

June 30, 2016



North Dakota State Investment Board Insurance Trust

Investment Measurement Service
Quarterly Review

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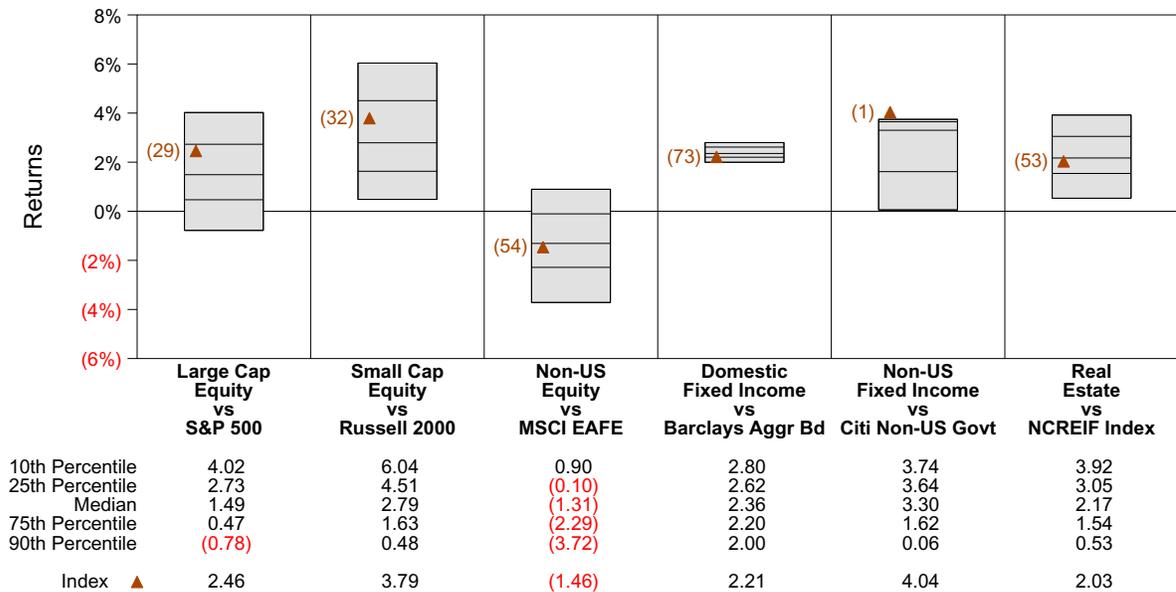
Market Overview

Active Management vs Index Returns

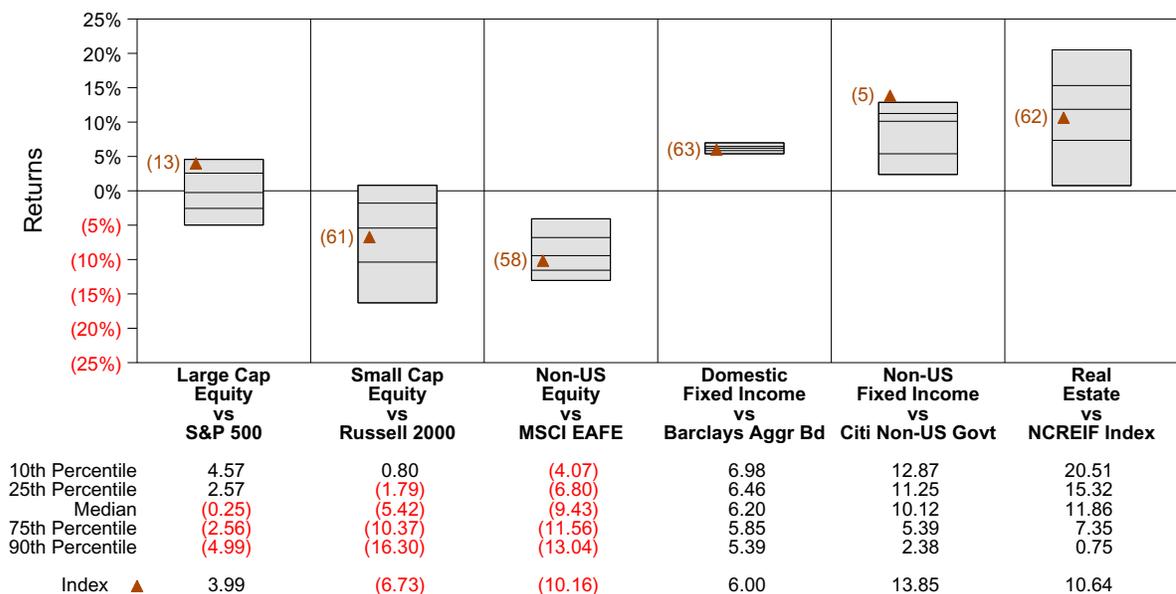
Market Overview

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

Range of Separate Account Manager Returns by Asset Class One Quarter Ended June 30, 2016



Range of Separate Account Manager Returns by Asset Class One Year Ended June 30, 2016





Keep Calm and Carry On

ECONOMY

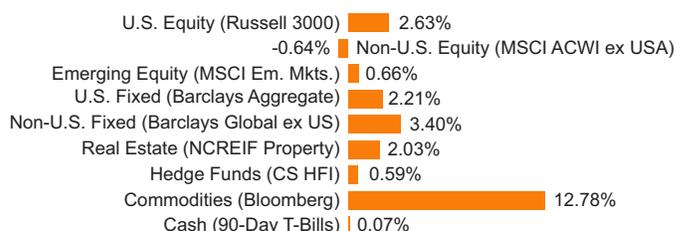
2 Despite global turmoil, all indicators of the U.S. economy pointed toward the strongest growth in consumption in a decade. But a disappointing first read on GDP for the second quarter is likely to give the Fed enough reason to delay a much-anticipated September rate hike.

Any Relief in Sight?

FUND SPONSOR

4 Corporate funds outperformed all others during the quarter because of their higher exposure to U.S. fixed income investments. But that brought little relief for their funding status, which fell by more than 3 percentage points.

Broad Market Quarterly Returns



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

Greener Grass

U.S. EQUITY

6 The **S&P 500** ended the quarter only 1.5% below its all-time high achieved in May 2015, indicating that for investors wary of the turbulence around the world, the grass does appear to be greener in the United States.

Fasten Your Seat Belts

NON-U.S. EQUITY

9 Markets around the world ended the quarter relatively stable despite the Brexit vote, with the **MSCI ACWI ex USA Index** down only slightly (-0.64%), and the **MSCI Pacific Index** up a bit (+0.87%). The **MSCI Europe Index**, not surprisingly, finished down more 2.69%.

Rally Across the Board

U.S. FIXED INCOME

12 All sectors rallied during the quarter and produced positive returns, with investment-grade corporates leading the way, as investors assessed the broad strength of the U.S. economy and relatively attractive opportunities with the U.S. fixed income markets in the wake of Brexit.

How Low Can Rates Go?

NON-U.S. FIXED INCOME

15 Major global bond indices showed positive returns for the quarter, as sovereign yields fell. Most major global currencies weakened against the U.S. dollar; the British pound was hit hardest. Emerging market bonds continued to rebound despite a bumpy ride.

It Really Is Location, Location, Location

REAL ESTATE

17 The U.S. real estate market has become increasingly attractive and has captured nearly 30% of global capital allocations in 2016. Investors are flooding into the U.S. due to low government bond yields globally, Brexit uncertainties, and concerns about China's slowing growth.

Sticker Shock

PRIVATE EQUITY

19 Fundraising surged in the second quarter, with a large jump in venture capital. The investment pace by funds into companies slowed, but the amount invested into VC companies increased. And IPOs by both buyout-backed and VC-backed firms increased in the quarter.

Caution as Britannia Waives the Rule

HEDGE FUNDS

20 Hedge funds eked out modest gains in the second quarter, with convertible arb funds performing best and short bias the worst. Emerging market and fixed income arb funds showed positive returns, making up for losses in the first quarter.

Target Date Funds Continue to Rule

DEFINED CONTRIBUTION

21 As usual, target date funds attracted most of the assets during the first quarter, and now command more than a quarter of total DC assets. But the **Callan DC Index** lagged the Age 45 Target Date Fund by 42 bps in the quarter.

Keep Calm and Carry On

ECONOMY | Jay Kloepfer

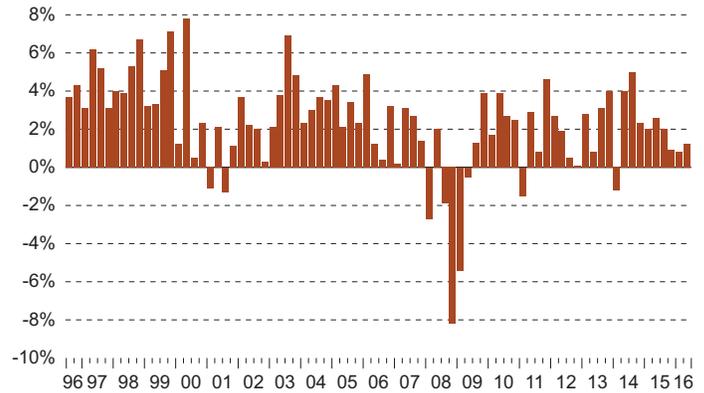
Voters in the United Kingdom narrowly approved a referendum to leave the European Union on June 23, and this unexpected result completely overshadowed everything else that happened in the global economy during the second quarter. Global bond yields fell to record lows, the British pound hit a 31-year low versus the U.S. dollar, and global equity markets plunged before quickly bouncing back to regain much of what they lost over a period of just a week.

In the background, the U.S. economy seemed to be calmly carrying on, as all indicators pointed toward the strongest growth in consumption in a decade. The first read of second-quarter gross domestic product (GDP) growth was therefore clearly disappointing at just 1.2%, dashing consensus expectations (or maybe just hopes) for a rate of 2% or higher. The revision to the first-quarter result was disappointing as well, pulled down from 1.1% to just 0.8%. The U.S. economy has now expanded by just 1.2% over the past year, the weakest 12-month gain since the reduction in Federal fiscal stimulus during 2013. Second-quarter growth was fueled by the standout strength in consumer spending, which increased at a robust rate of 4.2%. Gains in employment, disposable income, and home asset values (boosting household wealth)—along with low energy prices, modest inflation, and low interest rates—are providing the tailwind for consumers. Weighing down overall GDP growth is continued retrenchment in non-residential fixed investment, a blip downward in residential investment, and the fourth consecutive quarter of inventory reduction, which subtracted more than 1% from overall GDP growth. This weak GDP growth is likely to give the Federal Reserve sufficient reason to delay a much-anticipated September rate hike.

The job market gave quite a scare during the second quarter and was likely a primary factor in derailing what looked to be a certain Fed rate hike in June. April job gains slowed to 144,000 after averaging close to 200,000 during the first quarter, and then plummeted to just 11,000 in May, before recovering to an impressive 287,000 gain in June. The April and May

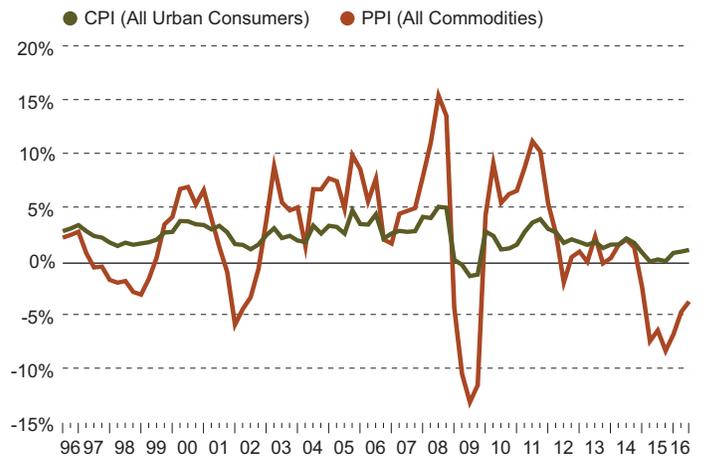
Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

jobs reports spurred fears that the economy was stalling, but the June gain may dispel some of those fears. As the U.S. economy approaches full employment, payroll gains can't grow at 200,000 per month indefinitely, let alone the 250,000 rate achieved in much of 2015. The unemployment rate remains below 5%, although it actually bounced up in June from 4.7% to 4.9% as more people rejoined the workforce. The biggest challenge for the labor market is the mismatch between the strong demand for skilled labor and the ample supply of relatively lower-skilled workers.

The conundrum holding back stronger economic growth is the decline in company capital investment in a period of very low interest rates. Non-residential fixed investment fell in both the first and second quarters of 2016, dragged down by the collapse in drilling activity for oil and natural gas. The strong dollar has also hit exports and domestic sales of manufacturing industries exposed to international competition, and weak global growth has suppressed prices for agricultural goods. On a more positive note, the impact of these forces suppressing capital spending has peaked and is fading relative to last year. The Institute for Supply Management's index of manufacturing activity rose back above 50—the line between expansion and contraction—and reached a 16-month high in June, suggesting that manufacturing may have bottomed in the first quarter of the year. Another anomaly impacting GDP growth is the inventory buildup caused by last winter's warm weather. A huge buildup in natural gas stocks was to be expected, but oddly enough, the warm weather spurred excess inventories in wholesalers and retailers, and the correction has slowed demand from manufacturers.

The Brexit vote will likely be a small bump in the road for U.S. trade. U.S. exports of goods and services to the U.K. and the EU constitute just 1% and 3% of GDP, respectively. The damage to U.S. GDP will likely be limited to a few tenths of one percent. The larger impact may come from Brexit's potential to dampen consumer and business confidence and to complicate central governments' attempts to address global economic stagnation.

The European Central Bank (ECB) continued its efforts to stimulate euro-zone economies, where unemployment remains at 10%. The ECB began buying corporate bonds in June, reaching nearly 5 billion euros by the end of the month. The average yield on investment-grade European corporate debt dropped to a record low of less than 1%. Negative-yielding government debt

The Long-Term View

Index	2016 2nd Qtr	Periods ended December 31, 2015			
		Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	2.63	0.48	12.18	7.35	10.03
S&P 500	2.46	1.38	12.57	7.31	9.82
Russell 2000	3.79	-4.41	9.19	6.80	10.50
Non-U.S. Equity					
MSCI EAFE	-1.46	-0.81	3.60	3.03	5.40
MSCI Emerging Markets	0.66	-14.92	-4.80	3.61	—
S&P ex-U.S. Small Cap	-1.30	5.92	5.51	5.33	6.80
Fixed Income					
Barclays Aggregate	2.21	0.55	3.25	4.51	6.15
90-Day T-Bill	0.07	0.05	0.07	1.24	2.93
Barclays Long G/C	6.55	-3.30	6.98	6.45	8.08
Citi Non-U.S. Govt	3.40	-5.54	-1.30	3.05	5.37
Real Estate					
NCREIF Property	2.03	13.33	12.18	7.76	8.05
FTSE NAREIT Equity	6.96	3.20	11.96	7.41	12.13
Alternatives					
CS Hedge Fund	0.59	-0.71	3.55	4.97	—
Cambridge PE*	—	6.69	13.08	11.18	15.74
Bloomberg Commodity	12.78	-24.66	-13.47	-6.43	—
Gold Spot Price	6.88	-10.46	-5.70	7.41	4.02
Inflation – CPI-U	1.22	0.73	1.53	1.86	2.30

*Private equity data is time-weighted return for period. Most recent quarterly data not available. Sources: Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's, Thomson/Cambridge, Bureau of Economic Analysis.

in the euro zone surged to nearly \$12 trillion. By comparison, U.S. yields look high, suggesting further downward pressure on seemingly rock-bottom U.S. interest rates is possible. The decline in U.S. rates since the start of the year caught most market participants by surprise. The consensus was for the U.S. to embark on a path to gradually higher rates, starting this year. As expectations for rising rates fade, the fear is that the optimism for growth which would have justified higher rates will fade, too.

Recent Quarterly Economic Indicators

	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14
Employment Cost–Total Compensation Growth	2.3%	1.9%	2.0%	2.0%	2.0%	2.6%	2.2%	2.2%
Nonfarm Business–Productivity Growth	1.9%*	-0.6%	-1.7%	2.0%	3.1%	-0.8%	-1.7%	3.1%
GDP Growth	1.2%	0.8%	0.9%	2.0%	2.6%	2.0%	2.3%	5.0%
Manufacturing Capacity Utilization	75.0%	75.3%	75.4%	75.6%	75.5%	75.5%	76.0%	75.7%
Consumer Sentiment Index (1966=100)	92.4	91.5	91.3	90.8	94.2	95.5	89.8	83.0

*Estimate.

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

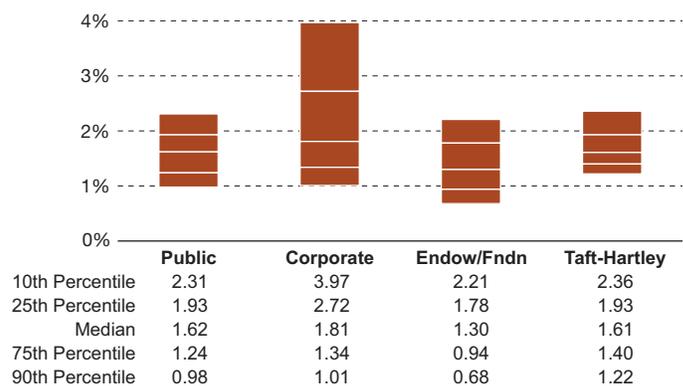
Any Relief in Sight?

FUND SPONSOR | Rufash Lama

A closer look at returns for the quarter from the Callan Fund Sponsor Databases reveals that the median corporate fund bested all other fund types. Corporate funds also had the widest dispersion of returns, and the highest total return as shown by results for funds in the 10th percentile. However, some Taft-Hartley funds outperformed the lowest-performing corporate funds, as shown by returns in the 90th percentile.

The outperformance of corporate funds during the quarter stemmed from their higher exposure to U.S. fixed income, particularly those funds with long duration. At the other end of the spectrum, endowments/foundations lagged all other fund types given their minimal exposure to U.S. fixed income. Higher allocations to non-U.S. equity and hedge funds also dragged down relative performance for endowments/foundations. Over longer time periods (5 and 10 years), compound returns for all fund sponsors have been in the range of 5% to 7%, with endowments/foundations lagging over short- and long-term periods.

Callan Fund Sponsor Returns for the Quarter



Source: Callan

The median funded status of corporate defined benefit plans declined for the quarter, primarily due to the dramatic fall in interest rates. Based on data from actuaries and asset managers, the median and average funded ratio fell by more than 3 percentage points in the quarter, to 76.0% and 76.4%, respectively. Year to date, the median funded status has declined by more than 6 percentage points.

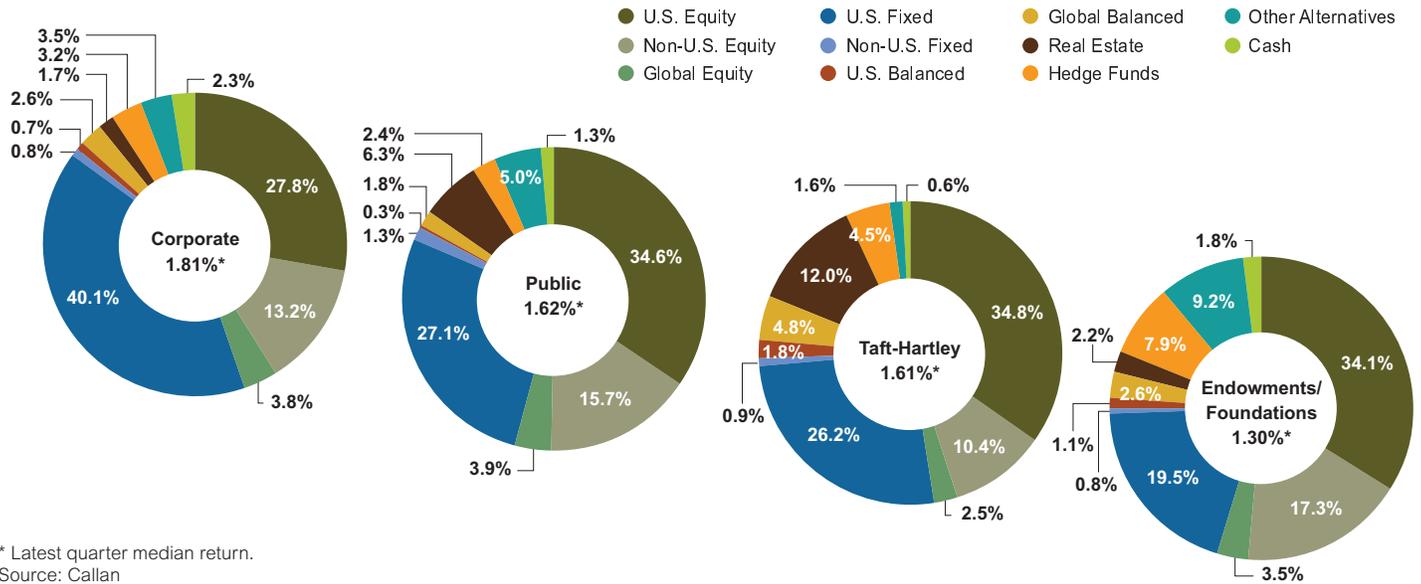
Callan Database Median Returns* for Periods ended June 30, 2016

Fund Sponsor	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Public Funds	1.62	2.98	0.54	6.39	6.42	5.65	5.94
Corporate Funds	1.81	3.88	1.66	6.59	6.62	5.85	6.00
Endowments/Foundations	1.30	2.05	-1.55	5.24	5.53	5.34	5.69
Taft-Hartley	1.61	2.69	0.97	7.12	6.97	5.54	5.68

*Returns less than one year are not annualized.

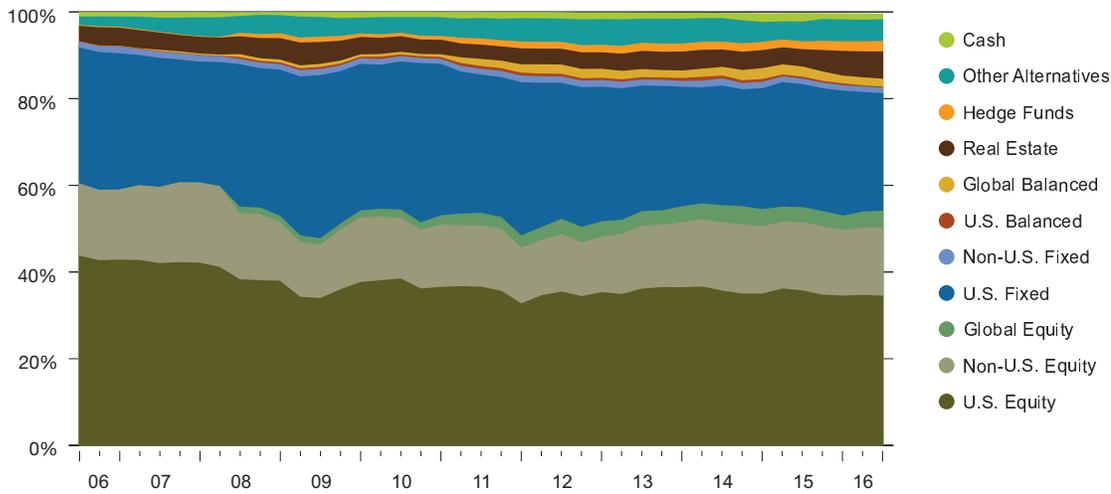
Source: Callan. Callan's database includes the following groups: public defined benefit, corporate defined benefit, endowments/foundations, and Taft-Hartley plans. Approximately 10% to 15% of the database constituents are Callan's clients. All database group returns presented gross of fees. Past performance is no guarantee of future results. Reference to or inclusion in this report of any product, service, or entity should not be construed as a recommendation, approval, affiliation, or endorsement of such product, service, or entity by Callan.

Callan Fund Sponsor Average Asset Allocation



Callan Public Fund Database Average Asset Allocation

(10 Years)



Source: Callan. Callan's database includes the following groups: public defined benefit, corporate defined benefit, endowments/foundations, and Taft-Hartley plans. Approximately 10% to 15% of the database constituents are Callan's clients. All database group returns presented gross of fees. Past performance is no guarantee of future results. Reference to or inclusion in this report of any product, service, or entity should not be construed as a recommendation, approval, affiliation, or endorsement of such product, service, or entity by Callan.

Greener Grass

U.S. EQUITY | Lauren Mathias, CFA

Though the **S&P 500 Index** ended in positive territory (+2.46%), it was subject to substantial volatility during the quarter. The U.K.'s vote to leave the European Union sent global markets reeling in late June; the S&P 500 fell 5.3% in the first two trading days after the vote. Volatility, as measured by VIX, spiked but remained below values posted in January. Despite uncertainty abroad and the steep drop after Brexit, the S&P 500 ended the quarter only 1.5% below its all-time high achieved in May 2015. Amid the global turmoil, it appears the grass is greener in the U.S.

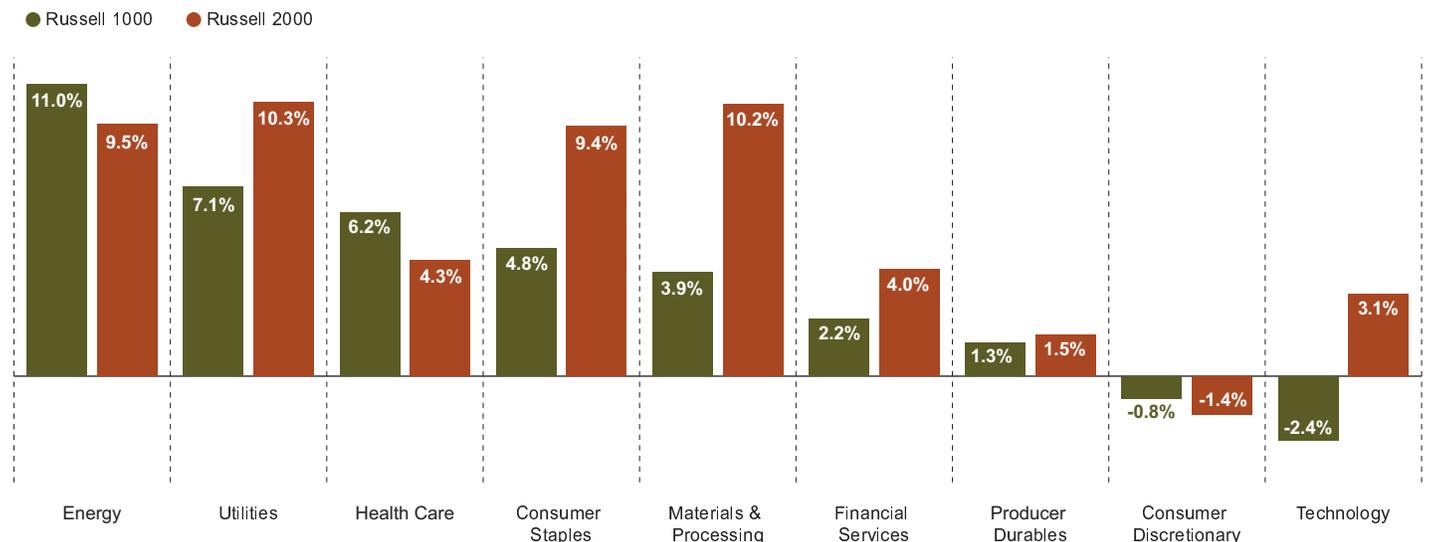
Global markets did not appear to affect domestic production either: Manufacturing activity increased (the ISM Composite Index hit a 16-month high); existing home sales were up 4.5% in May; and retail sales showed strength. But disappointing unemployment figures—4.7% due to a lower labor force

participation rate of 62.6%—and low first-quarter GDP prompted the Fed to keep interest rates at current levels.

After another strong quarter, value remained ahead of growth in all capitalizations (**Russell 2000 Value Index**: +4.31% and **Russell 2000 Growth Index**: +3.24%); the difference was most significant within large capitalizations (**Russell 1000 Value Index**: +4.58% and **Russell 1000 Growth Index**: +0.61%). Smaller was better: micro-, small-, and mid-capitalization companies outpaced large-capitalization stocks (**Russell Microcap Index**: +3.97%, **Russell 2000 Index**: +3.79%, **Russell Midcap Index**: +3.18%, and **Russell 1000 Index**: +2.54%).

With economic uncertainty and lower interest rates in the foreseeable future, defensive and yielding areas of the mar-

Economic Sector Quarterly Performance



Source: Russell Investment Group

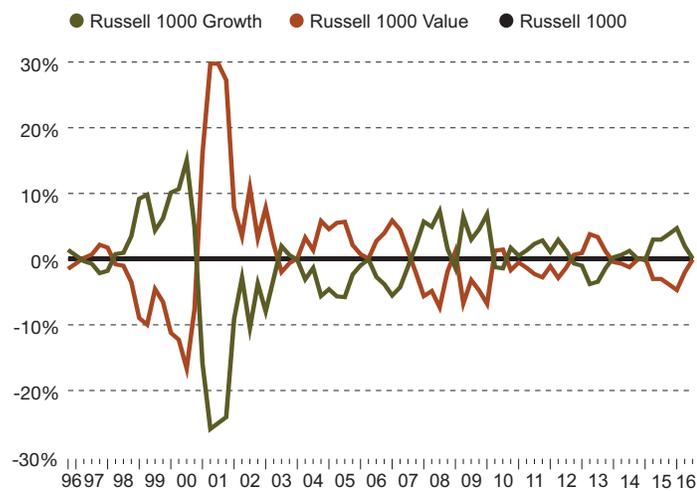
Note: As of the fourth quarter of 2015, the Capital Market Review reports sector-specific returns using the Russell Global Sectors (RGS) classification system rather than the Global Industry Classification Standard (GICS) system. RGS uses a three-tier classification system containing nine sectors; GICS uses a four-tier system containing 10 sectors.

ket did well: Utilities, Telecommunications, Health Care, and Consumer Staples. Factors like low beta and high dividend yield were in favor and boosted the performance of these sectors. After a long period of poor performance, Energy was by far the leading sector, buoyed by an almost 30% increase in oil prices. Financials lagged, mostly due to a tough June—both the Brexit crisis and absent interest rate hike were the culprits. Health Care and Technology, large sectors in the growth benchmark, were dragged down by the pharmaceuticals/

biotechnology and hardware and equipment industries, respectively. Stock correlations elevated in June, making it challenging for active management; however, levels remain below those experienced in 2015.

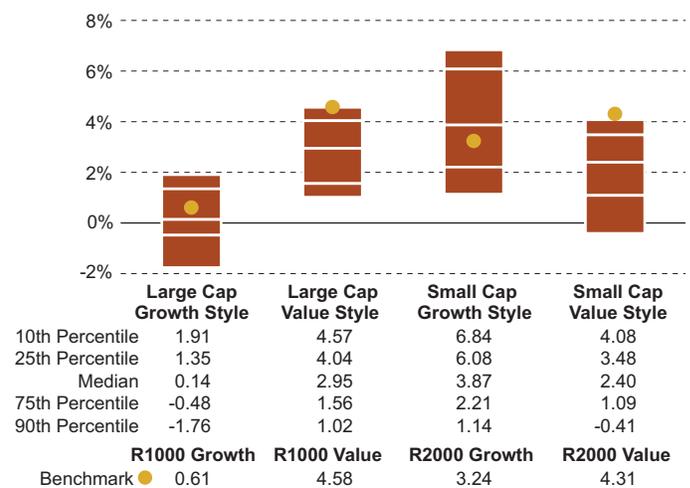
The U.S. equity market managed to escape a tumultuous June with positive results in the full quarter. However, active funds have found it challenging to outpace their respective benchmarks this year—fewer than 50% were able to do so.

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



Source: Russell Investment Group

Callan Style Group Quarterly Returns



Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of June 30, 2016

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Number of Issues	506	3,007	1,000	800	2,507	2,006
% of Russell 3000	82%	100%	92%	27%	17%	7%
Wtd Avg Mkt Cap (\$bn)	127.80	106.54	114.81	12.03	3.79	1.70
Price/Book Ratio	2.7	2.6	2.7	2.4	2.1	1.9
Forward P/E Ratio	16.6	17.1	17	18.5	18.4	18.7
Dividend Yield	2.2%	2.1%	2.1%	1.8%	1.7%	1.6%
5-Yr Earnings (forecasted)	11.9%	12.0%	12.0%	10.2%	11.7%	12.9%

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

U.S. EQUITY (Continued)

Callan Style Median and Index Returns* for Periods ended June 30, 2016

Large Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Large Cap Core Style	1.73	1.44	0.33	11.02	11.74	7.68	6.31
Russell 3000	2.63	3.62	2.14	11.13	11.60	7.40	6.09
Russell 1000	2.54	3.74	2.93	11.48	11.88	7.51	6.02
S&P 500	2.46	3.84	3.99	11.66	12.10	7.42	5.75
Large Cap Growth Style	0.14	-1.72	-0.14	12.60	11.60	8.68	5.75
Russell 1000 Growth	0.61	1.36	3.02	13.07	12.35	8.78	5.50
Large Cap Value Style	2.95	3.34	-0.81	9.20	10.97	6.52	7.07
Russell 1000 Value	4.58	6.30	2.86	9.87	11.35	6.13	6.38
Mid Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Mid Cap Core Style	1.67	3.33	-1.67	10.90	10.64	8.25	9.24
Russell Midcap	3.18	5.50	0.56	10.80	10.90	8.07	8.68
Mid Cap Growth Style	2.31	-0.02	-5.69	9.24	8.94	8.17	7.86
Russell Midcap Growth	1.56	2.15	-2.14	10.52	9.98	8.12	6.99
Mid Cap Value Style	3.29	4.90	-0.82	10.13	10.67	8.17	9.91
Russell Midcap Value	4.77	8.87	3.25	11.00	11.70	7.79	9.50
Small Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Small Cap Core Style	2.85	2.80	-4.76	9.34	10.24	7.92	9.43
Russell 2000	3.79	2.22	-6.73	7.09	8.35	6.20	6.96
Small Cap Growth Style	3.87	-1.57	-12.40	7.18	8.37	7.55	7.39
Russell 2000 Growth	3.24	-1.59	-10.75	7.74	8.51	7.14	5.91
Small Cap Value Style	2.40	4.64	-2.44	8.63	9.94	7.61	10.00
Russell 2000 Value	4.31	6.08	-2.58	6.36	8.15	5.15	7.73
Smid Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Smid Cap Broad Style	2.21	2.85	-4.23	8.86	10.29	9.49	-
Russell 2500	3.57	3.98	-3.67	8.61	9.48	7.32	8.09
Smid Cap Growth Style	3.25	-0.46	-8.43	8.00	8.70	8.35	8.01
Russell 2500 Growth	2.70	-0.03	-7.69	9.06	9.27	7.96	6.76
Smid Cap Value Style	2.39	5.38	-4.11	8.27	9.86	7.95	10.08
Russell 2500 Value	4.37	7.84	0.22	8.14	9.59	6.52	8.77
Russell 3000 Sectors	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Consumer Discretionary	-0.88	0.98	0.99	11.18	14.59	9.98	-
Consumer Staples	4.94	10.42	18.31	15.50	15.49	12.63	-
Energy	10.94	14.41	-8.17	-3.18	-0.85	3.18	-
Financial Services	2.35	-1.03	-1.30	9.00	11.42	0.99	-
Health Care	6.04	-1.44	-5.23	16.22	17.08	11.43	-
Materials & Processing	4.70	10.67	1.01	8.70	6.88	6.17	-
Producer Durables	1.28	6.10	4.35	11.33	10.81	6.76	-
Technology	-2.06	-0.37	2.44	14.67	11.81	9.83	-
Utilities	7.34	23.69	28.37	13.60	12.63	8.50	-

*Returns less than one year are not annualized.

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

Fasten Your Seat Belts

NON-U.S. EQUITY | Lyman Jung

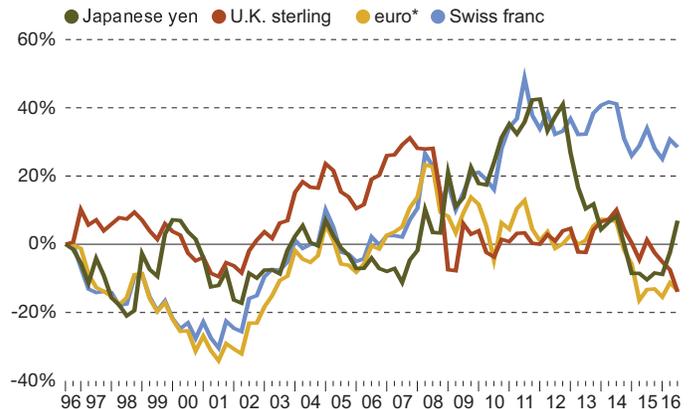
For the second consecutive quarter, non-U.S. equity markets endured a bout of extreme volatility. After a tepid start to the quarter, markets reacted to the surprise June 23 Brexit referendum to leave the European Union. Global markets lost \$2 trillion the day after, but quickly stabilized. In this uncertain environment, we expect volatility to continue.

Despite the vote, the **MSCI ACWI ex USA Index** ended the quarter down only slightly (-0.64%), buoyed by accommodative central bank policies and a strong rebound in commodity prices. Energy (+8.05%) led the charge followed by Health Care (+4.29%), as investors favored defensive, dividend-paying stocks amid the turmoil. Economic and interest-rate-sensitive sectors fared worst, with Consumer Discretionary (-6.87%) and Financials (-4.31%) leading the plunge.

Around the broader markets, the **MSCI Emerging Markets Index** (+0.66%) bested its developed counterpart in the **MSCI World ex USA Index** (-1.05%). Without Canada (+3.40%), one of the best-performing countries in developed markets, the **MSCI EAFE Index** was even more depressed (-1.46%). The **MSCI ACWI ex USA Growth Index** continued an eight-quarter trend of outperforming the Value Index. Moreover, the **MSCI ACWI ex USA Small Cap** (-0.87%) topped its developed cousin, the **MSCI World ex USA Small Cap Index** (-1.28%).

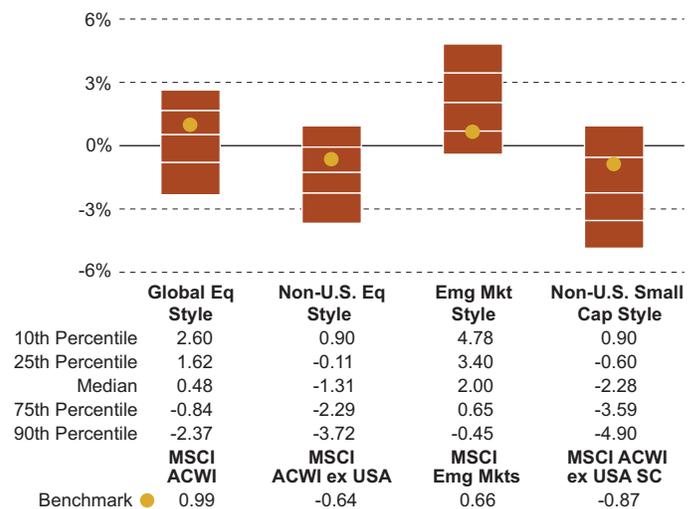
As Brexit dominated the headlines, European equity markets fell sharply only to rally in the final few days of the quarter. The **MSCI Europe Index** finished down 2.69%. Amid a general move to safe-haven countries, Switzerland (+2.03%) was a top-performer. Italy (-10.45%) and Spain (-7.67%) were among the worst mainly due to double-digit declines in banks burdened by souring loans and the potential loss of the U.K. as the financial center. Regionally, European sectors performed in line with the rest of the developed world. Energy stocks contributed 12.51% thanks to oil at nearly \$50. Conversely, Consumer Discretionary and Financials tumbled 11.10% and 10.82%, respectively,

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



*German mark returns before 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



Sources: Callan, MSCI

weighed down by recession fears and concerns about a slowdown in finance and investment activity.

In contrast to Europe, the **MSCI Pacific Index** (+0.87%) fared much better, boosted by Japan (+1.01%) and New Zealand (+5.85%). While Japan was positive on a U.S. dollar-return basis, on a local-return basis it fell 7.80% because the yen

NON-U.S. EQUITY (Continued)

surged 10% in the quarter—despite operating in a negative interest rate environment. The yen has been bolstered by its re-emergence as a haven currency with an uncertain Europe and also by the dollar's recent weakness after the Federal Reserve pared back expectations of U.S. interest rate increases. New Zealand gained on improved sentiment partly due to a reported trade surplus that was more than double analysts' forecasts.

