

December 31, 2015



North Dakota State Investment Board Legacy Fund

Investment Measurement Service
Quarterly Review

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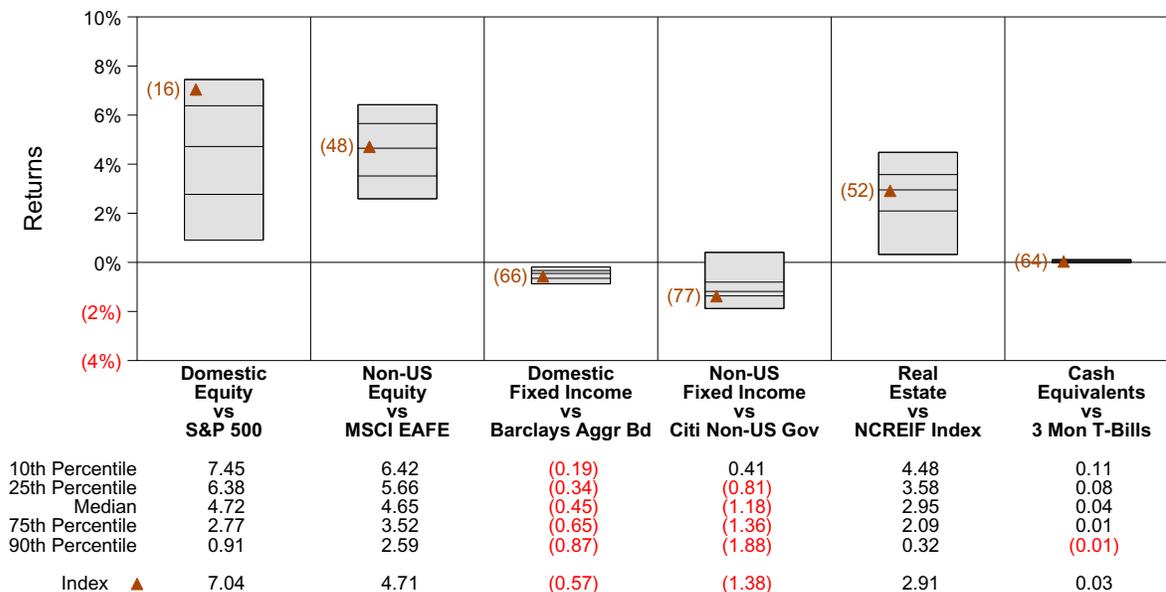
Market Overview

Active Management vs Index Returns

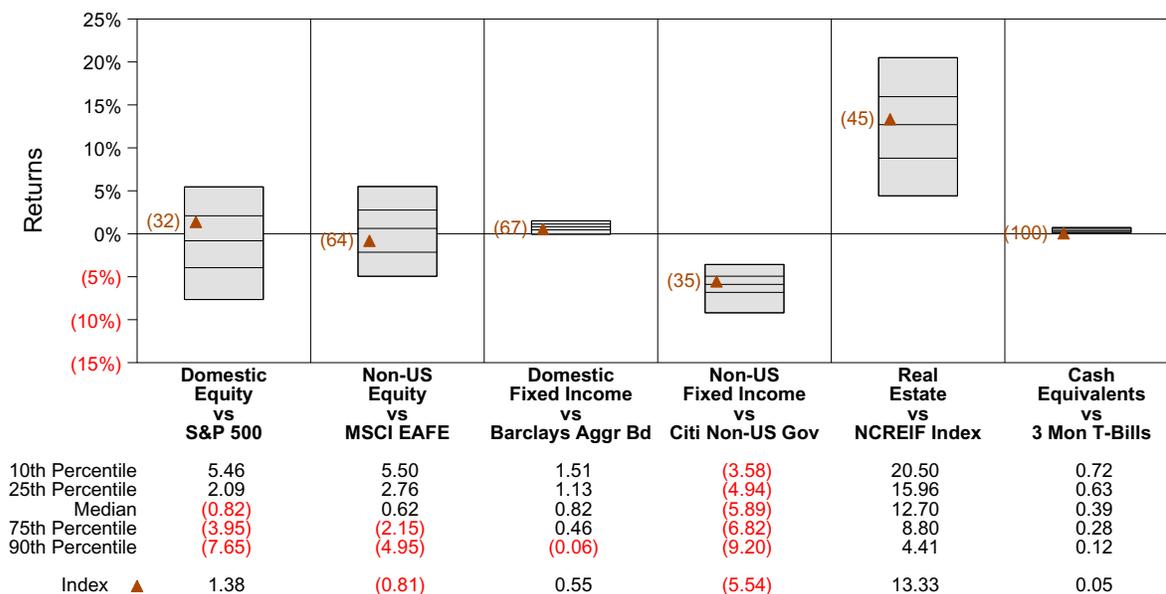
Market Overview

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

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



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





Unwarranted Pessimism?

ECONOMY

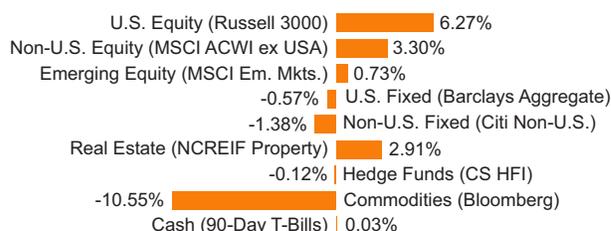
2 The global economy seemed to improve as 2015 unfolded, but market sentiment turned sharply negative as the year drew to a close. Moderate growth continued through the third and fourth quarters, particularly in the U.S., and GDP grew 2.4% for the year.

A Rocky Road to Revival

FUND SPONSOR

4 Despite preceding quarters marked with volatility, equities displayed a brief revival. Endowment/foundations and public funds performed well, ahead of other fund types. Corporate plans saw a small improvement in funded ratio over both the quarter and the year.

Broad Market Quarterly Returns



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

Back in Black

U.S. EQUITY

6 With the strongest quarter of the year (+7.04%), the **S&P 500 Index** was able to finish 2015 in the black (+1.38%). All capitalization ranges advanced, though larger performed better for the second consecutive quarter (**Russell 1000 Index**: +6.50% and **Russell 2000 Index**: +3.59%).

Tech Takes Over

NON-U.S. EQUITY

9 Non-U.S. markets were propped by surging merger activity, robust tech sector gains, and stronger-than-expected corporate profits during the fourth quarter. Although the **MSCI Emerging Markets Index** (+0.73%) barely broke even, the developed **MSCI World ex USA Index** rose 3.91%.

Take It Easy

U.S. FIXED INCOME

12 Bond markets stuttered in the U.S. after the Federal Reserve announced a rate increase. The yield curve flattened and spreads were mixed. The **Barclays Aggregate Index** dropped 0.57%; the **Barclays Corporate High Yield Index** slumped 2.07%.

Slip 'n Slide

NON-U.S. FIXED INCOME

15 The U.S. dollar continued its appreciation as the benchmark's hedged equivalent returned 0.58% for the quarter and 1.55% for the year. The **Citi Non-U.S. World Government Bond Index** declined 1.38% for the quarter and 5.54% for the year.

A Straight but Bumpy Road

REAL ESTATE

17 The **NCREIF Property Index** advanced 2.91%. The quarter saw 210 asset trades, representing \$11.3 billion of transactional volume, comfortably ahead of the \$5.1 billion 10-year average and the prior 10-year peak of \$8.7 billion in the second quarter of 2007.

Level at 35,000 Feet

PRIVATE EQUITY

19 Decelerating from 2014's high-velocity market, most private equity measures were flat-to-down in 2015—albeit at relatively high absolute measures. While the first half of the year was strong, the second half showed a notable pullback.

Under Pressure

HEDGE FUNDS

20 Growing unease with economic change is evident in the capital markets. Commodity prices slid further, led by oil, as China struggled with its centrally planned shift to a consumer-driven economy.

Chasing the Market

DEFINED CONTRIBUTION

21 Almost three-fourths of the asset classes in the DC Index experienced net outflows in the third quarter. But for the first time in two years, stable value experienced net inflows.

Unwarranted Pessimism?

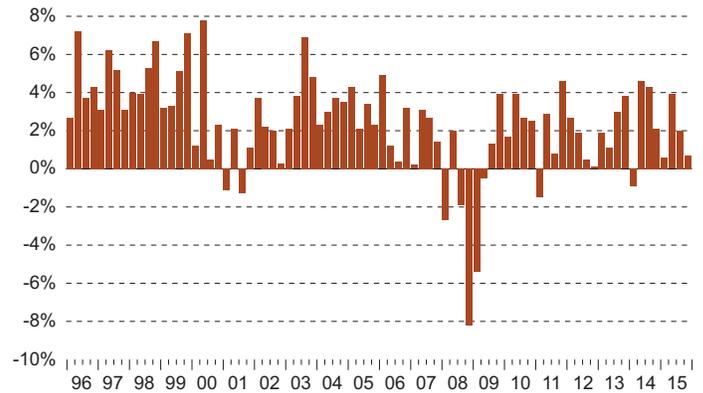
ECONOMY | Jay Kloepfer

The global economy seemed to improve as 2015 unfolded, but market sentiment turned sharply negative as the year drew to a close. Is this pessimism warranted? The data instead suggests that moderate growth continued through the third and fourth quarters, particularly in the U.S. After a slow start to the year, real GDP in the U.S. grew 3.9% in the second quarter and 2.0% in the third. GDP growth slowed to just 0.7% in the fourth quarter, pulled down by an inventory cycle, the plunge in energy-sector capital spending, and pain in the manufacturing sector and exports in general due to a strong dollar. Solid growth in consumer spending and housing provided enough of a sound foundation to fight these headwinds and keep the U.S. economy on a modest growth path. GDP grew 2.4% for the year, matching 2014. Growth in non-U.S. developed markets is relatively weak but continued to firm up; both Japan and Europe reported GDP growth of 1.6% in the third quarter.

Consumer spending in the U.S. has been supported by solid gains in the job market, real disposable income, and a recovery in housing asset values. December saw a gain of 292,000 jobs, the highest monthly gain in 2015. Payrolls climbed by 2.65 million over the year for an average of 221,000. Unemployment fell to 5.0% in October and held steady through December, as the labor force surged. With the Fed focused on unemployment and the labor force, the December jobs report certainly supported the Fed's decision to raise interest rates. As the year drew to a close, the outlook for consumers was positive, and will likely remain so. The University of Michigan's Index of Consumer Confidence slipped from a reading of 98 at the start of 2015 to 87 in the third quarter when global equity markets were roiled by China, but confidence surged back to a reading of 93 through the last three months of the year. For reference, a reading above 80 suggests a positive outlook by consumers. Real disposable (after-tax) income grew an estimated 3.6% in 2015, fueling a 2.2% rise in consumption spending. Auto sales surged to 17.4 million units in 2015, up from 16.4 million in 2014 and 14.4 million in 2012. Pent-up demand may finally be close to satisfied.

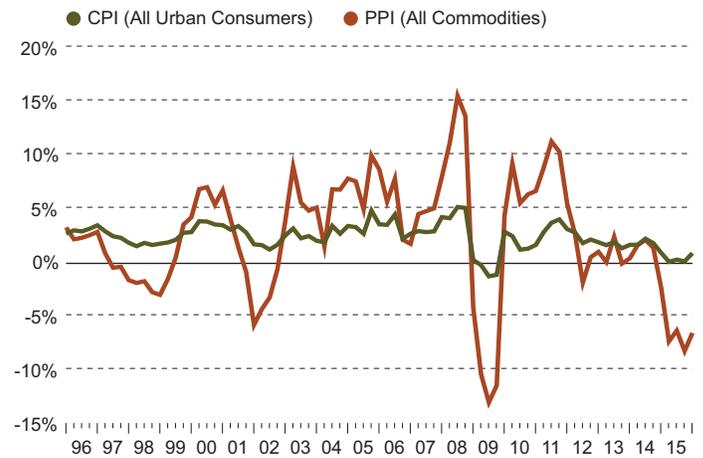
Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

Consumers clearly benefitted from falling energy prices. Lower gasoline prices provide an effective boost to disposable income. Oil peaked at \$135 per barrel in July 2008, started 2015 at \$52, and closed the year at \$38 (the Brent crude spot price). The impact of energy on the measure of inflation is significant. U.S. Core CPI, which excludes energy and food, stood at 2.25% for December (measured year-over-year). Headline CPI, which includes energy, held near zero for most of the

year. Once energy prices stabilize, we expect they will cease to have the same disinflationary impact and will begin to add volatility to headline CPI. Similar forces are affecting Europe, where headline inflation is also close to zero; much of peripheral Europe is mired in deflation.

The rise in the value of the dollar has complicated the measure of price inflation for consumers. Versus a trade-weighted basket of major currencies, the dollar was up approximately 10% over the course of 2015. Prices of imports fell for consumers, adding to disinflationary pressures. On the other hand, exports become more expensive, and U.S. manufacturing has clearly suffered from the dollar's upward move. The ISM Index for manufacturing fell to 48.2 in December, its lowest level since June 2009. A reading below 50 suggests contraction in activity. Adding to the pressure on manufacturing from a strong dollar, inventories were built earlier in 2015 and in 2014 in anticipation of stronger global growth, and these inventories are now being worked down, further reducing the need for manufacturing output. The ISM Index for non-manufacturing remained above 50, with a reading of 55.3 in December, but this is the lowest level in almost two years.

On balance, the economic data show modest growth continuing in the U.S., although the rate is substantially below that of previous recoveries. GDP growth has averaged close to 2.2% since 2010, compared to the 3% or higher achieved in the past.

The Long-Term View

Index	2015 4th Qtr	Periods ended December 31, 2015			
		Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	6.27	0.48	12.18	7.35	10.03
S&P 500	7.04	1.38	12.57	7.31	9.82
Russell 2000	3.59	-4.41	9.19	6.80	10.50
Non-U.S. Equity					
MSCI EAFE	4.71	-0.81	3.60	3.03	5.40
MSCI Emerging Markets	0.73	-14.60	-4.47	3.95	8.63
S&P ex-U.S. Small Cap	5.21	5.92	5.51	5.33	6.80
Fixed Income					
Barclays Aggregate	-0.57	0.55	3.25	4.51	6.15
90-Day T-Bill	0.03	0.05	0.07	1.24	2.93
Barclays Long G/C	-0.94	-3.30	6.98	6.45	8.08
Citi Non-U.S. Govt	-1.38	-5.54	-1.30	3.05	5.37
Real Estate					
NCREIF Property	2.91	13.33	12.18	7.76	8.05
FTSE NAREIT Equity	7.26	3.20	11.96	7.41	12.13
Alternatives					
CS Hedge Fund	-0.12	-0.71	3.55	4.97	-
Cambridge PE*	-	11.38	16.03	12.65	15.73
Bloomberg Commodity	-10.52	-24.66	-13.47	-6.43	-
Gold Spot Price	-4.93	-10.46	-5.70	7.41	4.02
Inflation – CPI-U	-0.60	0.73	1.53	1.86	2.30

*Private equity data is time-weighted return for periods ended June 30, 2015.

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

Recent Quarterly Indicators

Economic Indicators	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14
Employment Cost–Total Compensation Growth	2.0%	2.0%	2.0%	2.6%	2.2%	2.2%	2.0%	1.8%
Nonfarm Business–Productivity Growth	-0.5%*	2.2%	3.5%	-1.1%	-2.2%	3.1%	2.8%	-3.5%
GDP Growth	0.7%	2.0%	3.9%	0.6%	2.1%	4.3%	4.6%	-0.9%
Manufacturing Capacity Utilization	76.1%	76.3%	75.9%	75.9%	76.2%	75.7%	75.1%	74.2%
Consumer Sentiment Index (1966=100)	91.3	90.8	94.2	95.5	89.8	83.0	82.8	80.9

*Estimate.

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

A Rocky Road to Revival

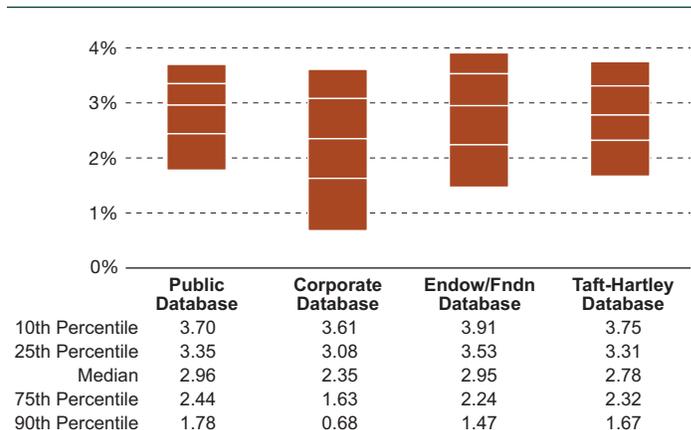
FUND SPONSOR | Rufash Lama

Despite preceding quarters marked with volatility, global equities displayed a brief revival, particularly in October. Central banks in Japan and Europe affirmed their decision to increase accommodative policies to support their respective economies. For the quarter, U.S. equity markets edged ahead of non-U.S. (**Russell 3000 Index: +6.27%, MSCI EAFE Index: +4.71%**) while both U.S. and non-U.S. fixed income markets retreated (**Barclays Aggregate Index: -0.57%, Citi Non-U.S. World Government Bond Index: -1.38%**).

Performance varied, albeit marginally, for the different fund types. Endowment/foundations and public funds performed well, leading across all percentiles. Corporate plans, although positive, trailed the other plan types. We have observed a continued divergence between different asset owners as corporate plans seek to de-risk. While performance dispersion was modest, in the 90th percentile public plans surpassed corporate plans by 1.10%.

Following December's interest rate hike, bond strategies saw substantial outflows on concerns about high-yield issuers, to the dismay of corporate plans. Corporate plans saw a small improvement in funded ratio over both the last quarter and the year. The median and average funded status of U.S. corporate defined

Callan Fund Sponsor Returns for the Quarter



Source: Callan

benefit plans were 82.7% and 83.0%, respectively, based on a peer group* of seven different funded ratio measures. Over the year, liabilities fell as interest rates rose, while asset returns in both equity and fixed income were flat.

Endowment/foundations performed well due to an overweight to U.S. stocks and relatively low exposure to U.S. fixed income. Despite trailing in the 10- and 15-year periods, Taft Hartley plans have performed best in the three- and five-year periods primarily due to their relatively high exposure to real estate and low exposure to non-U.S. equities.

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

Fund Sponsor	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Public Database	2.96	0.33	7.50	6.99	5.78	5.64
Corporate Database	2.35	-0.97	6.33	6.95	5.89	5.64
Endowments/Foundations Database	2.95	-0.75	6.58	6.21	5.55	5.46
Taft-Hartley Database	2.78	1.15	8.02	7.31	5.51	5.38
Diversified Manager	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Asset Allocator Style	3.04	-1.07	7.85	7.45	6.15	5.92
U.S. Balanced Database	2.98	-0.89	7.34	6.71	5.76	5.70
Global Balanced Database	1.67	-1.88	4.65	5.07	5.25	6.73
60% Russell 3000 + 40% Barclays Agg	3.53	0.66	9.40	8.82	6.65	5.70
60% MSCI World + 40% Barclays Gbl Agg	2.93	-1.61	5.05	5.02	4.76	4.62

* The peer group includes funded ratio measures provided by large, institutional investment and actuarial consultants, as well as investment management firms.

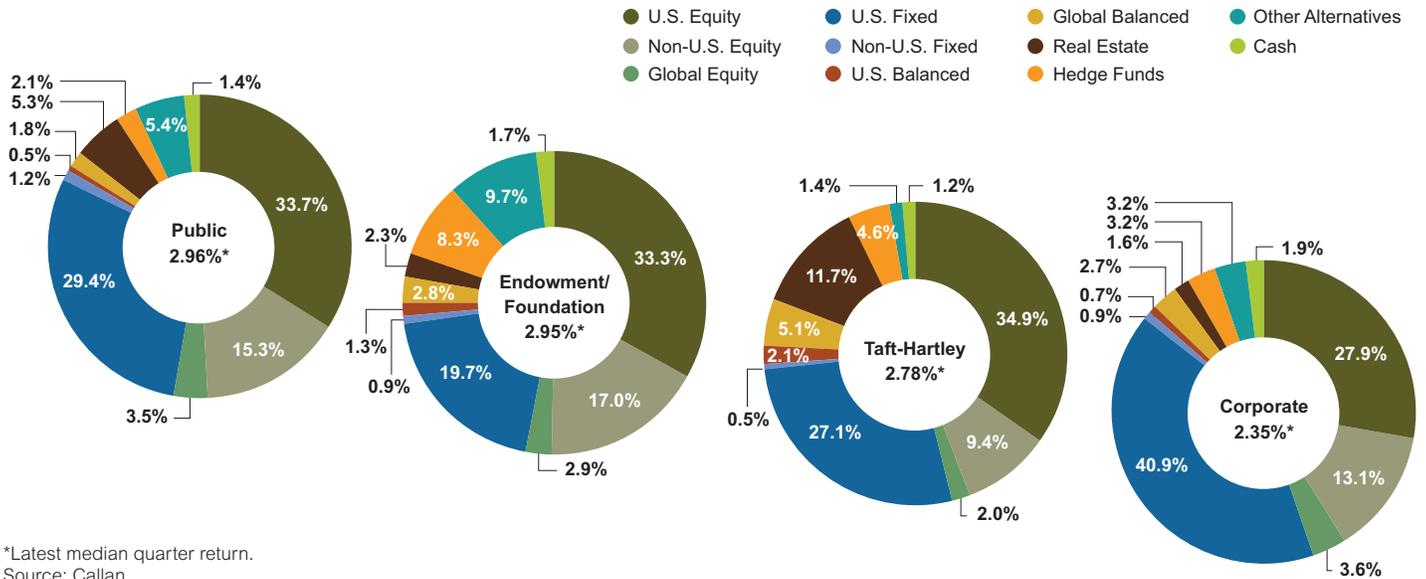
**Returns less than one year are not annualized.

Sources: Callan, Barclays, MSCI, Russell Investment Group.

As of the most recent quarter, all fund types have displayed performance within a 5–6% range over longer time frames. A U.S.-focused benchmark of 60% Russell 3000 + 40% Barclays Aggregate (+3.53%) now outperforms the broader, 60% MSCI

World + 40% Barclays Global Aggregate (+2.93%) benchmark over multiple time periods. Callan’s U.S. Balanced Database group has outperformed the Global Balanced Database group in all periods except 15 years.

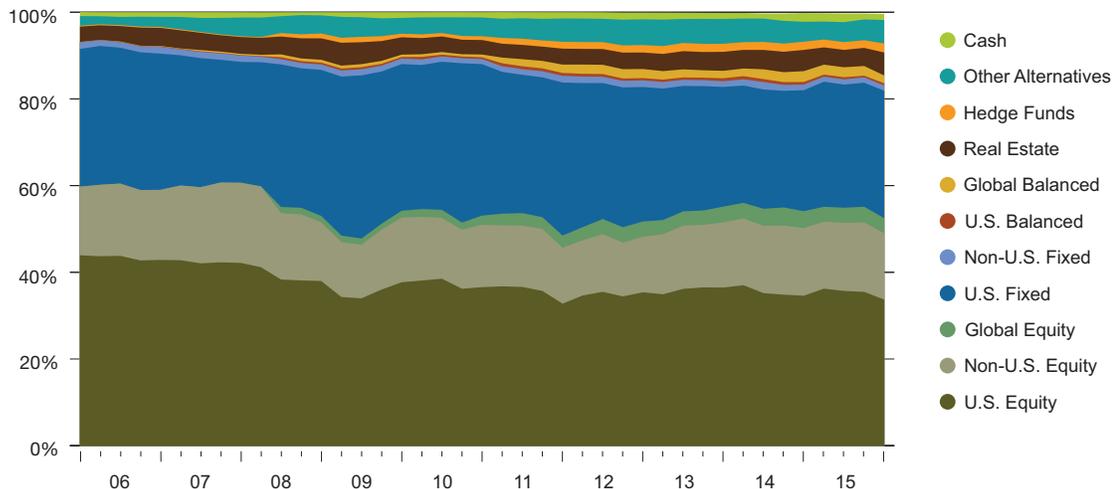
Callan Fund Sponsor Average Asset Allocation



*Latest median quarter return. Source: Callan

Callan Public Fund Database Average Asset Allocation

(10 Years)



Source: Callan

Back in Black

U.S. EQUITY | Lauren Mathias, CFA

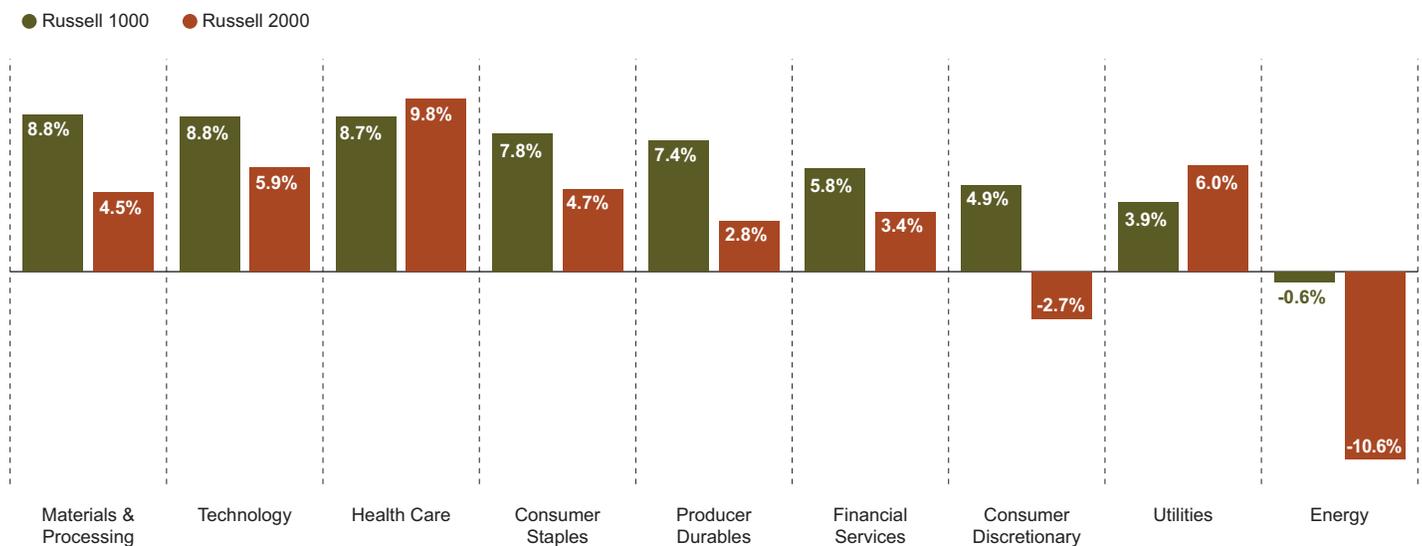
Although the fourth quarter was the strongest of the year, the journey was volatile. October proved to be a welcome turnaround after a stumbling third quarter as U.S. indices landed one of their strongest single months since the financial crisis (**S&P 500 Index**: +8.44% in October). Yet a slowing Chinese economy, other weak emerging markets, commodity price declines, and the strength of the U.S. dollar led to a middling November and disappointing December. Despite this, the U.S. Federal Reserve deemed the U.S. economy to be in a strong enough position for a rate increase, citing improved labor market conditions and subdued inflation. The price of oil continued to decline, and consumer confidence remained above average and provided a small tailwind to the market.

Growth continued to build its lead on value in the fourth quarter (**Russell 1000 Growth Index**: +7.32% and **Russell 1000 Value Index**: +5.64%); over the year the difference was profound

(+5.67% vs. -3.83%, respectively). All U.S. equity indices posted positive results, but larger proved better (**Russell Midcap Index**: +3.62%, **Russell 2000 Index**: +3.59%, and **Russell Microcap Index**: +3.74%). The **Russell Top 50 Index** led the way gaining 9.34%.

