

Alaska Retirement Management Board

Agenda  
June 24-25, 2010

Thursday, June 24, 2010			
I.	9:00 am	Call to Order	
II.		Roll Call	
III.		Public Meeting Notice	
IV.		Approval of Agenda	
V.		Public/Member Participation, Communications, and Appearances (Three Minute Limit)	<a href="#">Participant Communication</a>
VI.		Approval of Minutes: April 22-23, 2010	<a href="#">Minutes-Draft April22-23</a>
VII.	9:15	<p>Reports</p> <ol style="list-style-type: none"> <li>1. Chair Report</li> <li>2. Committee Reports</li> <li>3. Director's Report                             <ol style="list-style-type: none"> <li>A. Membership Statistics</li> <li>B. Buck Information</li> </ol> <p><i>Annette Kreitzer, Commissioner, Dept of Administration</i> <i>Patrick Shier, Director, Div of Retirement &amp; Benefits</i> <i>Teresa Kesity, Chief Financial Officer, DRB</i></p> </li> <li>4. Treasury Division Report <i>Jerry Burnett, Deputy Commissioner, Dept of Revenue</i></li> <li>5. CIO Report, <i>Gary Bader, Chief Investment Officer</i></li> </ol>	<a href="#">DRB Report</a> <a href="#">CIO Report</a>
	9:40-10:00	<p>6. Fund Financial Report</p> <p><i>Pamela Leary, State Comptroller, DOR, Treasury</i> <i>Teresa Kesity, Chief Financial Officer, DRB</i></p>	<a href="#">Fund Financials</a>
	10:00	BREAK - 10 Minutes	
	10:10-11:10	<p>7. Performance Measurement - 4th Quarter</p> <p><i>Michael O'Leary, Callan Associates, Inc.</i></p>	<a href="#">Callan Performance Presentation</a>  <a href="#">Callan Exec Sum Prelim033110</a> <a href="#">Callan SBS 033110</a> <a href="#">Callan Defined Contrib 033110</a> <a href="#">Callan Deferred Comp 033130</a>
	11:15-11:45	<p>8. Warburg Pincus</p> <p><i>Steve Schnedier</i></p>	<a href="#">Warburg Pincus Presentation</a>
	11:45-1:00	LUNCH - 11:45-12:00 pm	
	1:00-1:30	<p>9. Angelo Gordon</p> <p><i>Marsha Roth and Tom Fuller</i></p>	<a href="#">Angelo Gordon Presentation</a>
	1:35-2:05	<p>10. Jennison Associates LLC</p> <p><i>Richard Mastain and Jason Swiatek</i></p>	<a href="#">Jennison Presentation</a>
	2:10-2:40	<p>11. Luther King Capital Management</p> <p><i>Mark Johnson and Steve Purvis</i></p>	<a href="#">Luther King Presentation</a>
	2:40-3:10	<p>12. A. Actuarial Valuation Review - FY09 Defined Contribution Plan</p> <p>B. Certification of Draft FY09 Actuarial Valuation PERS/TRS, NGNMRS/JRS Roll Forward Analysis and</p>	<a href="#">GRS-Audit2010DraftReportDCR</a>  <a href="#">GRS Review-Approval</a>

		<p>Defined Contribution Plan  <i>Leslie Thompson, Gabriel Roeder Smith</i></p> <p>Action: Board Acceptance of GRS Certification</p>	
	3:10	BREAK - 10 Minutes	
	3:20-4:20	<p>C. Actuarial Valuation - FY09 Defined Contribution Plan</p> <p>D. Final FY09 PERS/TRS Actuarial Valuation and  NGNMRS Roll Forward  <i>Michelle DeLange and Christopher Hulla</i>  <i>Buck Consultants</i></p> <p>Action: Board Acceptance of FY09 Valuation Reports</p>	<p><a href="#">Buck Presentation</a></p> <p><a href="#">Action Acceptance of Actuarial Reports</a></p>
	4:20-4:50	<p>13. Rebalancing  <i>Gary Bader, Chief Investment Officer</i></p>	<a href="#">Rebalancing Presentation</a>
		<i>End of Meeting Day - Recess</i>	
		Friday, June 25, 2010	
	9:00 am	Call to Order	
	9:05-9:20	<p>14. International Small Cap Manager Search  <i>Gary Bader, Chief Investment Officer</i>  <i>Michael O'Leary, Callan Associates, Inc.</i></p>	
	9:20-9:50	<p>A. Lord Abbett &amp; Co.  <i>Kristin Harper, Daria Foster and Todd Jacobson</i></p>	<a href="#">Lord Abbett Presentation</a>
	9:55-10:25	<p>B. Mondrian Investment Partners Limited  <i>Todd Rittenhouse and Ormala Krishnan</i></p>	<a href="#">Mondrian Presentation</a>
	10:25	BREAK - 15Minutes	
	10:40-11:10	<p>C. Schroder Investment Management  <i>Matthew Dobbs and Anthony Williams</i></p> <p>Action: Board Discussion and Selection</p>	<p><a href="#">Schroders Presentation</a></p> <p><a href="#">Action - Intl Small Cap</a></p>
	11:30-12:00	<p>15. Contribution Rates for FY2012</p> <p>Action: Relating to FY12 PERS Contribution Rate  Resolution 2010-09</p> <p>Action: Relating to FY12 PERS RMMI Contribution Rate  and FY12 PERS ODD Contribution Rate  Resolutions 2010-10 and 2010-11</p> <p>Action: Relating FY12 TRS Contribution Rate  Resolution 2010-12</p> <p>Action: Relating FY12 TRS RMMI Contribution Rate and  FY12 TRS ODD Contribution Rate  Resolutions 2010-13 and 2010-14</p> <p><i>Pat Shier, Director, Division of Retirement &amp; Benefits</i>  <i>Teresa Kesey, CFO, Division of Retirement &amp; Benefits</i></p>	<a href="#">Contribution Rate Action-Resolutions</a>
	12:05-12:25	<p>16. Investment Actions</p> <p>A. Resolution 2010-15 Procurement-Related Delegation</p>	<a href="#">Action-Res 2010-15 Procurement</a>

		<i>Gary Bader, Chief Investment Officer</i>	
VIII.	3:25	Unfinished Business 1. Disclosure Report, <i>Judy Hall, Liaison Officer</i> 2. Meeting Schedule, <i>Judy Hall, Liaison Officer</i> <i>Action: Adopt proposed 2011 Calendar</i> 3. Legal Report, <i>Rob Johnson, Legal Counsel</i>	<a href="#">Disclosures-Meeting Calendar</a>
IX.		New Business	
X.		Other Matters to Properly Come Before the Board	
XI.		Public/Member Comments	
XII.		Investment Advisory Council Comments	
XIII.		Trustee Comments	
XIV.		Future Agenda Items	
XV.		Adjournment	
(Times are approximate. Every attempt will be made to stay on schedule; however, adjustments may be made.)			

## **Bigelow, Ryan C (DOR)**

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**Subject:** RE: Constituent question regarding the Brandes International Equity Fund

James,

Effective November 2009, the Brandes International Equity investment option, available across the DC plans, was transitioned from an institutional mutual fund to a collective investment trust (CIT). The transfer was seamless and made in-kind with no market switching cost or commissions. Notice of the transition was posted to the Division of Retirement and Benefits website, the Great West participant website, and featured in the Spring 2009 "Financial Footnotes" newsletter that is included as part of the quarterly statement mailing.

The new CIT offers many advantages, including, but not limited to:

- Lower investment management fees (the CIT fees are capped at 56 basis points; conversely, the mutual fund annual expense ratio has ranged from 115 to 130 basis points);
- Lower costs – Because CITs are not subject to the Investment Company Act of 1940 and the Securities Act of 1933, they are less complex and more cost effective vehicles as compared to mutual funds, which are subject to both the 1933 and 40 Acts; This leads to reduced regulatory and administrative costs;
- No securities lending risk – While the mutual fund engaged in securities lending on a limited basis, the ARMB did not have control to opt out. The CIT does not participate in securities lending;
- Enhanced ARMB control – ARMB staff has direct access to daily CIT holdings and trades; allowing for improved ARMB risk management and monitoring. Mutual funds are only required to disseminate holding information on a quarterly basis, and trades are not required to be reported;
- CITs are operationally more efficient than mutual funds, allowing for easier-to-manage cash flows.

As mentioned, mutual funds are required to register as Investment Companies under the 1940 Act and with the SEC under the 1933 Act. CITs are not required to register under either, and are therefore not subject to the protections of those acts that apply to registered investment companies. The Trustee (Wilmington Trust), however, is regulated by the Department of Treasury/Office of the Comptroller of the Currency (OCC) and subject to examination by state banking authorities. Investments in the CIT are not insured or guaranteed by any bank, the FDIC, or any other government entity.

The CIT fund is monitored by the Collective Investment Fund Management Committee. The Committee reviews annual due diligence packets and compliance certificates from the sub-adviser (Brandes). The CIT fund is also reviewed on a quarterly basis for compliance with its objectives and guidelines.

Mutual funds are available to the general public, are registered with the SEC, and have a ticker symbol that facilitate trading and tracking. Collective trusts are privately offered to qualified employee benefits plans, are not registered with the SEC, and do not have a publicly available ticker symbol.

The sub-adviser and investment product are the same as they were for the mutual fund. The funds are managed in the same manner, with investment objectives and guidelines that are nearly identical. As such, the performance of the funds are highly correlated. And, while the performance will vary slightly between the mutual fund and collective trust, the mutual fund performance should generally provide a proxy for the returns of the collective trust. Alternatively, participants can track the performance of the collective trust, as well as all of the other participant directed options, on the participant website administered by Great West at the following web address: <https://akdrb.gwrs.com/login.do>

If I can provide further information, please do not hesitate to contact me.

Regards  
Ryan

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*Ryan C. Bigelow*  
State Investment Officer  
Alaska Retirement Mgmt. Board

cc: Gary Bader, Chief Investment Officer  
Judy Hall, ARMB Liaison

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**From:** James Waldo [REDACTED]  
**Sent:** Wednesday, May 19, 2010 10:14 AM  
**To:** Hall, Judith A (DOR)  
**Subject:** Constituent question regarding the Brandes International Equity Fund

Judy,

Our constituent had a couple concerns regarding the Brandes international collective investment trust (CIT). As I understand it (and I am no expert—please correct me if I err), the state was previously invested under the Brandes mutual fund and transferred that investment to the Brandes international equity fund. Our constituent's primary concern was that the new fund is not as regulated as the previous investment vehicle, and was more difficult to track since it was not registered with the SEC, etc. In addition, she was then concerned with the notice that went out in regard to the change in investments—she felt that she did not receive notice about the change. What can you tell me about this change and the surrounding issues? Specifically:

- 1) What are the advantages of the new CIT fund?
- 2) What are the potential disadvantages of the new fund?
- 3) What risk is posed by an investment in a lesser regulated fund?
- 4) What sort of notice is given to PERS employees for a change in investments of this type?
- 5) What sort of notice was given to PERS employees for this change in particular?
- 6) and any additional information that might help me explain this change to our constituent.

Thank you very much for your assistance with this issue!

jrjw

**James R. Waldo**  
Legislative Aide  
Rep. Lindsey Holmes

**State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
MEETING**

Location of Meeting  
Marriott Downtown Hotel  
820 W. 7th Avenue  
Anchorage, Alaska

**MINUTES OF  
April 22-23, 2010**

**Thursday, April 22**

**CALL TO ORDER**

The Chair was delayed, and VICE CHAIR SAM TRIVETTE called the meeting of the Alaska Retirement Management Board (ARMB) to order at 9:04 a.m.

**ROLL CALL**

Seven ARMB trustees were present at roll call to form a quorum. Chair Gail Schubert arrived at 9:12 a.m. and assumed the duty of chair at that time.

**ARMB Board Members Present**

Gail Schubert, *Chair*  
Sam Trivette, *Vice Chair*  
Kristin Erchinger  
Commissioner Patrick Galvin  
Commissioner Annette Kreitzer  
Martin Pihl  
Tom Richards  
Mike Williams

**ARMB Board Members Absent**

Gayle Harbo

**Investment Advisory Council Members Present**

Dr. William Jennings  
Dr. Jerrold Mitchell  
George Wilson

**Consultants Present**

Robert Johnson, outside legal counsel  
Michael O'Leary, Callan Associates, Inc.  
Mike Barnhill, Alaska Department of Law (by teleconference)

**Department of Revenue Staff Present**

Jerry Burnett, Deputy Commissioner  
Gary M. Bader, Chief Investment Officer  
Pamela Leary, State Comptroller  
Bob Mitchell, Senior State Investment Officer  
Zachary Hanna, State Investment Officer  
Ryan Bigelow, State Investment Officer  
Scott Jones, Assistant State Comptroller  
Judy Hall, Liaison Officer

**Department of Administration Staff Present**

Rachael Petro, Deputy Commissioner  
Patrick Shier, Director, Division of Retirement and Benefits  
Teresa Kesey, Chief Financial Officer

**Invited Participants and Others Present**

David Slishinsky, Christopher Hulla and Michelle DeLange, Buck Consultants, Inc.  
Leslie Thompson, Gabriel Roeder Smith & Company  
Thad Gray and Tim Maloney, Abbott Capital Management  
James Chambliss, Canyon Lew and Steve Kim, Pathway Capital Management  
Kristin Harper and Stacie Ikpe, Lord Abbett & Co.  
Ken Monaghan, Rogge Global Partners  
Jennifer Beatty and Greg Spencer, MacKay Shields  
Ned Notzon, Chris Dyer, Charles Shriver, Tony Luna and Bob Birch, T. Rowe Price  
John Alcantra, NEA Alaska  
Joelle Hall, AFL/CIO  
David Teal, Legislative Finance  
Jeff Pantages, Alaska Permanent Capital Management  
Peggy Wilcox, APEA/AFT

**PUBLIC MEETING NOTICE**

JUDY HALL confirmed that public meeting notice requirements had been met.

**APPROVAL OF AGENDA**

MR. BADER requested the addition of #15(c) Renew contract with Gabriel Roeder Smith.

COMMISSIONER KREITZER moved to approve the agenda as amended. MR. WILLIAMS seconded. The agenda was approved without objection.

## **PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES**

There was on one listening by telephone or attending the meeting in person who wished to speak.

### **APPROVAL OF MINUTES - February 25-26, 2010**

COMMISSIONER KREITZER moved to approve the minutes of the February 25-26, 2010 meeting. MR. WILLIAMS seconded.

COMMISSIONER KREITZER submitted several corrections:

1. Page 7, second paragraph, to read, "Referring to Buck Consultants' November billing, Ms. Harbo asked what the geographic ~~difference~~ differential study for PERS was."
2. A spelling correction to Teresa Kesey's first name throughout the minutes.
3. Substitute "Pew" report for "Pugh" report in three places on page 6.

The minutes were approved as amended.

## **REPORTS**

### **1. Chair Report**

The Chair was not present to make a report.

### **2. Committee Reports - None.**

### **3. Retirement & Benefits Division Report**

#### **3(a). Legislative Update**

COMMISSIONER KREITZER stated that House Bill 30 and Senate Bill 23, which would have returned [the Public Employees' Retirement System] to a defined benefit Tier III scenario, did not move in the legislative session.

She also reported that the SB 125 contribution for the Public Employees' Retirement System (PERS) was \$165,841,171, and the contribution for the Teachers' Retirement System (TRS) was \$190,850,258.



COMMISSIONER KREITZER said she would provide trustees with copies of the Department of Law memorandum behind the Governor's decision to join Florida in a lawsuit regarding the national health care reform [that Congress passed and President Obama signed into law in late March].

MR. PIHL asked if the state's contribution amount was the full difference between the 22% and 12.56% contribution rates and the actuarial rates that the Board adopted. COMMISSIONER KREITZER said yes.

**3(b). Fiscal Year 2011 HRA Amounts**

Director of the Division of Retirement and Benefits (DRB), PATRICK SHIER, drew attention to the March 18, 2010 memorandum in the packet that presented the fiscal year 2011 Health Reimbursement Arrangement Plan employer contribution amounts for PERS and TRS.

**3(c). New Auditor**

MR. SHIER briefly described the background of Mr. Robert Gregg, the new auditor hired in DRB.

**3(d). Update on Security Breach**

COMMISSIONER KREITZER stated that about 22,000 former PERS and TRS employees have signed up for the [credit monitoring or identity theft protection] the State of Alaska is offering.

**4. Treasury Division Report**

Deputy Commissioner JERRY BURNETT reviewed an action memo in the packet requesting Board approval to renew the State Street Bank custody services contract that would extend the contract to June 30, 2013, with three one-year renewal options. He stated that after a lengthy review staff determined that they were satisfied with State Street's current custodial services and began updating the current custody services contract. In 2007, the Treasury Division entered into a settlement with State Street Bank regarding an investment issue, which resulted in contract rates being reduced by 19% through 2013.

MR. TRIVETTE inquired about the amount of the contract. MR. BURNETT said it was about \$1.1 million for the ARMB portion and \$1.3 million for the full amount including the Treasury part.

MR. TRIVETTE moved that the Alaska Retirement Management Board approve entering into an Amended and Restated contract with State Street Bank that extends the contract to June 30, 2013, with three one-year renewal options. MR. PIHL seconded.

The motion passed unanimously, 8-0.

## **5. Chief Investment Officer Report**

Chief Investment Officer GARY BADER commented on the following items:

- Rebalancing of the PERS and TRS pension plans and the defined contribution plans to bring them closer to targets.
- Notification of reducing the exposure to the Russell 200 Index fund by \$120 million and adding the funds to fixed income.
- Report on a settlement transaction that MacKay Shields made with Francisco Partners in the ARMB's high yield account. Portfolio management staff checked with Mr. Barnhill in the Department of Law, who had no difficulty with staff accepting the MacKay Shields plan.
- A request that State Street Global Investors use commission recapture brokers when possible, but not at the expense of best execution.
- Transition of \$150 million from the Long Term Fixed Income Fund to the Intermediate Term Treasury Fund, per the Board's approval of this strategic move at the February meeting.
- Offers of employment to two people as assistant state investment officers in the portfolio management section: Elizabeth Walton and Sean Howard.
- A call from T. Rowe Price reporting an error in computing fees for three of their building block funds. The overpayment in fees has been rebated to the participant accounts. Treasury staff Pamela Leary and Ryan Bigelow will be working with T. Rowe Price to determine what additional funds are due to the accounts as a result of lost earnings on what would have been higher account balances. The building block funds are extremely large funds, and Mr. Bader calculated that the difference in fees is less than six basis points, which will be even less when distributed to the various funds.
- The Board had approved staff's recommendation to approve the offer by the Lehman Brothers trustee and accept the current staff who are working on the real estate funds as the manager of the funds going forward. Lehman Brothers was unsuccessful in selling the real estate investment unit and then made an offer to the existing staff, who will be managing the funds.

## **6. Fund Financial Report**

State Comptroller PAMELA LEARY reviewed the activity in the various retirement funds for the month of February and for the first eight months of the fiscal year. She noted that all the funds totaled \$16.6 billion at February 28, which represented a 11.5% increase since the beginning of the fiscal year. She also provided the preliminary numbers for March, which indicated a total balance of \$17.1 billion or roughly a 15% increase for the fiscal year. She focused on PERS and the new column that showed the increase or decrease in invested assets, and talked about the cash flows and the investment income.

MS. ERCHINGER said she appreciated the explanation about the difference between the impact of contributions versus investment income, and asked if staff could insert another column beside the *Investment Income* column to demonstrate the percentage increase attributable to that versus the *Net Contributions/Withdrawals*. MS. LEARY said she could do that.

MS. LEARY next reviewed the graphical depiction of activity in the pension and health care trust funds, including the actual asset allocations versus targets. She also presented the non-participant directed plans by asset pool and manager for February. Domestic equities were positive, and the new convertible bond pool was up 1.8%. Global equities had a slight decline, although the emerging equity pool had income for the month. Private equity also increased, but the absolute return pool had a slightly negative return. The real assets pool had mixed results, but the REIT (real estate investment trust) pool advanced by 5.3% in February. Real estate had a fairly flat month: the December year-end income from the different real estate funds was not yet brought forward into the financial statements.

MS. LEARY indicated that the statements for the participant directed plans were included in the packet, and she would be happy to answer any questions on those.

MR. PIHL observed that it was good to see the cash balances were very low in a good-performing market.

Chief Financial Officer TERESA KESEY briefly presented the February 28, 2010 supplemental financial report prepared by the Division of Retirement and Benefits.

## **7. Private Equity Program 2010 Tactical Plan**

State Investment Officer ZACHARY HANNA introduced the private equity managers from Abbott Capital Management and Pathway Capital Management, who were present in the audience. He then gave a presentation on staff's annual review and planning for the ARMB's investments in private equity. *[A copy of the slides for this presentation is on file at the ARMB office.]*

MR. HANNA reviewed the unique characteristics, structure, primary strategies, and implementation of private equity investing. The ARMB's expected return for its private equity program is 350 basis points over the Russell 3000 Index. Through 2009, the ARMB is invested in 213 partnerships with 90 firms. Manager selection is the critical factor in portfolio implementation; the average difference in performance between top quartile managers and median managers over the past 20 years is 12%. Diversification is also important, since private equity can be a cyclical business.

MR. HANNA next spoke about the private equity market in 2009. Fundraising was down

significantly. Limited partners slowed their commitment pace, since many were over allocated to private equity as a result of public market declines. General partners who could postpone fundraising did so; those who could not took longer to close funds and often closed below their fund size targets. Not surprisingly, negotiating power shifted to the limited partner, and fund terms have become more limited-partner friendly over the past year.

Deal activity slowed as general partners focused on existing portfolio companies, and credit markets were difficult to access. Deal pricing dropped back to 2004 levels. The amount of leverage used was close to historic lows and, as a result, the amount of equity going into deals was high.

Regarding exit opportunities, the initial public offering (IPO) market rebounded in 2009. However, these public offerings were largely used to pay down debt, rather than as true exits for equity sponsors. Merger and acquisition activity also picked up in 2009, and leverage recapitalizations slowly restarted.

MR. HANNA gave an overview of the ARMB private equity program, which began in 1998. Asset allocation has increased from 3% to 7% of the total retirement fund. The two gatekeepers are Abbott Capital Management, hired in 1998, and Pathway Capital Management, retained in 2001. Both have discretion to invest on the ARMB's behalf. The ARMB also makes investments directly in private equity partnerships. During the volatile period since 1998, the ARMB and its advisors have built a high-quality, well-diversified portfolio. Relative performance has been good. Compared with partnerships that started investing in the same year, five out of the past eight vintage years through 2005 were top quartile, and three years were second quartile. Returns have decreased since last year but are still relatively strong. The internal rate of return since inception is 7.1%, down 387 basis points from 2008. Staff calculated public market equivalent returns, using the actual ARMB private equity cash flows to simulate buying and selling public market indices: the 7.1% IRR for the private equity portfolio compares favorably with public market equivalent returns of 0.3% for the S&P 500 Index and 1.0% for the Russell 3000 Index.

The lack of exit opportunities flowing through to equity sponsors in 2009 resulted in distributions to the ARMB portfolio decreasing to \$75 million. Contributions also decreased to \$123 million, roughly half the level of 2008. The ARMB has \$2.6 billion in total commitments, with \$1.8 billion paid into partnerships. The total value at year end, including distributions of \$2.2 billion, was 1.2 times the amount paid in.

The portfolio is very well diversified by strategy. The targets are 25% to venture capital, 45% to buyout, and 30% to special situations. The portfolio is close to these guidelines, and staff expects this diversification to remain in line with long-term targets. The portfolio is also well diversified by industry, by geographic region, and by investment

stage. International is now 33.6% of the portfolio.

MR. HANNA stated that the commitment target for 2009 was \$320 million. During the year, \$183 million was committed to 19 partnerships. Commitments were low because many high quality firms either did not need to raise funds due to the slow investment pace or postponed fundraising due to the difficult environment.

The increase in economic and capital market stability is providing a slow recovery for private equity. There is a moderate increase in investment pace, pricing has reached levels at which buyers and sellers can transact, and credit is also available for some deals. The exit environment is also continuing to improve. Fundraising is beginning to recover, and more groups are coming to the market. However, it is still slow enough that hitting allocation targets may be difficult for this year. There will also be a number of groups that will be unable to raise new funds or even to survive due to poor past performance. Private equity groups will also continue to focus on existing portfolio companies. Although fund sponsors have successfully pushed debt maturities out to 2013 and beyond, a real economic recovery will be necessary to pay down the high debt levels used in some recent buyouts.

MR. HANNA stated that staff was recommending a 2010 commitment target of \$335 million — \$135 million for Abbott, \$125 million for Pathway, and \$75 million for direct partnership investments — with a gradual increase in the total over the next five years. Private equity is currently over the 7% allocation. With the recommended commitment pacing, private equity should move back to its allocation target of 7% over the 10-year planning cycle.

At Mr. Bader's request, MR. HANNA explained how staff used actuarial projections for the rate of retirement fund asset growth over the next ten years. He added that the volatility of the overall retirement fund size is what ultimately drives the private equity allocation on a year-to-year basis. Staff layers in all the commitments made in private equity and the way in which those commitments have been drawn down and cash has been returned over time on a year-by-year basis. They then make projections about how cash will be called in the future and returned in the future, which in the model drives the projection for what percentage private equity is expected to be of the total retirement fund in future years.

MR. O'LEARY asked if the calculation for total fund net asset growth was anticipated contributions, less projected benefit payments, grown at the actuarial discount rate. MR. HANNA said that was correct. MR. O'LEARY sought confirmation that there was no separate return assumption for the private equity component. MR. HANNA explained that there effectively was not: staff changed the model over time to account for what history has taught them, and so the model does not include any projected growth in the underlying investments. It has turned out not to be a significant assumption in terms of

how it affects the overall bottom line.

MS. ERCHINGER inquired if the ARMB was paying fees on commitments or actual payments. MR. HANNA stated that the dominant source of fee charges is at the underlying fund level. In general, at the start of a fund, the ARMB is paying a fee based on commitments. The J-curve effect in private equity investment returns comes from the size of that fee relative to the small level of investment activity when a new fund starts. Then private equity partnerships have a carried interest, and the industry standard for a successful fund is 20% of the gains as a performance fee. The ARMB advisors are paid an annual fee that is based on net asset value in one case, and in the other case is a fixed fee negotiated by contract.

CHAIR SCHUBERT asked if private equity being over its 7% allocation was because the total retirement fund balance declined or the ARMB overcommitted to private equity. MR. HANNA replied that it was largely because the retirement fund balance declined. However, commitment pacing was higher during the 2006-2007 period than it is now. In essence, if the ARMB had known that retirement fund balances were going to be what they are now, the Board would likely have committed at a slightly slower pace. When the public markets declined as sharply as they did, private equity became 10% of the retirement fund at the end of 2008 because the private equity decline was very muted at that point. Now a lot of write-offs have taken place in the private equity pool, and public markets have rebounded. He thought that commitment pacing had been reasonable, but it was probably 15%-20% stronger than it could have been, given where the retirement fund balance is now.

COMMISSIONER GALVIN asked for comment on the home-country bias aspect of the ARMB's private equity portfolio and if it is truly geographically diversified, given Mr. Hanna's report that international is 33.6% of the portfolio. MR. HANNA stated that private equity relies on a strong legal system and financial system infrastructure. There are places in the world that do not have infrastructure that is ready for private equity. Contract rates are a big issue, but being able to exit an investment is at the forefront of everybody's mind. Private equity got its start in the developed markets, and it remains largely a developed market phenomenon. The ARMB portfolio is a reflection of that. However, there is more and more private equity activity in parts of Asia and elsewhere in the world, and the portfolio has some of that exposure. The Asian exposure is 3.5%, but most of the international is non-U.S. North American exposure with a bit of Latin American exposure. As emerging markets develop their financial and legal infrastructure, private equity will be pursuing more opportunities elsewhere in the world.

MR. PIHL inquired if the current market conditions and the flow of money into private equity afforded an opportunity to negotiate what are relatively high fees, specifically from commitment structure to a placement structure. MR. HANNA stated that terms have become generally more limited-partner friendly over the past 18 months, and the

economics and fee structure are where people focus most. He thought a separate account type structure would be more difficult, but he deferred to Abbott and Pathway to address that in their presentations. However, fees have come down as much as 20% to 25% in some areas.

Addressing the international question that Commissioner Galvin raised, DR. MITCHELL said the appeal of investing has always been a little greater than the results, particularly in Asia. The economic numbers and the vitality of the companies there are very attractive, but the results are not so attractive for the reasons that Mr. Hanna mentioned. A country like China, where the public equity markets have returned 80%, begs the question of how much more an investor would get from private equity.

DR. JENNINGS stated that one third of a private equity portfolio in international seems typical to the other investment committees and boards he is involved with. He related how an organization he has contact with pushed to overweight the international part, but the managers wound up merging their emerging market fund into a broader international fund. Picking good private equity managers and the quality of the markets were issues that constrained the organization's ability to implement the strategy in that case.

MR. O'LEARY said the development of components of private equity markets in other economies has been very different. In Japan and Germany, for example, corporate sources of funding for private equity opportunities are much more dominant, particularly in venture capital.

MR. HANNA drew attention to the action memo and accompanying resolution in the packet, in which staff recommended adoption of the 2010 tactical plan.

MR. TRIVETTE moved that the Alaska Retirement Management Board adopt Resolution 2010-04 approving the 2010 annual tactical plan for investment of private equity assets. MR. PIHL seconded.

MR. TRIVETTE asked if the remaining commitment for 2009 was rolled forward to the 2010 tactical plan. MR. HANNA said yes.

MS. ERCHINGER inquired about the likelihood of the ARMB being able to fulfill the 2010 commitments if the gatekeepers were unable to make the target commitments last year because there was nothing to invest in. She noted that the ARMB is paying fees on commitments, and wondered if it would be better to reduce the commitments in the short term.

MR. HANNA replied that in general most of the fees are paid once the ARMB makes the commitments. For example, commitments were roughly half the level that was

projected: the ARMB is not paying fees on the amount that was not committed. There is nothing lost in failing to commit, other than potentially not meeting targets over the longer term.

On an outcry vote, the motion carried unanimously, 8-0.

#### **8. Abbott Capital Management, LLC**

THAD GRAY and TIM MALONEY appeared before the Board to review the private equity portfolio under their management in 2009 and to discuss the tactical plan for 2010. *[A copy of the presentation material is on file at the ARMB office.]*

MR. GRAY started by saying that the ARMB's private equity portfolio at Abbott has survived two perfect storms since its inception in 1998 and remains in healthy condition. The first storm was the collapse of the internet bubble in 2000-2001, which had its greatest impact on the venture segment, and the second storm was the collapse of the financial system in 2008 and the ensuing recession. Abbott believes the private equity portfolio has weathered these two storms for two main reasons; being well diversified, and having good managers who had already been tested by cycles and who knew how to react when the storm struck.

MR. GRAY stated that the credit markets, the IPO market, and the merger and acquisitions market — which were clearly in deep doldrums for at least the last 18 months — are now beginning to show some signs of life. The market is still very challenging for early stage venture capital companies, but Abbott's venture strategy also includes growth equity. There has been a shift in the venture capital segment away from early stage and toward the later stage growth-oriented companies. The balance of power between the limited partners and the general partners has shifted in favor of the limited partners as a result of a slower fundraising cycle. Abbott has been able to negotiate concessions in a number of instances.

MR. GRAY said that 2009 clearly marked the low point for the private equity market. From the current vantage point, the damage to the ARMB portfolio seems to be somewhat less severe than what Abbott witnessed from the bursting internet bubble in 2000-2001. Current activity is beginning to return to normal, albeit at a pace that is still a far cry from the frothy period of 2006 and 2007. Of interest is that while the \$39 million of distributions the ARMB received in 2009 was low compared to prior years, more than half of those distributions came in the last three months of the year. The pace of distributions has held up nicely in the first three months of 2010. He briefly reviewed some larger transactions that affected the portfolio in the last year.

MR. GRAY cautioned that even as conditions improve somewhat there remains a significant wall of debt held by buyout portfolio companies that is going to be maturing beginning in 2013 and through 2015. Private equity sponsors currently are acutely



focused on managing the balance sheets of their portfolio companies, because that is key to the companies being able to refinance and survive in good shape to return good results to the limited partners.

MR. MALONEY spoke about the current fundraising conditions, saying that general partners are mostly raising much smaller funds than in past cycles. Abbott believes this keeps general partners more focused on their core strategy where they have generated their historical success, and it helps prevent the style drift that Abbott had seen with some general partners in the credit bubble years. They also believe that smaller fund size will inevitably lead to a higher bar that general partners have to reach in order to make an investment decision, which should lead to higher returns in the long run. Another positive factor from the reduced fundraising environment is that Abbott has a much longer time to complete their due diligence on prospective investments. The third positive factor is a greater alignment of interest between general partners and limited partners.

MR. MALONEY described what general partners are doing with the substantial capital that was raised pre-2008. The high yield market rebounded substantially in 2009; however, much of that capacity went to refinancing the bad balance sheets of existing buyout-backed companies, rather than going toward new financing. The general partners that Abbott committed to spent much of last year focused on their portfolios, trying to put out fires and trying to improve the health of companies through refinancing or finding strategic add-on acquisitions that will fuel growth of these companies. There has been some debt available for new deals, but that debt comes with a lot of strings attached, such as tighter covenants and a much larger contribution of equity on the part of the sponsors. Deals last year were much smaller, and deals greater than \$2.5 billion in transaction value essentially evaporated.

MR. MALONEY mentioned that a big improvement in the market is a much greater level of transparency and information sharing between the limited partners and general partners. It transpired when FASB 157 was implemented in 2009, an accounting standard that requires general partners to mark all their portfolio company investments to market value. As a result, they have to justify valuations, and they are sharing much of the information with Abbott.

MR. MALONEY said Abbott has noticed an intense increased focus from buyers and sellers on secondary investments. The data suggests that there was a bit more smoke than fire last year in the secondary deal market, as the actual number of interests that were traded came in well below the market expectations. With the recovery of the public markets, there were far fewer limited partners that had liquidity issues towards the end of the year. So only the most distressed limited partners were in a position of having to sell, and that contributed to the low volume in secondaries. Also, prices began to creep up in the second half of 2009, in conjunction with the recovery in the public markets,

and became far less attractive than they were in the first half of the year. Abbott was relatively active in the secondary market during the first two quarters of 2009 and actually completed four secondary investments in the venture capital space on the ARMB's behalf. Toward the end of the year, Abbott continued to make bids but was outpriced. Abbott tends to be very opportunistic in this space and believes that price discipline is paramount to successful investing in secondaries.

MR. O'LEARY asked if the secondary market tended to be an investor that wishes to sell a segment of a portfolio or if it was very much an individual partnership level market. MR. MALONEY responded that it is a healthy combination. Some of the larger transactions last year were portfolio deals. Abbott tends not to bid on entire portfolios of funds. Besides price discipline, their angle on the secondary market is to bid on funds that they are already committed to because they can benefit from an information advantage. However, there are a lot of buyers in the secondary market that engage almost exclusively in portfolio level acquisitions.

MR. GRAY added that often an entire portfolio has a list of partnerships that Abbott reviewed in the primary market and declined to invest in previously, so it does not make sense to buy the partnerships on the secondary market. The price would have to be near zero because they would be on the hook for the unfunded commitments.

Regarding the balance of power swinging in the investor's favor, MR. MALONEY said Abbott's negotiating position with the general partners has definitely improved in the areas of governance, alignment of interest, and transparency. Three times in the past six months Abbott has been able to materially move the economics in favor of the limited partners. For example, there were three funds that ARMB has committed to that have historically charged a carried interest of about 25% of profits, and in two of those cases Abbott was very influential in negotiating that carried interest down to 20%.

MR. BADER asked if the exit strategies of companies have changed as a result of the Sarbanes-Oxley Act of 2002 and if Abbott thought there was any impact on private equity as an asset class. MR. MALONEY said Abbott has heard the excuse of increased compliance costs associated with Sarbanes-Oxley, from venture capitalists in particular, for a number of years. There may be some validity in a lot of cases, but the bigger factor affecting the lack of public offerings in the venture space is because many banks do not cover these small companies any more. If they do not have analyst coverage, it will reduce the level of institutional public investor appetite for these IPOs because investors just do not know about them.

MR. TRIVETTE inquired if Abbott had to hire additional staff to spend more time on transparency and governance issues. MR. MALONEY replied that they added one person to the investment staff in the past year. Because the commitment pace was very slow last year, they had plenty of time to complete all the due diligence activities. MR.

GRAY added that over the years Abbott has been asking for better transparency and governance; the difference now is that the general partners are listening and accommodating a bit more because they are having a tougher time raising funds.

DR. MITCHELL requested comment on generational change in the general partnership world, as the first generation begins to retire. He also asked if some of the tax code changes might affect the private equity world.

MR. GRAY said Abbott focuses on generational change whenever they do due diligence on a partnership. It is difficult to generalize because every firm has their own dynamic and culture. The culture of the firm drives how generational transfer takes place; some firms manage it smoothly, while at other firms the founders are reluctant to give up their equity to people below them. When Abbott sees signs of the latter in the interview process with general partners, it is a major red flag and is frequently a reason why they do not invest in those firms. Abbott will avoid investing in firms where they believe generational change will be major source of turmoil down the road. On the second question, he did not know how tax code changes would impact the private equity world, but he doubted that many in his field were that concerned about it.

MR. O'LEARY mentioned that some people might impose preferred terms and conditions for limited partners at the risk of losing what they want. He inquired about the risk with that type of an approach. MR. MALONEY replied that Abbott's approach is that legal negotiations are part of the due diligence process. There is not a single fund they will commit to solely because they find the terms to be incredibly favorable. The investment opportunity has to stand on its own merits. But the legal structure of the partnership is certainly a reason for Abbott to say they will not go into something. So guidelines are helpful to the industry, but there is no single model of legal terms that should fit every single partnership. He agreed with Mr. O'Leary that the goal is to get into top quartile partnerships.

CHAIR SCHUBERT asked if Abbott had any firms that failed. MR. GRAY said the only firm that imploded was Candover, which had one billion euros of capital for their new fund that was slated to come out of a PLC vehicle that had a high degree of leverage. When the financial crisis hit in 2008, the PLC vehicle tripped a number of covenants, and Candover was no longer able to make the billion euro commitment to the new fund. The limited partners had recourse, and Abbott was able to pull its own commitment to the Candover Fund. The fund size was reduced by 90%, and Abbott only has exposure to one portfolio company. That firm is just managing out their portfolio from the prior funds and will not be able to make any more investments. Other than Candover, no other general partner groups in any of Abbott's portfolios have gone out of business.

Continuing with their presentation, MR. MALONEY talked about the venture capital market. While not immune to the most recent turmoil in the markets, most of venture

capital funds in Abbott's portfolio have experience with managing investments through a steep down turn. They have been focused on maintaining the health of their existing investments, and in some cases making difficult decisions early on about whether or not to continue to fund some existing deals. This time around the venture capitalists in the ARMB's portfolio have done a much better job reserving appropriate levels of capital to continue supporting their most promising investments. That should help set the stage for better returns in the future. The venture capital exit market is still quite poor, but it showed some signs of life starting in the third and fourth quarters of 2009. The ARMB portfolio has had two meaningful venture capital exits so far in 2010.

MR. MALONEY stated that general partners and limited partners, who were prudent with their capital and did not over-extend themselves during the height of the credit bubble in 2005-2007, should be in a good position to benefit from the opportunities in the current environment. Most of the activity in 2009 revolved around existing company investments rather than new deals; that will likely remain a big aspect of activity for the next year or so, although Abbott expects to see a modest increase in new transactions. The pace of capital calls should increase modestly over the next 12 months, but it will remain well off the pace seen in the 2006-2007 time frame. Last year was not a banner year for distributions. Historically, the distribution pace has slightly lagged the capital call pace. The economy seems to be in recovery mode, and the two big questions are whether it will stay in that mode and will the capital markets continue to recover. The answers will highly affect investment activity and fundraising activity.

MR. GRAY gave a brief update on Abbott Capital as an organization, noting that they have had very little turnover, and no senior partners have left the firm since the ARMB hired Abbott in 1998, except for Ray Held's planned retirement in June 2009. Abbott remains strongly dedicated to alignment of interest with their clients and the general partner groups they invest with. The capital under management has grown at a moderate rate over the last 12 years. Abbott promoted three new managing directors in January 2010: Tim Maloney on the investment staff, general counsel Mary Hornby, and Paolo Parziale on the administrative staff. Abbott also hired two investment analysts, one of whom replaced an analyst who left.

MR. GRAY next reviewed the 2009 investment activity. The five primary commitments that Abbott made for ARMB last year were well below the normal number. It was not due to partnerships not coming to see Abbott, as they reviewed over 440 offerings in 2009. They just found fewer deals that were appealing last year. Of the five commitments made, two were to special situations partnerships, and three were to venture capital and growth equity partnerships.

MR. MALONEY described the ARMB portfolio construction in detail as of December 31, 2009. He talked about diversification by vintage year, industry, investment style, and geography. The majority of the ARMB's non-US capital is focused on Western

European buyout funds that invest in exit companies in mature capital markets.

MR. GRAY stated that Abbott has already closed on three transactions for ARMB in the first quarter of 2010, and they are confident about being able to commit the \$135 million target for the year. This will include investments with groups they have backed already, and they are in the initial stages of reviewing opportunities with new groups for the portfolio. The deal flow will be slower than 2006-2007, but they see an improvement from 2009. Abbott will continue their discipline and due diligence that they have always employed on ARMB's behalf.

MR. O'LEARY remarked that government seems to be a bigger and bigger factor as it deals with the market meltdown and aftermath. There has been a lot of interest and excitement in industries that are seemingly dependent upon incentives, such as clean energy. He asked how Abbott coped with that in an area where that has not historically been the case.

MR. GRAY said it is probably best to avoid industries that are not economical without a government subsidy. For private equity to invest in those or build a whole portfolio around it would be dangerous. In terms of what has happened in health care, how the terrain has shifted and who the winners and losers are going to be is very complex. Companies that are expert in this field are only beginning to figure out exactly how that will impact their portfolio in the long run.

MR. MALONEY added that Abbott has not done a lot in the clean technology space, although they have some exposure through existing general partners who have part of their strategy focused on that area. A lot of those are investments that are not necessarily dependent on receiving government tax credits to be successful. So the general partners share Abbott's concern about formulating an investment thesis based on government behavior.

MR. PIHL inquired why Abbott's presentation material did not show distributions by investment. MR. GRAY explained that because of the disclosure requirements under the Freedom of Information Act, Abbott is prevented from disclosing that level of detail publicly. Board members and staff are welcome to look at the information at the Abbott offices, but they would be unable to take the information with them.

CHAIR SCHUBERT thanked the Abbott gentlemen for the presentation. She called a short break from 10:59 a.m. until 11:10 a.m.

## **9. Pathway Capital Management**

JAMES CHAMBLISS and CANYON LEW reported on the private equity portfolio that Pathway Capital has managed for the ARMB since 2002. *[A copy of Pathway's presentation material is on file at the ARMB office.]*

MR. CHAMBLISS said 2009 was a slow year for commitments to funds, a slow year for investments into portfolio companies, and a very slow year for dollars going back to limited partners in the form of realizations and distributions. However, Pathway and the underlying general partners were quite busy during the year, although it did not show in the three areas he just mentioned.

MR. CHAMBLISS gave a brief overview of the firm, which remains 100% independent and member-owned. One person was added as an owner in January 2010. There has been no senior level investment professional turnover since the firm's inception. Pathway remains a relatively young firm and, with the oldest partners being 56, there are no succession or retirement issues in the near future. Of the 15 owners, roughly one-third are in their fifties, approximately one-third of them are in their forties, and about one-third are in their thirties. He mentioned that Pathway has a discretionary separate account relationship with the ARMB. In 2005, Pathway made a decision to focus new business solely on fund-of-fund accounts, but they continue to maintain the existing discretionary separate account relationships.

MR. CHAMBLISS said private equity fund investing is not an infinitely scalable business model, because there are only so many top-quartile funds to invest in every year. Around 2002, Pathway decided to evolve the business model away from the non-discretionary separate account business and more toward the discretionary business model. That business model has evolved to where \$21 billion of their \$23 billion in assets under management is discretionary money, and that money is split about 50/50 between discretionary separate accounts and discretionary fund of funds. They believe this benefits Pathway and their clients and investors, because eight years later they have about the same amount of assets under management, and they invest about the same amount in partnerships now as they did in 2002. They are a much more efficient firm, and that makes Pathway more attractive to general partners as a result. Pathway views itself as an investment firm, not as an asset gatherer, so their goal and focus is to moderately grow the assets under management in order to continue effectively investing in the private equity asset class.

Although the business model has evolved, and the assets under management, by design, have been flat over the last eight years, they have grown the organization from 51 people to 104 — with much of that growth in finance, legal, information technology and support services. Pathway has 30 accountants and tax people and a legal team of eight people, including four attorneys. This allows the investment professionals to focus on nothing but finding the best private equity fund investments. This is a different world than eight years ago, and compliance, accounting and legal aspects of it call for much more due diligence and oversight on Pathway's part. They have staffed their team up accordingly.

MR. CHAMBLISS said he concurred with everything Mr. Hanna had presented about the market environment earlier, and he would not go over it again. Instead, he offered Pathway's insight on what they have seen in the last two to four months and what that may or may not lead to in private equity for the remainder of 2010:

- Credit markets opened up in 2009; in fact, the high yield market had its biggest year of issuance ever. It benefitted private equity deals done in 2006 and 2007 that had huge debt maturities that would come due in 2010, 2011 and 2012. The credit markets opening allowed these companies to amend their credit agreements and extend the maturities for two, three or four years. This has bought some time for the companies to work through the market environment and hopefully come out as a more profitable value-added business. Time will tell in that regard.
- Valuations have improved from the "darkest of the dark" in the March quarter of 2009. June saw a slight uptick in valuations, and there was another uptick in the September quarter. The December performance was good as well. Early reports from general partners are that they expect modest increases for their March 2010 valuations. Improved valuations are primarily the result of public markets increasing, and under FAS 157, the quarterly mark to markets in the private equity world are based on public market comparables. The underlying fundamentals of the companies in the private equity arena have improved as well. The focus is on improving the companies from a growth perspective, and the early signs have been somewhat positive over the last several months.
- Liquidity markets were tough in 2009 but improved late in the year for IPOs and M&As (mergers and acquisitions). It is early days, but Pathway is seeing more IPO announcements. Last night alone four private equity and venture-backed IPOs priced, and two of them were in the ARMB portfolio. The dark cloud on that silver lining is that those IPOs priced at or below where they were expected to price.
- Distributions were up on the ARMB portfolio in the fourth quarter and continued at a flat level in the first quarter of 2010.
- The fundraising market has improved in 2010 but not much. Pathway has committed to one fund for the ARMB so far this year. They expect to commit to one more in the next four to six months. The market will be slow heading into summer, and summer is always slow for fundraising. The second half of the year will be wait-and-see. The positive aspect of a challenging fundraising market is that the less money in the asset class, the less competitive it is, and the better it is for investors such as ARMB and Pathway. A lot of money was raised in 2006 and 2007 that is still sitting on the sidelines, and it will be several weeks before the uninvested capital works its way through.
- The environment feels better today than it did six months ago, but it is still early days and very dependent on the overall economic climate and ultimately the public and M&A markets.

MR. WILSON asked how long before the partnerships formed in 2006 and 2007 have to get the money out or they will have a real problem. MR. CHAMBLISS replied that five to six years is typical. Normally, a fund formed in 2006 would be 30% to 60% invested at this point and have 40% to 70% of the capital to get invested over the next 2-1/2 to three years. If the market improves and more deals are done, there may not be a problem; otherwise there will be issues to deal with.

CHAIR SCHUBERT inquired if Pathway Capital had any partnerships fail, as in being unable to raise funds and then basically going into servicing the existing companies. MR. CHAMBLISS said they had not.

Following up on Mr. Wilson's question, MR. O'LEARY asked, if a fund was nearing or could foresee the end of the investment period, if they were beginning to discuss with the limited partners the possibility of extending the investment period. MR. CHAMBLISS responded that a small number of general partners have approached Pathway to begin discussions about extending the investment period. That would not go without some sort of benefit to the limited partners. But those discussions are in the very early days because most of the funds raised in 2006 and 2007 still have 2-1/2 to three years of investment period left.

MR. O'LEARY asked if there is a retroactive fee reduction if the investment period passes, because fees were charged on the committed capital as opposed to the invested capital. MR. CHAMBLISS said it is not written into the limited partnership agreements, but part of Pathway's early discussions with their general partners is about the potential of not investing a fund in full and what sort of concessions they would expect as limited partners.

DR. MITCHELL remarked that all the gatekeepers and institutional investors he has talked with about private equity say they limit themselves to first quartile firms. He asked who invests in the second, third and fourth quartile firms.

MR. CHAMBLISS said it is almost a mathematical impossibility to invest in every single top quartile fund. Pathway believes in being very selective in private equity investing, and historically they have invested in about 2% to 3%, maybe 4%, of the investments they see every year. Other institutions with a lot of money to put to work in this asset class pursue more of an index approach and invest in a large number of firms. They may or may not outperform their benchmark of some premium over the public market, but they certainly will not be top quartile. And the return certainly will be below what Pathway believes the Board's expectation should be for private equity.

Next, MR. LEW reviewed the ARMB portfolio in light of the 2009 tactical plan, and what Pathway has planned for the 2010 tactical plan. Pathway committed \$75.4 million in



nine partnerships in 2009, well short of the \$130 million target for the year. The commitments were spread fairly evenly among two buyout funds totaling \$60 million, two venture capital funds totaling \$19.3 million, two special situations funds totaling \$16.2 million, and three restructuring funds totaling \$20 million. The portfolio is within all the target ranges by strategy.

MR. LEW stated that Pathway's objective is to invest in the highest quality opportunities, and they will only put capital to work if the opportunities are there. In 2009 the opportunities were not there, so they did not try to force anything by lowering their standards. The dearth of high quality opportunities was largely a function of the difficult economic conditions, which caused a lot of groups that Pathway anticipated to back in 2009 to push off their fundraising efforts. In some cases, the market-related decline in investment and exit activity pushed out the need for a next fund. In other cases, groups just decided it would be better to sit on the sidelines and wait for fundraising conditions to improve before testing the waters. Even though commitment activity was down in 2009, Pathway still reviewed 391 opportunities.

MR. LEW said that Pathway is targeting \$125 million in commitments to invest in up to 14 partnerships for the ARMB portfolio this year. The target ranges for each strategy are unchanged from last year's plan. Investment sizes will generally range from \$10 million to \$20 million. As of today, they have committed \$10 million to a multi-stage focused venture capital fund.

MR. O'LEARY inquired if the operative constraint on the bite size of commitments was the diversification goals for the ARMB portfolio or the limited capacity related to Pathway's \$21 billion in assets under management. MR. CHAMBLISS replied that the inability to get the full ask in a fund is primarily driven by the general partner's desire to limit certain limited partners. However, after eight years, a significant portion of the funds that Pathway is investing in for the ARMB are existing relationships where they are getting the full bite size. The issue comes up maybe once or twice a year, when Pathway is interested in getting a toehold investment in what they believe is an exceptional opportunity.

MR. LEW stated that Pathway will continue to adhere to the long-term target ranges by strategy and geographic region, while maintaining flexibility in the short term so they can capitalize on the highest quality opportunity in the marketplace at that time. The pipeline of quality opportunities is very slowly beginning to pick up and is expected to increase in the latter half of 2010. Any continued delays in fundraising, such as experienced in 2009, could result in Pathway not investing the full \$125 million target commitment.

MR. RICHARDS asked if there were any investments that did not need any more capital to begin with but they have run dry because of the economic down turn and now need an injection of capital. MR. CHAMBLISS said yes, that Pathway devotes a portion of the

portfolio to partnerships that focus their strategy on turnaround or troubled situations, whether it is in the distressed debt pocket or the special situations pocket.

MR. RICHARDS asked if Pathway expected increased activity in that category or if it would be new projects. MR. CHAMBLISS said there will be increased activity in troubled situations, such as corporate carve-outs of troubled parents. Six months ago he would have expected more of that, but the credit markets have opened up and allowed companies a little more flexibility in their debt. So at least for the near term there will not be as much activity as Pathway originally expected during the depth of the financial crisis.

MR. LEW presented the ARMB portfolio update as of September 30, 2009 — a total of \$1.075 billion committed, \$687.9 million or 64% of which has been contributed. These contributions have grown to \$825 million in total value, generating a since-inception internal rate of return of 10.3%. He stated that Pathway is in the process of finalizing the year-end numbers: contributions will rise to \$713 million at year end, and the total value is expected to increase by about \$60 million and reach \$884 million. That would boost the since-inception internal rate of return to around 11.5%.

MR. CHAMBLISS stressed that in 2009 Pathway was very active in managing the underlying portfolios and meeting with general partners. There were 40 managers in the ARMB portfolio, and during the year Pathway had 180 either face-to-face or teleconference meetings with the general partners.

MR. LEW reviewed the portfolio's investment strategy diversification at the partnership level, noting that there is attractive sub-diversification within each of the major strategies. He also presented graphs of the diversification at the underlying portfolio company level. While Pathway expects the acquisition category to represent a majority of the portfolio, they also expect the venture slices to grow over time. There are 13 industries represented in the portfolio, and no single industry represents more than 18% of the portfolio's total market value. Sixty-nine percent of market value is spread fairly evenly throughout the United States, and the remaining 31% is outside the U.S. in 30 countries, primarily in Europe. A roughly 70%/30% mix is appropriate right now, and the areas of non-U.S. investments are the markets that Pathway believes are the most suitable for private equity investment.

MR. LEW stated that annual contribution activity in the portfolio fell sharply in 2009 to \$69 million, a 50% decline from 2008 and a 58% decline from 2007. Investment activity dropped in all strategies, most notably in the acquisitions category. Contribution activity appears to be picking up in 2010, but it is hard to peg where the year will end up based on one quarter of activity.

MR. LEW remarked that the annual distribution activity was the same story as

contributions. Distributions in the portfolio fell to \$36 million in 2009, a 66% decline from 2007. Things picked up late in 2009 when the fourth quarter distributions exceeded that of the first three quarters combined. During the first quarter of 2010, distributions came in at \$18 million, a modest decline from the fourth quarter amount but still well ahead of the first three quarters of 2009. This indicates that the large increase in distributions in the fourth quarter was not an aberration and gives some reason to think that distribution activity in 2010 will exceed that of 2009.

MR. LEW reviewed performance for the one-year period ended September 30, 2009. The portfolio generated a net loss of \$60.7 million and a one-year return of -10.9%. The fourth quarter of 2009 is shaping up to be the strongest quarter of the year, with over \$34 million in gains expected. If the performance period was advanced to year end, the 2009 one-year return would swing from -10.9% to +11.2%. Given everything that happened in 2009, it is surprising that the year will likely end with the same since-inception return as it began with.

MR. LEW also presented the vintage year performance, noting that 2006 is the vintage year most challenged by the recent economic down turn. However, the partnerships in that year remain young, with an average age of 1.9 years, and over 25% of their capital has yet to be put to work. Also, a vast majority of the losses from the 2006 vintage year are unrealized and expected to improve. The 2007 and 2009 vintages are off to a promising start and have significant dry powder to deploy. If performance was advanced to year end, the 2007 vintage year would move to break even, while the 2008 and 2009 vintage years would actually be valued above cost. That is a nice early result, given the J-curve effect typically associated with less mature funds due to the drag of fees on performance.

MR. WILSON noted that the top quartile performance for the 2006 vintage year was break even, and he wondered if it was a challenging year for everyone. MR. CHAMBLISS confirmed that it was. He advised to wait and see, because with only \$12 million distributed of the \$178 million committed in 2006, Pathway views it as quite immature. He did not think that the benchmark for the 2006 vintage year was very reflective of where it would be in three, four or five years.

MR. CHAMBLISS displayed a slide of the portfolio performance by investment strategy. He said the portfolio is doing well across all the metrics. When the Board started investing with Pathway in 2002 it was post tech bubble, so there were not a lot of venture funds raising money through 2004. Pathway did not begin committing to venture funds in earnest until 2005, so the venture capital portfolio is a little less mature than the other strategies in the portfolio, and the performance is a bit below the other areas. Pathway believes the restructuring/distressed debt strategy is very appropriate for a partnership portfolio, such as the ARMB, for two reasons. It is counter-cyclical to the other equity partnerships the ARMB is invested in, so a good diversifier. And experience

has shown that the portfolio can earn equity like returns by investing in high-quality distressed debt funds. From September 2008 to September 2009, every single sub-strategy in the ARMB portfolio was negative, but distressed debt was positive. Coming out of that climate, it was a great opportunity to take advantage of some underpriced and undervalued distressed debt in the marketplace. That explains the 42.8% return in the distressed debt portion of the portfolio.

MR. CHAMBLISS reviewed the net performance relative to public and private market indices. He noted that as of September 30, 2009, the ARMB portfolio's 10.3% net IRR since inception outperformed the benchmark of the Russell 3000 Index + 350 basis points by almost 800 basis points. That return also significantly outperformed the Venture Economics Private Equity Index. The preliminary 2009 year-end net return since inception is 11.4%, while the portfolio benchmark generated a 4.3% net return over the same period.

MR. CHAMBLISS thanked the Board for its confidence in Pathway over the past eight years. He said they continue to invest in the best private equity funds in the world on the ARMB's behalf, and they manage those funds and follow them closely. The portfolio has performed well to date on a relative and absolute basis, and it is well positioned to continue to perform well going forward.

CHAIR SCHUBERT thanked the gentlemen from Pathway for the presentation.

## **LUNCH BREAK**

CHAIR SCHUBERT called a lunch break at 11:59 a.m. The meeting resumed at 1:15 p.m.

## **REPORTS (Continued)**

### **10. Actuarial Valuation Review for 2009 Certification of Draft FY09 Actuarial Valuation for PERS/TRS and NGNMRS and JRS Roll Forward Analysis**

MR. BADER explained that Senate Bill 141 that created the Alaska Retirement Management Board contained a requirement that a second actuary must review any actuarial data reported to the Board. Gabriel Roeder Smith & Company (GRS) provide that service to the Board.

*[A copy of the GRS slide presentation is on file at the ARMB office.]*

LESLIE THOMPSON of GRS said she reviewed the roll forward of the Judicial Retirement System (JRS) pension and health plans and the National Guard and Naval

Militia Retirement System (NGNMRS) pension plan. The numbers from the prior valuation were rolled forward by the primary actuary Buck Consultants, rather than having an extra data set collected and valued separately. A roll forward is a very common approach in estimating numbers from year to year. GRS actually replicated the entire roll forward process and submitted a letter of findings. There were two minor things: a sign change on a number, and two numbers that did not add correctly. Buck then made the necessary changes, and GRS matched the roll forward results for those two plans.

MS. THOMPSON said the second item to report was the actuarial audit of the June 30, 2009 valuations of the State of Alaska Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) pension and post-employment health care plans. She drew attention to the summary report card (page 4 of April 9, 2010 report) that listed the items that have been under review in the last three GRS audits. Every item that GRS has brought up over the last three years has been resolved. The two red x's are items where GRS is in agreement with Buck that they are de minimus, but Buck's systems cannot accommodate the level of change that GRS has recommended in its reviews. These are not material items.

MS. THOMPSON described how GRS ran their own valuation estimates on some test lives received from Buck and that they nearly matched to the dollar on the liabilities for both the PERS and TRS pension plans. At this point, the audit is producing very favorable results. There is a little more disparity on retiree medical, but it is well within normative limits. Retiree medical has so many more moving parts than the pension plans that it is harder to get an exact match. But everything looks clean on both the pension and retiree medical plans.

Addressing potential areas for future review, MS. THOMPSON stated that GRS took a look at the history of the PERS gains and losses by source, and they saw an interesting phenomenon. On the retirement system, all the sources of gain or loss are losses. That means the plan population is behaving in a way that creates a loss to the plan. Second, there is a large gain on the medical sources of gain or loss. Her interpretation, which is one of several possibilities, is that the medical gain is hiding the pension plan losses. Net-net there is a gain in the valuation for each of the last four years. If the pension and retiree health care plans were looked at separately, neither plan would be acceptable in terms of the magnitude of their gains and losses or the consistent bias.

MS. THOMPSON recommended conducting an experience study so the assumptions get into alignment so that their expected value is closer to zero. If the persistent bias is losses, it will mean upward pressure on the contribution rate. If the persistent bias is gains, one could draw the conclusion that too much is being contributed to the plan. She said she had spoken with Buck Consultants about this last week, and she understood that an experience study was currently underway.

Responding to MR. PIHL about the size of the retirement losses, MS. THOMPSON said it was \$6.4 million in the 2010 valuation.

MR. RICHARDS observed that the "Other" source of gain or loss to the plan was \$22 million in the 2010 valuation. He asked if the "Other" category consisted of a lot of little items or if it was actually a little category but, because it is so little, it is hard to estimate it, therefore, it has a big variance.

MS. THOMPSON replied that the actuary would have to answer why the "Other" category for PERS is so big. But, in working with her own clients, she advises that "Other" should be the smallest category of all, because she should be able to eliminate all the things that are easy to figure out. Examples of things in "Other" are election rates for joint and survivor or subsidies for joint and survivor benefits — any type of benefit that is not being explicitly valued in the valuation process. She would expect "Other" to be tiny relative to the other sources of gains and losses. What could be happening is that "Other" is actually a concurrence of events — someone could have a much higher salary increase than assumed so they end up retiring with a much higher benefit. The question would be whether the actuary considers that a retirement loss or a salary scale loss. Her suggestion is that the Board should expect the "Other" category in the annual gain/loss by source to be the smallest one on the list, not one of the largest ones.

MR. JOHNSON asked if GRS had any insight into why there were consistent biases in the PERS gains and losses by source, and if GRS had asked Buck if they had any explanation for it. MS. THOMPSON replied that Buck is aware of this and is currently reviewing it as part of the experience study underway. She added that, for example, a loss on termination is because people do not leave employment. There has been a consistent loss on termination year after year. Five years ago, when the Board last set the assumptions, no one knew about the meltdown in capital markets, and no one knew the impact that that would have on the workforce. An anomalous event happened that created anomalous experiences, but she doubted that anyone could know the actual reasons. It is just uncanny that it is happening for the PERS system in nearly every category. The losses on salary are occurring because the pay increases are exceeding the assumed pay increase rate.

COMMISSIONER KREITZER said she had wondered about these things in addressing worker retention for the State through increased salaries, knowing that people would probably not retire because their SBS or other accounts were not where they wanted them to be. She thought there were a lot of things pointing to this outcome, and she was interested in hearing how Buck will address it. She said she has tried to publicly say all the things that the State is doing, and she is surprised that it is a surprise to others that an arbitration award of 5.5% in a year and the assumption that payroll will increase 4% would not be considered.

MS. ERCHINGER said another issue related to expected salary rate increases going forward is that employers implementing defined contribution plans may possibly have to raise salary levels to attract new people into the system. Because the PERS system works on one pay plan per employer, it necessarily raises the salaries for everybody else in the system. She thought estimates for salary adjustments would have to err on the high side in the future for that reason.

COMMISSIONER KREITZER indicated she doubted that the state's largest employer was creating higher salaries because of the defined contribution plan. When she became Department of Administration commissioner in 2007, she found that state employee salaries under the defined benefit plan were not keeping pace. However, the municipal level has been giving salary increases all along. Now that the State has finally been able to increase some salaries, it may be putting some additional pressure on the municipalities that had been attracting state employees. The State has now done a salary survey and has a much better idea of its position as a competitor.

MR. TRIVETTE remarked that retired public employee associations have done medical surveys over the years, and he knew that a sizeable number of retirees have other medical plans and do not use the state's retiree health plan. Second, he understood that Buck was estimating the number of people who were not covered by Medicare Part A and Part B. He asked if there was a source for getting better numbers instead of just guessing.

MS. THOMPSON stated that in the past Buck "guessimated" the ratio of the pre- and post-65 group, but they are able to get data on that now and can value that critical component in retiree benefits more precisely. The claim costs for retirees that are Medicare Part B only are very high; even though it is a small part of the retiree population, it is certainly one where claim volatility dances around a lot.

MR. SHIER explained that shortly after he joined the Division of Retirement and Benefits a question came up about the total spend for retiree health care and whether it was the pre-65 group that was driving the cost or not. In fact, because people are living so long, the largest amount of spending from the retiree health trust will be for those who are post-65, even though it is secondary to Medicare. That is because people are in the post-65 age group for much longer, and that will become the overwhelmingly largest group. Buck Consultants has done some work lately in looking at Medicare Part B and Part A, and Medicare Part D and the Retiree Drug Subsidy Program, trying to determine the proper approach and how to find ways to maximize the federal underpinnings for those who are past age 65.

MS. ERCHINGER referenced a sentence on page 13 of the GRS report: "Because PERS and TRS are closed to new members, eventually the asset allocation may need

to be adjusted to reflect cash flow needs. This should also be considered in the next asset allocation and experience study." She asked at what point in the future the asset allocation should be adjusted.

MS. THOMPSON said she works with another state that has a closed plan, although much smaller. That plan is running out of assets, and what has come to light is how much better it is to plan far in advance for a closed plan. Most people understand the asset allocation part and not to tie up assets that are needed tomorrow. But a plan can only pay benefits out of the market value of assets; it cannot pay out of the smoothed value of assets. The experience study piece is to ask when to really look at the funding method and that assets need to equal the present value of benefits. Alaska is not anywhere near that now.

MR. PIHL asked if GRS was comfortable with the funding ratio and the \$2 billion of deferred loss recognition. MS. THOMPSON said she was very comfortable with the efficacy and the safety for the retirement plan of smoothing the losses over five years. She added that there is no question that the deferred loss is a big number; if the plan was closer to having four actives and 40,000 retired, she would be very uncomfortable, because there would not be enough time horizon to recover. She anticipated a recovery long before the plan is truly an all-retiree plan.

In closing, MS. THOMPSON stated that the retiree medical assumption is acting in the opposite direction, which is creating a large enough gain that the sum total of the PERS gains and losses year by year has always been a gain. That makes this a good time to fix everything and get each assumption predicting itself.

MR. PIHL complimented Ms. Thompson on her report and presentation, which he thought was superbly done.

## **11. Adopt Asset Allocation**

### **Resolution 2010-05:**

**Defined Benefit PERS/TRS/JRS  
PERS/TRS/JRS Retiree Health Trusts  
Retiree Major Medical Health Insurance Fund  
Health Reimbursement Arrangement Plan/PERS Occupational Death &  
Disability Fund**

### **Resolution 2010-06:**

**Defined Benefit NGNMRS (Military)**

### **Resolution 2010-07:**

**Defined Contribution PERS/TRS Holding Accounts**



MR. BADER stated that each year the Board adopts an asset allocation for fiscal year 2011. The asset allocation is based on the capital market assumptions provided by Callan Associates at the ARMB's February meeting. Subsequent to that meeting, he met with Mr. O'Leary of Callan, and Dr. Jennings, George Wilson, and Dr. Mitchell of the Investment Advisory Council to discuss the asset allocation and a recommendation to the Board.

MR. BADER said the capital market assumption changes were minimal this year compared to the capital market assumptions the Board acted upon last year. Staff was recommending one asset allocation for the PERS, TRS and Judicial retirement plans and several other accounts listed, and a separate asset allocation for the military retirement system.

The differences between the current asset allocation plan and the one proposed for FY11 are to decrease domestic equity by 1% and increase international equity by 1%, and to decrease fixed income by 1% and increase cash by 1%. Regarding Ms. Erchinger's earlier question about when was the time to change the asset allocation and acknowledge the need for cash, MR. BADER said the ARMB would be beginning that process in this asset allocation. Second, the proposed asset allocation takes into account that each year the Legislature has appropriated a large amount of money to supplement the retirement plans. Staff and advisors believe it is in the plans' best interest to hold some of that appropriation in cash, rather than putting it into investments that have to be sold a month or so later to raise cash, thus incurring transaction costs. The cash allocation has been set at 1%, but staff does not intend to necessarily hold it at 1% throughout the year.

MR. BADER stated that staff is also mindful that a good part of these plans will be terminating in the coming years. The assets are pooled, so that while the PERS and TRS tier I and tier II retirees may be fading from the scene over time, the health care components of the defined contribution plan are defined benefit type liabilities, and the ARMB will not be out of the DB-type investment business.

MR. BADER referred to Resolution 2010-05 in the meeting packet that laid out the asset allocation for the Public Employees', Teachers' and Judicial Retirement Systems; Public Employees', Teachers' and Judicial Retirement Health Trust Funds; Retiree Major Medical Health Insurance Fund; Health Reimbursement Arrangement Fund; PERS Peace Officers/Firefighters Occupational Death & Disability Fund; and the PERS, TRS, All Other Death & Disability Fund, effective July 1, 2010. Resolution 2010-06 established the asset allocation for the Alaska National Guard and Naval Militia Retirement System, effective July 1, 2010. Resolution 2010-07 laid out the asset allocation for the PERS and TRS Defined Contribution Holding Accounts, which was essentially the cash allocation.

DR. JENNINGS commented that where the trustees do not see any change in the asset allocation, it does not mean that staff, the consultant and the advisors did not discuss things thoroughly. They debated some of the numbers and then ended up at the same spot as the current asset allocation.

MR. O'LEARY stated that last year was the first time where the expectation for the total retirement fund return exceeded, on a longer-term basis, the discount rate currently in use. That was because values were so depressed at the time the 2009 capital market assumptions were developed that the return projections were quite high. This year the projections were reduced to more normal levels. The consequence is that the long-term return will likely be below the discount rate. The primary driver is a difference in the long-term inflation assumption; the long-term inflation assumption embedded in Callan's projections is 2.75%, which is 75 basis points lower than that used to develop the estimate of the liabilities.

MR. O'LEARY said this is an environment of incredible public debate and criticism about the reasonableness of the discount rates that are being used. As a follow-up to Buck Consultants' presentation at the February meeting he asked Callan's research people to prepare an expansion of what they did with regard to embedded real return projections. He hoped that work would be completed before the next board meeting. He wanted to make sure that the Board had considered this and understood the differences in the critical assumptions that are going into the choice of an investment policy, and the reasonableness of the set of actuarial assumptions that have been used to develop the contribution rates and future liabilities.

MR. WILSON related that the advisors, Mr. O'Leary, and ARMB staff had a lively debate on asset allocation, as they always do. In his time on the IAC, the consistent message has been that this is the most important decision that the Board makes on a regular basis. The most debated topic continues to be the difference between domestic and international equity. There is a wide range of opinions on the matter, from having a heavy overweight to the U.S. economy, to a number of endowments in the Northeast actually splitting their portfolio into thirds. The proposed asset allocation continues the gradual move the ARMB has been making over the last couple of years. Right now, the markets are about 43% U.S. and about 57% international - including emerging markets. The ARMB asset allocation will be about 56% domestic, so roughly a 30% overweight relative to the world indices. The IAC felt that moving 1% from domestic equity to international was a gradual move closer to the world indices.

COMMISSIONER GALVIN stated that he served on both this board and the Alaska Permanent Fund Board. The APFC board spends a lot more time in philosophical discussions about the investment policy, how it relates to the mission of the permanent fund, the role of risk tolerance, and the extent to which the board can anticipate where it

should place its asset allocation in the context of that risk profile. He said that among the decisions that this Board has to make, it should pay particular attention to this one decision. He appreciated, maybe more than some trustees, the amount of work that goes into the staff bringing an asset allocation recommendation to the Board. For that reason, he was overall very comfortable with what staff was recommending. However, he believed it was incumbent upon Board members to look at the underlying assumptions that the staff used in reaching the recommendation to determine if the Board felt they were the appropriate ones in terms of both long-term expectations that individual board members have about the risk tolerance that the Board should adopt and the volatility over the last 24 months, and the realization at different times about the vulnerability to things that people do not understand or control, and the Board's responsibilities to the beneficiaries that rely on the Board to protect their assets, as well as to try to provide some growth.

COMMISSIONER GALVIN said that for that reason he thought the Board needed to spend a little time looking at some of the trade-offs that are inherent in the different asset mixes that staff analyzed on the efficient frontier to determine what they would recommend. For example, the mixes on either side of the ARMB 2011 recommendation show some of the tradeoffs that are inherent in asset allocation decision-making. Moving from the recommended mix to Mix 4 drops the expected return but also drops the projected standard deviation from that return. Moving the other way from the recommended mix to Mix 5 increases the expected return and also raises the expected volatility of that return. As Board members representing the various constituencies, the decision with regard to asset allocation is trying to balance a combination of different factors. If the Board were to take a less aggressive asset mix, it would have ramifications on projections of the unfunded liability, the Legislature's role in filling that, or the sense that the ARMB was contributing to it in its decision-making. On the other hand, the Board would be providing a bit more confidence in the expected return because the asset mix would be moving toward assets that have less volatility. This could give some constituencies a greater sense that the Board recognized their concerns.

COMMISSIONER GALVIN said he wanted to take a minute to make sure that the trustees were all thinking through the choices before them. While staff has provided what they believe is the best asset mix to reflect what *they* think the Board has decided is the risk tolerance, the trustees are the ones who make that decision. He said it is not a repudiation of staff's recommendation for the Board to say it had changed its mind about what risk profile it wants to set for the asset allocation. He wanted Board members to take that to heart in making the decision so that this asset allocation was the one they believed properly reflected their balance of responsibilities.

MR. PIHL indicated he was comfortable with the process, noting that the Board had a long discussion about asset allocation at the February meeting. Referring to the ARMB

2011 asset mix expected return of 8.07% versus the 8.25% discount rate, he said he understood the difference was accounted for in the Callan inflation assumption of 2.75% compared to the actuarial inflation assumption of 3.25% used to calculate the discount rate.

MR. TRIVETTE also stated that the Board spent quite a bit of time on this at the last meeting. He said he took time last weekend to review Mr. O'Leary's presentation and to read the February minutes carefully. If he had not been part of that discussion, he would probably be recommending that the Board wait until the next meeting to take action on the asset allocation. He recalled it being emphasized at the time the Alaska State Pension Investment Board was transitioning to the Alaska Retirement Management Board that probably the most important thing the Board would do every year was the asset allocation decision. He firmly believed that, and was comfortable in voting at this meeting.

MR. PIHL moved that the Alaska Retirement Management Board adopt Resolution 2010-05, Resolution 2010-06, and Resolution 2010-07, relating to asset allocation. MR. RICHARDS seconded.

Roll call vote

Ayes: Erchinger, Galvin, Kreitzer, Pihl, Richards, Trivette, Williams, Schubert

Nays: None

The motion passed unanimously, 8-0. *[Trustee Harbo was absent.]*

CHAIR SCHUBERT thanked Commissioner Galvin for his reminder about the Board's focus.

**12. Performance Measurement - 4th Quarter**

MICHAEL O'LEARY, Executive Vice President of Callan Associates, Inc., presented the calendar 2009 investment performance for the retirement funds. *[A copy of the Callan presentation slides is on file at the ARMB office.]* He said the defined benefit programs had excellent absolute returns but weak relative returns for the full year. The weak returns compared to peers were primarily attributable to the valuation lag for the illiquid assets real estate and private equity. That valuation lag works to the retirement fund's benefit in some years, such as 2008, and is a detractor in other years. The participant-directed programs, almost without exception, had very competitive performance during 2009.

MR. O'LEARY gave a synopsis of the market for 2009, as follows:

- December was another good quarter for the stock market, making it three quarters in a row. The S&P 500 Index was up 6.04%, and the EAFE Index was

up 2.18%. For the full year, when measured in dollar terms, the EAFE Index was up almost 32%, as opposed to the 26.5% for domestic equities as measured by the S&P 500. Looked at in local currency terms, the EAFE was up 24.7%. The dollar was weak over the full year, but it changed course late in 2009. That has continued, so in the March quarter the stronger dollar was a detractor from performance.

- The high yield bond index was up 58% for the year, which was absolutely extraordinary.
- At the other end of the spectrum, government bonds had a negative return for the December quarter and the full calendar year.
- Private real estate was down just under 17% for the year, as measured by the NCREIF Index, and it also posted a loss in the fourth quarter. Callan's total private real estate database was down 28.5% for the year. Real estate investment trusts (REITs) had a strong recovery - up about 30%, which helped the ARMB portfolio.
- Emerging markets enjoyed extraordinary returns, with the MSCI Emerging Markets Index up 79% for the year.
- Hedge funds recovered during the December quarter and the year. Callan's hedge fund-of-funds database was up just under 13% for the year. The Credit Suisse Tremont Hedge Fund Index was up over 18.5% for the full year; that index includes a lot of very aggressive hedge funds.

MR. O'LEARY referred to the Callan periodic table of investment returns by major asset category and pointed out some of the dramatic changes between the 2008 and 2009 returns. Another graph of bull market comparisons showed the duration of the average bull market has been 68 months; the current bull market has lasted 10 months. He said if this is going to be a protracted market recovery, there is plenty of historical precedence that it could last longer. But just because that has been the case historically is not reason to rely on it now. There are many who would understandably say that the recovery from March 2009 through today has been an incredible run, and how much more could there be.

MR. O'LEARY quoted the title of a speech he once heard, "Now is always the most difficult time to invest." He said people think we are in the midst of a recovery, they are confident that interest rates have to go up, and they know taxes are going to go up (just with tax cut term limits expiring). Rising interest rates and higher taxes historically are not good for stock investments. There is no certainty that the economic recovery is going to continue, given the inability to get more people working and the low top-line growth. He counseled the Board not to get caught up in how great 2010 first quarter profits were: inventories got depleted in the recession so some inventory rebuild was very profitable because capacity was so under-utilized. A year ago, the mentality was about writing down everything, as the Board heard about earlier from its private equity managers. That mindset has changed. So things are definitely much better in the

economy, and Callan believes it will continue to get better, but they counsel moderation in that expectation.

MR. O'LEARY had a graph of the NCREIF capitalization rates for current transactions compared to the cap rates embedded in the NCREIF index for appraisal valuations. While there have been very few transactions, there is a substantial spread between the rate at which properties are changing hands and the cap rates used for valuation. Income from real properties has continued to diminish; it looks like that may be getting near an end, but further declines are probable. Looking historically, commercial real estate has experienced worse environments.

MR. O'LEARY reported that the March 2010 quarter was a strong quarter, particularly for domestic equities relative to international equities, much of that attributable to the trend in the dollar. The Barclays Aggregate Index had a 1.78% return, which is good for a quarter. The high yield index was up over 4.5%. The Treasury yield curve was incredibly steep at the end of last year; the policy of keeping interest rates low has been a huge recapitalization the banking industry. The near-zero short-term interest rate is not a condition that can persist when the inflation rate is 2.0%+.

MR. O'LEARY reviewed the retirement fund asset allocation, using the PERS system as the illustration. Everything is very close to the target allocations, with the overweightings being in the equity sectors. He said Mr. Hanna earlier addressed how the overweighting in private equity came to be and how staff is addressing it. Another graph showed the retirement fund asset allocation compared to other public funds. He noted that some public funds have unusual investments they categorize in ways that make sense to them but do not lend themselves to this type of analysis. He explained that if you mentally combine global equity ex-US and domestic equity, the ARMB's equity allocation is quite high compared to others, and the fixed income exposure is comparatively low. That is consistent with an expectation that, if economic growth is rewarded, the ARMB should do better than average because it has taken on a higher equity profile. Some of that is embedded in the "alternative" category, which is where the private equity and hedge fund-of-funds reside.

MR. O'LEARY said Mr. Wilson had mentioned the ongoing debate about the right amount of domestic versus international equity; some funds have gone toward equality, and some funds are using a broad global equity benchmark as their frame of reference. The ARMB, with 10% less in international equities than in domestic equities, is nonetheless in the 14th percentile of a broad universe of other public funds in terms of its international exposure. The retirement fund has a significant tilt toward international, even though it is significantly less than that which is embedded in the broad global equity market index.

COMMISSIONER GALVIN asked if the Callan public fund database was only retirement

funds. MR. O'LEARY said the database was dominated by retirement systems, but the Permanent Fund was included in it. One debate is about whether a capitalization-weighted index is the right frame of reference. For example, if emerging markets kept going up at 80% a year for five years, they would be a bigger portion of the capitalization-weighted index — but would public funds want to load up on emerging market equities after they did that? There are other ways of thinking about diversification schemes, such as some sort of fundamental measure of economies that are traded. For decades, Germany was a small public market but it was a huge economy. So if an index had been weighted based on GDP, it would have had a tremendous weight in Germany, even though the public markets would not have been able to support it.

COMMISSIONER GALVIN stated that although the APFC and the ARMB are somewhat sister organizations in the State, the analysis of the returns fails to recognize the distinctions in the overall purposes of the two funds. He said he was quite concerned about the sense that both funds are structured similarly in terms of the asset mix, and tilted toward a prosperity driven bet, as Mr. O'Leary pointed out. From an overall State perspective, people should think about whether the combination of the two funds basically tilted in the same direction is in the State's overall best interest — because at the end of the day there is a certain amount of cross responsibility that is going to play out if it becomes a situation where the State needs to cover all its obligations. The two funds are chasing the same goal independently and perhaps, at the end of the day, too independently.

MR. O'LEARY commented that the point has already been discussed that sometime in the next while the asset allocation for the defined benefit programs will have to begin to evolve toward a less aggressive structure because of a changing liquidity situation. A clear implication as that situation becomes more foreseeable is that the expectation of what the balances from that point forward will earn will have to be adjusted to the then-current environment. He thought that was a long way away, in large part because of the magnitude of the contributions, the funding schedule, and the many years of work left for a large number of the participants.

CHAIR SCHUBERT asked Commissioner Galvin to expand on his comment about the ARMB and APFC funds operating independently. COMMISSIONER GALVIN said that while the Treasury/ARMB investment staff and the APFC staff communicate and work together as much as they need to, certain separation is appropriate, and there is some inherent competition. As a member of each board, he tends not to bring too much baggage from one to the other. Both boards retain Mr. O'Leary of Callan Associates as their general consultant: that brings continuity, but it also brings a certain shared frame of reference. The Permanent Fund Board is in the midst of a transition in the way it looks at the asset allocation decision-making and the types of information that it uses to inform itself in making that decision. Except for the annual education conference where

the two boards come together, the funds do not spend a lot of time comparing notes at the board level about what they see as the respective roles of the two in terms of managing the funds. Another aspect is the \$16 billion in the Department of Revenue that he, as the DOR commissioner, makes decisions in managing. No one has tried formally or informally to bring some of this together, and part of it is just evolution. Assets are growing, and it will reach a point of having to look at the overall purpose and cross-purposes of the four pots of money (retirement funds, permanent fund, constitutional budget reserve, and general fund) and their investment strategies. He said he was offering this as an initial observation for when the Board is listening to Mr. O'Leary's comments about the retirement fund's tilt one way or the other, to understand that to the extent the funds are independently tilting in a particular direction, just like in any other diversification idea, if the other half of the State's assets are tilting in the same direction, for reasons that are independent, it is not diversifying the State's risk. In fact, it is the opposite. That may be appropriate, for reasons that have to do with the funds' different obligations. But the boards should not ignore it and should try to bring the conversation together in a timely manner, as opposed to having it thrust upon them.

MR. O'LEARY commented that, as someone who works for both funds, the mindset he puts himself in for each client is what the board's fiduciary responsibility is. The ARMB's fiduciary responsibility is very clear — acting for the benefit of the participants in the plans.

COMMISSIONER GALVIN said his struggle is with the question that within the framework of the fiduciary responsibility to the participants there is a simultaneous responsibility that is inherent in dealing with the Legislature and its responsibilities in funding the programs and so forth. The two cannot be separated, because one is inherently going to impact the other. Similarly, how the permanent fund is managed, and how the constitutional budget reserve is managed, and how the general fund is managed, fall into that same dynamic.

MR. O'LEARY said the longest-term pool of money in the State is the permanent fund, and its stated target is to preserve and enhance the purchasing power of the corpus of the fund by a fairly aggressive target of 5%. The liquidity calls are highly variable because they are a function of shorter-term earnings. At the other end of the spectrum is the contingency reserve money in the Department of Revenue. The pension programs are very long term in orientation but definitely finite, particularly when membership in several tiers is closed. These defined benefit-type assets still have a very long investment horizon, so it is appropriate for them to invest for growth. The individual account programs have components to them that are defined benefit-like, which have a long investment horizon, as do the health-related assets. It is appropriate that the executive and legislative branches be thinking about all these things in some type of combination.



COMMISSIONER GALVIN mentioned Mr. O'Leary's earlier comment that the ARMB tends to be overweighted to equities versus fixed income in the Callan public fund peer group. He asked how closely correlated ARMB was to the peer group, given that the Alaska retirement system participant makeup is primarily younger, and the systems are tilted toward contributions instead of distributions. He asked if it was appropriate for ARMB to be weighed against the Callan public fund peer group.

MR. O'LEARY summarized the key differences between the Alaska retirement systems and other public funds. Alaska tries to fund the retiree medical liability and, as a consequence, the total funded status of the Alaska systems has historically been lower than others. Other plans may have had more flexibility in terminating old retirement plans and moving toward new tiers, which means their investment horizon would be shorter. Although the defined benefit portion of the Alaska retirement systems has terminated, the participation of active employees, and the expansion of the liabilities associated with the rest of their careers, has not terminated. His sense is that if other public funds took a holistic view of their liabilities, they would recognize that they are very underfunded.

COMMISSIONER GALVIN asked if not recognizing the level to which they are underfunded drives other public funds to chase less return and be more conservative in their asset allocation. MR. O'LEARY said he thought the leading state funds have been very aggressive in their policies. The higher variability and less-informed consideration is at the county and municipal level, where some of the funds are substantial in size.

MR. BADER observed that Callan's public fund database is a big database. He asked Mr. O'Leary to speak to what large funds do, because Alaska's retirement funds do not look so dissimilar to the largest pension funds.

MR. O'LEARY explained that if Callan did an asset-weighted distribution, Alaska would be more similar than dissimilar because of a comparatively small universe of mega funds. Callan slices its database that way, so they could send that information to the ARMB.

Returning to the performance presentation slides, MR. O'LEARY said the PERS fund beat the benchmark for the December quarter. The 12-month return was 13.28%, a good positive number, but it was below the benchmark return of 20.28%. The 12-month return was driven primarily by weak performance of both real estate and private equity, and much of the private equity difference can be attributed to the timing of valuations. Looked at over longer periods, it takes going out to five years to get respectable cumulative total fund returns relative to other public funds, and that is because of 2009.

DR. MITCHELL said he was looking at the Massachusetts Pension Fund as an example of what Mr. O'Leary categorized as a fairly aggressive asset allocation. It is not

dissimilar to the Alaska funds, with a little less in the equity markets and a little more in hedge funds. The results over the one-, three-, and five-year periods are not terribly dissimilar to the Alaska retirement funds. In both cases, the results are what one would expect, given the asset allocations.

COMMISSIONER GALVIN observed that the ARMB's asset allocation produced roughly 150 to 200 basis points on the positive side of the median in 2007 and 2006, but in 2009 the ARMB's return was almost 650 basis points below the median. So it was not a symmetrical relationship.

MR. O'LEARY confirmed that was an accurate observation. He said the wild card in the equation is the extent of recovery from the ARMB's specific real estate component, because real estate was a major source of drag on return. Some major, nationally noted public funds are not optimistic about recovery. Most of the private equity comments heard earlier seemed to be that this is largely just valuation-driven, not fundamentally driven. If one believes it is valuation-driven, it is easy to rationalize the recovery.

COMMISSIONER GALVIN asked what the time frame was for the Board to get a better picture on that. MR. O'LEARY said he would defer to Mr. Bader, but his answer was that it would be the end of 2010 before there is a clear picture on institutional real estate vehicles. It is already occurring on private equity. The real question is if there has been value destruction because of financing strategies.

MR. BADER referred to the -9.47% return for private equity for the trailing 12 months, a lagged return that was far below the S&P 500 return. He explained that staff did some work prior to the meeting, and of the last 20 quarters, if the returns were lagged one quarter, the ARMB outperformed the S&P 500 in 16 out of 20 quarters. Over five years, the ARMB private equity has outperformed the S&P by 10% (8% for four years, 8% for three years). The private equity managers have reported that they expect December 2009 to be a better quarter. There are significant lag issues for private equity in the trailing 12-month returns. He said he was confident that the ARMB's asset allocation is appropriate for the long run, and he was optimistic that by June it will manifest itself in the performance numbers.

MR. O'LEARY reported that the total bond performance for the December quarter, fiscal year, and one-year was very competitive compared to other public funds. The in-house bond portfolio compared to core managers did better than benchmark for the quarter, the fiscal year, and the year to date.

Large capitalization equities had a decent quarter and an okay year, right at median.

Small cap equities were slightly behind the benchmark for the trailing 12 months but look okay fiscal year to date. The trailing three-year return is near the benchmark.

International equities were median for the full year compared to other public funds, below the All Country World Index ex-US, and much better than the developed market index (EAFE). The ARMB's international developed market managers have underperformed the developed market index.

The emerging market equity pool, comprised of three managers, was up 72.9% for the year, which was poor relative to the benchmark. The longer-term performance has been better than the benchmark and peers. Capital Guardian was essentially at the benchmark, Lazard was up 70%, and Eaton Vance was up 62% (Eaton Vance includes some frontier markets and has a value orientation). In its global equity portfolio, Lazard was essentially at the benchmark for the year.

Mondrian's international bond portfolio had an excellent year relative to non-U.S. fixed income managers.

The real estate investment trust (REIT) portfolio was right on top of the index for the first six months of the fiscal year and is beginning to pull up the longer-term returns.

Crestline and Mariner, two of the three managers in the absolute return composite, beat their targets in the quarter and for the full year. Cadogan, the third manager, was in termination mode. Two other absolute return managers were hired in Cadogan's place, and their performance results will show up next quarter.

The high yield composite, consisting of Rogge and MacKay Shields, had a big underperformance relative to the high yield target for the year. They returned just under 39%, while the specific benchmark for them was up 57%. These managers did not go down as much in 2008 because they have a higher quality orientation.

MR. O'LEARY mentioned that Callan and the industry have been looking for ways to fairly evaluate target maturity funds, which have become increasingly important. As a byproduct, Callan has created peer groups by target date. They can show how the glide path for each of the target maturity funds compares to others. They can also show how each of the target maturity funds compares to other vehicles with the same apparent maturity. To the extent that over time there is greater general consistency in the glide paths among vendors, the relative performance will be useful.

Looking at the SBS funds, MR. O'LEARY stated that the Alaska Balanced Trust was up 15% in 2009, which was above the target. The trust has such a conservative asset allocation that it did not participate fully in the recovering market. The Long-Term Balanced Trust was up 21% for the year, which was also better than its passive target. The RCM Socially Responsible Equity Fund had a great year. The T. Rowe Price Small Cap Trust had a super year, and the last couple years' performance have pulled up the

long-term relative ranking.

MR. O'LEARY reviewed the list of Target Retirement Trusts, from 2015 to 2035. He noted that the big differences in the glide paths among the funds are the amount of equity exposure through time and whether equity performance was up or down.

Flipping briefly through the individual manager performances, MR. O'LEARY indicated that Callan has been talking to ARMB staff and the advisors about McKinley Capital; the new value managers seem to be doing well; and Relational (large cap value) was top quartile for the year, despite being bottom quartile for the last six months.

MR. O'LEARY said he had been brief in covering some of the slides but he was happy to answer any questions.

CHAIR SCHUBERT called a scheduled break from 3:11 p.m. to 3:26 p.m.

### **13. Lord Abbett - Small Cap Core Equity**

KRISTIN HARPER, Director of Public Fund Services, and Client Portfolio Manager STACIA IKPE had been invited to present a report on the small cap core equity portfolio that Lord Abbett has managed for the Alaska Retirement Management Board since 2005. *[A copy of the Lord Abbett slide presentation is on file at the ARMB office.]*

MS. HARPER reviewed facts about the firm and noted that Lord Abbett had no layoffs in 2008; they cut some expenses but kept the people in place because it was the best thing for their clients. Since the ARMB hired Lord Abbett, it has been business as usual and the firm is the same, other than a few partners retiring and new partners being added.

MS. IKPE talked about the small cap core investment team, where the current composition has been in place for the last couple years: Dennis Morgan, who joined almost two years ago, is the newest addition. The portfolio management has the authority to hire another analyst, if they find someone who would be a good fit.

MS. IKPE reviewed the small cap core investment philosophy that the markets are inefficient, especially in small cap space. A combination of using quantitative screens to narrow the universe and doing the fundamental, bottom-up research to understand the companies is what provides the opportunities to pick the best high-return, low-risk stocks in the marketplace. There is a lot of focus on down-side protection in this portfolio.

MS. IKPE explained the small cap core investment process that starts with a screening for valuation on a 2,800-stock universe; is then screened for companies that have about a 10% growth rate; and, third, a quantitative screen for quality. The portfolio manager,

Michael Smith, and most of the analysts are visiting companies two to three days a week to understand the big picture of companies so that when something happens in the market they can determine what the impact will be on the companies. The investment team will develop price targets for the stocks and reward-to-risk ratios and then build the portfolio of 60 to 90 stocks.

MS. IKPE said it seemed strange to be apologetic about a 54% return for the one-year period ended 3/31/2010, but the benchmark performed even better at 63%. Lord Abbett continues to outperform for the three-year period and since inception. The lower quality companies drove the market in small cap space last year — the companies that almost went bankrupt in late 2008 and early 2009, when the credit markets froze. Micro caps did very well, as did the stocks that tend to trade under \$5. Since the March 9, 2009 lows through the end of March this year, companies without earnings were up 138%, while companies with earnings were only up 80%.

MS. IKPE presented the attribution analysis for the 12 months ended March 31. Lord Abbett underperformed by 9.3%; that was split between their sector decisions (a result of the bottom-up stock picking) and their stock selection. Last year was much more a function of what they did not own — the auto parts suppliers that almost went bankrupt and then were up 400%, and the homebuilders that were up significantly. Lord Abbett's focus was more on quality companies that they felt had the strength to manage through the down turn. While those companies did very well last year, they did not do as well as some of the alternative investments. From a sector perspective, Lord Abbett's underweight in the consumer sector hurt the most. In early 2009, people were losing jobs at a very high rate, investment accounts were down significantly, home values were down drastically, and people were continuing to worry about losing their jobs. So Lord Abbett thought the consumer was not going to be buying a lot, and they were very underweight the consumer going into the past year. Meanwhile, the consumer sector was up 100% last year, and it represented 10% of the index. That underweight was a very negative drag on performance for Lord Abbett. Energy was a sector where their stocks were up for the year, but their picks were up 50% versus the benchmark's 80% return.

Turning to the current positioning in the portfolio, MS. IKPE said Lord Abbett has a significant overweight to the benchmark in industrials. The industrial sector is a varied sector of manufacturing companies, trucking companies, air freight companies, and temporary staffing firms. Lord Abbett's view is that many manufacturing companies were quick to cut costs as the markets were going down, and they took write-offs that they would not have been able to take in better times. Lord Abbett believes that Wall Street is under-estimating the impact that these cuts have made on the companies, and they are focusing on those that really changed their business model. They also own a number of trucking companies, with the view that as production picks up, goods will have to be shipped. They have already seen some of those companies do very well this

year.

MR. BADER asked if the sector overweights and underweights were strictly a result of bottom-up portfolio building; in particular, how did a 10% overweight in industrials and a zero weighting in utilities happen? MS. IKPE said it is a result of the bottom-up stock selection process. They are aware of the benchmark, such that adding another industrial stock will take them even further overweight in that sector, but if that is the best opportunity, that is where they are going to go. If it happens that there are two great companies with equal returns, and one is an industrial and one is a consumer discretionary company — where they are underweight — they might chose to go with the company in the sector where they are underweight. It is not that Lord Abbett hates utility companies; it is more that they are finding much better reward-to-risk opportunities in stocks that are not utilities. A year ago they were probably 10% underweight in financials, and they have added there in community banks; they feel comfortable in being able to determine which small banks are going to do well and survive and which are not. They are focusing on banks that are very well capitalized in communities that have some weak banks that they can either buy directly or where they might benefit from some of the FDIC-assisted deals. There is a backlog of 200-300 banks that the FDIC is going to take over as soon as they hire the 500 or so people they need to do that process. The hope is that that will add some return to the banks, but even if the banks in the portfolio do not get any of these deals, they are still the strongest players in their communities and should gain market share.

MS. IKPE said Lord Abbett lightened up in health care last year, although they are still a bit overweight. As health care reform was going on last year, they tried to get out of any names that they thought might be hurt during the process. Now that health care has been passed, they are focusing on what companies will benefit from the increased volume, and they are lightening up on holdings in areas where they think there will not be as much innovation due to some of the health care implications.

MS. IKPE reviewed the characteristics of the ARMB portfolio, which at 3/31/2010 was valued at \$175 million. Lord Abbett tends to have a larger market capitalization than the benchmark; part of the bigger overweight now is due to shifting to higher quality small cap names in late 2008. That has also impacted performance, as the micro cap stocks, with a market cap of under \$500 million, were up about 123%, while the stocks with a market cap of over \$2 billion were only up about 40%. The Russell 2000 Index has about 25% of its weight in the micro cap stocks, and Lord Abbett has a little less than 10% invested in micro cap stocks.

MR. TRIVETTE asked who is looking at the health care legislation to determine which companies will benefit from it. MS. IKPE replied that Lord Abbett's analyst on the small cap team spent a lot of time in Washington in the past year, trying to understand the legislative implications. He is also able to draw on the expertise of three health care

analysts in the centralized research group for mid and large cap products. Lord Abbett buys research services, two of which focus on what is going on in Washington and the implication of that on various companies or industries. The firm also has a daily research meeting that is focused more on large cap names, but a member of the small cap team is usually there, as well, to get insight into what could impact the companies in the small cap portfolio.

CHAIR SCHUBERT asked what happened in 2006 that the ARMB portfolio had a return of 7.6% when the Russell 2000 Index was at 18.8% for the year. MS. IKPE explained that roughly a third of the underperformance was in owning a couple of homebuilders that had done very well in 2005 and prior; Lord Abbett held onto those companies a bit too long, not thinking that the housing market was going to fall off quite as quickly as it did. Four stocks really hurt the portfolio in 2006, but they were all bought out by somebody in 2007 at 30%-40% premiums — so over the period that Lord Abbett held them, those stocks were all very positive performers. The portfolio outperformed the benchmark in 2007 by over 10%, and the full year of 2005 was up by about 10% as well. Most years there is a handful of take-outs in the portfolio; 2008 and 2009 were very slow, but late in 2009 and so far in 2010 there has been some pickup in merger and acquisition activity.

In closing, MS. HARPER stressed that Lord Abbett wants to beat the benchmark and, despite being up 53% over 12 months, they were unable to do that in 2009. She said Lord Abbett appreciated the ARMB's business and intended to do right by Alaska the best they could.

#### **14. Rogge Global Partners - High Yield Fixed Income**

KEN MONAGHAN, Head of US High Yield Credit at Rogge, made a presentation on the high yield fixed income portfolio that the firm manages for the ARMB. *[A copy of Rogge's slides is on file at the ARMB office.]* He gave a brief update of the transition from ING Ghent to Rogge Global Partners, which took place on June 30, 2008. All ING clients and staff migrated to Rogge. All six senior members of the ING team have become Rogge shareholders, and all the back office services migrated to Rogge as of January 1, 2009, without a glitch. He said Mr. Bader visited the Rogge offices in New York in late 2009. Rogge has committed more resources to high yield, with the addition of two high yield analysts to the London team in the spring of 2009. The firm has about \$36 billion in total fixed income under management, and roughly \$1.5 billion of that is in high yield.

MR. O'LEARY inquired about how much in assets went to the new entity. MR. MONAGHAN said that just under \$1.5 billion of assets went into the new entity. During that time there was a decline in average high yield bond prices, but prices have moved up since then. The firm lost one client since moving over to Rogge, which was ING itself with about \$50 million in a mutual fund in Luxembourg. Some clients have given

additional money, and some clients have taken money off the table after the huge run up in high yield last year. Since the beginning of the year, Rogge has launched a global product and an offshore fund.

MR. MONAGHAN presented a flow chart of the high yield investment team: Rogge's total staff is 85 people, and the investment personnel number 35.

A review of the high yield market, including the outlook, came next. MR. MONAGHAN said in 2008 they were expecting the worst default rates in history for the high yield marketplace. It ended up not being quite as dire as people were predicting; still, it was a very nasty recession. After peaking at nearly 10% in the fourth quarter of 2009, default rates are expected to tumble to somewhere between 4% and 5% for this year, probably at the low end of that range. Global spreads, which were also hitting record peaks in the first quarter of 2009, have now tightened considerably. The lowest end of the credit spectrum, CCCs, is at best fair value in aggregate, and single Bs are reasonably priced. The sweet spot in the market right now is BB-rated bonds because the credits are a better quality in general and, over a longer period of time, happen to have better risk-return numbers. A lot of investment-grade buyers are buying more and more BBs because they are looking to augment their returns after having seen a collapse of investment-grade spreads.

MR. MONAGHAN stated that the survival and health of fallen angels (former investment-grade companies) will dominate returns for 2010, in particular AIG, which is still a large issuer in the marketplace, CIT, which went into bankruptcy but is now re-entering the index, and other troubled financial services companies. A number of the banks, including Citibank or Royal Bank of Scotland, for example, have their most subordinated tier one bonds in the high yield indices. Those are still trading at fairly healthy yield levels because those are bonds where the regulators have the ability to turn off the spigot if they choose, with no recourse to the bondholder. Rogge does not buy a lot of that paper, because they like a bond where, if the company misses a payment or decides not to pay back the principal, they have the option to go in and seize assets.

MR. MONAGHAN said one major positive in the marketplace is event risk. Event risk in the investment-grade market usually has a negative connotation, but it is usually positive in the high yield area because there are stronger covenants in the bonds. Rogge has seen a number of acquisitions: corporate America is feeling a bit stronger and more certain about its access to capital and is therefore going out and buying high yield companies. Two examples are the acquisition by a Scandinavian fertilizer company of Terra, whose bonds rose about 10 points on the back of that, and the announcement about two months ago by Walgreens of its decision to acquire Duane Reade, a New York City based drugstore chain. Rogge owns the bonds of both of those companies. The IPO market is starting to open, in particular for companies that went



through leveraged buyout several years ago. Two of them that Rogge owns a large position in include Metals USA and Ryerson; they are getting good price appreciation on both bonds on the back of the IPO. The companies are using the proceeds from the equity offerings to reduce their debt outstanding, which is good for the ratings and good for the fundamentals of the business.

MR. MONAGHAN said the new issue market will remain active and at an all-time record pace. Investment bankers are in the business of generating fees for themselves, and that is exactly what they are doing right now, issuing debt all day long. The companies are refinancing their existing bond obligations, extending out maturities, and retiring bank debt, all of which is a very healthy thing for companies to be doing. When the bond market is open like it is now, it is usually a good sign for the high yield market over time.

MR. MONAGHAN explained that the high yield market over time is about 40% BBBs, about 40% Bs, and about 20% CCCs. Rogge likes to refer to the CCC portion of the marketplace as the tail that wags the dog; CCCs are enormously volatile and peaked at over a 3500-basis-point spread over Treasuries in January 2009. That CCC portion of the market swung dramatically both on the way up and on the way down, and that generated a significant portion of the return, as well as a significant amount of the volatility. It does not mean that BBs and Bs were not under pressure; they were. The earnings of the CCC companies have improved, and within the last 12 months these companies have gained access to the capital markets and bank lending.

MR. MONAGHAN handed out a page of two graphs showing the average dollar price of the ARMB high yield portfolio and the average dollar price of the bond in the benchmark from June 2007 to March 2010. He pointed out that Rogge was more conservatively positioned intentionally from the summer of 2007 onward through 2008 and 2009. They outperformed the index by about 560 basis points in 2008. Distressed securities started to rally in 2009, and the index return of 58% beat the ARMB portfolio's return of 36.5% for the year. He said Rogge was not happy with this, and the Board should not be happy with it either. Rogge intentionally took a lower-risk position. They have always said that they are not distressed investors, and they expect to underperform in market environments where distressed securities are rallying. However, they still should have done a bit better than they did in 2009.

MR. MONAGHAN stated that a recovery usually is expected to happen over a two- to three-year period, as it did coming out of the 1991 recession and the 2001-2002 recession. The bond market does not turn on a dime and go back to where it was. But Rogge has seen a full recovery in the high yield marketplace from a dollar-price perspective in about nine months. There have been some fundamental improvements in the demand for steel, paper, and automobiles. But it is not the fundamentals that explain what happened in the marketplace in 2009, just as it is not the fundamentals that explain what happened in lower-priced equities in 2009. What happened was largely

technical. A huge influx of new money came into the high yield marketplace on the retail side (somewhere between \$35-\$40 billion), as it did into investment-grade bonds as well. The average retail investor saw the return on their equity portfolio go sideways over the last 10 years, and they wanted something in their portfolio where they could at least earn something. The average high yield fund grew last year by about 35%, which is an enormous amount. At the same time those mutual funds were growing, the new issue supply was only up about 10%, yet the demand, from the perspective of looking at the index, was up about 45%. So there was a lot of money chasing very few new bonds, which resulted in a fairly significant rise in the average dollar price of the average bond.

MR. MONAGHAN described the characteristics of the ARMB high yield portfolio. The average quality of the portfolio is B, and the average quality of the index is B+. Rogge has increased the risk level of the portfolio in the last two to three months because of a few things they have seen in some industries. They are significantly overweight in basic industry (steel, metals and mining, in particular), in energy (less volatility), and media (cable television, because even unemployed people keep their TV service). Rogge is significantly underweight in the financial sector (banks, financial services, and insurance) because they do not want to be exposed to arbitrary and political decisions regarding the survival and health of these companies. For the first time since the middle of 2007, they are actually overweight CCC bonds at the end of the March quarter. The overweight relates to a couple of positions, Ryerson and Metals USA, both leveraged buyouts.

DR. MITCHELL asked how valid ratings were these days, given that a layman can read in the newspapers that the rating agencies are not worth beans and that ratings come down after the event that makes them come down.

MR. MONAGHAN replied that ratings have more validity in the corporate bond sector than they do in most sectors; the place that ratings had the least validity was in structured products. He explained how Rogge's analysts use ratings to look at an array of companies in an industry to see what is at the top of the heap and what is at the bottom of the heap, and then they can figure out the gradations in between. The ratings are not too bad for most industrial companies. The place to get concerned is when looking at financial companies or where there can be arbitrary or political decisions made that can change the outlook of a company overnight. There are tier-one pieces of the bonds of Citibank, Royal Bank of Scotland, Lloyds, and a number of other commercial banks that are in the high yield index because they have a BB rating on that tier-one paper. He could make an argument that that ought to be investment grade; he could also make a very cogent argument that it ought to be CCC because of the arbitrary nature of the payment of interest and principal. So the ratings have much less validity in some industries like that. That is why Rogge uses the average dollar price: in an environment where 10-year Treasuries are 3.75%, he would expect that BBs would be somewhere between 7.5% and 8.5%, a B security ought to be somewhere between

8.5% and 10.5%, and a CCC ought to be somewhere between 10.5% and 12.5%. But in an environment like 2008 and 2009, when ratings were changing rapidly, ratings became much less of an indicator of credit quality. Rogge had to look at some other way to look at risk as one number, and dollar price or yield is one way to do that.

MR. MONAGHAN remarked that the marketplace has been more volatile than he has ever seen before 2008 and 2009. Spreads have further room to tighten. The average spread of the average high yield bond in the spring of 2007 was trading inside of 250 basis points over Treasuries. Right now, the average BB is trading north of 400 basis points over Treasuries, so BBs can get tighter. CCCs may still have a default problem, which is why Rogge would say that in aggregate they represent less value. BBs represent better value, as they have over a long period of time. Rogge believes they can get better incremental return over the next two to three years from positive event risk. They know that investment grade companies will be buying more high yield companies. When that occurs, because of the covenants and because of the call structures that prevent companies from redeeming bonds without paying a premium, Rogge will get taken out at premium prices. They also know that all the LBO sponsors out there want to return money to the investors, and the only way they can do that is to either sell the company or to IPO the company. Because IPOs reduce the debt in a company and improve the capital structure, Rogge will get price appreciation from that. So event risk is good. In aggregate, the environment is shifting from an investor in 2009 being able to buy the most distressed securities and disregard the fundamentals to a bond picker's world where an investor has to pay attention to the fundamentals. Fundamentals over a long period of time bear out, and 2010 and the next several years ought to be good years for bond pickers.

DR. JENNINGS mentioned that Mr. Monaghan was on a panel the last time he was at a board meeting, and the generic question asked of all panel members had been to name asset classes that they liked over one year and over five years, outside their areas of expertise.

MR. MONAGHAN said the answer he had given then was Treasury bonds, while the predominant answer from other panelists was distressed securities. Distressed securities had a spectacular 2009 but a dreadful 2008. In aggregate, they may have done very well, but an investor suffered a lot of pain before getting any profit. He had said Treasuries then because he thought that inflation expectations were too high and an investor could benefit from there. Anyone owning Treasuries for all of 2008 would have been a happy camper. Going forward, he thought high yield would be one of the top four or five asset classes. It has been a rare decade when equities have done better than 10% return. Loans, as an alternative asset class in credit, are likely to underperform because they have already risen a lot, and he thought rates were likely to stay low on the short end for a considerable period of time. High yield can still do fairly well. The 10-year Treasury is at 3.75% right now, and he did not think rates would go up

a whole lot between now and the end of the year. But he recognized the risk longer term from the extensive issuance of Treasuries that will eventually have an impact on Treasury rates. If Treasuries rise to 4.75%, and if high yield spreads are 400 basis points north of that, that would produce something close to an 8.75% running yield. That gets close to a 10% rate of return for equities, which is why he found high yield still quite attractive.

MR. O'LEARY made the observation that Mr. Monaghan was using the yield in his illustration but was not accounting for defaults and losses. He asked what the comparable assumptions would be. MR. MONAGHAN clarified that he was using BBs for an expected high yield spread of 400 basis points over a 4.75% Treasury yield, and BBs have a very low default history in aggregate. The defaults end up blossoming when looking at CCC securities.

MR. O'LEARY mentioned that defaults in aggregate for high yield last year were in the 10% range toward the end of the year. The recovery rates seemed to be worse than the 50% rule of thumb used for previous periods.

MR. MONAGHAN agreed that there were very low recoveries last year, as happened coming out of the previous recession. This year, he expected default rates to be in the 4%-5% band, probably closer to 4%, and recovery rates likely to move north towards the historic norms of 40% to 50%. He added that the long-term mortality rate for CCC bonds, which is the likelihood that they will default over a 10-year period, is in excess of 50%. That means that an investor cannot theoretically get enough extra income to compensate them for the risk of owning CCCs in aggregate over the entire cycle.

MS. SCHUBERT thanked Mr. Monaghan for his presentation.

## **RECESS FOR THE DAY**

CHAIR SCHUBERT recessed the meeting for the day at 4:32 p.m.

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**Friday, April 23**

## **CALL BACK TO ORDER**

The meeting convened for the second day at 9:05 a.m. Trustees Schubert, Trivette, Kreitzer, Erchinger, Richards, Pihl, and Williams were present.

## REPORTS (Continued)

### 15. Investment Actions

#### 15(a). Resolution 2010-08 Delegation of Procurement-Related Authority

MR. BADER stated that the proposed resolution was clarification, as opposed to a change in policy or a change in what the Board should expect in how staff conducts its business in the future. The Board's procurement regulations are set out in 15 AAC 112.110-375. 15 AAC 112-230 authorizes the Board, in its discretion, to delegate in writing its authority under the procurement regulations to a public official. The past practice of the Board and the preceding Board has been to direct staff through the use of an action memorandum. During the recent procurement appeal, one of the issues raised was whether the delegation to staff complied with 15 AAC 112-230. Although the hearing officer did not rule on this point, in consultation with Assistant Attorney General Mike Barnhill and Board legal counsel Rob Johnson, staff drafted the attached resolution delegating procurement authority to ensure the Board is in compliance with the intent of the regulation authorizing such delegation.

MR. BADER made a correction to the last paragraph of Resolution 2010-08, to delete the word "by" so it read, "NOW THEREFORE BE IT RESOLVED ~~BY~~ THE ALASKA RETIREMENT MANAGEMENT BOARD will delegate..."

MR. BADER further explained how staff would conduct its business. The delegation of procurement-related authority attached to the resolution is very broad in its description of what staff would be authorized to do. It would provide delegation to Deputy Commissioner Jerry Burnett, Chief Investment Officer Gary M. Bader, State Comptroller Pamela Leary, and ARMB Liaison Officer Judy Hall. The delegation also speaks of the possibility of delegating to additional staff. Some supplies and services are purchased for conducting the day-to-day business of the Board — materials for board packets, copier costs, etc. — that are more of an administrative nature and not policy making things. That delegation of authority has gone on since the beginning of the predecessor board, the Alaska State Pension Investment Board.

MR. BADER stated that in the past the Board has always exercised its specific authority on the appointment of investment managers, and there is a specific delegation to the chief investment officer for that. Resolution 2010-08 would not amend that delegation. There are also certain authorities given to the chief investment officer in investment policies, and Resolution 2010-08 would not amend those investment policies or investment guidelines.

MR. BADER made it clear that staff does not believe the procurement delegation resolution would authorize staff to procure the services of investment consultants, actuaries, performance reviewers, investment policy reviewers, or other special professional services outside of what is currently being done by staff today. The delegation is not intended to expand the authority of staff in any fashion; it is to clarify, for the record, exactly what the expectations are of the Board and staff and how it should conduct its business. He asked for approval of Resolution 2010-08 and the attached delegation of procurement-related authority.

MR. TRIVETTE questioned if a resolution would normally include the actual names of people holding the position titles to which the Board would be delegating authority. MR. BADER replied that in the case of delegation to the chief investment officer, it is by name, and when he further delegates, he does it by name not by position title.

MR. TRIVETTE asked if the delegation of procurement-related authority included the right of appeal to superior court. MR. BADER responded that the Resolution 2010-08 would not change the rights of appeal under law, which call first for a protest and then an administrative appeal before going to court.

MR. JOHNSON stated that the right to superior court is already in statute and would not change as a result of this action. He added that the other delegation, in addition to the individuals identified in Resolution 2010-08, identifies who the appeal goes to, if there is an appeal in a procurement matter. That is a delegation because the ARMB regulations allow the Board to build its own model. So to the extent that an argument could be made that it was unclear what the process was for appealing in a procurement matter, the proposed delegation of procurement-related authority covers that issue.

COMMISSIONER KREITZER said she discussed this with Mr. Bader, and intended to recuse herself from action on the resolution because of the background material included with it. She also would be recusing herself from taking part in the next item: (b) contract award.

MS. ERCHINGER referred to the second paragraph of the resolution that stated that the Board may contract certain services, including investment custodial or depository powers, and appoint members of the Investment Advisory Council. She asked, if it passed the resolution, if the Board would still have that authority. She thought the paragraph implied that even those powers were being delegated. She asked what professional services the Board was currently involved in and at what level. For example, trustees periodically serve on a RFP review committee, and would that still occur. Her last comment was that perhaps

the delegation was a little too broad, because although Mr. Bader's explanation suggested that the selection of investment managers, actuaries and performance reviewers, etc. would not be affected, it was not clear to her that the delegation was saying that. If that was the aim, she suggested finding a way to make that clearer in writing.

MR. JOHNSON said the context of the Board's role might clarify what this was about. The second whereas of Resolution 2010-08 talks about three tasks the Board does: contract services, delegate certain authority relating to investment custodial or depository powers (not through an RFP process), and appoint members of the Investment Advisory Council. The attached delegation relates to those areas where the ARMB has to engage in procurement. The attached delegation does not apply to the area of the delegation of investment custodial or depository powers because it is not procurement. The same with the appointment of IAC members.

MR. JOHNSON said that the types of things where a procurement process would be used would be for professional services that are not of a type relating to investment custodial or depository powers. That would include the fiduciary audit, which was the subject of an appeal. It would include the general consultant's functions. It would include the actuaries that are retained. In that context, the delegation reaches only the areas where the Board is procuring. However, if the language was unclear, it should be framed better to serve the Board's purposes.

MS. ERCHINGER responded that she was fine with that explanation.

Regarding Mr. Trivette's point, MR. PIHL said he thought the names of individuals should not be in the resolution. But the language could be clear in the deputy commissioner in the Department of Revenue, chief investment officer, etc. Then the Board would not have to amend the resolution every time there was a change in personnel.

MR. WILLIAMS pointed out that in the delegation of procurement-related authority the Board was not delegating its responsibility to evaluate RFPs, or the responsibility to approve and issue an intent to award. That is where the Board maintains oversight in the process: it is not giving away the full range for staff to issue an RFP, evaluate it, and then determine who gets the bid. The Board is retaining the right to evaluate and RFP and issue an intent to award.

MR. BADER said that to the extent that Resolution 2010-08 is unclear, he wanted to provide more clarity. In terms of the business before the Board today, there are two items following this resolution that depend upon staff having the authority to act on the Board's behalf. If Resolution 2010-08 is approved, staff

would come back at the next meeting with a resolution that would specifically enumerate the things that he mentioned earlier and correct any uncertainty about what is being delegated.

CHAIR SCHUBERT inquired if the delegation would include the authority to hire someone to replace Mr. O'Leary as general consultant, for example. MR. JOHNSON said no, that the delegation would be for staff to go forward and initiate the RFP process, and it also provides for what the appeal process would be, in the event that there was an appeal. The actual selection of an RFP of that order of magnitude would not be contemplated. There would not be an independent separate ability to simply to say that Mr. O'Leary would get a contract versus somebody else.

MR. WILLIAMS moved that the Alaska Retirement Management Board adopt Resolution 2010-08. MR. TRIVETTE seconded.

MR. TRIVETTE requested, since Mr. Bader had indicated that staff would bring another resolution to the Board at the next meeting, that Mr. Johnson review whether it was best to leave individual names in the resolution. He also asked that Mr. Pihl's suggestion to include "deputy commissioner of Department of Revenue" (to specify the department) be considered.

MR. JOHNSON stated that the choice of whether to add the names or not was up to the Board, depending on how comfortable trustees were with the specificity of the language. He agreed that if personnel changed, the resolution would have to be revised. On the other hand, the names in those positions do not change frequently.

Roll call vote

Ayes: Williams, Richards, Erchinger, Pihl, Trivette, Schubert

Nays: None

Abstain: Kreitzer

The motion passed, 6-0, with one abstention.

**15(b). Contract Award - Independent Fiduciary Services for Performance Consultant and Investment Policy Review**

MR. BADER reviewed the staff report in the meeting packet *[on file at the ARMB office]* and asked the Board for authorization to enter into contract negotiations with Independent Fiduciary Services, based on the scope of services and cost proposals set out in its proposal. He noted that the price in IFS's proposal was good for 90 days, which has long passed. Staff contacted IFS and, if the contract is awarded, they still intend to honor their proposal.



MR. BADER reported that during the protest and appeal the unsuccessful proposer, John P. Johns, raised the issue that IFS had noted in its request for proposal that after threat of a class action lawsuit it had settled a claim for a modest amount. The protester noted that the modest amount was \$900,000. After the hearing concluded, staff asked Assistant Attorney General Mike Barnhill to talk with IFS and get clarification about the use of the word "modest" in referring to the settlement. After discussion and correspondence with IFS, Mr. Barnhill, the Board's legal counsel Rob Johnson, Ms. Hall, and Mr. Bader discussed the issue and concluded that given the size and scope of the class action litigation that IFS was involved in, and the potential for extended legal fees and the amount at risk, the word "modest" was not out of line.

MR. TRIVETTE moved that the ARMB authorize staff to enter into contract negotiations with Independent Fiduciary Services based on the scope of services and cost proposals set out in its proposal. MR. WILLIAMS seconded.

MR. TRIVETTE said he assumed that Assistant Attorney General Barnhill did not see any issues with the Board going ahead with a contract with IFS. MR. BADER indicated that was correct.

The motion carried 6-0, on an outcry vote. Commissioner Kreitzer abstained. *[Ms. Harbo and Commissioner Galvin were absent for the vote.]*

**15(c). GRS Contract Renewal**

MR. BADER explained that Gabriel Roeder Smith & Company (GRS) is the actuary firm hired by the Department of Revenue to review any actuarial data that is provided to the Board, per a requirement in SB 141. The GRS contract has renewals in it, and staff was requesting Board direction to initiate the renewal of the contract.

MR. PIHL moved that the ARMB authorize staff to initiate the renewal of the contract with Gabriel Roeder Smith & Company. MR. TRIVETTE seconded.

MR. TRIVETTE commented that GRS has been the second actuary since the ARMB became a new board, and a couple of primary actuaries at the firm have interacted with the Board. He felt both primary actuaries have done a professional job, and he felt very comfortable with their reports. He supported continuing the contract with GRS.

MS. ERCHINGER said she, too, thought that GRS had done a fantastic job. She asked staff if the proposed action was exercising an extension that exists in the current contract. MR. BADER said it did.

The motion passed unanimously, 7-0. *[Ms. Harbo and Commissioner Galvin were absent for the vote.]*

#### **16. MacKay Shields - High Yield Fixed Income**

Portfolio Manager GREGORY SPENCER and High Yield Product Specialist JENNIFER BEATTY had been invited to report on the high yield portfolio that MacKay Shields manages for the Alaska retirement fund. *[A copy of the MacKay Shields slide presentation is on file at the ARMB office.]*

Starting with a firm overview, MS. BEATTY said MacKay Shields had a positive 2009, with a lot of growth in all their investment strategies. They also streamlined their investment products, exiting the domestic equity business mid-year and adding some fixed income assets. They began sub-advising fixed income assets for McMorgan, and they also added a municipal team to the firm. They are at record assets of \$45.7 billion. The chairman and CEO opted to resign, and the COO, Lucille Protas, stepped in as the acting CEO while the firm looks for a replacement. The top position has no impact on any of the investment areas, and they are quite comfortable with Ms. Protas at the helm.

MacKay Shields has close to \$20 billion in assets under management in the high yield product the ARMB is invested in. They closed the product last year, after bringing in about \$0.5 billion in new assets and significant flows from current clients. So far this year, they have brought in about \$200 million in assets in the other investment strategies.

MR. TRIVETTE asked if there had been any portfolio management changes in the fund in which the Alaska retirement fund is invested. MS. BEATTY said there have been no changes in the investment team; the last hire to the team was in May 2008. There have been no layoffs, and none are projected.

MR. SPENCER reviewed a breakdown of the ARMB portfolio at March 31, 2010. It was 95% invested in fixed income, and cash was about 4.6%. Two years ago when MacKay Shields visited with the Board, cash was about 8%-9%, and there was a discussion about that. They have made an effort to keep cash invested, in light of the low returns that cash is generating in the current environment.

MR. SPENCER stated that after outperforming the benchmark in 2007 and 2008, they underperformed by a significant amount for the trailing 12-month period (41.21% versus the custom index return of 56.95%). The underperformance was not due to any change in the investment process in order to chase returns, nor was it due to deterioration in the credits that MacKay Shields had selected. They continue to pick solid credits, and the default rate in the portfolio remains at 50% of what the high yield market is in general. In 2009, CCs and defaulted credits actually returned 125%, and CCCs returned 94%. They are seeing the same thing in the first three months of 2010, where CCs and

defaulted credits have returned 15% and CCCs have returned almost 6.6%.

MacKay Shields believes it has just been an overly aggressive gathering of assets that are not necessarily income-producing but are more of a total-return type of play. This has been created by the flood of capital that has come into the asset class from institutional money and core-plus money. Allocations into the high yield market are at near peak levels. This has effectively driven up security prices. It is MacKay Shields' view since late 2008 that they are not being compensated for the risk in the lower-rated credits. They have continued to gravitate toward the better-rated credits, and will until they see a market correction that recognizes a 9.7% unemployment rate, and that recognizes that the environment is not that strong for companies. New issuance is at record levels, and covenants are not set in stone anymore, so MacKay Shields has dialed back a bit on risk.

MR. SPENCER showed a chart of the portfolio composition by quality exposure compared to the BofA Index. They continue to be in a protective mode within the high yield market. The heaviest industry weightings are in energy exploration and production, health facilities, and media (cable). MacKay Shields is very comfortable with these industry sectors because they have extremely stable underlying cash flows. They believe they are being compensated in the current environment for the risk that they have incurred.

Speaking to Mr. O'Leary, CHAIR SCHUBERT remarked that MacKay Shields was the second high yield manager the Board had heard from at this meeting, and both have underperformed the target index. Both managers have stated that it is because they do not feel that they would be adequately compensated for the risk, but the ARMB hired them to take these kinds of risk for the retirement fund. She said she was trying to figure out if the Board should create a different mandate or if a different target should be used. She asked if this was an extraordinary time that justified the underperformance.

MR. O'LEARY said the fact that both high yield managers underperformed the agreed-upon benchmark by a significant amount in a single year, particularly a year like last year, was not surprising or a source of concern. When Lord Abbett and MacKay Shields were first hired, the benchmark was a broad high yield index, but because of the character of that index, where a large issuer of bonds could dominate the index, everyone agreed that the target should be modified to the constrained index. The first index could have encouraged managers who were trying to outperform to have a disproportionate weight in a limited number of securities. A key evaluation factor in hiring both firms was that they were slightly higher quality below-investment-grade bond managers. In an environment where very poorly rated securities — in effect, just high risk equities — performed spectacularly, it is not unreasonable to expect significant underperformance. The managers should be held accountable for outperforming the index over a full cycle; if they do not do that, then they have not met the mission they

were assigned. The periods to look at are immediately before the market meltdown, when the managers seemed to be doing the job, during the meltdown, and then post-meltdown. In the meltdown, the managers were doing the job and significantly outperformed the benchmark. They have underperformed in the initial recovery phase.

MR. O'LEARY said he thought the next 12 to 18 months would be a critical period for the high yield strategy, to the extent that the comments heard yesterday and this morning are accurate (that a lot of hot money is chasing some low quality bonds). The Board should begin to see that separation — the actual performance of the companies that are issuing the bonds will determine whether the people buying the super junk or the people buying the higher quality end of the below-investment-grade spectrum are correct. He thanked the Chair for asking the right question.

MR. SPENCER expounded further on Mr. O'Leary's point. He said the constituents of the index were changed fairly dramatically in 2009, such that some companies, like AIG, were included, along with Sun Trust Bank of Florida, Ambac, and MBIA. MacKay Shields has a very specific investment process whereby they invest in what they know, they invest in asset protection, and they invest in cash flows. They do not know how to assess AIG, from a risk perspective, but AIG is an example of a significant outperformer in 2009. With the government owning 60% of Citibank, it does not meet MacKay Shields' investment process. That hurts them from a performance standpoint. It would be more troubling if they changed their investment process to include firms like AIG and all of a sudden outperformed the index. That is not what they offered the ARMB in the past, and it is not part of their investment mandate. The portfolio suffered in 2009, but over a cycle that will come back and correct itself.

Returning to the presentation material, MR. SPENCER reviewed the portfolio characteristics at March 31. He noted that the yield to worst has been hurt a bit by the 4.6% in cash that is earning about 25 basis points. The average quality is BB- for the portfolio as a whole compared to the index's average quality of B+: that reflects that they do not feel they are being adequately compensated for the risk currently being offered in the high yield market.

MR. SPENCER next described the outperforming and underperforming issuers in the portfolio.

MR. PIHL observed that MacKay Shields featured the Standard and Poors and Moody's ratings in the listings of securities held. He said the paper today had an article about S&P and Moody's manipulating the ratings for fees. He asked if that was a widespread problem in the industry and if it had affected MacKay Shields.

MR. SPENCER replied that MacKay Shields places very little emphasis on the ratings because they often find that they are more of a lagging indicator than a leading

indicator. The ratings for each of the investments play a role when they are comparing them relative to the index. Many investors like to see if MacKay Shields is taking on significant risk relative to an index. They group each of their credits into four groups, Group I being the safest with extremely strong underlying asset protection and stable cash flows, and Group IV being restructurings and those that offer equity like returns. Relative to historical norms for them, MacKay Shields is significantly overweight the stronger credits and significantly underweight the weaker credits.

MR. SPENCER reviewed the current strategy. Given the inflows into the high yield market, and given that companies just out of bankruptcy a year ago are paying themselves dividends, MacKay Shields will continue to gravitate toward safety and where they are being compensated for the underlying risk.

MR. TRIVETTE asked how often MacKay Shields looks at the fundamentals of the companies in the portfolio as part of reducing the risk. MR. SPENCER replied that they spend a great deal of time in meeting with management teams. For example, last evening he had dinner with the management team of GCI, a cable and wireless company in Alaska. They talk to over 100 companies every quarter. They are one of the largest investors in high yield and have immediate access to management teams. Staying on top of fundamentals is both looking at the macro events within the high yield market and staying close to the companies that they invest in.

CHAIR SCHUBERT thanked the presenters from MacKay Shields, and called a scheduled break from 9:55 a.m. to 10:06 a.m.

#### **17. T. Rowe Price - Multiple Mandates**

NED NOTZON, CHARLES SHRIVER, CHRISTOPHER DYER, TONY LUNA, and ROBERT BIRCH of T. Rowe Price made a multiple-part presentation on the various funds they manage for the retirement fund in the defined contribution area, where the assets under their management total about \$2 billion. *[A copy of the slides used in the presentation is on file at the ARMB office.]*

MR. BIRCH introduced the other T. Rowe Price people beside him at the table. He mentioned that T. Rowe Price has an 18-year relationship with the Alaska retirement funds, and they appreciate the Board's confidence in them and the willingness to work with them in enhancing the options they manage for the State. He said their presentation would focus on three areas: a summary of the recent enhancements to the allocation glide path utilized in the target date offerings; the addition of several new options put in place over the past year; and a review of the current options, including the stand-alone stable value portfolios and the stand-alone small cap stock trust.

MR. BIRCH gave a brief update on the firm, saying it remains stable and financially healthy. Being conservatively managed and having no debt proved to be a huge

advantage for the senior management team over the past year because they did not have to focus on the viability of the organization but rather were able to focus on continued investment in the research platform that supports all the strategies. The firm continues to be managed by a seven-person management committee, which has seen one change. Mike Gitlin became the director of the Fixed Income Division, succeeding Mary Miller, who was appointed by the Obama Administration to Assistant Secretary for Financial Markets. There have been no changes to the team of individuals responsible for working with the State of Alaska portfolios.

MR. BIRCH mentioned that since the original Balanced Trust was introduced in 1992 T. Rowe Price has worked collaboratively with the staff and the board to continuously improve the existing options, and where appropriate, introduce new options, such as the Long-Term Balanced Trust in 2001, a series of Target Retirement portfolios, stand-alone money market offerings, two stable-value portfolios, and the Small Cap Stock Trust. There has been a lot of activity in the last two years to improve the overall suite of offerings for participants. The underlying building block portfolios used in the target date retirement options and the balanced trusts were consolidated and simplified. A new asset allocation glide path was adopted, which is near the end of its implementation phase. The Board adopted the Target Retirement Trusts as the default options for the SBS and PERS and TRS plans. Six new Target Retirement offerings were created during the past year. Finally, the risk parameters used in the underlying building block portfolios that support each of the above options were tightened.

MR. SHRIVER reviewed in detail the enhancements to the investment options over the last two years, to make a state-of-the-art retirement plan for the State of Alaska. Primary among the changes was the extension of the glide path for the Target Retirement Trusts into retirement; previously the glide path went up to retirement and transitioned into 100% cash. Now, a participant can go from enrollment up to retirement and all the way through retirement, and the risk profile of the Target Retirement Trust automatically adjusts as the investor's time horizon shifts. T. Rowe Price now offers a suite of ten Target Retirement Trusts ranging from 2010 to 2055, in five-year increments. Another change was a higher neutral weight to international equities in the trusts to reflect the greater representation of international equities in terms of global market capitalization and to reflect their contribution to global corporate profits and GDP growth. The underlying building block funds were consolidated from six to four, with the introduction of a U.S. Equity Trust and an Aggregate Bond Trust to go with the Money Market Trust and the International Trust. Lastly, T. Rowe Price introduced benchmark-relative limits within the International Trust in terms of sectors, securities and countries.

MR. SHRIVER spent some time describing in more detail the revised glide path of the Target Retirement Trusts that goes to retirement and through the years of retirement. He noted that the equity allocation balances the need for long-term capital appreciation, in order to limit the negative impact from factors such as inflation over a 30-year

retirement horizon, and the need to balance short-term market risk by incrementally getting more conservative as the portfolios approach retirement and go through retirement.

MR. BADER commented that almost every large mutual fund has a glide path that is somewhat similar to the shape of the T. Rowe Price glide path. He asked for an explanation of how T. Rowe Price determines what glide path it recommends.

MR. SHRIVER explained that T. Rowe Price has done extensive analysis historically as well as using Monte Carlo projections to model the behavior of target retirement portfolios over the accumulation period while a person is working and the distribution period when a person is retired. They sought an asset allocation that targeted a 90% success rate, in terms of having assets at the end of a 30-year investment horizon. Importantly, the amount of equities is a significant determinant in finding an allocation that has the most success across the investment outcomes.

DR. JENNINGS asked if T. Rowe Price had experience in customizing the glide paths for the specific circumstances of the participants. He asked further if they were looking at just this portfolio when doing the simulation, or if they factored in that some of the target date participants were participating in a defined benefit plan while other participants were not.

MR. SHRIVER replied that not everybody will have the same exact circumstance, but they try to account for those broadly. For example, for those participants who have [the Target Retirement Trust] as a Social Security replacement plan, that would be parallel to those who might have Social Security outside of the plan. Those are fairly similar structures, and in tests, the T. Rowe Price asset allocation is successful across a broad scope of participants.

DR. MITCHELL asked if T. Rowe Price allowed for extraordinary market occurrences, such as 2008, where if they followed a predetermined glide path they would be selling stocks at what might prove to be the bottom and buying bonds at what might prove to be the top.

MR. NOTZON stated that in 2008 the much bigger phenomenon was rebalancing. At the time, T. Rowe Price had about \$70 billion in asset allocation portfolios, and during 2008 they actually sold \$4.9 billion in fixed income instruments to buy stocks. By the end of 2008, they had a very low cost basis on the stocks, and they really got the benefit when stocks came back starting March 9, 2009. They were not only fully invested, but they had gone to a 5% overweight in stocks. That showed up as a 2.5% overweight in the Alaska portfolios. Their concern was to own enough stocks and not to try to flee the market. The people who did flee the market generally did not get back in in time, so they suffered irrevocable losses. T. Rowe Price went to an overweighting in

stocks because cumulative returns are not symmetric. They debated whether there would be a recovery, but with the massive amount of money being thrown at the problem, and an incredibly willing desire to attack the problem by both the Bush and the Obama administrations, they thought there would be a recovery — the real question was when it would come. March 9, 2009 changed a lot of things in the financial markets.

MR. RICHARDS said he was surprised that money markets do not show up until 20 years into the glide path, and he also wondered why there were bonds 40 years out into the retirement years. MR. NOTZON stated that for those kinds of time intervals it is very likely that both stocks and bonds will outperform money markets. Money markets have a stability of principal, but T. Rowe Price is actually quite late in introducing cash. Getting close to retirement and then into the retirement years, managing volatility becomes very important, and that is why the cash pops up. It is not really there as safety, because participants cannot go into their portfolio and pull out the cash, but it dampens the volatility so they are less likely to have a down-side excursion that takes them below the threshold where they cannot recover.

As a follow-up on the assumptions in determining the glide path, MR. BADER posed the question of how much a person with \$100 in their account on their retirement date should withdraw in the first year. MR. NOTZON said \$4.

MR. O'LEARY asked how the Alaska Target Retirement Trust glide path compared to T. Rowe Price's target date mutual fund glide path. He also asked how they saw that changing through the industry.

MR. NOTZON responded that the glide path provided for the State of Alaska is exactly the same glide path that T. Rowe Price sells to its retail audience and 401K plans. Generally, T. Rowe Price has more exposure to equities than the target date mutual funds of their competitors. Because people's longevity has been increasing, and if it continues to increase, they need to have enough equity exposure to compensate for inflation for many years.

MR. SHRIVER presented a slide showing the amount of assets in each of the 17 funds, noting that at March 31 the Balanced Trust crossed its 18th year anniversary with \$1 billion in assets. Overall plan assets managed by T. Rowe Price totaled \$2 billion.

MR. NOTZON next talked about the performance of the Balanced Trust, the Long-Term Balanced Trust, and the Alaska Target Retirement Trusts. He mentioned that a committee of senior managers meets once a month to review what is happening in financial markets and to see if there are any distressed sectors where the reasons for them being beaten up have gone away and there is no logical reason why they should not recover. It frequently takes a year and a half to two years for the market to find some catalyst that causes it to move back into a sector. At this time, Rowe Price has



about a 1.5% overweight in stocks versus bonds (reduced from 2.5% overweight) because they see modest growth in the economy and interest rates are likely to go up; so bonds, rather than being a haven of stability in perilous circumstances, could be going down in value. Last year they overweighted foreign stocks relative to domestic stocks, and that helped performance. At the last committee meeting a few days ago, the senior managers concluded that Europe in particular faces tensions over currencies that highlight other issues in the European markets, so they are more comfortable now being neutral between domestic stocks and foreign stocks. That decision will probably be implemented next week.

MR. NOTZON stated that all the funds with more than a one-year track record outperformed their benchmarks, net of all management, custody and accounting fees. He reviewed what contributed to and detracted from returns over the 12-month period ended February 28, 2010. Four of the seven funds with less than a year's performance outperformed the benchmarks in a range from one basis point to 60 basis points, and the two underperformers were by two and five basis points.

CHAIR SCHUBERT said she liked the returns reported net of fees because it is a true reflection of how well T. Rowe Price has done.

Responding to MR. TRIVETTE's question about the difference in performance between the two Balanced Trusts and the Target Retirement Trusts, MR. SHRIVER explained that in the portfolios with a glide path they hold the stock/bond mix on the glide path. But right at the market inflection point there was a modest underweighting to equities, and that sharp bounce off the bottom is represented in the allocation effect. The Balanced Trust and the Long-Term Balanced Trust got a benefit because they were distinctly overweighted in equities.

MR. NOTZON stated that when the Target Retirement Trusts were started they only had \$10-\$20 million, and they were vulnerable to not being exactly at their sector weights. Cash flows were a much more significant part of the overall market value and, as a result, it caused some distortions — either positive or negative. Now a number of the new portfolios have more than \$100 million in assets, so revisiting that policy is probably in order. Perhaps it should be done one way for a fund with \$20 million in assets; and a portfolio with more than \$100 million in assets could be taking advantage of the overweights and underweights.

MR. O'LEARY said that it takes time for money contributed to a program to get to its ultimate destination. He asked how that was accounted for in the performance of the Target Retirement Trusts, or if it was not.

MR. NOTZON stated that the money goes to the money market fund first, and then they choose the points at which they distribute it. The managers know it is coming so it can

be as non-disruptive as possible; the fund managers are not charged with the cash until they actually receive it.

MR. SHRIVER said they do that for the Balanced Trust, which is the largest. In accounting for that in the return attribution, it would show up under cash flow and rebalancing. For the smaller portfolios, the money goes straight into the underlying portfolios, like the U.S. Equity Trust, International Equity Trust, etc.

MR. NOTZON reviewed the fund performance for longer time horizons. The Balanced Trust has outperformed the benchmark for one, three, five and ten years, and since 1996; it underperformed by two basis points since 1992 because the benchmark was not changed when they added international stocks. The Long-Term Balanced Trust outperformed the benchmark for one, three, and five years, and underperformed by four basis points (net of all fees and expenses) since 2001. He also reviewed the Target 2010 Fund, the Target Retirement 2015, 2020, and 2025 Trusts, and the Money Market Trust over longer periods.

MR. NOTZON noted that the performance of portfolios is driven in large part by the four underlying trusts, or building block portfolios, in which the stock and bond selections are actually made. He reviewed the returns of the four building blocks. The Money Market Trust has outperformed for all time periods. The Aggregate Bond Trust and the U.S. Equity Trust do not have very long time records. The International Trust has underperformed substantially for three years, one year, and three months.

MR. NOTZON said they broke out the monthly activities in the International Trust portfolio from September 2008 until March 2010. At the State of Alaska's request, they, and other managers, got much closer to the benchmarks. ARMB investment staff was actually monitoring the manager deviations from the benchmarks to make certain that they were not buying rogue instruments or taking larger bets than people had anticipated. T. Rowe Price made substantial changes to meet that standard. Then the TRP committee of senior managers decided that 20% of the equities allocated to international stocks would be more appropriate than the prior weights that ranged from 0% to 7%, so they did a lot of purchasing during a nine-month period that generated fees and increased tracking error to the index. For the last seven months, the annualized tracking error has been 38 basis points. They are rebalancing the portfolios daily, so even in quite marked international environments, they compensate almost immediately. They expect a tracking error of 90 to 225 basis points for the Alaska International Trust in the future.

MR. O'LEARY asked if T. Rowe Price envisioned changing the 20% of the equity component that is now targeted for international equities. MR. NOTZON said they think it will be there for a long time; the vast majority of their competitors tend to be right at 20% international in their equity component — except for AllianceBernstein, which has

substantially more international exposure.

MR. TRIVETTE inquired if there were any other major areas of concern with the Alaska International Trust, now that T. Rowe Price had worked through the process. MR. NOTZON said no, it is a normal international equity portfolio at this time. They had done most of this sort of thing in other areas before, but it had a big negative effect on the international portfolio during the time period he described.

MR. LUNA spoke on the stable value portfolios, which are the Interest Income Fund in the State's Deferred Compensation Plan, and the Stable Value Fund in Alaska's Supplemental Annuity Plan. Stable value is typically a substitute for a money market option. The three primary objectives are principal preservation, to provide a premium over a traditional money market fund, and to be more stable than a traditional money market fund. Over the last 18 months, principal preservation was the paramount. The stable value industry was not immune to the market turmoil, and some things continue to ripple through the industry.

MR. LUNA said the Alaska stable value funds are meeting the objective of outperforming a money market product. Their returns are very stable over the one-year through ten-year periods, despite how much volatility there has been in the market and considering how much interest rates have moved over those time frames.

MR. LUNA took a few minutes to explain the graph of a risk metric called the market-to-book ratio. He said the biggest risks in the past were always seen as cash flows and interest rates; in the last cycle it became spread and credit risk, which shocked a lot of people. He said he helps manage some of the underlying portfolios, and the stable value groups and fixed income managers work closely together. They watched the trajectory of the market-to-book ratio sliding under 100% in late 2008 when interest rates were trending down, which is not the right relationship. Meanwhile, the Alaska stable value funds have risen to almost 105% market-to-book. The managers started making some decisions in the various fixed income and money market accounts that maybe some of their competitors did not; that was, they were selling things like regional banks. In stable value, principal preservation became the most important thing, and they made some portfolio changes that did not give up a lot of yield. T. Rowe Price has tried to deliver and mitigate risk when the stable value fund participants need them the most. What will be interesting going forward is that as interest rates rise one would expect the market-to-book ratio to get lower, and T. Rowe Price's competitors, as measured by the Hueler Stable Value Pooled Index Fund, are already working from a low base.

MR. O'LEARY remarked that stable value products are very misunderstood by clients, so he was glad this conversation was happening. He asked what would happen to the wrapper if the issuer of a security in the underlying portfolio were to go bankrupt and there was a real loss.

MR. LUNA explained that in that instance a stable value fund works very similar to a money market fund. The contracts with a wrap provider are not credit protection contracts, so there is the possibility that if the portfolio owns a security that defaults the wrap provider could make the manager mark that contract to market — meaning the stable value fund could break the buck.

MR. O'LEARY said he wanted everybody in the room to understand that there is no guarantee that there will be no loss in stable value. MR. LUNA confirmed that statement. He added that as long as the security is not bankrupt, a gain or loss on a normal sale is amortized over the duration of the portfolio, but a defaulted security can be treated differently. Historically, the wrap provider does not want to mark that contract to market, and they will let the manager amortize it over the portfolio duration; it is predicated on the impact the security has. The T. Rowe Price stable value funds are well diversified, and exposures on underlying securities might be 10 to 15 basis points per name.

MR. O'LEARY said another aspect of stable value that he finds is frequently misunderstood or under-appreciated is if a plan went out and encouraged participants to get out of the stable value fund, that would undermine the wrap provider's obligation.

MR. LUNA stated that when a wrap provider agrees to wrap a plan, in underwriting certain aspects of the plan, it is similar to an insurance company writing term life insurance. If an outside source has encouraged a withdrawal and materially changed the cash flows of that investment option, the wrap provider could question whether they should make payments at book value.

MR. O'LEARY said one such outside force might be the introduction of a directly competing alternative option that might prompt participants to transfer from the stable value investment vehicle to that competing alternative.

MR. LUNA mentioned that in 2008 the State of Alaska plan introduced the U.S. Treasury Money Market product. T. Rowe Price had to get the wrap providers to sign off on the introduction of that competing fund. A competing fund is defined as something that has less than a three-year duration. Eventually money market rates will get higher than zero, and while stable value responds slowly to market changes, at some point there could be disintermediation. The idea is that wrap providers do not want people transferring into the money market option without first having to take on some market risk; this is called an equity wash provision.

MR. O'LEARY stated that from looking at stable value options in other plans he knew that much of the decline in the market-to-book value ratio was because of significant investment in subprime collateralized obligations that nominally had AAA ratings but

which plummeted in value.

MR. LUNA explained that T. Rowe Price has proprietary research and was not relying on the rating agencies when its competitors had AAA ratings and higher yields in their portfolios. He said when T. Rowe Price is not underperforming he can talk about a consistent, disciplined approach at any client meeting, and it has no traction. But now, looking back, even though the T. Rowe Price stable value funds are in the top decile, the most important factor is that they have been consistent. They are not changing their stripes through time and chasing yield; they are doing what is best for their clients and sticking to their process.

MR. LUNA reported that the SBS Stable Value Fund has had a lower yield than the DC Plan Interest Income Fund, and that is because the SBS Stable Value Fund has grown almost three times the size since inception, creating a lot of cash flow volatility. That fund has been reinvesting a significant amount of cash in lower yields.

MR. LUNA briefly reviewed the counterparties, or wrap providers, that are currently in the two Alaska stable value accounts. The account in the SBS had about 10% cash on February 28, 2010, and the account in the DC Plan had about 5% cash. Now, the SBS Plan is down to about 7% cash, illustrating the more volatile cash flows, while the DC Plan remains at 5% cash. MR. LUNA also referenced slides about the characteristics of the underlying bond portfolio, which is a passively managed Barclays Capital Intermediate Aggregate Index portfolio.

Addressing the big issues that remain in the stable value industry, MR. LUNA stated that there is scarce wrap capacity. There are not a lot of new issuers to diversify the portfolio because everyone reined in capital coming out of the financial crisis. But T. Rowe Price is in negotiations with a few wrap providers that they would like to add into the portfolio. The second issue is that wrap providers are becoming more conservative, so they want to renegotiate contracts and investment guidelines; they want to de-risk their portfolios. The Alaska stable value portfolios do not have a lot of risk, which is good. The outlier is that the duration of the underlying bond portfolio is about 3.5 years, and the wrap providers may want it a little bit shorter, like three years. Lastly, there is upward pressure on wrap fees. The average wrap fee a couple of years ago was eight basis points; it is up to 13 basis points now, and to buy a new wrap today it would probably be priced at 20 basis points. That is because there is a lot of demand for counterparty exposure, and there is not a lot of supply, so it is a function of the markets.

MR. BIRCH reviewed the Small Cap Stock Trust, which he said is a broadly diversified portfolio of both small cap growth and value companies, totaling about 300 securities. The intent is to provide down-side protection in down markets and to keep pace with the market generally in up markets. There has been no change in investment process or in any of the investment professionals associated with this small cap strategy. The

portfolio has outperformed the Russell 2000 Index over all the periods since Alaska began offering this investment option to its participants in December 2001. T. Rowe Price's more conservative approach tends to do well in the type of challenging market experienced over the past two years. The portfolio underperformed the year before, which caused the ARMB and staff some concern, and T. Rowe Price is grateful for everyone's patience during that period.

MR. TRIVETTE mentioned that T. Rowe Price was in the forefront of the news three years ago related to their target date funds. He asked if they could forward any recent literature or articles to the Board. MR. NOTZON said they would.

MR. DYER thanked the Board and stressed how significant T. Rowe Price regards the long-standing relationship with Alaska, which is one of their largest institutional clients. They will continue to work with Alaska as the needs of the retirement plans evolve. It is a unique mandate in that the ARMB is drawing on the full resources of T. Rowe Price.

**Action Item: 2010 Target Fund Transition**

MR. BADER reviewed the one-page staff report in the meeting packet *[on file at the ARMB office]*. He explained that the Alaska Target 2010 Fund offered in the SBS Plan differs from the other target retirement date trusts that have a glide path in that the Target 2010 Fund was designed to become fully invested in cash upon reaching the December 2010 target date. The legacy target date funds were structured to anticipate that a person upon retirement would withdraw all their money or perhaps buy an annuity offered through the Department of Administration. When the Board decided to go to target retirement funds, the question was what to do with the Alaska Target 2010 Fund that was almost all cash already. If the decision had been to put it into the new Alaska Target Retirement 2010 Trust, it would have been acting for the participant and putting them into more equities than they might have expected they were in. It turned out to be fortuitous for the participants that they stayed in the Target 2010 Fund in 2008 instead of going into the Target Retirement 2010 Trust, because they stayed invested mostly in cash.

MR. BADER stated that the Alaska Target 2010 Fund is approaching the date when it will close. The Alaska statutes, if not explicit, certainly infer that conversation between the Board and the Commissioner of Administration should take place prior to establishing any new options in the SBS Plan and Deferred Compensation Plan. Staff has considered three options for mapping the Target 2010 Fund participant accounts into another investment option, if they do not withdraw their money or transfer it to another investment option. He and Deputy Commissioner Burnett met with Commissioner Kreitzer, the deputy commissioner, and DRB Director Shier and presented the action memo.

MR. BADER said that, to be in compliance with statute, staff was asking the Board at

this meeting to direct the staff to begin the dialogue with the Commissioner of Administration. They would work together to bring a suggestion to the Board in the future about what might be done with the Target 2010 Fund accounts after all the notification the Department of Administration does with participants has been completed and some participants have failed to respond. He asked Commissioner Kreitzer to speak about the actions she thought needed to be done on behalf of participants in the Target 2010 Fund.

COMMISSIONER KREITZER said that one of her concerns was making sure that the State communicates with the plan members. The meeting with Revenue staff included a discussion about some of the things that will be brought back to the Board in terms of how notification of the pending closure of the Target 2010 Fund would be rolled out.

COMMISSIONER KREITZER moved that the Alaska Retirement Management Board direct investment staff to consult with the Commissioner of Administration recommending closure of the Alaska Target 2010 Fund to new investment on December 31, 2010 and mapping any remaining participant investments into the Treasury Money Market Fund on June 20, 2011. MR. TRIVETTE seconded.

MS. ERCHINGER inquired if investment staff wanted to leave in the direction regarding mapping remaining participant accounts into the money market fund. MR. BADER said he had discussed this option with the commissioner, and he was comfortable leaving it in the motion pending further discussion that could lead to the commissioner determining that something else should be brought to the Board.

The motion passed unanimously, 7-0. *[Harbo and Galvin were absent for the vote.]*

## **LUNCH BREAK**

CHAIR SCHUBERT recessed the meeting for lunch at 11:40 a.m. Trustees Schubert, Trivette, Erchinger, Kreitzer, Pihl, Richards and Williams were present when the meeting reconvened at 1:00 p.m.

## **REPORTS (Continued)**

### **18. FY09 Draft Actuarial Valuation Report for PERS/TRS NGNMRS/JRS Roll Forward Analysis**

DAVID SLISHINSKY, MICHELLE DELANGE and CHRISTOPHER HULLA of Buck Consultants, the State's actuary, appeared before the Board to present the June 30, 2009 actuarial valuation results for the Public Employees' Retirement System and the Teachers' Retirement System defined benefit plans, and the 2009 roll-forward valuation results for the Judicial Retirement System and the National Guard and Naval Militia Retirement System. They also presented the 30-year projections for PERS and TRS.

The ARMB has the responsibility for the PERS, TRS and National Guard plans, and the Commissioner of Administration and the ARMB share the responsibility for the Judicial Retirement System. *[A copy of the Buck Consultant slides for this presentation is on file at the ARMB office.]*

MR. SLISHINSKY stated that Buck also does an annual valuation on a couple of benefits in the defined contribution plans, but he understood that the auditing actuary had not completed the audits on those two plans, so Buck was postponing presenting those valuation results until June.

MR. SLISHINSKY said there were no changes in the benefit provisions of the plans since last year, and no changes in the actuarial assumptions, except for some elements of the health care benefit costs for PERS and TRS. There is a group of employees who were hired prior to 1986 that Buck makes an assumption for Medicare Part B only for the employees and retirees and any inactives. That assumption decreased from 4% to 3.5%.

MR. TRIVETTE inquired if the assumption for Medicare Part B for the people hired prior to 1986 was based on actual data or if it was estimated. MR. HULLA replied that Buck continues to refine the guesstimation, which is why it decreased to 3.5% in 2009. The estimate is driven by the hospital claims that Buck sees in the data that are not coordinated with Medicare, so it is a lot easier to get a handle on this in the current retiree population. The missing element is former employees who are re-employed after retiring after April 1, 1986 and who contribute to Social Security in some other employment for 10 or even 20 quarters. While the information in the valuations reflects a non-Medicare Part A hire date, claims submitted later as part of the Retiree Medical Plan are coordinated with Medicare. That is a lot of why the assumption has been coming down. The good news going forward is that the database being delivered from Wells Fargo Insurance Services of Alaska administering the plan has a better potential for giving Buck firm information on the current retiree database when these retirees submit hospital claims.

Continuing with the changes since last year, MR. SLISHINSKY said Buck changed the calculation of the amortization of the unfunded liability. They had been using a simple interest approach that was consistent with the prior actuary. Previous audits have noted that a more accurate calculation is based on a compound interest approach, so Buck made that adjustment for the 2009 valuations. Lastly, there was no change to the health care base claim cost rate methodology for PERS and TRS, with the exception of increasing the medical claims lag from 1.78 months to 2.57 months, and the prescription claims lag was decreased from 0.6 months to 0.5 months.

MR. SLISHINSKY first reviewed the member and asset data used for the PERS actuarial valuation, compared to the information used for the previous year's valuation.



He noted that this is a closed plan, and all new hires join the defined contribution plan. As a result, anybody who terminated or retired during the year was not replaced with any new hires, so the active population is decreasing. From 2008 to 2009, the population decreased from 28,850 active employees to 27,565 active employees (about 4.5%). The total population of PERS declined by about 1.0%. He also reported on the annual compensation, the value of assets, annual benefit payments, and accumulated member contributions. From 2008 to 2009 the market value of assets decreased by about 20% due to investment losses.

CHAIR SCHUBERT asked if the \$735 million in benefit payments was for both retired and active PERS members. MR. SLISHINSKY said it was benefit payments to retirees, beneficiaries and disabled members, and included retiree medical claims and refunded contributions.

MR. SLISHINSKY described the development of the actuarial contribution under the entry age actuarial cost method, the results of which were shown separately for pension and for health care. The total unfunded liability for PERS is \$6,336,000,000 under the 2009 valuation. That compares to last year's unfunded liability of \$4,848,000,000. A lot of that is due to the asset experience. The funded ratio of the plan is 61.8%, meaning the accrued liability is greater than the assets. Last year that ratio was 69.5%.

MR. SLISHINSKY stated that the total actuarial contribution for PERS for the year is \$731 million; that represents 36.53% of the total payroll, which is about \$2 billion for fiscal year 2010. Other members are contributing 6.5% of their pay, and peace officers and firefighters are contributing 7.5%. Blended, the percentage of total payroll is 5.77%, or \$116 million. Once that is subtracted out of the total contribution, the remaining employer/state contribution rate for FY12 is \$615 million, or 30.76% of total payroll. That does not include the defined contribution plan. Under SB 125, the state assists by paying if the rate is over 22%; the 22% is determined for all the employers based upon not only the contribution to fund the defined benefit plan but also the contribution to fund the defined contribution plan. Buck will provide that information to the Board in June, once they have the defined contribution plan valuations completed.

CHAIR SCHUBERT asked how the current total contribution rate compared to what it was last year. MR. SLISHINSKY said the contribution rate last year was 27.96%, so it has gone up to 30.76% in the 2009 valuation, or about 2.8%.

CHAIR SCHUBERT asked if the unfunded liability issue would be resolved at the point that the employer/state contribution rate falls below 22% or if there would still be an unfunded liability to deal with.

MR. SLISHINSKY responded that if adding the defined contribution piece to the 30.76% contribution rate makes the rate drop below 22%, then the State assistance stops.

MR. SHIER added that there will still be an unfunded liability to be paid, even after the total contribution rate goes below 22%. The unfunded liability will be paid by all the employers in the system as a premium above the normal cost, provided that the normal cost remains somewhere in the neighborhood of where it is currently (9%-11%).

MR. SLISHINSKY reviewed a summary of the actuarial gains and losses on the total accrued liability, those being the differences between what Buck expected to happen during the year, based upon the various assumptions, and the actual experience in the PERS system in the year.

MR. TRIVETTE remarked that the valuation report did not really provide the full picture of where the money is coming from and where the money is going. MR. SLISHINSKY said this report would show where the money was coming from to fund the defined benefit plan; in June, when the defined contribution plan numbers are known, Buck would update the graph to show the defined contribution piece and talk more about it then.

MR. SHIER related that the auditing actuary, GRS, told the Board yesterday about the persistence of termination experience losses and of medical experience gains in the PERS valuation. He asked if GRS discussed this with Buck Consultants.

MR. SLISHINSKY said he talked to Leslie Thompson about the results, and he informed her that Buck was currently doing an experience analysis that is performed every four years as part of their contract. The analysis will look at what trends have developed over that four-year period, and Buck can determine if there needs to be adjustments made in any of the assumptions. He expected to present that information at the September meeting.

When MR. TRIVETTE commented that the Board would not have the information before it set the rate in June, MR. SLISHINSKY said Buck would provide the experience study information to the Department of Administration, but then the auditing actuary has to review it and provide their input before Buck can present it to the ARMB.

MS. ERCHINGER mentioned that all the pension experience was losses, according to GRS. Another topic discussed with GRS yesterday was the magnitude of the "other" demographic experience. Because it is so large, she would like to know what the "other" is and whether the composition of "other" changes from year to year.

MR. SLISHINSKY said Buck could provide that information to the Board. He added that new entrants and rehires are always going to be a loss. Buck sets the termination rates conservatively to take into consideration that some years there will be losses for new entrants. Part of the issue is that in this four-year period the PERS system would

typically have more terminations than expected if the economy was doing well and jobs were plentiful. Buck is seeing termination losses with most plans because people have fewer options and are staying employed. Salary increases for continuing actives was higher than expected, resulting in an actuarial loss; that is unusual because Buck has seen salary gains for most plans they work on. The PRPA (post-retirement pension adjustment) also had a loss because the Alaska CPI for the year was 4.4% compared to the 3.5% assumption. Again, Buck is seeing gains there in other plans because those plans are tied to the national CPI, which is flat. All the decrements result in \$112 million of actuarial losses, which is 1.16% of the accrued liability. They are reviewing the assumptions now and will be making recommendations for adjustments to these rates.

COMMISSIONER KREITZER clarified that the Anchorage CPI rose 4.4% in 2008, which is what the 2009 valuation uses. The 2009 Alaska CPI number would be in the 2.4% range.

MS. ERCHINGER asked Buck to consider in the future whether the move to the defined contribution plan could potentially have the effect of driving salaries upward because employers have less lucrative benefit packages to attract or retain employees. She wondered if in the future that might create a persistent increase in salaries over what Buck anticipated under general conditions of a retirement plan.

MR. WILLIAMS commented that he understood that the salary experience was only salary increases to people who are eligible for the defined benefit plan and does not recognize that employers may have to offer higher salaries to defined contribution employees to get them to stay.

MR. SLISHINSKY said the two points would have different impacts. If salaries increase for current employees that are participating in the defined benefit plan, there would be an actuarial loss on salary increases. If salary increases are for new entrants, affecting defined contribution plan employees, the impact would be in reducing the contribution rates because the total DCR payroll would go up.

MS. ERCHINGER stated that, in her experience, an employer has a single pay plan. So to the extent that an employer has to offer higher pay for people at the entry level, that will change the pay plan as a whole — which means that people in the middle or end of the defined benefit plan are going to retire out at higher end pay than the actuary might have expected otherwise.

MR. SHIER said that in the first year of the defined contribution plans the Governor, Senate and House put money into operating and capital budgets in order to help the employers. A number of employers chose to take advantage of that help and increase their staff and payrolls. He did not think the Board could look at that mix without also considering the effect of the hundreds of millions of dollars that are now liberating other

local, government and plan participant funds so that they can hire more people or do other things.

Resuming his explanation of actuarial gain/loss on the accrued liability, MR. SLISHINSKY pointed out that the medical experience was a significant gain of \$281 million.

MR. HULLA explained that there are four key components of the favorable experience on medical cost rates this year and several prior years:

- Buck specifically made some conservative adjustments on the June 30, 2006 valuation: they recommended holding off on the glide path of the trend assumption that starts at a higher rate and grades down over time, and, due to some data questions they had about the claims information, they made some conservative assumptions in developing the claim cost rate at that point in time. One example was the percentage of retirees without Medicare Part A.
- The most significant component over the last three or four years has been the very favorable results of provider contract discounts when moving from Aetna to Premera. Buck was able to see some of the results in the claims information in the June 30, 2007 valuation, and more thoroughly in the 2008 valuation. They recommended smoothing out the gain and not taking it all in one year, because provider discounts are somewhat cyclical if other competitors come in and one carrier no longer has the great differential that they used to. The discounts persisted longer than Buck expected they would, so that was another source of gain over time.
- The flip side of the economic down turn is a lower use of health care generally and less pressure from providers to increase their fees.
- The change to Wells Fargo as the new administrator effective July 1, 2009 is not part of the medical experience gains to date, but Buck believes, in analyzing the contract, that in total it will present a better picture than when Premera was administrator. So the plans should see additional gains over time from that change.

MR. SLISHINSKY reviewed the sources of change in the PERS employer/state contribution rate from last year to this year. He also showed a series of graphs showing the employer/state contribution rate history, the actuarial accrued liability history, and the history of the funding percent.

MS. DELANGE reported on the results of the June 30, 2009 Teachers' Retirement System valuation, noting that many of the points Mr. Slishinsky discussed on the PERS system applied to the Teachers' system as well. She started with the data on the participants and the assets, mentioning that the TRS also saw about a 1% decrease in the population. Assets were the big story this year: the market value of assets went

down about \$1.1 billion, and the actuarial value went down about half a billion dollars. The smoothing has helped in setting of the contribution rates, but the corridor of 120% restriction has impacted the plan this year and forced recognition of another half a billion dollars on the actuarial value of assets that would not be recognized if the corridor were not used. There is about \$746 million worth of deferred investment losses not yet recognized in the smoothed value of assets, so some big losses will be recognized as the next four years unfold.

MS. DELANGE presented a summary of the contribution rate for the TRS. In total, the unfunded liability is about \$3.4 billion, which compares to \$2.7 billion last year, the increase being due to the asset losses. The funded ratio is about 57%; that ratio was about 65% last year. The total contribution rate for TRS is 50.11%, and that is offset by the expected defined benefit member contributions (about 7.75% of total payroll), bringing the employer/state contribution rate down to 42.61% for FY12. This compares to 38.56% last year.

MS. DELANGE reviewed the summary of gain and loss on the total accrued liability for TRS, saying it is a very similar story to PERS. It is mostly losses on the pension liability side and a gain on the medical experience side. She noted that, unlike PERS, the retirement experience for TRS has been a gain, and has been a gain for the last four years. In their experience analysis results this far, Buck is seeing higher-than-expected reduced retirements, which is similar to PERS, but they are also seeing lower-than-expected unreduced retirements. So those lower-than-expected unreduced retirements are producing some gains, and the two different things are netting out to be a gain on the Teachers' side. As Mr. Slishinsky explained, a lot of the loss from Other Demographic Experience is due to the rehires coming back into the plan and accruing more benefits, where Buck had expected their benefits to stay the same. It is also due to factors like people not taking as many refunds as expected; when people take out refunds they leave a portion of the employer money in the plan, which is helpful because the system is not paying their full projected monthly benefits. When people do not take refunds it is bad news for the plan, and that is generating some losses.

MS. DELANGE reviewed how the TRS employer/state contribution rate changed from last year to this year. The biggest news was the investment experience increasing the rate, and the gain from the medical experience reducing the rate. She also showed a series of graphs showing the employer/state contribution rate history since 1999, the accrued liability history, and the funding ratio history.

Looking at changes in the unfunded liability for both PERS and TRS, MS. DELANGE mentioned that usually the two-year contribution delay is bad news, but it was good news for calculating the 2009 unfunded liability because there was a higher rate coming in than what Buck calculated had there been no two-year delay. The PERS unfunded liability is about \$6.3 billion, and the TRS unfunded liability is about \$3.4 billion.

MR. HULLA presented his comments on what has been happening in health care reform, stressing that the regulations still have to be developed and so unfortunately it is too early to tell what the impacts will be. Buck has been advising clients to stay calm, stay flexible, and to communicate carefully and often. He said the early retiree reinsurance program is great news in terms of potential flow of funds to the plan for the highest-cost participants. It is limited good news because it is a total \$5 billion program, and the first application could be \$10 billion worth, meaning applicants could get 50 cents on the dollar on the initial application. Five billion dollars is not a lot of money for all of the pre-Medicare retirees across the U.S. There is also conflicting information in the statute versus the web site explaining the statute as to whether those funds can be used solely for the benefit of plan members or if the funds can be allocated in terms of how much is spent by the plan member versus the plan sponsor.

MR. HULLA said there is a slim chance that removal of lifetime limits might not even apply, depending on how the law, as it is placed under HIPAA (Health Insurance Portability and Accountability Act), is interpreted. But it is likely that it will apply to retiree medical plans. The Alaska plan already has a \$2 million lifetime benefit maximum with a \$5,000 restore each year. Another aspect of health care reform is the many layers and types of provider fees and taxes, and that will increase the claim cost. The Cadillac tax theoretically would not apply to a state, but it remains to be seen how it is defined in terms of the true payers and if it applies to a third party administrator on a self-funded plan. Finally, the taxation on the retiree drug subsidy is a huge impact for private-sector, tax-paying entities. But it will probably help the outflow of funds under the Alaska plans because it is part and parcel of filling in the donut-hole that currently exists in the Medicare Part D plans. The State may tweak its retiree drug plan design a bit and take advantage of that filled-in donut-hole, and the pharmaceutical companies and the federal government will be paying more of the prescription costs and the State will be paying less.

MR. TRIVETTE said he would appreciate hearing from Buck in writing at the June meeting about their thoughts on the GRS report about the persistent gains and losses in the plans and how they are proceeding with that.

MS. DELANGE next reported on the 2009 roll-forward actuarial valuation results for the Judicial Retirement System (JRS) and the National Guard and Naval Militia Retirement System (NGNMRS).

Starting with JRS, the market value of assets went down to \$105 million, and the actuarial value of assets declined to \$126 million. The 120% cap applies here as well, so there is about \$21 million of deferred losses on the JRS plan. MS. DELANGE reviewed the calculation of the contribution rate: last year the rate was 36.2%, and this year it has gone up to 48.1%. The funded ratio declined to about 81% from 95% last

year. A graph of the contribution rate history as a percentage of pay showed a big decline in the rate for FY11 because of a large State contribution during FY08 to pay off the unfunded liability. Unfortunately, the timing was not so great, and the market losses of 21% in 2008 created an unfunded liability again. That is the main reason for a higher contribution rate this year. Other graphs showed the history of the accrued liability and the funding ratio history.

Moving on to the NGNMRS, MS. DELANGE said this retirement fund has less equity exposure so it experienced less of an asset loss in the latter part of 2008 than the Judicial System did. The investment losses were 9.75% for the past year. The total contribution declined from \$965,000 in 2008 to \$896,000 in 2009. The unfunded liability declined from \$534,000 to \$85,000, and this had to do with the two-year contribution lag. On an actuarial value of assets basis the funded ratio is nearly 100%.

MS. DELANGE reviewed graphs of the contribution amount history and the funding ratio history. She noted that NGNMRS also had a large contribution made to shore up the unfunded liability during FY08.

MR. SLISHINSKY presented a summary of the FY12 employer/state contribution rates for PERS (30.76%), TRS (42.61%), JRS (48.07%) and NGNMRS (\$895,565).

MR. SLISHINSKY next reviewed 30-year projections for PERS and TRS, starting with a slide of PERS projected contribution amounts at the actuarial calculated rate. Contributions are based on total defined benefit and defined contribution payroll, and it is a level percentage of pay amortization. As the number of people covered in the defined benefit plan goes down, and the total pay for defined benefit members declines, the contribution coming from that payroll is projected to go down. That contribution is expected to be made up by the contribution on the salaries of defined contribution plan members. Over time, the employer contribution is the sum of the defined benefit and defined contribution payroll. That is limited by the 22% that includes the employers' contribution to the defined contribution plan. The state assistance is the amount above 22% needed to fund the defined benefit piece.

The PERS contribution rate for FY12 is based upon the current valuation (June 30, 2009) — a contribution of 30.76% of pay, or \$649 million. The projections include an increase in the cost due the deferred asset losses currently in the actuarial value of assets that are going to be recognized over the next four years. That is anticipated to increase the employer/state rate to about the range of 34%-35%, which will hold relatively steady until 2029, when the first large amortization base gets paid off. Then there is three years' worth of reduced amounts of state assistance. Then the state assistance is projected to end. The employer payments primarily coming from defined contribution plan payroll will continue to pay off the remaining unfunded liability. Based upon the 25-year amortization, once that unfunded liability becomes fully amortized,

there should be no more payments to unfunded liability beginning in 2040. Also, Buck is projecting that there will be very few active members left in the defined benefit plan in 2040.

MR. SLISHINSKY presented a graph of the PERS funding ratio, noting that the funded status is expected to increase as the unfunded liability gets paid off over time. However, in the short term, the deferred losses being recognized through 2014 are expected to decrease the funded ratio to about 55% in 2014.

MR. SLISHINSKY also reviewed the TRS projected contribution amounts over the next 30 years. The employer rate for TRS is 12.56%, and the employer/state contribution rate is higher; the current valuation is 42.61%. The dollar amount expected for FY12 is \$303 million. In the absence of any other actuarial gains or losses, the employer/state contribution rate is expected to increase to the 51%-52% range as the deferred losses are recognized, before reaching a maximum of \$684 million in 2029. Once the large amortization base gets paid off, the contribution rates begin dropping, and the amount of State assistance required will drop.

MR. RICHARDS and MR. SLISHINSKY had a brief exchange about the FY07 gain on invested assets being amortized through fiscal year 2034.

MR. SLISHINSKY presented the TRS funded ratio chart, noting that once the deferred losses become fully recognized in the assets, and the funded ratio drops down to 49% in FY14, then the funded ratio will gradually increase and reach 101% in fiscal year 2034.

Having concluded the formal presentation, MR. SLISHINSKY opened it up for several questions.

MR. PIHL said he is always reminded of the charge to the ARMB by statute to see that the money is there. There is a \$2 billion difference last year between the funding ratio and the unfunded liability based on the real market value. That means the funding ratio overall is about 50% or 51%, not 61% average. He said that is a huge, huge difference and he was uncomfortable with it. Buck is projecting that in 2010 the State assistance will be \$336 million for PERS; 10 years later that figure is three times the size (\$938 million); and in 2029 the assistance will be \$1.375 billion. He said he was very troubled with that delayed funding.

CHAIR SCHUBERT thanked the Buck Consultants people for their presentation and called a break from 2:35 p.m. to 2:45 p.m.

## **16. Update: National Health Care Reform Legislation**

COMMISSIONER KREITZER passed out a memorandum from the Governor's Office



outlining the basis for the State's entering into the Florida lawsuit based on the Commerce Clause in the Constitution. She stressed that, as the actuary reported earlier, there is a lot that is not known about the recently passed federal health care reform legislation. Also handed out was the Attorney General's analysis of the legislation. *[Both documents are on file at the ARMB office.]*

COMMISSIONER KREITZER mentioned two items that the Department of Administration is looking at that will impact the State's health care plans:

- The requirement to cover an adult child through age 25. Because of the timeline of a plan year beginning on or after six months after the enactment of the law, the State is looking at it in December for open enrollment for retirees.
- Reinsurance for early retirees. The total amount of money available for all states is about \$5 billion. The State still has to make a decision about whether to apply for that funding as it is joining in a lawsuit over a portion of the law. The Department of Administration is communicating with the Governor regarding information it has about the issues that impact the department.

COMMISSIONER KREITZER told fellow members that as things develop her department would come back with additional information at board meetings about what the State is doing in this regard.

MR. JOHNSON inquired if the State was going forward to establish the Health Benefit Exchange that is a provision of the legislation. COMMISSIONER KREITZER said she did not think a decision had been made on that. She added that the State departments are currently in the information-gathering stage and articulating for the Governor what any change would mean and what it would potentially look like. There are lots of federal regulations that have yet to be written that may have an impact on some of the provisions in the legislation.

MR. TRIVETTE stated that as a retiree group he gets phone calls constantly from people wanting to know what the State of Alaska is going to be doing. He asked if there would be regular or group meetings that people could attend to hear the discussions going on.

COMMISSIONER KREITZER replied that right now there is no plan for public meetings because at this stage the departments are doing a lot of fact gathering.

## **UNFINISHED BUSINESS**

### **1. Disclosure Reports**

MS. HALL stated that the disclosure report memo listing financial disclosures submitted since the last meeting was included in the packet, and there was nothing significant to

report to the Board.

## **2. Meeting Schedule**

A copy of the revised 2010 meeting schedule was included in the packet. MS. HALL pointed out the addition of a tentative date set for some meetings on September 9 for the Budget, Real Estate, and Salary Review Committees. MR. BADER stated that staff was proposing October 7-8, 2010 as the date for the Education Conference in New York City.

## **3. Legal Report**

Board legal counsel ROB JOHNSON indicated he had nothing specific to report on matters in which he has been directly involved.

Assistant Attorney General MIKE BARNHILL spoke by teleconference and brought the Board up to date on the status of the Mercer case. The trial will start July 6.

**NEW BUSINESS** - None.

**OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD** - None.

## **PUBLIC MEMBER COMMENTS**

DAVID TEAL, Director of Legislative Finance Division, spoke on the State's direct contribution to the PERS account. He handed out a summary of his comments with two graphs attached, which is on file at the ARMB office. He stated that the PERS account is short by the amount of the normal contribution rate times the defined contribution payroll, and the State pays that in addition to the amount that it pays because of the cap on the rates. Buck Consultants calculates this correctly and they adjust for it, but it is outside their calculations. It was handled in a memo as a follow-up to the rate calculations.

MR. TEAL referred to Figure 1 in his handout that he said showed what happens if there are full contribution rates; that is, if the rate is adjusted to include the normal portion of the defined contribution program. He said that as the contribution rate starts getting close to 22%, if the Board adopts rates as computed by Buck, the State will never be out of the business of contributing the extra assistance until the unfunded liability is paid off.

MR. TEAL said he supported adjusting the adopted rate to include an adjustment for the defined contribution portion of PERS. It would raise the contribution rate by about 2.25%, but it would greatly simplify things. The Board does not have to act today on it, or even act in the next five years on it, because the rate will not be approaching 22% any time soon. But the sooner the Board acts, the more logical it becomes to everyone.

The danger is that at any time — for example, if the price of oil were to drop drastically — the State could say it was paying aid only as it relates to the rate (the amount over 22%) but not kicking in the extra. This would leave a hole in the PERS account. This year that amount was about \$48 million. Figure 2 in his handout showed that as the proportion of defined contribution employees increases in the system, that amount would increase. As the contribution rate gets down near 22%, the amount [shifting to the State] could be over \$100 million.

## **INVESTMENT ADVISORY COUNCIL COMMENTS**

DR. JENNINGS stated that the Alaska Balanced Fund and the Long-Term Balanced Fund are \$1.3 billion combined, which he viewed as large enough to be worthy of separate consideration. The funds have a great track record and are probably one of the long-term success stories of the Alaska retirement system. He contrasted these two funds to the funds voted on yesterday for the defined benefit plan, which have more international stocks, some emerging markets exposure, a more conservative bond portfolio, and more real assets. The funds for the defined benefit plan have things that more broadly reflect a more modern asset allocation. It may well be that the Defined Contribution Committee and the trustees as a whole look at it and end up deciding that the plans have appropriate asset mixes now, but he thought it merited separate consideration.

Regarding the defined contribution investment vehicles, DR. JENNINGS said he believes the target date funds are much improved and very close to the leading-edge best practice. He had asked T. Rowe Price the question because there is some conversation going on about customizing funds to reflect the specific circumstances of the participants. The participants in the 2055 Target Retirement Trust are almost certainly not defined benefit plan members, and the Target Retirement 2010 Trust participants almost certainly are defined benefit members. That is at least suggestive that they might merit different glide paths. He commended this to the Defined Contribution Committee and to staff, saying the decision may well be that simplicity is a good thing in designing a retirement plan, and having a disconnect at some juncture between two sets of target date funds might actually offset the point that he just made. He thought it should be an active decision, rather than just mere acceptance of what T. Rowe Price has presented.

DR. MITCHELL said he had observations on two topics that were touched on during the meeting: investment performance rankings, and the risk-return relationship of asset classes. He said that, as usual, his comments were meant to provoke thought and elicit questions, and they ought not to be taken as his own rock-solid beliefs or a special call to action by the Board. Regarding performance rankings, there was a study done by someone in the past few years that demonstrated that if you look at the top-decile ranked mutual funds, the real stars of the investment world, their year-to-year

performance had at least one year — and often more than one year — where, without exception, these best-performing funds were in the bottom quartile, often in the 90th percentile of their universes. So while no investment management team strives to be in the fourth quartile, it does happen, and it doesn't necessarily mean that there is anything wrong with the fund's posture or the fund's approach or that superior long-term performance won't be resumed. That goes for individual managers, as well as for the totality of a fund such as the Alaska retirement fund.

Regarding the risk-return characteristics of asset classes, DR. MITCHELL said we would all like to believe that there is a very neat relationship between risk and return in asset classes. That is, the more risk you take, the more return you expect you will get; and the less risk you take, the lower your expected return should be. That seems very logical. But look at the results over the last ten years or so, for example, Callan's periodic table of asset class returns, or similar displays that you can find that include even more asset classes. Year-to-year asset class returns and rankings seem almost random; they bounce around, with leaders becoming laggards, and laggards becoming leaders, with what seems to be little conclusive relationship between risk and return. Sometimes a higher-risk asset class does better and sometime it does not. Sometimes a lower-risk asset class does better and sometimes it does not. There isn't anything close to a firm relationship, the kind of relationship we think we should see. So are you guaranteed a higher return if you take more risk? And if you accept a lower return, are you guaranteed less risk? If that is true, and there may not really be a solid link between risk and return, what does it mean for asset allocation? This is food for thought.

## **TRUSTEE COMMENTS**

MS. ERCHINGER said she neglected to report under Committee Reports that she and Trustee Harbo, along with Mr. Bader and Mr. Sikes, attended a real estate education conference in Phoenix in March. Being new to the Real Estate Committee, she found it fascinating and a great education opportunity. She was especially intrigued by the issues of the various styles in real estate and how during the period of high growth those styles sort of merged as they took on a lot more leverage and therefore a lot more risk. One of the recommendations she got out of that conference was that folks investing in real estate should pay close attention to leverage and risk when they are looking at their portfolios. She said the speakers did papers on the subjects they presented, and she had the materials available for any trustees who were interested in reading them.

MR. RICHARDS stated that as a retired teacher he has been quite sensitive to the term "merit pay," and he has spent a lot of time talking about whether that has a place in education or not. But he certainly thought that merit pay ought to apply in the investment manager world. He said he was getting a little bit tired of hearing that the vendors do not meet their benchmarks but that they are poised for the future: in the three years he has

been on the Board he has been hearing managers say they are poised for the future. Nobody saw what was going to happen in 2008. But maybe in the way fees are negotiated in the future there should be some way where the vendors are rewarded for excellent behavior and beating the benchmark. And there should be some kind of investment on their behalf in not collecting fees when they continually do not meet the benchmark. The Board puts managers on a watch list, but time and time again the vendors are not meeting their benchmarks, and it is getting a bit frustrating.

## **FUTURE AGENDA ITEMS**

MS. ERCHINGER said she was still interested in learning the mechanics of how the rebalancing occurs, especially between the various retirement systems, as well as between the asset classes in the systems. The second issue had to do with something that Trustee Harbo brought up and a question that she also had. A better understanding would be helpful on how the State's on-behalf payments are made into the system. Payments are based on the projected budgeted salaries for the coming year, and she wondered what happens when those salaries are either higher or lower than projections, and if there is some sort of true-up.

MR. TRIVETTE requested that the Board have enough time set aside to review the experience study once Buck submits it to the ARMB. He recalled that there were a lot of questions on the previous experience study. The assumptions are based upon that information, so it is very important that trustees truly understand that. Members ask him questions about where the assumptions come from and if they are accurate, and he knows that some of the current assumptions are out of line with the reality of what has been happening for the last four years.

## **ADJOURNMENT**

There being no objection and no further business to come before the board, the meeting was adjourned at 3:14 p.m. on April 23, 2010, on a motion made by MR. TRIVETTE and seconded by MR. RICHARDS.

Chair of the Board of Trustees  
Alaska Retirement Management Board

**ATTEST:**

## Corporate Secretary

Note: An outside contractor tape-recorded the meeting and prepared the summary minutes. For in-depth discussion and more presentation details, please refer to tapes of the meeting and presentation materials on file at the ARMB office.

Confidential Office Services  
Karen Pearce Brown  
Juneau, Alaska

# ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: PERS / TRS FY2010 Membership Statistics  
QUARTERLY INFORMATION ONLY  
DATE: June 24, 2010

ACTION: \_\_\_\_\_  
INFORMATION:   X  

## **BACKGROUND:**

Information related to PERS / TRS membership activity since the introduction of PERS Tier IV / TRS Tier III.

## **STATUS:**

Quarterly membership information from January 1, 2010 to March 31, 2010:

### **PERS Defined Benefit Plan:**

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	66	59	54	19	92
Tier II	66	43	18	35	53
Tier III	125	49	12	161	21

### **TRS Defined Benefit Plan:**

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	1	1	1	5	6
Tier II	7	5	4	32	4

### **PERS Defined Contribution Plan:**

<u>Tier IV</u>	<u>Enrolled</u>	<u>Terminated</u>	<u>Refunded</u>	<u>Opted out of Managed Accounts</u>
New members	881	450	148	212
Converted members	0	0	0	

### **TRS Defined Contribution Plan:**

<u>Tier III</u>	<u>Enrolled</u>	<u>Terminated</u>	<u>Refunded</u>	<u>Opted out of Managed Accounts</u>
New members	65	23	37	23
Converted members	0	0	0	

### **AS 39.35.940 – Transfer into DCR Plan by nonvested members of DB Plan**

#### **Employers participating in the conversion option: 4**

The State of Alaska for both PERS and TRS members, effective 7/1/06 through 6/30/07.  
Bering Straits School District for their TRS members, effective 1/1/07 through 12/31/07.  
Kake City School District for their PERS and TRS members, effective 2/1/07 through 1/31/08.  
City of Delta Junction for their PERS members, effective 4/1/07 through 3/31/08.

## **LEGEND**

### **PERS / TRS DEFINED BENEFIT PLAN**

Returned = Number of members returning to the Plan during the timeframe of this report

With Indebtedness = Number of members who returned to the Plan with an indebtedness balance  
(Indicates prior PERS or TRS service that was refunded and could be repaid)

Paid on Indebtedness = Number of members who returned to Plan and have paid on their  
indebtedness balance

Terminated = Total members who terminated from the Plan during the timeframe of this report

Retired = Total Plan members who retired during the timeframe of this report

### **PERS / TRS DEFINED CONTRIBUTION PLAN**

Enrolled = Number of new members enrolled into Plan during the timeframe of this report

Terminated = Number of members who terminated from Plan during the timeframe of this report

Refunded = Number of members who refunded their contributions from Plan during the timeframe  
of this report

Opted out of Managed Accounts = Number of members who opted out of the Managed Accounts  
option at Great West and chose an alternate investment option

Converted members = Members who converted from the Defined Benefit Plan to the Defined  
Contribution Plan (From PERS Tier III to Tier IV and TRS Tier II to Tier III)



# ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: PERS / TRS Membership Statistics  
CUMULATIVE Information  
 DATE: June 24, 2010

ACTION: \_\_\_\_\_  
 INFORMATION:   X  

**BACKGROUND:**

Information related to PERS / TRS membership activity since the introduction of PERS Tier IV / TRS Tier III.

**STATUS:**

Cumulative membership information from July 1, 2006 through March 31, 2010:

**PERS Defined Benefit Plan:**

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	1,730	1,451	512	826	2,349
Tier II	1,551	925	176	1,406	837
Tier III	3,444	1,136	127	6,015	384

**TRS Defined Benefit Plan:**

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	331	121	28	66	862
Tier II	1,274	247	24	1,061	209

**PERS Defined Contribution Plan:**

<u>Tier IV</u>	<u>Enrolled</u>	<u>Terminated</u>	<u>Refunded</u>	<u>Opted out of Managed Accounts</u>
New members	14,231	4,895	1,697	1,391
Converted members	44	29	21	

**TRS Defined Contribution Plan:**

<u>Tier III</u>	<u>Enrolled</u>	<u>Terminated</u>	<u>Refunded</u>	<u>Opted out of Managed Accounts</u>
New members	3,533	835	288	262
Converted members	13	8	4	

**AS 39.35.940 – Transfer into DCR Plan by nonvested members of DB Plan**

**Employers participating in the conversion option: 4**

The State of Alaska for both PERS and TRS members, effective 7/1/06 through 6/30/07.  
 Bering Straits School District for their TRS members, effective 1/1/07 through 12/31/07.  
 Kake City School District for their PERS and TRS members, effective 2/1/07 through 1/31/08.  
 City of Delta Junction for their PERS members, effective 4/1/07 through 3/31/08.

## LEGEND

### **PERS / TRS DEFINED BENEFIT PLAN**

Returned = Number of members returning to the Plan during the timeframe of this report

With Indebtedness = Number of members who returned to the Plan with an indebtedness balance  
(Indicates prior PERS or TRS service that was refunded and could be repaid)

Paid on Indebtedness = Number of members who returned to Plan and have paid on their  
indebtedness balance

Terminated = Total members who terminated from the Plan during the timeframe of this report

Retired = Total Plan members who retired during the timeframe of this report

### **PERS / TRS DEFINED CONTRIBUTION PLAN**

Enrolled = Number of new members enrolled into Plan during the timeframe of this report

Terminated = Number of members who terminated from Plan during the timeframe of this report

Refunded = Number of members who refunded their contributions from Plan during the timeframe  
of this report

Opted out of Managed Accounts = Number of members who opted out of the Managed Accounts  
option at Great West and chose an alternate investment option

Converted members = Members who converted from the Defined Benefit Plan to the Defined  
Contribution Plan (From PERS Tier III to Tier IV and TRS Tier II to Tier III)

## ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Invoices & Summary of Billings - ACTION: \_\_\_\_\_  
Buck Consultants, an ACS Company

DATE: June 24, 2010 INFORMATION: X

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### BACKGROUND:

AS 39.10.220(8) prescribes that the Alaska Retirement Management Board (Board) “coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios and to certify to the appropriate budgetary authority of each employer in the system”.

As part of the oversight process, the Board has requested that the Division of Retirement & Benefits (Division) provide monthly invoices to review billings and services provided.

### STATUS:

Attached are monthly invoices to the Division for Fiscal Year 2010 for the months of January, February and March 2010.

Attached are the summary totals for the three months, six months and nine months ended March 31, 2010.

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**Buck Consultants**  
**Billing Summary**  
**Through the Three Months Ended September 30, 2009**

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 4,489	3,902	30	-	-	-	\$ 8,421
ARMB Presentations	1,935	1,285	-	-	-	-	3,220
State Employer Relief	6,038	4,863	2,261	-	-	-	13,162
Employer Contribution Graphs	2,925	2,299	-	-	-	-	5,224
DCR Payroll Impact on DB Funding	864	658	-	-	-	-	1,522
30 year Projections & DCR Repeal	16,584	13,741	-	-	-	-	30,325
Roll Forward Request & Inv. Review	2,155	1,583	150	3,010	-	-	6,898
Other consulting	2,315	2,099	-	-	-	-	4,414
Audit Request	2,228	1,908	1,365	988	-	4,828	11,317
Roll-Forward methodology request	1,844	1,755	-	624	-	-	4,223
<b>TOTAL</b>	<b>\$ 41,377</b>	<b>34,093</b>	<b>3,806</b>	<b>4,622</b>	<b>-</b>	<b>4,828</b>	<b>\$ 88,726</b>

**Buck Consultants**  
**Billing Summary**  
**Through the Three Months Ended December 31, 2009**

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 112,097	90,504	5,669	3,332	-	-	\$ 211,602
ARMB Presentations	3,191	1,279	29	132	-	-	4,631
State Employer Relief	1,469	1,155	-	-	-	-	2,624
Funding and GASB Disclosure	148	59	1	6	-	-	215
Geographic Difference Study	2,710	-	-	-	-	-	2,710
Funding of Retiree Health Fund	-	-	-	-	-	2,822	2,822
Economic Assumption Review	6,425	6,425	-	-	-	-	12,850
<b>TOTAL</b>	<b>\$ 126,040</b>	<b>99,422</b>	<b>5,700</b>	<b>3,470</b>	<b>-</b>	<b>2,822</b>	<b>\$ 237,454</b>

**Buck Consultants**  
**Billing Summary**  
**Through the Three Months Ended March 31, 2010**

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 51,730	37,065	469	550	-	-	\$ 89,814
Experience Analysis Project	28,665	26,600	1,250	1,492	-	-	58,007
Public Service Benefit Calculations	1,088	-	-	-	-	-	1,088
Fiscal Note and Projections for HB30	15,745	5,249	-	-	-	-	20,994
Economic Assumption Review	1,257	1,257	-	-	-	-	2,514
<b>TOTAL</b>	<b>\$ 98,485</b>	<b>70,171</b>	<b>1,719</b>	<b>2,042</b>	<b>-</b>	<b>-</b>	<b>\$ 172,417</b>

**Buck Consultants**  
**Billing Summary**  
**Through the Nine Months Ended March 31, 2010**

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 168,316	\$ 131,471	\$ 6,168	\$ 3,882	\$ -	\$ -	\$ 309,837
ARMB Presentations	5,126	2,564	29	132	-	-	7,851
Experience Analysis Project	28,665	26,600	1,250	1,492	-	-	58,007
State Employer Relief	7,507	6,018	2,261	-	-	-	15,786
Employer Contribution Graphs	2,925	2,299	-	-	-	-	5,224
DCR Payroll Impact on DB Funding	864	658	-	-	-	-	1,522
30 year Projections & DCR Repeal	16,584	13,741	-	-	-	-	30,325
Roll Forward Request & Inv. Review	2,155	1,583	150	3,010	-	-	6,898
Other consulting	2,315	2,099	-	-	-	-	4,414
Audit Request	2,228	1,908	1,365	988	-	4,828	11,317
Roll-Forward methodology request	1,844	1,755	-	624	-	-	4,223
Funding and GASB Disclosure	148	59	1	6	-	-	215
Geographic Difference Study	2,710	-	-	-	-	-	2,710
Funding of Retiree Health Fund	-	-	-	-	-	2,822	2,822
Public Service Benefit Calculations	1,088	-	-	-	-	-	1,088
Fiscal Note and Projections for HB30	15,745	5,249	-	-	-	-	20,994
Economic Assumption Review	7,682	7,682	-	-	-	-	15,364
<b>TOTAL</b>	<b>\$ 265,902</b>	<b>203,686</b>	<b>11,225</b>	<b>10,134</b>	<b>-</b>	<b>7,650</b>	<b>\$ 498,597</b>



REMIT BY CHECK TO:  
Buck Consultants, LLC  
Dept. CH 14061  
Palatine, IL 60055-4061

BY WIRE TO:  
Buck Consultants, LLC  
The Bank of New York Mellon, NA  
ABA # 043000261  
DDA # 0038720

EIN: 13-3954297

Terms: Payable upon receipt. Interest accrues after 30 days from the invoice date at 1% per month.

February 22, 2010

Ms. Teresa Kesey  
Chief Financial Officer  
State of Alaska PERS  
333 Willoughby  
6th Floor, State Office Building  
Juneau, AK 99811-0208

Actuarial Valuation and Consulting Contract  
Agency Contract Number 2006-0200-5759

Client #: 00019732  
Invoice #: 2040655

Direct Inquiries to:  
Judy Daszkiewicz - Finance Dept.  
Email: Judith.Daszkiewicz@acs-inc.com  
Phone: (201) 902-2842

Services rendered from January 1 through January 31, 2010 (see attached):

\$59,800.00

OK to process  
Teresa Kesey  
3/1/10

RECEIVED  
FEB 26 2010  
Div. of Ret. & Benefits

State of Alaska  
December 2009 Invoice for Actuarial Services

	January 2010		Fiscal Year to Date	
	Services	Expenses	Services	Expenses
	Total			Total
<b>Regular Services Under Contract</b>				
Work in process on 2009 actuarial valuations				
- PERS	21,526 \$	0 \$		21,526
- TRS	10,673	0		10,673
<b>Subtotal</b>	<b>32,199 \$</b>	<b>0 \$</b>	<b>226,816 \$</b>	<b>231,115</b>
<b>Experience Analysis Project Under Contract</b>				
Work in process on the experience analysis				
- PERS	2,984 \$	0 \$		2,984
- TRS	2,541	0		2,541
<b>Subtotal</b>	<b>5,525 \$</b>	<b>0 \$</b>	<b>5,525 \$</b>	<b>5,525</b>
<b>Non-Regular Services</b>				
Completion of additional information regarding economic assumptions used by other large public pension systems requested at December ARM Board meeting, submitted January 27th				
- PERS	1,257 \$	0 \$		1,257
- TRS	1,257	0		1,257
Work in process on 2009 DCR actuarial valuations				
- PERS	10,775	0		10,775
- TRS	8,787	0		8,787
<b>Grand Total</b>	<b>22,076 \$</b>	<b>0 \$</b>	<b>149,031 \$</b>	<b>149,031</b>
	<b>59,800 \$</b>	<b>0 \$</b>	<b>381,372 \$</b>	<b>385,671</b>

**RECEIVED**  
**FEB 26 2010**

Div. of Ret. & Pensions  
State of Alaska

Staff Member	January 2010	Fiscal Year-to-Date
	Hours	July 2009 - June 2010 Hours
- Aaron Jurgaitis	4.25	112.25
- Chris Hulla	2.00	12.75
- Colin Wein	82.25	485.00
- David Slishinsky	14.00	162.75
- Jon Slinger	24.00	47.00
- Karen Hancock	0.50	34.75
- Kathy Recchluti	0.25	7.75
- Kyla O'Rourke	79.50	259.00
- Leslie Laderman	0.00	0.25
- Melissa Bissett	3.00	55.50
- Michelle DeLange	15.25	135.75
- Michelle Pritchard	38.50	189.50
- Monica DeGraff	0.00	9.50
- Tammy Ringel	0.00	22.75
- William Detweiler	9.00	21.25
	272.50	1,555.75

**RECEIVED**  
**FEB 26 2010**  
 Div. of Ret. & Benefits



# buckconsultants

A Xerox Company

**REMIT BY CHECK TO:**

Buck Consultants, LLC  
Dept. CH 14061  
Palatine, IL 60055-4061

**BY WIRE TO:**

Buck Consultants, LLC  
The Bank of New York Mellon, NA  
A B A # 043000261  
D D A # 0038720

EIN: 13-3954297

Terms: Payable upon receipt. Interest accrues  
after 30 days from the invoice date at 1% per  
month.

Direct Inquiries to:

Judy Daszkiewicz - Finance Dept.  
Email: Judith.Daszkiewicz@acs-inc.com  
Phone: (201) 902-2842

March 26, 2010

Ms. Teresa Kesey  
Chief Financial Officer  
State of Alaska PERS  
333 Willoughby  
6th Floor, State Office Building  
Juneau, AK 99811-0208

Actuarial Valuation and Consulting Contract  
Agency Contract Number 2006-0200-5759

Client #: 00019732  
Invoice #: 2043011

Services rendered from February 1 through February 28, 2010 (see attached):

\$ 42,743

State of Alaska  
February 2010 Invoice for Actuarial Services

	February 2010		Fiscal Year to Date	
	Services	Expenses	Services	Expenses
		Total		Total
<b>Regular Services Under Contract</b>				
Work in process on 2009 actuarial valuations				
- PERS	\$ 11,045	\$ 0		
- TRS	7,913	0		
Subtotal	\$ 18,958	\$ 0	\$ 245,774	\$ 4,299
		18,958		250,073
<b>Experience Analysis Project Under Contract</b>				
Work in process on the experience analysis				
- PERS	\$ 7,554	\$ 0		
- TRS	7,024	0		
Subtotal	\$ 14,578	\$ 0	\$ 20,103	\$ 0
		14,578		20,103
<b>Non-Regular Services</b>				
Work in process on 2009 DCR actuarial valuations				
- PERS	1,782	0		
- TRS	7,425	0		
Subtotal	\$ 9,207	\$ 0	\$ 168,238	\$ 0
Grand Total	\$ 42,743	\$ 0	\$ 424,115	\$ 4,299
		42,743		428,414

Staff Member	February 2010	Fiscal Year-to-Date
	Hours	July 2009 - June 2010 Hours
- Aaron Jurgaitis	4.25	116.50
- Chris Hulla	1.50	12.75
- Colin Wein	65.50	545.00
- David Slishinsky	25.00	187.75
- Jon Slinger	0.00	47.00
- Karen Hancock	4.00	38.75
- Kathy Recchiuti	1.00	8.75
- Kyla O'Rourke	30.00	289.00
- Leslie Laderman	0.00	0.25
- Melissa Bissett	1.50	57.00
- Michelle DeLange	18.50	154.25
- Michelle Pritchard	32.00	219.50
- Monica DeGraff	0.00	9.50
- Tammy Ringel	0.00	22.75
- William Detweiler	0.25	21.50
	183.50	1,730.25

RECEIVED

APR 26 2010

**buckconsultants**

Div. of Ret. & Benefits

A Xerox Company

**REMIT BY CHECK TO:**

Buck Consultants, LLC  
Dept. CH 14061  
Palatine, IL 60055-4061

**BY WIRE TO:**

Buck Consultants, LLC  
The Bank of New York Mellon, NA  
A B A # 043000261  
D D A # 0038720

EIN: 13-3954297

Terms: Payable upon receipt. Interest accrues  
after 30 days from the invoice date at 1% per  
month.