Emerging market countries produced a wide spectrum of returns, but closed out the quarter slightly ahead (MSCI Emerging Market Index: +0.66%). Commodity producers such as Brazil (+13.90%) and Russia (+4.05%) benefited from the rebound in oil prices, continuing their first-quarter rally. The former was also propped up by an impeachment motion against President Dilma Rousseff that sent the equity market into a frenzied rally. Stocks in China ended the quarter nearly flat (+0.11%) thanks to a slower predicted growth of 6.6%, the weakest since the Global Financial Crisis. Further, concerns about the amount of debt on corporate balance sheets and recent policy changes

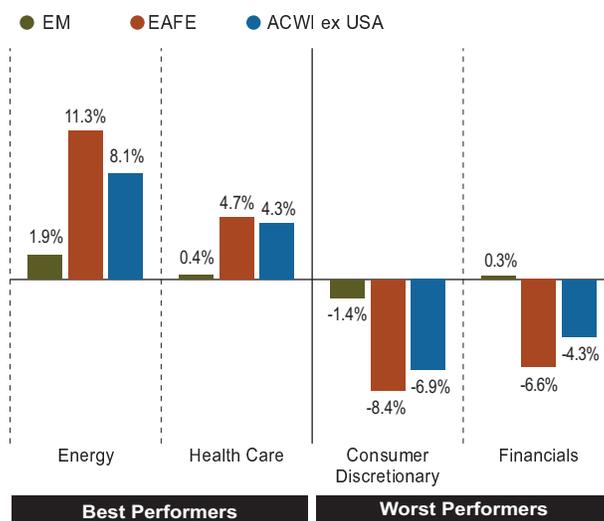
Quarterly Return Attribution for Non-U.S. Developed Countries (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	0.46%	3.79%	-3.20%	5.13%
Austria	-9.99%	-7.67%	-2.51%	0.12%
Belgium	2.29%	4.92%	-2.51%	1.05%
Canada	3.40%	3.82%	-0.40%	6.82%
Denmark	-0.58%	1.84%	-2.37%	1.40%
Finland	-2.12%	0.40%	-2.51%	0.69%
France	-4.31%	-1.85%	-2.51%	6.79%
Germany	-5.57%	-3.14%	-2.51%	6.11%
Hong Kong	0.94%	0.96%	-0.02%	2.34%
Ireland	-9.87%	-7.55%	-2.51%	0.33%
Israel	-3.80%	-1.72%	-2.38%	0.55%
Italy	-10.45%	-8.14%	-2.51%	1.38%
Japan	1.01%	-7.80%	9.56%	16.43%
Netherlands	-5.06%	-2.72%	-2.51%	2.24%
New Zealand	5.85%	3.19%	2.58%	0.13%
Norway	2.35%	3.55%	-1.16%	0.45%
Portugal	-2.76%	-0.25%	-2.51%	0.11%
Singapore	0.35%	0.29%	0.05%	0.96%
Spain	-7.67%	-5.29%	-2.51%	2.08%
Sweden	-5.38%	-1.11%	-4.32%	1.95%
Switzerland	2.03%	3.80%	-1.70%	6.55%
U.K.	-0.73%	6.73%	-6.99%	13.83%

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

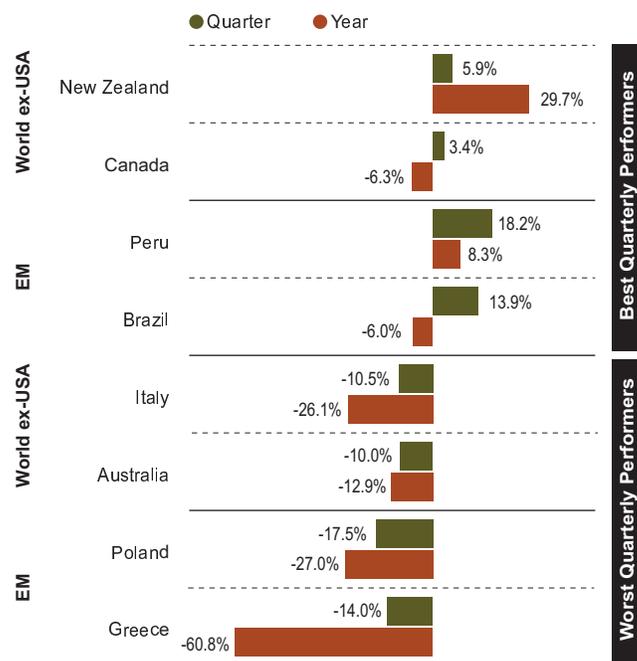
led to questions on how much stimulus the government would provide to sustain growth. Elsewhere, stocks in India (+3.72%) advanced on faster-than-expected growth and earnings of some of its biggest companies, bolstered by optimism about the nation's economic recovery.

Quarterly Returns: Strong and Struggling Sectors



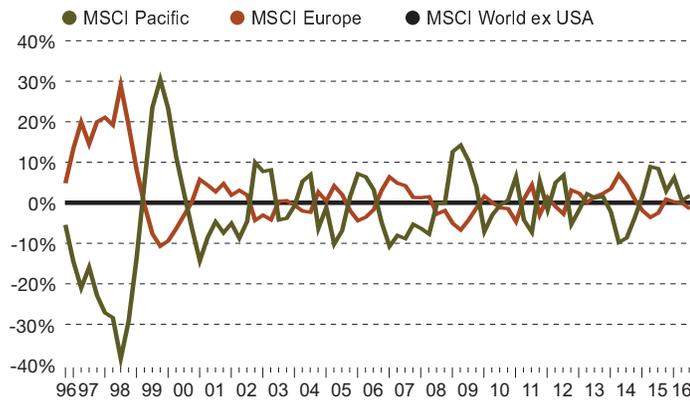
Source: MSCI

Quarterly and Annual Country Performance Snapshot



Source: MSCI

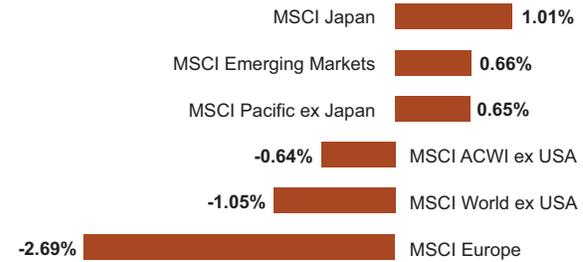
Rolling One-year Relative Returns (vs. MSCI World ex USA)



Source: MSCI

Regional Quarterly Performance

(U.S. Dollar)



Source: MSCI

Style Median and Index Returns* for Periods ended June 30, 2016

Global Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Global Equity Style	0.48	-0.92	-4.47	7.16	7.08	5.37	6.31
MSCI World	1.01	0.66	-2.78	6.95	6.63	4.43	4.86
MSCI ACWI	0.99	1.23	-3.73	6.03	5.38	4.26	4.98
Non-U.S. Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Style	-1.31	-3.49	-9.43	3.27	2.83	2.91	6.25
MSCI World ex USA	-1.05	-2.98	-9.84	1.88	1.23	1.63	4.47
MSCI ACWI ex USA	-0.64	-1.02	-10.24	1.16	0.10	1.87	4.96
Regional Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
MSCI Europe ex UK	-3.53	-6.02	-10.80	2.58	0.66	1.56	4.52
MSCI Japan	1.01	-5.58	-8.94	2.71	4.21	0.14	2.32
MSCI Japan (local)	-7.80	-19.47	-23.66	3.82	9.31	-0.93	1.00
MSCI Pacific	0.87	-2.94	-8.19	2.16	2.98	1.72	4.10
MSCI Pacific (local)	-4.29	-13.22	-17.85	4.25	7.59	0.59	2.38
MSCI Pacific ex Japan	0.65	2.47	-6.75	1.08	0.86	5.43	8.89
MSCI Pacific ex Japan (local)	2.64	0.47	-5.02	5.64	5.69	5.01	6.69
MSCI United Kingdom	-0.73	-3.05	-12.14	0.67	1.71	1.43	4.22
MSCI United Kingdom (local)	6.73	6.89	3.36	5.00	5.50	4.78	4.57
Emerging/Frontier Markets	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Emerging Market Style	2.00	6.57	-8.83	-0.07	-2.06	4.88	10.67
MSCI Emerging Markets	0.66	6.41	-12.05	-1.56	-3.78	3.54	9.12
MSCI Emerging Markets (local)	0.70	3.45	-7.70	3.70	2.02	5.72	9.92
MSCI Frontier Markets	0.47	-0.47	-12.09	1.00	1.45	0.18	-
Global/Non-U.S. Small Cap Equity	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Small Cap Style	-2.28	-3.11	-3.61	7.82	6.35	5.52	10.28
MSCI World Small Cap	1.61	2.29	-3.76	7.60	6.80	5.58	8.51
MSCI ACWI Small Cap	1.51	2.22	-4.72	6.79	5.83	6.00	8.60
MSCI World ex USA Small Cap	-1.28	-0.69	-3.35	6.34	3.61	3.33	8.17
MSCI ACWI ex USA Small Cap	-0.87	-0.20	-5.46	4.93	2.28	4.08	8.71

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

Rally Across the Board

U.S. FIXED INCOME | Nate Wong, CFA

Treasuries rallied in a flight to quality during the second quarter as U.S. economic data and trepidation surrounding the U.K.'s Brexit dominated activity. The Fed changed to a more dovish tone as the quarter ended. The **Barclays U.S. Aggregate Index** increased 2.21% while the **Barclays High Yield Corporate Index** again outpaced it with a 5.52% gain.

The surprising vote in the U.K. to exit the European Union triggered an immediate run on risk assets. The panic was short-lived and credit spreads ended the quarter marginally tighter as more-rational investors assessed the broader strength of the U.S. economy and the relatively attractive opportunities within the U.S. fixed income markets.

Following the Brexit vote, the Fed elected not to make any changes at its June meeting. Its forward-looking dot plot now implies a reduced number of rate hikes from four to three, while the long-term projection for the short-term rate was lowered from 3.25% to 3.0%.

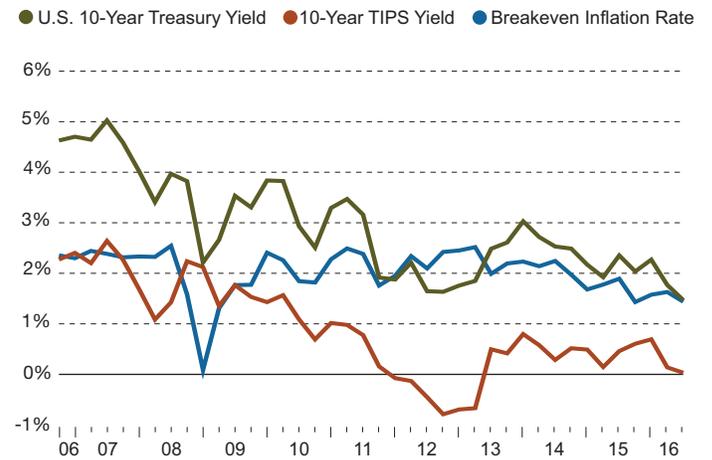
U.S. Treasury Yield Curves



Source: Bloomberg

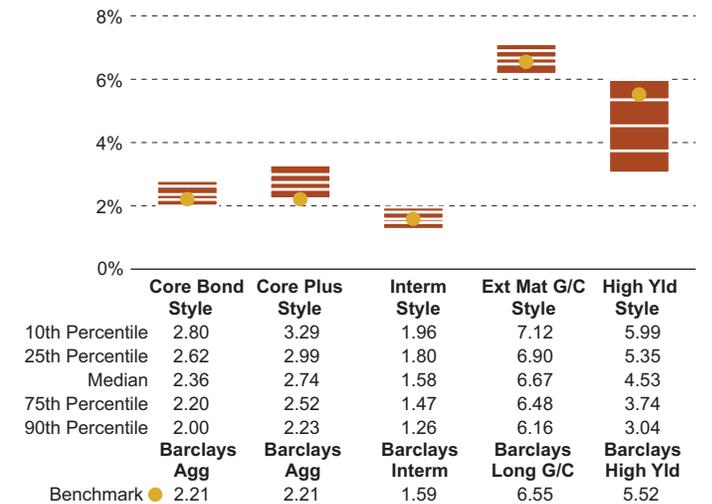
Yields declined across the maturity spectrum with the 10-year yield closing the quarter at 1.47%, its lowest level in nearly three years. Weak economic data and the negative yield environment around the globe contributed to downward pressure on U.S. yields. The 2- to 30-year spread tightened to 170 bps by the end of the quarter. Treasury returns were strong, particularly on the

Historical 10-Year Yields



Source: Bloomberg

Callan Style Group Quarterly Returns



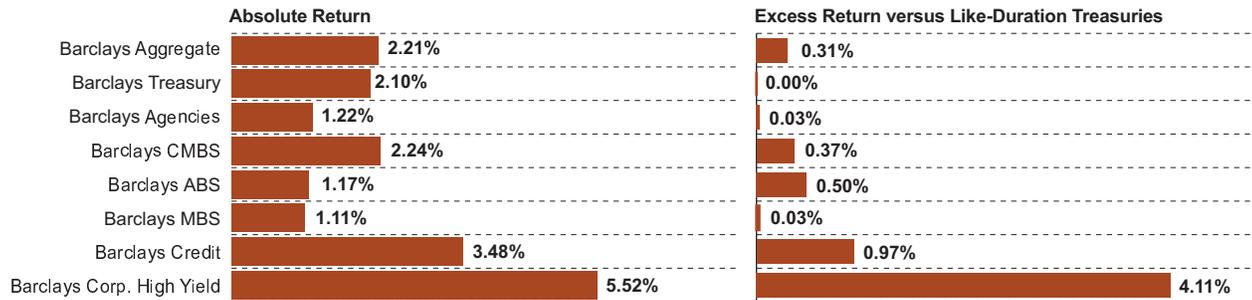
Sources: Barclays, Callan

long end of the curve, with 30-year Treasuries gaining 7.24%. All sectors rallied and produced positive returns, with investment-grade corporates leading the way. Inflation-protected securities trailed their nominal counterparts but continued their strong performance for the year.

Corporate credit performed well across the quality spectrum, gaining 3.48% and outperforming Treasuries by 97 bps on a duration-adjusted basis. Companies took advantage of low rates, with new issuance of \$350 billion during the quarter.

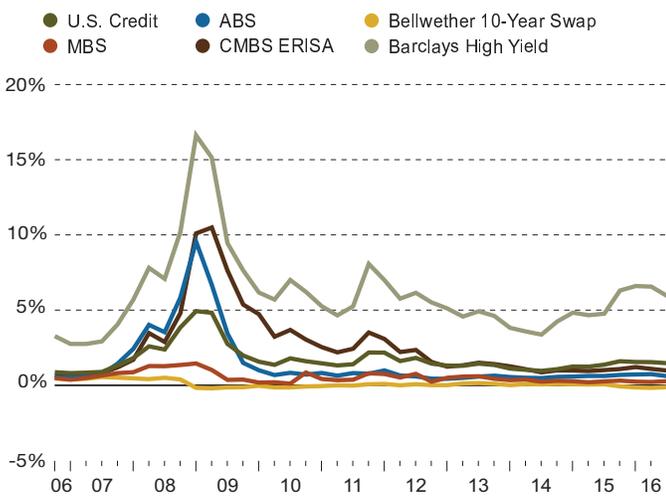
On a duration-adjusted basis, industrials outperformed utilities and financials. Corporate spreads were generally flat before experiencing some widening in reaction to the Brexit and ended the quarter at 156 bps. MBS gained 1.11%, outperforming like-duration Treasuries by 3 bps. MBS spreads also widened as the quarter closed on prepayment fears. High-yield bonds continued to rebound, gaining 5.52% and outperforming like-duration Treasuries by 411 bps. New issuance amounted to \$84 billion, returning to more normal levels and more than doubling the amount in the prior quarter.

Fixed Income Index Quarterly Returns



Source: Barclays

Effective Yield Over Treasuries



Source: Barclays

U.S. Fixed Income Index Characteristics as of June 30, 2016

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity
Barclays Aggregate	1.91	5.47	7.77
Barclays Universal	2.42	5.36	7.63
Barclays Govt/Credit	1.85	6.69	8.96
1-3 Year	0.89	1.91	1.98
Intermediate	1.41	4.08	4.44
Long-Term	3.36	15.59	24.36
Barclays Long Credit	4.16	13.99	23.99
Barclays Corp High Yield	7.27	4.26	6.30
Barclays TIPS	1.47	5.26	8.71
Barclays Muni Bond 1-5 Year	0.94	2.67	3.16
Barclays Muni 1-10 Year	1.20	3.97	5.81
Barclays Municipal	1.61	5.55	13.06

Source: Barclays

U.S. FIXED INCOME (Continued)

Callan Style Median and Index Returns* for Periods ended June 30, 2016

Broad Fixed Income	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Core Bond Style	2.36	5.39	6.20	4.37	4.25	5.62	5.54
Core Bond Plus Style	2.74	5.68	5.45	4.48	4.62	6.00	6.09
Barclays Aggregate	2.21	5.31	6.00	4.06	3.76	5.13	5.08
Barclays Universal	2.53	5.68	5.82	4.19	4.01	5.30	5.33
Long-Term	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Extended Maturity Credit Style	6.77	14.26	14.09	9.26	9.15	8.65	--
Barclays Long Credit	6.65	13.92	13.76	8.70	8.45	8.14	7.78
Extended Maturity Gov/Credit Style	6.67	14.56	15.48	9.46	9.61	9.00	8.22
Barclays Long Gov/Credit	6.55	14.33	15.72	9.33	9.18	8.42	7.88
Intermediate-Term	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Intermediate Style	1.58	3.95	4.44	3.19	3.23	4.92	4.92
Barclays Intermediate Gov/Credit	1.59	4.07	4.33	2.95	2.90	4.48	4.52
Short-Term	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Defensive Style	0.72	1.76	1.95	1.57	1.49	3.13	3.30
Barclays Gov/Credit 1-3 Year	0.67	1.65	1.59	1.22	1.10	2.80	3.03
Bank Loans	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Bank Loan Style	2.43	4.11	2.01	3.28	4.28	4.61	4.85
Credit Suisse Leveraged Loans	2.86	4.23	0.93	3.03	3.87	4.10	4.51
High Yield	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
High Yield Style	4.53	7.34	1.10	4.37	5.97	7.52	7.95
Barclays Corp High Yield	5.52	9.06	1.62	4.18	5.84	7.56	7.93
Unconstrained	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Unconstrained Fixed Style	1.50	1.74	0.92	2.11	2.77	4.68	6.31
90 Day T-Bill + 3%	0.81	1.63	3.19	3.09	3.09	4.04	4.44
Stable Value	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Stable Value Style	0.45	0.91	1.81	1.79	2.14	3.03	3.82
iMoneyNet Mutual Fund Avg	0.03	0.05	0.06	0.03	0.03	0.94	--
TIPS	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Inflation-Linked Style	1.74	6.35	4.30	2.27	2.70	4.82	5.60
Barclays TIPS	1.71	6.24	4.35	2.31	2.63	4.75	5.49
Municipal	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Short Municipal Style	0.43	0.82	1.17	0.94	1.02	1.95	2.07
Barclays Municipal 1-5 Year	0.75	1.55	2.60	2.03	1.93	3.30	3.26
Intermediate Municipal Style	2.06	3.54	6.19	4.29	4.10	4.23	4.21
Barclays Municipal 1-10 Year	1.44	2.70	4.88	3.62	3.45	4.33	4.21
Long Municipal Style	2.63	4.42	8.10	5.93	5.76	5.43	5.42
Barclays Municipal	2.61	4.33	7.65	5.58	5.33	5.13	5.10

*Returns for less than one year are not annualized.

Sources: Barclays, Callan, Citigroup, Merrill Lynch.

How Low Can Rates Go?

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

Sovereign yields fell in the second quarter, driven largely by a knee-jerk reaction to Brexit, sentiment to reduce risk, and globally loose monetary policy. That led major global bond indices to show positive returns for the quarter.

In addition, most major global currencies weakened against the U.S. dollar during the quarter. The British pound was hit hardest, plummeting 7% versus the U.S. dollar. While the U.S. dollar broadly strengthened immediately following Brexit, some of those gains were quickly erased over the remainder of the quarter. The Japanese yen took an opposite tack among global currencies during the quarter and soared 10% versus the U.S. dollar by the end of the period. The yen's tendency to strengthen in risk-off environments proved a tailwind to unhedged foreign bond returns for the quarter. The euro was weaker versus the

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

Country	Total	Local	Currency	Wtg
Australia	0.19%	3.51%	-3.20%	2.17%
Austria	-0.02%	2.56%	-2.51%	1.76%
Belgium	0.81%	3.40%	-2.51%	2.90%
Canada	1.58%	1.99%	-0.40%	2.29%
Denmark	1.51%	3.97%	-2.37%	0.79%
Finland	-0.18%	2.39%	-2.51%	0.70%
France	0.32%	2.90%	-2.51%	11.31%
Germany	0.27%	2.85%	-2.51%	8.49%
Ireland	-0.92%	1.63%	-2.51%	0.91%
Italy	-2.08%	0.45%	-2.51%	10.81%
Japan	12.91%	3.06%	9.56%	35.77%
Malaysia	-1.89%	1.38%	-3.22%	0.54%
Mexico	-5.45%	1.79%	-7.11%	0.99%
Netherlands	0.42%	3.01%	-2.51%	2.76%
Norway	-0.08%	1.08%	-1.16%	0.29%
Poland	-5.79%	0.27%	-6.04%	0.67%
Singapore	0.56%	0.51%	0.05%	0.42%
South Africa	5.03%	4.58%	0.43%	0.53%
Spain	-0.33%	2.23%	-2.51%	6.22%
Sweden	-1.65%	2.79%	-4.32%	0.57%
Switzerland	-0.83%	0.88%	-1.70%	0.27%
U.K.	-0.73%	6.74%	-6.99%	8.83%

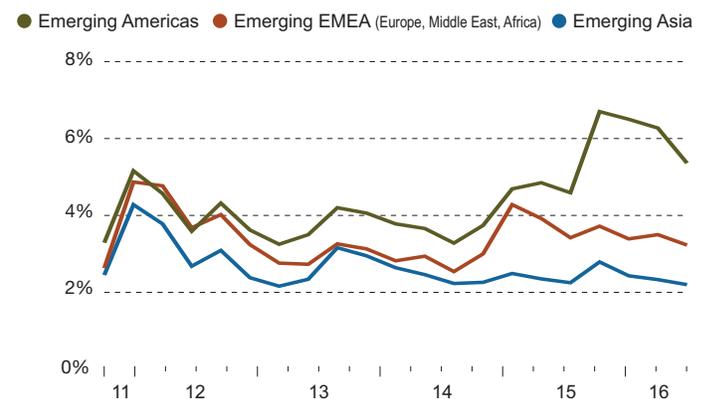
Source: Citigroup

dollar (-2.51%). The ECB maintained its dovish stance, keeping interest rates negative and proceeding with asset purchases announced in March. Interest rates fell across developed markets, leading to strong bond returns. The **Barclays Global Aggregate** gained 2.89% (+2.51% hedged).

In Germany, 10-year yields fell 28 bps and joined the rapidly growing universe of negative-yielding bonds. Similarly, 10-year yields in Japan, which were already negative, fell a further 19 bps as the Bank of Japan maintained its easy monetary policy stance. The 10-year yield in the U.K. led the pack following Brexit, falling 55 bps, though it remained in positive territory by the end of the quarter. Market expectations moved firmly toward relatively easier monetary policy in the U.K.

Emerging market bonds continued to rebound in the second quarter despite a bumpy ride. Falling bond yields were a tailwind and narrowing sovereign credit spreads further contributed to returns. The hard currency **JPM EMBI Global Diversified Index** gained 5.02%. Hard currency returns in most countries were positive, led by Venezuela. Bonds there have suffered extreme volatility as markets speculate on the timing of the country's default. The local currency **JPM GBI-EM Global Diversified** returned 2.96%, as local yields in emerging markets generally followed those in developed markets lower. Brazil was the leader for returns in local markets as yields fell and

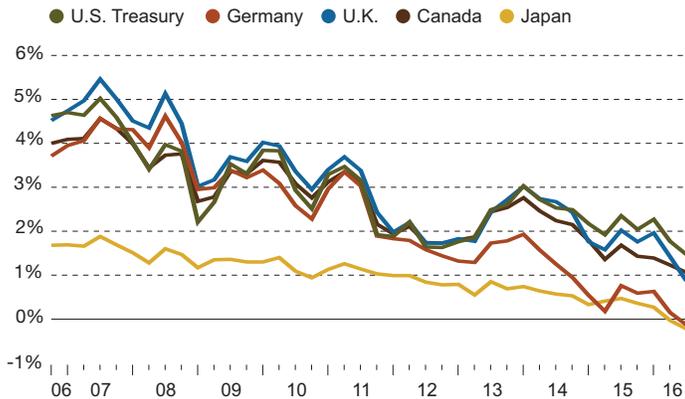
Emerging Spreads Over Developed (By Region)



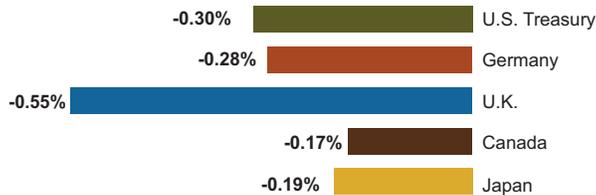
Source: Barclays

NON-U.S. FIXED INCOME (Continued)

10-Year Global Government Bond Yields



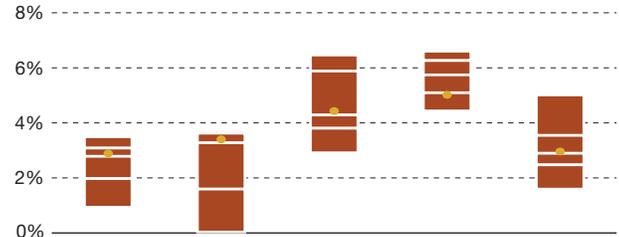
Change in 10-Year Yields from 1Q16 to 2Q16



Source: Bloomberg

the currency strengthened. During the quarter, Brazil's President Dilma Rousseff was suspended from the presidency during her impeachment trial. The market in Brazil has experienced volatility as the political future of the country is being determined.

Callan Style Group Quarterly Returns



	Global Fixed Style	Non-U.S. Fixed Style	Global High Yld	Em Debt USD DB	Em Debt Local
10th Percentile	3.52	3.75	6.49	6.63	5.04
25th Percentile	3.11	3.65	5.91	6.29	3.57
Median	2.81	3.30	4.31	5.77	2.92
75th Percentile	2.00	1.62	3.83	5.12	2.50
90th Percentile	0.96	0.06	2.94	4.46	1.62
Barclays GI Agg Benchmark	2.89				
Barclays GI Agg ex US		3.40			
Barclays High Yld			4.43		
JPM EMBI GI Div				5.02	
JPM GBI-EM GI Div					2.96

Sources: Callan, JPMorgan Chase

Callan Style Median and Index Returns* for Periods ended June 30, 2016

Global Fixed Income	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Global Fixed Income Style	2.81	8.34	7.56	2.84	2.20	4.89	6.54
Barclays Global Aggregate	2.89	8.96	8.87	2.80	1.77	4.40	5.50
Global Fixed Income Style (hedged)	2.67	5.87	7.22	5.49	5.29	5.60	5.83
Barclays Global Aggregate (hedged)	2.51	5.87	7.37	5.15	4.76	5.03	4.92
High Yield	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Global High Yield Style	4.31	7.39	1.29	3.03	4.96	7.20	9.08
Barclays Global High Yield	4.43	8.73	3.76	4.35	5.71	7.80	8.70
Non-U.S. Fixed Income	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Fixed Income Style	3.30	11.49	10.12	2.17	1.04	4.39	6.71
Barclays Global Agg ex US	3.40	11.94	11.24	1.85	0.34	3.83	5.85
Emerging Markets Fixed Income	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Emerging Debt Style (US\$)	5.77	11.06	8.44	5.62	5.99	8.35	10.42
JPM EMBI Global Diversified	5.02	10.31	9.79	7.20	6.46	7.97	9.16
Emerging Debt Style (local)	2.92	13.64	1.62	-3.12	-2.10	5.04	7.18
JPM GBI-EM Global Diversified	2.96	14.30	2.24	-3.49	-2.19	5.74	--
Emerging Debt Blend Style	4.03	11.28	4.99	1.14	2.77	8.01	11.56
JPM EMBI GI Div/JPM GBI-EM GI Div	3.99	12.34	6.11	1.82	2.14	6.94	--
Emerging Debt Corporate Style	4.45	8.60	4.93	5.71	5.32	--	--
JPM CEMBI	4.27	9.02	5.78	5.72	5.45	7.45	--

*Returns less than one year are not annualized.

Sources: Barclays, Callan, JPMorgan Chase.

It Really Is Location, Location, Location

REAL ESTATE | Kevin Nagy

The **NCREIF Property Index** gained 2.03% during the second quarter, the lowest return since the first quarter of 2010, recording a 1.19% income return and a 0.84% appreciation return. Industrial (+2.90%) and retail (+2.17%) topped property sector performance for the quarter while hotels (+1.46%) brought up the rear. The West region was the strongest performer, up 2.46%, while the East was the worst at 1.73%. Transaction volume hit \$9 billion, which represents a 25% increase over the second quarter of 2015. Appraisal capitalization rates increased to 4.60%, up from an all-time low of 4.55% last quarter. Occupancy rates also increased and hit a 15-year high at 93.2%. All property types have seen occupancy increase for the year, though retail was down 20 bps for the quarter.

The preliminary return for the **NFI-ODCE Index** was 1.91%, comprising a 0.90% income return and a 1.01% appreciation return. This marks a decrease of 5 bps from last quarter's return and a new low since 2010. The U.S. real estate market has become increasingly attractive and has captured nearly 30% of global capital allocations in 2016. Investors are flooding into the U.S. due to low government bond yields globally, uncertainty caused by the Brexit vote in late June, and concerns about China's slowing growth. According to Preqin, which provides data on the alternative assets industry, the amount of dry powder for real estate investing globally increased to \$234 billion in the quarter, up 11.4% from year-end 2015.

The **FTSE EPRA/NAREIT Developed REIT Index (USD)** overcame the shock of Brexit and gained 3.74%, while U.S. REITs tracked by the **FTSE NAREIT Equity Index** surged ahead 6.96%.

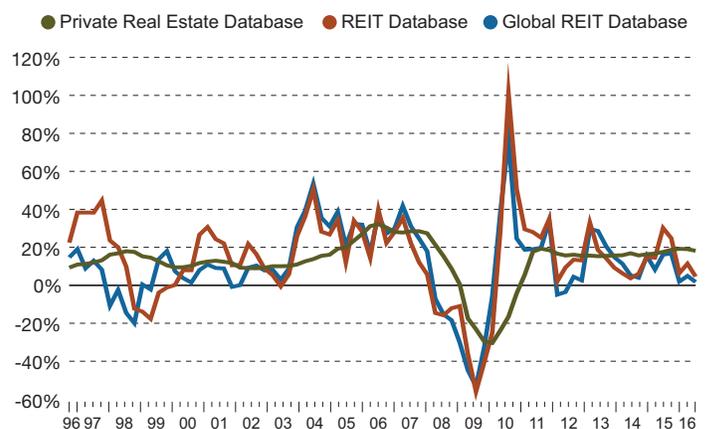
In the U.S., the strong performance of REITs was attributed to investors in search of yield. After the Brexit vote cast doubt on a Fed rate increase, global bond yields compressed 25 bps, making high-yielding REITs more attractive. Data centers (+20.59%), industrial (+15.38%), and infrastructure (+15.33%) were the

best-performing sectors. Self-storage (-5.76%) suffered a sharp fall from grace and was the worst performer in the second quarter after being the strongest performer in the first. Strong data center performance was driven by robust tenant demand and less economic sensitivity. Conversely, self-storage assets with more acute economic sensitivity struggled due to fears of slowing growth. As of June 30, U.S. REITs were trading at a 7.1% premium to net asset value (NAV), contrasting sharply with U.K. REITs, which were trading at a 21.6% discount to NAV.

Uncertainty over the Brexit vote—and its surprising result—had a tremendous effect on real estate in the U.K. compared to continental Europe. According to Cushman & Wakefield, investment volume in the U.K. was down 25% year-to-date compared to 2015, versus a 10% increase in the rest of the EU.

CMBS issuance for the quarter was \$10.8 billion, down sharply from the second quarter of 2015 (\$26.0 billion) and first quarter of 2016 (\$19.3 billion). The decline was attributed to continued concerns over economic instability, including the Brexit vote; only \$800 million in CMBS was issued in June.

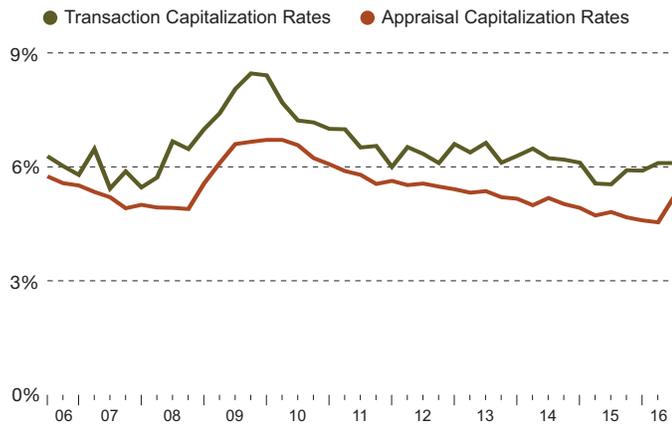
Rolling One-Year Returns



Source: Callan

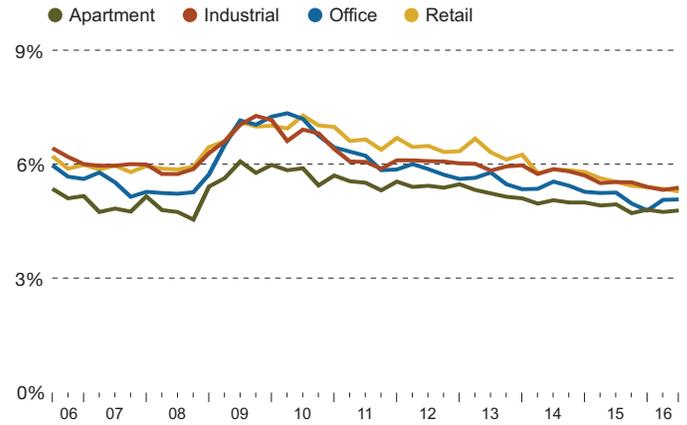
REAL ESTATE (Continued)

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 June 30, 2016

	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Private Real Estate							
Real Estate Database (net of fees)	2.17	4.38	11.86	13.09	12.23	4.89	7.36
NCREIF Property	2.03	4.29	10.64	11.61	11.51	7.40	8.91
NFI-ODCE (value wtd. net)	1.91	3.89	10.80	11.97	11.66	5.19	6.95
Public Real Estate							
REIT Database	5.87	11.19	23.14	13.97	13.00	8.24	12.57
FTSE NAREIT Equity	6.96	13.38	24.04	13.58	12.60	7.45	11.29
Global Public Real Estate							
Global REIT Database	2.96	7.74	10.87	9.50	9.24	5.56	10.14
FTSE EPRA/NAREIT Developed REIT	3.74	9.38	12.57	8.95	8.63	5.00	9.81
Global ex U.S. Public Real Estate							
Global ex-U.S. REIT Database	0.46	4.08	0.47	4.98	5.41	3.12	--
EPRA/NAREIT Dev REITs ex-U.S.	0.68	5.91	1.40	4.26	4.97	3.12	9.31

*Returns for 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.

Sticker Shock

PRIVATE EQUITY | Gary Robertson

In fundraising, *Private Equity Analyst* reports that second-quarter commitments totaled \$102.2 billion with 196 new partnerships formed. The number of funds raised increased by only 11% from 177 in the first quarter, but the dollar volume rocketed 92% from \$53.2 billion. Distressed debt surged to \$13.3 billion from only \$2.4 billion in the first quarter of 2016. Venture capital also saw a large jump of \$14.6 billion from only \$8.9 billion in the first quarter.

According to *Buyouts* newsletter, the investment pace by funds into companies totaled 356 transactions, bringing the first-half total to 816. The deal count is down by 86 transactions (19%) from the first quarter, and 216 transactions (21%) from the first half of 2015. The announced aggregate dollar volume in the second quarter was \$37.6 billion, and \$95.8 billion for the first half. The announced volume is down by \$20.6 billion (35%) from the first quarter, but up \$26 billion (27%) year-to-date. Only six deals with announced values of \$1 billion or more closed in the second quarter, down from 12 in the first quarter.

According to the National Venture Capital Association, new investments in venture capital companies totaled 961 rounds and \$15.3 billion in announced volume. The number of rounds decreased from 1,011 in the first quarter, but the dollar volume jumped from \$12.7 billion, primarily due to a \$3.5 billion expansion investment in Uber.

Funds Closed January 1 to June 30, 2016

Strategy	No. of Funds	Amt (\$mm)	Percent*
Venture Capital	201	23,441	15%
Buyouts	119	102,687	66%
Subordinated Debt	9	2,397	2%
Distressed Debt	11	15,568	10%
Secondary and Other	10	5,513	4%
Fund-of-funds	23	5,767	4%
Totals	373	155,373	100%

Source: Private Equity Analyst

*Totals more than 100% due to rounding.

Regarding exits, *Buyouts* reports that there were 118 private M&A exits of buyout-backed companies, with 35 deals disclosing values totaling \$24.6 billion. The M&A exits count was down from 140 in the first quarter, but the announced value increased from \$15.6 billion. There were three buyout-backed IPOs floating an aggregate \$1.6 billion—a recovery from no IPOs in the first quarter.

Venture-backed M&A exits totaled 64 transactions, with 11 disclosing a total dollar volume of \$9.0 billion. The number of private sale exits declined from 91 in the first quarter, but the announced dollar volume increased from the first quarter's \$5.2 billion, driven by a single \$5.8 billion biotechnology exit. There were 12 VC-backed IPOs in the second quarter with a combined float of \$893.9 million. For comparison, the first quarter of 2016 had 6 IPOs and total issuance of \$574.5 million.

Private Equity Performance Database (%)

(Pooled Horizon IRRs through December 31, 2015*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	2.1	13.8	22.0	16.5	11.1	4.7	24.3
Growth Equity	3.3	9.2	13.6	11.3	11.8	9.8	14.3
All Buyouts	2.4	8.5	13.3	12.3	11.2	11.8	12.8
Mezzanine	0.5	5.2	9.5	10.7	9.6	7.8	9.5
Distressed	-0.1	1.8	9.2	9.4	9.6	10.7	10.8
All Private Equity	2.1	8.6	14.1	12.4	11.0	9.6	13.8
S&P 500 Index	7.0	1.4	15.1	12.6	7.3	5.0	8.2
Russell 3000	6.3	0.5	14.7	12.2	7.4	5.4	8.3

Private equity returns are net of fees.

Sources: Standard & Poor's, Thomson/Cambridge.

*Most recent data available at time of publication.

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.

Caution as Britannia Waives the Rule

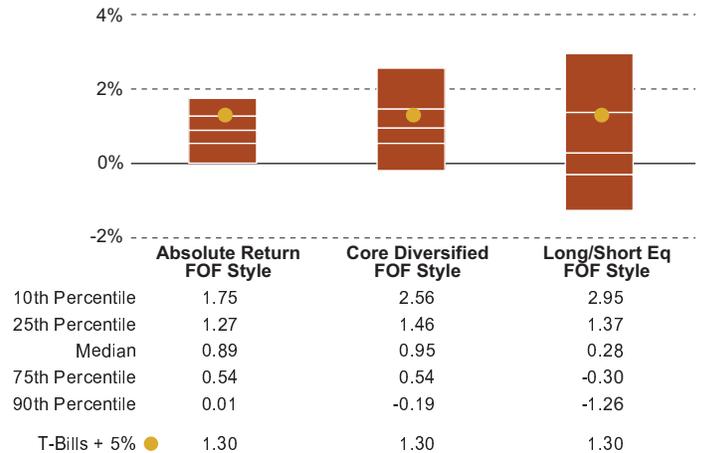
HEDGE FUNDS | Jim McKee

Amid the sudden disorder caused by Brexit, already cautious hedge funds mistrustful of the first quarter's skittishness were relatively unaffected and eked out modest gains, on average. Representing a paper portfolio of hedge fund interests without implementation costs, the **Credit Suisse Hedge Fund Index** (CS HFI) gained 0.59%. The median manager in the **Callan Hedge Fund-of-Funds Database** edged ahead 0.78%, net of all fees.

Returns across underlying strategies, however, were varied. The strongest performers were *Convertible Arb* (+2.65%), *Event-Driven Multi-Strategy* (+2.24%), and *Distressed* (+1.95%), as their credit exposures mended strongly from weakness in the prior quarter. *Emerging Markets* (+1.77%) and *Fixed Income Arb* (+1.02%) also regained ground from first-quarter losses.

Aside from the endangered species of *Short Bias* managers (-6.32%), the quarter's most notable loser was *Equity Market Neutral* (-3.17%), caught flat-footed by shifting risk appetites surrounding Brexit. Suffering from range-bound markets earlier in the quarter, *Managed Futures* lost 2.22% while *Global Macro* salvaged a 0.71% gain. The average *Long/Short Equity* fell 1.21%, trailing the S&P 500 (+2.46%) for the third consecutive quarter.

Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

Within Callan's Hedge Fund-of-Funds Database, market movements only marginally affected investment styles in the second quarter. For instance, despite the stock rally at quarter end, the median *Callan Long/Short Equity FOF* (+0.28%) trailed the *Callan Absolute Return FOF* (+0.89%). With exposures to both non-directional and directional styles, the *Core Diversified FOF* gained 0.95%.

Callan Database Median and Index Returns* for Periods ended June 30, 2016

	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	0.78	-2.18	-5.26	2.32	2.94	3.43	4.56
CS Hedge Fund Index	0.59	-1.62	-4.23	2.49	2.88	4.17	5.69
CS Equity Market Neutral	-3.17	-3.52	-1.49	1.02	1.13	-2.43	0.72
CS Convertible Arbitrage	2.65	2.24	0.10	1.16	2.48	3.90	4.52
CS Fixed Income Arbitrage	1.02	-0.21	-0.37	2.37	4.07	3.25	4.17
CS Multi-Strategy	1.24	0.65	1.23	5.90	5.99	5.51	6.68
CS Distressed	1.95	-0.04	-5.25	1.41	3.17	4.08	6.93
CS Risk Arbitrage	0.58	2.71	0.73	1.55	1.46	3.46	3.49
CS Event-Driven Multi-Strategy	2.24	-3.46	-12.43	-0.49	0.32	3.98	5.92
CS Long/Short Equity	-1.21	-5.01	-5.00	4.53	4.00	4.73	5.86
CS Dedicated Short Bias	-6.32	-7.16	4.31	-8.41	-10.15	-9.89	-7.63
CS Global Macro	0.71	-1.54	-3.86	1.54	3.11	5.75	8.15
CS Managed Futures	-2.22	2.03	5.37	6.54	2.34	4.20	5.59
CS Emerging Markets	1.77	0.52	-2.43	2.39	2.21	4.50	7.85

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

Target Date Funds Continue to Rule

DEFINED CONTRIBUTION | Tom Szkwarla

In a tumultuous first quarter, the Callan DC Index™ earned just 0.38%, lagging the Age 45 Target Date Fund, which gained nearly 1%. Over the past three years the Index has performed in line with the Age 45 fund; however, since inception, it has trailed with just 5.09% annually versus the Age 45 fund's 5.70% return.

