Callan

September 30, 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
September 30, 2015

Executive Summary

Active Management Overview 2

Capital Market Review 3

NDSIB - Consolidated

Insurance Trust

Actual vs Target Asset Allocation 25

Quarterly Total Fund Attribution 26

Cumulative Total Fund Attribution 27

Cumulative Performance 31

Historical Asset Allocation 32

Asset Class Risk and Return 33

Total Fund Ranking 34

Asset Class Rankings 35

Investment Manager Asset Allocation 36

Investment Manager Returns 37

NDSIB - Workforce Safety & Insurance

Actual vs Target Asset Allocation 41

Quarterly Total Fund Attribution 42

Cumulative Total Fund Attribution 43

Cumulative Performance 47

Historical Asset Allocation 48

Asset Class Rankings 49

Asset Class Allocation 50

Asset Class Returns 51

NDSIB - Budget Stabilization Fund

Actual vs Target Asset Allocation 53

Quarterly Total Fund Attribution 54

Cumulative Total Fund Attribution 55

Cumulative Performance 59

Historical Asset Allocation 60

Asset Class Allocation 61

Asset Class Returns 62

Table of Contents
September 30, 2015

Manager Evaluation

Domestic Equity

Parametric Clifton Large Cap 64
L.A. Capital Large Cap Growth 65
L.A. Capital Enhanced 66
LSV Large Cap Value 67
Parametric Clifton Small Cap 68
Research Affiliates 69

International Equity

Capital Group 71
DFA International Small Cap Value 72
LSV Intl Value 73
Vanguard Intl Explorer Fund 74

Domestic Fixed Income

Declaration Total Return 76
PIMCO DiSCO II 77
PIMCO Bravo II 78
Prudential 79
SSgA US Government Credit Bond Index 80
Wells Capital 81
Western Asset Management Company 82

Diversified Real Assets

Western Asset Management TIPS 84
Eastern Timber Opportunities 85
JP Morgan Infrastructure 86
Grosvenor Cust. Infrastructure 87

Real Estate

Invesco Core Real Estate 89
JP Morgan 90

Short Term Fixed Income

JP Morgan Short Term Bonds - Budget Stabilization Fund 92
Babson Short Term Bonds - Budget Stabilization Fund 93

Callan Research/Education 94

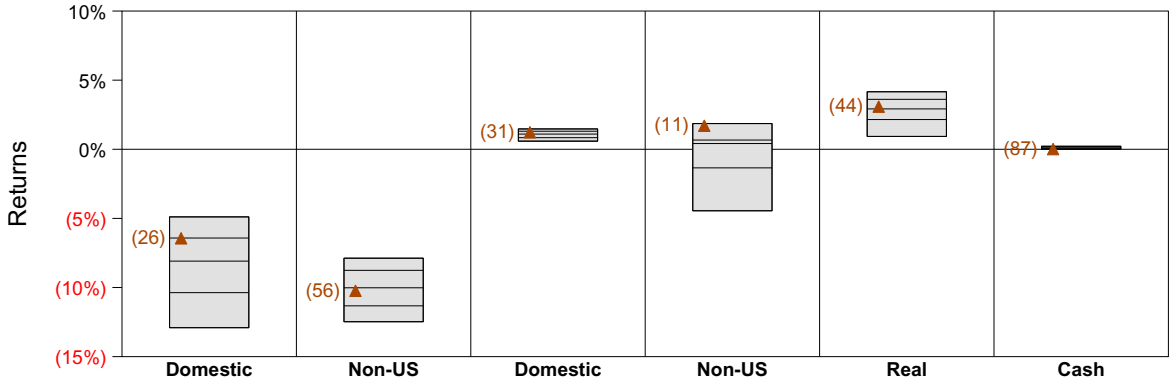
Disclosures 97

Market Overview
Active Management vs Index Returns

Market Overview

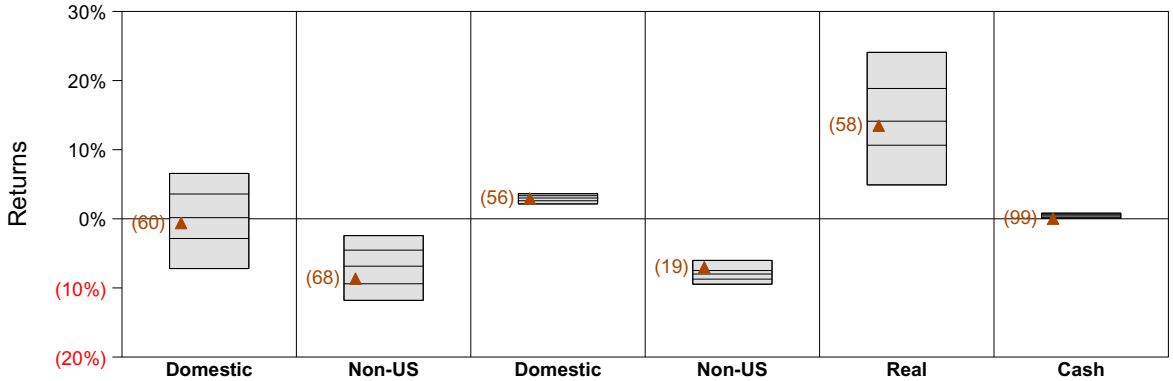
The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also 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 September 30, 2015



	Domestic Equity vs S&P 500	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Barclays Aggr Bd	Non-US Fixed Income vs Citi Non-US Gov	Real Estate vs NCREIF Index	Cash Equivalents vs 3 Mon T-Bills
10th Percentile	(4.89)	(7.88)	1.47	1.86	4.16	0.22
25th Percentile	(6.42)	(8.76)	1.30	0.67	3.61	0.16
Median	(8.09)	(10.02)	1.10	0.41	2.92	0.09
75th Percentile	(10.37)	(11.32)	0.84	(1.35)	2.15	0.04
90th Percentile	(12.91)	(12.47)	0.59	(4.45)	0.93	0.01
Index ▲	(6.44)	(10.23)	1.23	1.71	3.09	0.01

Range of Separate Account Manager Returns by Asset Class
One Year Ended September 30, 2015



	Domestic Equity vs S&P 500	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Barclays Aggr Bd	Non-US Fixed Income vs Citi Non-US Gov	Real Estate vs NCREIF Index	Cash Equivalents vs 3 Mon T-Bills
10th Percentile	6.56	(2.43)	3.63	(6.02)	24.08	0.81
25th Percentile	3.59	(4.53)	3.34	(7.48)	18.86	0.65
Median	0.16	(6.86)	3.00	(7.99)	14.12	0.43
75th Percentile	(2.85)	(9.40)	2.61	(8.73)	10.64	0.24
90th Percentile	(7.20)	(11.80)	2.15	(9.46)	4.91	0.10
Index ▲	(0.61)	(8.66)	2.94	(7.01)	13.48	0.02

Callan

Capital Market Review

Third Quarter 2015

Made in China

ECONOMY

2 PAGE

The global economic recovery lost momentum in the third quarter, shaken by the potential for crisis in China. The Fed backed away from raising interest rates in September, citing uncertainty in the capital markets and softening economic data.

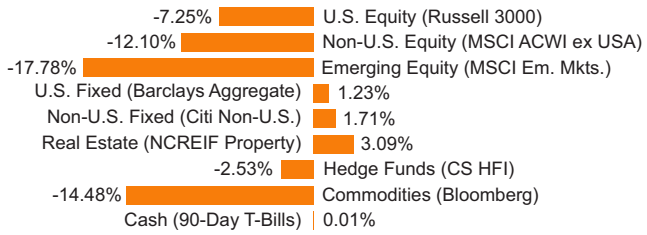
The Home Port is Safest in a Storm

FUND SPONSOR

4 PAGE

Superior U.S. equity returns and a strong dollar have been the drivers of domestic dominance. Yet all fund types lagged, with differences partially explained by asset allocations: fixed income bolstered corporates, while poor alternative and hedge fund performance hurt E&Fs.

Broad Market Quarterly Returns



Sources: Barclays, Bloomberg, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group

Nosedive

U.S. EQUITY

6 PAGE

The first negative quarter for U.S. equities since 2012 had a seemingly solid start, but took a nosedive in the second half. All capitalizations declined—the divergence between small and large cap was meaningful (**Russell 2000**: -11.92% and **Russell 1000**: -6.83%).

Stumbling Dragon

NON-U.S. EQUITY

9 PAGE

Concerns over China's growth and falling commodity prices hammered non-U.S. equity returns into negative territory. The developed world (**MSCI World ex USA**: -10.57%) may have outperformed emerging markets (**MSCI Emerging Markets**: -17.78%), but still lost ground.

Longer to Liftoff

U.S. FIXED INCOME

12 PAGE

The U.S. bond market reversed course with interest rates falling and Treasuries rising. Spread sectors generally underperformed as spreads widened. The yield curve flattened. The **Barclays Aggregate** gained 1.23%, but the **Barclays Corporate High Yield** slid 4.86%.

Red Scare

NON-U.S. FIXED INCOME

15 PAGE

Global bond markets had mixed results in the third quarter. The developed market-focused **Citi Non-U.S. WGBI Index** finished at +1.71%. Emerging market sovereigns were plagued by risk aversion and negative currency effects (**JPM EMBI Global Diversified:** -1.71%).

M&A, Here to Stay?

REAL ESTATE

17 PAGE

The **NCREIF Property Index** advanced 3.09%, recording a 1.22% income return and a 1.87% appreciation return. The **FTSE EPRA/NAREIT Developed REIT Index** (USD) declined 1.42%; domestic REITs increased (**FTSE NAREIT Equity REITs:** 2.00%).

Public Volatility, Private Slowdown

PRIVATE EQUITY

19 PAGE

Public market volatility dampened private equity activity. Fundraising, new investment, and IPOs fell for both buyout and venture. The number of buyout transactions closed and venture M&A exits increased. This quarter's change is a sharp reversal from the ebullient second quarter.

Drag Me Down

HEDGE FUNDS

20 PAGE

After a modest rebound in the prior quarter, commodity prices led by oil resumed their secular decline. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** slipped 3.30%, net of all fees.

Staying Afloat

DEFINED CONTRIBUTION

21 PAGE

The average defined contribution plan managed to avoid losses in the second quarter of 2015—but just barely. Plan balances experienced a slight increase (+0.26%) driven primarily by participant inflows.

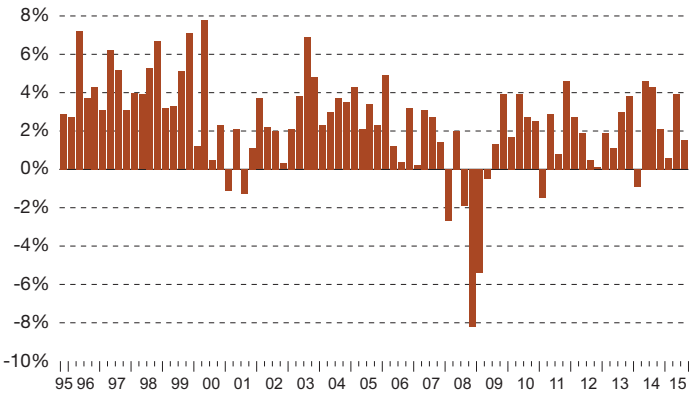
Made in China

ECONOMY | Jay Kloepfer

The global economic recovery lost momentum in the third quarter, shaken by the potential for crisis in China. Equity prices collapsed in China, and the Chinese government pulled out all the stops—including buying stock and cutting interest rates—to slow the decline, put a floor under the equity market, and calm fears. The stock market episode raised fears that the greater Chinese economy was in peril. Global financial markets were shocked, and equities fell sharply, while high-quality government bonds rallied. Emerging markets took an especially hard hit. Emerging economies typically have much closer ties to the Chinese economy than do Europe or the U.S., due in part to a heavy reliance on the commodities China consumes. Completing the triple whammy for emerging markets is the perceived vulnerability to a rise in U.S. interest rates, and concern surrounding U.S. monetary policy which reached a fever pitch as the summer began. The emerging market equity sell-off in July, August, and September was clearly Made in China. The fear that the Chinese economy may be on the edge of an abyss led to further concern that the Chinese government would embark on a round of competitive devaluation. Virtually all emerging currencies depreciated against the dollar—yet some developed currencies appreciated in expectation of a U.S. interest rate increase.

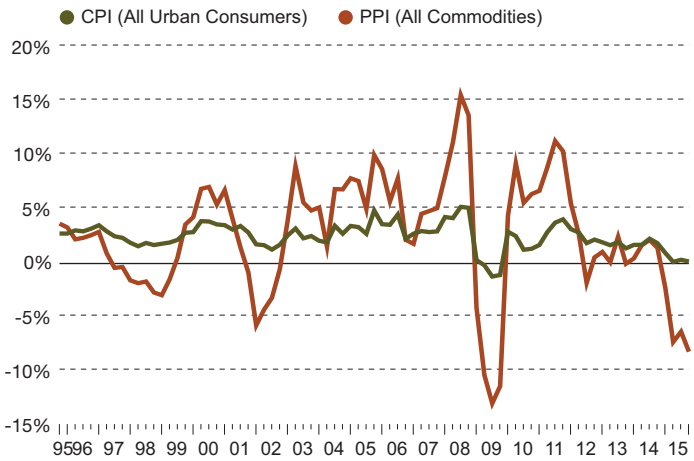
By the end of the quarter, markets had stabilized, and the worst fears about China did not materialize. However, the shock that rattled investors also rattled businesses and economic activity began to show signs of slowing following a strong second quarter. The Fed backed away from raising interest rates in September, citing uncertainty in the capital markets and softening economic data. Real GDP growth in the U.S. was revised up to 3.9% from 3.7% in the second quarter, fueled in part by continued strength in the job market, solid consumer spending, and what turned out to be an unsustainable run-up in inventories. GDP came in at 1.5%, pulled down largely by the reversal in inventories. GDP estimates softened as job market data began to unravel, first with substantial downward revisions in July and August, and then with a frankly disappointing gain of 142,000 in September. Until September, the U.S. job machine was generating an average of 198,000 per month, compared to a robust 260,000 during 2014.

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

Oddly enough, the unemployment rate held constant at 5.1% during the quarter despite the slowdown in job creation, reaching the lowest rate since April 2008. The reason for the steady unemployment rate is another decline in the labor force; the participation rate is now down to 62.4%, the lowest rate since 1977! One piece of good news is that the broader "U-6" measure of unemployment, which includes people looking for work,

restricted to part-time, or discouraged from finding work, and becoming inactive, fell to 10% in September, down from 11.7% one year earlier. This "underemployment" rate peaked north of 16% in 2010. Focus remains on the unemployment rate since the Fed identified it as a potential trigger for raising interest rates. The 5.1% current rate is now well below the target identified by Fed Chair Janet Yellen, and in fact is at the level at which the Fed last began a cycle of raising interest rates in 2004. The reluctance to raise interest rates comes in part from the argument that the unemployment rate is low for the wrong reasons, i.e., labor force participation suppressed by economic weakness. The reluctance may also reflect hesitancy stemming from a lack of experience—it's been 11 years since the Fed last embarked on a cycle of raising interest rates! The last time the Fed began such a cycle, the iPhone did not exist, nor did Twitter or YouTube.

Second quarter consumer spending was revised up to 3.6% growth, and came in at 3.2% for the third quarter, clearly one sign of continuing economic strength. However, consumer data during the quarter were mixed. Falling gasoline prices enabled consumers to shift spending elsewhere, and fueled strong demand for cars and light trucks. Countering this good news, the disappointing jobs report in September combined with summertime market volatility dampened consumers' moods, and consumer sentiment dropped during each month of the quarter.

The dollar keeps climbing, as the U.S. remains the beacon of growth and stability in the turbulence of the global economy. The dollar has seen gains over the past year against both developed and emerging currencies, and against both major trading partners and "other important" trading partners. This currency appreciation, along with weak growth abroad and lower oil prices (which have sharply reduced U.S. exports of petroleum products), has pulled year-to-date exports down by almost $1 trillion. While consumer spending remains strong even as confidence is tested by the reappearance of global market volatility, inventory reduction and net exports provided a serious drag to third-quarter GDP growth.

The Long-Term View

Index	2015 3rd Qtr	Periods ended December 31, 2014 Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	-7.25	12.56	15.63	7.94	9.78
S&P 500	-6.44	13.69	15.45	7.67	9.62
Russell 2000	-11.92	4.89	15.55	7.77	9.75
Non-U.S. Equity					
MSCI EAFE	-10.23	-4.90	5.33	4.43	4.31
MSCI Emerging Markets	-17.78	-1.82	2.11	8.78	8.83
S&P Ex-U.S. Small Cap	-7.85	-3.42	8.52	6.84	5.48
Fixed Income					
Barclays Aggregate	1.23	5.97	4.45	4.71	6.49
90-Day T-Bill	0.01	0.03	0.09	1.54	3.24
Barclays Long G/C	2.18	19.31	9.81	7.36	8.49
Citi Non-U.S. Govt	1.71	-2.68	0.85	2.64	6.21
Real Estate					
NCREIF Property	3.09	11.82	12.13	8.38	7.61
FTSE NAREIT Equity	2.00	30.14	16.88	8.31	11.25
Alternatives					
CS Hedge Fund	-2.53	4.13	5.88	5.82	--
Cambridge PE*	--	22.92	17.41	14.02	15.56
Bloomberg Commodity	-14.47	-17.01	-5.53	-1.86	--
Gold Spot Price	-4.83	-1.51	1.55	10.45	4.38
Inflation – CPI-U	-0.29	0.76	1.69	2.12	2.52

*Private equity data is time-weighted return for period ended December 31, 2014.

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

Recent Quarterly Indicators

Economic Indicators	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13
Employment Cost–Total Compensation Growth	2.0%	2.0%	2.6%	2.2%	2.2%	2.0%	1.8%	2.0%
Nonfarm Business–Productivity Growth	-0.2%*	3.3%	-1.1%	-2.2%	3.1%	2.8%	-3.5%	3.5%
GDP Growth	1.5%	3.9%	0.6%	2.1%	4.3%	4.6%	-0.9%	3.8%
Manufacturing Capacity Utilization	76.1%	75.9%	75.9%	76.2%	75.7%	75.1%	74.2%	74.2%
Consumer Sentiment Index (1966=100)	90.8	94.2	95.5	89.8	83.0	82.8	80.9	76.9

*Estimate

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

The Home Port is Safest in a Storm

FUND SPONSOR | Kevin Nagy

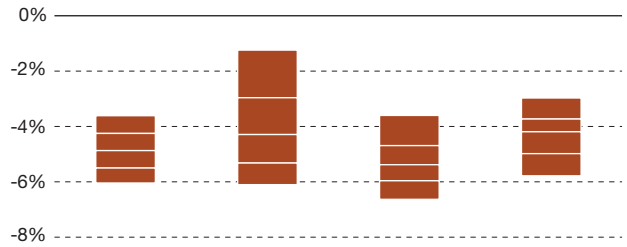
Equity markets were hammered by concern over China's slowing growth and falling commodity prices during the third quarter, while fixed income markets managed to remain positive despite the global turmoil. More sensitive to China, non-U.S. equity markets (**MSCI ACWI ex USA Index**: -12.10%) suffered more than its U.S. counterpart (**Russell 3000 Index**: -7.25%). U.S. and foreign fixed income stayed in the black, with foreign bonds slightly ahead (**Barclays Aggregate**: +1.23%, **Citi Non-U.S. World Government Bond Index-Unhedged**: +1.71%).

As seen in the Callan Fund Sponsor Quarterly Returns chart, all fund types lost ground. Taft-Hartley (-4.19%) and corporate (-4.29%) plans were the best performers at the median; endowments and foundations (-5.38%) were the worst. Dispersion was widest at the 10th percentile—corporate plans (-1.24%) fared noticeably better than public plans (-3.61%). The bottom decile featured the smallest dispersion: Taft-Hartley (-5.78%) plans suffered but endowment/foundations (-6.63%) were hardest hit.

Differences among the fund types can be partially explained by asset allocations. Taft-Hartley funds benefitted from less exposure to non-U.S. equity and larger real estate allocations versus other fund types. Endowment/foundations were negatively affected by small relative allocations to fixed income and high allocations to volatility-sensitive non-U.S. equity, alternatives, and fund-of-funds. Corporate plans' large U.S. fixed income allocations—perhaps due to liability-driven investments—helped post the best returns in the top quartile.

Taft-Hartley plans continue to be the top performers in the near- to mid-term (+0.76%, +7.49%, and +8.01% for the trailing one-, three-, and five-year time periods, respectively). Corporate

Callan Fund Sponsor Returns for the Quarter



	Public Database	Corporate Database	Endow/Fndn Database	Taft-Hartley Database
10th Percentile	-3.61	-1.24	-3.60	-2.97
25th Percentile	-4.25	-2.96	-4.69	-3.73
Median	-4.87	-4.29	-5.38	-4.19
75th Percentile	-5.50	-5.32	-5.96	-4.98
90th Percentile	-6.04	-6.10	-6.63	-5.78

Source: Callan

Callan Database Median and Index Returns* for Periods ended September 30, 2015

Fund Sponsor	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Public Database	**-4.87**	**-2.54**	**-0.52**	**6.91**	**7.55**	**5.71**
Corporate Database	**-4.29**	**-2.91**	**-0.61**	**6.31**	**7.55**	**5.91**
Endowments/Foundations Database	**-5.38**	**-3.04**	**-1.84**	**6.43**	**7.03**	**5.56**
Taft-Hartley Database	**-4.19**	**-1.53**	**0.76**	**7.49**	**8.01**	**5.46**
Diversified Manager	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Asset Allocator Style	**-4.15**	**-3.12**	**0.39**	**7.02**	**7.84**	**5.99**
U.S. Balanced Database	**-5.84**	**-3.86**	**-1.82**	**7.24**	**8.06**	**5.64**
Global Balanced Database	**-5.77**	**-4.01**	**-2.91**	**4.37**	**5.46**	**5.44**
60% Russell 3000 + 40% Barclays Agg	-3.86	-2.78	0.98	8.22	9.42	6.43
60% MSCI World + 40% Barclays Glbl Agg	-4.73	-4.41	-4.23	4.49	5.40	4.60

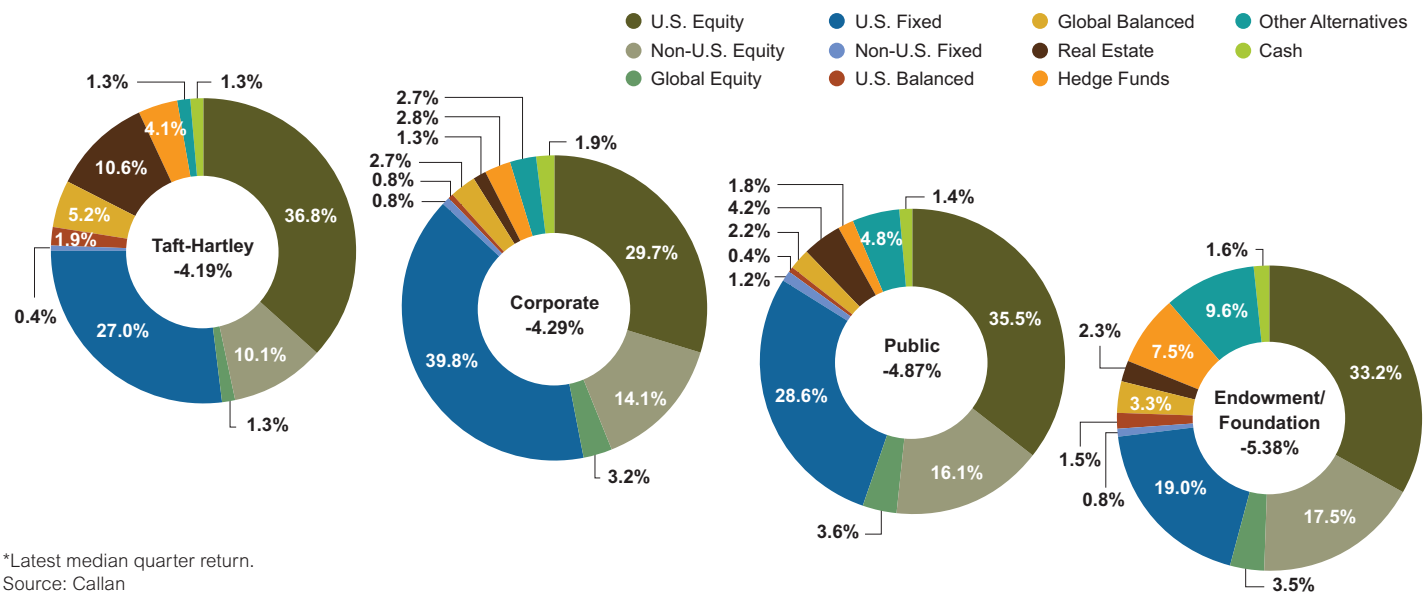
*Returns less than one year are not annualized.

Sources: Callan, Barclays, MSCI, Russell Investment Group

funds retained the lead in the 10-year period (+5.91%). Public funds (-2.54% year-to-date) struggled in the most recent quarter and trailed Taft-Hartley funds (-1.53% year-to-date). Poor hedge fund and other alternatives' performance contributed to endowment/foundations' poor showing across all time periods.

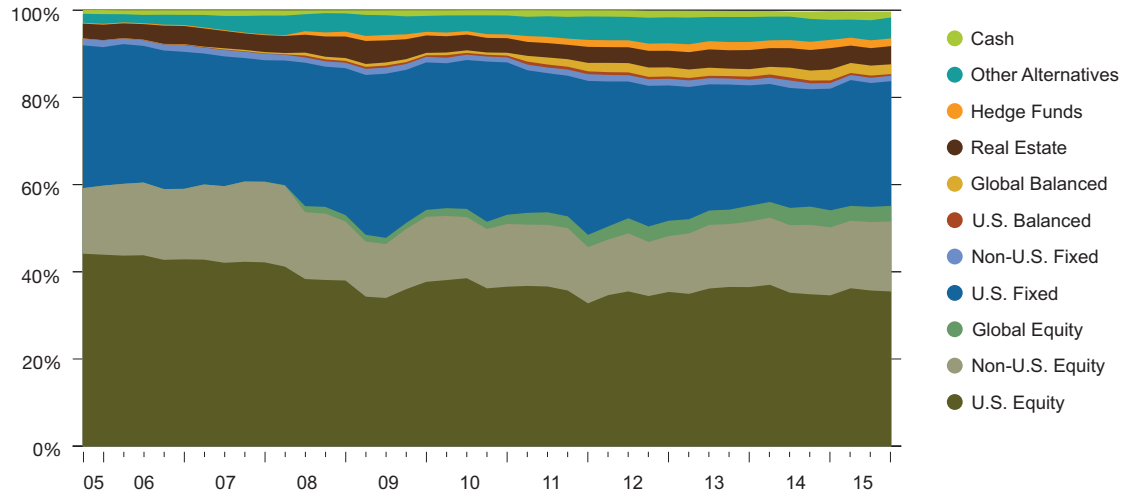
A 60% Russell 3000 + 40% Barclays Aggregate (-3.86%) Benchmark has outperformed the 60% MSCI World + 40% Barclays Global Aggregate Benchmark (-4.73%) in every time period shown going back for 15 years. Superior U.S. equity returns and a strong dollar have been the main drivers of U.S. vs. non-U.S. dominance. The story is similar among Callan's balanced manager database groups—the *Callan U.S. Balanced* group (-5.84%) outperformed the *Global Balanced* group (-5.77%) in every period except the most recent quarter.

Callan Fund Sponsor Average Asset Allocation



*Latest median quarter return.
Source: Callan

Callan Public Fund Database Average Asset Allocation (10 Years)



Source: Callan

Nosedive

U.S. EQUITY | Lauren Mathias, CFA

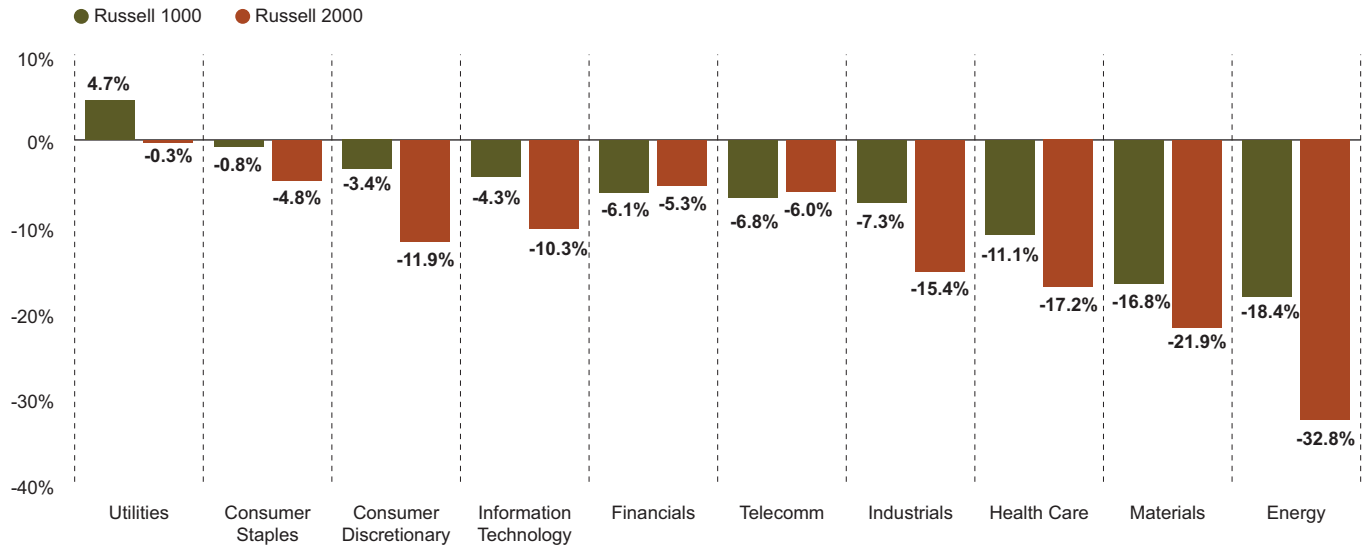
The first negative quarter for U.S. equities since 2012 had a seemingly solid start, but took a nosedive in August and September. Macroeconomic issues drove the sullen results, including China's weakening economy, the Fed's delay of interest rate increases, and commodity price declines. The U.S. economy is exhibiting some vigor—consumer confidence remained high and fueled spending; employment showed strength with record-low jobless claims; and housing appeared solid with new home sales at healthy levels. Energy prices impacted the environment negatively and positively—commodity-related companies felt pain while consumers felt wealthier.

Underlying U.S. fundamentals were impacted by tough global markets. The strong U.S. dollar challenged domestic companies' ability to grow, negatively affecting earnings and expectations going forward. Volatility of stocks, as measured by the daily VIX, peaked for the year in August and remained elevated throughout the quarter. At the same time, stock correlations also increased to almost two times their long-term average, making it more challenging for active managers to navigate the decline. Asset flows continued to show a preference for passive, which remains a sizable portion of U.S. equity assets under management.

Large and small cap stocks showed strong divergence in returns (**Russell 2000 Index**: -11.92% and **Russell 1000 Index**: -6.83%) while mid cap fell in between (**Russell Midcap Index**: -8.01%). Growth maintained its lead over value in most capitalizations, but small cap stocks were an exception (**Russell 2000 Growth Index**: -13.06% and **Russell 2000 Value Index**: -10.73%). Micro caps fared the worst (**Russell Microcap Index**: -13.77%).

Sector-wise, large cap Utilities alone escaped the shock, and Health Care, Materials, and Energy bore the brunt, particularly in small cap. The magnitude of Health Care underperformance was stronger in small cap due to biotechnology, resulting in small cap growth trailing value; the opposite was true in large

Economic Sector Quarterly Performance

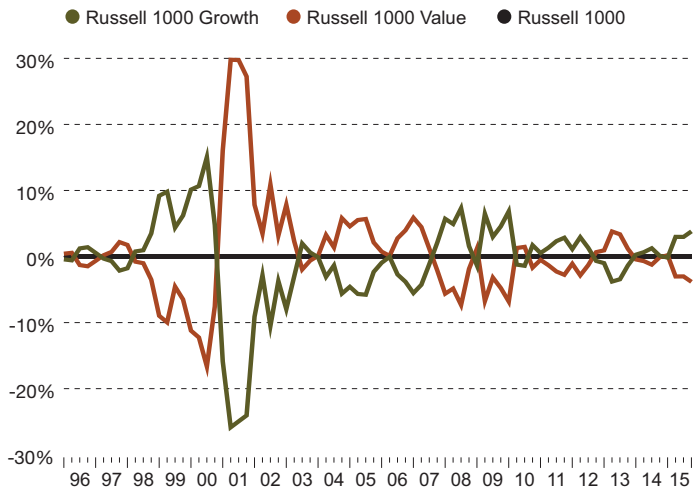


Source: Russell Investment Group

cap. In general, defensive areas of the market held up as investors shifted to a risk-off mentality. Commodity price declines and slow global growth were major factors behind Materials and Energy results. As is typical in high-volatility periods, large cap outperformed small and high quality beat low.

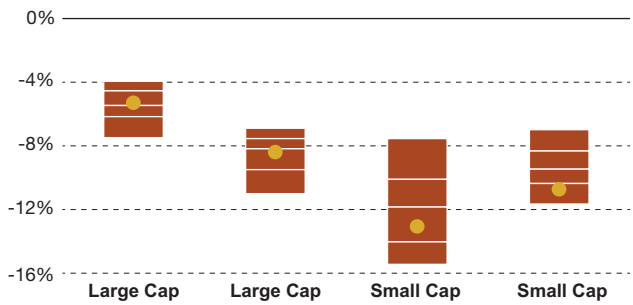
The U.S. equity market experienced an incredibly difficult quarter, but a few positive glimmers shone through: second-quarter GDP was revised up to 3.9%, consumer spending increased, and unemployment was at its lowest level since 2008. Though active management struggled versus the benchmarks, year-to-date results are favorable. The U.S. continues to be the best house in the global economy's neighborhood.

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



Source: Russell Investment Group

Callan Style Group Quarterly Returns



	Large Cap Growth Style	Large Cap Value Style	Small Cap Growth Style	Small Cap Value Style
10th Percentile	-3.94	-6.89	-7.54	-6.98
25th Percentile	-4.54	-7.54	-10.10	-8.32
Median	-5.46	-8.18	-11.84	-9.46
75th Percentile	-6.16	-9.49	-14.03	-10.36
90th Percentile	-7.48	-11.00	-15.44	-11.65
	R1000 Growth	**R1000 Value**	**R2000 Growth**	**R2000 Value**
Benchmark	-5.29	-8.39	-13.06	-10.73

Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of September 30, 2015

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Cap Range Min ($mm)	1,163	8	175	175	8	8
Cap Range Max ($bn)	629.01	635.44	635.44	26.32	13.44	5.03
Number of Issues	503	2,981	1,025	824	2,470	1,952
% of Russell 3000	79%	100%	92%	28%	18%	8%
Wtd Avg Mkt Cap ($bn)	119.30	97.52	105.74	11.49	3.87	1.78
Price/Book Ratio	2.5	2.4	2.5	2.3	2.0	1.9
Forward P/E Ratio	15.1	15.7	15.5	17.1	17.4	18.1
Dividend Yield	2.3%	2.2%	2.2%	1.9%	1.7%	1.6%
5-Yr Earnings (forecasted)	10.6%	11.3%	11.1%	11.9%	12.6%	13.7%

Sources: Russell Investment Group, Standard & Poor's

Callan Style Median and Index Returns* for Periods ended September 30, 2015

Large Cap Equity	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Large Cap Core Style	**-6.80**	**-4.93**	**-0.30**	**12.96**	**13.59**	**7.34**
Large Cap Growth Style	**-5.46**	**-1.12**	**3.94**	**13.76**	**13.91**	**8.17**
Large Cap Value Style	**-8.18**	**-7.89**	**-3.76**	**12.29**	**12.63**	**6.65**
Aggressive Growth Style	**-6.60**	**-0.72**	**4.11**	**13.80**	**13.16**	**8.65**
Contrarian Style	**-8.77**	**-8.50**	**-4.60**	**11.97**	**12.20**	**6.20**
Yield-Oriented Style	**-7.96**	**-9.32**	**-5.04**	**9.97**	**11.56**	**6.70**
Russell 3000	-7.25	-5.45	-0.49	12.53	13.28	6.92
Russell 1000	-6.83	-5.24	-0.61	12.66	13.42	6.95
Russell 1000 Growth	-5.29	-1.54	3.17	13.61	14.47	8.09
Russell 1000 Value	-8.39	-8.96	-4.42	11.59	12.29	5.71
S&P Composite 1500	-6.69	-5.23	-0.30	12.43	13.30	6.93
S&P 500	-6.44	-5.29	-0.61	12.40	13.34	6.80
NYSE	-8.74	-7.88	-6.17	8.77	10.59	6.04
Dow Jones Industrials	-6.98	-6.95	-2.11	9.26	11.38	7.17
Mid Cap Equity	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Mid Cap Core Style	**-6.99**	**-2.54**	**1.73**	**14.72**	**14.56**	**8.64**
Mid Cap Growth Style	**-8.28**	**-2.58**	**2.79**	**13.38**	**13.21**	**8.77**
Mid Cap Value Style	**-8.49**	**-6.13**	**-0.63**	**13.86**	**13.26**	**8.31**
Russell Midcap	-8.01	-5.84	-0.25	13.91	13.40	7.87
S&P MidCap 400	-8.50	-4.66	1.40	13.12	12.93	8.25
Small Cap Equity	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Small Cap Core Style	**-10.08**	**-4.39**	**3.61**	**13.92**	**14.36**	**7.90**
Small Cap Growth Style	**-11.84**	**-3.91**	**4.15**	**12.74**	**13.94**	**8.19**
Small Cap Value Style	**-9.46**	**-6.22**	**1.68**	**12.65**	**13.06**	**7.69**
Russell 2000	-11.92	-7.73	1.25	11.02	11.73	6.55
S&P SmallCap 600	-9.27	-5.49	3.81	13.02	14.04	7.65
NASDAQ	-7.09	-1.61	4.00	15.54	15.72	9.10
Smid Cap Equity	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Smid Cap Broad Style	**-10.48**	**-4.30**	**1.89**	**13.10**	**13.52**	**8.62**
Smid Cap Growth Style	**-10.98**	**-2.54**	**2.08**	**13.03**	**13.97**	**8.63**
Smid Cap Value Style	**-9.96**	**-6.34**	**0.36**	**12.43**	**12.31**	**8.15**
Russell 2500	-10.30	-5.98	0.38	12.39	12.69	7.40
S&P 1000	-8.73	-4.90	2.12	13.11	13.28	8.05
Russell 3000 Sectors	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Consumer Discretionary	-4.17	1.68	10.68	18.19	18.63	9.68
Consumer Staples	-0.92	-1.34	6.97	12.88	14.41	10.37
Energy	-18.99	-22.33	-32.51	-5.01	2.94	2.26
Financials	-6.04	-5.66	1.71	14.52	11.57	0.68
Health Care	-11.64	-1.52	6.91	20.49	19.54	10.40
Industrials	-8.08	-10.05	-3.78	13.33	12.51	7.23
Information Technology	-4.77	-2.98	2.26	12.57	13.82	8.68
Materials	-17.26	-17.24	-17.89	4.00	6.68	6.98
Telecommunications	-6.77	-3.45	-7.22	2.40	8.51	6.54
Utilities	4.20	-6.82	5.28	9.88	11.04	6.72

*Returns less than one year are not annualized.
Sources: Callan, Dow Jones & Company, Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market

Stumbling Dragon

NON-U.S. EQUITY | Kevin Nagy

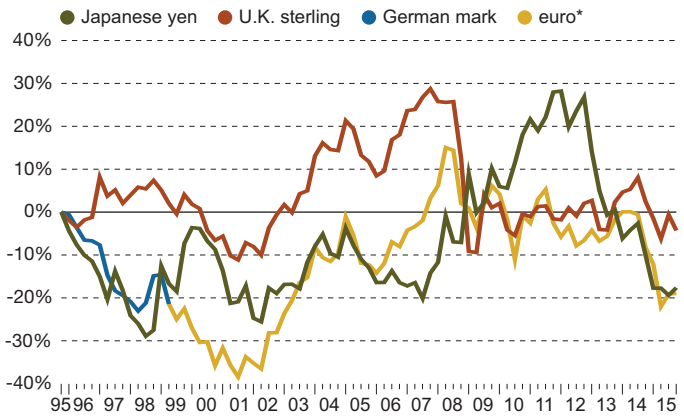
Non-U.S. markets were pummeled in the third quarter (**MSCI ACWI ex USA Index**: -12.10%), as concerns over China's growth convinced many investors to take a risk-off approach. Fears about China's slowdown came to a head in August when Chinese monetary authorities unexpectedly devalued the renminbi. Attempts to dampen the ensuing volatility were not enough to prevent knock-on effects spreading throughout the world.

The pain was felt by both developed (**MSCI World ex USA Index**: -10.57%) and emerging markets (**MSCI Emerging Markets Index**: -17.78%). Value lagged growth as the **MSCI ACWI ex USA Growth** (-10.73%) bested the **MSCI ACWI ex USA Value** (-13.50%). Small cap stocks rode the wave of volatility better than large cap due to less exposure to Energy, but were still deep in the red (**MSCI ACWI ex USA Small Cap Index**: -10.02%). In developed countries defensive sectors fared best, with Consumer Staples (-1.49%), Utilities (-4.23%), and Health Care (-5.26%) providing the most protection. Materials (-19.67%) and Energy (-16.83%), bludgeoned by falling commodity prices, were the worst performers.

European stocks regressed (**MSCI Europe Index**: -8.69%) as hand wringing over a possible "Grexit" abated only to be replaced by turmoil in China. Denmark (-2.41%) did best, due primarily to strong domestic performance from Consumer Discretionary (+8.54%). Nearby Norway was crippled by falling oil prices and posted the largest loss (-19.13%). European sectors mirrored the story in the rest of the developed world, with Energy and Materials (-15.80% and -19.91%, respectively) suffering the biggest losses.