**Direct Inquiries to:**

Judy Daszkiewicz - Finance Dept.  
Email: [Judith.Daszkiewicz@acs-inc.com](mailto:Judith.Daszkiewicz@acs-inc.com)  
Phone: (201) 902-2842

April 21, 2010

Ms. Teresa Kesey  
Chief Financial Officer  
State of Alaska PERS  
333 Willoughby  
6th Floor, State Office Building  
Juneau, AK 99811-0208

Actuarial Valuation and Consulting Contract  
Agency Contract Number 2006-0200-5759

Client #: 00019732  
Invoice #: 2044614

Services rendered from March 1 through March 31, 2010 (see attached):

\$ 69,874

RECEIVED

APR 26 2010

Div. of Ret. & Benefits

State of Alaska  
March, 2010 Invoice for Actuarial Services

	March 2010		Total	Fiscal Year to Date July 2009 - June 2010	
	Services	Expenses		Services	Expenses
<b>Regular Services Under Contract</b>					
Work in process on 2009 actuarial valuations					
- PERS	\$ 6,602	\$ 0	6,602		
- TRS	2,267	0	2,267		
- JRS	469	0	469		
- NGNMRS	550	0	550		
Subtotal	\$ 9,888	\$ 0	9,888	\$ 255,662	\$ 4,299
<b>Experience Analysis Project Under Contract</b>					
Work in process on the experience analysis					
- PERS	\$ 18,127	\$ 0	18,127		
- TRS	17,035	0	17,035		
- JRS	1,250	0	1,250		
- NGNMRS	1,492	0	1,492		
Subtotal	\$ 37,904	\$ 0	37,904	\$ 58,007	\$ 0
<b>Non-Regular Services</b>					
Fiscal Note and Projections for HB30	\$ 20,994	\$ 0	20,994		
Public Service Calculations	1,088	0	1,088		
Subtotal	\$ 22,082	\$ 0	22,082	\$ 180,320	\$ 0
Grand Total	\$ 69,874	\$ 0	69,874	\$ 493,989	\$ 4,299
					\$ 498,288

RECEIVED

APR 26 2010

Div. of Ret. & Benefits

Staff Member	March 2010	Fiscal Year-to-Date
	Hours	July 2009 - June 2010
- Aaron Jurgaitis	2.00	118.50
- Chris Hulla	1.00	13.75
- Colin Wein	130.25	675.25
- David Slisilnsky	18.50	206.25
- Jon Slinger	0.00	47.00
- Karen Hancock	4.00	42.75
- Kathy Recchiuti	3.00	11.75
- Kyla O'Rourke	89.25	378.25
- Leslie Laderman	0.00	0.25
- Melissa Bissett	0.00	57.00
- Michelle DeLange	33.25	187.50
- Michelle Pritchard	24.50	244.00
- Monica DeGraff	0.00	9.50
- Tammy Ringel	0.00	22.75
- William Detweiler	0.75	22.25
	306.50	2,036.75

# CHIEF INVESTMENT OFFICER REPORT

Rebalance between Retirement Health Plans

Rebalance PERS, TRS pension plans and DC Plans

Rebalance PERS, TRS, and JRS pension plans.

Communication from participant suggesting precious metal DC option

Rebalance from overweight in Domestic Equities

Changes to International Investment Team at Capital Guardian

Incremental change from Barclay's Aggregate to Intermediate Treasuries

Creation of an Independent Investment Advisor for Lehman Bros. Real Estate funds

Rebalance PERS, TRS, pension plans and the DC plans closer to target

Rebalance PERS, TRS, and JRS pension plans.

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# Alaska Retirement Management Board

P.O. Box 110405

Juneau, Alaska 99811-0405

(907) 465-3749

April 27, 2010

Ms. Jennifer Healy  
State Street Corporation  
Lafayette Corporate Center  
2 Avenue de Lafayette – 2<sup>nd</sup> Floor  
Boston, MA 02111-2900

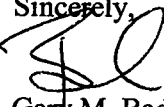
Dear Ms. Healy:

Please make the following pool level transactions on Friday, April 30, 2010, to bring PERS, TRS and JRS Retirement Health Plans allocations closer to target.

	AYW2 & AYW5	AYW3 & AYW6	AYW4 & AYW7
Domestic Equity - Lg Cap	2,562,100	-2,562,800	700
Domestic Equity - Sm Cap	950,000	-950,300	300
International Equities	1,679,800	-1,679,800	0
Emerging Markets	650,700	-650,800	100
AY77 - Dom. Fixed Inc.	-4,372,100	4,397,400	-25,300
Intermediate Treasury	-363,500	365,600	-2,100
International Fixed Income	145,700	-145,800	100
High Yield	238,400	-237,600	-800
Emerging Market Debt	76,600	-76,600	0
Real Estate	840,100	-840,300	200
Farmland Pool A	341,700	-341,700	0
Energy Pool A	61,500	-61,500	0
Timber Pool A	126,500	-126,500	0
REIT Pool	40,100	-40,100	0
TIPS	60,300	-60,300	0
Total Private Equity	876,700	-876,800	100
Absolute Return	535,100	-534,900	-200
AY70 - Short Term Pool	-4,449,700	4,422,800	26,900
<b>Total Asset Allocation</b>	0	0	0

If you have any questions please call me (907) 465-4399.

Sincerely,

  
Gary M. Bader  
Chief Investment Officer

cc: Gail Schubert, Chair ARMB  
Jerry Burnett, Deputy Commissioner  
Bob Mitchell, State Investment Officer  
Steve Sikes, State Investment Officer  
Nicholas Orr, State Investment Officer  
Pam Leary, Comptroller  
Beth Larson, State Compliance Officer



# Alaska Retirement Management Board

P.O. Box 110405  
Juneau, Alaska 99811-0405  
(907) 465-3749

DEALER'S FILE

April 27, 2010

Ms. Jennifer Healy  
State Street Corporation  
Lafayette Corporate Center  
2 Avenue de Lafayette – 2<sup>nd</sup> Floor  
Boston, MA 02111-2900


Dear Ms. Healy:

Please make the following pool level transactions on Friday, April 30, 2010, to bring PERS, TRS pension plans and the DC Plans allocations closer to target.

<b>AY6G &amp; AY6W</b>		<b>AYX2 &amp; AYX4</b>		<b>AYY3 &amp; AYY5</b>	
Large Cap Pool	20,064	Large Cap Pool	71,886	Large Cap Pool	93,773
Small Cap Pool	(3,462)	Small Cap Pool	(5,417)	Small Cap Pool	(6,524)
International Equity Pool	33,388	International Equity Pool	94,231	International Equity Pool	116,554
Emerging Markets Equity	(3,916)	Emerging Markets Equity	(5,166)	Emerging Markets Equity	(6,166)
Private Equity	8,673	Private Equity	26,705	Private Equity	34,085
Domestic Fixed Income	22,256	Domestic Fixed Income	64,138	Domestic Fixed Income	81,995
Intermediate Treasury	(941)	Intermediate Treasury	(1,312)	Intermediate Treasury	(1,569)
High Yield Pool	3,688	High Yield Pool	10,473	High Yield Pool	13,339
Emerging Markets Debt Pool	2,216	Emerging Markets Debt Pool	7,017	Emerging Markets Debt Pool	8,996
International Fixed Income	4,699	International Fixed Income	12,851	International Fixed Income	16,353
AK TIPS Pool	4,978	AK TIPS Pool	14,565	AK TIPS Pool	18,520
Energy Pool A	432	Energy Pool A	1,289	Energy Pool A	1,652
Farmland Pool A	3,243	Farmland Pool A	9,064	Farmland Pool A	11,514
REIT Pool A	(846)	REIT Pool A	(1,707)	REIT Pool A	(2,097)
Timber Pool A	1,860	Timber Pool A	5,273	Timber Pool A	6,715
AK Real Estate Pool	16,117	AK Real Estate Pool	46,584	AK Real Estate Pool	59,497
Absolute Return	10,595	Absolute Return	29,375	Absolute Return	37,245
Cash	<u>(123,044)</u>	Cash	<u>(379,849)</u>	Cash	<u>(483,882)</u>
	-		-		-
<b>AY6H &amp; AY6X</b>		<b>AYY2 &amp; AYY4</b>		<b>AY21 &amp; AY94</b>	
Large Cap Pool	6,346	Large Cap Pool	484,809	Large Cap Pool	(498,024)
Small Cap Pool	(1,772)	Small Cap Pool	4,479	Small Cap Pool	11,152
International Equity Pool	12,902	International Equity Pool	490,980	International Equity	(556,681)
Emerging Markets Equity	(2,112)	Emerging Markets Equity	17,753	Emerging Markets Equity Pool	1,520
Private Equity	3,126	Private Equity	155,815	Private Equity	(169,014)
Domestic Fixed Income	8,510	Domestic Fixed Income	345,304	Domestic Fixed Income	(387,993)
Intermediate Treasury	(500)	Intermediate Treasury	3,337	Intermediate Treasury	1,265
High Yield Pool	1,420	High Yield Pool	54,999	High Yield	(62,413)
Emerging Markets Debt Pool	782	Emerging Markets Debt Pool	42,241	Emerging Markets Debt Pool	(45,275)
International Fixed Income	1,859	International Fixed Income	63,772	International Fixed Income	(74,224)
AK TIPS Pool	1,867	AK TIPS Pool	79,991	AK TIPS Pool	(88,993)
Energy Pool A	160	Energy Pool A	7,217	Energy Pool A	(7,974)
Farmland Pool A	1,263	Farmland Pool A	46,556	Farmland Pool A	(53,330)
REIT Pool A	(392)	REIT Pool A	(3,879)	REIT Pool A	6,895
Timber Pool A	716	Timber Pool A	35,929	Timber Pool A	(37,162)
AK Real Estate Pool	6,139	AK Real Estate Pool	(255,273)	AK Real Estate Pool	70,705
Absolute Return	4,139	Absolute Return	149,419	Absolute Return	(171,861)
Cash	<u>(44,453)</u>	Cash	<u>(1,723,449)</u>	Cash	<u>2,061,407</u>
	-		-		-
<b>AY6I &amp; AY6Y</b>		<b>AYX3 &amp; AYX5</b>		<b>AY22 &amp; AY95</b>	
Large Cap Pool	12,778	Large Cap Pool	25,588	Large Cap Pool	(217,220)
Small Cap Pool	(426)	Small Cap Pool	(2,894)	Small Cap Pool	4,864
International Equity Pool	14,778	International Equity Pool	36,652	International Equity	(242,804)
Emerging Markets Equity	(237)	Emerging Markets Equity	(2,339)	Emerging Markets Equity Pool	663
Private Equity	4,384	Private Equity	9,943	Private Equity	(73,717)
Domestic Fixed Income	10,191	Domestic Fixed Income	24,827	Domestic Fixed Income	(169,228)
Intermediate Treasury	(74)	Intermediate Treasury	(758)	Intermediate Treasury	552
High Yield Pool	1,650	High Yield Pool	4,066	High Yield	(27,222)
Emerging Markets Debt Pool	1,176	Emerging Markets Debt Pool	2,594	Emerging Markets Debt Pool	(19,747)
International Fixed Income	1,977	International Fixed Income	5,087	International Fixed Income	(32,374)
AK TIPS Pool	2,334	AK TIPS Pool	5,554	AK TIPS Pool	(38,816)
Energy Pool A	211	Energy Pool A	491	Energy Pool A	(3,478)
Farmland Pool A	1,411	Farmland Pool A	3,540	Farmland Pool A	(23,261)
REIT Pool A	(201)	REIT Pool A	(781)	REIT Pool A	3,008
Timber Pool A	829	Timber Pool A	2,049	Timber Pool A	(16,209)
AK Real Estate Pool	7,417	AK Real Estate Pool	17,975	AK Real Estate Pool	30,839
Absolute Return	4,556	Absolute Return	11,491	Absolute Return	(74,959)
Cash	<u>(62,754)</u>	Cash	<u>(143,085)</u>	Cash	<u>899,109</u>
	-		-		-

If you have any questions please call me (907) 465-4399.

Sincerely,

  
For Gary M. Bader  
Chief Investment Officer

cc: Gail Schubert, Chair ARMB  
Jerry Burnett, Deputy Commissioner  
Bob Mitchell, State Investment Officer  
Steve Sikes, State Investment Officer  
Nicholas Orr, State Investment Officer  
Pam Leary, Comptroller  
Beth Larson, State Compliance Officer

# Alaska Retirement Management Board

P.O. Box 110405

Juneau, Alaska 99811-0405

(907) 465-3749

REALER'S FILE

April 27, 2010

Ms. Jennifer Healy  
State Street Corporation  
Lafayette Corporate Center  
2 Avenue de Lafayette – 2<sup>nd</sup> Floor  
Boston, MA 02111-2900

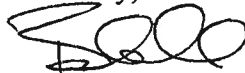
Dear Ms. Healy:

Please make the following pool level transactions on Friday, April 30, 2010, to bring the **Public Employees Retirement System, Teachers Retirement System and Judicial Retirement System** pension plan allocations closer together.

	AY21/AY94	AY22/AY95	AY23/AY96
Domestic Equity - Lg Cap	7,667,500	-7,656,400	-11,100
Domestic Equity - Sm Cap	1,988,000	-2,031,800	43,800
International Equities	4,245,000	-4,260,600	15,600
Emerging Markets	1,532,600	-1,541,800	9,200
AY77 - Dom. Fixed Inc.	-19,366,000	19,777,000	-411,000
Intermediate Treasury	-1,289,700	1,314,800	-25,100
International Fixed Income	379,600	-380,300	700
High Yield	590,000	-595,800	5,800
Emerging Market Debt	200,200	-199,600	-600
Real Estate	1,682,400	-1,675,100	-7,300
Real Estate Pool B	427,700	-431,300	3,600
Farmland Pool A	857,900	-863,300	5,400
Energy Pool A	161,800	-162,800	1,000
Timber Pool A	317,100	-318,800	1,700
REIT Pool	109,300	-110,200	900
TIPS	148,400	-145,700	-2,700
Total Private Equity	2,211,300	-2,222,900	11,600
Absolute Return	1,365,500	-1,373,500	8,000
AY70 - Short Term Pool	-3,228,600	2,878,100	350,500
<b>Total Asset Allocation</b>	<b>0</b>	<b>0</b>	<b>0</b>

If you have any questions please call me (907) 465-4399.

Sincerely,



For Gary M. Bader  
Chief Investment Officer

cc: Gail Schubert, Chair ARMB  
Jerry Burnett, Deputy Commissioner  
Bob Mitchell, State Investment Officer  
Steve Sikes, State Investment Officer  
Nicholas Orr, State Investment Officer  
Pam Leary, Comptroller  
Beth Larson, State Compliance Officer

**Hall, Judith A (DOR)**

---

**From:** Gutleben, Philip J (DOA)  
**Sent:** Sunday, May 09, 2010 7:51 PM  
**To:** Hall, Judith A (DOR)  
**Subject:** FW: Comments from Web Contact Us - New investment option?  
**Importance:** High

Judy –

I was reviewing emails this weekend and somehow did not forward this one to you. Sorry I did not do this in a timely manner. Your organization does a nice job responding to such requests.

Phil  
 Phil Gutleben, Retirement and Benefits Specialist  
 Alaska Division of Retirement and Benefits  
 PO Box 110203  
 Juneau, AK 99811-0203

(907) 465-2071 (voice)  
 (800) 821-2251 (toll-free)  
 (907) 465-6494 (fax)  
[phil.gutleben@alaska.gov](mailto:phil.gutleben@alaska.gov)

**Confidentiality Statement:**

This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message. Any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

*For your protection your response may be sent in a separate encrypted email if it contains personal or financial information. If so, you will receive an email notification that you have received a secure email from the State of Alaska with instructions on how to access it.*

---

**From:** Services, Preretirement (DOA sponsored)  
**Sent:** Tuesday, March 30, 2010 4:00 PM  
**To:** Gutleben, Philip J (DOA)  
**Subject:** FW: Comments from Web Contact Us

Hi Phil,

Here is a fun comment for you.

Thanks,  
 Shari

---

**From:** Debra Waldorf [mailto:[dwaldorf@horizonsatellite.com](mailto:dwaldorf@horizonsatellite.com)]  
**Sent:** Sat 3/27/2010 7:30 PM  
**To:** Services, Preretirement (DOA sponsored)  
**Subject:** Comments from Web Contact Us

When are you planning to add a precious metal option to the fund choice list? Perhaps you might consider something like TGLDX from Tocqueville. John Hathaway is pretty darn good at what he does. BGEIX from American Century would do the trick, too. I mean, central banks all over the world are buying gold again, why can't I inside of this deferred compensation plan? Thanks for your consideration. Debra Waldorf

5/10/2010

# Alaska Retirement Management Board

P.O. Box 110405  
Juneau, Alaska 99811-0405  
(907) 465-3749

May 5, 2010

Ms. Jennifer Healy  
State Street Corporation  
Lafayette Corporate Center  
2 Avenue de Lafayette – 2<sup>nd</sup> Floor  
Boston, MA 02111-2900

Dear Ms. Healy:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Friday, May 14, 2010 for the ARMB Defined Benefit Pension Plans (AY21-AY23 and AY94-AY96) and the ARMB Retirement Health Funds (AYW2-AYW4 and AYW5-AYW7).

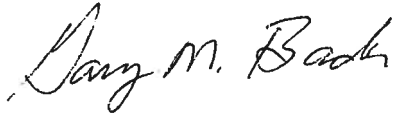
Jennison (AY4G)	<\$20,000,000>
Lord Abbett (AY4H)	<20,000,000>
Luther King (AY4F)	<20,000,000>
Russell 2000 Growth (AY4N)	<35,000,000>
Russell 200 (AY4R)	<94,400,000>
Intermediate Treasury (AY1A)	151,478,000
Short Term Fixed Income (AY70)	37,922,000

Please allocate these changes according to the following schedule:

<b>PERS Retirement Health</b>	<b>AYW2 &amp; AYW5</b>	<b>PERS Pension</b>	<b>AY21 &amp; AY94</b>
<i>Large Cap Pool</i>	(23,500,000)	<i>Large Cap Pool</i>	(41,200,000)
<i>Small Cap Pool</i>	(23,300,000)	<i>Small Cap Pool</i>	(41,700,000)
<i>Intermediate Treasury (AY1A)</i>	18,900,000	<i>Intermediate Treasury (AY1A)</i>	82,900,000
<i>Short Term Fixed Income (AY70)</i>	27,900,000	<i>Short Term Fixed Income (AY70)</i>	-
<b>TRS Retirement Health</b>	<b>AYW3 &amp; AYW6</b>	<b>TRS Pension</b>	<b>AY22 &amp; AY95</b>
<i>Large Cap Pool</i>	(7,700,000)	<i>Large Cap Pool</i>	(21,200,000)
<i>Small Cap Pool</i>	(7,800,000)	<i>Small Cap Pool</i>	(21,350,000)
<i>Intermediate Treasury (AY1A)</i>	5,600,000	<i>Intermediate Treasury (AY1A)</i>	42,550,000
<i>Short Term Fixed Income (AY70)</i>	9,900,000	<i>Short Term Fixed Income (AY70)</i>	-
<b>JRS Retirement Health</b>	<b>AYW4 &amp; AYW7</b>	<b>JRS Pension</b>	<b>AY23 &amp; AY96</b>
<i>Large Cap Pool</i>	(100,000)	<i>Large Cap Pool</i>	(700,000)
<i>Small Cap Pool</i>	(100,000)	<i>Small Cap Pool</i>	(750,000)
<i>Intermediate Treasury (AY1A)</i>	78,000	<i>Intermediate Treasury (AY1A)</i>	1,450,000
<i>Short Term Fixed Income (AY70)</i>	122,000	<i>Short Term Fixed Income (AY70)</i>	-
<b>TOTALS</b>			
<i>Large Cap Pool</i>	(94,400,000)		
<i>Small Cap Pool</i>	(95,000,000)		
<i>Intermediate Treasury (AY1A)</i>	151,478,000		
<i>Short Term Fixed Income (AY70)</i>	37,922,000		

If you have any questions please call our office at (907) 465-4399.

Sincerely,

A handwritten signature in black ink that reads "Gary M. Bader". The signature is written in a cursive style with a large initial "G" and "B".

Gary M. Bader  
Chief Investment Officer

cc: Gail Schubert, ARMB Chair  
Jerry Burnett, Deputy Commissioner  
Pam Leary, Comptroller  
Beth Larson, State Compliance Officer  
Ryan Bigelow, State Investment Officer  
Bob Mitchell, State Investment Officer  
Charles Colton, State Investment Officer  
Nicholas Orr, State Investment Officer

GMB/jmm

## **Bader, Gary M (DOR)**

---

**From:** Lucious\_Greene@capgroup.com on behalf of Paula\_Pretlow@capgroup.com  
**Sent:** Monday, May 17, 2010 12:54 PM  
**To:** Bader, Gary M (DOR); Bigelow, Ryan C (DOR)  
**Cc:** iQUAD\_NA@capgroup.com  
**Subject:** Non-US Equity Mandate - Acct.#44336000

As you may recall, Nilly Sikorsky announced her plan last fall to retire at the end of 2010 after 46 years with Capital. We indicated then that further information regarding changes to the non-U.S. equity portfolio team would be provided this spring.

Arthur Gromadzki will also retire at the end of the year. Arthur joined Capital as an investment analyst, and subsequently went on to assume portfolio management responsibilities. He has spent nearly a decade managing assets on the non-U.S. equity team.

Among the many benefits offered by the multiple portfolio manager system is the ability to implement changes in a gradual, seamless manner. As part of our ongoing effort to ensure a smooth transition in the non-U.S. equity portfolio, Philip Winston will become a non-U.S. equity manager later this year.

Philip Winston has more than 25 years of experience as an asset manager, with 13 years as a portfolio manager here at Capital, primarily focusing on U.K. and European equity. He has also managed assets in the non-U.S. equity research portfolio. Prior to joining Capital in 1997, he spent eight years as a director and U.K. equity fund manager at BZW Investment Management in London. He previously worked at Orion Royal Bank in London and New York.

Gerald DuManoir, David Fisher, Nancy Kyle, Lionel Sauvage and Rudolf Staehelin will remain on the team, continuing the portfolio's long history of experienced managers. The average investment experience of the new team, including Philip, is almost 30 years, with an average of 23 years at Capital.

As always, please do not hesitate to contact me with any questions.

Best regards,

Paula Pretlow

Alaska Retirement Management  
Board

P.O. Box 110405  
Juneau, Alaska 99811-0405  
(907) 465-3749

May 20, 2010

Ms. Jennifer Healy  
State Street Corporation  
Lafayette Corporate Center  
2 Avenue de Lafayette – 2<sup>nd</sup> Floor  
Boston, MA 02111-2900

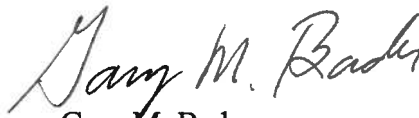
Dear Ms. Healy:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Wednesday, May 26, 2010 for the ARMB Defined Benefit Pension Plans (AY21-AY24), the ARMB Retirement Health Funds (AYW2-AYW4) and the ARMB Defined Contribution Plans (AY6G-AY6I, AYW2-AYW3, AYY2-AYY3). Please use a pro-rata split between all the Pension Plans, Retirement Health Funds and Defined Contribution Plans.

Long Term Fixed Income (AY77)	<\$150,000,000>
Intermediate Term Treasuries (AY1A)	150,000,000

If you have any questions please call our office at (907) 465-4399.

Sincerely,



Gary M. Bader  
Chief Investment Officer

cc: Gail Schubert, ARMB Chair  
Jerry Burnett, Deputy Commissioner  
Pam Leary, Comptroller  
Beth Larson, State Compliance Officer  
Zachary Hanna, State Investment Officer  
Bob Mitchell, State Investment Officer  
Charles Colton, State Investment Officer  
Nicholas Orr, State Investment Officer

GMB/jmm



## Closing Announcement

1 June 2010

Dear Limited Partner:

We are pleased to announce that after closing the transaction on Friday afternoon, we have completed the creation of an independent investment advisor responsible for the day to day management of the three LBREP Funds (the "Funds") which previously comprised Lehman Brothers' Real Estate Private Equity business. This formalizes our mandate to continue the management of the Funds as a stand-alone company, with the Lehman Brothers estate retaining its limited and general partner interests.

During the last 21 months, we have appreciated your encouragement and feedback as this process has evolved. We look forward to entering this next phase of our partnership with you and want to reaffirm that our focus remains on managing the Funds' remaining portfolios in a manner that maximizes value for our limited partners.

We are completing the final legal checks of our new company name, and will be in touch shortly to provide updated information for key contacts within the global business. In the meantime, we thank you for your patience and continued commitment throughout the process, and look forward to working with you in the years to come.

Sincerely,



Brett Bossung  
Managing Director



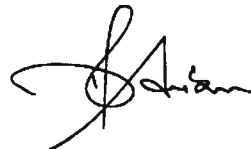
Mark H. Newman  
Managing Director



Mark Walsh  
Managing Director



Kevin Dinnie  
Managing Director



Rodolpho Amboss  
Managing Director



# Alaska Retirement Management Board

P.O. Box 110405  
 Juneau, Alaska 99811-0405  
 (907) 465-3749

June 7, 2010

Ms. Jennifer Healy  
 State Street Corporation  
 Lafayette Corporate Center  
 2 Avenue de Lafayette – 2<sup>nd</sup> Floor  
 Boston, MA 02111-2900

Dear Ms. Healy:

Please make the following pool level transactions on Monday, June 14, 2010, to bring PERS, TRS pension plans and the DC Plans allocations closer to target.

### AY6G & AY6W

Large Cap Pool	83,188
Small Cap Pool	1,975
International Equity Pool	52,952
Emerging Markets Equity	(3,287)
Private Equity	(11,080)
Domestic Fixed Income	27,886
Intermediate Treasury	(38,356)
High Yield Pool	(3,462)
Emerging Markets Debt Pool	(1,225)
International Fixed Income	1,000
AK TIPS Pool	(2,617)
Energy Pool A	(527)
Farmland Pool A	(1,366)
REIT Pool A	(779)
Timber Pool A	(366)
AK Real Estate Pool	(1,454)
Absolute Return	(4,425)
Cash	<u>(98,057)</u>
	-

### AYX2 & AYX4

Large Cap Pool	216,880
Small Cap Pool	7,007
International Equity Pool	138,035
Emerging Markets Equity	(4,735)
Private Equity	(21,544)
Domestic Fixed Income	75,324
Intermediate Treasury	(90,646)
High Yield Pool	(6,800)
Emerging Markets Debt Pool	(1,541)
International Fixed Income	3,751
AK TIPS Pool	(3,999)
Energy Pool A	(1,048)
Farmland Pool A	(2,154)
REIT Pool A	(1,646)
Timber Pool A	(187)
AK Real Estate Pool	3,178
Absolute Return	(7,098)
Cash	<u>(302,777)</u>
	-

### AYY3 & AYY5

Large Cap Pool	280,021
Small Cap Pool	9,531
International Equity Pool	181,132
Emerging Markets Equity	(4,957)
Private Equity	(25,610)
Domestic Fixed Income	98,001
Intermediate Treasury	(114,172)
High Yield Pool	(8,124)
Emerging Markets Debt Pool	(1,493)
International Fixed Income	5,181
AK TIPS Pool	(4,324)
Energy Pool A	(1,256)
Farmland Pool A	(2,355)
REIT Pool A	(2,011)
Timber Pool A	(10)
AK Real Estate Pool	6,183
Absolute Return	(7,826)
Cash	<u>(407,911)</u>
	-

### AY6H & AY6X

Large Cap Pool	35,580
Small Cap Pool	785
International Equity Pool	22,648
Emerging Markets Equity	(1,478)
Private Equity	(4,878)
Domestic Fixed Income	11,873
Intermediate Treasury	(16,589)
High Yield Pool	(1,527)
Emerging Markets Debt Pool	(556)
International Fixed Income	405
AK TIPS Pool	(1,177)
Energy Pool A	(231)
Farmland Pool A	(611)
REIT Pool A	(340)
Timber Pool A	(171)
AK Real Estate Pool	(763)
Absolute Return	(1,982)
Cash	<u>(40,988)</u>
	-

### AYY2 & AYY4

Large Cap Pool	883,933
Small Cap Pool	35,520
International Equity Pool	561,866
Emerging Markets Equity	(7,966)
Private Equity	(66,054)
Domestic Fixed Income	313,115
Intermediate Treasury	(341,785)
High Yield Pool	(20,754)
Emerging Markets Debt Pool	(1,409)
International Fixed Income	18,605
AK TIPS Pool	(7,785)
Energy Pool A	(3,316)
Farmland Pool A	(4,628)
REIT Pool A	(5,581)
Timber Pool A	1,511
AK Real Estate Pool	31,178
Absolute Return	(15,769)
Cash	<u>(1,370,681)</u>
	-

### AY21 & AY94

Large Cap Pool	(1,131,625.00)
Small Cap Pool	(41,157)
International Equity	(721,773)
Emerging Markets Equity Pool	17,622
Private Equity	97,777
Domestic Fixed Income	(397,068)
Intermediate Treasury	454,330
High Yield	30,815
Emerging Markets Debt Pool	4,765
International Fixed Income	(21,796)
AK TIPS Pool	15,153
Energy Pool A	4,828
Farmland Pool A	8,443
REIT Pool A	7,833
Timber Pool A	(555)
AK Real Estate Pool	(28,757)
Absolute Return	28,184
Cash	<u>1,672,981</u>
	-

### AY6I & AY6Y

Large Cap Pool	32,364
Small Cap Pool	1,249
International Equity Pool	20,599
Emerging Markets Equity	(288)
Private Equity	(2,411)
Domestic Fixed Income	11,525
Intermediate Treasury	(12,505)
High Yield Pool	(773)
Emerging Markets Debt Pool	(50)
International Fixed Income	684
AK TIPS Pool	(289)
Energy Pool A	(123)
Farmland Pool A	(167)
REIT Pool A	(205)
Timber Pool A	57
AK Real Estate Pool	1,233
Absolute Return	(574)
Cash	<u>(50,326)</u>
	-

### AYX3 & AYX5

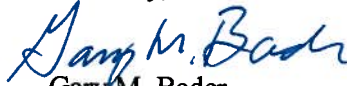
Large Cap Pool	93,231
Small Cap Pool	3,041
International Equity Pool	59,351
Emerging Markets Equity	(2,597)
Private Equity	(8,846)
Domestic Fixed Income	32,530
Intermediate Treasury	(38,439)
High Yield Pool	(2,815)
Emerging Markets Debt Pool	(569)
International Fixed Income	1,676
AK TIPS Pool	(1,571)
Energy Pool A	(433)
Farmland Pool A	(845)
REIT Pool A	(687)
Timber Pool A	(37)
AK Real Estate Pool	1,745
Absolute Return	(2,803)
Cash	<u>(131,932)</u>
	-

### AY22 & AY95

Large Cap Pool	(493,572.00)
Small Cap Pool	(17,951)
International Equity	(314,810)
Emerging Markets Equity Pool	7,686
Private Equity	42,646
Domestic Fixed Income	(173,186)
Intermediate Treasury	198,162
High Yield	13,440
Emerging Markets Debt Pool	2,078
International Fixed Income	(9,506)
AK TIPS Pool	6,609
Energy Pool A	2,106
Farmland Pool A	3,683
REIT Pool A	3,416
Timber Pool A	(242)
AK Real Estate Pool	(12,543)
Absolute Return	12,293
Cash	<u>729,691</u>
	-

If you have any questions please call me (907) 465-4399.

Sincerely,



Gary M. Bader  
Chief Investment Officer

cc: Gail Schubert, Chair ARMB  
Jerry Burnett, Deputy Commissioner  
Bob Mitchell, State Investment Officer  
Steve Sikes, State Investment Officer  
Ryan Bigelow, State Investment Officer  
Elizabeth Walton, State Investment Officer  
Pam Leary, Comptroller  
Beth Larson, State Compliance Officer



# Alaska Retirement Management Board

P.O. Box 110405  
Juneau, Alaska 99811-0405  
(907) 465-3749

June 7, 2010

Ms. Jennifer Healy  
State Street Corporation  
Lafayette Corporate Center  
2 Avenue de Lafayette – 2<sup>nd</sup> Floor  
Boston, MA 02111-2900

Dear Ms. Healy:

Please make the following pool level transactions on Monday, June 14, 2010, to bring the **Public Employees Retirement System, Teachers Retirement System and Judicial Retirement System** pension plan allocations closer together.

	AY21/AY94	AY22/AY95	AY23/AY96
Domestic Equity - Lg Cap	1,423,100	-1,393,600	-29,500
Domestic Equity - Sm Cap	309,500	-324,300	14,800
International Equities	1,010,300	-1,007,400	-2,900
Emerging Markets	392,100	-399,600	7,500
AY77 - Dom. Fixed Inc.	-2,795,700	2,887,600	-91,900
Intermediate Treasury	239,800	-264,700	24,900
International Fixed Income	96,500	-96,600	100
High Yield	167,900	-170,300	2,400
Emerging Market Debt	51,800	-52,000	200
Real Estate	414,500	-422,600	8,100
Real Estate Pool B	105,600	-107,600	2,000
Farmland Pool A	222,800	-226,100	3,300
Energy Pool A	42,900	-43,700	800
Timber Pool A	80,300	-81,100	800
REIT Pool	27,400	-28,200	800
TIPS	40,600	-40,000	-600
Total Private Equity	594,700	-604,100	9,400
Absolute Return	331,200	-334,600	3,400
AY70 - Short Term Pool	-2,755,300	2,708,900	46,400
<b>Total Asset Allocation</b>	0	0	0

If you have any questions please call me (907) 465-4399.

Sincerely,

Gary M. Bader  
Chief Investment Officer

cc: Gail Schubert, Chair ARMB  
Jerry Burnett, Deputy Commissioner  
Bob Mitchell, State Investment Officer  
Steve Sikes, State Investment Officer  
Elizabeth Walton, State Investment Officer  
Pam Leary, Comptroller  
Beth Larson, State Compliance Officer

# **ALASKA RETIREMENT MANAGEMENT BOARD**

## **FINANCIAL REPORT**

As of April 30, 2010

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Schedule of Investment Income and Changes in Invested Assets by Fund**  
**For the Ten Months Ending April 30, 2010**

	<u>Beginning Invested Assets</u>	<u>Investment Income<sup>(1)</sup></u>	<u>Net Contributions (Withdrawals)</u>	<u>Ending Invested Assets</u>	<u>% Change in Invested Assets</u>	<u>% Change due to Investment Income<sup>(2)</sup></u>
<b>Public Employees' Retirement System (PERS)</b>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	\$ 5,079,999,093	\$ 872,170,194	\$ (178,790,408)	\$ 5,773,378,879	13.65%	17.48%
Retirement Health Care Trust	3,433,336,875	621,146,094	32,133,293	4,086,616,262	19.03%	18.01%
Total Defined Benefit Plans	<u>8,513,335,968</u>	<u>1,493,316,288</u>	<u>(146,657,115)</u>	<u>9,859,995,141</u>	15.82%	17.69%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	52,395,851	14,796,434	32,916,963	100,109,248	91.06%	21.49%
Health Reimbursement Arrangement	15,672,414	3,160,211	10,746,149	29,578,774	88.73%	15.02%
Retiree Medical Plan	4,428,733	877,833	2,476,492	7,783,058	75.74%	15.49%
<u>Defined Benefit Occupational Death and Disability:</u>						
Public Employees	2,030,225	391,573	842,802	3,264,600	60.80%	15.97%
Police and Firefighters	547,388	113,814	423,509	1,084,711	98.16%	14.99%
Total Defined Contribution Plans	<u>75,074,611</u>	<u>19,339,865</u>	<u>47,405,915</u>	<u>141,820,391</u>	88.91%	19.58%
<b>Total PERS</b>	<b><u>8,588,410,579</u></b>	<b><u>1,512,656,153</u></b>	<b><u>(99,251,200)</u></b>	<b><u>10,001,815,532</u></b>	16.46%	17.72%
<b>Teachers' Retirement System (TRS)</b>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	2,594,355,309	452,312,951	(124,436,571)	2,922,231,689	12.64%	17.86%
Retirement Health Care Trust	1,118,017,047	208,232,724	28,396,158	1,354,645,929	21.17%	18.39%
Total Defined Benefit Plans	<u>3,712,372,356</u>	<u>660,545,675</u>	<u>(96,040,413)</u>	<u>4,276,877,618</u>	15.21%	18.03%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	25,056,276	6,792,488	12,764,912	44,613,676	78.05%	21.61%
Health Reimbursement Arrangement	5,602,378	1,085,071	3,107,030	9,794,479	74.83%	15.16%
Retiree Medical Plan	1,938,178	372,700	985,239	3,296,117	70.06%	15.33%
<u>Defined Benefit Occupational Death and Disability:</u>						
Defined Benefit Occupational Death and Disability	907,561	170,821	329,526	1,407,908	55.13%	15.93%
Total Defined Contribution Plans	<u>33,504,393</u>	<u>8,421,080</u>	<u>17,186,707</u>	<u>59,112,180</u>	76.43%	20.00%
<b>Total TRS</b>	<b><u>3,745,876,749</u></b>	<b><u>668,966,755</u></b>	<b><u>(78,853,706)</u></b>	<b><u>4,335,989,798</u></b>	15.75%	18.05%
<b>Judicial Retirement System (JRS)</b>						
Defined Benefit Plan Retirement Trust	89,674,358	15,710,203	(3,210,950)	102,173,611	13.94%	17.84%
Defined Benefit Retirement Health Care Trust	15,313,221	2,814,751	36,097	18,164,069	18.62%	18.36%
<b>Total JRS</b>	<b><u>104,987,579</u></b>	<b><u>18,524,954</u></b>	<b><u>(3,174,853)</u></b>	<b><u>120,337,680</u></b>	14.62%	17.92%
<b>National Guard/Naval Militia Retirement System (MRS)</b>						
Defined Benefit Plan Retirement Trust	25,507,122	4,362,063	1,033,036	30,902,221	21.15%	16.76%
<b>Other Participant Directed Plans</b>						
Supplemental Annuity Plan	1,960,376,810	319,787,476	23,180,498	2,303,344,784	17.50%	16.22%
Deferred Compensation Plan	454,048,834	76,848,459	4,590,094	535,487,387	17.94%	16.84%
<b>Total All Funds</b>	<b>\$ <u>14,879,207,673</u></b>	<b>\$ <u>2,601,145,860</u></b>	<b>\$ <u>(152,476,131)</u></b>	<b>\$ <u>17,327,877,402</u></b>	<b>16.46%</b>	<b>17.57%</b>

Notes:

- (1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses  
(2) Income divided by beginning assets plus half of net contributions/(withdrawals)

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Schedule of Investment Income and Changes in Invested Assets by Fund**  
**For the Month Ended April 30, 2010**

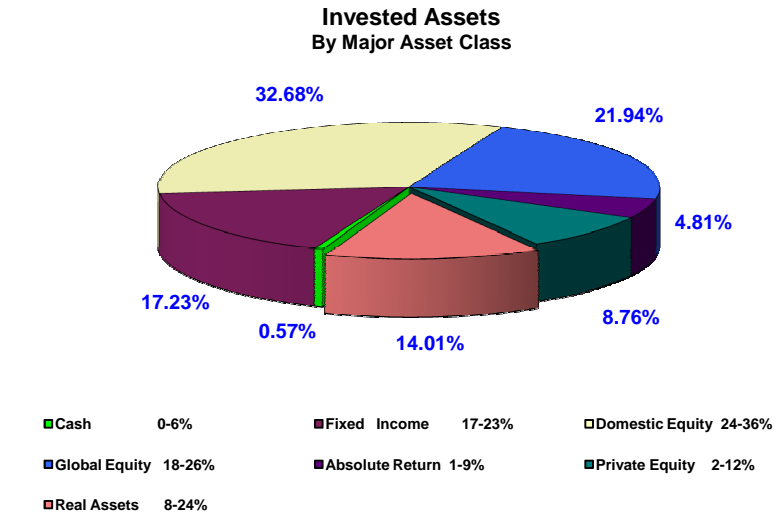
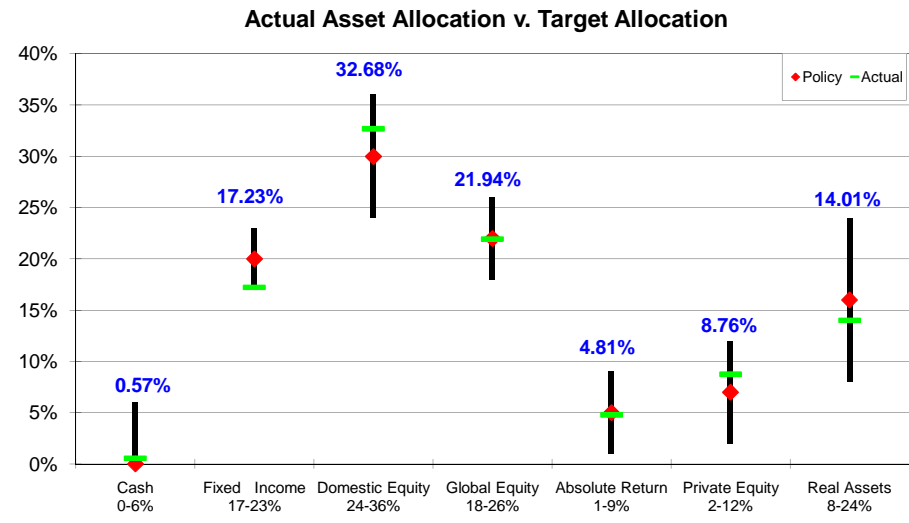
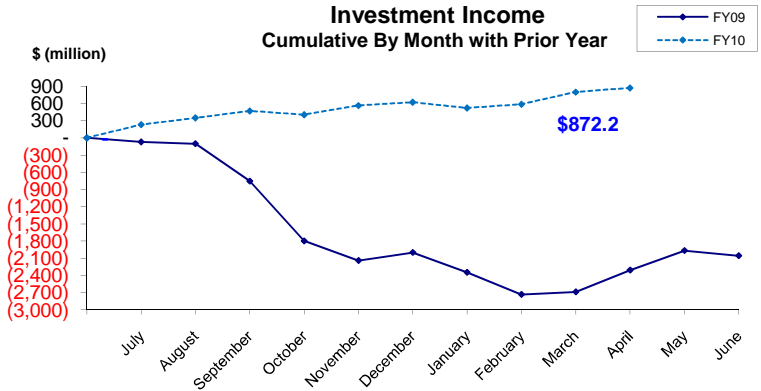
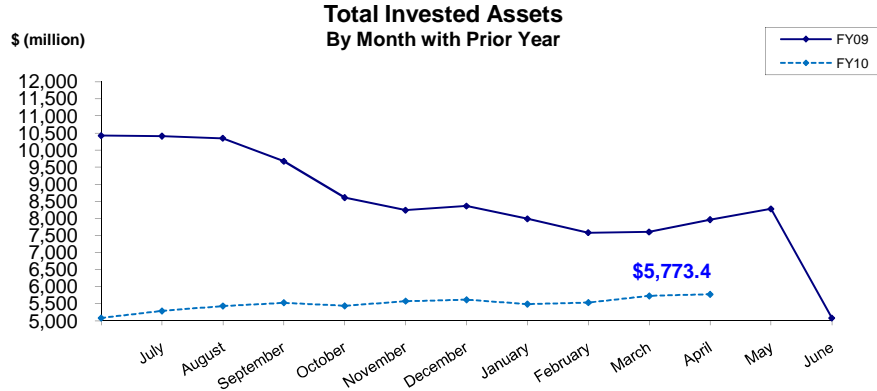
	<u>Beginning Invested Assets</u>	<u>Investment Income<sup>(1)</sup></u>	<u>Net Contributions (Withdrawals)</u>	<u>Ending Invested Assets</u>	<u>% Change in Invested Assets</u>	<u>% Change due to Investment Income<sup>(2)</sup></u>
<b><u>Public Employees' Retirement System (PERS)</u></b>						
<b><u>Defined Benefit Plans:</u></b>						
Retirement Trust	\$ 5,727,171,163	\$ 74,278,087	\$ (28,070,371)	\$ 5,773,378,879	0.80%	1.30%
Retirement Health Care Trust	4,047,911,014	50,824,533	(12,119,285)	4,086,616,262	0.95%	1.26%
Total Defined Benefit Plans	9,775,082,177	125,102,620	(40,189,656)	9,859,995,141	0.86%	1.28%
<b><u>Defined Contribution Plans:</u></b>						
Participant Directed Retirement	96,531,848	550,706	3,026,694	100,109,248	3.57%	0.56%
Health Reimbursement Arrangement	28,252,727	287,246	1,038,801	29,578,774	4.48%	1.00%
Retiree Medical Plan	7,484,841	78,137	220,080	7,783,058	3.83%	1.03%
<b><u>Defined Benefit Occupational Death and Disability:</u></b>						
Public Employees	3,161,867	33,249	69,484	3,264,600	3.15%	1.04%
Police and Firefighters	1,029,894	10,732	44,085	1,084,711	5.05%	1.02%
Total Defined Contribution Plans	136,461,177	960,070	4,399,144	141,820,391	3.78%	0.69%
<b>Total PERS</b>	<b>9,911,543,354</b>	<b>126,062,690</b>	<b>(35,790,512)</b>	<b>10,001,815,532</b>	<b>0.90%</b>	<b>1.27%</b>
<b><u>Teachers' Retirement System (TRS)</u></b>						
<b><u>Defined Benefit Plans:</u></b>						
Retirement Trust	2,906,310,850	38,210,763	(22,289,924)	2,922,231,689	0.54%	1.32%
Retirement Health Care Trust	1,343,709,305	16,977,777	(6,041,153)	1,354,645,929	0.81%	1.27%
Total Defined Benefit Plans	4,250,020,155	55,188,540	(28,331,077)	4,276,877,618	0.63%	1.30%
<b><u>Defined Contribution Plans:</u></b>						
Participant Directed Retirement	42,832,882	254,615	1,526,179	44,613,676	3.99%	0.58%
Health Reimbursement Arrangement	9,302,047	98,456	393,976	9,794,479	5.03%	1.04%
Retiree Medical Plan	3,149,587	33,382	113,148	3,296,117	4.45%	1.04%
Defined Benefit Occupational Death and Disability	1,358,292	14,463	35,153	1,407,908	3.52%	1.05%
Total Defined Contribution Plans	56,642,808	400,916	2,068,456	59,112,180	4.18%	0.70%
<b>Total TRS</b>	<b>4,306,662,963</b>	<b>55,589,456</b>	<b>(26,262,621)</b>	<b>4,335,989,798</b>	<b>0.68%</b>	<b>1.29%</b>
<b><u>Judicial Retirement System (JRS)</u></b>						
Defined Benefit Plan Retirement Trust	101,342,218	1,305,992	(474,599)	102,173,611	0.81%	1.29%
Defined Benefit Retirement Health Care Trust	17,968,865	226,320	(31,116)	18,164,069	1.07%	1.26%
<b>Total JRS</b>	<b>119,311,083</b>	<b>1,532,312</b>	<b>(505,715)</b>	<b>120,337,680</b>	<b>0.85%</b>	<b>1.29%</b>
<b><u>National Guard/Naval Militia Retirement System (MRS)</u></b>						
Defined Benefit Plan Retirement Trust	30,729,498	350,268	(177,545)	30,902,221	0.56%	1.14%
<b><u>Other Participant Directed Plans</u></b>						
Supplemental Annuity Plan	2,278,452,100	27,092,316	(2,199,632)	2,303,344,784	1.08%	1.19%
Deferred Compensation Plan	529,640,993	6,463,081	(616,687)	535,487,387	1.09%	1.22%
<b>Total All Funds</b>	<b>\$ 17,176,339,991</b>	<b>\$ 217,090,123</b>	<b>\$ (65,552,712)</b>	<b>\$ 17,327,877,402</b>	<b>0.87%</b>	<b>1.27%</b>

Notes:

(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses

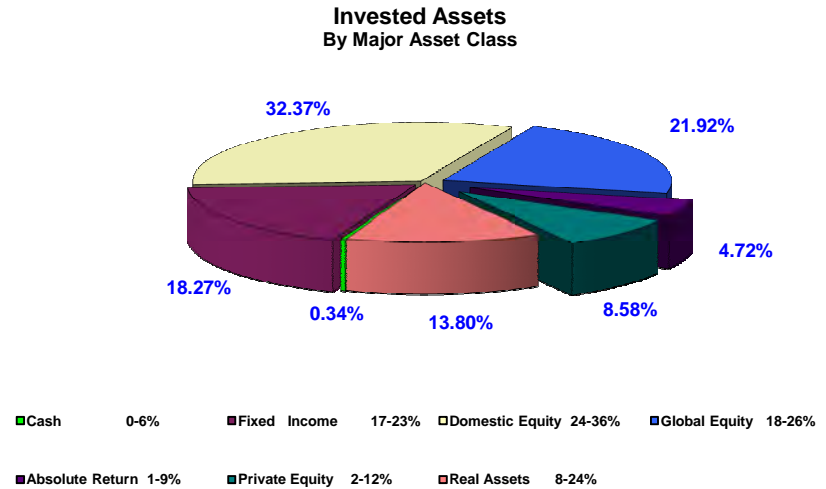
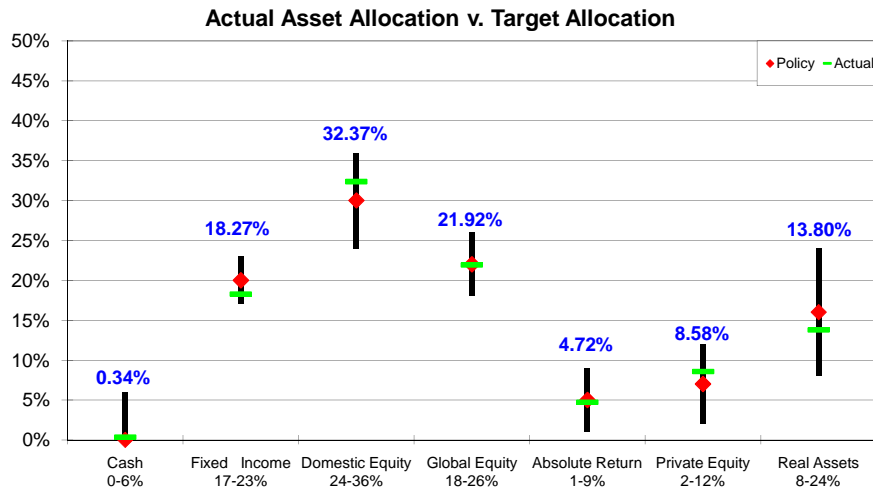
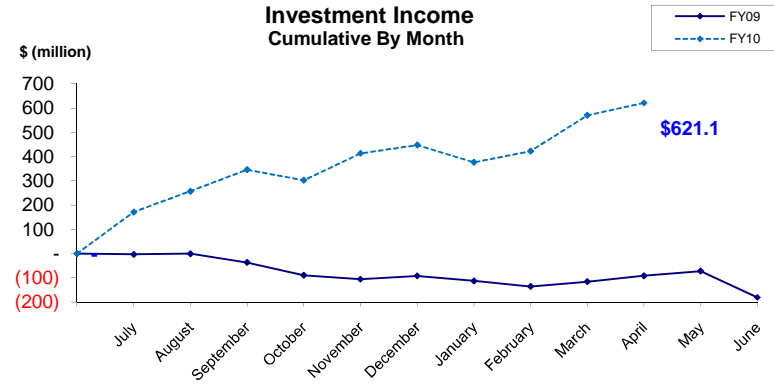
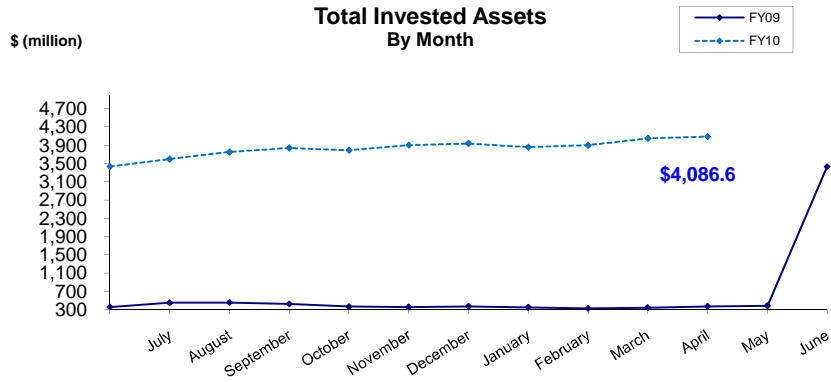
(2) Income divided by beginning assets plus half of net contributions/(withdrawals)

## PUBLIC EMPLOYEES' RETIREMENT TRUST FUND As of April 30, 2010

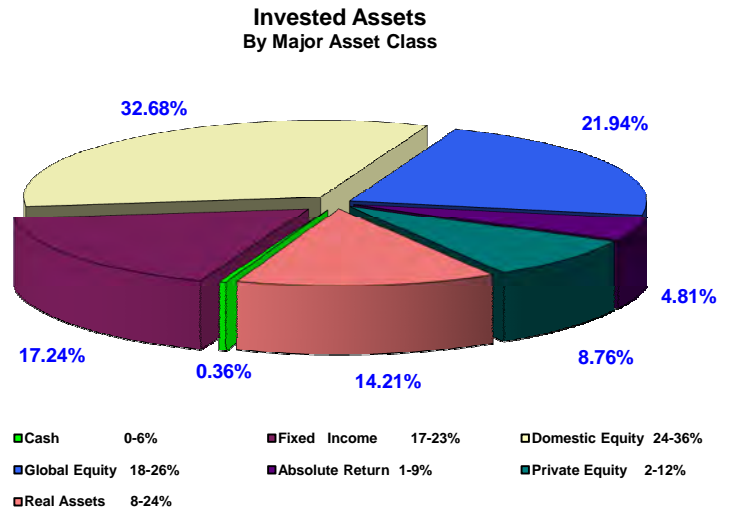
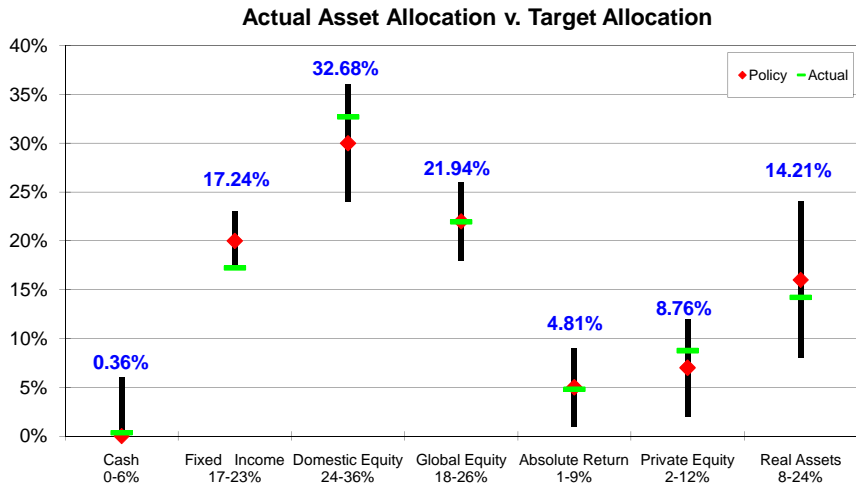
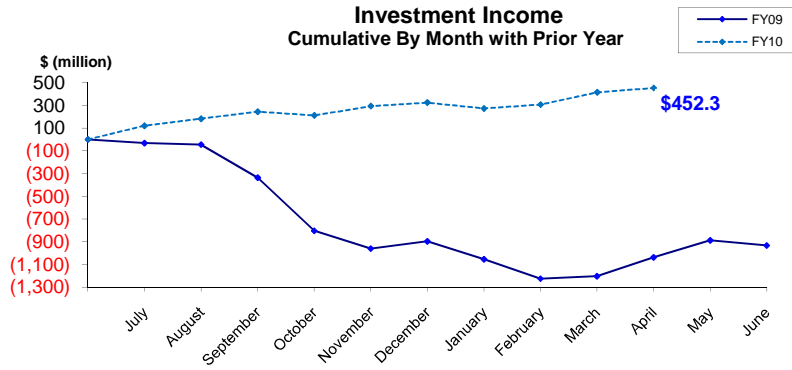
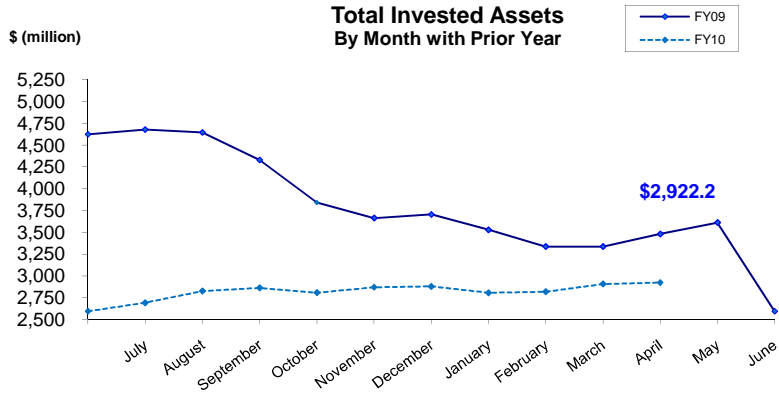




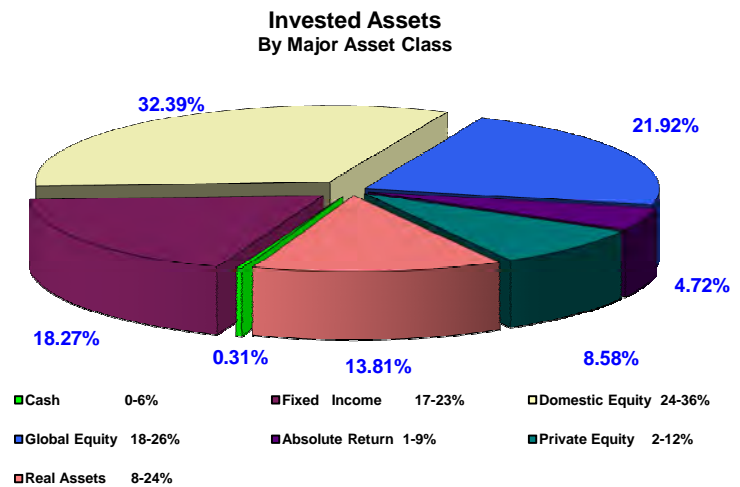
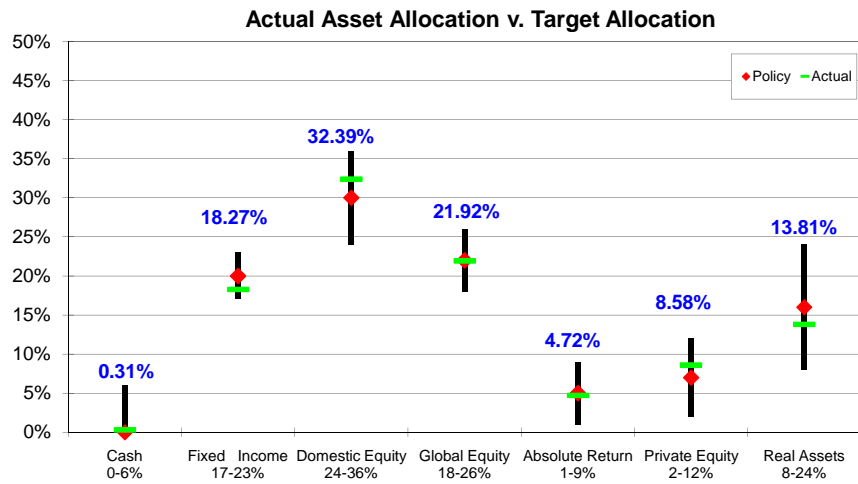
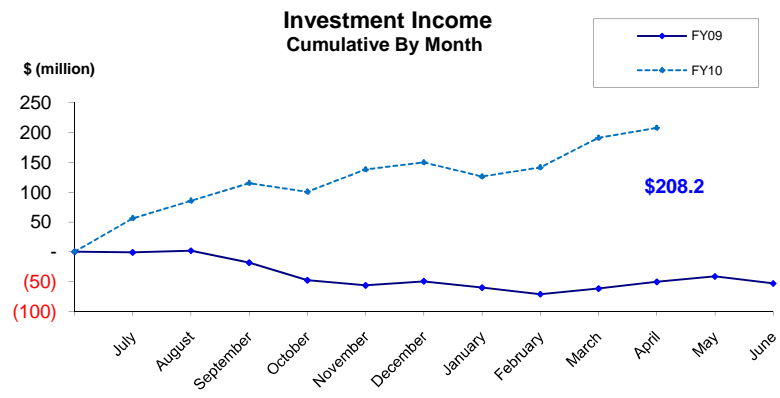
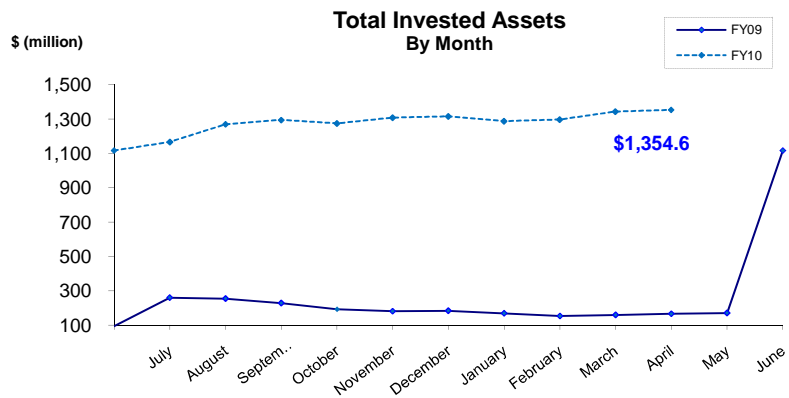
## PUBLIC EMPLOYEES' RETIREE HEALTH CARE TRUST FUND As of April 30, 2010



## TEACHERS' RETIREMENT TRUST FUND As of April 30, 2010

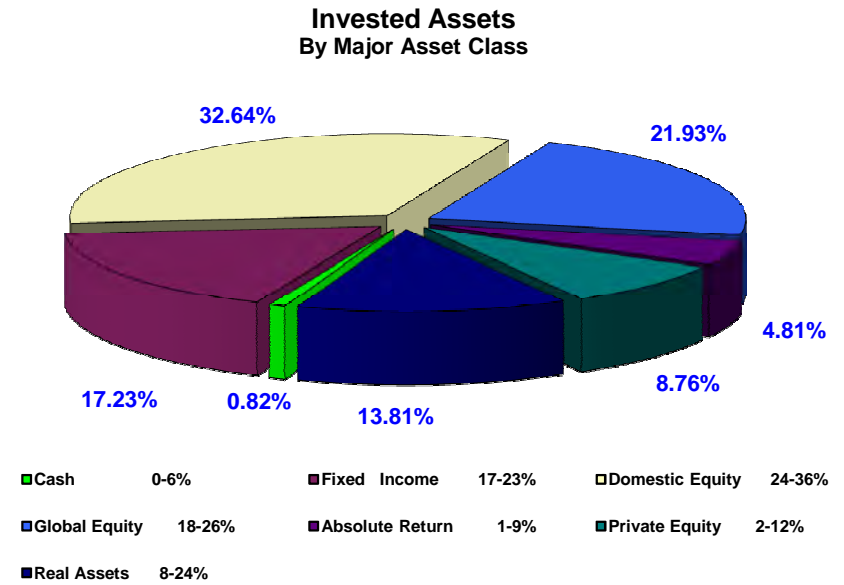
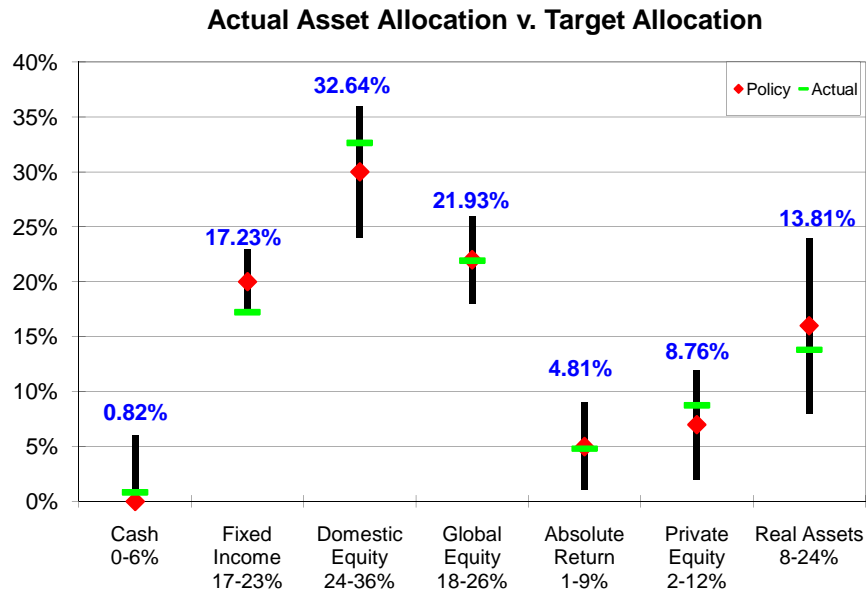
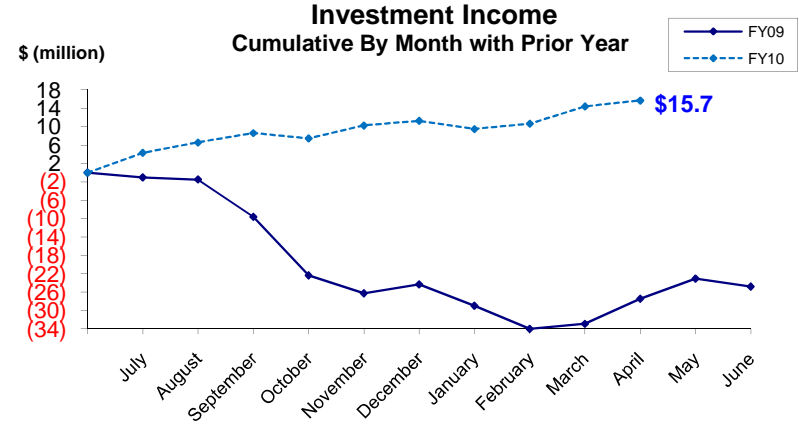
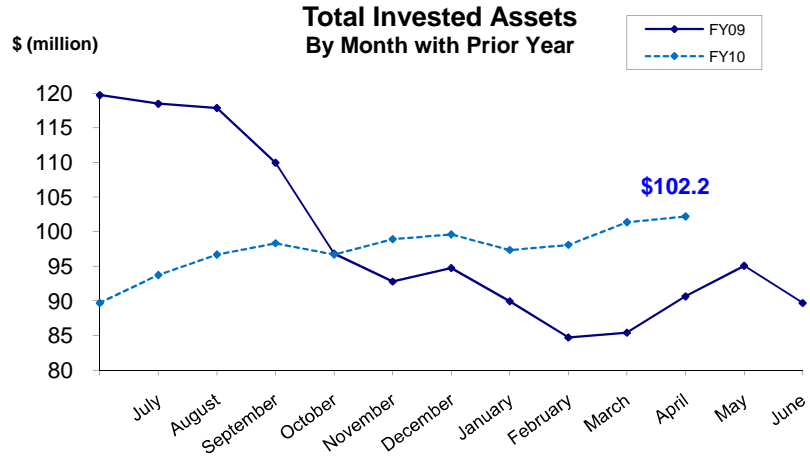


## TEACHERS' RETIREE HEALTH CARE TRUST FUND As of April 30, 2010



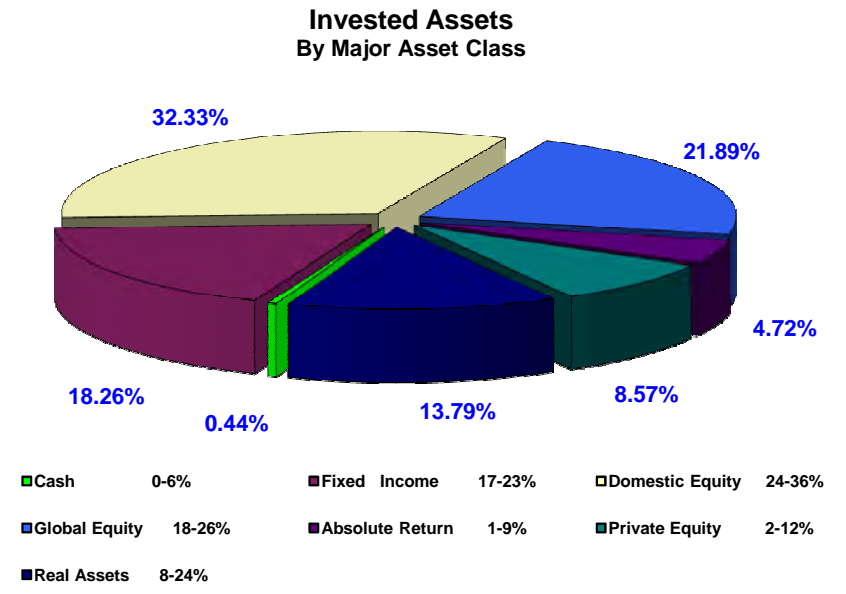
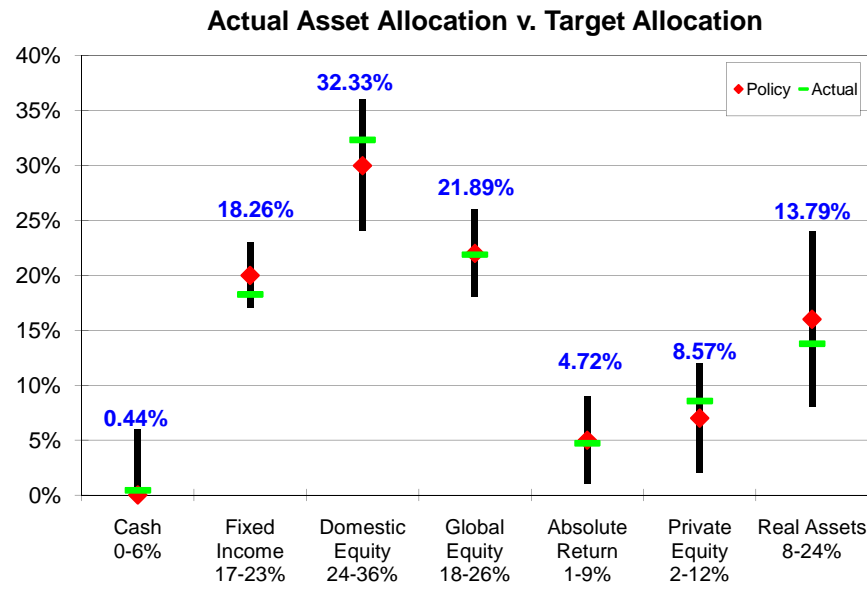
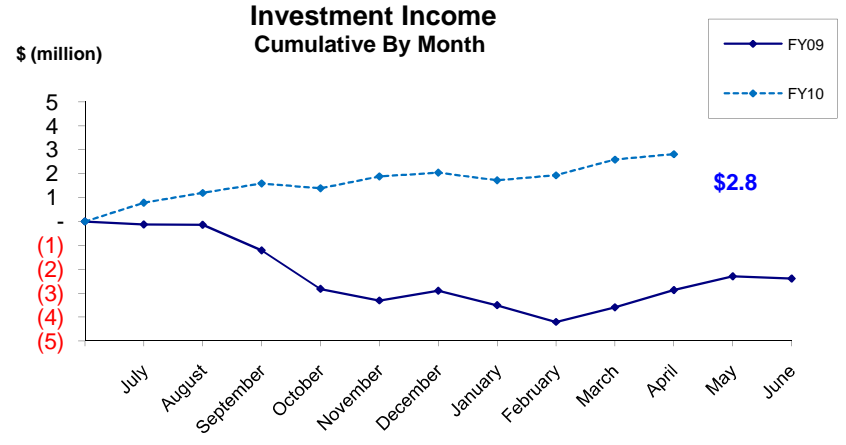
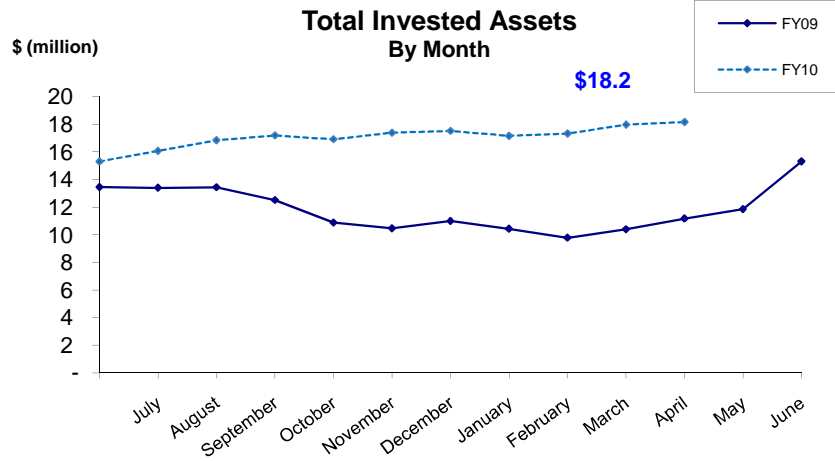
# JUDICIAL RETIREMENT TRUST FUND

## As of April 30, 2010



# JUDICIAL RETIREE HEALTH CARE TRUST FUND

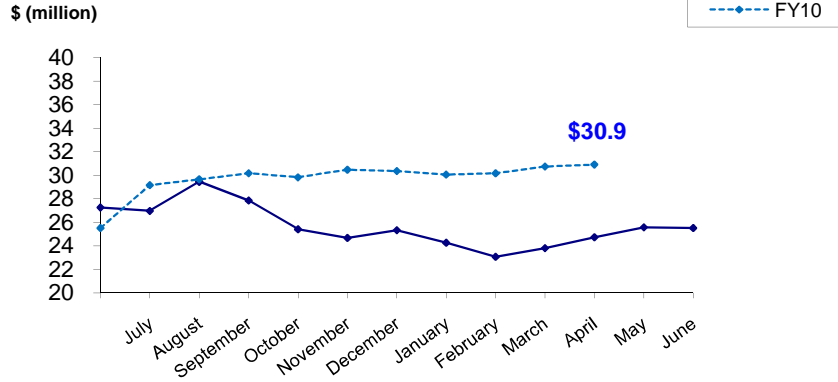
## As of April 30, 2010



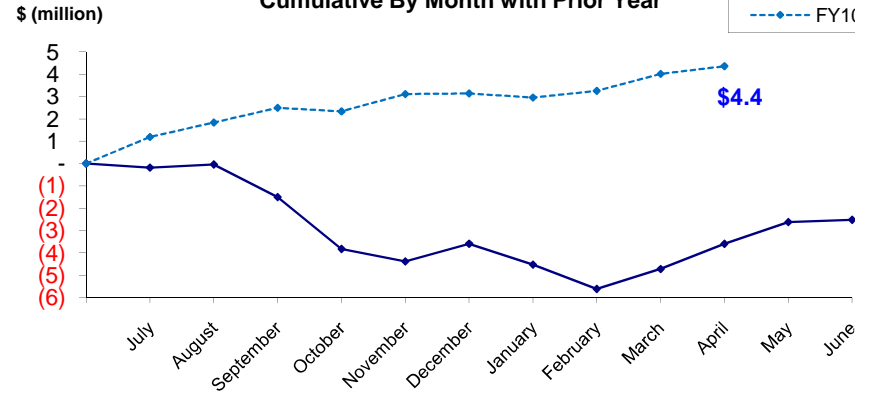
# MILITARY RETIREMENT TRUST FUND

## As of April 30, 2010

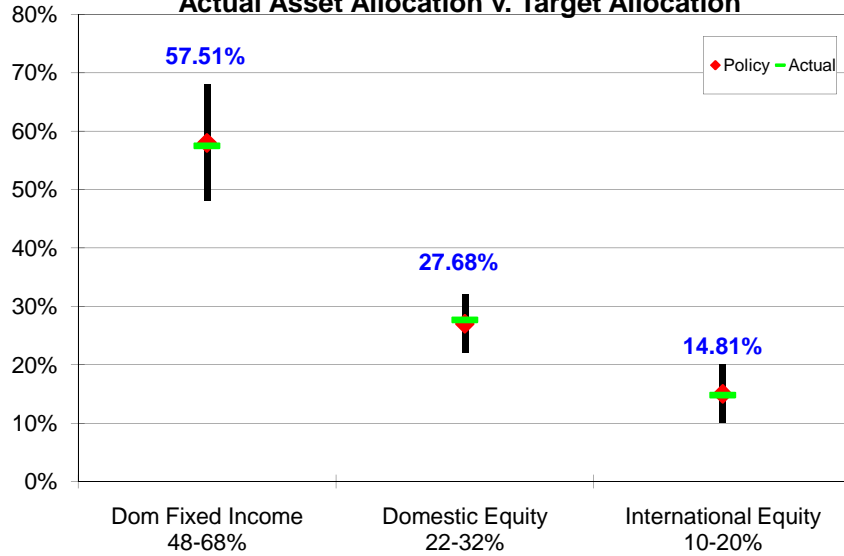
### Total Invested Assets By Month with Prior Year



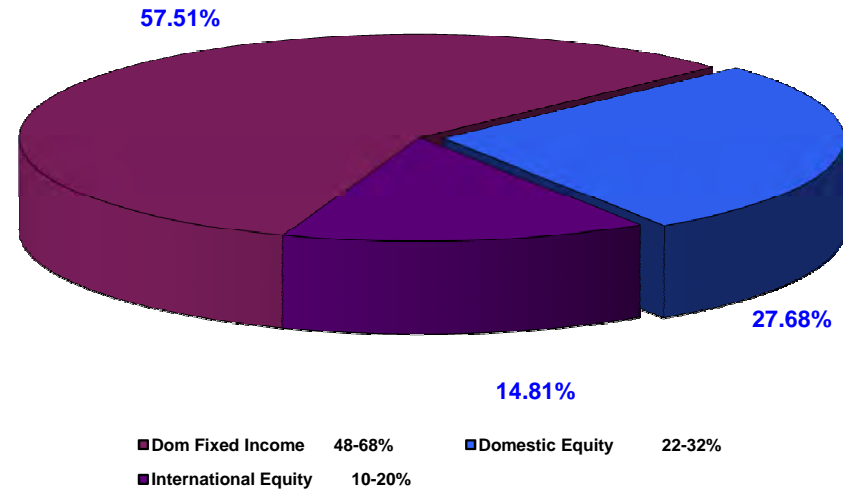
### Investment Income Cumulative By Month with Prior Year



### Actual Asset Allocation v. Target Allocation



### Invested Assets By Major Asset Class



**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Reporting of Funds by Manager**

All Non-Participant Directed Plans

**Alaska Retirement Management Board**  
**All Non-Participant Directed Plans by Manager**  
**Schedule of Investment Income and Changes in Invested Assets**  
**For the Month Ended April 30, 2010**

AY		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)
	<b>Cash</b>					
70	<b>Short-Term Fixed Income Pool</b>	\$ 118,714,233	\$ 28,420	\$ (55,620,973)	\$ 63,121,680	-46.83%
	<b>Total Cash</b>	<u>118,714,233</u>	<u>28,420</u>	<u>(55,620,973)</u>	<u>63,121,680</u>	<u>-46.83%</u>
	<b>Fixed Income</b>					
1A	<b>US Treasury Fixed Income</b>	-	1,355,505	150,000,000	151,355,505	100.00%
77	<b>Internal Fixed Income Investment Pool</b>	1,901,286,448	21,341,701	(172,112,996)	1,750,515,153	-7.93%
	<b>International Fixed Income Pool</b>					
63	Mondrian Investment Partners	201,805,380	(169,489)	-	201,635,891	-0.08%
	<b>High Yield Pool</b>					
9N	Rogge Global Partners Inc	159,223,768	3,554,154	-	162,777,922	2.23%
9P	MacKay Shields, LLC	167,530,626	3,113,846	-	170,644,472	1.86%
	<b>Total High Yield</b>	<u>326,754,394</u>	<u>6,668,000</u>	<u>-</u>	<u>333,422,394</u>	<u>2.04%</u>
	<b>Emerging Debt Pool</b>					
5M	Lazard Emerging Income	105,156,925	731,785	-	105,888,710	0.70%
	<b>Total Fixed Income</b>	<u>2,535,003,147</u>	<u>29,927,502</u>	<u>(22,112,996)</u>	<u>2,542,817,653</u>	<u>0.31%</u>

(cont.)



**Alaska Retirement Management Board**  
**All Non-Participant Directed Plans by Manager**  
**Schedule of Investment Income and Changes in Invested Assets**  
**For the Month Ended April 30, 2010**

	Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)	
<b>Domestic Equities</b>						
Small Cap Managers						
Passively Managed						
4N	SSgA Russell 2000 Growth	120,640,491	5,045,308	-	125,685,799	4.18%
4P	SSgA Russell 2000 Value	369,349,067	23,955,623	50,000,000	443,304,690	20.02%
	Total Passive	489,989,558	29,000,931	50,000,000	568,990,489	16.12%
Actively Managed						
4F	Luther King Capital Management	114,316,475	4,982,921	-	119,299,396	4.36%
4G	Jennison Associates, LLC	146,288,757	5,511,682	-	151,800,439	3.77%
6A	SSgA Futures Small Cap	4,478,486	638,854	-	5,117,340	14.26%
4H	Lord Abbett & Co.	175,460,649	3,370,935	-	178,831,584	1.92%
	Total Active	440,544,367	14,504,392	-	455,048,759	3.29%
	<b>Total Small Cap</b>	930,533,925	43,505,323	50,000,000	1,024,039,248	10.05%
Large Cap Managers						
Passively Managed						
30	Transition Account	-	-	-	-	100.00%
4L	SSgA Russell 1000 Growth	500,543,621	6,782,255	(50,000,000)	457,325,876	-8.63%
4M	SSgA Russell 1000 Value	1,063,660,042	27,580,646	-	1,091,240,688	2.59%
4R	SSgA Russell 200	433,223,367	4,692,109	-	437,915,476	1.08%
	Total Passive	1,997,427,030	39,055,010	(50,000,000)	1,986,482,040	-0.55%
Actively Managed						
39	Cap Guardian Trust Co	10,107	-	-	10,107	0.00%
47	Lazard Freres	309,692,884	4,894,349	-	314,587,233	1.58%
48	McKinley Capital Mgmt.	348,876,313	2,938,215	-	351,814,528	0.84%
4U	Barrow, Haney, Mewhinney & Strauss	123,773,959	2,203,455	-	125,977,414	1.78%
4V	Quantitative Management Assoc.	120,347,802	2,274,974	-	122,622,776	1.89%
38	RCM	389,379,818	6,660,837	-	396,040,655	1.71%
6B	SSgA Futures large cap	5,490,056	225,485	-	5,715,541	4.11%
4J	Relational Investors, LLC	282,880,321	711,866	690,003	284,282,190	0.50%
	Total Active	1,580,451,260	19,909,181	690,003	1,601,050,444	1.30%
	<b>Total Large Cap</b>	3,577,878,290	58,964,191	(49,309,997)	3,587,532,484	0.27%
Convertible Bond Pool						
Actively Managed						
52	Advent Capital	54,690,968	1,178,477	-	55,869,445	2.15%
	<b>Total Convertible Bond Pool</b>	54,690,968	1,178,477	-	55,869,445	2.15%
	<b>Total Domestic Equity</b>	4,563,103,183	103,647,991	690,003	4,667,441,177	2.29%

(cont.)

**Alaska Retirement Management Board**  
**All Non-Participant Directed Plans by Manager**  
**Schedule of Investment Income and Changes in Invested Assets**  
**For the Month Ended April 30, 2010**

	Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)
<b>Global Equities Ex US</b>					
<b>International Equity Pool</b>					
65	Brandes Investment Partners	832,722,474	(5,854,930)	826,867,544	-0.70%
58	Lazard Freres	322,679,177	(4,442,063)	318,237,114	-1.38%
67	Cap Guardian Trust Co	555,600,325	(2,237,500)	553,362,825	-0.40%
68	State Street Global Advisors	271,144,682	(1,317,216)	269,827,466	-0.49%
6D	SSgA Futures International	118,146	37	118,183	0.03%
69	McKinley Capital Management	320,012,253	(2,789,626)	317,222,627	-0.87%
	<b>Total International Equity</b>	<b>2,302,277,057</b>	<b>(16,641,298)</b>	<b>2,285,635,759</b>	<b>-0.72%</b>
<b>Emerging Markets Equity Pool A <sup>(1)</sup></b>					
6P	Lazard Asset Management	263,989,615	3,178,933	267,168,548	1.20%
6Q	Eaton Vance	194,232,300	1,821,804	196,054,104	0.94%
62	The Capital Group Inc.	390,677,131	4,000,107	394,677,238	1.02%
	<b>Total Emerging Markets Pool A</b>	<b>848,899,046</b>	<b>9,000,844</b>	<b>857,899,890</b>	<b>1.06%</b>
	<b>Total Global Equities</b>	<b>3,151,176,103</b>	<b>(7,640,454)</b>	<b>3,143,535,649</b>	<b>-0.24%</b>
<b>Private Equity Pool</b>					
98	Pathway Capital Management LLC	524,054,515	25,678,732	552,583,364	5.44%
85	Abbott Capital	609,074,749	10,329,036	621,053,904	1.97%
8A	Blum Capital Partners-Strategic	22,834,034	5,332,529	28,166,563	23.35%
8P	Lexington Partners	735,269	-	735,269	0.00%
8Q	Onex Partnership III	1,049,589	-	1,269,890	20.99%
8W	Warburg Pincus X	10,799,175	4	11,474,179	6.25%
8X	Angelo, Gordon & Co.	27,909,674	-	27,909,674	0.00%
	<b>Total Private Equity</b>	<b>1,196,457,005</b>	<b>41,340,301</b>	<b>1,243,192,843</b>	<b>3.91%</b>
<b>Absolute Return Pool <sup>(2)</sup></b>					
8M	Global Asset Management (USA) Inc.	74,895,150	898,850	100,794,000	34.58%
8N	Prisma Capital Partners	50,093,750	923,325	76,017,075	51.75%
9D	Mariner Investment Group, Inc.	239,373,666	3,861,071	243,234,737	1.61%
9E	Cadogan Management LLC	79,950,699	577,740	31,528,439	-60.57%
9F	Crestline Investors, Inc.	228,799,907	3,159,397	231,959,304	1.38%
	<b>Total Absolute Return Investments</b>	<b>673,113,172</b>	<b>9,420,383</b>	<b>683,533,555</b>	<b>1.55%</b>

(cont.)

**Alaska Retirement Management Board**  
**All Non-Participant Directed Plans by Manager**  
**Schedule of Investment Income and Changes in Invested Assets**  
**For the Month Ended April 30, 2010**

	Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)	
<b>Real Assets</b>						
<b>Farmland Pool A</b>						
9B	UBS Agrivest, LLC	302,888,905	-	251,461	303,140,366	0.08%
9G	Hancock Agricultural Investment Group	159,299,135	6,864,795	(450,000)	165,713,930	4.03%
	<b>Total Farmland Pool A</b>	<b>462,188,040</b>	<b>6,864,795</b>	<b>(198,539)</b>	<b>468,854,296</b>	<b>1.44%</b>
<b>Farmland Water Pool</b>						
8Y	Hancock Farmland and Water PPTY	5,721,832	1,334,965	(250,000)	6,806,797	18.96%
8Z	UBS Argivest, LLC	15,749,116	-	-	15,749,116	0.00%
	<b>Total Farmland Water Pool</b>	<b>21,470,948</b>	<b>1,334,965</b>	<b>(250,000)</b>	<b>22,555,913</b>	<b>5.05%</b>
<b>Timber Pool A</b>						
9Q	Timberland INVT Resource LLC	119,297,623	-	-	119,297,623	0.00%
9S	Hancock Natural Resource Group	47,677,225	(101,398)	-	47,575,827	-0.21%
	<b>Total Timber Pool A</b>	<b>166,974,848</b>	<b>(101,398)</b>	<b>-</b>	<b>166,873,450</b>	<b>-0.06%</b>
<b>Energy Pool A</b>						
9A	TCW Energy Fund XD	23,493,172	67,057	(92,529)	23,467,700	-0.11%
9Z	TCW Energy Fund XIV-A	62,368,233	3,650,615	-	66,018,848	5.85%
	<b>Total Energy Pool A</b>	<b>85,861,405</b>	<b>3,717,672</b>	<b>(92,529)</b>	<b>89,486,548</b>	<b>4.22%</b>
<b>REIT Pool</b>						
9H	REIT Holdings	54,413,846	3,705,930	-	58,119,776	6.81%
<b>Treasury Inflation Proof Securities</b>						
6N	TIPS Internally Managed Account (cont.)	76,789,335	1,969,127	-	78,758,462	2.56%

**Alaska Retirement Management Board**  
**All Non-Participant Directed Plans by Manager**  
**Schedule of Investment Income and Changes in Invested Assets**  
**For the Month Ended April 30, 2010**

	Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)	
<b>Real Estate</b>						
Core Commingled Accounts						
7A	JP Morgan	144,489,404	388,357	(1,117,903)	143,759,858	-0.50%
7B	UBS Trumbull Property Fund	62,297,795	(2,014,913)	(568,161)	59,714,721	-4.15%
	Total Core Commingled	<u>206,787,199</u>	<u>(1,626,556)</u>	<u>(1,686,064)</u>	<u>203,474,579</u>	-1.60%
Core Separate Accounts						
7D	Cornerstone Real Estate Advisers Inc.	156,777,629	(5,758,281)	(210,394)	150,808,954	-3.81%
7E	LaSalle Investment Management	168,625,243	2,353,080	(596,861)	170,381,462	1.04%
7F	Sentinel Separate Account	87,556,271	1,246,378	(314,391)	88,488,258	1.06%
7G	UBS Realty	253,316,718	(3,162,720)	(1,286,703)	248,867,295	-1.76%
	Total Core Separate	<u>666,275,861</u>	<u>(5,321,543)</u>	<u>(2,408,349)</u>	<u>658,545,969</u>	-1.16%
Non-Core Commingled Accounts						
7J	Lowe Hospitality Partners	6,887,844	(5,095,810)	-	1,792,034	-73.98%
7M	Cornerstone Rotational Fund	730	-	-	730	0.00%
7N	ING Clarion Development Ventures II	15,628,471	376,500	-	16,004,971	2.41%
7P	Lehman Brothers Real Estate Partners II	68,448,091	-	-	68,448,091	0.00%
7Q	Rothschild Five Arrows Realty Securities IV	45,381,482	1,083,614	-	46,465,096	2.39%
7R	Tishman Speyer Real Estate Venture VI	28,561,009	-	-	28,561,009	0.00%
7X	Tishman Speyer Real Estate Venture VII	3,180,699	-	-	3,180,699	0.00%
7S	Rothschild Five Arrows Realty Securities V	4,795,528	(11,508)	-	4,784,020	-0.24%
7V	ING Clarion Development Ventures III	(32,532)	(113,728)	-	(146,260)	-349.59%
7W	Lehman Brothers Real estate Partners III	10,695,753	-	-	10,695,753	0.00%
8R	BlackRock Diamond Property Fund	23,878,441	-	(11,527)	23,866,914	-0.05%
8S	Colony Investors VIII, L.P.	17,531,202	710,688	5,643,442	23,885,332	36.24%
8U	LaSalle Medical Office Fund II	11,386,042	391,772	2,362,729	14,140,543	24.19%
8V	Cornerstone Apartment Venture III	14,207,881	(1,879,258)	-	12,328,623	-13.23%
	Total Non-Core Commingled	<u>250,550,641</u>	<u>(4,537,730)</u>	<u>7,994,644</u>	<u>254,007,555</u>	1.38%
	<b>Total Real Estate</b>	<u>1,123,613,701</u>	<u>(11,485,829)</u>	<u>3,900,231</u>	<u>1,116,028,103</u>	-0.68%
83/84	Mortgage-related Assets <sup>(3)</sup>	3,202	-	-	3,202	0.00%
	<b>Total Real Assets</b>	<u>1,991,315,325</u>	<u>6,005,262</u>	<u>3,359,163</u>	<u>2,000,679,750</u>	0.47%
	<b>Totals</b>	<u>\$ 14,228,882,168</u>	<u>\$ 182,729,405</u>	<u>\$ (67,289,266)</u>	<u>\$ 14,344,322,307</u>	0.81%

Notes

- (1) Investment is represented by shares in (or as a percentage of) commingled equity investments which, at any given time, may be a combination of securities and cash.
- (2) Investment is represented by shares in various hedge funds.
- (3) Mortgage-related assets are managed in-house. These assets are valued at their principal balance (cost) less an allowance for loan loss, the result of which approximates market value.

# **ALASKA RETIREMENT MANAGEMENT BOARD**

## Participant Directed Plans

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Supplemental Annuity Plan**  
**Schedule of Investment Income and Changes in Invested Assets**  
**for the Month Ended**  
**April 30, 2010**

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
<b>Interim Transit Account</b>					
Treasury Division <sup>(1)</sup>					
Cash and Cash Equivalents	\$ 7,832,268	\$ 1,117	\$ 546,751	\$ -	\$ 8,380,136
<b>Participant Options <sup>(2)</sup></b>					
T. Rowe Price					
Target 2010 Fund	31,603,148	70,103	(69,707)	(821,371)	30,782,173
Target 2015 Fund	3	-	(3)	-	-
AK Target Date 2010 Trust	2,735,614	33,909	3,371	177,786	2,950,680
AK Target Date 2015 Trust	79,244,768	1,034,201	(31,039)	456,947	80,704,877
AK Target Date 2020 Trust	27,798,214	386,781	2,270	130,931	28,318,196
AK Target Date 2025 Trust	11,544,469	166,039	34,361	44,204	11,789,073
AK Target Date 2030 Trust	1,707,350	24,737	49,690	(24,560)	1,757,217
AK Target Date 2035 Trust	2,506,883	36,812	53,899	61,094	2,658,688
AK Target Date 2040 Trust	1,983,022	28,786	45,716	118,275	2,175,799
AK Target Date 2045 Trust	876,962	11,759	60,897	25,858	975,476
AK Target Date 2050 Trust	834,516	10,400	61,272	(38,453)	867,735
AK Target Date 2055 Trust	435,090	5,189	14,891	146,536	601,706
Alaska Balanced Fund	1,024,521,600	12,392,083	(2,426,474)	(1,462,585)	1,033,024,624
Long Term Balanced Fund	255,216,892	3,607,939	1,542,926	1,176,345	261,544,102
Small-Cap Stock Fund	61,408,074	3,235,975	(146,956)	3,754,857	68,251,950
Stable Value Fund	269,861,922	850,184	(1,275,215)	(4,138,555)	265,298,336
	<u>1,772,278,527</u>	<u>21,894,897</u>	<u>(2,080,101)</u>	<u>(392,691)</u>	<u>1,791,700,632</u>
State Street Global Advisors					
Global Balanced Fund	50,549,841	147,881	(857)	(715,917)	49,980,948
Long US Treasury Bond Index	4,543,155	119,964	(27,747)	(350,829)	4,284,543
Russell 3000 Index	7,196,670	153,695	28,279	619,079	7,997,723
S&P 500 Stock Index Fund Series A	215,001,718	3,436,524	(67,434)	1,663,894	220,034,702
State Street Treasury Money Market Fund - Inst.	11,631,134	66	(240,776)	(38,020)	11,352,404
US Real Estate Investment Trust Index	16,920,823	1,210,541	(89,508)	2,226,262	20,268,118
US Treasury Inflation Protected Securities Index	11,606,970	274,340	(6,305)	(38,908)	11,836,097
World Equity Ex-US Index	11,922,253	(132,886)	30,158	86	11,819,611
World Government Bond Ex-US Index	2,169,537	(19,922)	8,982	(114,038)	2,044,559
Barclays Global Advisors					
Government Bond Fund	44,514,210	516,231	(18,456)	(1,364,796)	43,647,189
Intermediate Bond Fund	14,315,905	95,586	(299,046)	(376,351)	13,736,094
Brandes Institutional					
International Equity Fund	-	-	-	-	-
International Equity Fund Fee	81,158,801	(918,551)	92,856	(1,549,624)	78,783,482
Capital Guardian Trust Company					
Global Balanced Fund	3	-	(3)	-	-
RCM					
Sustainable Opportunities Fund	26,810,285	312,833	(76,425)	431,853	27,478,546
	<u>2,270,619,832</u>	<u>27,091,199</u>	<u>(2,746,383)</u>	<u>-</u>	<u>2,294,964,648</u>
<b>Total Externally Managed Funds</b>	<u>2,270,619,832</u>	<u>27,091,199</u>	<u>(2,746,383)</u>	<u>-</u>	<u>2,294,964,648</u>
<b>Total All Funds</b>	<u>\$ 2,278,452,100</u>	<u>\$ 27,092,316</u>	<u>\$ (2,199,632)</u>	<u>\$ -</u>	<u>\$ 2,303,344,784</u>

Notes:

(1) Represents net contributions in transit to/from the record keeper.

(2) Source data provided by the record keeper, Great West Life.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Supplemental Annuity Plan**  
**Schedule of Invested Assets with**  
**Schedule of Investment Income and Changes in Invested Assets**  
**By Month Through the Month Ended**  
**April 30, 2010**  
**\$ (Thousands)**

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>
<b><u>Invested Assets (At Fair Value)</u></b>										
Investments with Treasury Division										
Cash and cash equivalents	\$ 8,108	\$ 8,099	\$ 8,313	\$ 7,865	\$ 7,099	\$ 8,151	\$ 8,246	\$ 8,092	\$ 7,832	\$ 8,380
Investments with T. Rowe Price										
Target 2010 Fund	34,531	33,831	33,217	32,700	32,215	31,902	31,851	31,831	31,603	30,782
Target 2015 Fund	-	-	-	-	-	-	-	-	-	-
AK Target Date 2010 Trust	1,338	1,464	1,576	32,700	2,158	2,732	2,648	3,212	2,736	2,951
AK Target Date 2015 Trust	70,319	71,857	74,209	73,406	75,389	77,032	75,366	75,891	79,245	80,705
AK Target Date 2020 Trust	23,853	24,849	25,409	25,474	26,937	26,488	25,779	26,130	27,798	28,318
AK Target Date 2025 Trust	8,258	9,019	9,487	9,480	9,968	10,337	10,462	10,601	11,544	11,789
AK Target Date 2030 Trust	151	271	335	559	708	912	1,158	1,318	1,707	1,757
AK Target Date 2035 Trust	90	261	826	857	1,049	1,626	2,127	2,228	2,507	2,659
AK Target Date 2040 Trust	585	624	771	831	944	1,024	1,391	1,419	1,983	2,176
AK Target Date 2045 Trust	-	3	38	83	152	227	558	682	877	975
AK Target Date 2050 Trust	-	4	30	85	158	258	521	583	834	868
AK Target Date 2055 Trust	-	2	123	65	281	376	163	258	435	602
Alaska Balanced Fund	948,420	967,339	988,950	979,185	999,781	998,368	994,490	1,004,504	1,024,522	1,033,025
Long Term Balanced Fund	197,659	205,168	209,147	200,839	206,082	210,843	229,485	241,514	255,217	261,544
Small-Cap Stock Fund	43,266	48,369	55,667	54,469	56,791	58,088	55,727	53,584	61,408	68,252
Stable Value Fund	270,928	265,535	260,730	262,145	262,728	265,728	260,692	272,621	269,862	265,298
Investments with State Street Global Advisors										
Global Balanced Fund	48,874	50,122	49,320	48,167	49,630	50,370	48,789	49,042	50,550	49,981
Long US Treasury Bond Index	5,114	5,047	5,525	5,082	5,294	5,130	5,254	5,283	4,543	4,284
Russell 3000 Index	3,846	4,499	4,645	4,900	5,754	5,971	6,338	6,370	7,197	7,998
S&P 500 Stock Index Fund Series A	180,629	187,400	195,964	196,627	208,658	212,395	200,122	202,317	215,002	220,035
State Street Treasury Money Market Fund - Inst.	11,271	11,778	11,412	11,039	11,569	11,224	11,222	12,218	11,631	11,352
US Real Estate Investment Trust Index	4,057	8,114	10,752	8,751	8,977	12,625	11,422	10,807	16,921	20,268
US Treasury Inflation Protected Securities Index	8,325	8,643	9,172	10,342	12,432	11,410	12,269	11,774	11,607	11,836
World Equity Ex-US Index	9,327	9,687	11,273	12,890	13,689	12,031	12,295	11,791	11,922	11,820
World Govt Bond Ex	2,007	1,992	2,597	2,589	3,137	2,480	2,449	2,262	2,170	2,045
Investments with Barclays Global Investors										
Government Bond Fund	48,802	49,143	49,079	50,865	51,213	48,254	46,470	45,943	44,514	43,647
Intermediate Bond Fund	15,473	14,009	13,824	13,930	14,790	13,917	14,373	14,932	14,316	13,736
Investments with Brandes Investment Partners										
International Equity Fund	79,773	86,504	93,347	90,337	-	-	-	-	-	-
International Equity Fund Fee	-	-	-	-	95,472	93,325	82,627	78,201	81,159	78,783
Investments with Capital Guardian										
Global Balanced Fund	-	-	-	-	-	-	-	-	-	-
Investments with RCM										
Sustainable Opportunities Fund	17,316	18,267	18,787	18,980	21,315	26,857	23,148	24,435	26,810	27,479
<b>Total Invested Assets</b>	<b>\$ 2,042,320</b>	<b>\$ 2,091,900</b>	<b>\$ 2,144,525</b>	<b>\$ 2,124,276</b>	<b>\$ 2,184,370</b>	<b>\$ 2,200,081</b>	<b>\$ 2,177,442</b>	<b>\$ 2,209,843</b>	<b>\$ 2,278,452</b>	<b>\$ 2,303,345</b>
<b><u>Change in Invested Assets</u></b>										
Beginning Assets	\$ 1,960,377	\$ 2,042,320	\$ 2,091,900	\$ 2,144,525	\$ 2,124,276	\$ 2,184,370	\$ 2,200,081	\$ 2,177,442	\$ 2,209,843	\$ 2,278,452
Investment Earnings	81,103	44,643	49,571	(21,863)	57,958	13,215	(24,597)	28,117	64,548	27,093
Net Contributions (Withdrawals)	840	4,937	3,054	1,614	2,136	2,496	1,958	4,284	4,061	(2,200)
<b>Ending Invested Assets</b>	<b>\$ 2,042,320</b>	<b>\$ 2,091,900</b>	<b>\$ 2,144,525</b>	<b>\$ 2,124,276</b>	<b>\$ 2,184,370</b>	<b>\$ 2,200,081</b>	<b>\$ 2,177,442</b>	<b>\$ 2,209,843</b>	<b>\$ 2,278,452</b>	<b>\$ 2,303,345</b>

## ALASKA RETIREMENT MANAGEMENT BOARD

### Deferred Compensation Plan

#### Schedule of Invested Assets and Changes in Invested Assets

for the Month Ended

April 30, 2010

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
<b>Participant Options</b>					
T. Rowe Price					
Interest Income Fund	\$ 158,279,929	\$ 510,199	\$ (608,633)	\$ (950,451)	\$ 157,231,044
Small Cap Stock Fund	56,122,491	2,936,246	20,396	912,086	59,991,219
Long Term Balanced Fund	29,336,946	389,318	48,866	(11,255)	29,763,875
Alaska Balanced Trust	2,267,795	27,288	9,015	157,764	2,461,862
AK Target Date 2010 Trust	1,391,449	16,852	285	231,803	1,640,389
AK Target Date 2015 Trust	1,279,238	15,609	7,324	156,297	1,458,468
AK Target Date 2020 Trust	1,195,881	16,093	8,432	81,168	1,301,574
AK Target Date 2025 Trust	508,797	6,437	7,590	30,424	553,248
AK Target Date 2030 Trust	377,225	5,373	6,331	(1,101)	387,828
AK Target Date 2035 Trust	393,407	5,317	4,964	53,971	457,659
AK Target Date 2040 Trust	170,550	2,419	567	6,154	179,690
AK Target Date 2045 Trust	83,425	1,213	535	236	85,409
AK Target Date 2050 Trust	81,763	1,180	1,259	(405)	83,797
AK Target Date 2055 Trust	21,938	1,232	10	28,780	51,960
Total Investments with T. Rowe Price	<u>251,510,834</u>	<u>3,934,776</u>	<u>(493,059)</u>	<u>695,471</u>	<u>255,648,022</u>
Barclays Global Investors					
Intermediate Bond Fund	16,870,734	116,110	(54,322)	(251,977)	16,680,545
Government/Credit Bond Fund	29,876,082	353,401	(140,022)	(431,410)	29,658,051
S&P 500 Index Fund	115,138,897	1,818,458	(26,896)	1,140,673	118,071,132
Total Investments with Barclays Global Investors	<u>161,885,713</u>	<u>2,287,969</u>	<u>(221,240)</u>	<u>457,286</u>	<u>164,409,728</u>
Capital Guardian Trust Company					
Global Balanced Fund	-	-	-	-	-
Brandes Institutional					
International Equity Fund	-	-	-	-	-
International Equity Fund Fee	46,192,738	(529,629)	(46,881)	(874,840)	44,741,388
RCM					
Sustainable Core Opportunities Fund	8,430,704	95,862	37,353	102,154	8,666,073
State Street Global Advisors					
Global Balanced Fund	35,574,970	102,858	69,765	(331,293)	35,416,300
Long US Treasury Bond Index	904,228	23,087	15,306	(104,193)	838,428
Russell 3000 Index	2,594,694	55,111	13,506	252,020	2,915,331
State Street Treasury Money Market Fund - Inst.	5,193,152	35	(22,389)	(72,516)	5,098,282
US Real Estate Investment Trust Index	5,553,414	411,002	10,787	800,911	6,776,114
US Treasury Inflation Protected Securities Index	5,864,759	134,568	294	(214,451)	5,785,170
World Equity Ex-US Index	4,837,875	(42,575)	14,330	(538,080)	4,271,550
World Government Bond Ex-US Index	1,097,912	(9,983)	5,541	(172,469)	921,001
<b>Total All Funds</b>	<u>\$ 529,640,993</u>	<u>\$ 6,463,081</u>	<u>\$ (616,687)</u>	<u>\$ -</u>	<u>\$ 535,487,387</u>

Source data provided by the record keeper, Great West Life.



**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Deferred Compensation Plan**  
**Schedule of Invested Assets with**  
**Schedule of Investment Income and Changes in Invested Assets**  
**By Month Through the Month Ended**  
**April 30, 2010**  
**\$(Thousands)**

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>
<b>Invested Assets (at fair value)</b>										
Investments with T. Rowe Price										
Interest Income Fund										
Cash and cash equivalents	\$ 4,602	\$ 3,642	\$ 2,754	\$ 5,849	\$ 6,458	\$ 7,970	\$ 4,955	\$ 8,318	\$ 8,022	\$ 8,379
Synthetic Investment Contracts	153,442	152,777	151,288	147,311	147,534	148,363	149,488	149,559	150,258	148,852
Small Cap Stock Fund	43,386	45,323	49,154	46,222	47,704	50,907	49,858	50,434	56,122	59,991
Long Term Balanced Fund	23,812	25,299	26,405	26,338	27,614	28,077	27,658	28,162	29,337	29,764
Alaska Balanced Trust	503	940	1,257	1,396	1,556	1,490	1,972	2,254	2,268	2,462
AK Target Date 2010 Trust	479	564	926	871	692	821	754	794	1,391	1,640
AK Target Date 2015 Trust	480	530	665	671	823	1,015	1,249	1,236	1,279	1,459
AK Target Date 2020 Trust	174	367	540	801	883	927	1,164	1,254	1,196	1,302
AK Target Date 2025 Trust	132	101	112	466	210	228	292	316	509	553
AK Target Date 2030 Trust	28	133	114	260	222	211	269	288	377	388
AK Target Date 2035 Trust	1	9	95	99	128	281	320	343	393	458
AK Target Date 2040 Trust	197	188	75	74	78	81	106	111	171	180
AK Target Date 2045 Trust	-	-	-	30	1	1	62	64	83	85
AK Target Date 2050 Trust	-	-	-	1	1	30	71	75	82	84
AK Target Date 2055 Trust	-	1	1	1	1	1	5	6	22	52
Investments with Barclays Global Investors										
Intermediate Bond Fund	17,874	17,479	17,362	16,879	17,460	16,907	16,748	17,099	16,871	16,681
Government/Credit Bond Fund	30,728	30,748	30,734	30,955	31,355	30,615	30,602	30,146	29,876	29,658
S&P 500 Index Fund	96,901	99,881	103,991	102,061	107,341	109,052	106,425	109,294	115,139	118,071
Investments with Capital Guardian Trust Company										
Global Balanced Fund	-	-	-	-	-	-	-	-	-	-
Investments with Brandes Institutional										
International Equity Fund	44,278	47,099	48,630	45,952	-	-	-	-	-	-
International Equity Fund Fee	-	-	-	-	47,390	46,786	45,060	43,770	46,193	44,741
Investments with RCM										
Sustainable Opportunities Fund	6,245	6,506	6,713	6,665	7,290	8,032	7,619	7,997	8,431	8,666
State Street Global Advisors										
Global Balanced Fund	32,388	33,283	34,245	34,024	35,229	35,206	34,172	34,416	35,575	35,416
Long US Treasury Bond Index	1,149	1,091	1,181	911	866	1,095	1,385	1,238	904	838
Russell 3000 Index	1,603	1,816	1,890	1,790	1,944	2,241	2,246	2,209	2,595	2,915
State Street Treasury Money Market Fund - Inst.	4,306	4,453	4,497	4,930	5,174	5,086	5,014	5,099	5,193	5,098
US Real Estate Investment Trust Index	1,617	2,510	3,962	3,151	3,163	4,171	3,718	3,540	5,553	6,776
US Treasury Inflation Protected Securities Index	4,118	4,368	4,608	5,167	6,217	5,787	5,967	5,944	5,865	5,785
World Equity Ex-US Index	2,982	3,162	3,618	4,049	4,422	4,482	4,638	4,666	4,838	4,272
World Government Bond Ex-US Index	732	847	1,094	1,287	1,530	1,248	1,250	1,243	1,098	921
<b>Total Invested Assets</b>	<b>\$ 472,157</b>	<b>\$ 483,116</b>	<b>\$ 495,911</b>	<b>\$ 488,211</b>	<b>\$ 503,286</b>	<b>\$ 511,111</b>	<b>\$ 503,067</b>	<b>\$ 509,875</b>	<b>\$ 529,641</b>	<b>\$ 535,487</b>
<b>Change in Invested Assets</b>										
Beginning Assets	\$ 454,049	\$ 472,157	\$ 483,116	\$ 495,911	\$ 488,211	\$ 503,286	\$ 511,111	\$ 503,067	\$ 509,875	\$ 529,641
Investment Earnings	19,092	10,641	11,844	(7,577)	13,760	6,194	(8,306)	6,940	17,796	6,463
Net Contributions (Withdrawals)	(984)	318	951	(123)	1,315	1,631	262	(132)	1,970	(617)
<b>Ending Invested Assets</b>	<b>\$ 472,157</b>	<b>\$ 483,116</b>	<b>\$ 495,911</b>	<b>\$ 488,211</b>	<b>\$ 503,286</b>	<b>\$ 511,111</b>	<b>\$ 503,067</b>	<b>\$ 509,875</b>	<b>\$ 529,641</b>	<b>\$ 535,487</b>

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Defined Contribution Retirement - Participant Directed PERS**  
**Schedule of Investment Income and Changes in Invested Assets**  
**for the Month Ended**  
**April 30, 2010**

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
<b>Interim Transit Account</b>					
Treasury Division <sup>(1)</sup>					
Cash and Cash Equivalents	\$ 1,482,090	\$ 203	\$ (868,101)	\$ -	\$ 614,192
<b>Participant Options</b> <sup>(2)</sup>					
T. Rowe Price					
AK Target Date 2010 Trust	66,289	814	8,082	-	75,185
AK Target Date 2015 Trust	247,971	3,137	54,761	-	305,869
AK Target Date 2020 Trust	422,608	5,760	83,332	(1,953)	509,747
AK Target Date 2025 Trust	548,737	7,456	102,008	3,364	661,565
AK Target Date 2030 Trust	598,840	8,322	108,200	-	715,362
AK Target Date 2035 Trust	556,616	7,596	113,285	-	677,497
AK Target Date 2040 Trust	1,167,789	16,435	166,499	880	1,351,603
AK Target Date 2045 Trust	753,730	10,388	172,273	(446)	935,945
AK Target Date 2050 Trust	866,075	11,885	190,498	(3,955)	1,064,503
AK Target Date 2055 Trust	190,774	2,569	47,989	(4,379)	236,953
Alaska Balanced Fund	120,053	1,474	15,991	(615)	136,903
Long Term Balanced Fund	7,811,733	103,831	191,816	(249,111)	7,858,269
Small-Cap Stock Fund	1,049,951	55,192	36,969	9,430	1,151,542
Alaska Money Market	3,721,222	2,512	108,967	91,168	3,923,869
	<u>18,122,388</u>	<u>237,371</u>	<u>1,400,670</u>	<u>(155,617)</u>	<u>19,604,812</u>
State Street Global Advisors					
S&P 500 Stock Index Fund Series A	21,659,283	339,145	702,346	(8,525)	22,692,249
Long US Treasury Bond Index	63,441	1,845	2,191	(1,174)	66,303
Russell 3000 Index	116,723	2,505	5,794	1,267	126,289
US Real Estate Investment Trust Index	193,248	13,880	6,523	8,316	221,967
US Treasury Inflation Protected Sec Index	92,981	2,286	5,521	(1,132)	99,656
World Government Bond Ex-US Index	48,350	(476)	1,713	1,208	50,795
Global Balanced Fund	3,185,621	11,598	87,796	(367,824)	2,917,191
World Equity Ex-US Index	121,739	(1,441)	5,004	5,493	130,795
Money Market	122,549	-	4,030	3	126,582
	<u>25,603,935</u>	<u>369,342</u>	<u>820,918</u>	<u>(362,368)</u>	<u>26,431,827</u>
Barclays					
Government Bond Fund	2,786,504	35,737	79,564	142,782	3,044,587
Intermediate Bond Fund	180,245	1,310	6,154	3,216	190,925
Brandes Institutional					
International Equity Fund	-	-	-	-	-
International Equity Fund Fee	26,591,206	(344,323)	868,440	361,965	27,477,288
RCM					
Sustainable Opportunities Fund	21,765,480	251,066	719,049	10,022	22,745,617
Total Externally Managed Funds	<u>95,049,758</u>	<u>550,503</u>	<u>3,894,795</u>	<u>-</u>	<u>99,495,056</u>
<b>Total All Funds</b>	<u>\$ 96,531,848</u>	<u>\$ 550,706</u>	<u>\$ 3,026,694</u>	<u>\$ -</u>	<u>\$ 100,109,248</u>

Notes:

(1) Represents net contributions in transit to/from the record keeper.

(2) Source data provided by the record keeper, Great West Life.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Defined Contribution Retirement - Participant Directed PERS**  
**Schedule of Invested Assets with**  
**Schedule of Investment Income and Changes in Invested Assets**  
**By Month Through the Month Ended**  
**April 30, 2010**  
**\$ (Thousands)**

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>
<b><u>Invested Assets (At Fair Value)</u></b>										
Investments with Treasury Division										
Cash and cash equivalents	\$ 616	\$ 1,400	\$ 1,430	\$ 710	\$ 508	\$ 1,496	\$ 428	\$ 401	\$ 1,482	\$ 614
Investments with T. Rowe Price										
AK Target Date 2010 Trust	3	5	9	14	23	31	38	52	66	75
AK Target Date 2015 Trust	17	28	46	60	90	126	157	193	248	306
AK Target Date 2020 Trust	8	23	58	81	129	183	230	326	423	510
AK Target Date 2025 Trust	58	79	118	150	211	286	337	426	549	662
AK Target Date 2030 Trust	27	43	105	114	185	270	355	448	599	715
AK Target Date 2035 Trust	7	22	57	87	157	242	315	417	557	677
AK Target Date 2040 Trust	94	181	299	366	511	682	788	947	1,168	1,352
AK Target Date 2045 Trust	-	19	71	111	208	318	414	556	754	936
AK Target Date 2050 Trust	-	20	68	112	218	350	467	634	866	1,064
AK Target Date 2055 Trust	-	4	13	26	49	75	97	131	191	237
Alaska Balanced Fund	60	66	73	74	80	86	91	110	120	137
Long Term Balanced Fund	1,796	3,559	6,040	8,115	9,685	8,925	8,167	7,338	7,812	7,858
Small-Cap Stock Fund	10,212	12,248	14,884	15,099	16,234	12,412	6,922	1,763	1,050	1,151
Alaska Money Market	748	840	967	1,080	1,231	1,835	2,635	3,373	3,721	3,924
Investments with State Street Global Advisors										
S&P 500 Stock Index Fund Series A	21,605	21,629	21,359	19,579	20,707	20,787	19,565	20,049	21,659	22,692
Long US Treasury Bond Index	41	37	41	43	48	58	52	68	63	66
Russell 3000 Index	52	65	74	74	80	99	109	104	117	126
US Real Estate Investment Trust Index	44	68	85	57	81	123	103	121	193	222
US Treasury Inflation Protected Sec Index	58	62	69	83	111	93	99	91	93	100
World Government Bond Ex-US Index	30	27	29	32	38	52	46	54	48	51
Global Balanced Fund	3,379	2,383	1,305	398	405	1,221	2,006	2,917	3,186	2,917
World Equity Ex-US Index	72	75	86	127	98	120	123	118	122	131
Money Market	75	79	112	135	126	97	96	107	123	127
Investments with Barclays										
Government Bond Fund	1,925	2,302	2,600	2,901	3,300	3,108	3,112	2,816	2,786	3,045
Intermediate Bond Fund	89	82	89	100	107	107	124	158	180	191
Investments with Brandes Investment Partners										
International Equity Fund	16,973	18,673	20,069	19,589	-	-	-	-	-	-
International Equity Fund Fee	-	-	-	-	20,892	22,372	23,005	24,053	26,591	27,477
Investments with RCM										
Sustainable Opportunities Fund	322	348	364	370	399	6,655	12,462	19,393	21,765	22,746
<b>Total Invested Assets</b>	<b>\$ 58,311</b>	<b>\$ 64,368</b>	<b>\$ 70,520</b>	<b>\$ 69,687</b>	<b>\$ 75,911</b>	<b>\$ 82,209</b>	<b>\$ 82,343</b>	<b>\$ 87,164</b>	<b>\$ 96,532</b>	<b>\$ 100,109</b>
<b><u>Change in Invested Assets</u></b>										
Beginning Assets	\$ 52,396	\$ 58,311	\$ 64,368	\$ 70,520	\$ 69,687	\$ 75,911	\$ 82,209	\$ 82,343	\$ 87,164	\$ 96,532
Investment Earnings	4,022	2,243	2,493	(2,415)	2,785	1,750	(2,481)	1,293	4,557	551
Net Contributions (Withdrawals)	1,893	3,814	3,659	1,582	3,439	4,548	2,615	3,528	4,811	3,026
<b>Ending Invested Assets</b>	<b>\$ 58,311</b>	<b>\$ 64,368</b>	<b>\$ 70,520</b>	<b>\$ 69,687</b>	<b>\$ 75,911</b>	<b>\$ 82,209</b>	<b>\$ 82,343</b>	<b>\$ 87,164</b>	<b>\$ 96,532</b>	<b>\$ 100,109</b>

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Defined Contribution Retirement - Participant Directed TRS**  
**Schedule of Investment Income and Changes in Invested Assets**  
**for the Month Ended**  
**April 30, 2010**

	<b>Beginning Invested Assets</b>	<b>Investment Income</b>	<b>Net Contributions (Withdrawals)</b>	<b>Transfers in (out)</b>	<b>Ending Invested Assets</b>
<b>Interim Transit Account</b>					
Treasury Division <sup>(1)</sup>					
Cash and Cash Equivalents	\$ 204,498	\$ 103	\$ (114,872)	\$ -	\$ 89,729
<b>Participant Options <sup>(2)</sup></b>					
T. Rowe Price					
AK Target Date 2010 Trust	43,816	518	7,606	-	51,940
AK Target Date 2015 Trust	188,705	2,422	26,557	(3,896)	213,788
AK Target Date 2020 Trust	201,301	2,684	29,746	-	233,731
AK Target Date 2025 Trust	228,333	3,096	34,434	2,092	267,955
AK Target Date 2030 Trust	249,197	3,345	37,411	-	289,953
AK Target Date 2035 Trust	428,852	5,901	64,018	(5,181)	493,590
AK Target Date 2040 Trust	522,832	7,238	72,925	1,500	604,495
AK Target Date 2045 Trust	822,458	11,200	126,447	-	960,105
AK Target Date 2050 Trust	953,059	12,876	155,663	(14)	1,121,584
AK Target Date 2055 Trust	15,796	197	2,219	-	18,212
Alaska Balanced Fund	54,089	667	3,202	(1,907)	56,051
Long Term Balanced Fund	3,564,971	46,905	85,963	8,221	3,706,060
Small-Cap Stock Fund	434,437	23,099	5,679	14,625	477,840
Alaska Money Market	1,561,309	1,304	39,162	44,256	1,646,031
	<u>9,269,155</u>	<u>121,452</u>	<u>691,032</u>	<u>59,696</u>	<u>10,141,335</u>
State Street Global Advisors					
S&P 500 Stock Index Fund Series A	9,335,328	145,901	262,638	(85,186)	9,658,681
Long US Treasury Bond Index	7,301	214	288	-	7,803
Russell 3000 Index	28,583	758	1,440	1,463	32,244
US Real Estate Investment Trust Index	16,000	1,199	1,378	1,539	20,116
US Treasury Inflation Protected Sec Index	34,298	814	771	(845)	35,038
World Government Bond Ex-US Index	2,504	3	127	(521)	2,113
Global Balanced Fund	1,401,904	4,012	35,603	(21,070)	1,420,449
World Equity Ex-US Index	15,570	(203)	549	2,551	18,467
Money Market	17,202	-	(2)	-	17,200
	<u>10,858,690</u>	<u>152,698</u>	<u>302,792</u>	<u>(102,069)</u>	<u>11,212,111</u>
Barclays					
Intermediate Bond Fund	26,633	237	1,004	3,701	31,575
Government Bond Fund	1,422,877	17,717	38,423	36,504	1,515,521
	<u>1,449,510</u>	<u>17,954</u>	<u>39,427</u>	<u>40,205</u>	<u>1,547,096</u>
Brandes Institutional					
International Equity Fund	-	-	-	-	-
International Equity Fund Fee	11,592,245	(147,035)	331,832	93,117	11,870,159
RCM					
Sustainable Opportunities Fund	9,458,784	109,443	275,968	(90,949)	9,753,246
	<u>42,628,384</u>	<u>254,512</u>	<u>1,641,051</u>	<u>-</u>	<u>44,523,947</u>
<b>Total Externally Managed Funds</b>	<u>42,628,384</u>	<u>254,512</u>	<u>1,641,051</u>	<u>-</u>	<u>44,523,947</u>
<b>Total All Funds</b>	<u>\$ 42,832,882</u>	<u>\$ 254,615</u>	<u>\$ 1,526,179</u>	<u>\$ -</u>	<u>\$ 44,613,676</u>

Notes:

(1) Represents net contributions in transit to/from the record keeper.

(2) Source data provided by the record keeper, Great West Life.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**Defined Contribution Retirement - Participant Directed TRS**  
**Schedule of Invested Assets with**  
**Schedule of Investment Income and Changes in Invested Assets**  
**By Month Through the Month Ended**  
**April 30, 2010**  
**\$ (Thousands)**

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>
<b><u>Invested Assets (At Fair Value)</u></b>										
Investments with Treasury Division										
Cash and cash equivalents	\$ 119	\$ 121	\$ 111	\$ 270	\$ 117	\$ 105	\$ 181	\$ 117	\$ 204	\$ 90
Investments with T. Rowe Price										
AK Target Date 2010 Trust	1	1	3	11	16	22	28	34	44	52
AK Target Date 2015 Trust	-	2	22	49	71	101	126	148	189	214
AK Target Date 2020 Trust	-	3	17	40	67	98	127	157	201	234
AK Target Date 2025 Trust	4	4	19	45	78	114	143	174	228	268
AK Target Date 2030 Trust	2	3	22	57	92	135	164	196	249	290
AK Target Date 2035 Trust	5	9	40	89	152	226	270	334	429	494
AK Target Date 2040 Trust	21	22	56	113	188	274	331	410	523	604
AK Target Date 2045 Trust	-	-	49	143	264	401	510	635	823	960
AK Target Date 2050 Trust	-	1	50	166	307	469	592	734	953	1,122
AK Target Date 2055 Trust	-	-	2	4	7	10	10	12	16	18
Alaska Balanced Fund	33	36	38	36	45	43	46	49	54	56
Long Term Balanced Fund	901	1,652	2,708	3,508	4,176	3,916	3,700	3,404	3,565	3,706
Small-Cap Stock Fund	4,900	5,561	6,530	6,690	7,184	5,428	2,927	731	434	478
Alaska Money Market	421	440	445	495	526	771	1,118	1,408	1,561	1,646
Investments with State Street Global Advisors										
S&P 500 Stock Index Fund Series A	10,354	9,853	9,311	8,736	9,214	9,128	8,414	8,566	9,335	9,659
Long US Treasury Bond Index	4	4	4	5	6	6	6	6	7	8
Russell 3000 Index	10	11	12	12	15	19	24	26	29	32
US Real Estate Investment Trust Index	6	7	7	2	2	10	11	13	16	20
US Treasury Inflation Protected Sec Index	16	16	16	17	29	30	31	32	34	35
World Government Bond Ex-US Index	1	1	1	3	2	5	2	2	3	2
Global Balanced Fund	1,626	1,119	574	176	167	516	862	1,259	1,402	1,420
World Equity Ex-US Index	2	2	2	4	7	11	14	14	16	18
Money Market	7	7	7	-	-	-	17	17	17	17
Investments with Barclays										
Intermediate Bond Fund	24	25	26	28	27	24	25	26	27	32
Government Bond Fund	1,020	1,079	1,157	1,267	1,437	1,417	1,496	1,417	1,423	1,516
Investments with Brandes Investment Partners										
International Equity Fund	8,189	8,565	8,865	8,772	-	-	-	-	-	-
International Equity Fund Fee	-	-	-	-	9,325	9,915	10,048	10,432	11,592	11,870
Investments with RCM										
Sustainable Opportunities Fund	192	199	207	203	219	3,043	5,536	8,394	9,459	9,753
<b>Total Invested Assets</b>	<b>\$ 27,858</b>	<b>\$ 28,743</b>	<b>\$ 30,301</b>	<b>\$ 30,941</b>	<b>\$ 33,740</b>	<b>\$ 36,237</b>	<b>\$ 36,759</b>	<b>\$ 38,747</b>	<b>\$ 42,833</b>	<b>\$ 44,614</b>
<b><u>Change in Invested Assets</u></b>										
Beginning Assets	\$ 25,056	\$ 27,858	\$ 28,743	\$ 30,301	\$ 30,941	\$ 33,740	\$ 36,237	\$ 36,759	\$ 38,747	\$ 42,833
Investment Earnings	1,942	1,056	1,104	(1,079)	1,239	779	(1,129)	588	2,038	255
Net Contributions (Withdrawals)	860	(171)	454	1,719	1,560	1,718	1,651	1,400	2,048	1,526
<b>Ending Invested Assets</b>	<b>\$ 27,858</b>	<b>\$ 28,743</b>	<b>\$ 30,301</b>	<b>\$ 30,941</b>	<b>\$ 33,740</b>	<b>\$ 36,237</b>	<b>\$ 36,759</b>	<b>\$ 38,747</b>	<b>\$ 42,833</b>	<b>\$ 44,614</b>

**ALASKA RETIREMENT MANAGEMENT BOARD**

**FINANCIAL REPORT**

**(Supplement to the Treasury Division Report)**

**As of April 30, 2010**

**Prepared by the Division of Retirement & Benefits**

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**SCHEDULE OF NON-INVESTMENT CHANGES BY FUND**  
(Supplement to the Treasury Division Report)  
For the Ten Months Ending April 30, 2010

	Contributions			Expenditures				Transfers	Net Contributions/ (Withdrawals)	
	Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds	Admin- istrative	Total Expenditures		In / (Out)
<b>Public Employees' Retirement System (PERS)</b>										
<u>Defined Benefit Plans:</u>										
Retirement Trust	217,064,692	44,460,249	101,905	261,626,846	(414,882,921)	(7,335,640)	(18,198,692)	(440,417,253)	-	(178,790,407)
Retirement Health Care Trust	206,755,976	63,492,751	-	270,248,727	(228,492,506)	-	(9,622,930)	(238,115,436)	-	32,133,291
Total Defined Benefit Plans	423,820,668	107,953,000	101,905	531,875,573	(643,375,427)	(7,335,640)	(27,821,622)	(678,532,689)	-	(146,657,116)
<u>Defined Contribution Plans:</u>										
Participant Directed Retirement	37,420,824	-	-	37,420,824	-	(3,717,402)	(786,456)	(4,503,858)	-	32,916,966
(a) Health Reimbursement Arrangement	10,746,148	-	-	10,746,148	-	-	-	-	-	10,746,148
(a) Retiree Medical Plan	2,476,493	-	-	2,476,493	-	-	-	-	-	2,476,493
(a) Occupational Death and Disability:										
Public Employees	842,801	-	-	842,801	-	-	-	-	-	842,801
Police and Firefighters	423,509	-	-	423,509	-	-	-	-	-	423,509
Total Defined Contribution Plans	51,909,775	-	-	51,909,775	-	(3,717,402)	(786,456)	(4,503,858)	-	47,405,917
<b>Total PERS</b>	<b>475,730,443</b>	<b>107,953,000</b>	<b>101,905</b>	<b>583,785,348</b>	<b>(643,375,427)</b>	<b>(11,053,042)</b>	<b>(28,608,078)</b>	<b>(683,036,547)</b>	-	<b>(99,251,199)</b>
<b>Teachers' Retirement System (TRS)</b>										
<u>Defined Benefit Plans:</u>										
Retirement Trust	63,893,157	100,474,879	7,961	164,375,997	(279,261,929)	(1,602,276)	(7,948,363)	(288,812,568)	-	(124,436,571)
Retirement Health Care Trust	36,965,611	72,987,121	-	109,952,732	(77,736,595)	-	(3,819,978)	(81,556,573)	-	28,396,159
Total Defined Benefit Plans	100,858,768	173,462,000	7,961	274,328,729	(356,998,524)	(1,602,276)	(11,768,341)	(370,369,141)	-	(96,040,412)
<u>Defined Contribution Plans:</u>										
Participant Directed Retirement	14,351,520	-	-	14,351,520	-	(1,316,927)	(269,680)	(1,586,607)	-	12,764,913
(a) Health Reimbursement Arrangement	3,107,030	-	-	3,107,030	-	-	-	-	-	3,107,030
(a) Retiree Medical Plan	985,236	-	-	985,236	-	-	-	-	-	985,236
(a) Occupational Death and Disability:										
Total Defined Contribution Plans	329,527	-	-	329,527	-	-	-	-	-	329,527
Total TRS	18,773,313	-	-	18,773,313	-	(1,316,927)	(269,680)	(1,586,607)	-	17,186,706
<b>Total TRS</b>	<b>119,632,081</b>	<b>173,462,000</b>	<b>7,961</b>	<b>293,102,042</b>	<b>(356,998,524)</b>	<b>(2,919,203)</b>	<b>(12,038,021)</b>	<b>(371,955,748)</b>	-	<b>(78,853,706)</b>
<b>Judicial Retirement System (JRS)</b>										
Defined Benefit Plan Retirement Trust	2,710,574	1,144,424	2	3,855,000	(6,883,945)	-	(182,004)	(7,065,949)	-	(3,210,949)
Defined Benefit Retirement Health Care Trust	412,196	405,576	5	817,777	(762,881)	-	(18,799)	(781,680)	-	36,097
<b>Total JRS</b>	<b>3,122,770</b>	<b>1,550,000</b>	<b>7</b>	<b>4,672,777</b>	<b>(7,646,826)</b>	-	<b>(200,803)</b>	<b>(7,847,629)</b>	-	<b>(3,174,852)</b>
<b>National Guard/Naval Militia Retirement System (NGNMRS)</b>										
(a) Defined Benefit Plan Retirement Trust	2,603,300	-	-	2,603,300	(1,462,349)	-	(107,915)	(1,570,264)	-	1,033,036
<b>Other Participant Directed Plans</b>										
Supplemental Annuity Plan	116,132,557	-	-	116,132,557	-	(88,830,463)	(4,121,589)	(92,952,052)	-	23,180,505
Deferred Compensation Plan	28,557,626	-	-	28,557,626	-	(23,058,930)	(908,600)	(23,967,530)	-	4,590,096
<b>Total All Funds</b>	<b>745,778,777</b>	<b>282,965,000</b>	<b>109,873</b>	<b>1,028,853,650</b>	<b>(1,009,483,126)</b>	<b>(125,861,638)</b>	<b>(45,985,006)</b>	<b>(1,181,329,770)</b>	-	<b>(152,476,120)</b>

(a) Employer only contributions.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**SCHEDULE OF NON-INVESTMENT CHANGES BY FUND**  
(Supplement to the Treasury Division Report)  
For the Month Ended April 30, 2010

	Contributions			Total Contributions	Expenditures				Transfers	Net Contributions/ (Withdrawals)
	Contributions EE and ER	State of Alaska	Other		Benefits	Refunds	Admin- istrative	Total Expenditures	In / (Out)	
<b>Public Employees' Retirement System (PERS)</b>										
<u>Defined Benefit Plans:</u>										
Retirement Trust	17,666,569	-	14,577	17,681,146	(42,755,324)	(1,005,270)	(1,990,923)	(45,751,517)	-	(28,070,371)
Retirement Health Care Trust	17,396,108	-	-	17,396,108	(28,911,119)	-	(604,274)	(29,515,393)	-	(12,119,285)
Total Defined Benefit Plans	35,062,677	-	14,577	35,077,254	(71,666,443)	(1,005,270)	(2,595,197)	(75,266,910)	-	(40,189,656)
<u>Defined Contribution Plans:</u>										
Participant Directed Retirement	3,377,392	-	-	3,377,392	-	(328,995)	(21,703)	(350,698)	-	3,026,694
(a) Health Reimbursement Arrangement	1,038,801	-	-	1,038,801	-	-	-	-	-	1,038,801
(a) Retiree Medical Plan	220,080	-	-	220,080	-	-	-	-	-	220,080
(a) Occupational Death and Disability:										
Public Employees	69,484	-	-	69,484	-	-	-	-	-	69,484
Police and Firefighters	44,085	-	-	44,085	-	-	-	-	-	44,085
Total Defined Contribution Plans	4,749,842	-	-	4,749,842	-	(328,995)	(21,703)	(350,698)	-	4,399,144
<b>Total PERS</b>	<b>39,812,519</b>	<b>-</b>	<b>14,577</b>	<b>39,827,096</b>	<b>(71,666,443)</b>	<b>(1,334,265)</b>	<b>(2,616,900)</b>	<b>(75,617,608)</b>	<b>-</b>	<b>(35,790,512)</b>
<b>Teachers' Retirement System (TRS)</b>										
<u>Defined Benefit Plans:</u>										
Retirement Trust	7,181,965	-	69	7,182,034	(28,223,840)	(157,720)	(1,090,398)	(29,471,958)	-	(22,289,924)
Retirement Health Care Trust	3,307,404	-	-	3,307,404	(9,109,587)	-	(238,970)	(9,348,557)	-	(6,041,153)
Total Defined Benefit Plans	10,489,369	-	69	10,489,438	(37,333,427)	(157,720)	(1,329,368)	(38,820,515)	-	(28,331,077)
<u>Defined Contribution Plans:</u>										
Participant Directed Retirement	1,641,202	-	-	1,641,202	-	(108,992)	(6,031)	(115,023)	-	1,526,179
(a) Health Reimbursement Arrangement	393,976	-	-	393,976	-	-	-	-	-	393,976
(a) Retiree Medical Plan	113,148	-	-	113,148	-	-	-	-	-	113,148
(a) Occupational Death and Disability:										
Public Employees	35,153	-	-	35,153	-	-	-	-	-	35,153
Police and Firefighters	2,183,479	-	-	2,183,479	-	(108,992)	(6,031)	(115,023)	-	2,068,456
Total Defined Contribution Plans	2,183,479	-	-	2,183,479	-	(108,992)	(6,031)	(115,023)	-	2,068,456
<b>Total TRS</b>	<b>12,672,848</b>	<b>-</b>	<b>69</b>	<b>12,672,917</b>	<b>(37,333,427)</b>	<b>(266,712)</b>	<b>(1,335,399)</b>	<b>(38,935,538)</b>	<b>-</b>	<b>(26,262,621)</b>
<b>Judicial Retirement System (JRS)</b>										
Defined Benefit Plan Retirement Trust	266,047	-	-	266,047	(715,362)	-	(25,284)	(740,646)	-	(474,599)
Defined Benefit Retirement Health Care Trust	41,235	-	-	41,235	(70,514)	-	(1,837)	(72,351)	-	(31,116)
<b>Total JRS</b>	<b>307,282</b>	<b>-</b>	<b>-</b>	<b>307,282</b>	<b>(785,876)</b>	<b>-</b>	<b>(27,121)</b>	<b>(812,997)</b>	<b>-</b>	<b>(505,715)</b>
<b>National Guard/Naval Militia Retirement System (NGNMRS)</b>										
(a) Defined Benefit Plan Retirement Trust	-	-	-	-	(164,972)	-	(12,573)	(177,545)	-	(177,545)
<b>Other Participant Directed Plans</b>										
Supplemental Annuity Plan	7,771,586	-	-	7,771,586	-	(9,619,430)	(351,788)	(9,971,218)	-	(2,199,632)
Deferred Compensation Plan	1,643,285	-	-	1,643,285	-	(2,156,280)	(103,692)	(2,259,972)	-	(616,687)
<b>Total All Funds</b>	<b>62,207,520</b>	<b>-</b>	<b>14,646</b>	<b>62,222,166</b>	<b>(109,950,718)</b>	<b>(13,376,687)</b>	<b>(4,447,473)</b>	<b>(127,774,878)</b>	<b>-</b>	<b>(65,552,712)</b>

(a) Employer only contributions.





# ARMB Board Meeting Investment Performance Periods Ended March 31, 2010

**Michael J. O'Leary CFA**  
**Executive Vice President**  
**Callan Associates Inc.**  
**Prepared June 8, 2010**

Preliminary real estate returns were utilized to prepare the report.



# Overview & Agenda

## ■ Overview

- DB performance – strong absolute return for the quarter and trailing year but weak relative results for the full year.
- Weak relative results primarily attributable to private equity reported performance. As previously discussed this is largely related to lagged valuation reporting.
- Individual account programs – Good performance across participant choices during most recent periods.

## ■ Agenda

- Describe Market Environment
- DB Plans Performance Review
- Highlight stable value industry developments & ARMB exposures.
- Discuss any specific managers of concern to staff or Board.
- Comment on subsequent market developments



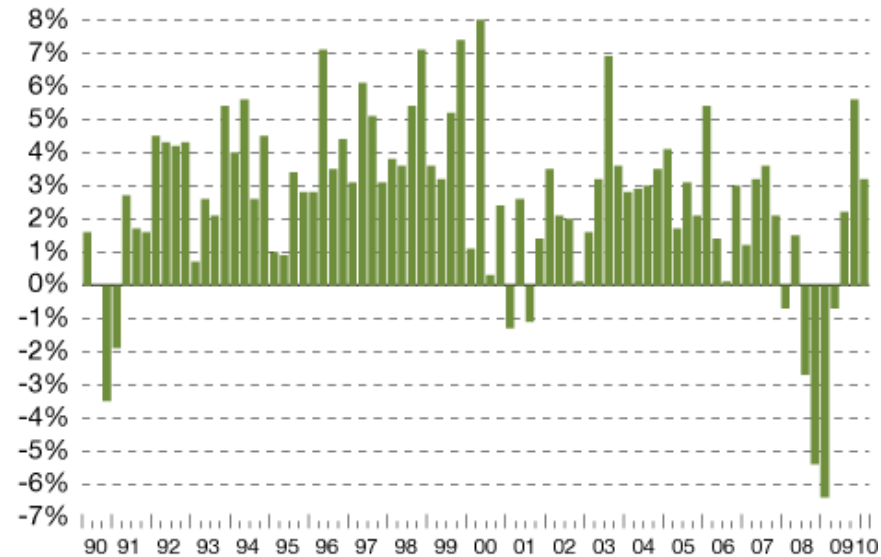
# Market Review – March Quarter

- **The first quarter gave solid positive returns**
  - S&P 500 up 5.4% for quarter & 49.8% for the year
  - EAFE up 0.9% for quarter & 54.4% for the year
- **Credit bonds continued strong recovery**
  - Barclay's High Yield up 4.6% for the quarter & 56.2% for the year
  - BC Credit Index up 2.3% for the quarter & 20.8% for the year
  - But Gov't bonds mixed for the quarter & year (1.1% & -0.1%)
- **Real estate (private) turned flat in the first quarter**
  - NCREIF NPI had a negative return of 9.6% for the year but gained 0.76% for the quarter.
- **Emerging Markets enjoyed extraordinary returns**
  - MSCI Emerging Markets Index up 2.5% in the quarter and an amazing 81.6% for the year.



# Recovery continued but pace moderated

**Quarterly Real GDP Growth\* (20 Years)**



**Recent Quarterly Indicators**

Economic Indicators (seasonally adjusted)	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10
CPI–All Urban Consumers (year-over-year)	5.0%	4.9%	0.1%	-0.4%	-1.4%	-1.3%	2.7%	2.3%
PPI–All Commodities (year-over-year)	15.4%	13.7%	-4.1%	-10.5%	-13.2%	-11.3%	4.2%	9.0%
Employment Cost–Total Compensation Growth	2.7%	2.6%	1.9%	0.7%	0.7%	1.8%	1.5%	2.9%
Non-farm Business–Productivity Growth	3.1%	-0.1%	0.8%	0.3%	6.9%	7.8%	6.9%	0.8%
GDP Growth*	1.5%	-2.7%	-5.4%	-6.4%	-0.7%	2.2%	5.6%	3.2%
Manufacturing Capacity Utilization (level%)	77.5	74.6	70.9	66.7	65.4	67.0	68.1	69.3
Consumer Sentiment Index (1966=1.000)	0.596	0.648	0.577	0.583	0.682	0.684	0.702	0.739

\*The GDP estimates released on April 30, 2010 reflect the results of the comprehensive (or benchmark) revision of the national income and product accounts, according to the Bureau of Economic Analysis (BEA) Web site. More information on the revision is available at [www.bea.gov/national/an1.htm](http://www.bea.gov/national/an1.htm).  
Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, Reuters/University of Michigan



# Asset Class Performance

Periods ending March 31, 2010

Periodic Table of Investment Returns  
for Periods Ended March 31, 2010

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell:3000 Index 5.9%	MSCI:Emer Markets 81.6%	BC:Aggr Bd 6.1%	MSCI:Emer Markets 16.0%	MSCI:Emer Markets 10.1%
MSCI:Emer Markets 2.5%	MSCI:EAFE US\$ 54.4%	MSCI:Emer Markets 5.5%	BC:Aggr Bd 5.4%	BC:Aggr Bd 6.3%
BC:Aggr Bd 1.8%	Russell:3000 Index 52.4%	3 Month T-Bill 2.0%	MSCI:EAFE US\$ 3.8%	3 Month T-Bill 2.8%
MSCI:EAFE US\$ 0.9%	BC:Aggr Bd 7.7%	Russell:3000 Index (4.0%)	3 Month T-Bill 2.9%	MSCI:EAFE US\$ 1.3%
3 Month T-Bill 0.0%	3 Month T-Bill 0.2%	MSCI:EAFE US\$ (7.0%)	Russell:3000 Index 2.4%	Russell:3000 Index (0.1%)

**For Quarter:**

- Domestic Equity best performer
- Bonds better than Developed International

**For Year:**

- Equity outperformed Fixed Income
- Highest return in Emerging Markets
- Cash barely positive

**Last 3 years:**

- Bonds beat Equity

**Last 10 years:**

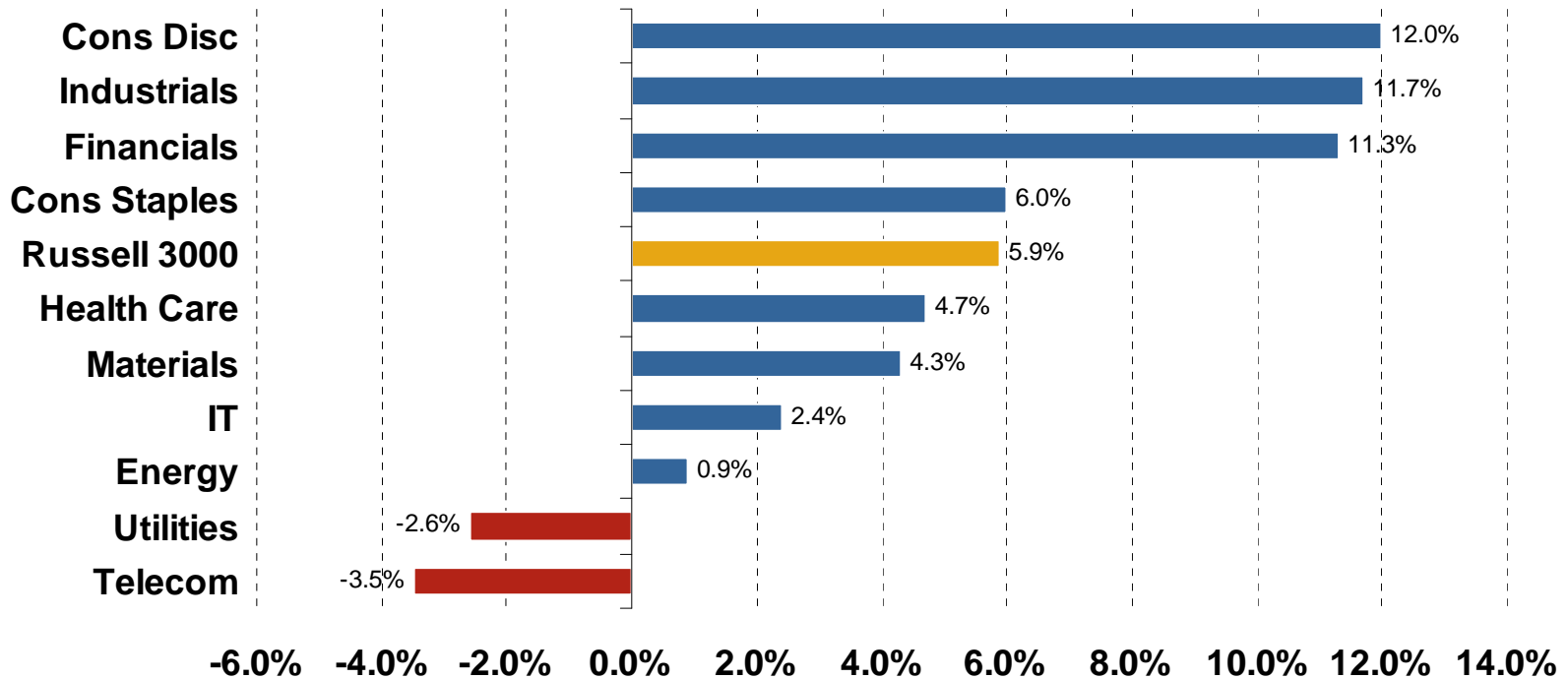
- Cash beat Domestic and Developed International Equity



# U.S. Sector Performance

Quarter Ending March 31, 2010

## Russell 3000 Sector Returns



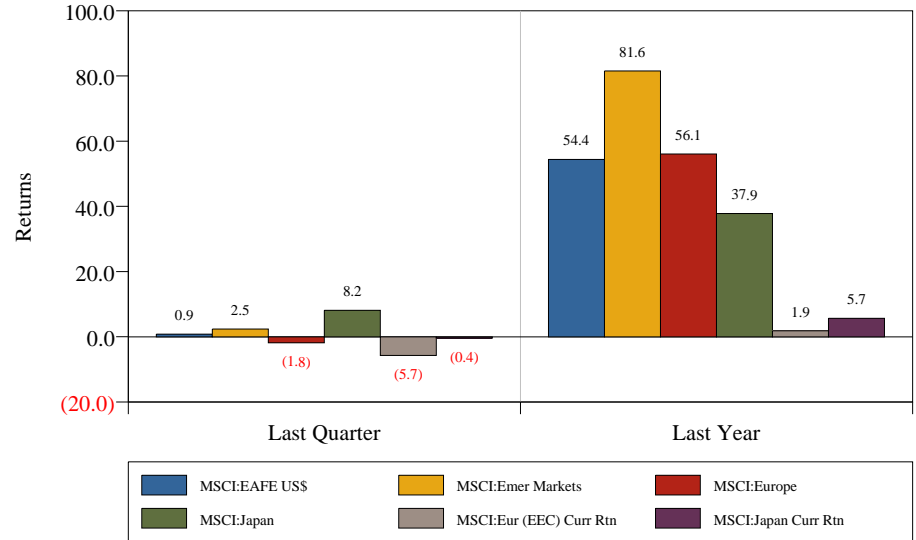
■ The strong gain in **Financials** helped drive Value stocks in the quarter. Financials has a 27% weighting in the Russell 3000 Value Index.



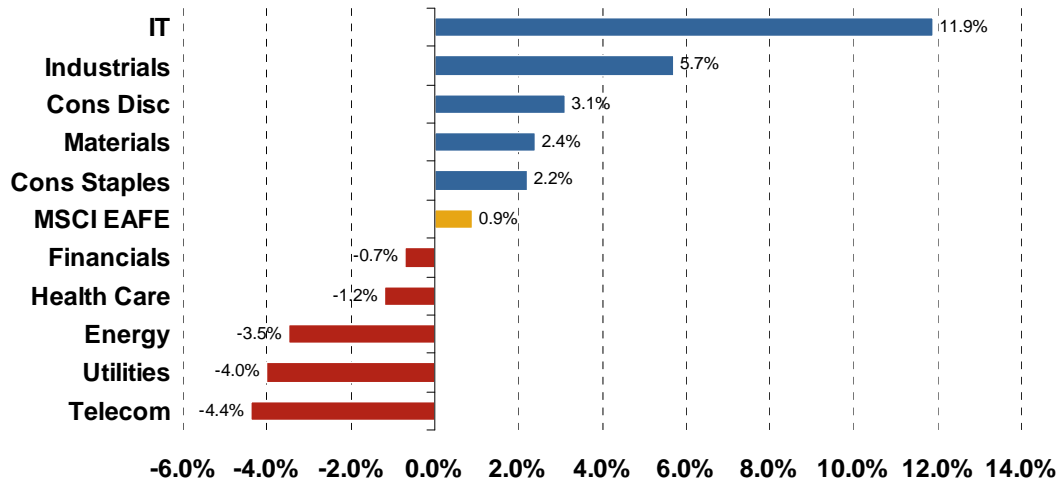
# International Equity Returns

Quarter Ending March 31, 2010

Returns  
for Various Periods  
Current Quarter Ending March 31, 2010



## EAFE Sector Returns

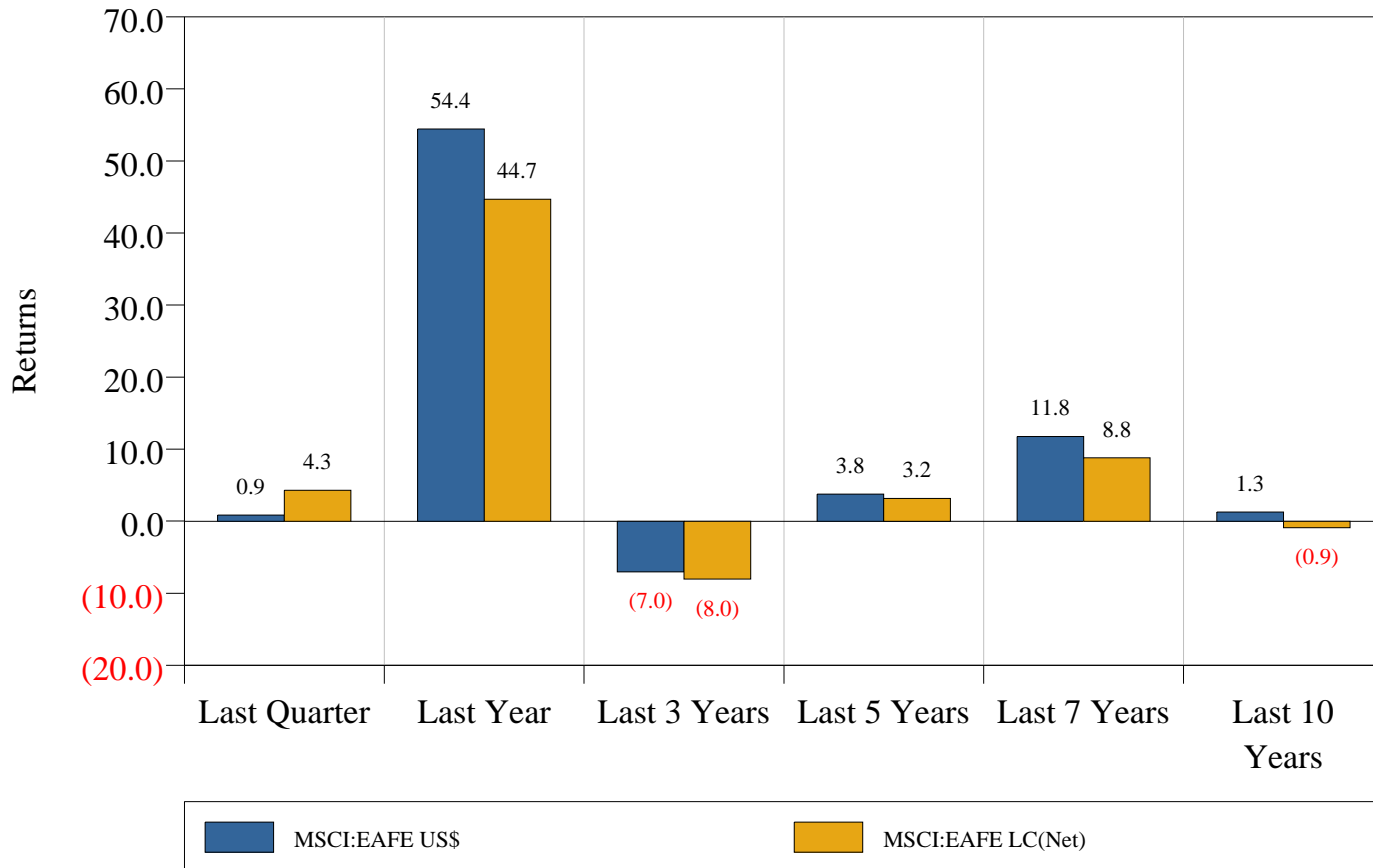


- International stocks posted tremendous returns for the trailing 12-months. 1Q10 quarterly gains were modest.
- Half of the sectors in the MSCI EAFE Index gained in the quarter. Information Technology gained double digits.



# Domestic vs. Local Currency Returns

Returns for Various Time Periods  
Current Quarter Ending March 31, 2010



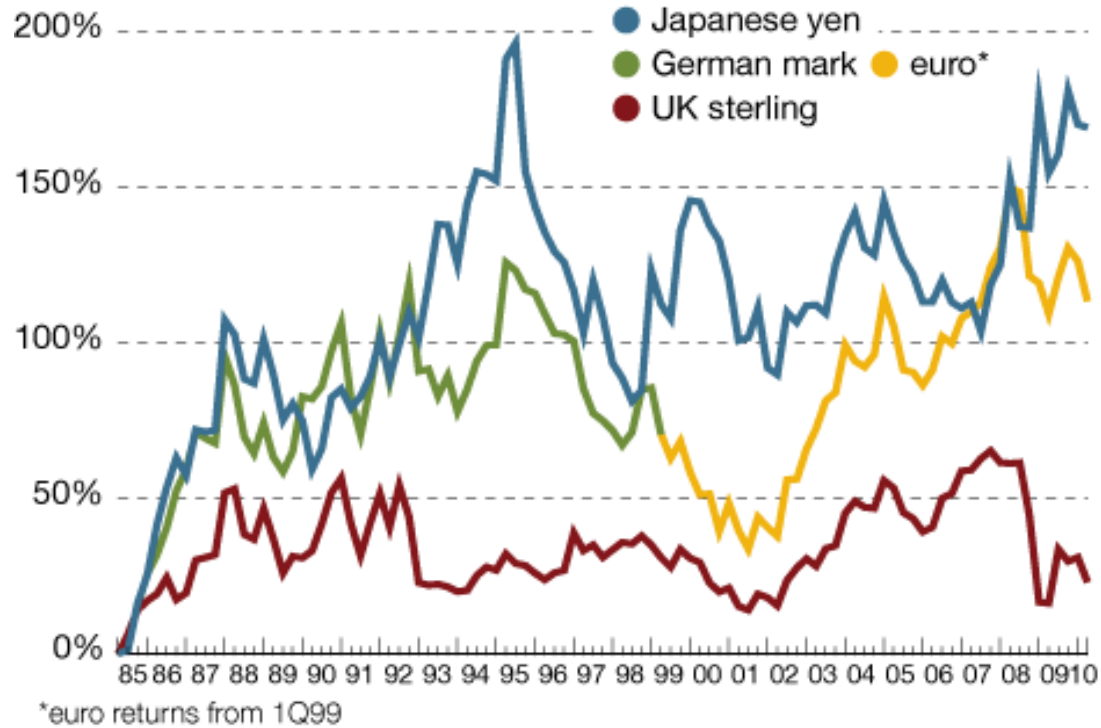
- In the quarter, International equity investment returns were hurt by strengthening US Dollar
- For the last year dollar weakness helped international equity returns





# Currency Shifts to 3/31/10

## Major Currencies Cumulative Returns versus U.S. Dollar



Source: MSCI Inc.

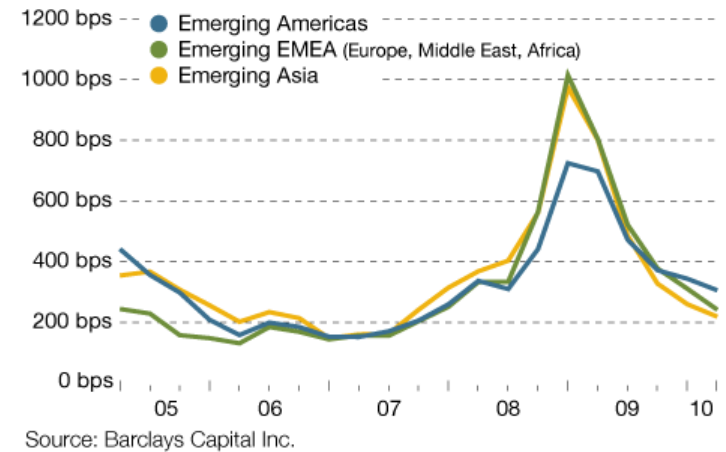


# Global Government Yields Through 3/31/10

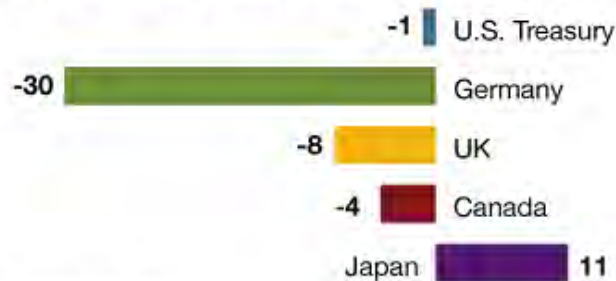
## 10-Year Global Government Bond Yields



## Emerging Spreads by Region



## Change in 10-Year Yields from 4Q09 to 1Q10 (bps)

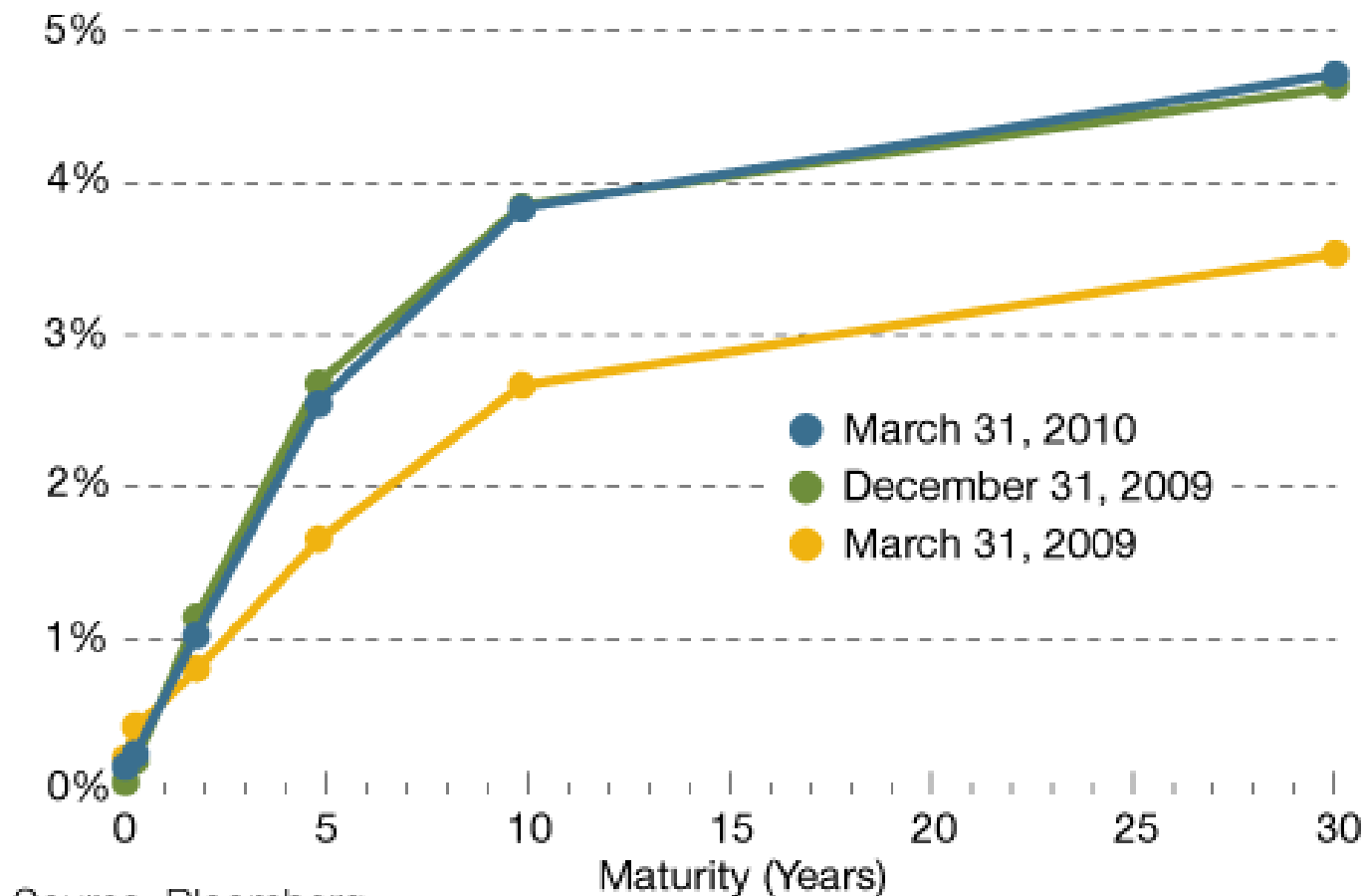


Source: Citigroup



# Little Change in Treasury Yields During Quarter

## U.S. Treasury Yield Curves

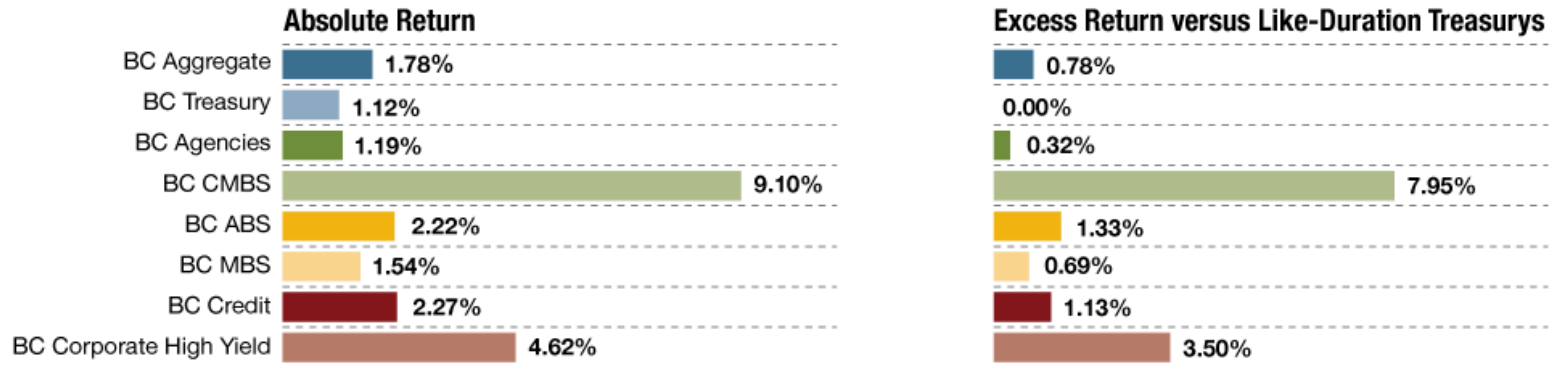


Source: Bloomberg



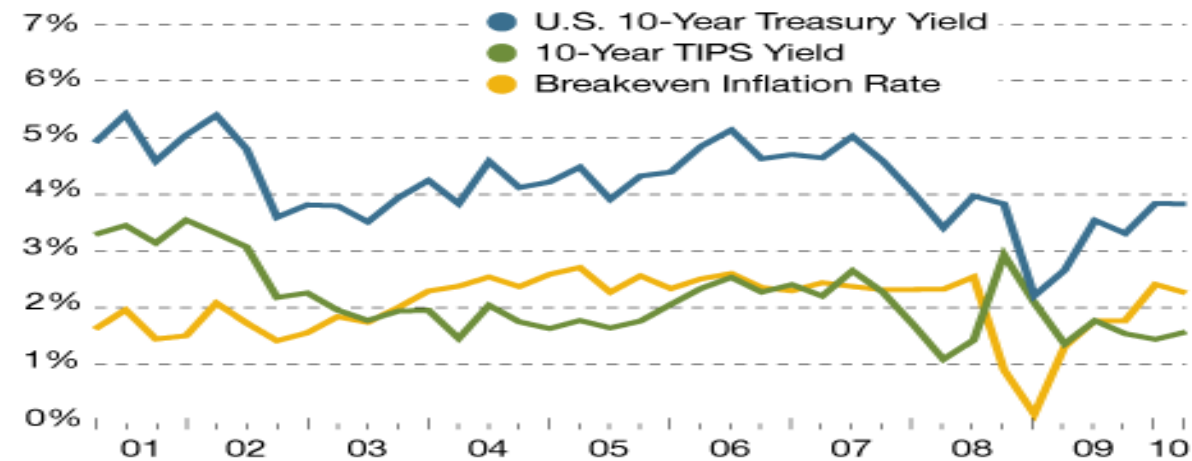
# US Fixed Income Yields & Returns

## Fixed Income Index Returns



Source: Barclays Capital Inc.

## Historical 10-Year Yields

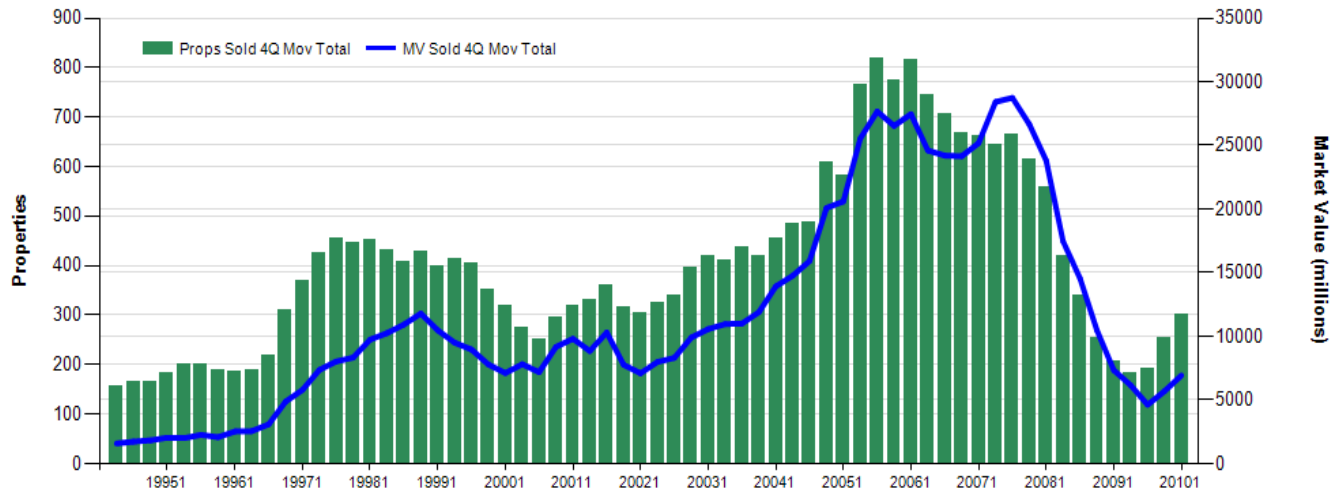


Source: Bloomberg

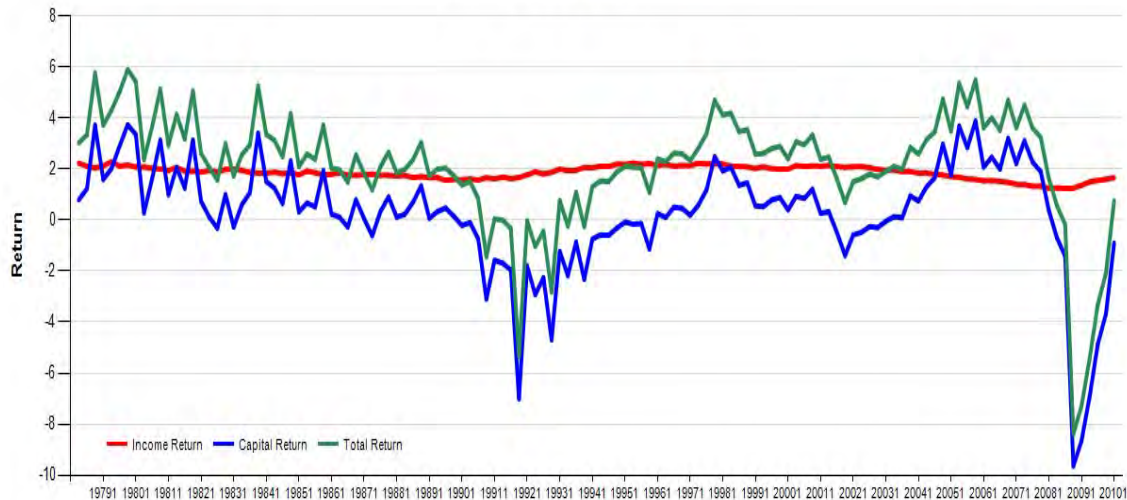


# Real Estate – signs of improvement

## Property Sales (annualized)



## NCREIF Returns





# Private & Public Real Estate Returns

## Style Median and Index Returns\* for Periods ended March 31, 2010

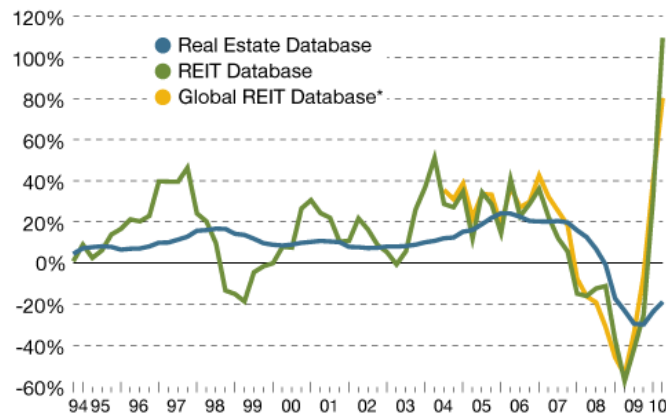
Private Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Real Estate Database (net of fees)	-0.55	-22.05	-12.45	-2.23	3.57	6.51
NCREIF Property**	0.76	-9.60	-4.31	4.19	7.12	8.69
Public Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
REIT Database	10.01	108.01	-9.40	4.81	12.78	12.17
NAREIT Equity	10.02	106.68	-10.60	3.80	11.42	10.49
Global Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
REIT Global Database	3.71	80.96	-12.24	4.14	12.71	-
FTSE EPRA/NAREIT Developed	3.97	84.50	-13.01	3.84	9.91	8.69

\*Returns less than one year are not annualized.

\*\*Represents data available as of publication date.

Sources: Callan Associates Inc., NAREIT, NCREIF, The FTSE Group

### Rolling One-Year Returns

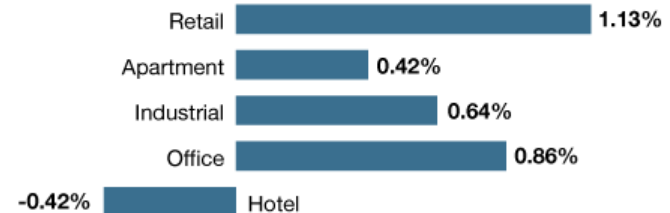


\*Global REIT returns from 2Q04

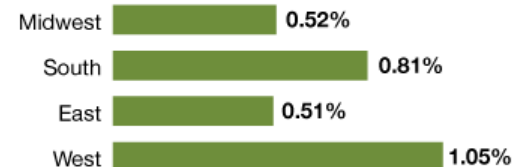
Source: Callan Associates Inc.

### NCREIF Property Index

#### Returns by Property Type



#### Returns by Region



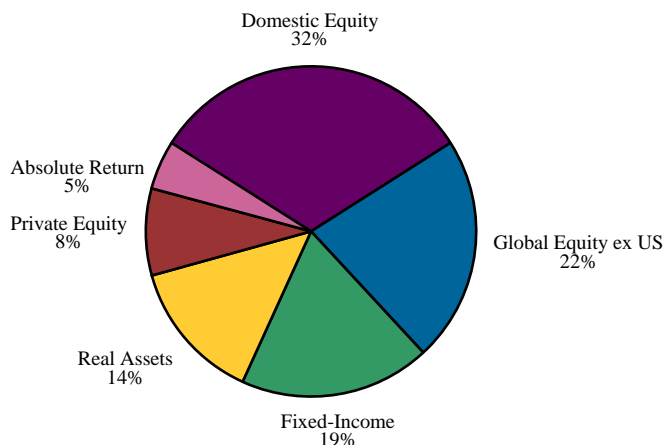
Source: NCREIF



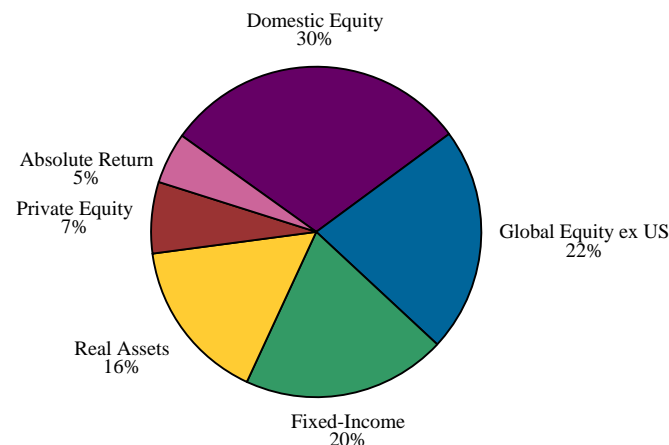
# Asset Allocation – PERS

PERS is used as illustrative throughout the presentation. The other plans exhibit similar modest and understandable variations from strategic target allocations.

**Actual Asset Allocation**



**Target Asset Allocation**



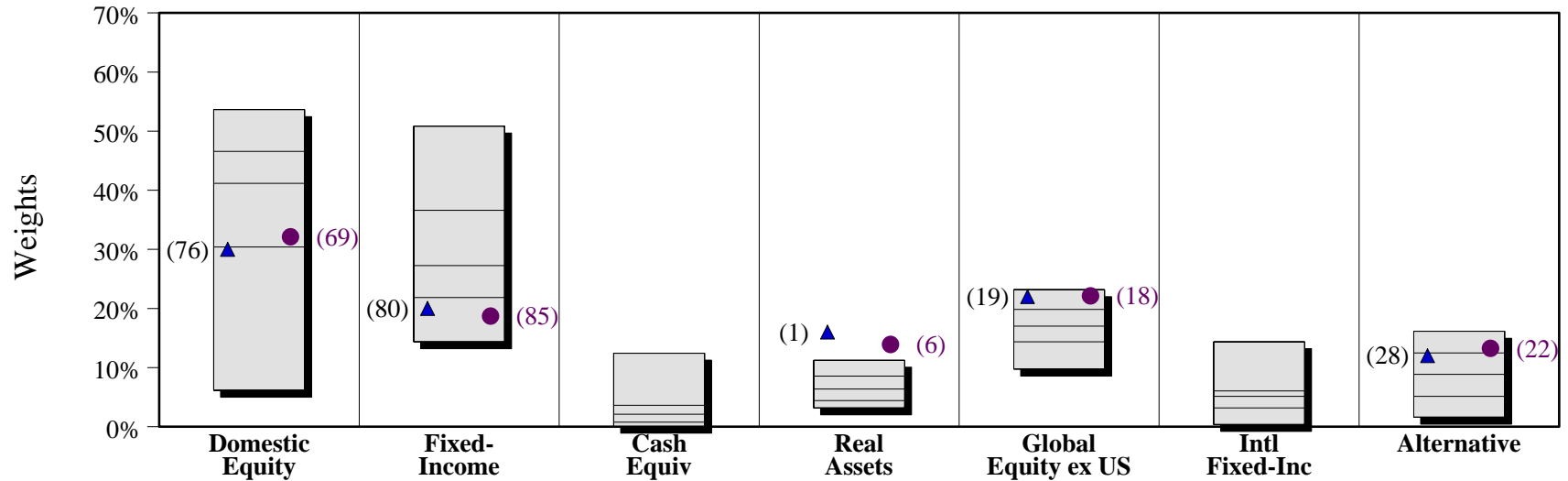
Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,835,202	32.1%	30.0%	2.1%	119,438
Global Equity ex US	1,264,519	22.1%	22.0%	0.1%	6,293
Fixed-Income	1,069,084	18.7%	20.0%	(1.3%)	(74,759)
Real Assets	793,460	13.9%	16.0%	(2.1%)	(121,614)
Private Equity	484,804	8.5%	7.0%	1.5%	84,465
Absolute Return	272,143	4.8%	5.0%	(0.2%)	(13,818)
<b>Total</b>	<b>5,719,212</b>	<b>100.0%</b>	<b>100.0%</b>		



# Asset Allocation Versus Public Funds

Callan Public Fund Database

Asset Class Weights vs CAI Public Fund Sponsor Database



	Domestic Equity	Fixed-Income	Cash Equiv	Real Assets	Global Equity ex US	Intl Fixed-Inc	Alternative
10th Percentile	53.64	50.85	12.44	11.25	23.18	14.38	16.15
25th Percentile	46.57	36.62	3.62	8.55	19.85	6.05	12.48
Median	41.18	27.26	2.12	6.37	17.03	5.12	8.85
75th Percentile	30.42	21.87	0.77	4.43	14.37	3.17	5.14
90th Percentile	6.16	14.36	0.09	3.18	9.74	0.39	1.61

<b>Fund</b> ●	32.09	18.69	-	13.87	22.11	-	13.24
<b>Target</b> ▲	30.00	20.00	-	16.00	22.00	-	12.00

% Group Invested	98.00%	99.00%	56.04%	48.35%	91.21%	25.27%	41.76%
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Note that “alternative” includes private equity and absolute return





# PERS Performance March Quarter

## PERS

### Attribution Effects for Quarter ended March 31, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	30%	6.21%	1.96%	5.94%	0.08%	0.06%	0.14%
Fixed-Income	19%	20%	2.03%	0.38%	1.63%	0.08%	0.02%	0.10%
Real Assets	14%	16%	1.02%	0.14%	0.65%	0.05%	0.06%	0.11%
Global Equity ex US	22%	22%	1.90%	0.42%	1.66%	0.05%	(0.00%)	0.05%
Private Equity	8%	7%	2.81%	0.24%	5.03%	(0.19%)	0.04%	(0.15%)
Absolute Return	5%	5%	1.05%	0.05%	1.26%	(0.01%)	0.00%	(0.01%)

<b>Total</b>	<b>3.24% = 2.99% + 0.06% + 0.18%</b>						<b>0.24%</b>
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- Real estate had a positive return of 1.17% for the quarter (preliminary) versus a target return of +1.69%.



## Trailing 12 months

### PERS

### One Year Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	31%	50.75%	14.99%	52.44%	(0.48%)	0.12%	(0.36%)
Fixed-Income	18%	20%	14.00%	2.55%	11.27%	0.54%	0.38%	0.92%
Real Assets	17%	16%	(6.43%)	(1.28%)	(4.64%)	(0.43%)	(1.00%)	(1.42%)
Global Equity ex US	20%	22%	56.57%	9.74%	61.67%	(0.85%)	(0.72%)	(1.57%)
Private Equity	9%	7%	2.84%	0.29%	55.76%	(5.19%)	0.53%	(4.66%)
Absolute Return	5%	5%	8.70%	0.43%	5.17%	0.19%	0.26%	0.45%

**Total**  $26.77\% = 33.41\% + (6.22\%) + (0.43\%)$  **(6.64%)**

- The trailing 1-year return was primarily driven by the weak performance of ex-US equity, real estate, and private equity.
  - Real estate was down 14.55% while the index was down 0.76%.
  - International equities trailed the MSCI-ACWI ex-US Index.
  - Private equity was up 2.84% while the public market equity recovered strongly. Much of this difference still appears to be primarily a timing issue.



# PERS Intermediate Term Performance

## Five Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	35%	35%	1.94%	0.81%	2.07%	(0.07%)	0.08%	0.01%
Fixed-Income	19%	20%	5.51%	1.13%	5.63%	(0.03%)	0.08%	0.05%
High Yield	1%	1%	-	-	-	0.00%	0.00%	0.01%
Real Assets	13%	12%	4.07%	0.08%	6.49%	(0.43%)	(0.03%)	(0.45%)
International Equity	19%	17%	6.50%	1.37%	5.34%	0.16%	0.07%	0.23%
Int'l Fixed-Income	2%	1%	-	-	-	(0.00%)	(0.06%)	(0.06%)
Private Equity	7%	7%	10.81%	0.60%	3.18%	0.34%	(0.07%)	0.26%
Absolute Return	4%	4%	2.59%	0.07%	7.56%	(0.20%)	(0.08%)	(0.27%)
Other	1%	2%	-	-	-	0.02%	0.02%	0.04%

**Total** **4.00% = 4.19% + (0.20%) + 0.00%** **(0.20%)**

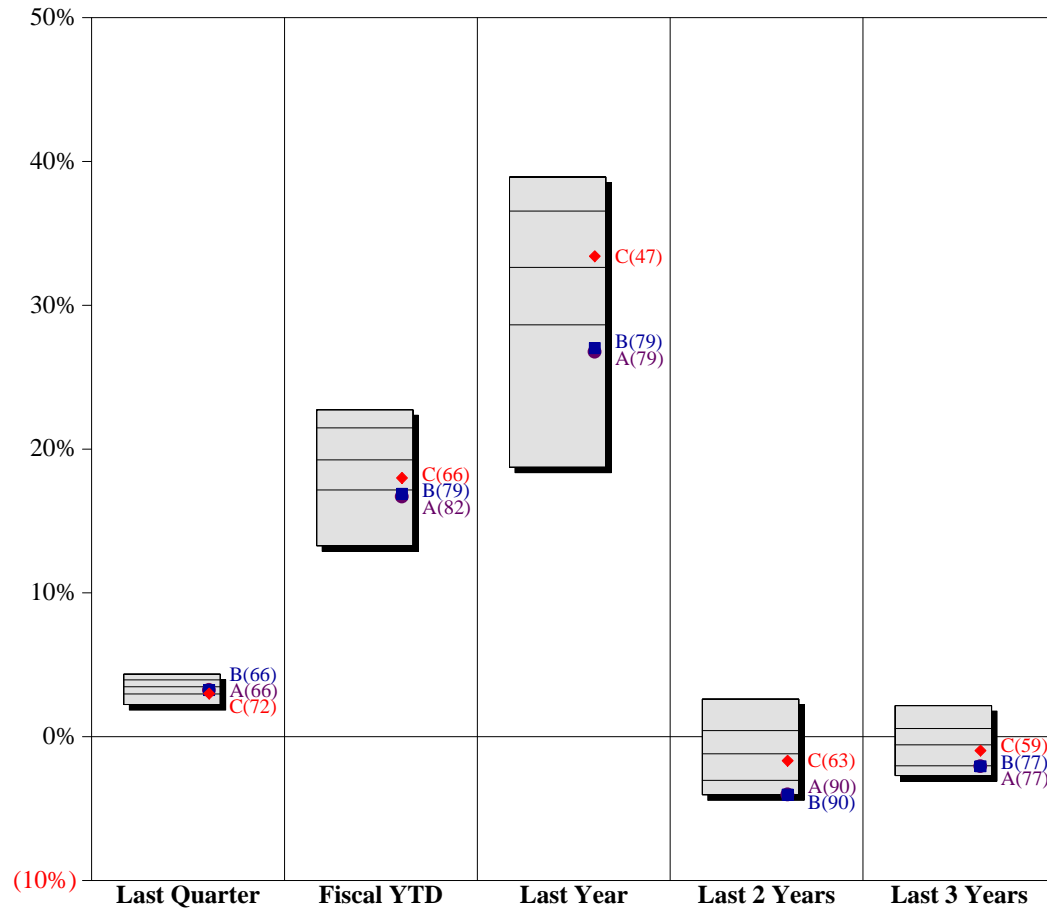
## Seven Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	36%	35%	6.72%	2.87%	7.40%	(0.29%)	0.09%	(0.19%)
Fixed-Income	22%	23%	5.00%	1.40%	4.94%	0.02%	0.09%	0.11%
High Yield	1%	1%	-	-	-	0.00%	0.00%	0.00%
Real Assets	11%	11%	6.22%	0.39%	8.32%	(0.35%)	0.00%	(0.35%)
International Equity	18%	17%	14.11%	2.87%	12.99%	0.16%	0.13%	0.29%
Int'l Fixed-Income	2%	2%	-	-	-	0.02%	(0.05%)	(0.03%)
Private Equity	6%	7%	12.24%	0.74%	9.90%	0.14%	(0.15%)	(0.00%)
Absolute Return	3%	3%	2.34%	0.08%	6.15%	(0.14%)	(0.05%)	(0.19%)
Other	0%	2%	-	-	-	0.02%	0.02%	0.04%

**Total** **7.45% = 7.76% + (0.40%) + 0.08%** **(0.32%)**



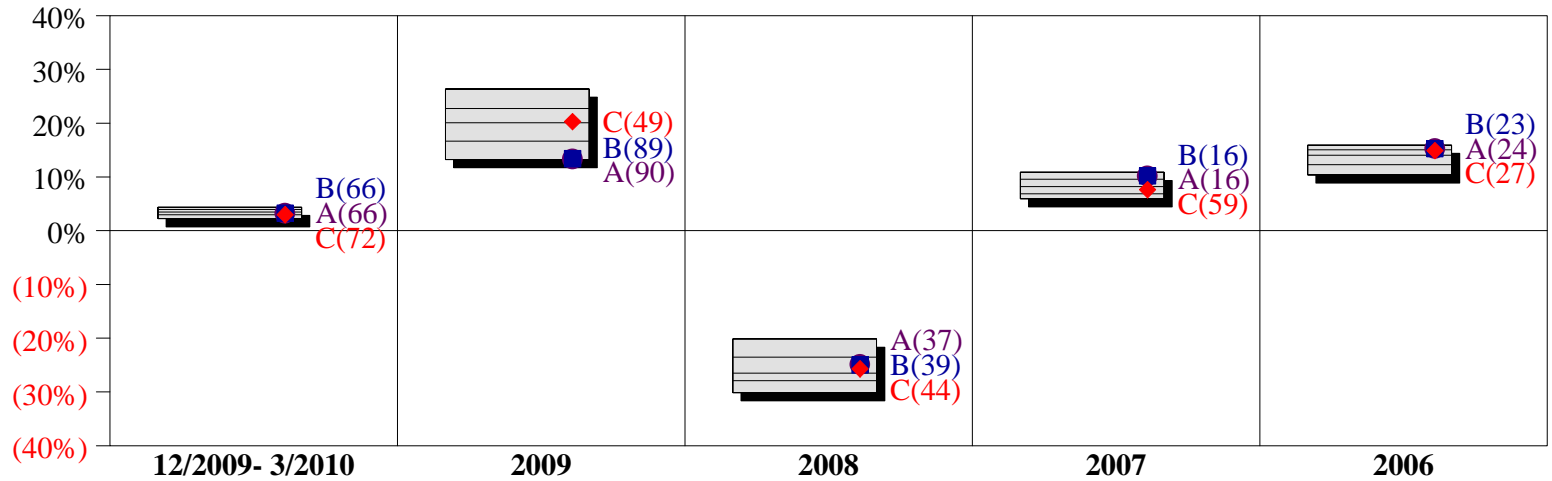
# Cumulative Total Fund Returns



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	4.35	22.73	38.92	2.61	2.16
25th Percentile	3.95	21.47	36.55	0.42	0.56
Median	3.48	19.26	32.63	(1.19)	(0.57)
75th Percentile	2.97	17.15	28.64	(3.04)	(2.03)
90th Percentile	2.23	13.28	18.74	(4.05)	(2.71)
PERS Total Plan ● A	3.24	16.69	26.77	(4.03)	(2.06)
TRS Total Plan ■ B	3.24	16.88	27.02	(4.04)	(2.06)
Target Index ◆ C	2.99	17.99	33.41	(1.67)	(0.97)



# Calendar Period Performance Relative to Public Fund Database



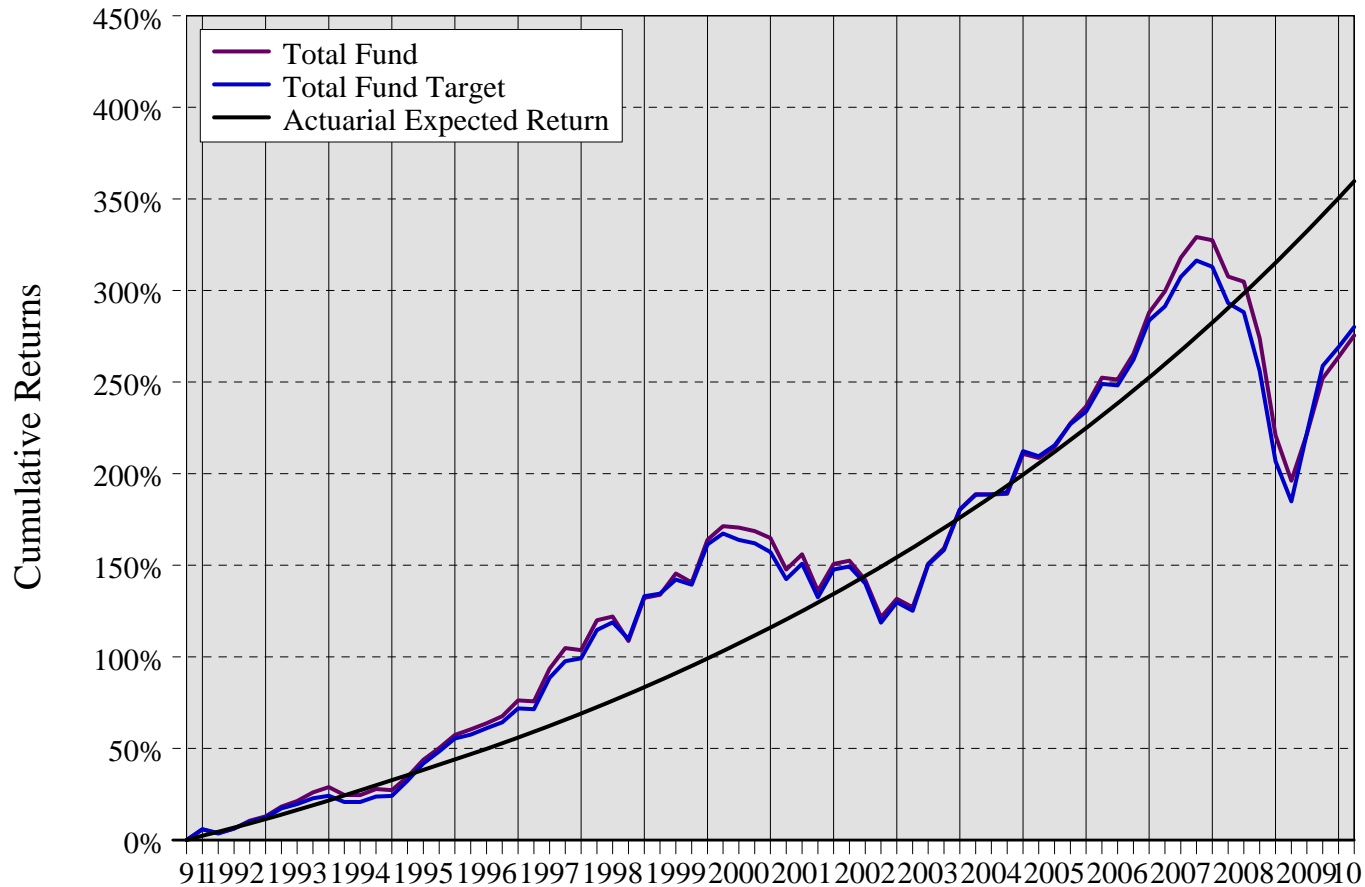
	12/2009- 3/2010	2009	2008	2007	2006
10th Percentile	4.35	26.38	(20.14)	10.87	15.94
25th Percentile	3.95	22.72	(23.53)	9.57	15.05
Median	3.48	20.06	(26.49)	8.20	14.04
75th Percentile	2.97	16.68	(27.90)	6.86	12.29
90th Percentile	2.23	13.25	(30.14)	5.96	10.37
PERS Total Plan	3.24	13.31	(24.91)	10.17	15.24
TRS Total Plan	3.24	13.40	(24.98)	10.20	15.26
Target Index	2.99	20.28	(25.71)	7.64	14.91



# Long-term Return Relative to Target 7.41% versus 7.47% Over 18 & 1/2 years

## Cumulative Returns Actual vs Target

**PERS**

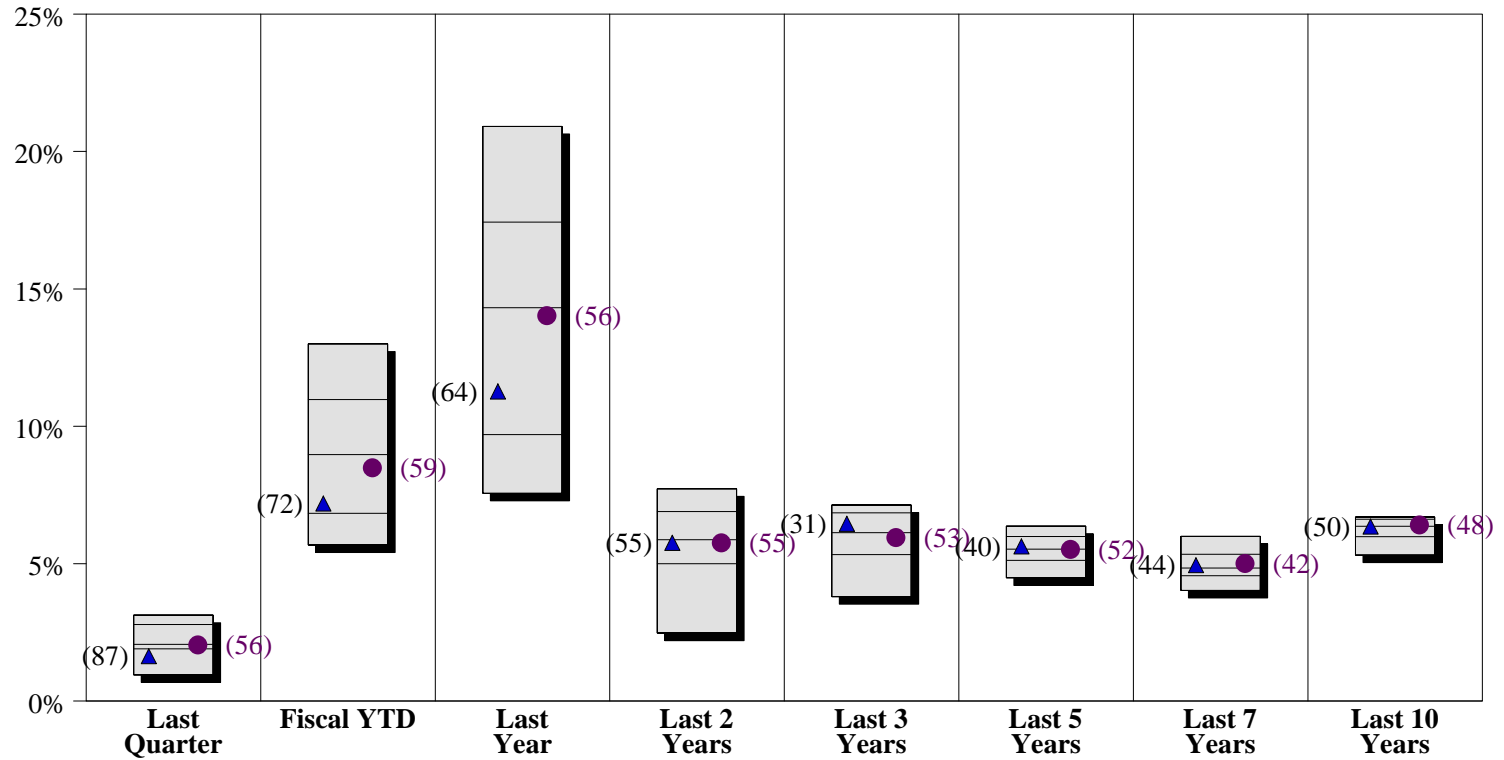




# Total Bond Performance

(includes in-house portfolio & external portfolios)

## Performance vs Public Fund - Domestic Fixed (Gross)

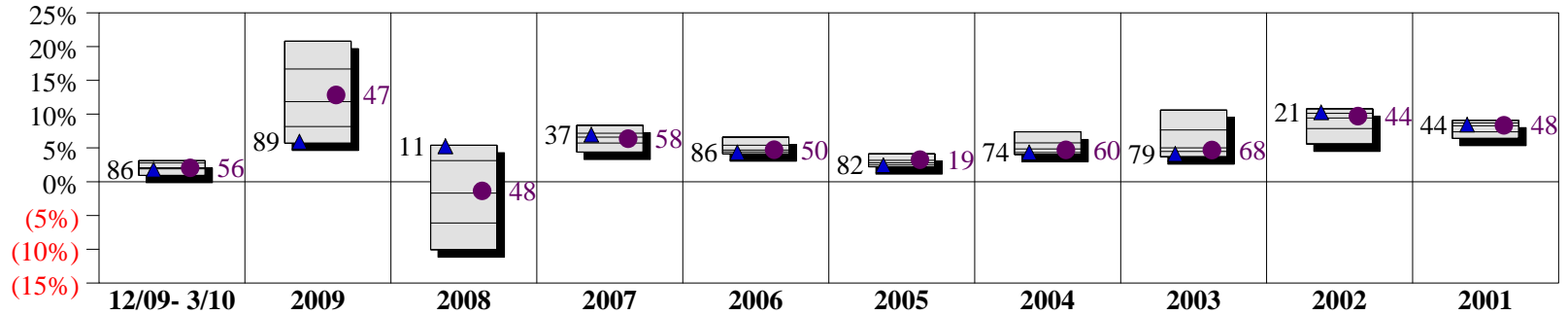


10th Percentile	3.13	13.00	20.91	7.72	7.14	6.37	6.00	6.70
25th Percentile	2.79	10.97	17.43	6.89	6.85	5.98	5.34	6.61
Median	2.06	8.97	14.32	5.87	6.13	5.53	4.84	6.36
75th Percentile	1.90	6.83	9.70	5.00	5.33	5.12	4.56	5.98
90th Percentile	0.95	5.68	7.56	2.47	3.80	4.48	4.03	5.31

	Target	Pool	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
<b>Total Fixed-Income Pool</b>	▲	●	2.04	8.48	14.02	5.75	5.94	5.51	5.00	6.40
Fixed-Income Target	▲		1.63	7.19	11.27	5.76	6.45	5.63	4.94	6.35



### Performance vs Public Fund - Domestic Fixed (Gross)



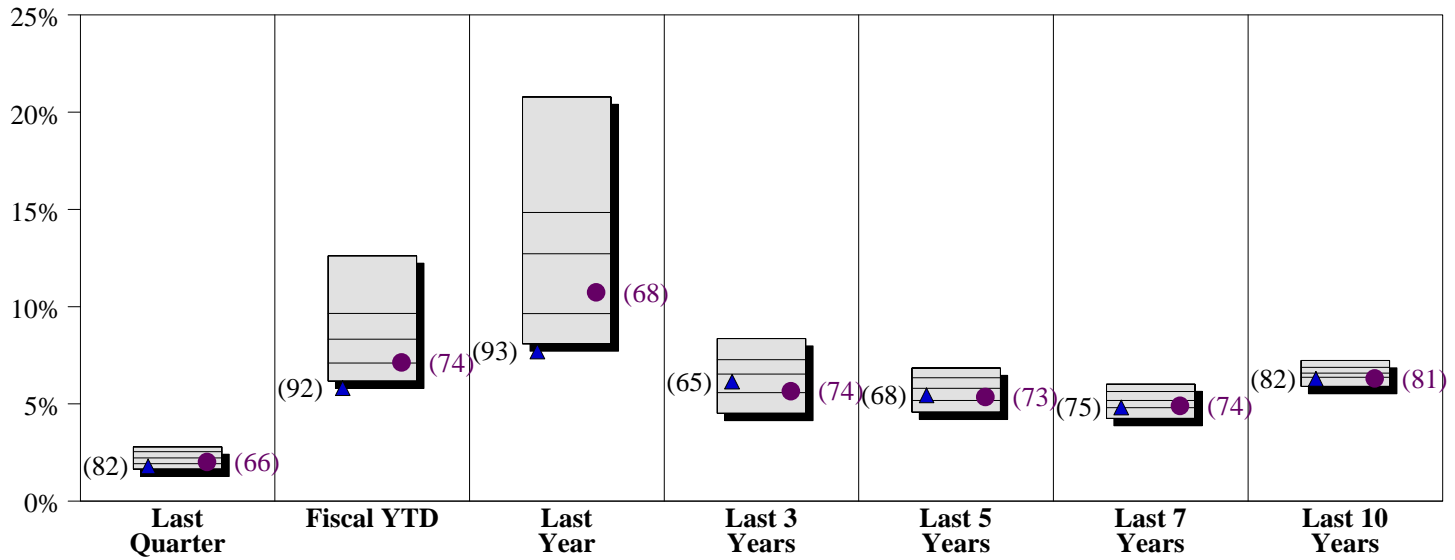
	12/09- 3/10	2009	2008	2007	2006	2005	2004	2003	2002	2001
10th Percentile	3.13	20.80	5.40	8.36	6.59	4.14	7.37	10.61	10.79	9.11
25th Percentile	2.79	16.70	3.13	7.18	5.40	3.17	5.75	7.65	10.12	8.69
Median	2.06	11.85	(1.68)	6.59	4.71	2.81	4.86	5.00	9.42	8.29
75th Percentile	1.90	8.16	(6.11)	5.73	4.41	2.47	4.32	4.48	7.87	7.37
90th Percentile	0.95	5.71	(10.08)	4.39	4.13	2.21	4.03	3.70	5.57	6.43
<b>Total Fixed-Income Pool</b> ●	2.04	12.80	(1.39)	6.35	4.69	3.24	4.67	4.65	9.67	8.32
Custom Index ▲	1.78	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.26	8.43





# In-house Portfolio -compared to Core Bond Style

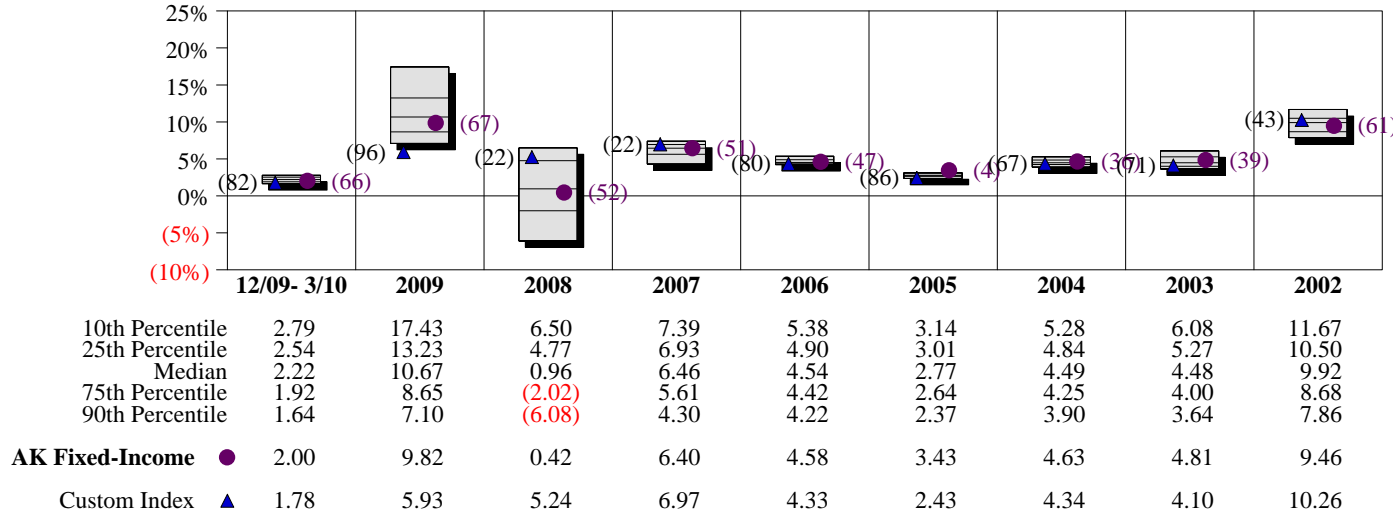
## Performance vs CAI Core Bond Fixed-Inc Style (Gross)



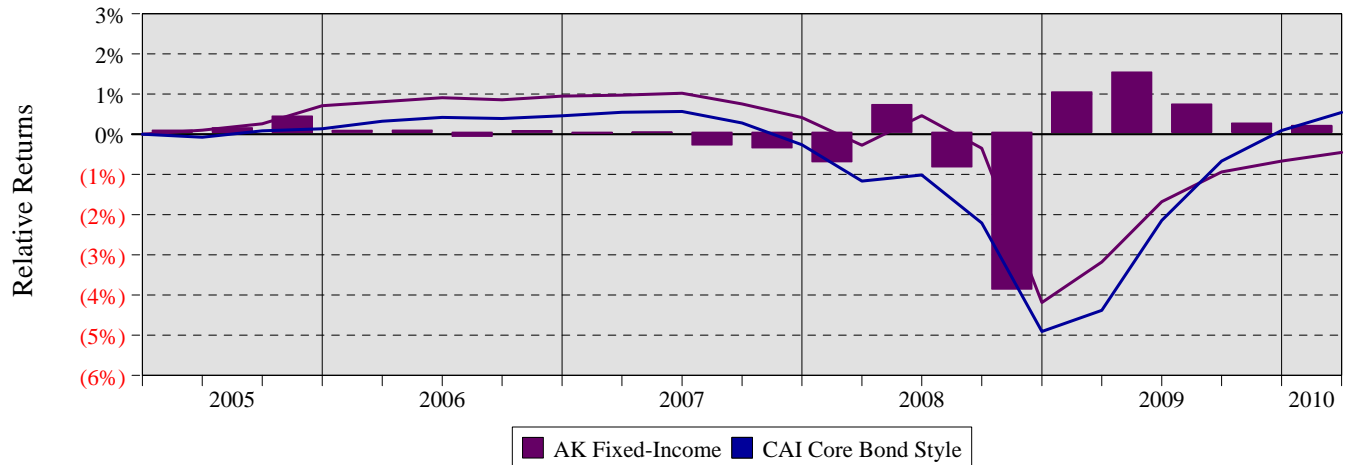
	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.79	12.61	20.79	8.36	6.84	6.02	7.23
25th Percentile	2.54	9.65	14.84	7.27	6.34	5.63	6.88
Median	2.22	8.32	12.72	6.54	5.80	5.17	6.58
75th Percentile	1.92	7.09	9.64	5.58	5.18	4.81	6.37
90th Percentile	1.64	6.17	8.09	4.52	4.57	4.26	5.89
<b>AK Fixed-Income</b> ●	2.00	7.13	10.72	5.64	5.35	4.89	6.30
Custom Index ▲	1.78	5.81	7.69	6.14	5.44	4.81	6.28



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



### Cumulative and Quarterly Relative Return vs Custom Index

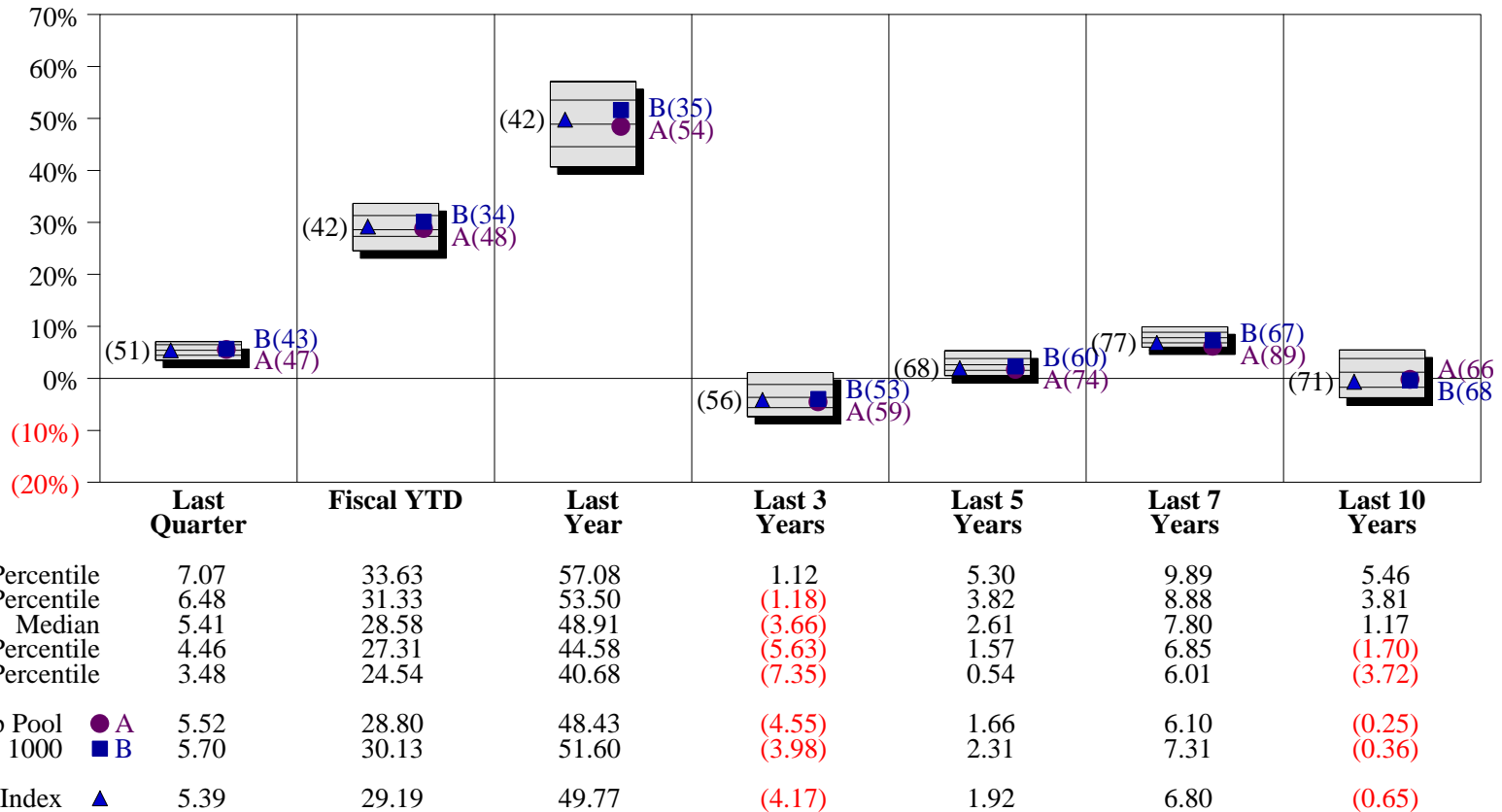




# Large Cap Equity Portfolios

## Average quarter & year

### Performance vs CAI Large Capitalization Style (Gross)

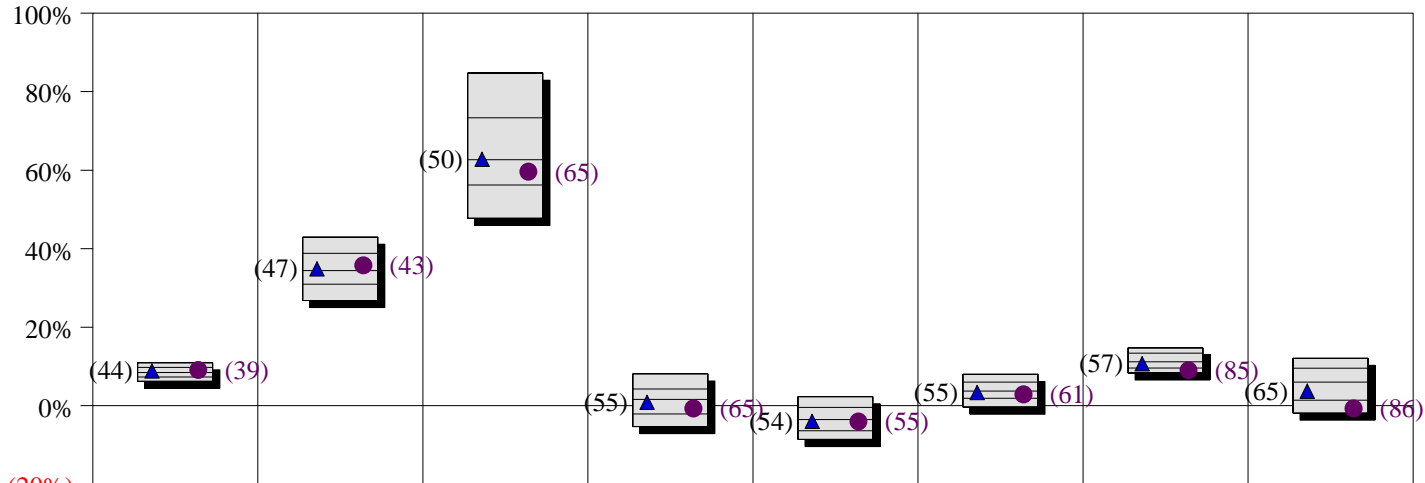


- Barrow Hanley & QMA had strong full year results
- McKinley enjoyed a strong quarter but trailing 1-year return remains weak.
- Relational exhibits a similar pattern, good quarter but weak longer-term results.