For the quarter, DC plan balances grew 0.85%. Inflows—participant and plan sponsor contributions—added slightly more to total growth (+0.475%) than market performance (+0.375%).

As usual, target date funds attracted the majority of assets during the quarter, approximately 72 cents of every dollar that flowed into DC funds. Target date funds grew to their largest allocation yet, commanding 26.1% of total DC assets in the quarter. The growth seems to be at the expense of U.S. equity, which contracted to 23.4% of total assets.

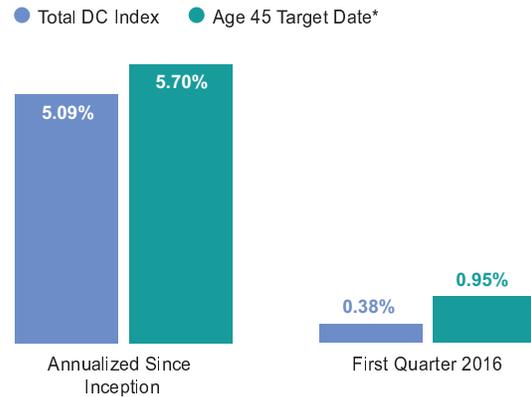
Stable value was the only other asset class with sizable inflows; this asset class typically attracts flows when markets are weak or particularly volatile. Several DC investments saw material net outflows, including U.S. equities (large and small/mid cap), U.S./global balanced, U.S. fixed income, non-U.S. equities, and company stock.

Overall turnover (i.e., net transfer activity levels within DC plans) was on par with last quarter (0.46%) at 0.44%. Turnover has been well below the historical average of 0.64% since mid-2014.

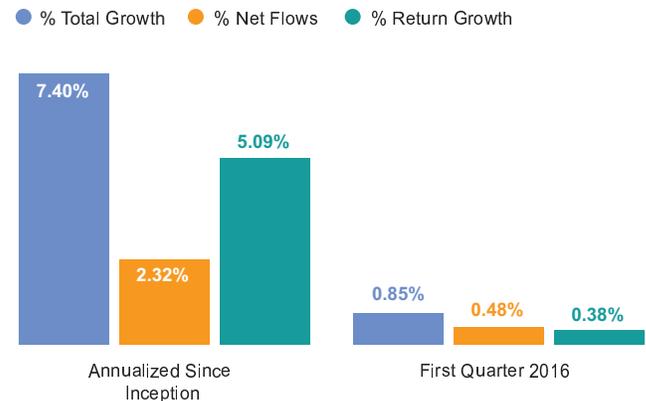
The Callan DC Index's overall equity allocation ended the quarter at 69%. Overall equity allocation has remained fairly static over the past few quarters, modestly above the Index's historical average (67%).

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 (First Quarter 2016)* (Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	71.60%
Stable Value	15.57%
U.S. Small/Mid Cap	-23.49%
U.S. Large Cap	-29.02%
Total Turnover**	0.44%

Source: Callan DC Index
Data provided here is the most recent available at time of publication.

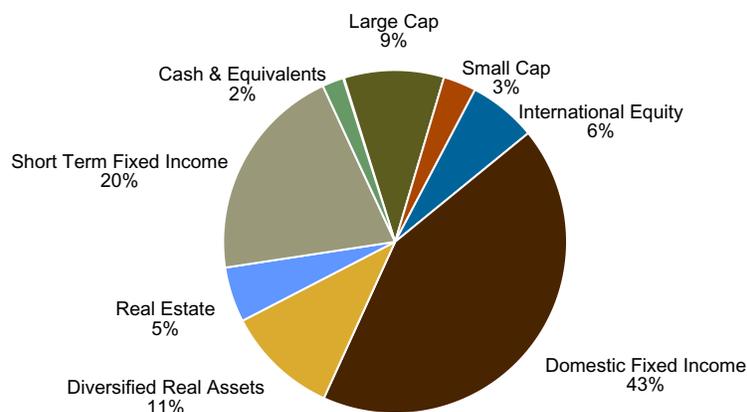
* DC Index inception date is January 2006.

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

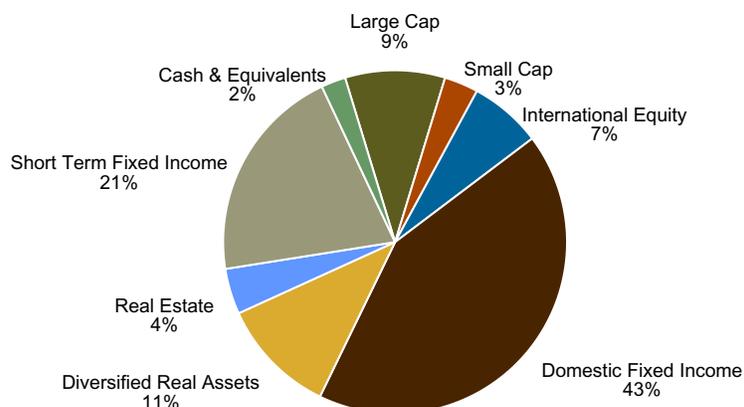
Actual vs Target Asset Allocation As of June 30, 2016

The first chart below shows the Fund's asset allocation as of June 30, 2016. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



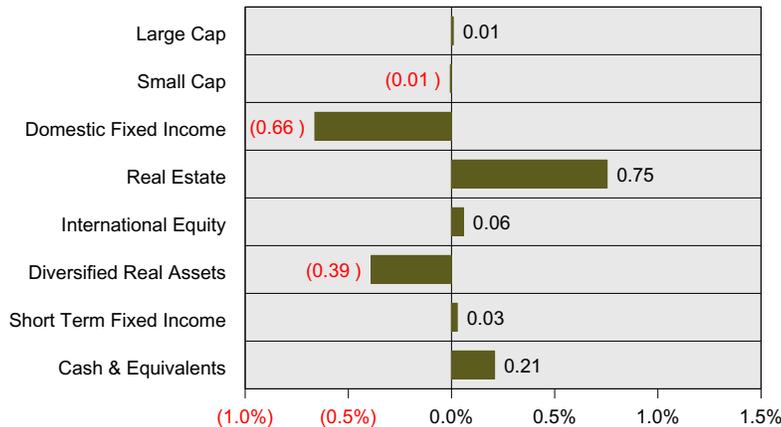
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap	239,350	9.4%	9.4%	0.0%	728
Small Cap	79,585	3.1%	3.2%	(0.1%)	(1,649)
International Equity	162,877	6.4%	6.8%	(0.4%)	(9,744)
Domestic Fixed Income	1,084,806	42.7%	42.5%	0.2%	5,927
Diversified Real Assets	268,751	10.6%	11.0%	(0.4%)	(10,488)
Real Estate	131,285	5.2%	4.3%	0.9%	22,127
Short Term Fixed Income	520,366	20.5%	20.5%	0.0%	(35)
Cash & Equivalents	51,519	2.0%	2.3%	(0.3%)	(6,867)
Total	2,538,538	100.0%	100.0%		

* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

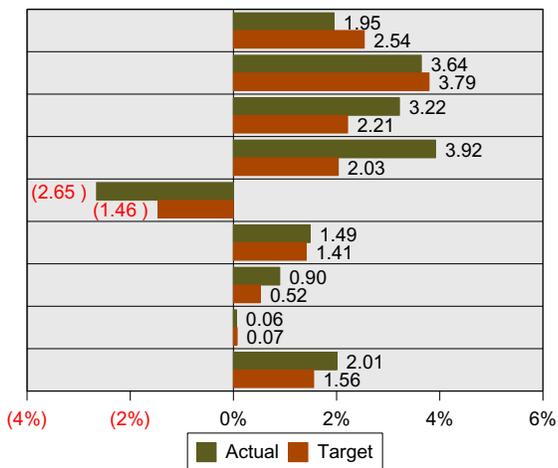
Quarterly Total Fund Relative Attribution - June 30, 2016

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

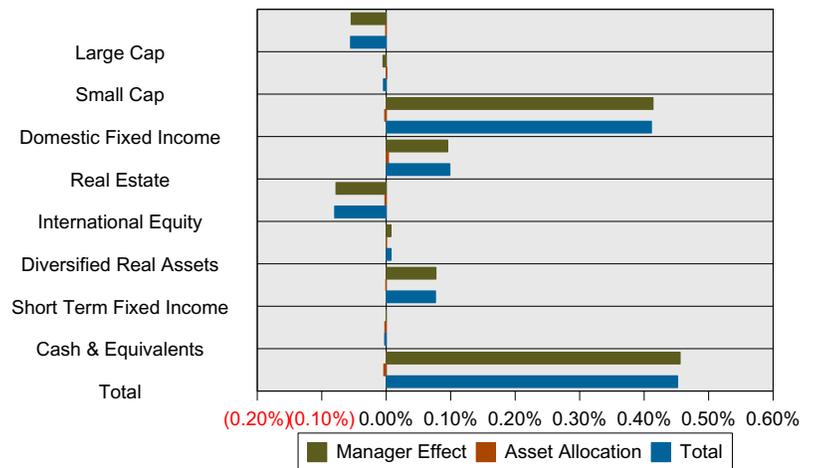
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2016

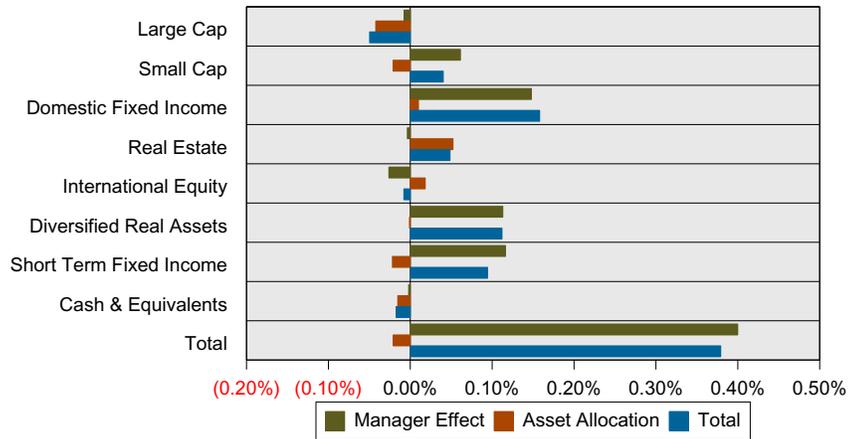
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	9%	9%	1.95%	2.54%	(0.05%)	(0.00%)	(0.06%)
Small Cap	3%	3%	3.64%	3.79%	(0.01%)	0.00%	(0.00%)
Domestic Fixed Income	42%	42%	3.22%	2.21%	0.41%	(0.00%)	0.41%
Real Estate	5%	4%	3.92%	2.03%	0.10%	0.00%	0.10%
International Equity	7%	7%	(2.65%)	(1.46%)	(0.08%)	(0.00%)	(0.08%)
Diversified Real Assets	11%	11%	1.49%	1.41%	0.01%	0.00%	0.01%
Short Term Fixed Income	20%	20%	0.90%	0.52%	0.08%	(0.00%)	0.08%
Cash & Equivalents	3%	3%	0.06%	0.07%	(0.00%)	(0.00%)	(0.00%)
Total			2.01%	1.56%	+ 0.46%	+ (0.00%)	0.45%

* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

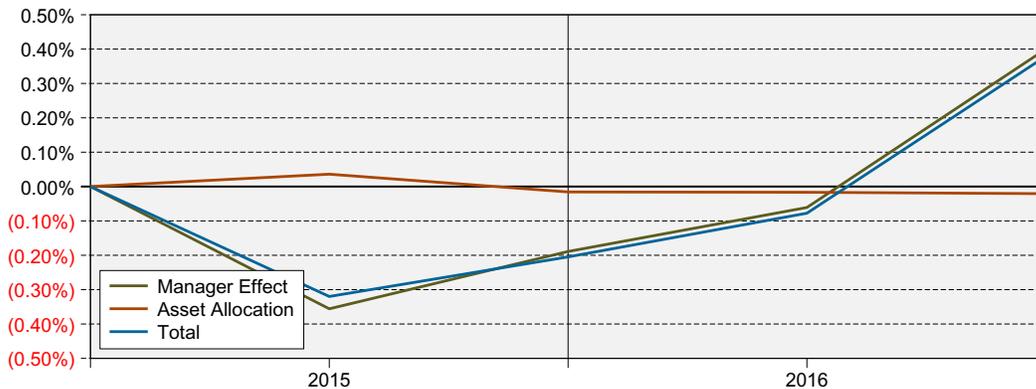
Cumulative Total Fund Relative Attribution - June 30, 2016

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

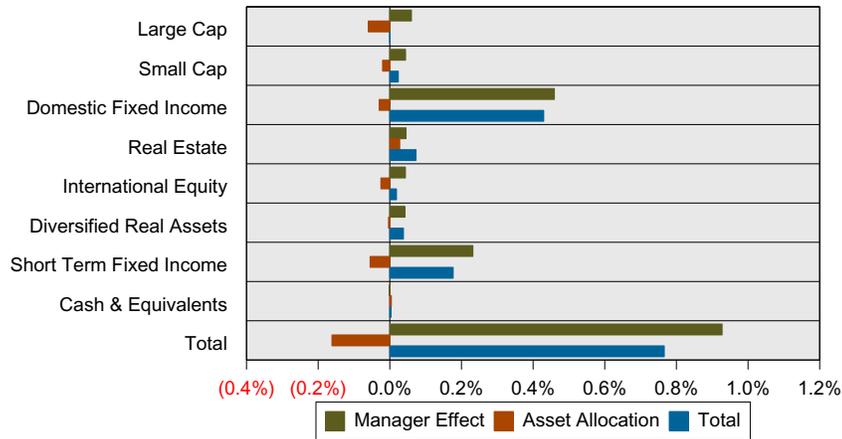
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	9%	9%	2.91%	2.93%	(0.01%)	(0.04%)	(0.05%)
Small Cap	3%	3%	(4.85%)	(6.73%)	0.06%	(0.02%)	0.04%
Domestic Fixed Income	42%	42%	6.42%	6.00%	0.15%	0.01%	0.16%
Real Estate	5%	4%	10.51%	10.64%	(0.00%)	0.05%	0.05%
International Equity	7%	7%	(10.44%)	(10.16%)	(0.03%)	0.02%	(0.01%)
Diversified Real Assets	11%	11%	3.13%	2.08%	0.11%	(0.00%)	0.11%
Short Term Fixed Income	20%	20%	1.87%	1.31%	0.12%	(0.02%)	0.09%
Cash & Equivalents	3%	3%	0.12%	0.19%	(0.00%)	(0.02%)	(0.02%)
Total			3.34%	2.96%	0.40%	(0.02%)	0.38%

* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

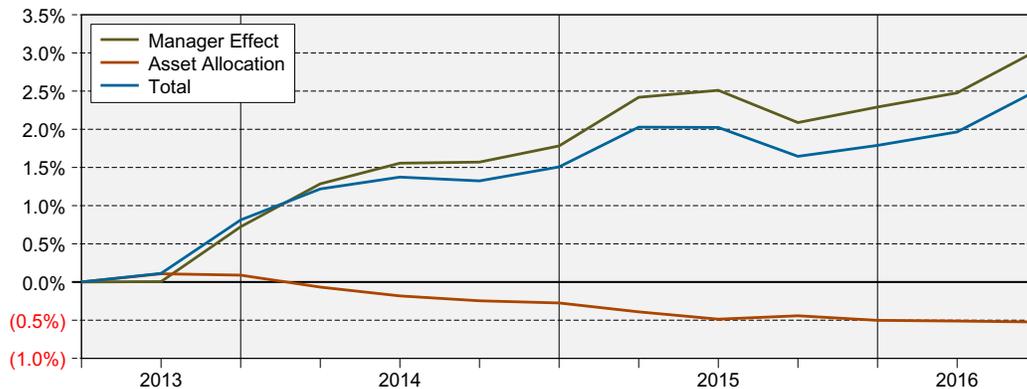
Cumulative Total Fund Relative Attribution - June 30, 2016

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

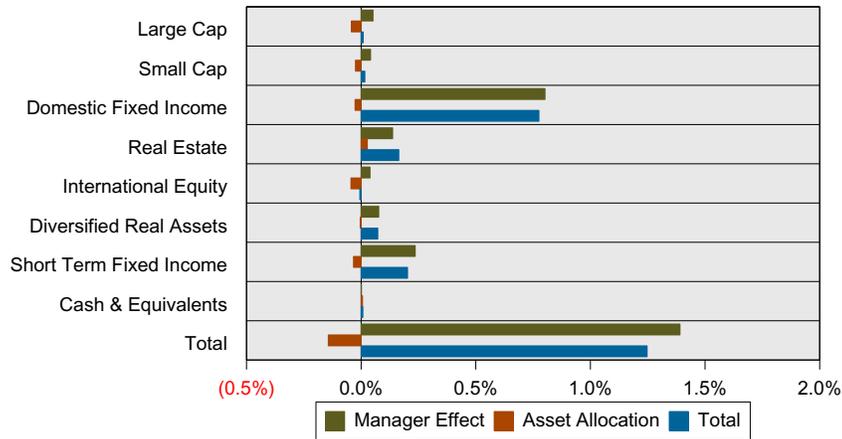
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	11%	12%	12.25%	11.48%	0.06%	(0.06%)	0.00%
Small Cap	4%	4%	8.46%	7.09%	0.04%	(0.02%)	0.02%
Domestic Fixed Income	36%	37%	5.50%	4.06%	0.46%	(0.03%)	0.43%
Real Estate	5%	4%	12.41%	11.61%	0.05%	0.03%	0.07%
International Equity	8%	8%	3.31%	2.06%	0.04%	(0.02%)	0.02%
Diversified Real Assets	9%	10%	4.16%	3.65%	0.04%	(0.00%)	0.04%
Short Term Fixed Income	24%	23%	1.89%	1.00%	0.23%	(0.06%)	0.18%
Cash & Equivalents	3%	3%	0.05%	0.09%	(0.00%)	0.00%	0.00%
Total			4.79%	4.03%	0.93%	(0.16%)	0.77%

* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

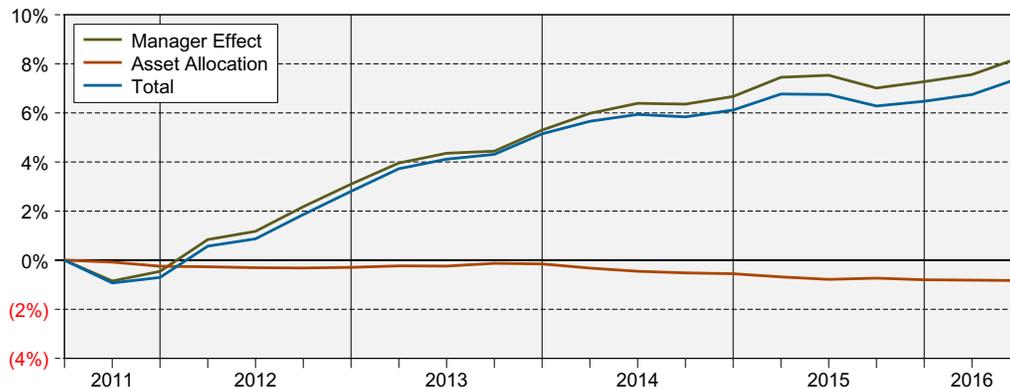
Cumulative Total Fund Relative Attribution - June 30, 2016

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

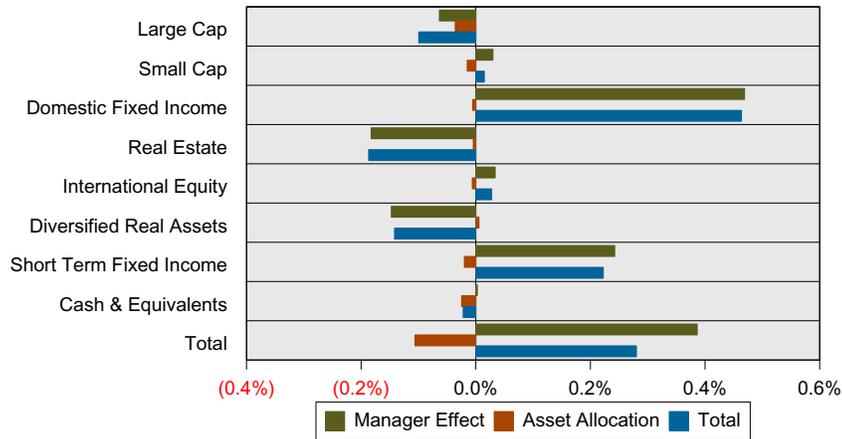
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	10%	10%	12.86%	12.09%	0.05%	(0.04%)	0.01%
Small Cap	3%	3%	9.86%	8.35%	0.04%	(0.02%)	0.02%
Domestic Fixed Income	36%	36%	6.23%	3.76%	0.80%	(0.03%)	0.78%
Real Estate	4%	4%	14.93%	11.51%	0.14%	0.03%	0.16%
International Equity	7%	7%	2.74%	1.68%	0.04%	(0.04%)	(0.01%)
Diversified Real Assets	11%	12%	3.62%	2.81%	0.08%	(0.00%)	0.07%
Short Term Fixed Income	26%	26%	1.44%	0.75%	0.24%	(0.03%)	0.20%
Cash & Equivalents	3%	3%	0.13%	0.09%	0.00%	0.01%	0.01%
Total			5.06%	3.81%	1.39%	(0.14%)	1.25%

* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

Cumulative Total Fund Relative Attribution - June 30, 2016

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%	6.95%	7.42%	(0.06%)	(0.04%)	(0.10%)
Small Cap	3%	3%	7.07%	6.20%	0.03%	(0.02%)	0.01%
Domestic Fixed Income	41%	41%	6.67%	5.13%	0.47%	(0.01%)	0.46%
Real Estate	5%	5%	3.16%	7.40%	(0.18%)	(0.00%)	(0.19%)
International Equity	7%	7%	1.99%	1.32%	0.03%	(0.01%)	0.03%
Diversified Real Assets	15%	15%	4.20%	4.70%	(0.15%)	0.01%	(0.14%)
Short Term Fixed Income	15%	15%	-	-	0.24%	(0.02%)	0.22%
Cash & Equivalents	4%	3%	1.11%	1.04%	0.00%	(0.02%)	(0.02%)
Total			4.88%	4.60%	+ 0.39%	+ (0.11%)	0.28%

* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

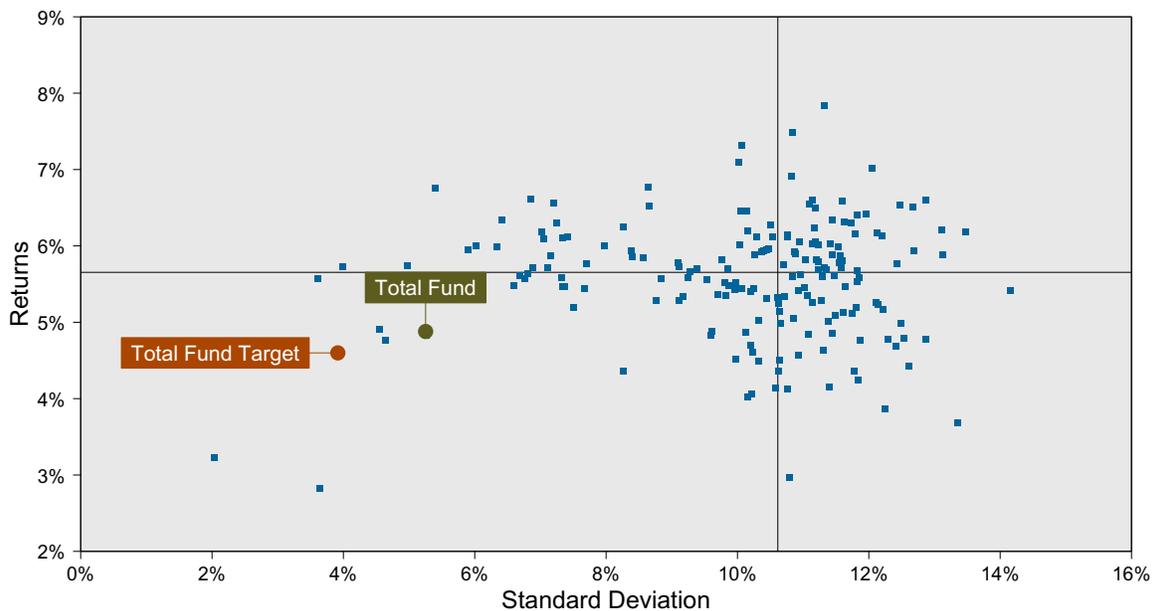
Cumulative Performance Relative to Target

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

Cumulative Returns Actual vs Target



Ten Year Annualized Risk vs Return



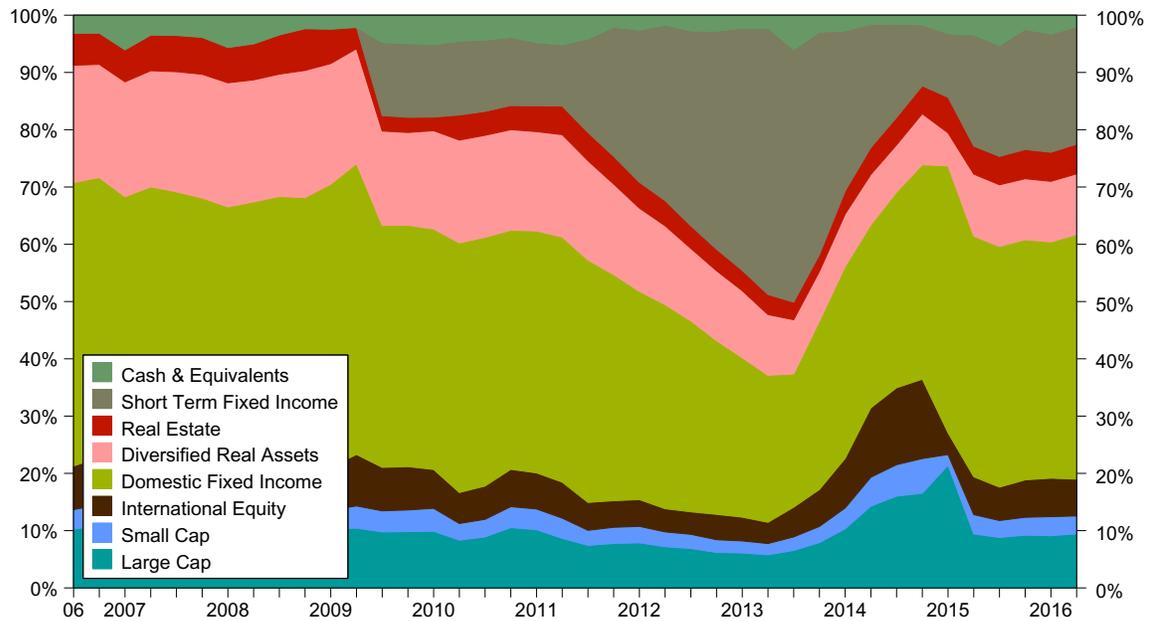
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

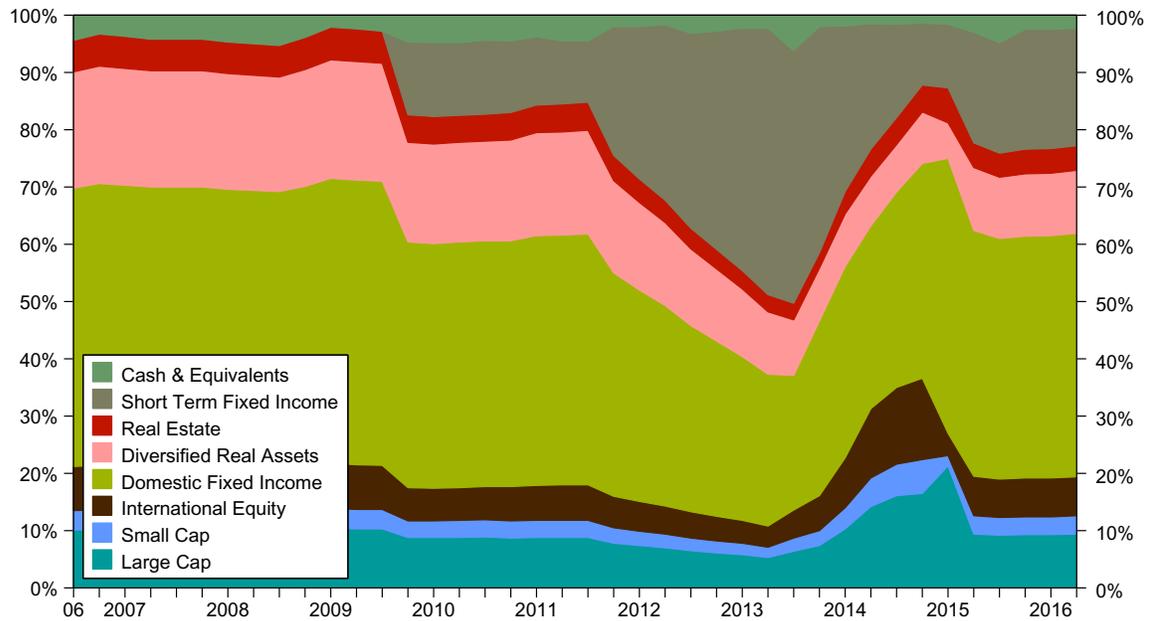
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation

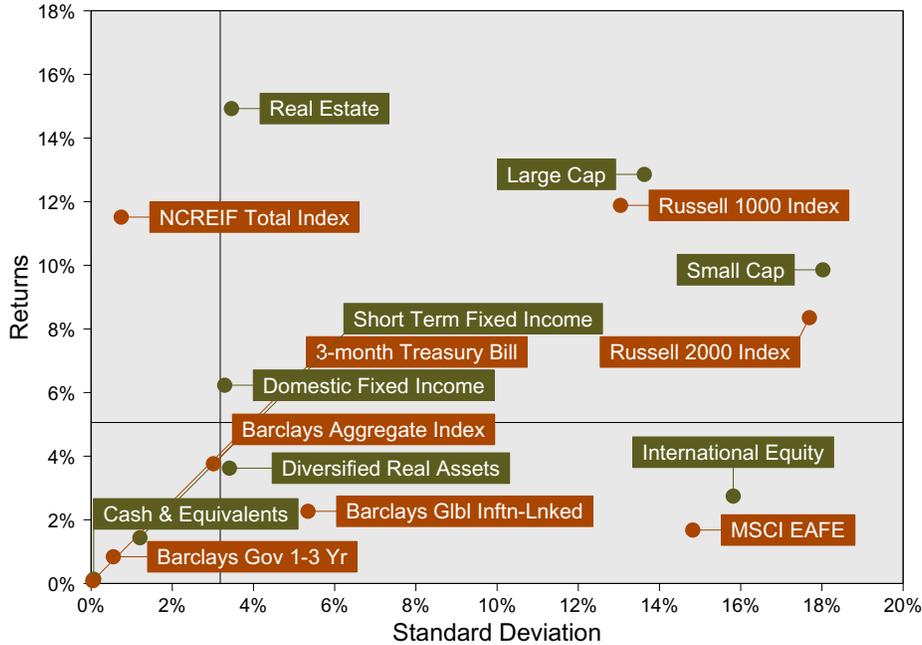


* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

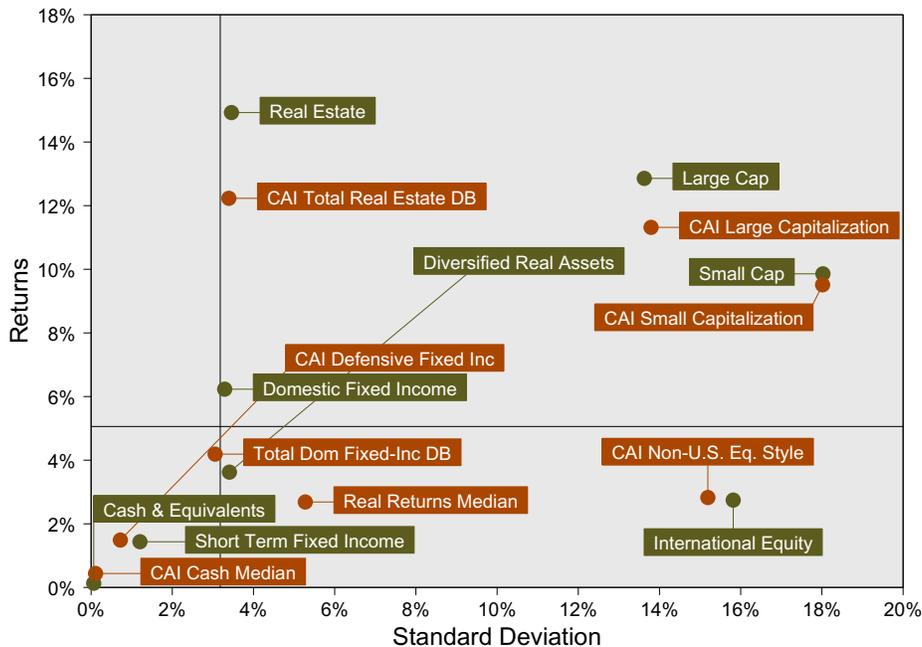
Asset Class Risk and Return

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

Five Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



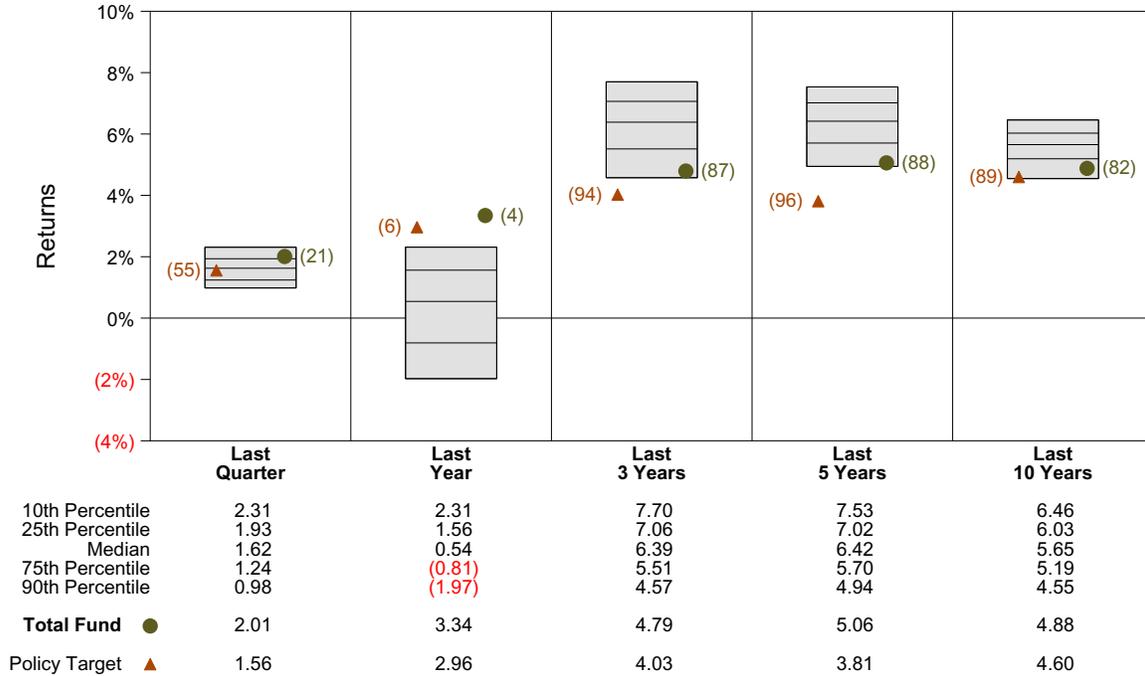
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



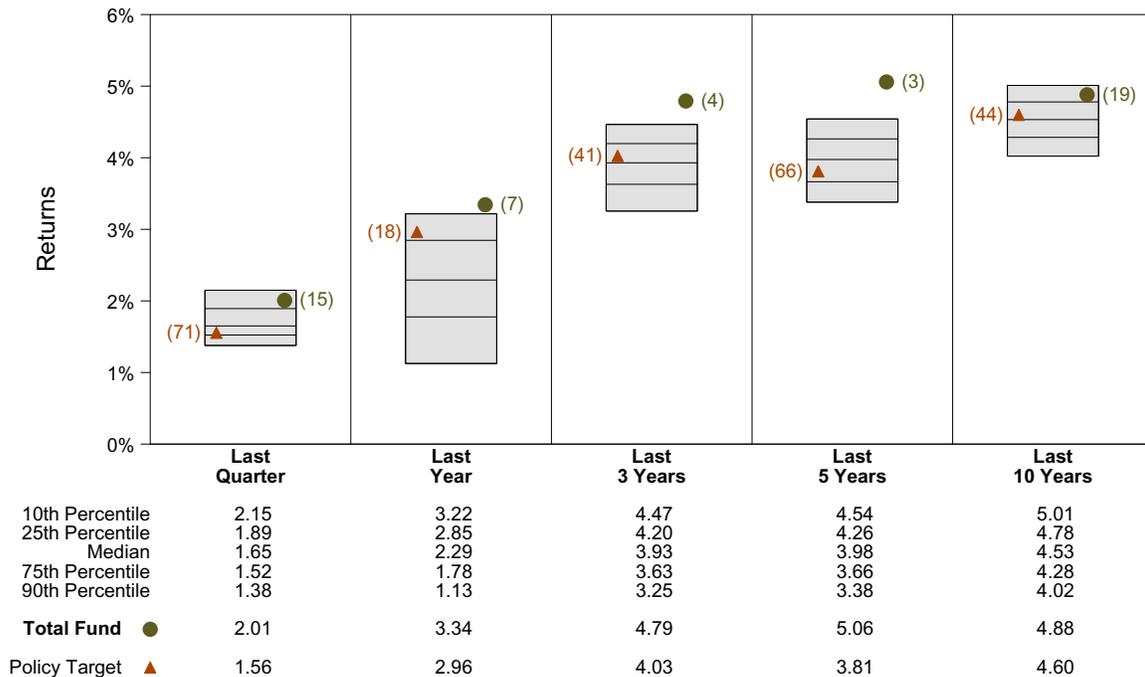
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended June 30, 2016. 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.

CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking

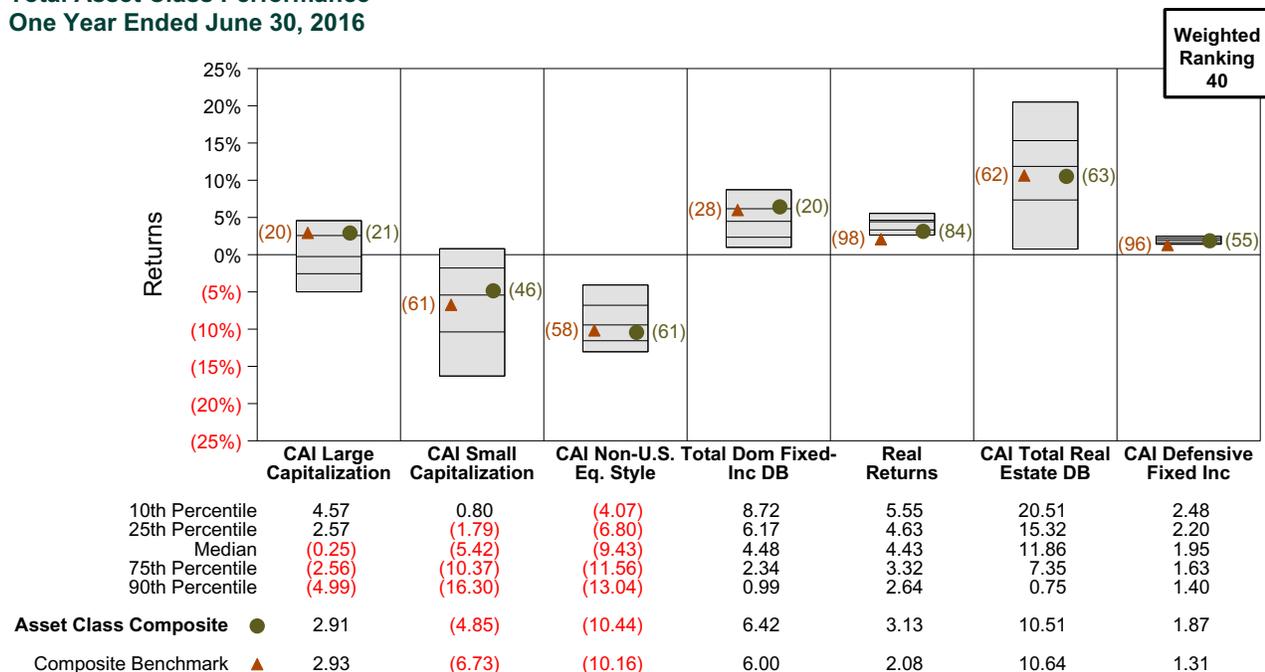


* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

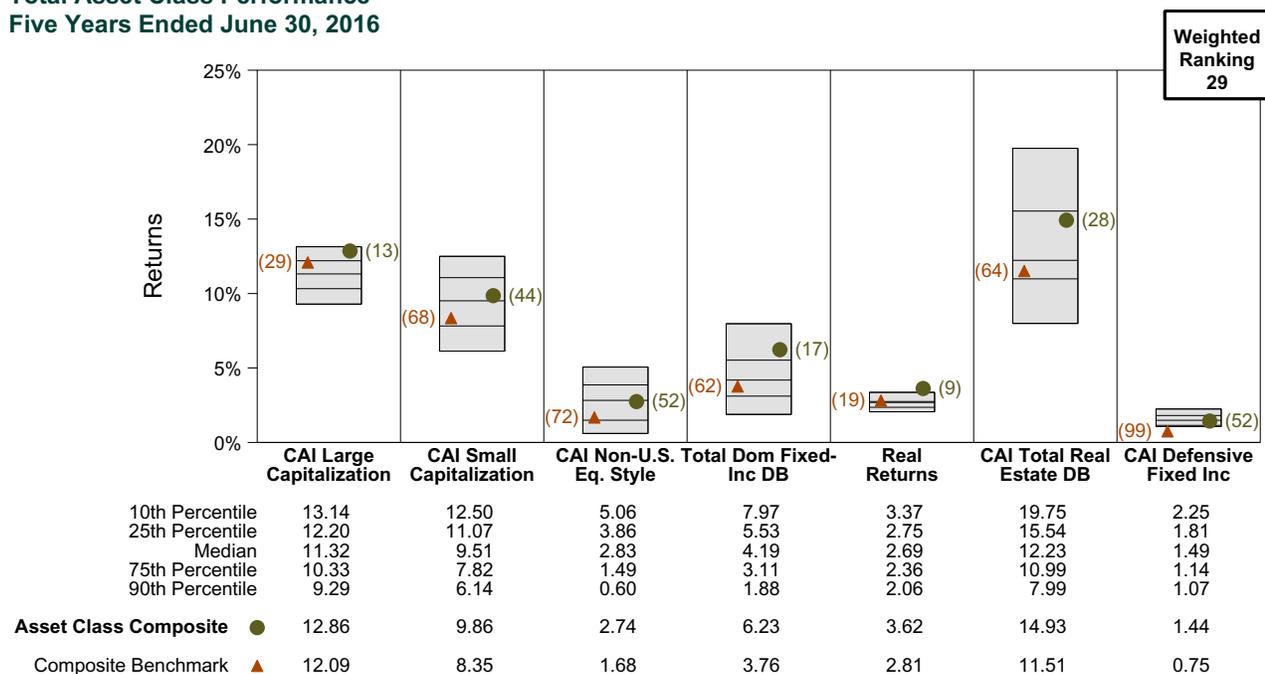
Asset Class Rankings

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 June 30, 2016



Total Asset Class Performance Five Years Ended June 30, 2016



* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2016, with the distribution as of March 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
Domestic Equity	\$318,934,917	12.56%	\$(419,007)	\$7,475,587	\$311,878,337	12.45%
Large Cap	\$239,350,240	9.43%	\$6,600,468	\$4,497,045	\$228,252,727	9.11%
Parametric Clifton Large Cap	48,117,929	1.90%	700,000	1,154,579	46,263,350	1.85%
L.A. Capital Large Cap Growth	72,676,244	2.86%	2,965,886	1,465,016	68,245,342	2.72%
L.A. Capital Enhanced	48,689,003	1.92%	584,523	1,385,755	46,718,726	1.86%
LSV Large Cap Value	69,867,064	2.75%	2,350,059	491,696	67,025,309	2.67%
Small Cap	\$79,584,677	3.14%	\$(7,019,475)	\$2,978,542	\$83,625,610	3.34%
Parametric Clifton Small Cap	46,373,876	1.83%	(7,000,000)	2,084,687	51,289,190	2.05%
PIMCO RAE	33,210,801	1.31%	(19,475)	893,856	32,336,420	1.29%
International Equity	\$162,876,732	6.42%	\$(857,339)	\$(4,400,975)	\$168,135,047	6.71%
Capital Group	108,399	0.00%	(60,980,019)	1,048,755	60,039,664	2.40%
DFA Int'l Small Cap Value	16,873,372	0.66%	0	(550,452)	17,423,824	0.70%
LSV Intl Value	69,353,781	2.73%	(565,922)	(2,743,843)	72,663,546	2.90%
Vanguard Intl Explorer Fund	17,368,355	0.68%	0	(639,659)	18,008,014	0.72%
William Blair	59,172,826	2.33%	60,688,602	(1,515,776)	-	-
Domestic Fixed Income	\$1,084,805,848	42.73%	\$17,654,809	\$33,663,976	\$1,033,487,064	41.24%
Declaration Total Return	80,036,248	3.15%	(28,096)	1,597,443	78,466,901	3.13%
PIMCO DiSCO II	82,450,671	3.25%	0	1,888,725	80,561,946	3.21%
PIMCO Bravo II Fund	47,082,300	1.85%	0	959,697	46,122,603	1.84%
Prudential	110,445,990	4.35%	7,432,136	3,533,786	99,480,067	3.97%
SSgA US Govt Credit Bd Idx	143,350,650	5.65%	2,988,167	3,723,422	136,639,062	5.45%
Wells Capital	312,412,735	12.31%	(135,325)	13,227,869	299,320,190	11.94%
Western Asset Management	309,027,255	12.17%	7,397,927	8,733,034	292,896,294	11.69%
Diversified Real Assets	\$268,751,199	10.59%	\$(757,487)	\$3,944,850	\$265,563,836	10.60%
Western Asset Management	113,103,474	4.46%	(38,536)	1,248,944	111,893,066	4.47%
JP Morgan Infrastructure	75,325,819	2.97%	(405,151)	1,536,767	74,194,203	2.96%
Eastern Timber Opportunities	59,638,348	2.35%	0	402,717	59,235,631	2.36%
Grosvenor Cust. Infrastructure	20,683,558	0.81%	(313,799)	756,421	20,240,936	0.81%
Real Estate	\$131,284,626	5.17%	\$(482,306)	\$4,963,817	\$126,803,116	5.06%
Invesco Core Real Estate	61,898,343	2.44%	(54,597)	2,163,572	59,789,368	2.39%
JP Morgan RE	69,386,283	2.73%	(427,709)	2,800,245	67,013,748	2.67%
Short Term Fixed Income	\$520,365,807	20.50%	\$(1,680,675)	\$4,634,185	\$517,412,297	20.65%
JP Morgan Short Term Bonds	276,949,790	10.91%	(1,577,842)	2,005,328	276,522,303	11.04%
Babson Short Term Bonds	243,416,017	9.59%	(102,833)	2,628,857	240,889,993	9.61%
Cash & Equivalents	\$51,519,120	2.03%	\$(31,092,454)	\$47,675	\$82,563,899	3.29%
Cash Account	51,519,120	2.03%	(31,092,454)	47,675	82,563,899	3.29%
Securities Lending Income	\$0	0.00%	\$(92,089)	\$92,089	-	-
Total Fund	\$2,538,538,251	100.0%	\$(17,726,548)	\$50,421,203	\$2,505,843,595	100.0%

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended June 30, 2016. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity					
Gross	2.39%	0.90%	11.25%	12.04%	7.00%
Net	2.35%	0.64%	11.01%	11.75%	6.63%
Large Cap Equity					
Gross	1.95%	2.91%	12.25%	12.86%	6.95%
Net	1.91%	2.72%	12.05%	12.63%	6.63%
Benchmark(1)	2.54%	2.93%	11.48%	12.09%	7.42%
Parametric Clifton Large Cap - Gross	2.42%	5.29%	12.07%	12.52%	-
Parametric Clifton Large Cap - Net	2.42%	5.22%	11.99%	12.34%	-
S&P 500 Index	2.46%	3.99%	11.66%	12.10%	7.42%
L.A. Capital - Gross	2.09%	5.44%	14.28%	13.79%	9.35%
L.A. Capital - Net	2.04%	5.24%	14.07%	13.57%	9.15%
Russell 1000 Growth Index	0.61%	3.02%	13.07%	12.35%	8.78%
L.A. Capital Enhanced - Gross	2.94%	5.96%	12.61%	13.05%	8.78%
L.A. Capital Enhanced - Net	2.90%	5.82%	12.48%	12.91%	8.62%
Russell 1000 Index	2.54%	2.93%	11.48%	11.88%	7.51%
LSV Asset Management - Gross	0.85%	(3.01%)	10.08%	11.91%	6.87%
LSV Asset Management - Net	0.78%	(3.30%)	9.77%	11.59%	6.56%
Russell 1000 Value Index	4.58%	2.86%	9.87%	11.35%	6.13%
Small Cap Equity					
Gross	3.64%	(4.85%)	8.46%	9.86%	7.07%
Net	3.62%	(5.27%)	8.09%	9.42%	6.58%
Russell 2000 Index	3.79%	(6.73%)	7.09%	8.35%	6.20%
Parametric Clifton Small Cap - Gross	4.19%	(5.52%)	8.43%	9.67%	-
Parametric Clifton SmallCap - Net	4.19%	(5.98%)	8.04%	9.21%	-
Russell 2000 Index	3.79%	(6.73%)	7.09%	8.35%	6.20%
PIMCO RAE - Gross	2.77%	(3.86%)	8.14%	9.82%	-
PIMCO RAE - Net	2.70%	(4.14%)	7.81%	9.41%	-
Russell 2000	3.79%	(6.73%)	7.09%	8.35%	6.20%
International Equity					
Gross	(2.65%)	(10.44%)	3.31%	2.74%	1.99%
Net	(2.73%)	(10.74%)	2.94%	2.38%	1.71%
Benchmark(2)	(1.46%)	(10.16%)	2.06%	1.68%	1.32%
DFA Intl Small Cap Value - Net	(3.16%)	(9.28%)	6.01%	4.04%	-
World ex US SC Va	(1.88%)	(6.05%)	4.76%	3.03%	3.50%
LSV Asset Management - Gross	(3.82%)	(11.21%)	2.99%	2.44%	0.99%
LSV Asset Management - Net	(3.90%)	(11.55%)	2.58%	2.00%	0.68%
Benchmark(2)	(1.46%)	(10.16%)	2.06%	1.68%	1.32%
Vanguard Intl Explorer Fund - Net	(3.55%)	(7.27%)	6.48%	3.81%	3.80%
BMI, EPAC, <\$2 B	(0.63%)	(3.38%)	7.29%	4.37%	3.51%

(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 June 30, 2016. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Fixed Income					
Gross	3.22%	6.42%	5.50%	6.23%	6.67%
Net	3.19%	6.29%	5.36%	6.07%	6.49%
Barclays Aggregate Index	2.21%	6.00%	4.06%	3.76%	5.13%
Declaration Total Return - Net	2.04%	2.60%	-	-	-
Libor-3 Month	0.16%	0.49%	0.33%	0.36%	1.44%
PIMCO DiSCO II - Net	2.34%	4.39%	6.85%	-	-
PIMCO Bravo II Fund - Net	2.08%	7.02%	-	-	-
Barclays Aggregate Index	2.21%	6.00%	4.06%	3.76%	5.13%
Prudential - Gross	3.37%	7.12%	5.36%	5.51%	-
Prudential - Net	3.30%	6.83%	5.08%	5.29%	-
Barclays Aggregate Index	2.21%	6.00%	4.06%	3.76%	5.13%
Wells Capital - Gross	4.42%	7.19%	5.98%	6.22%	7.72%
Wells Capital - Net	4.37%	6.99%	5.79%	6.01%	7.49%
Barclays Baa Credit 3%	4.33%	6.90%	5.39%	5.62%	6.89%
Western Asset - Gross	2.93%	6.79%	5.21%	5.32%	6.10%
Western Asset - Net	2.89%	6.64%	5.07%	5.15%	5.91%
Barclays Aggregate	2.21%	6.00%	4.06%	3.76%	5.13%
SSgA US Govt Cr Bd Idx - Gross	2.67%	6.71%	4.20%	-	-
SSgA US Govt Cr Bd Idx - Net	2.66%	6.68%	4.17%	-	-
Barclays Govt/Credit Bd	2.67%	6.70%	4.20%	4.11%	5.22%
Diversified Real Assets					
Gross	1.49%	3.13%	4.16%	3.62%	4.20%
Net	1.33%	2.75%	3.84%	3.29%	3.90%
Weighted Benchmark	1.41%	2.08%	3.65%	2.81%	4.70%
Western TIPS - Gross	1.12%	2.72%	3.16%	2.16%	3.94%
Western TIPS - Net	1.08%	2.58%	3.02%	2.00%	3.78%
Barclays Gbl Inftn-Linked(1)	1.65%	2.55%	2.74%	2.27%	4.42%
JP Morgan Infrastructure - Gross	2.07%	5.17%	4.92%	5.96%	-
JP Morgan Infrastructure - Net	1.57%	3.99%	3.87%	4.81%	-
CPI-W	1.33%	0.64%	0.76%	1.12%	1.71%
Eastern Timber Opportunities - Net	0.68%	(0.25%)	4.60%	4.22%	-
NCREIF Timberland Index	1.09%	3.49%	7.77%	6.72%	6.40%
Grosvenor Cust. Infrastructure - Net	3.80%	8.42%	8.86%	-	-
CPI-W	1.33%	0.64%	0.76%	1.12%	1.71%

(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 June 30, 2016. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2016

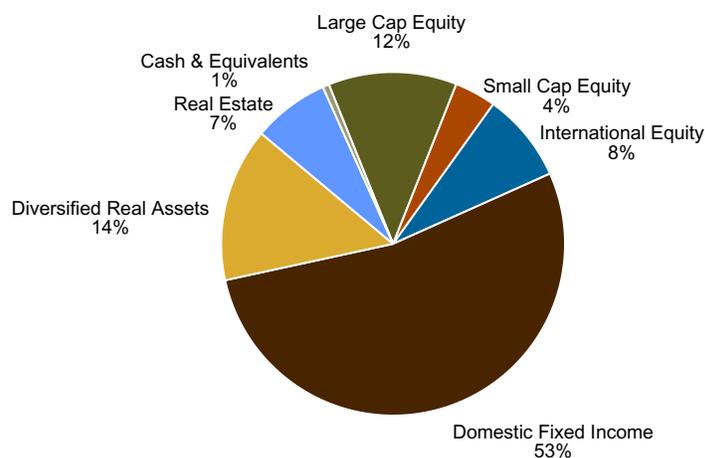
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Real Estate					
Gross	3.92%	10.51%	12.41%	14.93%	3.16%
Net	3.56%	9.75%	11.51%	13.93%	2.06%
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%	7.40%
Invesco Core Real Estate - Gross	3.62%	10.96%	12.73%	-	-
Invesco Core Real Estate - Net	3.53%	10.58%	12.28%	-	-
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%	7.40%
JP Morgan - Gross	4.18%	10.11%	12.26%	15.64%	3.48%
JP Morgan - Net	3.60%	9.03%	11.03%	14.34%	2.24%
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%	7.40%
Short Term Fixed Income					
Gross	0.90%	1.87%	1.89%	1.44%	-
Net	0.86%	1.68%	1.73%	1.32%	-
Barclays Gov 1-3 Yr	0.52%	1.31%	1.00%	0.84%	2.54%
Babson Short Term Bonds - Gross	1.09%	1.95%	2.30%	-	-
Babson Short Term Bonds - Net	1.05%	1.73%	2.14%	-	-
Barclays Gov 1-3 Yr	0.52%	1.31%	1.00%	0.84%	2.54%
JP Morgan Short Term Bds - Gross	0.73%	1.82%	1.45%	-	-
JP Morgan Short Term Bds - Net	0.70%	1.67%	1.33%	-	-
Barclays Gov/Credit 1-3 Y	0.67%	1.59%	1.22%	1.10%	2.80%
Cash & Equivalents - Net					
Cash Account- Net	0.06%	0.12%	0.05%	0.13%	1.11%
90 Day Treasury Bills	0.07%	0.19%	0.09%	0.09%	1.04%
Total Fund					
Gross	2.01%	3.34%	4.79%	5.06%	4.88%
Net	1.94%	3.12%	4.57%	4.83%	4.63%
Target*	1.56%	2.96%	4.03%	3.81%	4.60%

* Current Quarter Target = 42.5% Barclays Aggregate Index, 20.5% Barclays Gov 1-3 Yr, 11.0% NDSIB INS DRA Weighted Benchmark, 9.4% Russell 1000 Index, 6.8% MSCI EAFE, 4.3% NCREIF Total Index, 3.2% Russell 2000 Index and 2.3% 3-month Treasury Bill.

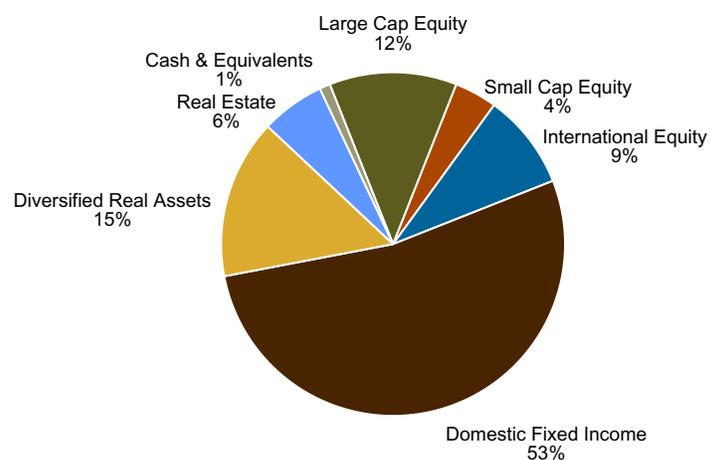
Actual vs Target Asset Allocation As of June 30, 2016

The first chart below shows the Fund's asset allocation as of June 30, 2016. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



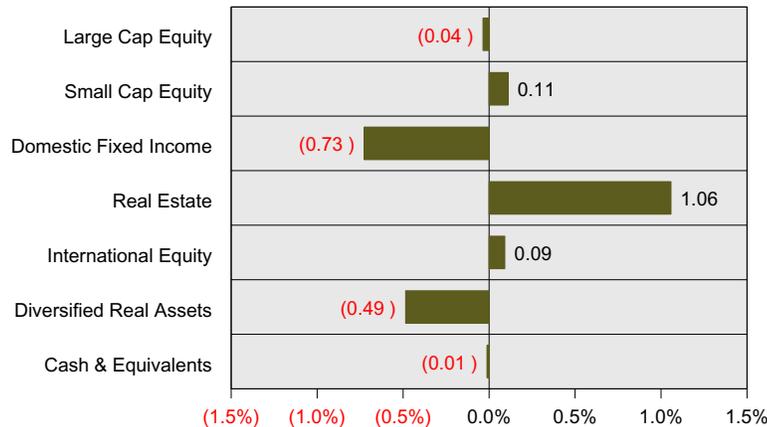
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	221,627	12.1%	12.0%	0.1%	1,775
Small Cap Equity	71,992	3.9%	4.0%	(0.1%)	(1,292)
International Equity	154,030	8.4%	9.0%	(0.6%)	(10,860)
Domestic Fixed Income	976,544	53.3%	53.0%	0.3%	5,529
Diversified Real Assets	264,886	14.5%	15.0%	(0.5%)	(9,930)
Real Estate	131,219	7.2%	6.0%	1.2%	21,293
Cash & Equivalents	11,805	0.6%	1.0%	(0.4%)	(6,516)
Total	1,832,104	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, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

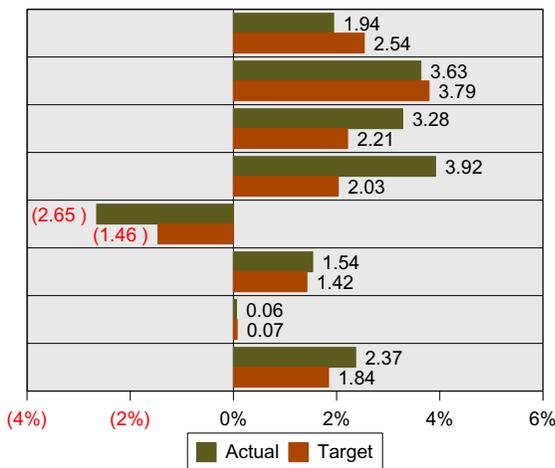
Quarterly Total Fund Relative Attribution - June 30, 2016

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

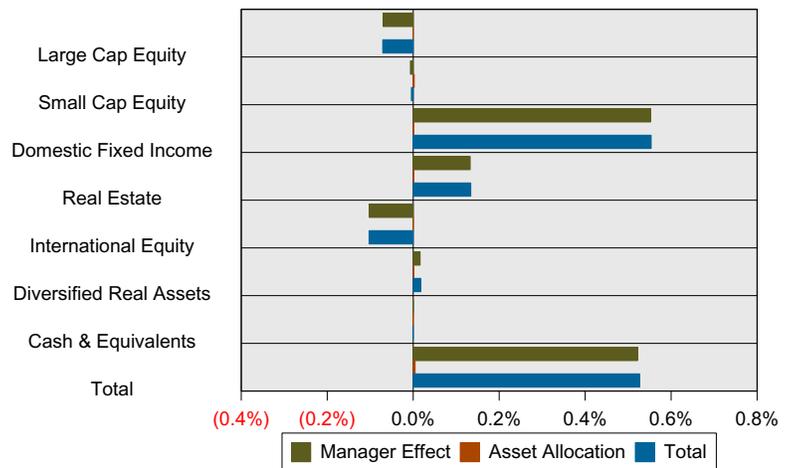
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2016

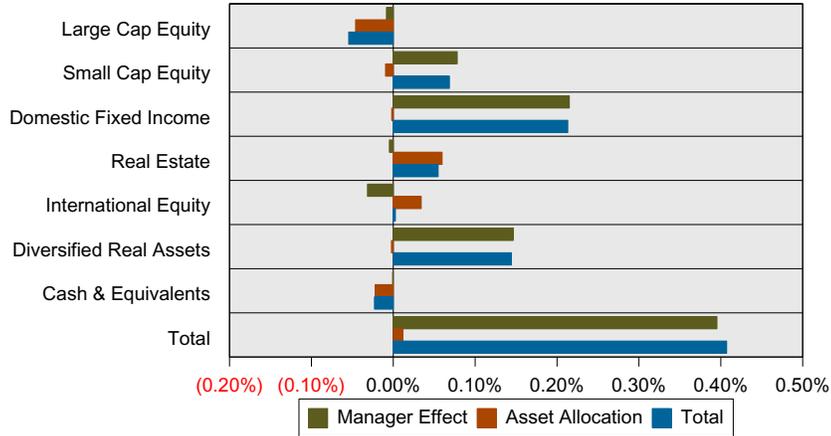
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	1.94%	2.54%	(0.07%)	(0.00%)	(0.07%)
Small Cap Equity	4%	4%	3.63%	3.79%	(0.01%)	0.00%	(0.00%)
Domestic Fixed Income	52%	53%	3.28%	2.21%	0.55%	0.00%	0.55%
Real Estate	7%	6%	3.92%	2.03%	0.13%	0.00%	0.13%
International Equity	9%	9%	(2.65%)	(1.46%)	(0.10%)	(0.00%)	(0.10%)
Diversified Real Assets	15%	15%	1.54%	1.42%	0.02%	0.00%	0.02%
Cash & Equivalents	1%	1%	0.06%	0.07%	(0.00%)	(0.00%)	(0.00%)
Total			2.37%	1.84%	0.52%	0.00%	0.53%

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

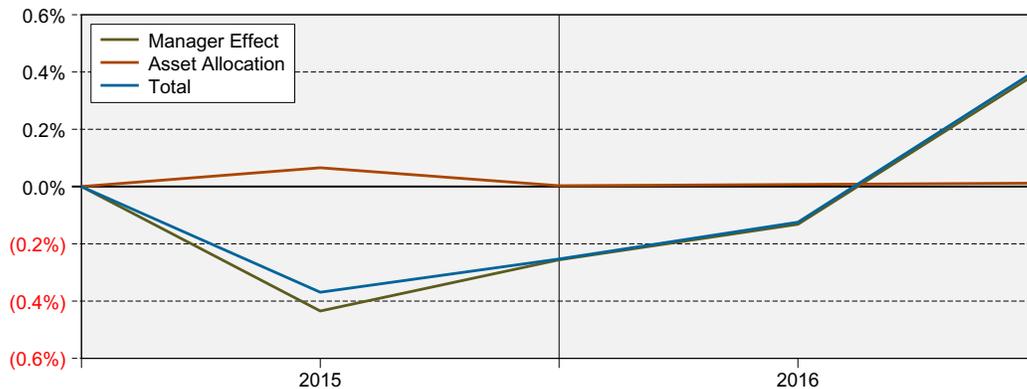
Cumulative Total Fund Relative Attribution - June 30, 2016

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

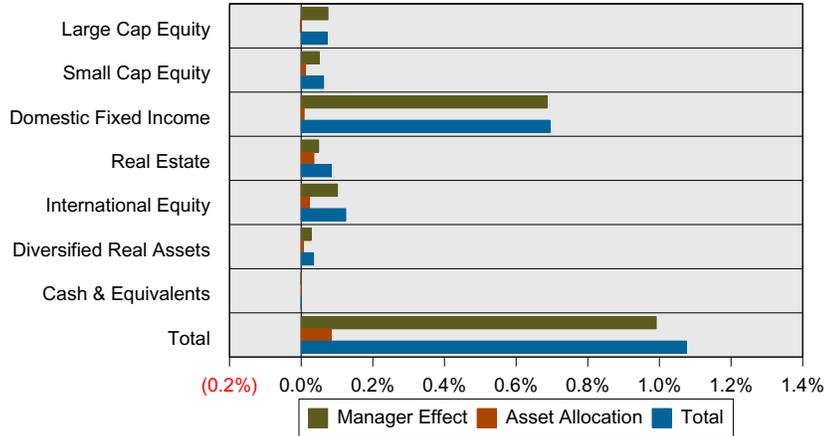
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	2.91%	2.93%	(0.01%)	(0.05%)	(0.05%)
Small Cap Equity	4%	4%	(4.86%)	(6.73%)	0.08%	(0.01%)	0.07%
Domestic Fixed Income	53%	53%	6.49%	6.00%	0.22%	(0.00%)	0.21%
Real Estate	7%	6%	10.51%	10.64%	(0.00%)	0.06%	0.05%
International Equity	9%	9%	(10.43%)	(10.16%)	(0.03%)	0.03%	0.00%
Diversified Real Assets	15%	15%	3.19%	2.19%	0.15%	(0.00%)	0.14%
Cash & Equivalents	1%	1%	0.12%	0.19%	(0.00%)	(0.02%)	(0.02%)
Total			3.83%	3.42%	+ 0.40%	+ 0.01%	0.41%

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

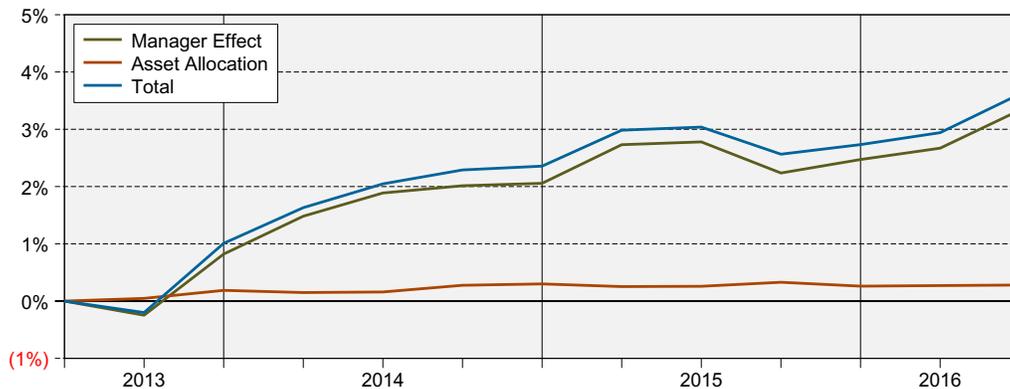
Cumulative Total Fund Relative Attribution - June 30, 2016

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

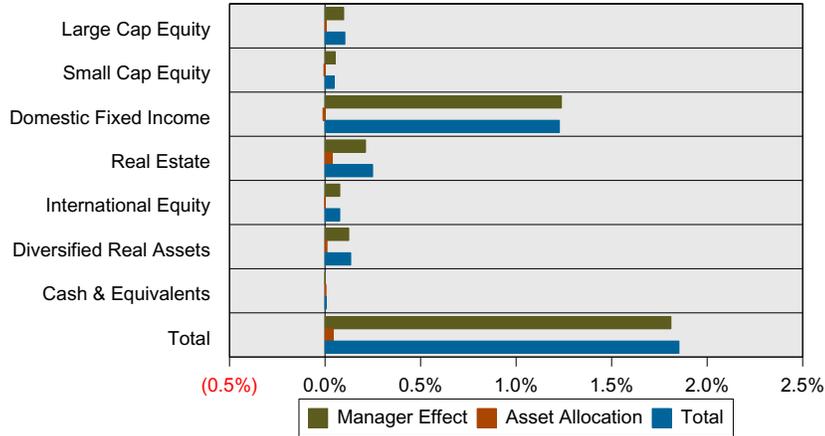
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	11%	11%	12.19%	11.48%	0.07%	(0.00%)	0.07%
Small Cap Equity	4%	4%	8.48%	7.09%	0.05%	0.01%	0.06%
Domestic Fixed Income	52%	52%	5.43%	4.06%	0.69%	0.01%	0.69%
Real Estate	7%	6%	12.40%	11.61%	0.05%	0.04%	0.08%
International Equity	8%	8%	3.24%	2.06%	0.10%	0.02%	0.12%
Diversified Real Assets	17%	17%	4.47%	4.28%	0.03%	0.01%	0.03%
Cash & Equivalents	1%	1%	0.05%	0.09%	(0.00%)	0.00%	0.00%
Total			6.37%	5.29%	+ 0.99%	+ 0.08%	1.08%

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

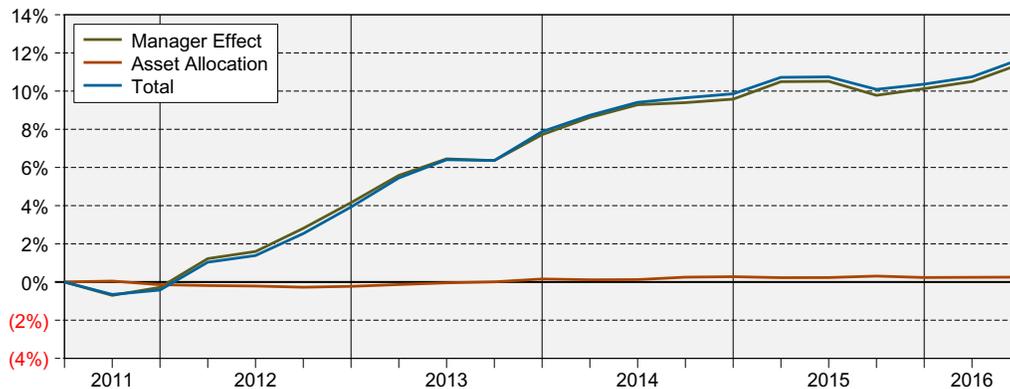
Cumulative Total Fund Relative Attribution - June 30, 2016

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

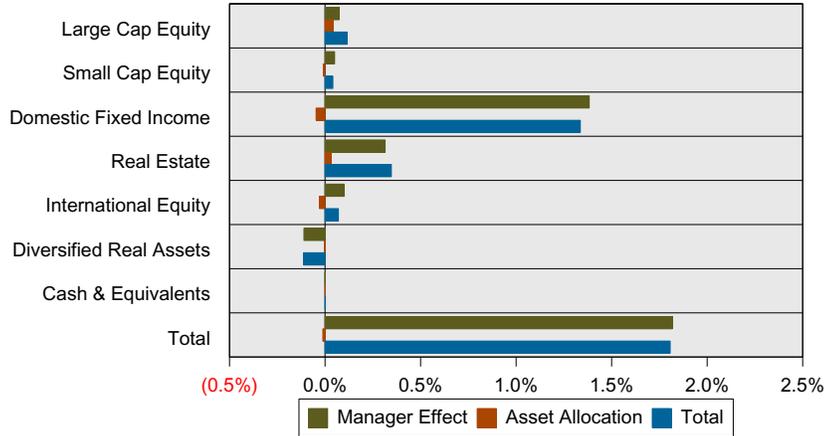
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	11%	11%	12.83%	11.88%	0.10%	0.01%	0.10%
Small Cap Equity	4%	4%	9.87%	8.35%	0.05%	(0.01%)	0.05%
Domestic Fixed Income	52%	52%	6.19%	3.76%	1.24%	(0.01%)	1.23%
Real Estate	7%	6%	14.91%	11.51%	0.21%	0.04%	0.25%
International Equity	8%	8%	2.63%	1.68%	0.08%	(0.00%)	0.08%
Diversified Real Assets	19%	19%	3.81%	3.19%	0.12%	0.01%	0.13%
Cash & Equivalents	1%	1%	0.13%	0.09%	0.00%	0.00%	0.01%
Total			6.84%	4.99%	+ 1.81%	+ 0.04%	1.85%

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

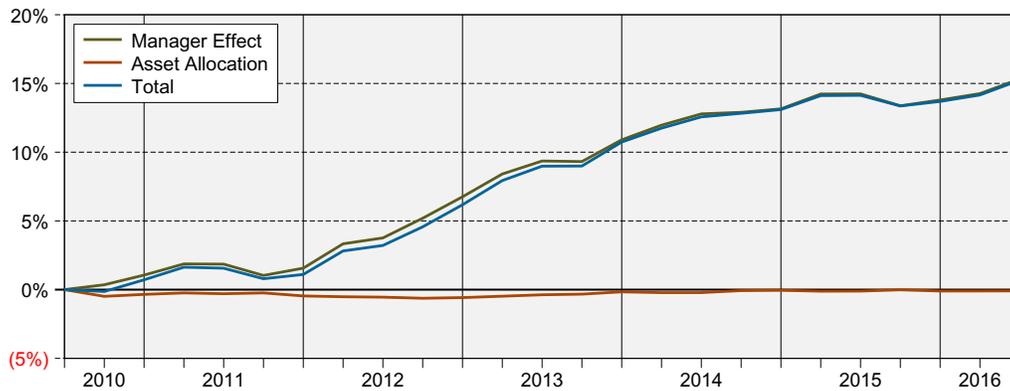
Cumulative Total Fund Relative Attribution - June 30, 2016

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.

Six Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects

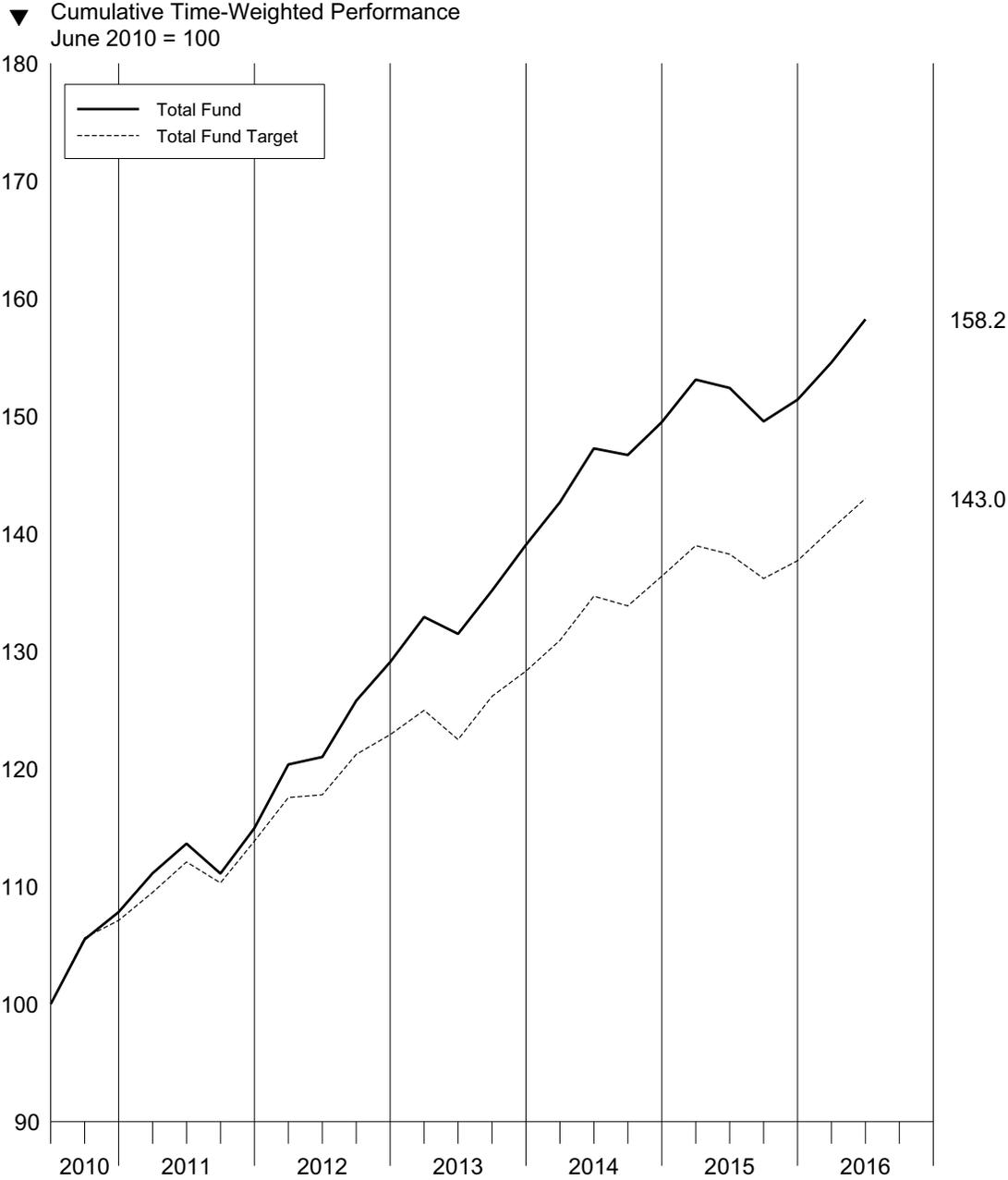


Six Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	11%	10%	15.71%	15.00%	0.07%	0.04%	0.12%
Small Cap Equity	4%	4%	14.22%	12.73%	0.05%	(0.01%)	0.04%
Domestic Fixed Income	52%	52%	6.45%	3.79%	1.38%	(0.05%)	1.34%
Real Estate	6%	6%	17.74%	12.37%	0.31%	0.03%	0.35%
International Equity	7%	8%	6.35%	5.04%	0.10%	(0.03%)	0.07%
Diversified Real Assets	19%	20%	4.51%	5.08%	(0.11%)	(0.00%)	(0.11%)
Cash & Equivalents	1%	1%	0.16%	0.10%	0.00%	0.00%	0.00%
Total			7.95%	6.14%	+ 1.82%	+ (0.01%)	1.81%

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

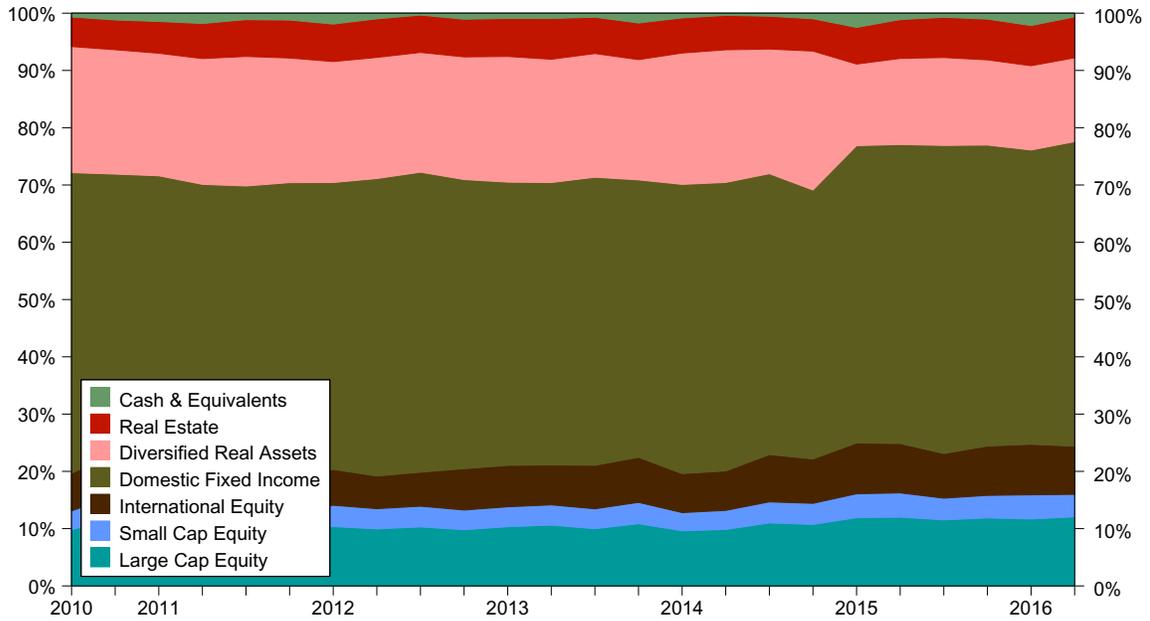
**NDSIB - Workforce Safety & Insurance
Cumulative Results**