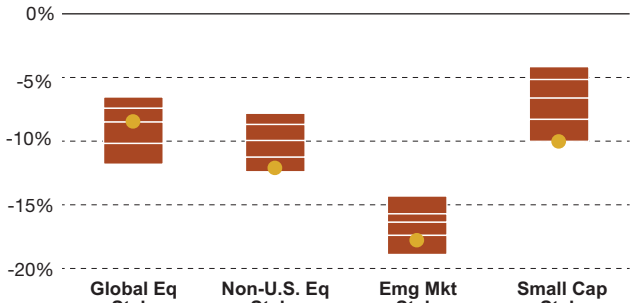
Southeast Asia and the Pacific (**MSCI Pacific ex Japan Index**: -15.97%) trailed Europe and rest of the world. Singapore (-19.48%), Hong Kong (-16.16%), and Australia (-15.33%) felt the full force of China's volatility. Australian Energy firms were hit hard by falling oil prices and sagging demand in China. Japan's economy shrunk by 1.2% on an annualized basis in the second quarter and inflation remained well below the Bank of Japan's two percent target (**MSCI Japan:** -11.80%). Japanese carmakers were hurt by reports of slowing sales in China; a massive explosion at the port of Tianjin in August temporarily shut down Toyota's largest Chinese production facility. Energy and Materials were laggard sectors in the Index

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



*euro returns from 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



	Global Eq Style	Non-U.S. Eq Style	Emg Mkt Style	Small Cap Style
10th Percentile	-6.60	-7.88	-14.38	-4.22
25th Percentile	-7.49	-8.76	-15.78	-5.23
Median	-8.57	-10.02	-16.44	-6.69
75th Percentile	-10.25	-11.33	-17.47	-8.36
90th Percentile	-11.88	-12.47	-18.97	-10.08
	MSCI World	MSCI ACWI ex USA	MSCI Emg Mkts	MSCI ACWI ex USA SC
Benchmark	-8.45	-12.10	-17.78	-10.02

Sources: Callan, MSCI

(-28.24% and -19.35%, respectively). Financials (-17.73%) followed as Japanese banks were battered by large losses in their equity portfolios.

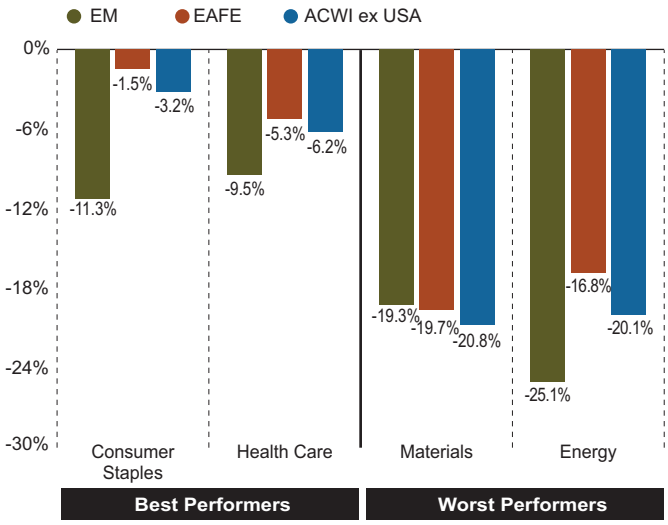
Emerging markets were hit hardest in this broad downturn, with the **MSCI Emerging Markets Index** dropping 17.78%. China was the main story for much of the quarter after a surprise devaluation of the renminbi in August sparked fears that the slowdown in growth was worse than expected. China's central bank tried to curb the ensuing market turbulence by cutting interest rates, but met limited success. Specific to China, only the Telecomm (-9.20%) sector avoided double-digit losses; Energy (-31.19%), Materials (-27.11%), and Financials (-26.92%) all lost more than a quarter of their value. The ripple effects were felt throughout Asia: Indonesia (-24.19%), Malaysia (-18.23%), and Thailand (-17.51%) all declined sharply. A strong devaluation of local currencies contributed to the general slowdown, as the Malaysian ringgit and Indonesian rupiah both fell to their lowest levels versus the dollar in more than 15 years. Emerging countries outside of Asia were also affected by the strengthening U.S. dollar and falling commodity prices. Brazilian equities lost over 30% (**MSCI Brazil**: -33.56%) amid a corruption scandal involving the state-run energy company Petrobras, a 22% devaluation of the real, and a downgrade of the country's credit rating to below investment grade by Standard & Poor's.

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

Country	Total	Local	Currency	Wtg
Australia	-15.33%	-7.33%	-8.63%	6.42%
Austria	-8.99%	-9.16%	0.18%	0.18%
Belgium	-7.85%	-8.02%	0.18%	1.33%
Denmark	-2.41%	-2.59%	0.18%	1.83%
Finland	-5.54%	-5.71%	0.18%	0.87%
France	-6.45%	-6.62%	0.18%	10.07%
Germany	-10.89%	-11.05%	0.18%	8.85%
Hong Kong	-16.16%	-16.18%	0.03%	3.02%
Ireland	-3.16%	-3.34%	0.18%	0.40%
Israel	-5.55%	-1.73%	-3.89%	0.63%
Italy	-4.36%	-4.53%	0.18%	2.57%
Japan	-11.80%	-13.68%	2.17%	22.52%
Netherlands	-8.90%	-9.07%	0.18%	2.80%
New Zealand	-7.06%	-1.74%	-5.41%	0.14%
Norway	-19.13%	-12.32%	-7.77%	0.58%
Portugal	-11.55%	-11.71%	0.18%	0.15%
Singapore	-19.48%	-15.06%	-5.30%	1.27%
Spain	-11.12%	-11.28%	0.18%	3.45%
Sweden	-9.16%	-8.18%	-1.07%	2.95%
Switzerland	-6.97%	-2.73%	-4.35%	9.68%
U.K.	-10.02%	-6.58%	-3.68%	20.30%

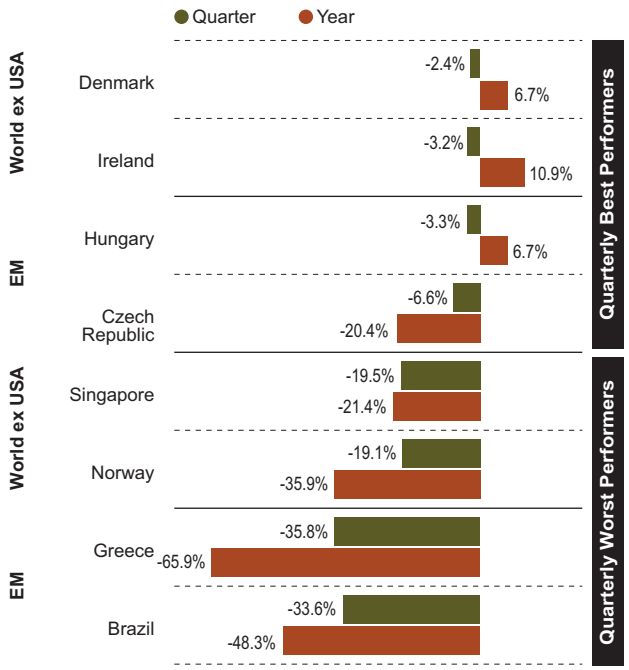
Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly Returns: Strong and Struggling Sectors



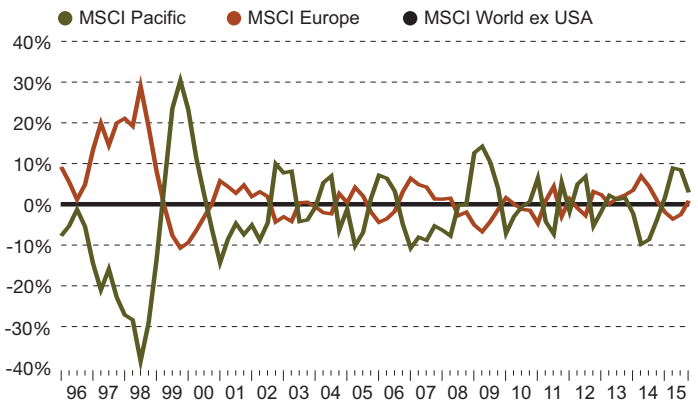
Source: MSCI

Quarterly and Annual Country Performance Snapshot



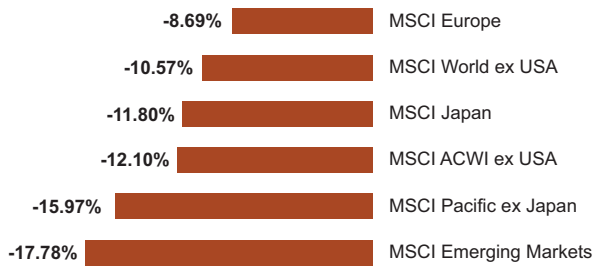
Source: MSCI

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 September 30, 2015

Non-U.S. Equity	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Non-U.S. Equity Style	**-10.02**	**-4.05**	**-6.86**	**6.31**	**5.02**	**4.24**
MSCI EAFE	-10.23	-5.28	-8.66	5.63	3.98	2.97
MSCI EAFE (local)	-8.98	-0.95	0.80	12.71	7.71	3.30
MSCI ACWI ex USA	-12.10	-8.28	-11.78	2.78	2.27	3.49
MSCI ACWI ex USA Growth	-10.73	-5.67	-7.79	3.99	3.08	3.99
MSCI ACWI ex USA Value	-13.50	-10.93	-15.72	1.53	1.42	2.94
Global Equity	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Global Equity Style	**-8.57**	**-5.01**	**-3.51**	**9.59**	**8.87**	**5.85**
MSCI World	-8.45	-6.04	-5.09	8.58	8.29	4.73
MSCI World (local)	-7.72	-3.90	-0.78	11.86	10.00	4.77
MSCI ACWI	-9.34	-6.65	-6.16	7.52	7.39	5.14
Regional Equity	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
MSCI Europe	-8.69	-5.20	-9.33	6.03	4.28	3.31
MSCI Europe (local)	-6.99	-0.25	-0.25	10.09	6.91	3.88
MSCI Japan	-11.80	0.21	-2.22	8.96	4.91	1.14
MSCI Japan (local)	-13.68	0.10	6.76	25.81	12.75	1.70
MSCI Pacific ex Japan	-15.97	-15.48	-16.77	-2.00	0.87	5.15
MSCI Pacific ex Japan (local)	-10.74	-6.50	-3.68	6.87	4.99	5.32
Emerging/Frontier Markets	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Emerging Market Style	**-16.44**	**-14.62**	**-17.72**	**-3.58**	**-2.56**	**5.29**
MSCI Emerging Markets	-17.78	-15.22	-18.98	-4.93	-3.25	4.60
MSCI Emerging Markets (local)	-11.97	-6.86	-6.79	2.45	2.09	6.91
MSCI Frontier Markets	-10.57	-13.39	-24.19	6.28	2.16	-1.96
Non-U.S. Small Cap Equity	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Non-U.S. Small Cap Style	**-6.69**	**3.39**	**1.29**	**11.71**	**9.47**	**6.87**
MSCI World ex USA Small Cap	-8.03	-0.34	-3.71	7.48	5.74	4.23
MSCI ACWI ex USA Small Cap	-10.02	-2.54	-6.42	5.51	3.85	5.11
MSCI Emerging Market Small Cap	-16.67	-9.80	-15.23	-1.09	-2.43	6.79

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

A Little Longer to Liftoff

U.S. FIXED INCOME | Kevin Machiz, CFA, FRM

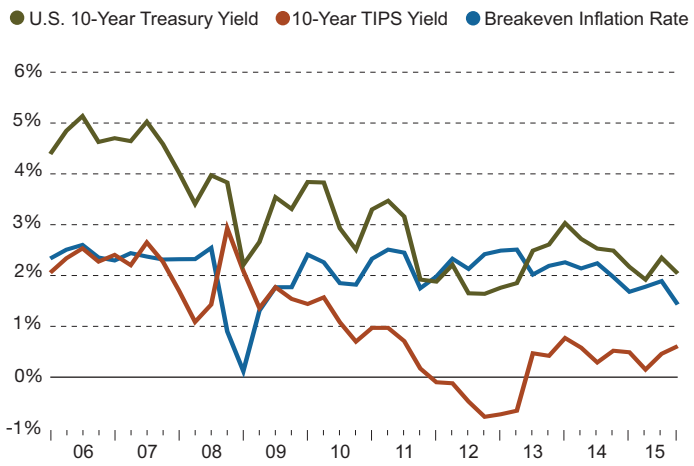
Interest rates moved lower in the third quarter amid a broad-based flight to quality—apprehension over China's economy and commodity prices appeared to be the primary sources of concern. The yield curve flattened significantly as yield spreads widened across non-Treasury sectors and the **Barclays Aggregate Index** rose 1.23%.

The U.S. economy expanded at a moderate pace with the support of fixed investment by businesses, household spending, and the jobs market. Inflation nevertheless remained below the Fed's two percent target.

While many market participants previously pointed to the Fed's September meeting as a likely date for interest rate hikes, the Fed once again pegged the federal funds and discount rates at 0.00%–0.25% and 0.75%, respectively. The Fed cited global economic and financial developments as concerns. The Fed mentioned, and Chair Yellen reiterated in a subsequent speech, that market-based measures of inflation expectations had declined.

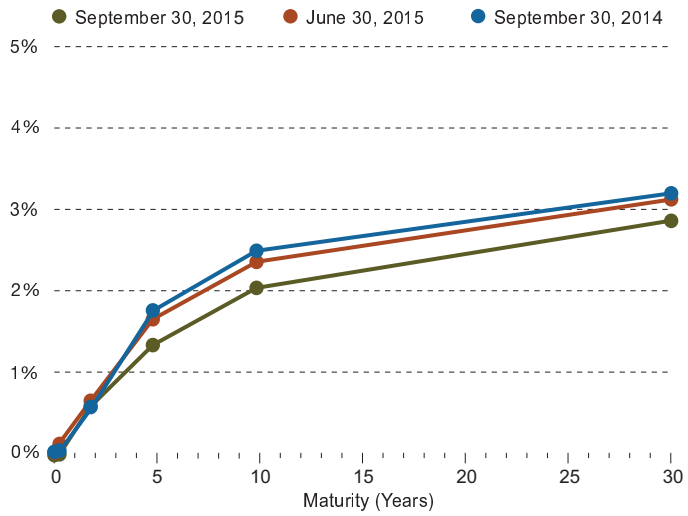
The 10-year U.S. Treasury yield decreased 32 bps. Yields on longer-term bonds decreased by a similar amount. The market's expectation for the first hike in the fed funds rate was pushed back to March 2016. The breakeven inflation rate (the difference between nominal and real yields) on the 10-year Treasury decreased significantly (47 bps) to 1.43%, as Treasury Inflation-Protected Securities underperformed nominal Treasuries.

Historical 10-Year Yields



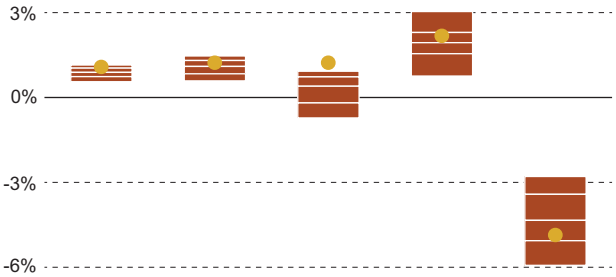
Source: Bloomberg

U.S. Treasury Yield Curves



Source: Bloomberg

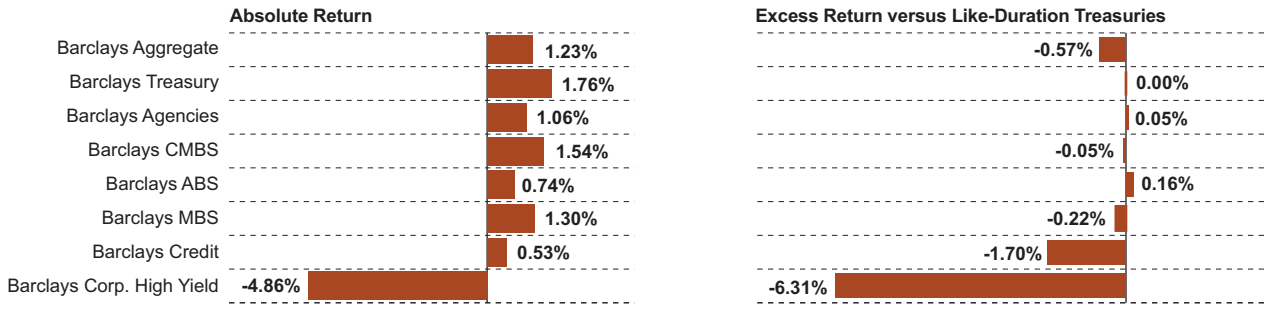
Callan Style Group Quarterly Returns



	Interm Style	Core Bond Style	Core Plus Style	Ext Maturity Style	High Yld Style
10th Percentile	1.15	1.47	0.93	3.04	-2.79
25th Percentile	1.04	1.31	0.73	2.30	-3.42
Median	0.89	1.10	0.40	1.94	-4.34
75th Percentile	0.74	0.84	-0.19	1.55	-5.06
90th Percentile	0.56	0.59	-0.72	0.76	-5.93
	Barclays Interm Agg	**Barclays Agg**	**Barclays Agg**	**Barclays Long G/C**	**Barclays High Yld**
Benchmark	1.08	1.23	1.23	2.18	-4.86

Sources: Barclays, Callan

Fixed Income Index Quarterly Returns

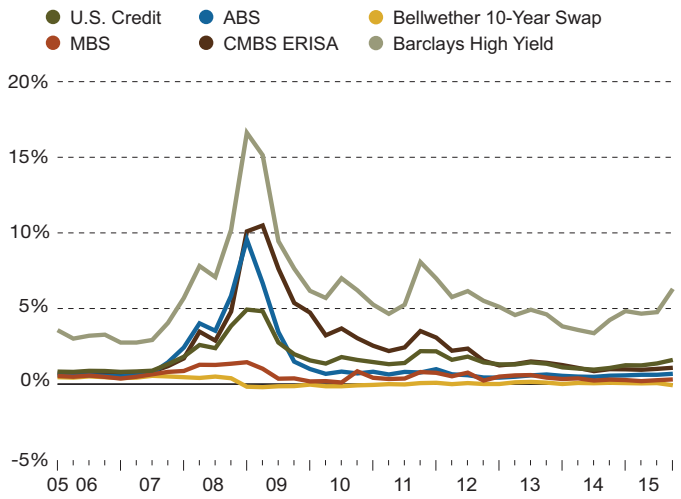


Source: Barclays

Non-Treasury sectors broadly underperformed like-duration Treasuries. Credit was among the worst as Financials, Industrials, and Utilities lagged by 0.30%, 2.14%, and 1.01% respectively. Within Industrials, Energy and Metals & Mining companies were hit hardest, trailing like-duration Treasuries by 4.97% and 9.45%, respectively. Mortgage-backed securities (MBS) (-0.22%) and Commercial MBS (-0.05%) also struggled. Asset-backed securities beat like-duration Treasuries by 0.16%.

High yield corporate bonds also performed poorly. The **Barclays Corporate High Yield Index** ended in the red (-4.86%). New issue activity is on pace with the previous three calendar years. Year-to-date, there was approximately $224 billion in new issuance of high yield bonds, down from $246 billion over the same period in 2014.

Effective Yield Over Treasuries



Source: Barclays

U.S. Fixed Income Index Characteristics as of September 30, 2015

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity	% of Barclays G/C	% of Barclays Agg
Barclays Aggregate	2.31	5.60	7.86		100.00%
Barclays Govt/Credit	2.19	6.22	8.45	100.00%	69.12%
Intermediate	1.69	3.97	4.31	79.20%	54.74%
Long-Term	4.09	14.77	24.22	20.80%	14.38%
Barclays Govt	1.36	5.65	6.92	57.08%	39.46%
Barclays Credit	3.29	6.98	10.49	42.92%	29.66%
Barclays MBS	2.61	4.20	6.69		28.36%
Barclays ABS	1.47	2.42	2.58		0.57%
Barclays CMBS	2.45	4.82	5.39		1.89%
Barclays Corp High Yield	8.04	4.39	6.25		

Source: Barclays

Callan Style Median and Index Returns* for Periods ended September 30, 2015

Broad Fixed Income	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Core Bond Style	**1.10**	**1.29**	**3.00**	**2.05**	**3.61**	**5.10**
Core Bond Plus Style	**0.40**	**0.70**	**2.19**	**2.38**	**4.22**	**5.48**
Barclays Aggregate	1.23	1.13	2.94	1.71	3.10	4.64
Barclays Govt/Credit	1.20	0.90	2.73	1.59	3.09	4.61
Barclays Govt	1.71	1.79	3.68	1.30	2.47	4.27
Barclays Credit	0.53	-0.26	1.50	2.02	4.09	5.28
Citi Broad Investment Grade	1.12	1.06	2.85	1.67	3.06	4.72
Long-Term	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Extended Maturity Style	**1.94**	**-2.59**	**2.85**	**2.70**	**6.50**	**7.13**
Barclays Long Govt/Credit	2.18	-2.39	3.09	2.17	5.96	6.65
Barclays Long Govt	4.97	0.22	8.62	2.78	6.18	6.92
Barclays Long Credit	0.52	-3.93	-0.03	1.87	5.84	6.35
Citi Pension Discount Curve	3.23	-3.77	4.15	2.22	8.08	7.85
Intermediate-Term	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Intermediate Style	**0.89**	**1.73**	**2.70**	**1.65**	**2.78**	**4.66**
Barclays Intermediate Aggregate	1.08	1.73	2.95	1.64	2.69	4.37
Barclays Intermediate Govt/Credit	0.95	1.77	2.68	1.45	2.42	4.17
Barclays Intermediate Govt	1.21	2.03	3.00	1.10	1.88	3.85
Barclays Intermediate Credit	0.54	1.36	2.17	2.09	3.47	4.91
Short-Term	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Defensive Style	**0.34**	**1.14**	**1.39**	**1.05**	**1.45**	**3.14**
Active Duration Style	**1.11**	**1.52**	**2.71**	**1.73**	**3.05**	**4.72**
Money Market Funds (net of fees)	0.00	0.01	0.01	0.01	0.01	1.25
ML Treasury 1–3-Year	0.31	0.98	1.16	0.67	0.76	2.54
90-Day Treasury Bills	0.01	0.02	0.02	0.06	0.08	1.33
High Yield	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
High Yield Style	**-4.34**	**-1.48**	**-2.07**	**4.12**	**6.47**	**7.30**
Barclays Corporate High Yield	-4.86	-2.45	-3.43	3.51	6.15	7.25
ML High Yield Master	-4.88	-2.51	-3.54	3.42	5.90	7.04
Mortgage/Asset-Backed	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Mortgage Style	**1.26**	**1.92**	**3.68**	**2.39**	**3.55**	**5.00**
Barclays MBS	1.30	1.61	3.43	1.98	3.03	4.71
Barclays ABS	0.74	1.83	2.38	1.21	2.12	3.41
Barclays CMBS	1.54	2.24	3.72	2.52	4.54	5.39
Municipal	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Barclays Muni	1.65	1.77	3.16	2.88	4.14	4.64
Barclays Muni 1–10-Year	1.32	1.64	2.22	2.07	3.00	4.05
Barclays Muni 3-Year	0.80	1.19	1.07	1.24	1.66	3.04
TIPS	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Barclays TIPS Full Duration	-1.15	-0.80	-0.83	-1.83	2.55	4.01
Barclays TIPS 1-10 Year	-0.86	0.18	-0.82	-1.39	1.79	3.56

*Returns of less than one year are not annualized.

Sources: Barclays, Callan, Citigroup, Merrill Lynch

Red Scare

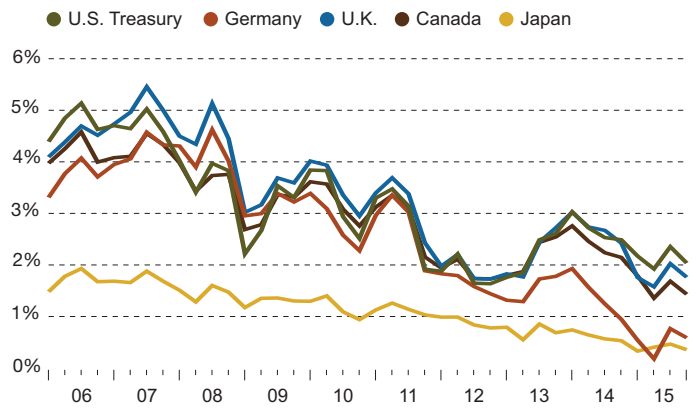
NON-U.S. FIXED INCOME | Kyle Fekete

Developed sovereign bonds performed well relative to U.S. bonds as interest rates fell due to mounting concerns over a slowing global economy. The **Citi Non-U.S. World Government Bond Index** earned 1.71% for the quarter, but is down 4.22% year-to-date. Hedged in U.S. dollars, the Index is up 1.97%, outperforming the unhedged investors primarily due to broad-based weakness against the U.S. dollar. The "safe-haven" German bund gained nearly 2% with the yield finishing at 0.58%. Energy-related currency weakness in Canada and Australia translated into disappointing returns on an unhedged basis (both down 6%). The Canadian economy shrank for two straight quarters—officially a recession. Italy was the best performer in the Index, expanding more than 4% on both a hedged and unhedged basis.

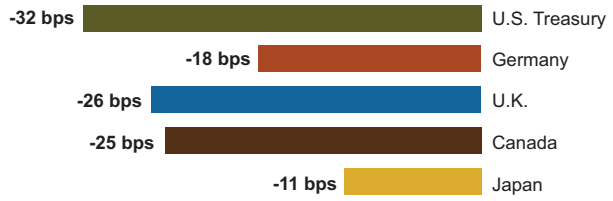
In August, China's surprise change in exchange-rate policy heightened risk aversion and piled onto the already strong headwinds facing emerging market bonds. Slowing demand from China, falling commodity prices, capital outflows, and worries over a Fed hike all contributed to poor performance. The **JPM EMBI Global Diversified Index** slipped by 1.71%. Emerging market currencies were particularly hard hit, as the local currency-denominated **JPM GBI-EM Global Diversified Index** sank 10.54%—the worst quarterly performance since late 2011.

The emerging Americas exhibited the highest increase in yields. Brazil, suffering from the sharp drop in oil prices, as well as fiscal and political challenges, was downgraded by S&P to junk

10-Year Global Government Bond Yields



Change in 10-Year Yields from 2Q15 to 3Q15



Source: Bloomberg

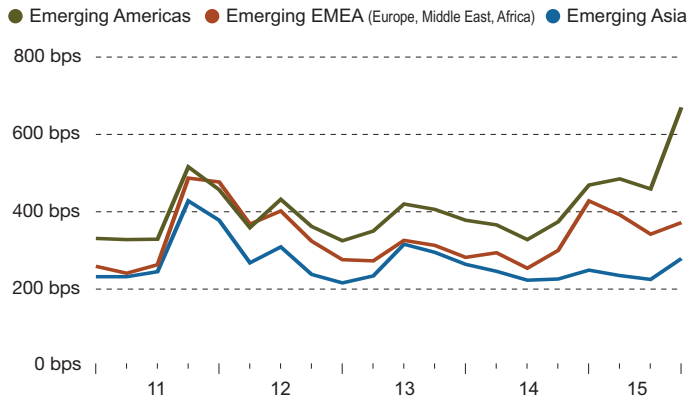
Quarterly Return Attribution for Non-U.S. Gov't Indices
(U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	-6.19%	2.68%	-8.63%	1.93%
Austria	1.88%	1.70%	0.18%	1.82%
Belgium	2.48%	2.30%	0.18%	2.96%
Canada	-5.93%	1.02%	-6.88%	2.32%
Denmark	1.95%	1.77%	0.18%	0.81%
Finland	1.70%	1.51%	0.18%	0.71%
France	2.13%	1.94%	0.18%	11.55%
Germany	1.96%	1.77%	0.18%	8.92%
Ireland	2.71%	2.52%	0.18%	0.95%
Italy	4.31%	4.11%	0.18%	11.39%
Japan	3.06%	0.87%	2.17%	33.06%
Malaysia	-14.57%	-0.47%	-14.17%	0.50%
Mexico	-6.04%	1.48%	-7.41%	1.16%
Netherlands	1.90%	1.71%	0.18%	2.96%
Norway	-5.71%	2.23%	-7.77%	0.33%
Poland	1.09%	2.21%	-1.10%	0.68%
Singapore	-4.34%	1.02%	-5.30%	0.41%
South Africa	-11.43%	0.89%	-12.22%	0.56%
Spain	3.01%	2.82%	0.18%	6.42%
Sweden	0.45%	1.54%	-1.07%	0.54%
Switzerland	-3.68%	0.71%	-4.35%	0.35%
U.K.	-0.49%	3.32%	-3.68%	9.72%

Source: Citigroup

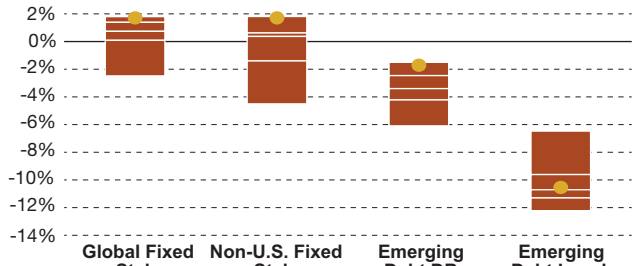
status; the country has seen its currency decline by roughly 40% over the past year. Brazil (-9.97%) was the most notable underperformer in the dollar-denominated Global Diversified Index. Ukraine surged +50.18% following an agreement with creditors whereby bondholders would take a 20% haircut in return for a portion of future GDP growth, subject to a set formula. Among local currency bonds, pain was widespread. Brazil (-24.66%), Colombia (-18.05%), Turkey (-14.76%), Malaysia (-14.48%), Indonesia (-14.15%), and Russia (-13.19%), all suffered double-digit declines. The yield on the GBI-EM Global Diversified Index was 7% as of quarter end, with Brazil at 15% and Russia and Turkey both over 10%.

Emerging Spreads Over Developed (By Region)



Source: Barclays

Callan Style Group Quarterly Returns



	Global Fixed Style	Non-U.S. Fixed Style	Emerging Debt DB	Emerging Debt Local
10th Percentile	1.85	1.86	-1.45	-6.42
25th Percentile	1.44	0.67	-2.41	-9.56
Median	0.79	0.42	-3.35	-10.66
75th Percentile	0.14	-1.35	-4.17	-11.25
90th Percentile	-2.43	-4.45	-6.04	-12.17
	Citi World Gov	Citi Non-U.S. World Gov	JPM EMBI Gl Div	JPM GBI-EM Gl Div
Benchmark	1.71	1.71	-1.71	-10.54

Sources: Callan, Citigroup, JPMorgan Chase

Callan Style Median and Index Returns* for Periods ended September 30, 2015

Global Fixed Income	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Global Style	**0.79**	**-2.30**	**-3.40**	**-1.53**	**1.15**	**4.32**
Citi World Govt	1.71	-2.38	-3.83	-2.85	-0.19	3.37
Citi World Govt (Local)	1.89	1.27	4.01	3.52	3.51	3.77
Barclays Global Aggregate	0.85	-2.25	-3.26	-1.59	0.81	3.71
Non-U.S. Fixed	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Non-U.S. Style	**0.42**	**-5.24**	**-7.99**	**-3.54**	**0.18**	**3.58**
Citi Non-U.S. World Govt	1.71	-4.22	-7.01	-4.59	-1.32	2.92
Citi Non-U.S. World Govt (Local)	1.97	1.04	4.13	4.44	3.95	3.69
European Fixed	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Citi Euro Govt Bond	2.74	-6.67	-8.12	1.52	1.11	3.76
Citi Euro Govt Bond (Local)	2.55	1.18	3.98	5.80	4.89	4.37
Emerging Markets Fixed	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
JPM EMBI Global Diversified	-1.71	-0.07	-0.62	1.50	4.73	6.89
JPM GBI-EM Global Diversified	-10.54	-14.91	-19.77	-8.72	-3.56	4.45

*Returns less than one year are not annualized.
Sources: Callan, Citigroup, JPMorgan Chase

M&A, Here to Stay?

REAL ESTATE | Mike Pritts

The **NCREIF Property Index** advanced 3.09%, recording a 1.22% income return and 1.87% appreciation return. The Index's cash flow return was 0.68% (3.22% for the trailing four quarters). There were 204 asset trades, representing $7.8 billion of overall transactional volume. This remains ahead of the $5.0 billion 10-year quarterly transactional average. The peak volume over the prior 10-year period was $8.7 billion in the second quarter of 2007.

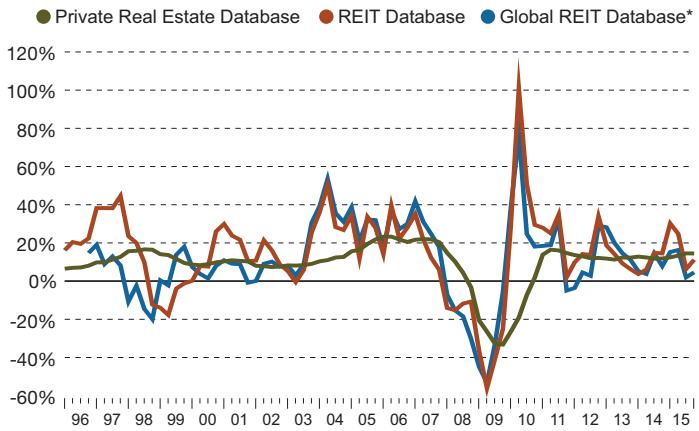
Pricing cooled slightly from the recent capitalization-rate compression trend as equal-weighted transactional capitalization rates increased to 5.91%. This reflects a slight expansion from the second quarter's low. Over the prior cycle, quarterly equal-weighted transactional capitalization rates dipped to a low of 5.46% in the fourth quarter of 2007 and expanded to a peak of 8.46% in the third quarter of 2009. Appraisal capitalization rates decreased from 4.81% to 4.67%. Over the prior cycle, these 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 3.68% total return, comprising a 1.16% income return and a 2.51% appreciation return. In the listed real estate market, the **FTSE EPRA/NAREIT Developed REITs Index** (USD) declined 1.42% and U.S. REITs tracked by the **FTSE NAREIT Equity REITs Index** increased 2.00%.

In the U.S., sectors were mixed and markets volatile. By sector, Self-Storage (+16.14%) led, followed by Residential (+6.94%), Industrial (+5.00%), Malls (+4.12%), and Health Care (+2.41%); Office (-1.24%), and Lodging (-13.73%) dipped. U.S. REITs raised $8.6 billion following the completion of eight secondary offerings raising $1.7 billion, one preferred equity offering raising $288 million, and 15 unsecured debt offerings raising $6.7 billion. There were no U.S. REIT IPOs; the quarter had the lowest amount of capital raised by the REIT market since Q4 2011 and the fifth lowest quarterly capital raise since the beginning of 2009. In large part, 2015 has been dominated by significant M&A activity among a number of large real estate investors driven by inexpensive financing and significant amounts of capital seeking real estate. Notable among the recent deal activity is Blackstone's announced offer to acquire Strategic Hotels and BioMed Realty Trust and, more recently, the announced merger of Starwood Waypoint and Colony American. In the U.S., M&A activity through the third quarter of this year has already exceeded all of 2014.

U.S. REIT indices continued their slide up until the mid-September FOMC meeting where the decision was made not to increase the discount rate. With updated clarity on near-term Fed moves, REIT markets began to appreciate toward the end of the third quarter and into the fourth. Listed real estate beat broad equity markets. A combination of both U.S. economic outperformance and a low interest rate environment continues to make U.S. commercial property an attractive destination for both U.S. and non-U.S. investors. Capital flows have created a $9 billion investment queue for open-ended core funds as well as a healthy $74 billion invested in U.S. commercial real estate over the last 12 months.

Rolling One-Year Returns



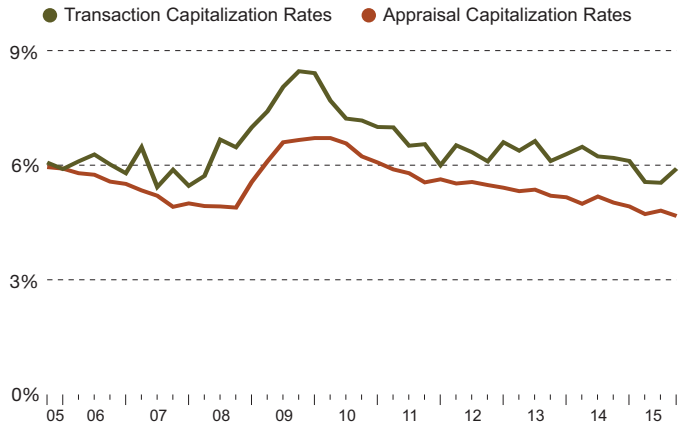
*Global REIT returns from 3Q96
Source: Callan

In European core markets, investment activity is returning to crisis countries. Yet the threat of deflation remains given falling global commodity prices and the decline in the euro versus the U.S. dollar. Prime yields in core markets are at very low levels ranging from 2.5% in London to 4.5% in Madrid. Transaction volumes increased as a result of accelerating cross-border global investment into Europe. There is a significant dispersion in prime office rental rates across Europe ranging from €200 (per square meter) in Barcelona, €500 in Paris, all the way up to €1,500 in London's West End.

Asian real estate markets continued to face macro headwinds stemming from contracting industrial activity and slowing export demand. Despite the pressures, low office vacancy rates within major Asian cities remained the dominant theme. Office buildings in Hong Kong were affected by the lack of new supply and excess demand, pushing rental rates upwards. Tokyo showed improvements in terms of office occupancy rates and accelerating rental growth rates, giving rise to increased pricing power for landlords.

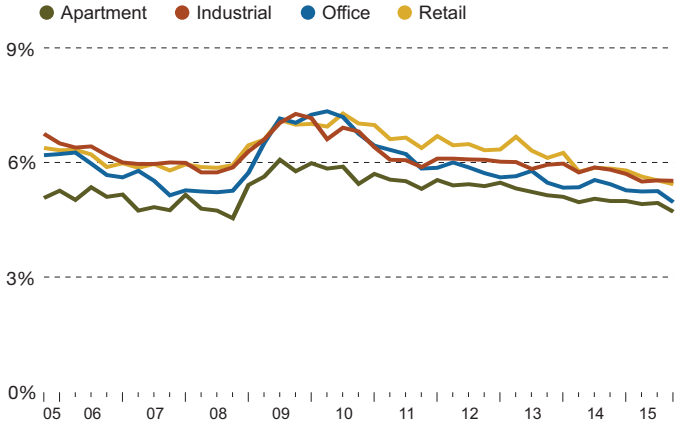
CMBS issuance reached $23.1 billion, a pull back from the $27.4 billion issuance volume from the second quarter of 2015 and $28.1 billion in the third quarter of 2014. Total issuance for the trailing 12 months was $102.8 billion, a reduction from the recent peak at the end of the second quarter of 2015.

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 September 30, 2015

Private Real Estate	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Real Estate Database (net of fees)	**2.92**	**10.24**	**14.12**	**13.06**	**13.70**	**5.55**
NCREIF Property	3.09	10.18	13.54	11.92	12.56	8.02
NFI-ODCE (value wtd. net)	3.58	10.67	14.02	12.44	12.98	5.74
Public Real Estate	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
REIT Database	**2.63**	**-2.94**	**11.38**	**10.10**	**12.89**	**7.88**
FTSE NAREIT Equity	2.00	-3.79	9.88	9.59	12.00	6.82
Global Real Estate	**Quarter**	**3 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
Global REIT Database	**-0.73**	**-3.00**	**5.16**	**8.18**	**9.08**	**6.38**
FTSE EPRA/NAREIT Developed REIT	-1.42	-4.16	3.58	7.05	8.33	5.42

*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 fluctuate over time.

Public Volatility Private Slowdown

PRIVATE EQUITY | Gary Robertson

In fundraising, *Private Equity Analyst* reports that new commitments totaled $53.7 billion with 179 new partnerships formed, down 38% from the second quarter's $87.1 billion and 231 partnerships formed. With the slowing of commitments and uncertainty caused by the quarter's volatile public stock market, 2015's fundraising will likely be in the vicinity of last year's $266 million.

According to *Buyouts Insider*, the investment pace by funds into companies totaled 406 transactions, up from 358 deals in the second quarter. The announced aggregate dollar volume fell to $11.4 billion (from $24.3 billion). Only one deal with an announced value of more than $1 billion closed during the quarter, Carlyle-owned CommScope's $3.1 billion add-on acquisition of Broadband Network Solutions.

According to the National Venture Capital Association, investments in venture capital companies totaled $16.3 billion in 1,070 rounds of financing. The dollar volume and number of rounds both dropped compared to the second quarter's $17.5 billion and 1,189 rounds. The largest funding was a $1.0 billion expansion "mega-round" raised by Social Finance.

Regarding exits, *Buyouts* reports that 123 private M&A exits of buyout-backed companies occurred during the quarter, with 37 deals disclosing values of $25.5 billion. Both the M&A exit count and announced value was down from the second quarter's 135 private exits and disclosed value of $35.8 billion. Buyout-backed IPOs dropped precipitously to four issues floating $660 million, down from 17 IPOs totaling $6.6 billion in the second quarter.

Venture-backed M&A exits totaled 90 transactions, with 20 disclosing a dollar volume of $5.1 billion. The number of exits and disclosed value both increased from the second quarter's 74 sales valued at $3.7 billion. VC-backed IPOs fell, with 13 offerings raising a combined $1.7 billion versus the second quarter's 29 IPOs and total issuance of $3.8 billion.

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

Funds Closed January 1 to September 30, 2015

Strategy	No. of Funds	Amt ($mm)	Percent
Venture Capital	225	26,726	14%
Buyouts	212	129,821	66%
Subordinated Debt	27	8,038	4%
Distressed Debt	32	18,511	9%
Secondary and Other	14	6,385	3%
Fund-of-funds	47	7,496	4%
Totals	**557**	**196,976**	**100%**

Source: Private Equity Analyst

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

Private Equity Performance Database (%) (Pooled Horizon IRRs through March 31, 2015*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	3.9	22.4	18.6	17.2	10.9	3.8	27.7
Growth Equity	3.1	10.8	13.0	13.6	12.8	9.7	14.8
All Buyouts	1.3	7.7	13.3	14.3	12.6	10.9	13.1
Mezzanine	-0.1	7.1	10.9	11.2	10.8	7.2	10.0
Distressed	1.6	5.7	12.2	11.4	10.3	11.0	11.3
All Private Equity	**2.0**	**10.1**	**13.9**	**14.2**	**12.0**	**8.9**	**14.4**
S&P 500 Index	1.0	12.7	16.1	14.5	8.0	4.2	9.4

Private equity returns are net of fees.
Sources: Standard & Poor's, Thomson/Cambridge
*Most recent data available at time of publication

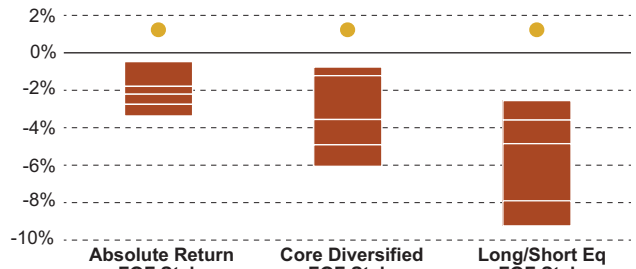
Drag Me Down

HEDGE FUNDS | Jim McKee

The third quarter was a flood of red ink for capital markets. After a modest rebound in the prior quarter, commodity prices (led by oil) resumed their secular decline, as the **Bloomberg Commodity Index** nosedived 14.48%. Lacking evidence of a global economy on solid ground, equity markets panicked. High yield spreads widened significantly while Treasurys gained during the quarter's flight to quality. Amid this backdrop of anemic global growth, the Federal Reserve balked on raising short-term rates.