Large cap sectors continued their strong performance, led by Materials & Processing, Technology, and Health Care. In small cap, Energy trailed significantly, Health Care produced the strongest positive result, and only Consumer Discretionary showed a strong directional difference. Commodity price declines and slow global growth were major factors behind Energy's stumble. Biotech companies led small cap Health Care. Active managers struggled again in such a narrow market, especially in large cap where the S&P 500 Index total annual return (with dividends) would have been negative without three stocks: Amazon, Microsoft, and GE. Investors

Economic Sector Quarterly Performance



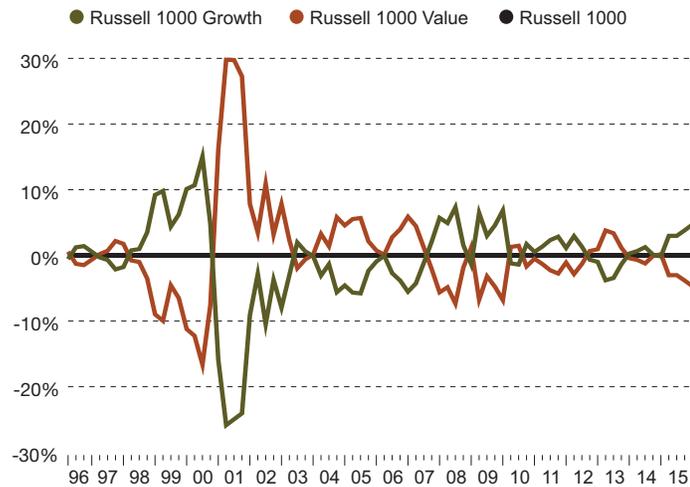
Source: Russell Investment Group

Note: As of the fourth quarter of 2015, the Capital Markets Review reports sector-specific return 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 ten sectors.

preferred the safety of these and other large-cap companies. Equity volatility as measured by the VIX increased during the quarter but ended the year below average. Assets continued to flow into passive funds and ETFs, further challenging active managers.

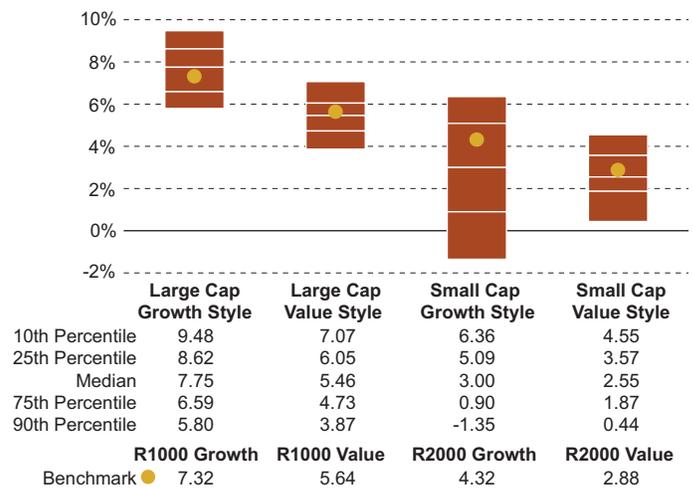
The U.S. equity market was generous in the fourth quarter, but for the full year four stocks were down for every three that rose (in the S&P 500). Despite this, broad market valuations remain above average, leading to questionable prospects as we enter 2016.

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 December 31, 2015

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Cap Range Min (\$mm)	1,360	2	149	149	2	2
Cap Range Max (\$bn)	586.86	606.41	606.41	28.85	12.06	6.42
Number of Issues	504	2,968	1,018	818	2,460	1,988
% of Russell 3000	81%	100%	92%	27%	17%	8%
Wtd Avg Mkt Cap (\$bn)	128.44	106.38	115.12	12.09	4.06	1.88
Price/Book Ratio	2.7	2.6	2.6	2.3	2.0	1.9
Forward P/E Ratio	16.3	16.7	16.5	17.9	18.1	18.8
Dividend Yield	2.2%	2.1%	2.1%	1.9%	1.7%	1.6%
5-Yr Earnings (forecasted)	10.3%	10.9%	10.7%	10.9%	12.1%	13.2%

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

U.S. EQUITY (Continued)

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

Large Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Large Cap Core Style	6.59	1.38	15.48	12.59	7.76	5.77
Large Cap Growth Style	7.75	6.43	17.03	13.23	8.65	4.82
Large Cap Value Style	5.46	-2.56	13.76	11.70	7.01	6.84
Aggressive Growth Style	5.12	5.53	16.47	11.59	8.71	5.30
Contrarian Style	4.90	-4.29	13.05	11.00	6.91	7.33
Yield-Oriented Style	5.78	-2.99	11.91	10.91	7.32	7.12
Russell 3000	6.27	0.48	14.74	12.18	7.35	5.39
Russell 1000	6.50	0.92	15.01	12.44	7.40	5.25
Russell 1000 Growth	7.32	5.67	16.83	13.53	8.53	4.33
Russell 1000 Value	5.64	-3.83	13.08	11.27	6.16	5.86
S&P Composite 1500	6.59	1.01	14.84	12.35	7.39	5.39
S&P 500	7.04	1.38	15.13	12.57	7.31	5.00
NYSE	4.11	-4.09	9.14	9.39	6.25	5.55
Dow Jones Industrials	7.70	0.21	12.66	11.30	7.75	5.80
Mid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Mid Cap Core Style	3.61	0.15	15.13	12.33	8.31	9.28
Mid Cap Growth Style	3.04	0.28	14.04	11.02	8.69	6.88
Mid Cap Value Style	3.23	-2.95	13.46	11.02	8.46	10.13
Russell Midcap	3.62	-2.44	14.18	11.44	8.00	8.15
S&P MidCap 400	2.60	-2.18	12.76	10.68	8.18	8.32
Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Small Cap Core Style	3.23	-1.80	13.86	11.38	8.04	9.88
Small Cap Growth Style	3.00	-1.29	14.29	11.06	8.36	7.10
Small Cap Value Style	2.55	-3.82	12.43	10.30	7.87	10.68
Russell 2000	3.59	-4.41	11.65	9.19	6.80	7.28
S&P SmallCap 600	3.72	-1.97	13.57	11.48	8.00	8.92
NASDAQ	8.71	6.96	19.80	14.97	9.72	5.75
Smid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Smid Cap Broad Style	2.86	-0.99	13.35	11.31	8.66	9.41
Smid Cap Growth Style	2.86	-0.37	13.99	11.70	8.61	8.03
Smid Cap Value Style	2.00	-3.85	11.96	9.99	8.13	10.42
Russell 2500	3.28	-2.90	12.46	10.32	7.56	8.08
S&P 1000	2.93	-2.11	13.02	10.92	8.11	8.48
Russell 3000 Sectors	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Consumer Discretionary	4.28	4.95	17.50	16.16	10.00	—
Consumer Staples	7.72	7.96	17.46	15.28	11.93	—
Energy	-0.93	-23.11	-4.56	-1.47	2.98	—
Financial Services	5.58	0.68	15.58	11.48	1.53	—
Health Care	8.81	7.14	24.32	20.51	11.22	—
Materials & Processing	8.32	-8.52	6.34	5.74	6.15	—
Producer Durables	6.99	-3.45	14.27	11.11	6.76	—
Technology	8.57	4.04	16.86	12.29	9.46	—
Utilities	4.06	-1.74	9.66	9.81	7.27	—

*Returns less than one year are not annualized.

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

Tech Takes Over

NON-U.S. EQUITY | Irina Sushch

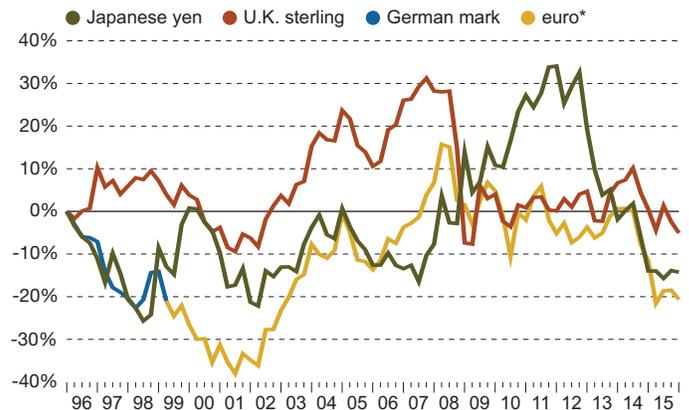
Surging merger activity, robust tech sector gains, and stronger-than-expected corporate profits drove a positive fourth quarter for non-U.S. markets (**MSCI ACWI ex USA Index: +3.30%**). Total global M&A volume in 2015 surpassed \$4.3 trillion, breaking the previous record set in 2007. Companies were persuaded to sign deals by the availability of cheap debt and the desire to stay competitive and efficient in a slow-growth environment. The strengthening dollar boosted returns of international export-oriented companies.

As in the U.S., growth (**MSCI ACWI ex USA Growth: +5.04%**) fared better than value (**MSCI ACWI ex USA Value: +1.50%**). **The MSCI Emerging Markets Index (+0.73%)** delivered paltry returns in comparison to its developed-market counterpart the **MSCI World ex USA Index (+3.91%)**. Small cap outpaced large cap once again due to fewer Energy holdings (**MSCI ACWI ex USA Small Cap Index: +5.28%**). Among sectors, Information Technology (+8.40%) was the darling, while Industrials (+4.67%) and Consumer Discretionary (+4.59%) helped with high M&A activity. Energy (-0.43%) and Materials (+0.36%) have now lagged for two straight quarters. Crude oil ended the year below \$40 per barrel, down 17.85% for the quarter, due to unrelenting excess supply over global demand.

European stocks were up for the first two months of the quarter due to investor expectations of amplified European Central Bank (ECB) stimulus measures. Investors were disappointed in December when the central bank cut its deposit rate by only 0.10%, and extended the existing bond-buying program by six months. Returns faltered, yet the **MSCI Europe Index** ended the quarter up 2.49%.

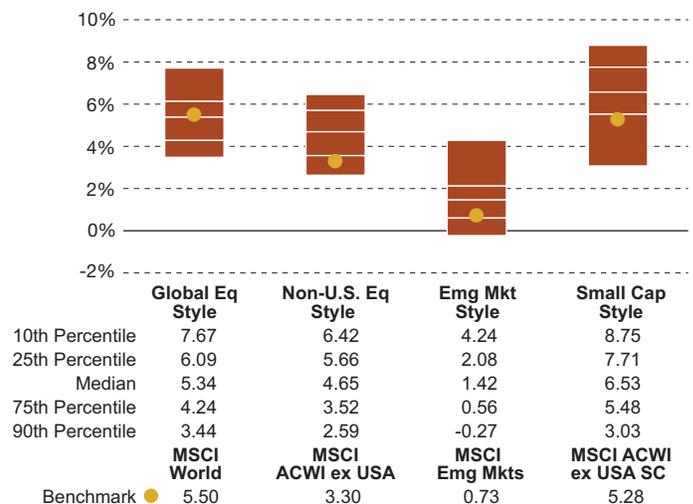
Japanese stocks closed the year on a high note (**MSCI Japan: +9.34%**; YTD: +9.57%). The weak yen boosted automobile companies, and health care companies fared well due to robust drug pipelines. The country also completed the largest state asset sale since 1987 with the privatization of Japan Post Holdings, accompanied by ramped up stimulus measures. The

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



*euro returns from 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



Sources: Callan, MSCI

remainder of Southeast Asia and the Pacific also enjoyed gains (**MSCI Pacific ex Japan Index: +8.29%**). New Zealand led the pack, up 18.15%, due to increased tourism and the positive impact of Industrials and Materials. Australia thrived (+9.96%) on a strong financial sector; the largest Aussie banks raised home-loan rates.

NON-U.S. EQUITY (Continued)

Emerging market countries produced a spectrum of returns, but collectively closed slightly ahead (+0.73%). Information Technology (+6.46%) buoyed returns. Insecurities about U.S. monetary policy were assuaged by the U.S. Federal Reserve raising rates. China (+4.03%) was more even-tempered than last quarter. Its central bank cut interest rates once again, part of an ongoing stream of stimulus measures to fuel consumption. China's currency, the renminbi, will join the dollar, euro, pound, and yen in the International Monetary Fund's basket of reserve currencies later in 2016. The rest of emerging Asia also had a positive quarter (**MSCI Emerging Markets Asia Index**: +3.53%). Indonesia gained 20.87%, with significant advances in all sectors, thanks to progressive policies and reforms pursued by the government.

On the negative end, Greece's financial woes continued (-18.99%). Russian stocks declined 3.99% as the economy deteriorated further. Emerging Europe sank 5.13%. The Middle East did not fare well amid ongoing political turbulence and declining

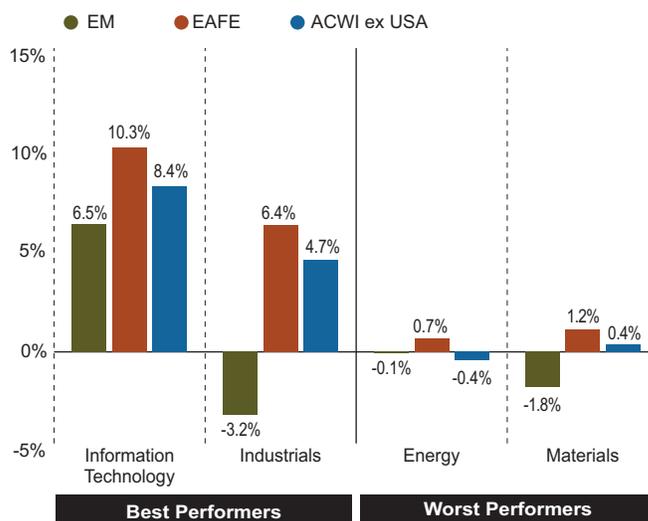
oil prices. South Africa plummeted 10.51% with losses in the financials sector and ongoing political instability. Latin America (-2.61%) had another miserable quarter. Brazil dropped 3.16%, and its debt rating was cut to below investment grade.

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

Country	Total	Local	Currency	Wtg
Australia	9.96%	6.13%	3.60%	6.84%
Austria	6.85%	9.80%	-2.68%	0.18%
Belgium	13.64%	16.77%	-2.68%	1.43%
Denmark	6.69%	9.67%	-2.72%	1.90%
Finland	9.64%	12.67%	-2.68%	0.90%
France	1.67%	4.47%	-2.68%	9.74%
Germany	7.70%	10.67%	-2.68%	9.10%
Hong Kong	6.01%	6.01%	0.00%	3.09%
Ireland	6.99%	9.94%	-2.68%	0.40%
Israel	8.91%	7.90%	0.87%	0.76%
Italy	-2.32%	0.38%	-2.68%	2.36%
Japan	9.34%	9.83%	-0.44%	23.44%
Netherlands	3.14%	6.11%	-2.68%	2.88%
New Zealand	18.15%	10.40%	7.02%	0.16%
Norway	-0.52%	3.22%	-3.63%	0.55%
Portugal	4.23%	7.11%	-2.68%	0.15%
Singapore	4.24%	4.01%	0.23%	1.25%
Spain	-2.55%	0.14%	-2.68%	3.18%
Sweden	2.43%	2.96%	-0.52%	2.87%
Switzerland	2.04%	4.54%	-2.39%	9.41%
U.K.	0.73%	3.52%	-2.70%	19.39%

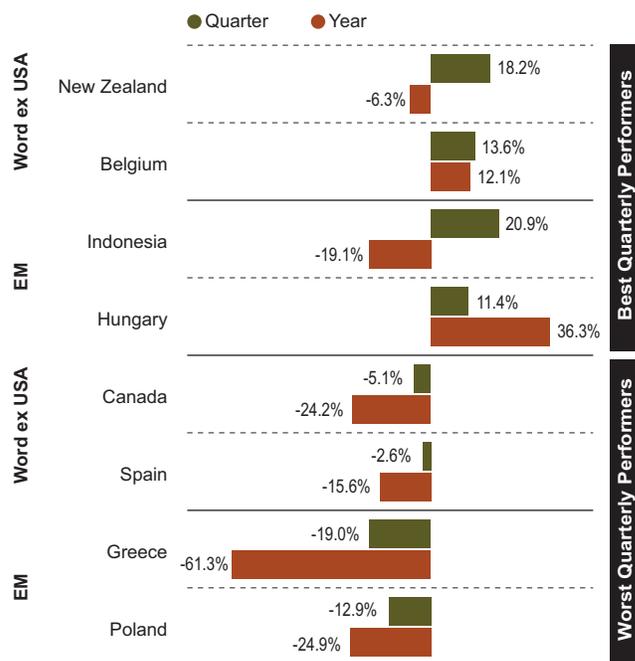
Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly Returns: Strong and Struggling Sectors



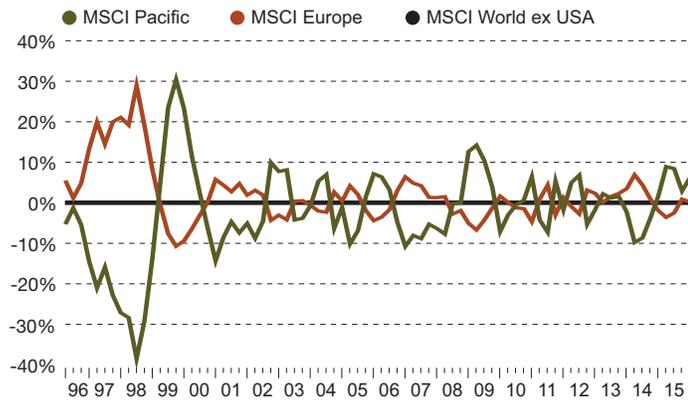
Source: MSCI

Quarterly and Annual Country Performance Snapshot



Source: MSCI

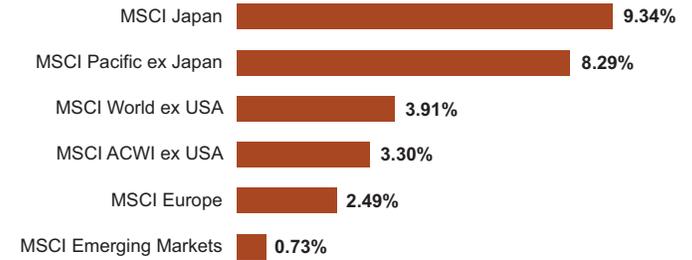
Rolling One-year Relative Returns (vs. MSCI World ex USA)



Source: MSCI

Regional Quarterly Performance

(U.S. Dollar)



Source: MSCI

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

Non-U.S. Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Equity Style	4.65	0.62	5.82	4.70	4.24	5.42
MSCI EAFE	4.71	-0.81	5.01	3.60	3.03	3.54
MSCI EAFE (local)	6.34	5.33	12.30	7.85	3.22	2.67
MSCI ACWI ex USA	3.30	-5.25	1.94	1.51	3.38	4.46
MSCI ACWI ex USA Growth	5.04	-0.91	3.90	2.48	4.02	3.96
MSCI ACWI ex USA Value	1.50	-9.59	-0.08	0.49	2.68	4.87
Global Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Equity Style	5.34	0.11	10.20	8.13	6.09	5.49
MSCI World	5.50	-0.87	9.63	7.59	4.98	4.04
MSCI World (local)	6.22	2.08	13.04	9.58	4.95	3.60
MSCI ACWI	5.15	-1.84	8.26	6.66	5.31	4.67
Regional Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
MSCI Europe	2.49	-2.84	4.51	3.88	3.36	3.47
MSCI Europe (local)	5.17	4.91	10.10	6.94	3.94	2.56
MSCI Japan	9.34	9.57	10.17	4.38	0.91	2.12
MSCI Japan (local)	9.83	9.93	22.99	12.95	1.10	2.48
MSCI Pacific ex Japan	8.29	-8.47	-1.32	0.87	6.07	8.15
MSCI Pacific ex Japan (local)	5.90	-0.98	6.80	5.38	5.74	6.46
Emerging/Frontier Markets	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Emerging Market Style	1.42	-13.68	-4.91	-3.46	4.79	10.13
MSCI Emerging Markets	0.73	-14.60	-6.42	-4.47	3.95	8.87
MSCI Emerging Markets (local)	1.56	-5.40	1.20	1.27	6.36	10.22
MSCI Frontier Markets	-1.23	-14.46	4.79	0.36	-1.70	-
Non-U.S. Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Small Cap Style	6.53	9.90	11.48	8.05	6.80	9.73
MSCI World ex USA Small Cap	5.82	5.46	7.82	4.39	4.09	7.35
MSCI ACWI ex USA Small Cap	5.28	2.60	5.64	2.63	4.95	8.24
MSCI Emerging Market Small Cap	3.27	-6.85	-1.67	-3.29	6.14	10.86

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

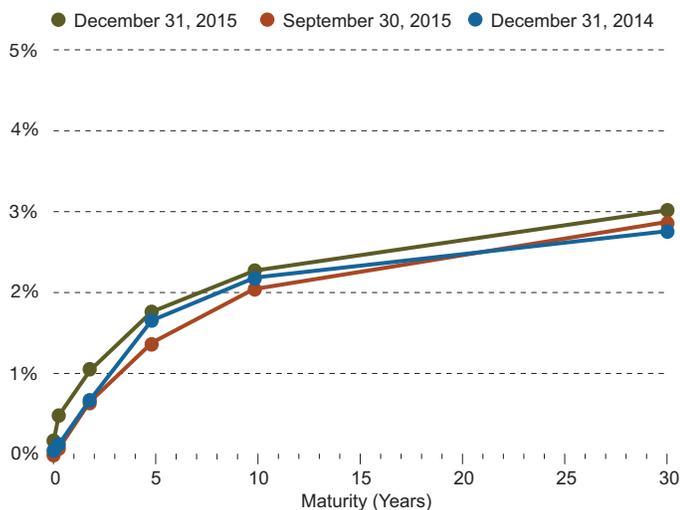
Take It Easy

U.S. FIXED INCOME | Kevin Nagy

Yields rose in the fourth quarter as the Federal Reserve raised interest rates for the first time in nearly a decade. The yield curve flattened, though the effect on spreads was mixed: investment grade credit and mortgage backed security (MBS) spreads tightened while asset-backed (ABS), commercial MBS, and high yield spreads widened. The **Barclays Aggregate Index** dropped 0.57%.

According to the Fed, the economy showed signs of moderate growth, driven by fixed investment from businesses, household spending, and a strengthening housing sector. So after months of restraint, the Fed raised the federal funds rate band by 0.25% to 0.25%–0.50%. The Fed specifically cited a strong labor market as a key reason behind the decision. The 10-year U.S. Treasury yield increased to 2.27%. The breakeven inflation rate (the difference between nominal and real yields) on 10-year Treasuries increased from 1.43% to 1.58% as TIPS outperformed nominal Treasuries. This measure rebounded from last quarter, when it reached its lowest level since 2008 (1.43%).

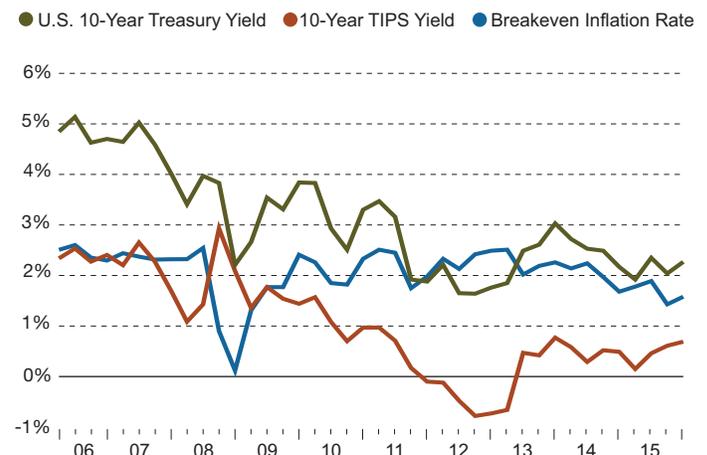
U.S. Treasury Yield Curves



Source: Bloomberg

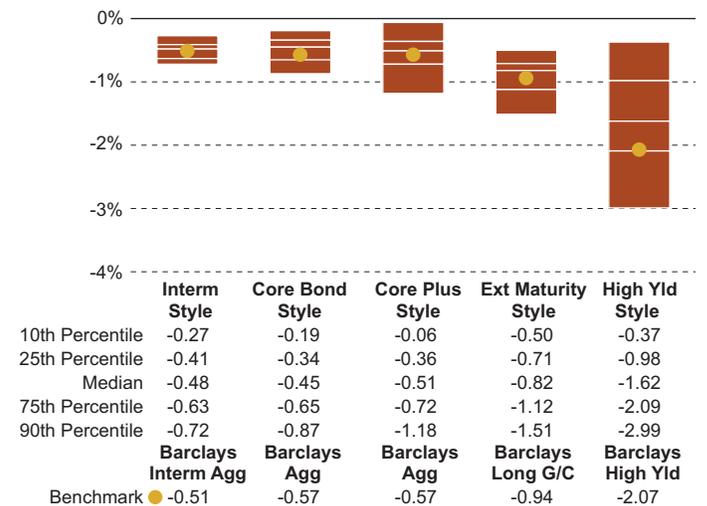
Every sector in the Barclays Aggregate posted negative quarterly returns. Relative to like-duration Treasuries, the strongest performer was U.S. MBS which, although down 0.10%, beat Treasuries by 0.61%. Credit (-0.52%) was the only other sector to outperform Treasuries (+0.50% relative to Treasuries), buoyed by strong performance in the Financials sector (+1.09% relative to Treasuries). Both ABS and U.S. agencies outperformed like-duration Treasuries for the year, despite trailing in the quarter.

Historical 10-Year Yields



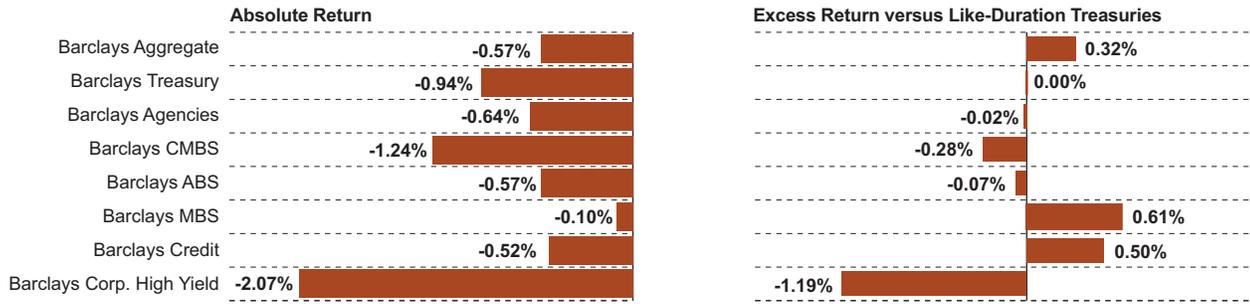
Source: Bloomberg

Callan Style Group Quarterly Returns



Sources: Barclays, Callan

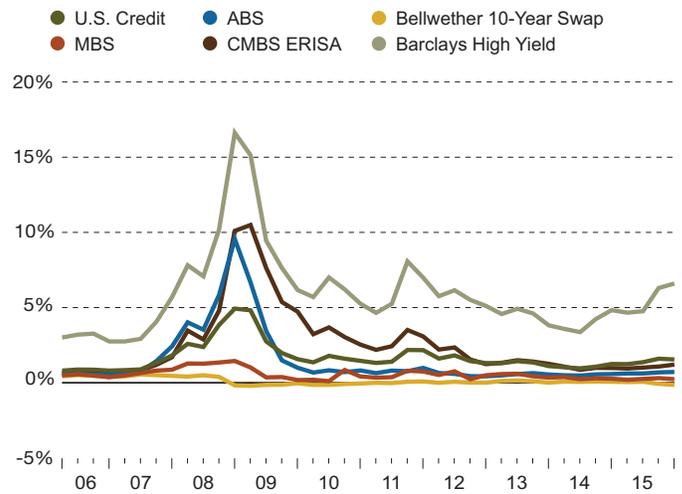
Fixed Income Index Quarterly Returns



Source: Barclays

High yield corporate bonds slumped as the **Barclays Corporate High Yield Index** ended the quarter down 2.07%. The Index receded 4.47% for the year and underperformed Treasuries by 5.77%. New issuance was \$35.6 billion for the quarter, down from \$42.8 billion. New issue activity for 2015 was \$260.5 billion, 16.3% lower than 2014.

