

June 30, 2016



## North Dakota State Investment Board Pension Funds

Investment Measurement Service  
Quarterly Review

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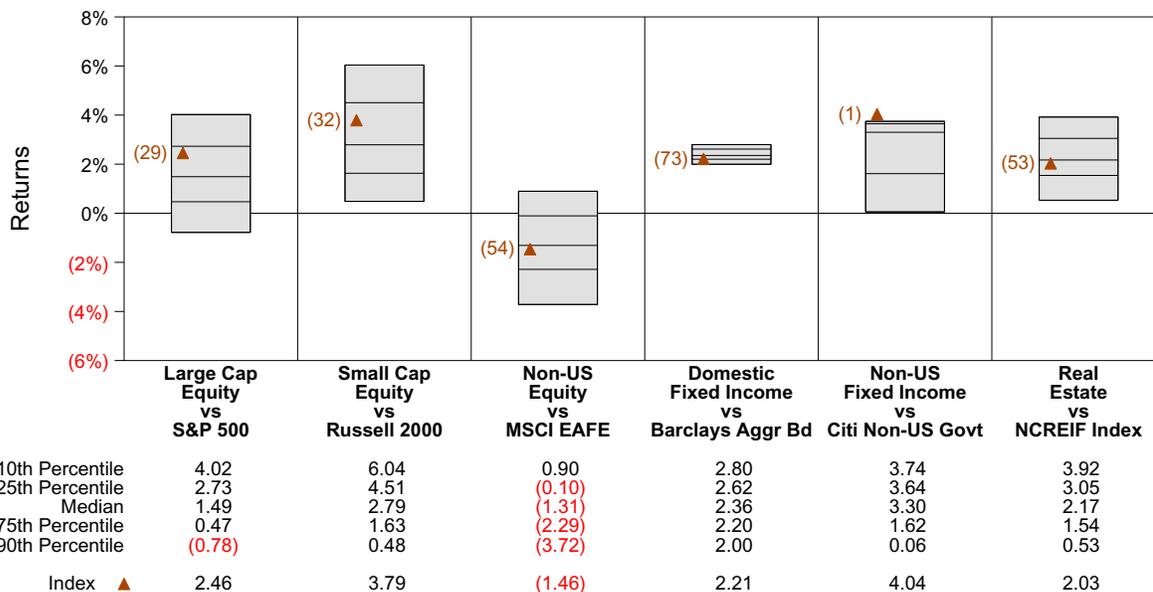
## Market Overview

### Active Management vs Index Returns

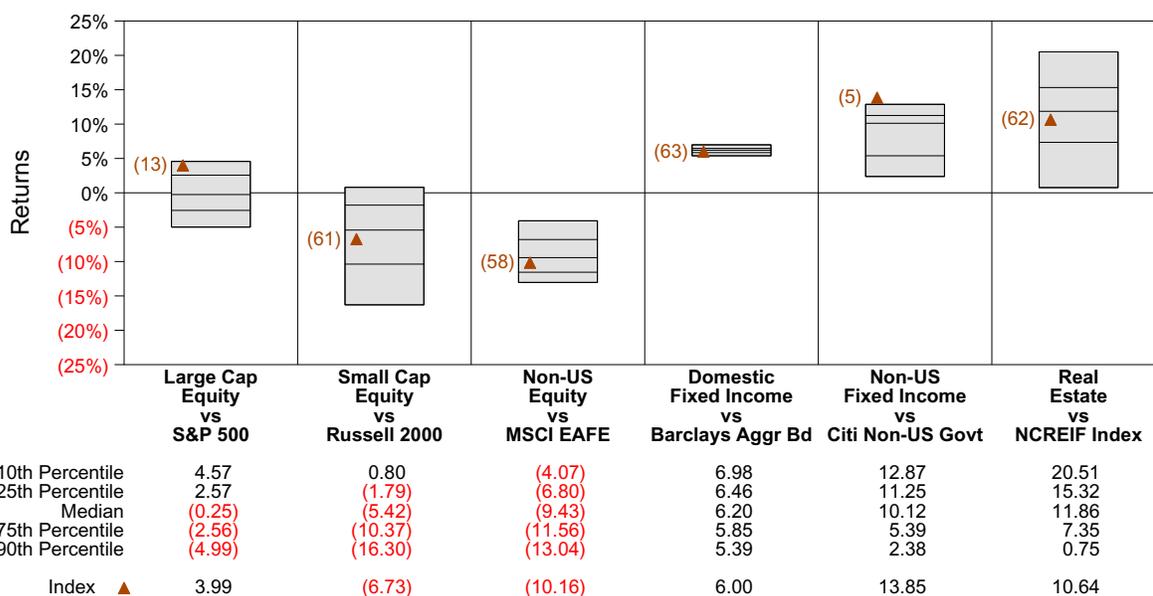
#### Market Overview

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

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



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





## Keep Calm and Carry On

### ECONOMY

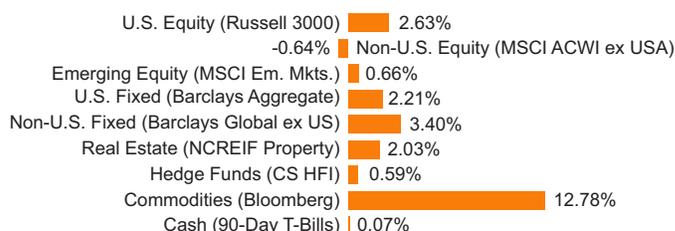
**2** Despite global turmoil, all indicators of the U.S. economy pointed toward the strongest growth in consumption in a decade. But a disappointing first read on GDP for the second quarter is likely to give the Fed enough reason to delay a much-anticipated September rate hike.

## Any Relief in Sight?

### FUND SPONSOR

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

## Broad Market Quarterly Returns



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

## Greener Grass

### U.S. EQUITY

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

## Fasten Your Seat Belts

### NON-U.S. EQUITY

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

## Rally Across the Board

### U.S. FIXED INCOME

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

## How Low Can Rates Go?

### NON-U.S. FIXED INCOME

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

## It Really Is Location, Location, Location

### REAL ESTATE

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

## Sticker Shock

### PRIVATE EQUITY

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

## Caution as Britannia Waives the Rule

### HEDGE FUNDS

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

## Target Date Funds Continue to Rule

### DEFINED CONTRIBUTION

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

# Keep Calm and Carry On

ECONOMY | Jay Kloepfer

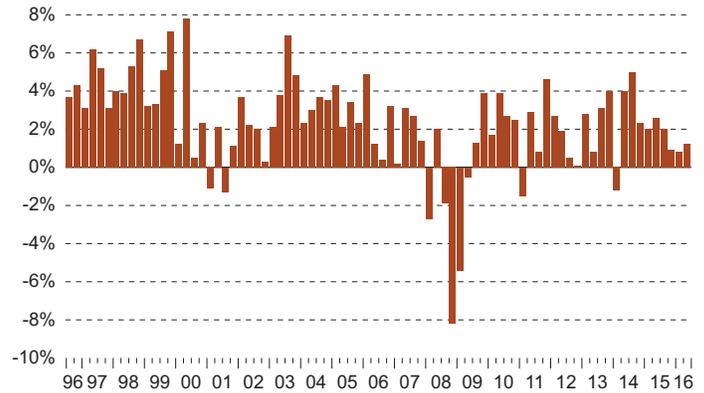
Voters in the United Kingdom narrowly approved a referendum to leave the European Union on June 23, and this unexpected result completely overshadowed everything else that happened in the global economy during the second quarter. Global bond yields fell to record lows, the British pound hit a 31-year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

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

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

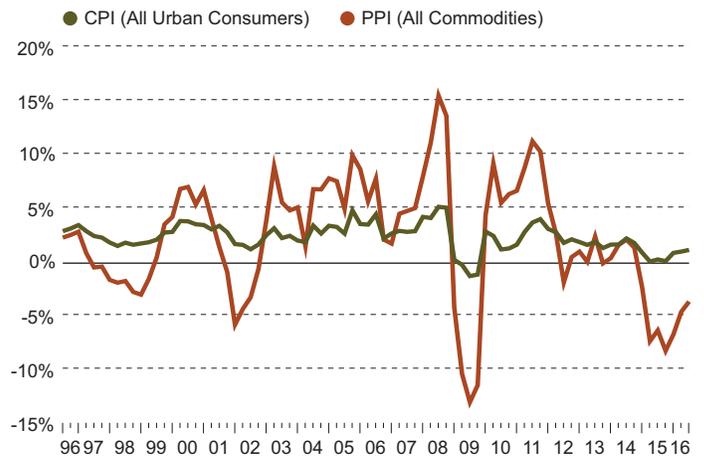
## Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

## Inflation Year-Over-Year



Source: Bureau of Labor Statistics

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

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

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

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

**The Long-Term View**

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

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

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

**Recent Quarterly Economic Indicators**

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

\*Estimate.

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

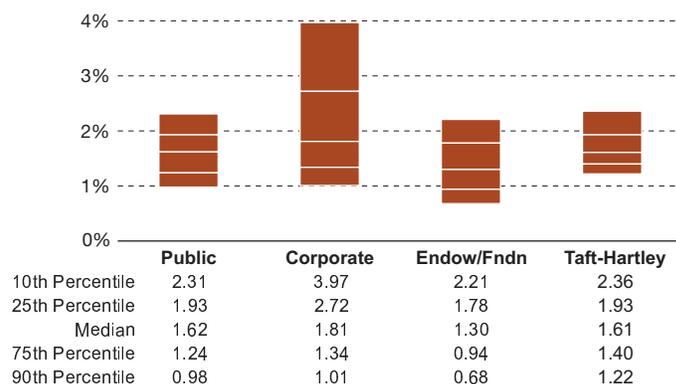
## Any Relief in Sight?

FUND SPONSOR | Rufash Lama

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

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

### Callan Fund Sponsor Returns for the Quarter



Source: Callan

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

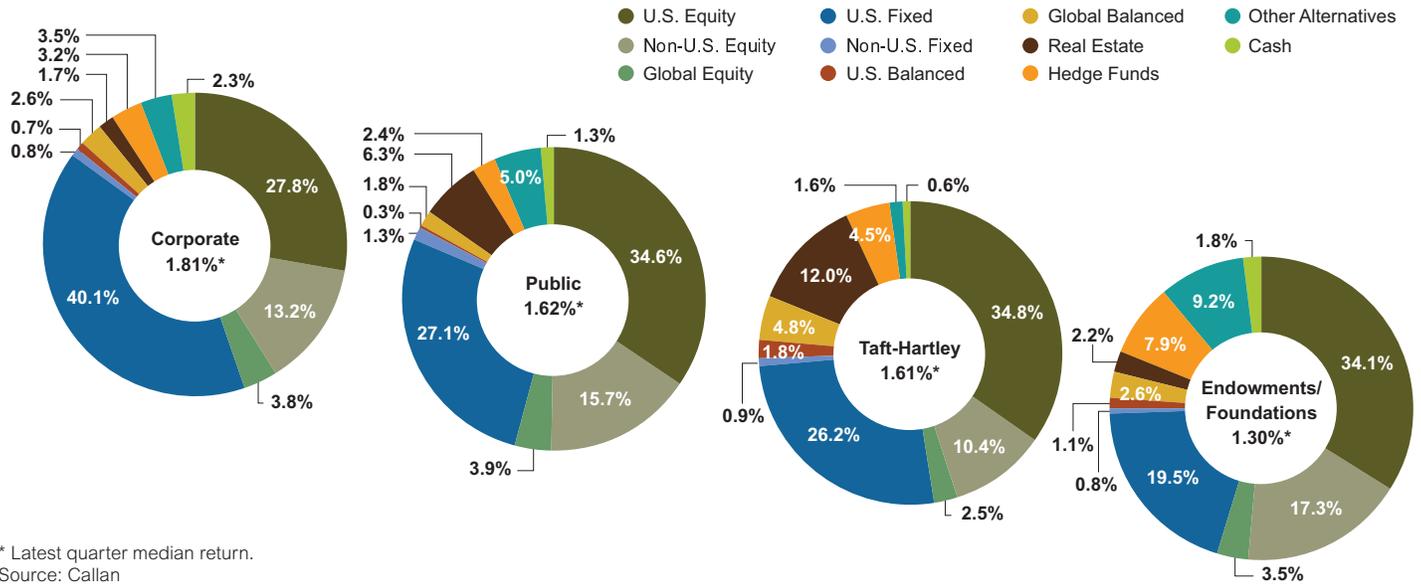
### Callan Database Median Returns\* for Periods ended June 30, 2016

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

\*Returns less than one year are not annualized.

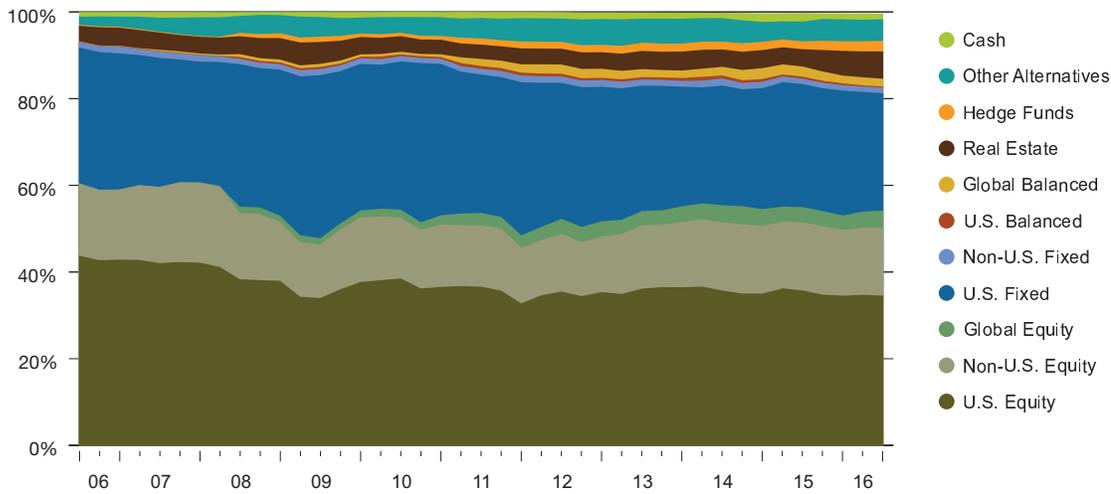
Source: Callan. Callan's database includes the following groups: public defined benefit, corporate defined benefit, endowments/foundations, and Taft-Hartley plans. Approximately 10% to 15% of the database constituents are Callan's clients. All database group returns presented gross of fees. Past performance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

Callan Fund Sponsor Average Asset Allocation



Callan Public Fund Database Average Asset Allocation

(10 Years)



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

# Greener Grass

U.S. EQUITY | Lauren Mathias, CFA

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

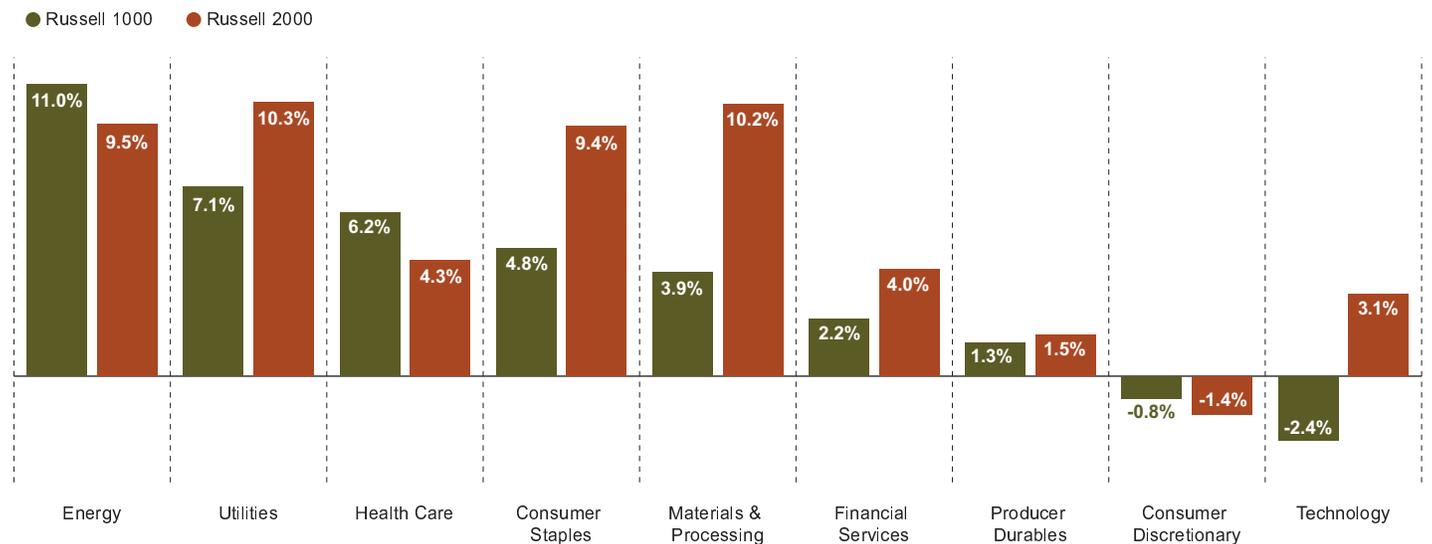
Global markets did not appear to affect domestic production either: Manufacturing activity increased (the ISM Composite Index hit a 16-month high); existing home sales were up 4.5% in May; and retail sales showed strength. But disappointing unemployment figures—4.7% due to a lower labor force

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

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

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

## Economic Sector Quarterly Performance



Source: Russell Investment Group

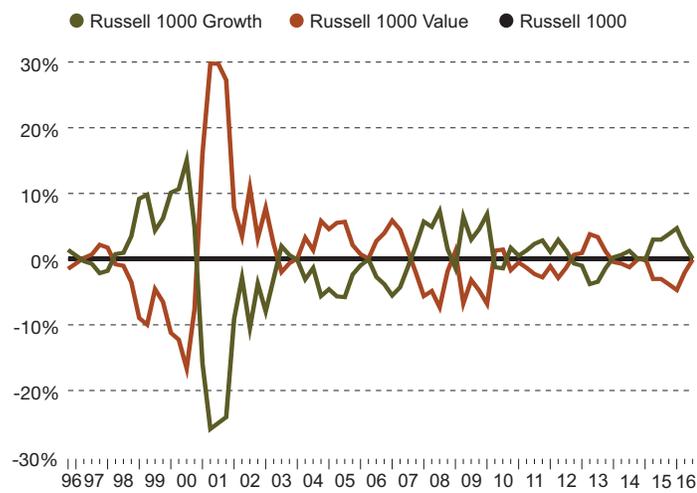
Note: As of the fourth quarter of 2015, the Capital Market Review reports sector-specific returns using the Russell Global Sectors (RGS) classification system rather than the Global Industry Classification Standard (GICS) system. RGS uses a three-tier classification system containing nine sectors; GICS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

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

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

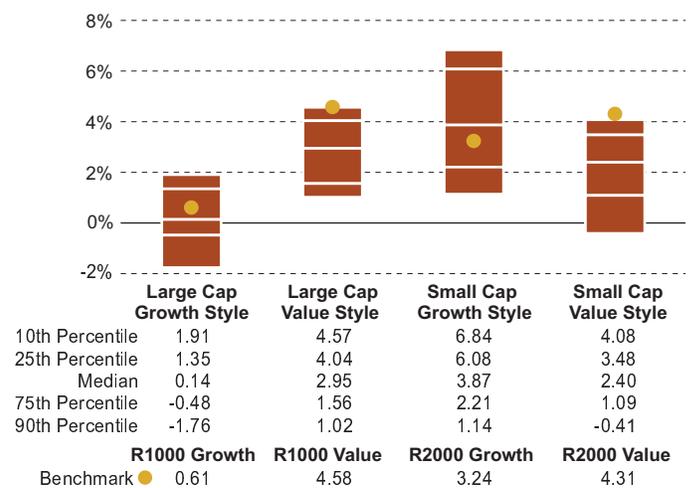
The U.S. equity market managed to escape a tumultuous June with positive results in the full quarter. However, active funds have found it challenging to outpace their respective benchmarks this year—fewer than 50% were able to do so.

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



Source: Russell Investment Group

**Callan Style Group Quarterly Returns**



Sources: Callan, Russell Investment Group

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

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

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

## U.S. EQUITY (Continued)

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

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

\*Returns less than one year are not annualized.

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

# Fasten Your Seat Belts

## NON-U.S. EQUITY | Lyman Jung

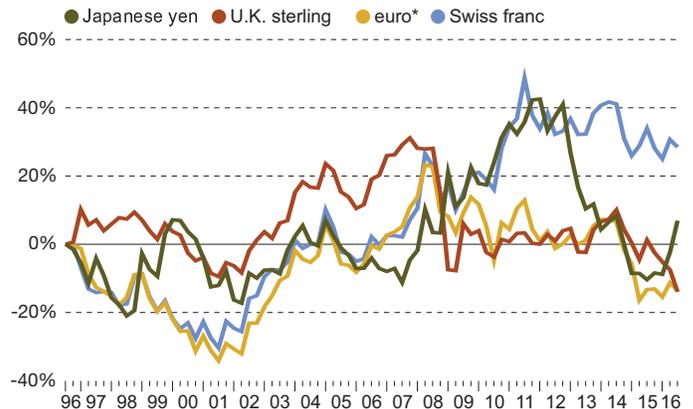
For the second consecutive quarter, non-U.S. equity markets endured a bout of extreme volatility. After a tepid start to the quarter, markets reacted to the surprise June 23 Brexit referendum to leave the European Union. Global markets lost \$2 trillion the day after, but quickly stabilized. In this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

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

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

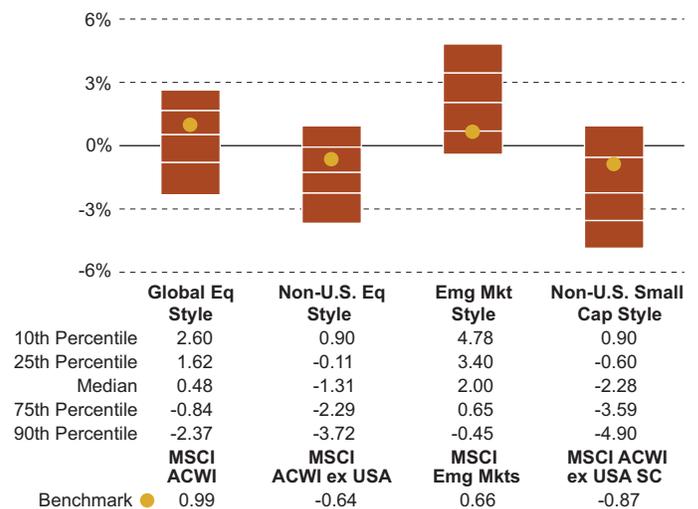
As Brexit dominated the headlines, European equity markets fell sharply only to rally in the final few days of the quarter. The **MSCI Europe Index** finished down 2.69%. Amid a general move to safe-haven countries, Switzerland (+2.03%) was a top-performer. Italy (-10.45%) and Spain (-7.67%) were among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

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



\*German mark returns before 1Q99  
Source: MSCI

## Callan Style Group Quarterly Returns



Sources: Callan, MSCI

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

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

## NON-U.S. EQUITY (Continued)

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

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

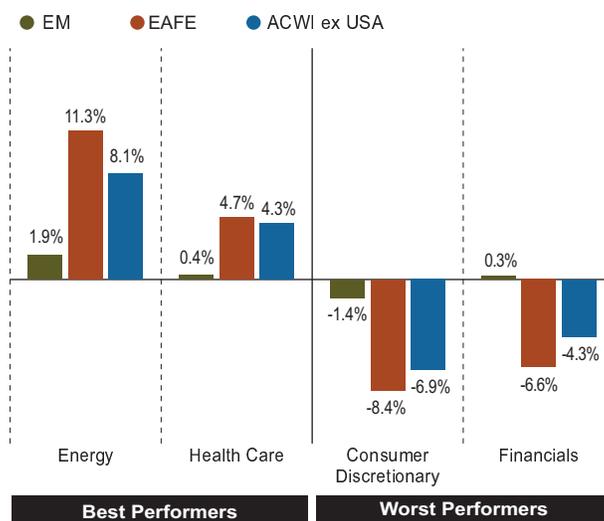
### Quarterly Return Attribution for Non-U.S. Developed Countries (U.S. Dollar)

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

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

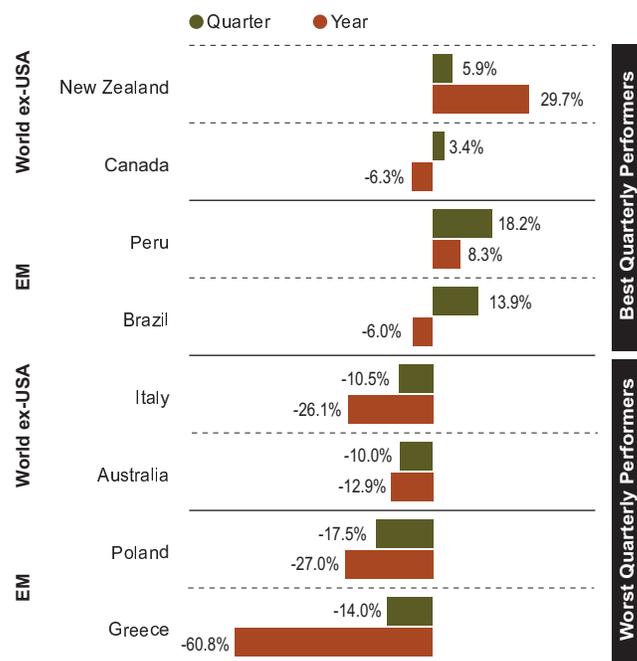
led to questions on how much stimulus the government would provide to sustain growth. Elsewhere, stocks in India (+3.72%) advanced on faster-than-expected growth and earnings of some of its biggest companies, bolstered by optimism about the nation's economic recovery.

### Quarterly Returns: Strong and Struggling Sectors



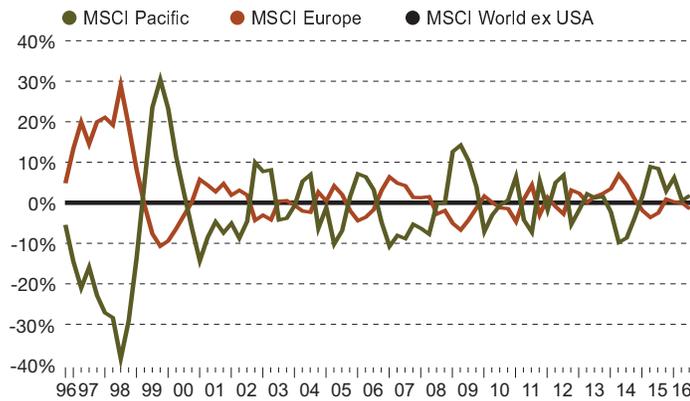
Source: MSCI

### Quarterly and Annual Country Performance Snapshot



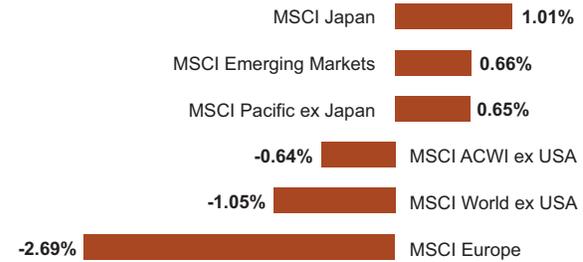
Source: MSCI

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



Source: MSCI

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

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

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

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

# Rally Across the Board

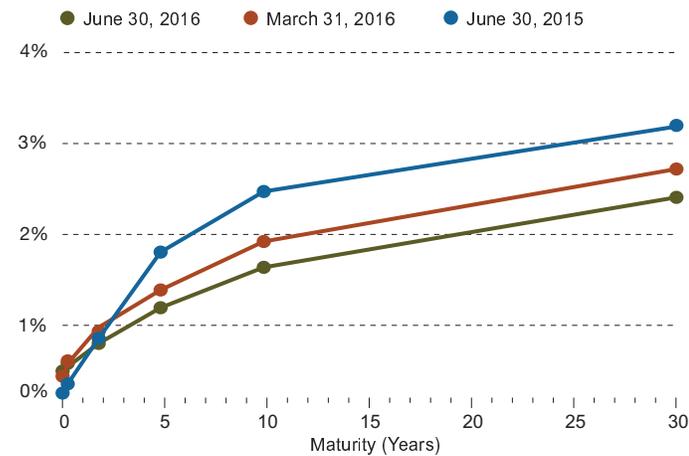
U.S. FIXED INCOME | Nate Wong, CFA

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

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

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

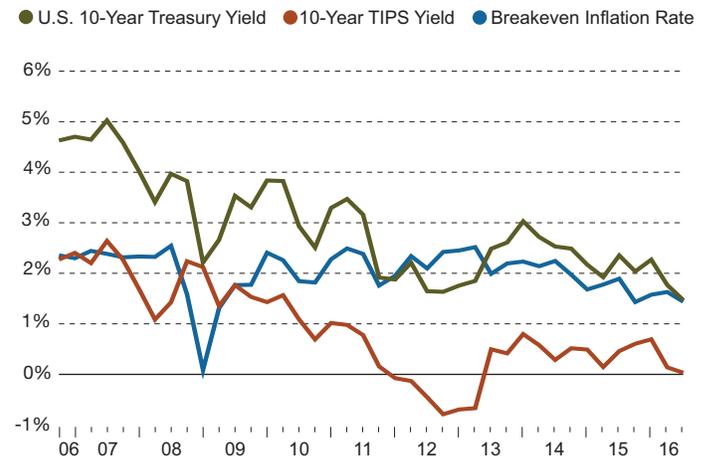
## U.S. Treasury Yield Curves



Source: Bloomberg

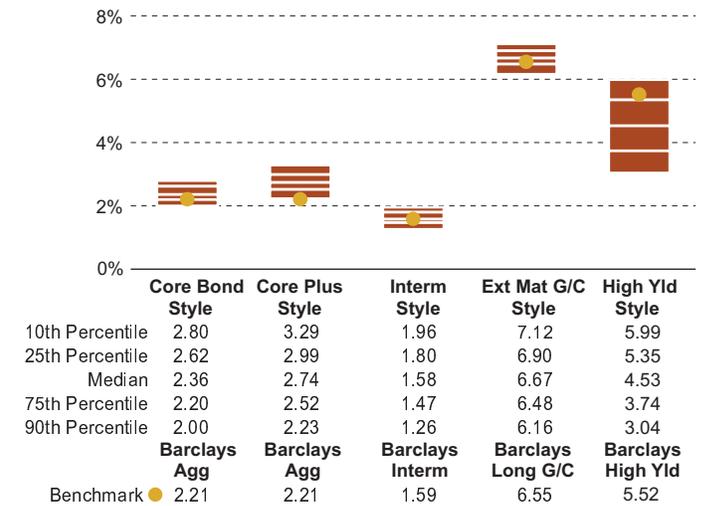
Yields declined across the maturity spectrum with the 10-year yield closing the quarter at 1.47%, its lowest level in nearly three years. Weak economic data and the negative yield environment around the globe contributed to downward pressure on U.S. yields. The 2- to 30-year spread tightened to 170 bps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

## Historical 10-Year Yields



Source: Bloomberg

## Callan Style Group Quarterly Returns



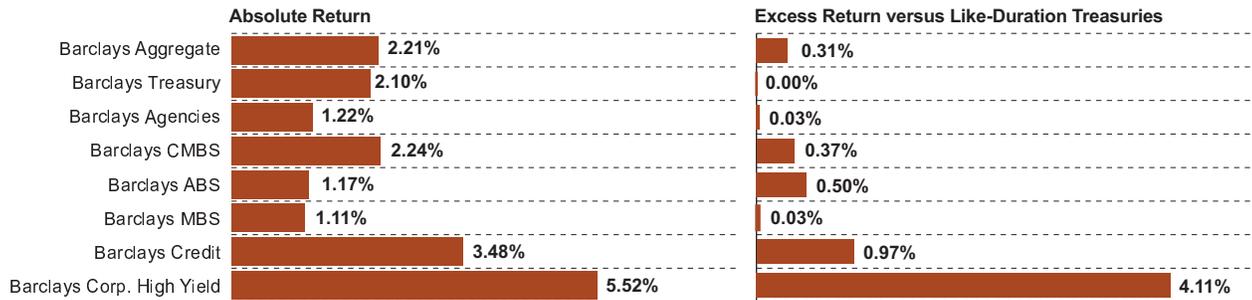
Sources: Barclays, Callan

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

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

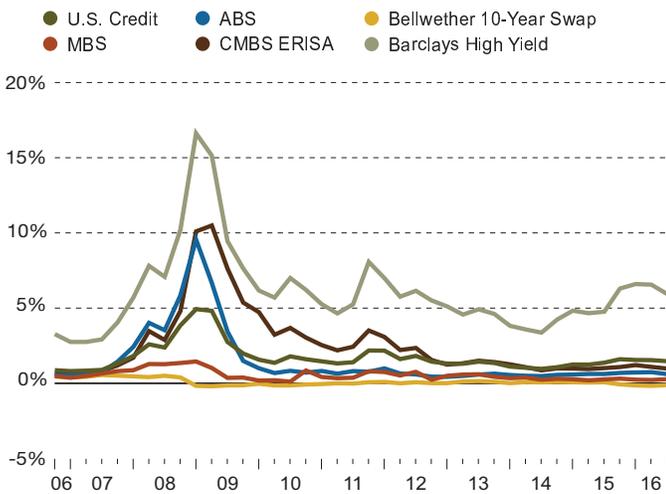
On a duration-adjusted basis, industrials outperformed utilities and financials. Corporate spreads were generally flat before experiencing some widening in reaction to the Brexit and ended the quarter at 156 bps. MBS gained 1.11%, outperforming like-duration Treasuries by 3 bps. MBS spreads also widened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

**Fixed Income Index Quarterly Returns**



Source: Barclays

**Effective Yield Over Treasuries**



Source: Barclays

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

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

Source: Barclays

## U.S. FIXED INCOME (Continued)

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

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

\*Returns for less than one year are not annualized.

Sources: Barclays, Callan, Citigroup, Merrill Lynch.

# How Low Can Rates Go?

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

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

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

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

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

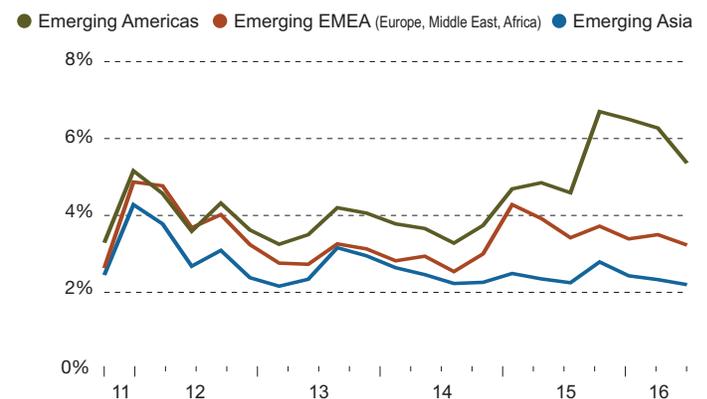
Source: Citigroup

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

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

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

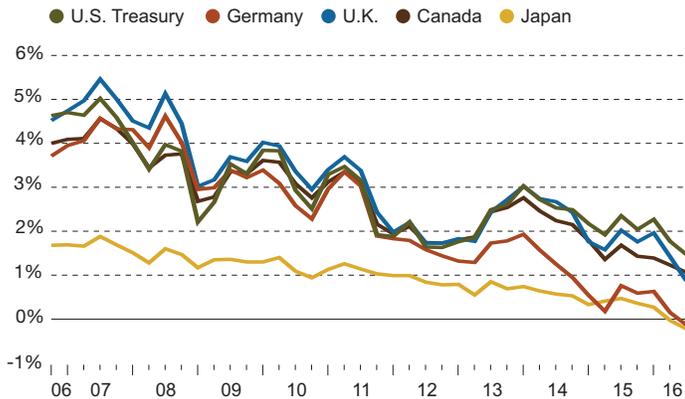
## Emerging Spreads Over Developed (By Region)



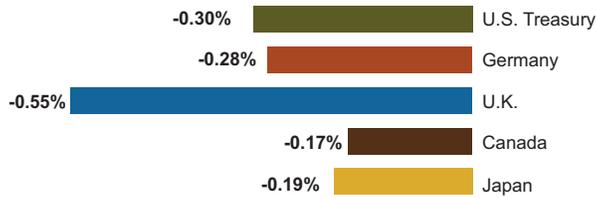
Source: Barclays

## NON-U.S. FIXED INCOME (Continued)

### 10-Year Global Government Bond Yields



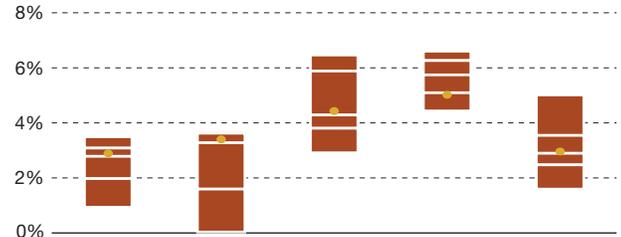
### Change in 10-Year Yields from 1Q16 to 2Q16



Source: Bloomberg

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

### Callan Style Group Quarterly Returns



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

Sources: Callan, JPMorgan Chase

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

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

\*Returns less than one year are not annualized.

Sources: Barclays, Callan, JPMorgan Chase.

# It Really Is Location, Location, Location

REAL ESTATE | Kevin Nagy

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

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

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

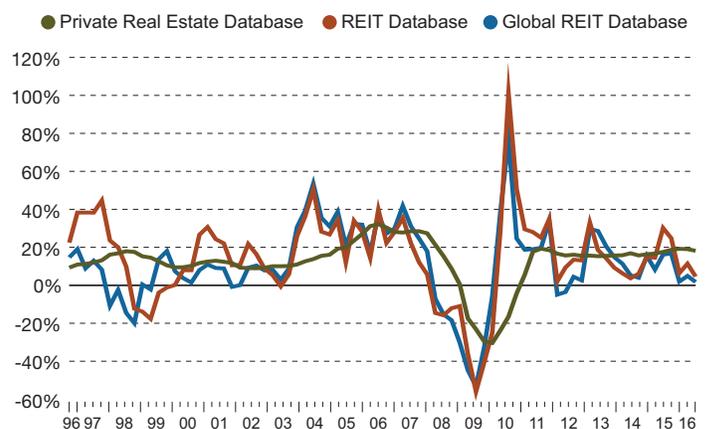
In the U.S., the strong performance of REITs was attributed to investors in search of yield. After the Brexit vote cast doubt on a Fed rate increase, global bond yields compressed 25 bps, making high-yielding REITs more attractive. Data centers (+20.59%), industrial (+15.38%), and infrastructure (+15.33%)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

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

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

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

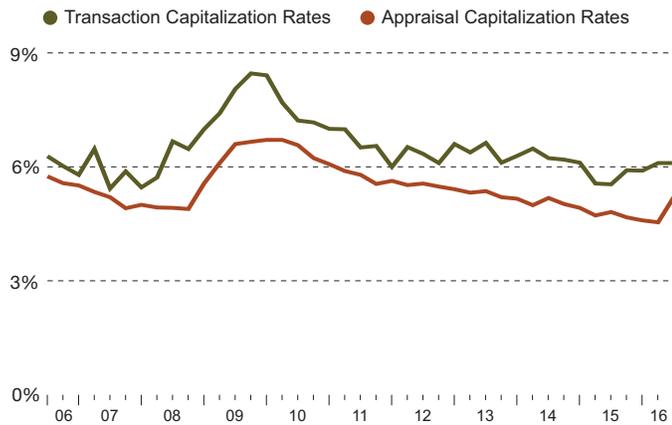
## Rolling One-Year Returns



Source: Callan

## REAL ESTATE (Continued)

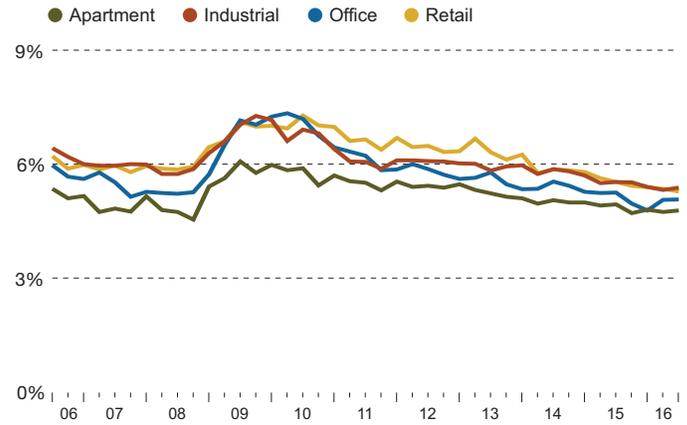
### NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF

Note: Transaction capitalization rate is equal-weighted.

### NCREIF Capitalization Rates by Property Type



Source: NCREIF

Note: Capitalization rates are appraisal-based.

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

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

\*Returns for less than one year are not annualized.

All REIT returns are reported gross in USD.

Sources: Callan, NAREIT, NCREIF, The FTSE Group. NCREIF statistics are the product of direct queries and may fluctuate over time.

# Sticker Shock

PRIVATE EQUITY | Gary Robertson

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

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

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

## Funds Closed January 1 to June 30, 2016

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

Source: Private Equity Analyst

\*Totals more than 100% due to rounding.

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

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

## Private Equity Performance Database (%)

(Pooled Horizon IRRs through December 31, 2015\*)

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

Private equity returns are net of fees.

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

\*Most recent data available at time of publication.

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

# Caution as Britannia Waives the Rule

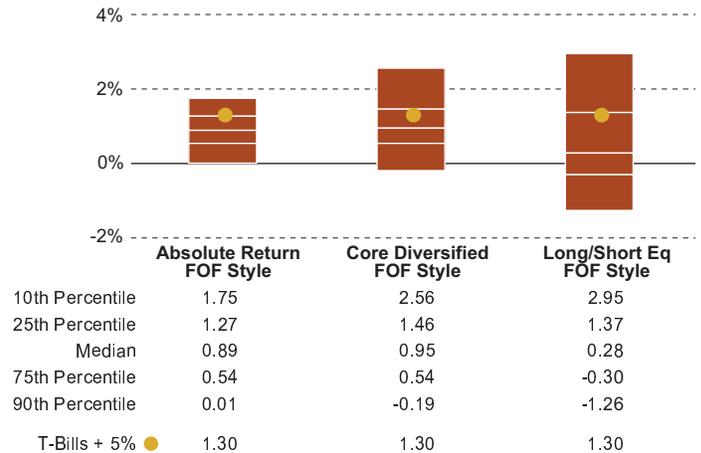
HEDGE FUNDS | Jim McKee

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

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

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

## Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

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

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

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

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

# Target Date Funds Continue to Rule

DEFINED CONTRIBUTION | Tom Szkwarla

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

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

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

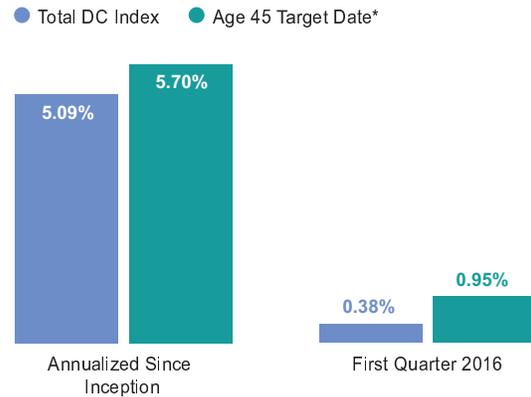
Stable value was the only other asset class with sizable inflows; this asset class typically attracts flows when markets are weak or particularly volatile. Several DC investments saw material net outflows, including U.S. equities (large and small/mid cap), U.S./global balanced, U.S. fixed income, non-U.S.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

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

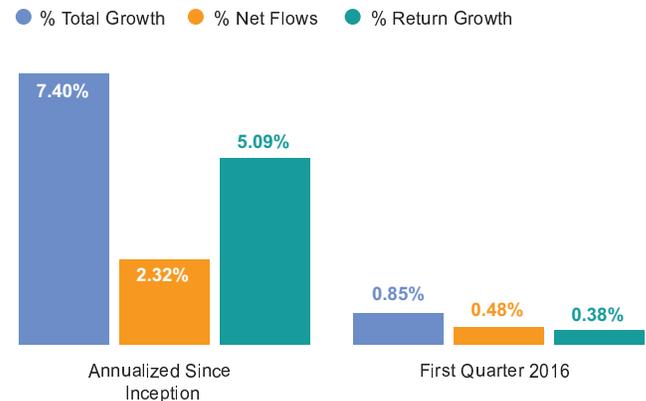
The Callan DC Index's overall equity allocation ended the quarter at 69%. Overall equity allocation has remained fairly static over the past few quarters, modestly above the Index's historical average (67%).

*The Callan DC Index is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over \$135 billion in assets. The Index is updated quarterly and is available on Callan's website, as is the quarterly DC Observer newsletter.*

## Investment Performance\*



## Growth Sources\*



## Net Cash Flow Analysis (First Quarter 2016)\* (Top Two and Bottom Two Asset Gatherers)

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

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

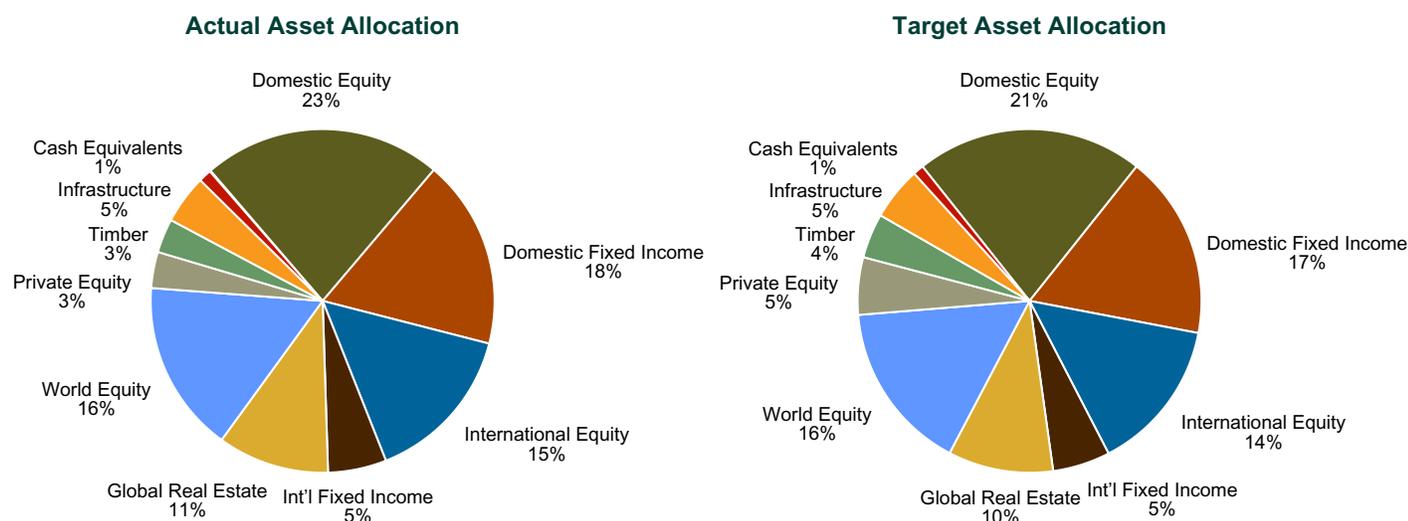
\* DC Index inception date is January 2006.