As a raw measure of unmanaged hedge fund interests, the **Credit Suisse Hedge Fund Index** (CS HFI) dropped 2.53%. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** slipped 3.30%, net of all fees.

Callan Style Group Quarterly Returns



	Absolute Return FOF Style	Core Diversified FOF Style	Long/Short Eq FOF Style
10th Percentile	-0.47	-0.76	-2.55
25th Percentile	-1.79	-1.22	-3.59
Median	-2.21	-3.56	-4.85
75th Percentile	-2.75	-4.91	-7.90
90th Percentile	-3.37	-6.06	-9.24
T-Bills + 5%	1.24	1.24	1.24

Sources: Callan, Merrill Lynch

Within the CS HFI, the biggest strategy loser was *Event-Driven Multi-Strategy* (-6.92%). *Distressed* fell 3.52%, but **Barclays High Yield Credit** (-4.86%) dropped further. The average fund in *Long/Short Equity* performed well during the quarter, losing only 1.54% while long-only benchmarks, like the **S&P 500 Index** (-6.44%), fell much more. Relatively free of beta's downside risk, *Equity Market Neutral* rose 2.15%.

Within Callan's Hedge Fund-of-Funds Database, market exposures notably affected performance in the quarter. Hurt badly by the falling stock market, the median *Callan Long/Short Equity FOF* (-4.85%) lagged the Callan Absolute Return FOF (-2.21%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* fell 3.56%.

Callan Database Median and Index Returns* for Periods ended September 30, 2015

	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Hedge Fund-of-Funds Database	**-3.30**	**-0.72**	**0.05**	**5.28**	**4.29**	**4.11**
CS Hedge Fund Index	-2.53	-0.59	0.11	5.01	4.53	5.16
CS Equity Market Neutral	2.15	1.73	2.07	3.46	2.99	-1.19
CS Convertible Arbitrage	-1.52	1.40	-1.66	2.50	3.53	4.52
CS Fixed Income Arbitrage	-0.19	0.56	0.60	3.59	5.35	3.86
CS Multi-Strategy	0.08	3.32	4.49	7.80	7.52	6.34
CS Distressed	-3.52	-3.61	-5.84	5.78	5.09	5.35
CS Risk Arbitrage	-2.72	-0.39	-2.10	1.63	1.15	3.54
CS Event-Driven Multi-Strategy	-6.92	-4.23	-6.23	4.85	3.01	5.30
CS Long/Short Equity	-1.54	1.94	4.24	8.95	6.13	5.91
CS Dedicated Short Bias	17.40	6.97	4.28	-9.88	-11.10	-8.56
CS Global Macro	-2.95	-0.44	0.02	2.74	4.35	6.92
CS Managed Futures	4.37	0.12	11.40	3.84	2.51	4.27
CS Emerging Markets	-5.57	-2.93	-2.19	3.66	2.67	5.09

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

Staying Afloat

DEFINED CONTRIBUTION | Tom Szkwarla

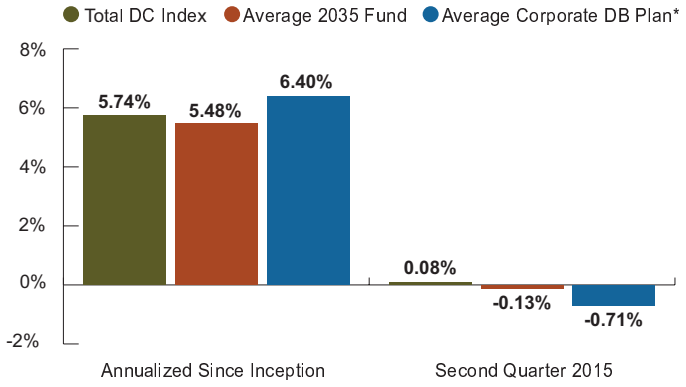
The average defined contribution (DC) plan managed to avoid losses in the second quarter of 2015—but just barely. According to the Callan DC Index™, the typical DC plan ended June 30, 2015, with a 0.08% gain. This placed DC plans on firmer ground than the typical 2035 target date fund (TDF) or corporate defined benefit (DB) plan, which lost 0.13% and 0.71%, respectively.

Plan balances experienced a slight increase (+0.26%) driven primarily by participant inflows. Inflows (i.e., participant and plan sponsor contributions) added 0.18% to total growth, while market appreciation (return-derived growth) contributed the remaining 0.08%. Since inception, plan sponsor and participant contributions have had a significant impact on balances. Thirty percent of total growth in balances (2.49% annualized) has been attributable to such net flows since the Index's 2006 inception.

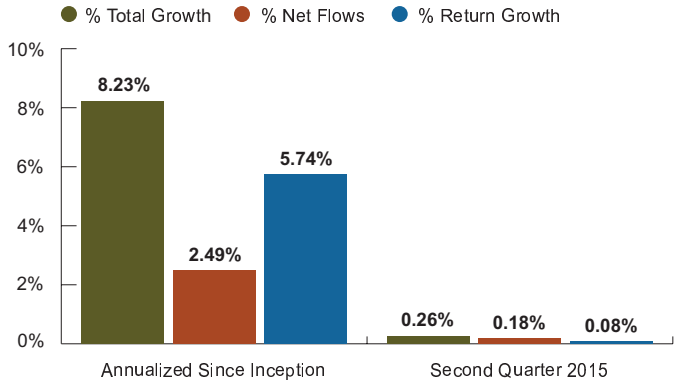
In the first quarter of 2015, TDFs beat out U.S. large cap equity to become the largest holding in the typical DC plan—and their dominance continued to grow in the second quarter. Target date funds accounted for the majority of inflow activity, capturing 70 cents of every dollar moving. Since 2011, TDF cash inflows have averaged just over 70% each quarter, with the highest inflow clocking in at 89% in the second quarter of 2014.

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 $135 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 (Second Quarter 2015)*
(Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	70.45%
Non-U.S. Equity	13.11%
Company Stock	-27.86%
U.S. Large Cap	-49.44%
Total Turnover**	**0.32%**

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.

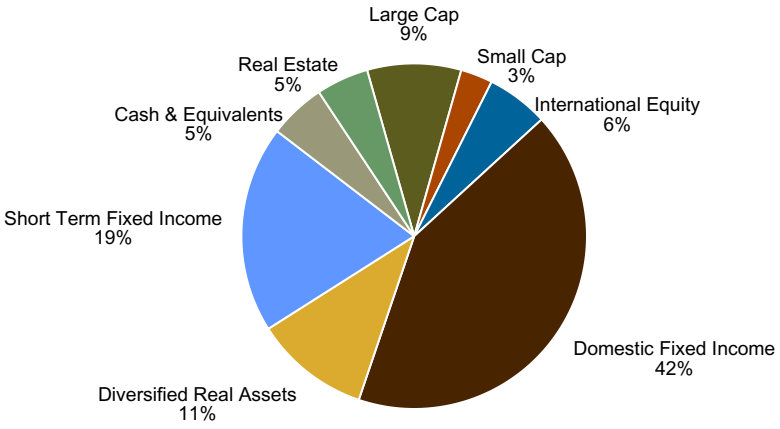
**Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.

NDSIB - Consolidated
Insurance Trust

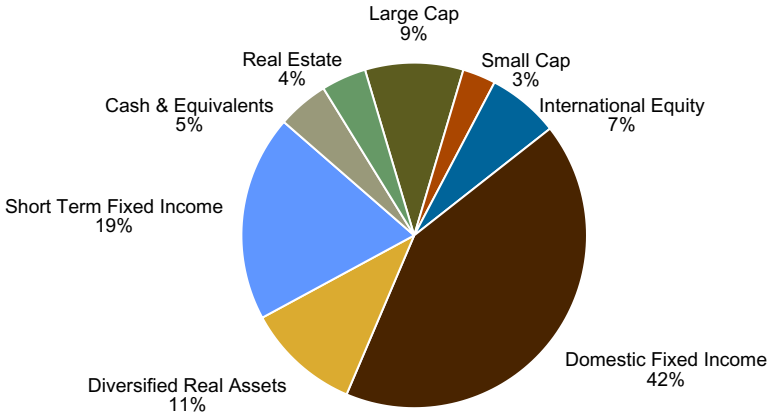
Actual vs Target Asset Allocation
As of September 30, 2015

The first chart below shows the Fund's asset allocation as of September 30, 2015. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



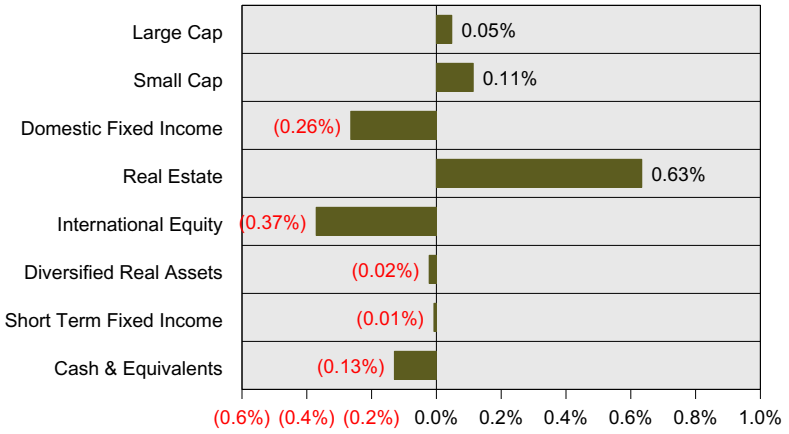
Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Large Cap	216,337	8.8%	9.2%	(0.4%)	(9,840)
Small Cap	72,841	3.0%	3.1%	(0.1%)	(3,371)
International Equity	143,376	5.8%	6.7%	(0.9%)	(21,339)
Domestic Fixed Income	1,032,895	42.0%	42.0%	0.0%	349
Diversified Real Assets	264,991	10.8%	10.7%	0.1%	1,938
Short Term Fixed Income	476,029	19.4%	19.3%	0.1%	1,549
Cash & Equivalents	130,543	5.3%	4.8%	0.5%	12,537
Real Estate	121,430	4.9%	4.2%	0.7%	18,175
Total	2,458,442	100.0%	100.0%		

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

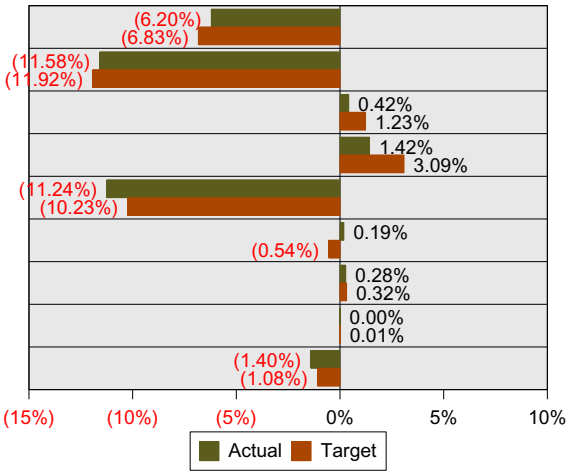
Quarterly Total Fund Relative Attribution - September 30, 2015

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.

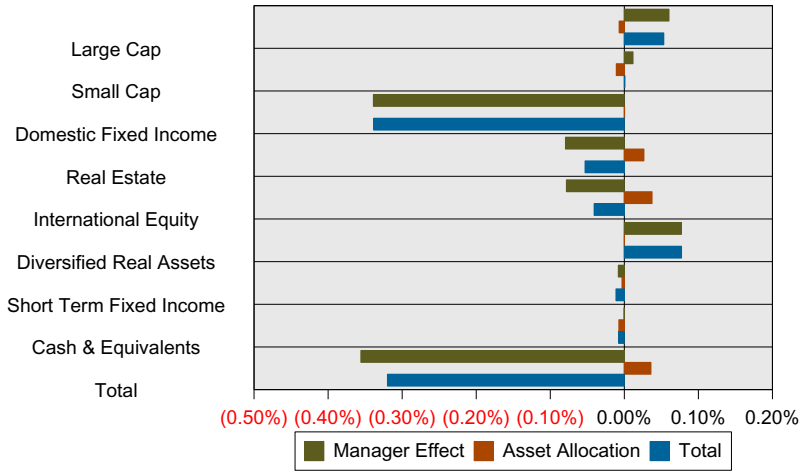
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2015

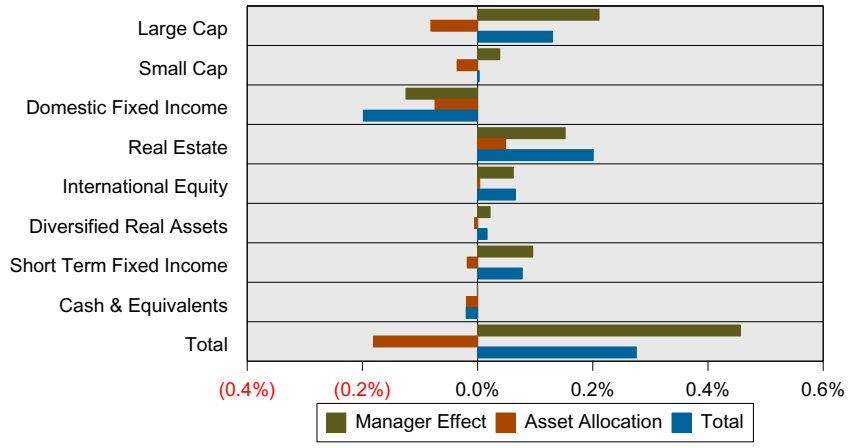
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	9%	9%	(6.20%)	(6.83%)	0.06%	(0.01%)	0.05%
Small Cap	3%	3%	(11.58%)	(11.92%)	0.01%	(0.01%)	0.00%
Domestic Fixed Income	42%	42%	0.42%	1.23%	(0.34%)	0.00%	(0.34%)
Real Estate	5%	4%	1.42%	3.09%	(0.08%)	0.03%	(0.05%)
International Equity	6%	7%	(11.24%)	(10.23%)	(0.08%)	0.04%	(0.04%)
Diversified Real Assets	11%	11%	0.19%	(0.54%)	0.08%	0.00%	0.08%
Short Term Fixed Income	19%	19%	0.28%	0.32%	(0.01%)	(0.00%)	(0.01%)
Cash & Equivalents	3%	4%	0.00%	0.01%	(0.00%)	(0.01%)	(0.01%)
Total			**(1.40%) =**	**(1.08%) +**	**(0.36%) +**	**0.04%**	**(0.32%)**

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

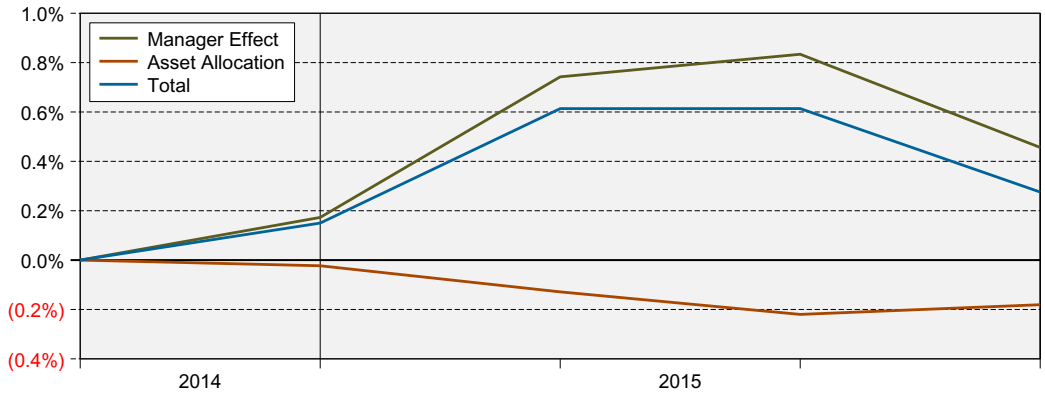
Cumulative Total Fund Relative Attribution - September 30, 2015

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

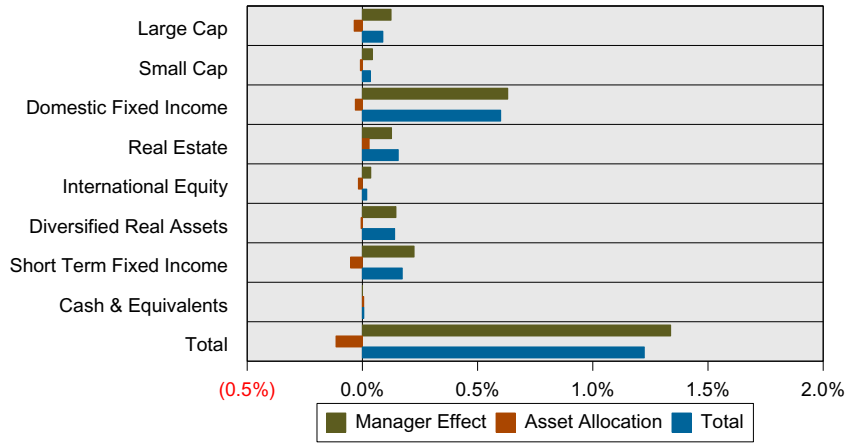
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	15%	15%	1.52%	(0.61%)	0.21%	(0.08%)	0.13%
Small Cap	4%	4%	2.27%	1.25%	0.04%	(0.04%)	0.00%
Domestic Fixed Income	41%	40%	2.62%	2.94%	(0.12%)	(0.07%)	(0.20%)
Real Estate	5%	5%	16.34%	13.48%	0.15%	0.05%	0.20%
International Equity	8%	9%	(7.24%)	(8.66%)	0.06%	0.00%	0.07%
Diversified Real Assets	9%	9%	(0.12%)	(0.26%)	0.02%	(0.01%)	0.02%
Short Term Fixed Income	15%	15%	1.95%	1.20%	0.10%	(0.02%)	0.08%
Cash & Equivalents	3%	2%	0.01%	0.02%	(0.00%)	(0.02%)	(0.02%)
Total			**2.20% =**	**1.92% +**	**0.46% +**	**(0.18%)**	**0.28%**

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

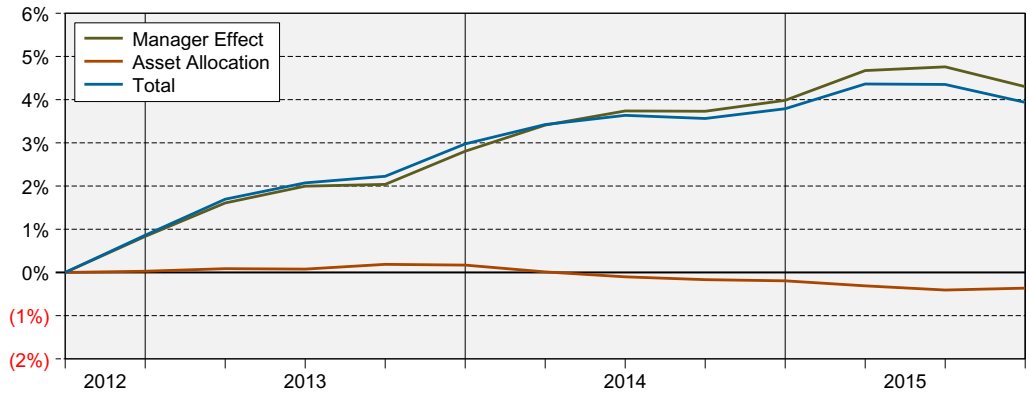
Cumulative Total Fund Relative Attribution - September 30, 2015

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

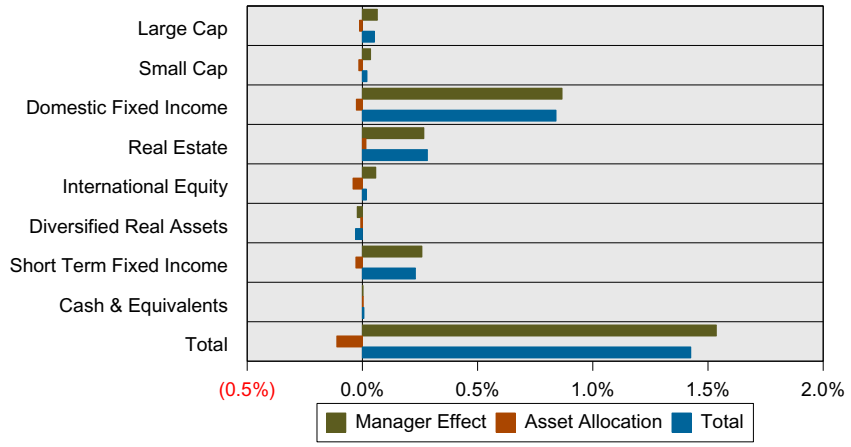
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
Large Cap	11%	11%	14.46%		12.66%		0.12%		(0.04%)	0.09%
Small Cap	3%	3%	12.68%		11.02%		0.04%		(0.01%)	0.03%
Domestic Fixed Income	33%	33%	3.79%		1.71%		0.63%		(0.03%)	0.60%
Real Estate	4%	4%	15.35%		11.90%		0.13%		0.03%	0.16%
International Equity	7%	7%	6.93%		5.63%		0.04%		(0.02%)	0.02%
Diversified Real Assets	10%	10%	2.80%		1.32%		0.15%		(0.01%)	0.14%
Short Term Fixed Income	29%	28%	1.49%		0.70%		0.22%		(0.05%)	0.17%
Cash & Equivalents	3%	2%	0.07%		0.06%		0.00%		0.01%	0.01%
Total			**4.18%**	**=**	**2.96%**	**+**	**1.34%**	**+**	**(0.11%)**	**1.22%**

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

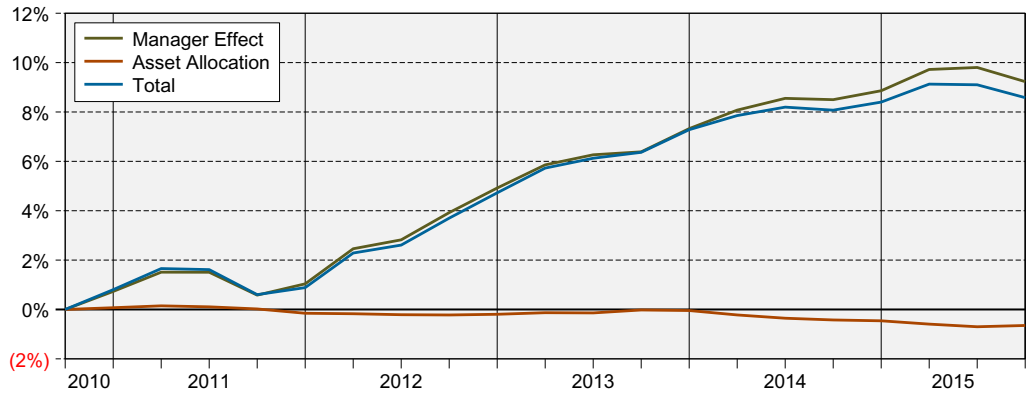
Cumulative Total Fund Relative Attribution - September 30, 2015

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

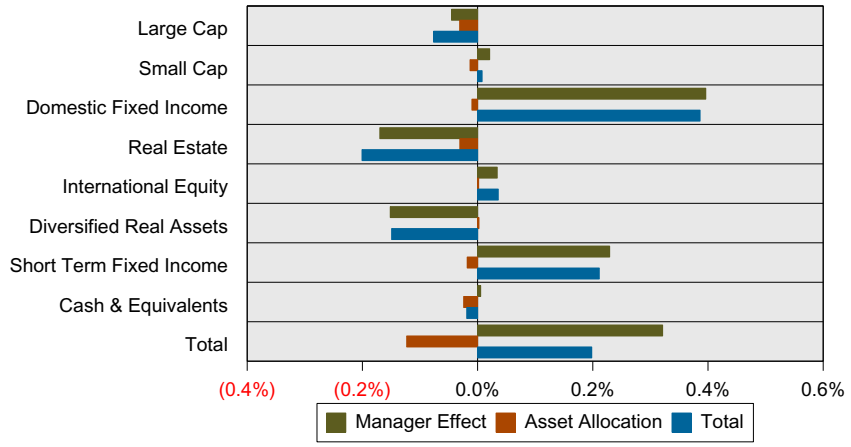
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
Large Cap	10%	10%	14.34%		13.47%		0.06%		(0.01%)	0.05%
Small Cap	3%	3%	13.05%		11.73%		0.04%		(0.02%)	0.02%
Domestic Fixed Income	36%	36%	5.69%		3.10%		0.87%		(0.03%)	0.84%
Real Estate	4%	4%	19.19%		12.55%		0.27%		0.02%	0.28%
International Equity	6%	7%	5.07%		3.68%		0.06%		(0.04%)	0.02%
Diversified Real Assets	12%	13%	3.83%		3.59%		(0.02%)		(0.01%)	(0.03%)
Short Term Fixed Income	25%	25%	1.53%		0.58%		0.26%		(0.03%)	0.23%
Cash & Equivalents	3%	3%	0.15%		0.08%		0.00%		0.00%	0.01%
Total			**5.46%**	**=**	**4.04%**	**+**	**1.54%**	**+**	**(0.11%)**	**1.43%**

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

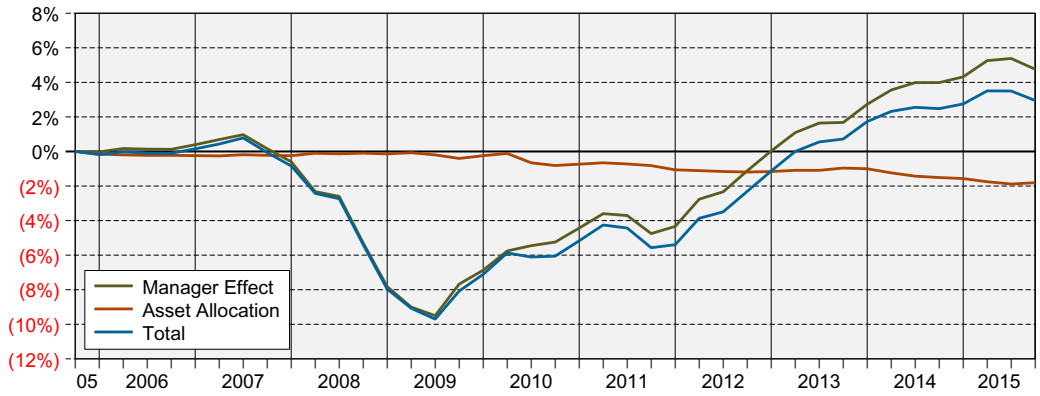
Cumulative Total Fund Relative Attribution - September 30, 2015

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

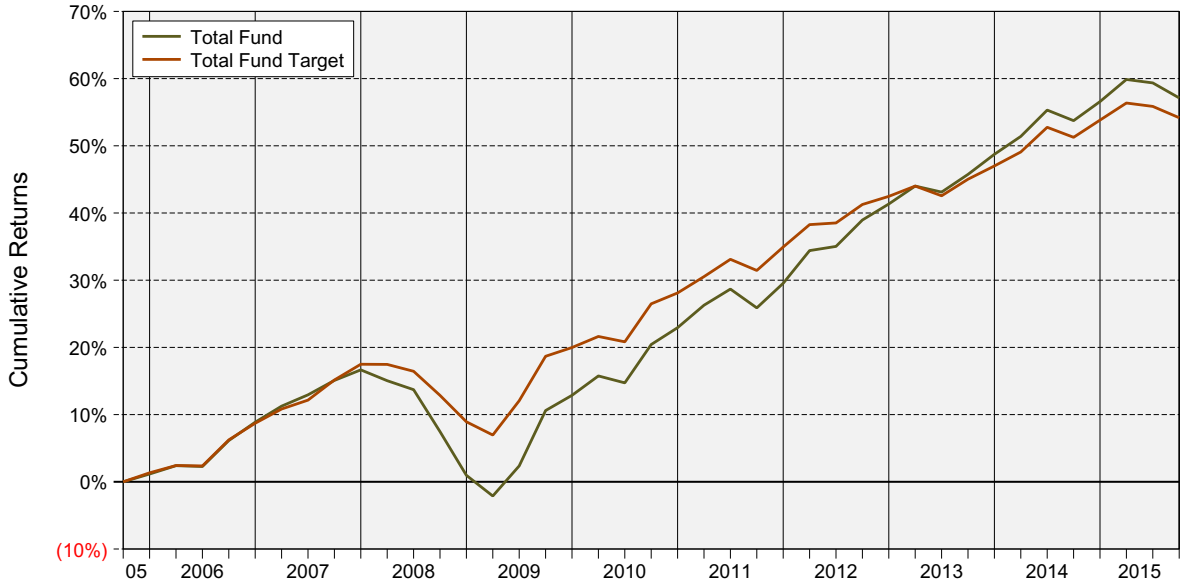
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	10%	10%	6.58%	6.86%	(0.05%)	(0.03%)	(0.08%)
Small Cap	3%	3%	7.13%	6.55%	0.02%	(0.01%)	0.01%
Domestic Fixed Income	41%	42%	5.99%	4.64%	0.40%	(0.01%)	0.39%
Real Estate	5%	5%	3.99%	8.02%	(0.17%)	(0.03%)	(0.20%)
International Equity	7%	7%	3.31%	2.66%	0.03%	0.00%	0.04%
Diversified Real Assets	16%	16%	3.72%	4.25%	(0.15%)	0.00%	(0.15%)
Short Term Fixed Income	14%	14%	-	-	0.23%	(0.02%)	0.21%
Cash & Equivalents	4%	4%	1.45%	1.33%	0.01%	(0.02%)	(0.02%)
Total			**4.62% =**	**4.42% +**	**0.32% +**	**(0.12%)**	**0.20%**

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

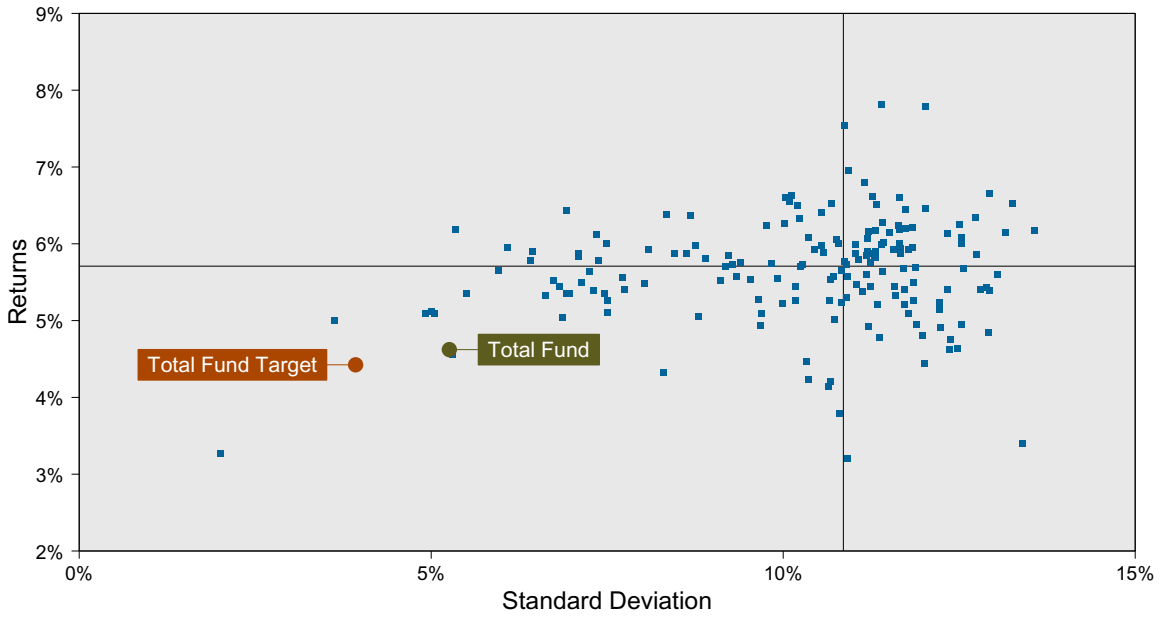
Cumulative Performance Relative to Target

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



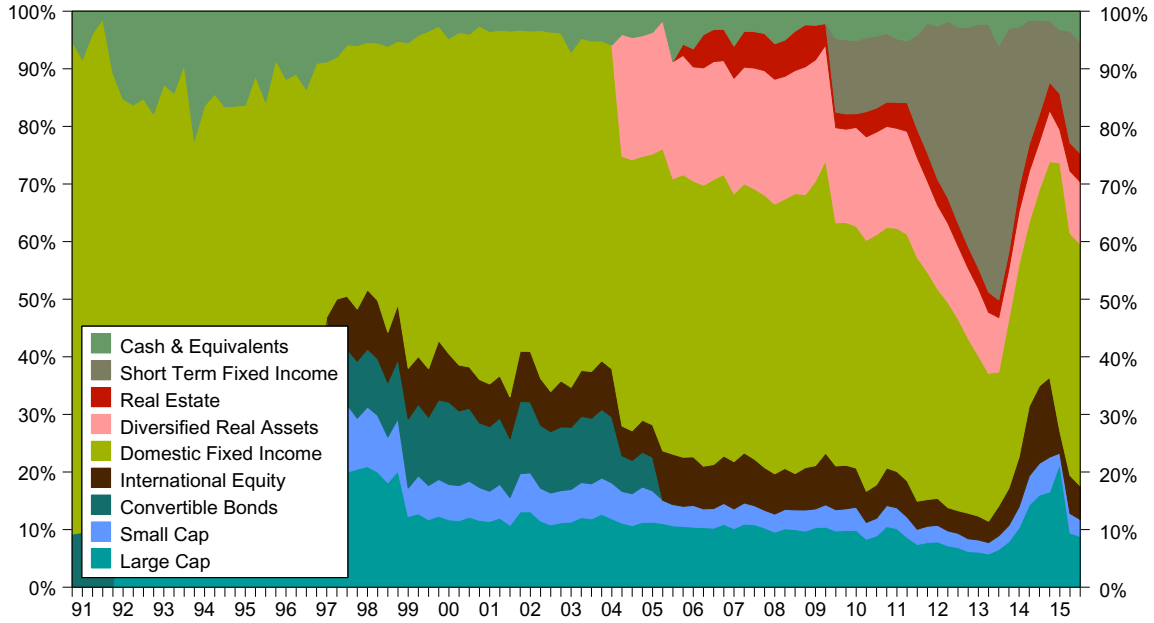
Squares represent membership of the Public Fund Sponsor Database

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

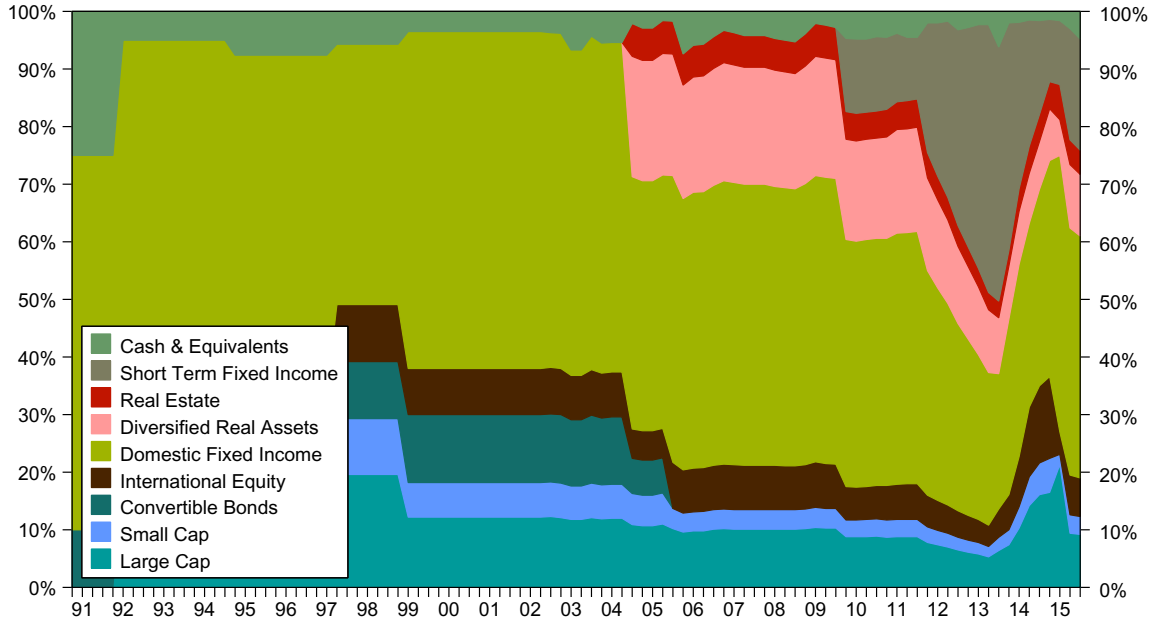
Actual vs Target Historical Asset Allocation

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

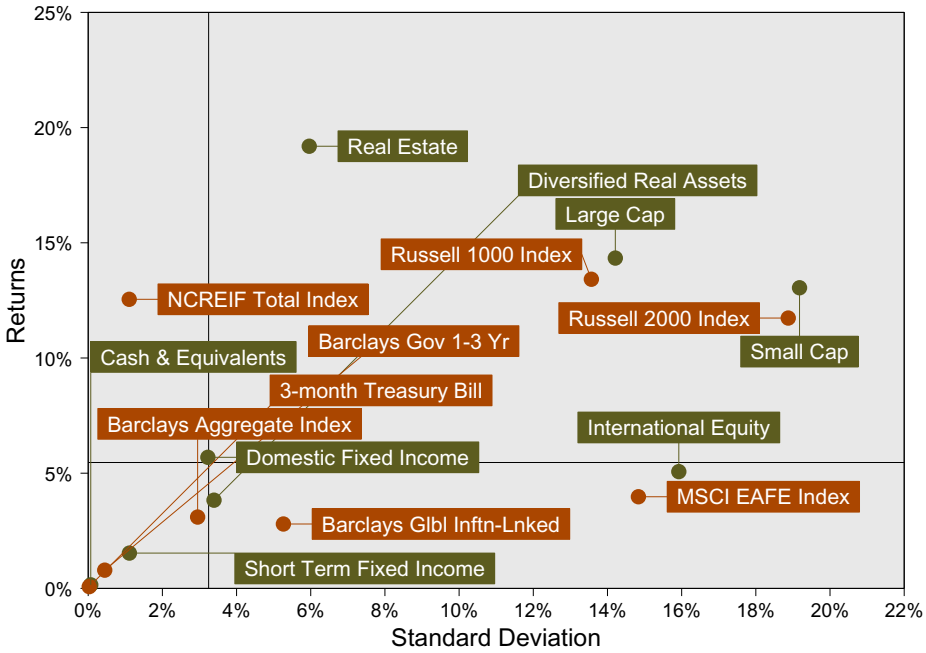


* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

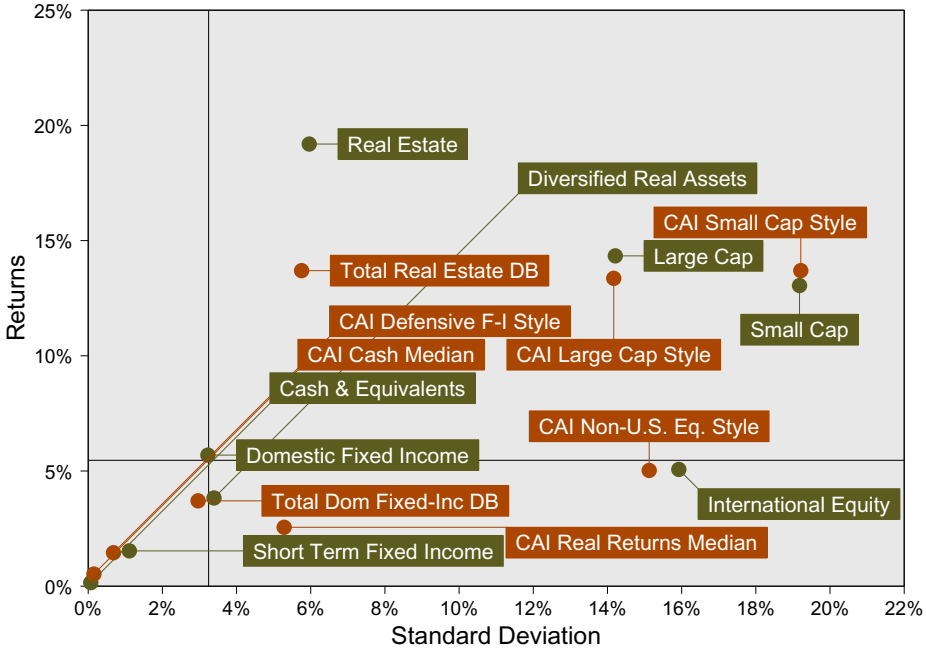
Asset Class Risk and Return

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



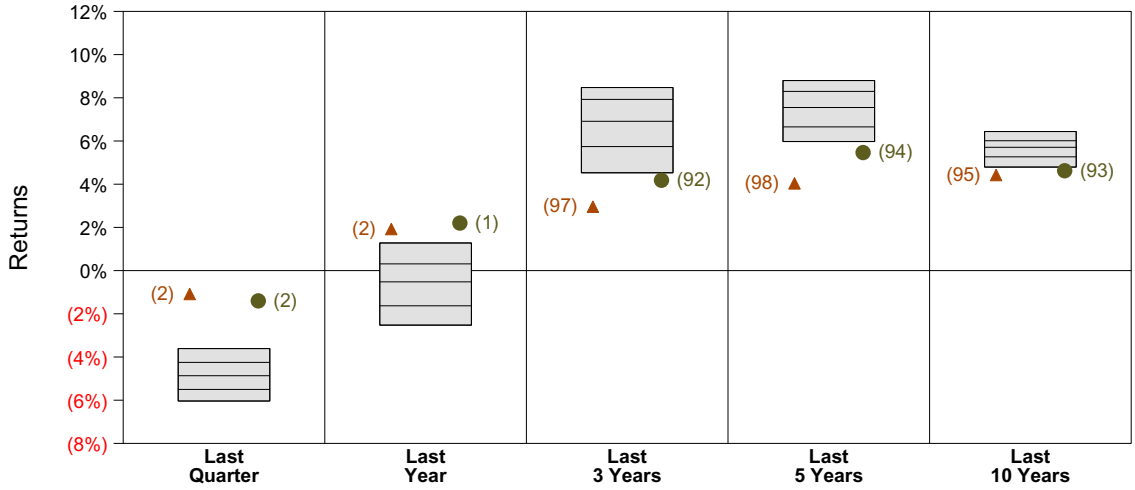
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