Effective Yield Over Treasuries



Source: Barclays

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

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity	% of Barclays G/C	% of Barclays Agg
Barclays Aggregate	2.59	5.68	7.94		100.00
Barclays Govt/Credit	2.51	6.22	8.49	100.00	68.90
Intermediate	2.06	3.97	4.31	78.98	54.42
Long-Term	4.19	14.67	24.20	21.02	14.48
Barclays Govt	1.72	5.71	7.02	56.97	39.25
Barclays Credit	3.54	6.90	10.43	43.03	29.65
Barclays MBS	2.77	4.49	6.89		28.64
Barclays ABS	1.88	2.32	2.47		0.56
Barclays CMBS	2.97	4.99	5.62		1.83
Barclays Corp High Yield	8.74	4.34	6.19		

Source: Barclays

U.S. FIXED INCOME (Continued)

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

Broad Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Core Bond Style	-0.45	0.82	1.71	3.77	4.96	5.40
Core Bond Plus Style	-0.51	0.20	1.77	4.17	5.36	5.96
Barclays Aggregate	-0.57	0.55	1.44	3.25	4.51	4.97
Barclays Govt/Credit	-0.74	0.15	1.21	3.39	4.47	5.01
Barclays Govt	-0.91	0.86	1.01	2.77	4.10	4.53
Barclays Credit	-0.52	-0.77	1.49	4.38	5.18	5.82
Citi Broad Investment Grade	-0.53	0.53	1.41	3.23	4.60	5.04
Long-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Extended Maturity Style	-0.82	-3.34	2.10	7.42	6.93	7.43
Barclays Long Govt/Credit	-0.94	-3.30	1.70	6.98	6.45	7.07
Barclays Long Govt	-1.38	-1.16	2.55	7.65	6.67	6.97
Barclays Long Credit	-0.66	-4.56	1.23	6.49	6.19	7.28
Citi Pension Discount Curve	0.77	-3.04	2.85	9.28	7.80	9.19
Intermediate-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Intermediate Style	-0.48	1.26	1.32	2.93	4.54	4.94
Barclays Intermediate Aggregate	-0.51	1.21	1.41	2.74	4.26	4.67
Barclays Intermediate Govt/Credit	-0.69	1.07	1.10	2.58	4.04	4.53
Barclays Intermediate Govt	-0.84	1.18	0.81	2.02	3.71	4.07
Barclays Intermediate Credit	-0.45	0.90	1.61	3.63	4.82	5.35
Short-Term	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Defensive Style	-0.24	0.91	0.90	1.45	3.05	3.42
Active Duration Style	-0.42	1.17	1.53	3.28	4.60	5.27
Money Market Funds (net of fees)	0.00	0.01	0.01	0.01	1.17	1.41
ML Treasury 1–3-Year	-0.44	0.54	0.51	0.70	2.42	2.84
90-Day Treasury Bills	0.03	0.05	0.05	0.07	1.24	1.61
High Yield	Quarter	Year	3 Years	5 Years	10 Years	15 Years
High Yield Style	-1.62	-3.10	2.41	5.47	6.95	7.79
Barclays Corporate High Yield	-2.07	-4.47	1.69	5.04	6.96	7.59
ML High Yield Master	-2.09	-4.55	1.64	4.84	6.74	7.41
Mortgage/Asset-Backed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Mortgage Style	-0.16	1.72	2.34	3.63	4.96	5.34
Barclays MBS	-0.10	1.51	2.01	2.96	4.64	4.90
Barclays ABS	-0.57	1.25	0.95	2.31	3.29	4.00
Barclays CMBS	-1.24	0.97	1.68	4.09	5.20	5.79
Municipal	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Barclays Muni	1.50	3.30	3.16	5.35	4.72	5.01
Barclays Muni 1–10-Year	0.79	2.45	2.24	3.56	4.08	4.25
Barclays Muni 3-Year	-0.01	1.18	1.24	1.81	3.01	3.24
TIPS	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Barclays TIPS Full Duration	-0.64	-1.44	-2.27	2.55	3.93	5.51
Barclays TIPS 1-10 Year	-0.70	-0.52	-1.77	1.64	3.51	4.84

*Returns for less than one year are not annualized.

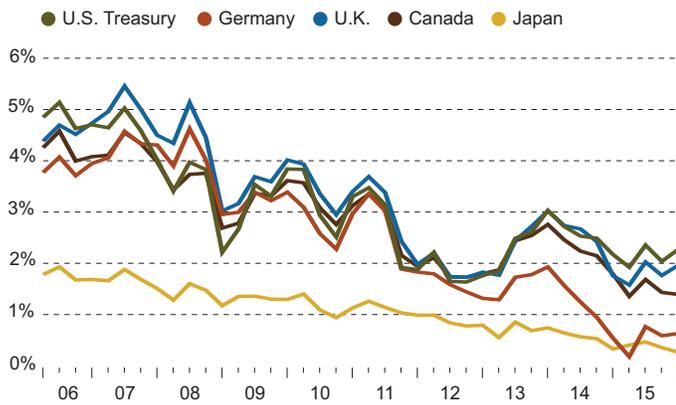
Sources: Barclays, Callan, Citigroup, Merrill Lynch.

Slip 'n Slide

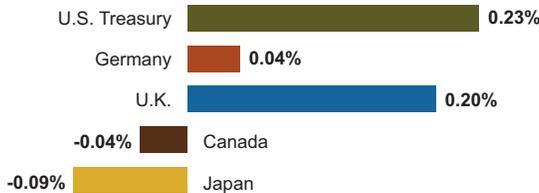
NON-U.S. FIXED INCOME | Kyle Fekete

The **Citi Non-U.S. World Government Bond Index** declined 1.38% for the quarter and 5.54% for the year. As the U.S. dollar continued to appreciate, the Index's hedged equivalent inched ahead 0.48% for the quarter and 1.52% for the year. The yield on 10-year German bunds was volatile throughout 2015: it started off the year at 0.54%, sank to 0.18% on March 31, climbed to 0.76% on June 30, and eventually ended year at 0.63%. Adding to the noise of 2015, German debt with maturities as far out as seven years provided negative yields, indicating bond investors would have to pay to own before adjusting for inflation. Approximately a third of the debt issued by European governments had negative yields at the end of the year. U.K. sovereigns lagged their European counterparts as the 10-year gilt fell 1.36%, pushing yields higher than the 10-year German bund. The Bank of England continued to battle weak inflation and held interest rates at an all-time low throughout the year.

10-Year Global Government Bond Yields



Change in 10-Year Yields from 3Q15 to 4Q15



Source: Bloomberg

The Japanese 10-year bond yield declined to 0.27%, the lowest since January. The country dodged a recession as GDP growth was revised upwards to 1% through September; the original calculation had it contracting by 0.8%.

In December, the ECB lowered its deposit rate to -0.3% and extended its quantitative easing program out to March 2017. Propelled by the ECB's monetary policy and investors' hunt for yield, European periphery countries outperformed their core-eurozone counterparts. Italian and Spanish 10-year bonds earned 1.82% and 1.43%, respectively. Both countries continued their recovery from record-long recessions as unemployment dropped to a three-year low.

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

Country	Total	Local	Currency	Wtg
Australia	3.05%	-0.53%	3.60%	2.14%
Austria	-2.86%	-0.18%	-2.68%	1.83%
Belgium	-3.13%	-0.45%	-2.68%	2.98%
Canada	-2.79%	0.72%	-3.48%	2.35%
Denmark	-3.26%	-0.56%	-2.72%	0.72%
Finland	-2.70%	-0.02%	-2.68%	0.72%
France	-2.69%	-0.01%	-2.68%	11.25%
Germany	-3.03%	-0.35%	-2.68%	8.80%
Ireland	-2.09%	0.61%	-2.68%	0.93%
Italy	-1.07%	1.66%	-2.68%	11.43%
Japan	0.74%	1.18%	-0.44%	33.36%
Malaysia	4.27%	1.84%	2.38%	0.54%
Mexico	-0.89%	1.00%	-1.88%	1.14%
Netherlands	-2.77%	-0.09%	-2.68%	2.96%
Norway	-3.58%	0.05%	-3.63%	0.33%
Poland	-3.09%	0.64%	-3.71%	0.66%
Singapore	0.66%	0.43%	0.23%	0.42%
South Africa	-16.79%	-6.75%	-10.77%	0.48%
Spain	-1.48%	1.24%	-2.68%	6.41%
Sweden	-2.08%	-1.57%	-0.52%	0.57%
Switzerland	-2.75%	-0.37%	-2.39%	0.35%
U.K.	-3.99%	-1.33%	-2.70%	9.63%

Source: Citigroup

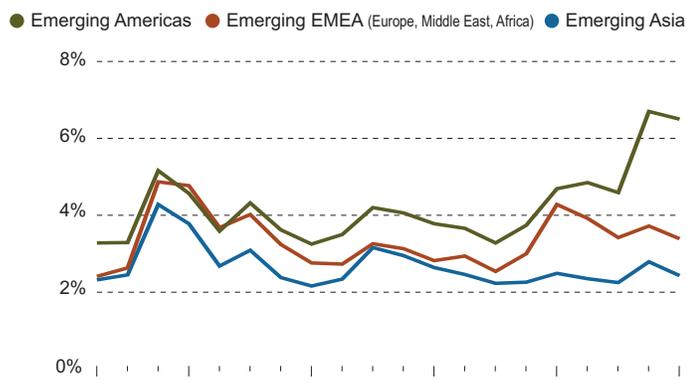
NON-U.S. FIXED INCOME (Continued)

Emerging markets were mired by political and economic strife. The dollar-denominated **JPM EMBI Global Diversified Index** gained 1.25%, outperforming emerging local currency-denominated sovereign debt. The negative currency effect pulled the **JPM GBI-EM Global Diversified Index** down (-0.01%).

The South African 10-year bond declined 7.26% (on a dollar-denominated basis) over worries that the country's political and economic turmoil could result in a downgrade to junk status. Investors responded harshly after President Jacob Zuma fired Finance Minister Nhlanelahle Nene and hired an unknown

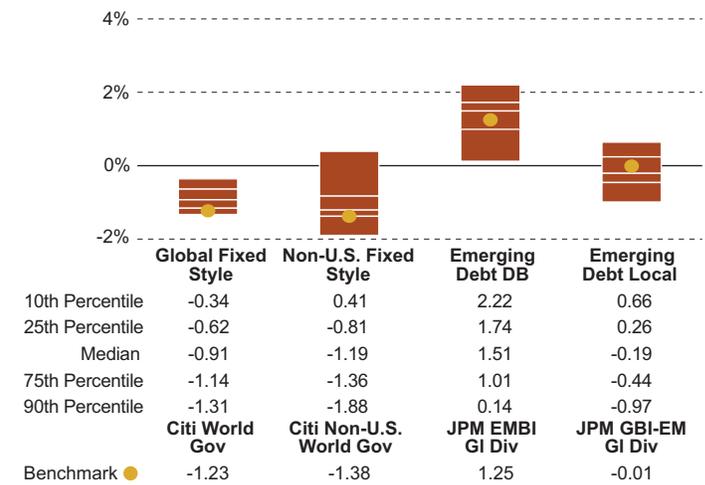
candidate for the job. Additionally, the rand's exchange rate dropped to record lows against major currencies. The local currency-denominated South African 10-year bond plummeted 28.22% in 2015. Brazilian debt declined 30.69% in 2015 on a local currency basis, in the midst of a corruption scandal and President Rousseff's possible impeachment. Brazil remains in a steep recession after being cut to below investment grade by Standard & Poor's earlier in the year.

Emerging Spreads Over Developed (By Region)



Source: Barclays

Callan Style Group Quarterly Returns



Sources: Callan, Citigroup, JPMorgan Chase

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

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Fixed Income						
Global Style	-0.91	-3.31	-1.75	1.29	4.29	5.34
Citi World Govt	-1.23	-3.57	-2.70	-0.08	3.44	4.59
Citi World Govt (Local)	0.01	1.28	3.25	3.98	3.74	4.09
Barclays Global Aggregate	-0.92	-3.15	-1.74	0.90	3.74	4.75
Non-U.S. Fixed						
Non-U.S. Style	-1.19	-5.89	-3.85	-0.12	3.67	5.27
Citi Non-U.S. World Govt	-1.38	-5.54	-4.27	-1.30	3.05	4.43
Citi Non-U.S. World Govt (Local)	0.48	1.52	4.20	4.49	3.72	4.01
European Fixed						
Citi Euro Govt Bond	-2.23	-8.74	-1.05	1.73	3.77	6.28
Citi Euro Govt Bond (Local)	0.47	1.65	4.92	5.73	4.44	5.13
Emerging Markets Fixed						
JPM EMBI Global Diversified	1.25	1.18	0.99	5.36	6.86	8.99
JPM GBI-EM Global Diversified	-0.01	-14.92	-9.95	-3.48	4.31	-

*Returns less than one year are not annualized.

Sources: Callan, Citigroup, JPMorgan Chase.

A Straight but Bumpy Road

REAL ESTATE | Mike Pritts

The **NCREIF Property Index** advanced 2.91%, recording a 1.20% income return and a 1.72% appreciation return during the quarter. The NCREIF Property Index cash-flow return appreciated 0.64% for the quarter and 3.10% for the trailing four quarters. There were 210 asset trades, representing \$11.3 billion of overall transactional volume, comfortably ahead of the \$5.1 billion 10-year quarterly transaction average and the prior peak of \$8.7 billion in the second quarter of 2007.

Pricing remained stable as equal-weighted transactional capitalization rates decreased to 5.90%, a slight retreat from the 2015 high (+5.91%) during the third quarter. Over the course of the prior cycle, quarterly equal-weighted transactional capitalization rates dipped to a low of 5.46% in the fourth quarter of 2007 and expanded to a peak of 8.46% in the third quarter of 2009. During the fourth quarter of 2015, appraisal capitalization rates decreased from 4.67% to 4.58%. As markets peaked over the prior cycle, appraisal capitalization rates declined to a low of 4.89% in the third quarter of 2008.

The **NCREIF Open End Diversified Core Equity Index** notched a 3.11% total return, comprising a 1.14% income return and a 2.20% appreciation return. In the listed real estate market, the **FTSE EPRA/NAREIT Developed REIT Index (USD)** gained 4.40% and U.S. REITs tracked by the **FTSE NAREIT Equity REITs Index** advanced an impressive 7.26%.

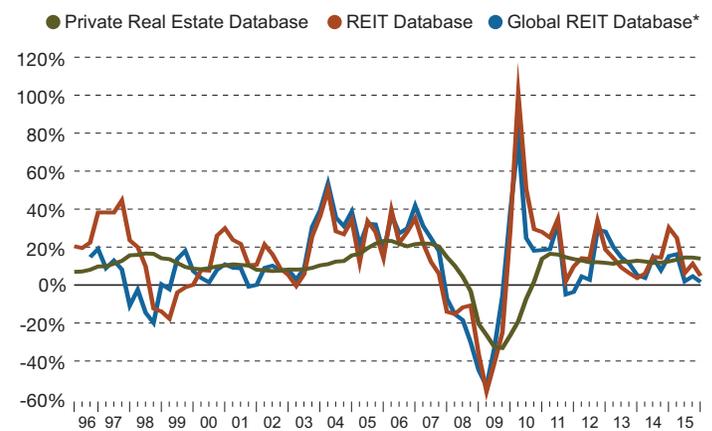
In the U.S., volatility continued as REIT sectors rebounded sharply. Positive sector performance was led by Self-Storage (+16.76%), followed by Industrial (+8.69%), Residential (+8.38%), Retail (+8.10%), Malls (+6.77%), and Health Care (+2.61%). The only negative was Lodging (-2.27%). For the year, Residential was the best performer of the primary real estate sectors (+10.22%), while Lodging lagged (-18.09%). U.S. REITs raised \$10.2 billion following the completion of 14 unsecured-debt offerings raising \$6.9 billion, 14 secondary offerings

raising \$3.1 billion, and two preferred-equity offerings raising \$117 million. There was one U.S. REIT IPO during the quarter. Public equity financing slightly increased from the third quarter's five-year low, but remained a challenge.

During 2015, MSCI and S&P Dow Jones announced that in August 2016, they will begin to break out real estate into a distinct sector rather than continuing to include it in the broader group of Financials. There are currently twenty-five companies included in the S&P 500 Index that will now be included in the new real estate sector. While most commercial real estate in the U.S. is traded in the private markets, this change indicates the increasing importance of publicly listed real estate.

In European core markets, pricing appears undeterred by volatility. Capital-raising remains robust and has consolidated. Several large, commingled vehicles are currently in the market with new funds. According to a survey produced by INREV, many (65%) European investors expect to increase their allocation to real estate over the next two years.

Rolling One-Year Returns



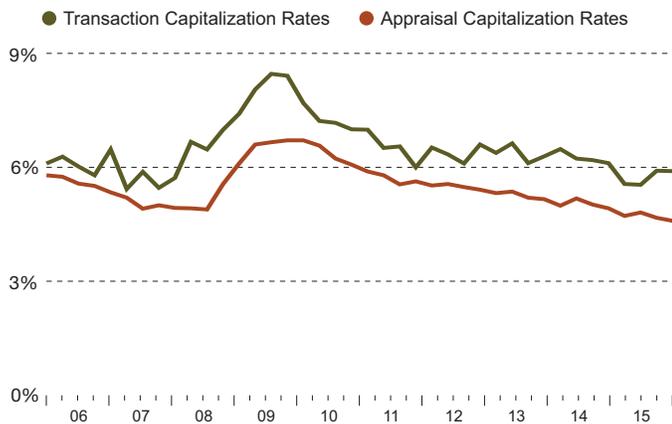
*Global REIT returns from 3Q96
Source: Callan

REAL ESTATE (Continued)

Asian Real Estate funds continue to raise capital despite a slowing Chinese GDP and record capital outflows in the stock market and pressure on the renminbi. The big question in early 2016 is whether continued market uncertainty in the Chinese economy will affect commercial property valuations in other parts of Asia and the world.

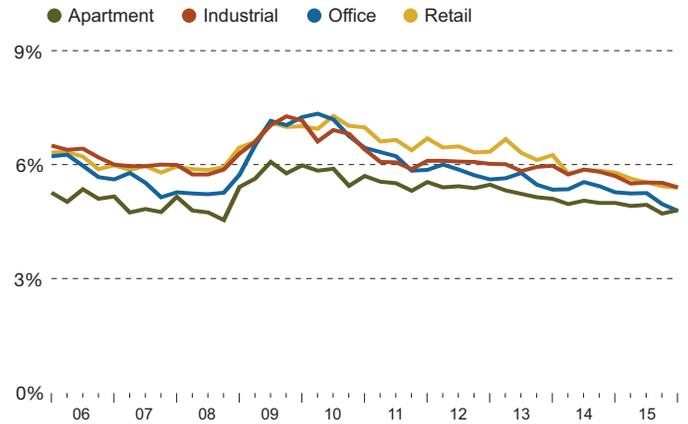
CMBS issuance reached \$23.4 billion, remaining steady since the third quarter and slightly down year-over-year (\$25.2 billion). Total issuance for the trailing-12 months was \$101.0 billion, a reduction from its second-quarter peak.

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 December 31, 2015

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Private Real Estate						
Real Estate Database (net of fees)	2.90	12.90	12.97	12.60	5.47	7.90
NCREIF Property	2.91	13.33	12.04	12.18	7.76	8.96
NFI-ODCE (value wtd. net)	3.11	13.95	12.77	12.60	5.55	6.94
Public Real Estate						
REIT Database	7.50	4.48	12.03	12.89	8.32	12.13
FTSE NAREIT Equity	7.26	3.20	11.23	11.96	7.41	11.16
Global Real Estate						
Global REIT Database	4.38	1.03	7.61	8.95	6.15	—
FTSE EPRA/NAREIT Developed REIT	4.40	0.05	6.59	7.97	5.39	9.20

*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.

Level at 35,000 Feet

PRIVATE EQUITY | Gary Robertson

In fundraising, *Private Equity Analyst* reports that 2015's fundraising total of \$257 billion is a modest decline from 2014 (-3.6% or \$10.5 billion). The number of funds formed declined by 83 (-10.8%) to 682 in 2015. The fourth quarter's new commitments totaled \$59.7 billion with 125 new partnerships formed. While the dollar volume increased by 11% compared to the prior quarter's \$53.7 billion, the number of funds formed fell by 20% from the third quarter's 179. The year's final quarter was surprisingly weak, likely due to the onset of public equity market volatility in mid-August.

According to *Buyouts* newsletter, announced and closed new-company acquisitions totaled 1,911 in 2015, up 4% from 1,836 in 2014. Announced and closed dollar volume was \$303.7 billion, up 47% from \$206.8 billion in 2014. The quarter generated 365 announced and closed transactions, down from 548. Disclosed dollar volume totaled \$77.2 billion, up from \$66.7 billion. According to S&P Capital IQ, in the second half of the year average purchase price multiples remained just over 10x EBITDA.

According to the National Venture Capital Association, the \$58.8 billion of new investment in venture capital companies is a 16% jump for the year, up from \$50.8 billion. The dollar volume in 2015 is the second highest year on record, although significantly shy of first place: \$105.0 billion in 2000. The year produced 4,380 rounds of investment, slightly down from last year's 4,441. Quarterly investment volume totaled \$11.3 billion in 962 rounds of financing, down from \$16.6 billion in 1,149 rounds.

Private Equity Performance Database (%)

(Pooled Horizon IRRs through June 30, 2015*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	6.8	26.8	21.0	18.7	11.4	4.0	27.1
Growth Equity	5.0	11.0	15.3	14.6	12.7	9.9	14.9
All Buyouts	5.3	7.7	15.7	15.4	12.5	11.3	13.2
Mezzanine	3.6	8.5	11.3	11.8	10.7	7.8	10.0
Distressed	1.6	4.2	13.3	12.2	10.4	11.1	11.2
All Private Equity	5.1	10.7	16.1	15.4	12.1	9.2	14.4
S&P 500 Index	0.3	7.4	17.3	17.3	7.9	4.4	8.9

Private equity returns are net of fees.

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

*Most recent data available at time of publication.

Funds Closed January 1 to December 31, 2015

Strategy	No. of Funds	Amt (\$mm)	Percent
Venture Capital	281	34,274	13%
Buyouts	263	169,694	66%
Subordinated Debt	28	12,535	5%
Distressed Debt	37	22,573	9%
Secondary and Other	15	6,637	3%
Fund-of-funds	58	10,961	4%
Totals	682	256,673	100%

Source: Private Equity Analyst

Regarding exits, *Buyouts* reports that 2015's aggregate disclosed M&A exit values of \$127.4 billion is up 13% from 2014's \$111.5 billion. The 513 private M&A exits of buyout-backed companies is down 35% from the 690 in 2014. Seven of the completed 99 M&A exits had values over \$1 billion, with the largest being Silver Lake's \$5.3 billion sale of Interactive Data Corp. to Intercontinental Exchange. There were only four buyout-backed IPOs, with a total value of \$774.4 million. The full year produced 31 IPOs, raising a total of \$9.1 billion.

Venture-backed M&A exits for the year total 372 with 84 announced values totaling \$16.2 billion, down from 385 exits and \$48.1 billion in announced value last year. The quarter had 91 exits with 26 announced values totaling \$3.6 billion. The total number of M&A deals and announced value both declined from the third quarter's 109 exits totaling \$6.9 billion. The year produced 77 venture-backed IPOs raising \$9.4 billion; for the quarter, there were 16 raising \$2.2 billion. The number and total float was up versus the third quarter's 15 IPOs raising \$1.9 billion.

Under Pressure

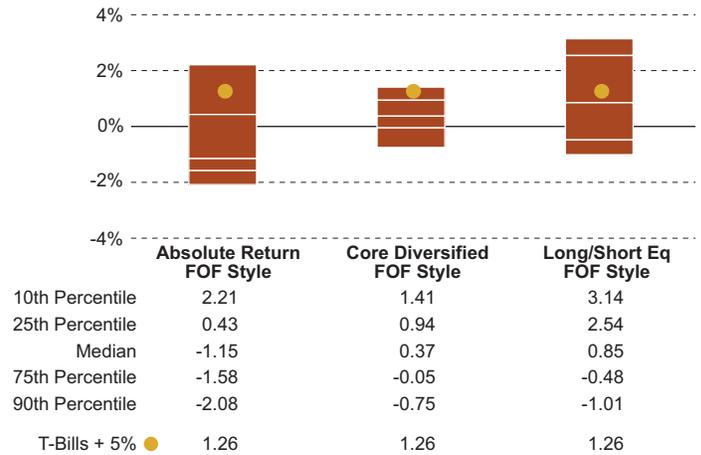
HEDGE FUNDS | Jim McKee

Growing unease with economic change is evident in the capital markets. Commodity prices slid further, led by oil, as China struggled with its centrally planned shift to a consumer-driven economy. Strong employment gains and record auto sales in the U.S. bolstered the Federal Reserve's confidence to raise short-term rates for the first time in almost a decade. Despite rebounding equities in developed markets, credit spreads widened, particularly among lower-rated bonds in the commodity sector.

As a proxy for hedge funds without implementation costs, the **Credit Suisse Hedge Fund Index (CS HFI)** slipped 0.12% in the fourth quarter. By contrast, the median manager in the **Callan Hedge Fund-of-Funds Database** edged ahead 0.40%, net of all fees.

Within the CS HFI, the major sector winner was *Long/Short Equity* (+1.58%). *Event-Driven Multi-Strategy* (-2.55%), which is typically more focused on soft catalysts, fell particularly hard as investors fled crowded trades in this space. *Distressed* (-1.76%) also lost ground with credit spreads widening, but outpaced the **Barclays High Yield Credit Index** (-2.07%).

Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

Within Callan's Hedge Fund-of-Funds Database, market exposures marginally affected performance. Aided by the U.S. equity market rally, the median *Callan Long/Short Equity FOF* (+0.85%) outpaced the *Callan Absolute Return FOF* (-1.15%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* modestly gained 0.37%.

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

	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Hedge Fund-of-Funds Database	0.40	-0.09	4.72	3.54	3.96	5.28
CS Hedge Fund Index	-0.12	-0.71	4.30	3.55	4.97	5.95
CS Equity Market Neutral	-0.04	1.69	3.16	2.96	-1.44	1.39
CS Convertible Arbitrage	-0.58	0.81	1.67	2.76	4.42	4.94
CS Fixed Income Arbitrage	0.03	0.59	2.90	4.84	3.84	4.50
CS Multi-Strategy	0.51	3.84	7.01	6.77	6.17	6.89
CS Distressed	-1.76	-5.30	4.05	3.81	4.82	7.80
CS Risk Arbitrage	0.81	0.41	1.30	1.50	3.55	3.65
CS Event-Driven Multi-Strategy	-2.55	-6.67	2.86	1.08	5.12	6.45
CS Long/Short Equity	1.58	3.56	8.77	5.23	5.80	5.98
CS Dedicated Short Bias	-4.29	2.38	-10.15	-9.72	-8.90	-7.19
CS Global Macro	0.62	0.17	2.52	3.70	6.79	9.04
CS Managed Futures	-1.05	-0.93	4.54	1.22	4.21	5.40
CS Emerging Markets	2.79	-0.22	3.30	2.55	5.17	8.06

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

Chasing the Market

DEFINED CONTRIBUTION | Tom Szkwarla

The Callan DC Index™ declined 5.82% in the third quarter of 2015, reflecting widespread losses in global equity markets.

According to the Callan DC Index, the typical defined contribution (DC) plan trailed defined benefit (DB) plans by 1.83% in the third quarter of 2015. This is primarily because DC plans have little exposure to longer-term fixed income. Meanwhile, the average 2035 target date fund fared even worse—declining 7.34%—reflecting its higher allocation to equities (78% average allocation).

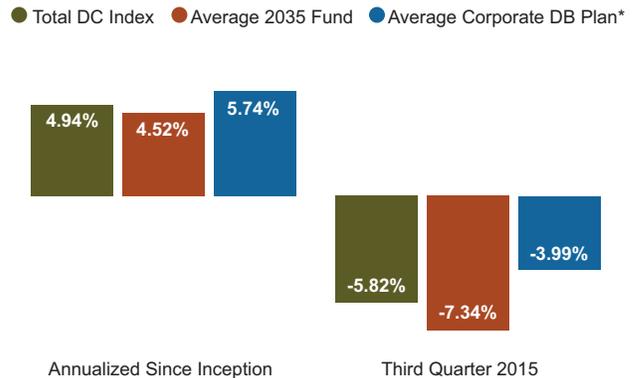
Driven almost entirely by investment losses, DC plan balances shrank by 5.97% in the third quarter. However, annualized total growth since inception remains steady at a respectable 7.33%. In the long term, participant contributions (net flows) added 2.39% annually, while market appreciation (return growth) contributed the remaining 4.94%.

Almost three-fourths of the asset classes in the DC Index experienced net outflows in the third quarter. Predictably, target date funds were among the only asset class to attract inflows. Despite weak performance, about 60 cents of every dollar that moved within DC plans ended up in target date funds.