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



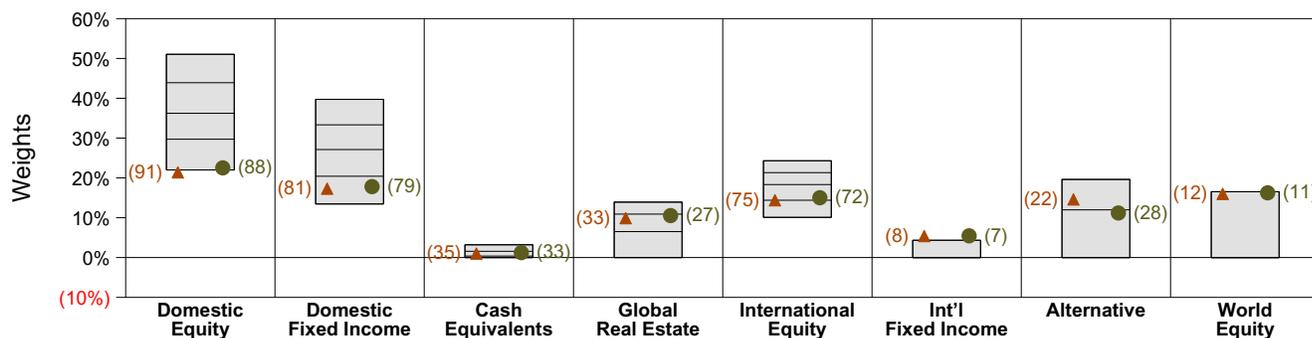
## Actual vs Target Asset Allocation As of June 30, 2016

The top left chart shows the Fund's asset allocation as of June 30, 2016. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	1,062,966	22.5%	21.4%	1.1%	52,566
Domestic Fixed Income	840,686	17.8%	17.3%	0.5%	23,868
International Equity	709,193	15.0%	14.4%	0.6%	29,298
Int'l Fixed Income	257,712	5.5%	5.4%	0.1%	2,752
Global Real Estate	497,508	10.5%	9.9%	0.6%	30,081
World Equity	767,124	16.2%	16.0%	0.2%	11,686
Private Equity	159,340	3.4%	5.4%	(2.0%)	(95,621)
Timber	153,349	3.2%	4.2%	(1.0%)	(44,954)
Infrastructure	215,451	4.6%	5.0%	(0.4%)	(20,624)
Cash Equivalents	58,164	1.2%	1.0%	0.2%	10,949
<b>Total</b>	<b>4,721,493</b>	<b>100.0%</b>	<b>100.0%</b>		

### Asset Class Weights vs CAI Public Fund Sponsor Database



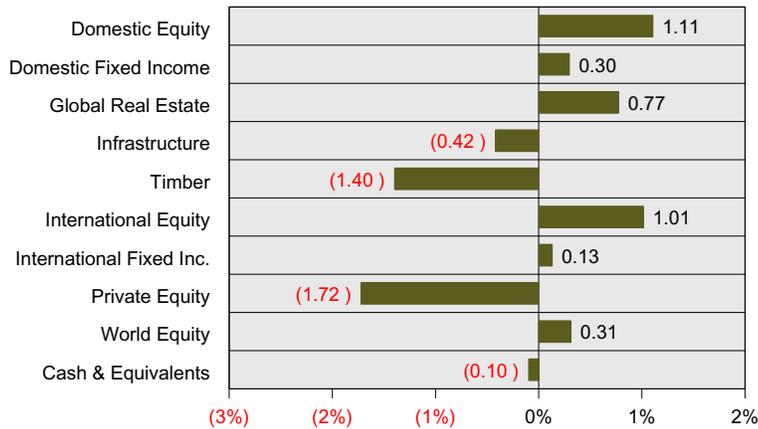
	Domestic Equity	Domestic Fixed Income	Cash Equivalents	Global Real Estate	International Equity	Int'l Fixed Income	Alternative	World Equity
10th Percentile	51.04	39.73	3.20	13.92	24.31	4.34	19.62	16.54
25th Percentile	43.91	33.33	1.58	10.91	21.32	0.00	11.98	0.00
Median	36.23	27.12	0.38	6.51	18.33	0.00	0.00	0.00
75th Percentile	29.72	20.42	0.00	0.00	14.39	0.00	0.00	0.00
90th Percentile	22.00	13.45	0.00	0.00	10.09	0.00	0.00	0.00
<b>Fund</b>	22.51	17.81	1.23	10.54	15.02	5.46	11.19	16.25
<b>Target</b>	21.40	17.30	1.00	9.90	14.40	5.40	14.60	16.00
% Group Invested	97.34%	97.87%	68.62%	62.23%	89.36%	18.09%	43.62%	22.87%

\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

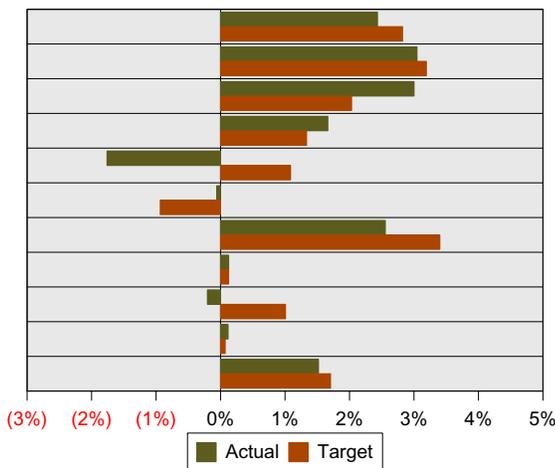
## Quarterly Total Fund Relative Attribution - June 30, 2016

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

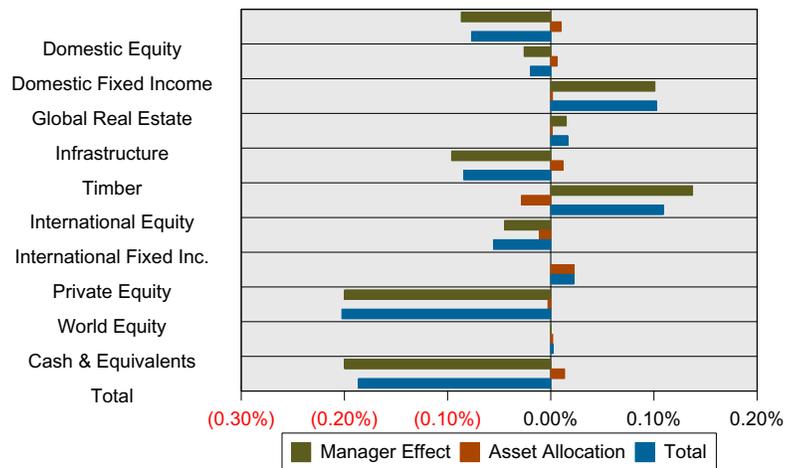
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended June 30, 2016

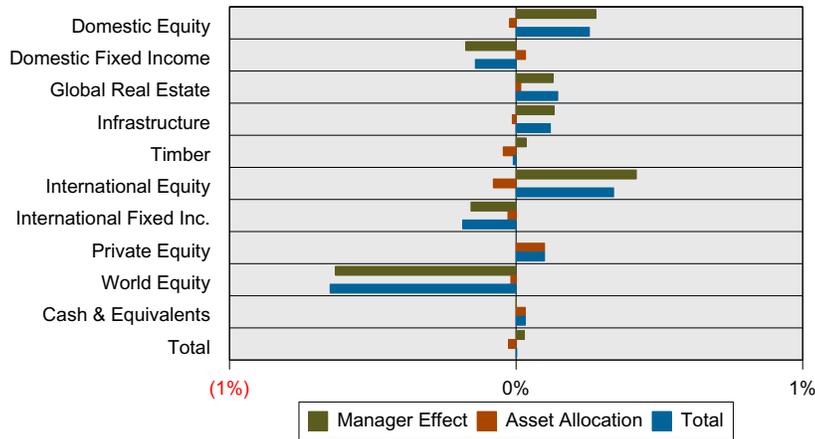
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	2.43%	2.82%	(0.09%)	0.01%	(0.08%)
Domestic Fixed Income	18%	17%	3.05%	3.19%	(0.03%)	0.01%	(0.02%)
Global Real Estate	11%	10%	3.00%	2.03%	0.10%	0.00%	0.10%
Infrastructure	5%	5%	1.67%	1.33%	0.02%	0.00%	0.02%
Timber	3%	5%	(1.76%)	1.09%	(0.10%)	0.01%	(0.08%)
International Equity	15%	14%	(0.06%)	(0.94%)	0.14%	(0.03%)	0.11%
International Fixed Inc.	5%	5%	2.56%	3.40%	(0.04%)	(0.01%)	(0.06%)
Private Equity	3%	5%	0.13%	0.13%	0.00%	0.02%	0.02%
World Equity	16%	16%	(0.20%)	1.01%	(0.20%)	(0.00%)	(0.20%)
Cash & Equivalents	1%	1%	0.12%	0.07%	0.00%	0.00%	0.00%
<b>Total</b>					<b>1.52%</b>	<b>= 1.71% + (0.20%) + 0.01%</b>	<b>(0.19%)</b>

\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

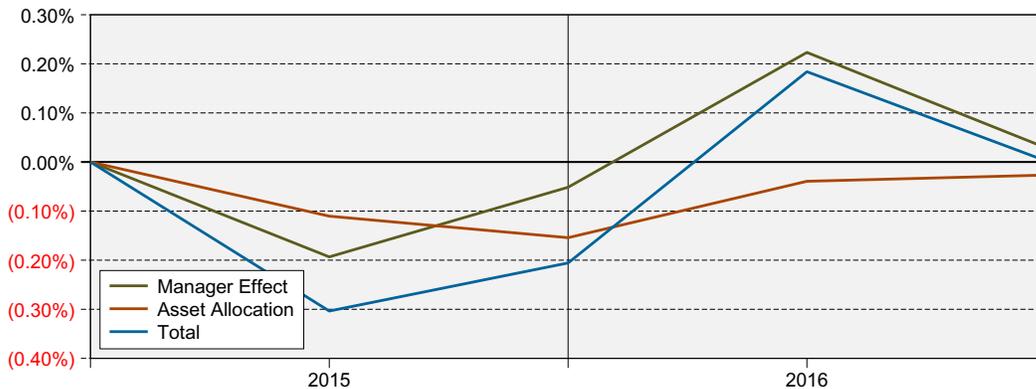
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### One Year Relative Attribution Effects



### Cumulative Relative Attribution Effects



### One Year Relative Attribution Effects

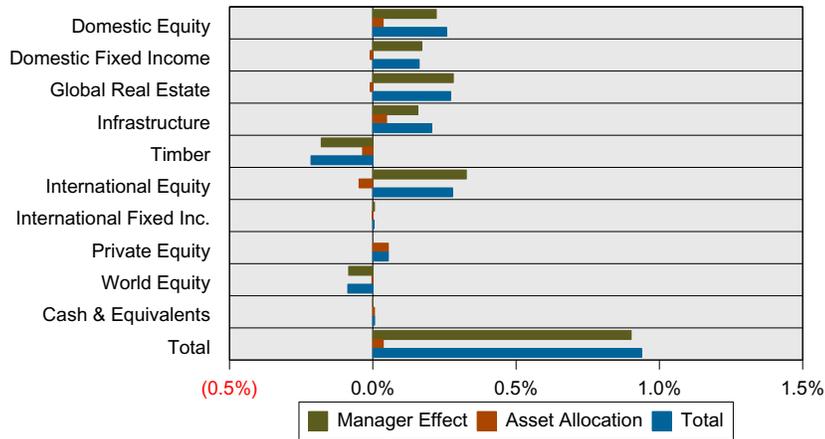
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	22%	21%	1.98%	0.69%	0.28%	(0.02%)	0.26%
Domestic Fixed Income	19%	18%	3.95%	4.92%	(0.18%)	0.03%	(0.14%)
Global Real Estate	11%	10%	11.88%	10.64%	0.13%	0.02%	0.15%
Infrastructure	5%	5%	3.65%	0.64%	0.13%	(0.01%)	0.12%
Timber	4%	5%	4.34%	3.49%	0.03%	(0.04%)	(0.01%)
International Equity	15%	14%	(7.78%)	(10.40%)	0.42%	(0.08%)	0.34%
International Fixed Inc.	5%	5%	7.87%	11.24%	(0.16%)	(0.03%)	(0.19%)
Private Equity	4%	5%	(7.19%)	(7.19%)	0.00%	0.10%	0.10%
World Equity	16%	16%	(6.56%)	(2.78%)	(0.63%)	(0.02%)	(0.65%)
Cash & Equivalents	1%	1%	0.29%	0.19%	0.00%	0.03%	0.03%
<b>Total</b>			<b>0.64%</b>	<b>0.63%</b>	<b>0.03%</b>	<b>(0.03%)</b>	<b>0.00%</b>

\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Three Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Three Year Annualized Relative Attribution Effects

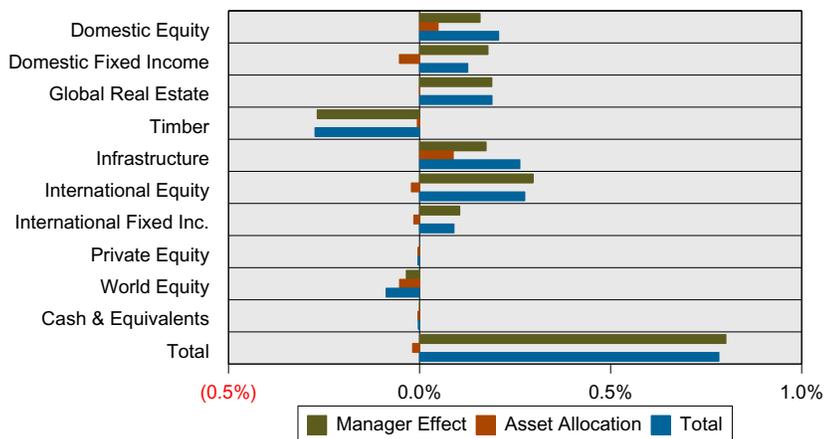
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	11.57%	10.53%	0.22%	0.04%	0.26%
Domestic Fixed Income	19%	18%	5.03%	4.16%	0.17%	(0.01%)	0.16%
Global Real Estate	10%	10%	14.74%	11.61%	0.28%	(0.01%)	0.27%
Infrastructure	4%	5%	4.73%	0.76%	0.16%	0.05%	0.21%
Timber	4%	5%	3.63%	7.77%	(0.18%)	(0.04%)	(0.22%)
International Equity	15%	14%	3.55%	1.37%	0.33%	(0.05%)	0.28%
International Fixed Inc.	5%	5%	2.01%	1.85%	0.01%	(0.00%)	0.00%
Private Equity	4%	5%	(2.94%)	(2.94%)	0.00%	0.05%	0.05%
World Equity	16%	16%	6.44%	6.95%	(0.08%)	(0.00%)	(0.09%)
Cash & Equivalents	1%	1%	0.13%	0.09%	0.00%	0.01%	0.01%
<b>Total</b>			<b>6.85%</b>	<b>5.92%</b>	<b>+ 0.90%</b>	<b>+ 0.04%</b>	<b>0.94%</b>

\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

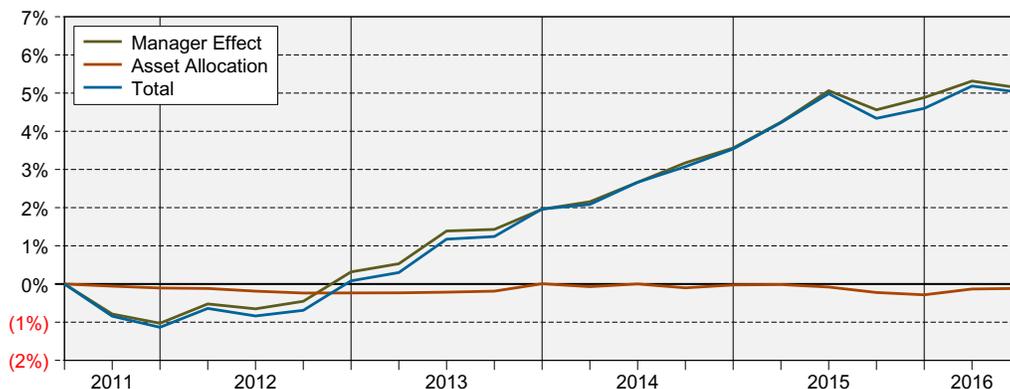
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Five Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Five Year Annualized Relative Attribution Effects

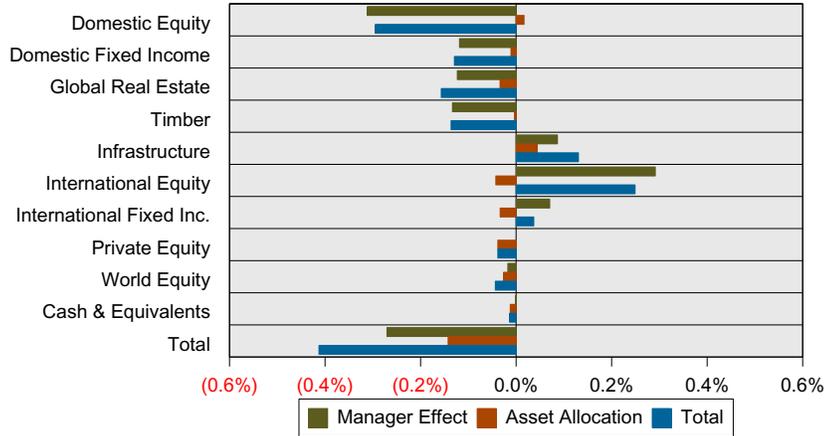
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	25%	24%	12.10%	11.24%	0.16%	0.05%	0.21%
Domestic Fixed Income	19%	18%	5.67%	4.44%	0.18%	(0.05%)	0.13%
Global Real Estate	9%	10%	13.64%	11.51%	0.19%	0.00%	0.19%
Timber	4%	5%	-	-	(0.27%)	(0.01%)	(0.27%)
Infrastructure	4%	5%	-	-	0.17%	0.09%	0.26%
International Equity	16%	15%	2.44%	0.52%	0.30%	(0.02%)	0.28%
International Fixed Inc.	5%	5%	2.28%	0.35%	0.11%	(0.02%)	0.09%
Private Equity	5%	5%	0.51%	0.51%	0.00%	(0.00%)	(0.00%)
World Equity	12%	12%	-	-	(0.03%)	(0.05%)	(0.09%)
Cash & Equivalents	1%	1%	0.12%	0.09%	0.00%	(0.00%)	(0.00%)
<b>Total</b>			<b>6.78%</b>	<b>5.99%</b>	<b>+ 0.80%</b>	<b>+ (0.02%)</b>	<b>0.78%</b>

\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

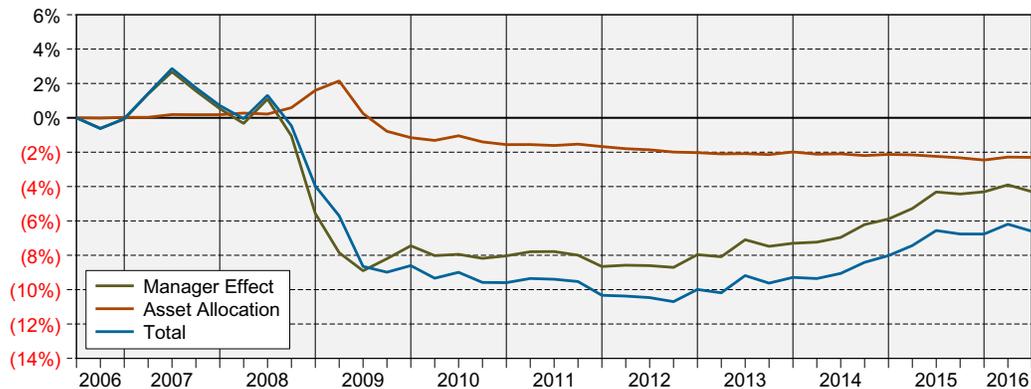
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Ten Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Ten Year Annualized Relative Attribution Effects

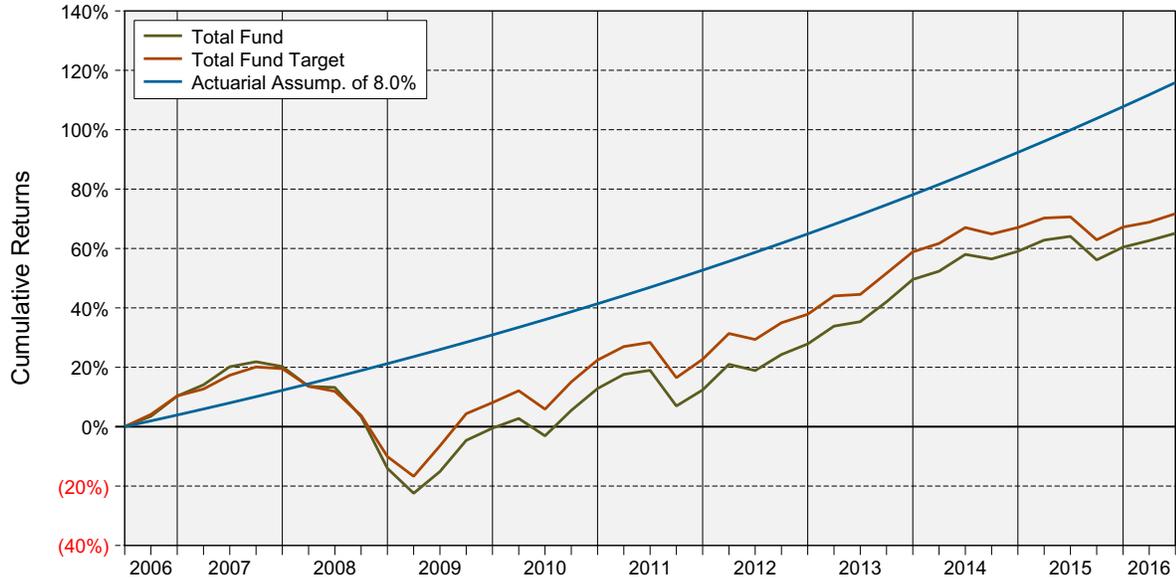
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	31%	6.34%	7.19%	(0.31%)	0.02%	(0.29%)
Domestic Fixed Income	23%	22%	6.06%	5.95%	(0.12%)	(0.01%)	(0.13%)
Global Real Estate	9%	8%	5.92%	7.40%	(0.12%)	(0.03%)	(0.16%)
Timber	2%	2%	-	-	(0.13%)	(0.00%)	(0.14%)
Infrastructure	2%	2%	-	-	0.09%	0.04%	0.13%
International Equity	16%	17%	3.86%	2.18%	0.29%	(0.04%)	0.25%
International Fixed Inc.	5%	5%	5.33%	4.04%	0.07%	(0.03%)	0.04%
Private Equity	4%	5%	0.73%	0.73%	0.00%	(0.04%)	(0.04%)
World Equity	6%	6%	-	-	(0.02%)	(0.03%)	(0.04%)
Cash & Equivalents	1%	1%	0.80%	1.04%	(0.00%)	(0.01%)	(0.01%)
<b>Total</b>			<b>5.14%</b>	<b>5.56%</b>	<b>(0.27%)</b>	<b>(0.14%)</b>	<b>(0.41%)</b>

\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

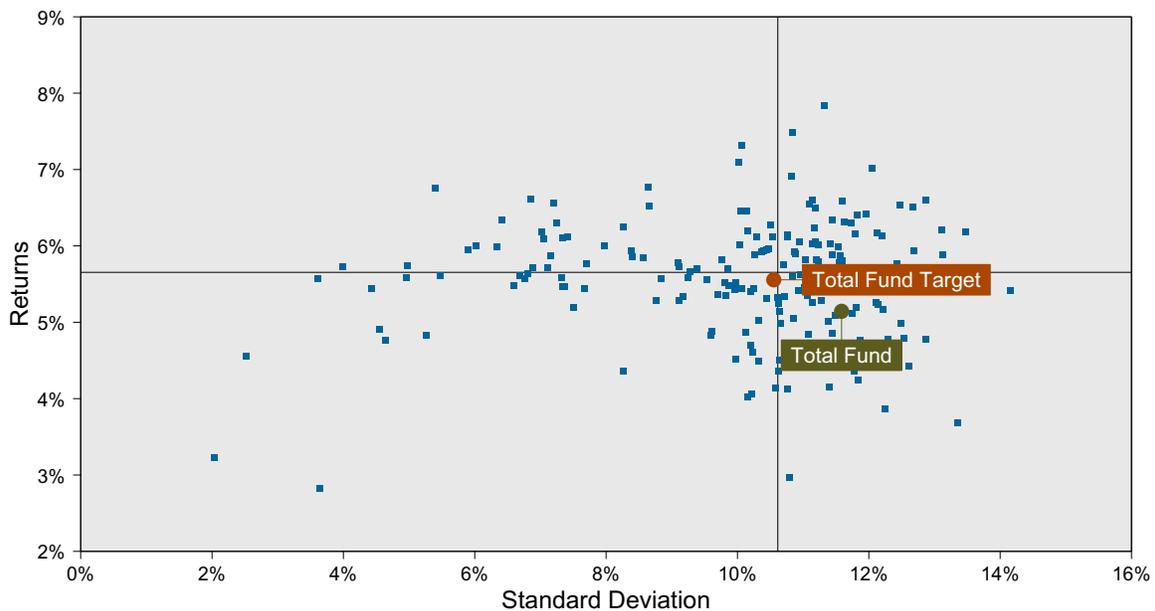
## Cumulative Performance Relative to Target

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

### Cumulative Returns Actual vs Target



### Ten Year Annualized Risk vs Return



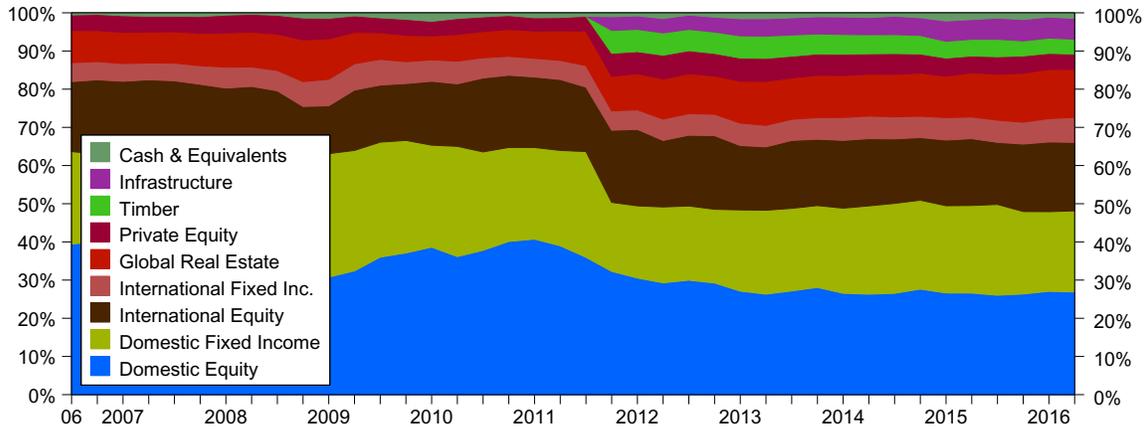
Squares represent membership of the CAI Public Fund Sponsor Database

\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

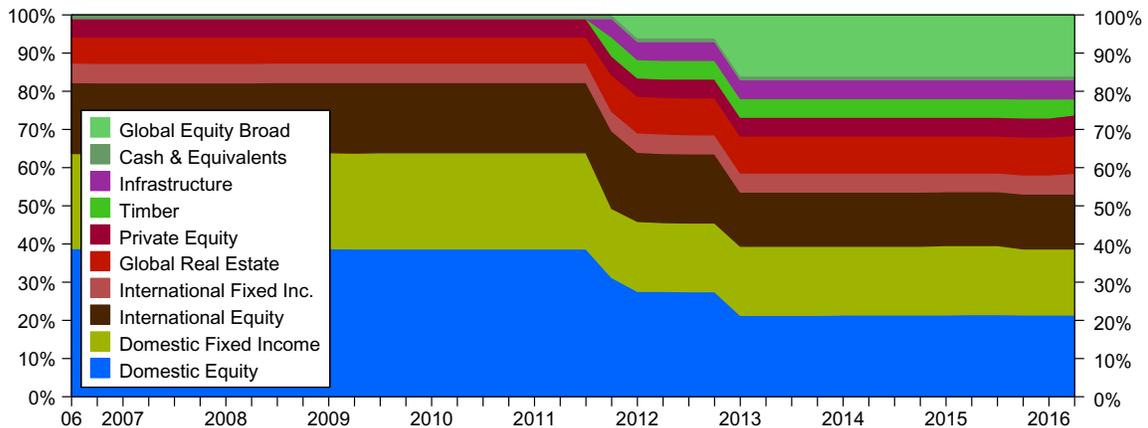
## Actual vs Target Historical Asset Allocation

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

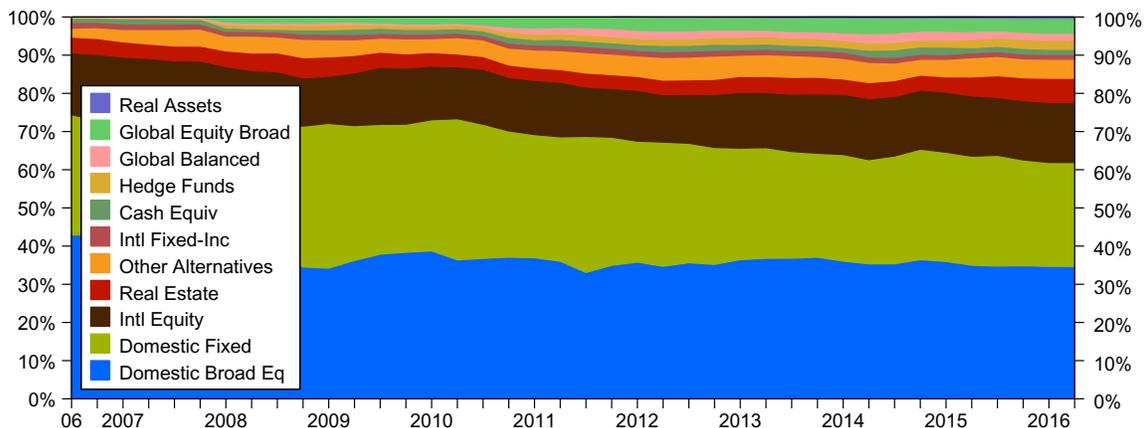
### Actual Historical Asset Allocation



### Target Historical Asset Allocation



### Average CAI Public Fund Sponsor Database Historical Asset Allocation

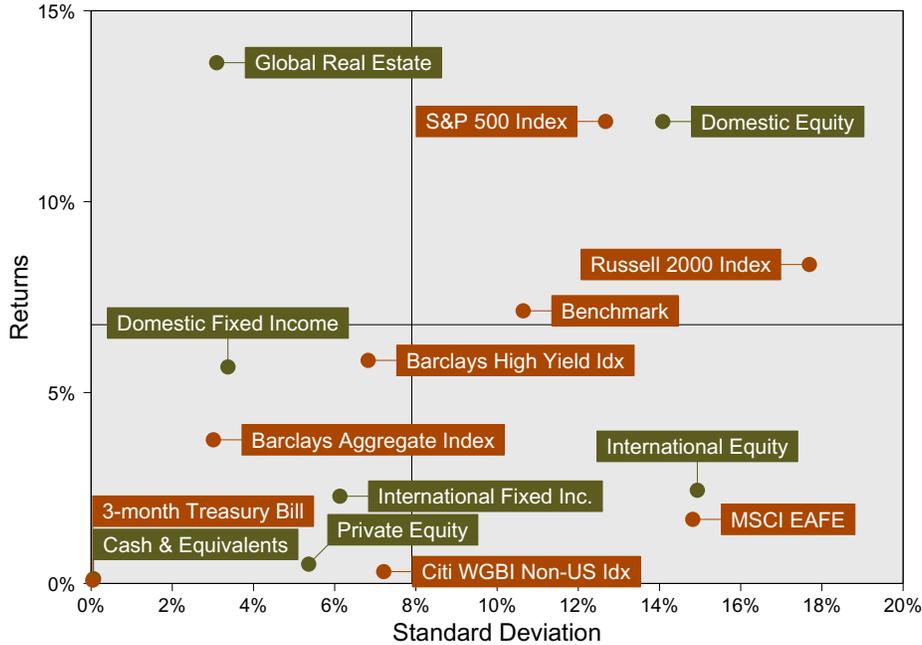


\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

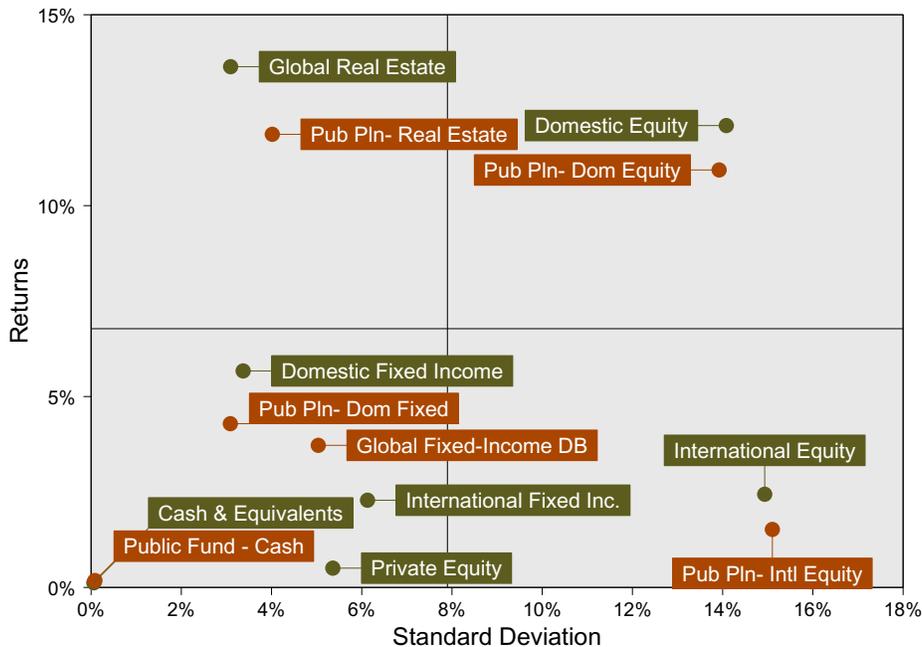
## Asset Class Risk and Return

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

### Five Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



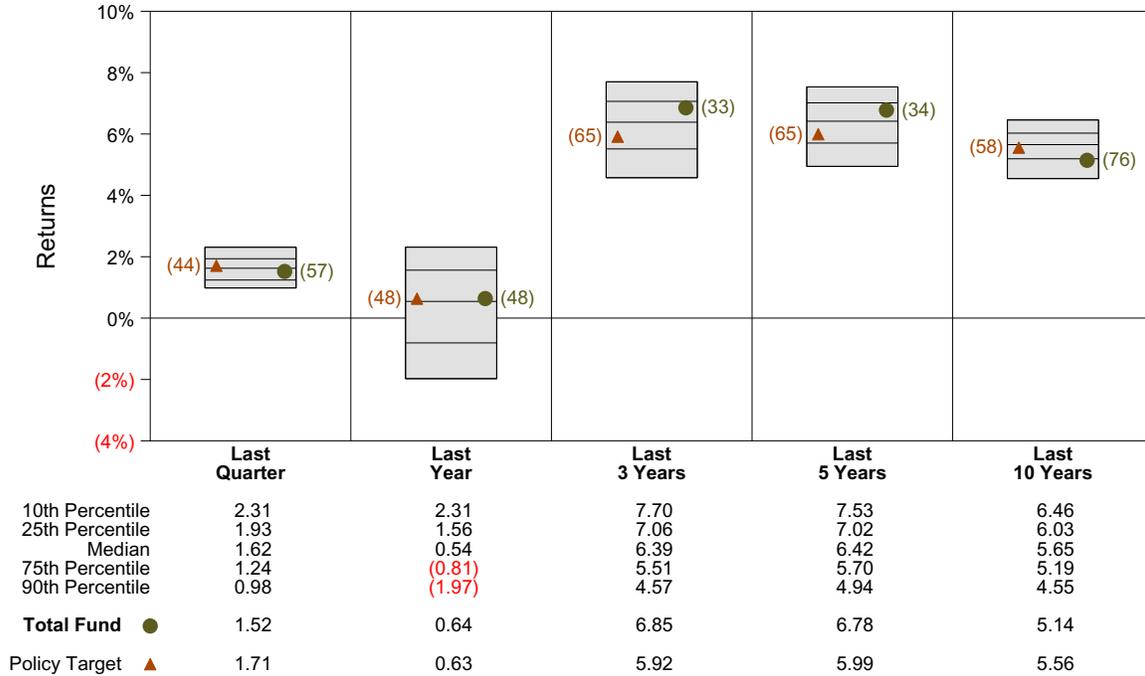
### Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



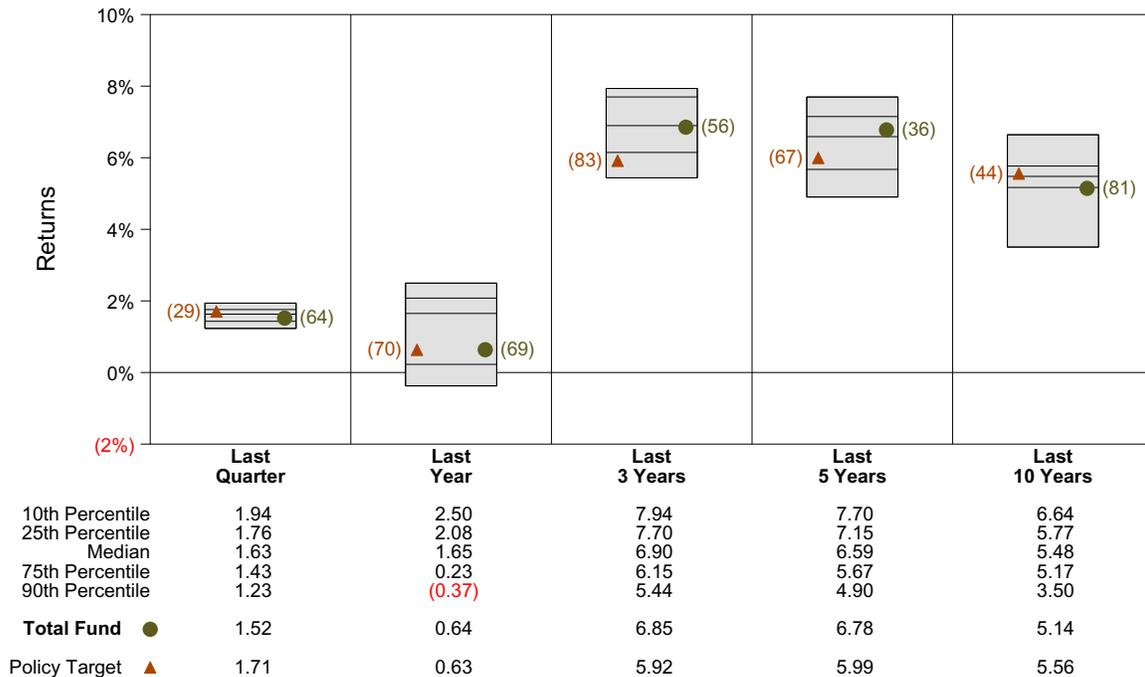
## Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended June 30, 2016. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

### CAI Public Fund Sponsor Database



### Asset Allocation Adjusted Ranking

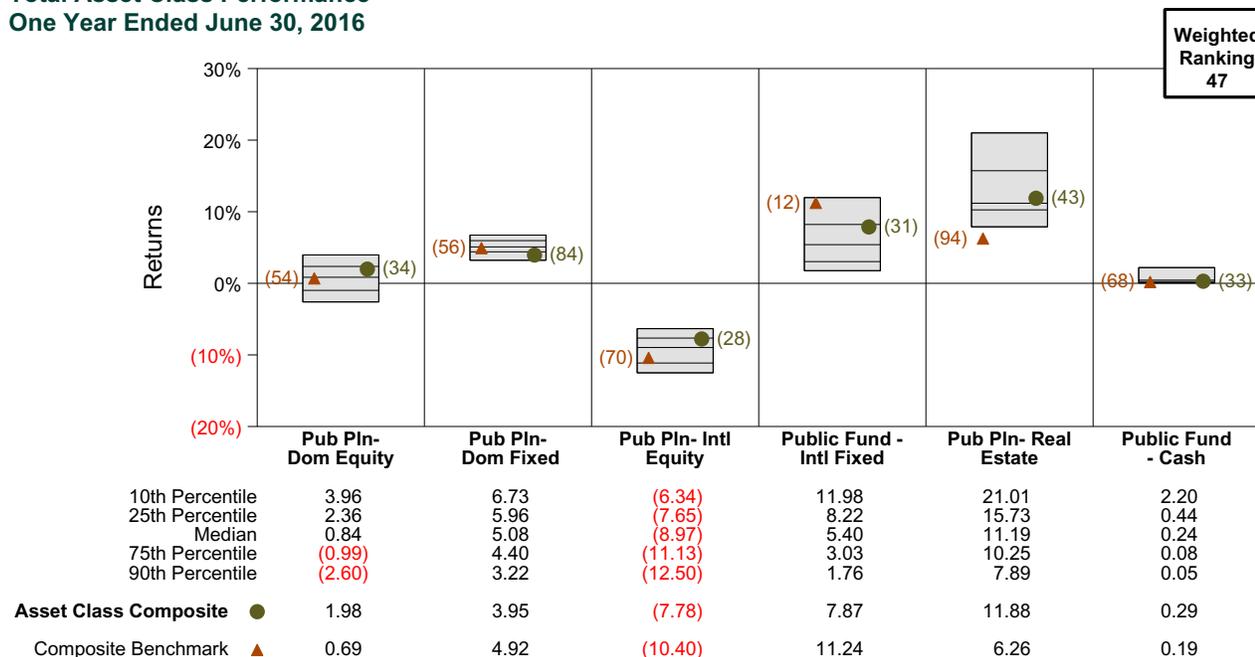


\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

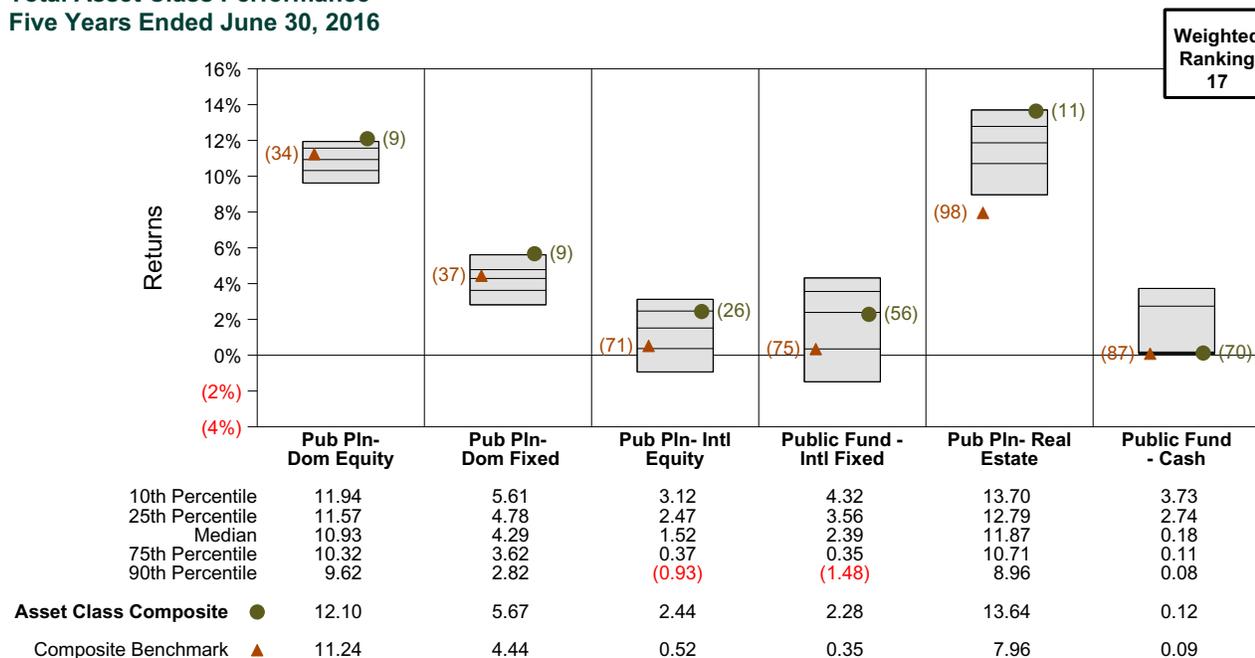
## Asset Class Rankings

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

### Total Asset Class Performance One Year Ended June 30, 2016



### Total Asset Class Performance Five Years Ended June 30, 2016



\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

## Investment Manager Asset Allocation

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

### Asset Distribution Across Investment Managers

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
<b>GLOBAL EQUITY</b>	<b>\$2,698,622,870</b>	<b>57.16%</b>	<b>\$(12,556,280)</b>	<b>\$23,698,011</b>	<b>\$2,687,481,139</b>	<b>57.72%</b>
<b>Domestic Equity</b>	<b>\$1,062,965,897</b>	<b>22.51%</b>	<b>\$(16,253,958)</b>	<b>\$25,329,085</b>	<b>\$1,053,890,769</b>	<b>22.63%</b>
<b>Large Cap Domestic Equity</b>	<b>\$815,792,350</b>	<b>17.28%</b>	<b>\$(16,200,729)</b>	<b>\$15,581,674</b>	<b>\$816,411,405</b>	<b>17.53%</b>
L.A. Capital	308,454,836	6.53%	(6,155,003)	4,643,156	309,966,684	6.66%
LACM Enhanced Index	191,342,879	4.05%	(45,726)	5,131,535	186,257,069	4.00%
Northern Trust AM Enh S&P 500	143,612,731	3.04%	0	1,437,280	142,175,451	3.05%
Parametric Clifton Enh S&P 500	172,381,903	3.65%	(10,000,000)	4,369,703	178,012,201	3.82%
<b>Small Cap Domestic Equity</b>	<b>\$247,173,547</b>	<b>5.24%</b>	<b>\$(53,228)</b>	<b>\$9,747,412</b>	<b>\$237,479,364</b>	<b>5.10%</b>
Atlanta Capital	113,269,259	2.40%	108,857,677	4,411,582	-	-
Parametric Clifton Enh Small Cap	133,904,288	2.84%	0	5,335,825	128,568,464	2.76%
Small Cap Transition Account	0	0.00%	(108,910,906)	5	108,910,901	2.34%
<b>International Equity</b>	<b>\$709,192,595</b>	<b>15.02%</b>	<b>\$(1,833,310)</b>	<b>\$(226,828)</b>	<b>\$711,252,733</b>	<b>15.28%</b>
<b>Developed Int'l Equity</b>	<b>\$530,756,692</b>	<b>11.24%</b>	<b>\$(1,833,310)</b>	<b>\$(5,508,819)</b>	<b>\$538,098,821</b>	<b>11.56%</b>
Capital Group	93,828	0.00%	(125,795,292)	2,337,058	123,552,063	2.65%
DFA Int'l Small Cap	71,922,590	1.52%	0	(2,346,298)	74,268,888	1.60%
Northern Trust AM World Ex US	255,177,849	5.40%	8,980,277	(2,010,724)	248,208,296	5.33%
Wellington Management Co.	81,532,906	1.73%	(10,183,539)	(353,130)	92,069,575	1.98%
William Blair	122,029,518	2.58%	125,165,244	(3,135,726)	-	-
<b>Emerging Markets Equity</b>	<b>\$178,435,903</b>	<b>3.78%</b>	<b>\$0</b>	<b>\$5,281,991</b>	<b>\$173,153,912</b>	<b>3.72%</b>
Axiom	132,327,251	2.80%	0	3,660,800	128,666,451	2.76%
DFA	46,108,652	0.98%	0	1,621,191	44,487,461	0.96%
<b>World Equity</b>	<b>\$767,124,427</b>	<b>16.25%</b>	<b>\$9,351,376</b>	<b>\$(1,554,763)</b>	<b>\$759,327,813</b>	<b>16.31%</b>
EPOCH Investment Partners	338,524,029	7.17%	(545,671)	(300,567)	339,370,267	7.29%
LSV Asset Management	428,600,398	9.08%	9,897,047	(1,254,196)	419,957,546	9.02%

## Investment Manager Asset Allocation

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

### Asset Distribution Across Investment Managers

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
<b>Private Equity</b>	<b>\$159,339,951</b>	<b>3.37%</b>	<b>\$(3,820,389)</b>	<b>\$150,516</b>	<b>\$163,009,824</b>	<b>3.50%</b>
Adams Street Direct Co-Invest Fd	5,574,253	0.12%	(2,933,236)	186,243	8,321,246	0.18%
Adams Street Direct Fund 2010	1,351,602	0.03%	(24,451)	(101,124)	1,477,177	0.03%
Adams Street 1998 Partnership	125,801	0.00%	0	125	125,676	0.00%
Adams Street 1999 Partnership	337,984	0.01%	0	5,701	332,283	0.01%
Adams Street 2000 Partnership	938,044	0.02%	(474,696)	(42,823)	1,455,563	0.03%
Adams Street 2001 Partnership	1,516,486	0.03%	0	(111,149)	1,627,635	0.03%
Adams Street 2002 Partnership	738,435	0.02%	0	34,653	703,782	0.02%
Adams Street 2003 Partnership	358,630	0.01%	0	(14,164)	372,794	0.01%
Adams Street 2010 Partnership	5,513,205	0.12%	0	(30,409)	5,543,614	0.12%
Adams Street 2008 Fund	7,468,204	0.16%	(130,374)	(31,554)	7,630,132	0.16%
Adams Street 1999 Non-US	401,159	0.01%	0	4,654	396,505	0.01%
Adams Street 2000 Non-US	709,712	0.02%	0	(12,711)	722,423	0.02%
Adams Street 2001 Non-US	169,925	0.00%	0	(9,664)	179,589	0.00%
Adams Street 2002 Non-US	1,028,252	0.02%	0	13,107	1,015,145	0.02%
Adams Street 2003 Non-US	565,080	0.01%	(315,975)	23,093	857,962	0.02%
Adams Street 2004 Non-US	402,925	0.01%	0	(22,019)	424,944	0.01%
Adams Street 2010 Non-US	2,630,679	0.06%	0	4,987	2,625,692	0.06%
Adams Street 2010 Non-US Emg	1,290,610	0.03%	0	(12,118)	1,302,728	0.03%
Adams Street 2015 Global Fd	1,512,943	0.03%	0	(82,425)	1,595,368	0.03%
Adams Street BVCF IV Fund	3,764,686	0.08%	0	(12,040)	3,776,726	0.08%
Hearthstone Advisors MSII	12,792	0.00%	0	12,791	1	0.00%
Hearthstone Advisors MSIII	4,421,442	0.09%	4,275,061	128,255	18,126	0.00%
CorsAir III	13,394,710	0.28%	(15,406)	(129,050)	13,539,166	0.29%
ND Investors	11,921,782	0.25%	25,000	(707,708)	12,604,490	0.27%
CorsAir IV	17,104,833	0.36%	(4,573,546)	1,149,272	20,529,107	0.44%
Capital International V	7,819,086	0.17%	24,729	402,898	7,391,459	0.16%
Capital International VI	17,880,644	0.38%	29,445	2,331,001	15,520,198	0.33%
EIG Energy Fund XIV	4,666,317	0.10%	166,162	(1,834,821)	6,334,976	0.14%
Lewis & Clark, LP	1,329,909	0.03%	0	(1,394,581)	2,724,490	0.06%
Lewis & Clark II	9,613,134	0.20%	0	177,226	9,435,908	0.20%
Quantum Energy Partners	6,127,000	0.13%	0	(875,399)	7,002,399	0.15%
Quantum Resources	51,635	0.00%	0	51,634	1	0.00%
Matlin Patterson I	1	0.00%	(13,696)	296	13,401	0.00%
Matlin Patterson II	1,625,922	0.03%	0	(118,160)	1,744,082	0.04%
Matlin Patterson III	26,972,129	0.57%	140,594	1,166,499	25,665,036	0.55%