Total Fund Ranking

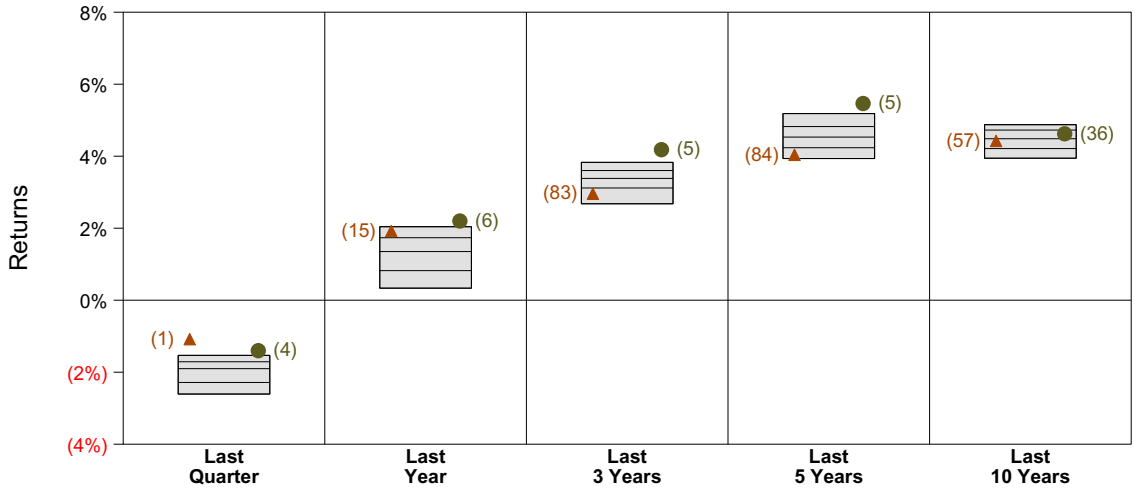
The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended September 30, 2015. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

Public Fund Sponsor Database



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	(3.61)	1.28	8.48	8.80	6.44
25th Percentile	(4.25)	0.31	7.93	8.30	6.01
Median	(4.87)	(0.52)	6.91	7.55	5.71
75th Percentile	(5.50)	(1.63)	5.74	6.65	5.27
90th Percentile	(6.04)	(2.52)	4.53	5.98	4.79
Total Fund ●	(1.40)	2.20	4.18	5.46	4.62
Policy Target ▲	(1.08)	1.92	2.96	4.04	4.42

Asset Allocation Adjusted Ranking



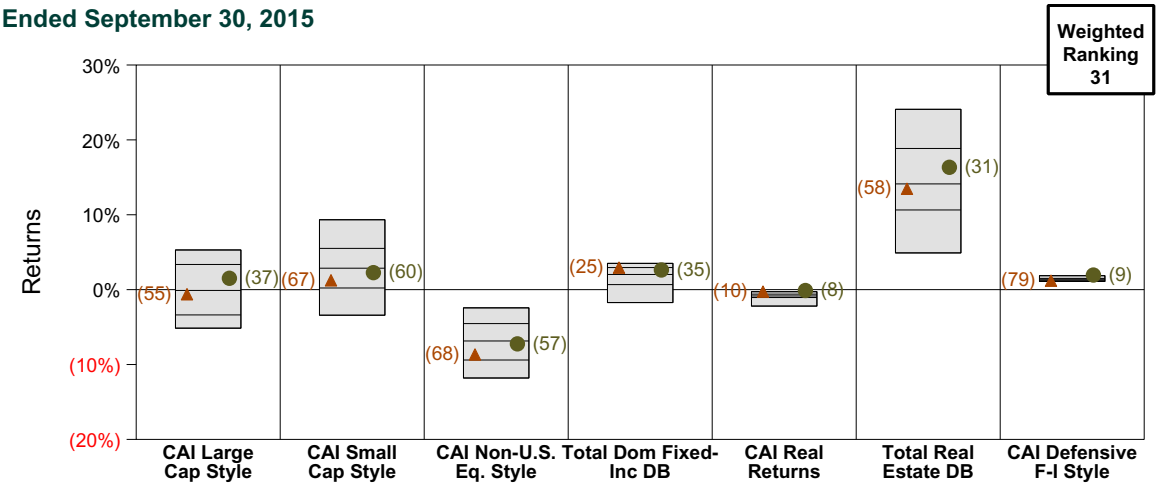
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	(1.53)	2.04	3.83	5.18	4.88
25th Percentile	(1.71)	1.74	3.60	4.82	4.73
Median	(1.90)	1.35	3.38	4.53	4.49
75th Percentile	(2.28)	0.82	3.12	4.24	4.21
90th Percentile	(2.61)	0.33	2.68	3.93	3.94
Total Fund ●	(1.40)	2.20	4.18	5.46	4.62
Policy Target ▲	(1.08)	1.92	2.96	4.04	4.42

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

Asset Class Rankings

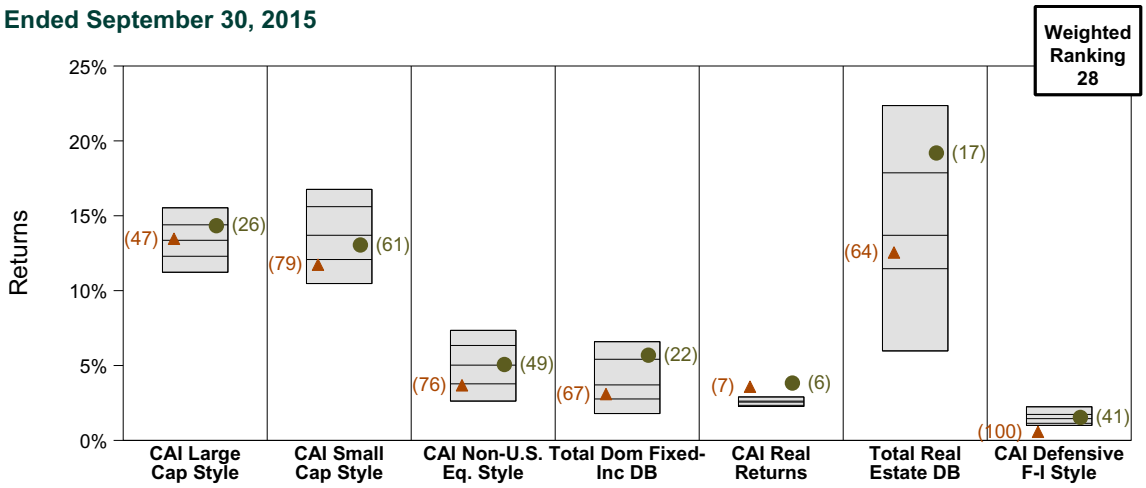
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used 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 Year Ended September 30, 2015



	CAI Large Cap Style	CAI Small Cap Style	CAI Non-U.S. Eq. Style	Total Dom Fixed-Inc DB	CAI Real Returns	Total Real Estate DB	CAI Defensive F-I Style
10th Percentile	5.30	9.33	(2.43)	3.51	(0.27)	24.08	1.86
25th Percentile	3.36	5.51	(4.53)	2.95	(0.60)	18.86	1.50
Median	(0.11)	2.86	(6.86)	2.03	(0.84)	14.12	1.39
75th Percentile	(3.38)	0.22	(9.40)	0.67	(1.05)	10.64	1.24
90th Percentile	(5.14)	(3.42)	(11.80)	(1.73)	(2.20)	4.91	1.09
Asset Class Composite ●	1.52	2.27	(7.24)	2.62	(0.12)	16.34	1.95
Composite Benchmark ▲	(0.61)	1.25	(8.66)	2.94	(0.26)	13.48	1.20

Total Asset Class Performance
Five Years Ended September 30, 2015



	CAI Large Cap Style	CAI Small Cap Style	CAI Non-U.S. Eq. Style	Total Dom Fixed-Inc DB	CAI Real Returns	Total Real Estate DB	CAI Defensive F-I Style
10th Percentile	15.53	16.76	7.35	6.59	2.90	22.36	2.25
25th Percentile	14.39	15.61	6.34	5.42	2.62	17.87	1.73
Median	13.36	13.70	5.02	3.70	2.56	13.70	1.45
75th Percentile	12.30	12.08	3.78	2.77	2.34	11.47	1.14
90th Percentile	11.23	10.47	2.62	1.79	2.27	5.98	1.00
Asset Class Composite ●	14.34	13.05	5.07	5.69	3.83	19.19	1.53
Composite Benchmark ▲	13.47	11.73	3.68	3.10	3.59	12.55	0.58

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2015, with the distribution as of June 30, 2015. 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

	September 30, 2015				June 30, 2015	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	**$289,177,916**	**11.76%**	**$(412,264)**	**$(23,859,068)**	**$313,449,248**	**12.80%**
Large Cap	**$216,336,948**	**8.80%**	**$(121,518)**	**$(14,310,110)**	**$230,768,576**	**9.42%**
Parametric Clifton Large Cap	42,516,957	1.73%	(30,653)	(2,883,559)	45,431,169	1.85%
L.A. Capital Large Cap Growth	66,691,358	2.71%	(28,284)	(3,353,613)	70,073,255	2.86%
L.A. Capital Enhanced	43,456,362	1.77%	(12,499)	(2,427,042)	45,895,902	1.87%
LSV Large Cap Value	63,672,272	2.59%	(50,083)	(5,645,896)	69,368,250	2.83%
Small Cap	**$72,840,968**	**2.96%**	**$(290,745)**	**$(9,548,959)**	**$82,680,672**	**3.38%**
Parametric Clifton Small Cap	51,825,565	2.11%	(273,080)	(6,836,610)	58,935,255	2.41%
Research Affiliates	21,015,404	0.85%	(17,665)	(2,712,348)	23,745,417	0.97%
International Equity	**$143,376,126**	**5.83%**	**$(143,207)**	**$(18,154,199)**	**$161,673,533**	**6.60%**
Capital Group	55,687,789	2.27%	(79,955)	(8,829,882)	64,597,626	2.64%
DFA Int'l Small Cap Value	14,987,191	0.61%	0	(1,521,740)	16,508,931	0.67%
LSV Intl Value	57,188,901	2.33%	(63,252)	(6,660,628)	63,912,781	2.61%
Vanguard Intl Explorer Fund	15,512,245	0.63%	0	(1,141,950)	16,654,195	0.68%
Domestic Fixed Income	**$1,032,895,121**	**42.01%**	**$(345,248)**	**$4,317,711**	**$1,028,922,658**	**42.01%**
Declaration Total Return	78,791,645	3.20%	(27,446)	697,518	78,121,573	3.19%
PIMCO DiSCO II	79,292,119	3.23%	0	308,185	78,983,934	3.22%
PIMCO Bravo II Fund	35,384,594	1.44%	0	0	35,384,594	1.44%
Prudential	89,079,254	3.62%	(61,066)	468,148	88,672,172	3.62%
SSgA US Govt Credit Bd Idx	136,530,169	5.55%	(11,476)	1,623,324	134,918,321	5.51%
Wells Capital	302,593,949	12.31%	(138,223)	(1,325,502)	304,057,674	12.41%
Western Asset Management	311,223,391	12.66%	(107,037)	2,546,038	308,784,390	12.61%
Diversified Real Assets	**$264,991,417**	**10.78%**	**$(1,127,019)**	**$491,954**	**$265,626,481**	**10.84%**
Western Asset Management	110,677,725	4.50%	(36,672)	(1,547,035)	112,261,432	4.58%
JP Morgan Infrastructure	74,083,314	3.01%	(203,975)	1,687,960	72,599,328	2.96%
Eastern Timber Opportunities	60,220,271	2.45%	(1,426,590)	386,729	61,260,132	2.50%
Grosvenor Cust. Infrastructure	20,010,106	0.81%	540,218	(35,701)	19,505,589	0.80%
Real Estate	**$121,430,033**	**4.94%**	**$(48,739)**	**$1,699,797**	**$119,778,975**	**4.89%**
Invesco Core Real Estate	57,584,269	2.34%	(48,739)	1,658,187	55,974,821	2.29%
JP Morgan RE	63,845,764	2.60%	0	41,610	63,804,154	2.60%
Short Term Fixed Income	**$476,028,721**	**19.36%**	**$(348,669)**	**$1,310,816**	**$475,066,575**	**19.40%**
JP Morgan Short Term Bonds	236,453,149	9.62%	(141,241)	801,870	235,792,520	9.63%
Babson Short Term Bonds	239,575,572	9.75%	(207,429)	508,946	239,274,055	9.77%
Cash & Equivalents	**$130,542,711**	**5.31%**	**$45,715,685**	**$2,036**	**$84,824,989**	**3.46%**
Cash Account	130,542,711	5.31%	45,715,685	2,036	84,824,989	3.46%
Securities Lending Income	**$0**	**0.00%**	**$(25,646)**	**$25,646**	**-**	**-**
Total Fund	**$2,458,442,045**	**100.0%**	**$43,264,893**	**$(34,165,308)**	**$2,449,342,460**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 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 September 30, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity					
Gross	(7.62%)	1.58%	13.97%	13.95%	6.73%
Net	(7.74%)	1.33%	13.71%	13.66%	6.36%
Large Cap Equity					
Gross	(6.20%)	1.52%	14.46%	14.34%	6.58%
Net	(6.25%)	1.33%	14.25%	14.11%	6.25%
Benchmark(1)	(6.83%)	(0.61%)	12.66%	13.47%	6.86%
Parametric Clifton Large Cap - Gross	(6.35%)	(0.80%)	12.33%	13.66%	-
Parametric Clifton Large Cap - Net	(6.41%)	(0.87%)	12.24%	13.48%	-
S&P 500 Index	(6.44%)	(0.61%)	12.40%	13.34%	6.80%
L.A. Capital - Gross	(4.79%)	5.47%	14.81%	15.08%	8.82%
L.A. Capital - Net	(4.83%)	5.28%	14.59%	14.85%	8.62%
Russell 1000 Growth Index	(5.29%)	3.17%	13.61%	14.47%	8.09%
L.A. Capital Enhanced - Gross	(5.29%)	1.83%	13.79%	13.91%	8.09%
L.A. Capital Enhanced - Net	(5.32%)	1.71%	13.65%	13.75%	7.93%
Russell 1000 Index	(6.83%)	(0.61%)	12.66%	13.42%	6.95%
LSV Asset Management - Gross	(8.15%)	(1.11%)	15.85%	14.44%	7.29%
LSV Asset Management - Net	(8.21%)	(1.40%)	15.53%	14.11%	6.97%
Russell 1000 Value Index	(8.39%)	(4.42%)	11.59%	12.29%	5.71%
Small Cap Equity					
Gross	(11.58%)	2.27%	12.68%	13.05%	7.13%
Net	(11.90%)	1.82%	12.26%	12.57%	6.63%
Russell 2000 Index	(11.92%)	1.25%	11.02%	11.73%	6.55%
Parametric Clifton Small Cap - Gross	(11.63%)	3.11%	12.20%	13.09%	-
Parametric Clifton SmallCap - Net	(12.06%)	2.61%	11.79%	12.61%	-
Russell 2000 Index	(11.92%)	1.25%	11.02%	11.73%	6.55%
Research Affiliates - Gross	(11.43%)	0.48%	12.71%	12.72%	-
Research Affiliates - Net	(11.50%)	0.17%	12.32%	12.27%	-
Russell 2000	(11.92%)	1.25%	11.02%	11.73%	6.55%
International Equity					
Gross	(11.24%)	(7.24%)	6.93%	5.07%	3.31%
Net	(11.32%)	(7.56%)	6.53%	4.72%	3.03%
Benchmark(2)	(10.23%)	(8.66%)	5.63%	3.68%	2.66%
Capital Group - Gross	(13.68%)	(9.63%)	4.78%	4.08%	3.01%
Capital Group - Net	(13.79%)	(10.01%)	4.38%	3.84%	2.88%
Benchmark(2)	(10.23%)	(8.66%)	5.63%	3.68%	2.66%
DFA Intl Small Cap Value - Net	(9.22%)	(4.00%)	10.98%	7.38%	-
World ex US SC Va	(8.82%)	(6.60%)	7.87%	5.27%	4.76%
LSV Asset Management - Gross	(10.43%)	(7.44%)	6.94%	4.98%	2.46%
LSV Asset Management - Net	(10.52%)	(7.84%)	6.49%	4.56%	2.14%
Benchmark(2)	(10.23%)	(8.66%)	5.63%	3.68%	2.66%
Vanguard Intl Explorer Fund - Net	(6.86%)	(0.52%)	11.22%	6.47%	5.50%
BMI, EPAC, <$2 B	(8.35%)	(1.45%)	8.94%	6.08%	4.45%

(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 September 30, 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 September 30, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Fixed Income					
Gross	0.42%	2.62%	3.79%	5.69%	5.99%
Net	0.39%	2.50%	3.63%	5.52%	5.81%
Barclays Aggregate Index	1.23%	2.94%	1.71%	3.10%	4.64%
Declaration Total Return - Net	0.89%	3.79%	-	-	-
Libor-3 Month	0.08%	0.27%	0.27%	0.32%	1.76%
PIMCO DiSCO II - Net	0.39%	3.25%	12.50%	-	-
PIMCO Bravo II Fund - Net	0.00%	10.36%	-	-	-
Barclays Aggregate Index	1.23%	2.94%	1.71%	3.10%	4.64%
Prudential - Gross	0.53%	3.19%	2.70%	4.94%	-
Prudential - Net	0.46%	2.91%	2.41%	4.76%	-
Barclays Aggregate Index	1.23%	2.94%	1.71%	3.10%	4.64%
Wells Capital - Gross	(0.44%)	0.65%	2.99%	5.40%	6.83%
Wells Capital - Net	(0.48%)	0.47%	2.78%	5.19%	6.60%
Barclays Baa Credit 3%	(0.76%)	(0.49%)	1.94%	4.56%	5.95%
Western Asset - Gross	0.82%	3.24%	2.89%	4.86%	5.46%
Western Asset - Net	0.79%	3.10%	2.74%	4.69%	5.26%
Barclays Aggregate	1.23%	2.94%	1.71%	3.10%	4.64%
SSgA US Govt Cr Bd Idx - Gross	1.20%	2.76%	-	-	-
SSgA US Govt Cr Bd Idx - Net	1.19%	2.71%	-	-	-
Barclays Govt/Credit Bd	1.20%	2.73%	1.59%	3.09%	4.61%
Diversified Real Assets					
Gross	0.19%	(0.12%)	2.80%	3.83%	3.72%
Net	0.12%	(0.38%)	2.51%	3.49%	3.46%
Weighted Benchmark	(0.54%)	(0.26%)	1.32%	3.59%	4.25%
Western TIPS - Gross	(1.38%)	(2.20%)	(0.04%)	2.24%	3.32%
Western TIPS - Net	(1.41%)	(2.32%)	(0.19%)	2.07%	3.17%
Barclays Glbl Inftn-Linked(1)	(1.27%)	(2.76%)	0.04%	2.79%	3.85%
JP Morgan Infrastructure - Gross	2.33%	(3.32%)	5.91%	7.18%	-
JP Morgan Infrastructure - Net	2.13%	(4.19%)	4.90%	5.99%	-
CPI-W	(0.49%)	(0.64%)	0.65%	1.66%	1.78%
Eastern Timber Opportunities - Net	0.64%	5.10%	6.08%	3.88%	-
NCREIF Timberland Index	0.77%	9.26%	9.77%	6.28%	7.94%
Grosvenor Cust. Infrastructure - Net	(0.18%)	5.33%	9.24%	-	-
CPI-W	(0.49%)	(0.64%)	0.65%	1.66%	1.78%

(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 September 30, 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 September 30, 2015

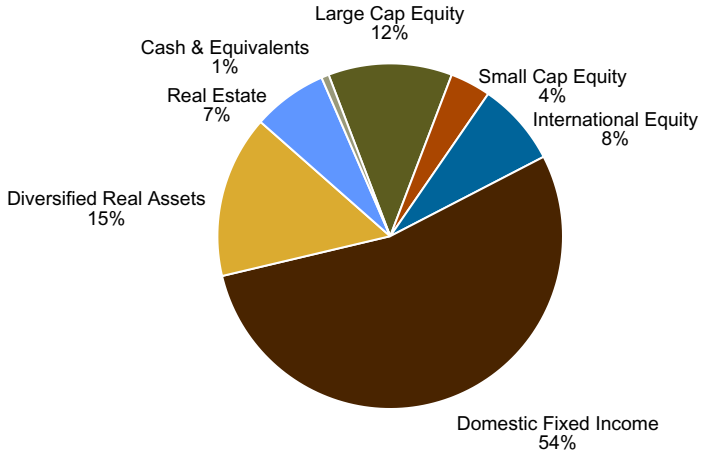
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Real Estate					
Gross	1.42%	16.34%	15.35%	19.19%	-
Net	1.43%	15.52%	14.37%	18.02%	-
NCREIF Total Index	3.09%	13.48%	11.90%	12.55%	8.02%
Invesco Core Real Estate - Gross	2.96%	15.84%	13.63%	-	-
Invesco Core Real Estate - Net	2.88%	15.44%	13.21%	-	-
NCREIF Total Index	3.09%	13.48%	11.90%	12.55%	8.02%
JP Morgan - Gross	0.07%	16.76%	16.16%	19.70%	-
JP Morgan - Net	0.16%	15.58%	14.82%	18.30%	-
NCREIF Total Index	3.09%	13.48%	11.90%	12.55%	8.02%
Short Term Fixed Income					
Gross	0.28%	1.95%	1.49%	1.53%	-
Net	0.20%	1.78%	1.36%	1.43%	-
Barclays Gov 1-3 Yr	0.32%	1.20%	0.70%	0.79%	2.62%
Babson Short Term Bonds - Gross	0.21%	2.76%	1.99%	-	-
Babson Short Term Bonds - Net	0.13%	2.59%	1.85%	-	-
Barclays Gov 1-3 Yr	0.32%	1.20%	0.70%	0.79%	2.62%
JP Morgan Short Term Bds - Gross	0.34%	1.41%	0.95%	-	-
JP Morgan Short Term Bds - Net	0.28%	1.29%	0.85%	-	-
Barclays Gov/Credit 1-3 Y	0.29%	1.19%	0.86%	1.04%	2.85%
Cash & Equivalents - Net	**0.00%**	**0.01%**	**0.07%**	**0.15%**	**1.45%**
Cash Account- Net	0.00%	0.01%	0.07%	0.16%	1.45%
90 Day Treasury Bills	0.01%	0.02%	0.06%	0.08%	1.33%
Total Fund					
Gross	(1.40%)	2.20%	4.18%	5.46%	4.62%
Net	(1.46%)	1.98%	3.97%	5.23%	4.38%
Target*	(1.08%)	1.92%	2.96%	4.04%	4.42%

* Current Quarter Target = 42.0% Barclays Aggregate Index, 19.3% Barclays Gov 1-3 Yr, 10.7% NDSIB INS DRA Weighted Benchmark, 9.2% Russell 1000 Index, 6.7% MSCI EAFE Index, 4.8% 3-month Treasury Bill, 4.2% NCREIF Total Index and 3.1% Russell 2000 Index.

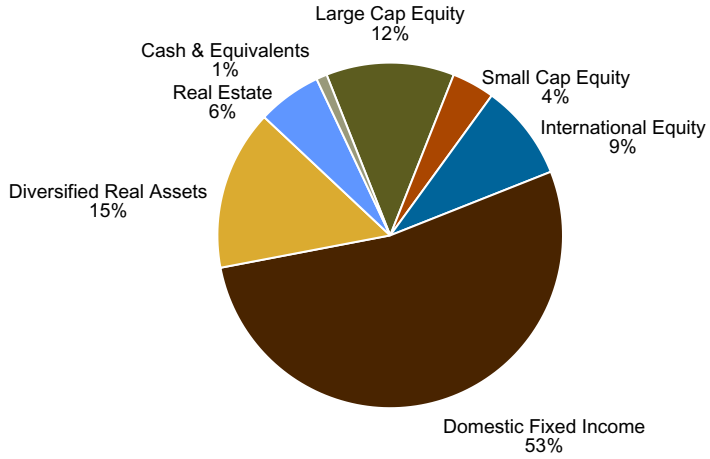
Actual vs Target Asset Allocation
As of September 30, 2015

The first chart below shows the Fund's asset allocation as of September 30, 2015. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



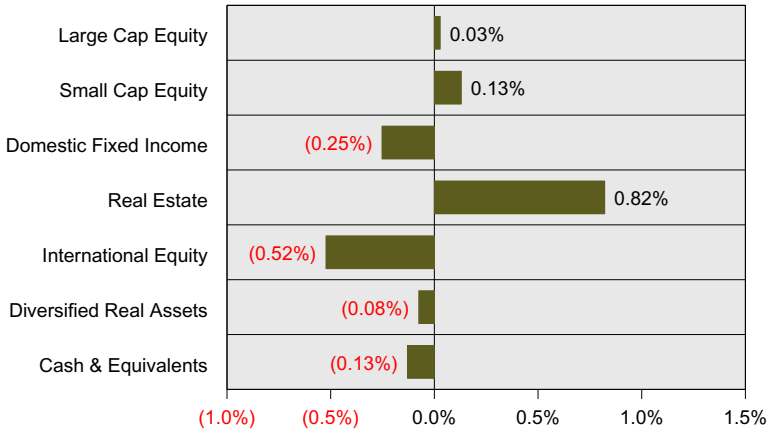
Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Large Cap Equity	199,017	11.6%	12.0%	(0.4%)	(7,704)
Small Cap Equity	65,468	3.8%	4.0%	(0.2%)	(3,439)
International Equity	134,535	7.8%	9.0%	(1.2%)	(20,506)
Domestic Fixed Income	928,769	53.9%	53.0%	0.9%	15,750
Diversified Real Assets	261,226	15.2%	15.0%	0.2%	2,824
Real Estate	121,368	7.0%	6.0%	1.0%	18,007
Cash & Equivalents	12,295	0.7%	1.0%	(0.3%)	(4,932)
Total	1,722,678	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.

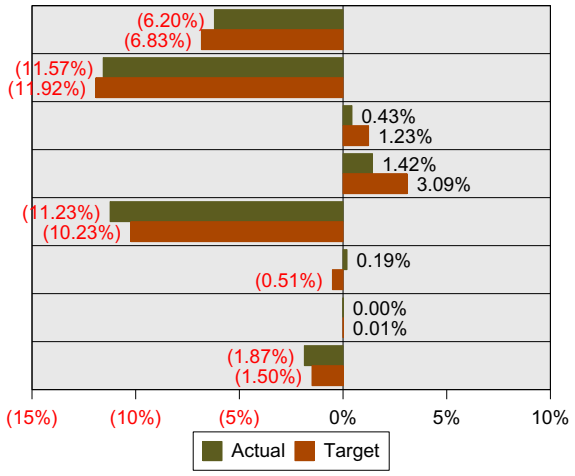
Quarterly Total Fund Relative Attribution - September 30, 2015

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.

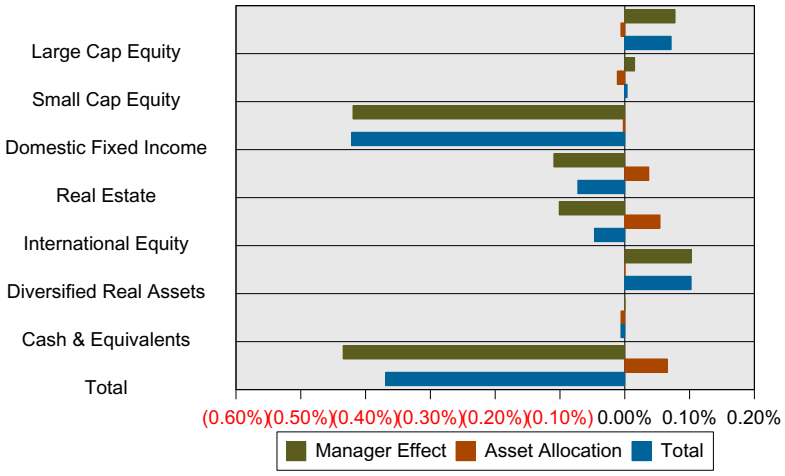
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2015

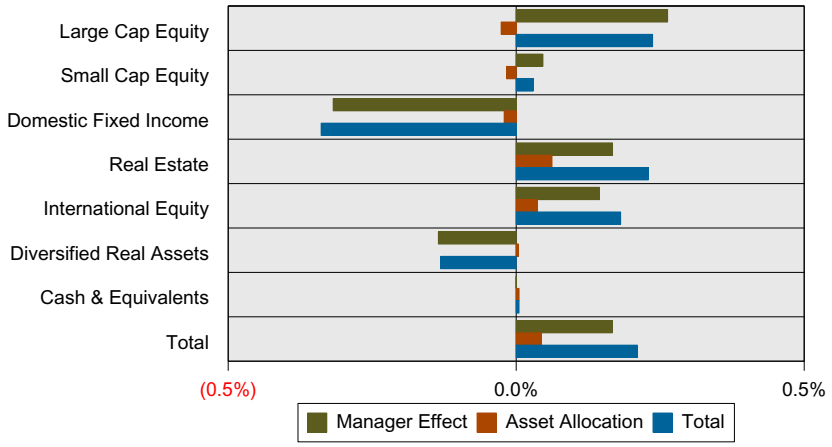
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	(6.20%)	(6.83%)	0.08%	(0.01%)	0.07%
Small Cap Equity	4%	4%	(11.57%)	(11.92%)	0.02%	(0.01%)	0.00%
Domestic Fixed Income	53%	53%	0.43%	1.23%	(0.42%)	(0.00%)	(0.42%)
Real Estate	7%	6%	1.42%	3.09%	(0.11%)	0.04%	(0.07%)
International Equity	8%	9%	(11.23%)	(10.23%)	(0.10%)	0.05%	(0.05%)
Diversified Real Assets	15%	15%	0.19%	(0.51%)	0.10%	(0.00%)	0.10%
Cash & Equivalents	1%	1%	0.00%	0.01%	(0.00%)	(0.01%)	(0.01%)
Total			**(1.87%) =**	**(1.50%) +**	**(0.43%) +**	**0.07%**	**(0.37%)**

* 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.

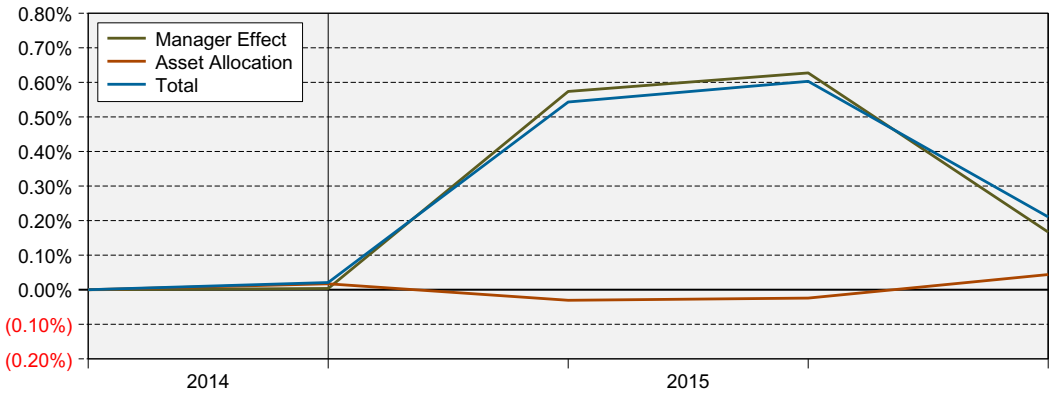
Cumulative Total Fund Relative Attribution - September 30, 2015

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

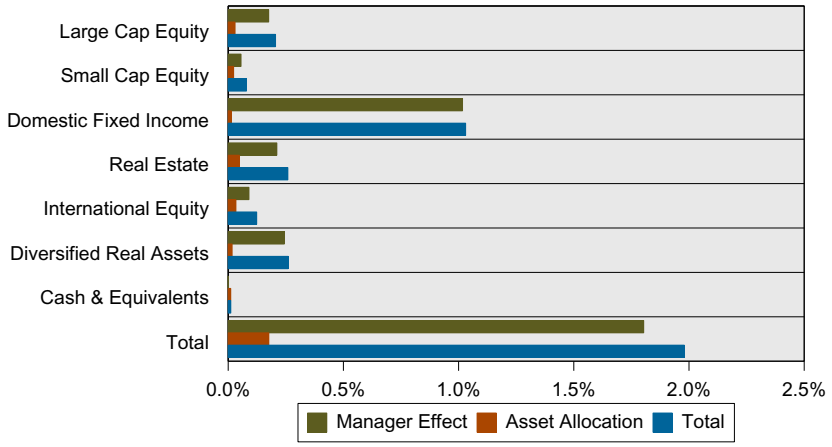
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	1.55%	(0.61%)	0.26%	(0.03%)	0.24%
Small Cap Equity	4%	4%	2.37%	1.25%	0.05%	(0.02%)	0.03%
Domestic Fixed Income	53%	53%	2.34%	2.94%	(0.32%)	(0.02%)	(0.34%)
Real Estate	6%	6%	16.35%	13.48%	0.17%	0.06%	0.23%
International Equity	9%	9%	(7.15%)	(8.66%)	0.14%	0.04%	0.18%
Diversified Real Assets	15%	15%	(0.26%)	0.73%	(0.14%)	0.00%	(0.13%)
Cash & Equivalents	1%	1%	0.01%	0.02%	(0.00%)	0.00%	0.00%
Total			**1.95% =**	**1.74% +**	**0.17% +**	**0.04%**	**0.21%**

* 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.

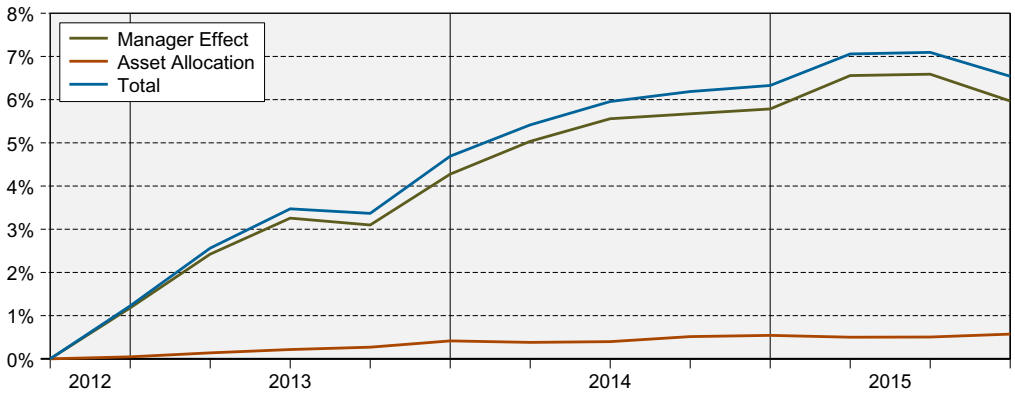
Cumulative Total Fund Relative Attribution - September 30, 2015

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

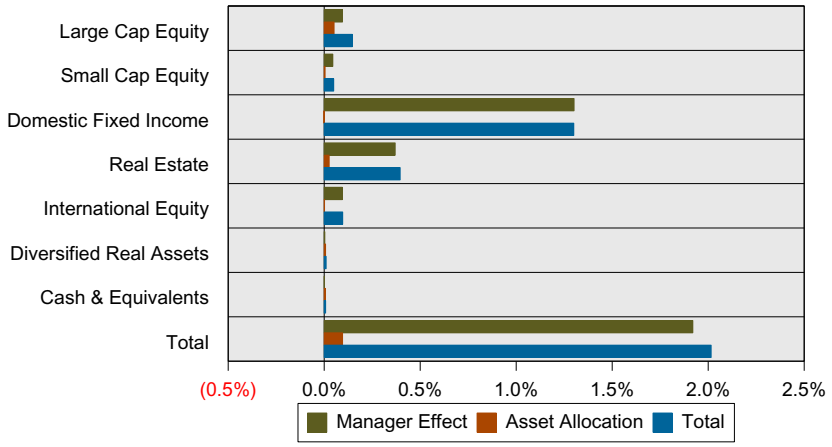
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
Large Cap Equity	11%	11%	14.40%		12.66%		0.18%		0.03%	0.21%
Small Cap Equity	4%	4%	12.71%		11.02%		0.06%		0.02%	0.08%
Domestic Fixed Income	51%	52%	3.70%		1.71%		1.02%		0.01%	1.03%
Real Estate	6%	6%	15.32%		11.90%		0.21%		0.05%	0.26%
International Equity	8%	8%	6.77%		5.63%		0.09%		0.03%	0.12%
Diversified Real Assets	19%	19%	3.09%		1.91%		0.24%		0.02%	0.26%
Cash & Equivalents	1%	1%	0.07%		0.06%		0.00%		0.01%	0.01%
Total			**5.93%**	**=**	**3.95%**	**+**	**1.80%**	**+**	**0.18%**	**1.98%**

* 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.

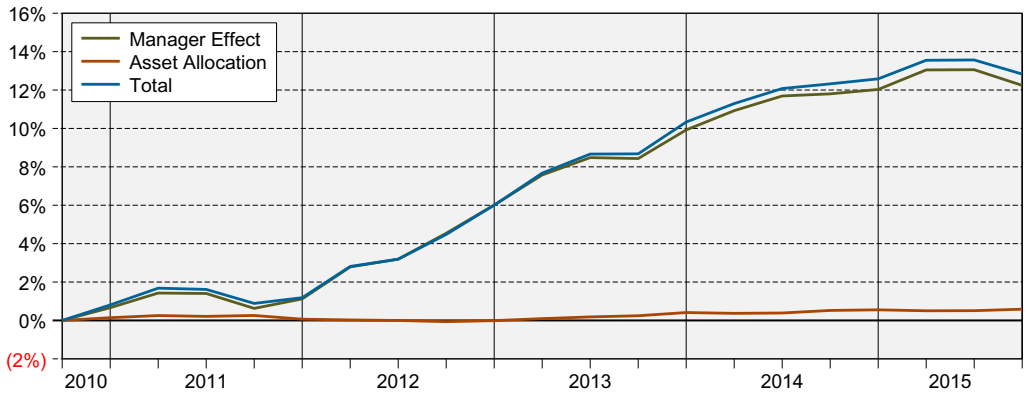
Cumulative Total Fund Relative Attribution - September 30, 2015

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

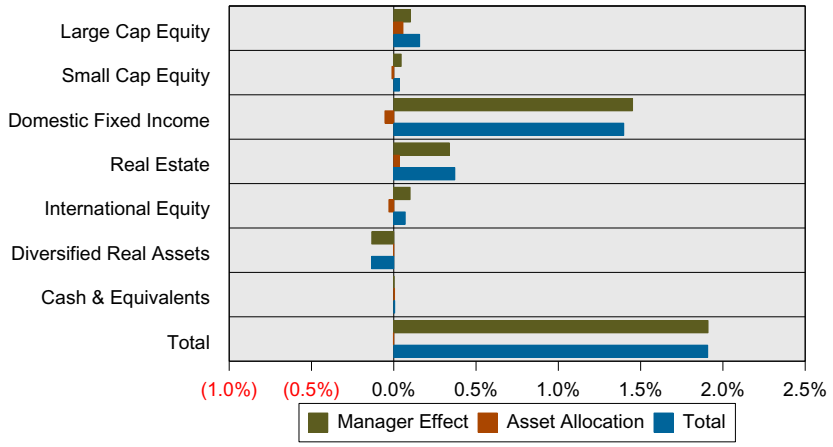
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
Large Cap Equity	11%	10%	14.31%		13.42%		0.10%		0.05%	0.15%
Small Cap Equity	4%	3%	13.06%		11.73%		0.04%		0.00%	0.05%
Domestic Fixed Income	51%	52%	5.64%		3.10%		1.30%		(0.00%)	1.30%
Real Estate	6%	6%	19.17%		12.55%		0.37%		0.03%	0.40%
International Equity	7%	8%	4.92%		3.68%		0.09%		0.00%	0.10%
Diversified Real Assets	20%	20%	4.00%		3.95%		0.00%		0.01%	0.01%
Cash & Equivalents	1%	1%	0.15%		0.08%		0.00%		0.01%	0.01%
Total			**7.23%**	**=**	**5.21%**	**+**	**1.92%**	**+**	**0.10%**	**2.02%**

* 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.