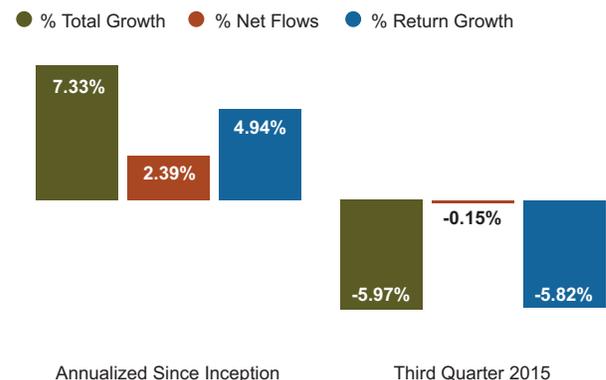
For the first time in two years, stable value experienced net inflows. Conversely, U.S. large cap and company stock saw significant outflows for the second consecutive quarter. Third-quarter turnover activity (i.e., net transfer activity levels) within DC plans came in at 0.38%, which is slightly higher than the second quarter (0.32%) but still well below the historical average of 0.65%.

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 (Third Quarter 2015)*

(Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	60.70%
Stable Value	22.06%
U.S. Small/Mid Cap	-18.45%
U.S. Large Cap	-42.20%
Total Turnover**	0.38%

Source: Callan DC Index

Data provided here is the most recent available at time of publication.

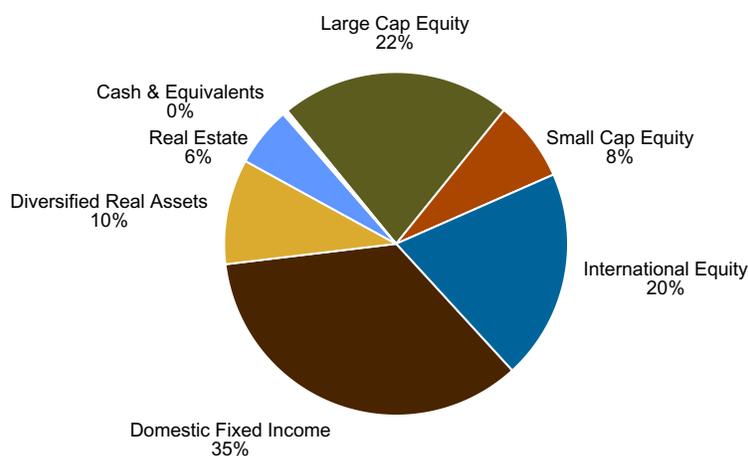
* DC Index inception date is January 2006. DB plan performance is gross of fees.

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

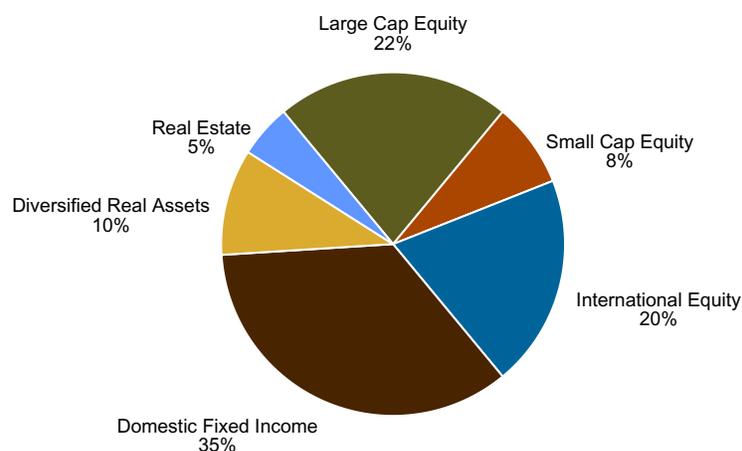
Actual vs Target Asset Allocation As of December 31, 2015

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

Actual Asset Allocation



Target Asset Allocation



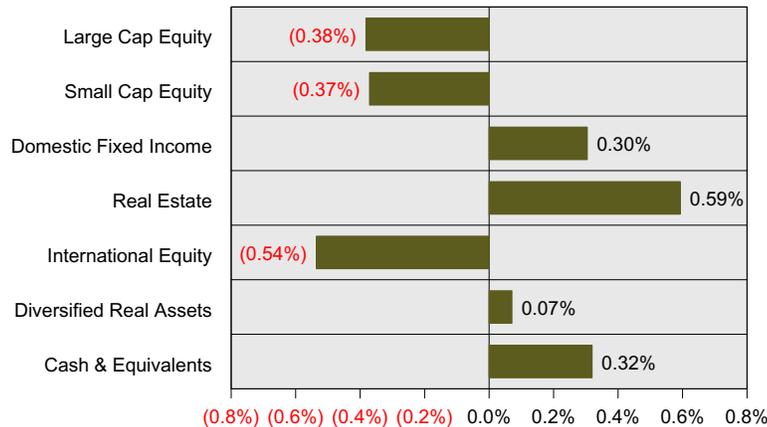
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	765,986	21.7%	22.0%	(0.3%)	(8,959)
Small Cap Equity	268,767	7.6%	8.0%	(0.4%)	(13,032)
International Equity	695,847	19.8%	20.0%	(0.2%)	(8,649)
Domestic Fixed Income	1,229,243	34.9%	35.0%	(0.1%)	(3,623)
Diversified Real Assets	349,350	9.9%	10.0%	(0.1%)	(2,897)
Real Estate	197,019	5.6%	5.0%	0.6%	20,895
Cash & Equivalents	16,265	0.5%	0.0%	0.5%	16,265
Total	3,522,476	100.0%	100.0%		

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

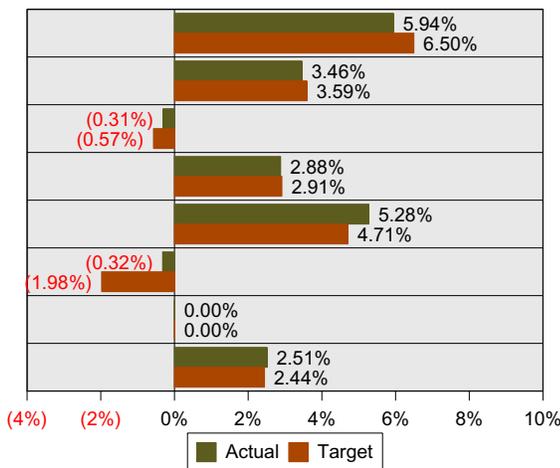
Quarterly Total Fund Relative Attribution - December 31, 2015

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

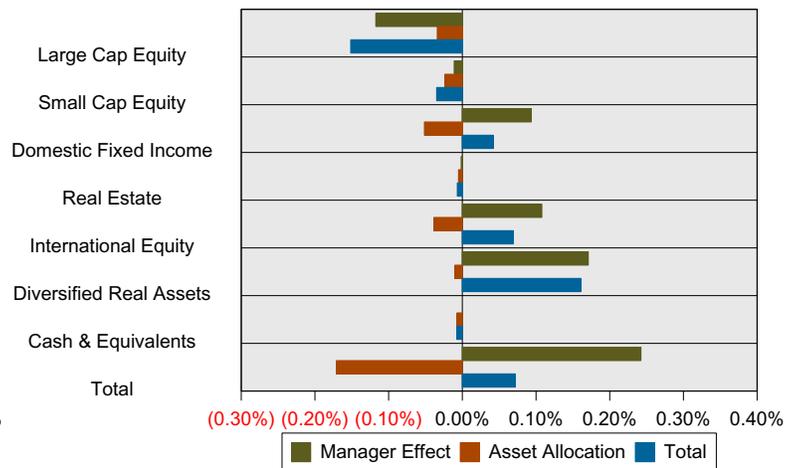
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended December 31, 2015

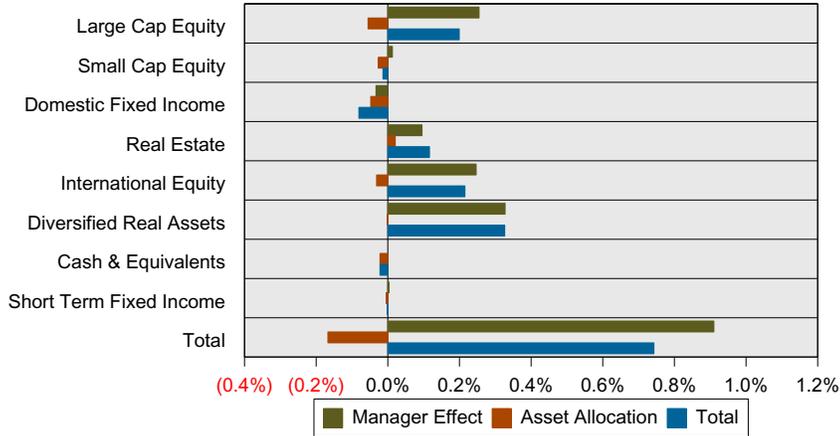
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	22%	22%	5.94%	6.50%	(0.12%)	(0.03%)	(0.15%)
Small Cap Equity	8%	8%	3.46%	3.59%	(0.01%)	(0.02%)	(0.03%)
Domestic Fixed Income	35%	35%	(0.31%)	(0.57%)	0.09%	(0.05%)	0.04%
Real Estate	6%	5%	2.88%	2.91%	(0.00%)	(0.01%)	(0.01%)
International Equity	19%	20%	5.28%	4.71%	0.11%	(0.04%)	0.07%
Diversified Real Assets	10%	10%	(0.32%)	(1.98%)	0.17%	(0.01%)	0.16%
Cash & Equivalents	0%	0%	0.00%	0.00%	0.00%	(0.01%)	(0.01%)
Total			2.51%	2.44%	0.24%	(0.17%)	0.07%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

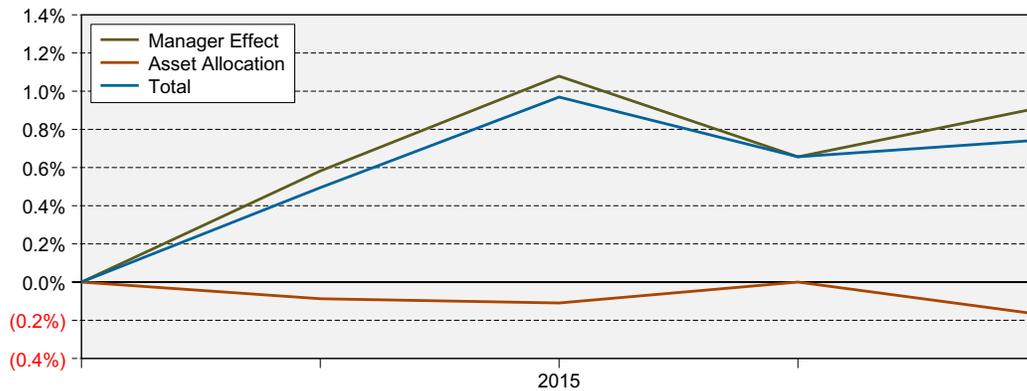
Cumulative Total Fund Relative Attribution - December 31, 2015

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

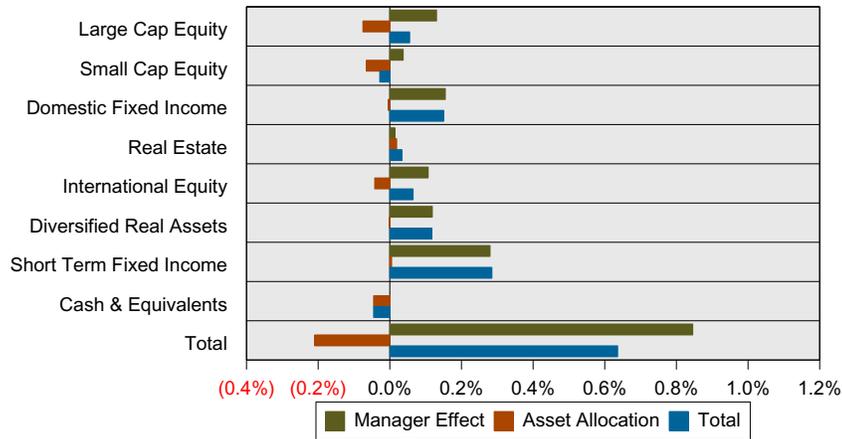
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	22%	22%	2.11%	0.92%	0.25%	(0.06%)	0.20%
Small Cap Equity	8%	8%	(4.22%)	(4.41%)	0.01%	(0.03%)	(0.01%)
Domestic Fixed Income	35%	35%	0.49%	0.55%	(0.03%)	(0.05%)	(0.08%)
Real Estate	5%	5%	15.57%	13.33%	0.10%	0.02%	0.12%
International Equity	20%	20%	0.37%	(0.81%)	0.25%	(0.03%)	0.22%
Diversified Real Assets	10%	10%	(0.32%)	(3.70%)	0.33%	(0.00%)	0.33%
Cash & Equivalents	0%	0%	0.00%	0.00%	0.00%	(0.02%)	(0.02%)
Short Term Fixed Income	0%	0%	-	-	0.00%	(0.00%)	(0.00%)
Total			1.15%	0.40%	+ 0.91%	+ (0.17%)	0.74%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

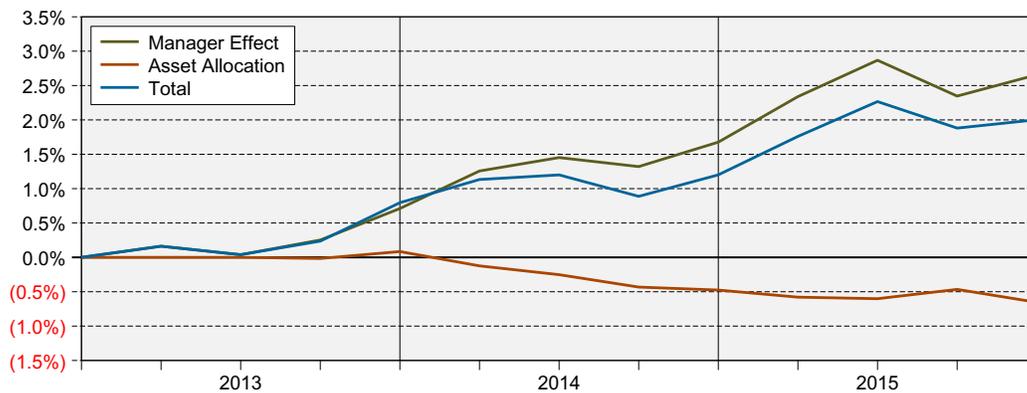
Cumulative Total Fund Relative Attribution - December 31, 2015

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

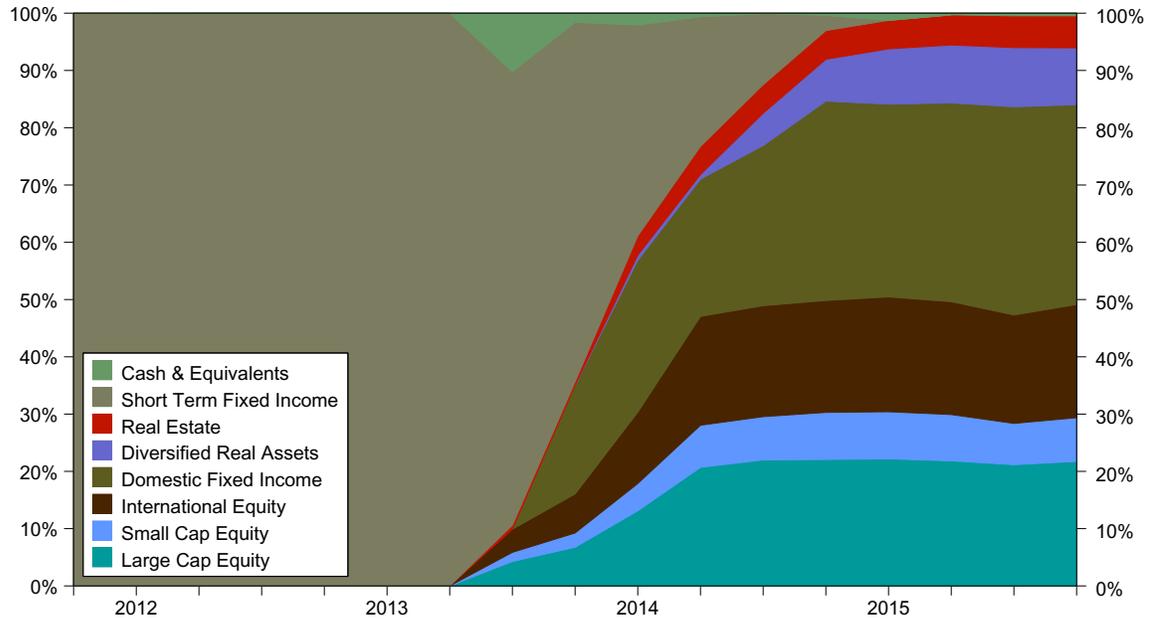
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	14%	14%	-	-	0.13%	(0.08%)	0.06%
Small Cap Equity	5%	5%	-	-	0.04%	(0.07%)	(0.03%)
Domestic Fixed Income	21%	21%	-	-	0.15%	(0.00%)	0.15%
Real Estate	3%	3%	-	-	0.01%	0.02%	0.03%
International Equity	13%	13%	-	-	0.11%	(0.04%)	0.06%
Diversified Real Assets	4%	4%	-	-	0.12%	(0.00%)	0.12%
Short Term Fixed Income	39%	40%	-	-	0.28%	0.01%	0.28%
Cash & Equivalents	1%	0%	0.03%	0.03%	0.00%	(0.05%)	(0.05%)
Total			2.76%	2.12%	+ 0.85%	+ (0.21%)	0.64%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

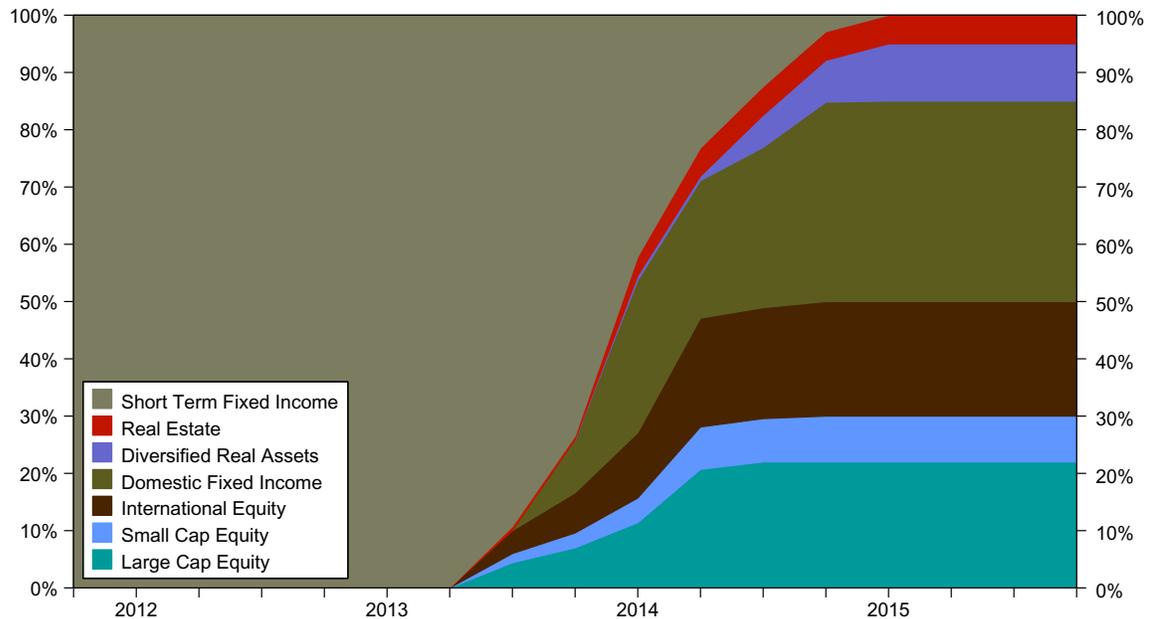
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation

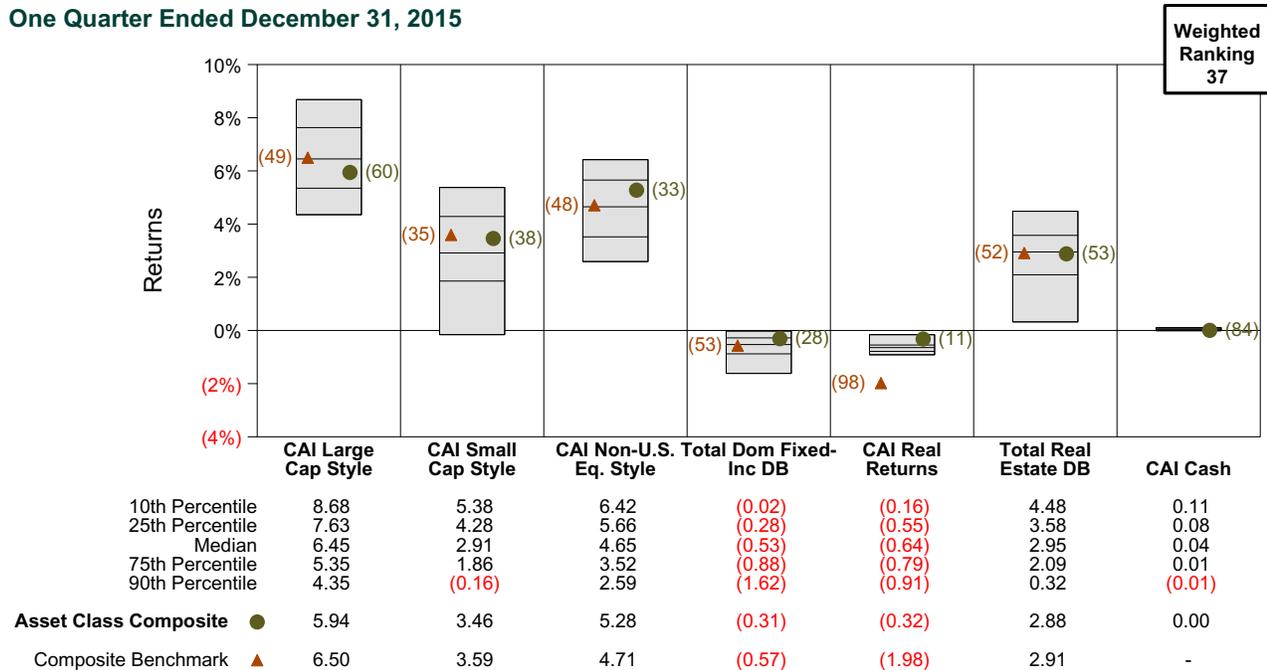


* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

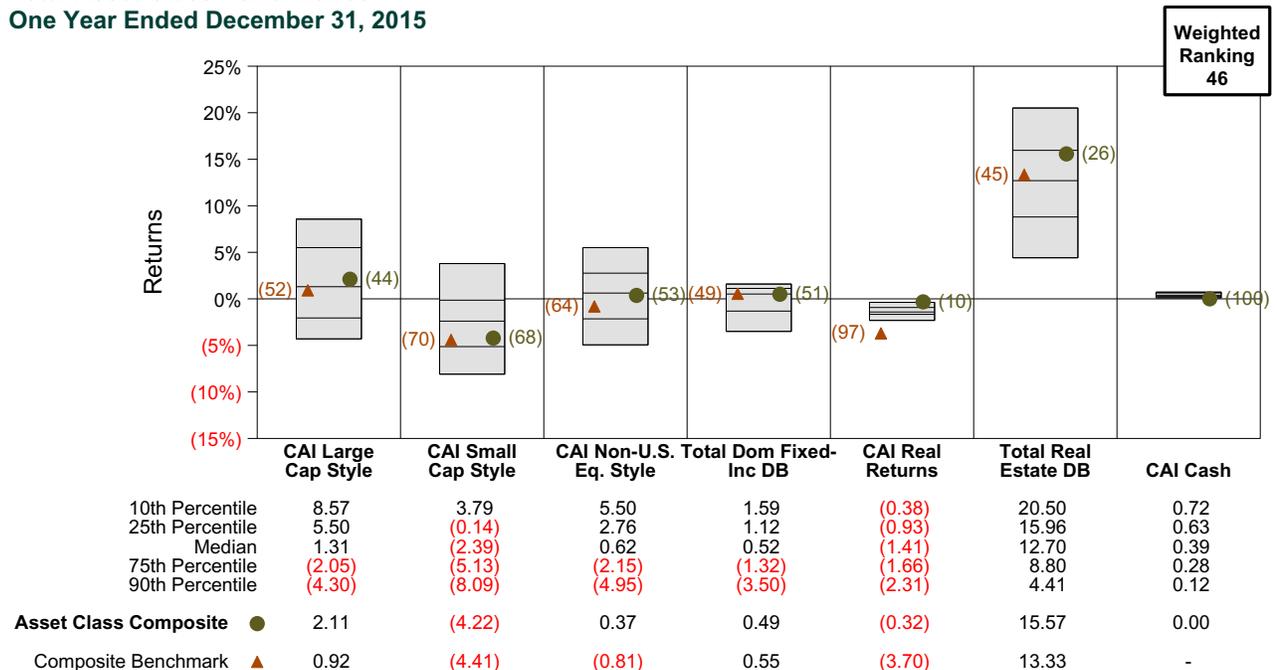
Asset Class Rankings

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

Total Asset Class Performance One Quarter Ended December 31, 2015



Total Asset Class Performance One Year Ended December 31, 2015



* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2015, with the distribution as of September 30, 2015. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	December 31, 2015		Net New Inv.	Inv. Return	September 30, 2015	
	Market Value	Weight			Market Value	Weight
Domestic Equity	\$1,034,752,370	29.38%	\$40,613,014	\$49,599,995	\$944,539,360	28.38%
Large Cap Equity	\$765,985,833	21.75%	\$19,679,014	\$41,903,890	\$704,402,930	21.16%
L.A. Capital Enhanced	152,666,348	4.33%	1,947,890	8,735,351	141,983,108	4.27%
L.A. Capital Large Cap Growth	232,169,867	6.59%	5,385,216	13,246,995	213,537,656	6.42%
Parametric Clifton Large Cap	153,193,117	4.35%	2,000,000	10,037,004	141,156,112	4.24%
LSV Large Cap Value	227,956,501	6.47%	10,345,908	9,884,540	207,726,054	6.24%
Small Cap Equity	\$268,766,536	7.63%	\$20,934,000	\$7,696,106	\$240,136,431	7.21%
Parametric Clifton SmallCap	162,399,779	4.61%	0	6,037,489	156,362,290	4.70%
PIMCO RAE	106,366,757	3.02%	20,934,000	1,658,616	83,774,141	2.52%
International Equity	\$695,846,572	19.75%	\$32,817,103	\$32,982,132	\$630,047,337	18.93%
Capital Group	265,007,166	7.52%	(240,040)	12,992,344	252,254,862	7.58%
DFA Intl SmallCap Value	70,840,669	2.01%	7,000,000	2,446,506	61,394,164	1.84%
LSV Intl Value	288,117,799	8.18%	20,757,145	14,130,835	253,229,819	7.61%
Vanguard Intl Explorer Fund	71,880,938	2.04%	5,299,998	3,412,447	63,168,493	1.90%
Domestic Fixed Income	\$1,229,243,162	34.90%	\$23,064,996	\$(3,843,813)	\$1,210,021,979	36.35%
Declaration Total Return	100,933,876	2.87%	(35,146)	(546,395)	101,515,417	3.05%
Prudential	136,208,497	3.87%	6,410,582	(216,419)	130,014,334	3.91%
SSgA US Govt Credit Bd Idx	171,483,201	4.87%	1,985,796	(1,269,813)	170,767,219	5.13%
Wells Capital	377,629,234	10.72%	8,831,826	(2,074,454)	370,871,861	11.14%
Western Asset Management	381,762,522	10.84%	5,871,939	(644,575)	376,535,158	11.31%
Pooled Fixed Income(1)	61,225,832	1.74%	0	907,842	60,317,990	1.81%
Diversified Real Assets	\$349,350,428	9.92%	\$6,706,506	\$(1,158,835)	\$343,802,757	10.33%
Western TIPS	250,575,556	7.11%	(87,624)	(3,303,474)	253,966,654	7.63%
JP Morgan Infrastructure	79,010,482	2.24%	(208,849)	281,207	78,938,124	2.37%
Grosvenor Cust. Infrastructure	19,764,389	0.56%	7,002,978	1,863,432	10,897,979	0.33%
Real Estate	\$197,018,572	5.59%	\$6,631,474	\$5,519,377	\$184,867,720	5.55%
Invesco Core Real Estate	104,906,004	2.98%	6,918,214	2,548,261	95,439,529	2.87%
JP Morgan RE Inc & Growth	92,112,568	2.61%	(286,740)	2,971,116	89,428,192	2.69%
Cash & Equivalents	\$16,265,032	0.46%	\$986,563	\$409	\$15,278,061	0.46%
Securities Lending Income	\$0	0.00%	\$(125,403)	\$125,403	-	-
Total Fund	\$3,522,476,136	100.0%	\$110,694,253	\$83,224,668	\$3,328,557,215	100.0%

(1) Comprised of PIMCO DiSCO II and PIMCO Bravo II.

