar volume and number of rounds both increased compared to the first quarter of 2014's \$6.1 billion and 933 rounds.

Regarding exits, *Buyouts* reports that 114 private M&A exits of buyout-backed companies occurred during the first quarter of 2015, with 41 deals disclosing values totaling \$33.3 billion. M&A exits count was down year-over-year from 147, but the announced value increased from \$22.4 billion. There

Funds Closed January 1 to March 31, 2015

Strategy	No. of Funds	Amt (\$mm)	Percent
Venture Capital	48	7,000	12%
Buyouts	65	36,177	64%
Subordinated Debt	6	506	1%
Distressed Debt	6	7,649	14%
Secondary and Other	5	1,706	3%
Fund-of-funds	17	3,129	6%
Totals	147	56,166	100%

Source: Private Equity Analyst

were also six buyout-backed IPOs that floated \$1.1 billion, a decrease from the eight IPOs totaling \$3.7 billion in the first quarter of 2014.

Venture-backed M&A exits totaled 86 transactions, with 16 disclosing a total dollar volume of \$2.1 billion. Exits declined from the first quarter of 2014, which had 114 deals with 31 announcing dollar values totaling \$7.6 billion. There were 17 VC-backed IPOs in the first quarter with a combined float of \$1.49 billion. For comparison, the first quarter of 2014 had 37 IPOs and total issuance of \$3.4 billion.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

Note: Transaction count and dollar volume figures across all private equity measures are preliminary figures and are subject to updates in subsequent versions of Capital Market Review and other Callan publications.

Private Equity Performance Database (%)

(Pooled Horizon IRRs through September 30, 2014*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	2.1	24.2	15.2	14.9	9.8	9.5	27.4
Growth Equity	1.8	20.1	14.9	15.1	13.5	13.0	15.0
All Buyouts	-0.8	15.1	15.3	15.5	14.0	11.8	13.4
Mezzanine	2.6	12.5	13.1	12.1	11.0	8.3	10.2
Distressed	0.5	13.1	16.0	13.9	11.4	11.7	11.8
All Private Equity	0.2	16.7	15.3	15.1	12.8	11.4	14.6
S&P 500	1.1	19.7	23.0	15.7	8.1	4.9	9.6

Private equity returns are net of fees.

Sources: Standard & Poor's, Thomson/Cambridge

*Most recent data available at time of publication

Think Global, Act Local

HEDGE FUNDS | Jim McKee

Changes create stress and require adjustments. The ECB finally launched its quantitative easing program in the first quarter, just as the Federal Reserve talked of raising rates. Markets reacted accordingly to this world of diverging monetary policies—with a “Grexit” twist. The dollar gained 11% against the euro. Foreign equities rallied in their local currencies while their U.S. counterparts paused, more or less.

This setting of monetary policy divergence enabled active managers to earn their fees, particularly with macro bets. As a proxy of unmanaged hedge fund interests without implementation costs, the **Credit Suisse Hedge Fund Index (CS HFI)** advanced 2.48% in the first quarter. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** produced 2.23%, net of all fees.

Within CS HFI, the best-performing strategy was *Managed Futures* (+7.32%). Also focused on top-down market calls, *Global Macro* gained 4.47%. Sorting through the fundamentals of macro winners and losers with a slight market tailwind, *Long/Short Equity* climbed 1.84% as the **S&P 500** rose 0.95%.

Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

Within Callan’s Hedge Fund-of-Funds Database, market exposures marginally affected performance. Aided by modest equity tailwinds, the median *Callan Long/Short Equity FOF* (+2.83%) outpaced the *Callan Absolute Return FOF* (+1.64%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* gained 2.24%.

Database Median and Index Returns* for Periods ended March 31, 2015

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	2.23	4.51	6.42	5.01	4.83	5.83
CS Hedge Fund Index	2.48	5.73	6.62	5.75	5.98	6.23
CS Equity Market Neutral	-2.47	-3.39	1.57	2.08	-1.44	1.75
CS Convertible Arbitrage	0.46	-3.59	2.50	4.12	4.40	5.87
CS Fixed Income Arbitrage	-0.15	2.10	5.28	6.44	3.70	4.81
CS Multi-Strategy	2.99	7.16	8.87	7.95	6.74	7.16
CS Distressed	0.26	-0.24	7.98	6.03	6.31	8.27
CS Risk Arbitrage	0.68	-1.37	1.64	1.91	3.84	4.36
CS Event Driven Multi-Strategy	2.14	0.47	7.71	4.78	6.59	7.45
CS Long/Short Equity	1.84	5.81	8.50	6.18	6.60	5.52
CS Dedicated Short Bias	-4.26	-5.69	-14.67	-13.66	-9.31	-5.98
CS Global Macro	4.47	8.38	4.98	6.71	7.92	10.20
CS Managed Futures	7.32	32.72	6.55	4.82	5.57	6.50
CS Emerging Markets	1.36	5.03	5.22	4.57	6.77	7.24

*Returns less than one year are not annualized. Sources: Callan, Credit Suisse

DC Plans Wrap up a Respectable 2014

DEFINED CONTRIBUTION | James O'Connor

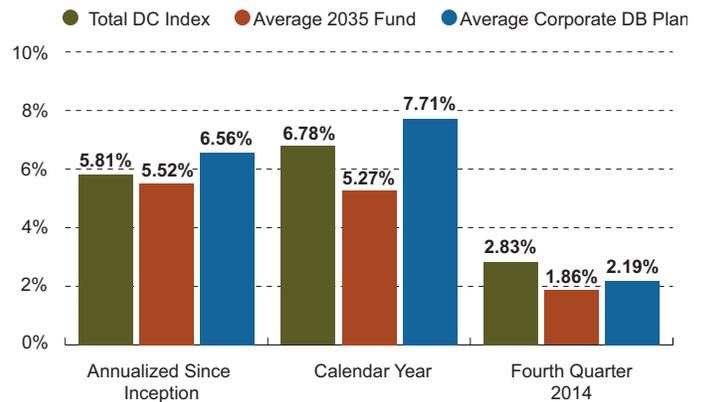
The Callan DC Index™ rounded out 2014 with a total return of 6.8%, an impressive showing relative to the typical 2035 target date fund (TDF), which gained 5.3% for the year. However, the Index underperformed for the year compared to the average corporate DB plan (+7.7%). This comes after a spectacular relative showing in 2013, when the Index beat the average DB plan by more than 7.5%. Weak TDF performance was one reason that DC plans lagged DB plans for the year—TDFs now account for 24% of the DC Index. DB plans have outperformed DC plans by 0.75% annualized since inception.

For the year ended December 31, 2014, DC plan balances grew by nearly 7%, driven almost exclusively by market returns. Inflows (participant and plan sponsor contributions) were modest for the year, adding a mere 15 basis points to total growth. Indeed, money flowed out of plans on a net basis during the last quarter, reducing total balance growth by four basis points. Still, since the Index's inception, plan sponsor and participant contributions have played an important role in the growth of balances. Approximately 30% of total growth in balances (+2.54% annualized) has been attributable to such net flows over the life of the Index.

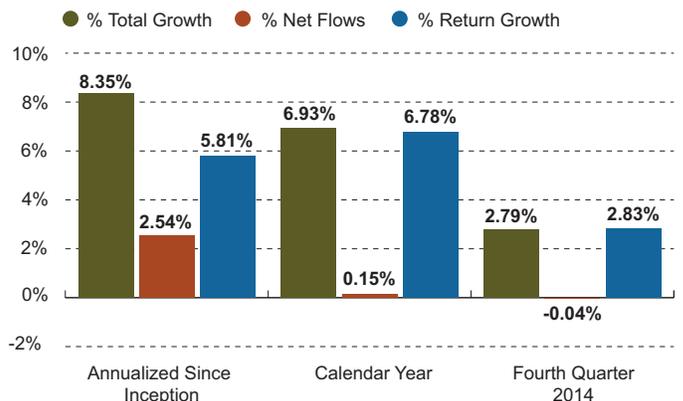
Turnover within the Index (i.e., net transfer activity) was below average for the quarter (+0.48%) and the year (+2.13%). Typical quarterly turnover is 0.68%, while typical annual turnover is 2.72%. As usual, TDFs experienced the greatest amount of activity by far, attracting 82 cents for every dollar of flows during the quarter and the year. Outflows came primarily from U.S. small/mid cap equity, stable value, and company stock for the quarter and the year. Interestingly, flows were not significant in non-U.S. equity despite these funds' weak performance for the year.

The Callan DC Index™ is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over \$140 billion in assets. The Index is updated quarterly and is available on Callan's website, as is the quarterly DC Observer newsletter.

Investment Performance*



Growth Sources*



Net Cash Flow Analysis (Fourth Quarter 2014)* (Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	82.10%
U.S. Fixed Income	6.72%
U.S. Small/Mid Cap	-23.28%
Company Stock	-29.32%
Total Turnover¹	0.48%

¹ Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.

Source: Callan DC Index

*Notes: DC Index inception date is January 2006. DB plan performance is gross of fees. Data provided here is the most recent available at time of publication.

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The *Capital Market Review* is a quarterly macroeconomic indicator newsletter that provides thoughtful insights on the economy and recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

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Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional clients with creative, customized investment solutions that are uniquely backed by proprietary research, exclusive data, ongoing education and decision support. Today, Callan advises on more than \$1.8 trillion in total assets, which makes us among the largest independently owned investment consulting firms in the U.S. We use a client-focused consulting model to serve public and private pension plan sponsors, endowments, foundations, operating funds, smaller investment consulting firms, investment managers, and financial intermediaries. For more information, please visit www.callan.com.

About the Callan Investments Institute

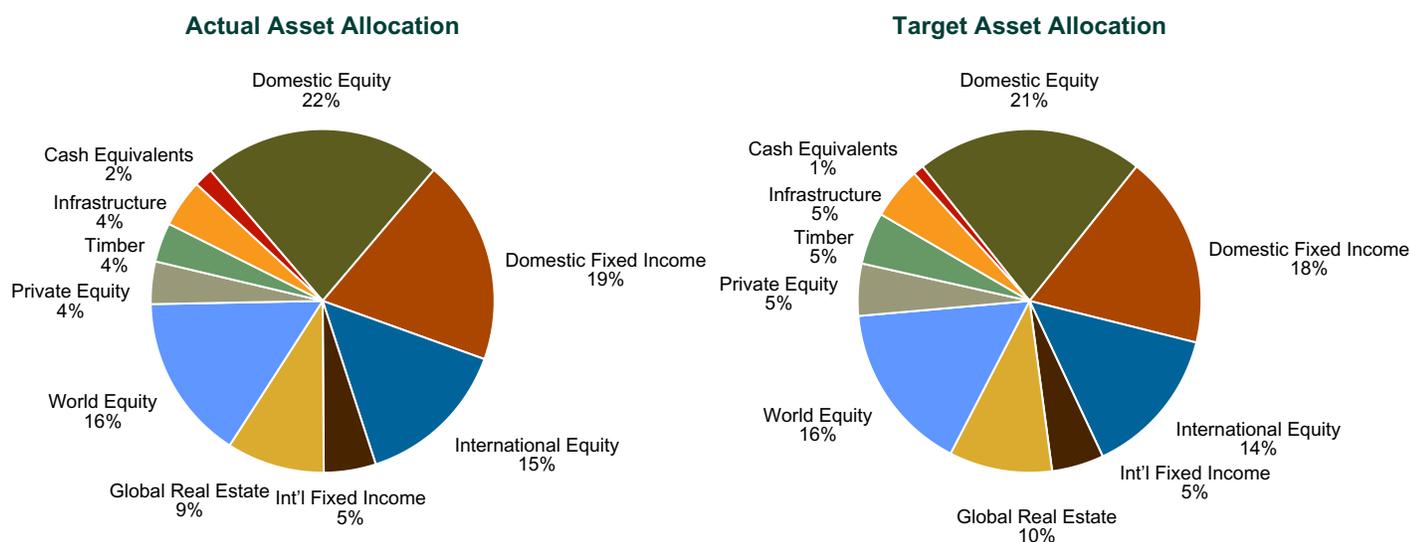
The Callan Investments Institute, established in 1980, is a source of continuing education for those in the institutional investment community. The Institute conducts conferences and workshops and provides published research, surveys, and newsletters. The Institute strives to present the most timely and relevant research and education available so our clients and our associates stay abreast of important trends in the investments industry.

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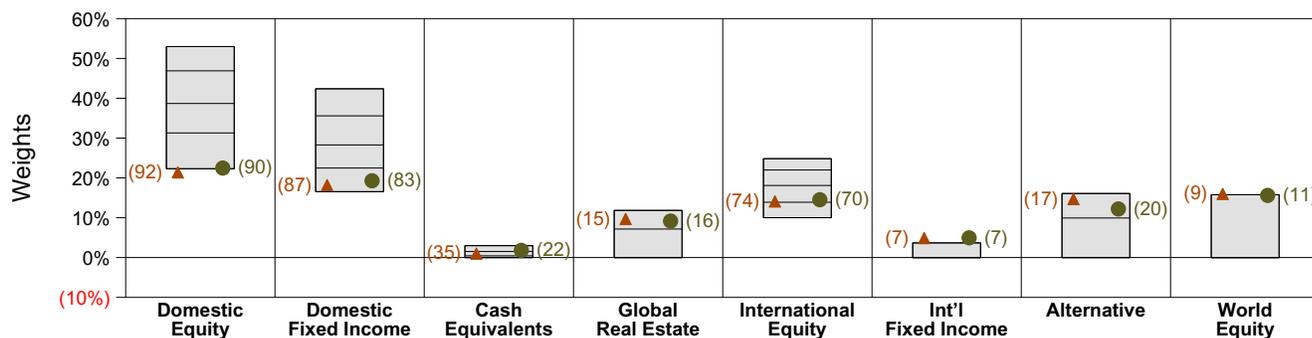
Actual vs Target Asset Allocation As of March 31, 2015

The top left chart shows the Fund's asset allocation as of March 31, 2015. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Public Fund Sponsor Database.



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	1,071,715	22.5%	21.4%	1.1%	51,141
Domestic Fixed Income	919,382	19.3%	18.2%	1.1%	51,417
International Equity	692,648	14.5%	14.1%	0.4%	20,214
Int'l Fixed Income	235,936	4.9%	4.9%	0.0%	2,253
Global Real Estate	437,124	9.2%	9.7%	(0.5%)	(25,472)
World Equity	744,221	15.6%	16.0%	(0.4%)	(18,825)
Private Equity	190,798	4.0%	4.9%	(0.9%)	(42,885)
Timber	176,684	3.7%	4.9%	(1.2%)	(56,999)
Infrastructure	214,488	4.5%	4.9%	(0.4%)	(19,195)
Cash Equivalents	86,041	1.8%	1.0%	0.8%	38,351
Total	4,769,037	100.0%	100.0%		

Asset Class Weights vs Public Fund Sponsor Database



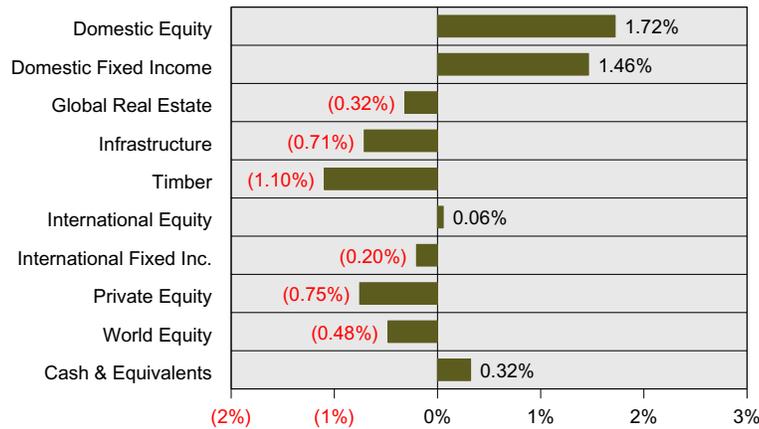
	Domestic Equity	Domestic Fixed Income	Cash Equivalents	Global Real Estate	International Equity	Int'l Fixed Income	Alternative	World Equity
10th Percentile	52.98	42.38	2.99	11.84	24.83	3.68	16.09	15.77
25th Percentile	46.89	35.59	1.52	7.16	21.99	0.00	9.94	0.00
Median	38.69	28.28	0.44	0.00	18.10	0.00	0.00	0.00
75th Percentile	31.29	22.48	0.00	0.00	13.89	0.00	0.00	0.00
90th Percentile	22.30	16.54	0.00	0.00	10.01	0.00	0.00	0.00
Fund	22.47	19.28	1.80	9.17	14.52	4.95	12.20	15.61
Target	21.40	18.20	1.00	9.70	14.10	4.90	14.70	16.00
% Group Invested	95.91%	97.66%	69.59%	45.03%	90.06%	16.96%	41.52%	22.81%

* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

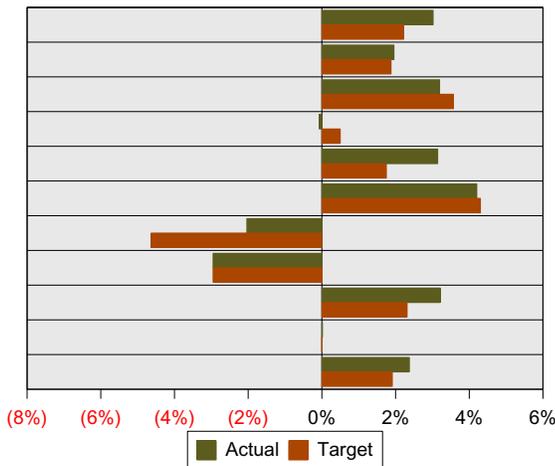
Quarterly Total Fund Relative Attribution - March 31, 2015

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

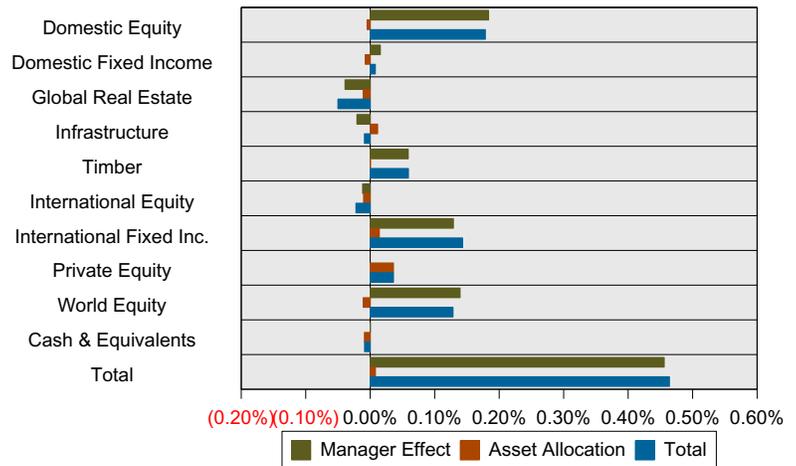
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2015

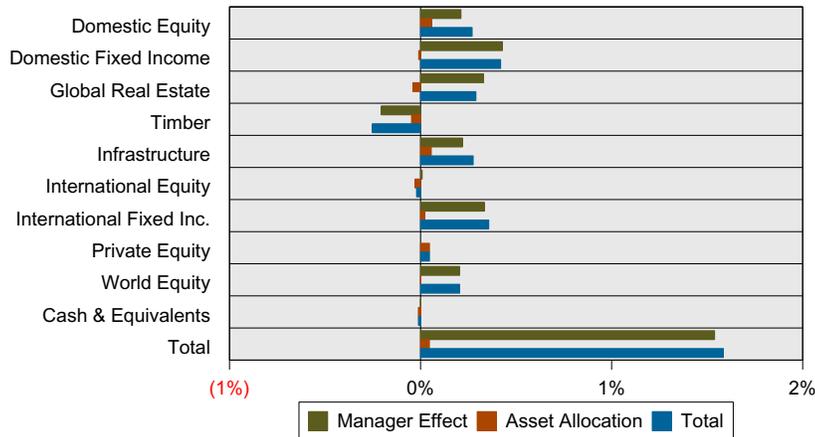
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	3.02%	2.22%	0.18%	(0.00%)	0.18%
Domestic Fixed Income	20%	18%	1.96%	1.88%	0.02%	(0.01%)	0.01%
Global Real Estate	9%	10%	3.20%	3.57%	(0.04%)	(0.01%)	(0.05%)
Infrastructure	4%	5%	(0.07%)	0.50%	(0.02%)	0.01%	(0.01%)
Timber	4%	5%	3.14%	1.75%	0.06%	0.00%	0.06%
International Equity	14%	14%	4.20%	4.30%	(0.01%)	(0.01%)	(0.02%)
International Fixed Inc.	5%	5%	(2.04%)	(4.63%)	0.13%	0.01%	0.14%
Private Equity	4%	5%	(2.95%)	(2.95%)	0.00%	0.04%	0.04%
World Equity	16%	16%	3.21%	2.31%	0.14%	(0.01%)	0.13%
Cash & Equivalents	1%	1%	0.02%	0.00%	0.00%	(0.01%)	(0.01%)
Total			2.38%	1.91%	+ 0.46%	+ 0.01%	0.46%

* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

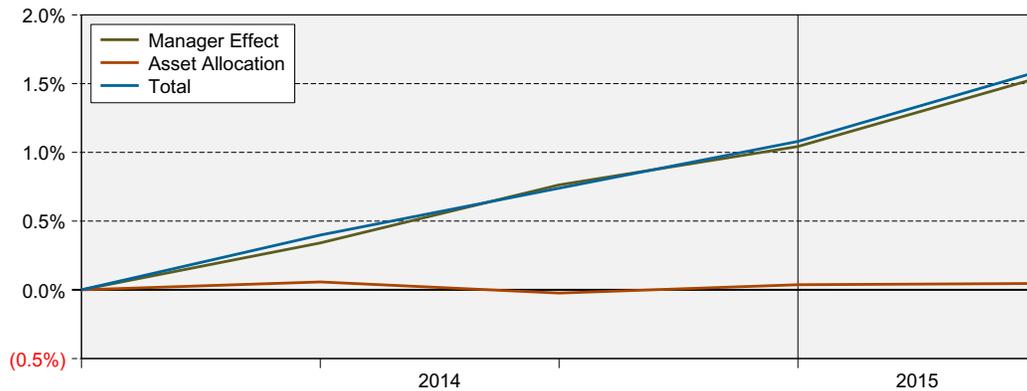
Cumulative Total Fund Relative Attribution - March 31, 2015

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

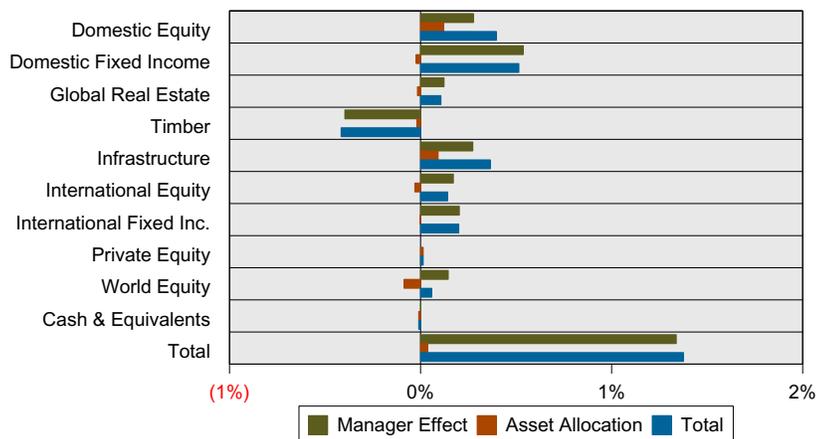
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	12.80%	11.79%	0.21%	0.06%	0.27%
Domestic Fixed Income	19%	18%	6.93%	4.70%	0.43%	(0.01%)	0.42%
Global Real Estate	9%	10%	16.65%	12.72%	0.33%	(0.04%)	0.29%
Timber	4%	5%	5.52%	10.64%	(0.21%)	(0.05%)	(0.25%)
Infrastructure	4%	5%	4.80%	(0.65%)	0.22%	0.06%	0.28%
International Equity	15%	14%	(0.50%)	(0.57%)	0.01%	(0.03%)	(0.02%)
International Fixed Inc.	5%	5%	(3.96%)	(10.08%)	0.33%	0.02%	0.36%
Private Equity	4%	5%	(2.77%)	(2.77%)	0.00%	0.05%	0.05%
World Equity	16%	16%	7.45%	6.03%	0.20%	0.00%	0.20%
Cash & Equivalents	1%	1%	0.05%	0.03%	0.00%	(0.01%)	(0.01%)
Total			6.88%	5.29%	1.54%	0.05%	1.58%

* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

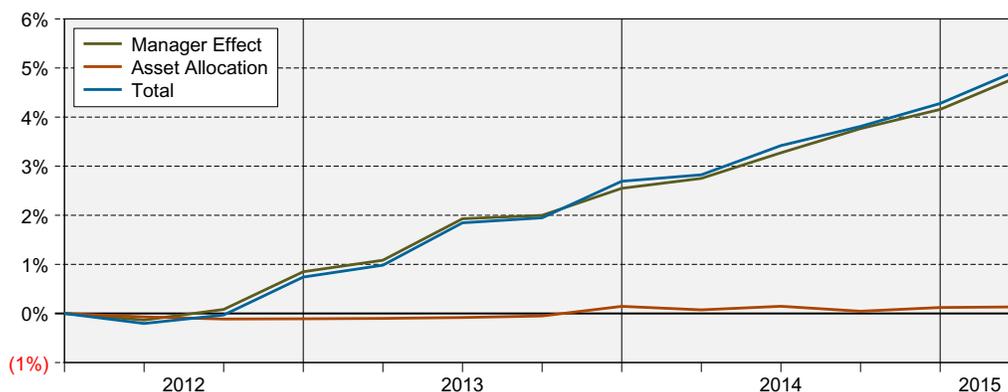
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

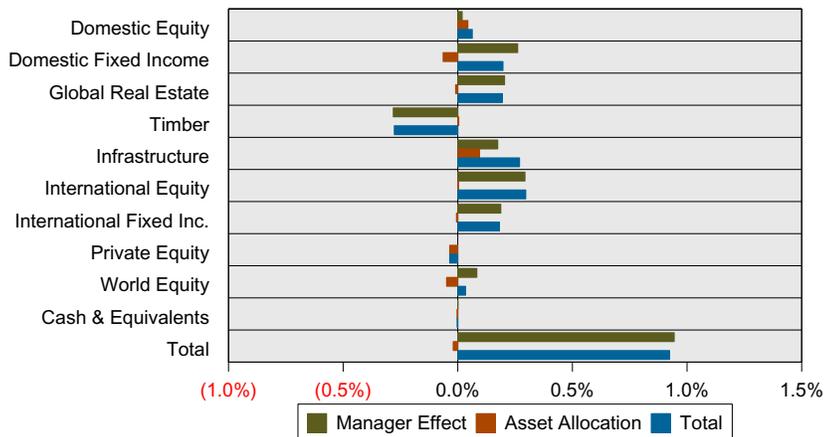
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	24%	23%	17.72%	16.46%	0.28%	0.12%	0.40%
Domestic Fixed Income	19%	18%	7.13%	4.31%	0.54%	(0.02%)	0.51%
Global Real Estate	9%	10%	12.88%	11.47%	0.12%	(0.02%)	0.11%
Timber	5%	5%	1.71%	9.80%	(0.40%)	(0.02%)	(0.42%)
Infrastructure	4%	5%	7.69%	0.69%	0.27%	0.09%	0.37%
International Equity	15%	15%	8.34%	7.12%	0.17%	(0.03%)	0.14%
International Fixed Inc.	5%	5%	0.95%	(2.68%)	0.20%	(0.00%)	0.20%
Private Equity	5%	5%	4.59%	4.59%	0.00%	0.01%	0.01%
World Equity	13%	13%	12.57%	12.19%	0.14%	(0.09%)	0.06%
Cash & Equivalents	1%	1%	0.07%	0.07%	(0.00%)	(0.01%)	(0.01%)
Total			10.40%	9.03%	+ 1.34%	+ 0.04%	1.38%

* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

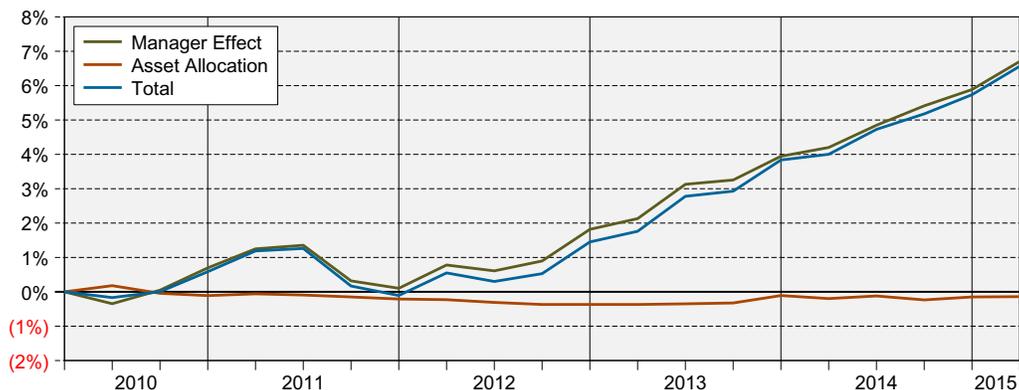
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

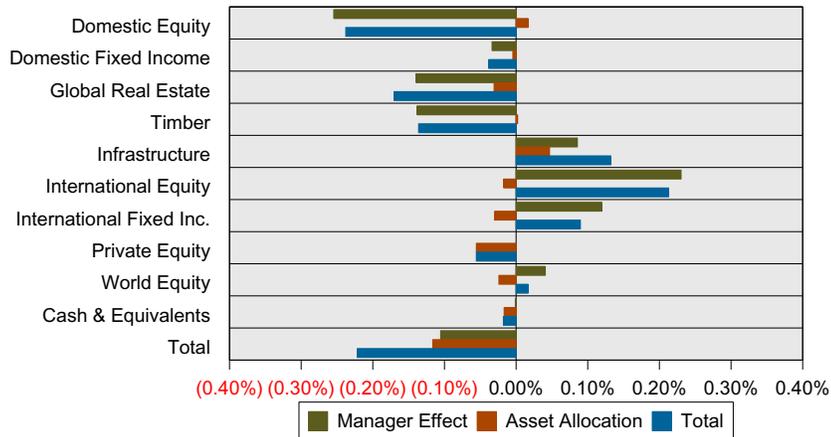
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	28%	15.09%	14.74%	0.02%	0.04%	0.06%
Domestic Fixed Income	21%	20%	7.19%	5.58%	0.26%	(0.06%)	0.20%
Global Real Estate	9%	9%	15.44%	12.75%	0.20%	(0.01%)	0.19%
Timber	3%	3%	-	-	(0.28%)	0.00%	(0.28%)
Infrastructure	3%	3%	-	-	0.17%	0.10%	0.27%
International Equity	17%	17%	6.47%	4.76%	0.29%	0.00%	0.30%
International Fixed Inc.	5%	5%	4.16%	0.76%	0.19%	(0.01%)	0.18%
Private Equity	5%	5%	5.45%	5.45%	0.00%	(0.04%)	(0.04%)
World Equity	8%	8%	-	-	0.08%	(0.05%)	0.03%
Cash & Equivalents	1%	1%	0.11%	0.09%	0.00%	(0.00%)	(0.00%)
Total			9.64%	8.72%	+ 0.94%	+ (0.02%)	0.92%

* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

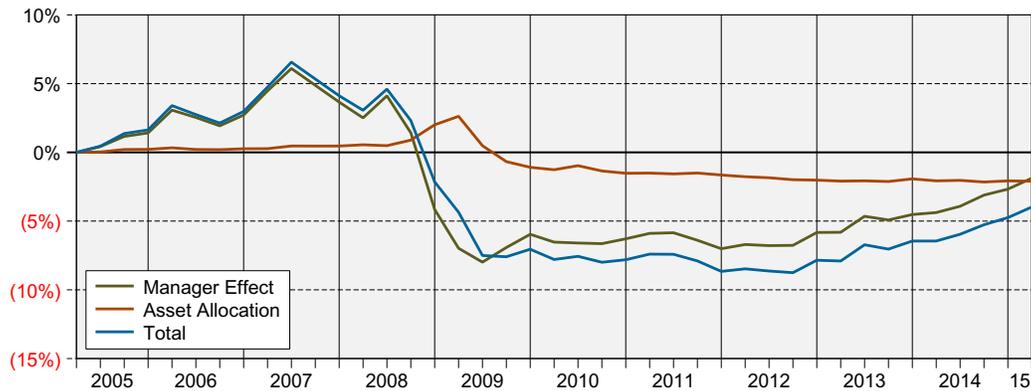
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Ten Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Ten Year Annualized Relative Attribution Effects

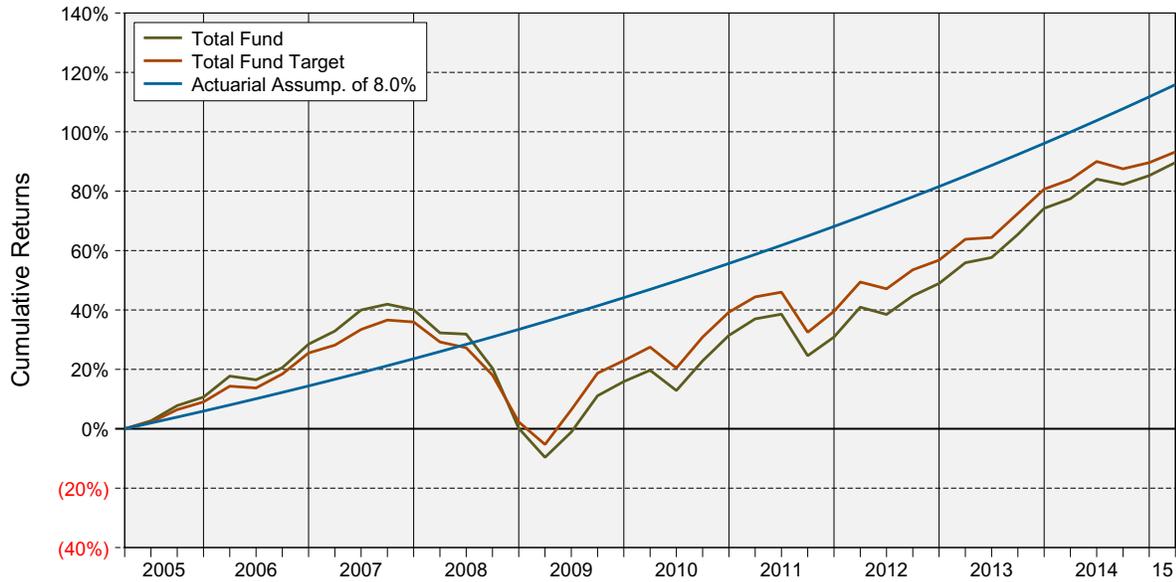
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	34%	7.59%	8.36%	(0.25%)	0.02%	(0.24%)
Domestic Fixed Income	23%	23%	6.41%	5.92%	(0.03%)	(0.00%)	(0.04%)
Global Real Estate	8%	8%	6.85%	8.39%	(0.14%)	(0.03%)	(0.17%)
Timber	2%	2%	-	-	(0.14%)	0.00%	(0.14%)
Infrastructure	1%	2%	-	-	0.09%	0.05%	0.13%
International Equity	17%	18%	7.47%	6.18%	0.23%	(0.02%)	0.21%
International Fixed Inc.	5%	5%	5.00%	2.74%	0.12%	(0.03%)	0.09%
Private Equity	5%	5%	3.07%	3.07%	0.00%	(0.06%)	(0.06%)
World Equity	4%	4%	-	-	0.04%	(0.02%)	0.02%
Cash & Equivalents	1%	1%	1.28%	1.49%	(0.00%)	(0.02%)	(0.02%)
Total			6.61%	6.83%	(0.11%)	(0.12%)	(0.22%)

* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

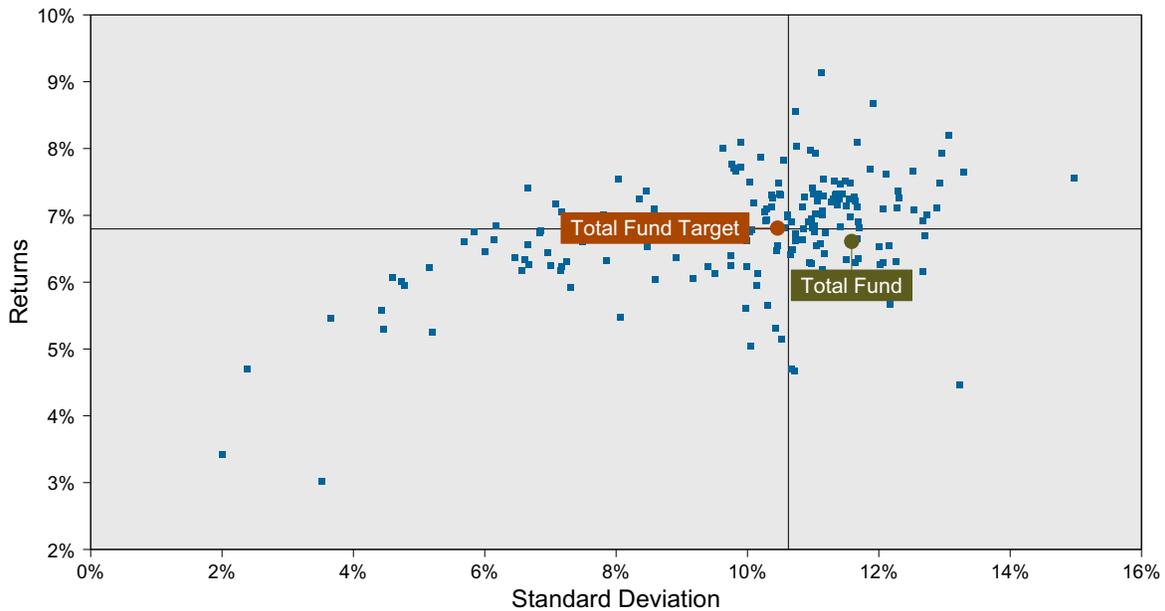
Cumulative Performance Relative to Target

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

Cumulative Returns Actual vs Target



Ten Year Annualized Risk vs Return



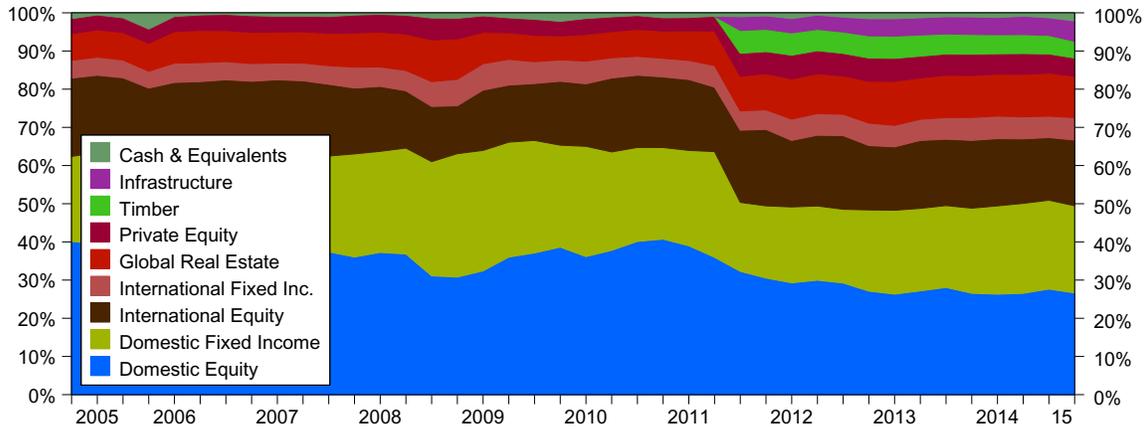
Squares represent membership of the Public Fund Sponsor Database

* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

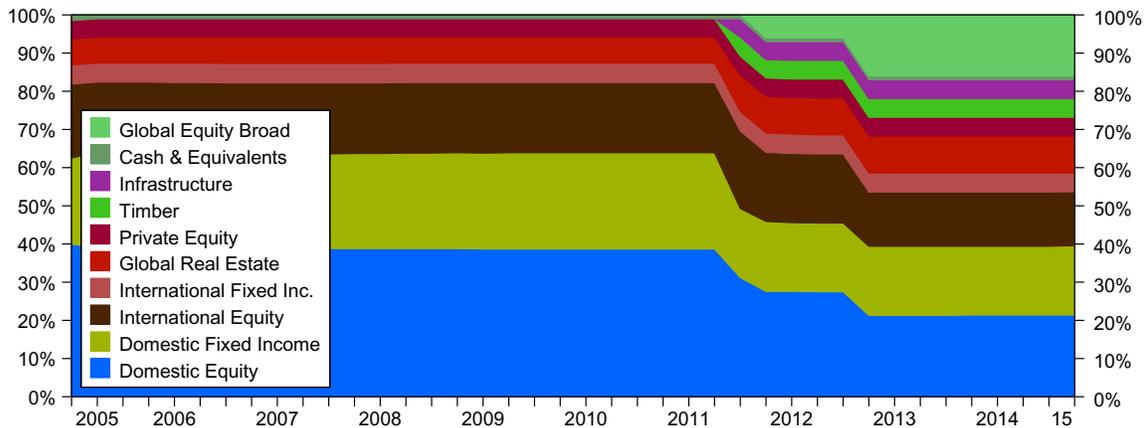
Actual vs Target Historical Asset Allocation

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

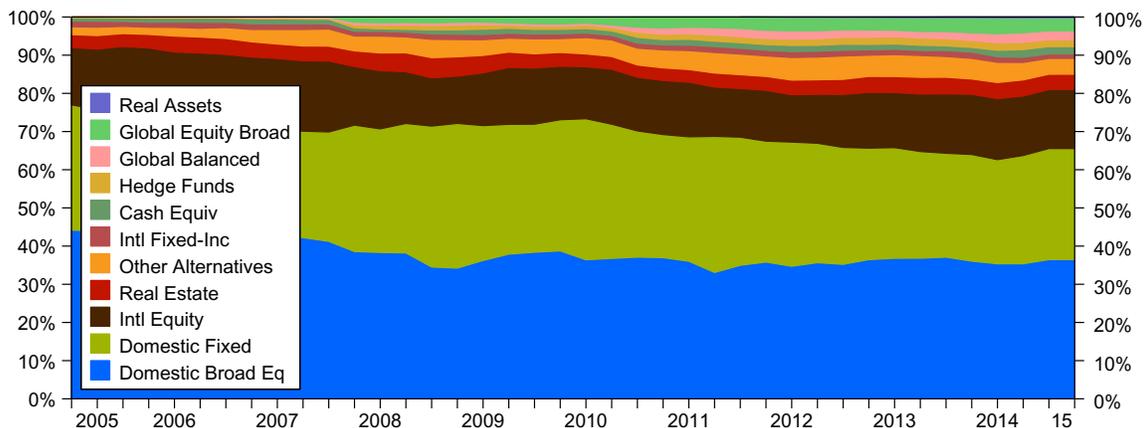
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average Public Fund Sponsor Database Historical Asset Allocation

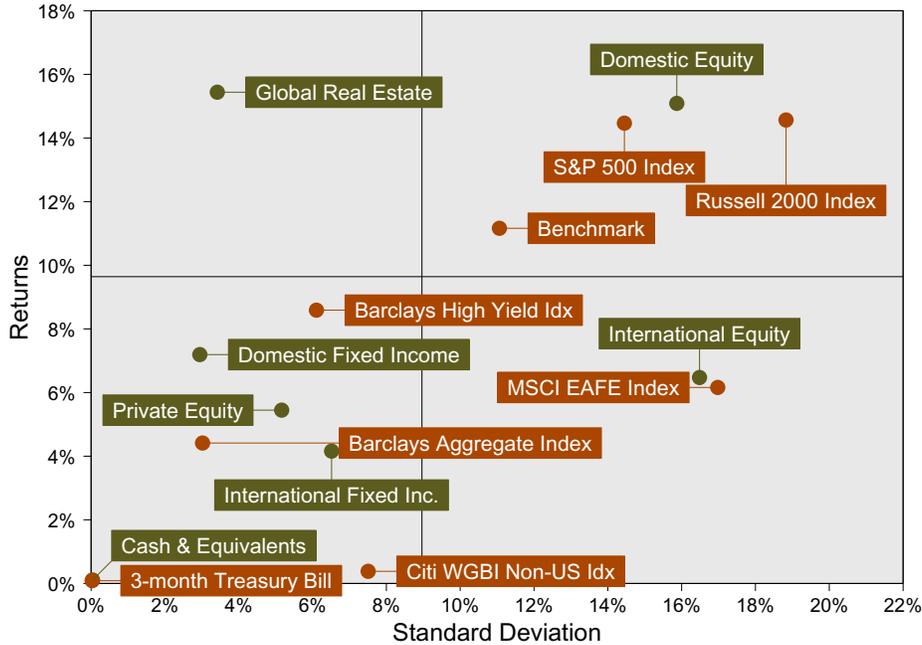


* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

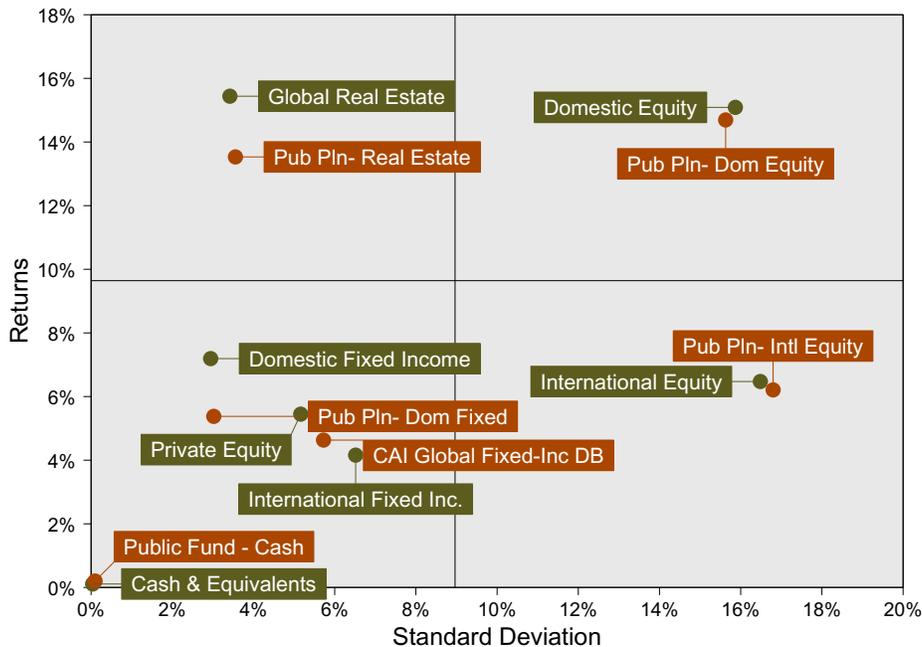
Asset Class Risk and Return

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

Five Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



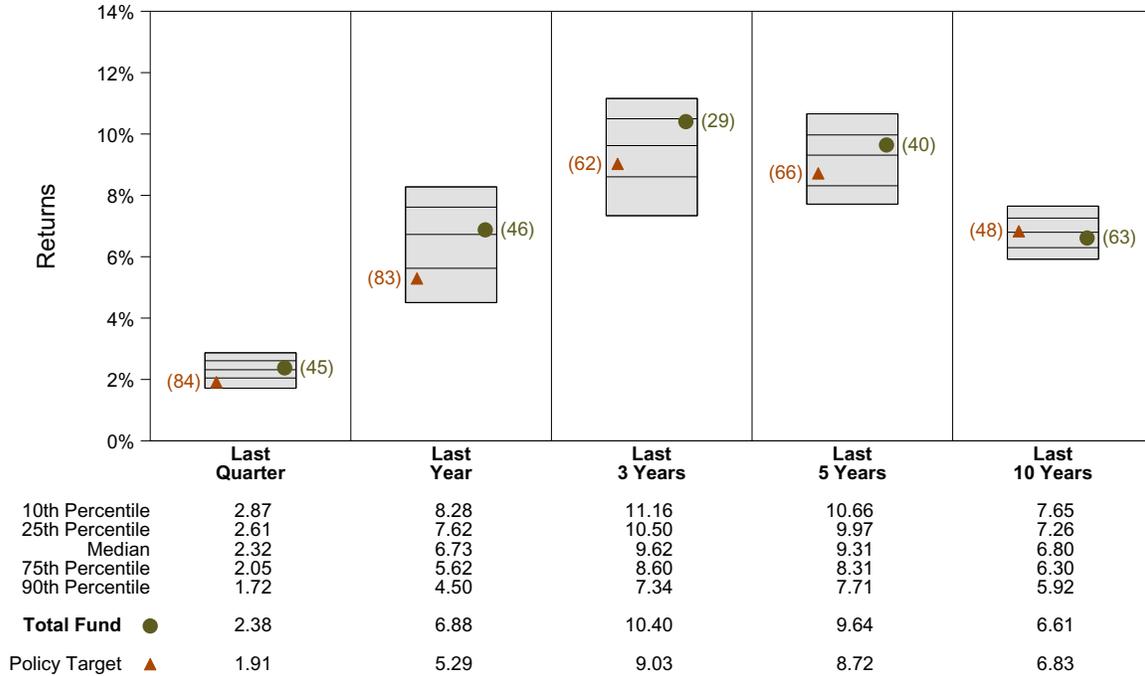
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



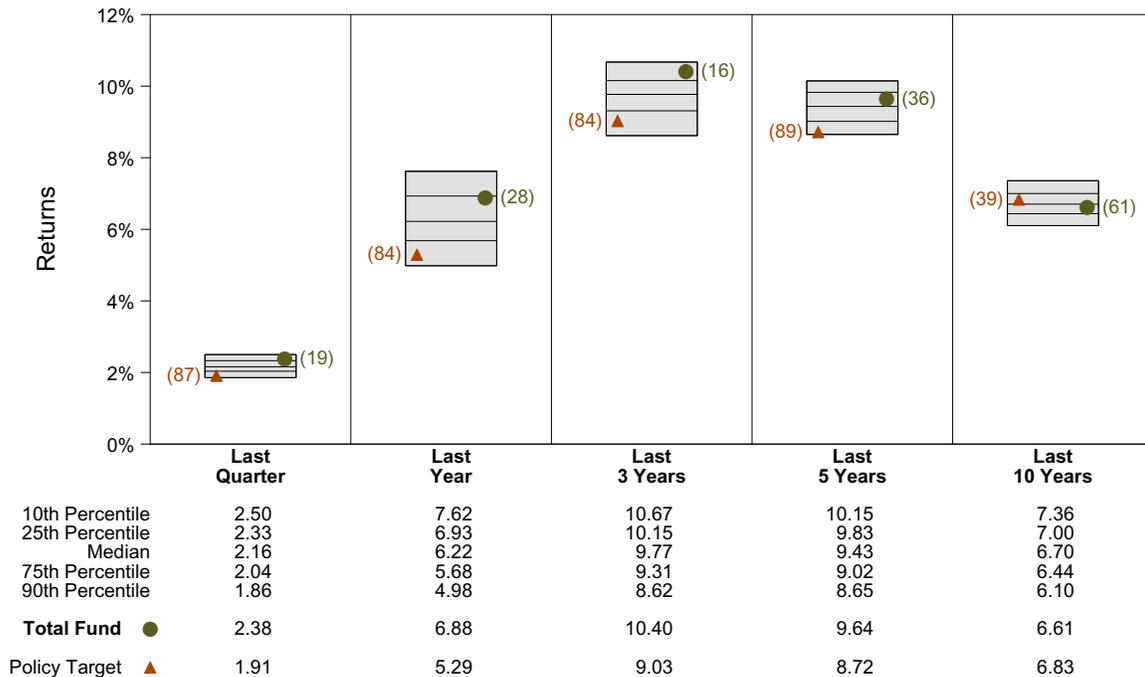
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended March 31, 2015. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

Public Fund Sponsor Database



Asset Allocation Adjusted Ranking

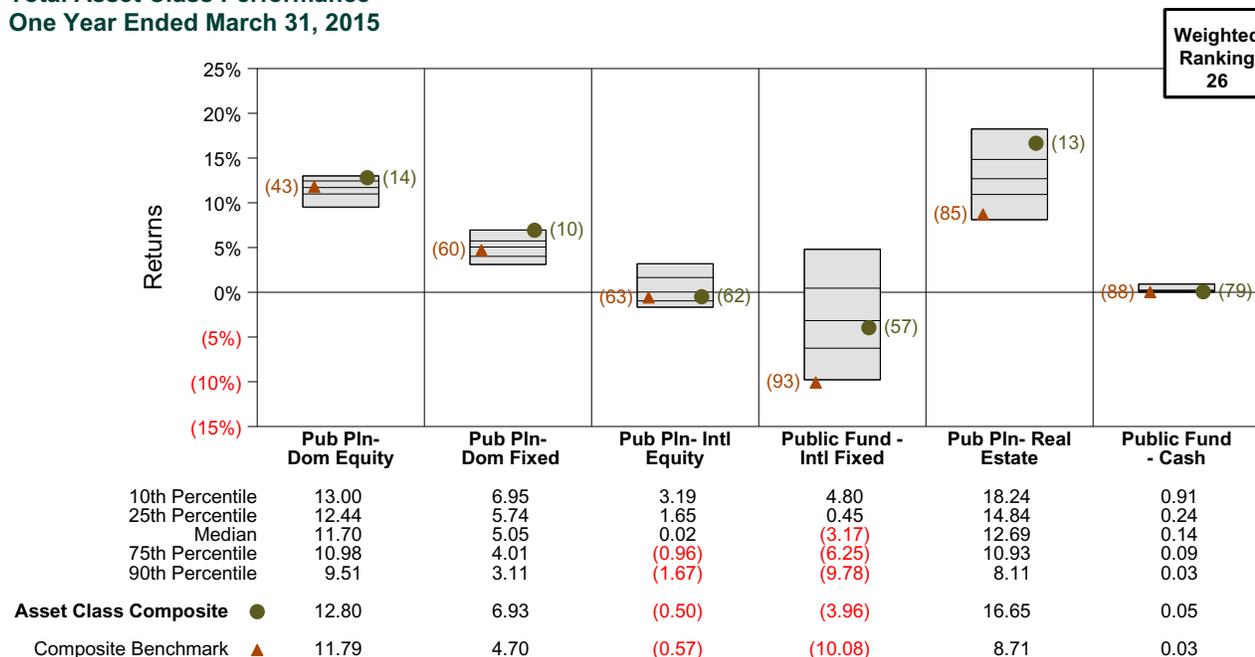


* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

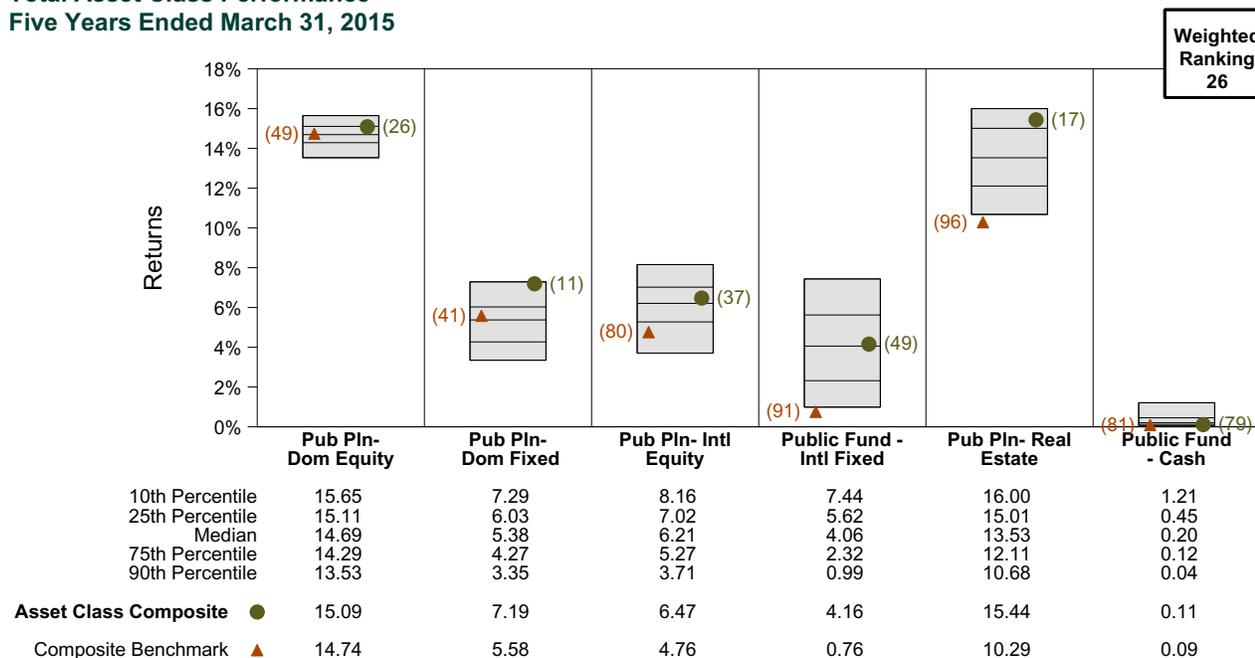
Asset Class Rankings

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

Total Asset Class Performance One Year Ended March 31, 2015



Total Asset Class Performance Five Years Ended March 31, 2015



* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2015		Net New Inv.	Inv. Return	December 31, 2014	
	Market Value	Weight			Market Value	Weight
GLOBAL EQUITY	\$2,699,381,732	56.60%	\$(34,077,174)	\$77,417,191	\$2,656,041,716	56.93%
Domestic Equity	\$1,071,715,356	22.47%	\$(50,534,379)	\$32,445,427	\$1,089,804,308	23.36%
Large Cap Domestic Equity	\$823,329,877	17.26%	\$(50,523,366)	\$22,375,553	\$851,477,690	18.25%
L.A. Capital	313,749,458	6.58%	(30,170,391)	15,265,390	328,654,459	7.04%
LACM Enhanced Index	205,590,160	4.31%	(20,067,844)	4,602,789	221,055,215	4.74%
Northern Trust AM Enh S&P 500	125,990,554	2.64%	(285,132)	676,112	125,599,574	2.69%
Parametric Clifton Enh S&P 500	177,999,705	3.73%	0	1,831,262	176,168,443	3.78%
Small Cap Domestic Equity	\$248,385,479	5.21%	\$(11,013)	\$10,069,874	\$238,326,618	5.11%
Callan	122,986,715	2.58%	0	5,003,730	117,982,985	2.53%
Parametric Clifton Enh Small Cap	125,398,764	2.63%	0	5,065,809	120,332,955	2.58%
SEI Investments	-	-	(11,013)	335	10,678	0.00%
International Equity	\$692,647,887	14.52%	\$17,667,884	\$27,616,553	\$647,363,450	13.87%
Developed Int'l Equity	\$540,634,219	11.34%	\$17,667,884	\$23,509,731	\$499,456,604	10.70%
Capital Group	134,551,420	2.82%	17,879,779	5,245,932	111,425,709	2.39%
DFA Int'l Small Cap	75,370,886	1.58%	0	3,367,882	72,003,004	1.54%
Northern Trust AM World Ex US	245,377,689	5.15%	(42,881)	9,337,196	236,083,374	5.06%
Wellington Management Co.	85,334,223	1.79%	(169,014)	5,558,721	79,944,517	1.71%
Emerging Markets Equity	\$152,013,668	3.19%	\$0	\$4,106,822	\$147,906,846	3.17%
Axiom	116,249,388	2.44%	0	2,924,532	113,324,856	2.43%
DFA	35,764,280	0.75%	0	1,182,290	34,581,990	0.74%
World Equity	\$744,220,932	15.61%	\$(601,167)	\$23,172,892	\$721,649,207	15.47%
EPOCH Investment Partners	318,585,338	6.68%	(496,910)	12,402,823	306,679,425	6.57%
LSV Asset Management	425,635,595	8.92%	(104,257)	10,770,069	414,969,783	8.89%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2015			December 31, 2014		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Private Equity	\$190,797,557	4.00%	\$(609,512)	\$(5,817,681)	\$197,224,750	4.23%
Adams Street Direct Co-Invest Fd	13,785,922	0.29%	(790,201)	884,089	13,692,034	0.29%
Adams Street Direct Fund 2010	1,714,864	0.04%	(54,067)	32,621	1,736,310	0.04%
Adams Street 1998 Partnership	121,019	0.00%	0	961	120,058	0.00%
Adams Street 1999 Partnership	537,604	0.01%	0	(60,498)	598,102	0.01%
Adams Street 2000 Partnership	2,004,898	0.04%	0	(58,299)	2,063,197	0.04%
Adams Street 2001 Partnership	2,499,074	0.05%	0	50,065	2,449,009	0.05%
Adams Street 2002 Partnership	903,173	0.02%	0	(34,418)	937,591	0.02%
Adams Street 2003 Partnership	488,757	0.01%	(121,171)	32,731	577,197	0.01%
Adams Street 2010 Partnership	4,825,605	0.10%	0	399,658	4,425,947	0.09%
Adams Street 2008 Fund	7,494,075	0.16%	219,225	161,942	7,112,908	0.15%
Adams Street 1999 Non-US	497,171	0.01%	0	(22,057)	519,228	0.01%
Adams Street 2000 Non-US	801,550	0.02%	0	72,309	729,241	0.02%
Adams Street 2001 Non-US	369,431	0.01%	(163,852)	51,091	482,192	0.01%
Adams Street 2002 Non-US	1,018,033	0.02%	(259,661)	25,410	1,252,284	0.03%
Adams Street 2003 Non-US	891,284	0.02%	(225,178)	93,342	1,023,120	0.02%
Adams Street 2004 Non-US	844,706	0.02%	0	44,120	800,586	0.02%
Adams Street 2010 Non-US	2,303,148	0.05%	0	(7,131)	2,310,279	0.05%
Adams Street 2010 Non-US Emg	993,404	0.02%	84,000	44,541	864,863	0.02%
Adams Street BVCF IV Fund	6,706,174	0.14%	0	(1,162,565)	7,868,739	0.17%
Coral Partner VI	624,517	0.01%	0	25,635	598,882	0.01%
Hearthstone Advisors MSII	1	0.00%	0	0	1	0.00%
Hearthstone Advisors MSIII	248,735	0.01%	0	128,057	120,678	0.00%
CorsAir III	10,863,078	0.23%	46,601	(133,390)	10,949,867	0.23%
ND Investors	11,560,996	0.24%	55,000	(55,000)	11,560,996	0.25%
CorsAir IV	14,099,312	0.30%	120,439	585,690	13,393,183	0.29%
Capital International V	16,811,336	0.35%	31,720	(1,243,632)	18,023,248	0.39%
Capital International VI	11,925,135	0.25%	732,228	(2,218,271)	13,411,178	0.29%
EIG Energy Fund XIV	21,987,211	0.46%	154,631	(2,326,651)	24,159,231	0.52%
Lewis & Clark, LP	4,012,037	0.08%	0	0	4,012,037	0.09%
Lewis & Clark II	10,837,565	0.23%	0	0	10,837,565	0.23%
Quantum Energy Partners	10,763,962	0.23%	(439,226)	()	11,203,188	0.24%
Quantum Resources	1,163,218	0.02%	0	0	1,163,218	0.02%
Matlin Patterson I	12,121	0.00%	0	0	12,121	0.00%
Matlin Patterson II	1,217,575	0.03%	0	(57,637)	1,275,212	0.03%
Matlin Patterson III	25,870,866	0.54%	0	(1,070,394)	26,941,260	0.58%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2015		Net New Inv.	Inv. Return	December 31, 2014	
	Market Value	Weight			Market Value	Weight
GLOBAL FIXED INCOME	\$1,155,318,146	24.23%	\$3,095,337	\$13,426,900	\$1,138,795,909	24.41%
Domestic Fixed Income	\$919,382,087	19.28%	\$(16,816,963)	\$17,858,700	\$918,340,350	19.68%
Inv. Grade Fixed Income	\$657,417,026	13.79%	\$(20,296,932)	\$12,064,558	\$665,649,401	14.27%
Declaration Total Return	74,443,289	1.56%	(47,081)	1,323,619	73,166,751	1.57%
J. P. Morgan MBS	125,119,267	2.62%	9,938,835	1,796,527	113,383,905	2.43%
PIMCO DiSCO II	86,448,363	1.81%	0	1,320,777	85,127,586	1.82%
PIMCO MBS	180,379,226	3.78%	(77,780)	2,016,436	178,440,570	3.82%
PIMCO Unconstrained	94,572,586	1.98%	0	563,368	94,009,218	2.01%
SSgA Long US Treas Index	96,454,295	2.02%	(30,110,906)	5,043,831	121,521,370	2.60%
Below Inv. Grade Fixed Income	\$261,965,061	5.49%	\$3,479,969	\$5,794,142	\$252,690,949	5.42%
Goldman Sachs 2006 Offshore	1,467,672	0.03%	(245,842)	102,602	1,610,912	0.03%
Goldman Sachs Offshore V	5,336,700	0.11%	(997,760)	(163,337)	6,497,797	0.14%
Loomis Sayles	226,373,367	4.75%	(276,429)	5,506,912	221,142,883	4.74%
PIMCO Bravo II Fund	28,787,322	0.60%	5,000,000	347,965	23,439,357	0.50%
Internationall Fixed Income	\$235,936,059	4.95%	\$19,912,300	\$(4,431,800)	\$220,455,559	4.72%
Brandywine	135,157,741	2.83%	20,000,000	(96,671)	115,254,412	2.47%
UBS Global Asset Mgmt.	100,778,318	2.11%	(87,700)	(4,335,128)	105,201,147	2.25%
GLOBAL REAL ASSETS	\$828,295,974	17.37%	\$(11,872,457)	\$20,084,635	\$820,083,797	17.58%
Global Real Estate	\$437,124,202	9.17%	\$(22,875,494)	\$14,153,817	\$445,845,879	9.56%
Invesco Core Real Estate	173,634,569	3.64%	(149,684)	5,511,441	168,272,812	3.61%
Invesco Real Estate Fund II	17,668,368	0.37%	(5,000,000)	(85,478)	22,753,846	0.49%
Invesco Real Estate Fund III	32,481,195	0.68%	(8,750,000)	1,840,153	39,391,042	0.84%
Invesco Asia RE Feeder	21,750,966	0.46%	(7,779,003)	3,166,179	26,363,790	0.57%
JP Morgan	159,305,097	3.34%	(362,195)	6,238,107	153,429,186	3.29%
JP Morgan Alternative Fd	351,831	0.01%	(126,476)	(179,465)	657,772	0.01%
JP Morgan China Property Fd	9,164,196	0.19%	(683,828)	522,730	9,325,295	0.20%
JP Morgan Greater European Opp Fd	22,767,979	0.48%	(24,308)	(2,859,849)	25,652,136	0.55%
Timber	\$176,683,710	3.70%	\$(20,357,374)	\$5,725,125	\$191,315,959	4.10%
TIR Teredo	60,082,211	1.26%	(19,800,000)	8,008,894	71,873,317	1.54%
TIR Springbank	116,601,499	2.44%	(557,374)	(2,283,769)	119,442,642	2.56%
Infrastructure	\$214,488,063	4.50%	\$31,360,411	\$205,693	\$182,921,959	3.92%
JP Morgan Asian Infrastructure	32,687,927	0.69%	(39,351)	(373,017)	33,100,295	0.71%
JP Morgan IIF	137,727,908	2.89%	29,701,735	(438,075)	108,464,247	2.32%
Grosvenor Cust. Infrastructure	43,284,804	0.91%	910,604	1,016,783	41,357,417	0.89%
Grosvenor Cust. Infrastructure II	787,424	0.02%	787,423	1	-	-
CASH & CASH EQUIVALENTS	\$86,041,407	1.80%	\$35,106,011	\$10,473	\$50,924,924	1.09%
Cash Account	86,041,407	1.80%	35,106,011	10,473	50,924,924	1.09%
Total Fund	\$4,769,037,259	100.0%	\$(7,748,284)	\$110,939,199	\$4,665,846,345	100.0%

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Global Equity					
Gross	2.90%	6.65%	13.00%	-	-
Net	2.84%	6.26%	12.58%	-	-
Wtd Avg Global Equity Benchmark	2.33%	5.74%	11.95%	-	-
Domestic Equity					
Gross	3.02%	12.80%	17.72%	15.09%	7.59%
Net	2.97%	12.56%	17.40%	14.78%	7.26%
Wtd Avg Domestic Equity Benchmark	2.22%	11.79%	16.46%	14.74%	8.36%
Large Cap Equity					
Gross	2.68%	14.68%	17.87%	14.88%	6.74%
Net	2.62%	14.46%	17.63%	14.66%	6.48%
Large Cap Benchmark (1)	1.59%	12.73%	16.45%	14.73%	8.13%
L.A. Capital - Gross	4.82%	17.27%	17.76%	16.10%	10.17%
L.A. Capital - Net	4.76%	17.03%	17.51%	15.85%	9.96%
Russell 1000 Growth Index	3.84%	16.09%	16.34%	15.63%	9.36%
LACM Enhanced Index - Gross	2.13%	13.92%	17.48%	15.03%	9.23%
LACM Enhanced Index - Net	2.10%	13.78%	17.33%	14.84%	9.06%
Russell 1000 Index	1.59%	12.73%	16.45%	14.73%	8.34%
Northern Tr AM Enh S&P500 - Gross	0.54%	11.37%	17.41%	15.50%	8.36%
Northern Tr AM Enh S&P500 - Net	0.31%	10.72%	16.87%	15.13%	8.15%
S&P 500 Index	0.95%	12.73%	16.11%	14.47%	8.01%
Parametric Clifton Enh S&P500 - Gross	1.04%	13.36%	16.43%	-	-
Parametric Clifton Enh S&P500 - Net	1.04%	13.35%	16.34%	-	-
S&P 500 Index	0.95%	12.73%	16.11%	14.47%	8.01%
Small Cap Equity					
Gross	4.23%	6.64%	16.97%	15.59%	9.73%
Net	4.23%	6.34%	16.40%	15.03%	9.20%
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	8.82%
Callan - Net	4.24%	4.10%	15.64%	14.55%	-
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	8.82%
Parametric Clifton Enh SmCap - Gross	4.21%	9.05%	17.46%	15.92%	-
Parametric Clifton Enh SmCap - Net	4.21%	8.64%	16.93%	15.44%	-
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	8.82%

(1) S&P 500 Index through 12/31/2011 and Russell 1000 Index thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
International Equity					
Gross	4.20%	(0.50%)	8.34%	6.47%	7.47%
Net	4.15%	(0.73%)	7.93%	6.07%	7.03%
Wtd Avg Int'l Equity Benchmark	4.30%	(0.57%)	7.12%	4.76%	6.18%
Developed Intl Equity					
Gross	4.61%	(1.91%)	10.06%	6.57%	6.02%
Net	4.54%	(2.18%)	9.69%	6.22%	5.63%
Benchmark(1)	4.88%	(0.92%)	9.02%	5.47%	5.01%
Capital Group - Gross	3.86%	(1.34%)	10.00%	7.12%	5.64%
Capital Group - Net	3.75%	(1.79%)	9.55%	6.85%	5.41%
Benchmark(1)	4.88%	(0.92%)	9.02%	5.47%	5.01%
DFA Int'l Small Cap Value - Net	4.68%	(6.26%)	11.31%	8.36%	-
World ex US SC Value	3.70%	(6.12%)	8.98%	7.31%	6.38%
Northern Tr AM World ex US - Gross	3.96%	(1.04%)	-	-	-
Northern Tr AM World ex US - Net	3.94%	(1.08%)	-	-	-
MSCI World ex US	3.83%	(1.39%)	8.24%	5.72%	5.03%
Wellington Management - Gross	6.97%	(1.68%)	13.50%	12.30%	8.32%
Wellington Management - Net	6.74%	(2.52%)	12.55%	11.34%	7.40%
BMI, EPAC, <\$2 B	6.19%	(1.11%)	9.18%	7.46%	5.98%
Emerging Markets Equity					
Gross	2.78%	4.43%	1.87%	4.64%	10.42%
Net	2.78%	4.32%	1.33%	4.10%	9.82%
Emerging Mkts - Net	2.24%	0.44%	0.31%	1.75%	8.48%
Axiom - Net	2.58%	-	-	-	-
Emerging Mkts - Net	2.24%	0.44%	0.31%	1.75%	8.48%
DFA - Net	3.42%	3.04%	3.70%	4.53%	-
Emerging Mkts - Net	2.24%	0.44%	0.31%	1.75%	8.48%
World Equity					
Gross	3.21%	7.45%	12.57%	-	-
Net	3.13%	6.58%	11.79%	-	-
MSCI World Index	2.31%	6.03%	12.19%	10.01%	6.39%
EPOCH Investment - Gross(2)	4.05%	9.42%	13.93%	-	-
EPOCH Investment - Net	3.88%	8.67%	13.11%	-	-
MSCI World Index	2.31%	6.03%	12.19%	10.01%	6.39%
LSV Asset Management - Gross(3)	2.60%	5.82%	-	-	-
LSV Asset Management - Net	2.57%	4.88%	-	-	-
MSCI ACWI Idx	2.44%	5.97%	11.35%	9.57%	7.00%

(1) MSCI EAFE through 12/31/1996; 50% Hedged EAFE through 3/31/2011 and MSCI EAFE again thereafter.

(2) EPOCH Investment was removed from the Domestic Equity Composite to the World Equity Composite as of 1/1/2012.

(3) LSV Asset Management was removed from the Domestic Equity and International Equity Composites to the World Equity Composite as of February 1, 2013.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Private Equity*					
Net	(2.96%)	(2.79%)	4.53%	5.36%	4.18%
Adams Street Direct Co-Invest Fd	6.48%	35.59%	20.20%	20.05%	-
Adams Street Direct Fund 2010	1.90%	17.61%	13.35%	8.53%	-
Adams Street 1998 Partnership	0.80%	0.70%	5.77%	1.97%	2.27%
Adams Street 1999 Partnership	(10.12%)	(14.76%)	2.29%	3.99%	4.04%
Adams Street 2000 Partnership	(2.83%)	(7.92%)	1.78%	5.41%	6.86%
Adams Street 2001 Partnership	2.04%	7.32%	11.77%	10.75%	7.60%
Adams Street 2002 Partnership	(3.67%)	(12.29%)	4.07%	9.89%	6.57%
Adams Street 2003 Partnership	6.41%	17.61%	15.34%	11.48%	9.51%
Adams Street 2010 Partnership	9.03%	21.14%	15.06%	14.21%	-
Adams Street 2008 Fund	2.27%	10.10%	11.14%	8.40%	-
Adams Street 1999 Non-US	(4.25%)	(10.74%)	2.55%	9.88%	17.18%
Adams Street 2000 Non-US	9.92%	1.82%	0.26%	3.79%	10.31%
Adams Street 2001 Non-US	11.31%	17.71%	19.97%	7.53%	5.07%
Adams Street 2002 Non-US	2.56%	2.07%	2.17%	5.72%	11.02%
Adams Street 2003 Non-US	11.70%	1.61%	16.23%	12.60%	16.37%
Adams Street 2004 Non-US	5.51%	10.90%	9.25%	8.09%	8.42%
Adams Street 2010 Non-US	(0.31%)	2.52%	7.26%	(7.59%)	-
Adams Street 2010 Non-US Emg	4.71%	17.02%	1.53%	-	-
Adams Street BVCF IV Fund	(14.77%)	20.89%	29.01%	57.30%	29.27%
Coral Partner VI	4.28%	(71.85%)	(37.43%)	(28.35%)	(22.52%)
CorsAir III	(1.21%)	(4.43%)	(3.57%)	(1.97%)	-
ND Investors	(0.47%)	(1.54%)	2.44%	2.08%	-
CorsAir IV	4.33%	25.05%	14.57%	-	-
Capital International V	(6.89%)	(9.12%)	(2.61%)	5.55%	-
Capital International VI	(15.73%)	(21.68%)	(13.85%)	-	-
EIG Energy Fund XIV	(9.63%)	(8.77%)	(5.14%)	2.42%	-
Lewis & Clark, LP	0.00%	(19.26%)	0.27%	4.94%	1.16%
Lewis & Clark II	0.00%	(7.13%)	(4.87%)	(8.67%)	-
Quantum Energy Partners	0.00%	28.93%	26.00%	24.87%	-
Quantum Resources	0.00%	(33.56%)	(2.50%)	1.81%	-
Matlin Patterson I	0.00%	1.12%	(18.45%)	658.61%	176.13%
Matlin Patterson II	(4.52%)	(5.18%)	(19.50%)	(40.18%)	(26.22%)
Matlin Patterson III	(3.97%)	(15.42%)	15.51%	17.33%	-

* Corsair III and North Dakota Investors were taken out from the Private Equity Composite on July 1, 2009. They were then added back into the Private Equity Composite on October 1, 2011. At this time Corsair IV, Capital Intl and EIG were also added to this composite.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Global Fixed Income					
Gross	1.17%	4.71%	5.82%	-	-
Net	1.13%	4.46%	5.59%	-	-
Wtd Avg Global FI Benchmark	0.45%	1.34%	2.77%	-	-
Domestic Fixed Income					
Gross	1.96%	6.93%	7.13%	7.19%	6.41%
Net	1.91%	6.70%	6.91%	6.97%	6.14%
Wtd Avg Domestic FI Benchmark	1.88%	4.70%	4.31%	5.58%	5.92%
Inv. Grade Fixed Income					
Gross	1.82%	7.54%	6.02%	5.97%	6.03%
Net	1.80%	7.41%	5.90%	5.78%	5.81%
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
Declaration Total Return - Net	1.81%	6.69%	-	-	-
Libor-3 Month	0.06%	0.23%	0.29%	0.33%	1.92%
J.P. Morgan MBS - Gross	1.55%	-	-	-	-
J.P. Morgan MBS - Net	1.50%	-	-	-	-
Barclays Mortgage	1.06%	5.53%	2.54%	3.63%	4.87%
PIMCO Unconstrained - Gross(1)	0.60%	1.97%	2.76%	-	-
PIMCO Unconstrained - Net	0.60%	1.66%	2.57%	-	-
Blended Benchmark(2)	0.06%	0.23%	0.36%	-	-
PIMCO DiSCO II - Net	1.55%	5.03%	16.53%	-	-
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
PIMCO MBS - Gross	1.13%	5.19%	2.50%	-	-
PIMCO MBS - Net	1.09%	5.00%	2.33%	-	-
Barclays Mortgage	1.06%	5.53%	2.54%	3.63%	4.87%
SSgA Long US Treas Idx - Gross	3.96%	21.39%	-	-	-
SSgA Long US Treas Idx - Net	3.95%	21.35%	-	-	-
Barclays Long Treas	3.96%	21.40%	7.68%	10.61%	7.90%
Below Inv. Grade Fixed Income					
Gross	2.26%	5.17%	10.13%	10.59%	7.07%
Net	2.15%	4.71%	9.64%	10.29%	6.66%
Barclays HY Corp 2% Issue	2.52%	2.00%	7.44%	8.57%	8.17%
Goldman Sachs 2006 Offshore - Net	6.61%	30.12%	20.38%	17.44%	-
Goldman Sachs Offshore V - Net	(2.68%)	14.03%	15.08%	14.57%	-
PIMCO Bravo II Fund - Net	1.43%	14.43%	-	-	-
Barclays HY Corp 2% Issue	2.52%	2.00%	7.44%	8.57%	8.17%
Loomis Sayles - Gross	2.49%	4.24%	8.79%	9.19%	8.59%
Loomis Sayles - Net	2.37%	3.72%	8.26%	8.87%	8.23%
Barclays HY Corp 2% Issue	2.52%	2.00%	7.44%	8.57%	8.17%

(1) The product changed from Commingled Fund to Separate Account in March 2014.

(2) Libor-3 month through Feb. 28, 2014; Fund's performance through March 31, 2014; Libor-3 month thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
International Fixed Income					
Gross	(2.04%)	(3.96%)	0.95%	4.16%	5.00%
Net	(2.08%)	(4.26%)	0.64%	3.91%	4.76%
Wtd Avg Int'l FI Benchmark	(4.63%)	(10.08%)	(2.68%)	0.76%	2.74%
Brandywine - Gross	(0.30%)	1.79%	4.53%	7.47%	7.23%
Brandywine - Net	(0.30%)	1.48%	4.21%	7.28%	7.04%
Barclays Global Aggregate	(1.92%)	(3.66%)	(0.21%)	2.31%	3.61%
UBS Global Asset Mgmt. - Gross	(4.12%)	(9.93%)	(2.76%)	0.51%	2.49%
UBS Global Asset Mgmt. - Net	(4.20%)	(10.22%)	(3.05%)	0.21%	2.18%
Blended Benchmark(1)	(4.63%)	(10.08%)	(2.68%)	0.76%	2.74%
Global Real Assets					
Gross	2.43%	11.16%	8.69%	-	-
Net	2.30%	10.71%	8.07%	-	-
Wtd Avg Global Real Assets Benchmark	2.34%	8.71%	8.26%	-	-
Global Real Estate					
Gross	3.20%	16.65%	12.88%	15.44%	6.85%
Net	3.00%	16.03%	11.91%	14.56%	5.25%
NCREIF Total Index	3.57%	12.72%	11.47%	12.75%	8.39%
Invesco Core Real Estate - Gross	3.28%	14.08%	12.23%	14.58%	7.85%
Invesco Core Real Estate - Net	3.19%	13.66%	11.80%	14.10%	7.32%
Invesco Real Estate Fund II - Net	(0.38%)	11.52%	16.27%	29.80%	-
Invesco Real Estate Fund III - Net	4.67%	21.31%	-	-	-
Invesco Asia RE Feeder - Net	12.12%	21.13%	6.49%	1.40%	-
JP Morgan - Gross	4.07%	13.79%	14.10%	15.54%	7.54%
JP Morgan - Net	3.59%	12.47%	12.95%	14.51%	6.44%
JP Morgan Alternative Fd - Net	(27.28%)	(28.80%)	(5.94%)	0.49%	-
JP Morgan China Property Fd - Net	5.78%	45.19%	17.35%	13.72%	-
JPM Greater European Opp Fd - Net	(11.15%)	44.81%	(33.33%)	*****%	-
NCREIF Total Index	3.57%	12.72%	11.47%	12.75%	8.39%
Timber					
Net	3.14%	5.52%	1.71%	-	-
TIR Teredo	12.93%	20.97%	7.34%	7.81%	9.64%
TIR Springbank	(1.92%)	(2.43%)	(1.42%)	(2.58%)	2.98%
NCREIF Timberland Index	1.75%	10.64%	9.80%	6.20%	8.29%
Infrastructure					
Gross	(0.07%)	4.80%	7.69%	-	-
Net	(0.17%)	4.27%	7.05%	-	-
JP Morgan Asian Infrastructure - Net	(1.13%)	2.85%	8.77%	4.73%	-
JP Morgan IIF - Gross	(0.74%)	1.55%	7.22%	6.68%	-
JP Morgan IIF - Net	(0.88%)	0.71%	6.23%	5.46%	-
Grosvenor Cust. Infrastructure - Net	2.42%	16.27%	8.67%	-	-
CPI-W	0.50%	(0.65%)	0.69%	1.59%	2.05%
Cash & Cash Equivalents - Net					
Cash Account - Net	0.02%	0.05%	0.07%	0.11%	1.28%
3-month Treasury Bill	0.00%	0.03%	0.07%	0.09%	1.49%
Total Fund					
Gross	2.38%	6.88%	10.40%	9.64%	6.61%
Net	2.31%	6.52%	9.88%	9.21%	6.40%
Target*	1.91%	5.29%	9.03%	8.72%	6.83%

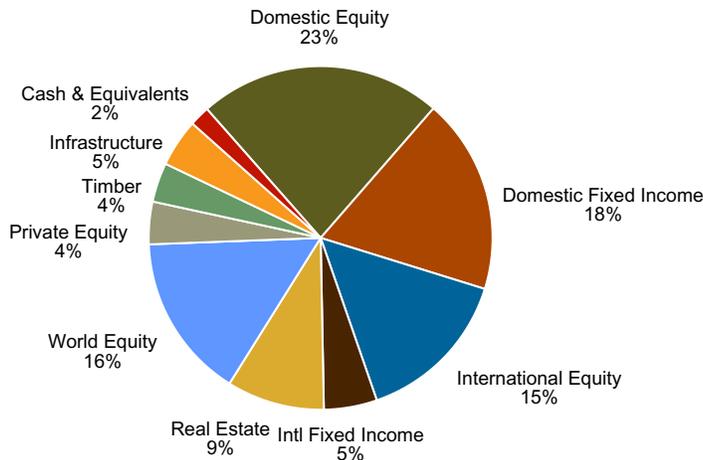
* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World Index, 13.2% Barclays Aggregate Index, 11.0% MSCI EAFE Index, 9.7% NCREIF Total Index, 5.0% Barclays HY Corp 2% Issue, 4.9% CPI-W, 4.9% Russell 2000 Index, 4.9% NDSIB PEN - Private Equity, 4.9% Global Agg ex USD, 4.9% NCREIF Timberland Index, 3.1% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

(1) Citigroup Non-US Govt through 12/31/2009 and the Barclays Global Aggregate Index ex US thereafter.

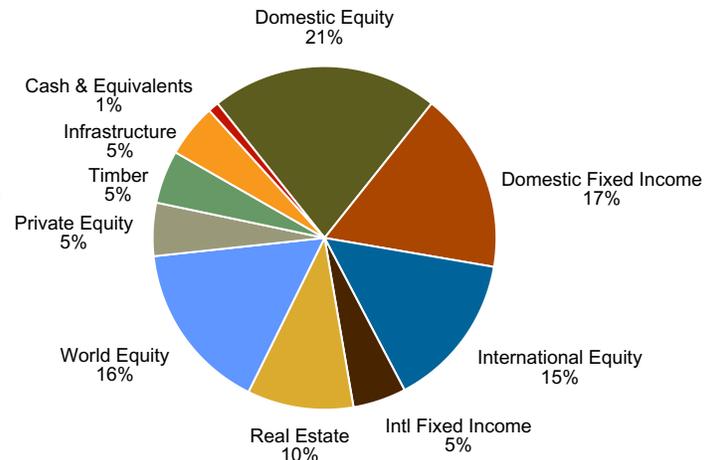
Actual vs Target Asset Allocation As of March 31, 2015

The top left chart shows the Fund's asset allocation as of March 31, 2015. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Public Fund Sponsor Database.