# Small Cap Performance

## Performance vs CAI Small Capitalization Style (Gross)



(20%)

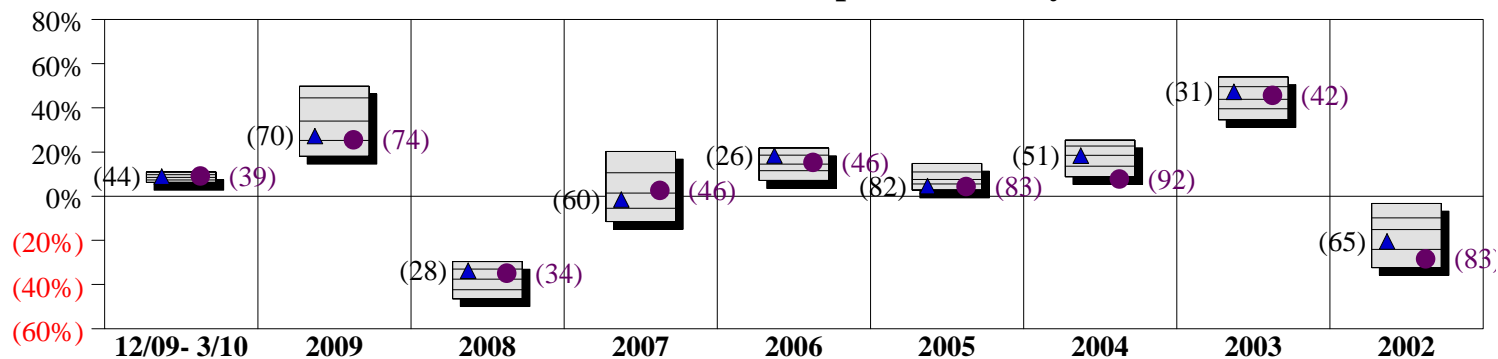
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	10.97	42.95	84.72	8.13	2.33	8.02	14.75	12.10
25th Percentile	9.78	38.81	73.31	4.27	(0.40)	6.05	13.38	9.54
Median	8.48	34.44	62.68	1.59	(3.52)	3.75	11.21	6.03
75th Percentile	7.32	30.93	56.22	(2.09)	(6.38)	1.92	9.63	1.39
90th Percentile	6.26	26.81	47.75	(5.29)	(8.57)	(0.34)	8.34	(1.88)
<b>Small Cap Pool</b> ●	9.07	35.68	59.54	(0.75)	(4.07)	2.81	8.96	(0.77)
Russell 2000 Index ▲	8.85	34.87	62.76	0.86	(3.99)	3.36	10.70	3.68

- Total small cap pool – strong quarter & fiscal year to date for pool.
- Strong year & long-term = Jennison
- Strong quarter but below benchmark 1-year & strong longer-term = Lord Abbett
- Luther King = Good quarter, ok since inception.



# Calendar Period Performance

**Performance vs CAI Small Capitalization Style (Gross)**

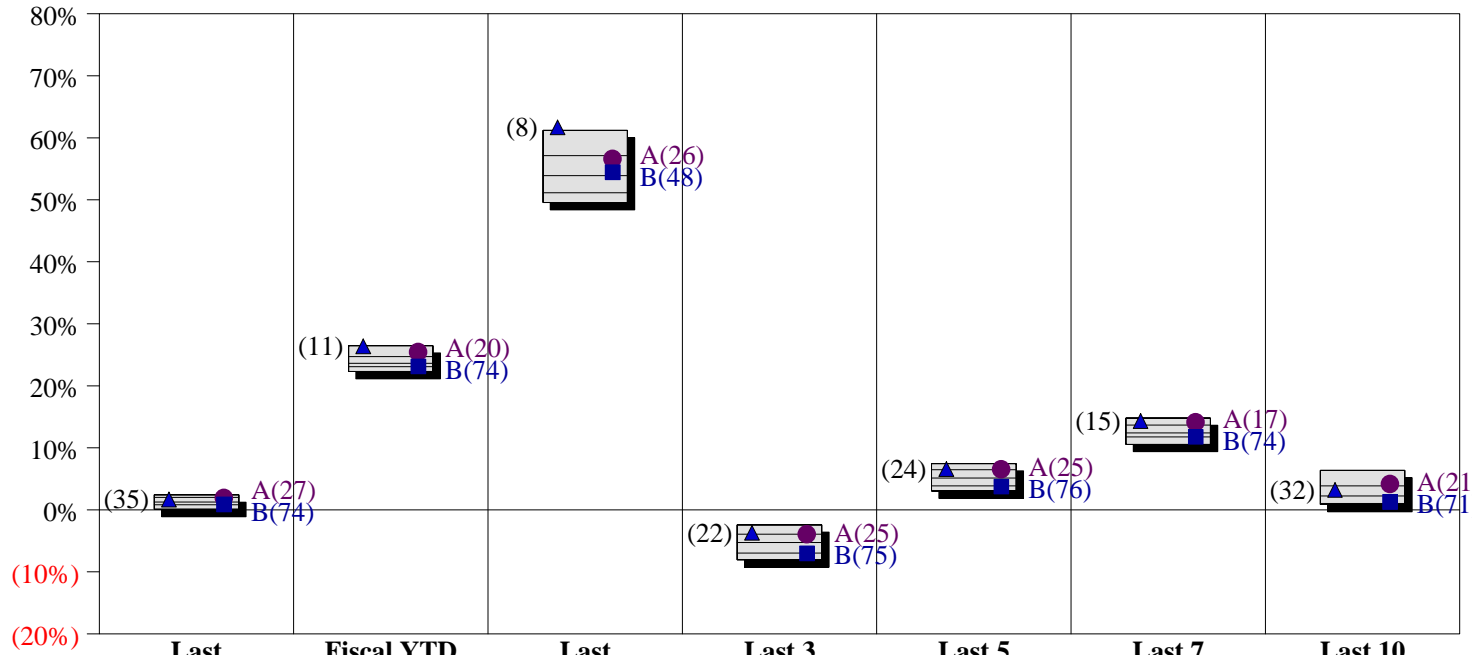


	12/09- 3/10	2009	2008	2007	2006	2005	2004	2003	2002
10th Percentile	10.97	49.83	(29.58)	20.20	21.82	14.77	25.42	54.03	(3.26)
25th Percentile	9.78	44.57	(33.03)	10.55	18.62	10.97	22.73	49.55	(9.81)
Median	8.48	33.98	(37.57)	1.39	14.59	7.55	18.56	43.84	(15.13)
75th Percentile	7.32	25.24	(42.30)	(5.47)	11.58	5.55	13.61	39.60	(24.07)
90th Percentile	6.26	18.02	(46.48)	(11.43)	7.07	2.77	8.83	34.55	(32.36)
<b>Small Cap Pool</b> ●	9.07	25.40	(34.97)	2.53	15.24	4.28	7.65	45.62	(28.43)
Russell 2000 Index ▲	8.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33	47.25	(20.48)



# International Equity – Strong absolute & relative returns when compared to other public funds

## Performance vs Public Fund - International Equity (Gross)

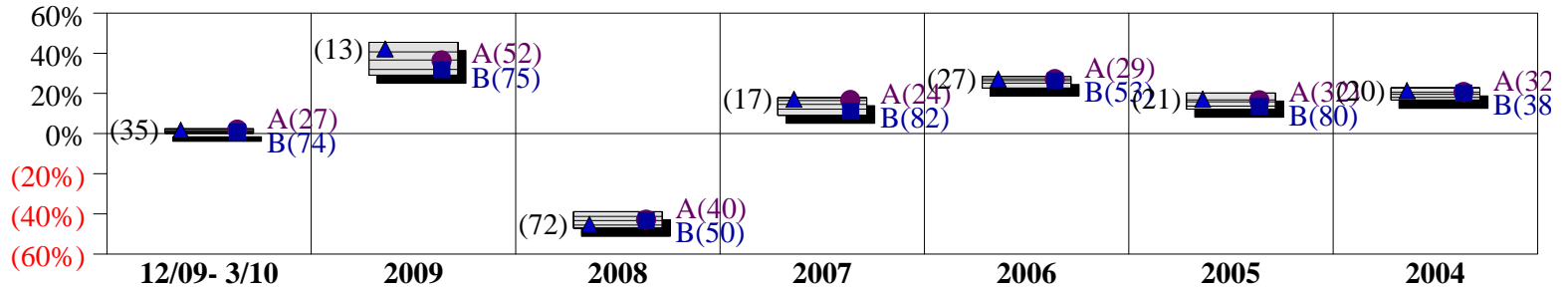


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.40	26.48	61.21	(2.41)	7.46	14.82	6.37
25th Percentile	2.00	24.72	57.12	(3.93)	6.48	13.65	3.87
Median	1.26	23.64	53.90	(5.28)	5.12	12.39	2.25
75th Percentile	0.81	23.08	51.12	(6.99)	3.86	11.76	1.04
90th Percentile	0.09	22.31	49.57	(8.05)	3.04	10.56	0.87
Employees' Total Int'l Equity	1.90	25.40	56.57	(3.96)	6.50	14.11	4.12
MSCI EAFE Index	0.87	23.13	54.44	(7.02)	3.75	11.77	1.27
MSCI ACWI ex-US Index	1.66	26.36	61.67	(3.72)	6.59	14.34	3.21



# International - Calendar Periods

**Performance vs Public Fund - International Equity (Gross)**



	12/09- 3/10	2009	2008	2007	2006	2005	2004
10th Percentile	2.40	45.44	(38.84)	17.89	28.48	20.22	22.79
25th Percentile	2.00	40.69	(41.28)	16.50	27.22	16.81	20.59
Median	1.26	36.65	(43.30)	14.59	26.44	15.89	19.59
75th Percentile	0.81	31.96	(45.51)	12.13	25.15	13.76	18.04
90th Percentile	0.09	29.06	(47.15)	9.11	22.70	12.19	16.65

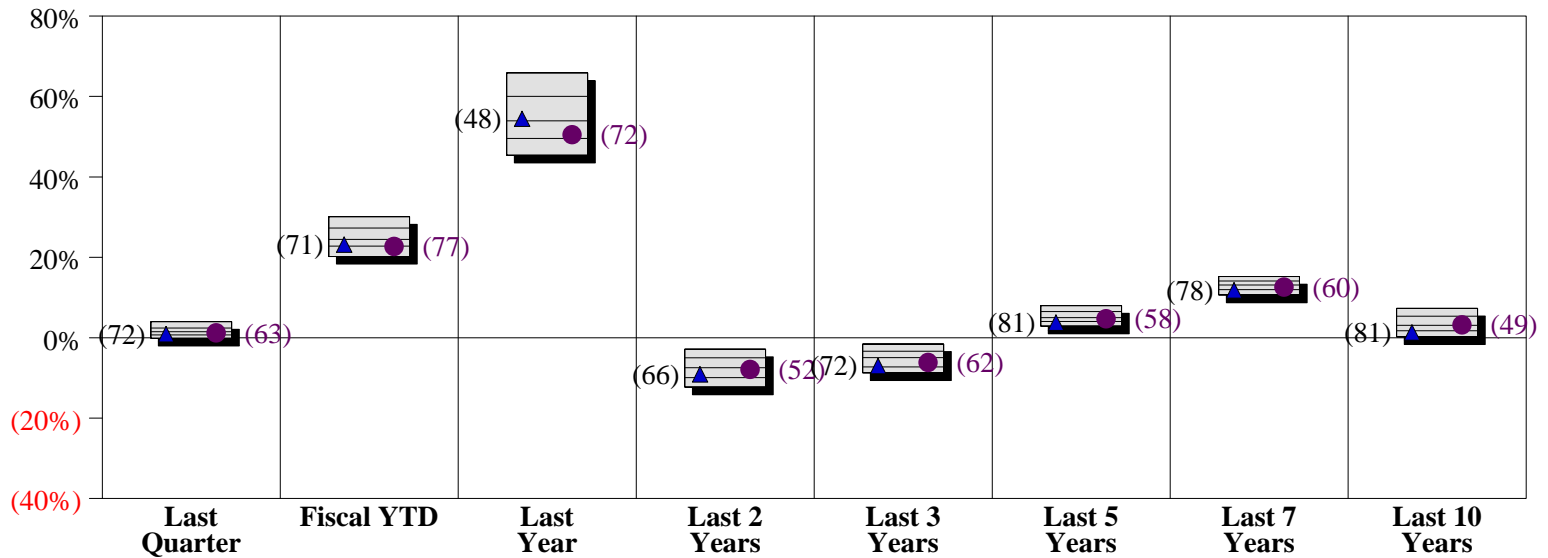
Total								
International Equity	● A	1.90	36.35	(43.03)	16.61	27.06	16.53	20.54
MSCI EAFE Index	■ B	0.87	31.78	(43.38)	11.17	26.34	13.54	20.25
MSCI ACWI ex-US Index	▲	1.66	42.14	(45.24)	17.12	27.16	17.11	21.36

- McKinley had weak quarter & trailing 12-month returns. Brandes, despite weak recent relative returns, is well above average for longer-term periods. Capital was below benchmark for trailing 1-year but remains ahead of benchmark for longer periods.
- EM exposure helped total international despite fact that EM managers lagged EM index.



# International ex EM versus Managers

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



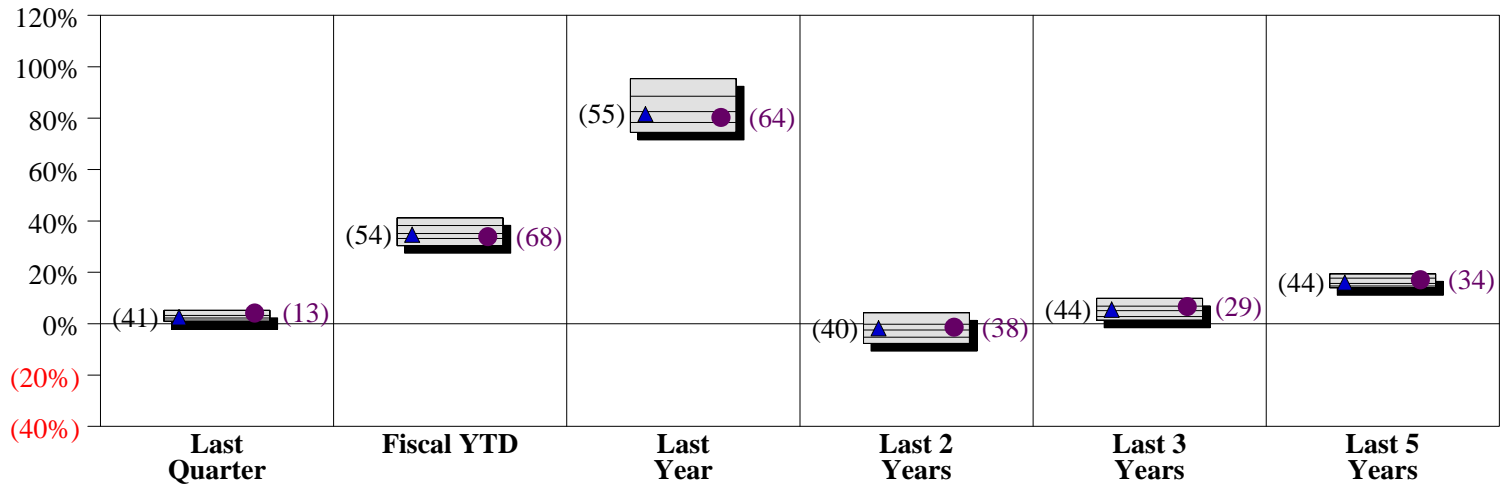
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.99	30.11	65.85	(2.83)	(1.56)	7.98	15.22	7.30
25th Percentile	2.41	27.28	60.04	(5.02)	(3.38)	6.51	14.08	5.35
Median	1.49	24.47	53.95	(7.44)	(4.96)	5.02	13.11	3.11
75th Percentile	0.69	22.76	49.54	(9.92)	(7.28)	4.02	11.96	1.73
90th Percentile	(0.13)	20.23	45.40	(12.28)	(8.71)	2.90	10.62	0.22
<b>Int'l Equity Pool (ex Emerging. Mkt)</b>	● 1.14	22.66	50.43	(7.93)	(6.19)	4.67	12.54	3.16
<b>MSCI EAFE Index</b>	▲ 0.87	23.13	54.44	(9.11)	(7.02)	3.75	11.77	1.27





# Emerging Markets Pool – Relatively strong longer-term results but below par for the trailing year.

## Performance vs CAI Emerging Markets Equity DB (Gross)



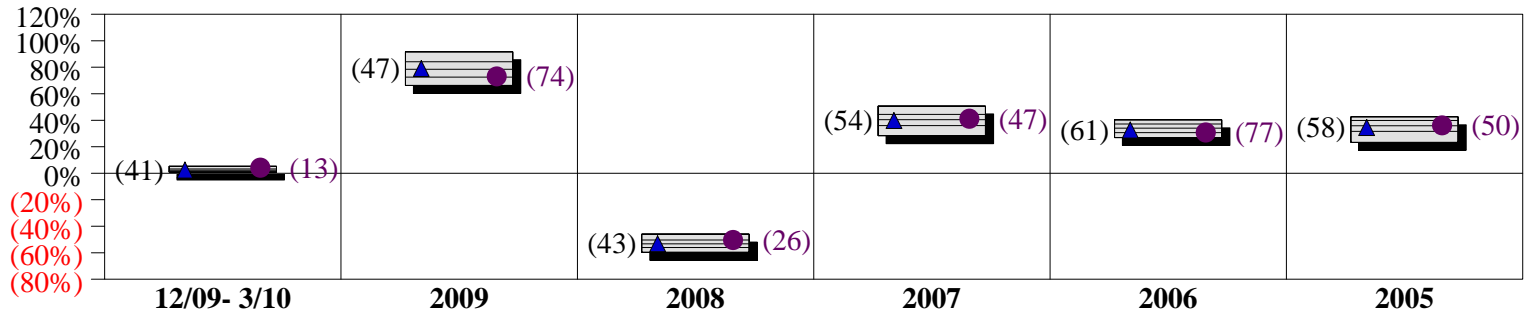
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	5.24	41.21	95.37	4.23	9.85	19.43
25th Percentile	3.23	38.18	88.51	(0.21)	6.84	17.71
Median	2.24	35.07	82.50	(2.46)	5.10	15.67
75th Percentile	1.43	33.14	78.29	(5.29)	2.74	14.69
90th Percentile	0.82	30.37	74.49	(7.69)	1.36	14.01
<b>Emerging Markets Pool</b> ●	4.08	33.79	80.21	(1.45)	6.62	17.00
MSCI Emerging Mkts Idx ▲	2.45	34.64	81.55	(1.82)	5.46	16.00

- Two of three EM managers beat benchmark for the year (Eaton Vance +5.34%, Lazard +2.10%). Capital trailed benchmark by 4.49%.
- Only Capital has a longer-term record for ARMB (which fortunately remains strong).



# Emerging Markets Pool – Calendar Periods

**Performance vs CAI Emerging Markets Equity DB (Gross)**

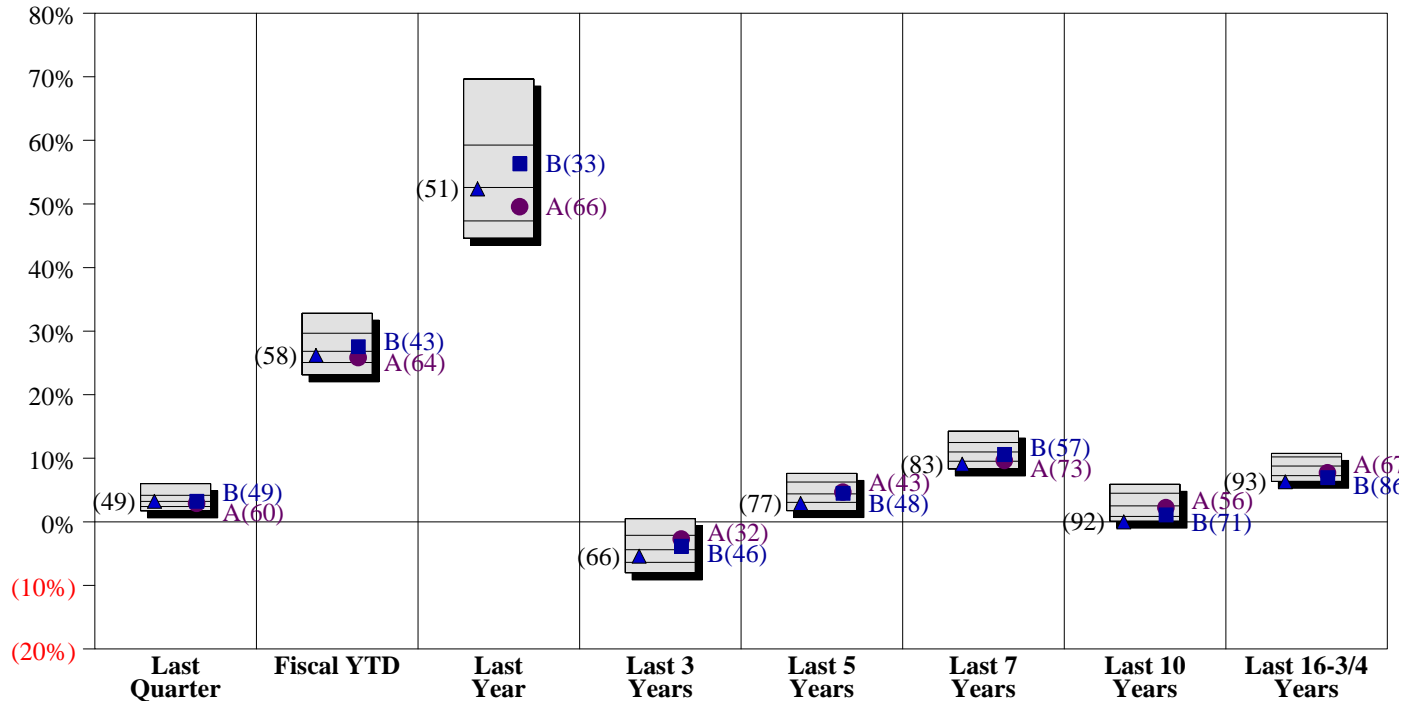


	12/09- 3/10	2009	2008	2007	2006	2005
10th Percentile	5.24	91.73	(45.90)	50.68	40.27	42.62
25th Percentile	3.23	84.17	(50.35)	44.51	37.25	39.82
Median	2.24	78.52	(53.37)	40.39	34.00	35.90
75th Percentile	1.43	72.57	(56.13)	36.04	30.78	31.65
90th Percentile	0.82	66.29	(59.68)	28.34	26.94	23.33
<b>Emerging Markets Pool</b> ●	4.08	72.93	(50.49)	40.99	30.55	36.04
MSCI Emerging Mkts Idx ▲	2.45	79.02	(53.18)	39.78	32.59	34.54



# Global (Lazard) – Relatively weak year but longer-term results still fine

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

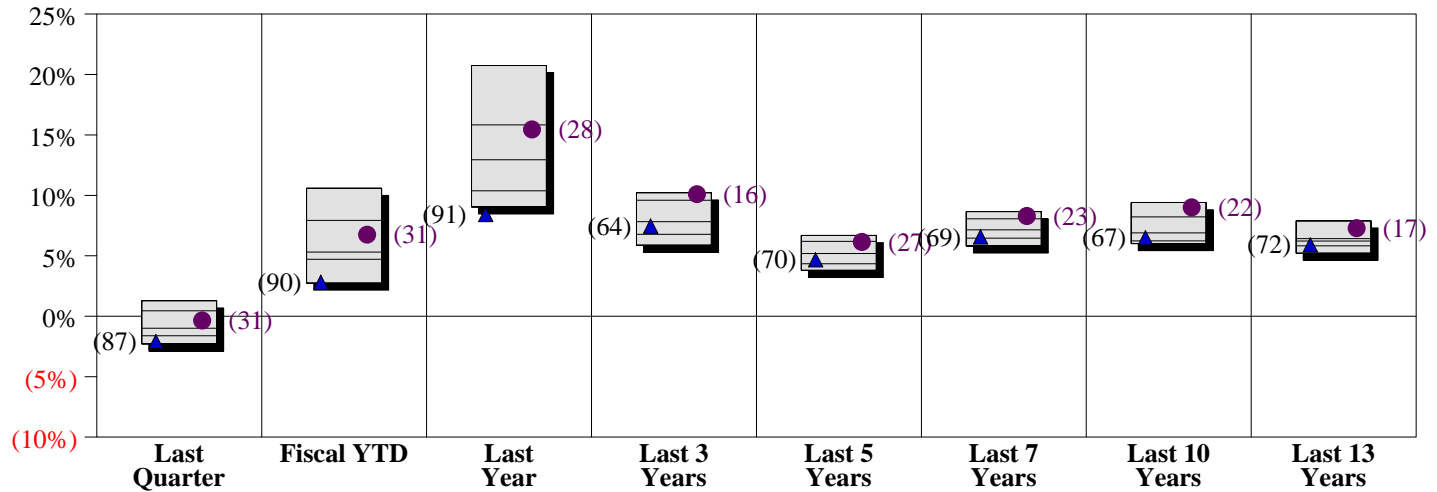


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 16-3/4 Years	
10th Percentile	6.00	32.82	69.66	0.48	7.62	14.27	5.91	10.77	
25th Percentile	4.18	29.66	59.28	(2.12)	6.27	12.48	4.52	10.19	
Median	3.22	26.82	52.59	(4.39)	4.41	10.99	2.53	8.78	
75th Percentile	2.42	25.06	47.34	(6.37)	3.05	9.54	0.85	7.28	
90th Percentile	1.72	23.12	44.62	(8.02)	1.76	8.33	0.11	6.37	
Lazard Global	● A	2.89	25.79	49.53	(2.76)	4.64	9.61	2.19	7.69
MSCI ACWI Idx	■ B	3.24	27.56	56.31	(3.85)	4.48	10.60	1.09	6.95
MSCI World Index	▲	3.24	26.19	52.37	(5.41)	2.89	9.05	(0.03)	6.28



# International Bonds - Mondrian

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



	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13 Years
10th Percentile	1.28	10.59	20.74	10.22	6.69	8.65	9.41	7.90
25th Percentile	0.45	7.93	15.82	9.59	6.20	8.06	8.22	6.42
Median	(1.00)	5.31	12.95	7.82	5.20	7.14	6.89	6.23
75th Percentile	(1.61)	4.72	10.38	6.77	4.34	6.46	6.24	5.83
90th Percentile	(2.29)	2.75	9.04	5.88	3.80	5.82	6.01	5.22

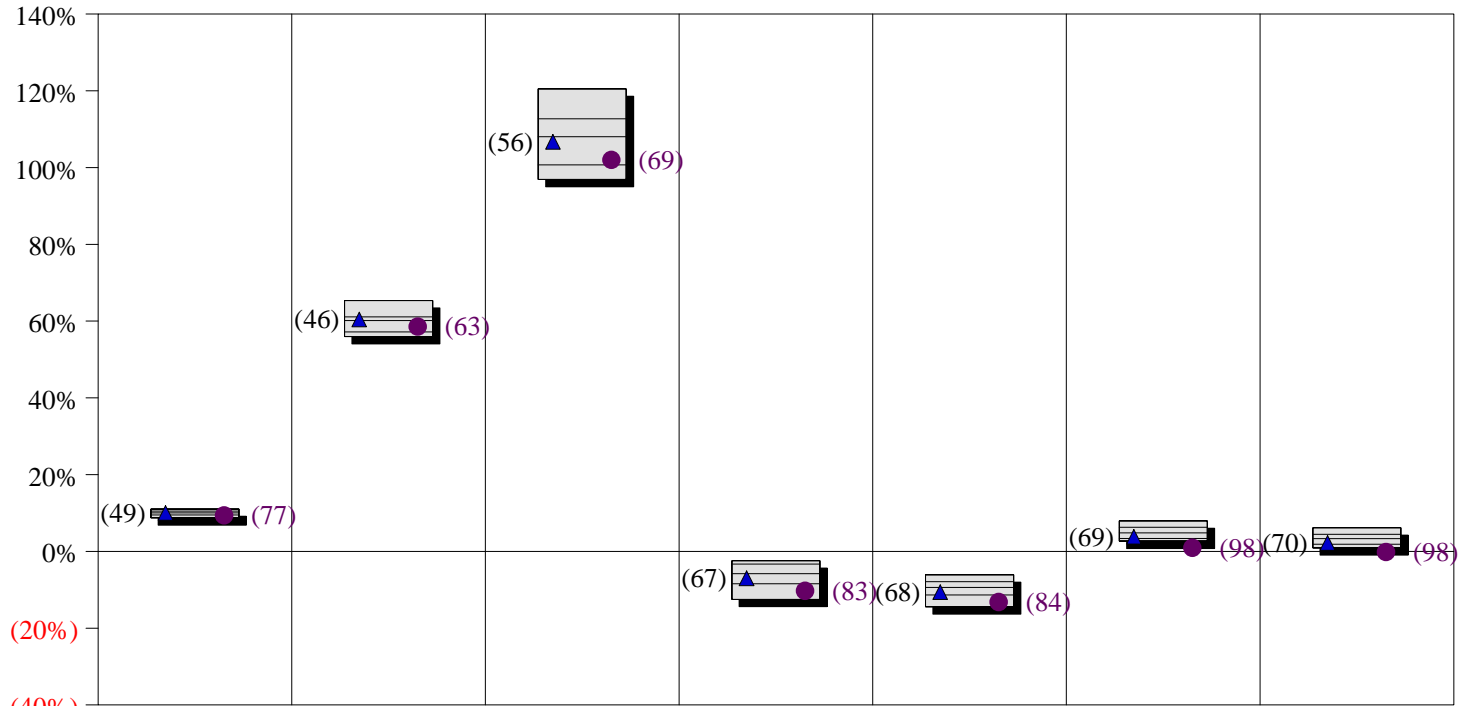
		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13 Years
<b>Mondrian Investment Partners</b>	●	(0.37)	6.73	15.43	10.08	6.13	8.27	8.98	7.26
Citi WGBI Non-US Idx	▲	(2.10)	2.82	8.41	7.45	4.67	6.56	6.49	5.90

- Terrific year & very attractive long-term results



# REIT Portfolio – strong absolute quarter & trailing year

## Performance vs CAI Real Estate-REIT DB (Gross)



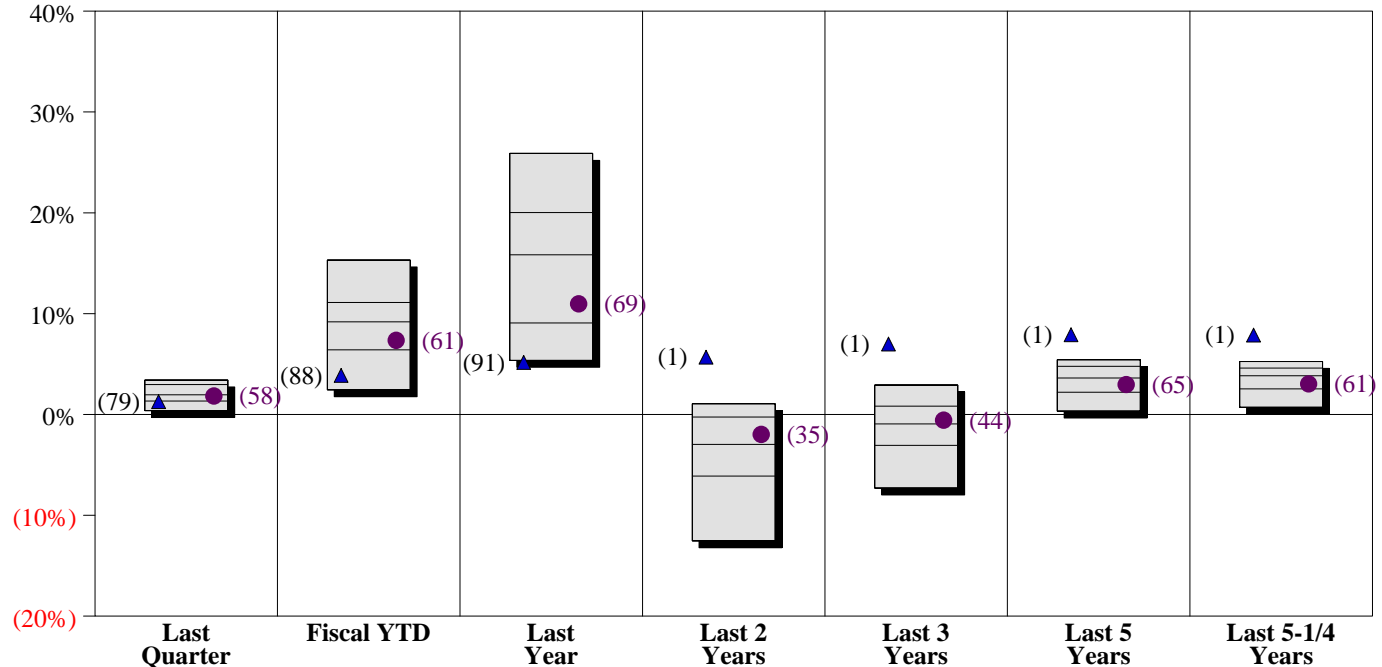
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	11.03	65.35	120.49	(2.42)	(6.10)	7.96	6.14
25th Percentile	10.51	61.09	112.72	(3.31)	(7.90)	6.27	4.44
Median	10.01	60.15	108.01	(5.80)	(9.40)	4.81	3.31
75th Percentile	9.48	57.18	100.71	(8.43)	(11.36)	3.34	1.85
90th Percentile	8.73	55.94	96.90	(12.49)	(14.46)	2.67	0.91

<b>REIT Holdings</b> ●	9.32	58.51	101.93	(10.33)	(13.27)	0.88	(0.25)
NAREIT Equity Index ▲	10.02	60.40	106.68	(7.00)	(10.60)	3.80	2.18



# Absolute Return Composite

## Performance vs Absolute Return Hedge FoFs Style (Net)



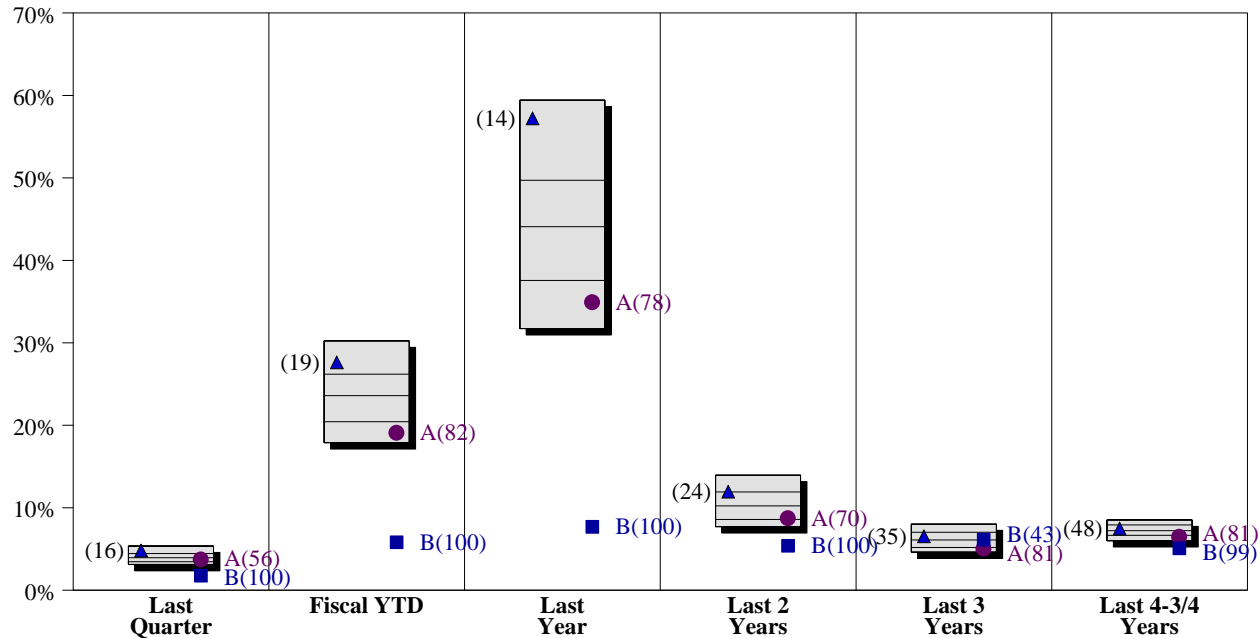
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	3.41	15.32	25.90	1.06	2.91	5.43	5.26
25th Percentile	2.96	11.11	20.02	(0.26)	0.82	4.79	4.60
Median	1.95	9.18	15.85	(2.96)	(0.94)	3.63	3.85
75th Percentile	1.33	6.41	9.08	(6.10)	(3.06)	2.20	2.53
90th Percentile	0.39	2.45	5.37	(12.53)	(7.31)	0.34	0.72
<b>Absolute Return Composite</b>	1.81	7.33	10.95	(2.00)	(0.58)	2.94	3.01
<b>T-Bills + 5%</b>	1.26	3.87	5.17	5.69	6.99	7.91	7.88

- Two of three managers beat targets. The 3<sup>rd</sup>, Cadogan, is in termination mode.
- New managers funded during the quarter.



# High Yield Composite

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



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	5.36	30.22	59.42	13.95	8.02	8.52
25th Percentile	4.44	26.20	49.73	11.92	7.03	7.93
Median	3.94	23.61	44.08	10.24	6.10	7.21
75th Percentile	3.45	20.43	37.57	8.56	5.18	6.66
90th Percentile	3.13	17.89	31.72	7.70	4.62	6.00

	● A	■ B	▲
High Yield Composite	3.70	19.06	34.91
BC Aggregate Index	1.78	5.81	7.69
High Yield Target	4.82	27.62	57.22

- Both high yield managers, Rogge & MacKay, have a higher quality orientation and understandably lagged target for the trailing year and all of 2009 after outperforming in 2008.
- Longer-term MacKay looks ok while Rogge's results are poor.



# SBS, Deferred Comp

- **Each quarter we highlight certain segments of the various participant directed programs.**
- **This quarter, we will discuss proposed Financial Reform legislation and comment on emerging trends in the stable value industry.**
- **Stable value challenges**
  - Proposed swap restrictions may affect availability of “wrappers” used to provide participant book value transfers and benefit payments.
  - While related, but also distinct, availability of “wrap” capacity is currently limited.
  - Stable value managers are increasingly seeking investment guideline changes (for example, looking for authority to invest in GICs, limit credit and or modify duration targets).
  - Some industry participants limiting new business solicitation and in at least one case (SSgA) exiting the stable value business.
  - Changes in money market fund practices contribute, in our opinion, to the current challenge in that true money market funds are currently yielding close to zero.
  - On the following pages we highlight ARMB’s stable value exposure & performance (gross of fees for comparative purposes).





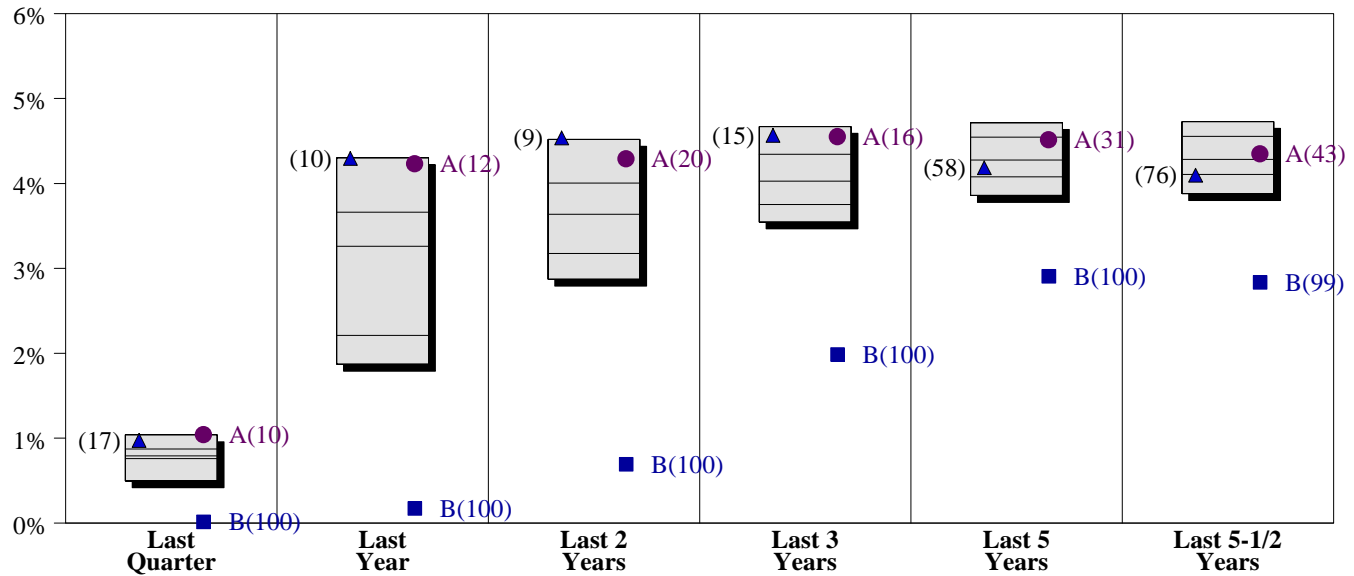
# SBS Asset Allocation

	March 31, 2010			Inv. Return	December 31, 2009	
	Market Value	Percent	Net New Inv.		Market Value	Percent
<b>Balanced/Target Funds</b>						
Alaska Balanced Fund	1,025,941,798	44.13%	(3,830,093)	29,806,128	999,965,763	44.59%
Long Term Balanced Fund	294,159,490	12.65%	34,683,746	7,710,822	251,764,922	11.23%
Target 2010 Fund	31,577,926	1.36%	(466,984)	170,722	31,874,188	1.42%
Target 2010 Trust	4,228,887	0.18%	(111,111)	733,534	3,606,464	0.16%
Target 2015 Trust	80,879,975	3.48%	(751,195)	3,354,290	78,276,880	3.49%
Target 2020 Trust	29,468,422	1.27%	205,256	1,565,438	27,697,728	1.24%
Target 2025 Trust	12,763,436	0.55%	729,459	1,069,052	10,964,925	0.49%
Target 2030 Trust	2,899,176	0.12%	725,348	645,401	1,528,427	0.07%
Target 2035 Trust	3,856,190	0.17%	768,537	713,520	2,374,133	0.11%
Target 2040 Trust	3,788,495	0.16%	880,812	846,859	2,060,824	0.09%
Target 2045 Trust	2,487,200	0.11%	608,108	932,868	946,224	0.04%
Target 2050 Trust	2,680,469	0.12%	540,028	1,032,767	1,107,674	0.05%
Target 2055 Trust	648,886	0.03%	49,357	137,254	462,275	0.02%
<b>Domestic Equity Funds</b>						
State Street S&P	215,001,718	9.25%	(8,090,457)	10,697,519	212,394,657	9.47%
RCM Socially Responsible	26,810,285	1.15%	(790,985)	743,872	26,857,397	1.20%
Russell 3000 Index	7,196,670	0.31%	864,584	361,463	5,970,622	0.27%
T. Rowe Price Small Cap	61,408,074	2.64%	(1,610,069)	4,930,084	58,088,059	2.59%
<b>International Equity Funds</b>						
Brandes Int'l Fund	81,158,801	3.49%	(13,143,842)	977,347	93,325,296	4.16%
World Eq Ex-US Index	11,922,253	0.51%	(145,096)	35,944	12,031,405	0.54%
<b>Fixed-Income Funds</b>						
BlackRock Govt/Credit Fd	44,514,210	1.91%	(4,433,256)	693,343	48,254,123	2.15%
Intermediate Bond Fund	14,315,905	0.62%	252,199	146,600	13,917,106	0.62%
Long US Treasury Bond	4,543,156	0.20%	(602,036)	15,199	5,129,993	0.23%
US TIPS	11,606,969	0.50%	147,185	49,539	11,410,246	0.51%
World Gov't Bond Ex-US	2,169,538	0.09%	(257,031)	(53,462)	2,480,031	0.11%
<b>Global Balanced Funds</b>						
SSgA Global Balanced	50,549,840	2.17%	(866,571)	1,046,475	50,369,937	2.25%
<b>Real Estate Funds</b>						
US REITS	16,920,823	0.73%	3,293,152	1,002,463	12,625,208	0.56%
<b>Short Term Funds</b>						
T. Rowe Price Stable Value	269,861,922	11.61%	1,579,310	2,554,857	265,727,755	11.85%
SSgA Inst Trsry MM	11,631,134	0.50%	407,097	1	11,224,036	0.50%
<b>Total Fund</b>	<b>\$2,324,991,647</b>	<b>100.0%</b>	<b>\$10,635,450</b>	<b>\$71,919,899</b>	<b>\$2,242,436,297</b>	<b>100.0%</b>



# SBS Stable Value Option (\$270 million)

## Performance vs CAI Stable Value Database (Gross)



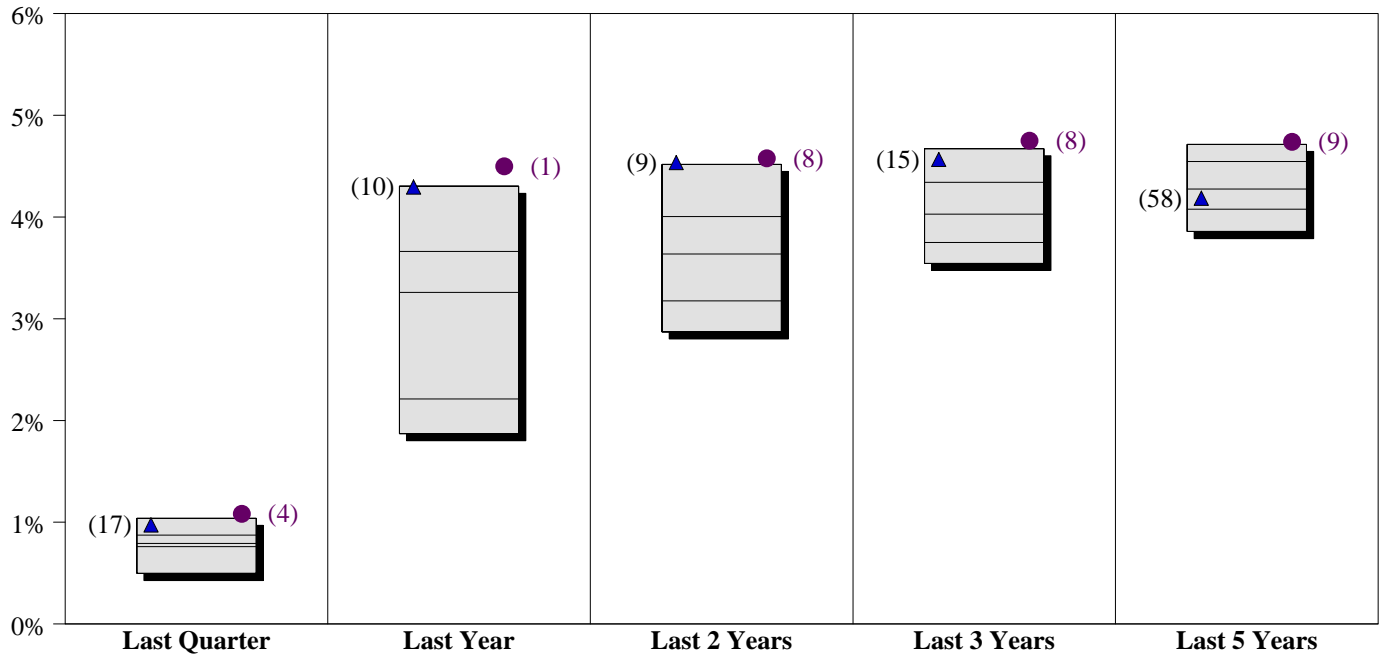
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/2 Years
10th Percentile	1.04	4.30	4.52	4.67	4.71	4.73
25th Percentile	0.87	3.66	4.00	4.34	4.55	4.55
Median	0.79	3.26	3.64	4.03	4.28	4.28
75th Percentile	0.76	2.21	3.18	3.75	4.08	4.10
90th Percentile	0.50	1.87	2.87	3.54	3.86	3.88

		Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/2 Years
T. Rowe Price Stable Value Fund	● A	1.04	4.23	4.29	4.55	4.51	4.35
3-month Treasury Bill	■ B	0.01	0.17	0.69	1.99	2.91	2.84
Ryan Labs 3yr Master	▲	0.97	4.29	4.54	4.57	4.18	4.10



# Deferred Compensation Plan - Stable Value (\$158 million)

## Performance vs CAI Stable Value Database (Gross)

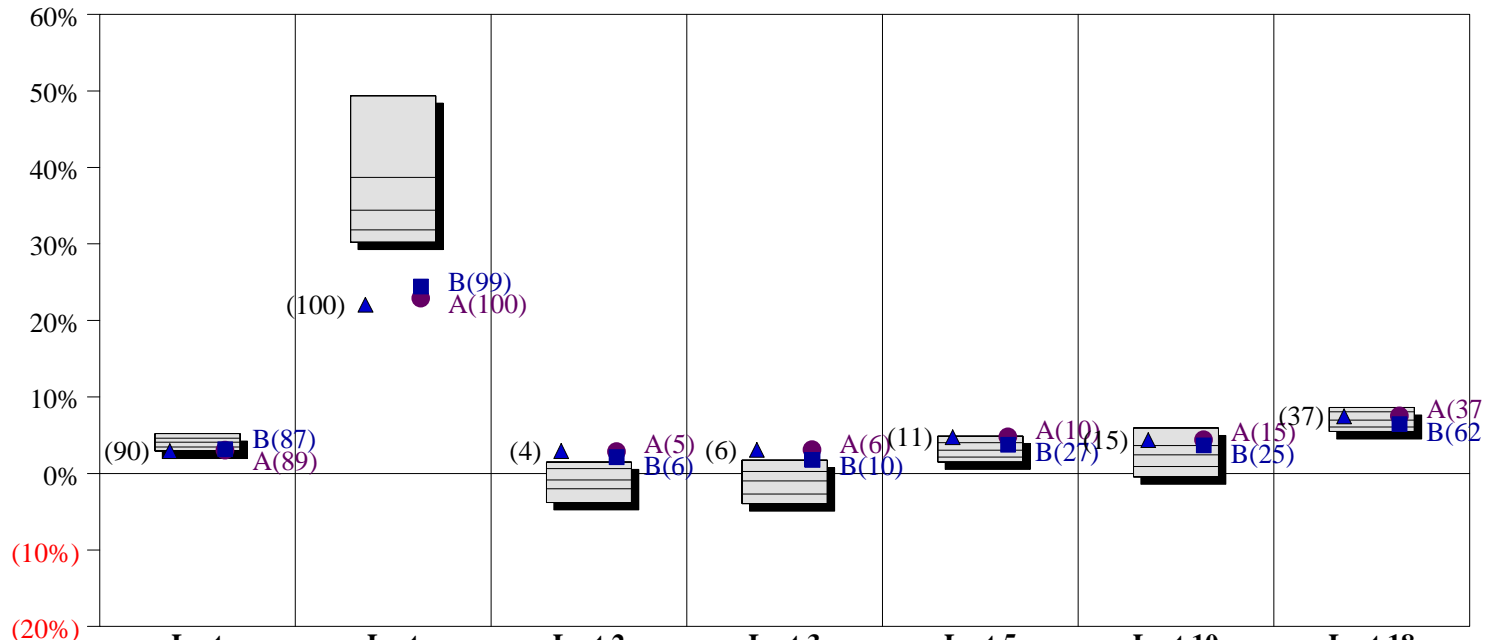


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	1.04	4.30	4.52	4.67	4.71
25th Percentile	0.87	3.66	4.00	4.34	4.55
Median	0.79	3.26	3.64	4.03	4.28
75th Percentile	0.76	2.21	3.18	3.75	4.08
90th Percentile	0.50	1.87	2.87	3.54	3.86
<b>Interest Income Fund</b> ●	1.08	4.50	4.57	4.75	4.74
<b>Ryan Labs 3yr Master</b> ▲	0.97	4.29	4.54	4.57	4.18



# Balanced Trust

## Performance vs CAI MF - Domestic Balanced Style (Net)

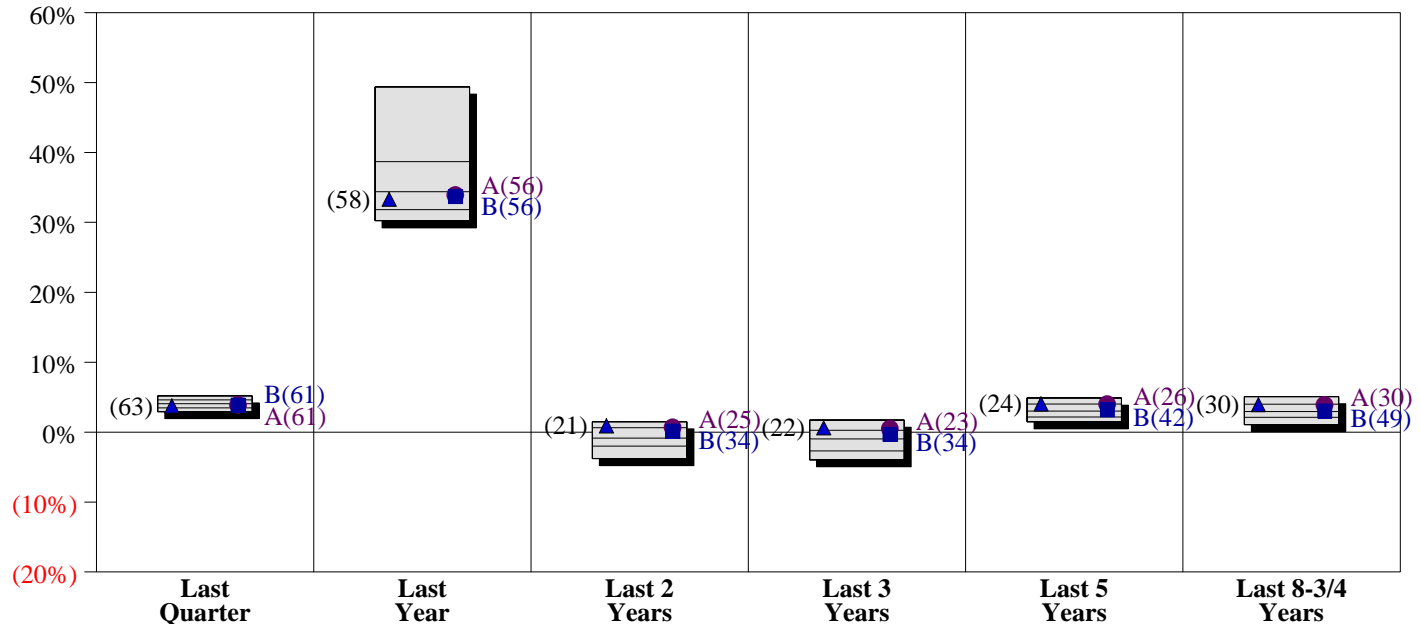


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 18 Years	
10th Percentile	5.20	49.37	1.49	1.73	4.88	5.94	8.62	
25th Percentile	4.61	38.70	0.63	0.27	4.02	3.65	8.05	
Median	4.08	34.40	(0.85)	(0.97)	3.04	2.44	6.97	
75th Percentile	3.46	31.84	(1.99)	(2.69)	2.15	0.92	6.08	
90th Percentile	2.94	30.23	(3.79)	(3.95)	1.49	(0.46)	5.48	
Alaska Balanced Fund	● A	3.01	22.88	2.83	3.07	4.76	4.38	7.50
Active Target	■ B	3.18	24.43	2.13	1.76	3.75	3.66	6.45
Passive Target	▲	2.92	22.06	2.93	3.08	4.74	4.36	7.46



# Long-Term Balanced Trust

## Performance vs CAI MF - Domestic Balanced Style (Net)



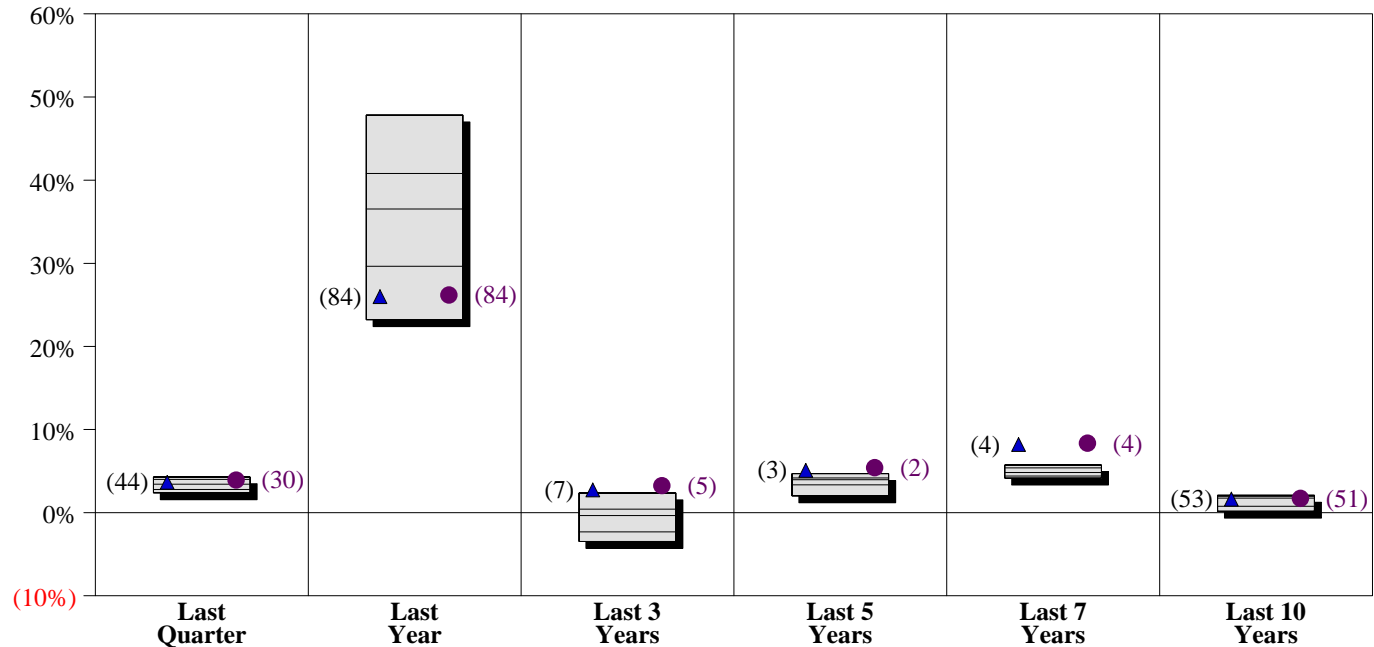
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-3/4 Years
10th Percentile	5.20	49.37	1.49	1.73	4.88	5.09
25th Percentile	4.61	38.70	0.63	0.27	4.02	4.00
Median	4.08	34.40	(0.85)	(0.97)	3.04	2.95
75th Percentile	3.46	31.84	(1.99)	(2.69)	2.15	2.12
90th Percentile	2.94	30.23	(3.79)	(3.95)	1.49	1.07
Long Term Balanced Fund	● A	3.86	0.65	0.48	3.99	3.86
Active Target	■ B	3.87	0.11	(0.33)	3.20	3.01
Passive Target	▲	3.74	0.89	0.60	4.05	3.94



# Select Target Maturity Trusts

## Target 2015 Trust

Performance vs CAI Target Date 2015 (Cheapest Net)

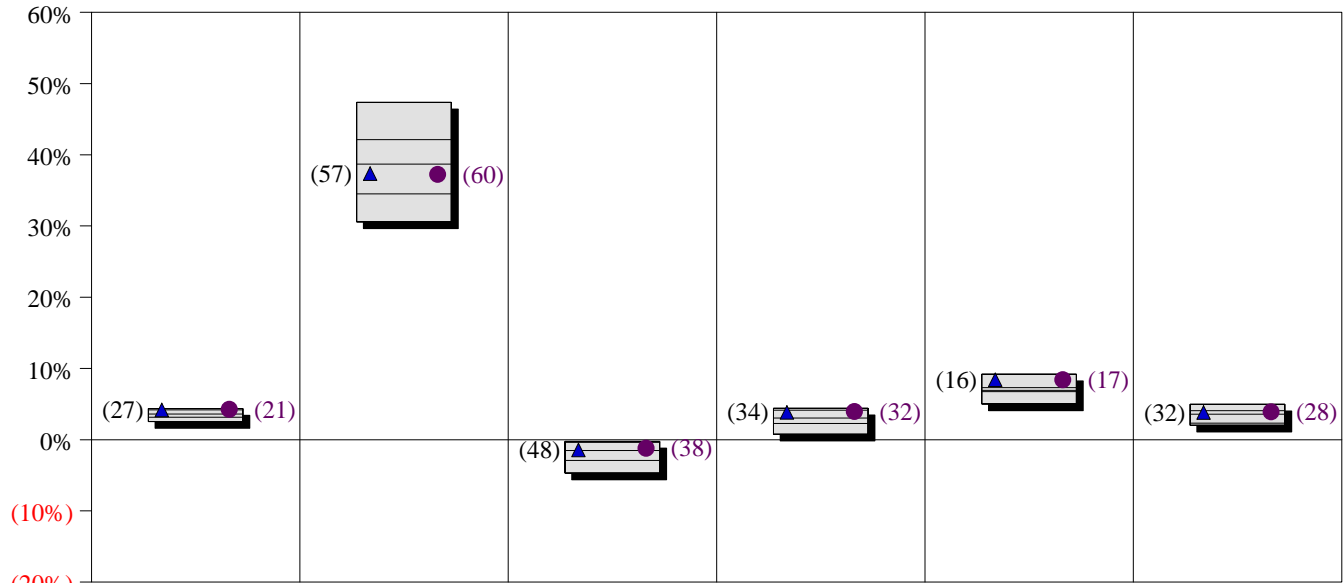


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	4.31	47.82	2.37	4.71	5.75	2.09
25th Percentile	4.02	40.81	0.42	4.19	5.40	1.96
Median	3.41	36.52	(0.34)	3.98	4.83	1.75
75th Percentile	2.79	29.64	(2.31)	3.35	4.41	0.76
90th Percentile	2.39	23.21	(3.46)	2.02	4.16	0.17
<b>Alaska SBS-Target 2015</b> ●	3.90	26.16	3.23	5.40	8.33	1.69
ARMB SBS 2015 Trust Index ▲	3.65	25.98	2.73	5.10	8.20	1.62



# Target 2020 Trust

## Performance vs CAI Target Date 2020 (Cheapest Net)

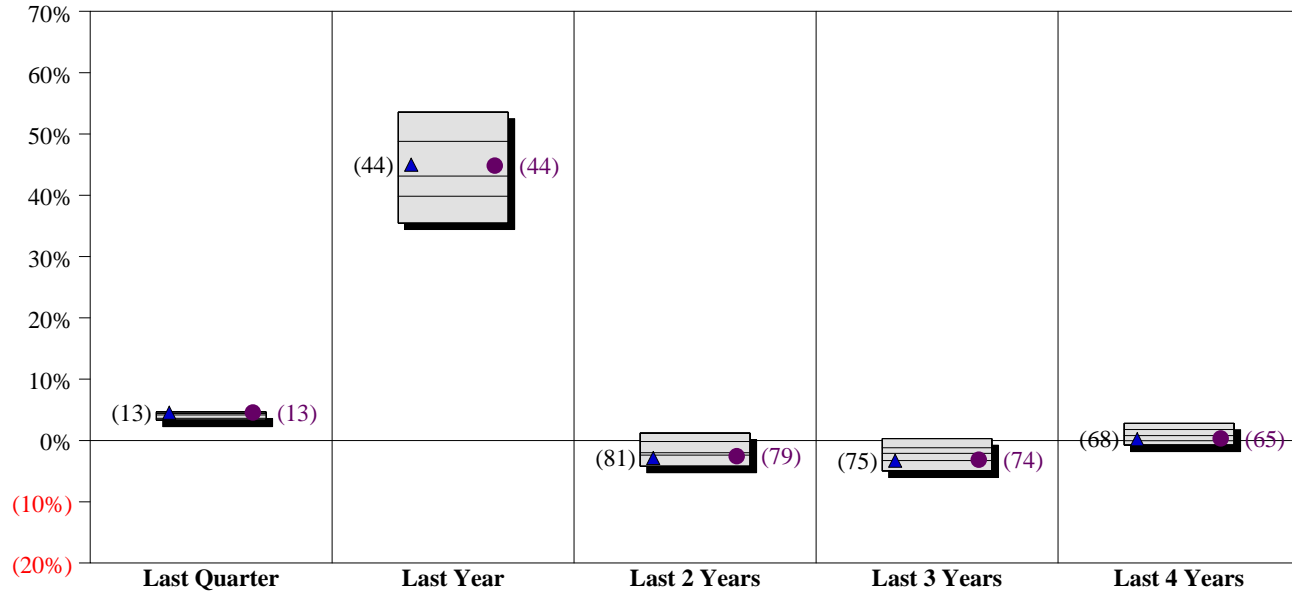


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 9 Years
10th Percentile	4.36	47.37	(0.24)	4.40	9.20	4.97
25th Percentile	4.19	42.13	(0.38)	4.15	7.30	4.09
Median	3.59	38.68	(1.53)	3.04	6.93	3.58
75th Percentile	3.16	34.51	(2.91)	2.27	6.74	2.31
90th Percentile	2.54	30.58	(4.69)	0.76	5.02	2.03
<b>Alaska SBS-Target 2020</b> ●	4.22	37.20	(1.23)	3.92	8.37	3.88
ARMB SBS 2020 Trust Index ▲	4.17	37.35	(1.44)	3.81	8.41	3.80



# Target 2025 Trust

Performance vs CAI Target Date 2025 (Cheapest Net)



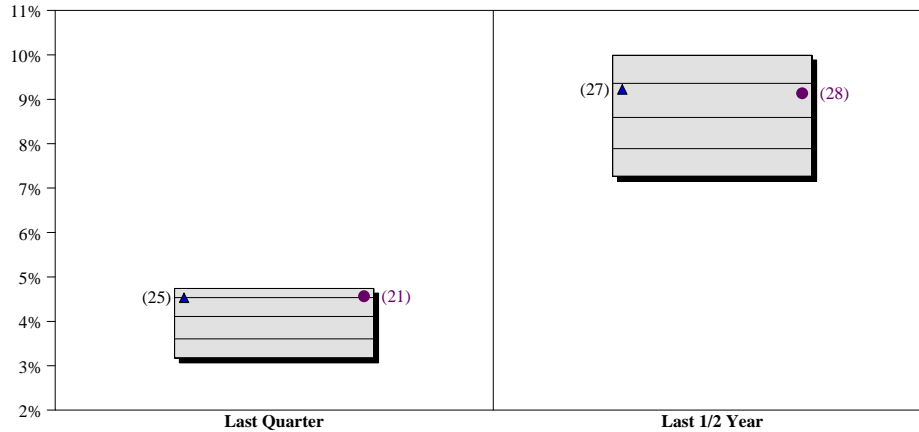
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	4.65	53.58	1.20	0.29	2.81
25th Percentile	4.40	48.80	(0.18)	(1.18)	1.78
Median	4.16	43.12	(2.02)	(2.10)	0.79
75th Percentile	3.60	39.85	(2.40)	(3.27)	(0.04)
90th Percentile	3.34	35.47	(4.21)	(4.97)	(0.74)
<b>Alaska SBS-Target 2025</b> ●	4.51	44.81	(2.61)	(3.16)	0.30
<b>ARMB SBS 2025 Trust Index</b> ▲	4.53	45.00	(2.87)	(3.30)	0.19



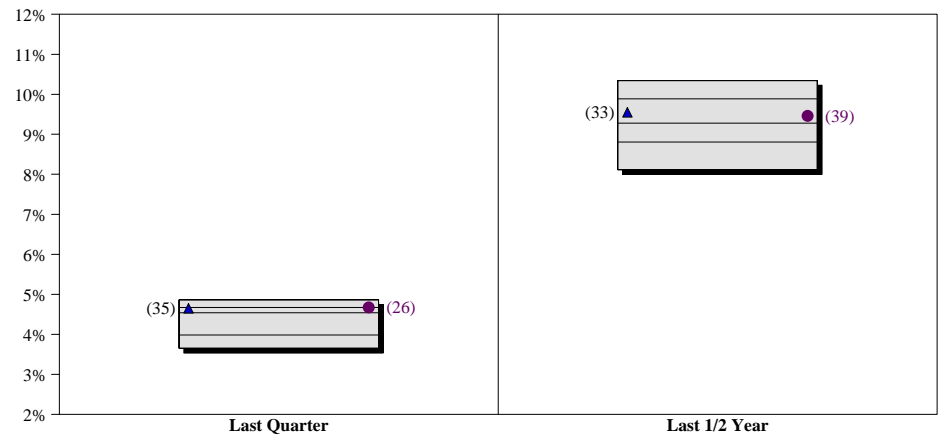


# Target 2030 & 2035 Trusts

## Performance vs CAI Target Date 2030 (Cheapest Net)



## Performance vs CAI Target Date 2035 (Cheapest Net)



10th Percentile	4.74
25th Percentile	4.53
Median	4.11
75th Percentile	3.60
90th Percentile	3.17
<b>Alaska SBS-Target Date Ret 2030 Trust</b>	4.56
<b>ARMB SBS 2030 Trust Index</b>	4.53

10th Percentile	9.99
25th Percentile	9.36
Median	8.59
75th Percentile	7.89
90th Percentile	7.26
<b>Alaska SBS-Target Date Ret 2035 Trust</b>	9.13
<b>ARMB SBS 2035 Trust Index</b>	9.22

10th Percentile	4.86
25th Percentile	4.67
Median	4.54
75th Percentile	3.99
90th Percentile	3.65
<b>Alaska SBS-Target Date Ret 2035 Trust</b>	4.67
<b>ARMB SBS 2035 Trust Index</b>	4.65

10th Percentile	10.34
25th Percentile	9.89
Median	9.28
75th Percentile	8.81
90th Percentile	8.12
<b>Alaska SBS-Target Date Ret 2035 Trust</b>	9.45
<b>ARMB SBS 2035 Trust Index</b>	9.55



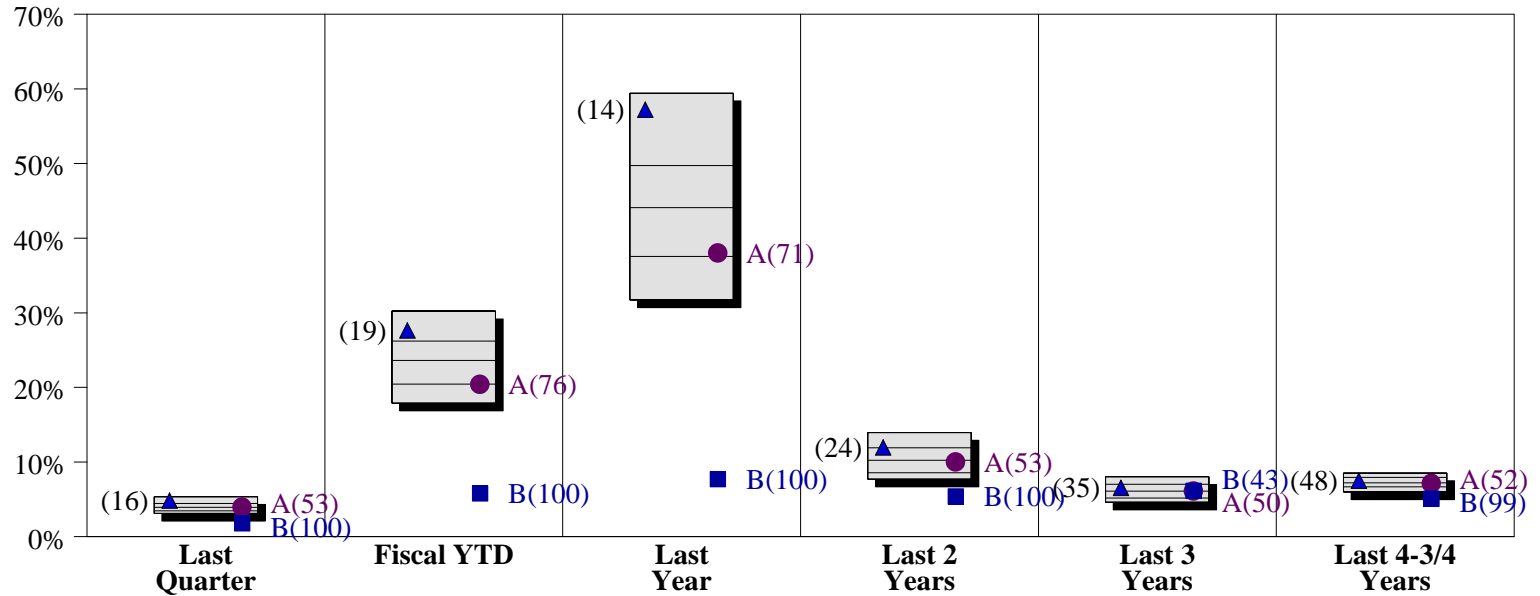
# Manager Returns

- **High Yield**
- **Absolute Return**
- **Large Cap Domestic Equity**
- **Small Cap Domestic Equity**
- **International Equity**
- **Emerging Market Equity**



# MackKay Shields High Yield

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



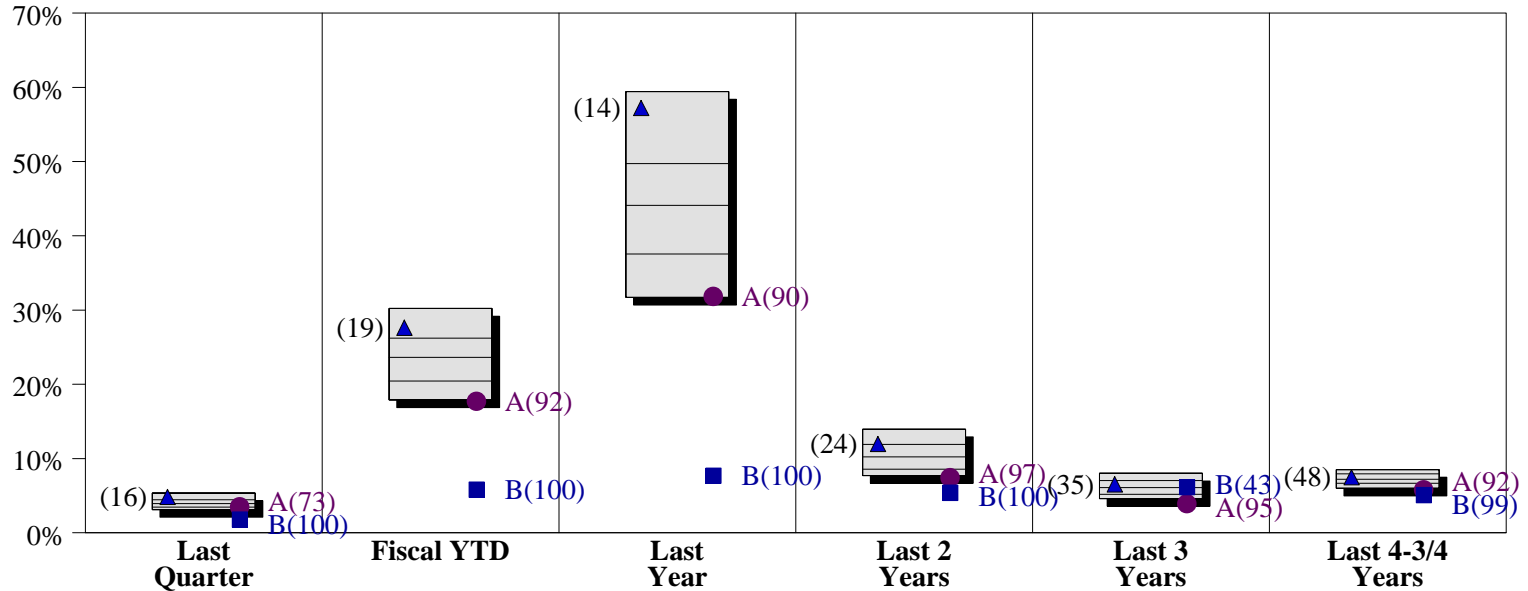
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	5.36	30.22	59.42	13.95	8.02	8.52
25th Percentile	4.44	26.20	49.73	11.92	7.03	7.93
Median	3.94	23.61	44.08	10.24	6.10	7.21
75th Percentile	3.45	20.43	37.57	8.56	5.18	6.66
90th Percentile	3.13	17.89	31.72	7.70	4.62	6.00

MackKay Shields	● A	3.93	20.39	37.98	9.99	6.09	7.12
BC Aggregate Index	■ B	1.78	5.81	7.69	5.38	6.14	5.08
High Yield Target	▲	4.82	27.62	57.22	11.95	6.53	7.48



# Rogge (formerly ING) High Yield

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



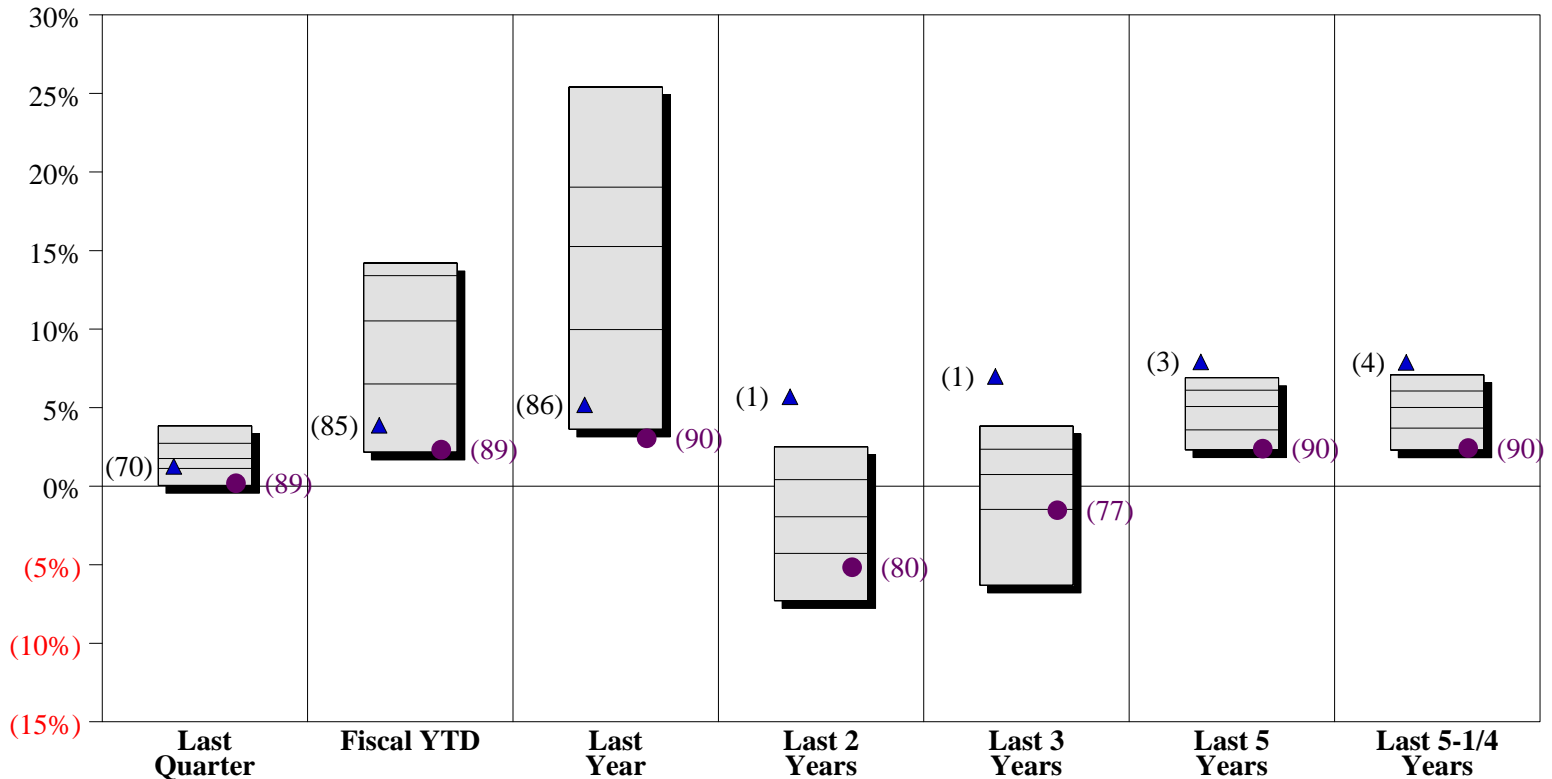
10th Percentile	5.36	30.22	59.42	13.95	8.02	8.52	
25th Percentile	4.44	26.20	49.73	11.92	7.03	7.93	
Median	3.94	23.61	44.08	10.24	6.10	7.21	
75th Percentile	3.45	20.43	37.57	8.56	5.18	6.66	
90th Percentile	3.13	17.89	31.72	7.70	4.62	6.00	
Rogge Global Partners	● A	3.47	17.69	31.81	7.40	3.90	5.77
BC Aggregate Index	■ B	1.78	5.81	7.69	5.38	6.14	5.08
High Yield Target	▲	4.82	27.62	57.22	11.95	6.53	7.48



# Absolute Return – Cadogan

Note peer group is L/S Fund of Funds

## Performance vs Long Short Hedge FoF Style (Net)

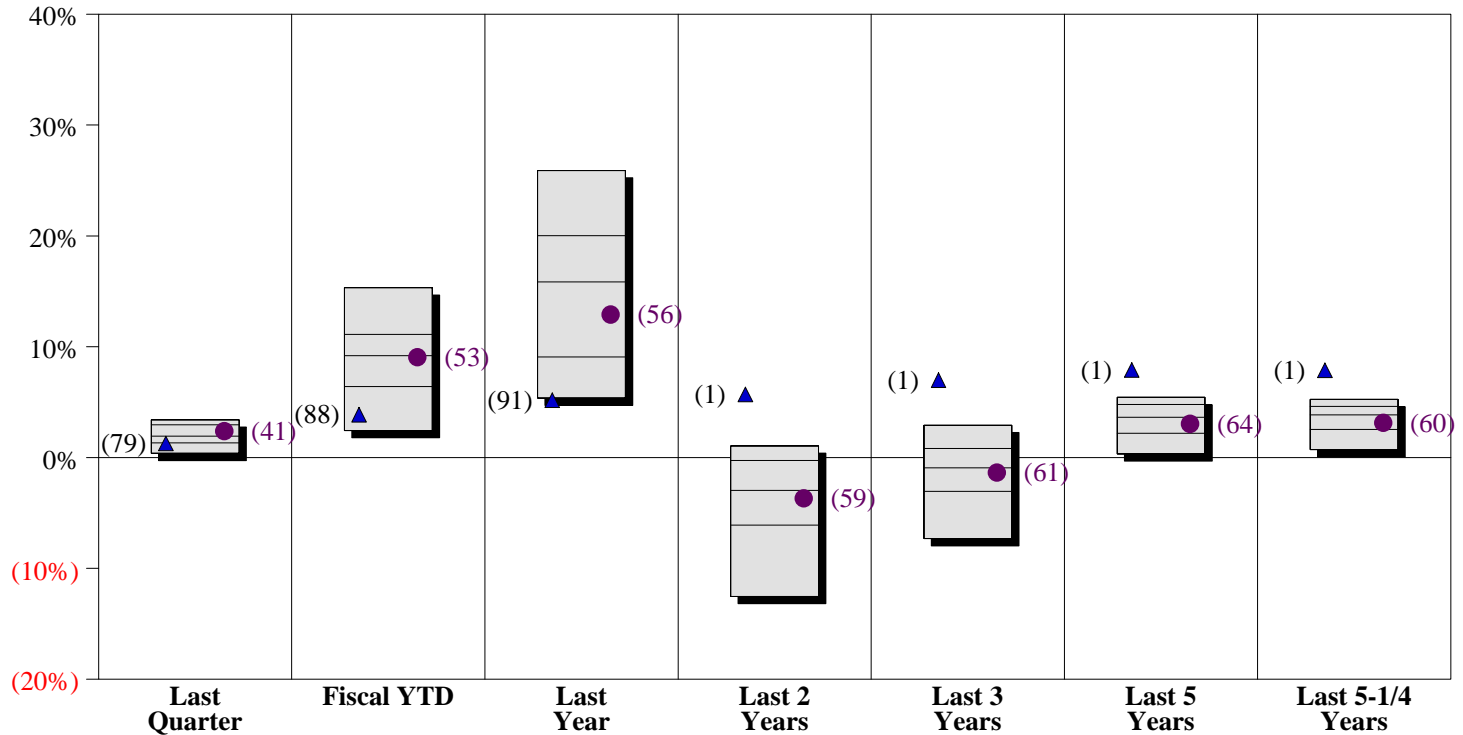


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	3.84	14.20	25.41	2.51	3.83	6.90	7.09
25th Percentile	2.72	13.40	19.03	0.41	2.35	6.11	6.05
Median	1.76	10.52	15.26	(1.95)	0.74	5.07	5.01
75th Percentile	1.13	6.50	9.97	(4.28)	(1.48)	3.58	3.70
90th Percentile	0.04	2.16	3.63	(7.29)	(6.31)	2.31	2.30
<b>Cadogan Management</b>	● 0.17	2.31	3.03	(5.18)	(1.55)	2.37	2.42
T-Bills + 5%	▲ 1.26	3.87	5.17	5.69	6.99	7.91	7.88



# Absolute Return - Crestline

## Performance vs Absolute Return Hedge FoFs Style (Net)

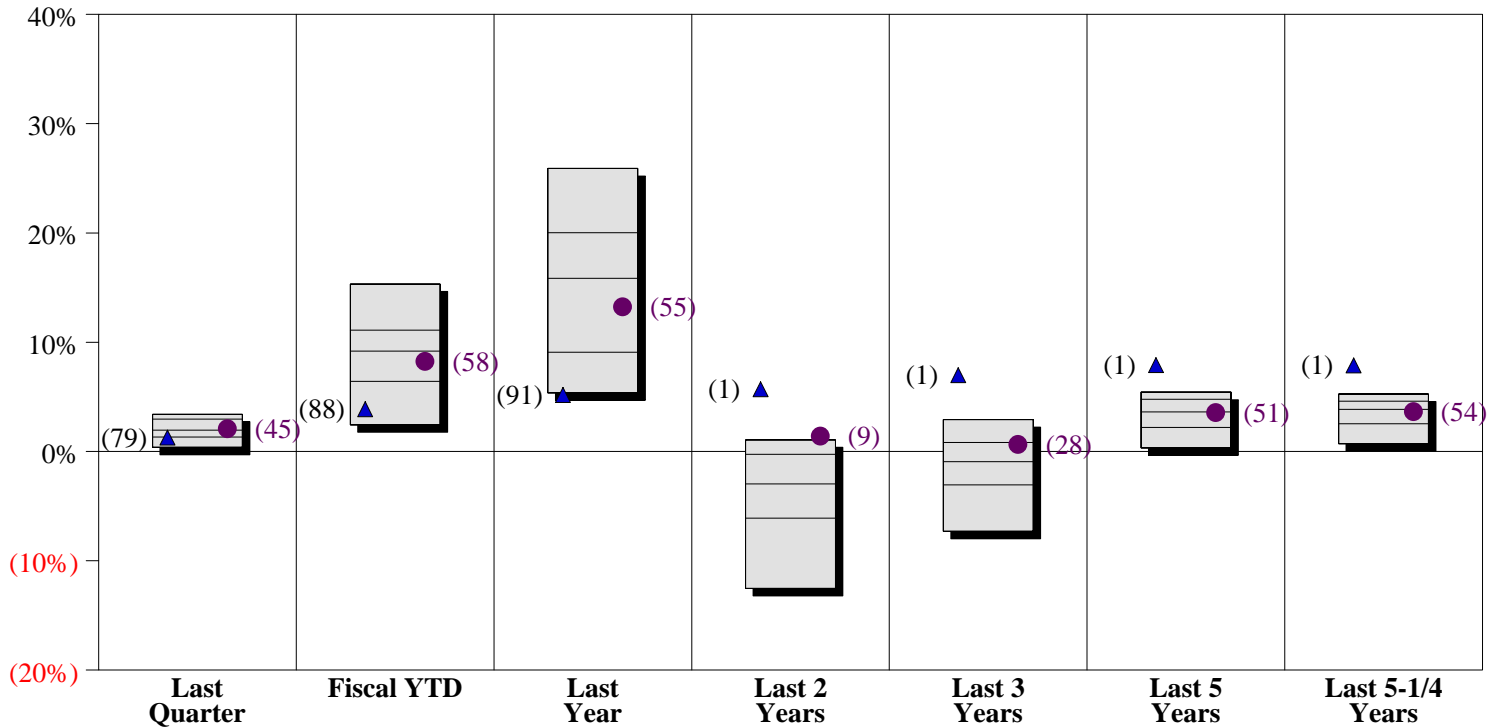


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	3.41	15.32	25.90	1.06	2.91	5.43	5.26
25th Percentile	2.96	11.11	20.02	(0.26)	0.82	4.79	4.60
Median	1.95	9.18	15.85	(2.96)	(0.94)	3.63	3.85
75th Percentile	1.33	6.41	9.08	(6.10)	(3.06)	2.20	2.53
90th Percentile	0.39	2.45	5.37	(12.53)	(7.31)	0.34	0.72
<b>Crestline Investors</b> ●	2.36	9.04	12.88	(3.69)	(1.37)	3.02	3.12
T-Bills + 5% ▲	1.26	3.87	5.17	5.69	6.99	7.91	7.88



# Absolute Return - Mariner

## Performance vs Absolute Return Hedge FoFs Style (Net)



10th Percentile  
25th Percentile  
Median  
75th Percentile  
90th Percentile

**Last Quarter**      **Fiscal YTD**      **Last Year**      **Last 2 Years**      **Last 3 Years**      **Last 5 Years**      **Last 5-1/4 Years**

10th Percentile	3.41	15.32	25.90	1.06	2.91	5.43	5.26
25th Percentile	2.96	11.11	20.02	(0.26)	0.82	4.79	4.60
Median	1.95	9.18	15.85	(2.96)	(0.94)	3.63	3.85
75th Percentile	1.33	6.41	9.08	(6.10)	(3.06)	2.20	2.53
90th Percentile	0.39	2.45	5.37	(12.53)	(7.31)	0.34	0.72

**Mariner Investment Group** ●

Mariner Investment Group	2.07	8.22	13.21	1.39	0.63	3.55	3.63
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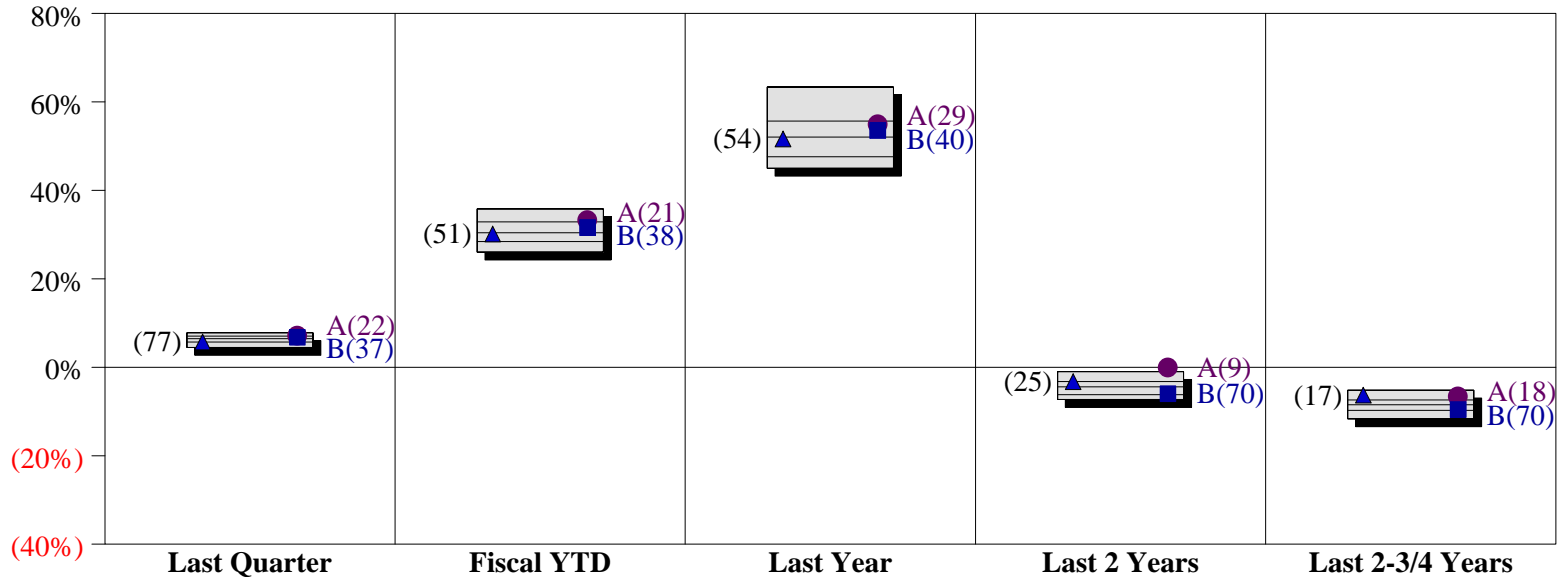
**T-Bills + 5%** ▲

T-Bills + 5%	1.26	3.87	5.17	5.69	6.99	7.91	7.88
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# Domestic Large Cap Equity Barrow Hanley

## Performance vs CAI Large Cap Value Style (Gross)



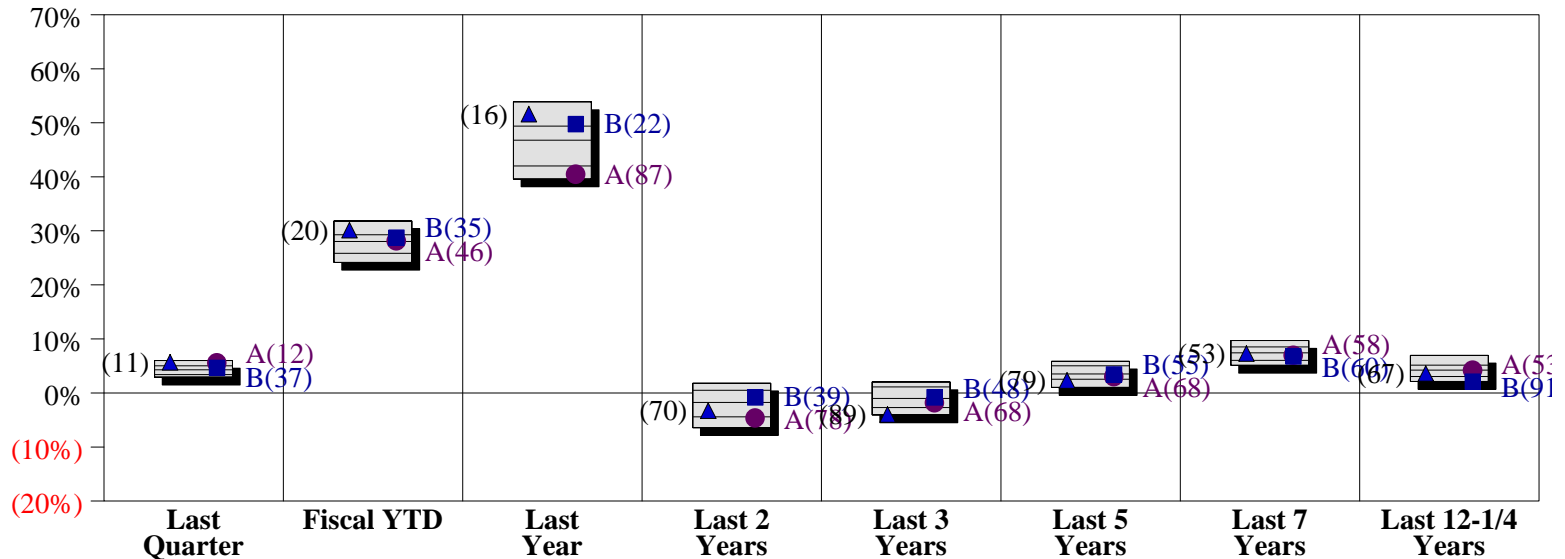
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	7.81	35.79	63.37	(0.98)	(5.16)
25th Percentile	7.05	32.88	55.66	(3.25)	(7.37)
Median	6.47	30.40	52.06	(4.45)	(8.46)
75th Percentile	5.72	28.40	47.56	(6.20)	(9.71)
90th Percentile	4.47	26.04	45.00	(7.28)	(11.67)





# McKinley Capital – Large Cap Growth

## Performance vs CAI Large Cap Growth Style (Gross)

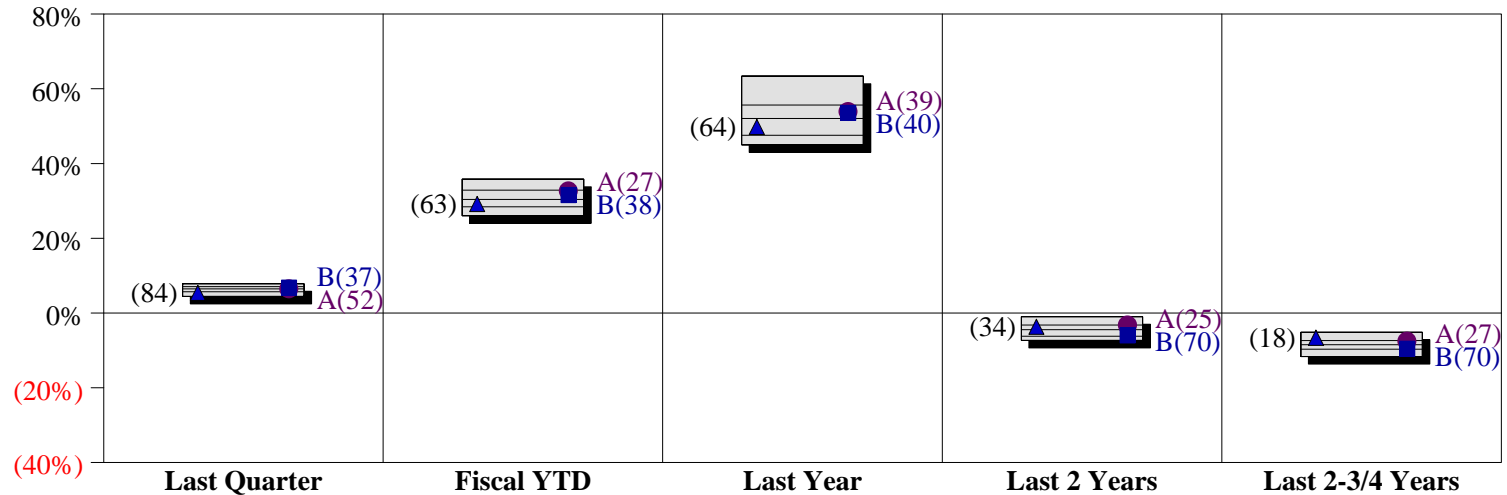


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 12-1/4 Years
10th Percentile	6.02	31.85	53.87	1.82	2.04	5.89	9.71	6.97
25th Percentile	5.03	29.29	49.40	0.48	1.14	5.03	8.54	5.16
Median	4.28	28.05	46.75	(1.72)	(1.01)	3.51	7.44	4.25
75th Percentile	3.42	25.85	42.01	(4.39)	(2.71)	2.56	6.03	3.05
90th Percentile	2.93	24.16	39.59	(6.41)	(4.05)	1.01	5.12	2.12
McKinley Capital	● A 5.56	28.11	40.44	(4.66)	(1.82)	3.00	6.95	4.19
Russell 1000 Growth	■ B 4.65	28.74	49.75	(0.80)	(0.78)	3.42	6.77	2.08
Russell 1000 Index	▲ 5.70	30.13	51.60	(3.26)	(3.98)	2.31	7.31	3.62



# Quantitative Mgmt. Associates Large Cap Value

## Performance vs CAI Large Cap Value Style (Gross)



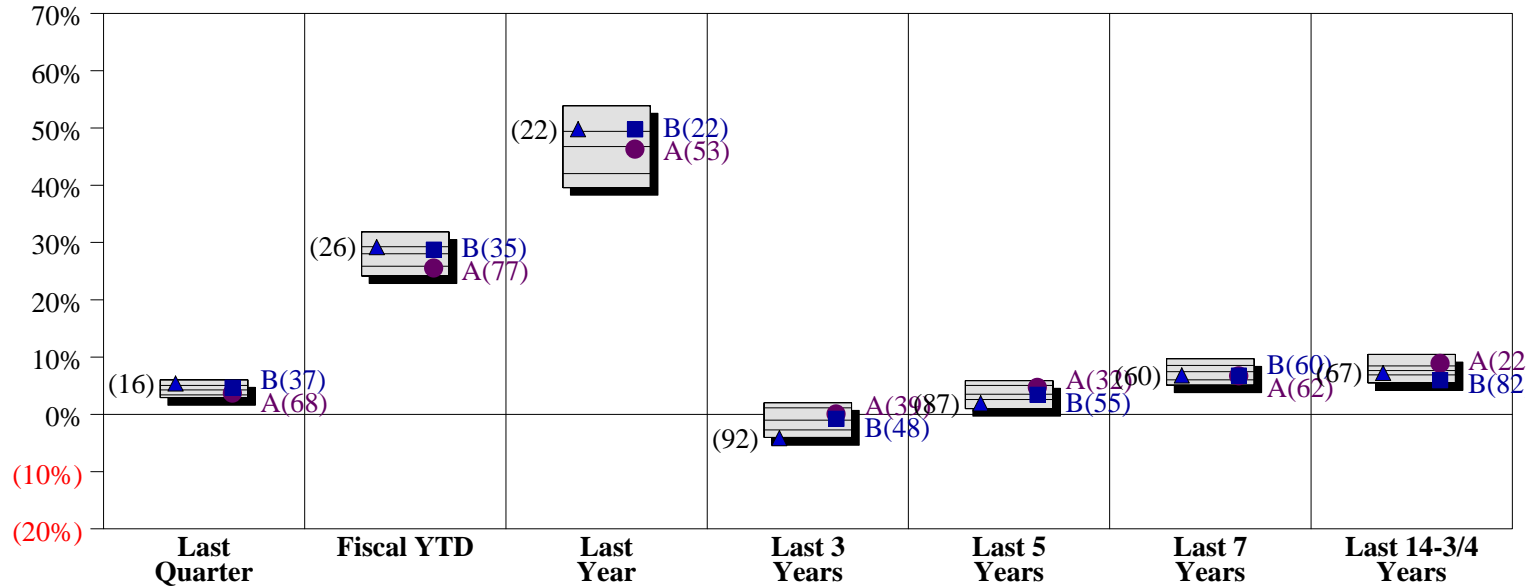
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	7.81	35.79	63.37	(0.98)	(5.16)
25th Percentile	7.05	32.88	55.66	(3.25)	(7.37)
Median	6.47	30.40	52.06	(4.45)	(8.46)
75th Percentile	5.72	28.40	47.56	(6.20)	(9.71)
90th Percentile	4.47	26.04	45.00	(7.28)	(11.67)

	Quantitative Mgmt Assoc	Russell 1000 Value	S&P 500 Index	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-3/4 Years
Quantitative Mgmt Assoc	● A			6.43	32.62	53.83	(3.27)	(7.57)
Russell 1000 Value	■ B			6.78	31.58	53.56	(5.97)	(9.56)
S&P 500 Index	▲			5.39	29.19	49.77	(3.71)	(6.63)



# RCM Large Cap Growth

## Performance vs CAI Large Cap Growth Style (Gross)

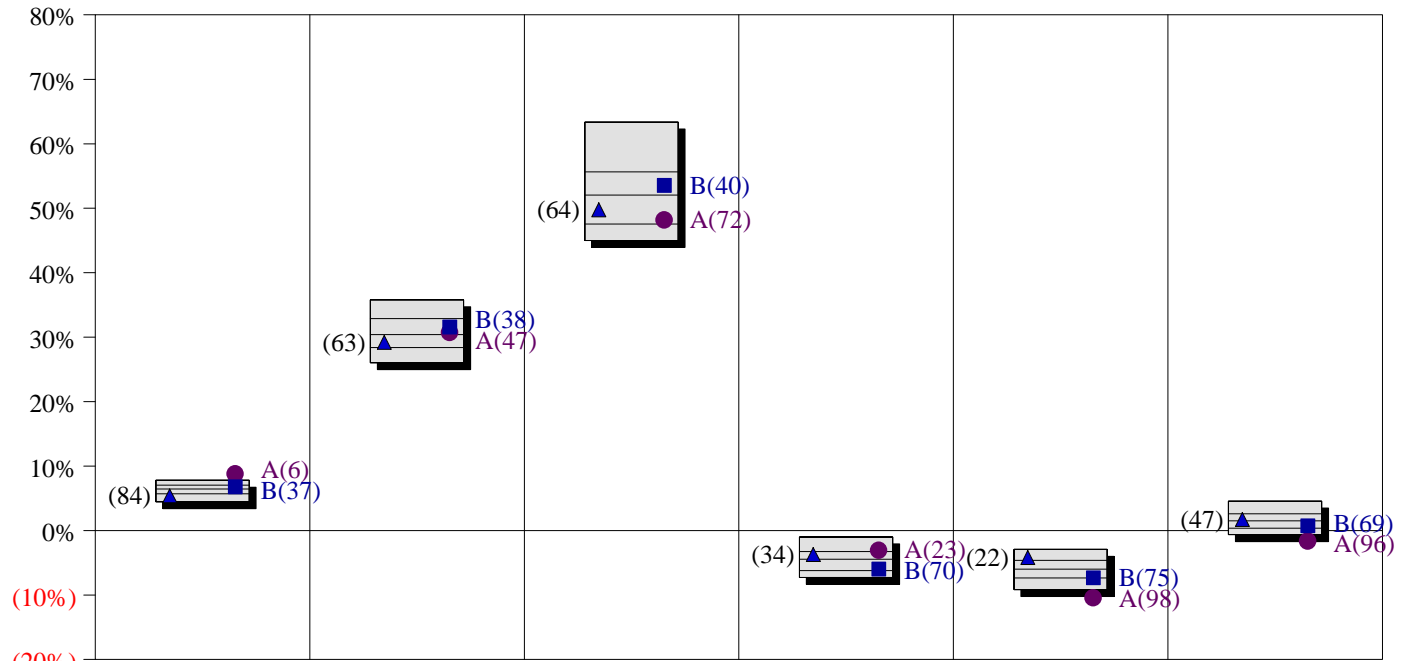


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 14-3/4 Years
10th Percentile	6.02	31.85	53.87	2.04	5.89	9.71	10.46
25th Percentile	5.03	29.29	49.40	1.14	5.03	8.54	8.45
Median	4.28	28.05	46.75	(1.01)	3.51	7.44	7.66
75th Percentile	3.42	25.85	42.01	(2.71)	2.56	6.03	6.90
90th Percentile	2.93	24.16	39.59	(4.05)	1.01	5.12	5.51
RCM ● A	3.66	25.52	46.26	0.04	4.67	6.66	8.87
Russell 1000 Growth ■ B	4.65	28.74	49.75	(0.78)	3.42	6.77	5.99
S&P 500 Index ▲	5.39	29.19	49.77	(4.17)	1.92	6.80	7.22



# Relational – Compared to Large Cap Value

## Performance vs CAI Large Cap Value Style (Gross)

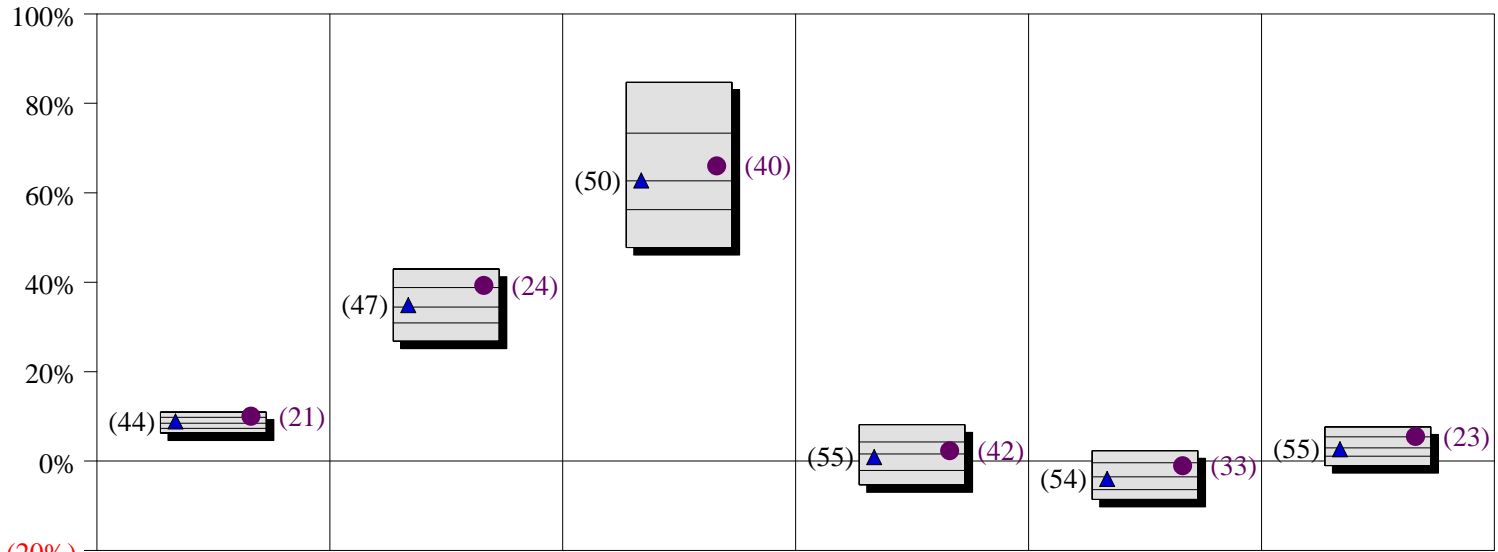


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	7.81	35.79	63.37	(0.98)	(2.91)	4.56
25th Percentile	7.05	32.88	55.66	(3.25)	(4.62)	2.61
Median	6.47	30.40	52.06	(4.45)	(5.97)	1.52
75th Percentile	5.72	28.40	47.56	(6.20)	(7.35)	0.38
90th Percentile	4.47	26.04	45.00	(7.28)	(9.15)	(0.63)
Relational Investors						
Russell 1000 Value Index						
A	8.79	30.72	48.15	(3.07)	(10.45)	(1.64)
B	6.78	31.58	53.56	(5.97)	(7.33)	0.75
S&P 500 Index	5.39	29.19	49.77	(3.71)	(4.17)	1.73



# Jennison Associates – Small Cap

## Performance vs CAI Small Capitalization Style (Gross)



(20%)

**Last  
Quarter**

**Fiscal YTD**

**Last  
Year**

**Last 2  
Years**

**Last 3  
Years**

**Last 4-3/4  
Years**

10th Percentile  
25th Percentile  
Median  
75th Percentile  
90th Percentile

10.97  
9.78  
8.48  
7.32  
6.26

42.95  
38.81  
34.44  
30.93  
26.81

84.72  
73.31  
62.68  
56.22  
47.75

8.13  
4.27  
1.59  
(2.09)  
(5.29)

2.33  
(0.40)  
(3.52)  
(6.38)  
(8.57)

7.63  
5.40  
2.95  
1.10  
(1.00)

**Jennison Associates** ●

9.98

39.24

65.96

2.29

(1.09)

5.46

Russell 2000 Index ▲

8.85

34.87

62.76

0.86

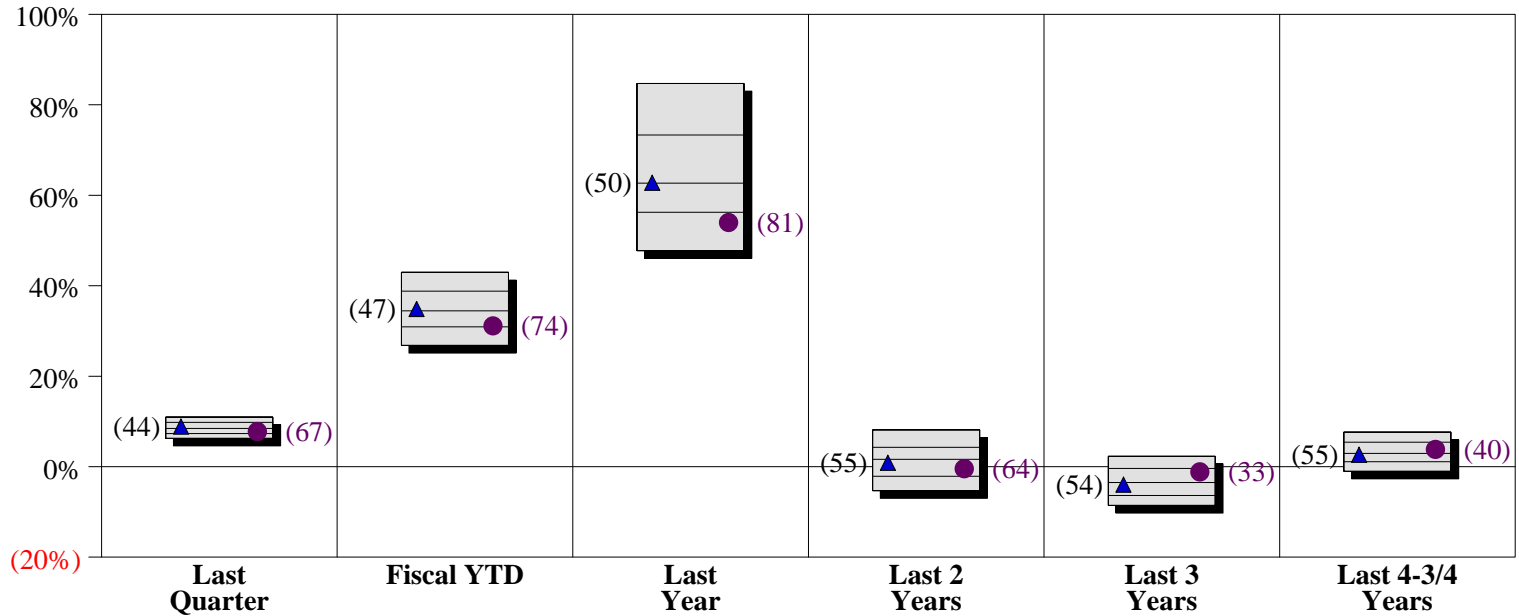
(3.99)

2.62



# Lord Abbett – Small Cap

## Performance vs CAI Small Capitalization Style (Gross)

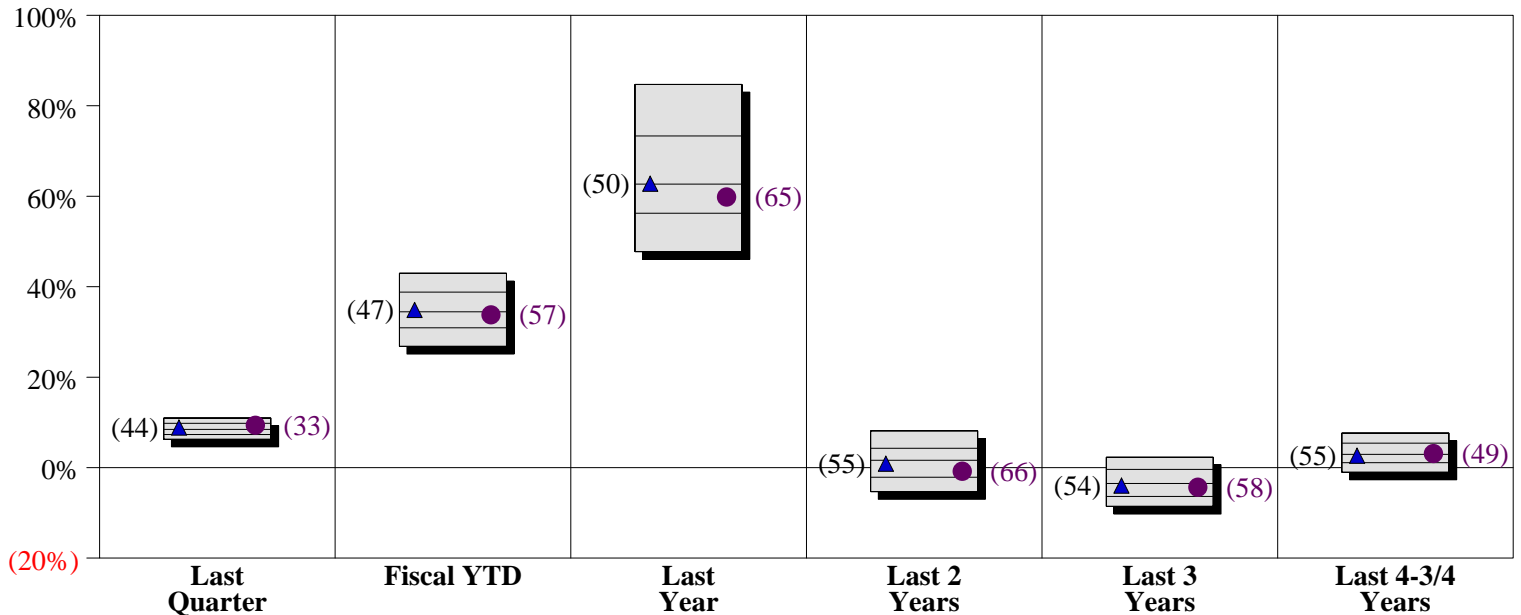


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	10.97	42.95	84.72	8.13	2.33	7.63
25th Percentile	9.78	38.81	73.31	4.27	(0.40)	5.40
Median	8.48	34.44	62.68	1.59	(3.52)	2.95
75th Percentile	7.32	30.93	56.22	(2.09)	(6.38)	1.10
90th Percentile	6.26	26.81	47.75	(5.29)	(8.57)	(1.00)
<b>Lord, Abbett</b> ●	7.71	31.08	53.90	(0.50)	(1.21)	3.77
Russell 2000 Index ▲	8.85	34.87	62.76	0.86	(3.99)	2.62



# Luther King - Small Cap

## Performance vs CAI Small Capitalization Style (Gross)



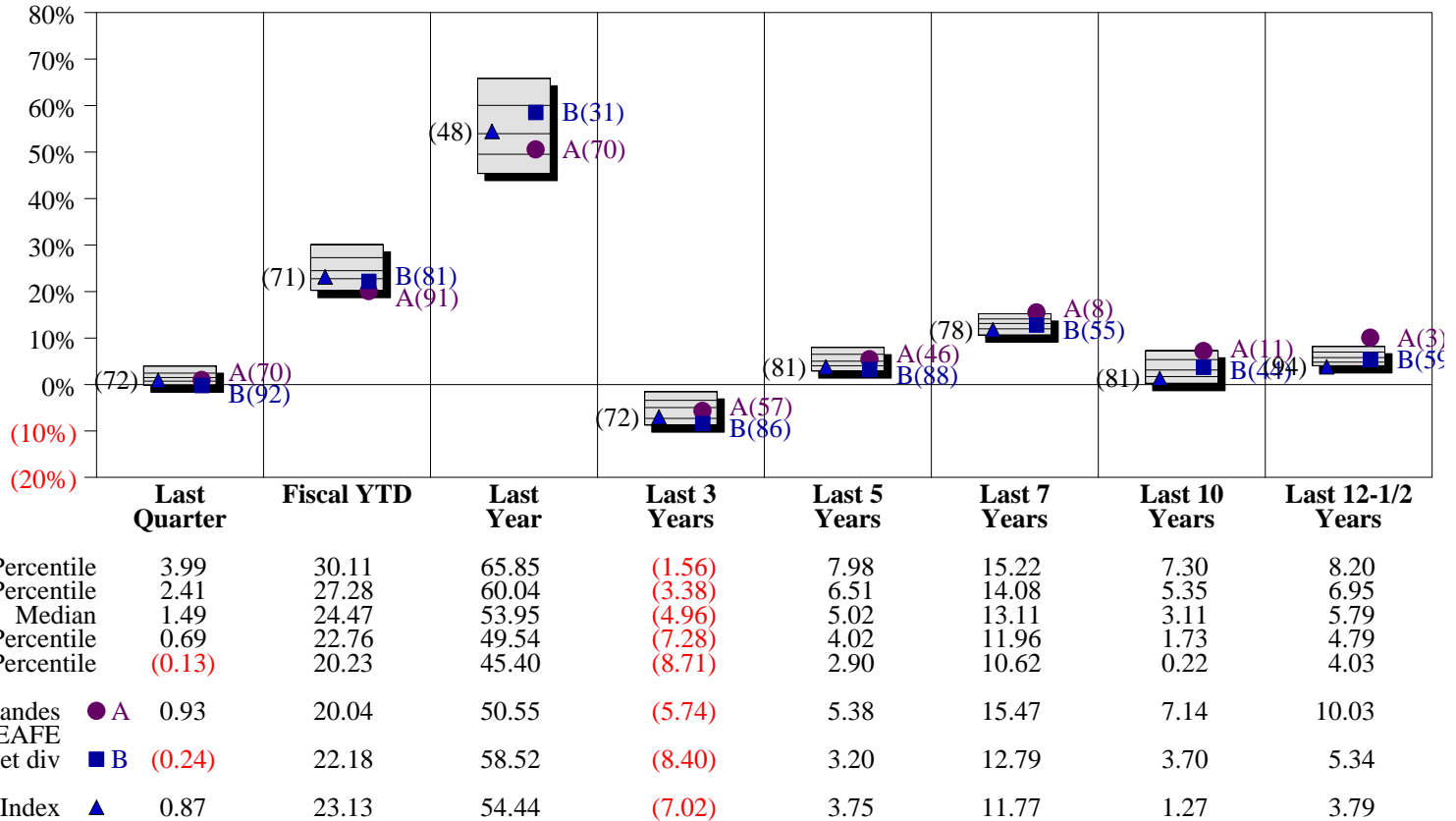
(20%)

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	10.97	42.95	84.72	8.13	2.33	7.63
25th Percentile	9.78	38.81	73.31	4.27	(0.40)	5.40
Median	8.48	34.44	62.68	1.59	(3.52)	2.95
75th Percentile	7.32	30.93	56.22	(2.09)	(6.38)	1.10
90th Percentile	6.26	26.81	47.75	(5.29)	(8.57)	(1.00)
<b>Luther King</b> ●	9.30	33.71	59.79	(0.83)	(4.37)	3.06
Russell 2000 Index ▲	8.85	34.87	62.76	0.86	(3.99)	2.62



# International Equity – Brandes Inv.

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

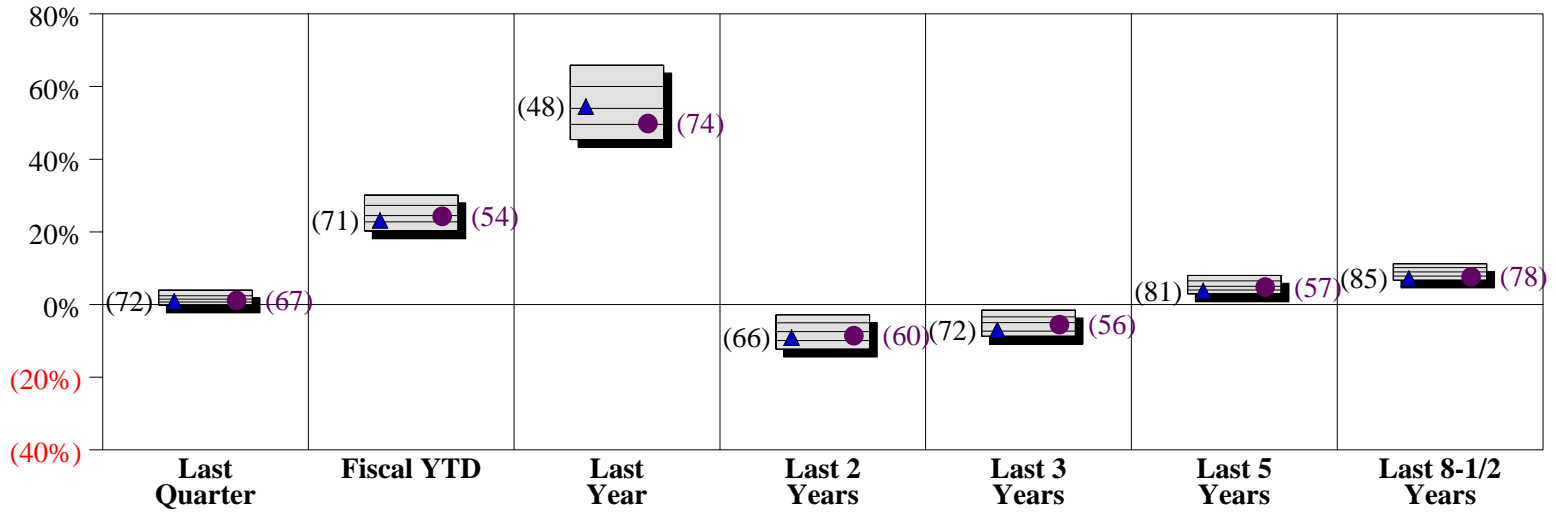






# International – Capital Guardian

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

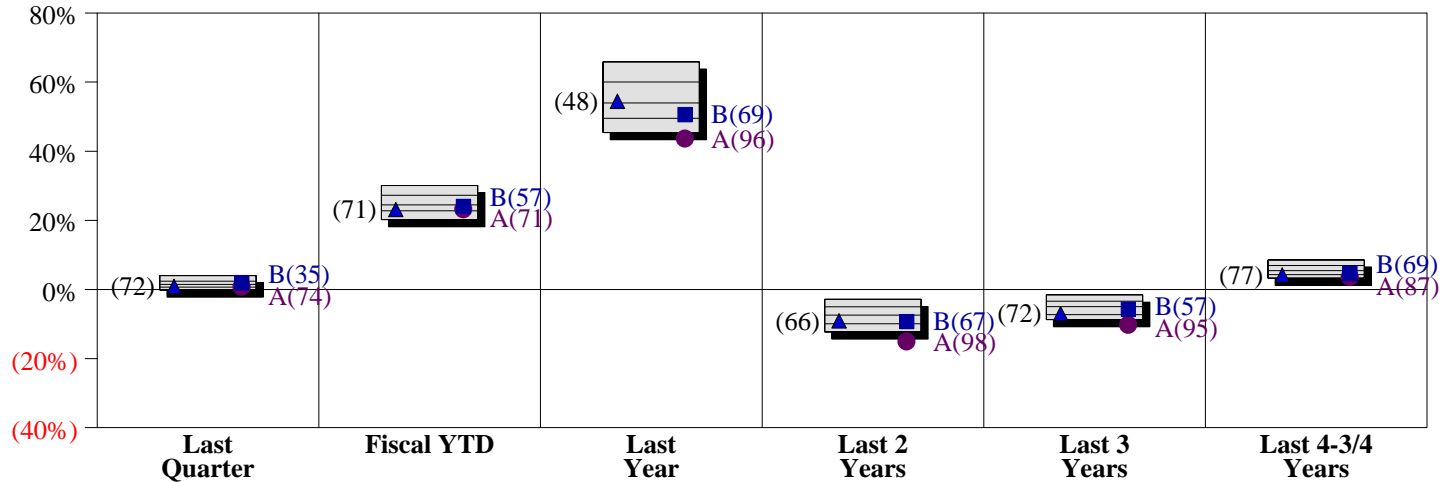


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-1/2 Years
10th Percentile	3.99	30.11	65.85	(2.83)	(1.56)	7.98	11.23
25th Percentile	2.41	27.28	60.04	(5.02)	(3.38)	6.51	10.15
Median	1.49	24.47	53.95	(7.44)	(4.96)	5.02	8.99
75th Percentile	0.69	22.76	49.54	(9.92)	(7.28)	4.02	7.82
90th Percentile	(0.13)	20.23	45.40	(12.28)	(8.71)	2.90	6.70
<b>Capital Guardian</b> ●	1.03	24.21	49.76	(8.61)	(5.62)	4.76	7.61
MSCI EAFE Index ▲	0.87	23.13	54.44	(9.11)	(7.02)	3.75	7.15



# International – McKinley Capital

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

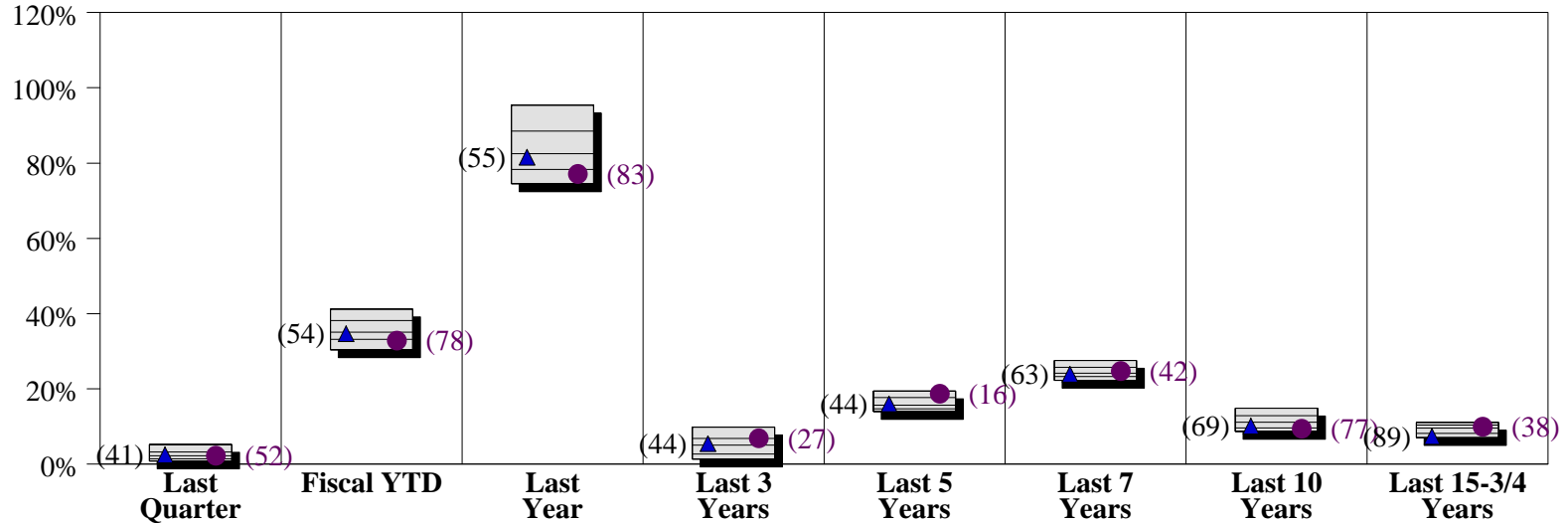


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years	
10th Percentile	3.99	30.11	65.85	(2.83)	(1.56)	8.57	
25th Percentile	2.41	27.28	60.04	(5.02)	(3.38)	6.95	
Median	1.49	24.47	53.95	(7.44)	(4.96)	5.46	
75th Percentile	0.69	22.76	49.54	(9.92)	(7.28)	4.31	
90th Percentile	(0.13)	20.23	45.40	(12.28)	(8.71)	3.25	
McKinley Capital	● A	0.73	23.18	43.58	(15.07)	(10.24)	3.55
MSCI EAFE Growth	■ B	1.96	24.03	50.61	(9.28)	(5.70)	4.65
MSCI EAFE Index	▲	0.87	23.13	54.44	(9.11)	(7.02)	4.17



# Capital Emerging Market

## Performance vs CAI Emerging Markets Equity DB (Gross)



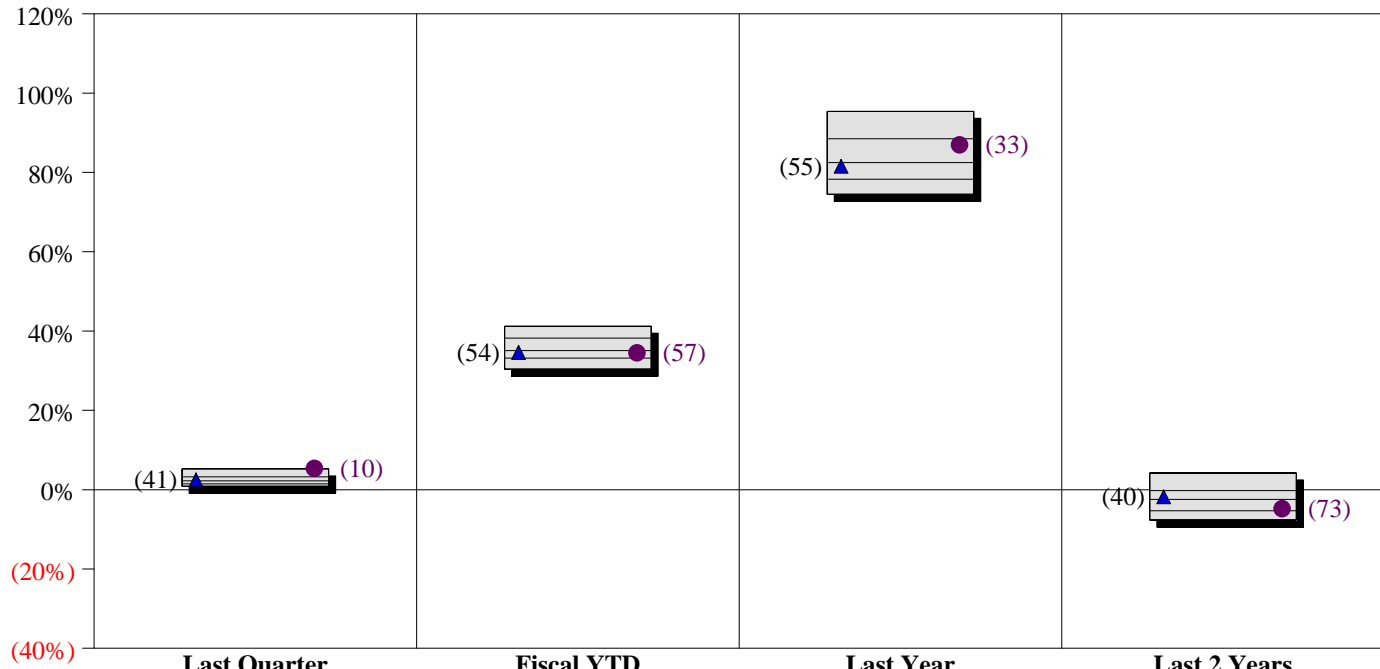
10th Percentile	5.24	41.21	95.37	9.85	19.43	27.59	14.88	11.11
25th Percentile	3.23	38.18	88.51	6.84	17.71	25.76	12.87	10.39
Median	2.24	35.07	82.50	5.10	15.67	24.14	11.13	9.59
75th Percentile	1.43	33.14	78.29	2.74	14.69	23.27	9.67	8.21
90th Percentile	0.82	30.37	74.49	1.36	14.01	22.27	8.70	7.04

<b>Capital Guardian</b>	●	2.21	32.80	77.06	6.80	18.68	24.67	9.37	9.89
MSCI Emerging Mkts Idx	▲	2.45	34.64	81.55	5.46	16.00	23.88	10.11	7.37



# Eaton Vance

## Performance vs CAI Emerging Markets Equity DB (Gross)

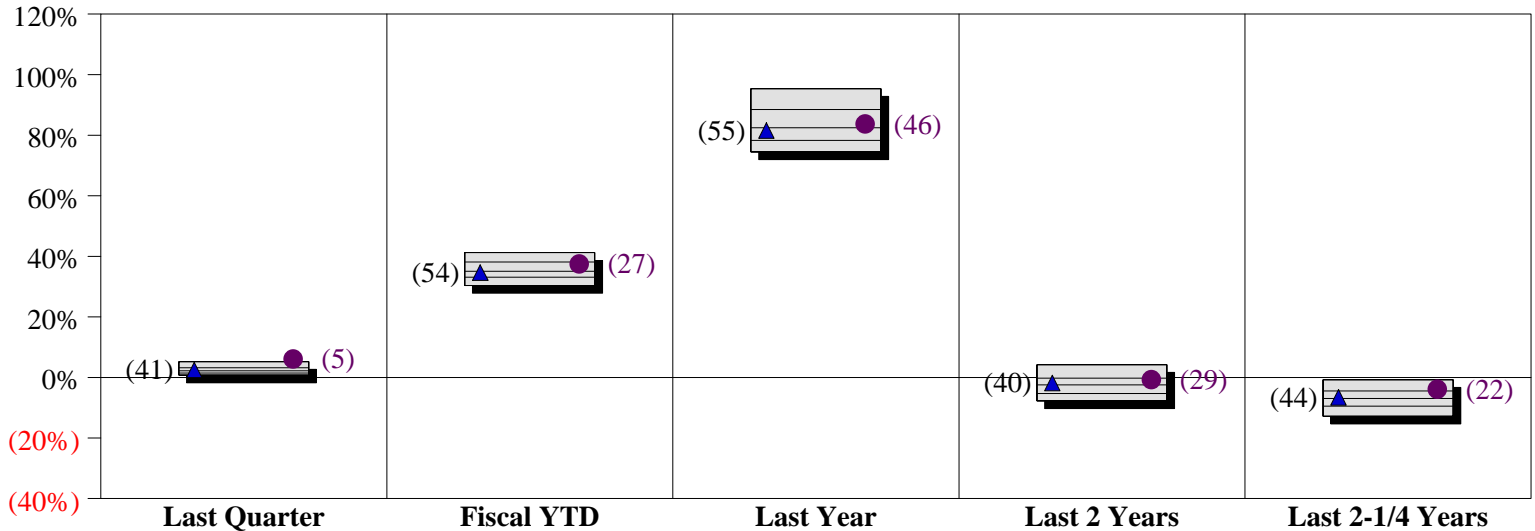


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years
10th Percentile	5.24	41.21	95.37	4.23
25th Percentile	3.23	38.18	88.51	(0.21)
Median	2.24	35.07	82.50	(2.46)
75th Percentile	1.43	33.14	78.29	(5.29)
90th Percentile	0.82	30.37	74.49	(7.69)
<b>Eaton Vance</b> ●	5.32	34.47	86.89	(4.85)
MSCI Emerging Mkts Idx ▲	2.45	34.64	81.55	(1.82)



# Lazard - EM

## Performance vs CAI Emerging Markets Equity DB (Gross)

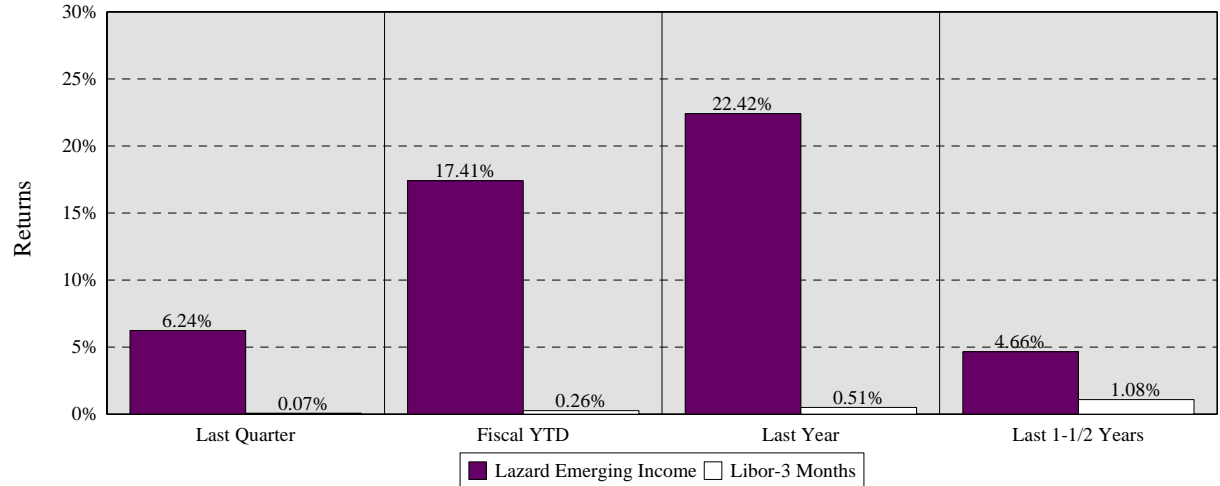
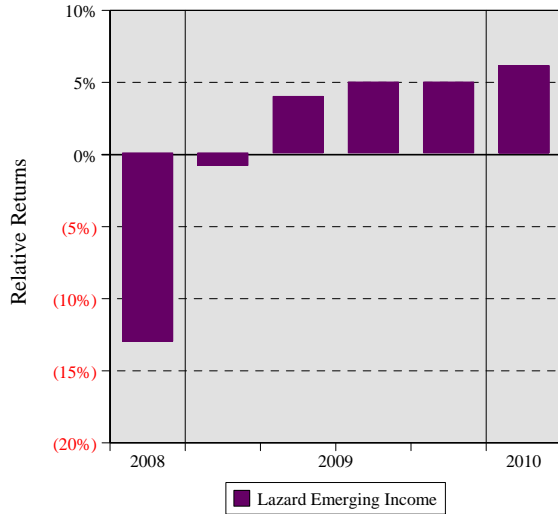


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	5.24	41.21	95.37	4.23	(0.72)
25th Percentile	3.23	38.18	88.51	(0.21)	(4.45)
Median	2.24	35.07	82.50	(2.46)	(6.91)
75th Percentile	1.43	33.14	78.29	(5.29)	(9.49)
90th Percentile	0.82	30.37	74.49	(7.69)	(12.79)
<b>Lazard Emerging</b> ●	6.05	37.46	83.65	(0.76)	(3.93)
MSCI Emerging Mkts Idx ▲	2.45	34.64	81.55	(1.82)	(6.55)

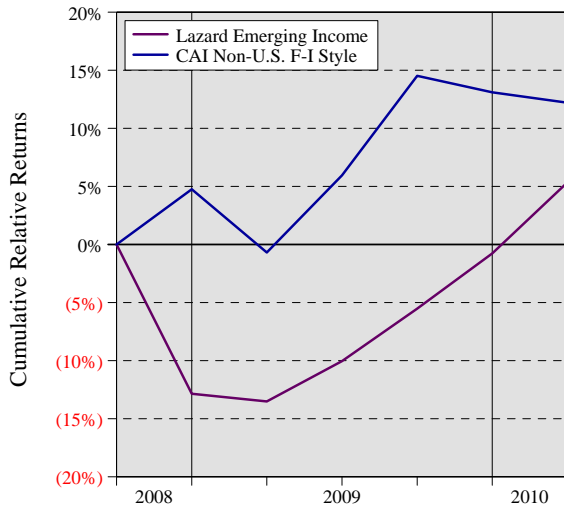


# Lazard – EM Debt

Relative Return vs Libor-3 Months



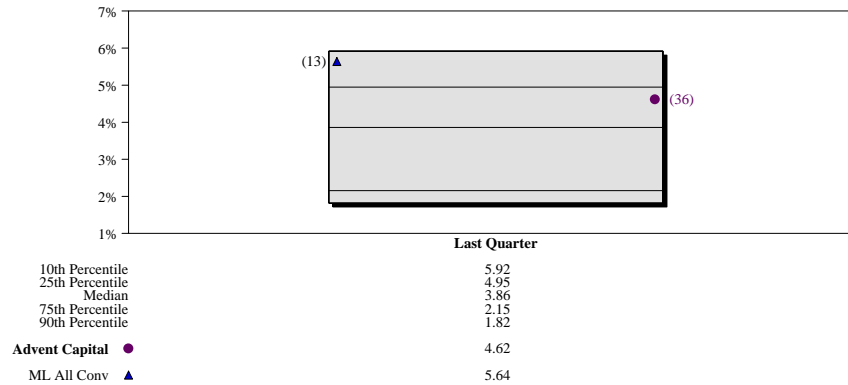
Cumulative Returns vs Libor-3 Months





# Advent Capital – Convertible Bond

Performance vs CAI Convertible Bonds Database (Gross)



**Callan Associates Inc.  
Investment Measurement Service  
Quarterly Review**

**Alaska Retirement Management Board  
Executive Summary  
with Preliminary Real Estate  
March 31, 2010**

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The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2010 by Callan Associates Inc.





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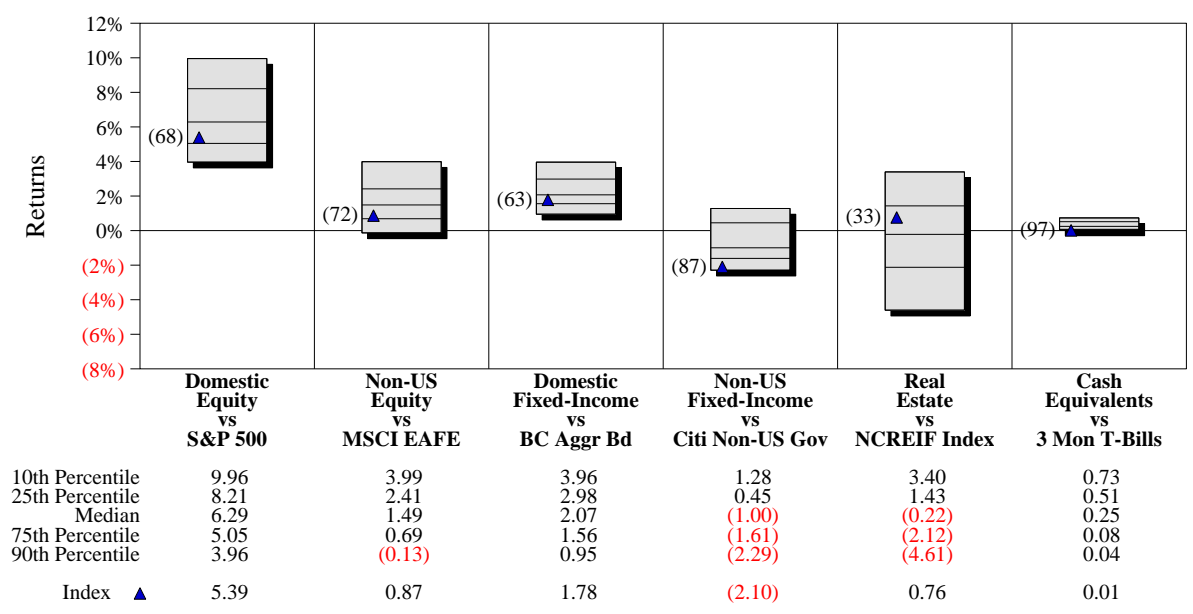
## MARKET OVERVIEW

### ACTIVE MANAGEMENT VS INDEX RETURNS

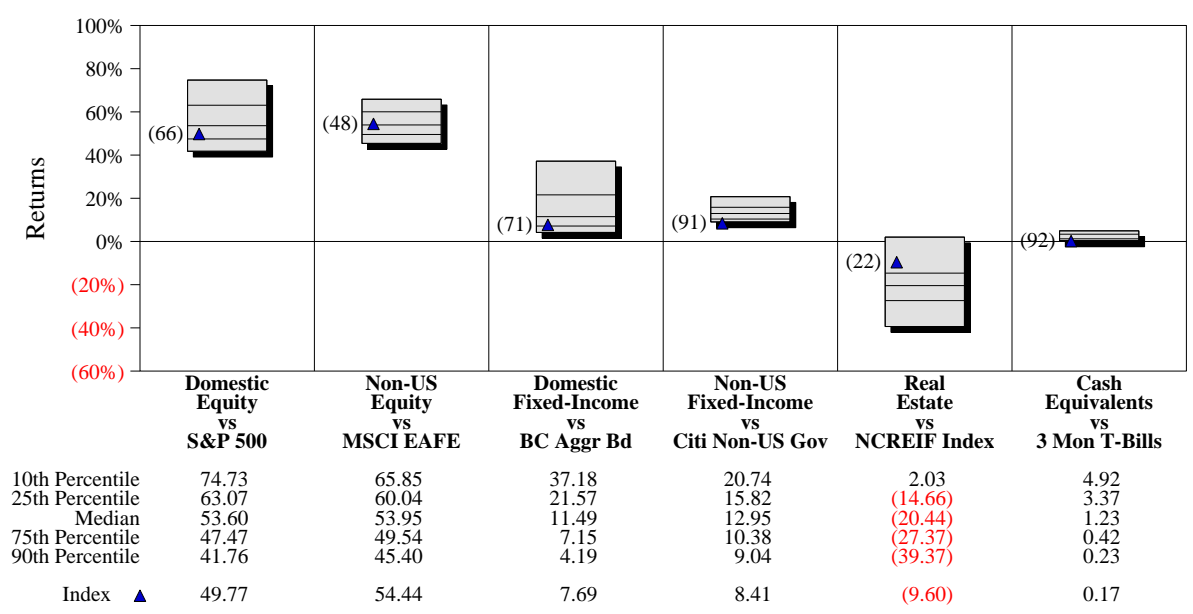
#### Market Overview

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

#### Range of Separate Account Manager Returns by Asset Class One Quarter Ended March 31, 2010



#### Range of Separate Account Manager Returns by Asset Class One Year Ended March 31, 2010



## DOMESTIC EQUITY Active Management Overview

### Active vs. the Index

For the fourth consecutive quarter, the S&P 500, the Dow and the NASDAQ all generated positive returns helped by strong corporate earnings and the return of investors risk appetite. The Dow stayed well above the 10,000 threshold and inched towards the 11,000 mark. As more firms report strong earnings, consumers and economists alike seem to be gaining confidence that this rally is maintainable and not an aberration. All style groups finished the quarter with solid, positive returns yet not all groups were able to outperform their benchmarks. The median Large Cap Core manager returned 5.26%, which underperformed the S&P 500 by 13 basis points. The median Small Cap Broad manager returned a healthy 8.48% for the quarter but underperformed the S&P 600 index by 13 basis points. For the year ended March 31, 2010, all style groups saw phenomenal returns but again, the median manager lagged its benchmark with Large Cap Core behind the S&P 500 by 195 basis points and Small Cap Broad lagging the S&P 600 by 132 basis points.

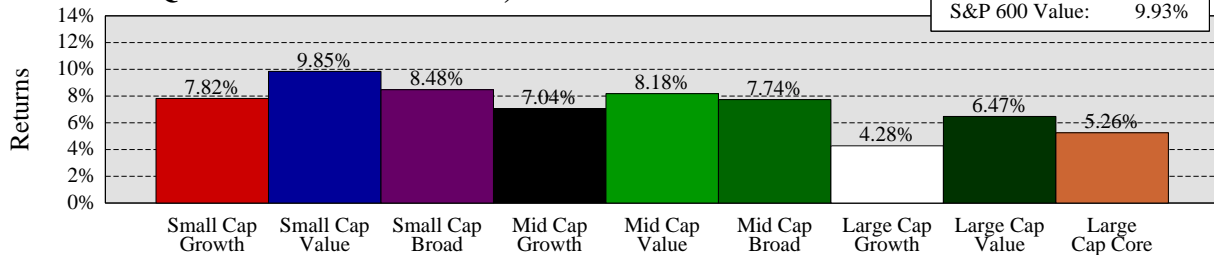
### Large Cap vs. Small Cap

Small Cap outperformed Large Cap in all categories for the first quarter of 2010 by a significant margin. The median Small Cap Broad Manager returned 8.48% for the quarter versus the median Large Cap Core manager which yielded a return of 5.26%. The indexes had a similar result with the S&P 600 returning 8.61% versus a return of 5.39% for the S&P 500. Although Small Cap managers fared better than their Large Cap counterparts, many of the largest companies reported very strong earnings this quarter including UPS, Intel and JP Morgan. For the year, Small Cap outperformed Large Cap across the board with the best performer being Small Cap Value which returned 72.13%. The median Large Cap Growth manager returned 46.75% which lagged all other style groups but outperformed the S&P 500 Growth by 131 basis points.

### Growth vs. Value

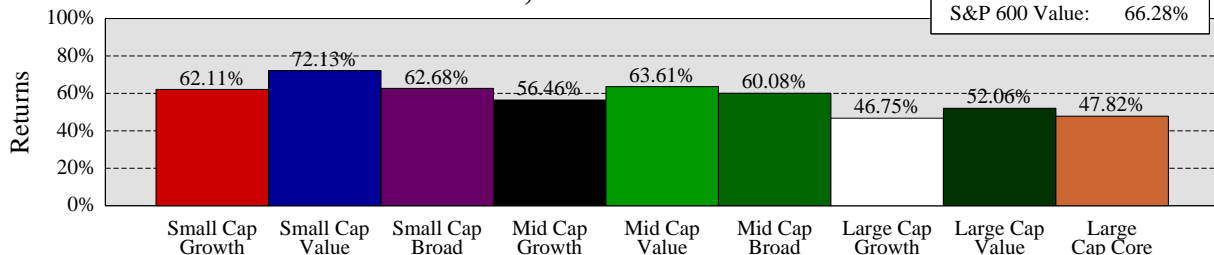
Reversing the trend from last quarter, Value managers were able to outperform Growth Managers while both Value and Growth were able to sustain their huge comebacks from the market lows of the first quarter of 2009. Large Cap Value outperformed Large Cap Growth 6.47% to 4.28%, while Small Cap Value returned 9.85% compared to Small Cap Growth's return of 7.82%. For the year ended March 31, 2010 all median Value managers outperformed the median Growth managers across all market capitalizations. The median Small Cap Value fund returned 72.13% compared to the median Small Cap Growth fund's return of 62.11%. For Large Cap, Value also bested growth as the median Value manager returned 52.06% compared with the median Growth manager which returned 46.75%. These numbers show that the Value managers who bought into other investors panic have been handsomely rewarded for their patience and persistence.

### Separate Account Style Group Median Returns for Quarter Ended March 31, 2010



S&P 500:	5.39%
S&P 500 Growth:	3.71%
S&P 500 Value:	7.09%
S&P Mid Cap:	9.09%
S&P 600:	8.61%
S&P 600 Growth:	7.30%
S&P 600 Value:	9.93%

### Separate Account Style Group Median Returns for One Year Ended March 31, 2010



S&P 500:	49.77%
S&P 500 Growth:	45.44%
S&P 500 Value:	54.68%
S&P Mid Cap:	64.07%
S&P 600:	64.00%
S&P 600 Growth:	61.74%
S&P 600 Value:	66.28%



## DOMESTIC FIXED-INCOME Active Management Overview

### Active vs. the Index

Macroeconomic data shows that there has been positive momentum during the first quarter of 2010 and prospects for a continued recovery remain optimistic. However, uncertainty stemming from high unemployment and economic slack still linger. For the three months ended March 31, 2010, the median Core Bond fund generated a return of 2.22%, 44 basis points higher than the Barclays Capital Aggregate index's return of 1.78%. For one year ended March 31, 2010, the median Core Bond fund generated an outstanding return of 12.72%, while the Barclays Capital Aggregate index returned 7.69%.

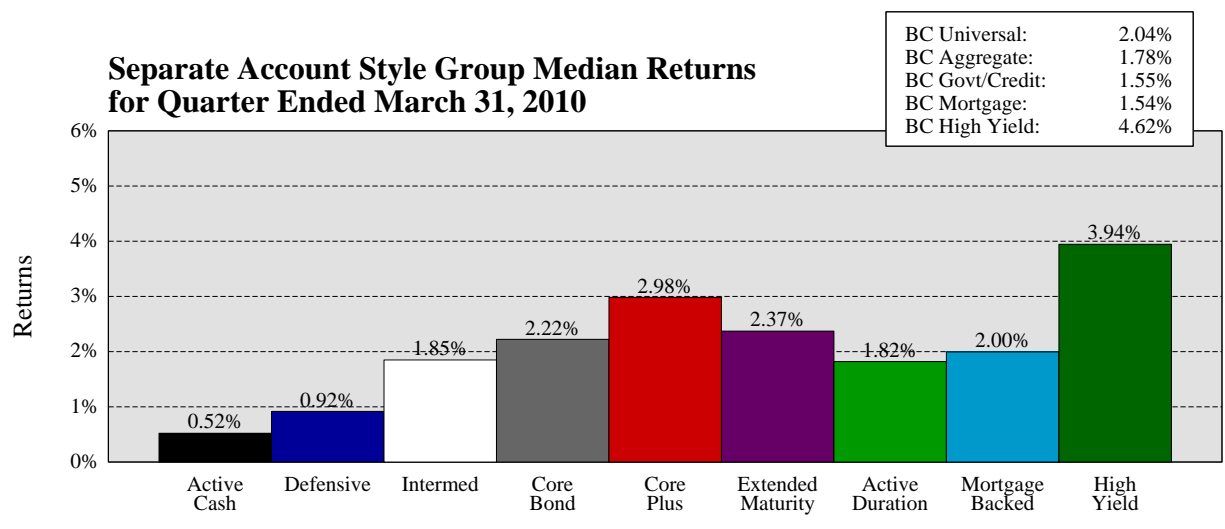
### Short vs. Long Duration

As the equity market continues to strengthen, with the Dow Jones nearing the 11,000 threshold, demand for Treasuries has declined, leading to lower yields. For the quarter, the median Extended Maturity fund outpaced the median Intermediate fund with returns of 2.37% and 1.85%, respectively. For the year ended March 31, 2010, the median Intermediate fund lagged the median Extended Maturity fund returning 9.29% compared to 15.87%.

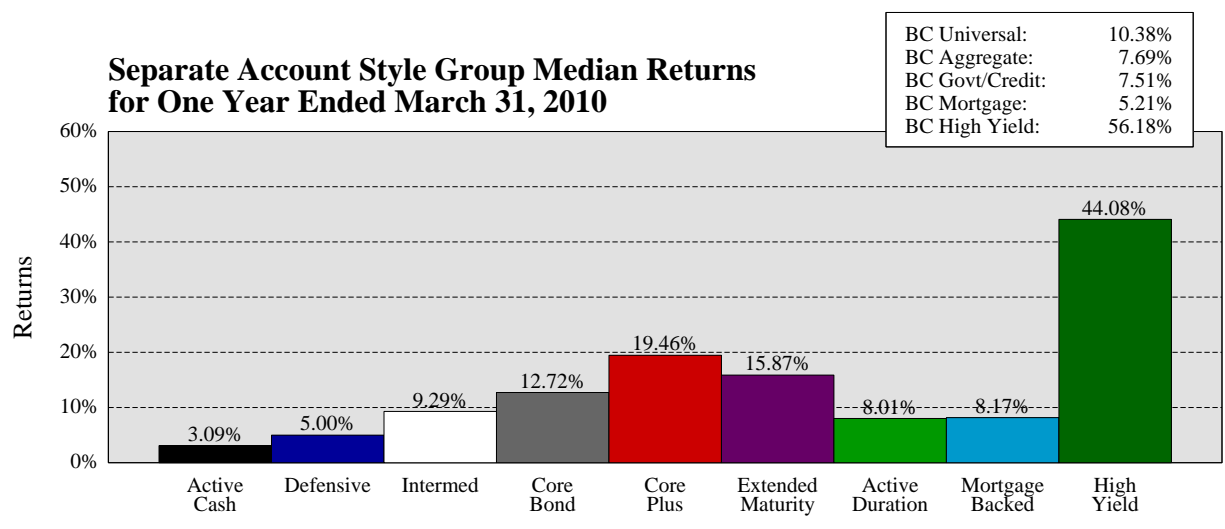
### Mortgages and High Yield

In the first quarter 2010, the FOMC continued to follow its plan to wind down support for mortgage lending and the housing markets by completing the purchase of agency MBS and agency debt. During this time, the median Mortgage Backed fund outperformed its benchmark, the Barclays Mortgage Index, by 46 basis points, with a return of 2.00%. For one year ended March 31, 2010, the median Mortgage Backed fund returned 8.17%, again beating the Barclays Mortgage Index, which returned 5.21%. The median High Yield fund returned 3.94% for the quarter, lower than its benchmark by 68 basis points. For the twelve months ended March 31, 2010, the median High Yield fund returned 44.08%, underperforming the Barclays Capital High Yield index which returned 56.18%.

### Separate Account Style Group Median Returns for Quarter Ended March 31, 2010



### Separate Account Style Group Median Returns for One Year Ended March 31, 2010





## INTERNATIONAL EQUITY Active Management Overview

### Active vs. the Index

During the quarter ended March 31, 2010, the median Core International fund outperformed the MSCI EAFE index by a margin of 48 basis points, with a return of 1.35%. For the one year ended March 31, 2010, the median Core International fund posted a whopping gain of 53.50%, slightly underperforming the MSCI EAFE index's return of 54.44%.

### Europe

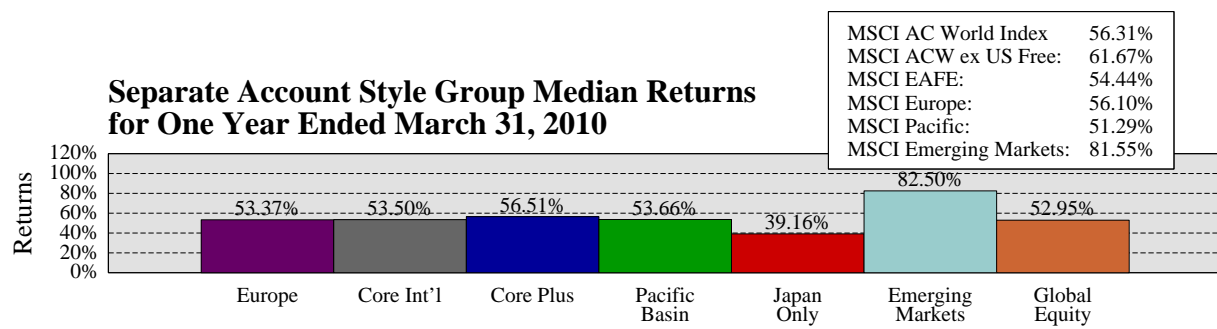
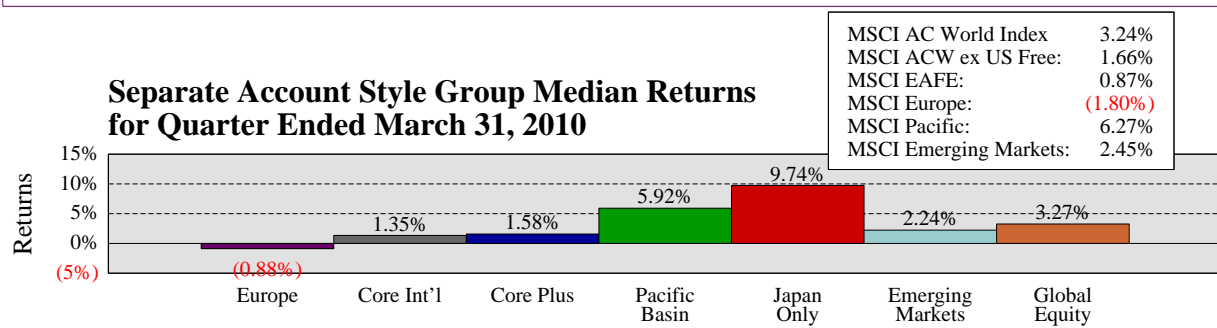
Greece's financial crisis fueled concerns about the sovereign debt positions of other countries in the 'olive belt' such as Portugal and Spain, as well as Ireland, as they all continued their struggle with mounting budget deficits. News of a proposed rescue package for Greece from Eurozone members and the IMF calmed the anxiety of many investors. Retail and trade data in the U.K. failed to show the full benefits of a declining pound, while the Bank of England ended its easing program. Economic growth remained muted while inflation was quiescent in the Eurozone. The euro declined nearly 6% versus the dollar. The MSCI Europe index trailed the median Europe fund by 92 basis points during the first quarter. For the year ended March 31, 2010, the median Europe fund posted a return of 53.37%, but underperformed the MSCI Europe index which gained 56.10%.

### Pacific

In Japan, the interest rates remained ultra low while deflation was pronounced. The Bank of Japan doubled a lending program for commercial banks in March. Companies continued to cut costs while a weakened yen gave them positive exposure to the growth of neighboring developing economies. The Reserve Bank of Australia increased its key benchmark rate by 25 basis points. Overall, due to a comparatively healthier banking system and modest indebtedness, Asian economies continued their recovery at a faster pace than the developing world. Capital flowed increasingly into Asia due to the feverish pace of merger and acquisition activity and fresh issues of equity. The median Pacific Basin fund underperformed the MSCI Pacific index in the first quarter posting a return of 5.92% return versus the index's 6.27% return. For the twelve months ended March 31, 2010, the former outperformed the latter by a margin of 2.37%. The median Japan Only fund returned 9.74% for the first quarter of 2010 and 39.16% for the year ended March 31, 2010.

### Emerging Markets

The People's Bank of China jumpstarted the quarter with 2 increases in the banking reserve requirements in order to rein in excess credit growth and property price inflation. China faced building pressure due to being labeled a 'currency manipulator' by the U.S. In India, Australia, Malaysia and Vietnam, the central banks also began raising interest rates to calm fears of inflation. In Brazil, the central bank began stiffening its reserve requirements and signaled it might raise rates to stem inflation. Russian mining and bank stocks propelled a gain in the equity market. The median Emerging Markets fund posted a return of 2.24% during the first quarter, underperforming the MSCI Emerging Markets index by 21 basis points. For the year ended March 31, 2010, the median Emerging Markets fund bested the MSCI Emerging Markets index's return by 0.95% with returns of 82.50% and 81.55%, respectively.





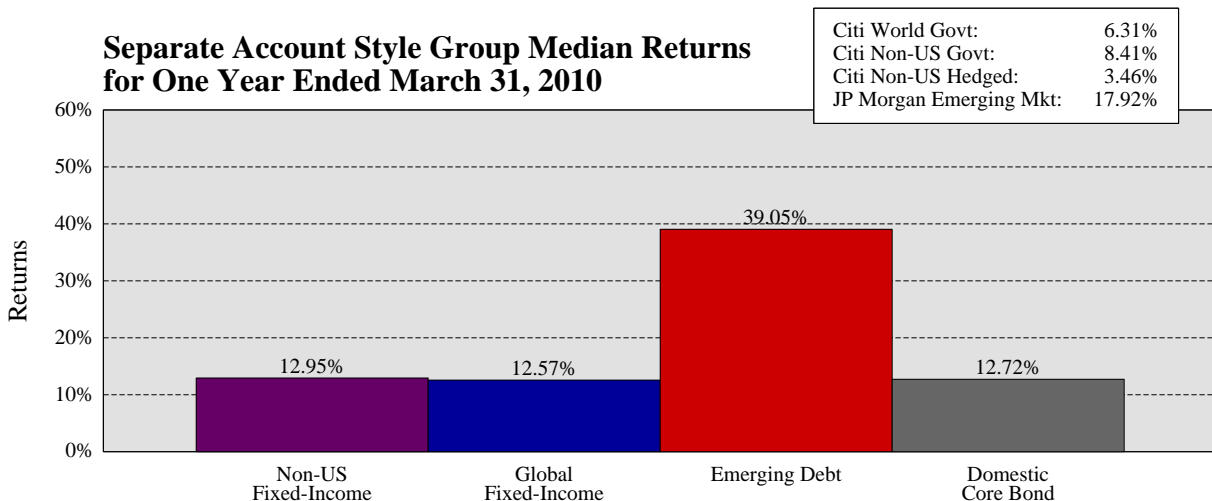
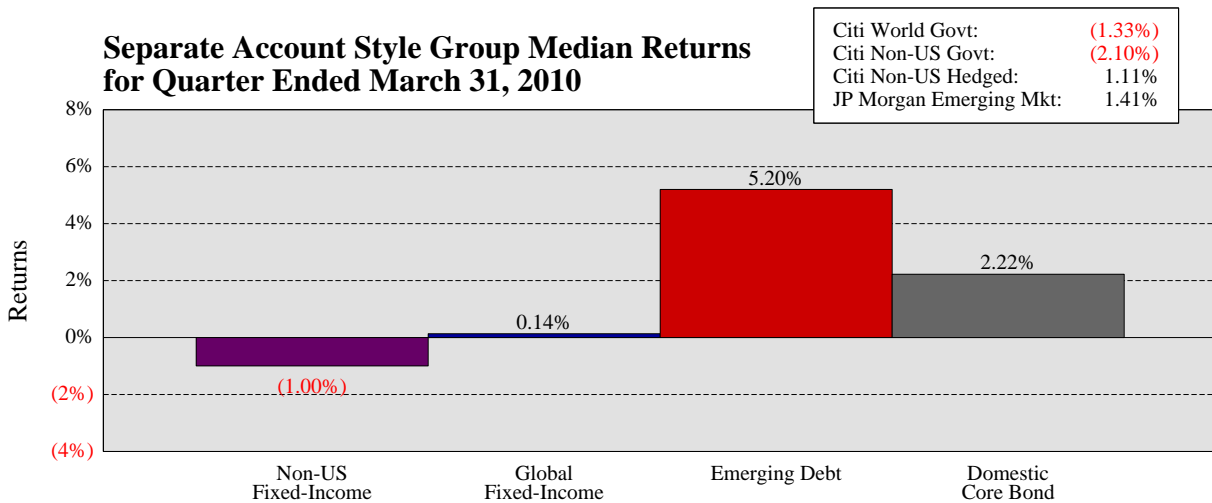
## INTERNATIONAL FIXED-INCOME Active Management Overview

### Active vs. the Index

The Global Fixed Income markets continued their rally into the first quarter of 2010, as the unwinding of coordinated policies between the world's largest central banks have proven to be aiding in the recovery. Following the fourth quarter, Emerging Markets are leading the global recovery with all sectors boasting positive returns for the first quarter of 2010. The European Central Bank and the Bank of Japan have stated that they will maintain current interest rates of 1.2% and 0.1%, respectively. However, the Bank of Japan and the ECB believe, as published in their most recent press releases, that there is not yet sufficient momentum to support a self-sustaining recovery and that growth will remain moderate given the current uncertainty in the markets. In the first quarter of 2010, the median Non-U.S. Fixed Income manager lost 1.00%, outpacing the Citi Non-US Gov't index by 110 basis points. The median Global manager gained 0.14% beating the Citi World Gov't index by 147 basis points. For the year ended March 31, 2010, the median Non-U.S. Fixed Income manager beat its index by 454 basis points, while the median Global Fixed-Income manager returned 12.57%, outperforming its index by 627 basis points.

### Emerging Markets

Led by Brazil, Latin America surged in the first quarter of 2010. Brazilian officials cited stronger domestic demand, supported by credit expansion and improvement in consumer and business confidence as the reason for their surging market. In Asia, the People's Bank of China reported that the Chinese market performed in a stable manner, with an increase in interest rates and ample liquidity in the market, judged by a decline in bond issuances on the inter-bank market. The median Emerging Debt manager outpaced all other managers with a first quarter return of 5.20%, beating the JP Morgan Emerging Market index's return of 1.41%. For the year ended March 31, 2010, the median Emerging Debt manager gained 39.05% over double its index, which returned 17.92%.

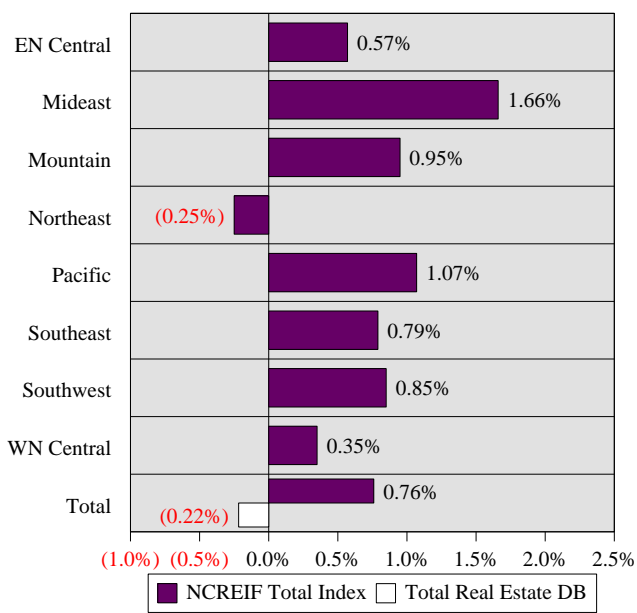




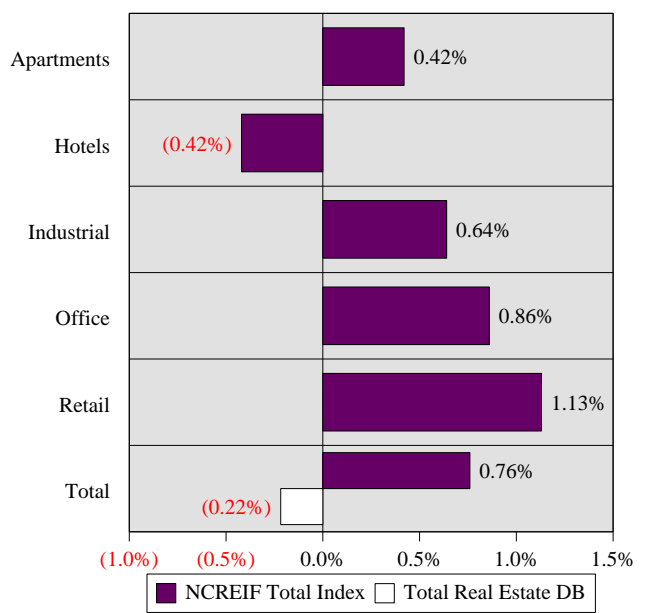
## REAL ESTATE MARKET OVERVIEW

The NCREIF Property Index (+0.76) advanced during the first quarter of 2010, breaking a six-quarter streak of declines. The index recorded appreciation declines totaling -0.90% countered by a +1.66% income return. Retail led sector performance with a +1.13% quarterly return and Hotel (-0.42%) lagged. Regionally, the East (+0.51%) fell behind while the West (+1.05%) led. The index recorded 67 transactions, down from 102 seen the prior quarter and the transaction capitalization rates captured by the index declined to 8.03% from 8.41% seen in the fourth quarter of 2009. The NCREIF Open-End Diversified Core Equity Index (ODCE) advanced 0.75% as redemption queues in select members of the universe were eliminated and contribution queues formed. An income return of +1.70% and a -0.95% appreciation return represent the ODCE return components.

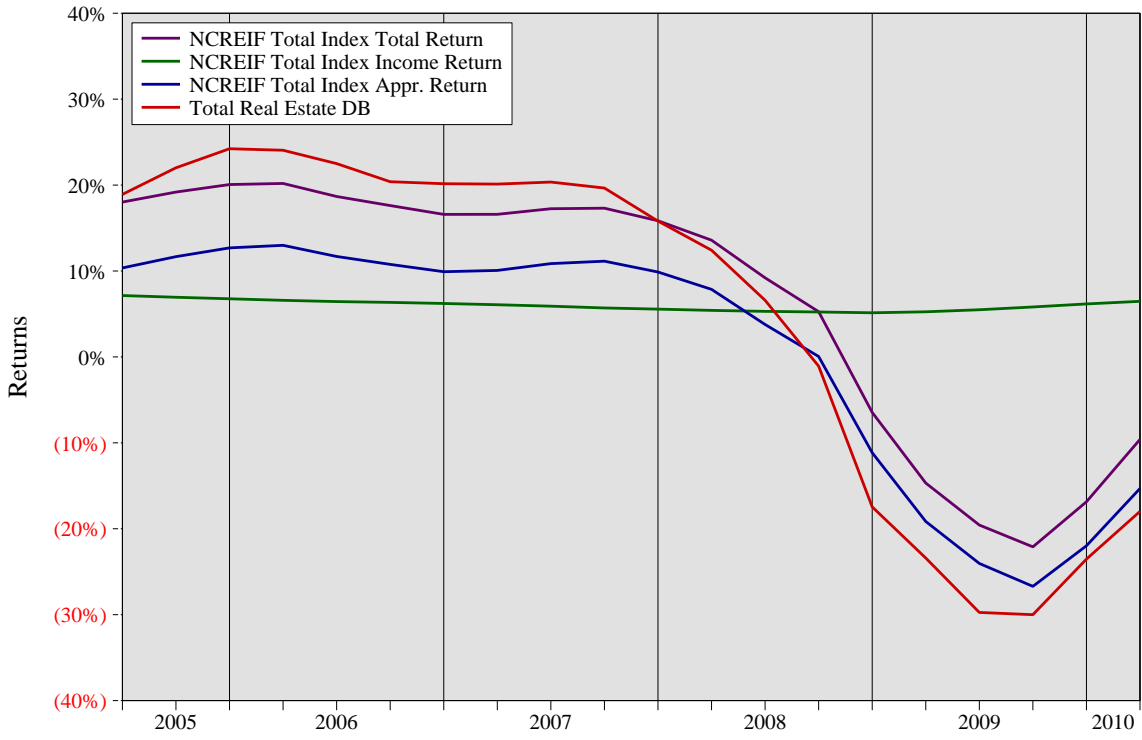
**NCREIF Total Index Returns by Geographic Area  
Quarter Ended March 31, 2010**



**NCREIF Total Index Returns by Property Type  
Quarter Ended March 31, 2010**



**Rolling 1 Year Returns**

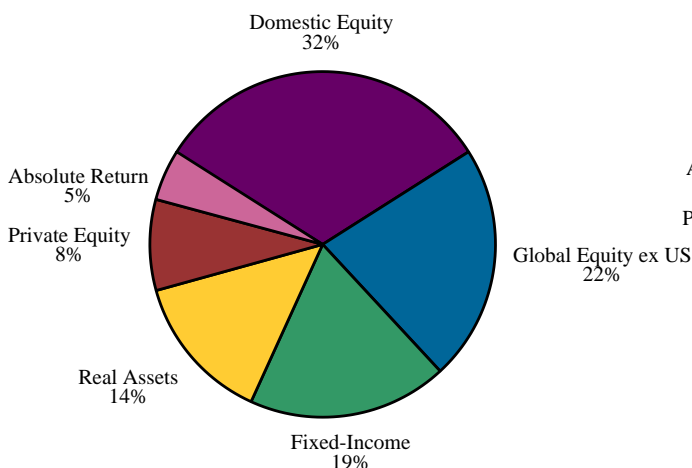




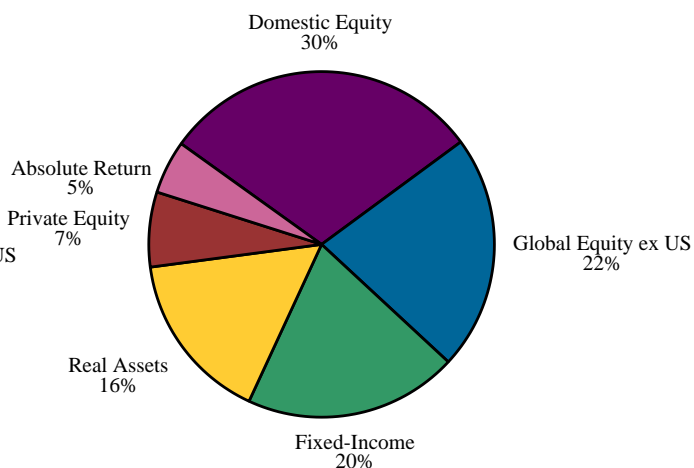
### Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2010. 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

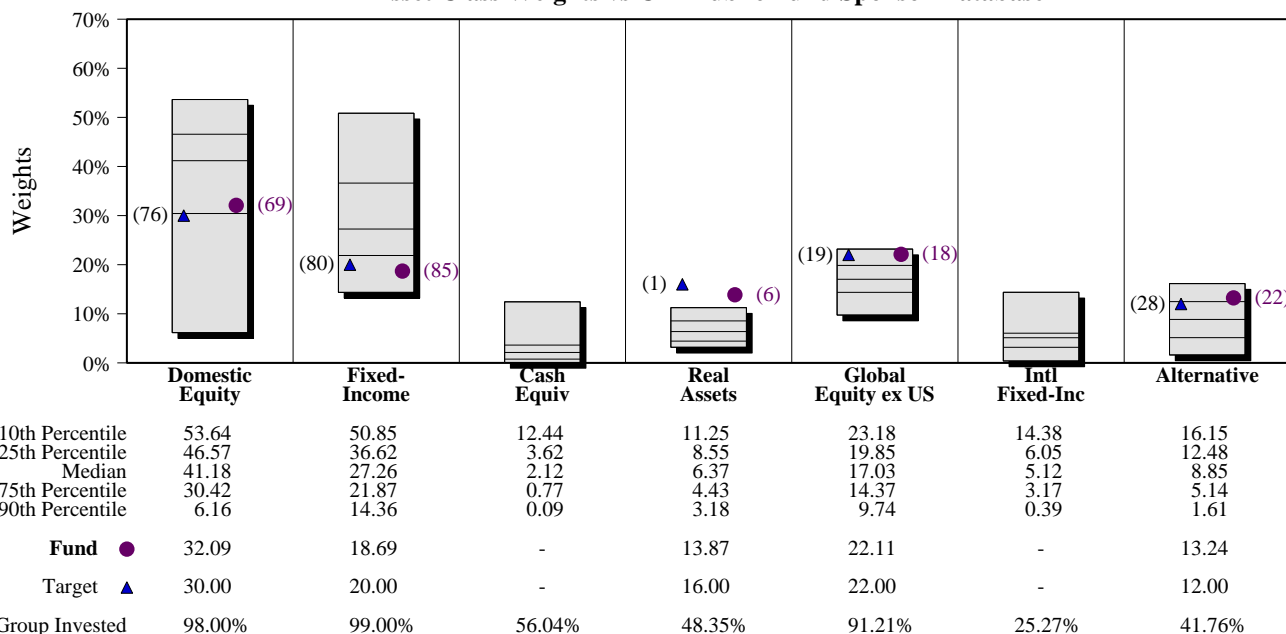


#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,835,202	32.1%	30.0%	2.1%	119,438
Global Equity ex US	1,264,519	22.1%	22.0%	0.1%	6,293
Fixed-Income	1,069,084	18.7%	20.0%	(1.3%)	(74,759)
Real Assets	793,460	13.9%	16.0%	(2.1%)	(121,614)
Private Equity	484,804	8.5%	7.0%	1.5%	84,465
Absolute Return	272,143	4.8%	5.0%	(0.2%)	(13,818)
<b>Total</b>	<b>5,719,212</b>	<b>100.0%</b>	<b>100.0%</b>		

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

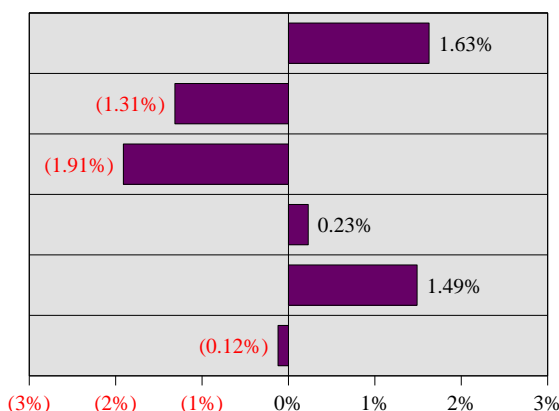


\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

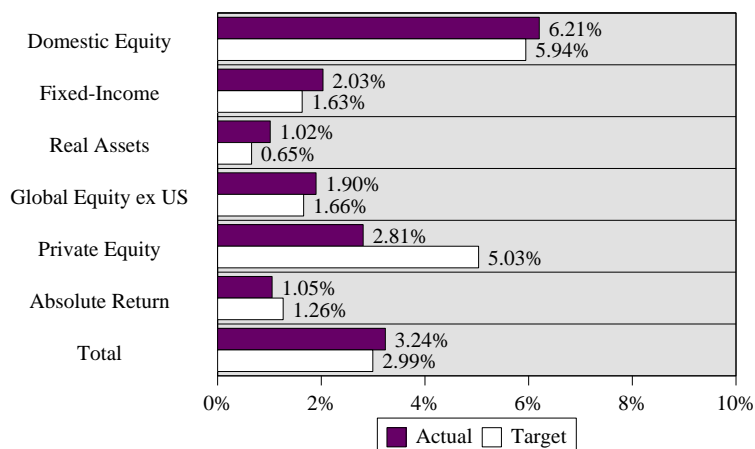
## Quarterly Total Fund Attribution - March 31, 2010

The following analysis approaches Total Fund Attribution from two perspectives: Absolute Return Contribution and Relative Return Contribution. Absolute return attribution quantifies the contribution of each asset class to total fund absolute performance. 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.