Investment Manager Returns

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

Returns for Periods Ended December 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 4-1/4 Years
Domestic Equity				
Gross	5.28%	0.41%	-	-
Net	5.25%	0.16%	-	-
Large Cap Equity				
Gross	5.94%	2.11%	-	-
Net	5.90%	1.92%	-	-
Russell 1000 Index	6.50%	0.92%	15.01%	17.45%
L.A. Capital Enhanced - Gross	6.14%	2.66%	-	-
L.A. Capital Enhanced - Net	6.10%	2.51%	-	-
Russell 1000 Index	6.50%	0.92%	15.01%	17.45%
L.A. Capital LargeCap Growth - Gross	6.20%	6.24%	-	-
L.A. Capital LargeCap Growth - Net	6.14%	6.02%	-	-
Russell 1000 Growth Index	7.32%	5.67%	16.83%	18.17%
Parametric Clifton Large Cap - Gross	7.09%	1.94%	-	-
Parametric Clifton Large Cap - Net	7.09%	1.87%	-	-
S&P 500 Index	7.04%	1.38%	15.13%	17.43%
LSV Large Cap Value - Gross	4.76%	(1.99%)	-	-
LSV Large Cap Value - Net	4.68%	(2.27%)	-	-
Russell 1000 Value Index	5.64%	(3.83%)	13.08%	16.62%
Small Cap Equity				
Gross	3.46%	(4.22%)	-	-
Net	3.43%	(4.62%)	-	-
Russell 2000 Index	3.59%	(4.41%)	11.65%	15.87%
Parametric Clifton Small Cap - Gross	3.86%	(3.02%)	-	-
Parametric Clifton Small Cap - Net	3.86%	(3.49%)	-	-
Russell 2000 Index	3.59%	(4.41%)	11.65%	15.87%
PIMCO RAE - Gross	2.98%	(6.57%)	-	-
PIMCO RAE - Net	2.91%	(6.84%)	-	-
Russell 2000 Index	3.59%	(4.41%)	11.65%	15.87%
International Equity				
Gross	5.28%	0.37%	-	-
Net	5.20%	0.06%	-	-
MSCI EAFE Index	4.71%	(0.81%)	5.01%	8.31%
Capital Group - Gross	5.15%	(3.72%)	-	-
Capital Group - Net	5.06%	(4.08%)	-	-
MSCI EAFE Index	4.71%	(0.81%)	5.01%	8.31%
DFA Intl Small Cap Value	4.03%	3.99%	-	-
World ex US SC Va	3.78%	1.06%	6.71%	9.25%
LSV Intl Value - Gross	5.67%	1.56%	-	-
LSV Intl Value - Net	5.57%	1.16%	-	-
MSCI EAFE Index	4.71%	(0.81%)	5.01%	8.31%
Vanguard Intl Explorer Fund	5.34%	8.60%	-	-
BMI, EPAC, <\$2 B	6.01%	9.32%	9.19%	10.24%

Investment Manager Returns

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

Returns for Periods Ended December 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 4-1/4 Years
Domestic Fixed Income				
Gross	(0.31%)	0.49%	-	-
Net	(0.34%)	0.36%	-	-
Barclays Aggregate Index	(0.57%)	0.55%	1.44%	2.27%
Declaration Total Return - Net	(0.54%)	2.22%	-	-
Libor-3 Month	0.09%	0.30%	0.27%	0.33%
Prudential - Gross	(0.18%)	0.96%	-	-
Prudential - Net	(0.25%)	0.70%	-	-
Barclays Aggregate Index	(0.57%)	0.55%	1.44%	2.27%
Wells Capital - Gross	(0.53%)	(1.42%)	-	-
Wells Capital - Net	(0.57%)	(1.59%)	-	-
Barclays Baa Credit 3% In	(1.03%)	(2.75%)	1.04%	3.96%
Western Asset - Gross	(0.16%)	1.12%	-	-
Western Asset - Net	(0.20%)	0.98%	-	-
Barclays Aggregate Index	(0.57%)	0.55%	1.44%	2.27%
SSgA US Govt Credit Bd Idx - Gross	(0.74%)	0.17%	-	-
SSgA US Govt Credit Bd Idx - Net	(0.75%)	0.13%	-	-
Barclays Govt/Credit Bd	(0.74%)	0.15%	1.21%	2.25%
Pooled Fixed Income - Net(1)	1.51%	-	-	-
Barclays Aggregate Index	(0.57%)	0.55%	1.44%	2.27%
Diversified Real Assets				
Gross	(0.32%)	(0.32%)	-	-
Net	(0.40%)	(0.52%)	-	-
Weighted Benchmark	(1.98%)	(3.70%)	-	-
Western Asset TIPS - Gross	(1.30%)	(3.00%)	-	-
Western Asset TIPS - Net	(1.34%)	(3.12%)	-	-
Barclays Gbl Inftn-Lnked	(2.41%)	(4.97%)	(1.65%)	1.22%
JP Morgan Infrastructure - Gross	0.36%	-	-	-
JP Morgan Infrastructure - Net	0.14%	-	-	-
CPI-W	(0.80%)	0.38%	0.72%	0.74%
Grosvenor Cust. Infrastructure - Net	15.09%	-	-	-
CPI-W	(0.80%)	0.38%	0.72%	0.74%
Real Estate				
Gross	2.88%	15.57%	-	-
Net	2.71%	14.79%	-	-
NCREIF Total Index	2.91%	13.33%	12.04%	11.71%
Invesco Core Real Estate - Gross	2.49%	14.71%	-	-
Invesco Core Real Estate - Net	2.41%	14.33%	-	-
NCREIF Total Index	2.91%	13.33%	12.04%	11.71%
JP Morgan RE Inc & Growth - Gross	3.32%	16.23%	-	-
JP Morgan RE Inc & Growth - Net	3.06%	15.07%	-	-
NCREIF Total Index	2.91%	13.33%	12.04%	11.71%
Cash & Equivalents - Net				
90 Day Treasury Bills	0.00%	0.00%	0.03%	0.09%
	0.03%	0.05%	0.05%	0.06%
Total Fund				
Gross	2.51%	1.15%	2.76%	2.50%
Net	2.46%	0.91%	2.58%	2.35%
Target*	2.44%	0.40%	2.12%	1.63%

* Current Quarter Target = 35.0% Barclays Aggregate Index, 22.0% Russell 1000 Index, 20.0% MSCI EAFE Index, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

(1) Comprised of PIMCO DiSCO II and PIMCO Bravo II.

Parametric Clifton Large Cap Period Ended December 31, 2015

Investment Philosophy

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

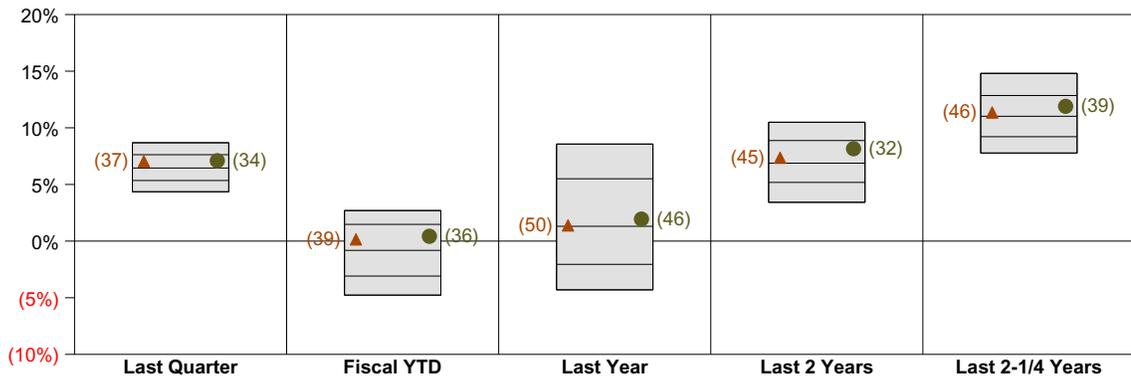
Quarterly Summary and Highlights

- Parametric Clifton Large Cap's portfolio posted a 7.09% return for the quarter placing it in the 34 percentile of the CAI Large Capitalization Style group for the quarter and in the 46 percentile for the last year.
- Parametric Clifton Large Cap's portfolio outperformed the S&P 500 Index by 0.05% for the quarter and outperformed the S&P 500 Index for the year by 0.56%.

Quarterly Asset Growth

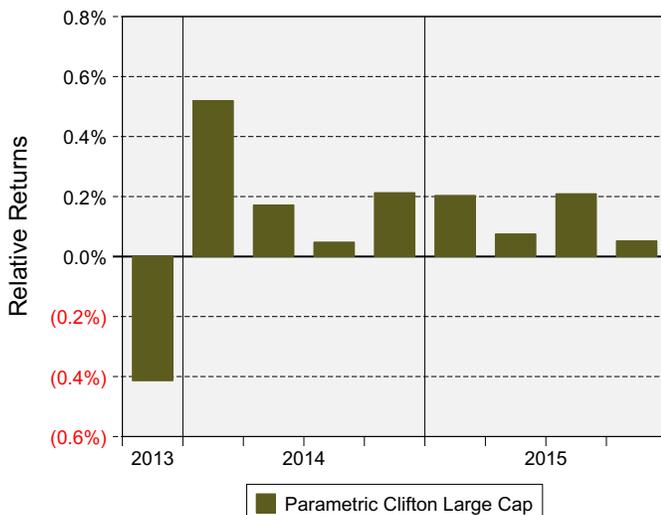
Beginning Market Value	\$141,156,112
Net New Investment	\$2,000,000
Investment Gains/(Losses)	\$10,037,004
Ending Market Value	\$153,193,117

Performance vs CAI Large Capitalization Style (Gross)

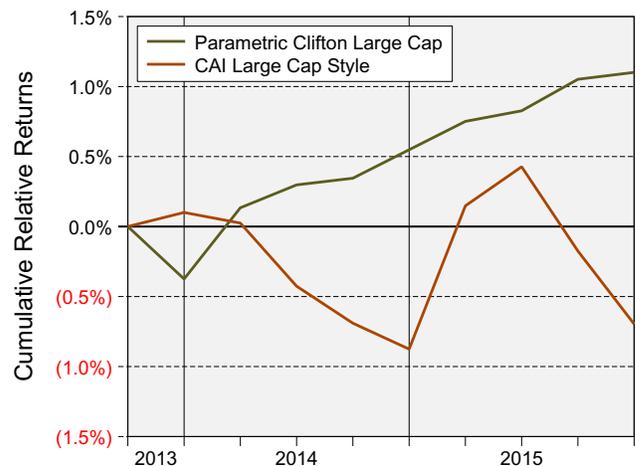


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	8.68	2.70	8.57	10.49	14.81
25th Percentile	7.63	1.47	5.50	8.88	12.85
Median	6.45	(0.82)	1.31	6.88	11.02
75th Percentile	5.35	(3.09)	(2.05)	5.18	9.22
90th Percentile	4.35	(4.77)	(4.30)	3.42	7.77
Parametric Clifton Large Cap	7.09	0.42	1.94	8.15	11.90
S&P 500 Index	7.04	0.15	1.38	7.36	11.36

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



L.A. Capital Period Ended December 31, 2015

Investment Philosophy

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

Quarterly Summary and Highlights

- L.A. Capital Large Cap Growth's portfolio posted a 6.20% return for the quarter placing it in the 82 percentile of the CAI Large Cap Growth Style group for the quarter and in the 52 percentile for the last year.
- L.A. Capital Large Cap Growth's portfolio underperformed the Russell 1000 Growth Index by 1.12% for the quarter and outperformed the Russell 1000 Growth Index for the year by 0.57%.

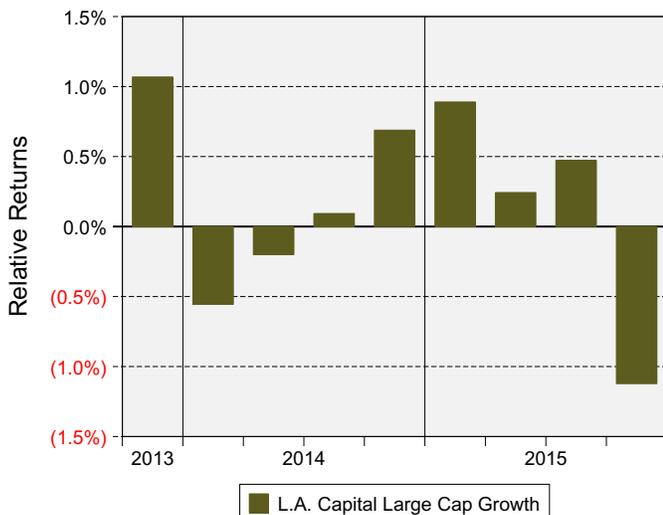
Quarterly Asset Growth

Beginning Market Value	\$213,537,656
Net New Investment	\$5,385,216
Investment Gains/(Losses)	\$13,246,995
Ending Market Value	\$232,169,867

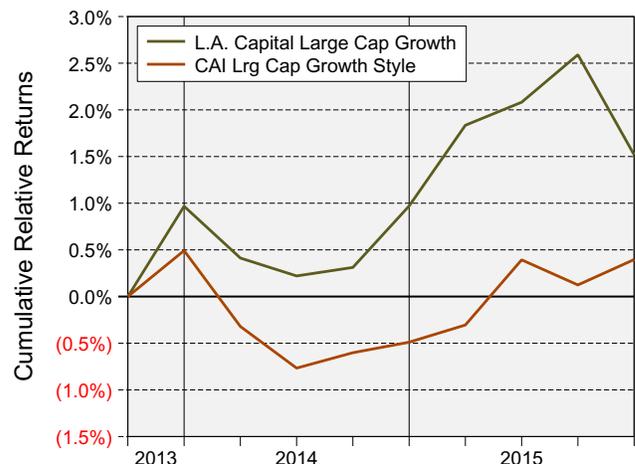
Performance vs CAI Large Cap Growth Style (Gross)



Relative Return vs Russell 1000 Growth Index



Cumulative Returns vs Russell 1000 Growth Index



L.A. Capital Enhanced

Period Ended December 31, 2015

Investment Philosophy

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

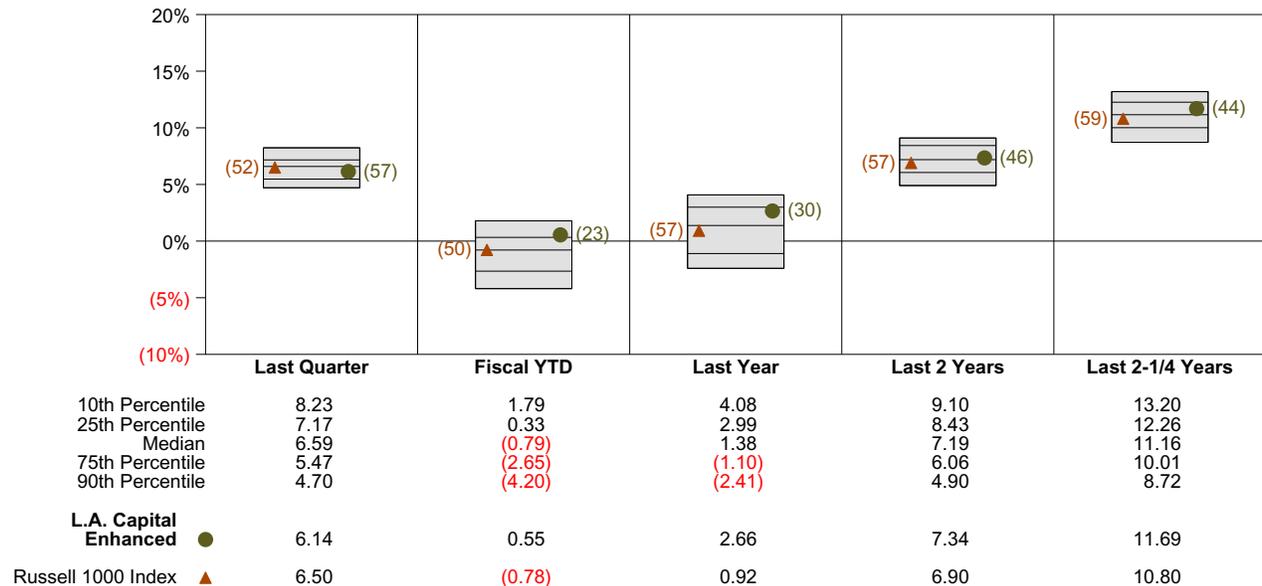
Quarterly Summary and Highlights

- L.A. Capital Enhanced's portfolio posted a 6.14% return for the quarter placing it in the 57 percentile of the CAI Large Cap Core Style group for the quarter and in the 30 percentile for the last year.
- L.A. Capital Enhanced's portfolio underperformed the Russell 1000 Index by 0.36% for the quarter and outperformed the Russell 1000 Index for the year by 1.74%.

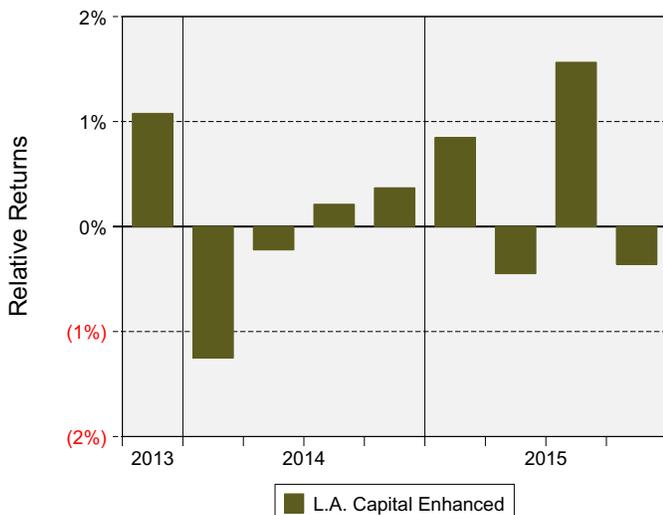
Quarterly Asset Growth

Beginning Market Value	\$141,983,108
Net New Investment	\$1,947,890
Investment Gains/(Losses)	\$8,735,351
Ending Market Value	\$152,666,348

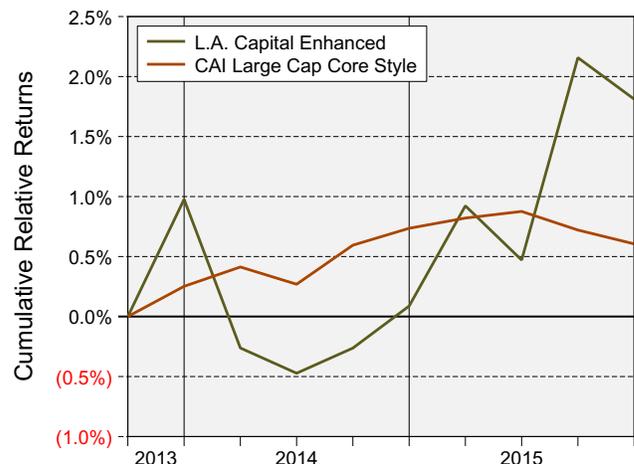
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs Russell 1000 Index



Cumulative Returns vs Russell 1000 Index



LSV Asset Management

Period Ended December 31, 2015

Investment Philosophy

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

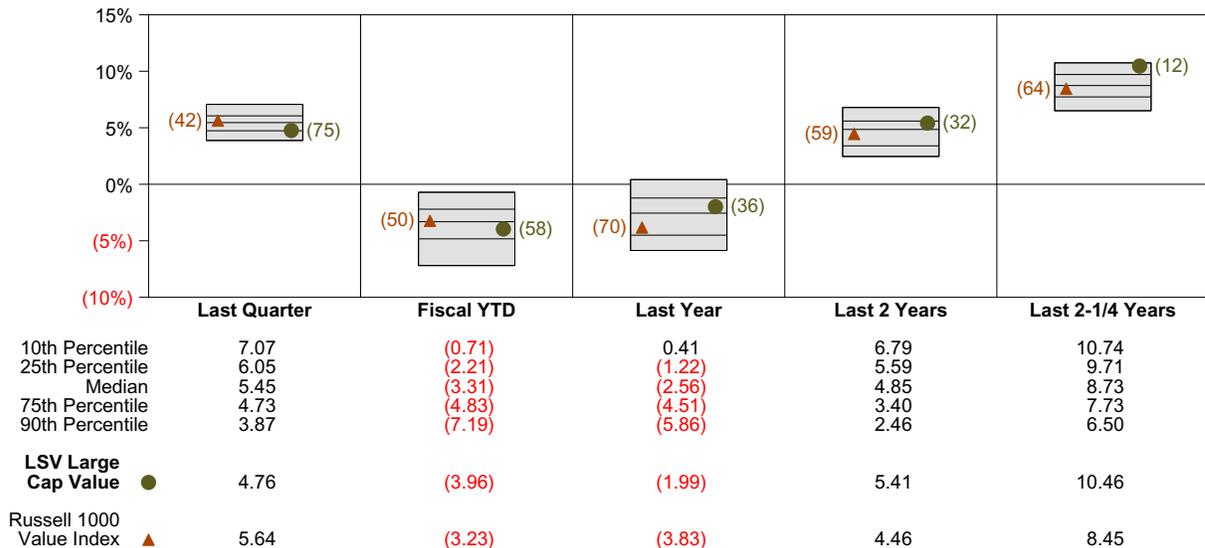
Quarterly Summary and Highlights

- LSV Large Cap Value's portfolio posted a 4.76% return for the quarter placing it in the 75 percentile of the CAI Large Cap Value Style group for the quarter and in the 36 percentile for the last year.
- LSV Large Cap Value's portfolio underperformed the Russell 1000 Value Index by 0.88% for the quarter and outperformed the Russell 1000 Value Index for the year by 1.84%.

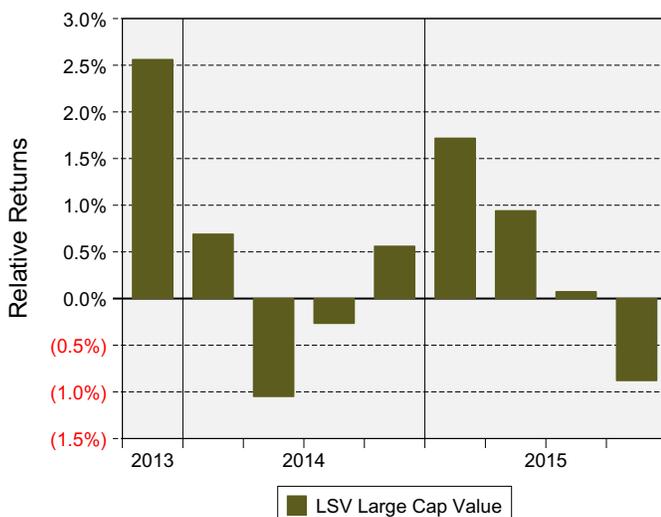
Quarterly Asset Growth

Beginning Market Value	\$207,726,054
Net New Investment	\$10,345,908
Investment Gains/(Losses)	\$9,884,540
Ending Market Value	\$227,956,501

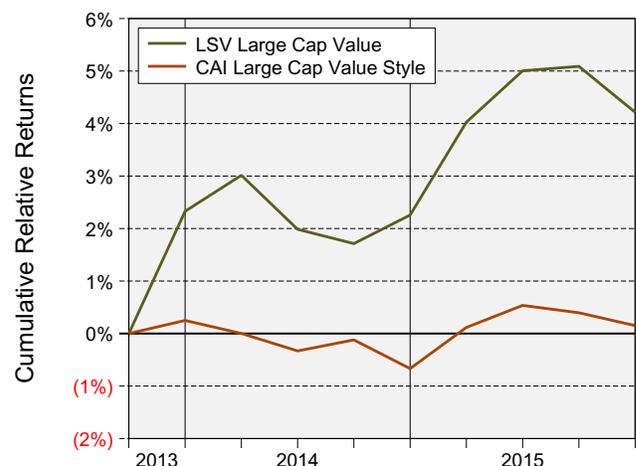
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs Russell 1000 Value Index



Cumulative Returns vs Russell 1000 Value Index



Parametric Clifton Small Cap Period Ended December 31, 2015

Investment Philosophy

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

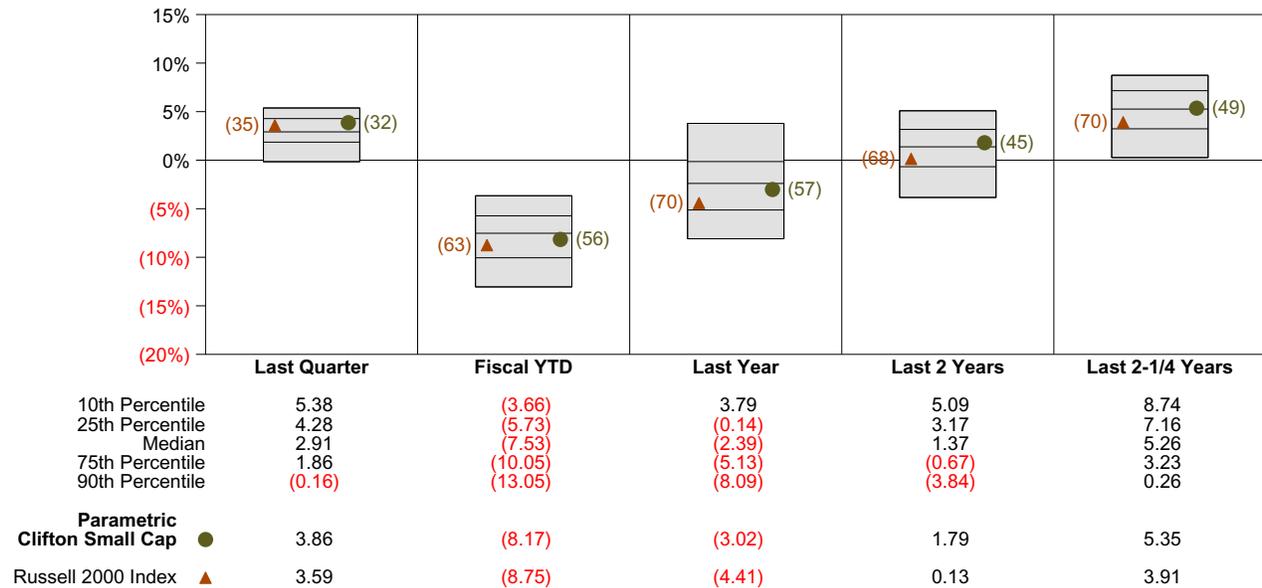
Quarterly Summary and Highlights

- Parametric Clifton Small Cap's portfolio posted a 3.86% return for the quarter placing it in the 32 percentile of the CAI Small Capitalization Style group for the quarter and in the 57 percentile for the last year.
- Parametric Clifton Small Cap's portfolio outperformed the Russell 2000 Index by 0.27% for the quarter and outperformed the Russell 2000 Index for the year by 1.39%.