## Investment Manager Asset Allocation

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

### Asset Distribution Across Investment Managers

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
<b>GLOBAL FIXED INCOME</b>	<b>\$1,098,398,589</b>	<b>23.26%</b>	<b>\$15,244,969</b>	<b>\$31,208,247</b>	<b>\$1,051,945,373</b>	<b>22.59%</b>
<b>Domestic Fixed Income</b>	<b>\$840,686,350</b>	<b>17.81%</b>	<b>\$2,451,742</b>	<b>\$24,829,334</b>	<b>\$813,405,274</b>	<b>17.47%</b>
<b>Inv. Grade Fixed Income</b>	<b>\$604,078,109</b>	<b>12.79%</b>	<b>\$22,758,685</b>	<b>\$13,088,863</b>	<b>\$568,230,561</b>	<b>12.20%</b>
Declaration Total Return	86,560,533	1.83%	(30,387)	1,727,662	84,863,258	1.82%
J. P. Morgan MBS	113,899,252	2.41%	(61,067)	1,761,133	112,199,186	2.41%
PIMCO DiSCO II	91,713,399	1.94%	0	2,100,909	89,612,490	1.92%
PIMCO MBS	183,187,244	3.88%	14,930,172	2,342,867	165,914,206	3.56%
PIMCO Unconstrained	61,676,161	1.31%	(73,738)	1,037,682	60,712,217	1.30%
SSgA Long US Treas Index	67,041,520	1.42%	7,993,706	4,118,611	54,929,204	1.18%
<b>Below Inv. Grade Fixed Income</b>	<b>\$236,608,241</b>	<b>5.01%</b>	<b>\$(20,306,943)</b>	<b>\$11,740,471</b>	<b>\$245,174,713</b>	<b>5.27%</b>
Goldman Sachs 2006 Offshore	1,100,000	0.02%	(63,000)	(13,294)	1,176,294	0.03%
Goldman Sachs Offshore V	2,586,000	0.05%	0	(135,258)	2,721,258	0.06%
Loomis Sayles	185,839,941	3.94%	(20,243,943)	10,929,326	195,154,558	4.19%
PIMCO Bravo II Fund	47,082,300	1.00%	0	959,697	46,122,603	0.99%
<b>Internationall Fixed Income</b>	<b>\$257,712,240</b>	<b>5.46%</b>	<b>\$12,793,227</b>	<b>\$6,378,913</b>	<b>\$238,540,099</b>	<b>5.12%</b>
Brandywine	147,344,567	3.12%	12,873,506	2,497,612	131,973,448	2.83%
UBS Global Asset Mgmt.	110,367,673	2.34%	(80,279)	3,881,301	106,566,651	2.29%
<b>GLOBAL REAL ASSETS</b>	<b>\$866,308,046</b>	<b>18.35%</b>	<b>\$(22,612,750)</b>	<b>\$15,523,281</b>	<b>\$873,397,515</b>	<b>18.76%</b>
<b>Global Real Estate</b>	<b>\$497,508,378</b>	<b>10.54%</b>	<b>\$(19,494,728)</b>	<b>\$14,725,399</b>	<b>\$502,277,707</b>	<b>10.79%</b>
Invesco Core Real Estate	223,431,979	4.73%	(197,073)	7,810,580	215,818,471	4.64%
Invesco Fund II	8,294,747	0.18%	(855,849)	168,649	8,981,947	0.19%
Invesco Fund III	28,060,334	0.59%	0	927,622	27,132,712	0.58%
Invesco Asia RE Feeder	1,712,797	0.04%	0	606,508	1,106,290	0.02%
Invesco Asia RE Fund III	8,440,457	0.18%	0	131,747	8,308,710	0.18%
Invesco Value Added Fd IV	19,341,946	0.41%	0	(167,414)	19,509,360	0.42%
JP Morgan	186,433,014	3.95%	0	4,170,293	182,262,721	3.91%
JP Morgan Alternative Fd	312,204	0.01%	0	(1,700)	313,904	0.01%
JP Morgan China Property Fd	11,459,032	0.24%	(3,829)	1,764,534	9,698,327	0.21%
JP Morgan Greater European Opp Fd	10,021,867	0.21%	(18,437,978)	(685,419)	29,145,265	0.63%
<b>Timber</b>	<b>\$153,349,151</b>	<b>3.25%</b>	<b>\$0</b>	<b>\$(2,748,557)</b>	<b>\$156,097,708</b>	<b>3.35%</b>
TIR Teredo	33,820,778	0.72%	0	(1,815,586)	35,636,364	0.77%
TIR Springbank	119,528,373	2.53%	0	(932,971)	120,461,344	2.59%
<b>Infrastructure</b>	<b>\$215,450,517</b>	<b>4.56%</b>	<b>\$(3,118,021)</b>	<b>\$3,546,439</b>	<b>\$215,022,099</b>	<b>4.62%</b>
JP Morgan Asian Infrastructure	28,039,002	0.59%	152,517	(782,278)	28,668,764	0.62%
JP Morgan IIF	142,195,646	3.01%	(764,732)	2,901,019	140,059,358	3.01%
Grosvenor Cust. Infrastructure	41,367,135	0.88%	(627,599)	1,512,842	40,481,892	0.87%
Grosvenor Cust. Infrastructure II	3,848,734	0.08%	(1,878,208)	(85,143)	5,812,085	0.12%
<b>CASH &amp; CASH EQUIVALENTS</b>	<b>\$58,163,522</b>	<b>1.23%</b>	<b>\$14,851,858</b>	<b>\$60,642</b>	<b>\$43,251,022</b>	<b>0.93%</b>
Cash Account	58,163,522	1.23%	14,851,858	60,642	43,251,022	0.93%
<b>Securities Lending Income</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$(228,462)</b>	<b>\$228,462</b>	<b>-</b>	<b>-</b>
<b>Total Fund</b>	<b>\$4,721,493,026</b>	<b>100.0%</b>	<b>\$(5,300,665)</b>	<b>\$70,718,643</b>	<b>\$4,656,075,049</b>	<b>100.0%</b>

## Investment Manager Returns

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

### Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>Global Equity</b>					
Gross	0.88%	(3.62%)	6.93%	-	-
Net	0.83%	(3.92%)	6.56%	-	-
Wtd Avg Global Equity Benchmark	1.14%	(3.75%)	6.08%	-	-
<b>Domestic Equity</b>					
Gross	2.43%	1.98%	11.57%	12.10%	6.34%
Net	2.41%	1.86%	11.34%	11.83%	6.03%
Wtd Avg Domestic Equity Benchmark	2.82%	0.69%	10.53%	11.24%	7.19%
<b>Large Cap Equity</b>					
Gross	1.95%	4.66%	12.82%	12.89%	5.91%
Net	1.92%	4.55%	12.63%	12.69%	5.66%
Large Cap Benchmark (1)	2.54%	2.93%	11.48%	12.09%	7.42%
L.A. Capital - Gross	1.53%	5.17%	14.27%	13.62%	9.22%
L.A. Capital - Net	1.48%	4.95%	14.03%	13.39%	9.01%
Russell 1000 Growth Index	0.61%	3.02%	13.07%	12.35%	8.78%
LACM Enhanced Index - Gross	2.76%	6.03%	12.62%	13.07%	8.35%
LACM Enhanced Index - Net	2.73%	5.92%	12.48%	12.92%	8.19%
Russell 1000 Index	2.54%	2.93%	11.48%	11.88%	7.51%
Northern Tr AM Enh S&P500 - Gross	1.01%	1.76%	11.10%	12.55%	7.40%
Northern Tr AM Enh S&P500 - Net	1.01%	1.76%	10.70%	12.19%	7.22%
S&P 500 Index	2.46%	3.99%	11.66%	12.10%	7.42%
Parametric Clifton Enh S&P500 - Gross	2.49%	4.60%	11.89%	12.45%	-
Parametric Clifton Enh S&P500 - Net	2.49%	4.60%	11.88%	12.38%	-
S&P 500 Index	2.46%	3.99%	11.66%	12.10%	7.42%
<b>Small Cap Equity</b>					
Gross	4.11%	(6.87%)	7.23%	9.41%	7.15%
Net	4.11%	(7.04%)	6.88%	8.95%	6.64%
Russell 2000 Index	3.79%	(6.73%)	7.09%	8.35%	6.20%
Parametric Clifton Enh SmCap - Gross	4.15%	(5.49%)	8.31%	9.61%	-
Parametric Clifton Enh SmCap - Net	4.15%	(5.84%)	7.84%	9.12%	-
Russell 2000 Index	3.79%	(6.73%)	7.09%	8.35%	6.20%

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

## Investment Manager Returns

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

	Returns for Periods Ended June 30, 2016				
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>International Equity</b>					
Gross	(0.06%)	(7.78%)	3.55%	2.44%	3.86%
Net	(0.10%)	(7.96%)	3.28%	2.10%	3.48%
Wtd Avg Int'l Equity Benchmark	(0.94%)	(10.40%)	1.37%	0.52%	2.18%
<b>Developed Intl Equity</b>					
Gross	(1.10%)	(7.71%)	4.17%	3.12%	2.79%
Net	(1.16%)	(7.94%)	3.88%	2.79%	2.45%
Benchmark(1)	(1.46%)	(10.16%)	2.06%	1.68%	1.32%
DFA Int'l Small Cap Value - Net	(3.16%)	(9.28%)	6.01%	4.04%	-
World ex US SC Value	(1.88%)	(6.05%)	4.76%	3.03%	3.50%
Northern Tr AM World ex US - Gross	(0.84%)	(9.51%)	-	-	-
Northern Tr AM World ex US - Net	(0.85%)	(9.54%)	-	-	-
MSCI World ex US	(1.05%)	(9.84%)	1.88%	1.23%	1.63%
Wellington Management - Gross	(0.87%)	1.90%	9.80%	9.09%	6.76%
Wellington Management - Net	(1.06%)	1.06%	8.90%	8.17%	5.86%
BMI, EPAC, <\$2 B	(0.63%)	(3.38%)	7.29%	4.37%	3.51%
<b>Emerging Markets Equity</b>					
Gross	3.05%	(9.25%)	0.55%	(0.71%)	5.63%
Net	3.05%	(9.25%)	0.33%	(1.09%)	5.14%
Emerging Mkts - Net	0.66%	(12.05%)	(1.56%)	(3.78%)	3.54%
Axiom - Net	2.85%	(10.32%)	-	-	-
Emerging Mkts - Net	0.66%	(12.05%)	(1.56%)	(3.78%)	3.54%
DFA - Net	3.64%	(5.64%)	2.43%	(0.55%)	7.67%
Emerging Mkts - Net	0.66%	(12.05%)	(1.56%)	(3.78%)	3.54%
<b>World Equity</b>					
Gross	(0.20%)	(6.56%)	6.44%	-	-
Net	(0.29%)	(7.27%)	5.71%	-	-
MSCI World Index	1.01%	(2.78%)	6.95%	6.63%	4.43%
EPOCH Investment - Gross(2)	(0.09%)	(5.93%)	6.49%	-	-
EPOCH Investment - Net	(0.25%)	(6.53%)	5.78%	-	-
MSCI World Index	1.01%	(2.78%)	6.95%	6.63%	4.43%
LSV Asset Management - Gross(3)	(0.30%)	(7.05%)	6.58%	-	-
LSV Asset Management - Net	(0.32%)	(7.85%)	5.84%	-	-
MSCI ACWI Idx	1.19%	(3.17%)	6.60%	5.95%	4.82%

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

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

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

## Investment Manager Returns

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

	Returns for Periods Ended June 30, 2016				
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>Private Equity*</b>					
Net	0.12%	(7.20%)	(2.97%)	0.45%	0.93%
Adams Street Direct Co-Invest Fd	1.54%	8.04%	15.92%	12.50%	-
Adams Street Direct Fund 2010	(6.96%)	7.48%	15.27%	13.88%	-
Adams Street 1998 Partnership	0.10%	4.14%	1.77%	0.95%	2.28%
Adams Street 1999 Partnership	1.72%	12.03%	2.61%	2.21%	4.08%
Adams Street 2000 Partnership	(3.52%)	(1.75%)	(1.74%)	1.43%	4.53%
Adams Street 2001 Partnership	(6.83%)	(10.10%)	2.31%	4.78%	4.89%
Adams Street 2002 Partnership	4.92%	9.43%	1.65%	4.69%	4.16%
Adams Street 2003 Partnership	(3.80%)	(2.55%)	13.28%	7.77%	7.96%
Adams Street 2010 Partnership	(0.55%)	6.18%	13.70%	12.03%	-
Adams Street 2008 Fund	(0.42%)	11.84%	12.71%	9.22%	-
Adams Street 1999 Non-US	1.17%	13.44%	1.29%	5.77%	9.75%
Adams Street 2000 Non-US	(1.76%)	(7.68%)	(2.64%)	(2.51%)	3.45%
Adams Street 2001 Non-US	(5.38%)	23.36%	24.09%	12.41%	4.79%
Adams Street 2002 Non-US	1.29%	29.09%	8.10%	5.92%	8.22%
Adams Street 2003 Non-US	4.26%	18.08%	11.09%	9.99%	13.84%
Adams Street 2004 Non-US	(5.18%)	(8.27%)	5.80%	3.35%	5.24%
Adams Street 2010 Non-US	0.19%	9.63%	6.70%	7.21%	-
Adams Street 2010 Non-US Emg	(0.93%)	10.50%	11.83%	0.77%	-
Adams Street 2015 Global Fd	(5.17%)	-	-	-	-
Adams Street BVCF IV Fund	(0.32%)	(1.65%)	18.20%	29.22%	29.63%
CorsAir III	(0.95%)	34.22%	7.06%	1.35%	-
ND Investors	(5.60%)	6.41%	(0.10%)	2.53%	-
CorsAir IV	6.84%	(2.38%)	13.58%	6.00%	-
Capital International V	5.43%	(25.52%)	(10.61%)	(9.07%)	-
Capital International VI	14.99%	1.06%	(9.32%)	-	-
EIG Energy Fund XIV	(27.87%)	(67.59%)	(38.29%)	(24.04%)	-
Lewis & Clark, LP	(51.19%)	(51.19%)	(35.55%)	(19.67%)	(5.49%)
Lewis & Clark II	1.88%	1.88%	(6.77%)	(5.56%)	-
Quantum Energy Partners	(12.50%)	(22.63%)	(6.45%)	4.85%	-
Matlin Patterson I	2.21%	13.00%	4.54%	649.79%	182.38%
Matlin Patterson II	(6.77%)	7.27%	3.19%	(27.34%)	(23.74%)
Matlin Patterson III	4.54%	(5.66%)	(1.30%)	22.01%	-

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

## Investment Manager Returns

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

### Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>Global Fixed Income</b>					
Gross	2.94%	4.84%	4.47%	-	-
Net	2.88%	4.58%	4.23%	-	-
Wtd Avg Global FI Benchmark	3.28%	6.39%	3.71%	-	-
<b>Domestic Fixed Income</b>					
Gross	3.05%	3.95%	5.03%	5.67%	6.06%
Net	2.99%	3.72%	4.81%	5.46%	5.79%
Wtd Avg Domestic FI Benchmark	3.19%	4.92%	4.16%	4.44%	5.95%
<b>Inv. Grade Fixed Income</b>					
Gross	2.24%	5.13%	4.81%	5.16%	5.78%
Net	2.21%	4.99%	4.68%	5.01%	5.55%
Barclays Aggregate Index	2.21%	6.00%	4.06%	3.76%	5.13%
Declaration Total Return - Net	2.04%	2.60%	4.30%	-	-
Libor-3 Month	0.16%	0.49%	0.33%	0.36%	1.44%
J.P. Morgan MBS - Gross	1.57%	4.60%	-	-	-
J.P. Morgan MBS - Net	1.52%	4.32%	-	-	-
Barclays Mortgage	1.11%	4.34%	3.76%	3.01%	4.96%
PIMCO Unconstrained - Gross(1)	1.71%	(0.64%)	0.71%	-	-
PIMCO Unconstrained - Net	1.59%	(0.95%)	0.45%	-	-
Blended Benchmark(2)	0.16%	0.49%	0.40%	-	-
PIMCO DiSCO II - Net	2.34%	4.39%	6.84%	-	-
Barclays Aggregate Index	2.21%	6.00%	4.06%	3.76%	5.13%
PIMCO MBS - Gross	1.32%	4.42%	3.60%	-	-
PIMCO MBS - Net	1.28%	4.24%	3.42%	-	-
Barclays Mortgage	1.11%	4.34%	3.76%	3.01%	4.96%
SSgA Long US Treas Idx - Gross	6.44%	19.28%	10.44%	-	-
SSgA Long US Treas Idx - Net	6.43%	19.23%	10.40%	-	-
Barclays Long Treas	6.44%	19.30%	10.46%	10.31%	8.77%
<b>Below Inv. Grade Fixed Income</b>					
Gross	4.98%	0.74%	5.45%	6.72%	6.44%
Net	4.88%	0.33%	5.00%	6.32%	6.04%
Barclays HY Corp 2% Issue	5.52%	1.65%	4.20%	5.84%	7.61%
Goldman Sachs 2006 Offshore - Net	(1.18%)	3.00%	17.57%	8.95%	6.50%
Goldman Sachs Offshore V - Net	(4.97%)	(5.12%)	6.11%	8.41%	-
PIMCO Bravo II Fund - Net	2.08%	7.02%	-	-	-
Barclays HY Corp 2% Issue	5.52%	1.65%	4.20%	5.84%	7.61%
Loomis Sayles - Gross	5.82%	(0.25%)	4.61%	5.77%	7.74%
Loomis Sayles - Net	5.69%	(0.75%)	4.10%	5.33%	7.38%
Barclays HY Corp 2% Issue	5.52%	1.65%	4.20%	5.84%	7.61%

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

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

## Investment Manager Returns

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

### Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>International Fixed Income</b>					
Gross	2.56%	7.87%	2.01%	2.28%	5.33%
Net	2.47%	7.49%	1.64%	1.98%	5.09%
Wtd Avg Int'l FI Benchmark	3.40%	11.24%	1.85%	0.35%	4.04%
Brandywine - Gross	1.67%	5.12%	2.66%	4.50%	6.84%
Brandywine - Net	1.58%	4.72%	2.26%	4.19%	6.66%
Barclays Global Aggregate	2.89%	8.87%	2.80%	1.77%	4.40%
UBS Global Asset Mgmt. - Gross	3.64%	11.43%	1.52%	0.03%	3.61%
UBS Global Asset Mgmt. - Net	3.57%	11.07%	1.20%	(0.28%)	3.30%
Blended Benchmark(1)	3.40%	11.24%	1.85%	0.34%	4.04%
<b>Global Real Assets</b>					
Gross	1.80%	8.38%	9.71%	-	-
Net	1.65%	7.85%	9.26%	-	-
Wtd Avg Global Real Assets Benchmark	1.62%	6.25%	7.84%	-	-
<b>Global Real Estate</b>					
Gross	3.00%	11.88%	14.74%	13.64%	5.92%
Net	2.87%	11.26%	14.18%	12.83%	4.16%
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%	7.40%
Invesco Core Real Estate - Gross	3.62%	10.96%	12.72%	12.09%	6.42%
Invesco Core Real Estate - Net	3.53%	10.59%	12.32%	11.66%	5.91%
Invesco Fund II - Net	1.81%	6.65%	9.06%	15.56%	-
Invesco Fund III - Net	3.42%	14.25%	17.06%	-	-
Invesco Asia RE Feeder - Net	54.82%	121.40%	43.66%	23.12%	-
Invesco Asia RE Fund III - Net	1.59%	-	-	-	-
Invesco Value Added Fd IV - Net	(0.86%)	4.66%	-	-	-
JP Morgan - Gross	2.29%	12.24%	14.01%	14.00%	6.71%
JP Morgan - Net	2.05%	10.95%	12.87%	12.89%	5.62%
JP Morgan Alternative Fd - Net	(0.54%)	2.80%	(10.60%)	0.69%	(5.85%)
JP Morgan China Property Fd - Net	18.19%	16.24%	31.24%	15.64%	-
JPM Greater European Opp Fd - Net	3.77%	24.44%	35.37%	(20.00%)	-
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%	7.40%
<b>Timber</b>					
Net	(1.76%)	4.34%	3.63%	-	-
TIR Teredo	(5.09%)	9.29%	10.42%	6.70%	10.54%
TIR Springbank	(0.77%)	2.97%	0.38%	(1.38%)	1.61%
NCREIF Timberland Index	1.09%	3.49%	7.77%	6.72%	6.40%
<b>Infrastructure</b>					
Gross	1.67%	3.65%	4.73%	-	-
Net	1.34%	2.88%	4.09%	-	-
JP Morgan Asian Infrastructure - Net	(2.71%)	(9.66%)	(3.00%)	1.61%	-
JP Morgan IIF - Gross	2.07%	5.11%	5.27%	6.17%	-
JP Morgan IIF - Net	1.57%	3.93%	4.26%	5.06%	-
Grosvenor Cust. Infrastructure - Net	3.80%	8.42%	8.86%	-	-
Grosvenor Cust. Infrastructure II - Net	(2.84%)	6.10%	-	-	-
CPI-W	1.33%	0.64%	0.76%	1.12%	1.71%
<b>Cash &amp; Cash Equivalents - Net</b>					
Cash Account - Net	0.12%	0.29%	0.13%	0.12%	0.79%
3-month Treasury Bill	0.07%	0.19%	0.09%	0.09%	1.04%
<b>Total Fund</b>					
Gross	1.52%	0.64%	6.85%	6.78%	5.14%
Net	1.45%	0.31%	6.51%	6.35%	4.77%
Target*	1.71%	0.63%	5.92%	5.99%	5.56%

\* Current Quarter Target = 16.5% Russell 1000 Index, 16.0% MSCI World, 12.7% Barclays Aggregate Index, 11.2% MSCI EAFE, 9.9% NCREIF Total Index, 5.4% NDSIB PEN - Private Equity, 5.4% Barclays Global Agg ex-US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Barclays US HY Corp 2% Cp, 4.2% NCREIF Timberland Index, 3.2% MSCI EM and 1.0% 3-month Treasury Bill.

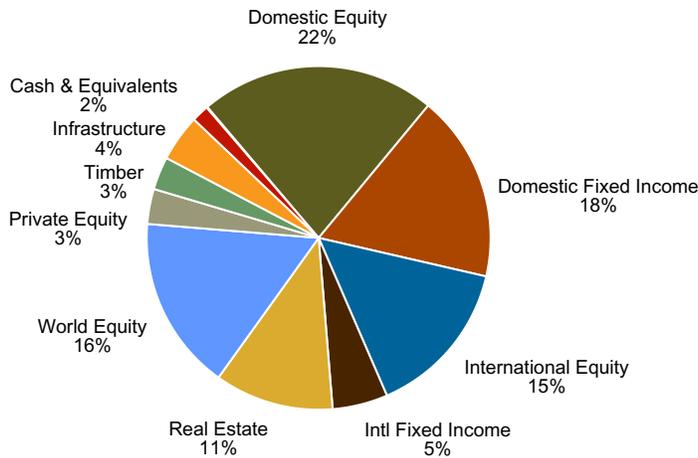
(1) Citigroup Non-US Govt through 12/31/2009 and the Barclays Global Aggregate Index ex US thereafter.



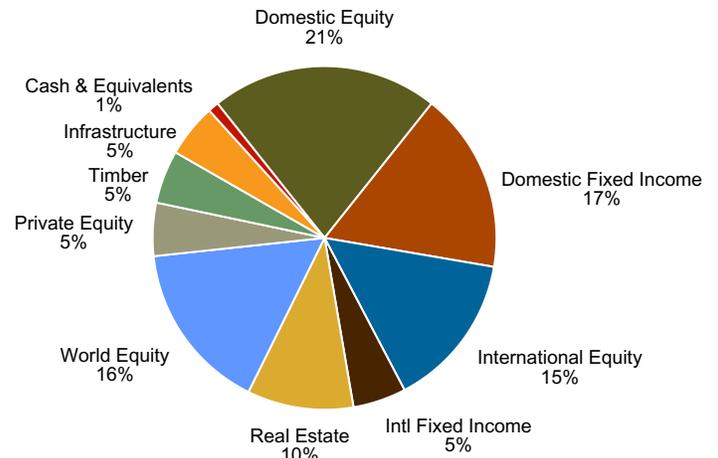
## Actual vs Target Asset Allocation As of June 30, 2016

The top left chart shows the Fund's asset allocation as of June 30, 2016. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.

### Actual Asset Allocation

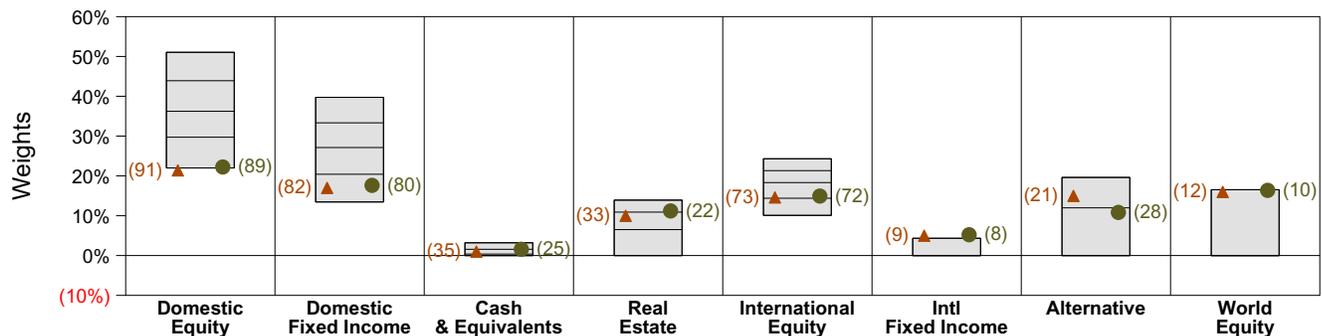


### Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	546,892	22.2%	21.4%	0.8%	20,609
Domestic Fixed Income	433,307	17.6%	17.0%	0.6%	15,232
International Equity	367,297	14.9%	14.6%	0.3%	8,244
Intl Fixed Income	128,666	5.2%	5.0%	0.2%	5,702
Real Estate	275,539	11.2%	10.0%	1.2%	29,612
World Equity	402,558	16.4%	16.0%	0.4%	9,075
Private Equity	79,938	3.3%	5.0%	(1.7%)	(43,025)
Timber	77,460	3.1%	5.0%	(1.9%)	(45,504)
Infrastructure	108,994	4.4%	5.0%	(0.6%)	(13,969)
Cash & Equivalents	38,615	1.6%	1.0%	0.6%	14,023
<b>Total</b>	<b>2,459,266</b>	<b>100.0%</b>	<b>100.0%</b>		

## Asset Class Weights vs CAI Public Fund Sponsor Database



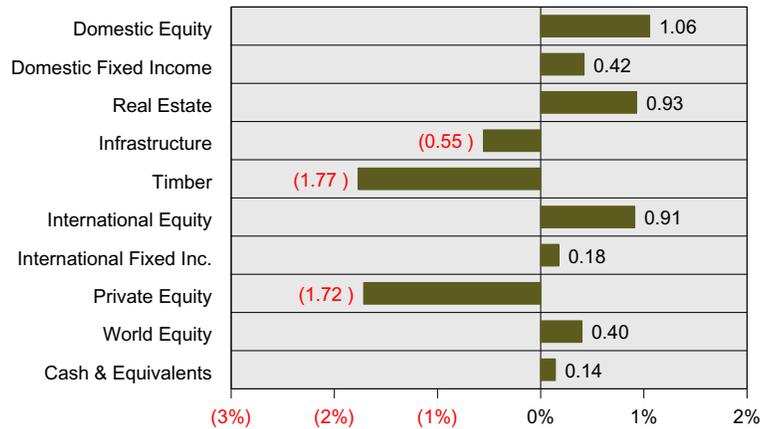
	Domestic Equity	Domestic Fixed Income	Cash & Equivalents	Real Estate	International Equity	Intl Fixed Income	Alternative	World Equity
10th Percentile	51.04	39.73	3.20	13.92	24.31	4.34	19.62	16.54
25th Percentile	43.91	33.33	1.58	10.91	21.32	0.00	11.98	0.00
Median	36.23	27.12	0.38	6.51	18.33	0.00	0.00	0.00
75th Percentile	29.72	20.42	0.00	0.00	14.39	0.00	0.00	0.00
90th Percentile	22.00	13.45	0.00	0.00	10.09	0.00	0.00	0.00
<b>Fund</b>	22.24	17.62	1.57	11.20	14.94	5.23	10.83	16.37
<b>Target</b>	21.40	17.00	1.00	10.00	14.60	5.00	15.00	16.00
% Group Invested	97.34%	97.87%	68.62%	62.23%	89.36%	18.09%	43.62%	22.87%

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

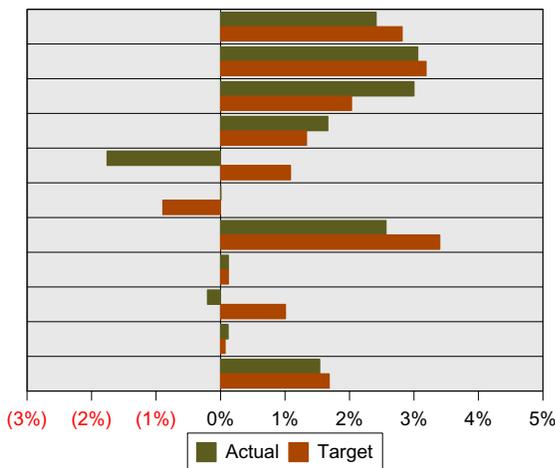
## Quarterly Total Fund Relative Attribution - June 30, 2016

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

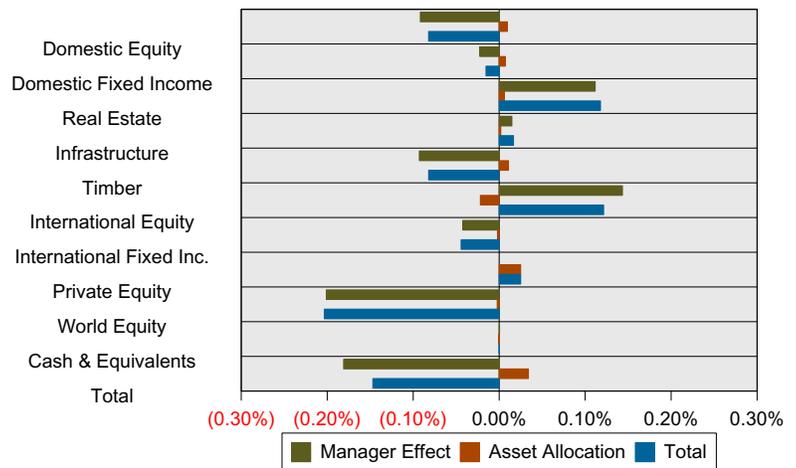
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended June 30, 2016

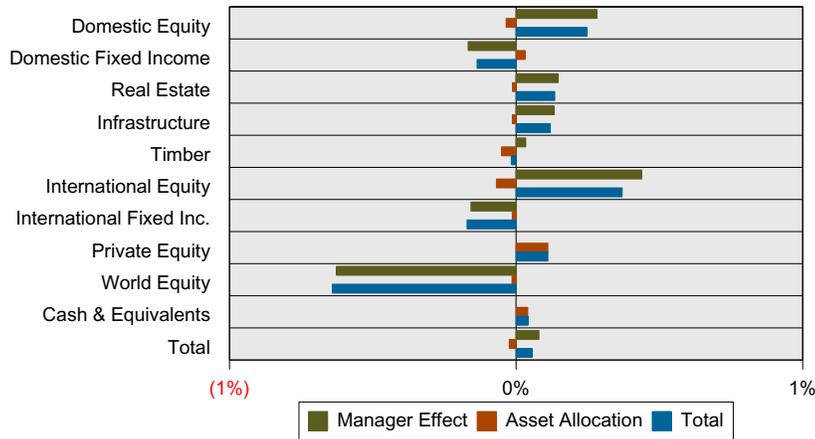
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
Domestic Equity	22%	21%	2.41%	2.82%	(0.09%)	0.01%	(0.08%)	
Domestic Fixed Income	17%	17%	3.06%	3.19%	(0.02%)	0.01%	(0.02%)	
Real Estate	11%	10%	3.00%	2.03%	0.11%	0.01%	0.12%	
Infrastructure	4%	5%	1.67%	1.33%	0.01%	0.00%	0.02%	
Timber	3%	5%	(1.76%)	1.09%	(0.09%)	0.01%	(0.08%)	
International Equity	16%	15%	0.01%	(0.90%)	0.14%	(0.02%)	0.12%	
International Fixed Inc.	5%	5%	2.57%	3.40%	(0.04%)	(0.00%)	(0.04%)	
Private Equity	3%	5%	0.12%	0.12%	0.00%	0.02%	0.02%	
World Equity	16%	16%	(0.20%)	1.01%	(0.20%)	(0.00%)	(0.20%)	
Cash & Equivalents	1%	1%	0.12%	0.07%	0.00%	(0.00%)	0.00%	
<b>Total</b>					<b>1.54%</b>	<b>= 1.69%</b>	<b>+ (0.18%) + 0.03%</b>	<b>(0.15%)</b>

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

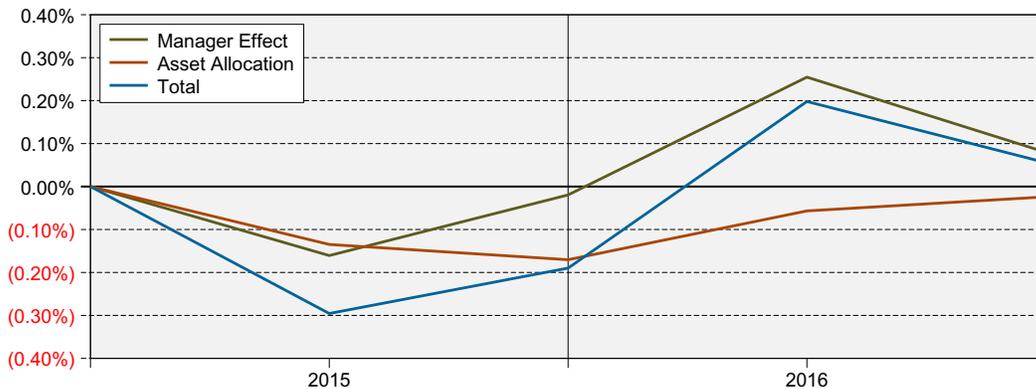
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### One Year Relative Attribution Effects



### Cumulative Relative Attribution Effects



### One Year Relative Attribution Effects

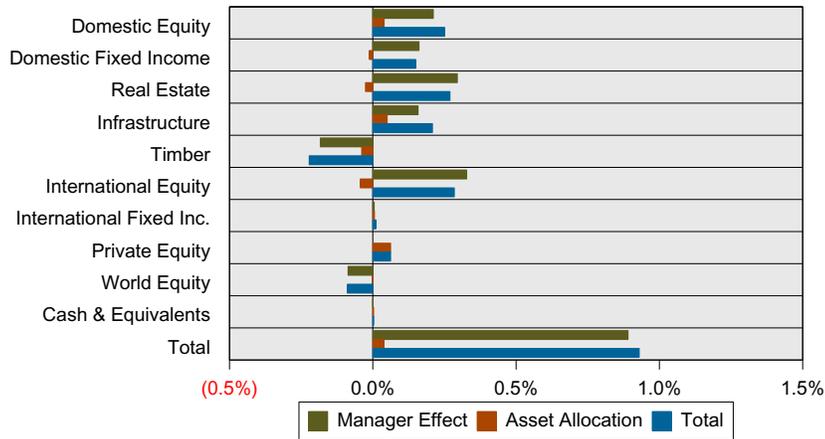
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	2.03%	4.73%	0.28%	(0.03%)	0.25%
Domestic Fixed Income	18%	17%	3.85%	4.77%	(0.17%)	0.03%	(0.14%)
Real Estate	11%	10%	11.96%	10.64%	0.15%	(0.01%)	0.13%
Infrastructure	5%	5%	3.65%	0.64%	0.13%	(0.01%)	0.12%
Timber	3%	5%	4.34%	3.49%	0.03%	(0.05%)	(0.02%)
International Equity	15%	15%	(7.76%)	(10.45%)	0.44%	(0.07%)	0.37%
International Fixed Inc.	5%	5%	7.88%	11.24%	(0.16%)	(0.01%)	(0.17%)
Private Equity	4%	5%	(7.19%)	(7.19%)	0.00%	0.11%	0.11%
World Equity	16%	16%	(6.53%)	(2.78%)	(0.63%)	(0.01%)	(0.64%)
Cash & Equivalents	1%	1%	0.29%	0.19%	0.00%	0.04%	0.04%
<b>Total</b>			<b>0.61%</b>	<b>0.56%</b>	<b>+ 0.08%</b>	<b>+ (0.02%)</b>	<b>0.06%</b>

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

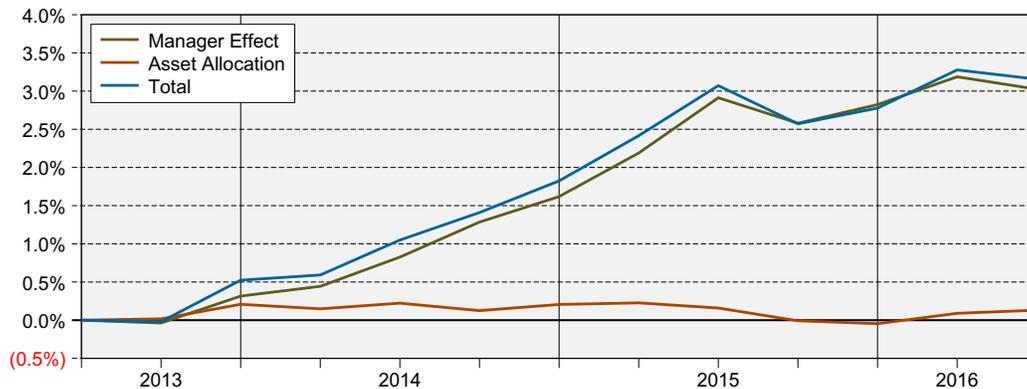
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Three Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Three Year Annualized Relative Attribution Effects

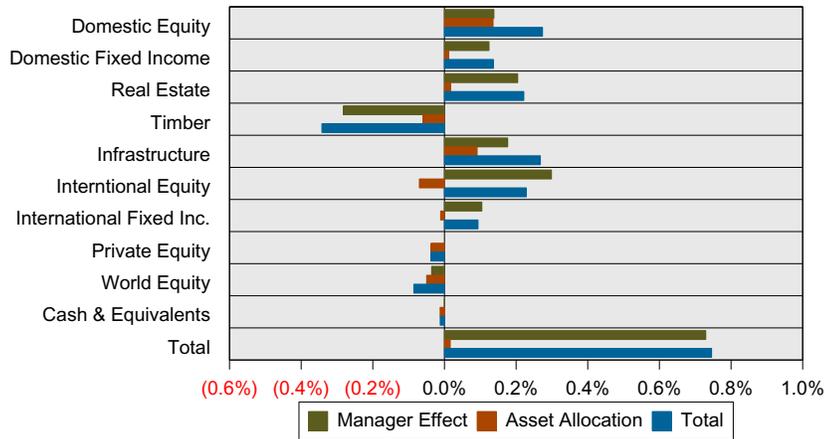
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	11.52%	10.54%	0.21%	0.04%	0.25%
Domestic Fixed Income	18%	17%	5.03%	4.14%	0.16%	(0.01%)	0.15%
Real Estate	10%	10%	14.82%	11.61%	0.29%	(0.03%)	0.27%
Infrastructure	4%	5%	4.74%	0.76%	0.16%	0.05%	0.21%
Timber	4%	5%	3.63%	7.77%	(0.18%)	(0.04%)	(0.22%)
International Equity	15%	15%	3.43%	1.29%	0.33%	(0.04%)	0.28%
International Fixed Inc.	5%	5%	2.02%	1.85%	0.00%	0.01%	0.01%
Private Equity	4%	5%	(2.95%)	(2.95%)	0.00%	0.06%	0.06%
World Equity	16%	16%	6.44%	6.95%	(0.09%)	(0.00%)	(0.09%)
Cash & Equivalents	1%	1%	0.13%	0.09%	0.00%	0.00%	0.00%
<b>Total</b>			<b>6.84%</b>	<b>5.91%</b>	<b>+ 0.89%</b>	<b>+ 0.04%</b>	<b>0.93%</b>

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

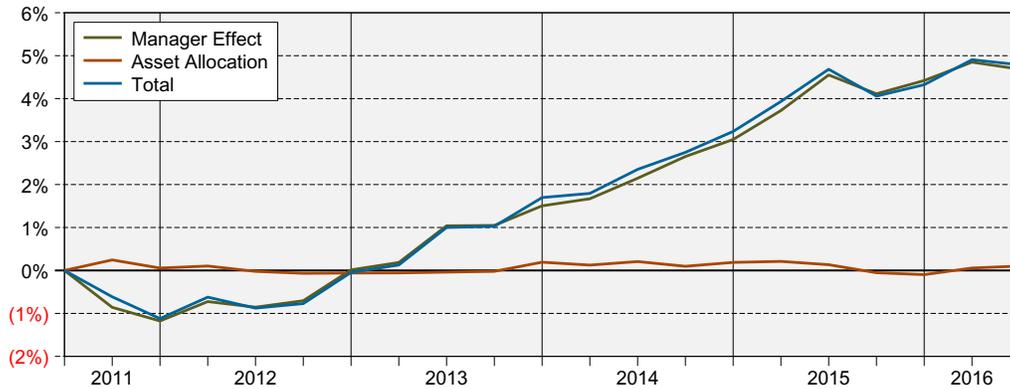
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Five Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Five Year Annualized Relative Attribution Effects

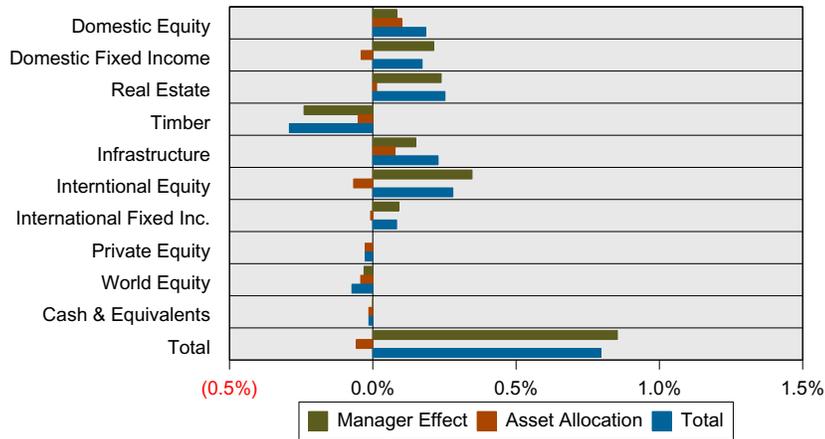
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	25%	24%	12.03%	11.24%	0.14%	0.14%	0.27%
Domestic Fixed Income	18%	18%	5.80%	4.67%	0.12%	0.01%	0.14%
Real Estate	10%	10%	13.68%	11.51%	0.20%	0.02%	0.22%
Timber	4%	5%	-	-	(0.28%)	(0.06%)	(0.34%)
Infrastructure	4%	5%	-	-	0.18%	0.09%	0.27%
International Equity	16%	16%	2.30%	0.37%	0.30%	(0.07%)	0.23%
International Fixed Inc.	5%	5%	2.29%	0.35%	0.10%	(0.01%)	0.09%
Private Equity	5%	5%	0.46%	0.46%	0.00%	(0.04%)	(0.04%)
World Equity	12%	12%	-	-	(0.04%)	(0.05%)	(0.09%)
Cash & Equivalents	1%	1%	0.11%	0.09%	0.00%	(0.01%)	(0.01%)
<b>Total</b>			<b>6.82%</b>	<b>6.08%</b>	<b>+ 0.73%</b>	<b>+ 0.02%</b>	<b>0.75%</b>

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

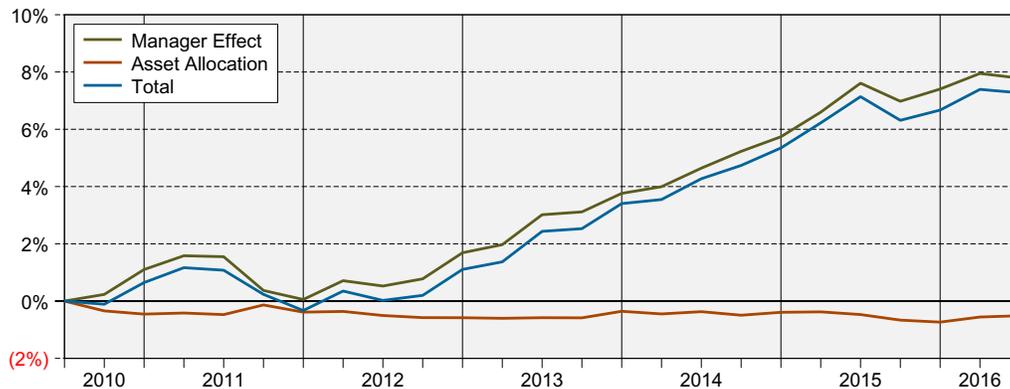
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Six Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Six Year Annualized Relative Attribution Effects

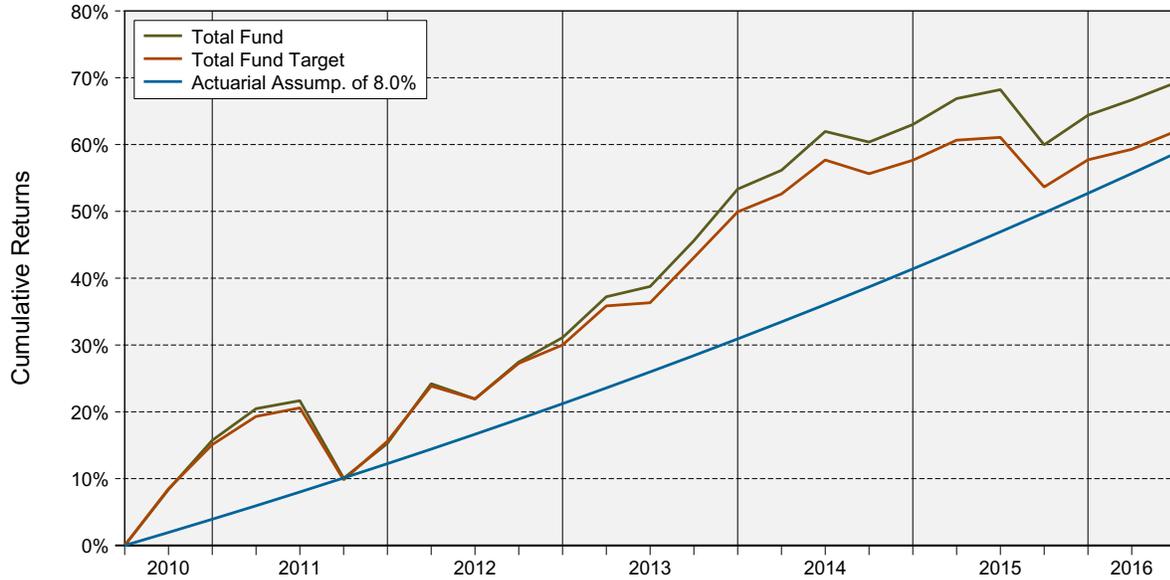
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	27%	15.13%	14.52%	0.08%	0.10%	0.18%
Domestic Fixed Income	20%	20%	6.18%	4.86%	0.21%	(0.04%)	0.17%
Real Estate	9%	9%	15.46%	12.37%	0.24%	0.01%	0.25%
Timber	4%	4%	-	-	(0.24%)	(0.05%)	(0.29%)
Infrastructure	3%	4%	-	-	0.15%	0.08%	0.23%
International Equity	16%	16%	6.41%	4.14%	0.35%	(0.07%)	0.28%
International Fixed Inc.	5%	5%	4.43%	2.71%	0.09%	(0.01%)	0.08%
Private Equity	5%	5%	2.76%	2.76%	0.00%	(0.03%)	(0.03%)
World Equity	10%	10%	-	-	(0.03%)	(0.04%)	(0.07%)
Cash & Equivalents	1%	1%	0.12%	0.10%	0.00%	(0.01%)	(0.01%)
<b>Total</b>			<b>9.17%</b>	<b>8.37%</b>	<b>+ 0.85%</b>	<b>+ (0.06%)</b>	<b>0.80%</b>