Actual Asset Allocation

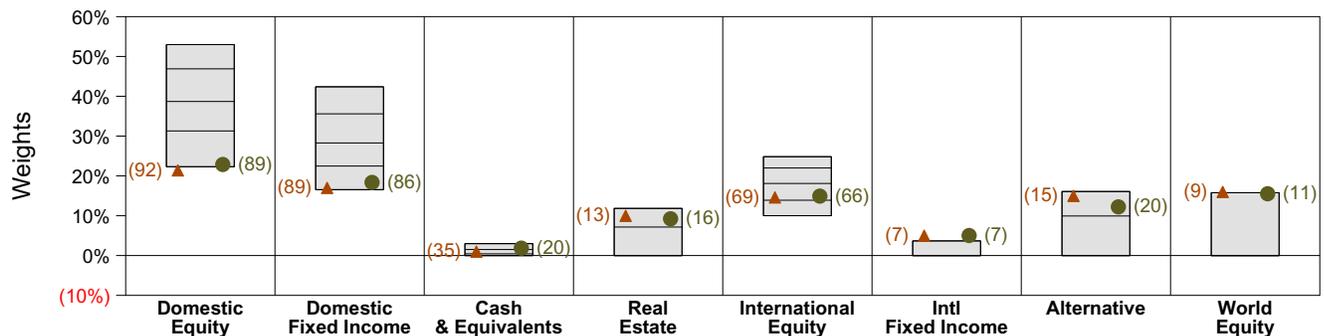


Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	549,025	22.9%	21.4%	1.5%	35,144
Domestic Fixed Income	440,838	18.4%	17.0%	1.4%	32,616
International Equity	358,353	14.9%	14.6%	0.3%	7,761
Intl Fixed Income	120,698	5.0%	5.0%	0.0%	633
Real Estate	221,596	9.2%	10.0%	(0.8%)	(18,535)
World Equity	372,693	15.5%	16.0%	(0.5%)	(11,516)
Private Equity	95,720	4.0%	5.0%	(1.0%)	(24,345)
Timber	89,246	3.7%	5.0%	(1.3%)	(30,819)
Infrastructure	108,507	4.5%	5.0%	(0.5%)	(11,558)
Cash & Equivalents	44,632	1.9%	1.0%	0.9%	20,619
Total	2,401,309	100.0%	100.0%		

Asset Class Weights vs Public Fund Sponsor Database



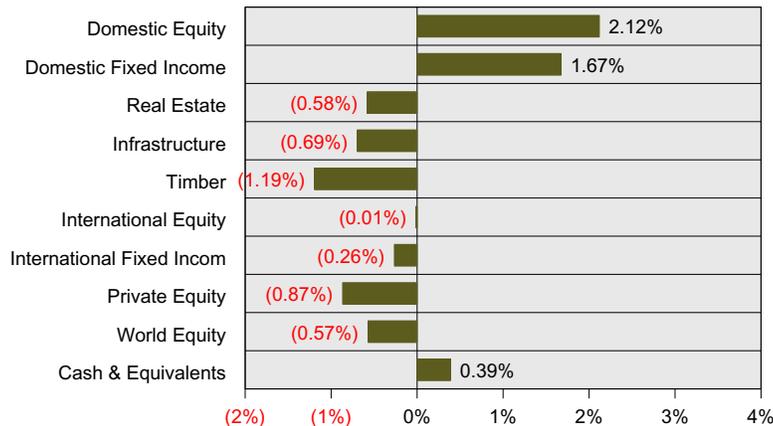
10th Percentile	52.98	42.38	2.99	11.84	24.83	3.68	16.09	15.77
25th Percentile	46.89	35.59	1.52	7.16	21.99	0.00	9.94	0.00
Median	38.69	28.28	0.44	0.00	18.10	0.00	0.00	0.00
75th Percentile	31.29	22.48	0.00	0.00	13.89	0.00	0.00	0.00
90th Percentile	22.30	16.54	0.00	0.00	10.01	0.00	0.00	0.00
Fund	● 22.86	18.36	1.86	9.23	14.92	5.03	12.22	15.52
Target	▲ 21.40	17.00	1.00	10.00	14.60	5.00	15.00	16.00
% Group Invested	95.91%	97.66%	69.59%	45.03%	90.06%	16.96%	41.52%	22.81%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

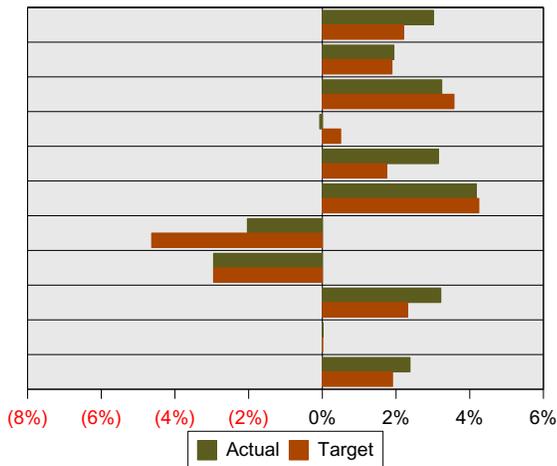
Quarterly Total Fund Relative Attribution - March 31, 2015

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

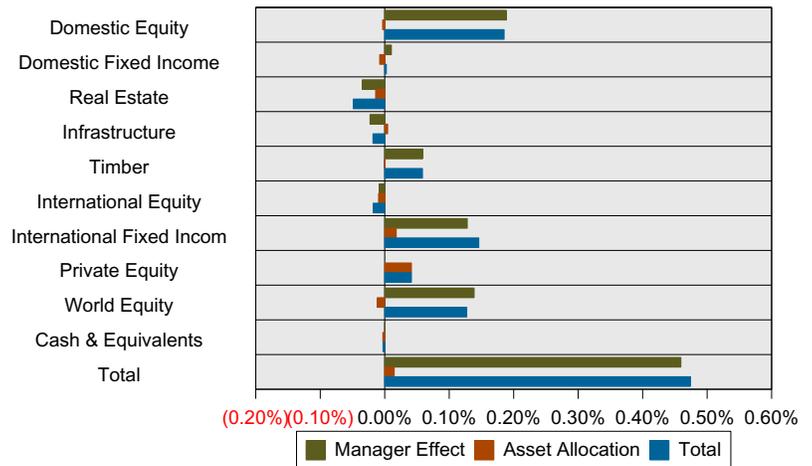
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2015

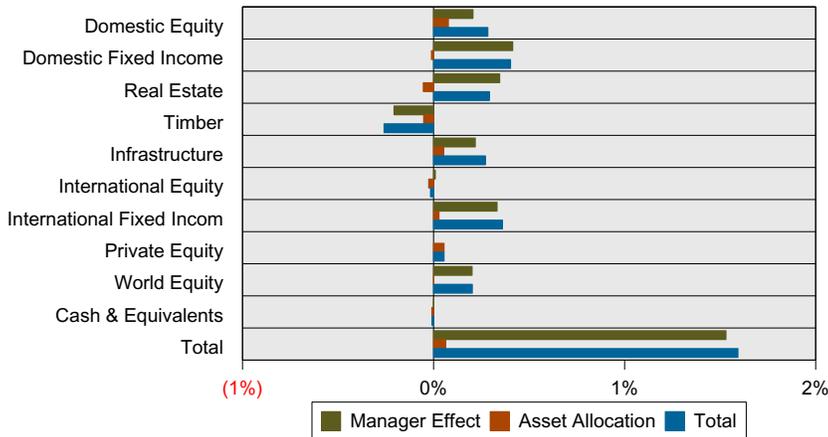
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	24%	21%	3.01%	2.20%	0.19%	(0.00%)	0.19%
Domestic Fixed Income	19%	17%	1.94%	1.89%	0.01%	(0.01%)	0.00%
Real Estate	9%	10%	3.24%	3.57%	(0.03%)	(0.01%)	(0.05%)
Infrastructure	4%	5%	(0.07%)	0.50%	(0.02%)	0.00%	(0.02%)
Timber	4%	5%	3.15%	1.75%	0.06%	(0.00%)	0.06%
International Equity	15%	15%	4.18%	4.25%	(0.01%)	(0.01%)	(0.02%)
International Fixed Income	5%	5%	(2.03%)	(4.63%)	0.13%	0.02%	0.15%
Private Equity	4%	5%	(2.95%)	(2.95%)	0.00%	0.04%	0.04%
World Equity	15%	16%	3.22%	2.31%	0.14%	(0.01%)	0.13%
Cash & Equivalents	1%	1%	0.02%	0.00%	0.00%	(0.00%)	(0.00%)
Total			2.38%	1.91%	+ 0.46%	+ 0.01%	0.47%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

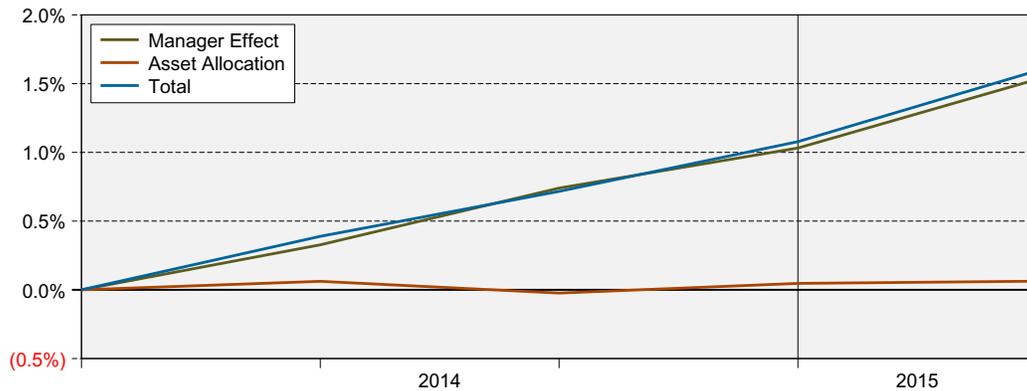
Cumulative Total Fund Relative Attribution - March 31, 2015

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

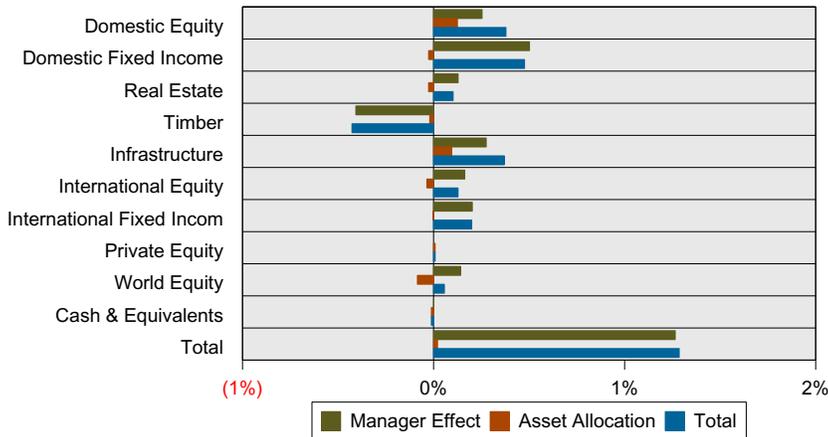
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	12.78%	11.81%	0.21%	0.08%	0.28%
Domestic Fixed Income	18%	17%	6.90%	4.64%	0.41%	(0.01%)	0.40%
Real Estate	9%	10%	16.77%	12.72%	0.35%	(0.05%)	0.29%
Timber	4%	5%	5.53%	10.64%	(0.21%)	(0.05%)	(0.26%)
Infrastructure	4%	5%	4.80%	(0.65%)	0.22%	0.05%	0.27%
International Equity	15%	15%	(0.46%)	(0.54%)	0.01%	(0.03%)	(0.02%)
International Fixed Income	5%	5%	(3.96%)	(10.08%)	0.33%	0.03%	0.36%
Private Equity	4%	5%	(2.78%)	(2.78%)	0.00%	0.06%	0.06%
World Equity	16%	16%	7.45%	6.03%	0.20%	0.00%	0.20%
Cash & Equivalents	1%	1%	0.06%	0.03%	0.00%	(0.01%)	(0.01%)
Total			6.87%	5.28%	1.53%	0.06%	1.59%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

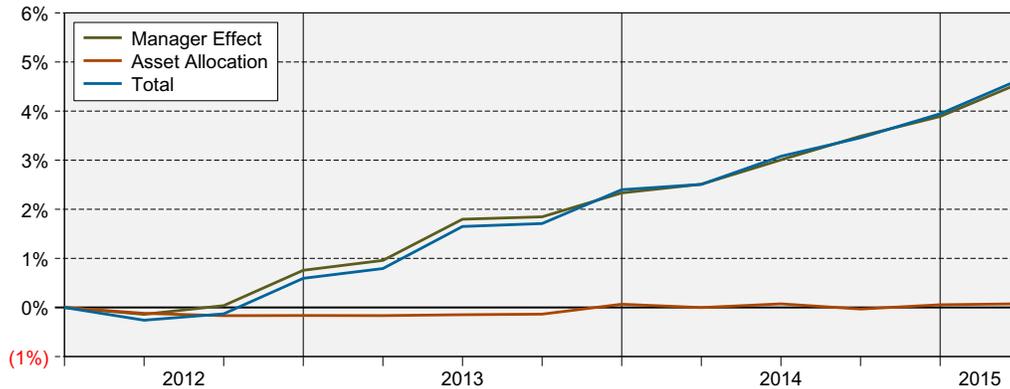
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

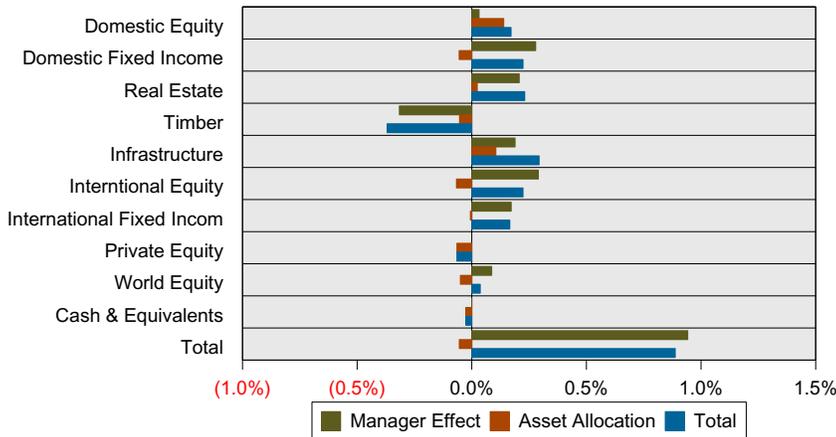
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	24%	23%	17.61%	16.46%	0.25%	0.12%	0.38%
Domestic Fixed Income	18%	17%	7.17%	4.38%	0.50%	(0.03%)	0.48%
Real Estate	10%	10%	12.91%	11.47%	0.13%	(0.03%)	0.10%
Timber	5%	5%	1.72%	9.80%	(0.41%)	(0.02%)	(0.43%)
Infrastructure	4%	5%	7.72%	0.69%	0.28%	0.09%	0.37%
International Equity	16%	16%	8.08%	6.94%	0.16%	(0.04%)	0.13%
International Fixed Income	5%	5%	0.95%	(2.68%)	0.20%	(0.00%)	0.20%
Private Equity	5%	5%	4.52%	4.52%	0.00%	0.01%	0.01%
World Equity	13%	13%	12.56%	12.19%	0.14%	(0.08%)	0.06%
Cash & Equivalents	1%	1%	0.07%	0.07%	0.00%	(0.01%)	(0.01%)
Total			10.34%	9.06%	+ 1.26%	+ 0.02%	1.29%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

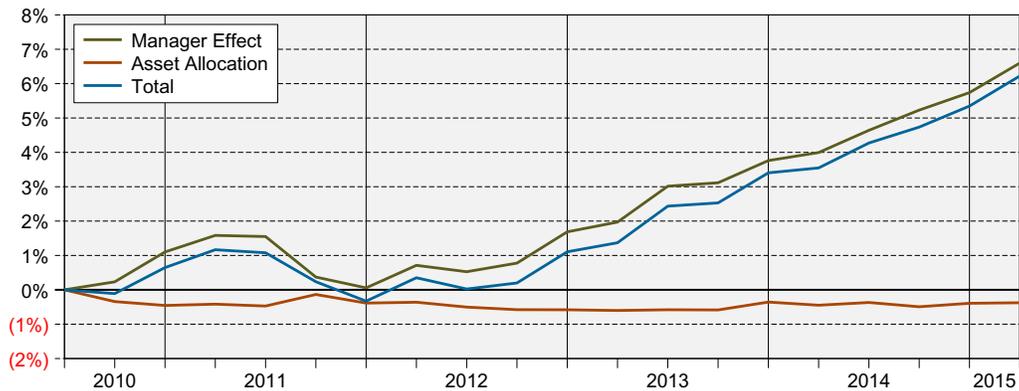
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Four and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Four and Three-Quarter Year Annualized Relative Attribution Effects

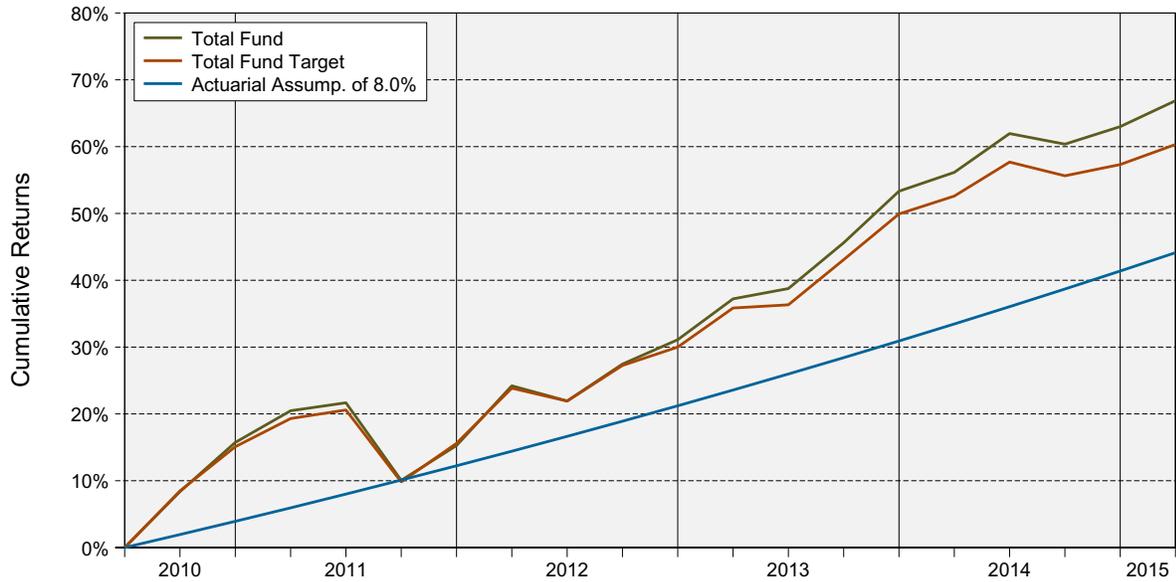
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	28%	18.87%	18.45%	0.03%	0.14%	0.17%
Domestic Fixed Income	21%	20%	7.10%	5.41%	0.28%	(0.06%)	0.22%
Real Estate	8%	9%	15.63%	12.69%	0.21%	0.02%	0.23%
Timber	4%	4%	-	-	(0.32%)	(0.05%)	(0.37%)
Infrastructure	3%	4%	-	-	0.19%	0.10%	0.29%
International Equity	16%	16%	9.52%	7.59%	0.29%	(0.07%)	0.22%
International Fixed Income	5%	5%	4.49%	1.32%	0.17%	(0.01%)	0.17%
Private Equity	5%	5%	5.61%	5.61%	0.00%	(0.07%)	(0.07%)
World Equity	9%	9%	-	-	0.09%	(0.05%)	0.04%
Cash & Equivalents	1%	1%	0.09%	0.08%	0.00%	(0.03%)	(0.03%)
Total			11.38%	10.50%	+ 0.94%	+ (0.05%)	0.89%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

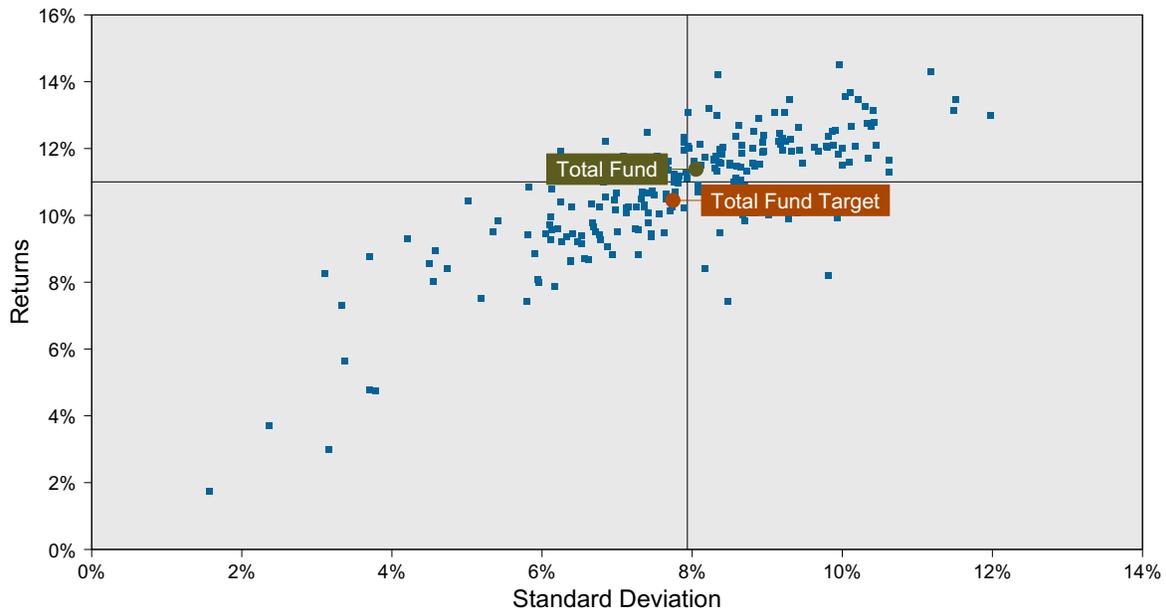
Cumulative Performance Relative to Target

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

Cumulative Returns Actual vs Target



Four and Three-Quarter Year Annualized Risk vs Return



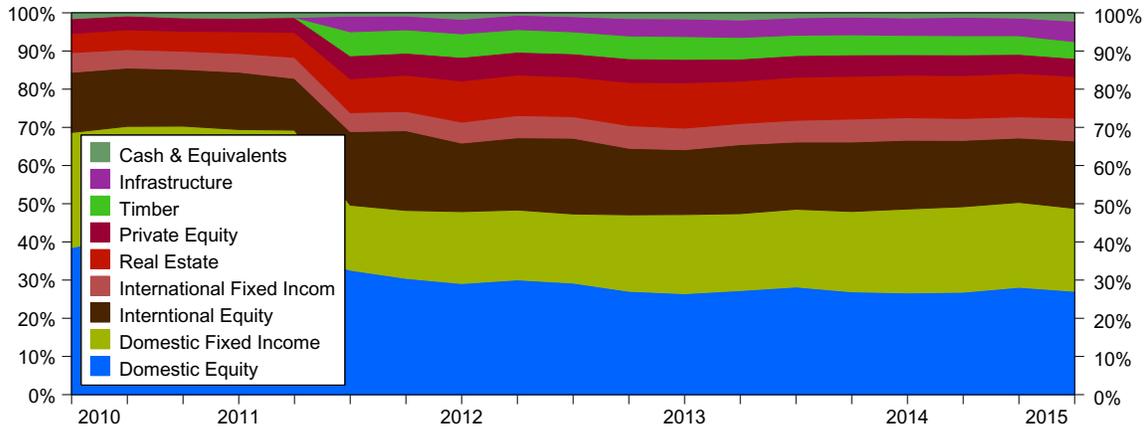
Squares represent membership of the Public Fund Sponsor Database

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

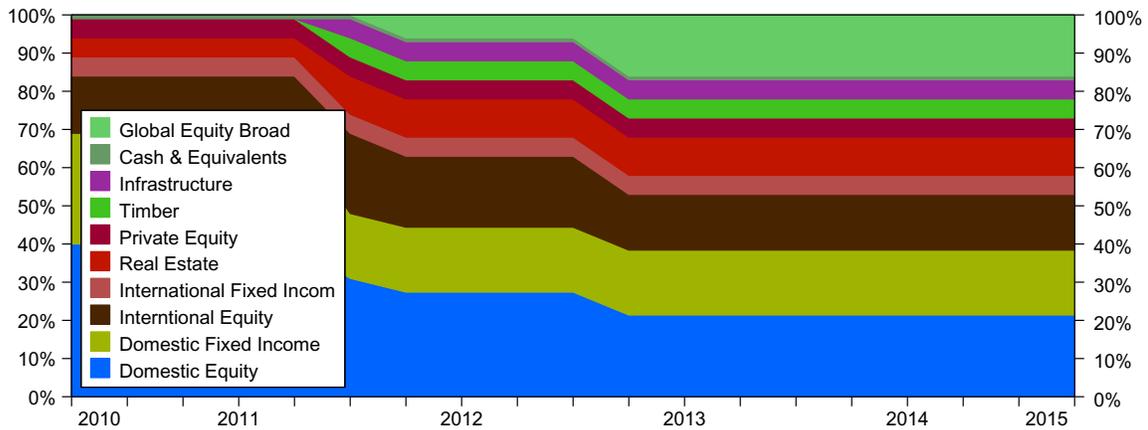
Actual vs Target Historical Asset Allocation

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

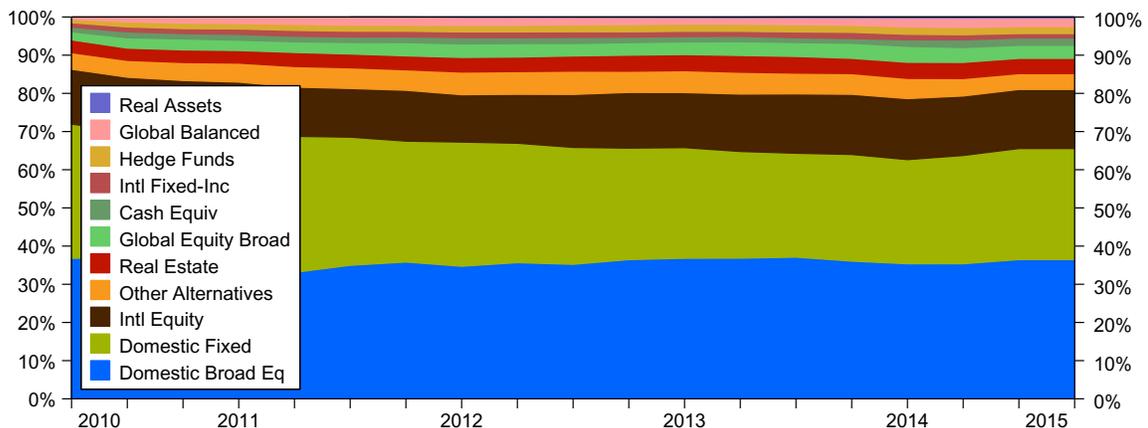
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average Public Fund Sponsor Database Historical Asset Allocation

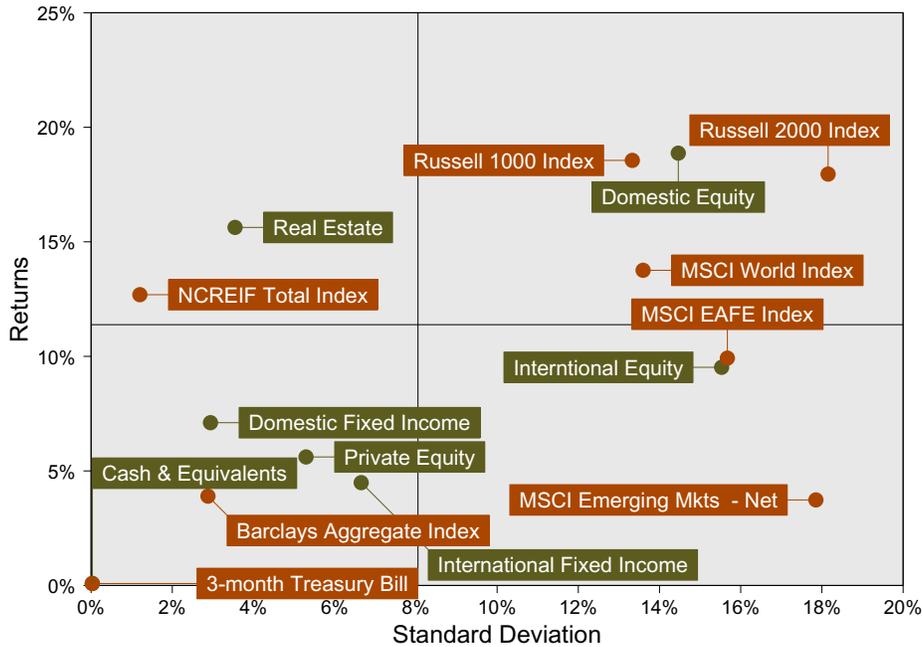


* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

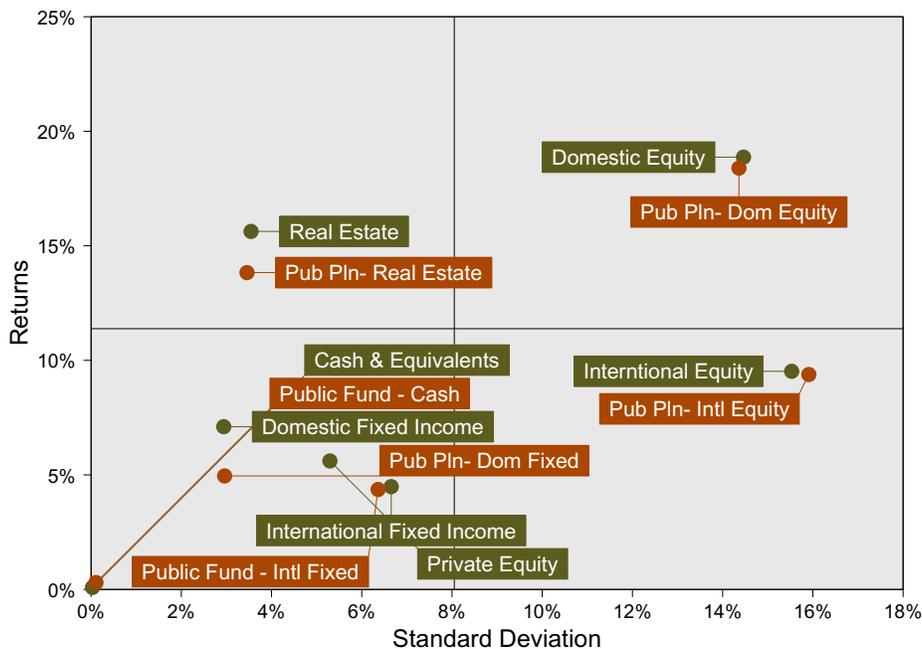
Asset Class Risk and Return

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

Four and Three-Quarter Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



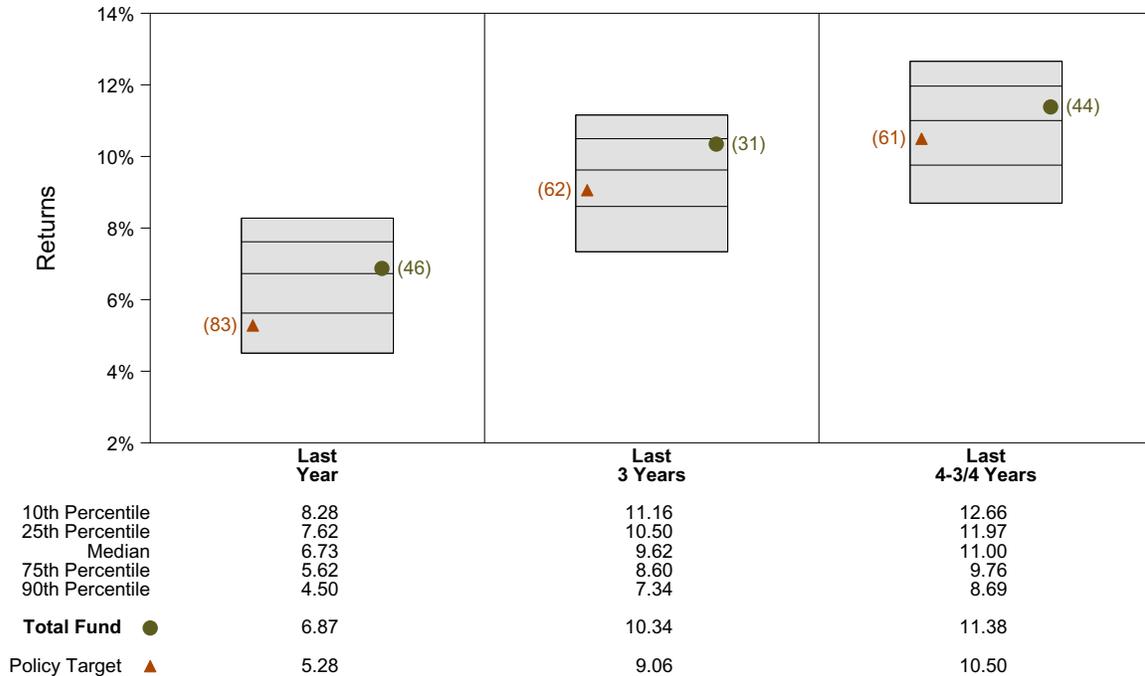
Four and Three-Quarter Year Annualized Risk vs Return Asset Classes vs Asset Class Median



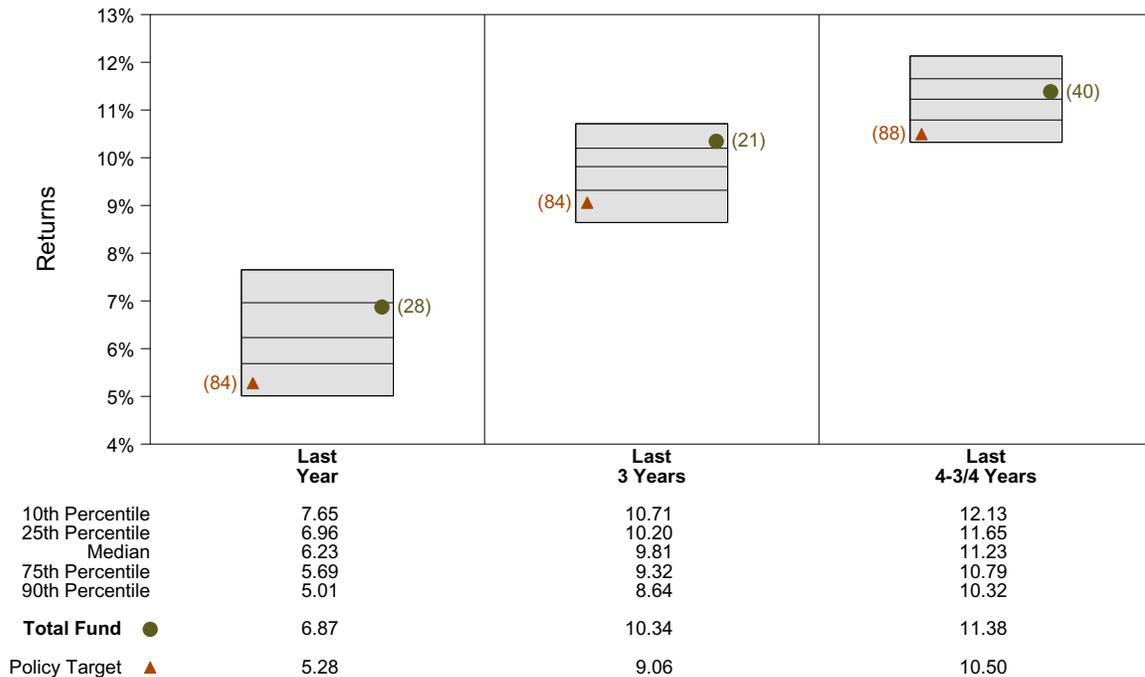
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended March 31, 2015. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

Public Fund Sponsor Database



Asset Allocation Adjusted Ranking

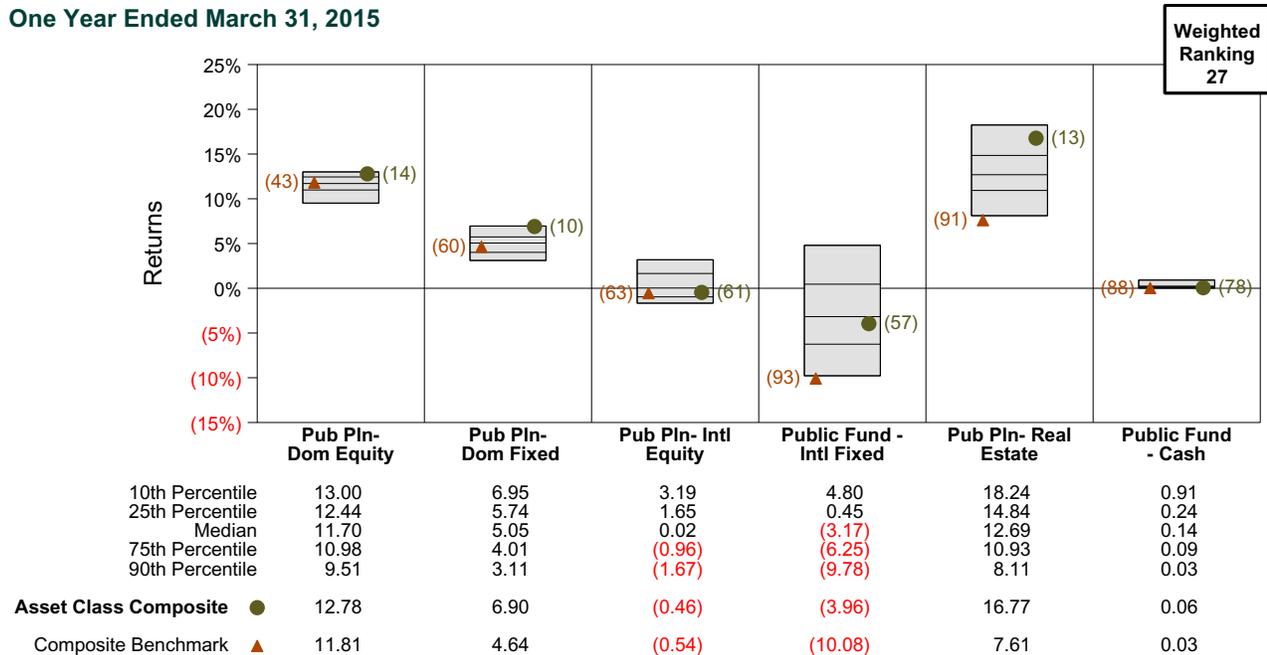


* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

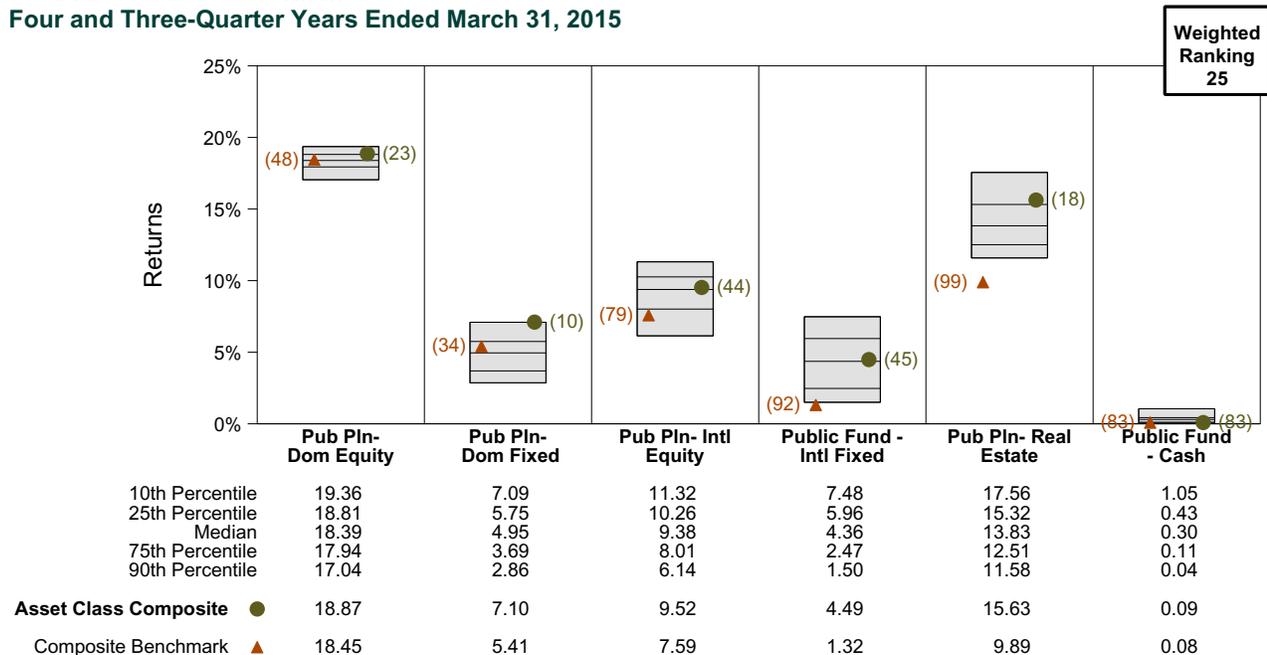
Asset Class Rankings

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

Total Asset Class Performance One Year Ended March 31, 2015



Total Asset Class Performance Four and Three-Quarter Years Ended March 31, 2015



* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2015			Inv. Return	December 31, 2014	
	Market Value	Weight	Net New Inv.		Market Value	Weight
GLOBAL EQUITY	\$1,375,790,751	57.29%	\$(16,551,436)	\$39,316,643	\$1,353,025,544	57.67%
Domestic Equity	\$549,024,601	22.86%	\$(25,569,462)	\$16,580,013	\$558,014,050	23.79%
Large Cap	423,202,476	17.62%	(25,016,259)	11,463,951	436,754,784	18.62%
Small Cap	125,822,125	5.24%	(553,203)	5,116,062	121,259,266	5.17%
International Equity	\$358,352,555	14.92%	\$9,434,971	\$14,080,758	\$334,836,827	14.27%
Developed Intl Equity	274,413,737	11.43%	9,396,621	11,814,324	253,202,793	10.79%
Emerging Markets	83,938,818	3.50%	38,350	2,266,434	81,634,034	3.48%
World Equity	\$372,693,327	15.52%	\$(111,161)	\$11,574,515	\$361,229,973	15.40%
Private Equity	\$95,720,268	3.99%	\$(305,783)	\$(2,918,643)	\$98,944,694	4.22%
GLOBAL FIXED INCOME	\$561,536,563	23.38%	\$3,988,803	\$6,314,947	\$551,232,813	23.50%
Domestic Fixed Income	\$440,838,287	18.36%	\$(9,053,978)	\$8,557,512	\$441,334,753	18.81%
Inv. Grade Fixed Income	309,737,831	12.90%	(13,184,595)	5,727,275	317,195,151	13.52%
Below Inv. Grade Fixed Income	131,100,456	5.46%	4,130,617	2,830,237	124,139,602	5.29%
International Fixed Income	\$120,698,276	5.03%	\$13,042,781	\$(2,242,565)	\$109,898,060	4.68%
GLOBAL REAL ASSETS	\$419,350,121	17.46%	\$(5,565,500)	\$10,163,441	\$414,752,181	17.68%
Real Estate	221,596,296	9.23%	(11,596,532)	7,175,154	226,017,674	9.63%
Timber	89,246,361	3.72%	(10,270,089)	2,879,057	96,637,393	4.12%
Infrastructure	108,507,464	4.52%	16,301,120	109,230	92,097,114	3.93%
Cash & Equivalents	\$44,631,702	1.86%	\$17,656,282	\$6,033	\$26,969,388	1.15%
Total Fund	\$2,401,309,138	100.0%	\$(471,852)	\$55,801,063	\$2,345,979,926	100.0%

PLEASE REFER TO PAGES 38-40 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 4-3/4 Years
Global Equity				
Gross	2.90%	6.63%	12.83%	-
Net	2.84%	6.25%	12.46%	-
Wtd Avg Global Equity Benchmark	2.29%	5.67%	11.81%	-
Domestic Equity				
Gross	3.01%	12.78%	17.61%	18.87%
Net	2.97%	12.56%	17.37%	18.58%
Wtd Avg Domestic Equity Benchmark	2.20%	11.81%	16.46%	18.45%
Large Cap Equity				
Gross	2.68%	14.68%	17.85%	18.96%
Net	2.62%	14.46%	17.62%	18.66%
Benchmark(1)	1.59%	12.73%	16.45%	18.55%
Small Cap Equity				
Gross	4.23%	6.54%	16.83%	18.58%
Net	4.23%	6.35%	16.56%	18.33%
Russell 2000 Index	4.32%	8.21%	16.27%	17.96%
International Equity				
Gross	4.18%	(0.46%)	8.08%	9.52%
Net	4.13%	(0.66%)	7.75%	9.15%
Wtd Avg Intl Equity Benchmark	4.25%	(0.54%)	6.94%	7.59%
Developed Intl Equity				
Gross	4.62%	(1.93%)	9.96%	10.41%
Net	4.55%	(2.17%)	9.65%	10.06%
Benchmark(2)	4.88%	(0.92%)	9.02%	8.69%
Emerging Markets				
Gross	2.78%	4.20%	1.72%	6.31%
Net	2.78%	4.13%	1.34%	5.87%
Benchmark(3)	2.24%	0.44%	0.31%	3.80%
World Equity				
Gross	3.22%	7.45%	12.56%	-
Net	3.13%	6.58%	11.77%	-
MSCI World Index	2.31%	6.03%	12.19%	13.76%
Private Equity				
Net	(2.96%)	(2.80%)	4.46%	5.49%

(1) S&P 500 Index through 12/31/2011 and the Russell 1000 Index thereafter.

(2) 50% Hedged EAFE through 3/31/2011 and MSCI EAFE thereafter.

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

PLEASE REFER TO PAGES 41-45 FOR INVESTMENT MANAGER LEVEL RETURNS.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 4-3/4 Years
Global Fixed Income				
Gross	1.14%	4.61%	5.81%	-
Net	1.09%	4.37%	5.56%	-
Wtd Avg Global Fixed Income Benchmark	0.40%	1.16%	2.77%	-
Domestic Fixed Income				
Gross	1.94%	6.90%	7.17%	7.10%
Net	1.89%	6.67%	6.95%	6.85%
Wtd Avg Domestic FI Benchmark	1.89%	4.64%	4.38%	5.41%
Inv. Grade Fixed Income				
Gross	1.81%	7.54%	6.02%	5.91%
Net	1.79%	7.40%	5.90%	5.73%
Barclays Aggregate Index	1.61%	5.72%	3.10%	3.90%
Below Inv. Grade Fixed Income				
Gross	2.26%	5.17%	10.13%	10.40%
Net	2.15%	4.71%	9.64%	9.96%
Barclays HY Corp 2% Issue	2.52%	2.00%	7.44%	9.05%
International Fixed Income				
Gross	(2.03%)	(3.96%)	0.95%	4.49%
Net	(2.07%)	(4.25%)	0.61%	4.13%
Wtd Avg Intl Fixed Income Benchmark	(4.63%)	(10.08%)	(2.68%)	1.32%
Global Real Assets				
Gross	2.45%	11.23%	8.71%	-
Net	2.32%	10.78%	8.29%	-
Wtd Avg Global Real Assets Benchmark	2.35%	8.77%	8.31%	-
Real Estate				
Gross	3.24%	16.77%	12.91%	15.63%
Net	3.04%	16.14%	12.37%	15.04%
NCREIF Total Index	3.57%	12.72%	11.47%	12.69%
Timber				
Net	3.15%	5.53%	1.72%	-
NCREIF Timberland Index	1.75%	10.64%	9.80%	6.32%
Infrastructure				
Gross	(0.07%)	4.80%	7.72%	-
Net	(0.17%)	4.27%	7.05%	-
CPI-W	0.50%	(0.65%)	0.69%	1.64%
Cash & Equivalents - Net				
3-month Treasury Bill	0.02%	0.06%	0.07%	0.09%
	0.00%	0.03%	0.07%	0.08%
Total Fund				
Gross	2.38%	6.87%	10.34%	11.38%
Net	2.31%	6.52%	10.00%	11.02%
Target*	1.91%	5.28%	9.06%	10.50%

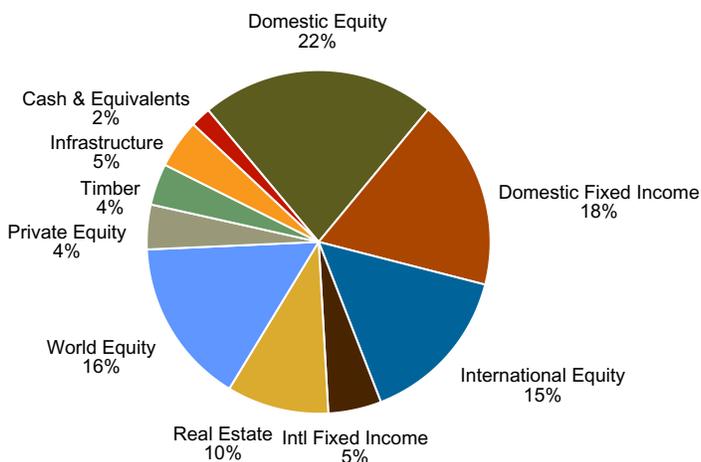
* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB PERS - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 3.5% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

PLEASE REFER TO PAGES 41-45 FOR INVESTMENT MANAGER LEVEL RETURNS.

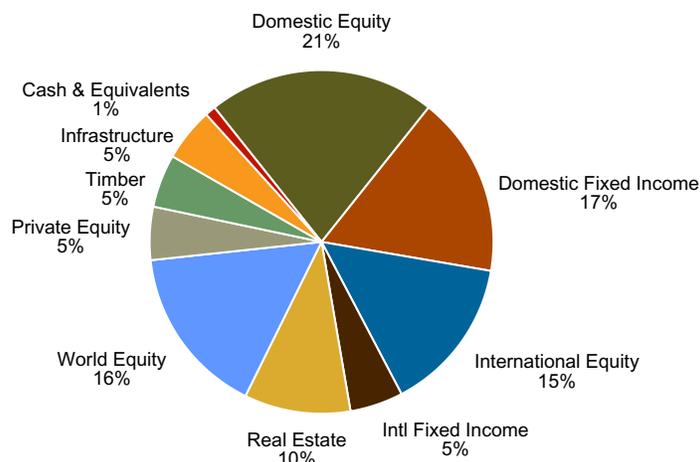
Actual vs Target Asset Allocation As of March 31, 2015

The top left chart shows the Fund's asset allocation as of March 31, 2015. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Public Fund Sponsor Database.

Actual Asset Allocation

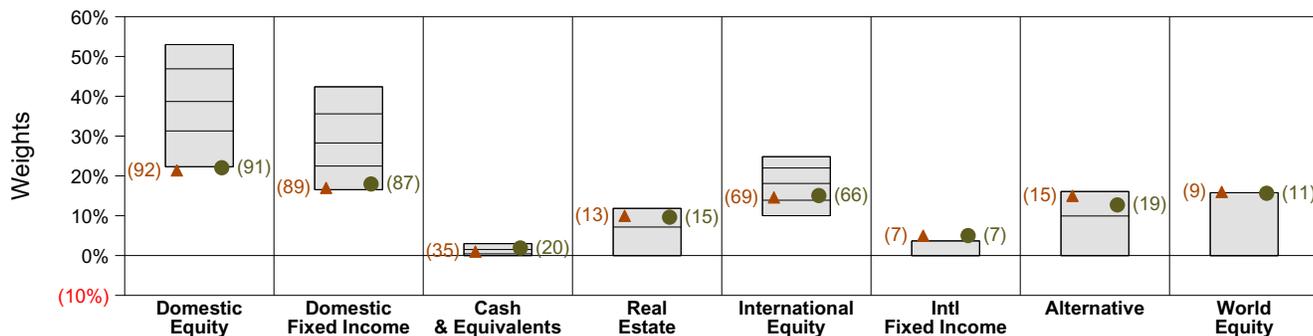


Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	460,920	22.1%	21.4%	0.7%	13,596
Domestic Fixed Income	375,562	18.0%	17.0%	1.0%	20,211
International Equity	314,836	15.1%	14.6%	0.5%	9,653
Intl Fixed Income	104,871	5.0%	5.0%	0.0%	356
Real Estate	201,397	9.6%	10.0%	(0.4%)	(7,633)
World Equity	326,840	15.6%	16.0%	(0.4%)	(7,608)
Private Equity	87,860	4.2%	5.0%	(0.8%)	(16,655)
Timber	80,949	3.9%	5.0%	(1.1%)	(23,566)
Infrastructure	97,152	4.6%	5.0%	(0.4%)	(7,363)
Cash & Equivalents	39,913	1.9%	1.0%	0.9%	19,010
Total	2,090,299	100.0%	100.0%		

Asset Class Weights vs Public Fund Sponsor Database



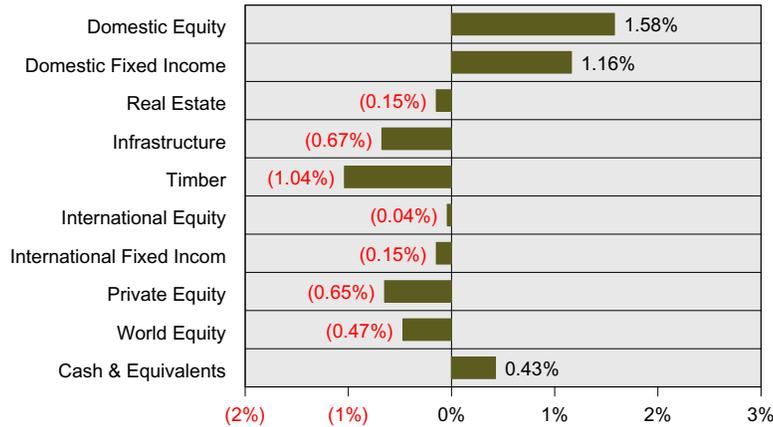
10th Percentile	52.98	42.38	2.99	11.84	24.83	3.68	16.09	15.77
25th Percentile	46.89	35.59	1.52	7.16	21.99	0.00	9.94	0.00
Median	38.69	28.28	0.44	0.00	18.10	0.00	0.00	0.00
75th Percentile	31.29	22.48	0.00	0.00	13.89	0.00	0.00	0.00
90th Percentile	22.30	16.54	0.00	0.00	10.01	0.00	0.00	0.00
Fund	22.05	17.97	1.91	9.63	15.06	5.02	12.72	15.64
Target	21.40	17.00	1.00	10.00	14.60	5.00	15.00	16.00
% Group Invested	95.91%	97.66%	69.59%	45.03%	90.06%	16.96%	41.52%	22.81%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

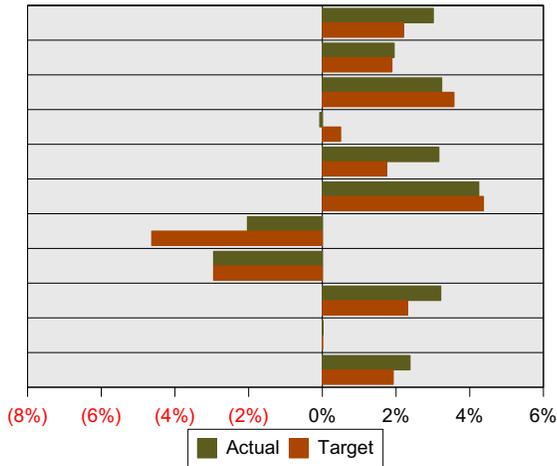
Quarterly Total Fund Relative Attribution - March 31, 2015

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

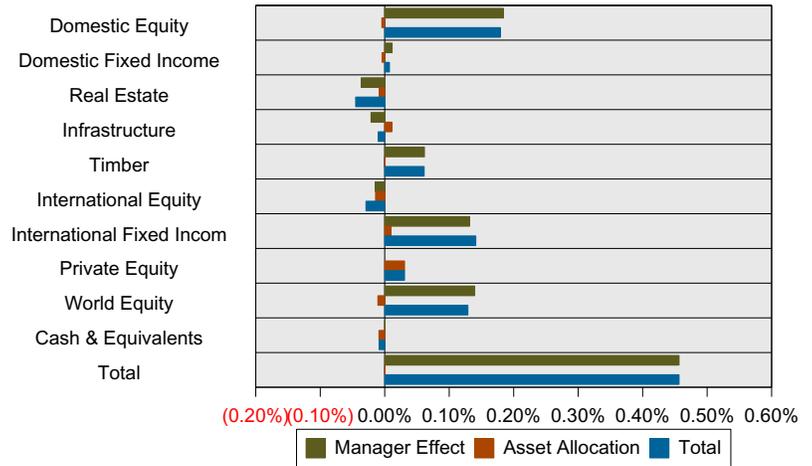
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2015

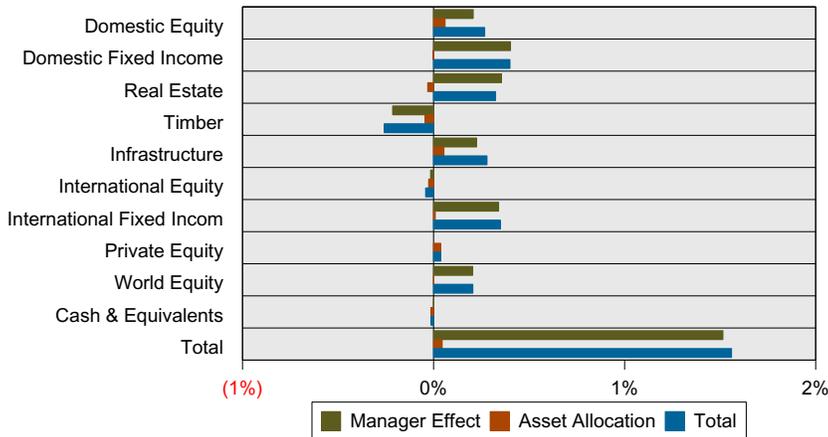
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	3.01%	2.20%	0.18%	(0.00%)	0.18%
Domestic Fixed Income	18%	17%	1.95%	1.89%	0.01%	(0.00%)	0.01%
Real Estate	10%	10%	3.24%	3.57%	(0.04%)	(0.01%)	(0.05%)
Infrastructure	4%	5%	(0.07%)	0.50%	(0.02%)	0.01%	(0.01%)
Timber	4%	5%	3.16%	1.75%	0.06%	(0.00%)	0.06%
International Equity	15%	15%	4.25%	4.37%	(0.01%)	(0.01%)	(0.03%)
International Fixed Income	5%	5%	(2.03%)	(4.63%)	0.13%	0.01%	0.14%
Private Equity	4%	5%	(2.95%)	(2.95%)	0.00%	0.03%	0.03%
World Equity	16%	16%	3.22%	2.31%	0.14%	(0.01%)	0.13%
Cash & Equivalents	1%	1%	0.02%	0.00%	0.00%	(0.01%)	(0.01%)
Total			2.38%	1.92%	+ 0.46%	+ (0.00%)	0.46%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

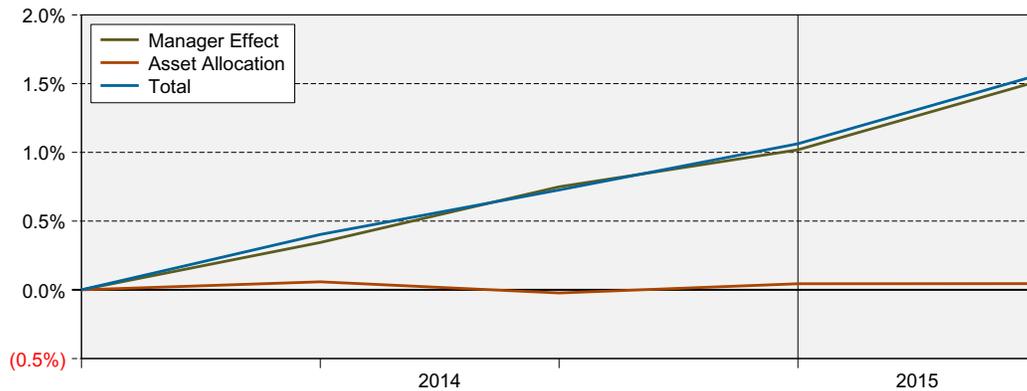
Cumulative Total Fund Relative Attribution - March 31, 2015

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

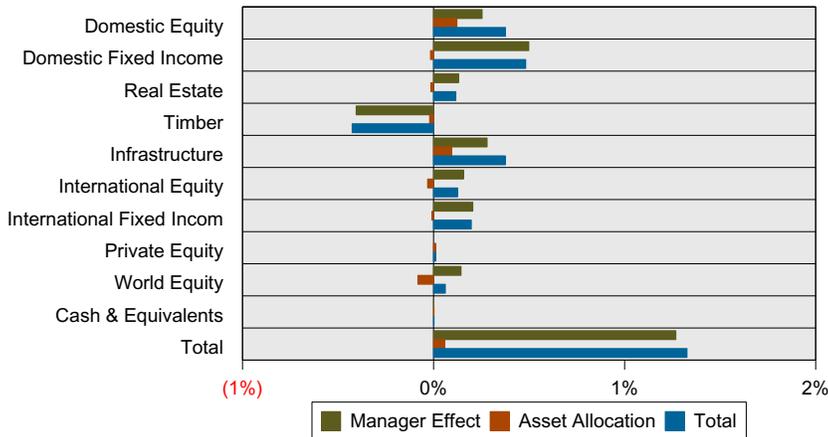
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	12.81%	11.81%	0.21%	0.06%	0.27%
Domestic Fixed Income	18%	17%	6.87%	4.64%	0.40%	(0.00%)	0.40%
Real Estate	10%	10%	16.77%	12.72%	0.36%	(0.03%)	0.32%
Timber	4%	5%	5.54%	10.64%	(0.21%)	(0.04%)	(0.26%)
Infrastructure	4%	5%	4.80%	(0.65%)	0.23%	0.05%	0.28%
International Equity	15%	15%	(0.70%)	(0.61%)	(0.02%)	(0.03%)	(0.04%)
International Fixed Income	5%	5%	(3.96%)	(10.08%)	0.34%	0.01%	0.35%
Private Equity	5%	5%	(2.77%)	(2.77%)	0.00%	0.04%	0.04%
World Equity	16%	16%	7.46%	6.03%	0.20%	0.00%	0.21%
Cash & Equivalents	1%	1%	0.06%	0.03%	0.00%	(0.01%)	(0.01%)
Total			6.83%	5.27%	1.51%	0.05%	1.56%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

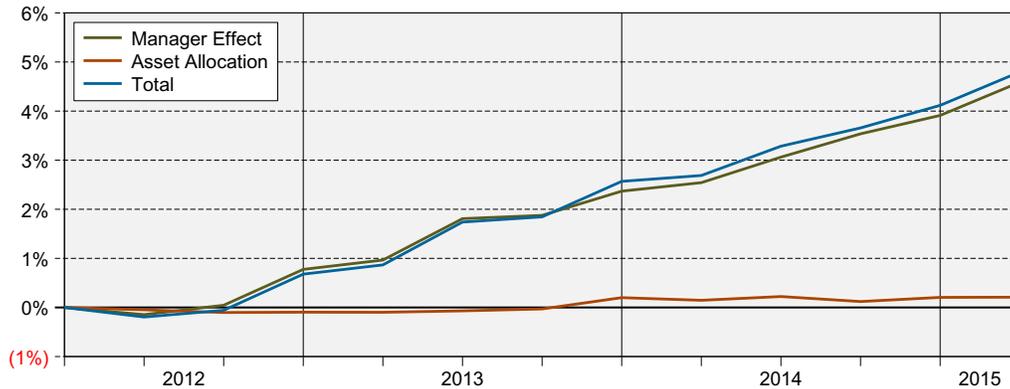
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

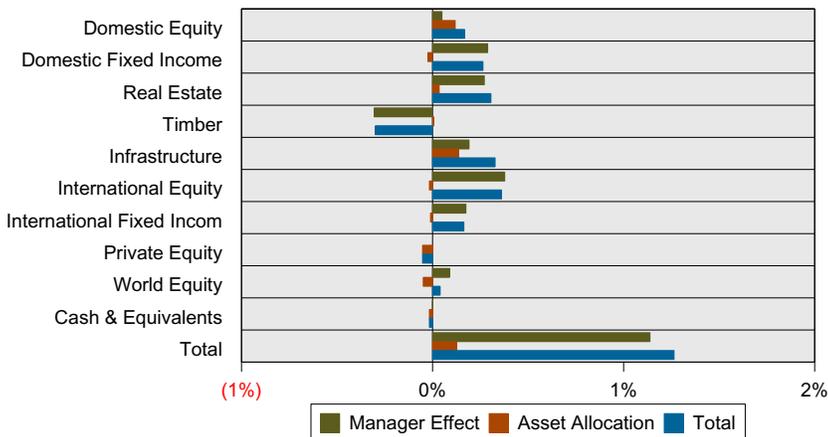
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	24%	23%	17.62%	16.46%	0.25%	0.12%	0.38%
Domestic Fixed Income	17%	17%	7.17%	4.38%	0.50%	(0.02%)	0.48%
Real Estate	10%	10%	12.91%	11.47%	0.13%	(0.01%)	0.12%
Timber	5%	5%	7.72%	9.80%	(0.41%)	(0.02%)	(0.43%)
Infrastructure	4%	5%	8.45%	7.36%	0.28%	0.10%	0.38%
International Equity	16%	16%	0.96%	(2.68%)	0.16%	(0.03%)	0.13%
International Fixed Income	5%	5%	4.53%	4.53%	0.21%	(0.01%)	0.20%
Private Equity	5%	5%	12.56%	12.19%	0.00%	0.01%	0.01%
World Equity	13%	13%	0.07%	0.07%	0.14%	(0.08%)	0.06%
Cash & Equivalents	1%	1%	0.07%	0.07%	0.00%	0.00%	0.00%
Total			10.45%	9.12%	+ 1.27%	+ 0.06%	1.33%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

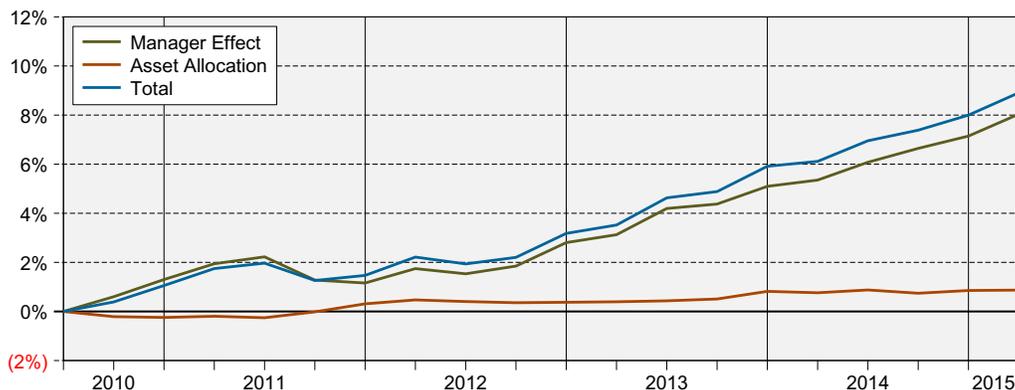
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Four and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Four and Three-Quarter Year Annualized Relative Attribution Effects

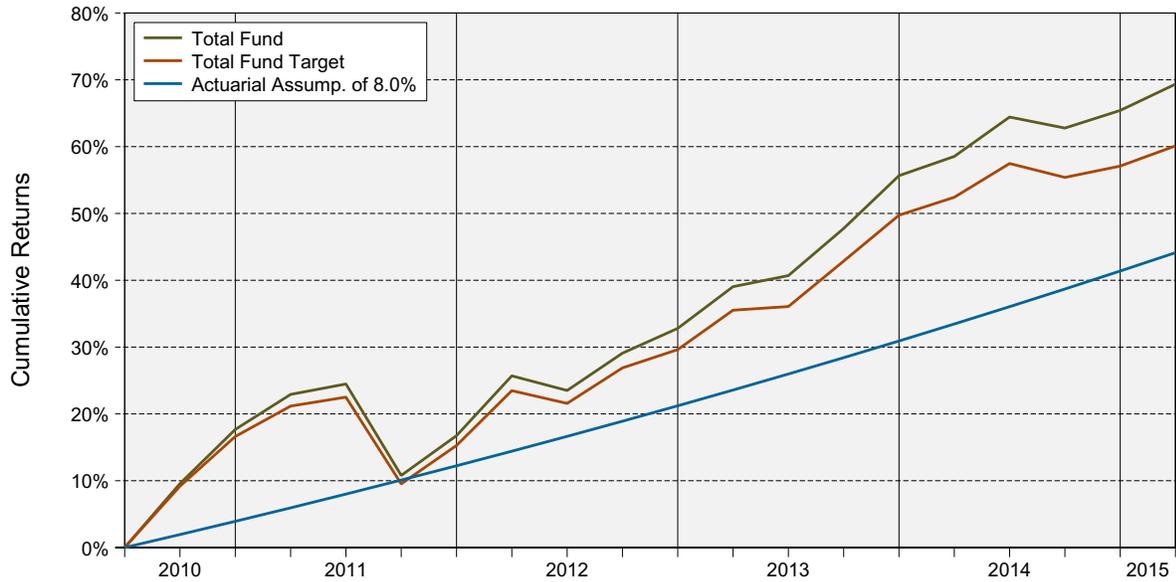
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	28%	18.88%	18.43%	0.05%	0.12%	0.17%
Domestic Fixed Income	18%	18%	7.13%	5.44%	0.29%	(0.02%)	0.26%
Real Estate	10%	10%	15.62%	12.69%	0.27%	0.03%	0.31%
Timber	4%	4%	-	-	(0.31%)	0.01%	(0.30%)
Infrastructure	3%	4%	-	-	0.19%	0.14%	0.33%
International Equity	18%	18%	9.71%	7.82%	0.38%	(0.02%)	0.36%
International Fixed Income	5%	5%	4.49%	1.32%	0.17%	(0.01%)	0.16%
Private Equity	5%	5%	5.64%	5.64%	0.00%	(0.05%)	(0.05%)
World Equity	9%	9%	-	-	0.09%	(0.05%)	0.04%
Cash & Equivalents	1%	1%	0.09%	0.08%	0.00%	(0.02%)	(0.02%)
Total			11.73%	10.47%	+ 1.14%	+ 0.13%	1.26%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

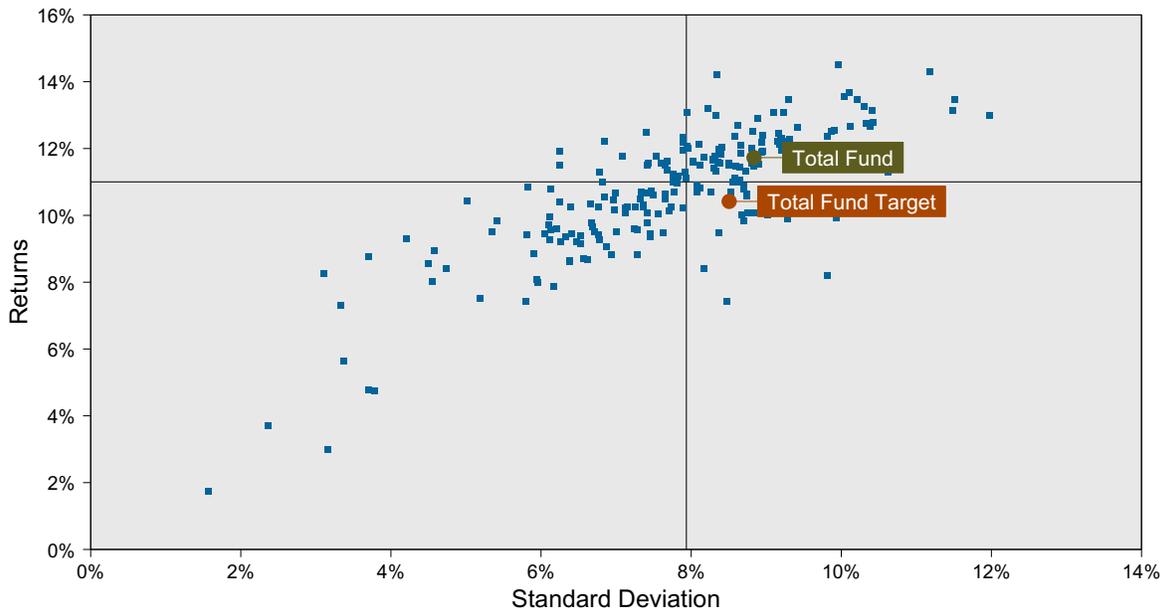
Cumulative Performance Relative to Target

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

Cumulative Returns Actual vs Target



Four and Three-Quarter Year Annualized Risk vs Return



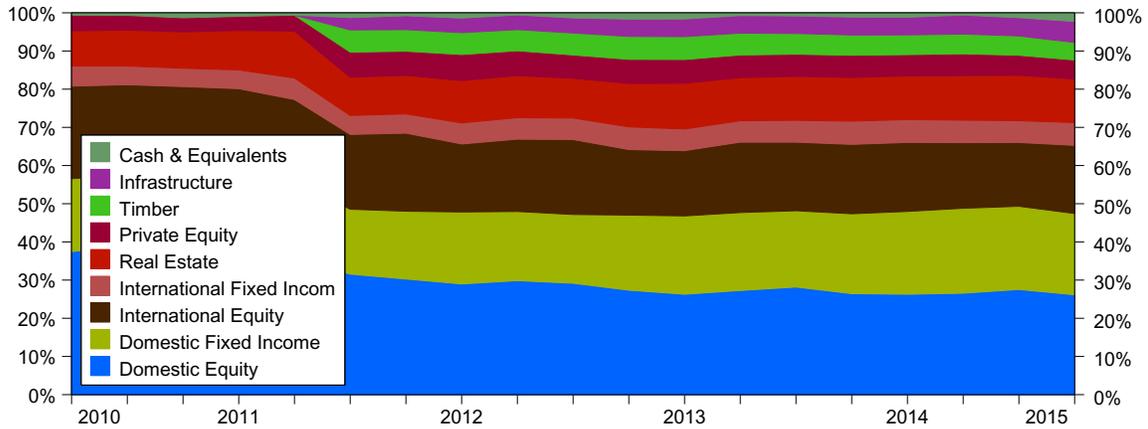
Squares represent membership of the Public Fund Sponsor Database

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

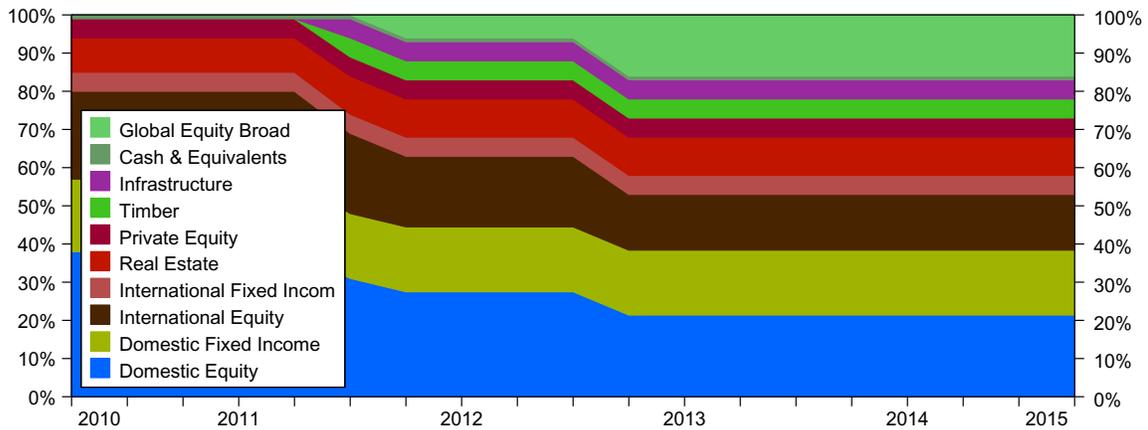
Actual vs Target Historical Asset Allocation

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

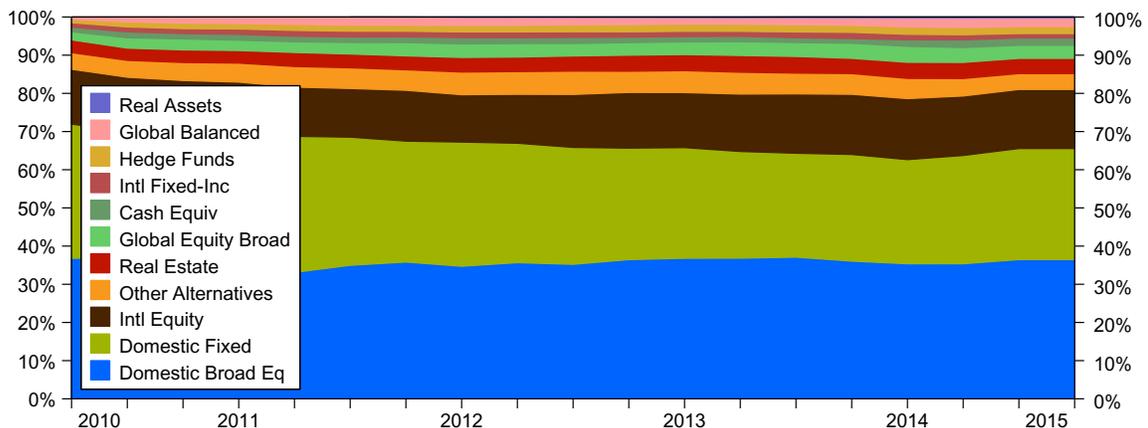
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average Public Fund Sponsor Database Historical Asset Allocation

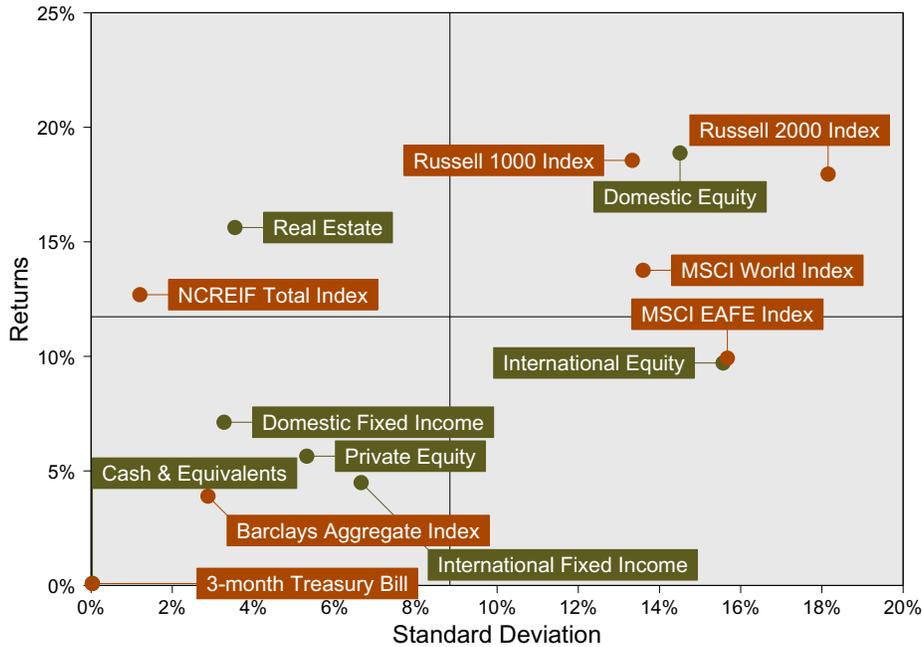


* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

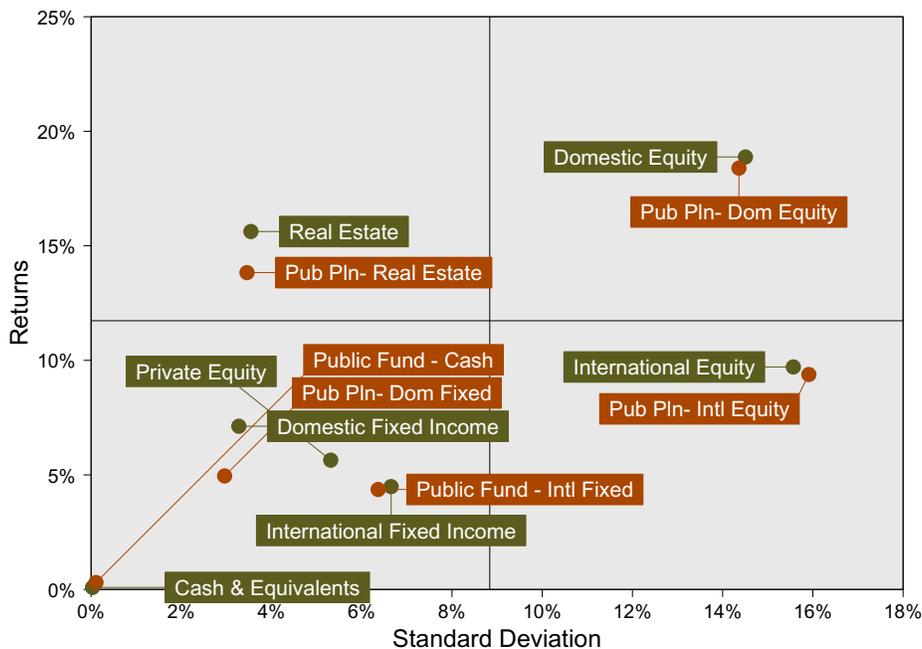
Asset Class Risk and Return

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

Four and Three-Quarter Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



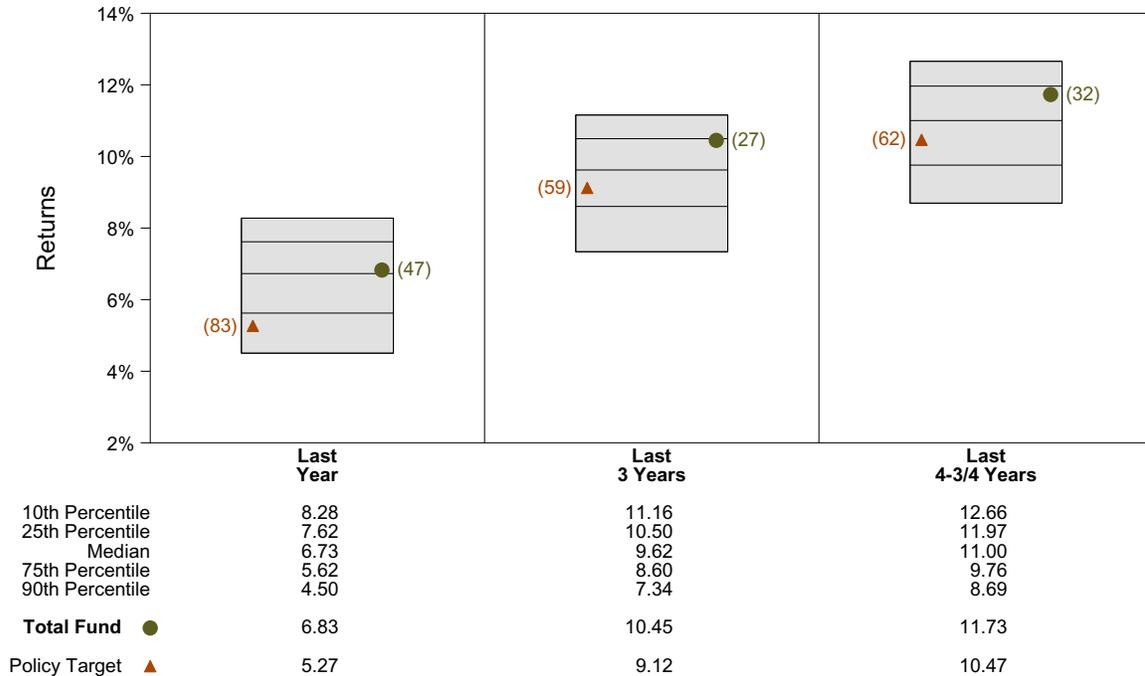
Four and Three-Quarter Year Annualized Risk vs Return Asset Classes vs Asset Class Median



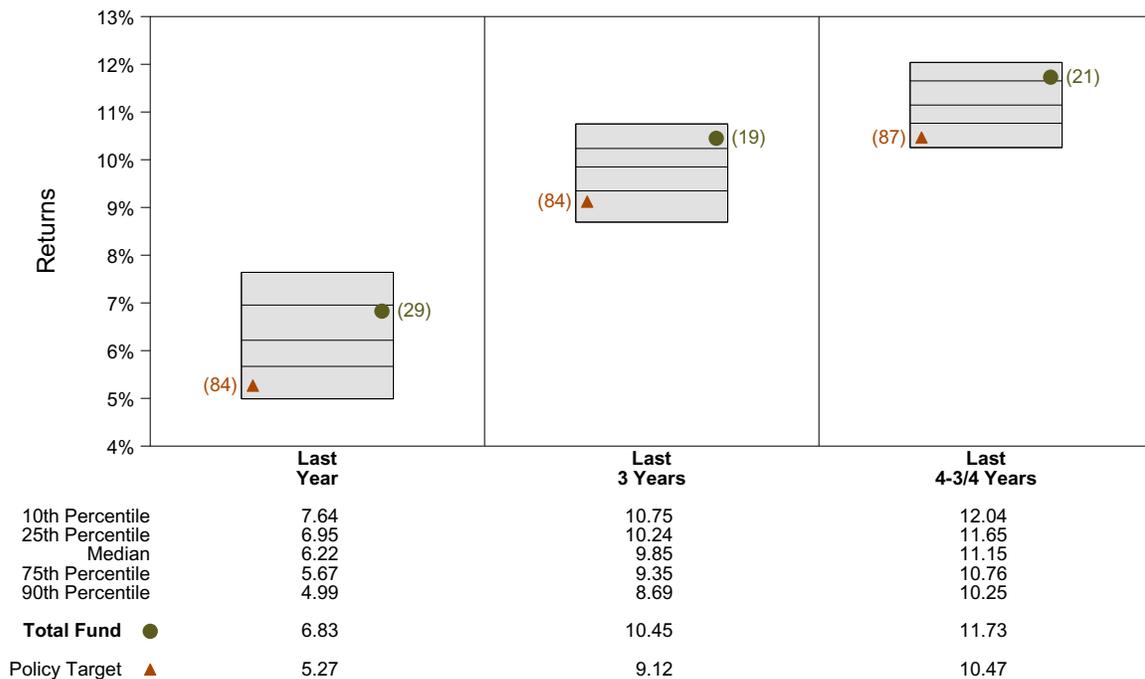
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended March 31, 2015. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

Public Fund Sponsor Database



Asset Allocation Adjusted Ranking

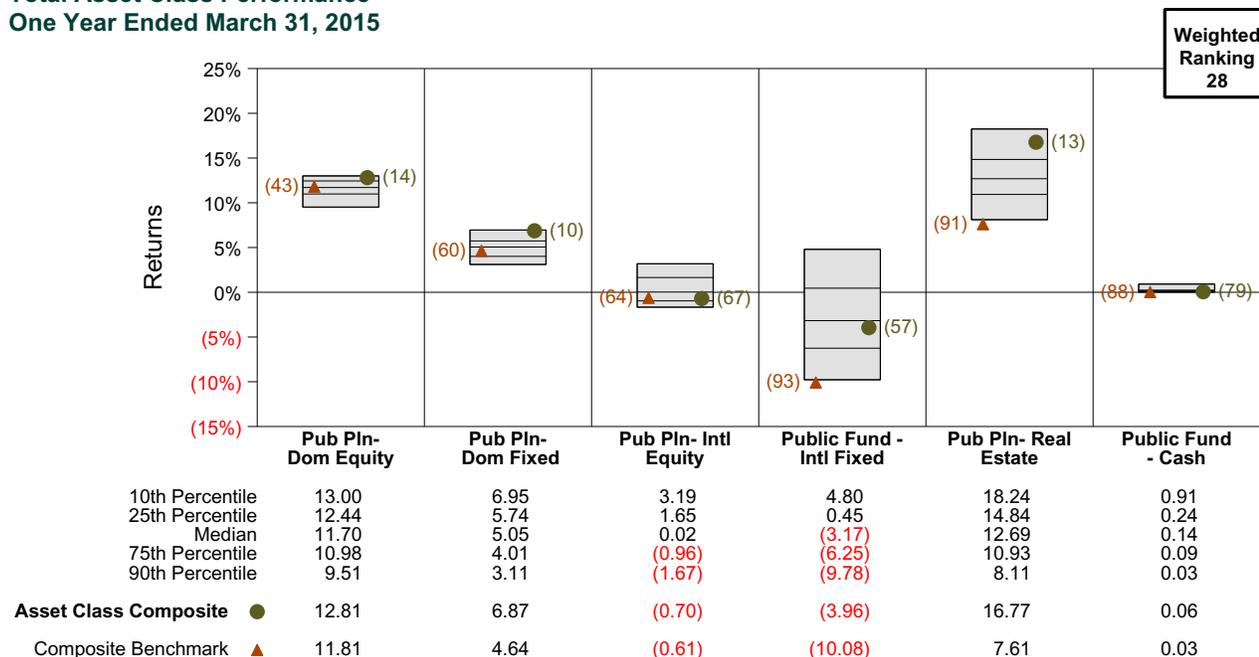


* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

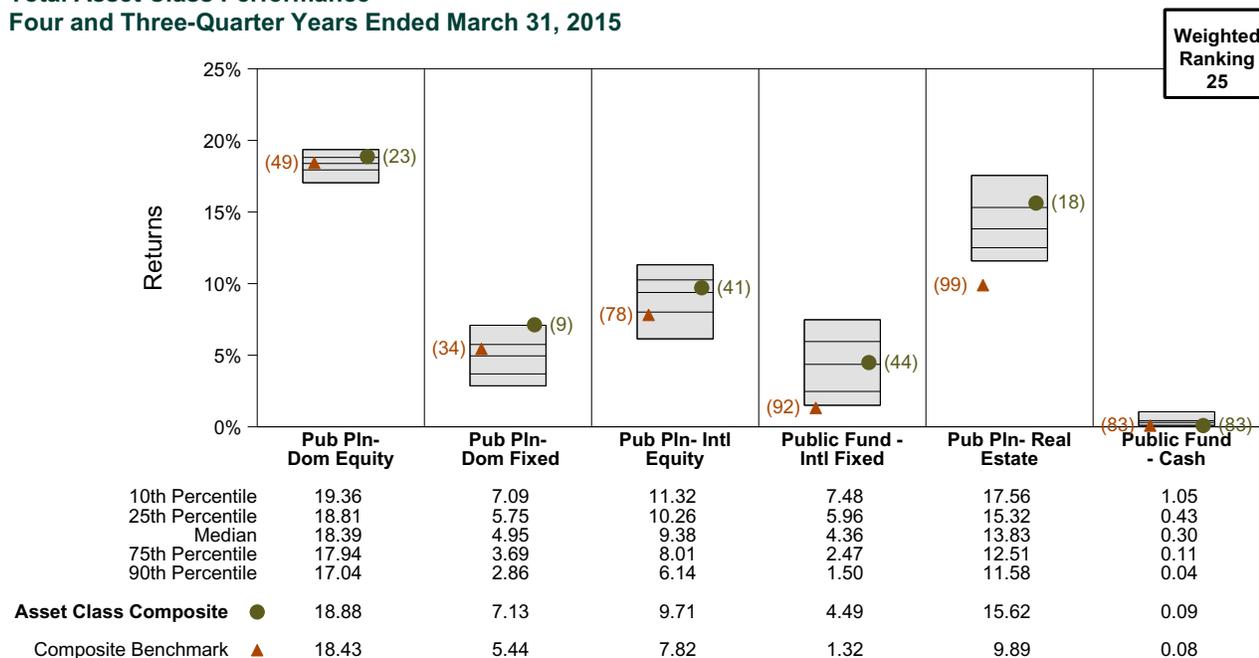
Asset Class Rankings

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

Total Asset Class Performance One Year Ended March 31, 2015



Total Asset Class Performance Four and Three-Quarter Years Ended March 31, 2015



* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2015			Inv. Return	December 31, 2014	
	Market Value	Weight	Net New Inv.		Market Value	Weight
GLOBAL EQUITY	\$1,190,455,975	56.95%	\$(16,435,030)	\$34,090,038	\$1,172,800,967	57.31%
Domestic Equity	\$460,919,718	22.05%	\$(29,530,482)	\$14,167,487	\$476,282,713	23.27%
Large Cap	355,736,967	17.02%	(28,978,194)	9,888,172	374,826,989	18.32%
Small Cap	105,182,751	5.03%	(552,288)	4,279,315	101,455,725	4.96%
International Equity	\$314,836,339	15.06%	\$13,450,247	\$12,454,770	\$288,931,322	14.12%
Developed Intl Equity	252,754,157	12.09%	13,411,897	10,778,818	228,563,442	11.17%
Emerging Markets	62,082,182	2.97%	38,350	1,675,952	60,367,880	2.95%
World Equity	\$326,839,638	15.64%	\$(74,121)	\$10,146,763	\$316,766,996	15.48%
Private Equity	\$87,860,280	4.20%	\$(280,673)	\$(2,678,982)	\$90,819,935	4.44%
GLOBAL FIXED INCOME	\$480,432,127	22.98%	\$(675,920)	\$5,343,796	\$475,764,252	23.25%
Fixed Income Comp	\$375,561,622	17.97%	\$(8,723,114)	\$7,325,138	\$376,959,599	18.42%
Investment Grade Fixed	258,359,758	12.36%	(12,669,101)	4,802,310	266,226,549	13.01%
Below Inv. Grade Fixed Income	117,201,864	5.61%	3,945,987	2,522,828	110,733,049	5.41%
International Fixed Income	\$104,870,505	5.02%	\$8,047,194	\$(1,981,342)	\$98,804,653	4.83%
GLOBAL REAL ASSETS	\$379,498,684	18.16%	\$(5,661,807)	\$9,237,318	\$375,923,173	18.37%
Real Estate	201,397,386	9.63%	(10,539,487)	6,521,126	205,415,747	10.04%
Timber	80,949,464	3.87%	(9,326,941)	2,623,025	87,653,380	4.28%
Infrastructure	97,151,834	4.65%	14,204,620	93,167	82,854,047	4.05%
Cash & Equivalents	\$39,912,686	1.91%	\$17,956,696	\$4,927	\$21,951,063	1.07%
Total Fund	\$2,090,299,472	100.0%	\$(4,816,062)	\$48,676,079	\$2,046,439,455	100.0%

PLEASE REFER TO PAGES 38-40 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 4-3/4 Years
Global Equity				
Gross	2.89%	6.51%	12.93%	-
Net	2.83%	6.14%	12.57%	-
Wtd Avg Global Equity Benchmark	2.33%	5.66%	11.94%	-
Domestic Equity				
Gross	3.01%	12.81%	17.62%	18.88%
Net	2.96%	12.59%	17.38%	18.59%
Wtd Avg Domestic Equity Benchmark	2.20%	11.81%	16.46%	18.43%
Large Cap Equity				
Gross	2.68%	14.68%	17.81%	18.94%
Net	2.62%	14.46%	17.58%	18.64%
Benchmark(1)	1.59%	12.73%	16.45%	18.55%
Small Cap Equity				
Gross	4.23%	6.54%	16.83%	18.62%
Net	4.23%	6.35%	16.56%	18.36%
Russell 2000 Index	4.32%	8.21%	16.27%	17.96%
International Equity				
Gross	4.25%	(0.70%)	8.45%	9.71%
Net	4.19%	(0.91%)	8.12%	9.35%
Wtd Avg Intl Equity Benchmark	4.37%	(0.61%)	7.36%	7.82%
Developed Intl Equity				
Gross	4.62%	(1.93%)	9.97%	10.48%
Net	4.55%	(2.17%)	9.66%	10.14%
Benchmark(2)	4.88%	(0.92%)	9.02%	8.69%
Emerging Markets				
Gross	2.78%	4.20%	1.72%	6.26%
Net	2.78%	4.13%	1.34%	5.83%
Benchmark(3)	2.24%	0.44%	0.31%	3.80%
World Equity				
Gross	3.22%	7.46%	12.56%	-
Net	3.13%	6.59%	11.77%	-
MSCI World Index	2.31%	6.03%	12.19%	13.76%
Private Equity				
Net	(2.96%)	(2.79%)	4.47%	5.53%

(1) S&P 500 Index through 12/31/2011 and the Russell 1000 Index thereafter.

(2) 50% Hedged EAFE through 3/31/2011 and MSCI EAFE thereafter.

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

PLEASE REFER TO PAGES 41-45 FOR INVESTMENT MANAGER LEVEL RETURNS.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 4-3/4 Years
Global Fixed Income				
Gross	1.11%	4.50%	5.78%	-
Net	1.06%	4.26%	5.53%	-
Wtd Avg Global Fixed Inc. Benchmark	0.40%	1.16%	2.77%	-
Domestic Fixed Income				
Gross	1.95%	6.87%	7.17%	7.13%
Net	1.90%	6.64%	6.95%	7.02%
Wtd Avg Domestic FI Benchmark	1.89%	4.64%	4.38%	5.44%
Inv. Grade Fixed Income				
Gross	1.80%	7.53%	6.01%	5.92%
Net	1.78%	7.39%	5.89%	5.74%
Barclays Aggregate Index	1.61%	5.72%	3.10%	3.90%
Below Inv. Grade Fixed Income				
Gross	2.26%	5.17%	10.13%	10.39%
Net	2.15%	4.71%	9.64%	9.95%
Barclays HY Corp 2% Issue	2.52%	2.00%	7.44%	9.05%
International Fixed Income				
Gross	(2.03%)	(3.96%)	0.96%	4.49%
Net	(2.07%)	(4.25%)	0.62%	4.13%
Wtd Avg Intl Fixed Income Benchmark	(4.63%)	(10.08%)	(2.68%)	1.32%
Global Real Assets				
Gross	2.46%	11.26%	8.75%	-
Net	2.33%	10.80%	8.33%	-
Wtd Avg Global Real Assets Benchmark	2.35%	8.77%	8.31%	-
Real Estate				
Gross	3.24%	16.77%	12.91%	15.62%
Net	3.04%	16.14%	12.37%	15.04%
NCREIF Total Index	3.57%	12.72%	11.47%	12.69%
Timber				
Net	3.16%	5.54%	1.72%	-
NCREIF Timberland Index	1.75%	10.64%	9.80%	6.32%
Infrastructure				
Gross	(0.07%)	4.80%	7.72%	-
Net	(0.17%)	4.27%	7.05%	-
CPI-W	0.50%	(0.65%)	0.69%	1.64%
Cash & Equivalents - Net				
3-month Treasury Bill	0.02%	0.06%	0.07%	0.09%
	0.00%	0.03%	0.07%	0.08%
Total Fund				
Gross	2.38%	6.83%	10.45%	11.73%
Net	2.31%	6.47%	10.11%	11.36%
Target*	1.92%	5.27%	9.12%	10.47%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World Index, 12.0% Barclays Aggregate Index, 11.8% MSCI EAFE Index, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays HY Corp 2% Issue, 5.0% NDSIB TFFR - Private Equity, 5.0% Global Agg ex USD, 5.0% NCREIF Timberland Index, 4.8% Russell 2000 Index, 2.8% MSCI Emerging Mkts - Net and 1.0% 3-month Treasury Bill.

PLEASE REFER TO PAGES 41-45 FOR INVESTMENT MANAGER LEVEL RETURNS.

L.A. Capital Period Ended March 31, 2015

Investment Philosophy

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

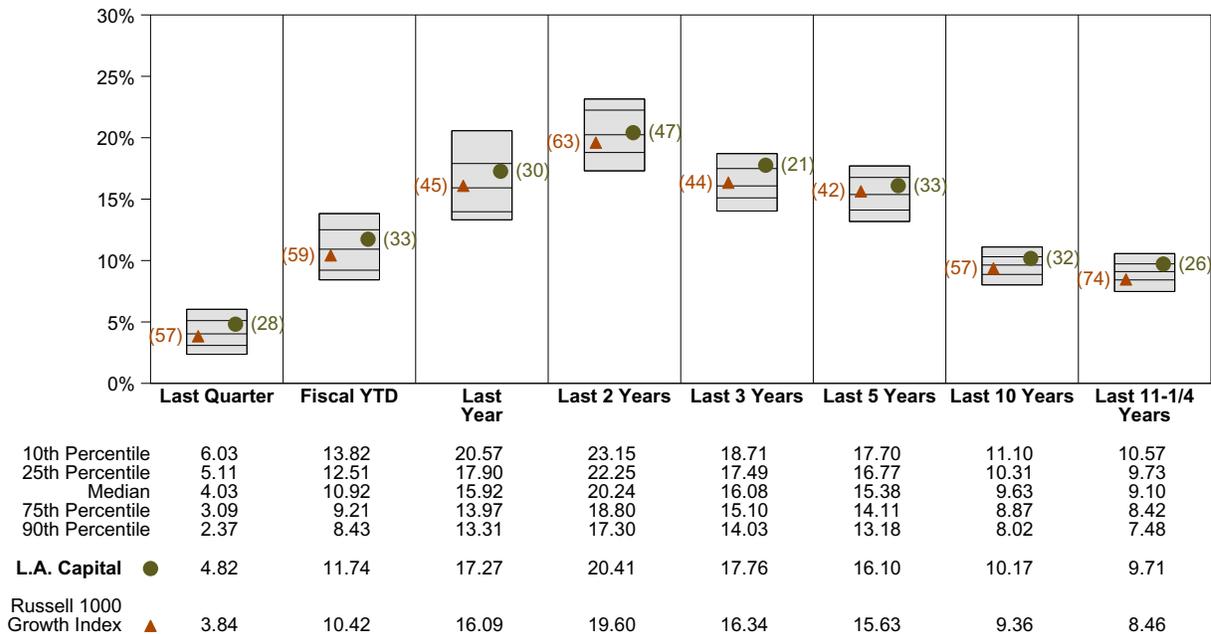
Quarterly Summary and Highlights

- L.A. Capital's portfolio posted a 4.82% return for the quarter placing it in the 28 percentile of the CAI Large Cap Growth Style group for the quarter and in the 30 percentile for the last year.
- L.A. Capital's portfolio outperformed the Russell 1000 Growth Index by 0.98% for the quarter and outperformed the Russell 1000 Growth Index for the year by 1.18%.

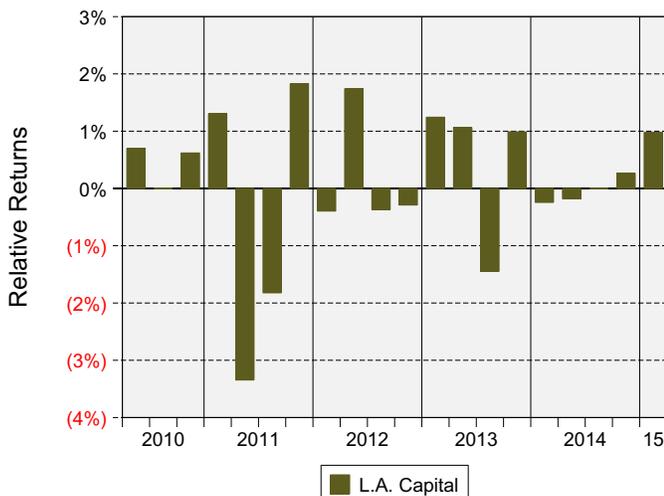
Quarterly Asset Growth

Beginning Market Value	\$328,654,459
Net New Investment	\$-30,170,391
Investment Gains/(Losses)	\$15,265,390
Ending Market Value	\$313,749,458

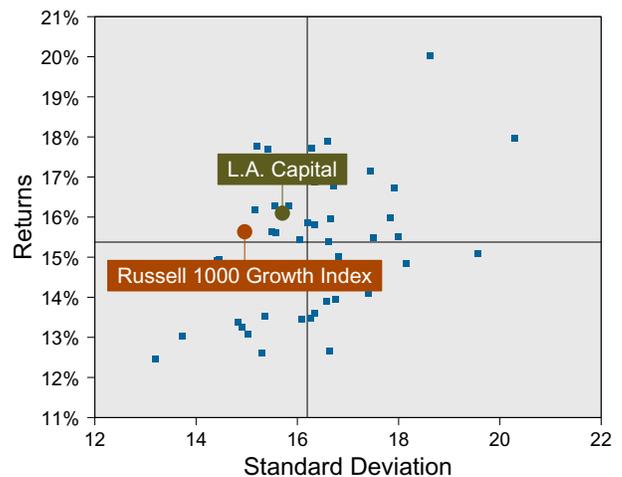
Performance vs CAI Large Cap Growth Style (Gross)



Relative Return vs Russell 1000 Growth Index



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



L.A. Capital Management Enhanced Index Period Ended March 31, 2015

Investment Philosophy

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

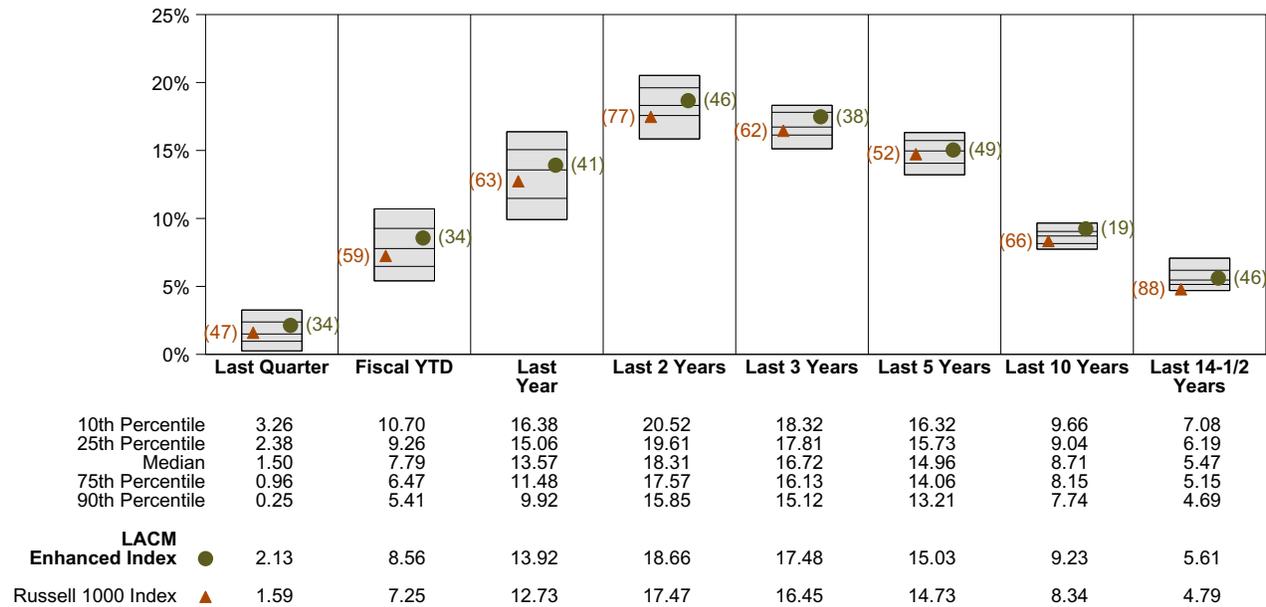
Quarterly Summary and Highlights

- LACM Enhanced Index's portfolio posted a 2.13% return for the quarter placing it in the 34 percentile of the CAI Large Cap Core Style group for the quarter and in the 41 percentile for the last year.
- LACM Enhanced Index's portfolio outperformed the Russell 1000 Index by 0.54% for the quarter and outperformed the Russell 1000 Index for the year by 1.18%.

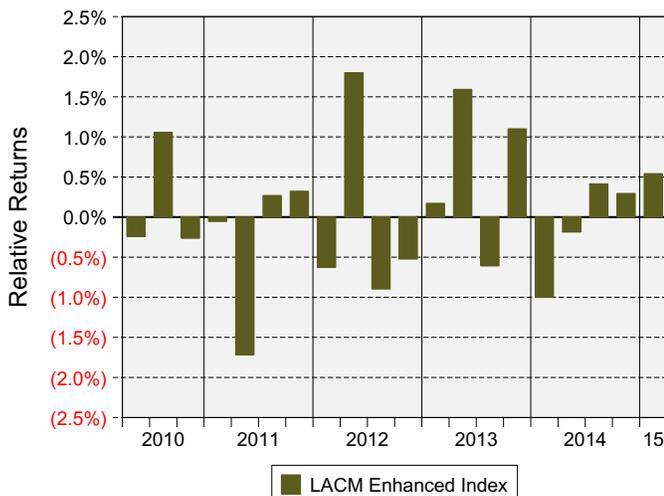
Quarterly Asset Growth

Beginning Market Value	\$221,055,215
Net New Investment	\$-20,067,844
Investment Gains/(Losses)	\$4,602,789
Ending Market Value	\$205,590,160

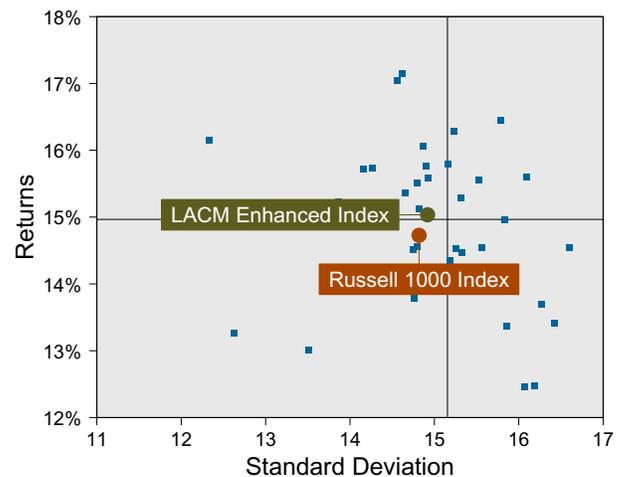
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs Russell 1000 Index



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



Northern Trust AM Enh S&P500 Period Ended March 31, 2015

Investment Philosophy

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

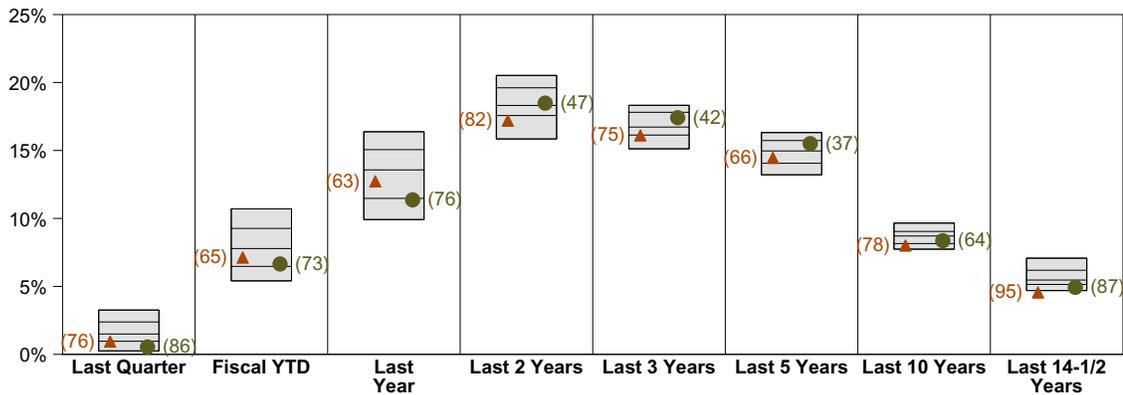
Quarterly Summary and Highlights

- Northern Trust AM Enh S&P500's portfolio posted a 0.54% return for the quarter placing it in the 86 percentile of the CAI Large Cap Core Style group for the quarter and in the 76 percentile for the last year.
- Northern Trust AM Enh S&P500's portfolio underperformed the S&P 500 Index by 0.41% for the quarter and underperformed the S&P 500 Index for the year by 1.37%.

Quarterly Asset Growth

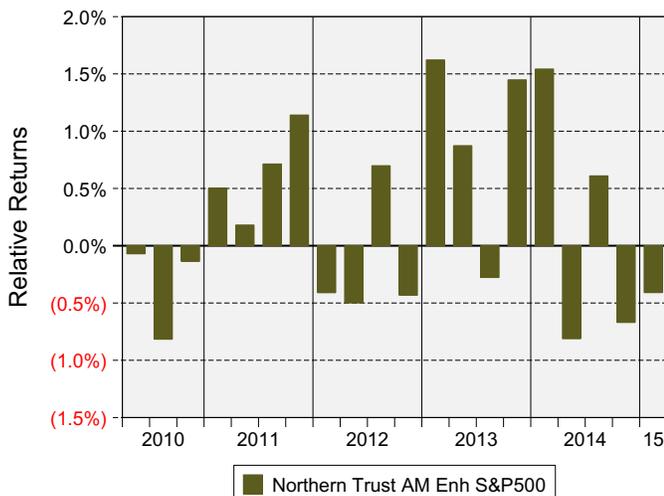
Beginning Market Value	\$125,599,574
Net New Investment	\$-285,132
Investment Gains/(Losses)	\$676,112
Ending Market Value	\$125,990,554

Performance vs CAI Large Cap Core Style (Gross)

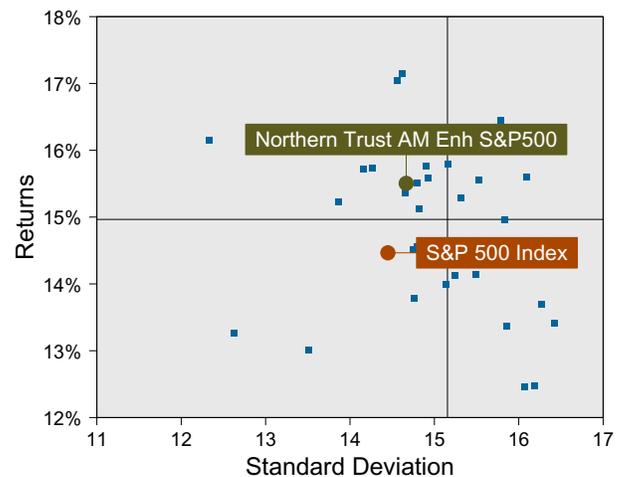


10th Percentile	3.26	10.70	16.38	20.52	18.32	16.32	9.66	7.08
25th Percentile	2.38	9.26	15.06	19.61	17.81	15.73	9.04	6.19
Median	1.50	7.79	13.57	18.31	16.72	14.96	8.71	5.47
75th Percentile	0.96	6.47	11.48	17.57	16.13	14.06	8.15	5.15
90th Percentile	0.25	5.41	9.92	15.85	15.12	13.21	7.74	4.69
Northern Trust AM Enh S&P500	● 0.54	6.65	11.37	18.48	17.41	15.50	8.36	4.93
S&P 500 Index	▲ 0.95	7.12	12.73	17.21	16.11	14.47	8.01	4.56

Relative Return vs S&P 500 Index



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



Parametric Clifton Enh S&P Period Ended March 31, 2015

Investment Philosophy

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

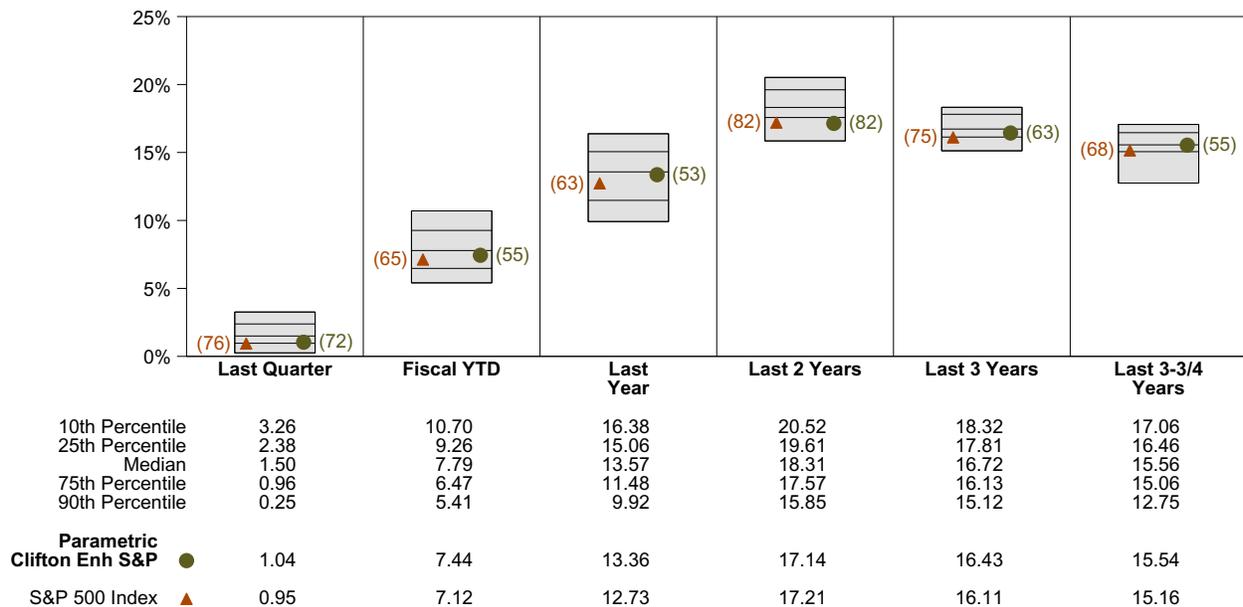
Quarterly Summary and Highlights

- Parametric Clifton Enh S&P's portfolio posted a 1.04% return for the quarter placing it in the 72 percentile of the CAI Large Cap Core Style group for the quarter and in the 53 percentile for the last year.
- Parametric Clifton Enh S&P's portfolio outperformed the S&P 500 Index by 0.09% for the quarter and outperformed the S&P 500 Index for the year by 0.63%.