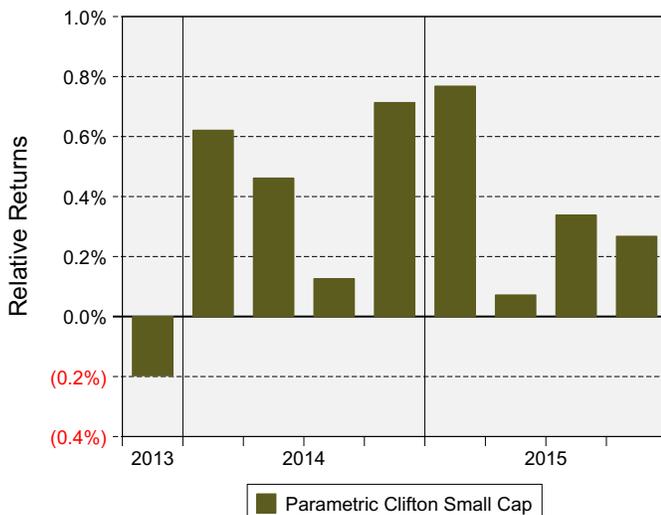
Quarterly Asset Growth

Beginning Market Value	\$156,362,290
Net New Investment	\$0
Investment Gains/(Losses)	\$6,037,489
Ending Market Value	\$162,399,779

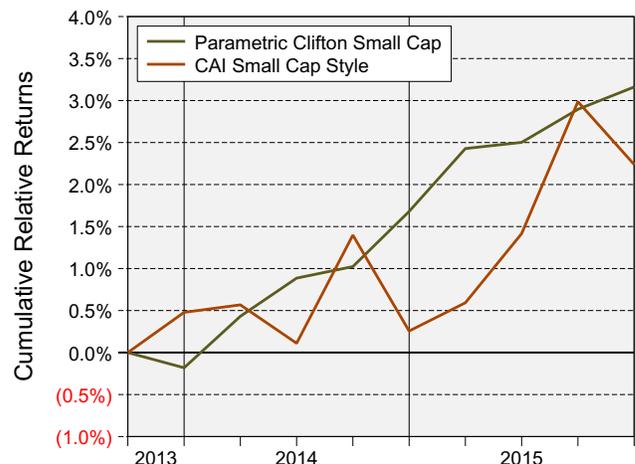
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



Cumulative Returns vs Russell 2000 Index



PIMCO RAE

Period Ended December 31, 2015

Investment Philosophy

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

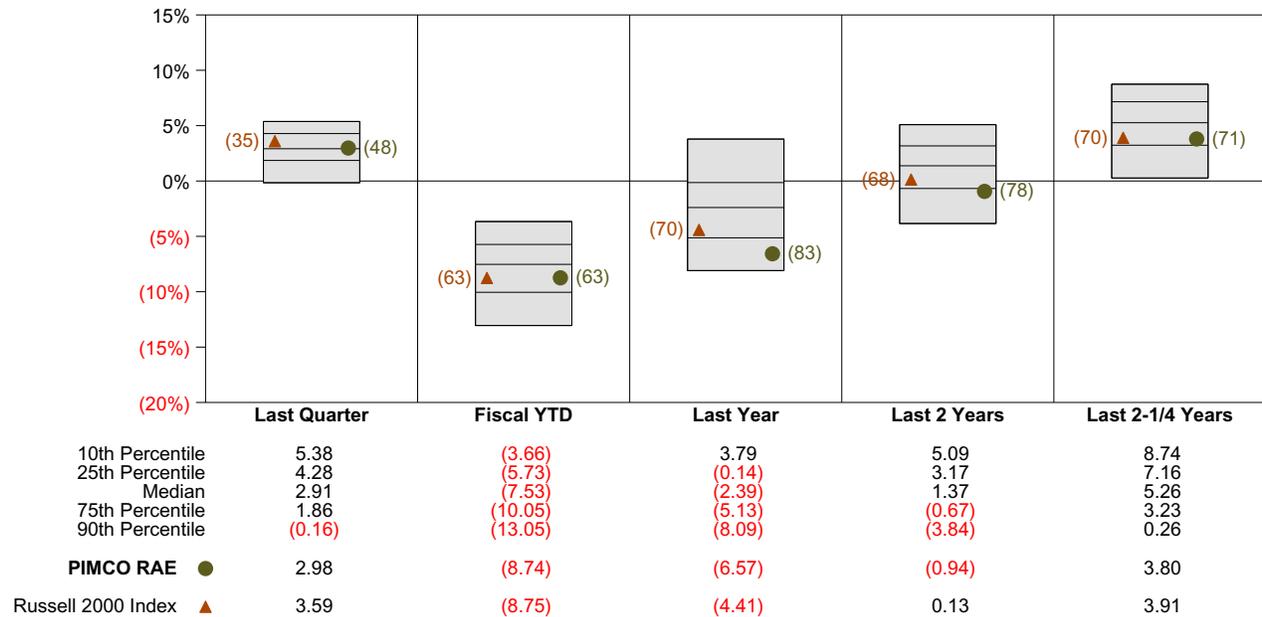
Quarterly Summary and Highlights

- PIMCO RAE's portfolio posted a 2.98% return for the quarter placing it in the 48 percentile of the CAI Small Capitalization Style group for the quarter and in the 83 percentile for the last year.
- PIMCO RAE's portfolio underperformed the Russell 2000 Index by 0.62% for the quarter and underperformed the Russell 2000 Index for the year by 2.16%.

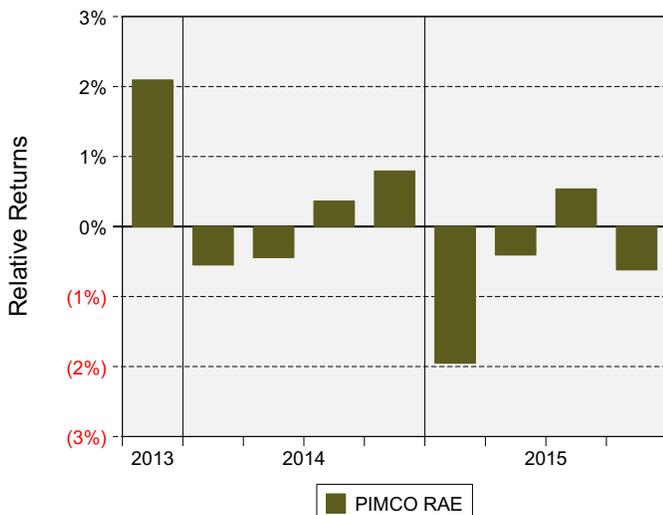
Quarterly Asset Growth

Beginning Market Value	\$83,774,141
Net New Investment	\$20,934,000
Investment Gains/(Losses)	\$1,658,616
Ending Market Value	\$106,366,757

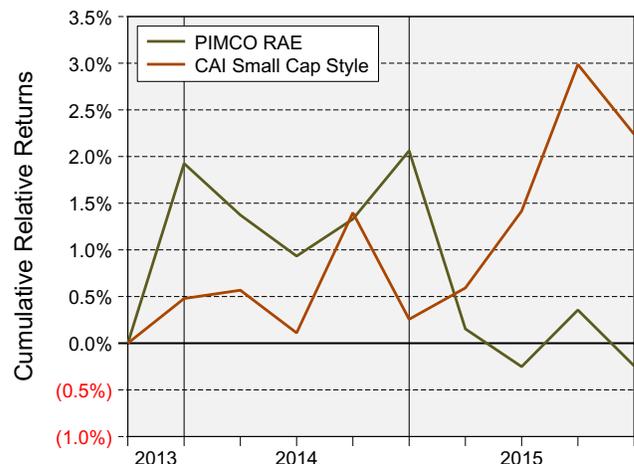
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



Cumulative Returns vs Russell 2000 Index



Capital Group

Period Ended December 31, 2015

Investment Philosophy

The Portfolio will invest primarily in equity or equity type securities of companies in developed countries excluding the U.S. These equity securities will be listed on a stock exchange or traded in another recognized market and include, but are not limited to, common and preferred stocks, securities convertible or exchangeable into common or preferred stock, warrants, rights and depository arrangements.

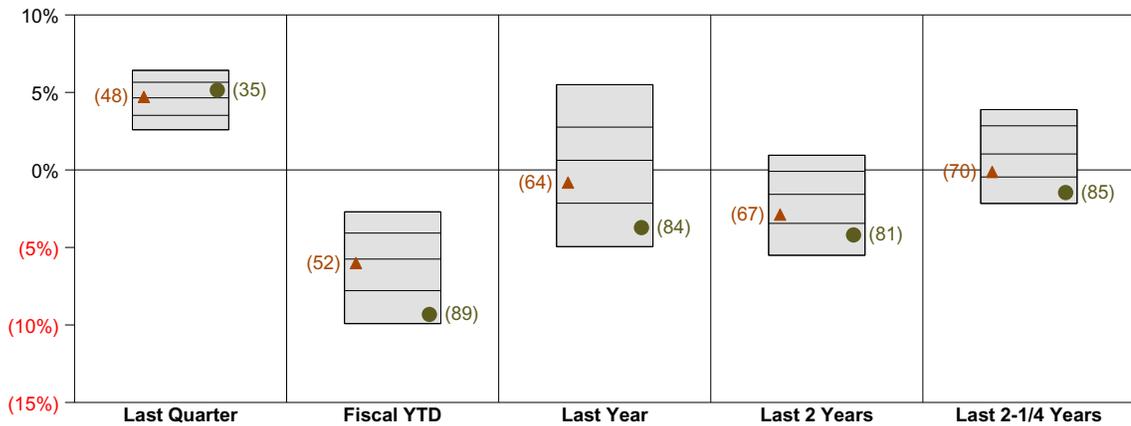
Quarterly Summary and Highlights

- Capital Group's portfolio posted a 5.15% return for the quarter placing it in the 35 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 84 percentile for the last year.
- Capital Group's portfolio outperformed the MSCI EAFE Index by 0.44% for the quarter and underperformed the MSCI EAFE Index for the year by 2.91%.

Quarterly Asset Growth

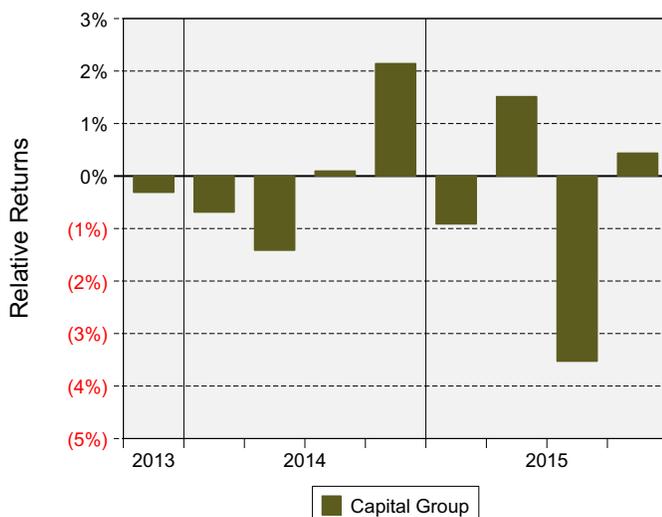
Beginning Market Value	\$252,254,862
Net New Investment	\$-240,040
Investment Gains/(Losses)	\$12,992,344
Ending Market Value	\$265,007,166

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

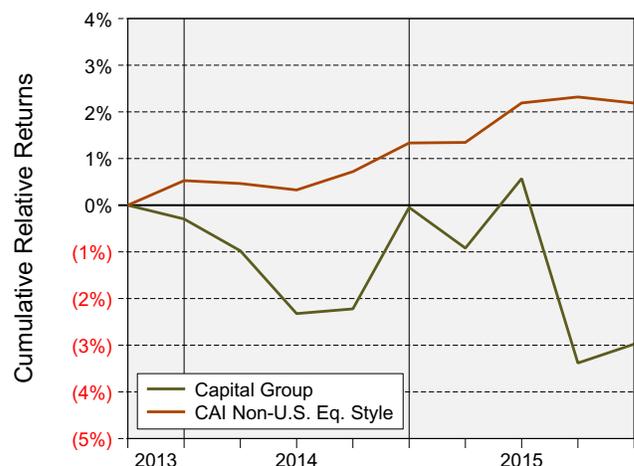


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	6.42	(2.70)	5.50	0.95	3.89
25th Percentile	5.66	(4.07)	2.76	(0.09)	2.85
Median	4.65	(5.75)	0.62	(1.57)	1.03
75th Percentile	3.52	(7.79)	(2.15)	(3.45)	(0.46)
90th Percentile	2.59	(9.91)	(4.95)	(5.51)	(2.16)
Capital Group ●	5.15	(9.32)	(3.72)	(4.19)	(1.46)
MSCI EAFE Index ▲	4.71	(6.01)	(0.81)	(2.88)	(0.13)

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index



DFA Intl Small Cap Value Period Ended December 31, 2015

Investment Philosophy

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

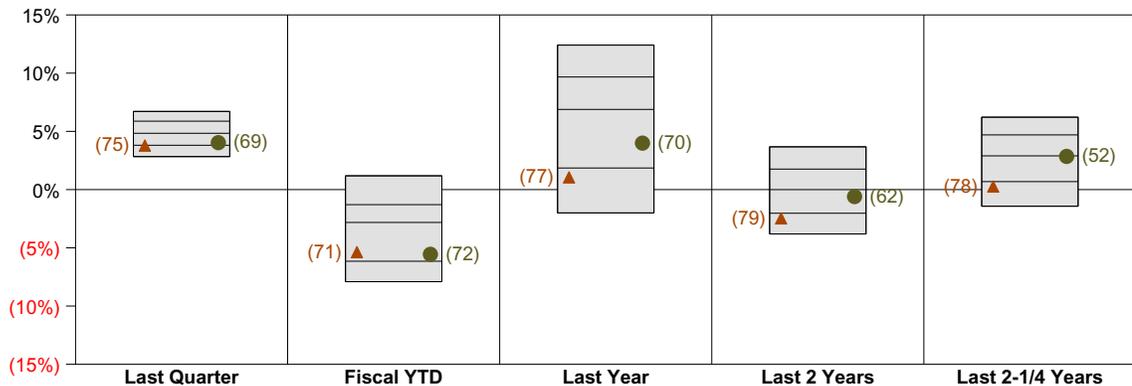
Quarterly Summary and Highlights

- DFA Intl Small Cap Value's portfolio posted a 4.03% return for the quarter placing it in the 69 percentile of the Lipper: International Small Cap Obj group for the quarter and in the 70 percentile for the last year.
- DFA Intl Small Cap Value's portfolio outperformed the World ex US SC Value by 0.25% for the quarter and outperformed the World ex US SC Value for the year by 2.93%.

Quarterly Asset Growth

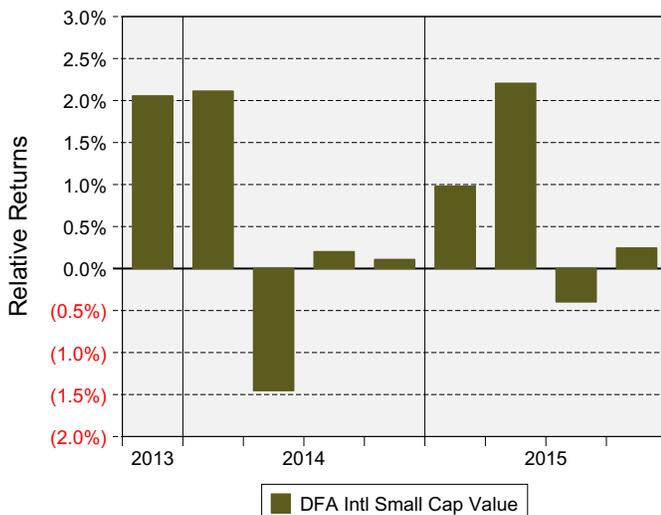
Beginning Market Value	\$61,394,164
Net New Investment	\$7,000,000
Investment Gains/(Losses)	\$2,446,506
Ending Market Value	\$70,840,669

Performance vs Lipper: International Small Cap Obj (Net)

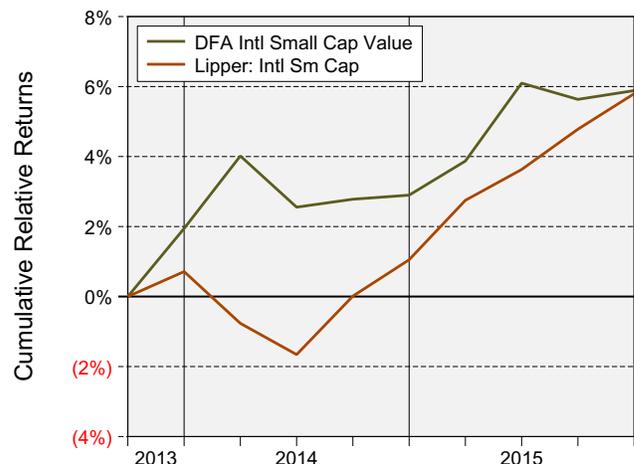


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	6.71	1.18	12.41	3.67	6.22
25th Percentile	5.88	(1.29)	9.67	1.76	4.70
Median	4.84	(2.82)	6.89	(0.00)	2.90
75th Percentile	3.81	(6.15)	1.85	(2.03)	0.69
90th Percentile	2.83	(7.91)	(2.00)	(3.81)	(1.43)
DFA Intl Small Cap Value ●	4.03	(5.56)	3.99	(0.60)	2.85
World ex US SC Value ▲	3.78	(5.37)	1.06	(2.47)	0.27

Relative Return vs World ex US SC Value



Cumulative Returns vs World ex US SC Value



LSV Intl Value

Period Ended December 31, 2015

Investment Philosophy

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

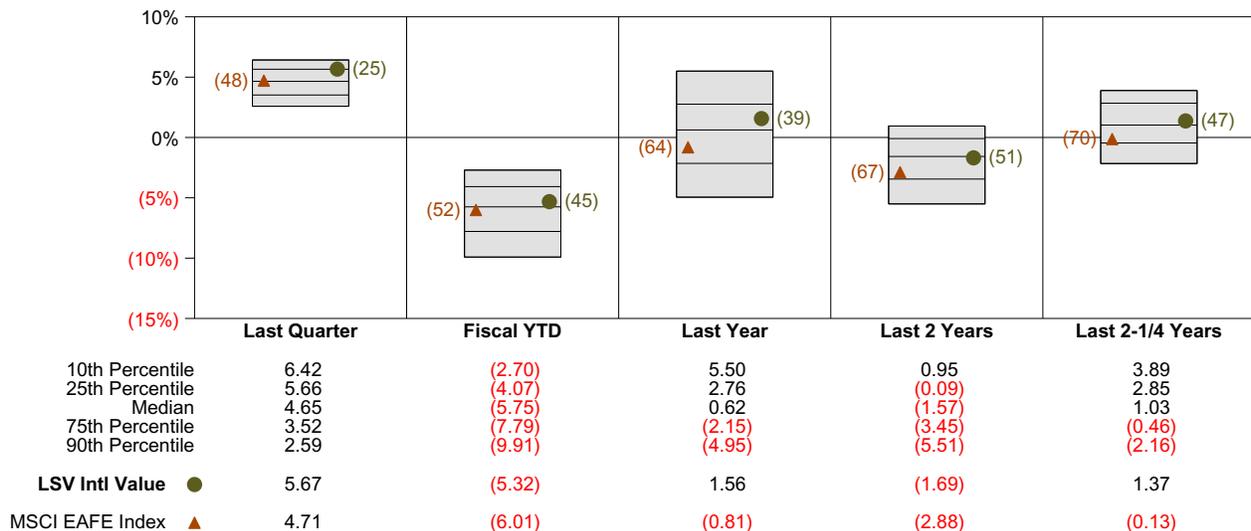
Quarterly Summary and Highlights

- LSV Intl Value's portfolio posted a 5.67% return for the quarter placing it in the 25 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 39 percentile for the last year.
- LSV Intl Value's portfolio outperformed the MSCI EAFE Index by 0.96% for the quarter and outperformed the MSCI EAFE Index for the year by 2.38%.

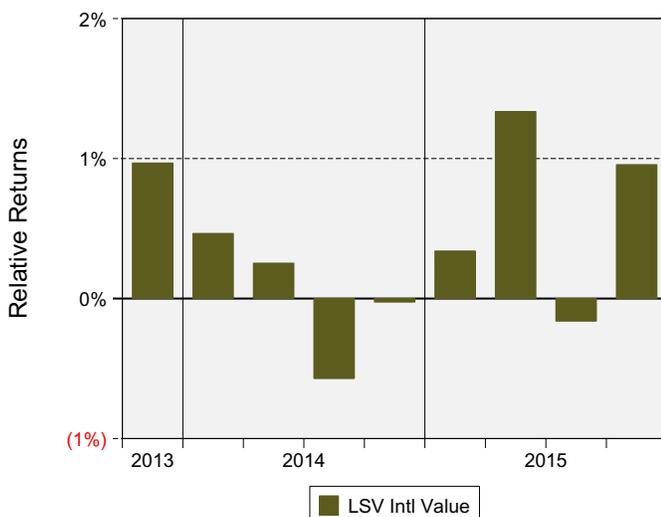
Quarterly Asset Growth

Beginning Market Value	\$253,229,819
Net New Investment	\$20,757,145
Investment Gains/(Losses)	\$14,130,835
Ending Market Value	\$288,117,799

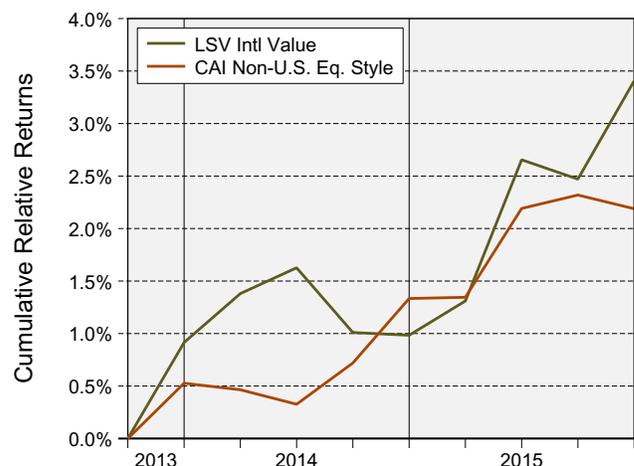
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index



Vanguard Intl Explorer Fund

Period Ended December 31, 2015

Investment Philosophy

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

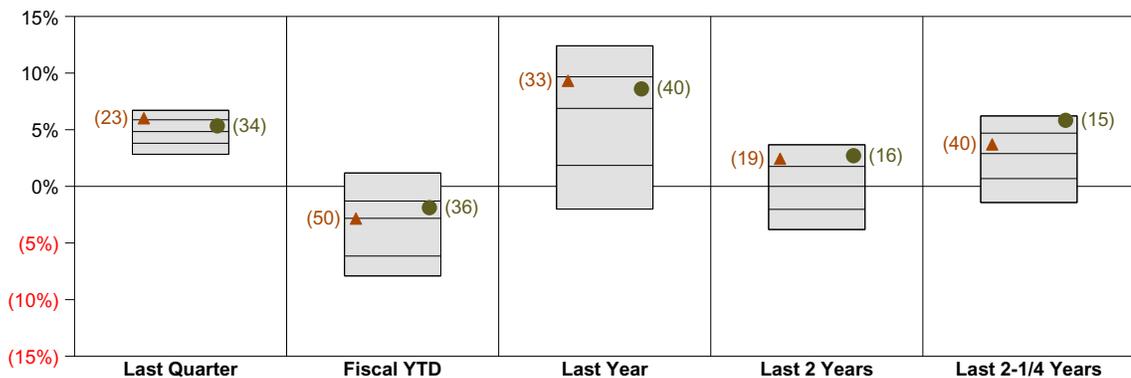
Quarterly Summary and Highlights

- Vanguard Intl Explorer Fund's portfolio posted a 5.34% return for the quarter placing it in the 34 percentile of the Lipper: International Small Cap Obj group for the quarter and in the 40 percentile for the last year.
- Vanguard Intl Explorer Fund's portfolio underperformed the S&P BMI EPAC <\$2 B by 0.67% for the quarter and underperformed the S&P BMI EPAC <\$2 B for the year by 0.72%.

Quarterly Asset Growth

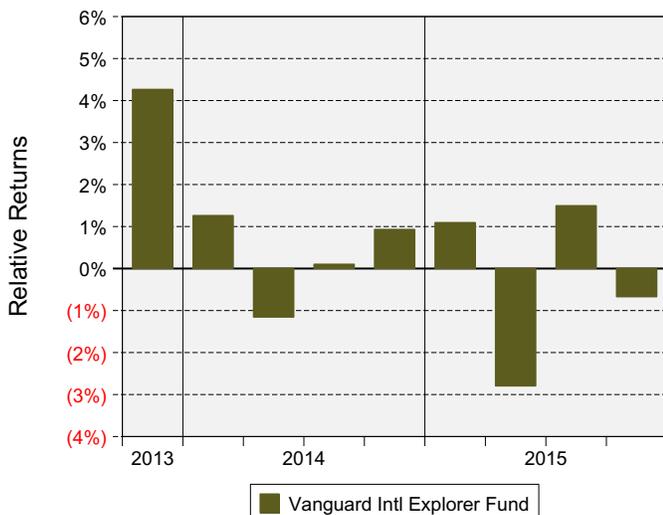
Beginning Market Value	\$63,168,493
Net New Investment	\$5,299,998
Investment Gains/(Losses)	\$3,412,447
Ending Market Value	\$71,880,938

Performance vs Lipper: International Small Cap Obj (Net)

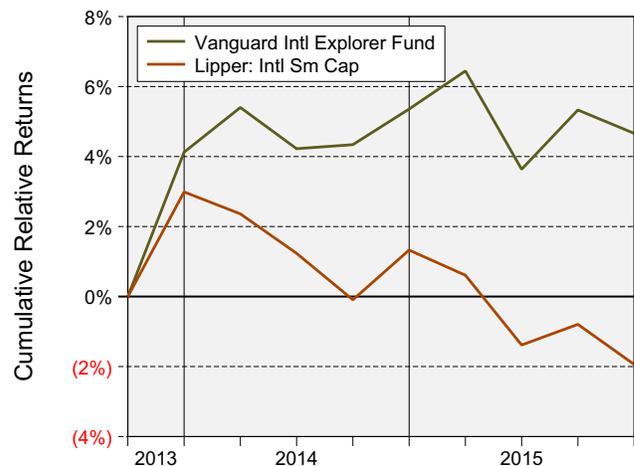


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	6.71	1.18	12.41	3.67	6.22
25th Percentile	5.88	(1.29)	9.67	1.76	4.70
Median	4.84	(2.82)	6.89	(0.00)	2.90
75th Percentile	3.81	(6.15)	1.85	(2.03)	0.69
90th Percentile	2.83	(7.91)	(2.00)	(3.81)	(1.43)
Vanguard Intl Explorer Fund	5.34	(1.88)	8.60	2.71	5.83
S&P BMI EPAC <\$2 B	6.01	(2.84)	9.32	2.44	3.71

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



Cumulative Returns vs S&P BMI EPAC <\$2 B



Declaration Total Return Period Ended December 31, 2015

Investment Philosophy

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

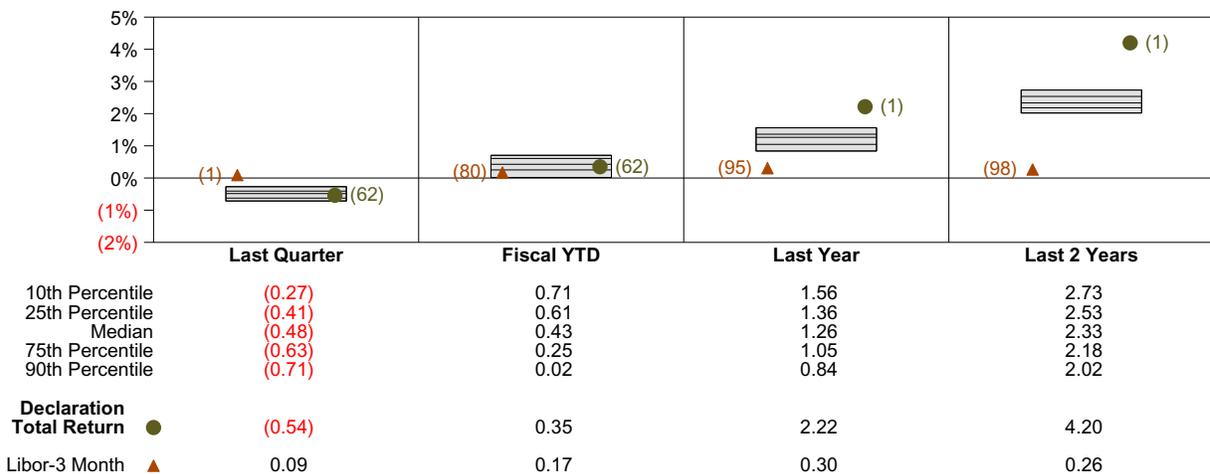
Quarterly Summary and Highlights

- Declaration Total Return's portfolio posted a (0.54)% return for the quarter placing it in the 62 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 1 percentile for the last year.
- Declaration Total Return's portfolio underperformed the Libor-3 Month by 0.63% for the quarter and outperformed the Libor-3 Month for the year by 1.91%.