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

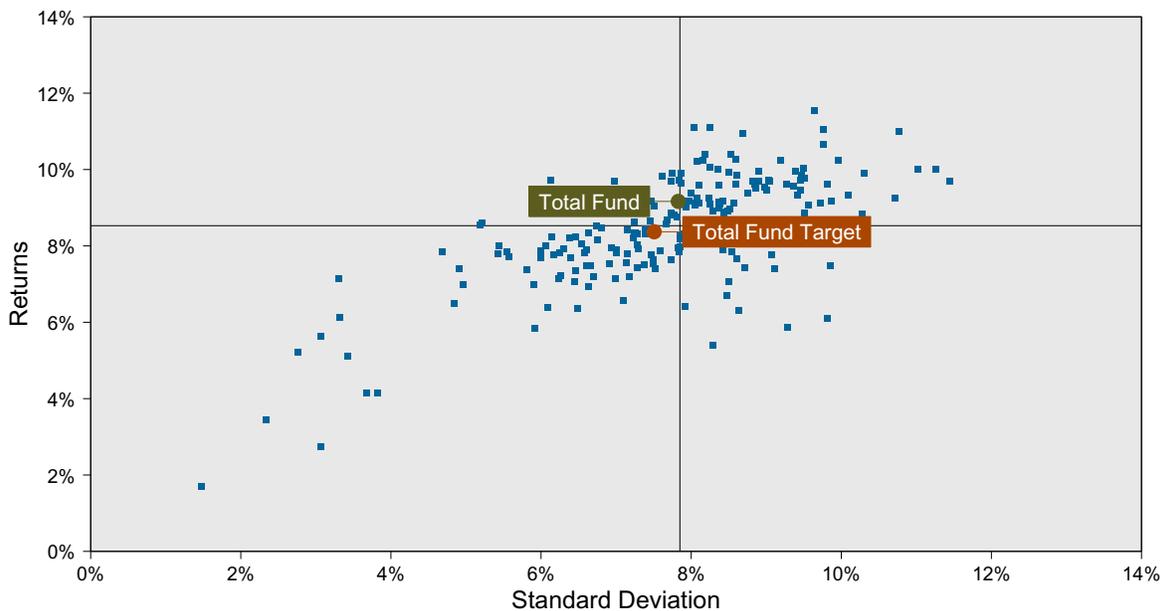
## Cumulative Performance Relative to Target

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

### Cumulative Returns Actual vs Target



### Six Year Annualized Risk vs Return



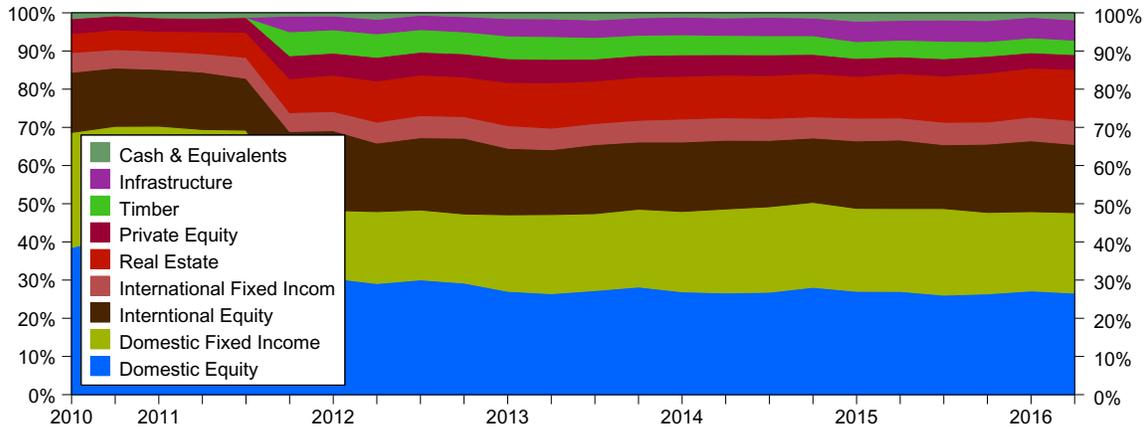
Squares represent membership of the CAI Public Fund Sponsor Database

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

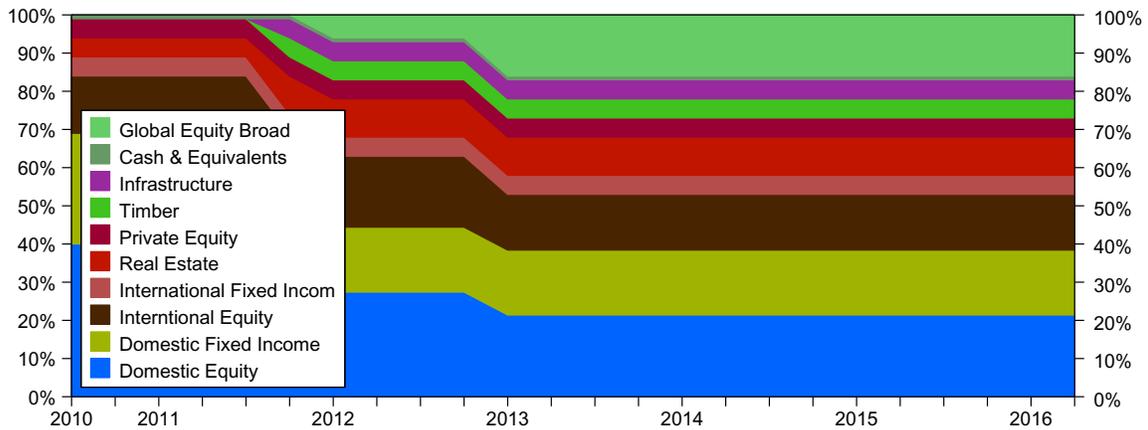
## Actual vs Target Historical Asset Allocation

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

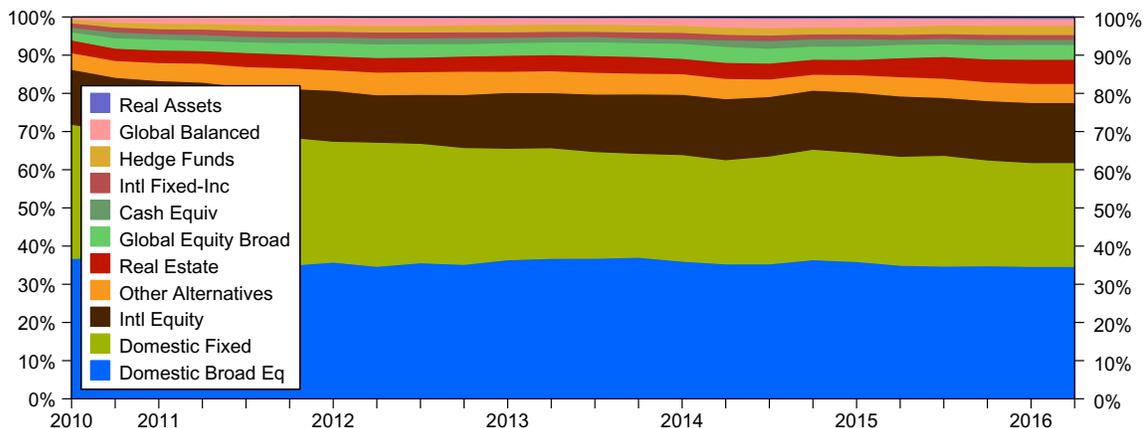
### Actual Historical Asset Allocation



### Target Historical Asset Allocation



### Average CAI Public Fund Sponsor Database Historical Asset Allocation

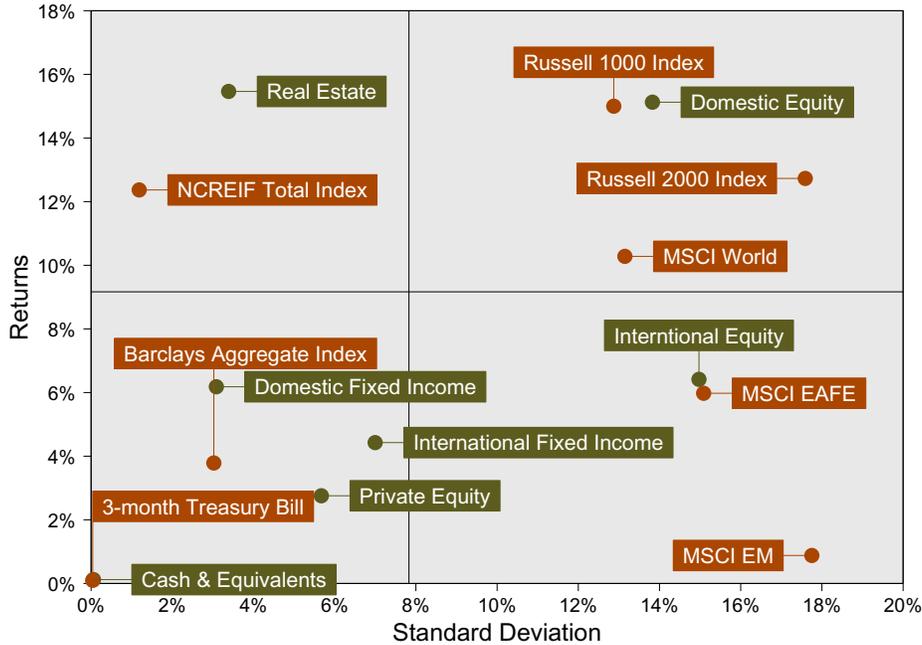


\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays US HY Corp 2% Cp, 5.0% NDSIB PERS - Private Equity, 5.0% Barclays Global Agg ex-US, 5.0% NCREIF Timberland Index, 4.8% Russell 2000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

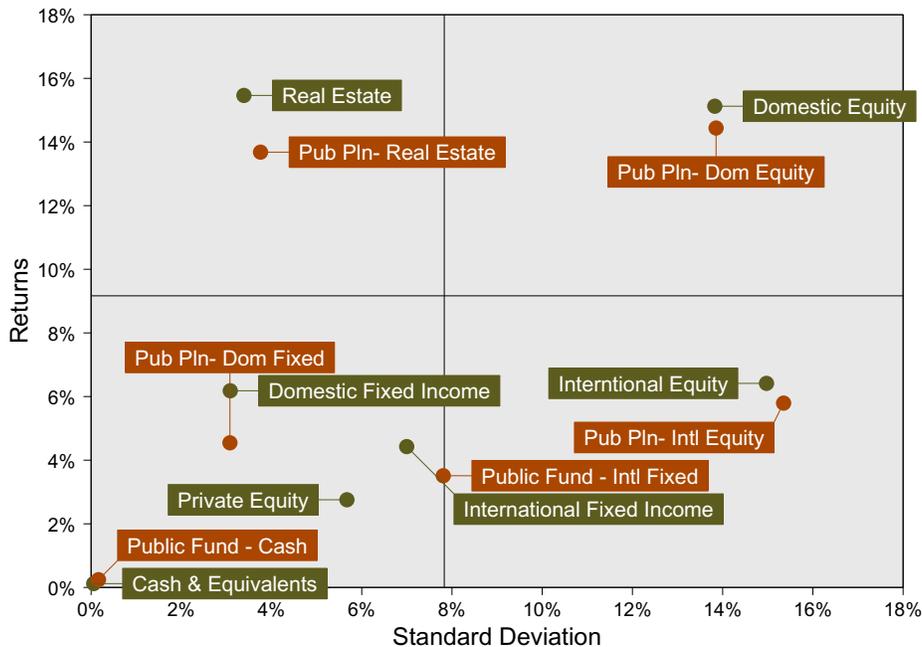
## Asset Class Risk and Return

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

### Six Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



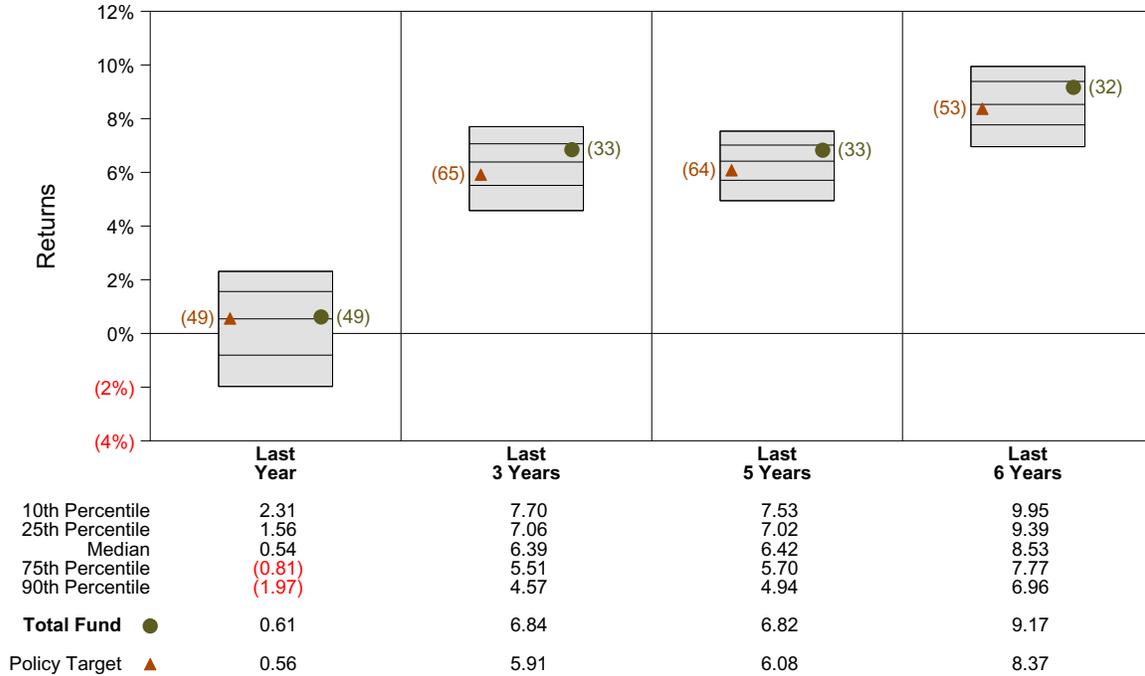
### Six Year Annualized Risk vs Return Asset Classes vs Asset Class Median



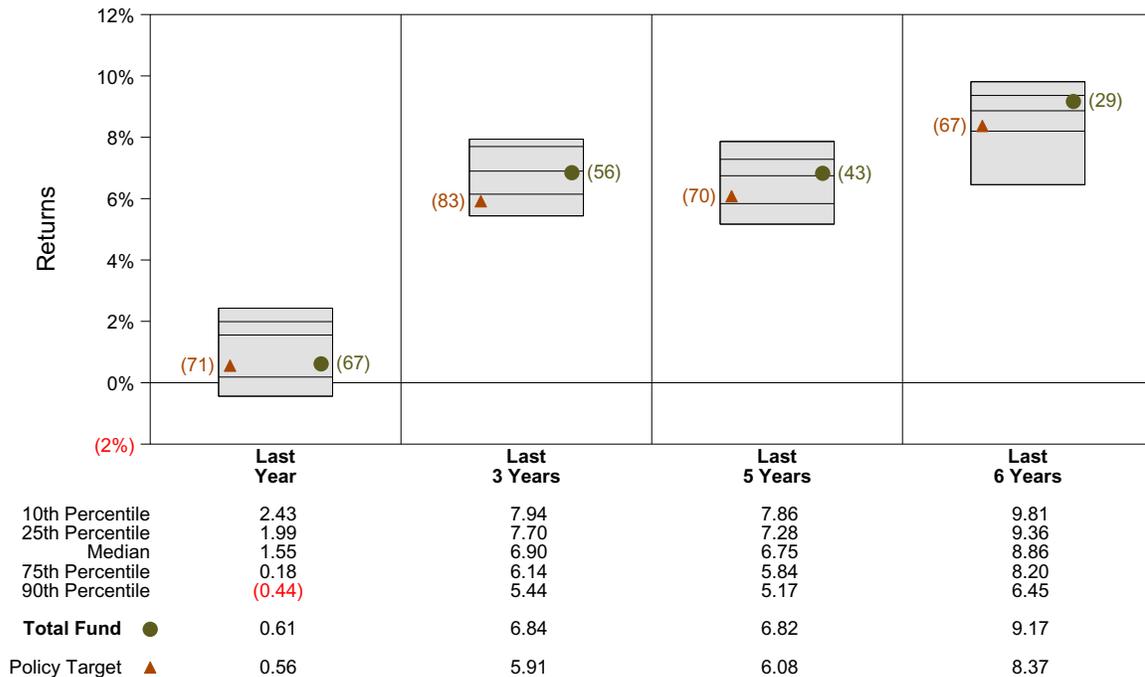
## Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended June 30, 2016. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

### CAI Public Fund Sponsor Database



### Asset Allocation Adjusted Ranking

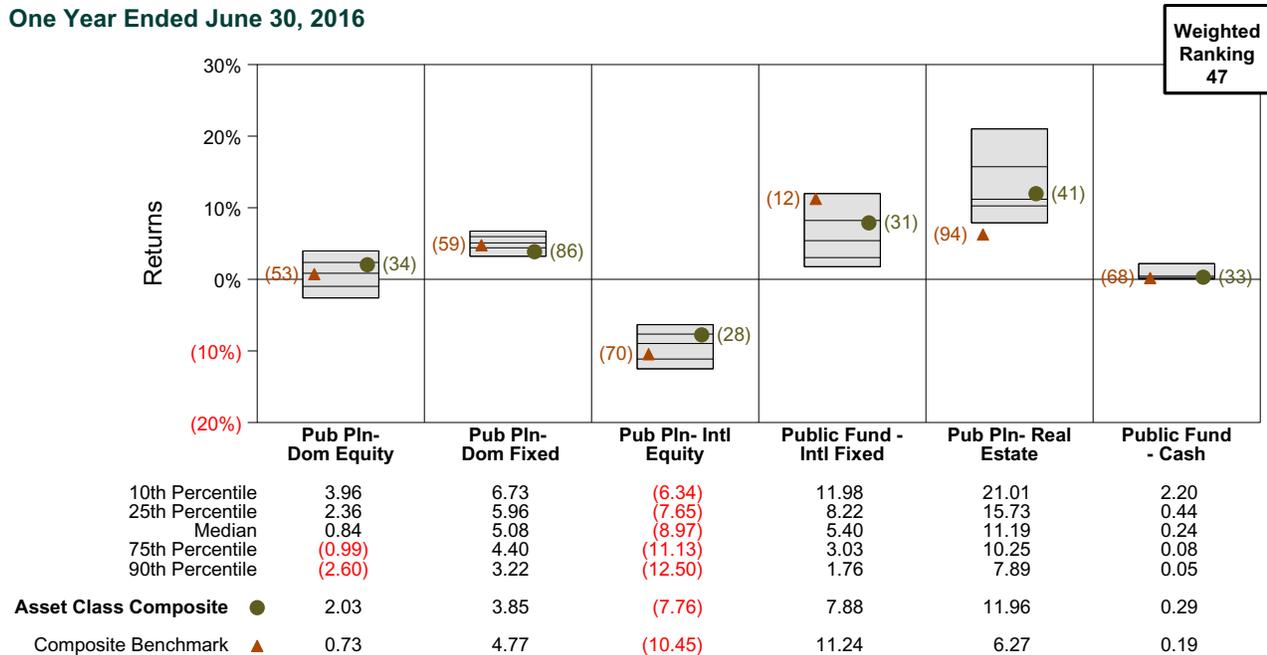


\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 12.0% Barclays Aggregate Index, 11.1% MSCI EAFE, 10.0% NCREIF Total Index, 5.0% CPI-W, 5.0% Barclays US HY Corp 2% Cp, 5.0% NDSIB PERS - Private Equity, 5.0% Barclays Global Agg ex-US, 5.0% NCREIF Timberland Index, 4.8% Russell 2000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

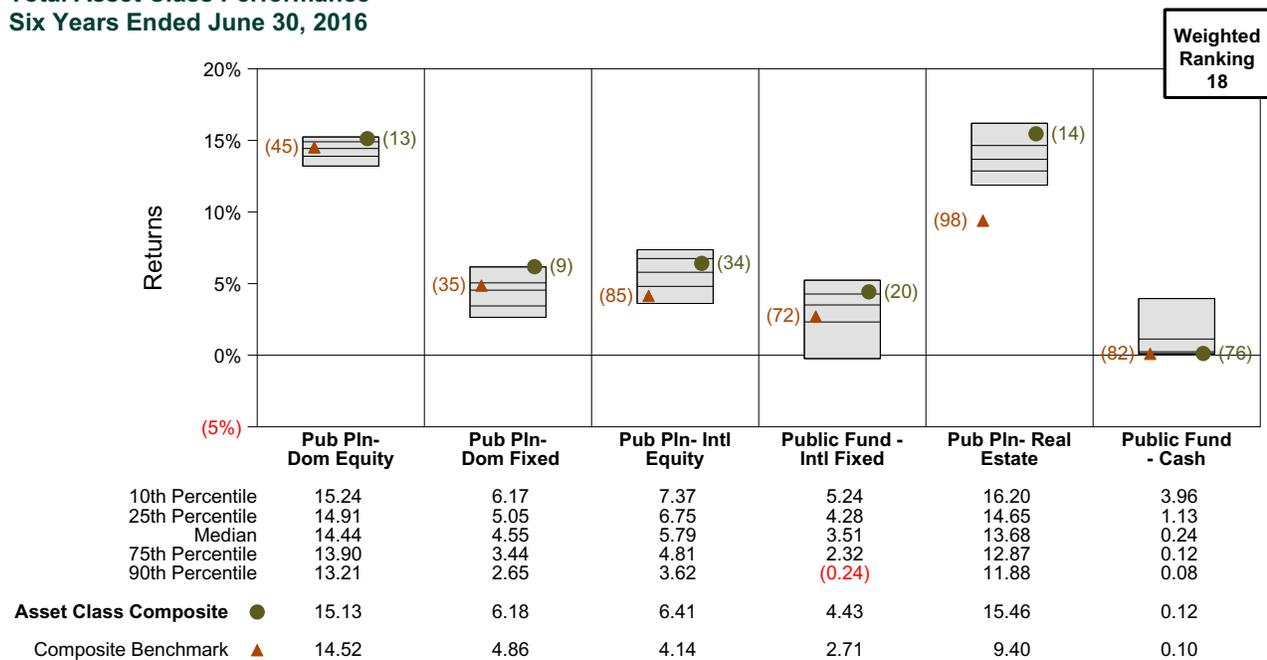
## Asset Class Rankings

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

### Total Asset Class Performance One Year Ended June 30, 2016



### Total Asset Class Performance Six Years Ended June 30, 2016



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

## Asset Class Allocation

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

### Asset Class Allocation

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
<b>GLOBAL EQUITY</b>	<b>\$1,396,685,124</b>	<b>56.79%</b>	<b>\$(21,187,815)</b>	<b>\$12,555,687</b>	<b>\$1,405,317,251</b>	<b>58.02%</b>
<b>Domestic Equity</b>	<b>\$546,891,974</b>	<b>22.24%</b>	<b>\$(16,173,669)</b>	<b>\$13,100,658</b>	<b>\$549,964,985</b>	<b>22.71%</b>
Large Cap	419,489,559	17.06%	(16,231,544)	8,079,788	427,641,315	17.66%
Small Cap	127,402,415	5.18%	57,875	5,020,871	122,323,669	5.05%
<b>International Equity</b>	<b>\$367,296,626</b>	<b>14.94%</b>	<b>\$(8,418,997)</b>	<b>\$194,574</b>	<b>\$375,521,049</b>	<b>15.50%</b>
Developed Intl Equity	269,125,528	10.94%	(7,323,997)	(2,700,860)	279,150,385	11.53%
Emerging Markets	98,171,098	3.99%	(1,095,000)	2,895,434	96,370,664	3.98%
<b>World Equity</b>	<b>\$402,558,064</b>	<b>16.37%</b>	<b>\$5,321,484</b>	<b>\$(815,057)</b>	<b>\$398,051,637</b>	<b>16.43%</b>
<b>Private Equity</b>	<b>\$79,938,460</b>	<b>3.25%</b>	<b>\$(1,916,632)</b>	<b>\$75,512</b>	<b>\$81,779,580</b>	<b>3.38%</b>
<b>GLOBAL FIXED INCOME</b>	<b>\$561,973,075</b>	<b>22.85%</b>	<b>\$301,200</b>	<b>\$16,082,094</b>	<b>\$545,589,781</b>	<b>22.53%</b>
<b>Domestic Fixed Income</b>	<b>\$433,307,321</b>	<b>17.62%</b>	<b>\$288,939</b>	<b>\$12,861,980</b>	<b>\$420,156,402</b>	<b>17.35%</b>
Inv. Grade Fixed Income	300,029,063	12.20%	372,576	6,588,287	293,068,200	12.10%
Below Inv. Grade Fixed Income	133,278,258	5.42%	(83,637)	6,273,693	127,088,202	5.25%
<b>International Fixed Income</b>	<b>\$128,665,754</b>	<b>5.23%</b>	<b>\$12,262</b>	<b>\$3,220,113</b>	<b>\$125,433,379</b>	<b>5.18%</b>
<b>GLOBAL REAL ASSETS</b>	<b>\$461,992,896</b>	<b>18.79%</b>	<b>\$6,228,856</b>	<b>\$8,489,376</b>	<b>\$447,274,664</b>	<b>18.47%</b>
Real Estate	275,538,912	11.20%	7,806,233	8,083,615	259,649,063	10.72%
Timber	77,459,623	3.15%	0	(1,388,349)	78,847,973	3.26%
Infrastructure	108,994,361	4.43%	(1,577,377)	1,794,110	108,777,628	4.49%
<b>Cash &amp; Equivalents</b>	<b>\$38,615,338</b>	<b>1.57%</b>	<b>\$14,776,628</b>	<b>\$33,278</b>	<b>\$23,805,431</b>	<b>0.98%</b>
<b>Securities Lending Income</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$(119,687)</b>	<b>\$119,687</b>	<b>-</b>	<b>-</b>
<b>Total Fund</b>	<b>\$2,459,266,432</b>	<b>100.0%</b>	<b>\$(817)</b>	<b>\$37,280,122</b>	<b>\$2,421,987,127</b>	<b>100.0%</b>

PLEASE REFER TO PAGES 36-38 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

## Investment Manager Returns

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

### Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6 Years
<b>Global Equity</b>					
Gross	0.89%	(3.60%)	6.87%	-	-
Net	0.84%	(3.90%)	6.53%	-	-
Wtd Avg Global Equity Benchmark	1.10%	(3.86%)	5.93%	-	-
<b>Domestic Equity</b>					
Gross	2.41%	2.03%	11.52%	12.03%	15.13%
Net	2.39%	1.90%	11.33%	11.81%	14.88%
Wtd Avg Domestci Equity Benchmark	2.82%	0.73%	10.54%	11.24%	14.52%
<b>Large Cap Equity</b>					
Gross	1.93%	4.63%	12.77%	12.87%	15.65%
Net	1.91%	4.52%	12.60%	12.65%	15.39%
Benchmark(1)	2.54%	2.93%	11.48%	12.09%	15.00%
<b>Small Cap Equity</b>					
Gross	4.10%	(6.86%)	7.11%	9.28%	13.28%
Net	4.10%	(7.04%)	6.86%	9.03%	13.05%
Russell 2000 Index	3.79%	(6.73%)	7.09%	8.35%	12.73%
<b>International Equity</b>					
Gross	0.01%	(7.76%)	3.43%	2.30%	6.41%
Net	(0.04%)	(7.95%)	3.20%	2.01%	6.09%
Wtd Avg Intl Equity Benchmark	(0.90%)	(10.45%)	1.29%	0.37%	4.14%
<b>Developed Intl Equity</b>					
Gross	(1.09%)	(7.68%)	4.12%	2.94%	7.15%
Net	(1.15%)	(7.92%)	3.86%	2.65%	6.83%
Benchmark(2)	(1.46%)	(10.16%)	2.06%	1.68%	5.04%
<b>Emerging Markets</b>					
Gross	3.05%	(9.26%)	0.43%	(0.73%)	3.54%
Net	3.05%	(9.26%)	0.29%	(1.03%)	3.20%
Benchmark(3)	0.66%	(12.05%)	(1.56%)	(3.78%)	0.93%
<b>World Equity</b>					
Gross	(0.20%)	(6.53%)	6.44%	-	-
Net	(0.29%)	(7.27%)	5.70%	-	-
MSCI World Index	1.01%	(2.78%)	6.95%	6.63%	10.28%
<b>Private Equity</b>					
Net	0.12%	(7.20%)	(2.98%)	0.41%	2.67%

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

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

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

PLEASE REFER TO PAGES 39-43 FOR INVESTMENT MANAGER LEVEL RETURNS.

## Investment Manager Returns

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

### Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6 Years
<b>Global Fixed Income</b>					
Gross	2.95%	4.76%	4.44%	-	-
Net	2.88%	4.50%	4.19%	-	-
Wtd Avg Global Fixed Income Benchmark	3.23%	6.22%	3.65%	-	-
<b>Domestic Fixed Income</b>					
Gross	3.06%	3.85%	5.03%	5.80%	6.18%
Net	3.00%	3.63%	4.81%	5.56%	5.93%
Wtd Avg Domestic FI Benchmark	3.19%	4.77%	4.14%	4.67%	4.86%
<b>Inv. Grade Fixed Income</b>					
Gross	2.25%	5.15%	4.81%	5.16%	5.32%
Net	2.21%	5.00%	4.69%	5.01%	5.15%
Barclays Aggregate Index	2.21%	6.00%	4.06%	3.76%	3.79%
<b>Below Inv. Grade Fixed Income</b>					
Gross	4.94%	0.69%	5.43%	6.70%	8.54%
Net	4.84%	0.28%	4.98%	6.26%	8.10%
Barclays HY Corp 2% Issue	5.52%	1.65%	4.20%	5.84%	7.39%
<b>International Fixed Income</b>					
Gross	2.57%	7.88%	2.02%	2.29%	4.43%
Net	2.48%	7.50%	1.65%	1.93%	4.06%
Wtd Avg Intl Fixed Income Benchmark	3.40%	11.24%	1.85%	0.35%	2.71%
<b>Global Real Assets</b>					
Gross	1.87%	8.53%	9.80%	-	-
Net	1.71%	7.99%	9.34%	-	-
Wtd Avg Global Real Assets Benchmark	1.62%	6.29%	7.89%	-	-
<b>Real Estate</b>					
Gross	3.00%	11.96%	14.82%	13.68%	15.46%
Net	2.87%	11.34%	14.26%	13.13%	14.89%
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%	12.37%
<b>Timber</b>					
Net	(1.76%)	4.34%	3.63%	-	-
NCREIF Timberland Index	1.09%	3.49%	7.77%	6.72%	5.66%
<b>Infrastructure</b>					
Gross	1.67%	3.65%	4.74%	-	-
Net	1.34%	2.88%	4.09%	-	-
CPI-W	1.33%	0.64%	0.76%	1.12%	1.61%
<b>Cash &amp; Equivalents - Net</b>					
3-month Treasury Bill	0.12%	0.29%	0.13%	0.11%	0.12%
	0.07%	0.19%	0.09%	0.09%	0.10%
<b>Total Fund</b>					
Gross	1.54%	0.61%	6.84%	6.82%	9.17%
Net	1.47%	0.28%	6.51%	6.49%	8.82%
Target*	1.69%	0.56%	5.91%	6.08%	8.37%

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

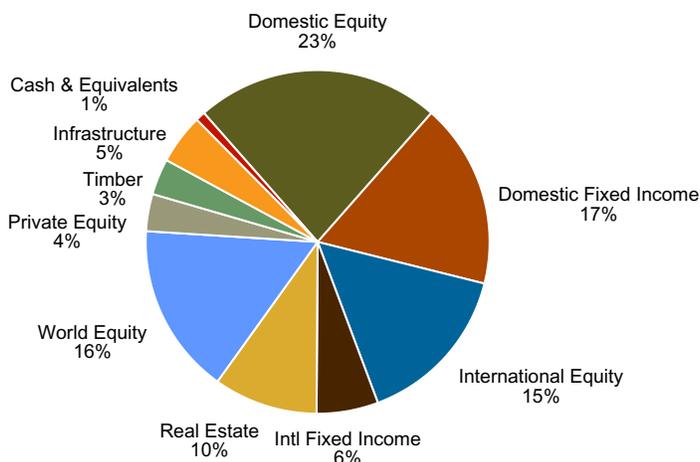
PLEASE REFER TO PAGES 39-43 FOR INVESTMENT MANAGER LEVEL RETURNS.



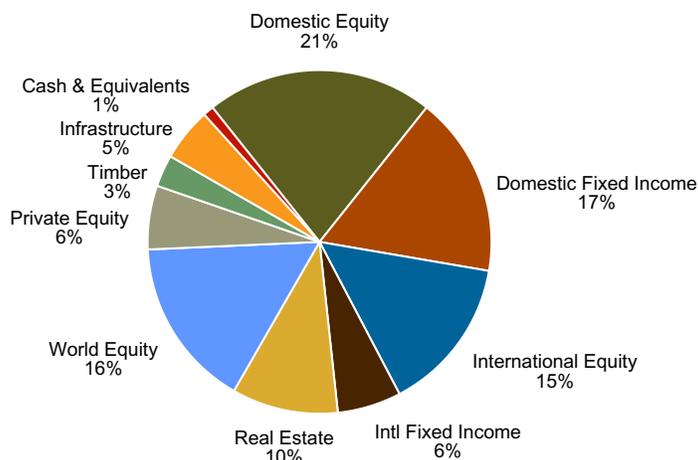
## Actual vs Target Asset Allocation As of June 30, 2016

The top left chart shows the Fund's asset allocation as of June 30, 2016. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.

### Actual Asset Allocation

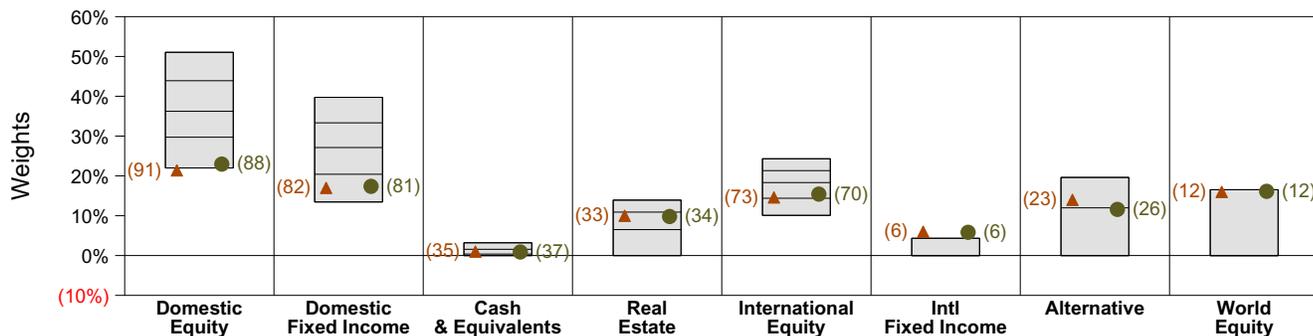


### Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	478,122	23.0%	21.4%	1.6%	32,554
Domestic Fixed Income	361,707	17.4%	17.0%	0.4%	7,751
International Equity	321,177	15.4%	14.6%	0.8%	17,192
Intl Fixed Income	121,443	5.8%	6.0%	(0.2%)	(3,483)
Real Estate	204,184	9.8%	10.0%	(0.2%)	(4,025)
World Equity	335,715	16.1%	16.0%	0.1%	2,580
Private Equity	73,374	3.5%	6.0%	(2.5%)	(51,551)
Timber	70,258	3.4%	3.0%	0.4%	7,796
Infrastructure	97,588	4.7%	5.0%	(0.3%)	(6,517)
Cash & Equivalents	18,522	0.9%	1.0%	(0.1%)	(2,299)
<b>Total</b>	<b>2,082,090</b>	<b>100.0%</b>	<b>100.0%</b>		

## Asset Class Weights vs CAI Public Fund Sponsor Database



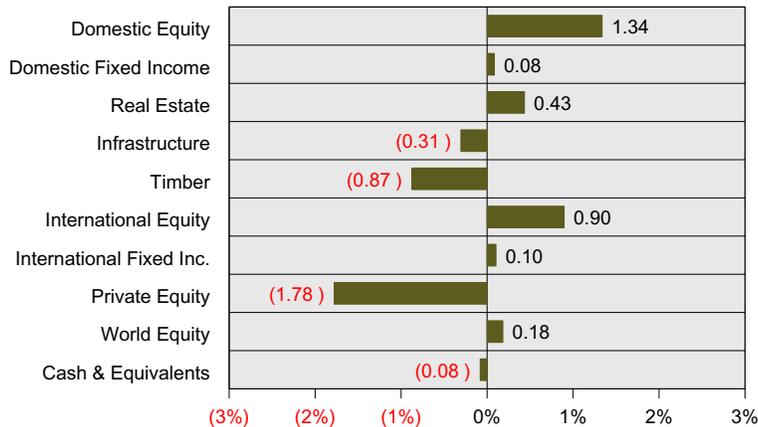
	Domestic Equity	Domestic Fixed Income	Cash & Equivalents	Real Estate	International Equity	Intl Fixed Income	Alternative	World Equity
10th Percentile	51.04	39.73	3.20	13.92	24.31	4.34	19.62	16.54
25th Percentile	43.91	33.33	1.58	10.91	21.32	0.00	11.98	0.00
Median	36.23	27.12	0.38	6.51	18.33	0.00	0.00	0.00
75th Percentile	29.72	20.42	0.00	0.00	14.39	0.00	0.00	0.00
90th Percentile	22.00	13.45	0.00	0.00	10.09	0.00	0.00	0.00
<b>Fund</b>	22.96	17.37	0.89	9.81	15.43	5.83	11.59	16.12
<b>Target</b>	21.40	17.00	1.00	10.00	14.60	6.00	14.00	16.00
% Group Invested	97.34%	97.87%	68.62%	62.23%	89.36%	18.09%	43.62%	22.87%

\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

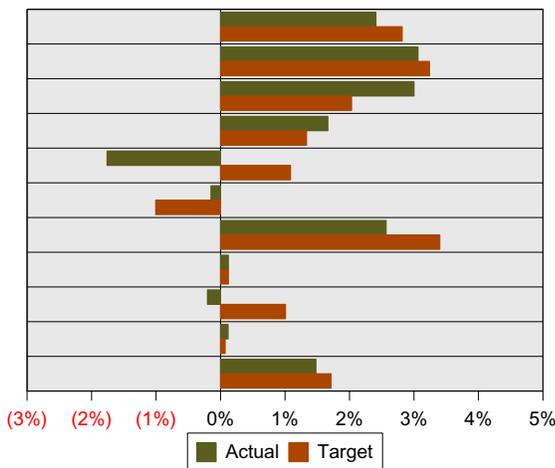
## Quarterly Total Fund Relative Attribution - June 30, 2016

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

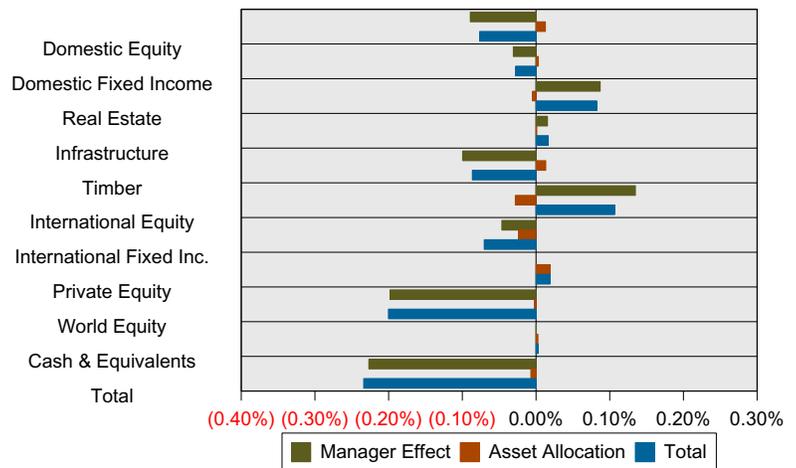
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended June 30, 2016

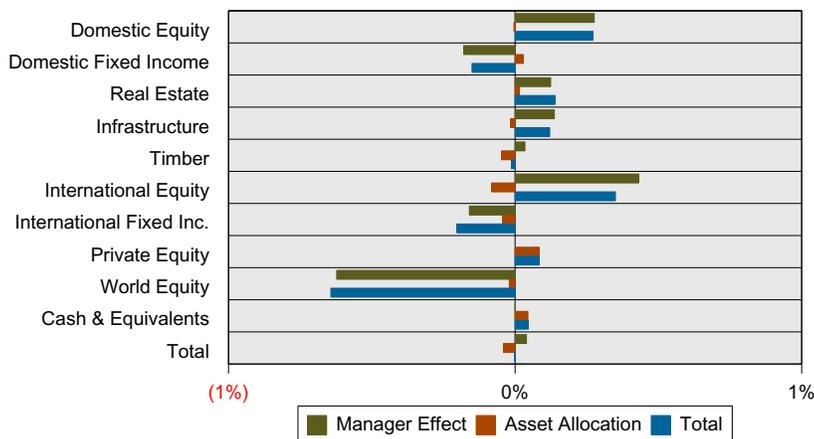
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	2.41%	2.82%	(0.09%)	0.01%	(0.08%)
Domestic Fixed Income	17%	17%	3.06%	3.24%	(0.03%)	0.00%	(0.03%)
Real Estate	10%	10%	3.00%	2.03%	0.09%	(0.00%)	0.08%
Infrastructure	5%	5%	1.67%	1.33%	0.02%	0.00%	0.02%
Timber	3%	4%	(1.76%)	1.09%	(0.10%)	0.01%	(0.09%)
International Equity	15%	15%	(0.15%)	(1.01%)	0.13%	(0.03%)	0.11%
International Fixed Inc.	5%	5%	2.57%	3.40%	(0.05%)	(0.02%)	(0.07%)
Private Equity	4%	5%	0.12%	0.12%	0.00%	0.02%	0.02%
World Equity	16%	16%	(0.20%)	1.01%	(0.20%)	(0.00%)	(0.20%)
Cash & Equivalents	1%	1%	0.12%	0.07%	0.00%	0.00%	0.00%
<b>Total</b>					<b>1.48%</b>	<b>1.71%</b>	<b>(0.23%)</b>

\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

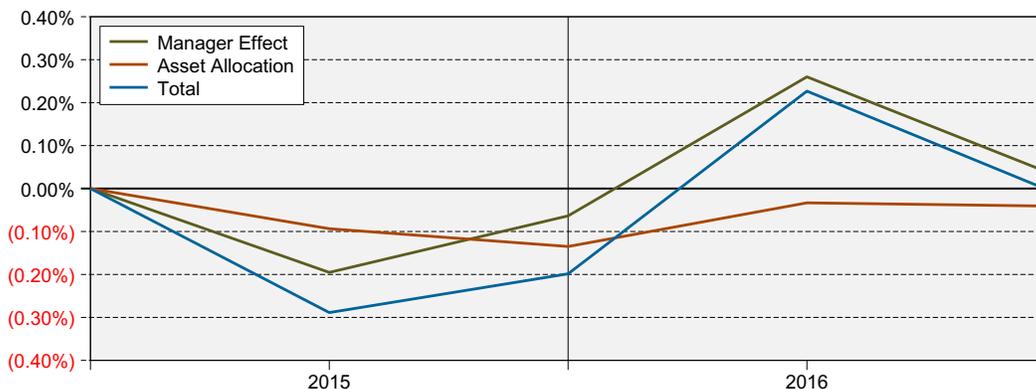
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### One Year Relative Attribution Effects



### Cumulative Relative Attribution Effects



### One Year Relative Attribution Effects

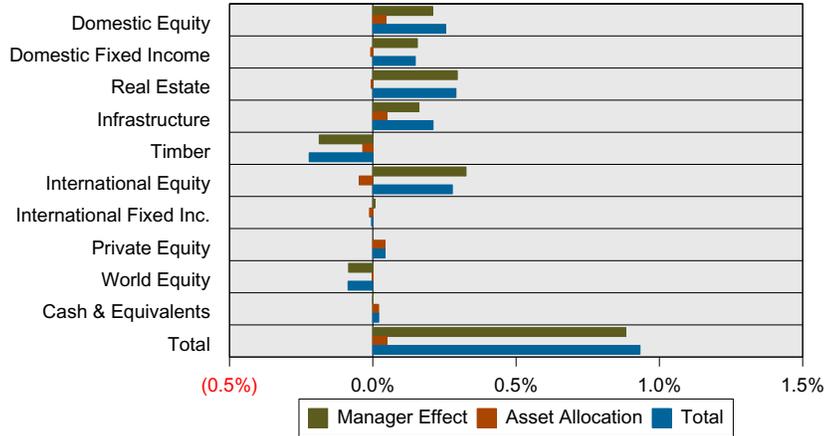
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	22%	21%	2.02%	4.73%	0.28%	(0.00%)	0.27%
Domestic Fixed Income	18%	17%	3.82%	4.83%	(0.18%)	0.03%	(0.15%)
Real Estate	11%	10%	11.96%	10.64%	0.12%	0.02%	0.14%
Infrastructure	5%	5%	3.65%	0.64%	0.14%	(0.02%)	0.12%
Timber	4%	5%	4.34%	3.49%	0.03%	(0.05%)	(0.01%)
International Equity	15%	15%	(7.71%)	(10.39%)	0.43%	(0.08%)	0.35%
International Fixed Inc.	5%	5%	7.88%	11.24%	(0.16%)	(0.04%)	(0.20%)
Private Equity	4%	5%	(7.19%)	(7.19%)	0.00%	0.08%	0.08%
World Equity	16%	16%	(6.53%)	(2.78%)	(0.62%)	(0.02%)	(0.64%)
Cash & Equivalents	1%	1%	0.29%	0.19%	0.00%	0.04%	0.05%
<b>Total</b>			<b>0.61%</b>	<b>0.61%</b>	<b>+ 0.04%</b>	<b>(0.04%)</b>	<b>(0.00%)</b>

\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Three Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Three Year Annualized Relative Attribution Effects

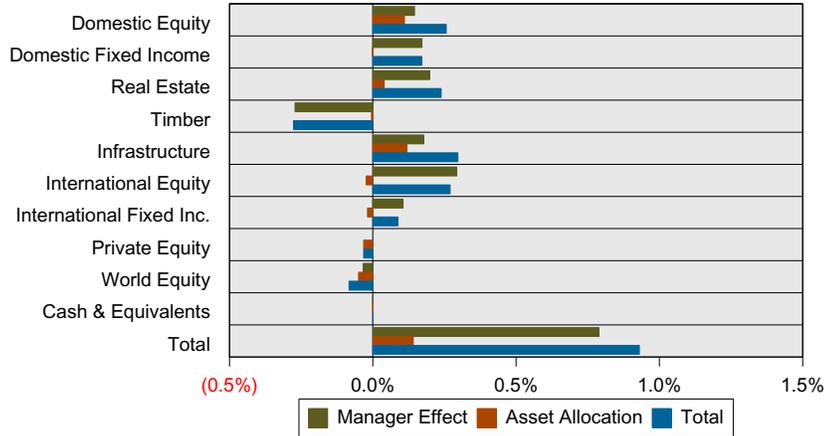
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	11.53%	10.54%	0.21%	0.05%	0.25%
Domestic Fixed Income	18%	17%	5.02%	4.16%	0.16%	(0.01%)	0.15%
Real Estate	10%	10%	14.82%	11.61%	0.29%	(0.00%)	0.29%
Infrastructure	4%	5%	4.74%	0.76%	0.16%	0.05%	0.21%
Timber	4%	5%	3.63%	7.77%	(0.19%)	(0.04%)	(0.22%)
International Equity	15%	15%	3.57%	1.45%	0.33%	(0.05%)	0.28%
International Fixed Inc.	5%	5%	2.02%	1.85%	0.01%	(0.01%)	(0.00%)
Private Equity	4%	5%	(2.95%)	(2.95%)	0.00%	0.04%	0.04%
World Equity	16%	16%	6.44%	6.95%	(0.08%)	(0.00%)	(0.09%)
Cash & Equivalents	1%	1%	0.13%	0.09%	0.00%	0.02%	0.02%
<b>Total</b>			<b>6.89%</b>	<b>5.95%</b>	<b>+ 0.88%</b>	<b>+ 0.05%</b>	<b>0.93%</b>

\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

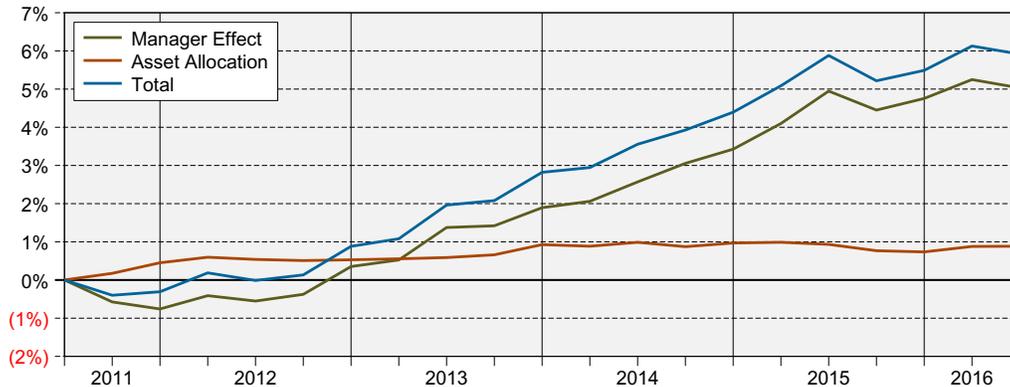
## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Five Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Five Year Annualized Relative Attribution Effects