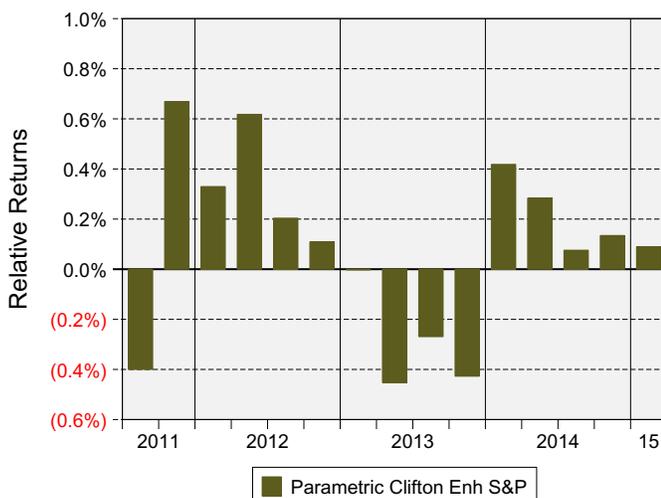
Quarterly Asset Growth

Beginning Market Value	\$176,168,443
Net New Investment	\$0
Investment Gains/(Losses)	\$1,831,262
Ending Market Value	\$177,999,705

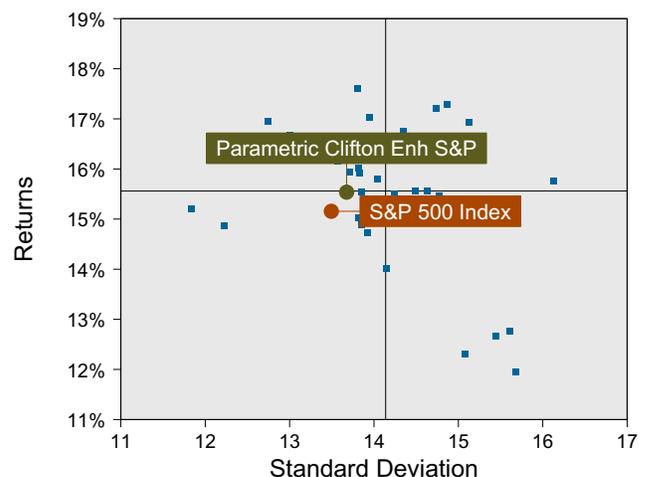
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs S&P 500 Index



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



Callan

Period Ended March 31, 2015

Investment Philosophy

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

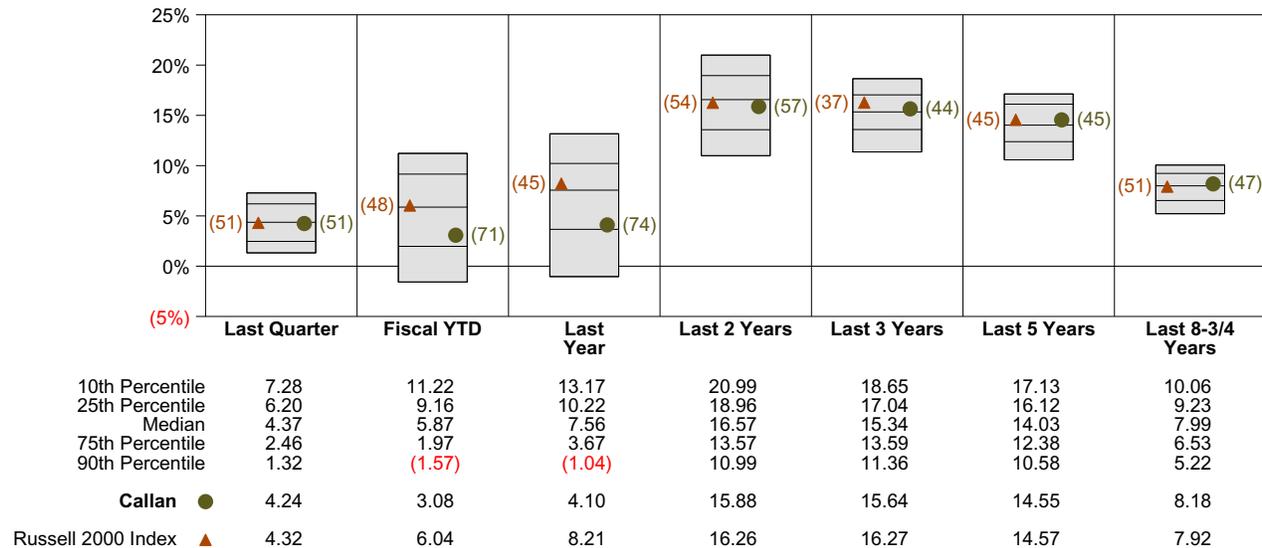
Quarterly Summary and Highlights

- Callan's portfolio posted a 4.24% return for the quarter placing it in the 51 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 74 percentile for the last year.
- Callan's portfolio underperformed the Russell 2000 Index by 0.07% for the quarter and underperformed the Russell 2000 Index for the year by 4.11%.

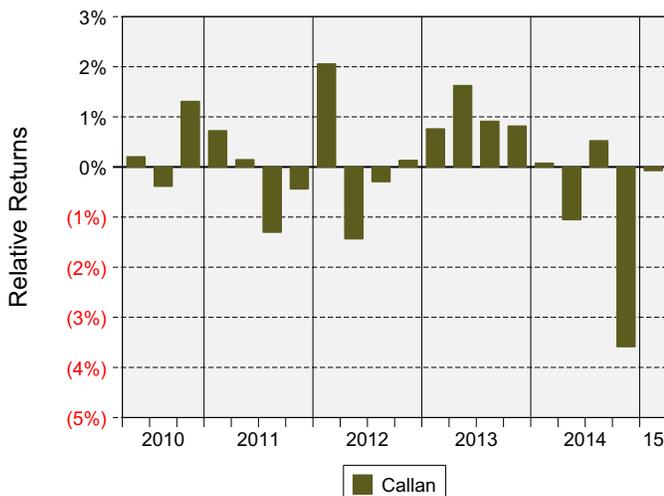
Quarterly Asset Growth

Beginning Market Value	\$117,982,985
Net New Investment	\$0
Investment Gains/(Losses)	\$5,003,730
Ending Market Value	\$122,986,715

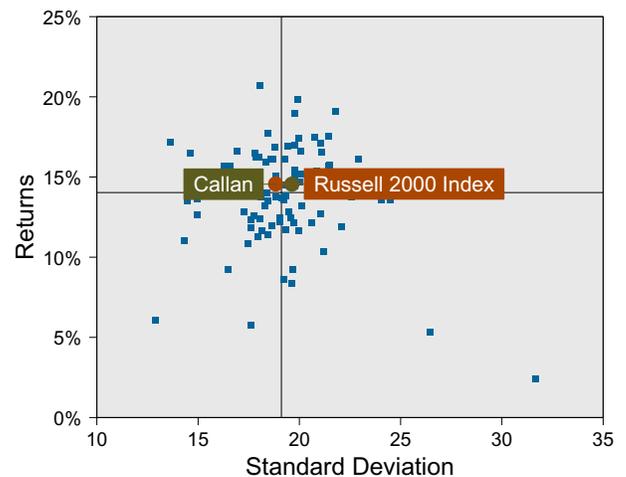
Performance vs CAI MF - Small Cap Broad Style (Net)



Relative Return vs Russell 2000 Index



CAI MF - Small Cap Broad Style (Net) Annualized Five Year Risk vs Return



Parametric Clifton Enh SmCap Period Ended March 31, 2015

Investment Philosophy

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

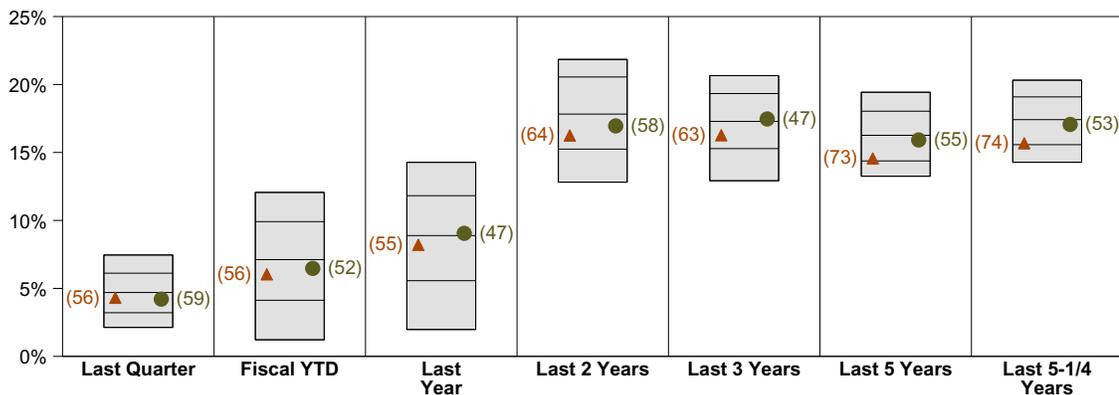
Quarterly Summary and Highlights

- Parametric Clifton Enh SmCap's portfolio posted a 4.21% return for the quarter placing it in the 59 percentile of the CAI Small Capitalization Style group for the quarter and in the 47 percentile for the last year.
- Parametric Clifton Enh SmCap's portfolio underperformed the Russell 2000 Index by 0.11% for the quarter and outperformed the Russell 2000 Index for the year by 0.84%.

Quarterly Asset Growth

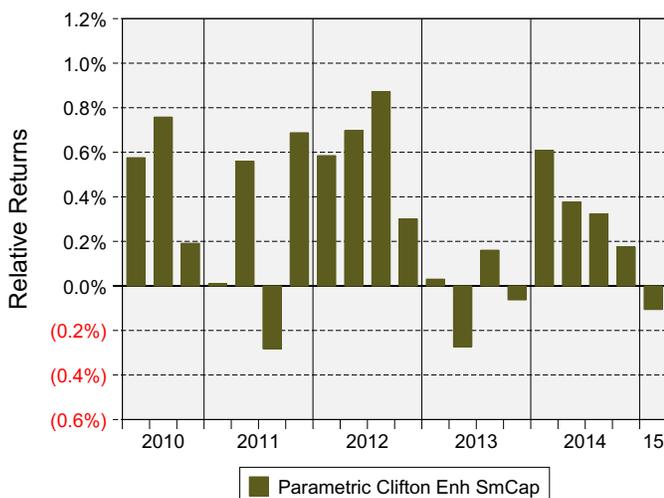
Beginning Market Value	\$120,332,955
Net New Investment	\$0
Investment Gains/(Losses)	\$5,065,809
Ending Market Value	\$125,398,764

Performance vs CAI Small Capitalization Style (Gross)

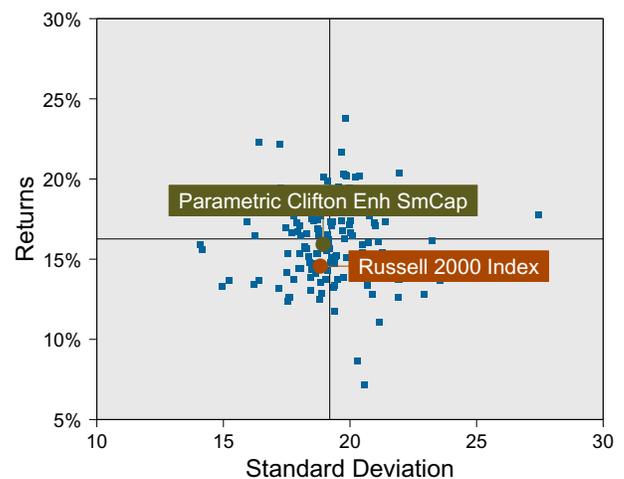


10th Percentile	7.46	12.06	14.28	21.84	20.65	19.43	20.32
25th Percentile	6.12	9.91	11.82	20.55	19.33	18.04	19.09
Median	4.70	7.12	8.88	17.82	17.29	16.26	17.42
75th Percentile	3.21	4.13	5.57	15.25	15.28	14.38	15.57
90th Percentile	2.13	1.22	1.98	12.82	12.92	13.25	14.28
Parametric Clifton Enh SmCap ●	4.21	6.47	9.05	16.95	17.46	15.92	17.06
Russell 2000 Index ▲	4.32	6.04	8.21	16.26	16.27	14.57	15.68

Relative Return vs Russell 2000 Index



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



Capital Group Period Ended March 31, 2015

Investment Philosophy

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

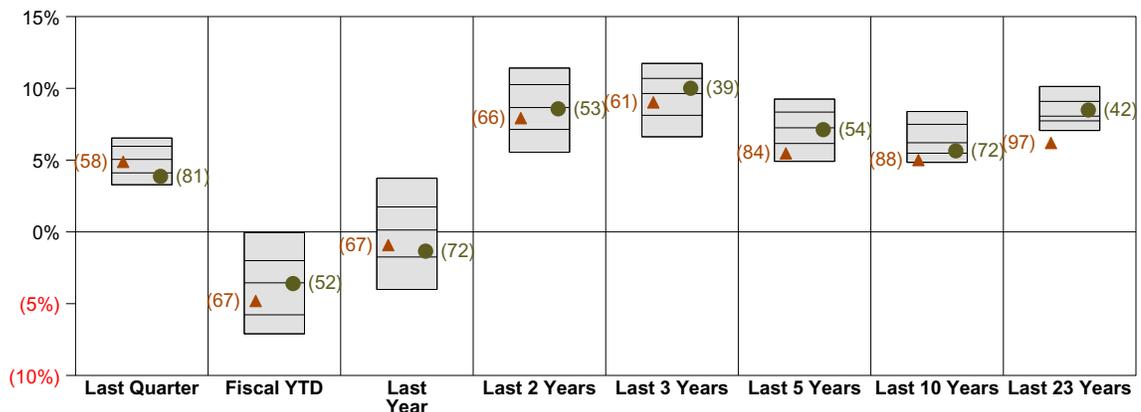
Quarterly Summary and Highlights

- Capital Group's portfolio posted a 3.86% return for the quarter placing it in the 81 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 72 percentile for the last year.
- Capital Group's portfolio underperformed the Benchmark by 1.01% for the quarter and underperformed the Benchmark for the year by 0.42%.

Quarterly Asset Growth

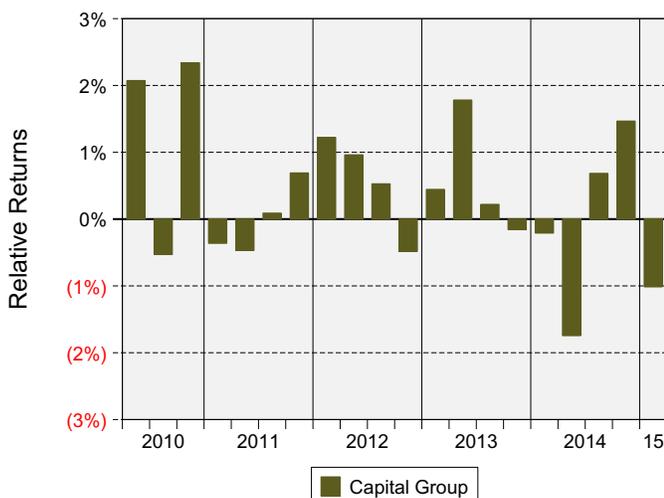
Beginning Market Value	\$111,425,709
Net New Investment	\$17,879,779
Investment Gains/(Losses)	\$5,245,932
Ending Market Value	\$134,551,420

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

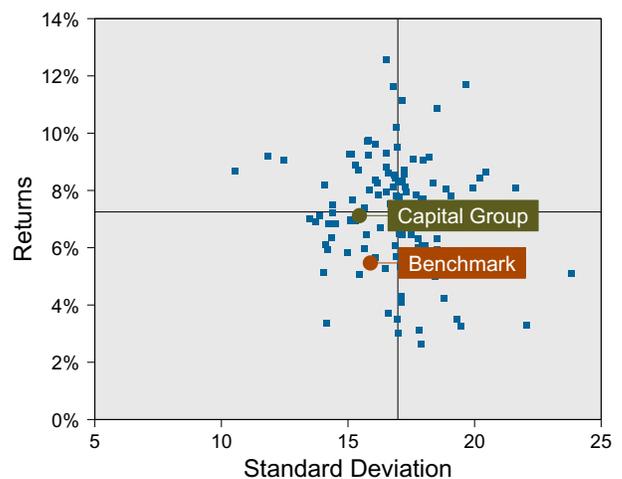


10th Percentile	6.54	(0.04)	3.74	11.41	11.73	9.25	8.39	10.13
25th Percentile	5.96	(2.00)	1.74	10.26	10.69	8.35	7.49	9.09
Median	5.05	(3.55)	0.13	8.66	9.64	7.25	6.21	8.06
75th Percentile	4.11	(5.78)	(1.75)	7.14	8.12	6.16	5.48	7.73
90th Percentile	3.28	(7.10)	(4.01)	5.55	6.62	4.91	4.84	7.06
Capital Group	● 3.86	(3.60)	(1.34)	8.57	10.00	7.12	5.64	8.49
Benchmark	▲ 4.88	(4.81)	(0.92)	7.92	9.02	5.47	5.01	6.20

Relative Return vs Benchmark



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



DFA International Small Cap Value Fund

Period Ended March 31, 2015

Investment Philosophy

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

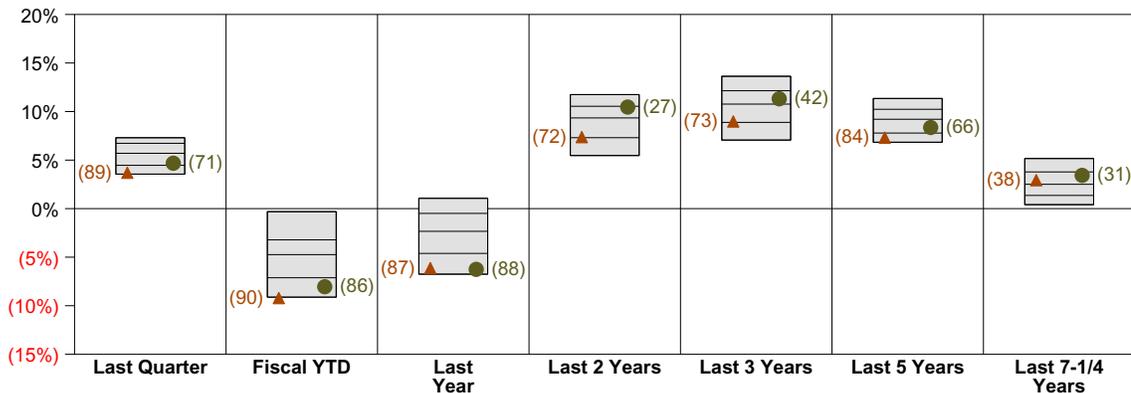
Quarterly Summary and Highlights

- DFA Intl Small Cap Value's portfolio posted a 4.68% return for the quarter placing it in the 71 percentile of the MF - International Small Cap Obj group for the quarter and in the 88 percentile for the last year.
- DFA Intl Small Cap Value's portfolio outperformed the World ex US SC Value by 0.98% for the quarter and underperformed the World ex US SC Value for the year by 0.13%.

Quarterly Asset Growth

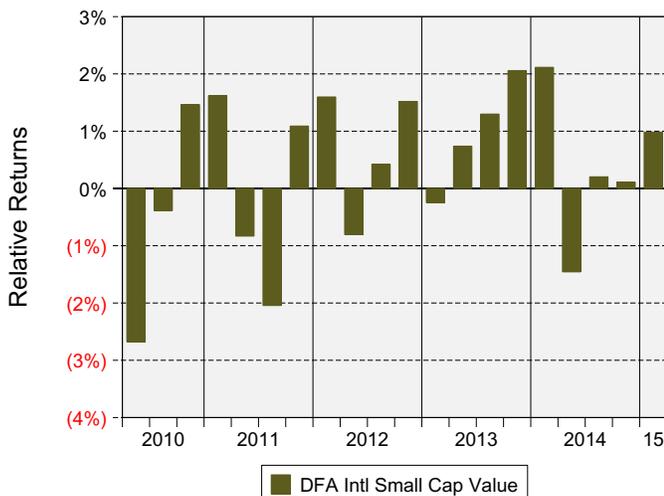
Beginning Market Value	\$72,003,004
Net New Investment	\$0
Investment Gains/(Losses)	\$3,367,882
Ending Market Value	\$75,370,886

Performance vs MF - International Small Cap Obj (Net)

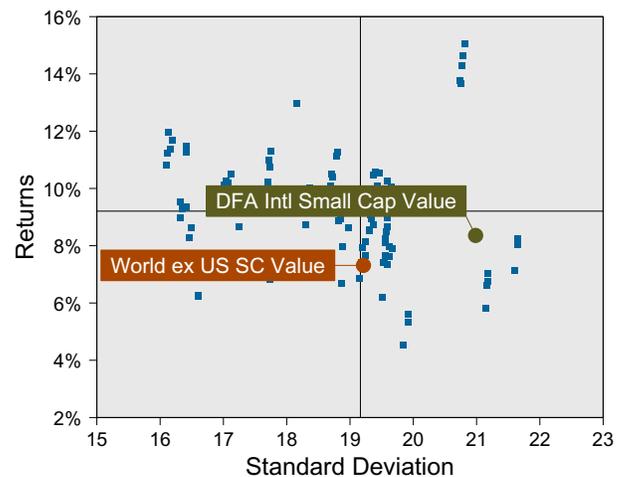


10th Percentile	7.30	(0.31)	1.07	11.75	13.63	11.35	5.16
25th Percentile	6.73	(3.22)	(0.49)	10.54	12.14	10.23	3.78
Median	5.70	(4.74)	(2.34)	9.34	10.77	9.21	2.51
75th Percentile	4.46	(7.12)	(4.61)	7.31	8.88	7.78	1.36
90th Percentile	3.55	(9.12)	(6.75)	5.47	7.06	6.84	0.41
DFA Intl Small Cap Value	4.68	(8.05)	(6.26)	10.46	11.31	8.36	3.43
World ex US SC Value	3.70	(9.21)	(6.12)	7.37	8.98	7.31	2.94

Relative Return vs World ex US SC Value



MF - International Small Cap Obj (Net) Annualized Five Year Risk vs Return



Northern Tr AM Wrld ex US Period Ended March 31, 2015

Investment Philosophy

The Fund's objective is to provide investment results that approximate the overall performance of the MSCI World ex-US Equity Index.

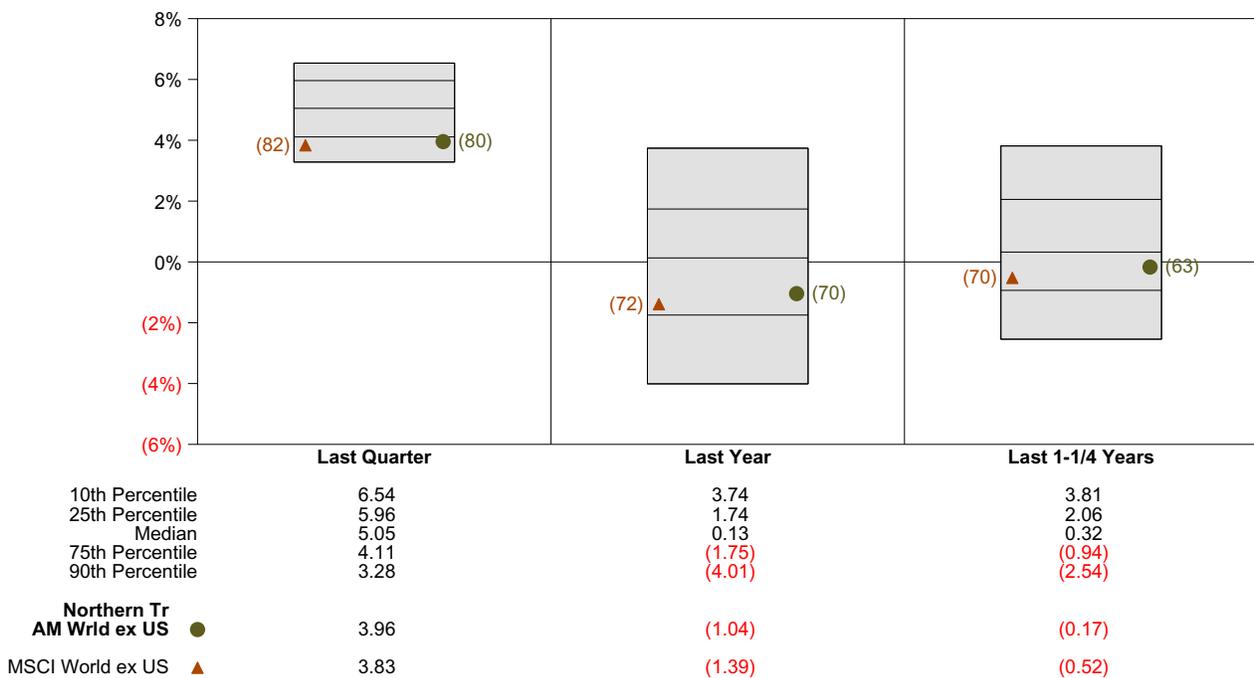
Quarterly Summary and Highlights

- Northern Tr AM Wrld ex US's portfolio posted a 3.96% return for the quarter placing it in the 80 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 70 percentile for the last year.
- Northern Tr AM Wrld ex US's portfolio outperformed the MSCI World ex US by 0.12% for the quarter and outperformed the MSCI World ex US for the year by 0.35%.

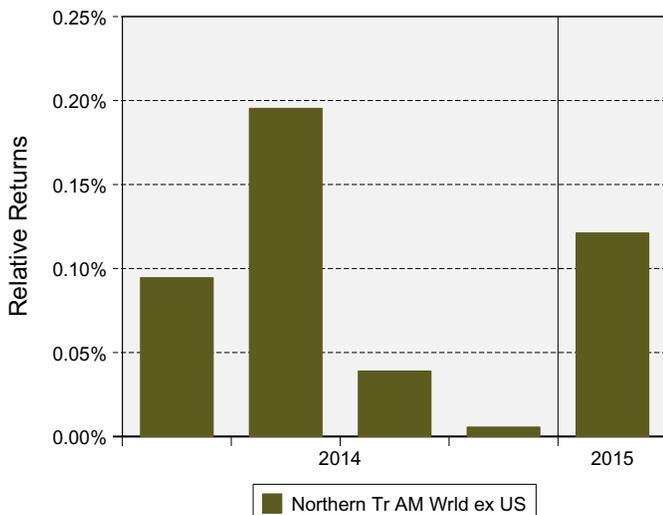
Quarterly Asset Growth

Beginning Market Value	\$236,083,374
Net New Investment	\$-42,881
Investment Gains/(Losses)	\$9,337,196
Ending Market Value	\$245,377,689

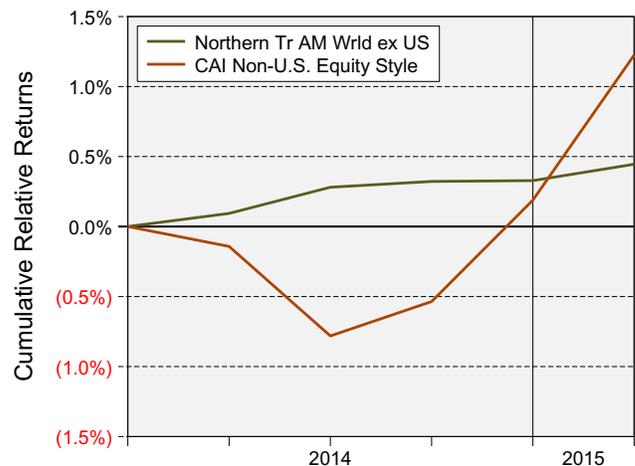
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI World ex US



Cumulative Returns vs MSCI World ex US



Wellington Management Period Ended March 31, 2015

Investment Philosophy

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

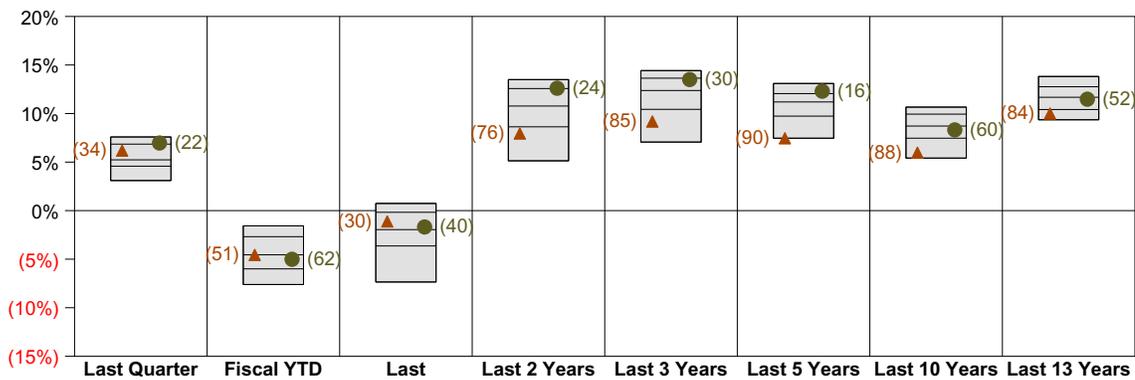
Quarterly Summary and Highlights

- Wellington Management's portfolio posted a 6.97% return for the quarter placing it in the 22 percentile of the CAI International Small Cap Style group for the quarter and in the 40 percentile for the last year.
- Wellington Management's portfolio outperformed the S&P BMI EPAC <\$2 B by 0.78% for the quarter and underperformed the S&P BMI EPAC <\$2 B for the year by 0.58%.

Quarterly Asset Growth

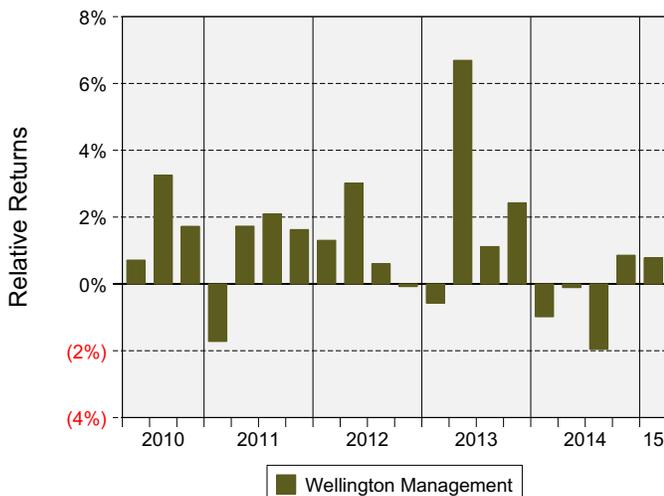
Beginning Market Value	\$79,944,517
Net New Investment	\$-169,014
Investment Gains/(Losses)	\$5,558,721
Ending Market Value	\$85,334,223

Performance vs CAI International Small Cap Style (Gross)

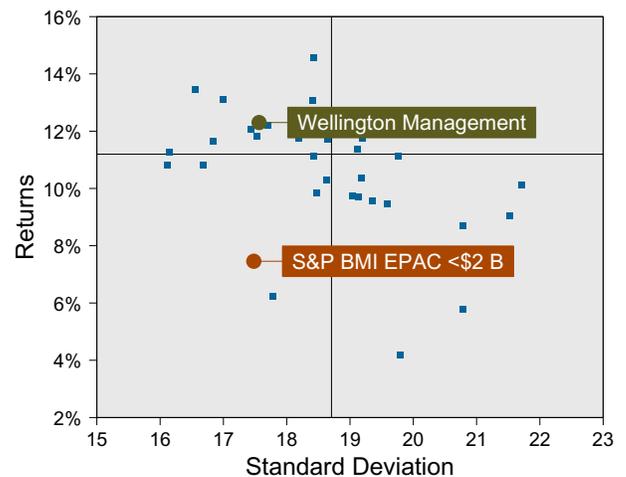


10th Percentile	7.59	(1.57)	0.74	13.50	14.42	13.10	10.66	13.82
25th Percentile	6.85	(2.68)	(0.17)	12.57	13.64	12.05	9.94	12.76
Median	5.23	(4.55)	(1.95)	10.78	12.37	11.20	8.71	11.68
75th Percentile	4.58	(5.99)	(3.64)	8.63	10.43	9.73	7.46	10.41
90th Percentile	3.10	(7.61)	(7.35)	5.13	7.06	7.46	5.41	9.36
Wellington Management	● 6.97	(5.01)	(1.68)	12.60	13.50	12.30	8.32	11.48
S&P BMI EPAC <\$2 B	▲ 6.19	(4.55)	(1.11)	7.95	9.18	7.46	5.98	10.01

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



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



Axiom Emerging Markets

Period Ended March 31, 2015

Investment Philosophy

The Emerging Markets Equity strategy seeks to invest in emerging market securities issued by companies whose key business drivers are both improving and exceeding expectations, as determined by Axiom's stock selection techniques focused on fundamental company analysis. The strategy considers companies either (i) located in countries that are not included in the MSCI Developed Markets Index series or (ii) that derive a majority of their revenues or assets from a country or countries not included in the MSCI Developed Markets Index series, in each case at the time of investment. Although the Manager generally expects the strategy's investment portfolio to be geographically diverse, there are no prescribed limits on geographic distribution of the strategy's investments and the strategy has the authority to invest in securities traded in securities markets or any country in the world.

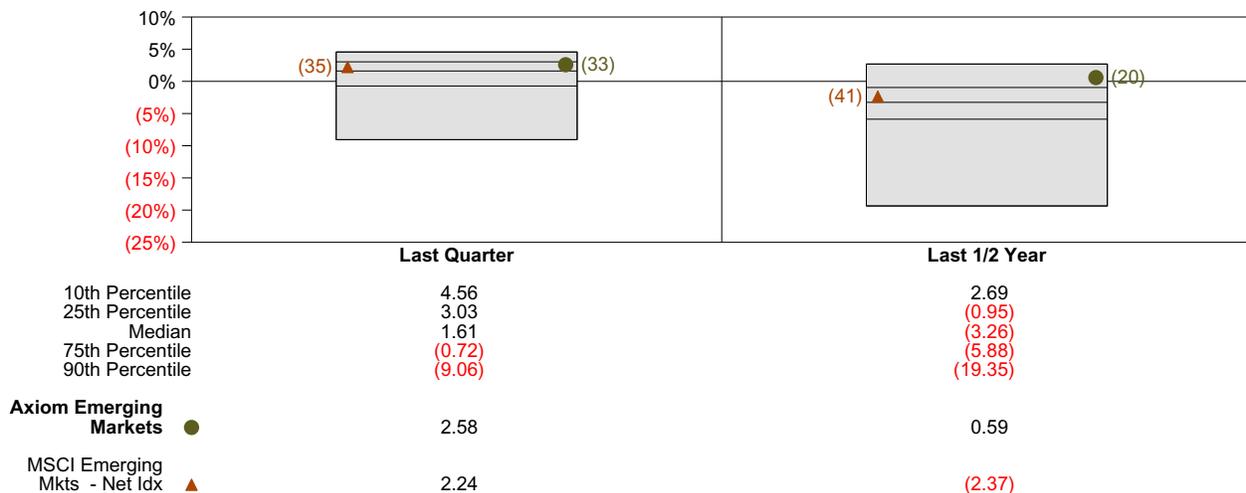
Quarterly Summary and Highlights

- Axiom Emerging Markets's portfolio posted a 2.58% return for the quarter placing it in the 33 percentile of the CAI MF - Emerging Markets Style group for the quarter and in the 20 percentile for the last one-half year.
- Axiom Emerging Markets's portfolio outperformed the MSCI Emerging Mkts - Net Idx by 0.34% for the quarter and outperformed the MSCI Emerging Mkts - Net Idx for the one-half year by 2.95%.

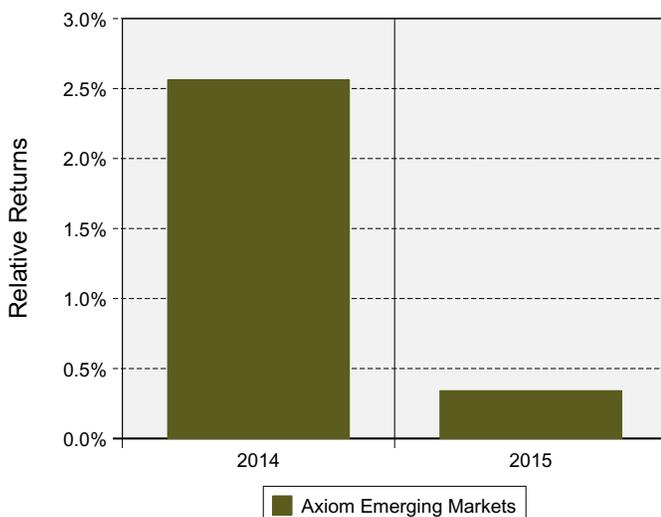
Quarterly Asset Growth

Beginning Market Value	\$113,324,856
Net New Investment	\$0
Investment Gains/(Losses)	\$2,924,532
Ending Market Value	\$116,249,388

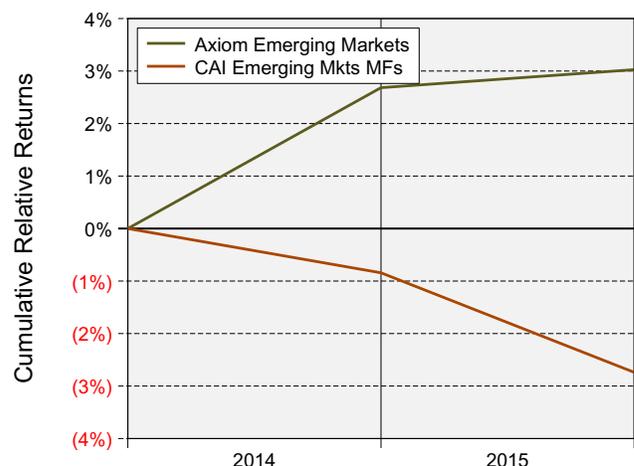
Performance vs CAI MF - Emerging Markets Style (Net)



Relative Returns vs MSCI Emerging Mkts - Net Idx



Cumulative Returns vs MSCI Emerging Mkts - Net Idx



DFA Emerging Markets Period Ended March 31, 2015

Investment Philosophy

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

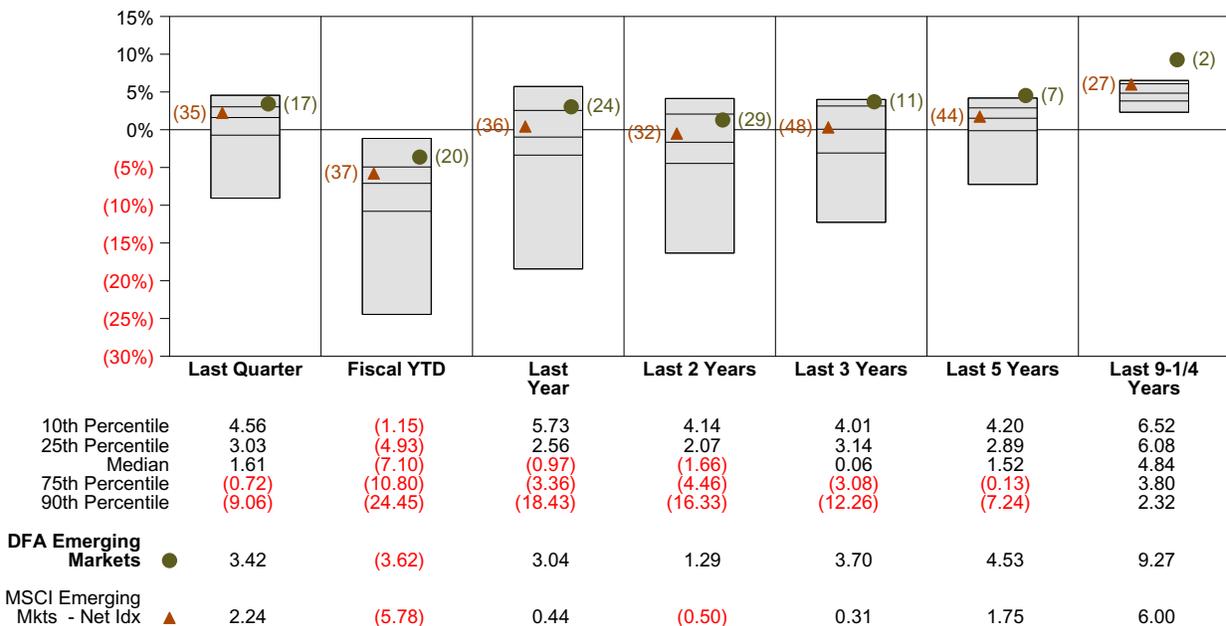
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 3.42% return for the quarter placing it in the 17 percentile of the CAI MF - Emerging Markets Style group for the quarter and in the 24 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Mkts - Net Idx by 1.18% for the quarter and outperformed the MSCI Emerging Mkts - Net Idx for the year by 2.60%.

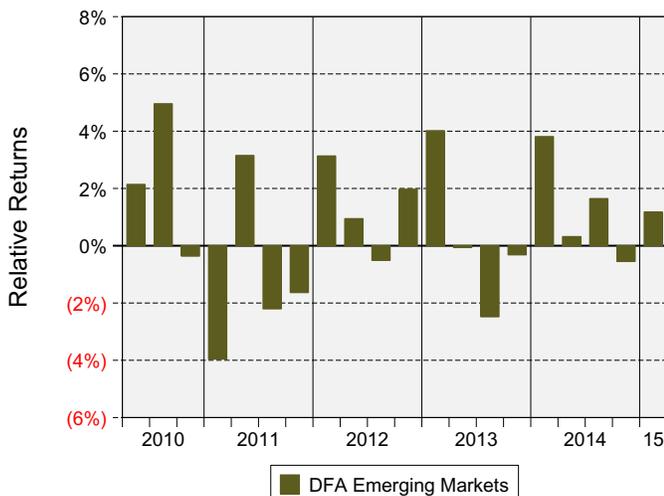
Quarterly Asset Growth

Beginning Market Value	\$34,581,990
Net New Investment	\$0
Investment Gains/(Losses)	\$1,182,290
Ending Market Value	\$35,764,280

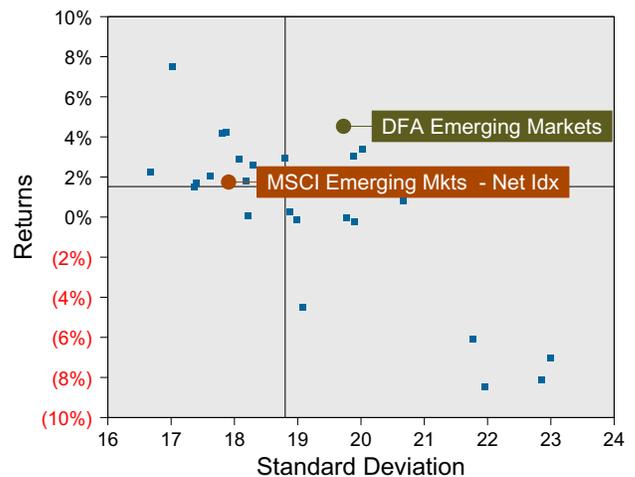
Performance vs CAI MF - Emerging Markets Style (Net)



Relative Returns vs MSCI Emerging Mkts - Net Idx



CAI MF - Emerging Markets Style (Net) Annualized Five Year Risk vs Return



EPOCH Investment Period Ended March 31, 2015

Investment Philosophy

Epoch seeks to produce superior risk adjusted returns by building portfolios of businesses with outstanding risk/reward profiles without running a high degree of capital risk. They analyze businesses in the same manner private investors would in looking to purchase the entire company. The strategy only invests in businesses that are understood and where they have confidence in the financial statements. They seek businesses that generate "free cash flow" and securities that have unrecognized potential yet possess a combination of above average yield, above average free cash flow growth, and/or below average valuation. **The EPOCH Blended Benchmark consists of the S&P 500 Index through 12/31/2011 and the MSCI World Index thereafter.**

Quarterly Summary and Highlights

- EPOCH Investment's portfolio posted a 4.05% return for the quarter placing it in the 31 percentile of the CAI Global Equity Broad Style group for the quarter and in the 17 percentile for the last year.
- EPOCH Investment's portfolio outperformed the EPOCH Blended Benchmark by 1.74% for the quarter and outperformed the EPOCH Blended Benchmark for the year by 3.40%.

Quarterly Asset Growth

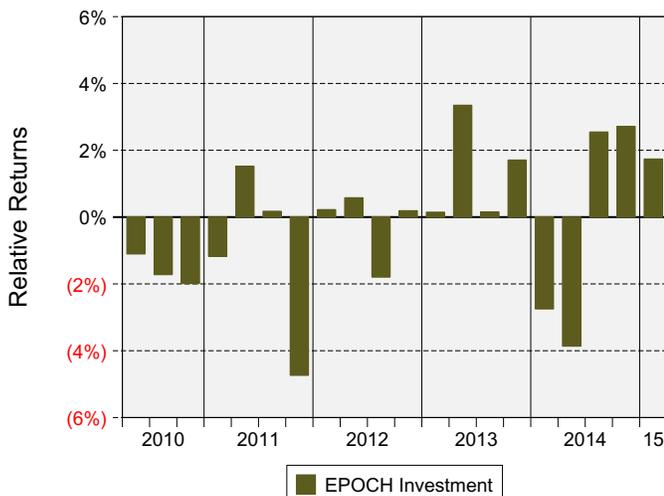
Beginning Market Value	\$306,679,425
Net New Investment	\$-496,910
Investment Gains/(Losses)	\$12,402,823
Ending Market Value	\$318,585,338

Performance vs CAI Global Equity Broad Style (Gross)

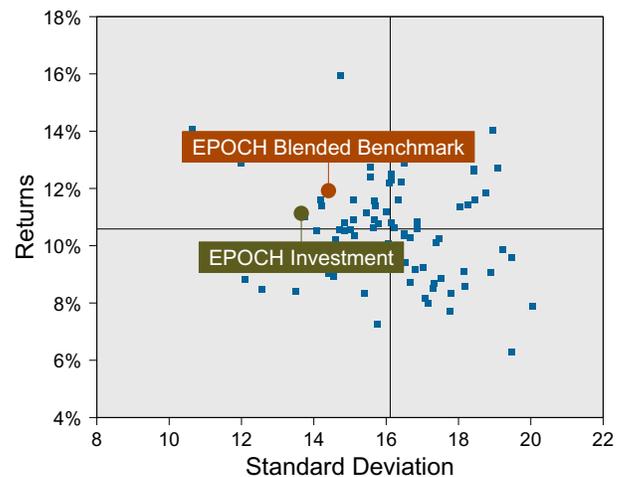


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-1/2 Years
10th Percentile	5.36	6.11	10.91	17.17	15.62	13.24	6.24
25th Percentile	4.46	3.76	8.38	14.72	14.20	11.94	4.95
Median	3.13	2.25	6.70	13.22	13.11	10.59	3.63
75th Percentile	2.41	0.28	4.19	11.74	11.22	9.21	2.82
90th Percentile	1.75	(2.58)	1.61	9.83	9.94	8.38	1.12
EPOCH Investment	4.05	8.35	9.42	15.42	13.93	11.13	6.84
EPOCH Blended Benchmark	2.31	1.12	6.03	12.36	12.19	11.92	4.84

Relative Returns vs EPOCH Blended Benchmark



CAI Global Equity Broad Style (Gross) Annualized Five Year Risk vs Return



LSV Asset Management

Period Ended March 31, 2015

Investment Philosophy

The Global Value (ACWI) Equity strategy is managed using quantitative techniques to select individual securities in a risk-controlled, bottom-up approach. Value factors and security selection dominate sector/industry factors as explainers of performance.

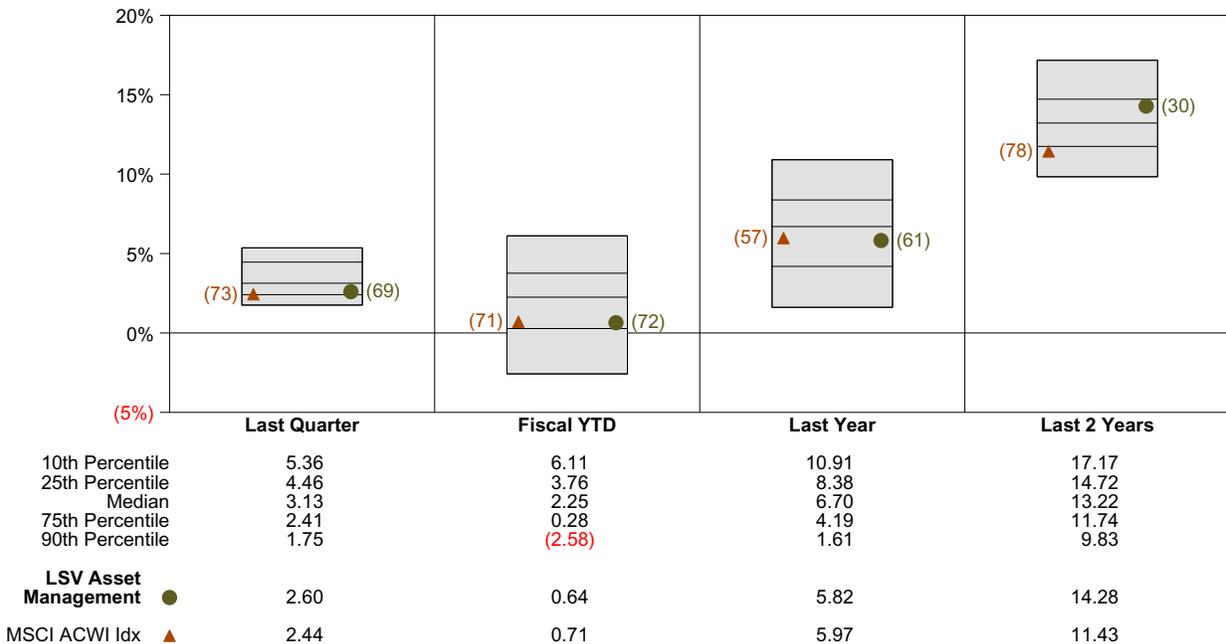
Quarterly Summary and Highlights

- LSV Asset Management's portfolio posted a 2.60% return for the quarter placing it in the 69 percentile of the CAI Global Equity Broad Style group for the quarter and in the 61 percentile for the last year.
- LSV Asset Management's portfolio outperformed the MSCI ACWI Idx by 0.16% for the quarter and underperformed the MSCI ACWI Idx for the year by 0.15%.

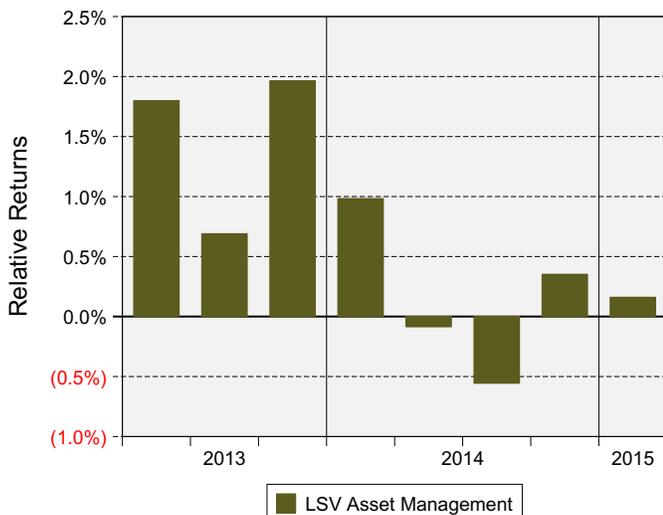
Quarterly Asset Growth

Beginning Market Value	\$414,969,783
Net New Investment	\$-104,257
Investment Gains/(Losses)	\$10,770,069
Ending Market Value	\$425,635,595

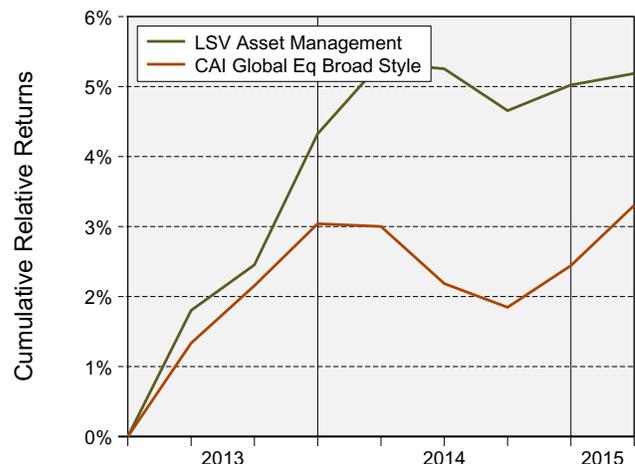
Performance vs CAI Global Equity Broad Style (Gross)



Relative Return vs MSCI ACWI Idx



Cumulative Returns vs MSCI ACWI Idx



Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 26 Years
Private Equity	(2.95%)	(2.77%)	4.59%	5.45%	8.69%
Adams Street Direct Co-Invest Fd	6.48%	35.59%	20.20%	20.05%	-
Adams Street Direct Fd 2010	1.90%	17.61%	13.35%	8.53%	-
Adams Street 1998 Partnership	0.80%	0.70%	5.77%	1.97%	-
Adams Street 1999 Partnership	(10.12%)	(14.76%)	2.29%	3.99%	-
Adams Street 2000 Partnership	(2.83%)	(7.92%)	1.78%	5.41%	-
Adams Street 2001 Partnership	2.04%	7.32%	11.77%	10.75%	-
Adams Street 2002 Partnership	(3.67%)	(12.29%)	4.07%	9.89%	-
Adams Street 2003 Partnership	6.41%	17.61%	15.34%	11.48%	-
Adams Street 2010 Partnership	9.03%	21.14%	15.06%	14.21%	-
Adams Street 2008 Fund	2.27%	10.10%	11.14%	8.40%	-
Adams Street 1999 Non-US	(4.25%)	(10.74%)	2.55%	9.88%	-
Adams Street 2000 Non-US	9.92%	1.82%	0.26%	3.79%	-
Adams Street 2001 Non-US	11.31%	17.71%	19.97%	7.53%	-
Adams Street 2002 Non-US	2.56%	2.07%	2.17%	5.72%	-
Adams Street 2003 Non-US	11.70%	1.61%	16.23%	12.60%	-
Adams Street 2004 Non-US	5.51%	10.90%	9.25%	8.09%	-
Adams Street 2010 Non-US	(0.31%)	2.52%	7.26%	(7.59%)	-
Adams Street 2010 NonUS Emg	4.71%	17.02%	1.53%	-	-
Adams Street BVCF IV Fund	(14.77%)	20.89%	29.01%	57.30%	-
Coral Partner VI	4.28%	(71.85%)	(37.43%)	(28.35%)	-
CorsAir III	(1.21%)	(4.43%)	(3.57%)	(1.97%)	-
ND Investors	(0.47%)	(1.54%)	2.44%	2.08%	-
CorsAir IV	4.33%	25.05%	14.57%	-	-
Capital International V	(6.89%)	(9.12%)	(2.61%)	5.55%	-
Capital International VI	(15.73%)	(21.68%)	(13.85%)	-	-
EIG Energy Fund XIV	(9.63%)	(8.77%)	(5.14%)	2.42%	-
Lewis & Clark	0.00%	(19.26%)	0.27%	4.94%	-
Lewis & Clark II	0.00%	(7.13%)	(4.87%)	(8.67%)	-
Quantum Energy Partners	0.00%	28.93%	26.00%	24.87%	-
Quantum Resources	0.00%	(33.56%)	(2.50%)	1.81%	-
Matlin Patterson I	0.00%	1.12%	(18.45%)	658.61%	-
Matlin Patterson II	(4.52%)	(5.18%)	(19.50%)	(40.18%)	-
Matlin Patterson III	(3.97%)	(15.42%)	15.51%	17.33%	-
Russell 1000 Index	1.59%	12.73%	16.45%	14.73%	10.32%
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	9.86%

Declaration Total Return Period Ended March 31, 2015

Investment Philosophy

The Fund's portfolio holdings consist primarily of RMBS issued by private sector companies (Non-Agency RMBS) and government agencies (Agency MBS) and CMBS issued by private sector companies. Agency MBS includes securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae). Portfolio holdings may range from short tenure senior classes to stressed issues or subordinated securities with substantial risk of non-payment and correspondingly higher yields. Smaller portfolio allocations may include consumer asset-backed securities (ABS), or other structured credit securities and corporate bonds. As a diversification strategy and a potential hedge to credit risk, the Fund may invest in securities which tend to benefit from slow mortgage prepayments and economic growth, such as interest only (IO) MBS.

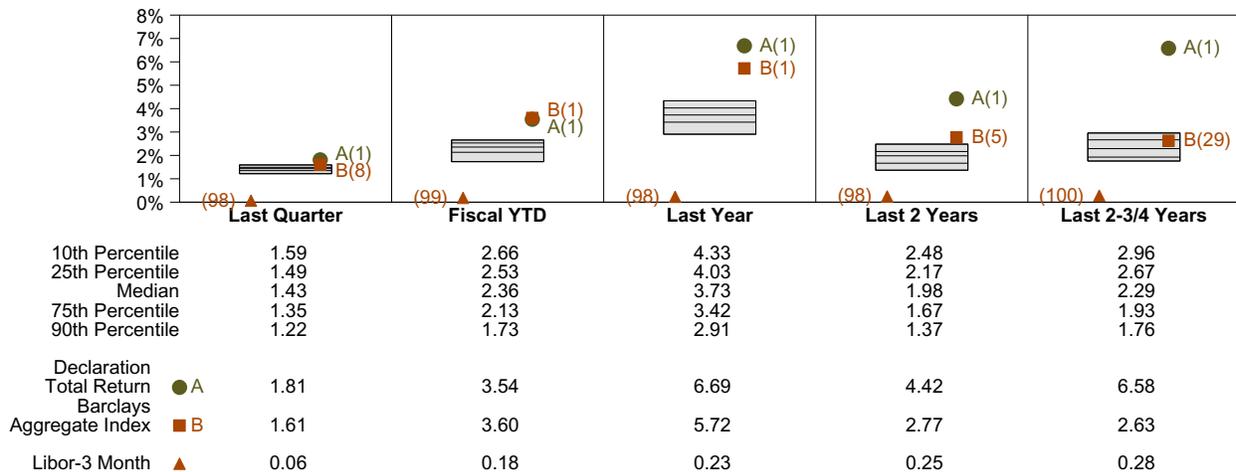
Quarterly Summary and Highlights

- Declaration Total Return's portfolio posted a 1.81% return for the quarter placing it in the 1 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Declaration Total Return's portfolio outperformed the Libor-3 Month by 1.75% for the quarter and outperformed the Libor-3 Month for the year by 6.46%.

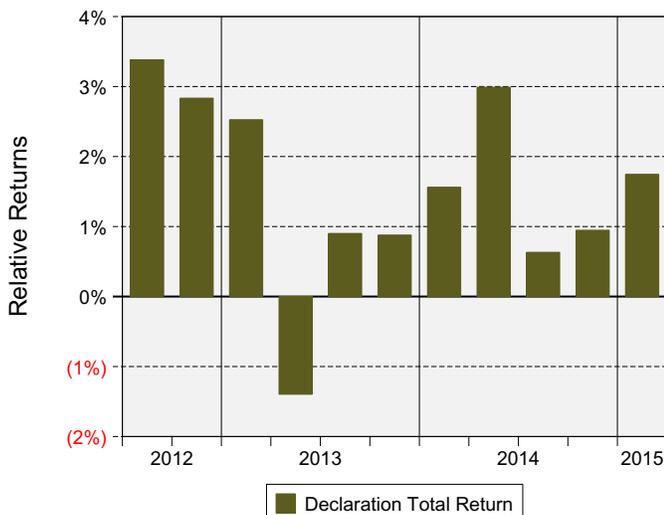
Quarterly Asset Growth

Beginning Market Value	\$73,166,751
Net New Investment	\$-47,081
Investment Gains/(Losses)	\$1,323,619
Ending Market Value	\$74,443,289

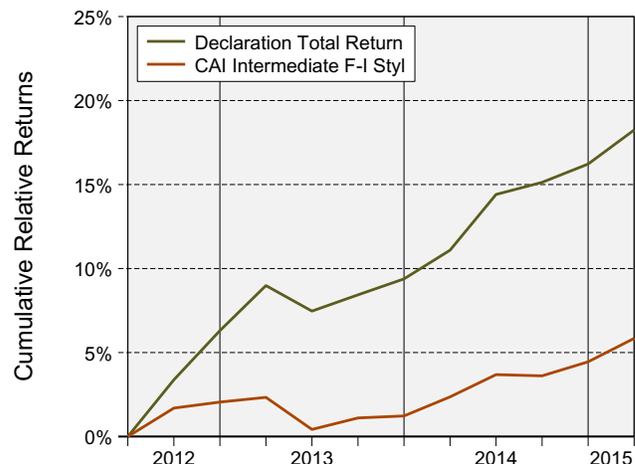
Performance vs CAI Intermediate Fixed-Inc Style (Gross)



Relative Return vs Libor-3 Month



Cumulative Returns vs Libor-3 Month



J.P. Morgan MBS

Period Ended March 31, 2015

Investment Philosophy

JP Morgan seeks to outperform the benchmark over longer horizons regardless of the market environment.

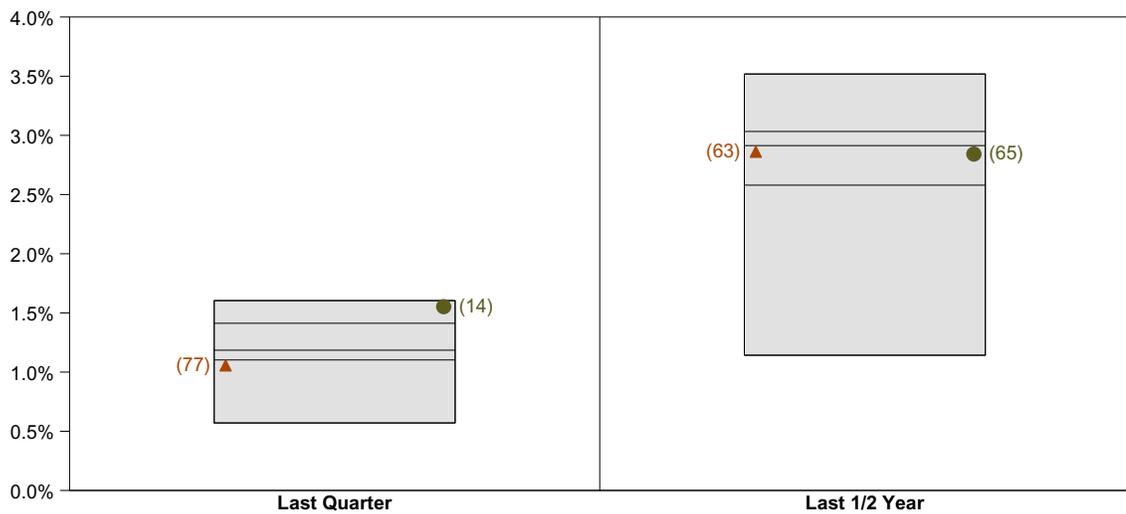
Quarterly Summary and Highlights

- J.P. Morgan MBS's portfolio posted a 1.55% return for the quarter placing it in the 14 percentile of the CAI Mtg-Backed FI Style group for the quarter and in the 65 percentile for the last one-half year.
- J.P. Morgan MBS's portfolio outperformed the Barclays Mortgage by 0.50% for the quarter and underperformed the Barclays Mortgage for the one-half year by 0.02%.

Quarterly Asset Growth

Beginning Market Value	\$113,383,905
Net New Investment	\$9,938,835
Investment Gains/(Losses)	\$1,796,527
Ending Market Value	\$125,119,267

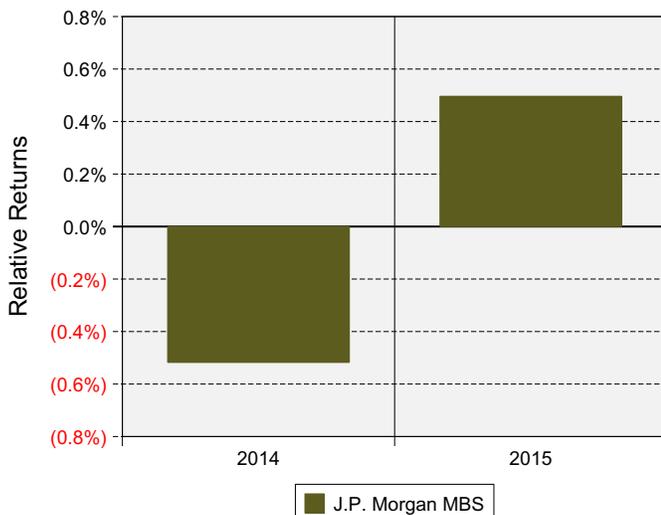
Performance vs CAI Mtg-Backed FI Style (Gross)



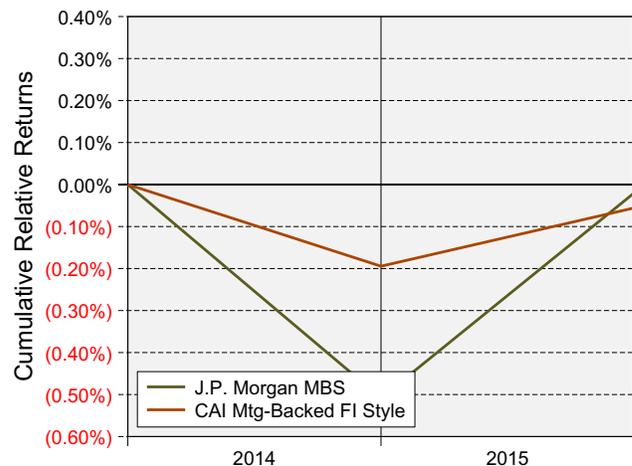
10th Percentile	1.60	3.52
25th Percentile	1.41	3.03
Median	1.18	2.91
75th Percentile	1.10	2.58
90th Percentile	0.57	1.14

J.P. Morgan MBS	1.55	2.84
Barclays Mortgage	1.06	2.86

Relative Return vs Barclays Mortgage



Cumulative Returns vs Barclays Mortgage



PIMCO DiSCO II

Period Ended March 31, 2015

Investment Philosophy

The PIMCO Distressed Senior Credit Opportunities Fund is an opportunistic private-equity style Fund which seeks to provide investors enhanced returns principally through long-biased investments in undervalued senior and super senior structured credit securities that are expected to produce attractive levels of current income and that may also appreciate in value over the long term. The fund will look to capitalize on forced sales by liquidity constrained investors.

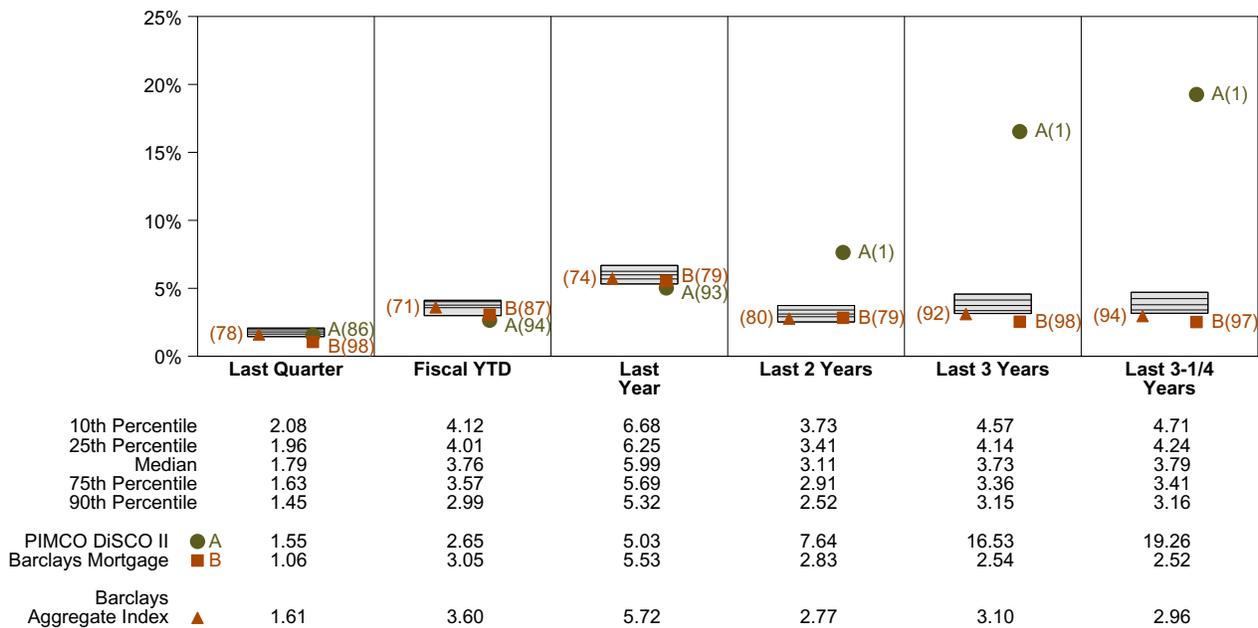
Quarterly Summary and Highlights

- PIMCO DiSCO II's portfolio posted a 1.55% return for the quarter placing it in the 86 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 93 percentile for the last year.
- PIMCO DiSCO II's portfolio underperformed the Barclays Aggregate Index by 0.06% for the quarter and underperformed the Barclays Aggregate Index for the year by 0.69%.

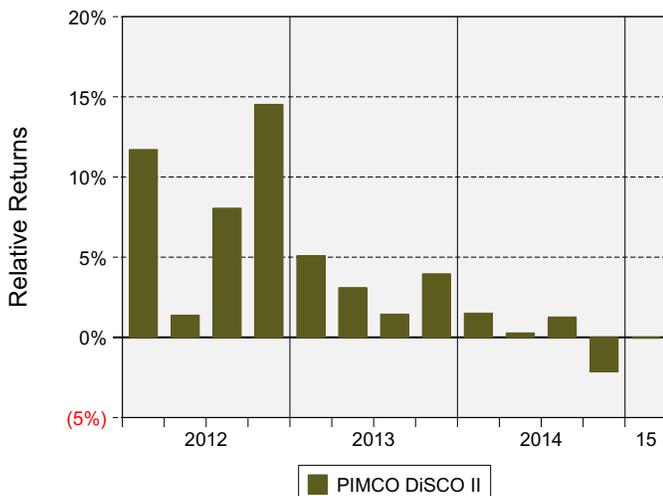
Quarterly Asset Growth

Beginning Market Value	\$85,127,586
Net New Investment	\$0
Investment Gains/(Losses)	\$1,320,777
Ending Market Value	\$86,448,363

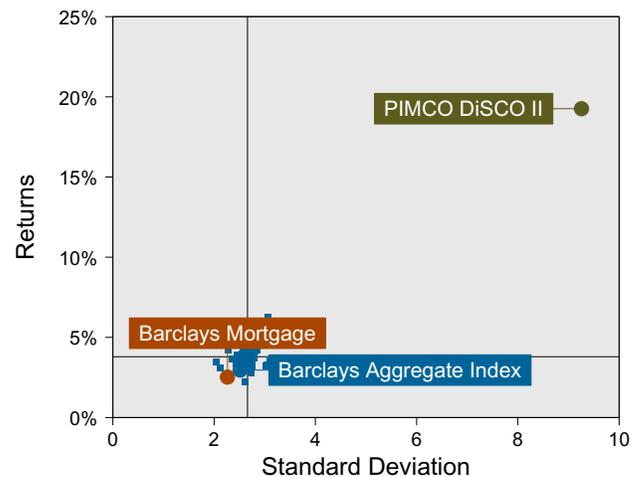
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs Barclays Aggregate Index



CAI Core Bond Fixed-Inc Style (Gross) Annualized Three and One-Quarter Year Risk vs Return



PIMCO MBS

Period Ended March 31, 2015

Investment Philosophy

The PIMCO Mortgage-Backed Securities Strategy is an actively managed bond portfolio that invests in high quality, short to intermediate duration mortgage-backed securities. The fund invests primarily in securities that are highly rated, such as US Government guaranteed Ginnie Mae securities and Agency-guaranteed Fannie Mae and Freddie Mac mortgage-backed securities.

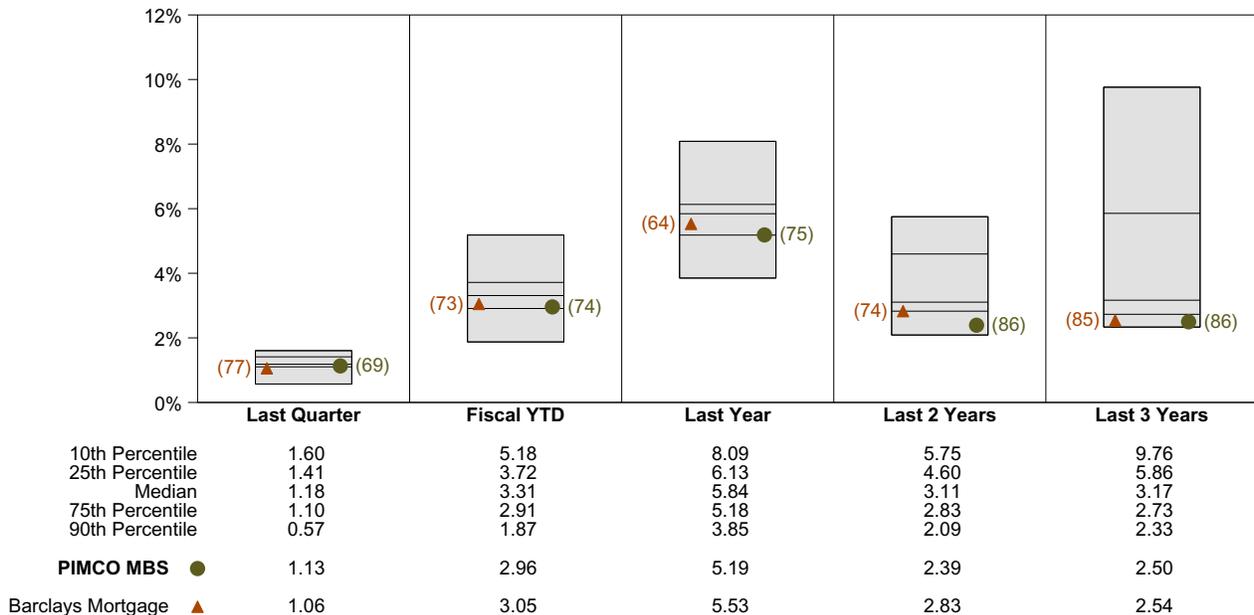
Quarterly Summary and Highlights

- PIMCO MBS's portfolio posted a 1.13% return for the quarter placing it in the 69 percentile of the CAI Mtg-Backed FI Style group for the quarter and in the 75 percentile for the last year.
- PIMCO MBS's portfolio outperformed the Barclays Mortgage by 0.07% for the quarter and underperformed the Barclays Mortgage for the year by 0.34%.

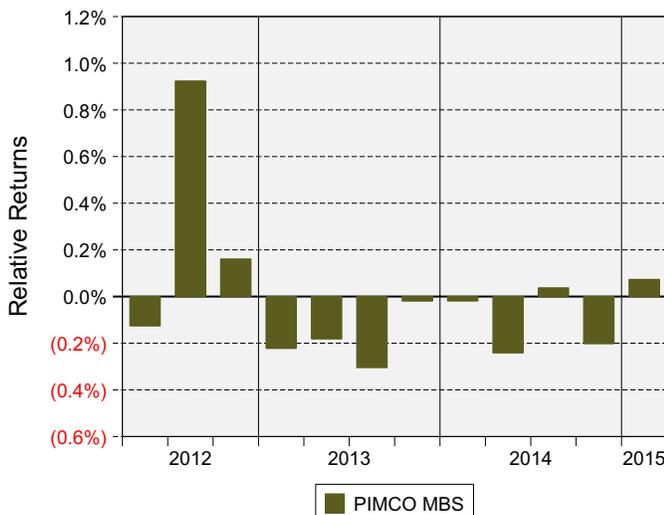
Quarterly Asset Growth

Beginning Market Value	\$178,440,570
Net New Investment	\$-77,780
Investment Gains/(Losses)	\$2,016,436
Ending Market Value	\$180,379,226

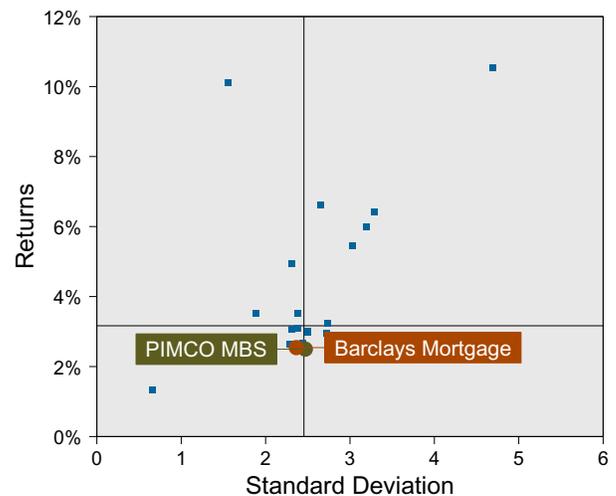
Performance vs CAI Mtg-Backed FI Style (Gross)



Relative Return vs Barclays Mortgage



CAI Mtg-Backed FI Style (Gross) Annualized Three Year Risk vs Return



PIMCO Unconstrained Period Ended March 31, 2015

Investment Philosophy

The PIMCO Unconstrained Bond Strategy is an absolute return-oriented, investment grade quality fixed income strategy that leverages PIMCO's secular thinking, global themes, and integrated investment process without the constraints of a benchmark or significant sector/instrument limitations. The strategy focuses on long-term economic, social and political trends. Over shorter cyclical time frames, the unconstrained nature of the strategy allows PIMCO to take on more risk when tactical opportunities are identified, and it allows for reduction and diversification of risk at times when the outlook may be more challenging for traditional fixed income benchmarks. **The product changed from Commingled Fund to Separate Account in March 2014. *Libor-3 month through February 28, 2014; Fund's performance through March 31, 2014; Libor-3 month thereafter.**

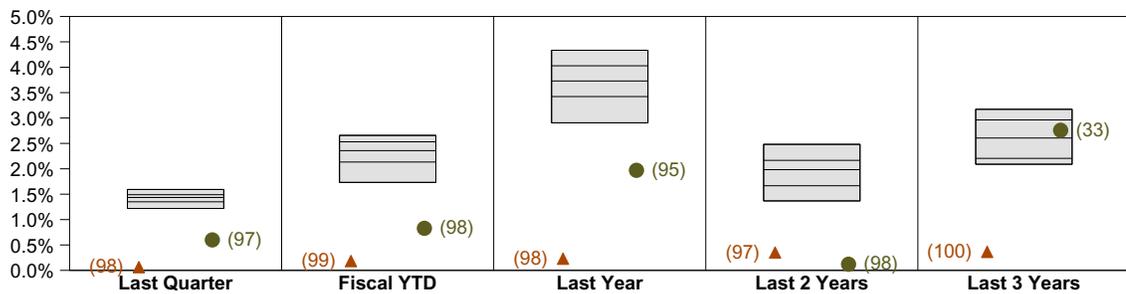
Quarterly Summary and Highlights

- PIMCO Unconstrained's portfolio posted a 0.60% return for the quarter placing it in the 97 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 95 percentile for the last year.
- PIMCO Unconstrained's portfolio outperformed the Blended Benchmark* by 0.53% for the quarter and outperformed the Blended Benchmark* for the year by 1.74%.

Quarterly Asset Growth

Beginning Market Value	\$94,009,218
Net New Investment	\$0
Investment Gains/(Losses)	\$563,368
Ending Market Value	\$94,572,586

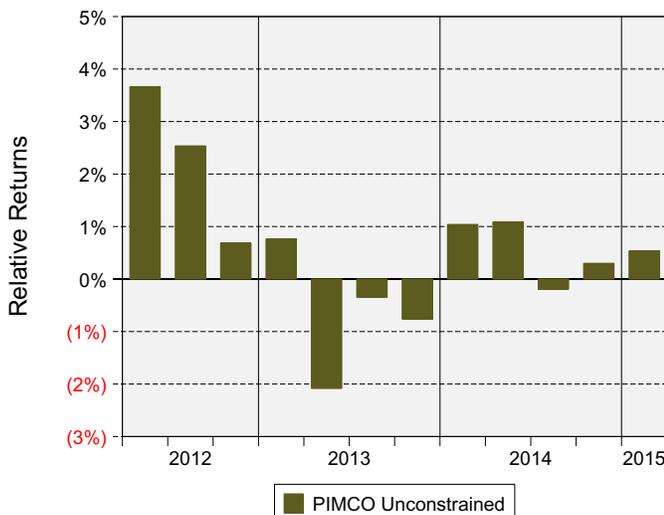
Performance vs CAI Intermediate Fixed-Inc Style (Gross)



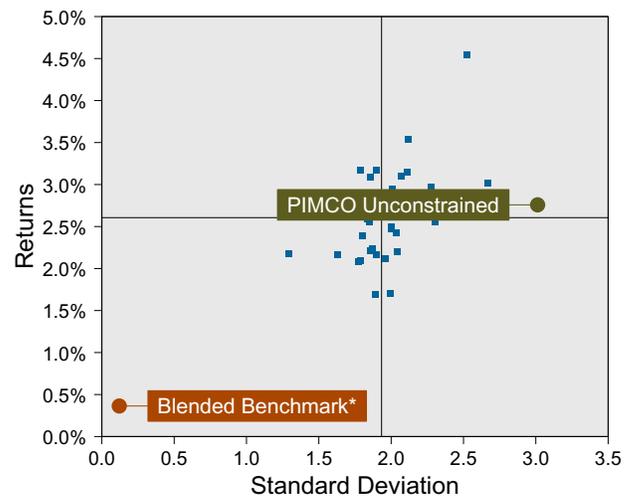
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	1.59	2.66	4.33	2.48	3.17
25th Percentile	1.49	2.53	4.03	2.17	2.96
Median	1.43	2.36	3.73	1.98	2.61
75th Percentile	1.35	2.13	3.42	1.67	2.21
90th Percentile	1.22	1.73	2.91	1.37	2.09

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
PIMCO Unconstrained ●	0.60	0.83	1.97	0.12	2.76
Blended Benchmark* ▲	0.06	0.18	0.23	0.35	0.36

Relative Return vs Blended Benchmark*



CAI Intermediate Fixed-Inc Style (Gross) Annualized Three Year Risk vs Return



SSgA Long US Treas Index Period Ended March 31, 2015

Investment Philosophy

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Long Treasury Bond Index over the long term.

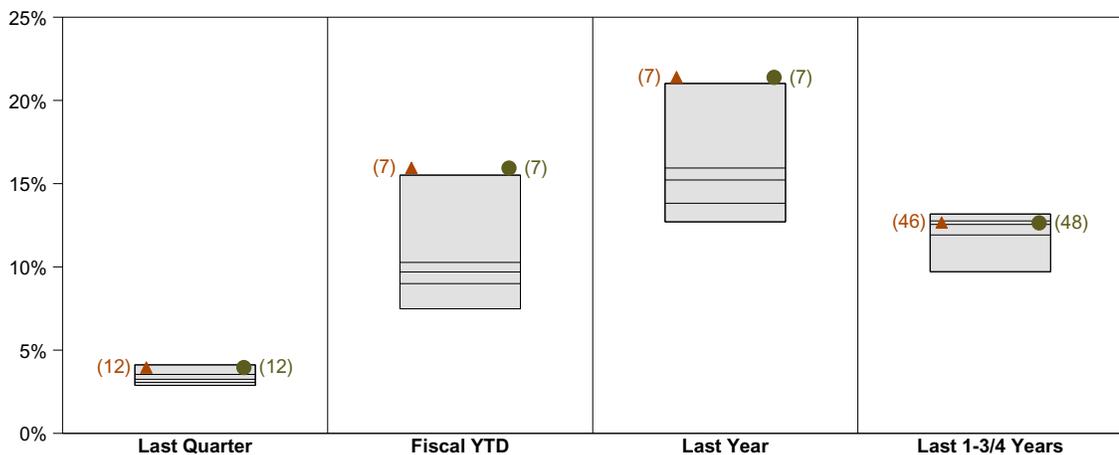
Quarterly Summary and Highlights

- SSgA Long US Treas Index's portfolio posted a 3.96% return for the quarter placing it in the 12 percentile of the CAI Extended Maturity Fixed-Inc Style group for the quarter and in the 7 percentile for the last year.
- SSgA Long US Treas Index's portfolio underperformed the Barclays Long Treas by 0.00% for the quarter and underperformed the Barclays Long Treas for the year by 0.02%.

Quarterly Asset Growth

Beginning Market Value	\$121,521,370
Net New Investment	\$-30,110,906
Investment Gains/(Losses)	\$5,043,831
Ending Market Value	\$96,454,295

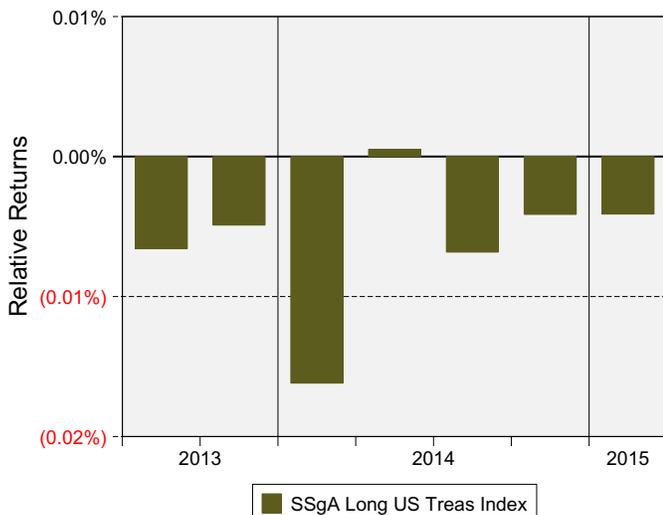
Performance vs CAI Extended Maturity Fixed-Inc Style (Gross)



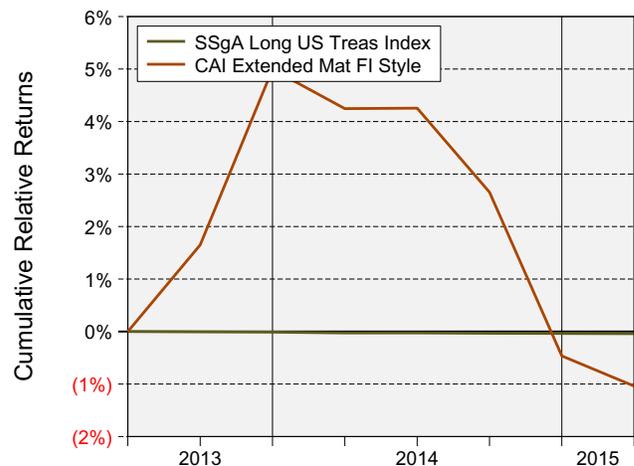
	Last Quarter	Fiscal YTD	Last Year	Last 1-3/4 Years
10th Percentile	4.12	15.51	21.02	13.17
25th Percentile	3.54	10.27	15.94	12.76
Median	3.25	9.70	15.22	12.55
75th Percentile	3.06	9.00	13.82	11.92
90th Percentile	2.88	7.48	12.71	9.71

	Last Quarter	Fiscal YTD	Last Year	Last 1-3/4 Years
SSgA Long US Treas Index ●	3.96	15.94	21.39	12.64
Barclays Long Treas ▲	3.96	15.95	21.40	12.67

Relative Return vs Barclays Long Treas



Cumulative Returns vs Barclays Long Treas



Goldman Sachs 2006 Offshore Period Ended March 31, 2015

Investment Philosophy

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

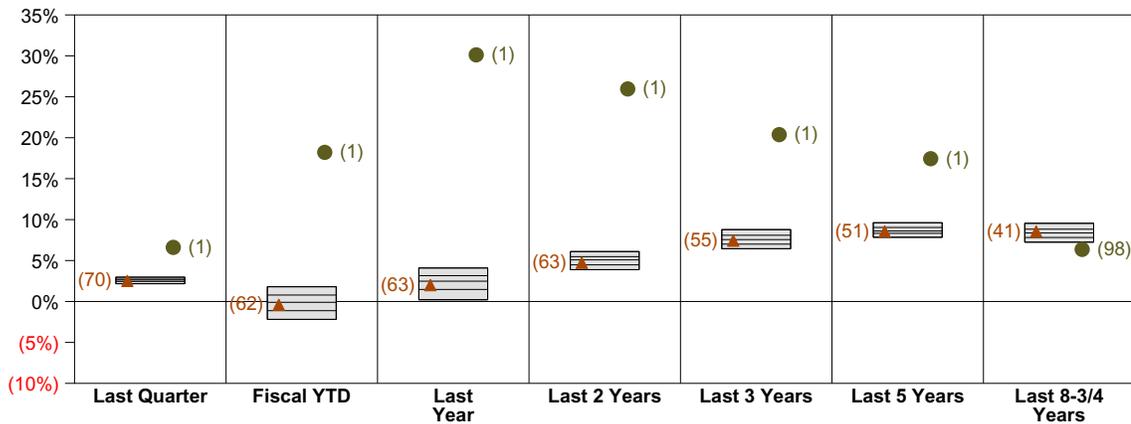
Quarterly Summary and Highlights

- Goldman Sachs's portfolio posted a 6.61% return for the quarter placing it in the 1 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Goldman Sachs's portfolio outperformed the Barclays HY Corp 2% Issue by 4.09% for the quarter and outperformed the Barclays HY Corp 2% Issue for the year by 28.12%.

Quarterly Asset Growth

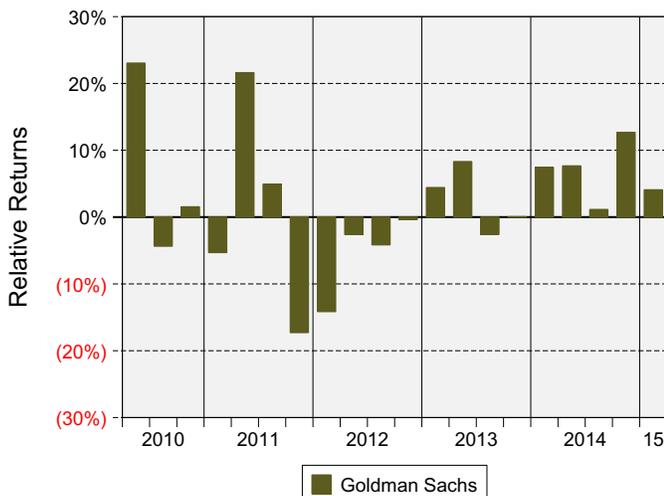
Beginning Market Value	\$1,610,912
Net New Investment	\$-245,842
Investment Gains/(Losses)	\$102,602
Ending Market Value	\$1,467,672

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

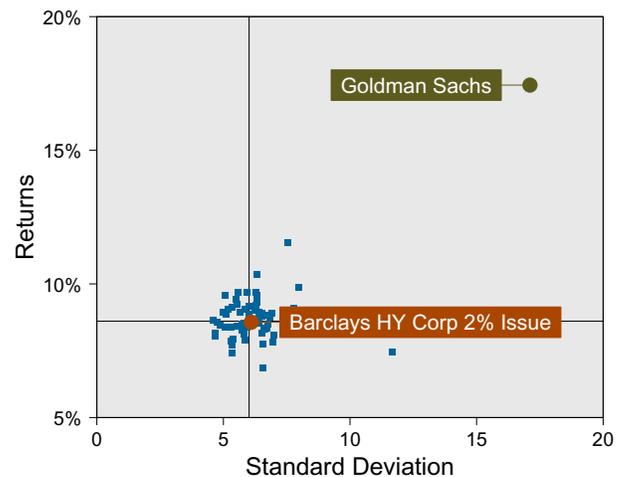


10th Percentile	2.97	1.80	4.09	6.10	8.78	9.62	9.55
25th Percentile	2.73	0.79	3.15	5.48	8.09	9.04	8.83
Median	2.62	(0.10)	2.48	5.08	7.56	8.61	8.37
75th Percentile	2.44	(1.12)	1.47	4.48	7.00	8.33	7.82
90th Percentile	2.17	(2.18)	0.21	3.88	6.44	7.84	7.24
Goldman Sachs	6.61	18.21	30.12	25.96	20.38	17.44	6.36
Barclays HY Corp 2% Issue	2.52	(0.39)	2.00	4.73	7.44	8.57	8.54

Relative Return vs Barclays HY Corp 2% Issue



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



Goldman Sachs Offshore Fund V Period Ended March 31, 2015

Investment Philosophy

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

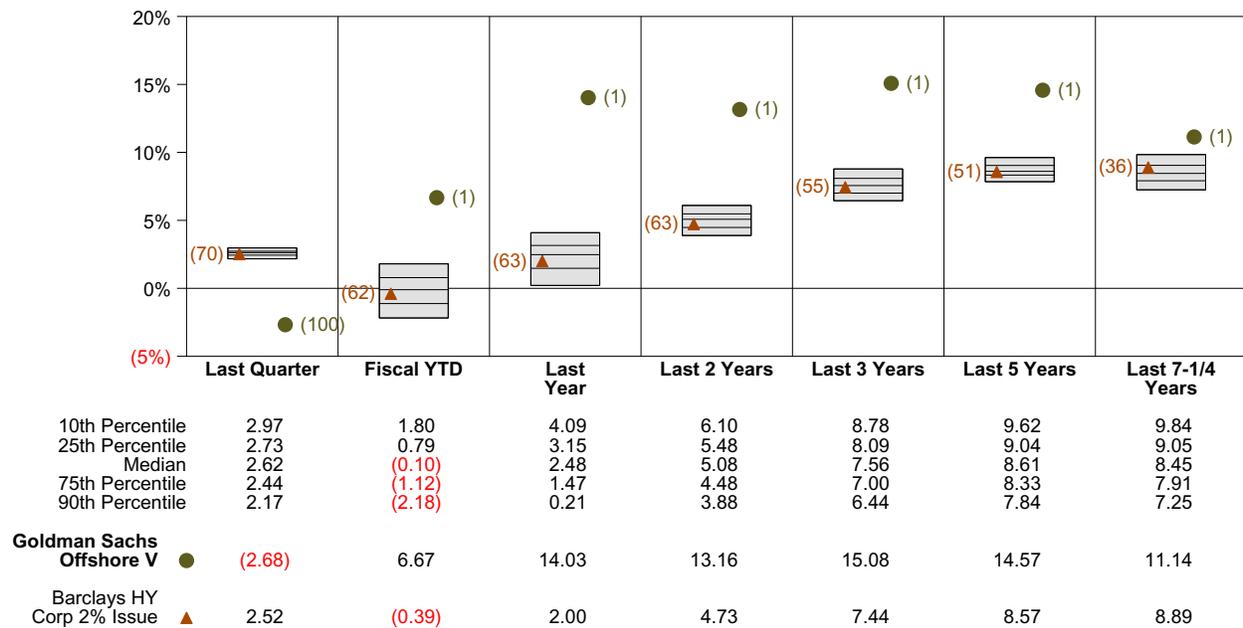
Quarterly Summary and Highlights

- Goldman Sachs Offshore V's portfolio posted a (2.68)% return for the quarter placing it in the 100 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Goldman Sachs Offshore V's portfolio underperformed the Barclays HY Corp 2% Issue by 5.20% for the quarter and outperformed the Barclays HY Corp 2% Issue for the year by 12.02%.

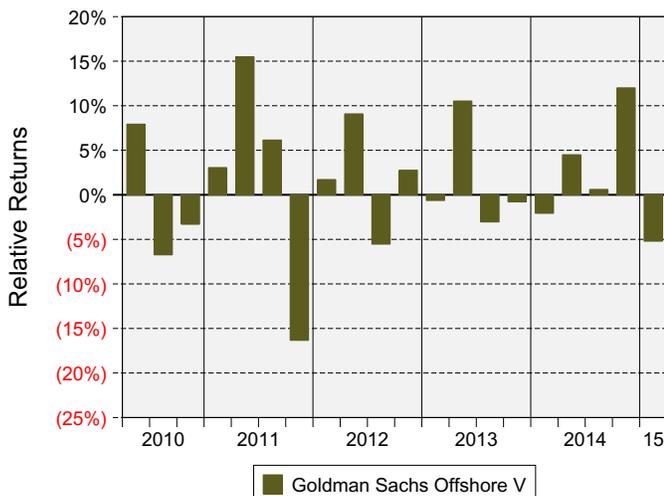
Quarterly Asset Growth

Beginning Market Value	\$6,497,797
Net New Investment	\$-997,760
Investment Gains/(Losses)	\$-163,337
Ending Market Value	\$5,336,700

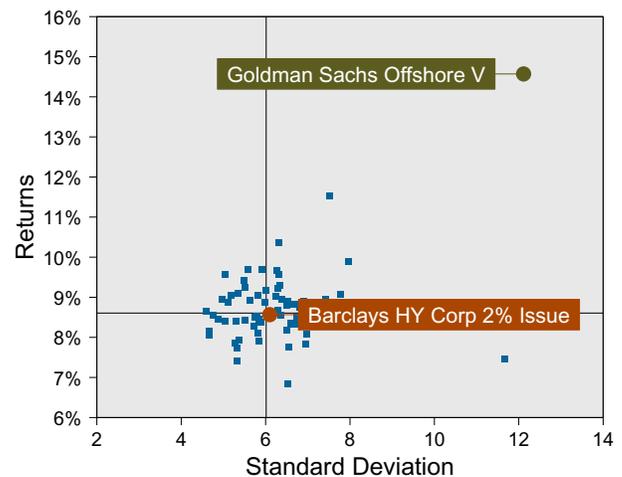
Performance vs CAI High Yield Fixed-Inc Style (Gross)



Relative Return vs Barclays HY Corp 2% Issue



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



Loomis Sayles

Period Ended March 31, 2015

Investment Philosophy

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

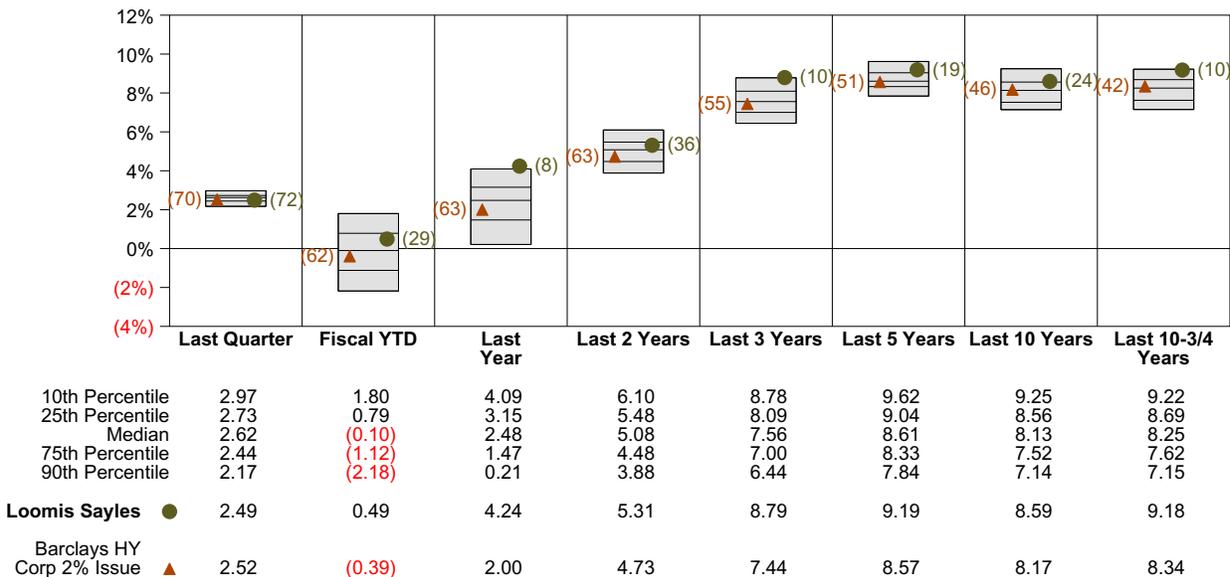
Quarterly Summary and Highlights

- Loomis Sayles's portfolio posted a 2.49% return for the quarter placing it in the 72 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 8 percentile for the last year.
- Loomis Sayles's portfolio underperformed the Barclays HY Corp 2% Issue by 0.03% for the quarter and outperformed the Barclays HY Corp 2% Issue for the year by 2.24%.