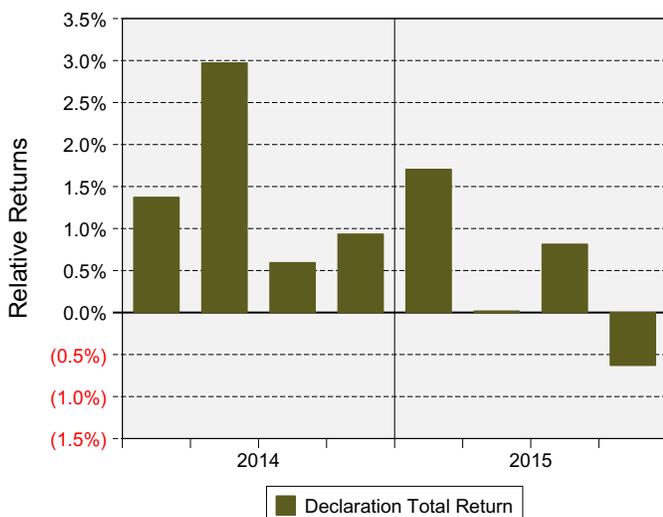
Quarterly Asset Growth

Beginning Market Value	\$101,515,417
Net New Investment	\$-35,146
Investment Gains/(Losses)	\$-546,395
Ending Market Value	\$100,933,876

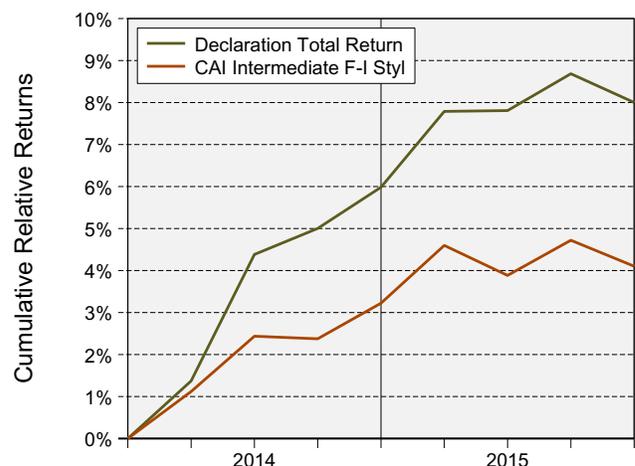
Performance vs CAI Intermediate Fixed-Inc Style (Gross)



Relative Return vs Libor-3 Month



Cumulative Returns vs Libor-3 Month



Prudential

Period Ended December 31, 2015

Investment Philosophy

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

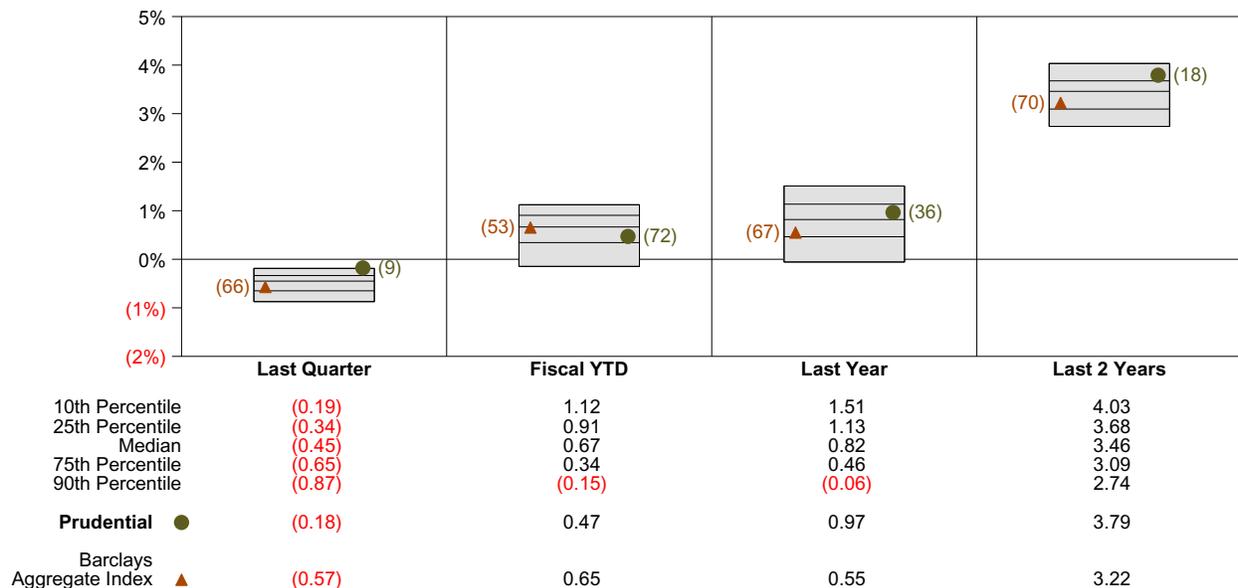
Quarterly Summary and Highlights

- Prudential's portfolio posted a (0.18)% return for the quarter placing it in the 9 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 36 percentile for the last year.
- Prudential's portfolio outperformed the Barclays Aggregate Index by 0.39% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.42%.

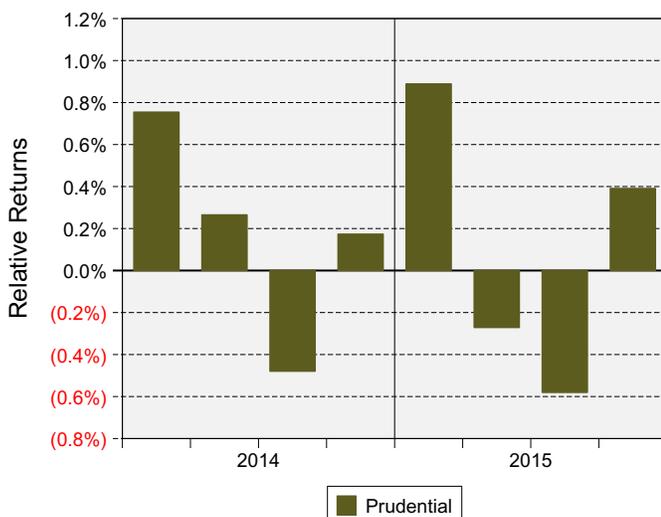
Quarterly Asset Growth

Beginning Market Value	\$130,014,334
Net New Investment	\$6,410,582
Investment Gains/(Losses)	\$-216,419
Ending Market Value	\$136,208,497

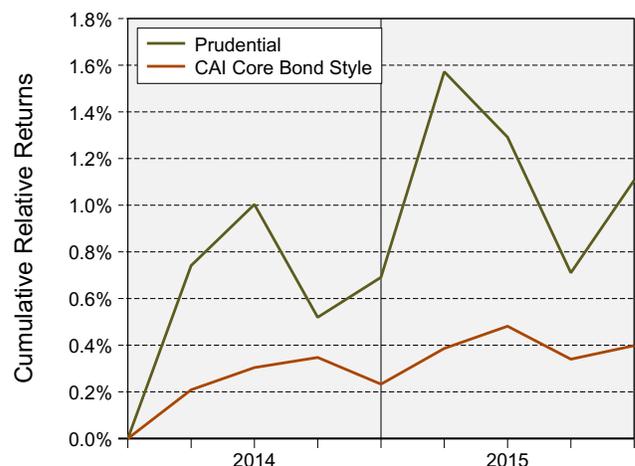
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs Barclays Aggregate Index



Cumulative Returns vs Barclays Aggregate Index



SSgA US Govt Credit Bd Idx Period Ended December 31, 2015

Investment Philosophy

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

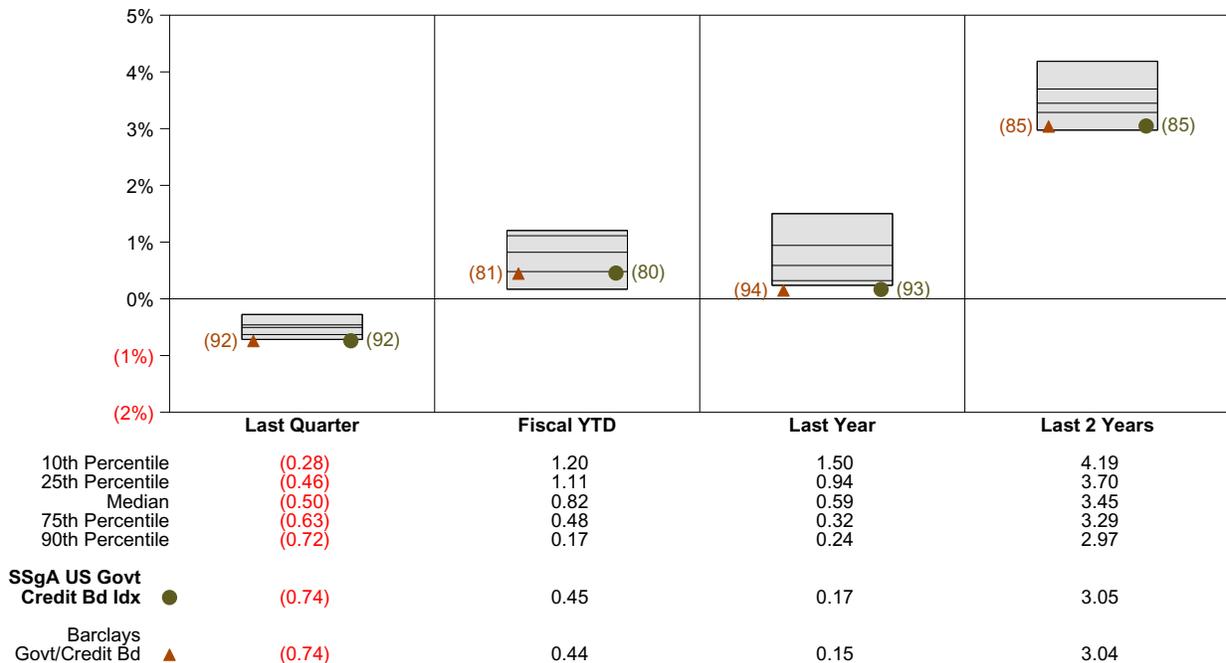
Quarterly Summary and Highlights

- SSgA US Govt Credit Bd Idx's portfolio posted a (0.74)% return for the quarter placing it in the 92 percentile of the CAI Govt/Credit Fixed-Income Style group for the quarter and in the 93 percentile for the last year.
- SSgA US Govt Credit Bd Idx'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 0.02%.

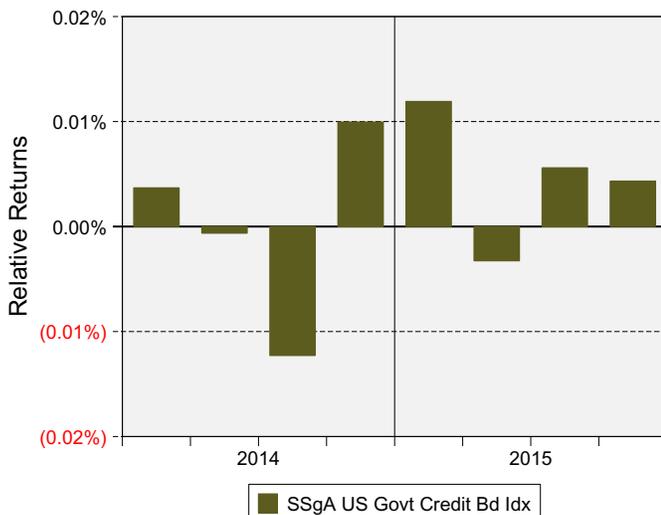
Quarterly Asset Growth

Beginning Market Value	\$170,767,219
Net New Investment	\$1,985,796
Investment Gains/(Losses)	\$-1,269,813
Ending Market Value	\$171,483,201

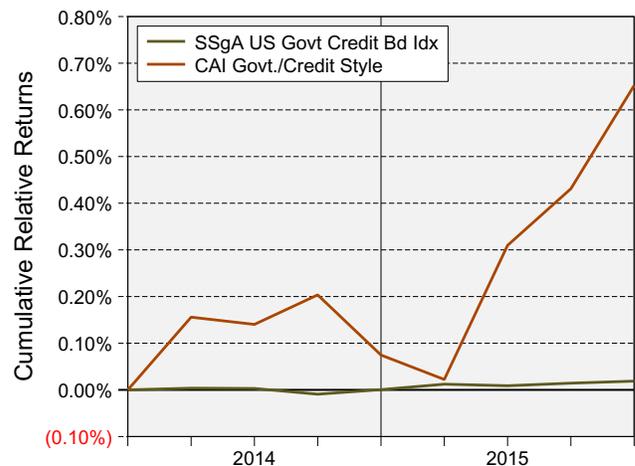
Performance vs CAI Govt/Credit Fixed-Income Style (Gross)



Relative Return vs Barclays Govt/Credit Bd



Cumulative Returns vs Barclays Govt/Credit Bd



Wells Capital

Period Ended December 31, 2015

Investment Philosophy

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

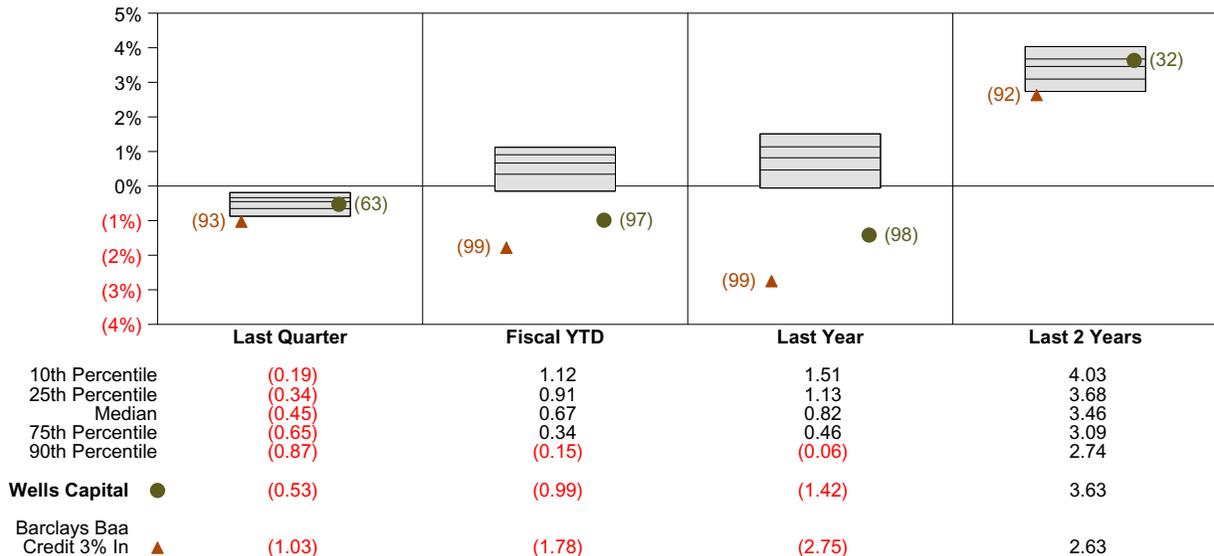
Quarterly Summary and Highlights

- Wells Capital's portfolio posted a (0.53)% return for the quarter placing it in the 63 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 98 percentile for the last year.
- Wells Capital's portfolio outperformed the Barclays Baa Credit 3% In by 0.50% for the quarter and outperformed the Barclays Baa Credit 3% In for the year by 1.33%.

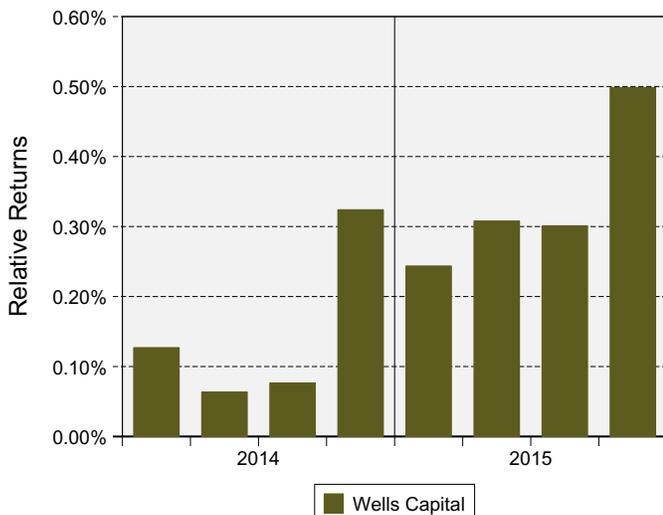
Quarterly Asset Growth

Beginning Market Value	\$370,871,861
Net New Investment	\$8,831,826
Investment Gains/(Losses)	\$-2,074,454
Ending Market Value	\$377,629,234

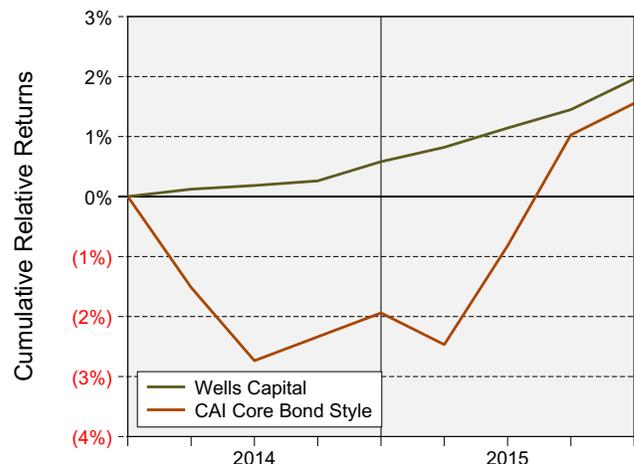
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs Barclays Baa Credit 3% In



Cumulative Returns vs Barclays Baa Credit 3% In



Western Asset Management Company

Period Ended December 31, 2015

Investment Philosophy

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

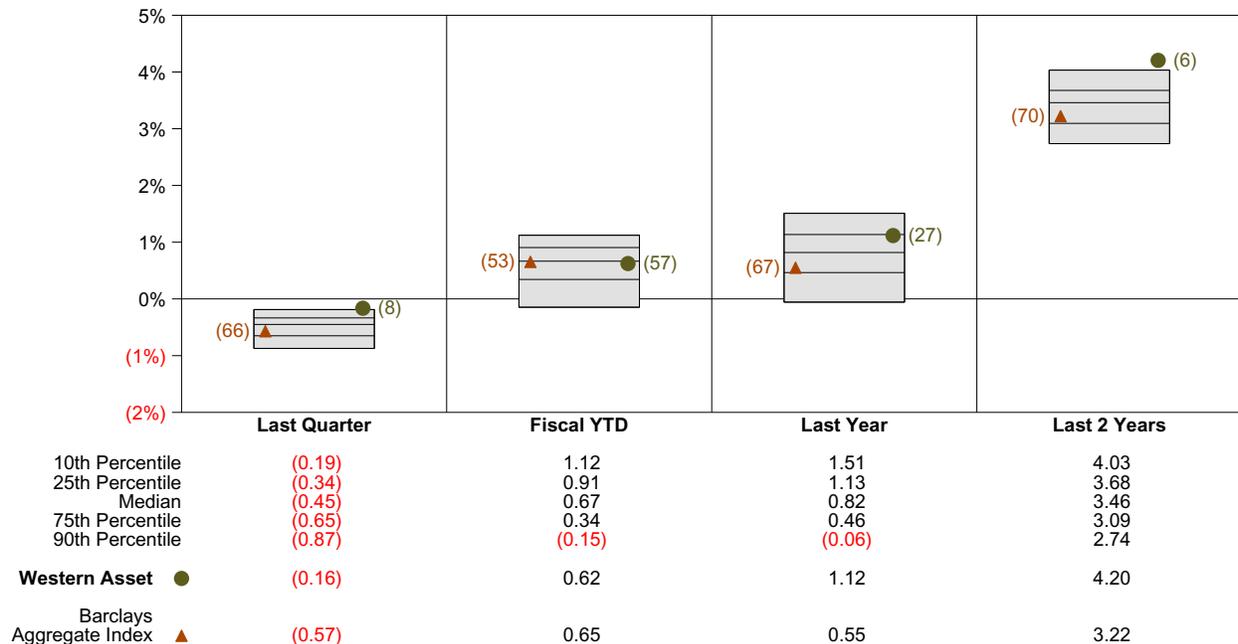
Quarterly Summary and Highlights

- Western Asset's portfolio posted a (0.16)% return for the quarter placing it in the 8 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 27 percentile for the last year.
- Western Asset's portfolio outperformed the Barclays Aggregate Index by 0.41% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.57%.

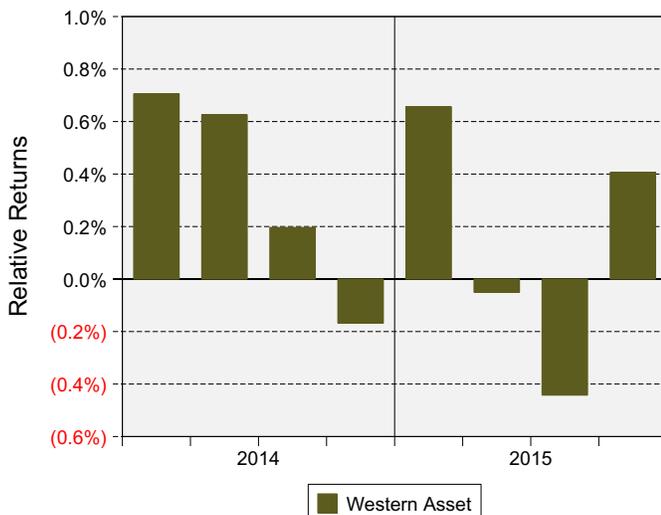
Quarterly Asset Growth

Beginning Market Value	\$376,535,158
Net New Investment	\$5,871,939
Investment Gains/(Losses)	\$-644,575
Ending Market Value	\$381,762,522

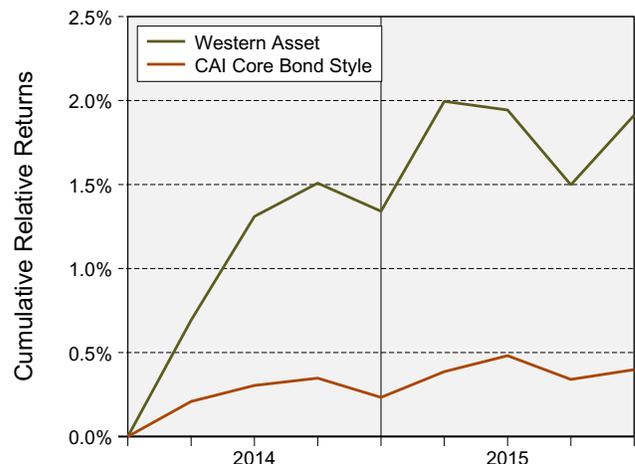
Performance vs CAI Core Bond Fixed-Inc Style (Gross)



Relative Return vs Barclays Aggregate Index



Cumulative Returns vs Barclays Aggregate Index



Western Asset TIPS Period Ended December 31, 2015

Investment Philosophy

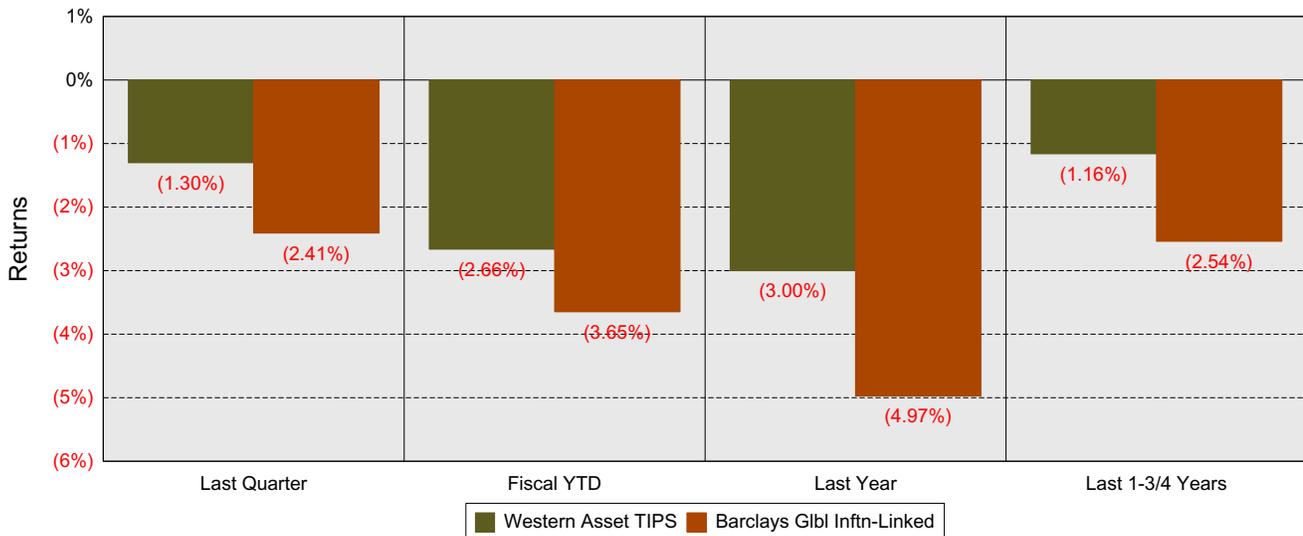
Western Asset's Global Inflation-Linked composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. Constructed primarily of inflation-indexed securities, these portfolios use diversified strategies in seeking to add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

Quarterly Summary and Highlights

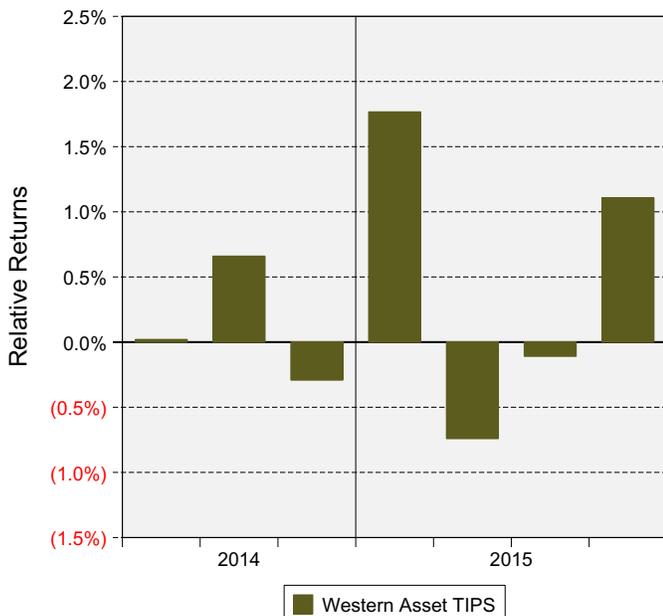
- Western Asset TIPS's portfolio outperformed the Barclays Gbl Inftn-Linked by 1.11% for the quarter and outperformed the Barclays Gbl Inftn-Linked for the year by 1.97%.