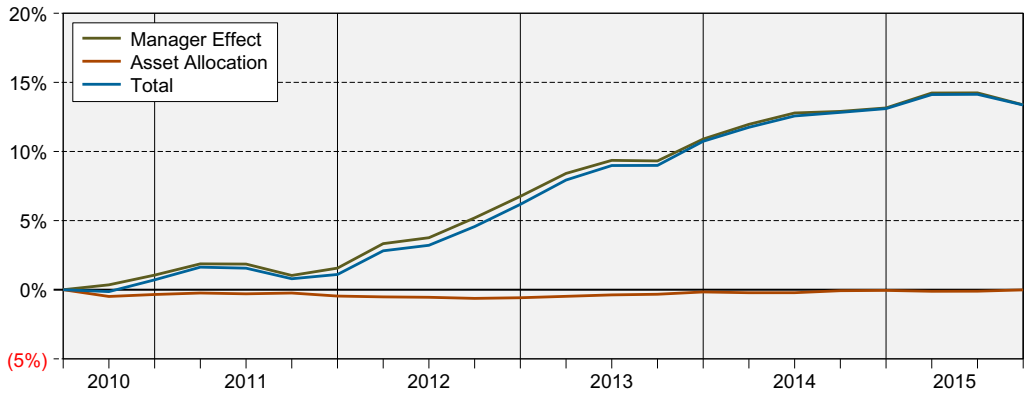
Cumulative Total Fund Relative Attribution - September 30, 2015

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 and One-Quarter Year Annualized Relative Attribution Effects



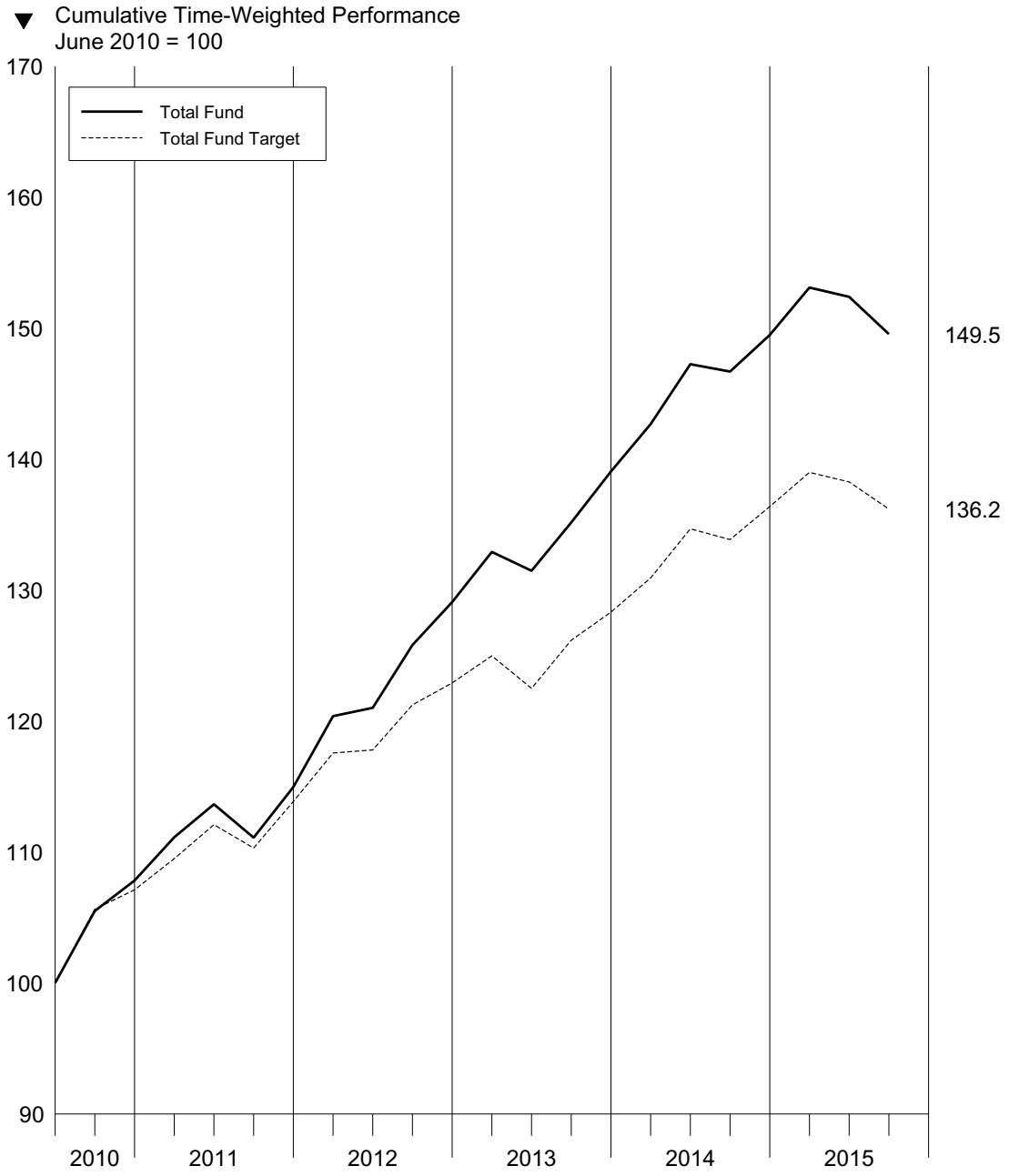
Cumulative Relative Attribution Effects



Five and One-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	11%	10%	16.08%		15.11%		0.10%		0.06%	0.16%
Small Cap Equity	4%	3%	14.80%		13.43%		0.05%		(0.01%)	0.03%
Domestic Fixed Income	51%	51%	6.21%		3.43%		1.45%		(0.05%)	1.40%
Real Estate	6%	6%	18.57%		12.73%		0.34%		0.03%	0.37%
International Equity	7%	7%	7.10%		5.76%		0.10%		(0.03%)	0.07%
Diversified Real Assets	20%	20%	4.58%		5.29%		(0.13%)		(0.00%)	(0.14%)
Cash & Equivalents	1%	1%	0.16%		0.08%		0.00%		0.00%	0.01%
Total			**7.97%**	**=**	**6.06%**	**+**	**1.91%**	**+**	**(0.00%)**	**1.91%**

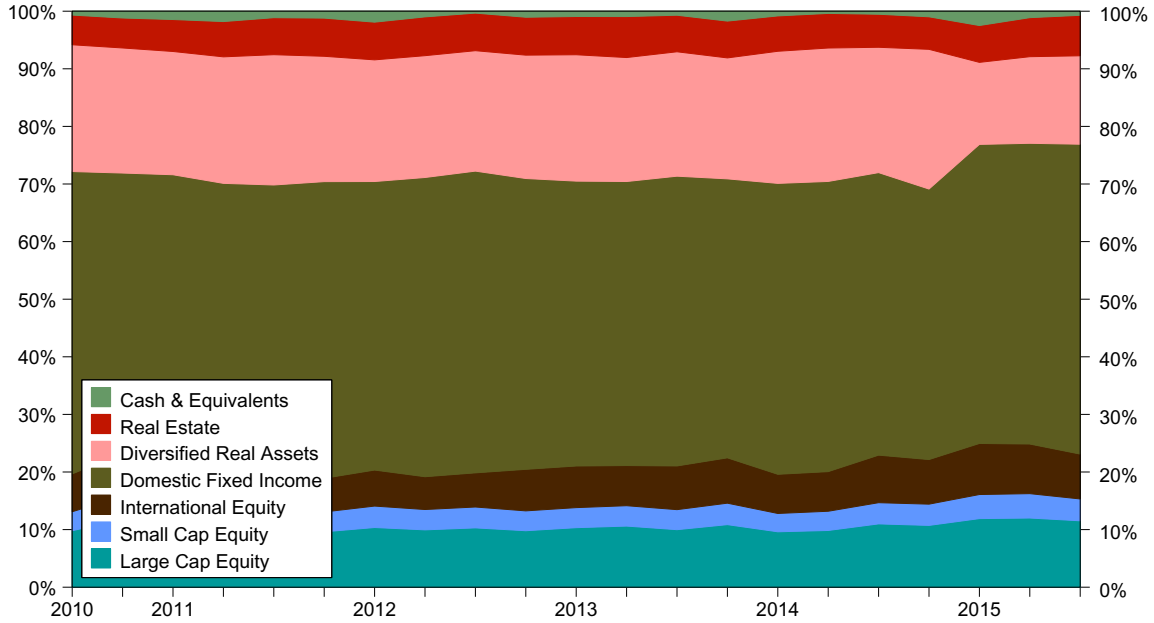
* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.


Cumulative Time-Weighted Performance
June 2010 = 100
Total Fund
Total Fund Target
170
160
150
140
130
120
110
100
90
2010
2011
2012
2013
2014
2015
149.5
136.2

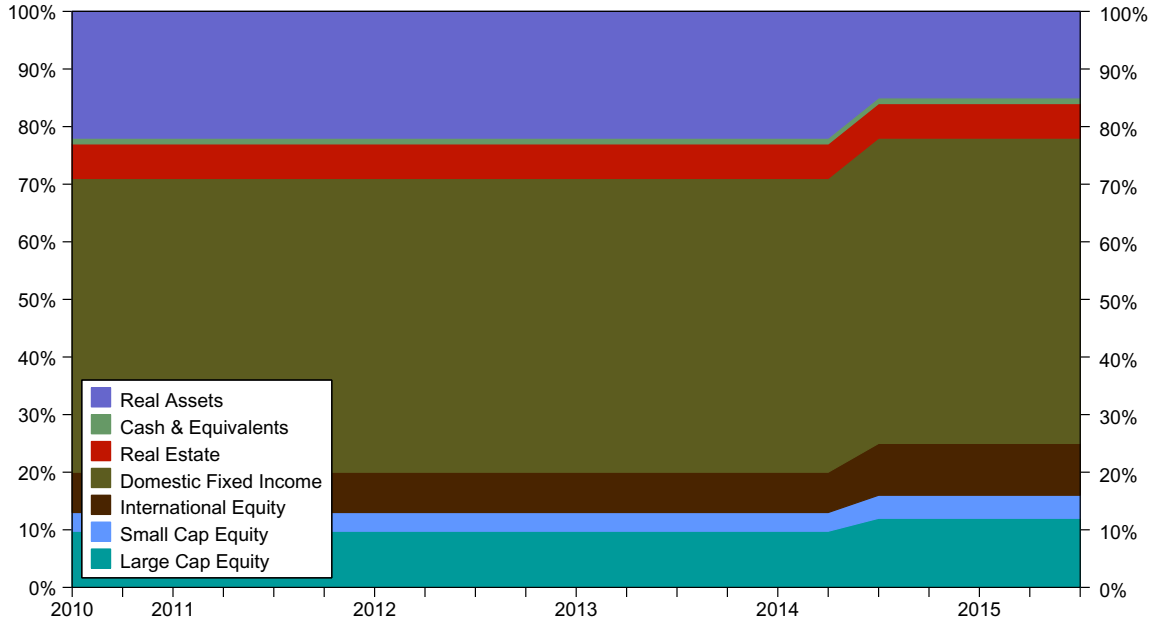
Actual vs Target Historical Asset Allocation

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

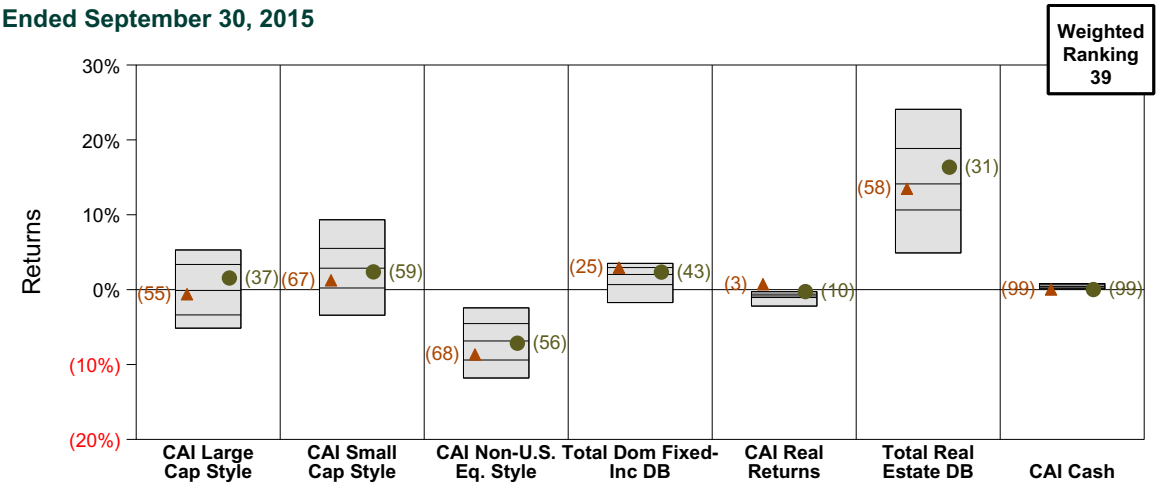


* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE Index, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

Asset Class Rankings

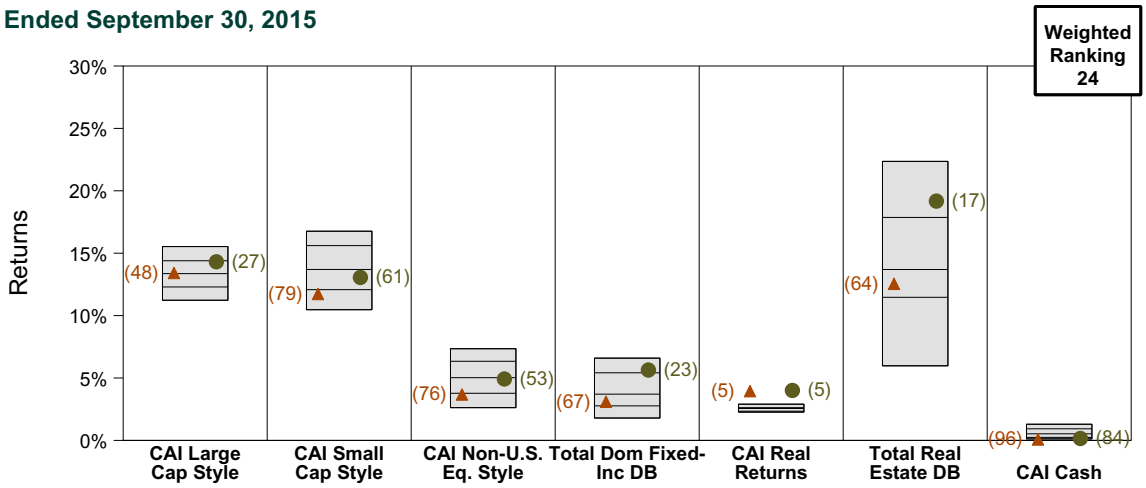
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used 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 September 30, 2015



	CAI Large Cap Style	CAI Small Cap Style	CAI Non-U.S. Eq. Style	Total Dom Fixed-Inc DB	CAI Real Returns	Total Real Estate DB	CAI Cash
10th Percentile	5.30	9.33	(2.43)	3.51	(0.27)	24.08	0.81
25th Percentile	3.36	5.51	(4.53)	2.95	(0.60)	18.86	0.65
Median	(0.11)	2.86	(6.86)	2.03	(0.84)	14.12	0.43
75th Percentile	(3.38)	0.22	(9.40)	0.67	(1.05)	10.64	0.24
90th Percentile	(5.14)	(3.42)	(11.80)	(1.73)	(2.20)	4.91	0.10
Asset Class Composite ●	1.55	2.37	(7.15)	2.34	(0.26)	16.35	0.01
Composite Benchmark ▲	(0.61)	1.25	(8.66)	2.94	0.73	13.48	0.02

Total Asset Class Performance
Five Years Ended September 30, 2015



	CAI Large Cap Style	CAI Small Cap Style	CAI Non-U.S. Eq. Style	Total Dom Fixed-Inc DB	CAI Real Returns	Total Real Estate DB	CAI Cash
10th Percentile	15.53	16.76	7.35	6.59	2.90	22.36	1.30
25th Percentile	14.39	15.61	6.34	5.42	2.62	17.87	0.93
Median	13.36	13.70	5.02	3.70	2.56	13.70	0.53
75th Percentile	12.30	12.08	3.78	2.77	2.34	11.47	0.24
90th Percentile	11.23	10.47	2.62	1.79	2.27	5.98	0.12
Asset Class Composite ●	14.31	13.06	4.92	5.64	4.00	19.17	0.15
Composite Benchmark ▲	13.42	11.73	3.68	3.10	3.95	12.55	0.08

* 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 September 30, 2015, with the distribution as of June 30, 2015. 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

	September 30, 2015				June 30, 2015	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Large Cap Equity	$199,016,872	11.55%	$29,158	$(13,197,773)	$212,185,488	12.04%
Small Cap Equity	$65,467,993	3.80%	$(631,087)	$(8,628,933)	$74,728,013	4.24%
International Equity	$134,534,751	7.81%	$(617,621)	$(17,107,206)	$152,259,577	8.64%
Domestic Fixed Income	$928,769,181	53.91%	$2,456,133	$3,957,534	$922,355,515	52.33%
Diversified Real Assets	$261,226,172	15.16%	$(772,737)	$499,300	$261,499,609	14.84%
Real Estate	$121,368,164	7.05%	$(42,112)	$1,698,865	$119,711,411	6.79%
Cash & Equivalents	$12,294,753	0.71%	$(7,526,145)	$384	$19,820,514	1.12%
Securities Lending Income	$0	0.00%	$(5,770)	$5,770	-	-
Total Fund	$1,722,677,886	100.0%	$(7,110,182)	$(32,772,060)	$1,762,560,127	100.0%

PLEASE REFER TO PAGE 36 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 September 30, 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 September 30, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 5-1/4 Years
Large Cap Equity					
Gross	(6.20%)	1.55%	14.40%	14.31%	16.08%
Net	(6.25%)	1.37%	14.20%	14.09%	15.81%
Benchmark(1)	(6.83%)	(0.61%)	12.66%	13.47%	15.11%
Small Cap Equity					
Gross	(11.57%)	2.37%	12.71%	13.06%	14.80%
Net	(11.90%)	1.92%	12.29%	12.58%	14.12%
Russell 2000	(11.92%)	1.25%	11.02%	11.73%	13.43%
International Equity					
Gross	(11.23%)	(7.15%)	6.77%	4.92%	7.10%
Net	(11.32%)	(7.47%)	6.41%	4.53%	6.70%
Benchmark(2)	(10.23%)	(8.66%)	5.63%	3.68%	5.76%
Domestic Fixed Income					
Gross	0.43%	2.34%	3.70%	5.64%	6.21%
Net	0.40%	2.21%	3.54%	5.46%	6.03%
Barclays Aggregate	1.23%	2.94%	1.71%	3.10%	3.43%
Diversified Real Assets					
Gross	0.19%	(0.26%)	3.09%	4.00%	4.58%
Net	0.13%	(0.57%)	2.77%	3.65%	4.22%
Weighted Benchmark	(0.51%)	0.73%	1.91%	3.95%	5.29%
Real Estate					
Gross	1.42%	16.35%	15.32%	19.17%	18.57%
Net	1.43%	15.55%	14.37%	18.02%	17.48%
NCREIF Total Index	3.09%	13.48%	11.90%	12.55%	12.73%
Cash & Equivalents - Net	**0.00%**	**0.01%**	**0.07%**	**0.15%**	**0.16%**
90 Day Treasury Bills	0.01%	0.02%	0.06%	0.08%	0.08%
Total Fund					
Gross	(1.87%)	1.95%	5.93%	7.23%	7.97%
Net	(1.92%)	1.72%	5.67%	6.93%	7.66%
Target*	(1.50%)	1.74%	3.95%	5.21%	6.06%

* 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.

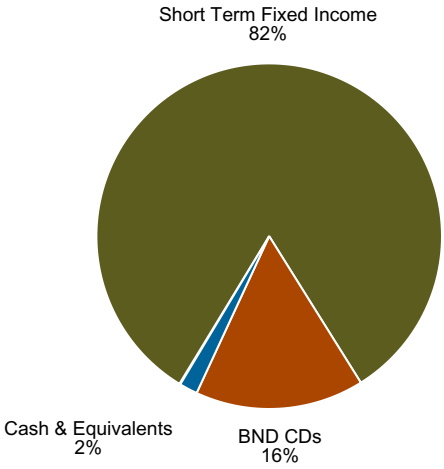
PLEASE REFER TO PAGE 37-39 FOR INVESTMENT MANAGER LEVEL RETURNS.

NDSIB - Budget Stabilization Fund

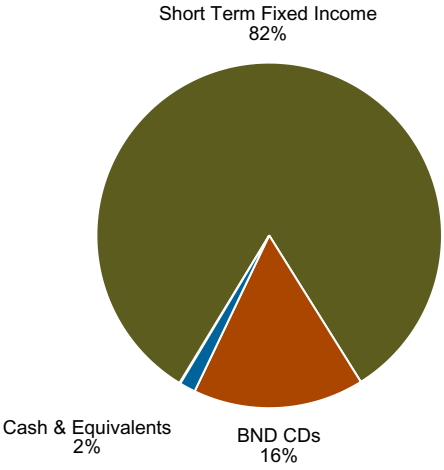
Actual vs Target Asset Allocation
As of September 30, 2015

The first chart below shows the Fund's asset allocation as of September 30, 2015. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



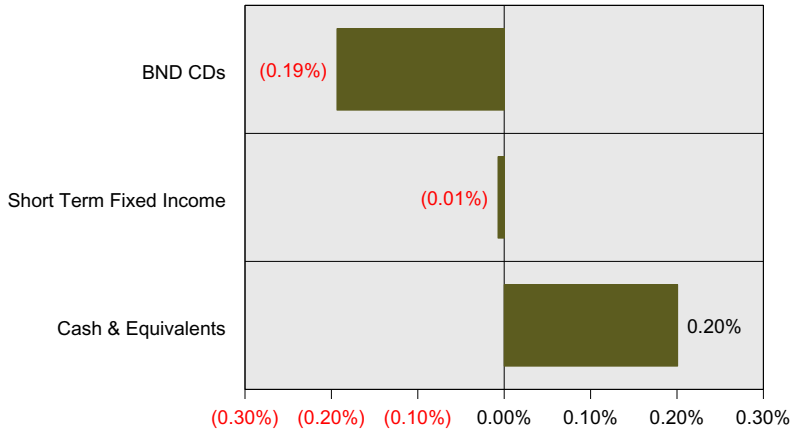
Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Short Term Fixed Income	474,661	82.4%	82.4%	0.0%	114
BND CDs	91,058	15.8%	16.0%	(0.2%)	(1,168)
Cash & Equivalents	9,977	1.7%	1.5%	0.2%	1,054
Total	575,697	100.0%	100.0%		

* Current Quarter Target = 82.4% Barclays Gov 1-3 Yr, 16.0% 3-month Treasury Bill and 1.5% 3-month Treasury Bill.

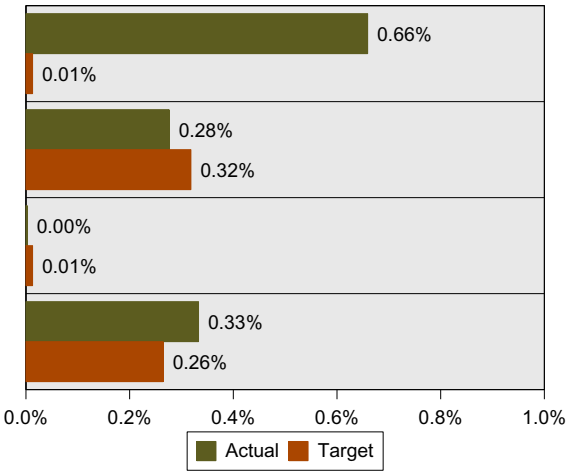
Quarterly Total Fund Relative Attribution - September 30, 2015

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.

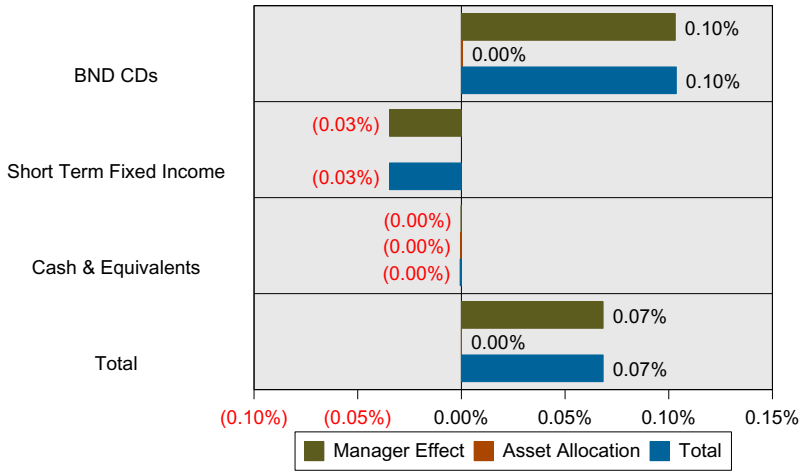
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2015

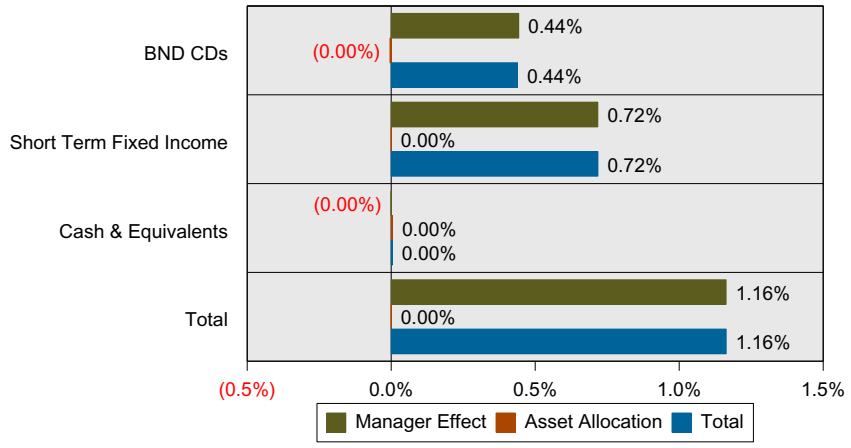
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	16%	16%	0.66%	0.01%	0.10%	0.00%	0.10%
Short Term Fixed Income	82%	82%	0.28%	0.32%	(0.03%)	0.00%	(0.03%)
Cash & Equivalents	2%	1%	0.00%	0.01%	(0.00%)	(0.00%)	(0.00%)
Total			**0.33% =**	**0.26% +**	**0.07% +**	**0.00%**	**0.07%**

* Current Quarter Target = 82.4% Barclays Gov 1-3 Yr, 16.0% 3-month Treasury Bill and 1.5% 3-month Treasury Bill.

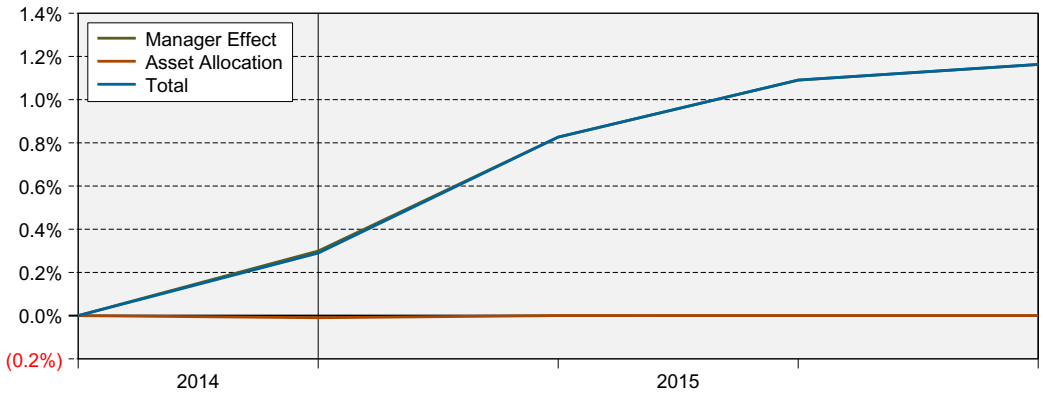
Cumulative Total Fund Relative Attribution - September 30, 2015

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

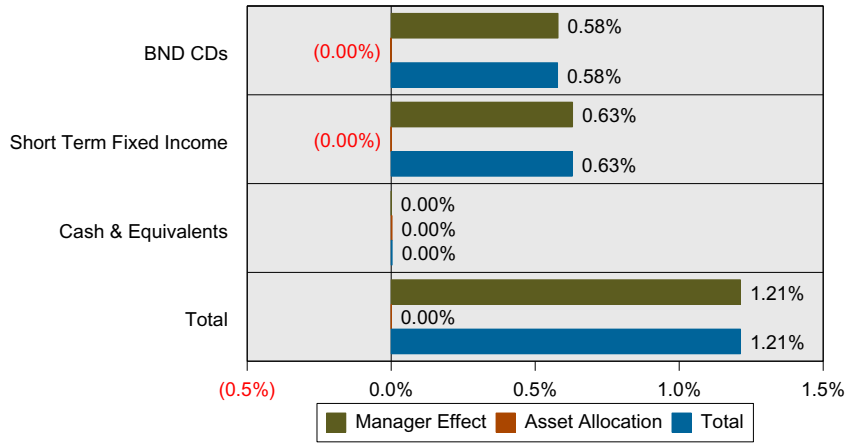
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	17%	17%	2.66%	0.02%	0.44%	(0.00%)	0.44%
Short Term Fixed Income	82%	82%	2.09%	1.20%	0.72%	0.00%	0.72%
Cash & Equivalents	1%	1%	0.01%	0.02%	(0.00%)	0.00%	0.00%
Total			**2.14%**	**= 0.98%**	**+ 1.16%**	**+ 0.00%**	**1.16%**

* Current Quarter Target = 82.4% Barclays Gov 1-3 Yr, 16.0% 3-month Treasury Bill and 1.5% 3-month Treasury Bill.

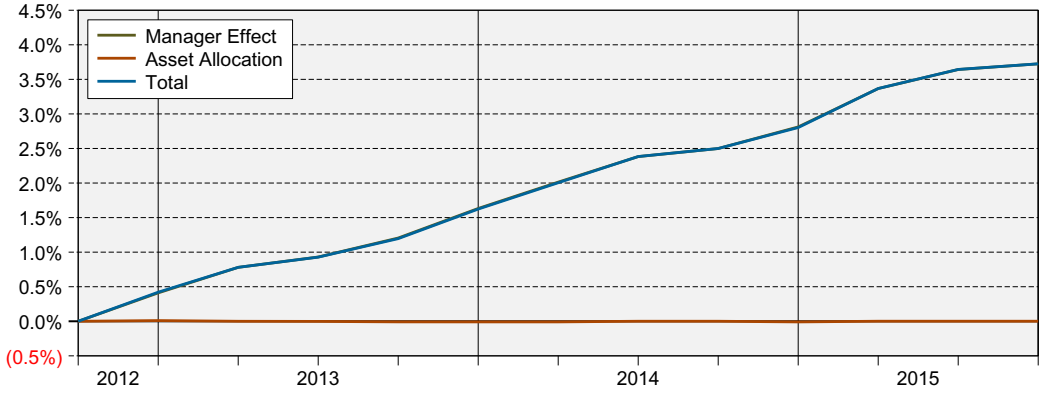
Cumulative Total Fund Relative Attribution - September 30, 2015

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

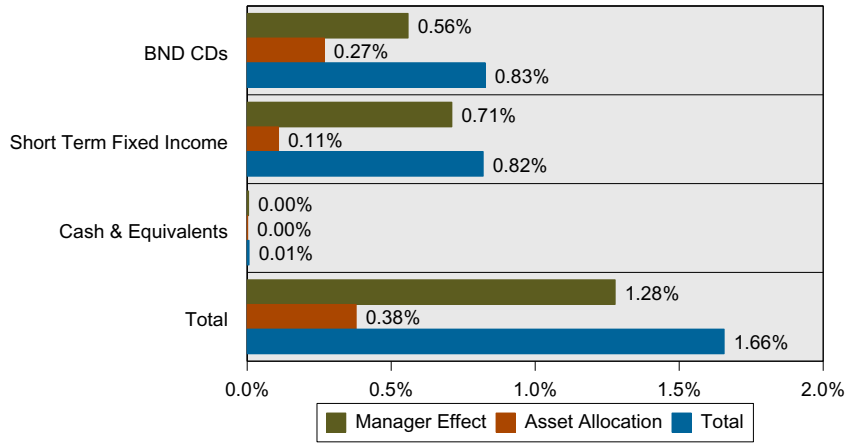
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	20%	20%	2.95%	0.06%	0.58%	(0.00%)	0.58%
Short Term Fixed Income	78%	78%	1.49%	0.70%	0.63%	(0.00%)	0.63%
Cash & Equivalents	2%	2%	0.07%	0.06%	0.00%	0.00%	0.00%
Total			**1.78%**	**= 0.57%**	**+ 1.21%**	**+ 0.00%**	**1.21%**

* Current Quarter Target = 82.4% Barclays Gov 1-3 Yr, 16.0% 3-month Treasury Bill and 1.5% 3-month Treasury Bill.

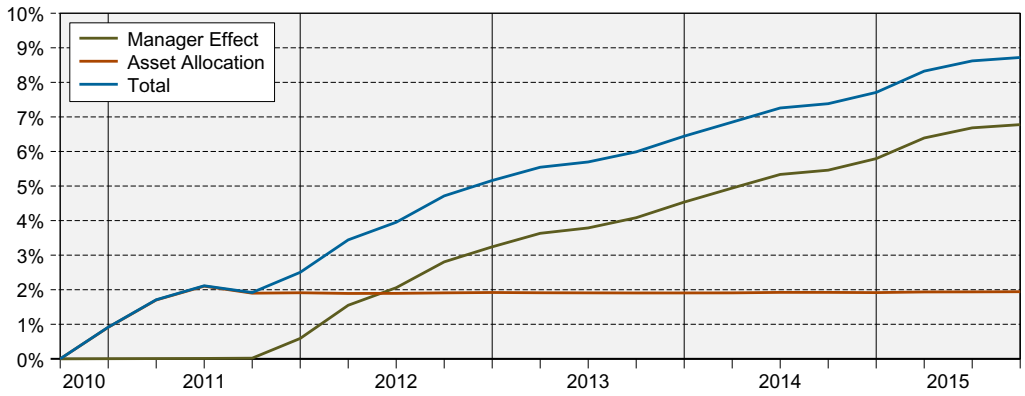
Cumulative Total Fund Relative Attribution - September 30, 2015

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

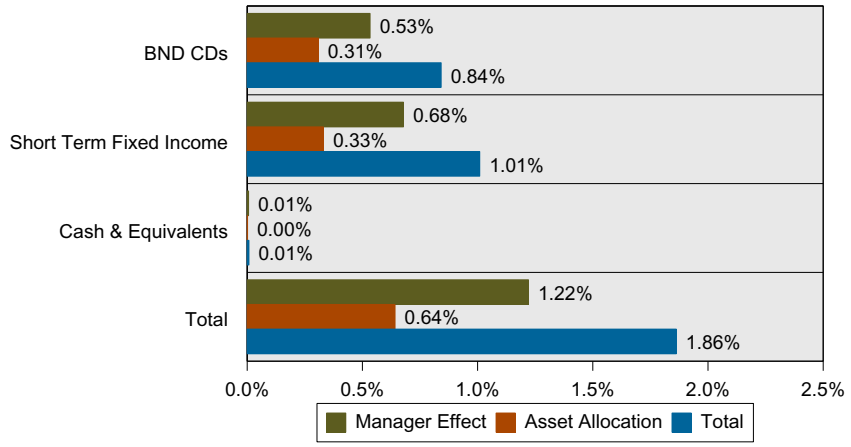
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
BND CDs	23%	17%	3.51%		0.92%		0.56%		0.27%	0.83%
Short Term Fixed Income	73%	61%	1.69%		0.76%		0.71%		0.11%	0.82%
Cash & Equivalents	4%	21%	0.16%		0.08%		0.00%		0.00%	0.01%
Total			**2.12%**	**=**	**0.47%**	**+**	**1.28%**	**+**	**0.38%**	**1.66%**

* Current Quarter Target = 82.4% Barclays Gov 1-3 Yr, 16.0% 3-month Treasury Bill and 1.5% 3-month Treasury Bill.

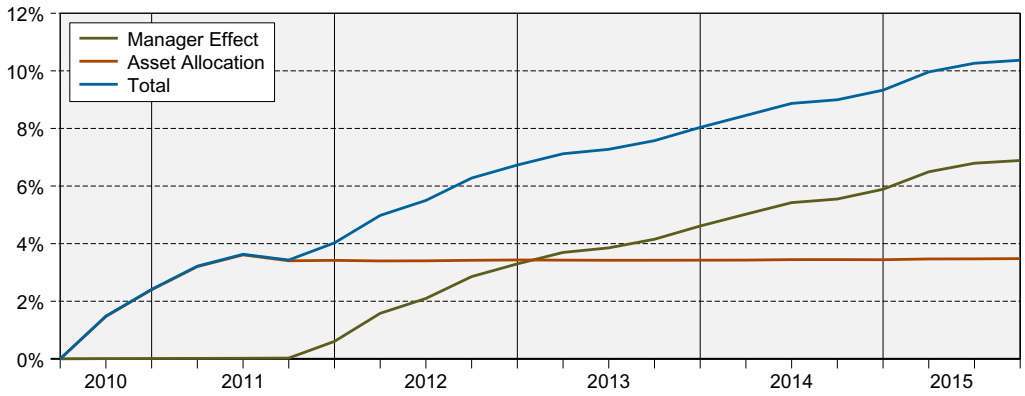
Cumulative Total Fund Relative Attribution - September 30, 2015

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 and One-Quarter Year Annualized Relative Attribution Effects



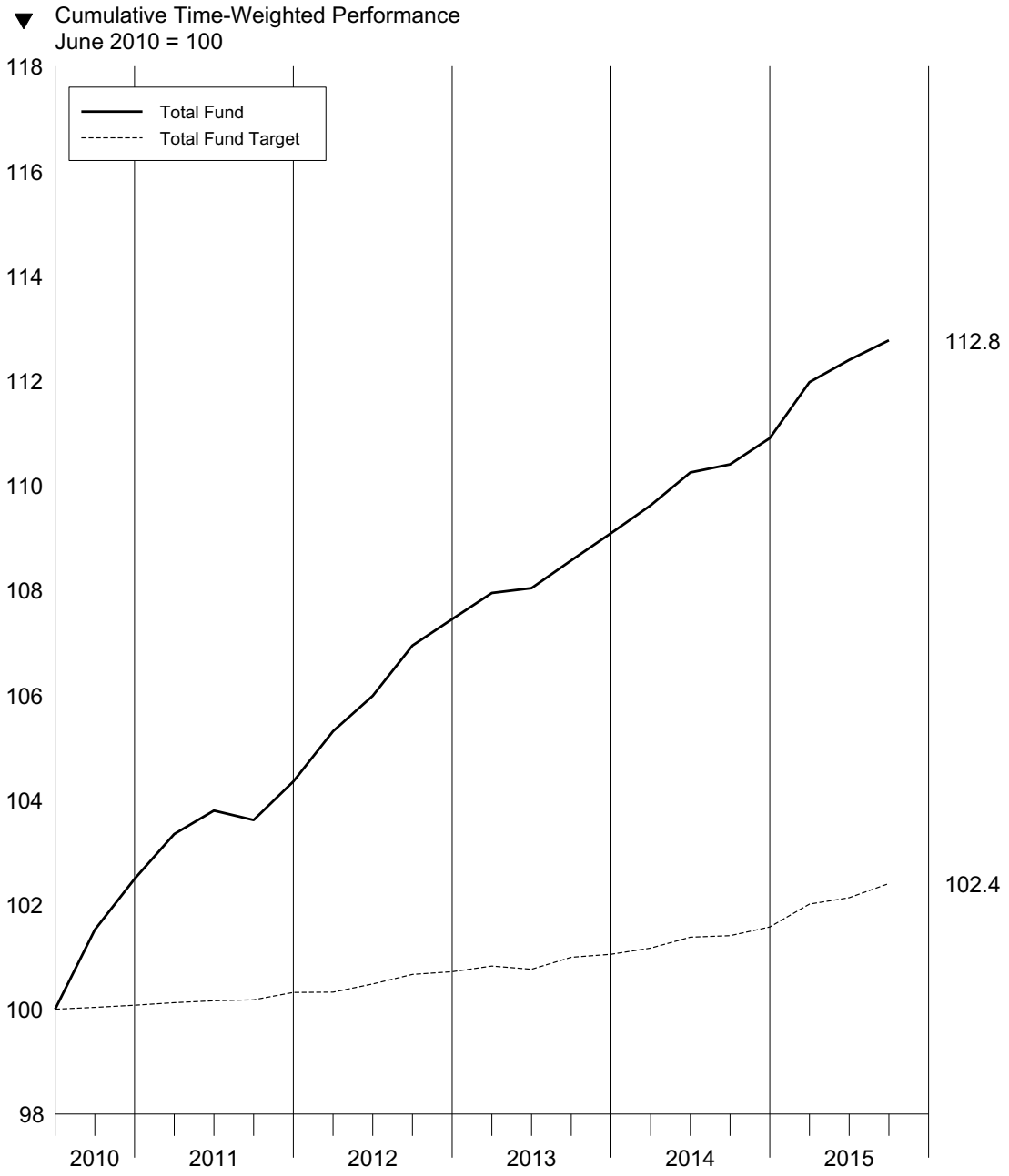
Cumulative Relative Attribution Effects



Five and One-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%	3.55%	1.08%	0.53%	0.31%	0.84%
Short Term Fixed Income	72%	58%	2.00%	1.11%	0.68%	0.33%	1.01%
Cash & Equivalents	4%	25%	0.16%	0.08%	0.01%	0.00%	0.01%
Total			**2.32% =**	**0.45% +**	**1.22% +**	**0.64%**	**1.86%**

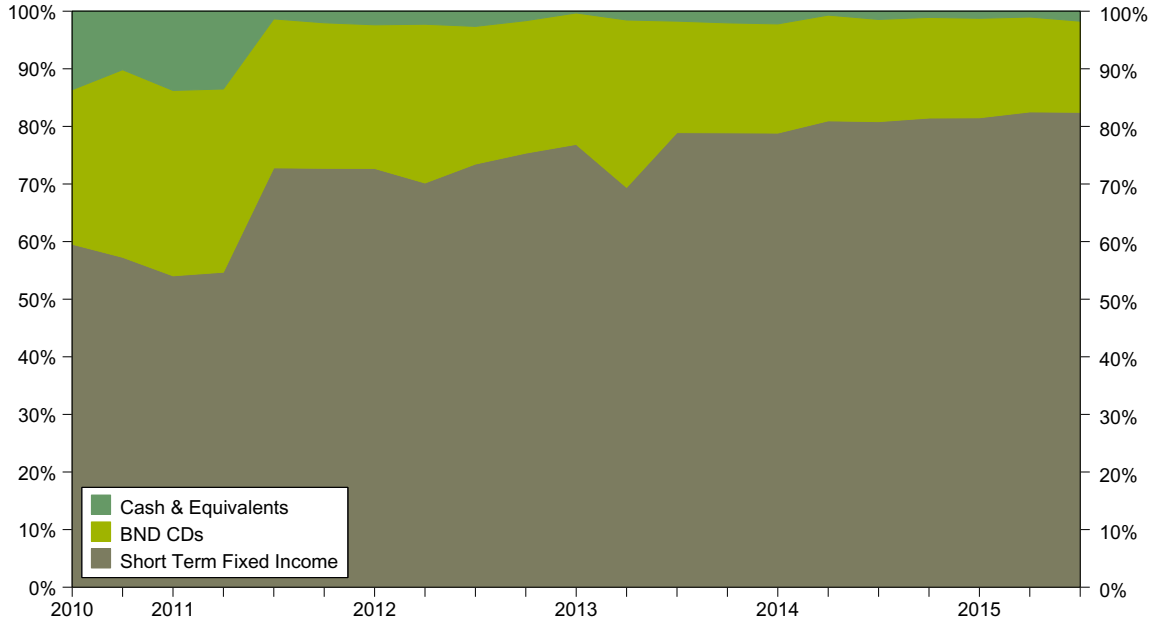
* Current Quarter Target = 82.4% Barclays Gov 1-3 Yr, 16.0% 3-month Treasury Bill and 1.5% 3-month Treasury Bill.