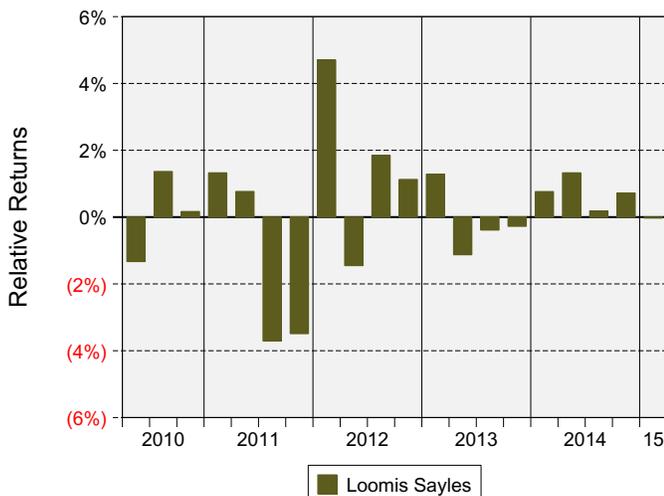
Quarterly Asset Growth

Beginning Market Value	\$221,142,883
Net New Investment	\$-276,429
Investment Gains/(Losses)	\$5,506,912
Ending Market Value	\$226,373,367

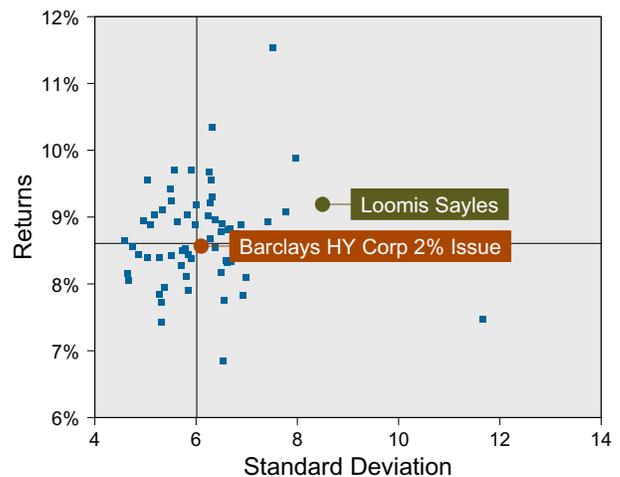
Performance vs CAI High Yield Fixed-Inc Style (Gross)



Relative Return vs Barclays HY Corp 2% Issue



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



PIMCO Bravo II Fund

Period Ended March 31, 2015

Investment Philosophy

The BRAVO II Fund is a private equity style fund targeting an annualized IRR of 15-20% and multiple of 1.8-2x, net of fees and carried interest with an initial 5-year term. The fund will seek to capitalize on non-economic asset sale decisions by global financial institutions. The fund will have the flexibility to acquire attractively discounted, less liquid loans, structured credit and other assets tied to residential or commercial real estate markets in the U.S. and Europe.

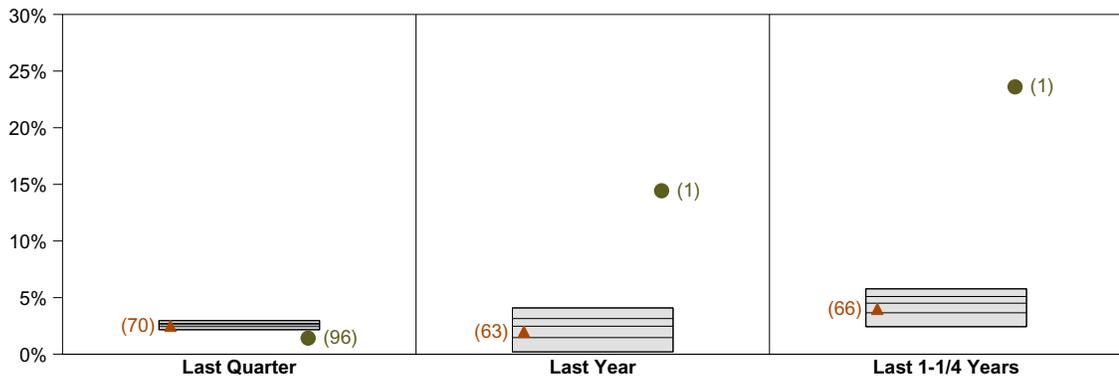
Quarterly Summary and Highlights

- PIMCO Bravo II Fund's portfolio posted a 1.43% return for the quarter placing it in the 96 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- PIMCO Bravo II Fund's portfolio underperformed the Barclays HY Corp 2% Issue by 1.09% for the quarter and outperformed the Barclays HY Corp 2% Issue for the year by 12.43%.

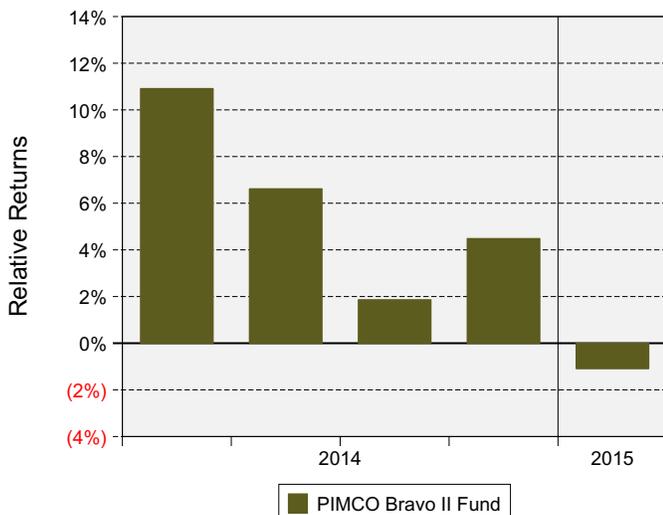
Quarterly Asset Growth

Beginning Market Value	\$23,439,357
Net New Investment	\$5,000,000
Investment Gains/(Losses)	\$347,965
Ending Market Value	\$28,787,322

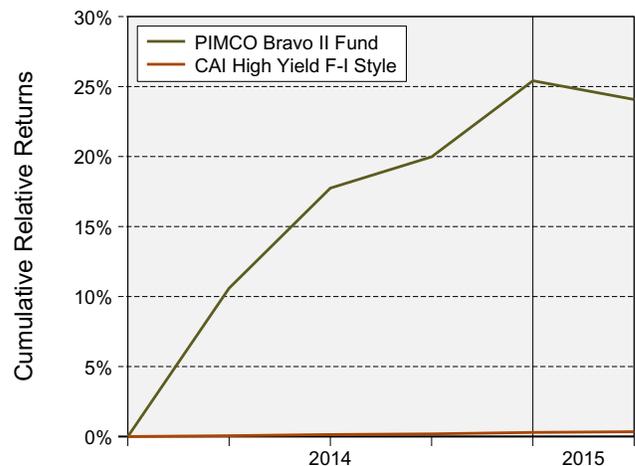
Performance vs CAI High Yield Fixed-Inc Style (Gross)



Relative Return vs Barclays HY Corp 2% Issue



Cumulative Returns vs Barclays HY Corp 2% Issue



Brandywine Asset Management

Period Ended March 31, 2015

Investment Philosophy

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

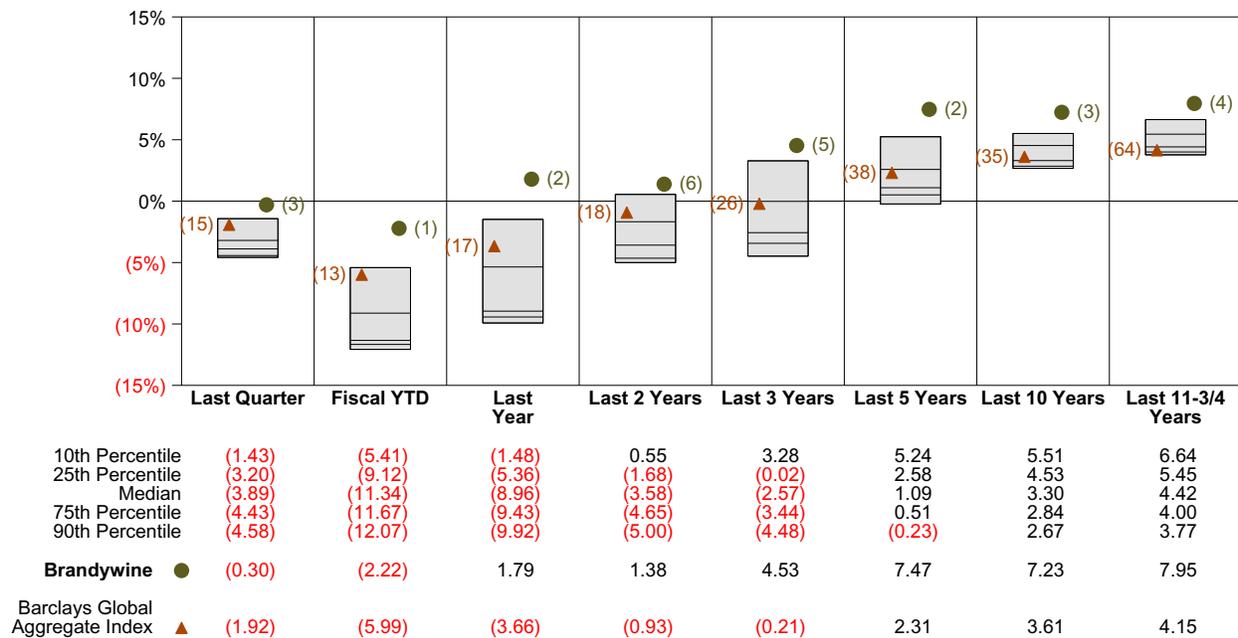
Quarterly Summary and Highlights

- Brandywine's portfolio posted a (0.30)% return for the quarter placing it in the 3 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 2 percentile for the last year.
- Brandywine's portfolio outperformed the Barclays Global Aggregate Index by 1.62% for the quarter and outperformed the Barclays Global Aggregate Index for the year by 5.45%.

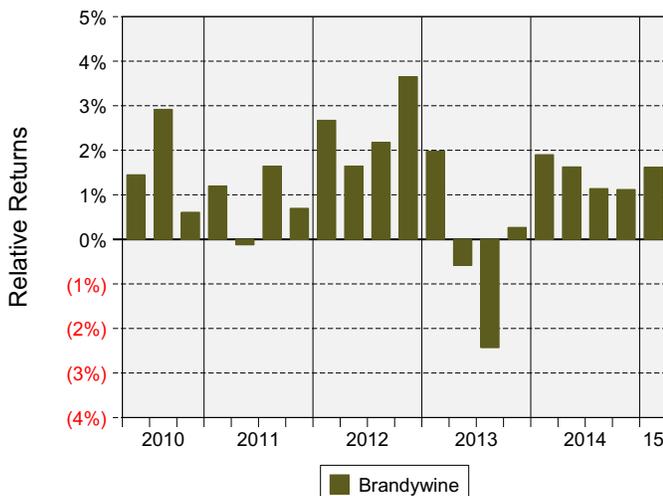
Quarterly Asset Growth

Beginning Market Value	\$115,254,412
Net New Investment	\$20,000,000
Investment Gains/(Losses)	\$-96,671
Ending Market Value	\$135,157,741

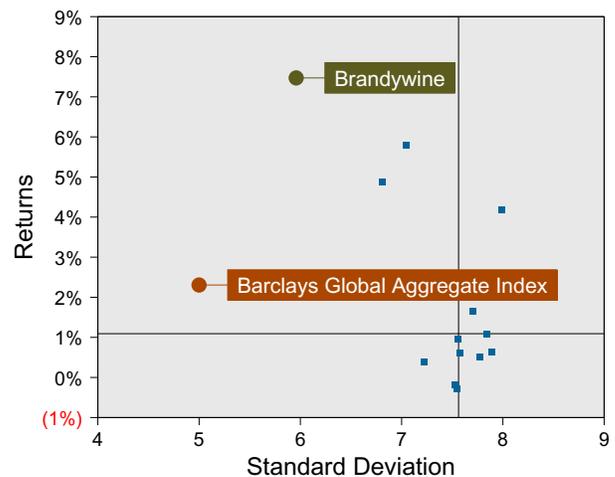
Performance vs CAI Non-U.S. Fixed-Inc Style (Gross)



Relative Returns vs Barclays Global Aggregate Index



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



UBS Global Asset Management Period Ended March 31, 2015

Investment Philosophy

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

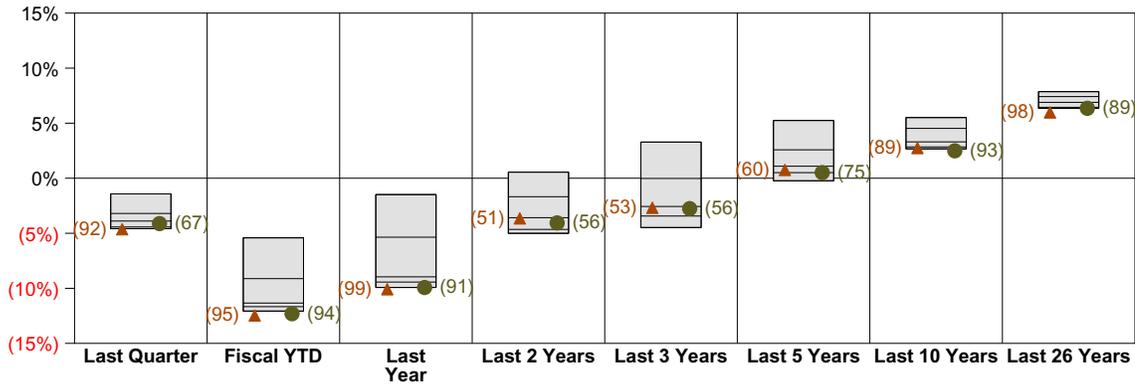
Quarterly Summary and Highlights

- UBS Global Asset Management's portfolio posted a (4.12)% return for the quarter placing it in the 67 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 91 percentile for the last year.
- UBS Global Asset Management's portfolio outperformed the Blended Benchmark* by 0.51% for the quarter and outperformed the Blended Benchmark* for the year by 0.16%.

Quarterly Asset Growth

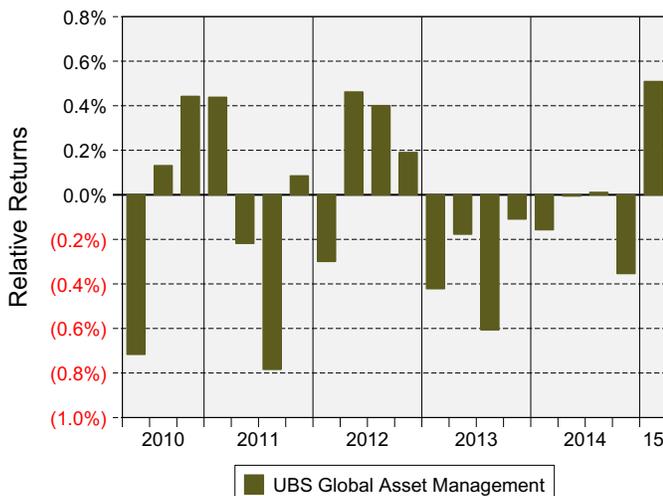
Beginning Market Value	\$105,201,147
Net New Investment	\$-87,700
Investment Gains/(Losses)	\$-4,335,128
Ending Market Value	\$100,778,318

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

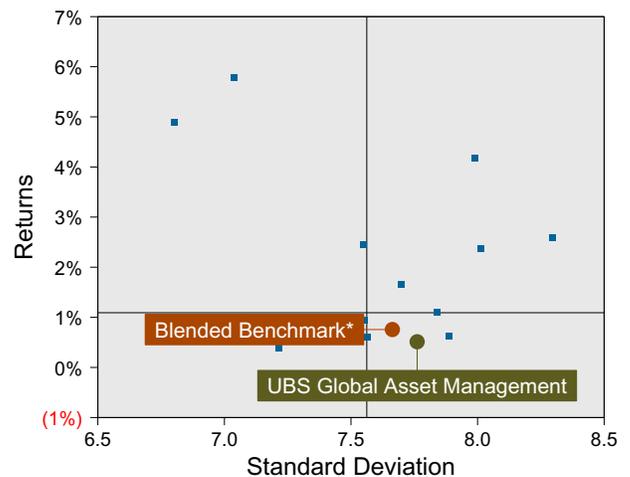


10th Percentile	(1.43)	(5.41)	(1.48)	0.55	3.28	5.24	5.51	7.86
25th Percentile	(3.20)	(9.12)	(5.36)	(1.68)	(0.02)	2.58	4.53	7.42
Median	(3.89)	(11.34)	(8.96)	(3.58)	(2.57)	1.09	3.30	6.89
75th Percentile	(4.43)	(11.67)	(9.43)	(4.65)	(3.44)	0.51	2.84	6.44
90th Percentile	(4.58)	(12.07)	(9.92)	(5.00)	(4.48)	(0.23)	2.67	6.35
UBS Global Asset Management	● (4.12)	(12.31)	(9.93)	(4.06)	(2.76)	0.51	2.49	6.35
Blended Benchmark*	▲ (4.63)	(12.46)	(10.08)	(3.65)	(2.68)	0.76	2.74	5.98

Relative Return vs Blended Benchmark*



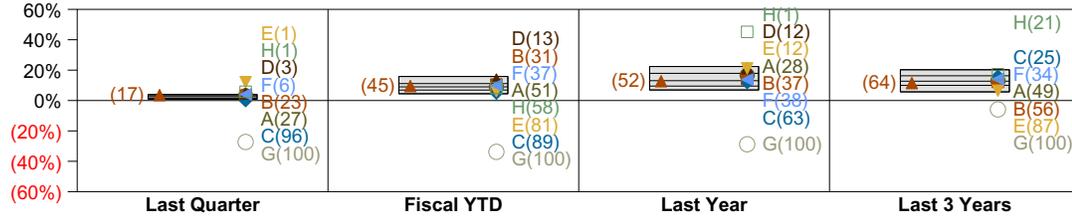
CAI Non-U.S. Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



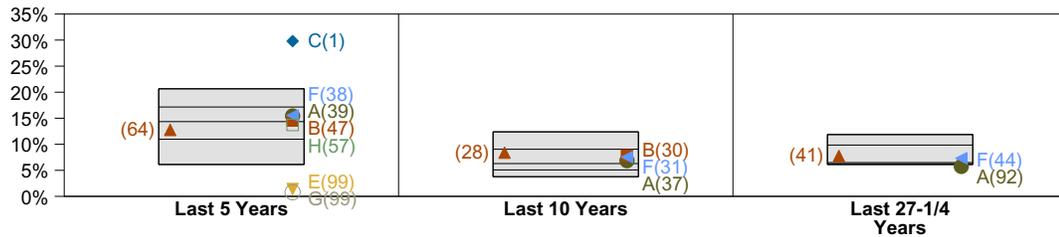
North Dakota State Investment Board Pension Funds Performance vs Total Real Estate DB Periods Ended March 31, 2015

Return Ranking

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



	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile
Total Real Estate	3.20	3.23	2.54	1.58	0.84
Invesco Core Real Estate	3.28	(0.38)	4.07	(27.28)	(100)
Invesco Real Estate II	4.54	4.67	6.21	10.03	(33.78)
Invesco Real Estate III	13.84	6.21	10.03	13.79	(28.80)
Invesco Asia Real Estate	6.21	6.21	6.21	6.21	6.21
JP Morgan Investment	6.21	6.21	6.21	6.21	6.21
JP Morgan Alternative Fd	6.21	6.21	6.21	6.21	6.21
JP Morgan	6.21	6.21	6.21	6.21	6.21
Greater China Fund	5.78	8.32	45.19	17.33	17.33
NCREIF Total Index	3.57	9.54	12.72	11.47	11.47



	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile
Total Real Estate	15.44	14.35	10.97	6.12	6.12
Invesco Core Real Estate	14.58	29.80	-	-	-
Invesco Real Estate II	29.80	-	-	-	-
Invesco Real Estate III	-	-	-	-	-
Invesco Asia Real Estate	1.40	-	-	-	-
JP Morgan Investment	15.54	7.54	7.32	-	-
JP Morgan Alternative Fd	0.80	-	-	-	-
JP Morgan	0.80	-	-	-	-
Greater China Fund	13.71	-	-	-	-
NCREIF Total Index	12.75	8.39	7.75	7.75	7.75

TIR Teredo

Period Ended March 31, 2015

Investment Philosophy

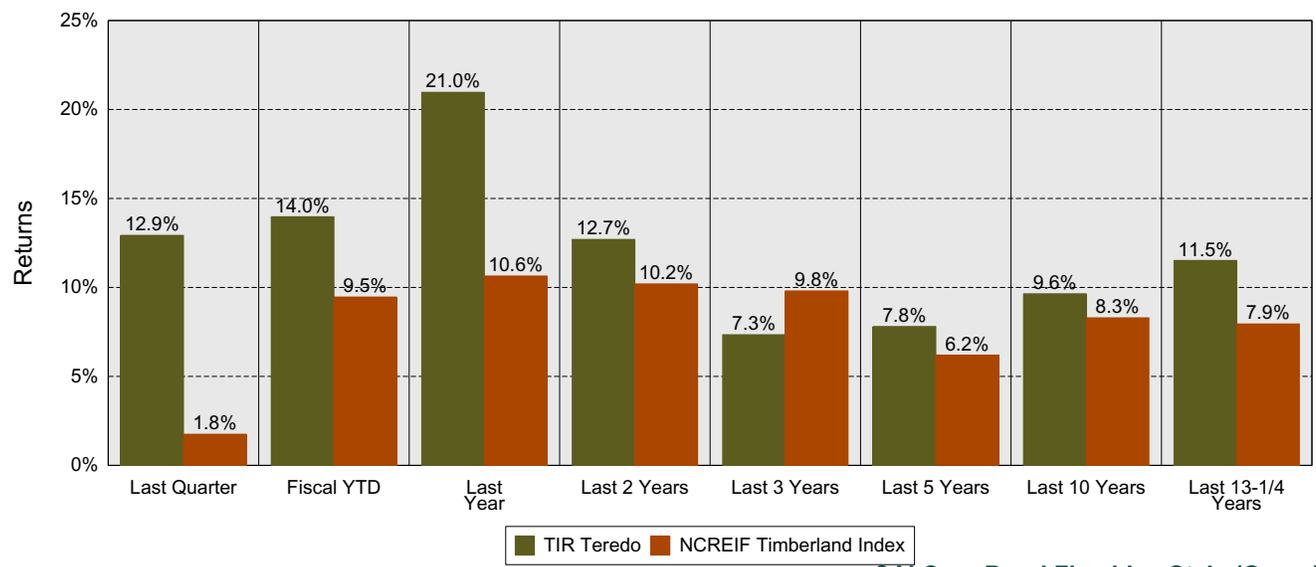
Teredo Timber LLC - The investment objective of Teredo is to provide competitive investment returns from increasing saw timber production through the 20 year term of the partnership. TIR's management strategy is to maximize saw timber volume by applying intensive forest management techniques which accelerate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

Quarterly Summary and Highlights

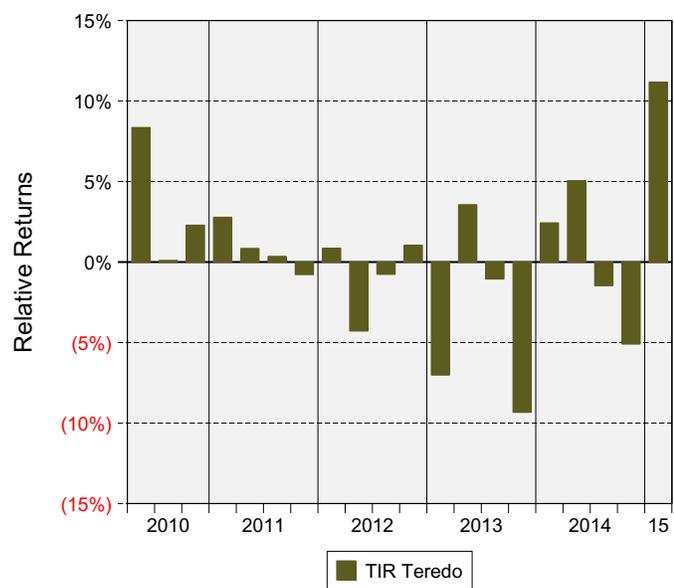
- TIR Teredo's portfolio posted a 12.93% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- TIR Teredo's portfolio outperformed the NCREIF Timberland Index by 11.18% for the quarter and outperformed the NCREIF Timberland Index for the year by 10.32%.

Quarterly Asset Growth

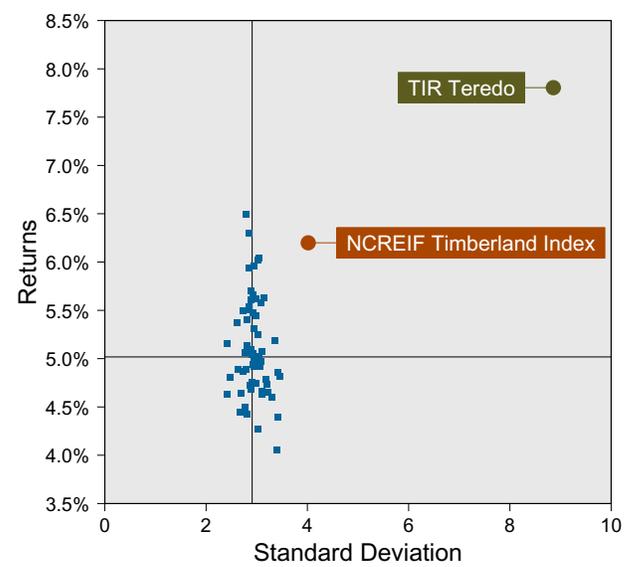
Beginning Market Value	\$71,873,317
Net New Investment	\$-19,800,000
Investment Gains/(Losses)	\$8,008,894
Ending Market Value	\$60,082,211



Relative Return vs NCREIF Timberland Index



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



TIR Springbank Period Ended March 31, 2015

Investment Philosophy

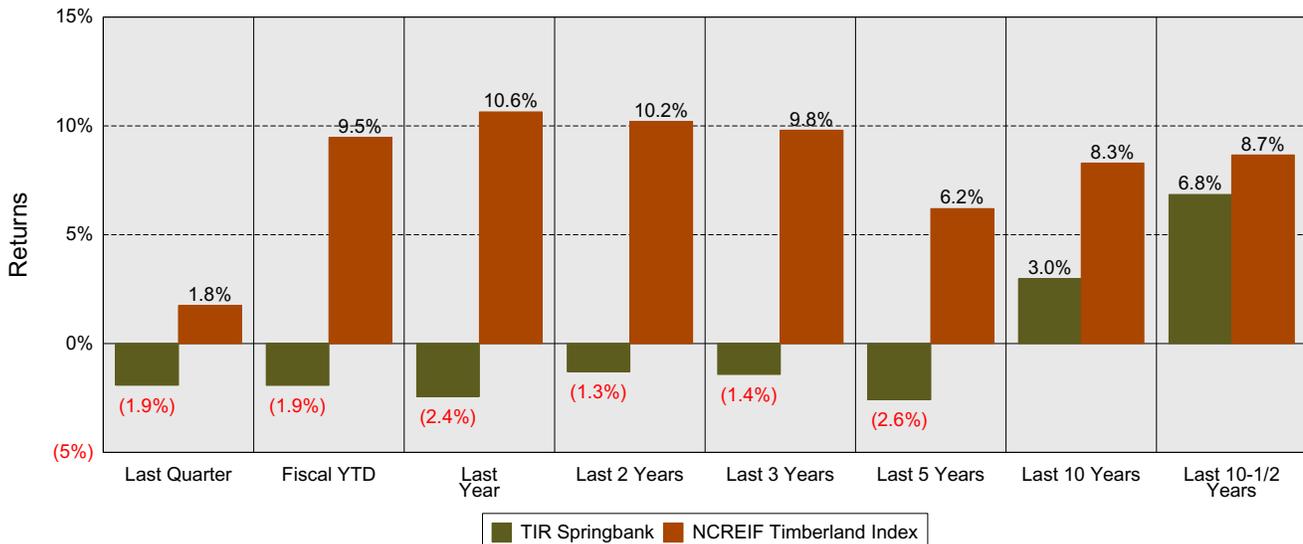
Springbank LLC - The investment objective of Springbank is to maximize long-term investment potential by means of the formation of a dedicated land management group, intensive timber management to increase timber production, the coordination of timber harvesting with land management activities and direct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

Quarterly Summary and Highlights

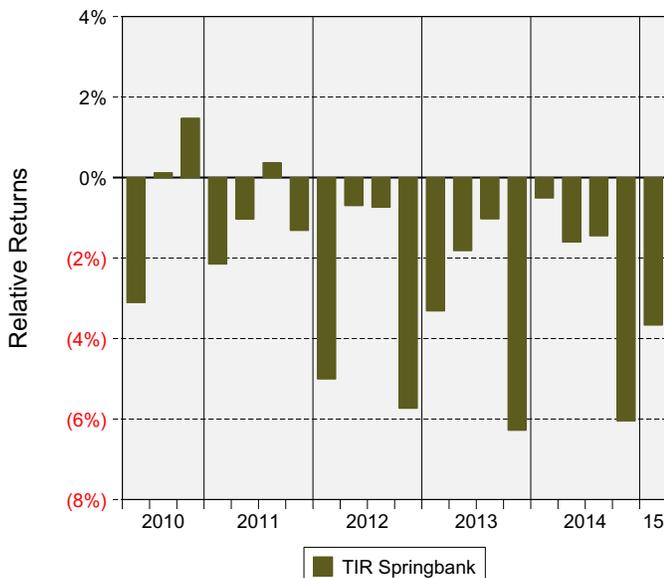
- TIR Springbank's portfolio posted a (1.92)% return for the quarter placing it in the 100 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 100 percentile for the last year.
- TIR Springbank's portfolio underperformed the NCREIF Timberland Index by 3.67% for the quarter and underperformed the NCREIF Timberland Index for the year by 13.08%.

Quarterly Asset Growth

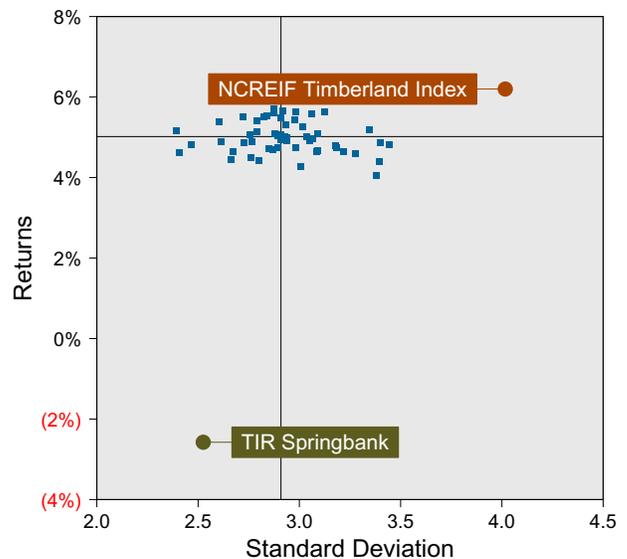
Beginning Market Value	\$119,442,642
Net New Investment	\$-557,374
Investment Gains/(Losses)	\$-2,283,769
Ending Market Value	\$116,601,499



Relative Return vs NCREIF Timberland Index



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



JP Morgan Asian Infrastructure Period Ended March 31, 2015

Investment Philosophy

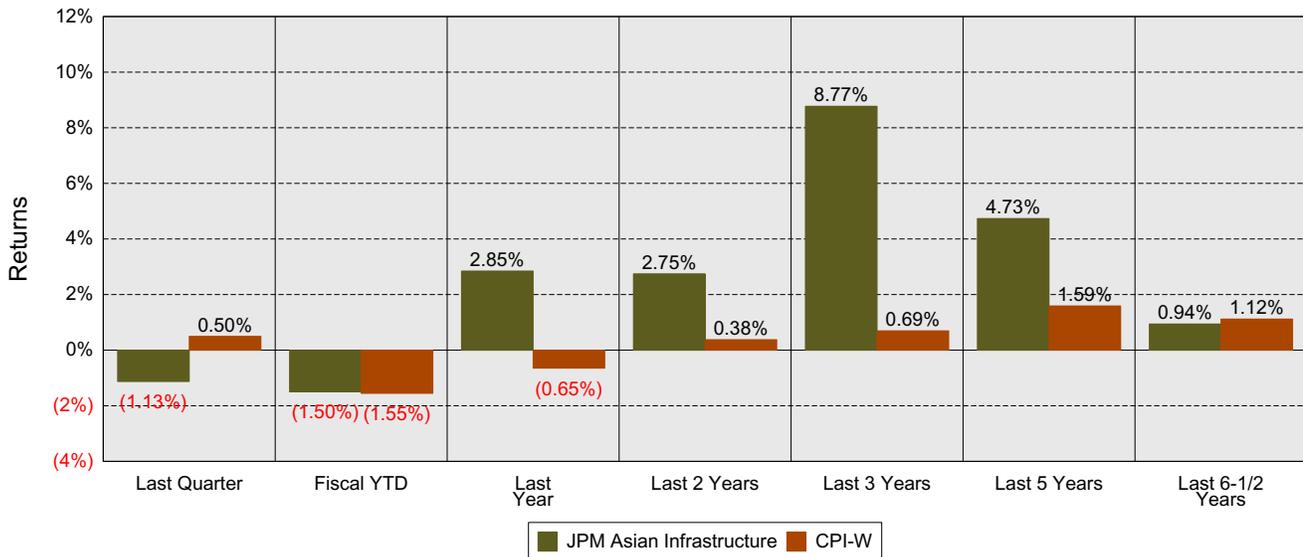
The JPMorgan Asian Infrastructure & Related Resources Opportunity ("AIRRO") Fund seeks to invest in infrastructure and related resources opportunities across the greater Asia Pacific region. The Fund seeks to invest in a broad range of assets, including: core infrastructure, power both from conventional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

Quarterly Summary and Highlights

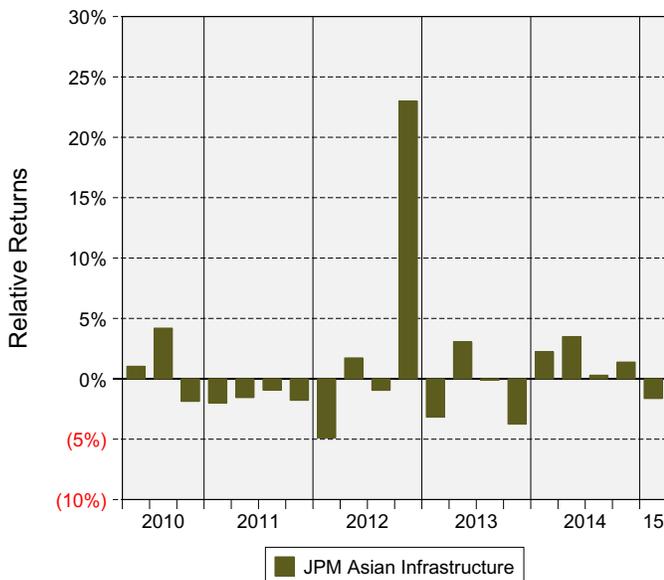
- JPM Asian Infrastructure's portfolio underperformed the CPI-W by 1.63% for the quarter and outperformed the CPI-W for the year by 3.49%.

Quarterly Asset Growth

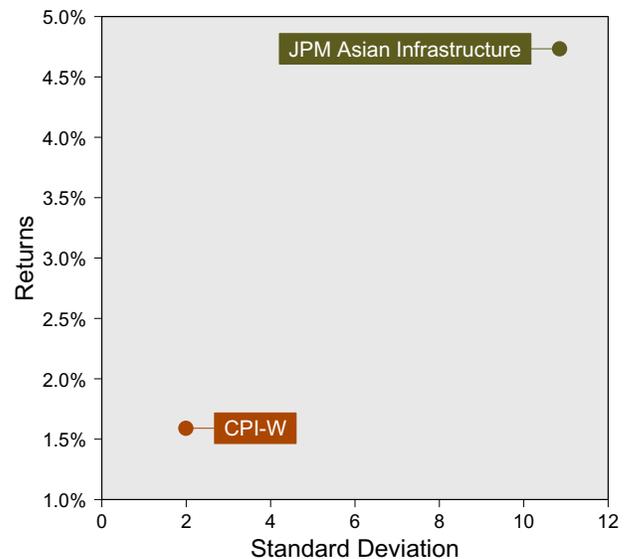
Beginning Market Value	\$33,100,295
Net New Investment	\$-39,351
Investment Gains/(Losses)	\$-373,017
Ending Market Value	\$32,687,927



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



JPM Infrastructure Fund

Period Ended March 31, 2015

Investment Philosophy

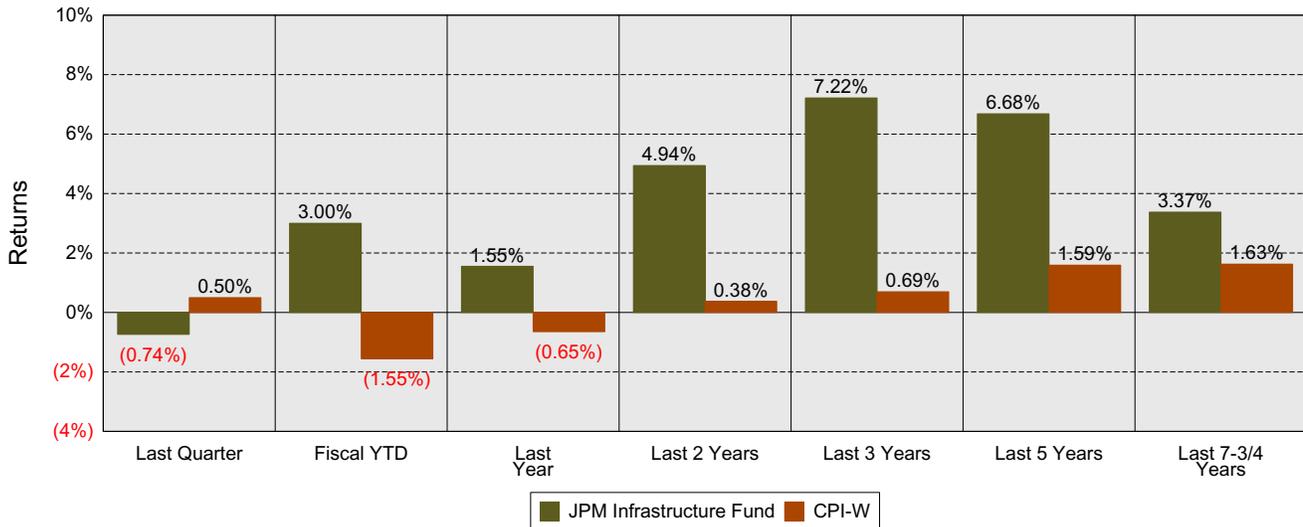
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas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

Quarterly Summary and Highlights

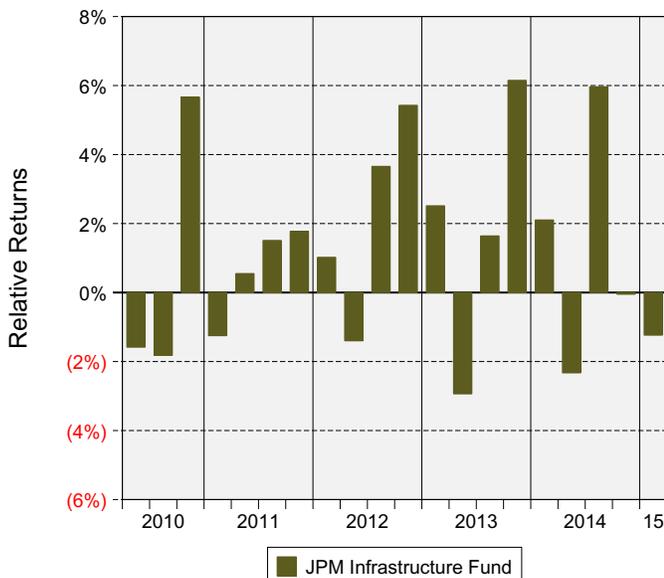
- JPM Infrastructure Fund's portfolio underperformed the CPI-W by 1.23% for the quarter and outperformed the CPI-W for the year by 2.20%.

Quarterly Asset Growth

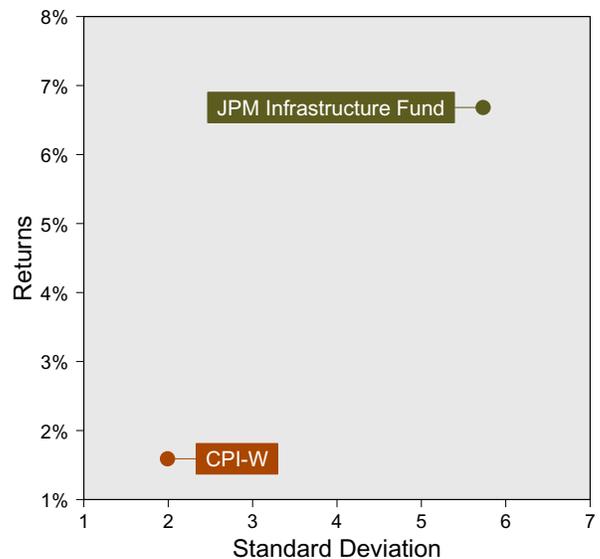
Beginning Market Value	\$108,464,247
Net New Investment	\$29,701,735
Investment Gains/(Losses)	\$-438,075
Ending Market Value	\$137,727,908



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



Grosvenor Cust. Infrastructure Period Ended March 31, 2015

Investment Philosophy

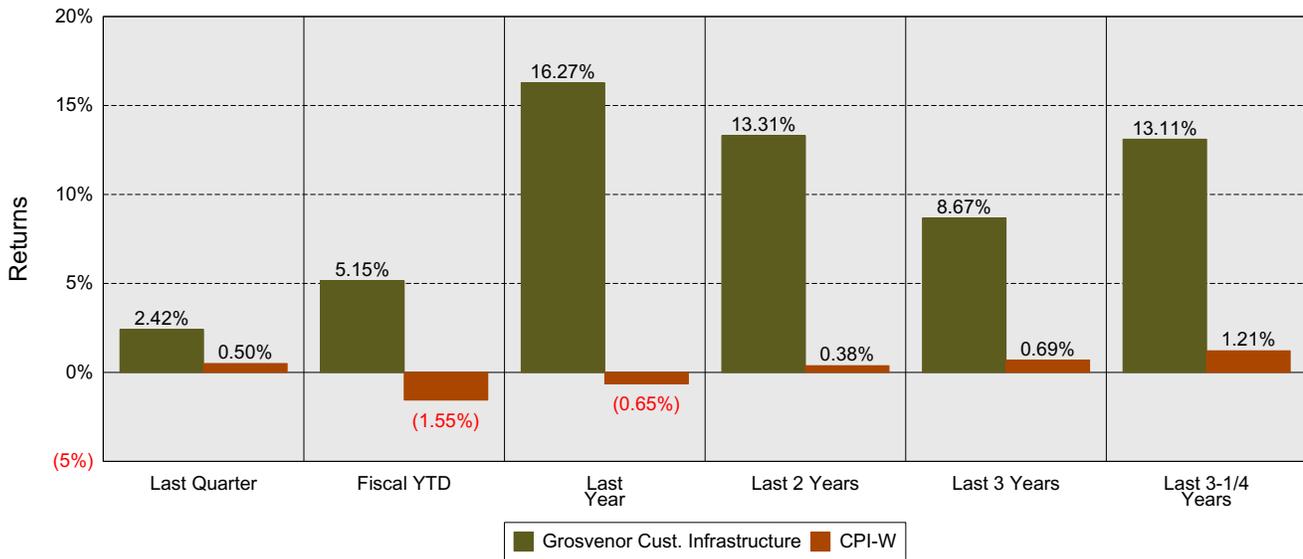
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified portfolio of primary core and core plus infrastructure funds (30%), co-investments (40%) and opportunistic secondary fund purchases (30%).

Quarterly Summary and Highlights

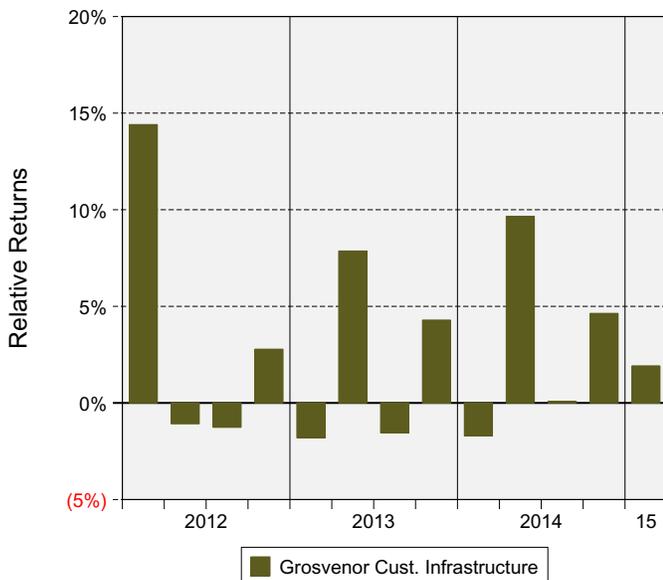
- Grosvenor Cust. Infrastructure's portfolio outperformed the CPI-W by 1.92% for the quarter and outperformed the CPI-W for the year by 16.92%.

Quarterly Asset Growth

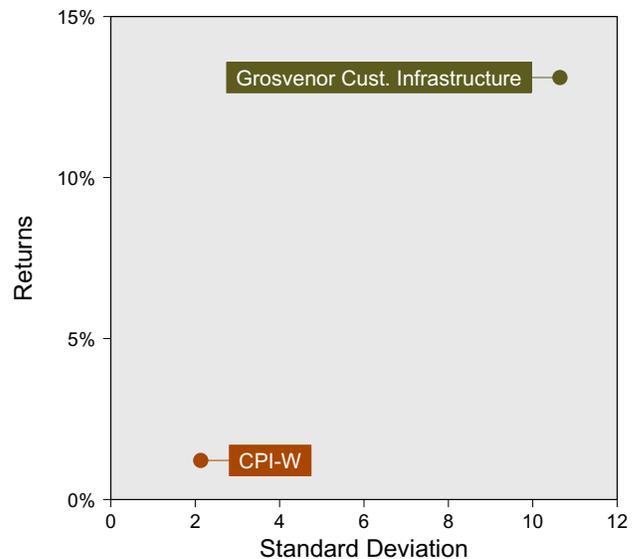
Beginning Market Value	\$41,357,417
Net New Investment	\$910,604
Investment Gains/(Losses)	\$1,016,783
Ending Market Value	\$43,284,804



Relative Return vs CPI-W



Annualized Three and One-Quarter Year Risk vs Return



Research and Educational Programs

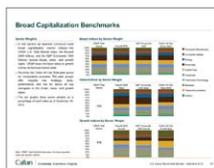
The Callan Investments Institute provides research that keeps clients updated on the latest industry trends while helping them learn through carefully structured educational programs. Below are the Institute's recent publications—all of which can be found at www.callan.com/research.

White Papers



2015 Capital Market Projections Charticle

Callan's latest charticle offers a high-level view into how we generate our cap market projection numbers. These projections incorporate advanced quantitative modeling as well as qualitative feedback and the economic expertise of Callan's consulting professionals. Our 2015 numbers reflect our optimism for the economy, for inflation, and for the capital markets.



Global Equity Benchmark Review: Year-end 9/30/2014

This report compares the coverage, characteristics, and risk and return data of more than 40 global equity indices from FTSE, MSCI, and Russell alongside Callan's active manager style groups. Statistics include: portfolio characteristics, sector and country weights, style analysis and Z-scores, risk and return, etc.



Countdown to a Better DC Plan

Citing results from Callan's annual DC Trends Survey, we explore plan sponsor adoption of PPA provisions to see how they have benefited, where they have met challenges, and where they could do more. We also offer seven takeaways to help sponsors better position their plans in 2015 as we approach the decade mark for this legislation.



Emerging Managers: Small Firms with Big Ideas

In this interview, Callan's Uvan Tseng and Lauren Mathias discuss trends and issues in the emerging manager arena. (Also see our related video: "Manager Trends: Emerging Managers and Minority, Women, and Disabled-owned Firms.")

Quarterly Publications

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

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

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

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

Quarterly Data: The *Market Pulse* reference guide covers the U.S. economy and investment trends in domestic and international equities and fixed income, and alternatives. Our *Inside Callan's Database* report provides performance information gathered from Callan's proprietary database, allowing you to compare your funds with your peers.

Real Assets Reporter: A recurring newsletter that offers Callan's data and insights on real estate and other real asset investment topics.

Surveys



2015 Defined Contribution Survey

This annual survey presents findings from the past year, such as: Around 10% of DC plan sponsors replaced their target date fund/balanced manager in 2014; Plans that offer potentially lower-cost investment vehicles, such as a collective trust, notably increased in 2014; In 2015 the high priorities for sponsors include participant communication, fund/manager due diligence, compliance, and plan fees.



ESG Interest and Implementation Survey

Callan conducted a brief survey to assess the status of ESG, including responsible and sustainable investment strategies and SRI, in the U.S. institutional market. We collected responses from 211 U.S. funds representing approximately \$1.4 trillion in assets.



2014 Investment Management Fee Survey

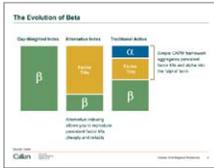
This survey captures institutional investment management fee payment practices and trends. We supplemented survey data (from 72 fund sponsors, \$859 billion in assets and 211 investment managers, \$15 trillion in AUM) with information from Callan's proprietary databases to establish the trends observed in this report. Callan conducted similar surveys in 2004, 2006, 2009, and 2011.

Events

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



The **2015 National Conference Summary** features a synopsis of our speakers: Bowles & Simpson, Maddy Dychtwald, Gary Locke, Daniel Pink, and the 2015 Capital Markets Panel. The Summary also reviews our four workshops: retirement in America, active share, DC plan fee landscape, and endowments/foundations. Slide-decks of the conference workshops are also available on our website.



Our **October 2014 Regional Workshop**, The Education of Beta, discussed the growing popularity of alternative index strategies. We covered the origins and theories behind these indices, investor implementation choices, and an overview of the smart beta industry focusing on the range of products and future trends. This workshop summary write-up will give you a great synopsis of what our three presenters (Andy Iseri, Jay Kloepfer, and Mike Swinney) covered.

Upcoming Educational Programs

Please join us at our June 2015 Regional Workshops where we will discuss how recent and pending regulatory and legislative developments are shaping the DC landscape, and how plan sponsors approach their plans. We will show the current environment’s impact on usage and implementation of everything from target date funds, alternative investments, company stock, etc. Learn what the future may hold for participants as well as the industry, as sponsor position their plans in light of these fiduciary challenges.

Fiduciary Tidal Wave: Navigating DC’s Uncharted Waters

Facilitators:

Rod Bare, Chicago Fund Sponsor Consulting

Lori Lucas, CFA, Defined Contribution Consulting

Uvan Tseng, CFA, San Francisco Fund Sponsor Consulting

Joined by Callan’s Chicago/Denver/San Francisco Office Consultants

June 17, 2015 in Chicago

June 18, 2015 in San Francisco

Workshop is from 9am to 11am

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

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

The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the 2015 dates.

An Introduction to Investments

July 21-22, 2015 in San Francisco

October 27-28, 2015 in Chicago

This one-and-one-half-day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The session will familiarize fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices.

Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment session structures. The session includes:

- A description of the different parties involved in the investment management process, including their roles and responsibilities
- A brief outline of the types and characteristics of different plans (e.g., defined benefit, defined contribution, endowments, foundations, operating funds)
- An introduction to fiduciary issues as they pertain to fund management and oversight
- An overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment sessions

Tuition for the Introductory "Callan College" session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. These sessions are tailored to meet the training and educational needs of the participants, whether you are a plan sponsor or you provide services to institutional tax-exempt plans. Past customized "Callan College" sessions have covered topics such as: custody, industry trends, sales and marketing, client service, international, fixed income, and managing the RFP process. Instruction can be tailored to be basic or advanced.

For more information please contact Kathleen Cunnie, at 415.274.3029 or cunnie@callan.com.

List of Managers That Do Business with Callan Associates Inc.

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 03/31/15, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting. Given the complex corporate and organizational ownership structures of investment management firms, parent and affiliate firm relationships are not listed here. The client list below may include names of parent companies who allow their affiliates to use some of the services included in their client contract (eg, educational services including published research and attendance at conferences and workshops). Affiliates will not be listed if they don't separately contract with Callan. Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

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

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Please refer to Callan's ADV Part 2A for a complete listing of TAG's portfolios. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios it oversees. Per company policy these requests are handled by TAG's senior management.

Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management	Y	Y
Acadian Asset Management, Inc.	Y	
Advisory Research	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors U.S. LLC	Y	Y
Allianz Life Insurance Company of North America		Y
Altrinsic Global Advisors, LLC		Y
American Century Investment Management	Y	
Analytic Investors	Y	
Apollo Global Management	Y	
AQR Capital Management	Y	
Ares Management	Y	
Ariel Investments	Y	
Aristotle Capital Management	Y	
Aronson + Johnson + Ortiz	Y	
Artisan Holdings		Y
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	Y
Baird Advisors	Y	Y
Bank of America		Y
Baring Asset Management	Y	
Baron Capital Management	Y	
BlackRock	Y	
BMO Asset Management	Y	
BNP Paribas Investment Partners	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y

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Manager Name	Educational Services	Consulting Services
Boston Partners	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Investments, LLC (fka ClearBridge Advisors)	Y	
Cohen & Steers	Y	Y
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Corbin Capital Partners	Y	
Cornerstone Investment Partners, LLC	Y	
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council		Y
Credit Suisse Asset Management	Y	
Crestline Investors	Y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management LLC	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Deutsche Asset & Wealth Management	Y	Y
Diamond Hill Investments	Y	
Donald Smith & Co., Inc.	Y	
DSM Capital Partners		Y
Duff & Phelps Investment Mgmt.	Y	Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Epoch Investment Partners	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fir Tree Partners	Y	
First Eagle Investment Management	Y	
First State Investments	Y	
Fisher Investments	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	

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Manager Name	Educational Services	Consulting Services
Fuller & Thaler Asset Management	Y	
GAM (USA) Inc.	Y	
Garcia Hamilton & Associates	Y	
GE Asset Management	Y	Y
Geneva Capital Management	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management	Y	Y
GMO (fka Grantham, Mayo, Van Otterloo & Co., LLC)	Y	
Great Lakes Advisors, Inc.		Y
The Guardian Life Insurance Company of America		Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
The Hampshire Companies	Y	
Harbor Capital		Y
Hartford Funds	Y	
Hartford Investment Management Co.	Y	Y
Heightman Capital Management Corporation		Y
Henderson Global Investors	Y	Y
Hotchkis & Wiley	Y	
HSBC Global Asset Management	Y	
Income Research & Management	Y	
Insight Investment Management		Y
Institutional Capital LLC	Y	
INTECH Investment Management	Y	
Invesco	Y	Y
Investec Asset Management	Y	
Jacobs Levy Equity Management		Y
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.M. Hartwell	Y	
J.P. Morgan Asset Management	Y	Y
KeyCorp		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Legal & General Investment Management America	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
The London Company	Y	
Longview Partners	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
Los Angeles Capital Management	Y	
LSV Asset Management	Y	

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

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Manager Name	Educational Services	Consulting Services
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Man Investments	Y	
Manulife Asset Management	Y	
Martin Currie	Y	
Marvin & Palmer Associates, Inc.	Y	
MFS Investment Management	Y	Y
MidFirst Bank		Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
Morgan Stanley Investment Management	Y	Y
Mount Lucas Management LP	Y	
Mountain Lake Investment Management LLC		Y
MUFG Union Bank, N.A.		Y
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Newton Capital Management	Y	
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Nuveen Investments Institutional Services Group LLC	Y	
Old Mutual Asset Management	Y	Y
OppenheimerFunds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Paradigm Asset Management	Y	
Parametric Portfolio Associates	Y	
Peregrine Capital Management, Inc.	Y	Y
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)	Y	
Pinnacle Asset Management	Y	
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Polen Capital Management	Y	
Principal Financial Group		Y
Principal Global Investors	Y	Y
Private Advisors	Y	
Prudential Fixed Income Management	Y	
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y

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Manager Name	Educational Services	Consulting Services
Research Affiliates		Y
Regions Financial Corporation		Y
RCM		Y
Rothschild Asset Management, Inc.	Y	Y
RS Investments	Y	
Russell Investment Management	Y	
Sankaty Advisors, LLC	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scout Investments	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	Y	
Select Equity Group	Y	
Smith Affiliated Capital Corporation	Y	
Smith Graham and Company		Y
Smith Group Asset Management		Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.	Y	Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
UBS	Y	Y
USAA Real Estate Company	Y	
Van Eck	Y	
Victory Capital Management Inc.	Y	
Vontobel Asset Management	Y	
Voya Investment Management	Y	Y
Vulcan Value Partners, LLC		Y
Waddell & Reed Asset Management Group	Y	Y
WCM Investment Management	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y

March 31, 2015



North Dakota State Investment Board Insurance Trust

**Investment Measurement Service
Quarterly Review**

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. Callan does not provide advice regarding, nor shall Callan be responsible for, the purchase, sale, hedge or holding of individual securities, including, without limitation securities of the client (i.e., company stock) or derivatives in the client's accounts. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the conformity of individual security holdings with the client's investment policies and guidelines, nor has it assumed any responsibility to do so. Advice pertaining to the merits of individual securities and derivatives should be discussed with a third party securities expert. Copyright 2015 by Callan Associates Inc.

Table of Contents

March 31, 2015

Executive Summary

Active Management Overview	2
Capital Market Review	3

NDSIB - Consolidated

Insurance Trust

Actual vs Target Asset Allocation	27
Quarterly Total Fund Attribution	28
Cumulative Total Fund Attribution	29
Cumulative Performance	33
Historical Asset Allocation	34
Asset Class Risk and Return	35
Total Fund Ranking	36
Asset Class Rankings	37
Investment Manager Asset Allocation	38
Investment Manager Returns	39

NDSIB - Workforce Safety & Insurance

Actual vs Target Asset Allocation	43
Quarterly Total Fund Attribution	44
Cumulative Total Fund Attribution	45
Cumulative Performance	48
Historical Asset Allocation	49
Asset Class Rankings	50
Asset Class Allocation	51
Asset Class Returns	52

NDSIB - Legacy Fund

Actual vs Target Asset Allocation	54
Quarterly Total Fund Attribution	55
Cumulative Total Fund Attribution	56
Historical Asset Allocation	58
Asset Class Rankings	59
Asset Class Allocation	60
Asset Class Returns	61

Table of Contents

March 31, 2015

NDSIB - Budget Stabilization Fund

Actual vs Target Asset Allocation	63
Quarterly Total Fund Attribution	64
Cumulative Total Fund Attribution	65
Cumulative Performance	68
Historical Asset Allocation	69
Asset Class Allocation	70
Asset Class Returns	71

Manager Evaluation

Domestic Equity

Parametric Clifton Large Cap	73
L.A. Capital	74
L.A. Capital Enhanced	75
LSV Asset Management	76
Parametric Clifton Small Cap	77
Research Affiliates	78

International Equity

Capital Group	80
DFA International Small Cap Value	81
LSV Asset Management	82
Vanguard Intl Explorer Fund	83

Domestic Fixed Income

Declaration Total Return	85
PIMCO DiSCO II	86
PIMCO Bravo II	87
Prudential	88
SSgA US Government Credit Bond Index	89
Wells Capital	90
Western Asset Management Company	91

Diversified Real Assets

Inflation Protected

Western Asset Management TIPS	93
Eastern Timber Opportunities	94
JP Morgan Infrastructure	95
Grosvenor Cust. Infrastructure	96

Real Estate

Invesco Core Real Estate	98
JP Morgan	99

Table of Contents
March 31, 2015

Short Term Fixed Income

JP Morgan Short Term Bonds - Budget Stabilization Fund	101
Babson Short Term Bonds - Budget Stabilization Fund	102

Callan Research/Education	103
----------------------------------	------------

Disclosures	108
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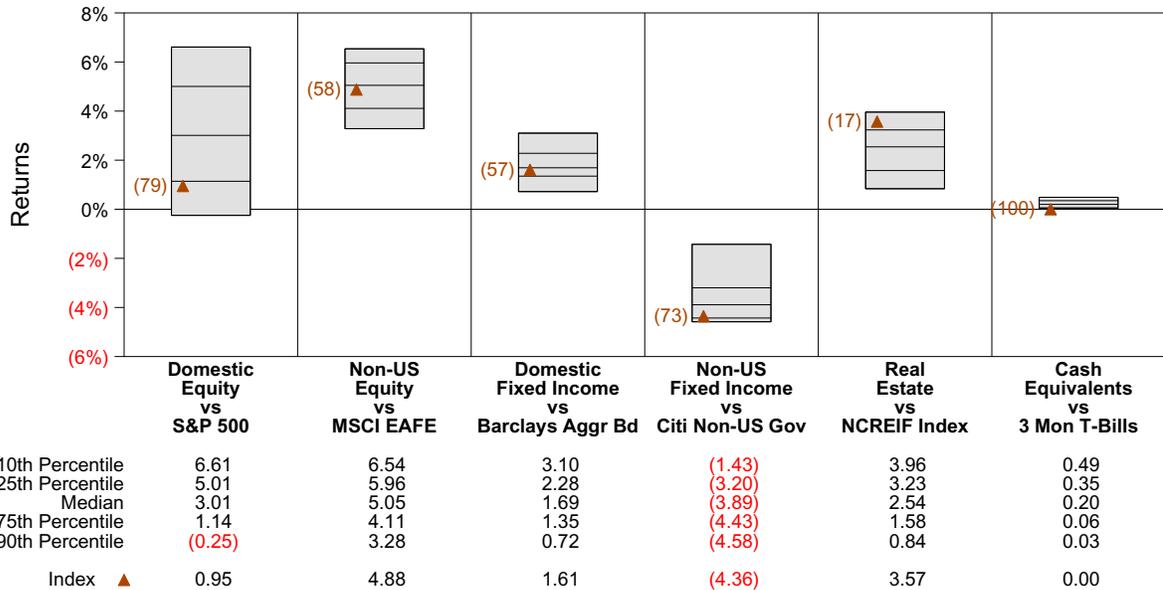
Market Overview

Active Management vs Index Returns

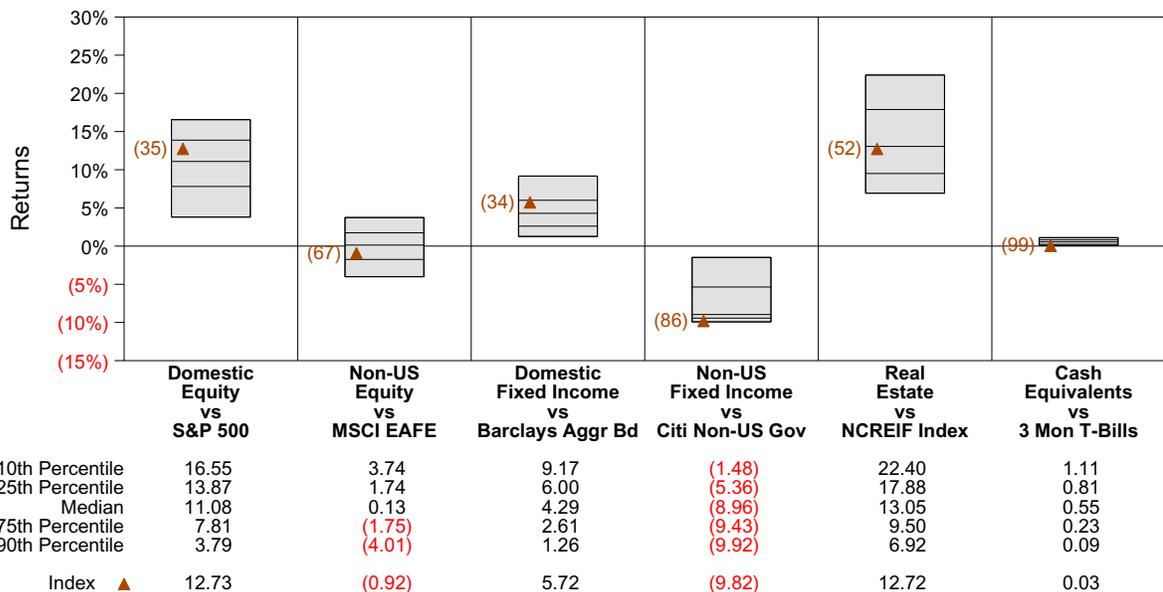
Market Overview

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

Range of Separate Account Manager Returns by Asset Class One Quarter Ended March 31, 2015



Range of Separate Account Manager Returns by Asset Class One Year Ended March 31, 2015





Is There Really a “First-Quarter Effect”?

U.S. ECONOMY

2 Real GDP came to a screeching halt, inching up by just 0.2% (annual rate), following moderating growth in the fourth quarter of 2014. The dollar's rise and oil price's plunge began to work through the U.S. economy.

Strong Dollar, Weak Yields

FUND SPONSOR

4 According to the **Callan Fund Sponsor Database**, all fund types enjoyed decent gains with corporate funds leading the way at the median (+2.50%). Taft-Hartley funds (+2.29) were the worst performers of the quarter.

Broad Market Quarterly Returns

U.S. Equity (Russell 3000)	+1.80%
Non-U.S. Equity (MSCI ACWI ex USA)	+3.59%
Emerging Equity (MSCI Em. Mkts.)	+2.28%
U.S. Fixed (Barclays Aggregate)	+1.61%
Non-U.S. Fixed (Citi Non-U.S.)	-4.36%
Real Estate (NCREIF Property)	+3.57%
Hedge Funds (CS HFI)	+2.48%
Commodities (Bloomberg)	-5.95%
Cash (90-Day T-Bills)	0.00%

Sources: Barclays, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group, S&P Dow Jones

Subdued Returns

U.S. EQUITY

6 The first quarter's ups and downs resulted in only a slight net increase for U.S. equities as represented by the **S&P 500 Index** (+0.95%). Large cap stocks trailed (**Russell 1000 Index**; +1.59%) and growth undoubtedly beat value (**Russell 1000 Growth Index**; +3.84% and **Russell 1000 Value Index**; -0.72%).

The Waiting Game

NON-U.S. EQUITY

9 While volatile markets await a more solid reprieve from negative news, February gains lifted the **MSCI ACWI ex USA Index** (+3.59%). The developed **MSCI World ex USA Index** (+3.83%) beat the **MSCI Emerging Markets Index** (+2.28%) for the second straight quarter.

New Year's Rally

U.S. FIXED INCOME

12 All sectors of the U.S. fixed income market, led by credit, posted positive returns and almost all gained over 1%. The **Barclays Aggregate Index** climbed 1.61% and the **Barclays Corporate High Yield Index** gained 2.52%.

How Low Can You Go?

NON-U.S. FIXED INCOME

15 Currency effects and declining yield curves defined the world bond markets. The USD hedged **Citi Non-U.S. World Government Bond Index** increased 2.25%, beating its unhedged equivalent by 6.61%.

Indices Advance

REAL ESTATE

17 The **NCREIF Property Index** gained 3.57%, recording a 1.24% income return and a 2.33% appreciation return. The **FTSE EPRA/NAREIT Developed REIT Index** (USD) climbed 4.17%.

A Choppy Launch

PRIVATE EQUITY

19 Most private equity activity measures fell in the first quarter relative to the fourth quarter 2014's strong finish. Year-over-year, 2015's first quarter had strongly increased fundraising, a moderated new company investment pace, and a large drop in exit activity.

Think Global, Act Local

HEDGE FUNDS

20 Diverging macro policies lead to disparate impacts. The **Credit Suisse Hedge Fund Index** advanced 2.48%. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** produced 2.23%.

DC Plans Wrap up a Respectable 2014

DEFINED CONTRIBUTION

21 The **Callan DC Index™** rounded out 2014 with a respectable total return (+6.8%). However, the Index underperformed for the year compared to the average corporate DB plan (+7.7%).

Is There Really a “First-Quarter Effect”?

U.S. ECONOMY | Jay Kloepfer

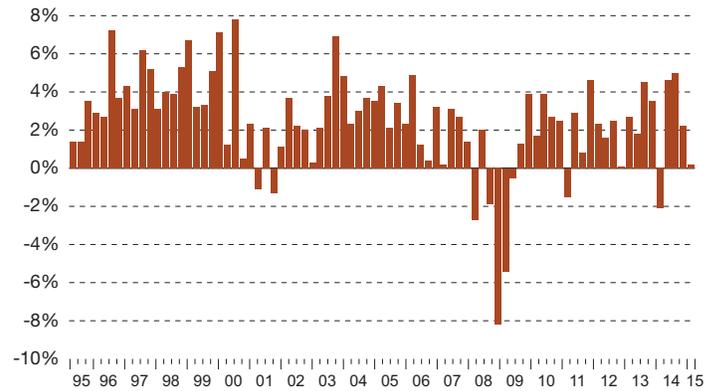
Real GDP came to a screeching halt in the first quarter of 2015, inching up by just 0.2% (annual rate) following moderating growth in the fourth quarter of 2014. Last year, first-quarter growth actually fell 2.4%, surprising many observers, with the blame laid squarely at the feet of historically bad weather in the Northeast U.S., weaker growth in the global economy outside the U.S., and other “one-time factors.” This year is no different, with more one-time factors blamed, another harsh winter in the Northeast, weaker global growth, along with a surging dollar cutting exports (and boosting imports, a negative in the GDP calculations), and the collapse in oil prices hitting investment spending.

How often can this phenomenon occur before we can no longer cite “one-time factors”? This weak first-quarter pattern also showed up in 2012. Wait a minute, there it is again in 2011, as well as 2010. Seasonality in economic activity has long vexed economists’ measures of “true” GDP activity, and many sophisticated data collection and seasonal adjustment calculations have evolved to deal with it. When the seasonally adjusted data show a strong seasonal pattern, with sharp GDP slowdowns in five of the past six years in the same quarter, the results suggest either a change in the pattern to the seasonality of economic activity or problems in the collection and interpretation of the economic data. To be fair, expectations for first-quarter GDP growth had been brought down substantially as the monthly data came out, settling in at a consensus of 1.0% prior to the official data release. A further reading of the economic tea leaves from other sources suggests, just as it has in each of the past five years with first-quarter slowdowns, that the U.S. economy remains in reasonable shape, and that expectations for GDP growth for the calendar year 2015 remain in the 2.5% range.

Two of this year’s one-time factors—the rise in the dollar and the plunge in the price of oil—first showed up in the fourth quarter of 2014 but really began to work through the economy in the first quarter of 2015. Interestingly, the initial plunge in the price of oil generated an immediate boost to consumers’ disposable

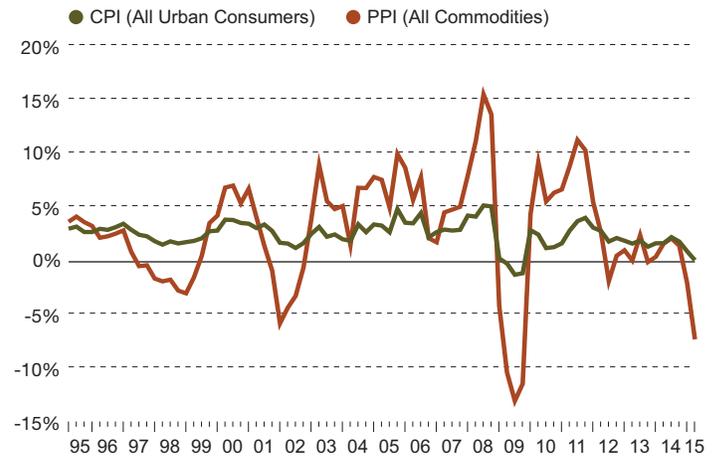
Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

incomes, akin to a tax cut, that has been estimated to be as large as \$150 billion just in the U.S. In the fourth quarter, this oil price dividend overwhelmed the initial negative impact on drilling and production activity within the domestic oil industry. In the first quarter of 2015, drilling activity largely ceased. Oil wells and other mining activity are classified as non-residential structures, and investment in structures took a major hit, falling 23% and pulling total non-residential investment down by 3.4%. This decline in structures investment alone shaved 0.75% off GDP growth

for the quarter. The consumer impact from lower gasoline prices (\$150 billion annually if the low prices held) appears to have been overshadowed in the first quarter of 2015, and in fact personal consumption expenditures slipped from a growth rate of 4.4% in the fourth quarter to 1.9%.

The weather impact showed up primarily in consumption, which slowed from a robust 4.4% gain in the fourth quarter to 1.9% growth in the first quarter of 2015, despite the gasoline price dividend. Consumer savings rose substantially in the quarter. If truly temporary, this boost to savings should help fuel consumer spending if it rolls out as delayed gratification later in the year. Net exports fell 7.2% in the first quarter, no doubt hit hard by the stronger dollar, and subtracted 1% from total GDP growth. Imports, which count as a negative in the GDP numbers, rose sharply in the fourth quarter of 2014 (+10.4%), fueled by lower dollar prices for imported goods and a buoyant consumer mood. The more somber consumer and the hibernation effect held import growth to just 1.8% in the first quarter of 2015; low oil prices also held down the value of imports.

The job market has been one of the brightest spots in the economy over the last two years, generating more than 200,000 new jobs for 12 straight months through February 2015. This streak was broken in March as employers added 126,000 jobs, still robust but less than half of February's gain. This break in the job market growth rate is consistent with other signals such as housing starts, consumer spending, and manufacturing activity that suggested a slowing of momentum in the U.S. economy as the first quarter unfolded. However, neither the job market nor these other broad indicators are at levels that signal danger for the U.S. economy, and these indicators fully support the notion that the halt in GDP

The Long-Term View

Index	2015 1st Qtr	Periods ended December 31, 2014			
		Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	1.80	12.56	15.63	7.94	9.78
S&P 500	0.95	13.69	15.45	7.67	9.62
Russell 2000	4.32	4.89	15.55	7.77	9.75
Non-U.S. Equity					
MSCI EAFE	4.88	-4.90	5.33	4.43	4.31
MSCI EM	2.28	-1.82	2.11	8.78	8.83
S&P Ex-U.S. Small Cap	4.43	-3.42	8.52	6.84	5.48
Fixed Income					
Barclays Aggregate	1.61	5.97	4.45	4.71	6.49
90-Day T-Bill	0.00	0.03	0.09	1.54	3.24
Barclays Long G/C	3.36	19.31	9.81	7.36	8.49
Citi Non-U.S. Govt	-4.36	-2.68	0.85	2.64	6.21
Real Estate					
NCREIF Property	3.57	11.82	12.13	8.38	7.61
FTSE NAREIT Equity	4.75	30.14	16.88	8.31	11.25
Alternatives					
CS Hedge Fund	2.48	4.13	5.88	5.82	-
Cambridge PE*	-	23.46	17.80	13.72	15.50
Bloomberg Commodity	-5.94	-17.01	-5.53	-1.86	-
Gold Spot Price	-0.08	-1.51	1.55	10.45	4.38
Inflation – CPI-U	0.56	0.76	1.69	2.12	2.52

*Private equity data is time-weighted return for period ended June 30, 2014.

Sources: Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's, Thomson/Cambridge.

growth may indeed be a result of one-time factors. The Fed has continued to reign in its outlook for U.S. GDP growth and to offer caution on the timing of interest rate increases; markets are now betting the next Fed move on interest rates may be pushed out to September or even December 2015.

Recent Quarterly Indicators

Economic Indicators	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13
Employment Cost–Total Compensation Growth	2.6%	2.2%	2.2%	2.0%	1.8%	2.0%	1.9%	1.9%
Nonfarm Business–Productivity Growth	-0.8%*	-2.2%	3.9%	2.9%	-4.7%	3.0%	3.4%	0.9%
GDP Growth	0.2%	2.2%	5.0%	4.6%	-2.1%	3.5%	4.5%	1.8%
Manufacturing Capacity Utilization	77.2%	77.8%	77.5%	77.1%	76.2%	76.4%	76.0%	75.9%
Consumer Sentiment Index (1966=100)	95.5	89.8	83.0	82.8	80.9	76.9	81.6	81.7

*Estimate

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, Reuters/University of Michigan

Strong Dollar, Weak Yields

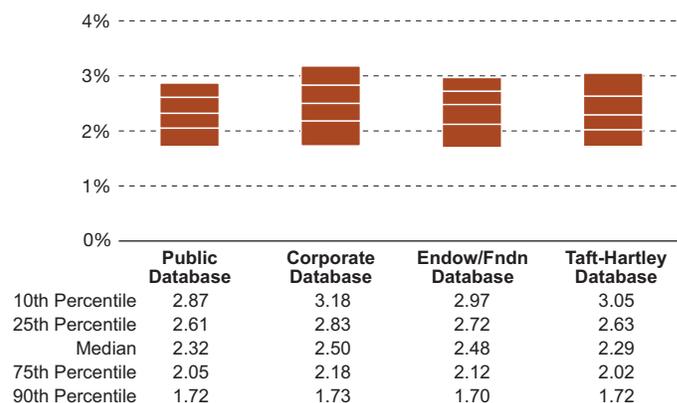
FUND SPONSOR | Kevin Nagy

Most public markets enjoyed moderate to strong growth in the first quarter. A strong performance from Asia and the Pacific region plus the arrival of ECB quantitative easing helped push international equity ahead of U.S. equity for the first time since the second quarter of 2014 (**Russell 3000 Index**: +1.80%; **MSCI ACWI ex USA Index**: +3.59%). The story was reversed in the fixed income markets, with domestic bonds yielding positive gains compared to significant losses overseas, due mainly to the currency effect caused by the dollar's appreciation (**Barclays Aggregate Index**: +1.61%, **Citi Non-U.S. World Government Bond Index-Unhedged Index**: -4.36%).

As seen in the Callan Fund Sponsor Quarterly Returns chart, all fund types enjoyed decent gains. Corporate funds (+2.50%) led the way at the median while Taft-Hartley funds (+2.29%) were the worst performers of the quarter. The 10th percentile's performance displayed the widest dispersion, with corporate plans (+3.18%) again coming in first place and public funds (+2.87%) in last. At the low end, there was only 0.03% between the best and worst returns (corporate: +1.73%; endowments and foundations: +1.70%).

The differing performance among the fund types can be partially explained by asset allocations. Corporate funds benefitted from

Callan Fund Sponsor Quarterly Returns



Source: Callan

higher exposures to U.S. fixed income; in a similar vein, Taft-Hartley plans' minimal exposure to non-U.S. equity contributed to that group's underperformance. Public funds had the least dispersion between the top and bottom percentiles, while corporate funds had the widest, as some plans employ liability-driven investment (LDI) programs.

Over longer time periods, corporate funds won nearly every time (up +7.52%, +9.61%, and +7.08% for the trailing one-, five-, and ten-year time periods, respectively). Taft-Hartley funds beat corporates for the trailing three-year period, when they were up

Database Median and Index Returns* for Periods ended March 31, 2015

Fund Sponsor	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Public Database	2.32	6.73	9.62	9.31	6.80	5.62
Corporate Database	2.50	7.52	9.73	9.61	7.08	5.67
Endowments/Foundations Database	2.48	5.77	9.23	8.74	6.68	5.57
Taft-Hartley Database	2.29	7.40	9.94	9.51	6.42	5.50
Diversified Manager	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Asset Allocator Style	1.37	11.39	12.40	10.47	7.01	6.41
U.S. Balanced Database	2.21	6.92	10.28	9.63	7.04	6.40
Global Balanced Database	2.06	5.44	7.37	7.32	6.86	6.48
60% Russell 3000 + 40% Barclays Agg	1.72	9.68	11.05	10.87	7.41	5.53
60% MSCI World + 40% Barclays Gbl Agg	0.62	2.07	7.15	7.05	5.54	4.24

*Returns less than one year are not annualized.

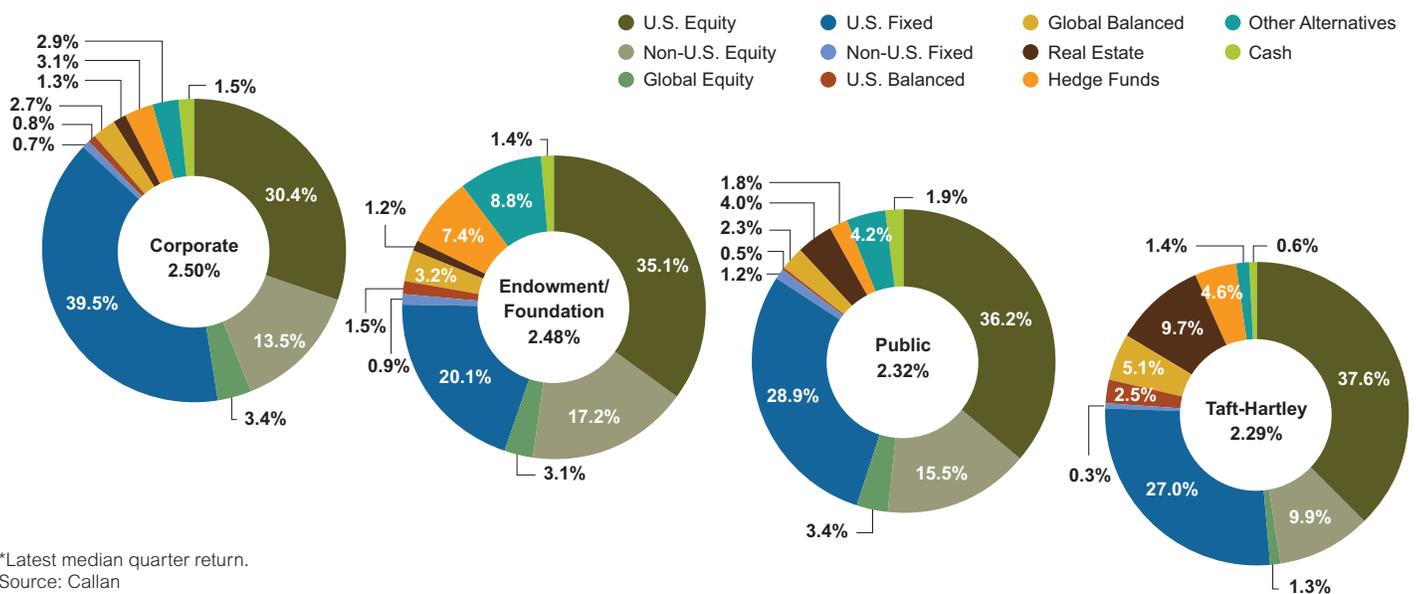
Sources: Callan, Barclays, MSCI, Russell Investment Group

9.94%. Despite the strong three-year number, Taft-Hartley plans also had the weakest performance of the 10-year period, a still-solid 6.42%. Higher allocations to alternative investments have hurt endowments and foundations, which continue to be the worst performer over every period except the trailing 10 years.

MSCI World + 40% Barclays Global Aggregate benchmark (+0.62%). Once again U.S. allocations hold a lead over global in every time period. Callan's balanced manager groups mirrored this result as U.S. balanced managers enjoy a significant advantage over global balanced managers in almost every time period. The 10-year numbers are more favorable to global allocations, with only an 0.18% difference between U.S. and global.

Of Callan's balanced manager groups, the 60% Russell 3000 + 40% Barclays Aggregate (+1.72%) outperformed the 60%

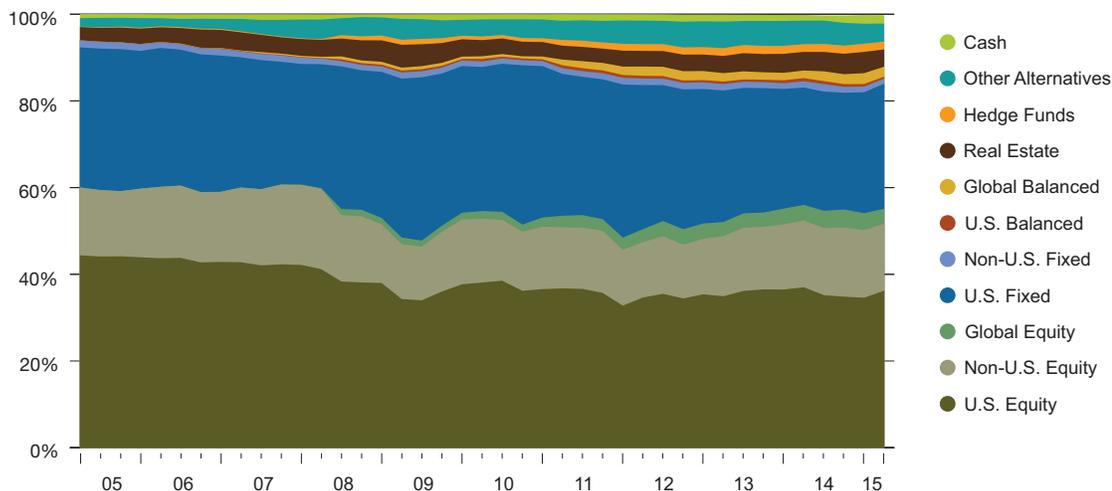
Callan Fund Sponsor Average Asset Allocation



*Latest median quarter return. Source: Callan

Callan Public Fund Database Average Asset Allocation

(10 Years)



Source: Callan

Subdued Returns

U.S. EQUITY | Lauren Mathias, CFA

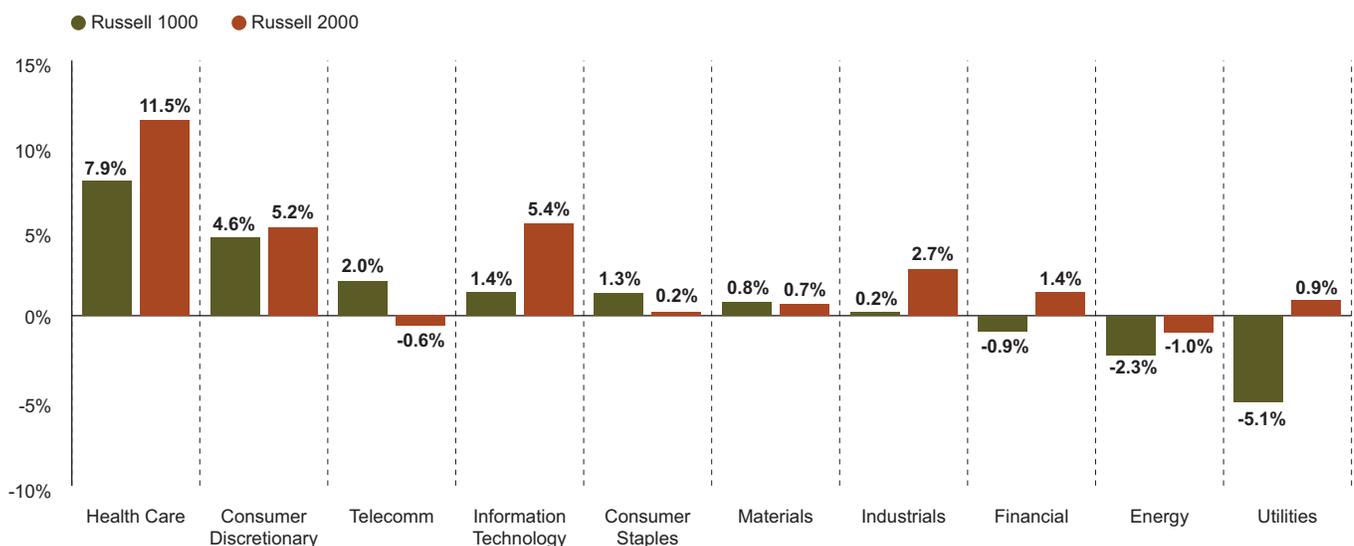
The first quarter's ups and downs resulted in only a slight net increase for U.S. equities as represented by the **S&P 500 Index** (+0.95%). The U.S. economy made some progress—an increase in jobs decreased unemployment (5.5%) and fourth-quarter GDP growth was confirmed at a modest 2.2%, albeit down from a 5.0% pace in the third quarter. Despite this, Fed Chair Janet Yellen remained conservative in her plan to raise interest rates, indicating it will be a slow process. The strengthening U.S. dollar challenged large multinationals while quantitative easing in Europe helped bolster economic growth abroad.

Though the broad U.S. equity market delivered subdued returns, areas of strength persisted. Growth did much better than value with the outperformance of momentum and quality factors and the underperformance of dividend yields. In the first quarter, investors preferred high-beta, high-growth, and smaller market capitalization companies. Volatility declined and as a result market participants took on more risk.

Growth sectors such as Health Care and Technology trumped value sectors including Financials, Telecommunications, and Utilities. Energy stocks were weak again on the heels of volatile oil prices. For active investment managers, sector positioning away from defensive areas and into cyclicals paid off. A preference for smaller, higher-growth and higher-beta stocks provided an additional tailwind.

Large cap stocks trailed this quarter (**Russell 1000 Index**: +1.59%) and growth trounced value (**Russell 1000 Growth Index**: +3.84%; **Russell 1000 Value Index**: -0.72%). Small (**Russell 2000 Index**: +4.32%) and mid cap (**Russell Mid Cap Index**: +3.95%) stocks reclaimed their performance advantage and small cap growth retained its lead on value. Small cap growth now beats small cap value in all annualized time periods of less than 10 years; beyond that value is on top. Micro cap could not maintain its strong fourth-quarter performance but still posted a positive return (**Russell Microcap Index**: +3.14%).

Economic Sector Quarterly Performance

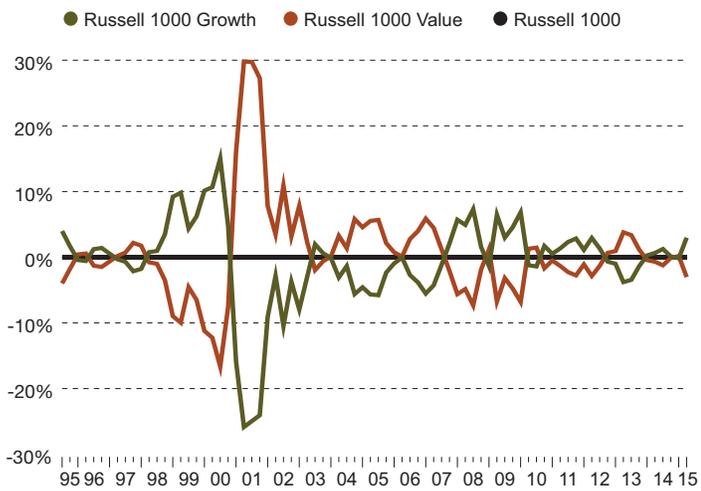


Source: Russell Investment Group

Small and large cap sectors exhibited much different quarterly results. Large cap Utilities declined substantially while Health Care—which was a positive contributor to both market caps—was much stronger in small cap. Utilities companies were punished as the expectations for rising interest rates continued. Merger and acquisition activity was prevalent in the Health Care

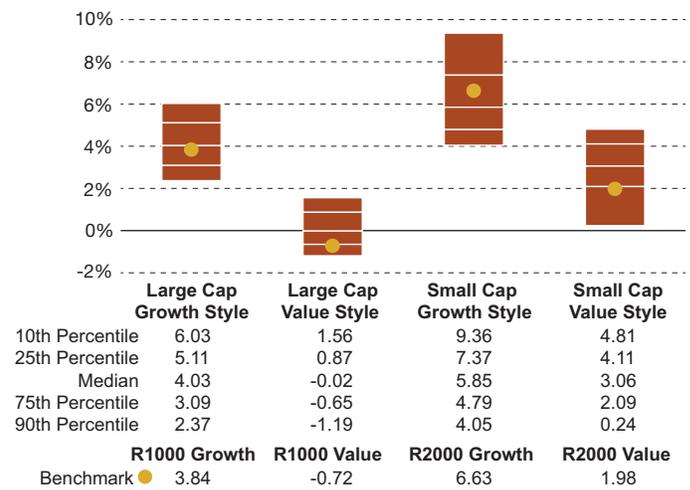
sector and smaller cap companies benefitted. Energy was the only sector in which both small and large cap declined; weakening oil prices hurt oil services and exploration and production companies. Though large cap trailed small cap overall for the quarter, longer-term returns (one, three, and five years annualized) show large cap outpacing small.

Rolling One-Year Relative Returns (vs. Russell 1000)



Source: Russell Investment Group

Callan Style Group Quarterly Returns



Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of March 31, 2015

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Cap Range Min (\$mm)	1,800	3	149	149	3	3
Cap Range Max (\$bn)	753.40	774.57	774.57	39.06	18.63	11.42
Number of Issues	502	3,016	1,036	841	2,506	1,980
% of Russell 3000	80%	100%	92%	29%	18%	8%
Wtd Avg Mkt Cap (\$bn)	126.10	103.62	112.25	13.42	4.51	2.11
Price/Book Ratio	2.7	2.7	2.7	2.7	2.4	2.2
Forward P/E Ratio	16.9	17.5	17.3	19.5	20.2	21.3
Dividend Yield	2.0%	1.9%	1.9%	1.5%	1.4%	1.3%
5-Yr Earnings (forecasted)	10.6%	11.5%	11.2%	13.4%	14.6%	15.6%

Sources: Russell Investment Group, Standard & Poor's

U.S. EQUITY (Continued)

Style Median and Index Returns* for Periods ended March 31, 2015

Large Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Large Cap Core Style	1.50	13.57	16.72	14.96	8.71	5.22
Large Cap Growth Style	4.03	15.92	16.08	15.38	9.63	3.27
Large Cap Value Style	-0.02	9.40	16.55	14.00	7.78	7.84
Aggressive Growth Style	5.20	8.95	15.10	14.33	10.24	3.32
Contrarian Style	-0.16	10.08	16.34	13.64	8.17	9.48
Yield-Oriented Style	-0.17	9.09	14.13	13.56	8.48	8.77
Russell 3000	1.80	12.37	16.43	14.71	8.38	4.63
Russell 1000	1.59	12.73	16.45	14.73	8.34	4.43
Russell 1000 Growth	3.84	16.09	16.34	15.63	9.36	1.99
Russell 1000 Value	-0.72	9.33	16.44	13.75	7.21	6.53
S&P Composite 1500	1.39	12.54	16.17	14.60	8.25	4.69
S&P 500	0.95	12.73	16.11	14.47	8.01	4.15
NYSE	1.14	6.02	12.95	12.49	7.84	6.11
Dow Jones Industrials	0.33	10.57	13.18	13.23	8.17	5.79
Mid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Mid Cap Core Style	5.24	14.57	19.04	17.71	10.74	9.81
Mid Cap Growth Style	6.14	12.88	15.52	15.96	10.77	6.10
Mid Cap Value Style	2.78	9.71	17.47	15.33	10.29	11.81
Russell Midcap	3.95	13.68	18.10	16.16	10.02	8.49
S&P MidCap 400	5.31	12.19	17.03	15.72	10.32	9.16
Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Small Cap Core Style	4.84	10.09	18.60	17.09	10.01	10.30
Small Cap Growth Style	5.85	8.13	17.35	16.80	10.83	5.42
Small Cap Value Style	3.06	7.82	16.95	15.13	9.57	12.57
Russell 2000	4.32	8.21	16.27	14.57	8.82	7.19
S&P SmallCap 600	3.96	8.72	17.30	16.25	9.68	9.75
NASDAQ	3.79	18.12	18.19	16.81	10.53	1.31
Smid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Smid Cap Broad Style	6.17	11.38	16.59	15.99	10.45	10.08
Smid Cap Growth Style	6.61	11.14	16.43	16.48	10.43	8.32
Smid Cap Value Style	3.83	10.58	17.14	14.90	10.44	12.85
Russell 2500	5.17	10.07	17.13	15.48	9.62	8.26
S&P 1000	4.91	11.15	17.13	15.89	10.10	9.32
Russell 3000 Sectors	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Consumer Discretionary	4.68	16.77	20.85	19.88	9.89	6.03
Consumer Staples	1.25	16.64	16.16	15.33	10.98	10.72
Energy	-2.24	-13.36	3.36	7.51	6.86	9.11
Financials	-0.67	10.52	16.79	10.83	1.82	3.79
Health Care	7.80	27.60	27.63	20.83	12.22	8.90
Industrials	0.40	7.90	17.28	15.09	8.67	7.35
Information Technology	1.68	17.29	13.97	14.66	10.04	-0.99
Materials	1.01	3.71	11.50	11.12	8.53	8.69
Telecommunications	1.90	4.00	11.30	12.61	7.59	-1.39
Utilities	-4.56	10.63	13.04	13.25	8.70	7.36

*Returns less than one year are not annualized.

Sources: Callan, Dow Jones & Company, Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market

The Waiting Game

NON-U.S. EQUITY | Matt Lai

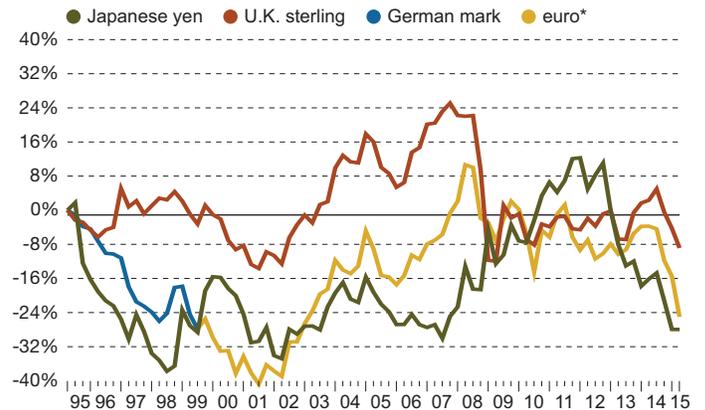
Markets across the globe shook off a historic oil slump to kick off the year in the black. Individual countries largely advanced in local terms, though pockets of economic unrest left a sharp sting in isolated markets. Foreign investors await the arrival of the elusive “recovery” that only the U.S. enjoys for now. Market volatility in January and March could not stop a largely ascendant February for the **MSCI ACWI ex USA Index**, which advanced 3.59% in the first quarter. A shuffle in Health Care sent stocks soaring (+10.63%); Utilities (-4.53%) and commodities-burdened Energy (-4.04%) were the only drag on non-U.S. sectors. Crude oil stayed low, ending March under \$50/barrel.