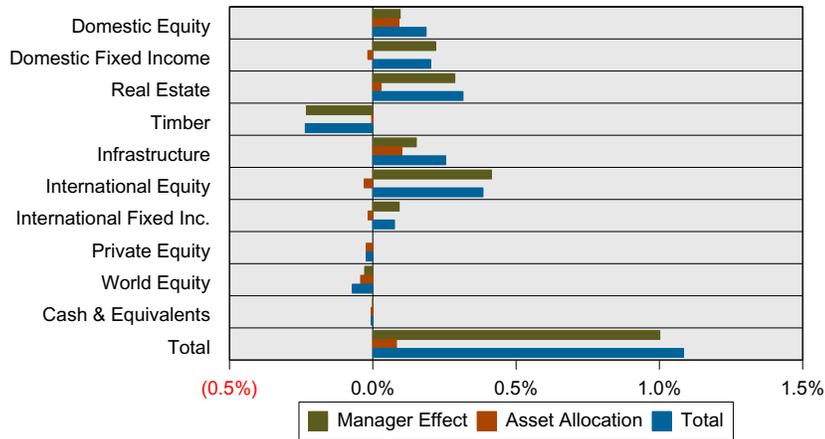
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	25%	24%	12.02%	11.21%	0.15%	0.11%	0.26%
Domestic Fixed Income	17%	17%	5.34%	4.27%	0.17%	(0.00%)	0.17%
Real Estate	10%	10%	13.67%	11.51%	0.20%	0.04%	0.24%
Timber	4%	5%	-	-	(0.27%)	(0.00%)	(0.28%)
Infrastructure	4%	5%	-	-	0.18%	0.12%	0.30%
International Equity	16%	16%	2.48%	0.68%	0.29%	(0.02%)	0.27%
International Fixed Inc.	5%	5%	2.29%	0.35%	0.11%	(0.02%)	0.09%
Private Equity	5%	5%	0.47%	0.47%	0.00%	(0.03%)	(0.03%)
World Equity	12%	12%	-	-	(0.03%)	(0.05%)	(0.08%)
Cash & Equivalents	1%	1%	0.11%	0.09%	0.00%	0.00%	0.00%
<b>Total</b>			<b>6.66%</b>	<b>5.73%</b>	<b>+ 0.79%</b>	<b>+ 0.14%</b>	<b>0.93%</b>

\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

## Cumulative Total Fund Relative Attribution - June 30, 2016

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

### Six Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Six Year Annualized Relative Attribution Effects

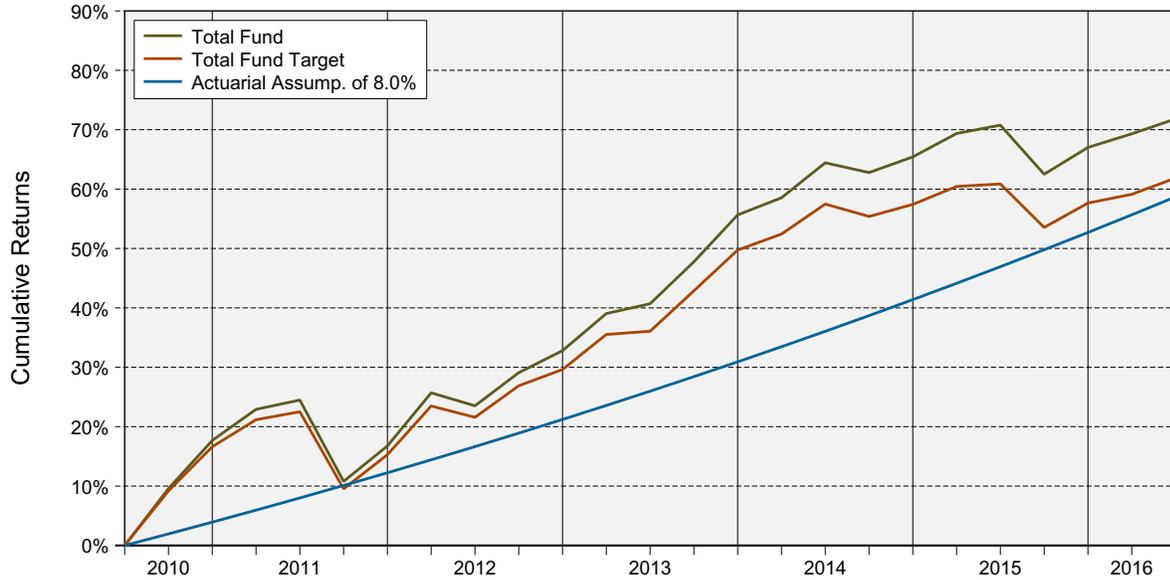
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	27%	26%	15.13%	14.51%	0.10%	0.09%	0.19%
Domestic Fixed Income	18%	17%	6.20%	4.90%	0.22%	(0.02%)	0.20%
Real Estate	10%	10%	15.46%	12.37%	0.29%	0.03%	0.31%
Timber	4%	4%	-	-	(0.23%)	(0.00%)	(0.24%)
Infrastructure	3%	4%	-	-	0.15%	0.10%	0.25%
International Equity	17%	17%	6.57%	4.33%	0.41%	(0.03%)	0.38%
International Fixed Inc.	5%	5%	4.43%	2.71%	0.09%	(0.02%)	0.08%
Private Equity	5%	5%	2.78%	2.78%	0.00%	(0.02%)	(0.02%)
World Equity	10%	10%	-	-	(0.03%)	(0.04%)	(0.07%)
Cash & Equivalents	1%	1%	0.12%	0.10%	0.00%	(0.01%)	(0.00%)
<b>Total</b>			<b>9.44%</b>	<b>8.36%</b>	<b>+ 1.00%</b>	<b>+ 0.08%</b>	<b>1.08%</b>

\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

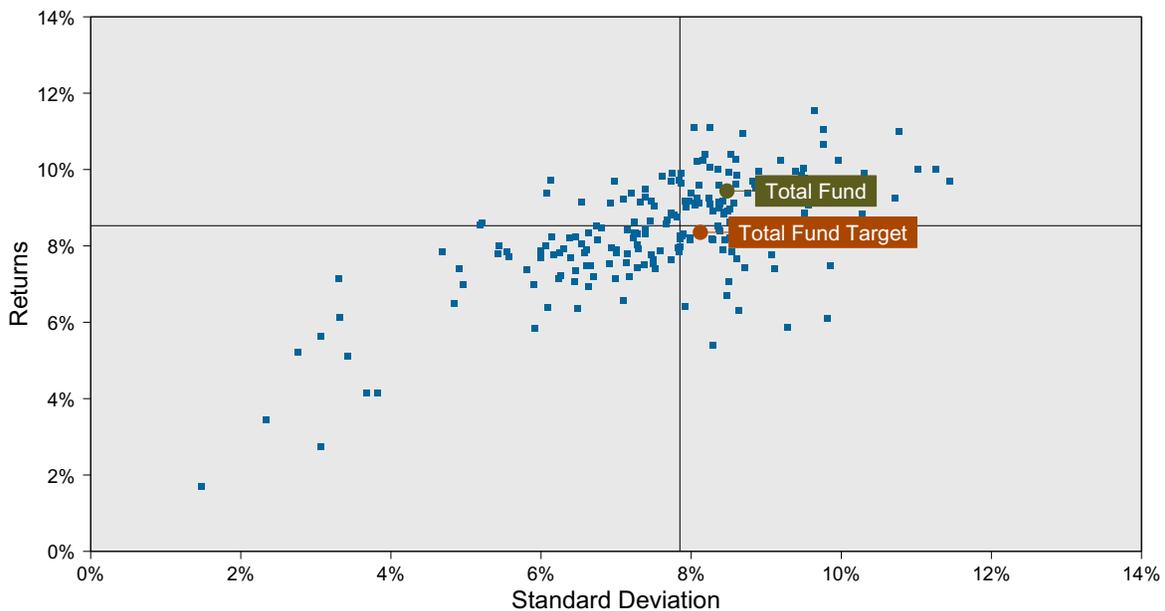
## Cumulative Performance Relative to Target

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

### Cumulative Returns Actual vs Target



### Six Year Annualized Risk vs Return



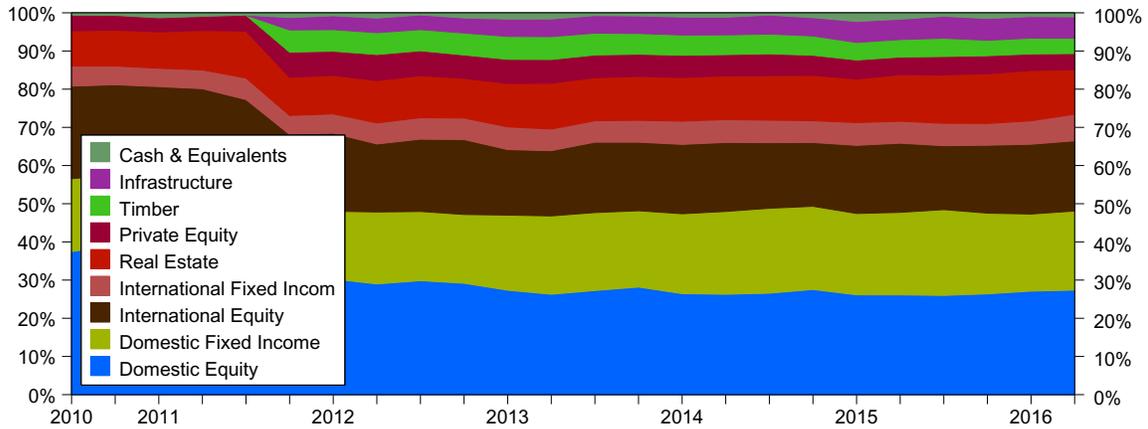
Squares represent membership of the CAI Public Fund Sponsor Database

\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

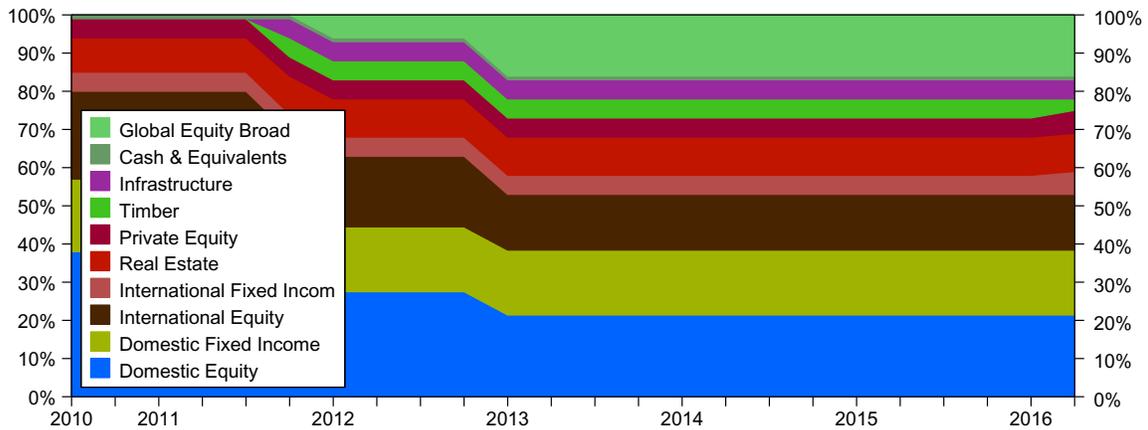
## Actual vs Target Historical Asset Allocation

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

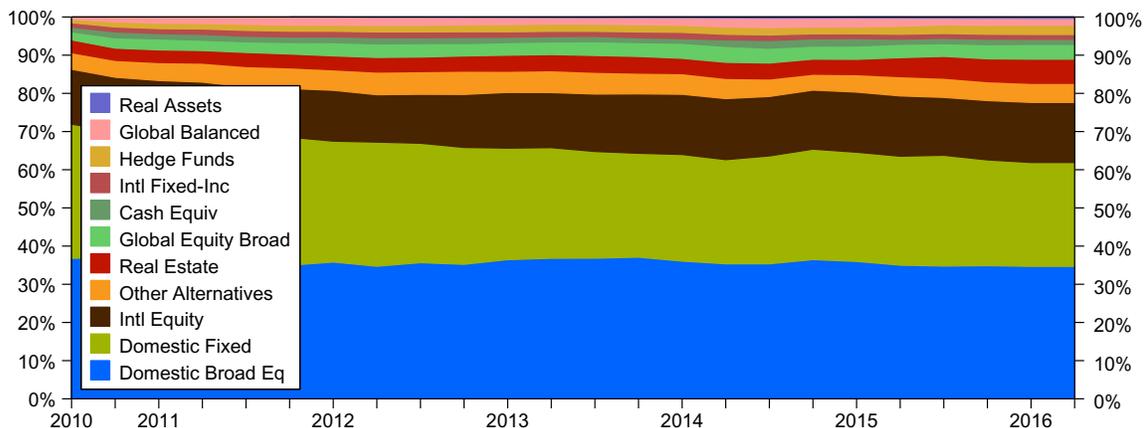
### Actual Historical Asset Allocation



### Target Historical Asset Allocation



### Average CAI Public Fund Sponsor Database Historical Asset Allocation

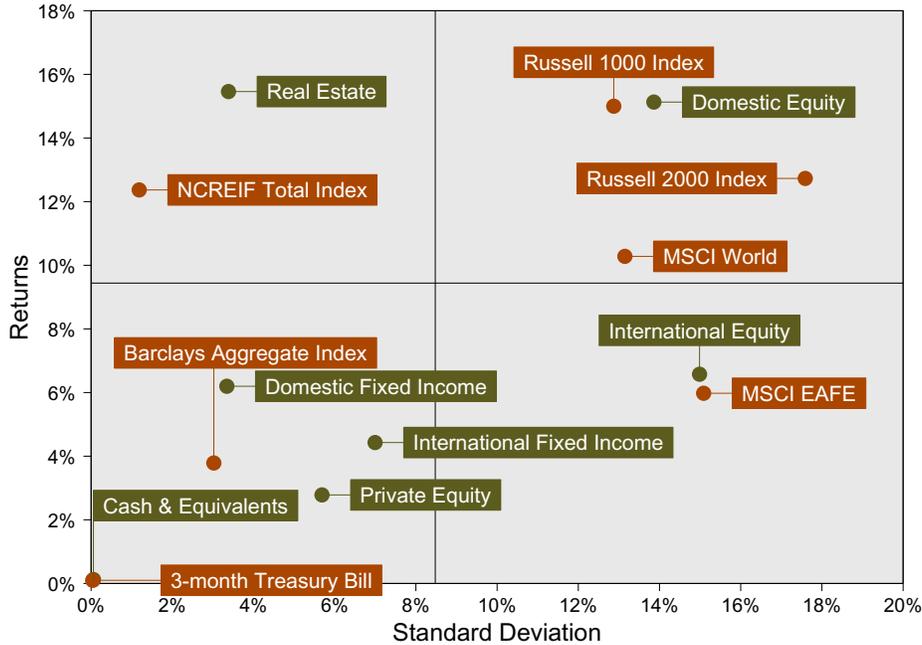


\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

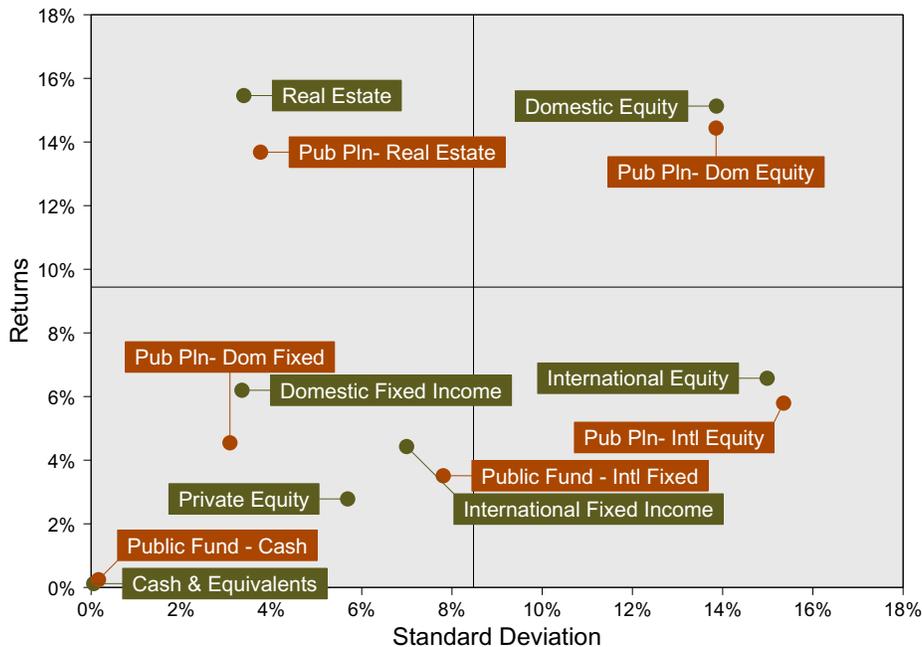
## Asset Class Risk and Return

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

### Six Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



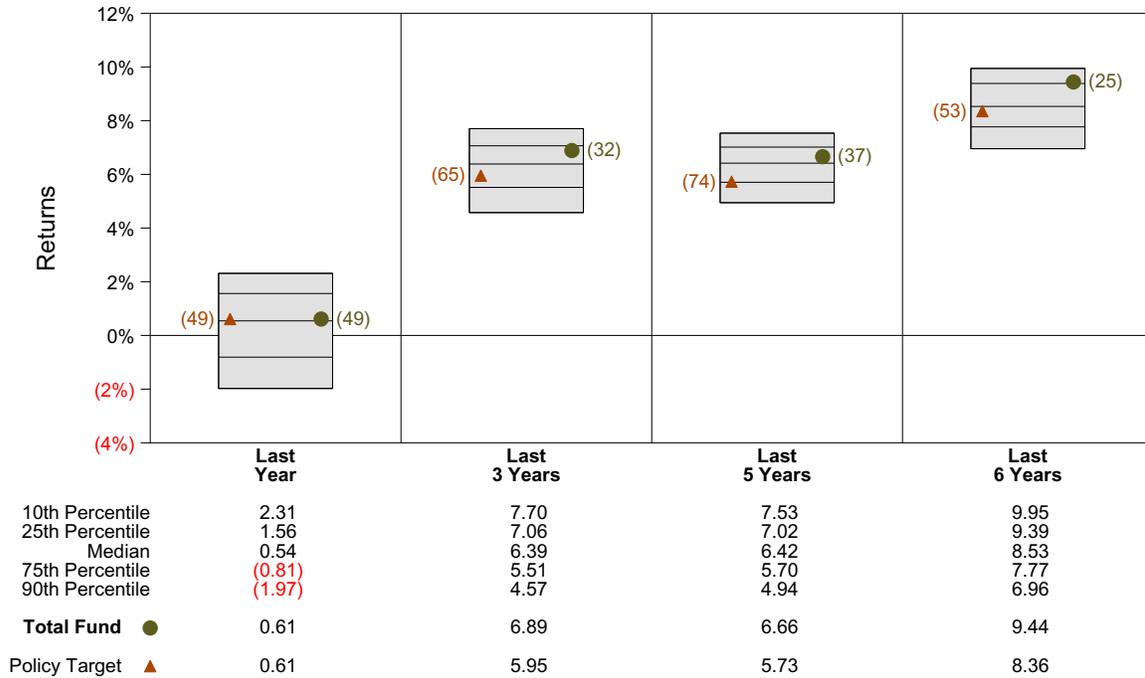
### Six Year Annualized Risk vs Return Asset Classes vs Asset Class Median



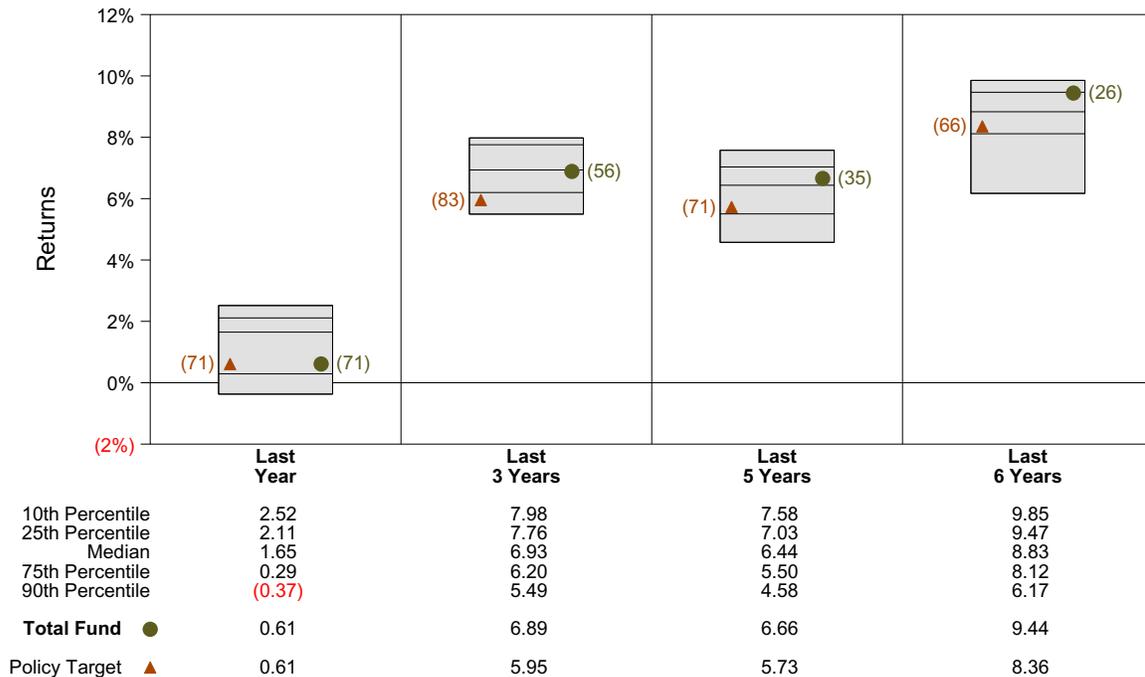
## Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended June 30, 2016. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

### CAI Public Fund Sponsor Database



### Asset Allocation Adjusted Ranking

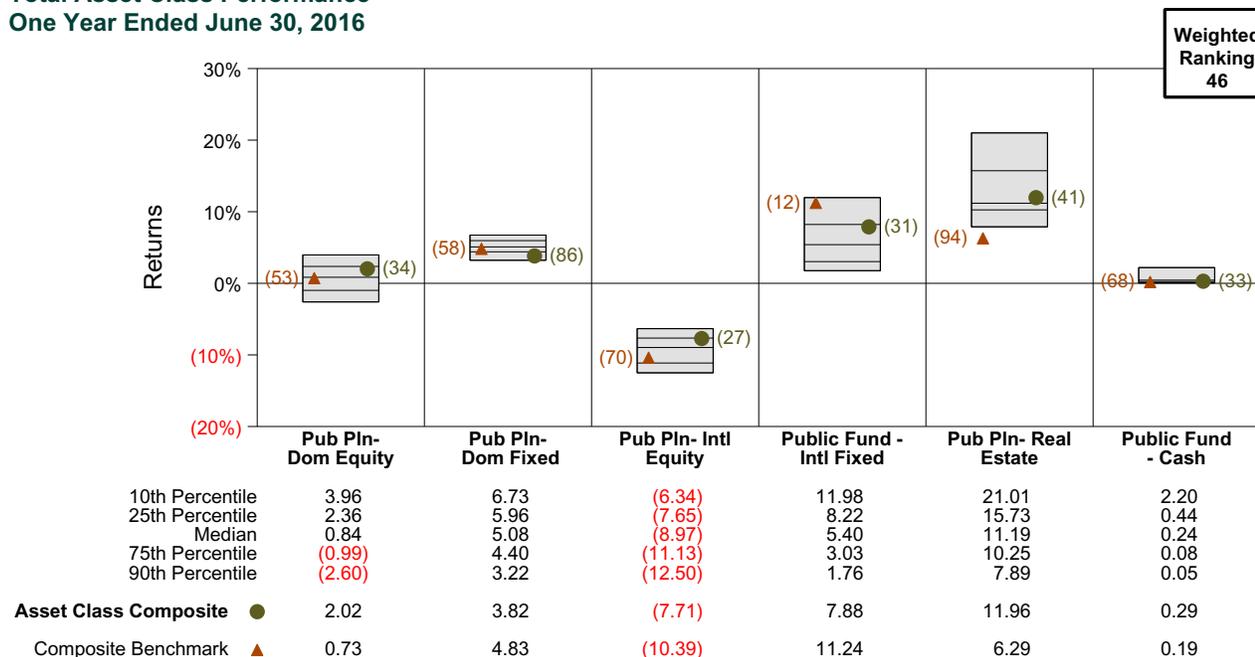


\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

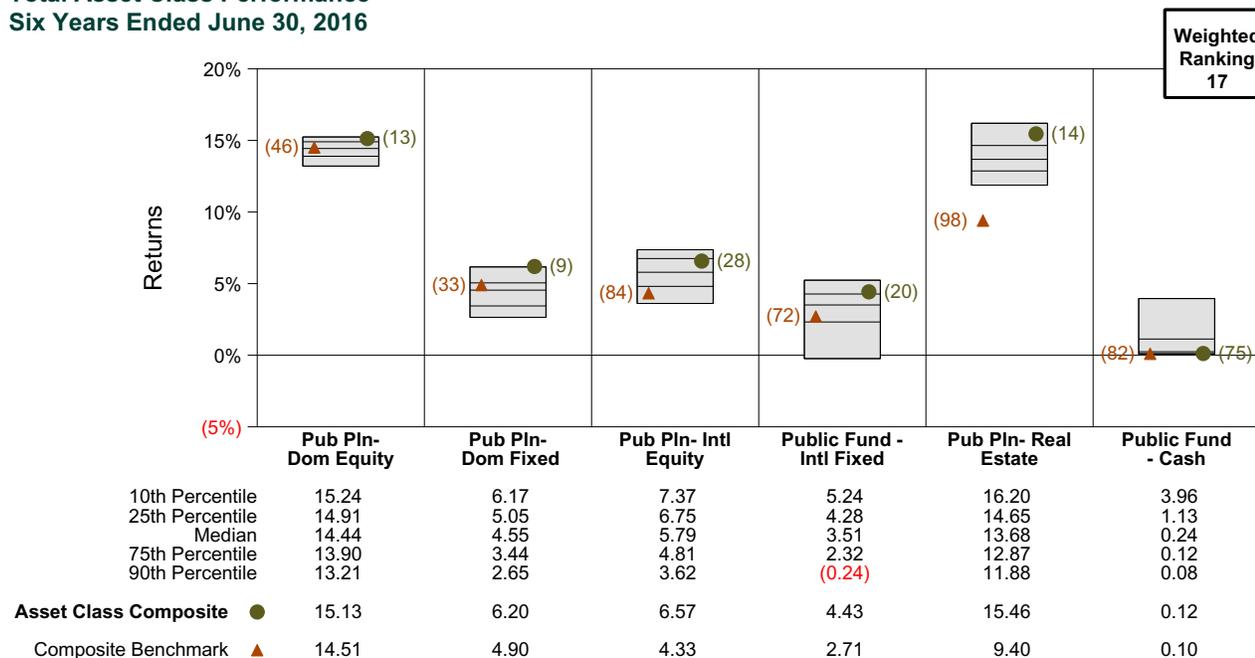
## Asset Class Rankings

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

### Total Asset Class Performance One Year Ended June 30, 2016



### Total Asset Class Performance Six Years Ended June 30, 2016



\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

## Asset Class Allocation

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

### Asset Class Allocation

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
<b>GLOBAL EQUITY</b>	<b>\$1,208,387,564</b>	<b>58.04%</b>	<b>\$7,389,596</b>	<b>\$10,165,019</b>	<b>\$1,190,832,950</b>	<b>57.88%</b>
<b>Domestic Equity</b>	<b>\$478,121,552</b>	<b>22.96%</b>	<b>\$(501,473)</b>	<b>\$11,264,785</b>	<b>\$467,358,240</b>	<b>22.72%</b>
Large Cap	370,687,777	17.80%	(415,114)	7,029,723	364,073,168	17.70%
Small Cap	107,433,775	5.16%	(86,359)	4,235,063	103,285,072	5.02%
<b>International Equity</b>	<b>\$321,176,957</b>	<b>15.43%</b>	<b>\$6,299,809</b>	<b>\$(487,611)</b>	<b>\$315,364,760</b>	<b>15.33%</b>
Developed Intl Equity	247,919,083	11.91%	5,394,809	(2,670,853)	245,195,128	11.92%
Emerging Markets	73,257,874	3.52%	905,000	2,183,242	70,169,632	3.41%
<b>World Equity</b>	<b>\$335,714,674</b>	<b>16.12%</b>	<b>\$3,350,510</b>	<b>\$(681,467)</b>	<b>\$333,045,631</b>	<b>16.19%</b>
<b>Private Equity</b>	<b>\$73,374,381</b>	<b>3.52%</b>	<b>\$(1,759,250)</b>	<b>\$69,312</b>	<b>\$75,064,319</b>	<b>3.65%</b>
<b>GLOBAL FIXED INCOME</b>	<b>\$483,149,237</b>	<b>23.21%</b>	<b>\$15,650,156</b>	<b>\$13,675,879</b>	<b>\$453,823,202</b>	<b>22.06%</b>
<b>Fixed Income Comp</b>	<b>\$361,706,587</b>	<b>17.37%</b>	<b>\$2,805,270</b>	<b>\$10,707,745</b>	<b>\$348,193,572</b>	<b>16.92%</b>
Investment Grade Fixed	268,380,865	12.89%	22,952,474	5,712,454	239,715,936	11.65%
Below Inv. Grade Fixed Income	93,325,722	4.48%	(20,147,204)	4,995,290	108,477,636	5.27%
<b>International Fixed Income</b>	<b>\$121,442,651</b>	<b>5.83%</b>	<b>\$12,844,886</b>	<b>\$2,968,134</b>	<b>\$105,629,631</b>	<b>5.13%</b>
<b>GLOBAL REAL ASSETS</b>	<b>\$372,030,580</b>	<b>17.87%</b>	<b>\$(30,413,206)</b>	<b>\$6,472,174</b>	<b>\$395,971,612</b>	<b>19.25%</b>
Real Estate	204,184,309	9.81%	(29,000,906)	6,125,103	227,060,113	11.04%
Timber	70,258,495	3.37%	0	(1,259,280)	71,517,775	3.48%
Infrastructure	97,587,776	4.69%	(1,412,300)	1,606,351	97,393,725	4.73%
<b>Cash &amp; Equivalents</b>	<b>\$18,522,293</b>	<b>0.89%</b>	<b>\$1,730,621</b>	<b>\$24,583</b>	<b>\$16,767,088</b>	<b>0.81%</b>
<b>Securities Lending Income</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$(100,710)</b>	<b>\$100,710</b>	<b>-</b>	<b>-</b>
<b>Total Fund</b>	<b>\$2,082,089,674</b>	<b>100.0%</b>	<b>\$(5,743,543)</b>	<b>\$30,438,365</b>	<b>\$2,057,394,852</b>	<b>100.0%</b>

PLEASE REFER TO PAGES 36-38 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

## Investment Manager Returns

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

### Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6 Years
<b>Global Equity</b>					
Gross	0.85%	(3.62%)	6.86%	-	-
Net	0.81%	(3.93%)	6.52%	-	-
Wtd Avg Global Equity Benchmark	1.10%	(3.88%)	5.92%	-	-
<b>Domestic Equity</b>					
Gross	2.41%	2.02%	11.53%	12.02%	15.13%
Net	2.39%	1.90%	11.34%	11.79%	14.88%
Wtd Avg Domestic Equity Benchmark	2.82%	0.73%	10.54%	11.21%	14.51%
<b>Large Cap Equity</b>					
Gross	1.93%	4.63%	12.77%	12.85%	15.63%
Net	1.91%	4.52%	12.60%	12.63%	15.37%
Benchmark(1)	2.54%	2.93%	11.48%	12.09%	15.00%
<b>Small Cap Equity</b>					
Gross	4.10%	(6.86%)	7.11%	9.27%	13.31%
Net	4.10%	(7.04%)	6.87%	9.03%	13.07%
Russell 2000 Index	3.79%	(6.73%)	7.09%	8.35%	12.73%
<b>International Equity</b>					
Gross	(0.15%)	(7.71%)	3.57%	2.48%	6.57%
Net	(0.20%)	(7.90%)	3.33%	2.19%	6.25%
Wtd Avg Intl Equity Benchmark	(1.01%)	(10.39%)	1.45%	0.68%	4.33%
<b>Developed Intl Equity</b>					
Gross	(1.09%)	(7.68%)	4.12%	3.10%	7.20%
Net	(1.15%)	(7.92%)	3.86%	2.81%	6.88%
Benchmark(2)	(1.46%)	(10.16%)	2.06%	1.68%	5.04%
<b>Emerging Markets</b>					
Gross	3.05%	(9.25%)	0.43%	(0.77%)	3.50%
Net	3.05%	(9.25%)	0.29%	(1.06%)	3.17%
Benchmark(3)	0.66%	(12.05%)	(1.56%)	(3.78%)	0.93%
<b>World Equity</b>					
Gross	(0.20%)	(6.53%)	6.44%	-	-
Net	(0.29%)	(7.27%)	5.70%	-	-
MSCI World Index	1.01%	(2.78%)	6.95%	6.63%	10.28%
<b>Private Equity</b>					
Net	0.12%	(7.20%)	(2.98%)	0.41%	2.69%

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

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

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

PLEASE REFER TO PAGES 39-43 FOR INVESTMENT MANAGER LEVEL RETURNS.

## Investment Manager Returns

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

### Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6 Years
<b>Global Fixed Income</b>					
Gross	2.96%	4.75%	4.41%	-	-
Net	2.89%	4.49%	4.16%	-	-
Wtd Avg Global Fixed Inc. Benchmark	3.36%	6.36%	3.68%	-	-
<b>Domestic Fixed Income</b>					
Gross	3.06%	3.82%	5.02%	5.34%	6.20%
Net	3.01%	3.59%	4.80%	5.25%	6.06%
Wtd Avg Domestic FI Benchmark	3.24%	4.83%	4.16%	4.27%	4.90%
<b>Inv. Grade Fixed Income</b>					
Gross	2.25%	5.15%	4.81%	5.15%	5.33%
Net	2.21%	5.00%	4.69%	5.01%	5.15%
Barclays Aggregate Index	2.21%	6.00%	4.06%	3.76%	3.79%
<b>Below Inv. Grade Fixed Income</b>					
Gross	4.94%	0.69%	5.43%	6.70%	8.53%
Net	4.84%	0.28%	4.98%	6.25%	8.09%
Barclays HY Corp 2% Issue	5.52%	1.65%	4.20%	5.84%	7.39%
<b>International Fixed Income</b>					
Gross	2.57%	7.88%	2.02%	2.29%	4.43%
Net	2.48%	7.50%	1.65%	1.93%	4.06%
Wtd Avg Intl Fixed Income Benchmark	3.40%	11.24%	1.85%	0.35%	2.71%
<b>Global Real Assets</b>					
Gross	1.72%	8.37%	9.76%	-	-
Net	1.57%	7.83%	9.30%	-	-
Wtd Avg Global Real Assets Benchmark	1.64%	6.29%	7.86%	-	-
<b>Real Estate</b>					
Gross	3.00%	11.96%	14.82%	13.67%	15.46%
Net	2.87%	11.34%	14.26%	13.13%	14.88%
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%	12.37%
<b>Timber</b>					
Net	(1.76%)	4.34%	3.63%	-	-
NCREIF Timberland Index	1.09%	3.49%	7.77%	6.72%	5.66%
<b>Infrastructure</b>					
Gross	1.67%	3.65%	4.74%	-	-
Net	1.34%	2.88%	4.09%	-	-
CPI-W	1.33%	0.64%	0.76%	1.12%	1.61%
<b>Cash &amp; Equivalents - Net</b>					
3-month Treasury Bill	0.12%	0.29%	0.13%	0.11%	0.12%
	0.07%	0.19%	0.09%	0.09%	0.10%
<b>Total Fund</b>					
Gross	1.48%	0.61%	6.89%	6.66%	9.44%
Net	1.41%	0.28%	6.55%	6.32%	9.09%
Target*	1.71%	0.61%	5.95%	5.73%	8.36%

\* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Barclays Aggregate Index, 11.8% MSCI EAFE, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Barclays Global Agg ex-US, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Barclays US HY Corp 2% Cp, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

PLEASE REFER TO PAGES 39-43 FOR INVESTMENT MANAGER LEVEL RETURNS.



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

## Investment Philosophy

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

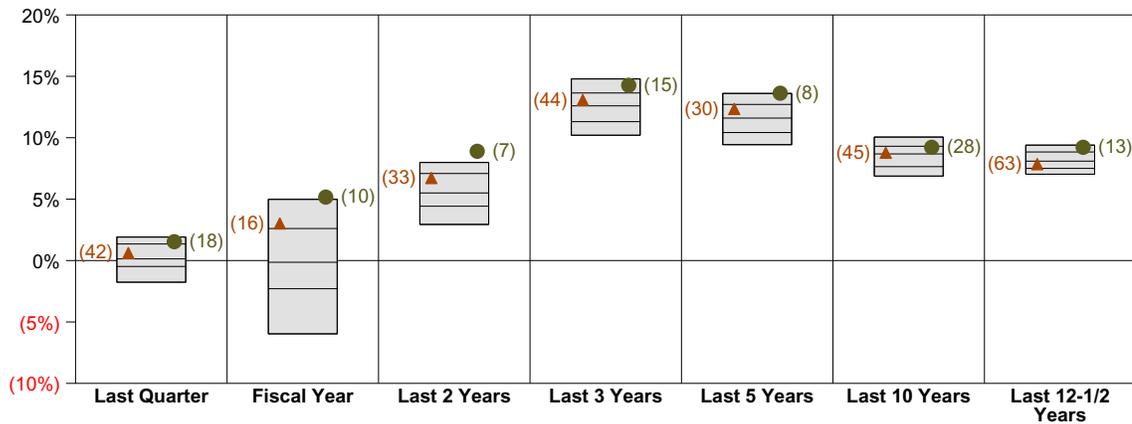
## Quarterly Summary and Highlights

- L.A. Capital's portfolio posted a 1.53% return for the quarter placing it in the 18 percentile of the CAI Large Cap Growth group for the quarter and in the 10 percentile for the last year.
- L.A. Capital's portfolio outperformed the Russell 1000 Growth Index by 0.92% for the quarter and outperformed the Russell 1000 Growth Index for the year by 2.14%.

## Quarterly Asset Growth

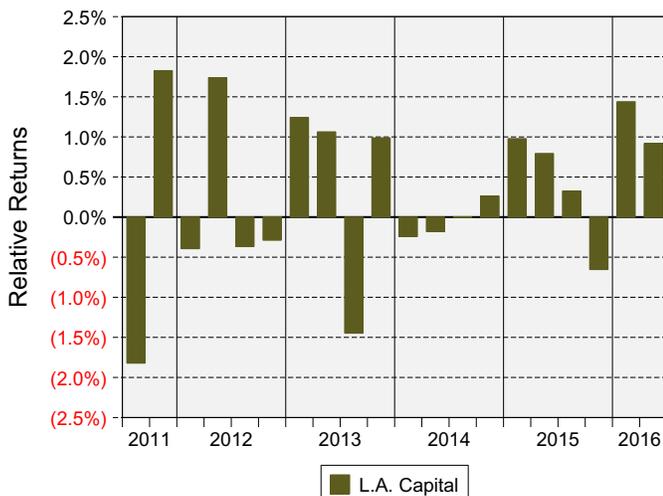
Beginning Market Value	\$309,966,684
Net New Investment	\$-6,155,003
Investment Gains/(Losses)	\$4,643,156
Ending Market Value	\$308,454,836

## Performance vs CAI Large Cap Growth (Gross)

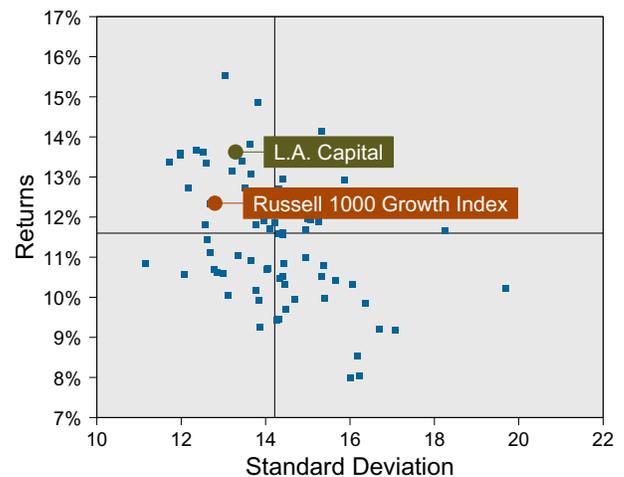


10th Percentile	1.91	4.98	7.99	14.79	13.61	10.05	9.40
25th Percentile	1.35	2.60	7.09	13.64	12.71	9.30	8.84
Median	0.14	(0.14)	5.50	12.60	11.60	8.68	8.09
75th Percentile	(0.48)	(2.29)	4.42	11.31	10.42	7.65	7.51
90th Percentile	(1.76)	(5.97)	2.94	10.20	9.43	6.88	7.03
<b>L.A. Capital</b>	● 1.53	5.17	8.90	14.27	13.62	9.22	9.22
Russell 1000 Growth Index	▲ 0.61	3.02	6.72	13.07	12.35	8.78	7.85

## Relative Return vs Russell 1000 Growth Index



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



# L.A. Capital Management Enhanced Index Period Ended June 30, 2016

## Investment Philosophy

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

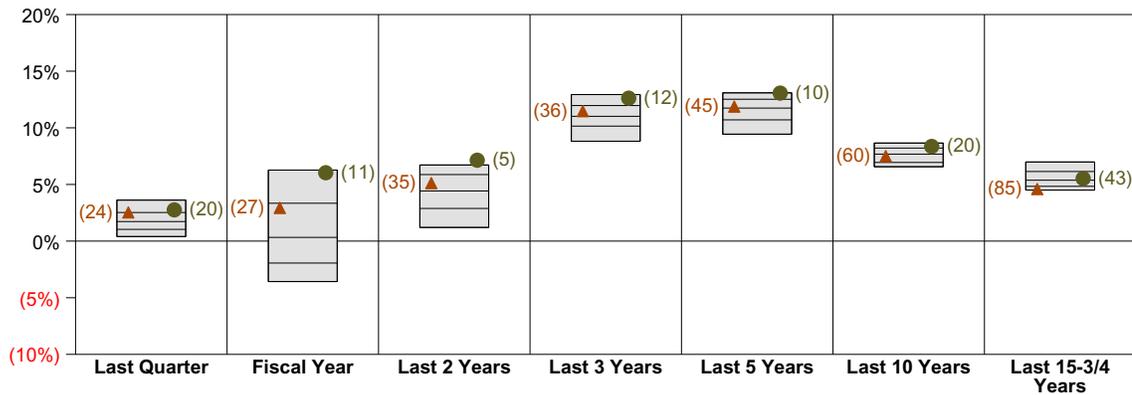
## Quarterly Summary and Highlights

- LACM Enhanced Index's portfolio posted a 2.76% return for the quarter placing it in the 20 percentile of the CAI Large Cap Core group for the quarter and in the 11 percentile for the last year.
- LACM Enhanced Index's portfolio outperformed the Russell 1000 Index by 0.22% for the quarter and outperformed the Russell 1000 Index for the year by 3.10%.

## Quarterly Asset Growth

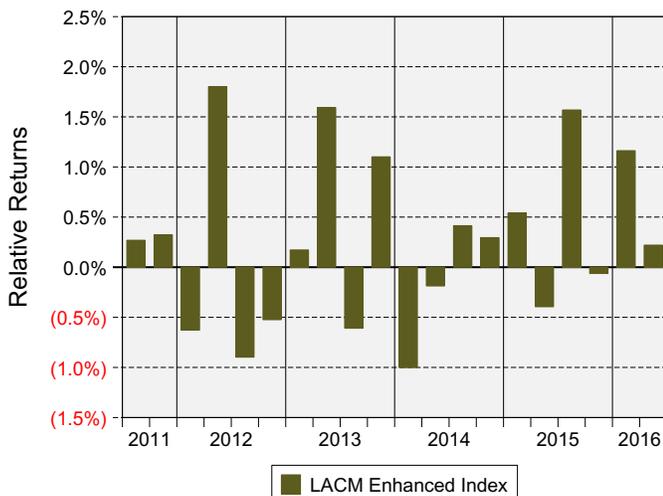
Beginning Market Value	\$186,257,069
Net New Investment	\$-45,726
Investment Gains/(Losses)	\$5,131,535
Ending Market Value	\$191,342,879

## Performance vs CAI Large Cap Core (Gross)

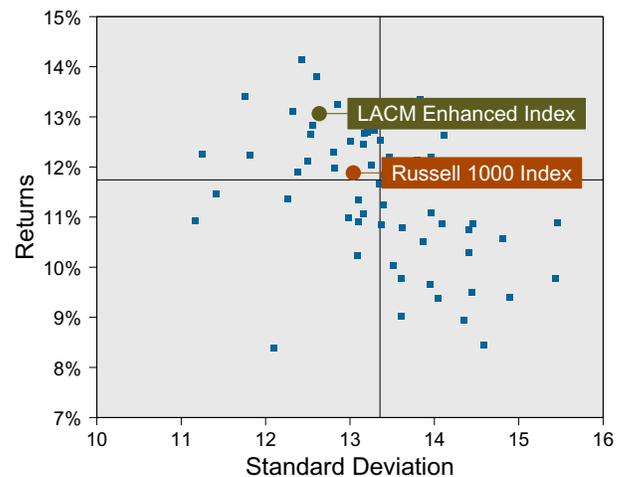


10th Percentile	3.62	6.27	6.72	12.94	13.09	8.65	6.98
25th Percentile	2.52	3.34	5.87	11.97	12.52	8.21	6.14
Median	1.73	0.33	4.43	11.02	11.74	7.68	5.37
75th Percentile	1.03	(1.94)	2.88	10.15	10.70	6.94	4.84
90th Percentile	0.40	(3.57)	1.20	8.82	9.44	6.56	4.50
<b>LACM Enhanced Index</b> ●	2.76	6.03	7.14	12.62	13.07	8.35	5.52
Russell 1000 Index ▲	2.54	2.93	5.13	11.48	11.88	7.51	4.60

## Relative Return vs Russell 1000 Index



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



# Northern Trust AM Enh S&P500 Period Ended June 30, 2016

## Investment Philosophy

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

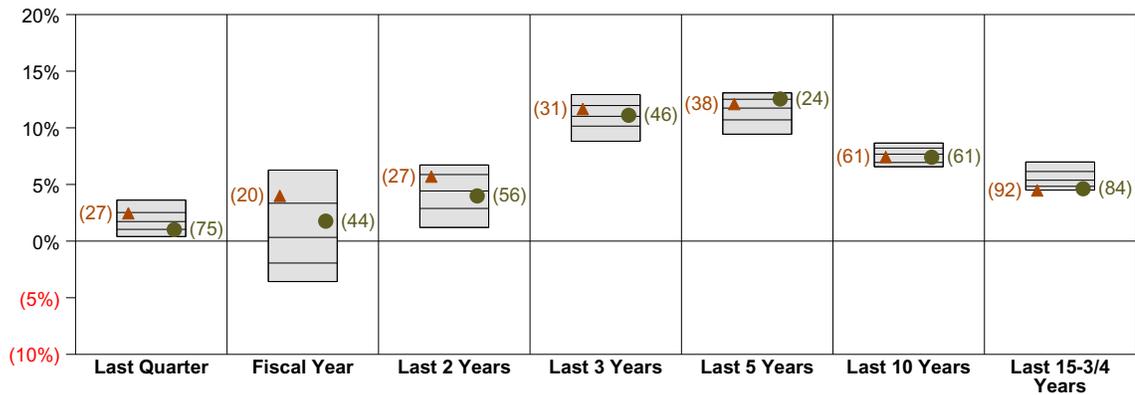
## Quarterly Summary and Highlights

- Northern Trust AM Enh S&P500's portfolio posted a 1.01% return for the quarter placing it in the 75 percentile of the CAI Large Cap Core group for the quarter and in the 44 percentile for the last year.
- Northern Trust AM Enh S&P500's portfolio underperformed the S&P 500 Index by 1.44% for the quarter and underperformed the S&P 500 Index for the year by 2.23%.