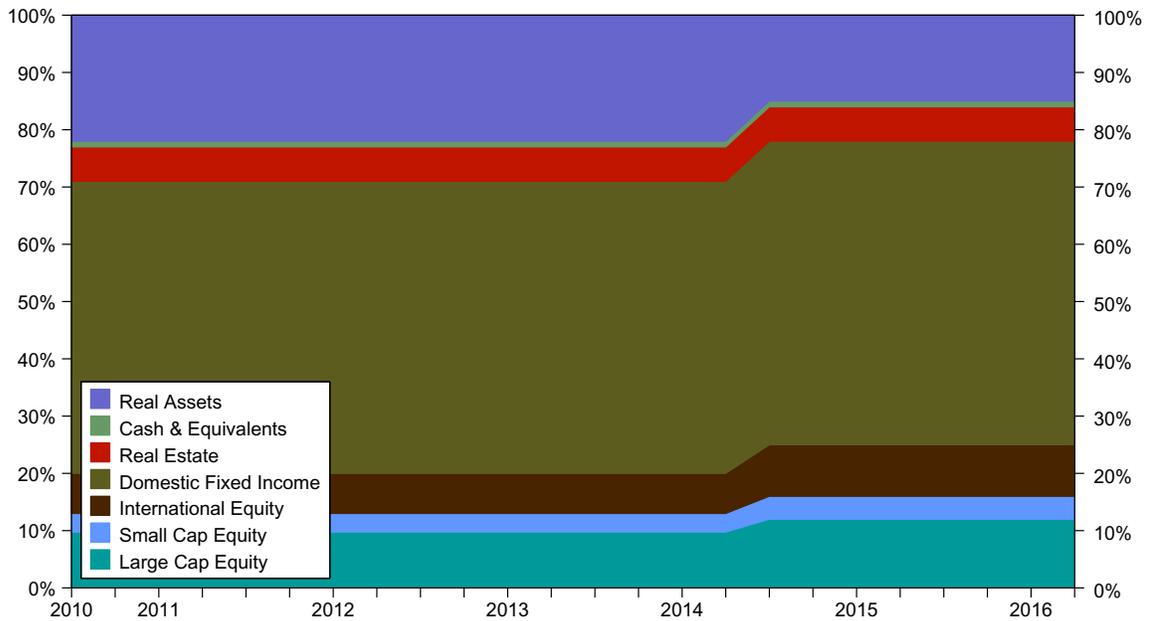
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation

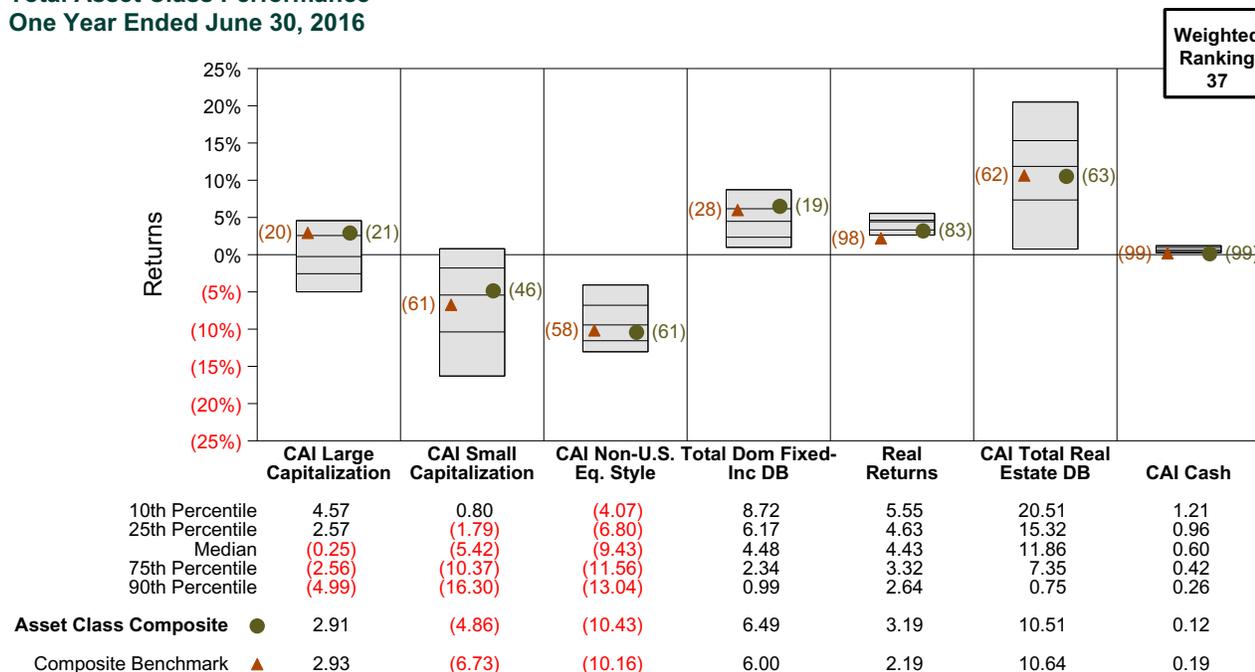


* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

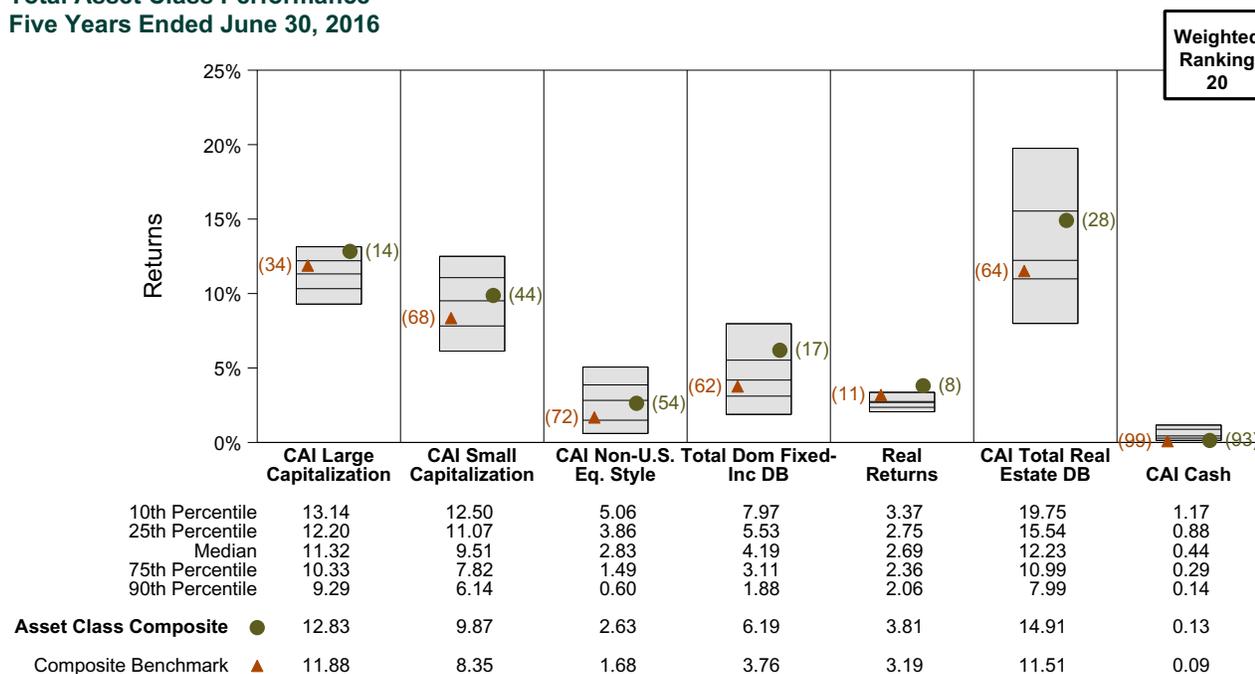
Asset Class Rankings

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 June 30, 2016



Total Asset Class Performance Five Years Ended June 30, 2016



* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE, 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 June 30, 2016, with the distribution as of March 31, 2016. 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

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
Large Cap Equity	\$221,627,405	12.10%	\$6,600,956	\$4,168,016	\$210,858,433	11.71%
Small Cap Equity	\$71,992,360	3.93%	\$(6,884,154)	\$2,704,501	\$76,172,012	4.23%
International Equity	\$154,029,804	8.41%	\$(1,093,328)	\$(4,164,379)	\$159,287,511	8.84%
Domestic Fixed Income	\$976,544,222	53.30%	\$18,459,871	\$30,819,401	\$927,264,950	51.48%
Diversified Real Assets	\$264,886,004	14.46%	\$(875,586)	\$4,018,296	\$261,743,294	14.53%
Real Estate	\$131,218,750	7.16%	\$(482,064)	\$4,961,326	\$126,739,488	7.04%
Cash & Equivalents	\$11,805,431	0.64%	\$(27,186,981)	\$11,053	\$38,981,359	2.16%
Securities Lending Income	\$0	0.00%	\$(83,719)	\$83,719	-	-
Total Fund	\$1,832,103,976	100.0%	\$(11,545,004)	\$42,601,933	\$1,801,047,047	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 June 30, 2016. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6 Years
Large Cap Equity					
Gross	1.94%	2.91%	12.19%	12.83%	15.71%
Net	1.90%	2.71%	11.99%	12.60%	15.45%
Benchmark(1)	2.54%	2.93%	11.48%	12.09%	15.00%
Small Cap Equity					
Gross	3.63%	(4.86%)	8.48%	9.87%	14.22%
Net	3.61%	(5.28%)	8.11%	9.43%	13.62%
Russell 2000	3.79%	(6.73%)	7.09%	8.35%	12.73%
International Equity					
Gross	(2.65%)	(10.43%)	3.24%	2.63%	6.35%
Net	(2.73%)	(10.74%)	2.91%	2.26%	5.95%
Benchmark(2)	(1.46%)	(10.16%)	2.06%	1.68%	5.04%
Domestic Fixed Income					
Gross	3.28%	6.49%	5.43%	6.19%	6.45%
Net	3.25%	6.35%	5.29%	6.02%	6.27%
Barclays Aggregate	2.21%	6.00%	4.06%	3.76%	3.79%
Diversified Real Assets					
Gross	1.54%	3.19%	4.47%	3.81%	4.51%
Net	1.38%	2.80%	4.12%	3.46%	4.14%
Weighted Benchmark	1.42%	2.19%	4.28%	3.19%	5.08%
Real Estate					
Gross	3.92%	10.51%	12.40%	14.91%	17.74%
Net	3.56%	9.75%	11.52%	13.93%	16.66%
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%	12.37%
Cash & Equivalents - Net	0.06%	0.12%	0.05%	0.13%	0.16%
90 Day Treasury Bills	0.07%	0.19%	0.09%	0.09%	0.10%
Total Fund					
Gross	2.37%	3.83%	6.37%	6.84%	7.95%
Net	2.29%	3.58%	6.11%	6.56%	7.64%
Target*	1.84%	3.42%	5.29%	4.99%	6.14%

* Current Quarter Target = 53.0% Barclays Aggregate Index, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI EAFE, 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.

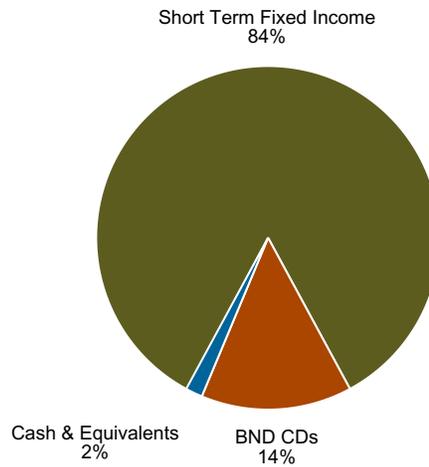
(2) MSCI EAFE through 9/30/2000; 50% Hedged EAFE through 3/31/2011 and MSCI EAFE again thereafter.

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

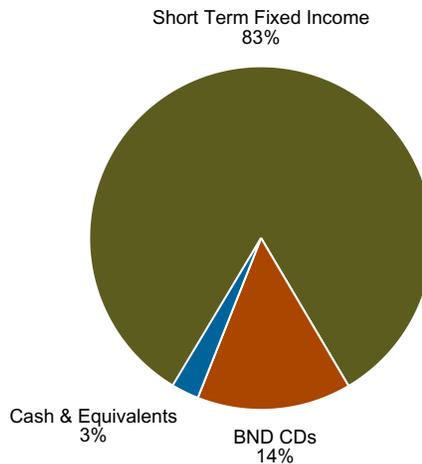
Actual vs Target Asset Allocation As of June 30, 2016

The first chart below shows the Fund's asset allocation as of June 30, 2016. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



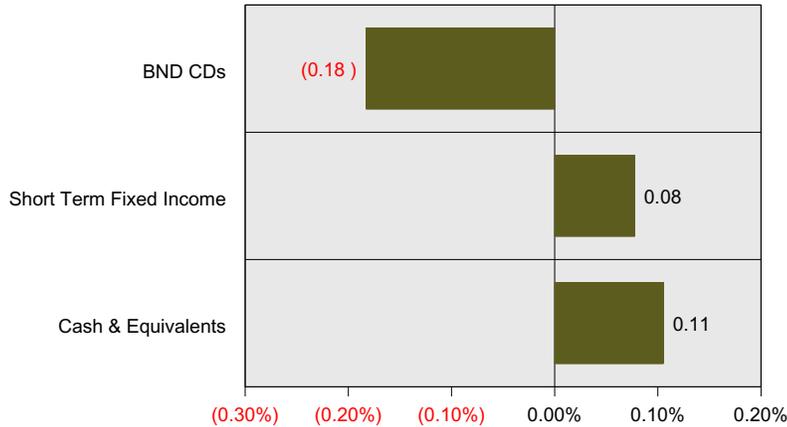
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Short Term Fixed Income	485,318	84.3%	83.0%	1.3%	7,479
BND CDs	81,604	14.2%	14.5%	(0.3%)	(1,674)
Cash & Equivalents	8,997	1.6%	2.6%	(1.0%)	(5,805)
Total	575,918	100.0%	100.0%		

* Current Quarter Target = 83.0% Barclays Gov 1-3 Yr, 14.5% NDSIB Budget - Bond CDs and 2.6% 3-month Treasury Bill.

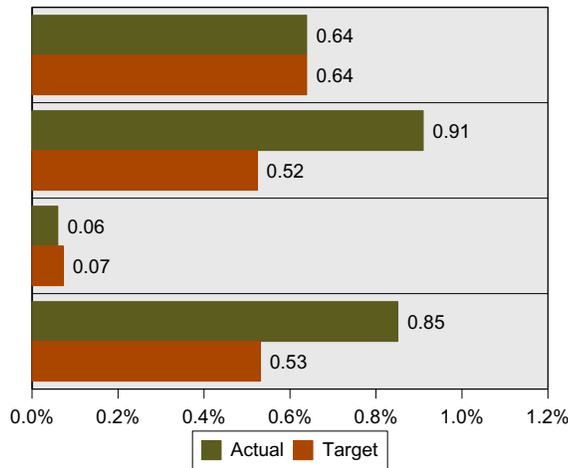
Quarterly Total Fund Relative Attribution - June 30, 2016

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

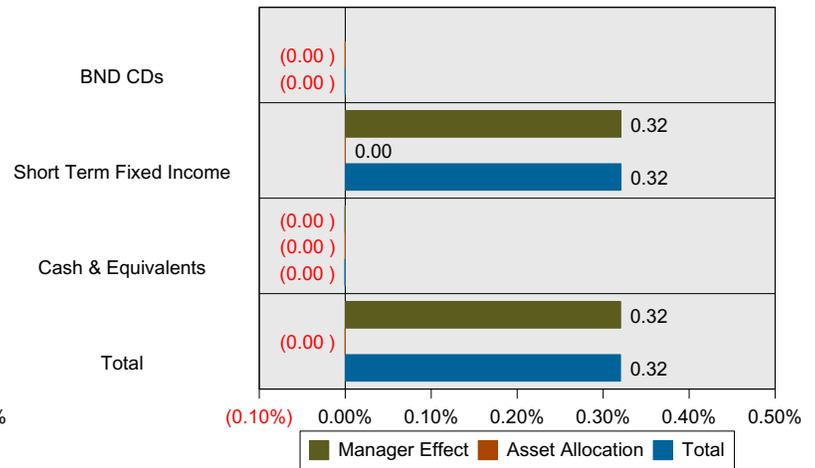
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2016

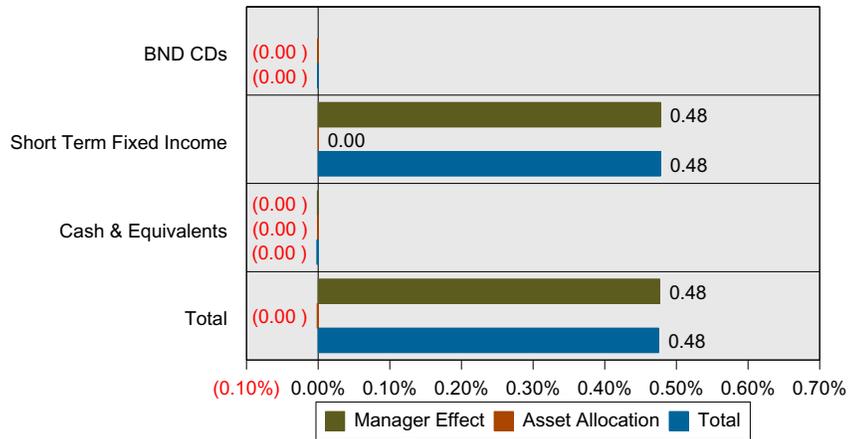
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	15%	15%	0.64%	0.64%	0.00%	(0.00%)	(0.00%)
Short Term Fixed Income	83%	83%	0.91%	0.52%	0.32%	0.00%	0.32%
Cash & Equivalents	2%	2%	0.06%	0.07%	(0.00%)	(0.00%)	(0.00%)
Total			0.85%	0.53%	+ 0.32%	+ (0.00%)	0.32%

* Current Quarter Target = 83.0% Barclays Gov 1-3 Yr, 14.5% NDSIB Budget - Bond CDs and 2.6% 3-month Treasury Bill.

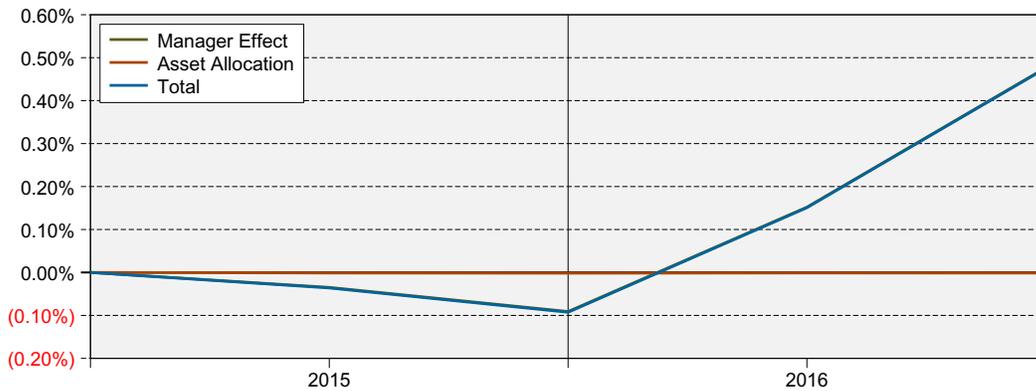
Cumulative Total Fund Relative Attribution - June 30, 2016

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

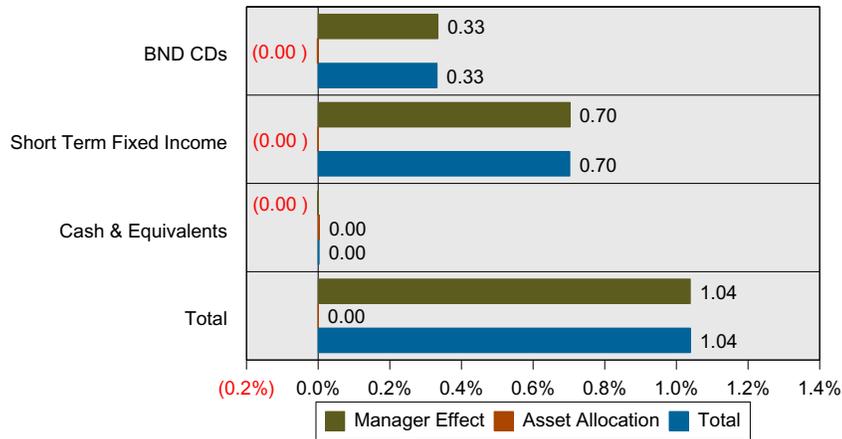
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	15%	16%	2.61%	2.61%	0.00%	(0.00%)	(0.00%)
Short Term Fixed Income	83%	83%	1.88%	1.31%	0.48%	0.00%	0.48%
Cash & Equivalents	2%	2%	0.12%	0.19%	(0.00%)	(0.00%)	(0.00%)
Total			1.97%	1.49%	+ 0.48%	+ (0.00%)	0.48%

* Current Quarter Target = 83.0% Barclays Gov 1-3 Yr, 14.5% NDSIB Budget - Bond CDs and 2.6% 3-month Treasury Bill.

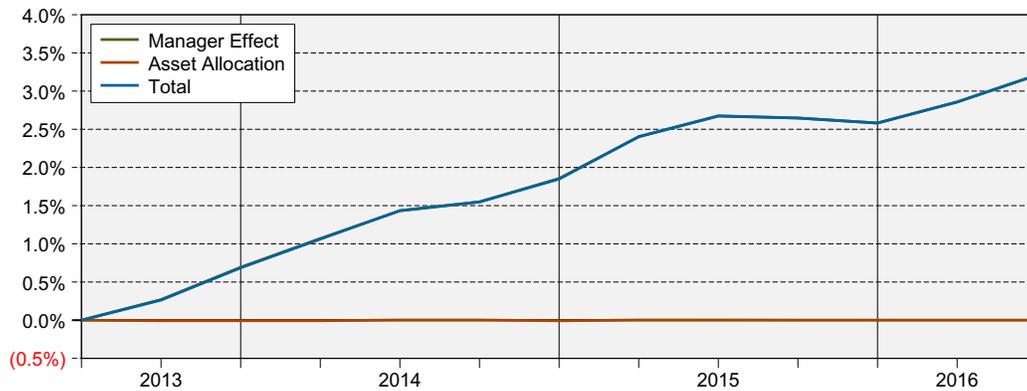
Cumulative Total Fund Relative Attribution - June 30, 2016

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

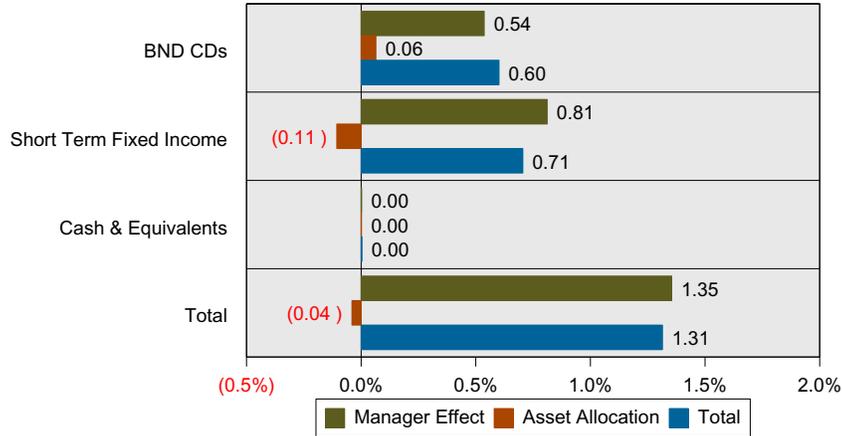
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	18%	18%	2.70%	0.89%	0.33%	(0.00%)	0.33%
Short Term Fixed Income	81%	80%	1.88%	1.00%	0.70%	(0.00%)	0.70%
Cash & Equivalents	2%	2%	0.05%	0.09%	(0.00%)	0.00%	0.00%
Total			1.99%	0.95%	+ 1.04%	+ 0.00%	1.04%

* Current Quarter Target = 83.0% Barclays Gov 1-3 Yr, 14.5% NDSIB Budget - Bond CDs and 2.6% 3-month Treasury Bill.

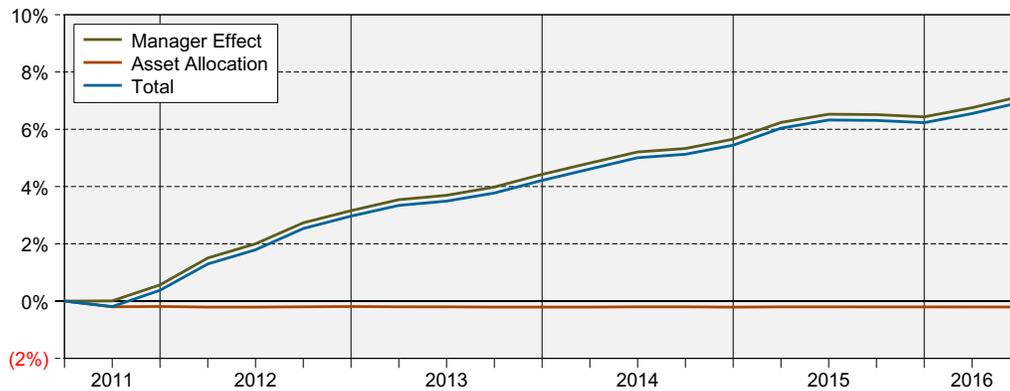
Cumulative Total Fund Relative Attribution - June 30, 2016

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

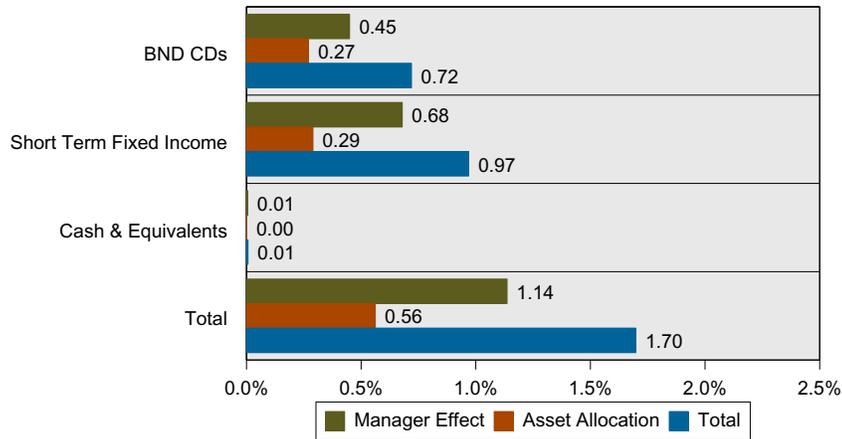
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
BND CDs	21%	19%	3.23%	0.78%	0.54%	0.06%	0.60%	
Short Term Fixed Income	77%	74%	1.61%	0.55%	0.81%	(0.11%)	0.71%	
Cash & Equivalents	2%	7%	0.13%	0.09%	0.00%	0.00%	0.00%	
Total			2.00%		= 0.69%	+ 1.35%	+ (0.04%)	1.31%

* Current Quarter Target = 83.0% Barclays Gov 1-3 Yr, 14.5% NDSIB Budget - Bond CDs and 2.6% 3-month Treasury Bill.

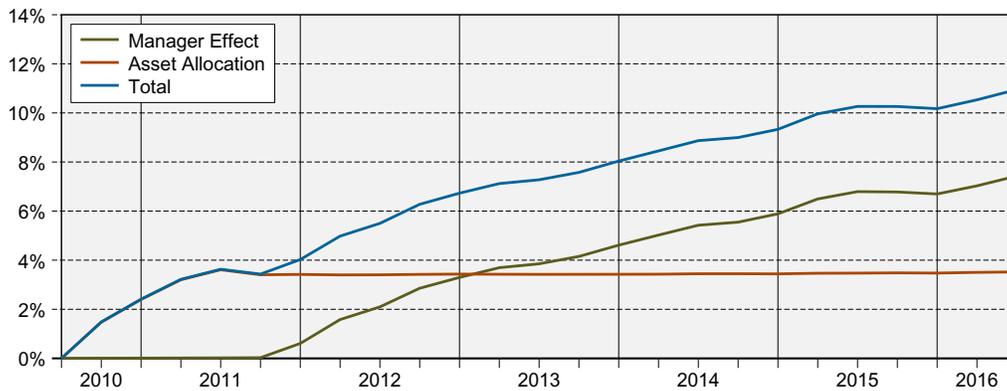
Cumulative Total Fund Relative Attribution - June 30, 2016

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.

Six Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects

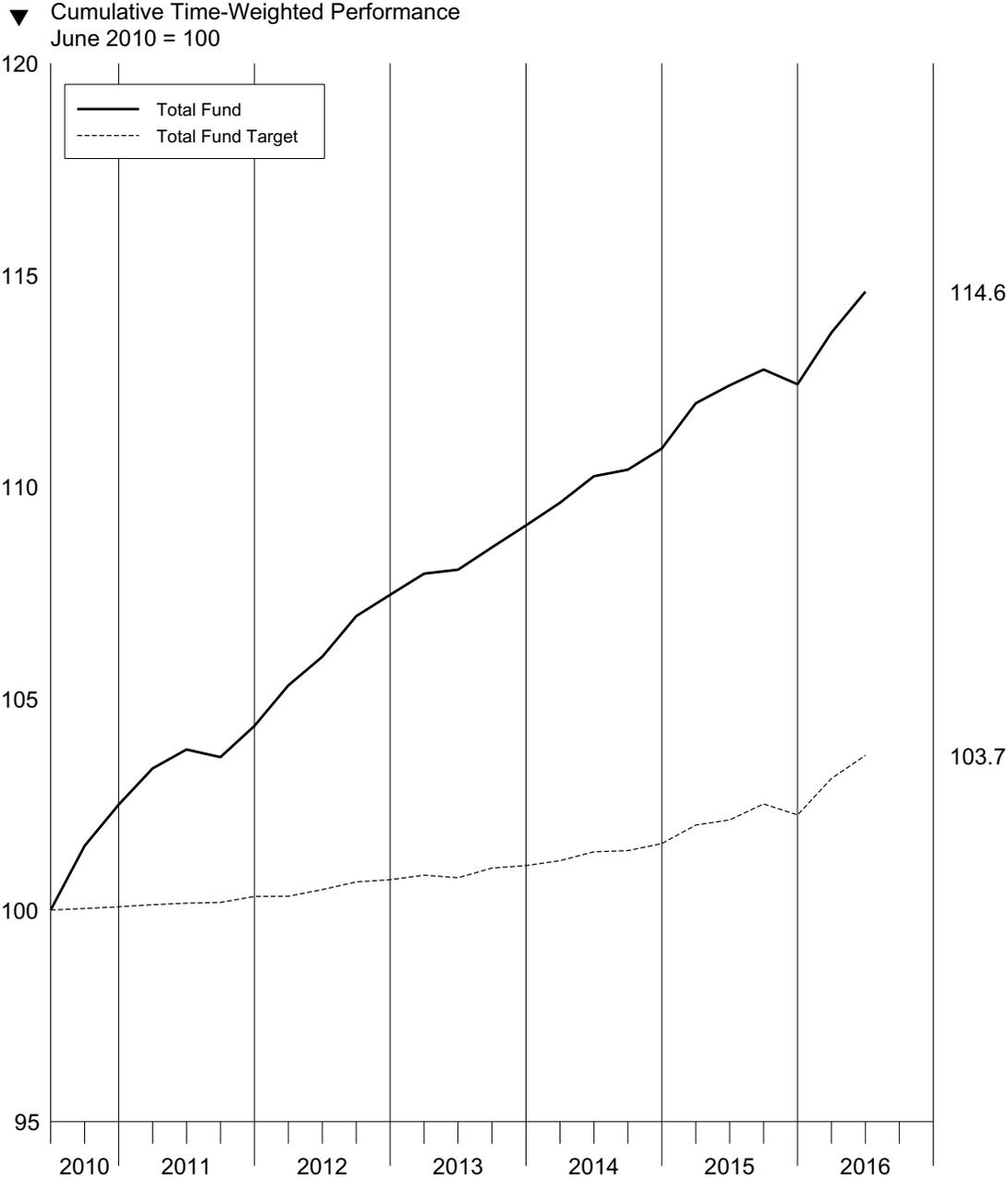


Six Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	22%	16%	3.43%	1.38%	0.45%	0.27%	0.72%
Short Term Fixed Income	73%	62%	2.02%	1.14%	0.68%	0.29%	0.97%
Cash & Equivalents	4%	22%	0.16%	0.10%	0.01%	0.00%	0.01%
Total			2.30%		0.60%	1.14%	1.70%

* Current Quarter Target = 83.0% Barclays Gov 1-3 Yr, 14.5% NDSIB Budget - Bond CDs and 2.6% 3-month Treasury Bill.

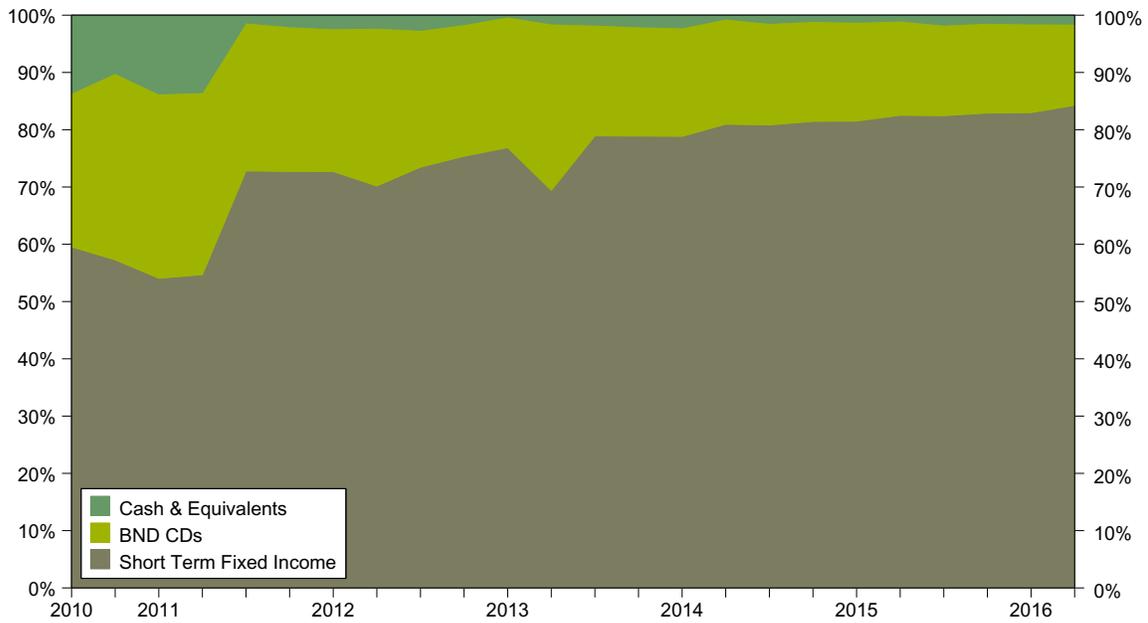
**NDSIB - Budget Stabilization Fund
Cumulative Results**



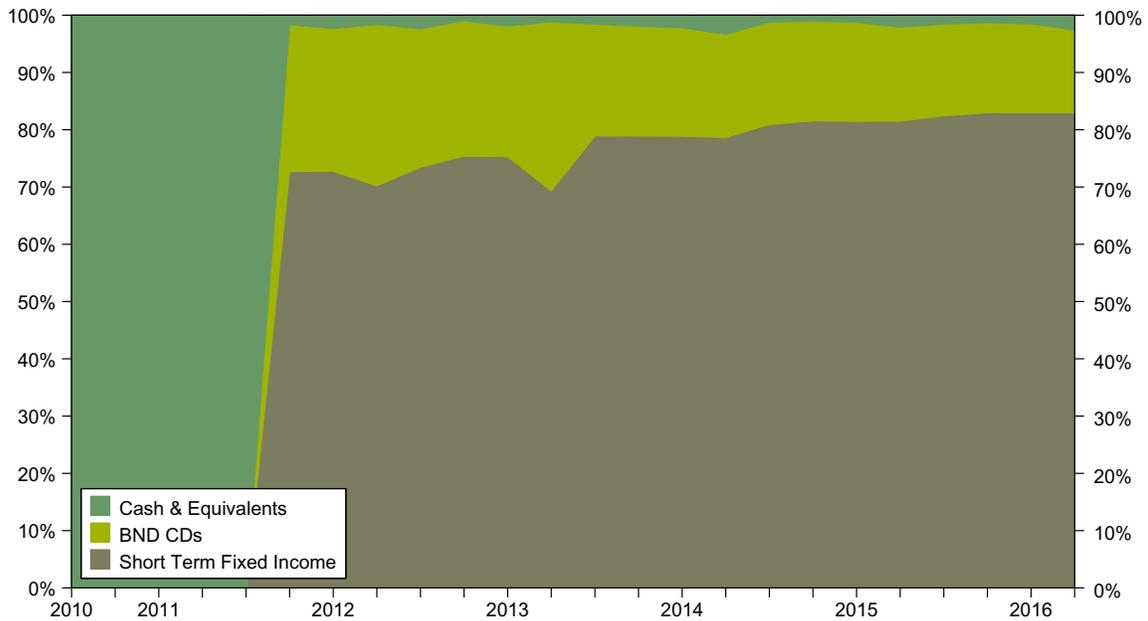
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation



* Current Quarter Target = 83.0% Barclays Gov 1-3 Yr, 14.5% NDSIB Budget - Bond CDs and 2.6% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2016, with the distribution as of March 31, 2016. 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

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
Short Term Fixed Income	\$485,318,235	84.27%	\$(178,717)	\$4,376,793	\$481,120,159	82.98%
BND CDs	\$81,603,633	14.17%	\$(8,753,120)	\$542,559	\$89,814,194	15.49%
Cash & Equivalents	\$8,996,513	1.56%	\$113,051	\$8,071	\$8,875,391	1.53%
Securities Lending Income	\$0	0.00%	\$(2,615)	\$2,615	-	-
Total Fund	\$575,918,381	100.0%	\$(8,821,401)	\$4,930,038	\$579,809,745	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 June 30, 2016. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6 Years
Short Term Fixed Income					
Gross	0.91%	1.88%	1.88%	1.61%	2.02%
Net	0.87%	1.70%	1.74%	1.48%	1.90%
Barclays Gov 1-3 Yr	0.52%	1.31%	1.00%	0.84%	0.93%
BND CDs - Net	0.64%	2.61%	2.70%	3.23%	3.43%
Cash & Equivalents - Net	0.06%	0.12%	0.05%	0.13%	0.16%
3-month Treasury Bill	0.07%	0.19%	0.09%	0.09%	0.10%
Total Fund					
Gross	0.85%	1.97%	1.99%	2.00%	2.30%
Net	0.82%	1.82%	1.88%	1.91%	2.21%
Target*	0.53%	1.49%	0.95%	0.69%	0.60%

* Current Quarter Target = 83.0% Barclays Gov 1-3 Yr, 14.5% NDSIB Budget - Bond CDs and 2.6% 3-month Treasury Bill.

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

Parametric Clifton Large Cap Period Ended June 30, 2016

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.

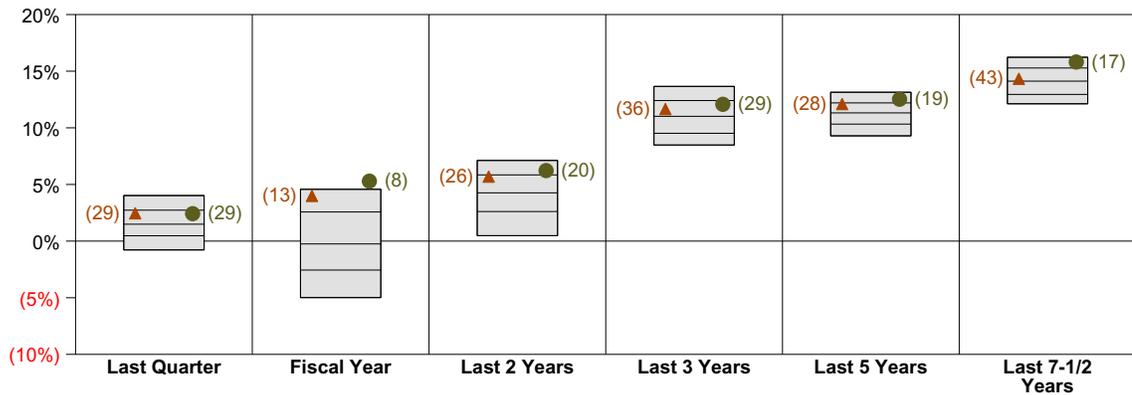
Quarterly Summary and Highlights

- Parametric Clifton Large Cap's portfolio posted a 2.42% return for the quarter placing it in the 29 percentile of the CAI Large Capitalization group for the quarter and in the 8 percentile for the last year.
- Parametric Clifton Large Cap's portfolio underperformed the S&P 500 Index by 0.03% for the quarter and outperformed the S&P 500 Index for the year by 1.30%.

Quarterly Asset Growth

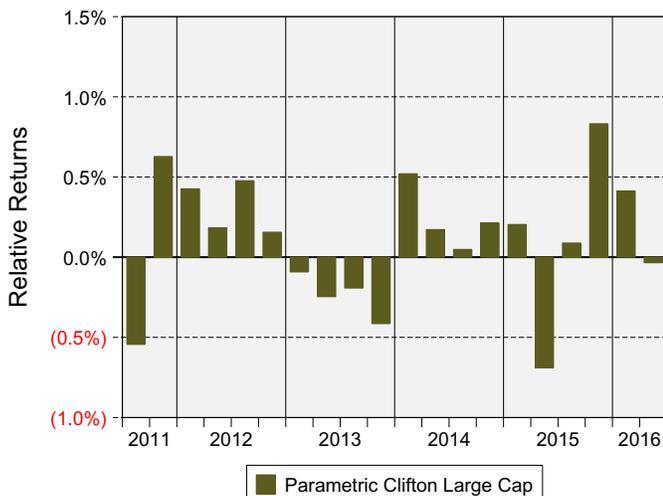
Beginning Market Value	\$46,263,350
Net New Investment	\$700,000
Investment Gains/(Losses)	\$1,154,579
Ending Market Value	\$48,117,929

Performance vs CAI Large Capitalization (Gross)

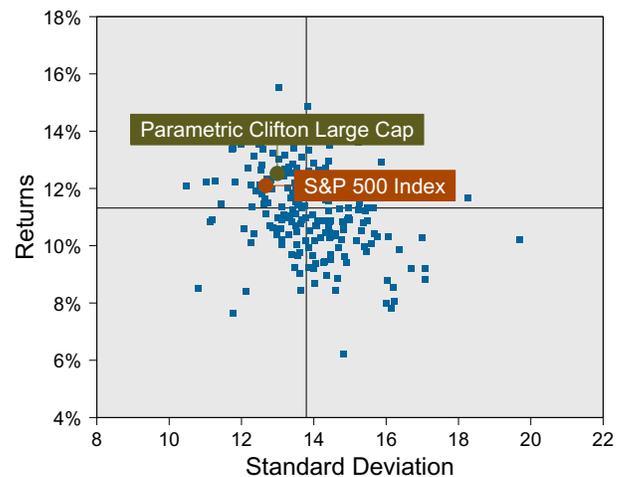


10th Percentile	4.02	4.57	7.12	13.66	13.14	16.23
25th Percentile	2.73	2.57	5.85	12.41	12.20	15.28
Median	1.49	(0.25)	4.26	11.02	11.32	14.12
75th Percentile	0.47	(2.56)	2.61	9.52	10.33	12.95
90th Percentile	(0.78)	(4.99)	0.48	8.48	9.29	12.12
Parametric Clifton Large Cap ●	2.42	5.29	6.23	12.07	12.52	15.81
S&P 500 Index ▲	2.46	3.99	5.69	11.66	12.10	14.33

Relative Return vs S&P 500 Index



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



L.A. Capital Period Ended June 30, 2016

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.