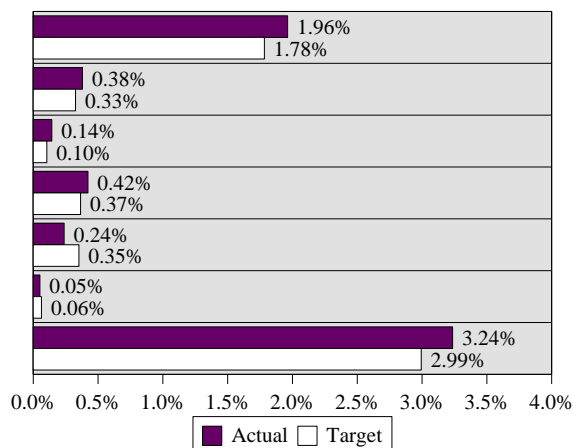
### Asset Class Under or Overweighting



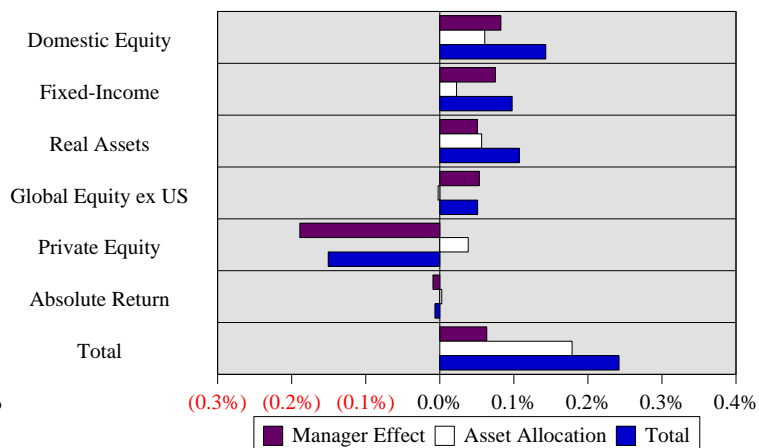
### Actual vs Target Returns



### Absolute Return Contributions



### Relative Attribution by Asset Class



### Attribution Effects for Quarter ended March 31, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	30%	6.21%	1.96%	5.94%	0.08%	0.06%	0.14%
Fixed-Income	19%	20%	2.03%	0.38%	1.63%	0.08%	0.02%	0.10%
Real Assets	14%	16%	1.02%	0.14%	0.65%	0.05%	0.06%	0.11%
Global Equity ex US	22%	22%	1.90%	0.42%	1.66%	0.05%	(0.00%)	0.05%
Private Equity	8%	7%	2.81%	0.24%	5.03%	(0.19%)	0.04%	(0.15%)
Absolute Return	5%	5%	1.05%	0.05%	1.26%	(0.01%)	0.00%	(0.01%)

**Total** **3.24% = 2.99% + 0.06% + 0.18%** **0.24%**

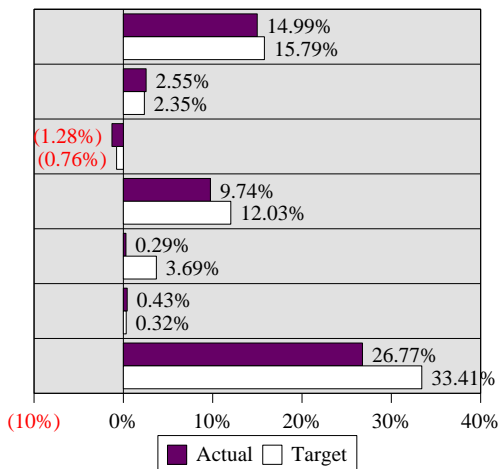
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.



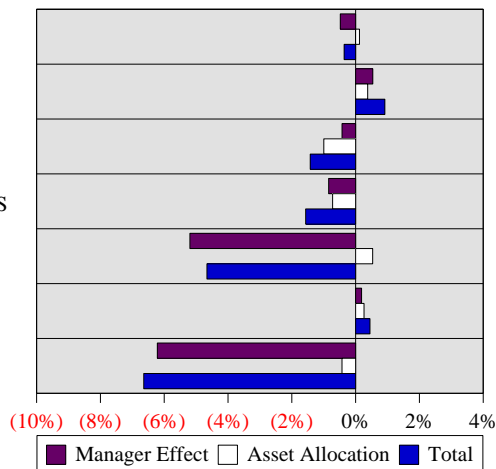
### Cumulative Total Fund Attribution - March 31, 2010

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

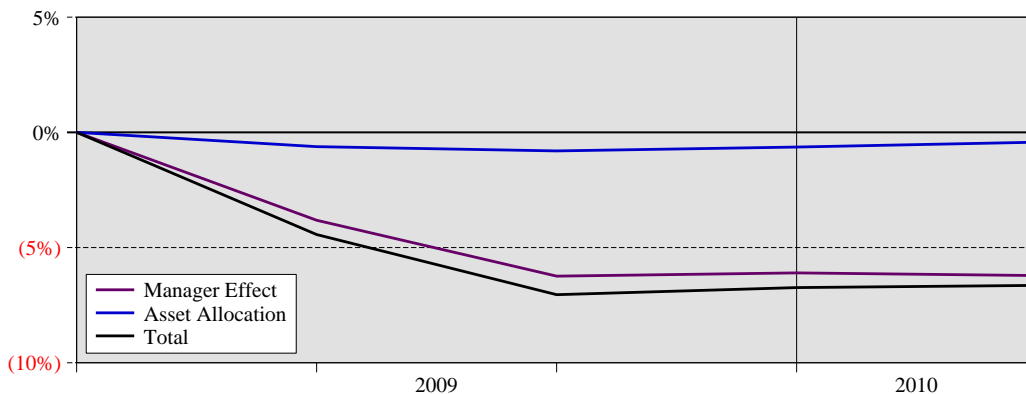
#### One Year Absolute Return Contributions



#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	31%	50.75%	14.99%	52.44%	(0.48%)	0.12%	(0.36%)
Fixed-Income	18%	20%	14.00%	2.55%	11.27%	0.54%	0.38%	0.92%
Real Assets	17%	16%	(6.43%)	(1.28%)	(4.64%)	(0.43%)	(1.00%)	(1.42%)
Global Equity ex US	20%	22%	56.57%	9.74%	61.67%	(0.85%)	(0.72%)	(1.57%)
Private Equity	9%	7%	2.84%	0.29%	55.76%	(5.19%)	0.53%	(4.66%)
Absolute Return	5%	5%	8.70%	0.43%	5.17%	0.19%	0.26%	0.45%

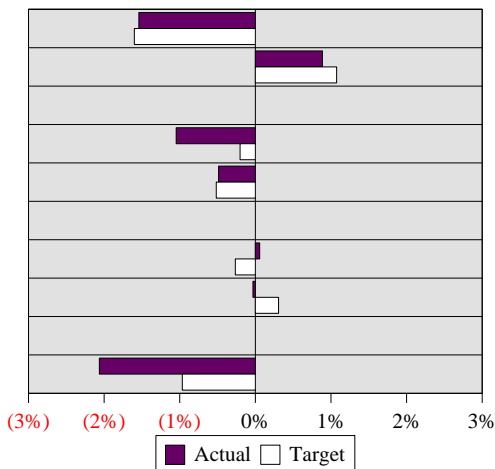
**Total** **26.77% = 33.41% + (6.22%) + (0.43%) (6.64%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

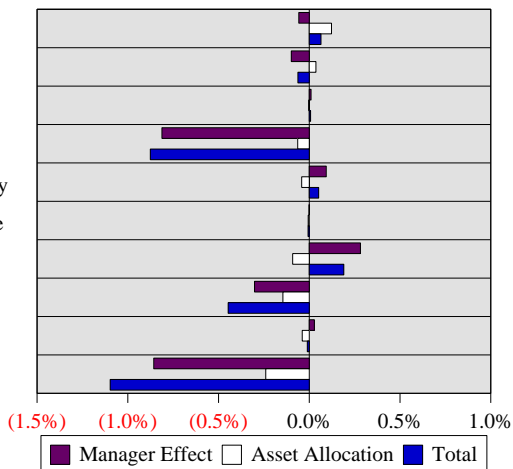
### Cumulative Total Fund Attribution - March 31, 2010

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

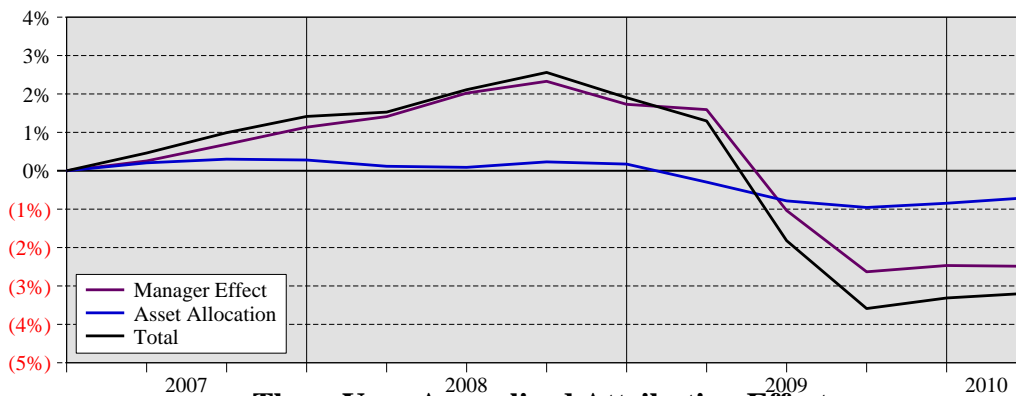
#### Three Year Absolute Return Contributions



#### Three Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



#### Three Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	33%	34%	(4.40%)	(1.54%)	(4.30%)	(0.06%)	0.12%	0.06%
Fixed-Income	18%	19%	5.95%	0.89%	6.45%	(0.10%)	0.04%	(0.06%)
High Yield	1%	1%	-	-	-	0.01%	(0.00%)	0.01%
Real Assets	15%	13%	(6.01%)	(1.05%)	(1.13%)	(0.81%)	(0.06%)	(0.88%)
International Equity	19%	19%	(3.96%)	(0.49%)	(4.86%)	0.09%	(0.04%)	0.05%
Int'l Fixed-Income	1%	1%	-	-	-	(0.00%)	(0.01%)	(0.01%)
Private Equity	8%	7%	1.88%	0.06%	(4.86%)	0.28%	(0.09%)	0.19%
Absolute Return	4%	5%	(0.85%)	(0.03%)	6.83%	(0.30%)	(0.15%)	(0.45%)
Other	1%	1%	-	-	-	0.03%	(0.04%)	(0.01%)

**Total** (2.06%) = (0.97%) + (0.86%) + (0.24%) (1.10%)

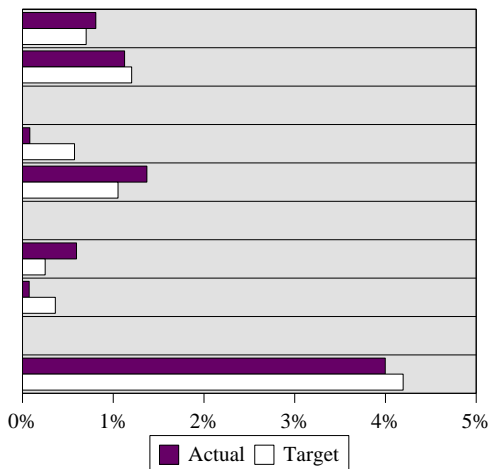
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.



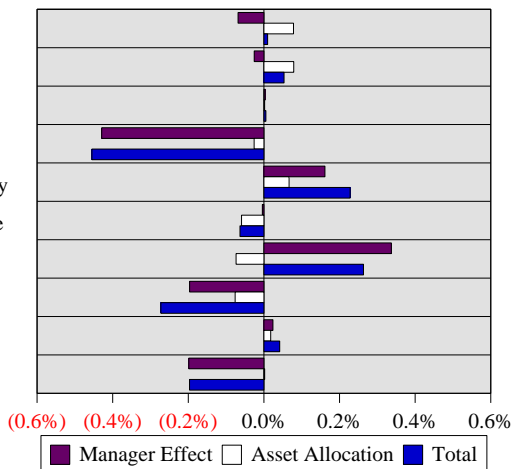
### Cumulative Total Fund Attribution - March 31, 2010

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

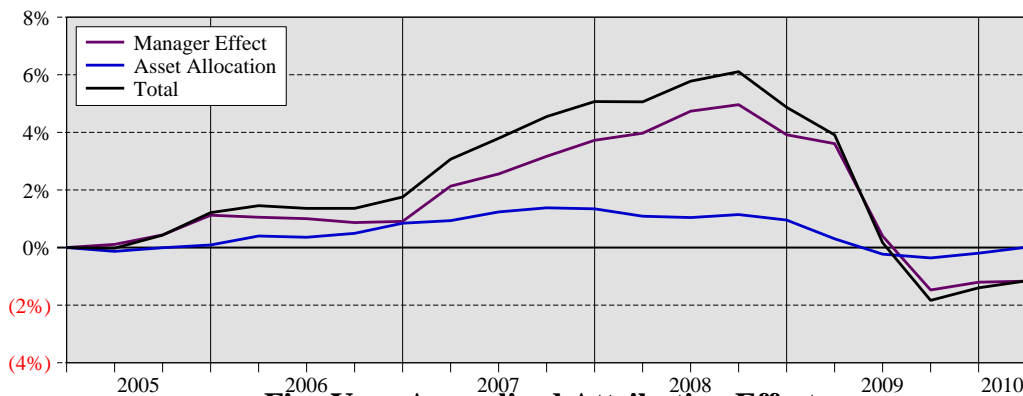
#### Five Year Absolute Return Contributions



#### Five Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



#### Five Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	35%	35%	1.94%	0.81%	2.07%	(0.07%)	0.08%	0.01%
Fixed-Income	19%	20%	5.51%	1.13%	5.63%	(0.03%)	0.08%	0.05%
High Yield	1%	1%	-	-	-	0.00%	0.00%	0.01%
Real Assets	13%	12%	4.07%	0.08%	6.49%	(0.43%)	(0.03%)	(0.45%)
International Equity	19%	17%	6.50%	1.37%	5.34%	0.16%	0.07%	0.23%
Int'l Fixed-Income	2%	1%	-	-	-	(0.00%)	(0.06%)	(0.06%)
Private Equity	7%	7%	10.81%	0.60%	3.18%	0.34%	(0.07%)	0.26%
Absolute Return	4%	4%	2.59%	0.07%	7.56%	(0.20%)	(0.08%)	(0.27%)
Other	1%	2%	-	-	-	0.02%	0.02%	0.04%

**Total** **4.00% = 4.19% + (0.20%) + 0.00%** **(0.20%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

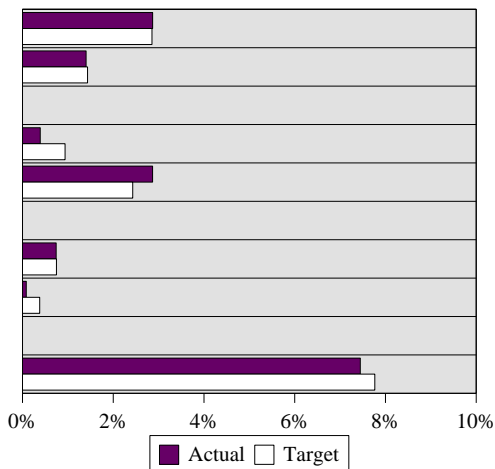




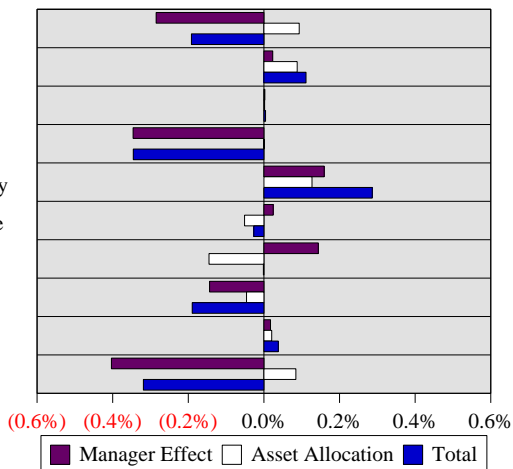
### Cumulative Total Fund Attribution - March 31, 2010

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

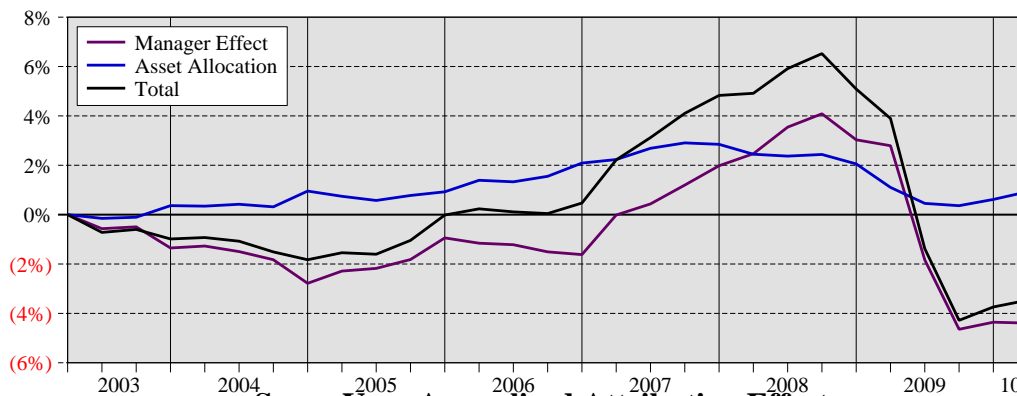
#### Seven Year Absolute Return Contributions



#### Seven Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### Seven Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	36%	35%	6.72%	2.87%	7.40%	(0.29%)	0.09%	(0.19%)
Fixed-Income	22%	23%	5.00%	1.40%	4.94%	0.02%	0.09%	0.11%
High Yield	1%	1%	-	-	-	0.00%	0.00%	0.00%
Real Assets	11%	11%	6.22%	0.39%	8.32%	(0.35%)	0.00%	(0.35%)
International Equity	18%	17%	14.11%	2.87%	12.99%	0.16%	0.13%	0.29%
Int'l Fixed-Income	2%	2%	-	-	-	0.02%	(0.05%)	(0.03%)
Private Equity	6%	7%	12.24%	0.74%	9.90%	0.14%	(0.15%)	(0.00%)
Absolute Return	3%	3%	2.34%	0.08%	6.15%	(0.14%)	(0.05%)	(0.19%)
Other	0%	2%	-	-	-	0.02%	0.02%	0.04%

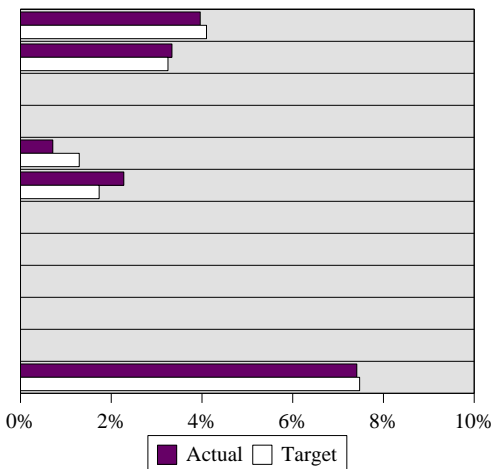
**Total** **7.45% = 7.76% + (0.40%) + 0.08%** **(0.32%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

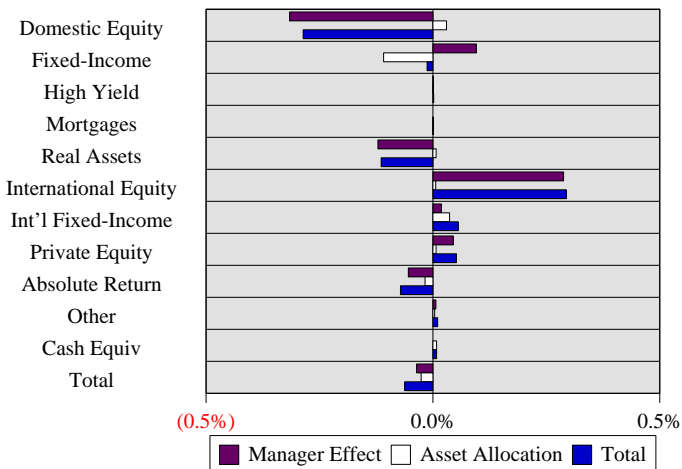
### Cumulative Total Fund Attribution - March 31, 2010

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

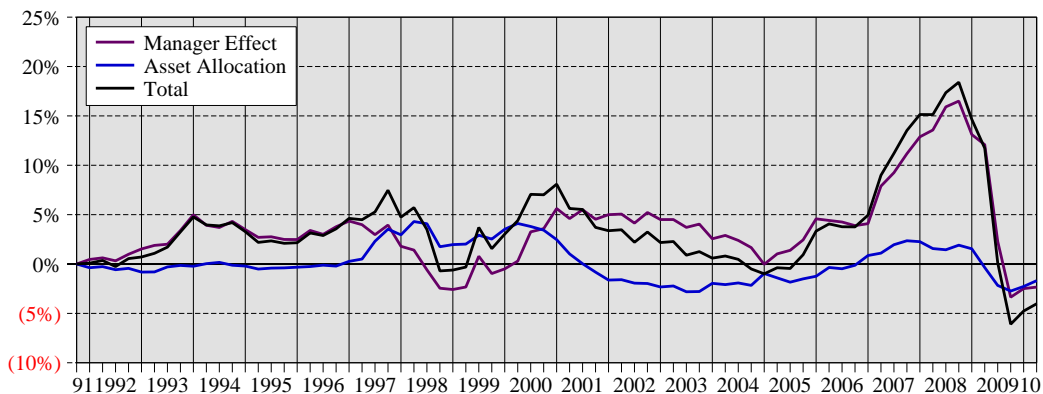
#### Eighteen and One-Half Year Absolute Return Contributions



#### Eighteen and One-Half Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



#### Eighteen and One-Half Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	39%	38%	7.68%	3.96%	8.40%	(0.32%)	0.03%	(0.29%)
Fixed-Income	33%	32%	6.90%	3.34%	6.66%	0.10%	(0.11%)	(0.01%)
High Yield	0%	0%	-	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	-	0.00%	0.00%	0.00%
Real Assets	7%	8%	6.92%	0.71%	7.38%	(0.12%)	0.01%	(0.11%)
International Equity	15%	14%	7.81%	2.28%	5.83%	0.29%	0.01%	0.29%
Int'l Fixed-Income	2%	3%	-	-	-	0.02%	0.04%	0.06%
Private Equity	3%	3%	-	-	-	0.04%	0.01%	0.05%
Absolute Return	1%	1%	-	-	-	(0.05%)	(0.02%)	(0.07%)
Other	0%	1%	-	-	-	0.01%	0.00%	0.01%
Cash Equiv	0%	0%	-	-	-	0.00%	0.01%	0.01%

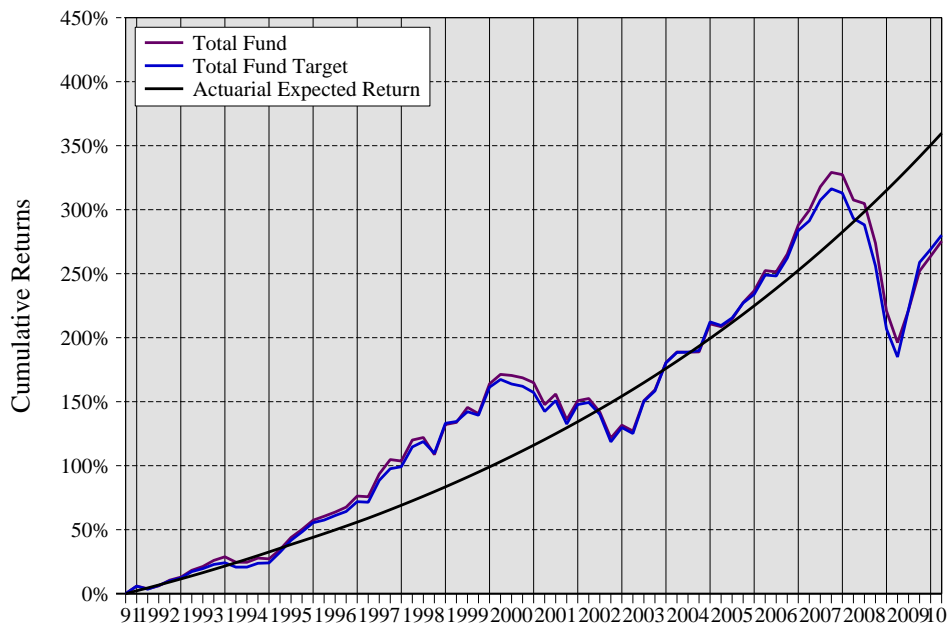
**Total** **7.41%** = **7.47%** + **(0.04%)** + **(0.03%)** **(0.06%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

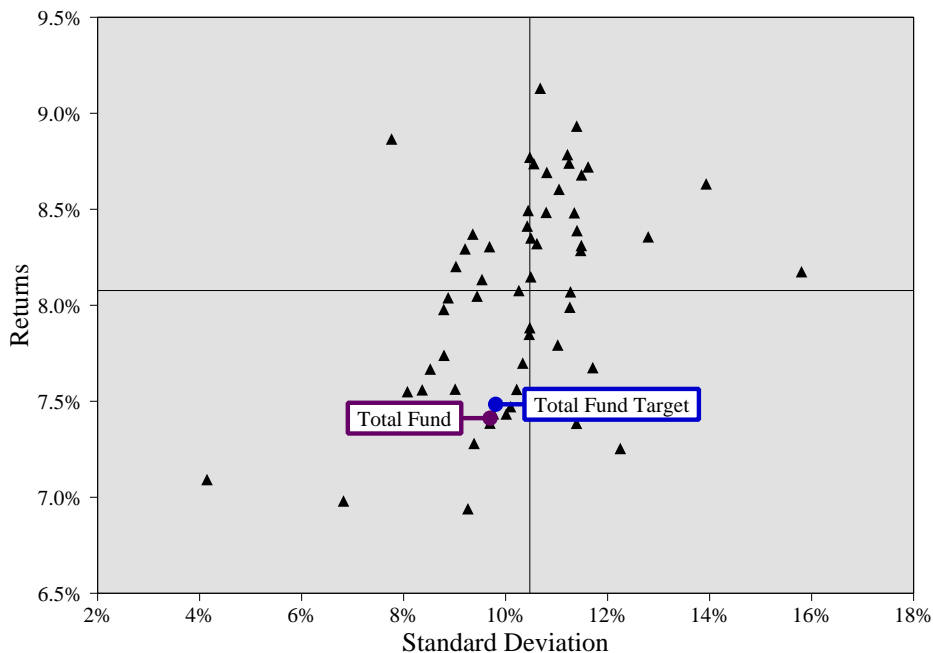
### Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. 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



### Eighteen and One-Half Year Annualized Risk vs Return



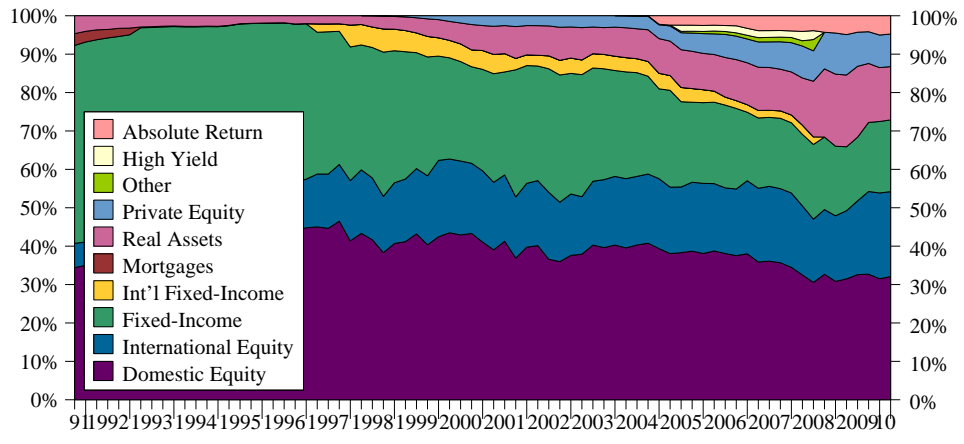
Triangles represent membership of the CAI Public Fund Sponsor Database

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

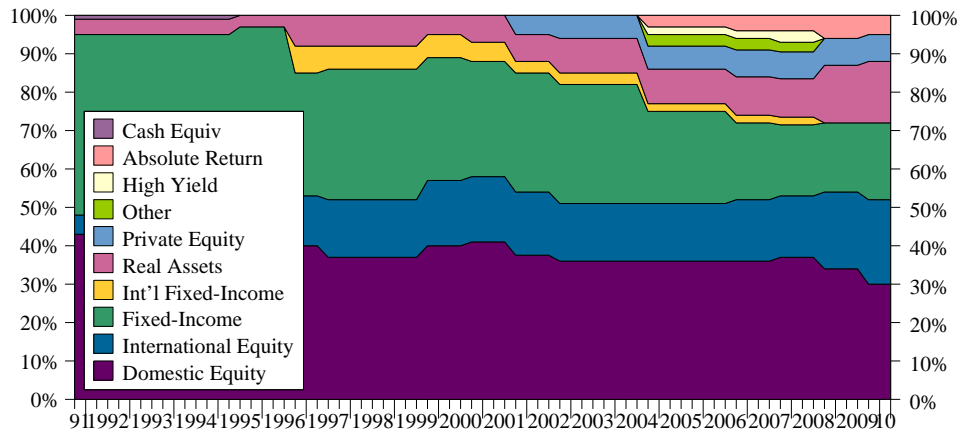
**Actual vs Target Historical Asset Allocation**

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

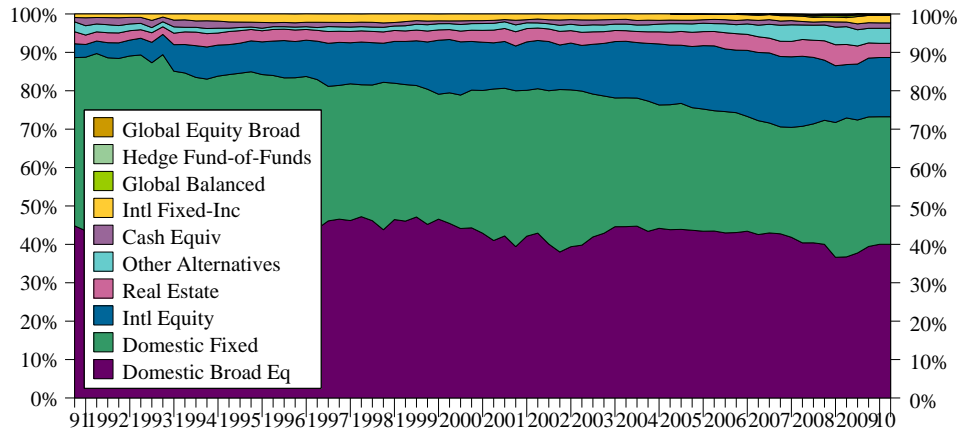
**Actual Historical Asset Allocation**



**Target Historical Asset Allocation**



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

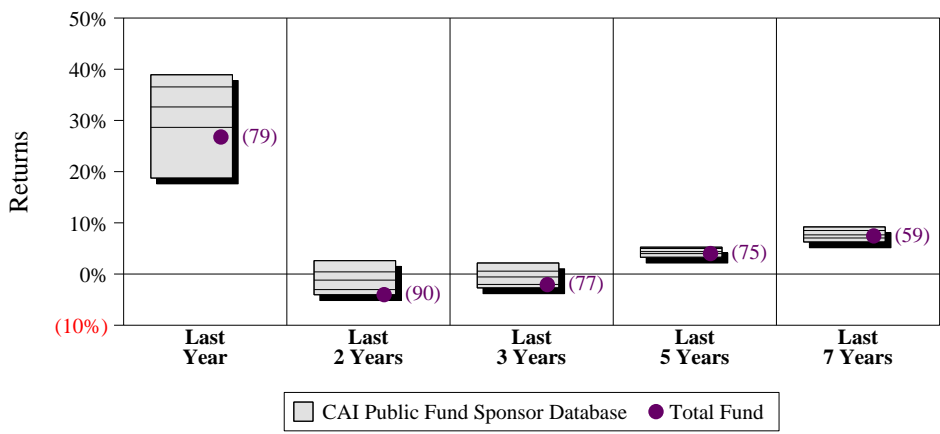


\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

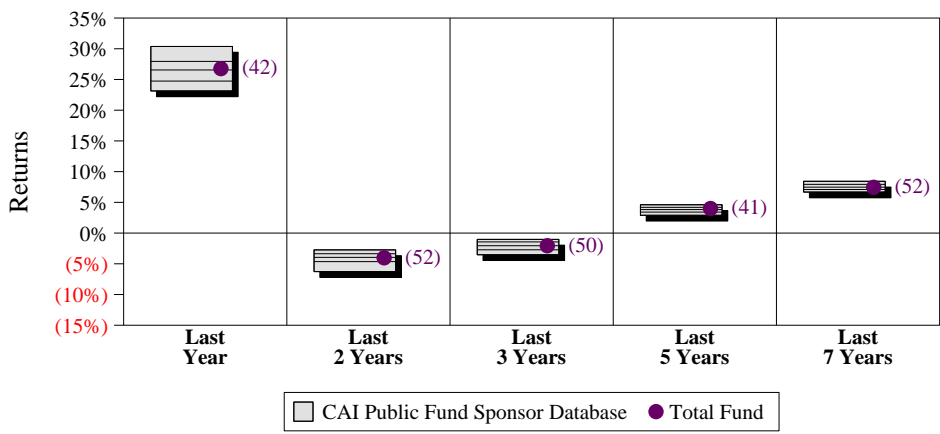
### Total Fund Ranking

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 March 31, 2010. 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. The final chart shows the history of the one year ranking of the Total Fund versus the CAI Public Fund Sponsor Database, both on an unadjusted and asset allocation adjusted basis.

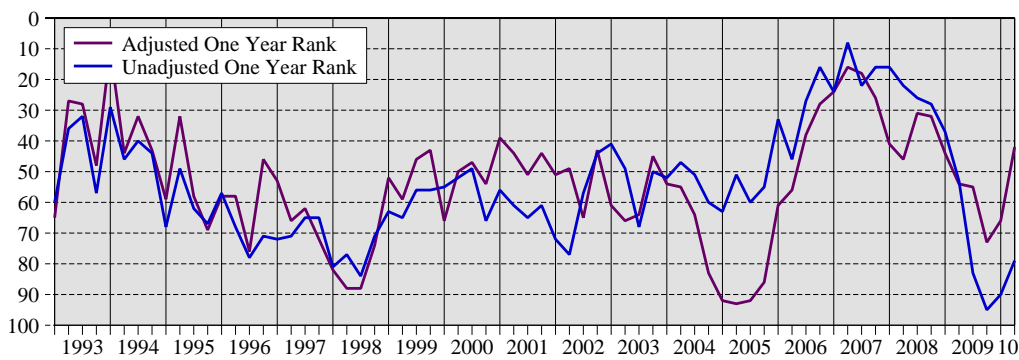
#### CAI Public Fund Sponsor Database



#### Asset Allocation Adjusted Ranking



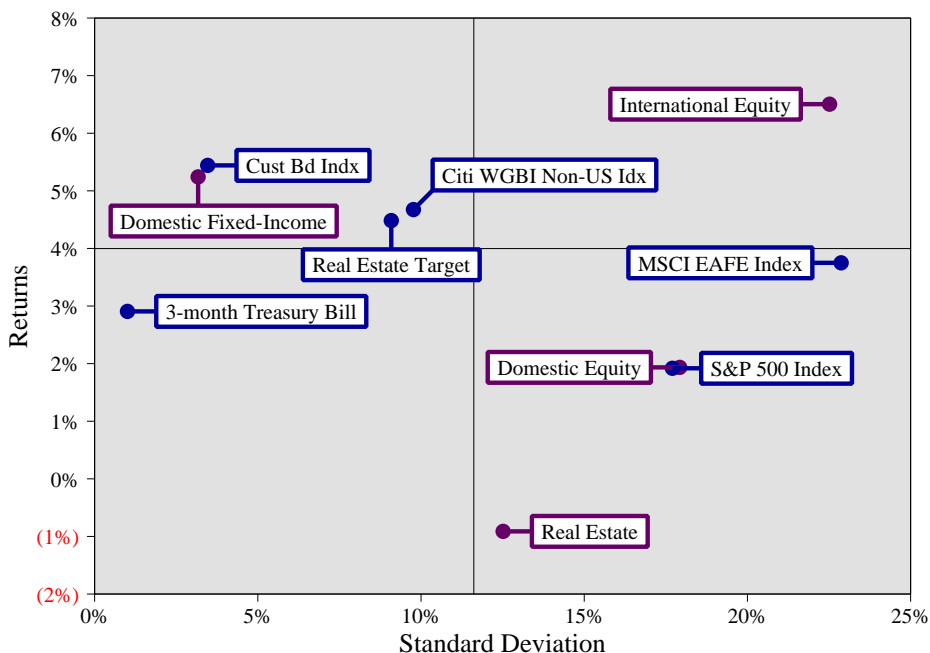
#### Rolling One Year Ranking vs CAI Public Fund Sponsor Database



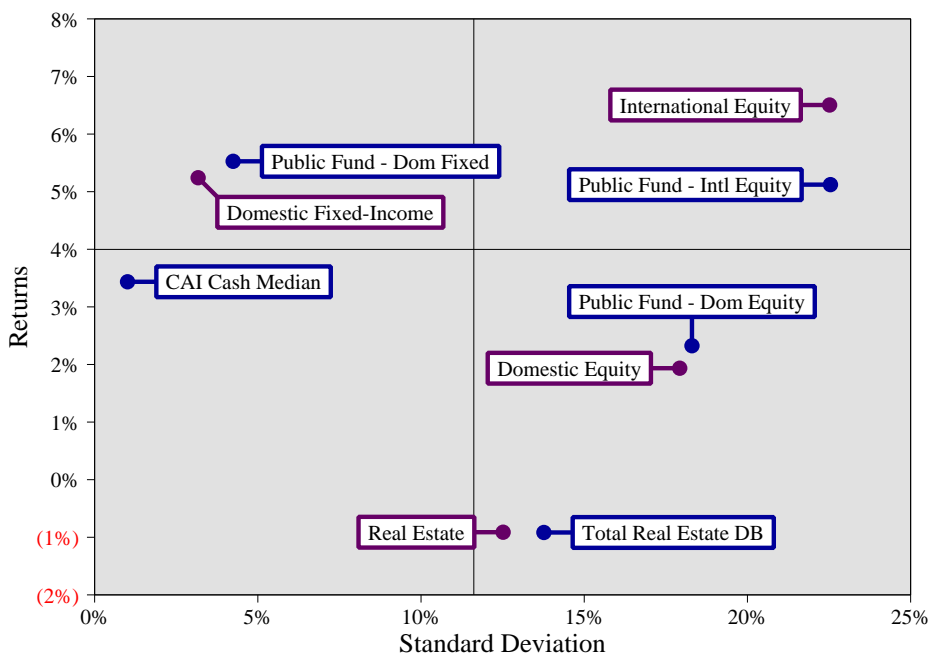
### Asset Class Risk and Return

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



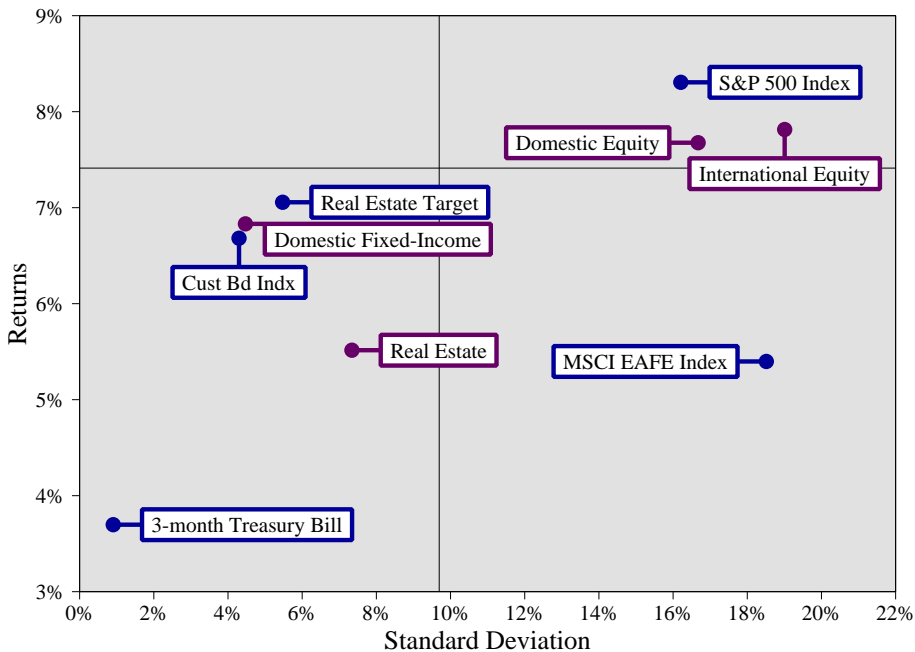
#### Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



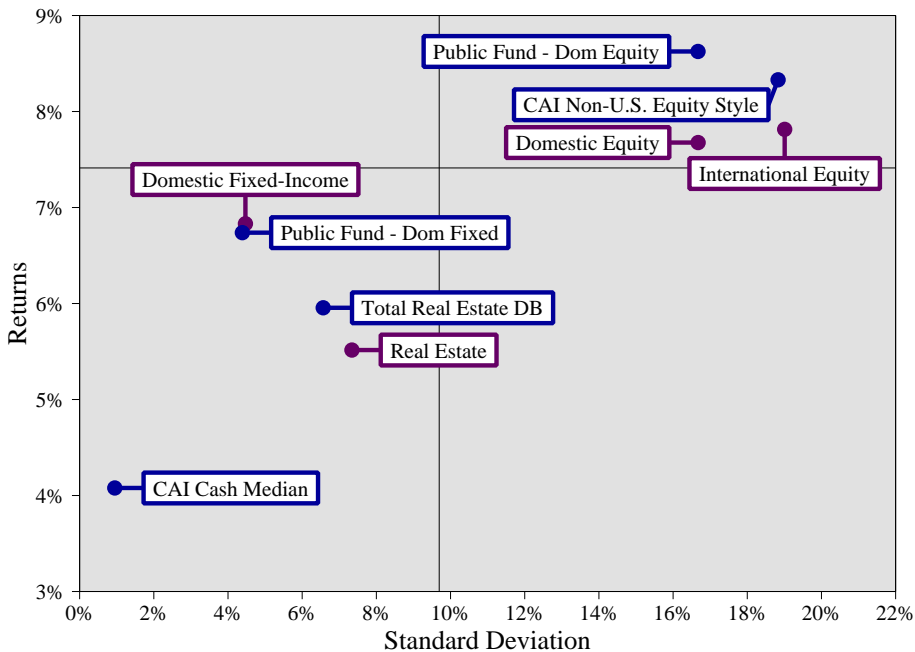
### Asset Class Risk and Return

The charts below show the eighteen and one-half 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.

**Eighteen and One-Half Year Annualized Risk vs Return  
Asset Classes vs Benchmark Indices**



**Eighteen and One-Half Year Annualized Risk vs Return  
Asset Classes vs Asset Class Median**





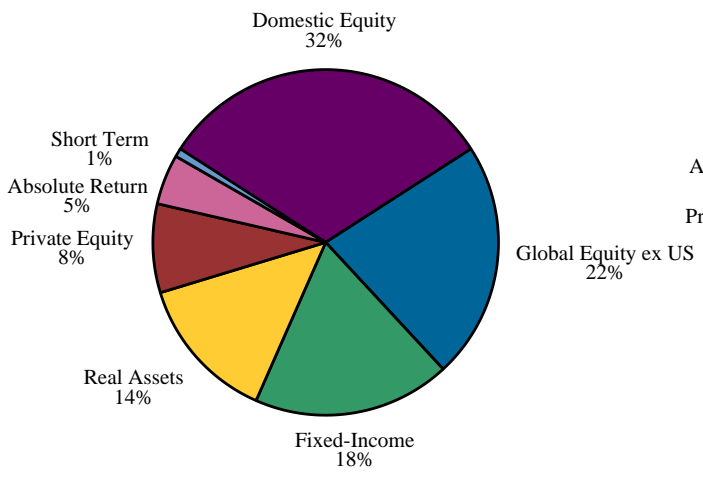
P E R S HEALTH CARE



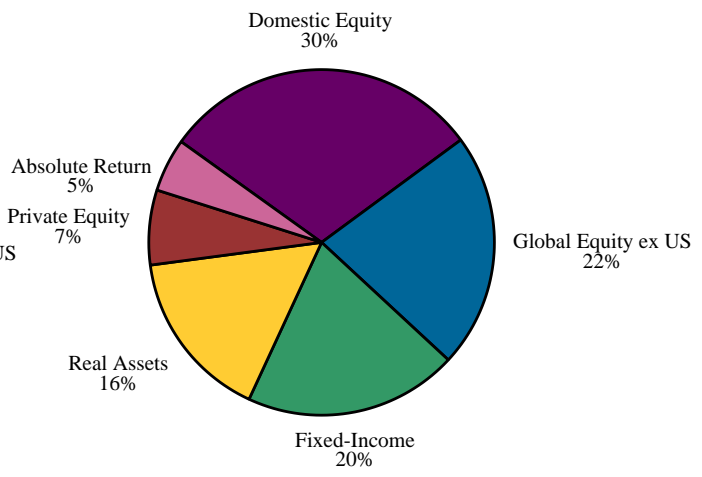
**Actual vs Target Asset Allocation**

The top left chart shows the Fund's asset allocation as of March 31, 2010. 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**

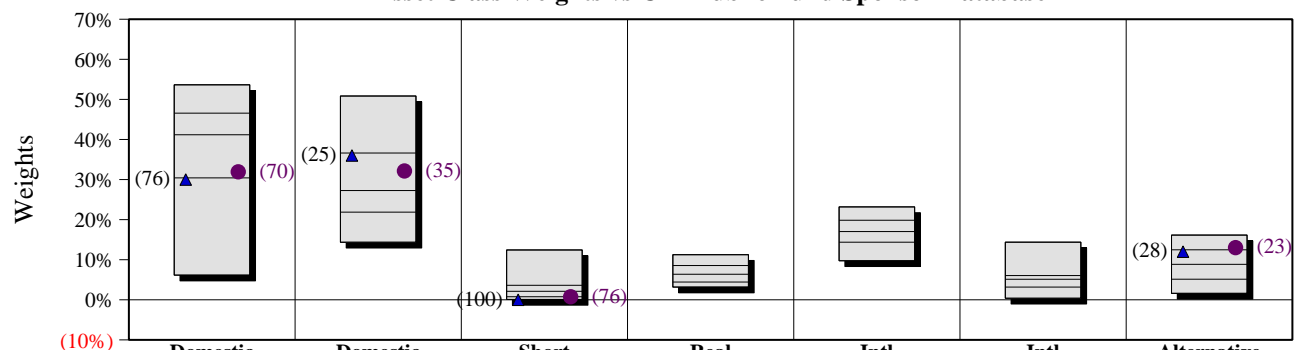


**Target Asset Allocation**



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,290,050	31.9%	30.0%	1.9%	77,848
Global Equity ex US	895,299	22.2%	22.0%	0.2%	6,351
Fixed-Income	745,826	18.5%	20.0%	(1.5%)	(62,309)
Real Assets	553,055	13.7%	16.0%	(2.3%)	(93,452)
Private Equity	336,429	8.3%	7.0%	1.3%	53,586
Absolute Return	189,410	4.7%	5.0%	(0.3%)	(12,623)
Short Term	30,603	0.8%	0.0%	0.8%	30,603
<b>Total</b>	<b>4,040,673</b>	<b>100.0%</b>	<b>100.0%</b>		

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



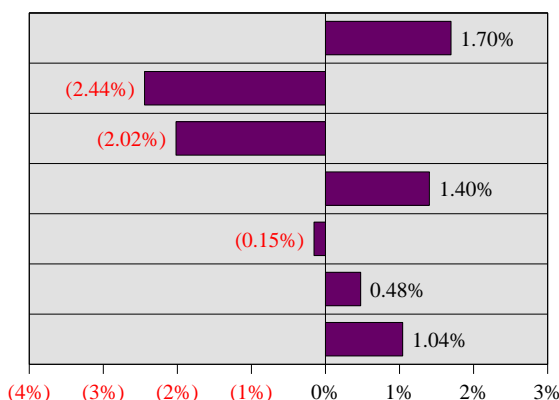
	Domestic Equity	Domestic Fixed	Short Term	Real Estate	Intl Equity	Intl Fixed-Inc	Alternative
10th Percentile	53.64	50.85	12.44	11.25	23.18	14.38	16.15
25th Percentile	46.57	36.62	3.62	8.55	19.85	6.05	12.48
Median	41.18	27.26	2.12	6.37	17.03	5.12	8.85
75th Percentile	30.42	21.87	0.77	4.43	14.37	3.17	5.14
90th Percentile	6.16	14.36	0.09	3.18	9.74	0.39	1.61
<b>Fund</b> ●	31.93	32.15	0.76	-	-	-	13.01
<b>Target</b> ▲	30.00	36.00	0.00	-	-	-	12.00
% Group Invested	98.00%	99.00%	56.04%	48.35%	91.21%	25.27%	41.76%

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

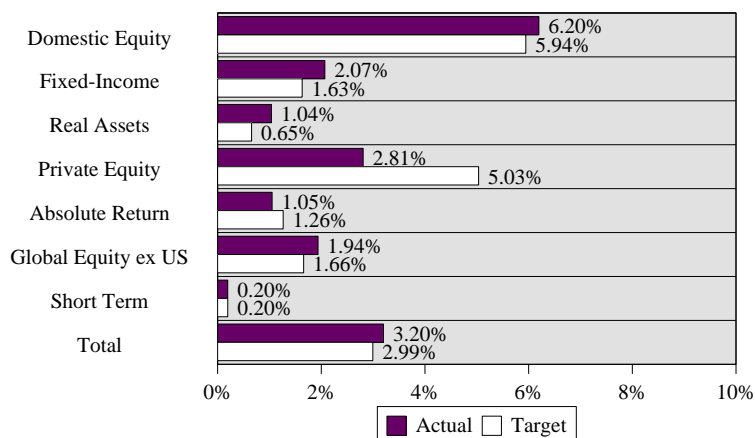
### Quarterly Total Fund Attribution - March 31, 2010

The following analysis approaches Total Fund Attribution from two perspectives: Absolute Return Contribution and Relative Return Contribution. Absolute return attribution quantifies the contribution of each asset class to total fund absolute performance. 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.

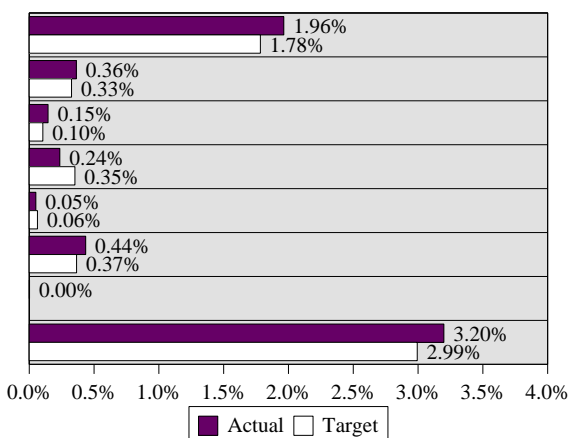
#### Asset Class Under or Overweighting



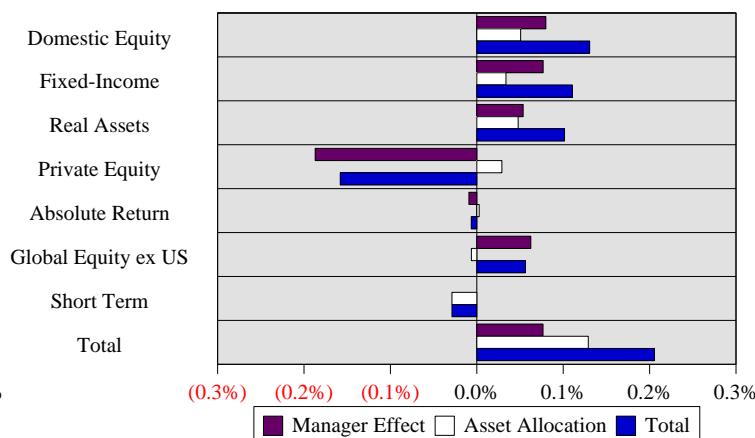
#### Actual vs Target Returns



#### Absolute Return Contributions



#### Relative Attribution by Asset Class



#### Attribution Effects for Quarter ended March 31, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	30%	6.20%	1.96%	5.94%	0.08%	0.05%	0.13%
Fixed-Income	18%	20%	2.07%	0.36%	1.63%	0.08%	0.03%	0.11%
Real Assets	14%	16%	1.04%	0.15%	0.65%	0.05%	0.05%	0.10%
Private Equity	8%	7%	2.81%	0.24%	5.03%	(0.19%)	0.03%	(0.16%)
Absolute Return	5%	5%	1.05%	0.05%	1.26%	(0.01%)	0.00%	(0.01%)
Global Equity ex US	22%	22%	1.94%	0.44%	1.66%	0.06%	(0.01%)	0.06%
Short Term	1%	0%	0.20%	0.00%	0.20%	0.00%	(0.03%)	(0.03%)

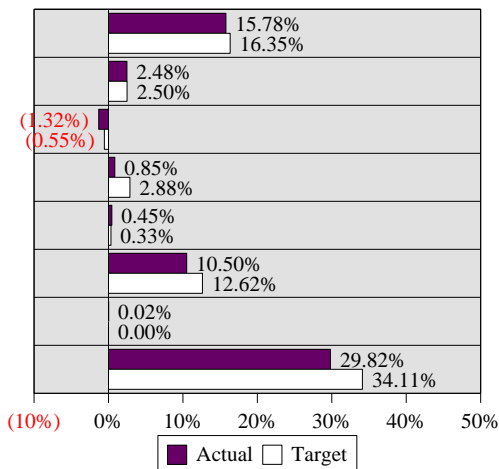
**Total** **3.20% = 2.99% + 0.08% + 0.13%** **0.21%**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

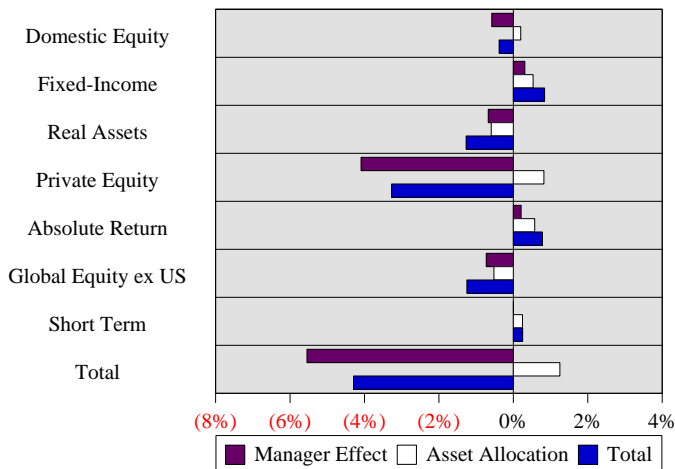
### Cumulative Total Fund Attribution - March 31, 2010

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

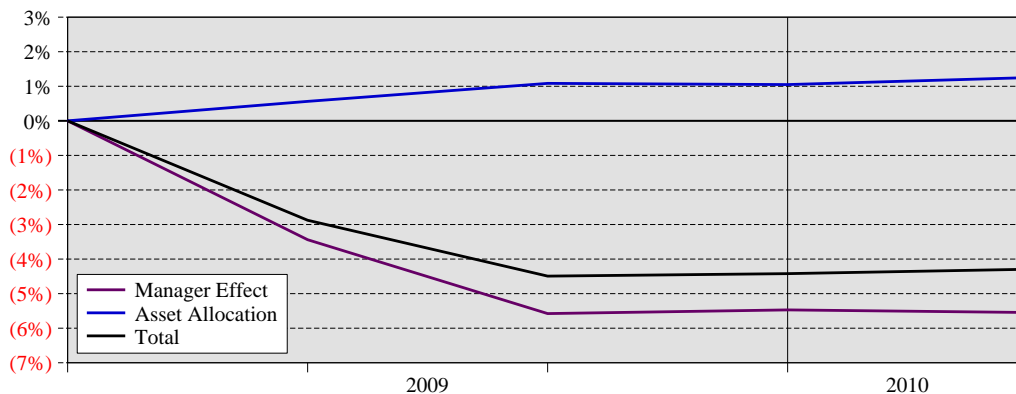
#### One Year Absolute Return Contributions



#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	32%	50.60%	15.78%	52.44%	(0.58%)	0.20%	(0.38%)
Fixed-Income	18%	20%	13.09%	2.48%	11.60%	0.31%	0.53%	0.84%
Real Assets	15%	14%	(8.17%)	(1.32%)	(4.64%)	(0.67%)	(0.59%)	(1.27%)
Private Equity	8%	6%	7.94%	0.85%	55.76%	(4.09%)	0.82%	(3.27%)
Absolute Return	5%	6%	9.22%	0.45%	5.17%	0.21%	0.57%	0.78%
Global Equity ex US	21%	22%	57.59%	10.50%	61.67%	(0.73%)	(0.52%)	(1.25%)
Short Term	1%	1%	2.13%	0.02%	1.23%	0.00%	0.25%	0.25%

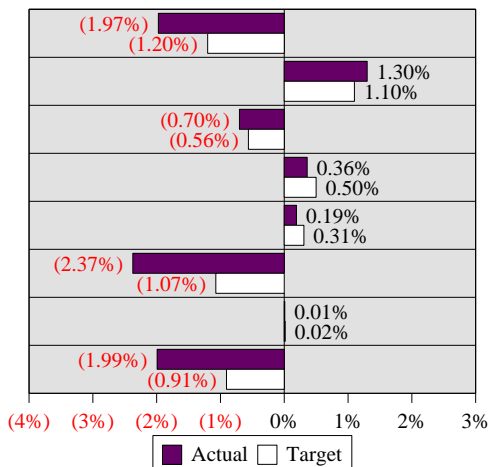
**Total** **29.82%** = **34.11%** + **(5.55%)** + **1.25%** **(4.30%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

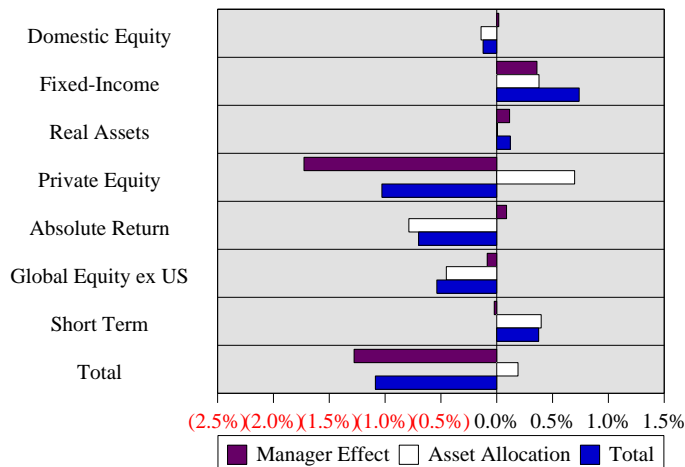
### Cumulative Total Fund Attribution - March 31, 2010

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

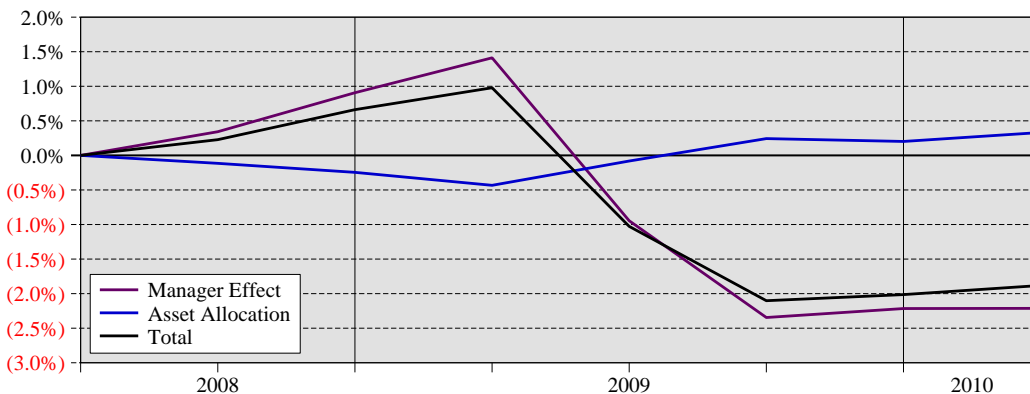
#### One and Three-Quarter Year Absolute Return Contributions



#### One and Three-Quarter Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One and Three-Quarter Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	36%	34%	(2.42%)	(1.97%)	(2.40%)	0.02%	(0.14%)	(0.12%)
Fixed-Income	19%	20%	8.75%	1.30%	6.88%	0.36%	0.38%	0.74%
Real Assets	13%	11%	(5.77%)	(0.70%)	(7.25%)	0.11%	0.01%	0.12%
Private Equity	5%	5%	4.46%	0.36%	(3.49%)	(1.73%)	0.70%	(1.03%)
Absolute Return	3%	6%	5.17%	0.19%	5.61%	0.09%	(0.79%)	(0.70%)
Global Equity ex US	22%	22%	(7.56%)	(2.37%)	(7.18%)	(0.09%)	(0.45%)	(0.54%)
Short Term	3%	2%	1.42%	0.01%	1.22%	(0.02%)	0.40%	0.38%

**Total** (1.99%) = (0.91%) + (1.28%) + 0.19% (1.09%)

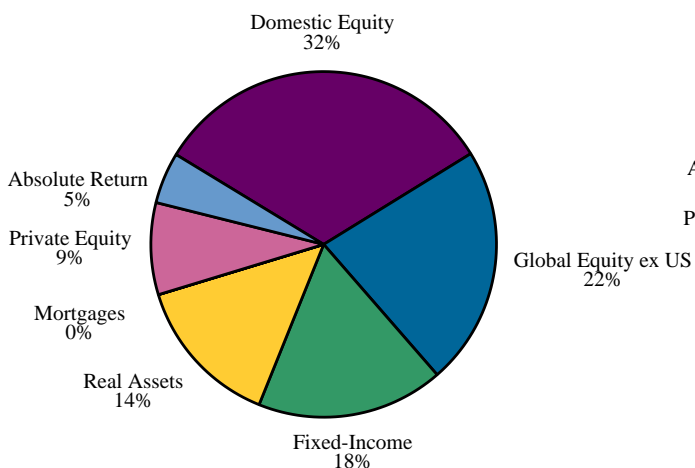
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.



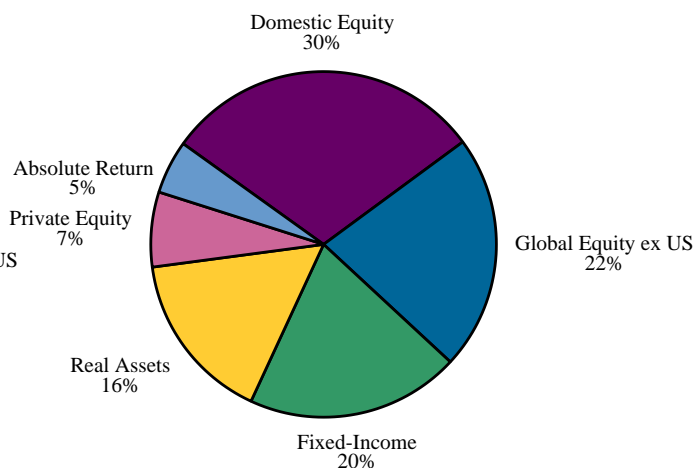
### Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2010. 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

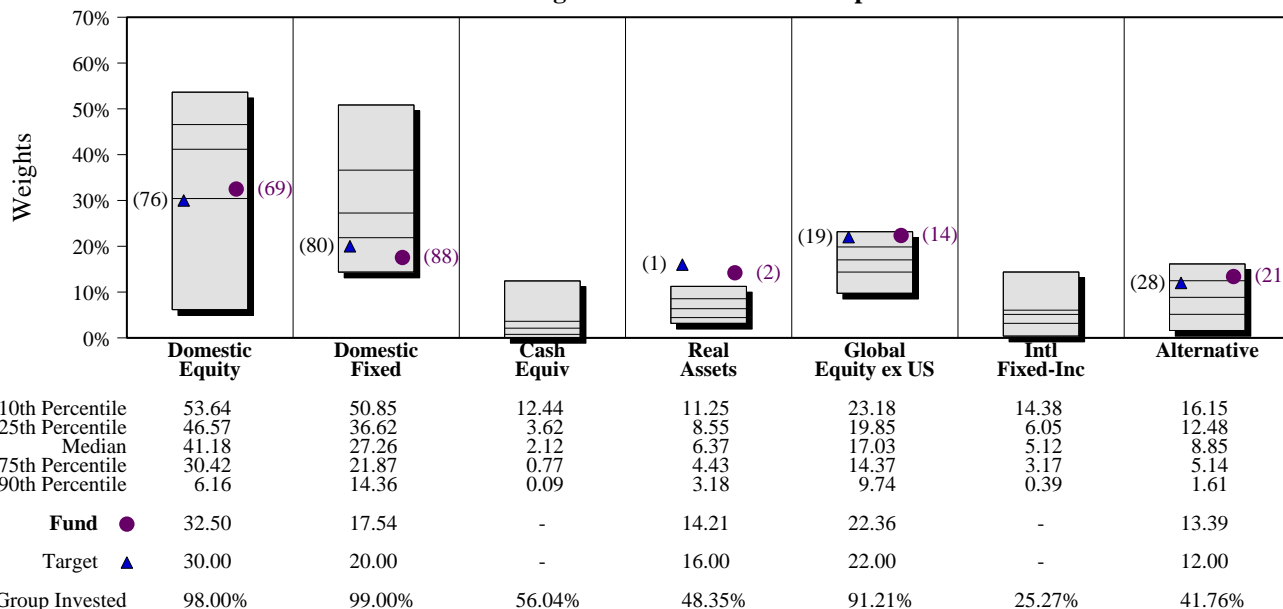


#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	943,150	32.5%	30.0%	2.5%	72,482
Global Equity ex US	648,845	22.4%	22.0%	0.4%	10,356
Fixed-Income	509,179	17.5%	20.0%	(2.5%)	(71,266)
Real Assets	412,477	14.2%	16.0%	(1.8%)	(51,879)
Mortgages	3	0.0%	0.0%	0.0%	3
Private Equity	248,745	8.6%	7.0%	1.6%	45,592
Absolute Return	139,825	4.8%	5.0%	(0.2%)	(5,287)
<b>Total</b>	<b>2,902,225</b>	<b>100.0%</b>	<b>100.0%</b>		

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

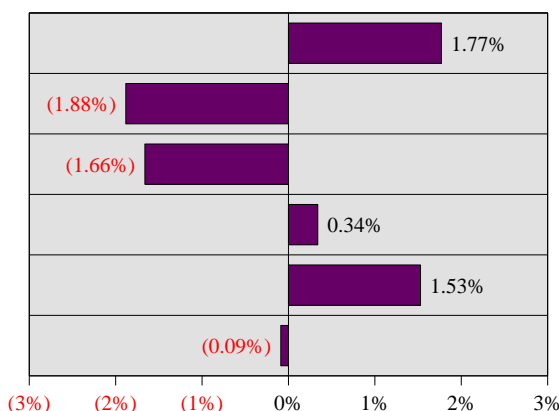


\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

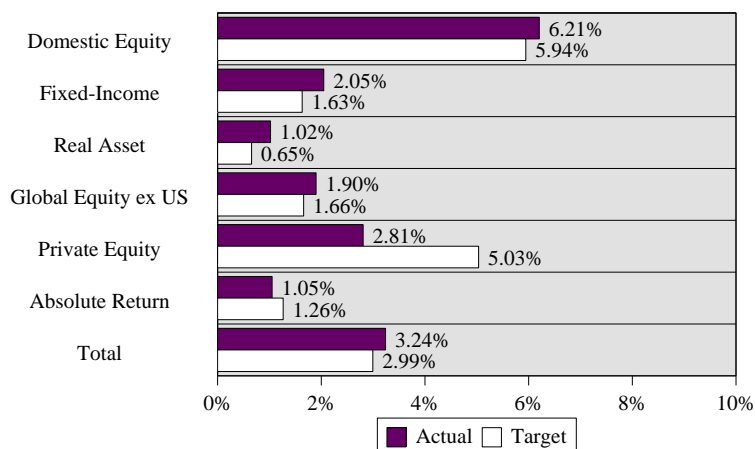
### Quarterly Total Fund Attribution - March 31, 2010

The following analysis approaches Total Fund Attribution from two perspectives: Absolute Return Contribution and Relative Return Contribution. Absolute return attribution quantifies the contribution of each asset class to total fund absolute performance. 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.

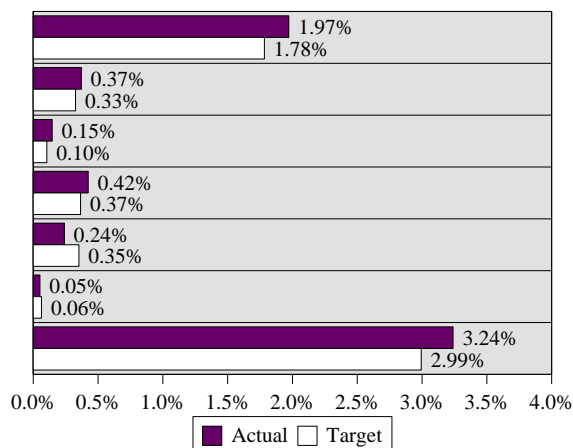
#### Asset Class Under or Overweighting



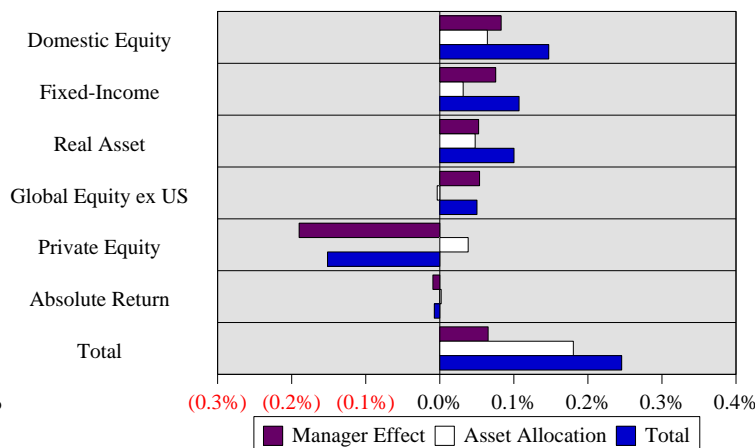
#### Actual vs Target Returns



#### Absolute Return Contributions



#### Relative Attribution by Asset Class



#### Attribution Effects for Quarter ended March 31, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	30%	6.21%	1.97%	5.94%	0.08%	0.06%	0.15%
Fixed-Income	18%	20%	2.05%	0.37%	1.63%	0.08%	0.03%	0.11%
Real Asset	14%	16%	1.02%	0.15%	0.65%	0.05%	0.05%	0.10%
Global Equity ex US	22%	22%	1.90%	0.42%	1.66%	0.05%	(0.00%)	0.05%
Private Equity	9%	7%	2.81%	0.24%	5.03%	(0.19%)	0.04%	(0.15%)
Absolute Return	5%	5%	1.05%	0.05%	1.26%	(0.01%)	0.00%	(0.01%)

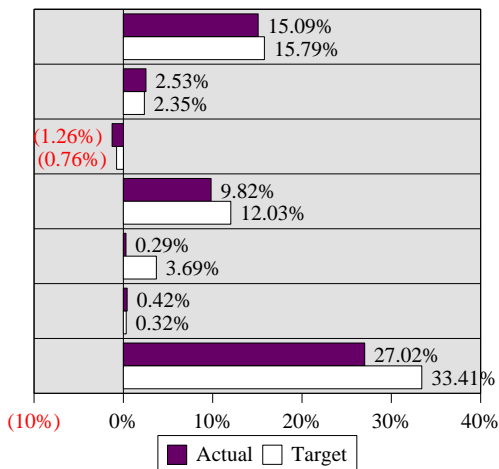
**Total** **3.24% = 2.99% + 0.07% + 0.18%** **0.25%**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

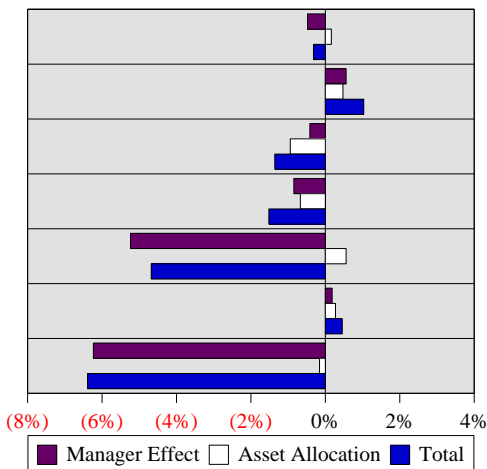
### Cumulative Total Fund Attribution - March 31, 2010

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

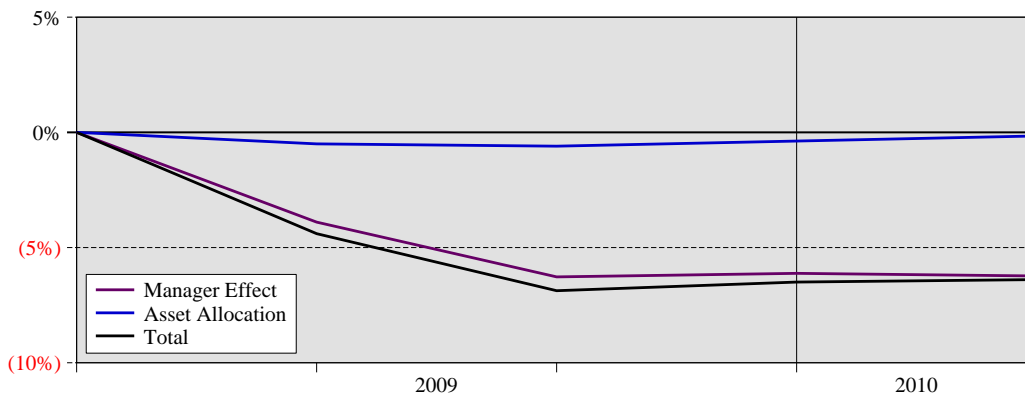
#### One Year Absolute Return Contributions



#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	31%	50.77%	15.09%	52.44%	(0.48%)	0.16%	(0.32%)
Fixed-Income	18%	20%	14.16%	2.53%	11.27%	0.56%	0.47%	1.03%
Real Asset	17%	16%	(6.38%)	(1.26%)	(4.64%)	(0.42%)	(0.94%)	(1.36%)
Global Equity ex US	20%	22%	56.61%	9.82%	61.67%	(0.85%)	(0.67%)	(1.52%)
Private Equity	9%	7%	2.85%	0.29%	55.76%	(5.24%)	0.56%	(4.68%)
Absolute Return	5%	5%	8.72%	0.42%	5.17%	0.18%	0.27%	0.46%

**Total** **27.02%** = **33.41%** + **(6.23%)** + **(0.16%)** **(6.39%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

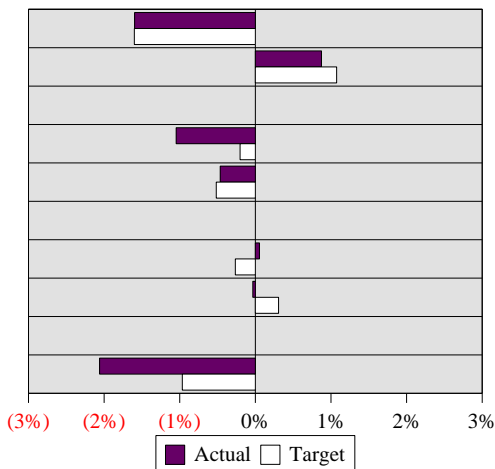




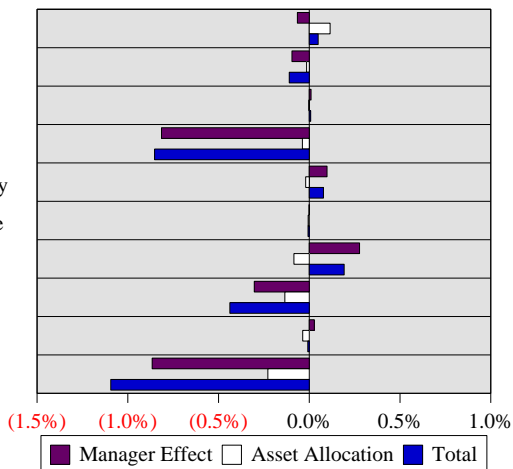
### Cumulative Total Fund Attribution - March 31, 2010

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

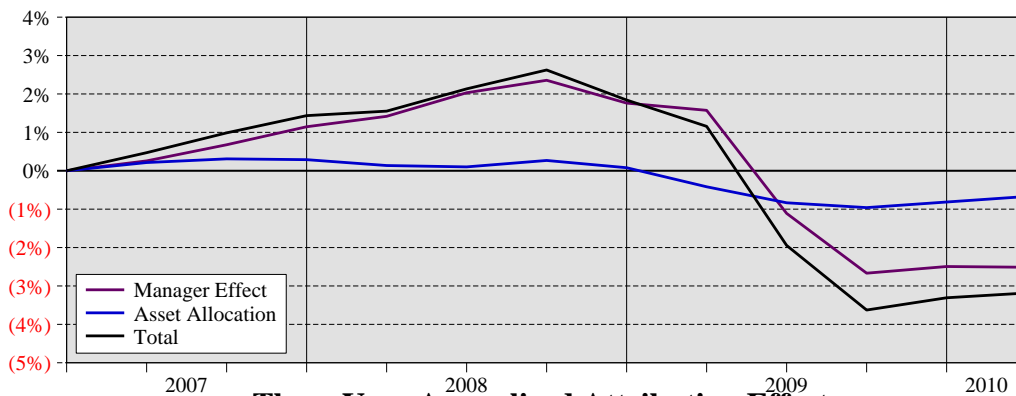
#### Three Year Absolute Return Contributions



#### Three Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



#### Three Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	33%	34%	(4.43%)	(1.60%)	(4.30%)	(0.07%)	0.11%	0.05%
Fixed-Income	18%	19%	5.96%	0.87%	6.45%	(0.10%)	(0.01%)	(0.11%)
High Yield	1%	1%	-	-	-	0.01%	(0.00%)	0.01%
Real Asset	15%	13%	(5.99%)	(1.05%)	(1.13%)	(0.81%)	(0.04%)	(0.85%)
International Equity	19%	19%	(3.93%)	(0.46%)	(4.86%)	0.10%	(0.02%)	0.08%
Int'l Fixed-Income	1%	1%	-	-	-	(0.00%)	(0.01%)	(0.01%)
Private Equity	9%	7%	1.89%	0.05%	(4.86%)	0.28%	(0.08%)	0.19%
Absolute Return	4%	5%	(0.84%)	(0.03%)	6.83%	(0.30%)	(0.13%)	(0.44%)
Other	1%	1%	-	-	-	0.03%	(0.04%)	(0.01%)

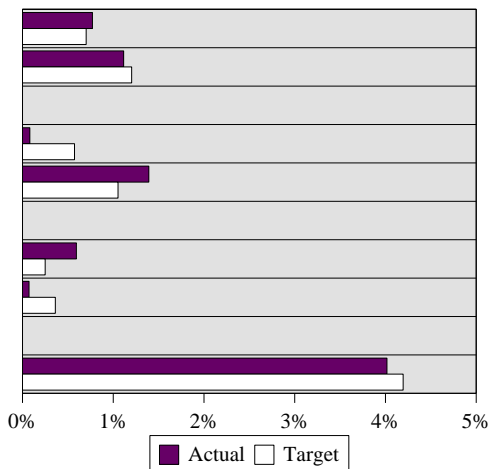
**Total** (2.06%) = (0.97%) + (0.87%) + (0.23%) (1.09%)

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

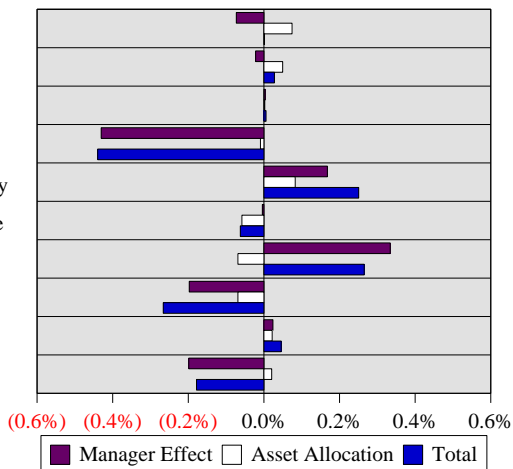
### Cumulative Total Fund Attribution - March 31, 2010

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

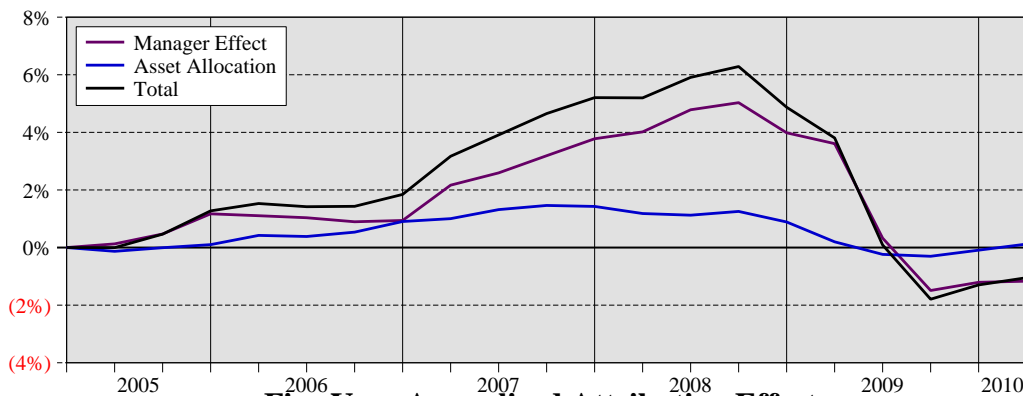
#### Five Year Absolute Return Contributions



#### Five Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



#### Five Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	35%	35%	1.92%	0.77%	2.07%	(0.07%)	0.07%	0.00%
Fixed-Income	19%	20%	5.52%	1.11%	5.63%	(0.02%)	0.05%	0.03%
High Yield	1%	1%	-	-	-	0.00%	0.00%	0.01%
Real Asset	13%	12%	4.08%	0.08%	6.49%	(0.43%)	(0.01%)	(0.44%)
International Equity	19%	17%	6.54%	1.39%	5.34%	0.17%	0.08%	0.25%
Int'l Fixed-Income	2%	1%	-	-	-	(0.00%)	(0.06%)	(0.06%)
Private Equity	7%	7%	10.81%	0.59%	3.18%	0.33%	(0.07%)	0.27%
Absolute Return	4%	4%	2.59%	0.07%	7.56%	(0.20%)	(0.07%)	(0.27%)
Other	1%	2%	-	-	-	0.02%	0.02%	0.05%

**Total** **4.02% = 4.19% + (0.20%) + 0.02%** **(0.18%)**

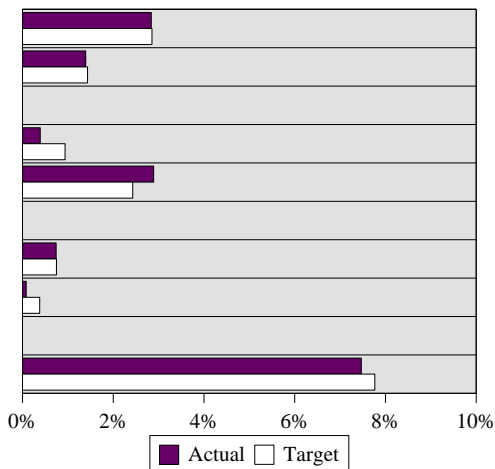
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.



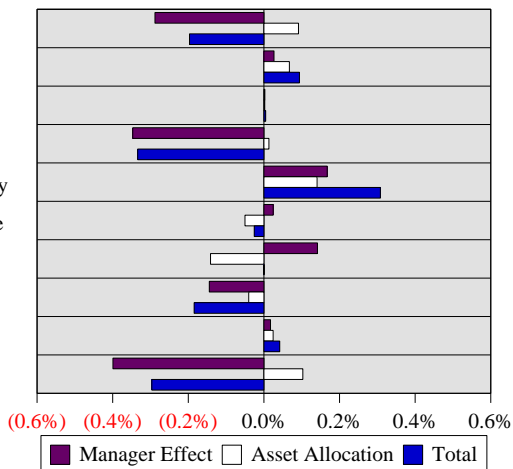
### Cumulative Total Fund Attribution - March 31, 2010

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

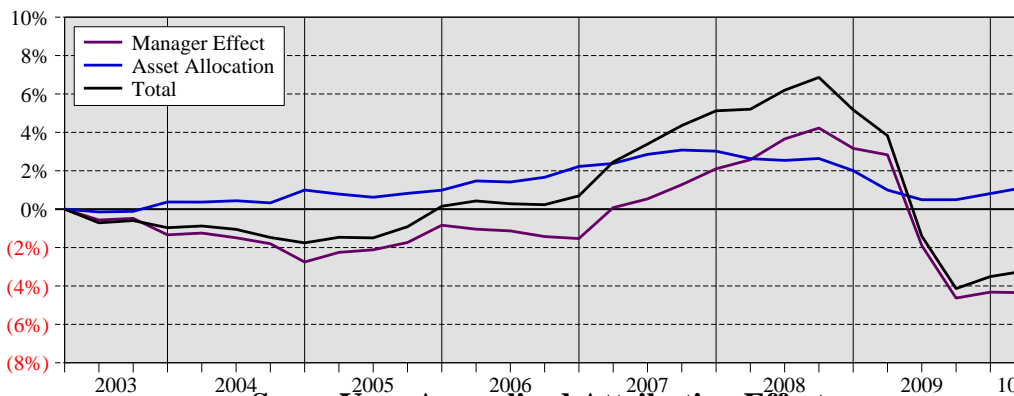
#### Seven Year Absolute Return Contributions



#### Seven Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### Seven Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	37%	35%	6.71%	2.84%	7.40%	(0.29%)	0.09%	(0.20%)
Fixed-Income	21%	23%	5.01%	1.39%	4.94%	0.03%	0.07%	0.09%
High Yield	1%	1%	-	-	-	0.00%	0.00%	0.00%
Real Asset	11%	11%	6.23%	0.39%	8.32%	(0.35%)	0.01%	(0.33%)
International Equity	18%	17%	14.16%	2.89%	12.99%	0.17%	0.14%	0.31%
Int'l Fixed-Income	2%	2%	-	-	-	0.02%	(0.05%)	(0.03%)
Private Equity	6%	7%	12.24%	0.74%	9.90%	0.14%	(0.14%)	0.00%
Absolute Return	3%	3%	2.34%	0.08%	6.15%	(0.14%)	(0.04%)	(0.18%)
Other	0%	2%	-	-	-	0.02%	0.02%	0.04%

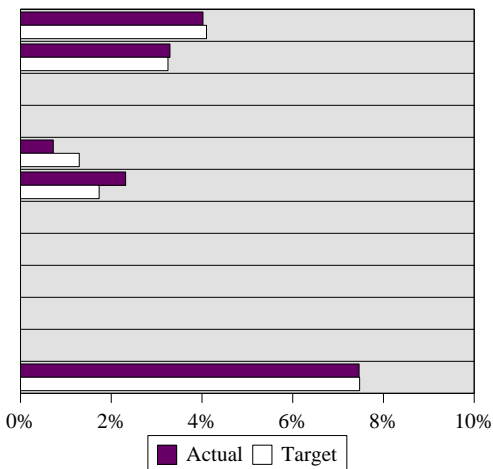
**Total** **7.47% = 7.76% + (0.40%) + 0.10%** **(0.30%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

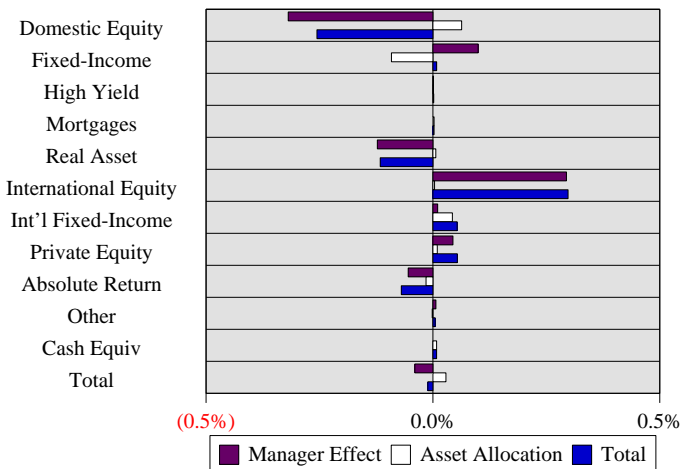
### Cumulative Total Fund Attribution - March 31, 2010

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

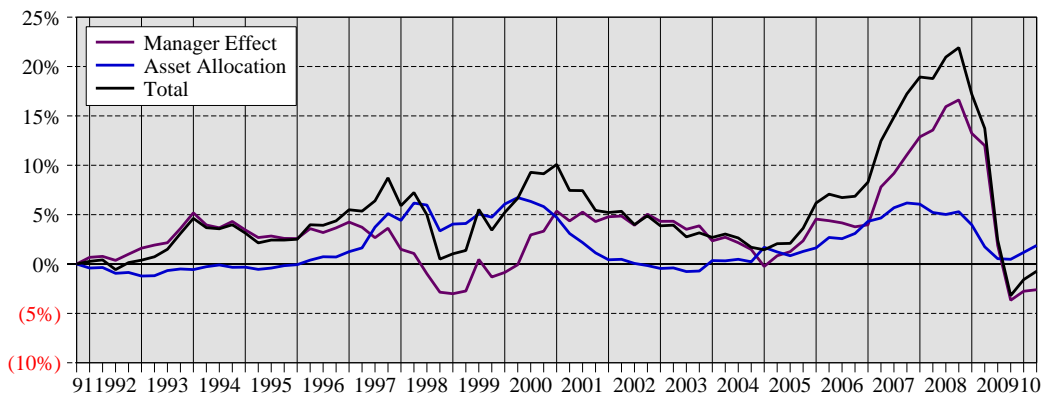
#### Eighteen and One-Half Year Absolute Return Contributions



#### Eighteen and One-Half Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



#### Eighteen and One-Half Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	39%	38%	7.67%	4.02%	8.40%	(0.32%)	0.06%	(0.26%)
Fixed-Income	32%	32%	6.91%	3.29%	6.66%	0.10%	(0.09%)	0.01%
High Yield	0%	0%	-	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	-	0.00%	0.00%	0.00%
Real Asset	7%	8%	6.89%	0.72%	7.38%	(0.12%)	0.01%	(0.12%)
International Equity	15%	14%	7.83%	2.32%	5.83%	0.29%	0.00%	0.30%
Int'l Fixed-Income	2%	3%	-	-	-	0.01%	0.04%	0.05%
Private Equity	3%	3%	-	-	-	0.04%	0.01%	0.05%
Absolute Return	1%	1%	-	-	-	(0.05%)	(0.02%)	(0.07%)
Other	0%	1%	-	-	-	0.01%	(0.00%)	0.00%
Cash Equiv	0%	0%	-	-	-	0.00%	0.01%	0.01%

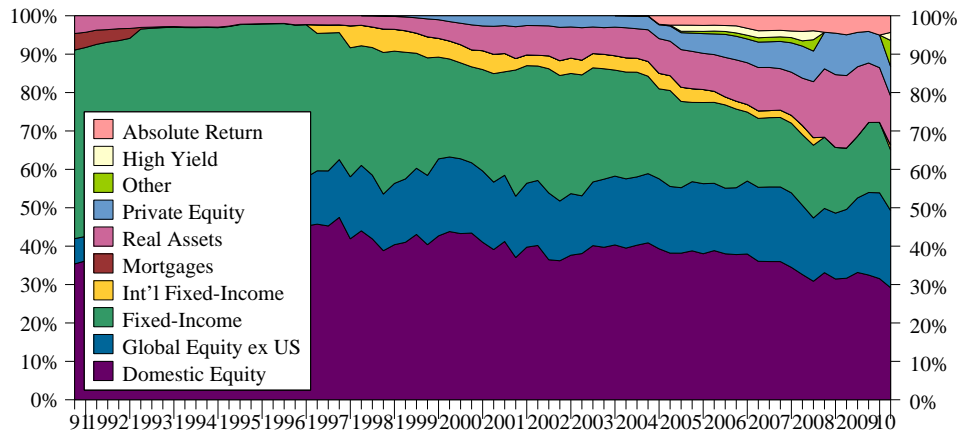
**Total** **7.46% = 7.47% + (0.04%) + 0.03%** **(0.01%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

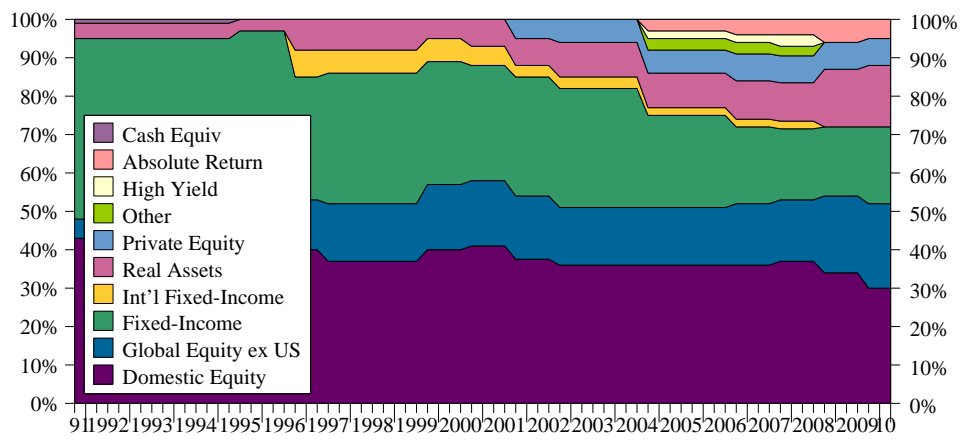
### Actual vs Target Historical Asset Allocation

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

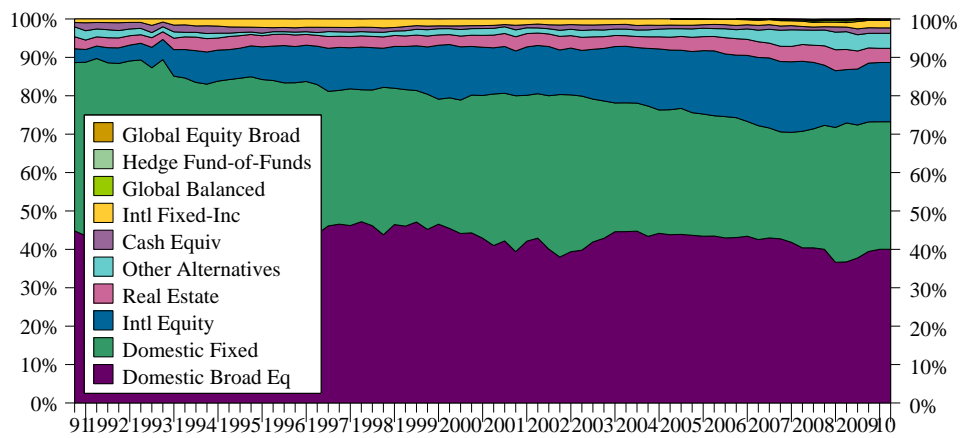
#### Actual Historical Asset Allocation



#### Target Historical Asset Allocation



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

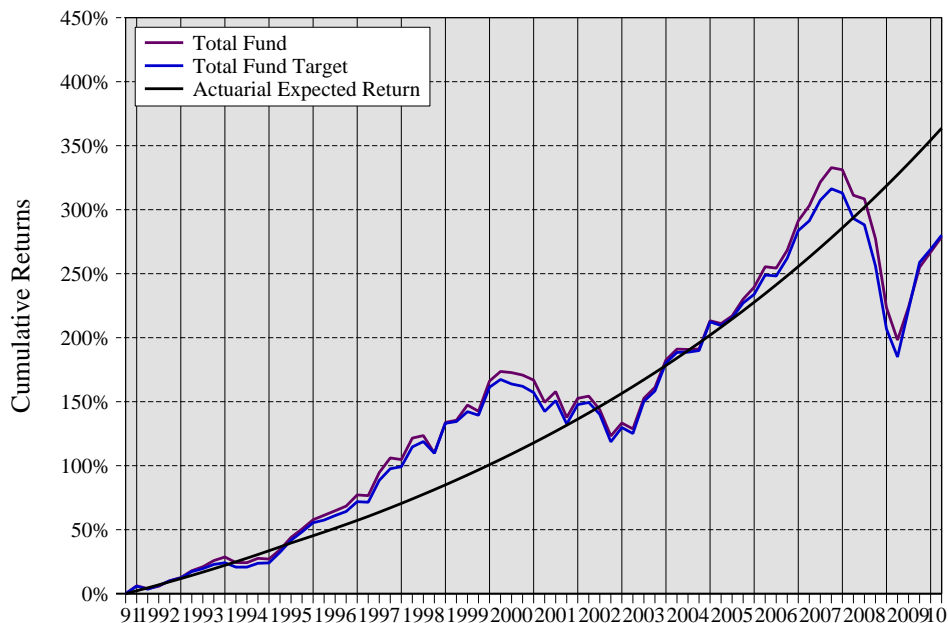


\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

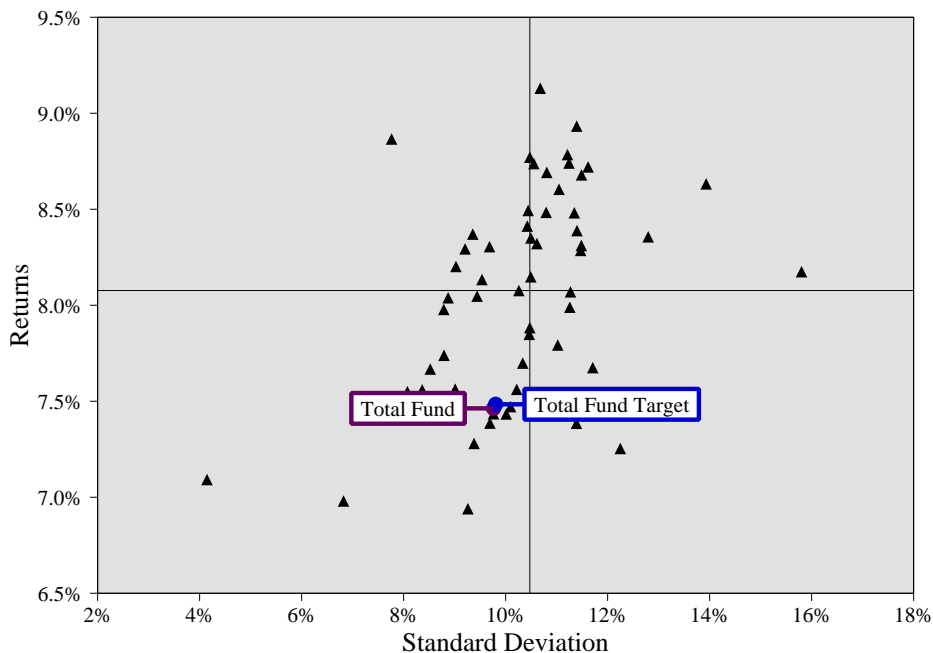
### Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. 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



### Eighteen and One-Half Year Annualized Risk vs Return



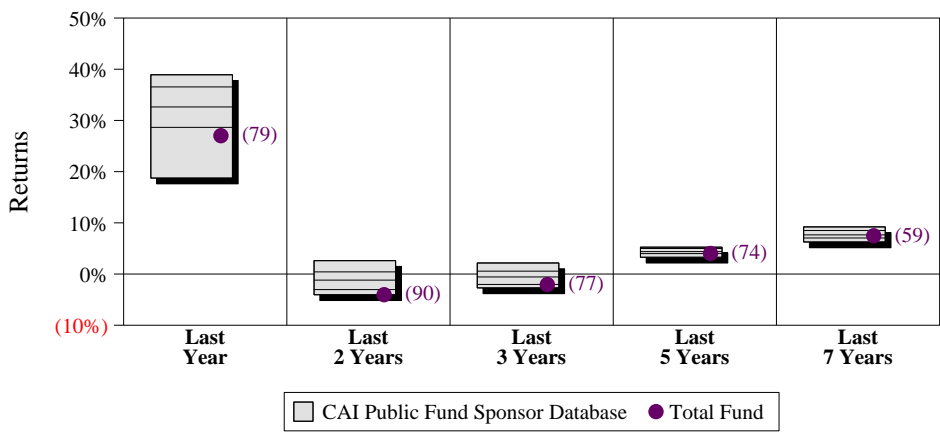
Triangles represent membership of the CAI Public Fund Sponsor Database

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

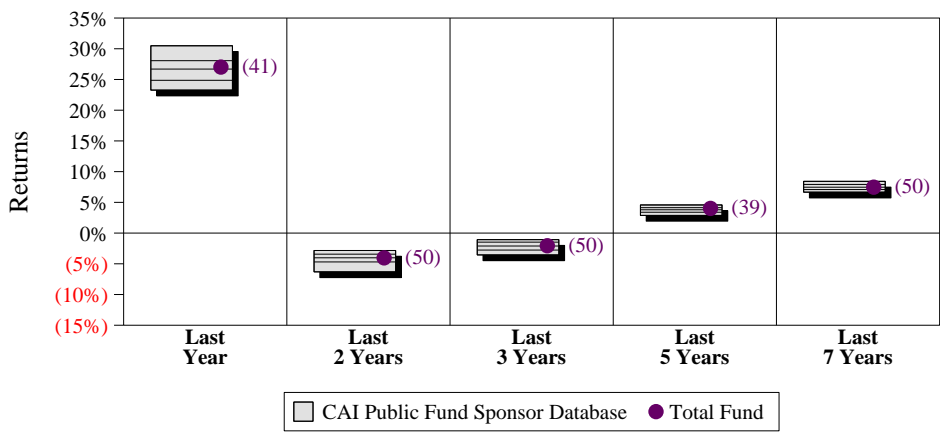
### Total Fund Ranking

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 March 31, 2010. 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. The final chart shows the history of the one year ranking of the Total Fund versus the CAI Public Fund Sponsor Database, both on an unadjusted and asset allocation adjusted basis.

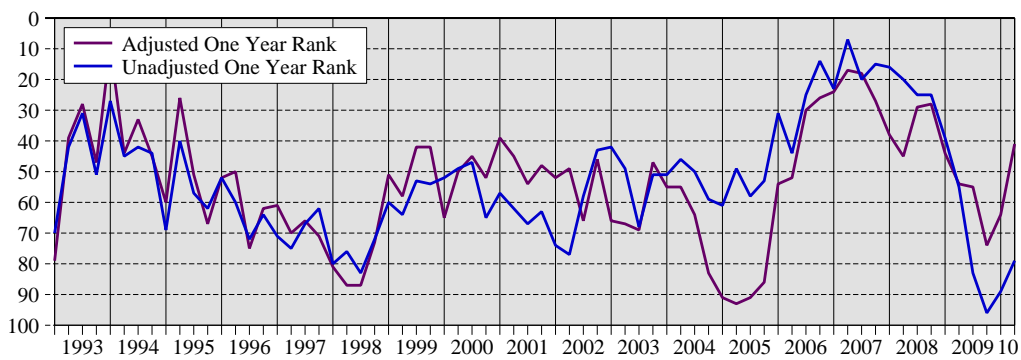
#### CAI Public Fund Sponsor Database



#### Asset Allocation Adjusted Ranking



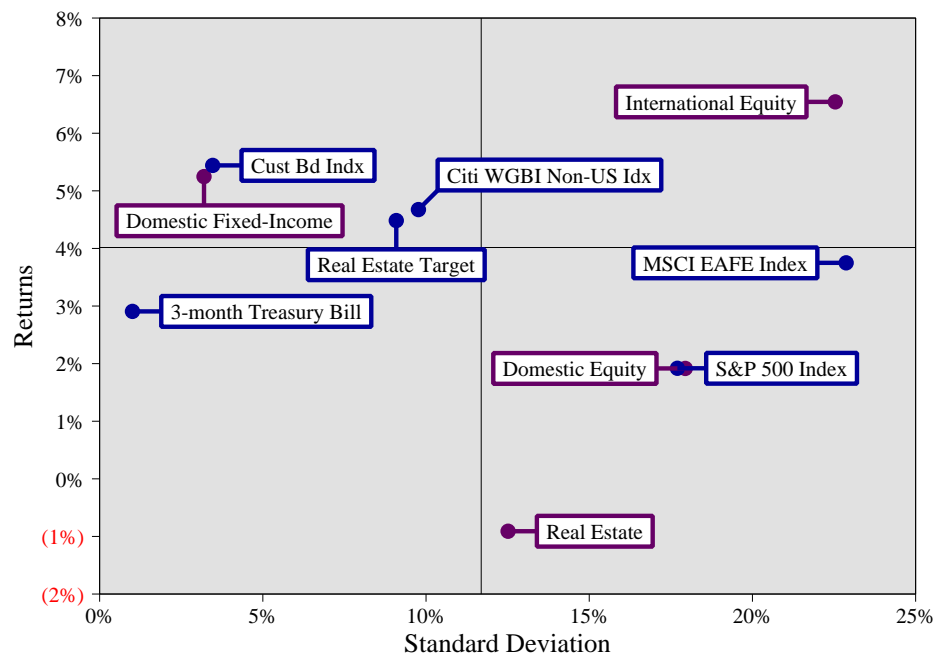
#### Rolling One Year Ranking vs CAI Public Fund Sponsor Database



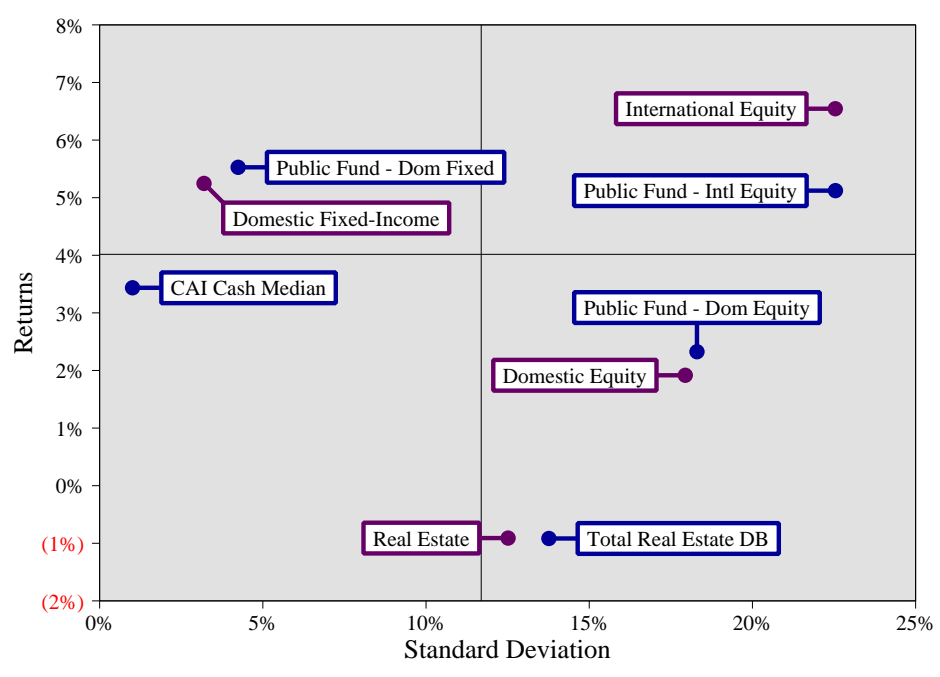
### Asset Class Risk and Return

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

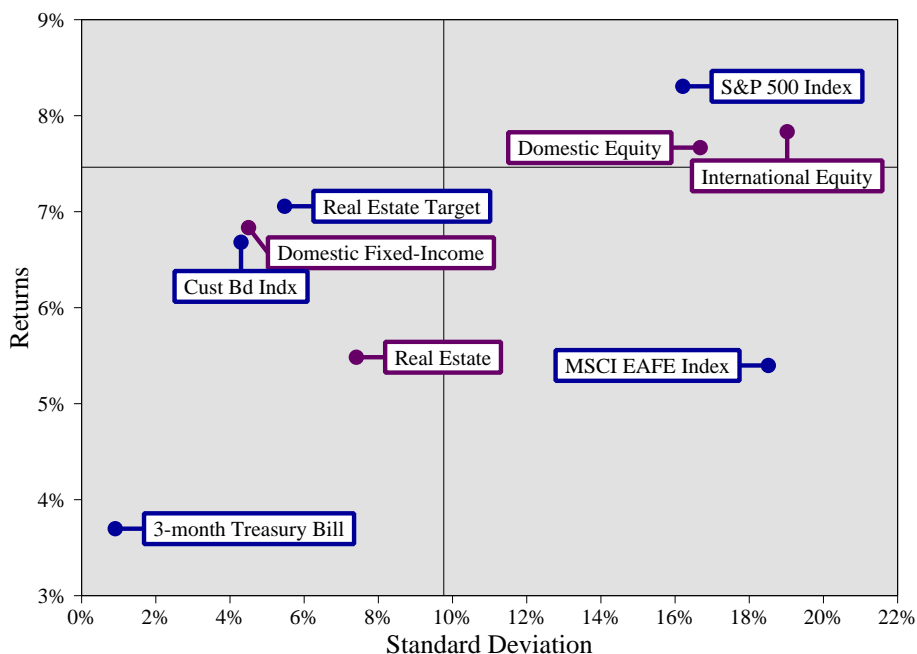




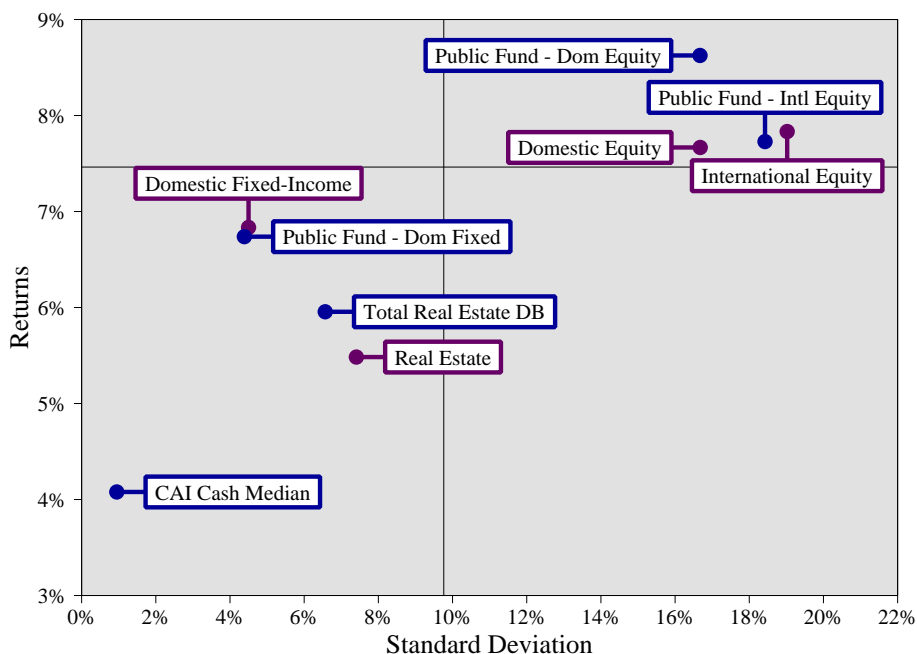
### Asset Class Risk and Return

The charts below show the eighteen and one-half 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.

**Eighteen and One-Half Year Annualized Risk vs Return  
Asset Classes vs Benchmark Indices**



**Eighteen and One-Half Year Annualized Risk vs Return  
Asset Classes vs Asset Class Median**

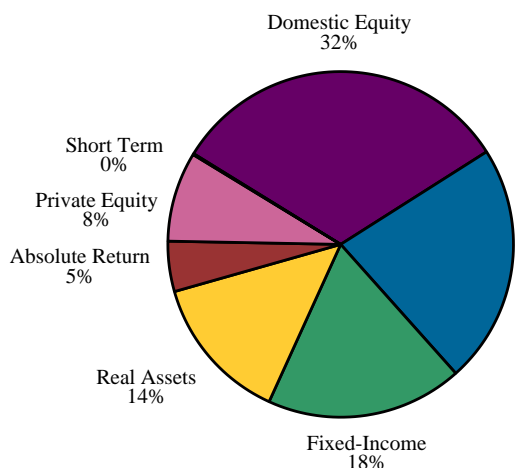


T R S HEALTH CARE

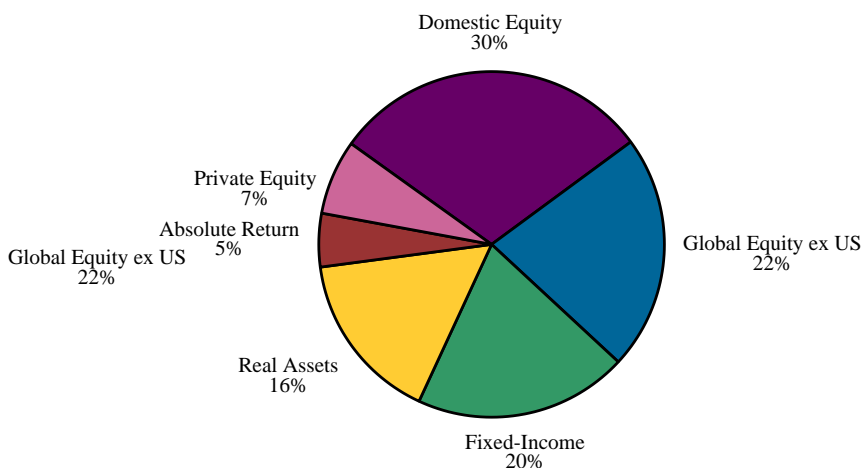
### Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2010. 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

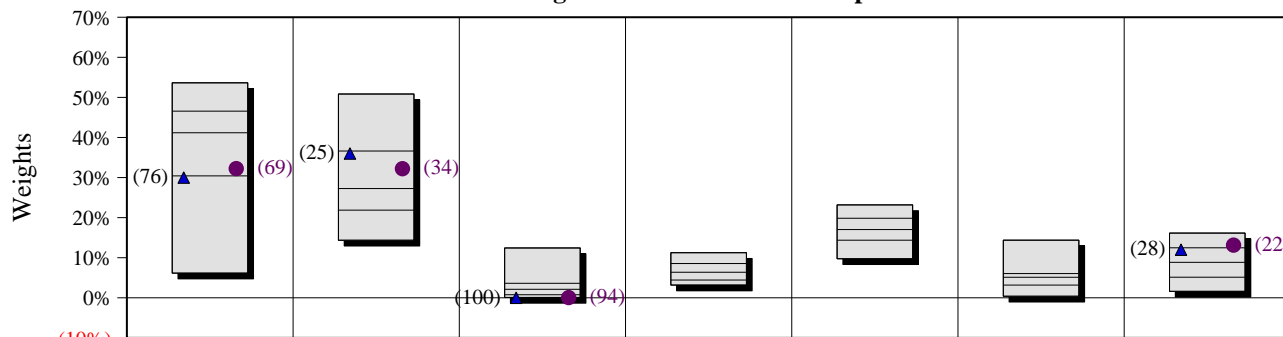


#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	432,333	32.2%	30.0%	2.2%	29,948
Global Equity ex US	300,007	22.4%	22.0%	0.4%	4,925
Fixed-Income	246,663	18.4%	20.0%	(1.6%)	(21,594)
Real Assets	185,336	13.8%	16.0%	(2.2%)	(29,269)
Absolute Return	63,525	4.7%	5.0%	(0.3%)	(3,539)
Private Equity	112,732	8.4%	7.0%	1.4%	18,843
Short Term	688	0.1%	0.0%	0.1%	688
<b>Total</b>	<b>1,341,284</b>	<b>100.0%</b>	<b>100.0%</b>		

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



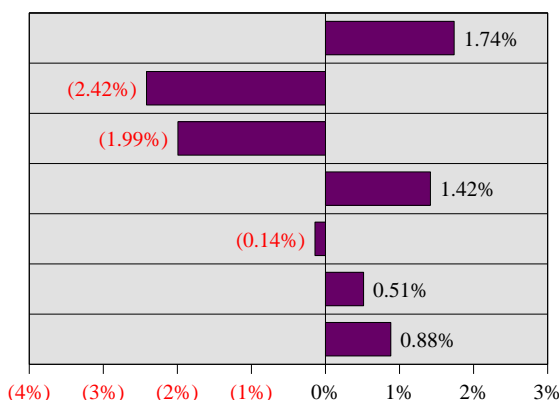
	Domestic Equity	Domestic Fixed	Short Term	Real Estate	Intl Equity	Intl Fixed-Inc	Alternative
10th Percentile	53.64	50.85	12.44	11.25	23.18	14.38	16.15
25th Percentile	46.57	36.62	3.62	8.55	19.85	6.05	12.48
Median	41.18	27.26	2.12	6.37	17.03	5.12	8.85
75th Percentile	30.42	21.87	0.77	4.43	14.37	3.17	5.14
90th Percentile	6.16	14.36	0.09	3.18	9.74	0.39	1.61
<b>Fund</b> ●	<b>32.23</b>	<b>32.21</b>	<b>0.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.14</b>
<b>Target</b> ▲	<b>30.00</b>	<b>36.00</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.00</b>
% Group Invested	98.00%	99.00%	56.04%	48.35%	91.21%	25.27%	41.76%

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

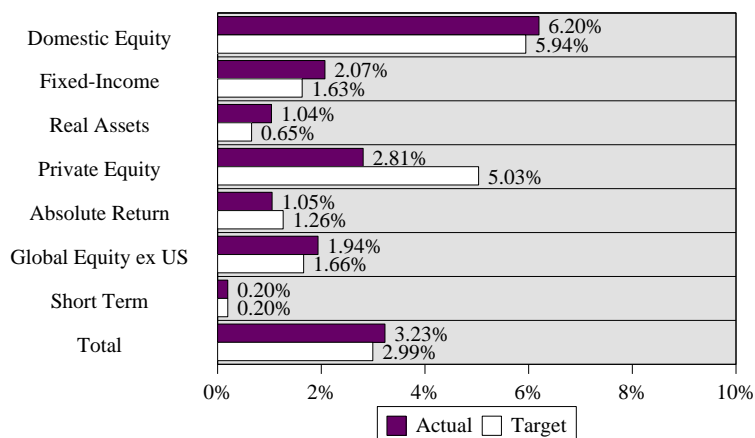
## Quarterly Total Fund Attribution - March 31, 2010

The following analysis approaches Total Fund Attribution from two perspectives: Absolute Return Contribution and Relative Return Contribution. Absolute return attribution quantifies the contribution of each asset class to total fund absolute performance. 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.

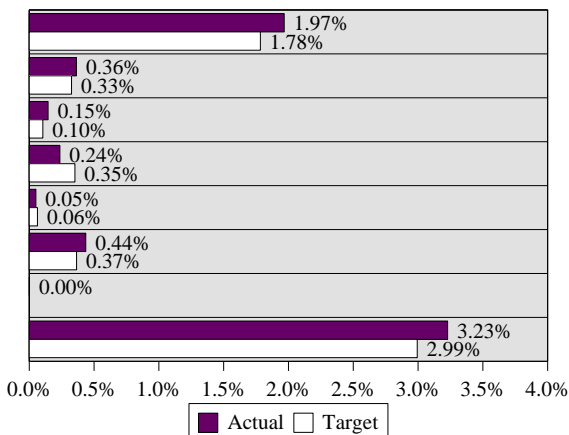
### Asset Class Under or Overweighting



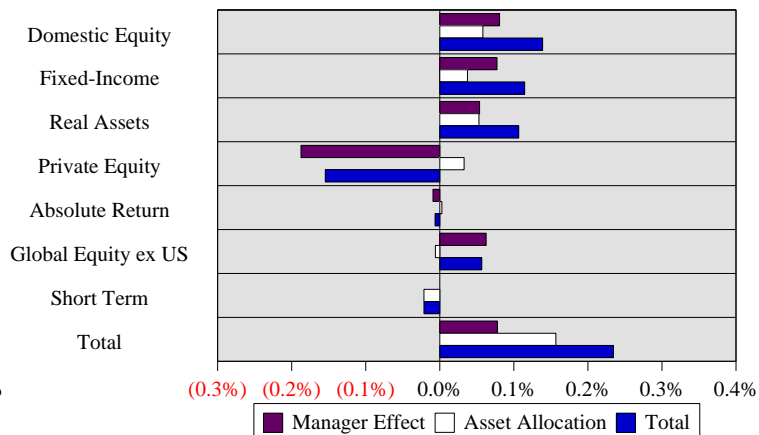
### Actual vs Target Returns



### Absolute Return Contributions



### Relative Attribution by Asset Class



### Attribution Effects for Quarter ended March 31, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	30%	6.20%	1.97%	5.94%	0.08%	0.06%	0.14%
Fixed-Income	18%	20%	2.07%	0.36%	1.63%	0.08%	0.04%	0.11%
Real Assets	14%	16%	1.04%	0.15%	0.65%	0.05%	0.05%	0.11%
Private Equity	8%	7%	2.81%	0.24%	5.03%	(0.19%)	0.03%	(0.15%)
Absolute Return	5%	5%	1.05%	0.05%	1.26%	(0.01%)	0.00%	(0.01%)
Global Equity ex US	23%	22%	1.94%	0.44%	1.66%	0.06%	(0.01%)	0.06%
Short Term	1%	0%	0.20%	0.00%	0.20%	0.00%	(0.02%)	(0.02%)

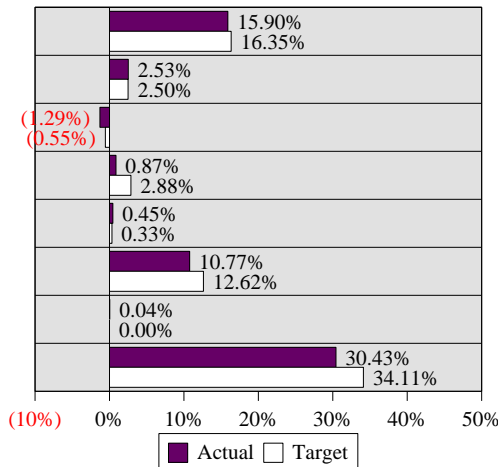
**Total** **3.23% = 2.99% + 0.08% + 0.16%** **0.23%**

\* Current Quarterly Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

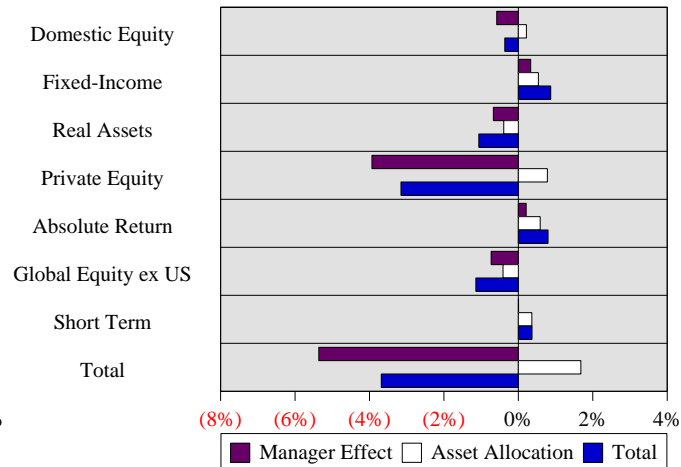
### Cumulative Total Fund Attribution - March 31, 2010

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

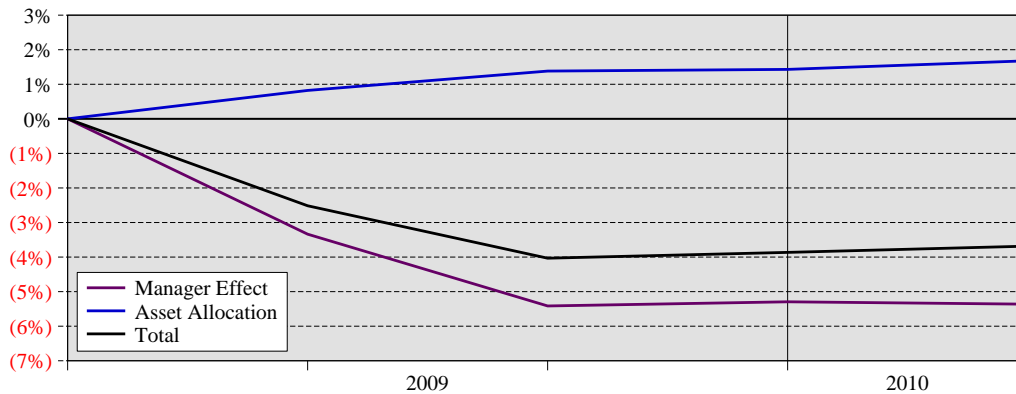
#### One Year Absolute Return Contributions



#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	32%	50.62%	15.90%	52.44%	(0.58%)	0.22%	(0.37%)
Fixed-Income	18%	20%	13.15%	2.53%	11.60%	0.33%	0.54%	0.87%
Real Assets	14%	14%	(8.30%)	(1.29%)	(4.64%)	(0.67%)	(0.39%)	(1.06%)
Private Equity	8%	6%	7.94%	0.87%	55.76%	(3.93%)	0.78%	(3.15%)
Absolute Return	5%	6%	9.22%	0.45%	5.17%	0.21%	0.59%	0.80%
Global Equity ex US	21%	22%	57.70%	10.77%	61.67%	(0.73%)	(0.41%)	(1.14%)
Short Term	1%	1%	3.90%	0.04%	3.11%	0.01%	0.36%	0.37%

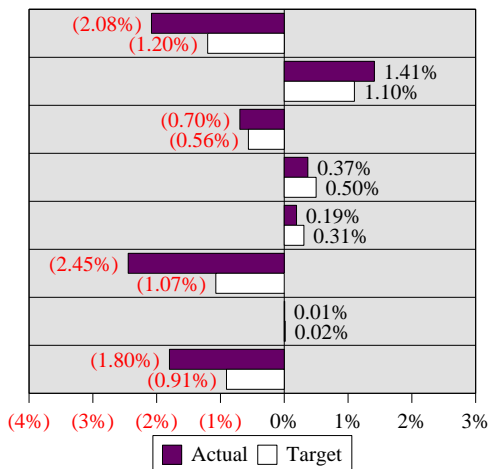
**Total** **30.43%** = **34.11%** + **(5.36%)** + **1.68%** **(3.68%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

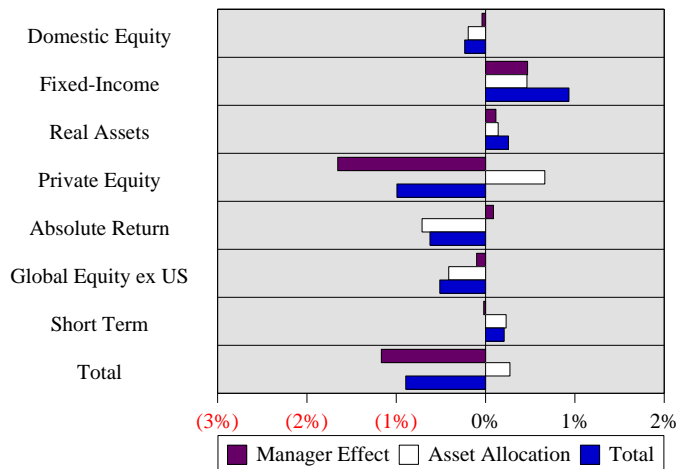
### Cumulative Total Fund Attribution - March 31, 2010

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

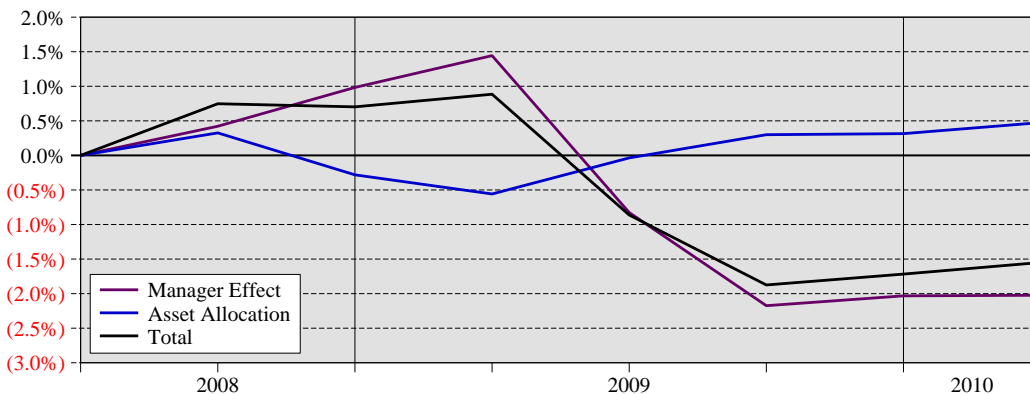
#### One and Three-Quarter Year Absolute Return Contributions



#### One and Three-Quarter Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One and Three-Quarter Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	36%	34%	(2.59%)	(2.08%)	(2.40%)	(0.04%)	(0.19%)	(0.23%)
Fixed-Income	19%	20%	9.26%	1.41%	6.88%	0.47%	0.46%	0.93%
Real Assets	13%	11%	(5.85%)	(0.70%)	(7.25%)	0.12%	0.14%	0.26%
Private Equity	5%	5%	4.46%	0.37%	(3.49%)	(1.66%)	0.66%	(0.99%)
Absolute Return	3%	6%	5.17%	0.19%	5.61%	0.09%	(0.71%)	(0.62%)
Global Equity ex US	23%	22%	(7.59%)	(2.45%)	(7.18%)	(0.10%)	(0.41%)	(0.51%)
Short Term	2%	2%	2.15%	0.01%	2.29%	(0.02%)	0.23%	0.21%

**Total** (1.80%) = (0.91%) + (1.17%) + 0.27% (0.89%)

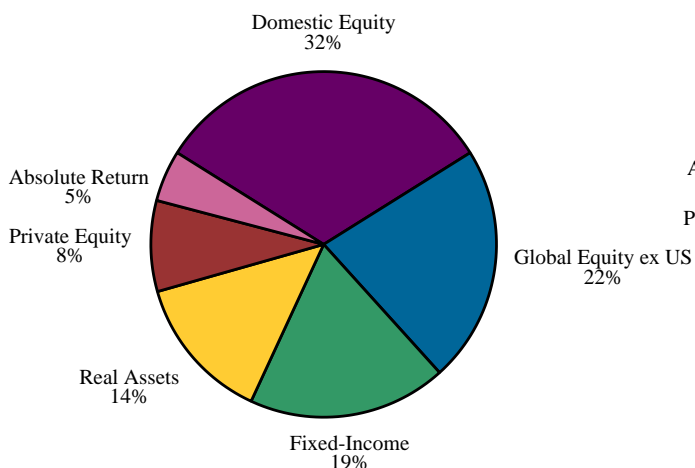
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.



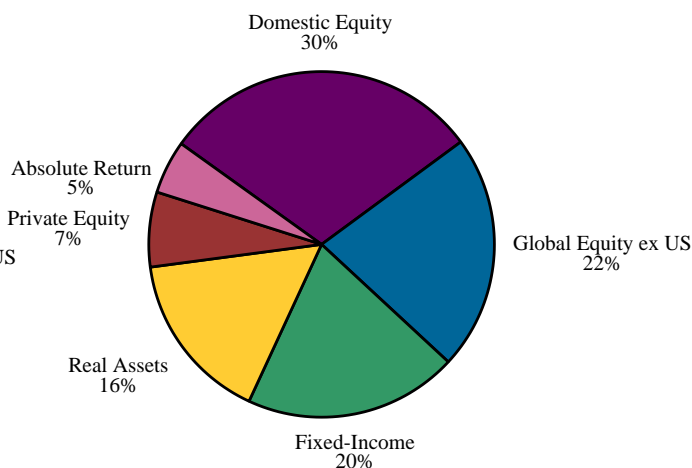
### Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2010. 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

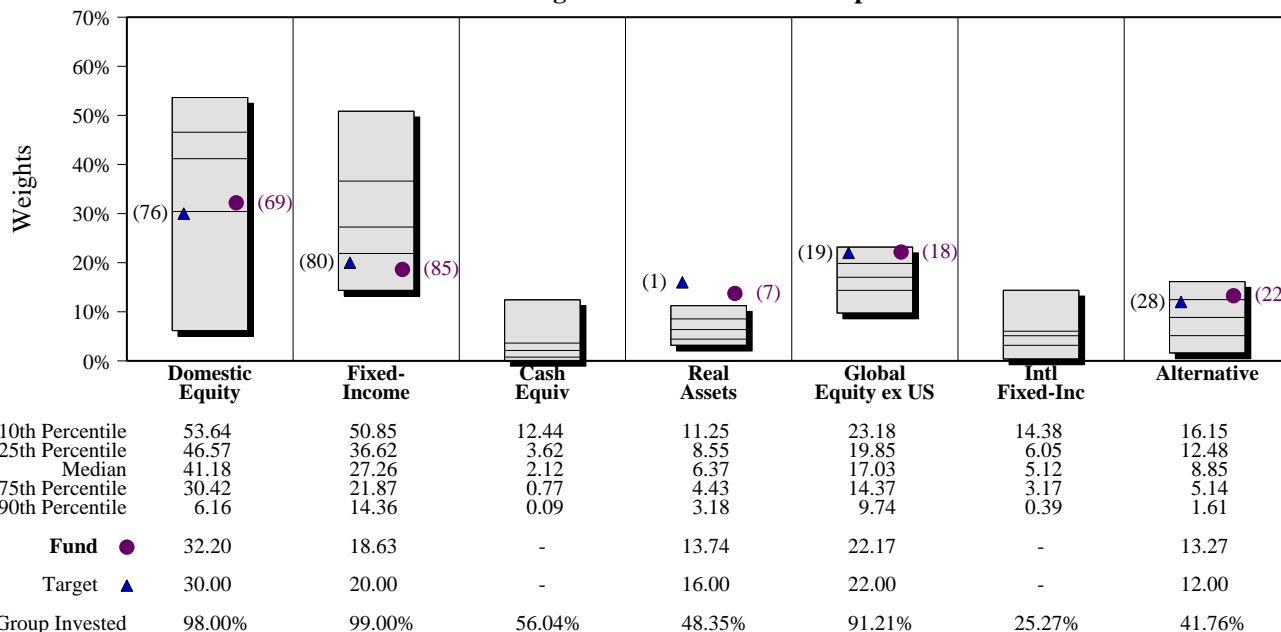


#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	32,586	32.2%	30.0%	2.2%	2,225
Global Equity ex US	22,436	22.2%	22.0%	0.2%	172
Fixed-Income	18,850	18.6%	20.0%	(1.4%)	(1,390)
Real Assets	13,902	13.7%	16.0%	(2.3%)	(2,291)
Private Equity	8,599	8.5%	7.0%	1.5%	1,515
Absolute Return	4,828	4.8%	5.0%	(0.2%)	(232)
<b>Total</b>	<b>101,201</b>	<b>100.0%</b>	<b>100.0%</b>		

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



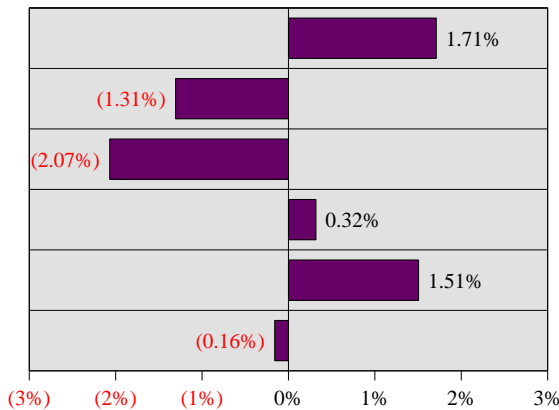
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.



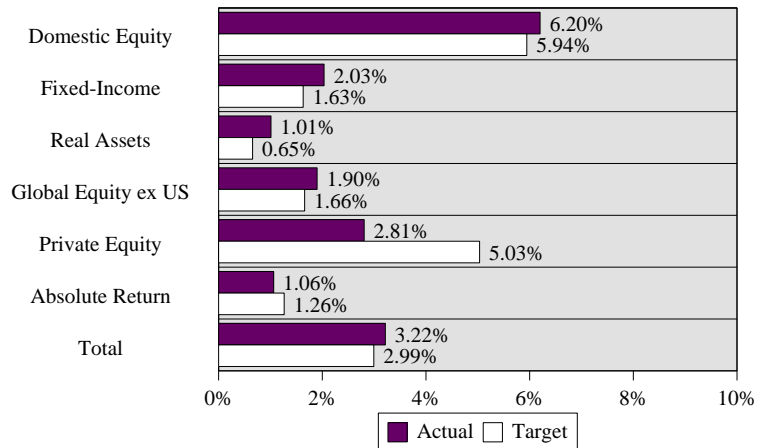
## Quarterly Total Fund Attribution - March 31, 2010

The following analysis approaches Total Fund Attribution from two perspectives: Absolute Return Contribution and Relative Return Contribution. Absolute return attribution quantifies the contribution of each asset class to total fund absolute performance. 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.

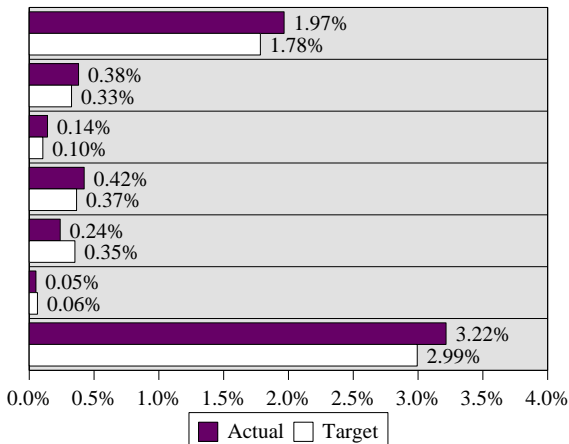
### Asset Class Under or Overweighting



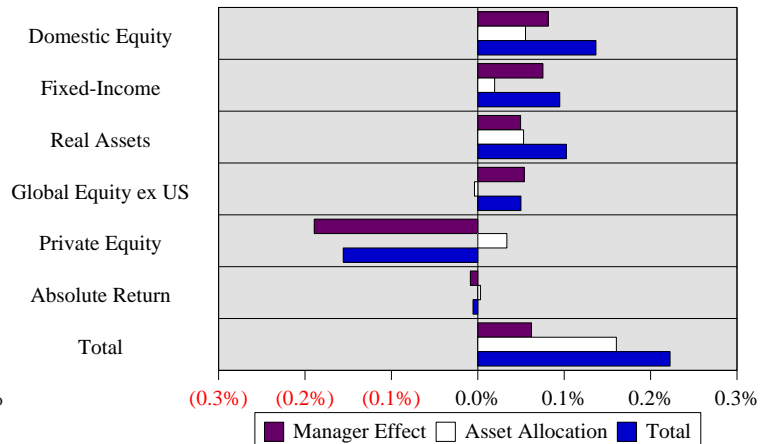
### Actual vs Target Returns



### Absolute Return Contributions



### Relative Attribution by Asset Class



### Attribution Effects for Quarter ended March 31, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	30%	6.20%	1.97%	5.94%	0.08%	0.06%	0.14%
Fixed-Income	19%	20%	2.03%	0.38%	1.63%	0.08%	0.02%	0.09%
Real Assets	14%	16%	1.01%	0.14%	0.65%	0.05%	0.05%	0.10%
Global Equity ex US	22%	22%	1.90%	0.42%	1.66%	0.05%	(0.00%)	0.05%
Private Equity	9%	7%	2.81%	0.24%	5.03%	(0.19%)	0.03%	(0.16%)
Absolute Return	5%	5%	1.06%	0.05%	1.26%	(0.01%)	0.00%	(0.01%)
<b>Total</b>				<b>3.22%</b>			<b>0.16%</b>	<b>0.22%</b>

### Total

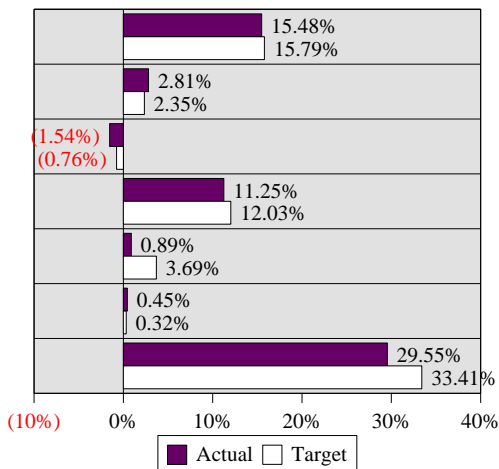
$$3.22\% = 2.99\% + 0.06\% + 0.16\% \quad \mathbf{0.22\%}$$

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

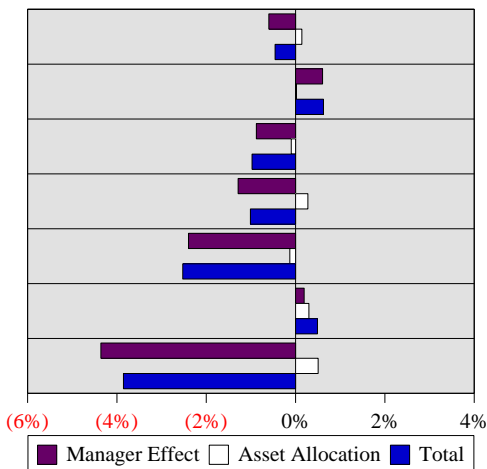
### Cumulative Total Fund Attribution - March 31, 2010

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

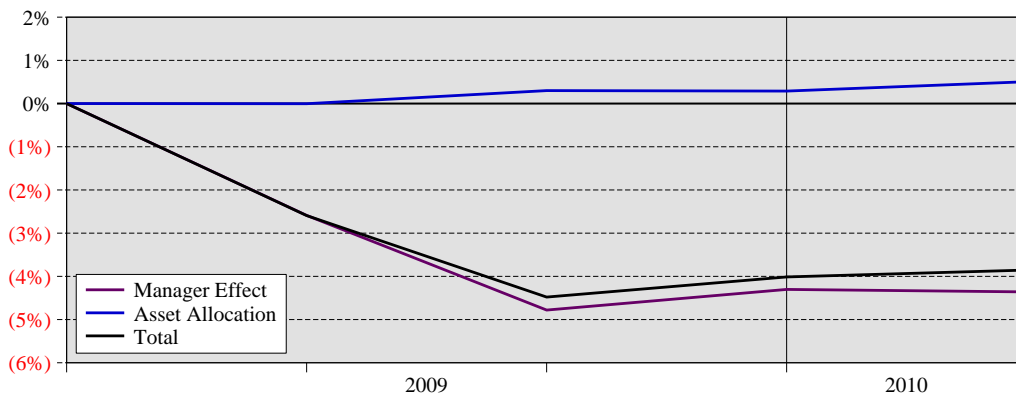
#### One Year Absolute Return Contributions



#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	31%	50.50%	15.48%	52.44%	(0.60%)	0.14%	(0.46%)
Fixed-Income	19%	20%	14.09%	2.81%	11.27%	0.60%	0.02%	0.62%
Real Assets	15%	16%	(8.74%)	(1.54%)	(4.64%)	(0.88%)	(0.10%)	(0.97%)
Global Equity ex US	22%	22%	55.21%	11.25%	61.67%	(1.29%)	0.28%	(1.01%)
Private Equity	7%	7%	7.94%	0.89%	55.76%	(2.40%)	(0.13%)	(2.53%)
Absolute Return	5%	5%	8.70%	0.45%	5.17%	0.19%	0.30%	0.49%

**Total** **29.55%** = **33.41%** + **(4.36%)** + **0.51%** **(3.85%)**

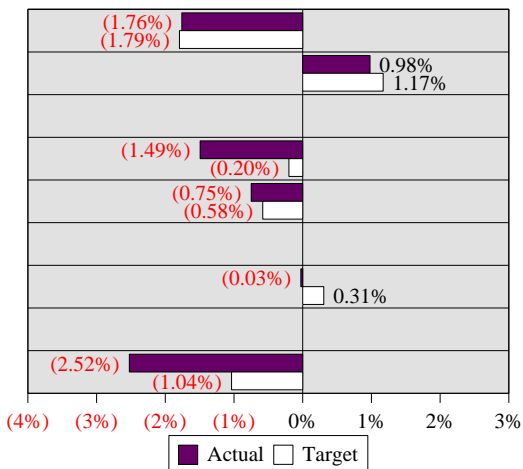
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.



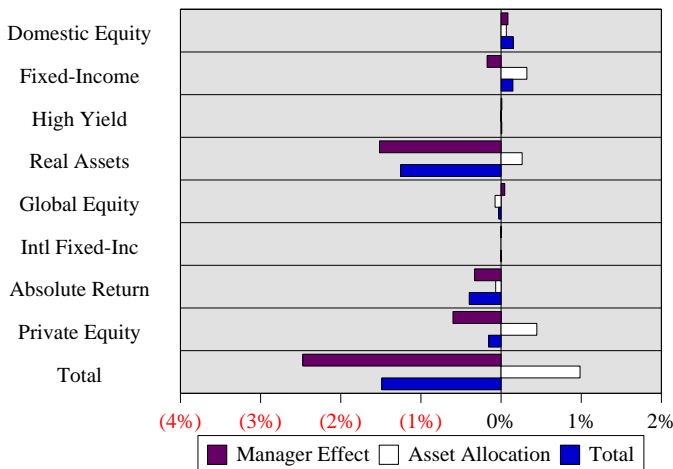
### Cumulative Total Fund Attribution - March 31, 2010

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

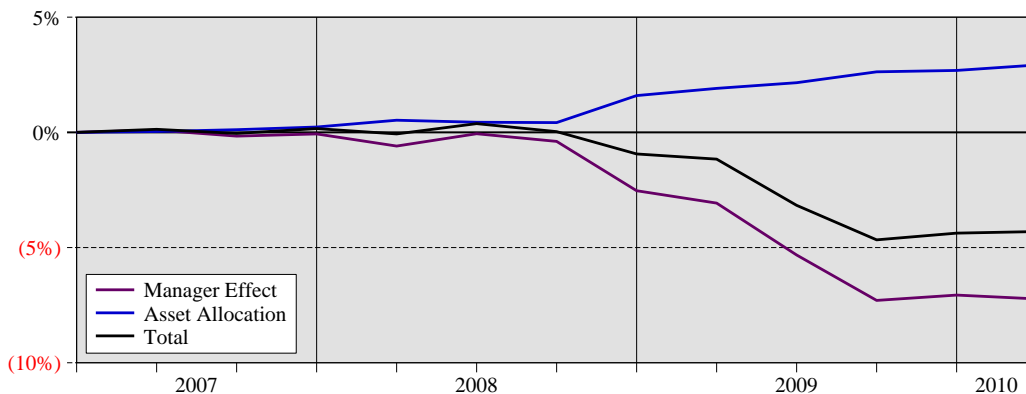
#### Three Year Absolute Return Contributions



#### Three Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### Three Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	36%	36%	(3.99%)	(1.76%)	(4.38%)	0.09%	0.07%	0.15%
Fixed-Income	20%	19%	6.25%	0.98%	6.90%	(0.17%)	0.32%	0.15%
High Yield	1%	1%	-	-	-	0.01%	(0.00%)	0.01%
Real Assets	15%	13%	(9.57%)	(1.49%)	(1.13%)	(1.52%)	0.26%	(1.25%)
Global Equity	22%	21%	(4.25%)	(0.75%)	(5.06%)	0.05%	(0.07%)	(0.03%)
Intl Fixed-Inc	1%	1%	-	-	-	(0.00%)	0.00%	(0.00%)
Absolute Return	4%	5%	(0.88%)	(0.03%)	6.83%	(0.33%)	(0.07%)	(0.40%)
Private Equity	2%	4%	-	-	-	(0.60%)	0.45%	(0.15%)

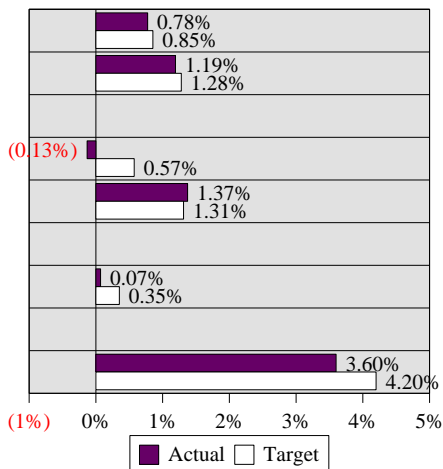
**Total** (2.52%) = (1.04%) + (2.47%) + 0.99% (1.49%)

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

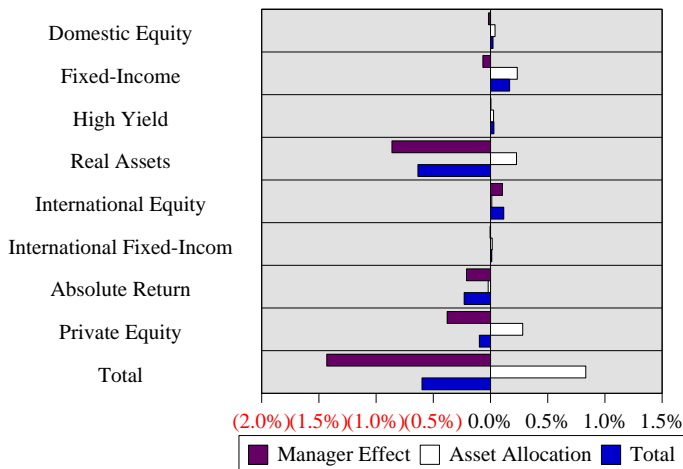
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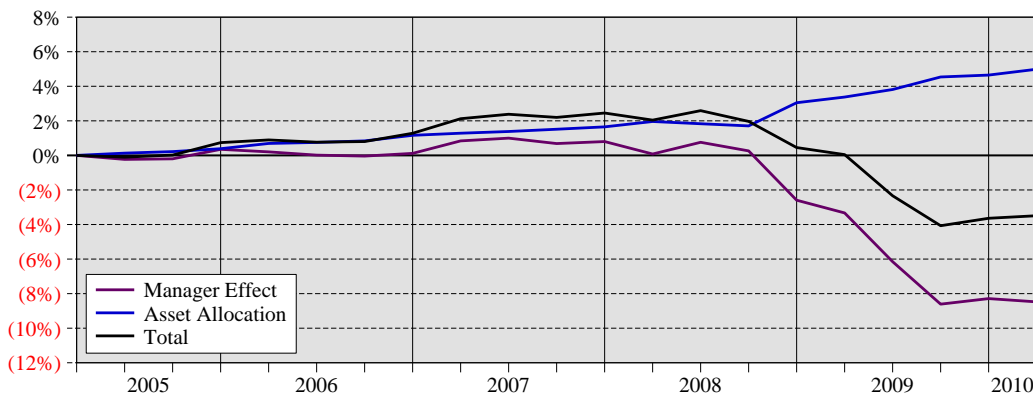
#### Five Year Absolute Return Contributions



#### Five Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### Five Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	38%	38%	2.18%	0.78%	2.09%	(0.02%)	0.04%	0.02%
Fixed-Income	21%	21%	5.61%	1.19%	5.80%	(0.07%)	0.23%	0.17%
High Yield	1%	1%	-	-	-	0.00%	0.03%	0.03%
Real Assets	13%	12%	1.69%	(0.13%)	6.49%	(0.86%)	0.23%	(0.63%)
International Equity	21%	20%	6.10%	1.37%	5.18%	0.10%	0.01%	0.12%
International Fixed-Income	1%	2%	-	-	-	(0.00%)	0.01%	0.01%
Absolute Return	4%	4%	2.34%	0.07%	7.36%	(0.21%)	(0.02%)	(0.23%)
Private Equity	1%	2%	-	-	-	(0.38%)	0.28%	(0.10%)

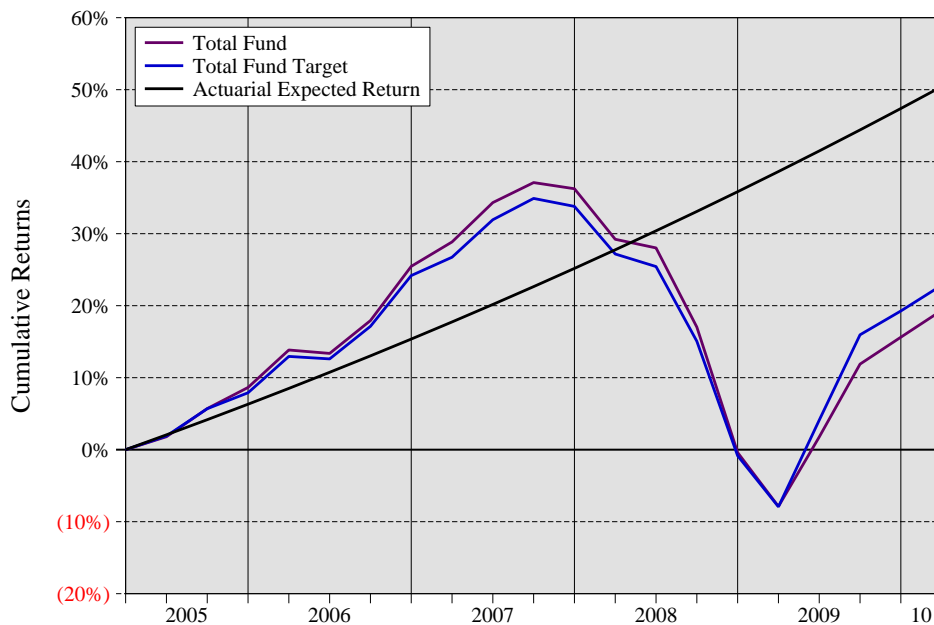
**Total** **3.60% = 4.20% + (1.43%) + 0.83%** **(0.60%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

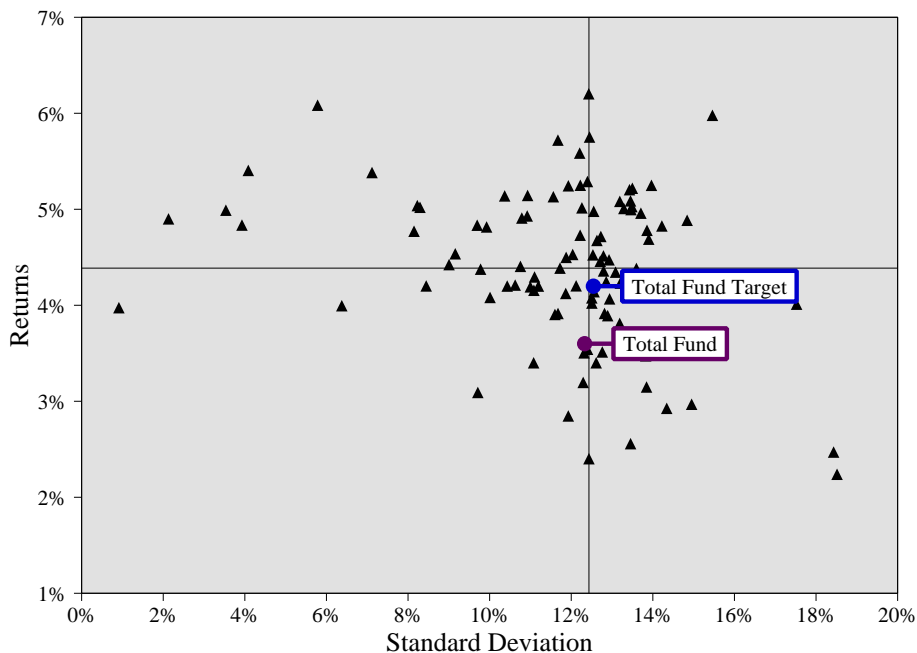
### Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. 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



#### Five Year Annualized Risk vs Return



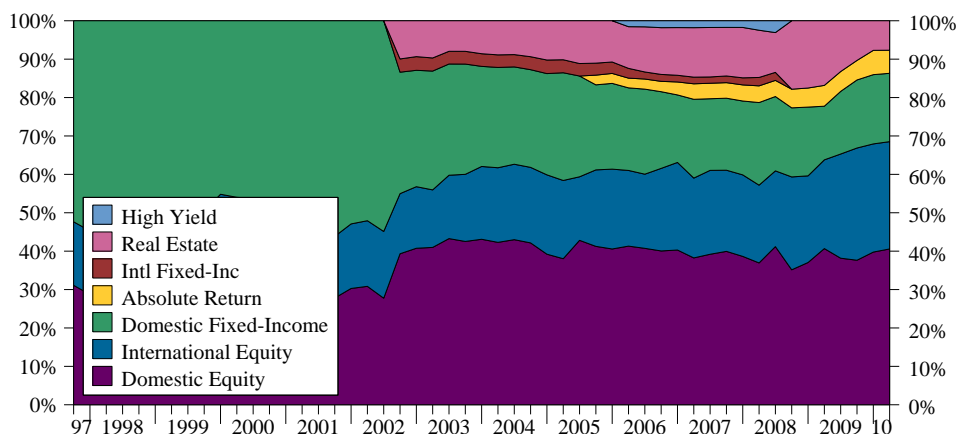
Triangles represent membership of the CAI Public Fund Sponsor Database

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

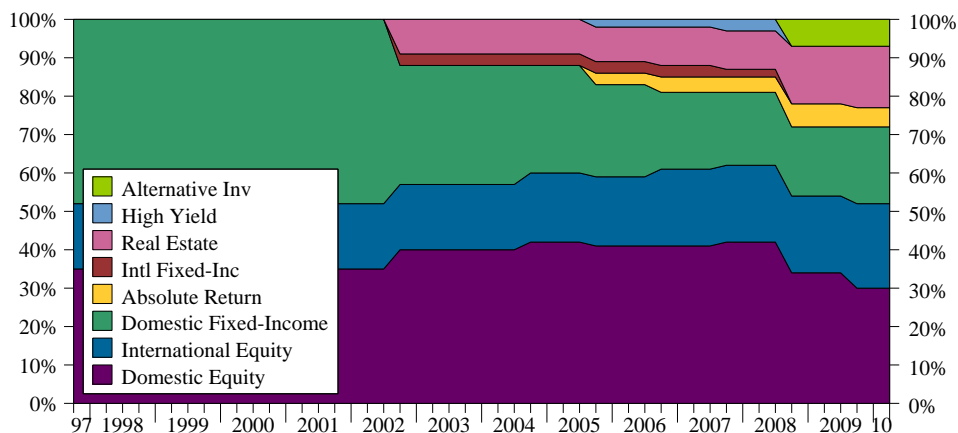
### Actual vs Target Historical Asset Allocation

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

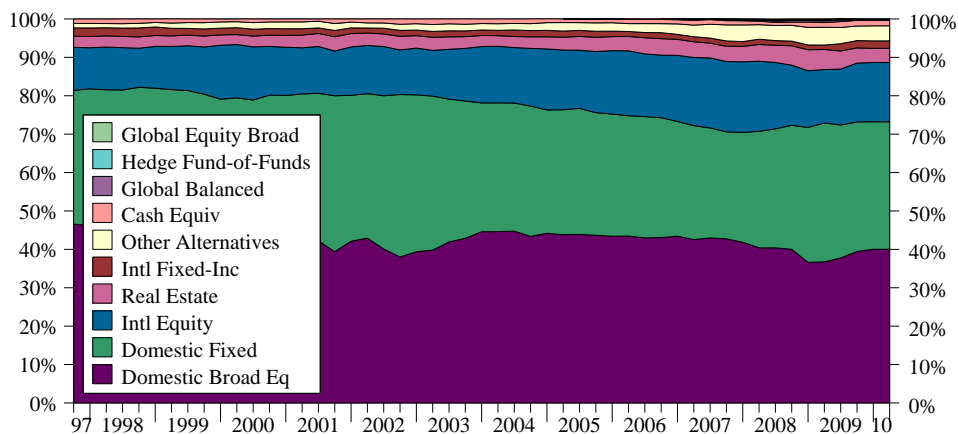
#### Actual Historical Asset Allocation



#### Target Historical Asset Allocation



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

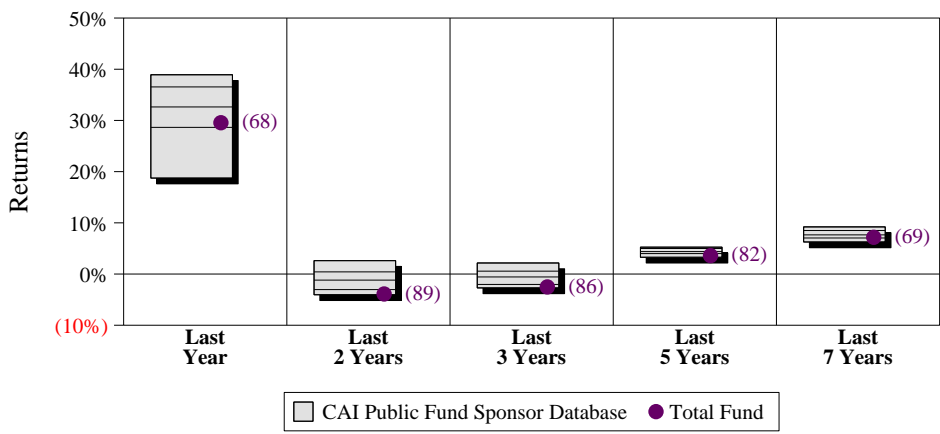


\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

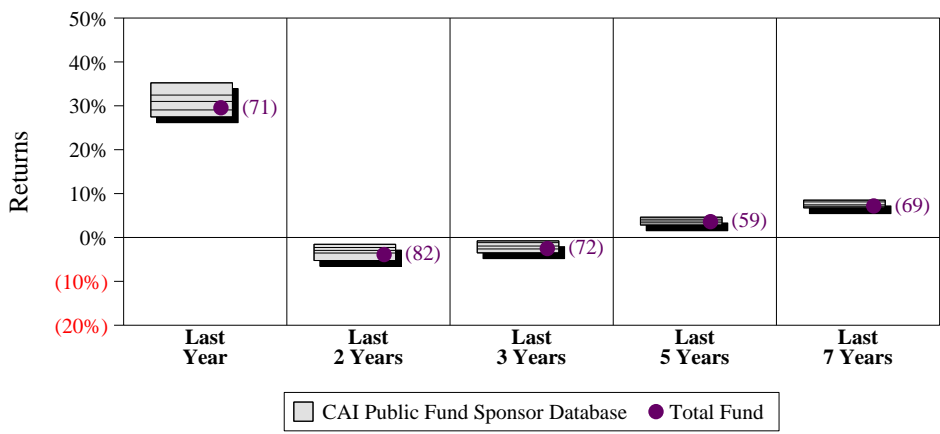
### Total Fund Ranking

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 March 31, 2010. 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. The final chart shows the history of the one year ranking of the Total Fund versus the CAI Public Fund Sponsor Database, both on an unadjusted and asset allocation adjusted basis.

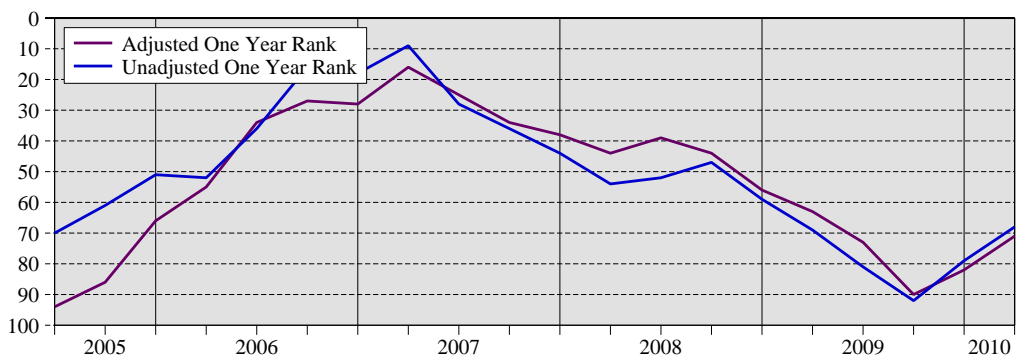
#### CAI Public Fund Sponsor Database



#### Asset Allocation Adjusted Ranking



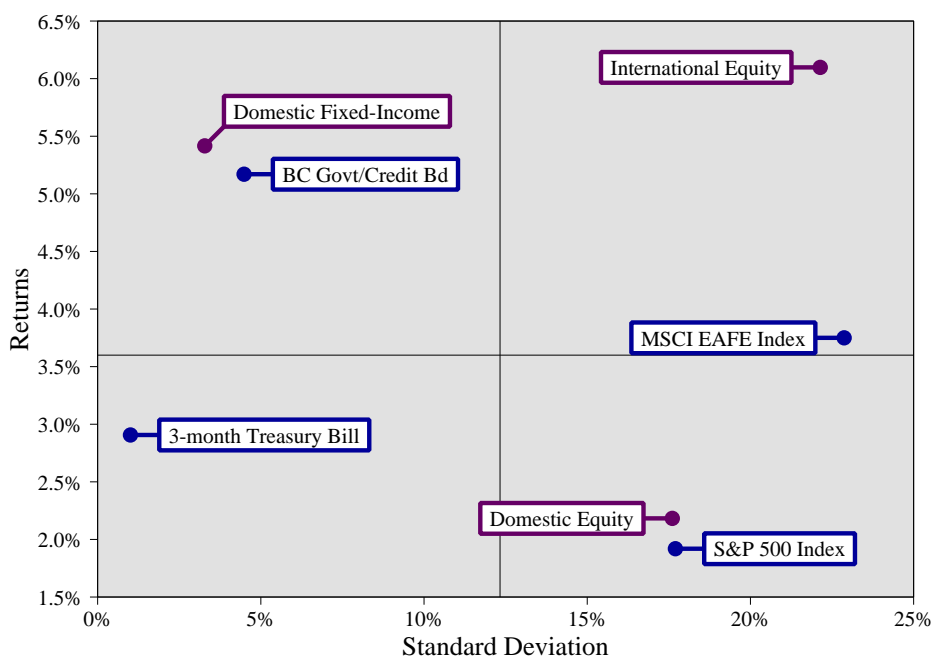
#### Rolling One Year Ranking vs CAI Public Fund Sponsor Database



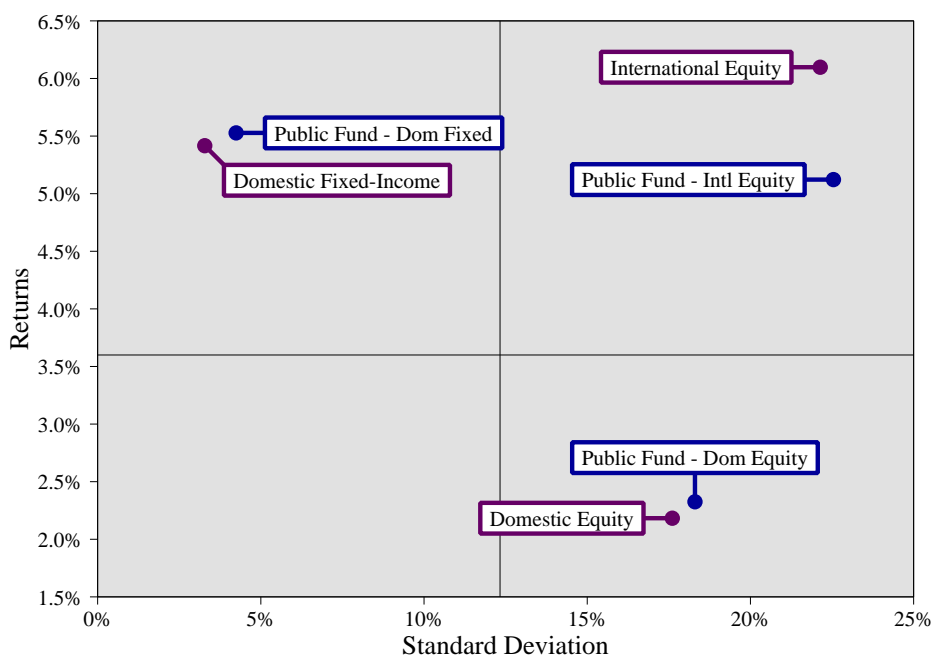
### Asset Class Risk and Return

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



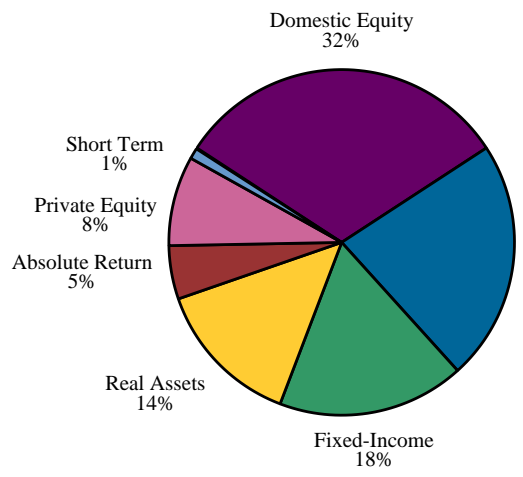


J R S HEALTH CARE

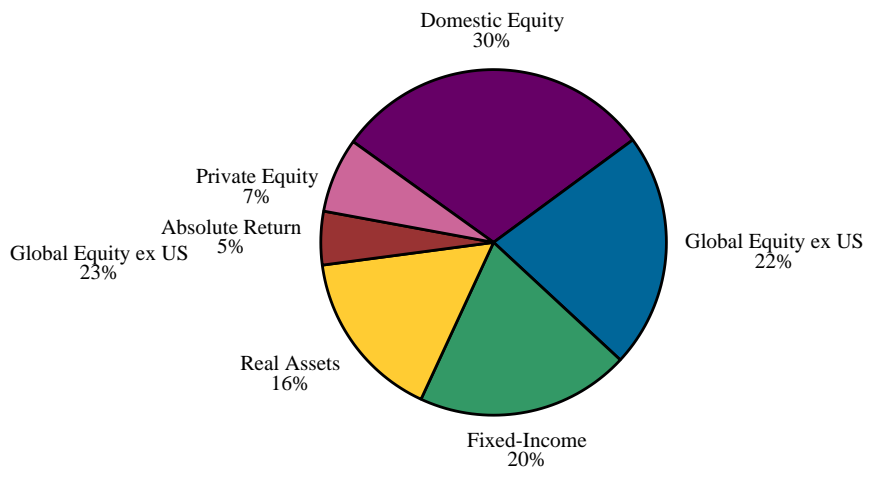
**Actual vs Target Asset Allocation**

The top left chart shows the Fund's asset allocation as of December 31, 2009. 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**

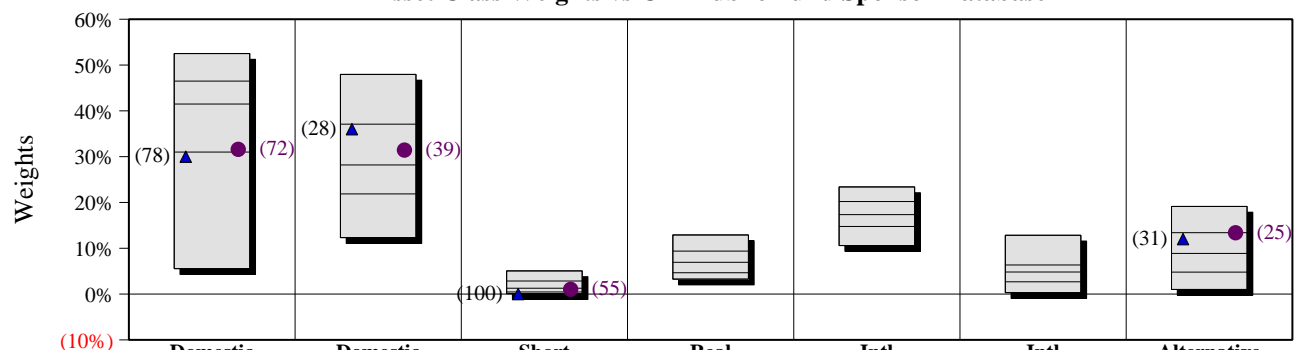


**Target Asset Allocation**



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	5,523	31.6%	30.0%	1.6%	279
Global Equity ex US	3,941	22.5%	22.0%	0.5%	95
Fixed-Income	3,060	17.5%	20.0%	(2.5%)	(436)
Real Assets	2,434	13.9%	16.0%	(2.1%)	(363)
Absolute Return	872	5.0%	5.0%	0.0%	(2)
Private Equity	1,468	8.4%	7.0%	1.4%	245
Short Term	182	1.0%	0.0%	1.0%	182
<b>Total</b>	<b>17,481</b>	<b>100.0%</b>	<b>100.0%</b>		

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



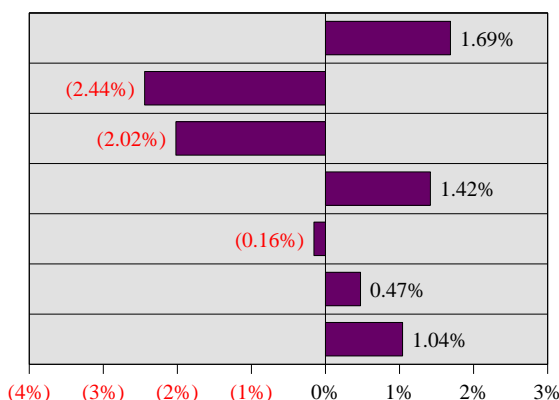
	Domestic Equity	Domestic Fixed	Short Term	Real Estate	Intl Equity	Intl Fixed-Inc	Alternative
10th Percentile	52.51	47.95	5.06	12.91	23.40	12.84	19.13
25th Percentile	46.49	37.09	2.86	9.38	20.20	6.35	13.40
Median	41.49	28.19	1.28	6.94	17.34	4.82	8.87
75th Percentile	31.00	21.87	0.46	4.66	14.76	2.68	4.79
90th Percentile	5.55	12.32	0.09	3.26	10.59	0.31	1.01
<b>Fund</b> ●	31.60	31.43	1.04	-	-	-	13.39
<b>Target</b> ▲	30.00	36.00	0.00	-	-	-	12.00
% Group Invested	98.96%	98.96%	55.68%	51.14%	90.91%	23.86%	40.91%

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

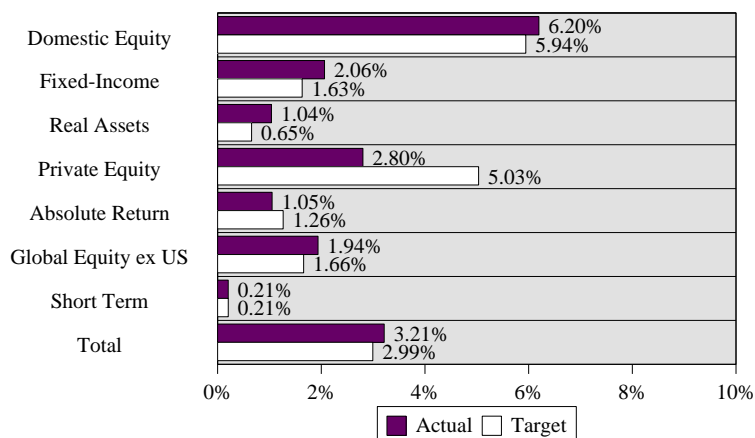
### Quarterly Total Fund Attribution - March 31, 2010

The following analysis approaches Total Fund Attribution from two perspectives: Absolute Return Contribution and Relative Return Contribution. Absolute return attribution quantifies the contribution of each asset class to total fund absolute performance. 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.

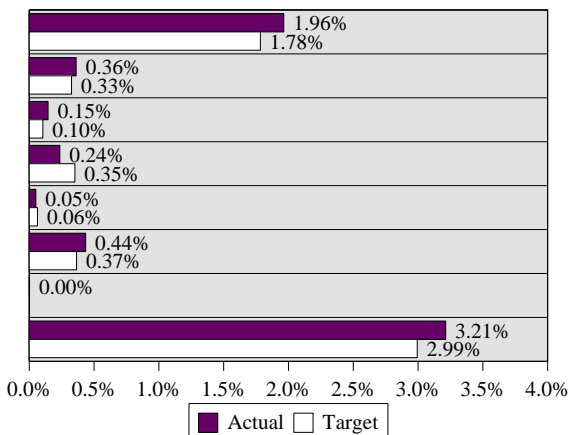
#### Asset Class Under or Overweighting



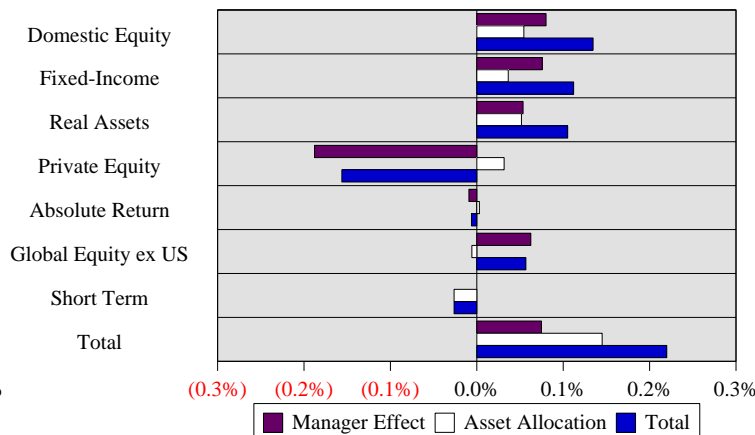
#### Actual vs Target Returns



#### Absolute Return Contributions



#### Relative Attribution by Asset Class



#### Attribution Effects for Quarter ended March 31, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	32%	30%	6.20%	1.96%	5.94%	0.08%	0.05%	0.13%
Fixed-Income	18%	20%	2.06%	0.36%	1.63%	0.08%	0.04%	0.11%
Real Assets	14%	16%	1.04%	0.15%	0.65%	0.05%	0.05%	0.11%
Private Equity	8%	7%	2.80%	0.24%	5.03%	(0.19%)	0.03%	(0.16%)
Absolute Return	5%	5%	1.05%	0.05%	1.26%	(0.01%)	0.00%	(0.01%)
Global Equity ex US	22%	22%	1.94%	0.44%	1.66%	0.06%	(0.01%)	0.06%
Short Term	1%	0%	0.21%	0.00%	0.21%	0.00%	(0.03%)	(0.03%)

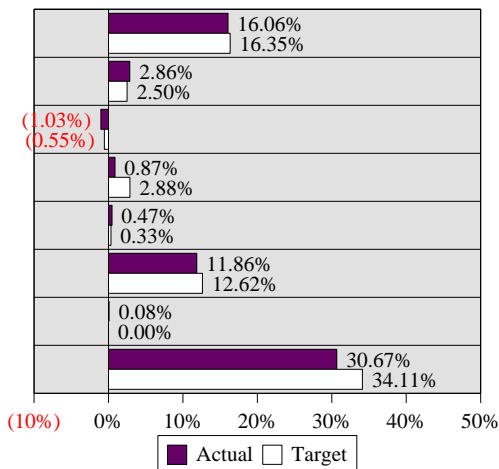
**Total** **3.21% = 2.99% + 0.07% + 0.15%** **0.22%**

\* Current Quarterly Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

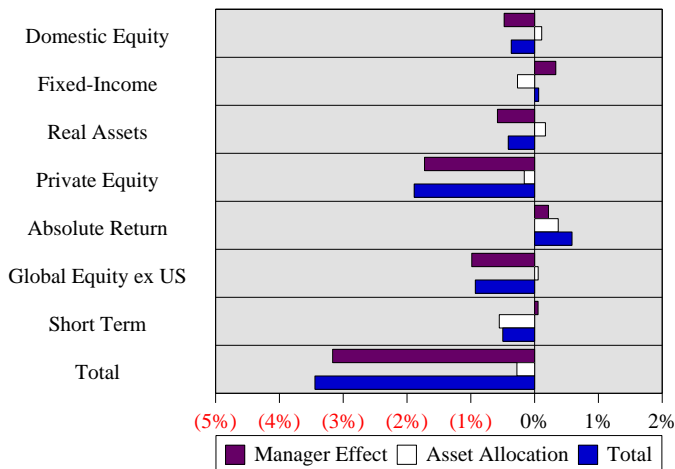
### Cumulative Total Fund Attribution - March 31, 2010

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

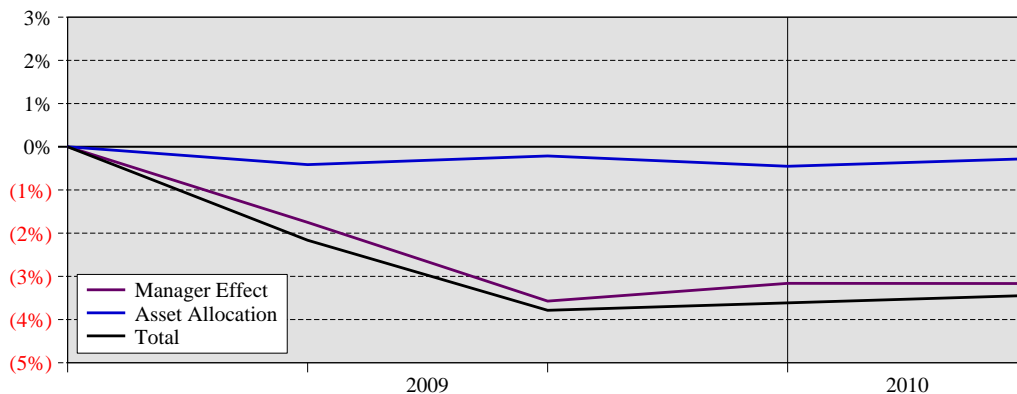
#### One Year Absolute Return Contributions



#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	33%	32%	50.95%	16.06%	52.44%	(.48%)	0.11%	(.37%)
Fixed-Income	20%	20%	13.11%	2.86%	11.60%	0.33%	(.27%)	0.06%
Real Assets	12%	14%	(9.60%)	(1.03%)	(4.64%)	(.58%)	0.17%	(.41%)
Private Equity	6%	6%	7.87%	0.87%	55.76%	(1.73%)	(.16%)	(1.89%)
Absolute Return	5%	6%	9.22%	0.47%	5.17%	0.22%	0.37%	0.59%
Global Equity ex US	23%	22%	56.89%	11.86%	61.67%	(.99%)	0.06%	(.93%)
Short Term	2%	1%	2.69%	0.08%	1.28%	0.05%	(.55%)	(.50%)

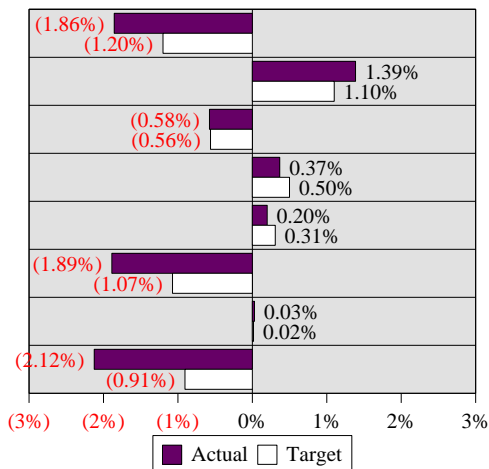
**Total** **30.67%** = **34.11%** + **(3.17%)** + **(0.28%)** **(3.44%)**

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

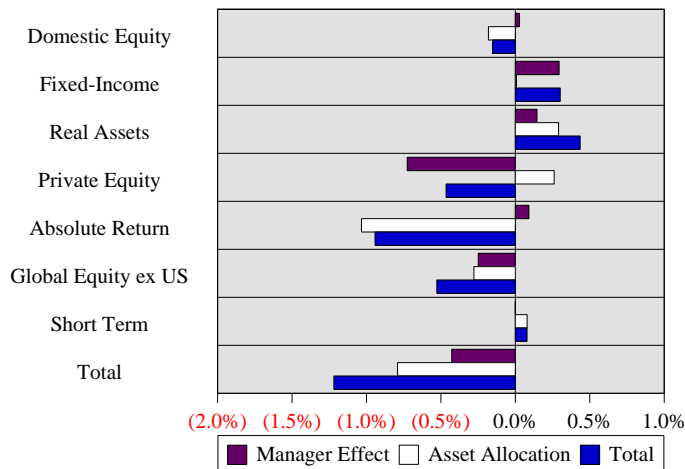
### Cumulative Total Fund Attribution - March 31, 2010

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

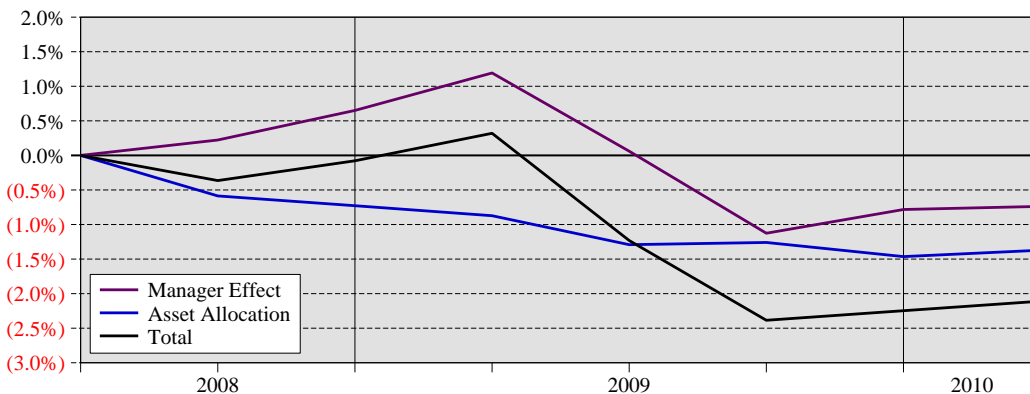
#### One and Three-Quarter Year Absolute Return Contributions



#### One and Three-Quarter Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One and Three-Quarter Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	36%	34%	(2.37%)	(1.86%)	(2.40%)	0.03%	(0.18%)	(0.15%)
Fixed-Income	20%	20%	8.42%	1.39%	6.88%	0.29%	0.01%	0.30%
Real Assets	11%	11%	(6.61%)	(0.58%)	(7.25%)	0.15%	0.29%	0.44%
Private Equity	3%	5%	4.42%	0.37%	(3.49%)	(0.73%)	0.26%	(0.47%)
Absolute Return	3%	6%	5.17%	0.20%	5.61%	0.09%	(1.03%)	(0.94%)
Global Equity ex US	23%	22%	(8.03%)	(1.89%)	(7.18%)	(0.25%)	(0.28%)	(0.53%)
Short Term	3%	2%	1.64%	0.03%	1.24%	(0.00%)	0.08%	0.08%

**Total** (2.12%) = (0.91%) + (0.43%) + (0.79%) (1.22%)

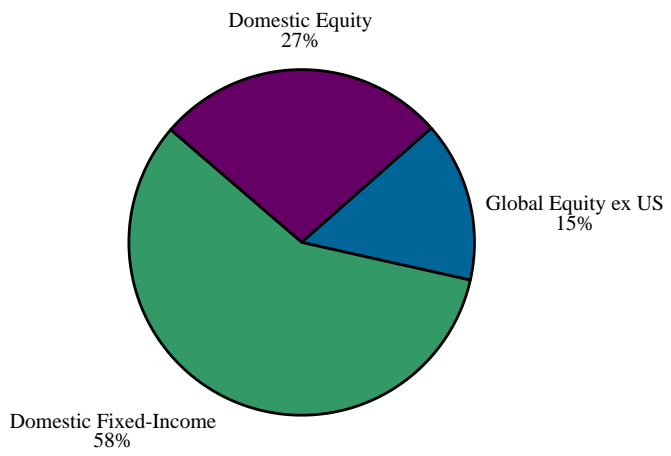
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.



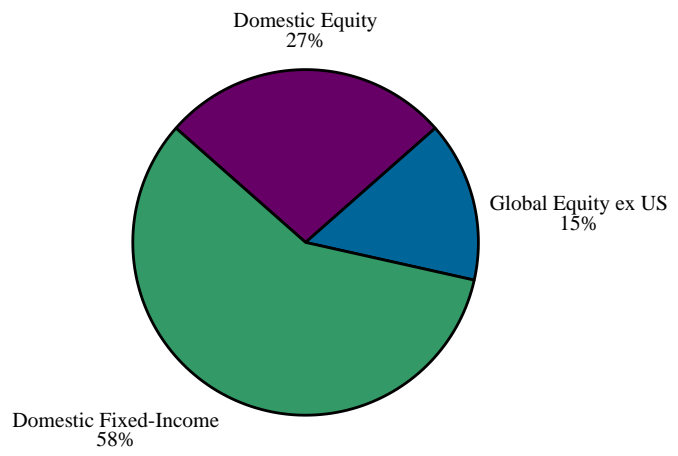
**Actual vs Target Asset Allocation**

The top left chart shows the Fund's asset allocation as of March 31, 2010. 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**

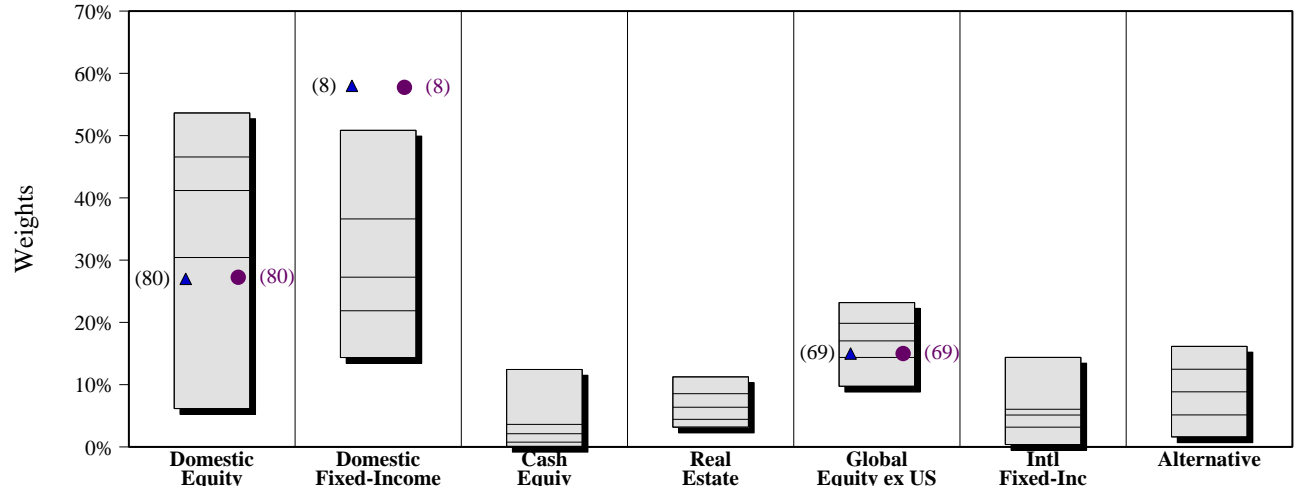


**Target Asset Allocation**



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	8,373	27.2%	27.0%	0.2%	76
Global Equity ex US	4,609	15.0%	15.0%	0.0%	(1)
Domestic Fixed-Income	17,748	57.8%	58.0%	(0.2%)	(75)
<b>Total</b>	<b>30,729</b>	<b>100.0%</b>	<b>100.0%</b>		

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



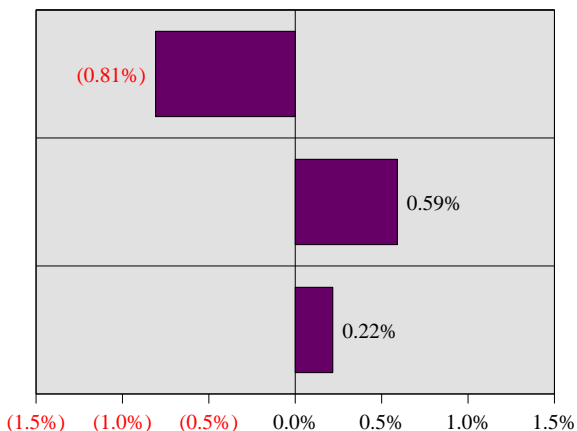
	Domestic Equity	Domestic Fixed-Income	Cash Equiv	Real Estate	Global Equity ex US	Intl Fixed-Inc	Alternative
10th Percentile	53.64	50.85	12.44	11.25	23.18	14.38	16.15
25th Percentile	46.57	36.62	3.62	8.55	19.85	6.05	12.48
Median	41.18	27.26	2.12	6.37	17.03	5.12	8.85
75th Percentile	30.42	21.87	0.77	4.43	14.37	3.17	5.14
90th Percentile	6.16	14.36	0.09	3.18	9.74	0.39	1.61
<b>Fund</b> ●	27.25	57.75	-	-	15.00	-	-
<b>Target</b> ▲	27.00	58.00	-	-	15.00	-	-
% Group Invested	98.00%	99.00%	56.04%	48.35%	91.21%	25.27%	41.76%

\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

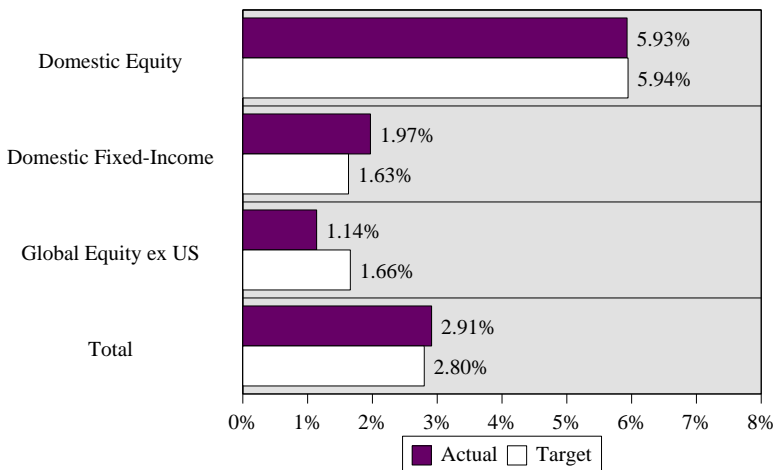
### Quarterly Total Fund Attribution - March 31, 2010

The following analysis approaches Total Fund Attribution from two perspectives: Absolute Return Contribution and Relative Return Contribution. Absolute return attribution quantifies the contribution of each asset class to total fund absolute performance. 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.

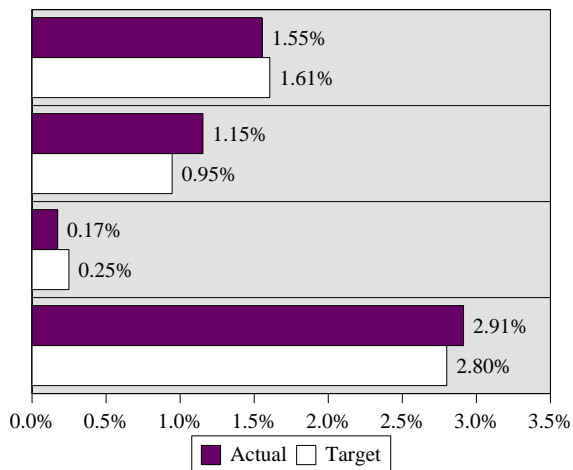
#### Asset Class Under or Overweighting



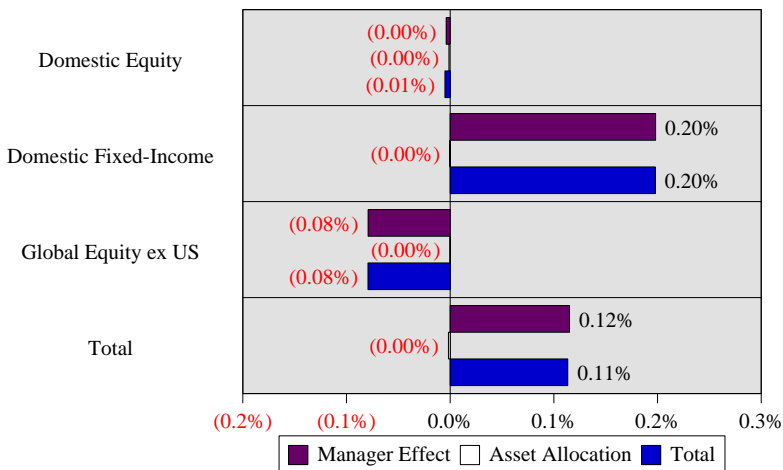
#### Actual vs Target Returns



#### Absolute Return Contributions



#### Relative Attribution by Asset Class



#### Attribution Effects for Quarter ended March 31, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	26%	27%	5.93%	1.55%	5.94%	(0.00%)	(0.00%)	(0.01%)
Domestic Fixed-Income	59%	58%	1.97%	1.15%	1.63%	0.20%	(0.00%)	0.20%
Global Equity ex US	15%	15%	1.14%	0.17%	1.66%	(0.08%)	(0.00%)	(0.08%)

**Total** **2.91%** = **2.80%** + **0.12%** + **(0.00%)** **0.11%**

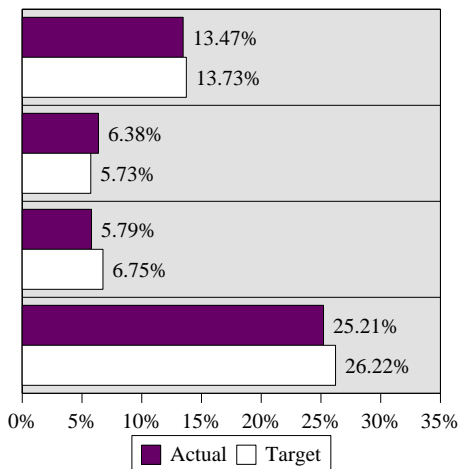
\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.