## Quarterly Asset Growth

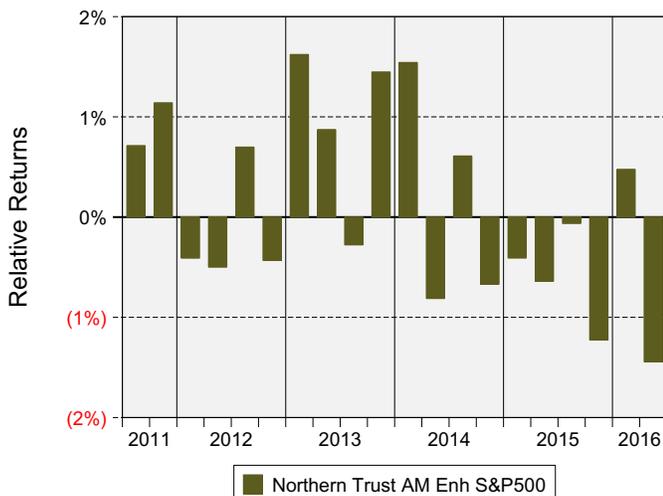
Beginning Market Value	\$142,175,451
Net New Investment	\$0
Investment Gains/(Losses)	\$1,437,280
Ending Market Value	\$143,612,731

## Performance vs CAI Large Cap Core (Gross)

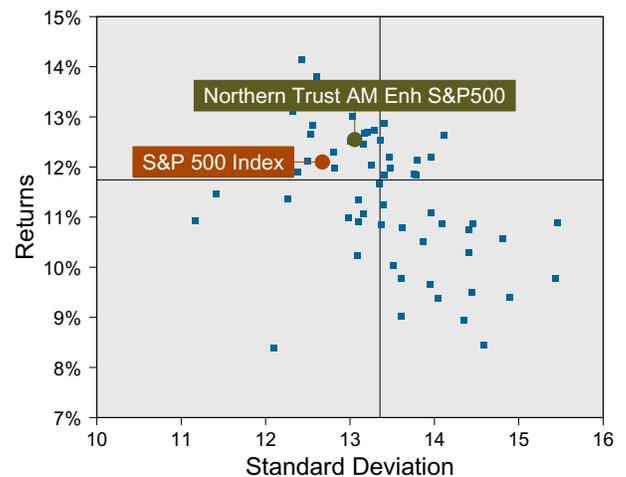


10th Percentile	3.62	6.27	6.72	12.94	13.09	8.65	6.98
25th Percentile	2.52	3.34	5.87	11.97	12.52	8.21	6.14
Median	1.73	0.33	4.43	11.02	11.74	7.68	5.37
75th Percentile	1.03	(1.94)	2.88	10.15	10.70	6.94	4.84
90th Percentile	0.40	(3.57)	1.20	8.82	9.44	6.56	4.50
<b>Northern Trust AM Enh S&amp;P500</b> ●	1.01	1.76	3.99	11.10	12.55	7.40	4.62
<b>S&amp;P 500 Index</b> ▲	2.46	3.99	5.69	11.66	12.10	7.42	4.47

## Relative Return vs S&P 500 Index



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



# Parametric Clifton Enh S&P Period Ended June 30, 2016

## Investment Philosophy

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

## Quarterly Summary and Highlights

- Parametric Clifton Enh S&P's portfolio posted a 2.49% return for the quarter placing it in the 26 percentile of the CAI Large Cap Core group for the quarter and in the 13 percentile for the last year.
- Parametric Clifton Enh S&P's portfolio outperformed the S&P 500 Index by 0.04% for the quarter and outperformed the S&P 500 Index for the year by 0.61%.

## Quarterly Asset Growth

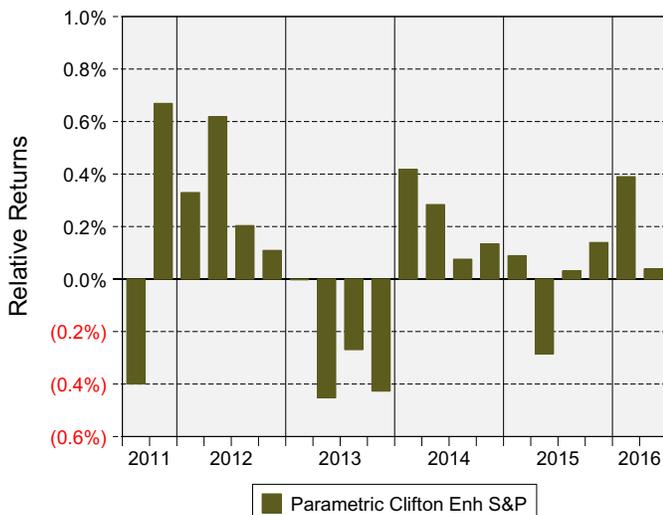
Beginning Market Value	\$178,012,201
Net New Investment	\$-10,000,000
Investment Gains/(Losses)	\$4,369,703
Ending Market Value	\$172,381,903

## Performance vs CAI Large Cap Core (Gross)

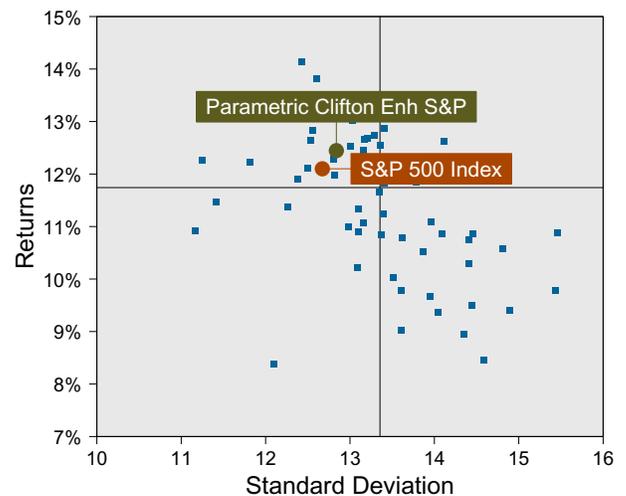


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	3.62	6.27	6.72	12.94	13.09
25th Percentile	2.52	3.34	5.87	11.97	12.52
Median	1.73	0.33	4.43	11.02	11.74
75th Percentile	1.03	(1.94)	2.88	10.15	10.70
90th Percentile	0.40	(3.57)	1.20	8.82	9.44
<b>Parametric Clifton Enh S&amp;P</b>	2.49	4.60	6.01	11.89	12.45
<b>S&amp;P 500 Index</b>	2.46	3.99	5.69	11.66	12.10

## Relative Return vs S&P 500 Index



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



# Parametric Clifton Enh SmCap Period Ended June 30, 2016

## Investment Philosophy

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

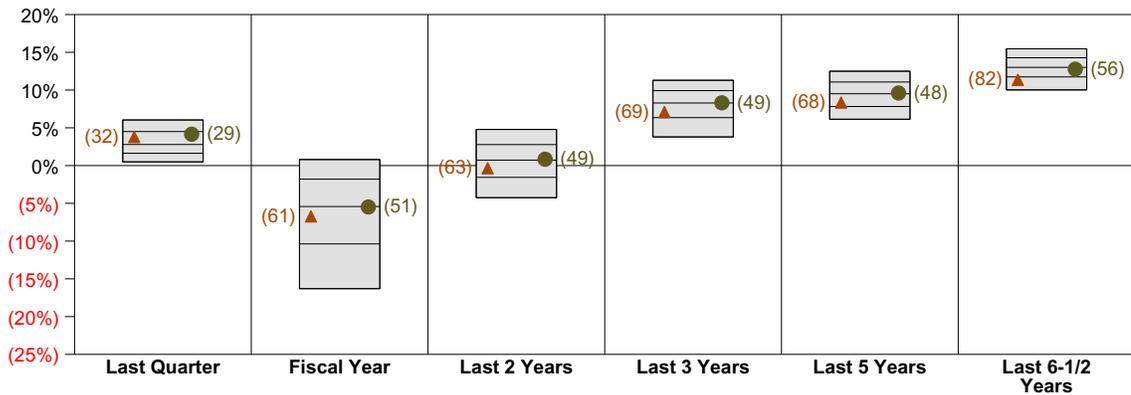
## Quarterly Summary and Highlights

- Parametric Clifton Enh SmCap's portfolio posted a 4.15% return for the quarter placing it in the 29 percentile of the CAI Small Capitalization group for the quarter and in the 51 percentile for the last year.
- Parametric Clifton Enh SmCap's portfolio outperformed the Russell 2000 Index by 0.36% for the quarter and outperformed the Russell 2000 Index for the year by 1.24%.

## Quarterly Asset Growth

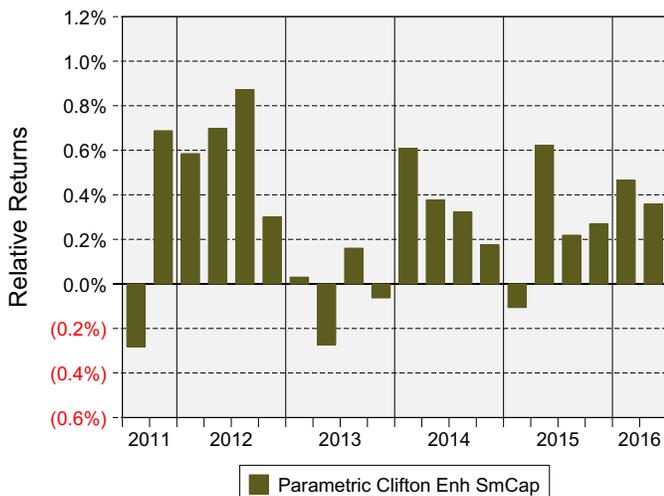
Beginning Market Value	\$128,568,464
Net New Investment	\$0
Investment Gains/(Losses)	\$5,335,825
Ending Market Value	\$133,904,288

## Performance vs CAI Small Capitalization (Gross)

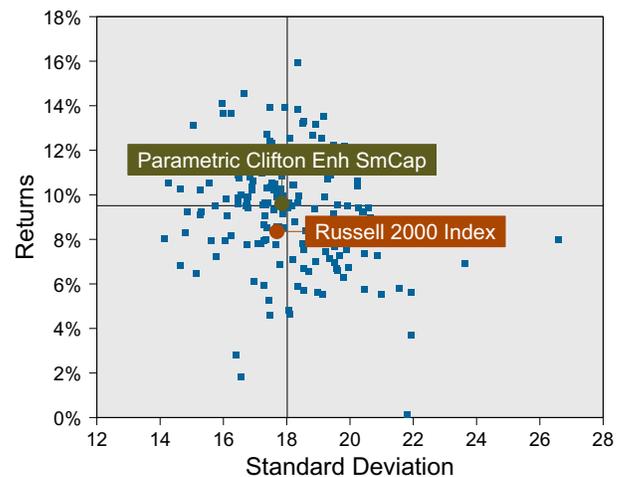


10th Percentile	6.04	0.80	4.79	11.30	12.50	15.46
25th Percentile	4.51	(1.79)	2.78	9.92	11.07	14.28
Median	2.79	(5.42)	0.72	8.29	9.51	13.00
75th Percentile	1.63	(10.37)	(1.56)	6.35	7.82	11.74
90th Percentile	0.48	(16.30)	(4.25)	3.79	6.14	10.02
<b>Parametric Clifton Enh SmCap</b>	● 4.15	(5.49)	0.84	8.31	9.61	12.77
<b>Russell 2000 Index</b>	▲ 3.79	(6.73)	(0.34)	7.09	8.35	11.36

## Relative Return vs Russell 2000 Index



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





# DFA International Small Cap Value Fund

## Period Ended June 30, 2016

### Investment Philosophy

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

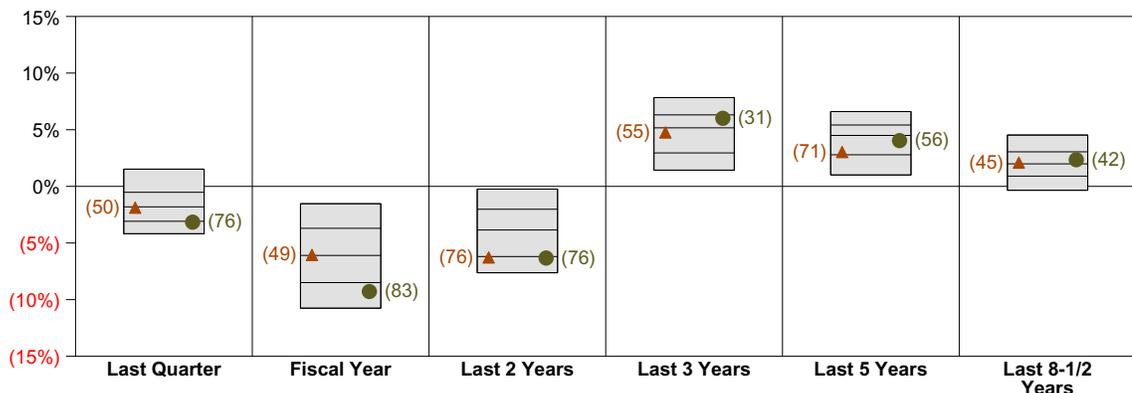
### Quarterly Summary and Highlights

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

### Quarterly Asset Growth

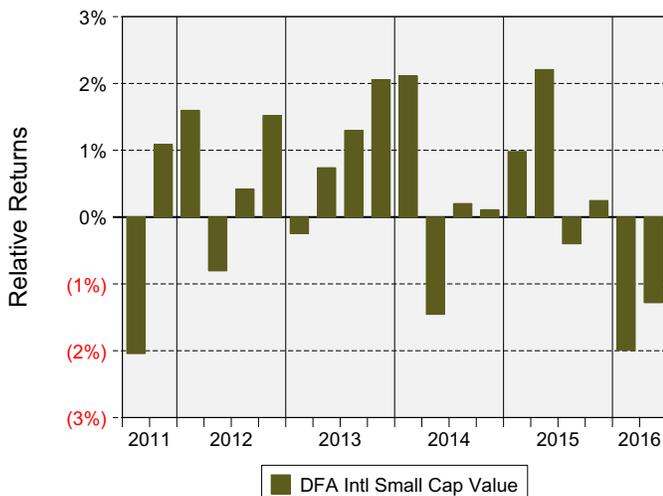
Beginning Market Value	\$74,268,888
Net New Investment	\$0
Investment Gains/(Losses)	\$-2,346,298
Ending Market Value	\$71,922,590

### Performance vs Lipper International Small Cap Funds (Net)

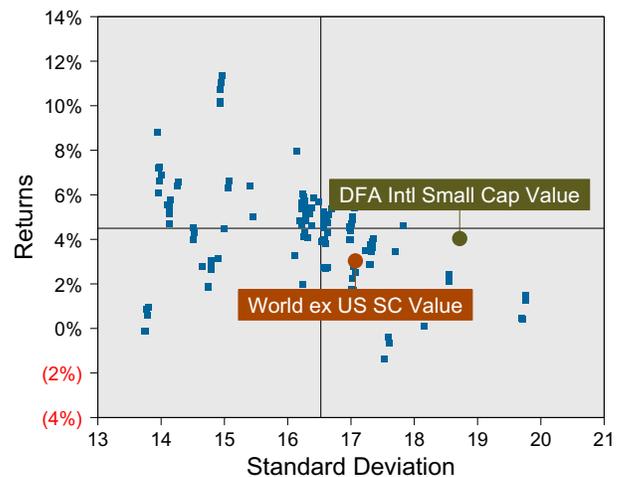


10th Percentile	1.52	(1.53)	(0.24)	7.84	6.60	4.53
25th Percentile	(0.52)	(3.70)	(2.02)	6.31	5.42	3.05
Median	(1.81)	(6.10)	(3.85)	5.17	4.50	1.99
75th Percentile	(3.08)	(8.49)	(6.20)	2.95	2.79	0.91
90th Percentile	(4.18)	(10.75)	(7.63)	1.43	1.00	(0.34)
<b>DFA Intl Small Cap Value</b> ●	<b>(3.16)</b>	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

### Relative Return vs World ex US SC Value



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



# Northern Tr AM Wrld ex US Period Ended June 30, 2016

## Investment Philosophy

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

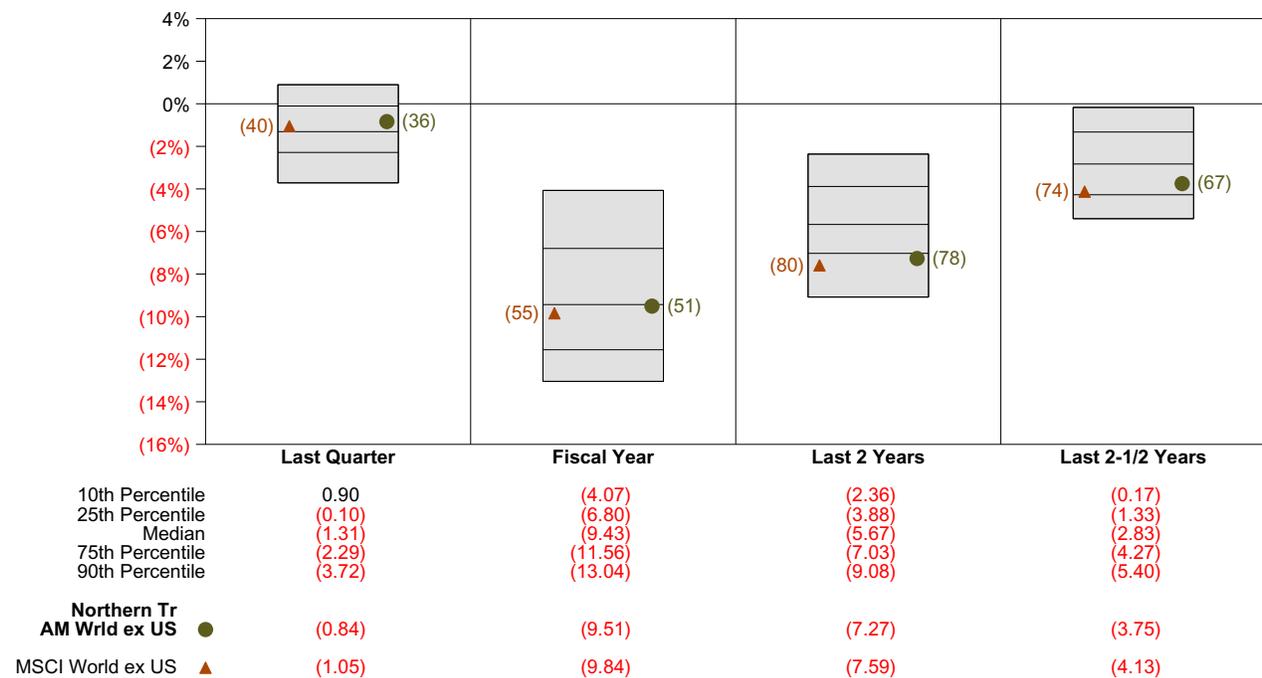
## Quarterly Summary and Highlights

- Northern Tr AM Wrld ex US's portfolio posted a (0.84)% return for the quarter placing it in the 36 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 51 percentile for the last year.
- Northern Tr AM Wrld ex US's portfolio outperformed the MSCI World ex US by 0.22% for the quarter and outperformed the MSCI World ex US for the year by 0.33%.

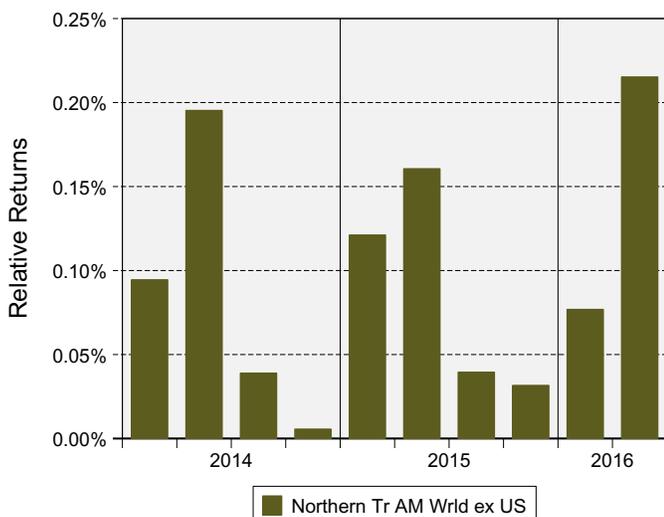
## Quarterly Asset Growth

Beginning Market Value	\$248,208,296
Net New Investment	\$8,980,277
Investment Gains/(Losses)	\$-2,010,724
Ending Market Value	\$255,177,849

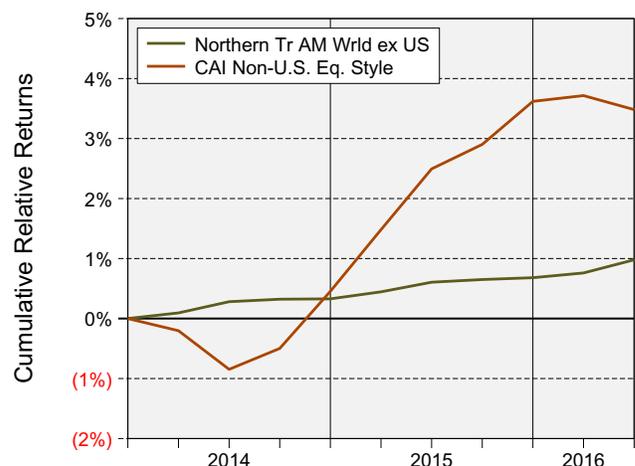
## Performance vs CAI Non-U.S. Equity Style (Gross)



## Relative Return vs MSCI World ex US



## Cumulative Returns vs MSCI World ex US



# Wellington Management Period Ended June 30, 2016

## Investment Philosophy

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

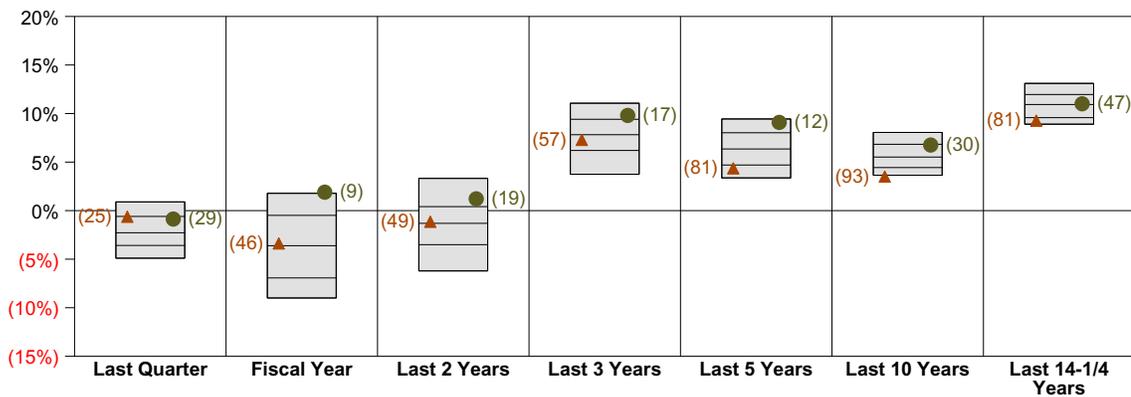
## Quarterly Summary and Highlights

- Wellington Management's portfolio posted a (0.87)% return for the quarter placing it in the 29 percentile of the CAI International Small Cap group for the quarter and in the 9 percentile for the last year.
- Wellington Management's portfolio underperformed the S&P BMI EPAC <\$2 B by 0.24% for the quarter and outperformed the S&P BMI EPAC <\$2 B for the year by 5.27%.

## Quarterly Asset Growth

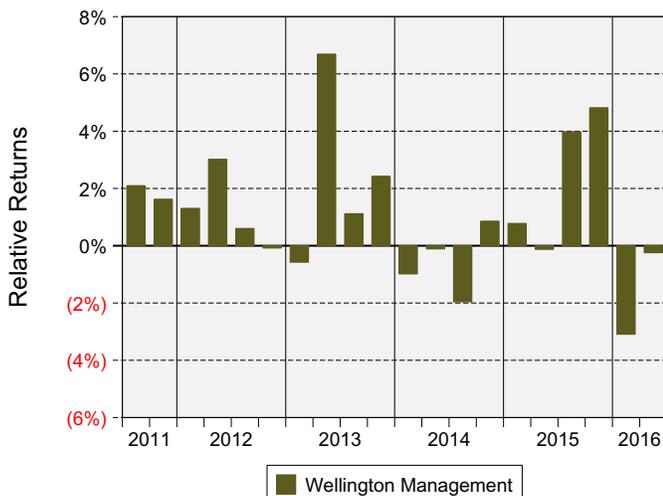
Beginning Market Value	\$92,069,575
Net New Investment	\$-10,183,539
Investment Gains/(Losses)	\$-353,130
Ending Market Value	\$81,532,906

## Performance vs CAI International Small Cap (Gross)

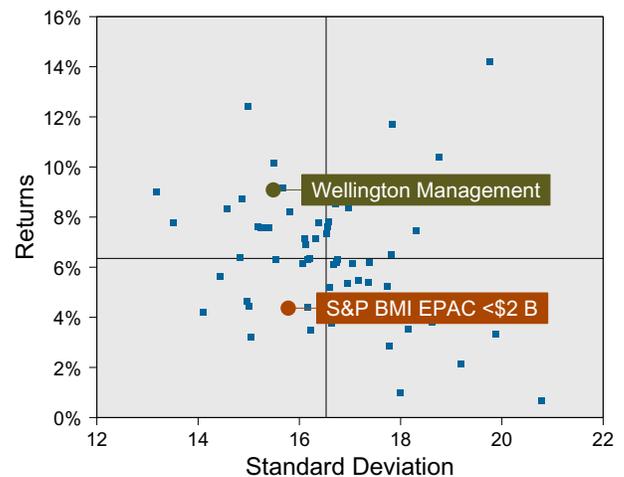


10th Percentile	0.90	1.79	3.33	11.06	9.44	8.05	13.10
25th Percentile	(0.60)	(0.49)	0.41	9.41	8.02	6.83	11.96
Median	(2.28)	(3.61)	(1.31)	7.82	6.35	5.52	10.93
75th Percentile	(3.59)	(6.93)	(3.51)	6.20	4.70	4.44	9.58
90th Percentile	(4.90)	(9.00)	(6.21)	3.74	3.37	3.65	8.90
<b>Wellington Management</b>	● (0.87)	1.90	1.21	9.80	9.09	6.76	11.01
<b>S&amp;P BMI EPAC &lt;\$2 B</b>	▲ (0.63)	(3.38)	(1.14)	7.29	4.37	3.51	9.27

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



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



# Axiom Emerging Markets

## Period Ended June 30, 2016

### Investment Philosophy

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

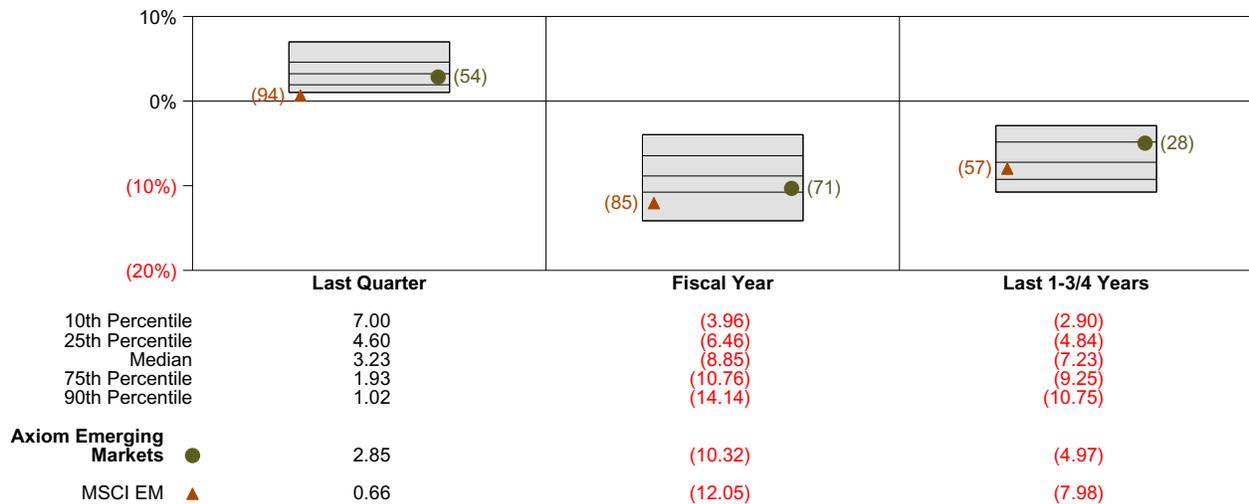
### Quarterly Summary and Highlights

- Axiom Emerging Markets's portfolio posted a 2.85% return for the quarter placing it in the 54 percentile of the CAI Emerging Markets Equity Mut Funds group for the quarter and in the 71 percentile for the last year.
- Axiom Emerging Markets's portfolio outperformed the MSCI EM by 2.18% for the quarter and outperformed the MSCI EM for the year by 1.74%.

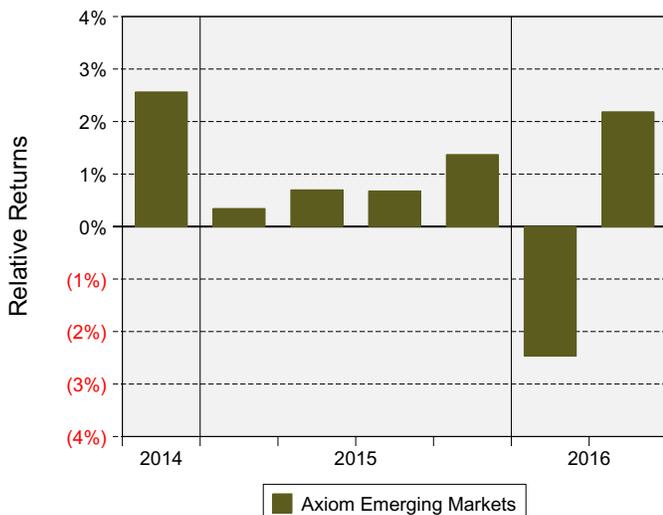
### Quarterly Asset Growth

Beginning Market Value	\$128,666,451
Net New Investment	\$0
Investment Gains/(Losses)	\$3,660,800
Ending Market Value	\$132,327,251

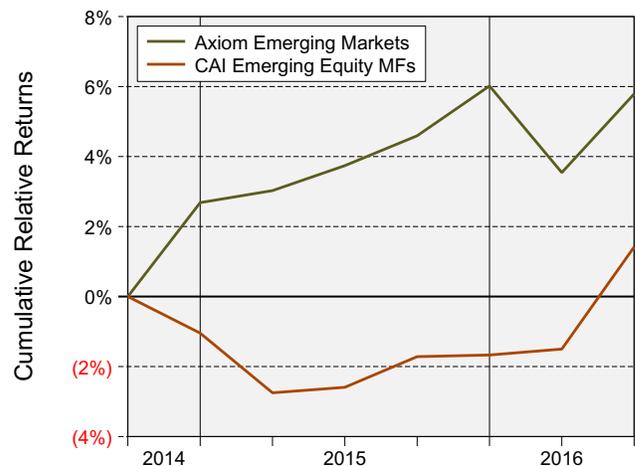
### Performance vs CAI Emerging Markets Equity Mut Funds (Net)



### Relative Return vs MSCI EM



### Cumulative Returns vs MSCI EM



# DFA Emerging Markets Period Ended June 30, 2016

## Investment Philosophy

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

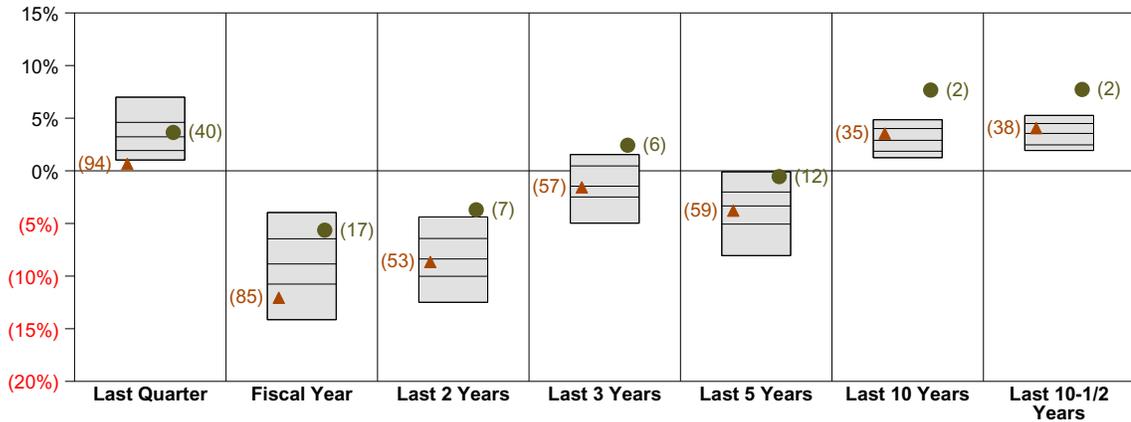
## Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 3.64% return for the quarter placing it in the 40 percentile of the CAI Emerging Markets Equity Mut Funds group for the quarter and in the 17 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI EM by 2.98% for the quarter and outperformed the MSCI EM for the year by 6.42%.

## Quarterly Asset Growth

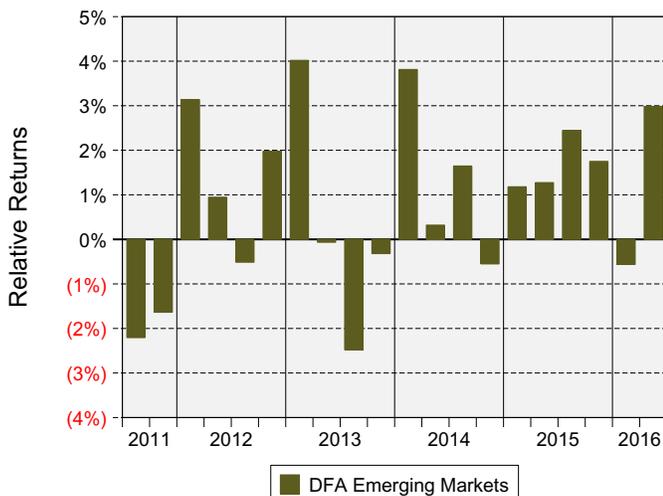
Beginning Market Value	\$44,487,461
Net New Investment	\$0
Investment Gains/(Losses)	\$1,621,191
Ending Market Value	\$46,108,652

## Performance vs CAI Emerging Markets Equity Mut Funds (Net)

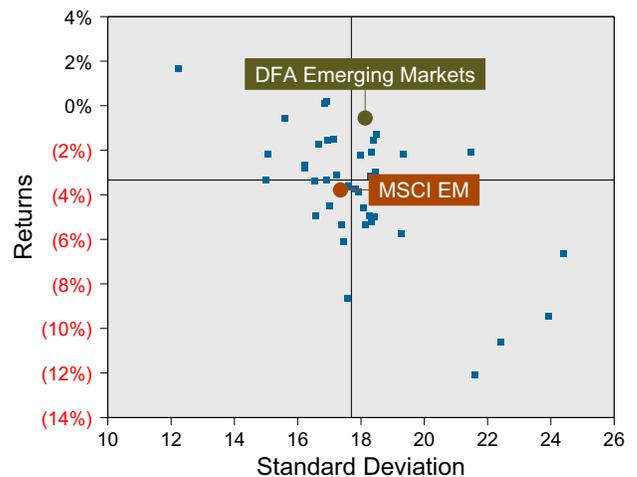


10th Percentile	7.00	(3.96)	(4.38)	1.55	(0.09)	4.85	5.26
25th Percentile	4.60	(6.46)	(6.43)	0.46	(2.01)	4.02	4.49
Median	3.23	(8.85)	(8.37)	(1.46)	(3.34)	2.90	3.55
75th Percentile	1.93	(10.76)	(10.02)	(2.49)	(5.06)	1.86	2.46
90th Percentile	1.02	(14.14)	(12.49)	(4.97)	(8.05)	1.25	1.93
<b>DFA Emerging Markets</b> ●	3.64	(5.64)	(3.70)	2.43	(0.55)	7.67	7.73
MSCI EM ▲	0.66	(12.05)	(8.66)	(1.56)	(3.78)	3.54	4.05

## Relative Return vs MSCI EM



## CAI Emerging Markets Equity Mut Funds (Net) Annualized Five Year Risk vs Return





# EPOCH Investment Period Ended June 30, 2016

## Investment Philosophy

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

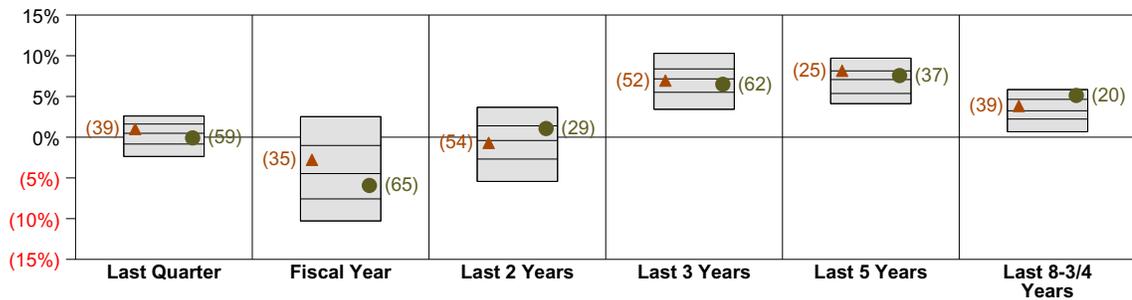
## Quarterly Summary and Highlights

- EPOCH Investment's portfolio posted a (0.09)% return for the quarter placing it in the 59 percentile of the CAI Global Equity Broad Style group for the quarter and in the 65 percentile for the last year.
- EPOCH Investment's portfolio underperformed the EPOCH Blended Benchmark by 1.10% for the quarter and underperformed the EPOCH Blended Benchmark for the year by 3.15%.

## Quarterly Asset Growth

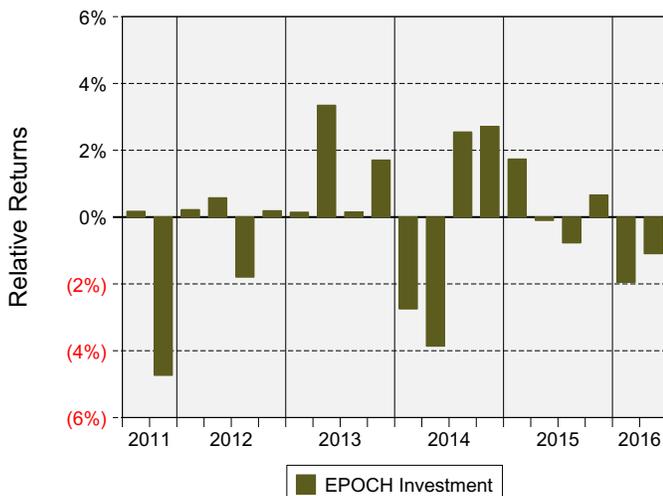
Beginning Market Value	\$339,370,267
Net New Investment	\$-545,671
Investment Gains/(Losses)	\$-300,567
Ending Market Value	\$338,524,029

## Performance vs CAI Global Equity Broad Style (Gross)

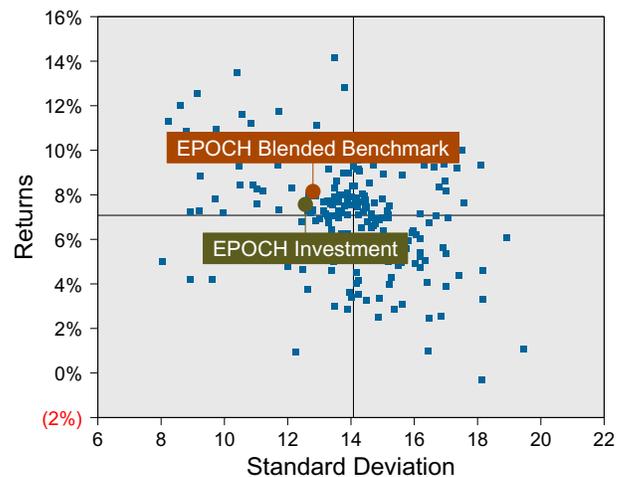


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-3/4 Years
EPOCH Investment ●	(0.09)	(5.93)	1.06	6.49	7.57	5.13
EPOCH Blended Benchmark ▲	1.01	(2.78)	(0.70)	6.95	8.15	3.84

## Relative Returns vs EPOCH Blended Benchmark



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



# LSV Asset Management

## Period Ended June 30, 2016

### Investment Philosophy

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

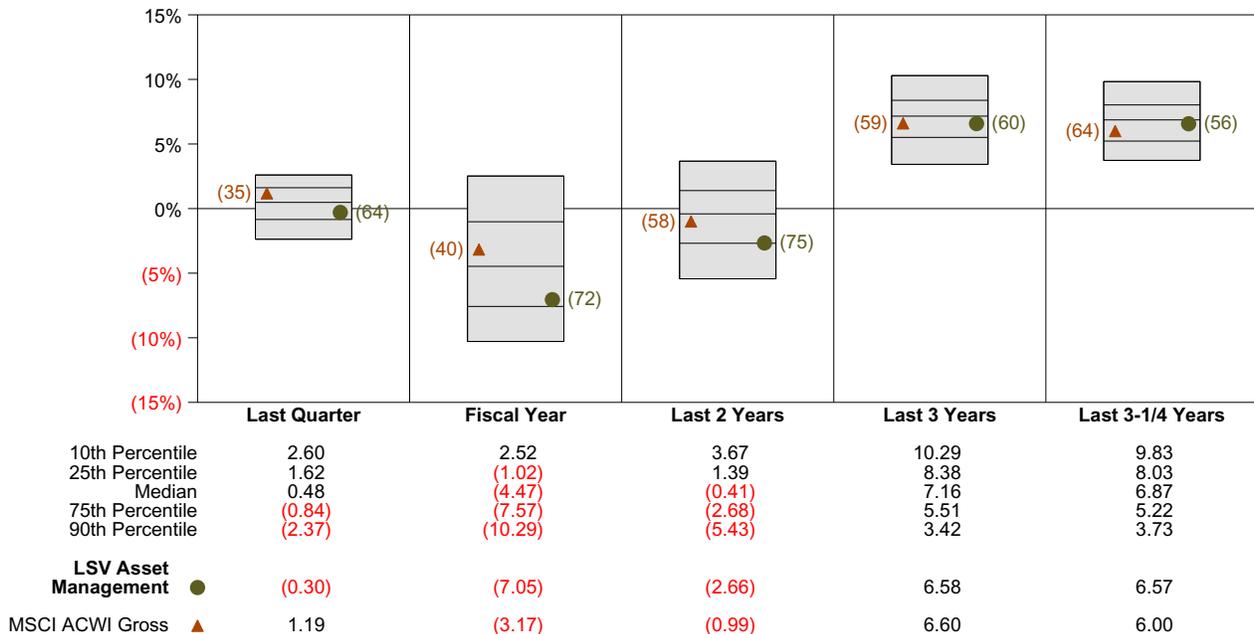
### Quarterly Summary and Highlights

- LSV Asset Management's portfolio posted a (0.30)% return for the quarter placing it in the 64 percentile of the CAI Global Equity Broad Style group for the quarter and in the 72 percentile for the last year.
- LSV Asset Management's portfolio underperformed the MSCI ACWI Gross by 1.48% for the quarter and underperformed the MSCI ACWI Gross for the year by 3.88%.

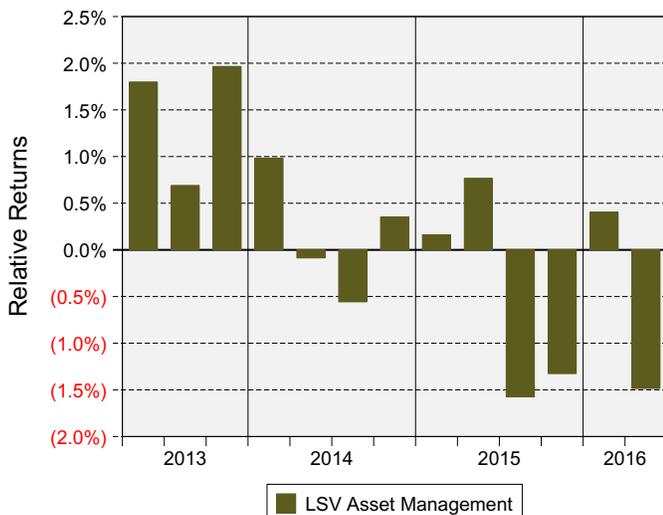
### Quarterly Asset Growth

Beginning Market Value	\$419,957,546
Net New Investment	\$9,897,047
Investment Gains/(Losses)	\$-1,254,196
Ending Market Value	\$428,600,398

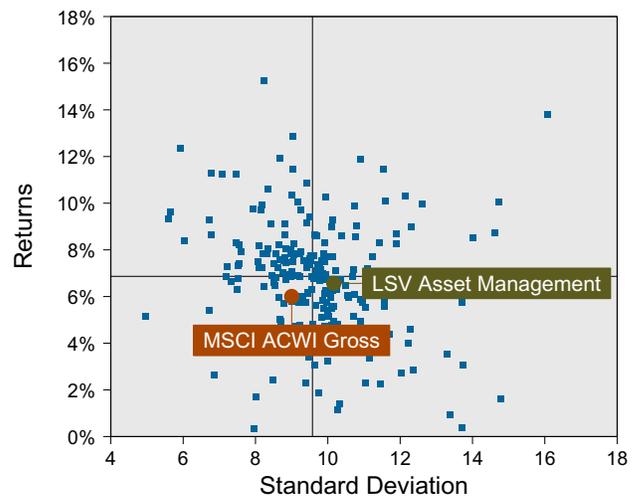
### Performance vs CAI Global Equity Broad Style (Gross)



### Relative Return vs MSCI ACWI Gross



### CAI Global Equity Broad Style (Gross) Annualized Three and One-Quarter Year Risk vs Return





## Investment Manager Returns

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

### Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 15-1/2 Years
<b>Private Equity</b>	<b>0.12%</b>	<b>(7.20%)</b>	<b>(2.97%)</b>	<b>0.45%</b>	<b>1.83%</b>
Adams Street Direct Co-Invest Fd	1.54%	8.04%	15.92%	12.50%	-
Adams Street Direct Fd 2010	(6.96%)	7.48%	15.27%	13.88%	-
Adams Street 1998 Partnership	0.10%	4.14%	1.77%	0.95%	1.79%
Adams Street 1999 Partnership	1.72%	12.03%	2.61%	2.21%	2.94%
Adams Street 2000 Partnership	(3.52%)	(1.75%)	(1.74%)	1.43%	3.23%
Adams Street 2001 Partnership	(6.83%)	(10.10%)	2.31%	4.78%	3.46%
Adams Street 2002 Partnership	4.92%	9.43%	1.65%	4.69%	-
Adams Street 2003 Partnership	(3.80%)	(2.55%)	13.28%	7.77%	-
Adams Street 2010 Partnership	(0.55%)	6.18%	13.70%	12.03%	-
Adams Street 2008 Fund	(0.42%)	11.84%	12.71%	9.22%	-
Adams Street 1999 Non-US	1.17%	13.44%	1.29%	5.77%	6.52%
Adams Street 2000 Non-US	(1.76%)	(7.68%)	(2.64%)	(2.51%)	2.54%
Adams Street 2001 Non-US	(5.38%)	23.36%	24.09%	12.41%	-
Adams Street 2002 Non-US	1.29%	29.09%	8.10%	9.92%	-
Adams Street 2003 Non-US	4.26%	18.08%	11.09%	9.99%	-
Adams Street 2004 Non-US	(5.18%)	(8.27%)	5.80%	3.35%	-
Adams Street 2010 Non-US	0.19%	9.63%	6.70%	7.21%	-
Adams Street 2010 NonUS Emg	(0.93%)	10.50%	11.83%	0.77%	-
Adams Street 2015 Global Fd	(5.17%)	-	-	-	-
Adams Street BVCF IV Fund	(0.32%)	(1.65%)	18.20%	29.22%	18.60%
CorsAir III	(0.95%)	34.22%	7.06%	1.35%	-
ND Investors	(5.60%)	6.41%	(0.10%)	2.53%	-
CorsAir IV	6.84%	(2.38%)	13.58%	6.00%	-
Capital International V	5.43%	(25.52%)	(10.61%)	(9.07%)	-
Capital International VI	14.99%	1.06%	(9.32%)	-	-
EIG Energy Fund XIV	(27.87%)	(67.59%)	(38.29%)	(24.04%)	-
Lewis & Clark	(51.19%)	(51.19%)	(35.55%)	(19.67%)	-
Lewis & Clark II	1.88%	1.88%	(6.77%)	(5.56%)	-
Quantum Energy Partners	(12.50%)	(22.63%)	(6.45%)	4.85%	-
Matlin Patterson I	2.21%	13.00%	4.54%	649.79%	-
Matlin Patterson II	(6.77%)	7.27%	3.19%	(27.34%)	-
Matlin Patterson III	4.54%	(5.66%)	(1.30%)	22.01%	-
Russell 1000 Index	2.54%	2.93%	11.48%	11.88%	5.33%
Russell 2000 Index	3.79%	(6.73%)	7.09%	8.35%	7.18%



# Declaration Total Return Period Ended June 30, 2016

## Investment Philosophy

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

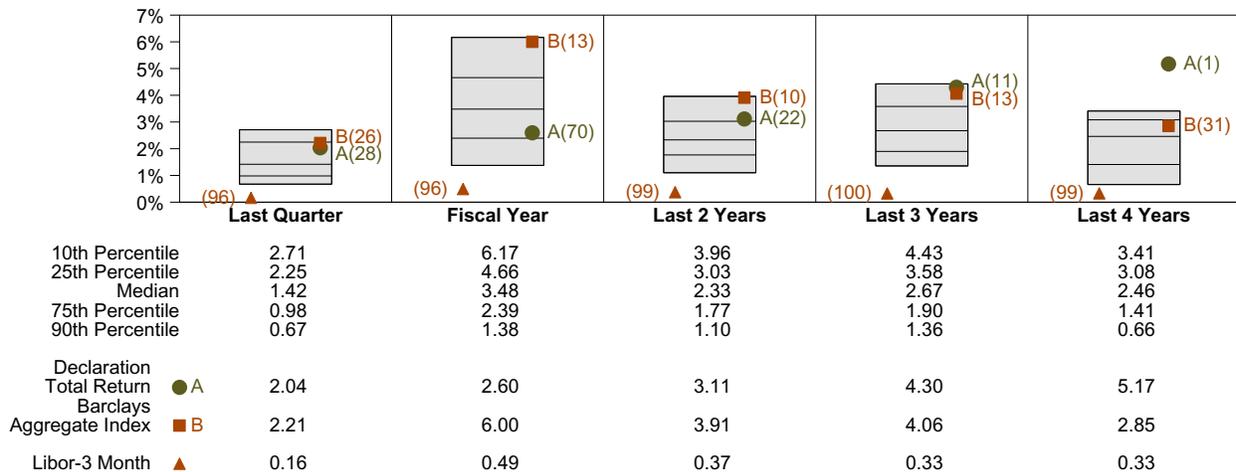
## Quarterly Summary and Highlights

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

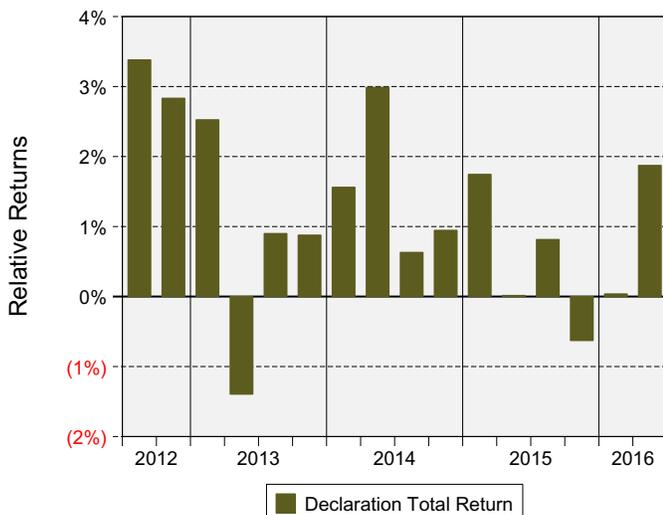
## Quarterly Asset Growth

Beginning Market Value	\$84,863,258
Net New Investment	\$-30,387
Investment Gains/(Losses)	\$1,727,662
Ending Market Value	\$86,560,533

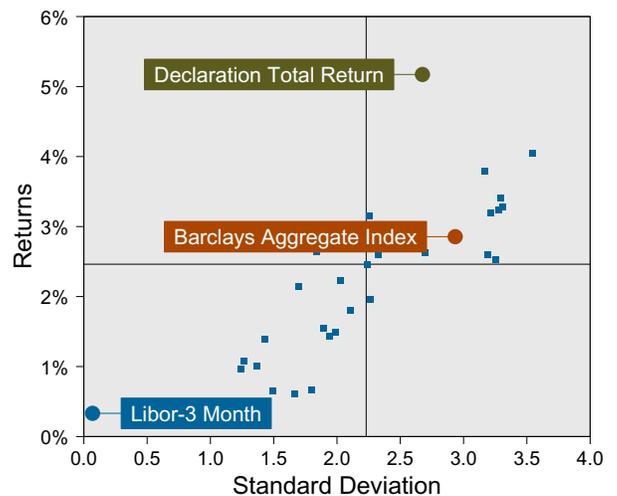
## Performance vs CAI Intermediate Fixed Income Mut Funds (Net)



## Relative Return vs Libor-3 Month



## CAI Intermediate Fixed Income Mut Funds (Net) Annualized Four Year Risk vs Return



# J.P. Morgan MBS

## Period Ended June 30, 2016

### Investment Philosophy

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

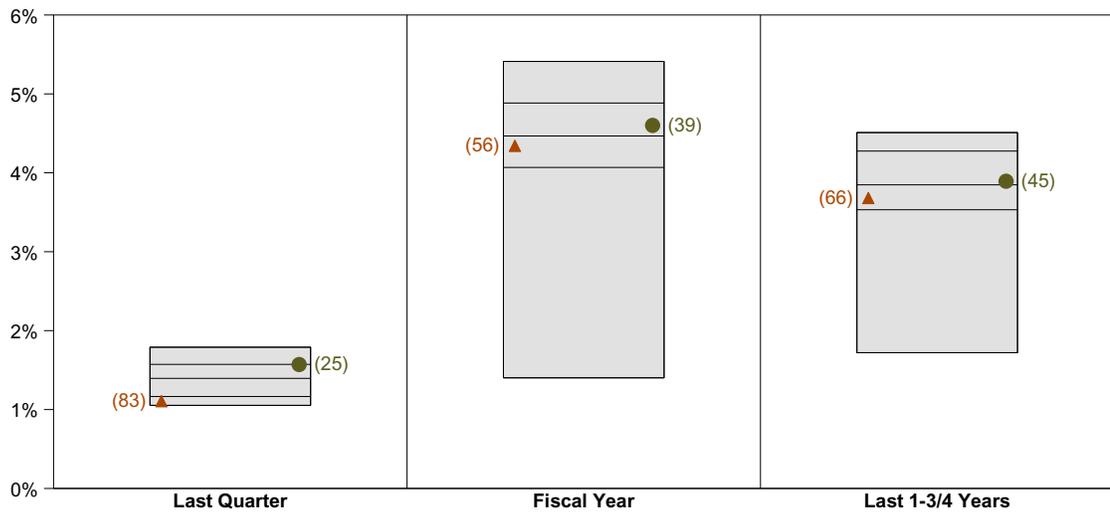
### Quarterly Summary and Highlights

- J.P. Morgan MBS's portfolio posted a 1.57% return for the quarter placing it in the 25 percentile of the CAI Mortgage Backed Fixed Income group for the quarter and in the 39 percentile for the last year.
- J.P. Morgan MBS's portfolio outperformed the Barclays Mortgage by 0.46% for the quarter and outperformed the Barclays Mortgage for the year by 0.26%.