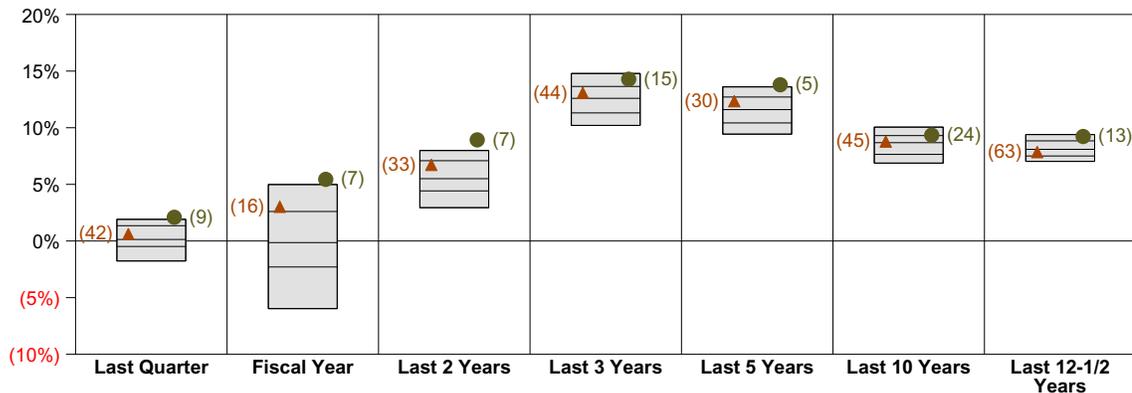
Quarterly Summary and Highlights

- L.A. Capital Large Cap Growth's portfolio posted a 2.09% return for the quarter placing it in the 9 percentile of the CAI Large Cap Growth group for the quarter and in the 7 percentile for the last year.
- L.A. Capital Large Cap Growth's portfolio outperformed the Russell 1000 Growth Index by 1.48% for the quarter and outperformed the Russell 1000 Growth Index for the year by 2.42%.

Quarterly Asset Growth

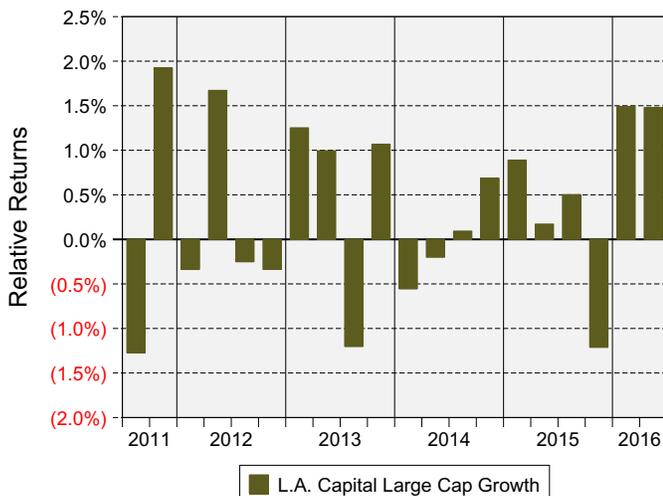
Beginning Market Value	\$68,245,342
Net New Investment	\$2,965,886
Investment Gains/(Losses)	\$1,465,016
Ending Market Value	\$72,676,244

Performance vs CAI Large Cap Growth (Gross)

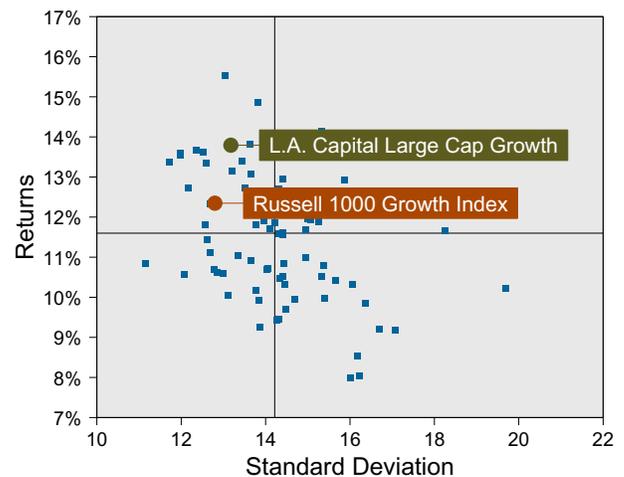


10th Percentile	1.91	4.98	7.99	14.79	13.61	10.05	9.40
25th Percentile	1.35	2.60	7.09	13.64	12.71	9.30	8.84
Median	0.14	(0.14)	5.50	12.60	11.60	8.68	8.09
75th Percentile	(0.48)	(2.29)	4.42	11.31	10.42	7.65	7.51
90th Percentile	(1.76)	(5.97)	2.94	10.20	9.43	6.88	7.03
L.A. Capital Large Cap Growth	● 2.09	5.44	8.93	14.28	13.79	9.35	9.22
Russell 1000 Growth Index	▲ 0.61	3.02	6.72	13.07	12.35	8.78	7.85

Relative Return vs Russell 1000 Growth Index



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



L.A. Capital Enhanced Period Ended June 30, 2016

Investment Philosophy

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

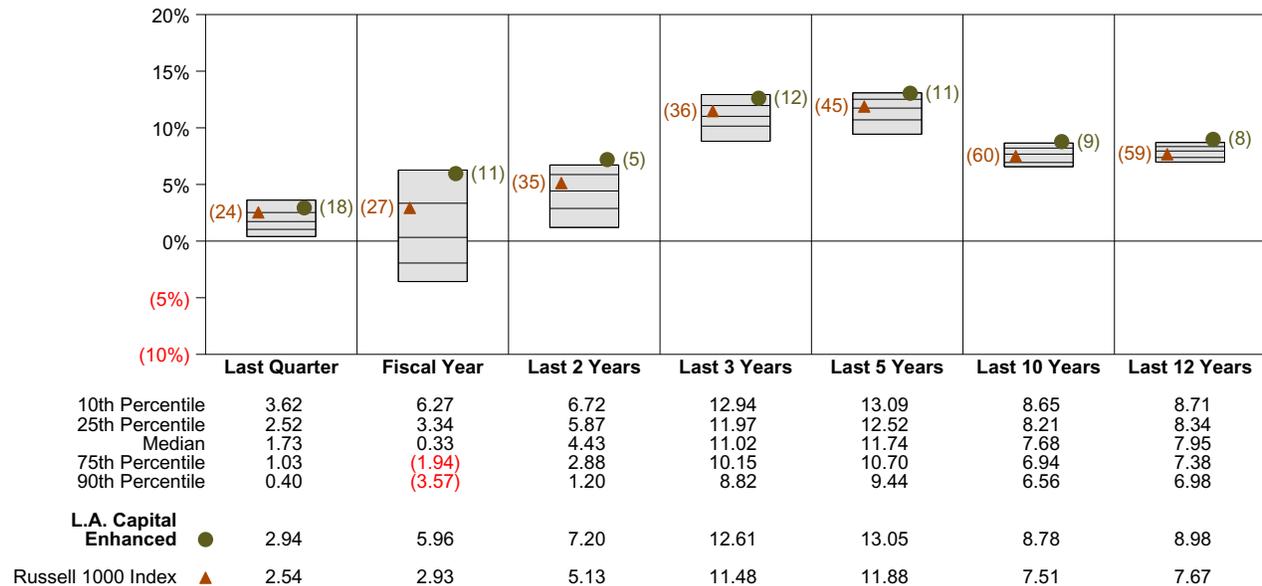
Quarterly Summary and Highlights

- L.A. Capital Enhanced's portfolio posted a 2.94% return for the quarter placing it in the 18 percentile of the CAI Large Cap Core group for the quarter and in the 11 percentile for the last year.
- L.A. Capital Enhanced's portfolio outperformed the Russell 1000 Index by 0.40% for the quarter and outperformed the Russell 1000 Index for the year by 3.02%.

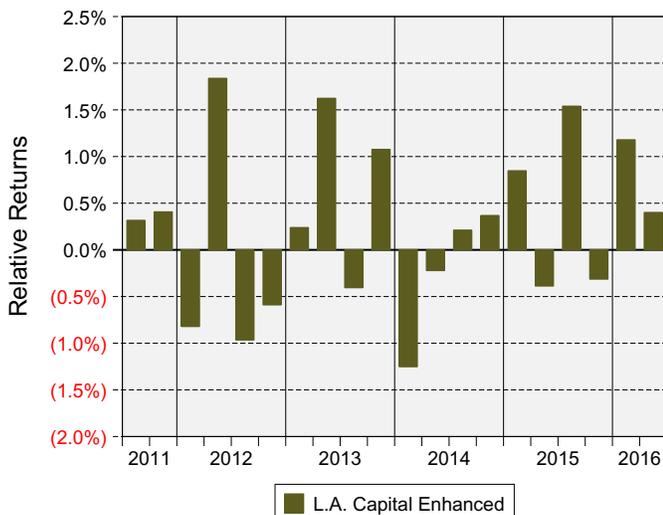
Quarterly Asset Growth

Beginning Market Value	\$46,718,726
Net New Investment	\$584,523
Investment Gains/(Losses)	\$1,385,755
Ending Market Value	\$48,689,003

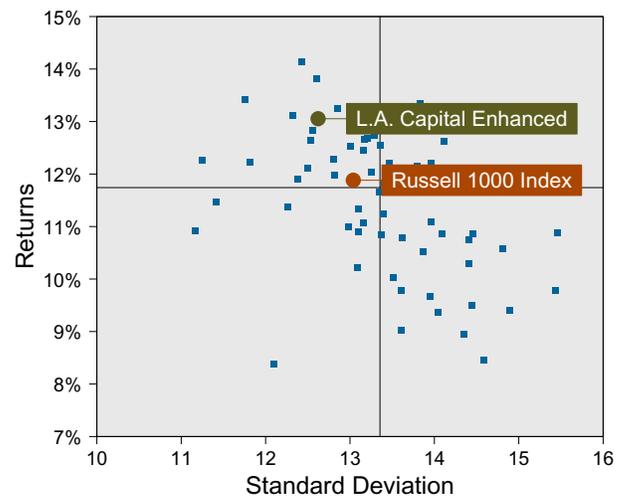
Performance vs CAI Large Cap Core (Gross)



Relative Return vs Russell 1000 Index



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



LSV Asset Management

Period Ended June 30, 2016

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.

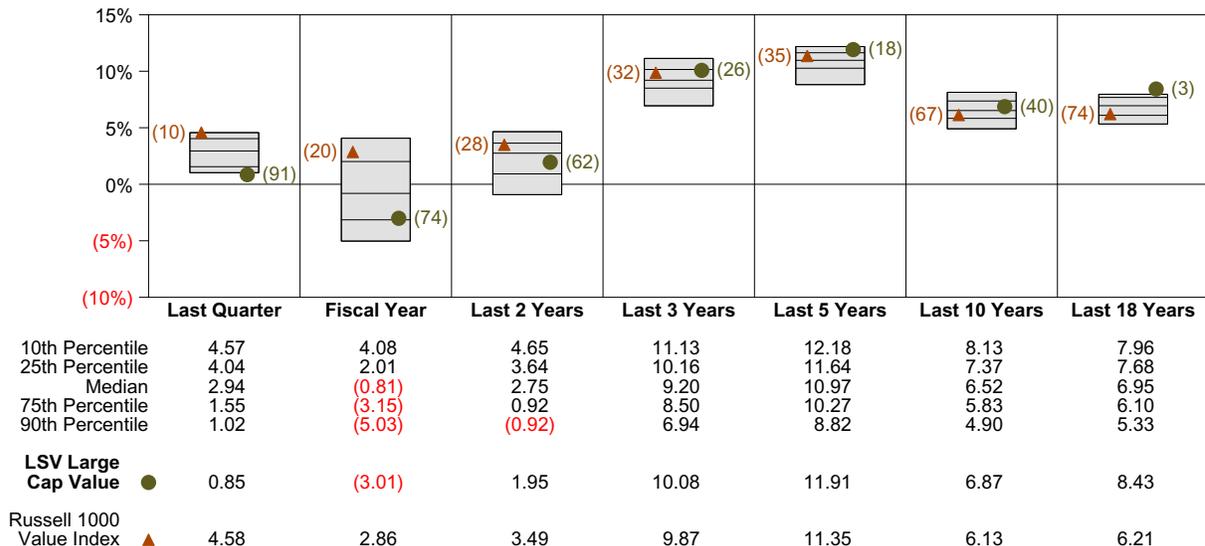
Quarterly Summary and Highlights

- LSV Large Cap Value's portfolio posted a 0.85% return for the quarter placing it in the 91 percentile of the CAI Large Cap Value group for the quarter and in the 74 percentile for the last year.
- LSV Large Cap Value's portfolio underperformed the Russell 1000 Value Index by 3.73% for the quarter and underperformed the Russell 1000 Value Index for the year by 5.87%.

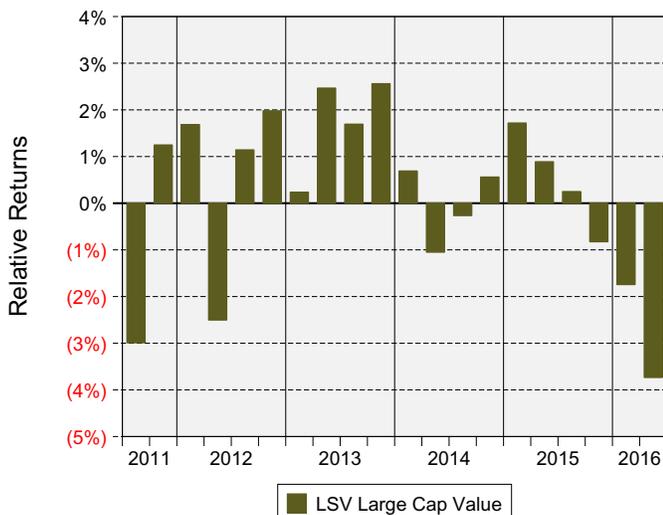
Quarterly Asset Growth

Beginning Market Value	\$67,025,309
Net New Investment	\$2,350,059
Investment Gains/(Losses)	\$491,696
Ending Market Value	\$69,867,064

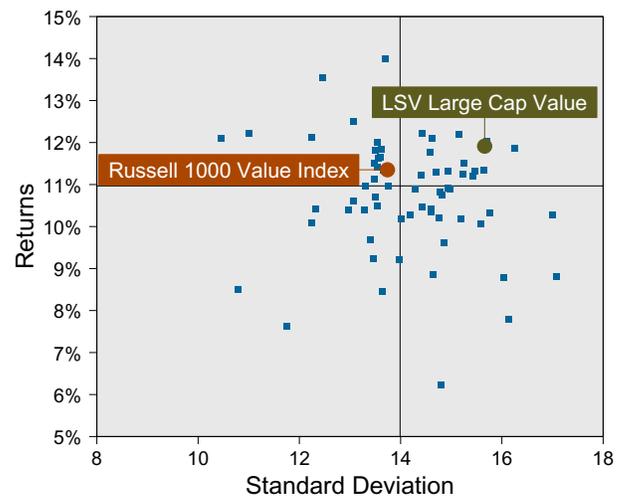
Performance vs CAI Large Cap Value (Gross)



Relative Return vs Russell 1000 Value Index



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



Parametric Clifton SmallCap Period Ended June 30, 2016

Investment Philosophy

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

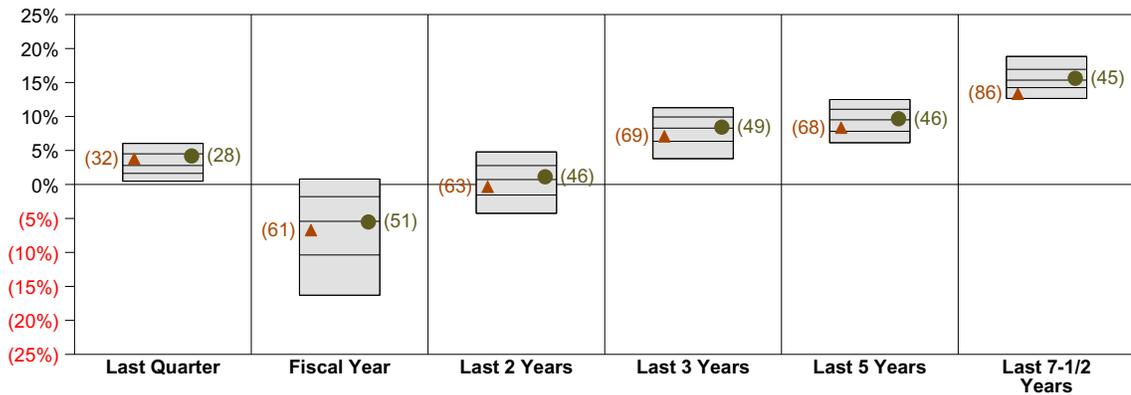
Quarterly Summary and Highlights

- Parametric Clifton SmallCap's portfolio posted a 4.19% return for the quarter placing it in the 28 percentile of the CAI Small Capitalization group for the quarter and in the 51 percentile for the last year.
- Parametric Clifton SmallCap's portfolio outperformed the Russell 2000 Index by 0.40% for the quarter and outperformed the Russell 2000 Index for the year by 1.21%.

Quarterly Asset Growth

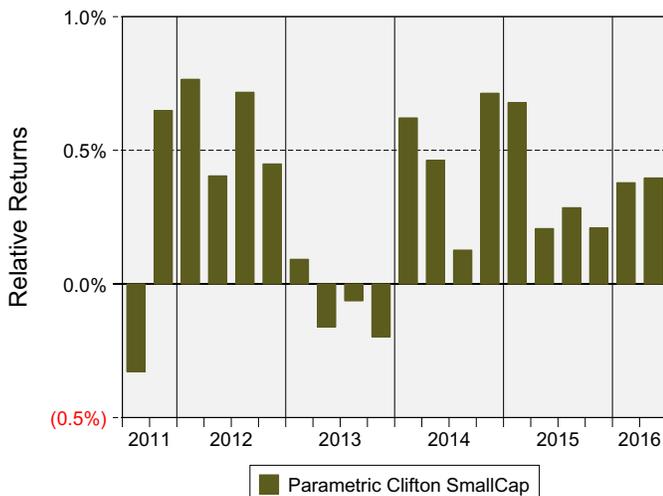
Beginning Market Value	\$51,289,190
Net New Investment	\$-7,000,000
Investment Gains/(Losses)	\$2,084,687
Ending Market Value	\$46,373,876

Performance vs CAI Small Capitalization (Gross)

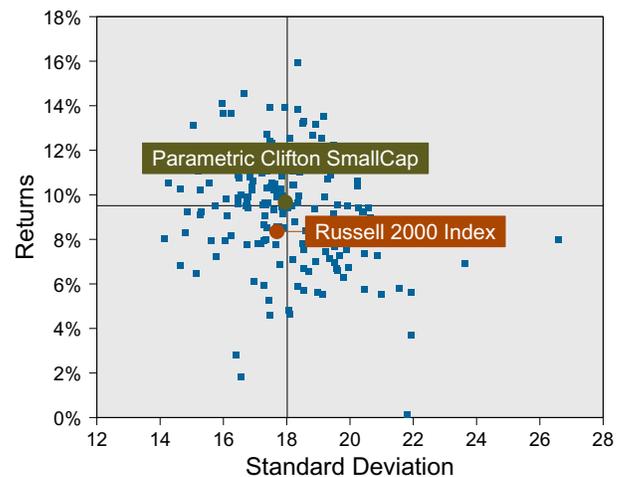


10th Percentile	6.04	0.80	4.79	11.30	12.50	18.84
25th Percentile	4.51	(1.79)	2.78	9.92	11.07	16.94
Median	2.79	(5.42)	0.72	8.29	9.51	15.35
75th Percentile	1.63	(10.37)	(1.56)	6.35	7.82	14.24
90th Percentile	0.48	(16.30)	(4.25)	3.79	6.14	12.65
Parametric Clifton SmallCap	● 4.19	(5.52)	1.13	8.43	9.67	15.62
Russell 2000 Index	▲ 3.79	(6.73)	(0.34)	7.09	8.35	13.35

Relative Return vs Russell 2000 Index



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



PIMCO RAE

Period Ended June 30, 2016

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.

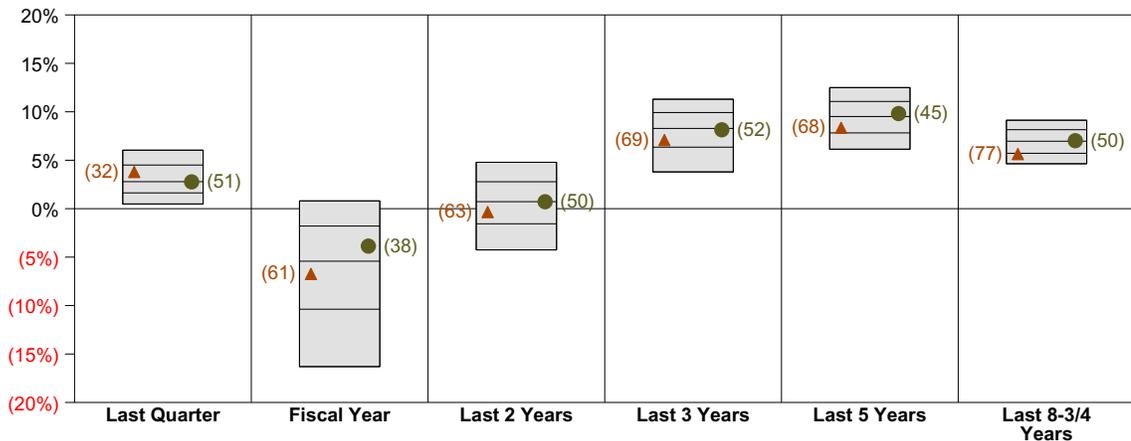
Quarterly Summary and Highlights

- PIMCO RAE's portfolio posted a 2.77% return for the quarter placing it in the 51 percentile of the CAI Small Capitalization group for the quarter and in the 38 percentile for the last year.
- PIMCO RAE's portfolio underperformed the Russell 2000 Index by 1.03% for the quarter and outperformed the Russell 2000 Index for the year by 2.87%.

Quarterly Asset Growth

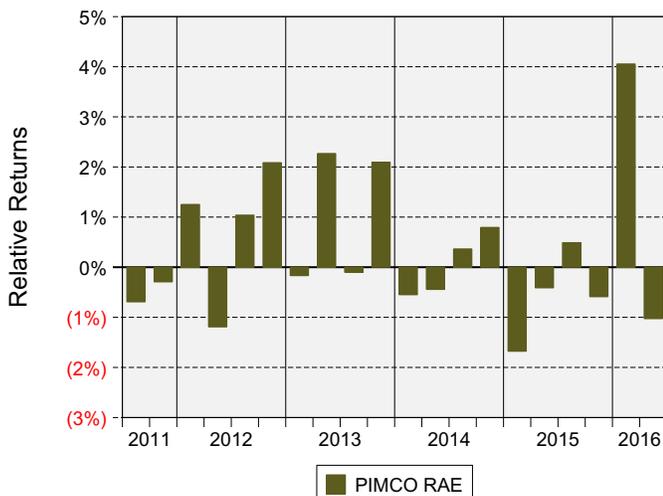
Beginning Market Value	\$32,336,420
Net New Investment	\$-19,475
Investment Gains/(Losses)	\$893,856
Ending Market Value	\$33,210,801

Performance vs CAI Small Capitalization (Gross)

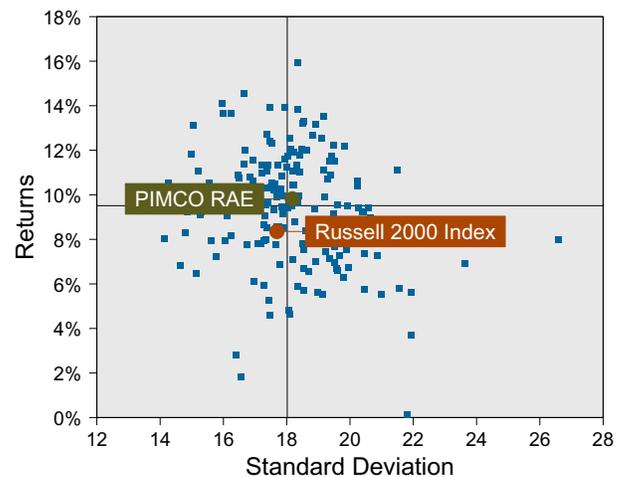


10th Percentile	6.04	0.80	4.79	11.30	12.50	9.13
25th Percentile	4.51	(1.79)	2.78	9.92	11.07	8.15
Median	2.79	(5.42)	0.72	8.29	9.51	6.96
75th Percentile	1.63	(10.37)	(1.56)	6.35	7.82	5.72
90th Percentile	0.48	(16.30)	(4.25)	3.79	6.14	4.64
PIMCO RAE ●	2.77	(3.86)	0.71	8.14	9.82	7.02
Russell 2000 Index ▲	3.79	(6.73)	(0.34)	7.09	8.35	5.64

Relative Return vs Russell 2000 Index



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



DFA Intl Small Cap Value Period Ended June 30, 2016

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.

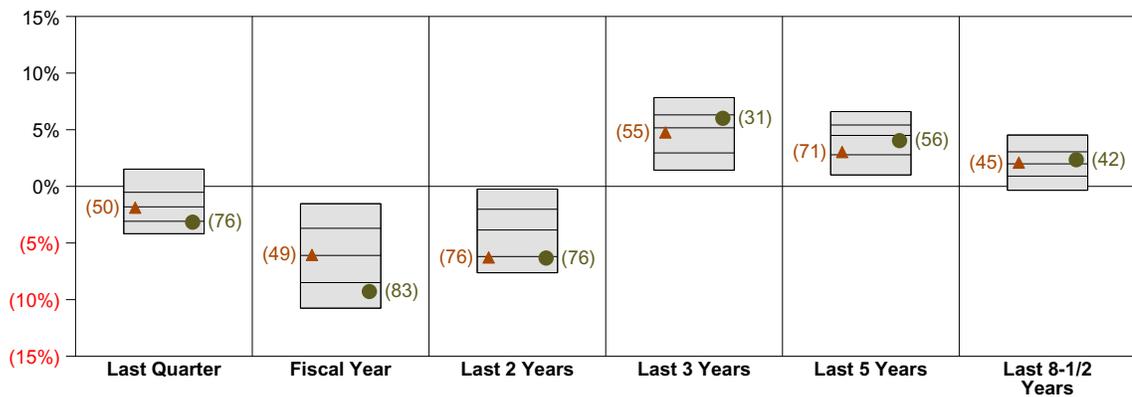
Quarterly Summary and Highlights

- DFA Intl Small Cap Value's portfolio posted a (3.16)% return for the quarter placing it in the 76 percentile of the Lipper International Small Cap Funds group for the quarter and in the 83 percentile for the last year.
- DFA Intl Small Cap Value's portfolio underperformed the World ex US SC Value by 1.28% for the quarter and underperformed the World ex US SC Value for the year by 3.23%.

Quarterly Asset Growth

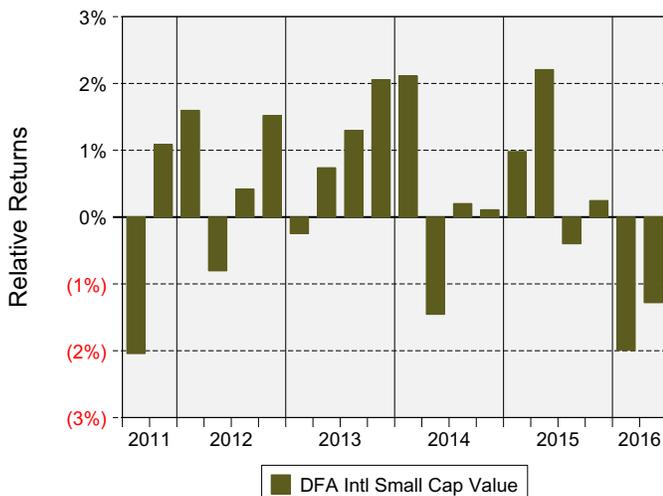
Beginning Market Value	\$17,423,824
Net New Investment	\$0
Investment Gains/(Losses)	\$-550,452
Ending Market Value	\$16,873,372

Performance vs Lipper International Small Cap Funds (Net)

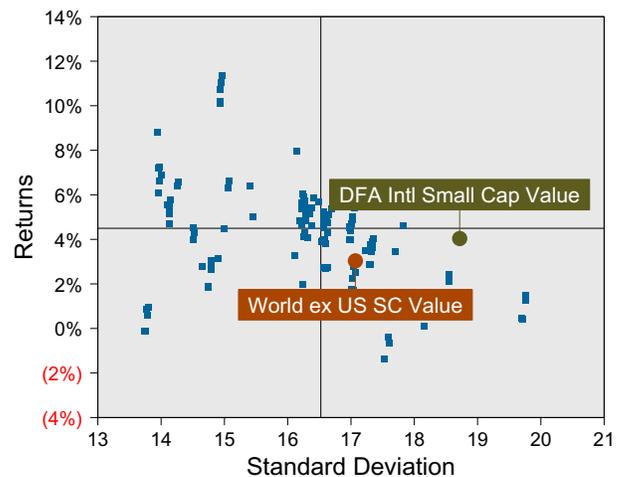


10th Percentile	1.52	(1.53)	(0.24)	7.84	6.60	4.53
25th Percentile	(0.52)	(3.70)	(2.02)	6.31	5.42	3.05
Median	(1.81)	(6.10)	(3.85)	5.17	4.50	1.99
75th Percentile	(3.08)	(8.49)	(6.20)	2.95	2.79	0.91
90th Percentile	(4.18)	(10.75)	(7.63)	1.43	1.00	(0.34)
DFA Intl Small Cap Value ●	(3.16)	(9.28)	(6.33)	6.01	4.04	2.35
World ex US SC Value ▲	(1.88)	(6.05)	(6.28)	4.76	3.03	2.10

Relative Return vs World ex US SC Value



Lipper International Small Cap Funds (Net) Annualized Five Year Risk vs Return



LSV Intl Value

Period Ended June 30, 2016

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.**

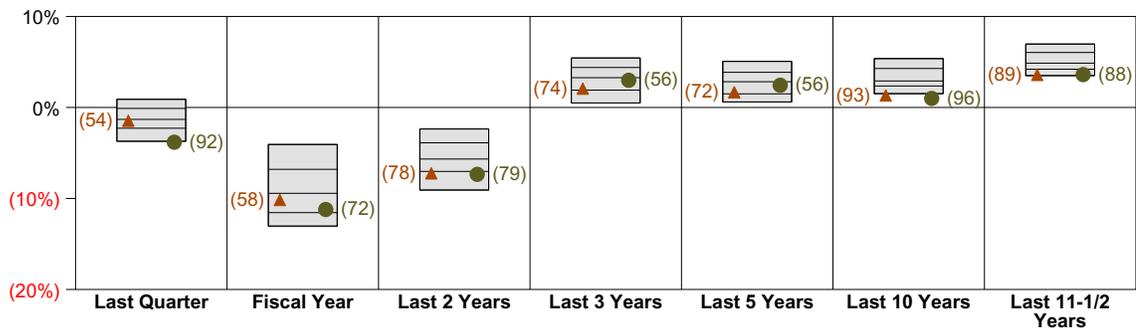
Quarterly Summary and Highlights

- LSV Intl Value's portfolio posted a (3.82)% return for the quarter placing it in the 92 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 72 percentile for the last year.
- LSV Intl Value's portfolio underperformed the Benchmark by 2.36% for the quarter and underperformed the Benchmark for the year by 1.05%.

Quarterly Asset Growth

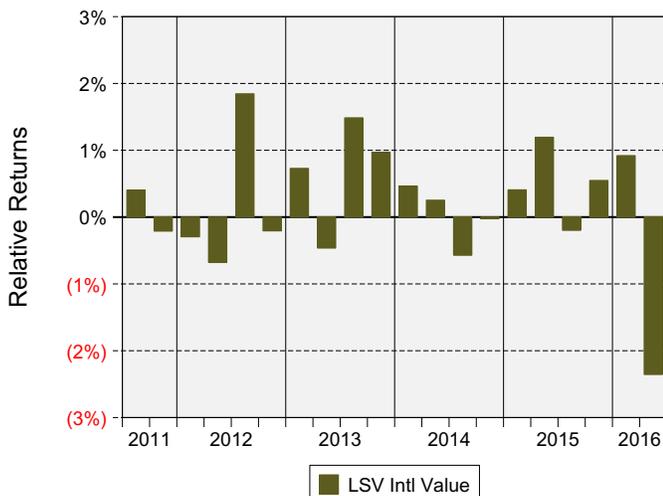
Beginning Market Value	\$72,663,546
Net New Investment	\$-565,922
Investment Gains/(Losses)	\$-2,743,843
Ending Market Value	\$69,353,781

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

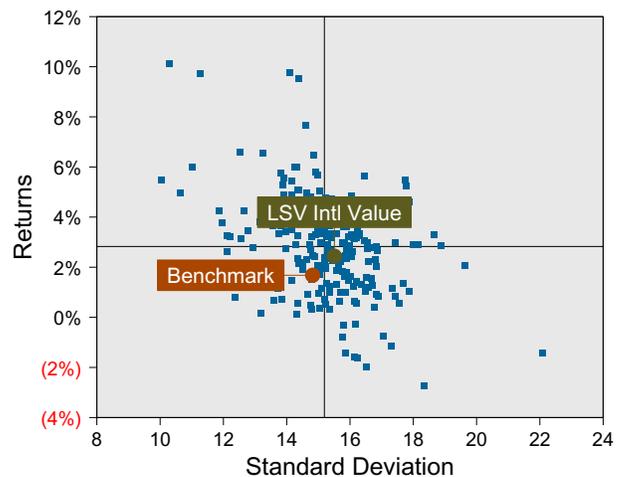


10th Percentile	0.90	(4.07)	(2.36)	5.44	5.06	5.37	6.97
25th Percentile	(0.10)	(6.80)	(3.88)	4.39	3.86	4.28	6.04
Median	(1.31)	(9.43)	(5.67)	3.27	2.83	2.91	4.87
75th Percentile	(2.29)	(11.56)	(7.03)	1.90	1.49	2.36	4.21
90th Percentile	(3.72)	(13.04)	(9.08)	0.49	0.60	1.52	3.50
LSV Intl Value ●	(3.82)	(11.21)	(7.35)	2.99	2.44	0.99	3.61
Benchmark ▲	(1.46)	(10.16)	(7.24)	2.06	1.68	1.32	3.58

Relative Return vs Benchmark



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



Vanguard Intl Explorer Fund Period Ended June 30, 2016

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.

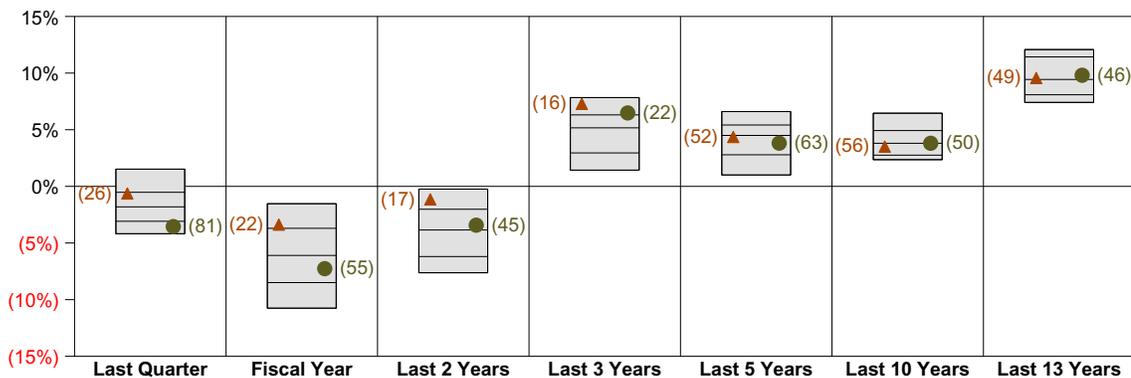
Quarterly Summary and Highlights

- Vanguard Intl Explorer Fund's portfolio posted a (3.55)% return for the quarter placing it in the 81 percentile of the Lipper International Small Cap Funds group for the quarter and in the 55 percentile for the last year.
- Vanguard Intl Explorer Fund's portfolio underperformed the S&P BMI EPAC <\$2 B by 2.93% for the quarter and underperformed the S&P BMI EPAC <\$2 B for the year by 3.89%.

Quarterly Asset Growth

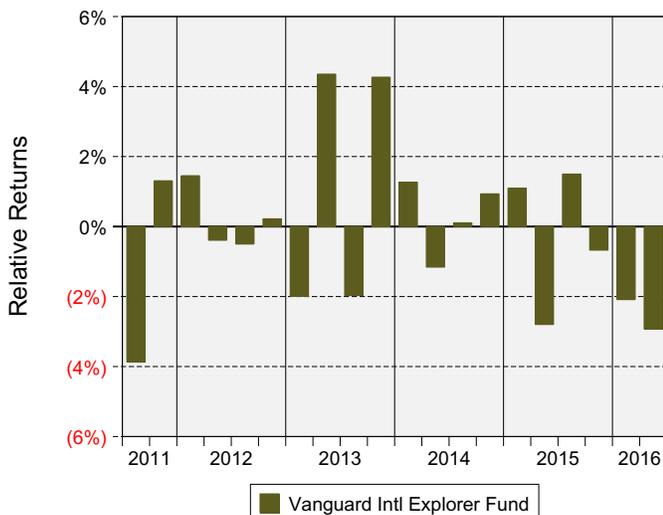
Beginning Market Value	\$18,008,014
Net New Investment	\$0
Investment Gains/(Losses)	\$-639,659
Ending Market Value	\$17,368,355

Performance vs Lipper International Small Cap Funds (Net)

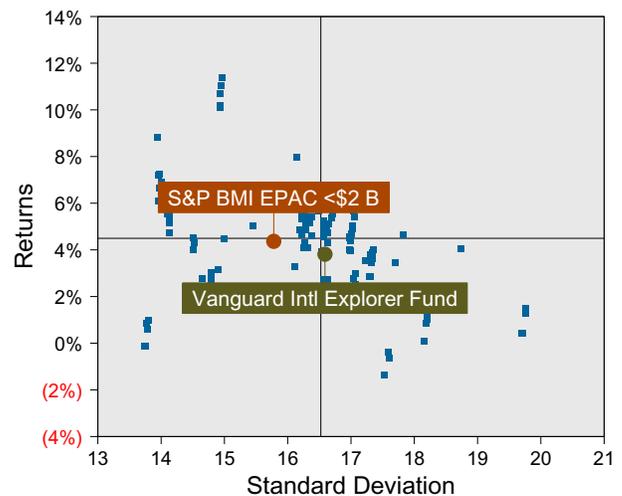


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 13 Years
10th Percentile	1.52	(1.53)	(0.24)	7.84	6.60	6.46	12.08
25th Percentile	(0.52)	(3.70)	(2.02)	6.31	5.42	4.93	11.43
Median	(1.81)	(6.10)	(3.85)	5.17	4.50	3.80	9.44
75th Percentile	(3.08)	(8.49)	(6.20)	2.95	2.79	2.75	8.09
90th Percentile	(4.18)	(10.75)	(7.63)	1.43	1.00	2.36	7.41
Vanguard Intl Explorer Fund	● (3.55)	(7.27)	(3.43)	6.48	3.81	3.80	9.81
S&P BMI EPAC <\$2 B	▲ (0.63)	(3.38)	(1.14)	7.29	4.37	3.51	9.57

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



Lipper International Small Cap Funds (Net) Annualized Five Year Risk vs Return



Declaration Total Return Period Ended June 30, 2016

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.