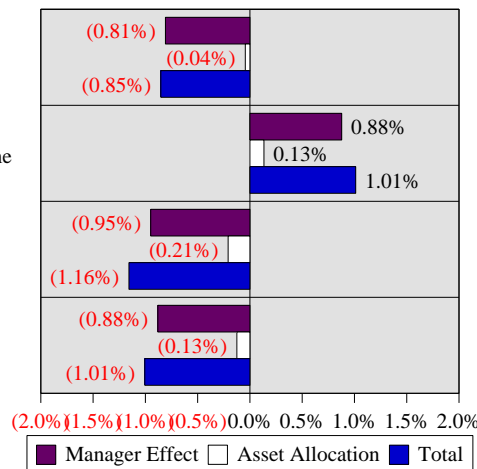
### Cumulative Total Fund Attribution - March 31, 2010

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

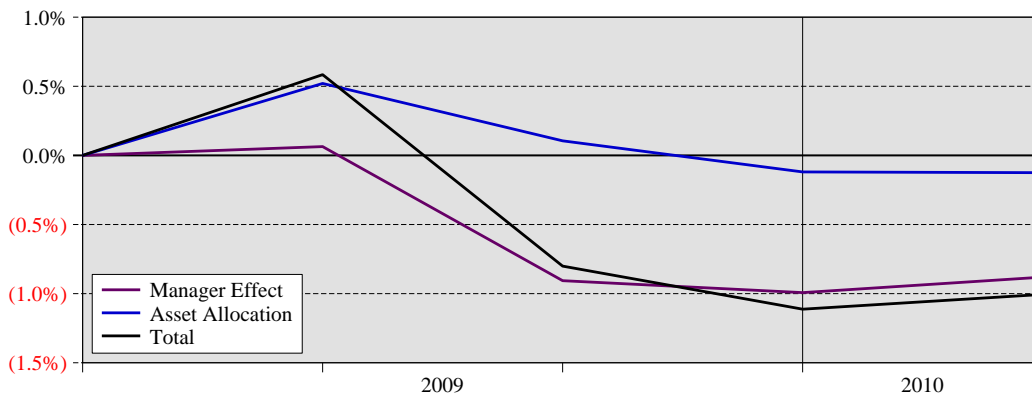
#### One Year Absolute Return Contributions



#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	28%	28%	49.90%	13.47%	52.52%	(0.81%)	(0.04%)	(0.85%)
Domestic Fixed-Income	58%	59%	10.44%	6.38%	9.17%	0.88%	0.13%	1.01%
Global Equity ex US	14%	14%	50.39%	5.79%	58.50%	(0.95%)	(0.21%)	(1.16%)

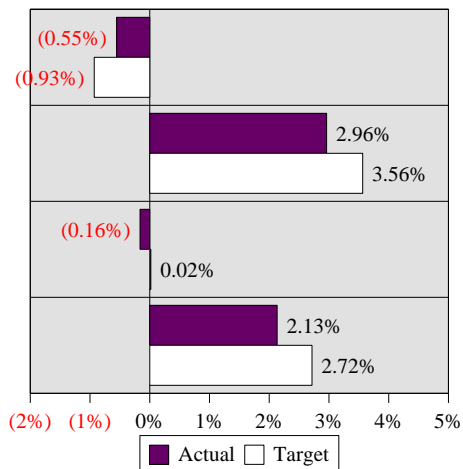
**Total** **25.21% = 26.22% + (0.88%) + (0.13%) (1.01%)**

\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

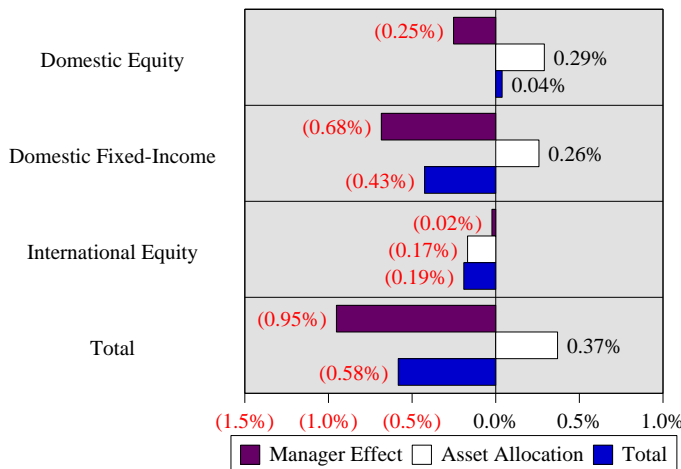
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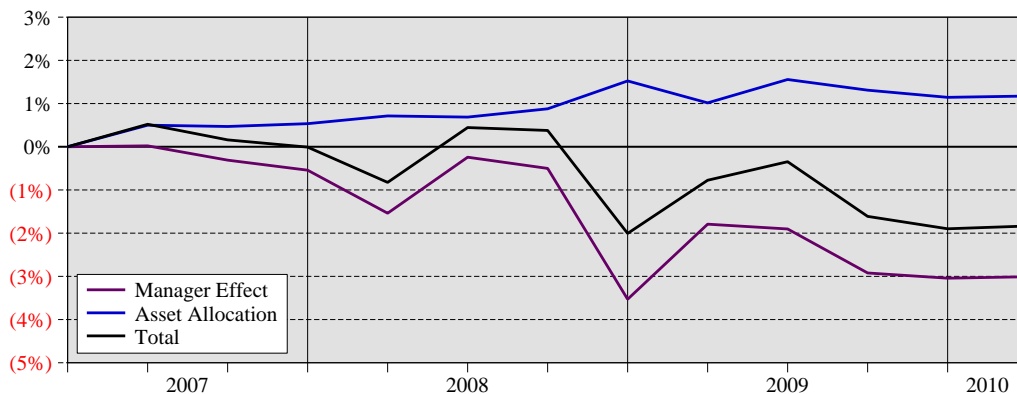
#### Three Year Absolute Return Contributions



#### Three Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### Three Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	28%	29%	(4.62%)	(0.55%)	(4.04%)	(0.25%)	0.29%	0.04%
Domestic Fixed-Income	60%	59%	5.46%	2.96%	6.38%	(0.68%)	0.26%	(0.43%)
International Equity	12%	11%	(5.60%)	(0.16%)	(6.21%)	(0.02%)	(0.17%)	(0.19%)

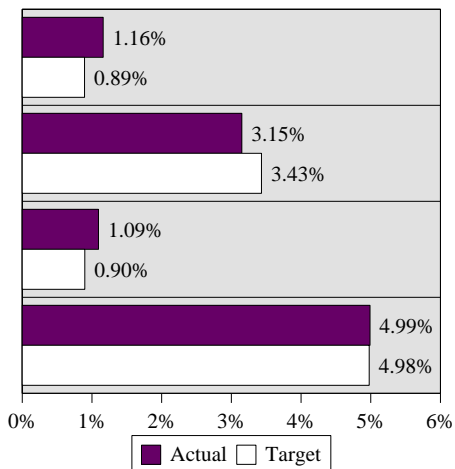
**Total** **2.13% = 2.72% + (0.95%) + 0.37%** **(0.58%)**

\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

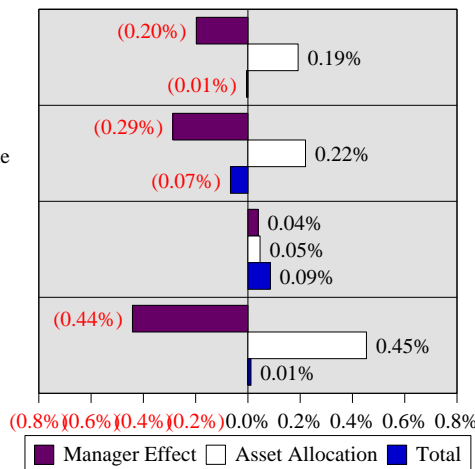
### Cumulative Total Fund Attribution - March 31, 2010

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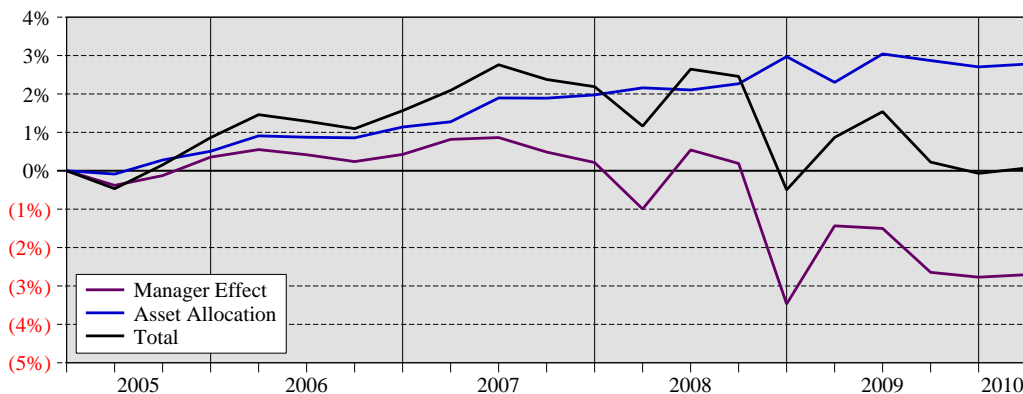
#### Five Year Absolute Return Contributions



#### Five Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### Five Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	29%	30%	1.78%	1.16%	2.28%	(0.20%)	0.19%	(0.01%)
Domestic Fixed-Income	58%	60%	5.20%	3.15%	5.49%	(0.29%)	0.22%	(0.07%)
International Equity	13%	11%	5.07%	1.09%	4.29%	0.04%	0.05%	0.09%

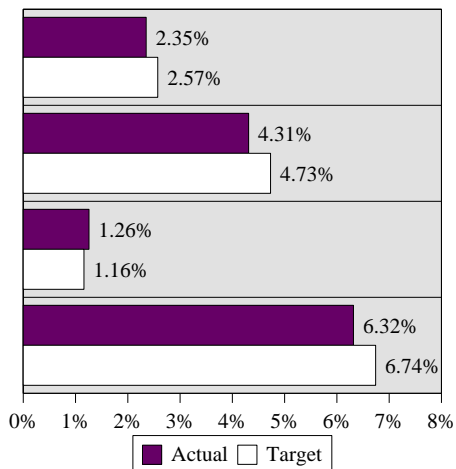
**Total** **4.99%** = **4.98%** + **(0.44%)** + **0.45%** **0.01%**

\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

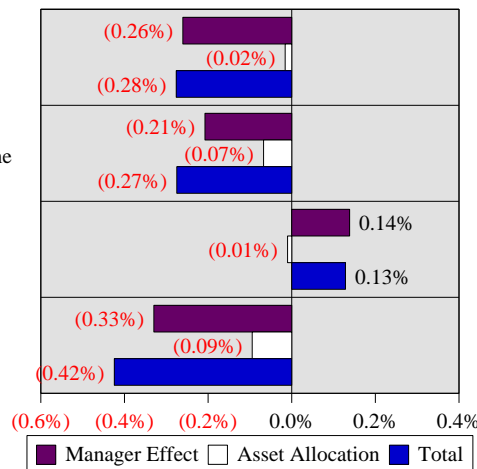
### Cumulative Total Fund Attribution - March 31, 2010

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

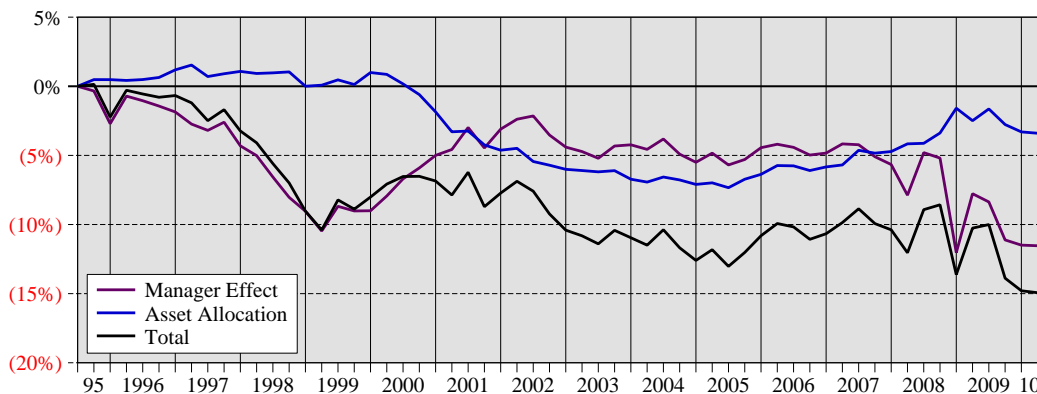
#### Fourteen and Three-Quarter Year Absolute Return Contributions



#### Fourteen and Three-Quarter Year Annualized Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### Fourteen and Three-Quarter Year Annualized Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Absolute Return Contrib	Target Return	Manager Effect	Asset Allocation	Relative Return Contrib
Domestic Equity	30%	28%	6.41%	2.35%	7.36%	(0.26%)	(0.02%)	(0.28%)
Domestic Fixed-Income	60%	62%	6.06%	4.31%	6.30%	(0.21%)	(0.07%)	(0.27%)
International Equity	10%	9%	6.77%	1.26%	5.07%	0.14%	(0.01%)	0.13%

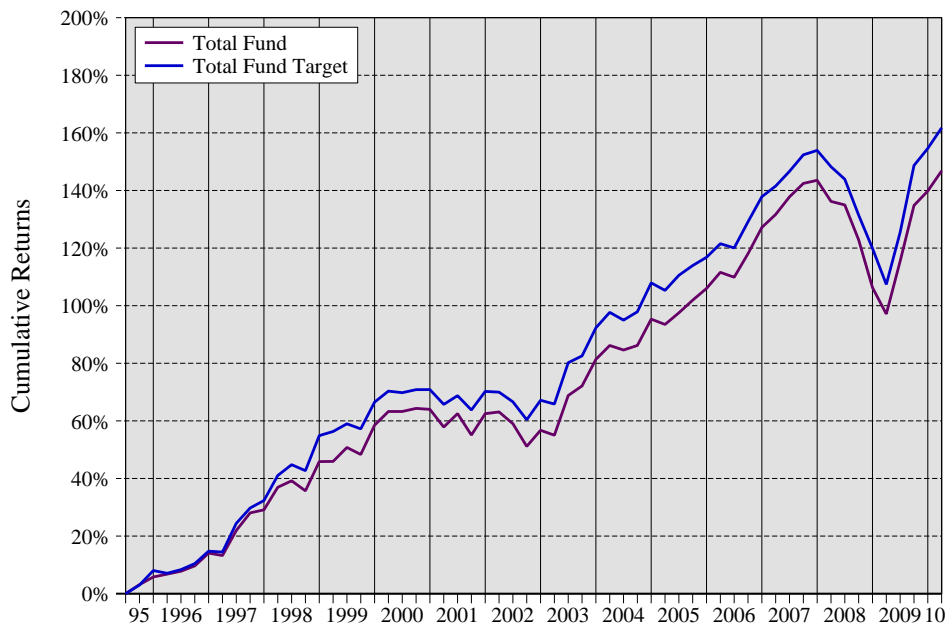
**Total** **6.32% = 6.74% + (0.33%) + (0.09%) (0.42%)**

\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

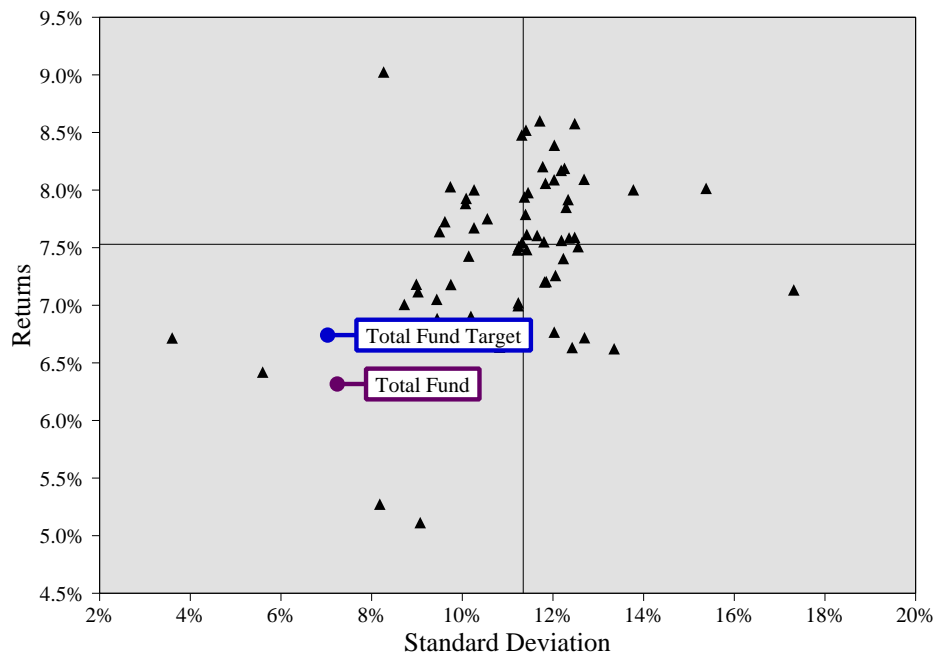
### Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. 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



### Fourteen and Three-Quarter Year Annualized Risk vs Return



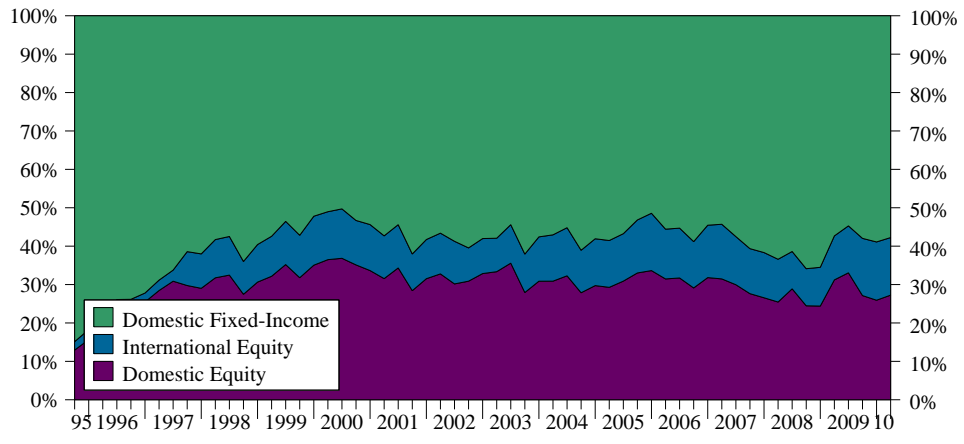
Triangles represent membership of the CAI Public Fund Sponsor Database

\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

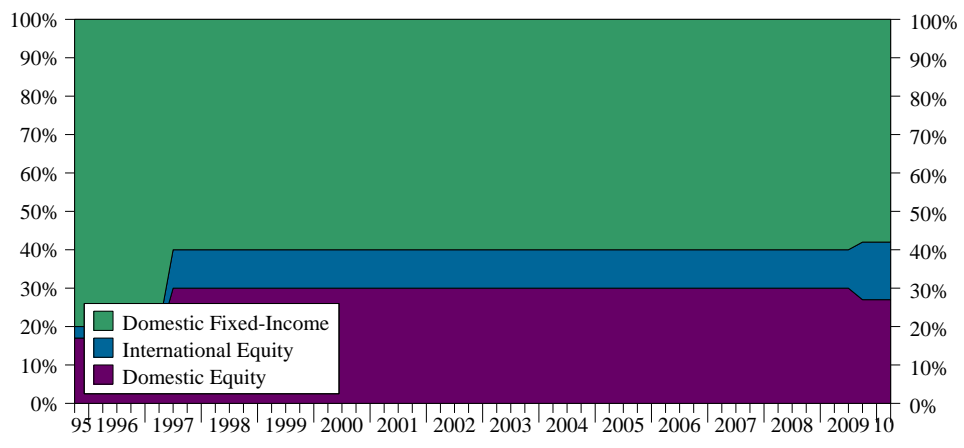
### Actual vs Target Historical Asset Allocation

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

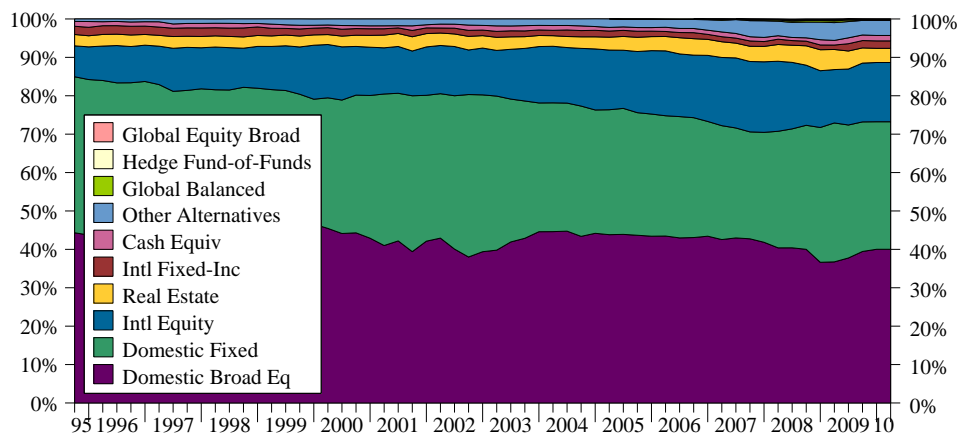
#### Actual Historical Asset Allocation



#### Target Historical Asset Allocation



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

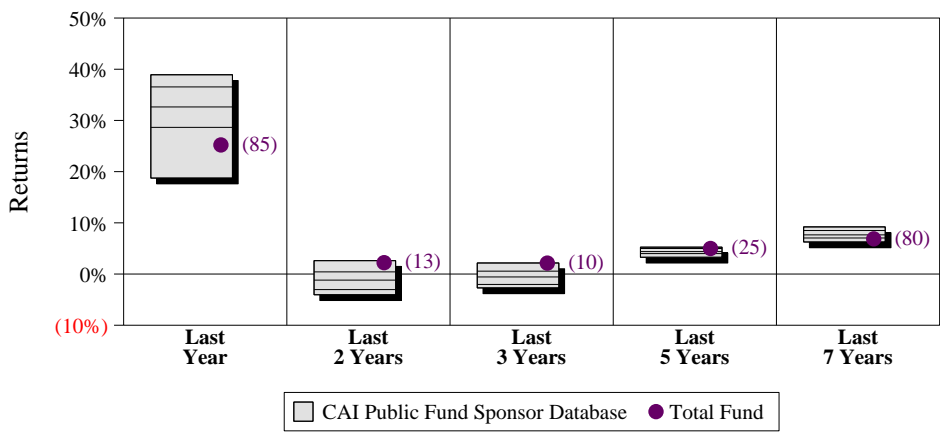


\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

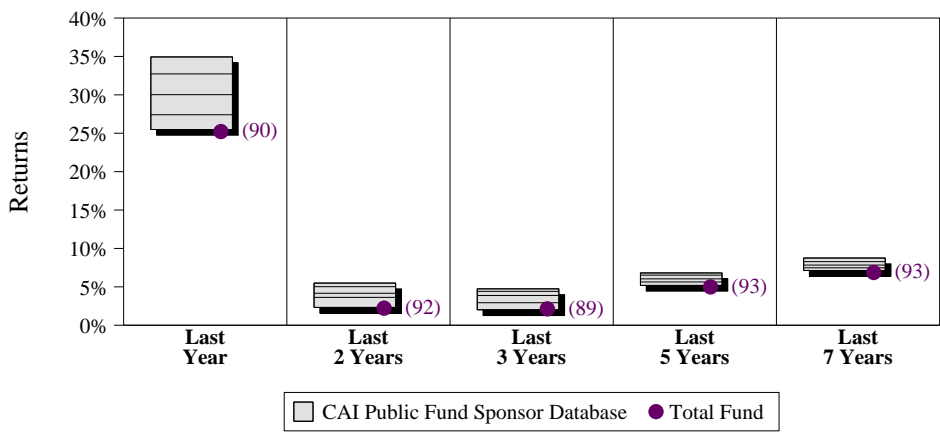
### Total Fund Ranking

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 March 31, 2010. 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. The final chart shows the history of the one year ranking of the Total Fund versus the CAI Public Fund Sponsor Database, both on an unadjusted and asset allocation adjusted basis.

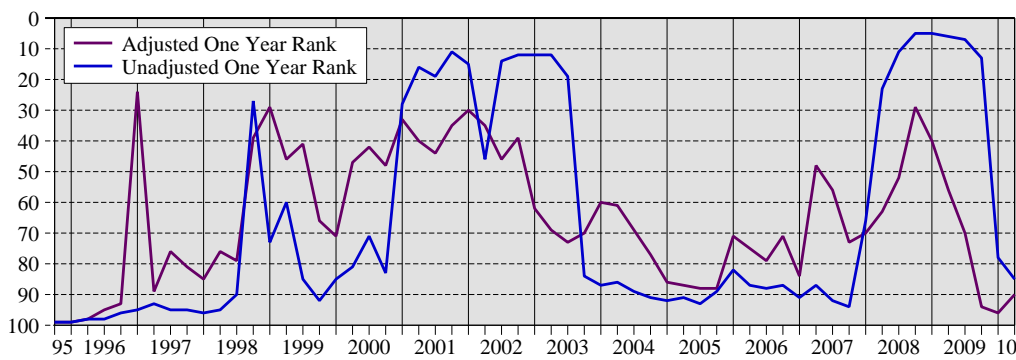
#### CAI Public Fund Sponsor Database



#### Asset Allocation Adjusted Ranking



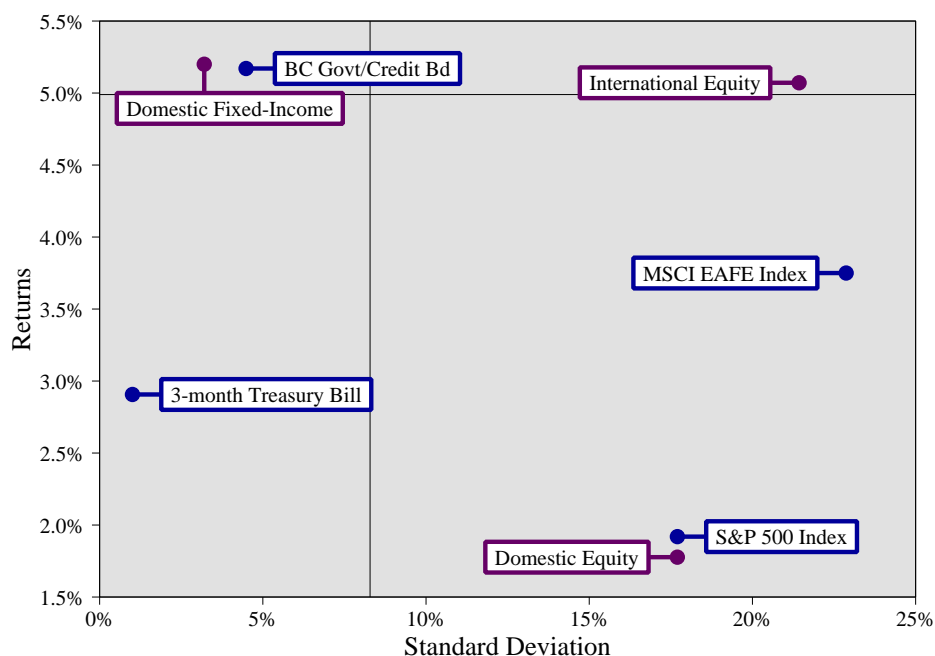
#### Rolling One Year Ranking vs CAI Public Fund Sponsor Database



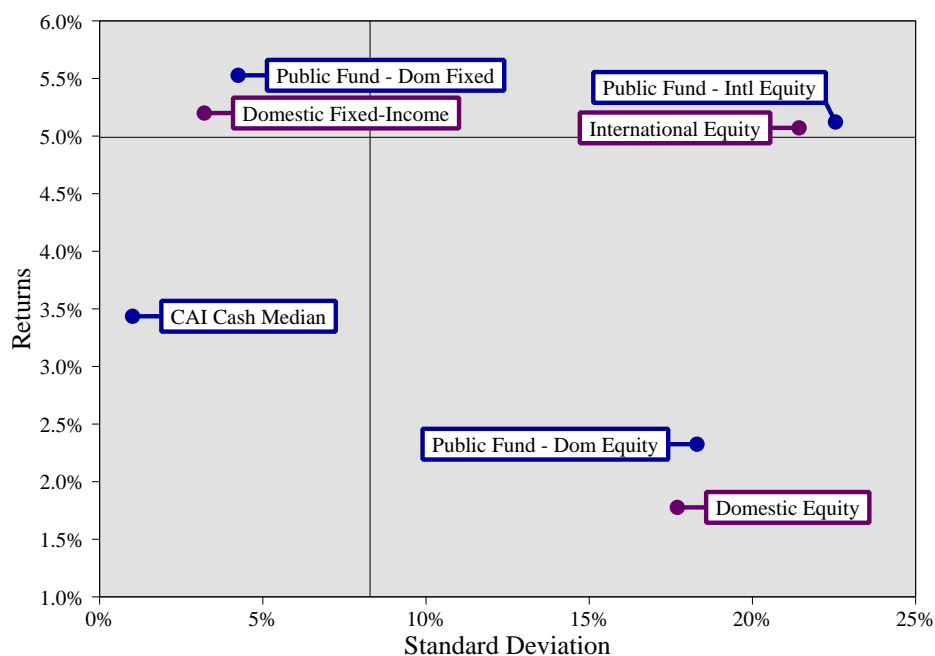
### Asset Class Risk and Return

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

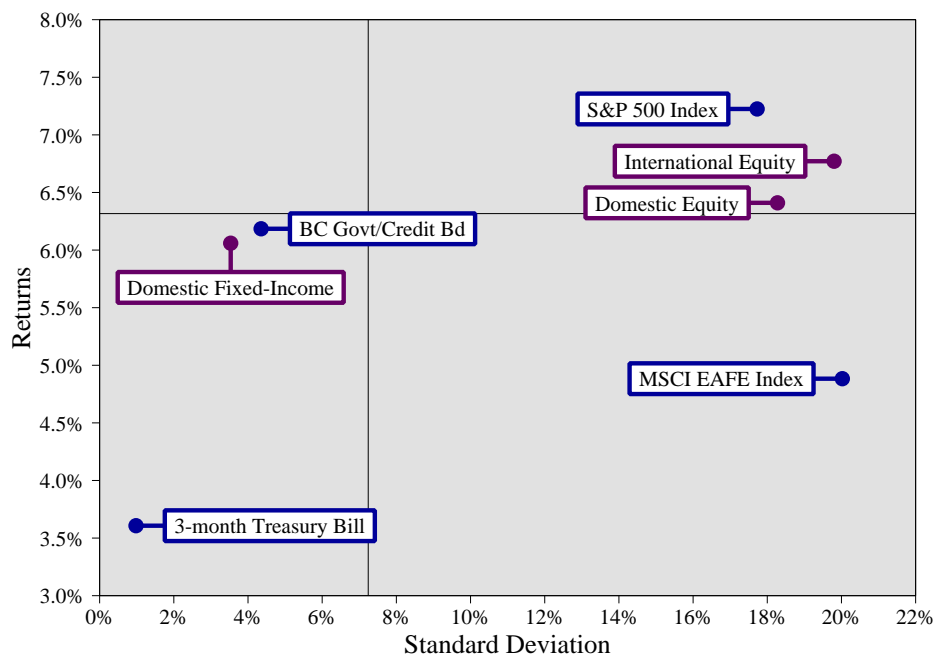




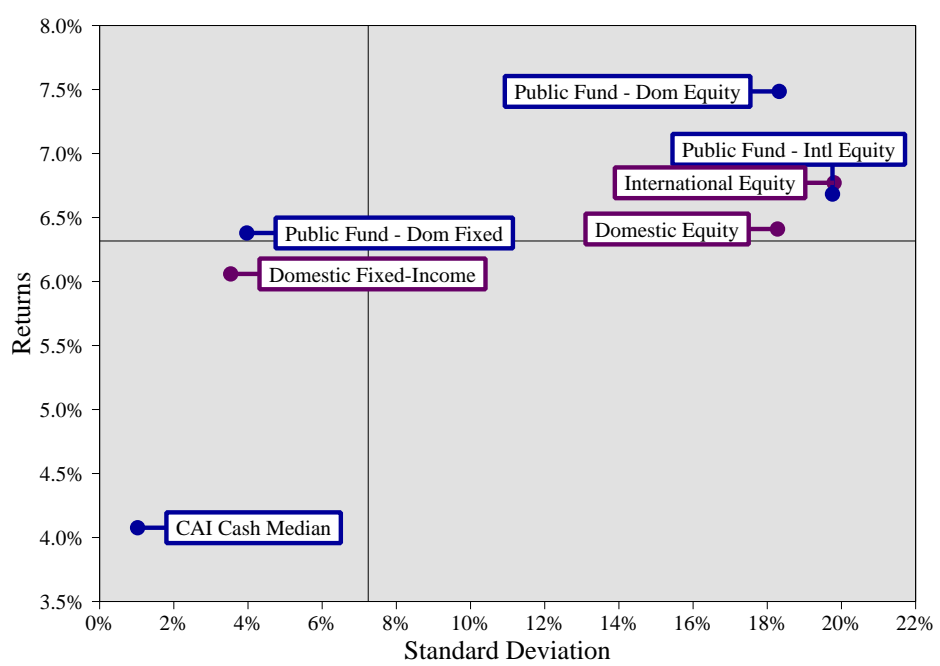
### Asset Class Risk and Return

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

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



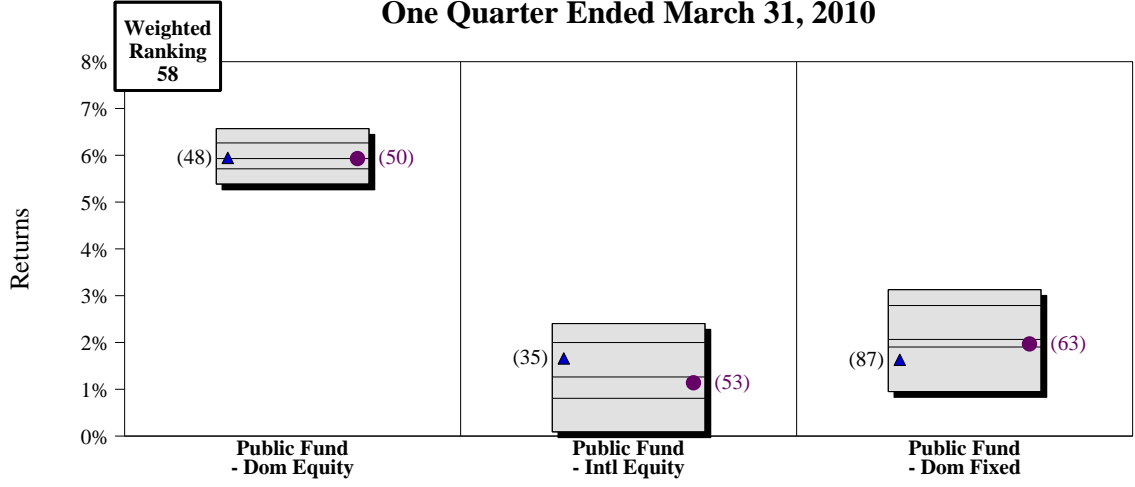
**Fourteen and Three-Quarter Year Annualized Risk vs Return  
Asset Classes vs Asset Class Median**



### Asset Class Rankings

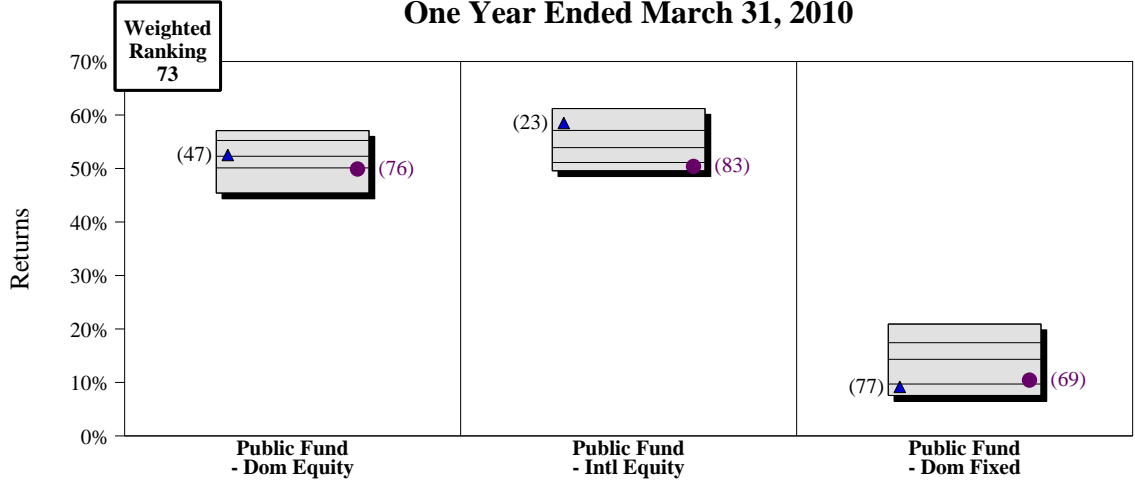
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper left corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

#### Total Asset Class Performance One Quarter Ended March 31, 2010



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	6.57	2.40	3.13
25th Percentile	6.26	2.00	2.79
Median	5.93	1.26	2.06
75th Percentile	5.71	0.81	1.90
90th Percentile	5.38	0.09	0.95
<b>Asset Class Composite</b> ●	5.93	1.14	1.97
<b>Composite Benchmark</b> ▲	5.94	1.66	1.63

#### Total Asset Class Performance One Year Ended March 31, 2010



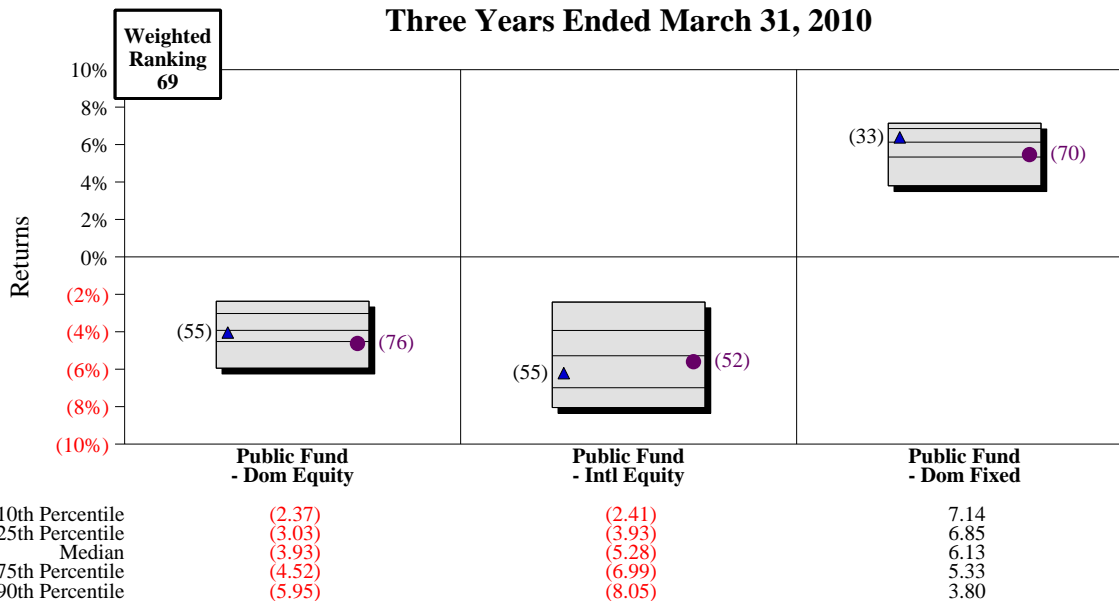
	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	57.08	61.21	20.91
25th Percentile	55.24	57.12	17.43
Median	52.29	53.90	14.32
75th Percentile	50.11	51.12	9.70
90th Percentile	45.40	49.57	7.56
<b>Asset Class Composite</b> ●	49.90	50.39	10.44
<b>Composite Benchmark</b> ▲	52.52	58.50	9.17

\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

### Asset Class Rankings

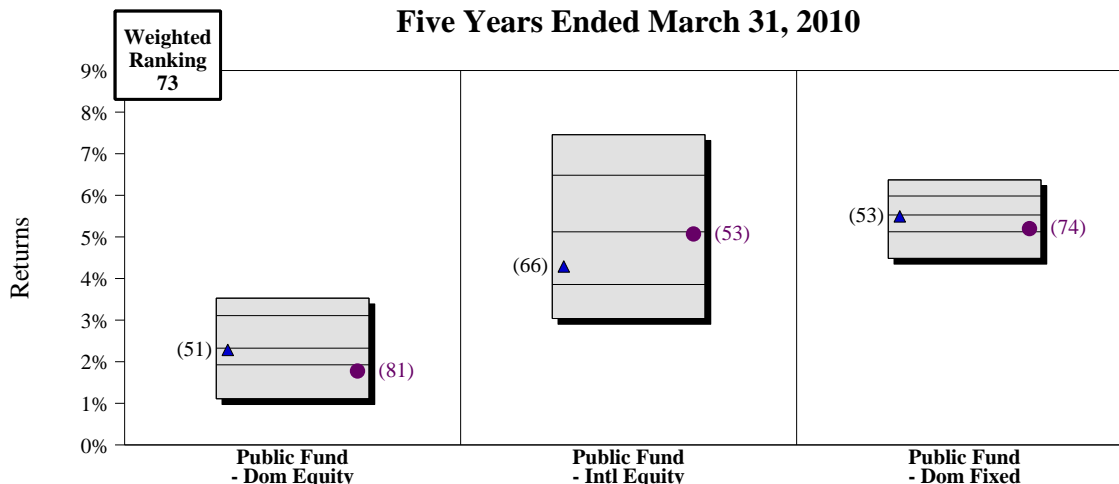
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper left corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used 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 Three Years Ended March 31, 2010



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	(2.37)	(2.41)	7.14
25th Percentile	(3.03)	(3.93)	6.85
Median	(3.93)	(5.28)	6.13
75th Percentile	(4.52)	(6.99)	5.33
90th Percentile	(5.95)	(8.05)	3.80
<b>Asset Class Composite</b>	<b>(4.62)</b>	<b>(5.60)</b>	<b>5.46</b>
<b>Composite Benchmark</b>	<b>(4.04)</b>	<b>(6.21)</b>	<b>6.38</b>

#### Total Asset Class Performance Five Years Ended March 31, 2010



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	3.53	7.46	6.37
25th Percentile	3.11	6.48	5.98
Median	2.33	5.12	5.53
75th Percentile	1.93	3.86	5.12
90th Percentile	1.11	3.04	4.48
<b>Asset Class Composite</b>	<b>1.78</b>	<b>5.07</b>	<b>5.20</b>
<b>Composite Benchmark</b>	<b>2.28</b>	<b>4.29</b>	<b>5.49</b>

\* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

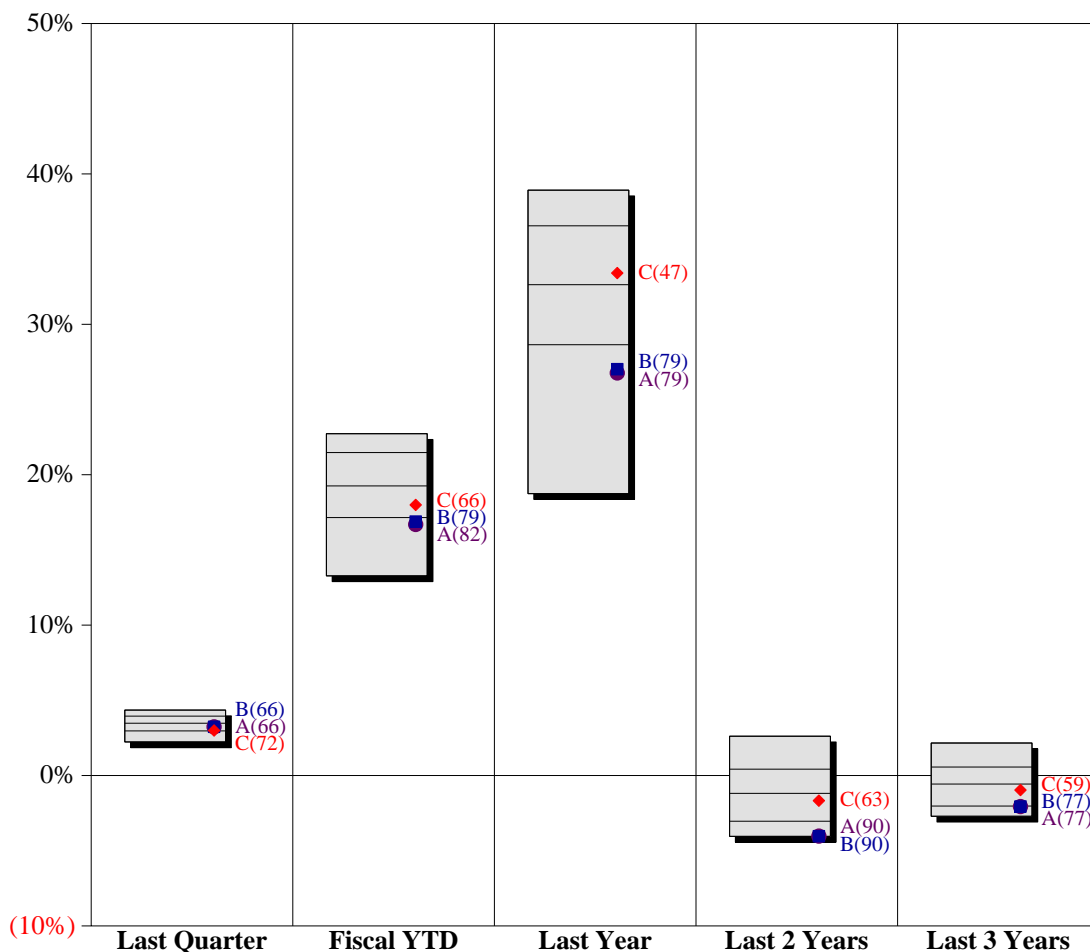


**ALASKA RETIREMENT MANAGEMENT BOARD  
PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE  
PERIODS ENDED MARCH 31, 2010**



**Return Ranking**

The chart below illustrates fund rankings over various periods versus the CAI Public Fund Sponsor 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 Public Fund Sponsor 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.



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	4.35	22.73	38.92	2.61	2.16
25th Percentile	3.95	21.47	36.55	0.42	0.56
Median	3.48	19.26	32.63	(1.19)	(0.57)
75th Percentile	2.97	17.15	28.64	(3.04)	(2.03)
90th Percentile	2.23	13.28	18.74	(4.05)	(2.71)
PERS Total Plan ● A	3.24	16.69	26.77	(4.03)	(2.06)
TRS Total Plan ■ B	3.24	16.88	27.02	(4.04)	(2.06)
Target Index ◆ C	2.99	17.99	33.41	(1.67)	(0.97)

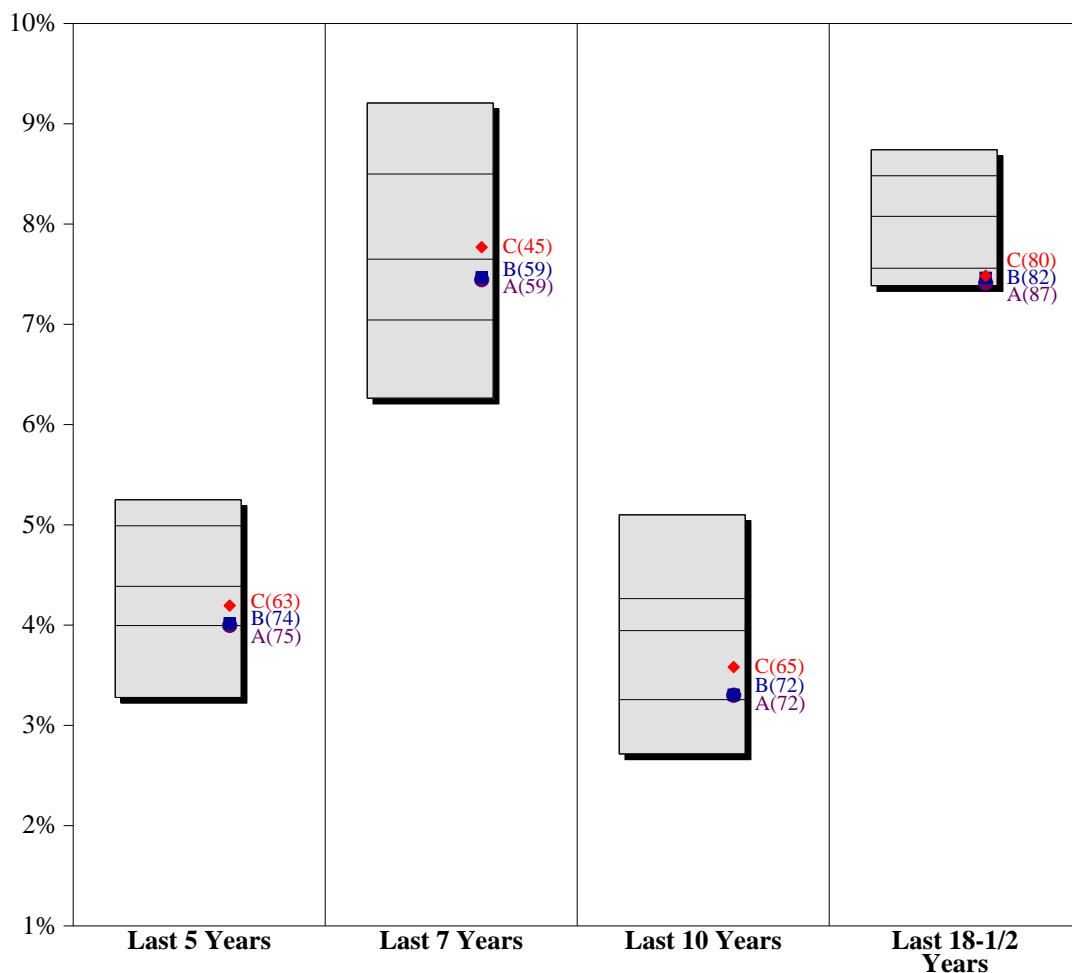
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farm

**ALASKA RETIREMENT MANAGEMENT BOARD  
PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE  
PERIODS ENDED MARCH 31, 2010**



**Return Ranking**

The chart below illustrates fund rankings over various periods versus the CAI Public Fund Sponsor 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 Public Fund Sponsor 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.



10th Percentile	5.25	9.21	5.10	8.74
25th Percentile	4.99	8.50	4.26	8.48
Median	4.39	7.65	3.95	8.08
75th Percentile	4.00	7.04	3.26	7.56
90th Percentile	3.28	6.26	2.72	7.39
PERS Total Plan ● A	4.00	7.45	3.30	7.41
TRS Total Plan ■ B	4.02	7.47	3.31	7.46
Target Index ◆ C	4.19	7.77	3.58	7.48

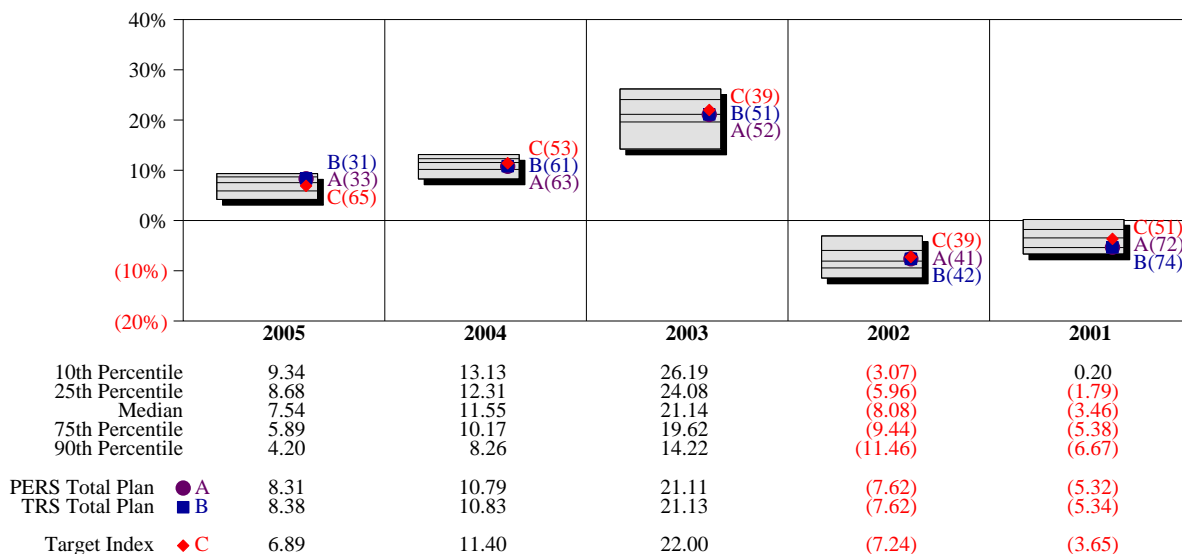
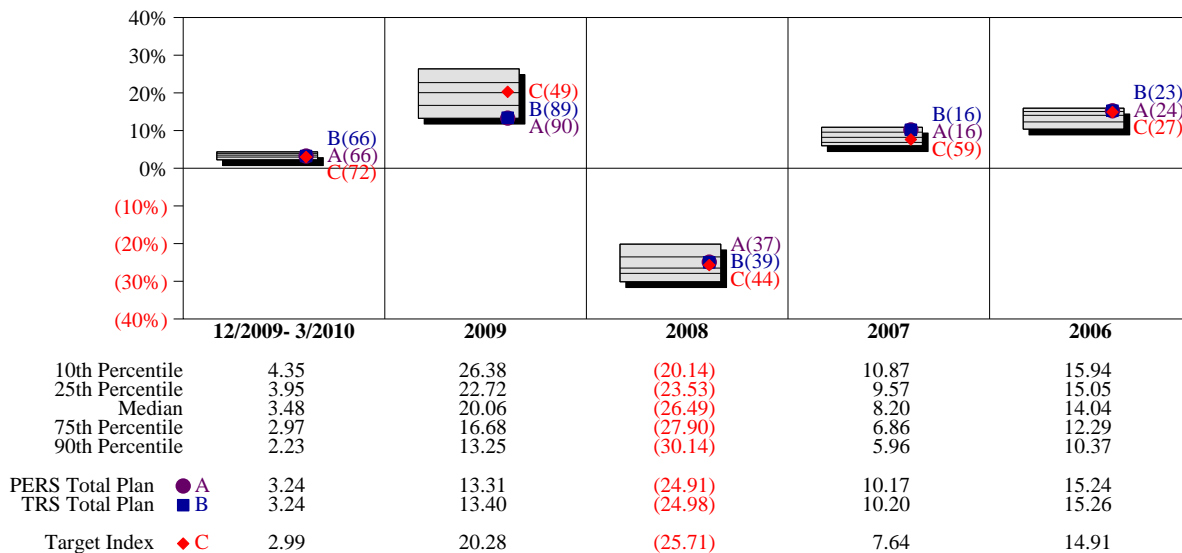
\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farm

# ALASKA RETIREMENT MANAGEMENT BOARD PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE RECENT PERIODS



## Return Ranking

The chart below illustrates fund rankings over various periods versus the CAI Public Fund Sponsor 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 Public Fund Sponsor 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.



\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farm

### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2010, with the distribution as of December 31, 2009.

#### Asset Distribution Across Investment Managers

	March 31, 2010		December 31, 2009	
	Market Value	Percent	Market Value	Percent
<b>Total Domestic Equity(T)</b>	<b>\$4,553,119,106</b>	<b>32.17%</b>	<b>\$4,378,873,628</b>	<b>31.58%</b>
<b>Large Cap Managers(T)</b>	<b>\$3,572,375,564</b>	<b>25.24%</b>	<b>\$3,477,634,812</b>	<b>25.08%</b>
Barrow, Hanley	123,773,381	0.87%	115,553,230	0.83%
Capital Guardian	0	0.00%	238,766,069	1.72%
Lazard Asset Mgmt	309,692,884	2.19%	271,958,779	1.96%
McKinley Capital	348,870,961	2.46%	330,507,957	2.38%
Quantitative Mgmt Assoc	120,347,802	0.85%	113,081,659	0.82%
RCM	389,379,819	2.75%	375,620,170	2.71%
Relational Investors	282,880,321	2.00%	261,871,077	1.89%
SSgA Russell 1000 Growth	500,547,139	3.54%	434,827,284	3.14%
SSgA Russell 1000 Value	1,063,649,991	7.52%	631,326,173	4.55%
SSgA Russell 200	433,233,266	3.06%	704,122,414	5.08%
<b>Small Cap Managers(T)</b>	<b>\$926,052,573</b>	<b>6.54%</b>	<b>\$848,960,775</b>	<b>6.12%</b>
Jennison Associates	146,288,898	1.03%	133,018,694	0.96%
Lord, Abbett	175,460,650	1.24%	162,894,544	1.17%
Luther King	114,316,472	0.81%	104,588,124	0.75%
SSgA Russell 2000 Growth	120,639,387	0.85%	7,154,259	0.05%
SSgA Russell 2000 Value	369,347,167	2.61%	335,752,324	2.42%
Turner Inv. Partners	-	-	105,552,830	0.76%
<b>Convertible Bonds</b>	<b>\$54,690,969</b>	<b>0.39%</b>	<b>\$52,278,041</b>	<b>0.38%</b>
Advent Convertible Bond(T)	54,690,969	0.39%	52,278,041	0.38%
<b>Fixed-Income Pool(1)(P)</b>	<b>\$1,614,861,017</b>	<b>11.41%</b>	<b>\$1,607,216,218</b>	<b>11.59%</b>
Employees' Fixed-Income	1,069,083,675	7.55%	1,043,589,919	7.53%
Teachers' Fixed-Income	509,179,413	3.60%	527,079,886	3.80%
Judicial Fixed-Income	18,850,122	0.13%	18,670,403	0.13%
Military Fixed-Income	17,747,807	0.13%	17,876,010	0.13%
<b>International Fixed-Income Pool(T)</b>	<b>\$201,805,379</b>	<b>1.43%</b>	<b>\$202,553,447</b>	<b>1.46%</b>
Mondrian	201,805,379	1.43%	202,553,447	1.46%
<b>High Yield(T)</b>	<b>\$326,754,395</b>	<b>2.31%</b>	<b>\$315,081,411</b>	<b>2.27%</b>
MacKay Shields	167,530,626	1.18%	161,202,432	1.16%
Rogge Global Partners	159,223,768	1.12%	153,878,979	1.11%
<b>International Equity Pool(T)</b>	<b>\$2,302,158,911</b>	<b>16.27%</b>	<b>\$2,301,134,398</b>	<b>16.60%</b>
Brandes Investment	832,722,475	5.88%	825,004,058	5.95%
Capital Guardian	555,600,324	3.93%	549,912,770	3.97%
Lazard Asset Mgmt	322,679,177	2.28%	342,676,204	2.47%
McKinley Capital	320,012,253	2.26%	317,692,082	2.29%
SSgA Int'l	271,144,681	1.92%	265,849,284	1.92%
<b>Emerging Markets Pool(T)</b>	<b>\$848,899,046</b>	<b>6.00%</b>	<b>\$815,579,288</b>	<b>5.88%</b>
Capital Guardian	390,677,131	2.76%	382,232,460	2.76%
Eaton Vance	194,232,301	1.37%	184,422,588	1.33%
Lazard Emerging	263,989,615	1.87%	248,924,239	1.80%
<b>Real Assets (P)(prelim)</b>	<b>\$1,219,838,878</b>	<b>8.62%</b>	<b>\$1,209,587,690</b>	<b>8.72%</b>
Employees'	793,460,151	5.61%	786,876,652	5.68%
Teachers'	412,477,171	2.91%	408,943,814	2.95%
Judicial	13,901,556	0.10%	13,767,225	0.10%
<b>Total Mortgages</b>	<b>\$3,202</b>	<b>0.00%</b>	<b>\$7,888</b>	<b>0.00%</b>
Teachers'	3,202	0.00%	7,888	0.00%
<b>Private Equity(P)</b>	<b>\$742,148,750</b>	<b>5.24%</b>	<b>\$727,963,343</b>	<b>5.25%</b>
Employees'	484,803,977	3.43%	475,555,038	3.43%
Teachers'	248,745,350	1.76%	243,977,986	1.76%
Judicial	8,599,423	0.06%	8,430,320	0.06%
<b>Absolute Return(P)</b>	<b>\$416,795,664</b>	<b>2.94%</b>	<b>\$430,676,421</b>	<b>3.11%</b>
Employees'	272,142,931	1.92%	281,202,811	2.03%
Teachers'	139,824,679	0.99%	144,483,848	1.04%
Judicial	4,828,054	0.03%	4,989,763	0.04%
<b>Total All Plans(P)</b>	<b>\$14,153,260,510</b>	<b>100.00%</b>	<b>\$13,865,649,163</b>	<b>100.00%</b>
<b>Total Plans</b>	<b>\$14,153,260,510</b>	<b>100.0%</b>	<b>\$13,865,649,163</b>	<b>100.0%</b>



### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2010, with the distribution as of December 31, 2009.

#### Asset Distribution Across Investment Managers

	March 31, 2010		December 31, 2009	
	Market Value	Percent	Market Value	Percent
Employees' Total Plan	5,719,212,144	40.41%	5,605,496,863	40.43%
Teachers' Total Plan	2,902,225,167	20.51%	2,872,945,366	20.72%
Judicial Total Plan	101,200,662	0.72%	99,391,954	0.72%
Military Total Plan	30,729,483	0.22%	30,349,999	0.22%
PERS Health Care	4,040,672,643	28.55%	3,926,518,180	28.32%
TRS Health Care	1,341,283,763	9.48%	1,313,465,830	9.47%
JRS Health Care	17,936,648	0.13%	17,480,972	0.13%
<b>Total All Plans</b>	<b>\$14,153,260,510</b>	<b>100.0%</b>	<b>\$13,865,649,163</b>	<b>100.0%</b>

(1) Includes Emerging Debt.

(P) PERS, TRS, JRS and Military Pension only.

(T) Total Pool.

## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended March 31, 2010

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
<b>Domestic Equity Pool</b>	<b>6.20%</b>	<b>30.35%</b>	<b>50.75%</b>	<b>(4.41%)</b>	<b>1.93%</b>
<b>Large Cap Managers</b>	<b>5.52%</b>	<b>28.80%</b>	<b>48.43%</b>	<b>(4.55%)</b>	<b>1.66%</b>
Barrow, Hanley	7.11%	33.23%	54.90%	-	-
Barrow, Hanley(net)	6.98%	32.85%	54.39%	-	-
Lazard Asset Mgmt.	4.65%	28.38%	49.32%	(2.01%)	3.47%
Lazard Asset Mgmt(net)	4.57%	28.13%	48.99%	(2.34%)	3.15%
McKinley Capital	5.56%	28.11%	40.44%	(1.82%)	3.00%
McKinley Capital(net)	5.46%	27.82%	40.05%	(2.20%)	2.62%
Quantitative Mgmt Assoc.	6.43%	32.62%	53.83%	-	-
Quantitative Mgmt(net)	6.33%	32.33%	53.44%	-	-
RCM	3.66%	25.52%	46.26%	0.04%	4.67%
RCM(net)	3.59%	25.28%	45.95%	(0.28%)	4.36%
Relational Investors(net)	8.79%	30.72%	48.15%	(10.45%)	-
SSgA Russell 1000 Growth	4.59%	28.56%	49.83%	(0.69%)	-
SSgA Russell 1000 Gr(net)	4.58%	28.53%	49.79%	(0.72%)	-
SSgA Russell 1000 Value	6.75%	31.70%	54.12%	(6.96%)	-
SSgA Russell 1000 Val(net)	6.74%	31.67%	54.09%	(6.99%)	-
SSgA Russell 200	4.48%	26.54%	45.64%	(3.97%)	-
SSgA Russell 200(net)	4.47%	26.51%	45.60%	(4.01%)	-
Standard & Poor's 500 Index	5.39%	29.19%	49.77%	(4.17%)	1.92%
<b>Small Cap Managers</b>	<b>9.07%</b>	<b>35.68%</b>	<b>59.54%</b>	<b>(4.07%)</b>	<b>2.81%</b>
Jennison Associates	9.98%	39.24%	65.96%	(1.09%)	-
Jennison Associates(net)	9.78%	38.66%	65.18%	(1.84%)	-
Lord, Abbett	7.71%	31.08%	53.90%	(1.21%)	-
Lord, Abbett(net)	7.54%	30.56%	53.20%	(1.90%)	-
Luther King	9.30%	33.71%	59.79%	(4.37%)	-
Luther King(net)	9.17%	33.30%	59.24%	(4.91%)	-
SSgA Russell 2000 Growth	7.54%	25.41%	54.32%	-	-
SSgA Russell 2000 Gr(net)	7.53%	25.37%	54.27%	-	-
SSgA Russell 2000 Value	9.98%	39.16%	64.86%	-	-
SSgA Russell 2000 Val(net)	9.97%	39.13%	64.82%	-	-
Russell 2000 Index	8.85%	34.87%	62.76%	(3.99%)	3.36%
<b>Convertible Bond</b>	<b>4.62%</b>	-	-	-	-
Advent Capital	4.62%	-	-	-	-
Advent Capital(net)	4.42%	-	-	-	-
<b>International Equity Pool</b>	<b>1.14%</b>	<b>22.66%</b>	<b>50.43%</b>	<b>(6.19%)</b>	<b>4.67%</b>
Brandes Investment	0.93%	20.04%	50.55%	(5.74%)	5.38%
Brandes Investment(net)	0.83%	19.73%	50.14%	(6.17%)	4.95%
Capital Guardian	1.03%	24.21%	49.76%	(5.62%)	4.76%
Capital Guardian(net)	0.93%	23.90%	49.35%	(6.04%)	4.35%
Lazard Asset Intl	1.49%	23.76%	49.95%	(3.07%)	5.79%
Lazard Asset Intl(net)	1.41%	23.51%	49.62%	(3.40%)	5.46%
McKinley Capital	0.73%	23.18%	43.58%	(10.24%)	-
McKinley Capital(net)	0.60%	22.79%	43.05%	(10.76%)	-
SSgA Int'l	1.99%	-	-	-	-
SSgA Int'l(net)	1.86%	-	-	-	-
MSCI Europe Index	(1.80%)	24.62%	56.10%	(7.81%)	3.45%
MSCI Pacific ex-Japan	3.10%	38.10%	82.20%	2.40%	11.53%
MSCI EAFE Index	0.87%	23.13%	54.44%	(7.02%)	3.75%
MSCI ACWI ex-US IMI Index	2.02%	26.96%	63.31%	(4.07%)	6.32%
<b>Emerging Markets Pool</b>	<b>4.08%</b>	<b>33.79%</b>	<b>80.21%</b>	<b>6.62%</b>	<b>17.00%</b>
Capital Guardian(net)	2.21%	32.80%	77.06%	6.80%	18.68%
Lazard Emerging(net)	6.05%	37.46%	83.65%	-	-
Eaton Vance(net)	5.32%	34.47%	86.89%	-	-
MSCI Emerging Mkts	2.45%	34.64%	81.55%	5.46%	16.00%

## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended March 31, 2010

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
<b>Total Fixed-Income</b>	<b>2.04%</b>	<b>8.48%</b>	<b>14.02%</b>	<b>5.94%</b>	<b>5.51%</b>
AK Retirement Fixed-Income	2.00%	7.13%	10.72%	5.64%	5.35%
BC Govt/Credit Bd	1.55%	5.55%	7.51%	5.84%	5.17%
BC Aggregate Index	1.78%	5.81%	7.69%	6.14%	5.44%
<b>International Fixed-Income Pool</b>	<b>(0.37%)</b>	<b>6.73%</b>	<b>15.43%</b>	<b>10.08%</b>	<b>6.13%</b>
Mondrian Investment Partners	(0.37%)	6.73%	15.43%	10.08%	6.13%
Mondrian Inv Partners(net)	(0.43%)	6.56%	15.21%	9.87%	5.92%
Lazard Emerging Income	6.24%	17.41%	22.42%	-	-
Lazard Emerging Income(net)	6.18%	17.22%	22.17%	-	-
Citi Non-US Gvt Bd Idx	(2.10%)	2.82%	8.41%	7.45%	4.67%
<b>High Yield</b>	<b>3.70%</b>	<b>19.06%</b>	<b>34.91%</b>	<b>5.00%</b>	<b>6.45%</b>
MacKay Shields	3.93%	20.39%	37.98%	6.09%	7.03%
MacKay Shields(net)	3.81%	20.06%	37.53%	5.64%	6.58%
Rogge Global Partners	3.47%	17.69%	31.81%	3.90%	5.86%
Rogge Global(net)	3.35%	17.33%	31.33%	3.41%	5.37%
High Yield Target(1)	4.82%	27.62%	57.22%	6.53%	7.66%
<b>Real Assets(prim)</b>	<b>1.03%</b>	<b>(2.53%)</b>	<b>(6.98%)</b>	-	-
Real Assets Target	0.65%	(1.69%)	(4.64%)	-	-
<b>Real Estate Pool(prim)</b>	<b>1.17%</b>	<b>(6.21%)</b>	<b>(14.55%)</b>	<b>(13.29%)</b>	<b>(0.85%)</b>
Real Estate Target	1.69%	1.05%	(0.76%)	(4.22%)	4.48%
UBS Agrinvest(3)	1.62%	2.99%	4.11%	10.12%	9.34%
UBS Agrinvest Comp (w Water)	1.58%	2.98%	4.14%	10.21%	9.39%
Hancock Agricultural(3)	4.24%	6.62%	7.95%	11.73%	9.26%
Hancock Composite (w Water)	4.90%	7.31%	8.64%	11.55%	-
TCW Energy(2)	1.16%	0.08%	(11.96%)	2.78%	7.03%
Timberland	(0.29%)	3.05%	2.64%	-	-
NCREIF Timberland Index	(0.25%)	(4.54%)	(5.69%)	6.55%	10.43%
<b>Private Equity</b>	<b>2.81%</b>	<b>12.11%</b>	<b>2.84%</b>	<b>1.88%</b>	<b>10.81%</b>
Employees'	2.81%	12.10%	2.84%	1.88%	10.81%
Teachers'	2.81%	12.11%	2.85%	1.89%	10.81%
<b>Absolute Return</b>	<b>1.05%</b>	<b>6.06%</b>	<b>8.70%</b>	<b>(0.85%)</b>	<b>2.59%</b>
Employees'	1.05%	6.05%	8.70%	(0.85%)	2.59%
Teachers'	1.05%	6.07%	8.72%	(0.84%)	2.59%
<b>Total All Plans</b>	<b>3.22%</b>	<b>16.92%</b>	<b>27.15%</b>	<b>(1.98%)</b>	<b>4.05%</b>
Employees' Total Plan	3.24%	16.69%	26.77%	(2.06%)	4.00%
Teachers' Total Plan	3.24%	16.88%	27.02%	(2.06%)	4.02%
PERS & TRS Policy Target	2.99%	17.99%	33.41%	(0.97%)	4.19%
Judicial Total Plan	3.22%	17.27%	29.55%	(2.52%)	3.60%
PERS Health PLan	3.20%	17.18%	29.82%	-	-
TRS Health Plan	3.23%	17.35%	30.43%	-	-
JRS Health Plan	3.21%	17.19%	30.67%	-	-
Military Total Plan	2.91%	14.56%	25.21%	2.13%	4.99%

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

(1) ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

(2) Return data supplied by State Street.

(3) Returns supplied by manager and may vary from State Street returns due to timing variations.

Alaska Retirement Management Board

## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended March 31, 2010

	Last 7 Years	Last 10 Years	Last 18-1/2 Years
<b>Domestic Equity Pool</b>	<b>6.72%</b>	<b>(0.39%)</b>	<b>7.62%</b>
<b>Large Cap Managers</b>	<b>6.10%</b>	<b>(0.25%)</b>	<b>7.67%</b>
Lazard Asset Mgmt.	7.68%	1.98%	-
Lazard Asset Mgmt(net)	7.35%	1.65%	-
McKinley Capital	6.95%	(2.72%)	-
McKinley Capital(net)	6.57%	(3.11%)	-
RCM	6.66%	(1.39%)	-
RCM(net)	6.35%	(1.69%)	-
Standard & Poor's 500 Index	6.80%	(0.65%)	8.31%
<b>Small Cap Managers</b>	<b>8.96%</b>	<b>(0.77%)</b>	-
Russell 2000 Index	10.70%	3.68%	8.92%
<b>Fixed-Income Pool</b>	<b>5.00%</b>	<b>6.40%</b>	<b>6.89%</b>
AK Retirement Fixed-Income	4.89%	6.30%	-
BC Govt/Credit	4.61%	6.22%	6.65%
BC Aggregate	4.81%	6.28%	6.63%
<b>International Fixed-Income Pool</b>	<b>8.27%</b>	<b>8.98%</b>	-
Mondrian Investment Partners	8.27%	8.98%	-
Mondrian Inv Partners(net)	8.07%	8.79%	-
Citi Non-US Gvt Bd Idx	6.56%	6.49%	6.99%
<b>International Equity Pool</b>	<b>12.54%</b>	<b>3.16%</b>	<b>7.37%</b>
Brandes Investment	15.47%	7.14%	-
Brandes Investment(net)	15.04%	6.71%	-
Capital Guardian	11.80%	-	-
Capital Guardian(net)	11.39%	-	-
Lazard Asset Intl	11.52%	2.51%	-
Lazard Asset Intl(net)	11.19%	2.18%	-
MSCI Europe Index	11.89%	1.78%	8.08%
MSCI Pacific ex-Japan	18.20%	9.48%	9.06%
MSCI EAFE Index	11.77%	1.27%	5.40%
<b>Emerging Markets Pool</b>	<b>24.41%</b>	<b>10.03%</b>	-
Capital Guardian(net)	24.67%	9.37%	-
MSCI Emerging Mkts	23.88%	10.11%	10.27%
Citigroup Non-US Govt	6.56%	6.49%	6.99%
<b>Real Estate(prelim)</b>	<b>2.61%</b>	<b>4.49%</b>	<b>4.97%</b>
Real Estate Target	6.91%	7.47%	7.06%
<b>Total All Plans</b>	<b>7.49%</b>	<b>3.33%</b>	<b>7.44%</b>
Employees' Total Plan	7.45%	3.30%	7.41%
Teachers' Total Plan	7.47%	3.31%	7.46%
PERS & TRS Policy Target	7.77%	3.58%	7.48%
Judicial Total Plan	7.18%	3.75%	6.97%
Military Total Plan	6.87%	4.22%	6.97%

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. 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.

	<b>6/2009- 3/2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>
<b>Domestic Equity Pool</b>	<b>30.35%</b>	<b>(26.74%)</b>	<b>(13.53%)</b>	<b>20.11%</b>	<b>9.23%</b>
<b>Large Cap Managers</b>	<b>28.80%</b>	<b>(26.29%)</b>	<b>(13.48%)</b>	<b>20.88%</b>	<b>7.86%</b>
Barrow, Hanley	33.23%	(23.43%)	(18.85%)	-	-
Barrow, Hanley(net)	32.85%	(23.95%)	(19.35%)	-	-
Lazard Asset Mgmt.	28.38%	(21.99%)	(12.77%)	24.63%	8.70%
Lazard Asset Mgmt(net)	28.13%	(22.31%)	(13.10%)	24.31%	8.37%
McKinley Capital	28.11%	(30.58%)	(1.04%)	16.47%	11.29%
McKinley Capital(net)	27.82%	(30.97%)	(1.40%)	16.09%	10.92%
Quantitative Mgmt Assoc.	32.62%	(25.93%)	(18.02%)	-	-
Quantitative Mgmt(net)	32.33%	(26.33%)	(18.40%)	-	-
RCM	25.52%	(19.81%)	(5.99%)	17.90%	8.33%
RCM(net)	25.28%	(20.14%)	(6.29%)	17.59%	8.03%
Relational Investors(net)	30.72%	(26.56%)	(27.40%)	32.37%	0.19%
SSgA Russell 1000 Growth	28.56%	(24.41%)	(5.79%)	-	-
SSgA Russell 1000 Gr(net)	28.53%	(24.45%)	(5.82%)	-	-
SSgA Russell 1000 Value	31.70%	(28.40%)	(18.68%)	-	-
SSgA Russell 1000 Val(net)	31.67%	(28.44%)	(18.71%)	-	-
SSgA Russell 200	26.54%	(24.90%)	(12.22%)	-	-
SSgA Russell 200(net)	26.51%	(24.93%)	(12.26%)	-	-
Standard & Poor's 500 Index	29.19%	(26.21%)	(13.12%)	20.59%	8.63%
<b>Small Cap Managers</b>	<b>35.68%</b>	<b>(28.98%)</b>	<b>(13.03%)</b>	<b>16.86%</b>	<b>15.07%</b>
Jennison Associates	39.24%	(26.43%)	(11.12%)	21.89%	15.99%
Jennison Associates(net)	38.66%	(27.21%)	(11.84%)	21.17%	15.26%
Lord, Abbett	31.08%	(29.62%)	(4.37%)	21.39%	11.30%
Lord, Abbett(net)	30.56%	(30.33%)	(5.05%)	20.70%	10.61%
Luther King	33.71%	(26.31%)	(16.44%)	15.09%	21.79%
Luther King(net)	33.30%	(26.85%)	(16.97%)	14.56%	21.25%
SSgA Russell 2000 Growth	25.41%	(24.23%)	-	-	-
SSgA Russell 2000 Gr(net)	25.37%	(24.28%)	-	-	-
SSgA Russell 2000 Value	39.16%	(24.43%)	(21.79%)	-	-
SSgA Russell 2000 Val(net)	39.13%	(24.48%)	(21.84%)	-	-
Russell 2000 Index	34.87%	(25.01%)	(16.19%)	16.43%	14.58%
<b>International Equity Pool</b>	<b>22.66%</b>	<b>(30.37%)</b>	<b>(9.36%)</b>	<b>27.85%</b>	<b>28.28%</b>
Brandes Investment	20.04%	(23.76%)	(13.07%)	29.88%	27.95%
Brandes Investment(net)	19.73%	(24.19%)	(13.50%)	29.45%	27.52%
Capital Guardian	24.21%	(31.73%)	(7.66%)	25.60%	29.02%
Capital Guardian(net)	23.90%	(32.16%)	(8.07%)	25.19%	28.60%
Lazard Asset Intl	23.76%	(23.86%)	(8.53%)	23.17%	26.44%
Lazard Asset Intl(net)	23.51%	(24.19%)	(8.85%)	22.85%	26.11%
McKinley Capital	23.18%	(42.91%)	(5.35%)	31.53%	34.79%
McKinley Capital(net)	22.79%	(43.45%)	(5.85%)	31.02%	34.26%
MSCI Europe Index	24.62%	(34.53%)	(11.34%)	32.44%	24.75%
MSCI Pacific ex-Japan	38.10%	(27.66%)	(1.83%)	42.56%	18.05%
MSCI EAFE Index	23.13%	(31.35%)	(10.61%)	27.00%	26.56%
<b>Emerging Markets Pool</b>	<b>33.79%</b>	<b>(24.96%)</b>	<b>3.96%</b>	<b>48.02%</b>	<b>34.49%</b>
Capital Guardian(net)	32.80%	(23.08%)	3.78%	52.08%	37.87%
Lazard Emerging(net)	37.46%	(27.63%)	-	-	-
Eaton Vance(net)	34.47%	(29.47%)	-	-	-
MSCI Emerging Mkts	34.64%	(27.82%)	4.89%	45.45%	35.91%

## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. 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.

	<b>6/2009- 3/2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>
<b>Total Fixed-Income</b>	<b>8.48%</b>	<b>3.38%</b>	<b>6.55%</b>	<b>6.19%</b>	<b>0.06%</b>
AK Retirement Fixed-Income	7.13%	3.78%	6.53%	6.24%	(0.00%)
BC Govt/Credit Bd	5.55%	5.26%	7.24%	6.00%	(1.52%)
BC Aggregate Index	5.81%	6.05%	7.12%	6.12%	(0.81%)
<b>International Fixed-Income Pool</b>	<b>6.73%</b>	<b>7.43%</b>	<b>18.97%</b>	<b>1.97%</b>	<b>(0.26%)</b>
Mondrian Investment Partners	6.73%	7.43%	18.97%	1.97%	(0.26%)
Mondrian Inv Partners(net)	6.56%	7.21%	18.76%	1.75%	(0.45%)
Lazard Emerging Income	17.41%	-	-	-	-
Lazard Emerging Income(net)	17.22%	-	-	-	-
Citi Non-US Gvt Bd Idx	2.82%	3.53%	18.72%	2.19%	(0.01%)
<b>High Yield</b>	<b>19.06%</b>	<b>(2.40%)</b>	<b>(1.00%)</b>	<b>10.83%</b>	<b>5.55%</b>
MacKay Shields	20.39%	(1.72%)	0.56%	10.54%	5.42%
MacKay Shields(net)	20.06%	(2.17%)	0.11%	10.09%	4.97%
Rogge Global Partners	17.69%	(3.10%)	(2.53%)	11.11%	5.68%
Rogge Global(net)	17.33%	(3.59%)	(3.02%)	10.63%	5.18%
High Yield Target(1)	27.62%	(3.53%)	(2.11%)	11.69%	4.65%
<b>Real Assets(prelim)</b>	<b>(2.53%)</b>	<b>(21.62%)</b>	-	-	-
Real Assets Target	(1.69%)	(10.82%)	-	-	-
<b>Real Estate Pool(prelim)</b>	<b>(6.21%)</b>	<b>(35.94%)</b>	<b>5.11%</b>	<b>21.18%</b>	<b>18.58%</b>
Real Estate Target	1.05%	(21.13%)	6.82%	16.90%	18.79%
UBS Agrivest(3)	2.99%	4.62%	17.05%	13.25%	9.22%
UBS Agrivest Comp (w Water)	2.98%	4.90%	17.04%	13.25%	9.22%
Hancock Agricultural(3)	6.62%	9.25%	13.57%	10.68%	5.28%
Hancock Composite (w Water)	7.31%	7.99%	13.58%	10.68%	5.28%
TCW Energy(2)	0.08%	(25.02%)	43.14%	19.63%	8.40%
<b>Private Equity</b>	<b>12.11%</b>	<b>(23.67%)</b>	<b>13.19%</b>	<b>28.74%</b>	<b>25.89%</b>
Employees'	12.10%	(23.67%)	13.19%	28.74%	25.89%
Teachers'	12.11%	(23.67%)	13.19%	28.74%	25.89%
<b>Absolute Return</b>	<b>6.06%</b>	<b>(12.52%)</b>	<b>1.52%</b>	<b>10.00%</b>	<b>10.51%</b>
Employees'	6.05%	(12.51%)	1.52%	10.00%	10.51%
Teachers'	6.07%	(12.52%)	1.53%	10.00%	10.50%
<b>Total All Plans</b>	<b>16.92%</b>	<b>(20.49%)</b>	<b>(3.13%)</b>	<b>18.93%</b>	<b>11.75%</b>
Employees' Total Plan	16.69%	(20.53%)	(3.13%)	18.93%	11.74%
Teachers' Total Plan	16.88%	(20.67%)	(3.12%)	18.97%	11.78%
PERS & TRS Policy Target	17.99%	(17.00%)	(4.73%)	16.99%	10.38%
Judicial Total Plan	17.27%	(20.51%)	(4.69%)	18.48%	11.37%
Military Total Plan	14.56%	(8.31%)	(1.18%)	13.30%	6.25%

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

(1) ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

(2) Return data supplied by State Street.

(3) Returns supplied by manager and may vary from State Street returns due to timing variations.

Alaska Retirement Management Board

### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2005. 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.

	<b>FY 2005</b>	<b>FY 2004</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>FY 2001</b>
<b>Domestic Equity Pool</b>	<b>4.48%</b>	<b>20.06%</b>	<b>(0.97%)</b>	<b>(16.85%)</b>	<b>(12.20%)</b>
<b>Large Cap Managers</b>	<b>4.96%</b>	<b>17.97%</b>	<b>0.35%</b>	<b>(16.82%)</b>	<b>(10.05%)</b>
Capital Guardian	5.28%	21.95%	7.41%	(19.40%)	(0.60%)
Capital Guardian(net)	5.05%	21.71%	7.16%	(19.64%)	(0.84%)
Lazard Asset Mgmt.	6.45%	17.78%	(0.29%)	(13.53%)	(0.23%)
Lazard Asset Mgmt(net)	6.12%	17.45%	(0.65%)	(13.87%)	(0.55%)
McKinley Capital	0.85%	21.88%	(2.73%)	(26.01%)	(26.33%)
McKinley Capital(net)	0.47%	21.49%	(3.13%)	(26.41%)	(26.72%)
RCM	4.71%	12.17%	(1.49%)	(19.42%)	(21.29%)
RCM(net)	4.40%	11.87%	(1.79%)	(19.72%)	(21.58%)
Tukman Capital	(4.56%)	14.96%	(2.56%)	(5.16%)	11.04%
Tukman Capital(net)	(5.08%)	14.43%	(3.09%)	(5.69%)	10.51%
Standard & Poor's 500 Index	6.32%	19.11%	0.25%	(17.99%)	(14.83%)
<b>Small Cap Managers</b>	<b>2.00%</b>	<b>28.29%</b>	<b>(5.41%)</b>	<b>(16.96%)</b>	<b>(18.04%)</b>
Trust Co. of the West	(3.22%)	43.89%	(4.82%)	-	-
Trust Co. of the West(net)	(3.98%)	43.12%	(5.60%)	-	-
Turner Inv. Partners	11.62%	-	-	-	-
Turner Inv. Partners(net)	11.02%	-	-	-	-
Russell 2000 Index	9.45%	33.37%	(1.64%)	(8.60%)	0.57%
<b>Fixed-Income Pool</b>	<b>7.09%</b>	<b>0.61%</b>	<b>10.69%</b>	<b>8.17%</b>	<b>11.87%</b>
AK Retirement Fixed-Income	7.22%	0.56%	10.64%	8.13%	11.84%
BC Govt/Credit	7.26%	(0.72%)	13.15%	8.24%	11.13%
BC Aggregate	6.80%	0.32%	10.40%	8.63%	11.22%
<b>International Fixed-Income Pool</b>	<b>9.84%</b>	<b>7.52%</b>	<b>24.48%</b>	<b>22.56%</b>	<b>(5.68%)</b>
Mondrian Inv Partners	9.84%	7.52%	24.48%	22.56%	(5.68%)
Mondrian Inv Partners(net)	9.67%	7.34%	24.29%	22.36%	(5.84%)
Citi Non-US Gvt Bd Idx	7.75%	7.60%	17.90%	15.73%	(7.43%)
<b>International Equity Pool</b>	<b>13.37%</b>	<b>31.67%</b>	<b>(5.83%)</b>	<b>(8.54%)</b>	<b>(16.35%)</b>
Brandes Investment	14.43%	44.21%	(4.37%)	(5.86%)	(6.21%)
Brandes Investment(net)	14.02%	43.79%	(4.82%)	(6.30%)	(6.63%)
Capital Guardian	11.52%	29.68%	(6.93%)	(5.81%)	-
Capital Guardian(net)	11.09%	29.25%	(7.37%)	(6.24%)	-
Lazard Asset Intl	12.72%	22.11%	(3.39%)	(10.91%)	(18.61%)
Lazard Asset Intl(net)	12.39%	21.79%	(3.75%)	(11.25%)	(18.93%)
MSCI Europe Index	16.87%	28.87%	(5.22%)	(7.71%)	(21.75%)
MSCI Pacific ex-Japan	33.58%	27.37%	6.58%	(1.14%)	(13.93%)
MSCI EAFE Index	13.65%	32.37%	(6.46%)	(9.49%)	(23.60%)
<b>Emerging Markets Pool</b>	<b>35.19%</b>	<b>33.07%</b>	<b>6.11%</b>	<b>(3.20%)</b>	<b>(25.69%)</b>
Capital Guardian(net)	34.34%	27.88%	7.14%	(5.65%)	(29.31%)
MSCI Emerging Mkts	34.89%	33.51%	6.96%	1.31%	(25.83%)
Citigroup Non-US Govt	7.75%	7.60%	17.90%	15.73%	(7.43%)



### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2005. 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.

	<b>FY 2005</b>	<b>FY 2004</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>FY 2001</b>
<b>Real Estate Pool</b>	<b>17.42%</b>	<b>11.55%</b>	<b>8.98%</b>	<b>5.40%</b>	<b>10.32%</b>
Real Estate Target	18.02%	10.83%	7.64%	5.50%	11.57%
<b>Private Equity</b>	<b>18.08%</b>	<b>21.42%</b>	<b>(14.75%)</b>	<b>(17.05%)</b>	<b>1.03%</b>
Employees'	18.07%	21.42%	(14.75%)	(17.06%)	1.03%
Teachers'	18.10%	21.42%	(14.75%)	(17.03%)	1.03%
<b>Other</b>	<b>5.52%</b>	-	-	-	-
Employees'	5.52%	-	-	-	-
Teachers'	5.51%	-	-	-	-
<b>Total All Plans</b>	<b>8.96%</b>	<b>15.08%</b>	<b>3.68%</b>	<b>(5.47%)</b>	<b>(5.37%)</b>
Employees' Total Plan	8.95%	15.08%	3.67%	(5.48%)	(5.37%)
Teachers' Total Plan	9.01%	15.09%	3.68%	(5.49%)	(5.44%)
PERS & TRS Policy Target	9.28%	15.34%	4.24%	(4.27%)	(4.93%)
Judicial Total Plan	8.49%	15.21%	3.59%	(2.75%)	(2.09%)
Military Total Plan	7.00%	9.36%	6.15%	(2.16%)	(0.44%)

\* Current Quarter Target = 30.0% S&P 500 Index, 24.0% BC Aggregate Index, 15.0% MSCI EAFE Index, 9.0% NCREIF Total Index, 6.0% Russell 2000 Index, 3.0% CPI-W+5.0%, 3.0% Libor-1 Month+4.0%, 2.0% MSCI EAFE Index, 2.0% S&P 500 Index, 2.0% ML Hi Yld Cash Pay Index, 2.0% Russell 2000 Index and 2.0% Citi WGBI Non-US Idx.





### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2009. 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, 2009

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 8 Years
<b>Total Fund</b>	<b>8.84%</b>	<b>(20.36%)</b>	<b>(2.84%)</b>	<b>2.24%</b>	<b>2.93%</b>
<b>Total Fund(net)</b>	<b>8.73%</b>	<b>(20.72%)</b>	<b>(3.16%)</b>	<b>1.92%</b>	<b>2.63%</b>
PERS	8.63%	(20.53%)	(2.90%)	2.19%	2.90%
PERS(net)	8.52%	(20.92%)	(3.24%)	1.87%	2.59%
TRS	8.67%	(20.67%)	(2.94%)	2.19%	2.89%
TRS(Net)	8.56%	(21.01%)	(3.26%)	1.87%	2.60%
PERS Health	10.79%	(17.61%)	-	-	-
PERS Health(net)	10.68%	(17.98%)	-	-	-
TRS Health	11.15%	(17.45%)	-	-	-
TRS Health(net)	11.04%	(17.80%)	-	-	-

Net return for PERS, TRS and Total Fund derived from gross expenses minus securities lending income supplied by Revenue. Total Fund net includes estimated gross expenses for Judicial and Military.

### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2009. 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, 2009

	Last 10 Years	Last 17-3/4 Years
<b>Total Fund</b>	<b>2.77%</b>	<b>6.83%</b>
<b>Total Fund(net)</b>	<b>2.47%</b>	<b>6.53%</b>
PERS(net)	2.44%	6.51%
TRS(Net)	2.44%	6.54%

Net return for PERS, TRS and Total Fund derived from gross expenses minus securities lending income supplied by Revenue. Total Fund net includes estimated gross expenses for Judicial and Military.



### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2009. 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.

	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
<b>Total Fund</b>	<b>(20.36%)</b>	<b>(3.15%)</b>	<b>18.93%</b>	<b>11.75%</b>	<b>8.96%</b>
<b>Total Fund(net)</b>	<b>(20.72%)</b>	<b>(3.41%)</b>	<b>18.59%</b>	<b>11.44%</b>	<b>8.68%</b>
PERS	(20.53%)	(3.13%)	18.93%	11.74%	8.95%
PERS(net)	(20.92%)	(3.40%)	18.59%	11.43%	8.67%
TRS	(20.67%)	(3.12%)	18.97%	11.78%	9.01%
TRS(Net)	(21.01%)	(3.38%)	18.63%	11.47%	8.73%
PERS Health	(17.61%)	-	-	-	-
PERS Health(net)	(17.98%)	-	-	-	-
TRS Health	(17.45%)	-	-	-	-
TRS Health(net)	(17.80%)	-	-	-	-

Net return for PERS, TRS and Total Fund derived from gross expenses minus securities lending income supplied by Revenue. Total Fund net includes estimated gross expenses for Judicial and Military.



### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2004. 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.

	<b>FY 2004</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>FY 2001</b>	<b>FY 2000</b>
<b>Total Fund</b>	<b>15.08%</b>	<b>3.68%</b>	<b>(5.47%)</b>	<b>(5.37%)</b>	<b>10.19%</b>
<b>Total Fund(net)</b>	<b>14.76%</b>	<b>3.38%</b>	<b>(5.70%)</b>	<b>(5.63%)</b>	<b>9.89%</b>
PERS	15.08%	3.67%	(5.48%)	(5.37%)	10.16%
PERS(net)	14.76%	3.38%	(5.72%)	(5.63%)	9.86%
TRS	15.09%	3.68%	(5.49%)	(5.44%)	10.25%
TRS(Net)	14.78%	3.39%	(5.72%)	(5.70%)	9.96%

Net return for PERS, TRS and Total Fund derived from gross expenses minus securities lending income supplied by Revenue. Total Fund net includes estimated gross expenses for Judicial and Military.





## TOTAL DOMESTIC EQUITY POOL PERIOD ENDED MARCH 31, 2010

### Investment Philosophy

The State of Alaska Total Equity Pool is diversified across large cap value, large cap growth, core, small cap value, and small cap growth equity styles so as to gain broad market exposure.

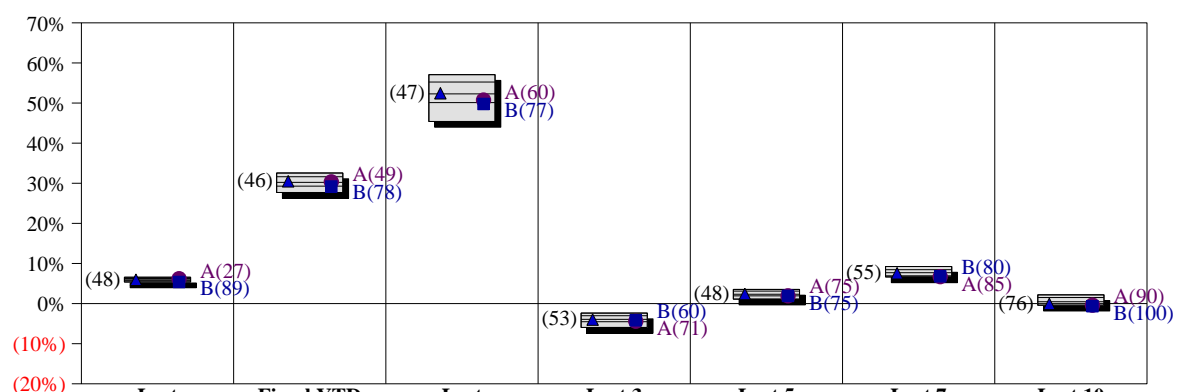
### Quarterly Summary and Highlights

- Domestic Equity Pool's portfolio posted a 6.20% return for the quarter placing it in the 27 percentile of the Public Fund - Domestic Equity group for the quarter and in the 60 percentile for the last year.
- Domestic Equity Pool's portfolio outperformed the Russell 3000 Index by 0.26% for the quarter and underperformed the Russell 3000 Index for the year by 1.69%.

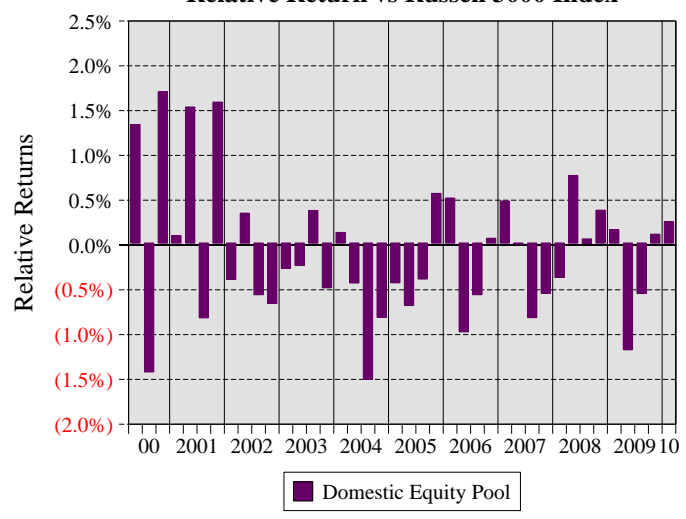
### Quarterly Asset Growth

Beginning Market Value	\$2,711,730,022
Net New Investment	\$-60,972,078
Investment Gains/(Losses)	\$168,552,797
Ending Market Value	\$2,819,310,741

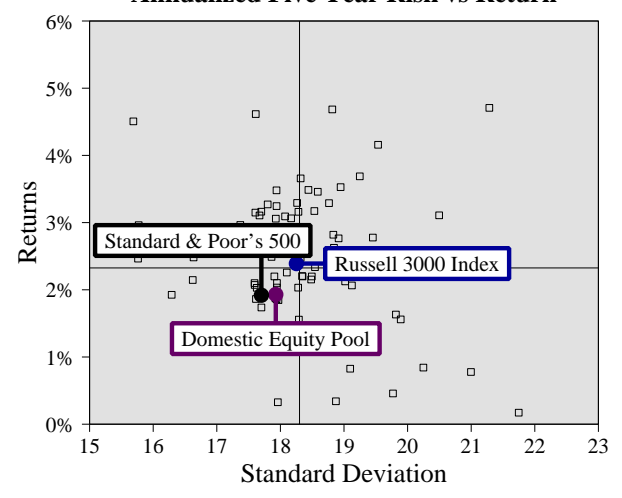
### Performance vs Public Fund - Domestic Equity (Gross)



### Relative Return vs Russell 3000 Index



### Public Fund - Domestic Equity (Gross) Annualized Five Year Risk vs Return



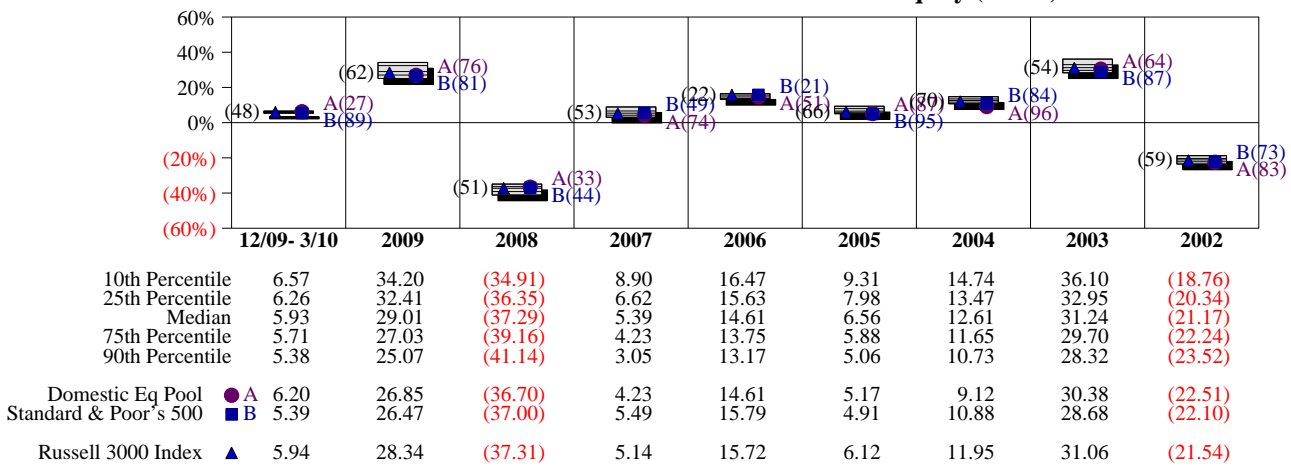


## DOMESTIC EQUITY POOL RETURN ANALYSIS SUMMARY

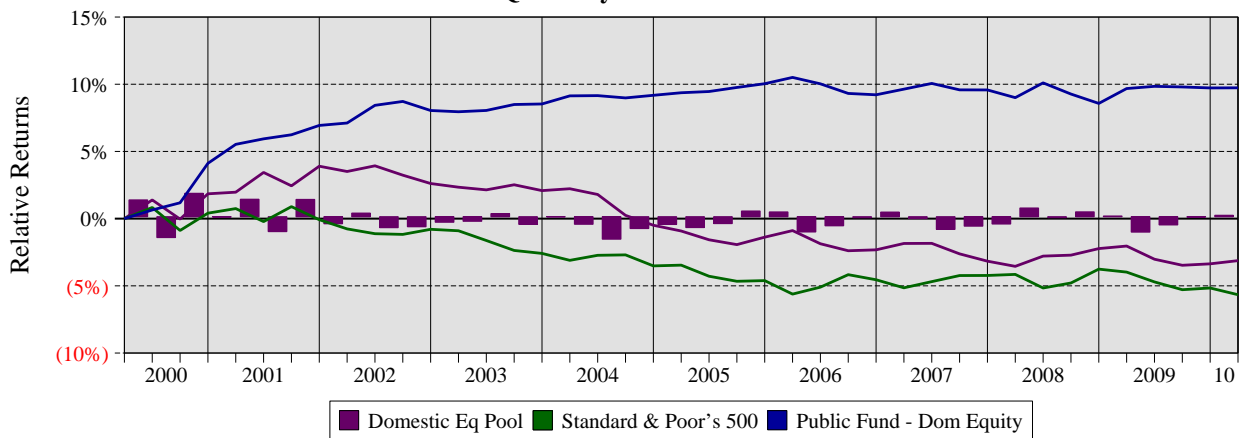
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

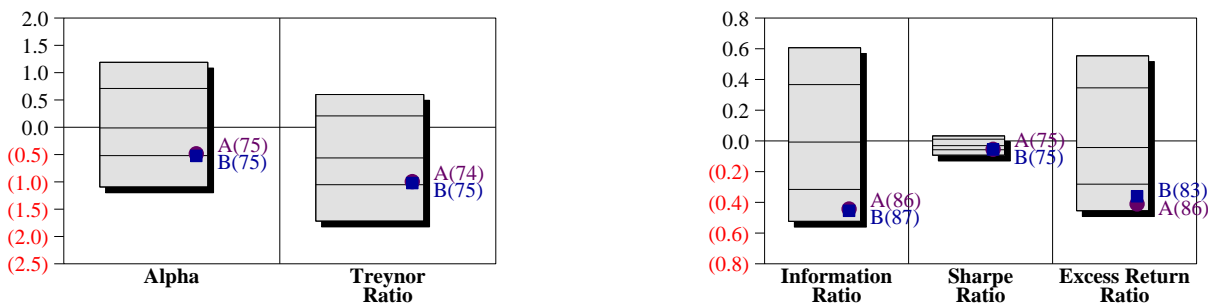
#### Performance vs Public Fund - Domestic Equity (Gross)



#### Cumulative and Quarterly Relative Return vs Russell 3000 Index



#### Risk Adjusted Return Measures vs Russell 3000 Index Rankings Against Public Fund - Domestic Equity (Gross) Five Years Ended March 31, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.19	0.60	0.61	0.03	0.55
25th Percentile	0.71	0.21	0.37	0.01	0.35
Median	(0.01)	(0.56)	(0.01)	(0.03)	(0.04)
75th Percentile	(0.52)	(1.05)	(0.32)	(0.06)	(0.28)
90th Percentile	(1.09)	(1.72)	(0.52)	(0.09)	(0.45)
Domestic Eq Pool	● A (0.49)	(1.00)	● A (0.44)	(0.05)	(0.41)
Standard & Poor's 500	■ B (0.52)	(1.02)	■ B (0.45)	(0.06)	(0.36)

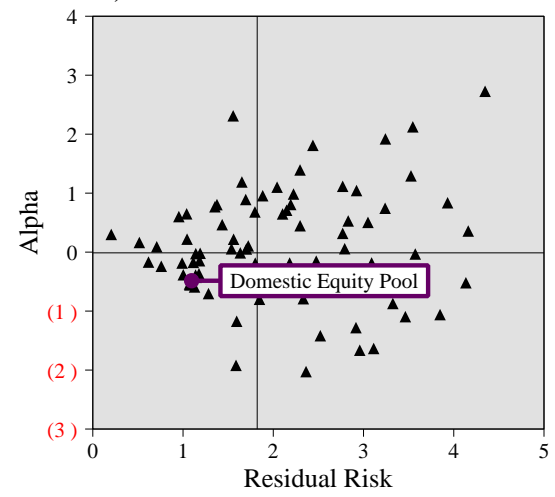
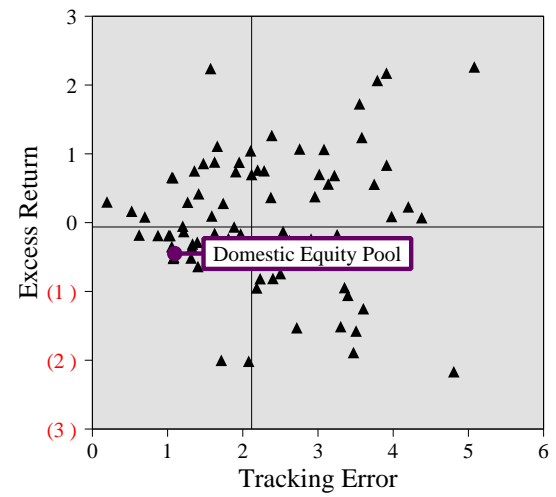


# DOMESTIC EQUITY POOL RISK ANALYSIS SUMMARY

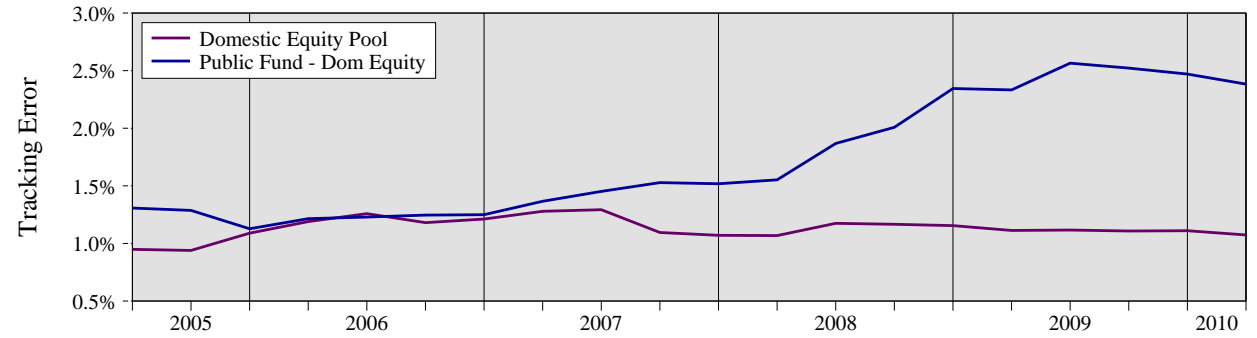
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

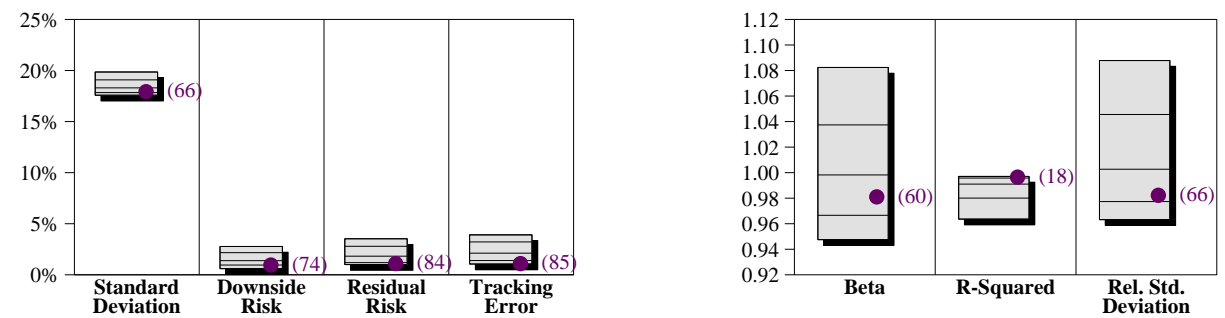
**Risk Analysis vs Public Fund - Domestic Equity (Gross)  
Five Years Ended March 31, 2010**



**Rolling 12 Quarter Tracking Error vs Russell 3000 Index**



**Risk Statistics Rankings vs Russell 3000 Index  
Rankings Against Public Fund - Domestic Equity (Gross)  
Five Years Ended March 31, 2010**



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	19.85	2.77	3.53	3.91	1.08	1.00	1.09
25th Percentile	19.08	2.17	2.79	3.22	1.04	1.00	1.05
Median	18.30	1.38	1.82	2.12	1.00	0.99	1.00
75th Percentile	17.84	0.95	1.19	1.39	0.97	0.98	0.98
90th Percentile	17.58	0.60	1.00	1.06	0.95	0.96	0.96

**Domestic Equity Pool** ● 17.93    0.96    1.10    1.09    **Domestic Equity Pool** ● 0.98    1.00    0.98



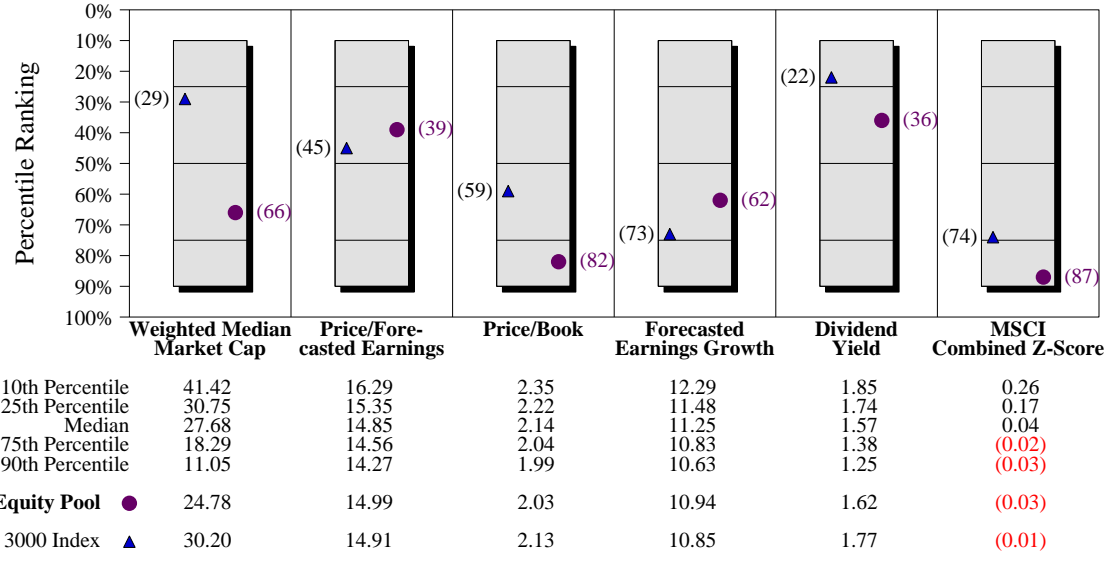


# DOMESTIC EQUITY POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

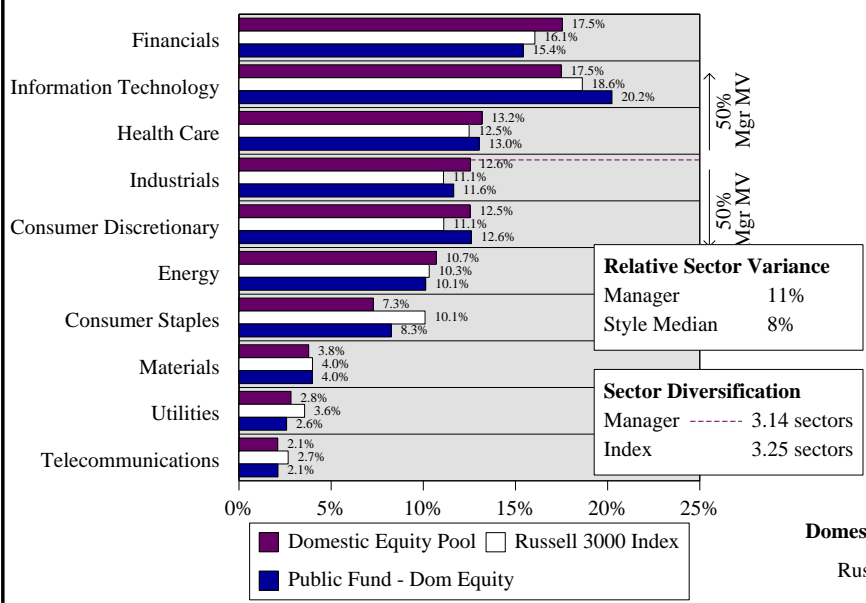
**Portfolio Characteristics Percentile Rankings  
Rankings Against Public Fund - Domestic Equity  
as of March 31, 2010**



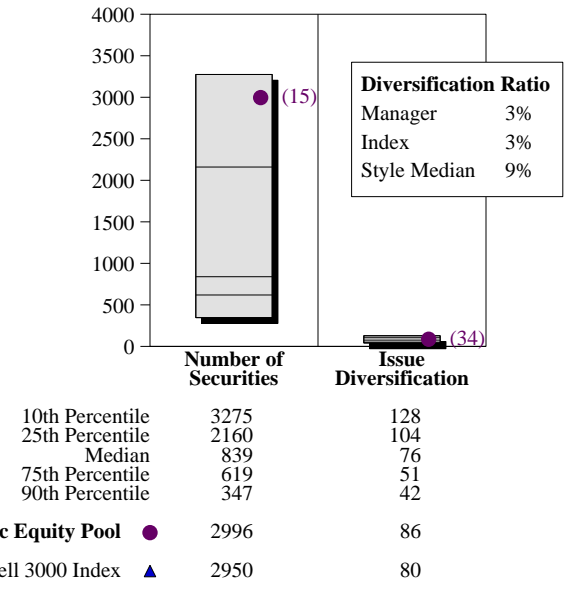
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**





## LARGE CAP EQUITY POOL PERIOD ENDED MARCH 31, 2010

### Investment Philosophy

The State of Alaska Large Capitalization Equity Pool is diversified across large cap value, large cap growth, and core investment styles. By diversifying styles, Alaska has reduced the risk associated with style bias and is better diversified across styles as they cycle in and out of favor.

### Quarterly Summary and Highlights

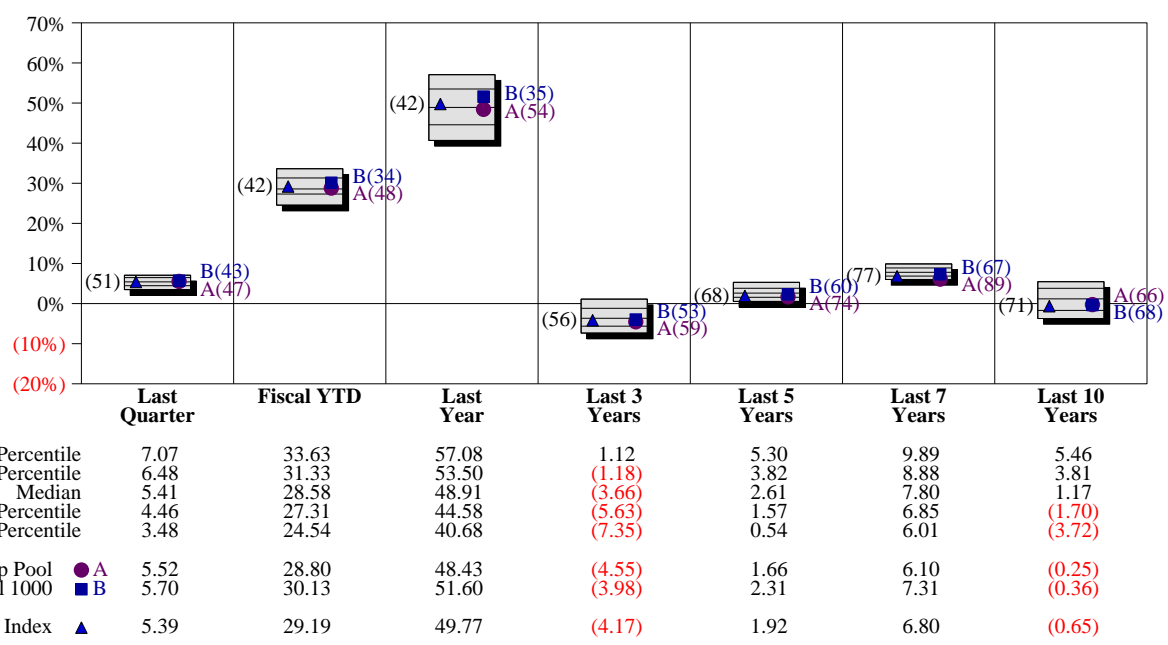
- Large Cap Pool's portfolio posted a 5.52% return for the quarter placing it in the 47 percentile of the CAI Large Capitalization Style group for the quarter and in the 54 percentile for the last year.
- Large Cap Pool's portfolio outperformed the S&P 500 Index by 0.14% for the quarter and underperformed the S&P 500 Index for the year by 1.34%.

### Quarterly Asset Growth

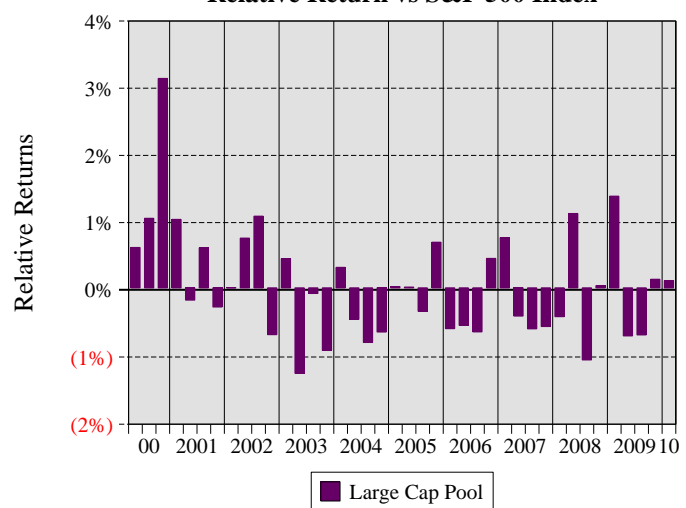
Beginning Market Value	\$3,477,634,812
Net New Investment	\$-104,001,836
Investment Gains/(Losses)	\$198,742,588
Ending Market Value	\$3,572,375,564

**Percent Cash: 0.7%**

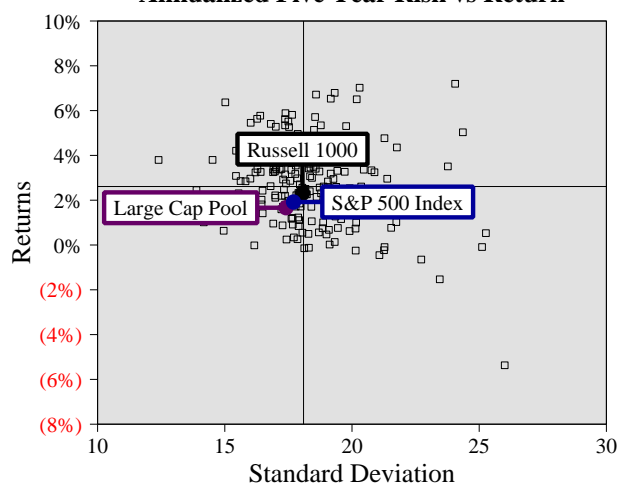
### Performance vs CAI Large Capitalization Style (Gross)



### Relative Return vs S&P 500 Index



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



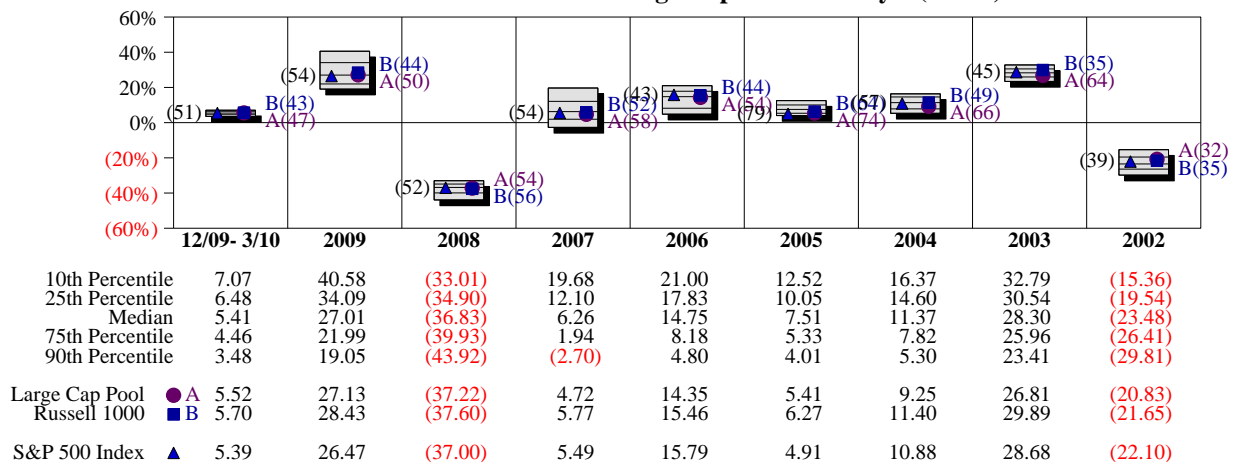


## LARGE CAP POOL RETURN ANALYSIS SUMMARY

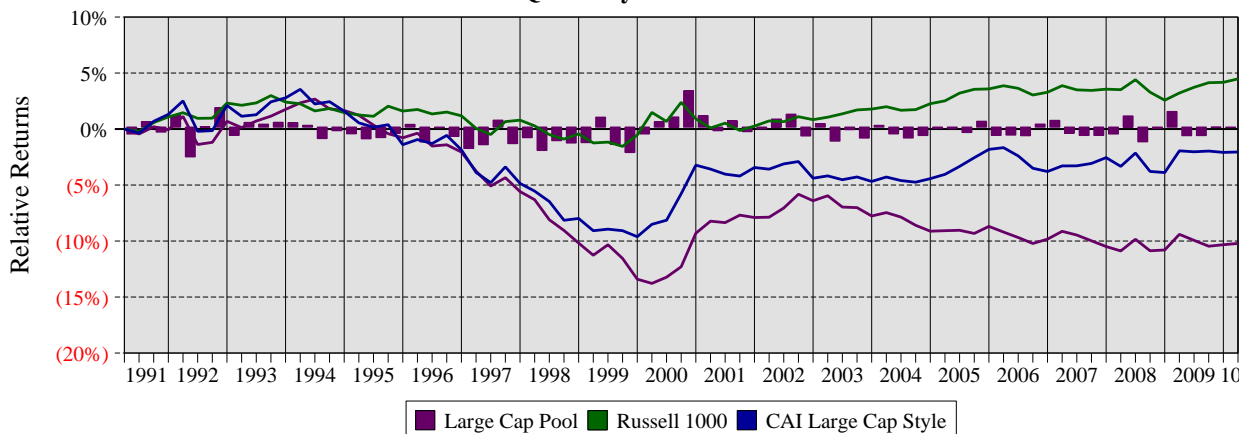
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

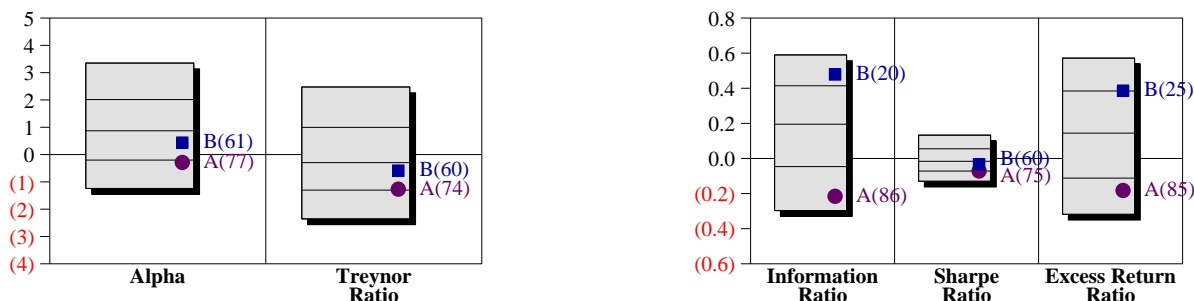
#### Performance vs CAI Large Capitalization Style (Gross)



#### Cumulative and Quarterly Relative Return vs S&P 500 Index



#### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Capitalization Style (Gross) Five Years Ended March 31, 2010



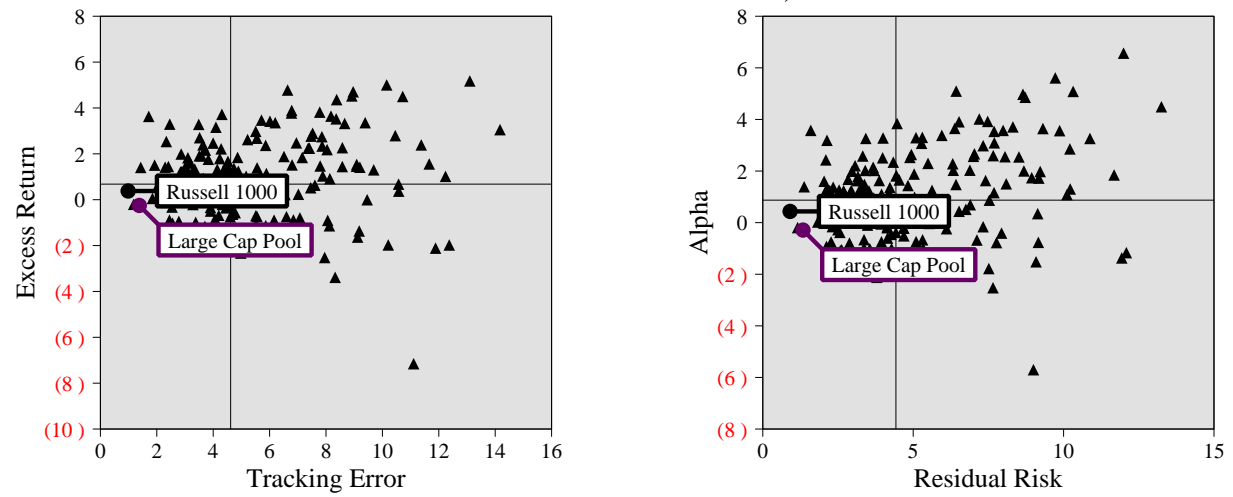
	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.35	2.48	0.59	0.13	0.57
25th Percentile	2.01	1.00	0.41	0.06	0.38
Median	0.87	(0.30)	0.20	(0.02)	0.14
75th Percentile	(0.20)	(1.30)	(0.05)	(0.07)	(0.11)
90th Percentile	(1.24)	(2.36)	(0.30)	(0.13)	(0.32)
Large Cap Pool	● A (0.29)	(1.27)	● A (0.22)	(0.07)	(0.18)
Russell 1000	■ B 0.43	(0.59)	■ B (0.48)	(0.03)	0.39

# LARGE CAP POOL RISK ANALYSIS SUMMARY

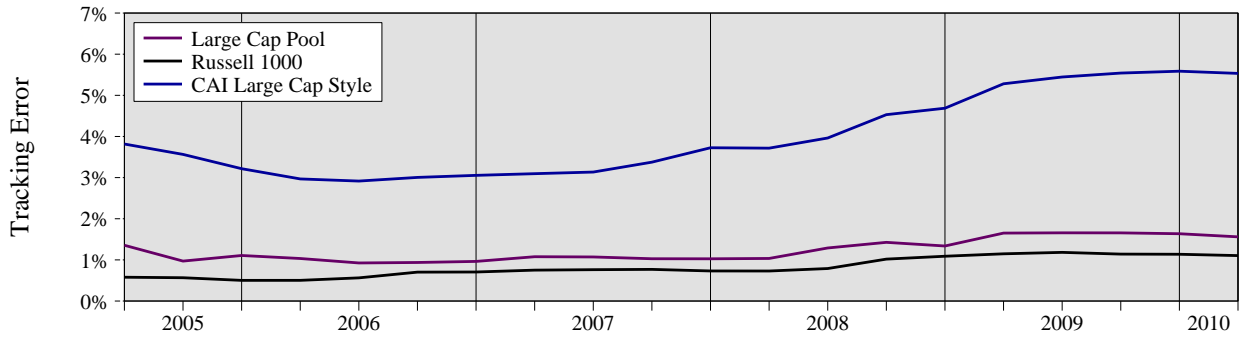
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

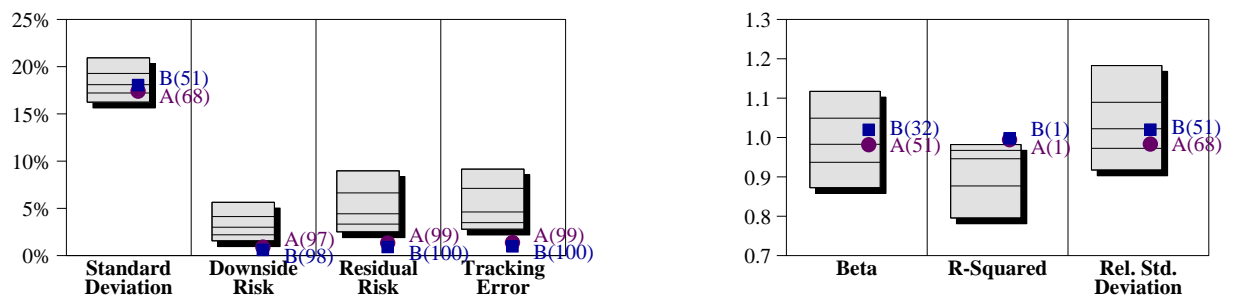
**Risk Analysis vs CAI Large Capitalization Style (Gross)  
Five Years Ended March 31, 2010**



**Rolling 12 Quarter Tracking Error vs S&P 500 Index**



**Risk Statistics Rankings vs S&P 500 Index  
Rankings Against CAI Large Capitalization Style (Gross)  
Five Years Ended March 31, 2010**



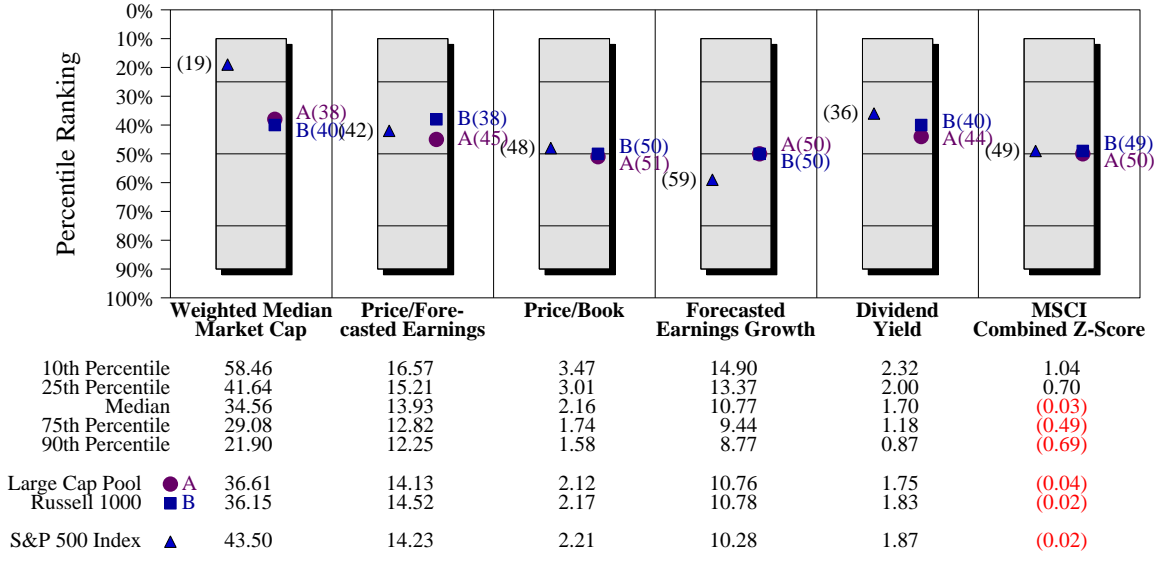
10th Percentile	20.94	5.64	8.97	9.16	10th Percentile	1.12	0.98	1.18
25th Percentile	19.28	4.13	6.64	7.12	25th Percentile	1.05	0.97	1.09
Median	18.10	3.00	4.43	4.62	Median	0.98	0.95	1.02
75th Percentile	17.21	2.20	3.33	3.49	75th Percentile	0.94	0.88	0.97
90th Percentile	16.24	1.56	2.51	2.79	90th Percentile	0.87	0.80	0.92
Large Cap Pool	● A 17.41	0.90	1.34	1.38	Large Cap Pool	● A 0.98	0.99	0.98
Russell 1000	■ B 18.05	0.60	0.91	0.98	Russell 1000	■ B 1.02	1.00	1.02

# LARGE CAP POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

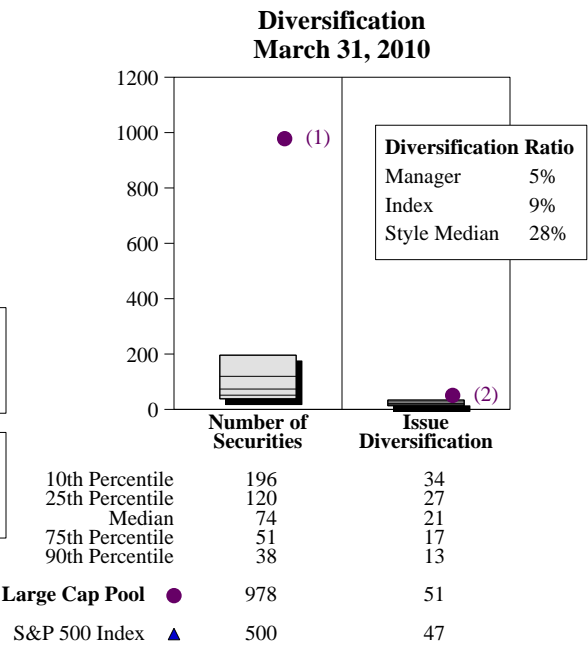
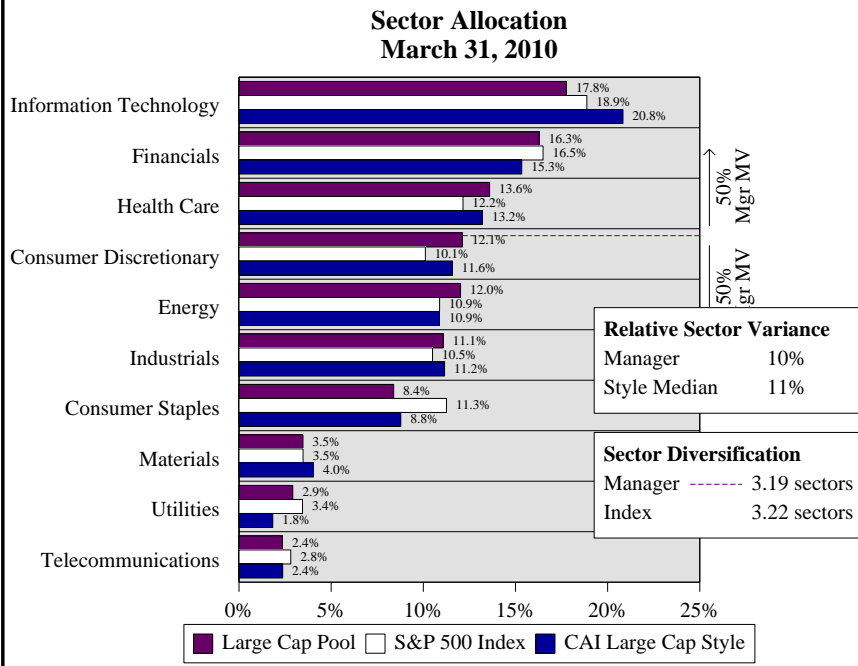
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Capitalization Style as of March 31, 2010



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.



# BARROW, HANLEY PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Barrow Hanley uses a bottom-up stock selection process to identify securities having low price multiples and dividend yield greater than the market with prospects for above average profitability.

## Quarterly Summary and Highlights

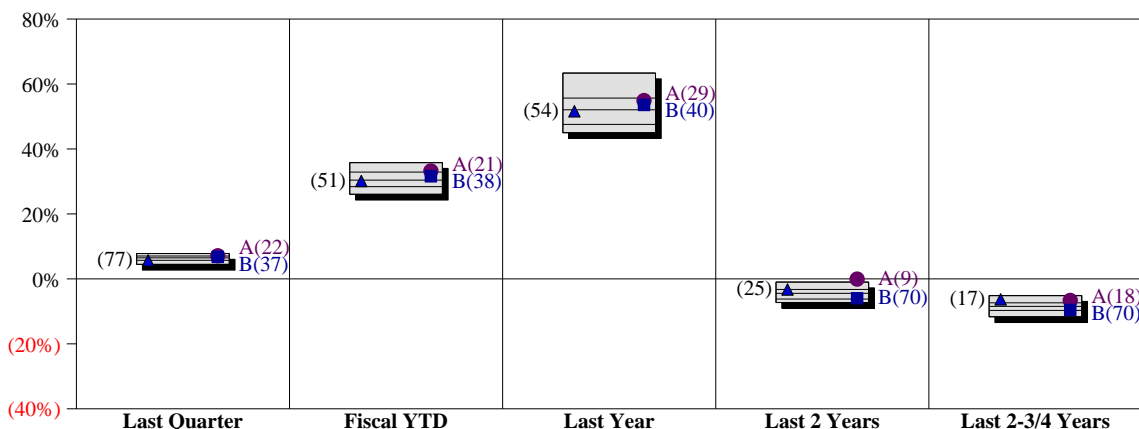
- Barrow, Hanley's portfolio posted a 7.11% return for the quarter placing it in the 22 percentile of the CAI Large Cap Value Style group for the quarter and in the 29 percentile for the last year.
- Barrow, Hanley's portfolio outperformed the Russell 1000 Index by 1.41% for the quarter and outperformed the Russell 1000 Index for the year by 3.30%.

## Quarterly Asset Growth

Beginning Market Value	\$115,553,230
Net New Investment	\$0
Investment Gains/(Losses)	\$8,220,151
Ending Market Value	\$123,773,381

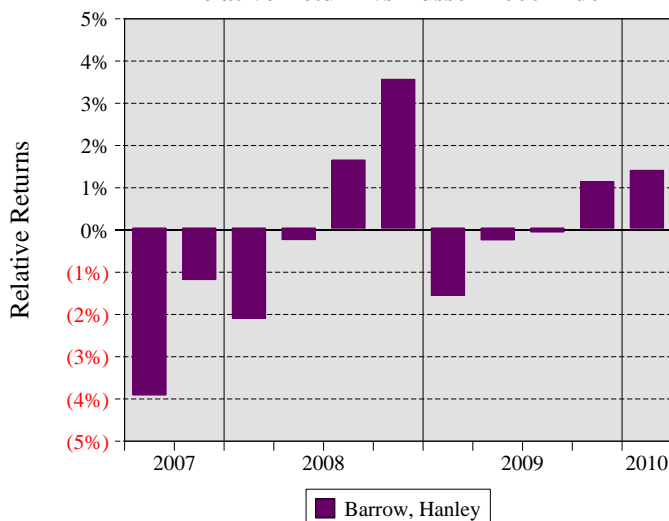
**Percent Cash: 1.7%**

## Performance vs CAI Large Cap Value Style (Gross)

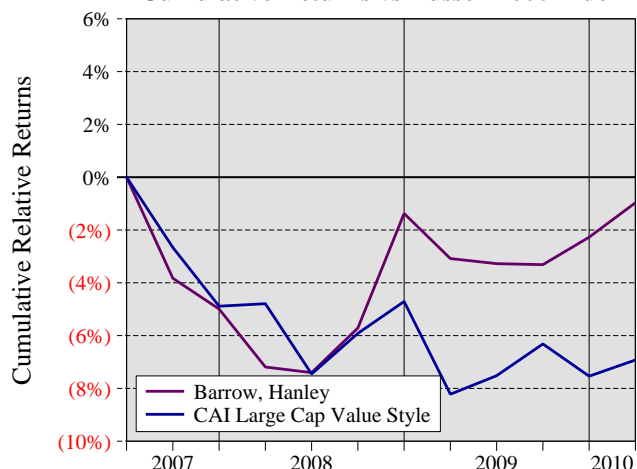


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	7.81	35.79	63.37	(0.98)	(5.16)
25th Percentile	7.05	32.88	55.66	(3.25)	(7.37)
Median	6.47	30.40	52.06	(4.45)	(8.46)
75th Percentile	5.72	28.40	47.56	(6.20)	(9.71)
90th Percentile	4.47	26.04	45.00	(7.28)	(11.67)
Barrow, Hanley (A)	7.11	33.23	54.90	(0.07)	(6.64)
Russell 1000 Value (B)	6.78	31.58	53.56	(5.97)	(9.56)
Russell 1000 Index (▲)	5.70	30.13	51.60	(3.26)	(6.31)

## Relative Return vs Russell 1000 Index



## Cumulative Returns vs Russell 1000 Index



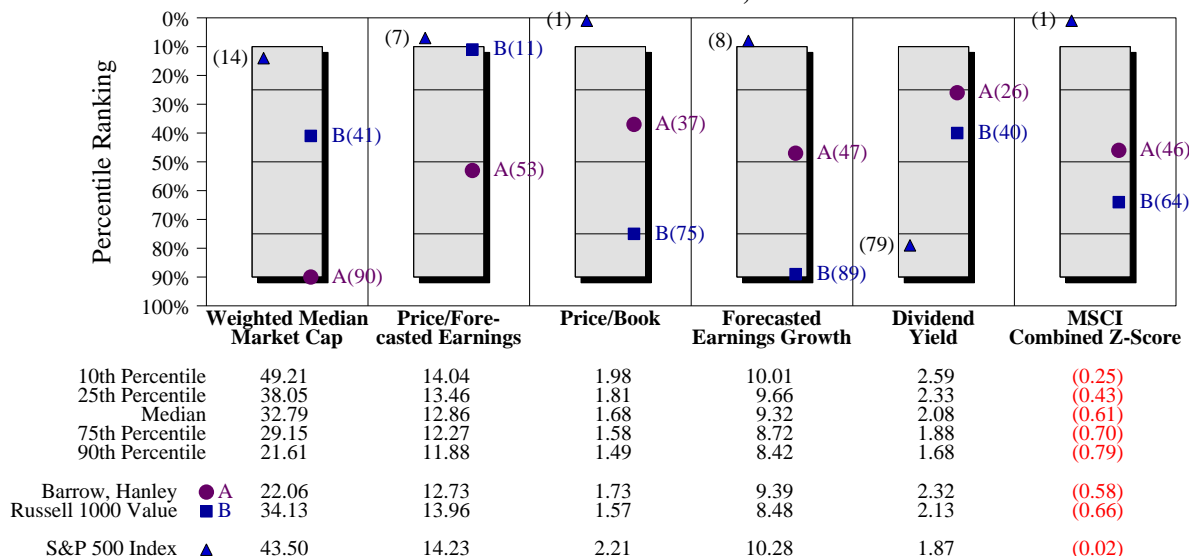
# BARROW, HANLEY EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

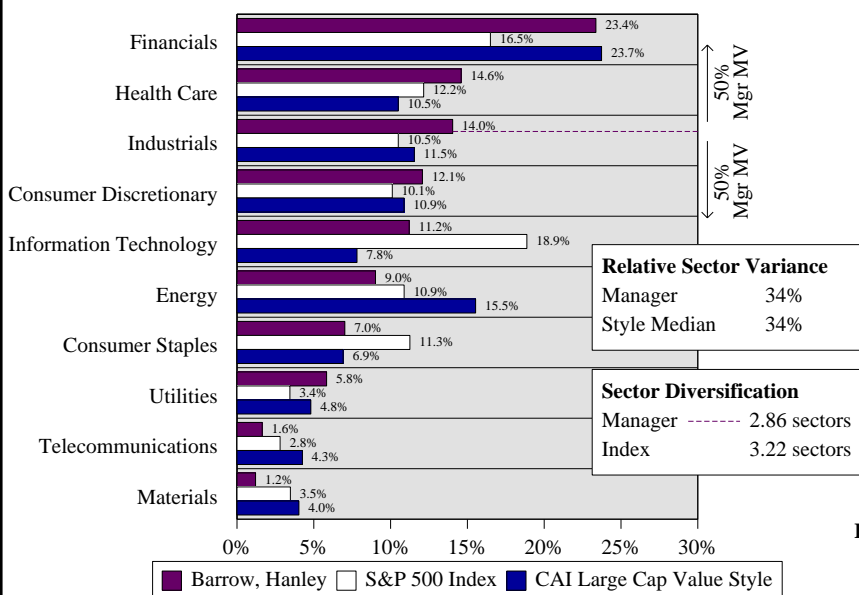
### Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Value Style as of March 31, 2010



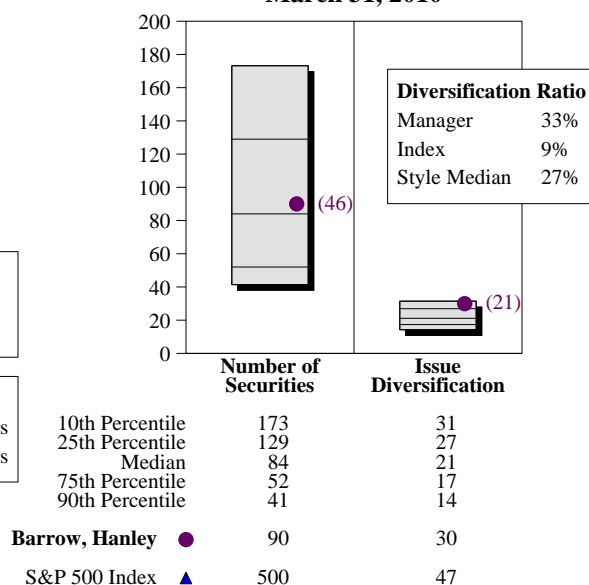
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

### Sector Allocation March 31, 2010



### Diversification March 31, 2010



# LAZARD ASSET MANAGEMENT PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Lazard's investment philosophy is based on the creation of value through bottom-up stock selection which focuses on companies that are financially productive yet inexpensively priced.

## Quarterly Summary and Highlights

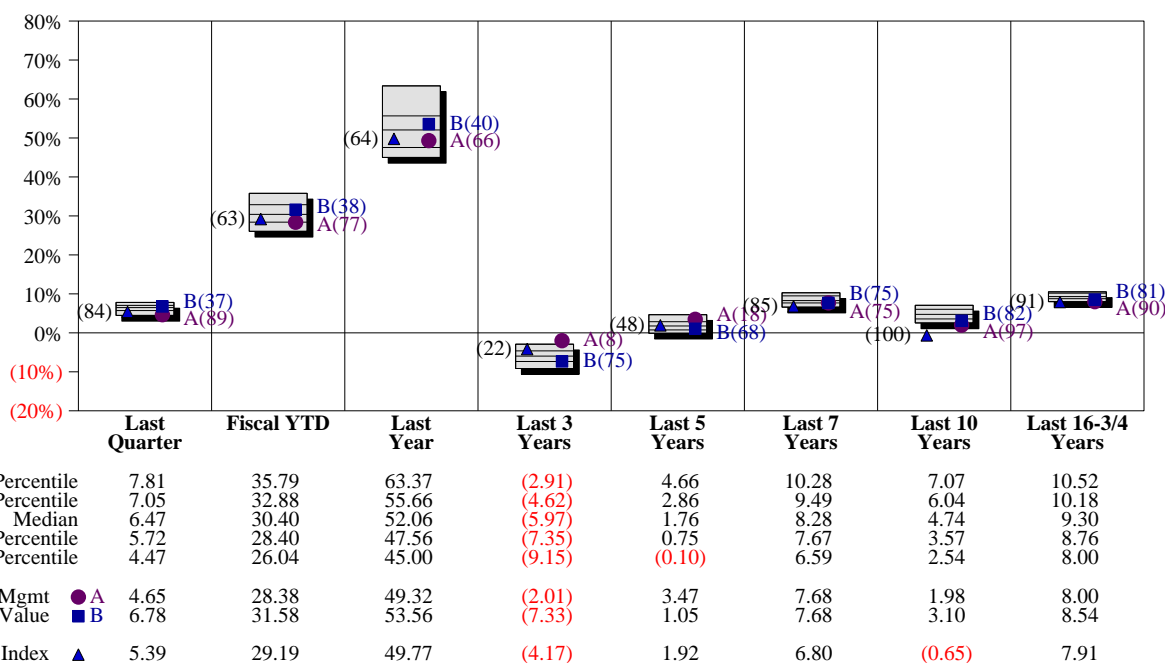
- Lazard Asset Mgmt's portfolio posted a 4.65% return for the quarter placing it in the 89 percentile of the CAI Large Cap Value Style group for the quarter and in the 66 percentile for the last year.
- Lazard Asset Mgmt's portfolio underperformed the S&P 500 Index by 0.74% for the quarter and underperformed the S&P 500 Index for the year by 0.45%.

## Quarterly Asset Growth

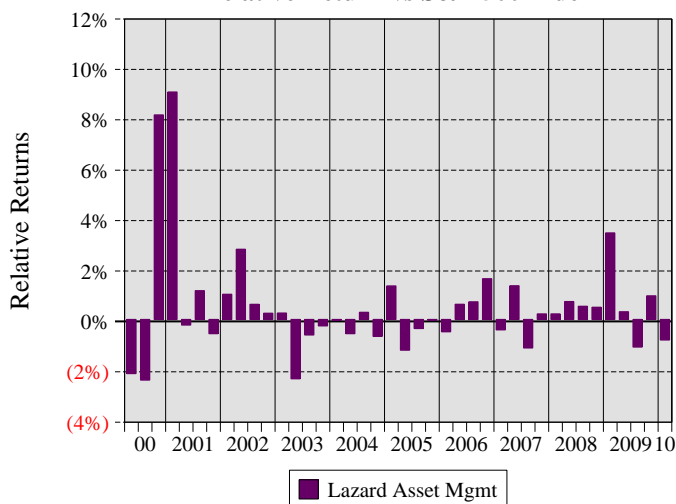
Beginning Market Value	\$271,958,779
Net New Investment	\$24,900,000
Investment Gains/(Losses)	\$12,834,105
Ending Market Value	\$309,692,884

**Percent Cash: 1.4%**

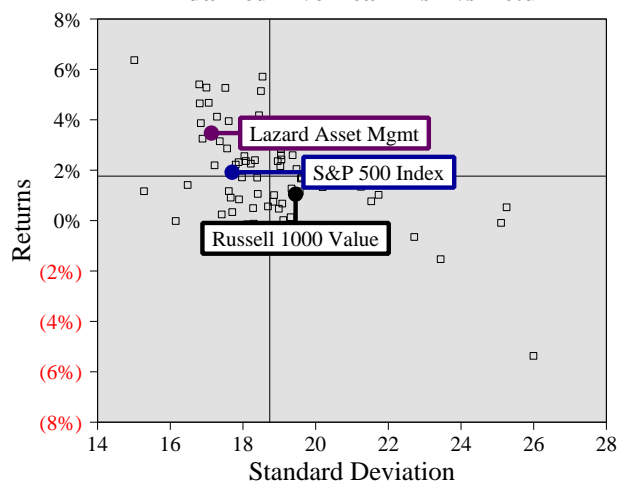
## Performance vs CAI Large Cap Value Style (Gross)



## Relative Return vs S&P 500 Index



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





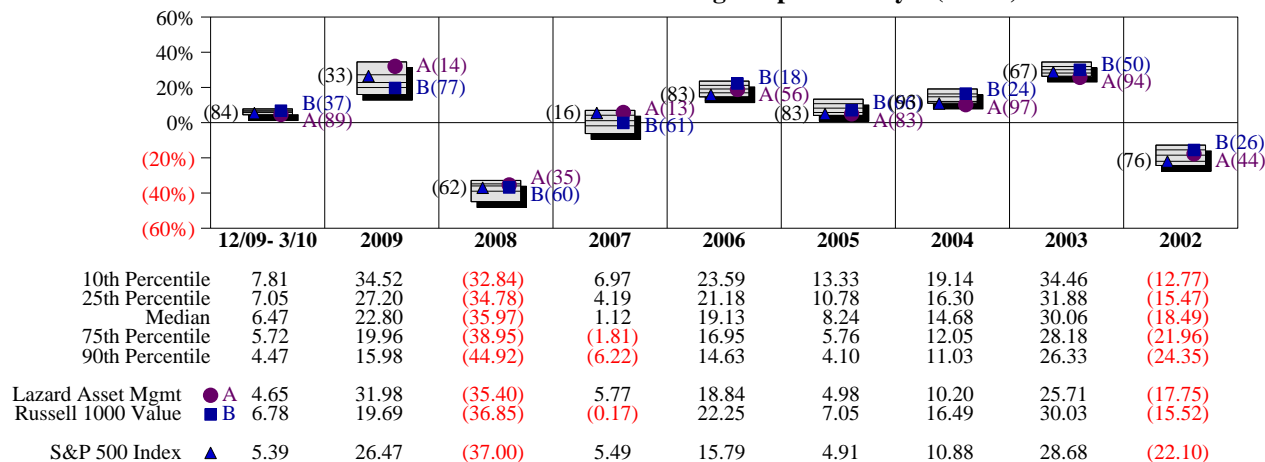
# LAZARD ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



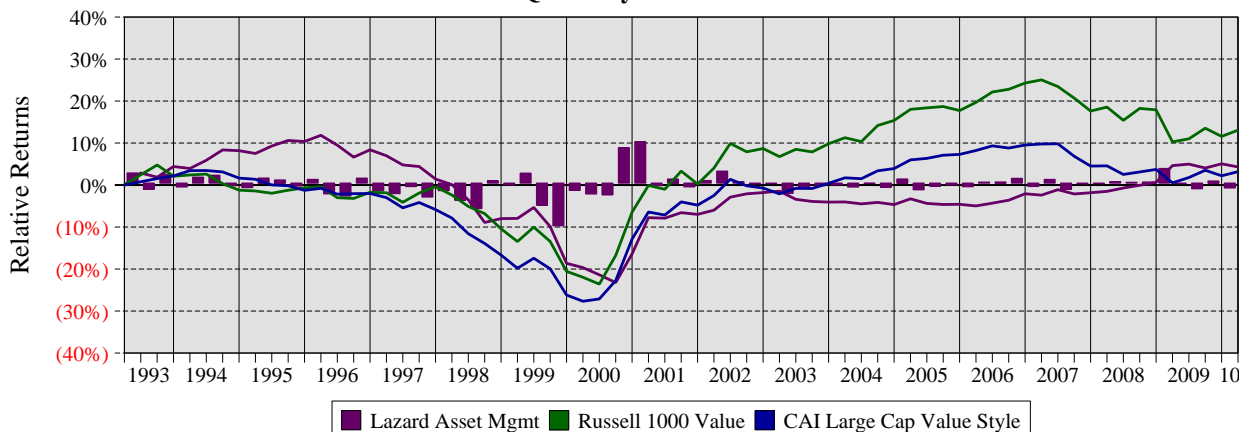
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

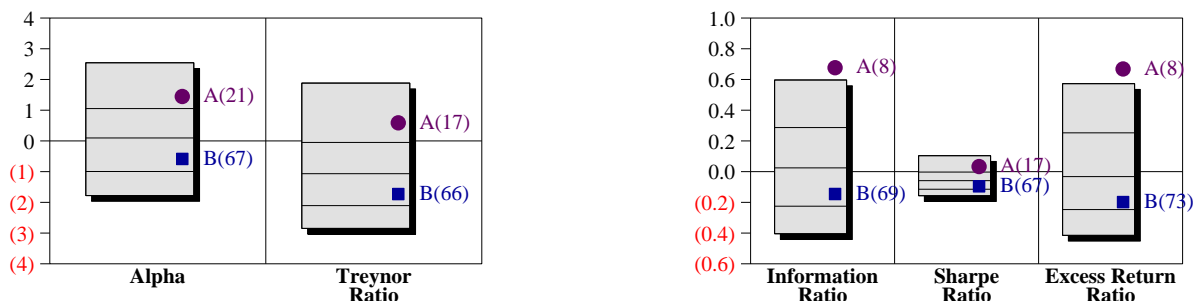
### Performance vs CAI Large Cap Value Style (Gross)



### Cumulative and Quarterly Relative Return vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Value Style (Gross) Five Years Ended March 31, 2010



10th Percentile	2.54	1.88	0.60	0.10	0.57
25th Percentile	1.05	(0.05)	0.29	(0.00)	0.25
Median	0.10	(1.07)	0.02	(0.06)	(0.03)
75th Percentile	(1.00)	(2.11)	(0.22)	(0.11)	(0.25)
90th Percentile	(1.78)	(2.85)	(0.40)	(0.16)	(0.41)
Lazard Asset Mgmt	● A 1.45	0.59	● A 0.68	0.03	0.67
Russell 1000 Value	■ B (0.59)	(1.73)	■ B (0.15)	(0.10)	(0.20)

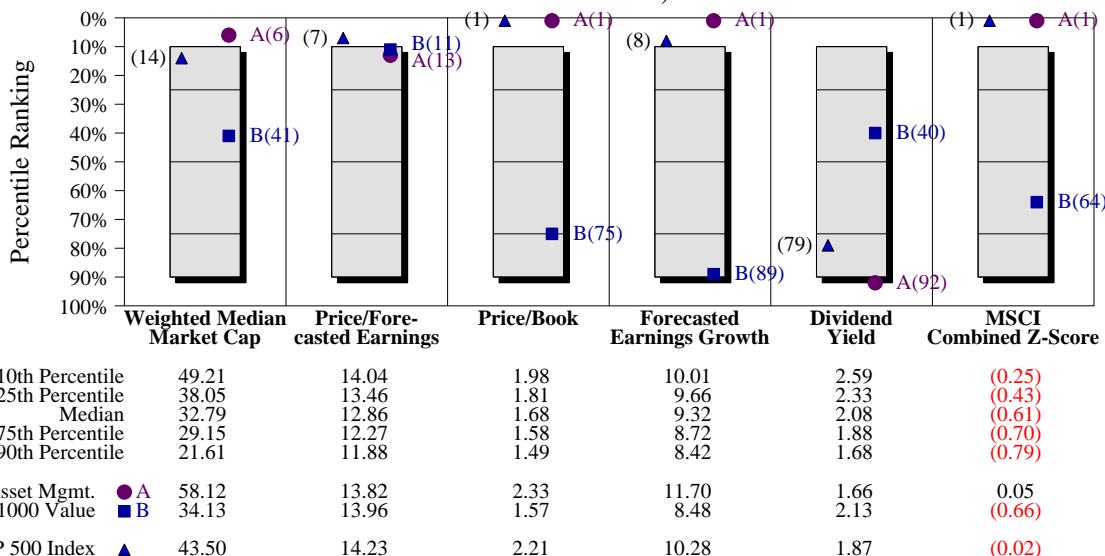
# LAZARD ASSET MGMT. EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

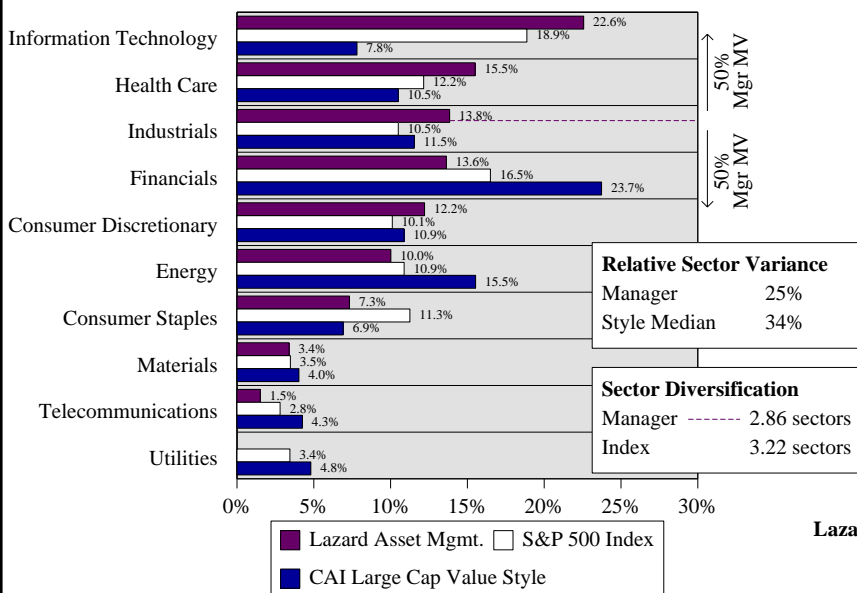
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Large Cap Value Style  
as of March 31, 2010**



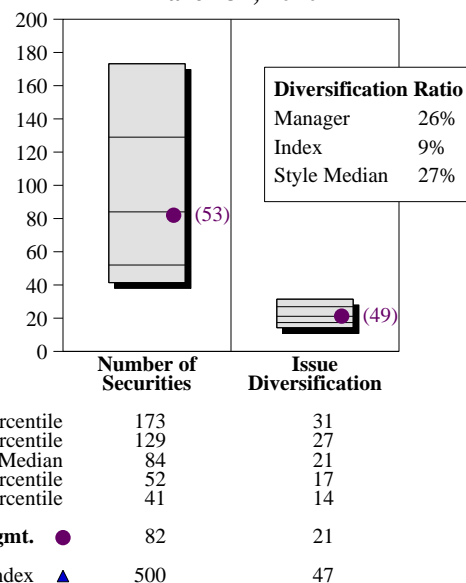
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**



**MCKINLEY CAPITAL MANAGEMENT, INC.  
PERIOD ENDED MARCH 31, 2010**



**Investment Philosophy**

McKinley Capital's investment philosophy is based on the belief that excess market returns can be achieved through the construction and active management of a diversified, fundamentally sound portfolio of inefficiently priced common stocks whose earnings growth rates are accelerating above market expectations.

**Quarterly Summary and Highlights**

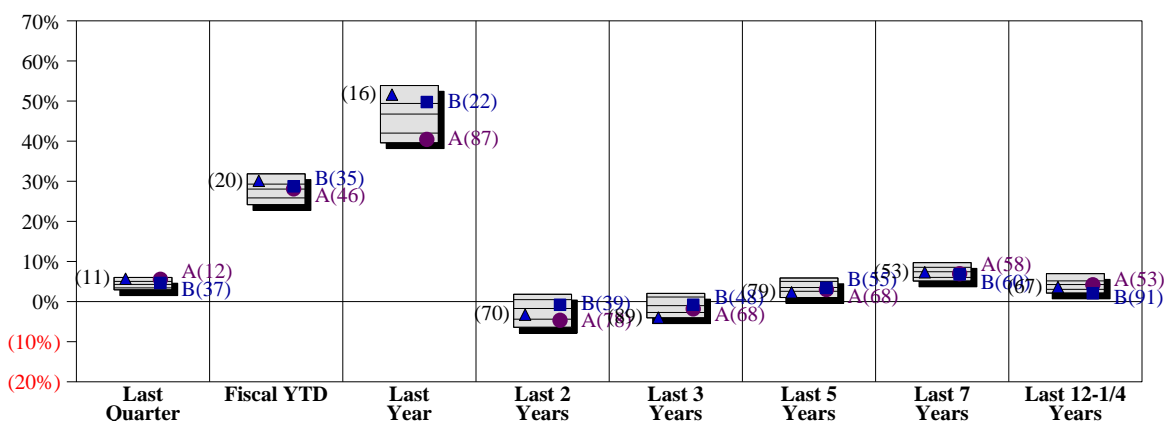
- McKinley Capital's portfolio posted a 5.56% return for the quarter placing it in the 12 percentile of the CAI Large Cap Growth Style group for the quarter and in the 87 percentile for the last year.
- McKinley Capital's portfolio underperformed the Russell 1000 Index by 0.14% for the quarter and underperformed the Russell 1000 Index for the year by 11.16%.

**Quarterly Asset Growth**

Beginning Market Value	\$330,507,957
Net New Investment	\$0
Investment Gains/(Losses)	\$18,363,004
Ending Market Value	\$348,870,961

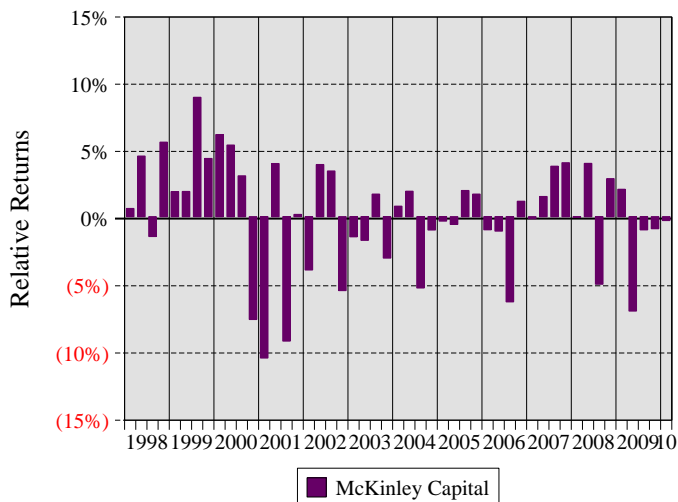
**Percent Cash: 0.8%**

**Performance vs CAI Large Cap Growth Style (Gross)**

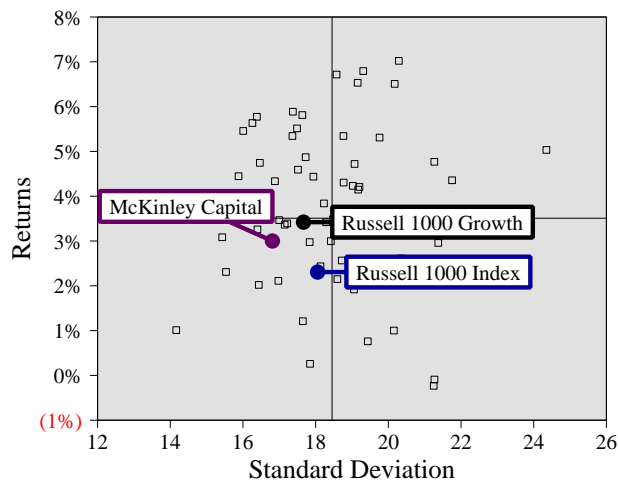


10th Percentile	6.02	31.85	53.87	1.82	2.04	5.89	9.71	6.97
25th Percentile	5.03	29.29	49.40	0.48	1.14	5.03	8.54	5.16
Median	4.28	28.05	46.75	(1.72)	(1.01)	3.51	7.44	4.25
75th Percentile	3.42	25.85	42.01	(4.39)	(2.71)	2.56	6.03	3.05
90th Percentile	2.93	24.16	39.59	(6.41)	(4.05)	1.01	5.12	2.12

**Relative Return vs Russell 1000 Index**



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



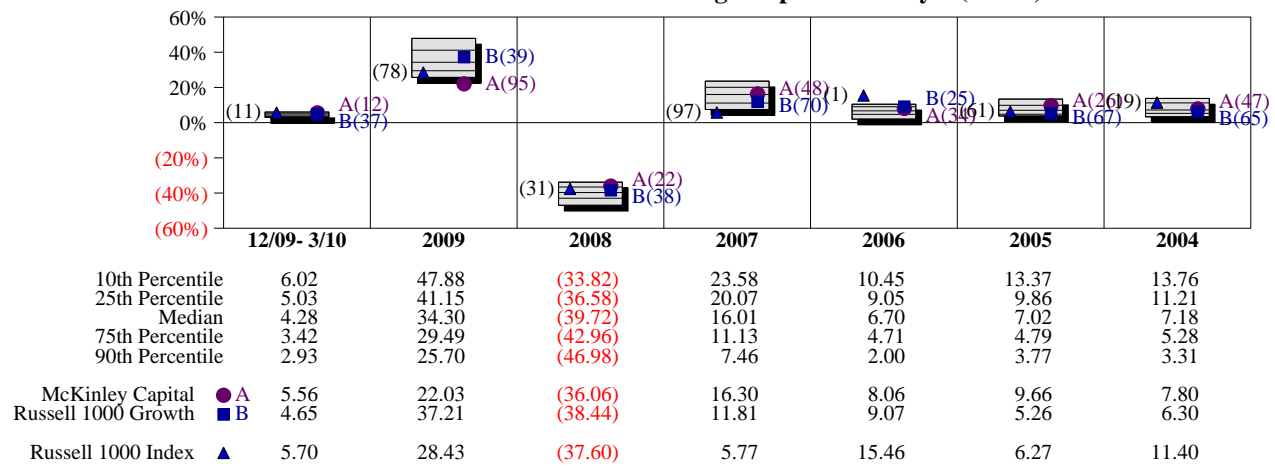


# MCKINLEY CAPITAL RETURN ANALYSIS SUMMARY

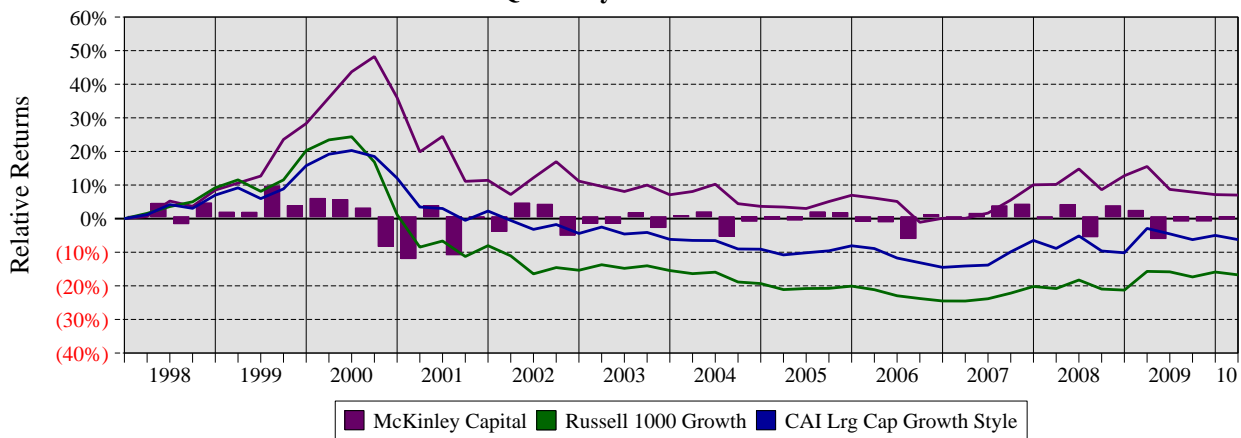
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

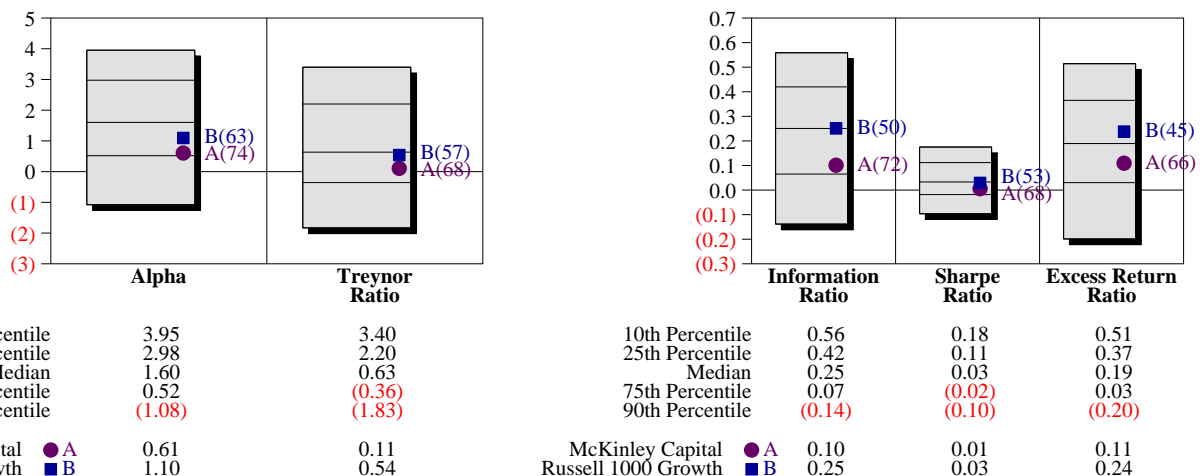
### Performance vs CAI Large Cap Growth Style (Gross)



### Cumulative and Quarterly Relative Return vs Russell 1000 Index



### Risk Adjusted Return Measures vs Russell 1000 Index Rankings Against CAI Large Cap Growth Style (Gross) Five Years Ended March 31, 2010



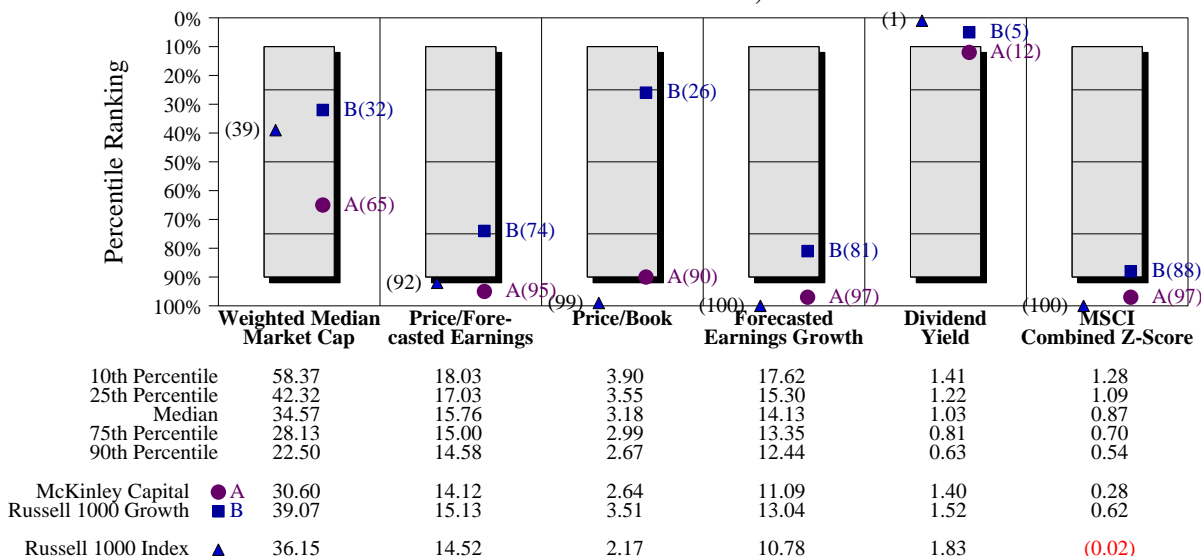
# MCKINLEY CAPITAL EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

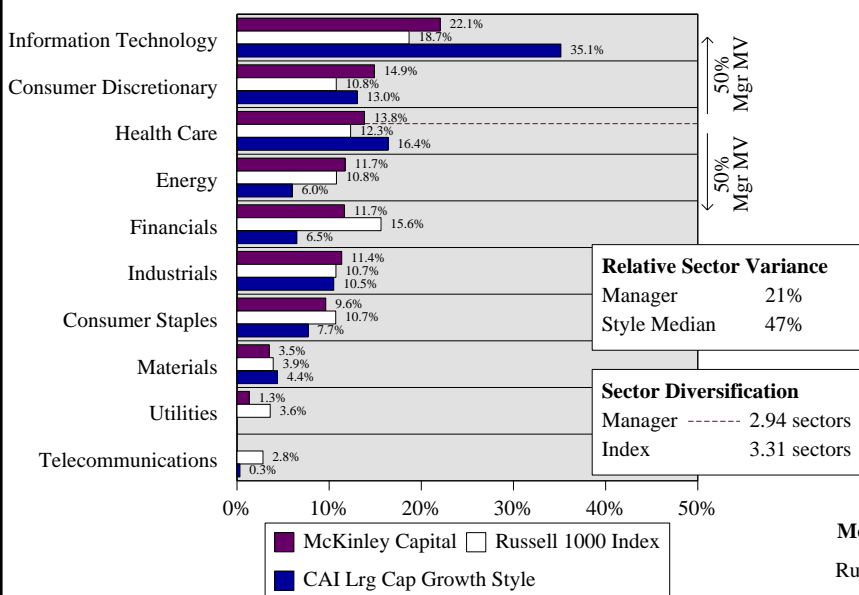
### Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Style as of March 31, 2010



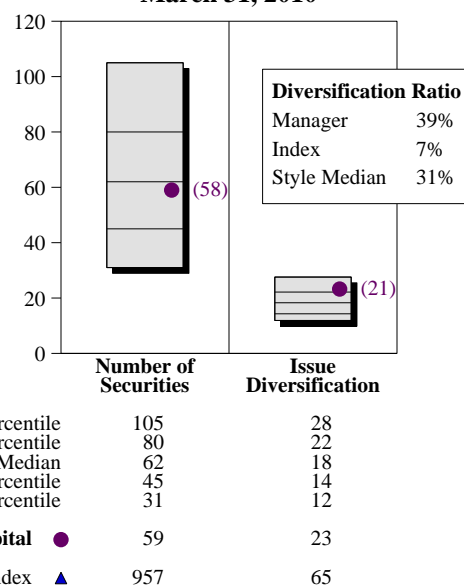
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

### Sector Allocation March 31, 2010



### Diversification March 31, 2010



# QUANTITATIVE MGMT ASSOC PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Quantitative Management believes that cognitive biases cause investors to occasionally misprice stocks. By investing in well diversified portfolios using quantitative stock selection, risk control and low cost trading techniques, the firm seeks to exploit these mispricings and outperform the selected index over a full market cycle.

## Quarterly Summary and Highlights

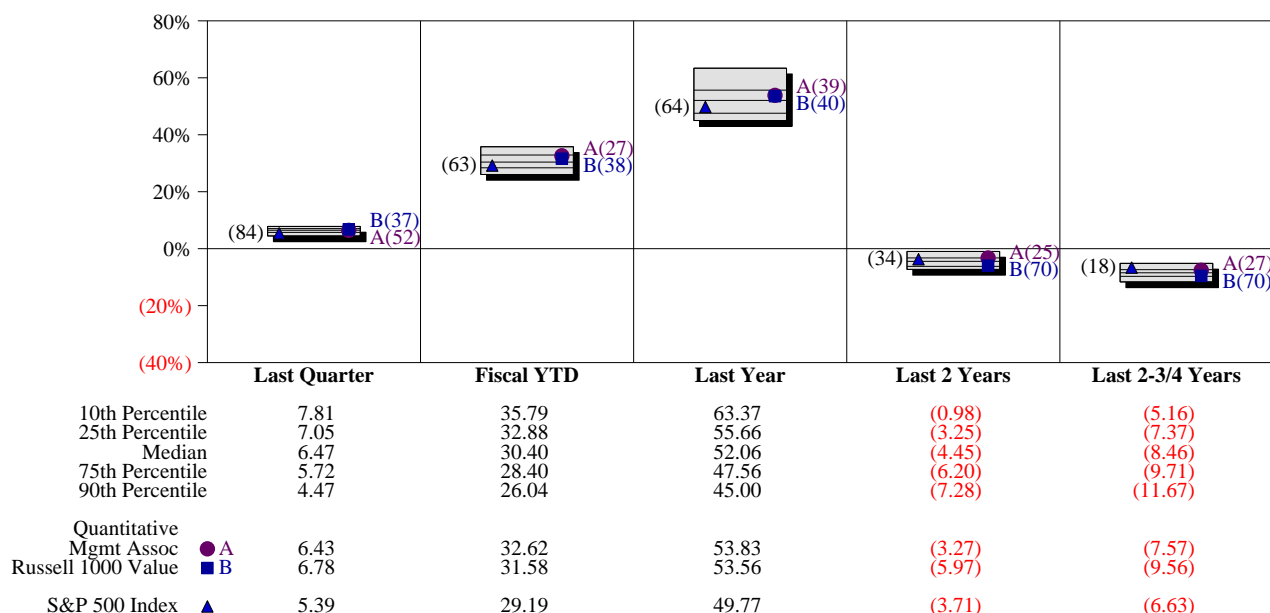
- Quantitative Mgmt Assoc's portfolio posted a 6.43% return for the quarter placing it in the 52 percentile of the CAI Large Cap Value Style group for the quarter and in the 39 percentile for the last year.
- Quantitative Mgmt Assoc's portfolio outperformed the S&P 500 Index by 1.04% for the quarter and outperformed the S&P 500 Index for the year by 4.06%.

## Quarterly Asset Growth

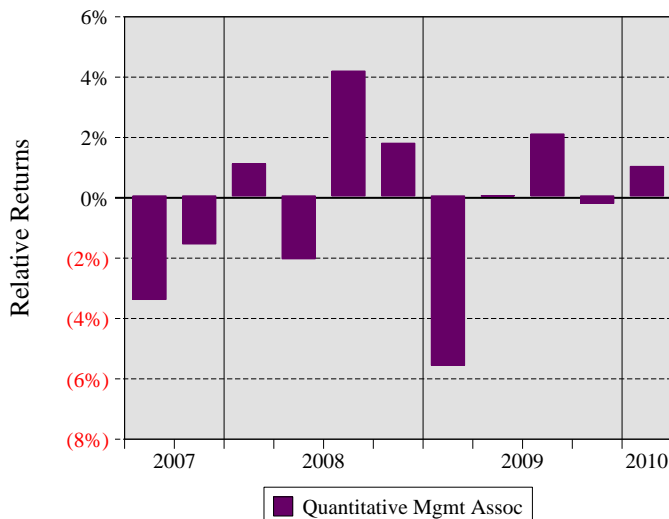
Beginning Market Value	\$113,081,659
Net New Investment	\$0
Investment Gains/(Losses)	\$7,266,143
Ending Market Value	\$120,347,802

**Percent Cash: 1.9%**

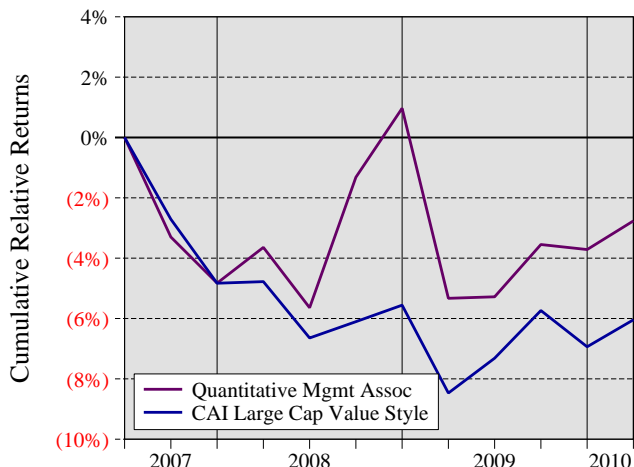
## Performance vs CAI Large Cap Value Style (Gross)



## Relative Return vs S&P 500 Index



## Cumulative Returns vs S&P 500 Index



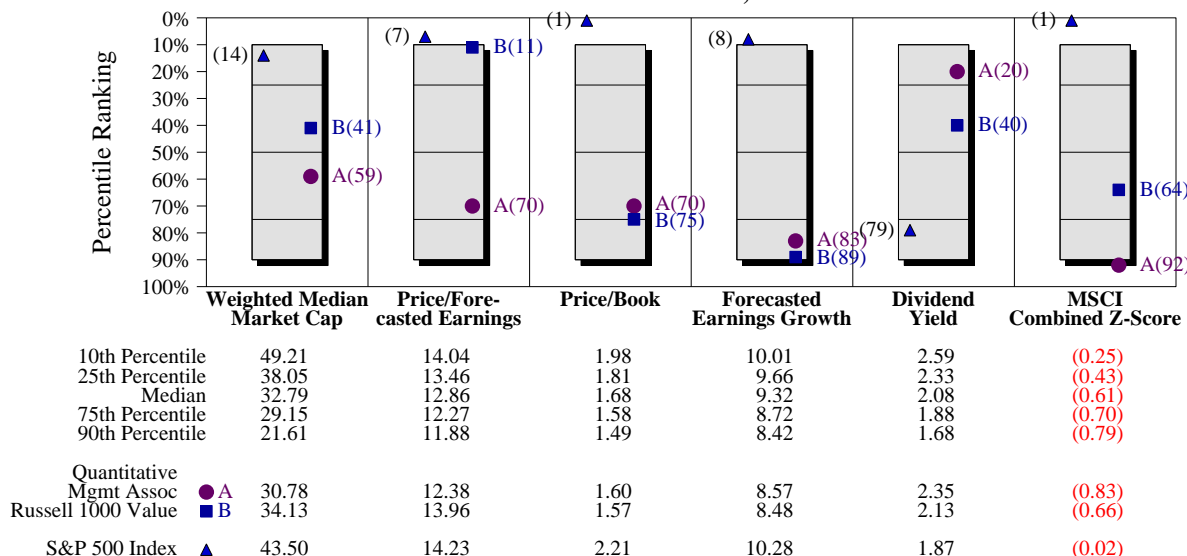
# QUANTITATIVE MGMT ASSOC EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

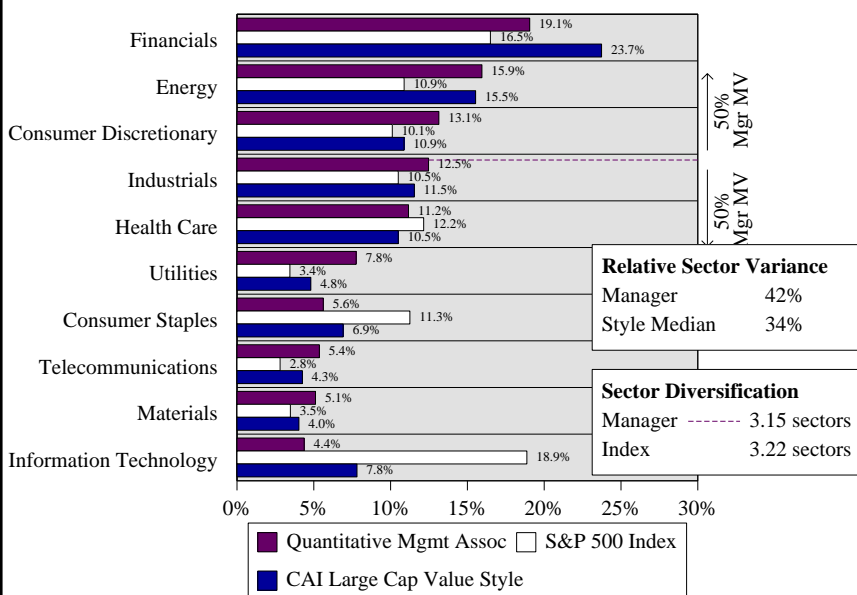
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Large Cap Value Style  
as of March 31, 2010**



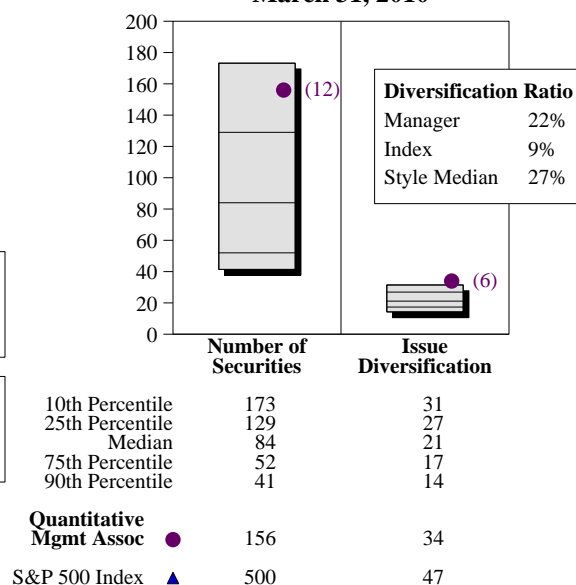
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**





## RCM PERIOD ENDED MARCH 31, 2010

### Investment Philosophy

RCM believes that the rigorous fundamental research of securities combined with a disciplined valuation methodology will enable them to outperform benchmarks while maintaining a below average risk profile.

### Quarterly Summary and Highlights

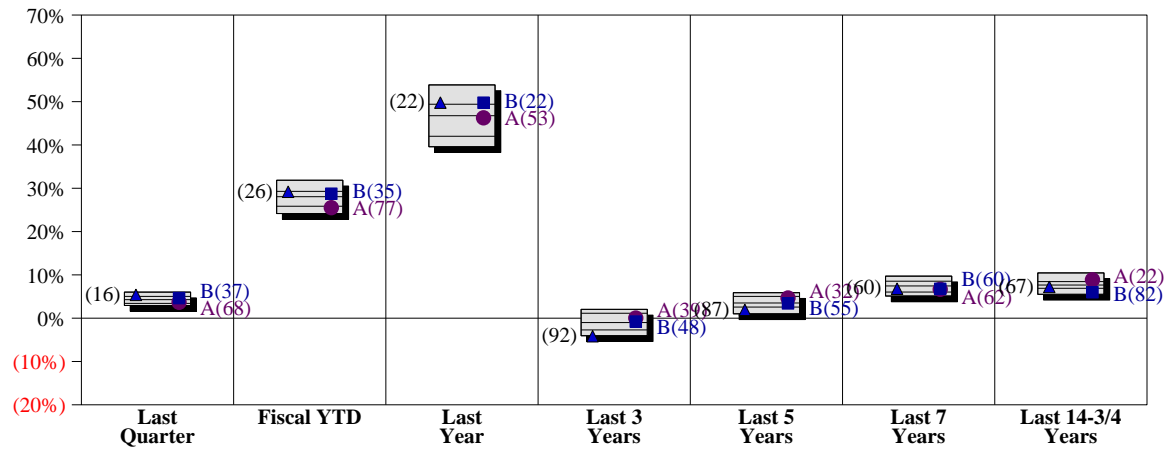
- RCM's portfolio posted a 3.66% return for the quarter placing it in the 68 percentile of the CAI Large Cap Growth Style group for the quarter and in the 53 percentile for the last year.
- RCM's portfolio underperformed the S&P 500 Index by 1.72% for the quarter and underperformed the S&P 500 Index for the year by 3.51%.

### Quarterly Asset Growth

Beginning Market Value	\$375,620,170
Net New Investment	\$0
Investment Gains/(Losses)	\$13,759,649
Ending Market Value	\$389,379,819

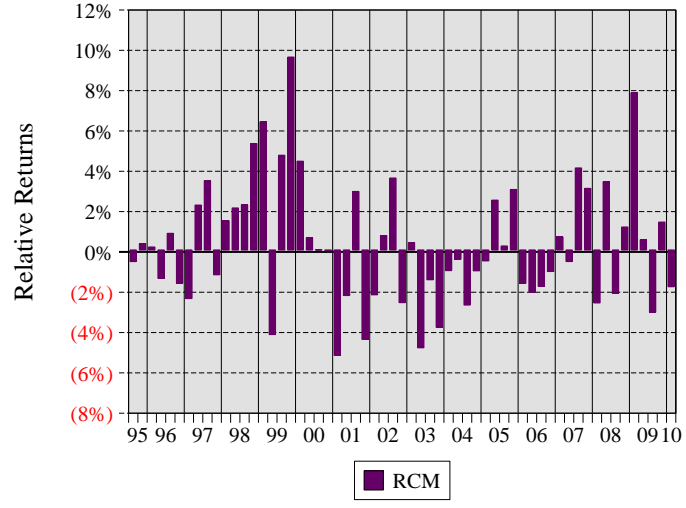
**Percent Cash: 2.8%**

### Performance vs CAI Large Cap Growth Style (Gross)

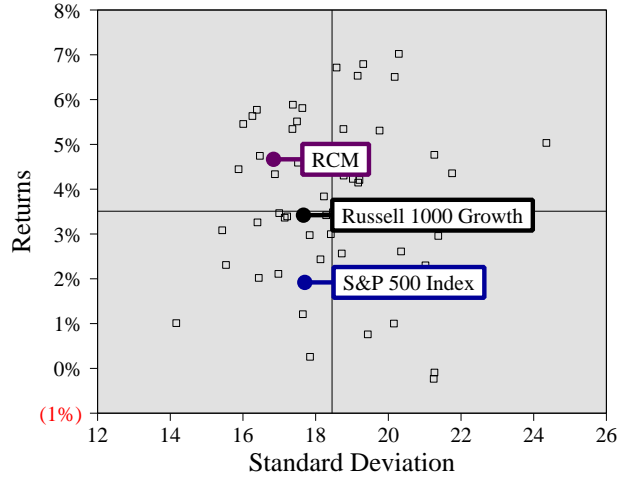


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 14-3/4 Years
10th Percentile	6.02	31.85	53.87	2.04	5.89	9.71	10.46
25th Percentile	5.03	29.29	49.40	1.14	5.03	8.54	8.45
Median	4.28	28.05	46.75	(1.01)	3.51	7.44	7.66
75th Percentile	3.42	25.85	42.01	(2.71)	2.56	6.03	6.90
90th Percentile	2.93	24.16	39.59	(4.05)	1.01	5.12	5.51
RCM	3.66	25.52	46.26	0.04	4.67	6.66	8.87
Russell 1000 Growth	4.65	28.74	49.75	(0.78)	3.42	6.77	5.99
S&P 500 Index	5.39	29.19	49.77	(4.17)	1.92	6.80	7.22

### Relative Return vs S&P 500 Index



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





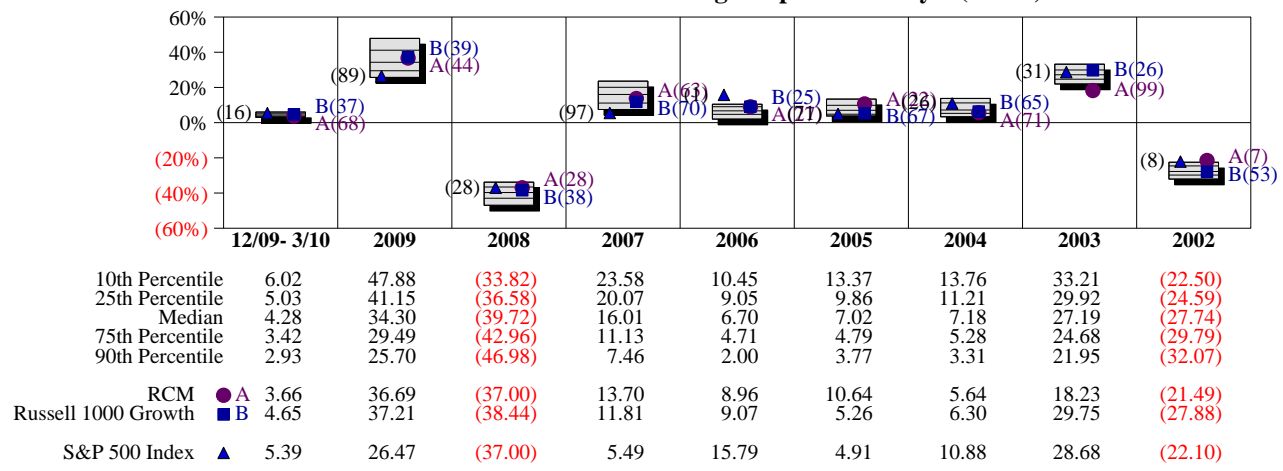


# RCM RETURN ANALYSIS SUMMARY

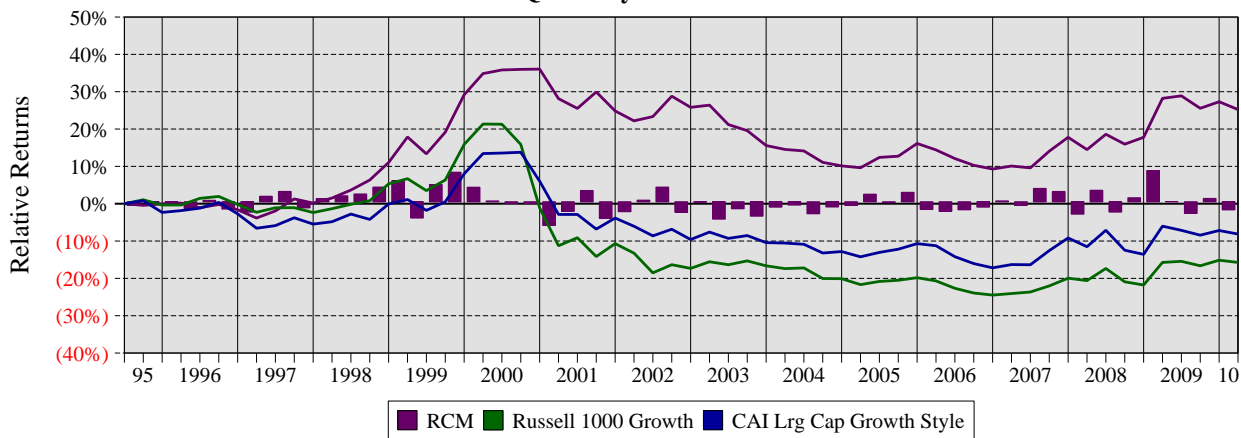
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

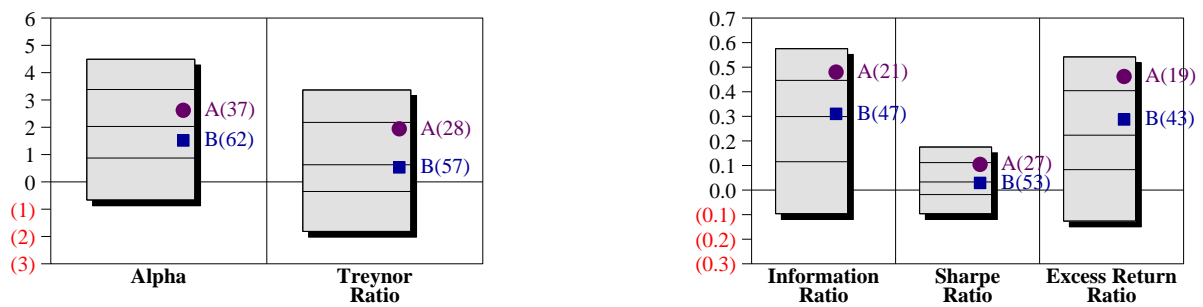
### Performance vs CAI Large Cap Growth Style (Gross)



### Cumulative and Quarterly Relative Return vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Growth Style (Gross) Five Years Ended March 31, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.49	3.37	0.58	0.18	0.54
25th Percentile	3.38	2.18	0.45	0.11	0.40
Median	2.03	0.63	0.30	0.03	0.22
75th Percentile	0.87	(0.35)	0.12	(0.02)	0.08
90th Percentile	(0.66)	(1.81)	(0.10)	(0.10)	(0.13)
RCM	● A 2.62	1.94	● A 0.48	0.10	0.46
Russell 1000 Growth	■ B 1.52	0.53	■ B 0.31	0.03	0.29

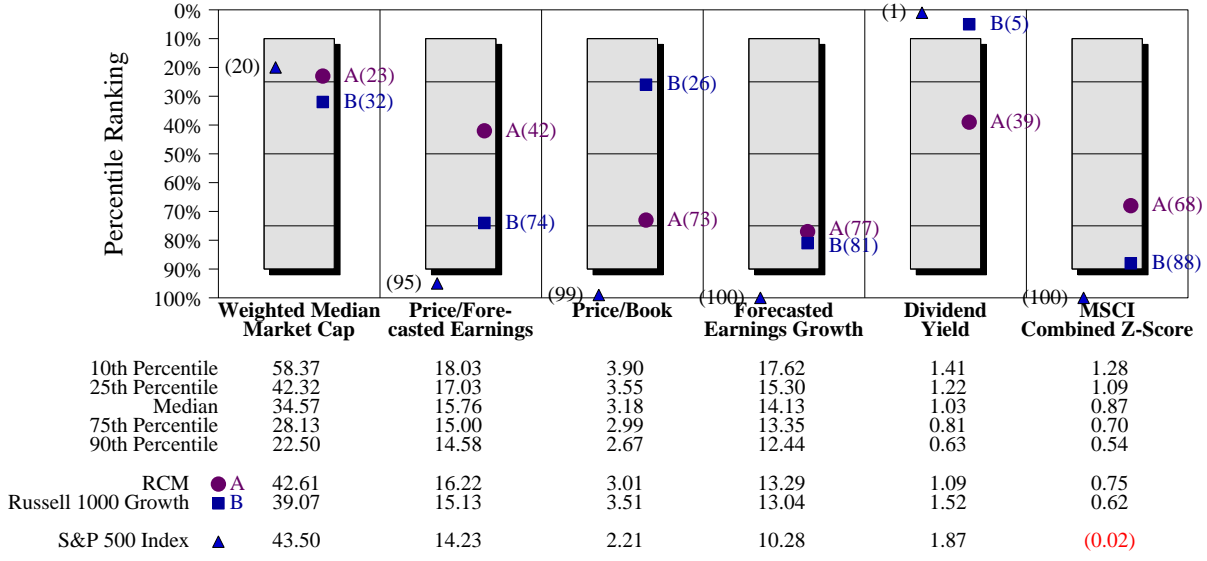


# RCM EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

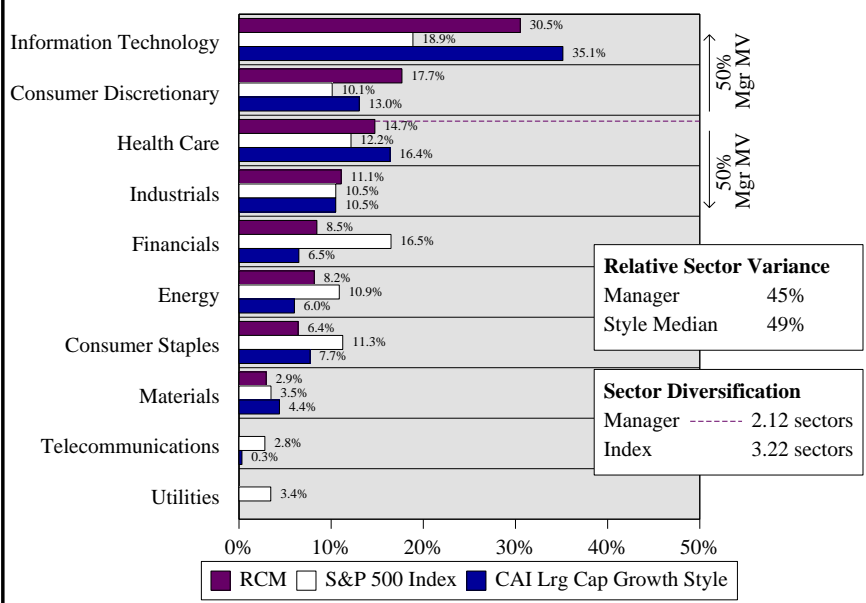
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Large Cap Growth Style  
as of March 31, 2010**



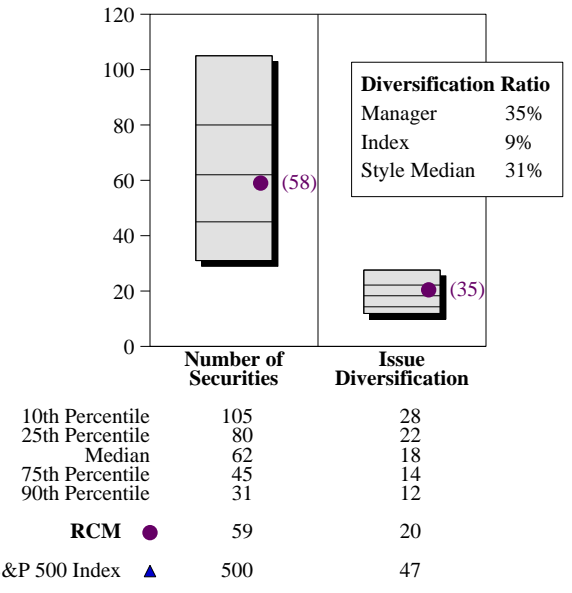
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**





## RELATIONAL INVESTORS PERIOD ENDED MARCH 31, 2010

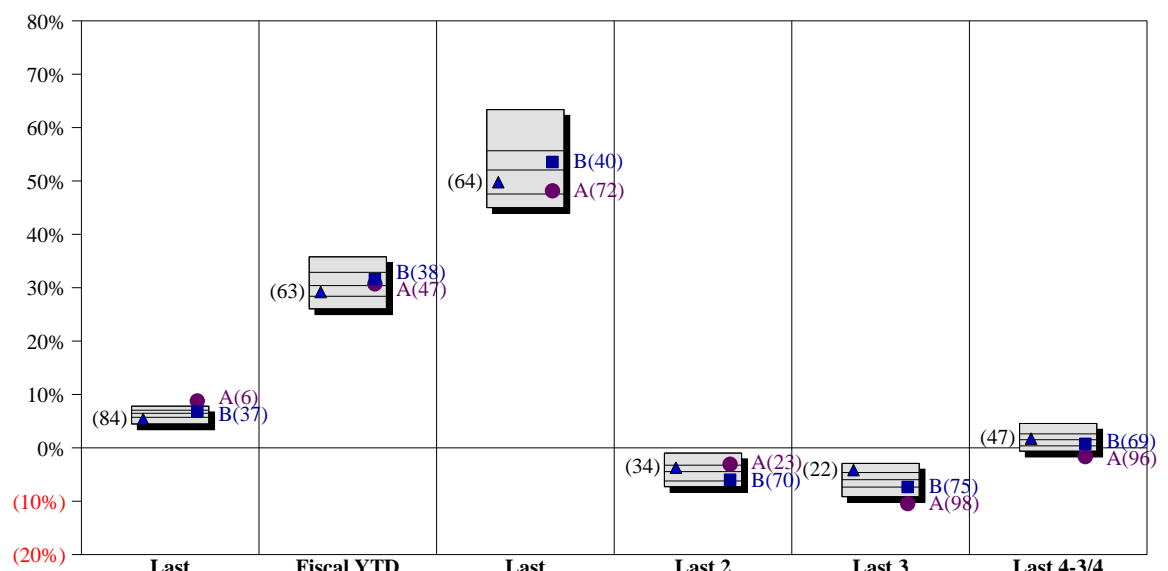
### Quarterly Summary and Highlights

- Relational Investors's portfolio posted a 8.79% return for the quarter placing it in the 6 percentile of the CAI Large Cap Value Style group for the quarter and in the 72 percentile for the last year.
- Relational Investors's portfolio outperformed the S&P 500 Index by 3.41% for the quarter and underperformed the S&P 500 Index for the year by 1.62%.