Quarterly Asset Growth

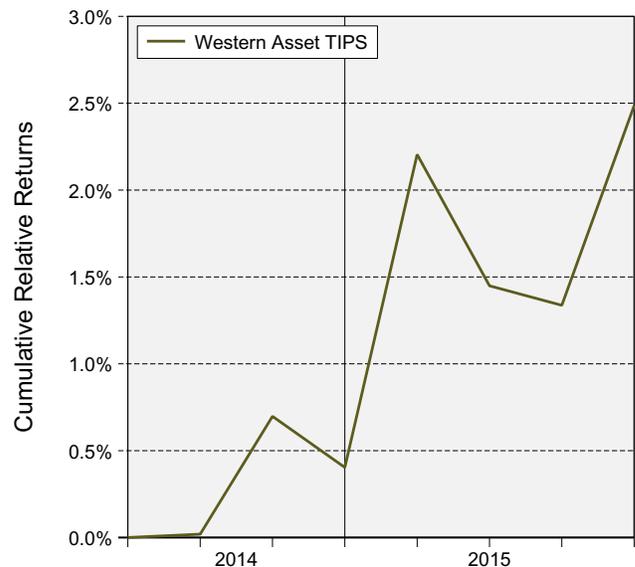
Beginning Market Value	\$253,966,654
Net New Investment	\$-87,624
Investment Gains/(Losses)	\$-3,303,474
Ending Market Value	\$250,575,556



Relative Return vs Barclays Gbl Inftn-Linked



Cumulative Returns vs Barclays Gbl Inftn-Linked



JP Morgan Infrastructure Period Ended December 31, 2015

Investment Philosophy

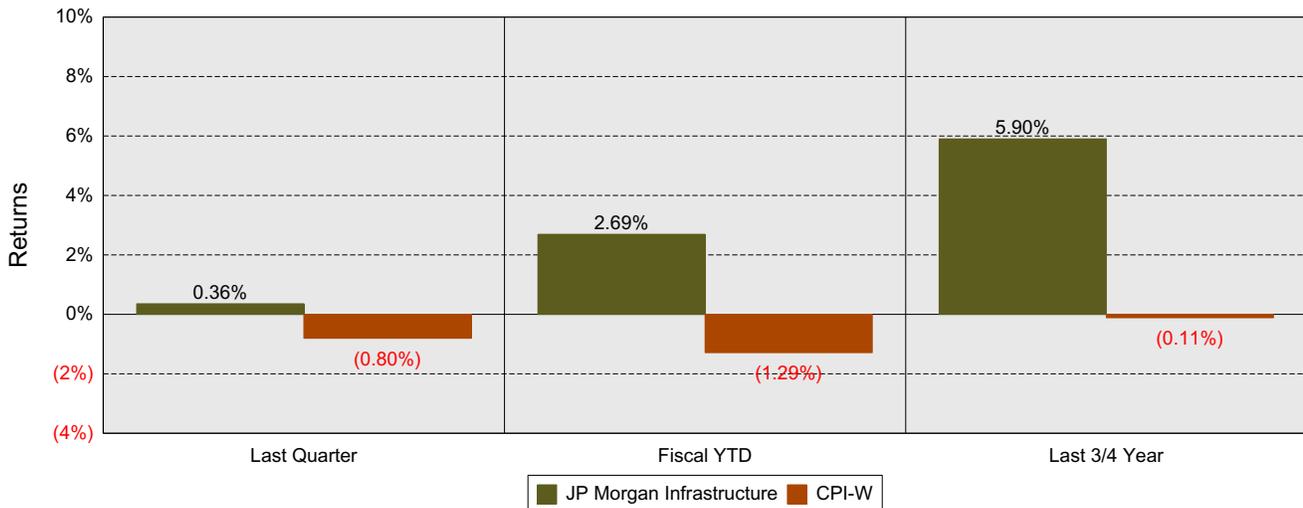
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas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

Quarterly Summary and Highlights

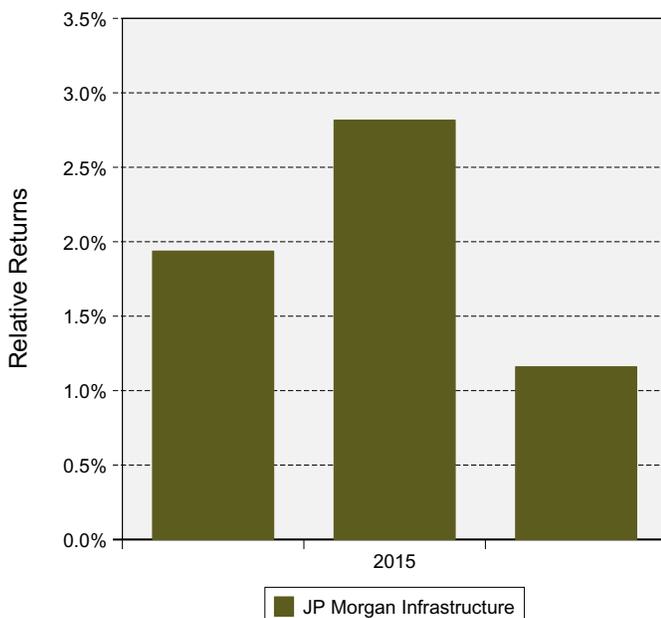
- JP Morgan Infrastructure's portfolio outperformed the CPI-W by 1.16% for the quarter and outperformed the CPI-W for the three-quarter year by 6.02%.

Quarterly Asset Growth

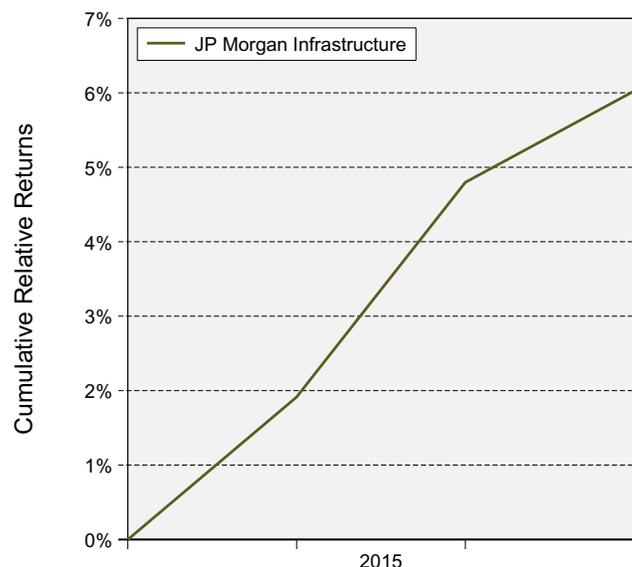
Beginning Market Value	\$78,938,124
Net New Investment	\$-208,849
Investment Gains/(Losses)	\$281,207
Ending Market Value	\$79,010,482



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



Grosvenor Cust. Infrastructure Period Ended December 31, 2015

Investment Philosophy

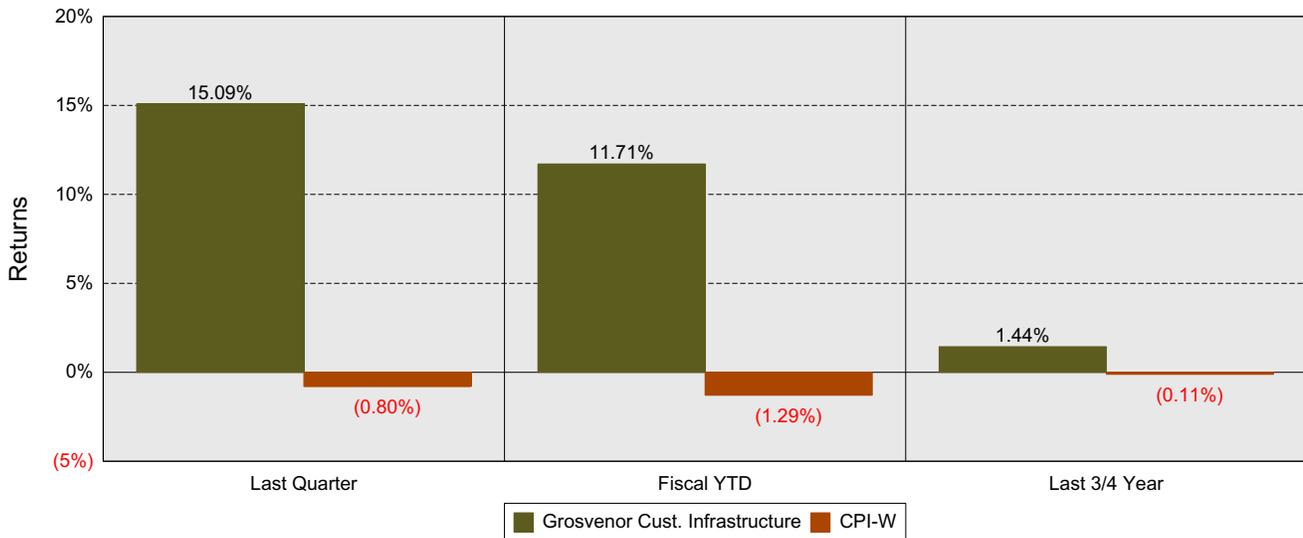
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified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

Quarterly Summary and Highlights

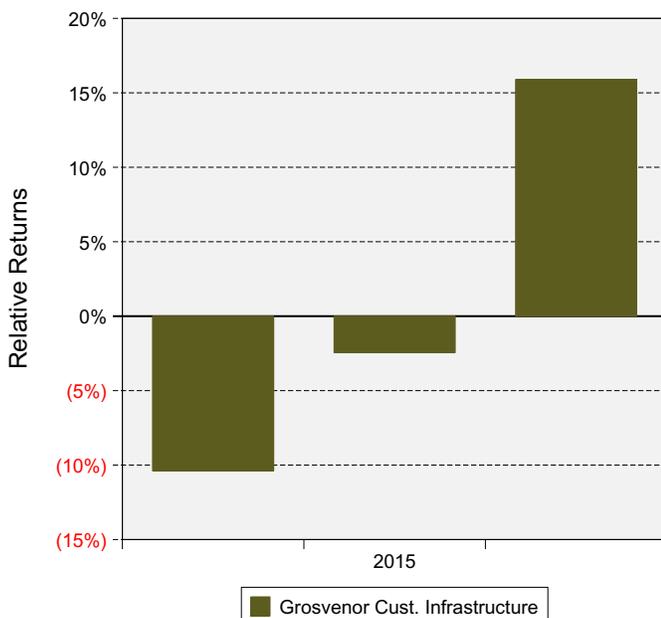
- Grosvenor Cust. Infrastructure's portfolio outperformed the CPI-W by 15.90% for the quarter and outperformed the CPI-W for the three-quarter year by 1.55%.

Quarterly Asset Growth

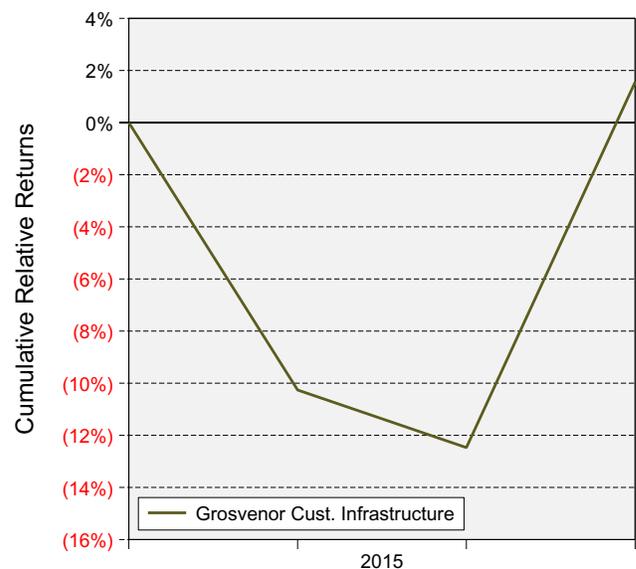
Beginning Market Value	\$10,897,979
Net New Investment	\$7,002,978
Investment Gains/(Losses)	\$1,863,432
Ending Market Value	\$19,764,389



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



Invesco Core Real Estate

Period Ended December 31, 2015

Investment Philosophy

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

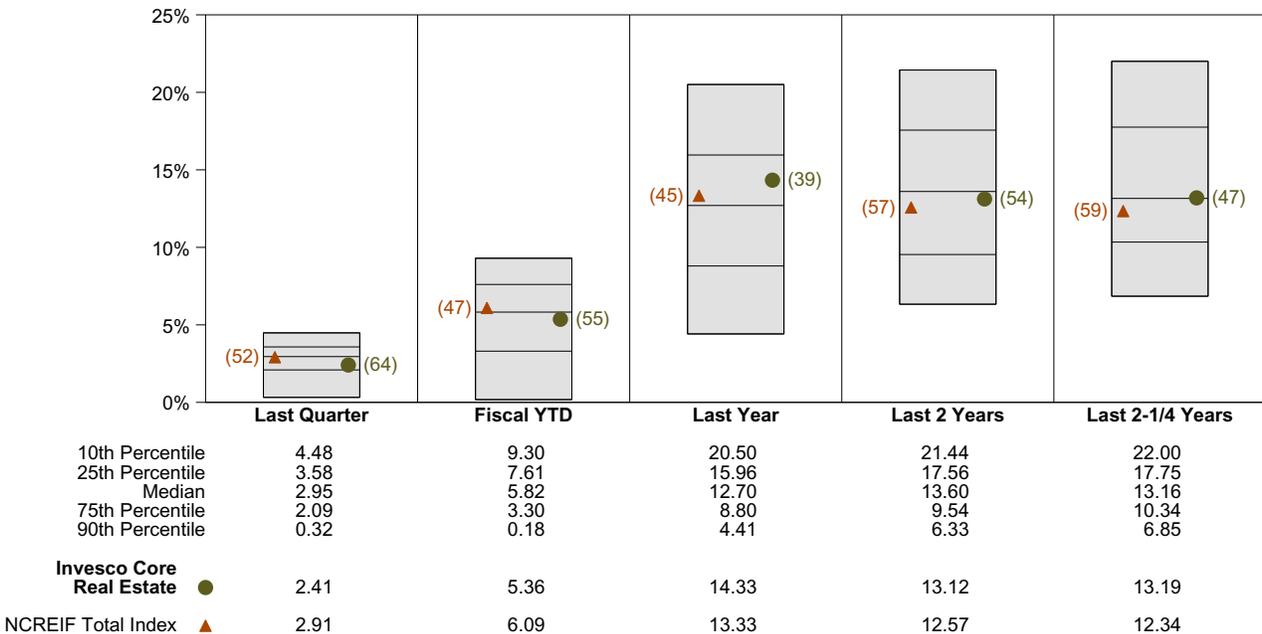
Quarterly Summary and Highlights

- Invesco Core Real Estate's portfolio posted a 2.41% return for the quarter placing it in the 64 percentile of the Total Real Estate DB group for the quarter and in the 39 percentile for the last year.
- Invesco Core Real Estate's portfolio underperformed the NCREIF Total Index by 0.51% for the quarter and outperformed the NCREIF Total Index for the year by 1.00%.

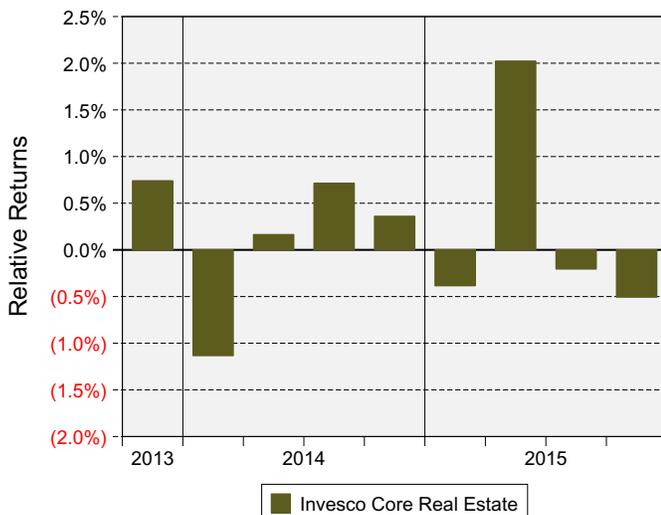
Quarterly Asset Growth

Beginning Market Value	\$95,439,529
Net New Investment	\$7,000,000
Investment Gains/(Losses)	\$2,466,476
Ending Market Value	\$104,906,004

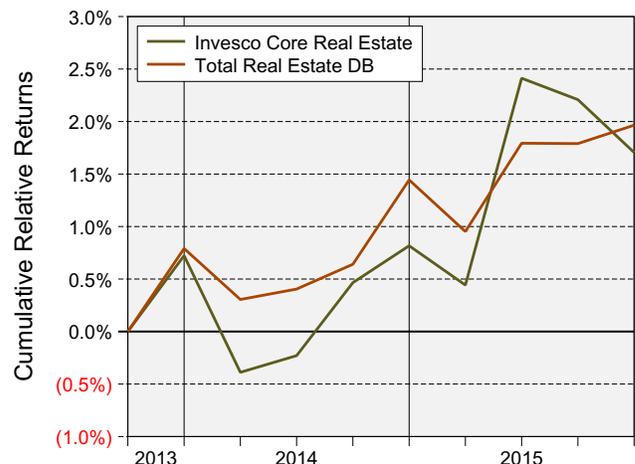
Performance vs Total Real Estate DB (Net)



Relative Return vs NCREIF Total Index



Cumulative Returns vs NCREIF Total Index



JP Morgan RE Inc & Growth Period Ended December 31, 2015

Investment Philosophy

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

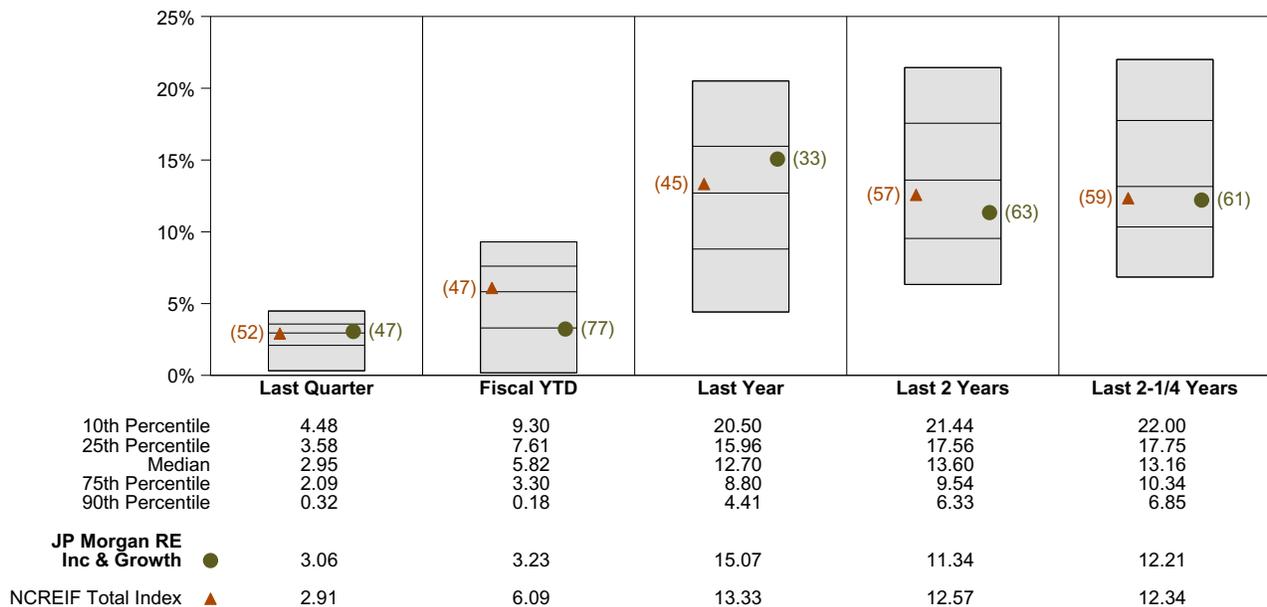
Quarterly Summary and Highlights

- JP Morgan RE Inc & Growth's portfolio posted a 3.06% return for the quarter placing it in the 47 percentile of the Total Real Estate DB group for the quarter and in the 33 percentile for the last year.
- JP Morgan RE Inc & Growth's portfolio outperformed the NCREIF Total Index by 0.14% for the quarter and outperformed the NCREIF Total Index for the year by 1.73%.

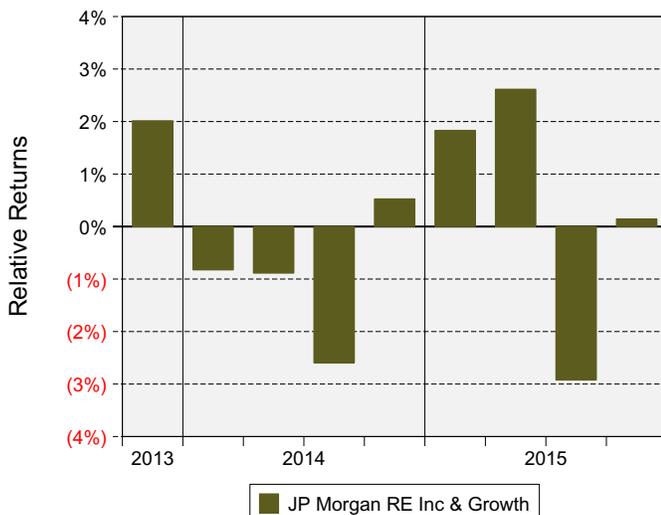
Quarterly Asset Growth

Beginning Market Value	\$89,428,192
Net New Investment	\$-49,715
Investment Gains/(Losses)	\$2,734,091
Ending Market Value	\$92,112,568

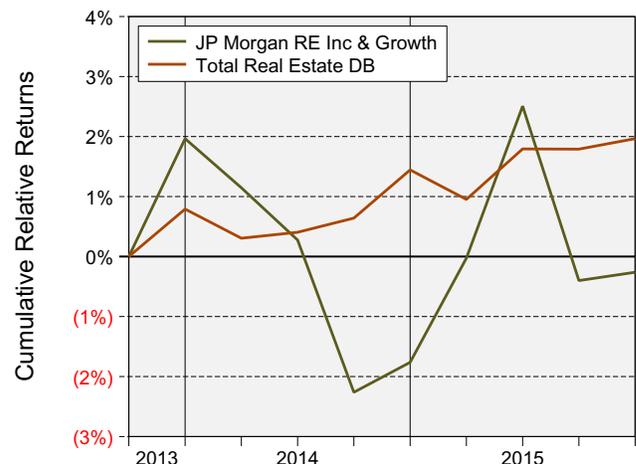
Performance vs Total Real Estate DB (Net)



Relative Return vs NCREIF Total Index



Cumulative Returns vs NCREIF Total Index



Research and Educational Programs

The Callan Investments Institute provides research that keeps clients updated on the latest industry trends while helping them learn through carefully structured educational programs.

Recent Research

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

Video: The Education of Beta In this brief video, Eugene Podkaminer describes the reasons he decided to explore the “smart beta” concept in detail.

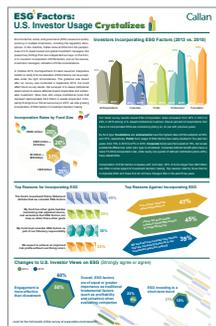


2015 Alternative Investments Survey Our 2015 Alternative Investments Survey provides institutional investors a current report on asset allocation trends and investor practices.

Inside Callan’s Database, 3rd Quarter 2015 This report graphs performance and risk data from Callan’s proprietary database alongside relevant market indices.

Capital Market Review, 3rd Quarter 2015 Insights on the economy and recent performance in equities, fixed income, alternatives, real estate, and more.

Market Pulse Flipbook, 3rd Quarter 2015 A quarterly market reference guide covering investment and fund sponsor trends in the U.S. economy, U.S. and non-U.S. equities and fixed income, alternatives, and defined contribution.



ESG Factors: U.S. Investor Usage Crystalizes This charticle looks at ESG from the perspectives of U.S. asset owners and global investment managers, revealing growing incorporation of ESG factors in investment decision making.

The Department of Labor Weighs in on ESG: Key Takeaways from Interpretive Bulletin 2015-01 A summary of the DOL’s Interpretive Bulletin 2015-011, relating to the fiduciary standard under ERISA considering economically targeted investments (ETIs), and the implications for investors.

Hedge Fund Monitor, 3rd Quarter 2015 Author Jim McKee provides quarterly performance and a snapshot of the asset class. This quarter’s cover story: “Beyond the Glitter and Regret: Reassessing Hedge Funds’ Role in Asset Allocation.”

Video: In the Spotlight-Target Date Funds Lori Lucas discusses some of the trends that are causing target date funds to have lower fees.

ESG Interest and Implementation Survey Results of Callan’s third annual survey to assess the status of ESG factor integration in the U.S. institutional market.

DC Observer, 3rd Quarter 2015 Cover story: Meeting the Challenge of Managed Account Selection and Evaluation.

Grading the Pension Protection Act, Ten Years Later: Success Stories and Near Misses Callan grades the performance of nine key PPA provisions over the past decade, listing them from least to most effective.

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

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/>

The **National Conference**, to be held January 25–27 in San Francisco, consists of general sessions with presentations by world, political, arts, science, and investment industry speakers. The general sessions are followed by smaller breakout sessions on timely industry topics led by Callan specialists. Attendees include plan/fund sponsors, investment managers, and Callan associates.

Save the date for our **Regional Workshops**: June 28 in Atlanta, June 29 in San Francisco, October 25 in New York, and October 26 in Chicago. Also mark your calendars for our fall **Investment Manager Conference**, September 11-13.

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

The Center for Investment Training Educational Sessions

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

Introduction to Investments

Atlanta, GA, April 19–20, 2016

San Francisco, CA, July 19–20, 2016

Chicago, IL, 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

3,300

Total attendees of the “Callan College” since 1994

1980

Year the Callan Investments Institute was founded



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

Ron Peyton, Chairman and CEO

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
Acadian Asset Management, Inc.
Advisory Research
Affiliated Managers Group
AllianceBernstein
Allianz Global Investors U.S. LLC
Allianz Life Insurance Company of North America
AlphaOne Investment Services
American Century Investment Management
Analytic Investors
Apollo Global Management
AQR Capital Management
Ares Management
Ariel Investments
Aristotle Capital Management
Artisan Partners Limited
Atlanta Capital Management Co., L.L.C.
AXA Rosenberg Investment Management
Babson Capital Management LLC
Bailard
Baillie Gifford Overseas Limited
Baird Advisors
Bank of America
Baring Asset Management
Baron Capital Management
BlackRock
Blue Vista Capital Management
BMO Asset Management
BNP Paribas Investment Partners
BNY Mellon Asset Management
Boston Company Asset Management, LLC (The)
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brown Brothers Harriman & Company
Cadence Capital Management

Manager Name
Calamos Advisors
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Champlain Investment Partners
Channing Capital Management, LLC
Charles Schwab Investment Management
Chartwell Investment Partners
ClearBridge Investments, LLC (fka ClearBridge Advisors)
Cohen & Steers
Columbia Management Investment Advisors, LLC
Columbus Circle Investors
Corbin Capital Partners
Cornerstone Investment Partners, LLC
Cramer Rosenthal McGlynn, LLC
Crawford Investment Council
Credit Suisse Asset Management
Crestline Investors
Cutwater Asset Management
DDJ Capital Management
DE Shaw Investment Management LLC
Delaware Investments
DePrince, Race & Zollo, Inc.
Deutsche Asset & Wealth Management
Diamond Hill Investments
Duff & Phelps Investment Mgmt.
Eagle Asset Management, Inc.
EARNEST Partners, LLC
Eaton Vance Management
EnTrust Capital Inc.
Epoch Investment Partners
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
First Eagle Investment Management
First Hawaiian Bank Wealth Management Division
First State Investments

Manager Name
Fisher Investments
FLAG Capital Management
Fort Washington Investment Advisors, Inc.
Franklin Templeton
Fred Alger Management Co., Inc.
Fuller & Thaler Asset Management
GAM (USA) Inc.
GE Asset Management
Goldman Sachs Asset Management
Grand-Jean Capital Management
GMO (fka Grantham, Mayo, Van Otterloo & Co., LLC)
Gresham Investment Management, LLC
Guggenheim Investments Asset Management (fka Security Global)
Harbor Capital
Harding Loevner LP
Harrison Street Real Estate Capital
Hartford Funds
Hartford Investment Management Co.
Henderson Global Investors
Hotchkis & Wiley
HSBC Global Asset Management
Income Research & Management
Insight Investment Management
Institutional Capital LLC
INTECH Investment Management
Invesco
Investec Asset Management
Janus Capital Group (fka Janus Capital Management, LLC)
Jensen Investment Management
J.P. Morgan Asset Management
KeyCorp
Kopernik Global Investors
Lazard Asset Management
LMCG Investments (fka Lee Munder Capital Group)
Legal & General Investment Management America
Lincoln National Corporation
Logan Circle Partners, L.P.
The London Company
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
Lyrical Partners
MackKay Shields LLC
Man Investments
Manulife Asset Management
Martin Currie
Marvin & Palmer Associates, Inc.
MFS Investment Management
MidFirst Bank
Millstreet Capital Management
Mondrian Investment Partners Limited
Montag & Caldwell, Inc.
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
MUFG Union Bank, N.A.
Neuberger Berman, LLC (fka, Lehman Brothers)
Newton Capital Management
Northern Lights Capital Group

Manager Name
Northern Trust Asset Management
Nuveen Investments Institutional Services Group LLC
Old Mutual Asset Management
OppenheimerFunds, Inc.
Pacific Investment Management Company
Palisade Capital Management LLC
PanAgora Asset Management
Paradigm Asset Management
Parametric Portfolio Associates
Peregrine Capital Management, Inc.
PineBridge Investments (formerly AIG)
Pinnacle Asset Management
Pioneer Investment Management, Inc.
PNC Capital Advisors, LLC (fka Allegiant Asset Mgmt)
Principal Global Investors
Private Advisors
Prudential Investment Management, Inc.
Putnam Investments, LLC
Pyramis Global Advisors
Pzena Investment Management, LLC
RBC Global Asset Management (U.S.) Inc.
Regions Financial Corporation
Riverbridge Partners LLC
Rothschild Asset Management, Inc.
Royce & Associates
RS Investments
Russell Investment Management
Santander Global Facilities
Schroder Investment Management North America Inc.
Scout Investments
SEI Investments
SEIX Investment Advisors, Inc.
Smith Graham and Company
Smith Group Asset Management
Standard Life Investments
Standish (fka, Standish Mellon Asset Management)
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
Systematic Financial Management
T. Rowe Price Associates, Inc.
Taplin, Canida & Habacht
TIAA-CREF
TCW Asset Management Company
Tocqueville Asset Management
UBS Asset Management
Van Eck
Versus Capital Group
Victory Capital Management Inc.
Vontobel Asset Management
Voya Investment Management (fka ING)
Waddell & Reed Asset Management Group
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Wells Fargo Private Bank
Western Asset Management Company
Westwood Management Corp.
William Blair & Co., Inc.