The developed **MSCI World ex USA Index** (+3.83%) beat the **MSCI Emerging Markets Index** (+2.28%) for the second consecutive quarter. **MSCI ACWI ex USA Growth Index** (+4.89%) stocks far outpaced **MSCI ACWI ex USA Value** (+2.24%) counterparts once again. Small cap stocks provided a healthy boost (**MSCI ACWI ex USA Small Cap Index**: +4.01%). Canada (-6.04%) continued to smart from the oil slump and ended up as the largest drag on the developed world outside the U.S.

Europe supplied one of 2015's earliest economic headlines after a €1.1 trillion stimulus plan was unveiled to thwart deflation and reignite growth in the region (**MSCI Europe Index**: +3.45%). E.U. unemployment continued its marginal slide to 9.8% in February (from 9.9% at 2014's end), and the euro's 11% fall against the U.S. dollar saw retail soar (Consumer Discretionary: +8.21%). Advances in Health Care research boosted Denmark to the fore of the developed world (+15.82%). The U.K. (-0.96%) and Spain (-0.57%) were the only drags on the region, hampered mostly by a strong dollar and weak Utilities (European Utilities: -8.51%). The focus shifts to the U.K.'s parliamentary elections in May and to ongoing E.U. talks with emerging Greece (more below).

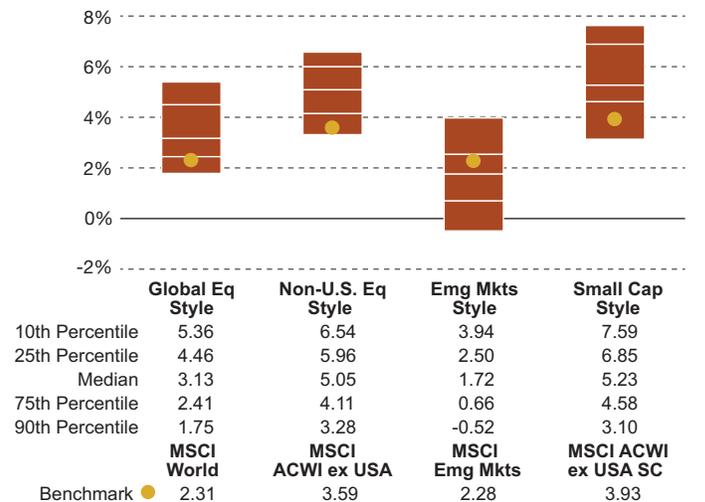
Keeping with the previous quarter, the **MSCI Pacific Index** trumped Europe with a strong gain of 7.61%. Japan (+10.21%) led the region, as fourth-quarter 2014 GDP grew 1.5%

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



*euro returns from 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



Sources: Callan, MSCI

bucking two quarters of contraction. Only Japan's Energy names slid into the red (-0.66%), while consumer stocks soared (Consumer Discretionary: +10.52%; Consumer Staples: +16.43%). However, inflation continued to notch downward and unemployment rates remained volatile. Singapore dipped 1.91%.

NON-U.S. EQUITY (Continued)

EM Asia (+5.26%) carried the broad emerging category. Accelerating infrastructure projects and a raised GDP growth forecast (+6.7% in 2015) sent the Philippines (+10.18%) to first place. China advanced 8.12% on solid Information Technology performance (+32.32%) and robust factory activity in March. China's picture was slightly marred by ever-increasing housing vacancies as well as an anticipated GDP growth rate of 7% this year, continuing a worrisome decline. Russia (+18.61%) rebounded from a crushing fourth quarter as oil prices stabilized.

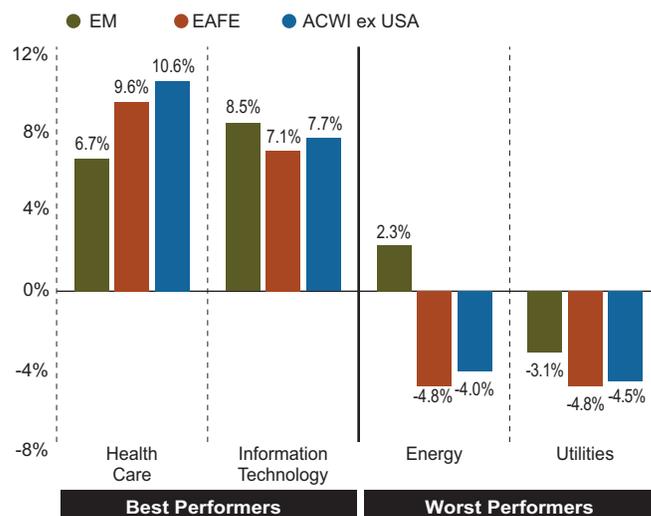
At the other end, Greece fell furthest (-29.32%) as Alexis Tsipras's anti-austerity Syriza party swept the nation's January elections. Soaring debt coupled with troubled talks with E.U. leadership cast further doubt on its future with the euro zone. Significant unrest over President Dilma Rousseff's involvement in the Petrobras scandal hurt Brazil (-14.57%), mirroring a respite **EM Latin America** (-9.49%). The **MSCI Frontier Markets Index** (-2.93%) echoed the burden of the strong dollar.

Quarterly Return Attribution for EAFE (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	3.09%	10.43%	-6.65%	7.30%
Austria	3.11%	16.17%	-11.24%	0.20%
Belgium	5.95%	19.37%	-11.24%	1.31%
Denmark	15.82%	30.92%	-11.53%	1.67%
Finland	2.49%	15.47%	-11.24%	0.87%
France	4.70%	17.96%	-11.24%	9.73%
Germany	8.28%	22.00%	-11.24%	9.52%
Hong Kong	6.00%	5.98%	0.02%	3.14%
Ireland	3.60%	16.73%	-11.24%	0.34%
Israel	8.95%	11.33%	-2.14%	0.60%
Italy	6.84%	20.37%	-11.24%	2.34%
Japan	10.21%	10.24%	-0.03%	22.23%
Netherlands	4.91%	18.20%	-11.24%	2.73%
New Zealand	-1.79%	2.36%	-4.06%	0.15%
Norway	2.28%	9.94%	-6.97%	0.63%
Portugal	7.27%	20.85%	-11.24%	0.15%
Singapore	-1.91%	1.47%	-3.40%	1.45%
Spain	-0.57%	12.02%	-11.24%	3.56%
Sweden	5.19%	15.88%	-9.23%	3.08%
Switzerland	4.74%	2.39%	2.30%	9.25%
U.K.	-0.96%	4.03%	-4.79%	19.76%

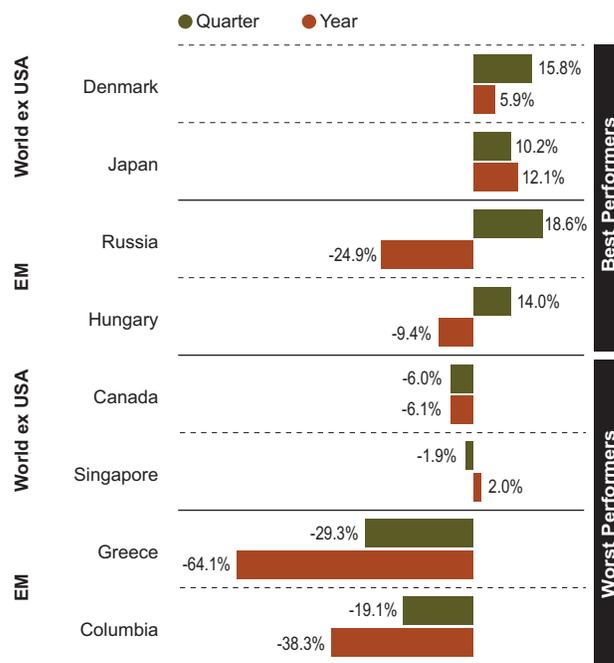
Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly Returns: Strong and Struggling Sectors



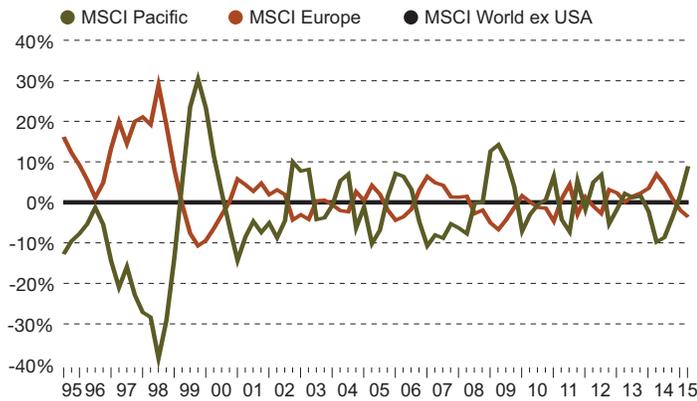
Source: MSCI

Quarterly and Annual Country Performance Snapshot



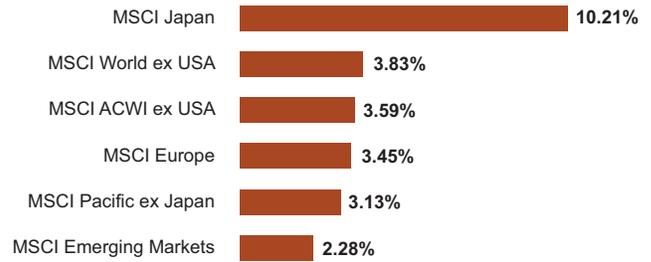
Source: MSCI

Rolling One-year Relative Returns (vs. MSCI World ex USA)



Source: MSCI

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

Style Median and Index Returns* for Periods ended March 31, 2015

Non-U.S. Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Equity Style	5.05	0.13	9.64	7.25	6.21	4.94
MSCI EAFE	4.88	-0.92	9.02	6.16	4.95	2.88
MSCI EAFE (local)	10.85	17.74	16.62	9.07	6.07	2.33
MSCI ACWI ex USA	3.59	-0.57	6.89	5.29	5.93	3.89
MSCI ACWI ex USA Growth	4.89	2.09	7.52	6.11	6.30	2.18
MSCI ACWI ex USA Value	2.24	-3.26	6.20	4.42	5.82	5.72
Global Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Equity Style	3.13	6.70	13.11	10.59	7.51	5.10
MSCI World	2.31	6.03	12.19	10.01	6.39	3.21
MSCI World (local)	4.86	13.98	15.59	11.27	6.73	2.91
MSCI ACWI	2.44	5.97	11.35	9.57	7.00	3.84
Regional Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
MSCI Europe	3.45	-4.94	9.37	6.38	4.91	3.29
MSCI Europe (local)	11.60	14.72	15.12	8.96	6.52	2.59
MSCI Japan	10.21	12.06	9.36	5.87	3.54	-0.12
MSCI Japan (local)	10.24	30.49	23.98	11.29	4.73	0.92
MSCI Pacific ex Japan	3.13	-0.30	6.63	5.94	8.70	8.28
MSCI Pacific ex Japan (local)	7.97	13.52	13.94	8.12	8.39	6.66
Emerging/Frontier Markets	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Emerging Market Style	1.72	0.93	1.48	2.68	9.34	8.72
MSCI Emerging Markets	2.28	0.79	0.66	2.08	8.82	7.37
MSCI Emerging Markets (local)	4.94	11.31	6.82	5.91	10.46	8.68
MSCI Frontier Markets	-3.11	-3.62	10.37	5.08	2.27	--
Non-U.S. Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Small Cap Style	5.23	-1.95	12.37	11.20	8.71	7.72
MSCI World ex USA Small Cap	4.03	-4.82	8.52	7.63	5.86	--
MSCI ACWI ex USA Small Cap	3.93	-3.60	7.39	6.52	6.93	6.60
MSCI Emerging Market Small Cap	3.59	1.06	3.48	2.64	9.98	8.17

*Returns less than one year are not annualized.
Sources: Callan, MSCI

New Year's Rally

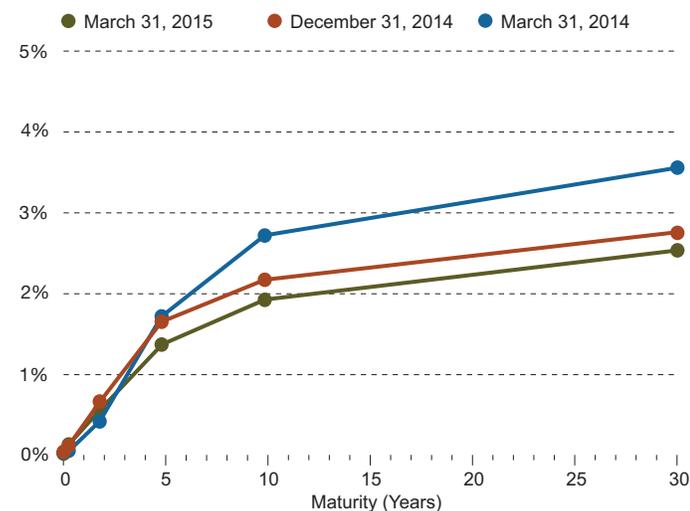
U.S. FIXED INCOME | Nathan Wong, CFA

The yield on the 10-year U.S. Treasury note declined for the fifth straight quarter as divergent central bank policies around the globe began to take hold. Long Treasuries again outperformed intermediate Treasuries as rates dropped. High yield credit spreads compressed more than investment grade credit spreads, which were largely unchanged during the quarter. The **Barclays Aggregate Index** climbed 1.61%.

At the end of March, more dovish comments from the Fed on raising the federal funds rate drove yields lower across the curve. The 2- to 30-year spread tightened from 2.08% at year-end to 1.98%. The short end of the curve declined the least with the two-year yield ending 11 bps lower. Returns increased moving farther out along the curve. The 30-year Treasury yield dropped 22 bps over the quarter and gained 5.05%.

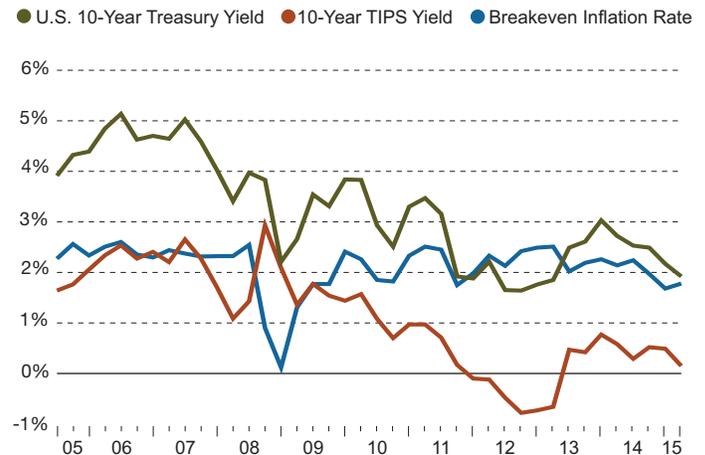
Inflation-protected securities gained 1.4% as measured by the Barclays TIPS Index. The 10-year break-even inflation rate ended the quarter at 1.76%, a marginal increase from the end of 2014.

U.S. Treasury Yield Curves



Source: Bloomberg

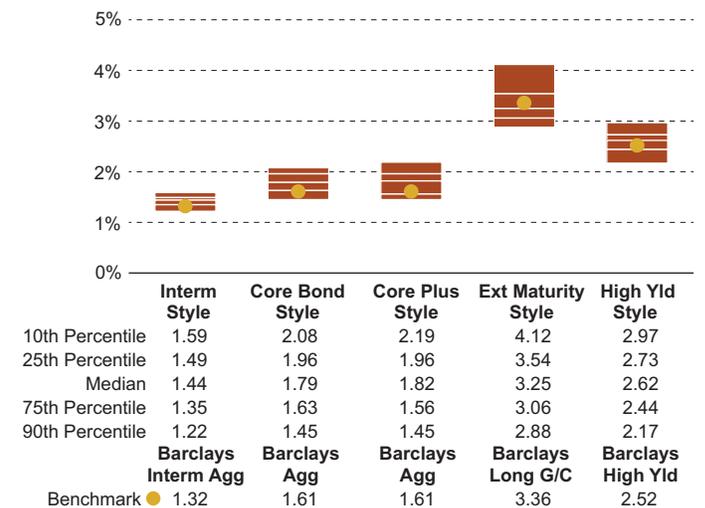
Historical 10-Year Yields



Source: Bloomberg

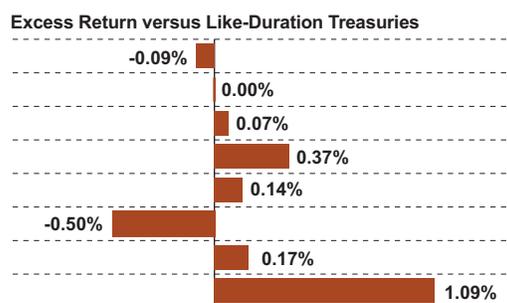
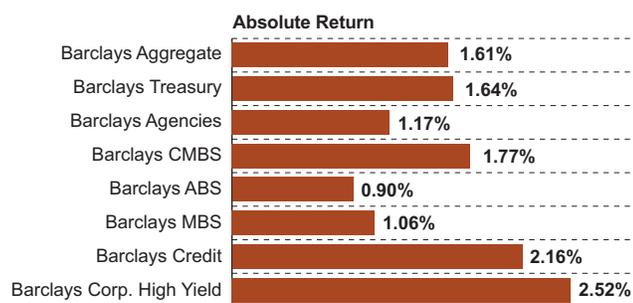
Corporate credit returns were strong across the rating spectrum. The **Barclays Corporate Index** returned 2.32%. Corporate issuance came at a blistering pace in the first quarter, setting an all-time record, as companies took advantage of the low rate environment. On a duration-adjusted basis,

Callan Style Group Quarterly Returns



Sources: Barclays, Callan

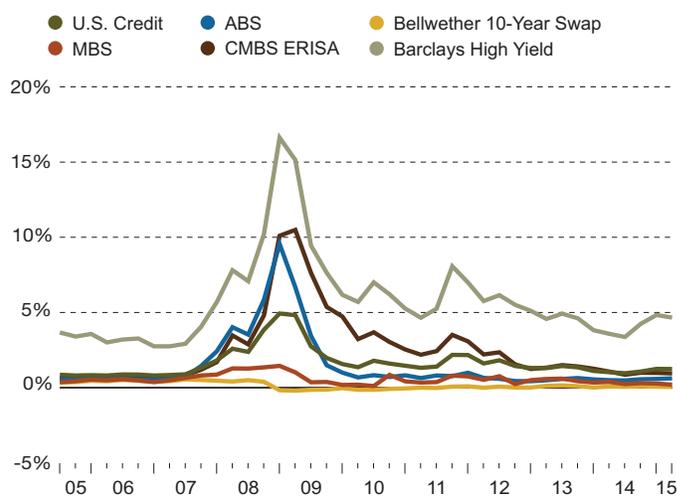
Fixed Income Index Quarterly Returns



Source: Barclays

Financials outperformed Industrials and Utilities. Although MBS gained 1.06%, volatility in the 10-year U.S. Treasury led to MBS underperformance of 50 bps against like-duration U.S. Treasuries. High yield bonds performed well as investors continued to search for yield. The **Barclays Corporate High Yield Index** rose 2.52%.

Effective Yield Over Treasuries



Source: Barclays

U.S. Fixed Income Index Characteristics as of March 31, 2015

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity	% of Barclays G/C	% of Barclays Agg
Barclays Aggregate	2.06	5.45	7.72		100.00%
Barclays Govt/Credit	1.93	6.27	8.50	100.00%	69.34%
Intermediate	1.49	3.94	4.28	79.08%	54.83%
Long-Term	3.58	15.05	24.39	20.92%	14.51%
Barclays Govt	1.25	5.55	6.80	56.98%	39.51%
Barclays Credit	2.83	7.23	10.76	43.02%	29.83%
Barclays MBS	2.40	3.54	6.09		28.08%
Barclays ABS	1.36	2.53	2.71		0.55%
Barclays CMBS	2.15	4.47	4.99		1.96%
Barclays Corp High Yield	6.18	4.21	6.48		

Source: Barclays

U.S. FIXED INCOME (Continued)

Style Median and Index Returns* for Periods ended March 31, 2015

Broad Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Core Bond Style	1.79	5.99	3.73	5.02	5.43	6.11
Core Bond Plus Style	1.82	5.70	4.41	5.77	5.86	6.71
Barclays Aggregate	1.61	5.72	3.10	4.41	4.93	5.66
Barclays Govt/Credit	1.84	5.86	3.35	4.75	4.96	5.73
Barclays Govt	1.60	5.22	2.32	3.80	4.50	5.22
Barclays Credit	2.16	6.74	4.88	6.23	5.80	6.56
Citi Broad Investment Grade	1.62	5.70	3.10	4.41	5.03	5.73
Long-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Extended Maturity Style	3.25	15.22	8.36	10.66	8.14	8.49
Barclays Long Govt/Credit	3.36	15.73	7.71	10.20	7.72	8.23
Barclays Long Govt	3.89	21.03	7.60	10.49	7.83	8.12
Barclays Long Credit	3.06	12.84	7.80	9.92	7.48	8.33
Citi Pension Discount Curve	4.83	20.86	10.82	14.14	9.35	10.72
Intermediate-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Intermediate Style	1.44	3.73	2.61	3.80	4.81	5.53
Barclays Intermediate Aggregate	1.32	4.24	2.41	3.62	4.54	5.29
Barclays Intermediate Govt/Credit	1.45	3.58	2.31	3.52	4.34	5.12
Barclays Intermediate Govt	1.25	3.15	1.54	2.81	3.96	4.66
Barclays Intermediate Credit	1.77	4.30	3.73	4.88	5.19	5.96
Short-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Defensive Style	0.66	1.40	1.28	1.84	3.24	3.86
Active Duration Style	1.53	3.93	3.32	4.57	4.90	5.73
Money Market Funds (net of fees)	0.00	0.01	0.01	0.01	1.38	1.70
ML Treasury 1–3-Year	0.52	1.00	0.67	1.02	2.62	3.28
90-Day Treasury Bills	0.00	0.03	0.07	0.09	1.49	1.92
High Yield	Quarter	Year	3 Years	5 Years	10 Years	15 Years
High Yield Style	2.62	2.48	7.56	8.61	8.13	8.08
Barclays Corporate High Yield	2.52	2.00	7.46	8.59	8.18	7.83
ML High Yield Master	2.53	1.98	7.42	8.38	7.96	7.77
Mortgage/Asset-Backed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Mortgage Style	1.19	5.84	3.17	4.58	5.18	5.97
Barclays MBS	1.06	5.53	2.54	3.63	4.87	5.52
Barclays ABS	0.90	2.24	1.76	2.96	3.50	4.59
Barclays CMBS	1.77	4.35	3.94	6.33	5.56	6.64
Municipal	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Barclays Muni	1.01	6.62	4.05	5.11	4.85	5.42
Barclays Muni 1–10-Year	0.83	3.87	2.71	3.69	4.17	4.59
Barclays Muni 3-Year	0.41	1.30	1.35	1.96	3.09	3.53
TIPS	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Barclays TIPS Full Duration	1.42	3.11	0.63	4.29	4.55	6.29
Barclays TIPS 1-10 Year	1.20	1.08	-0.05	2.85	3.96	5.48

*Returns of less than one year are not annualized.

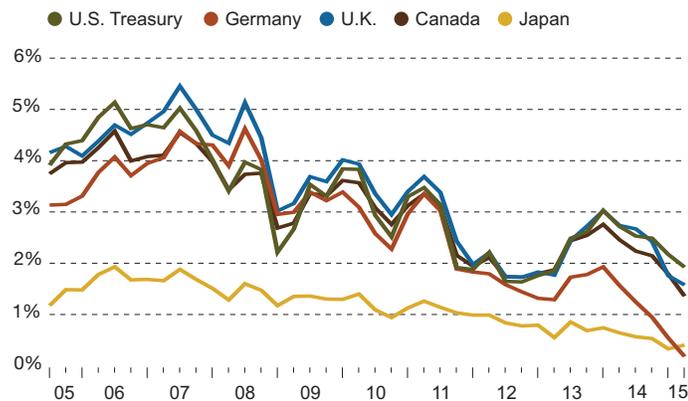
Sources: Barclays, Callan, Citigroup, Merrill Lynch

How Low Can You Go?

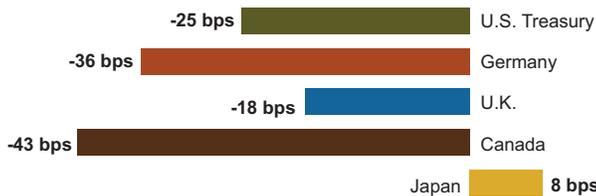
NON-U.S. FIXED INCOME | Kyle Fekete

Currency effects and declining yield curves defined the world's bond markets. U.S. dollar-denominated and dollar-hedged securities outperformed their local currency-denominated counterparts. The **Citi Non-U.S. World Government Bond Index (Hedged)** increased 2.25%, beating its unhedged equivalent (**Citi Non-U.S. World Government Bond Index: -4.36%**) by 6.61%. European bonds rallied in the wake of the ECB's quantitative easing announcement. However, the euro's 11% decline against the U.S. dollar offset gains in unhedged portfolios. The ECB announced on March 9 that it would purchase €1.1 trillion over the next 18 months, including sovereign and corporate bonds, in order to avert deflation and encourage lending. Rates around the globe continued their descent in spite of record low yields in many countries. German 10-year bunds, the euro zone's proxy for sovereign debt, declined 36 bps to end the quarter at 0.18%—1.76% below comparable U.S. Treasuries.

10-Year Global Government Bond Yields



Change in 10-Year Yields from 4Q14 to 1Q15



Source: Bloomberg

The bond-buying program also spurred demand for peripheral bonds; Italian and Spanish 10-year bond yields declined 68 and 71 bps, respectively. The threat of a “Grexit” weighed on investor risk sentiment, but a last-minute agreement on a bridging loan provided a short-term resolution. Greek debt finished the quarter yielding 11.6%.

The Commonwealth provided investors with attractive spreads relative to other developed markets. The U.K. 10-year yield ended the quarter at 1.58% and the Bank of England held rates at a record low for the sixth consecutive year. Australia's benchmark 10-year yield ended at 2.32%; the yield spread above Treasuries has declined from 100 bps in the middle of last year to only 40 bps as of quarter end. With the goal of spurring

Quarterly Return Attribution for Non-U.S. Gov't Indices (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	-3.59%	3.28%	-6.65%	2.00%
Austria	-7.95%	3.71%	-11.24%	1.82%
Belgium	-6.95%	4.83%	-11.24%	2.93%
Canada	-5.43%	3.41%	-8.55%	2.57%
Denmark	-6.44%	5.76%	-11.53%	0.82%
Finland	-8.77%	2.79%	-11.24%	0.74%
France	-7.73%	3.96%	-11.24%	11.15%
Germany	-8.00%	3.66%	-11.24%	8.80%
Ireland	-8.48%	3.12%	-11.24%	0.97%
Italy	-6.18%	5.70%	-11.24%	11.34%
Japan	-0.56%	-0.54%	-0.03%	33.36%
Malaysia	-3.27%	2.45%	-5.59%	0.59%
Mexico	-1.99%	1.29%	-3.25%	1.24%
Netherlands	-7.89%	3.78%	-11.24%	3.03%
Norway	-6.52%	0.48%	-6.97%	0.31%
Poland	-5.05%	1.36%	-6.32%	0.69%
Singapore	-3.40%	0.00%	-3.40%	0.45%
South Africa	-1.36%	3.31%	-4.52%	0.62%
Spain	-7.74%	3.95%	-11.24%	6.18%
Sweden	-6.03%	3.52%	-9.23%	0.56%
Switzerland	4.41%	2.06%	2.30%	0.35%
U.K.	-2.56%	2.35%	-4.79%	9.47%

Source: Citigroup

NON-U.S. FIXED INCOME (Continued)

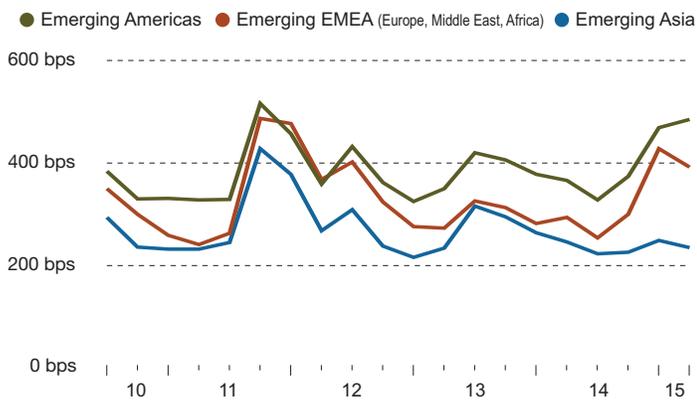
growth, Australia cut its lending rate to a record low in February as the country's currency slid 7% against the U.S. dollar. The Canadian 10-year yield finished at 1.36%.

The Bank of Japan maintained the status quo with near-zero interest rates and continued debt purchases as revised fourth-quarter economic growth figures were too low to avoid contraction. The Japanese 10-year yield increased 8 bps to 0.41%.

Within the emerging markets, the dollar-denominated **JPM EMBI Global Diversified Index** gained 2.01%, while the

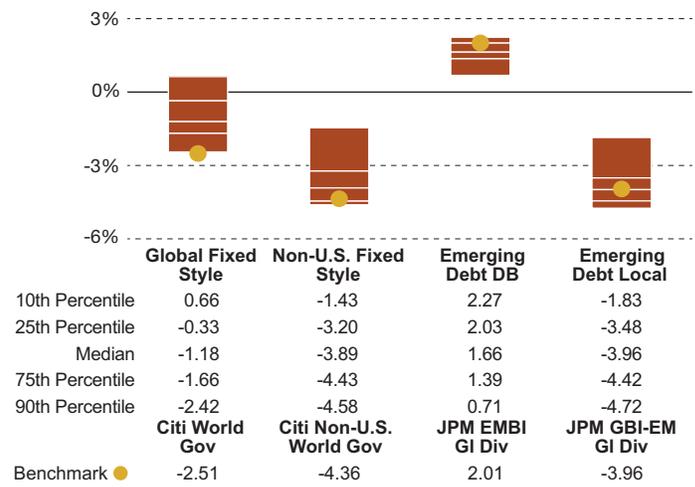
local currency **JPM GBI-EM Global Diversified Index** plummeted 3.96% due to overall weakness against the greenback. Russian bonds recovered despite downgrades from Moody's and Standard & Poor's at the beginning of the year. Russia's local currency-denominated bonds gained 15% but are still down more than 40% year-over-year. Fellow BRIC country Brazil experienced a deteriorating credit outlook. The country's local currency bonds fell 15%, hurt by a potential downgrade and a currency that slid 17% versus the U.S. dollar.

Emerging Spreads Over Developed (By Region)



Source: Barclays

Callan Style Group Quarterly Returns



Sources: Callan, Citigroup, JPMorgan Chase & Co.

Style Median and Index Returns* for Periods ended March 31, 2015

Global Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Style	-1.18	-2.41	0.19	2.84	4.25	5.70
Citi World Govt	-2.51	-5.50	-1.64	1.42	3.09	4.76
Citi World Govt (Local)	2.11	8.47	4.84	4.61	4.12	4.53
Barclays Global Aggregate	-1.92	-3.66	-0.21	2.31	3.61	5.05
Non-U.S. Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Style	-3.89	-8.96	-2.57	1.09	3.30	5.25
Citi Non-U.S. World Govt	-4.36	-9.82	-3.32	0.38	2.51	4.42
Citi Non-U.S. World Govt (Local)	2.36	9.85	5.90	4.94	4.10	4.37
European Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Citi Euro Govt Bond	-7.42	-11.40	1.33	1.61	3.33	6.61
Citi Euro Govt Bond (Local)	4.31	11.67	8.21	6.03	5.13	5.67
Emerging Markets Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
JPM EMBI Global Diversified	2.01	5.65	5.37	7.10	8.11	9.56
JPM GBI-EM Global Diversified	-3.96	-11.14	-3.86	0.73	6.25	--

*Returns less than one year are not annualized.

Sources: Callan, Citigroup, JPMorgan Chase

Indices Advance

REAL ESTATE | Jay Nayak

The **NCREIF Property Index** advanced 3.57% and recorded a 1.24% income return and a 2.33% appreciation return. The Index cash flow return was 0.87% for the quarter and 3.51% for the trailing four quarters. A preliminary query cited 118 asset trades in the quarter, representing \$6.4 billion of overall transactional volume. This remains ahead of the \$5.0 billion 10-year quarterly transaction average. The maximum quarterly transaction volume over the prior 10-year period was \$8.7 billion in the second quarter of 2007.

Pricing growth continued to characterize asset trades as a preliminary query of value-weighted transactional capitalization rates showed a significant drop to 4.89%. This reflects the lowest recorded value of the measure since the inception of the Index. Over the course of the prior cycle, quarterly value-weighted transactional capitalization rates dipped to a low of 5.00% in the third quarter of 2007 and expanded to 8.42% in the third quarter of 2009. Appraisal capitalization rates declined to 4.73% during the first quarter of 2015. As markets peaked over the prior cycle, appraisal capitalization rates declined to a low of 4.89% in the third quarter of 2008.

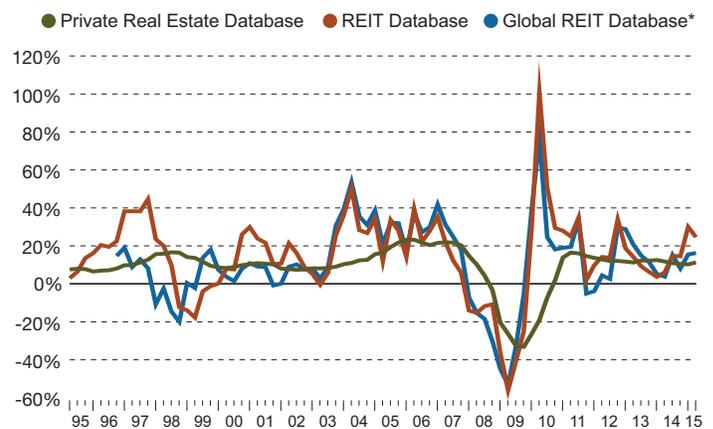
On a preliminary basis, the **NCREIF Open End Diversified Core Equity Index** produced a 3.40% total return, composed of a 1.19% income return and a 2.21% appreciation return. In the listed real estate market, the **FTSE EPRA/NAREIT Developed REIT Index (USD)** advanced 4.17% and domestic REITs, tracked by the **FTSE NAREIT Equity REITs Index**, gained 4.75%. Domestic REITs saw a failed acquisition attempt by Simon Property Group for Macerich, representing one of the larger potential transactions of large-scale domestic REITs. Additionally, Sears indicated that it would form a REIT comprising some of its store locations, which may present compelling redevelopment opportunities.

In the U.K., office rents have exceeded prior market peaks and value growth is broadening. This is not reflective of the retail sector where strong fundamentals exist and rental rates are on the upswing. Continental Europe's capitalization rates have compressed, while rental growth similar to the U.K.'s has not yet appeared.

In the Asia/Pacific region, well-positioned residential developers in China saw a mid-quarter rebound as expectations for continued property price cooling measures were expected to subside. Property stocks in Hong Kong are trading below average discount to net asset value levels, despite favorable fundamentals. Japanese REITs declined alongside modest reported investment activity from the Japanese government, while local developers meaningfully outperformed.

In the U.S., Self Storage (+9.16%) led sector performance for the quarter, followed by Residential (+7.87%) and Retail (+5.84%). Lodging/Resorts REITs lagged (-4.42%) as well as Health Care (+2.97%). Domestic REITs raised \$22.1 billion during the first quarter following the completion of four initial public offerings that raised \$932 million, 24 secondary offerings raising \$11.1

Rolling One-Year Returns



*Global REIT returns from 3Q96
Source: Callan

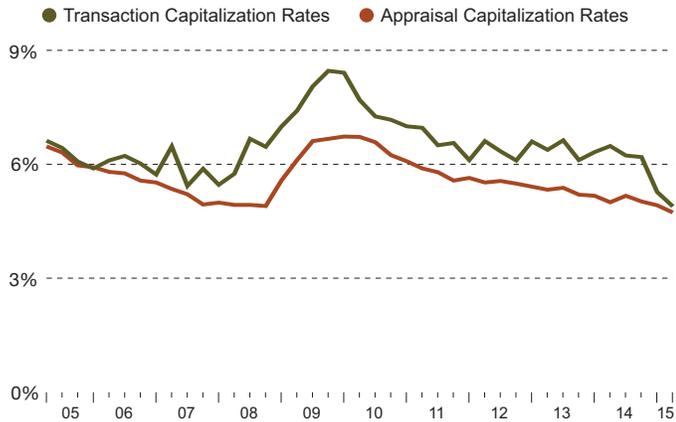
REAL ESTATE (Continued)

billion, three preferred equity offerings raising \$1.4 billion, and 22 unsecured debt offerings raising \$8.6 billion.

Commercial mortgage-backed securities issuance reached \$27.0 billion in the first quarter of the year, ahead of the \$25.2

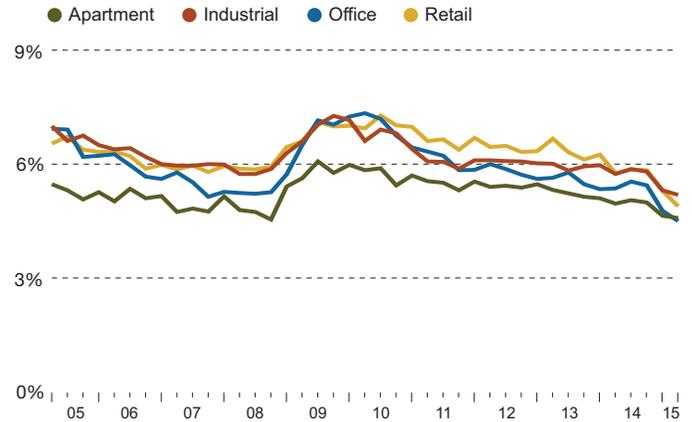
billion of issuance volume from the quarter prior. Total issuance for the trailing twelve months was \$100.7 billion, nearing rolling one-year issuance volumes not seen since 2005. Quarterly issuance volume between 2005 and 2007 ranged from \$33.0 billion to a high of \$73.6 billion.

NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF
Note: Transaction capitalization rate is equal-weighted.

NCREIF Capitalization Rates by Property Type



Source: NCREIF
Note: Capitalization rates are appraisal-based.

Callan Database Median and Index Returns* for Periods ended March 31, 2015

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Private Real Estate						
Real Estate Database (net of fees)	2.99	13.08	12.57	14.31	5.86	7.21
NCREIF Property	3.57	12.72	11.47	12.75	8.39	8.97
NFI-ODCE (value wtd. net)	3.15	12.39	11.59	13.44	6.00	6.94
Public Real Estate						
REIT Database	4.84	25.66	14.89	16.92	10.70	14.07
FTSE NAREIT Equity	4.75	23.95	14.18	15.74	9.61	12.85
Global Real Estate						
Global REIT Database	4.66	17.30	13.53	12.80	8.67	12.40
FTSE EPRA/NAREIT Developed REIT	4.17	16.06	12.84	12.09	7.88	10.63

*Returns less than one year are not annualized.
All REIT returns are reported gross in USD.
Sources: Callan, NAREIT, NCREIF, The FTSE Group. NCREIF statistics are the product of direct queries and may not represent frozen statistics.

A Choppy Launch

PRIVATE EQUITY | Gary Robertson

Private Equity Analyst reports that first quarter fundraising totaled \$56.2 billion in new commitments with 147 new partnerships formed. This represents a strong start to the year as it is up 41% from the first quarter of 2014, which totaled \$40.0 billion with 173 partnerships formed. Given the larger dollar amount and smaller partnership count, it is evident that capital is flowing to larger funds.

According to *Buyouts* newsletter, the investment pace by funds into companies in the first quarter totaled 333 transactions, a fall from 455 deals in the first quarter of 2014. The announced aggregate dollar volume was \$34.9 billion, up slightly from \$30.8 billion a year ago. Eight deals with announced values of \$1 billion or more closed in the quarter, notably the \$9.2 billion Safeway and \$8.8 billion PetSmart transactions.

According to the National Venture Capital Association, new investments in venture capital companies totaled \$13.4 billion in 1,020 rounds of financing. The dollar volume and number of rounds both increased compared to the first quarter of 2014's \$6.1 billion and 933 rounds.

Regarding exits, *Buyouts* reports that 114 private M&A exits of buyout-backed companies occurred during the first quarter of 2015, with 41 deals disclosing values totaling \$33.3 billion. M&A exits count was down year-over-year from 147, but the announced value increased from \$22.4 billion. There

Funds Closed January 1 to March 31, 2015

Strategy	No. of Funds	Amt (\$mm)	Percent
Venture Capital	48	7,000	12%
Buyouts	65	36,177	64%
Subordinated Debt	6	506	1%
Distressed Debt	6	7,649	14%
Secondary and Other	5	1,706	3%
Fund-of-funds	17	3,129	6%
Totals	147	56,166	100%

Source: Private Equity Analyst

were also six buyout-backed IPOs that floated \$1.1 billion, a decrease from the eight IPOs totaling \$3.7 billion in the first quarter of 2014.

Venture-backed M&A exits totaled 86 transactions, with 16 disclosing a total dollar volume of \$2.1 billion. Exits declined from the first quarter of 2014, which had 114 deals with 31 announcing dollar values totaling \$7.6 billion. There were 17 VC-backed IPOs in the first quarter with a combined float of \$1.49 billion. For comparison, the first quarter of 2014 had 37 IPOs and total issuance of \$3.4 billion.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

Note: Transaction count and dollar volume figures across all private equity measures are preliminary figures and are subject to updates in subsequent versions of Capital Market Review and other Callan publications.

Private Equity Performance Database (%)

(Pooled Horizon IRRs through September 30, 2014*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	2.1	24.2	15.2	14.9	9.8	9.5	27.4
Growth Equity	1.8	20.1	14.9	15.1	13.5	13.0	15.0
All Buyouts	-0.8	15.1	15.3	15.5	14.0	11.8	13.4
Mezzanine	2.6	12.5	13.1	12.1	11.0	8.3	10.2
Distressed	0.5	13.1	16.0	13.9	11.4	11.7	11.8
All Private Equity	0.2	16.7	15.3	15.1	12.8	11.4	14.6
S&P 500	1.1	19.7	23.0	15.7	8.1	4.9	9.6

Private equity returns are net of fees.

Sources: Standard & Poor's, Thomson/Cambridge

*Most recent data available at time of publication

Think Global, Act Local

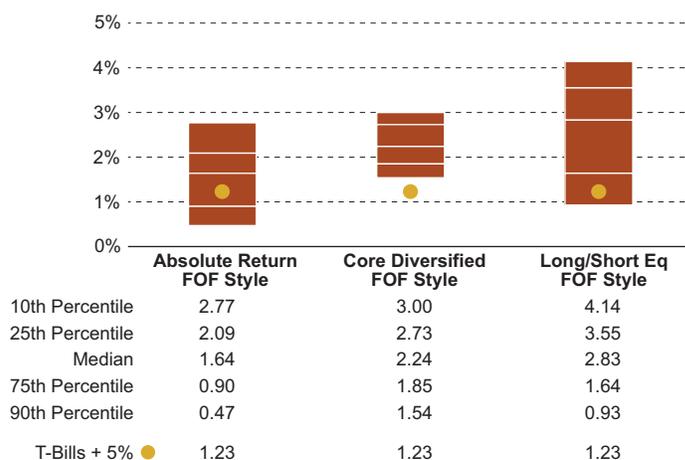
HEDGE FUNDS | Jim McKee

Changes create stress and require adjustments. The ECB finally launched its quantitative easing program in the first quarter, just as the Federal Reserve talked of raising rates. Markets reacted accordingly to this world of diverging monetary policies—with a “Grexit” twist. The dollar gained 11% against the euro. Foreign equities rallied in their local currencies while their U.S. counterparts paused, more or less.

This setting of monetary policy divergence enabled active managers to earn their fees, particularly with macro bets. As a proxy of unmanaged hedge fund interests without implementation costs, the **Credit Suisse Hedge Fund Index (CS HFI)** advanced 2.48% in the first quarter. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** produced 2.23%, net of all fees.

Within CS HFI, the best-performing strategy was *Managed Futures* (+7.32%). Also focused on top-down market calls, *Global Macro* gained 4.47%. Sorting through the fundamentals of macro winners and losers with a slight market tailwind, *Long/Short Equity* climbed 1.84% as the **S&P 500** rose 0.95%.

Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

Within Callan’s Hedge Fund-of-Funds Database, market exposures marginally affected performance. Aided by modest equity tailwinds, the median *Callan Long/Short Equity FOF* (+2.83%) outpaced the *Callan Absolute Return FOF* (+1.64%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* gained 2.24%.

Database Median and Index Returns* for Periods ended March 31, 2015

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	2.23	4.51	6.42	5.01	4.83	5.83
CS Hedge Fund Index	2.48	5.73	6.62	5.75	5.98	6.23
CS Equity Market Neutral	-2.47	-3.39	1.57	2.08	-1.44	1.75
CS Convertible Arbitrage	0.46	-3.59	2.50	4.12	4.40	5.87
CS Fixed Income Arbitrage	-0.15	2.10	5.28	6.44	3.70	4.81
CS Multi-Strategy	2.99	7.16	8.87	7.95	6.74	7.16
CS Distressed	0.26	-0.24	7.98	6.03	6.31	8.27
CS Risk Arbitrage	0.68	-1.37	1.64	1.91	3.84	4.36
CS Event Driven Multi-Strategy	2.14	0.47	7.71	4.78	6.59	7.45
CS Long/Short Equity	1.84	5.81	8.50	6.18	6.60	5.52
CS Dedicated Short Bias	-4.26	-5.69	-14.67	-13.66	-9.31	-5.98
CS Global Macro	4.47	8.38	4.98	6.71	7.92	10.20
CS Managed Futures	7.32	32.72	6.55	4.82	5.57	6.50
CS Emerging Markets	1.36	5.03	5.22	4.57	6.77	7.24

*Returns less than one year are not annualized. Sources: Callan, Credit Suisse

DC Plans Wrap up a Respectable 2014

DEFINED CONTRIBUTION | James O'Connor

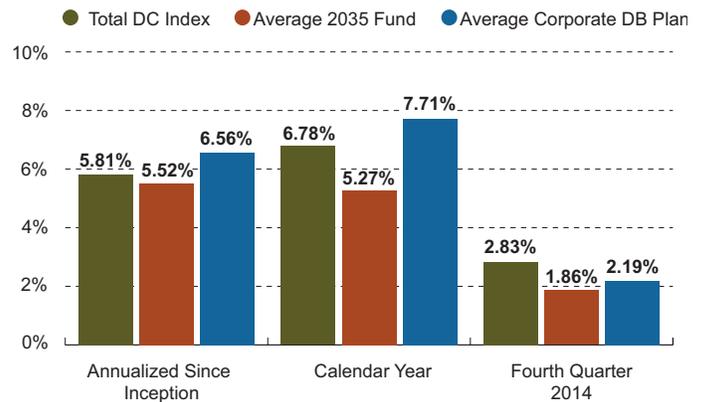
The Callan DC Index™ rounded out 2014 with a total return of 6.8%, an impressive showing relative to the typical 2035 target date fund (TDF), which gained 5.3% for the year. However, the Index underperformed for the year compared to the average corporate DB plan (+7.7%). This comes after a spectacular relative showing in 2013, when the Index beat the average DB plan by more than 7.5%. Weak TDF performance was one reason that DC plans lagged DB plans for the year—TDFs now account for 24% of the DC Index. DB plans have outperformed DC plans by 0.75% annualized since inception.

For the year ended December 31, 2014, DC plan balances grew by nearly 7%, driven almost exclusively by market returns. Inflows (participant and plan sponsor contributions) were modest for the year, adding a mere 15 basis points to total growth. Indeed, money flowed out of plans on a net basis during the last quarter, reducing total balance growth by four basis points. Still, since the Index's inception, plan sponsor and participant contributions have played an important role in the growth of balances. Approximately 30% of total growth in balances (+2.54% annualized) has been attributable to such net flows over the life of the Index.

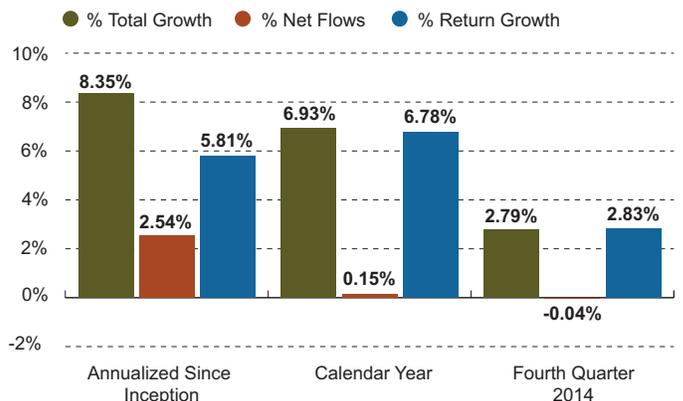
Turnover within the Index (i.e., net transfer activity) was below average for the quarter (+0.48%) and the year (+2.13%). Typical quarterly turnover is 0.68%, while typical annual turnover is 2.72%. As usual, TDFs experienced the greatest amount of activity by far, attracting 82 cents for every dollar of flows during the quarter and the year. Outflows came primarily from U.S. small/mid cap equity, stable value, and company stock for the quarter and the year. Interestingly, flows were not significant in non-U.S. equity despite these funds' weak performance for the year.

The Callan DC Index™ is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over \$140 billion in assets. The Index is updated quarterly and is available on Callan's website, as is the quarterly DC Observer newsletter.

Investment Performance*



Growth Sources*



Net Cash Flow Analysis (Fourth Quarter 2014)* (Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	82.10%
U.S. Fixed Income	6.72%
U.S. Small/Mid Cap	-23.28%
Company Stock	-29.32%
Total Turnover¹	0.48%

¹ Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.

Source: Callan DC Index

*Notes: DC Index inception date is January 2006. DB plan performance is gross of fees. Data provided here is the most recent available at time of publication.

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The *Capital Market Review* is a quarterly macroeconomic indicator newsletter that provides thoughtful insights on the economy and recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

If you have any questions or comments, please email institute@callan.com.

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Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional clients with creative, customized investment solutions that are uniquely backed by proprietary research, exclusive data, ongoing education and decision support. Today, Callan advises on more than \$1.8 trillion in total assets, which makes us among the largest independently owned investment consulting firms in the U.S. We use a client-focused consulting model to serve public and private pension plan sponsors, endowments, foundations, operating funds, smaller investment consulting firms, investment managers, and financial intermediaries. For more information, please visit www.callan.com.

About the Callan Investments Institute

The Callan Investments Institute, established in 1980, is a source of continuing education for those in the institutional investment community. The Institute conducts conferences and workshops and provides published research, surveys, and newsletters. The Institute strives to present the most timely and relevant research and education available so our clients and our associates stay abreast of important trends in the investments industry.

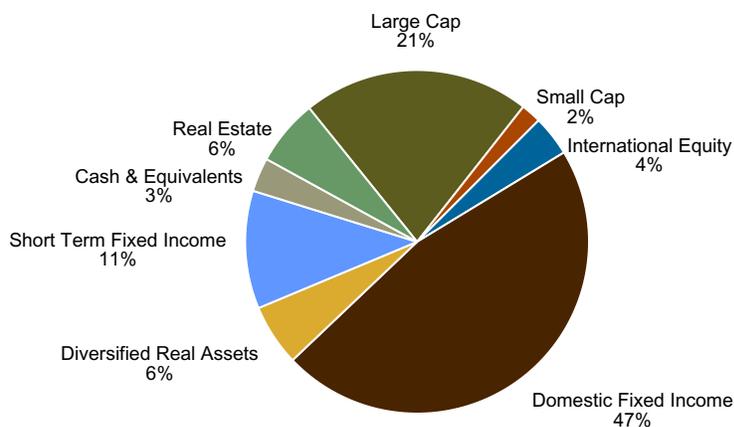
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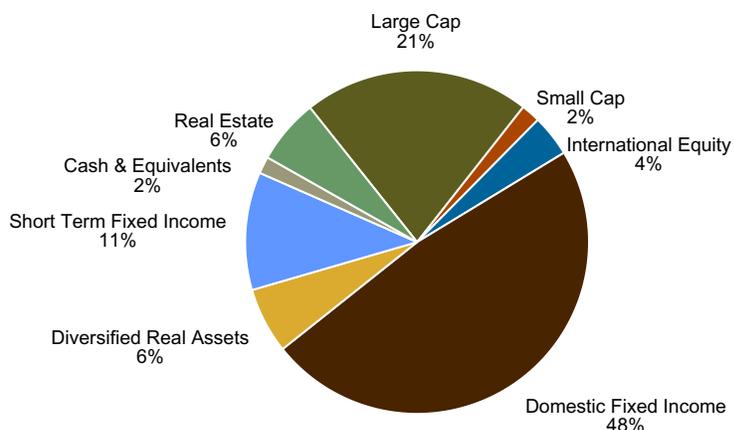
Actual vs Target Asset Allocation As of March 31, 2015

The first chart below shows the Fund's asset allocation as of March 31, 2015. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



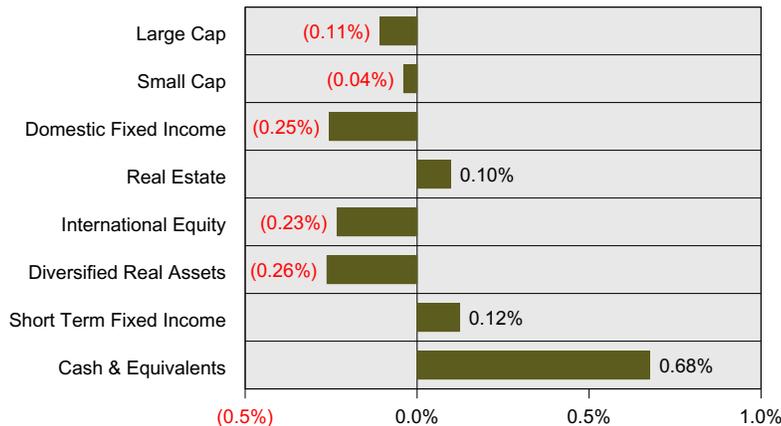
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap	938,696	21.4%	21.3%	0.1%	4,626
Small Cap	82,329	1.9%	1.8%	0.1%	3,394
International Equity	166,233	3.8%	3.9%	(0.1%)	(4,793)
Domestic Fixed Income	2,044,067	46.6%	48.0%	(1.4%)	(60,880)
Diversified Real Assets	252,768	5.8%	6.2%	(0.4%)	(19,121)
Short Term Fixed Income	486,742	11.1%	11.1%	0.0%	(27)
Cash & Equivalents	141,853	3.2%	1.6%	1.6%	71,688
Real Estate	272,617	6.2%	6.1%	0.1%	5,114
Total	4,385,306	100.0%	100.0%		

* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

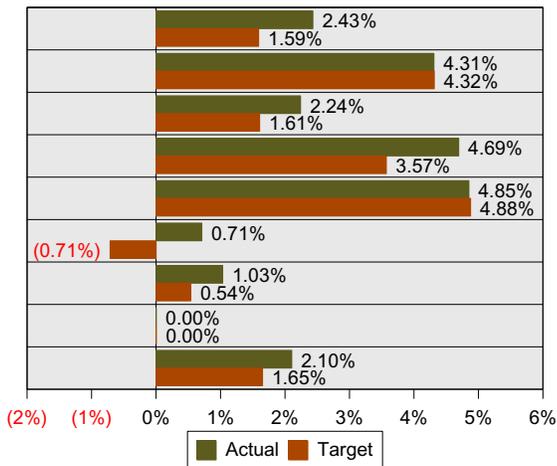
Quarterly Total Fund Relative Attribution - March 31, 2015

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

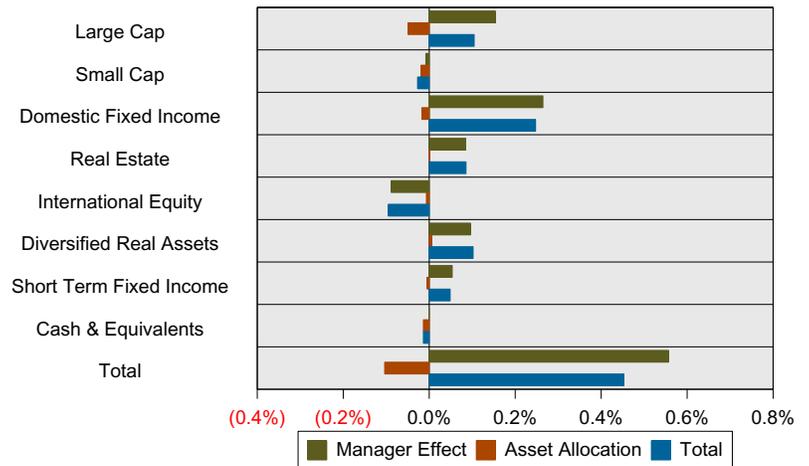
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2015

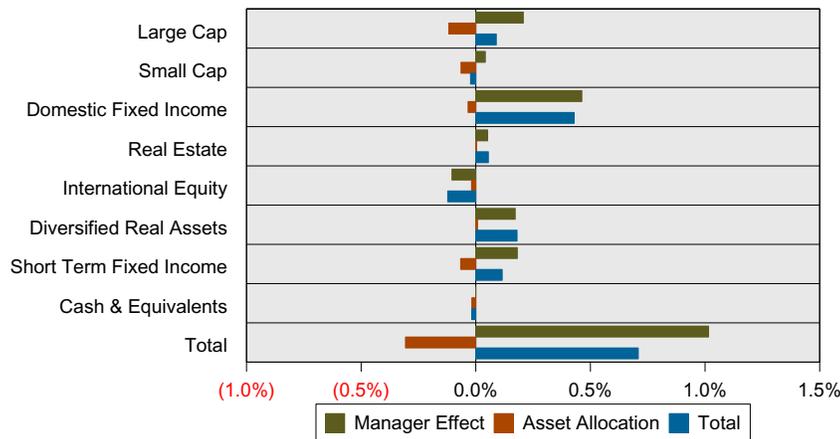
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	19%	19%	2.43%	1.59%	0.15%	(0.05%)	0.10%
Small Cap	5%	5%	4.31%	4.32%	(0.01%)	(0.02%)	(0.03%)
Domestic Fixed Income	43%	43%	2.24%	1.61%	0.26%	(0.02%)	0.25%
Real Estate	5%	5%	4.69%	3.57%	0.08%	0.00%	0.09%
International Equity	7%	7%	4.85%	4.88%	(0.09%)	(0.01%)	(0.10%)
Diversified Real Assets	8%	9%	0.71%	(0.71%)	0.10%	0.01%	0.10%
Short Term Fixed Income	11%	11%	1.03%	0.54%	0.05%	(0.00%)	0.05%
Cash & Equivalents	2%	2%	0.00%	0.00%	(0.00%)	(0.01%)	(0.01%)
Total			2.10%	1.65%	+ 0.56%	+ (0.10%)	0.45%

* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

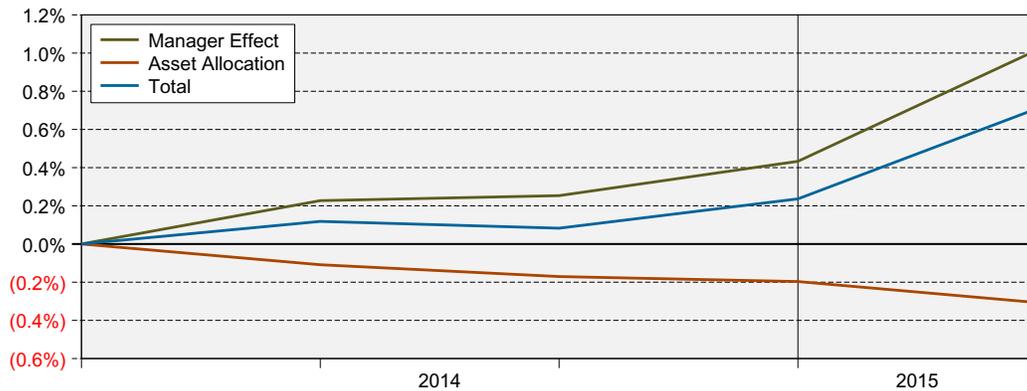
Cumulative Total Fund Relative Attribution - March 31, 2015

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

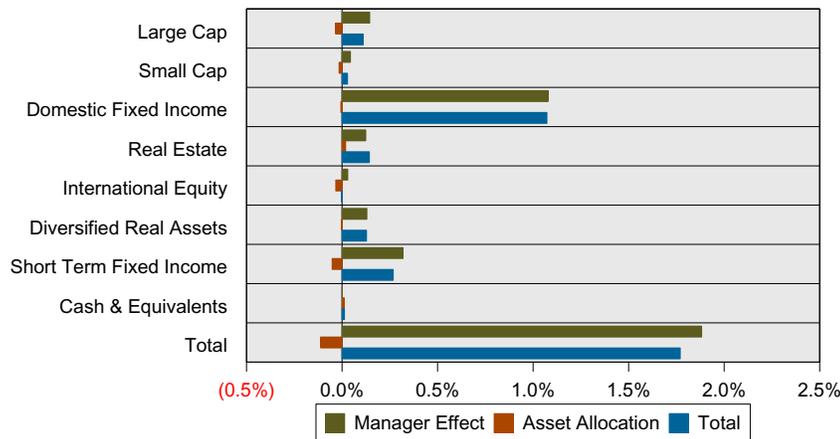
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	16%	16%	13.93%	12.73%	0.21%	(0.12%)	0.09%
Small Cap	5%	5%	9.21%	8.21%	0.04%	(0.06%)	(0.02%)
Domestic Fixed Income	36%	36%	7.00%	5.72%	0.46%	(0.03%)	0.43%
Real Estate	5%	5%	13.20%	12.72%	0.05%	0.00%	0.05%
International Equity	11%	11%	(1.36%)	(0.92%)	(0.10%)	(0.02%)	(0.12%)
Diversified Real Assets	8%	9%	4.02%	1.74%	0.17%	0.01%	0.18%
Short Term Fixed Income	17%	16%	2.08%	1.04%	0.18%	(0.07%)	0.12%
Cash & Equivalents	2%	2%	0.01%	0.03%	(0.00%)	(0.02%)	(0.02%)
Total			5.60%	4.89%	1.02%	(0.31%)	0.71%

* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

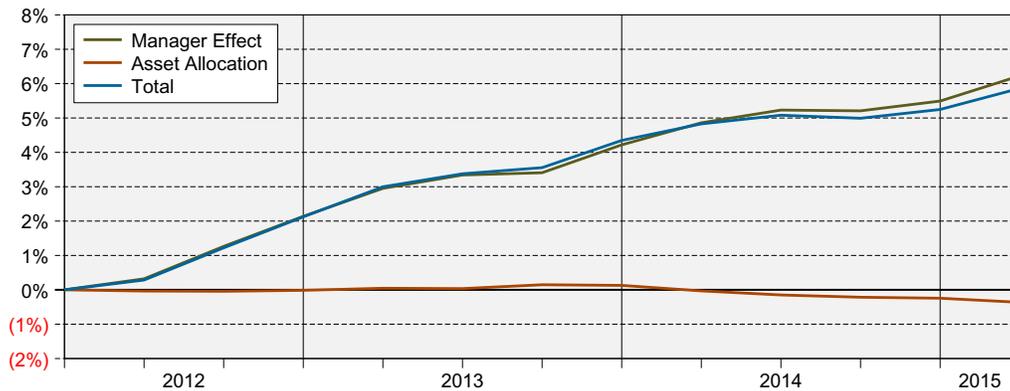
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Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

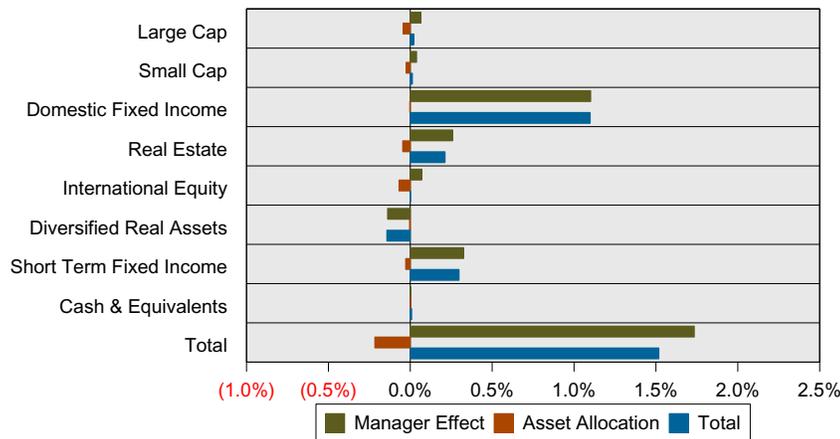
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	10%	10%	18.14%	16.45%	0.14%	(0.03%)	0.11%
Small Cap	3%	3%	18.01%	16.27%	0.04%	(0.02%)	0.03%
Domestic Fixed Income	32%	32%	6.43%	3.10%	1.08%	(0.01%)	1.07%
Real Estate	4%	4%	14.77%	11.47%	0.12%	0.02%	0.14%
International Equity	7%	7%	10.22%	9.02%	0.03%	(0.03%)	(0.00%)
Diversified Real Assets	10%	11%	3.66%	2.13%	0.13%	(0.00%)	0.13%
Short Term Fixed Income	31%	31%	1.76%	0.70%	0.32%	(0.05%)	0.27%
Cash & Equivalents	2%	2%	0.12%	0.07%	0.00%	0.01%	0.01%
Total			5.95%	4.18%	+ 1.88%	+ (0.11%)	1.77%

* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

Cumulative Total Fund Relative Attribution - March 31, 2015

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

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

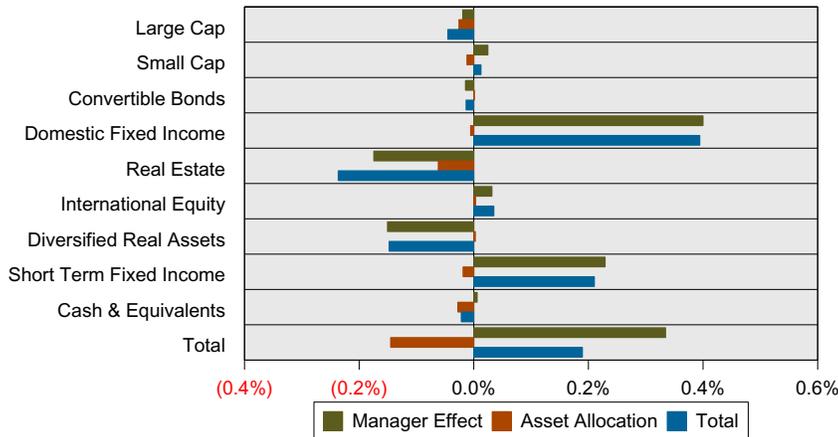
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	9%	9%	15.36%	14.73%	0.07%	(0.04%)	0.02%
Small Cap	3%	3%	16.00%	14.57%	0.04%	(0.03%)	0.01%
Domestic Fixed Income	36%	36%	7.58%	4.41%	1.10%	(0.00%)	1.10%
Real Estate	4%	4%	17.95%	12.75%	0.26%	(0.05%)	0.21%
International Equity	6%	7%	7.05%	5.47%	0.07%	(0.07%)	0.00%
Diversified Real Assets	13%	13%	4.53%	4.79%	(0.14%)	(0.00%)	(0.14%)
Short Term Fixed Income	24%	24%	1.95%	0.50%	0.33%	(0.03%)	0.30%
Cash & Equivalents	3%	3%	0.19%	0.09%	0.00%	0.00%	0.01%
Total			6.67%	5.15%	+ 1.73%	+ (0.22%)	1.52%

* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

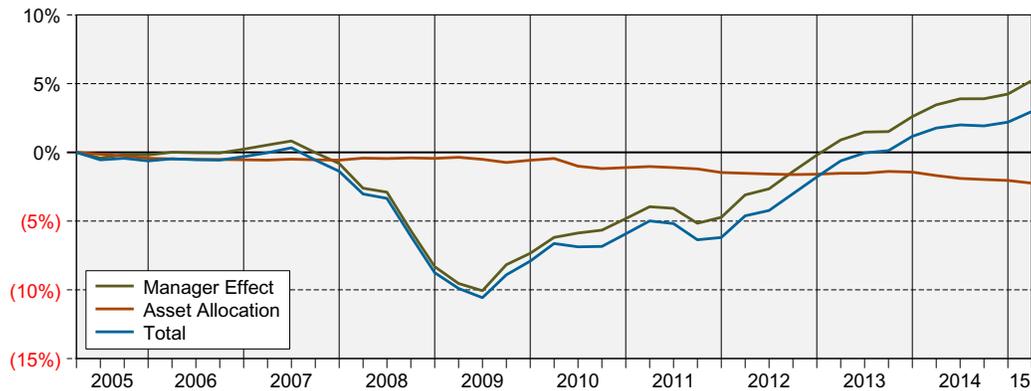
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Ten Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Ten Year Annualized Relative Attribution Effects

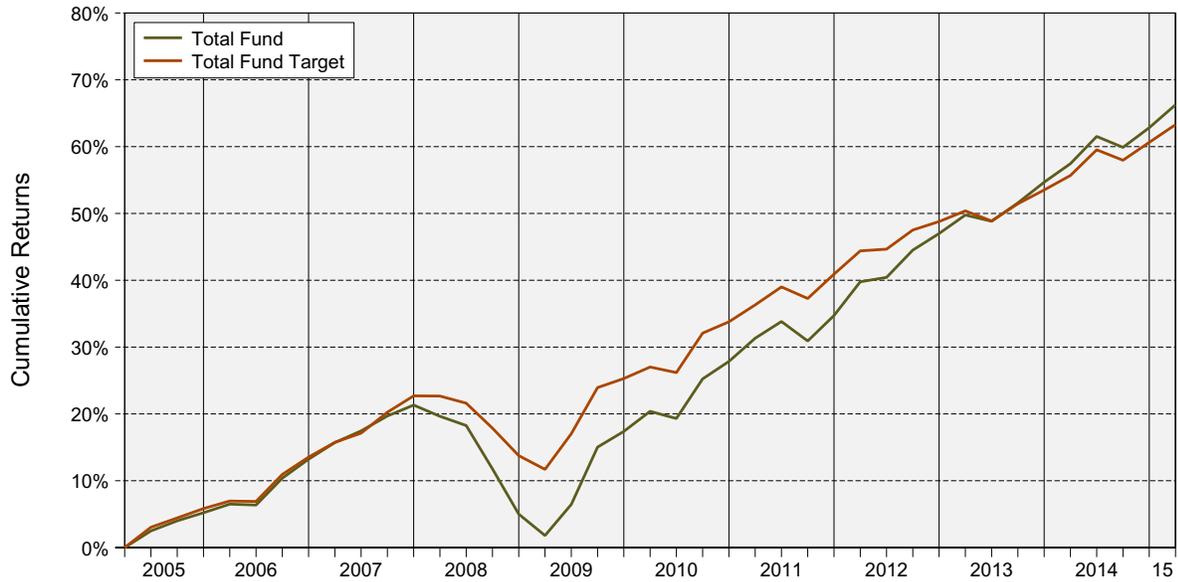
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	10%	10%	7.98%	8.13%	(0.02%)	(0.03%)	(0.05%)
Small Cap	3%	3%	9.48%	8.82%	0.02%	(0.01%)	0.01%
Convertible Bonds	0%	0%	-	-	(0.01%)	0.00%	(0.01%)
Domestic Fixed Income	42%	42%	6.34%	4.97%	0.40%	(0.01%)	0.39%
Real Estate	4%	5%	3.28%	8.39%	(0.17%)	(0.06%)	(0.24%)
International Equity	7%	7%	5.60%	5.01%	0.03%	0.00%	0.04%
Diversified Real Assets	17%	17%	4.10%	4.56%	(0.15%)	0.00%	(0.15%)
Short Term Fixed Income	13%	13%	-	-	0.23%	(0.02%)	0.21%
Cash & Equivalents	4%	4%	1.62%	1.49%	0.01%	(0.03%)	(0.02%)
Total			5.22%	5.03%	+ 0.33%	+ (0.15%)	0.19%

* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

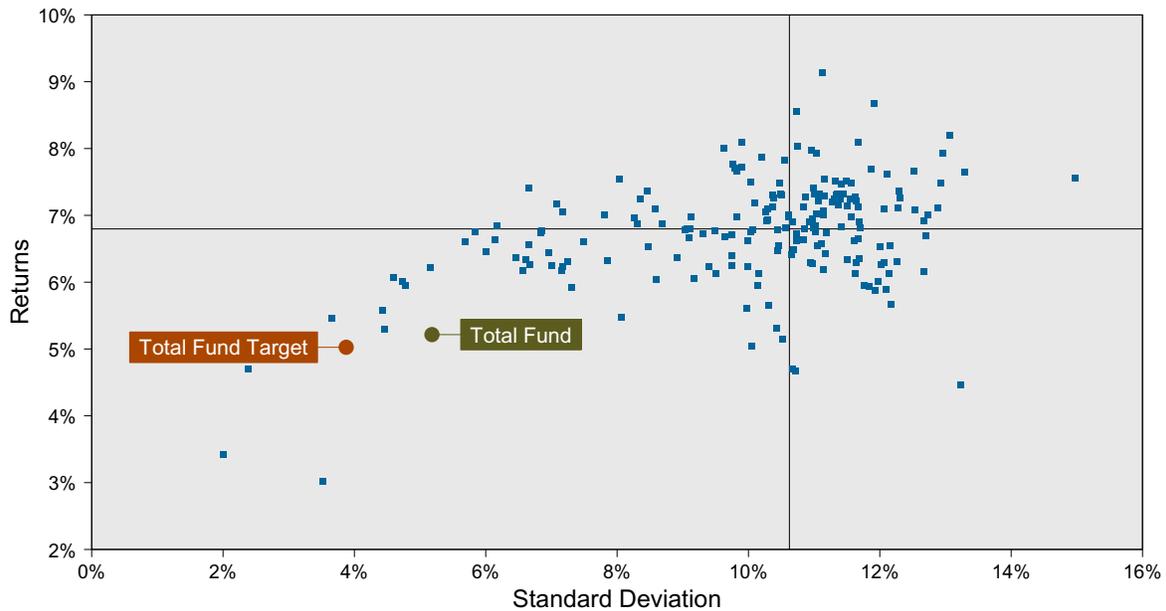
Cumulative Performance Relative to Target

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

Cumulative Returns Actual vs Target



Ten Year Annualized Risk vs Return



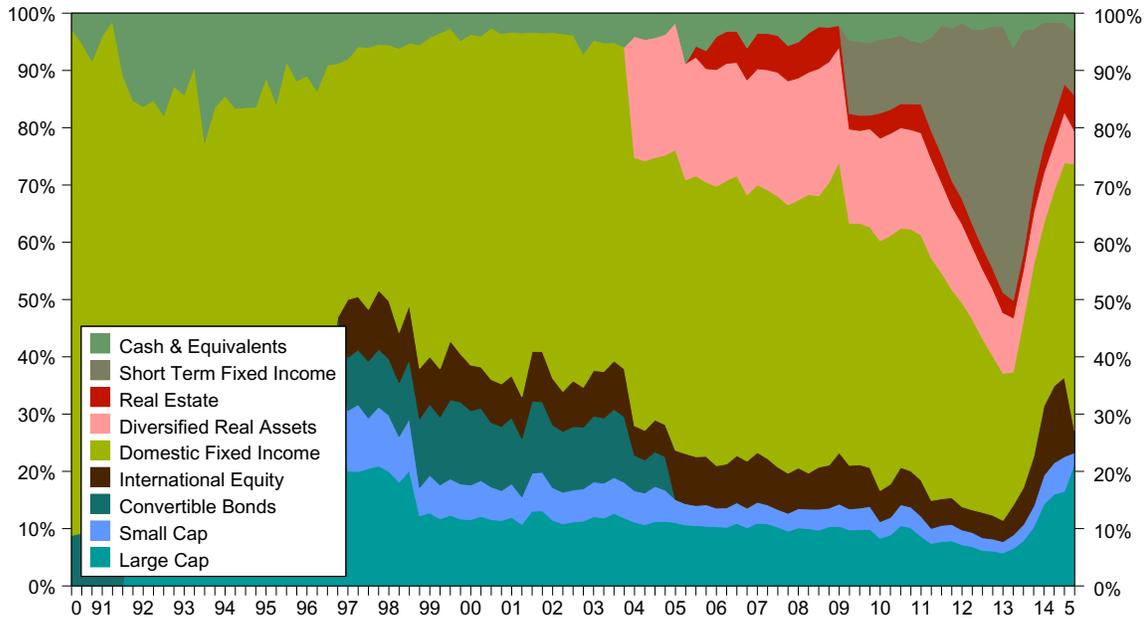
Squares represent membership of the Public Fund Sponsor Database

* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

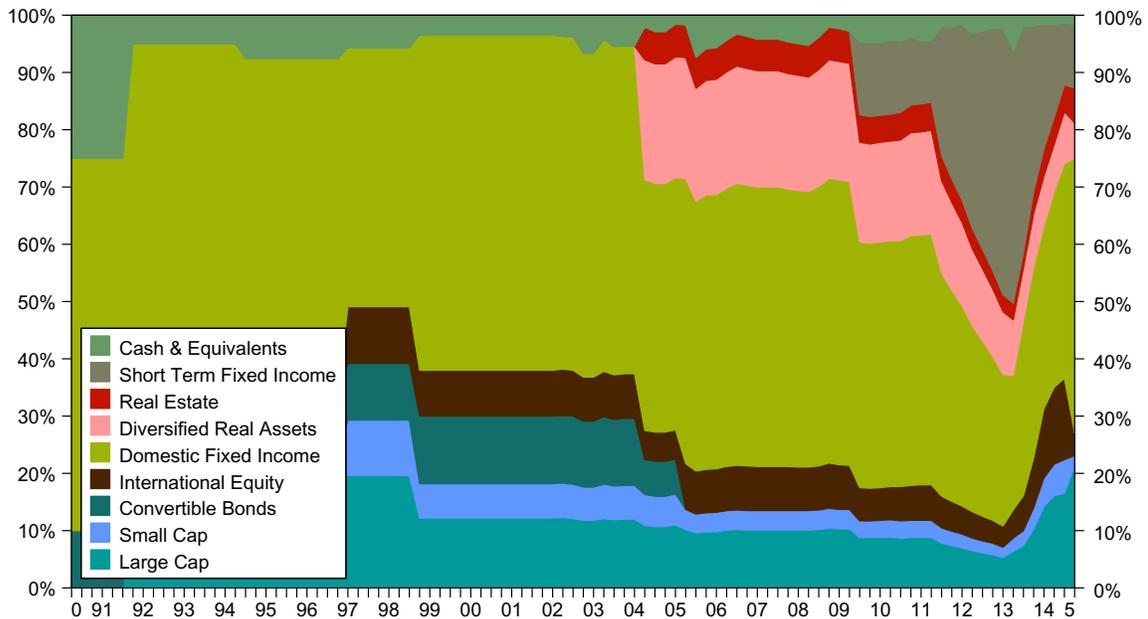
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation

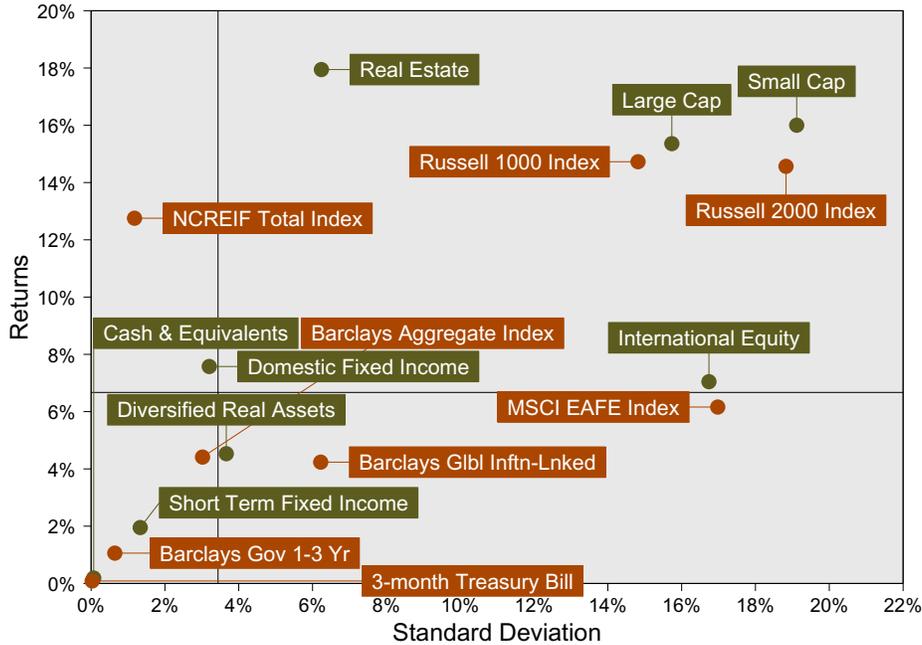


* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

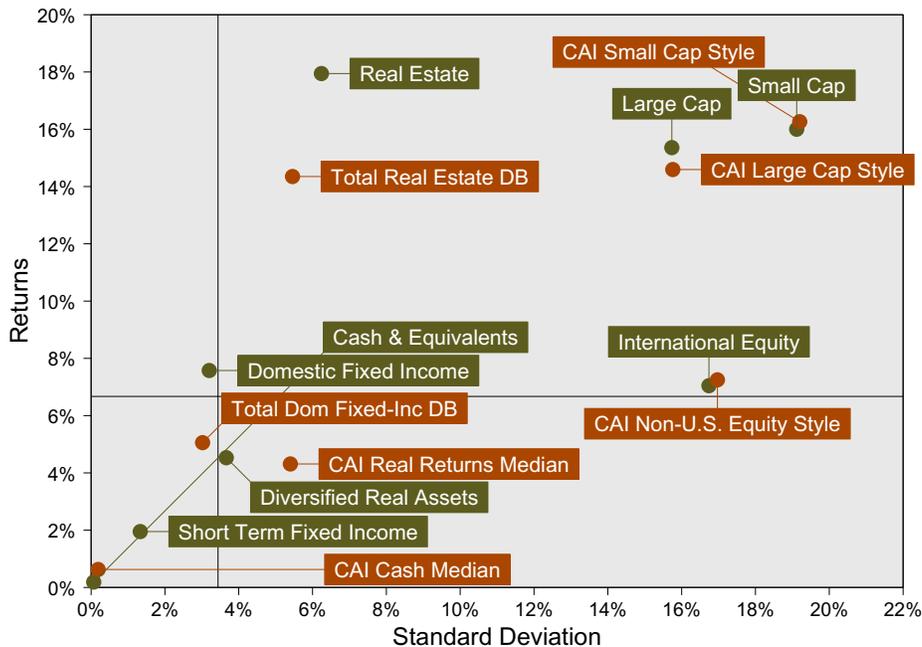
Asset Class Risk and Return

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

Five Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



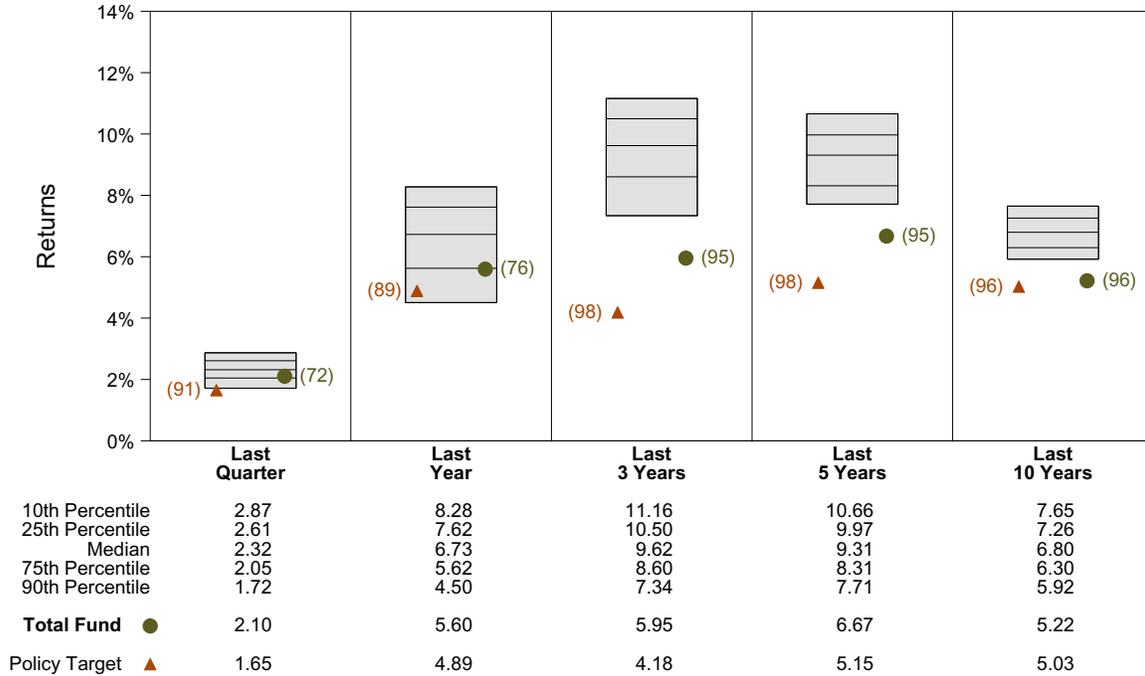
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



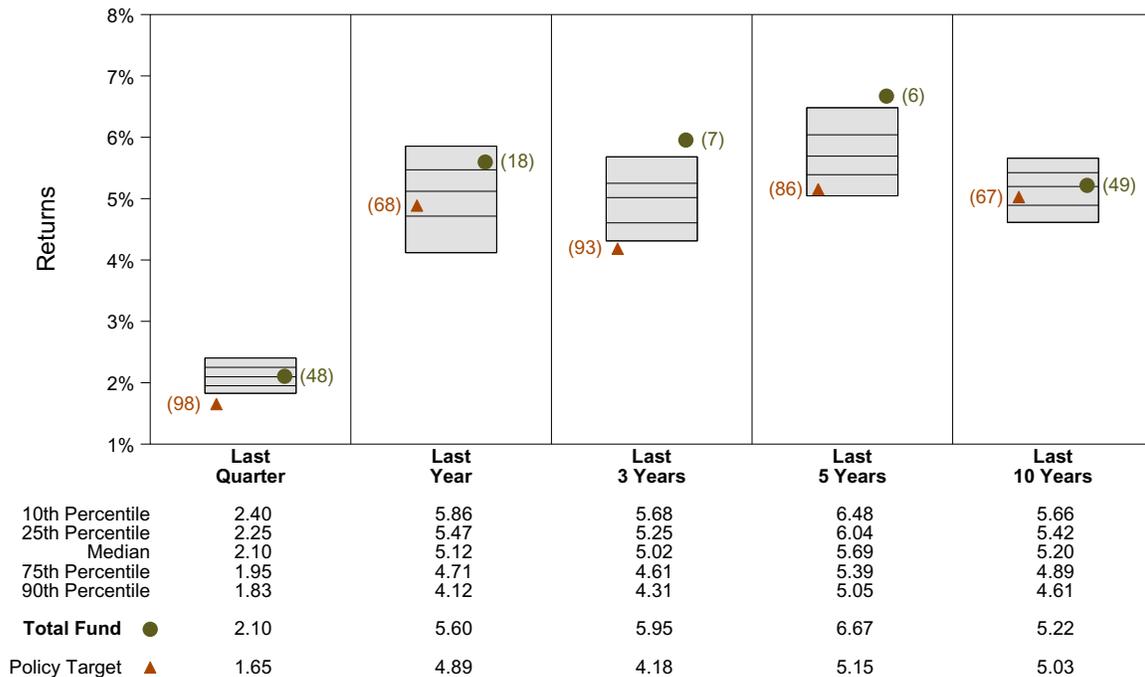
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended March 31, 2015. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

Public Fund Sponsor Database



Asset Allocation Adjusted Ranking

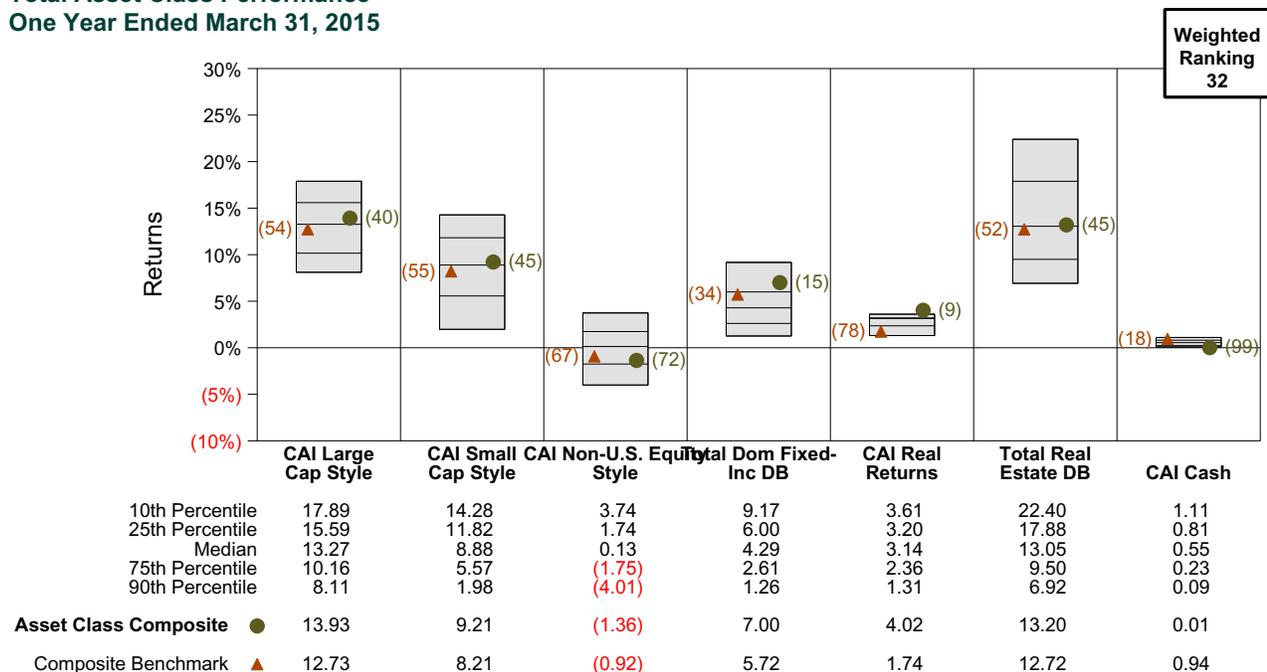


* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

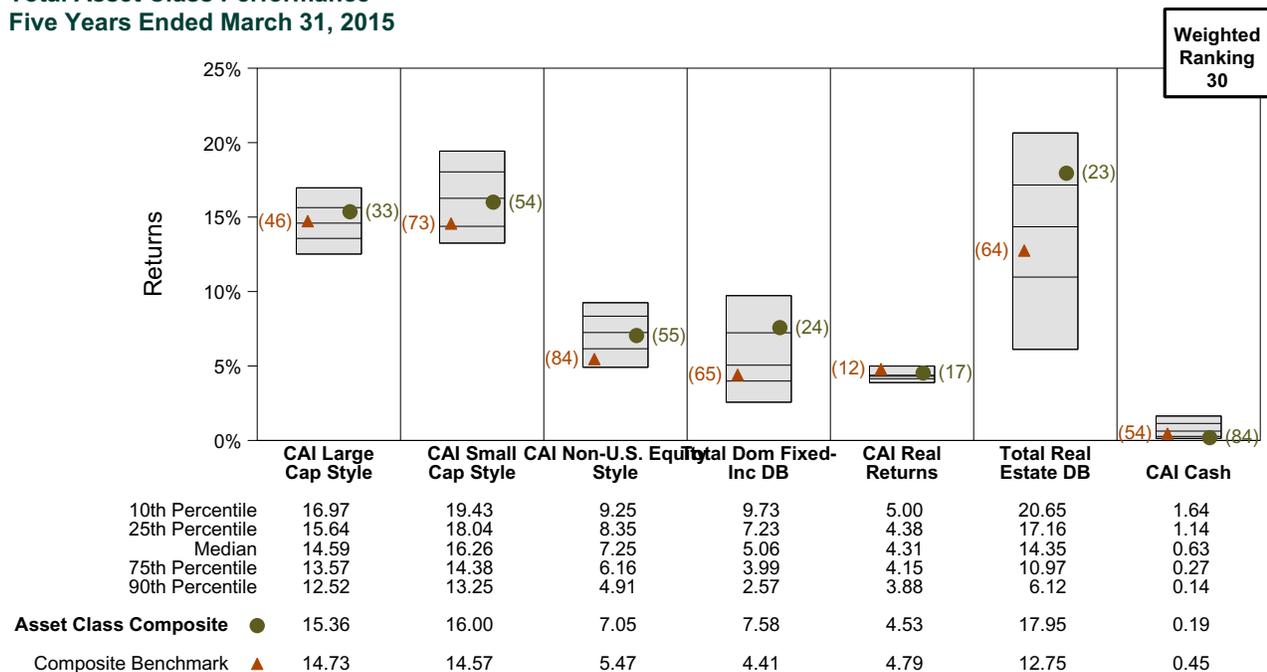
Asset Class Rankings

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

Total Asset Class Performance One Year Ended March 31, 2015



Total Asset Class Performance Five Years Ended March 31, 2015



* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS - DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2015			Inv. Return	December 31, 2014	
	Market Value	Weight	Net New Inv.		Market Value	Weight
Domestic Equity	\$1,021,025,071	23.28%	\$(191,844,849)	\$29,994,516	\$1,182,875,404	22.59%
Large Cap	\$938,695,702	21.41%	\$52,020,375	\$21,264,438	\$865,410,889	16.52%
Parametric Clifton Large Cap	185,943,000	4.24%	10,800,000	2,095,772	173,047,228	3.30%
L.A. Capital	284,945,407	6.50%	14,267,878	12,487,523	258,190,005	4.93%
L.A. Capital Enhanced	187,655,139	4.28%	10,343,468	4,281,544	173,030,127	3.30%
LSV Asset Management	280,152,156	6.39%	16,609,029	2,399,598	261,143,529	4.99%
Small Cap	\$82,329,369	1.88%	\$(243,865,224)	\$8,730,078	\$317,464,515	6.06%
Parametric Clifton Small Cap	58,567,578	1.34%	(173,165,098)	7,437,310	224,295,366	4.28%
Research Affiliates	23,761,791	0.54%	(70,700,126)	1,292,768	93,169,148	1.78%
International Equity	\$166,233,452	3.79%	\$(564,906,097)	\$5,720,437	\$725,419,112	13.85%
Capital Group	66,211,986	1.51%	(225,764,244)	650,155	291,326,075	5.56%
DFA Int'l Small Cap Value	16,656,948	0.38%	(56,530,787)	377,217	72,810,518	1.39%
LSV Asset Management	66,251,037	1.51%	(225,644,341)	3,600,116	288,295,263	5.50%
Vanguard Intl Explorer Fund	17,113,480	0.39%	(56,966,725)	1,092,948	72,987,257	1.39%
Domestic Fixed Income	\$2,044,067,022	46.61%	\$39,019,720	\$44,246,693	\$1,960,800,609	37.44%
Declaration Total Return	164,716,814	3.76%	10,608,835	2,857,627	151,250,352	2.89%
PIMCO DiSCO II	77,717,384	1.77%	0	1,187,383	76,530,001	1.46%
PIMCO Bravo II Fund	28,787,322	0.66%	5,000,000	347,965	23,439,357	0.45%
Prudential	165,139,248	3.77%	2,086,829	3,979,375	159,073,043	3.04%
SSgA US Govt Credit Bd Idx	282,352,696	6.44%	(522,505)	5,134,560	277,740,641	5.30%
Wells Capital	660,726,315	15.07%	7,659,287	16,284,073	636,782,955	12.16%
Western Asset Management	664,627,243	15.16%	14,187,274	14,455,709	635,984,260	12.14%
Diversified Real Assets	\$252,767,693	5.76%	\$(216,478,565)	\$2,023,905	\$467,222,353	8.92%
Western Asset Management	96,919,262	2.21%	(213,090,275)	1,545,153	308,464,385	5.89%
JP Morgan Infrastructure	73,709,448	1.68%	(204,078)	(299,739)	74,213,265	1.42%
Eastern Timber Opportunities	60,496,590	1.38%	(3,639,514)	270,100	63,866,004	1.22%
Grosvenor Cust. Infrastructure	21,642,393	0.49%	455,302	508,391	20,678,700	0.39%
Real Estate	\$272,617,498	6.22%	\$5,994,888	\$12,248,748	\$254,373,862	4.86%
Invesco Core Real Estate	127,780,008	2.91%	6,885,044	4,061,705	116,833,258	2.23%
JP Morgan RE	144,837,490	3.30%	(890,156)	8,187,043	137,540,603	2.63%
Short Term Fixed Income	\$486,741,775	11.10%	\$(77,066,194)	\$5,522,772	\$558,285,198	10.66%
JP Morgan Short Term Bonds	241,509,497	5.51%	(123,599)	1,725,562	239,907,534	4.58%
Babson Short Term Bonds	244,936,633	5.59%	(137,077)	3,345,342	241,728,368	4.62%
Babson Short Term - Legacy	295,646	0.01%	(43,579,323)	232,422	43,642,546	0.83%
JP Morgan Short Term - Legacy	-	-	(33,226,195)	219,445	33,006,749	0.63%
Cash & Equivalents	\$141,853,307	3.23%	\$53,394,805	\$2,619	\$88,455,883	1.69%
Cash Account	141,853,307	3.23%	53,394,805	2,619	88,455,883	1.69%
Total Fund	\$4,385,305,817	100.0%	\$(951,886,293)	\$99,759,689	\$5,237,432,421	100.0%

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity					
Gross	2.37%	12.14%	17.92%	15.38%	8.24%
Net	2.33%	11.93%	17.65%	15.01%	7.87%
Large Cap Equity					
Gross	2.43%	13.93%	18.14%	15.36%	7.98%
Net	2.39%	13.73%	17.92%	15.07%	7.65%
Benchmark(1)	1.59%	12.73%	16.45%	14.73%	8.13%
Parametric Clifton Large Cap - Gross	1.15%	13.43%	16.52%	15.07%	-
Parametric Clifton Large Cap - Net	1.15%	13.35%	16.39%	14.69%	-
S&P 500 Index	0.95%	12.73%	16.11%	14.47%	8.01%
L.A. Capital - Gross	4.73%	17.73%	17.88%	16.34%	10.22%
L.A. Capital - Net	4.68%	17.52%	17.66%	16.10%	10.02%
Russell 1000 Growth Index	3.84%	16.09%	16.34%	15.63%	9.36%
L.A. Capital Enhanced - Gross	2.44%	14.07%	17.50%	15.15%	9.57%
L.A. Capital Enhanced - Net	2.41%	13.93%	17.36%	14.96%	9.39%
Russell 1000 Index	1.59%	12.73%	16.45%	14.73%	8.34%
LSV Asset Management - Gross	1.00%	10.40%	19.80%	15.84%	9.04%
LSV Asset Management - Net	0.92%	10.11%	19.47%	15.49%	8.70%
Russell 1000 Value Index	(0.72%)	9.33%	16.44%	13.75%	7.21%
Small Cap Equity					
Gross	4.31%	9.21%	18.01%	16.00%	9.48%
Net	4.28%	8.95%	17.60%	15.38%	9.00%
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	8.82%
Parametric Clifton Small Cap - Gross	4.99%	10.27%	17.72%	16.08%	-
Parametric Clifton SmallCap - Net	4.99%	10.05%	17.33%	15.32%	-
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	8.82%
Research Affiliates - Gross	2.64%	7.20%	17.88%	15.72%	-
Research Affiliates - Net	2.56%	6.87%	17.44%	15.23%	-
Russell 2000	4.32%	8.21%	16.27%	14.57%	8.82%
International Equity					
Gross	4.85%	(1.36%)	10.22%	7.05%	5.60%
Net	4.77%	(1.68%)	9.81%	6.72%	5.32%
Benchmark(2)	4.88%	(0.92%)	9.02%	5.47%	5.01%
Capital Group - Gross	3.84%	(0.98%)	9.39%	6.80%	5.66%
Capital Group - Net	3.74%	(1.33%)	9.06%	6.61%	5.54%
Benchmark(2)	4.88%	(0.92%)	9.02%	5.47%	5.01%
DFA Intl Small Cap Value - Net	4.68%	(6.26%)	11.31%	8.36%	-
World ex US SC Va	3.70%	(6.12%)	8.98%	7.31%	6.38%
LSV Asset Management - Gross	5.29%	(0.92%)	10.37%	6.29%	4.82%
LSV Asset Management - Net	5.17%	(1.33%)	9.90%	5.91%	4.48%
Benchmark(2)	4.88%	(0.92%)	9.02%	5.47%	5.01%
Vanguard Intl Explorer Fund - Net	7.29%	(0.13%)	11.53%	8.62%	7.09%
BMI, EPAC, <\$2 B	6.19%	(1.11%)	9.18%	7.46%	5.98%

(1) S&P 500 Index through 12/31/2011 and Russell 1000 Index thereafter.