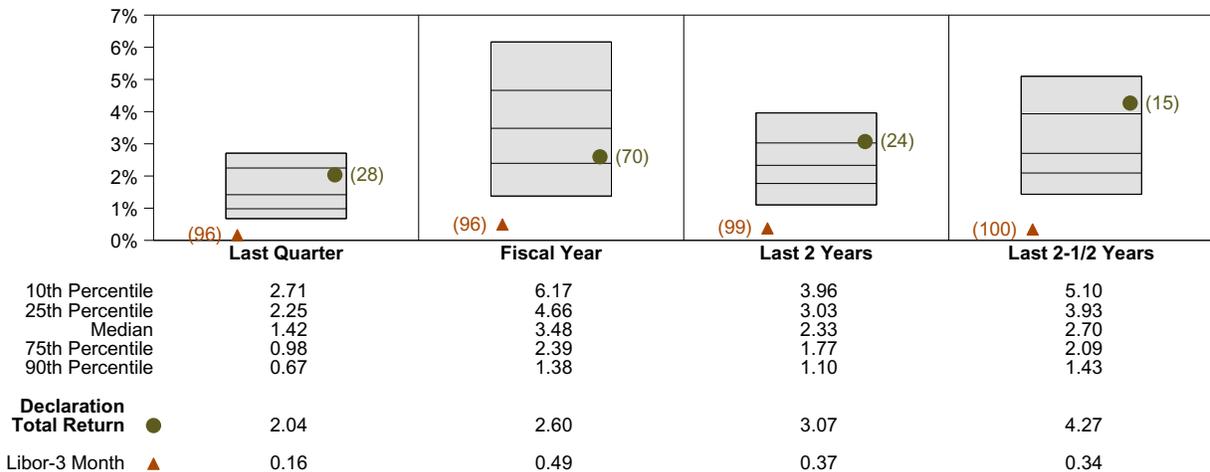
Quarterly Summary and Highlights

- Declaration Total Return's portfolio posted a 2.04% return for the quarter placing it in the 28 percentile of the CAI Intermediate Fixed Income Mut Funds group for the quarter and in the 70 percentile for the last year.
- Declaration Total Return's portfolio outperformed the Libor-3 Month by 1.87% for the quarter and outperformed the Libor-3 Month for the year by 2.10%.

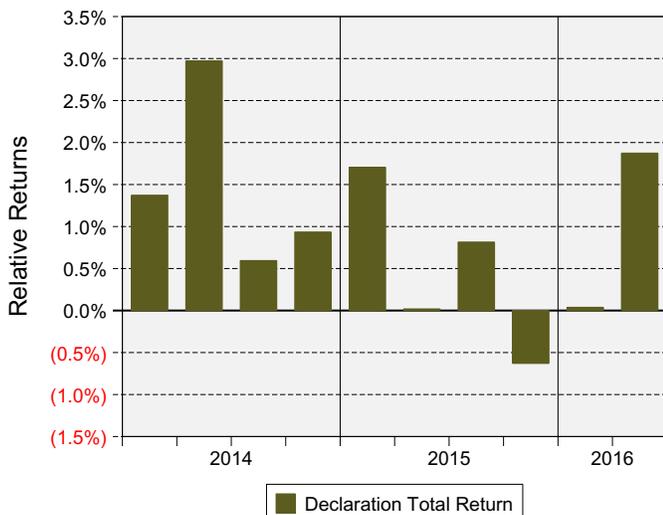
Quarterly Asset Growth

Beginning Market Value	\$78,466,901
Net New Investment	\$-28,096
Investment Gains/(Losses)	\$1,597,443
Ending Market Value	\$80,036,248

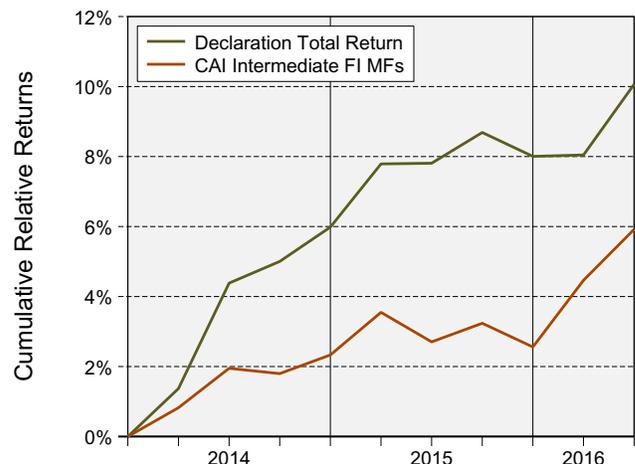
Performance vs CAI Intermediate Fixed Income Mut Funds (Net)



Relative Return vs Libor-3 Month



Cumulative Returns vs Libor-3 Month



PIMCO DiSCO II

Period Ended June 30, 2016

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.

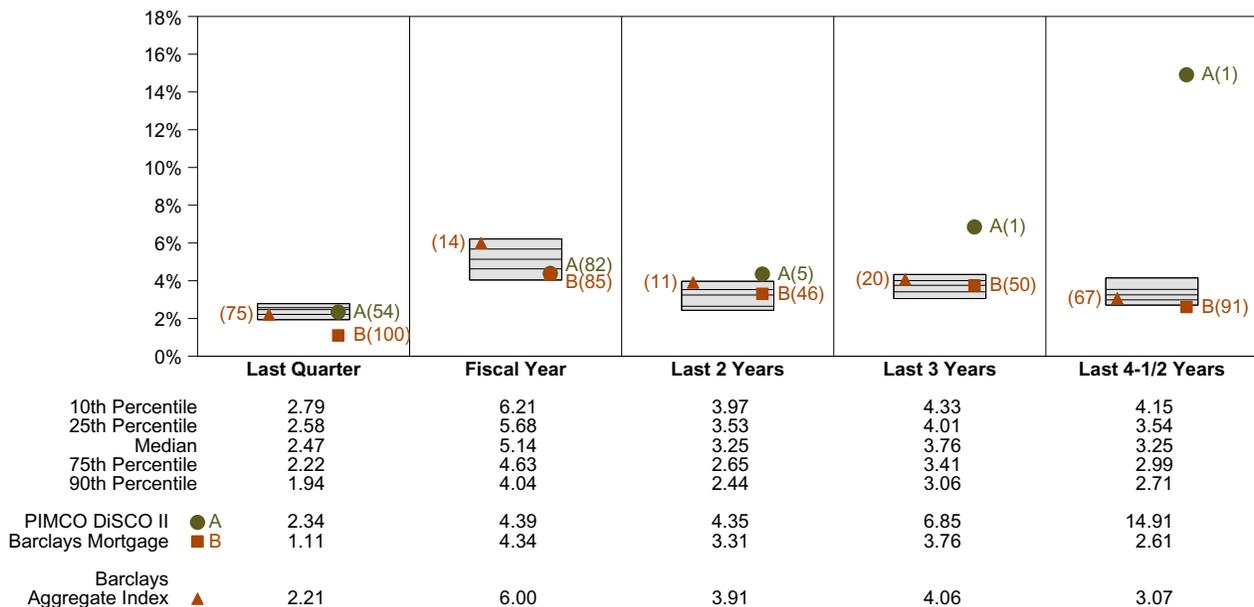
Quarterly Summary and Highlights

- PIMCO DiSCO II's portfolio posted a 2.34% return for the quarter placing it in the 54 percentile of the CAI Core Bond Mutual Funds group for the quarter and in the 82 percentile for the last year.
- PIMCO DiSCO II's portfolio outperformed the Barclays Aggregate Index by 0.13% for the quarter and underperformed the Barclays Aggregate Index for the year by 1.61%.

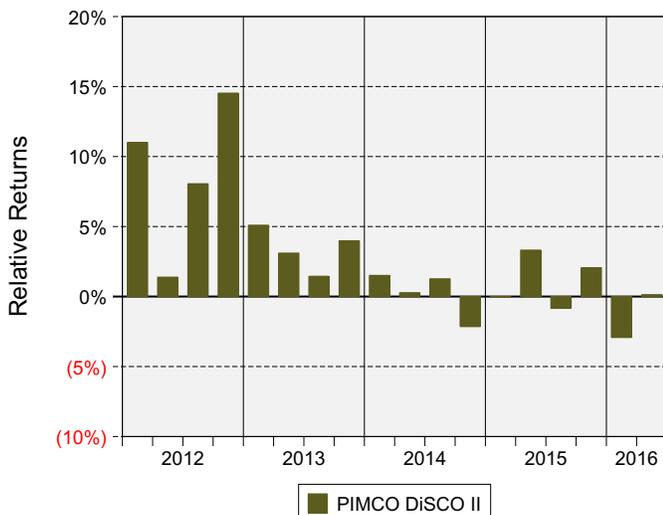
Quarterly Asset Growth

Beginning Market Value	\$80,561,946
Net New Investment	\$0
Investment Gains/(Losses)	\$1,888,725
Ending Market Value	\$82,450,671

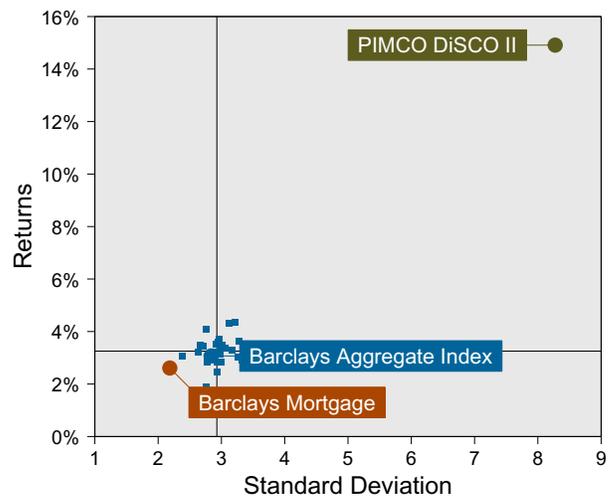
Performance vs CAI Core Bond Mutual Funds (Net)



Relative Return vs Barclays Aggregate Index



CAI Core Bond Mutual Funds (Net) Annualized Four and One-Half Year Risk vs Return



PIMCO Bravo II Fund

Period Ended June 30, 2016

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.

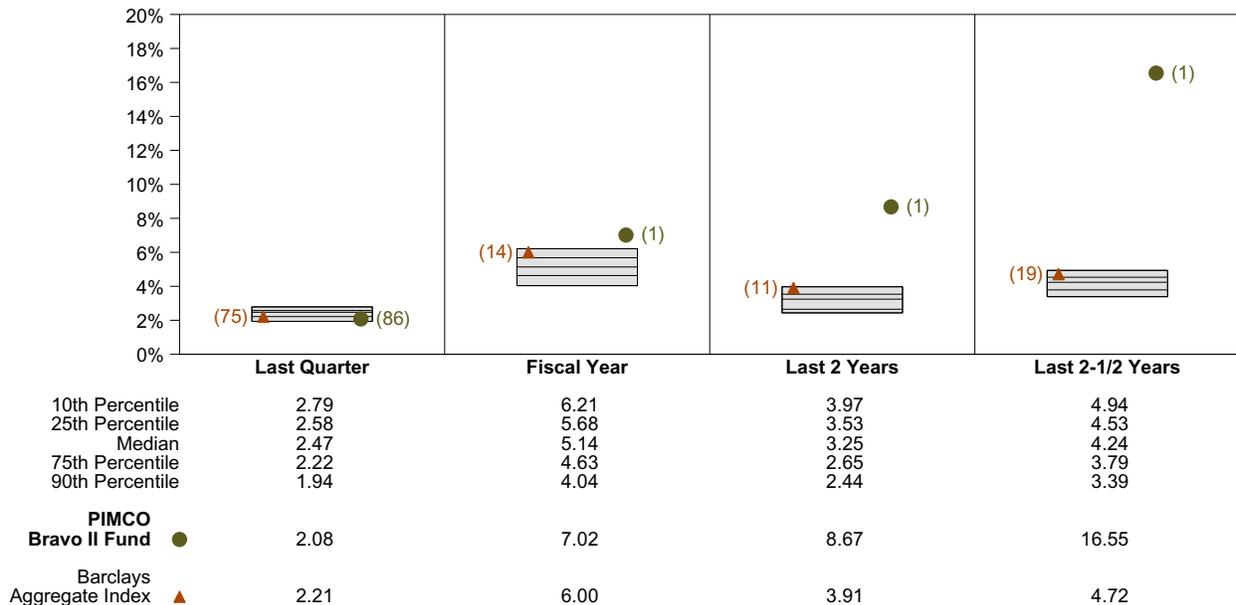
Quarterly Summary and Highlights

- PIMCO Bravo II Fund's portfolio posted a 2.08% return for the quarter placing it in the 86 percentile of the CAI Core Bond Mutual Funds group for the quarter and in the 1 percentile for the last year.
- PIMCO Bravo II Fund's portfolio underperformed the Barclays Aggregate Index by 0.13% for the quarter and outperformed the Barclays Aggregate Index for the year by 1.02%.

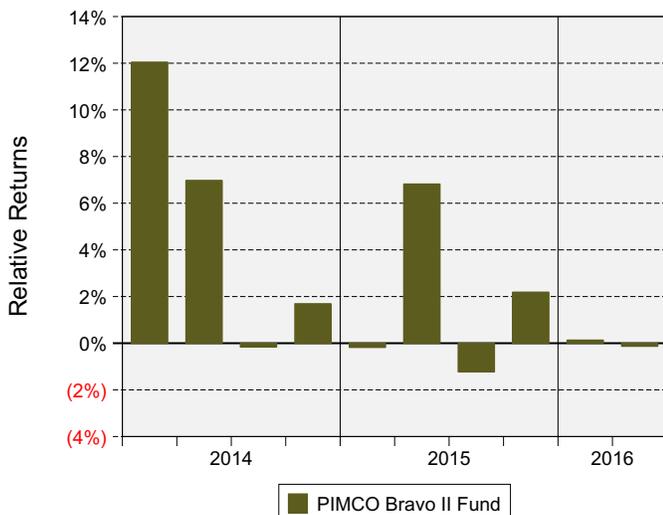
Quarterly Asset Growth

Beginning Market Value	\$46,122,603
Net New Investment	\$0
Investment Gains/(Losses)	\$959,697
Ending Market Value	\$47,082,300

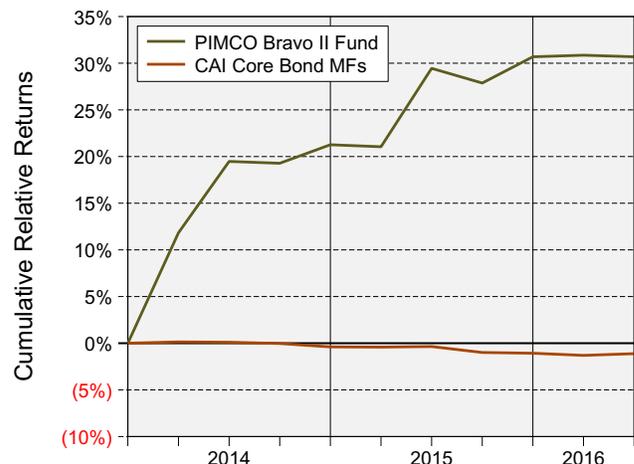
Performance vs CAI Core Bond Mutual Funds (Net)



Relative Return vs Barclays Aggregate Index



Cumulative Returns vs Barclays Aggregate Index



Prudential Period Ended June 30, 2016

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.

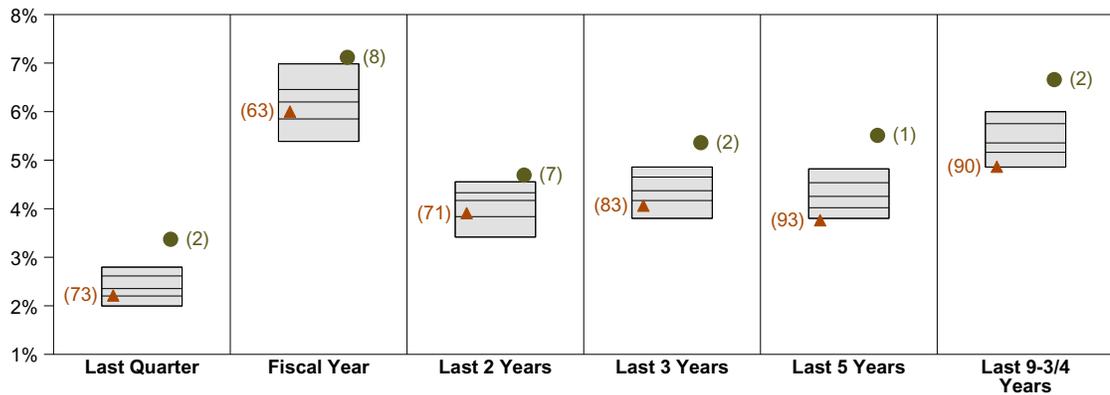
Quarterly Summary and Highlights

- Prudential's portfolio posted a 3.37% return for the quarter placing it in the 2 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 8 percentile for the last year.
- Prudential's portfolio outperformed the Barclays Aggregate Index by 1.16% for the quarter and outperformed the Barclays Aggregate Index for the year by 1.12%.

Quarterly Asset Growth

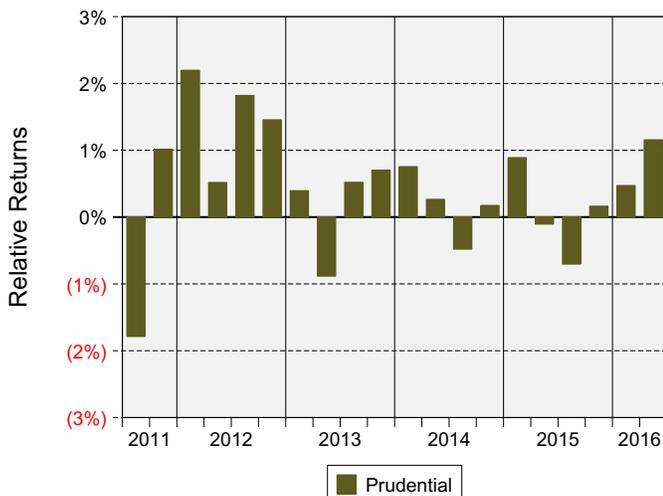
Beginning Market Value	\$99,480,067
Net New Investment	\$7,432,136
Investment Gains/(Losses)	\$3,533,786
Ending Market Value	\$110,445,990

Performance vs CAI Core Bond Fixed Income (Gross)

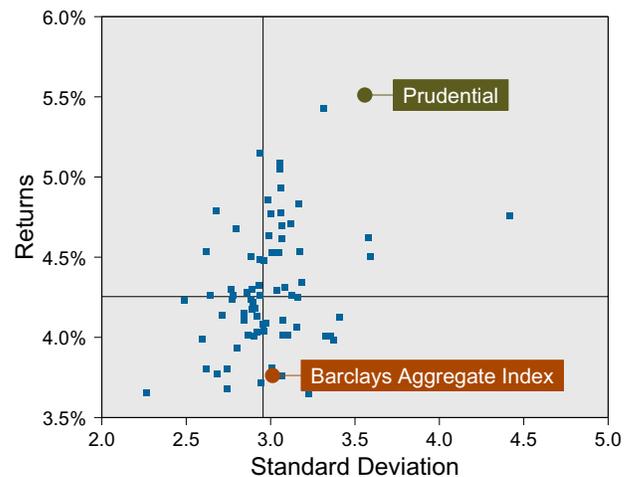


10th Percentile	2.80	6.98	4.55	4.86	4.82	6.00
25th Percentile	2.62	6.46	4.33	4.65	4.54	5.75
Median	2.36	6.20	4.17	4.37	4.25	5.36
75th Percentile	2.20	5.85	3.84	4.17	4.02	5.16
90th Percentile	2.00	5.39	3.42	3.80	3.80	4.86
Prudential ●	3.37	7.12	4.69	5.36	5.51	6.66
Barclays Aggregate Index ▲	2.21	6.00	3.91	4.06	3.76	4.87

Relative Return vs Barclays Aggregate Index



CAI Core Bond Fixed Income (Gross) Annualized Five Year Risk vs Return



SSgA US Govt Cr Bd Index Period Ended June 30, 2016

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.

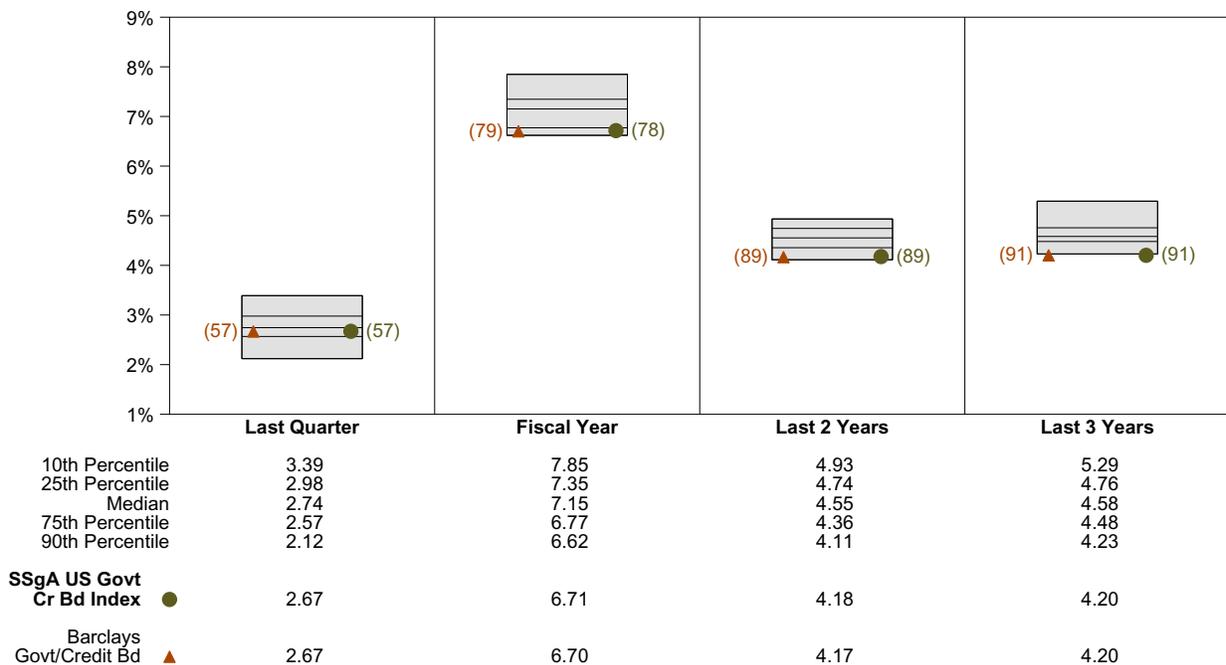
Quarterly Summary and Highlights

- SSgA US Govt Cr Bd Index's portfolio posted a 2.67% return for the quarter placing it in the 57 percentile of the CAI Government/Credit group for the quarter and in the 78 percentile for the last year.
- SSgA US Govt Cr Bd Index's portfolio outperformed the Barclays Govt/Credit Bd by 0.00% for the quarter and outperformed the Barclays Govt/Credit Bd for the year by 0.01%.

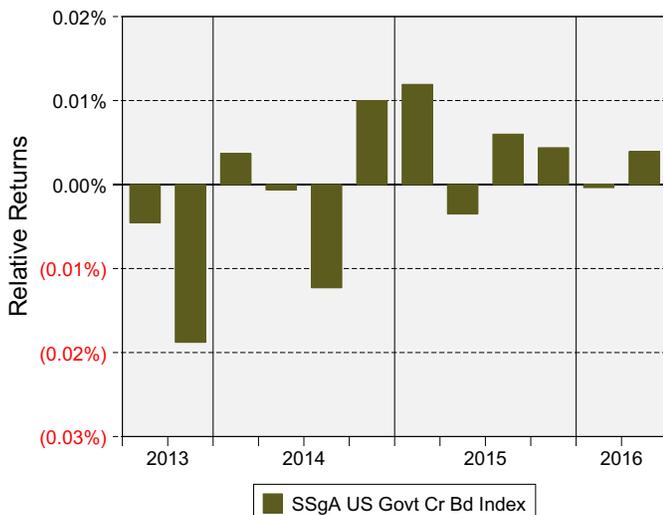
Quarterly Asset Growth

Beginning Market Value	\$136,639,062
Net New Investment	\$2,988,167
Investment Gains/(Losses)	\$3,723,422
Ending Market Value	\$143,350,650

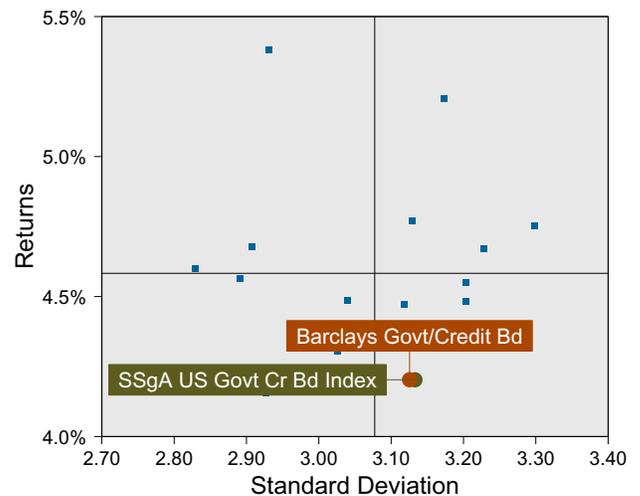
Performance vs CAI Government/Credit (Gross)



Relative Return vs Barclays Govt/Credit Bd



CAI Government/Credit (Gross) Annualized Three Year Risk vs Return



Wells Capital Period Ended June 30, 2016

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.

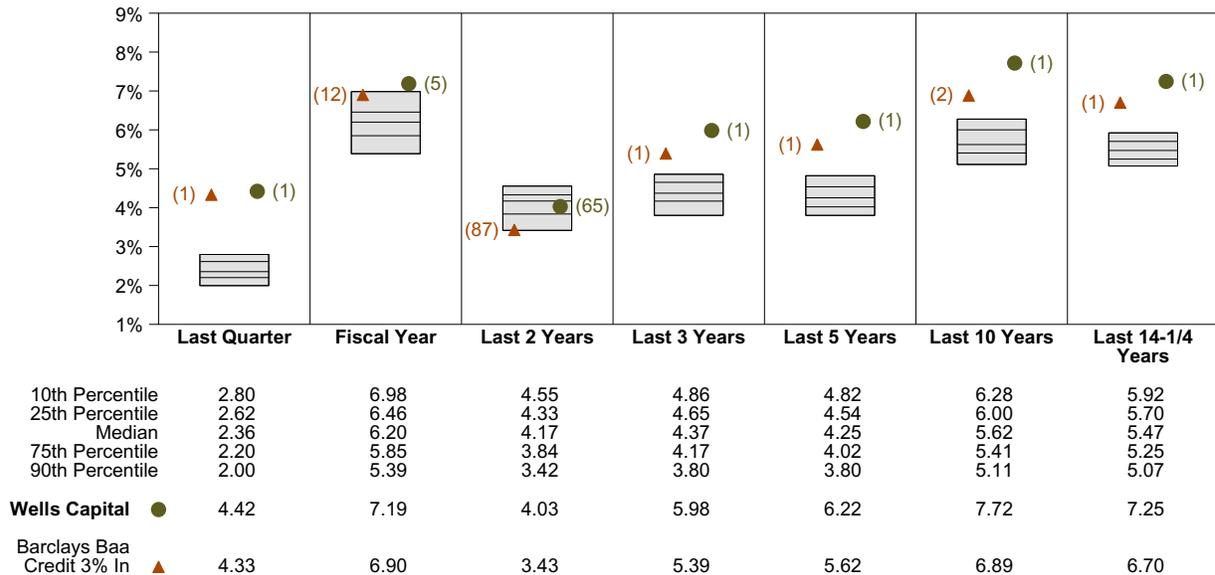
Quarterly Summary and Highlights

- Wells Capital's portfolio posted a 4.42% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 5 percentile for the last year.
- Wells Capital's portfolio outperformed the Barclays Baa Credit 3% In by 0.09% for the quarter and outperformed the Barclays Baa Credit 3% In for the year by 0.29%.

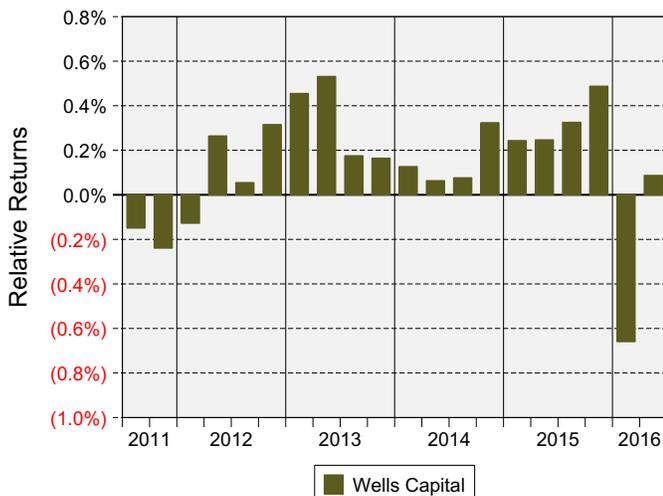
Quarterly Asset Growth

Beginning Market Value	\$299,320,190
Net New Investment	\$-135,325
Investment Gains/(Losses)	\$13,227,869
Ending Market Value	\$312,412,735

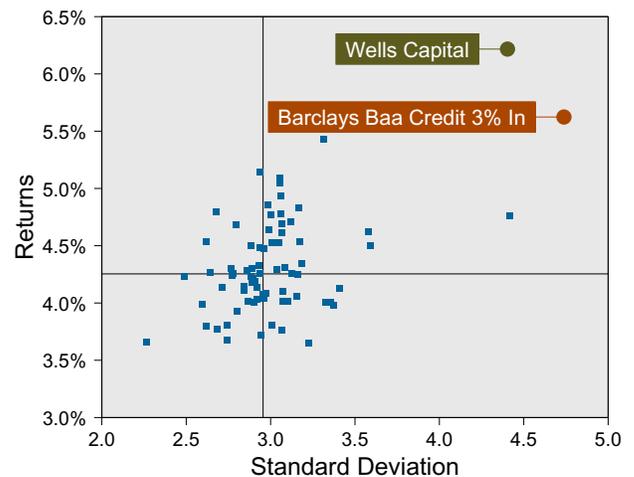
Performance vs CAI Core Bond Fixed Income (Gross)



Relative Return vs Barclays Baa Credit 3% In



CAI Core Bond Fixed Income (Gross) Annualized Five Year Risk vs Return



Western Asset Management Company

Period Ended June 30, 2016

Investment Philosophy

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

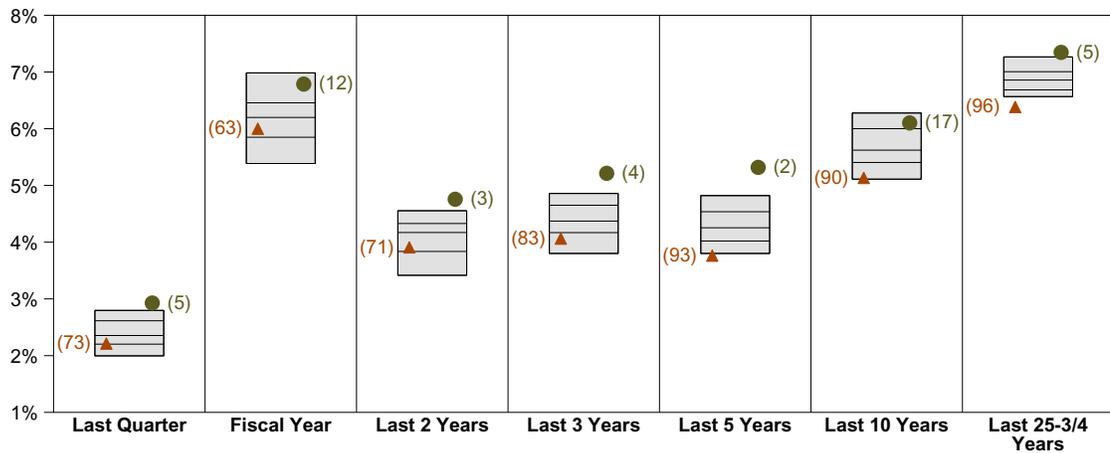
Quarterly Summary and Highlights

- Western Asset's portfolio posted a 2.93% return for the quarter placing it in the 5 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 12 percentile for the last year.
- Western Asset's portfolio outperformed the Barclays Aggregate Index by 0.71% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.79%.

Quarterly Asset Growth

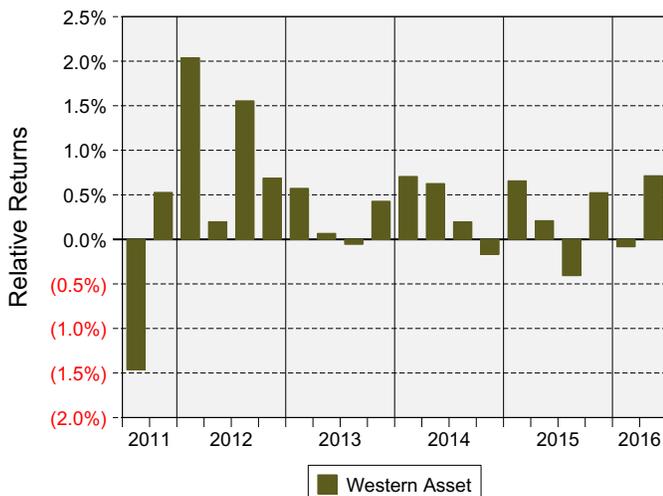
Beginning Market Value	\$292,896,294
Net New Investment	\$7,397,927
Investment Gains/(Losses)	\$8,733,034
Ending Market Value	\$309,027,255

Performance vs CAI Core Bond Fixed Income (Gross)

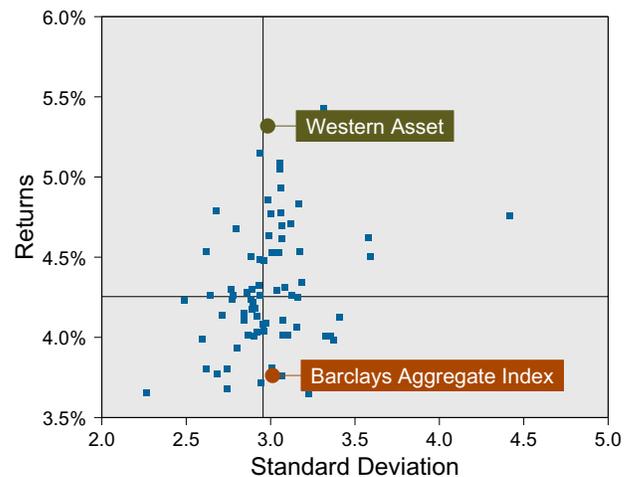


10th Percentile	2.80	6.98	4.55	4.86	4.82	6.28	7.27
25th Percentile	2.62	6.46	4.33	4.65	4.54	6.00	7.01
Median	2.36	6.20	4.17	4.37	4.25	5.62	6.86
75th Percentile	2.20	5.85	3.84	4.17	4.02	5.41	6.68
90th Percentile	2.00	5.39	3.42	3.80	3.80	5.11	6.57
Western Asset ●	2.93	6.79	4.76	5.21	5.32	6.10	7.35
Barclays Aggregate Index ▲	2.21	6.00	3.91	4.06	3.76	5.13	6.38

Relative Return vs Barclays Aggregate Index



CAI Core Bond Fixed Income (Gross) Annualized Five Year Risk vs Return



Western TIPS Period Ended June 30, 2016

Investment Philosophy

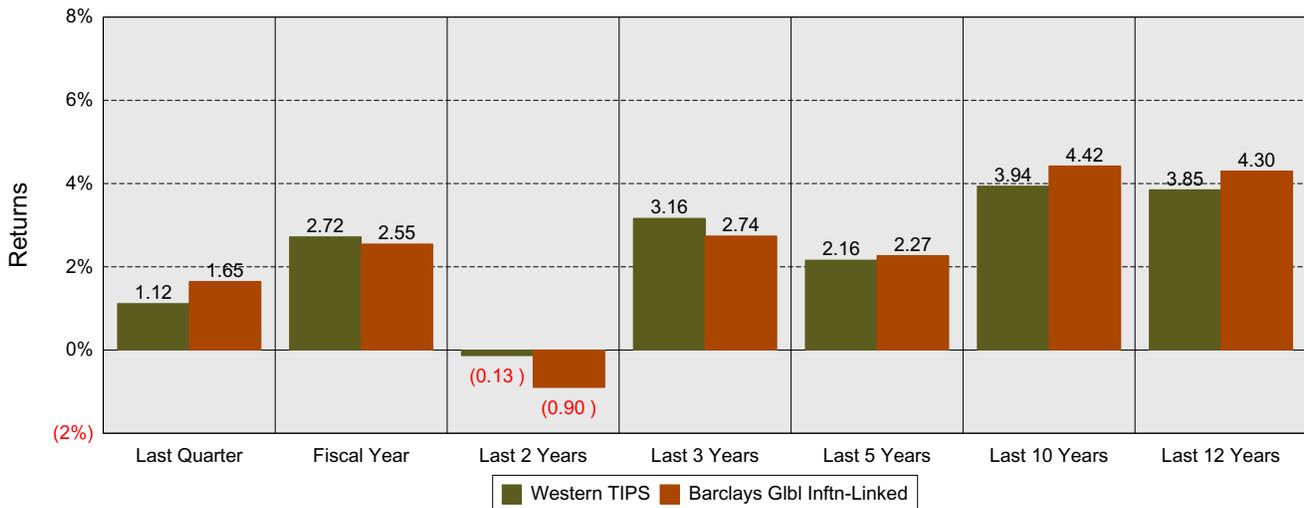
Western Asset's Global Inflation-Linked composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. Constructed primarily of inflation-indexed securities, these portfolios use diversified strategies in seeking to add value while minimizing risk. Value can be added through country selection, term structure, issue selection, duration management and currency management. **Barclays US TIPS through 12/31/2009 and Barclays Global Inflation-Linked thereafter.**

Quarterly Summary and Highlights

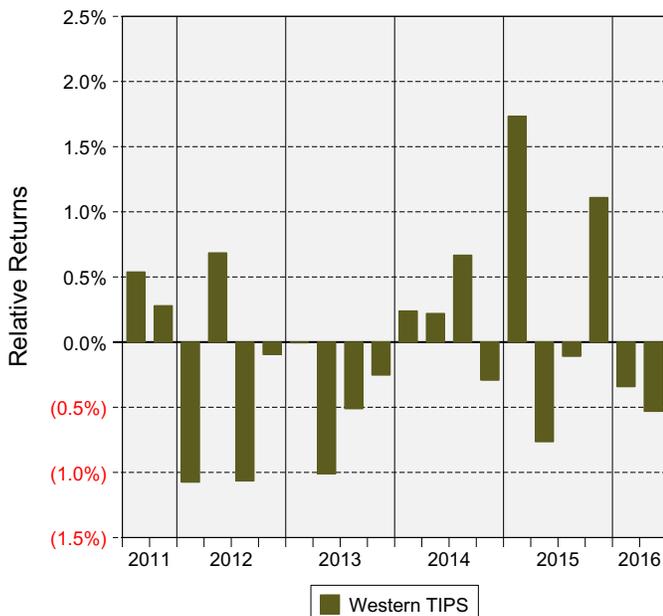
- Western TIPS's portfolio underperformed the Barclays Gbl Inftn-Linked by 0.53% for the quarter and outperformed the Barclays Gbl Inftn-Linked for the year by 0.17%.

Quarterly Asset Growth

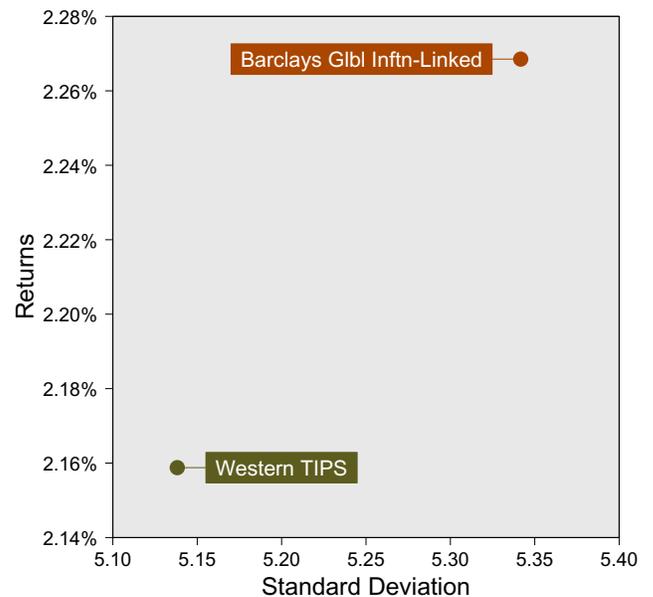
Beginning Market Value	\$111,893,066
Net New Investment	\$-38,536
Investment Gains/(Losses)	\$1,248,944
Ending Market Value	\$113,103,474



Relative Return vs Barclays Gbl Inftn-Linked



Annualized Five Year Risk vs Return



Eastern Timber Opportunities

Period Ended June 30, 2016

Investment Philosophy

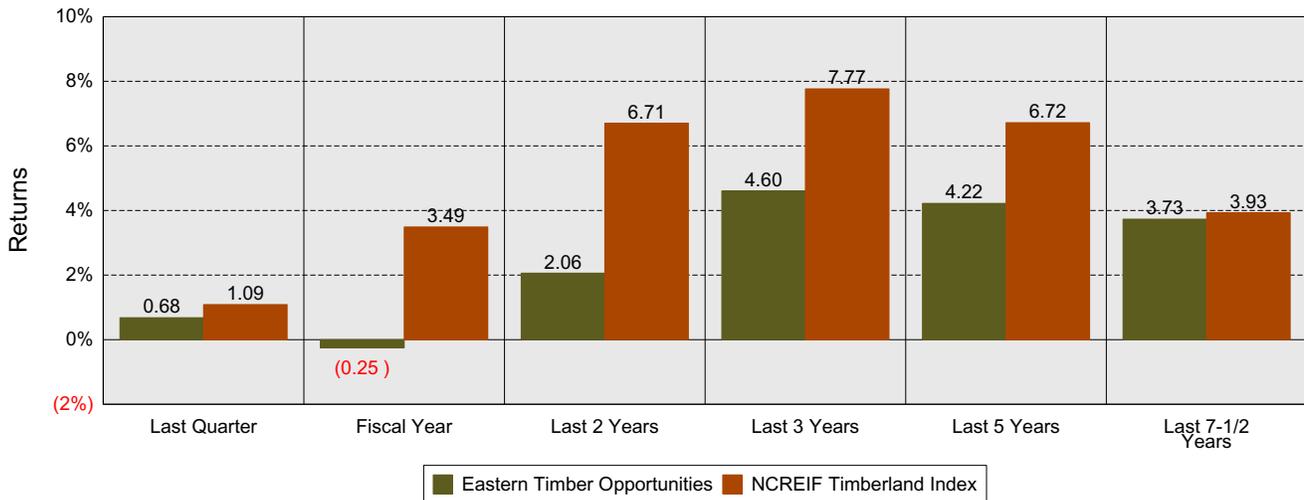
The investment objective of the Eastern Timberland Opportunities fund is to provide competitive timberland investment returns from Eastern US timberland investments by pursuing management strategies to increase timber production and land values through the investment term. TIR will maximize timber values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

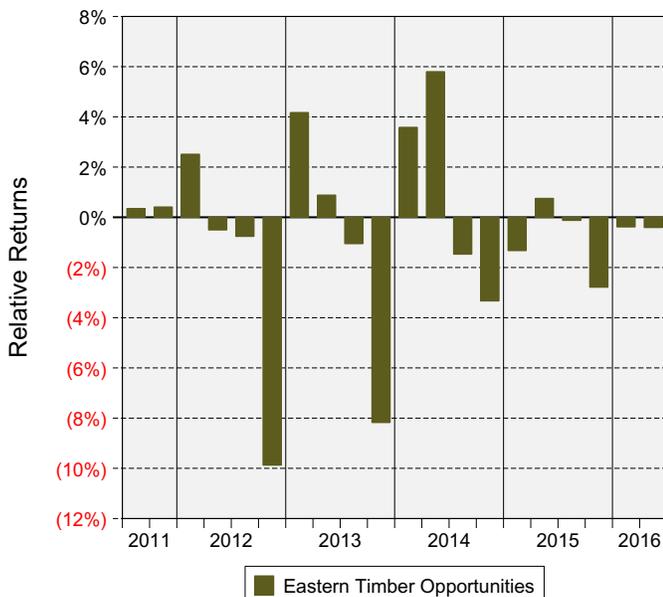
- Eastern Timber Opportunities's portfolio underperformed the NCREIF Timberland Index by 0.41% for the quarter and underperformed the NCREIF Timberland Index for the year by 3.74%.