### Quarterly Asset Growth

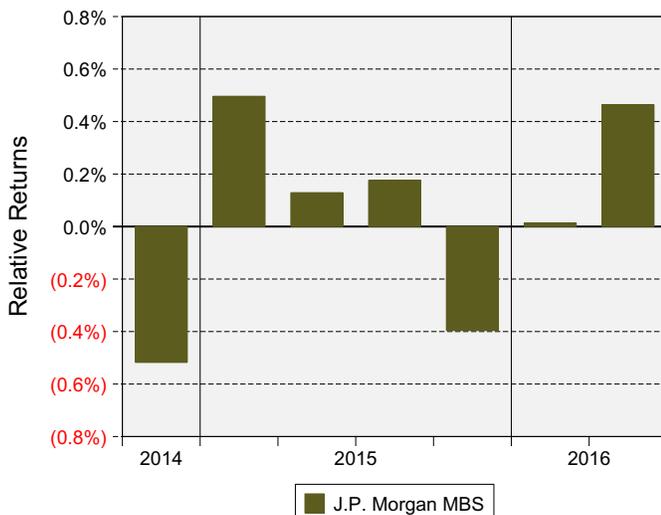
Beginning Market Value	\$112,199,186
Net New Investment	\$-61,067
Investment Gains/(Losses)	\$1,761,133
Ending Market Value	\$113,899,252

### Performance vs CAI Mortgage Backed Fixed Income (Gross)

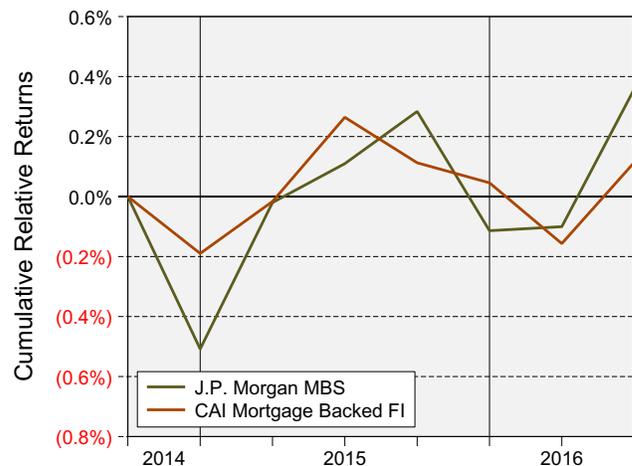


10th Percentile	1.79	5.41	4.51
25th Percentile	1.57	4.88	4.28
Median	1.39	4.47	3.85
75th Percentile	1.16	4.07	3.53
90th Percentile	1.05	1.40	1.72
<b>J.P. Morgan MBS</b>	<b>1.57</b>	<b>4.60</b>	<b>3.89</b>
<b>Barclays Mortgage</b>	<b>1.11</b>	<b>4.34</b>	<b>3.68</b>

### Relative Return vs Barclays Mortgage



### Cumulative Returns vs Barclays Mortgage



# PIMCO DiSCO II

## Period Ended June 30, 2016

### Investment Philosophy

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

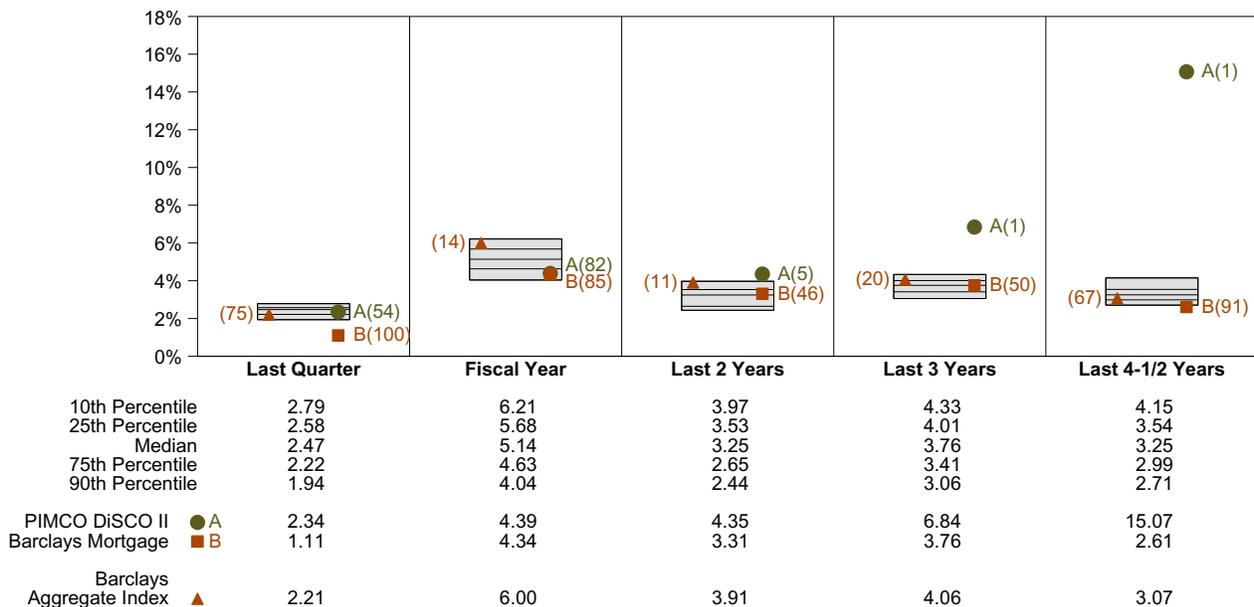
### Quarterly Summary and Highlights

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

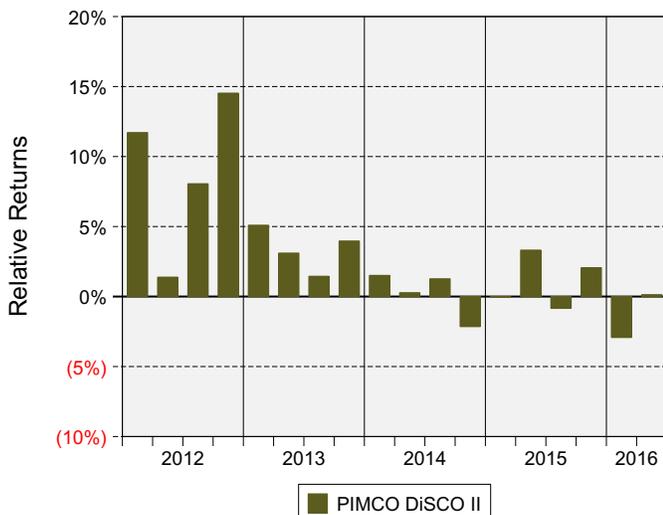
### Quarterly Asset Growth

Beginning Market Value	\$89,612,490
Net New Investment	\$0
Investment Gains/(Losses)	\$2,100,909
Ending Market Value	\$91,713,399

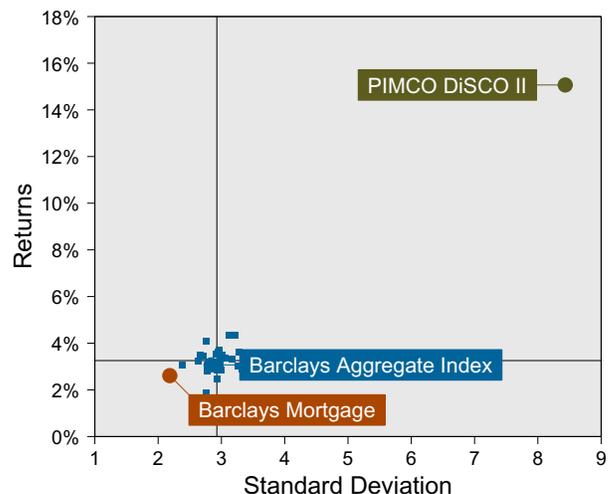
### Performance vs CAI Core Bond Mutual Funds (Net)



### Relative Return vs Barclays Aggregate Index



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



# PIMCO MBS

## Period Ended June 30, 2016

### Investment Philosophy

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

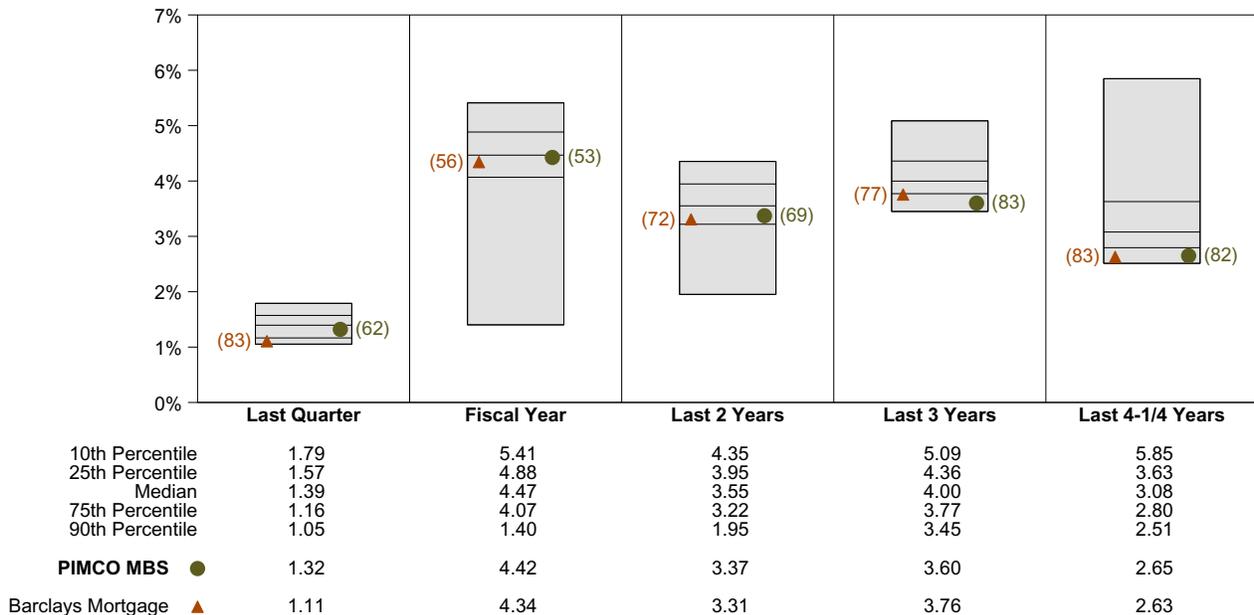
### Quarterly Summary and Highlights

- PIMCO MBS's portfolio posted a 1.32% return for the quarter placing it in the 62 percentile of the CAI Mortgage Backed Fixed Income group for the quarter and in the 53 percentile for the last year.
- PIMCO MBS's portfolio outperformed the Barclays Mortgage by 0.21% for the quarter and outperformed the Barclays Mortgage for the year by 0.08%.

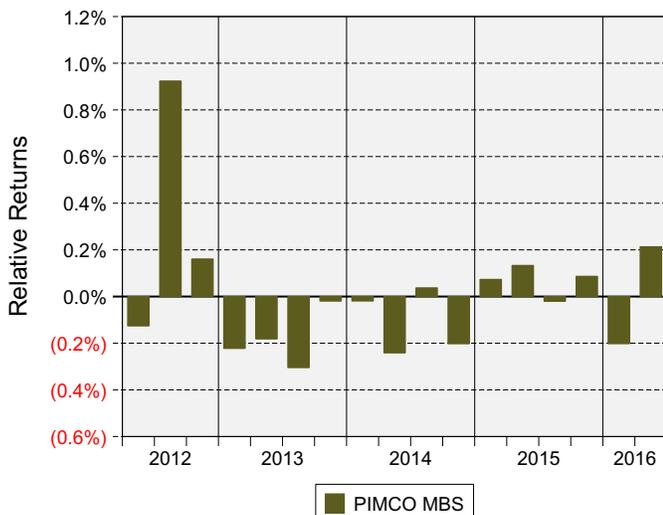
### Quarterly Asset Growth

Beginning Market Value	\$165,914,206
Net New Investment	\$14,930,172
Investment Gains/(Losses)	\$2,342,867
Ending Market Value	\$183,187,244

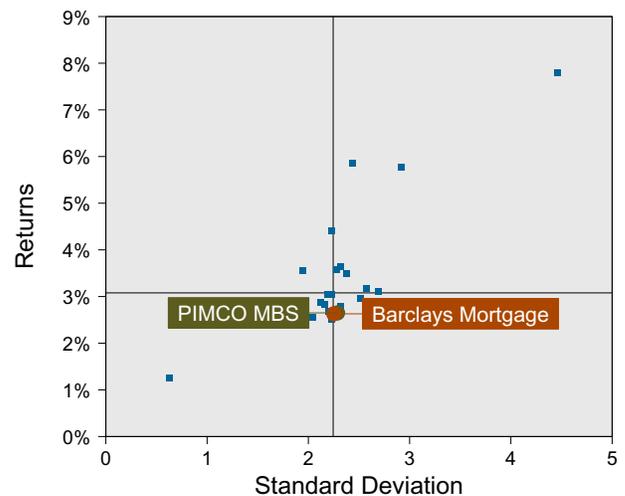
### Performance vs CAI Mortgage Backed Fixed Income (Gross)



### Relative Return vs Barclays Mortgage



### CAI Mortgage Backed Fixed Income (Gross) Annualized Four and One-Quarter Year Risk vs Return



# PIMCO Unconstrained Period Ended June 30, 2016

## Investment Philosophy

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

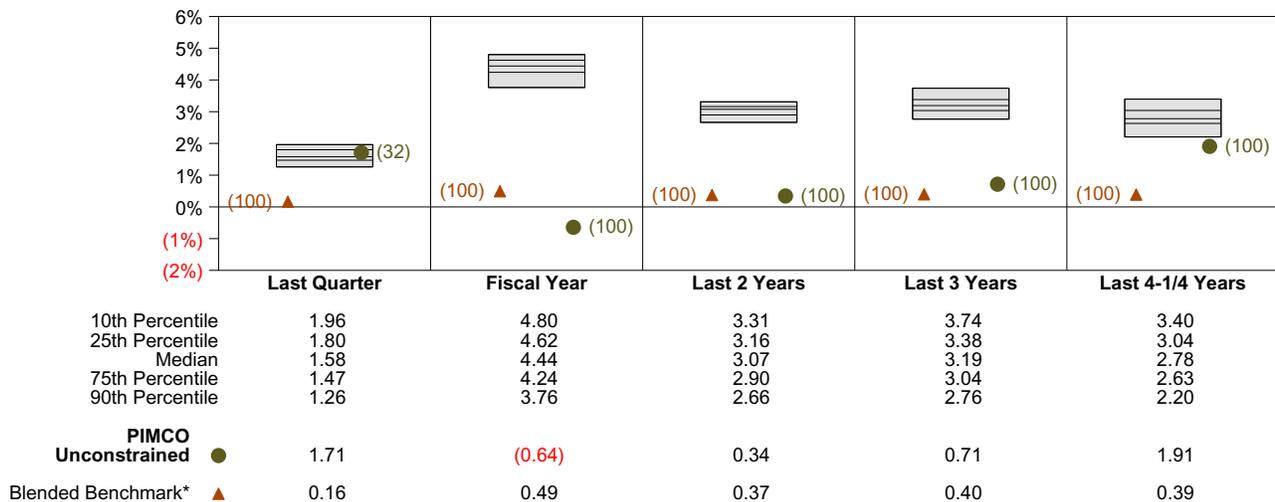
## Quarterly Summary and Highlights

- PIMCO Unconstrained's portfolio posted a 1.71% return for the quarter placing it in the 32 percentile of the CAI Intermediate Fixed Income group for the quarter and in the 100 percentile for the last year.
- PIMCO Unconstrained's portfolio outperformed the Blended Benchmark\* by 1.55% for the quarter and underperformed the Blended Benchmark\* for the year by 1.14%.

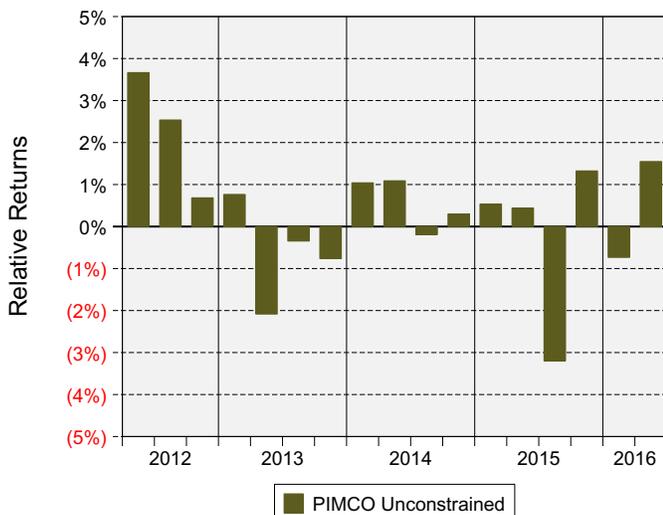
## Quarterly Asset Growth

Beginning Market Value	\$60,712,217
Net New Investment	-\$73,738
Investment Gains/(Losses)	\$1,037,682
Ending Market Value	\$61,676,161

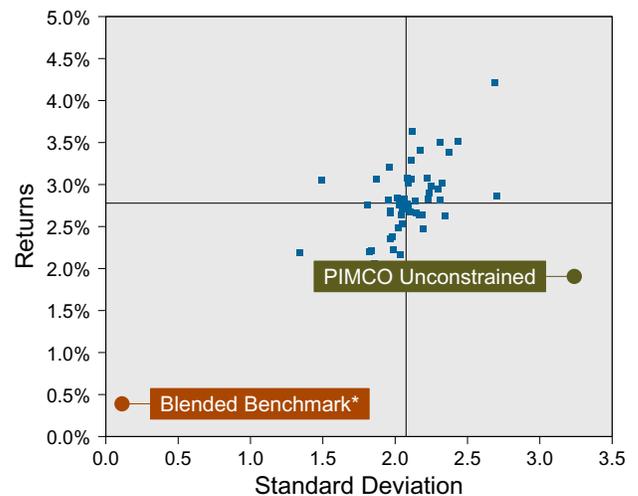
## Performance vs CAI Intermediate Fixed Income (Gross)



## Relative Return vs Blended Benchmark\*



## CAI Intermediate Fixed Income (Gross) Annualized Four and One-Quarter Year Risk vs Return



# SSgA Long US Treas Index Period Ended June 30, 2016

## Investment Philosophy

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

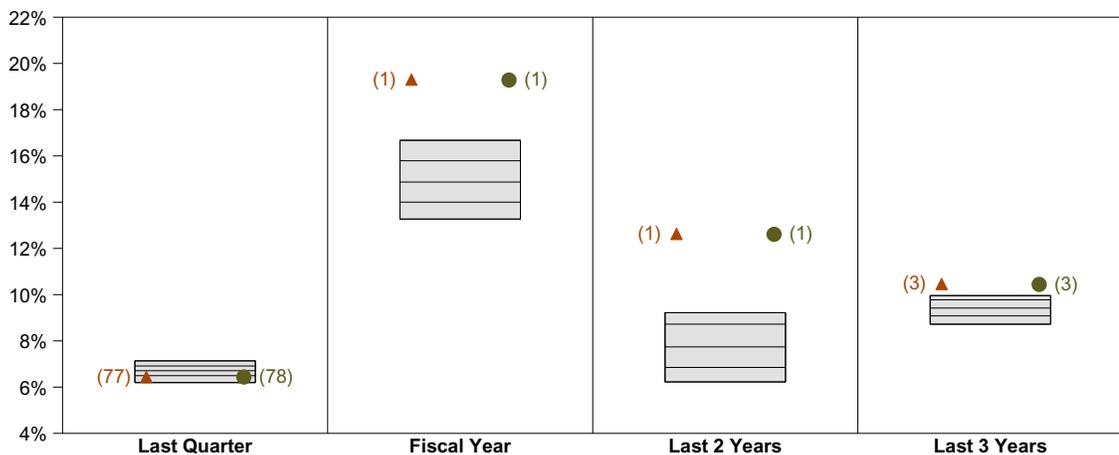
## Quarterly Summary and Highlights

- SSgA Long US Treas Index's portfolio posted a 6.44% return for the quarter placing it in the 78 percentile of the CAI Extended Maturity Fixed Income group for the quarter and in the 1 percentile for the last year.
- SSgA Long US Treas Index's portfolio underperformed the Barclays Long Treas by 0.01% for the quarter and underperformed the Barclays Long Treas for the year by 0.02%.

## Quarterly Asset Growth

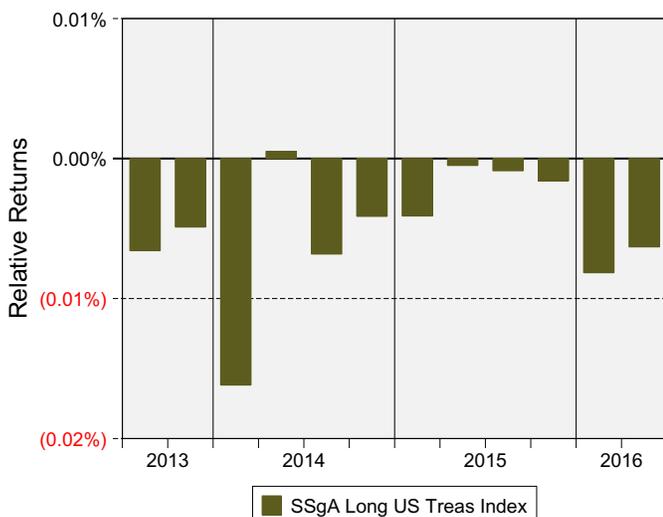
Beginning Market Value	\$54,929,204
Net New Investment	\$7,993,706
Investment Gains/(Losses)	\$4,118,611
Ending Market Value	\$67,041,520

## Performance vs CAI Extended Maturity Fixed Income (Gross)

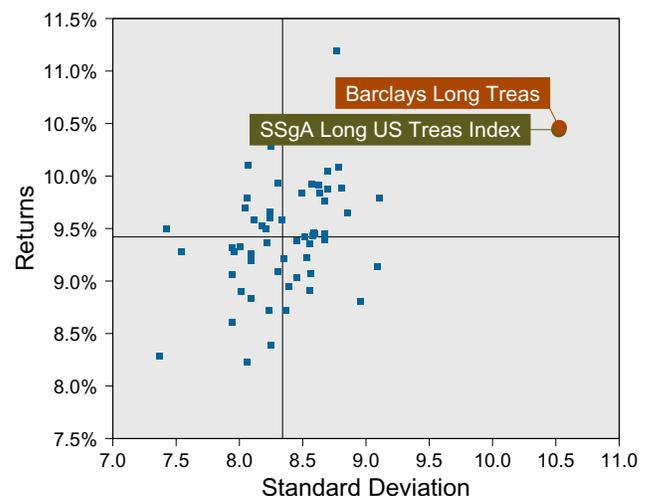


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years
10th Percentile	7.14	16.67	9.22	9.96
25th Percentile	6.91	15.79	8.72	9.78
Median	6.71	14.87	7.74	9.42
75th Percentile	6.50	14.00	6.85	9.08
90th Percentile	6.20	13.27	6.23	8.72
SSgA Long US Treas Index	6.44	19.28	12.61	10.44
Barclays Long Treas	6.44	19.30	12.63	10.46

## Relative Return vs Barclays Long Treas



## CAI Extended Maturity Fixed Income (Gross) Annualized Three Year Risk vs Return



# Goldman Sachs 2006 Offshore Period Ended June 30, 2016

## Investment Philosophy

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

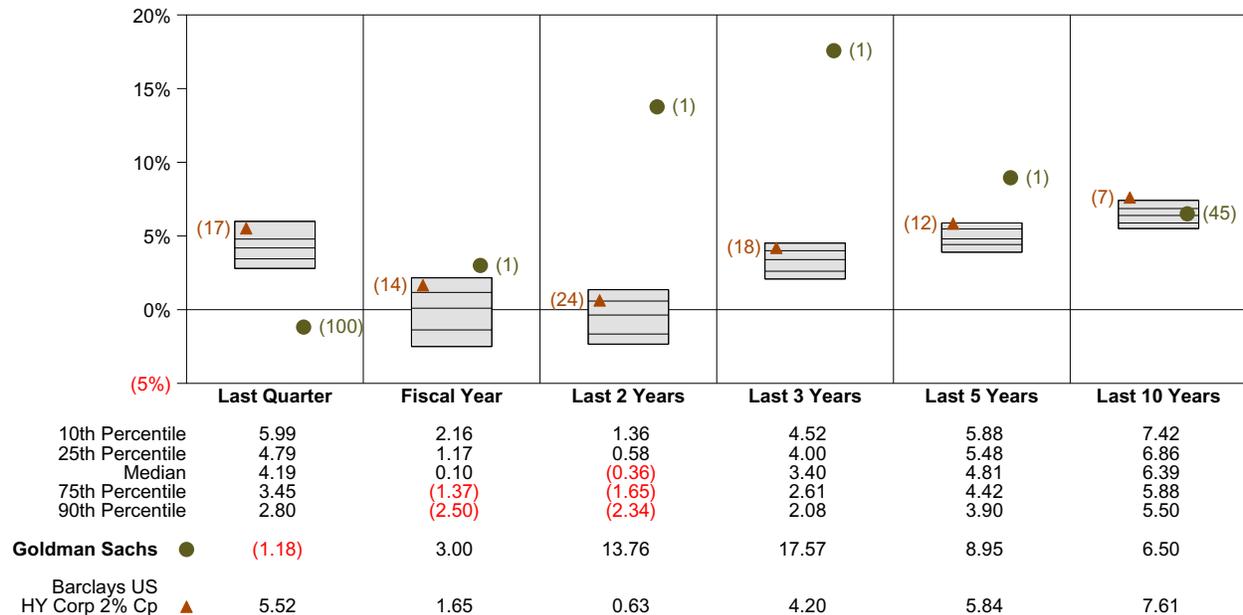
## Quarterly Summary and Highlights

- Goldman Sachs's portfolio posted a (1.18)% return for the quarter placing it in the 100 percentile of the CAI High Yield Mutual Funds group for the quarter and in the 1 percentile for the last year.
- Goldman Sachs's portfolio underperformed the Barclays US HY Corp 2% Cp by 6.70% for the quarter and outperformed the Barclays US HY Corp 2% Cp for the year by 1.35%.

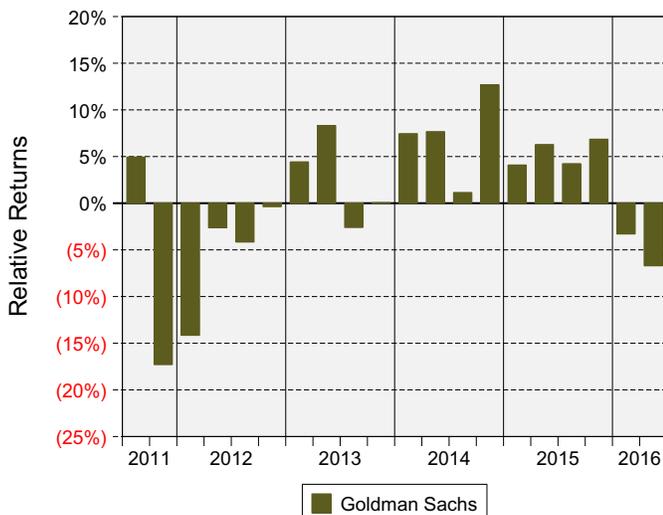
## Quarterly Asset Growth

Beginning Market Value	\$1,176,294
Net New Investment	\$-63,000
Investment Gains/(Losses)	\$-13,294
Ending Market Value	\$1,100,000

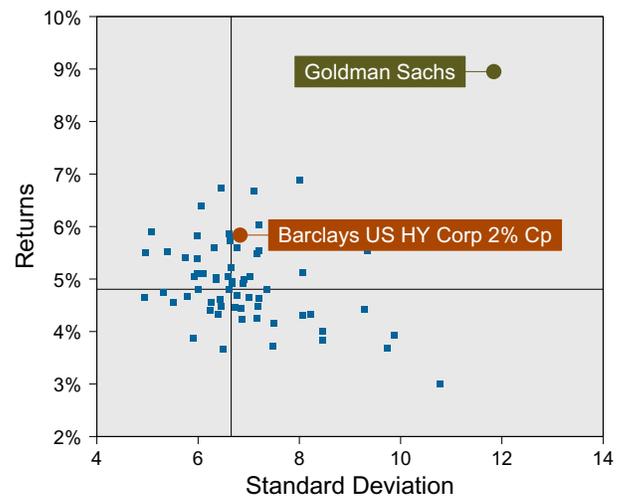
## Performance vs CAI High Yield Mutual Funds (Net)



## Relative Returns vs Barclays US HY Corp 2% Cp



## CAI High Yield Mutual Funds (Net) Annualized Five Year Risk vs Return



# Goldman Sachs Offshore Fund V

## Period Ended June 30, 2016

### Investment Philosophy

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

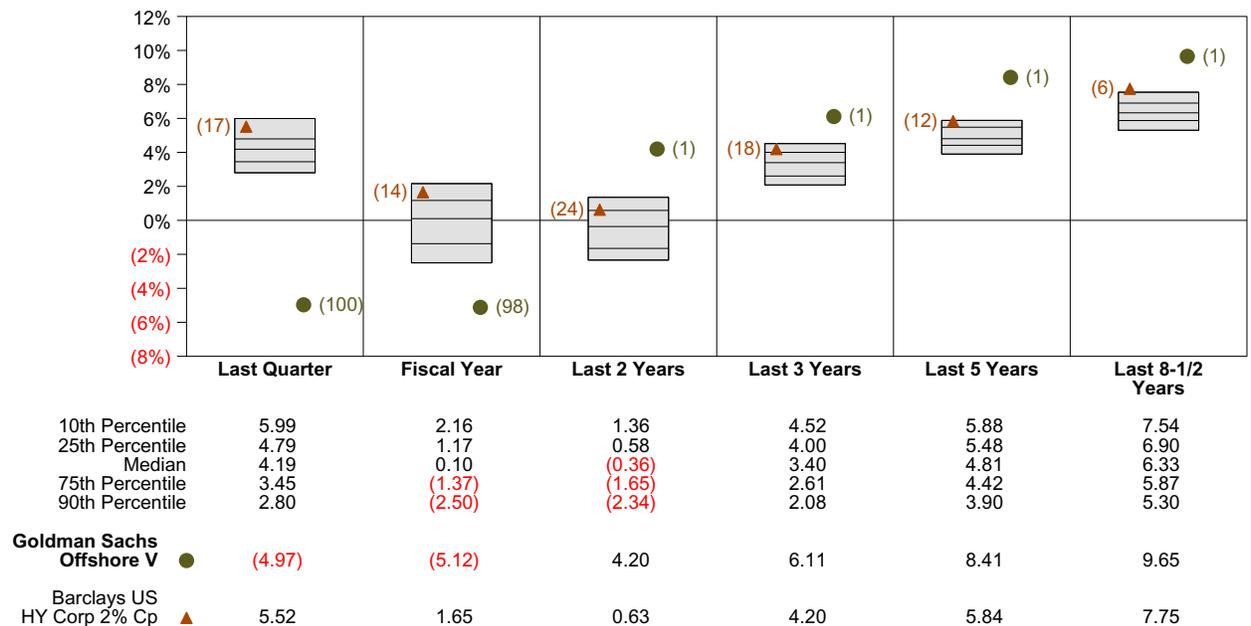
### Quarterly Summary and Highlights

- Goldman Sachs Offshore V's portfolio posted a (4.97)% return for the quarter placing it in the 100 percentile of the CAI High Yield Mutual Funds group for the quarter and in the 98 percentile for the last year.
- Goldman Sachs Offshore V's portfolio underperformed the Barclays US HY Corp 2% Cp by 10.49% for the quarter and underperformed the Barclays US HY Corp 2% Cp for the year by 6.78%.

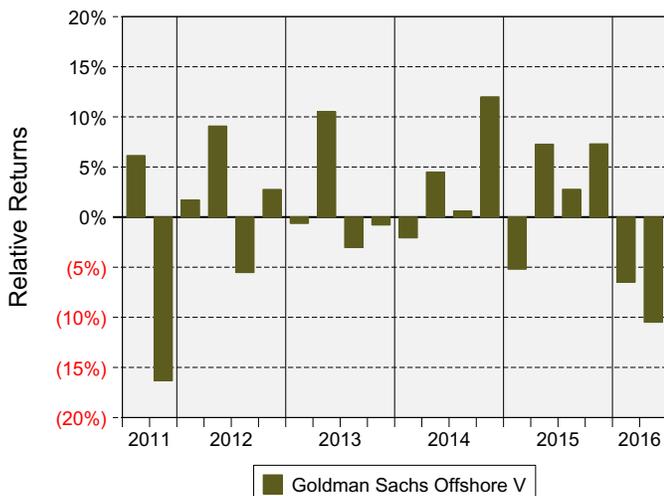
### Quarterly Asset Growth

Beginning Market Value	\$2,721,258
Net New Investment	\$0
Investment Gains/(Losses)	\$-135,258
Ending Market Value	\$2,586,000

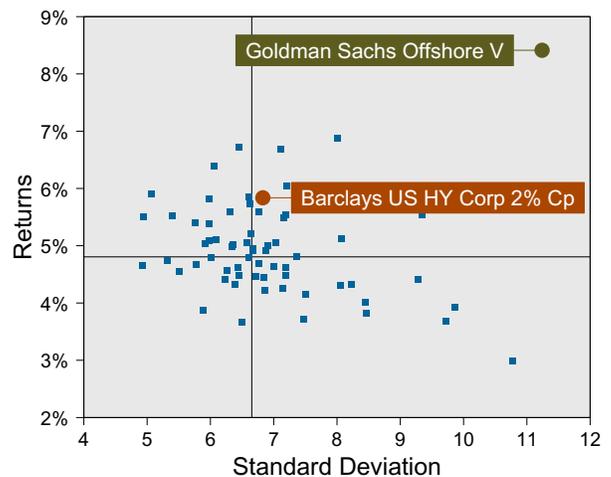
### Performance vs CAI High Yield Mutual Funds (Net)



### Relative Returns vs Barclays US HY Corp 2% Cp



### CAI High Yield Mutual Funds (Net) Annualized Five Year Risk vs Return



# Loomis Sayles

## Period Ended June 30, 2016

### Investment Philosophy

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

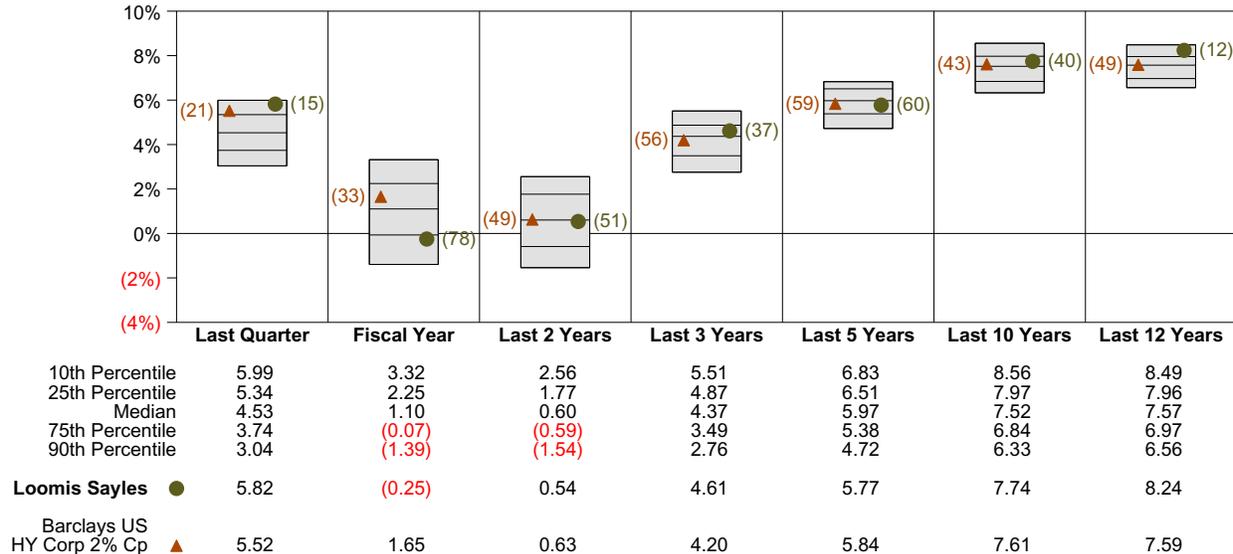
### Quarterly Summary and Highlights

- Loomis Sayles's portfolio posted a 5.82% return for the quarter placing it in the 15 percentile of the CAI High Yield Fixed Income group for the quarter and in the 78 percentile for the last year.
- Loomis Sayles's portfolio outperformed the Barclays US HY Corp 2% Cp by 0.30% for the quarter and underperformed the Barclays US HY Corp 2% Cp for the year by 1.90%.

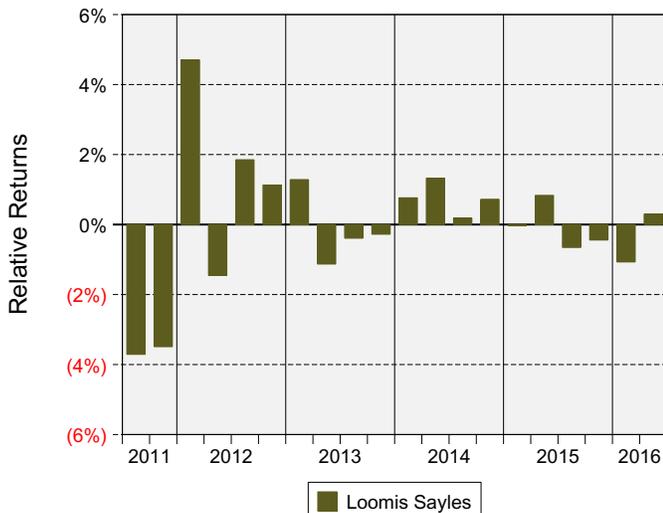
### Quarterly Asset Growth

Beginning Market Value	\$195,154,558
Net New Investment	\$-20,243,943
Investment Gains/(Losses)	\$10,929,326
Ending Market Value	\$185,839,941

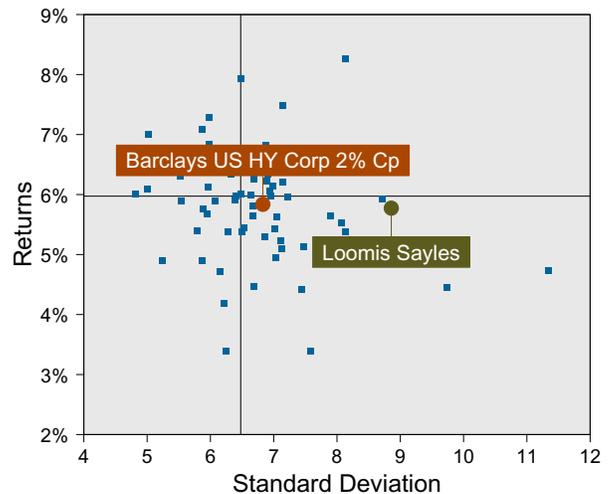
### Performance vs CAI High Yield Fixed Income (Gross)



### Relative Returns vs Barclays US HY Corp 2% Cp



### CAI High Yield Fixed Income (Gross) Annualized Five Year Risk vs Return



# PIMCO Bravo II Fund

## Period Ended June 30, 2016

### Investment Philosophy

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

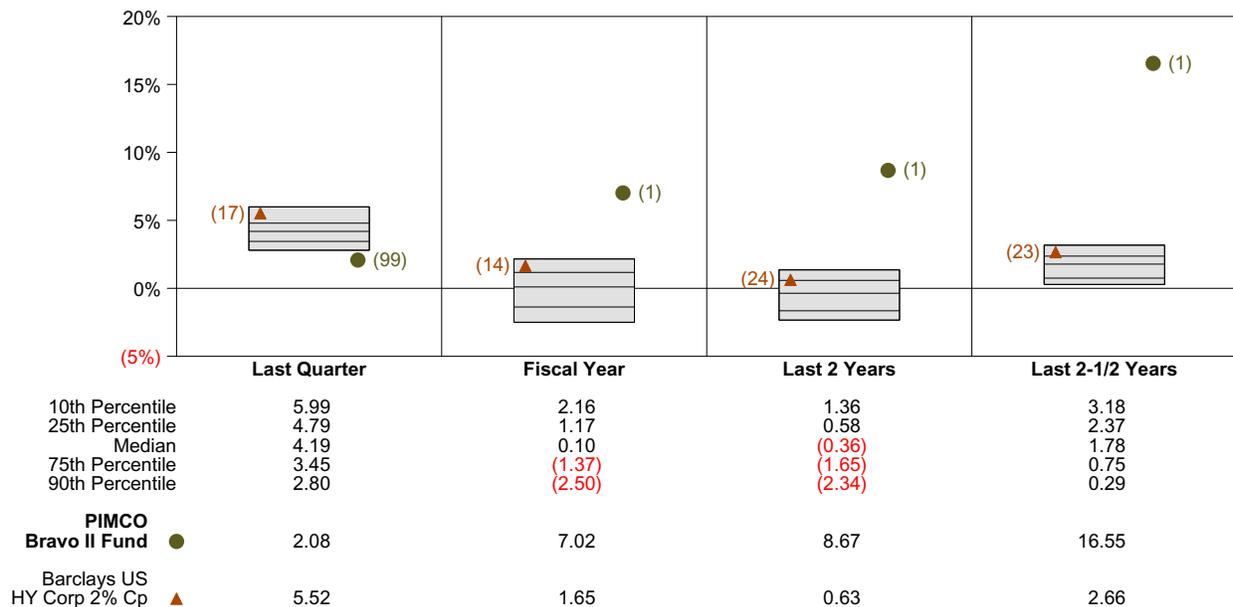
### Quarterly Summary and Highlights

- PIMCO Bravo II Fund's portfolio posted a 2.08% return for the quarter placing it in the 99 percentile of the CAI High Yield Mutual Funds group for the quarter and in the 1 percentile for the last year.
- PIMCO Bravo II Fund's portfolio underperformed the Barclays US HY Corp 2% Cp by 3.44% for the quarter and outperformed the Barclays US HY Corp 2% Cp for the year by 5.36%.