Cumulative Time-Weighted Performance
June 2010 = 100
Total Fund
Total Fund Target
118
116
114
112
110
108
106
104
102
100
98
112.8
102.4
2010
2011
2012
2013
2014
2015

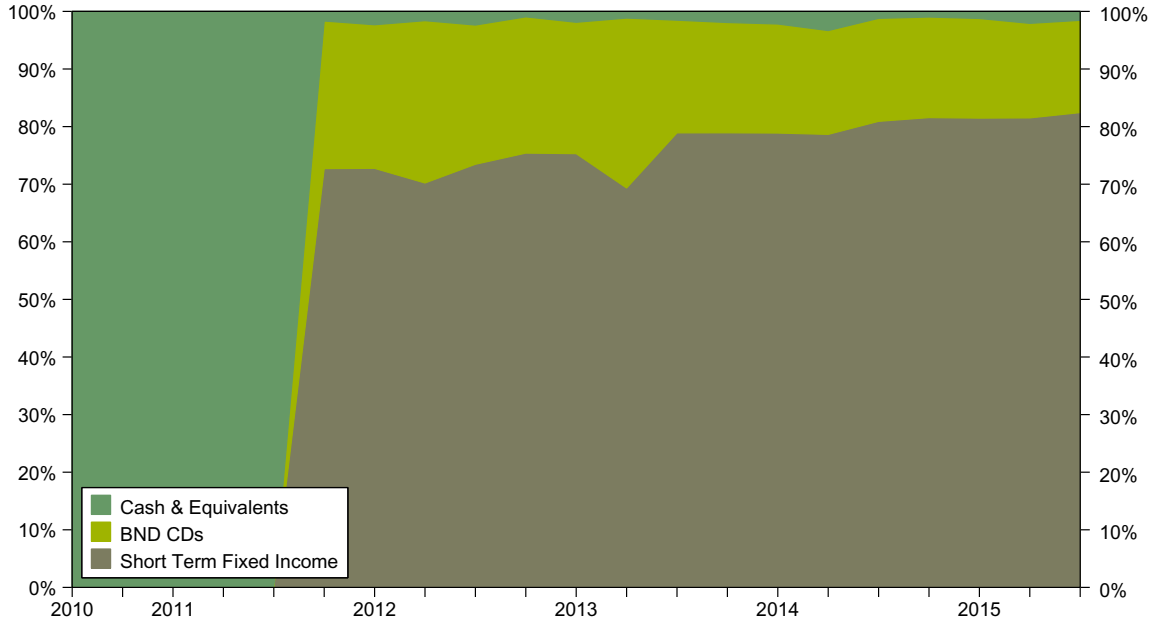
Actual vs Target Historical Asset Allocation

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 = 82.4% Barclays Gov 1-3 Yr, 16.0% 3-month Treasury Bill and 1.5% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2015, with the distribution as of June 30, 2015. 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

	September 30, 2015				June 30, 2015	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Short Term Fixed Income	$474,661,233	82.45%	$(294,629)	$1,306,974	$473,648,888	82.52%
BND CDs	$91,058,479	15.82%	$(4,082,663)	$602,848	$94,538,294	16.47%
Cash & Equivalents	$9,977,432	1.73%	$4,153,237	$226	$5,823,968	1.01%
Securities Lending Income	$0	0.00%	$(223)	$223	-	-
Total Fund	$575,697,144	100.0%	$(224,278)	$1,910,272	$574,011,150	100.0%

PLEASE REFER TO PAGE 36 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 September 30, 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 September 30, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 5-1/4 Years
Short Term Fixed Income					
Gross	0.28%	2.09%	1.49%	1.69%	2.00%
Net	0.20%	1.94%	1.37%	1.57%	1.88%
Barclays Gov 1-3 Yr	0.32%	1.20%	0.70%	0.79%	0.87%
BND CDs - Net	**0.66%**	**2.66%**	**2.95%**	**3.51%**	**3.55%**
3-month Treasury Bill	0.01%	0.02%	0.06%	0.08%	0.08%
Cash & Equivalents - Net	**0.00%**	**0.01%**	**0.07%**	**0.16%**	**0.16%**
3-month Treasury Bill	0.01%	0.02%	0.06%	0.08%	0.08%
Total Fund					
Gross	0.33%	2.14%	1.78%	2.12%	2.32%
Net	0.27%	2.03%	1.69%	2.04%	2.23%
Target*	0.26%	0.98%	0.57%	0.47%	0.45%

* Current Quarter Target = 82.4% Barclays Gov 1-3 Yr, 16.0% 3-month Treasury Bill and 1.5% 3-month Treasury Bill.

PLEASE REFER TO PAGES 37-39 FOR INVESTMENT MANAGER LEVEL RETURNS.

Parametric Clifton Large Cap
Period Ended September 30, 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 (6.35)% return for the quarter placing it in the 40 percentile of the CAI Large Capitalization Style group for the quarter and in the 57 percentile for the last year.
- Parametric Clifton Large Cap's portfolio outperformed the S&P 500 Index by 0.09% for the quarter and underperformed the S&P 500 Index for the year by 0.19%.

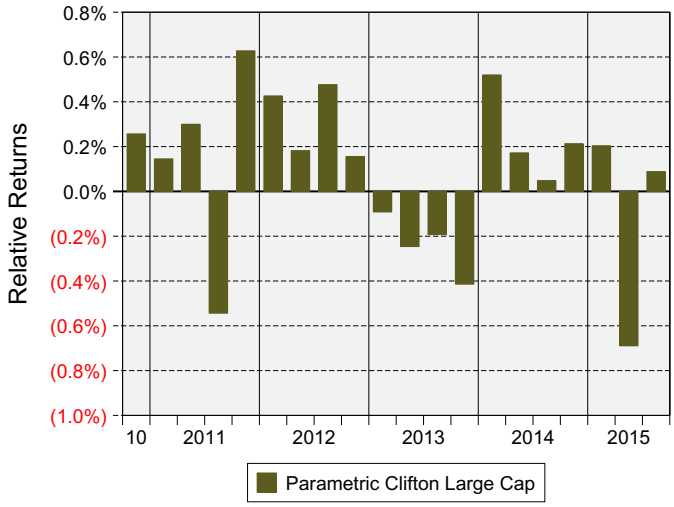
Quarterly Asset Growth

Beginning Market Value	$45,431,169
Net New Investment	$-30,653
Investment Gains/(Losses)	$-2,883,559
Ending Market Value	$42,516,957

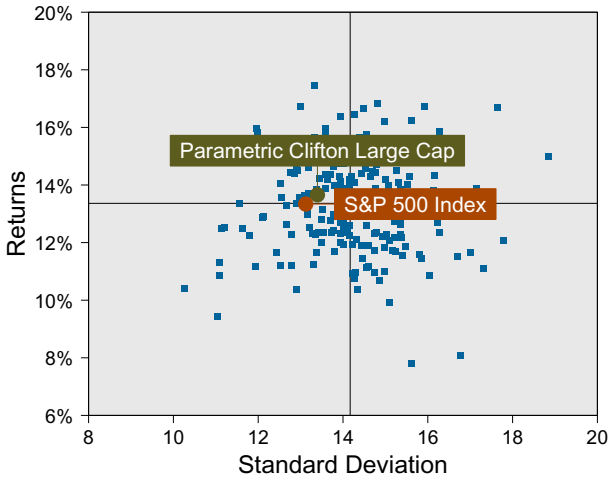
Performance vs CAI Large Capitalization Style (Gross)

	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	(4.40)	5.30	12.34	15.27	15.53	17.13
25th Percentile	(5.55)	3.36	10.65	14.25	14.39	15.79
Median	(6.95)	(0.11)	9.16	13.13	13.36	14.43
75th Percentile	(8.17)	(3.38)	7.14	12.00	12.30	12.31
90th Percentile	(9.53)	(5.14)	6.05	11.01	11.23	12.15
Parametric Clifton Large Cap ●	(6.35)	(0.80)	9.17	12.33	13.66	15.69
S&P 500 Index ▲	(6.44)	(0.61)	9.09	12.40	13.34	14.25

Relative Return vs S&P 500 Index



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



L.A. Capital
Period Ended September 30, 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.

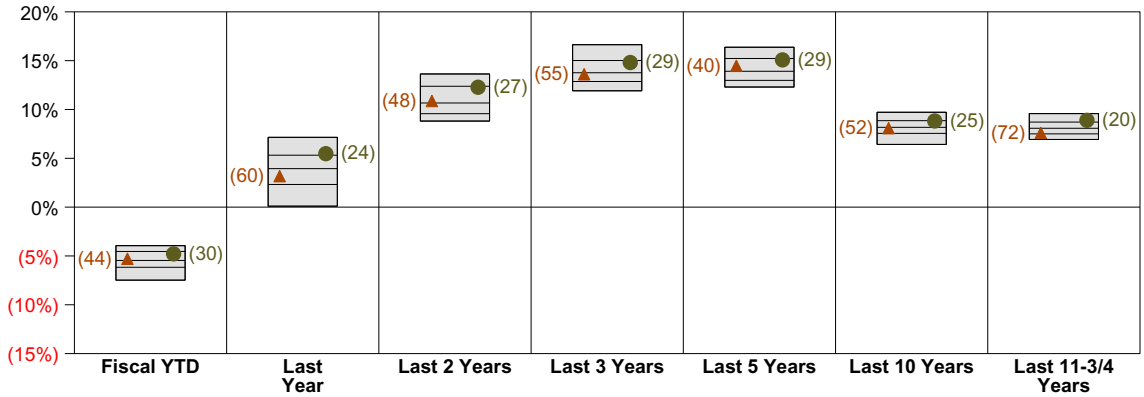
Quarterly Summary and Highlights

- L.A. Capital Large Cap Growth's portfolio posted a (4.79)% return for the quarter placing it in the 30 percentile of the CAI Large Cap Growth Style group for the quarter and in the 24 percentile for the last year.
- L.A. Capital Large Cap Growth's portfolio outperformed the Russell 1000 Growth Index by 0.50% for the quarter and outperformed the Russell 1000 Growth Index for the year by 2.30%.

Quarterly Asset Growth

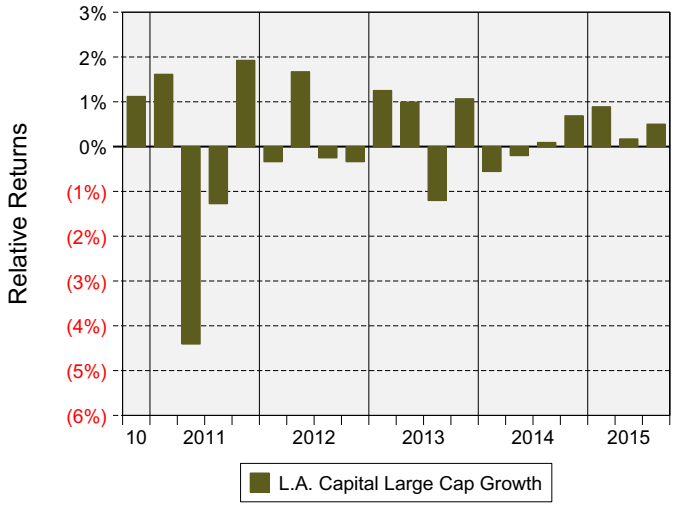
Beginning Market Value	$70,073,255
Net New Investment	$-28,284
Investment Gains/(Losses)	$-3,353,613
Ending Market Value	$66,691,358

Performance vs CAI Large Cap Growth Style (Gross)

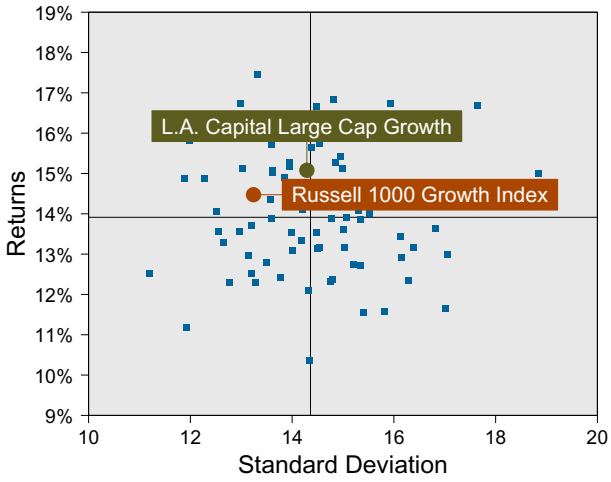


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 11-3/4 Years
10th Percentile	(3.94)	7.15	13.64	16.63	16.38	9.72	9.58
25th Percentile	(4.54)	5.32	12.38	15.02	15.22	8.86	8.71
Median	(5.46)	3.94	10.67	13.76	13.91	8.17	8.08
75th Percentile	(6.16)	2.32	9.57	12.87	12.98	7.55	7.50
90th Percentile	(7.48)	0.10	8.81	11.91	12.30	6.42	6.93
L.A. Capital Large Cap Growth ●	(4.79)	5.47	12.28	14.81	15.08	8.82	8.89
Russell 1000 Growth Index ▲	(5.29)	3.17	10.87	13.61	14.47	8.09	7.60

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 September 30, 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.

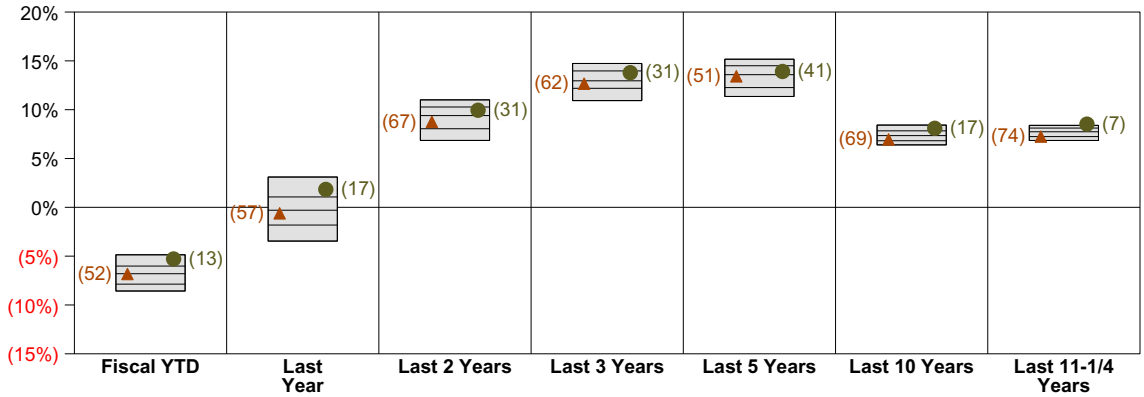
Quarterly Summary and Highlights

- L.A. Capital Enhanced's portfolio posted a (5.29)% return for the quarter placing it in the 13 percentile of the CAI Large Cap Core Style group for the quarter and in the 17 percentile for the last year.
- L.A. Capital Enhanced's portfolio outperformed the Russell 1000 Index by 1.54% for the quarter and outperformed the Russell 1000 Index for the year by 2.45%.

Quarterly Asset Growth

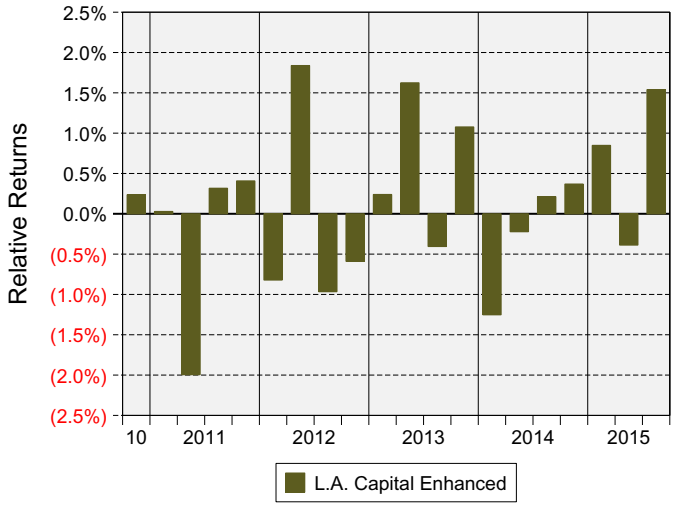
Beginning Market Value	$45,895,902
Net New Investment	$-12,499
Investment Gains/(Losses)	$-2,427,042
Ending Market Value	$43,456,362

Performance vs CAI Large Cap Core Style (Gross)

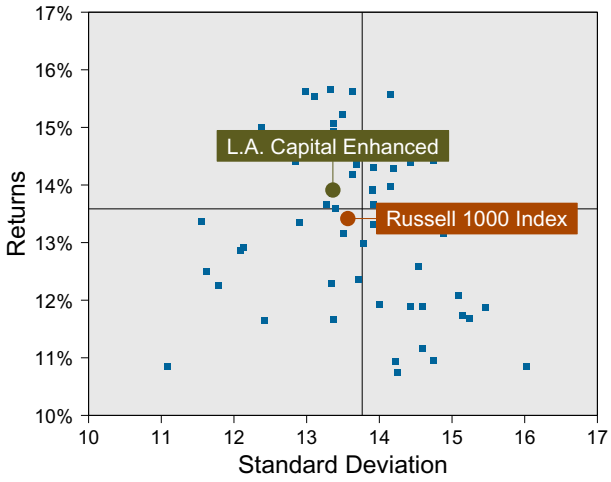


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 11-1/4 Years
10th Percentile	(4.86)	3.10	11.01	14.73	15.17	8.42	8.39
25th Percentile	(6.01)	1.06	10.27	13.97	14.50	7.83	8.12
Median	(6.80)	(0.30)	9.40	12.96	13.59	7.34	7.74
75th Percentile	(7.87)	(1.81)	8.05	12.19	12.26	6.82	7.24
90th Percentile	(8.57)	(3.46)	6.85	10.93	11.35	6.39	6.85
L.A. Capital Enhanced ●	(5.29)	1.83	9.94	13.79	13.91	8.09	8.52
Russell 1000 Index ▲	(6.83)	(0.61)	8.76	12.66	13.42	6.95	7.25

Relative Return vs Russell 1000 Index



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



LSV Asset Management
Period Ended September 30, 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.

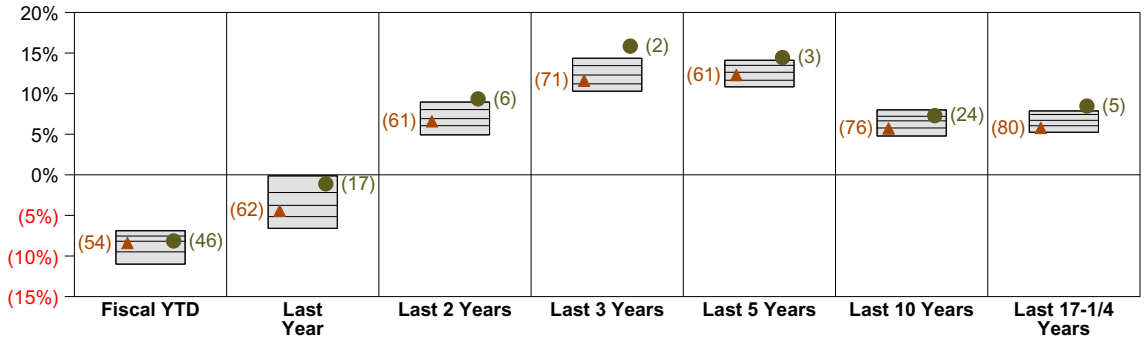
Quarterly Summary and Highlights

- LSV Large Cap Value's portfolio posted a (8.15)% return for the quarter placing it in the 46 percentile of the CAI Large Cap Value Style group for the quarter and in the 17 percentile for the last year.
- LSV Large Cap Value's portfolio outperformed the Russell 1000 Value Index by 0.25% for the quarter and outperformed the Russell 1000 Value Index for the year by 3.31%.

Quarterly Asset Growth

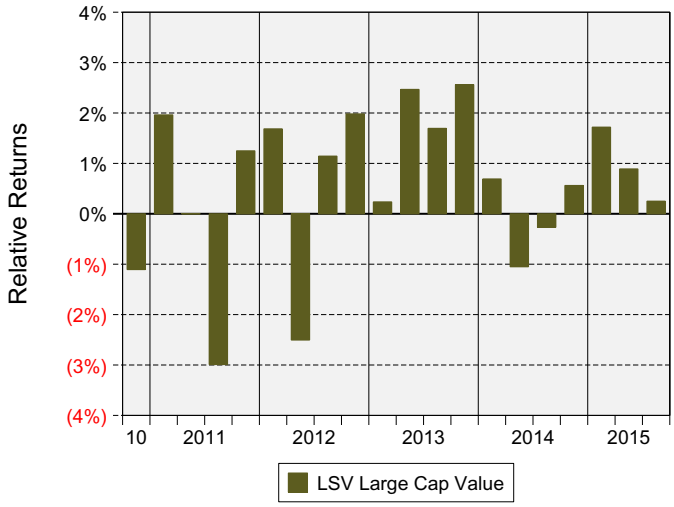
Beginning Market Value	$69,368,250
Net New Investment	$-50,083
Investment Gains/(Losses)	$-5,645,896
Ending Market Value	$63,672,272

Performance vs CAI Large Cap Value Style (Gross)

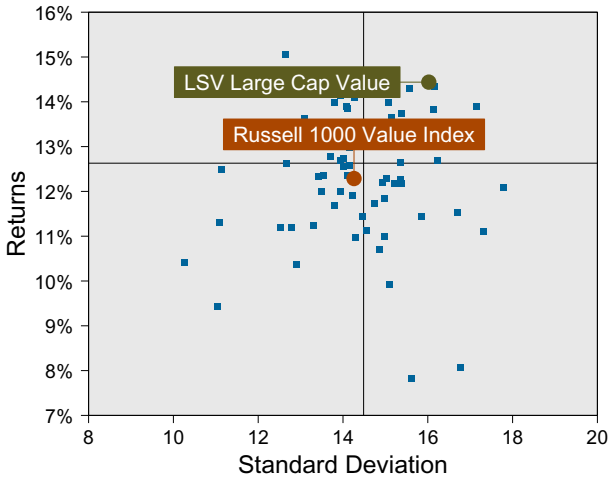


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 17-1/4 Years
10th Percentile	(6.89)	(0.13)	8.96	14.36	14.11	7.99	7.87
25th Percentile	(7.54)	(2.18)	8.03	13.45	13.48	7.21	7.43
Median	(8.18)	(3.76)	6.92	12.29	12.63	6.65	6.71
75th Percentile	(9.49)	(5.15)	6.05	11.20	11.65	5.77	6.05
90th Percentile	(11.00)	(6.59)	4.92	10.30	10.84	4.78	5.24
LSV Large Cap Value ●	(8.15)	(1.11)	9.35	15.85	14.44	7.29	8.47
Russell 1000 Value Index ▲	(8.39)	(4.42)	6.60	11.59	12.29	5.71	5.78

Relative Return vs Russell 1000 Value Index



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



Parametric Clifton SmallCap
Period Ended September 30, 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 (11.63)% return for the quarter placing it in the 70 percentile of the CAI Small Capitalization Style group for the quarter and in the 48 percentile for the last year.
- Parametric Clifton SmallCap's portfolio outperformed the Russell 2000 Index by 0.28% for the quarter and outperformed the Russell 2000 Index for the year by 1.86%.

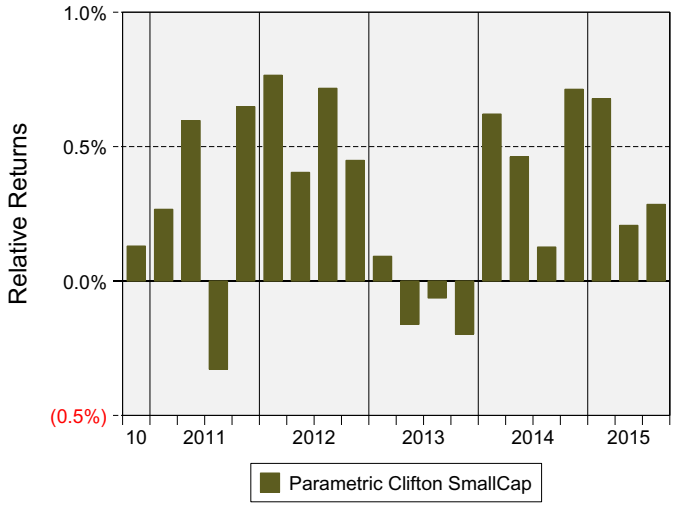
Quarterly Asset Growth

Beginning Market Value	$58,935,255
Net New Investment	$-273,080
Investment Gains/(Losses)	$-6,836,610
Ending Market Value	$51,825,565

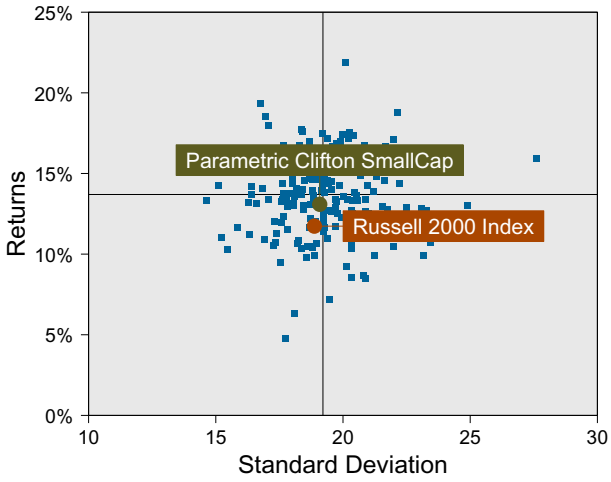
Performance vs CAI Small Capitalization Style (Gross)

	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	(7.13)	9.33	8.33	16.69	16.76	20.06
25th Percentile	(8.72)	5.51	6.36	15.01	15.61	18.14
Median	(10.33)	2.86	4.51	12.88	13.70	16.42
75th Percentile	(12.02)	0.22	1.81	11.07	12.08	14.86
90th Percentile	(14.83)	(3.42)	(0.32)	8.94	10.47	13.65
Parametric Clifton SmallCap ●	(11.63)	3.11	4.05	12.20	13.09	16.34
Russell 2000 Index ▲	(11.92)	1.25	2.58	11.02	11.73	13.97

Relative Return vs Russell 2000 Index



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



Research Affiliates
Period Ended September 30, 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 (11.43)% return for the quarter placing it in the 67 percentile of the CAI Small Capitalization Style group for the quarter and in the 74 percentile for the last year.
- Research Affiliates's portfolio outperformed the Russell 2000 Index by 0.49% for the quarter and underperformed the Russell 2000 Index for the year by 0.76%.

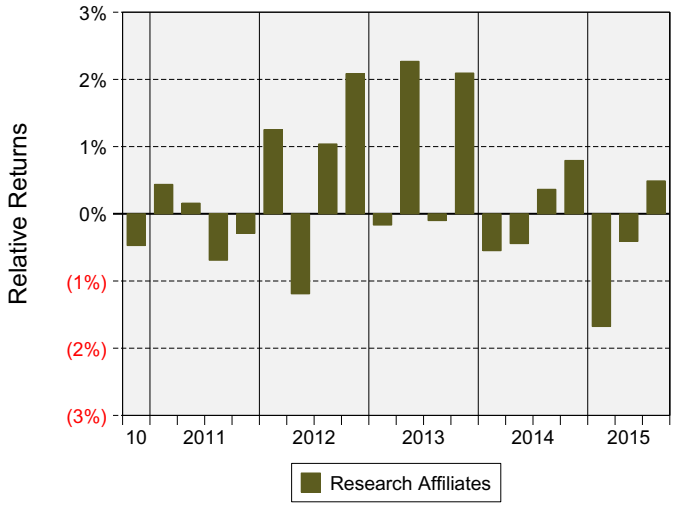
Quarterly Asset Growth

Beginning Market Value	$23,745,417
Net New Investment	$-17,665
Investment Gains/(Losses)	$-2,712,348
Ending Market Value	$21,015,404

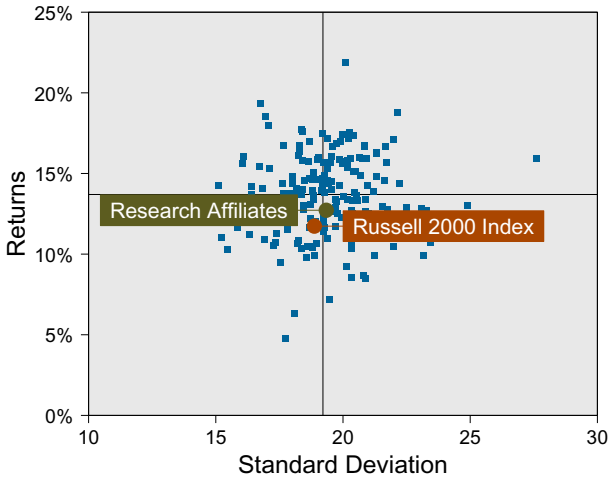
Performance vs CAI Small Capitalization Style (Gross)

	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8 Years
10th Percentile	(7.13)	9.33	8.33	16.69	16.76	9.12
25th Percentile	(8.72)	5.51	6.36	15.01	15.61	8.17
Median	(10.33)	2.86	4.51	12.88	13.70	6.77
75th Percentile	(12.02)	0.22	1.81	11.07	12.08	5.70
90th Percentile	(14.83)	(3.42)	(0.32)	8.94	10.47	4.44
Research Affiliates ●	(11.43)	0.48	2.87	12.71	12.72	6.60
Russell 2000 Index ▲	(11.92)	1.25	2.58	11.02	11.73	5.43

Relative Return vs Russell 2000 Index



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



International Equity

Capital Group
Period Ended September 30, 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.**

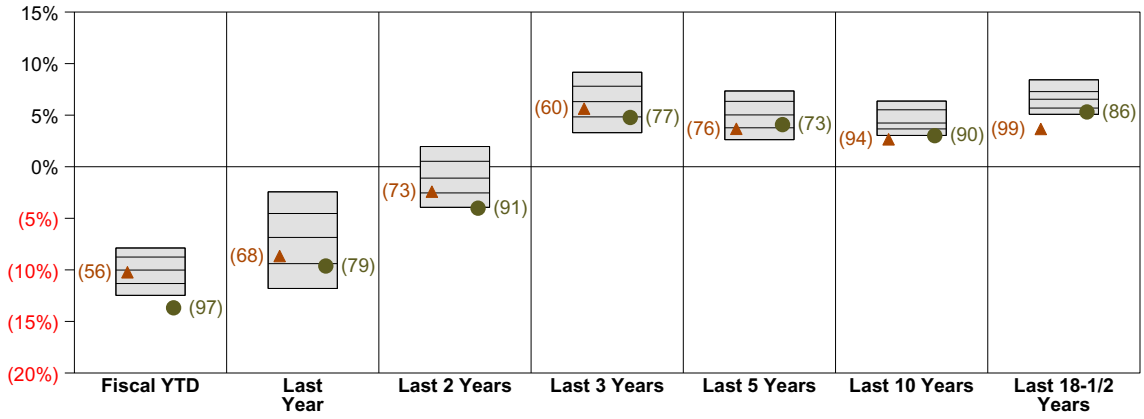
Quarterly Summary and Highlights

- Capital Group's portfolio posted a (13.68)% return for the quarter placing it in the 97 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 79 percentile for the last year.
- Capital Group's portfolio underperformed the MSCI EAFE Index by 3.45% for the quarter and underperformed the MSCI EAFE Index for the year by 0.97%.

Quarterly Asset Growth

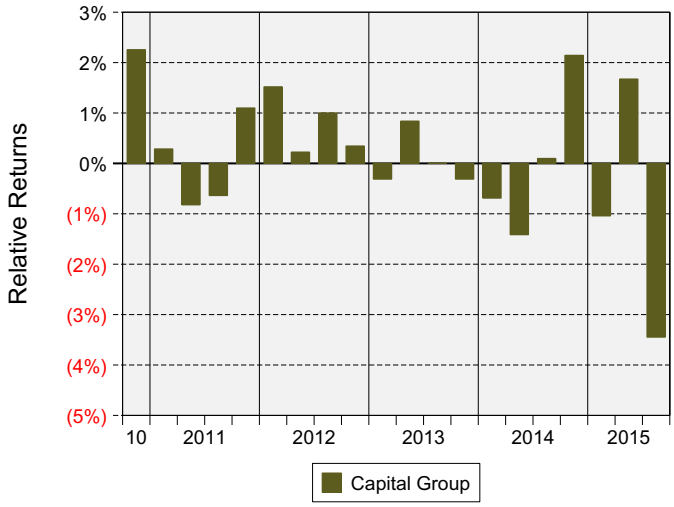
Beginning Market Value	$64,597,626
Net New Investment	$-79,955
Investment Gains/(Losses)	$-8,829,882
Ending Market Value	$55,687,789

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

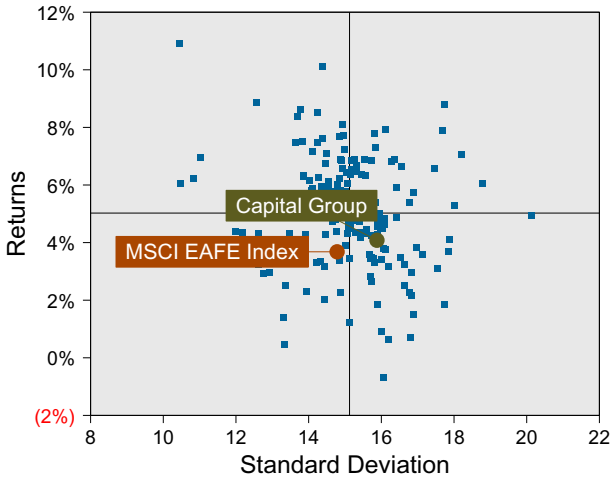


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 18-1/2 Years
10th Percentile	(7.88)	(2.43)	1.96	9.16	7.35	6.37	8.43
25th Percentile	(8.76)	(4.53)	0.53	7.81	6.34	5.52	7.28
Median	(10.02)	(6.86)	(1.10)	6.31	5.02	4.24	6.54
75th Percentile	(11.32)	(9.40)	(2.54)	4.83	3.78	3.67	5.69
90th Percentile	(12.47)	(11.80)	(3.94)	3.30	2.62	3.03	5.08
Capital Group ●	(13.68)	(9.63)	(4.02)	4.78	4.08	3.01	5.31
MSCI EAFE Index ▲	(10.23)	(8.66)	(2.42)	5.63	3.68	2.66	3.66

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 September 30, 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 (9.22)% return for the quarter placing it in the 67 percentile of the MF - International Small Cap Obj group for the quarter and in the 69 percentile for the last year.
- DFA Intl Small Cap Value's portfolio underperformed the World ex US SC Value by 0.40% for the quarter and outperformed the World ex US SC Value for the year by 2.59%.

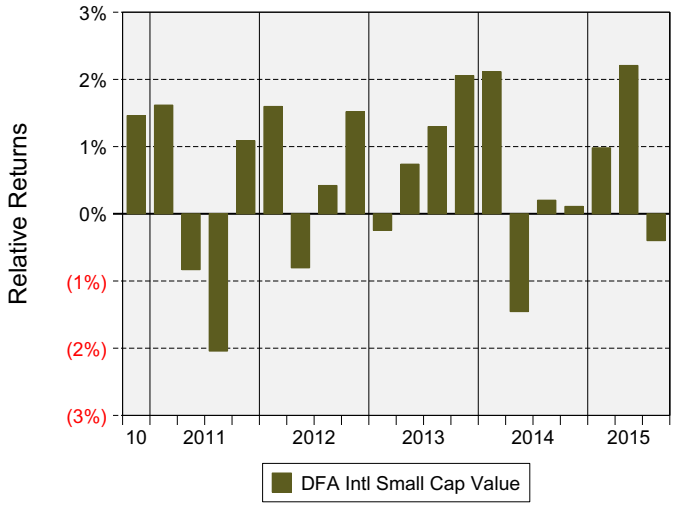
Quarterly Asset Growth

Beginning Market Value	$16,508,931
Net New Investment	$0
Investment Gains/(Losses)	$-1,521,740
Ending Market Value	$14,987,191

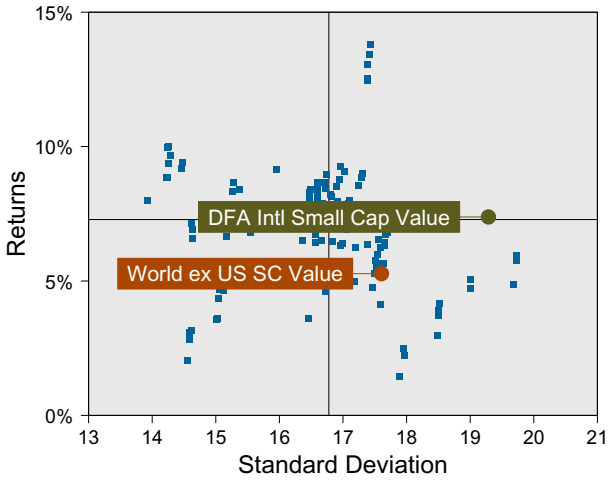
Performance vs MF - International Small Cap Obj (Net)

	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-3/4 Years
10th Percentile	(4.30)	4.46	4.37	11.45	9.17	4.29
25th Percentile	(5.85)	1.95	2.87	10.84	8.34	2.95
Median	(7.29)	(1.48)	1.17	9.64	7.29	1.93
75th Percentile	(9.43)	(4.96)	(1.30)	6.94	5.65	0.74
90th Percentile	(11.13)	(9.41)	(3.24)	4.19	3.65	(0.14)
DFA Intl Small Cap Value ●	(9.22)	(4.00)	1.19	10.98	7.38	2.59
World ex US SC Value ▲	(8.82)	(6.60)	(1.54)	7.87	5.27	1.91

Relative Return vs World ex US SC Value



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



LSV Intl Value
Period Ended September 30, 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.**

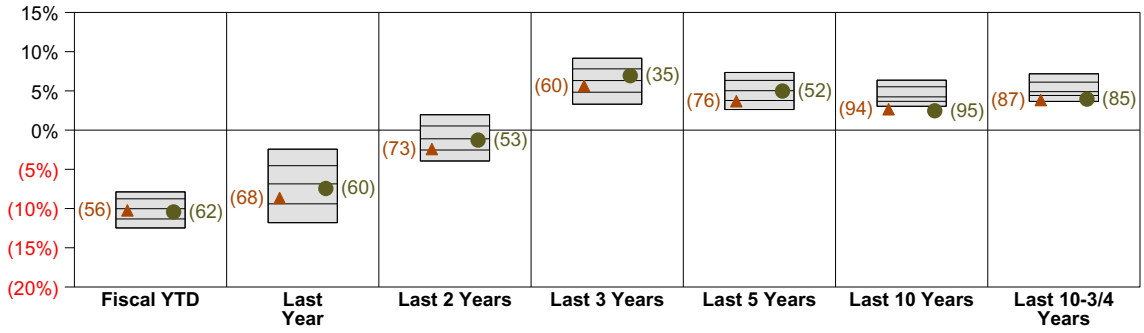
Quarterly Summary and Highlights

- LSV Intl Value's portfolio posted a (10.43)% return for the quarter placing it in the 62 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 60 percentile for the last year.
- LSV Intl Value's portfolio underperformed the Benchmark by 0.20% for the quarter and outperformed the Benchmark for the year by 1.21%.

Quarterly Asset Growth

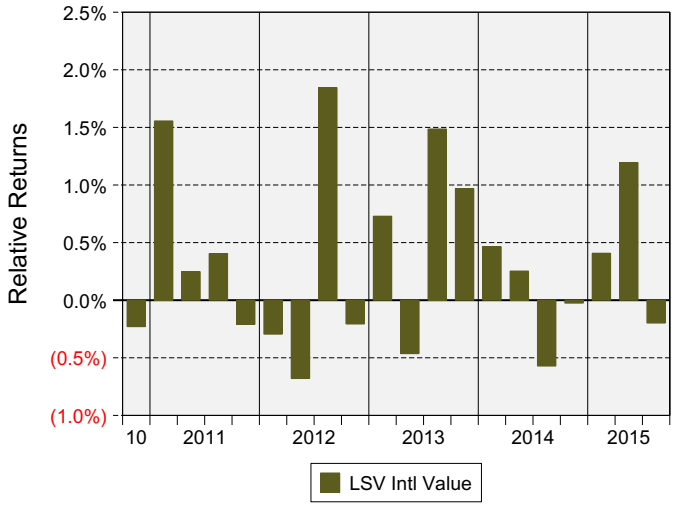
Beginning Market Value	$63,912,781
Net New Investment	$-63,252
Investment Gains/(Losses)	$-6,660,628
Ending Market Value	$57,188,901

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

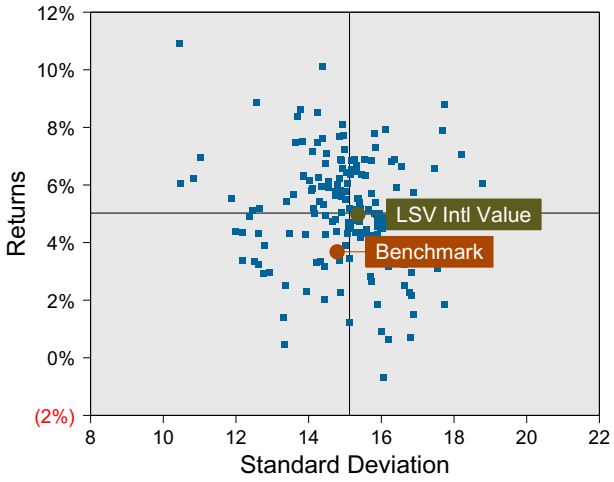


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 10-3/4 Years
10th Percentile	(7.88)	(2.43)	1.96	9.16	7.35	6.37	7.18
25th Percentile	(8.76)	(4.53)	0.53	7.81	6.34	5.52	6.11
Median	(10.02)	(6.86)	(1.10)	6.31	5.02	4.24	4.90
75th Percentile	(11.32)	(9.40)	(2.54)	4.83	3.78	3.67	4.41
90th Percentile	(12.47)	(11.80)	(3.94)	3.30	2.62	3.03	3.66
LSV Intl Value ●	(10.43)	(7.44)	(1.27)	6.94	4.98	2.46	3.95
Benchmark ▲	(10.23)	(8.66)	(2.42)	5.63	3.68	2.66	3.83

Relative Return vs Benchmark



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



Vanguard Intl Explorer Fund
Period Ended September 30, 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.