### Quarterly Asset Growth

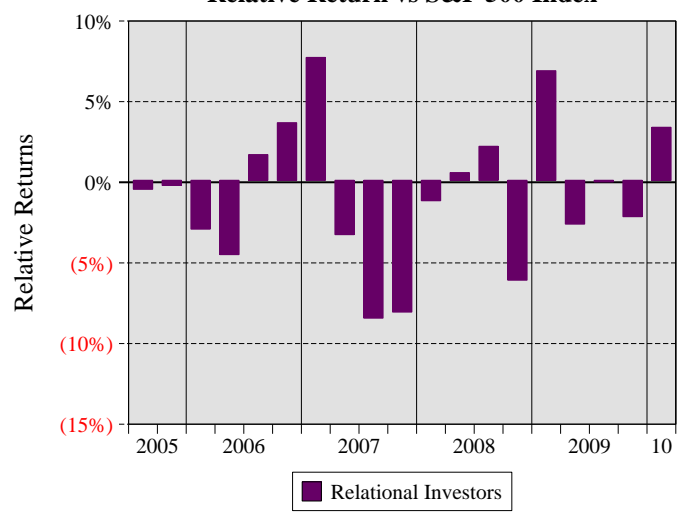
Beginning Market Value	\$261,871,077
Net New Investment	\$-2,356,184
Investment Gains/(Losses)	\$23,365,428
Ending Market Value	\$282,880,321

### Performance vs CAI Large Cap Value Style (Gross)

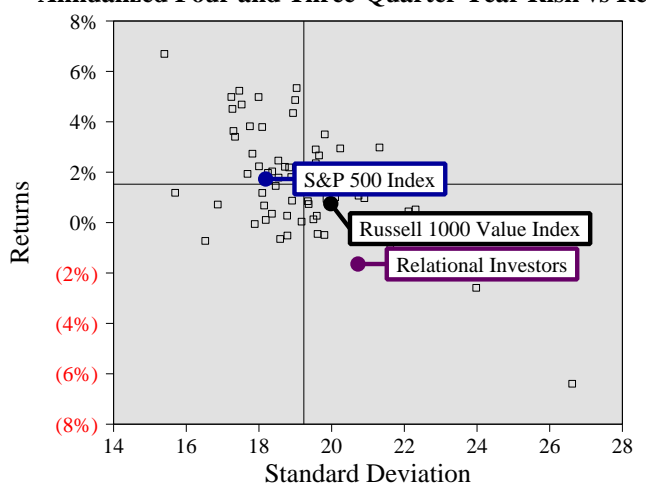


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	7.81	35.79	63.37	(0.98)	(2.91)	4.56
25th Percentile	7.05	32.88	55.66	(3.25)	(4.62)	2.61
Median	6.47	30.40	52.06	(4.45)	(5.97)	1.52
75th Percentile	5.72	28.40	47.56	(6.20)	(7.35)	0.38
90th Percentile	4.47	26.04	45.00	(7.28)	(9.15)	(0.63)
Relational Investors ● A	8.79	30.72	48.15	(3.07)	(10.45)	(1.64)
Russell 1000 Value Index ■ B	6.78	31.58	53.56	(5.97)	(7.33)	0.75
S&P 500 Index ▲	5.39	29.19	49.77	(3.71)	(4.17)	1.73

### Relative Return vs S&P 500 Index



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

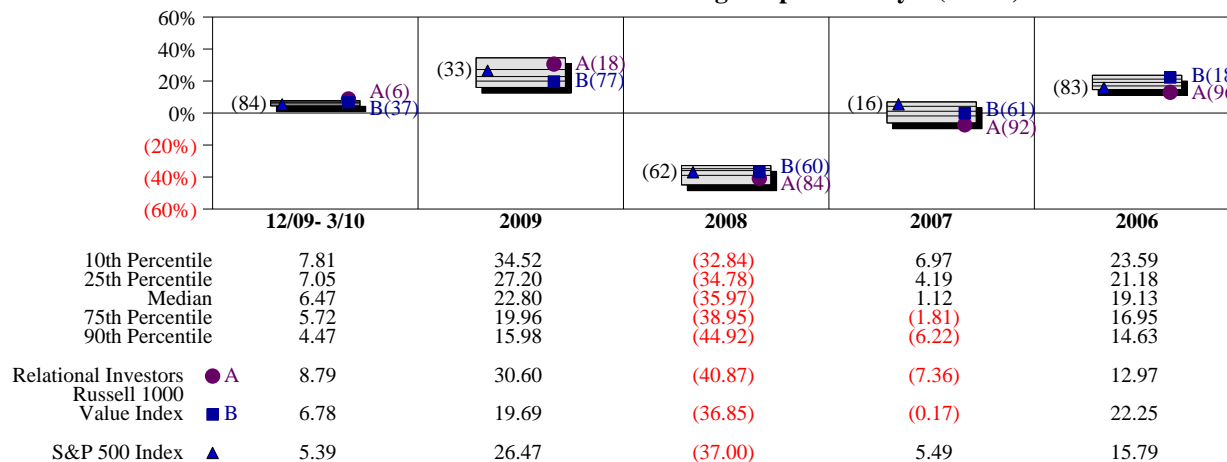


## RELATIONAL INVESTORS RETURN ANALYSIS SUMMARY

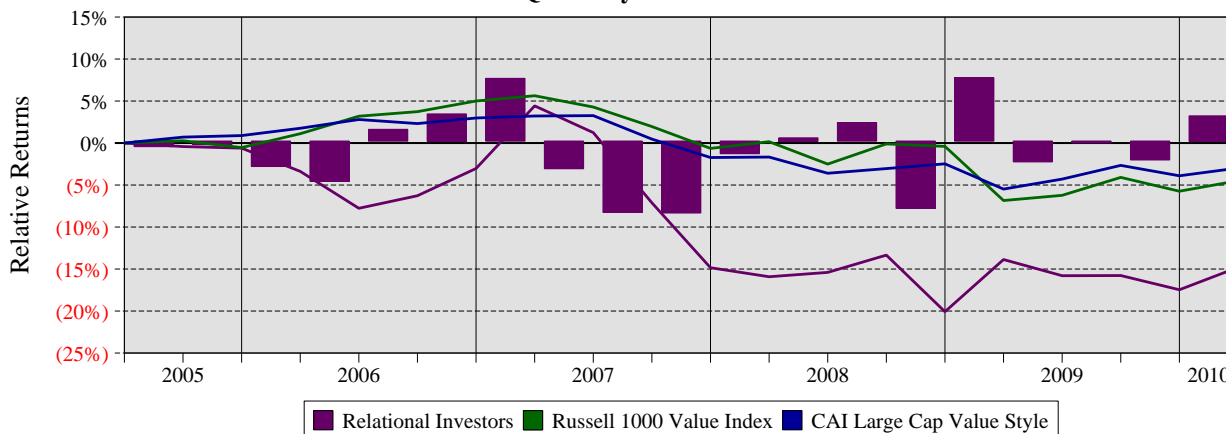
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

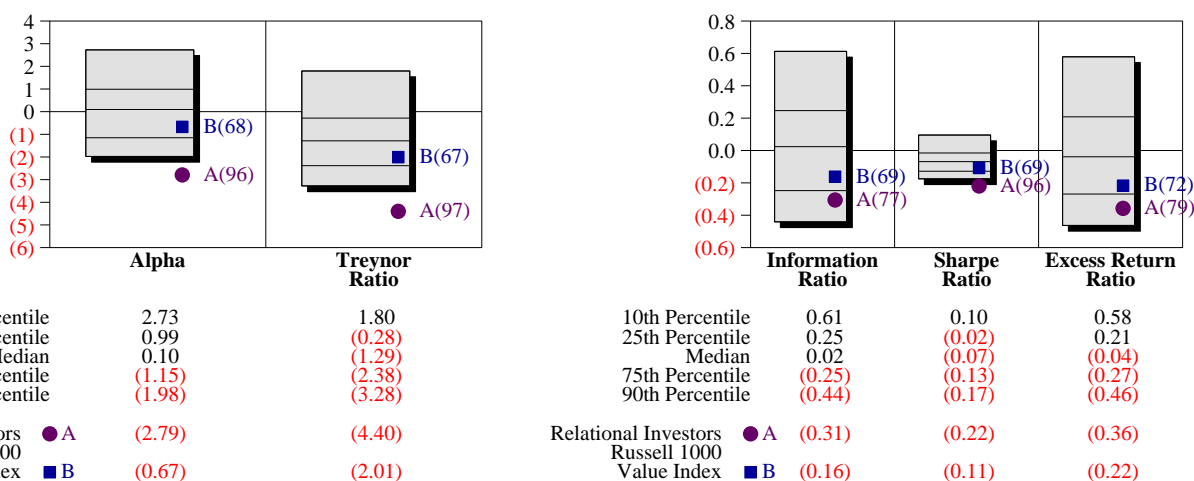
#### Performance vs CAI Large Cap Value Style (Gross)



#### Cumulative and Quarterly Relative Return vs S&P 500 Index



#### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Value Style (Gross) Four and Three-Quarter Years Ended March 31, 2010

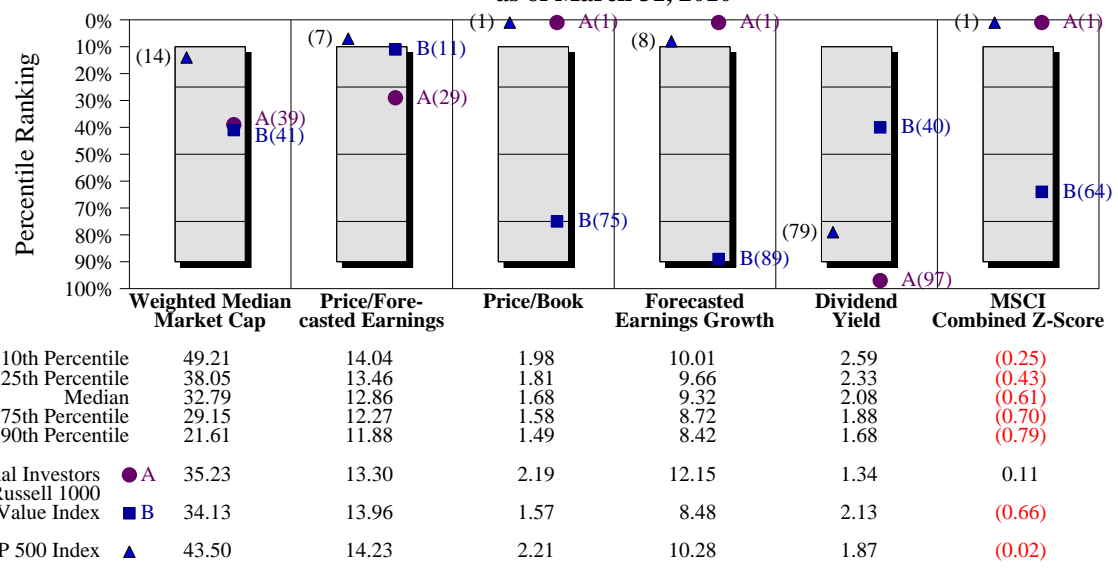


## RELATIONAL INVESTORS EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

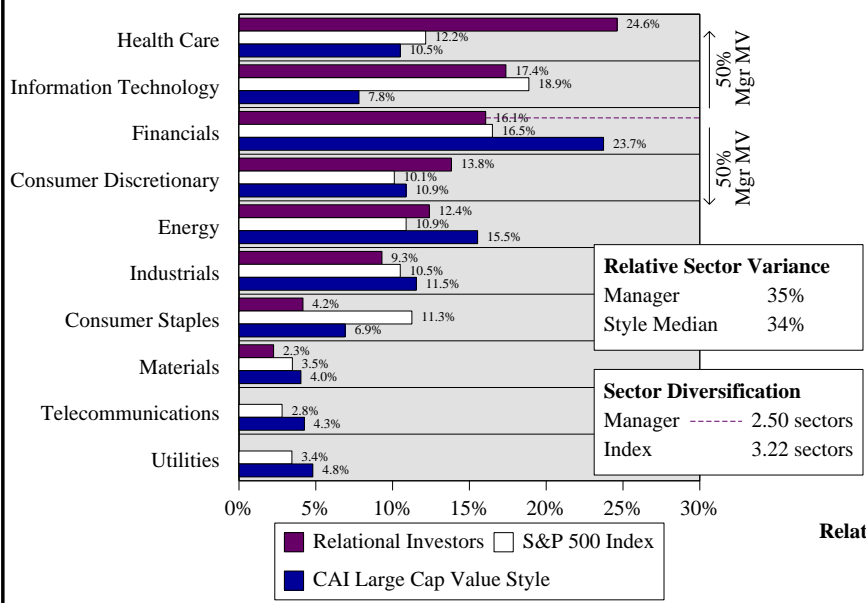
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Large Cap Value Style  
as of March 31, 2010**



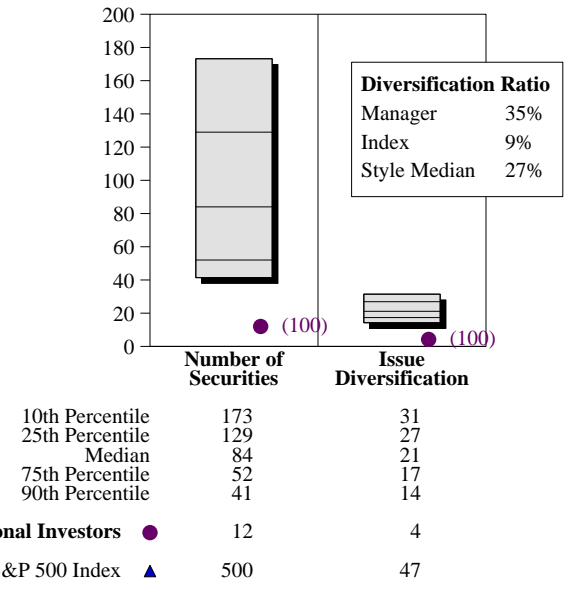
### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**





## SSGA RUSSELL 1000 GROWTH PERIOD ENDED MARCH 31, 2010

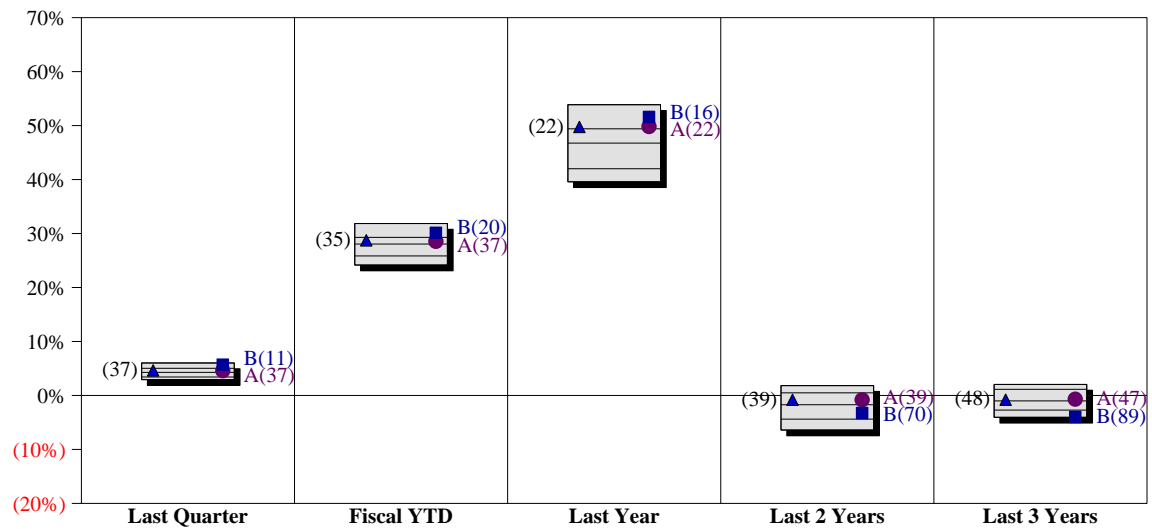
### Quarterly Summary and Highlights

- SSgA Russell 1000 Growth's portfolio posted a 4.59% return for the quarter placing it in the 37 percentile of the CAI Large Cap Growth Style group for the quarter and in the 22 percentile for the last year.
- SSgA Russell 1000 Growth's portfolio underperformed the Russell 1000 Growth Index by 0.05% for the quarter and outperformed the Russell 1000 Growth Index for the year by 0.07%.

### Quarterly Asset Growth

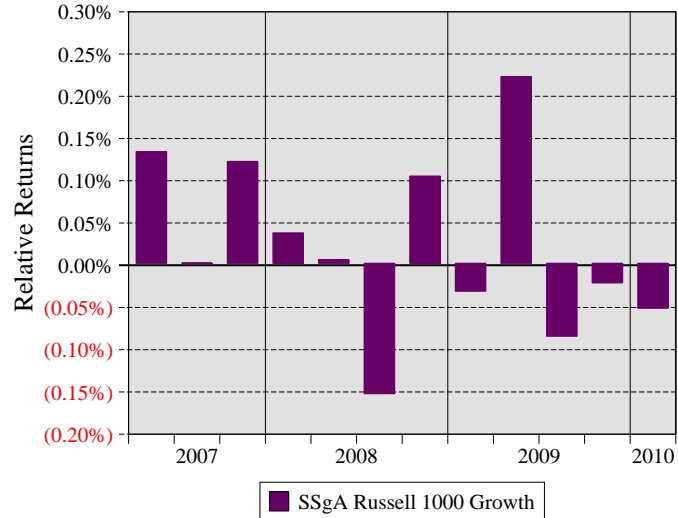
Beginning Market Value	\$434,827,284
Net New Investment	\$41,825,154
Investment Gains/(Losses)	\$23,894,702
Ending Market Value	\$500,547,139

### Performance vs CAI Large Cap Growth Style (Gross)

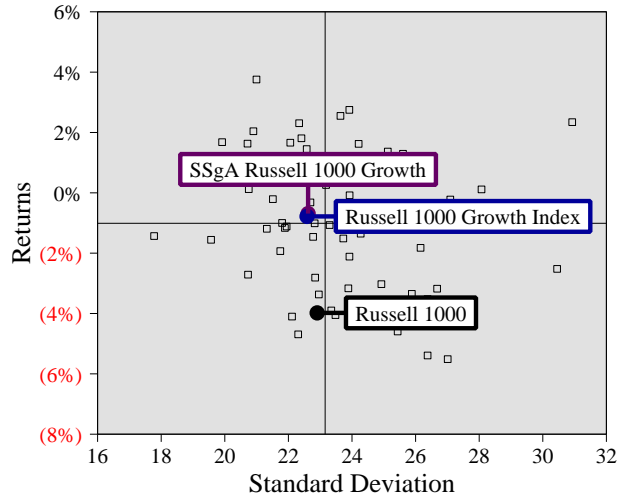


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	6.02	31.85	53.87	1.82	2.04
25th Percentile	5.03	29.29	49.40	0.48	1.14
Median	4.28	28.05	46.75	(1.72)	(1.01)
75th Percentile	3.42	25.85	42.01	(4.39)	(2.71)
90th Percentile	2.93	24.16	39.59	(6.41)	(4.05)
SSgA Russell 1000 Growth	4.59	28.56	49.83	(0.80)	(0.69)
Russell 1000	5.70	30.13	51.60	(3.26)	(3.98)
Russell 1000 Growth Index	4.65	28.74	49.75	(0.80)	(0.78)

### Relative Return vs Russell 1000 Growth Index



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



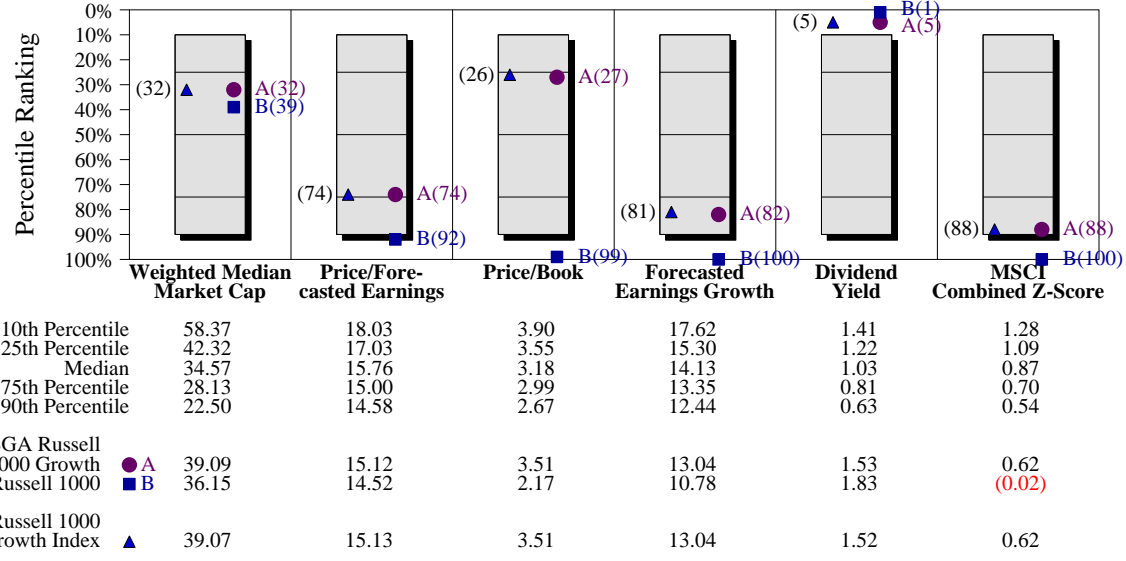


# SSGA RUSSELL 1000 GROWTH EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

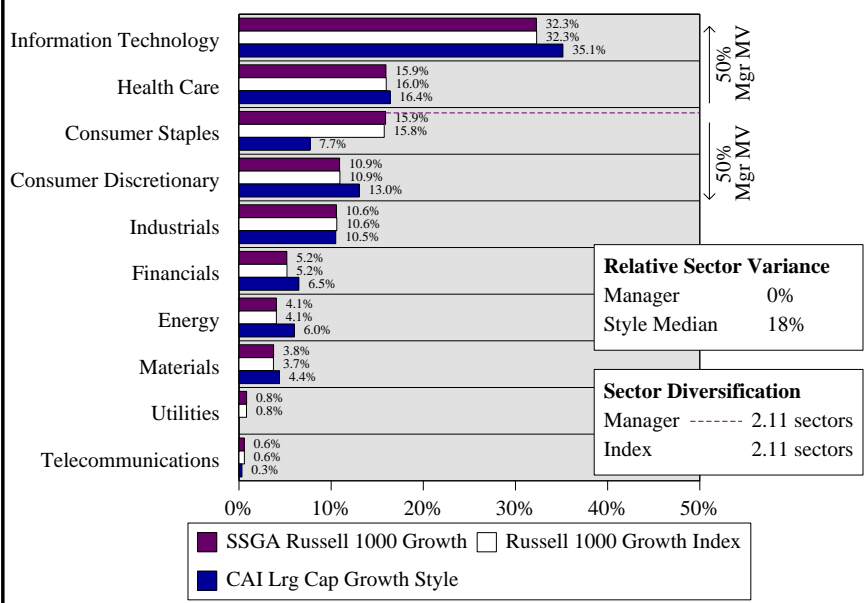
### Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Style as of March 31, 2010



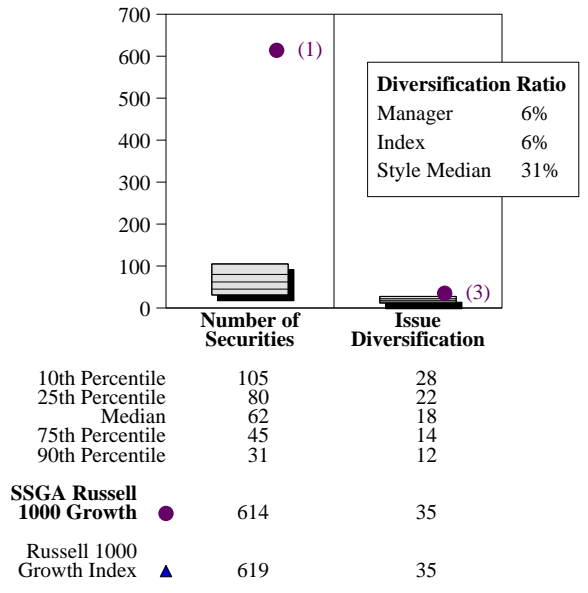
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

### Sector Allocation March 31, 2010



### Diversification March 31, 2010



## SSGA RUSSELL 1000 VALUE PERIOD ENDED MARCH 31, 2010



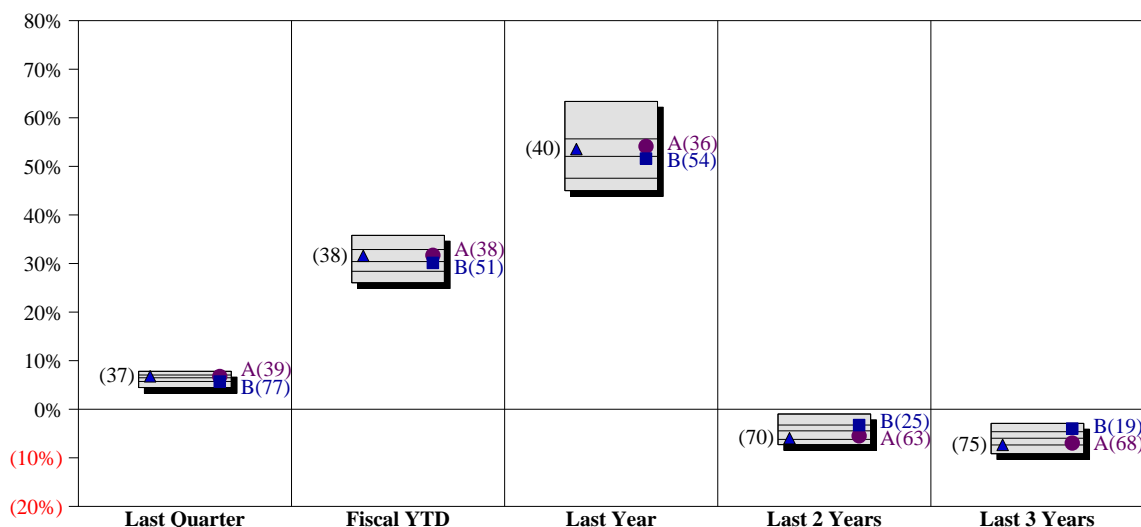
### Quarterly Summary and Highlights

- SSgA Russell 1000 Value's portfolio posted a 6.75% return for the quarter placing it in the 39 percentile of the CAI Large Cap Value Style group for the quarter and in the 36 percentile for the last year.
- SSgA Russell 1000 Value's portfolio underperformed the Russell 1000 Value Index by 0.04% for the quarter and outperformed the Russell 1000 Value Index for the year by 0.56%.

### Quarterly Asset Growth

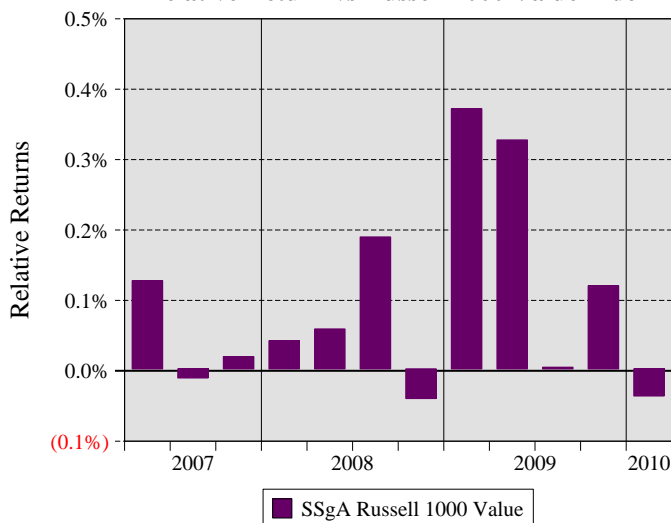
Beginning Market Value	\$631,326,173
Net New Investment	\$367,982,612
Investment Gains/(Losses)	\$64,341,207
Ending Market Value	\$1,063,649,991

### Performance vs CAI Large Cap Value Style (Gross)

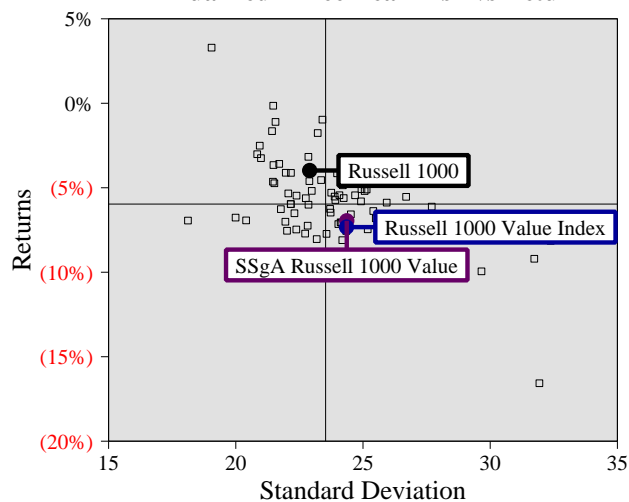


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	7.81	35.79	63.37	(0.98)	(2.91)
25th Percentile	7.05	32.88	55.66	(3.25)	(4.62)
Median	6.47	30.40	52.06	(4.45)	(5.97)
75th Percentile	5.72	28.40	47.56	(6.20)	(7.35)
90th Percentile	4.47	26.04	45.00	(7.28)	(9.15)
SSgA Russell 1000 Value (A)	6.75	31.70	54.12	(5.48)	(6.96)
Russell 1000 (B)	5.70	30.13	51.60	(3.26)	(3.98)
Russell 1000 Value Index (▲)	6.78	31.58	53.56	(5.97)	(7.33)

### Relative Return vs Russell 1000 Value Index



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





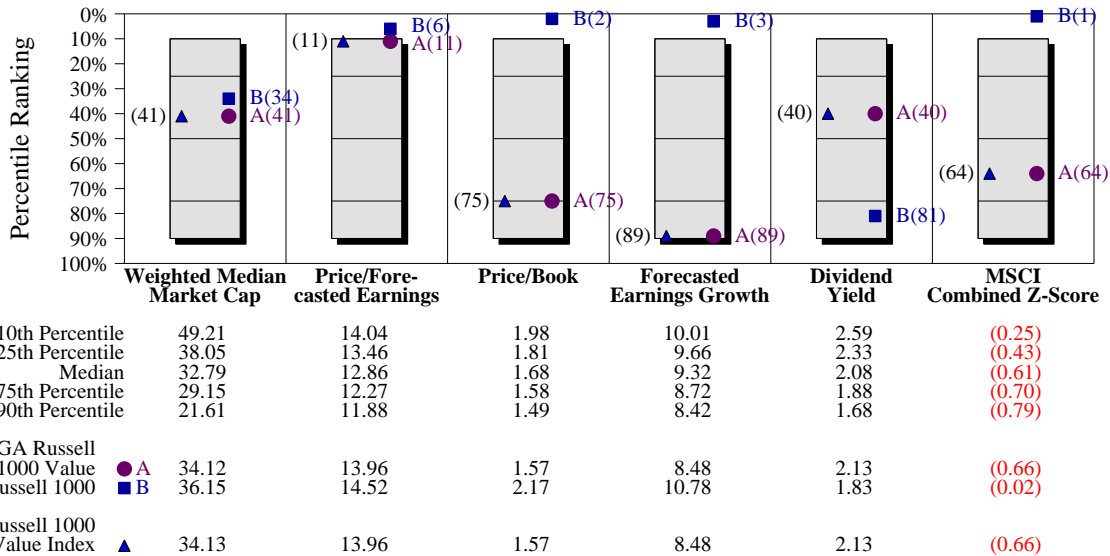
# SSGA RUSSELL 1000 VALUE EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

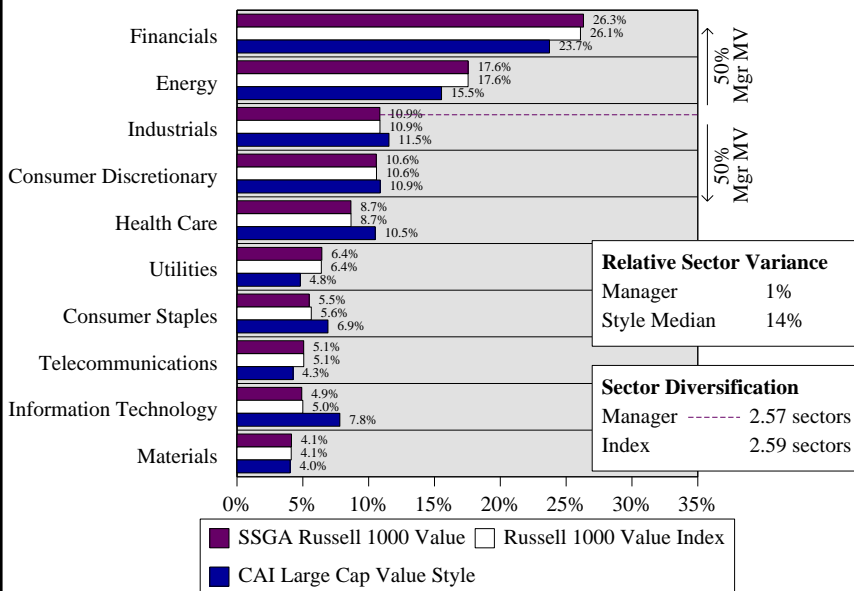
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Large Cap Value Style  
as of March 31, 2010**



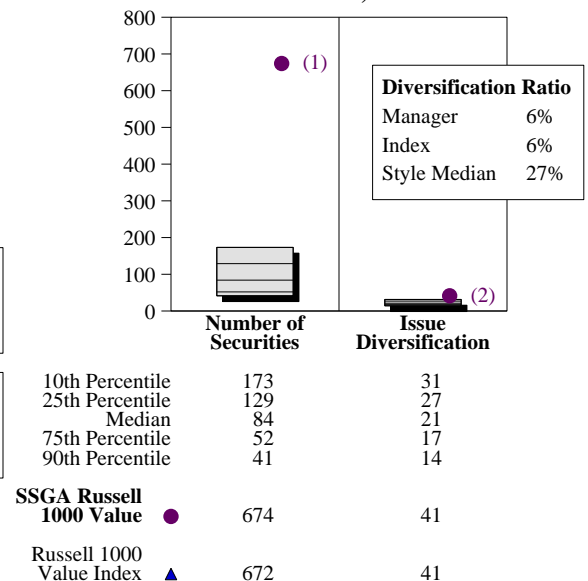
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**





## SSGA RUSSELL 200 PERIOD ENDED MARCH 31, 2010

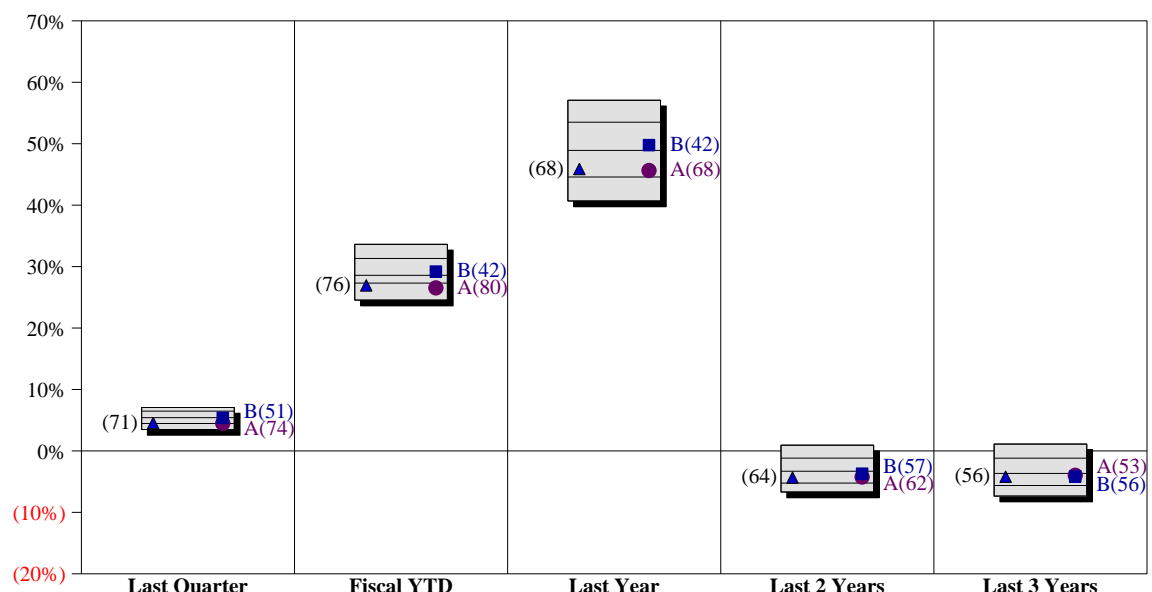
### Quarterly Summary and Highlights

- SSgA Russell 200's portfolio posted a 4.48% return for the quarter placing it in the 74 percentile of the CAI Large Capitalization Style group for the quarter and in the 68 percentile for the last year.
- SSgA Russell 200's portfolio underperformed the Russell Top 200 by 0.07% for the quarter and underperformed the Russell Top 200 for the year by 0.25%.

### Quarterly Asset Growth

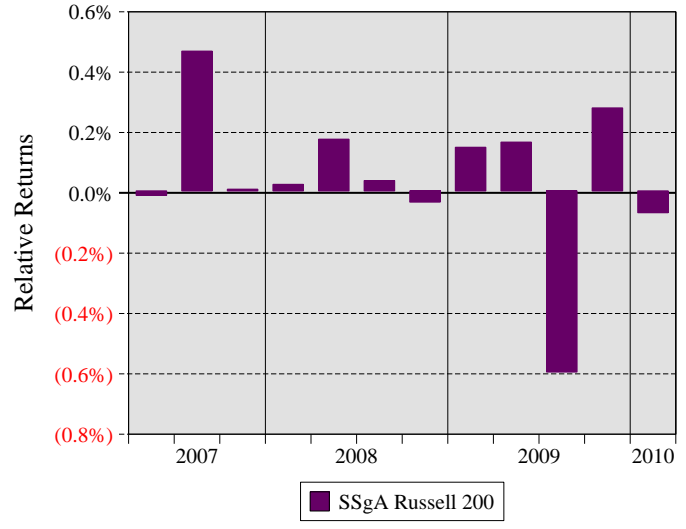
Beginning Market Value	\$704,122,414
Net New Investment	\$-294,554,945
Investment Gains/(Losses)	\$23,665,797
Ending Market Value	\$433,233,266

### Performance vs CAI Large Capitalization Style (Gross)

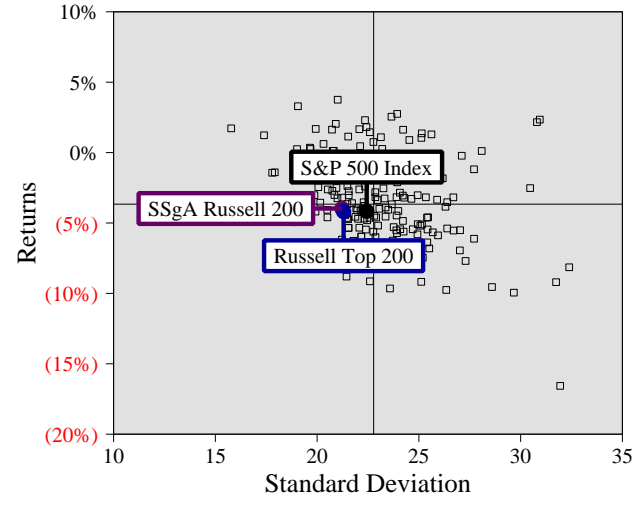


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	7.07	33.63	57.08	0.93	1.12
25th Percentile	6.48	31.33	53.50	(1.17)	(1.18)
Median	5.41	28.58	48.91	(3.31)	(3.66)
75th Percentile	4.46	27.31	44.58	(5.24)	(5.63)
90th Percentile	3.48	24.54	40.68	(6.69)	(7.35)
SSgA Russell 200 ● A	4.48	26.54	45.64	(4.24)	(3.97)
S&P 500 Index ■ B	5.39	29.19	49.77	(3.71)	(4.17)
Russell Top 200 ▲	4.55	26.94	45.89	(4.33)	(4.19)

### Relative Return vs Russell Top 200



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



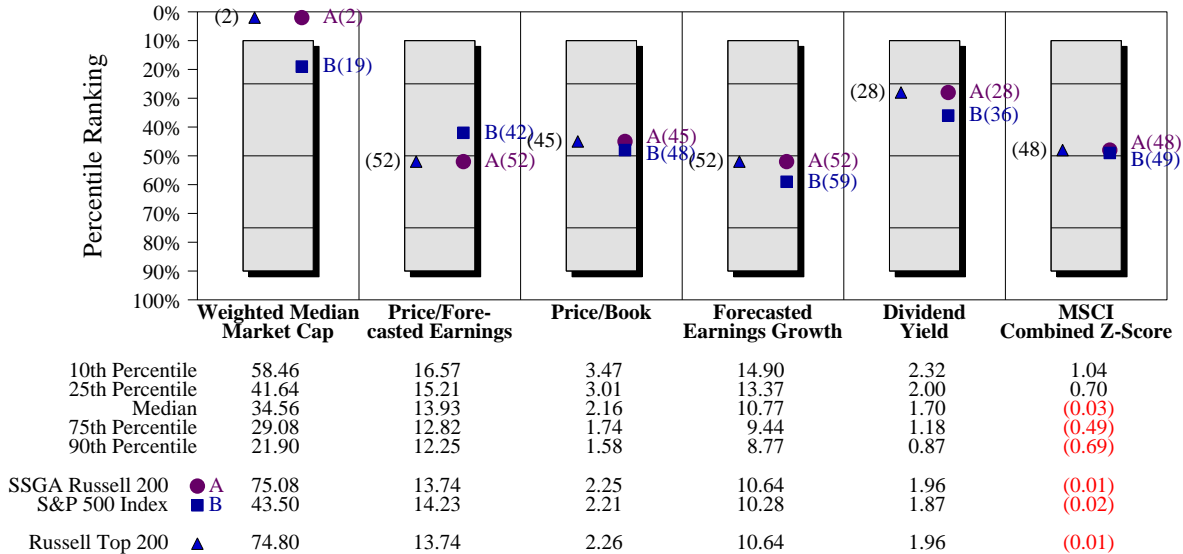
# SSGA RUSSELL 200 EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

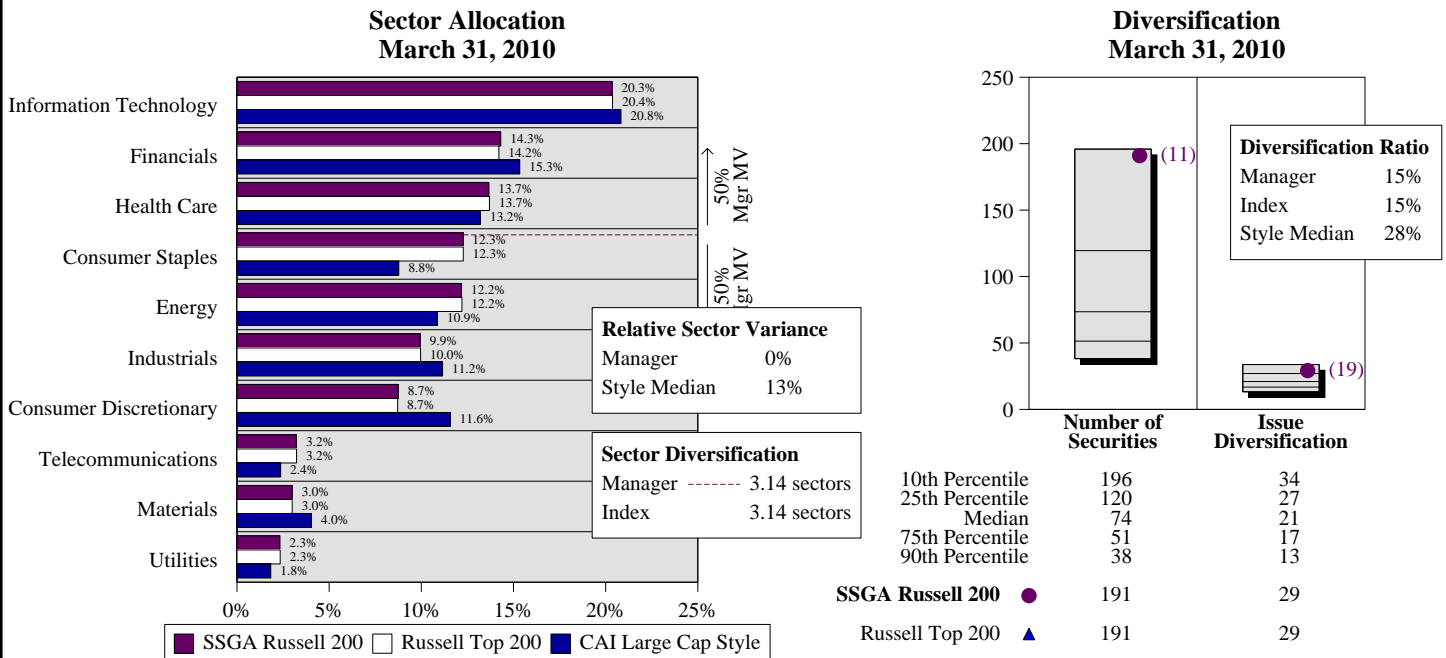
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Large Capitalization Style  
as of March 31, 2010**



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.





## SMALL CAP EQUITY POOL PERIOD ENDED MARCH 31, 2010

### Investment Philosophy

The State of Alaska Small Capitalization Equity Pool is evenly comprised of small cap value and small cap growth managers to provide broad market exposure within the small cap arena. The performance benchmark for the small cap equity pool is the Russell 2000 Index.

### Quarterly Summary and Highlights

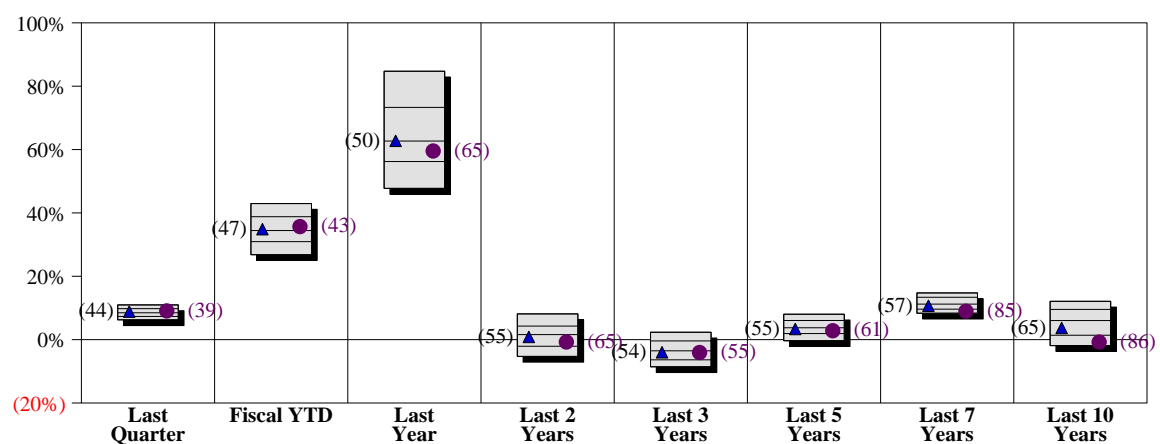
- Small Cap Pool's portfolio posted a 9.07% return for the quarter placing it in the 39 percentile of the CAI Small Capitalization Style group for the quarter and in the 65 percentile for the last year.
- Small Cap Pool's portfolio outperformed the Russell 2000 Index by 0.22% for the quarter and underperformed the Russell 2000 Index for the year by 3.22%.

### Quarterly Asset Growth

Beginning Market Value	\$848,960,775
Net New Investment	\$73,245
Investment Gains/(Losses)	\$77,018,553
Ending Market Value	\$926,052,573

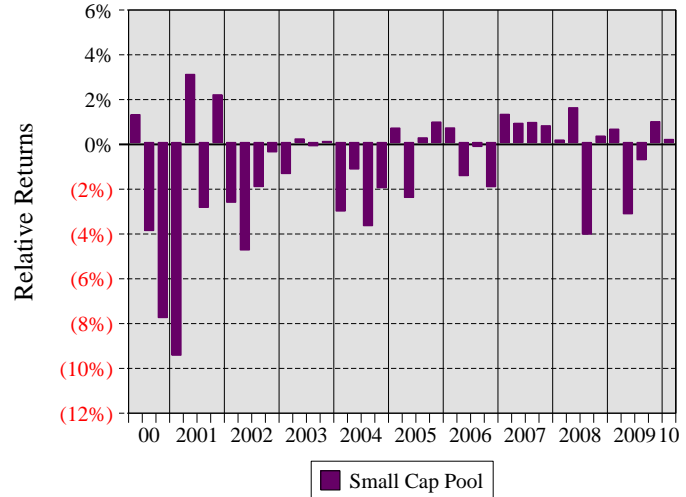
**Percent Cash: 1.4%**

### Performance vs CAI Small Capitalization Style (Gross)

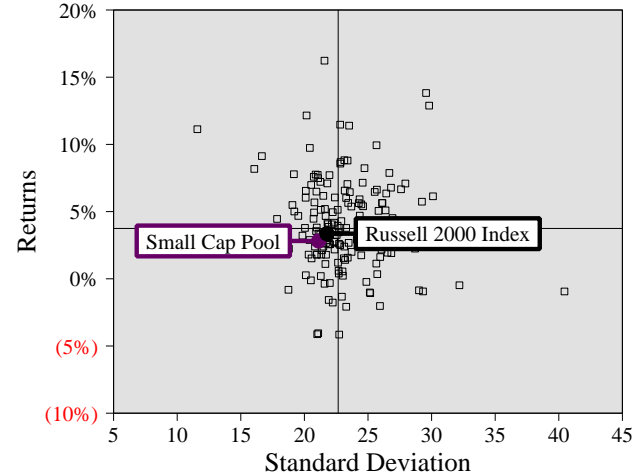


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	10.97	42.95	84.72	8.13	2.33	8.02	14.75	12.10
25th Percentile	9.78	38.81	73.31	4.27	(0.40)	6.05	13.38	9.54
Median	8.48	34.44	62.68	1.59	(3.52)	3.75	11.21	6.03
75th Percentile	7.32	30.93	56.22	(2.09)	(6.38)	1.92	9.63	1.39
90th Percentile	6.26	26.81	47.75	(5.29)	(8.57)	(0.34)	8.34	(1.88)
<b>Small Cap Pool</b> ●	9.07	35.68	59.54	(0.75)	(4.07)	2.81	8.96	(0.77)
Russell 2000 Index ▲	8.85	34.87	62.76	0.86	(3.99)	3.36	10.70	3.68

### Relative Return vs Russell 2000 Index



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

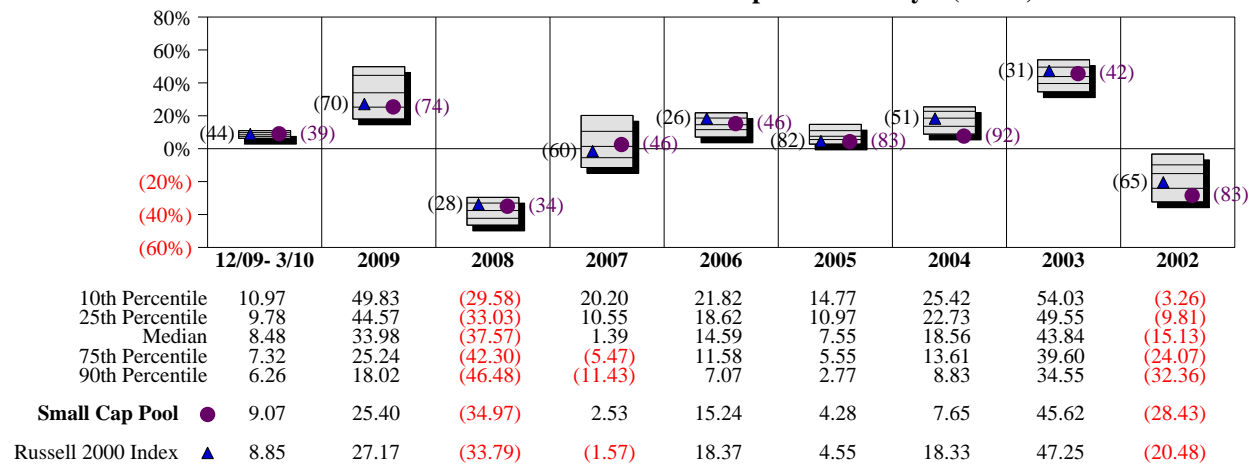


## SMALL CAP POOL RETURN ANALYSIS SUMMARY

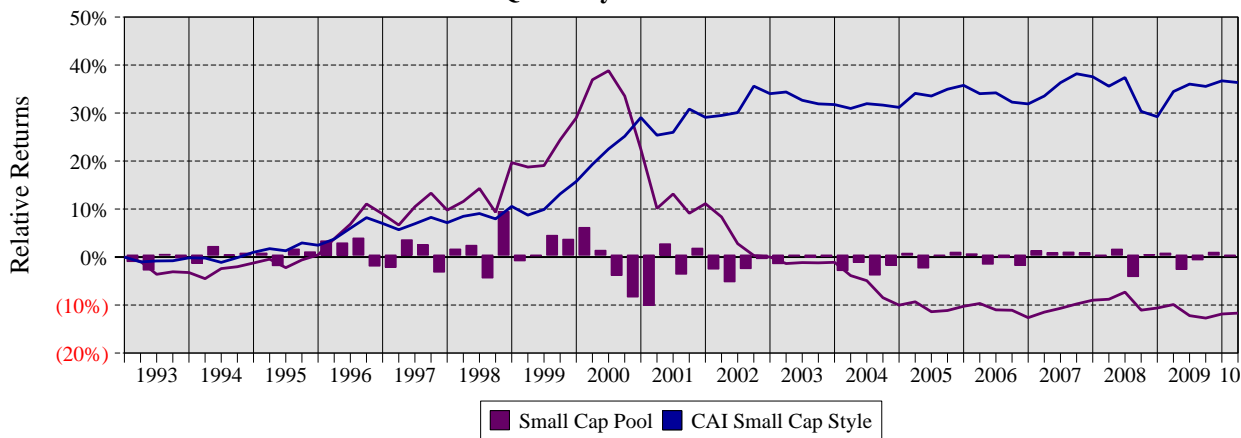
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

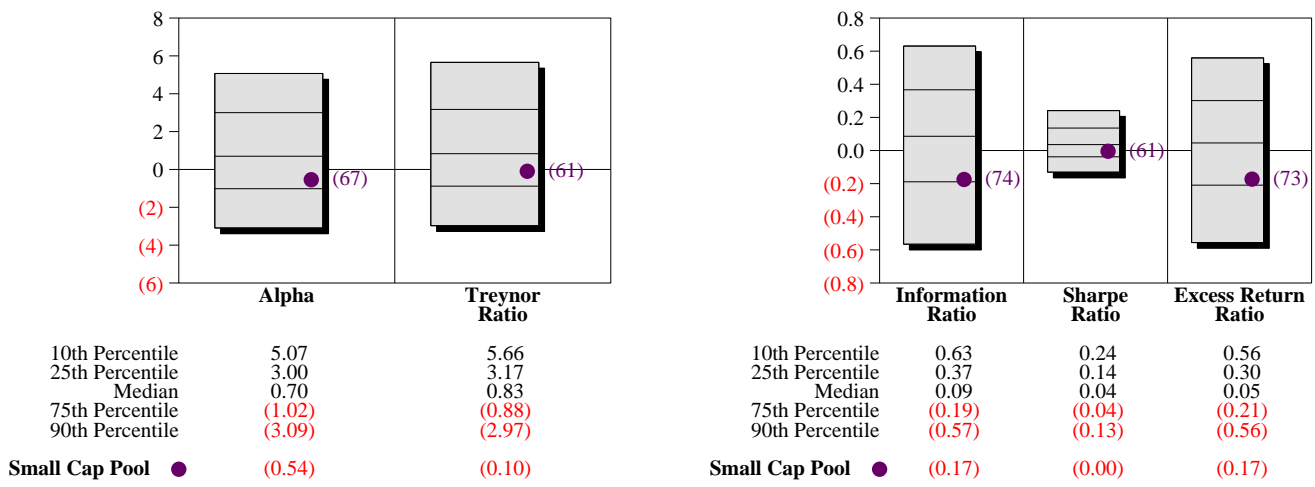
#### Performance vs CAI Small Capitalization Style (Gross)



#### Cumulative and Quarterly Relative Return vs Russell 2000 Index



#### Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Five Years Ended March 31, 2010



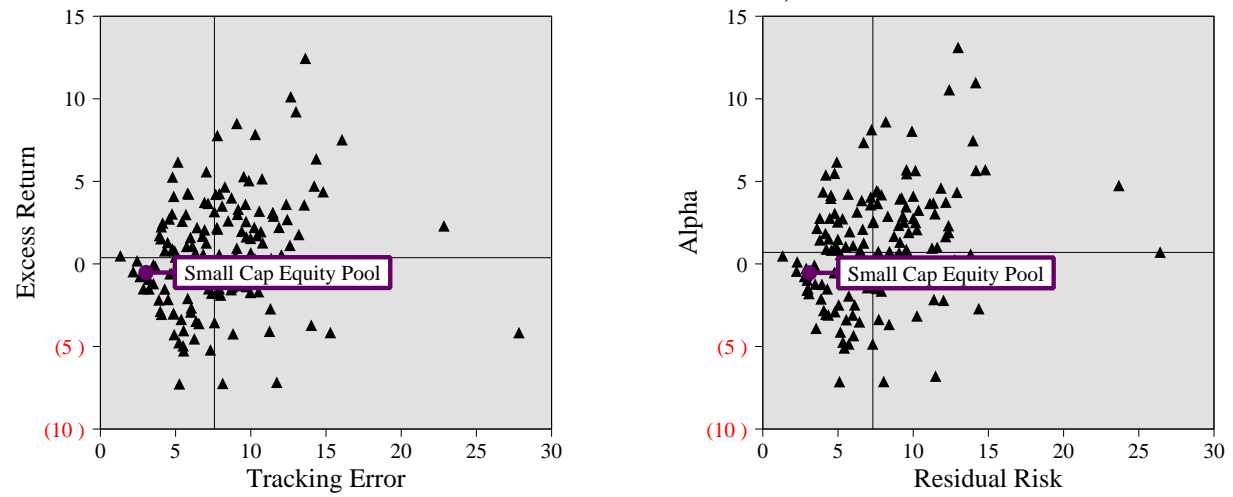


## SMALL CAP EQUITY POOL RISK ANALYSIS SUMMARY

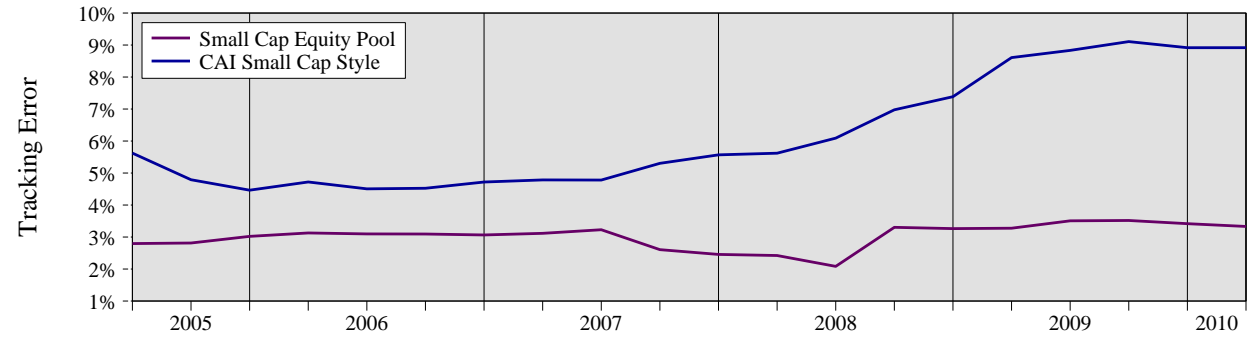
### Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

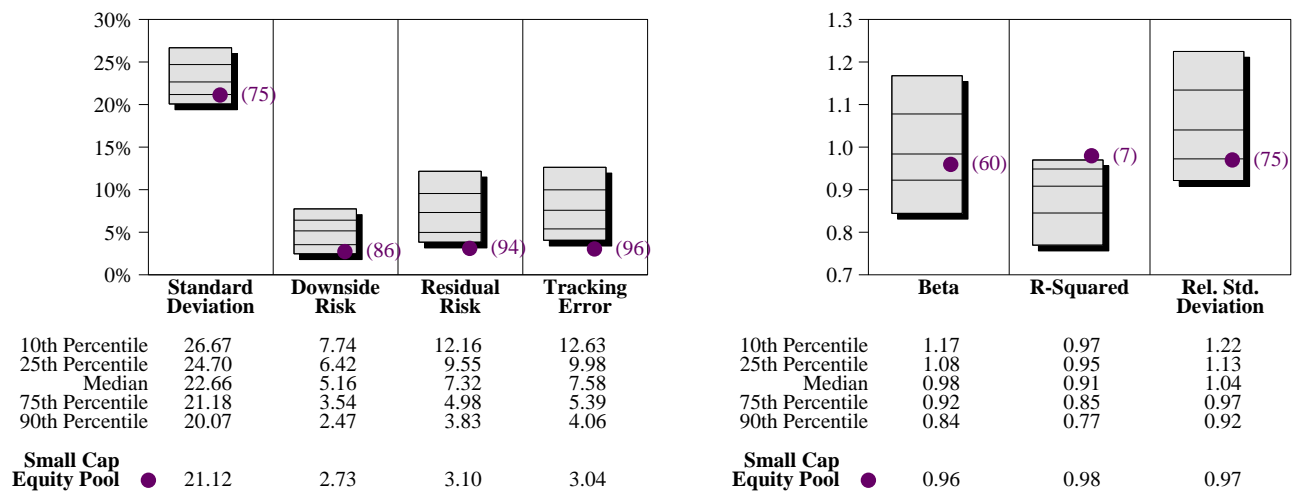
**Risk Analysis vs CAI Small Capitalization Style (Gross)  
Five Years Ended March 31, 2010**



**Rolling 12 Quarter Tracking Error vs Russell 2000 Index**



**Risk Statistics Rankings vs Russell 2000 Index  
Rankings Against CAI Small Capitalization Style (Gross)  
Five Years Ended March 31, 2010**



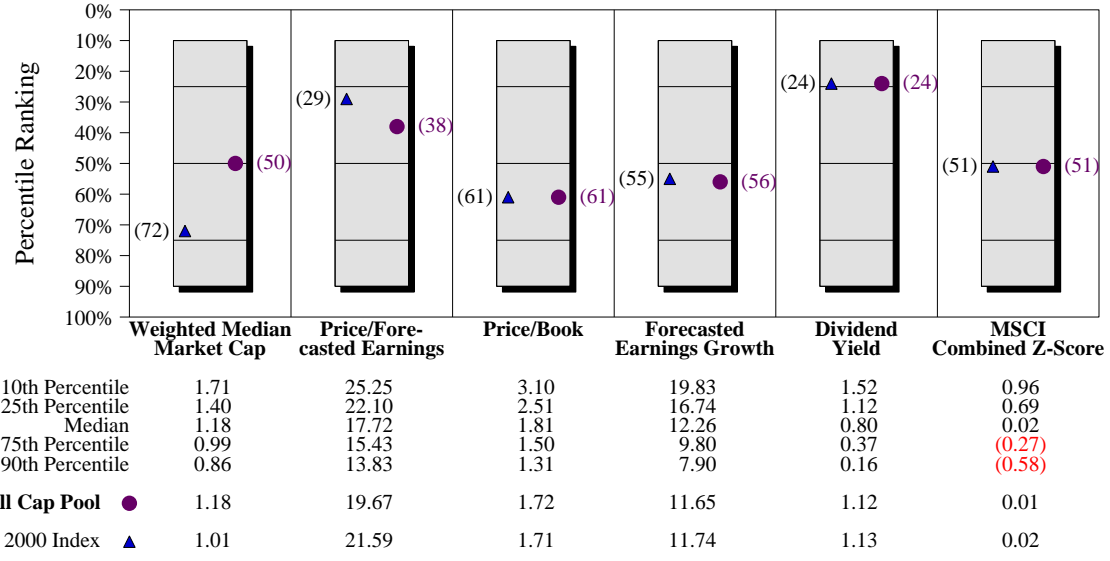


## SMALL CAP POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

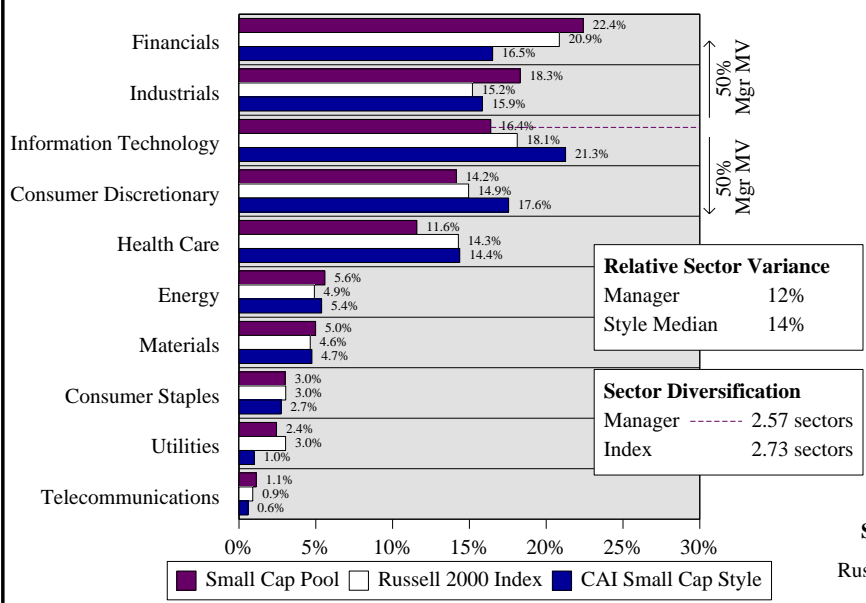
**Portfolio Characteristics Percentile Rankings**  
Rankings Against CAI Small Capitalization Style  
as of March 31, 2010



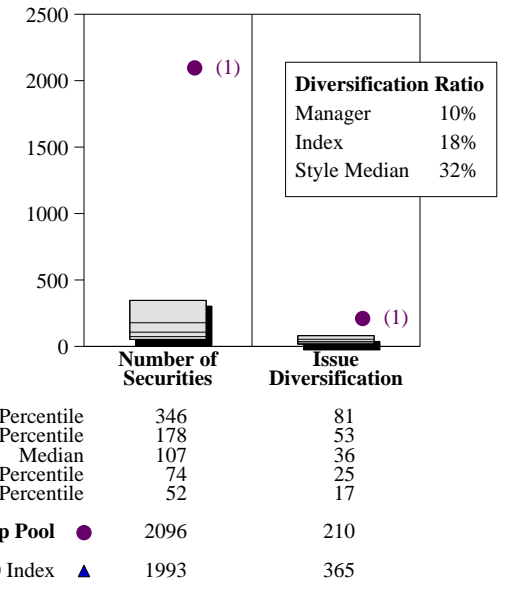
### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation**  
March 31, 2010



**Diversification**  
March 31, 2010



# JENNISON ASSOCIATES PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Jennison's US Small Cap Equity is a blended small cap portfolio that holds both growth and value stocks that the team believes have above-average earnings potential and are available at reasonable prices.

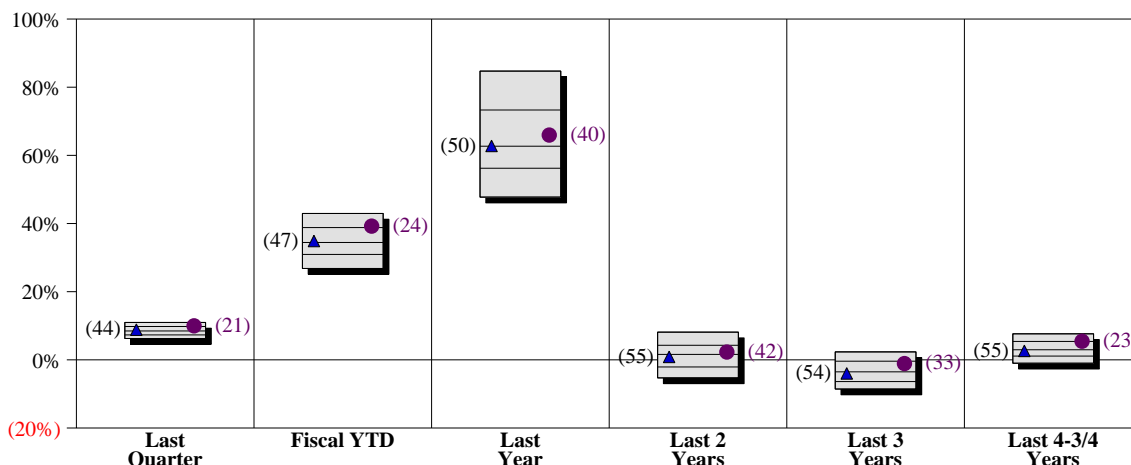
## Quarterly Summary and Highlights

- Jennison Associates's portfolio posted a 9.98% return for the quarter placing it in the 21 percentile of the CAI Small Capitalization Style group for the quarter and in the 40 percentile for the last year.
- Jennison Associates's portfolio outperformed the Russell 2000 Index by 1.13% for the quarter and outperformed the Russell 2000 Index for the year by 3.19%.

## Quarterly Asset Growth

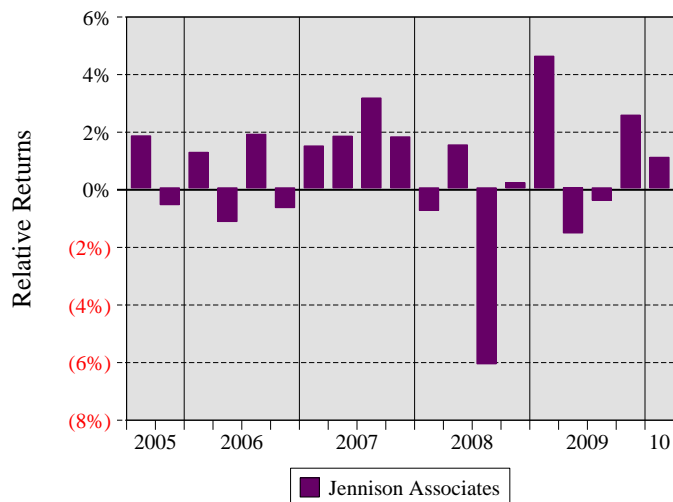
Beginning Market Value	\$133,018,694
Net New Investment	\$0
Investment Gains/(Losses)	\$13,270,204
Ending Market Value	\$146,288,898

## Performance vs CAI Small Capitalization Style (Gross)

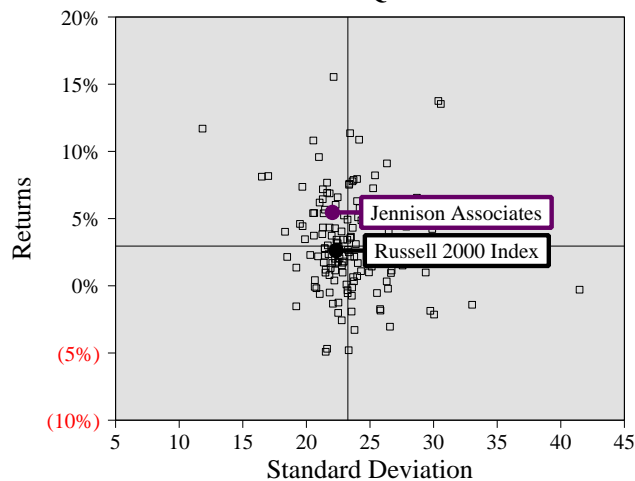


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	10.97	42.95	84.72	8.13	2.33	7.63
25th Percentile	9.78	38.81	73.31	4.27	(0.40)	5.40
Median	8.48	34.44	62.68	1.59	(3.52)	2.95
75th Percentile	7.32	30.93	56.22	(2.09)	(6.38)	1.10
90th Percentile	6.26	26.81	47.75	(5.29)	(8.57)	(1.00)
<b>Jennison Associates</b> ●	9.98	39.24	65.96	2.29	(1.09)	5.46
Russell 2000 Index ▲	8.85	34.87	62.76	0.86	(3.99)	2.62

## Relative Return vs Russell 2000 Index



## CAI Small Capitalization Style (Gross) Annualized Four and Three-Quarter Year Risk vs Return





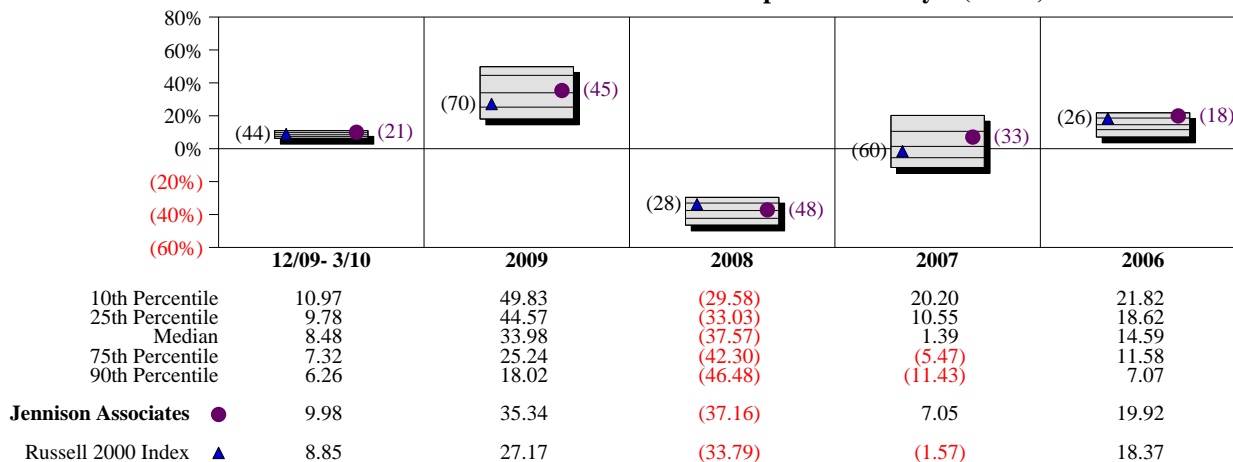
# JENNISON ASSOCIATES RETURN ANALYSIS SUMMARY



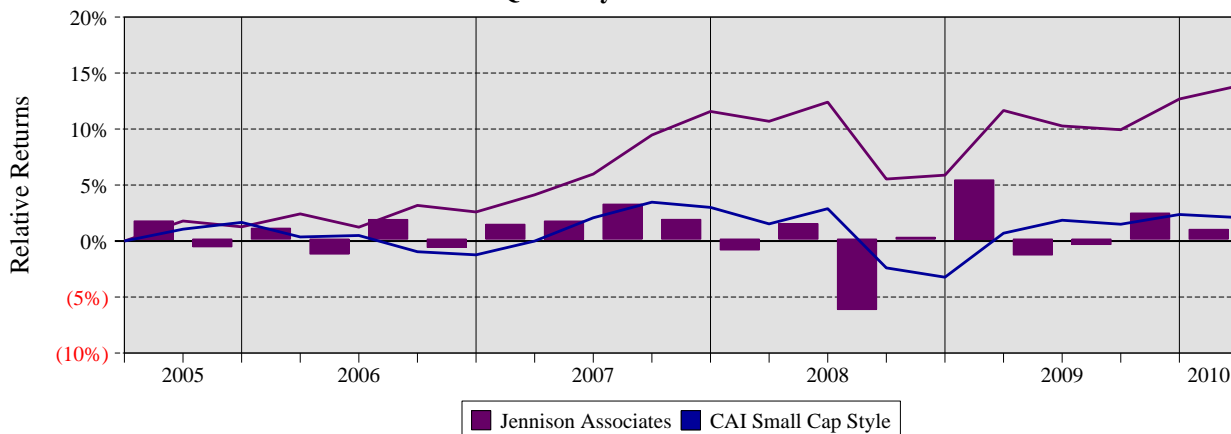
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

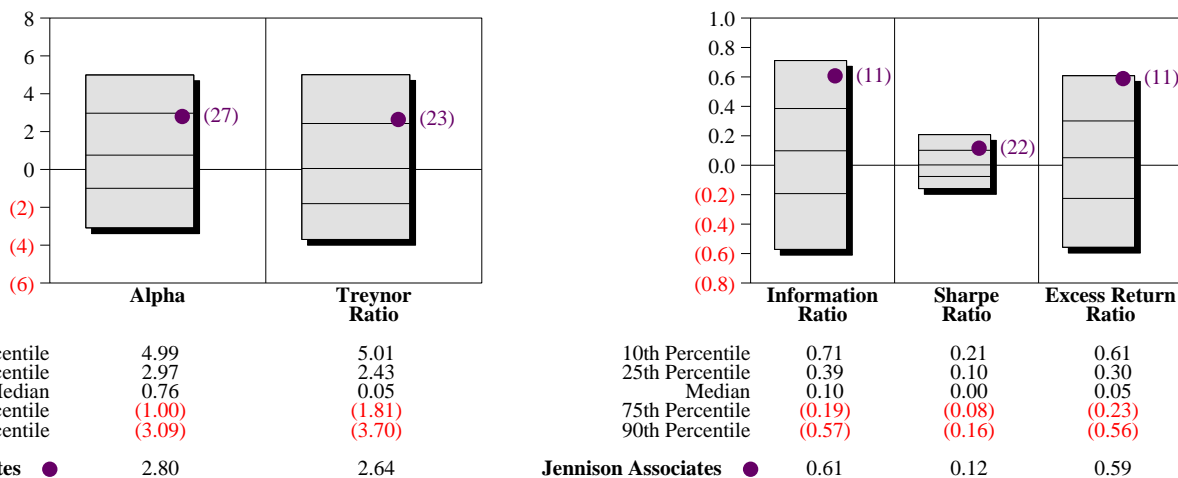
### Performance vs CAI Small Capitalization Style (Gross)



### Cumulative and Quarterly Relative Return vs Russell 2000 Index



### Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Four and Three-Quarter Years Ended March 31, 2010



# JENNISON ASSOCIATES EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

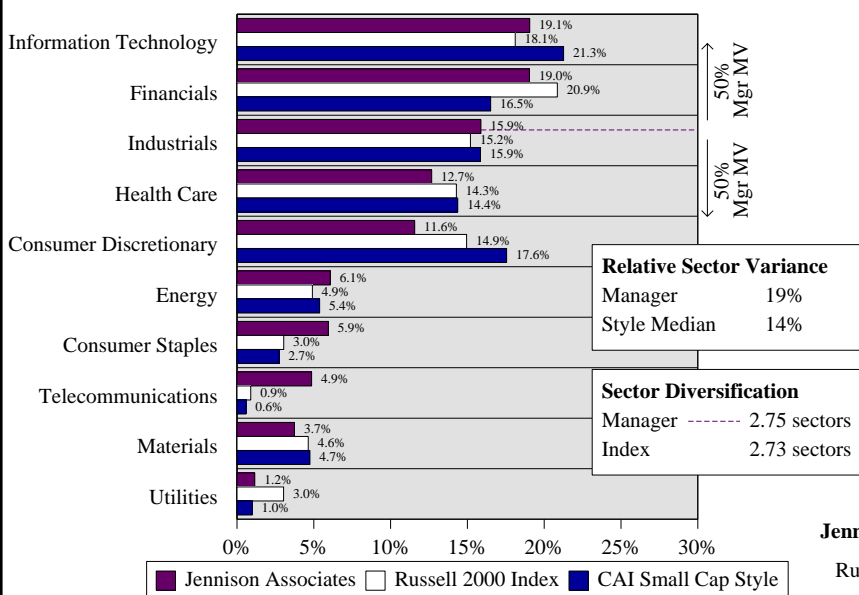
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Small Capitalization Style  
as of March 31, 2010**



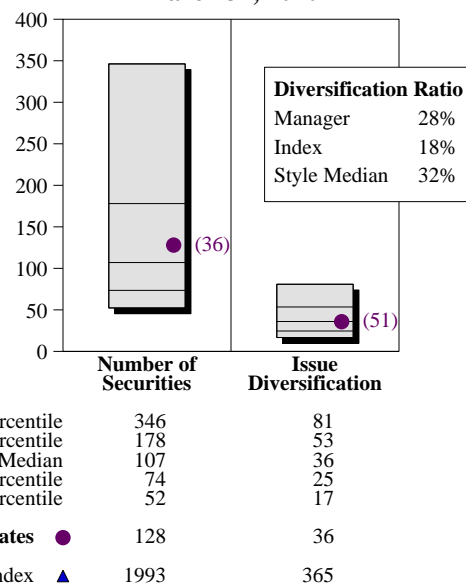
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**



# LORD, ABBETT PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Lord, Abbett utilizes a disciplined investment process that employs fundamental research in seeking to identify companies whose growth generates superior returns with acceptable levels of volatility.

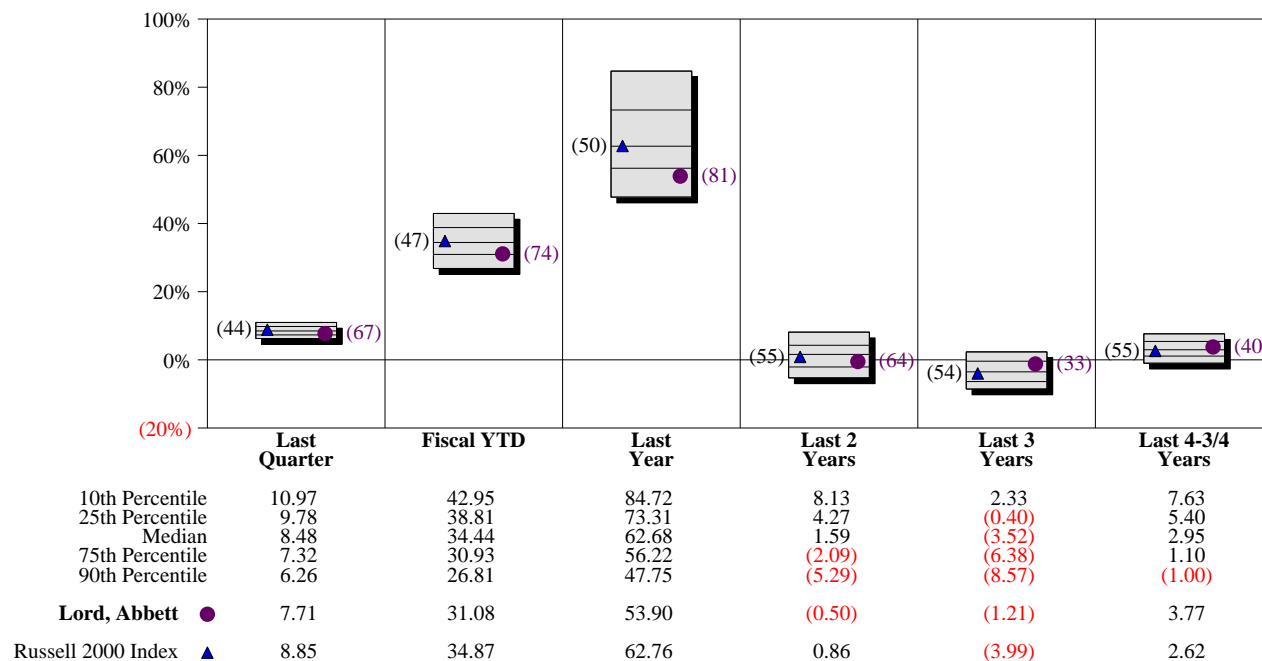
## Quarterly Summary and Highlights

- Lord, Abbett's portfolio posted a 7.71% return for the quarter placing it in the 67 percentile of the CAI Small Capitalization Style group for the quarter and in the 81 percentile for the last year.
- Lord, Abbett's portfolio underperformed the Russell 2000 Index by 1.14% for the quarter and underperformed the Russell 2000 Index for the year by 8.86%.

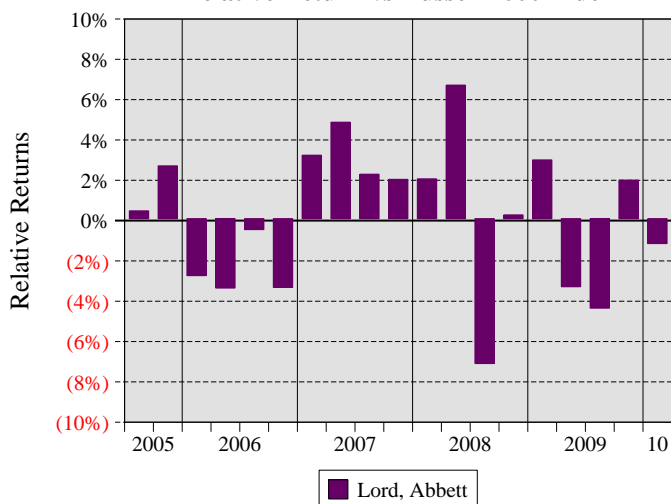
## Quarterly Asset Growth

Beginning Market Value	\$162,894,544
Net New Investment	\$-1
Investment Gains/(Losses)	\$12,566,107
Ending Market Value	\$175,460,650

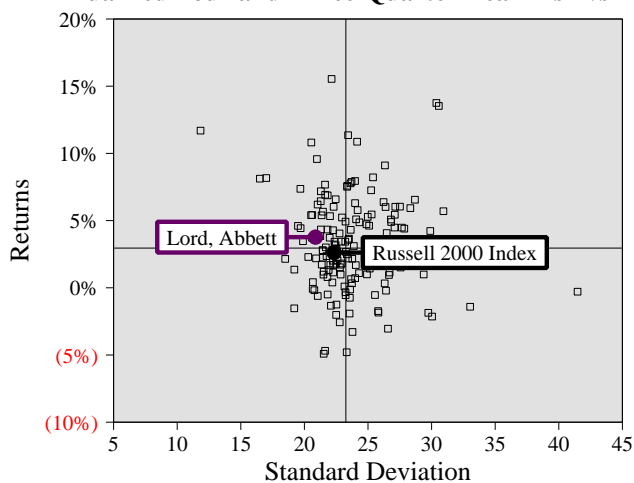
## Performance vs CAI Small Capitalization Style (Gross)



## Relative Return vs Russell 2000 Index



## CAI Small Capitalization Style (Gross) Annualized Four and Three-Quarter Year Risk vs Return



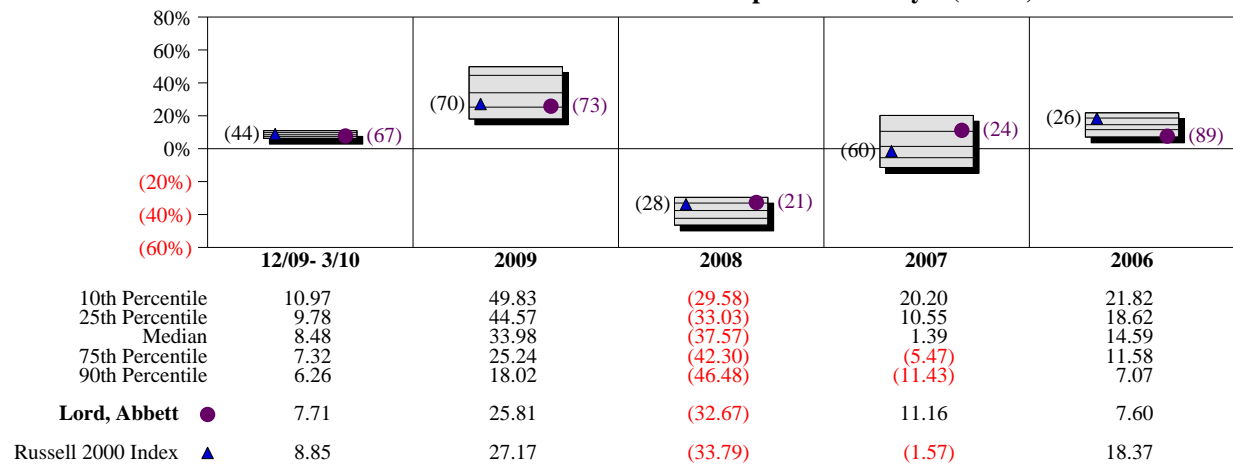


# LORD, ABBETT RETURN ANALYSIS SUMMARY

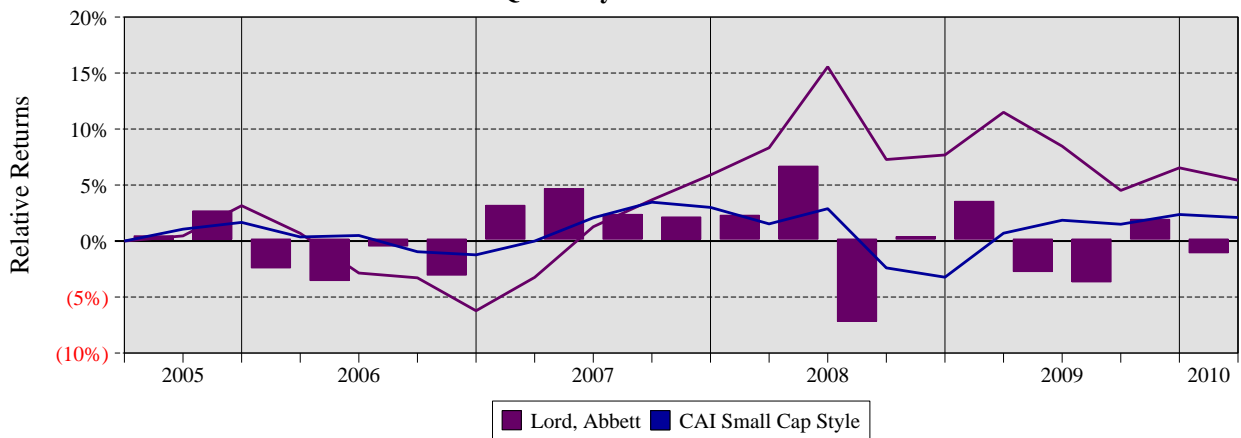
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

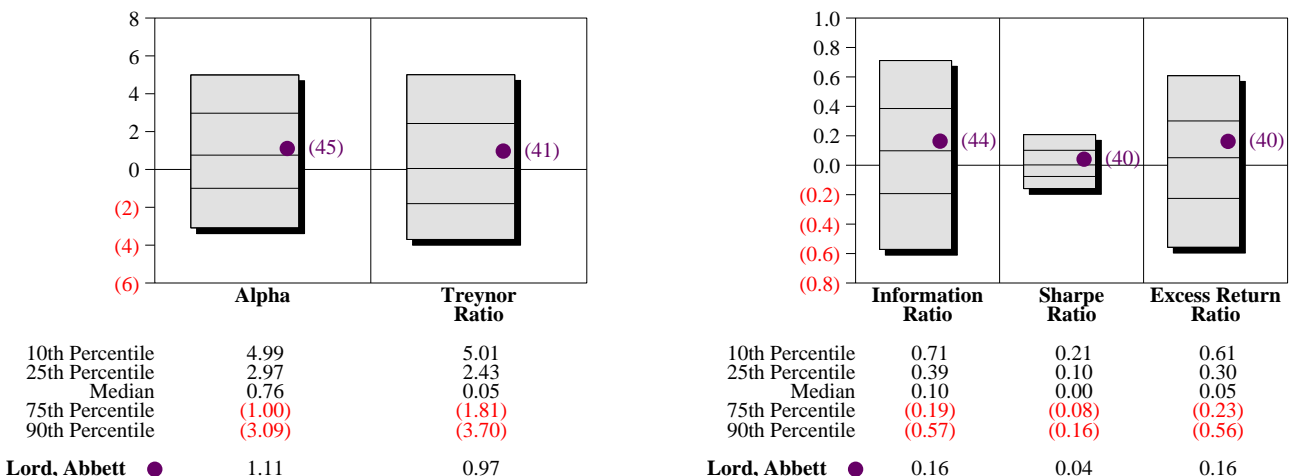
### Performance vs CAI Small Capitalization Style (Gross)



### Cumulative and Quarterly Relative Return vs Russell 2000 Index



### Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Four and Three-Quarter Years Ended March 31, 2010



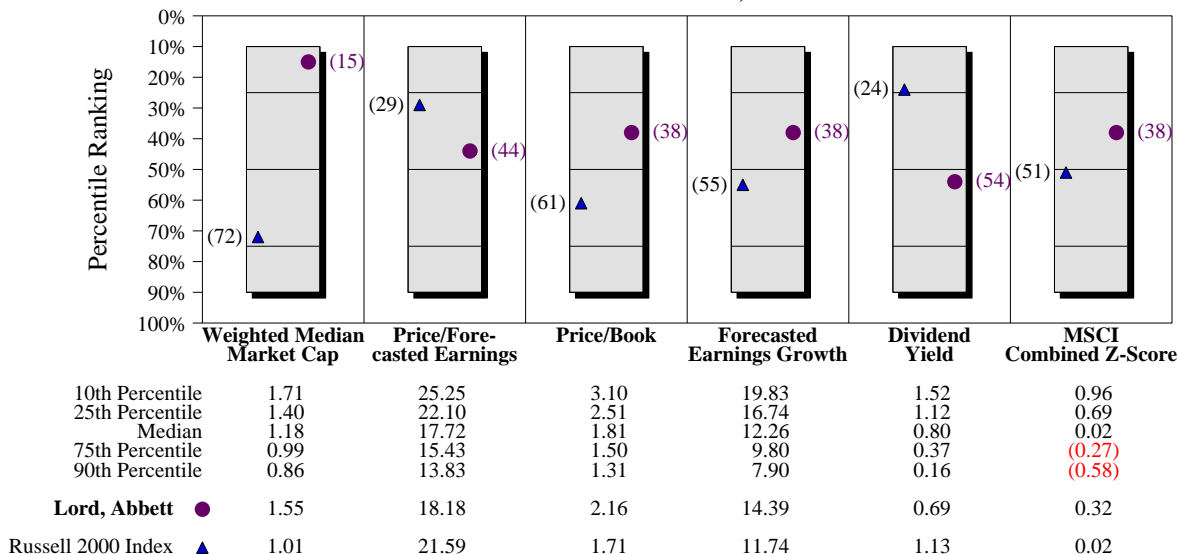
# LORD, ABBETT EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

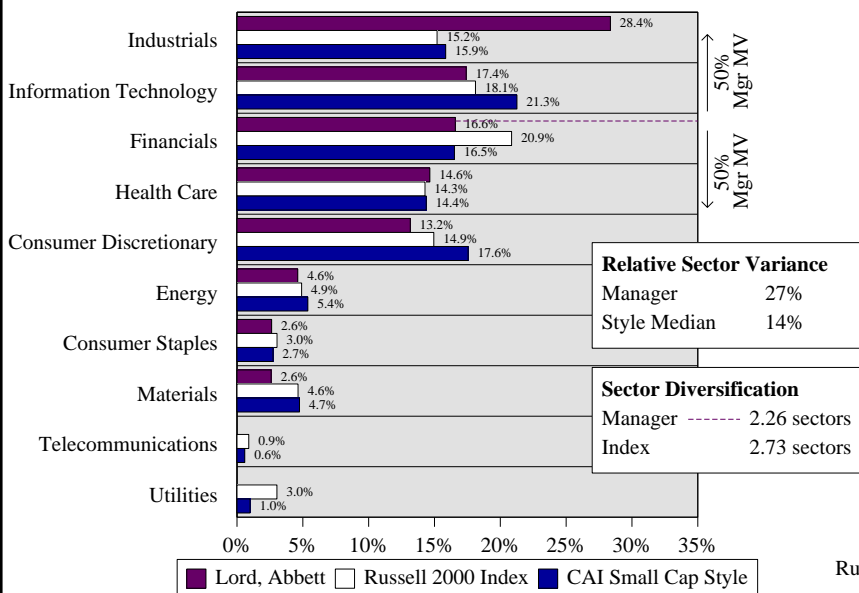
### Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization Style as of March 31, 2010



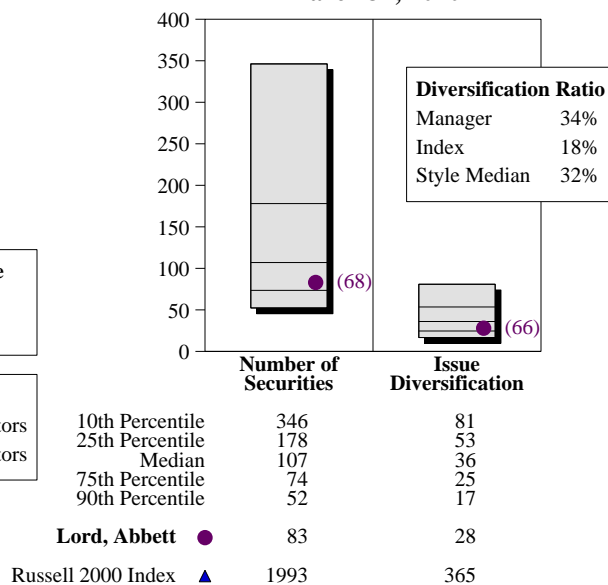
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

### Sector Allocation March 31, 2010



### Diversification March 31, 2010





## LUTHER KING PERIOD ENDED MARCH 31, 2010

### Investment Philosophy

Luther King's philosophy is based upon the belief that companies which generate a high and/or improving return on invested capital, can provide superior rates of return to shareholders over long periods of time.

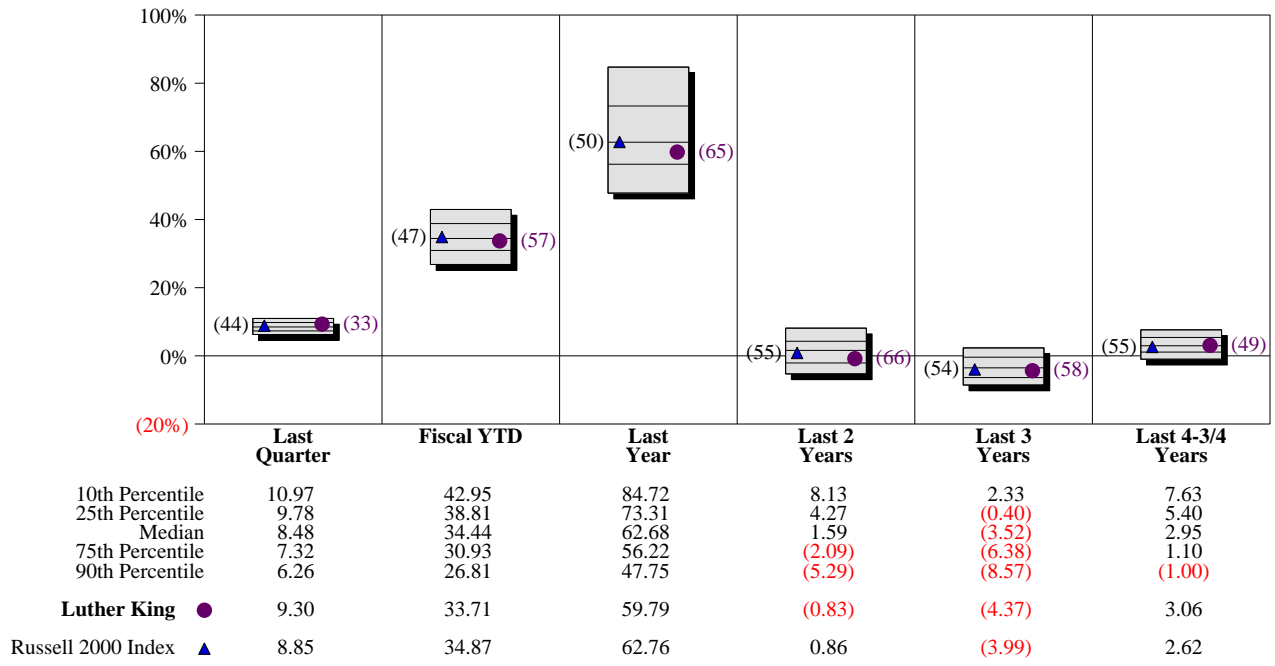
### Quarterly Summary and Highlights

- Luther King's portfolio posted a 9.30% return for the quarter placing it in the 33 percentile of the CAI Small Capitalization Style group for the quarter and in the 65 percentile for the last year.
- Luther King's portfolio outperformed the Russell 2000 Index by 0.45% for the quarter and underperformed the Russell 2000 Index for the year by 2.97%.

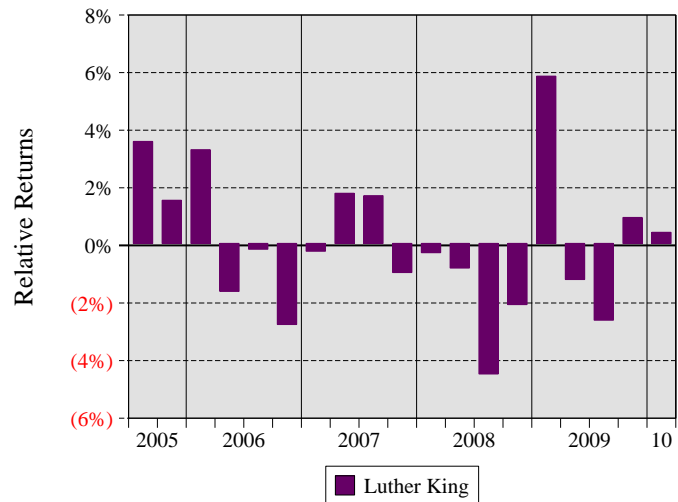
### Quarterly Asset Growth

Beginning Market Value	\$104,588,124
Net New Investment	\$0
Investment Gains/(Losses)	\$9,728,348
Ending Market Value	\$114,316,472

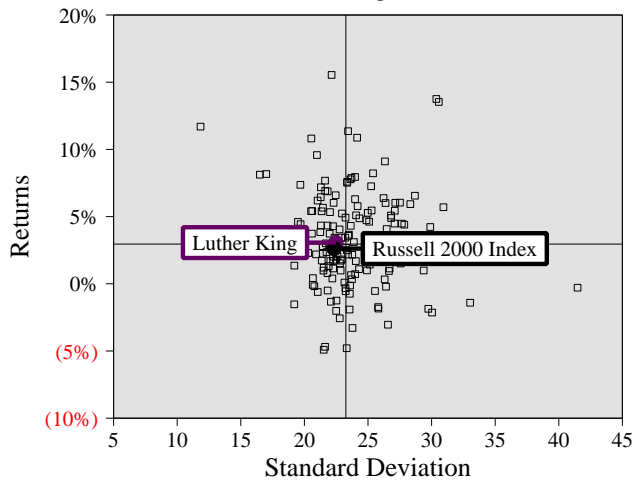
### Performance vs CAI Small Capitalization Style (Gross)



### Relative Return vs Russell 2000 Index



### CAI Small Capitalization Style (Gross) Annualized Four and Three-Quarter Year Risk vs Return



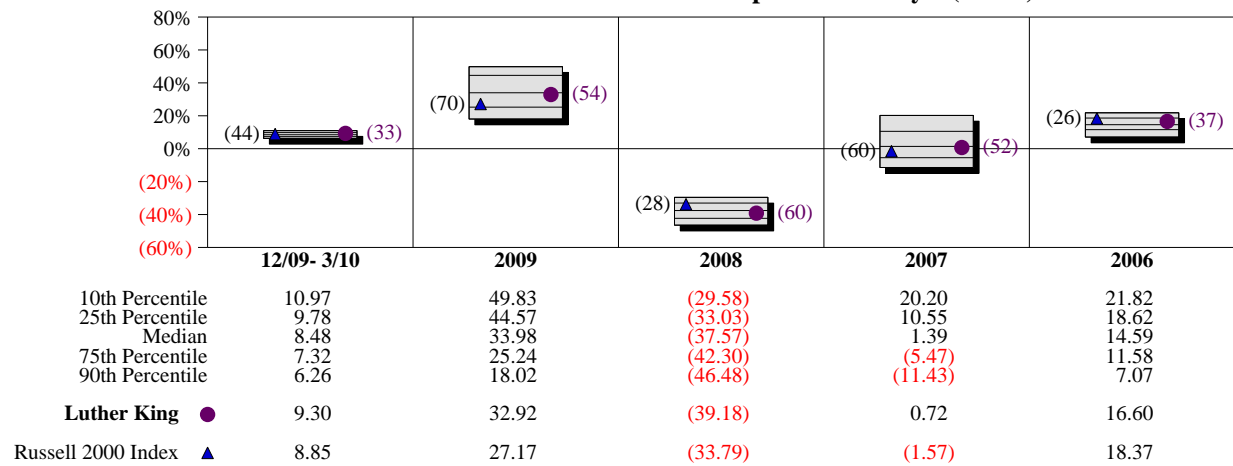


# LUTHER KING RETURN ANALYSIS SUMMARY

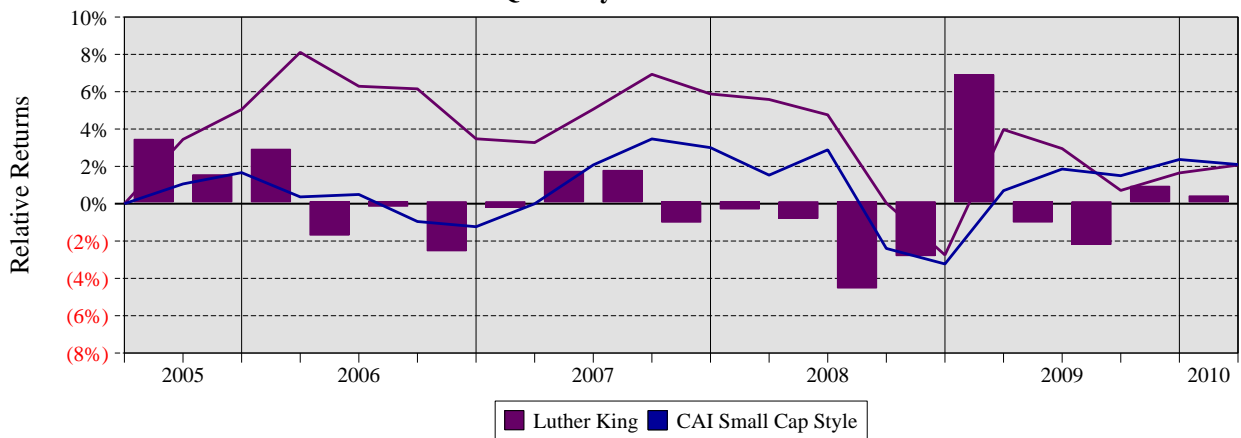
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

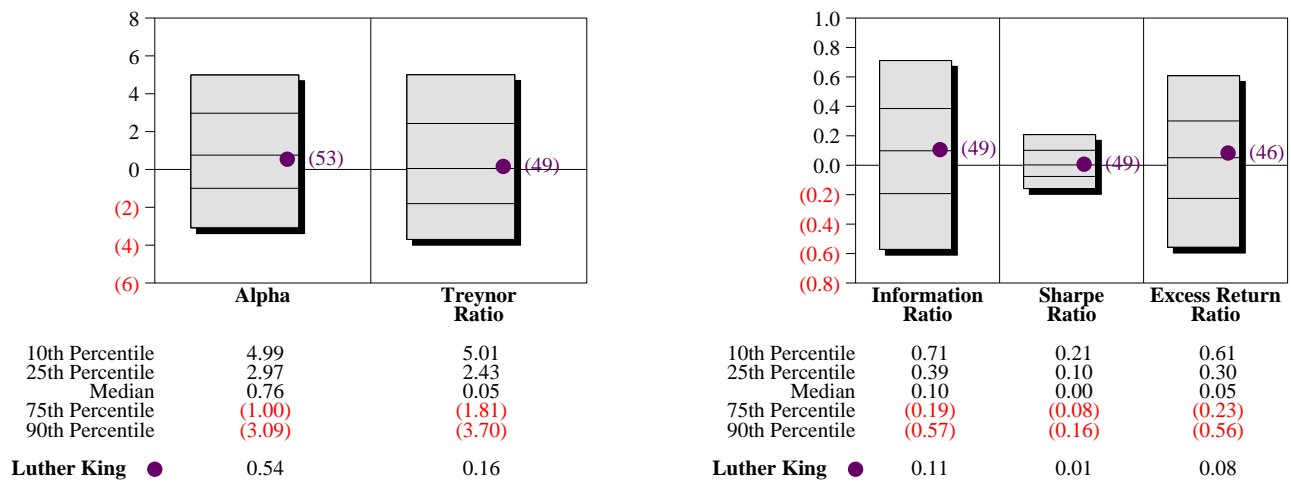
### Performance vs CAI Small Capitalization Style (Gross)



### Cumulative and Quarterly Relative Return vs Russell 2000 Index



### Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Four and Three-Quarter Years Ended March 31, 2010

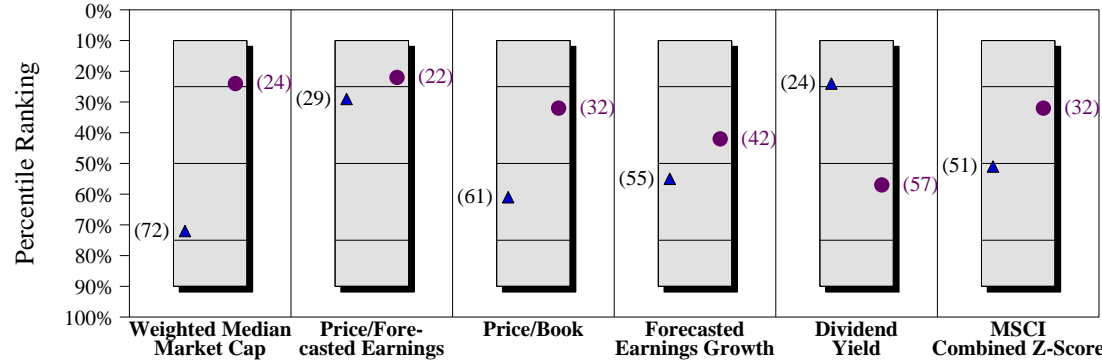


# LUTHER KING EQUITY CHARACTERISTICS ANALYSIS SUMMARY

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization Style as of March 31, 2010

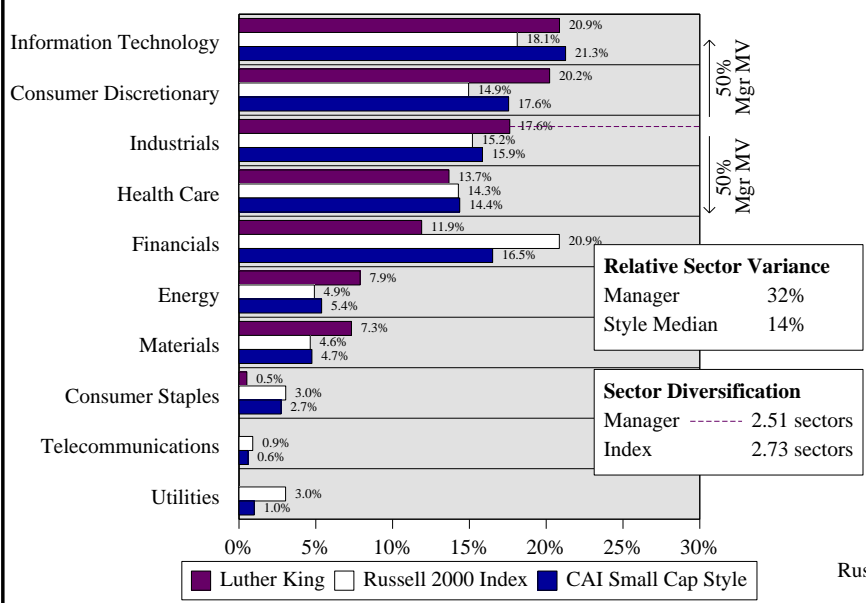


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.71	25.25	3.10	19.83	1.52	0.96
25th Percentile	1.40	22.10	2.51	16.74	1.12	0.69
Median	1.18	17.72	1.81	12.26	0.80	0.02
75th Percentile	0.99	15.43	1.50	9.80	0.37	(0.27)
90th Percentile	0.86	13.83	1.31	7.90	0.16	(0.58)
<b>Luther King</b> ●	1.40	22.77	2.36	13.83	0.62	0.54
Russell 2000 Index ▲	1.01	21.59	1.71	11.74	1.13	0.02

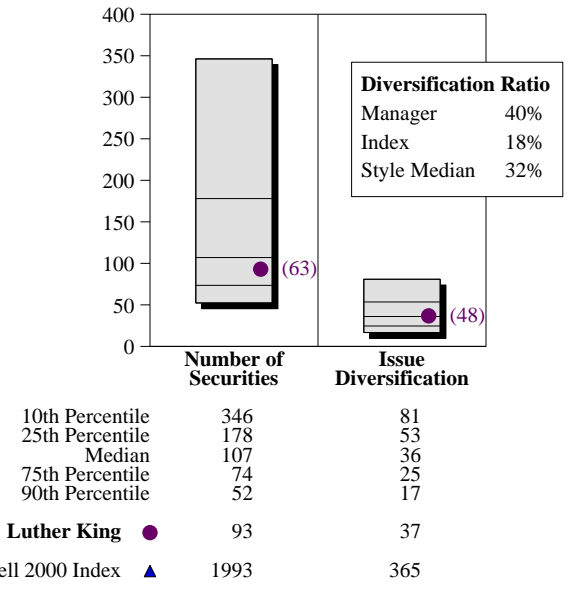
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

### Sector Allocation March 31, 2010



### Diversification March 31, 2010







## SSGA RUSSELL 2000 GROWTH PERIOD ENDED MARCH 31, 2010

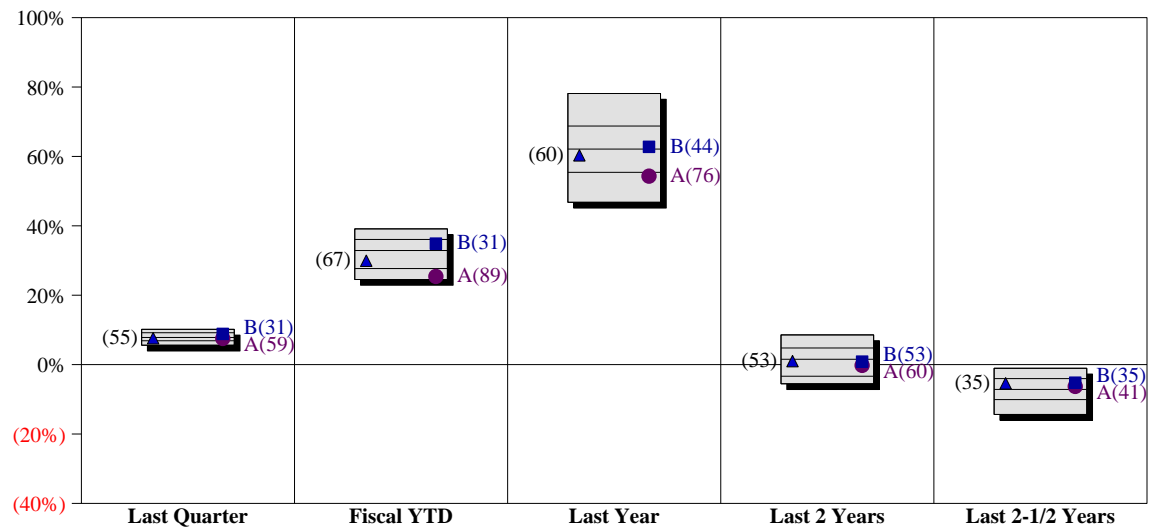
### Quarterly Summary and Highlights

- SSgA Russell 2000 Growth's portfolio posted a 7.54% return for the quarter placing it in the 59 percentile of the CAI Small Cap Growth Style group for the quarter and in the 76 percentile for the last year.
- SSgA Russell 2000 Growth's portfolio underperformed the Russell 2000 Growth Index by 0.08% for the quarter and underperformed the Russell 2000 Growth Index for the year by 6.00%.

### Quarterly Asset Growth

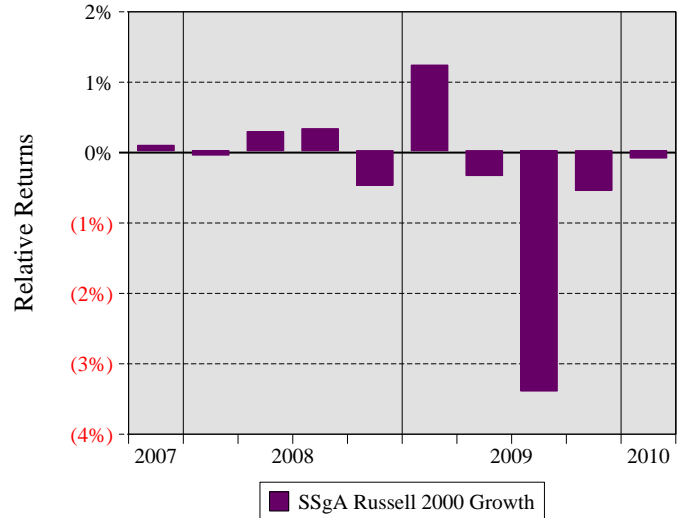
Beginning Market Value	\$7,154,259
Net New Investment	\$108,431,132
Investment Gains/(Losses)	\$5,053,995
Ending Market Value	\$120,639,387

### Performance vs CAI Small Cap Growth Style (Gross)

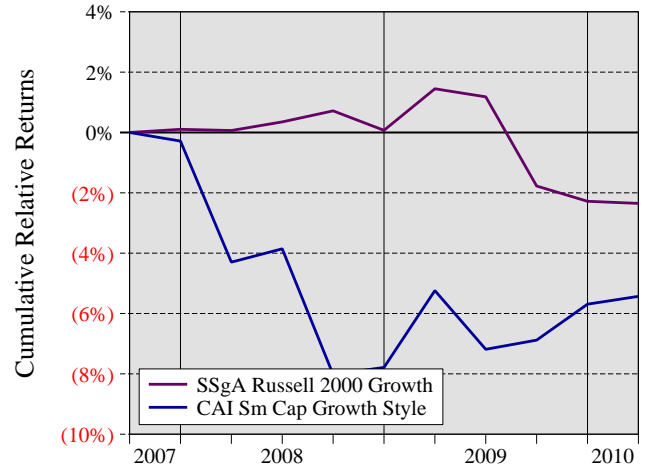


SSgA Russell 2000 Growth	● A	7.54	25.41	54.32	(0.22)	(6.29)
Russell 2000	■ B	8.85	34.87	62.76	0.86	(5.22)
Russell 2000 Growth Index	▲	7.61	29.95	60.32	1.01	(5.39)

### Relative Return vs Russell 2000 Growth Index



### Cumulative Returns vs Russell 2000 Growth Index



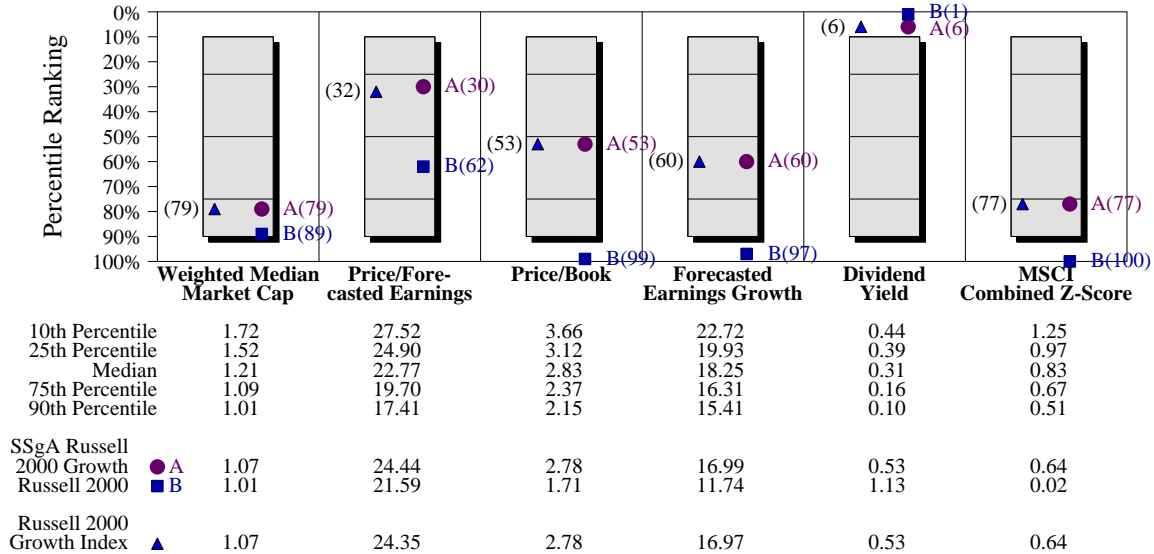
# SSGA RUSSELL 2000 GROWTH EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

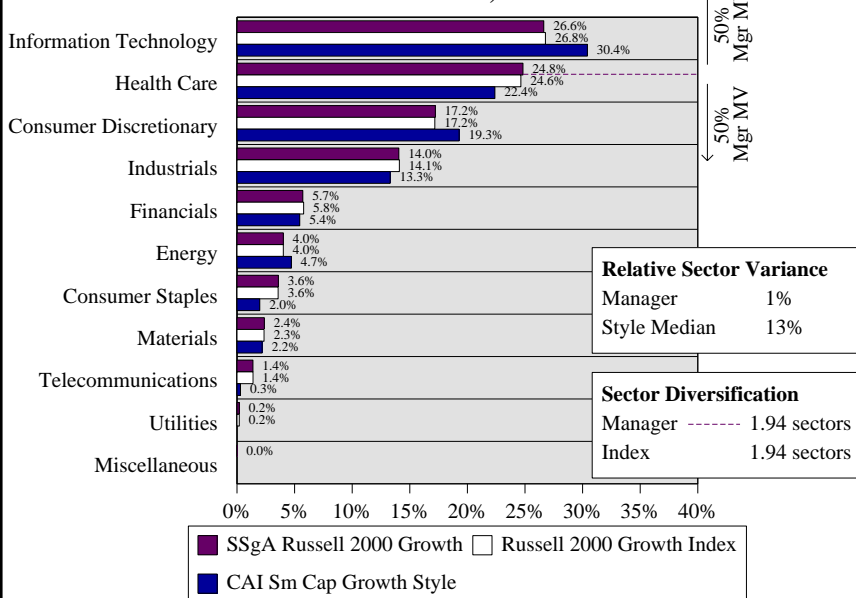
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Small Cap Growth Style  
as of March 31, 2010**



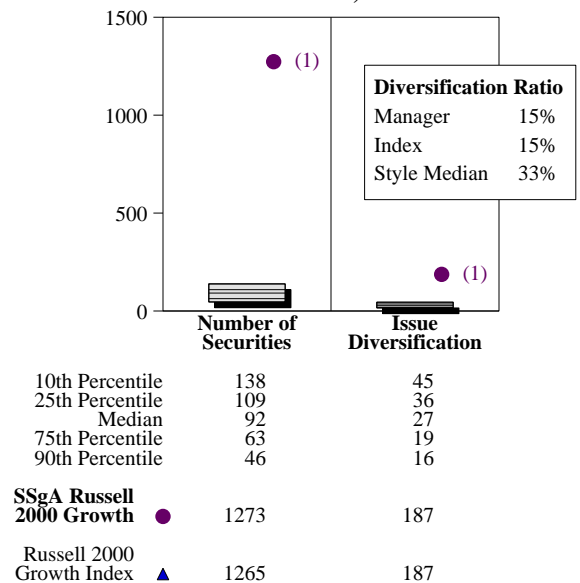
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**



## SSGA RUSSELL 2000 VALUE PERIOD ENDED MARCH 31, 2010



### Investment Philosophy

State Street's philosophy is to manage every index portfolio in a manner that ensures the following three objectives: to gain broad-based equity exposure; to attain predictable variance around a given benchmark; and to gain this exposure at the lowest possible cost.

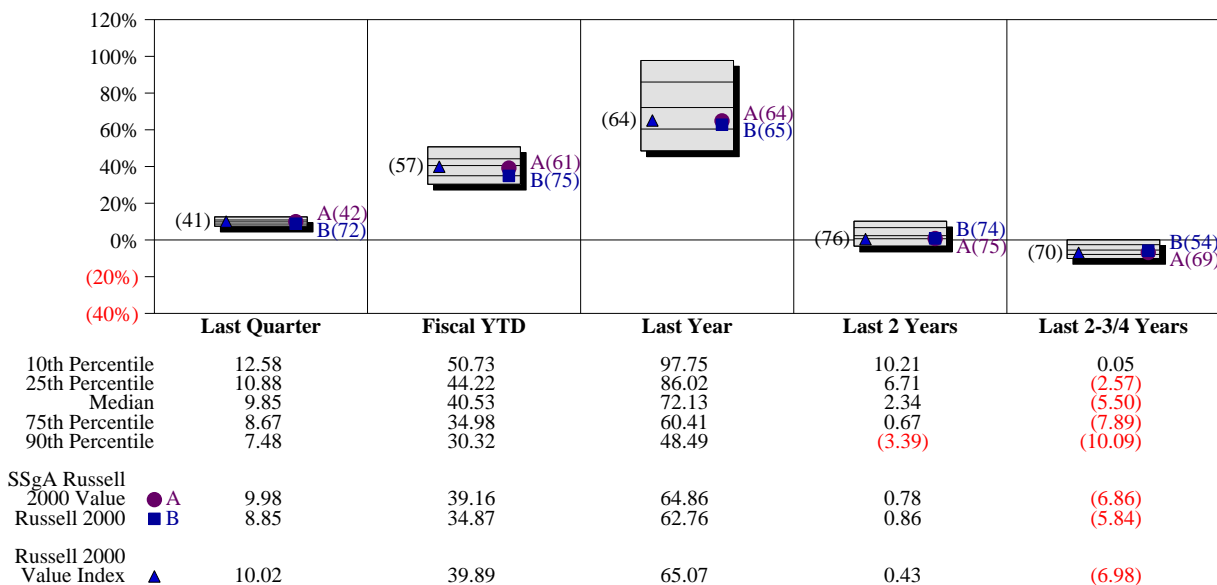
### Quarterly Summary and Highlights

- SSgA Russell 2000 Value's portfolio posted a 9.98% return for the quarter placing it in the 42 percentile of the CAI Small Cap Value Style group for the quarter and in the 64 percentile for the last year.
- SSgA Russell 2000 Value's portfolio underperformed the Russell 2000 Value Index by 0.04% for the quarter and underperformed the Russell 2000 Value Index for the year by 0.21%.

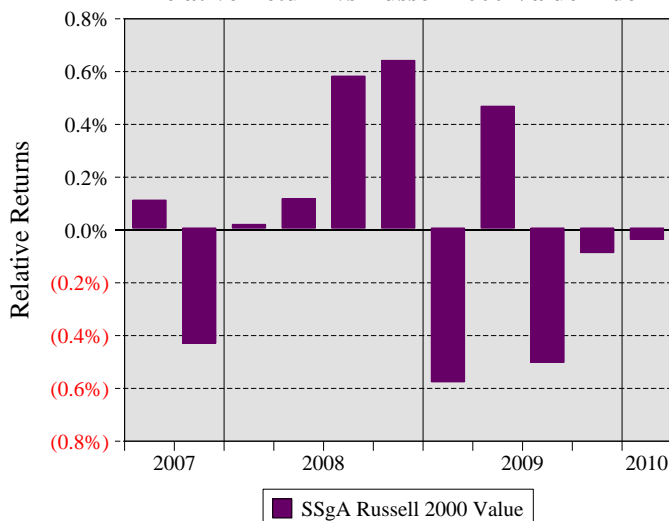
### Quarterly Asset Growth

Beginning Market Value	\$335,752,324
Net New Investment	\$73,246
Investment Gains/(Losses)	\$33,521,597
Ending Market Value	\$369,347,167

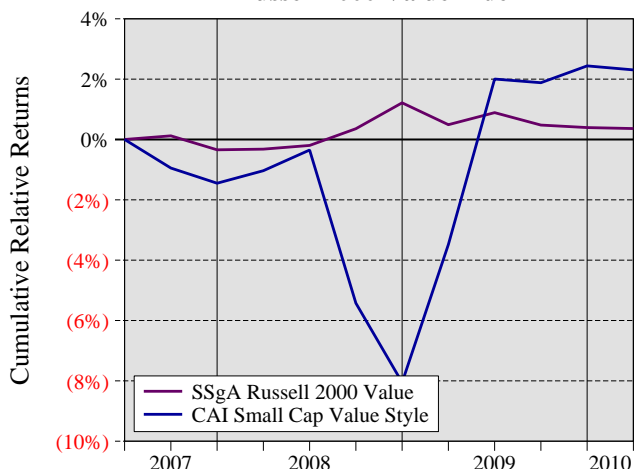
### Performance vs CAI Small Cap Value Style (Gross)



### Relative Return vs Russell 2000 Value Index



### Cumulative Returns vs Russell 2000 Value Index



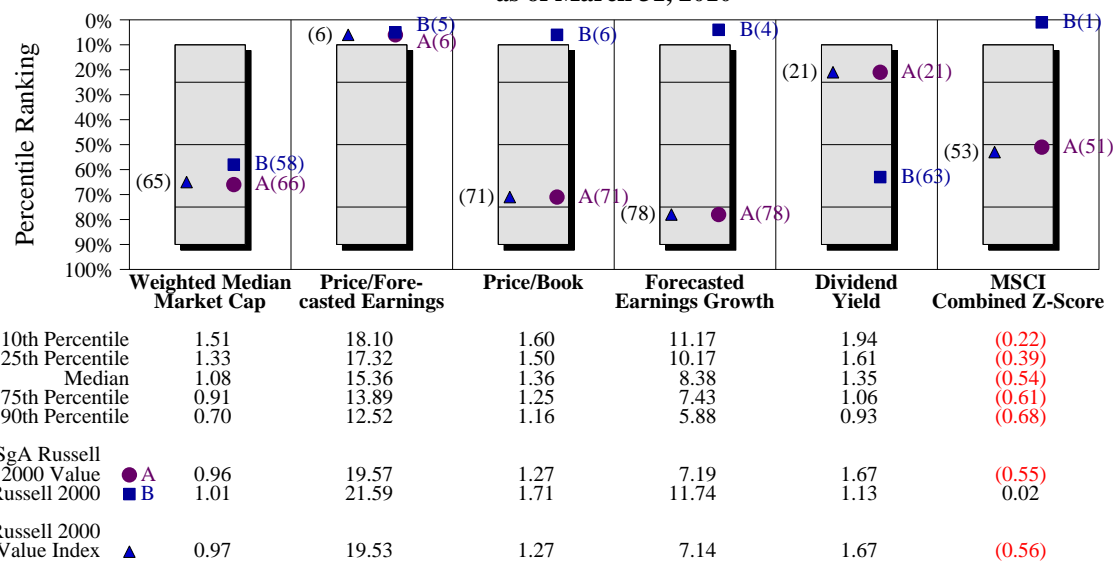


## SSGA RUSSELL 2000 VALUE EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

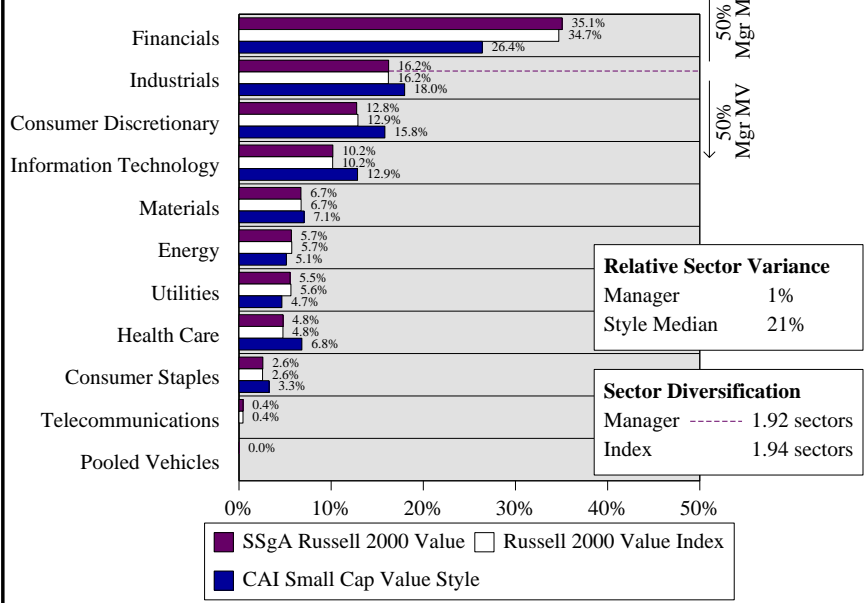
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Small Cap Value Style  
as of March 31, 2010**



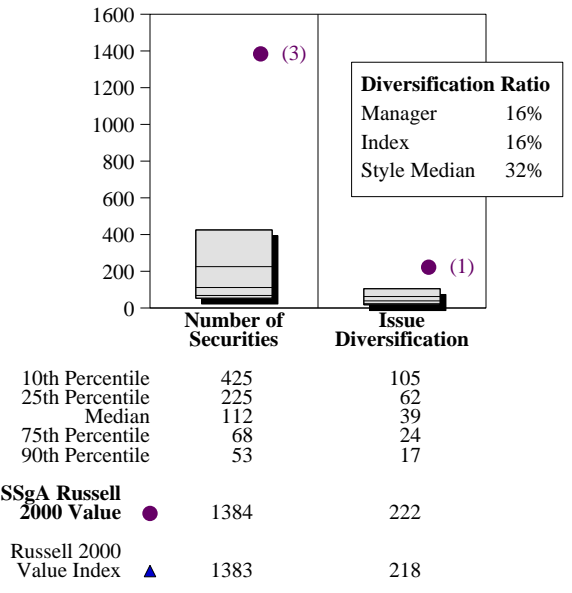
### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.

**Sector Allocation  
March 31, 2010**



**Diversification  
March 31, 2010**





# ADVENT CAPITAL PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Advent position themselves to be a "Best in Class" Investment Grade Convertible manager by offering a synergistic strategy that provides a risk-adjusted return. They use their research driven approach to invest in a portfolio of attractive investment grade convertible securities with positive asymmetry. Advent's investment philosophy in capital preservation through downside protection has enabled them to build a diversified platform, including a specialty in investment grade convertibles, which are inherently stable and mitigate business risk.

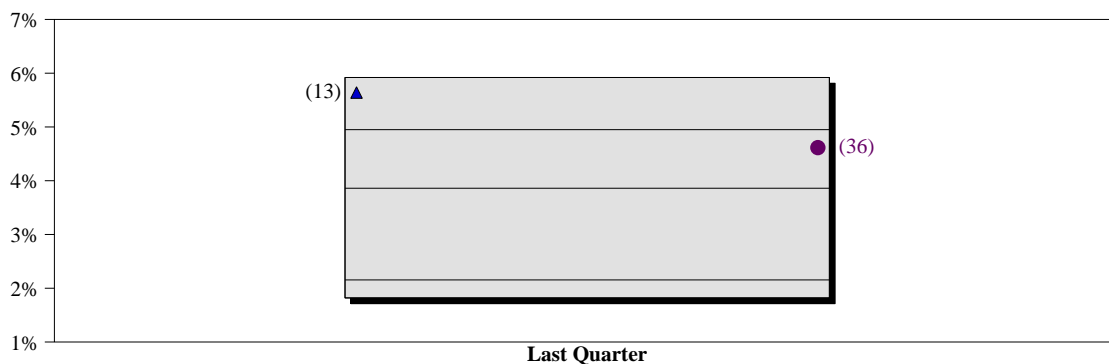
## Quarterly Summary and Highlights

- Advent Capital's portfolio posted a 4.62% return for the quarter placing it in the 36 percentile of the CAI Convertible Bonds Database group for the quarter.
- Advent Capital's portfolio underperformed the ML All Conv by 1.02% for the quarter.

## Quarterly Asset Growth

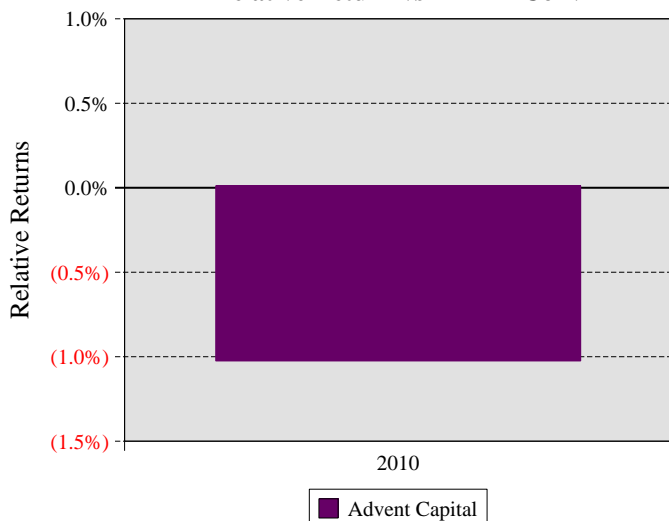
Beginning Market Value	\$52,278,041
Net New Investment	\$0
Investment Gains/(Losses)	\$2,412,928
Ending Market Value	\$54,690,969

## Performance vs CAI Convertible Bonds Database (Gross)

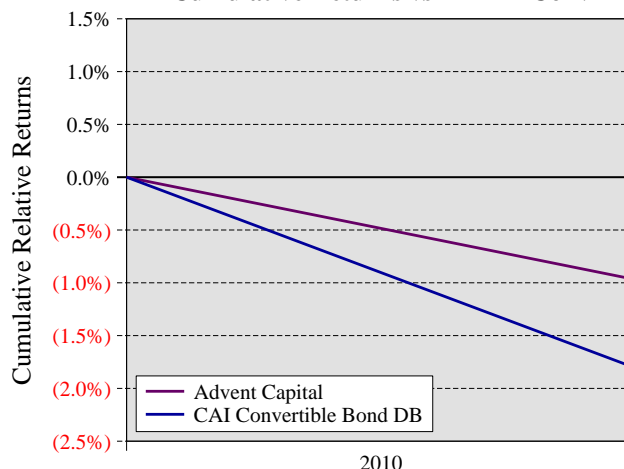


10th Percentile	5.92
25th Percentile	4.95
Median	3.86
75th Percentile	2.15
90th Percentile	1.82
<b>Advent Capital</b>	<b>4.62</b>
ML All Conv	5.64

## Relative Return vs ML All Conv



## Cumulative Returns vs ML All Conv



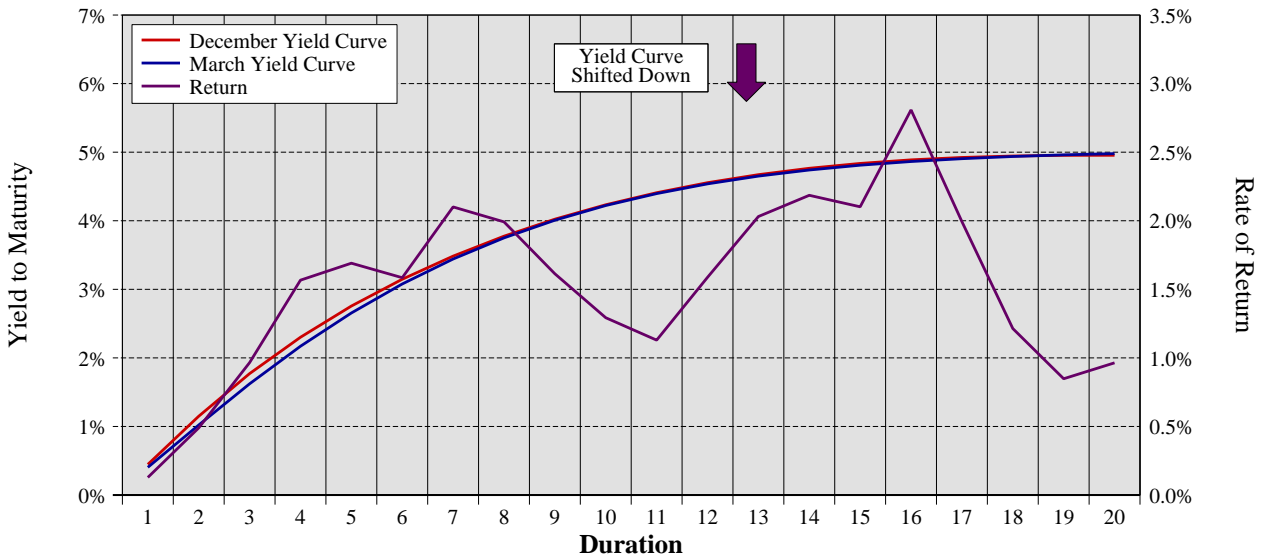


## BOND MARKET ENVIRONMENT

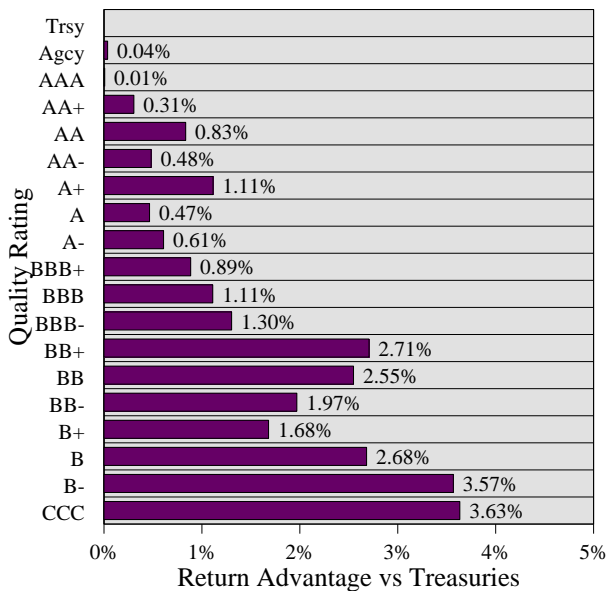
### Factors Influencing Bond Returns

The charts below are designed to give you an overview of the factors that influenced bond market returns for the quarter. The first chart shows the shift in the Treasury yield curve and the resulting returns by duration. The second chart shows the average return premium (relative to Treasuries) for bonds with different quality ratings. The final chart shows the average return premium of the different sectors relative to Treasuries. These sector premiums are calculated after differences in quality and term structure have been accounted for across the sectors. They are typically explained by differences in convexity, sector specific supply and demand considerations, or other factors that influence the perceived risk of the sector.

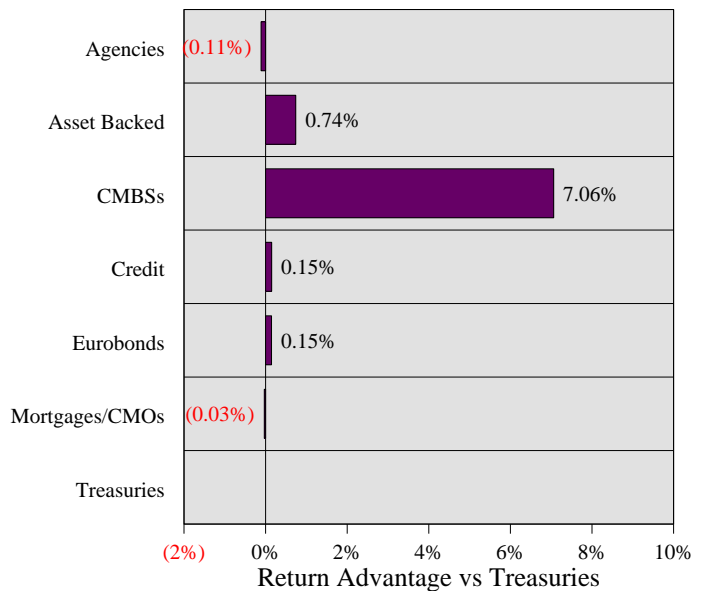
### Yield Curve Change and Rate of Return One Quarter Ended March 31, 2010



### Duration Adjusted Return Premium to Quality One Quarter Ended March 31, 2010



### Quality and Duration Adjusted Return Premium by Sector One Quarter Ended March 31, 2010







## TOTAL FIXED-INCOME PERIOD ENDED MARCH 31, 2010

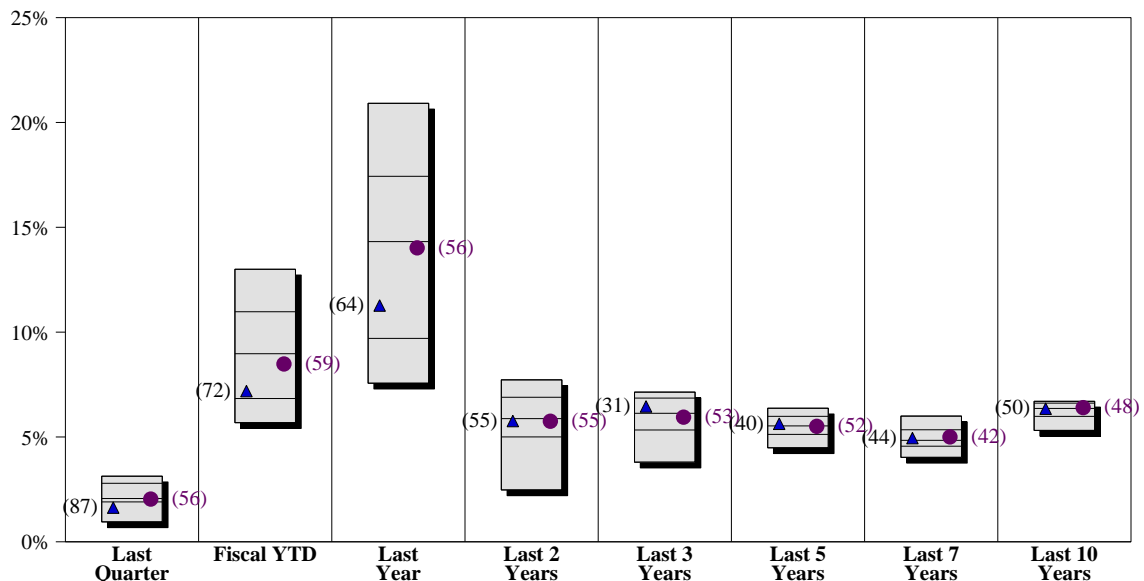
### Quarterly Summary and Highlights

- Total Fixed-Income Pool's portfolio posted a 2.04% return for the quarter placing it in the 56 percentile of the Public Fund - Domestic Fixed group for the quarter and in the 56 percentile for the last year.
- Total Fixed-Income Pool's portfolio outperformed the Fixed-Income Target by 0.41% for the quarter and outperformed the Fixed-Income Target for the year by 2.75%.

### Quarterly Asset Growth

Beginning Market Value	\$1,607,216,218
Net New Investment	\$-24,643,822
Investment Gains/(Losses)	\$32,288,621
Ending Market Value	\$1,614,861,017

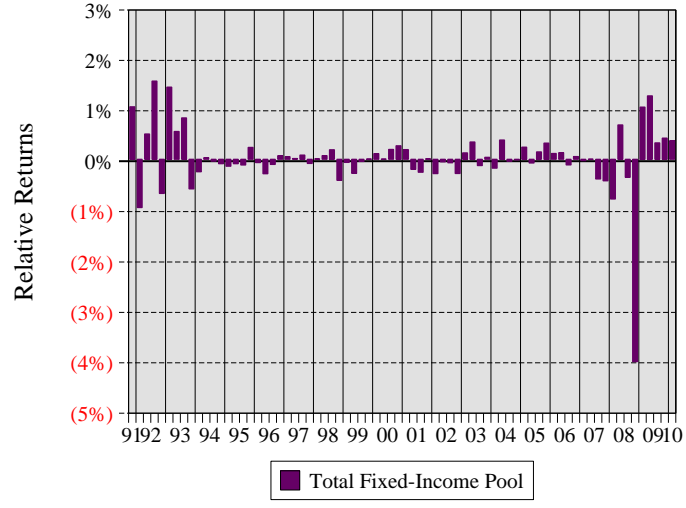
### Performance vs Public Fund - Domestic Fixed (Gross)



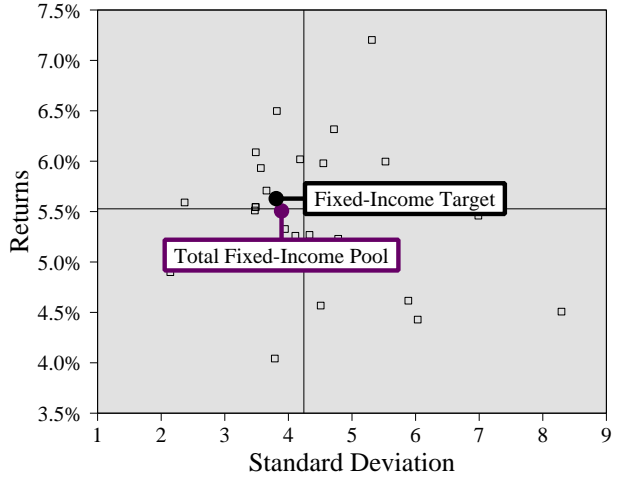
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.13	13.00	20.91	7.72	7.14	6.37	6.00	6.70
25th Percentile	2.79	10.97	17.43	6.89	6.85	5.98	5.34	6.61
Median	2.06	8.97	14.32	5.87	6.13	5.53	4.84	6.36
75th Percentile	1.90	6.83	9.70	5.00	5.33	5.12	4.56	5.98
90th Percentile	0.95	5.68	7.56	2.47	3.80	4.48	4.03	5.31

<b>Total Fixed-Income Pool</b> ●	2.04	8.48	14.02	5.75	5.94	5.51	5.00	6.40
Fixed-Income Target ▲	1.63	7.19	11.27	5.76	6.45	5.63	4.94	6.35

### Relative Return vs Fixed-Income Target



### Public Fund - Domestic Fixed (Gross) Annualized Five Year Risk vs Return



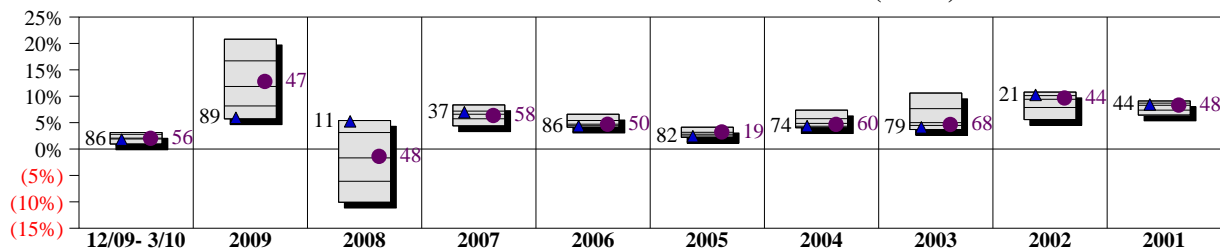


## TOTAL FIXED-INCOME POOL RETURN ANALYSIS SUMMARY

### Return Analysis

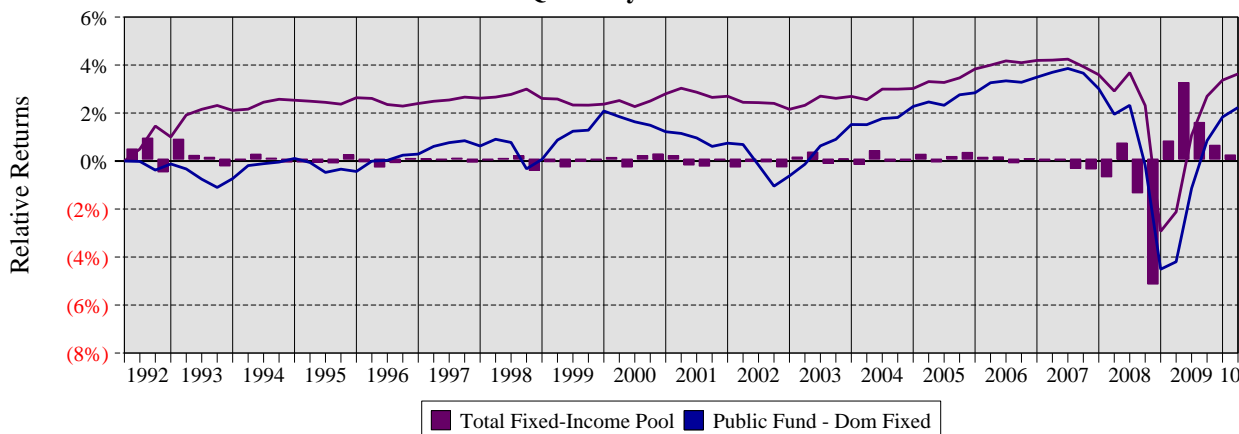
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

#### Performance vs Public Fund - Domestic Fixed (Gross)

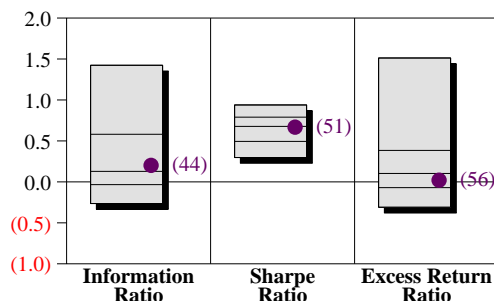
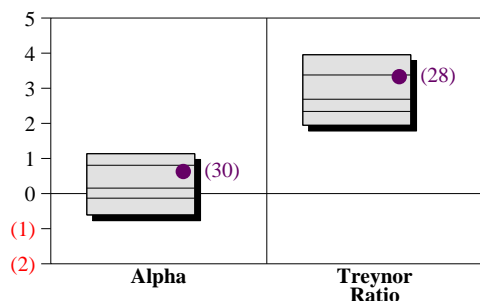


	12/09-3/10	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Total Fixed-Income Pool</b> ●	2.04	12.80	(1.39)	6.35	4.69	3.24	4.67	4.65	9.67	8.32
<b>Custom Index</b> ▲	1.78	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.26	8.43

#### Cumulative and Quarterly Relative Return vs Custom Index



#### Risk Adjusted Return Measures vs Custom Index Rankings Against Public Fund - Domestic Fixed (Gross) Five Years Ended March 31, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.14	3.96	1.42	0.94	1.51
25th Percentile	0.81	3.38	0.58	0.79	0.38
Median	0.16	2.69	0.13	0.68	0.10
75th Percentile	(0.13)	2.34	(0.03)	0.49	(0.07)
90th Percentile	(0.61)	1.95	(0.26)	0.30	(0.31)

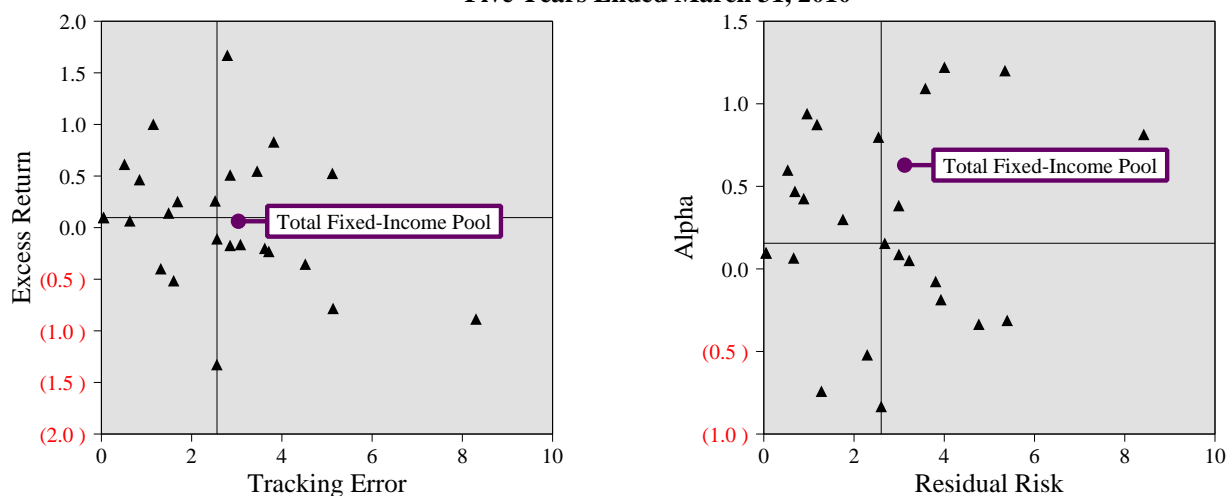
<b>Total Fixed-Income Pool</b> ●	0.63	3.33	0.20	0.67	0.02
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## TOTAL FIXED-INCOME POOL RISK ANALYSIS SUMMARY

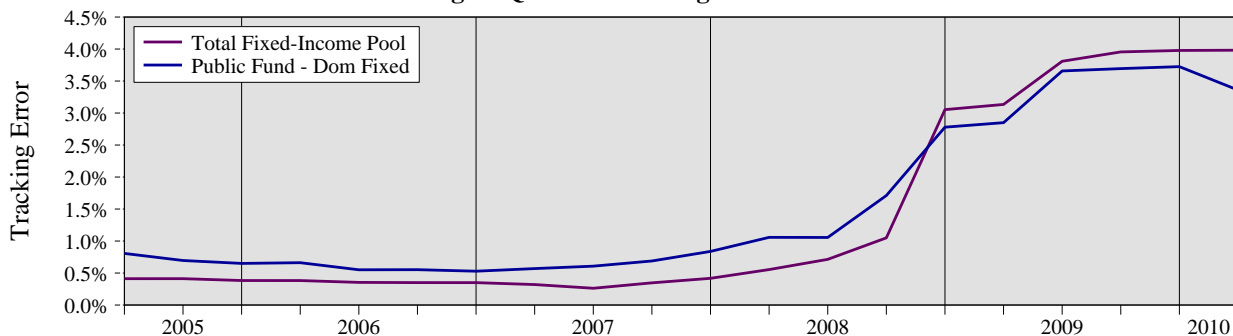
### Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

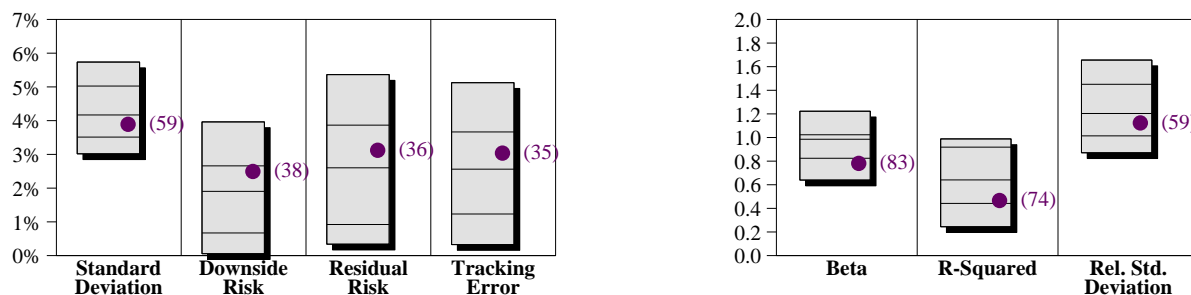
**Risk Analysis vs Public Fund - Domestic Fixed (Gross)  
Five Years Ended March 31, 2010**



**Rolling 12 Quarter Tracking Error vs Custom Index**



**Risk Statistics Rankings vs Custom Index  
Rankings Against Public Fund - Domestic Fixed (Gross)  
Five Years Ended March 31, 2010**



10th Percentile	5.74
25th Percentile	5.03
Median	4.17
75th Percentile	3.51
90th Percentile	3.02

10th Percentile	3.96
25th Percentile	2.66
Median	1.90
75th Percentile	0.67
90th Percentile	0.06

10th Percentile	5.36
25th Percentile	3.87
Median	2.60
75th Percentile	0.92
90th Percentile	0.34

10th Percentile	5.13
25th Percentile	3.67
Median	2.56
75th Percentile	1.23
90th Percentile	0.33

10th Percentile	1.22
25th Percentile	1.02
Median	0.99
75th Percentile	0.82
90th Percentile	0.64

10th Percentile	0.99
25th Percentile	0.92
Median	0.64
75th Percentile	0.44
90th Percentile	0.24

10th Percentile	1.66
25th Percentile	1.45
Median	1.20
75th Percentile	1.01
90th Percentile	0.87

<b>Total Fixed-Income Pool</b>	●	3.89	2.49	3.12	3.04
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<b>Total Fixed-Income Pool</b>	●	0.78	0.47	1.12
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# AK RETIREMENT FIXED-INCOME PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

The State of Alaska Employees' Fixed-Income portfolio is a core-oriented strategy. Staff utilizes only investment-grade bonds denominated in U.S. dollars in the portfolio. The Custom index represents the BC Govt/Credit through 3/31/00 and BC Aggregate thereafter.

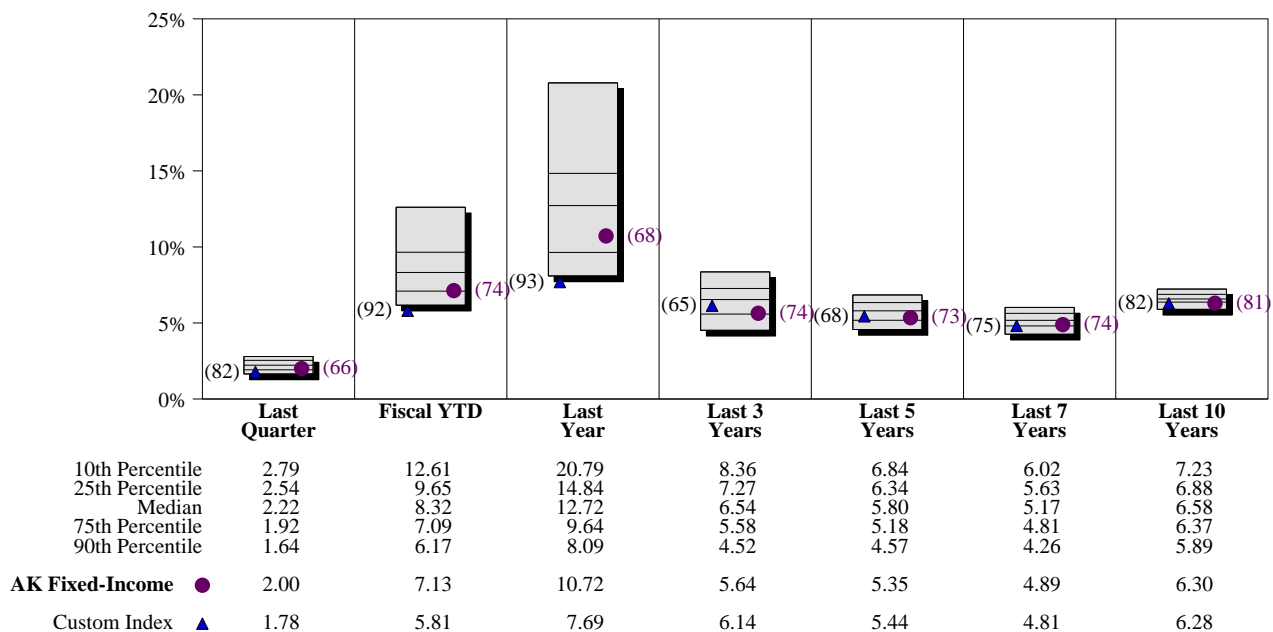
## Quarterly Summary and Highlights

- AK Fixed-Income's portfolio posted a 2.00% return for the quarter placing it in the 66 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 68 percentile for the last year.
- AK Fixed-Income's portfolio outperformed the Custom Index by 0.22% for the quarter and outperformed the Custom Index for the year by 3.03%.

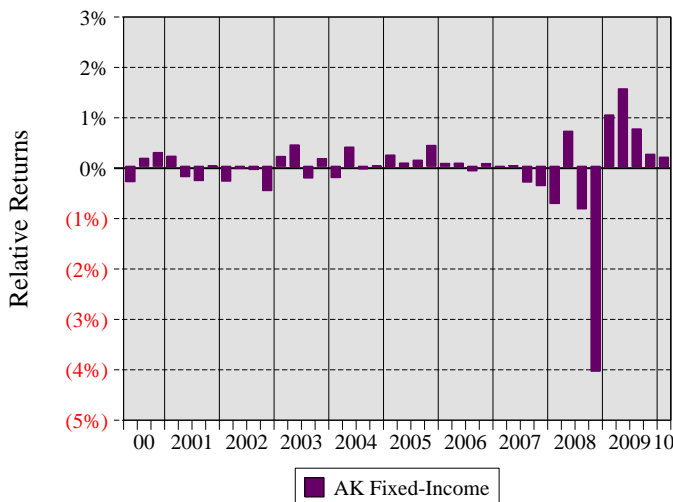
## Quarterly Asset Growth

Beginning Market Value	\$1,211,463,537
Net New Investment	\$-99,253,247
Investment Gains/(Losses)	\$23,476,992
Ending Market Value	\$1,135,687,283

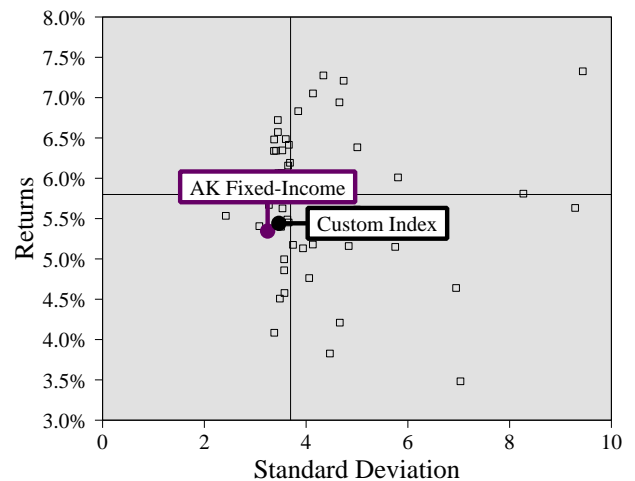
## Performance vs CAI Core Bond Fixed-Inc Style (Gross)



## Relative Return vs Custom Index



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



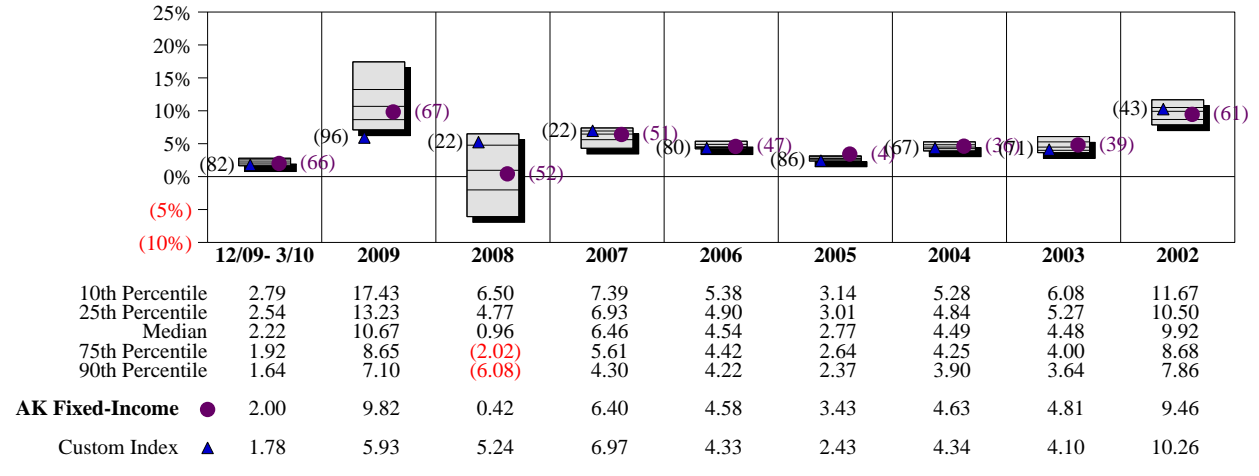


# AK RETIREMENT FIXED-INCOME RETURN ANALYSIS SUMMARY

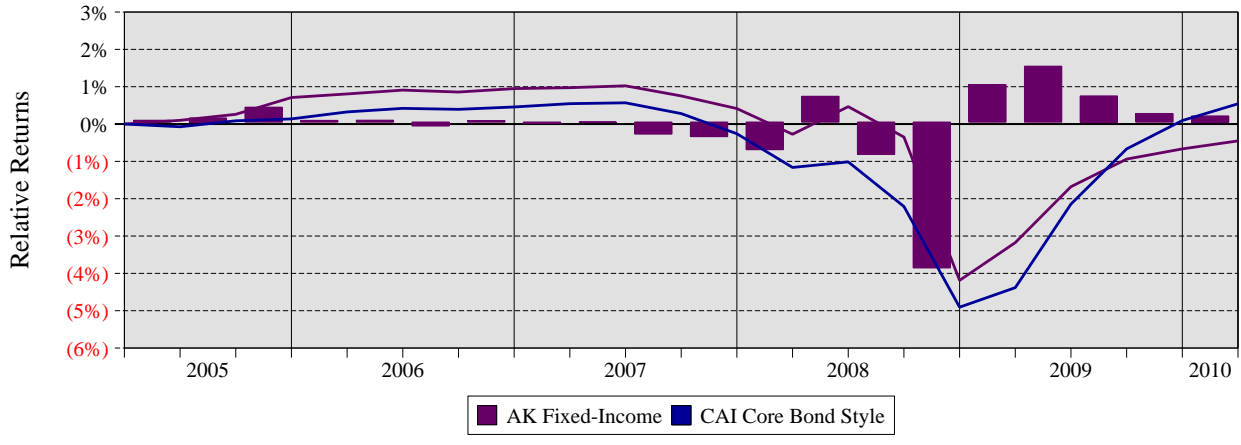
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

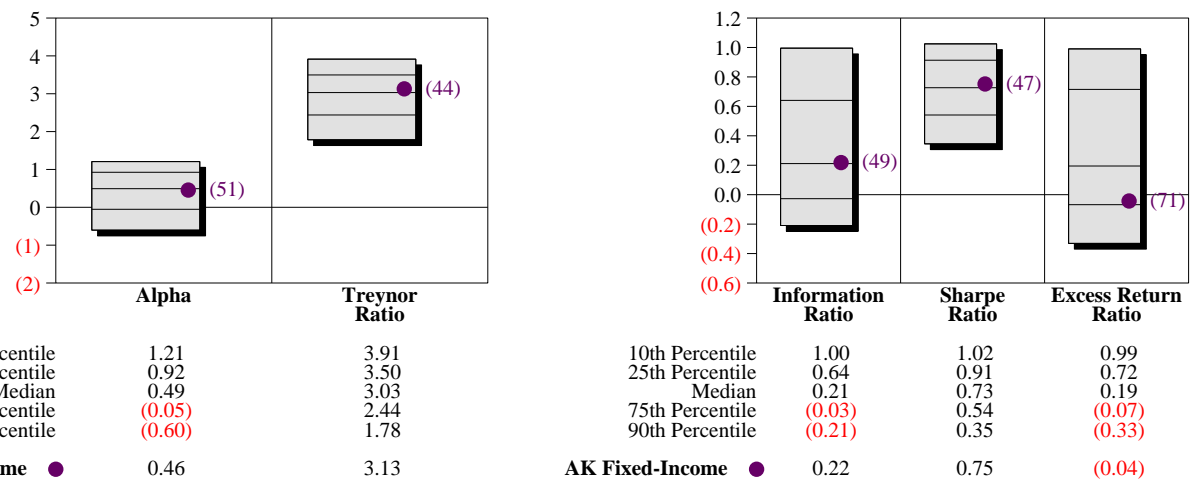
### Performance vs CAI Core Bond Fixed-Inc Style (Gross)



### Cumulative and Quarterly Relative Return vs Custom Index



### Risk Adjusted Return Measures vs Custom Index Rankings Against CAI Core Bond Fixed-Inc Style (Gross) Five Years Ended March 31, 2010







## TOTAL INTERNATIONAL EQUITY PERIOD ENDED MARCH 31, 2010

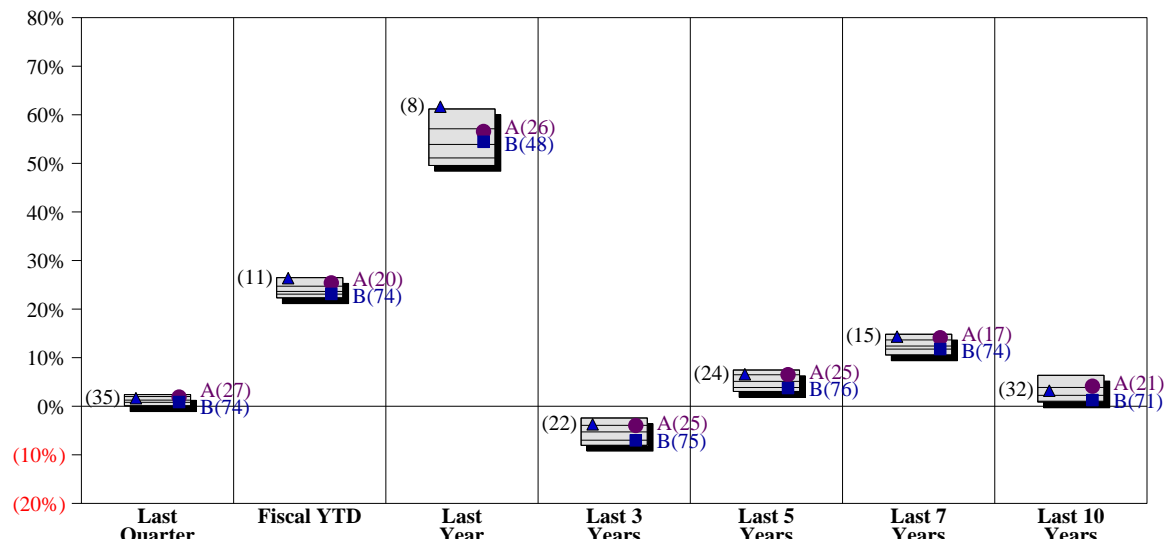
### Quarterly Summary and Highlights

- Employees' Total Int'l Equity's portfolio posted a 1.90% return for the quarter placing it in the 27 percentile of the Public Fund - International Equity group for the quarter and in the 26 percentile for the last year.
- Employees' Total Int'l Equity's portfolio outperformed the MSCI ACWI ex-US Index by 0.24% for the quarter and underperformed the MSCI ACWI ex-US Index for the year by 5.10%.

### Quarterly Asset Growth

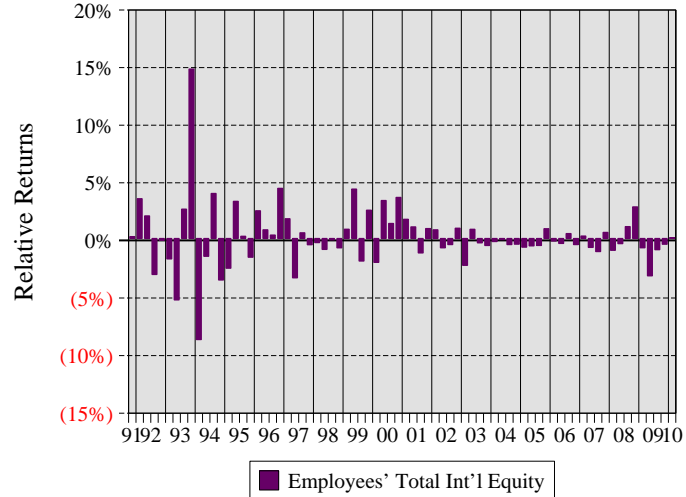
Beginning Market Value	\$1,251,902,683
Net New Investment	\$-10,960,527
Investment Gains/(Losses)	\$23,577,135
Ending Market Value	\$1,264,519,291

### Performance vs Public Fund - International Equity (Gross)

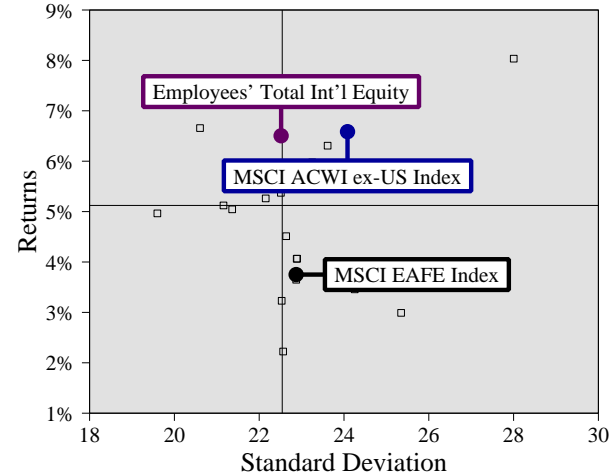


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.40	26.48	61.21	(2.41)	7.46	14.82	6.37
25th Percentile	2.00	24.72	57.12	(3.93)	6.48	13.65	3.87
Median	1.26	23.64	53.90	(5.28)	5.12	12.39	2.25
75th Percentile	0.81	23.08	51.12	(6.99)	3.86	11.76	1.04
90th Percentile	0.09	22.31	49.57	(8.05)	3.04	10.56	0.87
Employees' Total Int'l Equity (A)	1.90	25.40	56.57	(3.96)	6.50	14.11	4.12
MSCI EAFE Index (B)	0.87	23.13	54.44	(7.02)	3.75	11.77	1.27
MSCI ACWI ex-US Index (▲)	1.66	26.36	61.67	(3.72)	6.59	14.34	3.21

### Relative Return vs MSCI ACWI ex-US Index



### Public Fund - International Equity (Gross) Annualized Five Year Risk vs Return



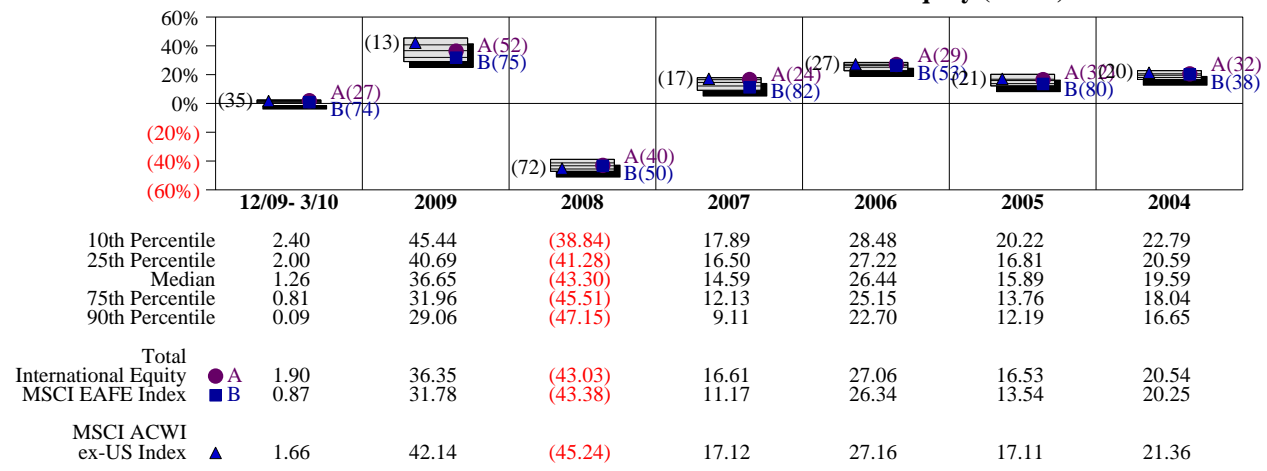


# TOTAL INTERNATIONAL EQUITY RETURN ANALYSIS SUMMARY

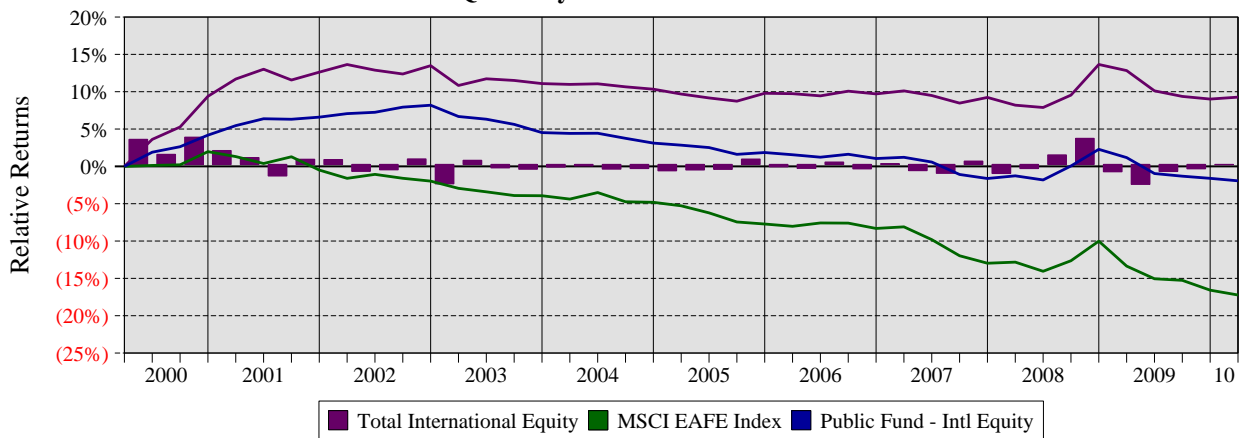
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

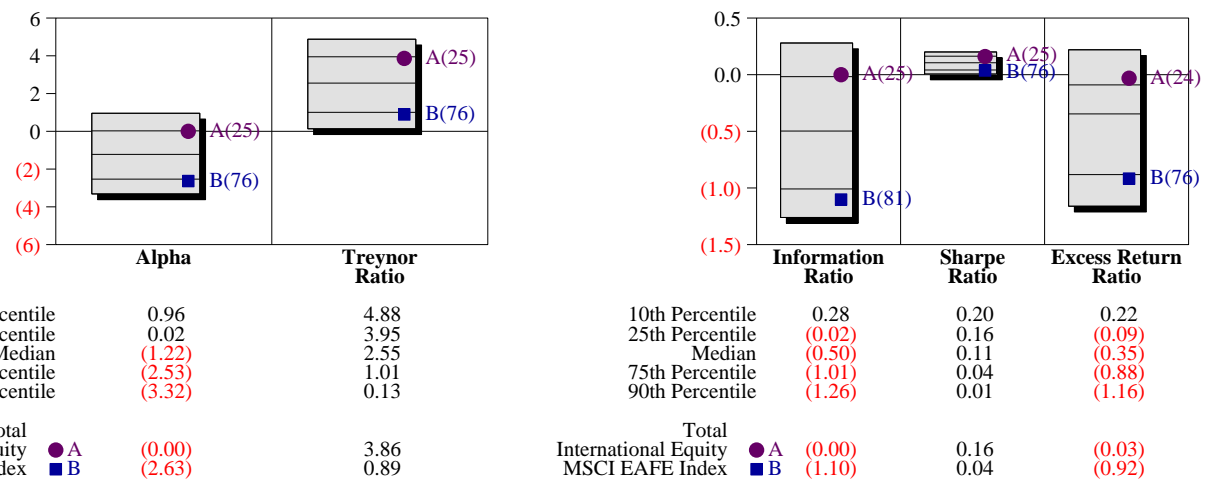
### Performance vs Public Fund - International Equity (Gross)



### Cumulative and Quarterly Relative Return vs MSCI ACWI ex-US Index



### Risk Adjusted Return Measures vs MSCI ACWI ex-US Index Rankings Against Public Fund - International Equity (Gross) Five Years Ended March 31, 2010





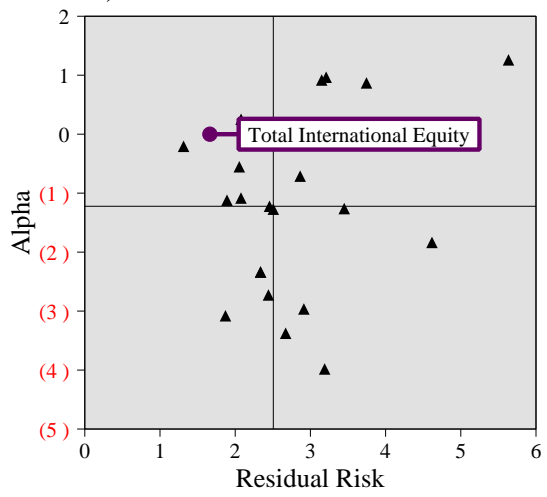
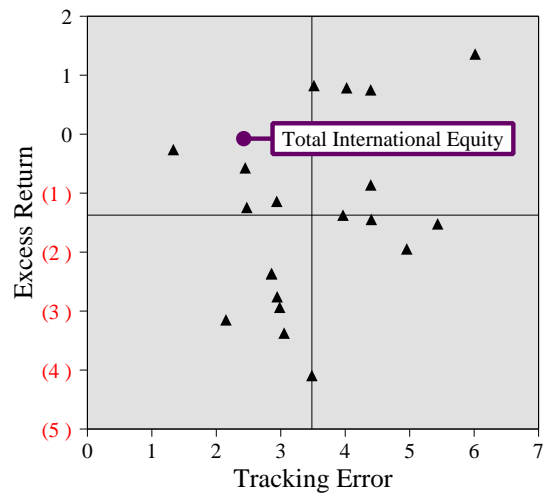


## TOTAL INTERNATIONAL EQUITY RISK ANALYSIS SUMMARY

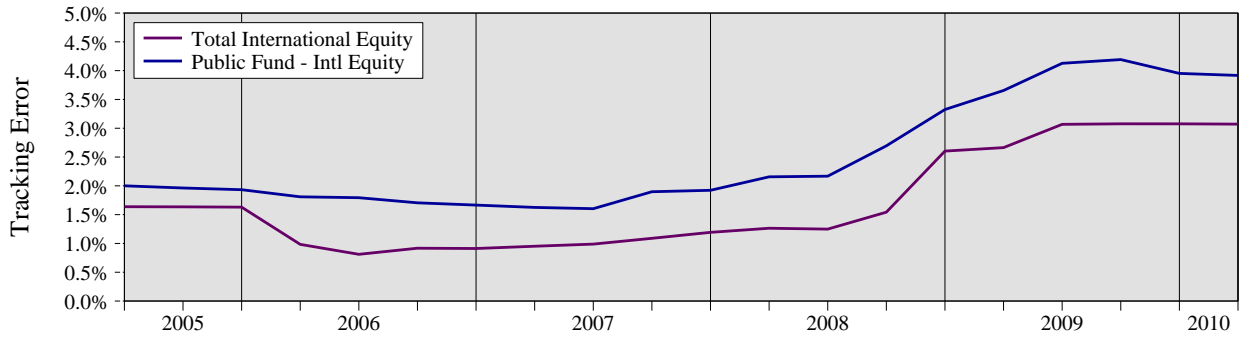
### Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

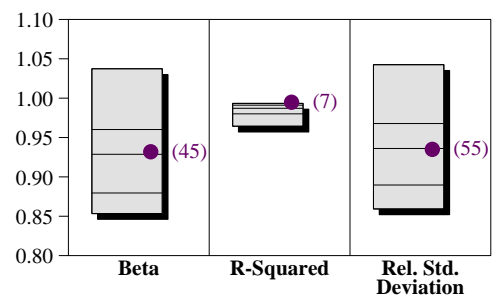
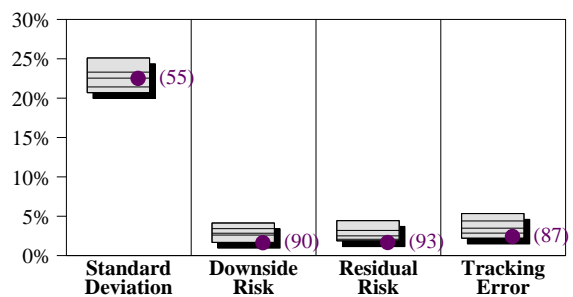
**Risk Analysis vs Public Fund - International Equity (Gross)  
Five Years Ended March 31, 2010**



**Rolling 12 Quarter Tracking Error vs MSCI ACWI ex-US Index**



**Risk Statistics Rankings vs MSCI ACWI ex-US Index  
Rankings Against Public Fund - International Equity (Gross)  
Five Years Ended March 31, 2010**



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	25.11	4.14	4.44	5.34
25th Percentile	23.31	3.43	3.20	4.40
Median	22.54	2.84	2.51	3.48
75th Percentile	21.43	2.61	2.08	2.86
90th Percentile	20.69	1.68	1.87	2.21

	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.04	0.99	1.04
25th Percentile	0.96	0.99	0.97
Median	0.93	0.99	0.94
75th Percentile	0.88	0.98	0.89
90th Percentile	0.85	0.96	0.86

**Total International Equity** ● 22.52    1.64    1.66    2.43

**Total International Equity** ● 0.93    0.99    0.93

## INTERNATIONAL EQUITY (EX EMERGING MARKETS) PERIOD ENDED MARCH 31, 2010



### Investment Philosophy

Non-U.S. Equity Style managers invest their assets only in non-U.S. equity securities. This style group excludes regional and index funds.

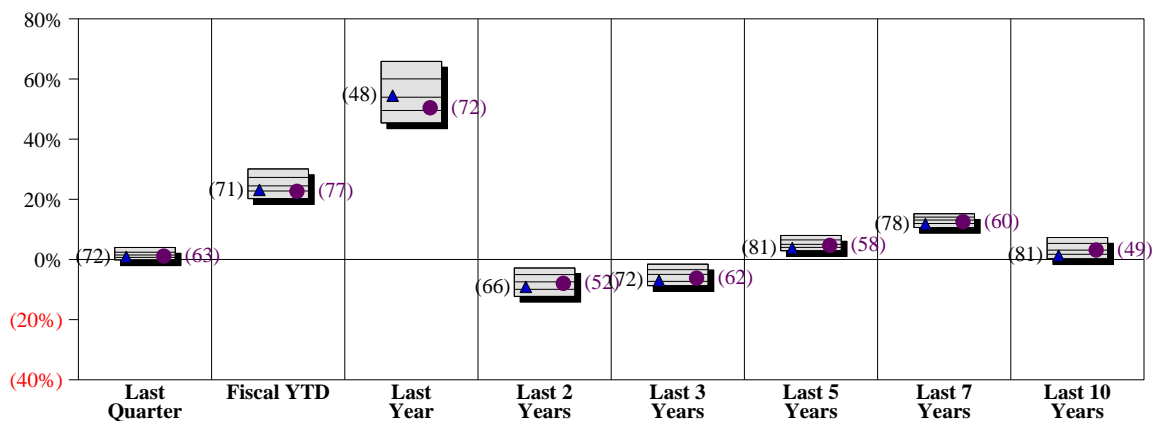
### Quarterly Summary and Highlights

- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio posted a 1.14% return for the quarter placing it in the 63 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 72 percentile for the last year.
- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio outperformed the MSCI EAFE Index by 0.27% for the quarter and underperformed the MSCI EAFE Index for the year by 4.01%.