(2) MSCI EAFE through 9/30/2000; 50% Hedged EAFE through 3/31/2011 and MSCI EAFE again thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Fixed Income					
Gross	2.24%	7.00%	6.43%	7.58%	6.34%
Net	2.21%	6.86%	6.27%	7.40%	6.16%
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
Declaration Total Return - Net	1.77%	6.57%	-	-	-
Libor-3 Month	0.06%	0.23%	0.29%	0.33%	1.92%
PIMCO DiSCO II - Net	1.55%	5.03%	16.54%	-	-
PIMCO Bravo II Fund - Net	1.43%	14.43%	-	-	-
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
Prudential - Gross	2.50%	6.59%	5.18%	6.62%	-
Prudential - Net	2.42%	6.30%	4.94%	6.47%	-
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
Wells Capital - Gross	2.56%	7.69%	6.64%	7.90%	7.44%
Wells Capital - Net	2.51%	7.49%	6.42%	7.68%	7.21%
Barclays Baa Credit 3%	2.31%	6.94%	5.66%	7.17%	6.67%
Western Asset - Gross	2.26%	7.09%	4.97%	6.70%	5.81%
Western Asset - Net	2.23%	6.94%	4.81%	6.52%	5.61%
Barclays Aggregate	1.61%	5.72%	3.10%	4.41%	4.93%
SSgA US Govt Cr Bd Idx - Gross	1.85%	5.87%	-	-	-
SSgA US Govt Cr Bd Idx - Net	1.84%	5.84%	-	-	-
Barclays Govt/Credit Bd	1.84%	5.86%	3.35%	4.75%	4.96%
Diversified Real Assets					
Gross	0.71%	4.02%	3.66%	4.53%	4.10%
Net	0.67%	3.78%	3.37%	4.18%	3.85%
Weighted Benchmark	(0.71%)	-	-	-	-
Western TIPS - Gross	0.21%	1.42%	1.33%	3.88%	3.82%
Western TIPS - Net	0.18%	1.28%	1.17%	3.71%	3.68%
Barclays Gbl Inftn-Linked(1)	(1.53%)	(0.93%)	1.23%	4.24%	4.28%
JP Morgan Infrastructure - Gross	(0.40%)	1.90%	7.37%	6.75%	-
JP Morgan Infrastructure - Net	(0.60%)	1.00%	6.33%	5.50%	-
CPI-W	0.50%	(0.65%)	0.69%	1.59%	2.05%
Eastern Timber Opportunities - Net	0.42%	10.22%	5.45%	2.95%	-
NCREIF Timberland Index	1.75%	10.64%	9.80%	6.20%	8.29%
Grosvenor Cust. Infrastructure - Net	2.42%	16.27%	8.67%	-	-
CPI-W	0.50%	(0.65%)	0.69%	1.59%	2.05%

(1) Barclays US TIPS through 12/31/2009 and Barclays Global Inflation-Linked thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

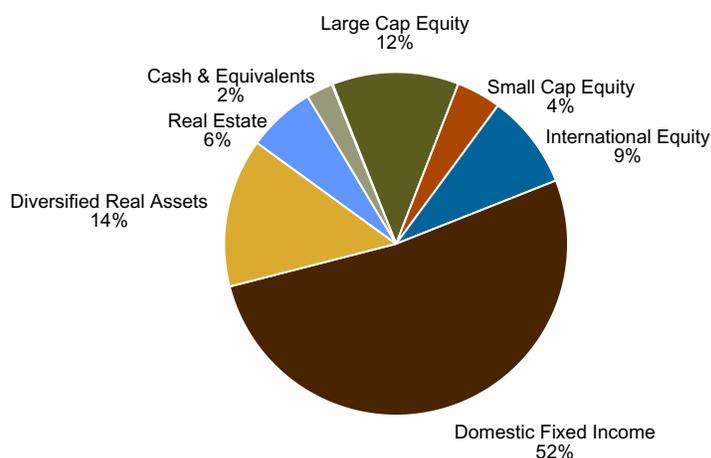
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Real Estate					
Gross	4.69%	13.20%	14.77%	17.95%	-
Net	4.35%	12.17%	13.66%	16.71%	-
NCREIF Total Index	3.57%	12.72%	11.47%	12.75%	8.39%
Invesco Core Real Estate - Gross	3.28%	14.08%	-	-	-
Invesco Core Real Estate - Net	3.19%	13.66%	-	-	-
NCREIF Total Index	3.57%	12.72%	11.47%	12.75%	8.39%
JP Morgan - Gross	5.97%	12.88%	15.96%	18.68%	-
JP Morgan - Net	5.40%	11.41%	14.50%	17.22%	-
NCREIF Total Index	3.57%	12.72%	11.47%	12.75%	8.39%
Short Term Fixed Income					
Gross	1.03%	2.08%	1.76%	1.95%	-
Net	0.96%	1.90%	1.62%	1.87%	-
Barclays Gov 1-3 Yr	0.54%	1.04%	0.70%	1.06%	2.71%
Babson Short Term Bonds - Gross	1.38%	2.68%	2.34%	-	-
Babson Short Term Bonds - Net	1.33%	2.51%	2.17%	-	-
Barclays Gov 1-3 Yr	0.54%	1.04%	0.70%	1.06%	2.71%
JP Morgan Short Term Bds - Gross	0.72%	1.47%	1.17%	-	-
JP Morgan Short Term Bds - Net	0.67%	1.37%	1.06%	-	-
Barclays Gov/Credit 1-3 Y	0.59%	1.12%	0.97%	1.35%	2.94%
Cash & Equivalents - Net					
Cash Account- Net	0.00%	0.01%	0.12%	0.19%	1.62%
90 Day Treasury Bills	0.00%	0.03%	0.07%	0.09%	1.49%
Total Fund					
Gross	2.10%	5.60%	5.95%	6.67%	5.22%
Net	2.04%	5.36%	5.73%	6.42%	4.97%
Target*	1.65%	4.89%	4.18%	5.15%	5.03%

* Current Quarter Target = 48.0% Barclays Aggregate Index, 21.3% Russell 1000 Index, 11.1% Barclays Gov 1-3 Yr, 6.2% NDSIB INS DRA Weighted Benchmark, 6.1% NCREIF Total Index, 3.9% MSCI EAFE Index, 1.8% Russell 2000 Index and 1.6% 3-month Treasury Bill.

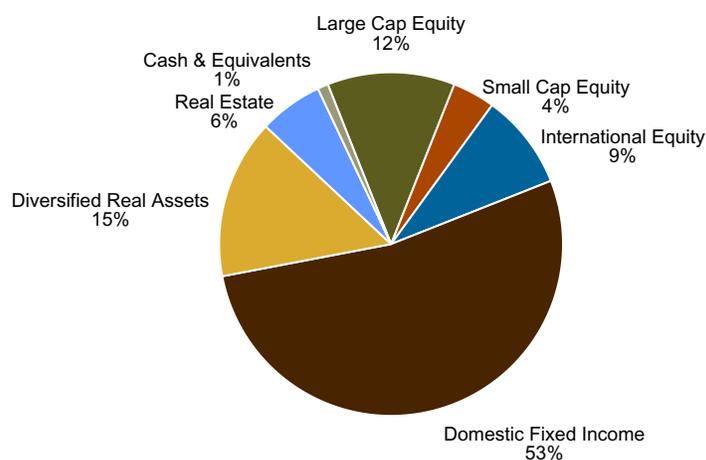
Actual vs Target Asset Allocation As of March 31, 2015

The first chart below shows the Fund's asset allocation as of March 31, 2015. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



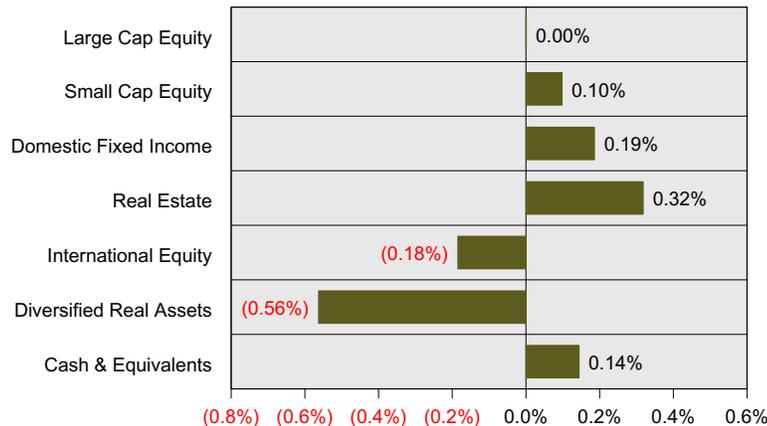
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	211,304	11.9%	12.0%	(0.1%)	(1,145)
Small Cap Equity	74,194	4.2%	4.0%	0.2%	3,378
International Equity	157,337	8.9%	9.0%	(0.1%)	(2,000)
Domestic Fixed Income	921,409	52.0%	53.0%	(1.0%)	(16,908)
Diversified Real Assets	248,521	14.0%	15.0%	(1.0%)	(17,041)
Real Estate	113,493	6.4%	6.0%	0.4%	7,268
Cash & Equivalents	44,152	2.5%	1.0%	1.5%	26,448
Total	1,770,410	100.0%	100.0%		

* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI - DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

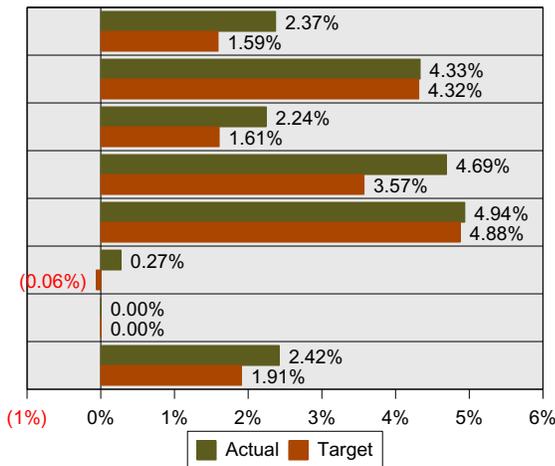
Quarterly Total Fund Relative Attribution - March 31, 2015

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

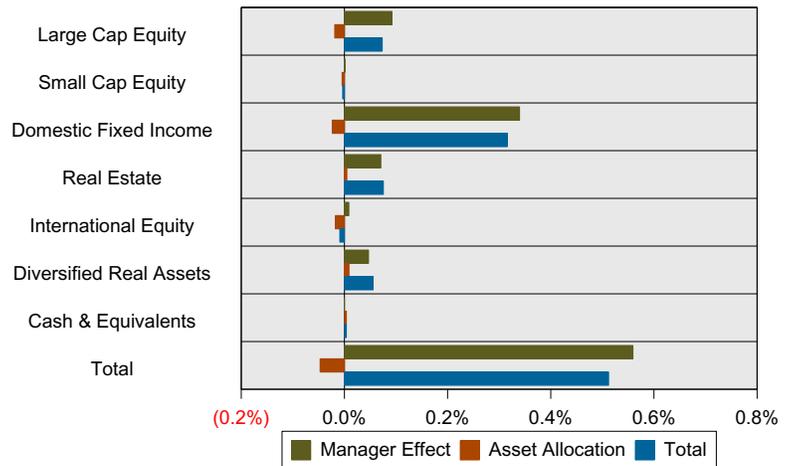
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2015

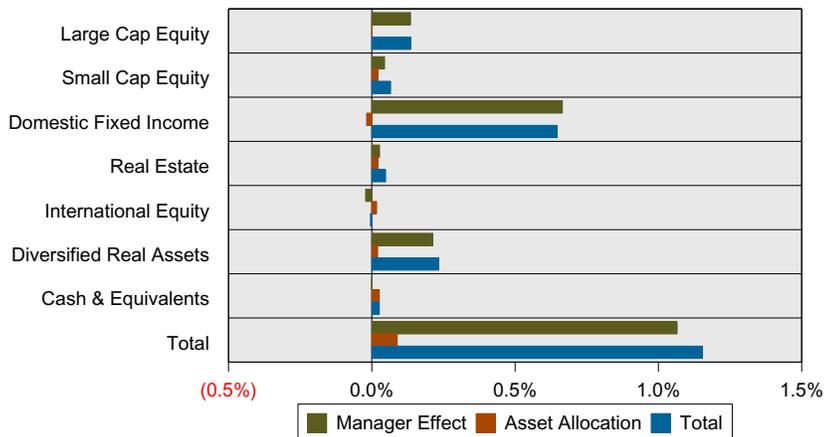
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	2.37%	1.59%	0.09%	(0.02%)	0.07%
Small Cap Equity	4%	4%	4.33%	4.32%	0.00%	(0.00%)	(0.00%)
Domestic Fixed Income	53%	53%	2.24%	1.61%	0.34%	(0.02%)	0.32%
Real Estate	6%	6%	4.69%	3.57%	0.07%	0.00%	0.08%
International Equity	9%	9%	4.94%	4.88%	0.01%	(0.02%)	(0.01%)
Diversified Real Assets	14%	15%	0.27%	(0.06%)	0.05%	0.01%	0.06%
Cash & Equivalents	1%	1%	0.00%	0.00%	(0.00%)	0.00%	0.00%
Total			2.42%	1.91%	+ 0.56%	+ (0.05%)	0.51%

* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI - DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

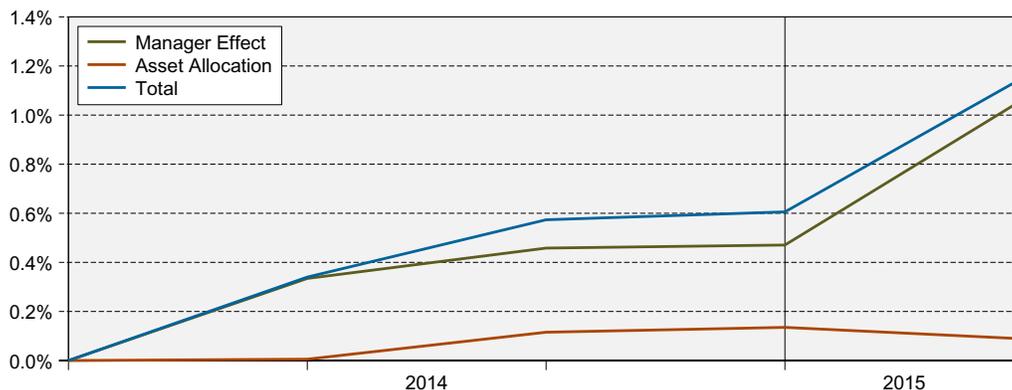
Cumulative Total Fund Relative Attribution - March 31, 2015

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

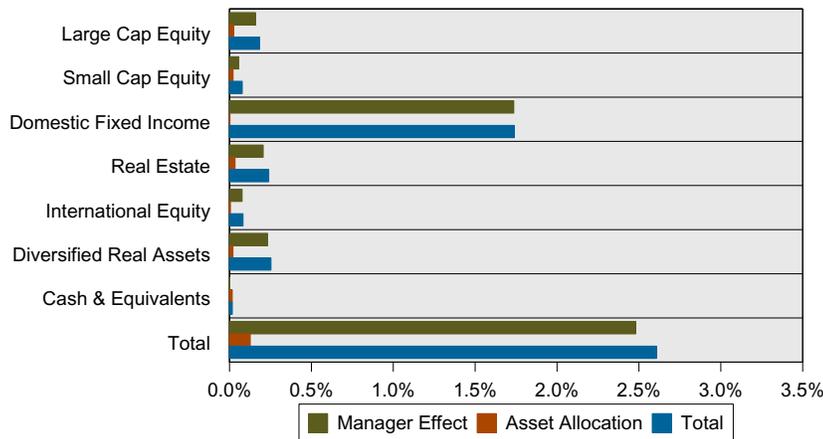
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	11%	11%	13.95%	12.73%	0.14%	0.00%	0.14%
Small Cap Equity	4%	4%	9.37%	8.21%	0.04%	0.02%	0.07%
Domestic Fixed Income	53%	52%	7.00%	5.72%	0.66%	(0.02%)	0.65%
Real Estate	6%	6%	13.16%	12.72%	0.03%	0.02%	0.05%
International Equity	8%	9%	(1.37%)	(0.92%)	(0.02%)	0.02%	(0.00%)
Diversified Real Assets	17%	17%	4.85%	3.52%	0.21%	0.02%	0.23%
Cash & Equivalents	1%	1%	0.01%	0.03%	(0.00%)	0.03%	0.03%
Total			7.31%	6.15%	+ 1.07%	+ 0.09%	1.15%

* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI - DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

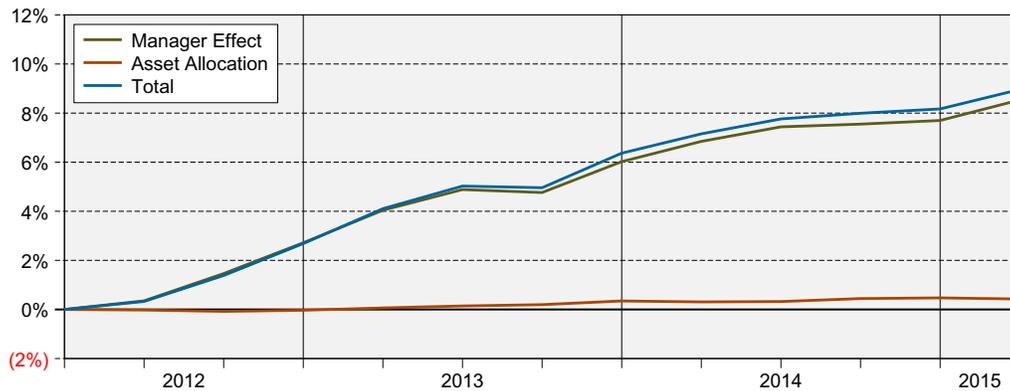
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

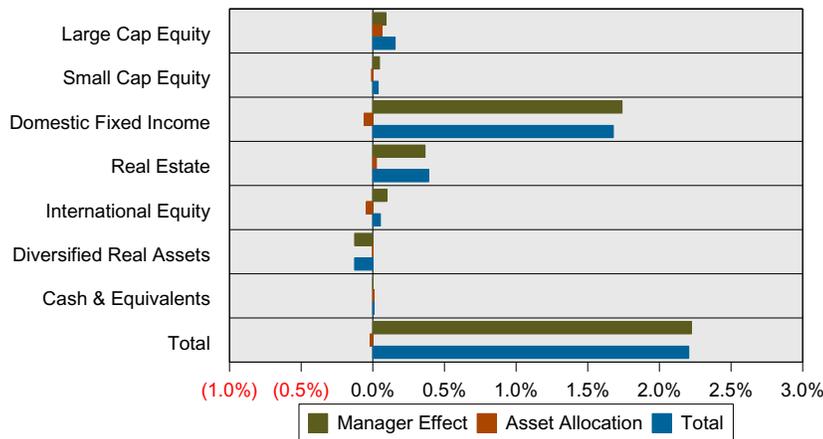
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	11%	10%	18.08%	16.45%	0.16%	0.03%	0.18%
Small Cap Equity	4%	3%	18.04%	16.27%	0.06%	0.02%	0.08%
Domestic Fixed Income	51%	51%	6.44%	3.10%	1.74%	0.00%	1.74%
Real Estate	6%	6%	14.73%	11.47%	0.21%	0.03%	0.24%
International Equity	7%	8%	10.03%	9.02%	0.08%	0.01%	0.08%
Diversified Real Assets	20%	20%	3.94%	2.72%	0.23%	0.02%	0.25%
Cash & Equivalents	1%	1%	0.12%	0.07%	0.00%	0.02%	0.02%
Total			8.35%	5.74%	+ 2.48%	+ 0.13%	2.61%

* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI - DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

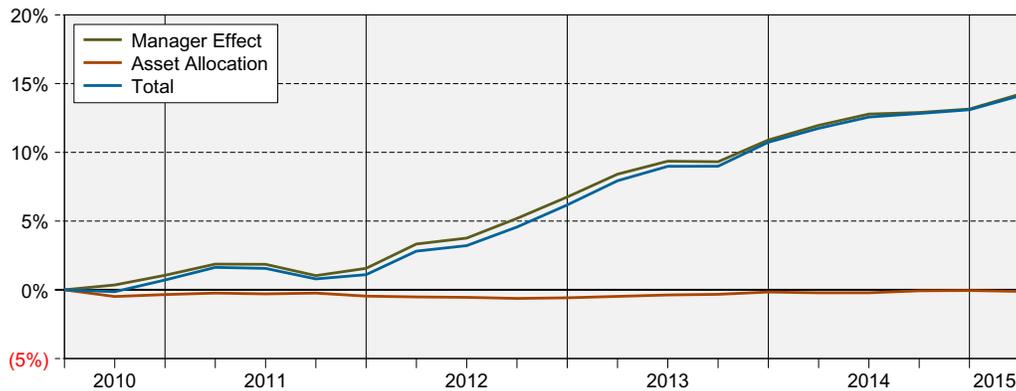
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Four and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects

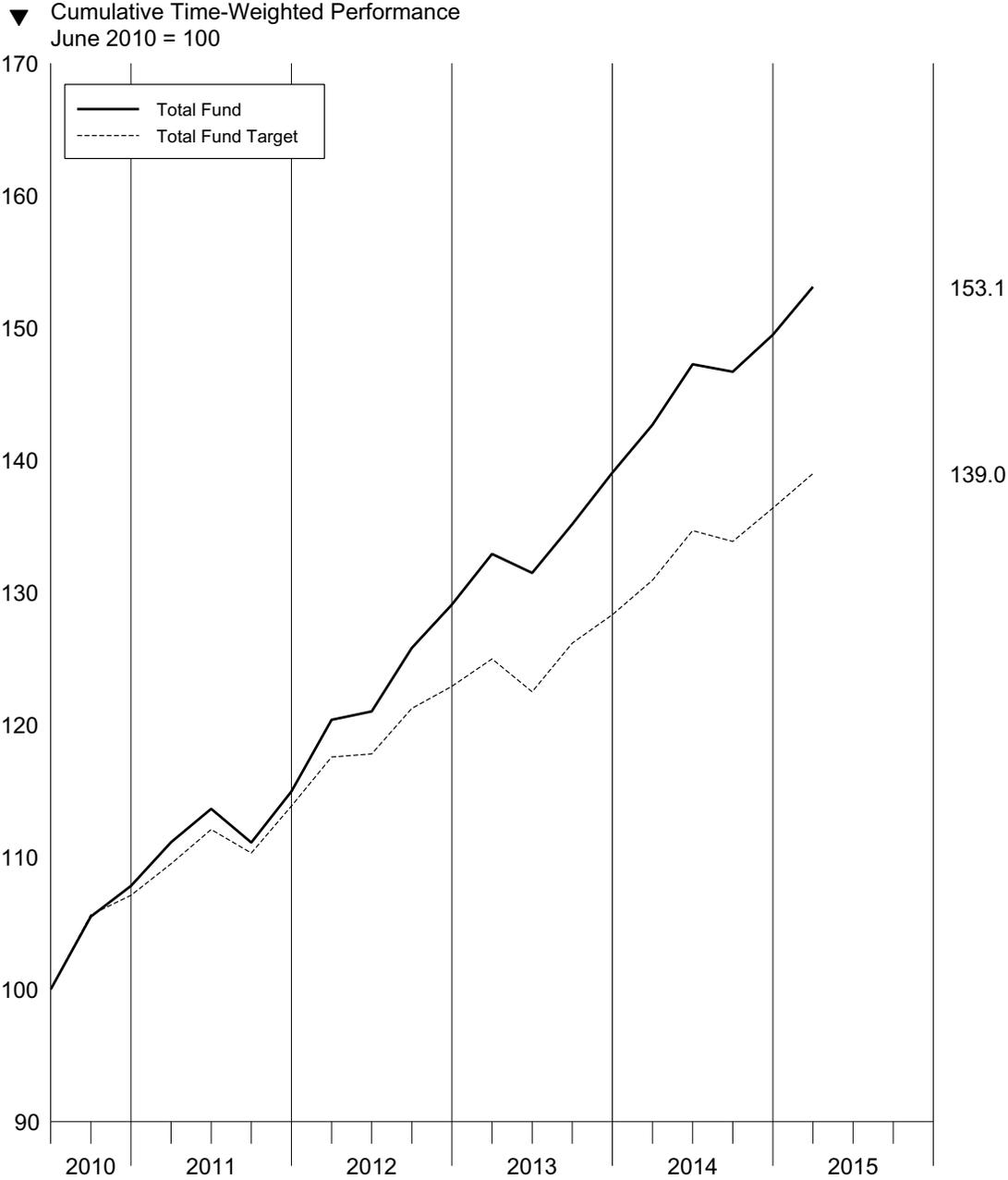


Four and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	10%	10%	19.46%	18.55%	0.09%	0.06%	0.16%
Small Cap Equity	4%	3%	19.42%	17.96%	0.05%	(0.01%)	0.04%
Domestic Fixed Income	51%	51%	7.21%	3.90%	1.74%	(0.06%)	1.68%
Real Estate	6%	6%	18.96%	12.69%	0.36%	0.03%	0.39%
International Equity	7%	7%	10.05%	8.69%	0.10%	(0.04%)	0.05%
Diversified Real Assets	20%	21%	5.24%	5.84%	(0.13%)	(0.00%)	(0.13%)
Cash & Equivalents	1%	1%	0.18%	0.08%	0.00%	0.01%	0.01%
Total			9.38%	7.18%	+ 2.22%	+ (0.02%)	2.20%

* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI - DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

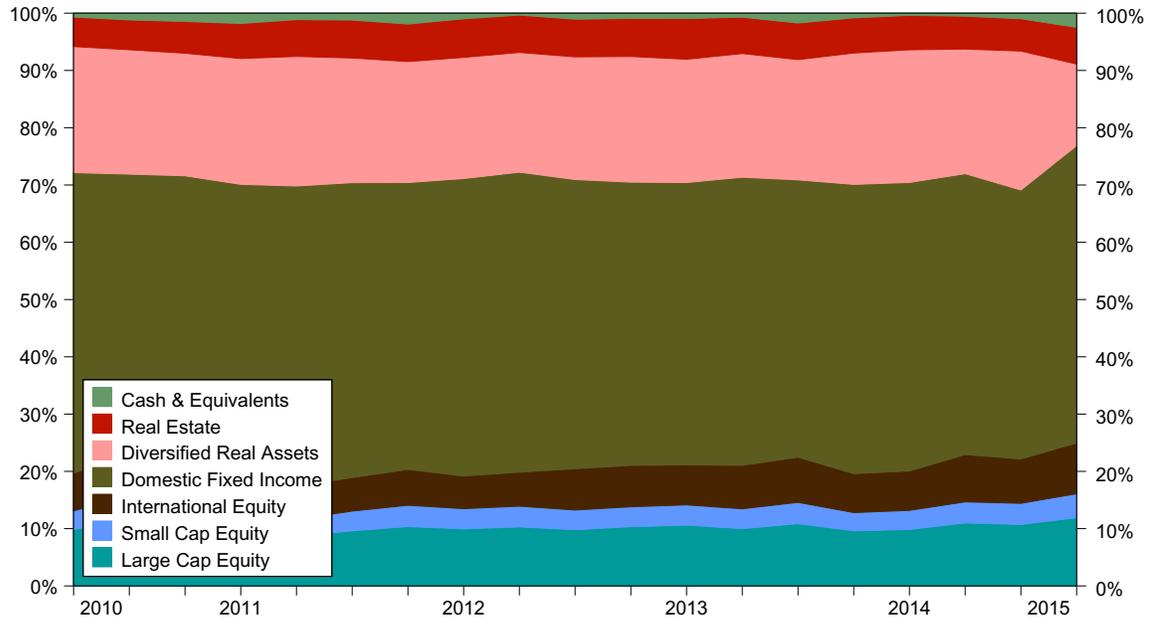
**NDSIB - Workforce Safety & Insurance
Cumulative Results**



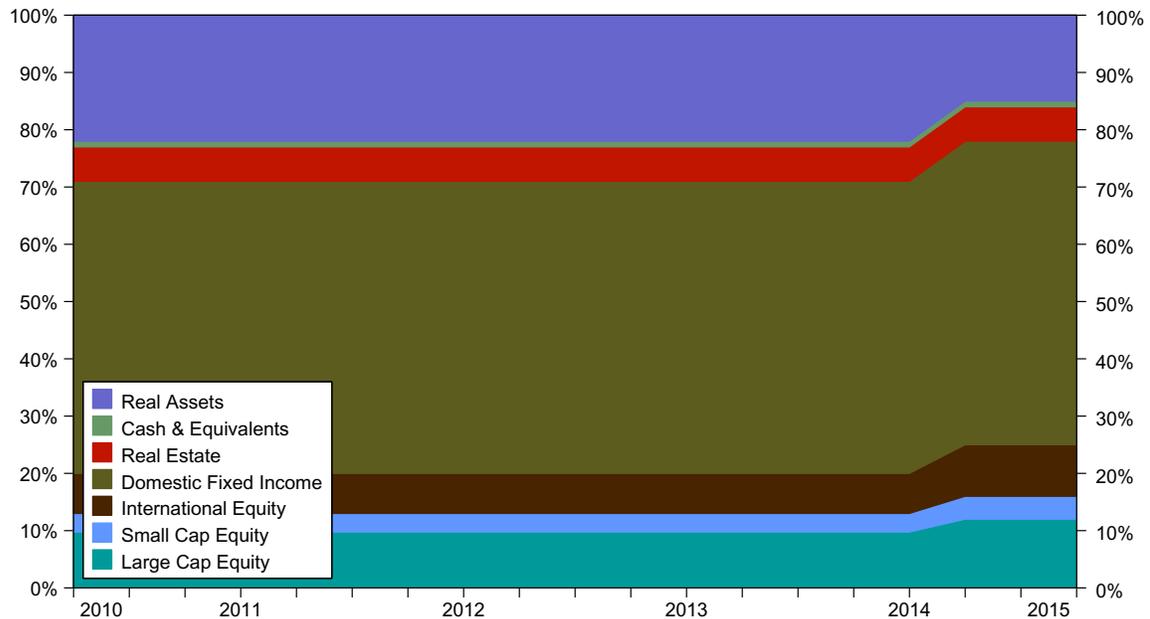
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation

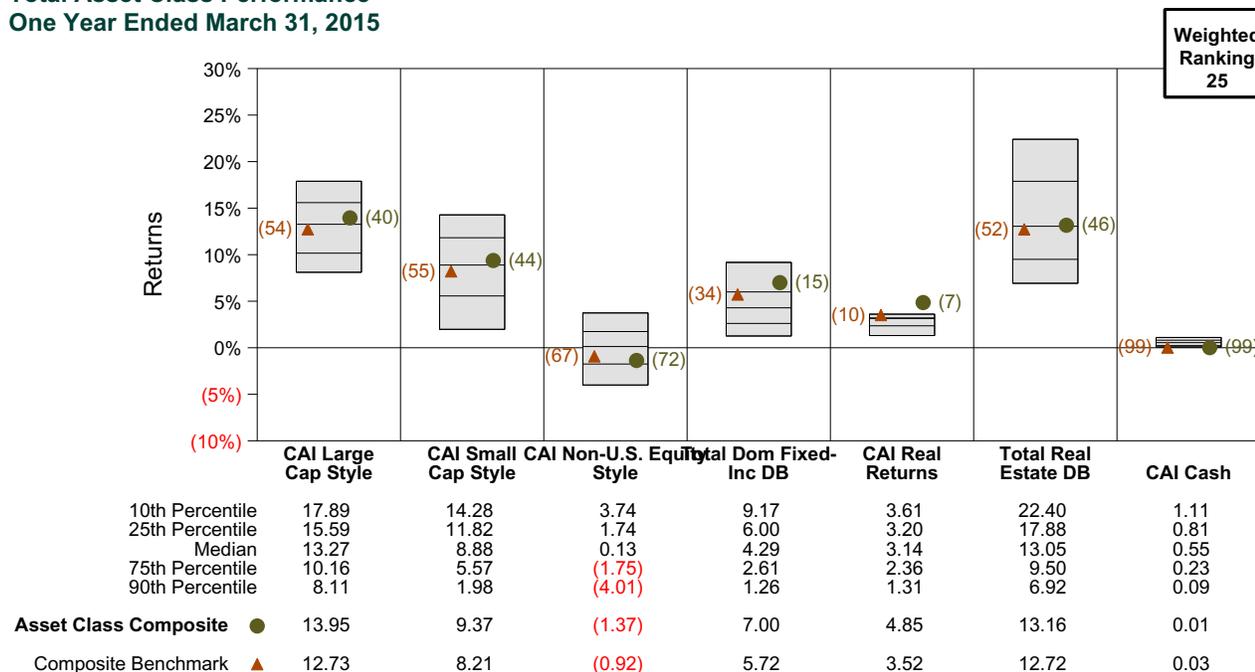


* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI - DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

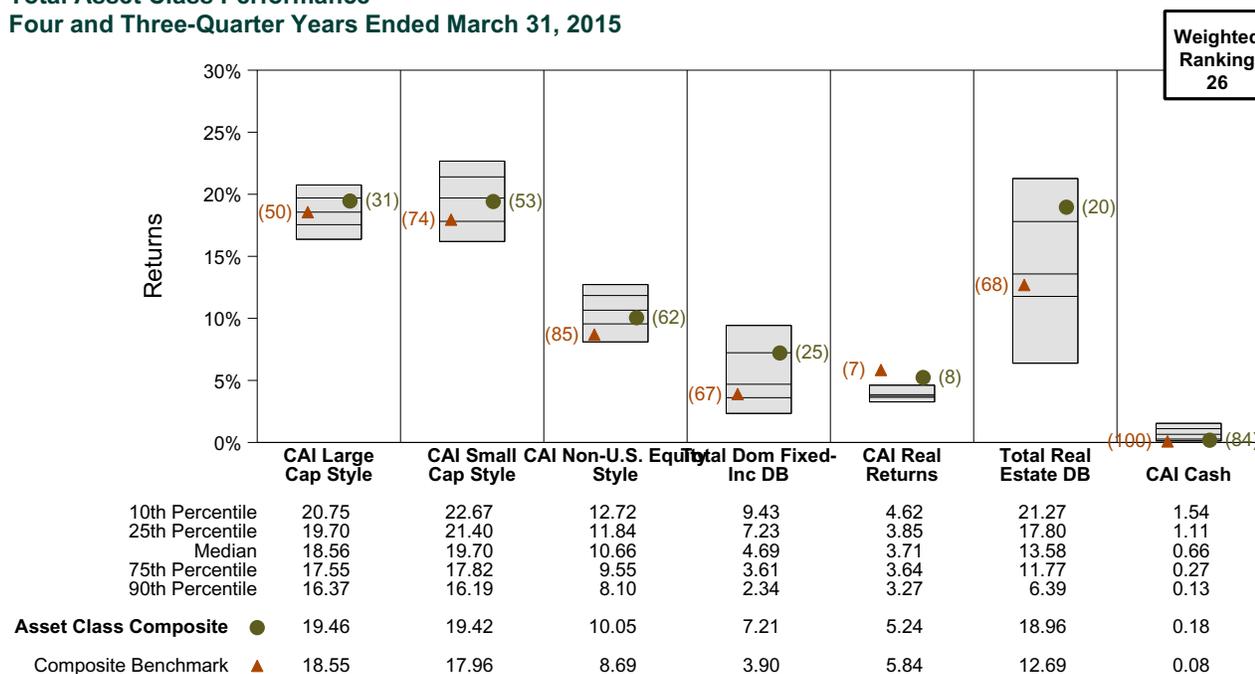
Asset Class Rankings

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

Total Asset Class Performance One Year Ended March 31, 2015



Total Asset Class Performance Four and Three-Quarter Years Ended March 31, 2015



* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI - DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2015		Net New Inv.	Inv. Return	December 31, 2014	
	Market Value	Weight			Market Value	Weight
Large Cap Equity	\$211,304,426	11.94%	\$(203,240)	\$4,871,506	\$206,636,160	12.08%
Small Cap Equity	\$74,193,975	4.19%	\$74,402	\$3,066,175	\$71,053,398	4.15%
International Equity	\$157,337,276	8.89%	\$722,440	\$7,363,783	\$149,251,054	8.72%
Domestic Fixed Income	\$921,408,725	52.04%	\$(3,613,114)	\$20,319,934	\$904,701,905	52.89%
Diversified Real Assets	\$248,520,839	14.04%	\$(3,622,430)	\$670,298	\$251,472,971	14.70%
Real Estate	\$113,492,800	6.41%	\$(413,000)	\$5,094,819	\$108,810,981	6.36%
Cash & Equivalents	\$44,151,846	2.49%	\$25,430,024	\$497	\$18,721,325	1.09%
Total Fund	\$1,770,409,886	100.0%	\$18,375,082	\$41,387,011	\$1,710,647,794	100.0%

PLEASE REFER TO PAGE 38 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Asset Class Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 4-3/4 Years
Large Cap Equity				
Gross	2.37%	13.95%	18.08%	19.46%
Net	2.33%	13.76%	17.86%	19.17%
Benchmark(1)	1.59%	12.73%	16.45%	18.55%
Small Cap Equity				
Gross	4.33%	9.37%	18.04%	19.42%
Net	4.31%	9.12%	17.63%	18.74%
Russell 2000	4.32%	8.21%	16.27%	17.96%
International Equity				
Gross	4.94%	(1.37%)	10.03%	10.05%
Net	4.85%	(1.67%)	9.65%	9.64%
Benchmark(2)	4.88%	(0.92%)	9.02%	8.69%
Domestic Fixed Income				
Gross	2.24%	7.00%	6.44%	7.21%
Net	2.21%	6.86%	6.27%	7.02%
Barclays Aggregate	1.61%	5.72%	3.10%	3.90%
Diversified Real Assets				
Gross	0.27%	4.85%	3.94%	5.24%
Net	0.21%	4.53%	3.62%	4.87%
Weighted Benchmark	(0.06%)	-	-	-
Real Estate				
Gross	4.69%	13.16%	14.73%	18.96%
Net	4.35%	12.16%	13.66%	17.80%
NCREIF Total Index	3.57%	12.72%	11.47%	12.69%
Cash & Equivalents - Net	0.00%	0.01%	0.12%	0.18%
90 Day Treasury Bills	0.00%	0.03%	0.07%	0.08%
Total Fund				
Gross	2.42%	7.31%	8.35%	9.38%
Net	2.36%	7.07%	8.06%	9.06%
Target*	1.91%	6.15%	5.74%	7.18%

* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI - DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

(1) S&P 500 Index through 12/31/2011 and Russell 1000 Index thereafter.

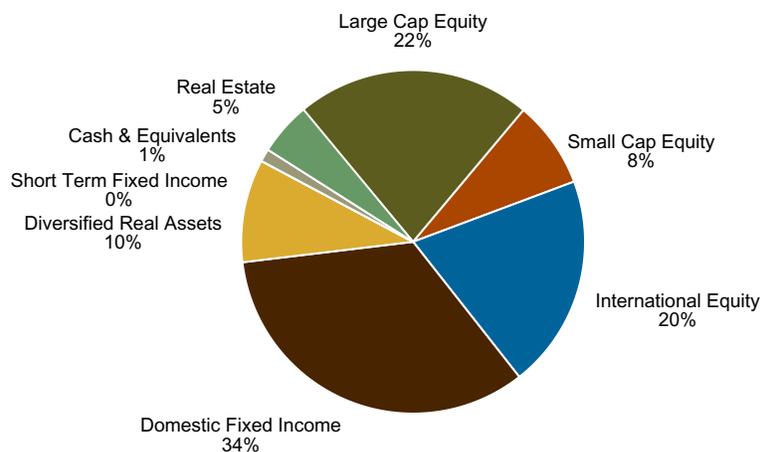
(2) MSCI EAFE through 9/30/2000; 50% Hedged EAFE through 3/31/2011 and MSCI EAFE again thereafter.

PLEASE REFER TO PAGE 39-41 FOR INVESTMENT MANAGER LEVEL RETURNS.

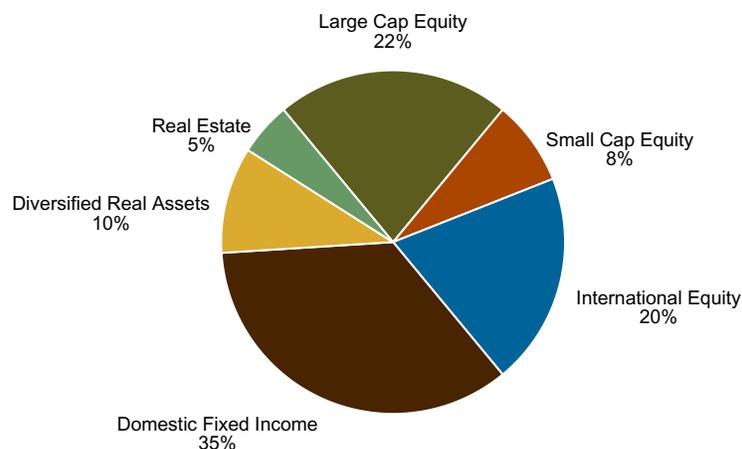
Actual vs Target Asset Allocation As of March 31, 2015

The first chart below shows the Fund's asset allocation as of March 31, 2015. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



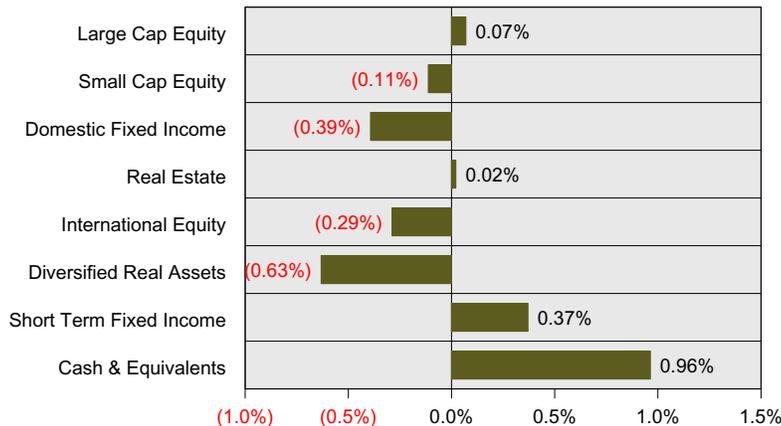
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	708,400	22.2%	22.0%	0.2%	5,552
Small Cap Equity	263,137	8.2%	8.0%	0.2%	7,555
International Equity	640,570	20.1%	20.0%	0.1%	1,617
Domestic Fixed Income	1,075,144	33.7%	35.0%	(1.3%)	(43,023)
Diversified Real Assets	308,360	9.7%	10.0%	(0.3%)	(11,117)
Short Term Fixed Income	296	0.0%	0.0%	0.0%	296
Cash & Equivalents	39,797	1.2%	0.0%	1.2%	39,797
Real Estate	159,061	5.0%	5.0%	0.0%	(678)
Total	3,194,763	100.0%	100.0%		

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

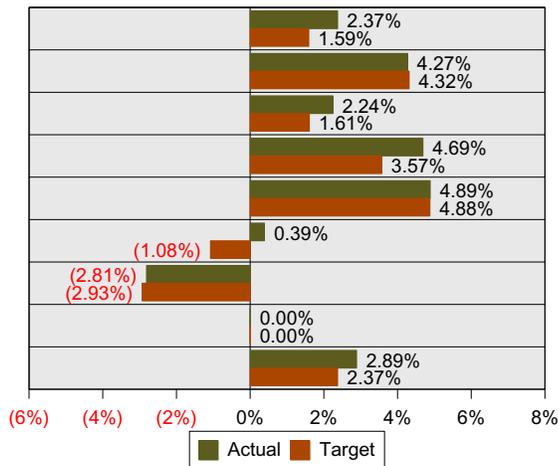
Quarterly Total Fund Relative Attribution - March 31, 2015

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

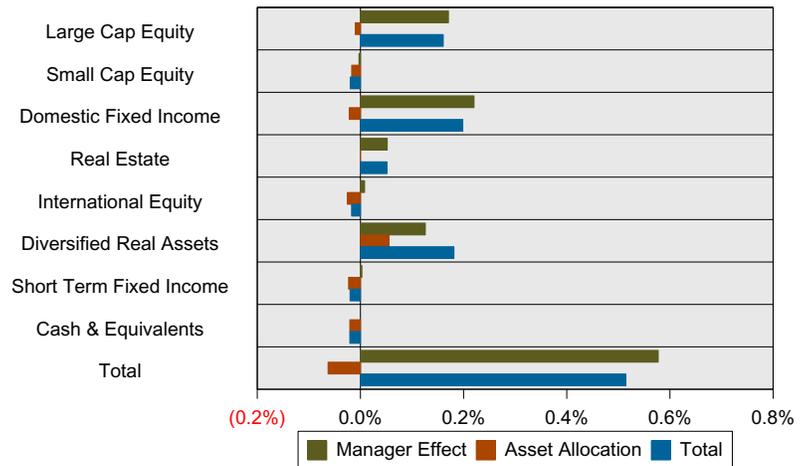
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2015

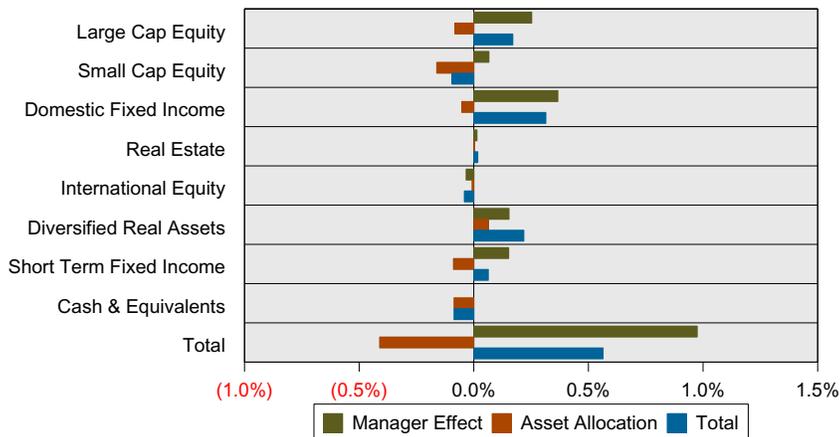
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	22%	22%	2.37%	1.59%	0.17%	(0.01%)	0.16%
Small Cap Equity	8%	8%	4.27%	4.32%	(0.00%)	(0.02%)	(0.02%)
Domestic Fixed Income	35%	35%	2.24%	1.61%	0.22%	(0.02%)	0.20%
Real Estate	5%	5%	4.69%	3.57%	0.05%	(0.00%)	0.05%
International Equity	20%	20%	4.89%	4.88%	0.01%	(0.03%)	(0.02%)
Diversified Real Assets	9%	9%	0.39%	(1.08%)	0.13%	0.06%	0.18%
Short Term Fixed Income	1%	1%	(2.81%)	(2.93%)	0.00%	(0.02%)	(0.02%)
Cash & Equivalents	1%	0%	0.00%	0.00%	0.00%	(0.02%)	(0.02%)
Total			2.89%	2.37%	+ 0.58%	+ (0.06%)	0.51%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

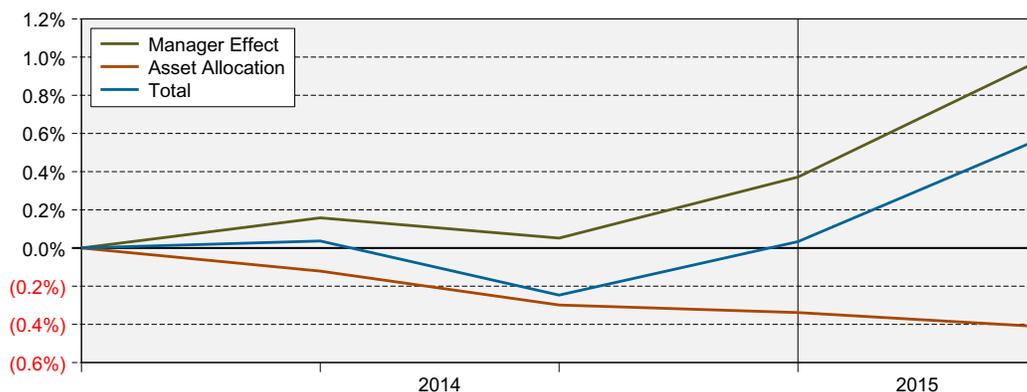
Cumulative Total Fund Relative Attribution - March 31, 2015

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

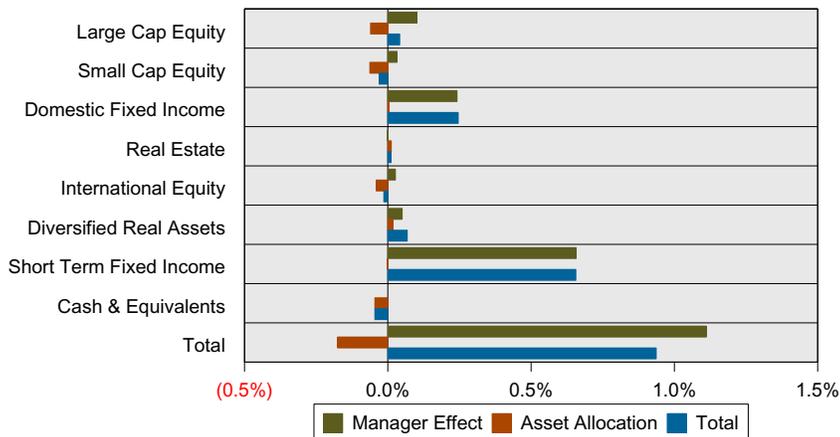
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	20%	21%	13.95%	12.73%	0.25%	(0.08%)	0.17%
Small Cap Equity	7%	7%	9.18%	8.21%	0.07%	(0.16%)	(0.10%)
Domestic Fixed Income	29%	30%	7.00%	5.72%	0.37%	(0.05%)	0.31%
Real Estate	5%	5%	13.19%	12.72%	0.01%	0.00%	0.02%
International Equity	18%	19%	(1.42%)	(0.92%)	(0.03%)	(0.01%)	(0.04%)
Diversified Real Assets	5%	5%	1.40%	(0.48%)	0.15%	0.06%	0.22%
Short Term Fixed Income	15%	13%	(1.81%)	(2.44%)	0.15%	(0.09%)	0.06%
Cash & Equivalents	0%	0%	0.01%	0.01%	0.00%	(0.09%)	(0.09%)
Total			5.96%	5.39%	+ 0.97%	+ (0.41%)	0.56%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

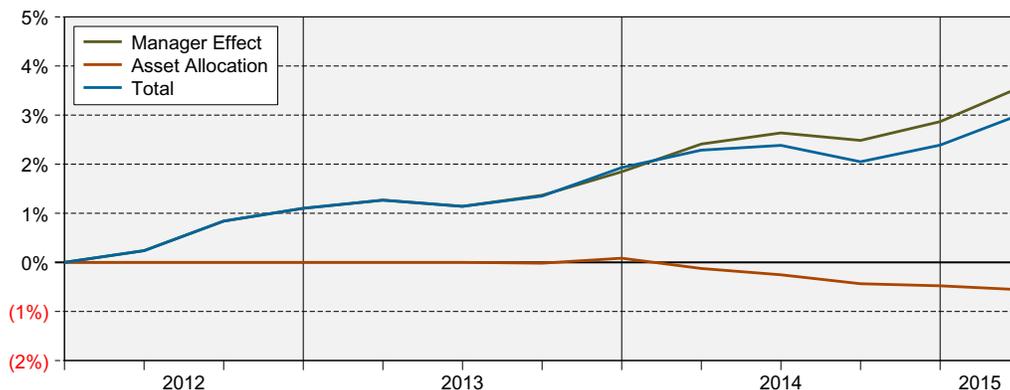
Cumulative Total Fund Relative Attribution - March 31, 2015

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Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

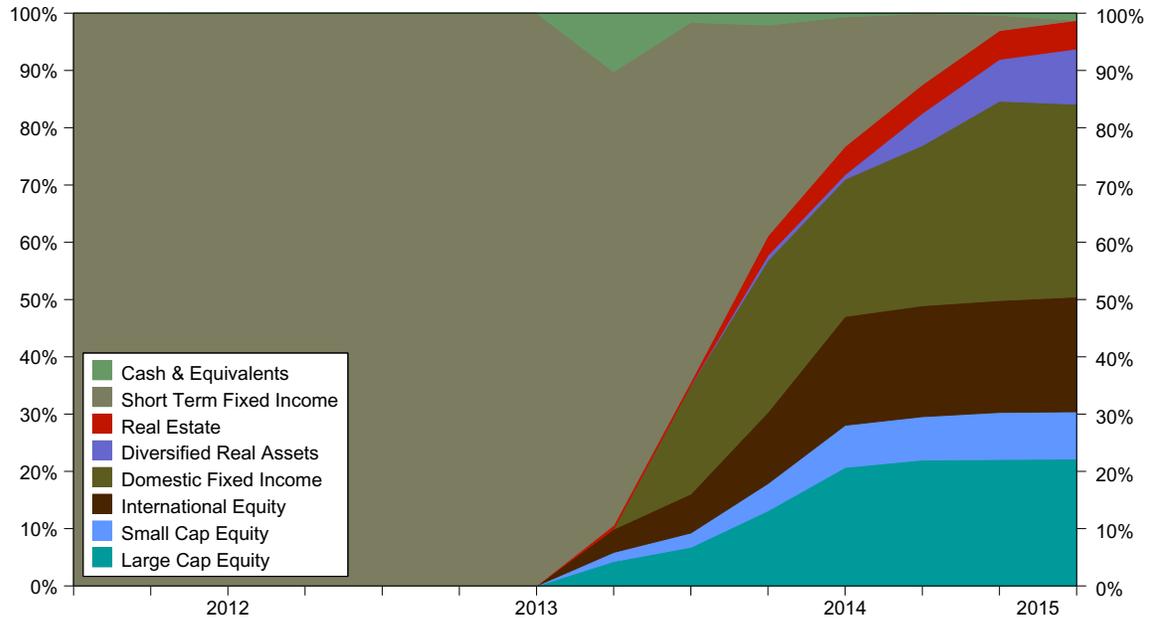
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	8%	8%	-	-	0.10%	(0.06%)	0.04%
Small Cap Equity	3%	3%	-	-	0.03%	(0.06%)	(0.03%)
Domestic Fixed Income	13%	12%	-	-	0.24%	0.00%	0.25%
Real Estate	2%	2%	-	-	(0.00%)	0.01%	0.01%
International Equity	8%	8%	-	-	0.03%	(0.04%)	(0.01%)
Diversified Real Assets	2%	2%	-	-	0.05%	0.02%	0.07%
Short Term Fixed Income	64%	65%	0.44%	(0.48%)	0.66%	(0.00%)	0.66%
Cash & Equivalents	0%	0%	0.10%	0.10%	0.00%	(0.05%)	(0.05%)
Total			3.91%	2.97%	+ 1.11%	+ (0.18%)	0.94%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

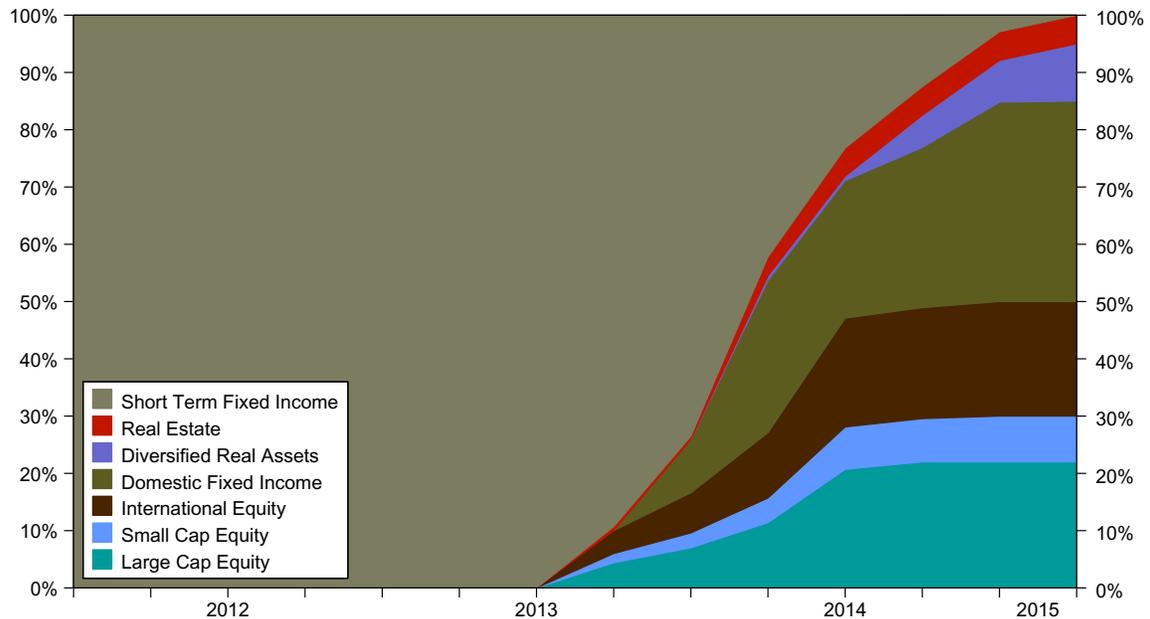
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation

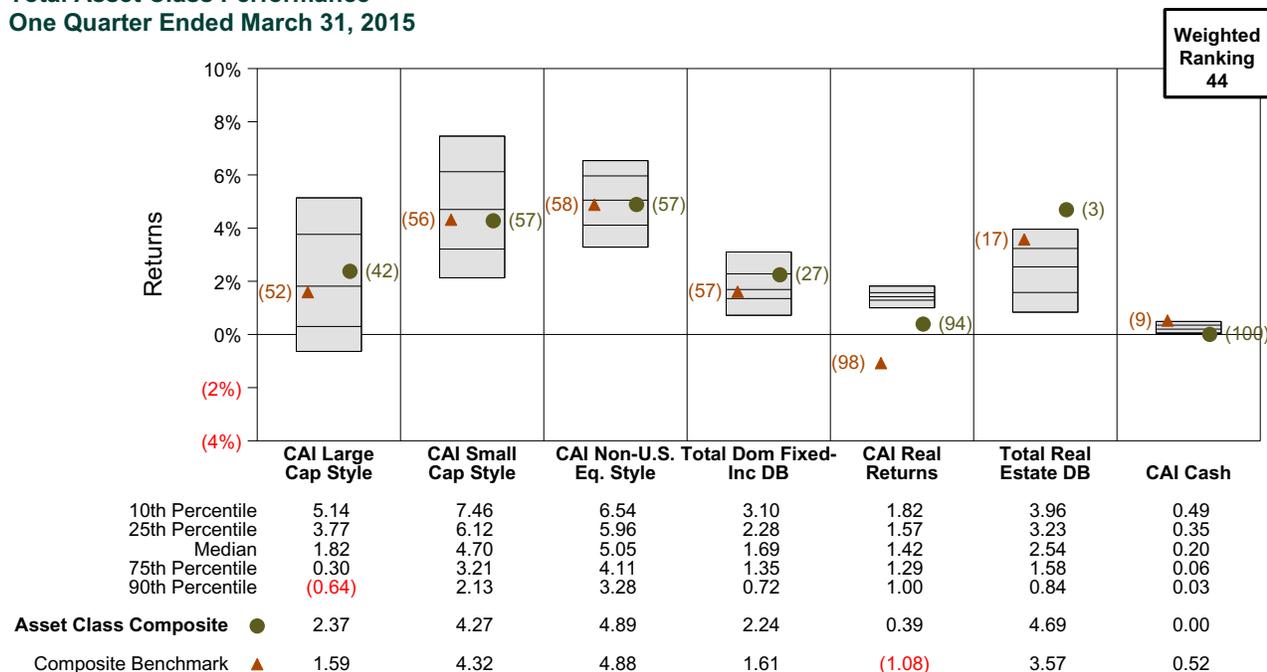


* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

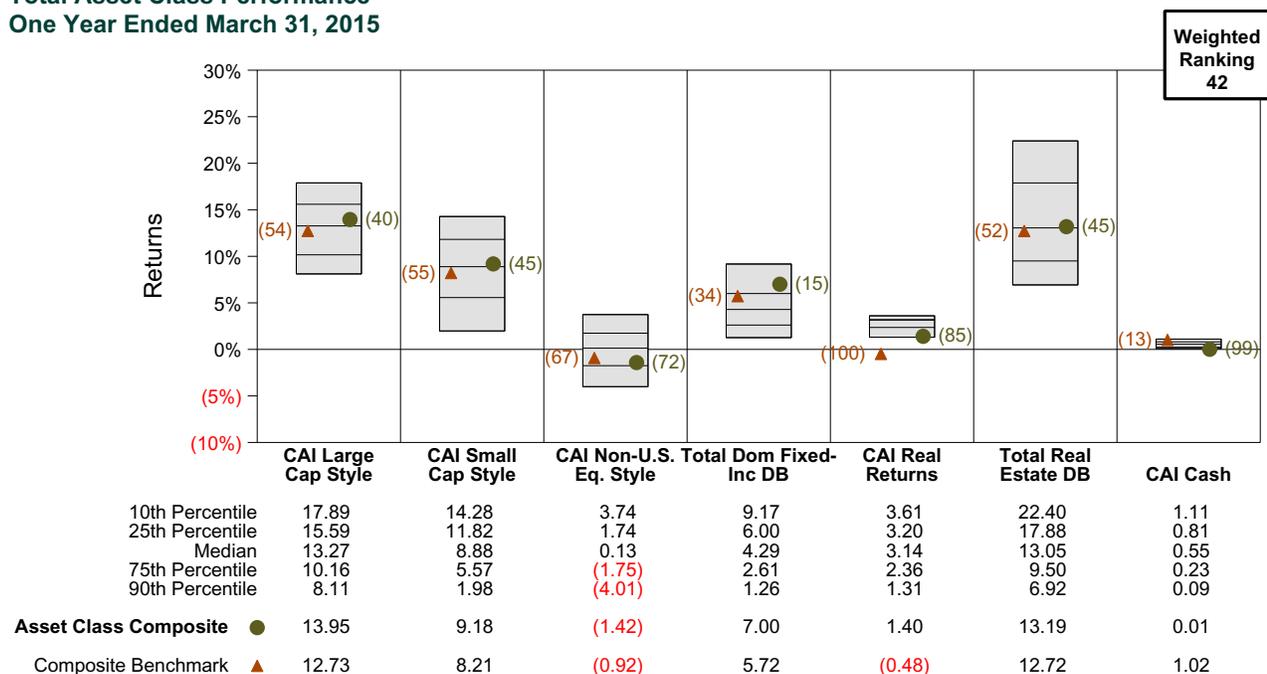
Asset Class Rankings

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

Total Asset Class Performance One Quarter Ended March 31, 2015



Total Asset Class Performance One Year Ended March 31, 2015



* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014.

	Asset Class Allocation		December 31, 2014	
	March 31, 2015 Market Value	Weight	Market Value	Weight
Large Cap Equity	\$708,399,944	22.17%	\$640,354,915	22.07%
Small Cap Equity	\$263,136,509	8.24%	\$238,534,457	8.22%
Parametric Clifton SmallCap	176,833,203	5.54%	-	-
Research Affiliates	86,303,306	2.70%	-	-
International Equity	\$640,569,665	20.05%	\$566,879,871	19.54%
Capital Group	254,045,516	7.95%	-	-
DFA Intl SmallCap Value	64,291,680	2.01%	-	-
LSV Asset Management	256,497,055	8.03%	-	-
Vanguard Intl Explorer Fund	65,735,413	2.06%	-	-
Domestic Fixed Income	\$1,075,144,306	33.65%	\$1,009,803,904	34.81%
Diversified Real Assets	\$308,359,695	9.65%	\$211,717,138	7.30%
Western TIPS	231,391,136	7.24%	211,717,138	7.30%
JP Morgan Infrastructure	75,000,000	2.35%	-	-
Grosvenor Cust. Infrastructure	1,968,559	0.06%	-	-
Real Estate	\$159,060,643	4.98%	\$145,500,467	5.02%
Short Term Fixed Income	\$295,646	0.01%	\$76,649,296	2.64%
Cash & Equivalents	\$39,796,990	1.25%	\$11,440,987	0.39%
Total Fund	\$3,194,763,398	100.0%	\$2,900,881,034	100.0%

PLEASE REFER TO PAGE 38 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 3-1/2 Years
Large Cap Equity				
Gross	2.37%	13.95%	-	-
Net	2.33%	13.76%	-	-
Russell 1000 Index	1.59%	12.73%	16.45%	21.80%
Small Cap Equity				
Gross	4.27%	9.18%	-	-
Net	4.25%	8.93%	-	-
Russell 2000	4.32%	8.21%	16.27%	22.61%
International Equity				
Gross	4.89%	(1.42%)	-	-
Net	4.80%	(1.72%)	-	-
MSCI EAFE Index	4.88%	(0.92%)	9.02%	11.95%
Domestic Fixed Income				
Gross	2.24%	7.00%	-	-
Net	2.21%	6.86%	-	-
Barclays Aggregate	1.61%	5.72%	3.10%	3.07%
Diversified Real Assets				
Gross	0.39%	1.40%	-	-
Net	0.37%	1.27%	-	-
Weighted Benchmark	(1.08%)	(0.48%)	-	-
Real Estate				
Gross	4.69%	13.19%	-	-
Net	4.35%	12.18%	-	-
NCREIF Total Index	3.57%	12.72%	11.47%	11.48%
Cash & Equivalents - Net	0.00%	0.01%	0.10%	0.11%
90 Day Treasury Bills	0.00%	0.03%	0.07%	0.06%
Total Fund				
Gross	2.89%	5.96%	3.91%	3.55%
Net	2.83%	5.72%	3.76%	3.42%
Target*	2.37%	5.39%	2.97%	2.55%

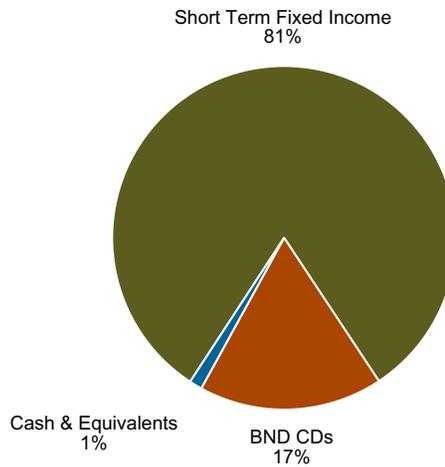
* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

PLEASE REFER TO PAGES 39-41 FOR INVESTMENT MANAGER LEVEL RETURNS.

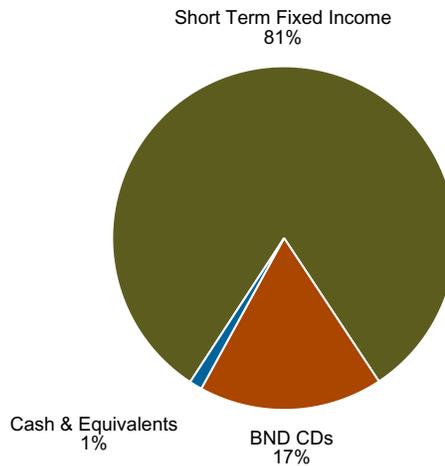
Actual vs Target Asset Allocation As of March 31, 2015

The first chart below shows the Fund's asset allocation as of March 31, 2015. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



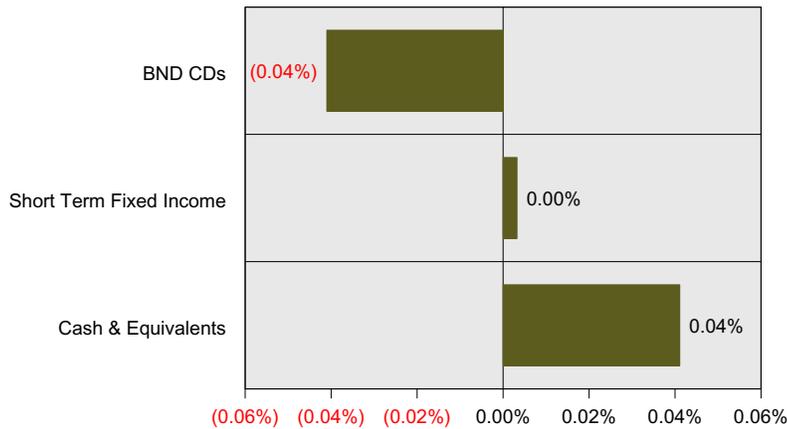
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Short Term Fixed Income	485,031	81.5%	81.5%	0.0%	174
BND CDs	102,768	17.3%	17.3%	0.0%	(191)
Cash & Equivalents	7,337	1.2%	1.2%	0.0%	76
Total	595,136	100.0%	100.0%		

* Current Quarter Target = 81.5% Barclays Gov 1-3 Yr, 17.3% 3-month Treasury Bill and 1.2% 3-month Treasury Bill.

Quarterly Total Fund Relative Attribution - March 31, 2015

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

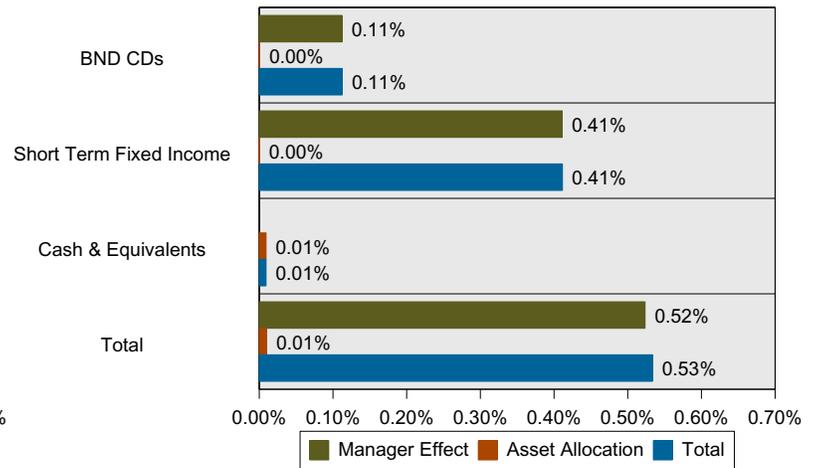
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2015

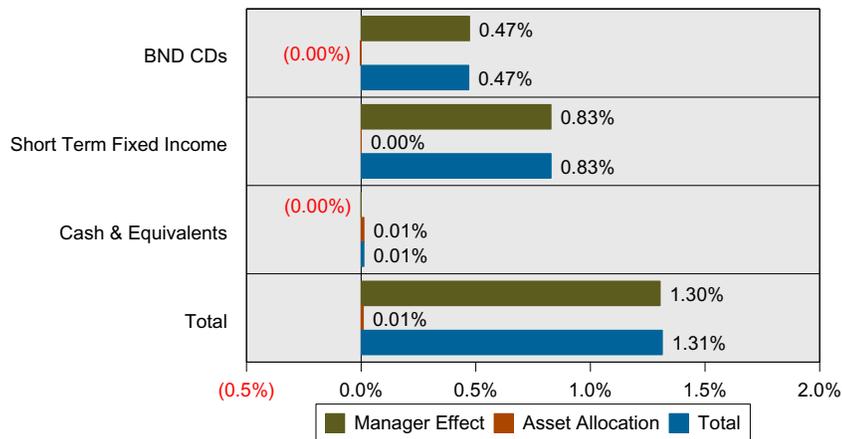
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	17%	17%	0.65%	0.00%	0.11%	0.00%	0.11%
Short Term Fixed Income	81%	81%	1.05%	0.54%	0.41%	0.00%	0.41%
Cash & Equivalents	1%	1%	0.00%	0.00%	0.00%	0.01%	0.01%
Total			0.96%	0.43%	+ 0.52%	+ 0.01%	0.53%

* Current Quarter Target = 81.5% Barclays Gov 1-3 Yr, 17.3% 3-month Treasury Bill and 1.2% 3-month Treasury Bill.

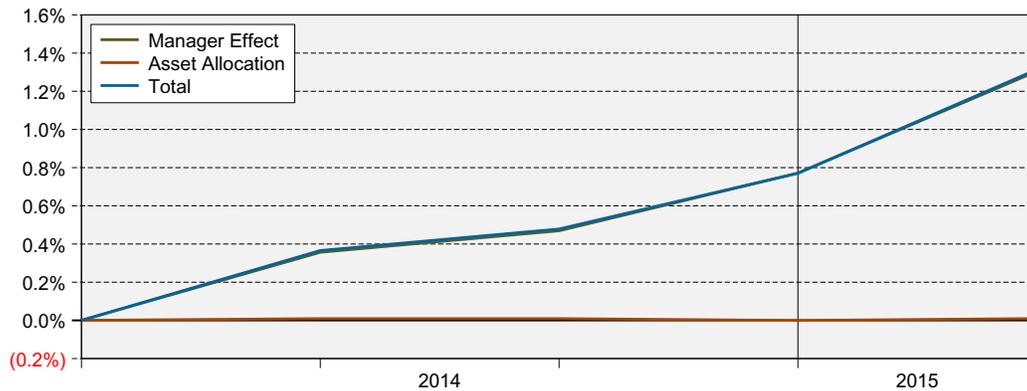
Cumulative Total Fund Relative Attribution - March 31, 2015

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

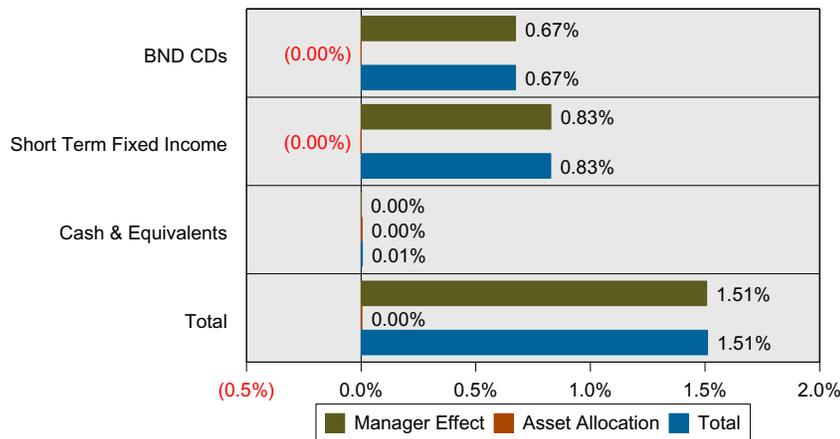
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	18%	18%	2.70%	0.03%	0.47%	(0.00%)	0.47%
Short Term Fixed Income	81%	81%	2.07%	1.04%	0.83%	0.00%	0.83%
Cash & Equivalents	2%	2%	0.01%	0.03%	(0.00%)	0.01%	0.01%
Total			2.14%		0.83%	0.01%	1.31%

* Current Quarter Target = 81.5% Barclays Gov 1-3 Yr, 17.3% 3-month Treasury Bill and 1.2% 3-month Treasury Bill.

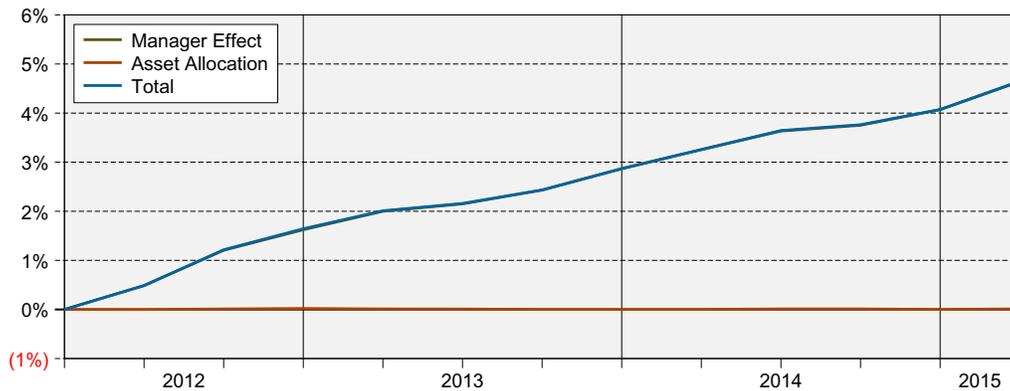
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

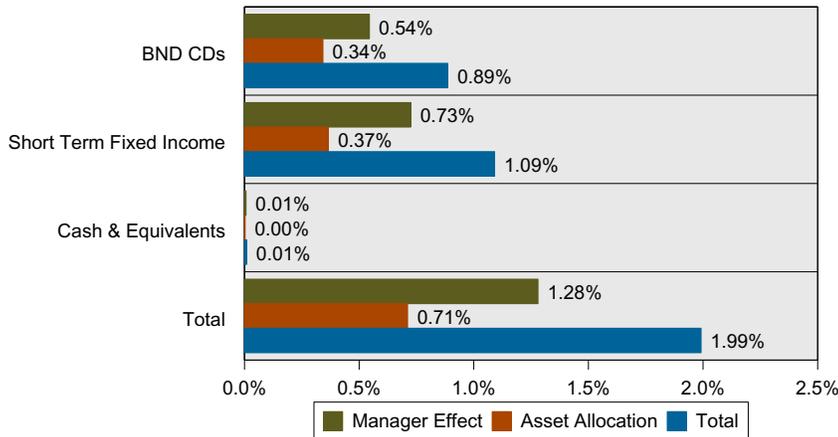
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	21%	22%	3.18%	0.07%	0.67%	(0.00%)	0.67%
Short Term Fixed Income	77%	77%	1.77%	0.70%	0.83%	(0.00%)	0.83%
Cash & Equivalents	2%	2%	0.12%	0.07%	0.00%	0.00%	0.01%
Total			2.07%	0.56%	+ 1.51%	+ 0.00%	1.51%

* Current Quarter Target = 81.5% Barclays Gov 1-3 Yr, 17.3% 3-month Treasury Bill and 1.2% 3-month Treasury Bill.

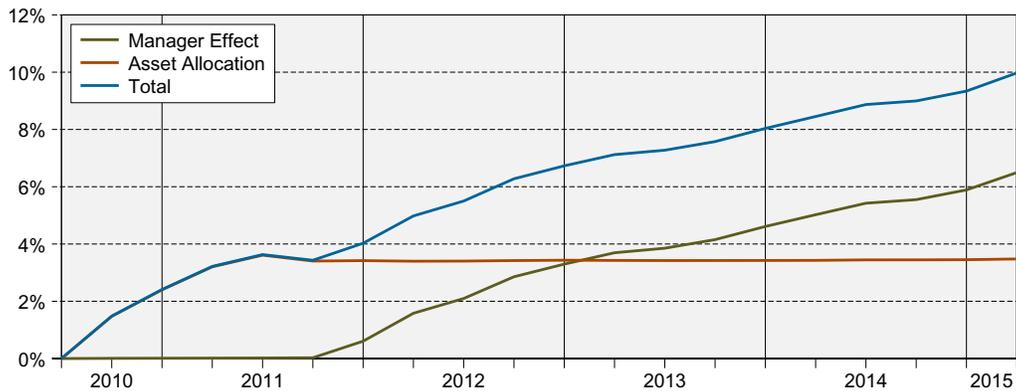
Cumulative Total Fund Relative Attribution - March 31, 2015

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

Four and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects

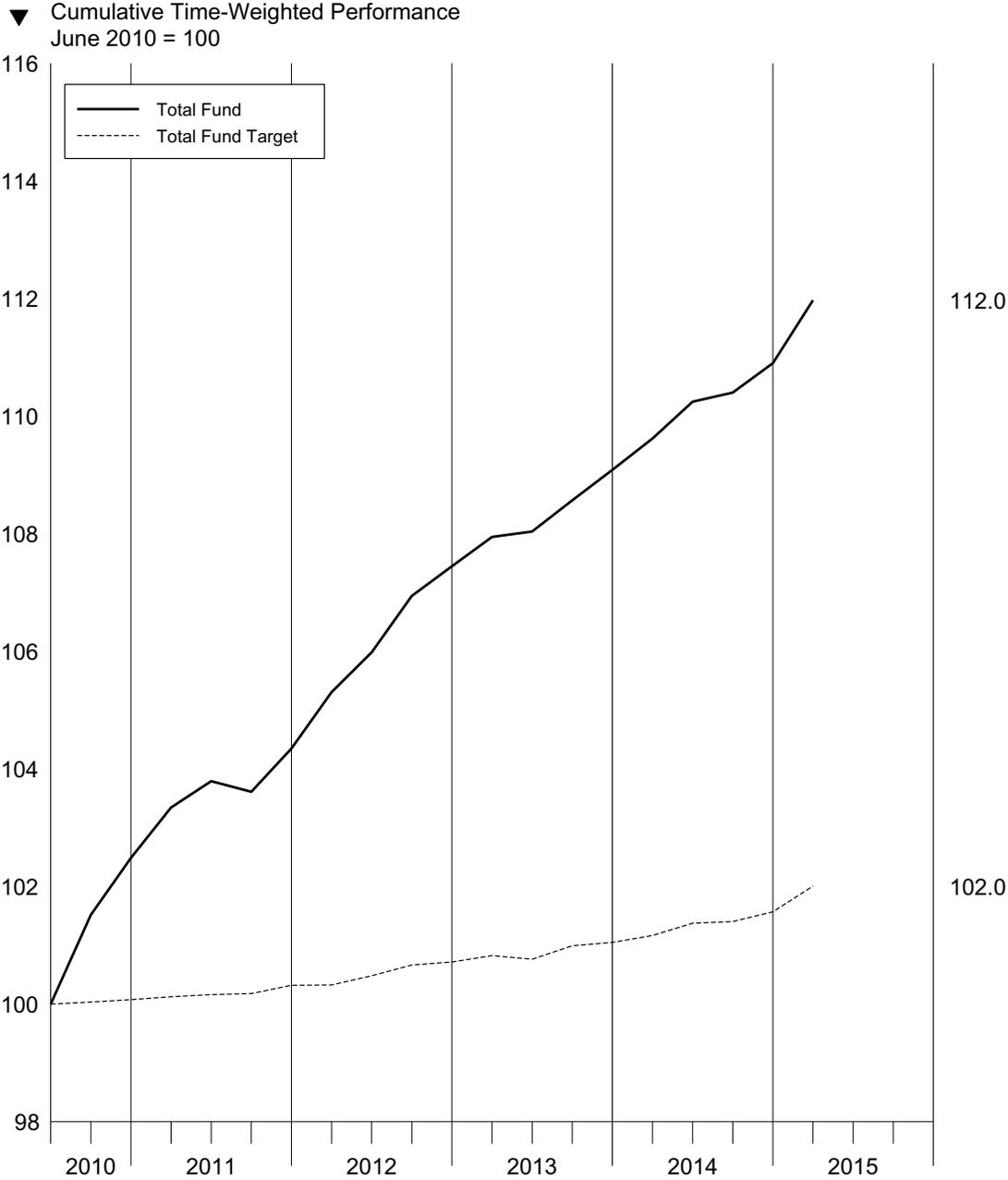


Four and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	24%	16%	3.64%	1.19%	0.54%	0.34%	0.89%
Short Term Fixed Income	71%	56%	2.08%	1.13%	0.73%	0.37%	1.09%
Cash & Equivalents	5%	28%	0.18%	0.08%	0.01%	0.00%	0.01%
Total			2.41%	0.42%	1.28%	0.71%	1.99%

* Current Quarter Target = 81.5% Barclays Gov 1-3 Yr, 17.3% 3-month Treasury Bill and 1.2% 3-month Treasury Bill.

**NDSIB - Budget Stabilization Fund
Cumulative Results**



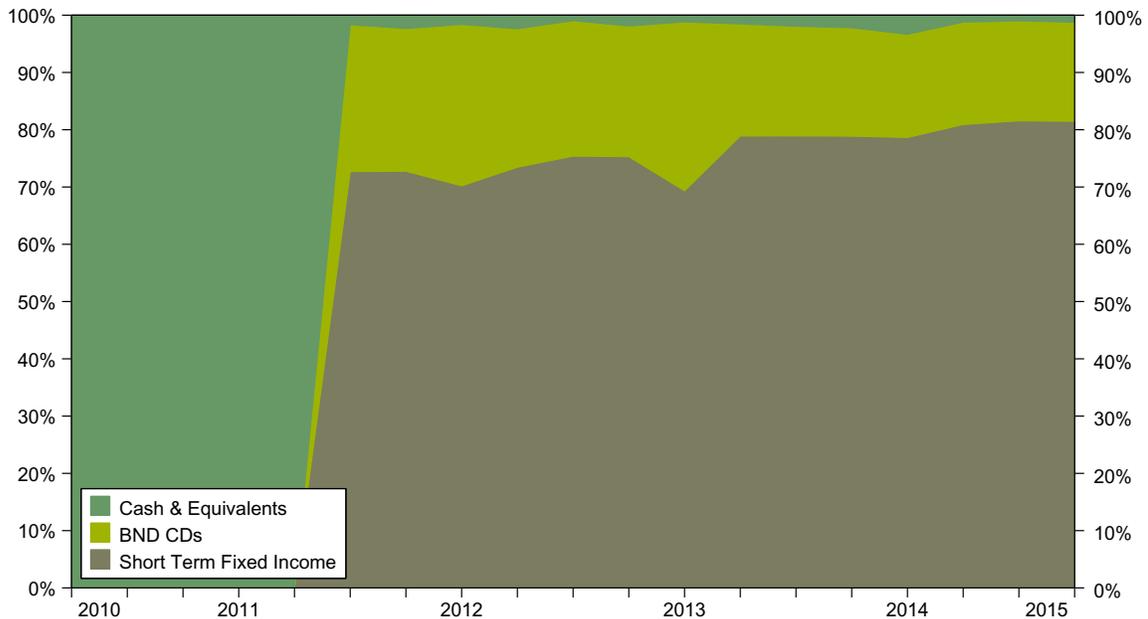
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation



* Current Quarter Target = 81.5% Barclays Gov 1-3 Yr, 17.3% 3-month Treasury Bill and 1.2% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2015		Net New Inv.	Inv. Return	December 31, 2014	
	Market Value	Weight			Market Value	Weight
Short Term Fixed Income	\$485,031,138	81.50%	\$(239,618)	\$5,018,672	\$480,252,084	81.45%
BND CDs	\$102,767,901	17.27%	\$(871,144)	\$665,160	\$102,973,885	17.47%
Cash & Equivalents	\$7,336,677	1.23%	\$964,425	\$175	\$6,372,078	1.08%
Total Fund	\$595,135,716	100.0%	\$(146,338)	\$5,684,008	\$589,598,047	100.0%

PLEASE REFER TO PAGE 38 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 4-3/4 Years
Short Term Fixed Income				
Gross	1.05%	2.07%	1.77%	2.08%
Net	1.00%	1.95%	1.64%	1.97%
Barclays Gov 1-3 Yr	0.54%	1.04%	0.70%	0.87%
BND CDs - Net	0.65%	2.70%	3.18%	3.64%
3-month Treasury Bill	0.00%	0.03%	0.07%	0.08%
Cash & Equivalents - Net	0.00%	0.01%	0.12%	0.18%
3-month Treasury Bill	0.00%	0.03%	0.07%	0.08%
Total Fund				
Gross	0.96%	2.14%	2.07%	2.41%
Net	0.93%	2.04%	1.97%	2.33%
Target*	0.43%	0.83%	0.56%	0.42%

* Current Quarter Target = 81.5% Barclays Gov 1-3 Yr, 17.3% 3-month Treasury Bill and 1.2% 3-month Treasury Bill.

PLEASE REFER TO PAGES 39-41 FOR INVESTMENT MANAGER LEVEL RETURNS.

Parametric Clifton Large Cap Period Ended March 31, 2015

Investment Philosophy

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

Quarterly Summary and Highlights

- Parametric Clifton Large Cap's portfolio posted a 1.15% return for the quarter placing it in the 61 percentile of the CAI Large Capitalization Style group for the quarter and in the 48 percentile for the last year.
- Parametric Clifton Large Cap's portfolio outperformed the S&P 500 Index by 0.20% for the quarter and outperformed the S&P 500 Index for the year by 0.69%.

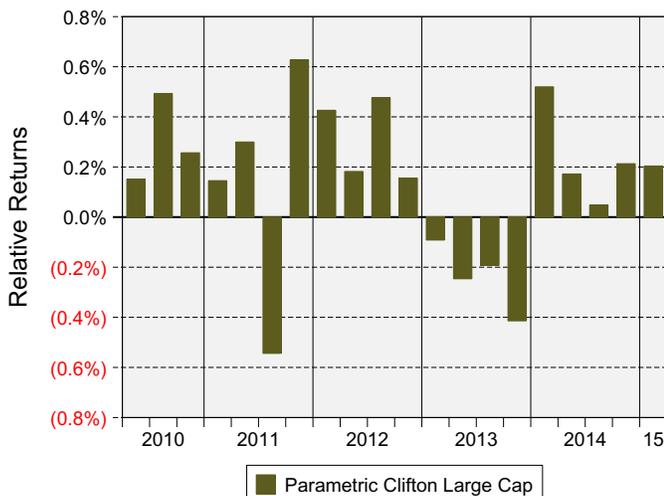
Quarterly Asset Growth

Beginning Market Value	\$173,047,228
Net New Investment	\$10,800,000
Investment Gains/(Losses)	\$2,095,772
Ending Market Value	\$185,943,000

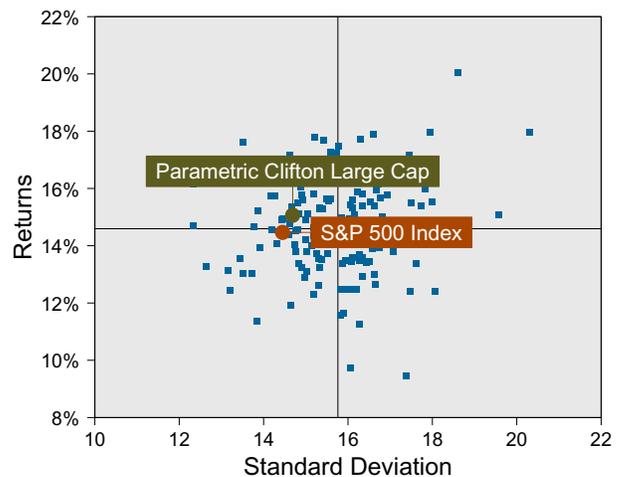
Performance vs CAI Large Capitalization Style (Gross)



Relative Return vs S&P 500 Index



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



L.A. Capital Period Ended March 31, 2015

Investment Philosophy

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

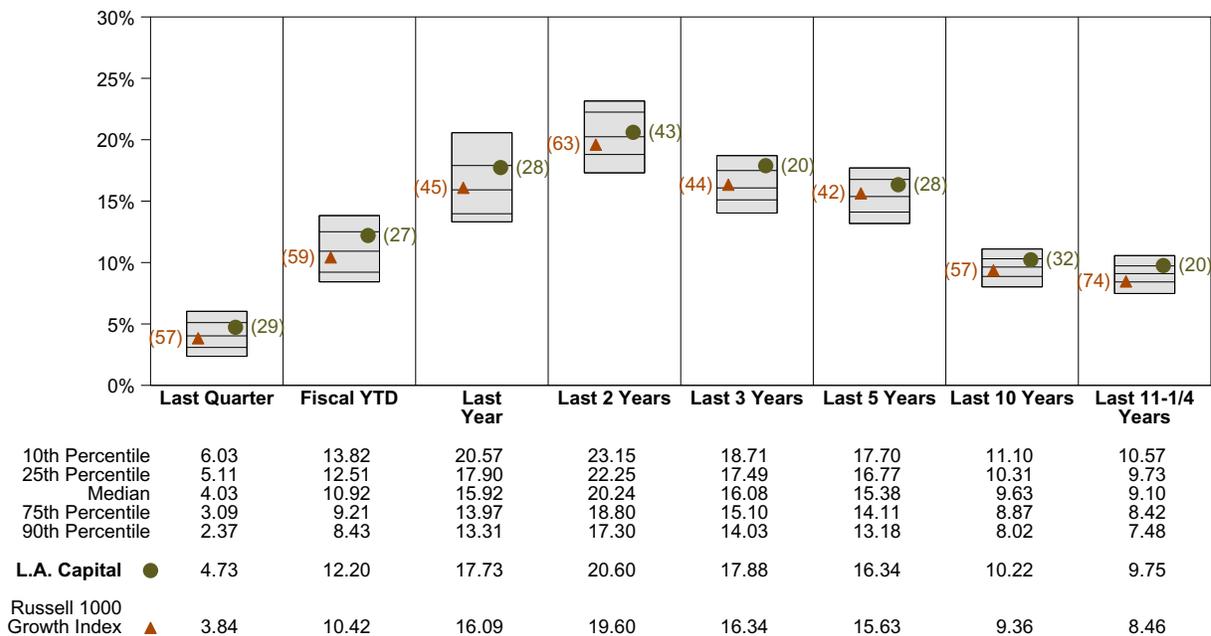
Quarterly Summary and Highlights

- L.A. Capital's portfolio posted a 4.73% return for the quarter placing it in the 29 percentile of the CAI Large Cap Growth Style group for the quarter and in the 28 percentile for the last year.
- L.A. Capital's portfolio outperformed the Russell 1000 Growth Index by 0.89% for the quarter and outperformed the Russell 1000 Growth Index for the year by 1.64%.

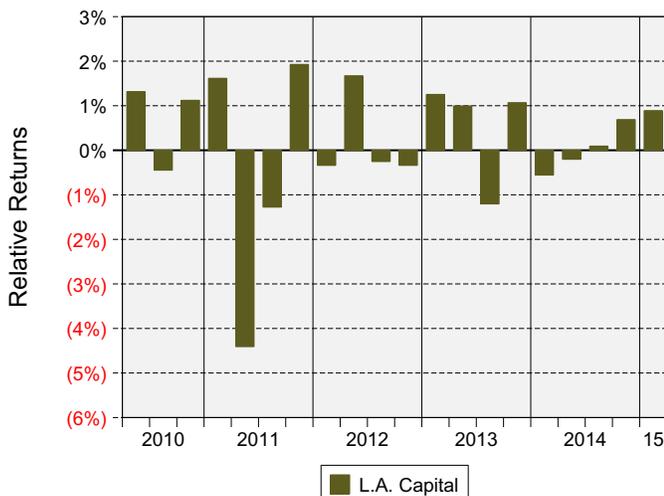
Quarterly Asset Growth

Beginning Market Value	\$258,190,005
Net New Investment	\$14,267,878
Investment Gains/(Losses)	\$12,487,523
Ending Market Value	\$284,945,407

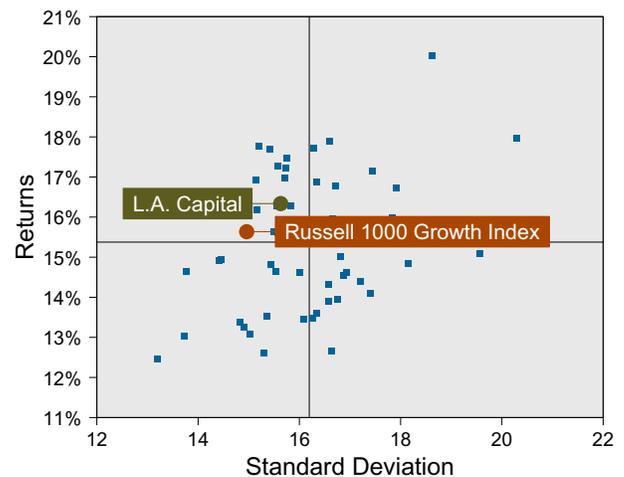
Performance vs CAI Large Cap Growth Style (Gross)



Relative Return vs Russell 1000 Growth Index



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



L.A. Capital Enhanced Period Ended March 31, 2015

Investment Philosophy

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

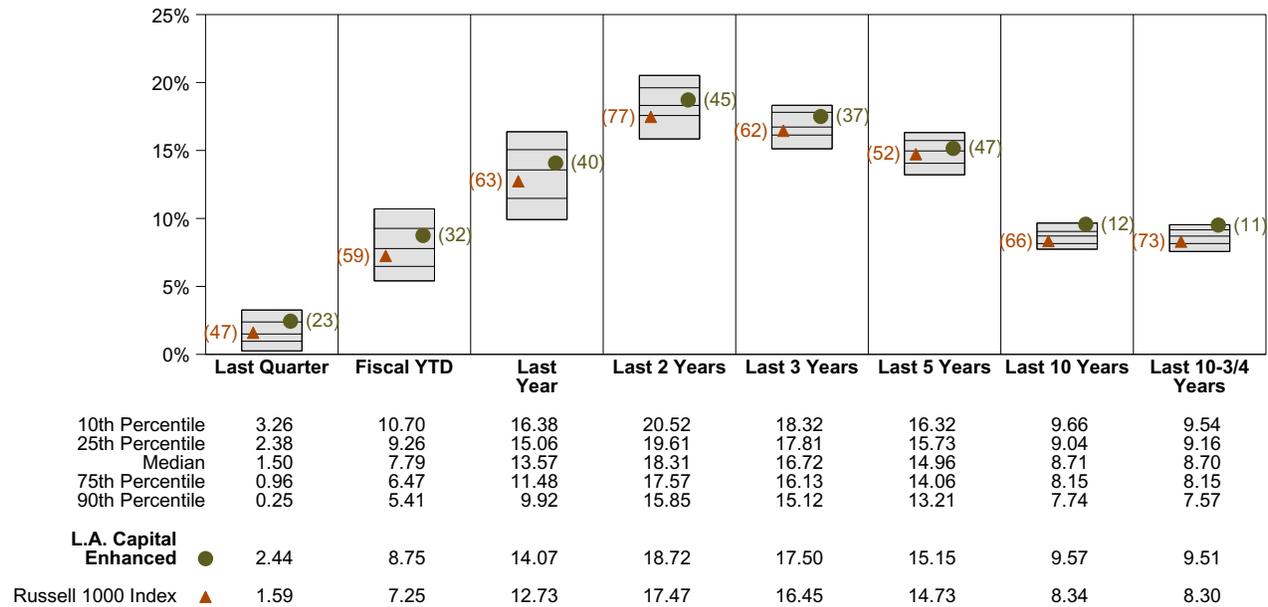
Quarterly Summary and Highlights

- L.A. Capital Enhanced's portfolio posted a 2.44% return for the quarter placing it in the 23 percentile of the CAI Large Cap Core Style group for the quarter and in the 40 percentile for the last year.
- L.A. Capital Enhanced's portfolio outperformed the Russell 1000 Index by 0.85% for the quarter and outperformed the Russell 1000 Index for the year by 1.34%.