Quarterly Asset Growth

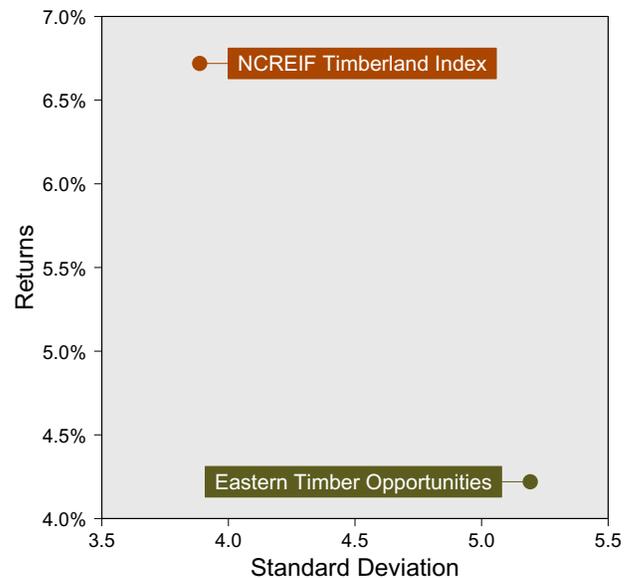
Beginning Market Value	\$59,235,631
Net New Investment	\$-1
Investment Gains/(Losses)	\$402,718
Ending Market Value	\$59,638,348



Relative Return vs NCREIF Timberland Index



Annualized Five Year Risk vs Return



JP Morgan Infrastructure Period Ended June 30, 2016

Investment Philosophy

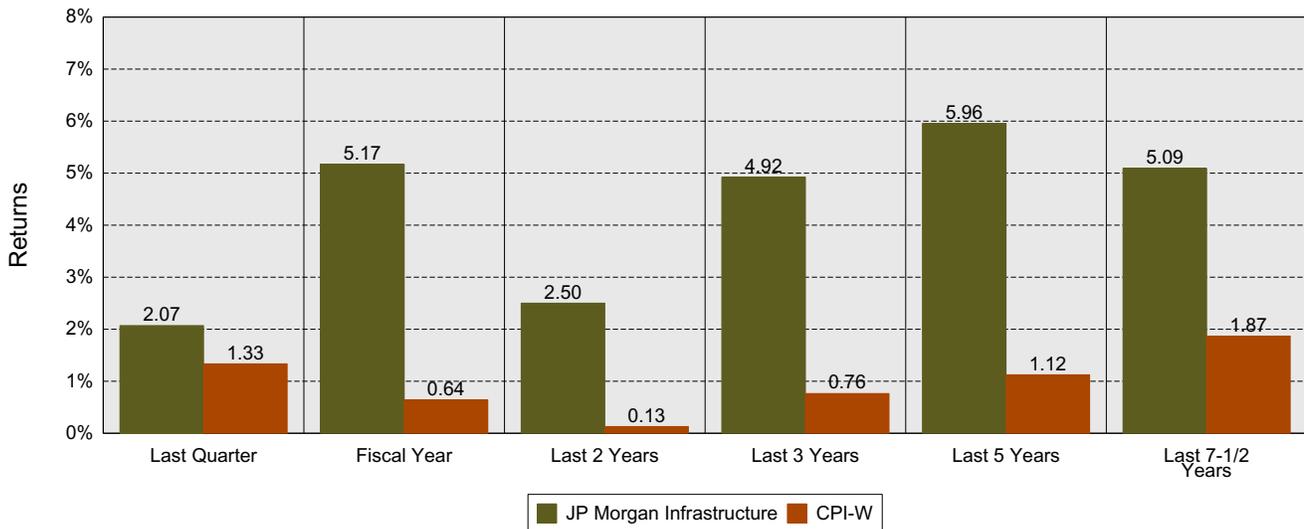
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas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

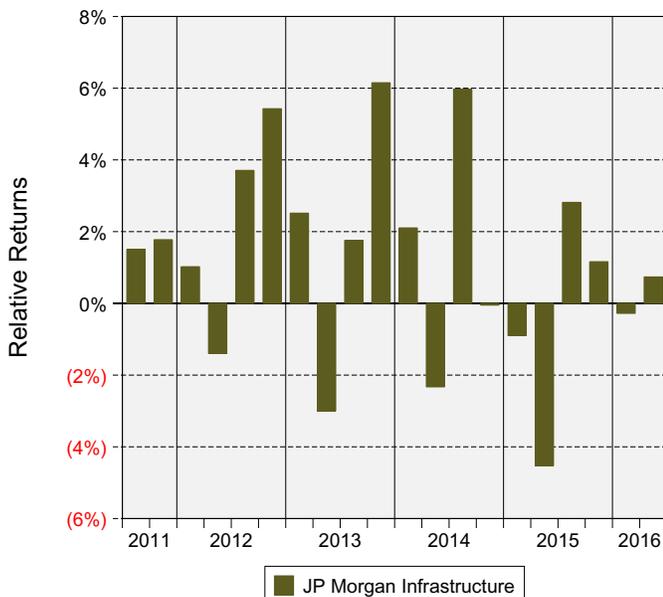
- JP Morgan Infrastructure's portfolio outperformed the CPI-W by 0.74% for the quarter and outperformed the CPI-W for the year by 4.53%.

Quarterly Asset Growth

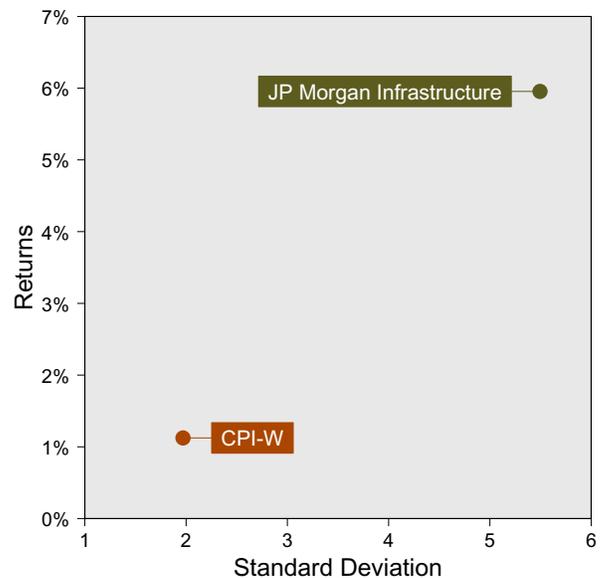
Beginning Market Value	\$74,194,203
Net New Investment	\$-405,151
Investment Gains/(Losses)	\$1,536,767
Ending Market Value	\$75,325,819



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



Grosvenor Cust. Infrastructure Period Ended June 30, 2016

Investment Philosophy

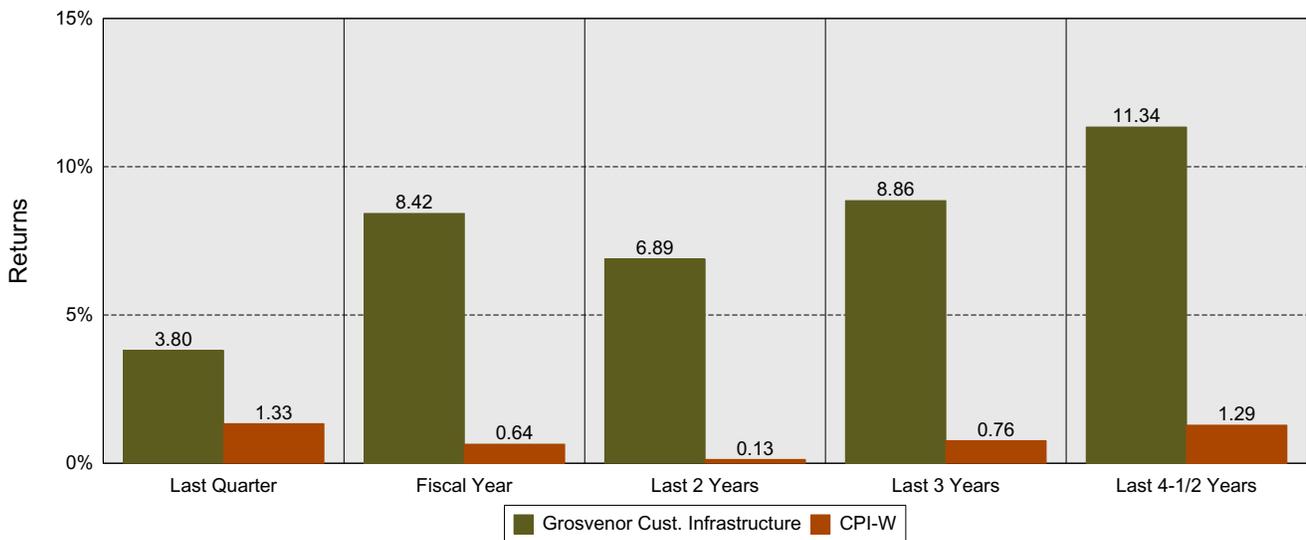
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified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

Quarterly Summary and Highlights

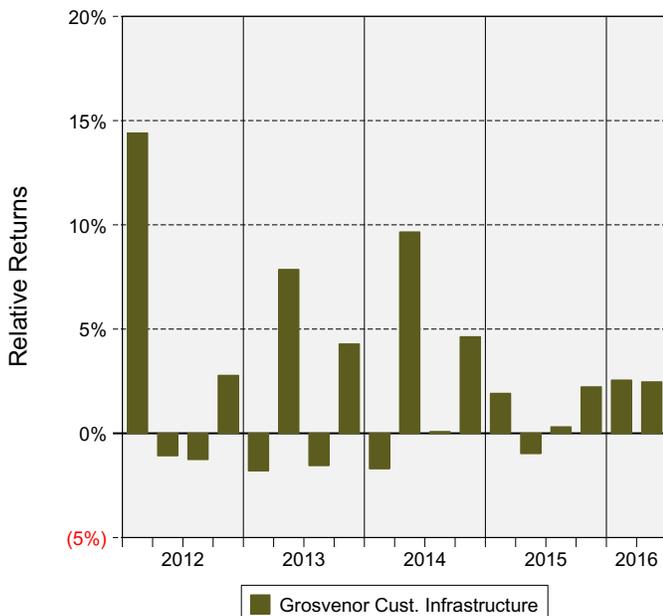
- Grosvenor Cust. Infrastructure's portfolio outperformed the CPI-W by 2.47% for the quarter and outperformed the CPI-W for the year by 7.78%.

Quarterly Asset Growth

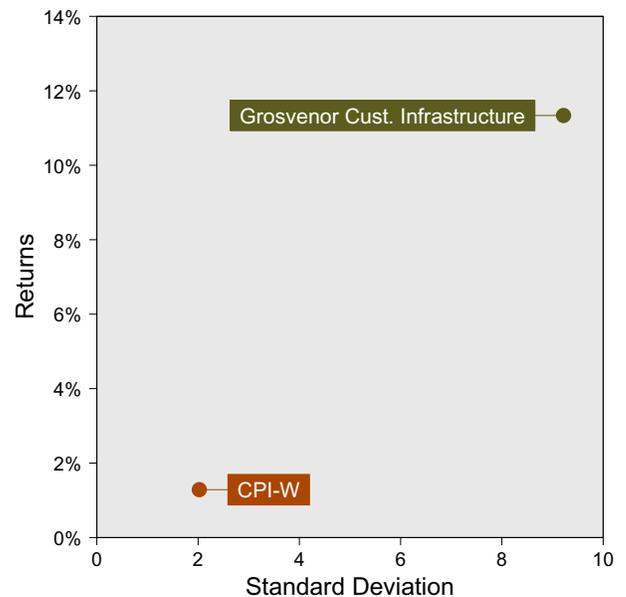
Beginning Market Value	\$20,240,936
Net New Investment	\$-313,799
Investment Gains/(Losses)	\$756,421
Ending Market Value	\$20,683,558



Relative Return vs CPI-W



Annualized Four and One-Half Year Risk vs Return



Invesco Core Real Estate Period Ended June 30, 2016

Investment Philosophy

IRE's investment philosophy is comprised of two fundamental principles: (1) maximize the predictability and consistency of investment returns and (2) minimize the risk of capital loss. This philosophy forms the cornerstone of the company's real estate investment philosophy.

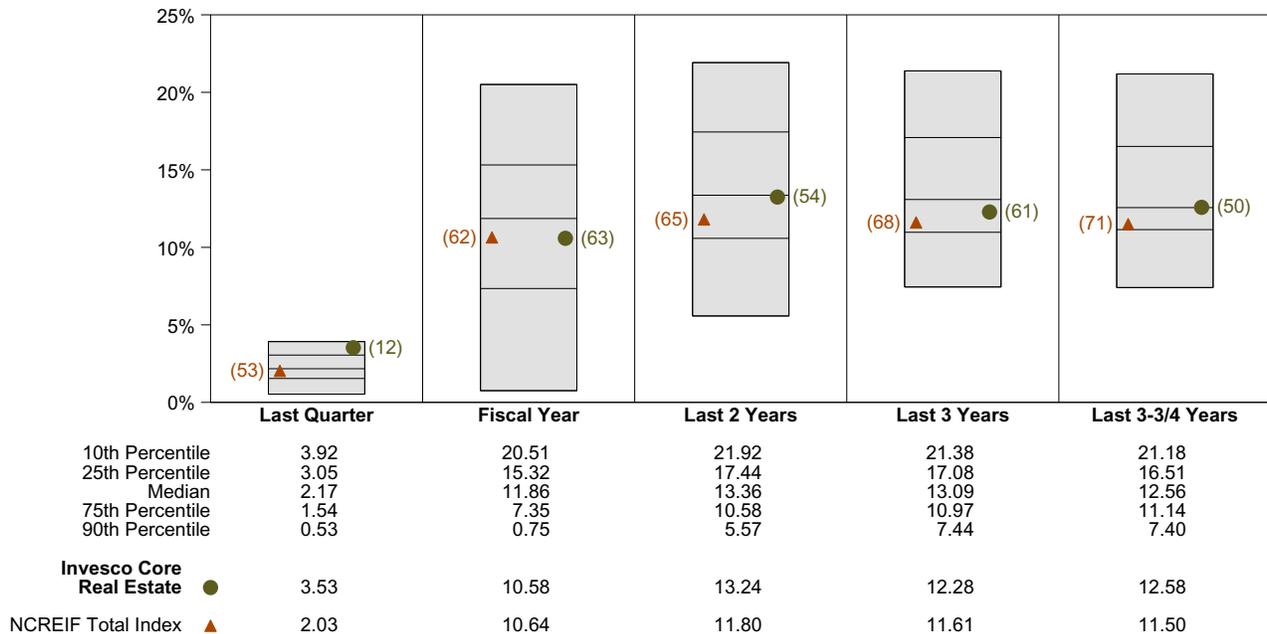
Quarterly Summary and Highlights

- Invesco Core Real Estate's portfolio posted a 3.53% return for the quarter placing it in the 12 percentile of the CAI Total Domestic Real Estate Database group for the quarter and in the 63 percentile for the last year.
- Invesco Core Real Estate's portfolio outperformed the NCREIF Total Index by 1.49% for the quarter and underperformed the NCREIF Total Index for the year by 0.06%.

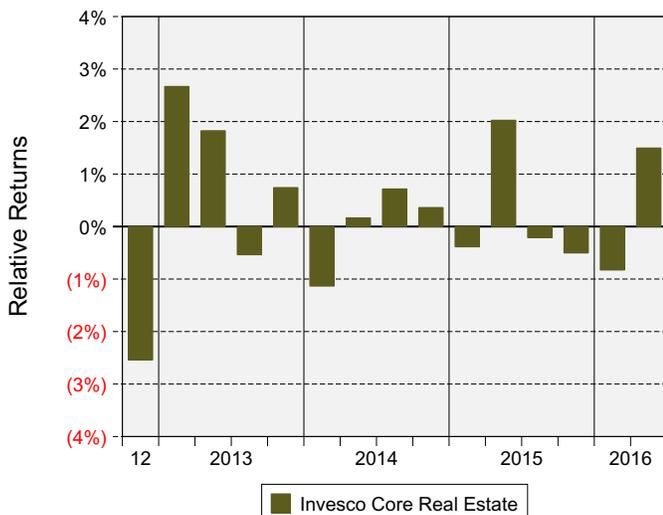
Quarterly Asset Growth

Beginning Market Value	\$59,789,368
Net New Investment	\$-54,597
Investment Gains/(Losses)	\$2,163,572
Ending Market Value	\$61,898,343

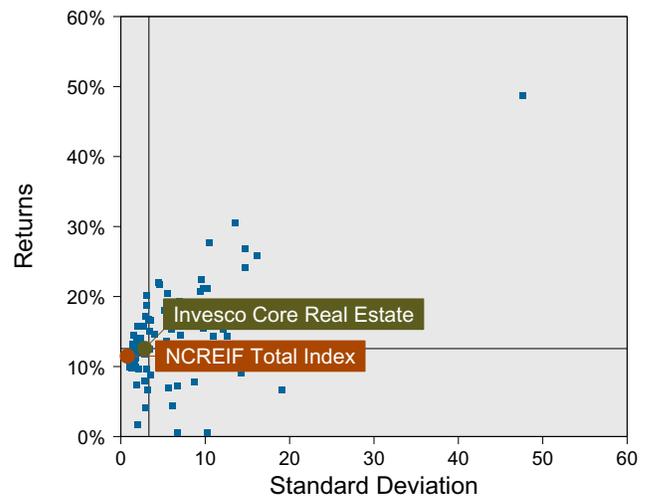
Performance vs CAI Total Domestic Real Estate Database (Net)



Relative Return vs NCREIF Total Index



CAI Total Domestic Real Estate Database (Net) Annualized Three and Three-Quarter Year Risk vs Return



JP Morgan Real Estate Period Ended June 30, 2016

Investment Philosophy

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

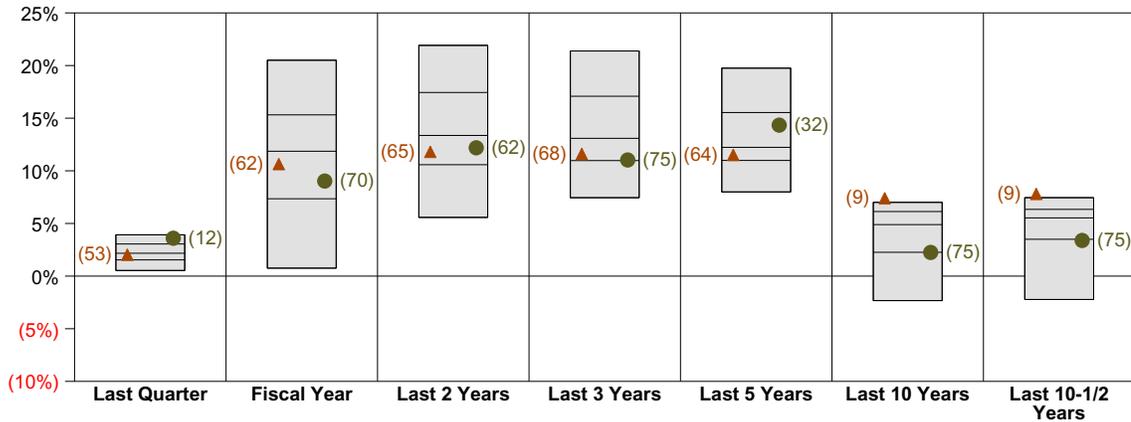
Quarterly Summary and Highlights

- JP Morgan Real Estate's portfolio posted a 3.60% return for the quarter placing it in the 12 percentile of the CAI Total Domestic Real Estate Database group for the quarter and in the 70 percentile for the last year.
- JP Morgan Real Estate's portfolio outperformed the NCREIF Total Index by 1.56% for the quarter and underperformed the NCREIF Total Index for the year by 1.61%.

Quarterly Asset Growth

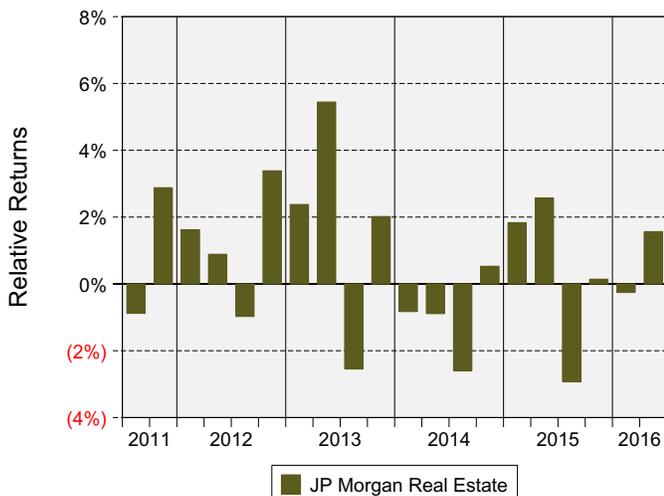
Beginning Market Value	\$67,013,748
Net New Investment	\$-36,536
Investment Gains/(Losses)	\$2,409,072
Ending Market Value	\$69,386,283

Performance vs CAI Total Domestic Real Estate Database (Net)

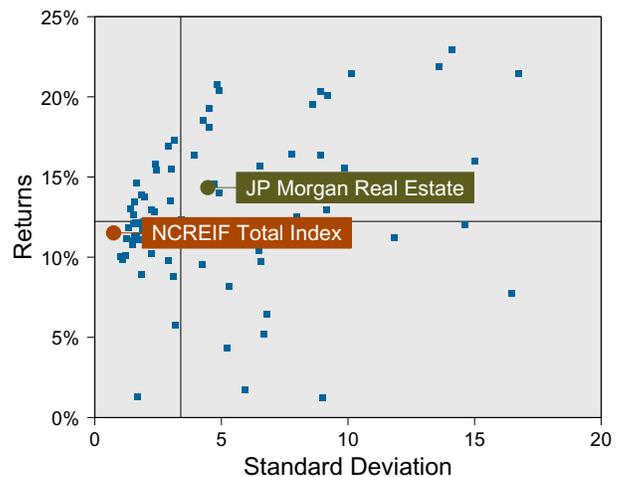


10th Percentile	3.92	20.51	21.92	21.38	19.75	7.01	7.45
25th Percentile	3.05	15.32	17.44	17.08	15.54	6.13	6.34
Median	2.17	11.86	13.36	13.09	12.23	4.89	5.53
75th Percentile	1.54	7.35	10.58	10.97	10.99	2.26	3.50
90th Percentile	0.53	0.75	5.57	7.44	7.99	(2.33)	(2.22)
JP Morgan Real Estate ●	3.60	9.03	12.19	11.03	14.34	2.24	3.38
NCREIF Total Index ▲	2.03	10.64	11.80	11.61	11.51	7.40	7.80

Relative Return vs NCREIF Total Index



CAI Total Domestic Real Estate Database (Net) Annualized Five Year Risk vs Return



JP Morgan Short Term Bonds Period Ended June 30, 2016

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.

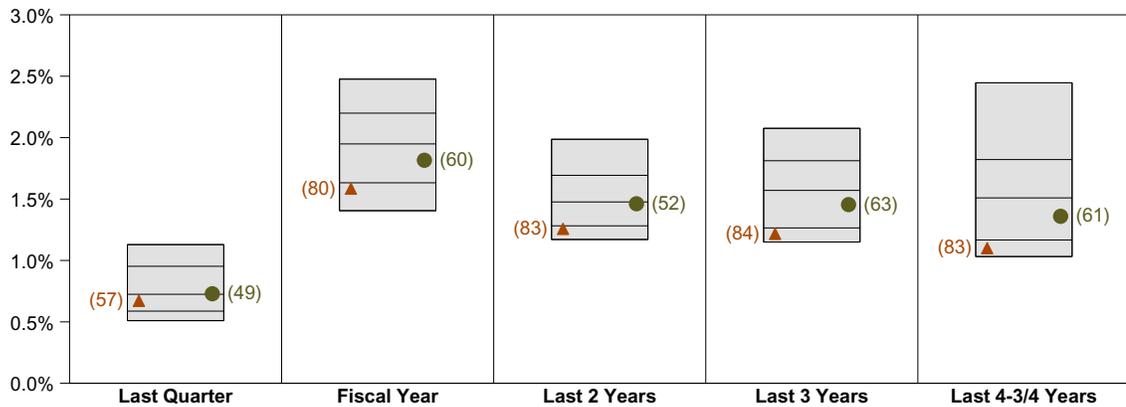
Quarterly Summary and Highlights

- JP Morgan Short Term Bonds's portfolio posted a 0.73% return for the quarter placing it in the 49 percentile of the CAI Defensive Fixed Income group for the quarter and in the 60 percentile for the last year.
- JP Morgan Short Term Bonds's portfolio outperformed the Barclays Gov/Credit 1-3 Yr by 0.06% for the quarter and outperformed the Barclays Gov/Credit 1-3 Yr for the year by 0.23%.

Quarterly Asset Growth

Beginning Market Value	\$276,522,303
Net New Investment	\$-1,577,842
Investment Gains/(Losses)	\$2,005,328
Ending Market Value	\$276,949,790

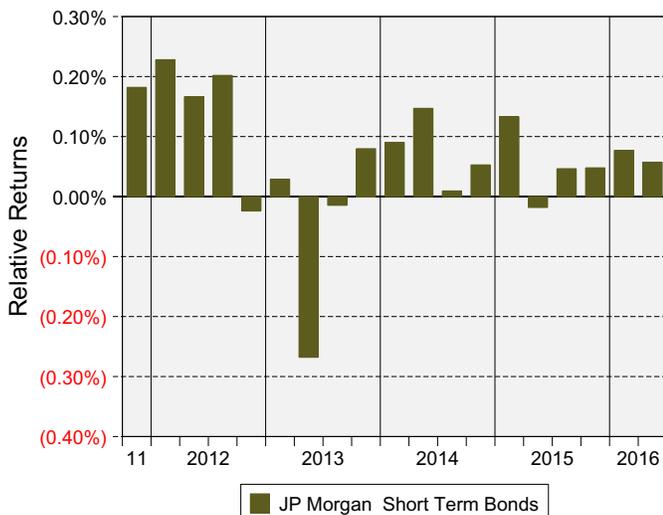
Performance vs CAI Defensive Fixed Income (Gross)



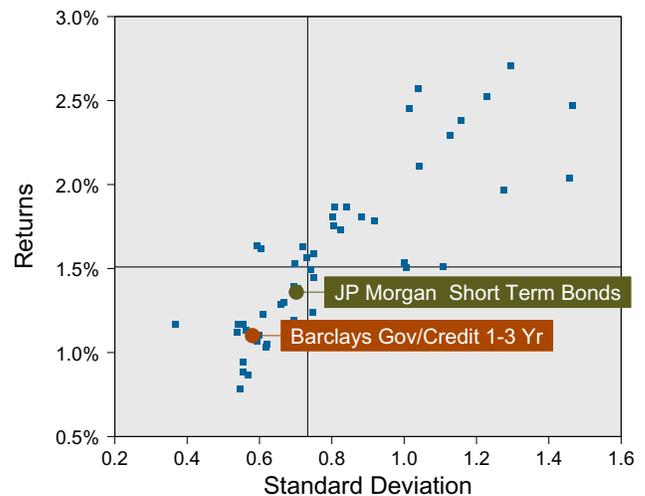
	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	1.13	2.48	1.99	2.08	2.45
25th Percentile	0.95	2.20	1.69	1.81	1.82
Median	0.72	1.95	1.48	1.57	1.51
75th Percentile	0.59	1.63	1.28	1.26	1.17
90th Percentile	0.51	1.40	1.17	1.15	1.03

	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
JP Morgan Short Term Bonds ●	0.73	1.82	1.46	1.45	1.36
Barclays Gov/Credit 1-3 Yr ▲	0.67	1.59	1.26	1.22	1.10

Relative Return vs Barclays Gov/Credit 1-3 Yr



CAI Defensive Fixed Income (Gross) Annualized Four and Three-Quarter Year Risk vs Return



Babson Short Term Bonds Period Ended June 30, 2016

Investment Philosophy

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

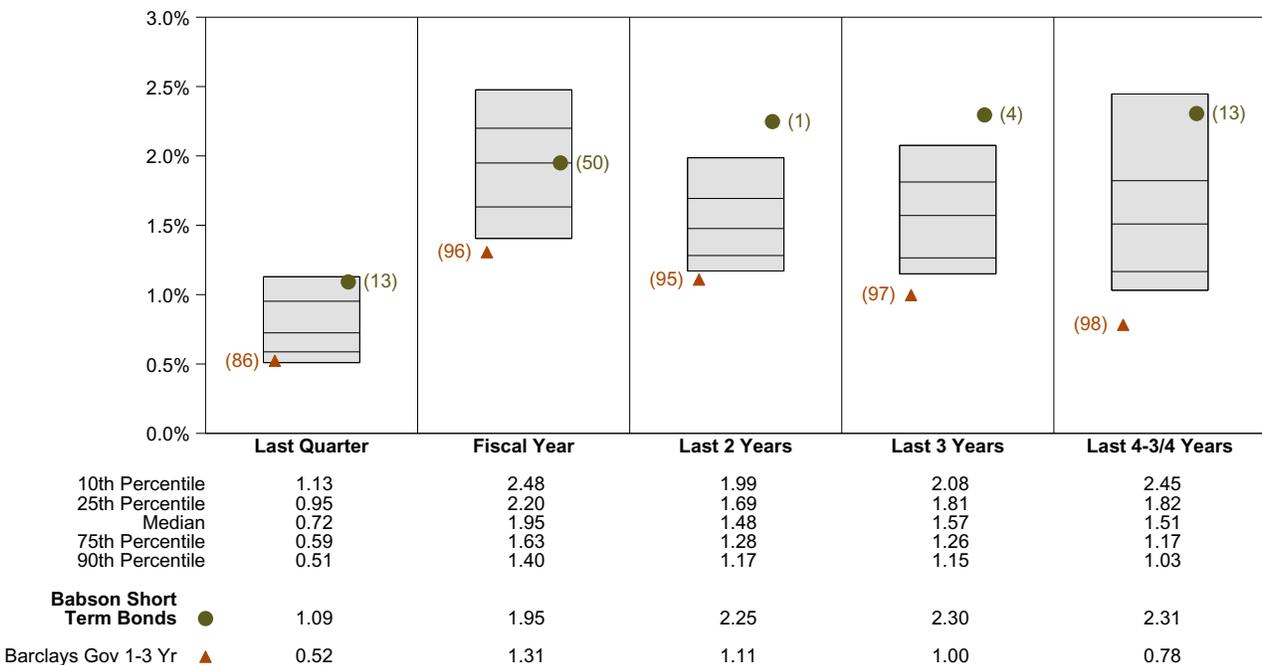
Quarterly Summary and Highlights

- Babson Short Term Bonds's portfolio posted a 1.09% return for the quarter placing it in the 13 percentile of the CAI Defensive Fixed Income group for the quarter and in the 50 percentile for the last year.
- Babson Short Term Bonds's portfolio outperformed the Barclays Gov 1-3 Yr by 0.57% for the quarter and outperformed the Barclays Gov 1-3 Yr for the year by 0.64%.

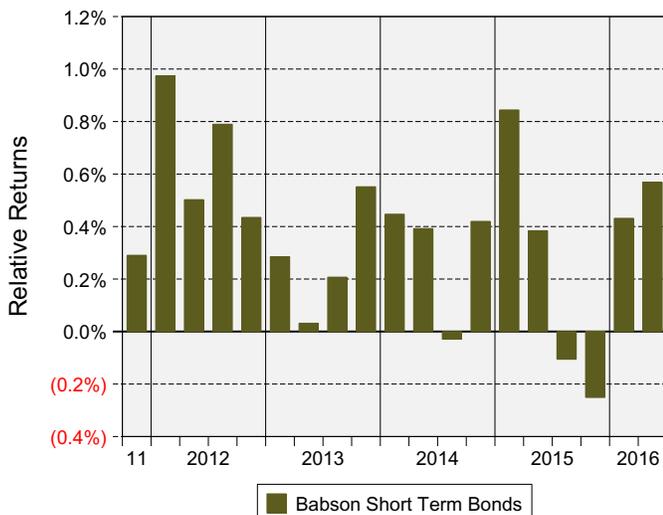
Quarterly Asset Growth

Beginning Market Value	\$240,889,993
Net New Investment	\$-102,833
Investment Gains/(Losses)	\$2,628,857
Ending Market Value	\$243,416,017

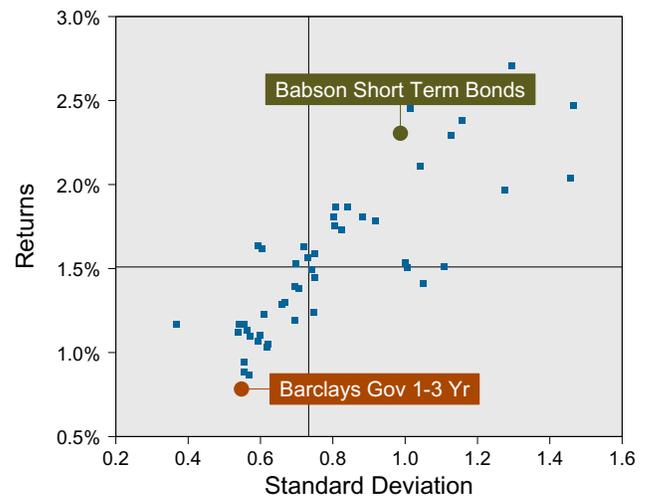
Performance vs CAI Defensive Fixed Income (Gross)



Relative Return vs Barclays Gov 1-3 Yr



CAI Defensive Fixed Income (Gross) Annualized Four and Three-Quarter Year Risk vs Return



Research and Educational Programs

The Callan Institute provides research that updates clients on the latest industry trends while helping them learn through carefully structured educational programs. Visit www.callan.com/research to see all of our publications, or for more information contact Anna West at 415.974.5060 / institute@callan.com.

New Research from Callan's Experts



Aspiring Managers: Negotiating the Dual Realities Facing Diverse and Emerging Managers | Callan Chairman and CEO Ron Peyton and Callan Connects Manager Lauren Mathias, CFA, provide perspective on the diverse and emerging manager arenas and offer thoughts on how these managers can succeed.

Asset Managers and ESG: Sensing Opportunity, Bigger Firms Lead the Charge | In Callan's ESG survey of asset managers, author Mark Wood, CFA, reveals that the majority of large asset management firms have formal ESG policies, while smaller firms have yet to exhibit widespread adoption. Around one-third of managers with a formal ESG policy expect it will help them achieve higher risk-adjusted returns and improved risk profiles over the long term.

Video: Sustainability in Real Estate Investing | Sarah Angus, CAIA, a consultant in Callan's Real Assets Consulting group, discusses the benefits in using sustainable practices in managing real estate buildings, including higher tenant satisfaction and retention, greater occupancy, and increased values.

Considering Currency Hedging in an Equity Portfolio: 10 Charts to Help Frame a Policy | Callan recommends a measured approach to managing currency, including creating a policy to ensure short-term decisions made during painful times are in line with the long-term strategic goals of the plan. These 10 charts provide context for currency hedging discussions.

Video: The Costs of Closing: Nuclear Decommissioning Trusts | Julia Moriarty, CFA, of Callan's Capital Markets Research group discusses hedging costs, the impact of license extension, and more.



Emerging Markets: Opportunities and Challenges in Public Equity Investing | Callan's global equity investment experts (Andy Iseri, CFA, Ho Hwang, and Lyman Jung) write that despite risks, emerging market equities still can play an important role in well-diversified institutional portfolios.

Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle? | Callan's Real Assets Consulting group identifies seven indicators that have helped signal when the institutional real estate market is overheated or has cooled down.

Periodicals

Private Markets Trends, Spring 2016 | The latest on private equity.

DC Observer, 1st Quarter 2016 | The PPA, 10 years later: DC assets have grown and target date funds have skyrocketed.

Hedge Fund Monitor, 1st Quarter 2016 | The latest on these funds, plus the challenges in the search for above-average managers.

Market Pulse Flipbook, 1st Quarter 2016 | A guide covering investment and fund sponsor trends, the U.S. economy, the capital markets, and Callan's proprietary DC Index.

Capital Market Review, 1st Quarter 2016 | Insights on the economy and recent performance in equities, fixed income, alternatives, real estate, and more.

Inside Callan's Database, 1st Quarter 2016 | A look at performance and risk data from Callan's proprietary database and relevant market indices.

Events

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

Mark your calendars for our fall **Regional Workshop**, October 25 in New York and October 26 in Chicago, and our **National Conference**, January 23–25, 2017, at the Palace Hotel in San Francisco.

For more information about events, please contact Barb Gerraty: 415.274.3093 / gerraty@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 18–19, 2016

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

3,500 Total attendees of the “Callan College” since 1994

1980 Year the Callan 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

List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor and disclose potential conflicts on an on-going basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

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

Manager Name
1607 Capital Partners, LLC
Aberdeen Asset Management PLC
Acadian Asset Management LLC
AEGON USA Investment Management
Affiliated Managers Group, Inc.
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
American Century Investment Management
Amundi Smith Breeden LLC
Analytic Investors
Angelo, Gordon & Co.
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Aristotle Capital Management, LLC
Artisan Holdings
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Babson Capital Management
Baillie Gifford Overseas Limited
Baird Advisors
Bank of America
Baring Asset Management
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock
BMO Asset Management, Corp.
BNP Paribas Investment Partners
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brown Brothers Harriman & Company
Cambiar Investors, LLC

Manager Name
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Management Investment Advisers, LLC
Columbus Circle Investors
Corbin Capital Partners, L.P.
Cornerstone Capital Management
Cramer Rosenthal McGlynn, LLC
Crawford Investment Counsel, Inc.
Credit Suisse Asset Management
Crestline Investors, Inc.
DE Shaw Investment Management, LLC
Delaware Investments
DePrince, Race & Zollo, Inc.
Deutsche Asset Management
Diamond Hill Investments
Duff & Phelps Investment Mgmt. Co.
Eagle Asset Management, Inc.
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fiera Capital Global Asset Management
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Fort Washington Investment Advisors, Inc.
Franklin Templeton Institutional
Fred Alger Management, Inc.
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
GE Asset Management

Manager Name
GMO
Goldman Sachs Asset Management
Grand-Jean Capital Management
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Henderson Global Investors
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Income Research + Management, Inc.
Insight Investment Management Limited
Institutional Capital LLC
INTECH Investment Management, LLC
Invesco
Investec Asset Management
Janus Capital Management, LLC
Jensen Investment Management
J.P. Morgan Asset Management
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln National Corporation
LMCG Investments, LLC
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Man Investments Inc.
Manulife Asset Management
Martin Currie Inc.
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
MUFG Union Bank, N.A.
Neuberger Berman
Newton Investment Management (fka Newton Capital Management)
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management
Opus Capital Management Inc.
Pacific Investment Management Company

Manager Name
Parametric Portfolio Associates
Peregrine Capital Management, Inc.
PGIM
PineBridge Investments
Pinnacle Asset Management L.P.
Pioneer Investments
PNC Capital Advisors, LLC
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA (Quantitative Management Associates)
RBC Global Asset Management
Regions Financial Corporation
RidgeWorth Capital Management, Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
Santander Global Facilities
Schroder Investment Management North America Inc.
Scout Investments
SEI Investments
Smith, Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
Standard Life Investments Limited
Standish
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
Systematic Financial Management
T. Rowe Price Associates, Inc.
Taplin, Canida & Habacht
The Boston Company Asset Management, LLC
The Hartford
The London Company
The TCW Group, Inc.
Tri-Star Trust Bank
UBS Asset Management
Van Eck Global
Versus Capital Group
Victory Capital Management Inc.
Vontobel Asset Management, Inc.
Voya Financial
Voya Investment Management (fka ING)
Waddell & Reed Asset Management Group
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
William Blair & Company