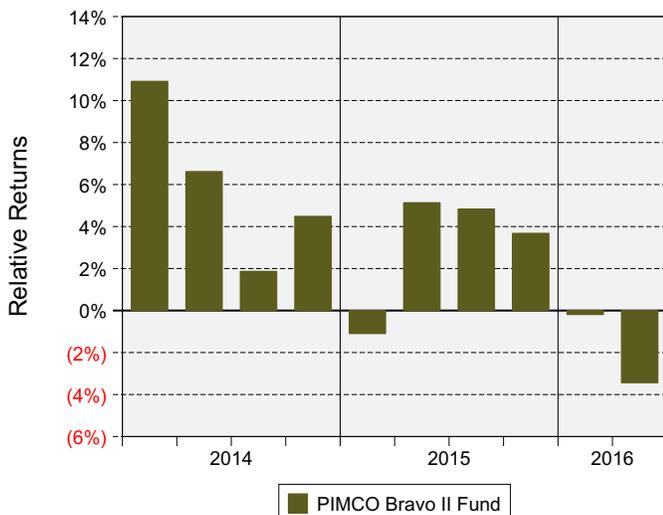
### Quarterly Asset Growth

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

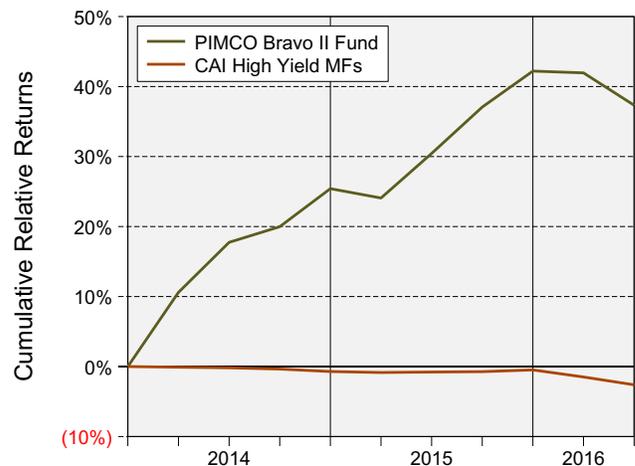
### Performance vs CAI High Yield Mutual Funds (Net)



### Relative Returns vs Barclays US HY Corp 2% Cp



### Cumulative Returns vs Barclays US HY Corp 2% Cp





# Brandywine Asset Management

## Period Ended June 30, 2016

### Investment Philosophy

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

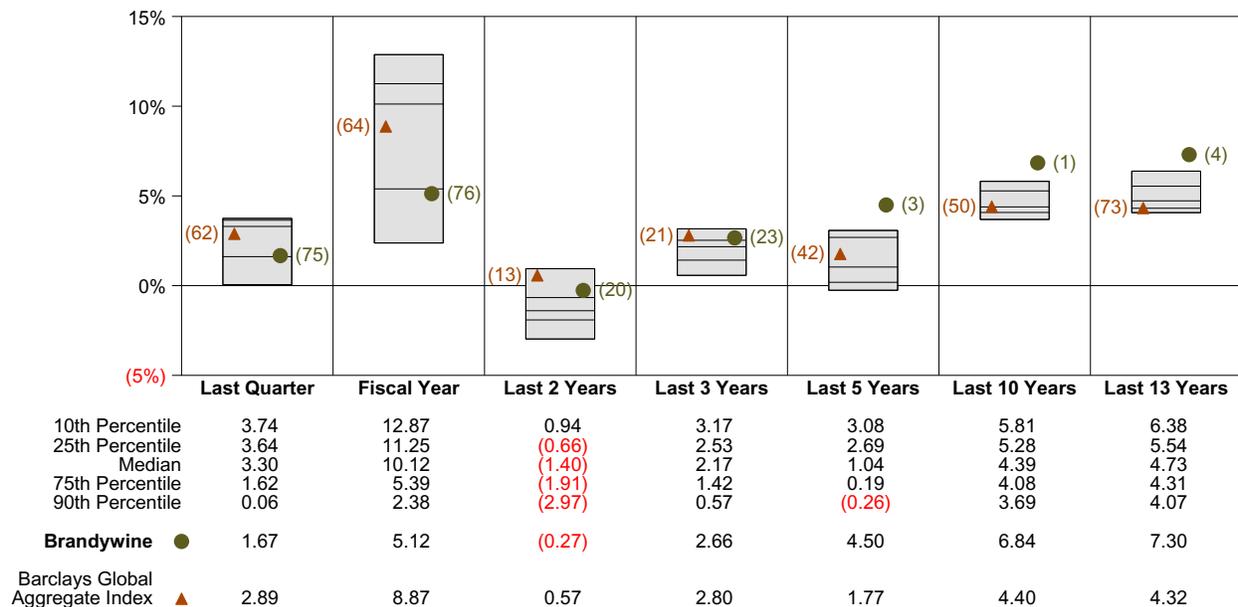
### Quarterly Summary and Highlights

- Brandywine's portfolio posted a 1.67% return for the quarter placing it in the 75 percentile of the CAI Non US Fixed Income (Unhedged) group for the quarter and in the 76 percentile for the last year.
- Brandywine's portfolio underperformed the Barclays Global Aggregate Index by 1.22% for the quarter and underperformed the Barclays Global Aggregate Index for the year by 3.75%.

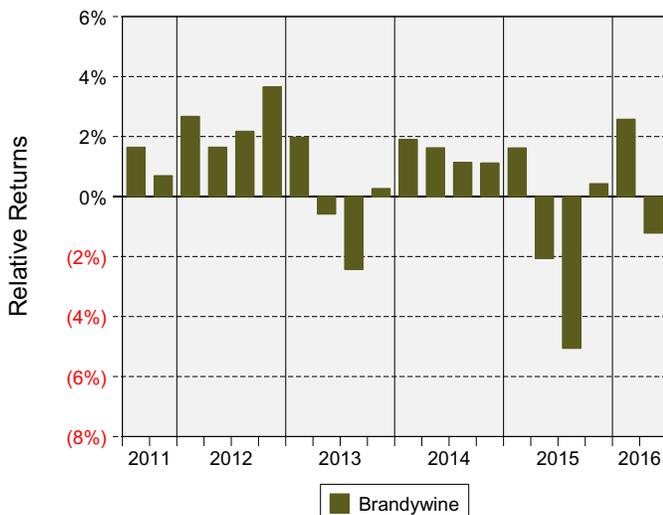
### Quarterly Asset Growth

Beginning Market Value	\$131,973,448
Net New Investment	\$12,873,506
Investment Gains/(Losses)	\$2,497,612
Ending Market Value	\$147,344,567

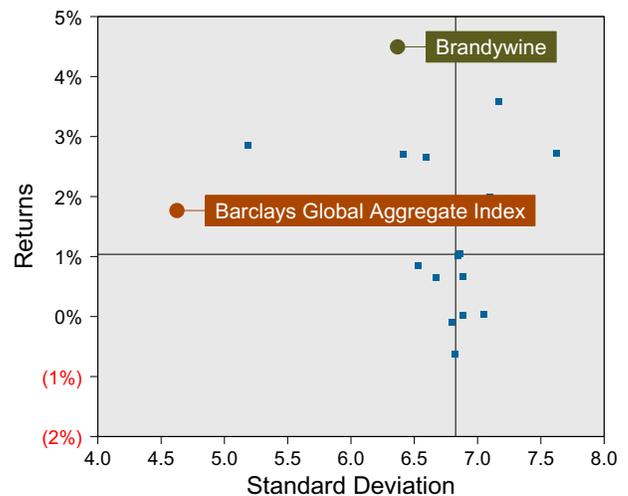
### Performance vs CAI Non US Fixed Income (Unhedged) (Gross)



### Relative Returns vs Barclays Global Aggregate Index



### CAI Non US Fixed Income (Unhedged) (Gross) Annualized Five Year Risk vs Return



# UBS Global Asset Management Period Ended June 30, 2016

## Investment Philosophy

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

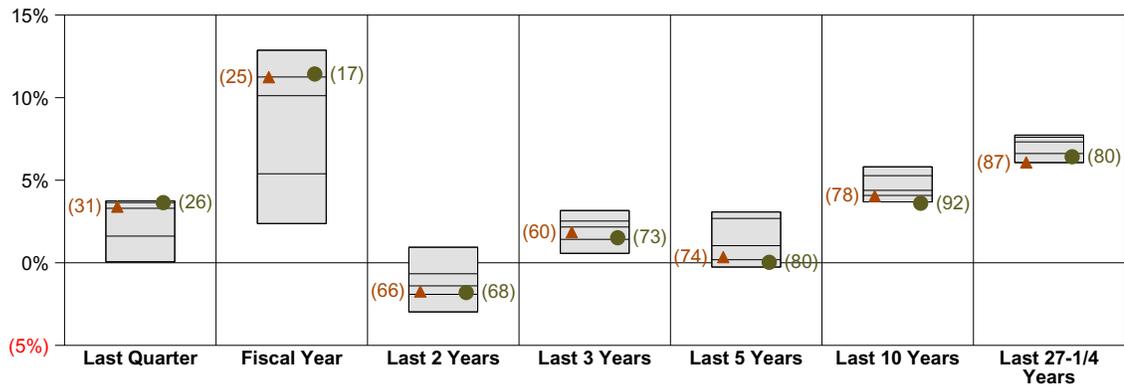
## Quarterly Summary and Highlights

- UBS Global Asset Management's portfolio posted a 3.64% return for the quarter placing it in the 26 percentile of the CAI Non US Fixed Income (Unhedged) group for the quarter and in the 17 percentile for the last year.
- UBS Global Asset Management's portfolio outperformed the Blended Benchmark\* by 0.24% for the quarter and outperformed the Blended Benchmark\* for the year by 0.19%.

## Quarterly Asset Growth

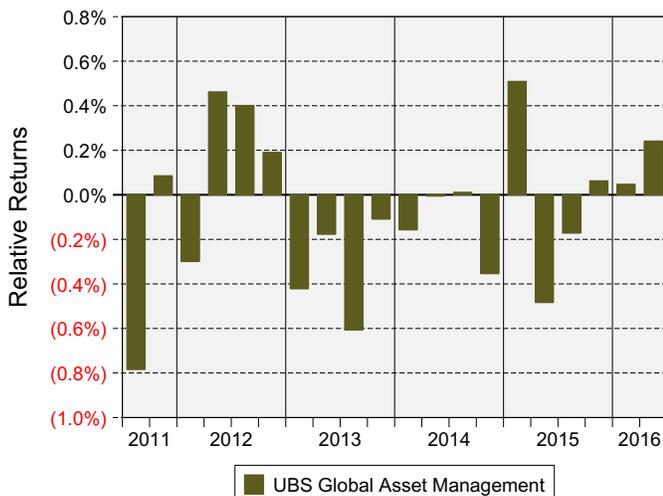
Beginning Market Value	\$106,566,651
Net New Investment	\$-80,279
Investment Gains/(Losses)	\$3,881,301
Ending Market Value	\$110,367,673

## Performance vs CAI Non US Fixed Income (Unhedged) (Gross)

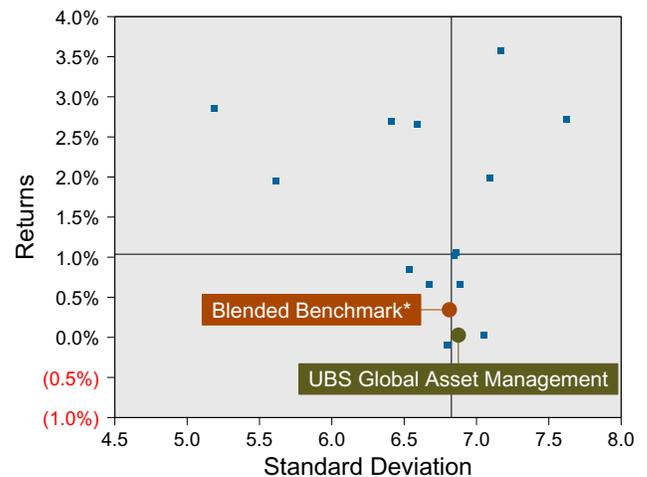


10th Percentile	3.74	12.87	0.94	3.17	3.08	5.81	7.73
25th Percentile	3.64	11.25	(0.66)	2.53	2.69	5.28	7.61
Median	3.30	10.12	(1.40)	2.17	1.04	4.39	7.32
75th Percentile	1.62	5.39	(1.91)	1.42	0.19	4.08	6.62
90th Percentile	0.06	2.38	(2.97)	0.57	(0.26)	3.69	6.07
<b>UBS Global Asset Management</b>	● 3.64	11.43	(1.80)	1.52	0.03	3.61	6.42
<b>Blended Benchmark*</b>	▲ 3.40	11.24	(1.73)	1.85	0.34	4.04	6.08

## Relative Return vs Blended Benchmark\*



## CAI Non US Fixed Income (Unhedged) (Gross) Annualized Five Year Risk vs Return

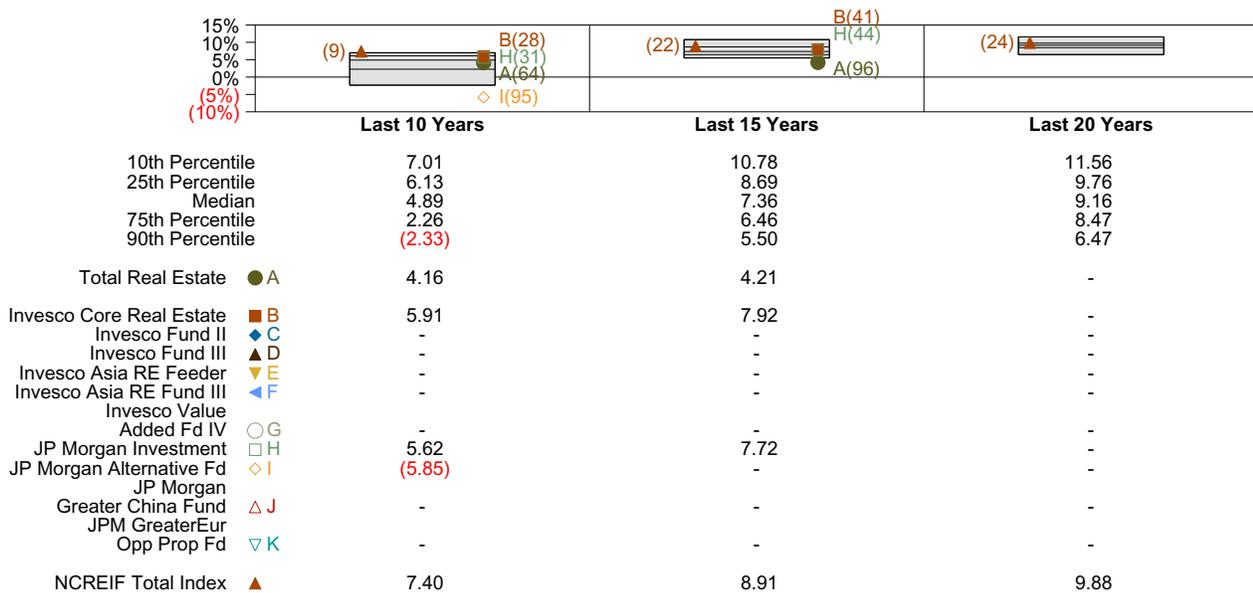
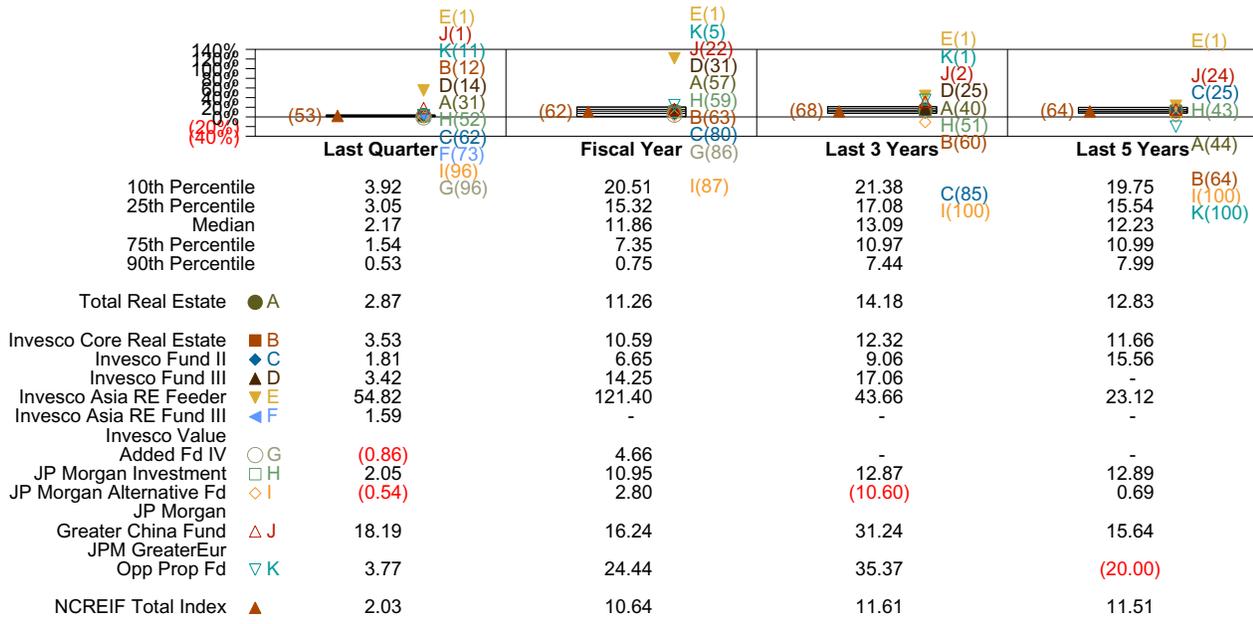




# North Dakota State Investment Board Pension Funds Performance vs CAI Total Domestic Real Estate Database Periods Ended June 30, 2016

## Return Ranking

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





# TIR Teredo

## Period Ended June 30, 2016

### Investment Philosophy

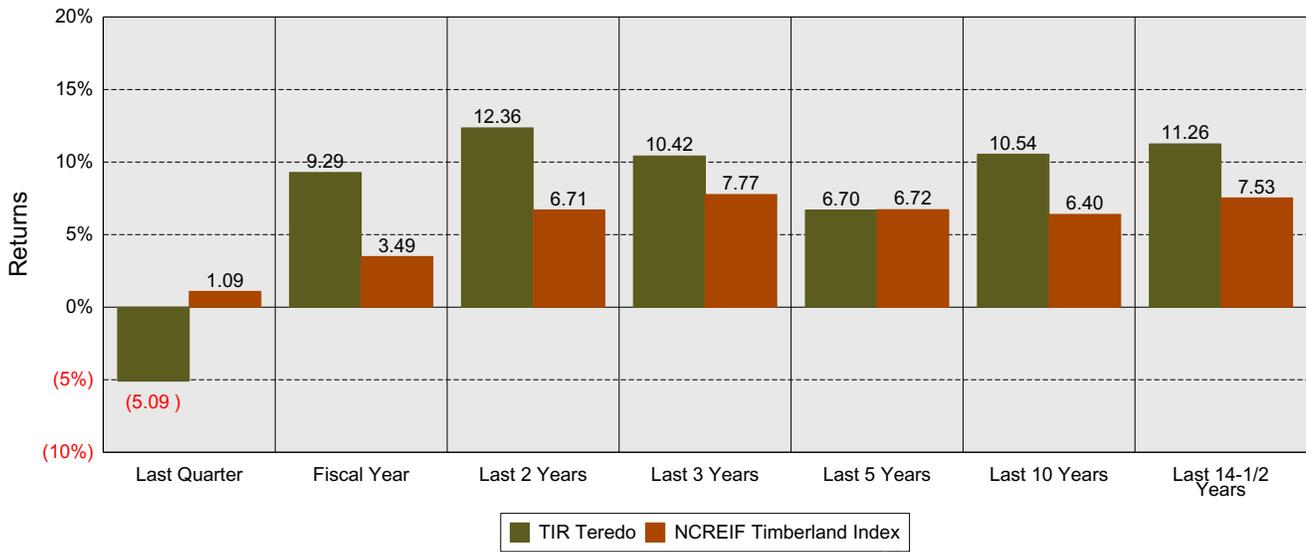
Teredo Timber LLC - The investment objective of Teredo is to provide competitive investment returns from increasing saw timber production through the 20 year term of the partnership. TIR's management strategy is to maximize saw timber volume by applying intensive forest management techniques which accelerate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

### Quarterly Summary and Highlights

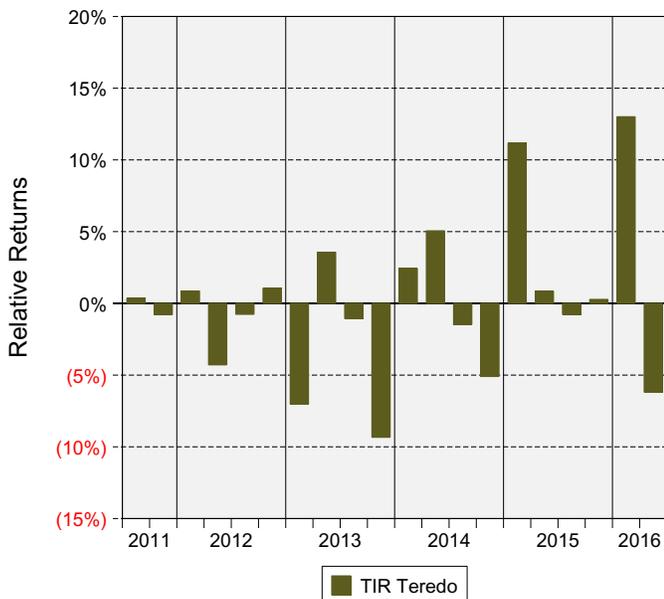
- TIR Teredo's portfolio posted a (5.09)% return for the quarter placing it in the 100 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 1 percentile for the last year.
- TIR Teredo's portfolio underperformed the NCREIF Timberland Index by 6.18% for the quarter and outperformed the NCREIF Timberland Index for the year by 5.80%.

### Quarterly Asset Growth

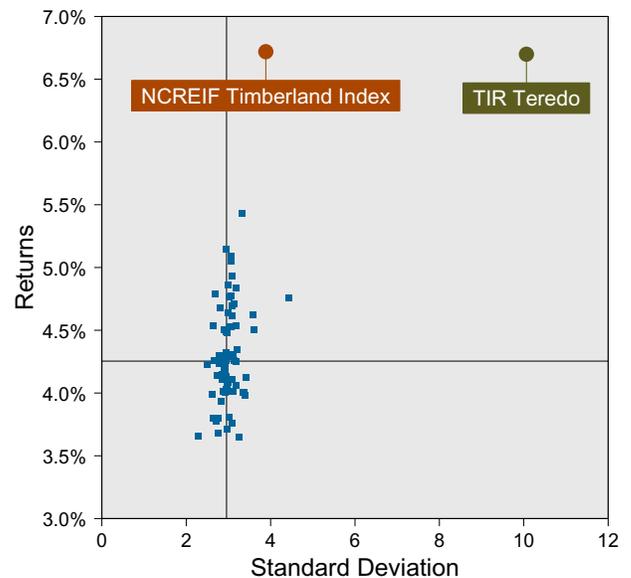
Beginning Market Value	\$35,636,364
Net New Investment	\$0
Investment Gains/(Losses)	\$-1,815,586
Ending Market Value	\$33,820,778



Relative Return vs NCREIF Timberland Index



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



# TIR Springbank Period Ended June 30, 2016

## Investment Philosophy

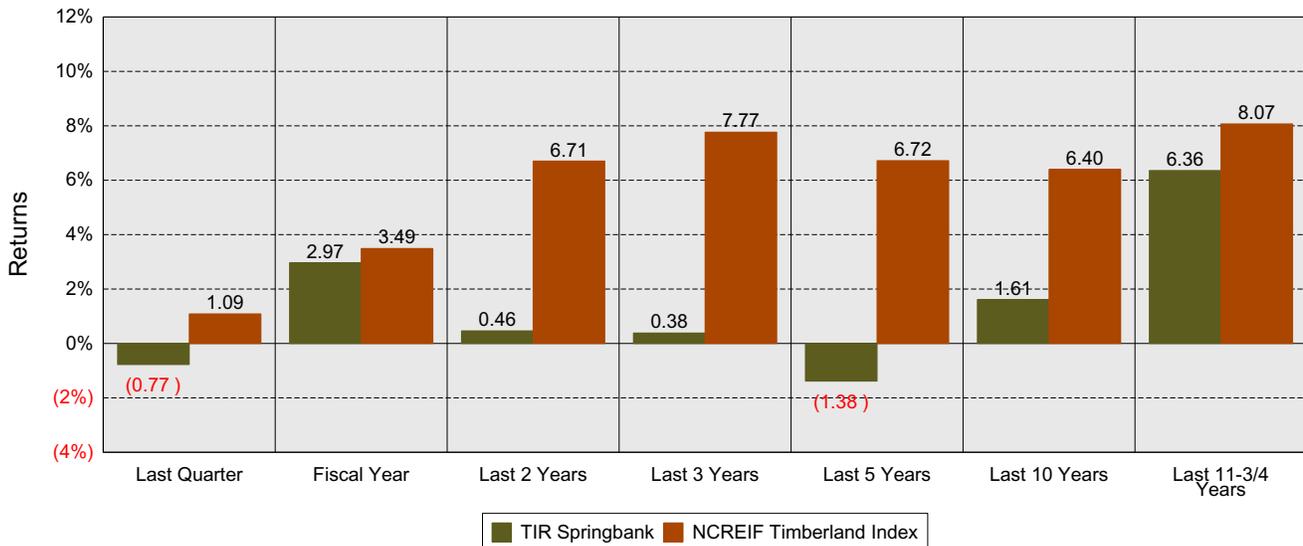
Springbank LLC - The investment objective of Springbank is to maximize long-term investment potential by means of the formation of a dedicated land management group, intensive timber management to increase timber production, the coordination of timber harvesting with land management activities and direct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

## Quarterly Summary and Highlights

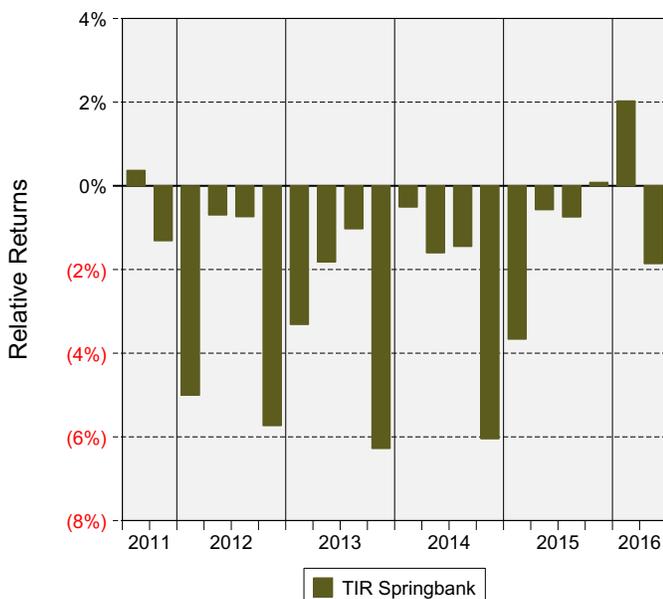
- TIR Springbank's portfolio posted a (0.77)% return for the quarter placing it in the 100 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 100 percentile for the last year.
- TIR Springbank's portfolio underperformed the NCREIF Timberland Index by 1.86% for the quarter and underperformed the NCREIF Timberland Index for the year by 0.52%.

## Quarterly Asset Growth

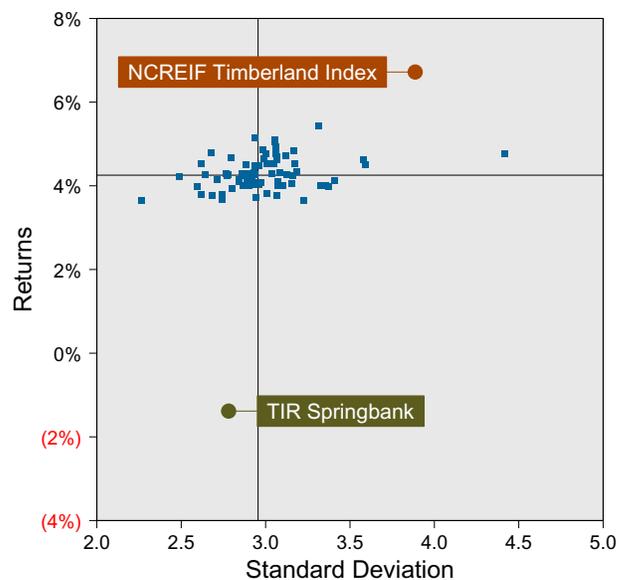
Beginning Market Value	\$120,461,344
Net New Investment	\$0
Investment Gains/(Losses)	\$-932,971
Ending Market Value	\$119,528,373



Relative Return vs NCREIF Timberland Index



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





# JP Morgan Asian Infrastructure Period Ended June 30, 2016

## Investment Philosophy

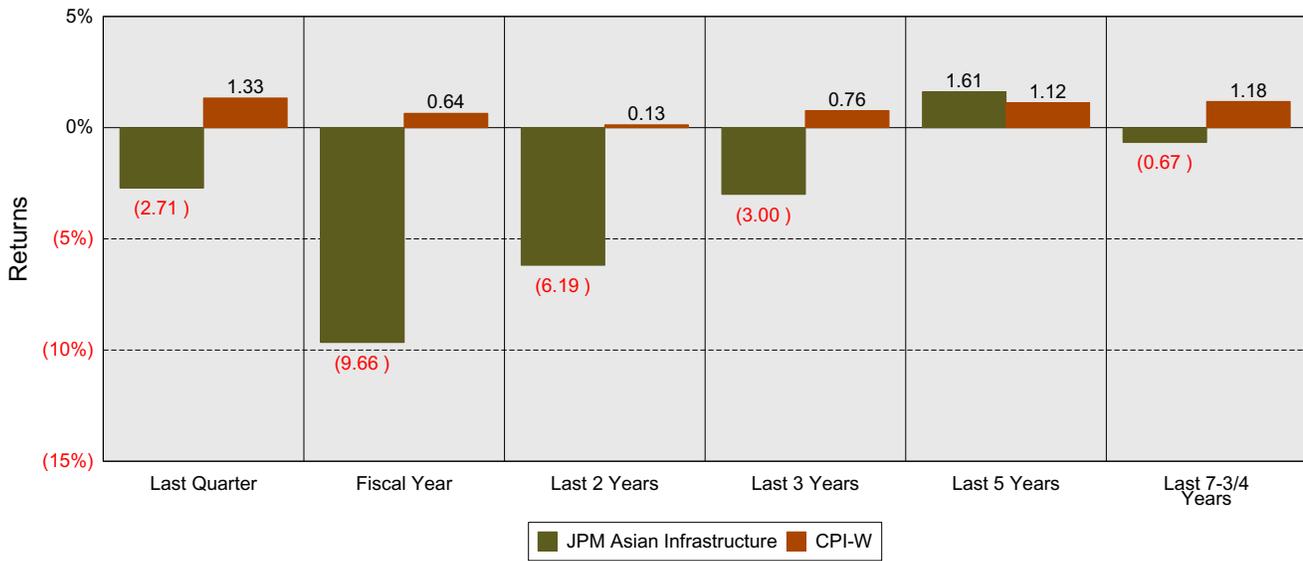
The JPMorgan Asian Infrastructure & Related Resources Opportunity ("AIRRO") Fund seeks to invest in infrastructure and related resources opportunities across the greater Asia Pacific region. The Fund seeks to invest in a broad range of assets, including: core infrastructure, power both from conventional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

## Quarterly Summary and Highlights

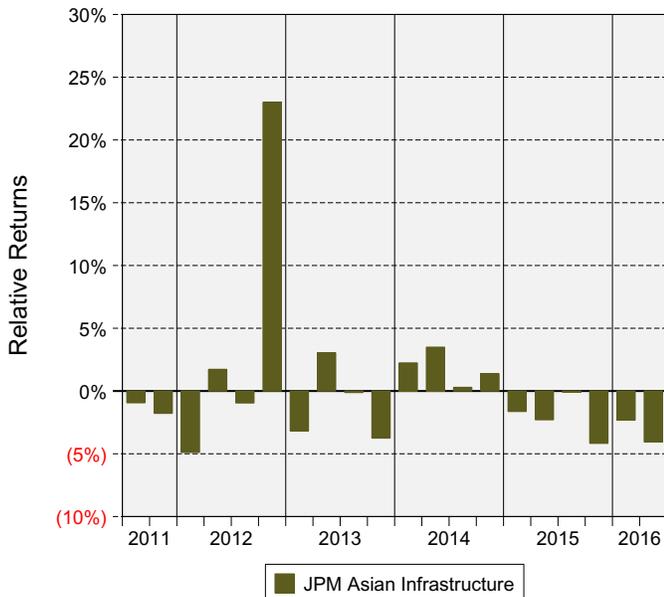
- JPM Asian Infrastructure's portfolio underperformed the CPI-W by 4.05% for the quarter and underperformed the CPI-W for the year by 10.30%.

## Quarterly Asset Growth

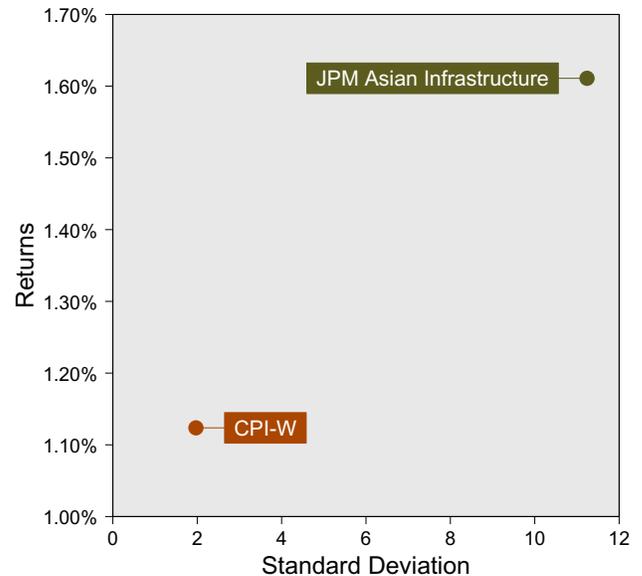
Beginning Market Value	\$28,668,764
Net New Investment	\$152,517
Investment Gains/(Losses)	\$-782,278
Ending Market Value	\$28,039,002



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



# JPM Infrastructure Fund

## Period Ended June 30, 2016

### Investment Philosophy

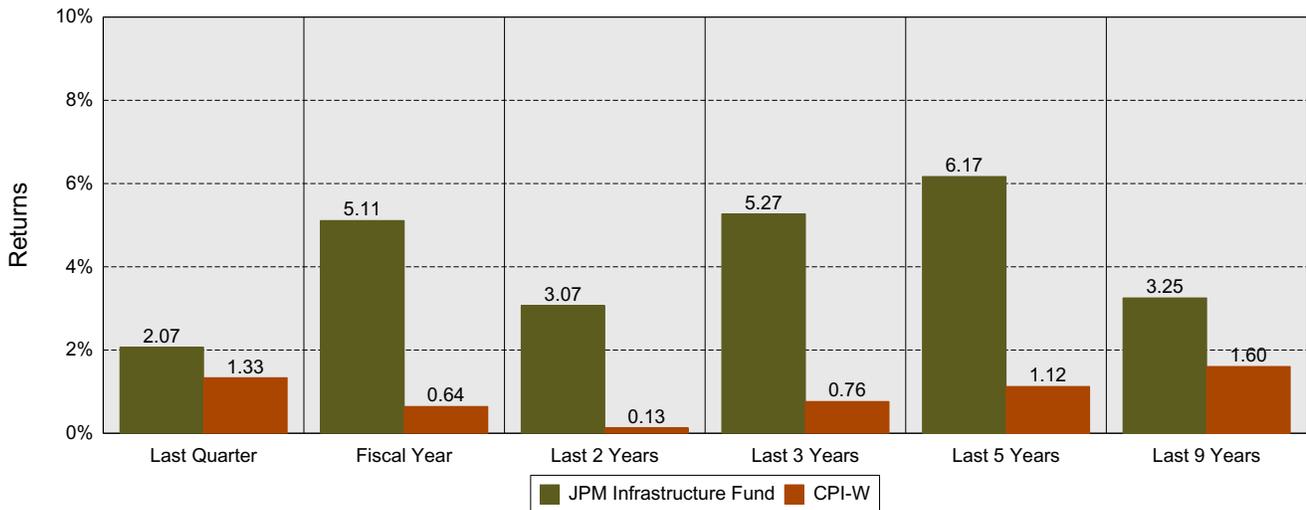
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas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

### Quarterly Summary and Highlights

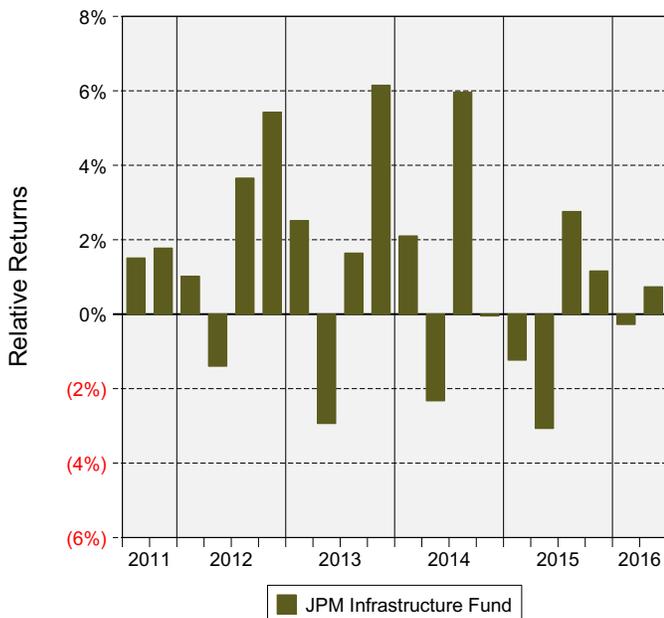
- JPM Infrastructure Fund's portfolio outperformed the CPI-W by 0.74% for the quarter and outperformed the CPI-W for the year by 4.47%.

### Quarterly Asset Growth

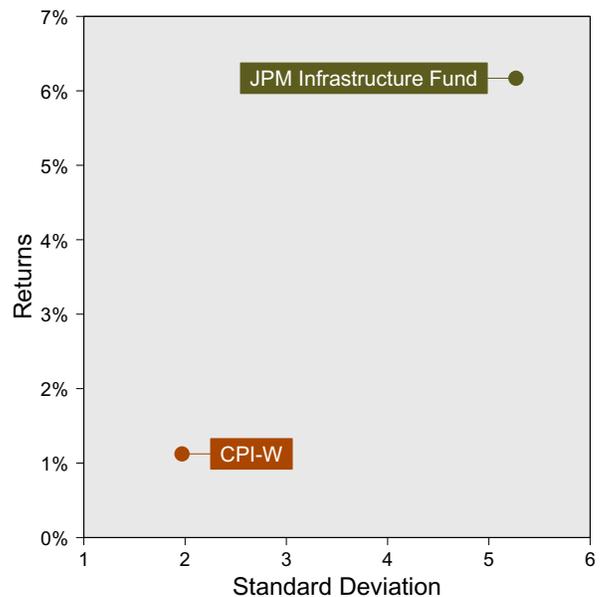
Beginning Market Value	\$140,059,358
Net New Investment	\$-764,732
Investment Gains/(Losses)	\$2,901,019
Ending Market Value	\$142,195,646



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



# Grosvenor Cust. Infrastructure Period Ended June 30, 2016

## Investment Philosophy

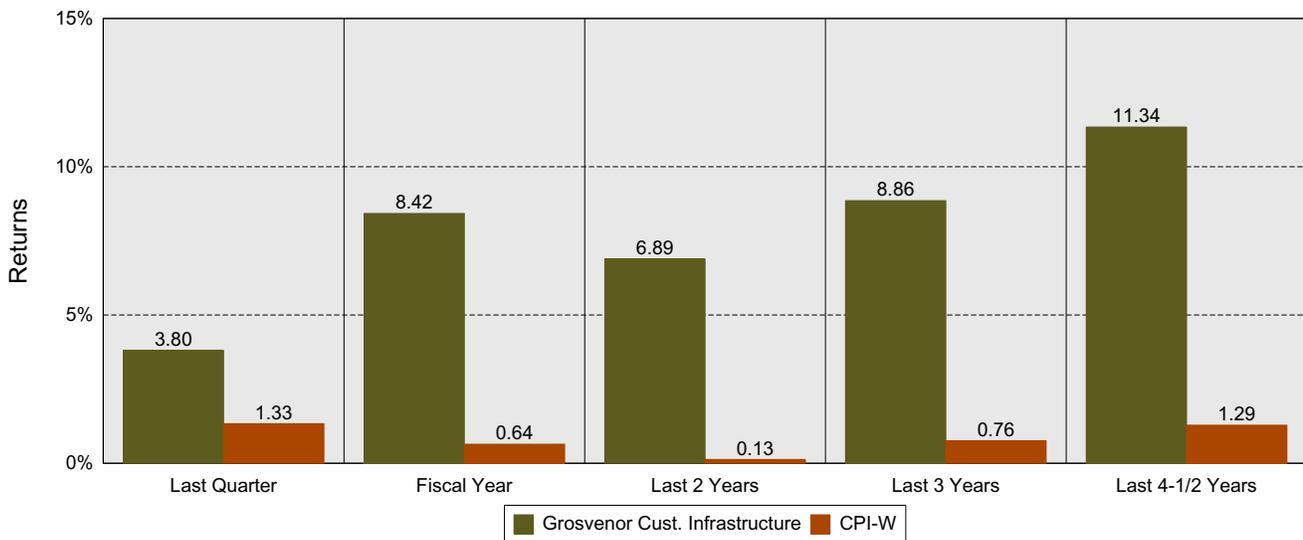
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified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

## Quarterly Summary and Highlights

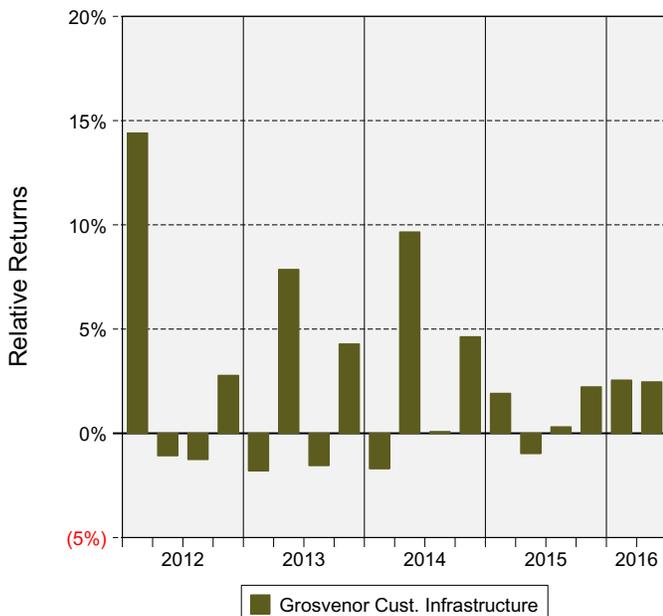
- Grosvenor Cust. Infrastructure's portfolio outperformed the CPI-W by 2.47% for the quarter and outperformed the CPI-W for the year by 7.78%.

## Quarterly Asset Growth

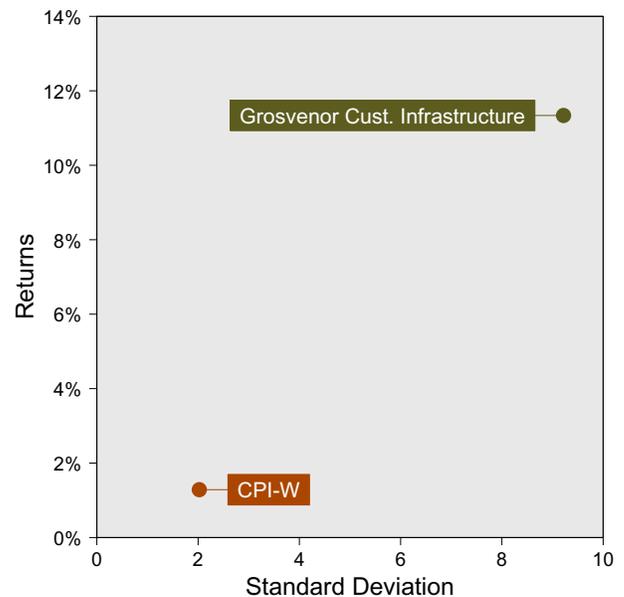
Beginning Market Value	\$40,481,892
Net New Investment	\$-627,599
Investment Gains/(Losses)	\$1,512,842
Ending Market Value	\$41,367,135



Relative Return vs CPI-W



Annualized Four and One-Half Year Risk vs Return



# Grosvenor Cust. Infrastructure II

## Period Ended June 30, 2016

### Investment Philosophy

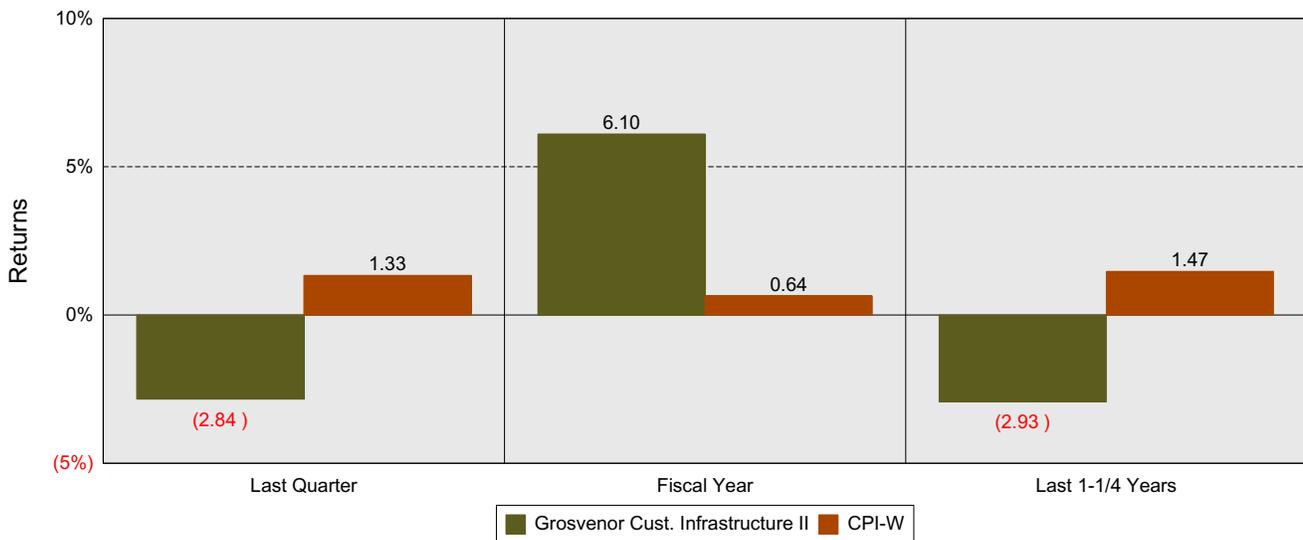
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified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

### Quarterly Summary and Highlights

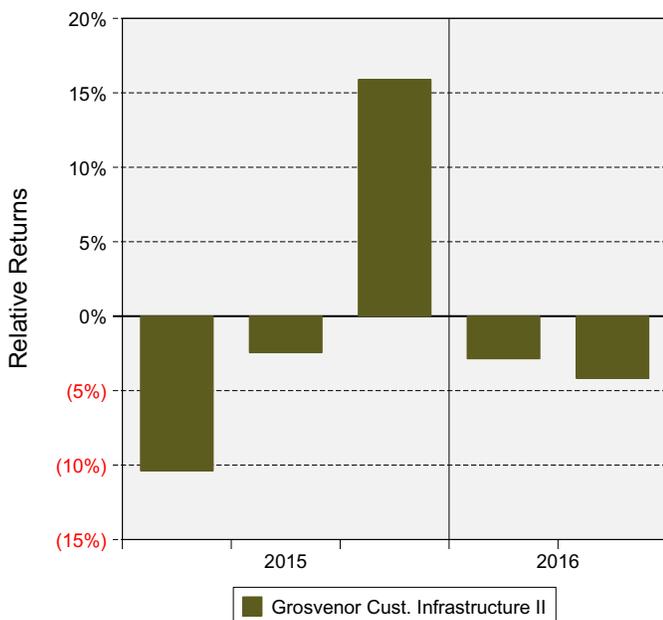
- Grosvenor Cust. Infrastructure II's portfolio underperformed the CPI-W by 4.17% for the quarter and outperformed the CPI-W for the year by 5.46%.

### Quarterly Asset Growth

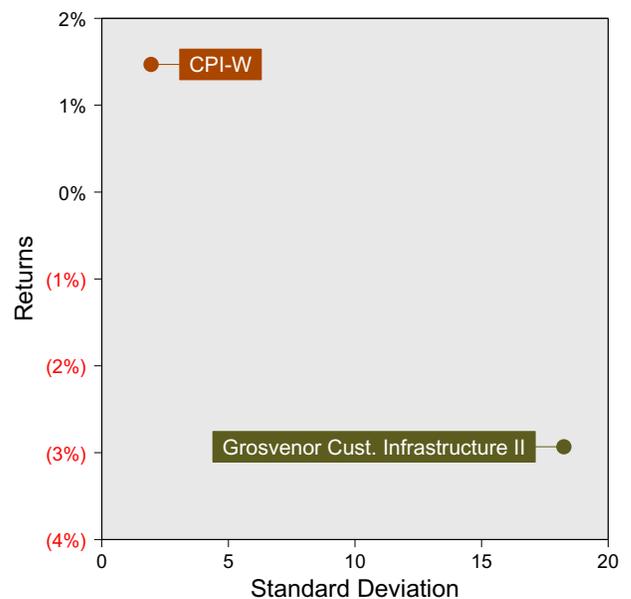
Beginning Market Value	\$5,812,085
Net New Investment	\$-1,878,208
Investment Gains/(Losses)	\$-85,143
Ending Market Value	\$3,848,734



### Relative Return vs CPI-W



### Annualized One and One-Quarter Year Risk vs Return





## Research and Educational Programs

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

### New Research from Callan's Experts



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

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

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

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

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



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

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

### Periodicals

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

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

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

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

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

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

## Events

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

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

**For more information about events, please contact Barb Gerraty: 415.274.3093 / [gerraty@callan.com](mailto:gerraty@callan.com)**

## The Center for Investment Training Educational Sessions

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

### Introduction to Investments

*Chicago, October 18–19, 2016*

This session familiarizes fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. Tuition for the Introductory “Callan College” session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

### Customized Sessions

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

**Learn more at <https://www.callan.com/education/college/> or contact Kathleen Cunnie: 415.274.3029 / [cunnie@callan.com](mailto:cunnie@callan.com)**

## Education: By the Numbers

**500** Attendees (on average) of the Institute's annual National Conference

**50+** Unique pieces of research the Institute generates each year

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

**1980** Year the Callan Institute was founded



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

Ron Peyton, Chairman and CEO



## List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

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

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

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

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

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

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

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