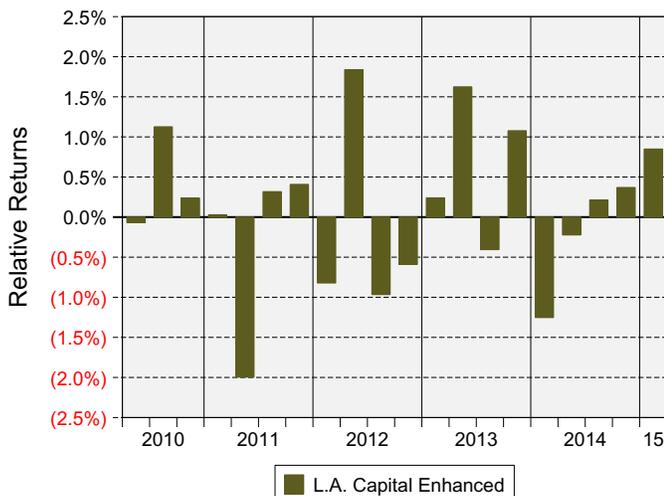
Quarterly Asset Growth

Beginning Market Value	\$173,030,127
Net New Investment	\$10,343,468
Investment Gains/(Losses)	\$4,281,544
Ending Market Value	\$187,655,139

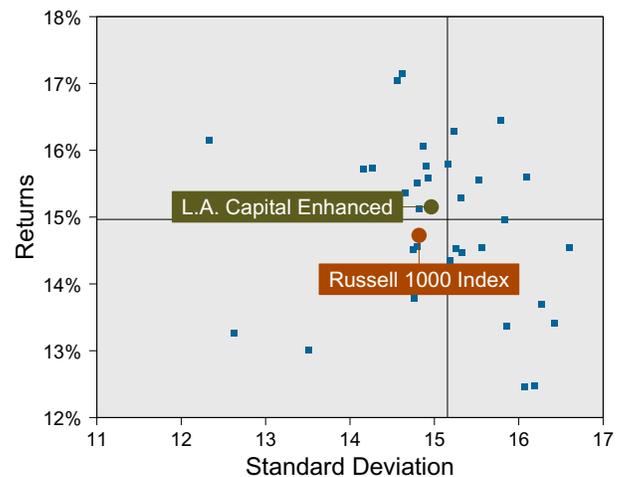
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs Russell 1000 Index



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



LSV Asset Management Period Ended March 31, 2015

Investment Philosophy

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

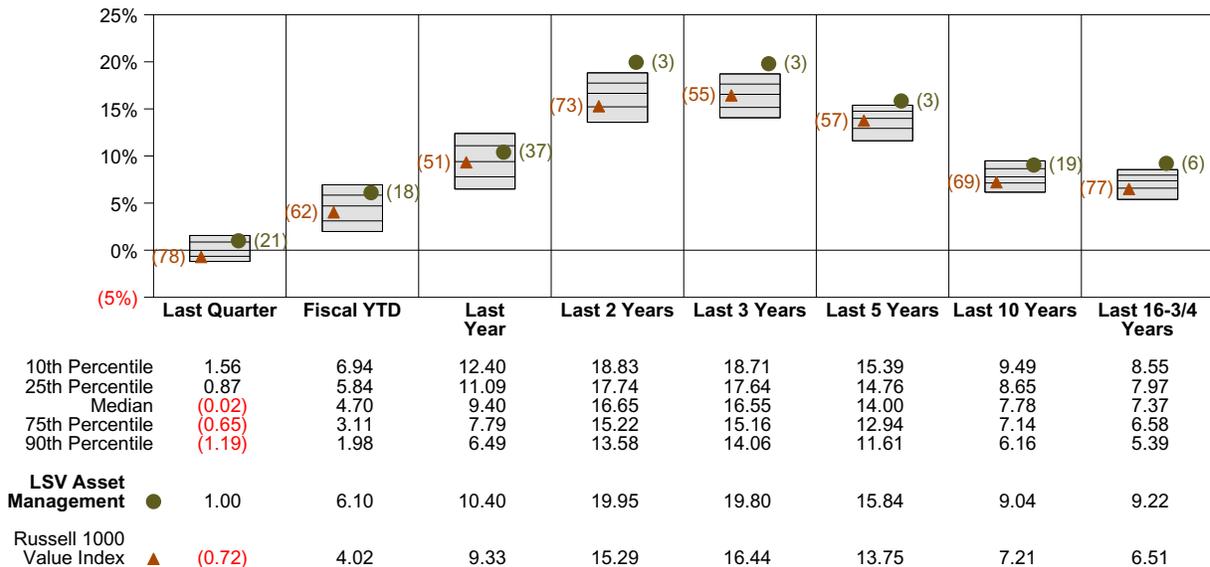
Quarterly Summary and Highlights

- LSV Asset Management's portfolio posted a 1.00% return for the quarter placing it in the 21 percentile of the CAI Large Cap Value Style group for the quarter and in the 37 percentile for the last year.
- LSV Asset Management's portfolio outperformed the Russell 1000 Value Index by 1.72% for the quarter and outperformed the Russell 1000 Value Index for the year by 1.07%.

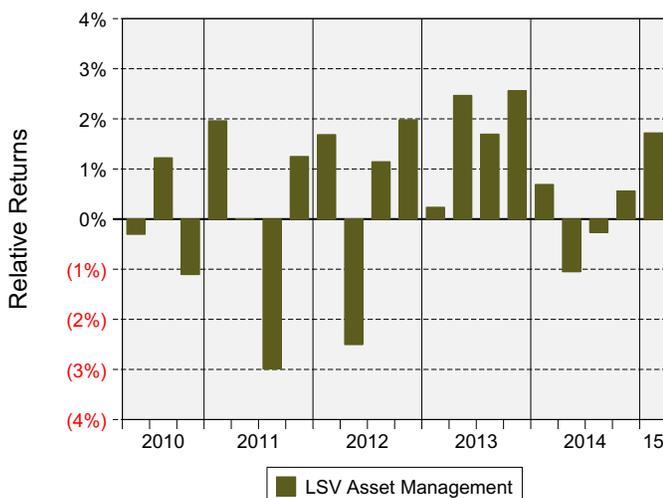
Quarterly Asset Growth

Beginning Market Value	\$261,143,529
Net New Investment	\$16,609,029
Investment Gains/(Losses)	\$2,399,598
Ending Market Value	\$280,152,156

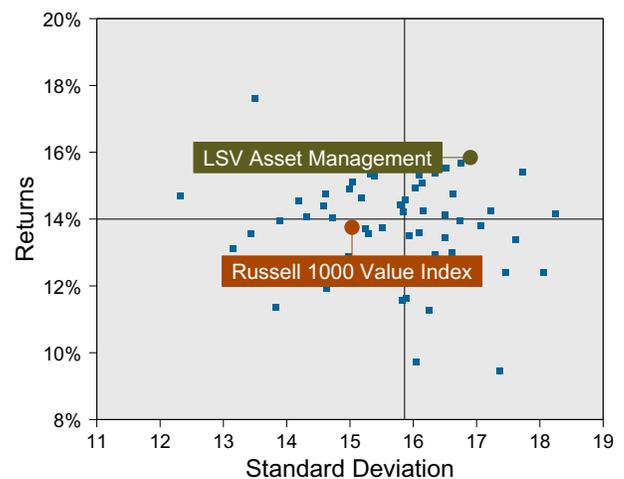
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs Russell 1000 Value Index



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



Parametric Clifton SmallCap Period Ended March 31, 2015

Investment Philosophy

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

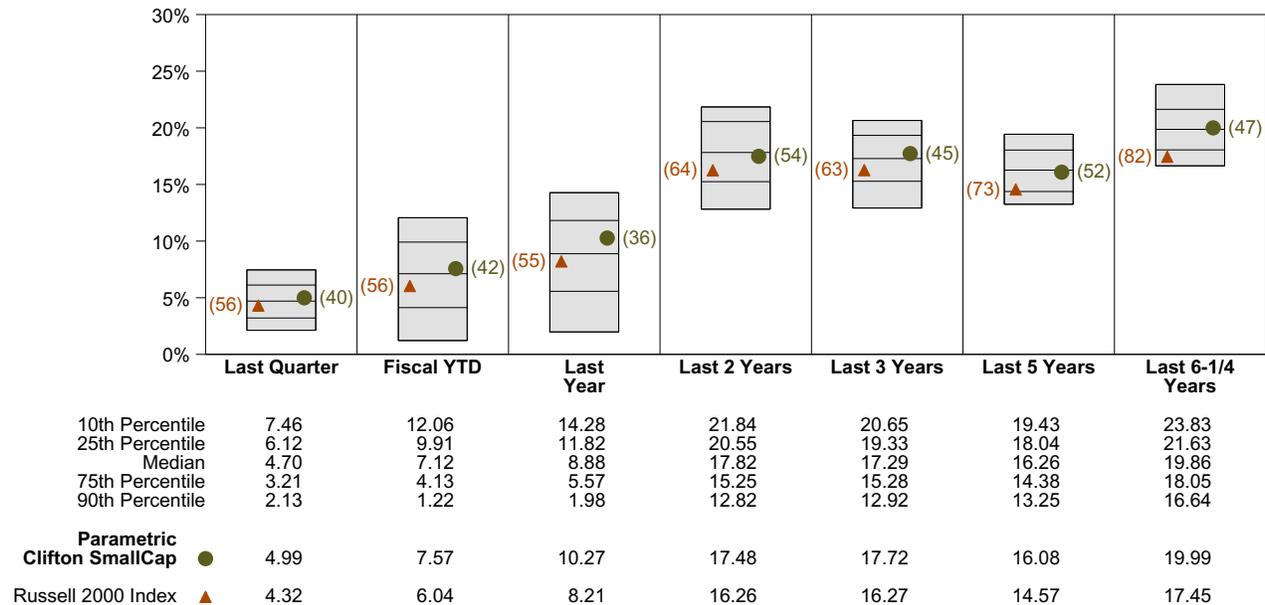
Quarterly Summary and Highlights

- Parametric Clifton SmallCap's portfolio posted a 4.99% return for the quarter placing it in the 40 percentile of the CAI Small Capitalization Style group for the quarter and in the 36 percentile for the last year.
- Parametric Clifton SmallCap's portfolio outperformed the Russell 2000 Index by 0.68% for the quarter and outperformed the Russell 2000 Index for the year by 2.06%.

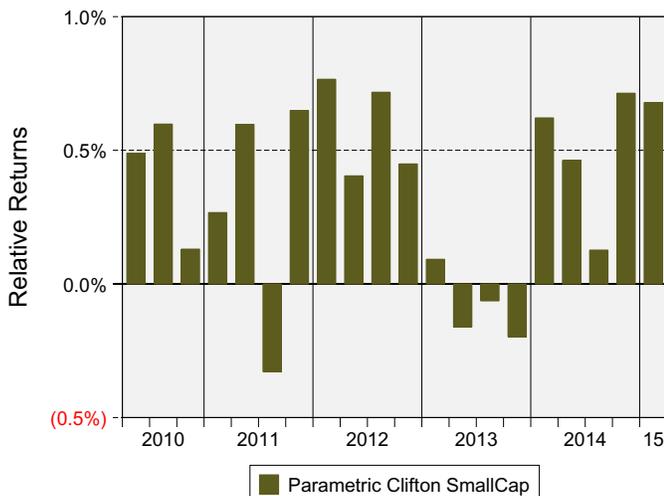
Quarterly Asset Growth

Beginning Market Value	\$224,295,366
Net New Investment	\$-173,165,098
Investment Gains/(Losses)	\$7,437,310
Ending Market Value	\$58,567,578

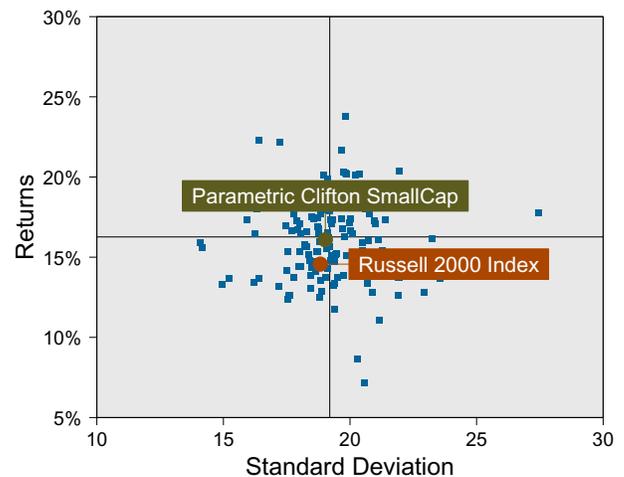
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



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



Research Affiliates Period Ended March 31, 2015

Investment Philosophy

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

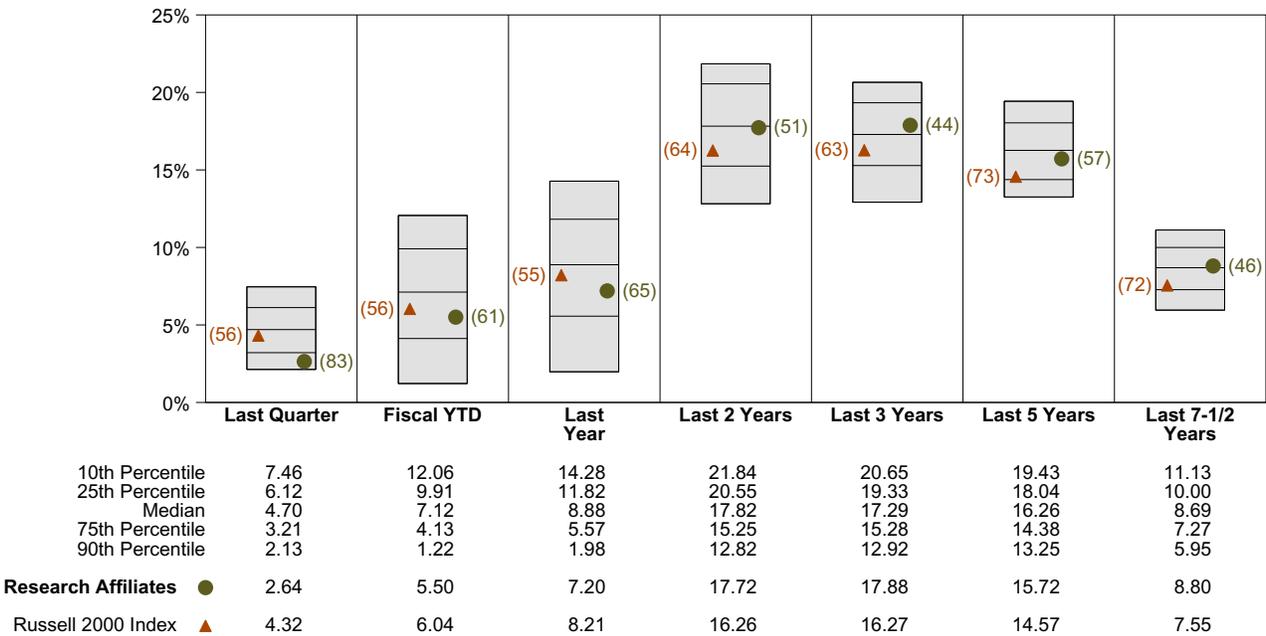
Quarterly Summary and Highlights

- Research Affiliates's portfolio posted a 2.64% return for the quarter placing it in the 83 percentile of the CAI Small Capitalization Style group for the quarter and in the 65 percentile for the last year.
- Research Affiliates's portfolio underperformed the Russell 2000 Index by 1.68% for the quarter and underperformed the Russell 2000 Index for the year by 1.02%.

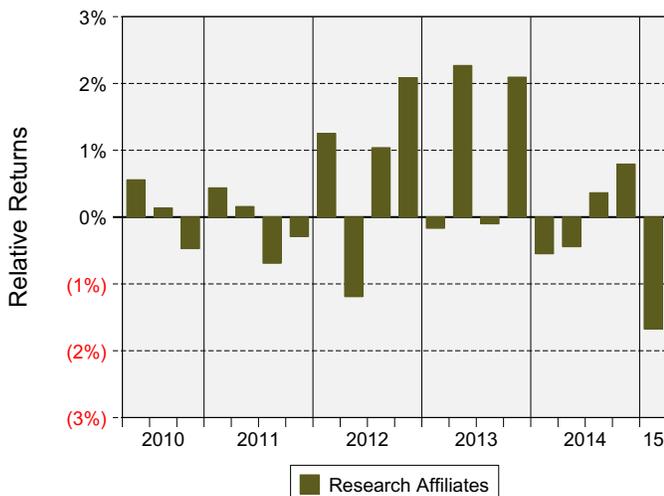
Quarterly Asset Growth

Beginning Market Value	\$93,169,148
Net New Investment	\$-70,700,126
Investment Gains/(Losses)	\$1,292,768
Ending Market Value	\$23,761,791

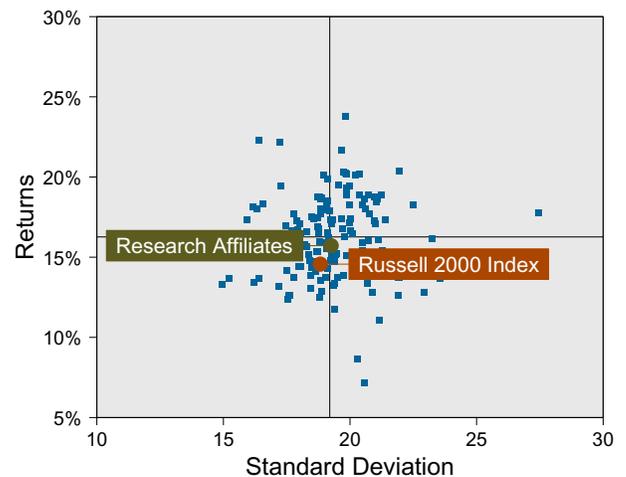
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



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



Capital Group Period Ended March 31, 2015

Investment Philosophy

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

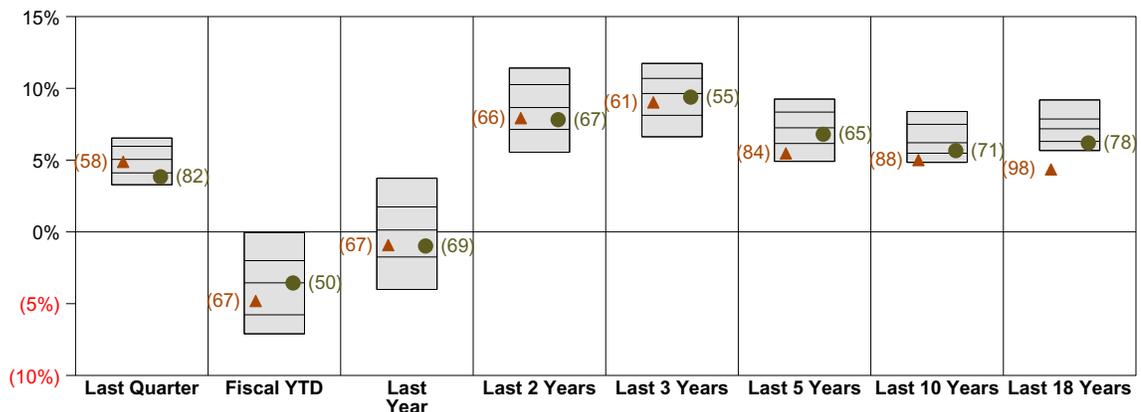
Quarterly Summary and Highlights

- Capital Group's portfolio posted a 3.84% return for the quarter placing it in the 82 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 69 percentile for the last year.
- Capital Group's portfolio underperformed the MSCI EAFE Index by 1.04% for the quarter and underperformed the MSCI EAFE Index for the year by 0.06%.

Quarterly Asset Growth

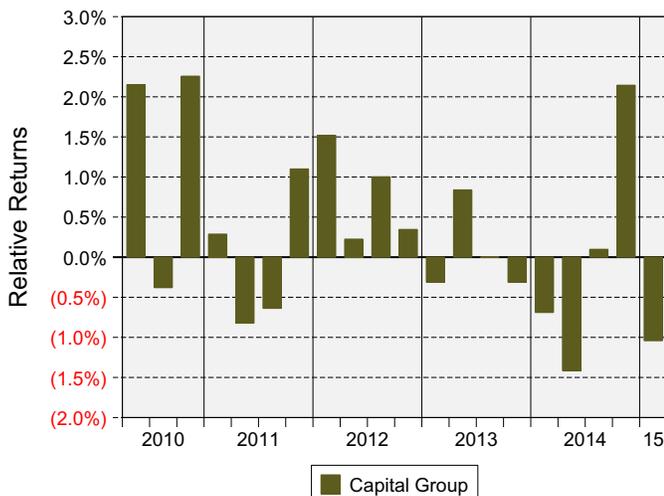
Beginning Market Value	\$291,326,075
Net New Investment	\$-225,764,244
Investment Gains/(Losses)	\$650,155
Ending Market Value	\$66,211,986

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

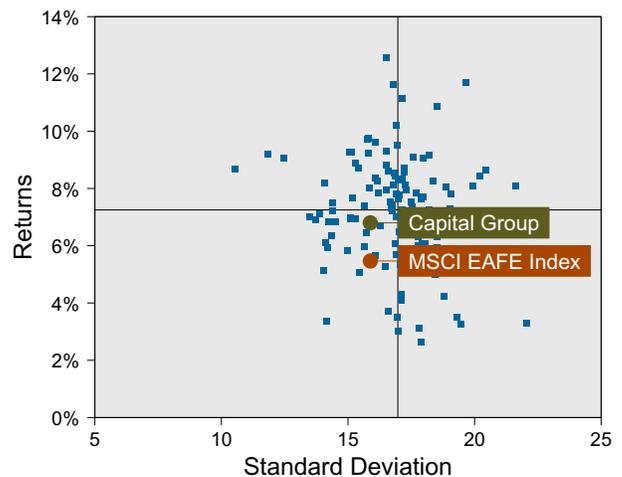


10th Percentile	6.54	(0.04)	3.74	11.41	11.73	9.25	8.39	9.19
25th Percentile	5.96	(2.00)	1.74	10.26	10.69	8.35	7.49	7.86
Median	5.05	(3.55)	0.13	8.66	9.64	7.25	6.21	7.18
75th Percentile	4.11	(5.78)	(1.75)	7.14	8.12	6.16	5.48	6.30
90th Percentile	3.28	(7.10)	(4.01)	5.55	6.62	4.91	4.84	5.67
Capital Group ●	3.84	(3.56)	(0.98)	7.82	9.39	6.80	5.66	6.19
MSCI EAFE Index ▲	4.88	(4.81)	(0.92)	7.92	9.02	5.47	5.01	4.36

Relative Return vs MSCI EAFE Index



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



DFA Intl Small Cap Value Period Ended March 31, 2015

Investment Philosophy

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

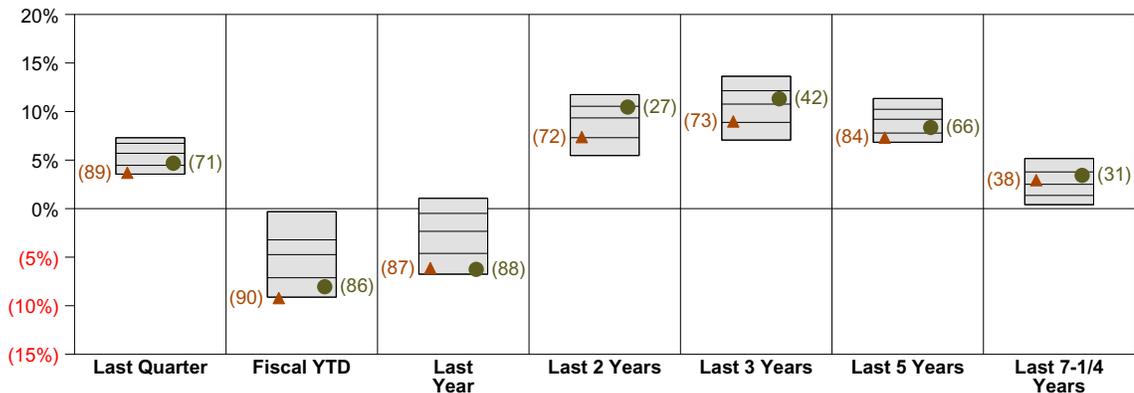
Quarterly Summary and Highlights

- DFA Intl Small Cap Value's portfolio posted a 4.68% return for the quarter placing it in the 71 percentile of the MF - International Small Cap Obj group for the quarter and in the 88 percentile for the last year.
- DFA Intl Small Cap Value's portfolio outperformed the World ex US SC Value by 0.98% for the quarter and underperformed the World ex US SC Value for the year by 0.13%.

Quarterly Asset Growth

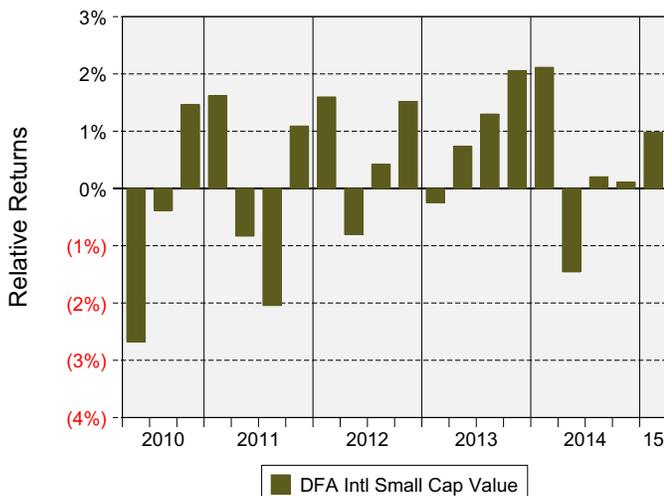
Beginning Market Value	\$72,810,518
Net New Investment	\$-56,530,787
Investment Gains/(Losses)	\$377,217
Ending Market Value	\$16,656,948

Performance vs MF - International Small Cap Obj (Net)

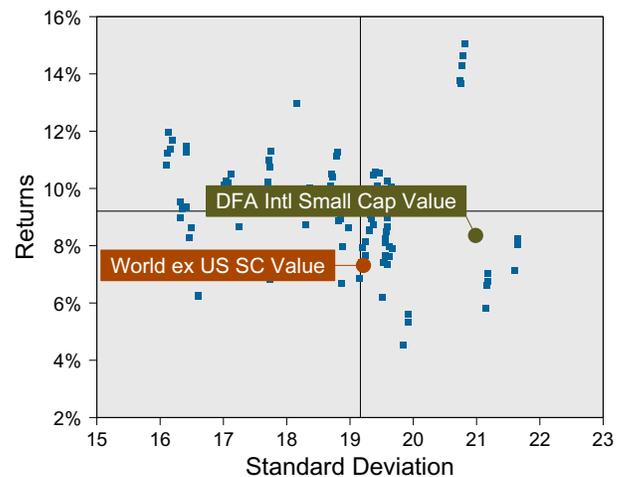


10th Percentile	7.30	(0.31)	1.07	11.75	13.63	11.35	5.16
25th Percentile	6.73	(3.22)	(0.49)	10.54	12.14	10.23	3.78
Median	5.70	(4.74)	(2.34)	9.34	10.77	9.21	2.51
75th Percentile	4.46	(7.12)	(4.61)	7.31	8.88	7.78	1.36
90th Percentile	3.55	(9.12)	(6.75)	5.47	7.06	6.84	0.41
DFA Intl Small Cap Value	4.68	(8.04)	(6.26)	10.46	11.31	8.36	3.43
World ex US SC Value	3.70	(9.21)	(6.12)	7.37	8.98	7.31	2.94

Relative Return vs World ex US SC Value



MF - International Small Cap Obj (Net) Annualized Five Year Risk vs Return



LSV Asset Management Period Ended March 31, 2015

Investment Philosophy

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

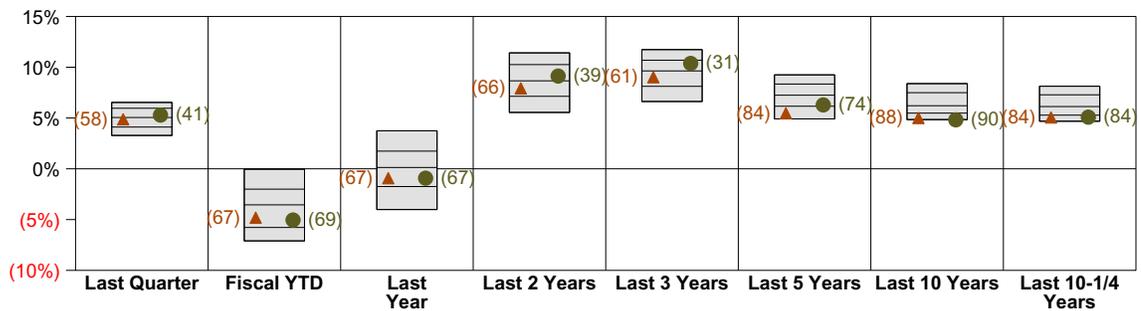
Quarterly Summary and Highlights

- LSV Asset Management's portfolio posted a 5.29% return for the quarter placing it in the 41 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 67 percentile for the last year.
- LSV Asset Management's portfolio outperformed the Benchmark by 0.41% for the quarter and underperformed the Benchmark for the year by 0.00%.

Quarterly Asset Growth

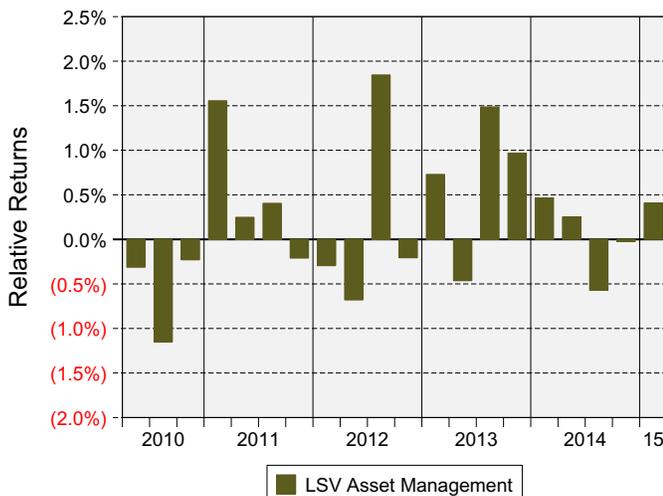
Beginning Market Value	\$288,295,263
Net New Investment	\$-225,644,341
Investment Gains/(Losses)	\$3,600,116
Ending Market Value	\$66,251,037

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

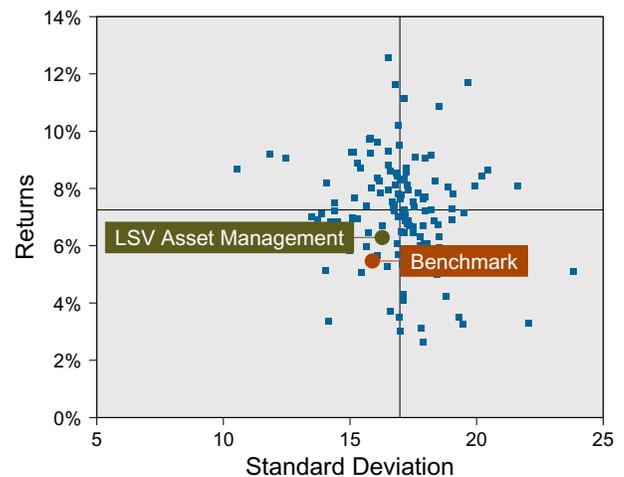


10th Percentile	6.54	(0.04)	3.74	11.41	11.73	9.25	8.39	8.13
25th Percentile	5.96	(2.00)	1.74	10.26	10.69	8.35	7.49	7.29
Median	5.05	(3.55)	0.13	8.66	9.64	7.25	6.21	6.13
75th Percentile	4.11	(5.78)	(1.75)	7.14	8.12	6.16	5.48	5.28
90th Percentile	3.28	(7.10)	(4.01)	5.55	6.62	4.91	4.84	4.68
LSV Asset Management	● 5.29	(5.04)	(0.92)	9.13	10.37	6.29	4.82	5.08
Benchmark	▲ 4.88	(4.81)	(0.92)	7.92	9.02	5.47	5.01	5.05

Relative Return vs Benchmark



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



Vanguard Intl Explorer Fund Period Ended March 31, 2015

Investment Philosophy

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

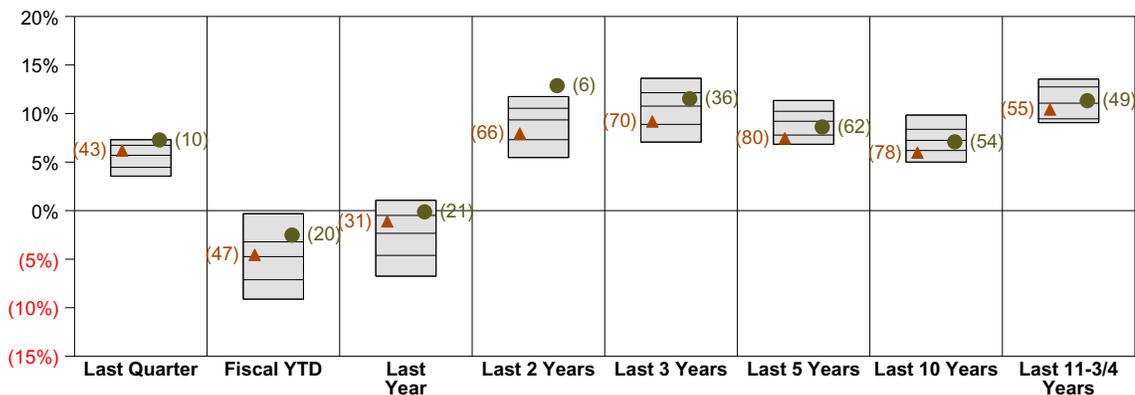
Quarterly Summary and Highlights

- Vanguard Intl Explorer Fund's portfolio posted a 7.29% return for the quarter placing it in the 10 percentile of the MF - International Small Cap Obj group for the quarter and in the 21 percentile for the last year.
- Vanguard Intl Explorer Fund's portfolio outperformed the S&P BMI EPAC <\$2 B by 1.10% for the quarter and outperformed the S&P BMI EPAC <\$2 B for the year by 0.98%.

Quarterly Asset Growth

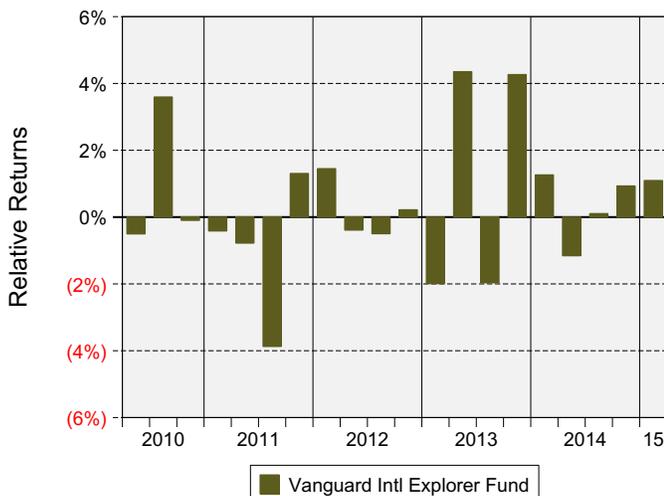
Beginning Market Value	\$72,987,257
Net New Investment	\$-56,966,725
Investment Gains/(Losses)	\$1,092,948
Ending Market Value	\$17,113,480

Performance vs MF - International Small Cap Obj (Net)

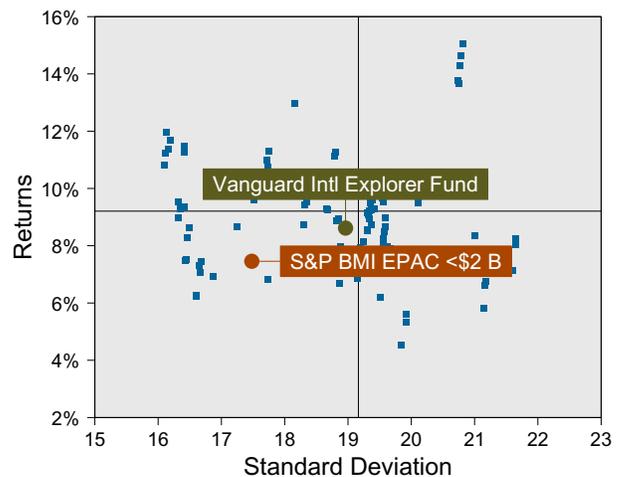


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 11-3/4 Years
10th Percentile	7.30	(0.31)	1.07	11.75	13.63	11.35	9.84	13.55
25th Percentile	6.73	(3.22)	(0.49)	10.54	12.14	10.23	8.38	12.74
Median	5.70	(4.74)	(2.34)	9.34	10.77	9.21	7.24	11.07
75th Percentile	4.46	(7.12)	(4.61)	7.31	8.88	7.78	6.19	9.46
90th Percentile	3.55	(9.12)	(6.75)	5.47	7.06	6.84	5.00	9.06
Vanguard Intl Explorer Fund	● 7.29	(2.52)	(0.13)	12.87	11.53	8.62	7.09	11.33
S&P BMI EPAC <\$2 B	▲ 6.19	(4.55)	(1.11)	7.95	9.18	7.46	5.98	10.42

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



MF - International Small Cap Obj (Net) Annualized Five Year Risk vs Return



Declaration Total Return Period Ended March 31, 2015

Investment Philosophy

The Fund's portfolio holdings consist primarily of RMBS issued by private sector companies (Non-Agency RMBS) and government agencies (Agency MBS) and CMBS issued by private sector companies. Agency MBS includes securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae). Portfolio holdings may range from short tenure senior classes to stressed issues or subordinated securities with substantial risk of non-payment and correspondingly higher yields. Smaller portfolio allocations may include consumer asset-backed securities (ABS), or other structured credit securities and corporate bonds. As a diversification strategy and a potential hedge to credit risk, the Fund may invest in securities which tend to benefit from slow mortgage prepayments and economic growth, such as interest only (IO) MBS.

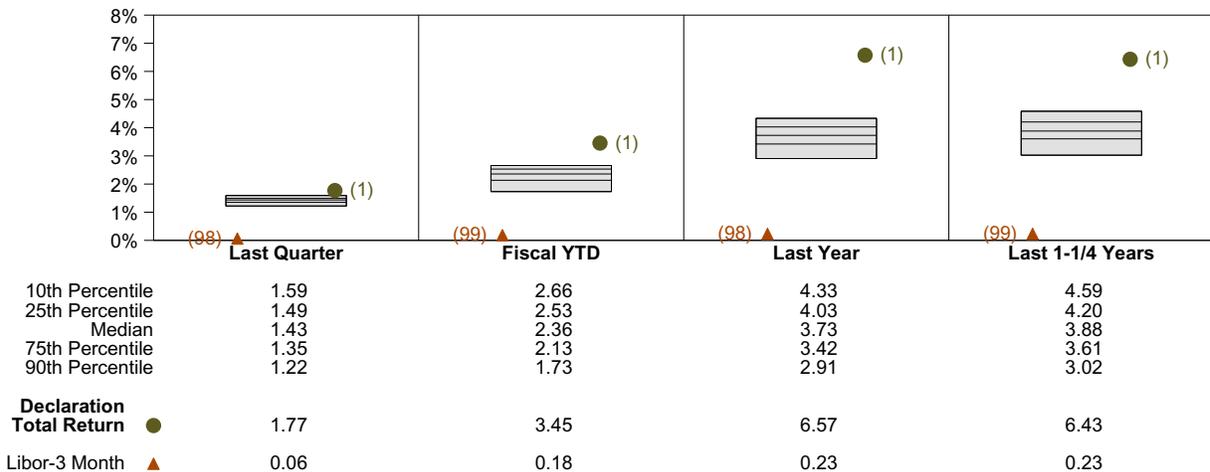
Quarterly Summary and Highlights

- Declaration Total Return's portfolio posted a 1.77% return for the quarter placing it in the 1 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Declaration Total Return's portfolio outperformed the Libor-3 Month by 1.70% for the quarter and outperformed the Libor-3 Month for the year by 6.35%.

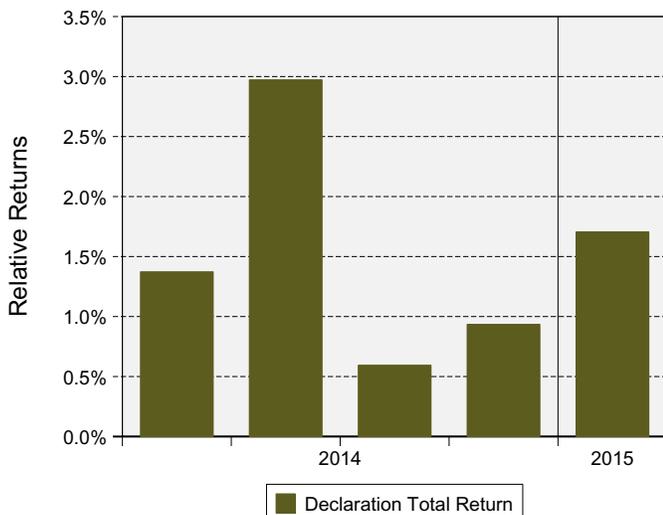
Quarterly Asset Growth

Beginning Market Value	\$151,250,352
Net New Investment	\$10,608,835
Investment Gains/(Losses)	\$2,857,627
Ending Market Value	\$164,716,814

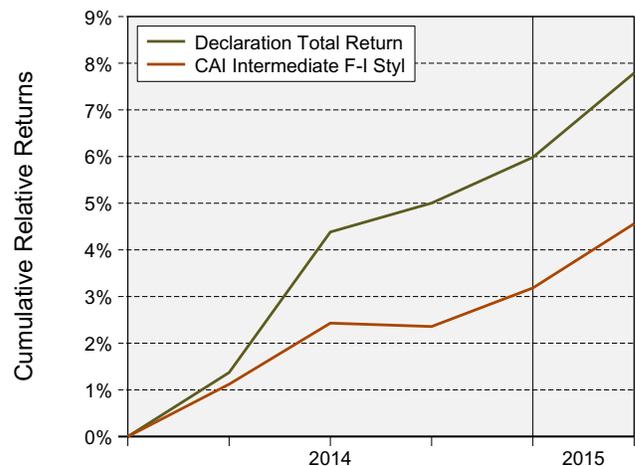
Performance vs CAI Intermediate Fixed-Inc Style (Gross)



Relative Return vs Libor-3 Month



Cumulative Returns vs Libor-3 Month



PIMCO DiSCO II

Period Ended March 31, 2015

Investment Philosophy

The PIMCO Distressed Senior Credit Opportunities Fund is an opportunistic private-equity style Fund which seeks to provide investors enhanced returns principally through long-biased investments in undervalued senior and super senior structured credit securities that are expected to produce attractive levels of current income and that may also appreciate in value over the long term. The fund will look to capitalize on forced sales by liquidity constrained investors.

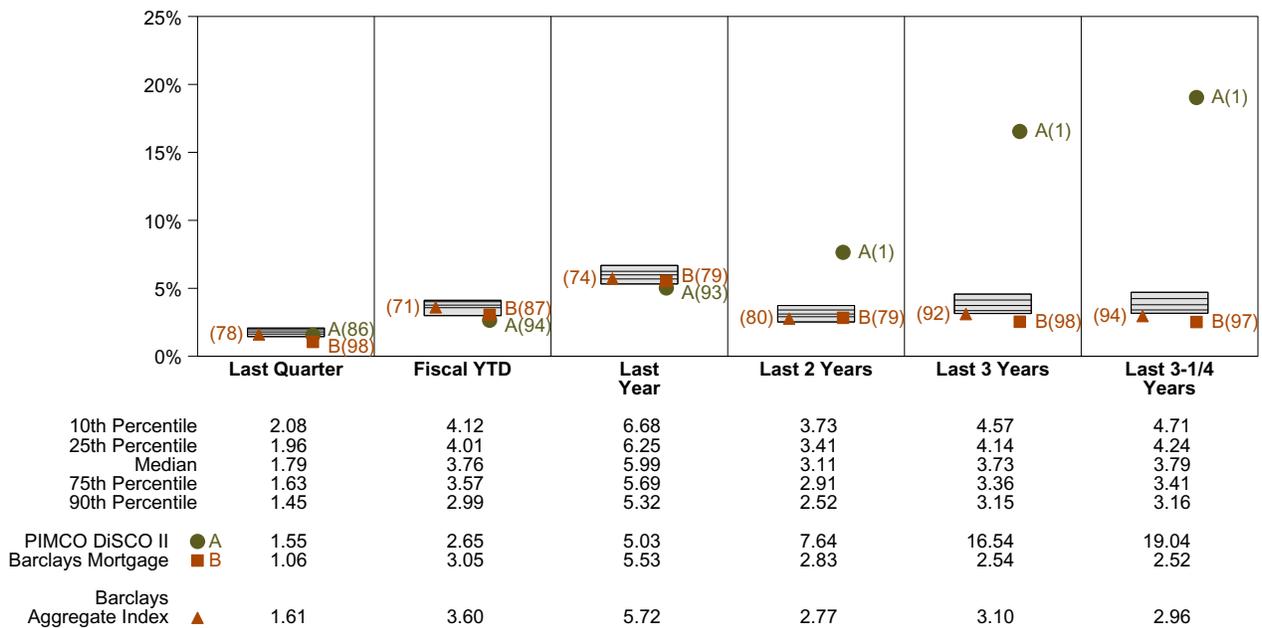
Quarterly Summary and Highlights

- PIMCO DiSCO II's portfolio posted a 1.55% return for the quarter placing it in the 86 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 93 percentile for the last year.
- PIMCO DiSCO II's portfolio underperformed the Barclays Aggregate Index by 0.06% for the quarter and underperformed the Barclays Aggregate Index for the year by 0.69%.

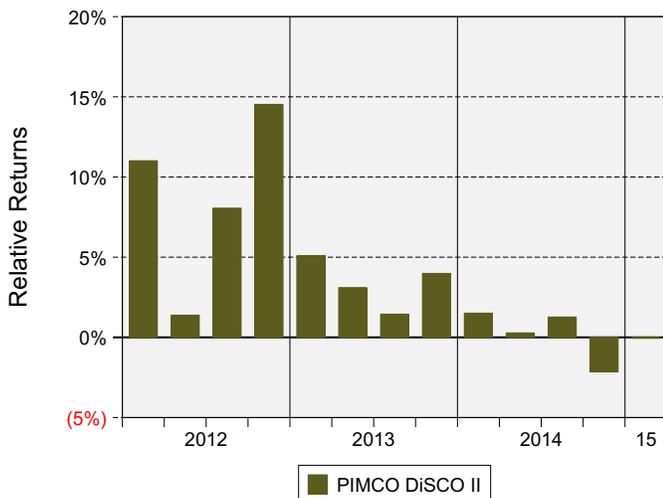
Quarterly Asset Growth

Beginning Market Value	\$76,530,001
Net New Investment	\$0
Investment Gains/(Losses)	\$1,187,383
Ending Market Value	\$77,717,384

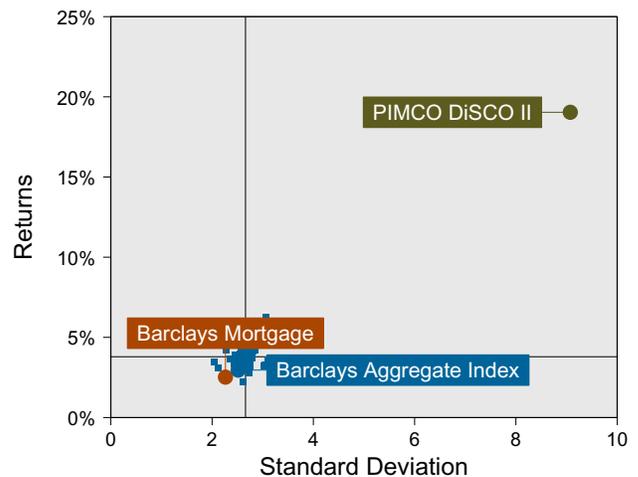
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs Barclays Aggregate Index



CAI Core Bond Fixed-Inc Style (Gross) Annualized Three and One-Quarter Year Risk vs Return



PIMCO Bravo II Fund

Period Ended March 31, 2015

Investment Philosophy

The BRAVO II Fund is a private equity style fund targeting an annualized IRR of 15-20% and multiple of 1.8-2x, net of fees and carried interest with an initial 5-year term. The fund will seek to capitalize on non-economic asset sale decisions by global financial institutions. The fund will have the flexibility to acquire attractively discounted, less liquid loans, structured credit and other assets tied to residential or commercial real estate markets in the U.S. and Europe.

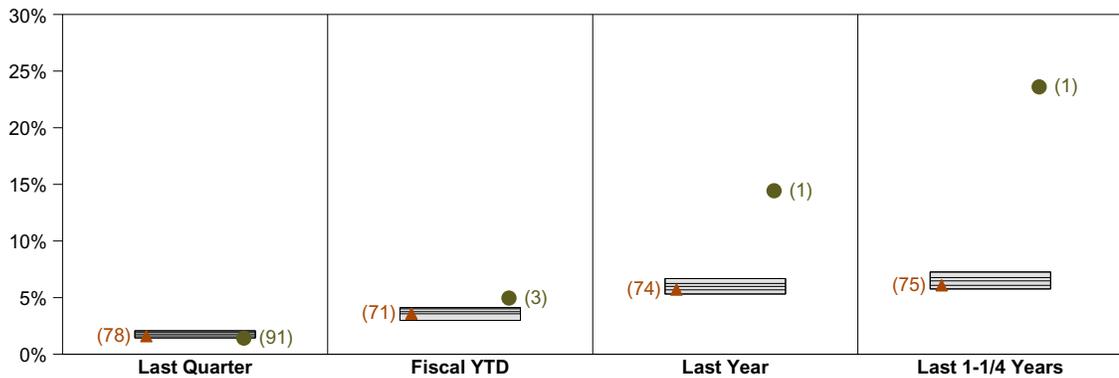
Quarterly Summary and Highlights

- PIMCO Bravo II Fund's portfolio posted a 1.43% return for the quarter placing it in the 91 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- PIMCO Bravo II Fund's portfolio underperformed the Barclays Aggregate Index by 0.18% for the quarter and outperformed the Barclays Aggregate Index for the year by 8.72%.

Quarterly Asset Growth

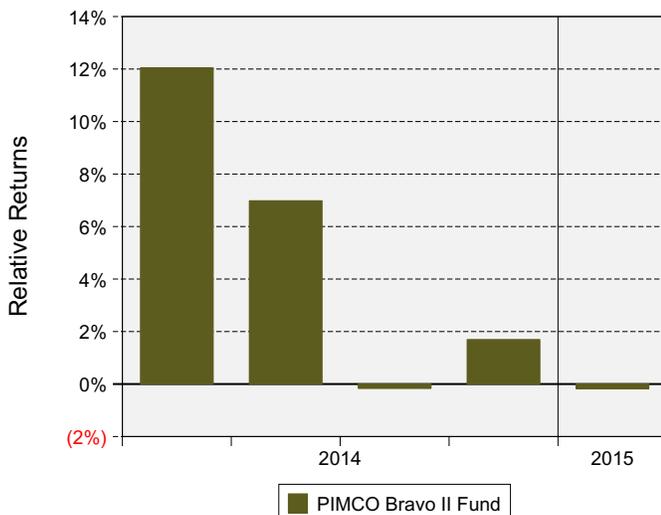
Beginning Market Value	\$23,439,357
Net New Investment	\$5,000,000
Investment Gains/(Losses)	\$347,965
Ending Market Value	\$28,787,322

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

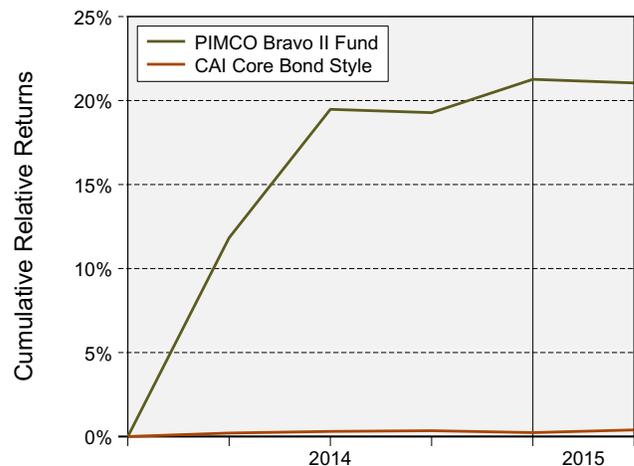


10th Percentile	2.08	4.12	6.68	7.26
25th Percentile	1.96	4.01	6.25	6.77
Median	1.79	3.76	5.99	6.48
75th Percentile	1.63	3.57	5.69	6.09
90th Percentile	1.45	2.99	5.32	5.77
PIMCO Bravo II Fund	1.43	4.96	14.43	23.60
Barclays Aggregate Index	1.61	3.60	5.72	6.09

Relative Return vs Barclays Aggregate Index



Cumulative Returns vs Barclays Aggregate Index



Prudential Period Ended March 31, 2015

Investment Philosophy

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

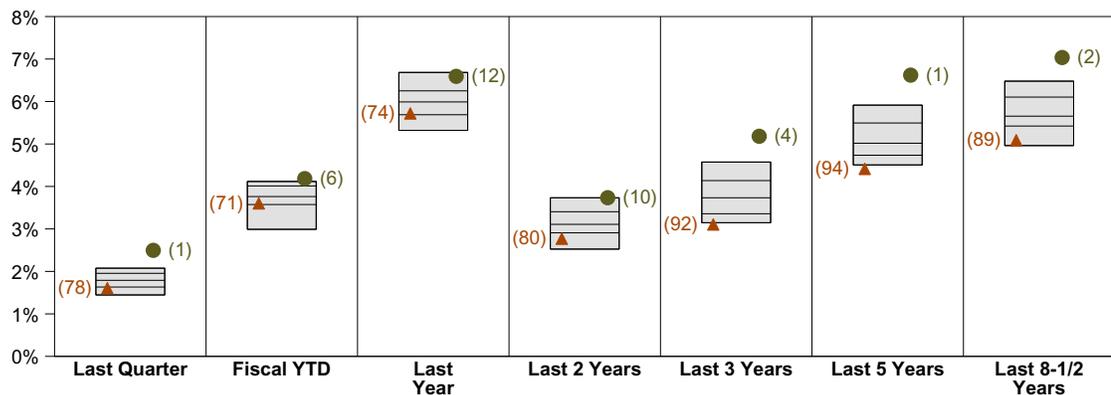
Quarterly Summary and Highlights

- Prudential's portfolio posted a 2.50% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 12 percentile for the last year.
- Prudential's portfolio outperformed the Barclays Aggregate Index by 0.89% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.87%.

Quarterly Asset Growth

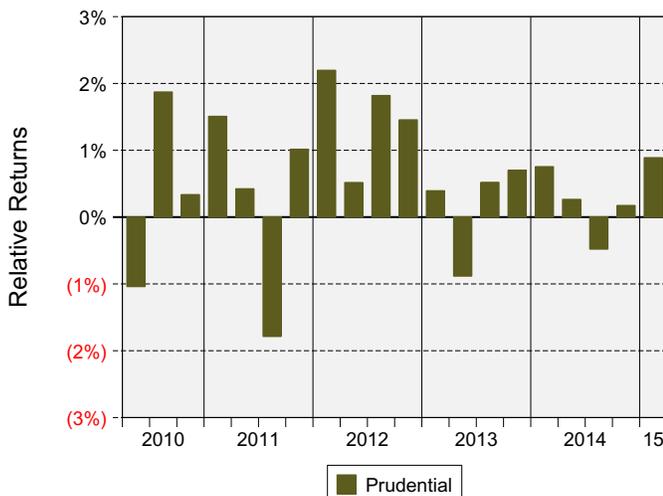
Beginning Market Value	\$159,073,043
Net New Investment	\$2,086,829
Investment Gains/(Losses)	\$3,979,375
Ending Market Value	\$165,139,248

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

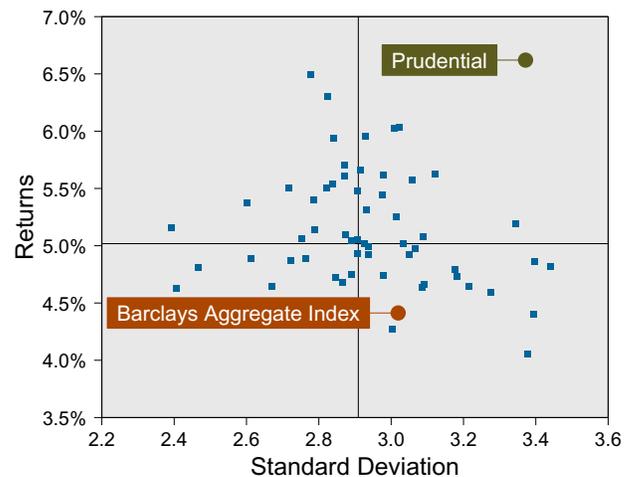


10th Percentile	2.08	4.12	6.68	3.73	4.57	5.91	6.48
25th Percentile	1.96	4.01	6.25	3.41	4.14	5.49	6.10
Median	1.79	3.76	5.99	3.11	3.73	5.02	5.65
75th Percentile	1.63	3.57	5.69	2.91	3.36	4.73	5.42
90th Percentile	1.45	2.99	5.32	2.52	3.15	4.51	4.96
Prudential ●	2.50	4.18	6.59	3.73	5.18	6.62	7.03
Barclays Aggregate Index ▲	1.61	3.60	5.72	2.77	3.10	4.41	5.09

Relative Return vs Barclays Aggregate Index



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



SSgA US Govt Cr Bd Index Period Ended March 31, 2015

Investment Philosophy

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Government/Credit Bond Index over the long term.

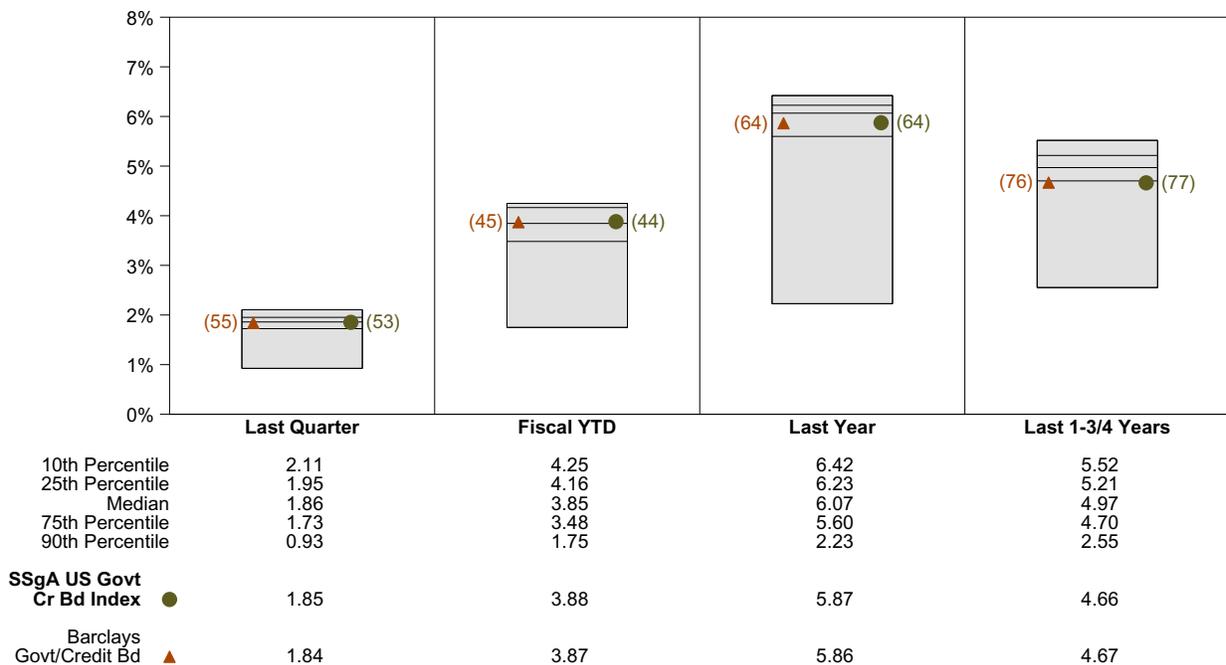
Quarterly Summary and Highlights

- SSgA US Govt Cr Bd Index's portfolio posted a 1.85% return for the quarter placing it in the 53 percentile of the CAI Govt/Credit Fixed-Income Style group for the quarter and in the 64 percentile for the last year.
- SSgA US Govt Cr Bd Index's portfolio outperformed the Barclays Govt/Credit Bd by 0.01% for the quarter and outperformed the Barclays Govt/Credit Bd for the year by 0.01%.

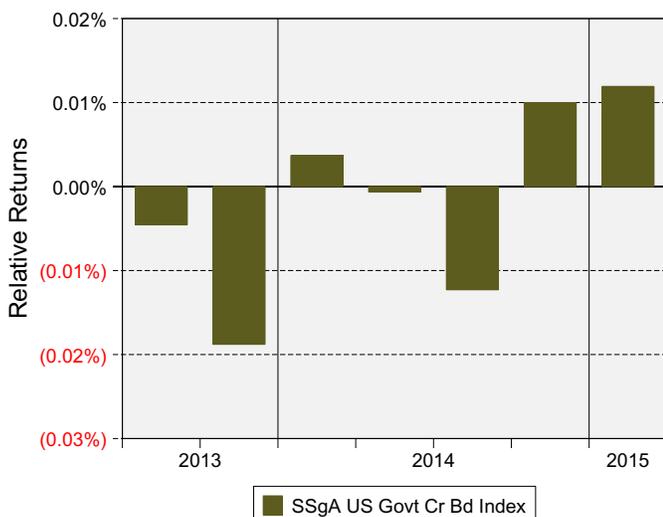
Quarterly Asset Growth

Beginning Market Value	\$277,740,641
Net New Investment	\$-522,505
Investment Gains/(Losses)	\$5,134,560
Ending Market Value	\$282,352,696

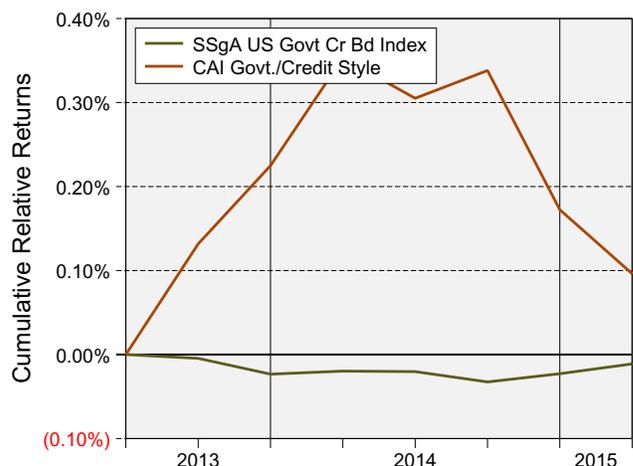
Performance vs CAI Govt/Credit Fixed-Income Style (Gross)



Relative Return vs Barclays Govt/Credit Bd



Cumulative Returns vs Barclays Govt/Credit Bd



Wells Capital Period Ended March 31, 2015

Investment Philosophy

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

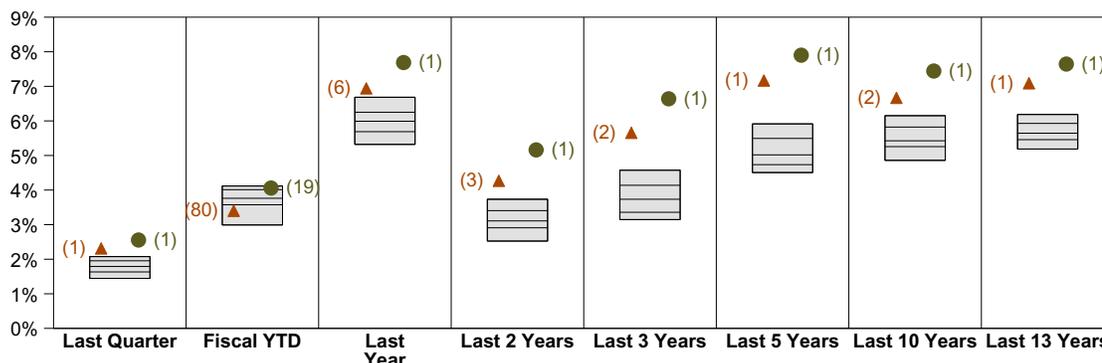
Quarterly Summary and Highlights

- Wells Capital's portfolio posted a 2.56% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Wells Capital's portfolio outperformed the Barclays Baa Credit 3% In by 0.24% for the quarter and outperformed the Barclays Baa Credit 3% In for the year by 0.75%.

Quarterly Asset Growth

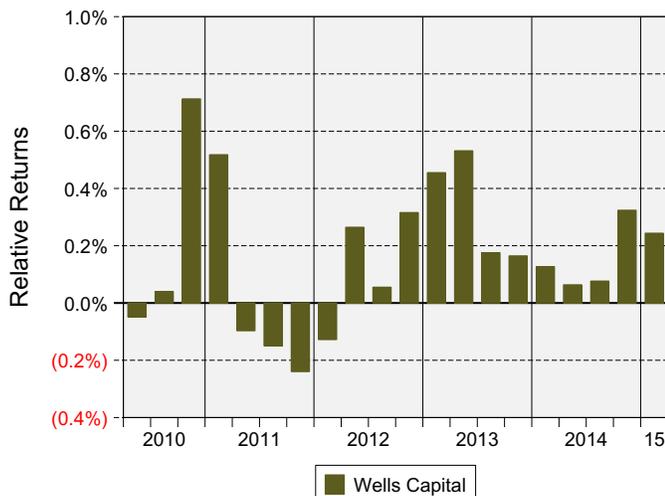
Beginning Market Value	\$636,782,955
Net Investment	\$7,659,287
Investment Gains/(Losses)	\$16,284,073
Ending Market Value	\$660,726,315

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

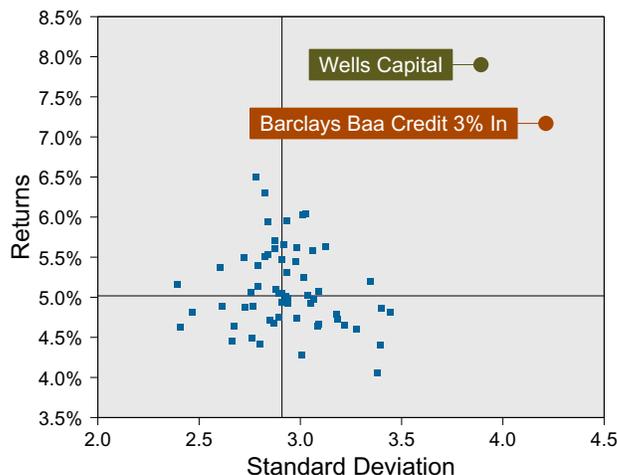


10th Percentile	2.08	4.12	6.68	3.73	4.57	5.91	6.15	6.19
25th Percentile	1.96	4.01	6.25	3.41	4.14	5.49	5.82	5.93
Median	1.79	3.76	5.99	3.11	3.73	5.02	5.43	5.64
75th Percentile	1.63	3.57	5.69	2.91	3.36	4.73	5.26	5.46
90th Percentile	1.45	2.99	5.32	2.52	3.15	4.51	4.86	5.19
Wells Capital ●	2.56	4.06	7.69	5.16	6.64	7.90	7.44	7.64
Barclays Baa Credit 3% In ▲	2.31	3.40	6.94	4.27	5.66	7.17	6.67	7.09

Relative Return vs Barclays Baa Credit 3% In



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



Western Asset Management Company

Period Ended March 31, 2015

Investment Philosophy

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

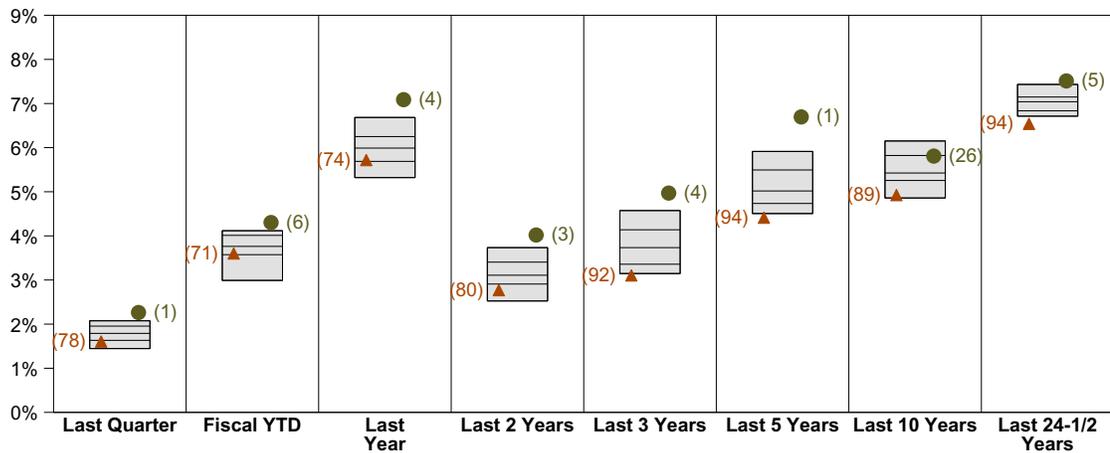
Quarterly Summary and Highlights

- Western Asset's portfolio posted a 2.26% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 4 percentile for the last year.
- Western Asset's portfolio outperformed the Barclays Aggregate Index by 0.66% for the quarter and outperformed the Barclays Aggregate Index for the year by 1.37%.

Quarterly Asset Growth

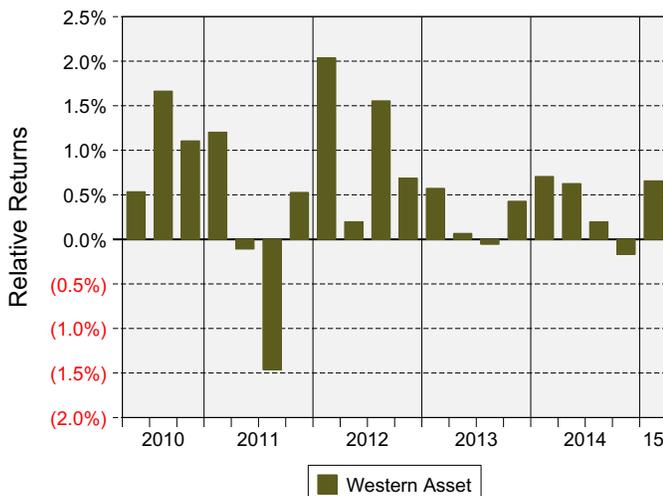
Beginning Market Value	\$635,984,260
Net New Investment	\$14,187,274
Investment Gains/(Losses)	\$14,455,709
Ending Market Value	\$664,627,243

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

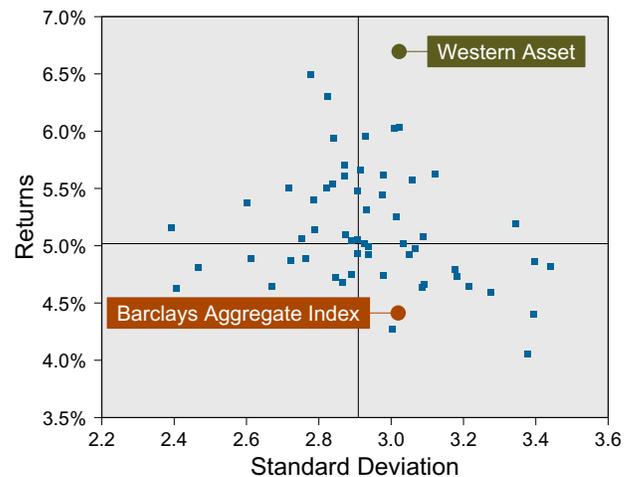


10th Percentile	2.08	4.12	6.68	3.73	4.57	5.91	6.15	7.43
25th Percentile	1.96	4.01	6.25	3.41	4.14	5.49	5.82	7.15
Median	1.79	3.76	5.99	3.11	3.73	5.02	5.43	7.04
75th Percentile	1.63	3.57	5.69	2.91	3.36	4.73	5.26	6.83
90th Percentile	1.45	2.99	5.32	2.52	3.15	4.51	4.86	6.71
Western Asset	● 2.26	4.30	7.09	4.02	4.97	6.70	5.81	7.51
Barclays Aggregate Index	▲ 1.61	3.60	5.72	2.77	3.10	4.41	4.93	6.54

Relative Return vs Barclays Aggregate Index



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



Western TIPS Period Ended March 31, 2015

Investment Philosophy

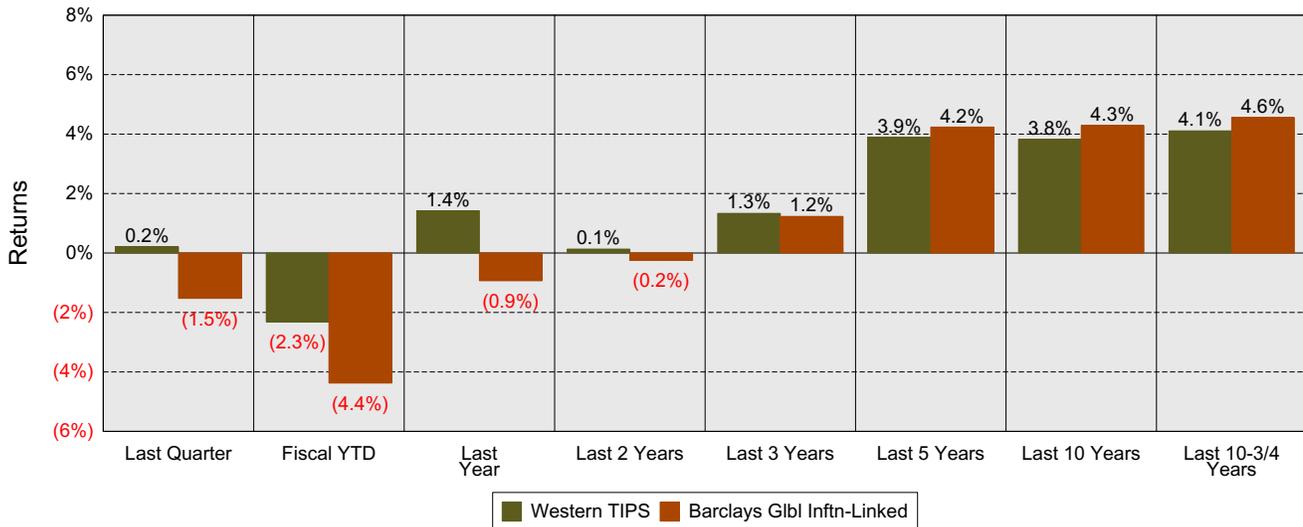
Western Asset's Global Inflation-Linked composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. Constructed primarily of inflation-indexed securities, these portfolios use diversified strategies in seeking to add value while minimizing risk. Value can be added through country selection, term structure, issue selection, duration management and currency management. **Barclays US TIPS through 12/31/2009 and Barclays Global Inflation-Linked thereafter.**

Quarterly Summary and Highlights

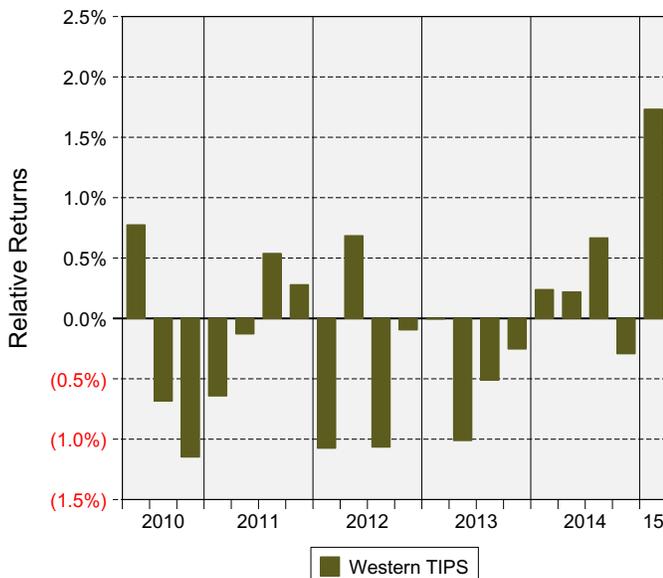
- Western TIPS's portfolio outperformed the Barclays Gbl Inftn-Linked by 1.73% for the quarter and outperformed the Barclays Gbl Inftn-Linked for the year by 2.35%.

Quarterly Asset Growth

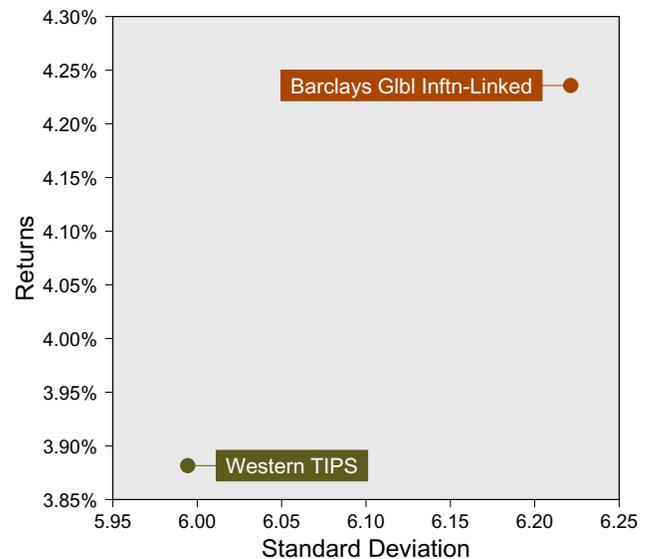
Beginning Market Value	\$308,464,385
Net New Investment	\$-213,090,275
Investment Gains/(Losses)	\$1,545,153
Ending Market Value	\$96,919,262



Relative Return vs Barclays Gbl Inftn-Linked



Annualized Five Year Risk vs Return



Eastern Timber Opportunities Period Ended March 31, 2015

Investment Philosophy

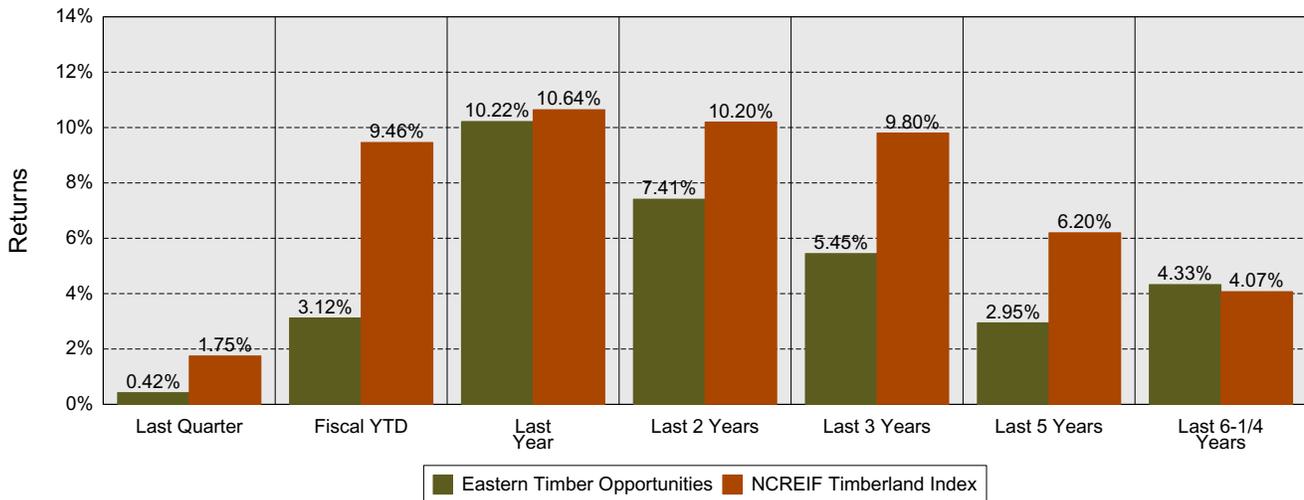
The investment objective of the Eastern Timberland Opportunities fund is to provide competitive timberland investment returns from Eastern US timberland investments by pursuing management strategies to increase timber production and land values through the investment term. TIR will maximize timber values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

Quarterly Summary and Highlights

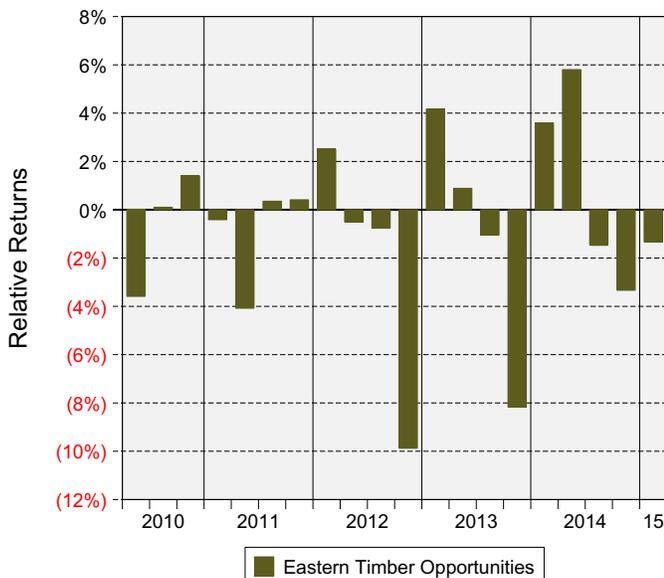
- Eastern Timber Opportunities's portfolio underperformed the NCREIF Timberland Index by 1.33% for the quarter and underperformed the NCREIF Timberland Index for the year by 0.43%.

Quarterly Asset Growth

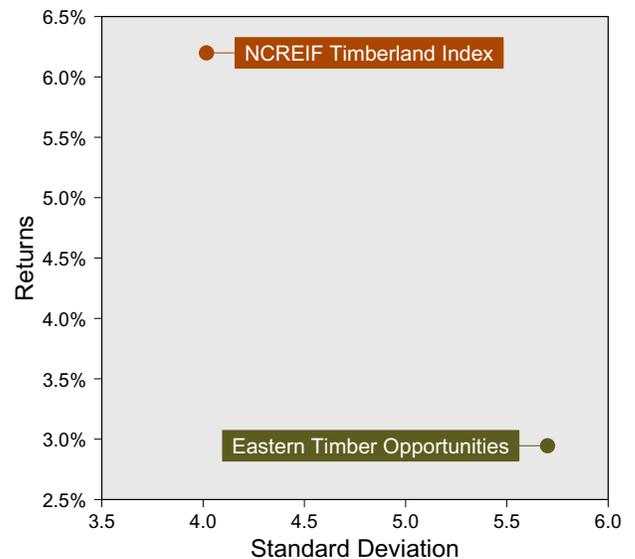
Beginning Market Value	\$63,866,004
Net New Investment	\$-3,639,514
Investment Gains/(Losses)	\$270,100
Ending Market Value	\$60,496,590



Relative Return vs NCREIF Timberland Index



Annualized Five Year Risk vs Return



JP Morgan Infrastructure Period Ended March 31, 2015

Investment Philosophy

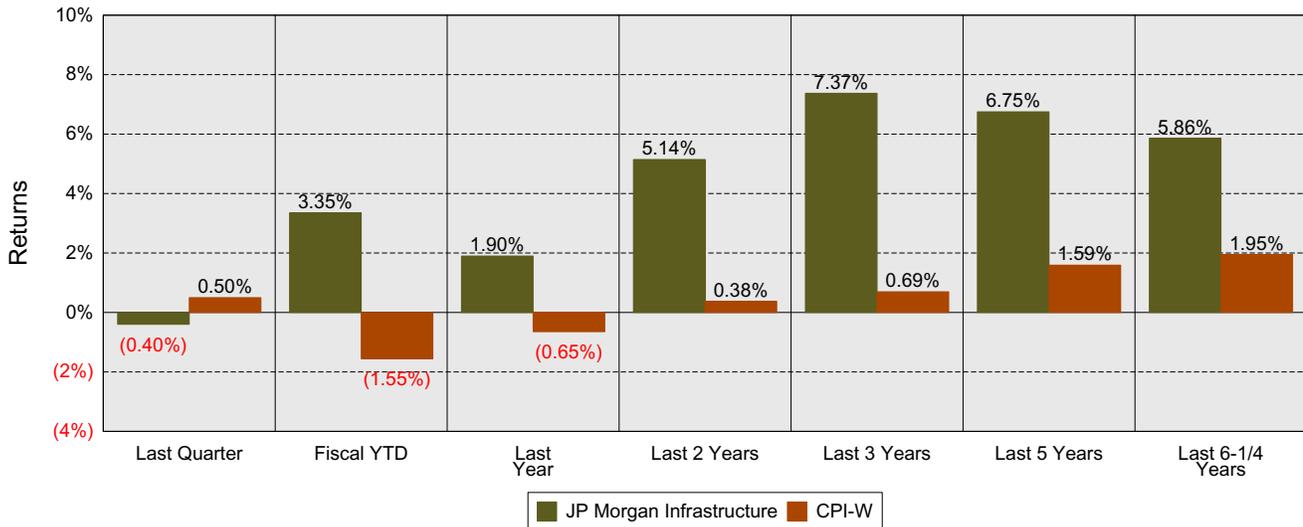
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas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

Quarterly Summary and Highlights

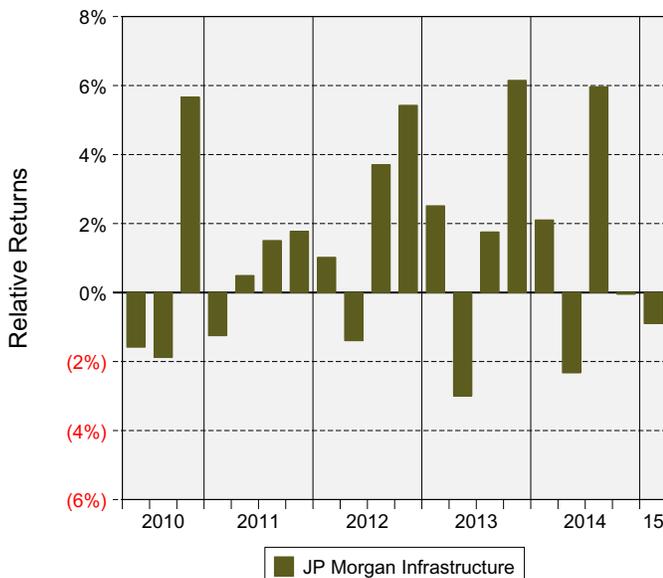
- JP Morgan Infrastructure's portfolio underperformed the CPI-W by 0.90% for the quarter and outperformed the CPI-W for the year by 2.54%.

Quarterly Asset Growth

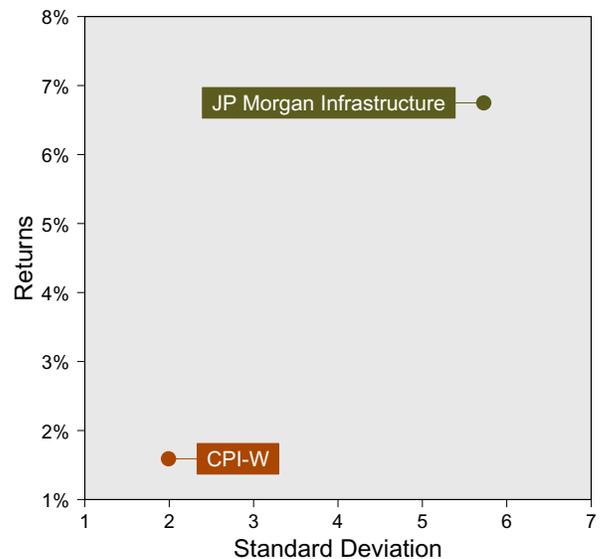
Beginning Market Value	\$74,213,265
Net New Investment	\$-204,078
Investment Gains/(Losses)	\$-299,739
Ending Market Value	\$73,709,448



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



Grosvenor Cust. Infrastructure Period Ended March 31, 2015

Investment Philosophy

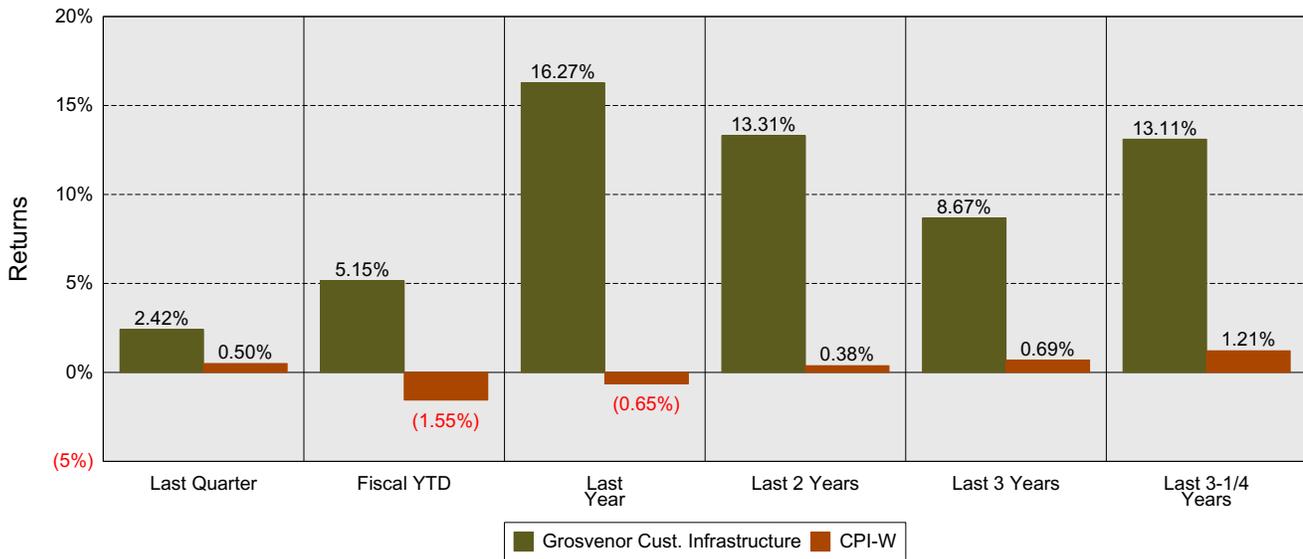
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified portfolio of primary core and core plus infrastructure funds (30%), co-investments (40%) and opportunistic secondary fund purchases (30%).

Quarterly Summary and Highlights

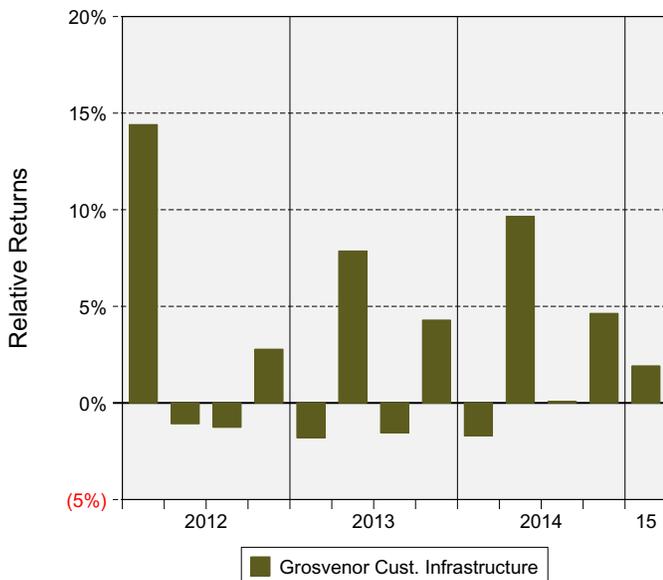
- Grosvenor Cust. Infrastructure's portfolio outperformed the CPI-W by 1.92% for the quarter and outperformed the CPI-W for the year by 16.92%.

Quarterly Asset Growth

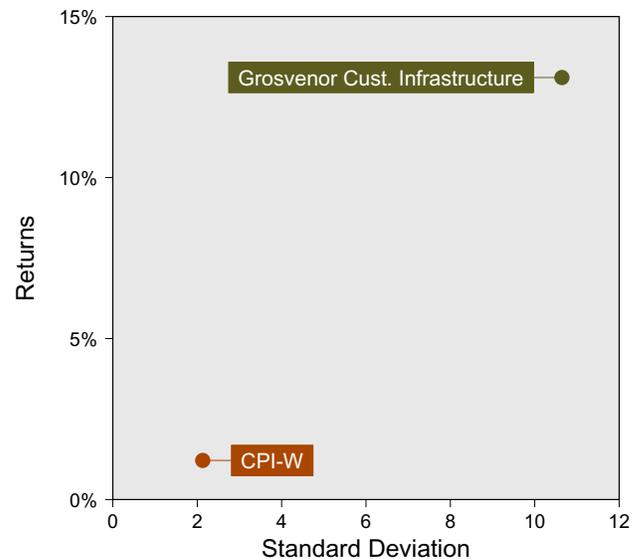
Beginning Market Value	\$20,678,700
Net New Investment	\$455,302
Investment Gains/(Losses)	\$508,391
Ending Market Value	\$21,642,393



Relative Return vs CPI-W



Annualized Three and One-Quarter Year Risk vs Return



Invesco Core Real Estate Period Ended March 31, 2015

Investment Philosophy

IRE's investment philosophy is comprised of two fundamental principles: (1) maximize the predictability and consistency of investment returns and (2) minimize the risk of capital loss. This philosophy forms the cornerstone of the company's real estate investment philosophy.

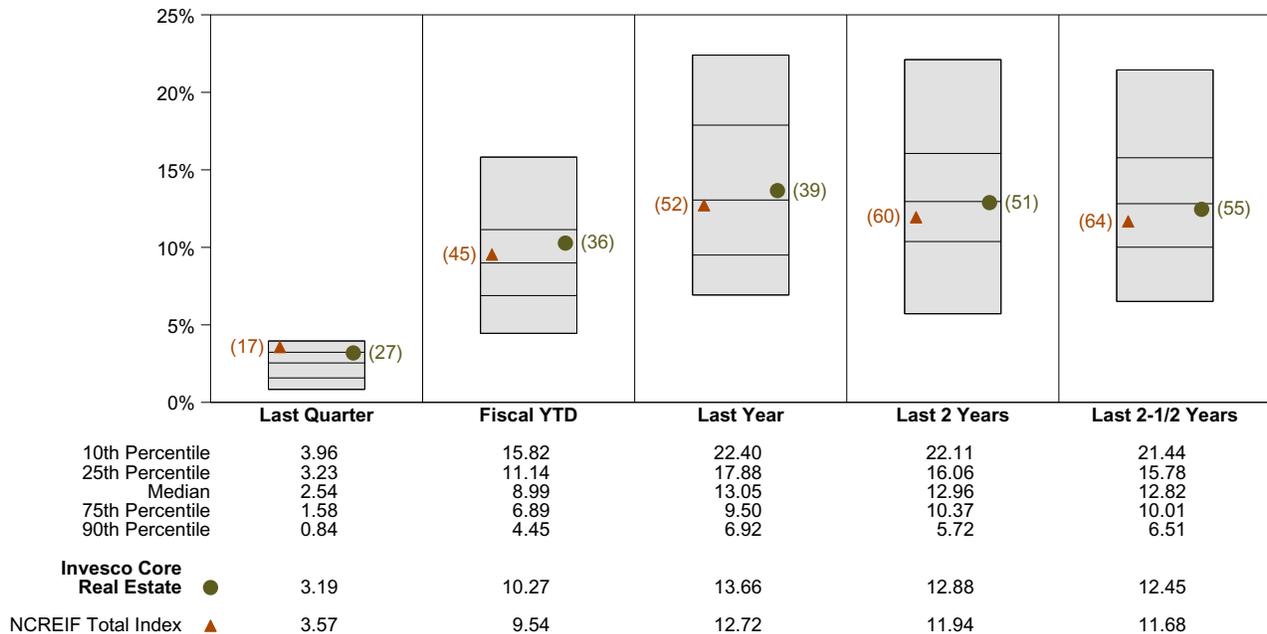
Quarterly Summary and Highlights

- Invesco Core Real Estate's portfolio posted a 3.19% return for the quarter placing it in the 27 percentile of the Total Real Estate DB group for the quarter and in the 39 percentile for the last year.
- Invesco Core Real Estate's portfolio underperformed the NCREIF Total Index by 0.38% for the quarter and outperformed the NCREIF Total Index for the year by 0.94%.

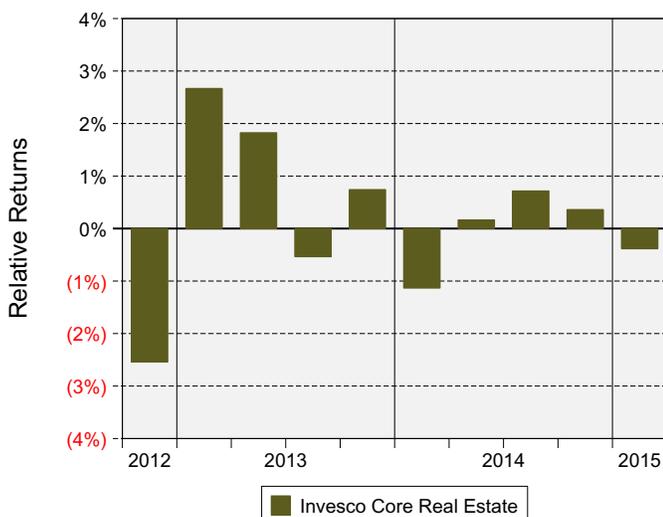
Quarterly Asset Growth

Beginning Market Value	\$116,833,258
Net New Investment	\$7,000,000
Investment Gains/(Losses)	\$3,946,749
Ending Market Value	\$127,780,008

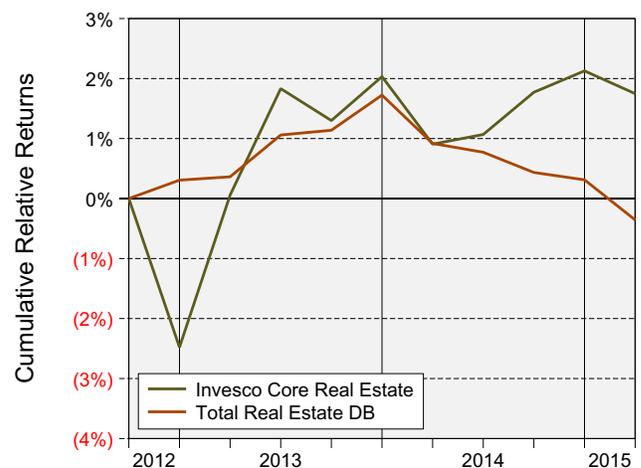
Performance vs Total Real Estate DB (Net)



Relative Return vs NCREIF Total Index



Cumulative Returns vs NCREIF Total Index



JP Morgan Real Estate Period Ended March 31, 2015

Investment Philosophy

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

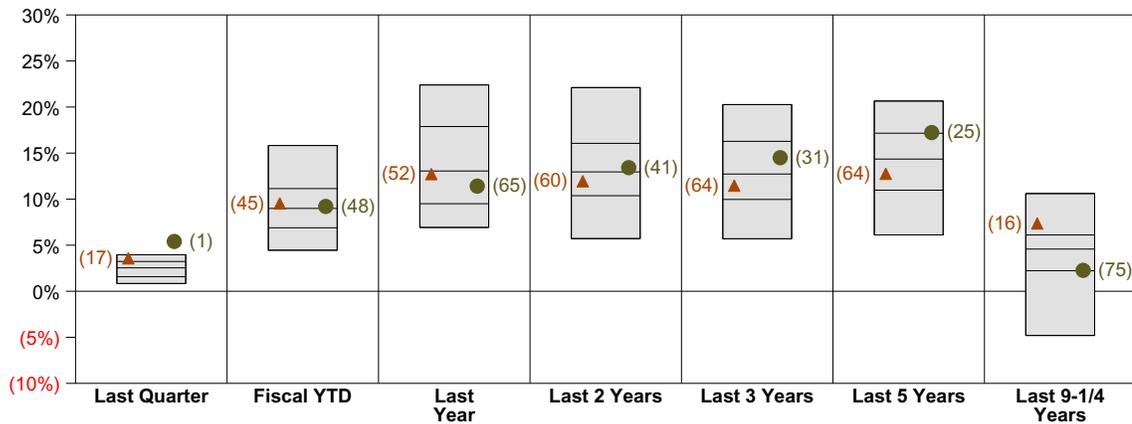
Quarterly Summary and Highlights

- JP Morgan Real Estate's portfolio posted a 5.40% return for the quarter placing it in the 1 percentile of the Total Real Estate DB group for the quarter and in the 65 percentile for the last year.
- JP Morgan Real Estate's portfolio outperformed the NCREIF Total Index by 1.83% for the quarter and underperformed the NCREIF Total Index for the year by 1.31%.