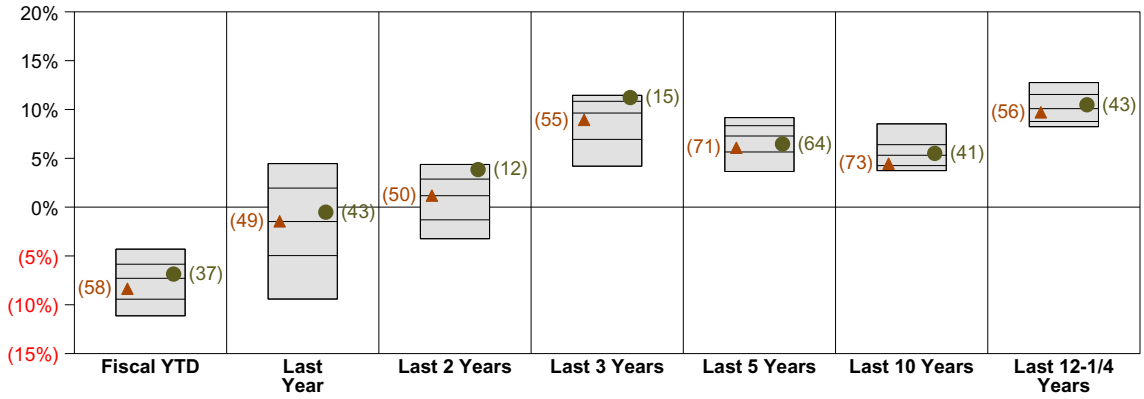
Quarterly Summary and Highlights

- Vanguard Intl Explorer Fund's portfolio posted a (6.86)% return for the quarter placing it in the 37 percentile of the MF - International Small Cap Obj group for the quarter and in the 43 percentile for the last year.
- Vanguard Intl Explorer Fund's portfolio outperformed the S&P BMI EPAC <$2 B by 1.50% for the quarter and outperformed the S&P BMI EPAC <$2 B for the year by 0.94%.

Quarterly Asset Growth

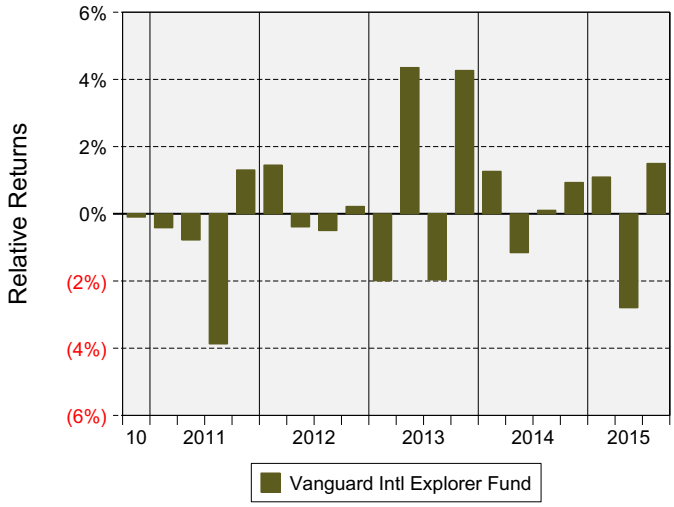
Beginning Market Value	$16,654,195
Net New Investment	$0
Investment Gains/(Losses)	$-1,141,950
Ending Market Value	$15,512,245

Performance vs MF - International Small Cap Obj (Net)

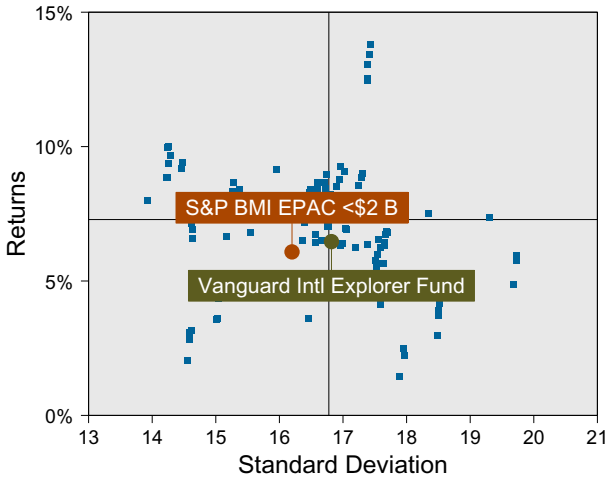


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 12-1/4 Years
10th Percentile	(4.30)	4.46	4.37	11.45	9.17	8.53	12.76
25th Percentile	(5.85)	1.95	2.87	10.84	8.34	6.40	11.54
Median	(7.29)	(1.48)	1.17	9.64	7.29	5.31	10.09
75th Percentile	(9.43)	(4.96)	(1.30)	6.94	5.65	4.25	8.77
90th Percentile	(11.13)	(9.41)	(3.24)	4.19	3.65	3.74	8.24
Vanguard Intl Explorer Fund ●	(6.86)	(0.52)	3.85	11.22	6.47	5.50	10.48
S&P BMI EPAC <$2 B ▲	(8.35)	(1.45)	1.18	8.94	6.08	4.45	9.71

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



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



Domestic Fixed Income

Declaration Total Return
Period Ended September 30, 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.

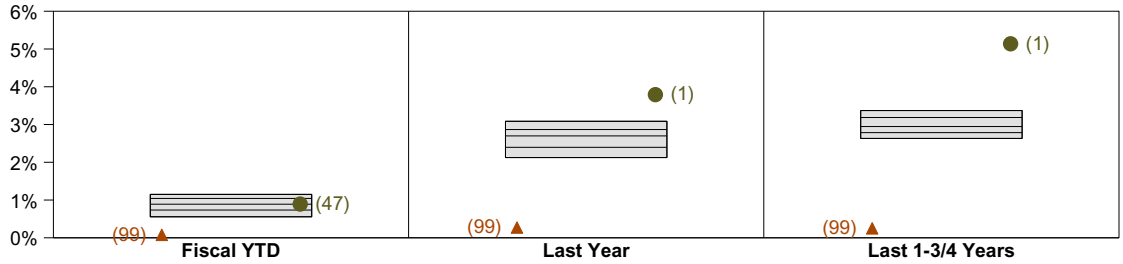
Quarterly Summary and Highlights

- Declaration Total Return's portfolio posted a 0.89% return for the quarter placing it in the 47 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 0.81% for the quarter and outperformed the Libor-3 Month for the year by 3.52%.

Quarterly Asset Growth

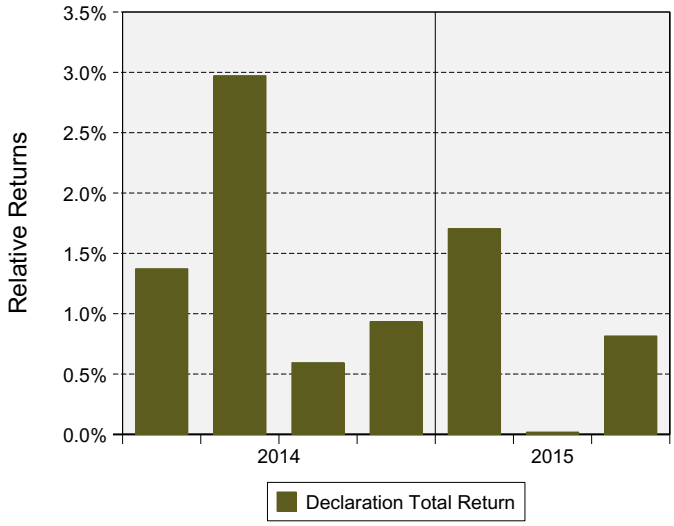
Beginning Market Value	$78,121,573
Net New Investment	$-27,446
Investment Gains/(Losses)	$697,518
Ending Market Value	$78,791,645

Performance vs CAI Intermediate Fixed-Inc Style (Gross)

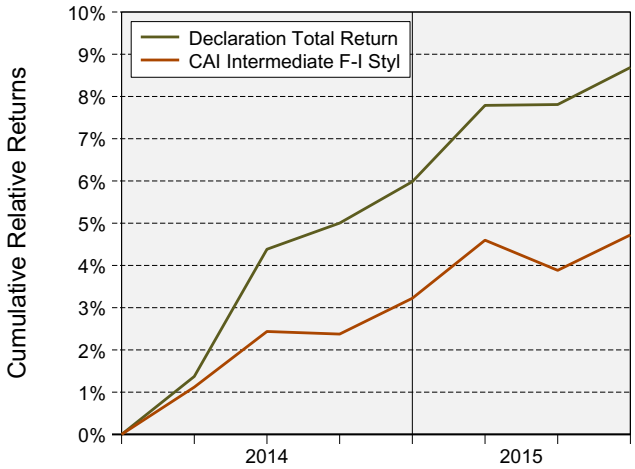


	Fiscal YTD	Last Year	Last 1-3/4 Years
10th Percentile	1.15	3.09	3.37
25th Percentile	1.04	2.87	3.19
Median	0.89	2.70	2.95
75th Percentile	0.74	2.40	2.79
90th Percentile	0.56	2.12	2.63
Declaration Total Return ●	0.89	3.79	5.14
Libor-3 Month ▲	0.08	0.27	0.25

Relative Return vs Libor-3 Month



Cumulative Returns vs Libor-3 Month



PIMCO DiSCO II
Period Ended September 30, 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.

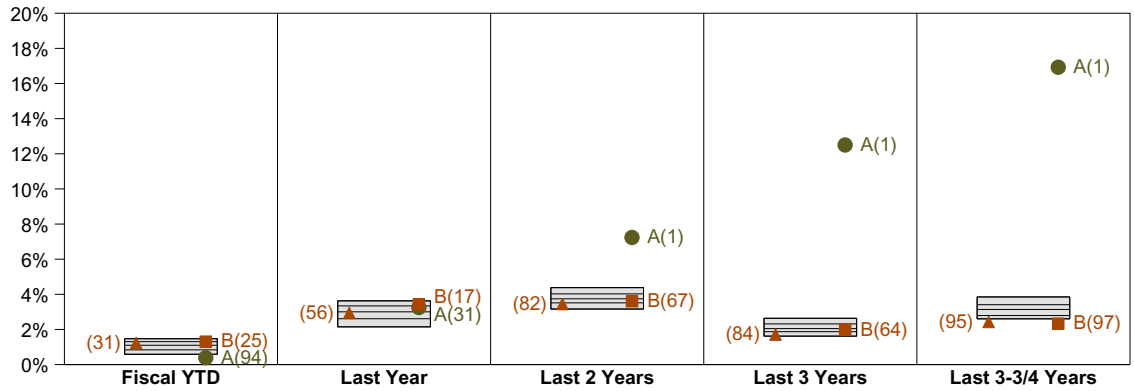
Quarterly Summary and Highlights

- PIMCO DiSCO II's portfolio posted a 0.39% return for the quarter placing it in the 94 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 31 percentile for the last year.
- PIMCO DiSCO II's portfolio underperformed the Barclays Aggregate Index by 0.84% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.31%.

Quarterly Asset Growth

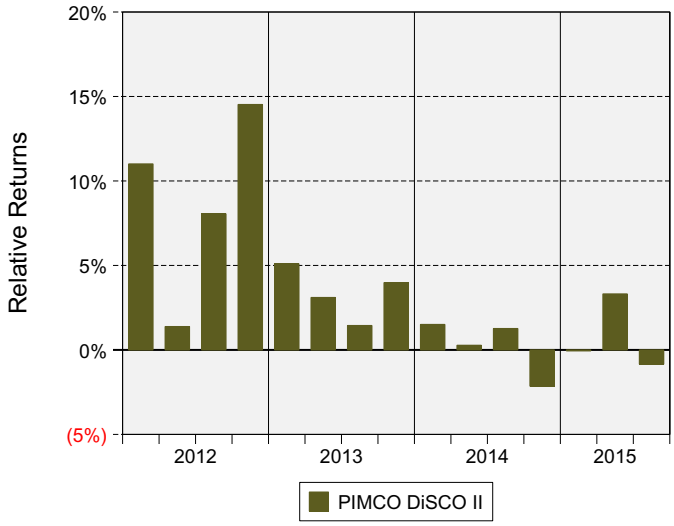
Beginning Market Value	$78,983,934
Net New Investment	$0
Investment Gains/(Losses)	$308,185
Ending Market Value	$79,292,119

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

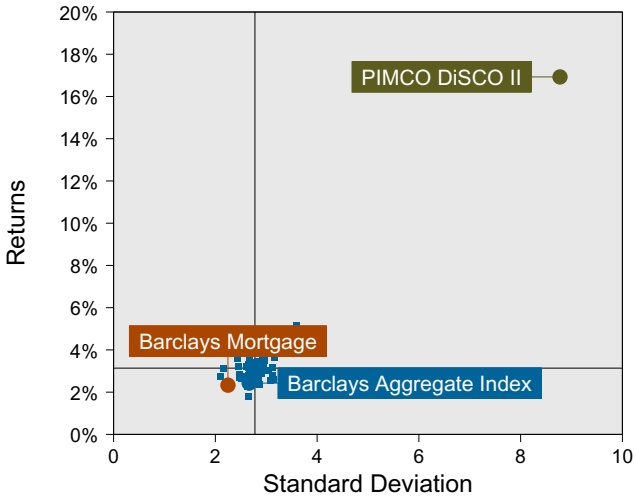


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	1.47	3.63	4.38	2.64	3.85
25th Percentile	1.30	3.34	4.03	2.32	3.41
Median	1.10	3.00	3.74	2.05	3.14
75th Percentile	0.84	2.61	3.51	1.87	2.79
90th Percentile	0.59	2.15	3.16	1.62	2.60
PIMCO DiSCO II ● A	0.39	3.25	7.24	12.50	16.93
Barclays Mortgage ■ B	1.30	3.43	3.61	1.98	2.33
Barclays Aggregate Index ▲	1.23	2.94	3.45	1.71	2.43

Relative Return vs Barclays Aggregate Index



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



PIMCO Bravo II Fund
Period Ended September 30, 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.

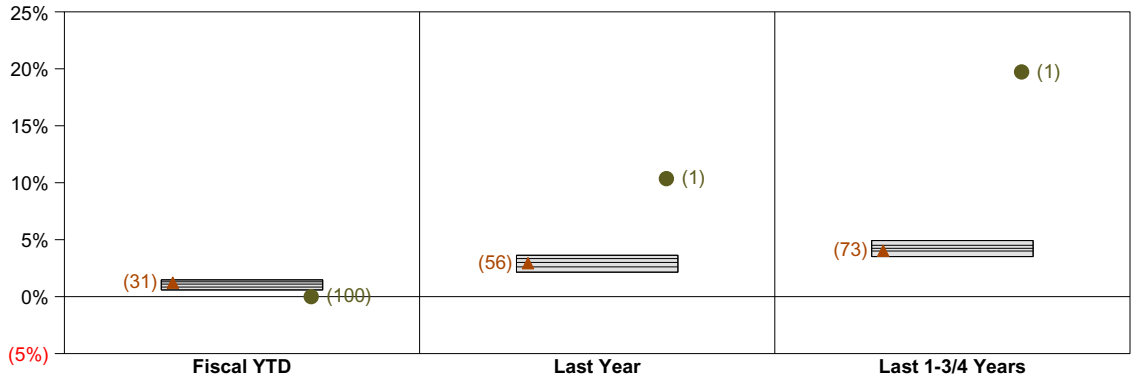
Quarterly Summary and Highlights

- PIMCO Bravo II Fund's portfolio posted a 0.00% 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 1 percentile for the last year.
- PIMCO Bravo II Fund's portfolio underperformed the Barclays Aggregate Index by 1.23% for the quarter and outperformed the Barclays Aggregate Index for the year by 7.42%.

Quarterly Asset Growth

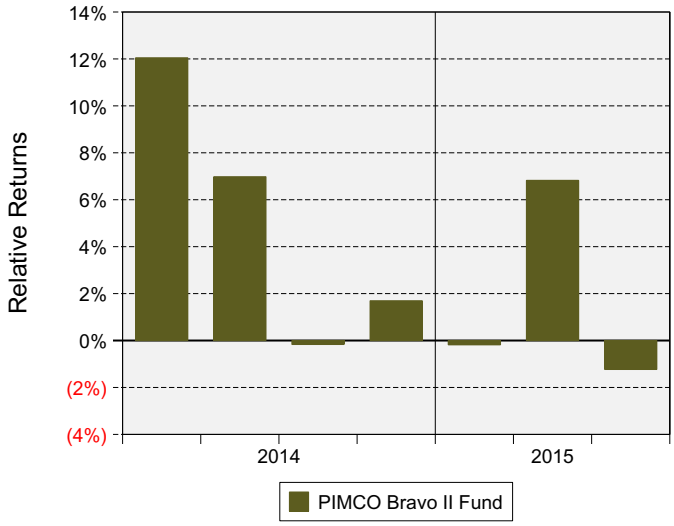
Beginning Market Value	$35,384,594
Net New Investment	$0
Investment Gains/(Losses)	$0
Ending Market Value	$35,384,594

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

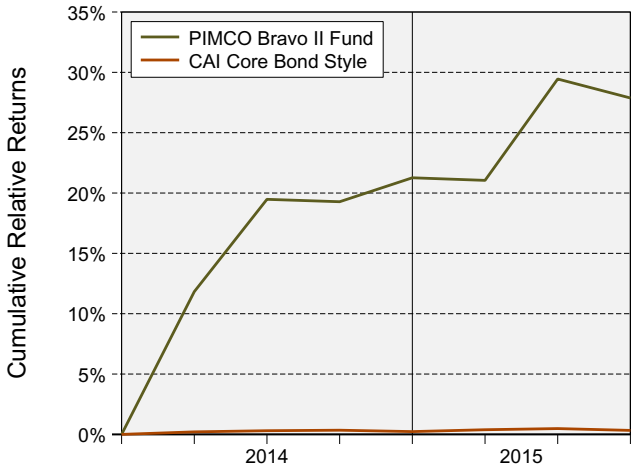


	Fiscal YTD	Last Year	Last 1-3/4 Years
10th Percentile	1.47	3.63	4.92
25th Percentile	1.30	3.34	4.51
Median	1.10	3.00	4.24
75th Percentile	0.84	2.61	4.01
90th Percentile	0.59	2.15	3.52
PIMCO Bravo II Fund ●	0.00	10.36	19.72
Barclays Aggregate Index ▲	1.23	2.94	4.03

Relative Return vs Barclays Aggregate Index



Cumulative Returns vs Barclays Aggregate Index



Prudential
Period Ended September 30, 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.

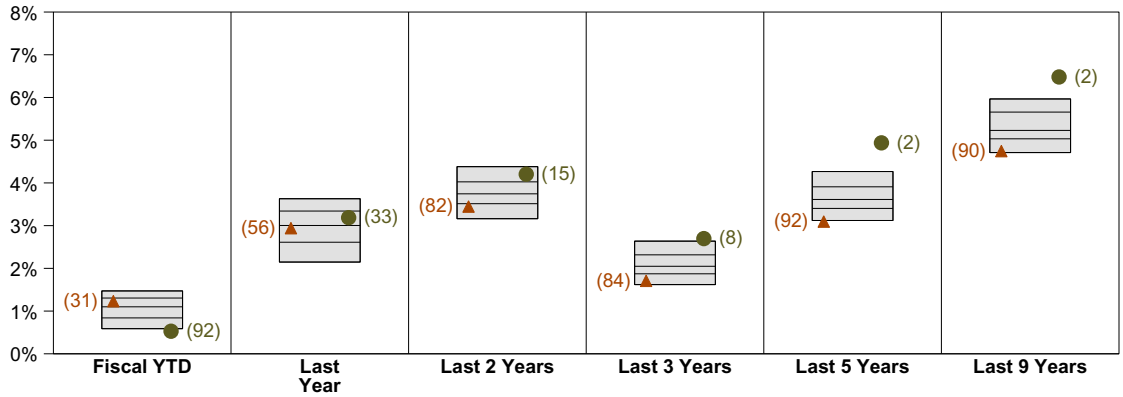
Quarterly Summary and Highlights

- Prudential's portfolio posted a 0.53% return for the quarter placing it in the 92 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 33 percentile for the last year.
- Prudential's portfolio underperformed the Barclays Aggregate Index by 0.70% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.25%.

Quarterly Asset Growth

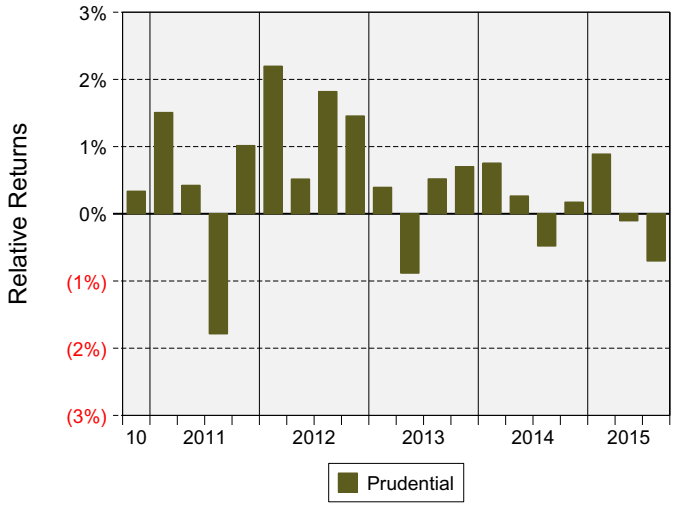
Beginning Market Value	$88,672,172
Net New Investment	$-61,066
Investment Gains/(Losses)	$468,148
Ending Market Value	$89,079,254

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

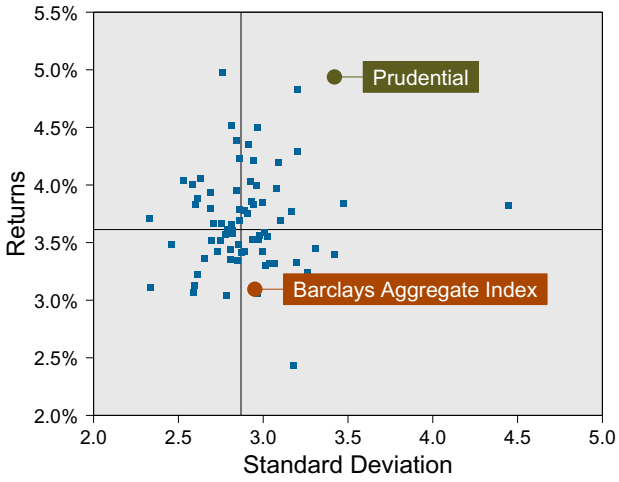


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9 Years
10th Percentile	1.47	3.63	4.38	2.64	4.27	5.97
25th Percentile	1.30	3.34	4.03	2.32	3.91	5.66
Median	1.10	3.00	3.74	2.05	3.61	5.23
75th Percentile	0.84	2.61	3.51	1.87	3.40	5.03
90th Percentile	0.59	2.15	3.16	1.62	3.12	4.71
Prudential ●	0.53	3.19	4.20	2.70	4.94	6.48
Barclays Aggregate Index ▲	1.23	2.94	3.45	1.71	3.10	4.74

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 September 30, 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.

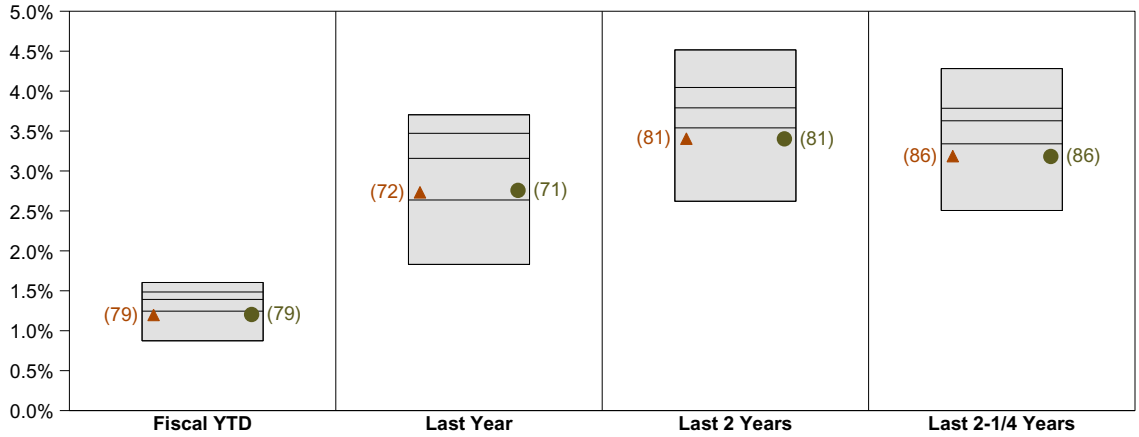
Quarterly Summary and Highlights

- SSgA US Govt Cr Bd Index's portfolio posted a 1.20% return for the quarter placing it in the 79 percentile of the CAI Govt/Credit Fixed-Income Style group for the quarter and in the 71 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 0.02%.

Quarterly Asset Growth

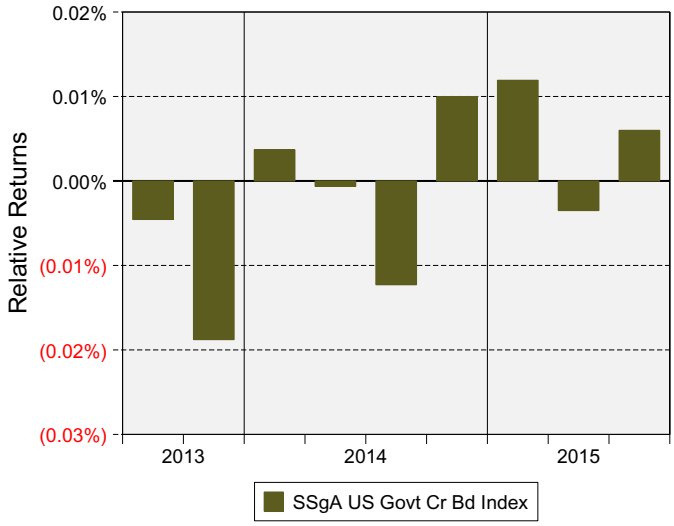
Beginning Market Value	$134,918,321
Net New Investment	$-11,476
Investment Gains/(Losses)	$1,623,324
Ending Market Value	$136,530,169

Performance vs CAI Govt/Credit Fixed-Income Style (Gross)

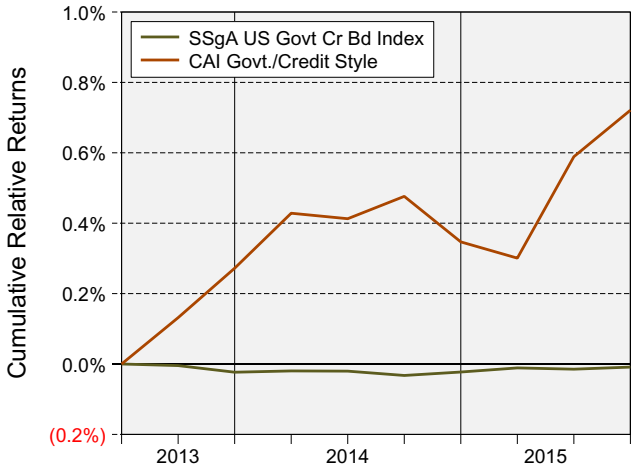


	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	1.60	3.70	4.52	4.28
25th Percentile	1.49	3.47	4.05	3.78
Median	1.39	3.16	3.79	3.63
75th Percentile	1.25	2.64	3.54	3.34
90th Percentile	0.87	1.83	2.62	2.51
SSgA US Govt Cr Bd Index ●	1.20	2.76	3.40	3.18
Barclays Govt/Credit Bd ▲	1.20	2.73	3.40	3.19

Relative Return vs Barclays Govt/Credit Bd



Cumulative Returns vs Barclays Govt/Credit Bd



Wells Capital
Period Ended September 30, 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.

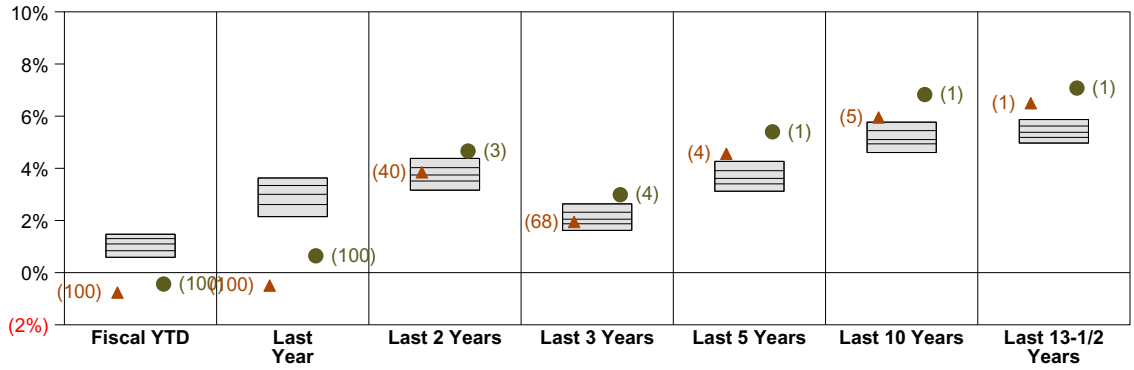
Quarterly Summary and Highlights

- Wells Capital's portfolio posted a (0.44)% 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.
- Wells Capital's portfolio outperformed the Barclays Baa Credit 3% In by 0.33% for the quarter and outperformed the Barclays Baa Credit 3% In for the year by 1.14%.

Quarterly Asset Growth

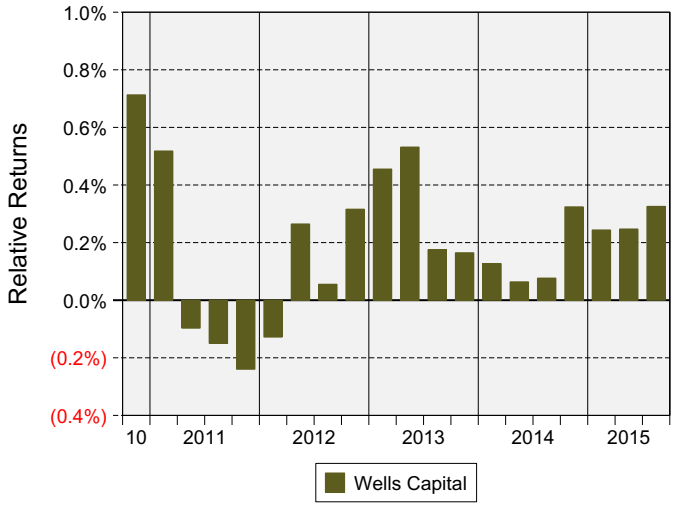
Beginning Market Value	$304,057,674
Net New Investment	$-138,223
Investment Gains/(Losses)	$-1,325,502
Ending Market Value	$302,593,949

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

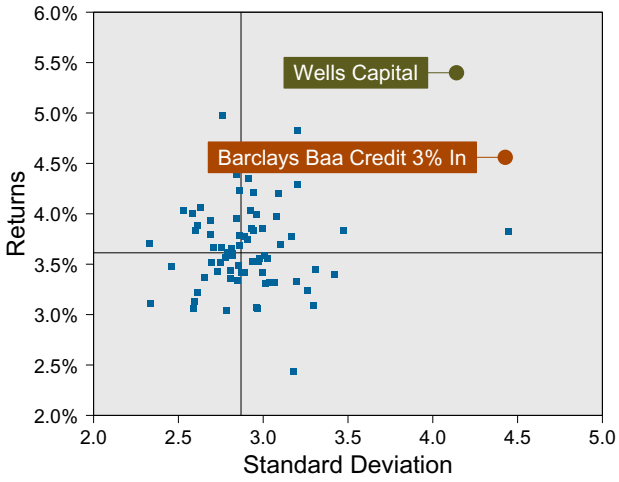


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 13-1/2 Years
10th Percentile	1.47	3.63	4.38	2.64	4.27	5.77	5.87
25th Percentile	1.30	3.34	4.03	2.32	3.91	5.45	5.62
Median	1.10	3.00	3.74	2.05	3.61	5.10	5.38
75th Percentile	0.84	2.61	3.51	1.87	3.40	4.94	5.19
90th Percentile	0.59	2.15	3.16	1.62	3.12	4.61	4.97
Wells Capital ●	(0.44)	0.65	4.66	2.99	5.40	6.83	7.08
Barclays Baa Credit 3% In ▲	(0.76)	(0.49)	3.85	1.94	4.56	5.95	6.50

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 September 30, 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.

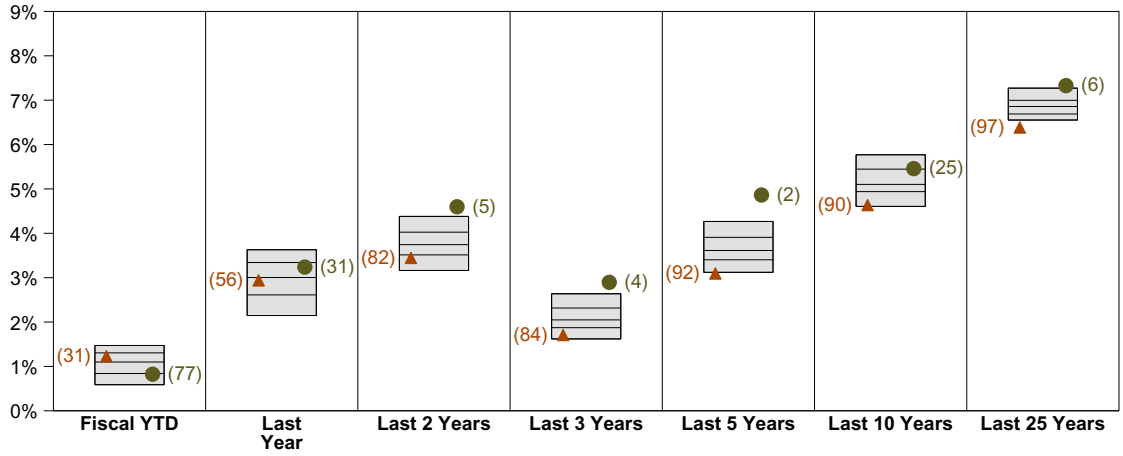
Quarterly Summary and Highlights

- Western Asset's portfolio posted a 0.82% return for the quarter placing it in the 77 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 31 percentile for the last year.
- Western Asset's portfolio underperformed the Barclays Aggregate Index by 0.41% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.30%.

Quarterly Asset Growth

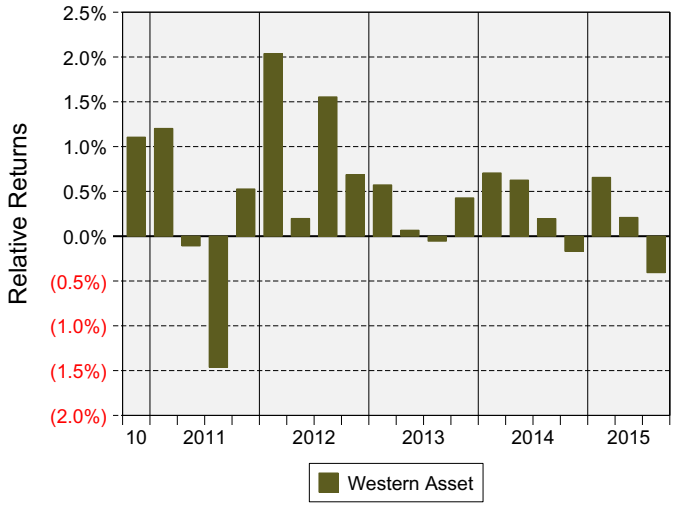
Beginning Market Value	$308,784,390
Net New Investment	$-107,037
Investment Gains/(Losses)	$2,546,038
Ending Market Value	$311,223,391

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

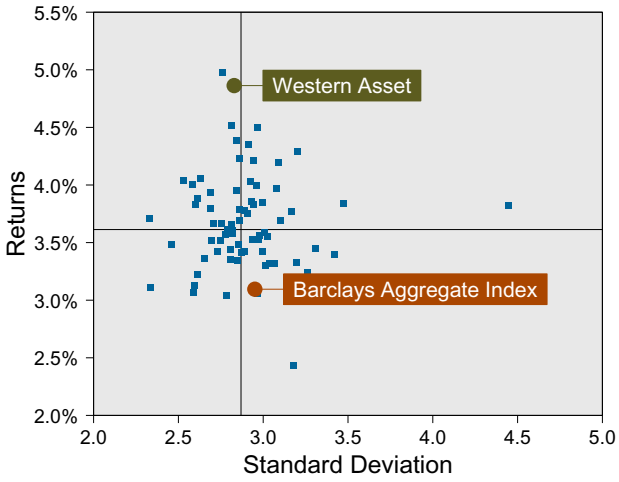


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 25 Years
10th Percentile	1.47	3.63	4.38	2.64	4.27	5.77	7.27
25th Percentile	1.30	3.34	4.03	2.32	3.91	5.45	7.00
Median	1.10	3.00	3.74	2.05	3.61	5.10	6.86
75th Percentile	0.84	2.61	3.51	1.87	3.40	4.94	6.69
90th Percentile	0.59	2.15	3.16	1.62	3.12	4.61	6.55
Western Asset ●	0.82	3.24	4.60	2.89	4.86	5.46	7.33
Barclays Aggregate Index ▲	1.23	2.94	3.45	1.71	3.10	4.64	6.39

Relative Return vs Barclays Aggregate Index



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



Diversified Real Assets

Western TIPS
Period Ended September 30, 2015

Investment Philosophy

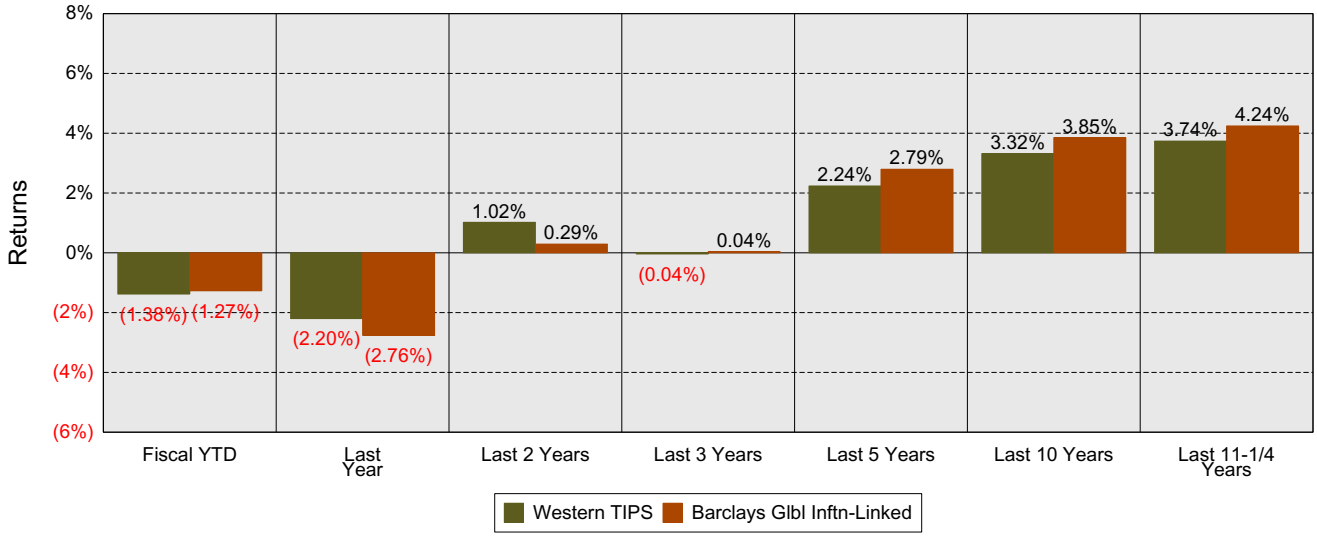
Western Asset's Global Inflation-Linked composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. Constructed primarily of inflation-indexed securities, these portfolios use diversified strategies in seeking to add 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 Glolbal Inflation-Linked thereafter.**

Quarterly Summary and Highlights

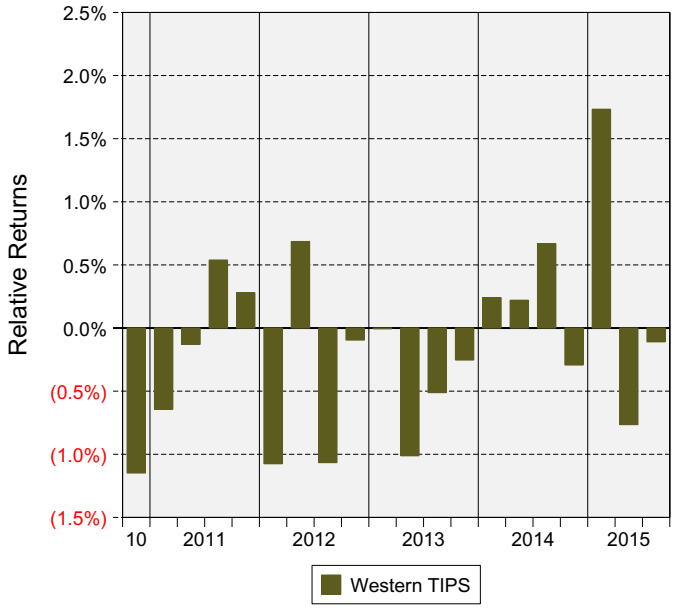
- Western TIPS's portfolio underperformed the Barclays Glbl Inftn-Linked by 0.11% for the quarter and outperformed the Barclays Glbl Inftn-Linked for the year by 0.56%.