### Quarterly Asset Growth

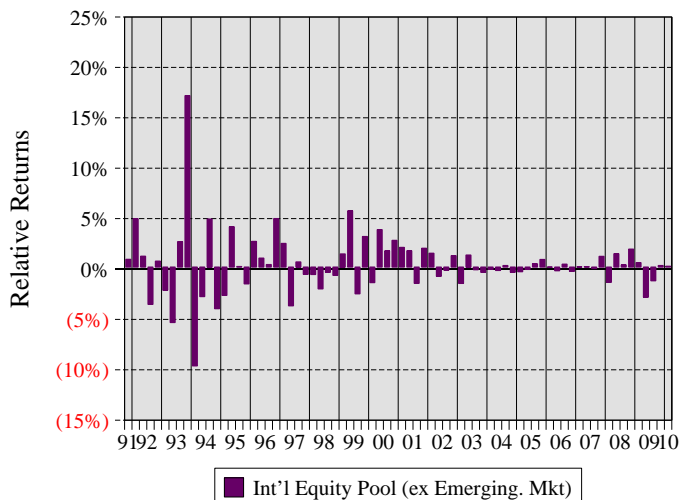
Beginning Market Value	\$1,427,671,719
Net New Investment	\$-16,452,303
Investment Gains/(Losses)	\$16,019,667
Ending Market Value	\$1,427,239,083

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

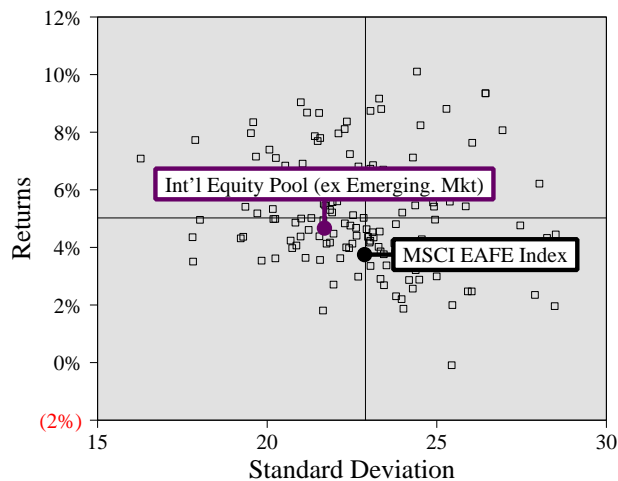


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.99	30.11	65.85	(2.83)	(1.56)	7.98	15.22	7.30
25th Percentile	2.41	27.28	60.04	(5.02)	(3.38)	6.51	14.08	5.35
Median	1.49	24.47	53.95	(7.44)	(4.96)	5.02	13.11	3.11
75th Percentile	0.69	22.76	49.54	(9.92)	(7.28)	4.02	11.96	1.73
90th Percentile	(0.13)	20.23	45.40	(12.28)	(8.71)	2.90	10.62	0.22
<b>Int'l Equity Pool (ex Emerging. Mkt)</b>	● 1.14	22.66	50.43	(7.93)	(6.19)	4.67	12.54	3.16
<b>MSCI EAFE Index</b>	▲ 0.87	23.13	54.44	(9.11)	(7.02)	3.75	11.77	1.27

### Relative Return vs MSCI EAFE Index



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



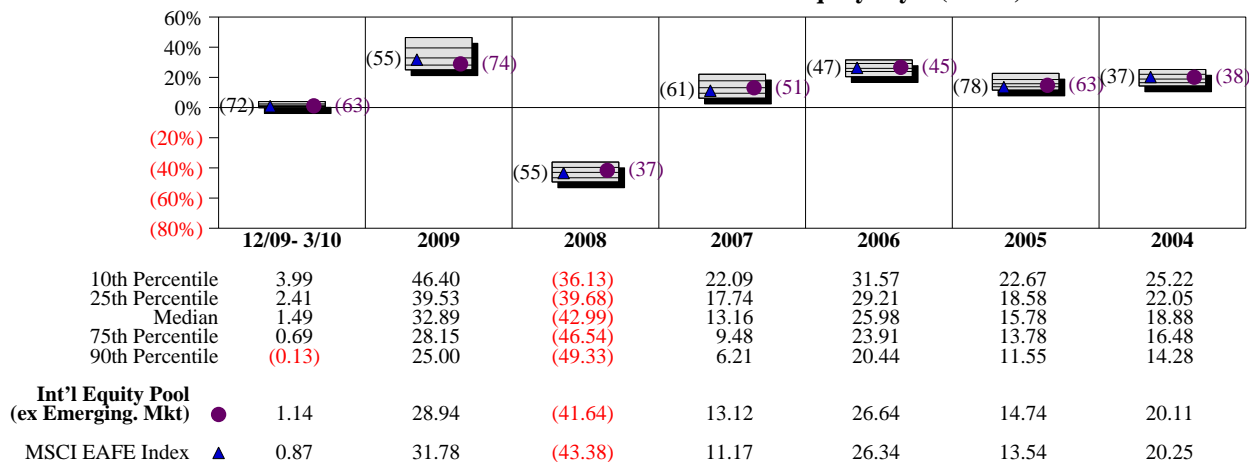


## INT'L EQUITY POOL (EX EMERGING. MKT) RETURN ANALYSIS SUMMARY

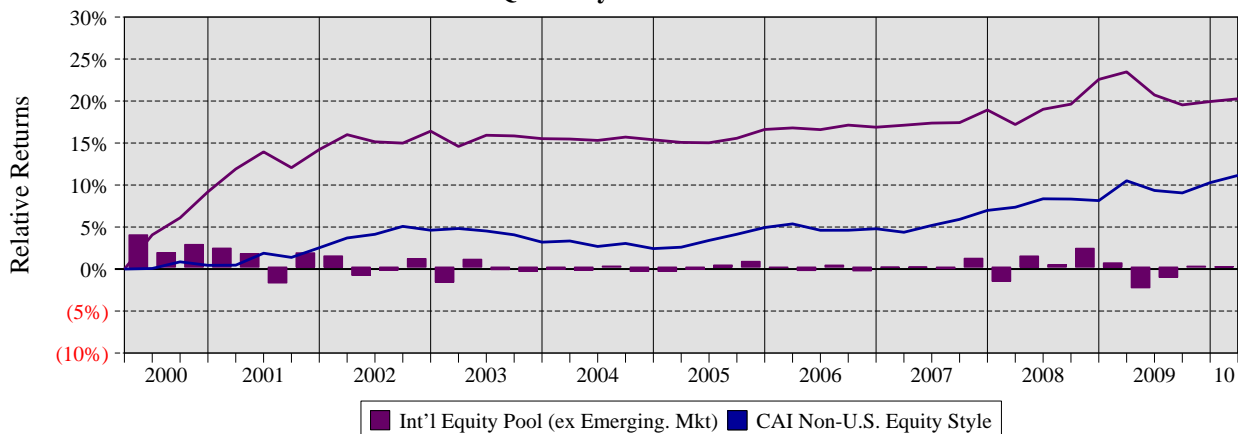
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

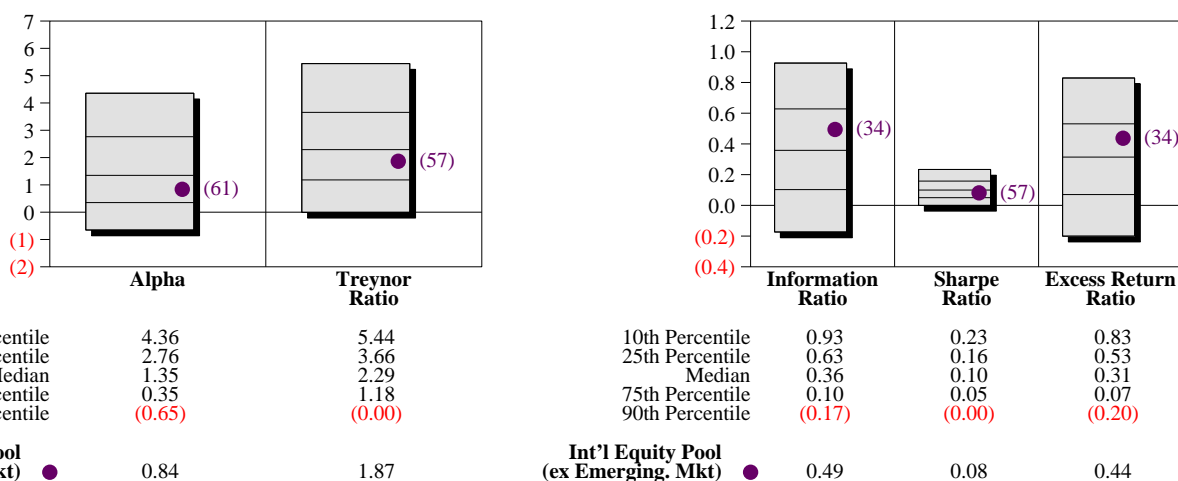
#### Performance vs CAI Non-U.S. Equity Style (Gross)



#### Cumulative and Quarterly Relative Return vs MSCI EAFE Index



#### Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended March 31, 2010



# BRANDES INVESTMENT PARTNERS PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Brandes employs a bottom-up approach to building international equity portfolios. The firm utilizes fundamental research to select undervalued companies in the developed and emerging markets.

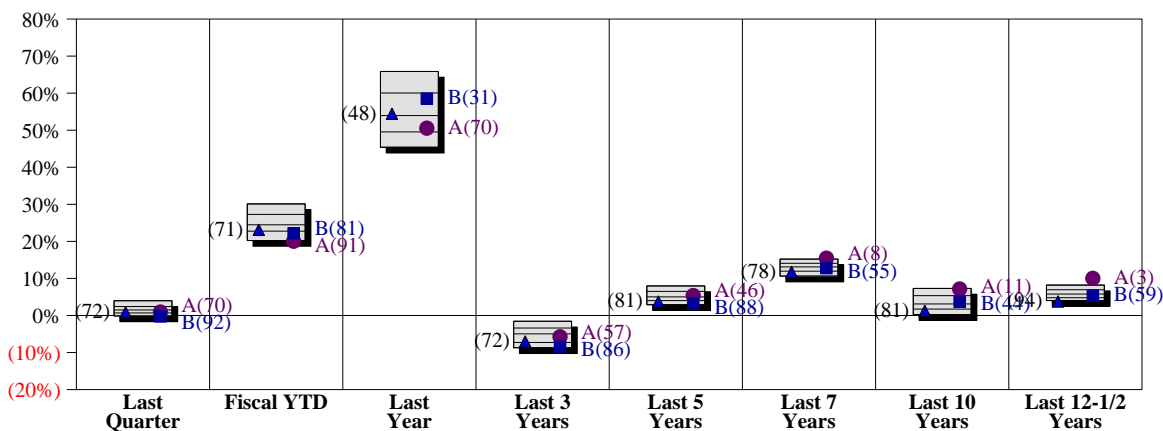
## Quarterly Summary and Highlights

- Brandes's portfolio posted a 0.93% return for the quarter placing it in the 70 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 70 percentile for the last year.
- Brandes's portfolio outperformed the MSCI EAFE Index by 0.07% for the quarter and underperformed the MSCI EAFE Index for the year by 3.89%.

## Quarterly Asset Growth

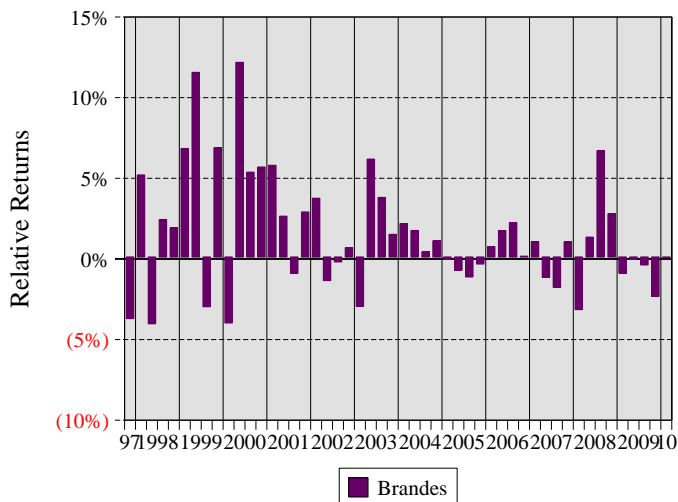
Beginning Market Value	\$825,004,058
Net New Investment	\$35,619
Investment Gains/(Losses)	\$7,682,797
Ending Market Value	\$832,722,475

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

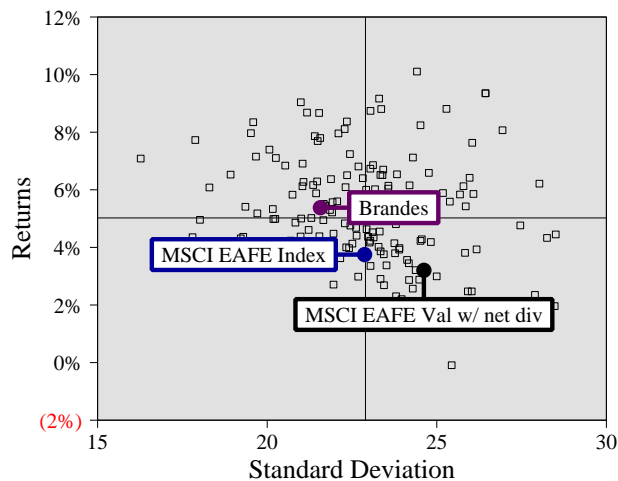


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 12-1/2 Years
10th Percentile	3.99	30.11	65.85	(1.56)	7.98	15.22	7.30	8.20
25th Percentile	2.41	27.28	60.04	(3.38)	6.51	14.08	5.35	6.95
Median	1.49	24.47	53.95	(4.96)	5.02	13.11	3.11	5.79
75th Percentile	0.69	22.76	49.54	(7.28)	4.02	11.96	1.73	4.79
90th Percentile	(0.13)	20.23	45.40	(8.71)	2.90	10.62	0.22	4.03
Brandes ● A	0.93	20.04	50.55	(5.74)	5.38	15.47	7.14	10.03
MSCI EAFE Val w/ net div ■ B	(0.24)	22.18	58.52	(8.40)	3.20	12.79	3.70	5.34
MSCI EAFE Index ▲	0.87	23.13	54.44	(7.02)	3.75	11.77	1.27	3.79

## Relative Return vs MSCI EAFE Index



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



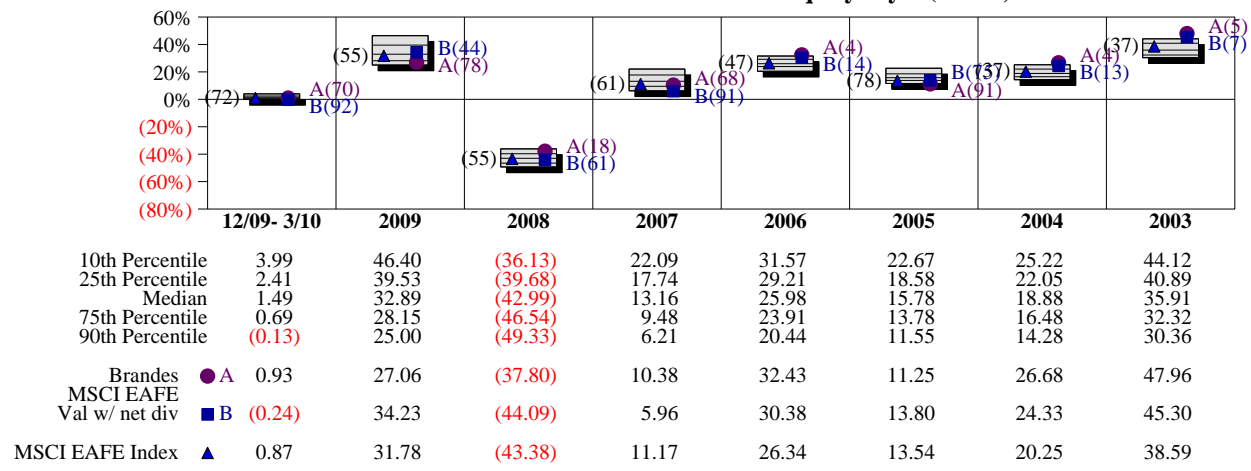


# BRANDES RETURN ANALYSIS SUMMARY

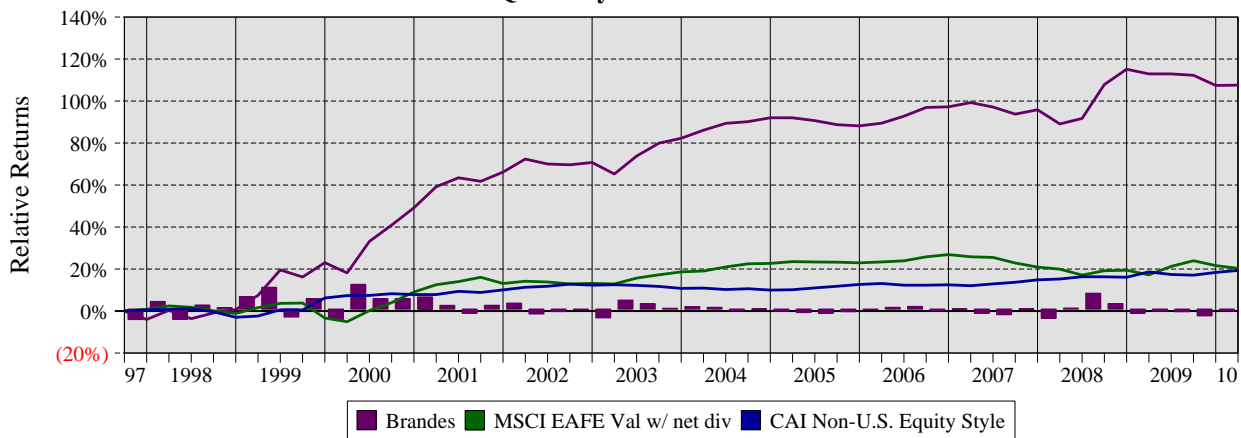
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

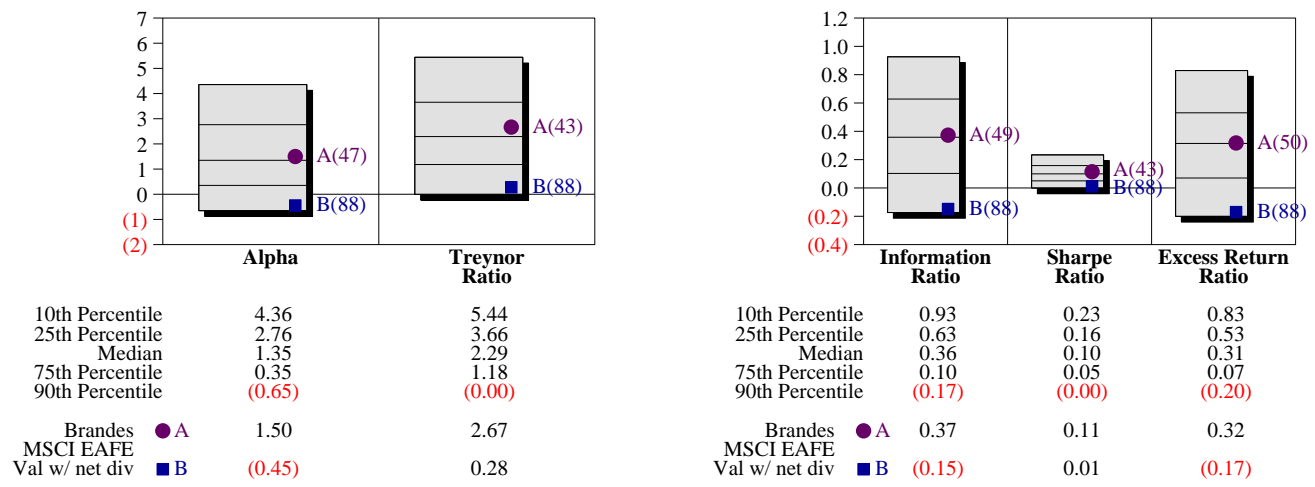
### Performance vs CAI Non-U.S. Equity Style (Gross)



### Cumulative and Quarterly Relative Return vs MSCI EAFE Index



### Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended March 31, 2010



# CAPITAL GUARDIAN PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Capital Guardian Trust Company runs their Non-U.S. Equity portfolio with a bottom-up, research driven approach. The firm conducts extensive fundamental research and uses a system of multiple managers to manage individual segments of the portfolios. High-conviction investments and portfolio diversity are the result of each manager and analyst being responsible for investing a portion of the portfolio in his or her highest conviction ideas.

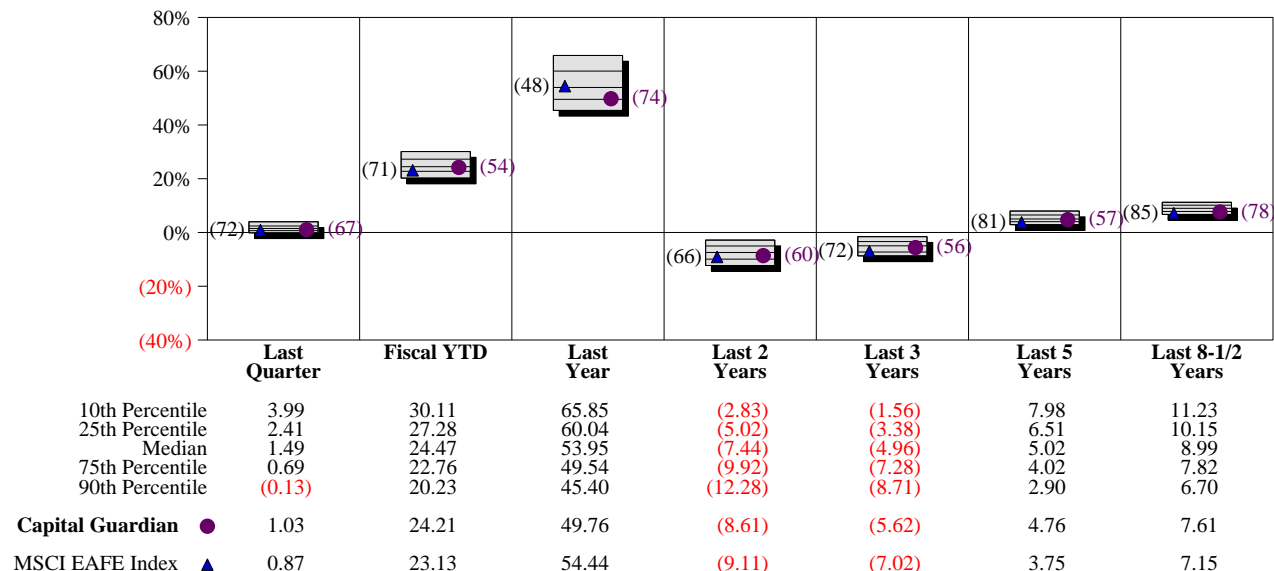
## Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a 1.03% return for the quarter placing it in the 67 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 74 percentile for the last year.
- Capital Guardian's portfolio outperformed the MSCI EAFE Index by 0.17% for the quarter and underperformed the MSCI EAFE Index for the year by 4.68%.

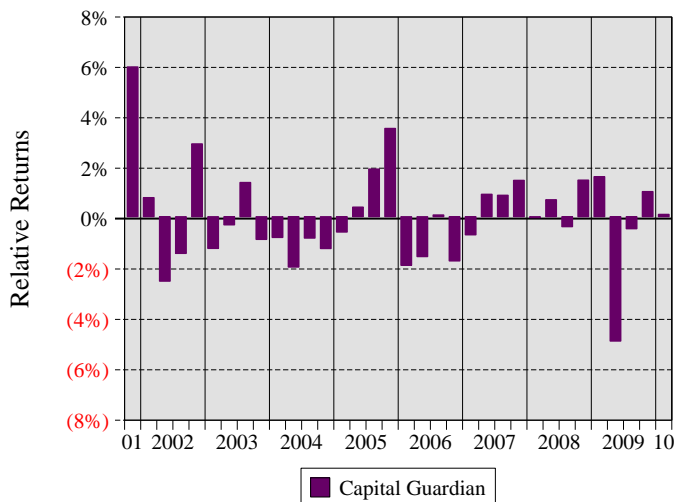
## Quarterly Asset Growth

Beginning Market Value	\$549,912,770
Net New Investment	\$0
Investment Gains/(Losses)	\$5,687,554
Ending Market Value	\$555,600,324

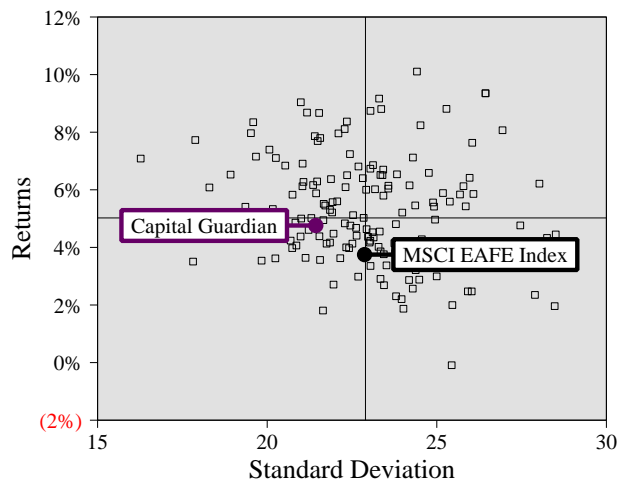
## Performance vs CAI Non-U.S. Equity Style (Gross)



## Relative Return vs MSCI EAFE Index



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



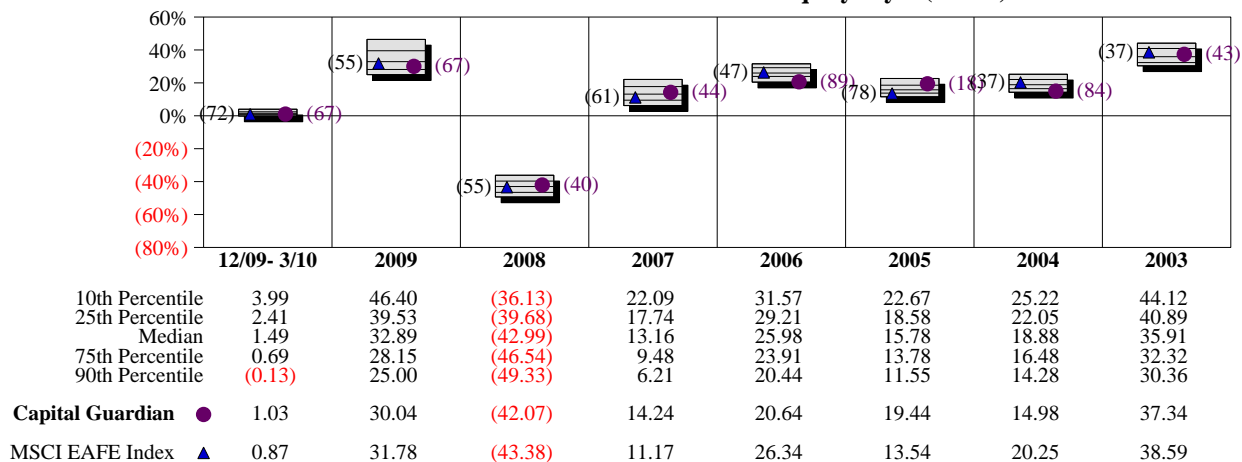
# CAPITAL GUARDIAN RETURN ANALYSIS SUMMARY



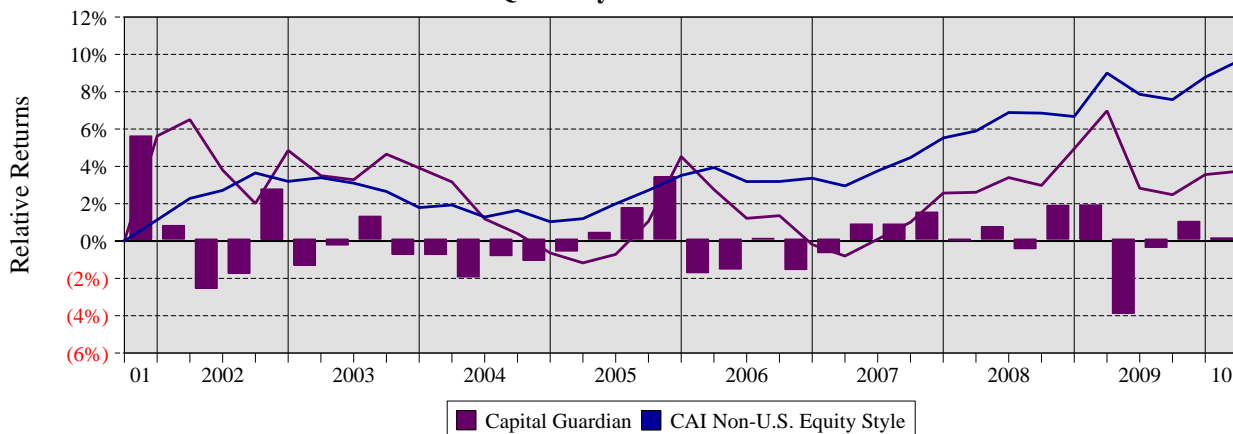
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

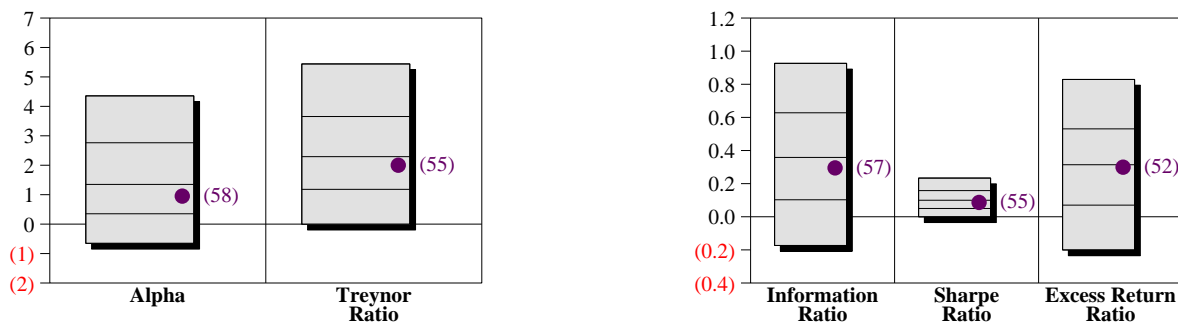
### Performance vs CAI Non-U.S. Equity Style (Gross)



### Cumulative and Quarterly Relative Return vs MSCI EAFE Index



### Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended March 31, 2010



10th Percentile	4.36	5.44	10th Percentile	0.93	0.23	0.83
25th Percentile	2.76	3.66	25th Percentile	0.63	0.16	0.53
Median	1.35	2.29	Median	0.36	0.10	0.31
75th Percentile	0.35	1.18	75th Percentile	0.10	0.05	0.07
90th Percentile	(0.65)	(0.00)	90th Percentile	(0.17)	(0.00)	(0.20)
<b>Capital Guardian</b> ●	0.95	2.00	<b>Capital Guardian</b> ●	0.30	0.09	0.30

**LAZARD FRERES ASSET MANAGEMENT  
PERIOD ENDED MARCH 31, 2010**



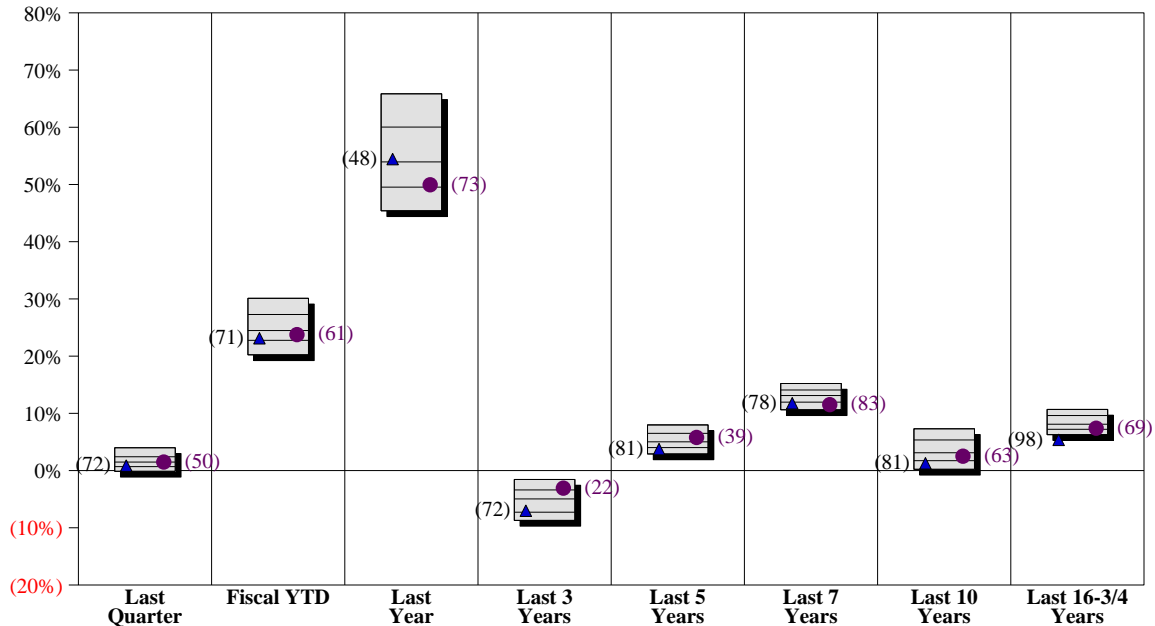
**Quarterly Summary and Highlights**

- Lazard Freres's portfolio posted a 1.49% return for the quarter placing it in the 50 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 73 percentile for the last year.
- Lazard Freres's portfolio outperformed the MSCI EAFE Index by 0.63% for the quarter and underperformed the MSCI EAFE Index for the year by 4.49%.

**Quarterly Asset Growth**

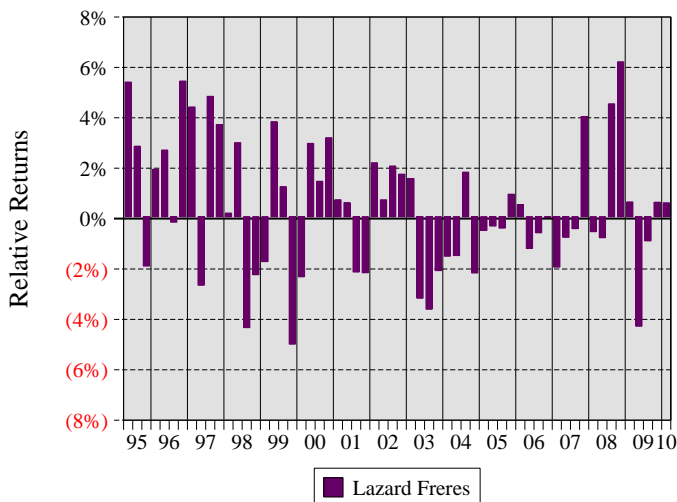
Beginning Market Value	\$342,676,204
Net New Investment	\$-24,900,000
Investment Gains/(Losses)	\$4,902,973
Ending Market Value	\$322,679,177

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

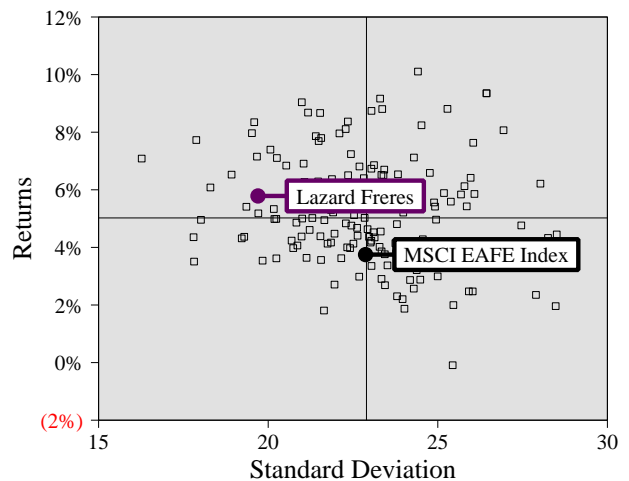


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 16-3/4 Years
10th Percentile	3.99	30.11	65.85	(1.56)	7.98	15.22	7.30	10.69
25th Percentile	2.41	27.28	60.04	(3.38)	6.51	14.08	5.35	9.62
Median	1.49	24.47	53.95	(4.96)	5.02	13.11	3.11	8.10
75th Percentile	0.69	22.76	49.54	(7.28)	4.02	11.96	1.73	7.21
90th Percentile	(0.13)	20.23	45.40	(8.71)	2.90	10.62	0.22	6.28
<b>Lazard Freres</b> ●	1.49	23.76	49.95	(3.07)	5.79	11.52	2.51	7.40
MSCI EAFE Index ▲	0.87	23.13	54.44	(7.02)	3.75	11.77	1.27	5.37

**Relative Return vs MSCI EAFE Index**



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





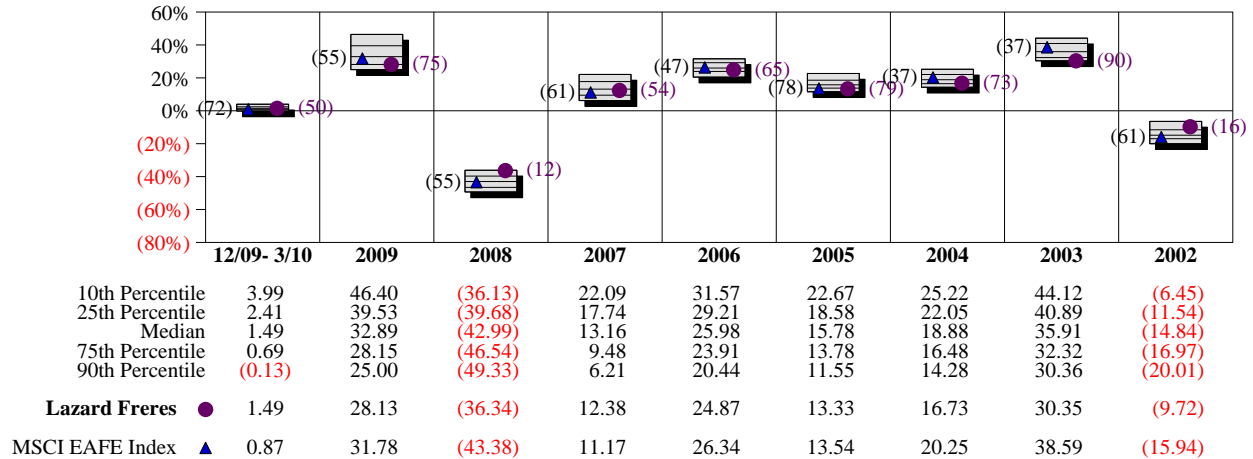
# LAZARD FRERES ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



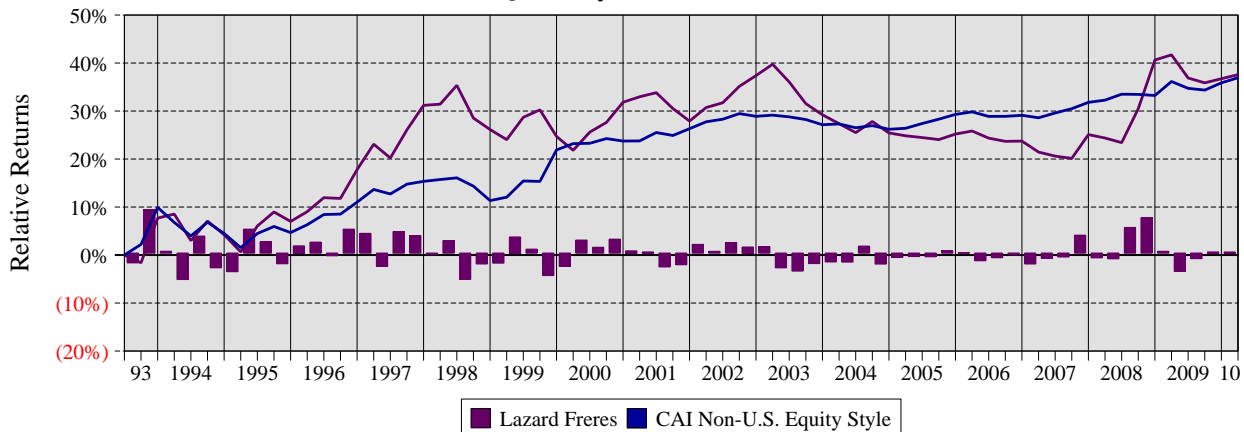
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

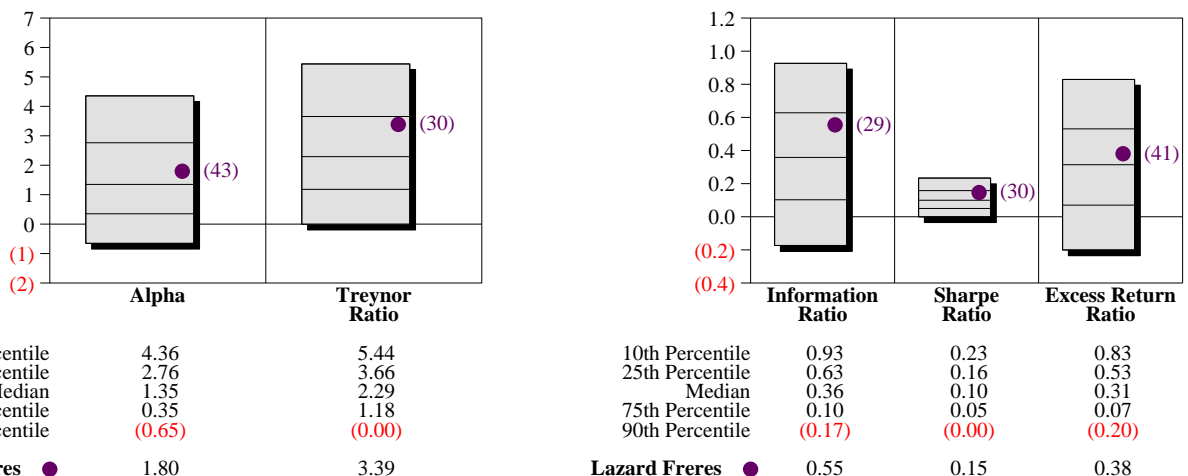
### Performance vs CAI Non-U.S. Equity Style (Gross)



### Cumulative and Quarterly Relative Return vs MSCI EAFE Index



### Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended March 31, 2010



# MCKINLEY CAPITAL PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

McKinley Capital believes that excess market returns can be achieved through the construction and active management of a diversified portfolio of inefficiently priced common stocks whose earnings growth rates are accelerating above market expectations.

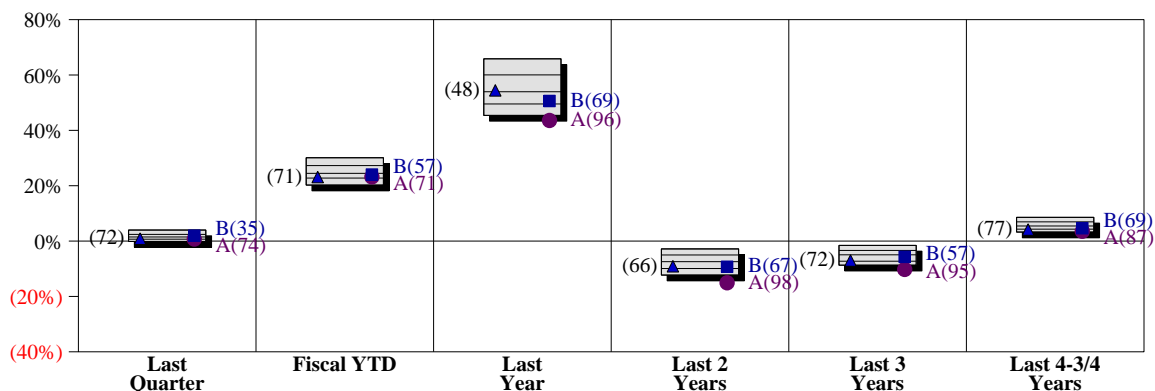
## Quarterly Summary and Highlights

- McKinley Capital's portfolio posted a 0.73% return for the quarter placing it in the 74 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 96 percentile for the last year.
- McKinley Capital's portfolio underperformed the MSCI EAFE Index by 0.13% for the quarter and underperformed the MSCI EAFE Index for the year by 10.86%.

## Quarterly Asset Growth

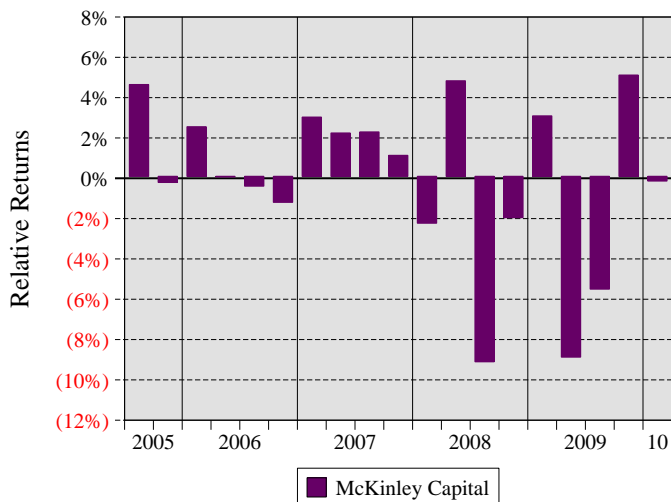
Beginning Market Value	\$317,692,082
Net New Investment	\$0
Investment Gains/(Losses)	\$2,320,172
Ending Market Value	\$320,012,253

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

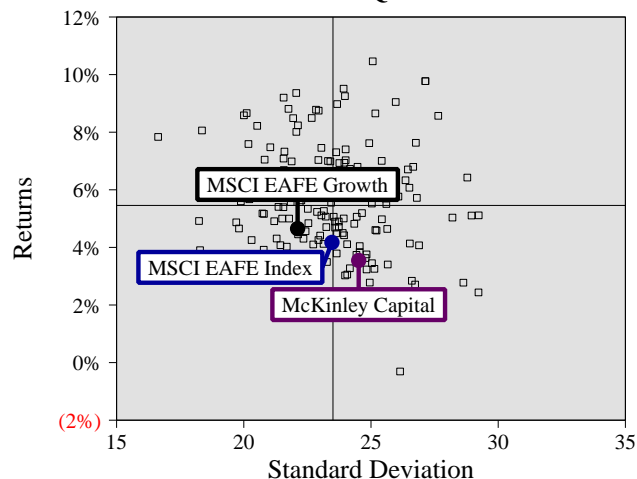


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	3.99	30.11	65.85	(2.83)	(1.56)	8.57
25th Percentile	2.41	27.28	60.04	(5.02)	(3.38)	6.95
Median	1.49	24.47	53.95	(7.44)	(4.96)	5.46
75th Percentile	0.69	22.76	49.54	(9.92)	(7.28)	4.31
90th Percentile	(0.13)	20.23	45.40	(12.28)	(8.71)	3.25
McKinley Capital	0.73	23.18	43.58	(15.07)	(10.24)	3.55
MSCI EAFE Index	1.96	24.03	50.61	(9.28)	(5.70)	4.65
MSCI EAFE Index	0.87	23.13	54.44	(9.11)	(7.02)	4.17

## Relative Return vs MSCI EAFE Index



## CAI Non-U.S. Equity Style (Gross) Annualized Four and Three-Quarter Year Risk vs Return



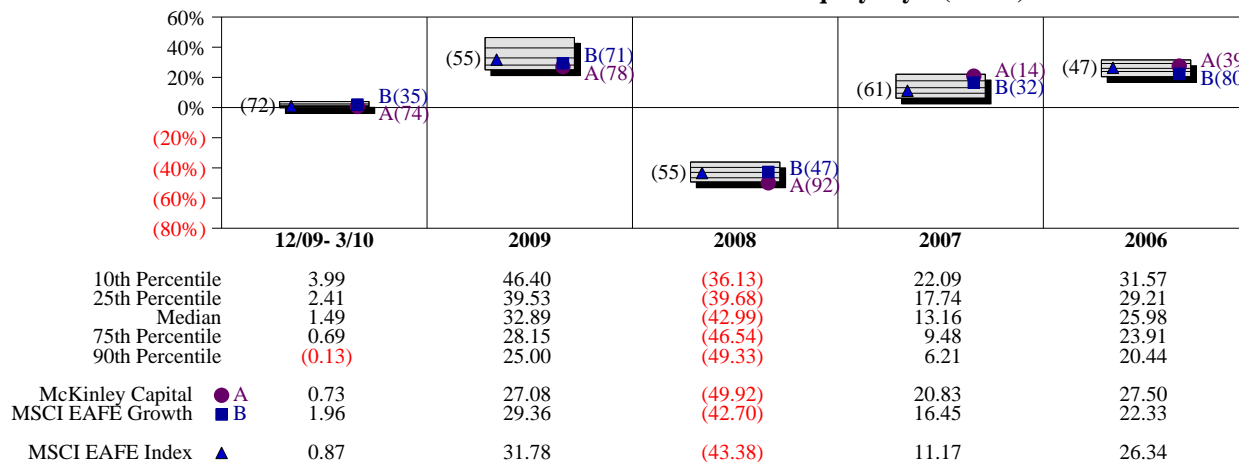


# MCKINLEY CAPITAL RETURN ANALYSIS SUMMARY

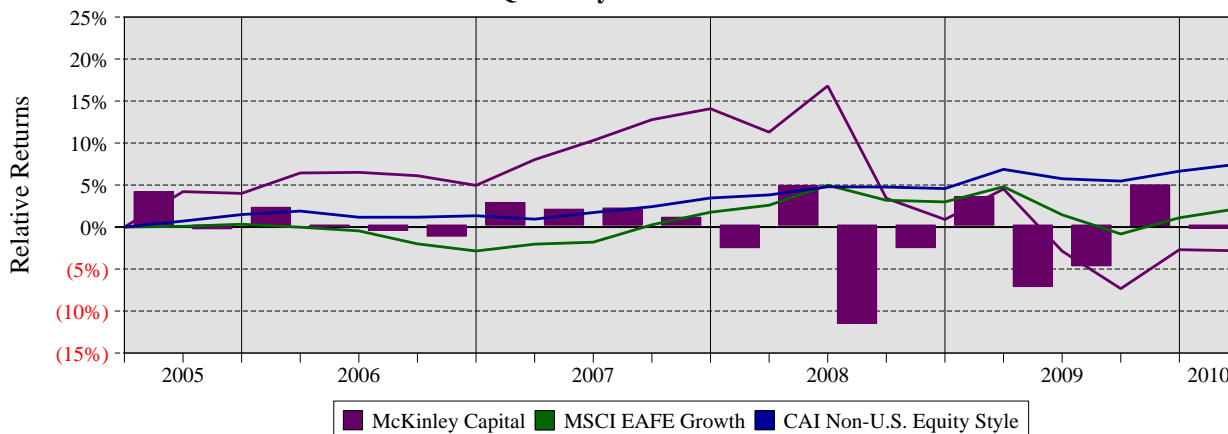
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

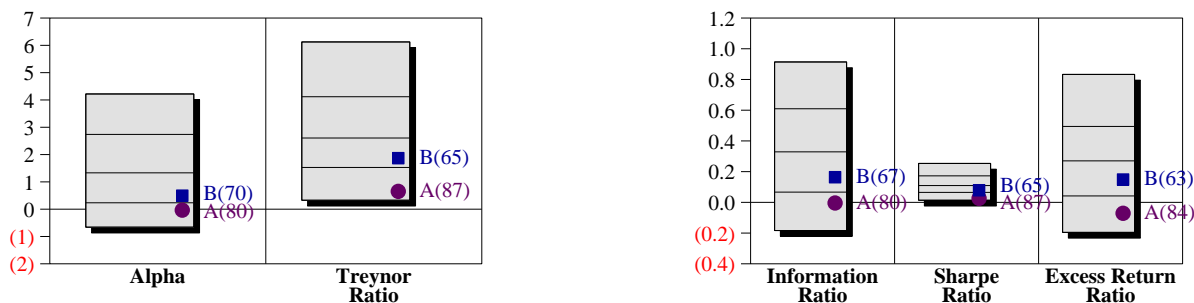
### Performance vs CAI Non-U.S. Equity Style (Gross)



### Cumulative and Quarterly Relative Return vs MSCI EAFE Index



### Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Four and Three-Quarter Years Ended March 31, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.22	6.12	0.91	0.25	0.83
25th Percentile	2.74	4.12	0.61	0.17	0.49
Median	1.33	2.61	0.33	0.11	0.27
75th Percentile	0.23	1.53	0.07	0.06	0.04
90th Percentile	(0.66)	0.33	(0.18)	0.01	(0.20)
McKinley Capital	● A (0.03)	0.65	● A (0.00)	0.03	(0.07)
MSCI EAFE Growth	■ B 0.49	1.87	■ B 0.16	0.08	0.15

**SSGA INTL ACWI EX US  
PERIOD ENDED MARCH 31, 2010**



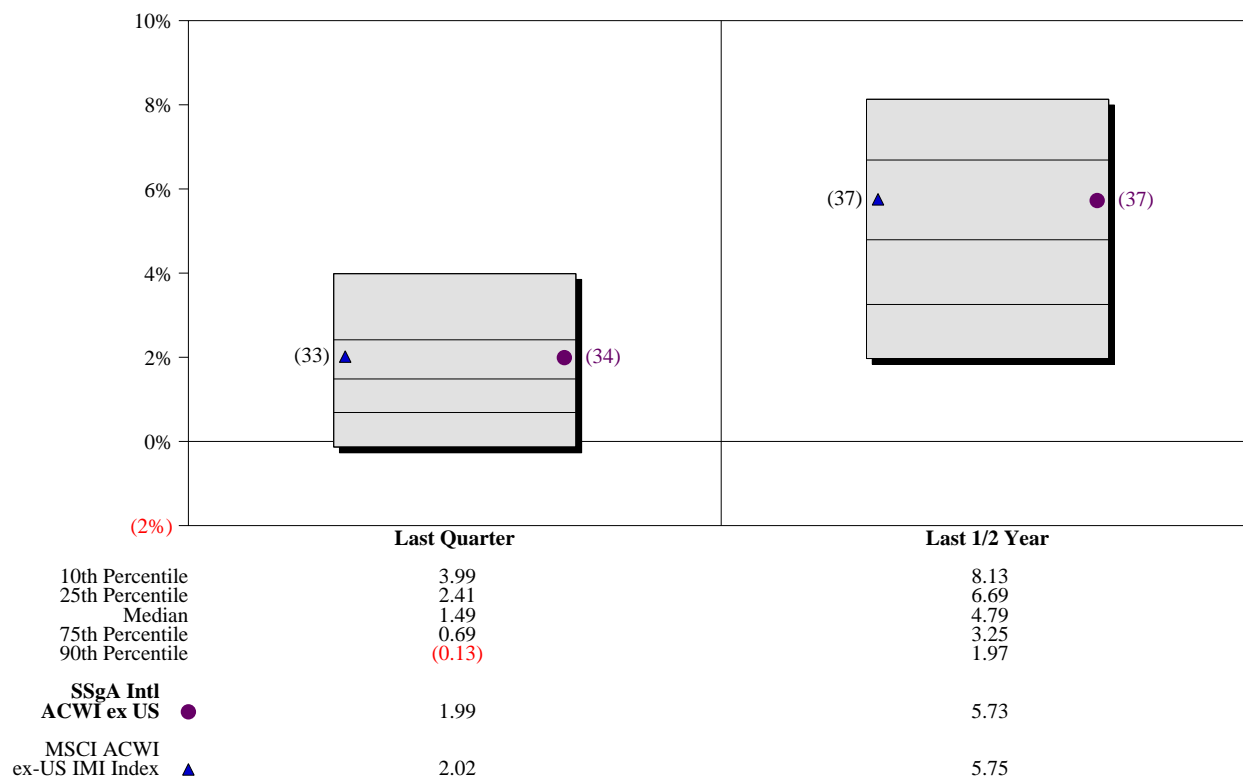
**Quarterly Summary and Highlights**

- SSgA Intl ACWI ex US's portfolio posted a 1.99% return for the quarter placing it in the 34 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 37 percentile for the last one-half year.
- SSgA Intl ACWI ex US's portfolio underperformed the MSCI ACWI ex-US IMI Index by 0.02% for the quarter and underperformed the MSCI ACWI ex-US IMI Index for the one-half year by 0.03%.

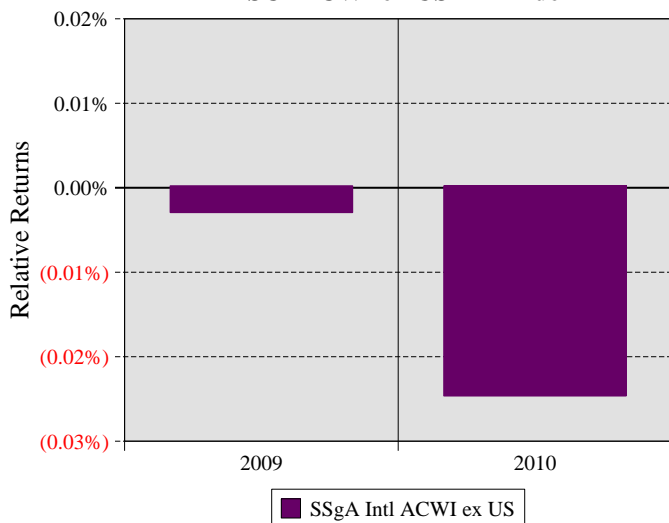
**Quarterly Asset Growth**

Beginning Market Value	\$265,849,284
Net New Investment	\$0
Investment Gains/(Losses)	\$5,295,397
Ending Market Value	\$271,144,681

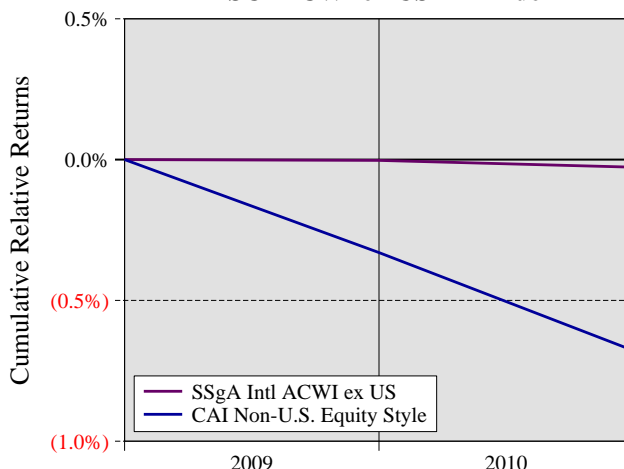
**Performance vs CAI Non-U.S. Equity Style (Gross)**



**Relative Returns vs  
MSCI ACWI ex-US IMI Index**



**Cumulative Returns vs  
MSCI ACWI ex-US IMI Index**





## EMERGING MARKET POOL PERIOD ENDED MARCH 31, 2010



### Investment Philosophy

The International Emerging Market Equity Database consists of all separate account international equity products that concentrate on newly emerging second and third world countries in the regions of the Far East, Africa, Europe, and South America.

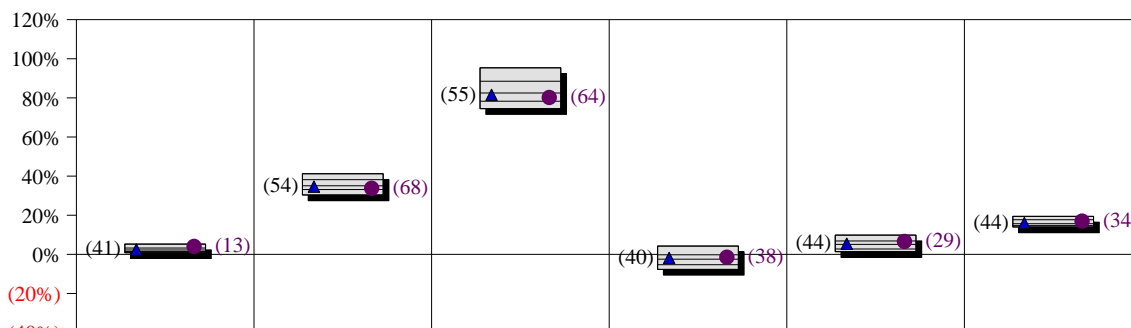
### Quarterly Summary and Highlights

- Emerging Markets Pool's portfolio posted a 4.08% return for the quarter placing it in the 13 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 64 percentile for the last year.
- Emerging Markets Pool's portfolio outperformed the MSCI Emerging Mkts Idx by 1.63% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 1.34%.

### Quarterly Asset Growth

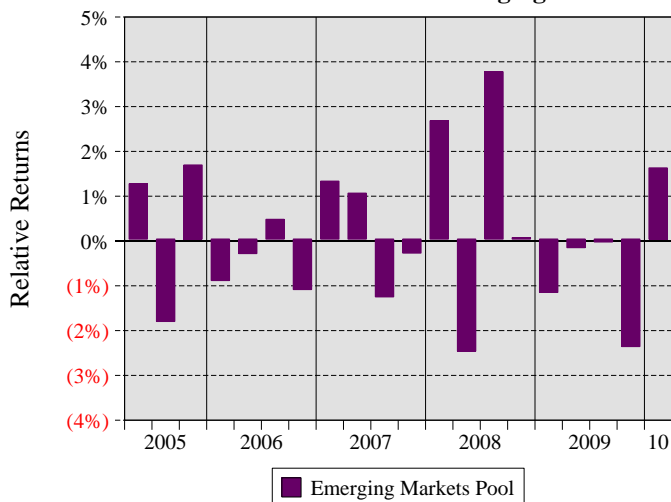
Beginning Market Value	\$493,330,880
Net New Investment	\$-290,436
Investment Gains/(Losses)	\$20,129,676
Ending Market Value	\$513,170,121

### Performance vs CAI Emerging Markets Equity DB (Gross)

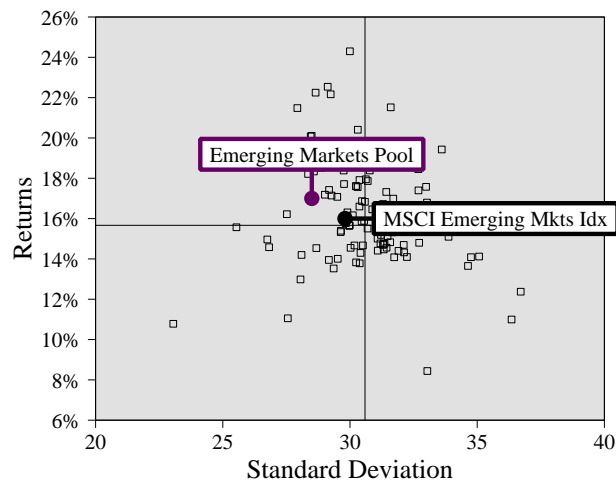


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	5.24	41.21	95.37	4.23	9.85	19.43
25th Percentile	3.23	38.18	88.51	(0.21)	6.84	17.71
Median	2.24	35.07	82.50	(2.46)	5.10	15.67
75th Percentile	1.43	33.14	78.29	(5.29)	2.74	14.69
90th Percentile	0.82	30.37	74.49	(7.69)	1.36	14.01
<b>Emerging Markets Pool</b>	<b>4.08</b>	<b>33.79</b>	<b>80.21</b>	<b>(1.45)</b>	<b>6.62</b>	<b>17.00</b>
MSCI Emerging Mkts Idx	2.45	34.64	81.55	(1.82)	5.46	16.00

### Relative Return vs MSCI Emerging Mkts Idx



### CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return



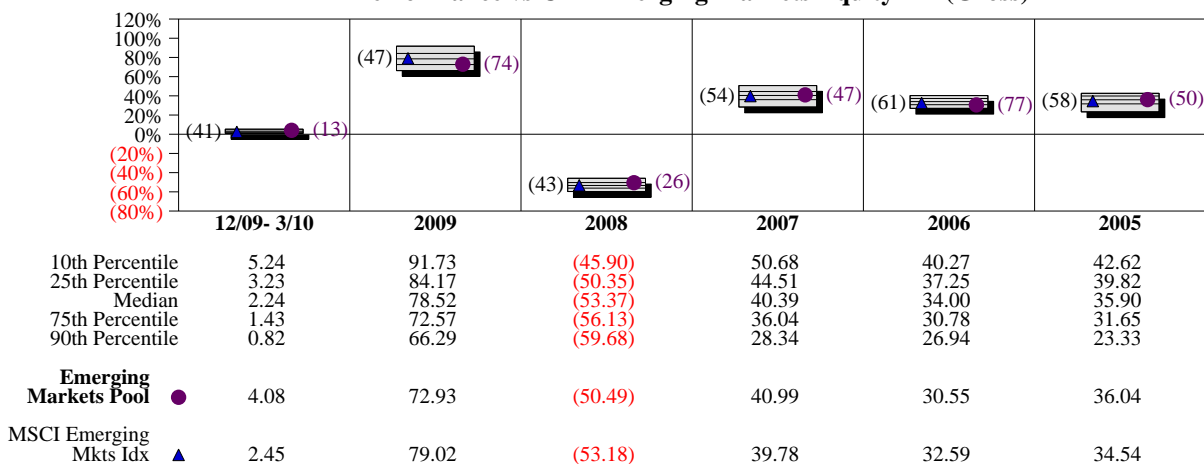


## EMERGING MARKETS POOL RETURN ANALYSIS SUMMARY

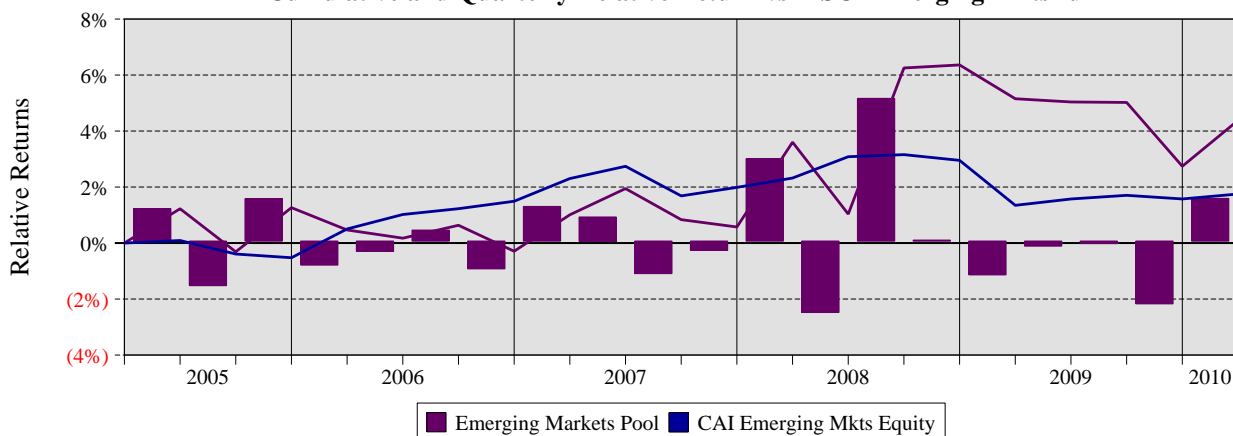
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

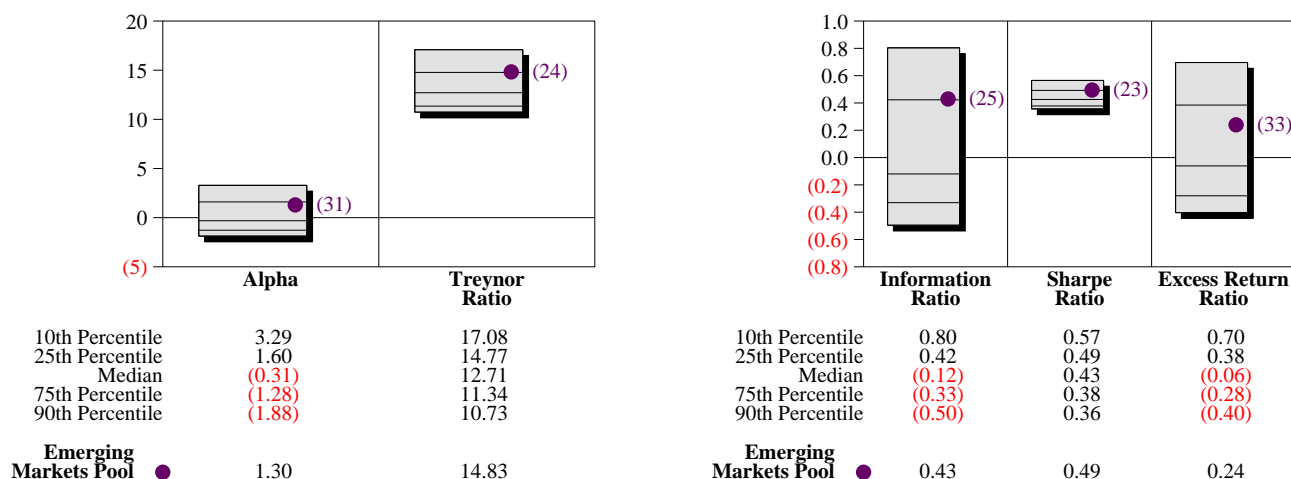
**Performance vs CAI Emerging Markets Equity DB (Gross)**



**Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx**



**Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx  
Rankings Against CAI Emerging Markets Equity DB (Gross)  
Five Years Ended March 31, 2010**



# CAPITAL GUARDIAN TRUST COMPANY PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Capital utilizes a multiple portfolio manager system, which enables several key decision-makers to work on each account by dividing the portfolio into smaller segments. Each manager is free to make his or her own decisions as to individual security, country, and industry selection, timing and percentage to be invested for that portion of the assets.

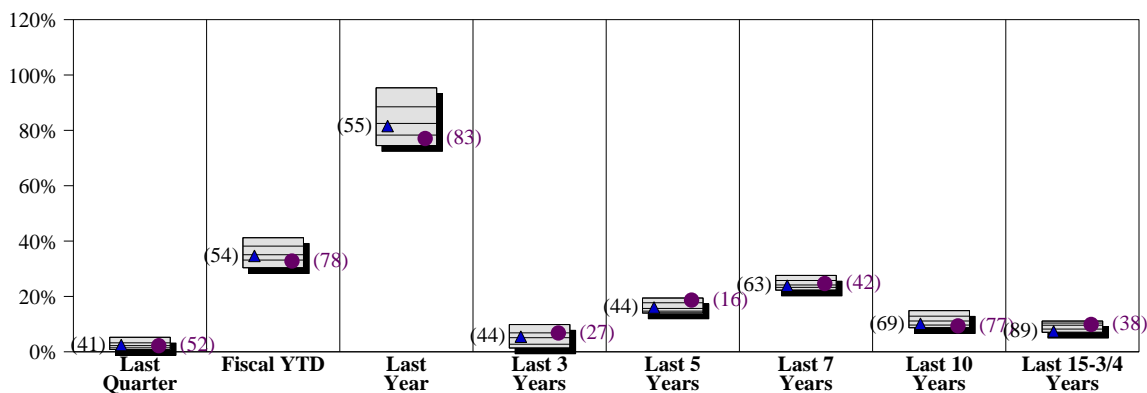
## Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a 2.21% return for the quarter placing it in the 52 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 83 percentile for the last year.
- Capital Guardian's portfolio underperformed the MSCI Emerging Mkts Idx by 0.24% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 4.49%.

## Quarterly Asset Growth

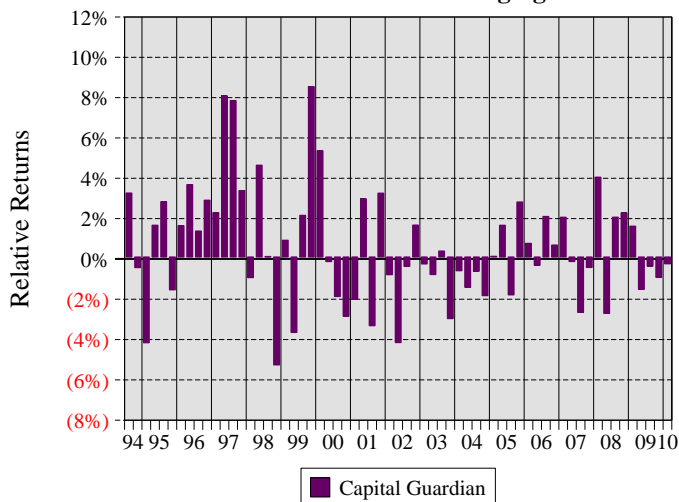
Beginning Market Value	\$382,232,460
Net New Investment	\$0
Investment Gains/(Losses)	\$8,444,671
Ending Market Value	\$390,677,131

## Performance vs CAI Emerging Markets Equity DB (Gross)

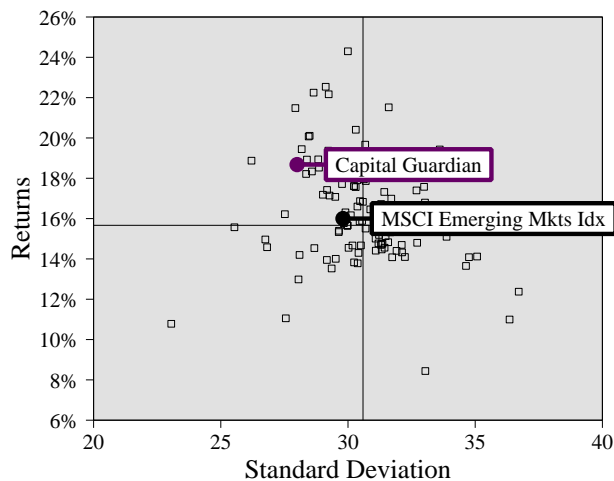


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15-3/4 Years
10th Percentile	5.24	41.21	95.37	9.85	19.43	27.59	14.88	11.11
25th Percentile	3.23	38.18	88.51	6.84	17.71	25.76	12.87	10.39
Median	2.24	35.07	82.50	5.10	15.67	24.14	11.13	9.59
75th Percentile	1.43	33.14	78.29	2.74	14.69	23.27	9.67	8.21
90th Percentile	0.82	30.37	74.49	1.36	14.01	22.27	8.70	7.04
<b>Capital Guardian</b> ●	2.21	32.80	77.06	6.80	18.68	24.67	9.37	9.89
MSCI Emerging Mkts Idx ▲	2.45	34.64	81.55	5.46	16.00	23.88	10.11	7.37

## Relative Return vs MSCI Emerging Mkts Idx



## CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return





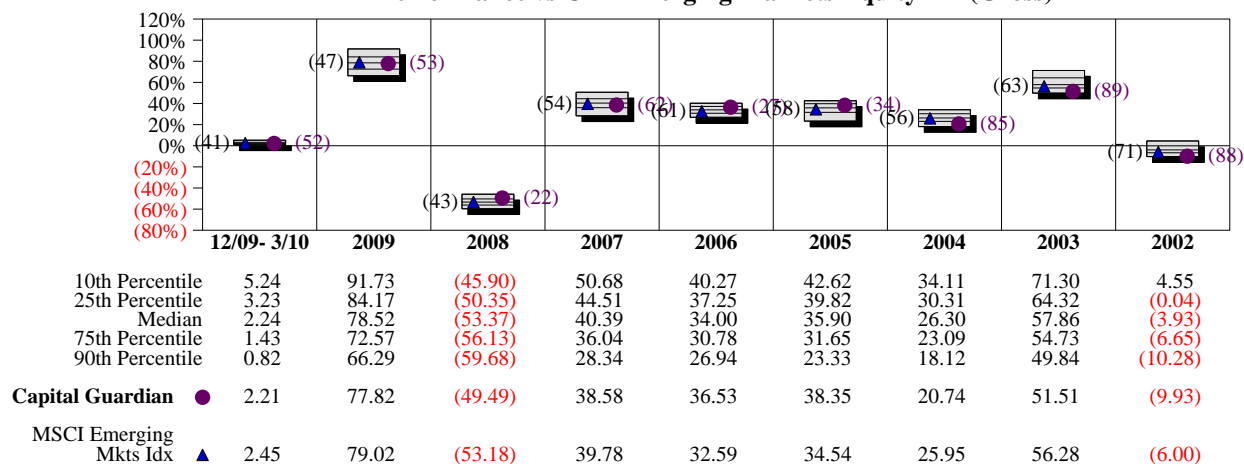
# CAPITAL GUARDIAN TRUST COMPANY RETURN ANALYSIS SUMMARY



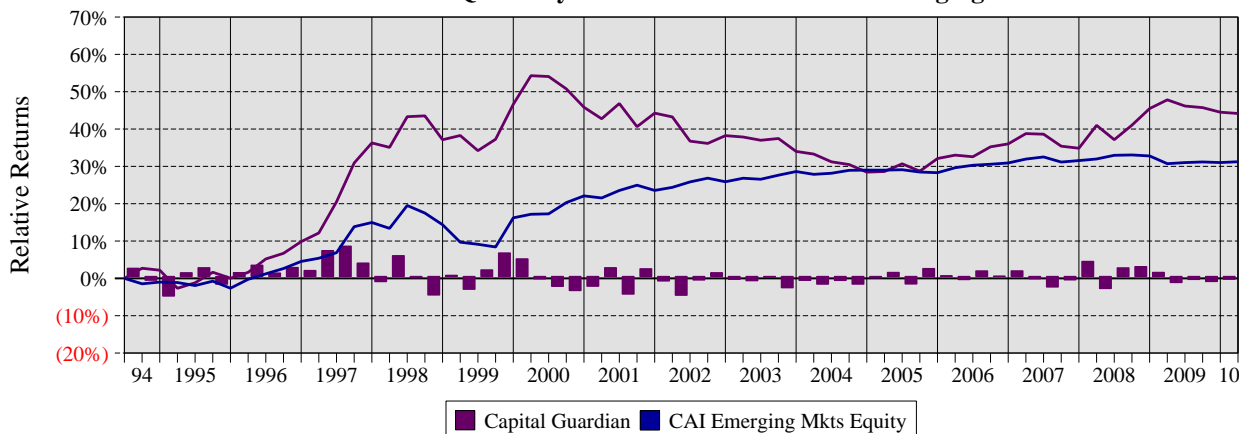
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

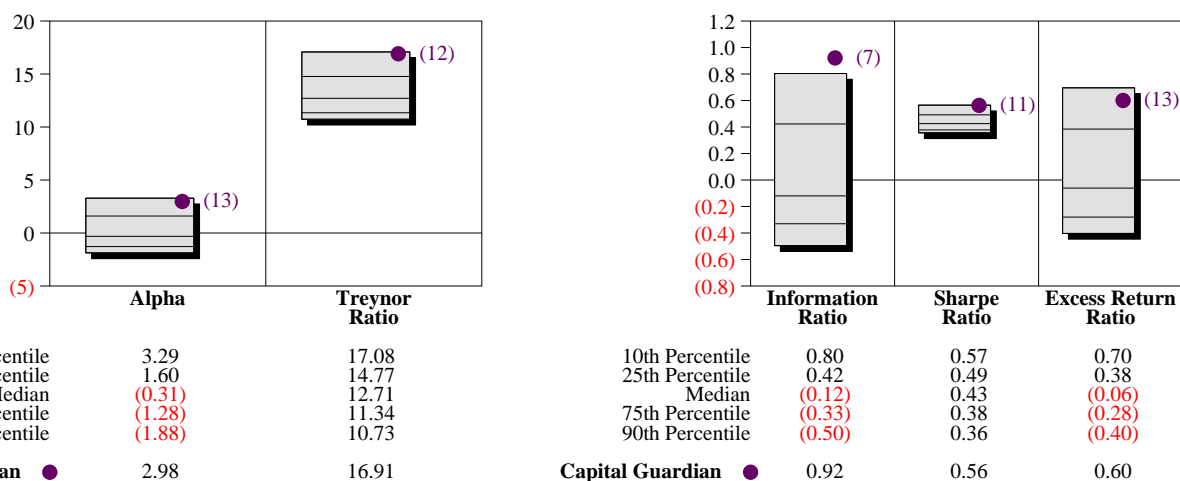
### Performance vs CAI Emerging Markets Equity DB (Gross)



### Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



### Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx Rankings Against CAI Emerging Markets Equity DB (Gross) Five Years Ended March 31, 2010





## EATON VANCE PERIOD ENDED MARCH 31, 2010

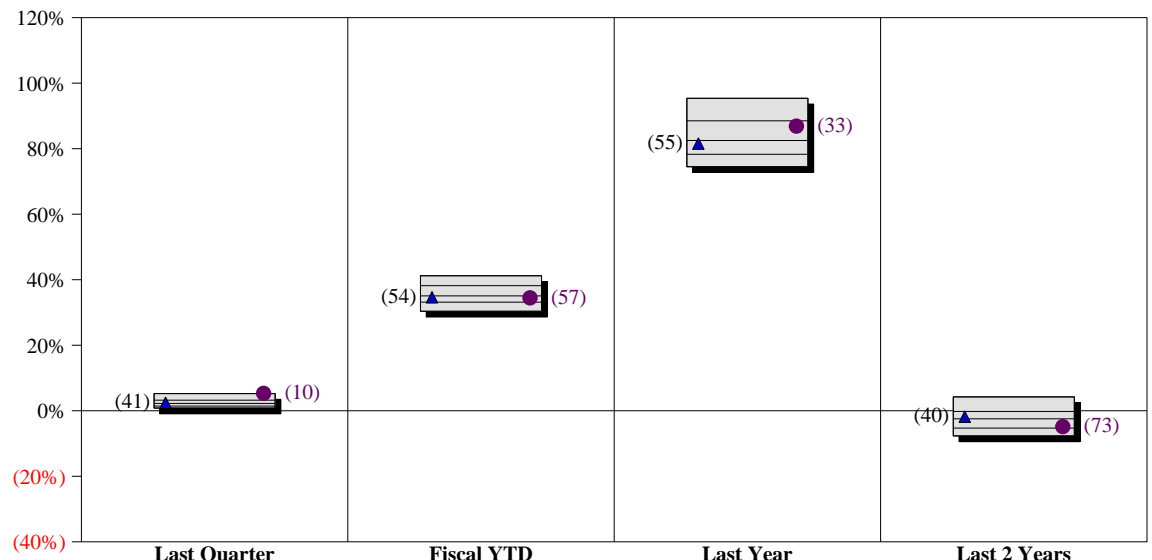
### Quarterly Summary and Highlights

- Eaton Vance's portfolio posted a 5.32% return for the quarter placing it in the 10 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 33 percentile for the last year.
- Eaton Vance's portfolio outperformed the MSCI Emerging Mkts Idx by 2.87% for the quarter and outperformed the MSCI Emerging Mkts Idx for the year by 5.34%.

### Quarterly Asset Growth

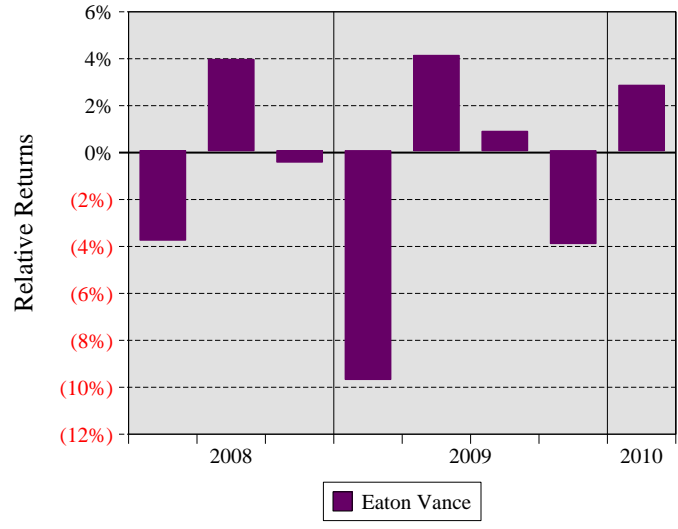
Beginning Market Value	\$184,422,588
Net New Investment	\$0
Investment Gains/(Losses)	\$9,809,712
Ending Market Value	\$194,232,301

### Performance vs CAI Emerging Markets Equity DB (Gross)

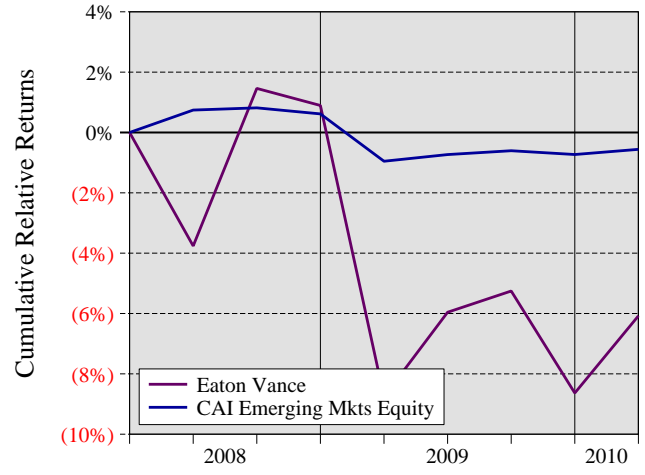


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years
10th Percentile	5.24	41.21	95.37	4.23
25th Percentile	3.23	38.18	88.51	(0.21)
Median	2.24	35.07	82.50	(2.46)
75th Percentile	1.43	33.14	78.29	(5.29)
90th Percentile	0.82	30.37	74.49	(7.69)
<b>Eaton Vance</b> ●	5.32	34.47	86.89	(4.85)
MSCI Emerging Mkts Idx ▲	2.45	34.64	81.55	(1.82)

### Relative Return vs MSCI Emerging Mkts Idx



### Cumulative Returns vs MSCI Emerging Mkts Idx



## LAZARD EMERGING PERIOD ENDED MARCH 31, 2010



### Investment Philosophy

Lazard employs a bottom-up stock selection process focusing on companies which are financially productive yet inexpensively priced.

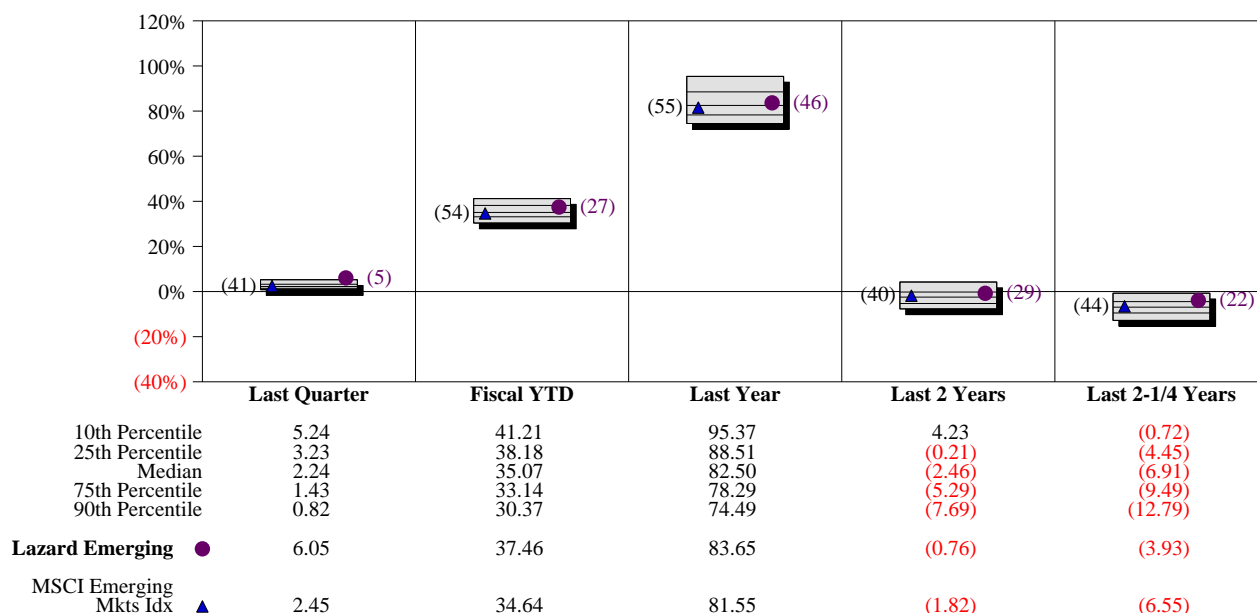
### Quarterly Summary and Highlights

- Lazard Emerging's portfolio posted a 6.05% return for the quarter placing it in the 5 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 46 percentile for the last year.
- Lazard Emerging's portfolio outperformed the MSCI Emerging Mkts Idx by 3.60% for the quarter and outperformed the MSCI Emerging Mkts Idx for the year by 2.10%.

### Quarterly Asset Growth

Beginning Market Value	\$248,924,239
Net New Investment	\$0
Investment Gains/(Losses)	\$15,065,376
Ending Market Value	\$263,989,615

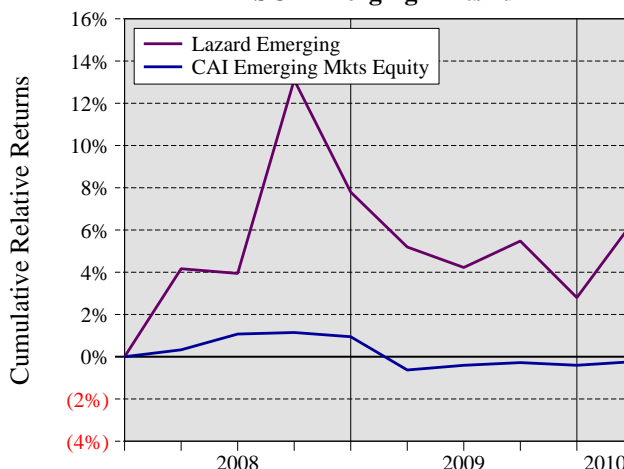
### Performance vs CAI Emerging Markets Equity DB (Gross)



### Relative Return vs MSCI Emerging Mkts Idx



### Cumulative Returns vs MSCI Emerging Mkts Idx





**LAZARD FRERES ASSET MANAGEMENT  
PERIOD ENDED MARCH 31, 2010**



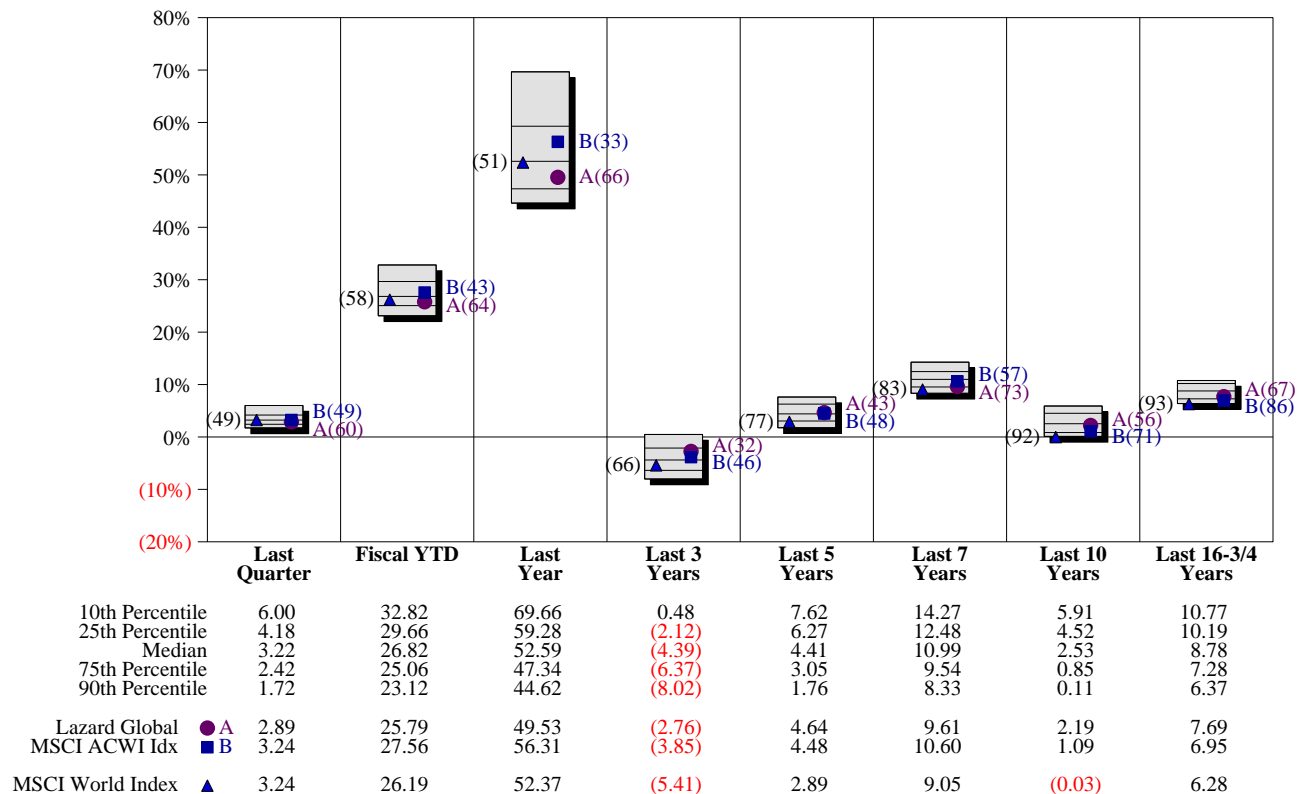
**Quarterly Summary and Highlights**

- Lazard Global's portfolio posted a 2.89% return for the quarter placing it in the 60 percentile of the CAI Global Equity Broad Style group for the quarter and in the 66 percentile for the last year.
- Lazard Global's portfolio underperformed the MSCI World Index by 0.35% for the quarter and underperformed the MSCI World Index for the year by 2.83%.

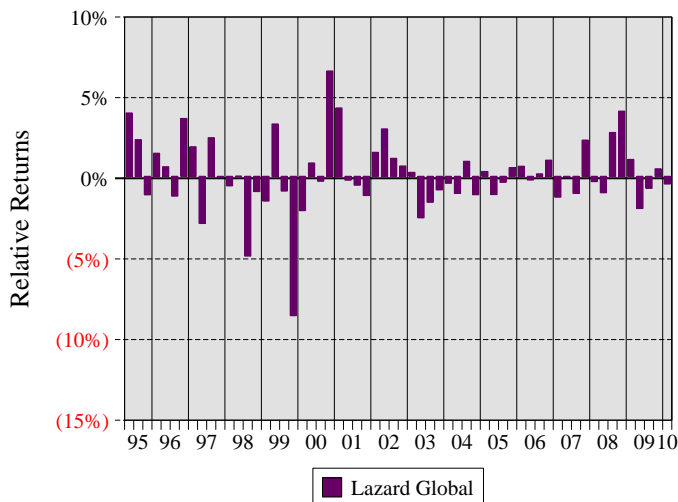
**Quarterly Asset Growth**

Beginning Market Value	\$614,634,983
Net New Investment	\$0
Investment Gains/(Losses)	\$17,737,079
Ending Market Value	\$632,372,061

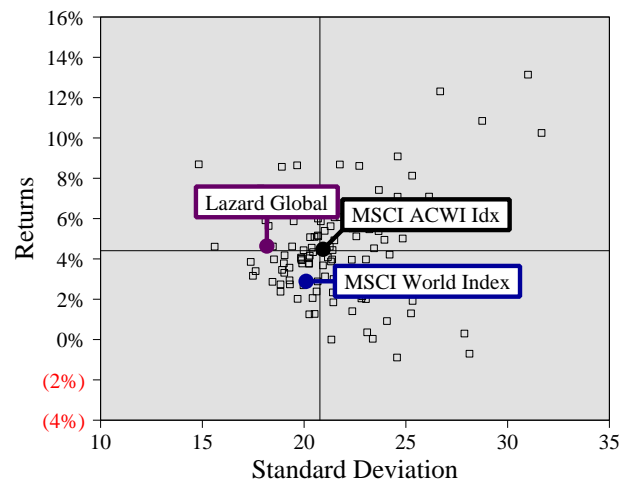
**Performance vs CAI Global Equity Broad Style (Gross)**



**Relative Return vs MSCI World Index**



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



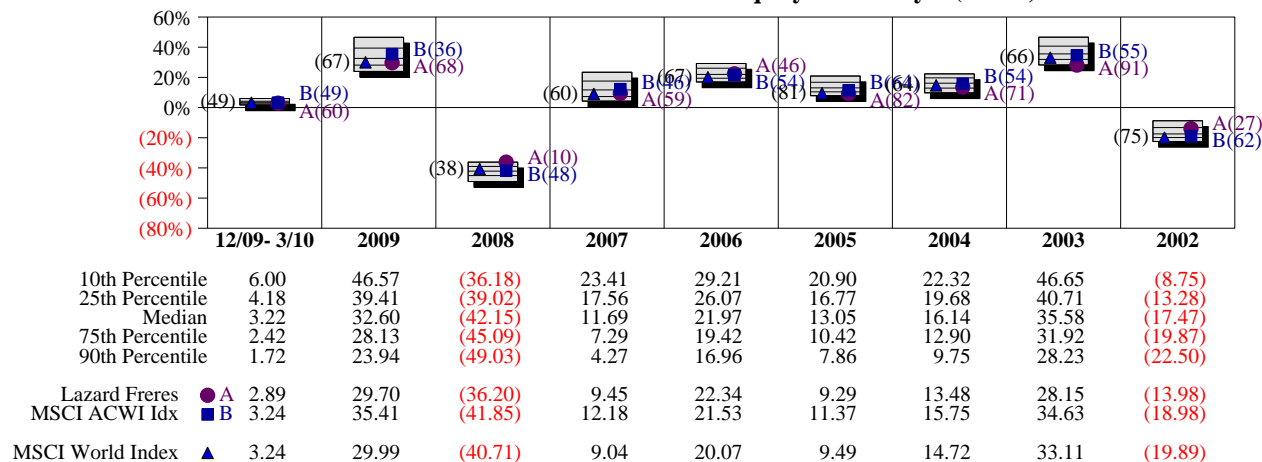
# LAZARD FRERES ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



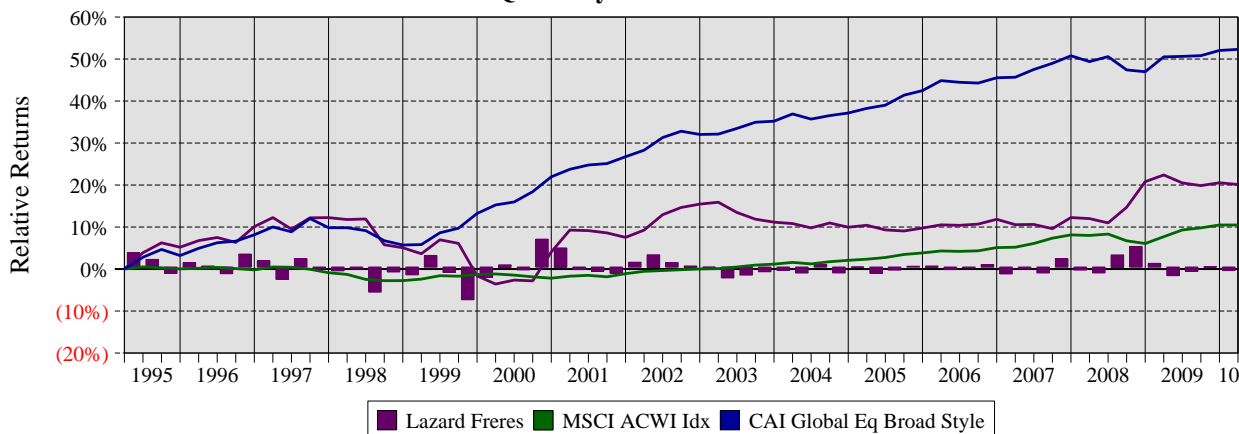
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

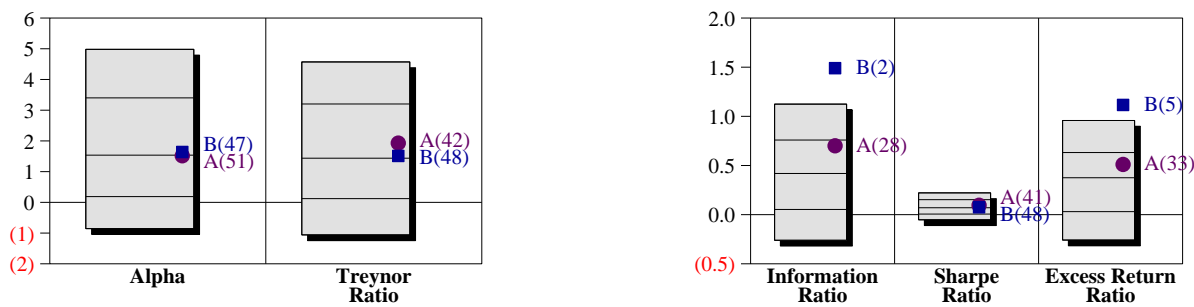
### Performance vs CAI Global Equity Broad Style (Gross)



### Cumulative and Quarterly Relative Return vs MSCI World Index



### Risk Adjusted Return Measures vs MSCI World Index Rankings Against CAI Global Equity Broad Style (Gross) Five Years Ended March 31, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.98	4.57	1.12	0.22	0.96
25th Percentile	3.40	3.20	0.76	0.15	0.63
Median	1.54	1.44	0.42	0.07	0.38
75th Percentile	0.19	0.12	0.05	0.01	0.03
90th Percentile	(0.86)	(1.06)	(0.26)	(0.05)	(0.26)
Lazard Freres	● A 1.52	1.93	● A 0.70	0.10	0.51
MSCI ACWI Idx	■ B 1.64	1.51	■ B 1.49	0.08	1.12



# MONDRIAN INVESTMENT PARTNERS PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Mondrian Investment Partners attempts to add value through purchasing the sovereign and supranational debt of countries with strong fundamentals and little, if any, default experience.

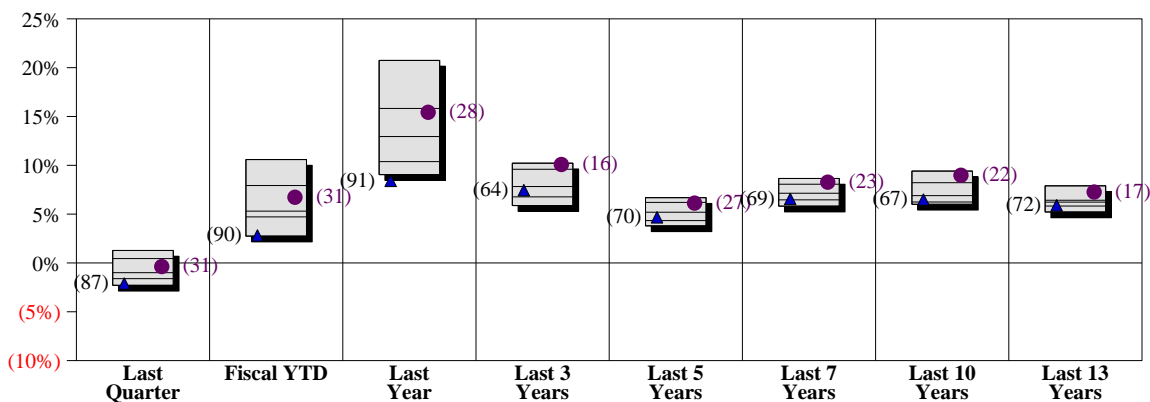
## Quarterly Summary and Highlights

- Mondrian Investment Partners's portfolio posted a (0.37)% return for the quarter placing it in the 31 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 28 percentile for the last year.
- Mondrian Investment Partners's portfolio outperformed the Citi WGBI Non-US Idx by 1.73% for the quarter and outperformed the Citi WGBI Non-US Idx for the year by 7.02%.

## Quarterly Asset Growth

Beginning Market Value	\$202,553,447
Net New Investment	\$0
Investment Gains/(Losses)	\$-748,067
Ending Market Value	\$201,805,379

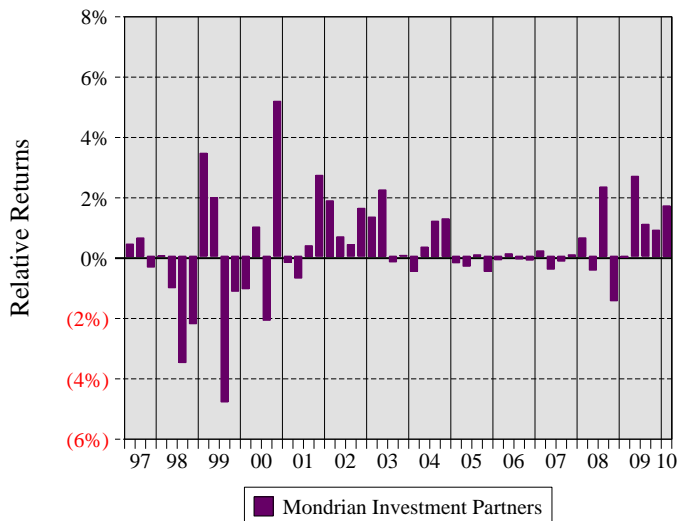
## Performance vs CAI Non-U.S. Fixed-Inc Style (Gross)



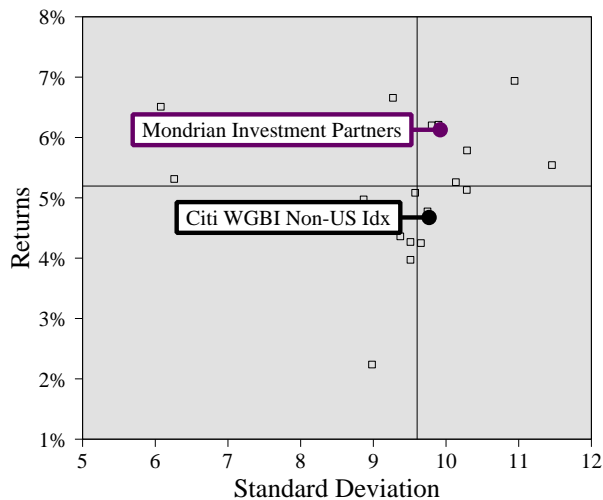
	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13 Years
10th Percentile	1.28	10.59	20.74	10.22	6.69	8.65	9.41	7.90
25th Percentile	0.45	7.93	15.82	9.59	6.20	8.06	8.22	6.42
Median	(1.00)	5.31	12.95	7.82	5.20	7.14	6.89	6.23
75th Percentile	(1.61)	4.72	10.38	6.77	4.34	6.46	6.24	5.83
90th Percentile	(2.29)	2.75	9.04	5.88	3.80	5.82	6.01	5.22

		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13 Years
<b>Mondrian Investment Partners</b>	● (0.37)	6.73	15.43	10.08	6.13	8.27	8.98	7.26	
Citi WGBI Non-US Idx	▲ (2.10)	2.82	8.41	7.45	4.67	6.56	6.49	5.90	

## Relative Return vs Citi WGBI Non-US Idx



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





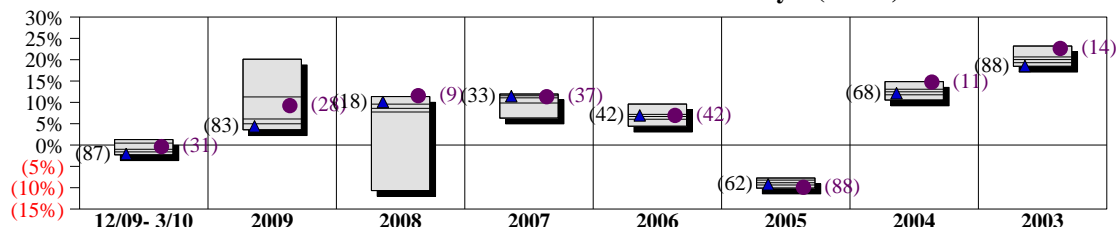
# MONDRIAN INVESTMENT PARTNERS RETURN ANALYSIS SUMMARY



## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

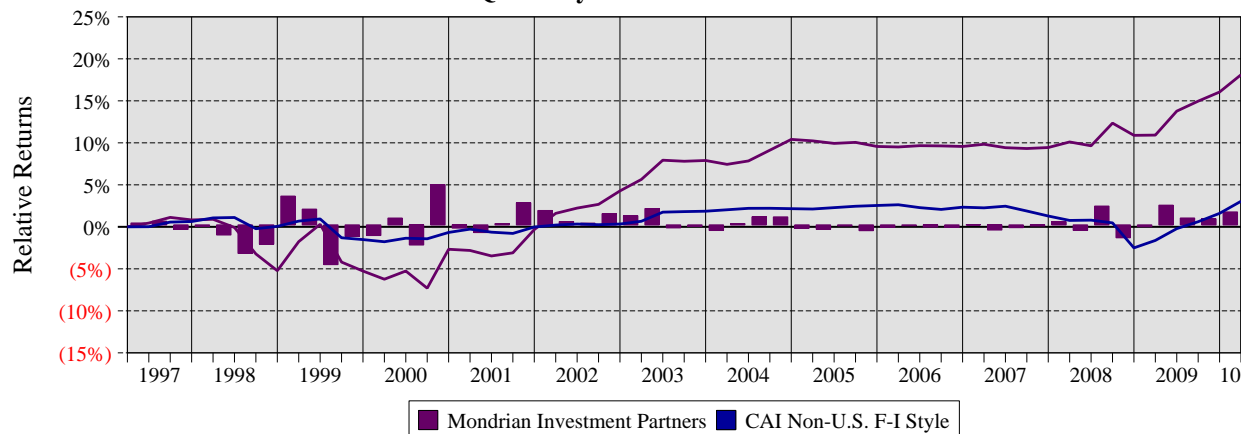
### Performance vs CAI Non-U.S. Fixed-Inc Style (Gross)



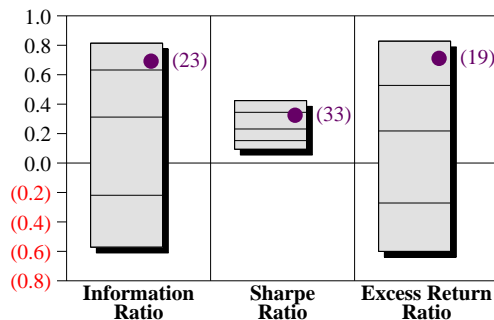
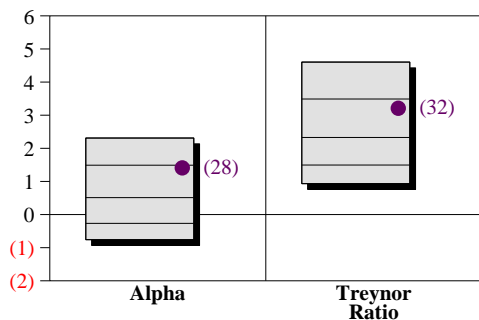
10th Percentile	1.28	20.12	11.37	11.96	9.60	(7.72)	14.86	23.21
25th Percentile	0.45	11.27	9.59	11.56	7.18	(8.22)	13.08	20.65
Median	(1.00)	6.11	8.60	11.06	6.69	(8.83)	12.47	20.03
75th Percentile	(1.61)	4.98	7.75	9.85	6.04	(9.36)	11.78	19.30
90th Percentile	(2.29)	3.58	(10.67)	6.31	4.40	(10.09)	10.54	18.46

	12/09- 3/10	2009	2008	2007	2006	2005	2004	2003
<b>Mondrian Investment Partners</b> ●	(0.37)	9.24	11.57	11.33	6.95	(9.90)	14.75	22.64
Citi WGBI Non-US Idx ▲	(2.10)	4.38	10.11	11.46	6.95	(9.21)	12.14	18.52

### Cumulative and Quarterly Relative Return vs Citi WGBI Non-US Idx



### Risk Adjusted Return Measures vs Citi WGBI Non-US Idx Rankings Against CAI Non-U.S. Fixed-Inc Style (Gross) Five Years Ended March 31, 2010



10th Percentile	2.31	4.60	0.81	0.42	0.83
25th Percentile	1.49	3.49	0.63	0.34	0.53
Median	0.51	2.33	0.31	0.23	0.22
75th Percentile	(0.27)	1.50	(0.22)	0.15	(0.27)
90th Percentile	(0.76)	0.93	(0.57)	0.09	(0.60)

	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
<b>Mondrian Investment Partners</b> ●	1.41	3.21	0.69	0.32	0.71

# LAZARD EMERGING PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

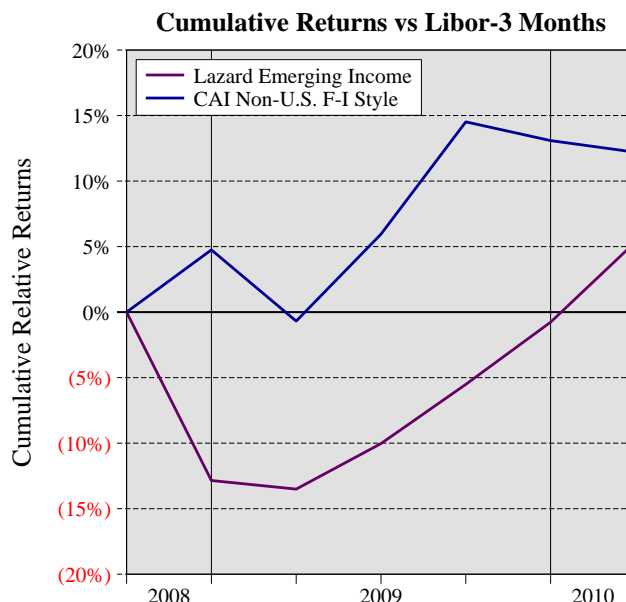
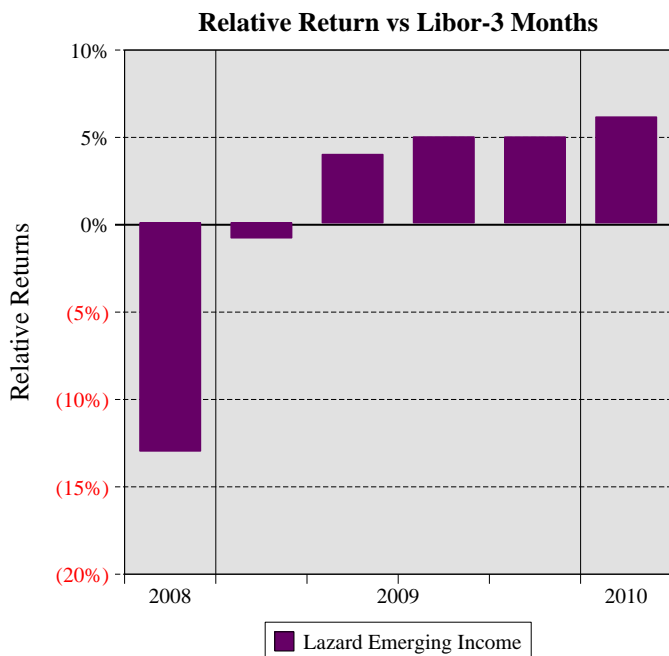
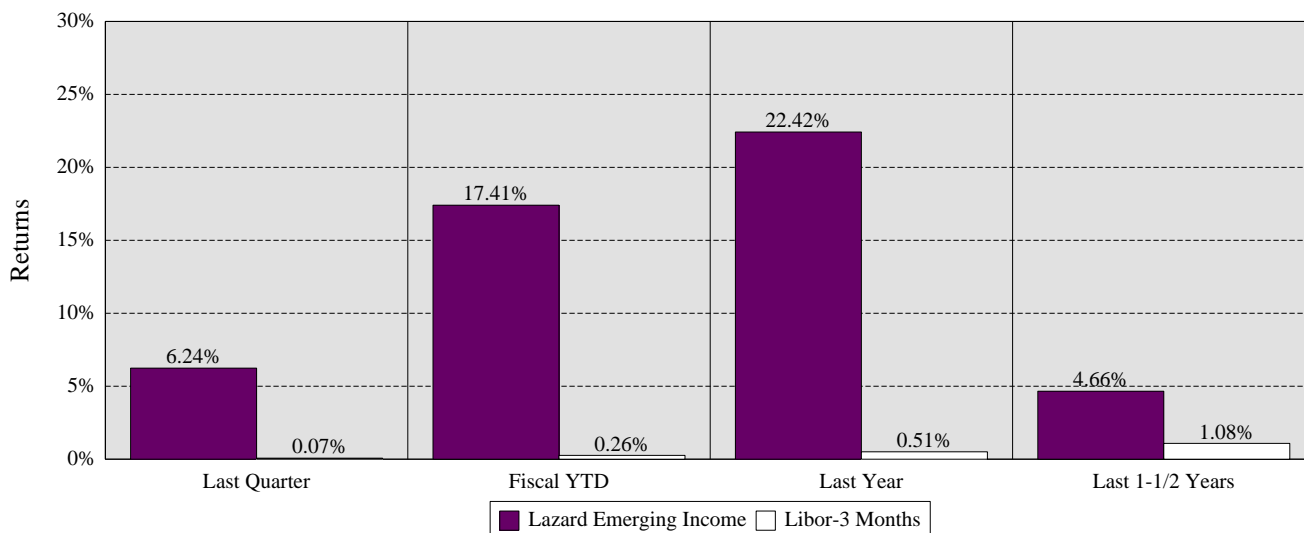
Lazard's Emerging Markets - Local Currency Debt strategy invests in short and intermediate-term fixed income securities from emerging market countries world-wide. These securities are denominated in the local currency and have short durations.

## Quarterly Summary and Highlights

- Lazard Emerging Income's portfolio posted a 6.24% return for the quarter placing it in the 1 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 8 percentile for the last year.
- Lazard Emerging Income's portfolio outperformed the Libor-3 Months by 6.17% for the quarter and outperformed the Libor-3 Months for the year by 21.91%.

## Quarterly Asset Growth

Beginning Market Value	\$86,267,111
Net New Investment	\$0
Investment Gains/(Losses)	\$5,383,272
Ending Market Value	\$91,650,383







## REIT HOLDINGS PERIOD ENDED MARCH 31, 2010

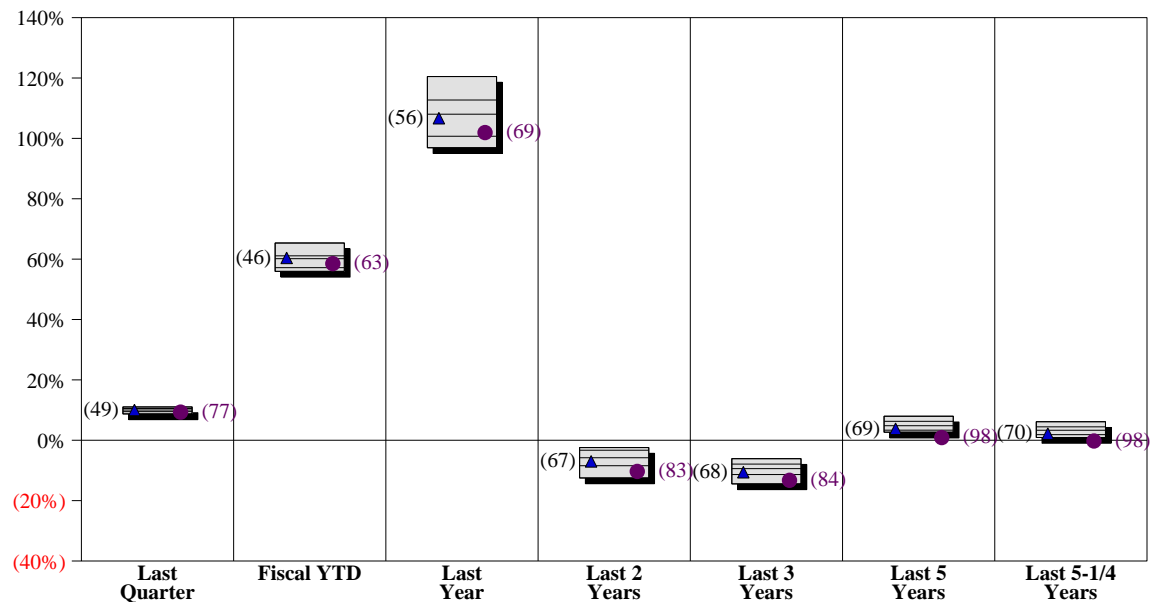
### Quarterly Summary and Highlights

- REIT Holdings's portfolio posted a 9.32% return for the quarter placing it in the 77 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 69 percentile for the last year.
- REIT Holdings's portfolio underperformed the NAREIT Equity Index by 0.70% for the quarter and underperformed the NAREIT Equity Index for the year by 4.75%.

### Quarterly Asset Growth

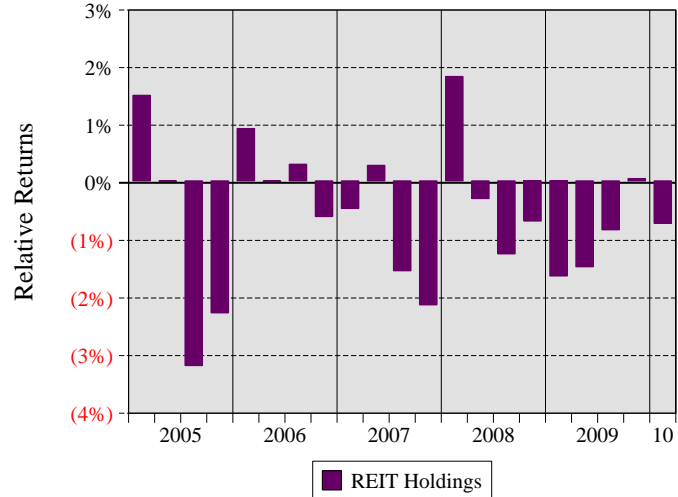
Beginning Market Value	\$49,776,715
Net New Investment	\$0
Investment Gains/(Losses)	\$4,637,131
Ending Market Value	\$54,413,846

### Performance vs CAI Real Estate-REIT DB (Gross)

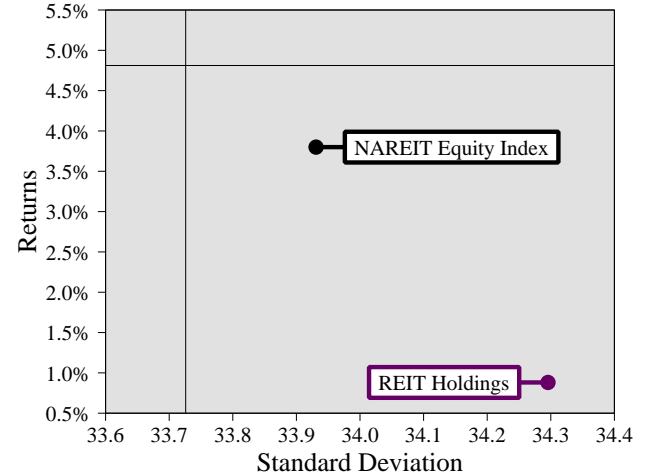


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	11.03	65.35	120.49	(2.42)	(6.10)	7.96	6.14
25th Percentile	10.51	61.09	112.72	(3.31)	(7.90)	6.27	4.44
Median	10.01	60.15	108.01	(5.80)	(9.40)	4.81	3.31
75th Percentile	9.48	57.18	100.71	(8.43)	(11.36)	3.34	1.85
90th Percentile	8.73	55.94	96.90	(12.49)	(14.46)	2.67	0.91
<b>REIT Holdings</b>	<b>9.32</b>	<b>58.51</b>	<b>101.93</b>	<b>(10.33)</b>	<b>(13.27)</b>	<b>0.88</b>	<b>(0.25)</b>
NAREIT Equity Index	10.02	60.40	106.68	(7.00)	(10.60)	3.80	2.18

### Relative Return vs NAREIT Equity Index



### CAI Real Estate-REIT DB (Gross) Annualized Five Year Risk vs Return

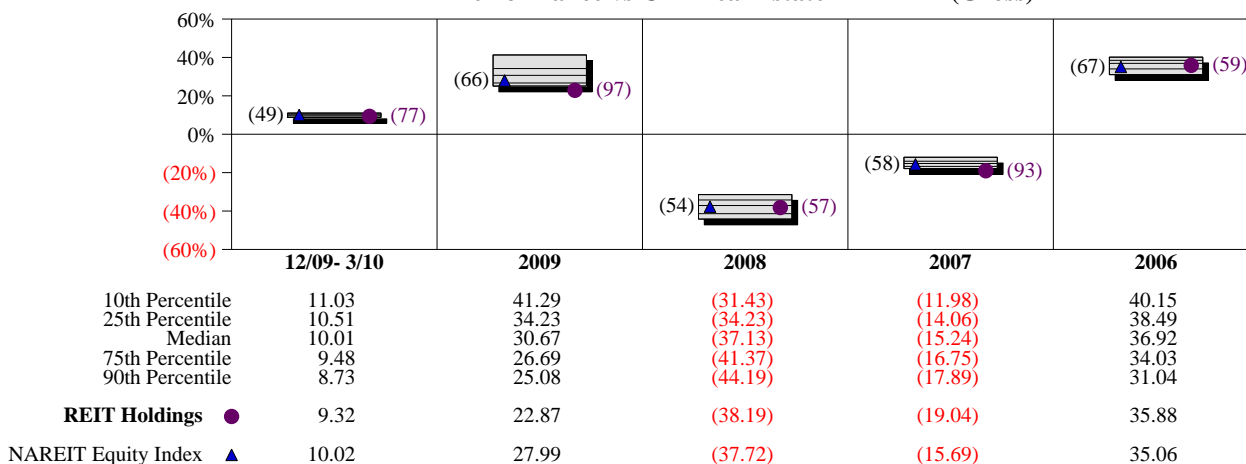


## REIT HOLDINGS RETURN ANALYSIS SUMMARY

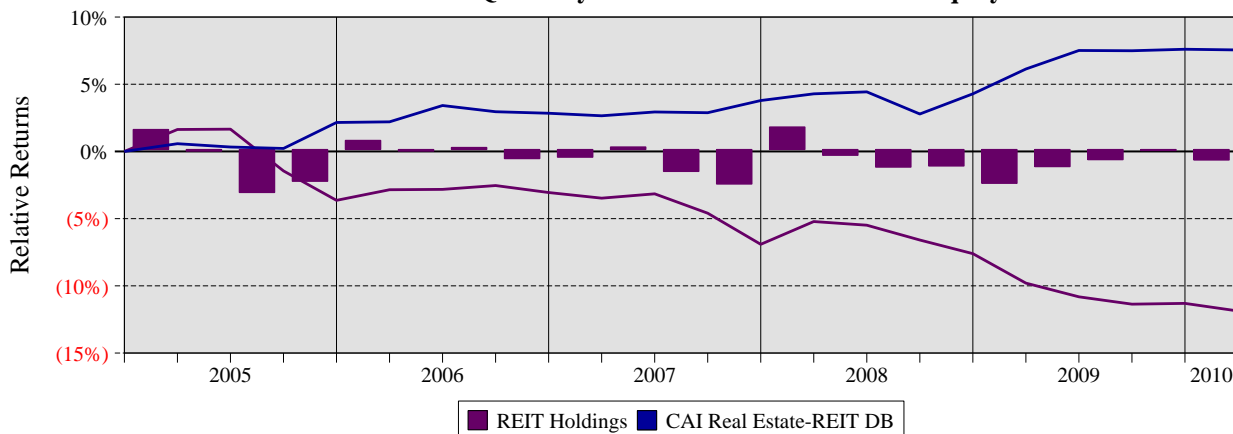
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

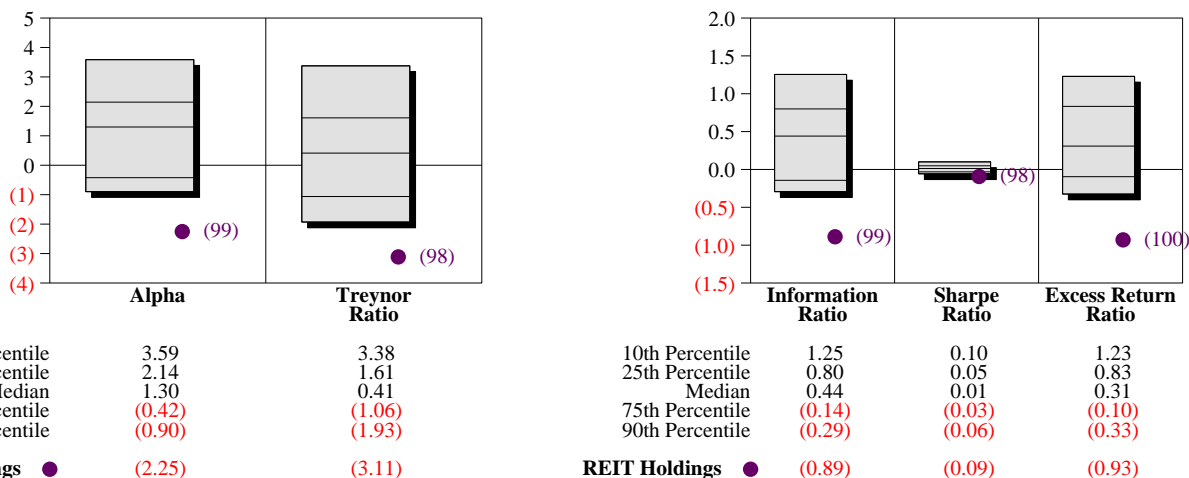
#### Performance vs CAI Real Estate-REIT DB (Gross)



#### Cumulative and Quarterly Relative Return vs NAREIT Equity Index



#### Risk Adjusted Return Measures vs NAREIT Equity Index Rankings Against CAI Real Estate-REIT DB (Gross) Five and One-Quarter Years Ended March 31, 2010



**ALASKA RETIREMENT MANAGEMENT BOARD  
TOP 10 PORTFOLIO HOLDINGS CHARACTERISTICS  
REIT HOLDINGS  
AS OF MARCH 31, 2010**

**10 Largest Holdings**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Simon Property Group	Financials	\$4,744,629	8.8%	6.02%	23.95	45.60	2.86%	2.00%
Public Storage	Financials	\$3,122,141	5.8%	13.77%	15.60	34.20	2.83%	14.33%
Vornado Realty Trust	Financials	\$2,713,618	5.0%	9.32%	13.65	(107.99)	3.43%	-
Equity Residential	Financials	\$2,155,599	4.0%	16.87%	10.81	145.00	3.45%	5.00%
Boston Properties	Financials	\$2,076,863	3.8%	13.22%	10.46	53.50	2.65%	(8.92)%
Hcp Inc	Financials	\$1,928,850	3.6%	9.90%	9.67	31.43	5.64%	3.00%
Avalonbay Communities	Financials	\$1,799,707	3.3%	6.21%	7.03	67.99	4.13%	4.75%
Host Hotels & Resorts Inc	Financials	\$1,799,137	3.3%	25.60%	9.25	(41.86)	0.27%	(14.50)%
Health Care Reit	Financials	\$1,556,364	2.9%	3.87%	5.56	26.92	6.01%	6.30%
Ventas	Financials	\$1,481,851	2.7%	9.77%	7.44	32.97	4.51%	5.60%

**10 Best Performers**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Cbl & Assoc Pptys Inc	Financials	\$385,107	0.7%	43.72%	1.89	(685.00)	5.84%	2.00%
Developers Divers Realty	Financials	\$603,754	1.1%	31.34%	2.97	202.83	0.66%	(14.91)%
Host Hotels & Resorts Inc	Financials	\$1,799,137	3.3%	25.60%	9.25	(41.86)	0.27%	(14.50)%
Sunstone Hotel Invs Inc New	Financials	\$206,087	0.4%	23.62%	1.10	(17.18)	0.00%	(22.00)%
Hrpt Properties Trust	Financials	\$354,924	0.7%	20.25%	1.98	155.60	6.17%	(19.59)%
Realty Income Corp	Financials	\$638,045	1.2%	20.16%	3.20	25.79	5.60%	(0.08)%
Diamondrock Hospitality Co	Financials	\$245,562	0.5%	18.67%	1.24	(91.91)	3.26%	(22.00)%
Entertainment Properties	Financials	\$349,605	0.6%	18.42%	1.73	18.44	6.32%	1.00%
Eq One	Financials	\$329,064	0.6%	18.21%	1.73	32.57	1.16%	21.75%
duPont Fabros Technology Inc	Financials	\$167,754	0.3%	17.89%	0.91	23.99	1.48%	18.00%

**10 Worst Performers**

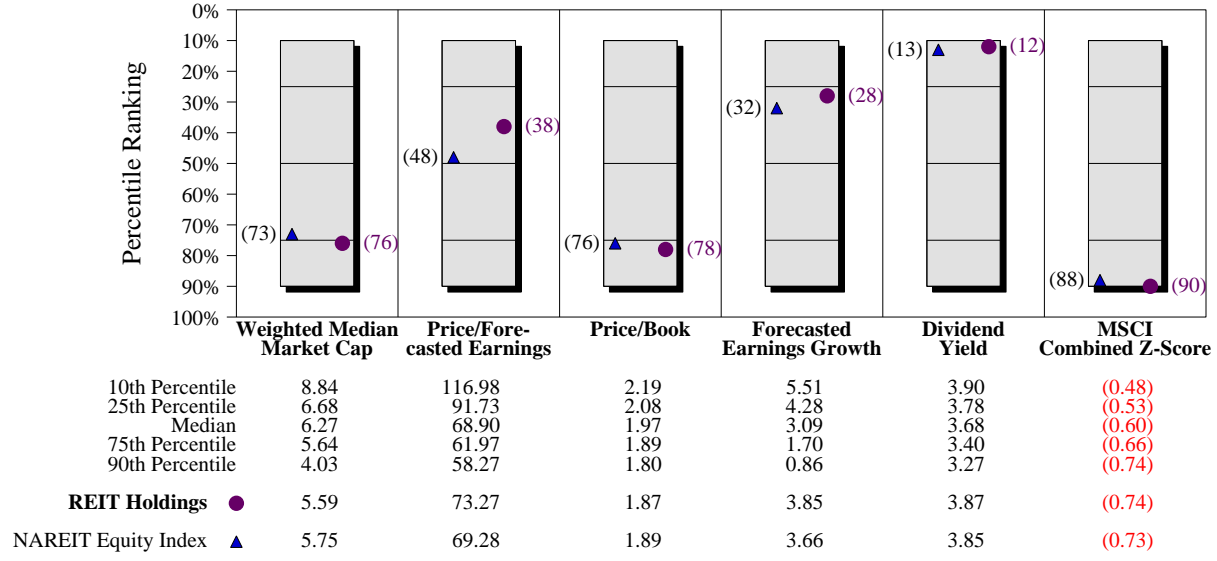
Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Highwoods Properties	Financials	\$438,191	0.8%	(3.39)%	2.26	13.11	5.36%	2.40%
Prologis	Financials	\$1,245,684	2.3%	(2.34)%	6.25	(62.86)	4.55%	8.00%
Alexanders Inc	Financials	\$311,095	0.6%	(1.74)%	1.53	17.73	0.00%	-
U-Store-It Trust	Financials	\$239,112	0.4%	(1.30)%	0.67	(32.73)	1.39%	63.00%
Sovran Self Storage Inc	Financials	\$193,822	0.4%	(1.19)%	0.94	27.67	5.16%	2.00%
Camden Ppty Tr	Financials	\$530,366	1.0%	(0.71)%	2.67	277.53	4.32%	(24.58)%
Home Properties	Financials	\$312,156	0.6%	(0.68)%	1.57	936.00	4.96%	(11.64)%
American Campus Cmnty Inc	Financials	\$295,132	0.5%	(0.23)%	1.44	131.71	4.88%	4.00%
Eastgroup Pptys Inc	Financials	\$203,796	0.4%	(0.08)%	0.99	51.70	5.51%	6.09%
Franklin Street Pptys Corp	Financials	\$222,078	0.4%	0.27%	1.15	37.97	5.27%	0.00%

## REIT HOLDINGS EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

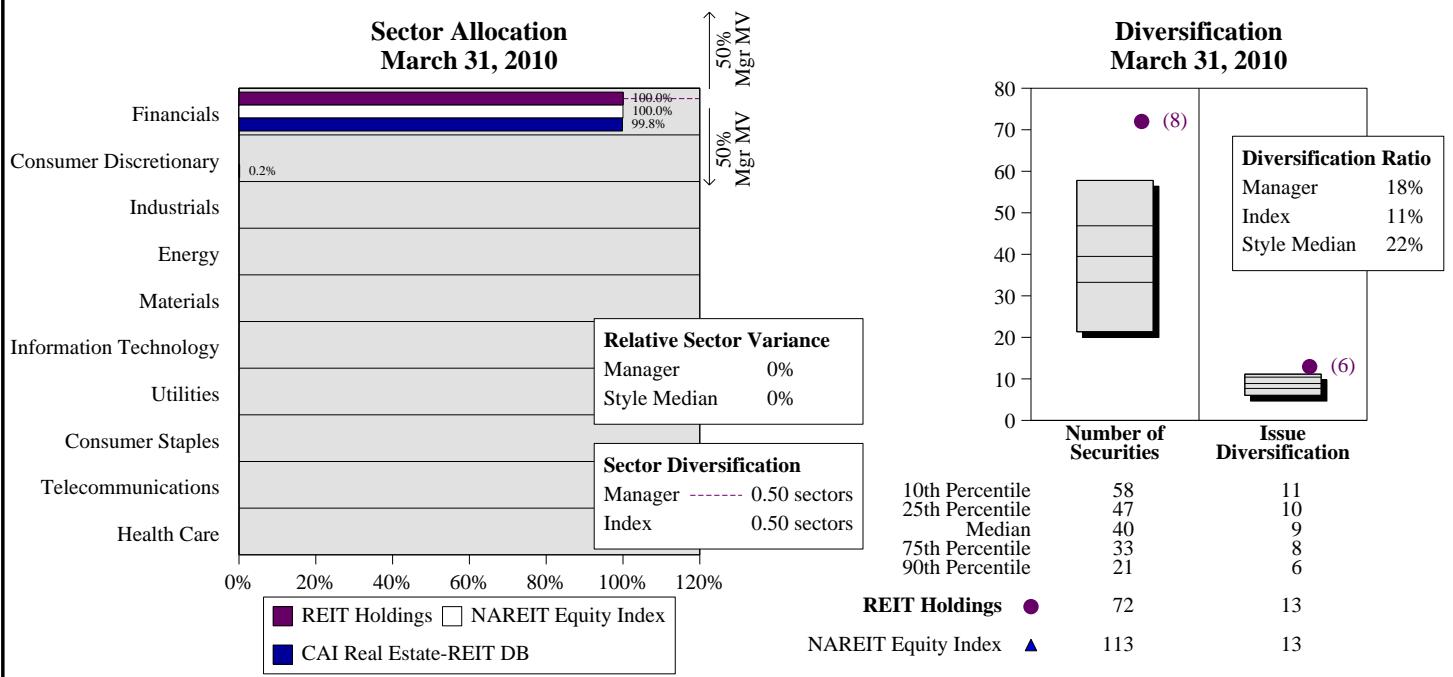
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Real Estate-REIT DB  
as of March 31, 2010**



### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of largest holdings that comprise half of the portfolio's market value.









## ABSOLUTE RETURN COMPOSITE PERIOD ENDED MARCH 31, 2010

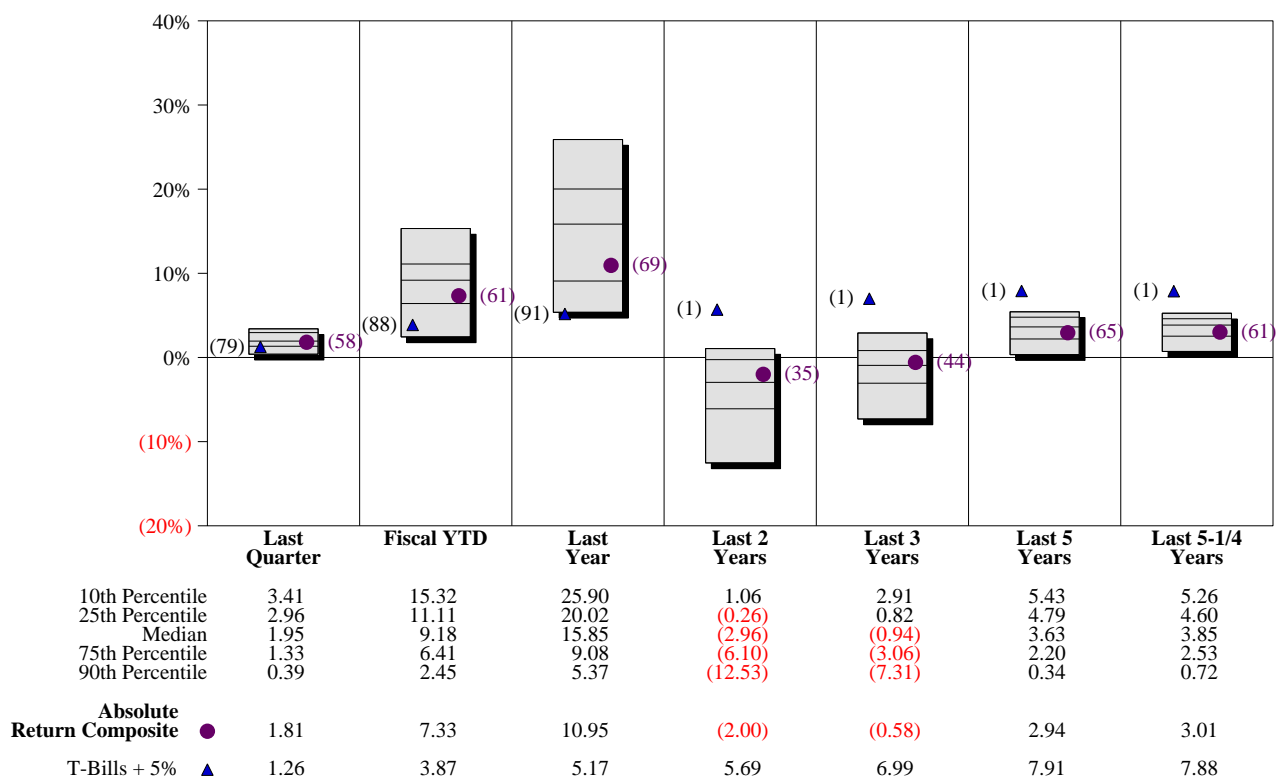
### Investment Philosophy

The manager returns below are current through the periods shown.

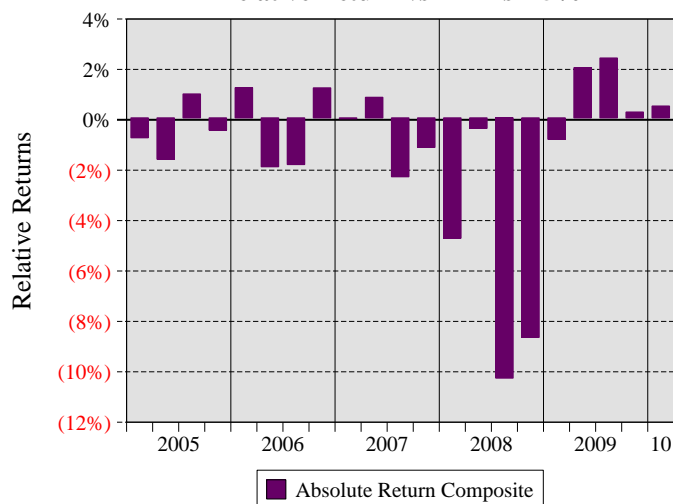
### Quarterly Summary and Highlights

- Absolute Return Composite's portfolio posted a 1.81% return for the quarter placing it in the 58 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 69 percentile for the last year.
- Absolute Return Composite's portfolio outperformed the T-Bills + 5% by 0.54% for the quarter and outperformed the T-Bills + 5% for the year by 5.77%.

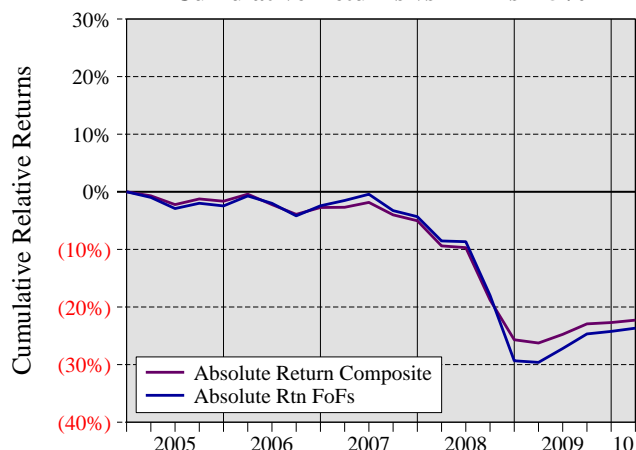
### Performance vs Absolute Return Hedge FoFs Style (Net)



### Relative Return vs T-Bills + 5%



### Cumulative Returns vs T-Bills + 5%



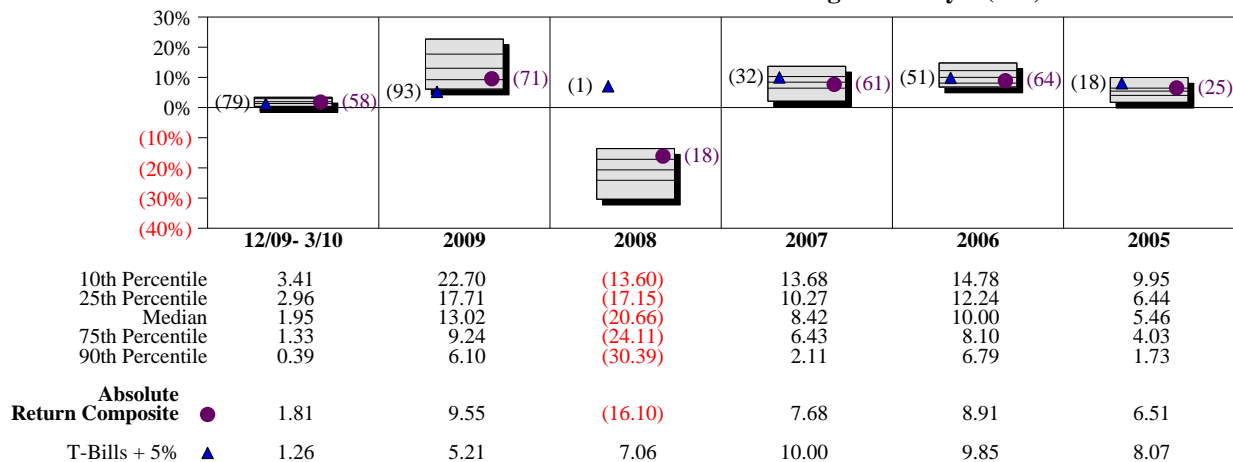


# ABSOLUTE RETURN COMPOSITE RETURN ANALYSIS SUMMARY

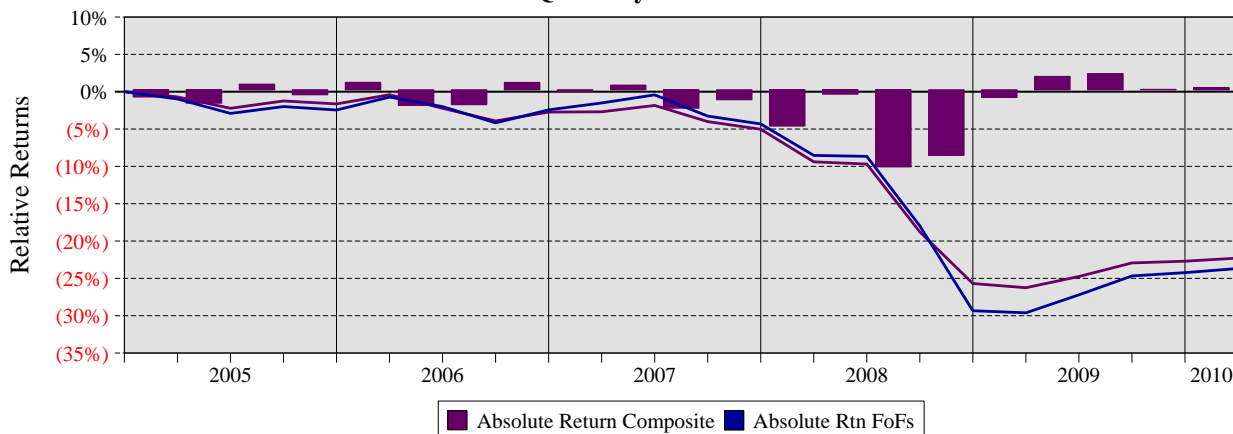
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

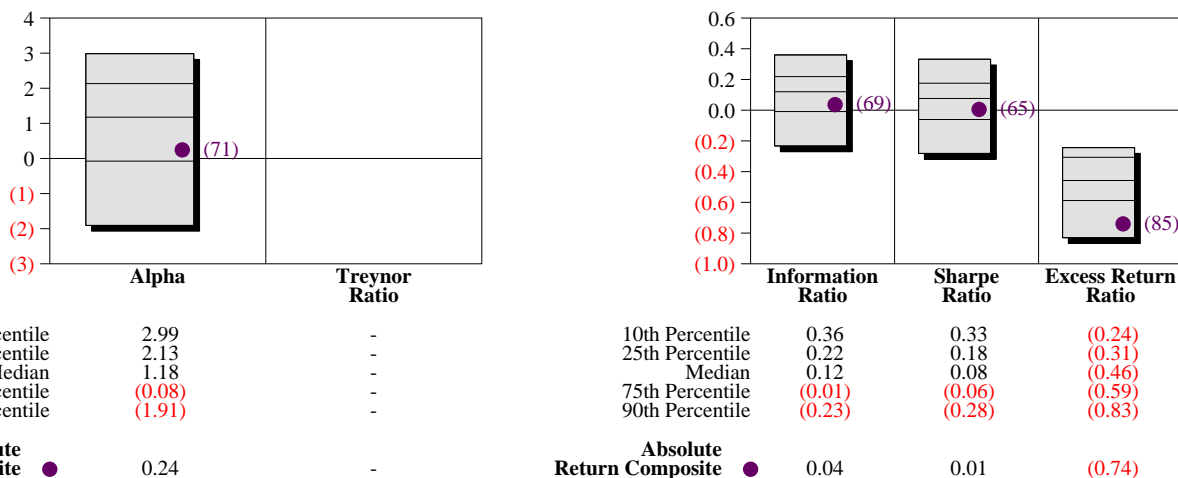
### Performance vs Absolute Return Hedge FoFs Style (Net)



### Cumulative and Quarterly Relative Return vs T-Bills + 5%



### Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Absolute Return Hedge FoFs Style (Net) Five Years Ended March 31, 2010



# CADOGAN MANAGEMENT PERIOD ENDED MARCH 31, 2010



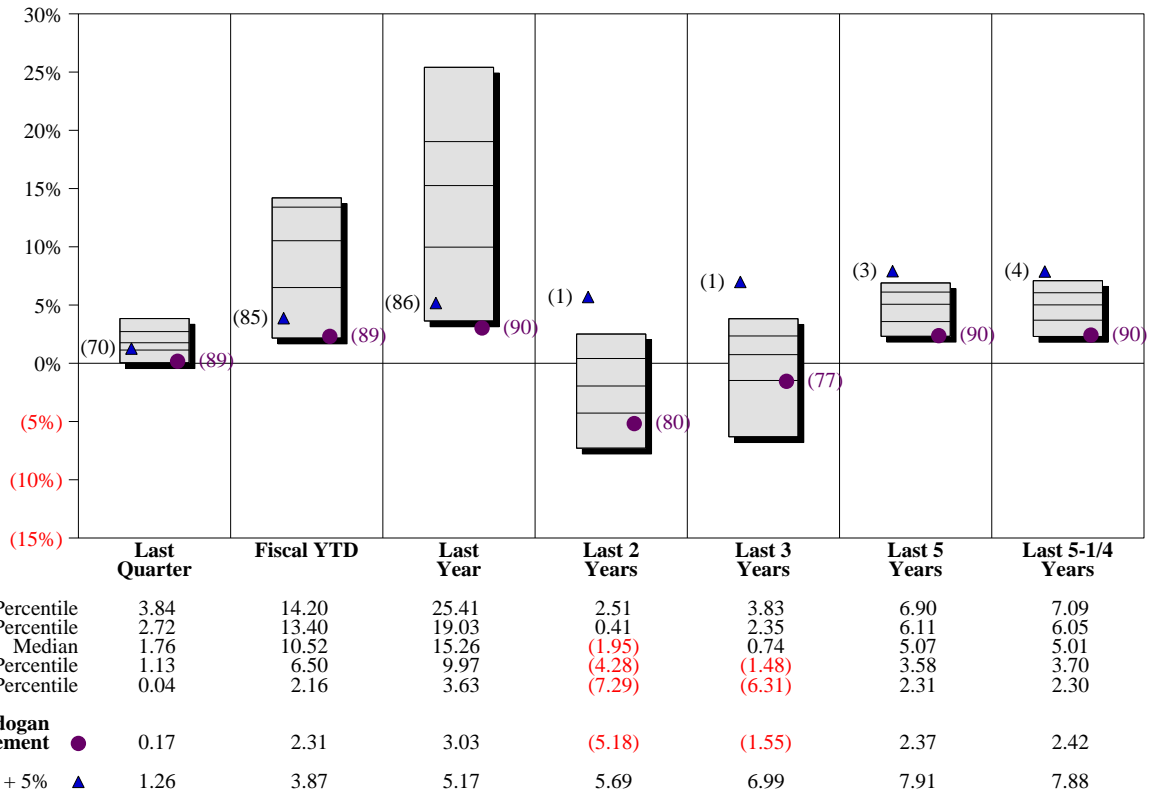
## Investment Philosophy

The manager returns below are current through periods shown.

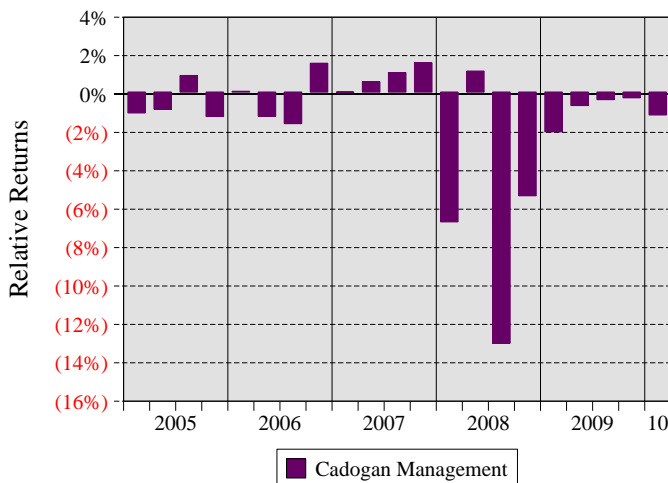
## Quarterly Summary and Highlights

- Cadogan Management's portfolio posted a 0.17% return for the quarter placing it in the 89 percentile of the Long Short Hedge FoF Style group for the quarter and in the 90 percentile for the last year.
- Cadogan Management's portfolio underperformed the T-Bills + 5% by 1.09% for the quarter and underperformed the T-Bills + 5% for the year by 2.14%.

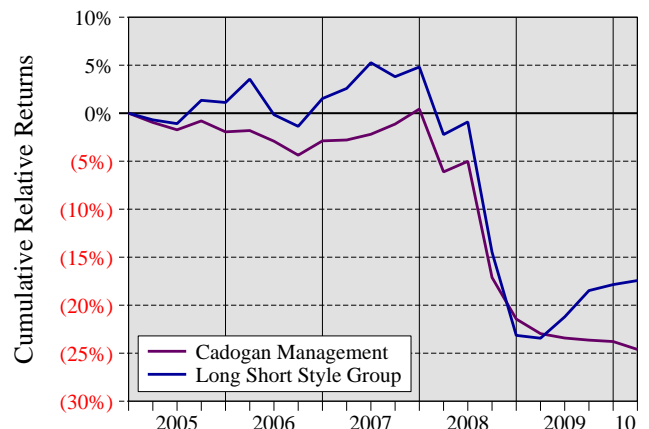
## Performance vs Long Short Hedge FoF Style (Net)



### Relative Return vs T-Bills + 5%



### Cumulative Returns vs T-Bills + 5%



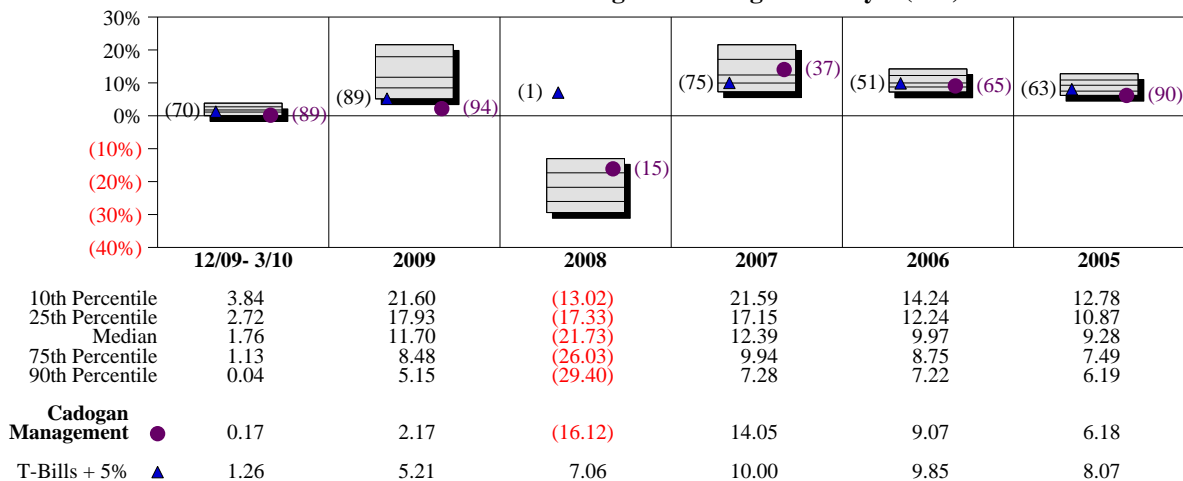
# CADOGAN MANAGEMENT RETURN ANALYSIS SUMMARY



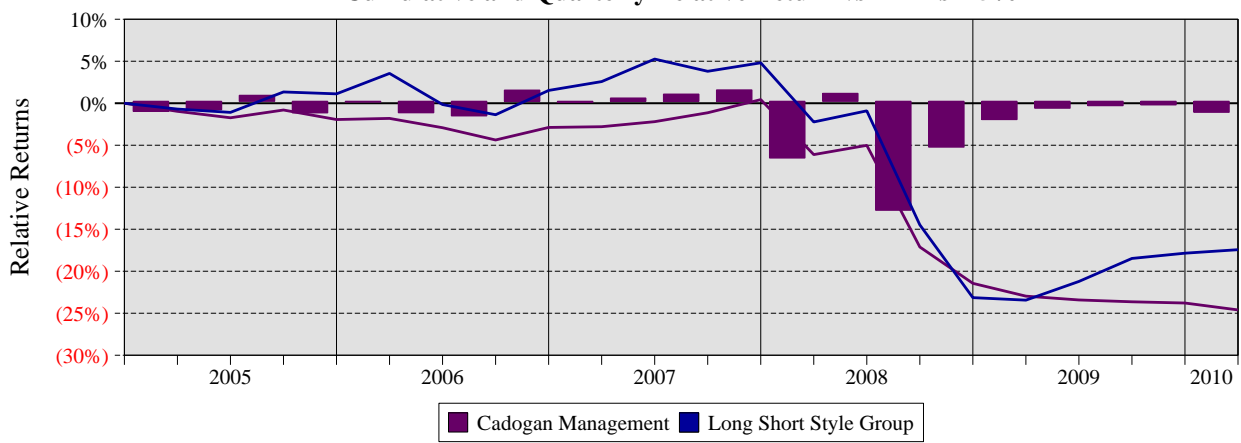
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

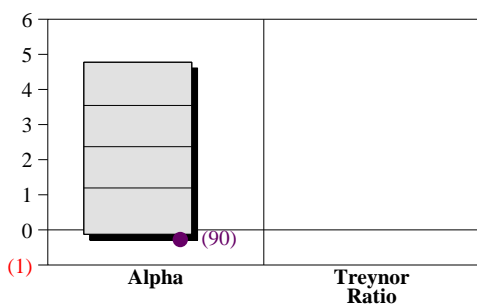
### Performance vs Long Short Hedge FoF Style (Net)



### Cumulative and Quarterly Relative Return vs T-Bills + 5%

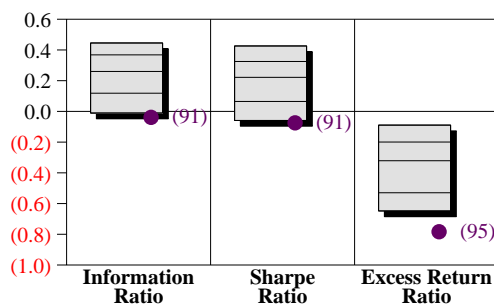


### Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Long Short Hedge FoF Style (Net) Five Years Ended March 31, 2010



10th Percentile	4.78	-
25th Percentile	3.54	-
Median	2.37	-
75th Percentile	1.19	-
90th Percentile	(0.13)	-

**Cadogan Management** ● (0.27)  
Alaska Retirement Management Board



10th Percentile	0.45	0.43	(0.09)
25th Percentile	0.37	0.32	(0.20)
Median	0.26	0.22	(0.32)
75th Percentile	0.12	0.06	(0.53)
90th Percentile	(0.01)	(0.06)	(0.65)

**Cadogan Management** ● (0.04) (0.07) (0.78)

# CRESTLINE INVESTORS PERIOD ENDED MARCH 31, 2010



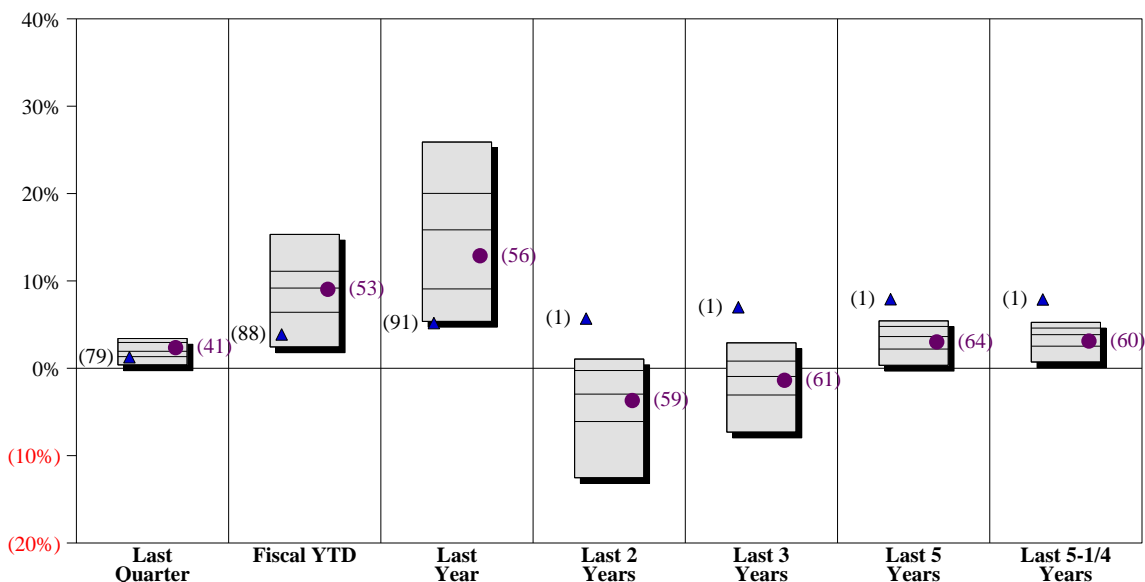
## Investment Philosophy

The manager returns below are current through the periods shown.

## Quarterly Summary and Highlights

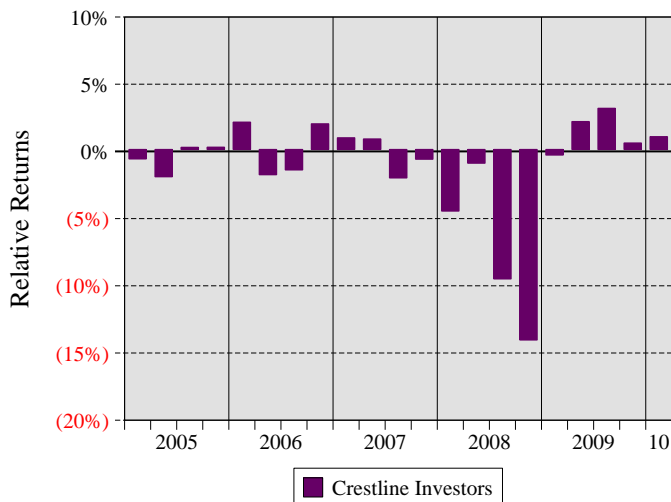
- Crestline Investors's portfolio posted a 2.36% return for the quarter placing it in the 41 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 56 percentile for the last year.
- Crestline Investors's portfolio outperformed the T-Bills + 5% by 1.10% for the quarter and outperformed the T-Bills + 5% for the year by 7.71%.

## Performance vs Absolute Return Hedge FoFs Style (Net)

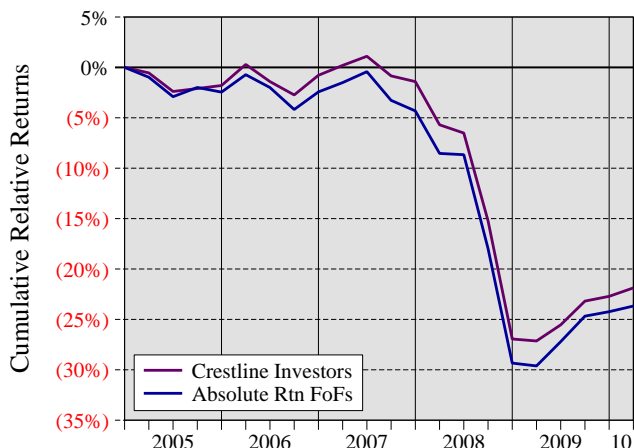


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	3.41	15.32	25.90	1.06	2.91	5.43	5.26
25th Percentile	2.96	11.11	20.02	(0.26)	0.82	4.79	4.60
Median	1.95	9.18	15.85	(2.96)	(0.94)	3.63	3.85
75th Percentile	1.33	6.41	9.08	(6.10)	(3.06)	2.20	2.53
90th Percentile	0.39	2.45	5.37	(12.53)	(7.31)	0.34	0.72
<b>Crestline Investors</b> ●	2.36	9.04	12.88	(3.69)	(1.37)	3.02	3.12
T-Bills + 5% ▲	1.26	3.87	5.17	5.69	6.99	7.91	7.88

### Relative Return vs T-Bills + 5%



### Cumulative Returns vs T-Bills + 5%



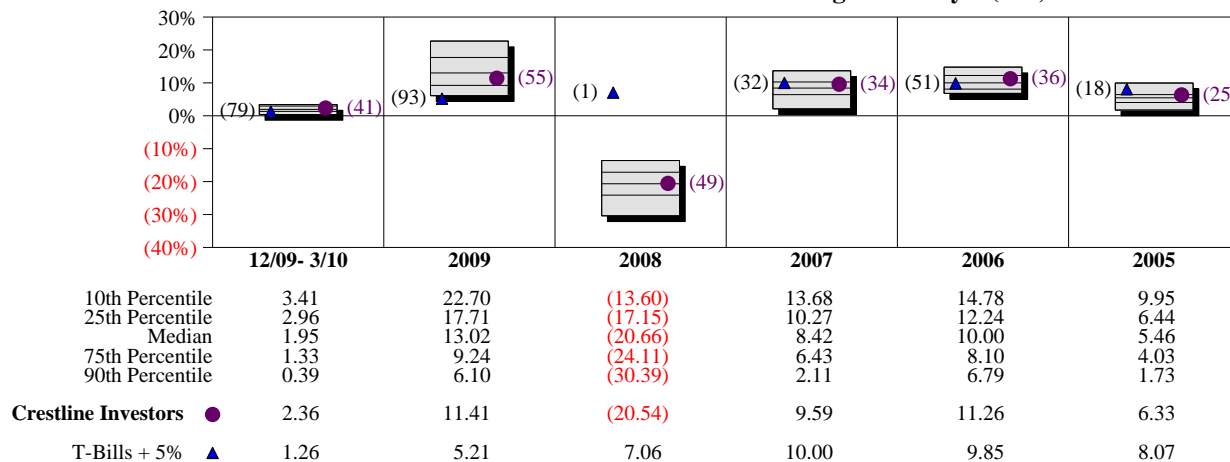
# CRESTLINE INVESTORS RETURN ANALYSIS SUMMARY



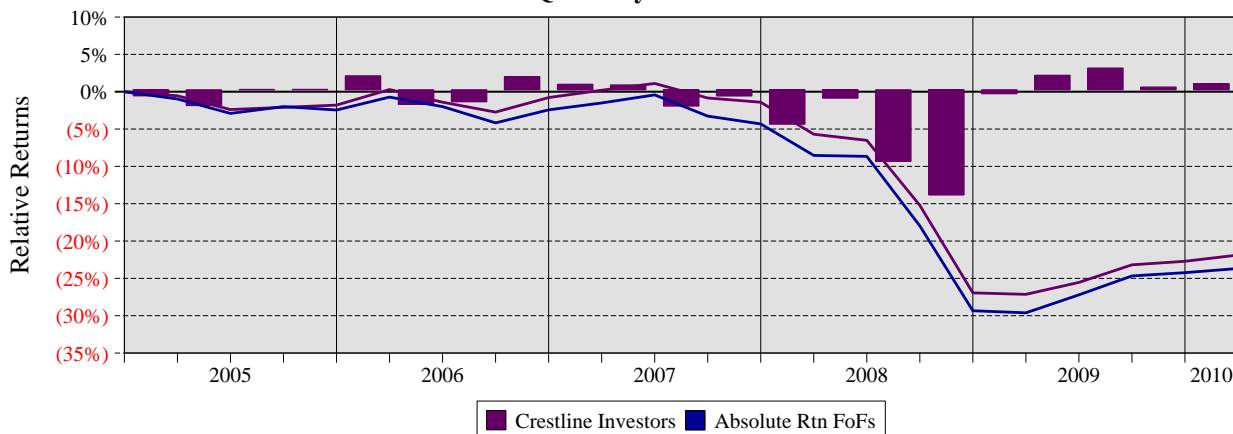
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

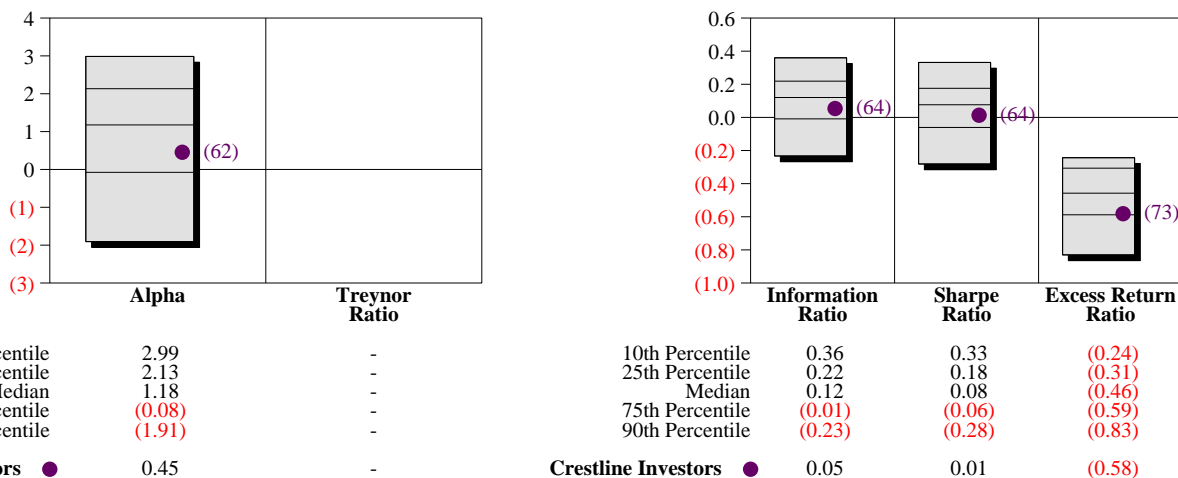
### Performance vs Absolute Return Hedge FoFs Style (Net)



### Cumulative and Quarterly Relative Return vs T-Bills + 5%



### Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Absolute Return Hedge FoFs Style (Net) Five Years Ended March 31, 2010



# MARINER INVESTMENT GROUP PERIOD ENDED MARCH 31, 2010



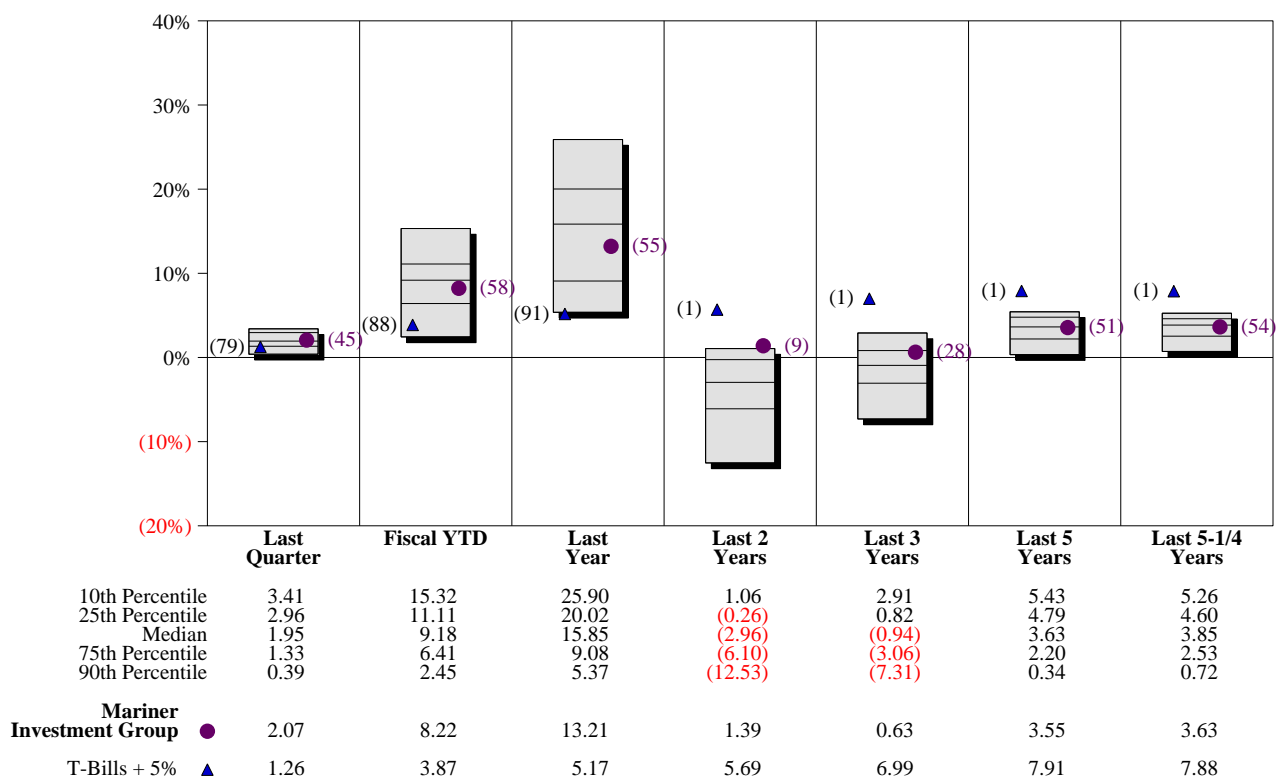
## Investment Philosophy

The manager returns below are current through periods shown.

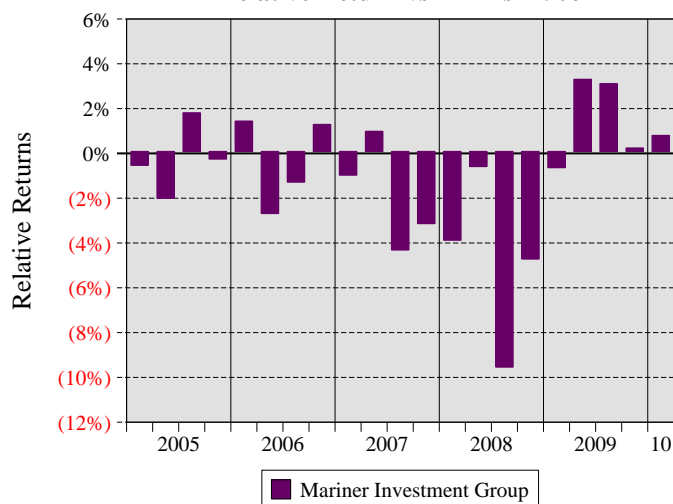
## Quarterly Summary and Highlights

- Mariner Investment Group's portfolio posted a 2.07% return for the quarter placing it in the 45 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 55 percentile for the last year.
- Mariner Investment Group's portfolio outperformed the T-Bills + 5% by 0.80% for the quarter and outperformed the T-Bills + 5% for the year by 8.03%.

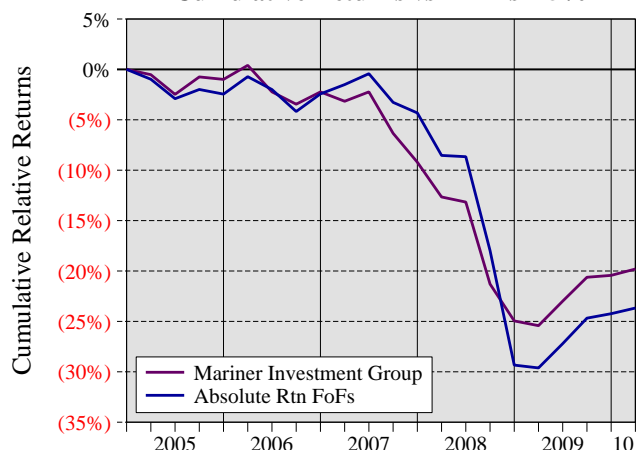
## Performance vs Absolute Return Hedge FoFs Style (Net)



## Relative Return vs T-Bills + 5%



## Cumulative Returns vs T-Bills + 5%



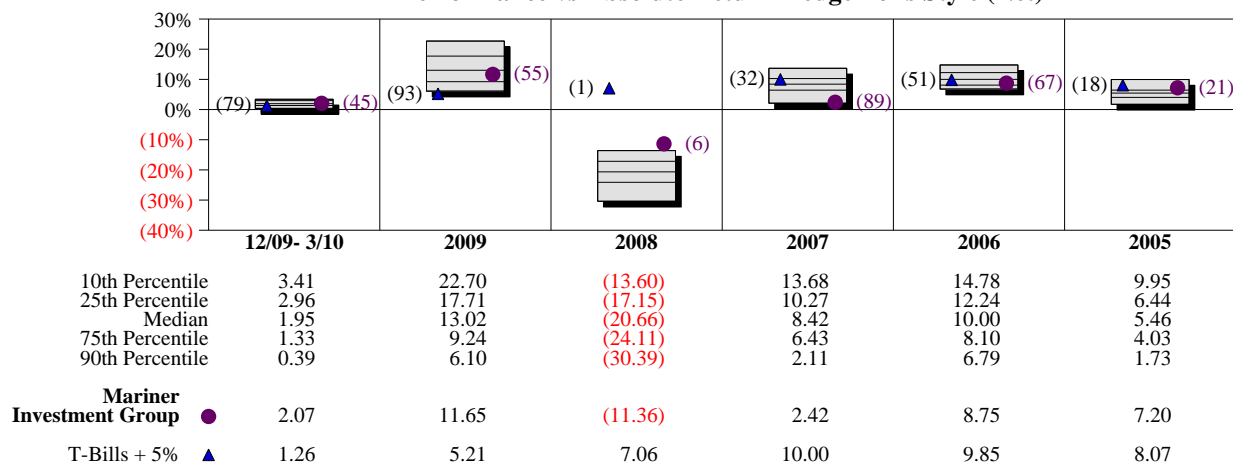
# MARINER INVESTMENT GROUP RETURN ANALYSIS SUMMARY



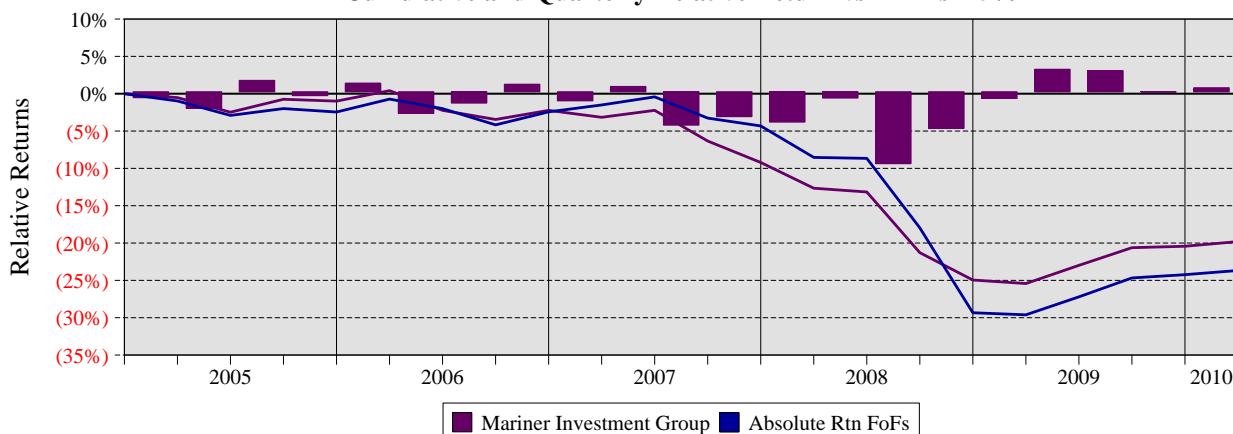
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

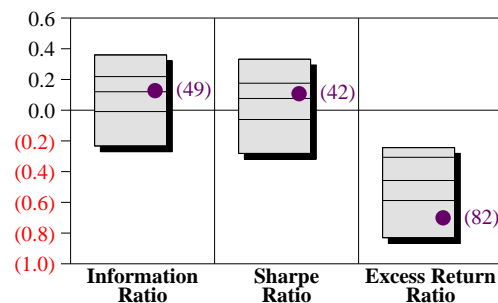
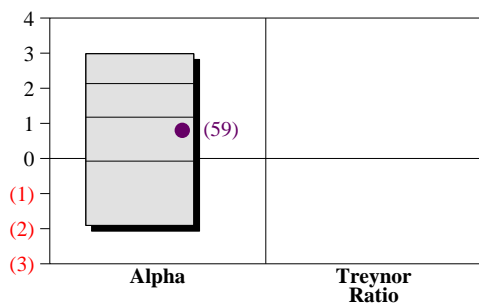
### Performance vs Absolute Return Hedge FoFs Style (Net)



### Cumulative and Quarterly Relative Return vs T-Bills + 5%



### Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Absolute Return Hedge FoFs Style (Net) Five Years Ended March 31, 2010



10th Percentile 2.99  
25th Percentile 2.13  
Median 1.18  
75th Percentile (0.08)  
90th Percentile (1.91)

10th Percentile 0.36  
25th Percentile 0.22  
Median 0.12  
75th Percentile (0.01)  
90th Percentile (0.23)







## HIGH YIELD COMPOSITE PERIOD ENDED MARCH 31, 2010

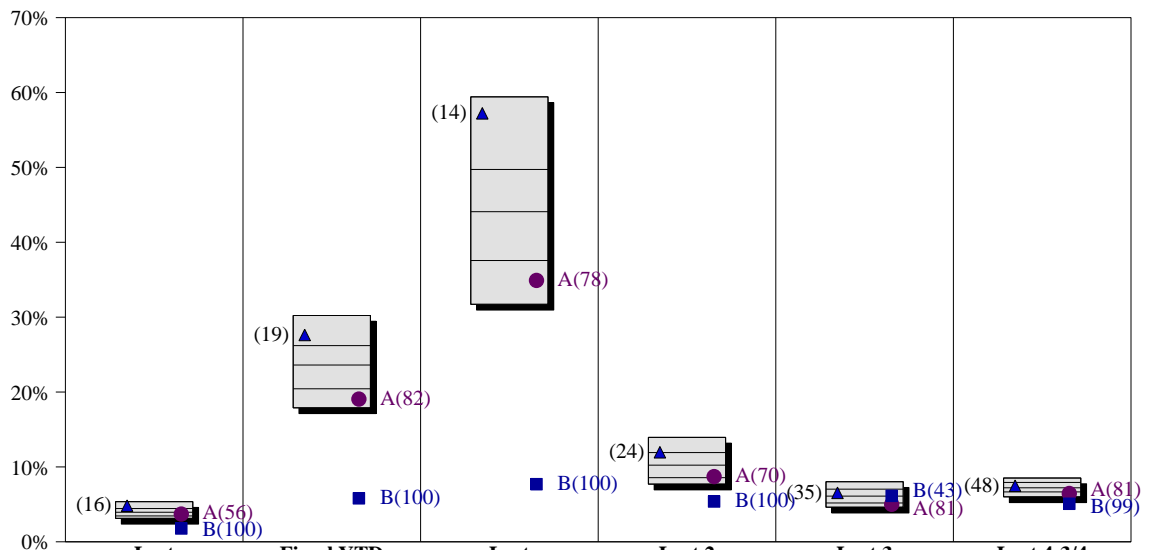
### Quarterly Summary and Highlights

- High Yield Composite's portfolio posted a 3.70% return for the quarter placing it in the 56 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 78 percentile for the last year.
- High Yield Composite's portfolio underperformed the High Yield Target by 1.12% for the quarter and underperformed the High Yield Target for the year by 22.31%.

### Quarterly Asset Growth

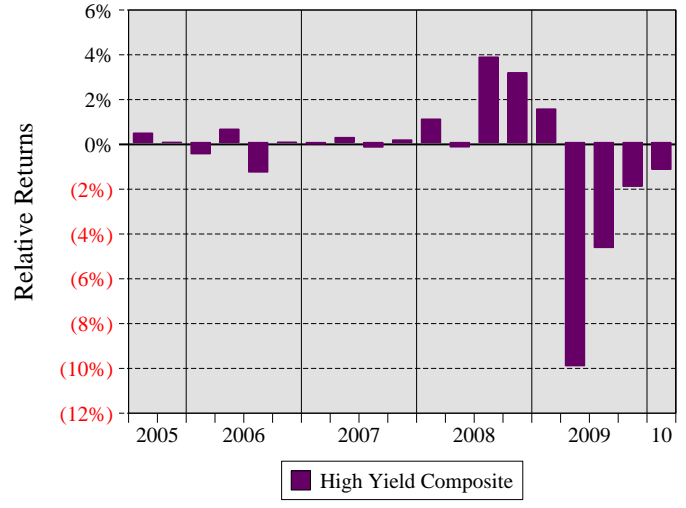
Beginning Market Value	\$315,081,411
Net New Investment	\$0
Investment Gains/(Losses)	\$11,672,984
Ending Market Value	\$326,754,395

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

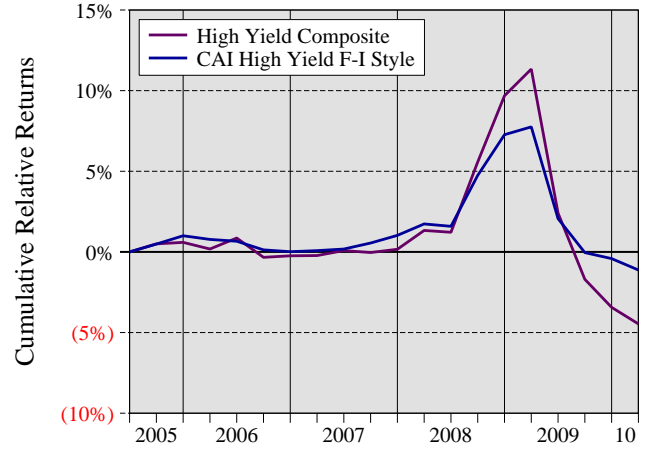


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	5.36	30.22	59.42	13.95	8.02	8.52
25th Percentile	4.44	26.20	49.73	11.92	7.03	7.93
Median	3.94	23.61	44.08	10.24	6.10	7.21
75th Percentile	3.45	20.43	37.57	8.56	5.18	6.66
90th Percentile	3.13	17.89	31.72	7.70	4.62	6.00
High Yield Composite	● A 3.70	19.06	34.91	8.71	5.00	6.45
BC Aggregate Index	■ B 1.78	5.81	7.69	5.38	6.14	5.08
High Yield Target	▲ 4.82	27.62	57.22	11.95	6.53	7.48

### Relative Return vs High Yield Target



### Cumulative Returns vs High Yield Target



# MACKAY SHIELDS PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Target: ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

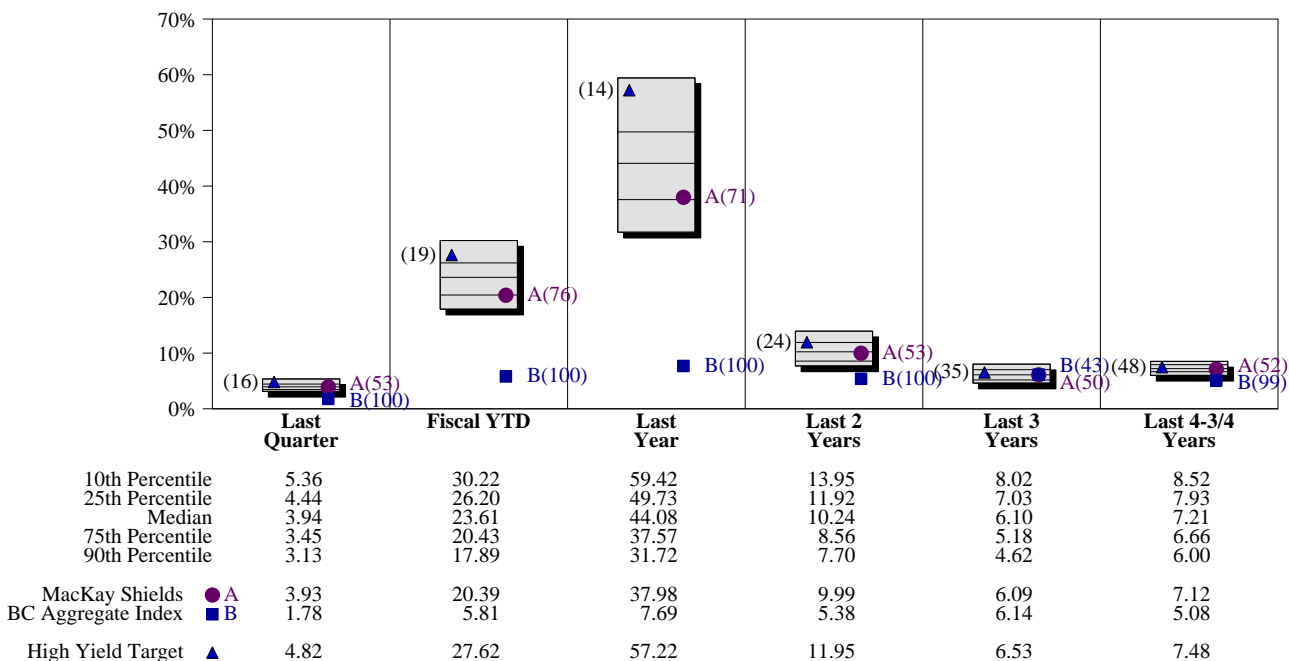
### Quarterly Summary and Highlights

- MacKay Shields's portfolio posted a 3.93% return for the quarter placing it in the 53 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 71 percentile for the last year.
- MacKay Shields's portfolio underperformed the High Yield Target by 0.89% for the quarter and underperformed the High Yield Target for the year by 19.24%.

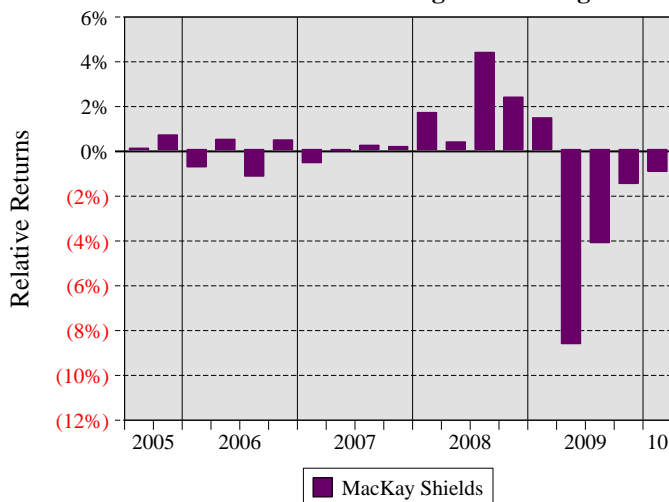
### Quarterly Asset Growth

Beginning Market Value	\$161,202,432
Net New Investment	\$0
Investment Gains/(Losses)	\$6,328,194
Ending Market Value	\$167,530,626

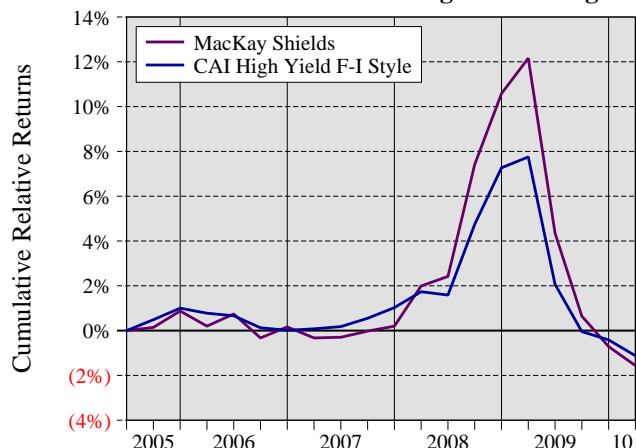
### Performance vs CAI High Yield Fixed-Inc Style (Gross)



### Relative Return vs High Yield Target



### Cumulative Returns vs High Yield Target



# ROGGE GLOBAL PARTNERS PERIOD ENDED MARCH 31, 2010



## Investment Philosophy

Target: ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

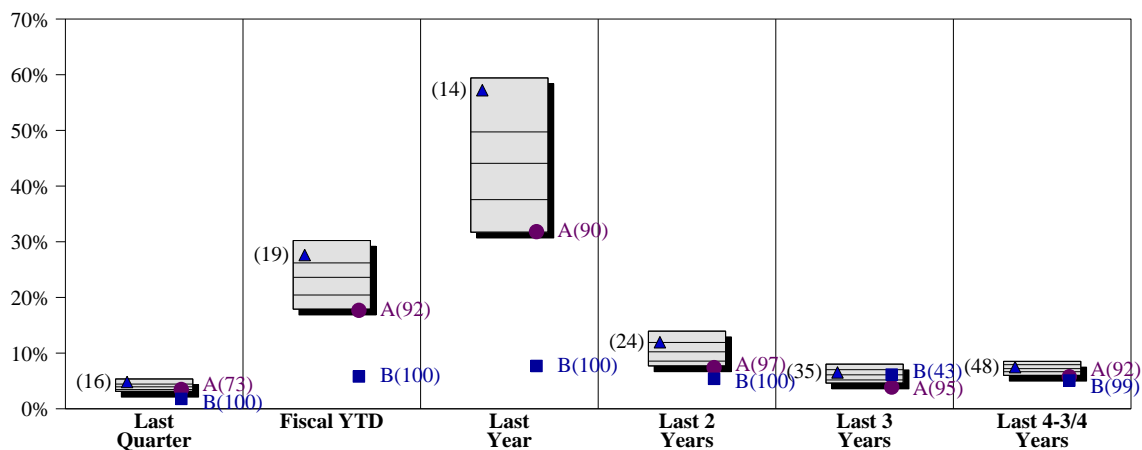
### Quarterly Summary and Highlights

- Rogge Global Partners's portfolio posted a 3.47% return for the quarter placing it in the 73 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 90 percentile for the last year.
- Rogge Global Partners's portfolio underperformed the High Yield Target by 1.35% for the quarter and underperformed the High Yield Target for the year by 25.40%.

### Quarterly Asset Growth

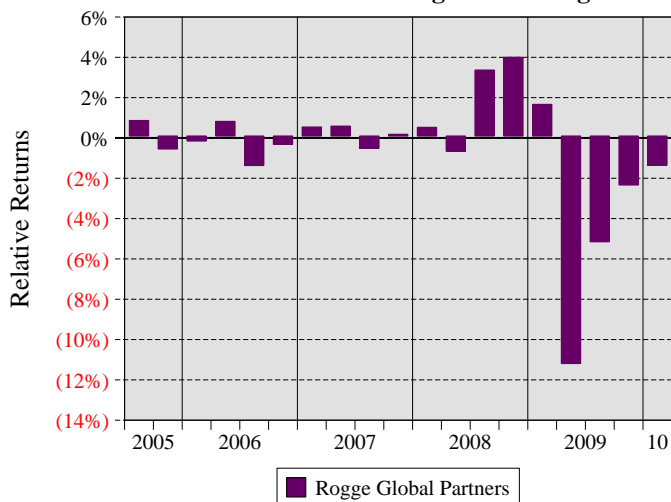
Beginning Market Value	\$153,878,979
Net New Investment	\$0
Investment Gains/(Losses)	\$5,344,789
Ending Market Value	\$159,223,768

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

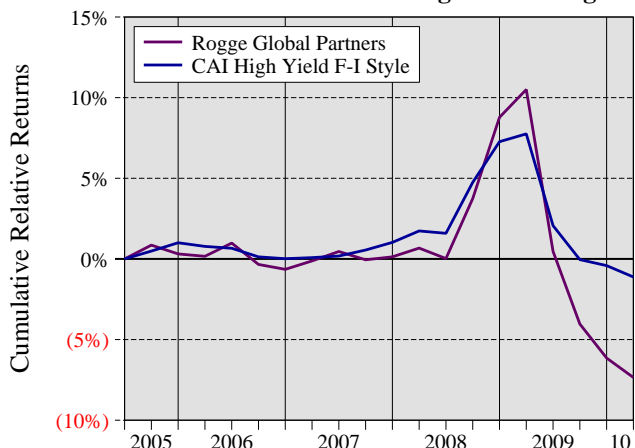


		<b>Last Quarter</b>	<b>Fiscal YTD</b>	<b>Last Year</b>	<b>Last 2 Years</b>	<b>Last 3 Years</b>	<b>Last 4-3/4 Years</b>
10th Percentile		5.36	30.22	59.42	13.95	8.02	8.52
25th Percentile		4.44	26.20	49.73	11.92	7.03	7.93
Median		3.94	23.61	44.08	10.24	6.10	7.21
75th Percentile		3.45	20.43	37.57	8.56	5.18	6.66
90th Percentile		3.13	17.89	31.72	7.70	4.62	6.00
Rogge Global Partners	● A	3.47	17.69	31.81	7.40	3.90	5.77
BC Aggregate Index	■ B	1.78	5.81	7.69	5.38	6.14	5.08
High Yield Target	▲	4.82	27.62	57.22	11.95	6.53	7.48

### Relative Return vs High Yield Target



### Cumulative Returns vs High Yield Target







## RESEARCH AND UPCOMING PROGRAMS

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Below is a list of recent Callan Institute research and upcoming programs. The Institute's research and educational programs keep clients updated on the latest trends in the investment industry and help clients learn through carefully structured workshops and lectures. For more information, please contact your Callan Consultant or Gina Falsetto at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).

### White Papers

**Domestic Equity Benchmark Review: Year-End 2009**

Anna Wagner

**Ask the Expert – Capital Market Projections: Looking Forward**

Paul Erlendson, Jay Kloepfer

**Responsible Investing – A Primer**

Anna Wagner

**The Risk Parity Approach to Asset Allocation**

Greg Allen

**Is it Time to Add TIPS to Your DC Plan?**

Maria Bautista, CIPM; Lori Lucas, CFA

### Publications

**DC Observer and Callan DC Index™** – 4th Quarter 2009

**Hedge Fund Monitor** – 4th Quarter 2009

**Capital Market Review** – 1st Quarter 2010

**Quarterly Performance Data** – 1st Quarter 2010

**Private Markets Trends** – Winter 2009-2010



## RESEARCH AND UPCOMING PROGRAMS

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(continued)

### Surveys

**2010 DC Trends Survey** – January 2010

**How Investment Managers Survived the Market Collapse** – October 2009

**2009 Investment Management Fee Survey** – September 2009

### Event Summaries and Presentations

**Summary: The 30th Annual National Conference** – February 2010

Featuring: The Capital Markets Panel, T.R. Reid, Warren Hellman,  
Laura D’Andrea Tyson and workshops on DC, alternatives and inflation.

**Presentations: The 30th Annual National Conference Workshops** – February 2010

“Disaster-Proofing the DC Plan”

“Secondary Investment Opportunities: Dream or Reality?”

“Re-igniting Inflation Fears”

### Upcoming Educational Programs

**June 2010 Regional Breakfast Workshops**

**June 22** in Atlanta

**June 23** in San Francisco

“The Risk Locker – Strategies to Diffuse Risk”

Presenters: Bud Pellecchia (New Jersey Consulting), Mark Stahl (Global Manager  
Research) and Jim Van Heuit (Capital Markets Research).

*Registration is now open! Visit [www.callan.com](http://www.callan.com) or contact us for more information.*

**If you have any questions regarding these programs,  
please contact Ray Combs at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).**

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The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2010

## EDUCATIONAL SESSIONS

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### **An Introduction to Investments**

**October 12–13 in San Francisco**

This two day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. It will familiarize fund sponsor trustees and staff with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

### **Advanced Investment Topics**

**July 20–22 in San Francisco**

This program is designed for individuals who have more than two years' experience and provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds; representatives of family trusts; and investment management professionals.

Tuition for the "Callan College" Introduction to Investments is \$2,350 per person; tuition for all other sessions is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day and dinner on the first evening with the instructors.

### **Customized Sessions**

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

**For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or [college@callan.com](mailto:college@callan.com).**





# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2010

## EDUCATIONAL SESSIONS

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(continued)

### **Alternative Investments**

**June 2–3 in San Francisco**

Callan Associates will share its alternative investment expertise through an educational program designed to advance the participants' knowledge, understanding and comfort with hedge funds, private equity, real estate, timber, commodities, energy, TIPS, infrastructure and agriculture.

Callan's alternative specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends and best practices.

Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive two-day program offers a blend of interactive discussion, lectures, presentations and case studies.

Topics for the two-day session will include:

- Understanding how to assess which hedge fund solutions may be most appropriate.
- Review of the various methodologies for deciphering alpha in a hedge fund program.
- Gain knowledge on how to capture the benefits of the private equity market's inefficiencies through proper implementation.
- Learn how and why performance measurement and monitoring standards differ from public securities allocations and how to properly evaluate private equity performance.
- Examine the process for implementing and managing private equity and real estate programs over time.
- Understand the risks associated with private real estate investing and how to protect your investments.
- Explore the other real return asset classes and their unique attributes with particular focus on timber, commodities, energy, TIPS, infrastructure and agriculture.

Tuition for the Alternatives "Callan College" session is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

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The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
AllianceBernstein	Y	Y
Allianz Investor Services, LLC		Y
American Century Investment Management	Y	
Analytic Investors	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Bank of America Merrill Lynch		Y
Bank of Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanlev, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
Bel Air Investment Advisors LLC	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandwine Global Investment Management, LLC	Y	
Bridgeway Capital Management	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Calamos Advisors	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Declaration Management & Research LLC	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y

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Manager Name	Educational Services	Consulting Services
Fiduciary Asset Management Company (FAMCO)	Y	
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GBM	Y	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Grant Park Capital Partners	Y	
Grantham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guaranteed Partners	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Heartland Advisors, Inc.		Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
Hills Bank	Y	
HSBC Investments (USA) Inc.		Y
ING Investment Management	Y	Y
INVESCO	Y	Y
Investec Asset Management	Y	
Institutional Capital LLC	Y	
Janus Capital Management, LLC	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Kenmar Group Inc.	Y	
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
LSV Asset Management	Y	
Mackay Shields LLC	Y	Y
Madison Square Investors	Y	
Marsico Capital Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miller/Howard Investments Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Natixis Global Asset Management		Y
Newton Capital Management	Y	
Neuberger Berman (fka. Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y

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Manager Name	Educational Services	Consulting Services
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
Piedmont Investment Advisors	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
Portfolio Investments	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroders Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments		Y
Smith Group Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Sterne Aqee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
TAMRO Capital Partners	Y	
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y

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Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Wells Fargo Capital Partners Group	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	
Zephyr Management	Y	

**Callan Associates Inc.  
Investment Measurement Service  
Quarterly Review**

**State of Alaska  
SBS Fund  
March 31, 2010**

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The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2010 by Callan Associates Inc.