Quarterly Asset Growth

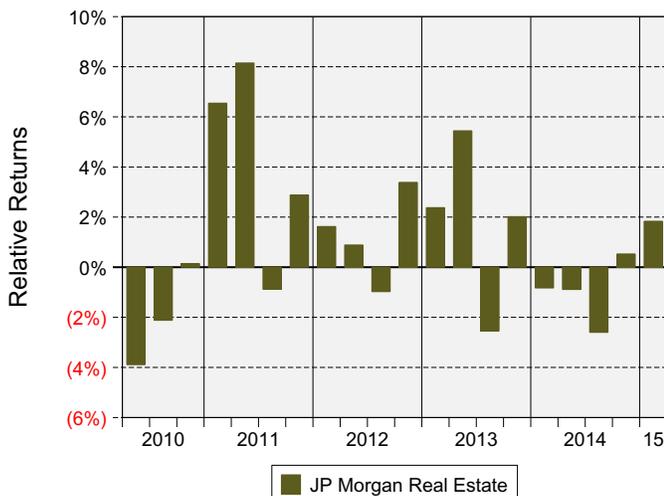
Beginning Market Value	\$137,540,603
Net New Investment	\$-129,810
Investment Gains/(Losses)	\$7,426,697
Ending Market Value	\$144,837,490

Performance vs Total Real Estate DB (Net)

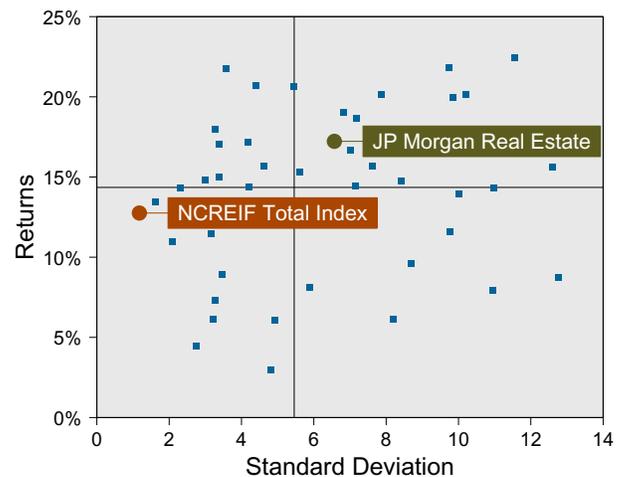


10th Percentile	3.96	15.82	22.40	22.11	20.26	20.65	10.61
25th Percentile	3.23	11.14	17.88	16.06	16.27	17.16	6.11
Median	2.54	8.99	13.05	12.96	12.73	14.35	4.58
75th Percentile	1.58	6.89	9.50	10.37	9.97	10.97	2.23
90th Percentile	0.84	4.45	6.92	5.72	5.69	6.12	(4.80)
JP Morgan Real Estate ●	5.40	9.21	11.41	13.42	14.50	17.22	2.27
NCREIF Total Index ▲	3.57	9.54	12.72	11.94	11.47	12.75	7.36

Relative Return vs NCREIF Total Index



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



JP Morgan Short Term Bonds Period Ended March 31, 2015

Investment Philosophy

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

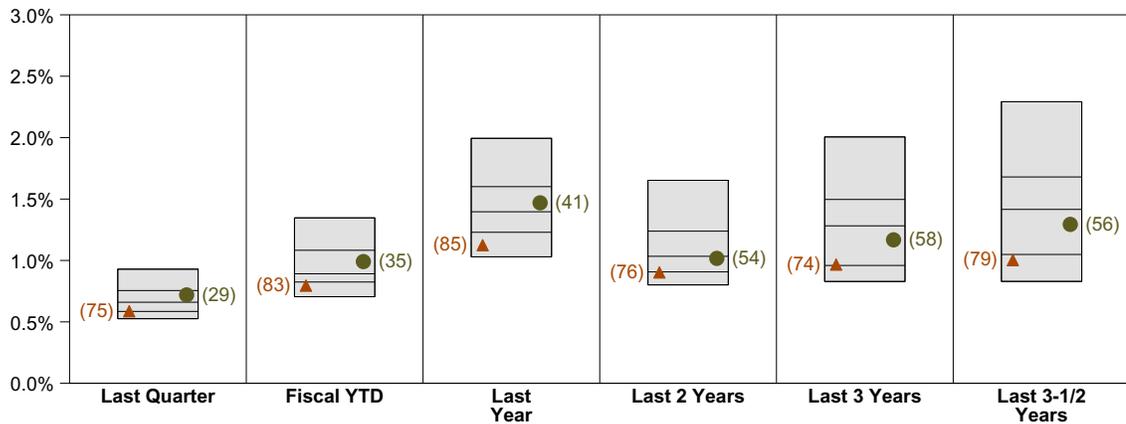
Quarterly Summary and Highlights

- JP Morgan Short Term Bonds's portfolio posted a 0.72% return for the quarter placing it in the 29 percentile of the CAI Defensive Fixed-Inc Style group for the quarter and in the 41 percentile for the last year.
- JP Morgan Short Term Bonds's portfolio outperformed the Barclays Gov/Credit 1-3 Yr by 0.13% for the quarter and outperformed the Barclays Gov/Credit 1-3 Yr for the year by 0.34%.

Quarterly Asset Growth

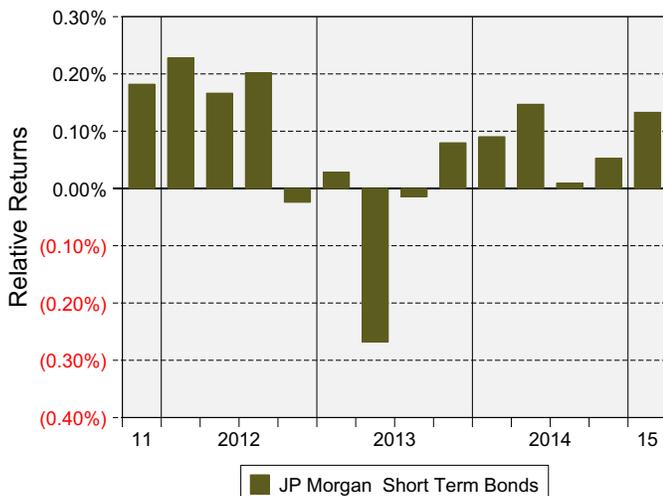
Beginning Market Value	\$239,907,534
Net New Investment	\$-123,599
Investment Gains/(Losses)	\$1,725,562
Ending Market Value	\$241,509,497

Performance vs CAI Defensive Fixed-Inc Style (Gross)

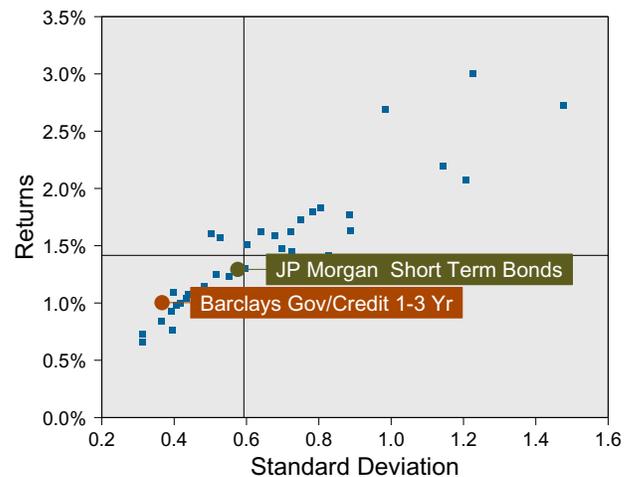


10th Percentile	0.93	1.35	1.99	1.65	2.01	2.29
25th Percentile	0.75	1.08	1.60	1.24	1.50	1.68
Median	0.66	0.89	1.40	1.03	1.28	1.42
75th Percentile	0.58	0.82	1.23	0.91	0.96	1.05
90th Percentile	0.53	0.70	1.03	0.80	0.83	0.83
JP Morgan Short Term Bonds	0.72	0.99	1.47	1.02	1.17	1.29
Barclays Gov/Credit 1-3 Yr	0.59	0.80	1.12	0.90	0.97	1.00

Relative Return vs Barclays Gov/Credit 1-3 Yr



CAI Defensive Fixed-Inc Style (Gross) Annualized Three and One-Half Year Risk vs Return



Babson Short Term Bonds Period Ended March 31, 2015

Investment Philosophy

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

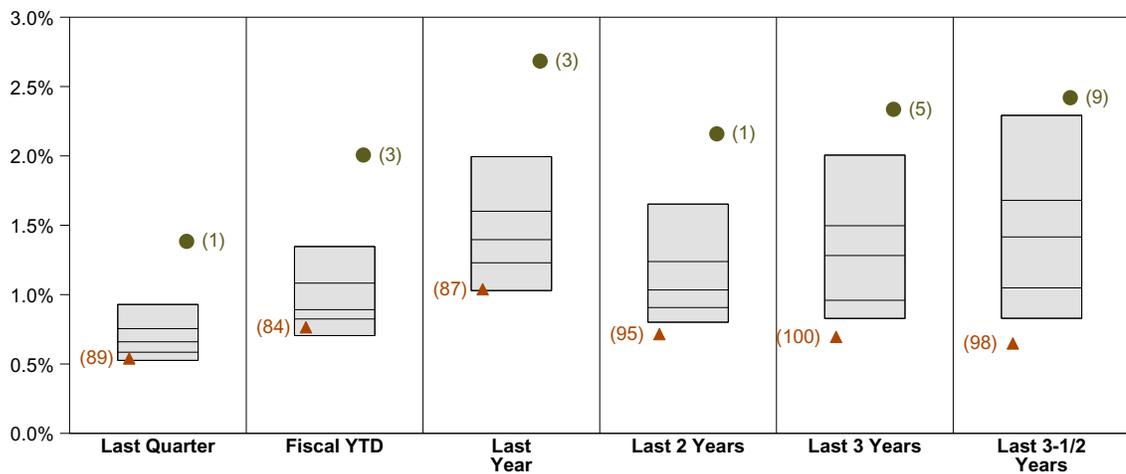
Quarterly Summary and Highlights

- Babson Short Term Bonds's portfolio posted a 1.38% return for the quarter placing it in the 1 percentile of the CAI Defensive Fixed-Inc Style group for the quarter and in the 3 percentile for the last year.
- Babson Short Term Bonds's portfolio outperformed the Barclays Gov 1-3 Yr by 0.84% for the quarter and outperformed the Barclays Gov 1-3 Yr for the year by 1.64%.

Quarterly Asset Growth

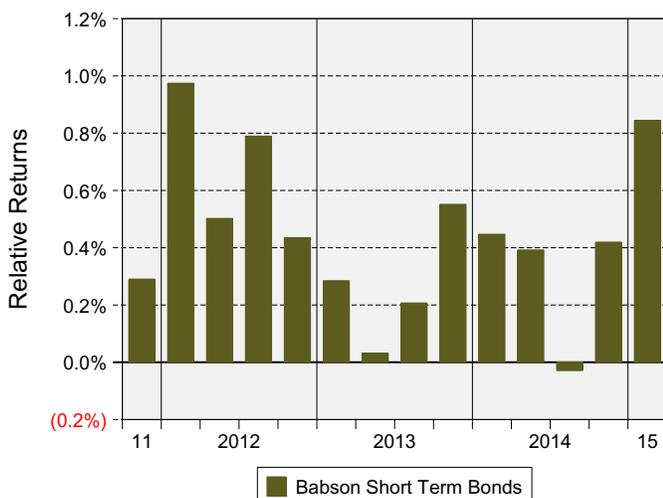
Beginning Market Value	\$241,728,368
Net New Investment	\$-137,077
Investment Gains/(Losses)	\$3,345,342
Ending Market Value	\$244,936,633

Performance vs CAI Defensive Fixed-Inc Style (Gross)

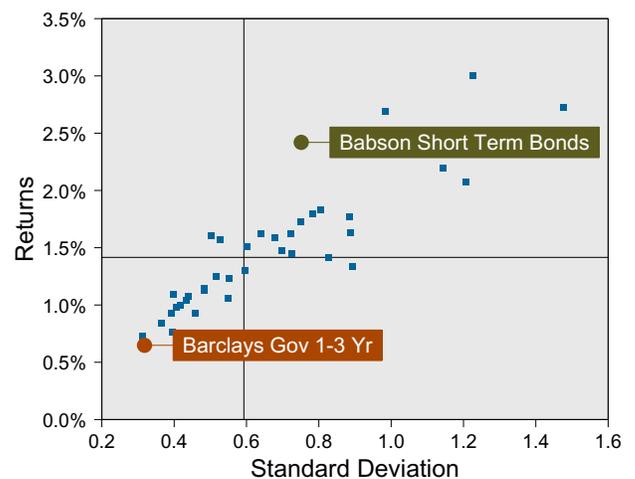


10th Percentile	0.93	1.35	1.99	1.65	2.01	2.29
25th Percentile	0.75	1.08	1.60	1.24	1.50	1.68
Median	0.66	0.89	1.40	1.03	1.28	1.42
75th Percentile	0.58	0.82	1.23	0.91	0.96	1.05
90th Percentile	0.53	0.70	1.03	0.80	0.83	0.83
Babson Short Term Bonds	● 1.38	2.01	2.68	2.16	2.34	2.42
Barclays Gov 1-3 Yr	▲ 0.54	0.76	1.04	0.72	0.70	0.65

Relative Return vs Barclays Gov 1-3 Yr



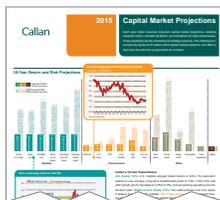
CAI Defensive Fixed-Inc Style (Gross) Annualized Three and One-Half Year Risk vs Return



Research and Educational Programs

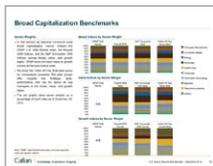
The Callan Investments Institute provides research that keeps clients updated on the latest industry trends while helping them learn through carefully structured educational programs. Below are the Institute's recent publications—all of which can be found at www.callan.com/research.

White Papers



2015 Capital Market Projections Charticle

Callan's latest charticle offers a high-level view into how we generate our cap market projection numbers. These projections incorporate advanced quantitative modeling as well as qualitative feedback and the economic expertise of Callan's consulting professionals. Our 2015 numbers reflect our optimism for the economy, for inflation, and for the capital markets.



Global Equity Benchmark Review: Year-end 9/30/2014

This report compares the coverage, characteristics, and risk and return data of more than 40 global equity indices from FTSE, MSCI, and Russell alongside Callan's active manager style groups. Statistics include: portfolio characteristics, sector and country weights, style analysis and Z-scores, risk and return, etc.



Countdown to a Better DC Plan

Citing results from Callan's annual DC Trends Survey, we explore plan sponsor adoption of PPA provisions to see how they have benefited, where they have met challenges, and where they could do more. We also offer seven takeaways to help sponsors better position their plans in 2015 as we approach the decade mark for this legislation.



Emerging Managers: Small Firms with Big Ideas

In this interview, Callan's Uvan Tseng and Lauren Mathias discuss trends and issues in the emerging manager arena. (Also see our related video: "Manager Trends: Emerging Managers and Minority, Women, and Disabled-owned Firms.")

Quarterly Publications

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

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

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

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

Quarterly Data: The *Market Pulse* reference guide covers the U.S. economy and investment trends in domestic and international equities and fixed income, and alternatives. Our *Inside Callan's Database* report provides performance information gathered from Callan's proprietary database, allowing you to compare your funds with your peers.

Real Assets Reporter: A recurring newsletter that offers Callan's data and insights on real estate and other real asset investment topics.

Surveys



2015 Defined Contribution Survey

This annual survey presents findings from the past year, such as: Around 10% of DC plan sponsors replaced their target date fund/balanced manager in 2014; Plans that offer potentially lower-cost investment vehicles, such as a collective trust, notably increased in 2014; In 2015 the high priorities for sponsors include participant communication, fund/manager due diligence, compliance, and plan fees.



ESG Interest and Implementation Survey

Callan conducted a brief survey to assess the status of ESG, including responsible and sustainable investment strategies and SRI, in the U.S. institutional market. We collected responses from 211 U.S. funds representing approximately \$1.4 trillion in assets.



2014 Investment Management Fee Survey

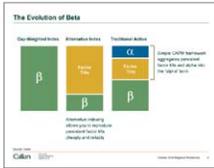
This survey captures institutional investment management fee payment practices and trends. We supplemented survey data (from 72 fund sponsors, \$859 billion in assets and 211 investment managers, \$15 trillion in AUM) with information from Callan's proprietary databases to establish the trends observed in this report. Callan conducted similar surveys in 2004, 2006, 2009, and 2011.

Events

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



The **2015 National Conference Summary** features a synopsis of our speakers: Bowles & Simpson, Maddy Dychtwald, Gary Locke, Daniel Pink, and the 2015 Capital Markets Panel. The Summary also reviews our four workshops: retirement in America, active share, DC plan fee landscape, and endowments/foundations. Slide-decks of the conference workshops are also available on our website.



Our **October 2014 Regional Workshop**, The Education of Beta, discussed the growing popularity of alternative index strategies. We covered the origins and theories behind these indices, investor implementation choices, and an overview of the smart beta industry focusing on the range of products and future trends. This workshop summary write-up will give you a great synopsis of what our three presenters (Andy Iseri, Jay Kloepfer, and Mike Swinney) covered.

Upcoming Educational Programs

Please join us at our June 2015 Regional Workshops where we will discuss how recent and pending regulatory and legislative developments are shaping the DC landscape, and how plan sponsors approach their plans. We will show the current environment’s impact on usage and implementation of everything from target date funds, alternative investments, company stock, etc. Learn what the future may hold for participants as well as the industry, as sponsor position their plans in light of these fiduciary challenges.

Fiduciary Tidal Wave: Navigating DC’s Uncharted Waters

Facilitators:

Rod Bare, Chicago Fund Sponsor Consulting

Lori Lucas, CFA, Defined Contribution Consulting

Uvan Tseng, CFA, San Francisco Fund Sponsor Consulting

Joined by Callan’s Chicago/Denver/San Francisco Office Consultants

June 17, 2015 in Chicago

June 18, 2015 in San Francisco

Workshop is from 9am to 11am

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

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

The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the 2015 dates.

An Introduction to Investments

July 21-22, 2015 in San Francisco

October 27-28, 2015 in Chicago

This one-and-one-half-day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The session will familiarize fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices.

Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment session structures. The session includes:

- A description of the different parties involved in the investment management process, including their roles and responsibilities
- A brief outline of the types and characteristics of different plans (e.g., defined benefit, defined contribution, endowments, foundations, operating funds)
- An introduction to fiduciary issues as they pertain to fund management and oversight
- An overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment sessions

Tuition for the Introductory "Callan College" session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. These sessions are tailored to meet the training and educational needs of the participants, whether you are a plan sponsor or you provide services to institutional tax-exempt plans. Past customized "Callan College" sessions have covered topics such as: custody, industry trends, sales and marketing, client service, international, fixed income, and managing the RFP process. Instruction can be tailored to be basic or advanced.

For more information please contact Kathleen Cunnie, at 415.274.3029 or cunnie@callan.com.

List of Managers That Do Business with Callan Associates Inc.

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 03/31/15, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting. Given the complex corporate and organizational ownership structures of investment management firms, parent and affiliate firm relationships are not listed here. The client list below may include names of parent companies who allow their affiliates to use some of the services included in their client contract (eg, educational services including published research and attendance at conferences and workshops). Affiliates will not be listed if they don't separately contract with Callan. Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

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

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Please refer to Callan's ADV Part 2A for a complete listing of TAG's portfolios. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios it oversees. Per company policy these requests are handled by TAG's senior management.

Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management	Y	Y
Acadian Asset Management, Inc.	Y	
Advisory Research	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors U.S. LLC	Y	Y
Allianz Life Insurance Company of North America		Y
Altrinsic Global Advisors, LLC		Y
American Century Investment Management	Y	
Analytic Investors	Y	
Apollo Global Management	Y	
AQR Capital Management	Y	
Ares Management	Y	
Ariel Investments	Y	
Aristotle Capital Management	Y	
Aronson + Johnson + Ortiz	Y	
Artisan Holdings		Y
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	Y
Baird Advisors	Y	Y
Bank of America		Y
Baring Asset Management	Y	
Baron Capital Management	Y	
BlackRock	Y	
BMO Asset Management	Y	
BNP Paribas Investment Partners	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y

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

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Manager Name	Educational Services	Consulting Services
Boston Partners	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Investments, LLC (fka ClearBridge Advisors)	Y	
Cohen & Steers	Y	Y
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Corbin Capital Partners	Y	
Cornerstone Investment Partners, LLC	Y	
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council		Y
Credit Suisse Asset Management	Y	
Crestline Investors	Y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management LLC	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Deutsche Asset & Wealth Management	Y	Y
Diamond Hill Investments	Y	
Donald Smith & Co., Inc.	Y	
DSM Capital Partners		Y
Duff & Phelps Investment Mgmt.	Y	Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Epoch Investment Partners	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fir Tree Partners	Y	
First Eagle Investment Management	Y	
First State Investments	Y	
Fisher Investments	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	

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Manager Name	Educational Services	Consulting Services
Fuller & Thaler Asset Management	Y	
GAM (USA) Inc.	Y	
Garcia Hamilton & Associates	Y	
GE Asset Management	Y	Y
Geneva Capital Management	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management	Y	Y
GMO (fka Grantham, Mayo, Van Otterloo & Co., LLC)	Y	
Great Lakes Advisors, Inc.		Y
The Guardian Life Insurance Company of America		Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
The Hampshire Companies	Y	
Harbor Capital		Y
Hartford Funds	Y	
Hartford Investment Management Co.	Y	Y
Heightman Capital Management Corporation		Y
Henderson Global Investors	Y	Y
Hotchkis & Wiley	Y	
HSBC Global Asset Management	Y	
Income Research & Management	Y	
Insight Investment Management		Y
Institutional Capital LLC	Y	
INTECH Investment Management	Y	
Invesco	Y	Y
Investec Asset Management	Y	
Jacobs Levy Equity Management		Y
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.M. Hartwell	Y	
J.P. Morgan Asset Management	Y	Y
KeyCorp		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Legal & General Investment Management America	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
The London Company	Y	
Longview Partners	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
Los Angeles Capital Management	Y	
LSV Asset Management	Y	

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Manager Name	Educational Services	Consulting Services
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Man Investments	Y	
Manulife Asset Management	Y	
Martin Currie	Y	
Marvin & Palmer Associates, Inc.	Y	
MFS Investment Management	Y	Y
MidFirst Bank		Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
Morgan Stanley Investment Management	Y	Y
Mount Lucas Management LP	Y	
Mountain Lake Investment Management LLC		Y
MUFG Union Bank, N.A.		Y
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Newton Capital Management	Y	
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Nuveen Investments Institutional Services Group LLC	Y	
Old Mutual Asset Management	Y	Y
OppenheimerFunds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Paradigm Asset Management	Y	
Parametric Portfolio Associates	Y	
Peregrine Capital Management, Inc.	Y	Y
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)	Y	
Pinnacle Asset Management	Y	
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Polen Capital Management	Y	
Principal Financial Group		Y
Principal Global Investors	Y	Y
Private Advisors	Y	
Prudential Fixed Income Management	Y	
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y

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Manager Name	Educational Services	Consulting Services
Research Affiliates		Y
Regions Financial Corporation		Y
RCM		Y
Rothschild Asset Management, Inc.	Y	Y
RS Investments	Y	
Russell Investment Management	Y	
Sankaty Advisors, LLC	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scout Investments	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	Y	
Select Equity Group	Y	
Smith Affiliated Capital Corporation	Y	
Smith Graham and Company		Y
Smith Group Asset Management		Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.	Y	Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
UBS	Y	Y
USAA Real Estate Company	Y	
Van Eck	Y	
Victory Capital Management Inc.	Y	
Vontobel Asset Management	Y	
Voya Investment Management	Y	Y
Vulcan Value Partners, LLC		Y
Waddell & Reed Asset Management Group	Y	Y
WCM Investment Management	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y

INFORMATIONAL – NO BOARD ACTION REQUESTED

TO: State Investment Board
FROM: Dave Hunter
DATE: May 15, 2015
SUBJECT: Legislative Update – Cover Memo

1. **SB 2022** – The 64th Legislative Assembly adjourned without approving SB 2022 which contained the biennial appropriation for RIO and PERS. RIO notes that the Government Operations Sub-committee of the House Appropriations Committee adopted multiple amendments to this bill. One of the PERS related amendments included a provision to add legislators to the PERS board (in addition to several amendments relating to a new health insurance agreement). Given that three PERS board members serve on the SIB, the proposal to add legislators to the PERS Board could result in one legislator being added to the SIB. RIO did not receive any materially adverse or negative feedback from the House or Senate relating to RIO's budget request or any other RIO related areas. In contrast, the House Appropriations Committee reinstated RIO's original \$50,000 budget request for additional staff compensation after RIO provided supporting testimony.

Current Actions: RIO and PERS respectfully requested the Attorney General provide an opinion on whether and to what extent these agencies are authorized to make expenditures during the next biennium. **RIO believes the Attorney General will likely issue this opinion prior to the biennium.** Depending on the outcome of that opinion, *RIO may request the SIB to approve an Emergency Commission application for additional funding so as to allow RIO to continue operating under normal conditions until further notice.*

2. **HB 1033 – Relating to definitions for the legacy fund principal balance, and a transfer of legacy fund earnings.** – Lt. Governor Wrigley, Treasurer Schmidt and Dave Hunter provided testimony about the legal conflict raised with the language of the proposed bill amendment which would require that at least 10% of the legacy fund to be placed “with one or more financial institutions chartered in and located in this state...” and made without regard to the prudent investor rule. This conflicted language was removed from the proposed bill amendment prior to it being vetoed by the Governor.

Prior Actions: RIO's CIO and Deputy CIO along with Paul Erendson from Callan Associates met with 10 North Dakota based investment professionals on April 13, 2015. The meeting was arranged by Rick Clayburgh, President and CEO of the North Dakota Bankers Association (“NDBA”), in order to improve our mutual understanding of the investment services offered by our local investment firms, while reviewing the investment manager search process and screening criteria utilized by the SIB, RIO and Callan.

Current Actions: In subsequent meetings with NDBA representatives, SIB's Due Diligence Questionnaire was provided to North Dakota based investment firms to allow them to provide background about their firm history, experience, size and performance. This nine-page questionnaire is generally completed by all SIB investment managers annually. This information should serve to develop a better understanding of our North Dakota based investment firm qualifications, experience and areas of particular strength.



ND Retirement and Investment Office

*Teachers' Fund for Retirement
State Investment Board*

1930 Burnt Boat Drive
P.O. Box 7100
Bismarck, ND 58507-7100
Telephone 701-328-9885
Toll Free 800-952-2970
Fax 701-328-9897
www.nd.gov/rio

May 4, 2015

Attorney General Wayne Stenehjem
State Capitol
600 E. Boulevard Ave.
Dept. 125
Bismarck, ND 58505

As you are undoubtedly aware the Sixty-Fourth Legislative Assembly adjourned without approving Senate Bill 2022. This bill contained the biennial appropriation for both the North Dakota Public Employees Retirement System and the North Dakota Retirement and Investment Office including the North Dakota Teachers' Fund for Retirement. On behalf of these agencies, we respectfully request your opinion on whether and to what extent these agencies are authorized to make expenditures during the 2015-2017 biennium, for expenses that include but are not limited to member, dependent, and beneficiary benefits, consultant and vendor fees, investments and investment related costs, staff and manager salaries, board member pay and other operating expenses.

David Hunter
Executive Director / Chief Investment Officer
ND Retirement and Investment Office

Sparb Collins
Executive Director
ND Public Employees Retirement System

cc: Fay Kopp, NDRIO Deputy Executive Director, NDTFFR Chief Retirement Officer
Sharon Schiermeister, NDPERS Chief Operating Officer

**ND STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING**

Thursday, May 21, 2015 – 3:00 PM
State Capitol – Peace Garden Room
600 East Blvd Ave, Bismarck, ND 58505-0130

AGENDA

1. Call to Order and Approval of Agenda – Chair (committee action) (5 minutes)
2. Approval of February 26, 2015 Minutes – Chair (committee action) (5 minutes)
3. Presentation of July 1, 2014 to June 30, 2015 Fiscal Year Financial Audit Scope and Approach and Discussion on Final GASB 68 Schedule Audit Report – CliftonLarsonAllen (information) (45 minutes)
4. 2014 – 2015 Third Quarter Audit Report – Terra Miller Bowley (committee action) (10 minutes)
5. 2014 – 2015 Fourth Quarter Audit Activities Update – Terra Miller Bowley (information) (10 minutes)
6. Government Finance Officers Association Award – Terra Miller Bowley (information) (5 minutes)
7. 2015 – 2016 Audit Services Workplan, Budgeted Hours, and Employer Risk Assessment – Terra Miller Bowley (committee action) (45 minutes)
8. 2015 – 2016 Proposed SIB Audit Committee Meeting Dates – Terra Miller Bowley (committee action) (5 minutes)
9. Other – Next SIB Audit Committee Meeting

North Dakota State Capitol Building
September 25, 2015 at 1:00 PM
Fort Union Room
10. Adjournment

Any individual requiring an auxiliary aid or service should contact the Retirement and Investment Office at (701) 328-9885 at least (3) days prior to the scheduled meeting.

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
NOVEMBER 20, 2014, MEETING**

COMMITTEE MEMBERS PRESENT: Rebecca Dorwart, Chair
Mike Gessner, TFFR Board/Liaison to the SIB
Karol Riedman, Health Dept.
Mike Sandal, PERS Board
Cindy Ternes, Workforce Safety & Insurance

STAFF PRESENT: Connie Flanagan, Fiscal & Inv't Op Mgr
Bonnie Heit, Assistant to the Audit Committee
David Hunter, Executive Director/CIO
Fay Kopp, Deputy Executive Director/CRO
Terra Miller Bowley, Suprv Audit Services
Dottie Thorsen, Internal Auditor

GUESTS: Thomas Rey, CliftonLarsonAllen
Ron Tolstad, Auditor's Office

CALL TO ORDER:

Ms. Dorwart called the State Investment Board (SIB) Audit Committee meeting to order at 3:00 p.m., on Thursday, November 20, 2014, at Workforce Safety & Insurance, 1600 East Century Ave., Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. SANDAL AND CARRIED ON A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 20, 2014, MEETING AS DISTRIBUTED.

AYES: MR. SANDAL, MS. TERNES, MS. RIEDMAN, MR. GESSNER, AND MS. DORWART
NAYS: NONE
MOTION CARRIED

MINUTES:

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MR. SANDAL AND CARRIED ON A VOICE VOTE TO APPROVE THE OCTOBER 24, 2014, MINUTES AS AMENDED.

AYES: MR. GESSNER, MR. SANDAL, MS. TERNES, MS. RIEDMAN, AND MS. DORWART
NAYS: NONE
MOTION CARRIED

FINANCIAL AUDIT REPORT:

CliftonLarsonAllen representative, Mr. Thomas Rey, reviewed the results of the financial audit report of the Retirement and Investment Office for the fiscal year ending June 30, 2014. CliftonLarsonAllen has issued an unmodified, clean opinion that the financial statements are presented fairly, in all material respects, in conformity with US Generally Accepted Accounting Principals.

Mr. Rey also fielded questions from the Audit Committee and staff regarding implementation of GASB 67 and 68 statements as they relate to the school districts reporting to the Teachers' Fund for Retirement and on a national level.

The Audit Committee thanked the RIO team for all of their excellent work on the financial audit report to achieve the unmodified, clean opinion from CliftonLarsonAllen.

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. GESSNER AND CARRIED BY A VOICE VOTE TO ACCEPT THE FINANCIAL AUDIT REPORT FOR THE RETIREMENT AND INVESTMENT OFFICE FOR THE FISCAL YEAR ENDING JUNE 30, 2014.

AYES: MS. TERNES, MS. RIEDMAN, MR. SANDAL, MR. GESSNER, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

REQUEST FOR PROPOSAL:

The State Auditor's representative, Mr. Tolstad, reviewed the Request for Proposal (RFP) process the agency conducts when searching for an external auditing firm to conduct the financial audit of state entities. CliftonLarsonAllen has conducted the financial audit of the Retirement and Investment Office for the 2012, 2013, and 2014 fiscal years. Normally the contracts are issued for a three year period and an RFP is then issued. The State Auditor's Office has and will award the contract to a previous contract holder but prefers to limit awarding the contract to any one particular external auditing firm to six years.

The Audit Committee requested the evaluation/criteria and cost ratings be changed from 60/40 to 70/30 and applied as followings: Methodology 30 percent, Management Plan for the Audit 15 percent, Experience/Qualifications 25 percent, and cost 30 percent. Mr. Tolstad will review the request with his constituents and will let staff know.

The Audit Committee thanked Mr. Tolstad and the State Auditor's Office for all of their work and flexibility, while also adhering to State Procurement policies/procedures, in issuing the RFP on behalf of RIO. The Audit Committee also thanked Mr. Tolstad for his assistance in implementing the GASB 67/68 statements.

AUDIT ACTIVITIES REPORT:

Ms. Miller Bowley updated the Audit Committee on Internal Audit activities for the period of July 1, 2014 through September 30, 2014.

School District Compliance Audit Reports - As of September 30, 2014, three audits were completed, two were in progress, and one not in compliance follow-up review was in progress.

Two school district audits scheduled to be audited will be delayed due to the GASB 68 TFFR Employer Census Data Audit by CliftonLarsonAllen. The Internal Audit Division has also been assisting CliftonLarsonAllen with their Census Data Audit.

File Maintenance Audit Report - Ms. Thorsen stated the audit was completed and there were no exceptions noted. Ms. Thorsen reviewed the table reports for all staff members, reviewed the transactions of the table reports of the IT staff, reviewed a refund account, and reviewed six member action forms on the CPAS system.

Also provided to the Audit Committee was an Internal Audit Division's budgeted hours report for the period of July 1, 2014 - June 30, 2015.

The Audit Committee was also provided a School District Audit Process/Status Report for the period of July 1, 2014 - June 30, 2015. Ms. Miller Bowley stated six additional school district audit notifications were sent out.

Upcoming quarter internal activities will include completing the not in compliance review. Staff will also be focusing on school district audits and the Executive Limitations Audit.

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. SANDAL AND CARRIED BY A VOICE VOTE TO ACCEPT THE INTERNAL AUDIT ACTIVITIES REPORT FOR THE PERIOD OF JULY 1, 2014 THROUGH SEPTEMBER 30, 2014.

AYES: MR. GESSNER, MS. RIEDMAN, MR. SANDAL, MS. TERNES, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

EXECUTIVE LIMITATIONS ACTIVITIES:

Executive Limitations Review - Ms. Miller Bowley updated the Audit Committee on the preliminary review of the Executive Limitations Audit. The Audit Committee was provided the preliminary results of the audit. A review of the Executive Director's level of compliance with the SIB Governance Manual Executive Limitation's policies/procedures was conducted. A full review will be completed in January 2015. Based on the preliminary review, the Audit Division is satisfied that the Executive Director is in compliance with the Executive Limitations policies.

The Audit Committee thanked Ms. Miller Bowley for all of her work on the preliminary Executive Limitations Audit. The report was completed in a short amount of time and was very thorough and detailed. This report will be distributed to the SIB at their November 21, 2014, meeting

IT WAS MOVED BY MR. SANDAL AND SECONDED BY MR. GESSNER AND CARRIED BY A VOICE VOTE TO ACCEPT THE PRELIMINARY RESULTS OF THE EXECUTIVE LIMITATIONS AUDIT.

AYES: MR. SANDAL, MS. TERNES, MS. RIEDMAN, MR. GESSNER, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

OTHER:

The next Audit Committee meeting is scheduled for February 27, 2015, at 1:00 p.m. at Workforce Safety & Insurance, 1600 East Century Avenue, Bismarck ND.

ADJOURNMENT:

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 5:03 p.m.

Respectfully Submitted:


Ms. Rebecca Dorwart, Chair
SIB Audit Committee


Bonnie Heit
Assistant to the Audit Committee

AGENDA ITEM IV.C.

TO: State Investment Board

FROM: Dave Hunter, Executive Director/CIO

DATE: May 22, 2015

SUBJECT: SIB Governance Manual Review - **BOARD ACTION**

As directed by SIB Governance Manual Policy B-7 Section 4.C, the SIB conducted an annual review of the governance manual on September 26, 2014. Based on Board member discussion during this annual review, the Executive Director proposed a section by section review of the governance manual during the first half of 2015 which will culminate in a "Governance Day Offsite" scheduled for July 24, 2015. The Governance Day Offsite is intended to take the place of a regularly scheduled SIB meeting, but is expected to be expanded in length to allow for a deeper and more holistic discussion of overall Board governance policies.

January 2015	Governance Process – Accepted 2-27-2015
February	Executive Limitations – Accepted 3-27-2015
March	Board Staff Relationship – Accepted 4-24-2015
April	Ends – Board Acceptance
May	Investments – "First Reading" (Informational)
June	By-Laws and Century Code
July	Governance Day Offsite

RIO will conduct a "second reading" of the "Ends" section of the Governance Manual at this meeting and then request SIB acceptance, if required. RIO will then seek to review the "Investments" section of the Governance ("first reading") with the SIB.

NOTE: If the "**Investments**" section can be read in advance of our meeting, we may be able to reduce our combined review time.

Sections D. and E. of the SIB Governance Manual on "Ends" and "Investments" follow.

D. ENDS

	<u>PAGE</u>
Mission..... 1	D-1
Organizational Beneficiaries.....	D-2
Investment Services	D-3
Information on Available Services	D-4
Retirement Services	D-5
Information on Retirement Services	D-6
Customer Satisfaction	D-7

EXHIBITS

<i>Organizational Beneficiaries.....</i>	<i>D-I</i>
<i>Monitoring Summary</i>	<i>D-II</i>

The Retirement and Investment Office exists in order that:

- SIB clients receive investment returns, consistent with their written investment policies and market variables, in a cost effective manner and under the Prudent Investor Rule.
- Potential SIB clients have access to information regarding the investment services provided by the SIB .
- TFFR benefit recipients receive their retirement benefits in a cost effective and timely manner.
- TFFR members have access to information which will allow them to become knowledgeable about the issues and process of retirement.
- SIB clients and TFFR benefit recipients receive satisfactory services from the boards and staff of the office.

Policy Implemented: October 27, 1995.

Amended: January 27, 2012.

POLICY TYPE: ENDS

POLICY TITLE: ORGANIZATIONAL BENEFICIARIES

RIO beneficiaries (clients) are those which are statutorily defined and those which have contracted for services under statutory authority. Exhibit D-I lists the organizational beneficiaries.

Policy Implemented: October 27, 1995.

The Retirement and Investment Office exists in order that:

1. SIB clients receive investment returns, consistent with their written investment policies and market variables, in a cost-effective manner and under the Prudent Investor Rule.
 - A. This “End” will be evaluated based on the following:
 1. Comparison of client fund’s rate of return NET of fees and expenses, to that of the client’s policy benchmark over a minimum evaluation period of 5 years.
 2. Comparison of the client fund’s risk, measured by standard deviation of NET returns, to that of the client’s policy benchmark over a minimum evaluation period of 5 years.
 3. Comparison of the risk adjusted performance of the client fund, NET of fees and expenses, to that of the client’s policy benchmark over a minimum evaluation period of 5 years.

Policy Implemented: October 27, 1995.

Amended: November 22, 1996, January 27, 2012.

POLICY TYPE: ENDS

POLICY TITLE: INFORMATION ON AVAILABLE SERVICES

The Retirement and Investment Office exists in order that:

1. Potential SIB clients have access to information regarding the investment services provided by the SIB.

Policy Implemented: October 27, 1995.

POLICY TYPE: ENDS

POLICY TITLE: RETIREMENT SERVICES

The Retirement and Investment Office exists in order that:

1. TFFR benefit recipients receive their retirement benefits in a cost-effective and timely manner.
 - A. Retirement program performance quality will be measured against the *Ends* and retirement policies and administrative rules adopted by the Teachers' Fund for Retirement Board.

Policy Implemented: October 27, 1995.

POLICY TYPE: ENDS

POLICY TITLE: INFORMATION ON RETIREMENT SERVICES

The Retirement and Investment Office exists in order that:

1. TFFR members have access to information which will allow them to become knowledgeable about the issues and process of retirement.

Policy Implemented: October 27, 1995.

POLICY TYPE: ENDS

POLICY TITLE: CUSTOMER SATISFACTION

The Retirement and Investment Office exists in order that:

1. SIB clients and TFFR benefit recipients receive satisfactory services from the boards and staff of the office.
 - A. The quality of services will be assured by direct board contact and by surveying clients and beneficiaries at least annually and promptly addressing identified client/beneficiary concerns.

Policy Implemented: December 1, 1995.

ORGANIZATIONAL BENEFICIARIES

INVESTMENT CLIENTS:

Statutory:

1. Budget Stabilization Fund
2. Cultural Endowment Fund
3. Insurance Regulatory Trust Fund
4. Petroleum Tank Release Compensation Fund
5. Public Employees Retirement System Fund
6. Risk Management Fund
7. State Bonding Fund
8. State Fire and Tornado Fund
9. Teachers' Fund for Retirement
10. The Legacy Fund
11. Workforce Safety & Insurance Fund

Contractual:

1. City of Bismarck Deferred Sick Leave Fund
2. City of Bismarck Employees Retirement Fund
3. City of Bismarck Police Retirement Fund
4. City of Fargo Dome Permanent Fund
5. City of Grand Forks Park District Pension Fund
6. City of Grand Forks Pension Fund
7. ND Association of Counties Fund
8. ND Job Service Retirement Fund
9. Public Employees Retirement System Group Health Insurance Fund
10. Public Employees Retirement System Retiree Health Insurance Fund
11. State Board of Medical Examiners

ADMINISTRATIVE CLIENTS:

Statutory:

1. Teachers' Fund for Retirement Beneficiaries

Amended: April 30, 2014

EXHIBIT D-II

GOVERNANCE POLICY MONITORING SUMMARY				
POLICY	METHOD	RESPONSIBILITY	FREQUENCY	BOARD ACTION
ENDS				
Investment Services	External	Investment Consultant	Annual - FYE	N/A
	Internal	Investment Officer	Quarterly	Accept or Follow-Up
Retirement Services	External	Actuary	Annual - FYE	N/A
	Internal	Retirement Officer	Quarterly	Accept or Follow-Up
EXECUTIVE DIRECTOR LIMITATIONS				
Executive Constraint	Internal	Executive Director	Annual - CYE	Accept or Follow-Up
	Internal	Audit Supervisor	Quarterly	Accept or Follow-Up
Staff Relations	Internal	Executive Director	Quarterly	Accept or Follow-Up
	Internal (External)	Audit Supervisor (SIB)	Annual - CYE	Accept or Follow-Up
Public Relations	Internal	Executive Director	Annual - CYE	Accept or Follow-Up
	Internal	Audit Supervisor	Annual - CYE	Accept or Follow-Up
Budgeting	Direct	Board Review	Biennial	Accept or Follow-Up
	External	Governor (State Auditor)	Annual - FYE	N/A
	Internal	Executive Director	Quarterly	Accept or Follow-Up
Financial Condition	External	External Auditor	Annual - FYE	Accept or Follow-Up
	Internal	Executive Director	Quarterly	Accept or Follow-Up
Board Communication	Direct Board Participation	State Investment Board	Annual - CYE	Accept or Follow-Up
Asset Protection	External	External Auditor	Annual - FYE	N/A
	Internal	Executive Director	Annual - CYE	Accept or Follow-Up
Compensation and Benefits	Internal	Executive Director	Annual - CYE	Accept or Follow-Up
	Internal	Audit Supervisor	Annual - CYE	Accept or Follow-Up
Conflict of Interest	Internal	Executive Director	Annual - CYE	Accept or Follow-Up
	Internal	Audit Supervisor	Annual - CYE	Accept or Follow-Up
Code of Conduct	Internal	Executive Director	Annual - CYE	Accept or Follow-Up
	Internal	Audit Supervisor	Annual - CYE	Accept or Follow-Up
Unrelated Business Interests	Internal	Executive Director	Annual - CYE	Accept or Follow-Up
	Internal	Audit Supervisor	Annual - CYE	Accept or Follow-Up

Audit Supervisor = Report to State Investment Board Audit Committee with a Summary Report to the SIB
 FYE = Fiscal Year End CYE = Calendar Year End N/A = Not Applicable *Amended September 26, 2014*

E. INVESTMENTS

	<u>PAGE</u>
Fiduciary Duties	E-1
Investment Process.....	E-2
Key Program Entities and Responsibilities	E-3
Investment Policy Dev. - Trust Funds	E-4
Investment Policy Dev. - Investment Pools.....	E-5
Monitoring.....	E-6
Proxy Voting	E-7
Implementation - Investment Mgr. Selection	E-8
Implementation - Portfolio Rebalancing	E-9
Evaluation	E-10
Performance Related Investment Manager Review	E-11
Bank of North Dakota Match Loan Program	E-12
Accepting New Clients	E-13
 <i>EXHIBITS</i>	
<i>Listing of Trust Funds</i>	<i>E-I</i>

POLICY TYPE: INVESTMENTS

POLICY TITLE: FIDUCIARY DUTIES

By virtue of the responsibilities assigned to the SIB by North Dakota Century Code Chapter 21-10, the members of the SIB are fiduciaries for twelve statutory funds. Through contractual obligations, fiduciary responsibility extends to eleven additional funds.

A fiduciary is a person who has discretionary authority or management responsibility for assets held in trust to which another has beneficial title or interest. The fiduciary is responsible for knowing the "prudent requirements" for the investment of trust assets. Remedial actions may be assessed against fiduciaries for violations of fiduciary duty.

North Dakota state law provides broad fiduciary guidelines for the SIB members. NDCC 21-10-07 specifies that "the state investment board shall apply the prudent investor rule in investing for funds under its supervision. The "prudent investor rule" means that in making investments, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income."

Procedural prudence is a term that has evolved to describe the appropriate activities of a person (or persons) who act in a fiduciary role. Court decisions to date indicate that procedural prudence is more important in assessing fiduciary activities than actual portfolio performance. A fiduciary cannot be faulted for making the "wrong" decision provided that proper due diligence was performed.

The key to successfully discharging the SIB's fiduciary duties is the establishment of and adherence to proper due diligence procedures. While not bound by ERISA (Employee Retirement and Income Security Act of 1974), the SIB will use the procedural prudence outlined by ERISA as guidance in developing its procedures:

1. An investment policy must be established for each fund and must be in writing.
2. Plan assets must be diversified, unless under the circumstances it would be prudent not to do so.
3. Investment decisions must be made with the skill and care of a prudent expert.
4. Investment performance must be monitored.
5. Investment expenses must be controlled.
6. Prohibited transactions must be avoided.

Policy Implemented: September 20, 1995.

Amended: May 30, 1997; January 22, 1999; February 27, 2009

POLICY TYPE: INVESTMENTS

POLICY TITLE: INVESTMENT PROCESS

The SIB believes that an investment program must be built and managed like any good business, with a clear statement of mission, overall objectives, roles and responsibilities, and policies and guidelines. Major issues to be faced by the SIB will revolve around:

Asset allocation targets:

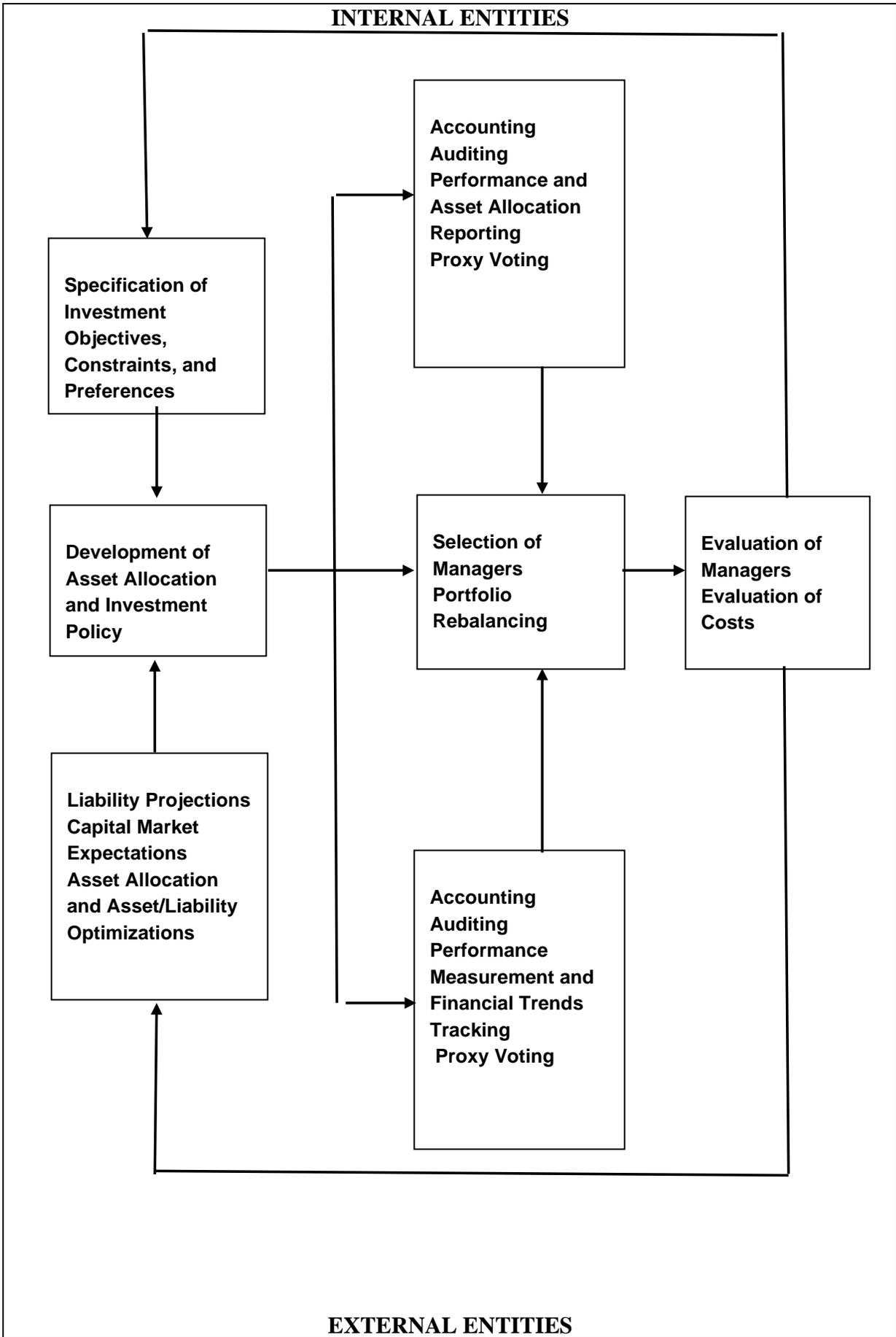
- Setting appropriate benchmarks.
- Finding the right managers.
- Monitoring the program.
- Searching for appropriate new opportunities.

To ensure rigorous attention to all aspects of the investment program, the SIB follows an established investment process. This process, described by the diagram on the following page, involves three phases:

- Investment policy development/modification.
- Implementation/monitoring.
- Evaluation.

The first column of boxes describes the policy development phase, the middle column implementation/monitoring, and the last box on right evaluation. Activities associated with internal entities are shown along the top. Those associated with external entities are shown along the bottom. The middle shows activities that internal and external entities work on together.

Policy Implemented: September 20, 1995.



POLICY TYPE: INVESTMENTS

POLICY TITLE: KEY PROGRAM ENTITIES AND RESPONSIBILITIES

The key responsibilities of the entities involved in the investment program are:

Fund Governing Bodies

1. Establish policy on investment goals and objectives.
2. Establish asset allocation.
3. Hire actuary when required.

SIB

1. Invest funds entrusted by statute and contracted entities.
2. Set policies on appropriate investments and investment practices for entrusted funds.
3. Approve asset allocation and investment policies of participating trust funds.
4. Report the investment performance of the funds to each fund's governing authority.
5. Hire and terminate money managers, custodians, and consultants.

Investment Officer and RIO Staff

1. Implement investment policies approved by the SIB.
2. Provide research and administrative support for SIB projects.
3. Recommend investment regulations appropriate for governing the investment of entrusted funds.
4. Assist fund governing bodies in developing asset allocation and investment policies.
5. Evaluate money manager adherence to investment objectives.
6. Provide performance reports to the SIB and boards of participating funds.
7. Recommend hiring or terminating money managers, custodians, consultants, and other outside services needed to effectively manage the investment funds.
8. Develop and maintain appropriate accounting policies and systems for the funds entrusted to the SIB.

POLICY TYPE: INVESTMENTS

POLICY TITLE: KEY PROGRAM ENTITIES AND RESPONSIBILITIES

Investment Consultant

1. Measure money manager performance and monitor adherence to investment goals, objectives, and policies.
2. Conduct annual evaluation of program policies and results, and assist in development of annual work plan.
3. Assist in implementation of annual work plan.
4. Conduct asset allocation or asset/liability studies.
5. Conduct requested money manager searches.
6. Assist in development of investment policies and manager structure and rebalancing guidelines.
7. Extension of staff for special projects.

Actuary

1. Assist fund governing bodies in developing benefit and funding policies.
2. Measure actuarial soundness of plan.
3. Perform experience studies as requested by plan sponsor.
4. Provide liability projections as needed.
5. Conduct annual evaluation of program policies and results, and assist in development of annual work plan.
6. Assist in implementation of annual work plan.

Auditor

1. Measure, validate, and offer an opinion on agency financial statements and management.
2. Assist in developing appropriate accounting policies and procedures.
3. Bring technical competence, sound business judgment, integrity, and objectivity to the financial reporting process.

POLICY TYPE: INVESTMENTS

POLICY TITLE: KEY PROGRAM ENTITIES AND RESPONSIBILITIES

Master Custodian

1. Provide safekeeping of all securities purchased by managers on behalf of the SIB.
2. Provide global custody services.
3. Collect interest, dividend, and principal payments in a timely manner.
4. Provide for timely settlement of securities.
5. Price all securities and post transactions daily.
6. Maintain short-term investment vehicles for investment of cash not invested by SIB managers. Sweep all manager accounts daily to ensure all available cash is invested.
7. Provide monthly, quarterly, and annual accounting reports for posting to RIO's general ledger.
8. May manage a securities lending program to enhance income.
9. Provide electronic access to accounting reports.
10. Provide other services that assist with the monitoring of managers and investments.

Portfolio Managers

1. Manage portfolios as assigned by the SIB.
2. Provide liquidity, as required, in a timely and cost-efficient manner.
3. Vote proxies.
4. Provide educational assistance to board.

Policy Implemented: September 20, 1995.

Amended: February 27, 2009

POLICY TYPE: INVESTMENTS

POLICY TITLE: INVESTMENT POLICY DEVELOPMENT – TRUST FUNDS

All funds under SIB management must have a written investment policy. Investment policy forms the cornerstone of the management of any investment program. A sound investment policy ensures that fund assets are managed in a disciplined process, based on long-term fundamental investment principles.

For the larger, more complex trust funds, consultants are used to assist in policy and asset allocation development. Their specialized skills are needed to model and analyze the many variables that go into determining a proper asset allocation.

Policy development starts with the specification of investment objectives, constraints, and preferences. Fund trustees must address a number of factors:

- What is the fund's objective(s)?
- What is the board's tolerance for risk or threshold for under-performance?
- What are the fund's liquidity needs and cash flow characteristics?
- What are the board's asset class preferences and constraints?
- What is the actuarial earnings assumption?
- What are the legal or political considerations?
- What is the investment time horizon?

Since the ultimate objective of fund investments is to provide for the payment of future capital needs, claims, or other monetary requirements, it is essential that the investment policy be developed within the context of fund liabilities or spending policy. The development of investment policy, therefore, is always unique to the circumstances of each fund.

Complex actuarial models are used to quantify the liabilities of the pension plans and Workforce Safety and Insurance. Internal entities develop cash flow forecasts for the smaller funds based on past claims or anticipated expenditures.

Asset allocation optimizations are used to quantify the range of future investment outcomes. Investment consultants contribute needed expertise on capital market expectations and in identifying the risks associated with a particular asset allocation.

For some funds, the risk/return tradeoffs of alternative portfolios are not well represented by expected returns and standard deviation. More important are the expected results for required sponsor and participant contributions and funded ratios over time. Asset/liability modeling is the tool that allows the governing boards to examine and assess the tradeoffs leading to an appropriate investment policy.

The results of the optimizations are a description of the range of financial results that might realistically be expected to occur. These results provide the basis for determining an asset allocation.

POLICY TYPE: INVESTMENTS

POLICY TITLE: INVESTMENT POLICY DEVELOPMENT – TRUST FUNDS

In accordance with NDCC 21-10-02.1, RIO staff works with each fund's governing authority, and consultants as needed, to develop an investment policy, which includes an appropriate asset allocation, for each of the statutory funds. Contracted entities are responsible for their own policy development.

Each policy, as a minimum, will include the following information:

1. Fund characteristics and constraints.
 - a. An explanation as to the purpose of the portfolio and its legal structure.
 - b. Size of portfolio and the likelihood and amount of future contributions and disbursements
 - c. Participant demographics when applicable.
 - d. Fiscal health of fund.
 - e. Constraints.
 - f. Unique circumstances.
2. Responsibilities of SIB.
3. Investment objectives.
4. Standards of investment performance.
5. Asset allocation policy and guidelines.
6. Evaluation and review.

Policy Implemented: September 20, 1995.

Amended: February 27, 2009

POLICY TYPE: INVESTMENTS

POLICY TITLE: INVESTMENT POLICY DEVELOPMENT – INVESTMENT POOLS

The SIB does no in-house investment of funds. All investment activity is delegated to outside money managers. Within each asset class there are numerous manager styles (i.e. market sector specializations) that may be employed by the SIB to affect exposure to the various asset classes.

SIB investment pool policy statements will define the following for each asset class:

1. Strategic objectives.
2. Performance objectives.
 - a. Appropriate capital market benchmarks.
 - b. Excess return targets, after payment of investment management fees.
 - c. Peer-group ranking.
 - d. Risk characteristics.
 - e. Termination factors.
3. Portfolio constraints.
 - a. Quality of securities/portfolio (security – BAA/portfolio – AA).
 - b. Quality held (maximum in company/industry/economic sector).
 - c. Other specific restrictions if applicable (ADRs, 144A securities, prohibited transactions, etc.).
4. Investment structure.
 - a. Percent of assets per manager cycle.
 - b. Ranges for rebalancing.
5. Control Procedures
 - a. Duties and responsibilities of the SIB
 - b. Duties and responsibilities of money managers.
 - c. Reporting requirements.

Policy Implemented: September 20, 1995.

Amended: February 27, 2009

The SIB will ensure that appropriate monitoring mechanisms are in place at all times. The three basic mechanisms are:

- Accounting
- Auditing
- Performance Measurement

The primary objective of these functions is to provide useful information to decision makers (fiduciaries and legislators). These monitoring functions are needed to keep track of assets and manager activity and to control the asset mix. Different aspects of these activities will be conducted internally by RIO staff and externally by the master custodian, auditors, and investment consultants.

Accounting

The master custodian will provide RIO staff with such accounting detail and at such frequency as the staff deems necessary to fulfill the SIB's reporting requirements.

From this information, RIO accounting staff will generate monthly and annual financial statements for each of the trust funds managed by the SIB.

RIO management is responsible to ensure the proper valuation of all assets. Formal valuation policies must be developed and implemented utilizing industry best practices and GAAP accounting requirements.

Compliance

RIO management is responsible for developing and implementing compliance procedures utilizing industry best practices. A summary of compliance procedures and results will be presented to the SIB annually.

Auditing

The North Dakota State Auditor is responsible for the external audit of RIO. They may assign this responsibility to an outside firm which they select by way of the RFP process. The SIB Audit Committee may make recommendations to the State Auditor concerning the selection, evaluation, and termination of this firm. This firm conducts an extensive financial and management audit for each fiscal year. The audited financial statements are filed with the Legislative Audit and Fiscal Review Committee.

RIO has a dedicated internal audit function that reports to the SIB Audit Committee. The internal audit function encompasses both the investment and retirement divisions of RIO. The SIB Audit Committee has oversight responsibilities as outlined in the SIB Audit Committee charter.

Performance Measurement and Reporting

The third element of monitoring entails measuring the performance of the individual investment managers and the total fund performance of each of the funds under the SIB. The SIB will retain reputable investment consultants or performance measurement services to provide comprehensive quarterly performance measurement information. This information will include data on the capital markets, other plan sponsors, and other investment managers. Performance results for SIB accounts will be calculated from data provided by the master custodian and compared to relevant capital market benchmarks, other public funds, manager peer groups, and investment goals specified in the asset class investment policy. Time periods covered by the report may vary but generally will include the most recent quarter, last 12 months, last three years, five years, and longer time periods (as data is available).

POLICY TYPE: INVESTMENTS

POLICY TITLE: MONITORING

RIO staff will use appropriate sources to compile monthly performance reports for each of the funds under the SIB that show recent performance and asset mix.

Policy Implemented: September 20, 1995.

Amended: February 27, 2009, February 25, 2011.

STATEMENT OF POLICY

It shall be the policy of the State Investment Board (SIB) to vote all proxies appurtenant to shares held in the various plans administered by the Board, and to vote said shares in a manner that best serves the system's interests. Specifically, all shares are to be voted with the interest of preserving or enhancing share value. The Board endorses the Department of Labor opinion that proxies have economic power which shareholders are obligated to exercise to improve corporate performance. The Board further recognized that proxy issues are frequently complex, requiring expert guidance; accordingly, it has adopted procedures that employ such experts.

The objectives of these policies are as follows:

1. Exercise the value empowered in proxies.
2. Maintain or improve share value for the exclusive benefit of the participants.
3. Achieve changes for the common good whenever these do not conflict with the exclusive benefit objective.

PROCEDURES

DISTINCTION OF RESPONSIBILITIES

Master Custodian

The system's master custodian shall be responsible for timely receipt and distribution of proxy ballots to the appropriate investment management institutions.

Managers

The managers shall be responsible for promptly voting all proxies pursuant to the Board's policies, and in keeping with the managers' best judgments.

Staff

Staff, in concert with the master custodian and the managers, shall be responsible for monitoring the receipt and voting of all proxies.

Board

The Board shall administer and enforce its policies. This administration and enforcement requires reporting from responsible persons, as discussed in the following.

REPORTING

Master Custodian

The master custodian shall report quarterly in writing on all pertinent proxy issues, including (1) receipt of proxy material; (2) nature of issues; (3) due date; (4) names of managers and dates forwarded; and (5) deficiency reports covering proxies that should have been received but were not.

Managers

Managers shall report quarterly in writing on how proxies have been voted, with explanations given whenever the Board's guidelines have not been followed.

Staff

Internal audit staff shall report annually on the efficiency of the process, the portion of total proxies that have actually been voted, and compliance with Board directives.

GUIDELINES

The Board believes that good corporate investment decisions require good corporate governance, and that social responsibilities cannot be ignored in these decision processes. Accordingly, the practice of faithfully voting with management will *not* be tolerated, nor will the "Wall Street Rule" which advocates the sale of shares if there is disagreement with management.

In keeping with the Board's philosophy, the managers are encouraged to vote *for* proposals that *increase* or enhance the following, and against those that decrease or diminish the same:

- Health of the population
- Environmental conditions
- Management and Board accountability
- Abolition of management entrenchment
- Control of executive compensation
- Shareholder rights and ownership
- Fair labor practices

Guidelines may be altered periodically by the Board as situations warrant.

Policy Implemented: September 20, 1995.

Amended: February 27, 2009

POLICY TYPE: INVESTMENTS

POLICY TITLE: IMPLEMENTATION – INVESTMENT MANAGER SELECTION

The SIB hires investment managers with the intention of maintaining long-standing relationships. Care is taken to select managers for defined roles based on their strengths in designated areas. The hiring process is done in accordance with all applicable state and federal laws.

Some manager selections are conducted by the consultant while others may be directed by the staff in coordination with the SIB. Ultimately, the selection process is often a team effort involving the investment consultants, SIB members, and RIO staff. A consultant may be invaluable in this activity due to the large volume of data that needs to be collected, verified, and summarized. Also, their ongoing dialogue with money management firms provides useful qualitative input.

The investment management business has rapidly evolved since the 1990's. It is recognized that many viable firms have been formed as the result of spin-offs or start-ups and may not have a traditional long-term investment performance history in accordance with the following guidelines. There has also been a tremendous increase in the types of strategies available to institutional investors resulting in the need for flexibility in the establishment of investment criteria. Subject to the case-by-case acceptance of deviation by the SIB members, money managers must meet the following minimum selection criteria for inclusion in a manager search:

- Must be a registered investment adviser, bank, insurance company, or investment company (mutual fund). Should provide ADV Part II (registered investment adviser) prospectus (investment company) or comparable information (bank or insurance company).
- Provide at least five years of actual quarterly performance data that is time weighted a representative composite of accounts, and meets Global Investment Performance Standards (GIPS).
- Provide information that illustrates the key investment personnel have been together for at least five years and the capabilities of the firm can handle the current level of investment activity.
- Able to articulate the firm's investment strategies and philosophy in a manner understandable by the Board, and provide a statement that the strategy has been followed for at least five years.
- Disclose any pending or past litigation or censure.
- Be willing to acknowledge their fiduciary status in writing (mutual funds are exempted from this requirement).

The following steps will be followed in the selection process, subject to modification relative to investment strategy and manager search circumstances:

- Develop a profile of the type of manager needed. This is based on the investment goals and asset allocations. Included in the profile are such things as:

Quantitative characteristics, such as GIPS-compliant composite return data, risk-adjusted rates of return and relevant portfolio characteristics.

POLICY TYPE: INVESTMENTS

POLICY TITLE: IMPLEMENTATION – INVESTMENT MANAGER SELECTION

Qualitative characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision making process, and risk controls.

Organizational factors, such as type and size of firm, ownership structure, client servicing capabilities, ability to obtain and retain clients, and fees.

- The Investment Officer will give a written report to the SIB on the due diligence process conducted by the Investment Officer, RIO staff, and the SIB in the manager selection process. This report will include selection steps followed and process steps excluded.
- Consultant and/or staff use the profile to screen their data base for managers that meet SIB criteria.
- Consultant and/or staff reduce the group to the top candidates and prepare a summary report. The report will contain pertinent data on each of the candidates.
- When appropriate, on-site visits may be made by staff and board members to the candidates' home offices. Visits by board members to potential manager sites must have board approval.
- When appropriate the Investment Officer will conduct fact-finding pre-interviews. SIB trustees and RIO staff will receive notice of these pre-interviews.

Interviews are conducted with each of the finalists in Bismarck. All are required to bring the potential portfolio manager to the interview. Particular attention is paid to gaining an understanding of the investment process and determining the manager's compatibility with the SIB's guidelines and objectives.

The Investment Officer will schedule manager interviews with the SIB. Following these interviews, the Investment Officer, with the advice of RIO staff and consultants, will make recommendations to the SIB on manager selection.

- The SIB will select the investment manager by majority vote.
- Manager(s) selected by the SIB are notified immediately by RIO staff. Unsuccessful candidates are notified by consultant.
- Investment management contracts are reviewed and finalized, sent to the Attorney General for approval, and executed.
- Accounts are set up at the master custodian and on the internal general ledger.
- Consultant is notified when to begin the measurement of the investment performance of the manager(s).

Policy Implemented: September 20, 1995

Amended: February 27, 2009

POLICY TYPE: INVESTMENTS

POLICY TITLE: IMPLEMENTATION – PORTFOLIO REBALANCING

Portfolio Rebalancing

The need to rebalance the portfolio can arise due to a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs due to rebalancing, RIO works with the investment consultants to determine appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All of the funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month. At the end of each quarter, all portfolios deviating from the target beyond the acceptable limits are rebalanced to target.

Policy Implemented: September 20, 1995.

POLICY TYPE: INVESTMENTS

POLICY TITLE: EVALUATION

The SIB will follow an annual evaluation cycle for the investment program to ensure systematic review of investment policies and performance results and the development and implementation of corrective action plans. Evaluation of the program seeks to answer such questions as:

- Are all investment goals being met?
- What has worked and what has not?
- Have changes occurred in the capital markets, plan design, or board philosophy to warrant changes in investment policy?
- Are money managers meeting our expectations?
- Is continued confidence in the money managers warranted?
- Are accounting practices sound and fair to participating funds?
- Is service delivered in the most cost-effective manner?

The SIB's consultants play a key role in helping to answer some of these questions. The external auditor's report provides insight on accounting practices and cost effectiveness.

Evaluation of Money Managers

Achievement of the SIB's performance goals hinges on the success of the investment strategies and money managers it employs. Evaluation of each money manager must consider the following:

- Has the manager achieved the SIB's performance objectives?
- Has the firm adhered to the investment philosophy for which it was hired?
- Have there been any organizational or personnel changes that may negatively affect future performance?
- Are areas of concern being adequately addressed?
- Can the manager perform well in the future, regardless of whether extraordinary events, long-term performance, and/or short-term performance argue for termination?

These criteria are assessed by quantitative and qualitative means:

- Analyses provided by the investment consultant.
- Annual meetings with each manager in Bismarck to discuss performance, investment philosophy, organizational changes, economic outlook, and areas of concern.

Longer periods of time are better than shorter time periods when assessing a manager's performance. Ideally, performance should be assessed over a market cycle. Market cycles have varying lengths but have historically averaged 5-7 years. The SIB will use a minimum five-year period to evaluate manager performance against long-term performance standards. Long-term performance standards will be a market index that the manager has previously agreed to be measured against.

Shorter-term performance standards will also be established for each money manager. These standards will incorporate a minimum three-year measurement period and measure the manager against a previously agreed-upon peer group or style market index.

Long-term performance standards, short-term performance standards, extraordinary events, and termination factors will be incorporated in the written asset class investment policies.

Evaluation of Program Costs

Costs will be broken out by internal administration, investment consultants, master custodian, and external manager fees. Reports will detail this information by investment pool, managers, and by fund.

These costs will be compared to other funds on an annual basis. The most reliable source of comparison currently available is the cost survey prepared by the Canadian consulting firm Cost Effectiveness Measurement, Inc. The information contained in this survey is not available anywhere else. Staff is encouraged to identify other cost-comparison sources.

Policy Implemented: September 20, 1995.

POLICY TYPE: INVESTMENTS

POLICY TITLE: PERFORMANCE RELATED INVESTMENT MANAGER REVIEW

The North Dakota State Investment Board (SIB) recognizes the inherent importance of assessing an investment manager because of performance. Thus, the following process of evaluation includes quantitative *and* qualitative input. This procedure is structured to assist the SIB in recognizing potentially distressed investment managers, initiating a formal review process, and providing guidelines for termination if necessary. Note: The “Manager Review” terminology or concept is not meant to cause the manager to make substantive changes in investment philosophy, style, or strategies. Rather, it is intended to define a period of close scrutiny of the manager’s activities, circumstances, and investment results.

Factors which may result in a Manager Review:

Significant changes in organizational structure

Significant changes in investment philosophy

Significant deviation in portfolio management from stated philosophy (style drift)

Substandard investment performance

Diminished confidence in manager

Manager Review Procedures:

Information is submitted to, or generated by, the Board which initiates consideration of a Manager Review.

If warranted, the Board takes action to initiate a Manager Review.

Based on the situation and with input from the Investment Director, the SIB suggests appropriate action to facilitate the Review. Action may include telephone conferencing, local or on-site visits with manager, investigation by consultants, appearance of manager before a select committee of the SIB, or appearance of the manager before the SIB. Investment Director initiates investigation of situation based on direction from SIB.

The Investment Director report’s findings to SIB at a subsequent meeting.

After considering findings of the Manager Review, SIB may:

- Remove manager from Review status
- Suggest additional action to facilitate Manager Review
- Relieve manager of duties

POLICY TYPE: INVESTMENTS

POLICY TITLE: PERFORMANCE RELATED INVESTMENT MANAGER REVIEW

In the case where continued investigation is warranted, the Investment Director will report new information and/or recommendations to the SIB as appropriate. It will be considered the responsibility of the Investment Director to maintain awareness and consideration of the Review until the situation is resolved.

It is important to recognize that situations occasionally arise of such a serious nature that a Manager Review process must be immediately initiated. In such cases, the Investment Director is granted the authority to place an investment manager under Review, including the freezing of assets if necessary, and report on such action at the next meeting of the State Investment Board.

In every case, the Investment Director is responsible for documenting the Manager Review process including recognition of:

- Reason of Manager Review
- Action taken to investigate the situation
- Report on results of investigation
- Report on resultant action taken by SIB
- Notification of investigation and conclusions to manager and consultants

A complete record of Manager Review activities and history shall be maintained at the ND Retirement and Investment Office.

Policy Implemented: June 27, 1997.

POLICY TYPE: INVESTMENTS

POLICY TITLE: BANK OF NORTH DAKOTA MATCH LOAN PROGRAM

The SIB has a commitment to the Bank of North Dakota Match Loan Program. The purpose of the program is to encourage and attract financially strong companies to North Dakota. The program is targeted to manufacturing, processing and value-added industries.

The SIB provides capital to the program by purchasing Certificates of Deposit (CD's) from the Bank of North Dakota. The CD's are guaranteed by the state, typically have seven to fifteen year maturities and pay interest pegged to US Treasury notes.

The source of funding for CD's shall be determined by the Investment Director; that funding to be from the most appropriate source consistent with liquidity and relative yield and return objectives and constraints.

Policy Implemented: April 24, 1998.

Amended: February 27, 2009

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

EXHIBIT E-1

State Investment Board (SIB) Members 2014-2015:

Position	Incumbent	Designation	Term Expiration
Lt. Governor	Drew Wrigley	Ex officio	Open
State Treasurer	Kelly Schmidt	Ex officio	Open
State Insurance Commissioner	Adam Hamm	Ex officio	Open
Commissioner University & School Lands	Lance Gaebe	Appointed	N/A
Executive Director Workforce Safety & Insurance	Bryan Klipfel	Appointed	N/A
Trustee, TFFR	Mel Olson	Appointed by TFFR Board	6/30/18
Trustee, TFFR	Michael Gessner	Appointed by TFFR Board	6/30/16
Trustee, TFFR	Rob Lech	Appointed by TFFR Board	6/30/15
Trustee, PERS	Mike Sandal	Appointed by PERS Board	6/30/17
Trustee, PERS	Tom Trenbeath	Appointed by PERS Board	6/30/15
Trustee, PERS	Yvonne Smith	Appointed by PERS Board	6/30/19

Retirement and Investment Office (RIO) Staff:

Position	Incumbent	Education
Executive Director/ Chief Investment Officer	David Hunter	BS, Accounting, Northern Illinois University MBA, Finance, University of Chicago
Deputy Chief Investment Officer	Darren Schulz	BBA, Finance, Georgia State University, CFA
Fiscal and Investment Operations Mgr	Connie Flanagan	BS, Accounting, University of Mary

External

Function	Firm	Date Hired
Investment Consultant	Callan Associates Inc.	4/84
Actuary (TFFR)	Segal	7/11
Auditor	CliftonLarsonAllen	4/12
Master/Global Custodian	The Northern Trust Company	12/83

NDSIB Watch List

PIMCO data as of 3/31/15

PIMCO Disco II (Ins.)		\$77,717,384	
	Returns	Index ¹	Excess
1 Year	5.03	5.72	(0.69)
2 Year	7.64	2.77	4.87
Inception*	17.56	3.07	14.49

*Funded 10/07/2011

PIMCO Disco II (Pen.)		\$86,448,363	
	Returns	Index ¹	Excess
1 Year	5.03	5.72	(0.69)
2 Year	7.64	2.77	4.86
Inception*	17.77	3.07	14.70

*Funded 10/07/2011

PIMCO Bravo II (Ins.)		\$28,787,322	
	Returns	Index ¹	Excess
1 Year	14.43	5.72	8.71
Inception*	17.98	4.95	13.03

*Funded 10/01/2013 (6th Close)

PIMCO Bravo II (Pen.)		\$28,787,322	
	Returns	Index ²	Excess
1 Year	14.43	2.00	12.43
Inception	17.98	5.78	12.20

*Funded 10/01/2013 (6th Close)

PIMCO MBS (Pen.)		\$180,379,226	
	Returns	Index ⁴	Excess
1 Year	5.00	5.53	(0.53)
2 Year	2.22	2.83	(0.61)
Inception*	2.33	2.54	(0.21)

*Funded 3/31/2012

PIMCO Unconstrained (Pen.)		\$94,572,586	
	Returns	Index ³	Excess
1 Year	1.66	0.23	1.43
2 Year	(0.06)	0.25	(0.31)
Inception*	2.57	0.29	2.28

*Funded 3/12/2012

TIR data as of 3/31/2015

TIR Teredo		\$60,082,211	
	Returns	Index ⁵	Excess
1 Year	20.97	10.65	10.32
3 Year	7.34	9.80	(2.46)
5 Year	7.81	6.20	1.61
Inception*	11.09	7.18	3.91

*Funded 06/12/2001

UBS data as of 3/31/2015

UBS		\$100,778,318	
	Returns	Index ⁷	Excess
1 Year	(10.22)	(10.08)	(0.14)
3 Year	(3.05)	(2.68)	(0.37)
5 Year	0.21	0.76	(0.54)
Inception*	4.20	4.34	(0.14)

*Funded 07/01/1989

TIR Eastern Timber		\$60,496,590	
	Returns	Index ⁶	Excess
1 Year	10.22	(0.93)	11.15
3 Year	5.45	1.23	4.22
5 Year	2.95	4.24	(1.29)
Inception*	4.16	3.97	0.19

*Funded 10/14/2008

- ¹ Barclays Aggregate Index
 - ² Barclays High Yield 2% Index
 - ³ Libor 3-Month
 - ⁴ Barclays Mortgage Index
 - ⁵ NCREIF Timberland Index
 - ⁶ Barclays Global Inflation Linked
 - ⁷ Barclays Global Agg. Ex US
- Note: All returns are net of fees.*

TIR Springbank		\$116,601,499	
	Returns	Index ⁵	Excess
1 Year	(2.43)	10.65	(13.08)
3 Year	(1.42)	9.80	(11.22)
5 Year	(2.58)	6.20	(8.78)
Inception*	6.85	8.67	(1.82)

*Funded 09/20/2004



BOARD LEADERSHIP

INNOVATIVE APPROACHES TO GOVERNANCE

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Strategic Foresight: A New Obligation for Boards of Directors

by Ruben Nelson

Is your organization in the best possible position to move into the future? Here's some important advice from Ruben Nelson, Executive Director of Foresight Canada.

Introduction

"Start with the end in mind."

"It is the board's obligation to stipulate the Ends of the organization."

THESE TWO ADMONITIONS are thoroughly familiar to those who know the world of board governance.

Within the Policy Governance® system framework:

- It is clear that boards should keep out of operational areas, except to ensure that the execution of the organization's operations honor the limits or standards set by the board.
- It is almost as clear that all management functions, including strategic planning, are the

responsibility of the CEO. Again, the only caveat is the board's obligation to ensure that the limits and standards it has set for the CEO are honored. I say almost because a typical strategic planning exercise undertaken by a CEO will include a statement, or restatement, of the "Ends" the organization is to achieve.

So, for Policy Governance boards, and, indeed, boards using any governance system, where does the strategic foresight fit in? Who is responsible for this still-emerging and not yet widely practiced work? Few organizations in any sector have a well-developed foresight capacity. Sadly, lack of role clarity means that it is common for both boards and CEOs to assume that the responsibility for strategic foresight rests solely with the CEO and that boards have no obligation to engage with it.

In this short piece, I shall challenge this presumption.

As we begin, be warned: danger lurks. There are two main reasons care must be taken. First, little has been written on this topic. Since it

(continued on page 2)

EVENTS

JUNE 18–20, 2015

12th International Policy Governance Association Conference and 3rd International Young Governance Professionals' Summit

— Pinnacle Vancouver Harbourside Hotel, Vancouver, Canada

Preconference sessions include a full-day Policy Governance Orientation. Two full days of other workshops on wide-ranging governance system topics. Keynote speaker, Craig Freshley, author of *The Wisdom of Group Decisions*.

For more information see www.policygovernanceassociation.org.

SEPTEMBER 11–12, 2015

An Introductory Training in Policy Governance

— Atlanta Marriott Buckhead Hotel (formerly the Buckhead Hotel), Atlanta, Georgia, USA.

Policy Governance is an integrated set of concepts and principles that describes the job of any governing board. It outlines the manner in which boards can be successful in their servant-leadership role, as well as in their

(continued on page 7)

ALSO IN THIS ISSUE

DEALING WITH SELF-INTEREST AMONG NON-EXECUTIVE DIRECTORS 4

FOOD FOR THOUGHT 4

WHEN WE SAY 5

Strategic Foresight

(continued from front page)

is fresh ground for almost all of us, reliable trails through this territory are not yet well marked. Second, the field of strategic foresight is still so new and nuanced that it lacks widespread clarity. Should you wish to look, it will be easy to find both foresight professionals and actual practices that are at odds with what is written here.

This is no reason to give up. New and important work is often murky to begin with. I shall deal briefly with four questions:

1. What is foresight?
2. What is strategic foresight?
3. How does strategic foresight relate to the work of management and operations?
4. What, then, is a board's obligation to engage in strategic foresight?

1. What Is Foresight?

In the most general and common sense, foresight is the human capacity to *anticipate* and *act in the present* in order to meet one's needs in the future. For example, one learns to take one's keys from the hook by the door, before heading out to the car. One learns to ask the neighbor's daughter to feed and play with the cats before going on vacation. Interestingly, scientists are learning that a capacity to anticipate and respond to the future in the present appears to be built into all living systems, at least to some degree. For us as persons, we simply cannot get through a day without exercising foresight. The big question behind the phenomenon of climate change is a foresight question: "Can enough of us learn to anticipate, understand, and act toward climate disruption while its signals are still faint and its worst effects far off in the future?" Note

that the *fore* in *foresight* is a time reference. With foresight, one acts *in the present* to meet one's needs that will arise in the future *before* the future has arrived. In this sense, foresight is not really about the future. Rather, it is about action in the present for the sake of something valued today that will still be valued in the future.

2. What Is Strategic Foresight?

Because foresight, in the most general sense, is both common and endless, and because our attention spans are so limited, we need a way to sort through all possible occasions in which foresight is required. This

In the most general and common sense, foresight is the human capacity to *anticipate* and *act in the present* in order to meet one's needs in the future.

allows us to limit our focus on those matters on which our future hangs. If we do not attenuate the vast variety of daily foresight, we shall soon be lost. This is where the concept of *strategic* comes into the picture.

You are no doubt aware that *strategic* is used somewhat loosely in our societies. To begin with it is often confused with *strategy*—a quite different concept. Mostly, it is used as an inflationary word—a word meant to denote the extra importance of that which is designated. So strategic policy is said to be more important than mere policy, and strategic services are seen to be of greater value than ordinary services. But what does it mean other than "more important than usual"?

Because common usage is so loose and because of the lack of agreement in the foresight field itself, at Foresight Canada we stipulate the meaning of the key terms we use. By *strategic* we mean those few things that can or have influenced or altered the fundamental character and trajectory through history of a species at any scale or of a physical asset or the environment of a species.

The range of things that can be strategic includes images, insights, ideas, commitments, events, actions, achievements, external forces, inherited conditions, or emerging conditions. We also acknowledge that what is strategic for one person may not be strategic for another. While changing jobs or getting married are strategic actions for some, they are not for others. This fact points to the importance of the inner life as persons when strategic matters are being considered. External forces can change our circumstances. Inner forces are required to change ourselves and human cultures.

So for Foresight Canada, strategic foresight is the capacity to pay close enough attention to one's inherited and changing context to willingly adapt ourselves in order to influence, if not determine, our own trajectory through history. The alternative to being a future maker, is to be a future taker. Put more formally, strategic foresight is the personal, group, and societal capacities and culture that enable us to see the need for and make and live by those few strategic commitments in the present that are wise and context sensitive enough to enable us to survive context change and co-create a more deeply desirable future for ourselves and all those for whom we care.

In short, in the strategic foresight game, two things hold. First, *context is king*—our future hangs on our capacity to reliably read and courageously respond to our inherited and emerging contexts. Second, a *vision of the future* is the critical output of strategic foresight—a vision of the

best future for all of us that we now commit to co-creating, given all that we have been, are, and can become and the conditions we now have to work with.

3. How Does Strategic Foresight Relate to the Work of Management and Operations?

It is useful to remind ourselves just what it is that management does for operations. Put simply, good management provides a coherent context within which operations can take place. So it is with strategic foresight, which provides a coherent context within which both management and operations can take place. The image of three concentric circles may help: operations in the center, management as the middle circle, and strategic foresight as the outer circle. Each wider circle provides a coherent context for the circle(s) it circumscribes (see Figure 1).

Persons and units within each of these circles have their own specific (a) material to work with, (b) responsibilities for the results of the work

undertaken, and (c) overriding criteria for success.

Operations

Operations deals with physical materials, including persons as physical beings. Operators are responsible for producing measurable outputs (hard results), especially but not limited to profits. Operations are evaluated by their efficiency: the ratio of outputs delivered compared to the resources required.

The bias of our Modern world is reductionist. Physical matter with its obvious attributes is taken to be more real than the not-so-obvious things; e.g., thoughts, insights, emotions, images. So our talk of *innovation* and *productivity* is all about increasing *efficiency*. I have written elsewhere¹ about the fact that until WWII all organizations were one-level organizations and that there has been a slow emergence of two-level and now three-level organizations. In and before the early twentieth century, organizational leaders, including their boards, were focused wholly on operations. Then CEOs were their senior administrators, not senior

managers. Leadership and governance focused almost wholly on operations.

Management

Management as we know it today now rules the roost. Just check the paystubs—an operational measure—of senior managers against senior operators/administrators. Management was not invented until the 1950s. What are now business schools were then schools of business administration. To this day their degree is an MBA, not an MBM, because of this history.

Managers do not work, at least in a physical sense. Rather, they are paid to think about the organization, focus, and results of physical work. Their forte is in the nonphysical areas of corporate strategy, goal setting and the formulation of management policies and other strategies, and resource allocation. Management is measured by effectiveness: has the organization reached the goals set for it? Good managers and their boards know that to be efficient and ineffective is to fail.

Most organizations today are *two-level organizations*. They function at both levels of operations and management. The reason management was teased out of operations is that it slowly dawned on us that a whole set of questions needed to be asked and answered explicitly and afresh. What long-term goals should be pursued, guided by what policies, measured against what milestones (objectives), and using what resources?

Strategic foresight

Strategic foresight is now emerging for reasons analogous to the emergence of management six decades ago—a good part of the wider context that had been assumed to be given and stable is now seen to be changing and going out of focus. The main difference is this: while management looks primarily within the organization and its industry (its transactional environment), strategic foresight looks primarily beyond the organization and its transactional environment to the wider

(continued on page 8)

Figure 1: The Nested Requirements of Good Governance of Whole Systems



Dealing with Self-Interest Among Non-Executive Directors

by David Gibbs

No director should operate from self-interest whether executive or non-executive. Here, David Gibbs, Lecturer in Company and Commercial Law at the University of Hertfordshire School of Law in the United Kingdom, uses the issue of non-executive directors holding multiple positions simultaneously to open our eyes to the legal and other complexities involved.

THE LITERATURE ON director self-interest in the corporate sector is predominantly focused on how the risk of executive management self-interest can be reduced. Seldom is the focus on the non-executive, who is theoretically and practically required to take on an increasing role on a corporate board to improve governance. Without sufficient understanding of the controls on their self-interest, the increased involvement may not have the desired outcome. The research described in this article examines the legal controls and governance incentives on non-executive self-interest to determine if they are suitable in aligning the interests of the non-executives with the company.

To conduct this study, multiple directorships were used as a proxy for self-interest. An assumption was made that if non-executives were properly deterred and incentivized,

appointing more non-executives could benefit the company. Conversely, it was assumed that failure to have sufficient controls could mean that more non-executives would simply represent more people reaping the rewards of such positions for their own benefit at the company's expense (sometimes referred to as "perquisite consumption").

To analyze this, a review of the legal controls and enforcement of them was conducted. The analysis looked at the non-executive's fiduciary duty of loyalty to the company as well as potential enforcement of that duty through the statutory derivative claim in the UK Companies Act 2006, Part 11. The analysis then continued on to a theoretical and quantitative empirical analysis on governance controls. The former analyses covered key governance theories: agency, stewardship, and resource dependence theory. The latter identified possible governance controls, such as remuneration, and measured them against the amount of multiple appointments held in a company by non-executives with the aim of identifying whether there are any suitable governance controls (such as remuneration or equity payments) that could reduce the risk of non-executive self-interest. It was also hoped that evidence would be found on whether multiple appointments are a form of self-interest.

Legal Controls

When an individual takes responsibility for another's interests, that responsibility requires the supervision of equity¹ unless specifically circumscribed by contract.² The company has a separate legal personality from its members and controllers, but that personality is defective, as it does not have the capability to act without those controllers. The board of directors are the controllers, and they are taking responsibility for the interests of the company. Legal controls are known as "fiduciary" controls and, as fiduciaries, directors must be loyal to the interests of the company. Loyalty is an onerous duty, as it requires the suspension of self-interest.

The judiciary has doubted whether the duty of loyalty would deter board members from pursuing their own self-interest through the taking of multiple roles. The example in *Cambridge v Makin* (2011, EWHC 12) highlighted that non-executives are not necessarily prevented from taking up competing roles. However, the fact remains that non-executives are fiduciaries and must remove self-interest from the performance of their function. In short, where the competing role conflicts with the duty of loyalty owed to the company, it will be a breach of fiduciary duty.

The legal concept of equity, or fairness, allows for fiduciaries to defend themselves against accusations of conflict of interest, on the grounds that fulfilling their fiduciary duty requires them to hold competing roles. An example of this would be estate agents. While not tested by the courts, it is doubted such a defense would be available to non-executives, as they do not need to hold multiple roles to fulfill their responsibility. However, it is clear that, in any case, fiduciary duty is breached only if any competing role conflicts with the duty of loyalty owed to the company. The issue, then, is when a competing role conflicts with the duty.

FOOD FOR THOUGHT

"Too little liberty brings stagnation and too much brings chaos."

Bertrand Russell, *Authority and the Individual*, Allen and Unwin, London (1949), p. 37.

The use of words such as *competing* in discussing conflict of interest are in fact a problem in company law because they beg questions about what the interests of the company are. To explain, a company is capable of doing anything that is not illegal. Therefore, some analyses have determined that a director is a "general fiduciary" with "unlimited" fiduciary capacity.³ This would mean that directors' duty of loyalty could not be said to be limited to any particular interest since a company's constitution is open to any business. Others have argued that the duty of loyalty should be circumscribed by determining whether the personal interest can be said to be competing with the interests of the company⁴ or falls within the company's scope of business.^{5,6} All these tests would require an analysis of what the interests of the company are to identify a breach of duty, but the question remains: if you have a fiduciary role because of a duty of loyalty, what are those interests you must be loyal to?

However, the question of which interests of the company require loyalty can be resolved by remembering three key orthodox fiduciary principles:

1. That the duty of loyalty is "strict" (which in legal terms means that persons can be held legally responsible for the damage and loss caused by its breach without any requirement to prove fault, negligence, or intention);
2. That a breach is based on a conflict between duty and interest; and
3. The onus is on the fiduciary to show there was no conflict.

It is the second principle that gives most guidance. The duty of loyalty itself is designed to reduce the risk that self-interest may result in an individual not performing their responsibility to the best of their ability so as to take the interest personally. Yet where there is no responsibility, there

can be no duty. Requiring someone to be loyal where they have not taken responsibility would be unfair. Therefore, it is possible for a non-executive to take on a competing role against the company's interests provided those interests were not something the non-executive took responsibility for.

However, there are two things a non-executive should keep in mind. The first is that the duty is flexible. It will attach itself to any responsibility. Therefore, if a non-executive uses his or her access to unilaterally take responsibility for the interests of one of the two competing companies, the duty will attach itself to that responsibility.⁷ Second, it is the non-executive's task to assess what his responsibility is to the company to determine when he can and cannot act with self-interest in multiple roles. Given the widely varying degree of responsibility any non-executive may have, this would be a personal task. However, in some cases the role of the non-executive has expanded from supervision to increased involvement in strategy. The fiduciary duty will follow that increased responsibility, and non-executives should monitor their responsibility regularly to avoid any unwanted conflicts.

Enforcement

From the literature review conducted as part of my research, it can be concluded that current legal controls are suitable for controlling non-executive self-interest since any self-interest in the performance of their functions is regulated by the duty of loyalty. However, effective law needs effective enforcement to ensure proper governance. As Zhang showed,⁸ while companies may remove the board (in the United Kingdom by a 50 percent shareholder resolution under the Companies Act 2006, Section 168), if enforcement is not effective, it can result in bad governance. And the fact is that private enforcement of

WHEN WE SAY ...

BOARD LEADERSHIP'S mission is "to discover, explain and discuss innovative approaches to board governance with the goal of helping organizations achieve effective, meaningful, and successful leadership to fulfill their missions."

Board Leadership aims to fulfill this mission by engaging its readers in a lively and illuminating inquiry into how board governance can be made more effective. This inquiry is based on three key assumptions:

- Boards exist to lead organizations; not merely monitor them.
- Effective board governance is not about either systems, structures, processes, theories, practices, culture, or behaviors—it is about all of them.
- Significant improvements are likely to come only through challenging the status quo and trying out new ideas in theory and in practice.

Uniquely among regular publications on board governance, *Board Leadership* primarily focuses on the job of board leadership as a whole, rather than on individual elements of practice within the overall job.

Over time, *Board Leadership* will provide a repository of different approaches to governance created through its regular "One Way to Govern" feature.

Here's what a few of the key terms we use mean to us:

- **Innovative:** Creating significant positive change.
- **Approaches to:** principles, theories, ideas, methodologies, and practices.
- **Board governance:** The job of governing whole organizations. □

duties against directors is rare, and seldom is that enforcement against non-executives. The new statutory derivative claim, under the Companies Act 2006, Part 11, was designed, according to the Law Commission, to allow more meritorious claims to proceed and not be hindered by the legal technicalities that blighted the common law claim.

This new claim allows a shareholder to enforce a right of action vested in the company in respect of a breach of duty by a director. The evidence to date shows that while claims are more likely to be successful, it is still unlikely that a claim could be brought against a non-executive based on the criteria used by the courts in applying the procedure and its discretion under the new claim. So far, 33 percent of claims brought have been successful. A deeper analysis of these cases shows that the success is largely based on strong legal merits to the claim, which may be difficult in proving a claim against non-executives, and the failure of the defendant to produce a reason to dismiss the claim, again unlikely for a non-executive. For example, in *Stainer v Lee*, on the evidence available there has clearly been fraud, and in *Kiani v Cooper*, the defendant failed to produce any evidence to refute the claims. However, other cases have shown that weak legal claims and other reasons to dismiss mean a case will not be successful. A case brought against a non-executive may struggle to satisfy the court that there is no good reason to dismiss since it will most likely question why the majority controllers of the company have not chosen to enforce the duty. However, given that the claim is not blighted by technicalities and is a matter of discretion, it is at least possible that a claim could be brought against a non-executive.

Governance Theories

In my research, three governance theories were selected to identify how a non-executive might be incentivized

when choosing to take, and acting in, multiple roles.

Agency and stewardship theory both see the individual as “a utility maximizer”—someone who considers actions, computes their consequences, and then rates their usefulness and ensures requisite implementation in a way that maximizes the individual’s own utility. However, agency theory sees the individual’s utility in monetary terms, whereas a steward’s utility is focused more on trust and bonding with a concept such as the company. Alternatively, resource dependence theory is not concerned with utility maximization but with the ability of the individual to do the job. For those

The evidence produced from the empirical study suggests that regulation may be the only option left to suitably control self-interest since disclosure is already at 100 percent in the United Kingdom.

operating under resource dependence theory, it could be considered that an individual with more appointments will do a better job as they have more value in the managerial labor market. Therefore, whether a non-executive takes additional appointments for the company’s or personal interests depends on the individual’s utility and ability.

Existing research that tries to identify suitable theories for good governance such as whether board composition should emphasize independent directors or directors with relevant specialisms, often fails to find

any consistent results. Approaching governance based on agency theory may be of little use where directors do not have the experience, and a resource dependence approach may be no good where directors playing managerial roles are not properly incentivized. I would also like to highlight the danger of governance converging into a tick-box exercise that complies with the UK Corporate Governance Code. Evidence from Grant Thornton’s *2013 Corporate Governance Review*⁹ shows an increasing adoption of the Code, which is predominantly based on agency theory. This should be a concern since governance should be about the removing the risk of self-interest and not about creating the appearance of its removal.

Empirical Evidence

From the governance analysis and looking at the theories, hypotheses were formed to determine possible controls on non-executive self-interest and offer evidence as to whether more non-executives could merely mean more people reaping the rewards of such positions for their own benefit at the company’s expense. An initial analysis of 30 FTSE 100 companies was then conducted at the company level over a five-year period (2006–2010).

Descriptive statistics have shown a reduction in the range of the maximum and minimum amount of additional appointments held by non-executives in this period, suggesting that non-executives are holding fewer multiple appointments. At the same time, fees paid to non-executives on average had increased by £100,000. A correlation and multiple regression analysis was conducted to predict multiple appointments. Among the hypotheses formed, it was predicted that where remuneration was higher, non-executives would hold more appointments, whereas they would hold less where equity (ownership stake) was higher. It was also predicted that where a company had more agency problems (in the

form of board meetings held, board meetings missed, CEO-chair duality, independent director-to-executive ratio, executive equity ownership, board size, ratio of long-term incentives to fixed remuneration, executive multiple appointments, remuneration committee meetings), there would be fewer additional appointments.

For remuneration and equity, a positive and negative relationship was found for each, respectively, as predicted. It suggests that higher remuneration may result in more appointments being taken and thus the possibility of more people reaping the rewards of such positions for their own benefit at the company's expense, while equity may serve as a check on additional appointments. However, this must be qualified with the finding of a positive relationship between equity and agency problems in the correlation matrix. Therefore, equity may not be useful in reducing self-interest. This finding is further supported in the regression analysis when conducting a time-series analysis over the five years. Between 2006 and 2008 equity had a bigger influence (27 percent) on reducing multiple appointments than remuneration (16 percent) did on increasing them. However, after 2008 that influence of equity was

reduced to only 9 percent, whereas the influence of remuneration was at 11 percent.

Analyzing agency problems also highlighted the current inadequacies in governance controls on deterring self-interest. The evidence from the research showed that the more agency problems any company had, the more multiple appointments were taken. Thus, this research disproved the hypothesis and offered more evidence to suggest that additional appointments, if unchecked, are a form of perquisite consumption. Therefore, the evidence produced from the empirical study suggests that regulation may be the only option left to suitably control self-interest since disclosure is already at 100 percent in the United Kingdom. □

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Notes

1. P. Finn, *Fiduciary Obligations* (Sydney, Australia: Law Book Company, 1977).
2. *Kelly v Cooper* (1993), AC 205.
3. *Re Allied Business & Financial Consultants* (2011), EWCA Civ 751.
4. *JD Wetherspoons v Van de Berg & Co* (2009), EWHC 639.
5. S. Worthington, "Fiduciary Duties and Proprietary Remedies." *Cambridge Law Journal* (2013): 720.
6. D. Kershaw, "Does It Matter How the Law Thinks about Corporate Opportunities?" *Legal Studies* 25, no. 4 (2005): 533.
7. *Bolkiha v KPMG* (1999), 2 AC 222.
8. Z. Zhang, "Legal Deterrence: The Foundation of Corporate Governance—Evidence from China." *Corporate Governance: An International Review* 15, no. 5 (2007): 741.
9. <http://www.grant-thornton.co.uk/Publications/2013/FTSE-350-Corporate-Governance-Review-2013/>

Events

(continued from front page)

all-important relationship with management. Unlike most solutions to the challenge of board leadership, its approach to the design of the governance role is neither structural nor piecemeal, but is comprehensively theory based. There are no royalties or license fees for use of the model; it is free to all. Service mark protection is intended only to preserve the complete accuracy of the model. No prior knowledge of the Policy Governance model is required. Conducted by Miriam Carver.

For more information: <http://www.carvergovernance.com/train.htm>

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Strategic Foresight

(continued from page 3)

contexts in which the organization lives. The primary concern of strategic foresight is to understand these changing contexts well enough and fast enough to ensure that the organization can be repositioned continuously in order to ensure its ongoing relevance to the emerging context. To reposition as a person, organization, or whole culture is to influence, if not determine, one's ongoing character and trajectory in history. Three-level leaders and governors understand that to be both effective and efficient while losing relevance is to fail. Ongoing relevance within a changing context trumps all else.

Relevance

Relevance, then, is the standard by which strategic foresight is measured. Today, few organizations—less than .1 percent—have a developed capacity for strategic foresight. Fewer function as truly three-level organizations. Most boards and CEOs still function as if a two-level organization can cope with three-level change.

Our confidence that three-level organizations are slowly emerging and will continue to emerge is grounded in the fact that it is now dawning on us that ours is a rare time in history. It is a time during which inherited patterns of consciousness, culture, and civilization can no longer make reliable sense of the present, much less the future. A new imagination of who we are and where we are in history is required.

4. What, Then, Is a Board's Obligation to Engage in Strategic Foresight?

The logic is simple:

- A board has an obligation to articulate the Ends to be achieved by the organization—Ends that are relevant to the emerging future.
- The stipulation of Ends that are relevant to the emerging future presupposes that a board has a reliable reading and

understanding of the emerging contexts in which the organization may find itself in the future.

- A board has an obligation to develop a reliable understanding of the emerging contexts in which the organization may well find itself in the future.

The logic is valid. If the first two statements are true, the third statement is also true.

There is not space in this short article to say much more than this.

- Boards concerned about the future relevance of their organization in a profoundly changing world must commit to undertaking strategic foresight at a high professional level.
- The core work of making reliable sense of the present and the future, and of articulating and owning the vision of the future to which the organization is committed to serve throughout its life, must be undertaken by the board. This work must not be farmed out to either the CEO or consultants.
- The board chair and board members must be persons who understand, value, and can contribute to the new work of strategic foresight.
- This is not to say that the CEO should be excluded from the new work of strategic foresight. To the contrary, in our view, CEOs and those executive staff who directly report to them must all be involved by the board in the new work of strategic foresight. It is crucial that the CEO understands and basically agrees with the board's reading of its emerging context and its strategic implications for the organization. However, the board's strategic commitments—commitments that flow from serious strategic foresight work at a board level—must finally be made and owned by the board of its own volition. In addition, of course, CEOs will need to engage in strategic foresight

in order to assess the implications of a changing context for their areas of responsibility, which in turn implies that the executive staff who report to the CEO must also develop the new competencies involved in understanding, valuing, and contributing to strategic foresight. However, it must never be forgotten that such work must occur within the wider context established by the board. □

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Notes

1. Ruben Nelson, "Extending Foresight: The Nature of and Case for Foresight 2.0." *Futures* 42, no. 4 (May 2010): 282–294.

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