Quarterly Asset Growth

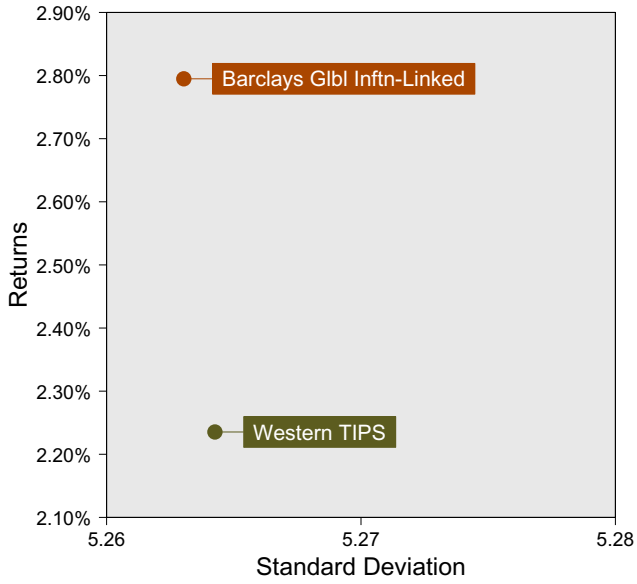
Beginning Market Value	$112,261,432
Net New Investment	$-36,672
Investment Gains/(Losses)	$-1,547,035
Ending Market Value	$110,677,725



Relative Return vs Barclays Glbl Inftn-Linked



Annualized Five Year Risk vs Return



Eastern Timber Opportunities
Period Ended September 30, 2015

Investment Philosophy

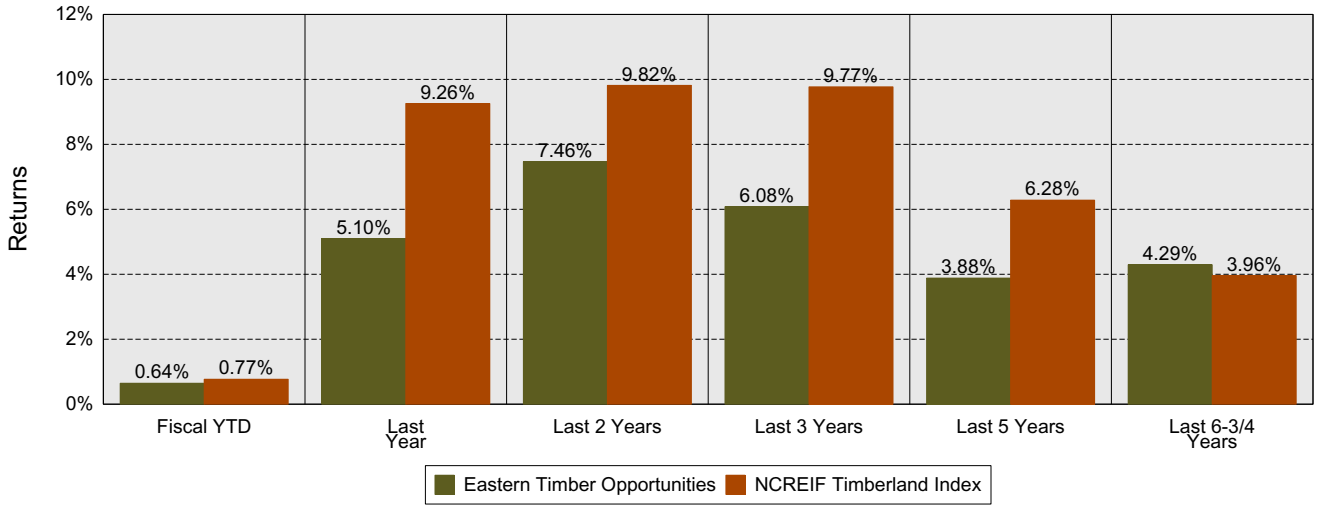
The investment objective of the Eastern Timberland Opportunities fund is to provide competitive timberland investment returns from Eastern US timberland investments by pursuing management strategies to increase timber production and land values through the investment term. TIR will maximize timber values 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

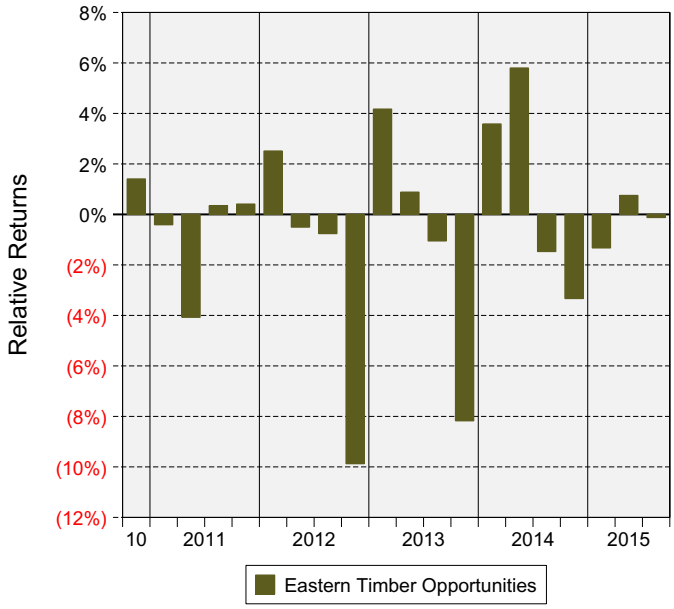
- Eastern Timber Opportunities's portfolio underperformed the NCREIF Timberland Index by 0.12% for the quarter and underperformed the NCREIF Timberland Index for the year by 4.16%.

Quarterly Asset Growth

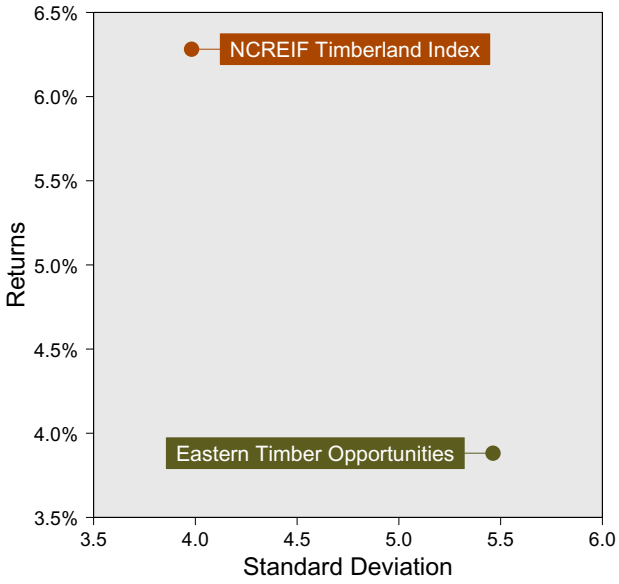
Beginning Market Value	$61,260,132
Net New Investment	$-1,426,590
Investment Gains/(Losses)	$386,729
Ending Market Value	$60,220,271



Relative Return vs NCREIF Timberland Index



Annualized Five Year Risk vs Return



JP Morgan Infrastructure
Period Ended September 30, 2015

Investment Philosophy

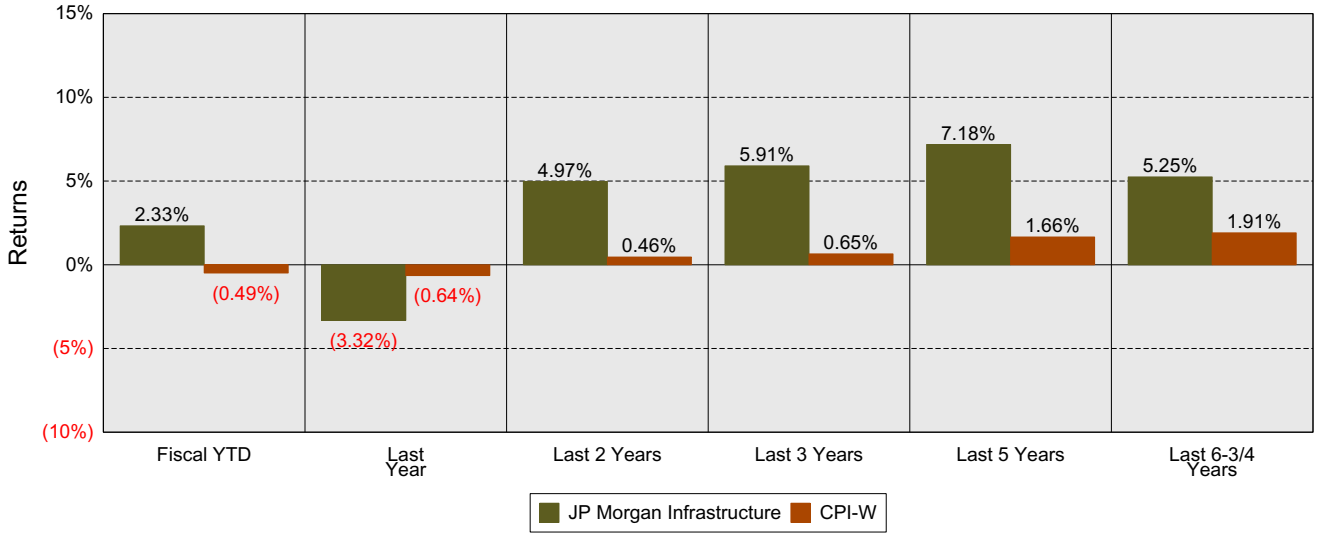
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas 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

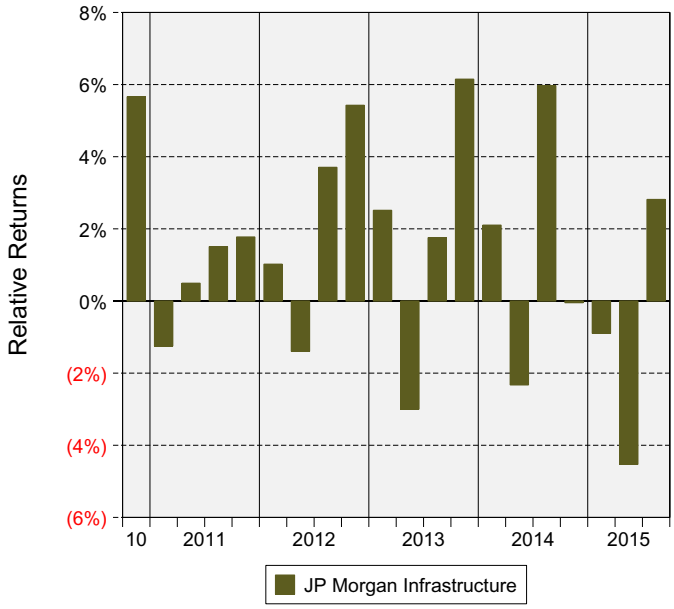
- JP Morgan Infrastructure's portfolio outperformed the CPI-W by 2.81% for the quarter and underperformed the CPI-W for the year by 2.68%.

Quarterly Asset Growth

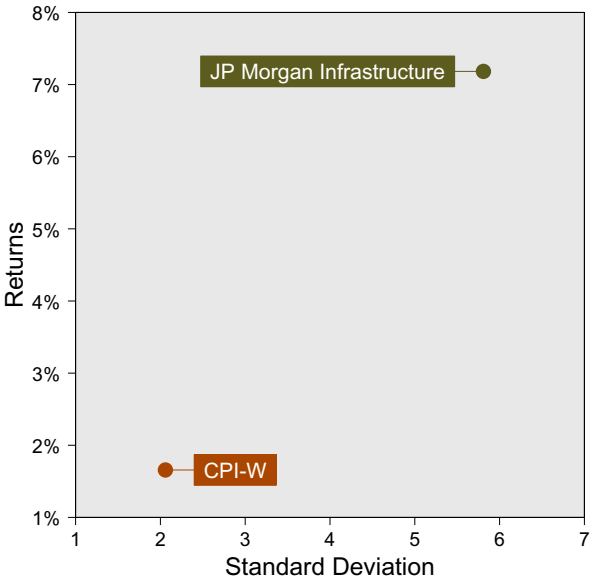
Beginning Market Value	$72,599,328
Net New Investment	$-203,975
Investment Gains/(Losses)	$1,687,960
Ending Market Value	$74,083,314



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



Grosvenor Cust. Infrastructure
Period Ended September 30, 2015

Investment Philosophy

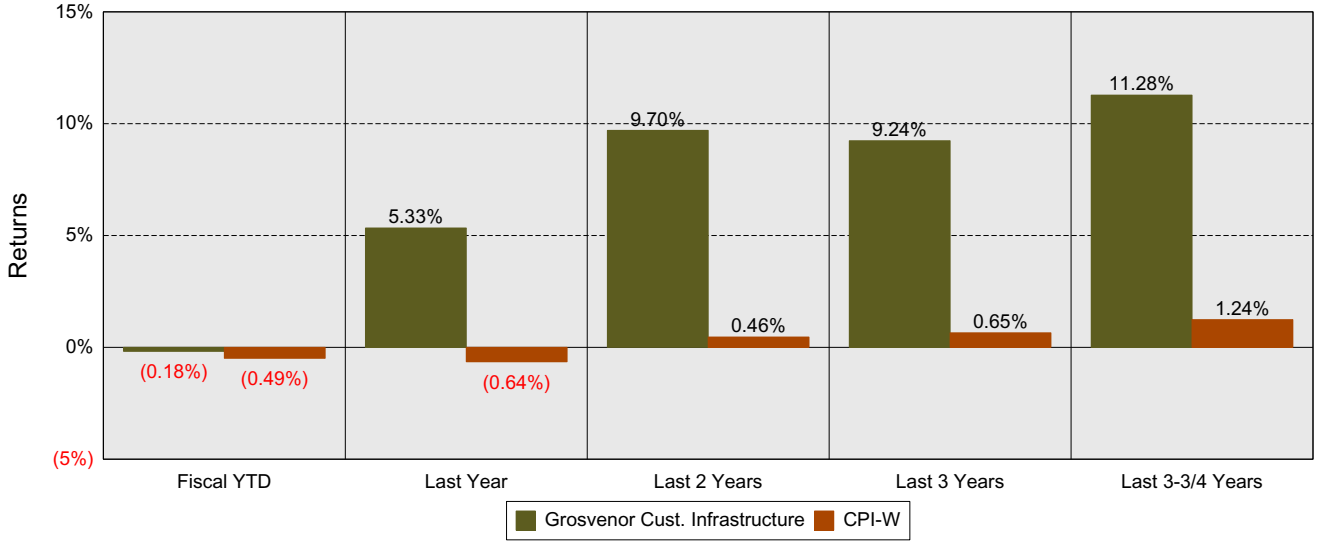
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified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

Quarterly Summary and Highlights

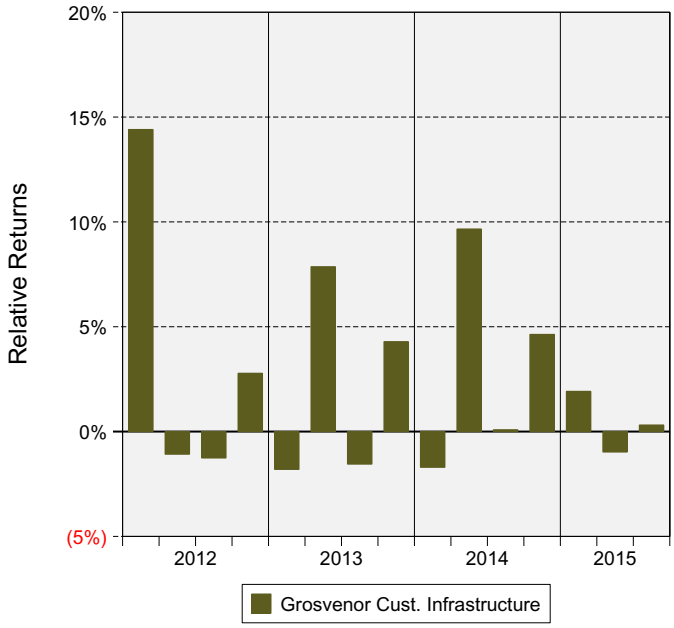
- Grosvenor Cust. Infrastructure's portfolio outperformed the CPI-W by 0.31% for the quarter and outperformed the CPI-W for the year by 5.98%.

Quarterly Asset Growth

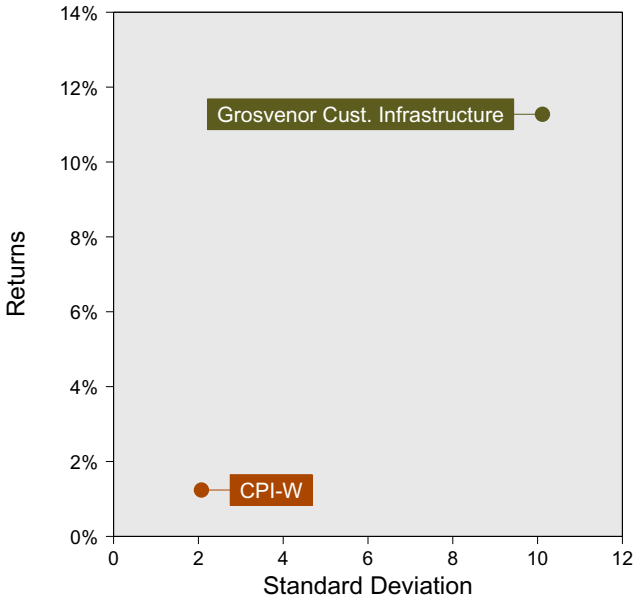
Beginning Market Value	$19,505,589
Net New Investment	$540,218
Investment Gains/(Losses)	$-35,701
Ending Market Value	$20,010,106



Relative Return vs CPI-W



Annualized Three and Three-Quarter Year Risk vs Return



Real Estate

Invesco Core Real Estate
Period Ended September 30, 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.

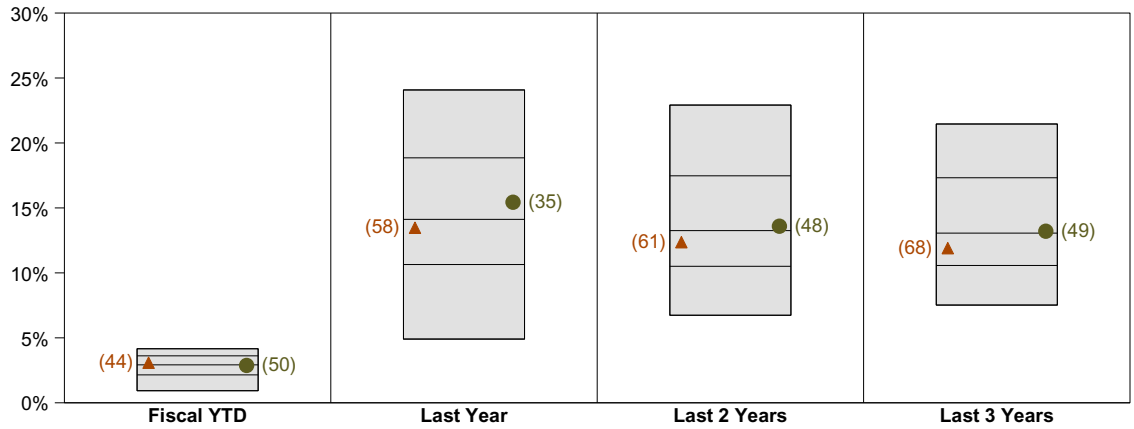
Quarterly Summary and Highlights

- Invesco Core Real Estate's portfolio posted a 2.88% return for the quarter placing it in the 50 percentile of the Total Real Estate DB group for the quarter and in the 35 percentile for the last year.
- Invesco Core Real Estate's portfolio underperformed the NCREIF Total Index by 0.21% for the quarter and outperformed the NCREIF Total Index for the year by 1.96%.

Quarterly Asset Growth

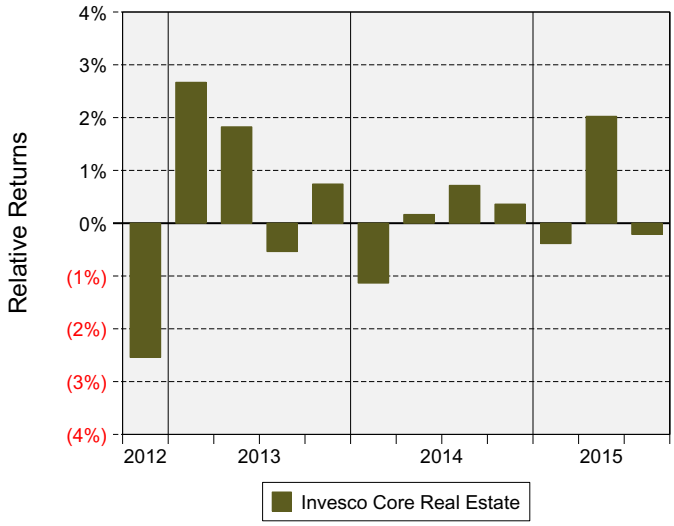
Beginning Market Value	$55,974,821
Net New Investment	$-48,739
Investment Gains/(Losses)	$1,658,187
Ending Market Value	$57,584,269

Performance vs Total Real Estate DB (Net)

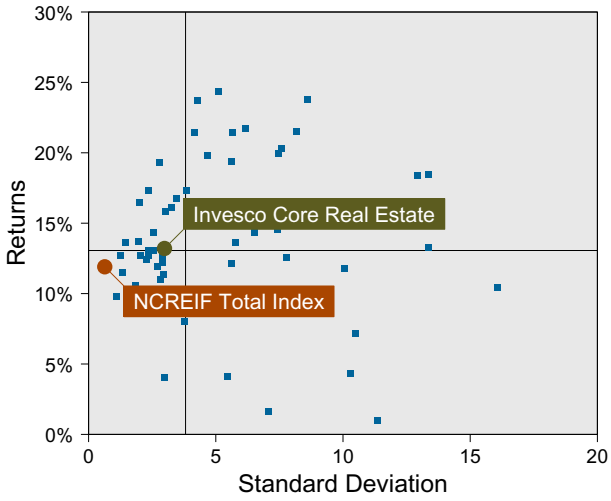


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	4.16	24.08	22.92	21.46
25th Percentile	3.61	18.86	17.47	17.32
Median	2.92	14.12	13.25	13.06
75th Percentile	2.15	10.64	10.51	10.57
90th Percentile	0.93	4.91	6.74	7.52
Invesco Core Real Estate ●	2.88	15.44	13.59	13.21
NCREIF Total Index ▲	3.09	13.48	12.36	11.90

Relative Return vs NCREIF Total Index



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



JP Morgan Real Estate
Period Ended September 30, 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.

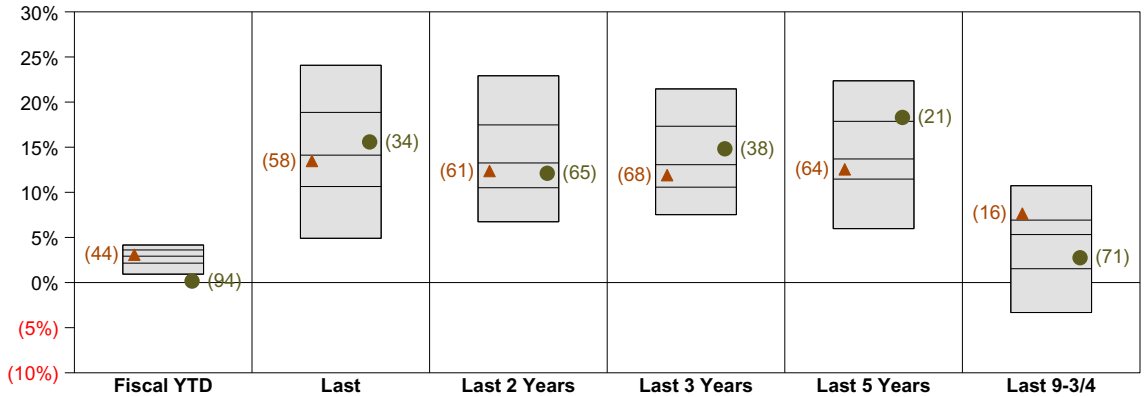
Quarterly Summary and Highlights

- JP Morgan Real Estate's portfolio posted a 0.16% return for the quarter placing it in the 94 percentile of the Total Real Estate DB group for the quarter and in the 34 percentile for the last year.
- JP Morgan Real Estate's portfolio underperformed the NCREIF Total Index by 2.92% for the quarter and outperformed the NCREIF Total Index for the year by 2.11%.

Quarterly Asset Growth

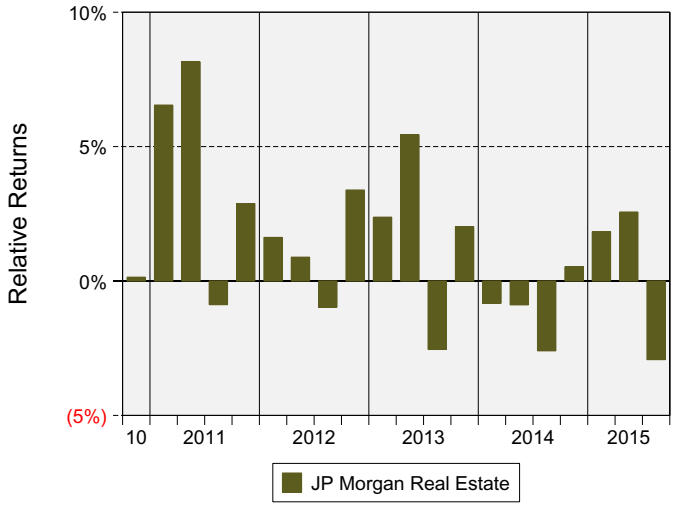
Beginning Market Value	$63,804,154
Net New Investment	$-62,772
Investment Gains/(Losses)	$104,382
Ending Market Value	$63,845,764

Performance vs Total Real Estate DB (Net)

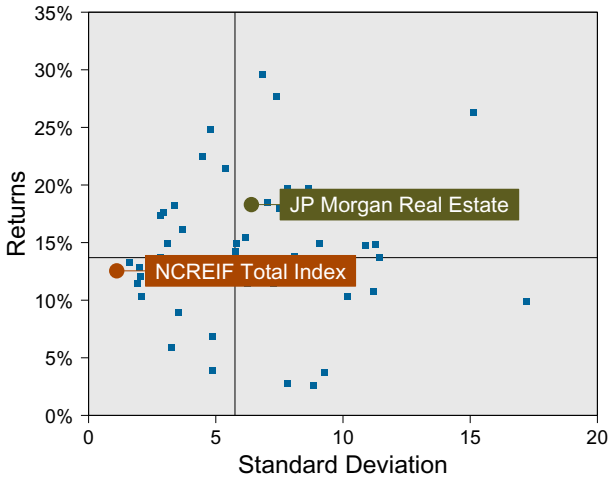


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-3/4 Years
10th Percentile	4.16	24.08	22.92	21.46	22.36	10.73
25th Percentile	3.61	18.86	17.47	17.32	17.87	6.92
Median	2.92	14.12	13.25	13.06	13.70	5.32
75th Percentile	2.15	10.64	10.51	10.57	11.47	1.53
90th Percentile	0.93	4.91	6.74	7.52	5.98	(3.32)
JP Morgan Real Estate ●	0.16	15.58	12.11	14.82	18.30	2.75
NCREIF Total Index ▲	3.09	13.48	12.36	11.90	12.55	7.65

Relative Return vs NCREIF Total Index



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



JP Morgan Short Term Bonds
Period Ended September 30, 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.

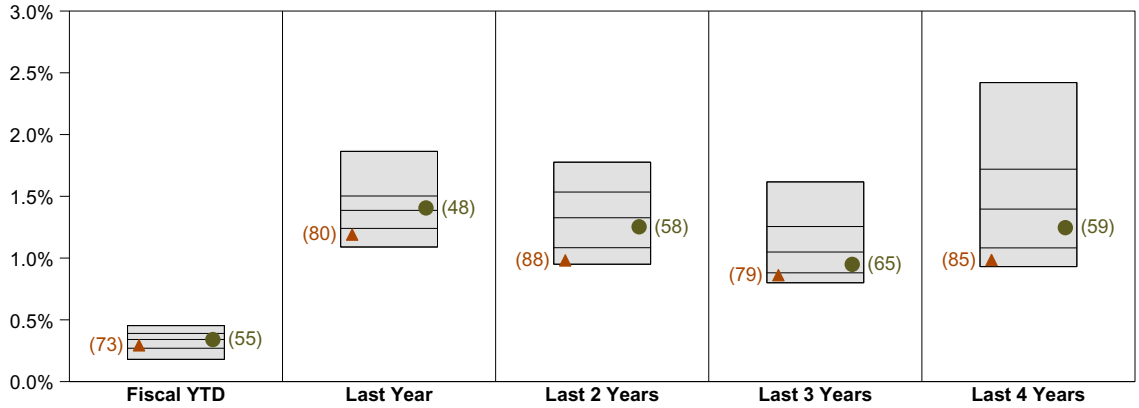
Quarterly Summary and Highlights

- JP Morgan Short Term Bonds's portfolio posted a 0.34% return for the quarter placing it in the 55 percentile of the CAI Defensive Fixed-Inc Style group for the quarter and in the 48 percentile for the last year.
- JP Morgan Short Term Bonds's portfolio outperformed the Barclays Gov/Credit 1-3 Yr by 0.05% for the quarter and outperformed the Barclays Gov/Credit 1-3 Yr for the year by 0.22%.

Quarterly Asset Growth

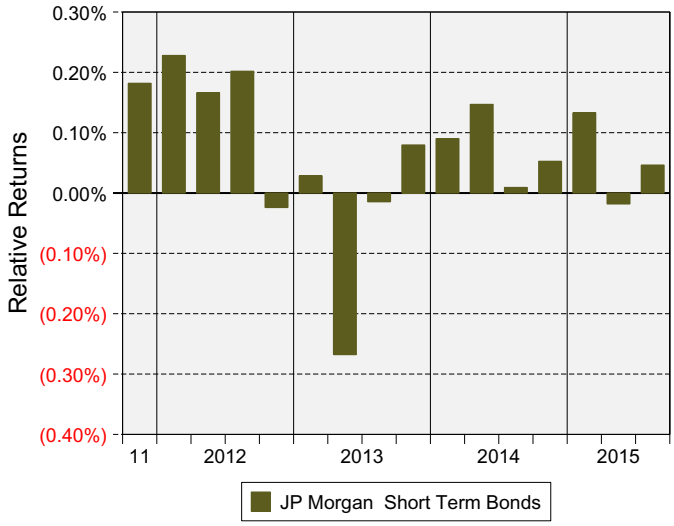
Beginning Market Value	$235,792,520
Net New Investment	$-141,241
Investment Gains/(Losses)	$801,870
Ending Market Value	$236,453,149

Performance vs CAI Defensive Fixed-Inc Style (Gross)

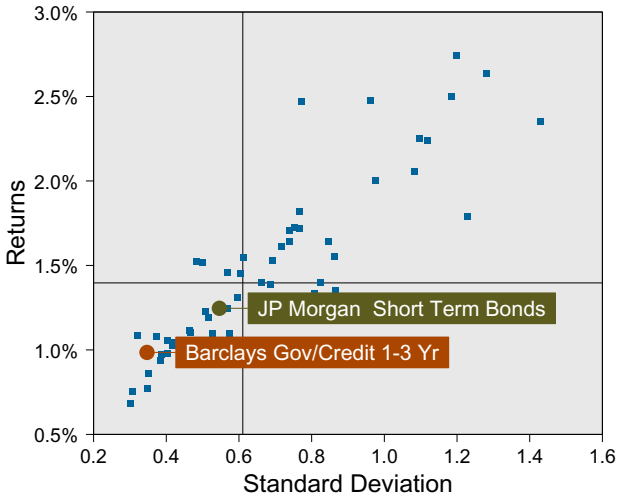


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	0.45	1.86	1.78	1.62	2.42
25th Percentile	0.39	1.50	1.53	1.26	1.72
Median	0.34	1.39	1.33	1.05	1.40
75th Percentile	0.27	1.24	1.08	0.88	1.08
90th Percentile	0.18	1.09	0.95	0.80	0.93
JP Morgan Short Term Bonds ●	0.34	1.41	1.25	0.95	1.25
Barclays Gov/Credit 1-3 Yr ▲	0.29	1.19	0.98	0.86	0.99

Relative Return vs Barclays Gov/Credit 1-3 Yr



CAI Defensive Fixed-Inc Style (Gross) Annualized Four Year Risk vs Return



Babson Short Term Bonds
Period Ended September 30, 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.

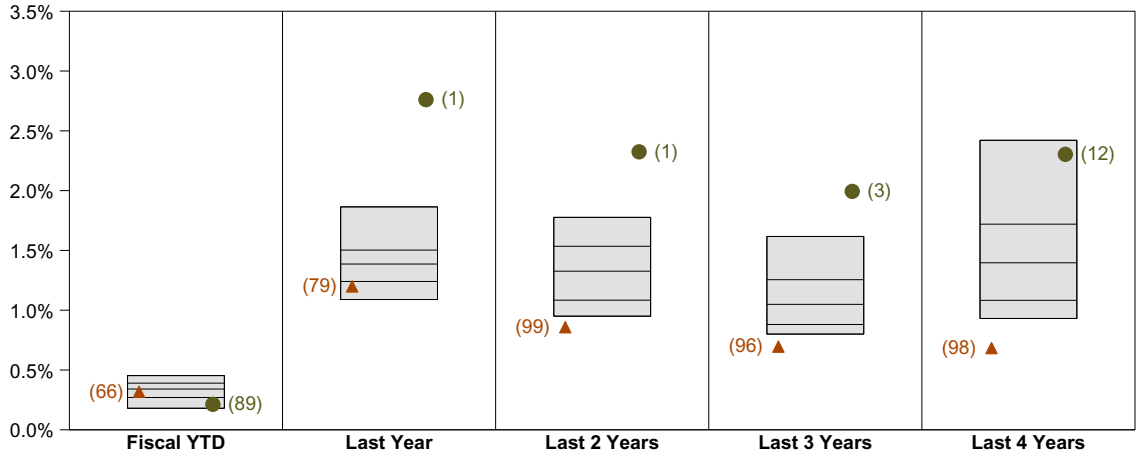
Quarterly Summary and Highlights

- Babson Short Term Bonds's portfolio posted a 0.21% return for the quarter placing it in the 89 percentile of the CAI Defensive Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Babson Short Term Bonds's portfolio underperformed the Barclays Gov 1-3 Yr by 0.11% for the quarter and outperformed the Barclays Gov 1-3 Yr for the year by 1.56%.

Quarterly Asset Growth

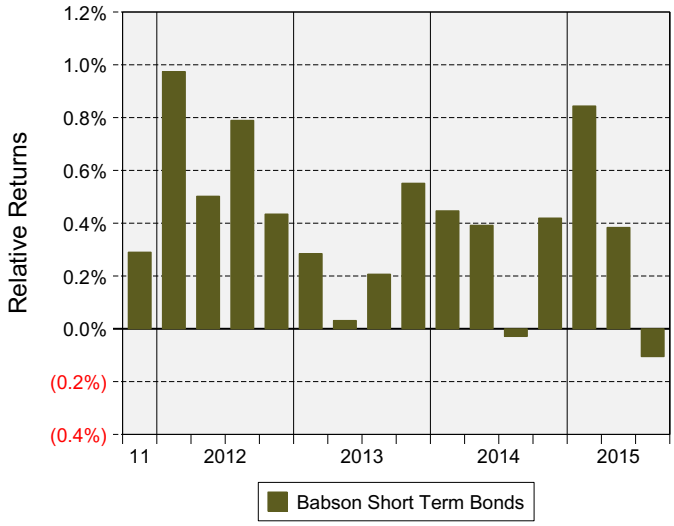
Beginning Market Value	$239,274,055
Net New Investment	$-207,429
Investment Gains/(Losses)	$508,946
Ending Market Value	$239,575,572

Performance vs CAI Defensive Fixed-Inc Style (Gross)

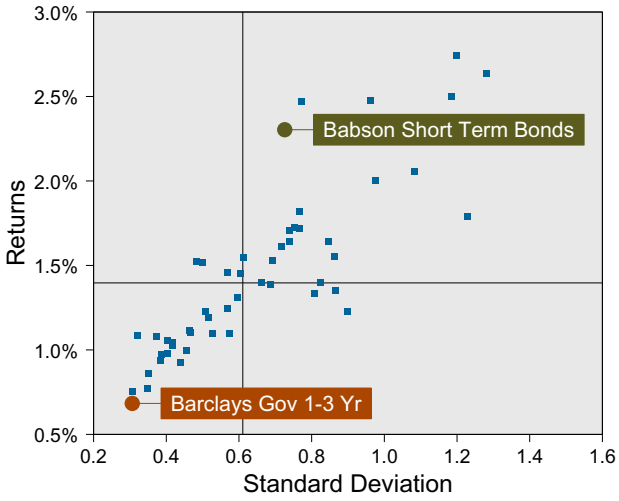


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	0.45	1.86	1.78	1.62	2.42
25th Percentile	0.39	1.50	1.53	1.26	1.72
Median	0.34	1.39	1.33	1.05	1.40
75th Percentile	0.27	1.24	1.08	0.88	1.08
90th Percentile	0.18	1.09	0.95	0.80	0.93
Babson Short Term Bonds ●	0.21	2.76	2.32	1.99	2.30
Barclays Gov 1-3 Yr ▲	0.32	1.20	0.86	0.70	0.68

Relative Return vs Barclays Gov 1-3 Yr



CAI Defensive Fixed-Inc Style (Gross) Annualized Four Year Risk vs Return



Callan Research/Education

Callan

CALLAN
INVESTMENTS
INSTITUTE

3rd Quarter 2015

Education

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.

Recent Research

Please visit www.callan.com/research to see all of our publications.

Fixed Income Benchmark Review This annual report compares characteristics for Barclays, Citi, Credit Suisse, and JP Morgan fixed income indices versus various Callan Manager peer groups.

Real Indicators: The Metrics of Real Estate In this video, Avery Robinson, CAIA, discusses the development of real estate indicator metrics and what they say about the current market.

The Education of Beta Video Eugene Podkaminer, CFA, describes the reasons he decided to explore the topic of "smart beta".

The Education of Beta: Can Alternative Indexes Make Your Portfolio Smarter? Reprinted in the Journal of Investing, Eugene Podkaminer explores how "smart beta" strategies are put together, how they have performed over the past decade, and how they can be used by investors.

Real Assets Reporter, Summer/Fall 2015 Data and insights on real estate and other real asset investment topics, including listed infrastructure.

Target Date Funds: Finding the Right Vehicle for the Road to Retirement Author Jimmy Veneruso presents key findings and highlights some questions plan sponsors may consider when evaluating target date funds.

Hedge Fund Monitor, 2nd Quarter 2015 Author Jim McKee's essay, Zen and the Art of Selling Short, including quarterly performance provides a snapshot of the asset class.

Private Markets Trends, Summer 2015 Gary Robertson summarizes the market environment, recent events, performance, and other issues involving private equity.

DC Observer, 2nd Quarter 2015 Cover story: What Do *You* See Through the Brokerage Window? Plus the Callan DC Index™.

Summary, June Workshop: Fiduciary Tidal Wave, Navigating DC's Uncharted Waters Shared observations from Callan's 2015 *DC Trends Survey*, client experiences, and case studies.

Capital Market Review, 2nd Quarter 2015 Insights on the economy and recent performance in equities, fixed income, alternatives, real estate, and more.

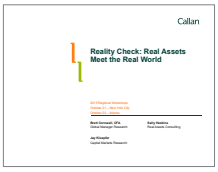
Inside Callan's Database, 2nd Quarter 2015 This report graphs performance and risk data from Callan's proprietary database alongside relevant market indices.

Beating the Heat: Five Best Practices for Endowments and Foundations Ellen Brownell presents five ways endowments and foundations can keep their cool when asset allocation conversations heat up.

2015 Nuclear Decommissioning Funding Study Author Julia Moriarty covers power utilities with an ownership interest in the operating and non-operating nuclear reactors in the U.S.

Events

Did you miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: https://www.callan.com/education/CII/


Callan

Reality Check: Real Assets Meet the Real World

The **October Regional Workshop**, to be held October 21 in New York and October 22 in Atlanta, looks at where **Real Assets Meet the Real World**. In this workshop, we look at real assets' various roles in institutional portfolios. We dive into the challenges that arise during implementation—challenges as unique as investors themselves.

Also, save the date for our annual **National Conference** in San Francisco, January 25-27, 2016.

For more information about research or educational events, please contact Anna West: 415.974.5060 / institute@callan.com

The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the "Callan College," provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next session is:

Introduction to Investments

Chicago, October 27-28, 2015
2016 dates TBD, please check our website for updates

This session familiarizes fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. 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

The "Callan College" is equipped to customize a curriculum to meet the training and educational needs of a specific organization. These tailored sessions range from basic to advanced and can take place anywhere—even at your office.

Learn more at https://www.callan.com/education/college/ or contact Kathleen Cunnie: 415.274.3029 / cunnie@callan.com

Education: By the Numbers

500	Attendees (on average) of the Institute's annual National Conference	**50+**	Unique pieces of research the Institute generates each year
3,300	Total attendees of the "Callan College" since 1994	**1980**	Year the Callan Investments Institute was founded

"We think the best way to learn something is to teach it. Entrusting client education to our consultants and specialists ensures that they have a total command of their subject matter. This is one reason why education and research have been cornerstones of our firm for more than 40 years."

Ron Peyton, Chairman and CEO

Disclosures

Callan

Quarterly List as of
September 30, 2015

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 09/30/15. 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)

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 09/30/15, 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
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	Y
Fir Tree Partners	Y	
First Eagle Investment Management	Y	
First Hawaiian Bank		Y
First State Investments	Y	
Fisher Investments	Y	
Franklin Templeton	Y	Y

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

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 09/30/15, 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
Fred Alger Management Co., Inc.	Y	
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
LMCG Investments (fka 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	

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

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 09/30/15, 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
LSV Asset Management	Y	
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
Pzena Investment Management, LLC	Y	
Pyramis Global Advisors	Y	

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

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 09/30/15, 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
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.	Y	Y
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	
Timberland Investment Resources	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
USAA Real Estate Company	Y	
Van Eck	Y	
Versus Capital Group		Y
Victory Capital Management Inc.	Y	
Vontobel Asset Management	Y	
Voya Investment Management (fka ING)	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	
Wells Fargo Private Bank		Y
Western Asset Management Company	Y	

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

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 09/30/15, 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
William Blair & Co., Inc.	Y	Y