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### Investment Fund Balances

The table below compares the fund's investment fund balances as of March 31, 2010 with that of December 31, 2009. 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.

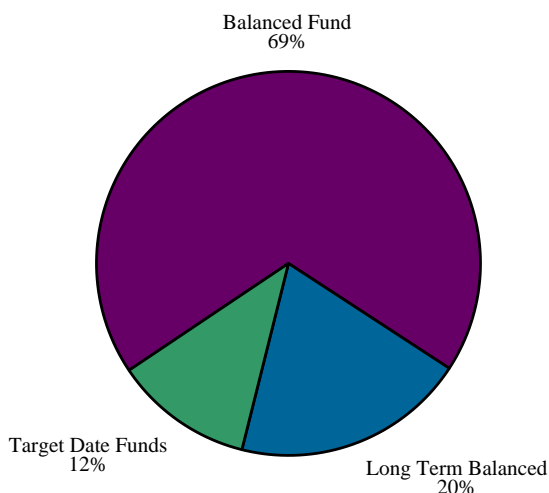
#### Asset Distribution Across Investment Funds

	March 31, 2010		Net New Inv.	Inv. Return	December 31, 2009	
	Market Value	Percent			Market Value	Percent
<b>Balanced/Target Funds</b>						
Alaska Balanced Fund	1,025,941,798	44.13%	(3,830,093)	29,806,128	999,965,763	44.59%
Long Term Balanced Fund	294,159,490	12.65%	34,683,746	7,710,822	251,764,922	11.23%
Target 2010 Fund	31,577,926	1.36%	(466,984)	170,722	31,874,188	1.42%
Target 2010 Trust	4,228,887	0.18%	(111,111)	733,534	3,606,464	0.16%
Target 2015 Trust	80,879,975	3.48%	(751,195)	3,354,290	78,276,880	3.49%
Target 2020 Trust	29,468,422	1.27%	205,256	1,565,438	27,697,728	1.24%
Target 2025 Trust	12,763,436	0.55%	729,459	1,069,052	10,964,925	0.49%
Target 2030 Trust	2,899,176	0.12%	725,348	645,401	1,528,427	0.07%
Target 2035 Trust	3,856,190	0.17%	768,537	713,520	2,374,133	0.11%
Target 2040 Trust	3,788,495	0.16%	880,812	846,859	2,060,824	0.09%
Target 2045 Trust	2,487,200	0.11%	608,108	932,868	946,224	0.04%
Target 2050 Trust	2,680,469	0.12%	540,028	1,032,767	1,107,674	0.05%
Target 2055 Trust	648,886	0.03%	49,357	137,254	462,275	0.02%
<b>Domestic Equity Funds</b>						
State Street S&P	215,001,718	9.25%	(8,090,457)	10,697,519	212,394,657	9.47%
RCM Socially Responsible	26,810,285	1.15%	(790,985)	743,872	26,857,397	1.20%
Russell 3000 Index	7,196,670	0.31%	864,584	361,463	5,970,622	0.27%
T. Rowe Price Small Cap	61,408,074	2.64%	(1,610,069)	4,930,084	58,088,059	2.59%
<b>International Equity Funds</b>						
Brandes Int'l Fund	81,158,801	3.49%	(13,143,842)	977,347	93,325,296	4.16%
World Eq Ex-US Index	11,922,253	0.51%	(145,096)	35,944	12,031,405	0.54%
<b>Fixed-Income Funds</b>						
BlackRock Govt/Credit Fd	44,514,210	1.91%	(4,433,256)	693,343	48,254,123	2.15%
Intermediate Bond Fund	14,315,905	0.62%	252,199	146,600	13,917,106	0.62%
Long US Treasury Bond	4,543,156	0.20%	(602,036)	15,199	5,129,993	0.23%
US TIPS	11,606,969	0.50%	147,185	49,539	11,410,246	0.51%
World Gov't Bond Ex-US	2,169,538	0.09%	(257,031)	(53,462)	2,480,031	0.11%
<b>Global Balanced Funds</b>						
SSgA Global Balanced	50,549,840	2.17%	(866,571)	1,046,475	50,369,937	2.25%
<b>Real Estate Funds</b>						
US REITS	16,920,823	0.73%	3,293,152	1,002,463	12,625,208	0.56%
<b>Short Term Funds</b>						
T. Rowe Price Stable Value	269,861,922	11.61%	1,579,310	2,554,857	265,727,755	11.85%
SSgA Inst Trsry MM	11,631,134	0.50%	407,097	1	11,224,036	0.50%
<b>Total Fund</b>	<b>\$2,324,991,647</b>	<b>100.0%</b>	<b>\$10,635,450</b>	<b>\$71,919,899</b>	<b>\$2,242,436,297</b>	<b>100.0%</b>

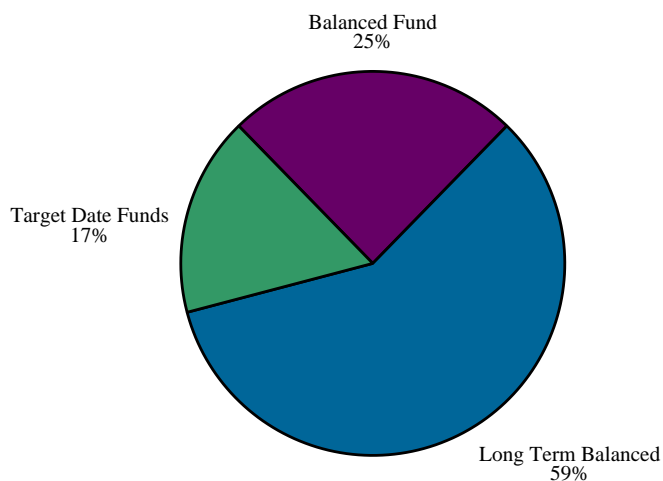
### Asset Allocation

The charts below illustrate the historical asset allocation of the fund as well as the historical allocations of contributions to the fund. The pie charts on the top show the most recent allocation of both assets and newly contributed money. The middle chart displays the historical allocation of fund assets. The bottom chart illustrates the historical allocation of contributions.

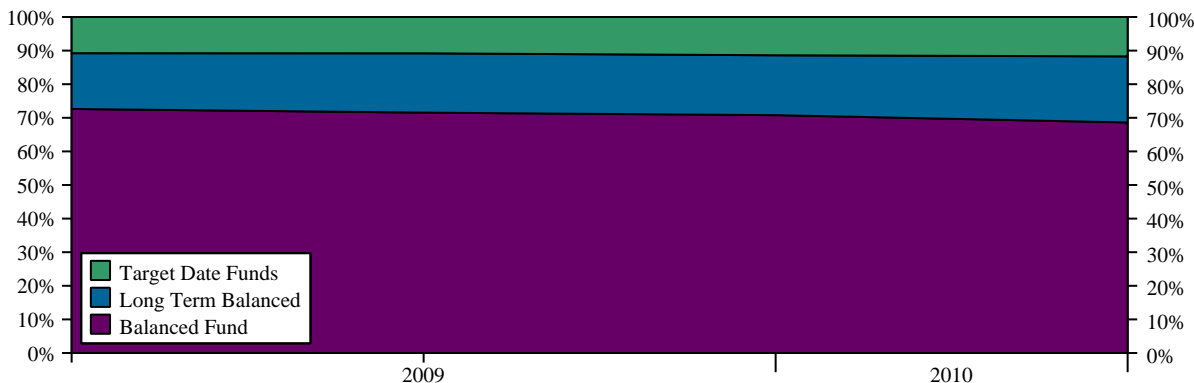
#### Asset Allocation



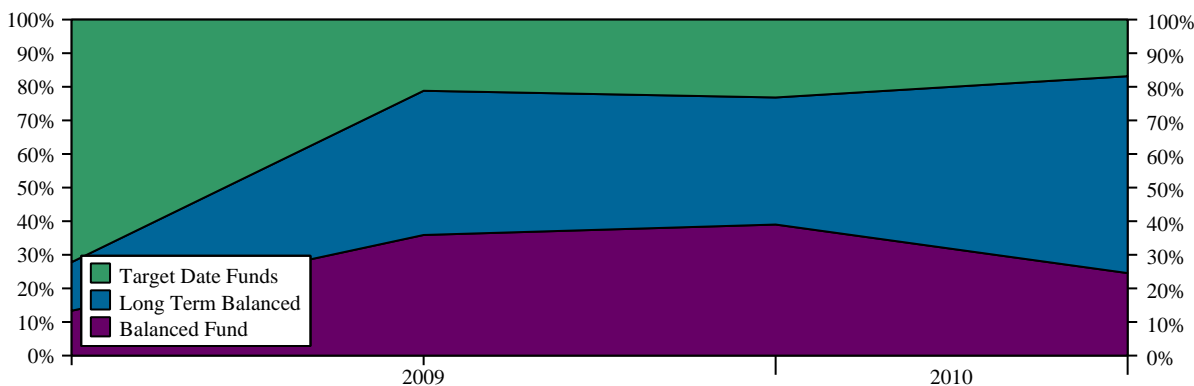
#### New Contributions



#### Historical Asset Allocation



#### Historical Allocation of Contributions



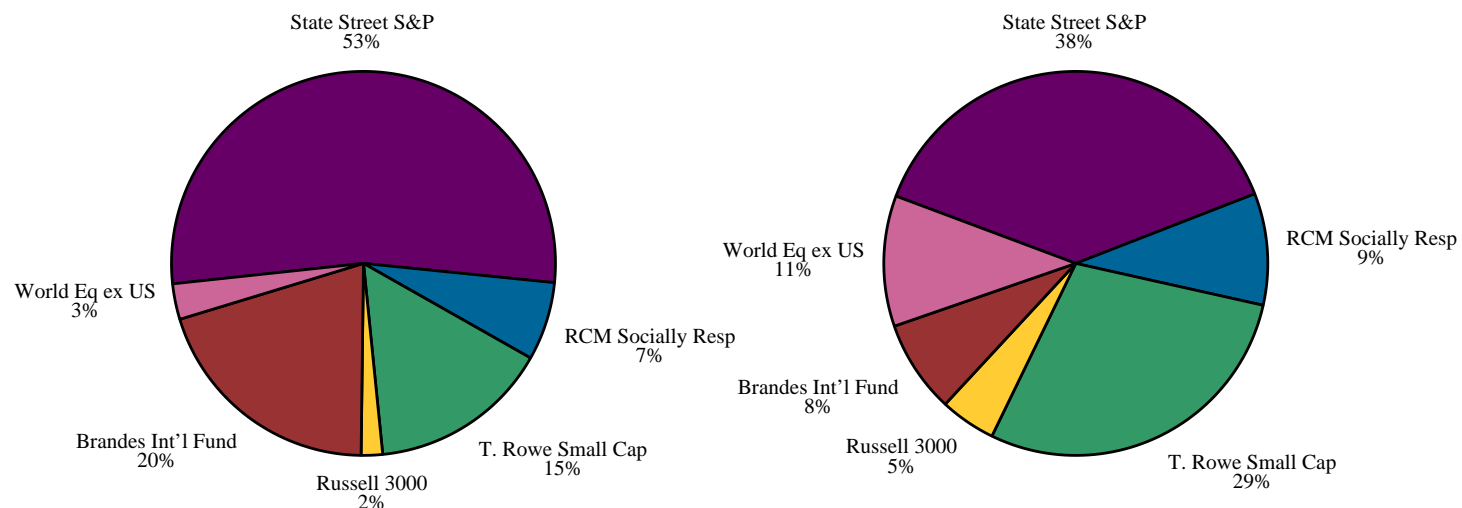


### Asset Allocation

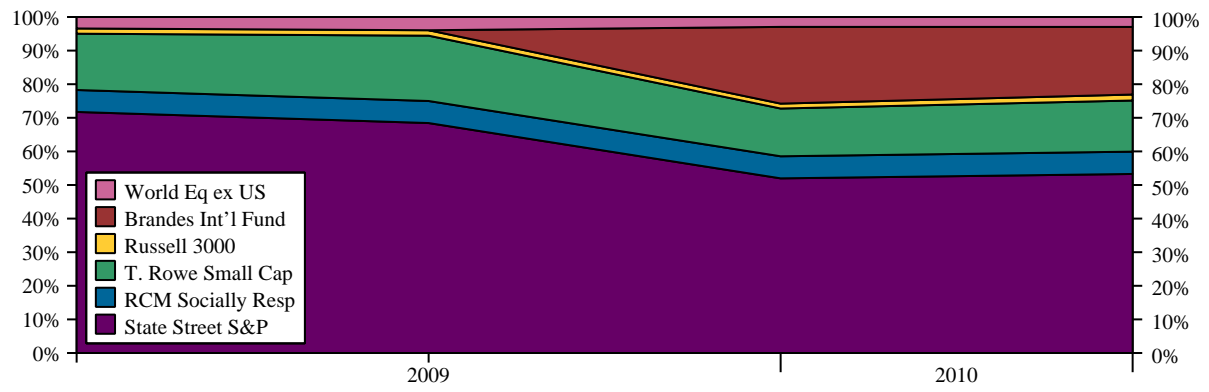
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#### Asset Allocation

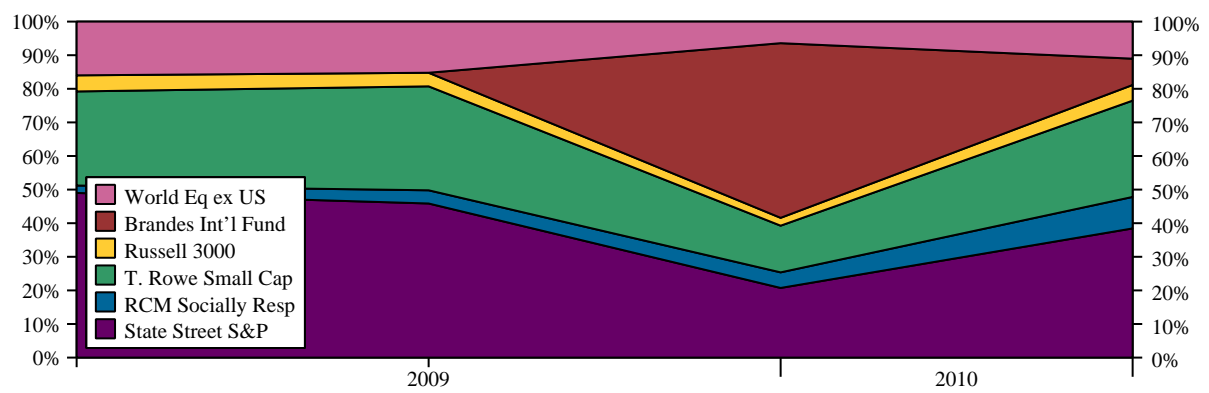
#### New Contributions



#### Historical Asset Allocation



#### Historical Allocation of Contributions

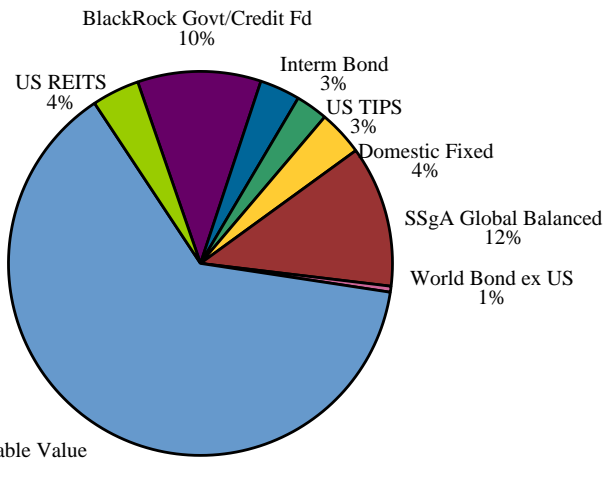




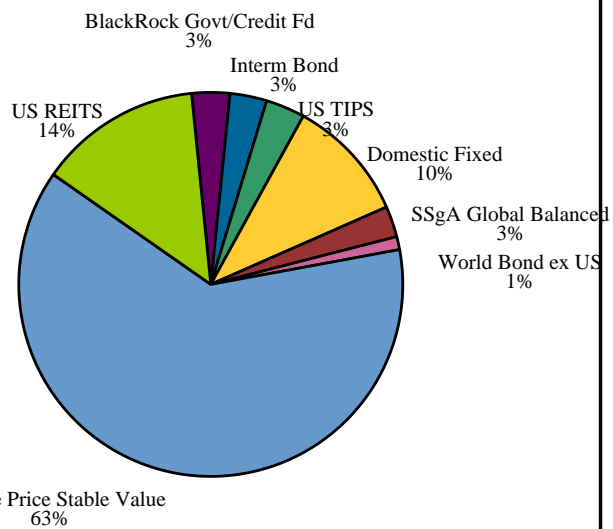
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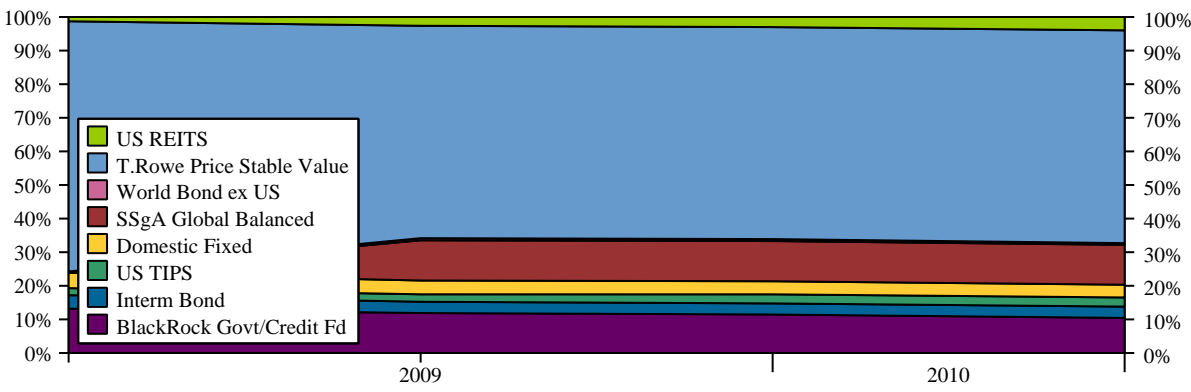
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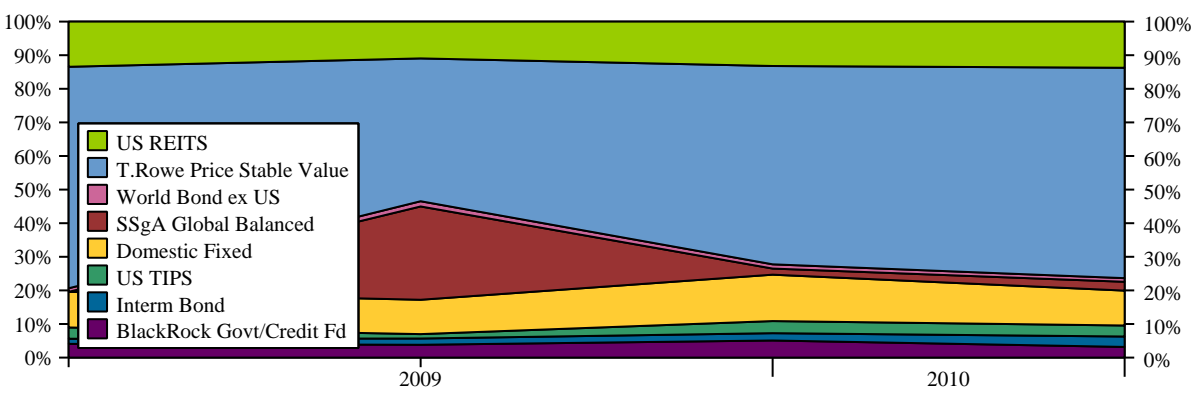
#### New Contributions



#### Historical Asset Allocation



#### Historical Allocation of Contributions



### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

#### Returns for Periods Ended March 31, 2010

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
<b>Alaska Balanced Fund</b>	<b>3.01%</b>	<b>22.88%</b>	<b>2.83%</b>	<b>3.07%</b>	<b>4.76%</b>
Benchmark	2.92%	22.06%	2.93%	3.08%	4.74%
<b>Long Term Balanced Fund</b>	<b>3.86%</b>	<b>33.88%</b>	<b>0.65%</b>	<b>0.48%</b>	<b>3.99%</b>
Benchmark	3.74%	33.30%	0.89%	0.60%	4.05%
<b>Target 2010 Fund</b>	<b>0.56%</b>	<b>4.73%</b>	<b>0.69%</b>	<b>2.05%</b>	<b>3.67%</b>
Benchmark	0.50%	4.52%	0.23%	1.54%	3.31%
<b>Target 2010 Trust</b>	<b>3.49%</b>	-	-	-	-
Benchmark	3.47%	-	-	-	-
<b>Target 2015 Trust</b>	<b>3.90%</b>	<b>26.16%</b>	<b>3.80%</b>	<b>3.23%</b>	<b>5.40%</b>
Benchmark	3.65%	25.98%	3.30%	2.73%	5.10%
<b>Target 2020 Trust</b>	<b>4.22%</b>	<b>37.20%</b>	<b>(0.64%)</b>	<b>(1.23%)</b>	<b>3.92%</b>
Benchmark	4.17%	37.35%	(0.92%)	(1.44%)	3.81%
<b>Target 2025 Trust</b>	<b>4.51%</b>	<b>44.81%</b>	<b>(2.61%)</b>	<b>(3.16%)</b>	-
Benchmark	4.53%	45.00%	(2.87%)	(3.30%)	-
<b>Target 2030 Trust</b>	<b>4.56%</b>	-	-	-	-
Benchmark	4.53%	-	-	-	-
<b>Target 2035 Trust</b>	<b>4.67%</b>	-	-	-	-
Benchmark	4.65%	-	-	-	-
<b>Target 2040 Trust</b>	<b>4.75%</b>	-	-	-	-
Benchmark	4.65%	-	-	-	-
<b>Target 2045 Trust</b>	<b>4.70%</b>	-	-	-	-
Benchmark	4.65%	-	-	-	-
<b>Target 2050 Trust</b>	<b>4.68%</b>	-	-	-	-
Benchmark	4.65%	-	-	-	-
<b>Target 2055 Trust</b>	<b>4.71%</b>	-	-	-	-
Benchmark	4.65%	-	-	-	-
<b>State Street S&amp;P 500 Fund</b>	<b>5.40%</b>	<b>49.68%</b>	<b>(3.57%)</b>	<b>(4.07%)</b>	<b>2.00%</b>
Standard & Poor's 500	5.39%	49.77%	(3.71%)	(4.17%)	1.92%
<b>Russell 3000 Index Fd</b>	<b>5.91%</b>	<b>52.76%</b>	-	-	-
Russell 3000 Index	5.94%	52.44%	(2.94%)	(3.99%)	2.39%
<b>World Eq ex-US Index</b>	<b>1.47%</b>	<b>59.07%</b>	-	-	-
MSCI ACWI x US (Net Div)	1.58%	60.93%	(7.18%)	(4.17%)	6.11%
<b>Long US Treasury Bond Index</b>	<b>0.88%</b>	<b>(7.06%)</b>	-	-	-
BC Long Treas	0.93%	(7.26%)	2.39%	5.81%	5.25%
<b>US Treasury Infl Prtcd Sec</b>	<b>0.52%</b>	<b>6.03%</b>	-	-	-
BC US TIPS Index	0.56%	6.18%	1.99%	6.01%	4.82%
<b>World Gov't Bond ex-US Indx</b>	<b>(2.03%)</b>	<b>6.94%</b>	-	-	-
Citi Non-US Gvt Bd Idx	(2.10%)	8.41%	0.71%	7.45%	4.67%
<b>US Real Estate Invmnt Trust</b>	<b>9.64%</b>	<b>109.27%</b>	-	-	-
Dow Jones Wilshire REIT	9.82%	113.72%	(8.31%)	(11.96%)	3.40%
<b>SSgA Instl Trsry MM</b>	<b>0.00%</b>	<b>0.03%</b>	-	-	-
Citigroup 3 month T-Bills	0.02%	0.13%	0.63%	1.80%	2.76%





### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

#### Returns for Periods Ended March 31, 2010

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
<b>BlackRock Govt/Credit Fund*</b>	<b>1.47%</b>	<b>7.00%</b>	<b>4.24%</b>	<b>5.61%</b>	<b>5.03%</b>
BC Govt/Credit Bd	1.55%	7.51%	4.60%	5.84%	5.17%
<b>Intermediate Bond Fund</b>	<b>1.07%</b>	<b>0.64%</b>	-	-	-
BC Gov Inter	1.12%	0.87%	3.40%	5.94%	5.12%
<b>Brandes Int'l Fund</b>	<b>1.62%</b>	-	-	-	-
MSCI EAFE Index	0.87%	54.44%	(9.11%)	(7.02%)	3.75%
<b>SSgA Global Balanced</b>	<b>2.19%</b>	-	-	-	-
Custom Benchmark**	2.20%	-	-	-	-
<b>RCM Socially Responsible</b>	<b>4.16%</b>	<b>49.32%</b>	-	-	-
S&P 500 Index	5.39%	49.77%	(3.71%)	(4.17%)	1.92%
<b>T. Rowe Price Small-Cap Trust</b>	<b>9.66%</b>	<b>68.49%</b>	<b>6.91%</b>	<b>(0.68%)</b>	<b>5.12%</b>
Russell 2000 Index	8.85%	62.76%	0.86%	(3.99%)	3.36%
<b>T. Rowe Price Stable Value Fund</b>	<b>1.04%</b>	<b>4.23%</b>	<b>4.29%</b>	<b>4.55%</b>	<b>4.51%</b>
3-month Treasury Bill	0.01%	0.17%	0.69%	1.99%	2.91%
GIC Master Index, 3 Years	0.97%	4.29%	4.54%	4.57%	4.18%

\*BlackRock Govt/Credit Fund was initially funded on August 28, 2007. Prior returns represent the manager's returns for the index fund.

\*\*Custom Benchmark is 60% MSCI ACWI Index, 30% BarCap US Agg Bond Index, and 10% Citigroup World Gov't Bond ex-US Idx.



**Balanced Fund***Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Portfolio	2.00%	2.41%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	63.00%	60.42%
<b><u>Equity</u></b>		
US Equity	28.63%	29.58%
International Portfolio	6.37%	7.58%

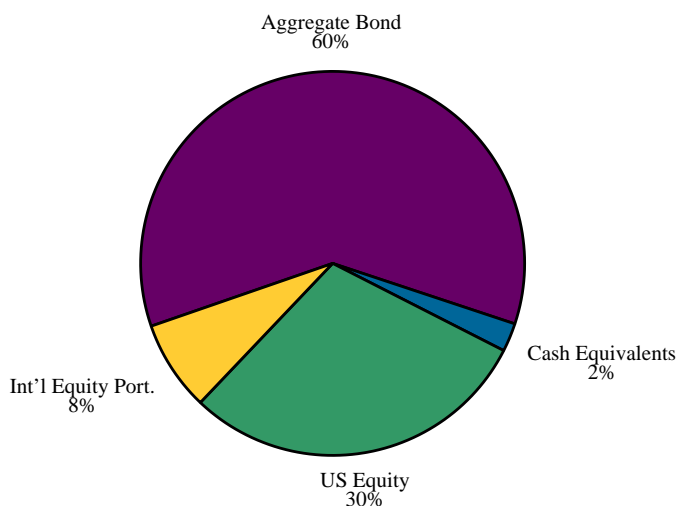
**Objectives**

To provide a balanced and diversified mix of stocks, bonds and money market instruments for investors with a low to average risk tolerance.

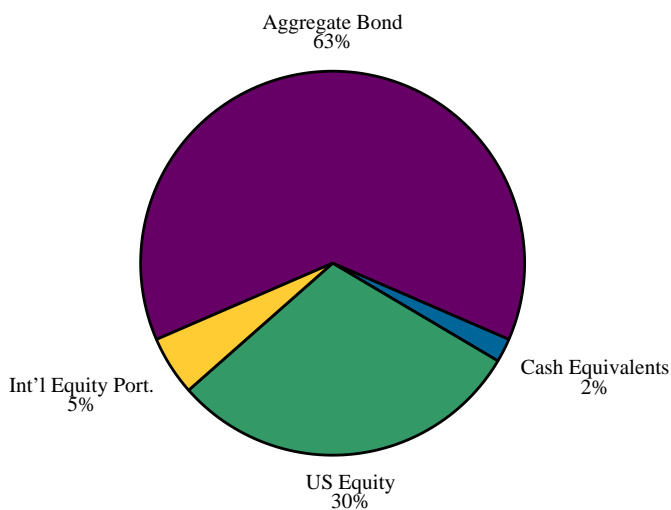
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



#### Target Asset Allocation



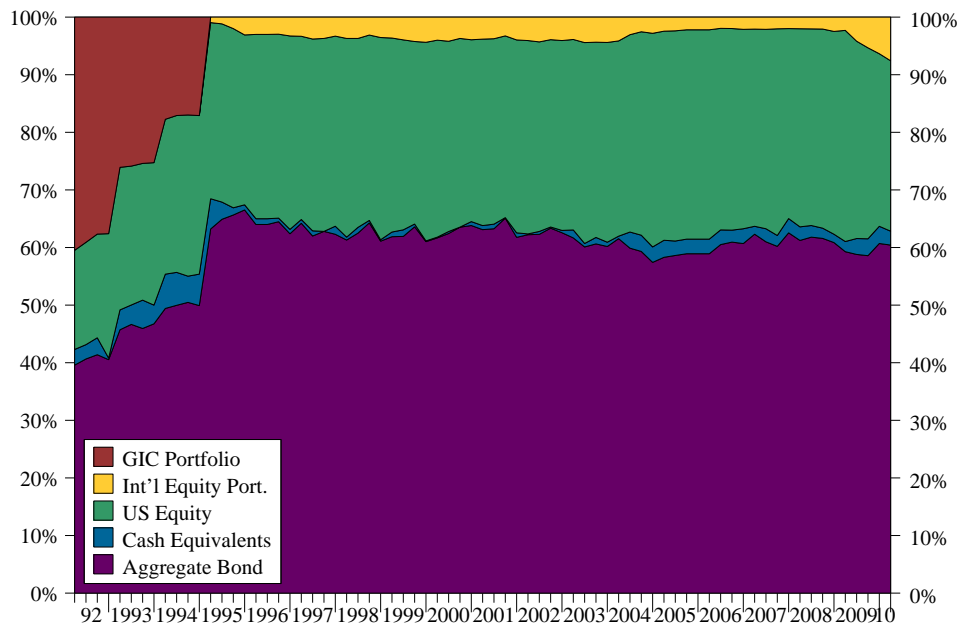
Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	619,911	60.4%	63.0%	(2.6%)	(26,432)
Cash Equivalents	24,760	2.4%	2.0%	0.4%	4,241
US Equity	303,522	29.6%	30.0%	(0.4%)	(4,261)
Int'l Equity Port.	77,749	7.6%	5.0%	2.6%	26,452
<b>Total</b>	<b>1,025,942</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 63.0% BC Aggregate Index, 30.0% Russell 3000 Index, 5.0% MSCI EAFE Index and 2.0% 3-month Treasury Bill.

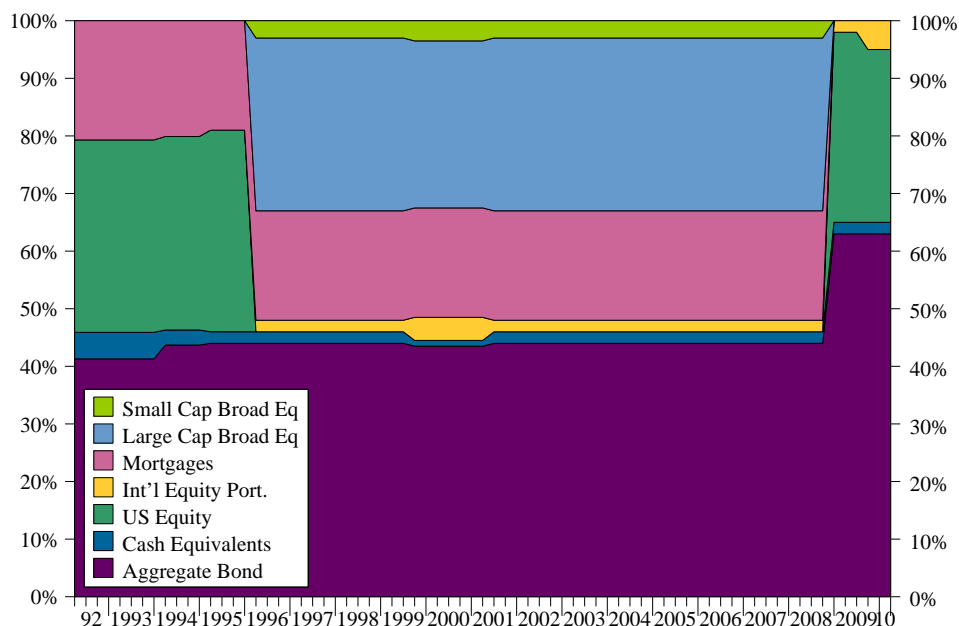
### Actual vs Target Historical Asset Allocation

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, and the fund's historical target asset allocation.

#### Actual Historical Asset Allocation



#### Target Historical Asset Allocation



\* Current Quarter Target = 63.0% BC Aggregate Index, 30.0% Russell 3000 Index, 5.0% MSCI EAFE Index and 2.0% 3-month Treasury Bill.

# ALASKA BALANCED FUND PERIOD ENDED MARCH 31, 2010



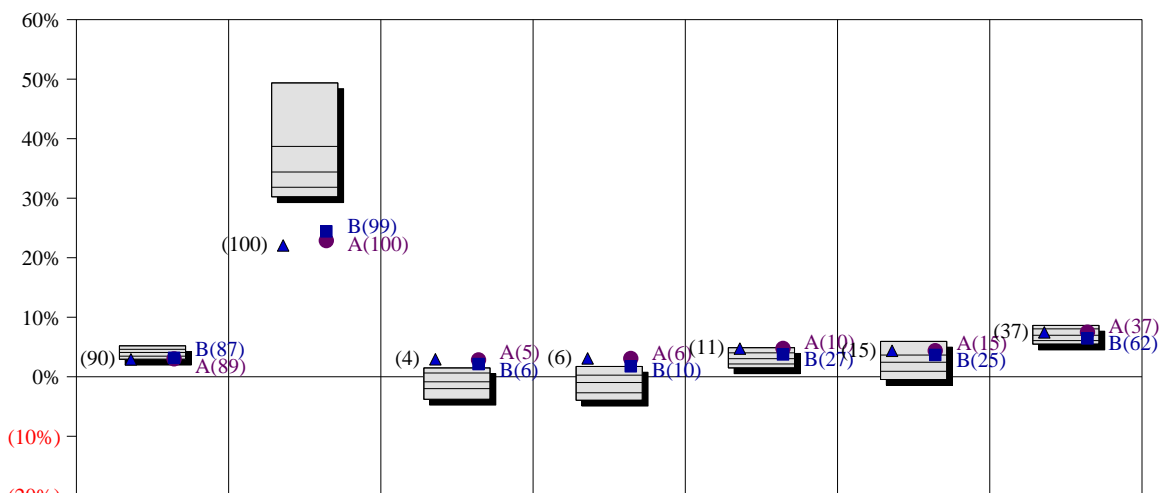
## Investment Philosophy

Domestic Balanced Style mutual funds diversify their investments among common stocks, bonds, preferred stocks and money market securities within the U.S.

## Quarterly Summary and Highlights

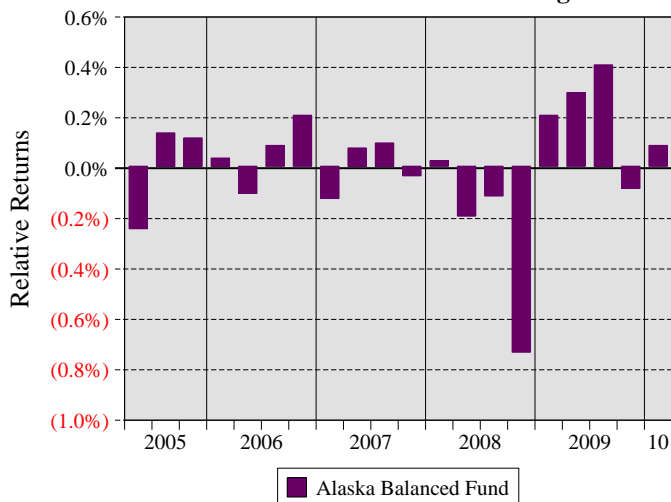
- Alaska Balanced Fund's portfolio posted a 3.01% return for the quarter placing it in the 89 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 100 percentile for the last year.
- Alaska Balanced Fund's portfolio outperformed the Passive Target by 0.09% for the quarter and outperformed the Passive Target for the year by 0.82%.

## Performance vs CAI MF - Domestic Balanced Style (Net)

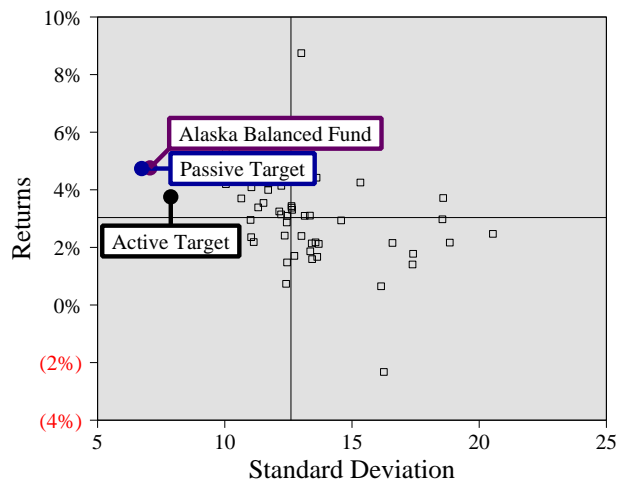


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 18 Years
10th Percentile	5.20	49.37	1.49	1.73	4.88	5.94	8.62
25th Percentile	4.61	38.70	0.63	0.27	4.02	3.65	8.05
Median	4.08	34.40	(0.85)	(0.97)	3.04	2.44	6.97
75th Percentile	3.46	31.84	(1.99)	(2.69)	2.15	0.92	6.08
90th Percentile	2.94	30.23	(3.79)	(3.95)	1.49	(0.46)	5.48
Alaska Balanced Fund ● A	3.01	22.88	2.83	3.07	4.76	4.38	7.50
Active Target ■ B	3.18	24.43	2.13	1.76	3.75	3.66	6.45
Passive Target ▲	2.92	22.06	2.93	3.08	4.74	4.36	7.46

## Relative Return vs Passive Target



## CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



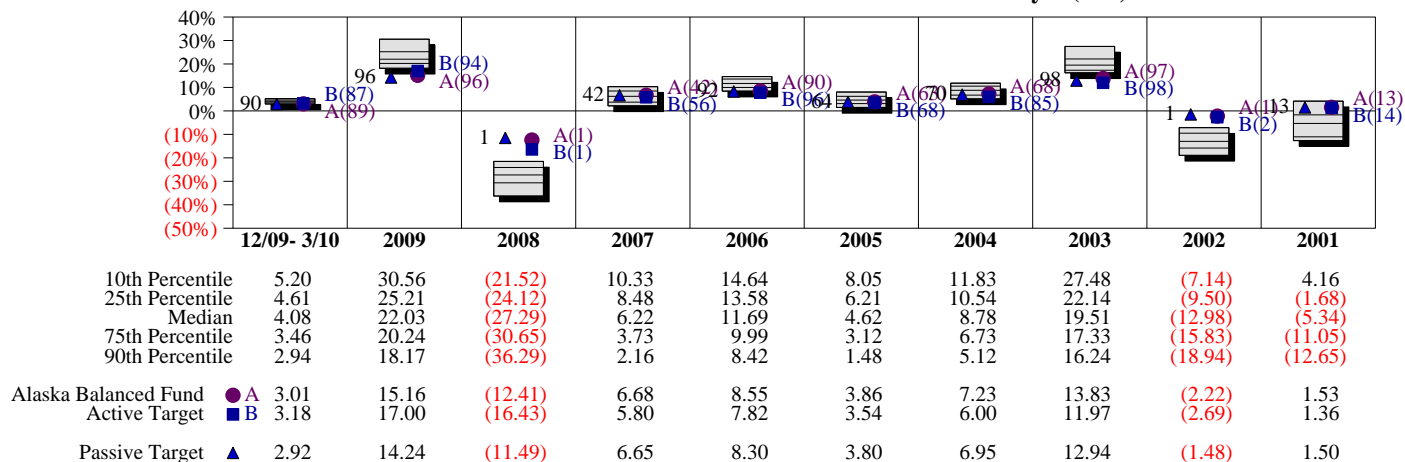
# ALASKA BALANCED FUND RETURN ANALYSIS SUMMARY



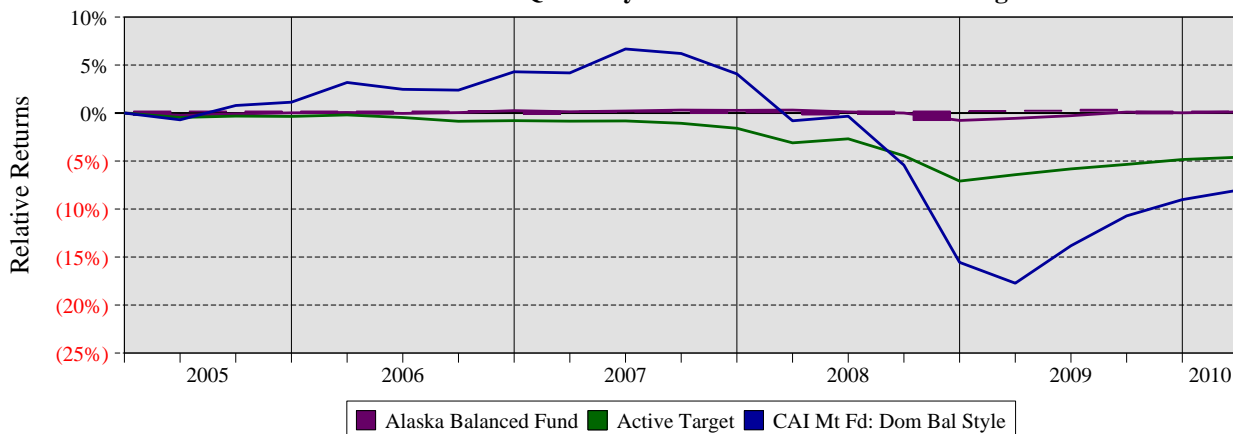
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

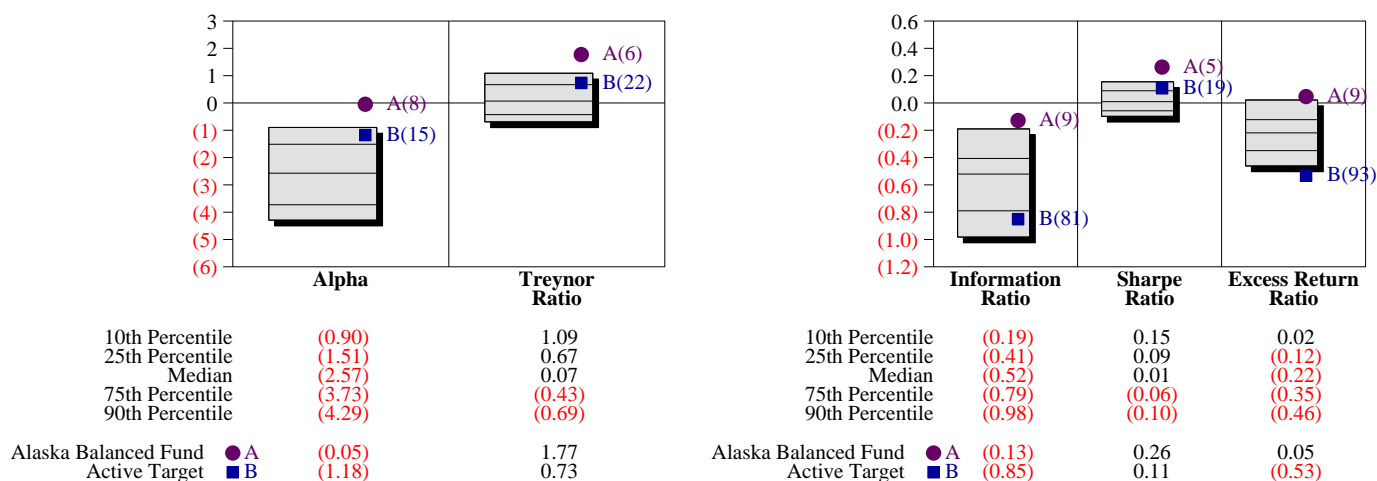
### Performance vs CAI MF - Domestic Balanced Style (Net)



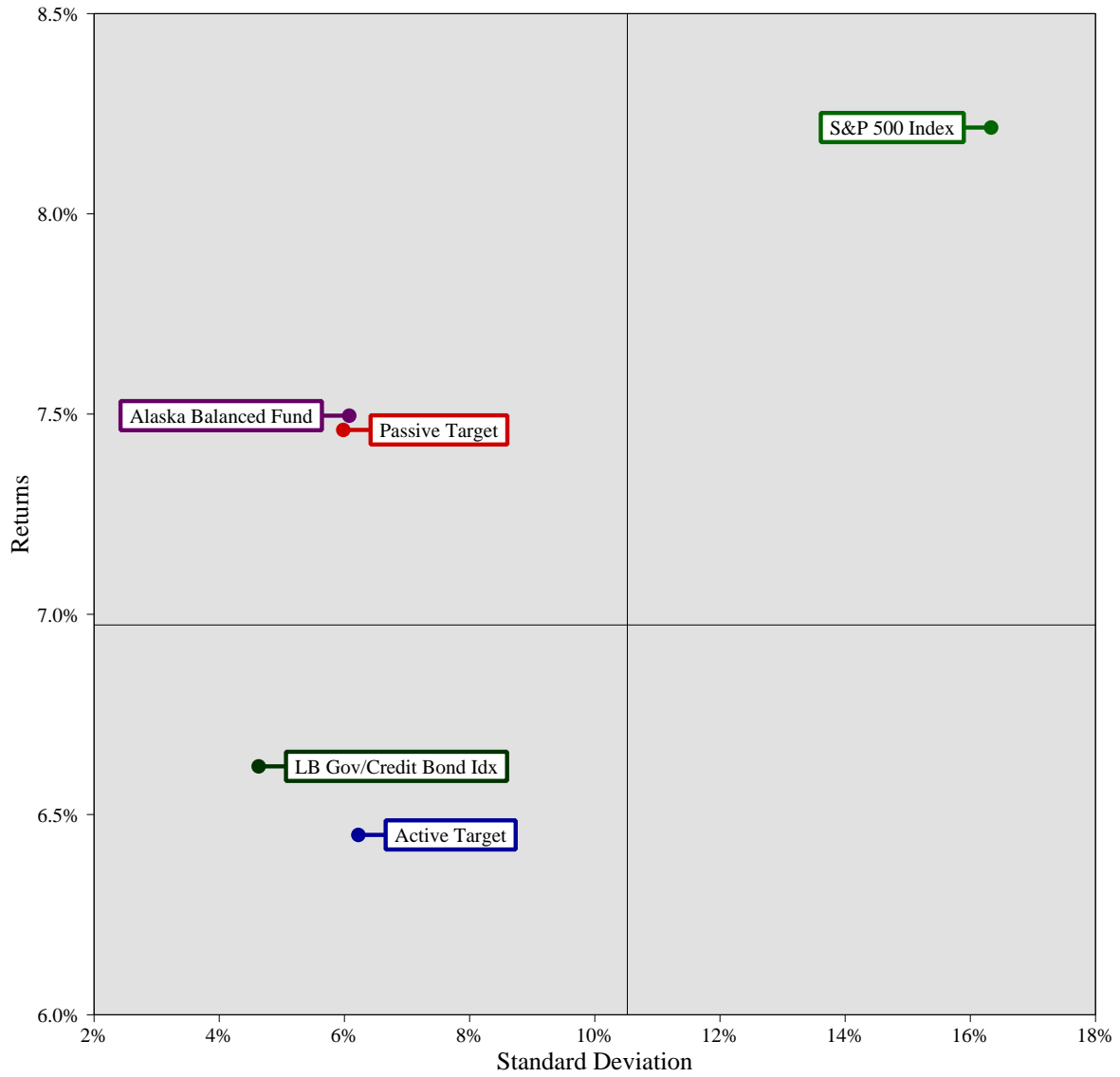
### Cumulative and Quarterly Relative Return vs Passive Target



### Risk Adjusted Return Measures vs Passive Target Rankings Against CAI MF - Domestic Balanced Style (Net) Five Years Ended March 31, 2010



STATE OF ALASKA S B S - ALASKA BALANCED FUND  
RISK/REWARD VS CAI MF - DOMESTIC BALANCED STYLE  
EIGHTEEN YEARS ENDED MARCH 31, 2010





Long Term Balanced  
Fund

Long-Term Balanced Fund*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Portfolio	1.00%	1.82%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	39.00%	36.23%
<b><u>Equity</u></b>		
US Equity	48.96%	49.50%
International Portfolio	11.04%	12.45%

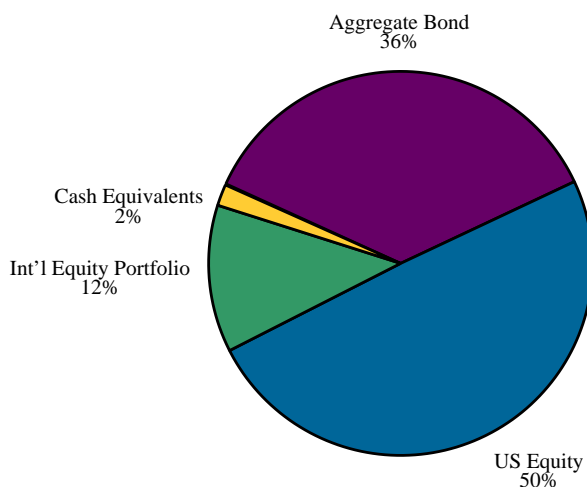
**Objectives**

To provide a balanced and diversified mix of stocks, bonds, and money market instruments for investors with a moderate risk tolerance.

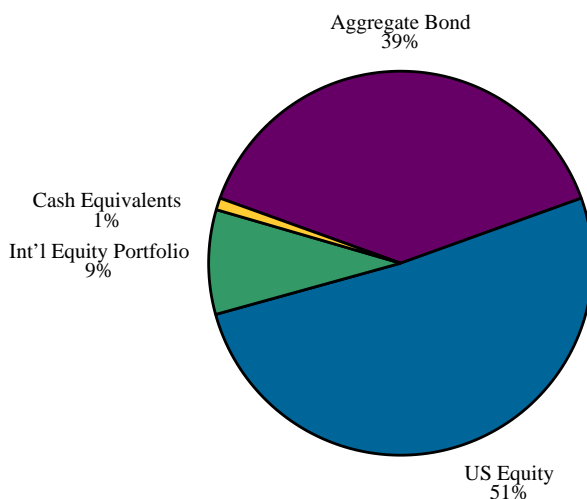
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	106,574	36.2%	39.0%	(2.8%)	(8,148)
US Equity	145,609	49.5%	51.2%	(1.7%)	(5,001)
Int'l Equity Portfolio	36,623	12.4%	8.8%	3.6%	10,737
Cash Equivalents	5,354	1.8%	1.0%	0.8%	2,412
Total	294,159	100.0%	100.0%		

\* Current Quarter Target = 51.2% Russell 3000 Index, 39.0% BC Aggregate Index, 8.8% MSCI EAFE Index and 1.0% 3-month Treasury Bill.



# LONG TERM BALANCED FUND PERIOD ENDED MARCH 31, 2010

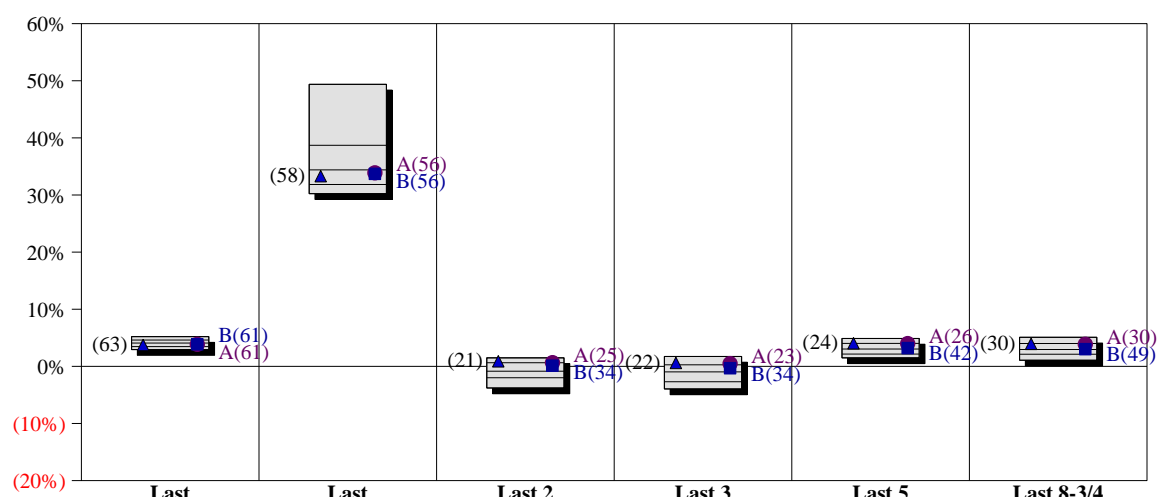
## Investment Philosophy

Domestic Balanced Style mutual funds diversify their investments among common stocks, bonds, preferred stocks and money market securities within the U.S.

## Quarterly Summary and Highlights

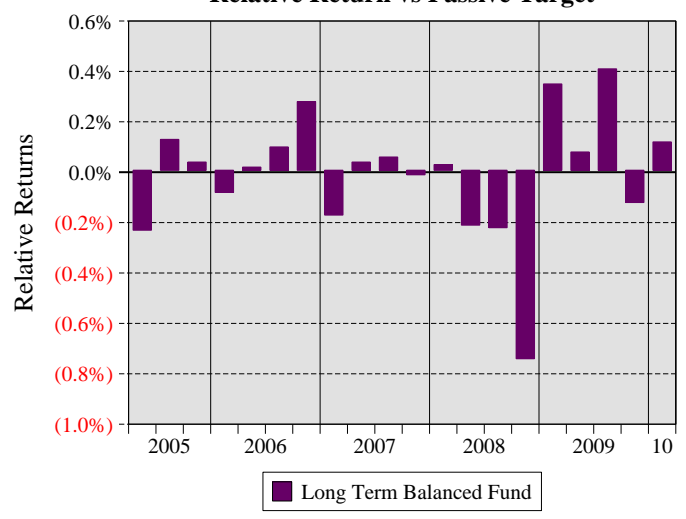
- Long Term Balanced Fund's portfolio posted a 3.86% return for the quarter placing it in the 61 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 56 percentile for the last year.
- Long Term Balanced Fund's portfolio outperformed the Passive Target by 0.12% for the quarter and outperformed the Passive Target for the year by 0.59%.

## Performance vs CAI MF - Domestic Balanced Style (Net)

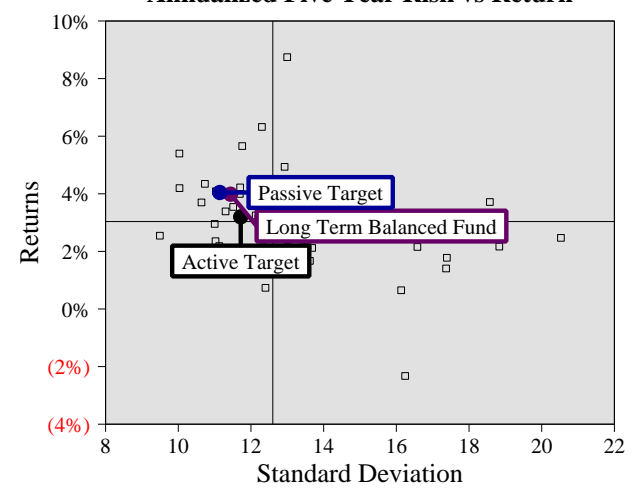


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-3/4 Years
10th Percentile	5.20	49.37	1.49	1.73	4.88	5.09
25th Percentile	4.61	38.70	0.63	0.27	4.02	4.00
Median	4.08	34.40	(0.85)	(0.97)	3.04	2.95
75th Percentile	3.46	31.84	(1.99)	(2.69)	2.15	2.12
90th Percentile	2.94	30.23	(3.79)	(3.95)	1.49	1.07
Long Term Balanced Fund	● A 3.86	33.88	0.65	0.48	3.99	3.86
Active Target	■ B 3.87	33.70	0.11	(0.33)	3.20	3.01
Passive Target	▲ 3.74	33.30	0.89	0.60	4.05	3.94

### Relative Return vs Passive Target



### CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



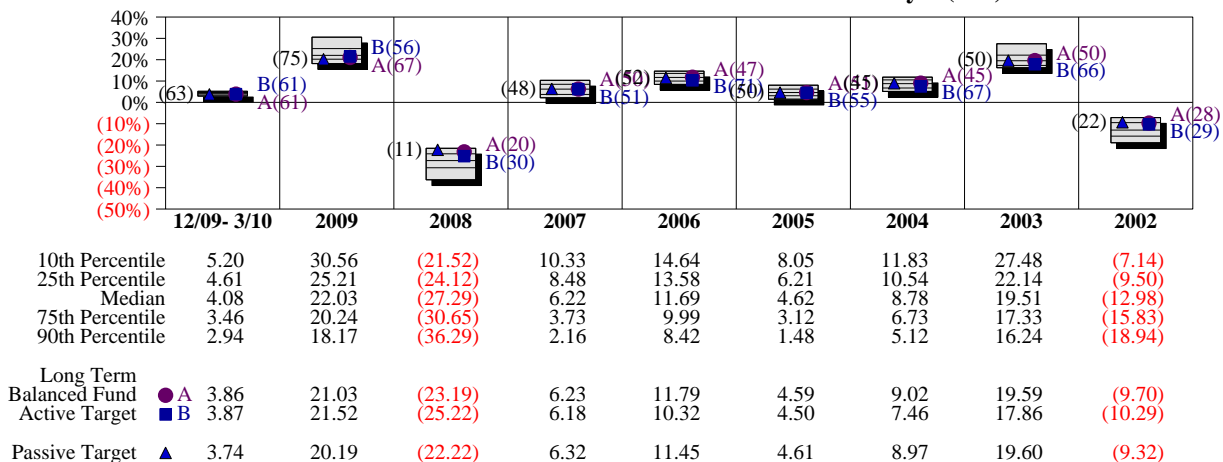


## LONG TERM BALANCED FUND RETURN ANALYSIS SUMMARY

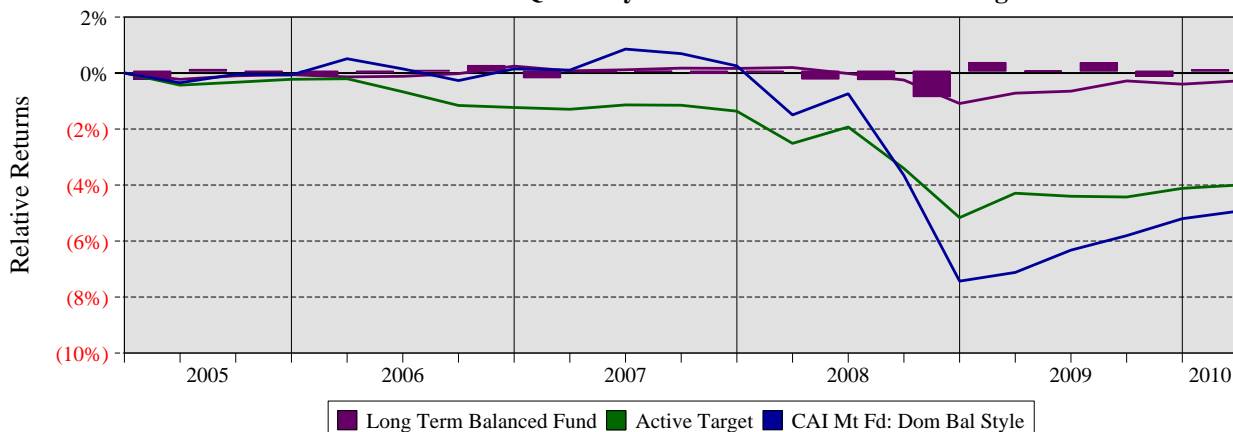
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

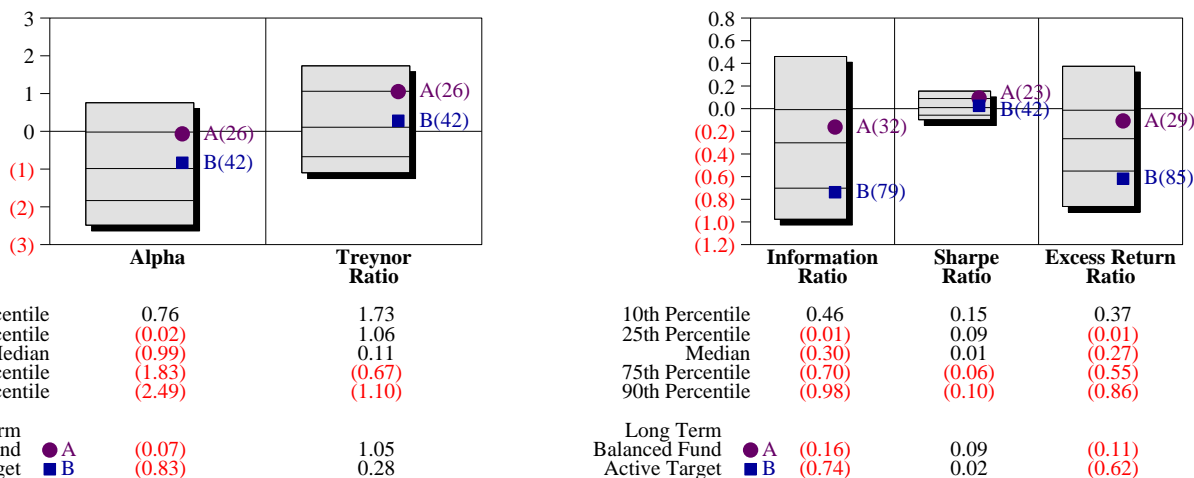
#### Performance vs CAI MF - Domestic Balanced Style (Net)



#### Cumulative and Quarterly Relative Return vs Passive Target



#### Risk Adjusted Return Measures vs Passive Target Rankings Against CAI MF - Domestic Balanced Style (Net) Five Years Ended March 31, 2010





Target 2010 Fund

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	85.00%	84.64%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	10.00%	10.13%
<b><u>Equity</u></b>		
US Equity	5.00%	5.22%
International Fund	0.00%	0.00%

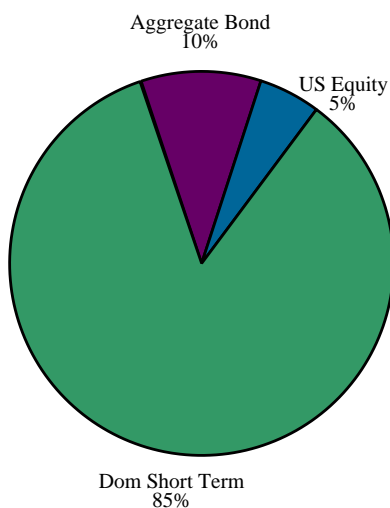
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors and/or investors with a moderate to high tolerance for risk. This fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2010 approaches.

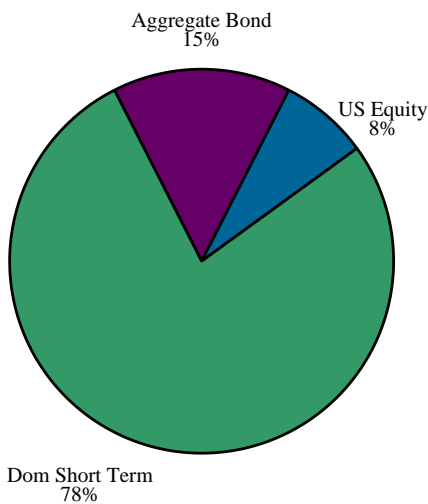
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



#### Target Asset Allocation

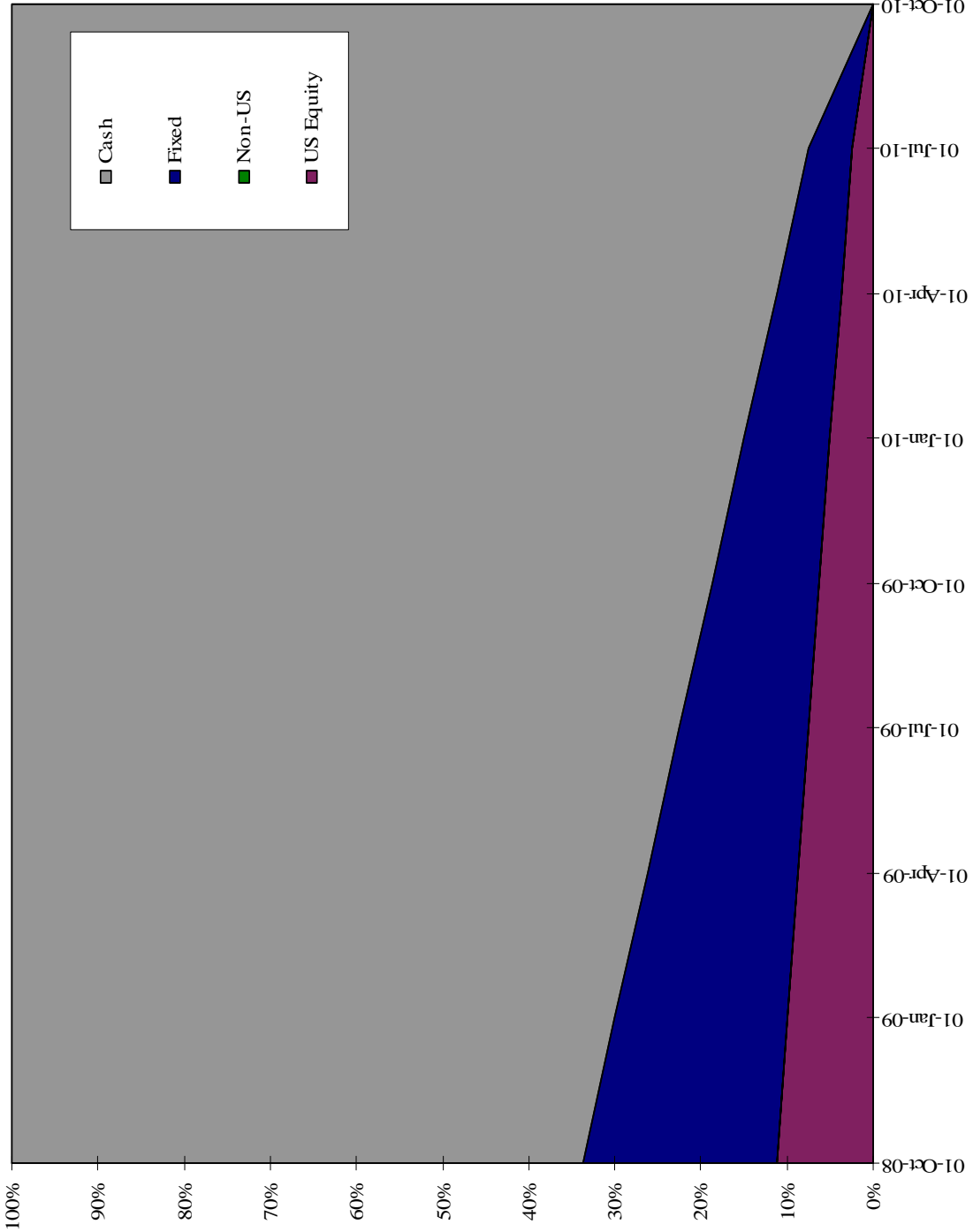


Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	3,200	10.1%	15.0%	(4.9%)	(1,537)
US Equity	1,649	5.2%	7.5%	(2.3%)	(719)
Dom Short Term	26,729	84.6%	77.5%	7.1%	2,256
<b>Total</b>	<b>31,578</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 77.5% 3-month Treasury Bill, 15.0% BC Aggregate Index and 7.5% Russell 3000 Index.



**Target 2010 Fund  
Schedule of Benchmark Allocation Changes**

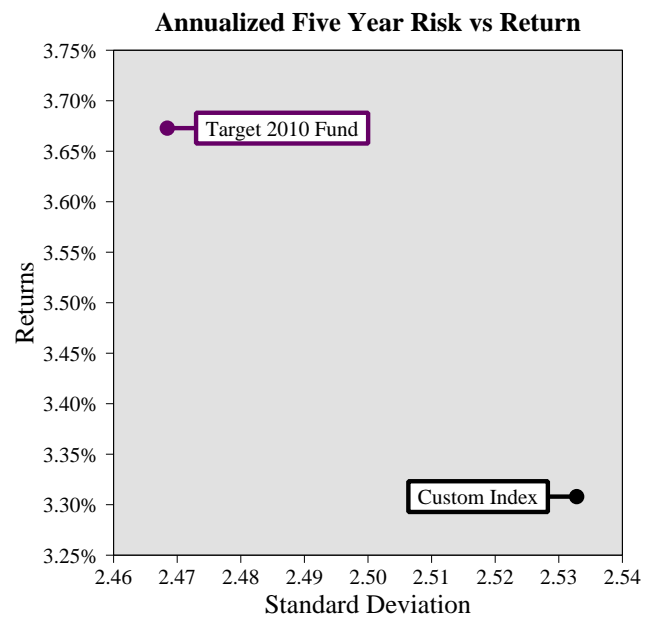
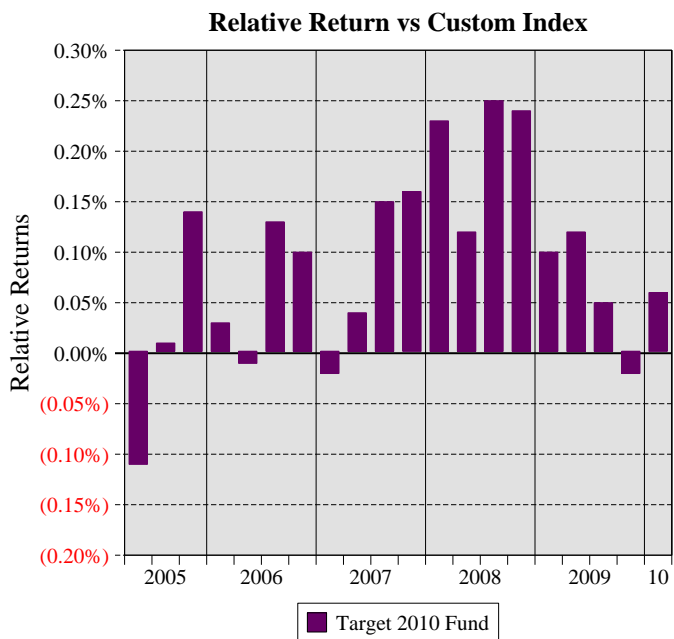
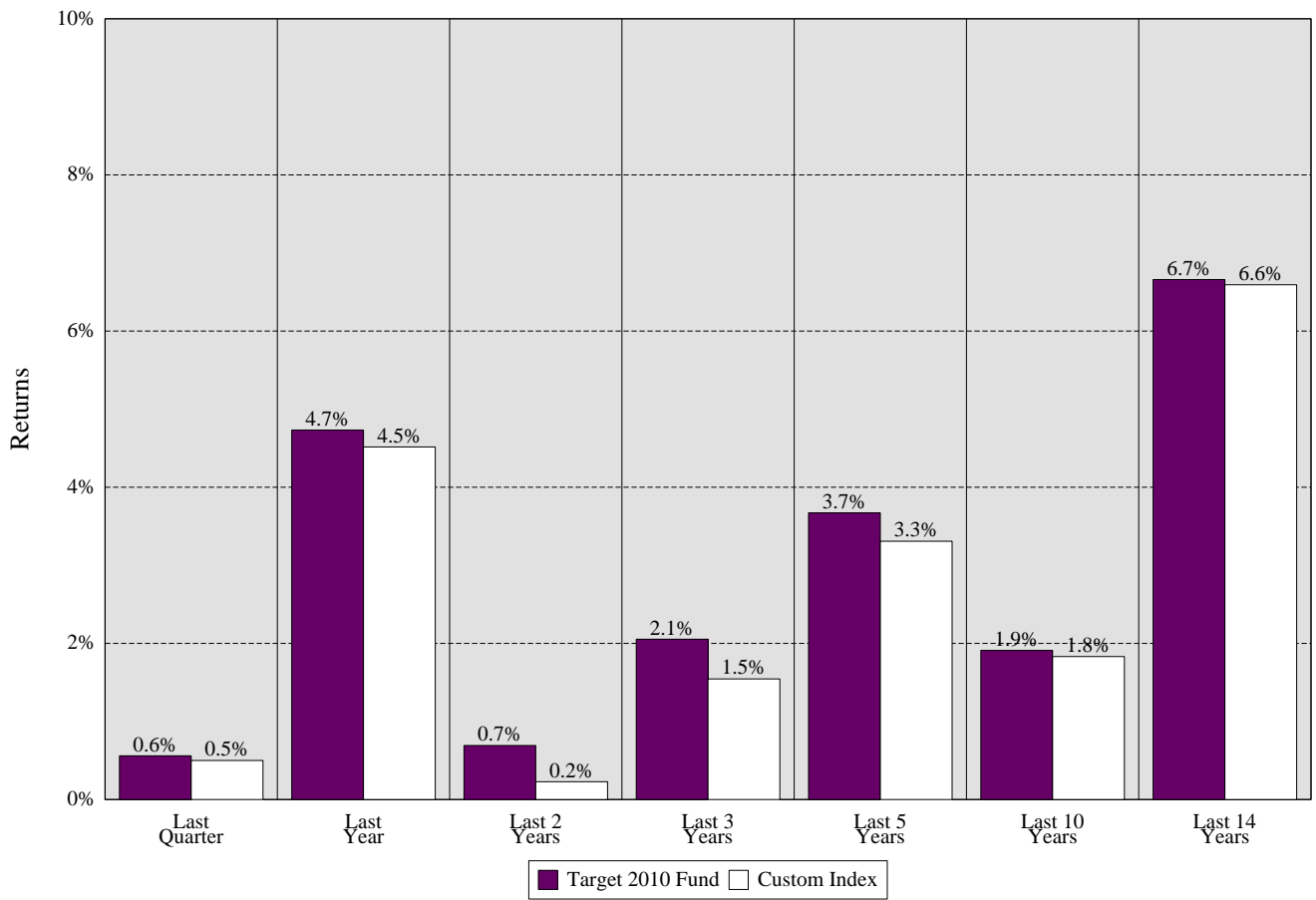




## TARGET 2010 FUND PERIOD ENDED MARCH 31, 2010

**Quarterly Summary and Highlights**

- Target 2010 Fund's portfolio outperformed the Custom Index by 0.06% for the quarter and outperformed the Custom Index for the year by 0.22%.





Target 2010 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	9.00%	8.65%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	34.50%	34.26%
<b><u>Equity</u></b>		
US Equity	45.00%	45.12%
International Fund	11.50%	11.97%

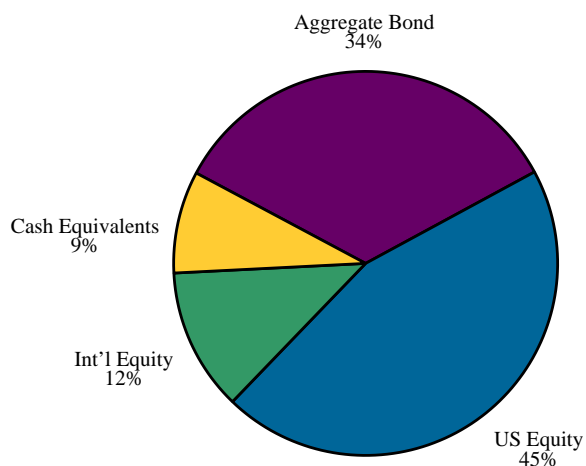
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors and/or investors with a moderate to high tolerance for risk. This fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2010 approaches.

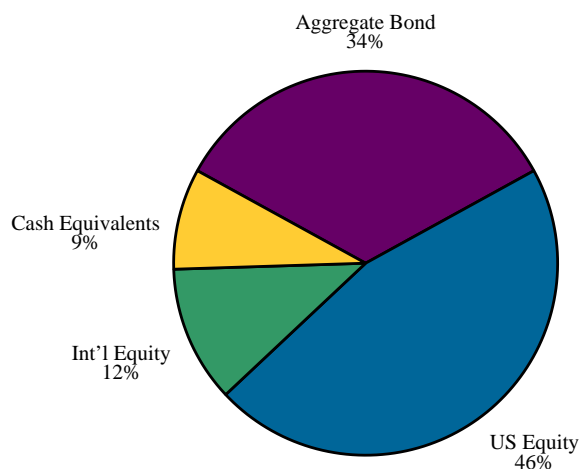
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



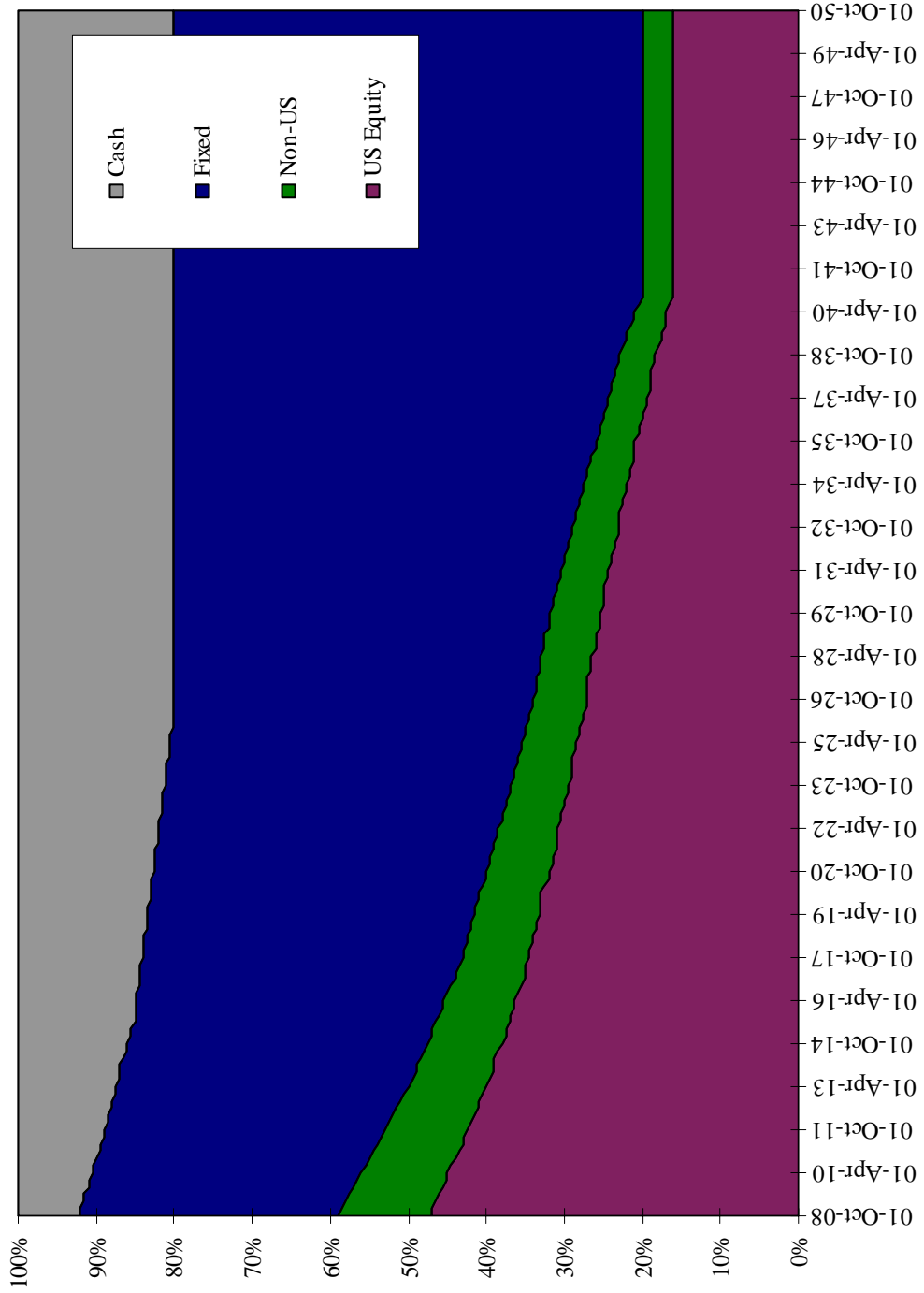
#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	1,449	34.3%	34.0%	0.3%	11
US Equity	1,908	45.1%	46.0%	(0.9%)	(37)
Int'l Equity	506	12.0%	11.5%	0.5%	20
Cash Equivalents	366	8.6%	8.5%	0.1%	6
<b>Total</b>	<b>4,229</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 46.0% Russell 3000 Index, 34.0% BC Aggregate Index, 11.5% MSCI EAFE Index and 8.5% 3-month Treasury Bill.

**Target 2010 Trust  
Schedule of Benchmark Allocation Changes**

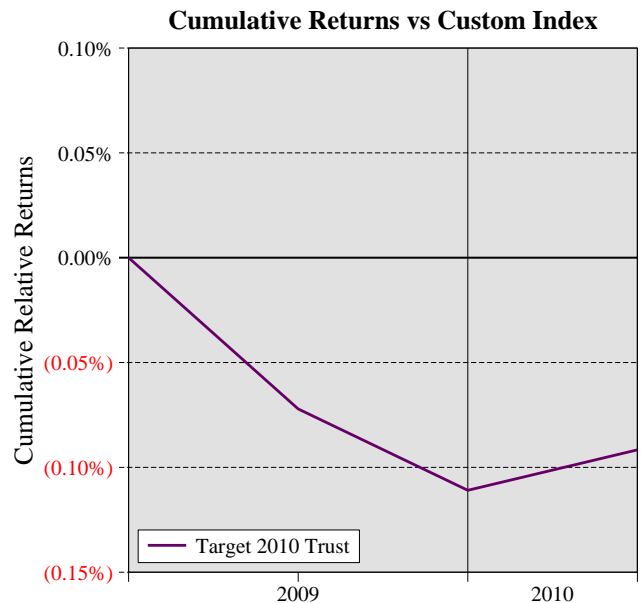
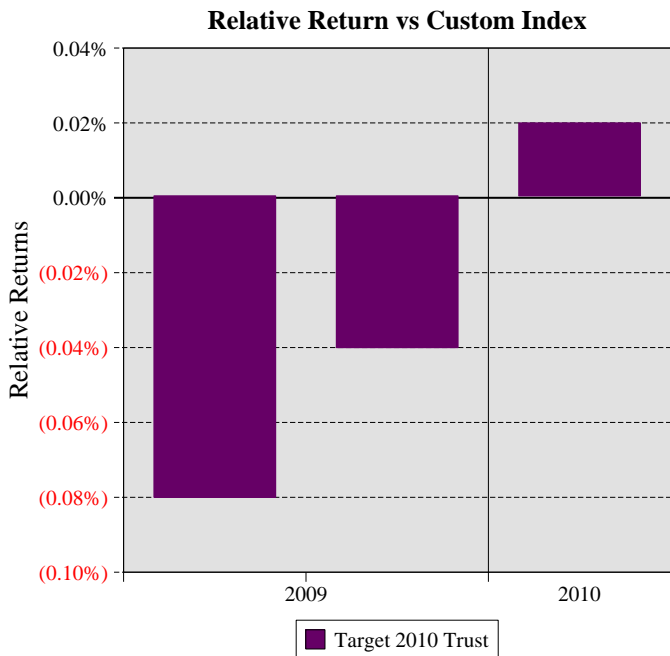
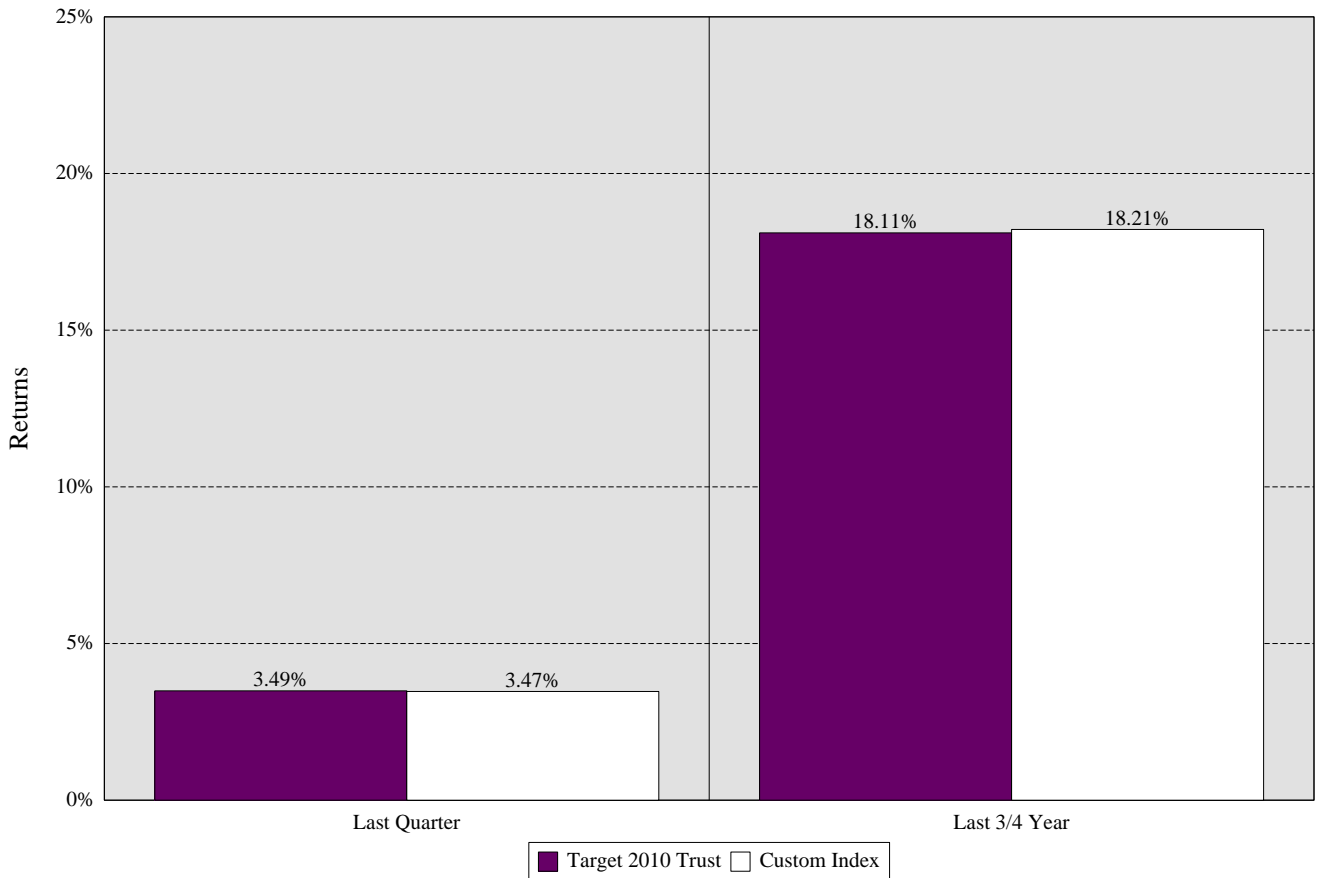




## TARGET 2010 TRUST PERIOD ENDED MARCH 31, 2010

### Quarterly Summary and Highlights

- Target 2010 Trust's portfolio outperformed the Custom Index by 0.02% for the quarter and underperformed the Custom Index for the three-quarter year by 0.11%.







Target 2015 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	7.63%	7.33%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	31.07%	30.36%
<b><u>Equity</u></b>		
US Equity	50.03%	50.65%
International Fund	11.27%	11.67%

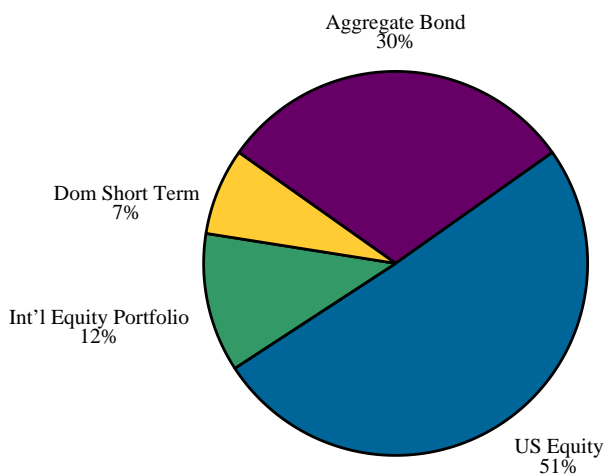
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors with a higher tolerance for risk. This fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2015 approaches.

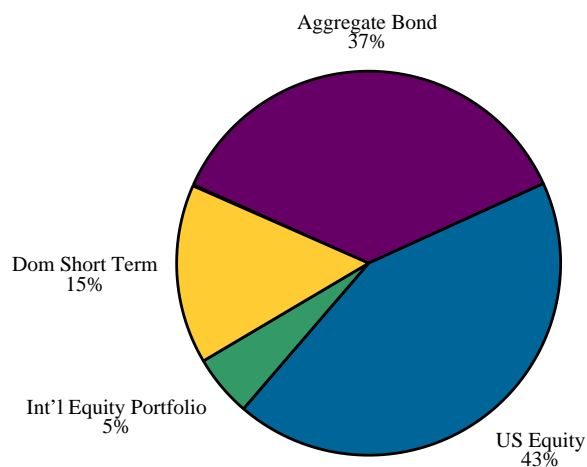
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



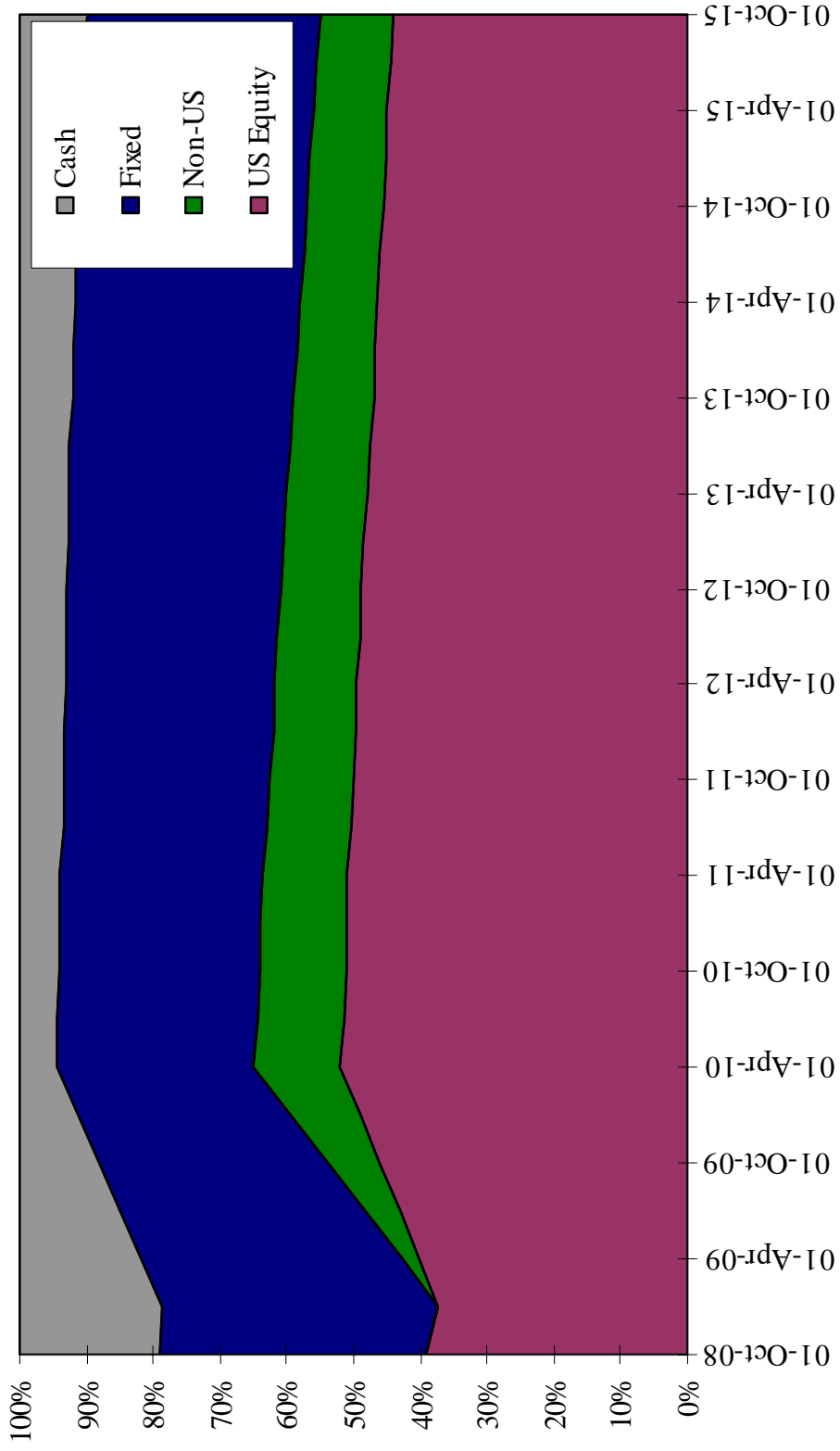
#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	24,552	30.4%	36.5%	(6.2%)	(5,010)
US Equity	40,964	50.6%	43.1%	7.5%	6,064
Int'l Equity Portfolio	9,439	11.7%	5.2%	6.5%	5,233
Dom Short Term	5,926	7.3%	15.1%	(7.8%)	(6,287)
Total	80,880	100.0%	100.0%		

\* Current Quarter Target = 43.1% Russell 3000 Index, 36.5% BC Aggregate Index, 15.1% 3-month Treasury Bill and 5.2% MSCI EAFE Index.

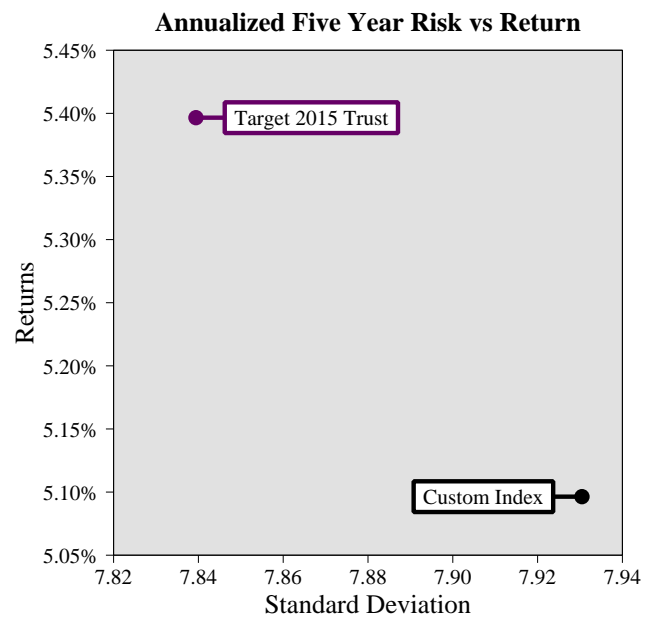
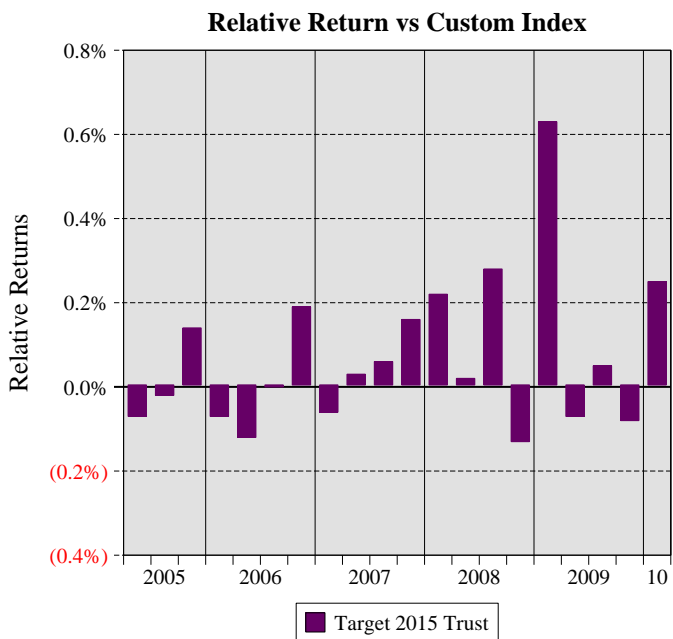
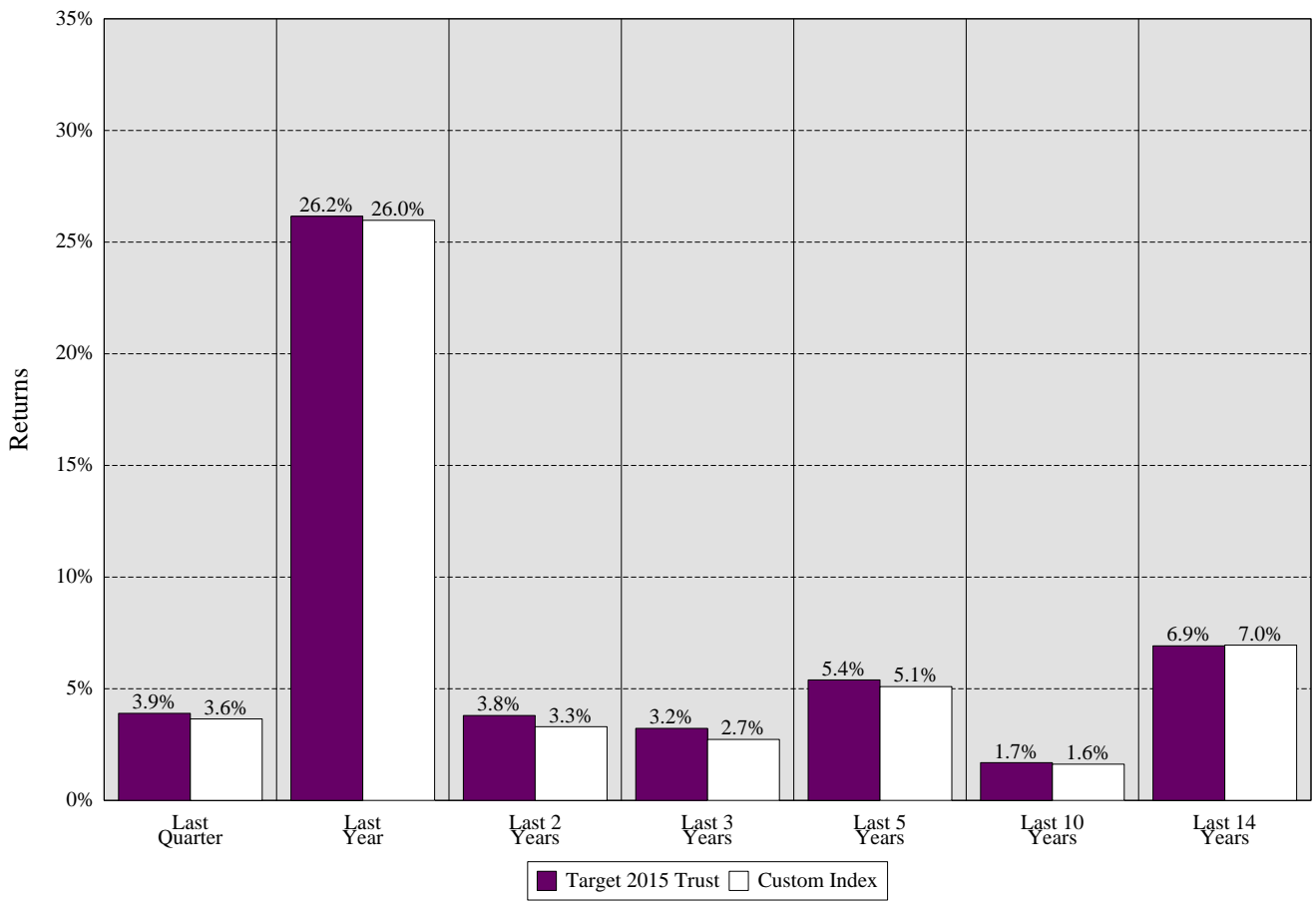
**Target 2015 Trust  
Schedule of Benchmark Allocation Changes**



## TARGET 2015 TRUST PERIOD ENDED MARCH 31, 2010

**Quarterly Summary and Highlights**

- Target 2015 Trust's portfolio outperformed the Custom Index by 0.25% for the quarter and outperformed the Custom Index for the year by 0.18%.





Target 2020 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	3.71%	3.52%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	23.63%	23.55%
<b><u>Equity</u></b>		
US Equity	59.63%	59.51%
International Fund	13.03%	13.42%

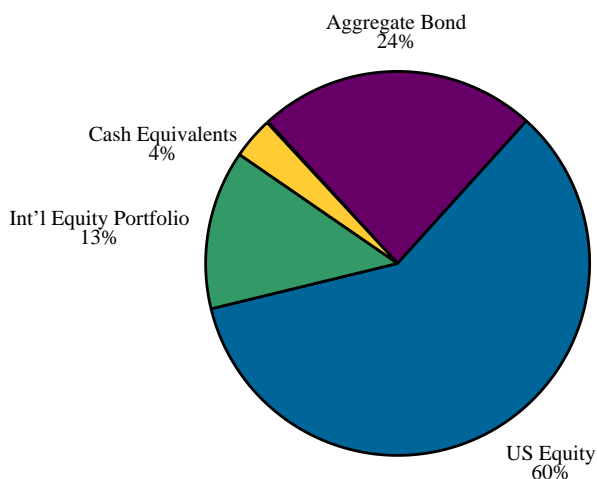
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors with a higher tolerance for risk. The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2020 approaches.

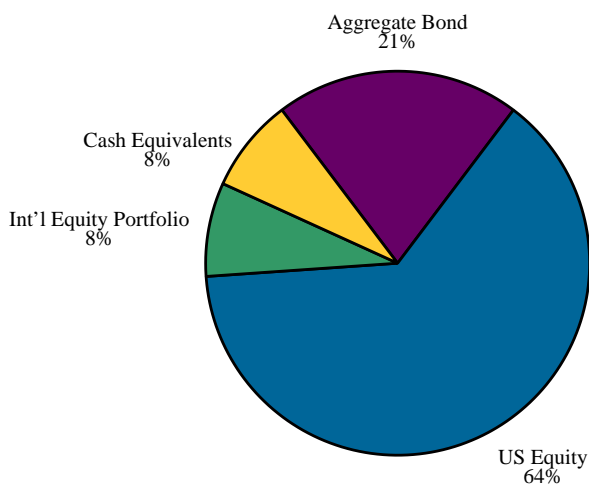
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



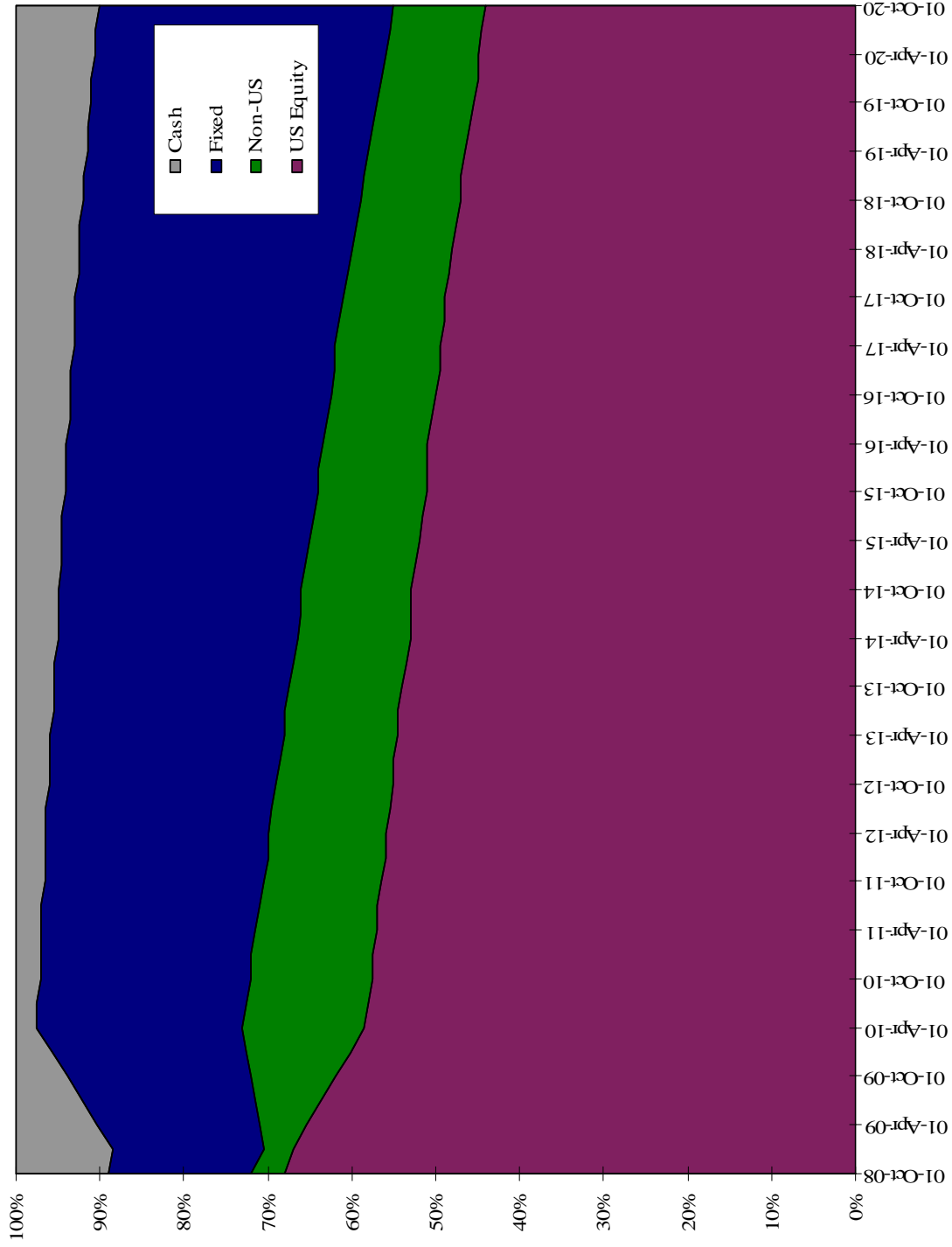
#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	6,940	23.5%	20.6%	2.9%	869
US Equity	17,537	59.5%	63.6%	(4.1%)	(1,205)
Int'l Equity Portfolio	3,955	13.4%	7.9%	5.5%	1,627
Cash Equivalents	1,037	3.5%	7.9%	(4.4%)	(1,291)
<b>Total</b>	<b>29,468</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 63.6% Russell 3000 Index, 20.6% BC Aggregate Index, 7.9% MSCI EAFE Index and 7.9% 3-month Treasury Bill.

**Target 2020 Trust  
Schedule of Benchmark Allocation Changes**



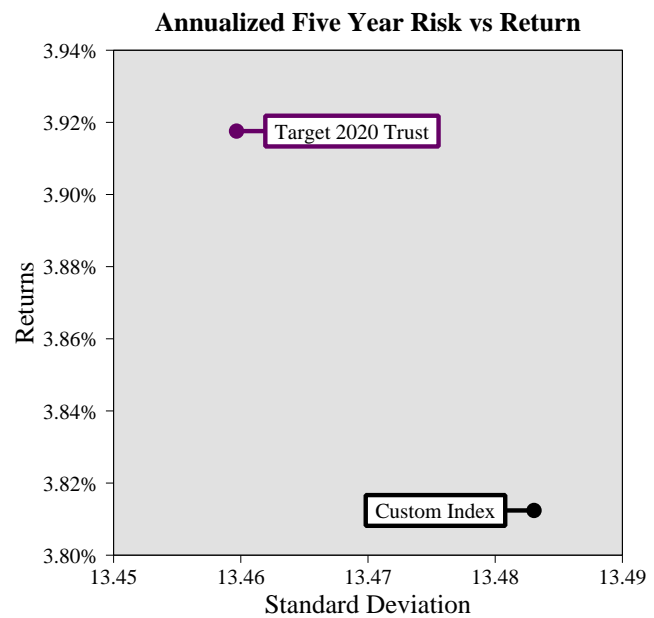
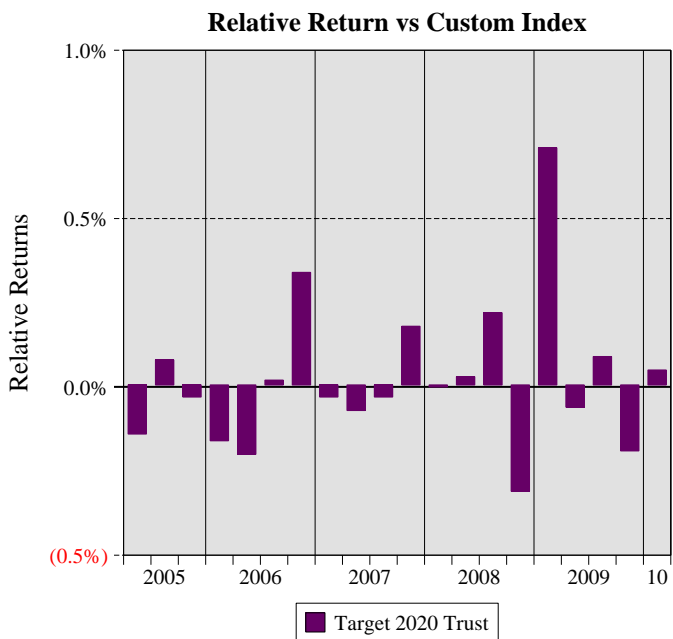
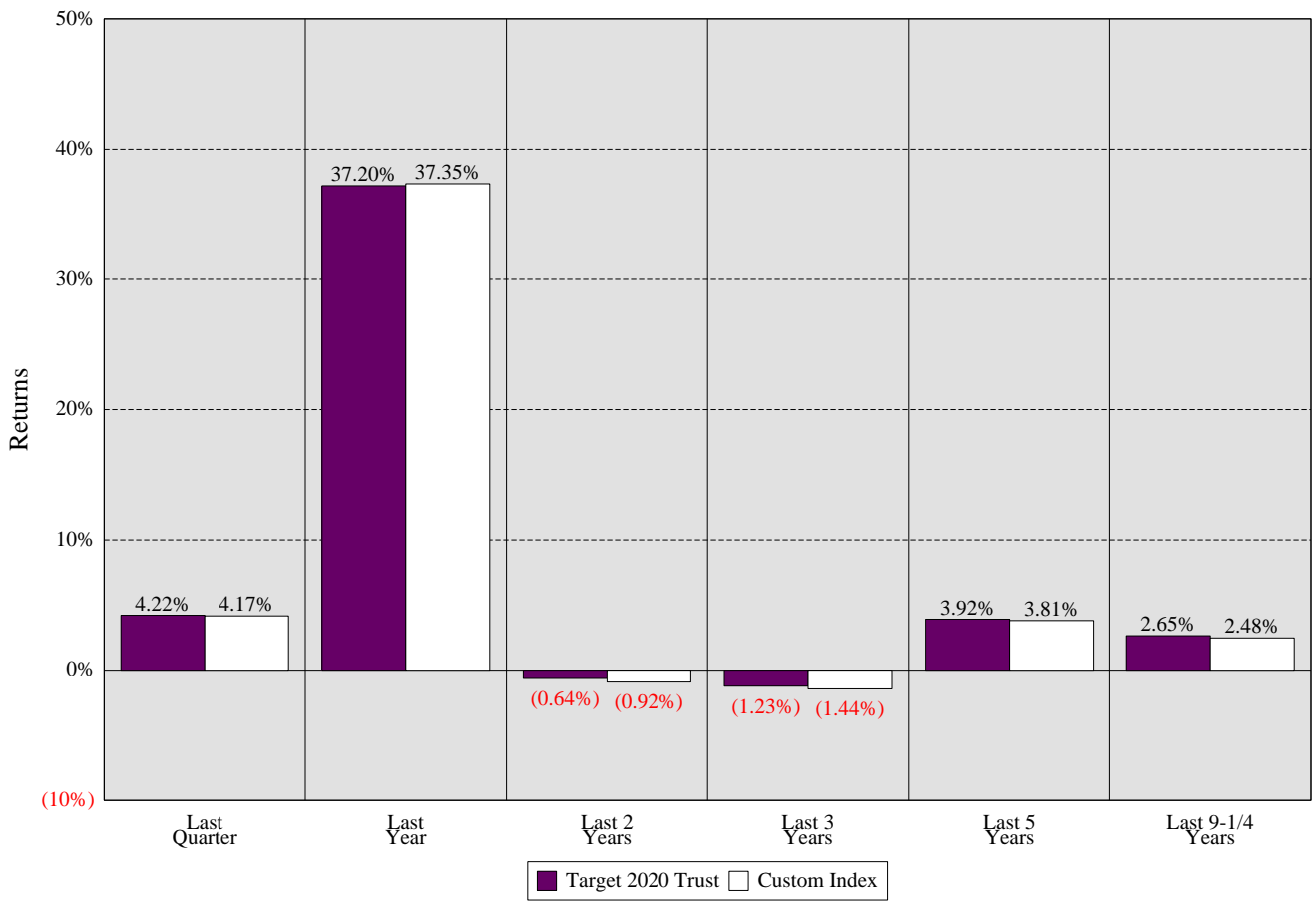




## TARGET 2020 TRUST PERIOD ENDED MARCH 31, 2010

**Quarterly Summary and Highlights**

- Target 2020 Trust's portfolio outperformed the Custom Index by 0.05% for the quarter and underperformed the Custom Index for the year by 0.15%.





Target 2025 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	0.70%	0.66%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	17.97%	18.06%
<b><u>Equity</u></b>		
US Equity	66.73%	66.35%
International Fund	14.60%	14.92%

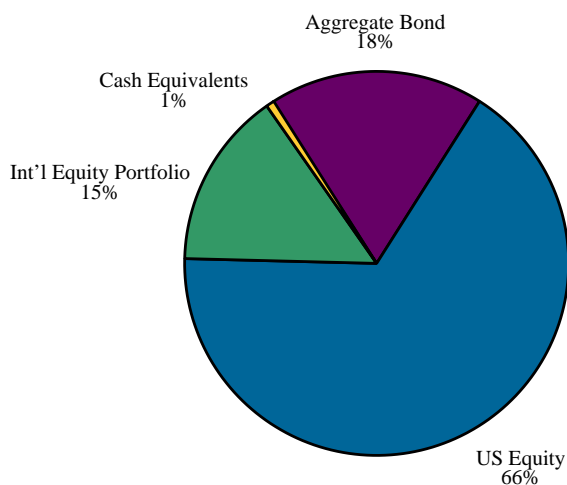
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2025 approaches.

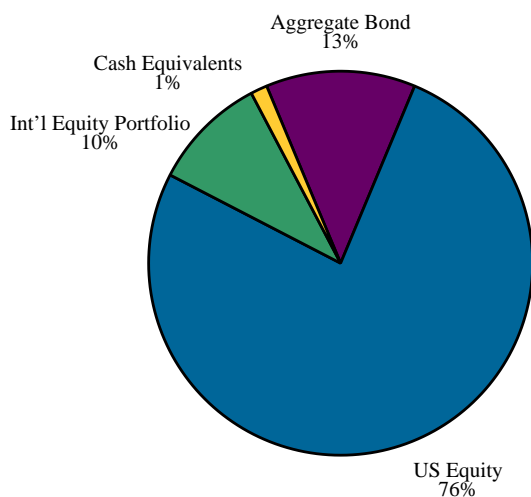
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



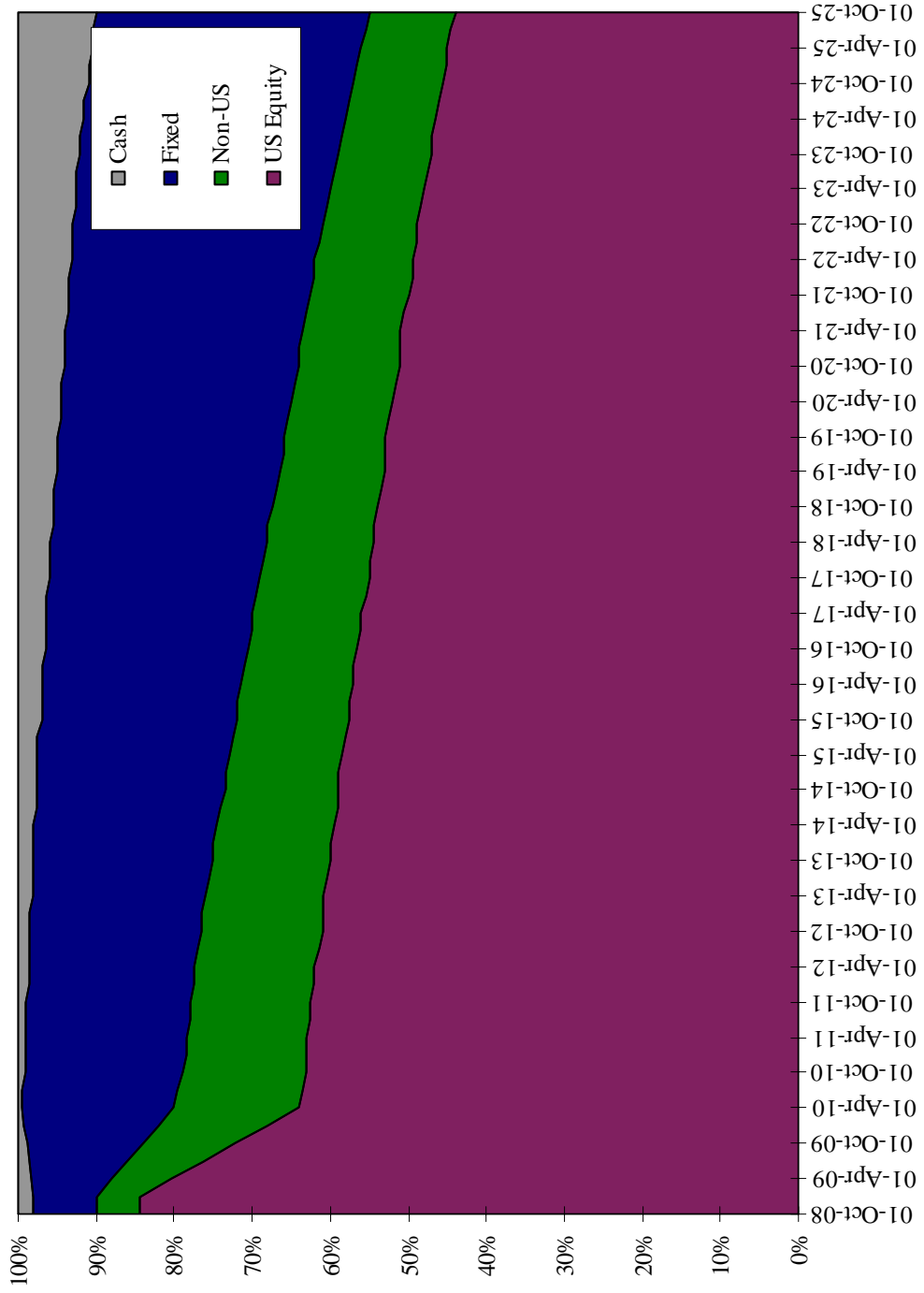
#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	2,305	18.1%	12.6%	5.5%	697
US Equity	8,469	66.4%	76.3%	(9.9%)	(1,269)
Int'l Equity Portfolio	1,904	14.9%	9.7%	5.2%	666
Cash Equivalents	85	0.7%	1.4%	(0.7%)	(94)
<b>Total</b>	<b>12,763</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 76.3% Russell 3000 Index, 12.6% BC Aggregate Index, 9.7% MSCI EAFE Index and 1.4% 3-month Treasury Bill.

**Target 2025 Trust  
Schedule of Benchmark Allocation Changes**

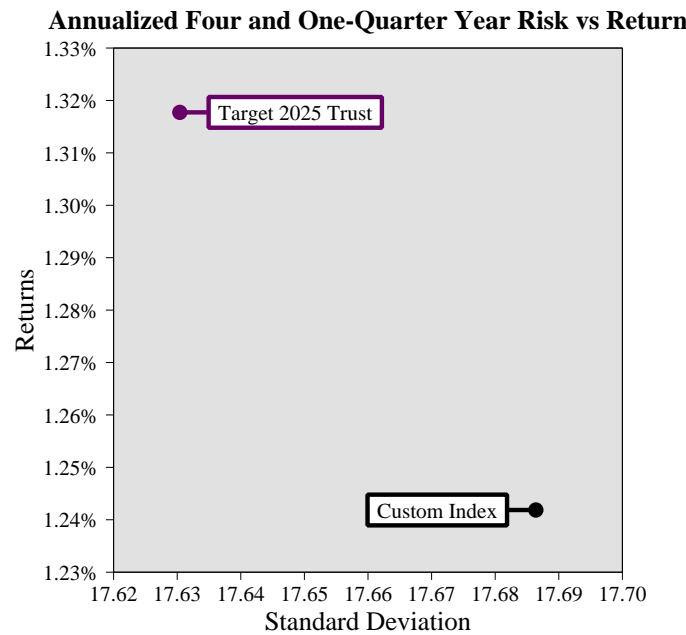
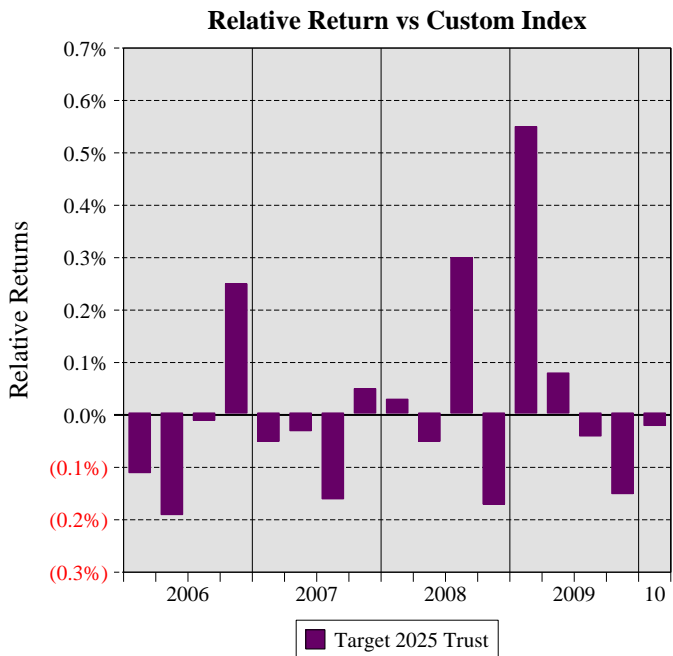
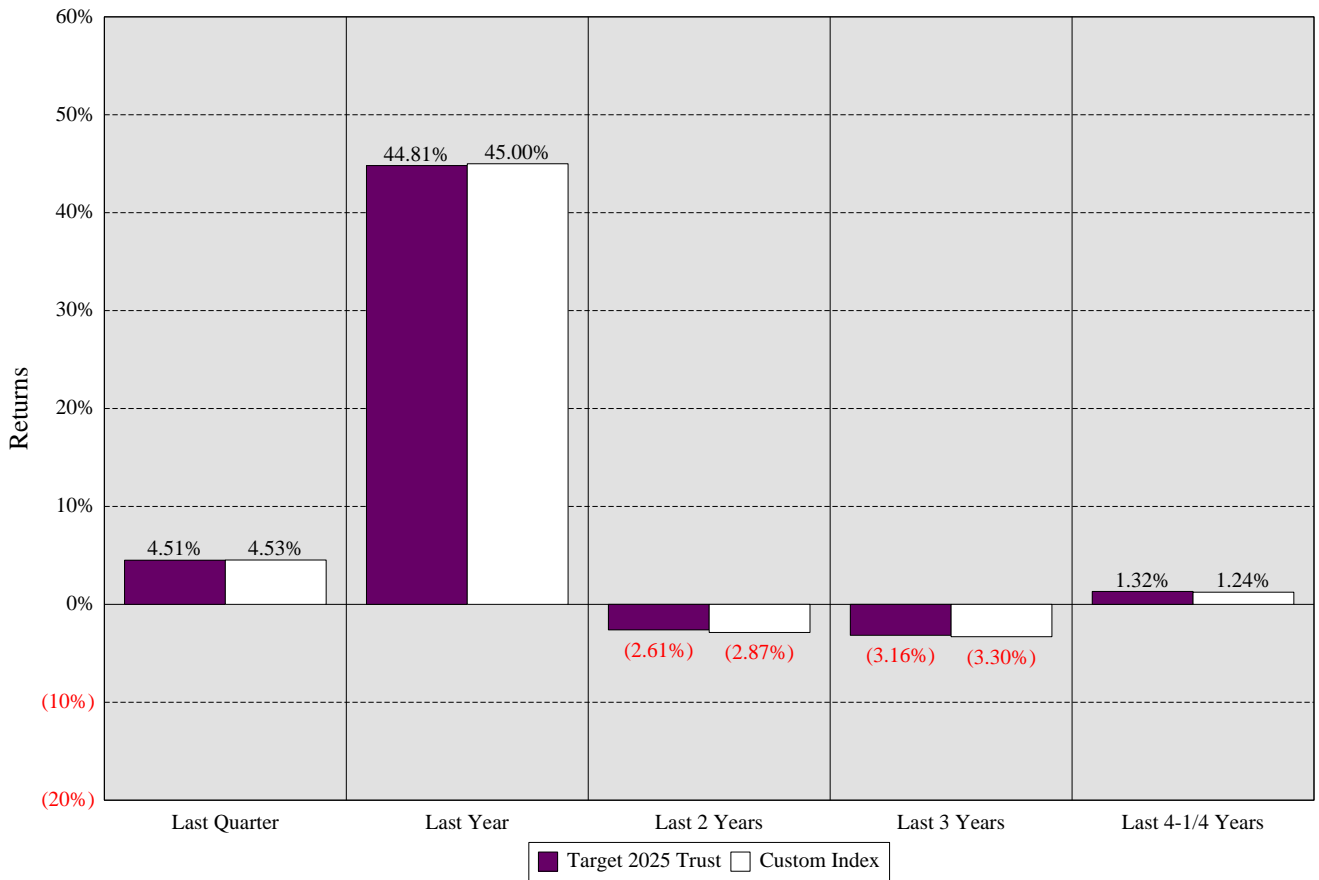




## TARGET 2025 TRUST PERIOD ENDED MARCH 31, 2010

**Quarterly Summary and Highlights**

- Target 2025 Trust's portfolio underperformed the Custom Index by 0.02% for the quarter and underperformed the Custom Index for the year by 0.19%.





Target 2030 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	0.00%	0.00%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	14.50%	14.19%
<b><u>Equity</u></b>		
US Equity	68.50%	68.53%
International Fund	17.00%	17.28%

**Objective**

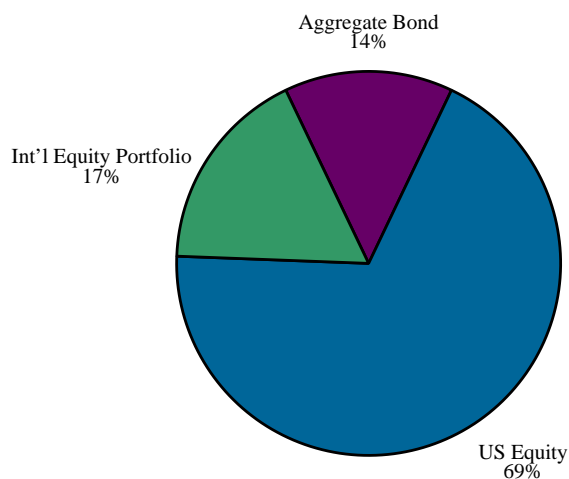
To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2030 approaches.



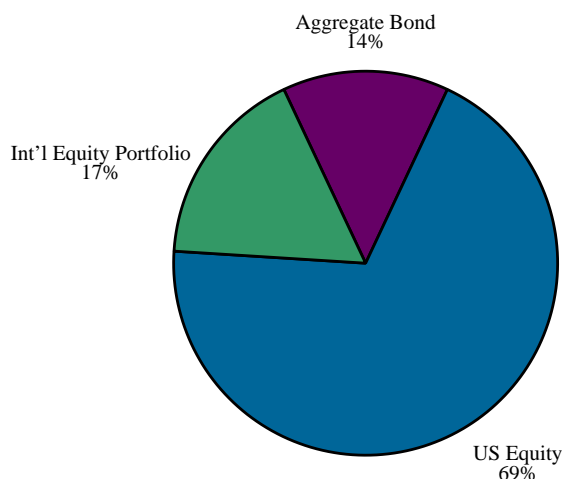
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



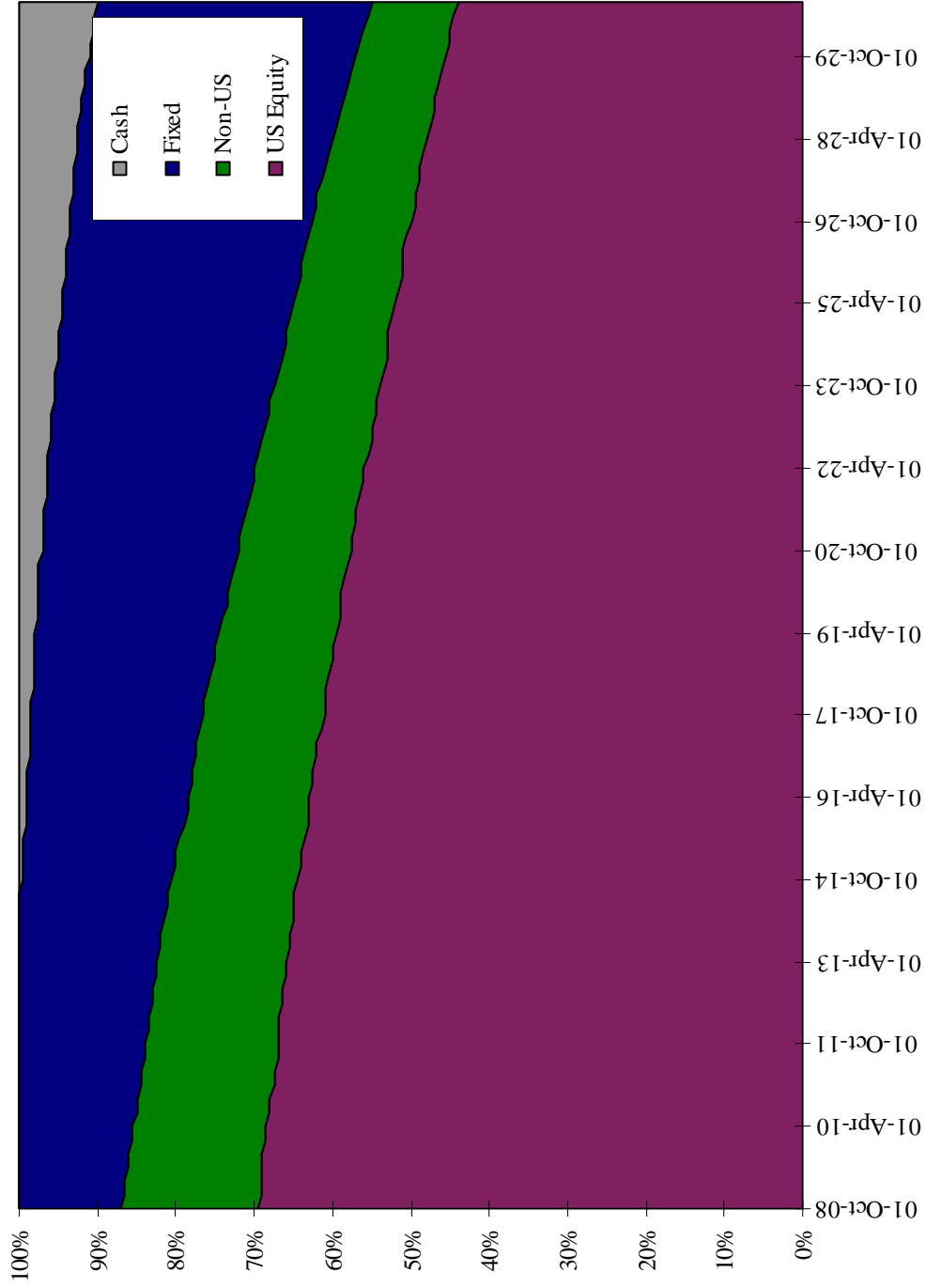
#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	411	14.2%	14.0%	0.2%	6
US Equity	1,987	68.5%	69.0%	(0.5%)	(14)
Int'l Equity Portfolio	501	17.3%	17.0%	0.3%	8
Total	2,899	100.0%	100.0%		

\* Current Quarter Target = 69.0% Russell 3000 Index, 17.0% MSCI EAFE Index and 14.0% BC Aggregate Index.

### Target 2030 Trust Schedule of Benchmark Allocation Changes

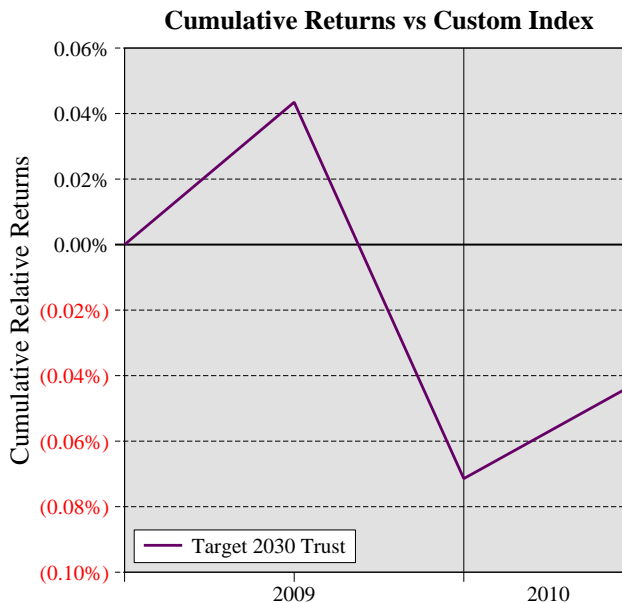
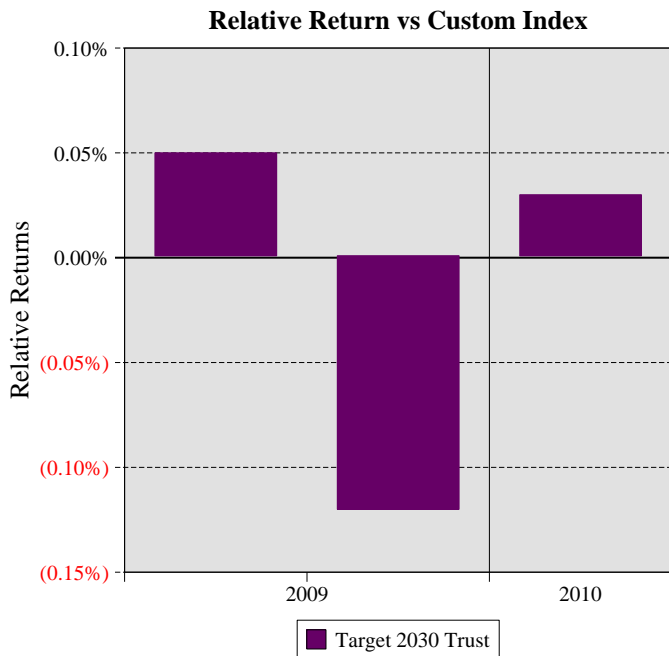
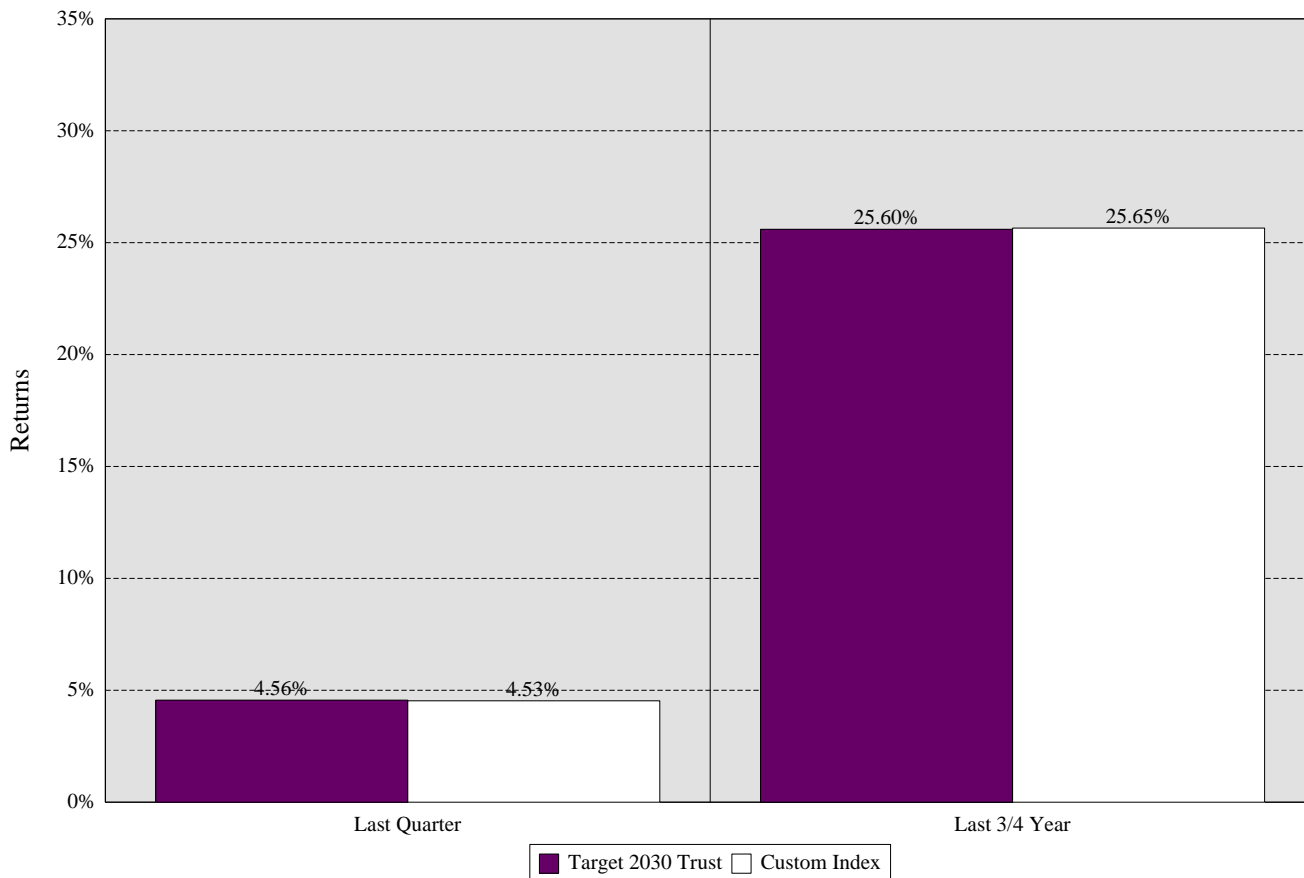




## TARGET 2030 TRUST PERIOD ENDED MARCH 31, 2010

### Quarterly Summary and Highlights

- Target 2030 Trust's portfolio outperformed the Custom Index by 0.03% for the quarter and underperformed the Custom Index for the three-quarter year by 0.05%.





Target 2035 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	0.00%	0.00%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	10.00%	9.69%
<b><u>Equity</u></b>		
US Equity	72.00%	72.01%
International Fund	18.00%	18.30%

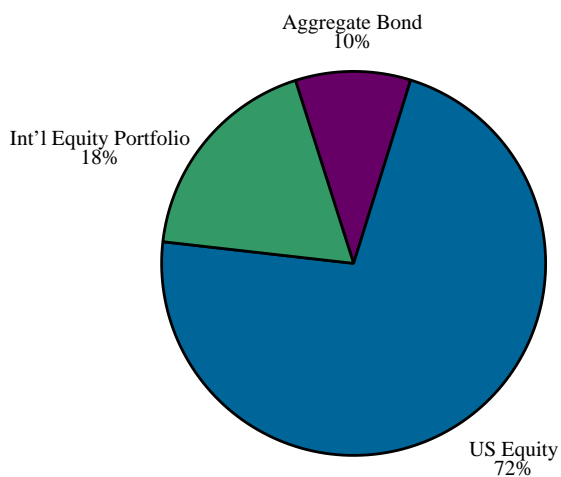
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2035 approaches.

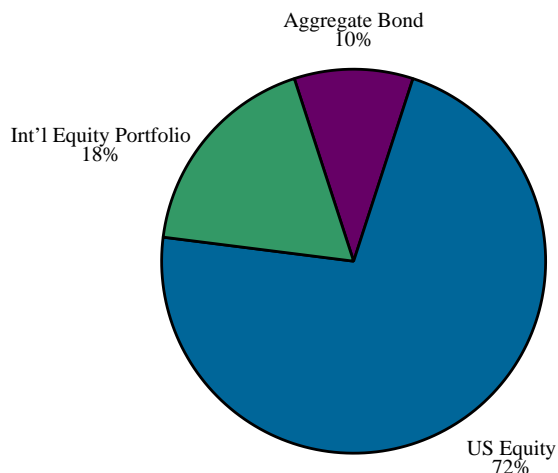
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



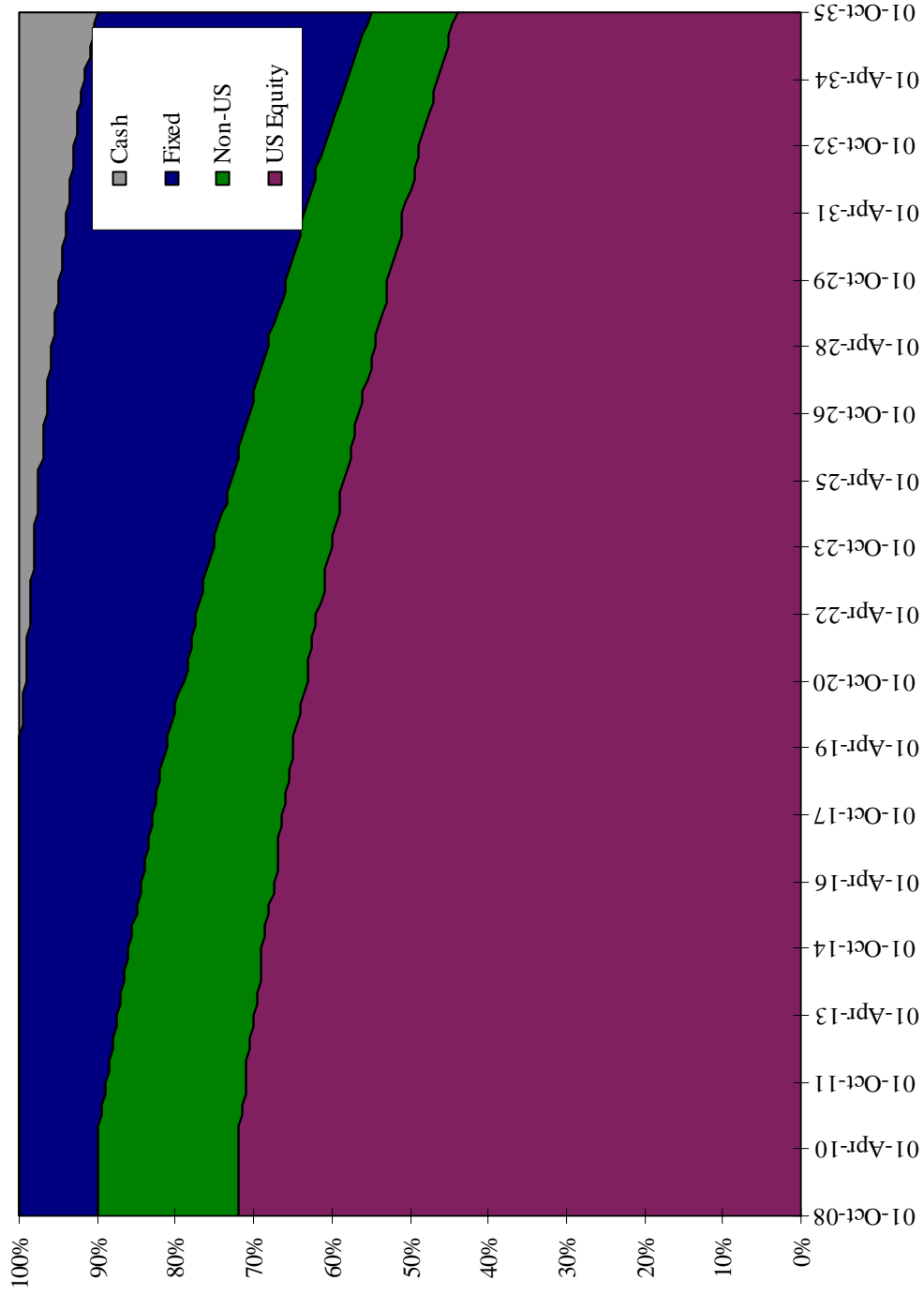
#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	374	9.7%	10.0%	(0.3%)	(12)
US Equity	2,777	72.0%	72.0%	0.0%	0
Int'l Equity Portfolio	706	18.3%	18.0%	0.3%	12
<b>Total</b>	<b>3,856</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.

### Target 2035 Trust Schedule of Benchmark Allocation Changes

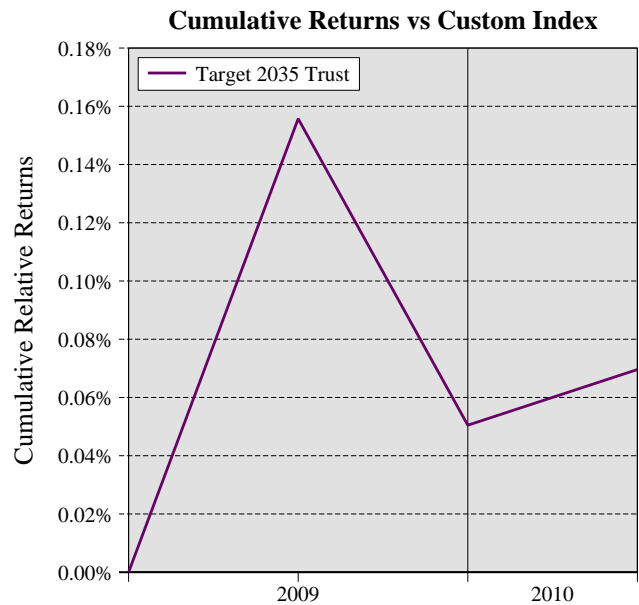
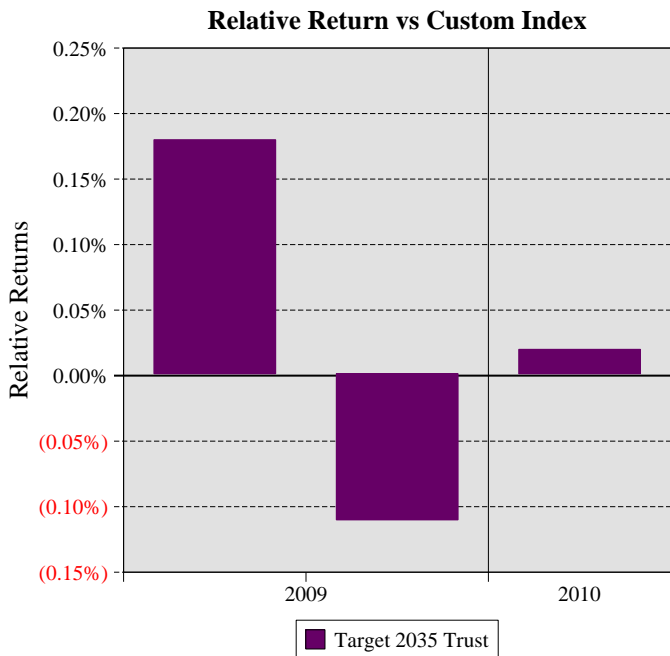
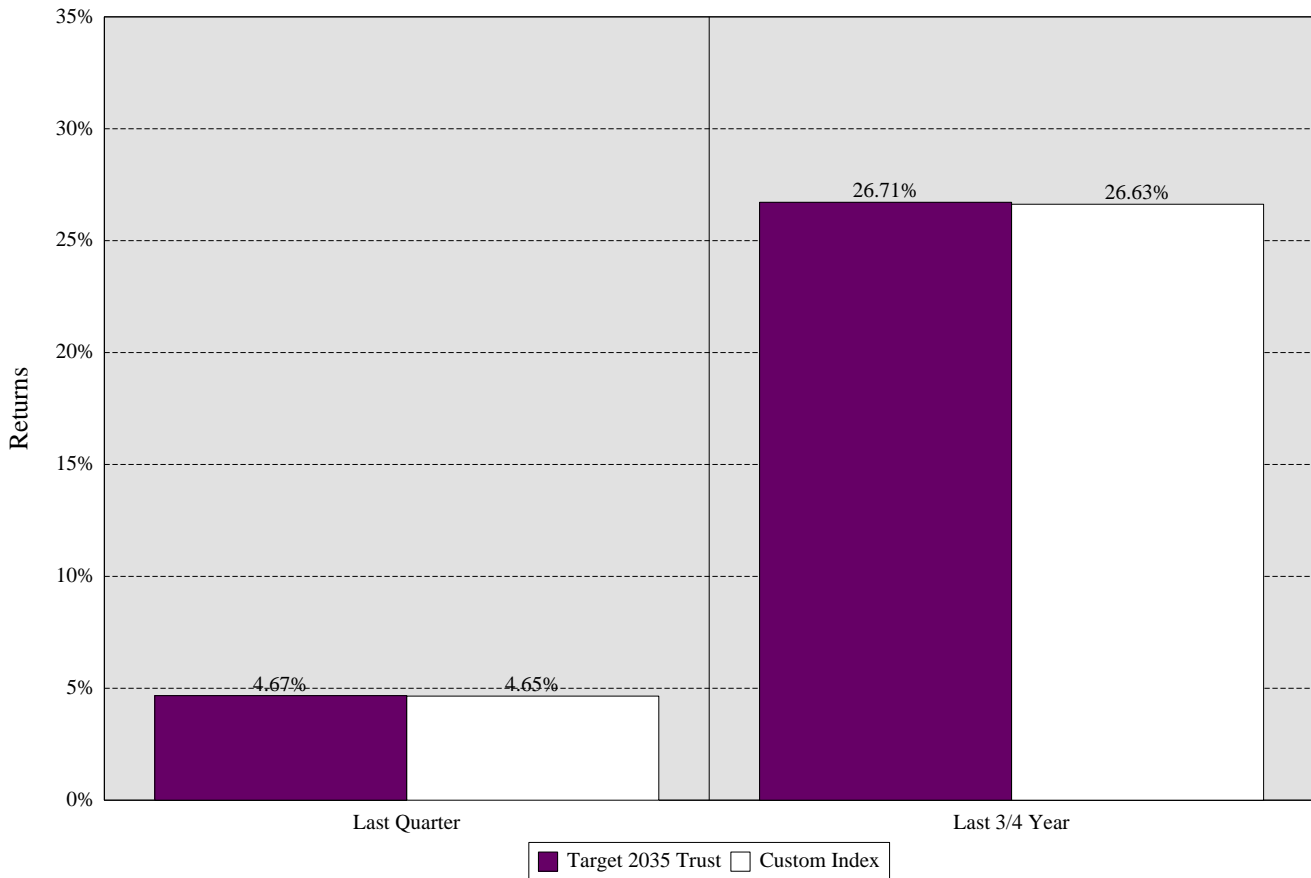




## TARGET 2035 TRUST PERIOD ENDED MARCH 31, 2010

### Quarterly Summary and Highlights

- Target 2035 Trust's portfolio outperformed the Custom Index by 0.02% for the quarter and outperformed the Custom Index for the three-quarter year by 0.09%.







Target 2040 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	0.00%	0.00%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	10.00%	9.72%
<b><u>Equity</u></b>		
US Equity	72.00%	72.01%
International Fund	18.00%	18.26%

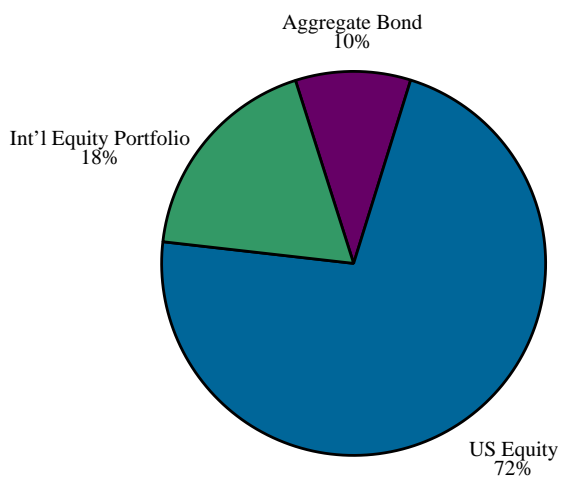
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2040 approaches.

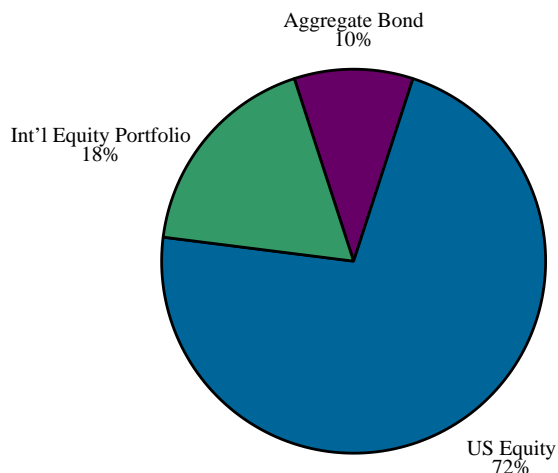
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



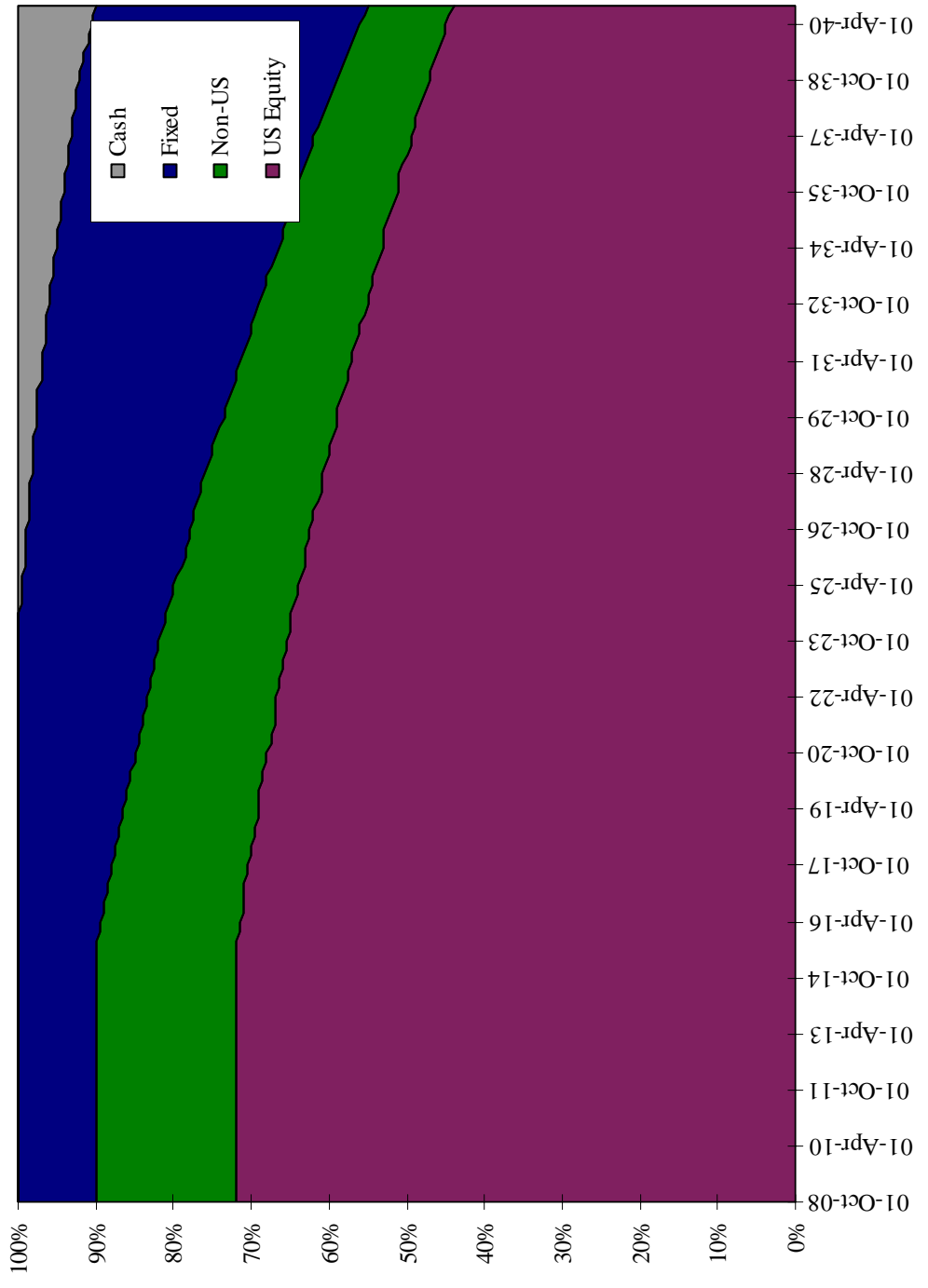
#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	368	9.7%	10.0%	(0.3%)	(10)
US Equity	2,728	72.0%	72.0%	0.0%	0
Int'l Equity Portfolio	692	18.3%	18.0%	0.3%	10
<b>Total</b>	<b>3,788</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.

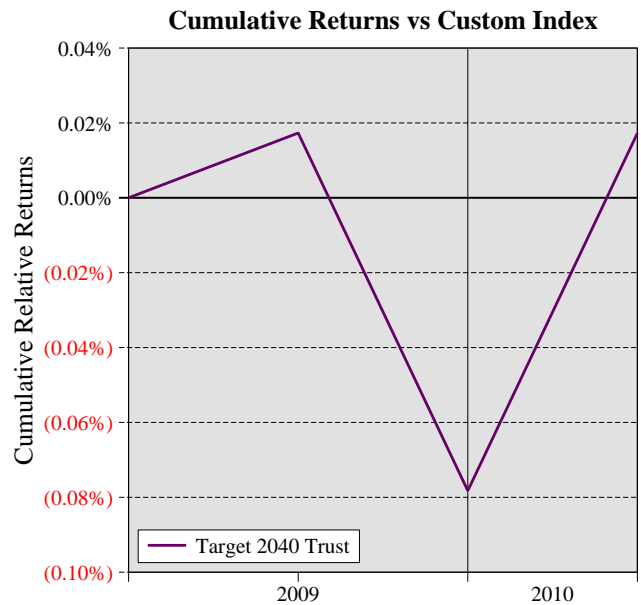
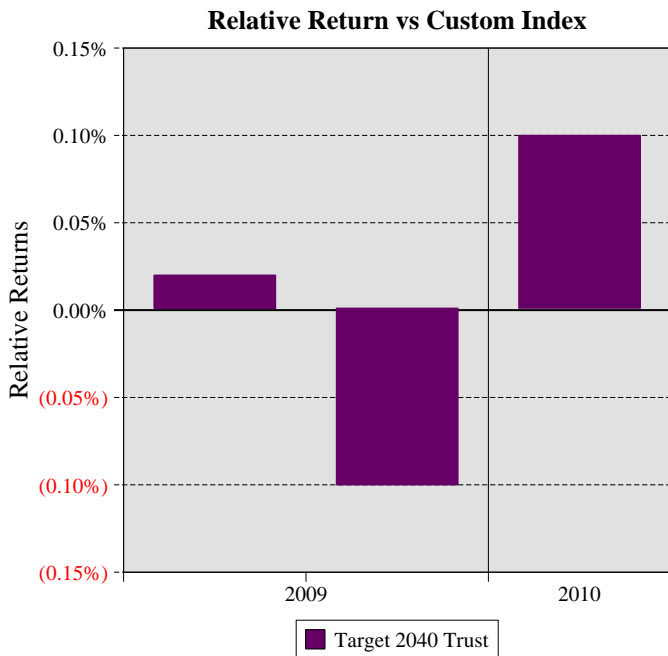
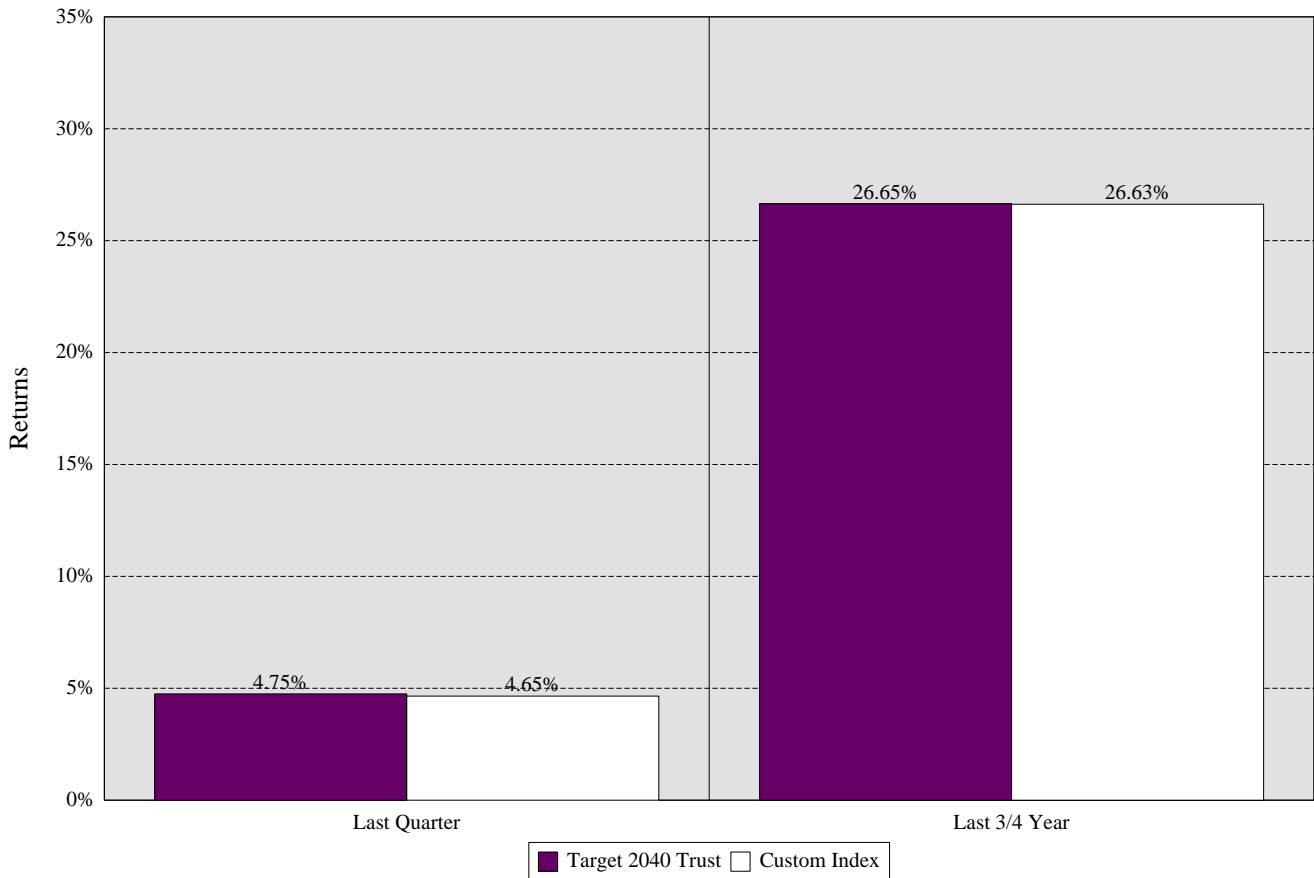
**Target 2040 Trust  
Schedule of Benchmark Allocation Changes**



## TARGET 2040 TRUST PERIOD ENDED MARCH 31, 2010

### Quarterly Summary and Highlights

- Target 2040 Trust's portfolio outperformed the Custom Index by 0.10% for the quarter and outperformed the Custom Index for the three-quarter year by 0.02%.





Target 2045 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	0.00%	0.00%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	10.00%	9.72%
<b><u>Equity</u></b>		
US Equity	72.00%	72.01%
International Fund	18.00%	18.27%

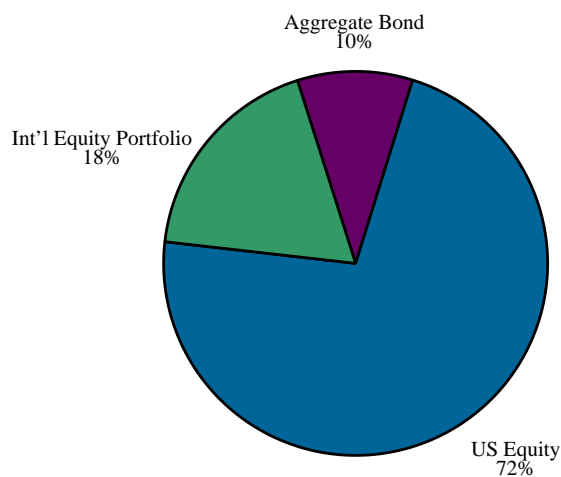
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2045 approaches.

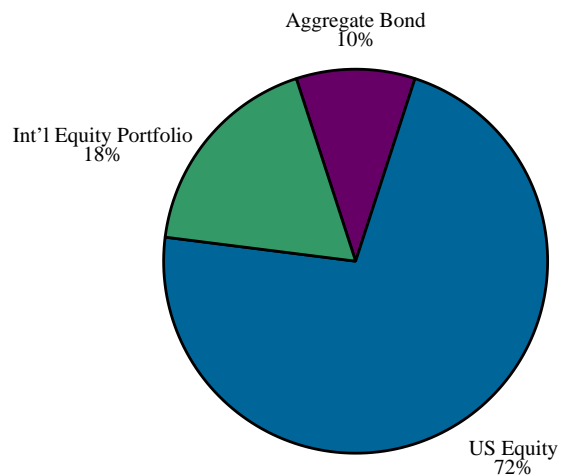
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



#### Target Asset Allocation

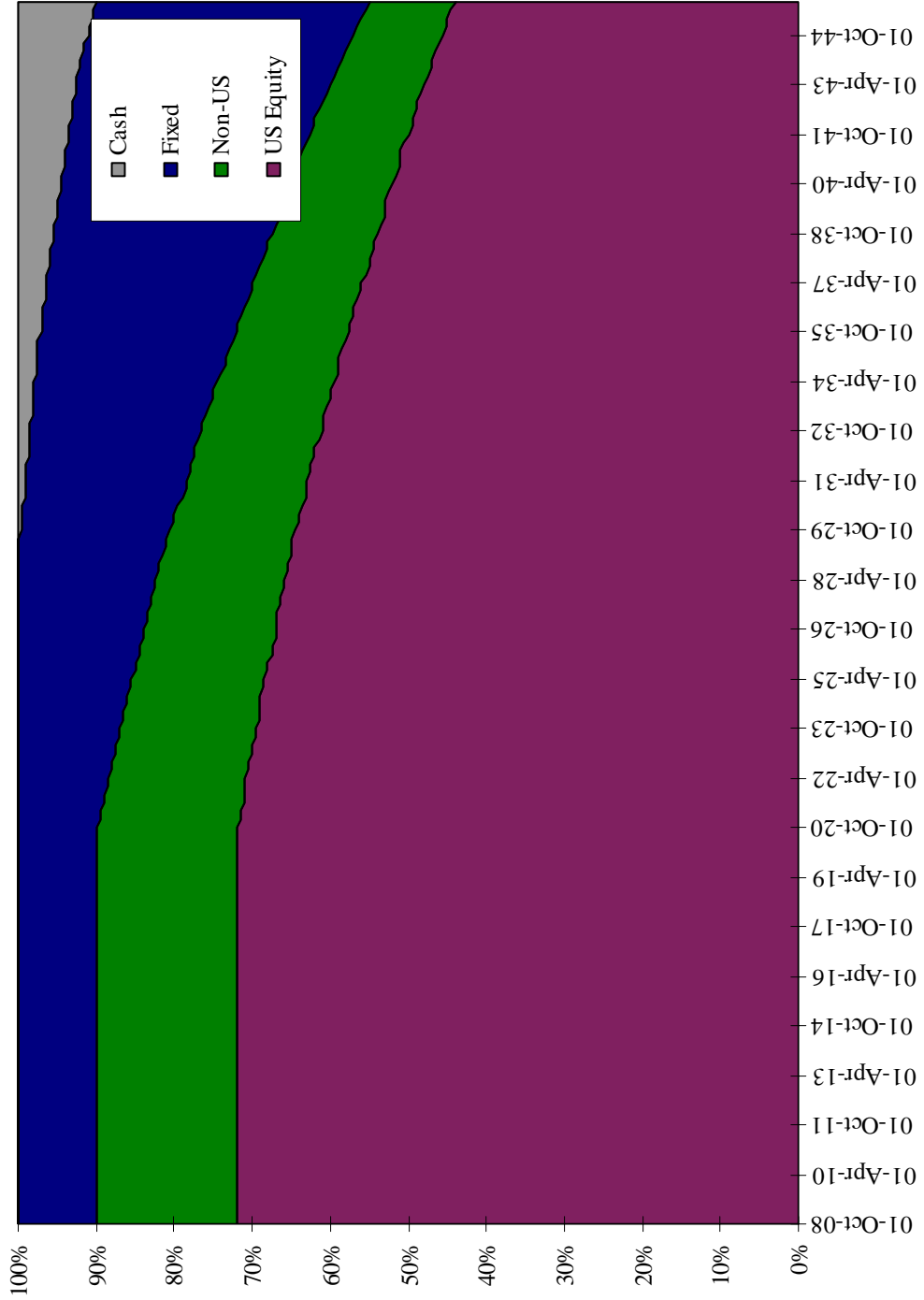


Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	242	9.7%	10.0%	(0.3%)	(7)
US Equity	1,791	72.0%	72.0%	0.0%	0
Int'l Equity Portfolio	454	18.3%	18.0%	0.3%	7
<b>Total</b>	<b>2,487</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.



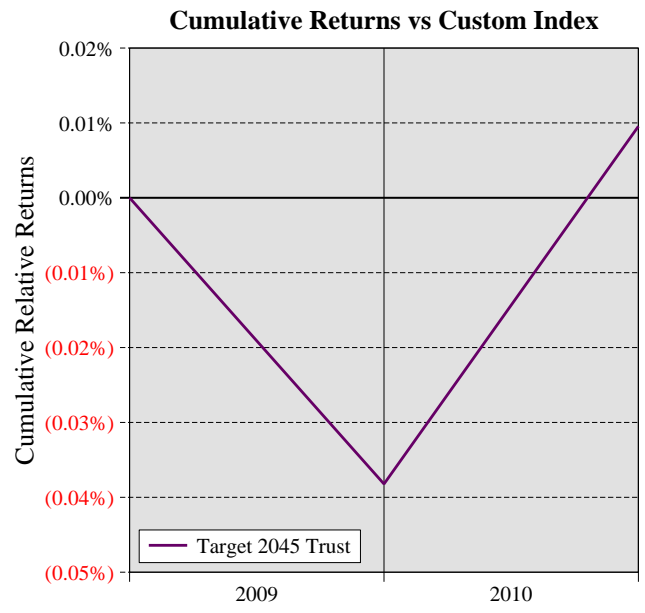
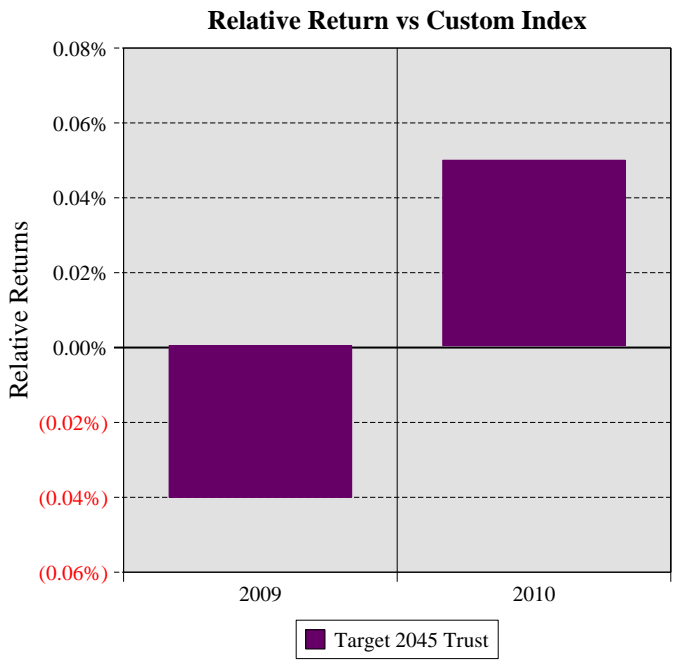
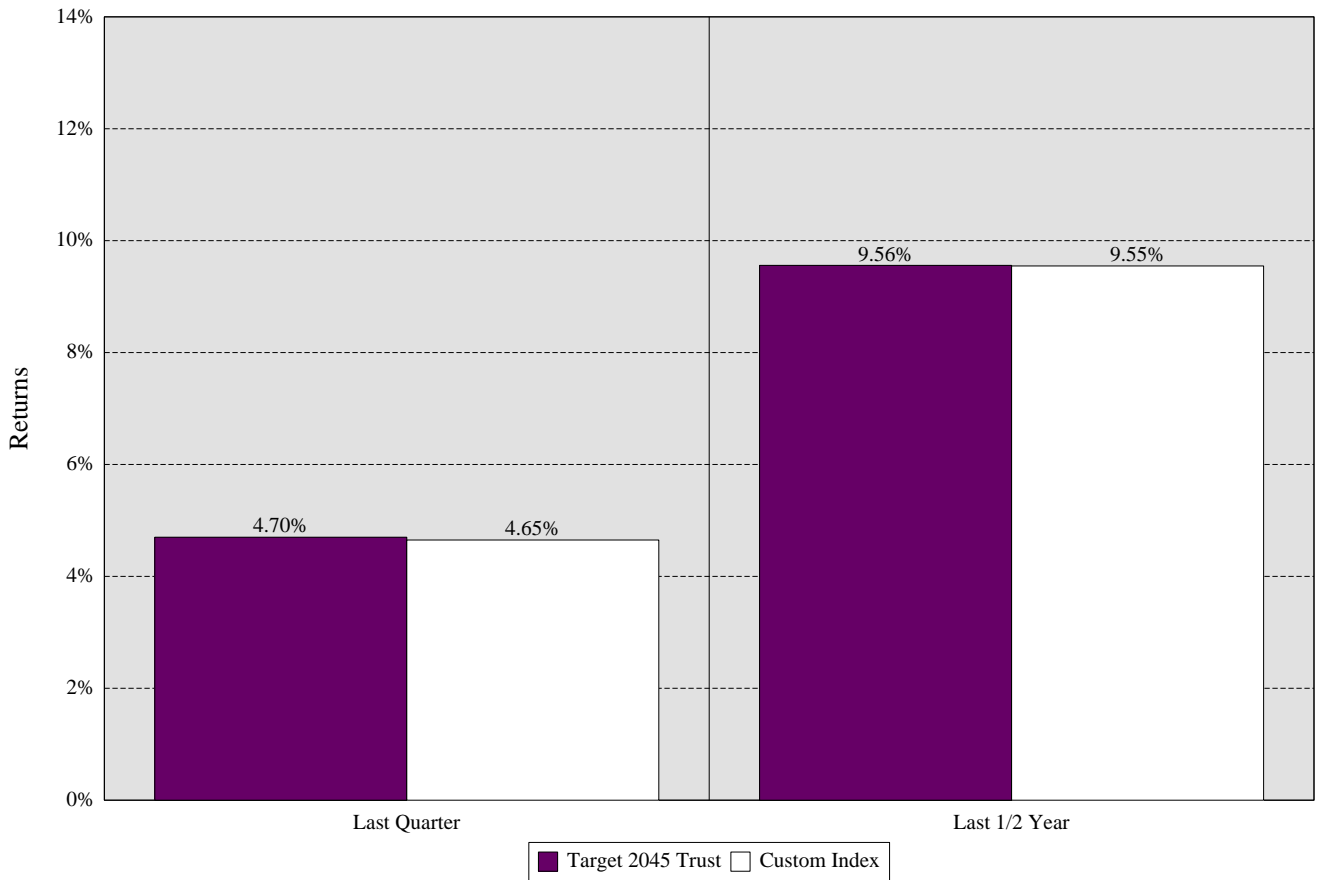
**Target 2045 Trust  
Schedule of Benchmark Allocation Changes**



## TARGET 2045 TRUST PERIOD ENDED MARCH 31, 2010

**Quarterly Summary and Highlights**

- Target 2045 Trust's portfolio outperformed the Custom Index by 0.05% for the quarter and outperformed the Custom Index for the one-half year by 0.01%.





Target 2050 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	0.00%	0.00%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	10.00%	9.73%
<b><u>Equity</u></b>		
US Equity	72.00%	72.02%
International Fund	18.00%	18.26%

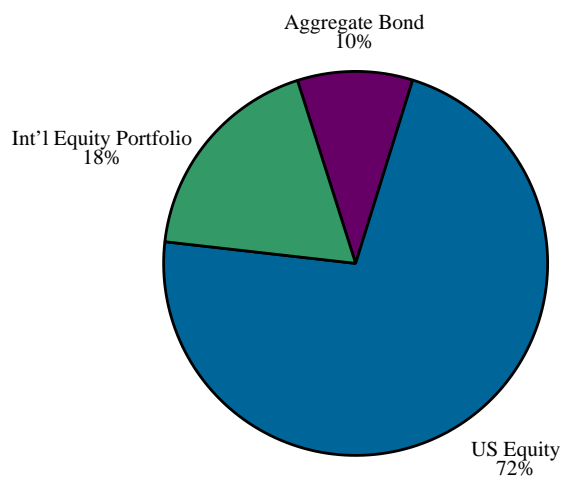
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2050 approaches.

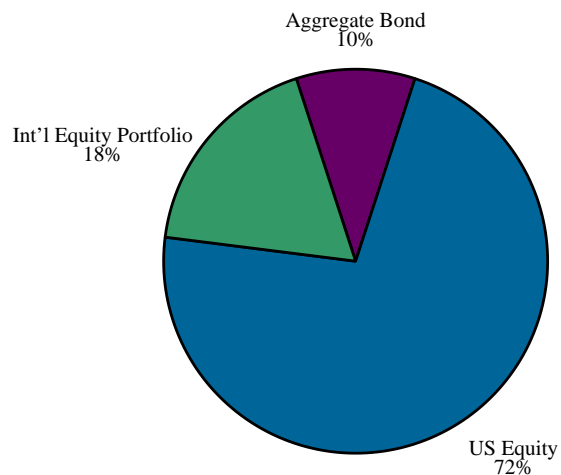
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



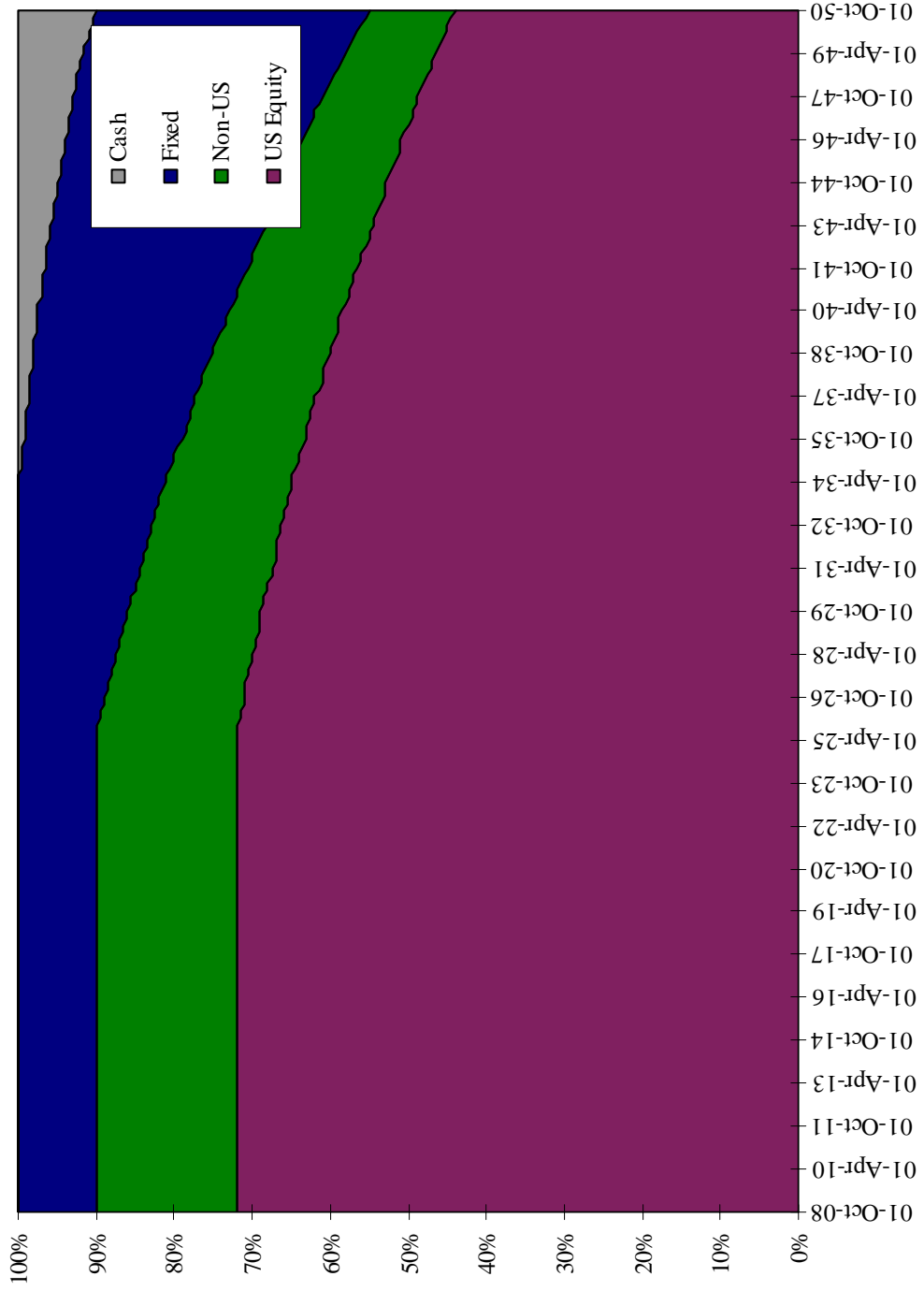
#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	261	9.7%	10.0%	(0.3%)	(7)
US Equity	1,930	72.0%	72.0%	0.0%	0
Int'l Equity Portfolio	489	18.3%	18.0%	0.3%	7
<b>Total</b>	<b>2,680</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.

**Target 2050 Trust  
Schedule of Benchmark Allocation Changes**

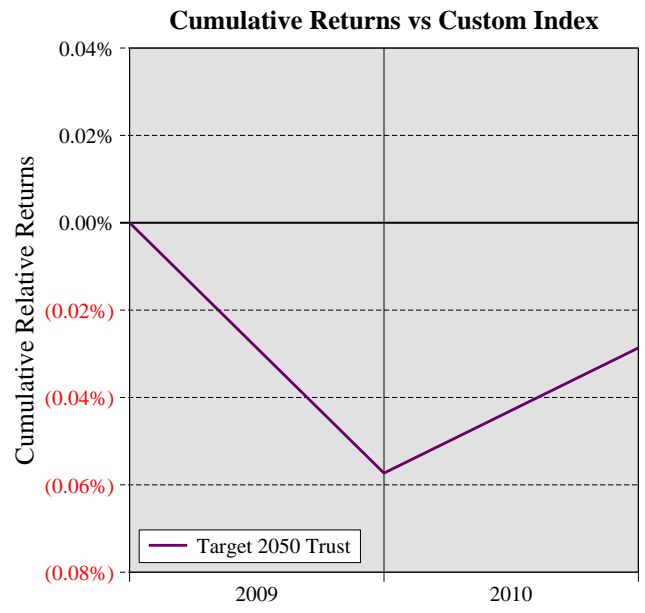
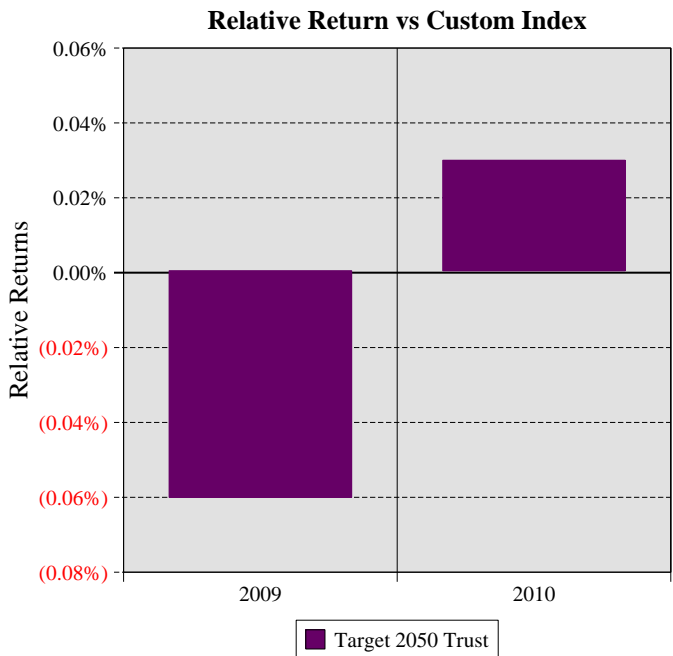
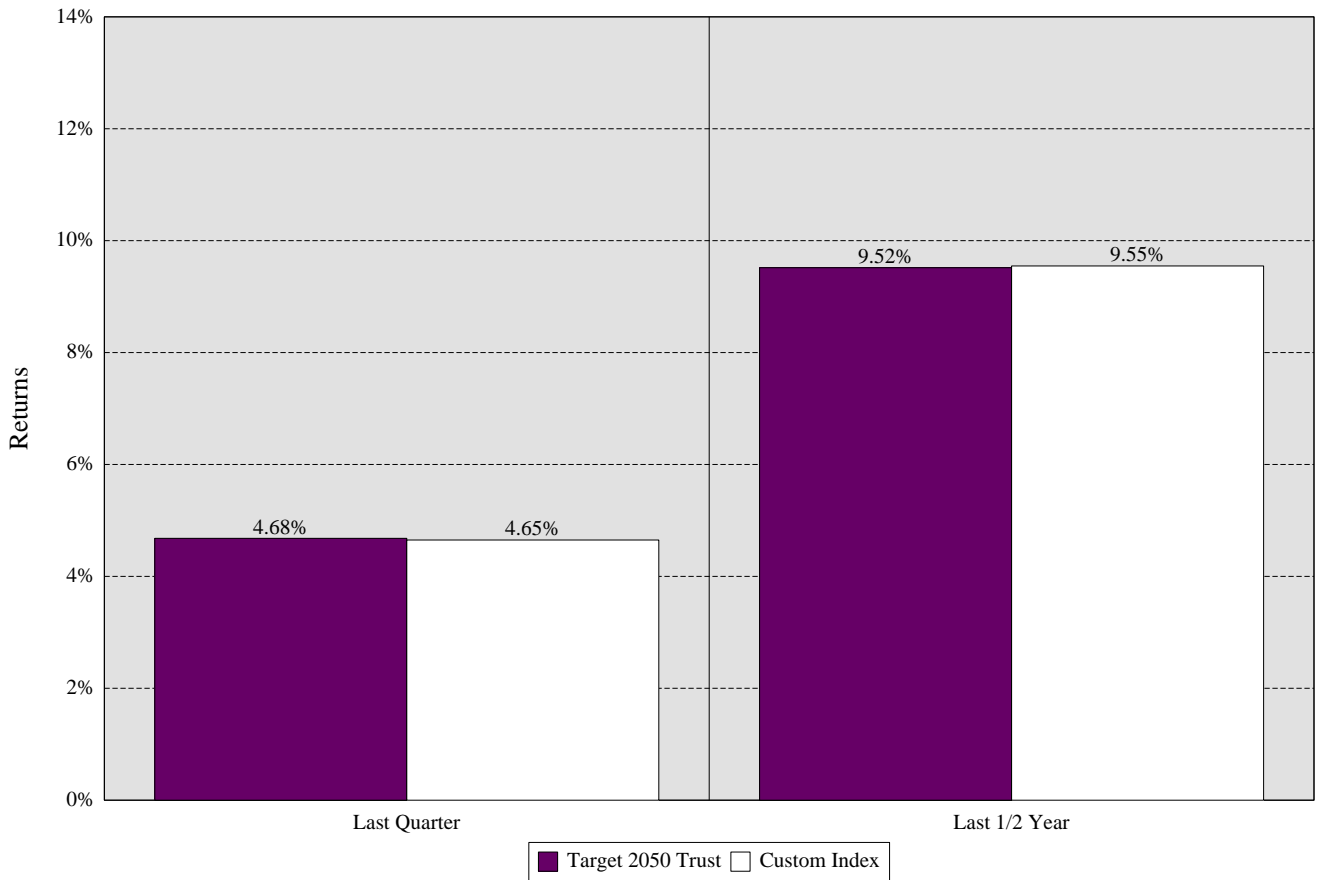




## TARGET 2050 TRUST PERIOD ENDED MARCH 31, 2010

**Quarterly Summary and Highlights**

- Target 2050 Trust's portfolio outperformed the Custom Index by 0.03% for the quarter and underperformed the Custom Index for the one-half year by 0.03%.







Target 2055 Trust

*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<b><u>Cash</u></b>		
Money Market Fund	0.00%	0.00%
<b><u>Fixed-Income</u></b>		
Aggregate Bond	10.00%	9.70%
<b><u>Equity</u></b>		
US Equity	72.00%	72.01%
International Fund	18.00%	18.29%

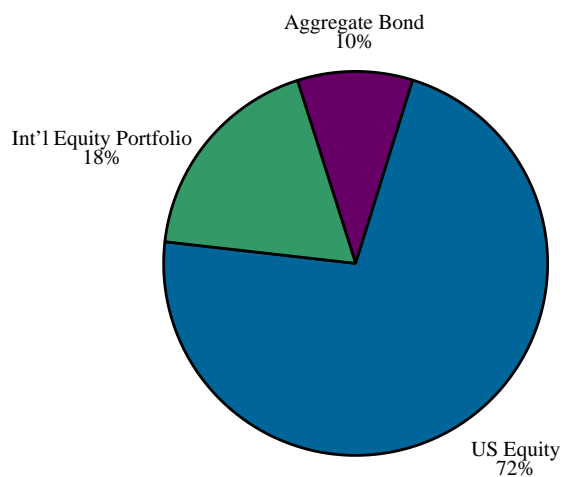
**Objective**

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2055 approaches.

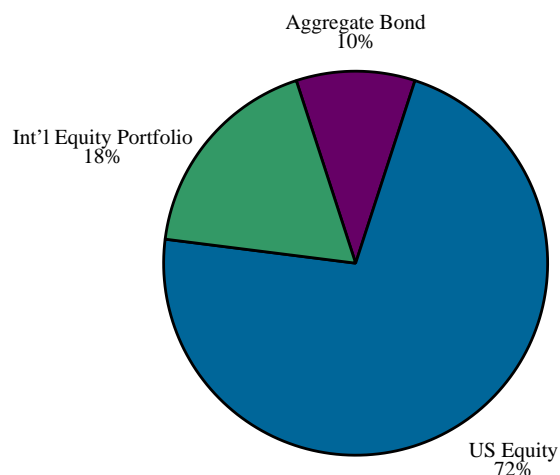
### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of March 31, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

#### Actual Asset Allocation



#### Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	63	9.7%	10.0%	(0.3%)	(2)
US Equity	467	72.0%	72.0%	0.0%	0
Int'l Equity Portfolio	119	18.3%	18.0%	0.3%	2
<b>Total</b>	<b>649</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.

**Target 2055 Trust  
Schedule of Benchmark Allocation Changes**

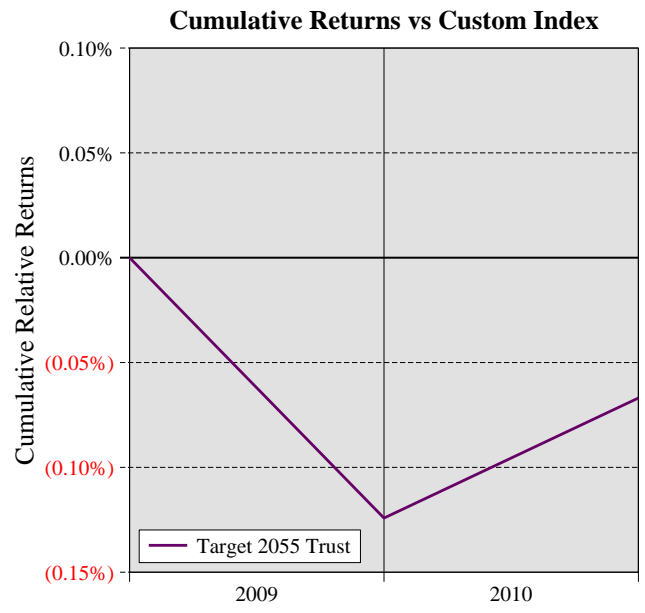
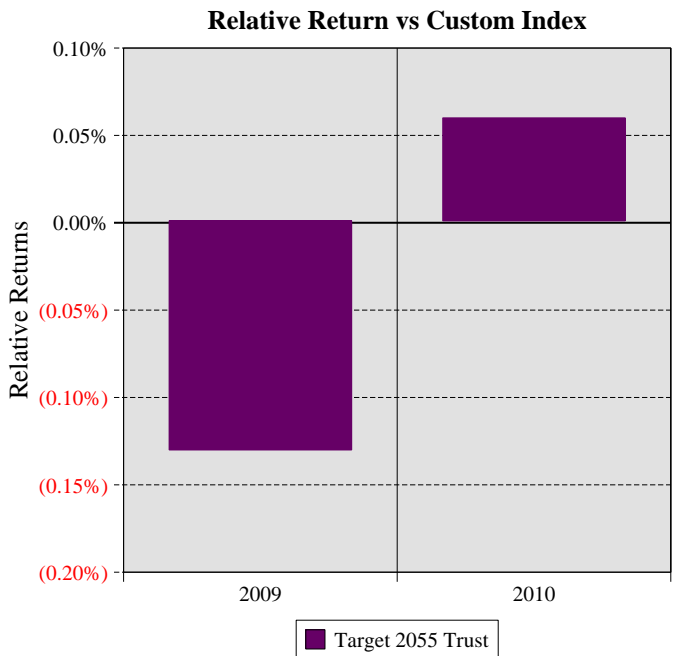
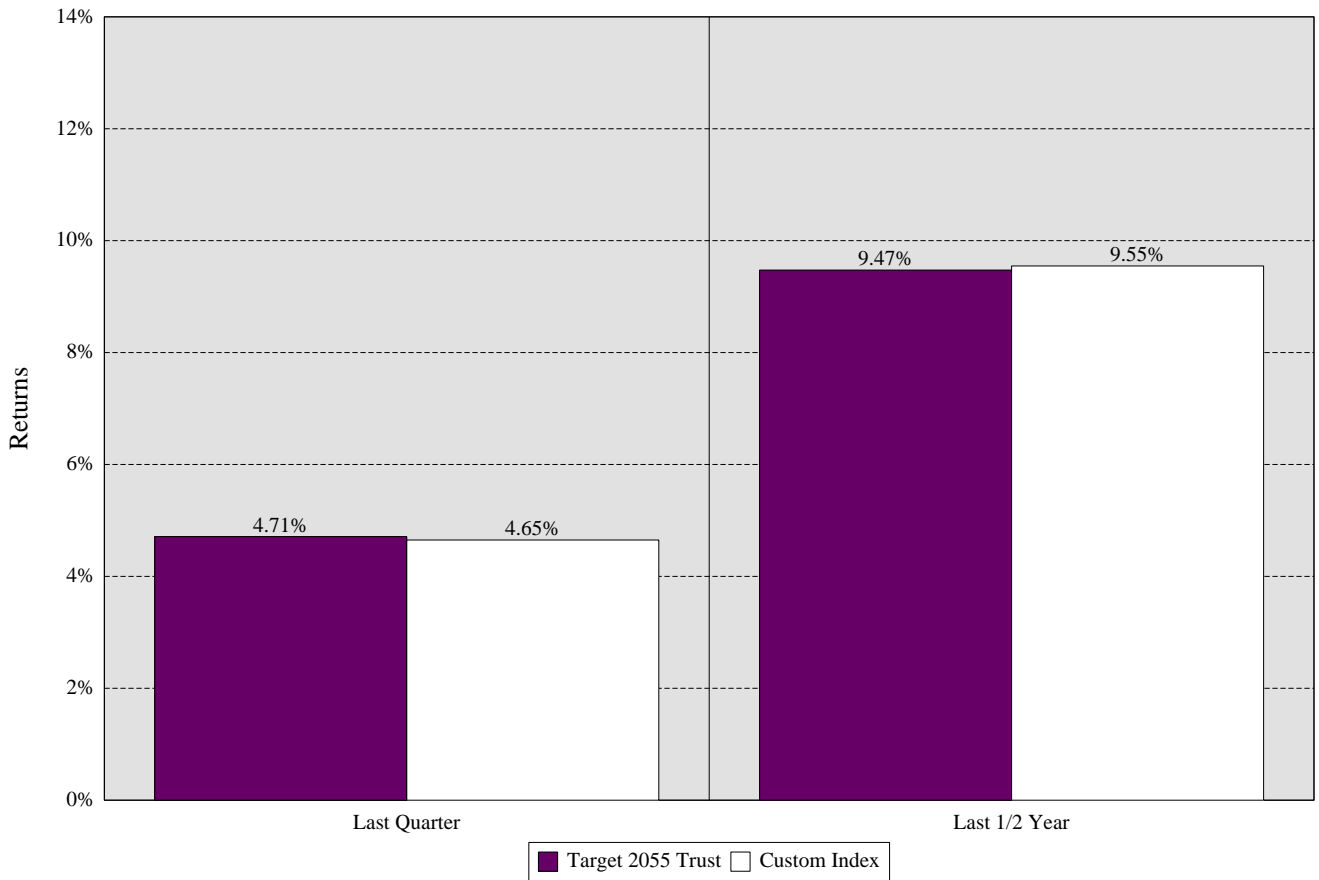




## TARGET 2055 TRUST PERIOD ENDED MARCH 31, 2010

**Quarterly Summary and Highlights**

- Target 2055 Trust's portfolio outperformed the Custom Index by 0.06% for the quarter and underperformed the Custom Index for the one-half year by 0.07%.





# T ROWE US EQUITY TRUST PERIOD ENDED MARCH 31, 2010



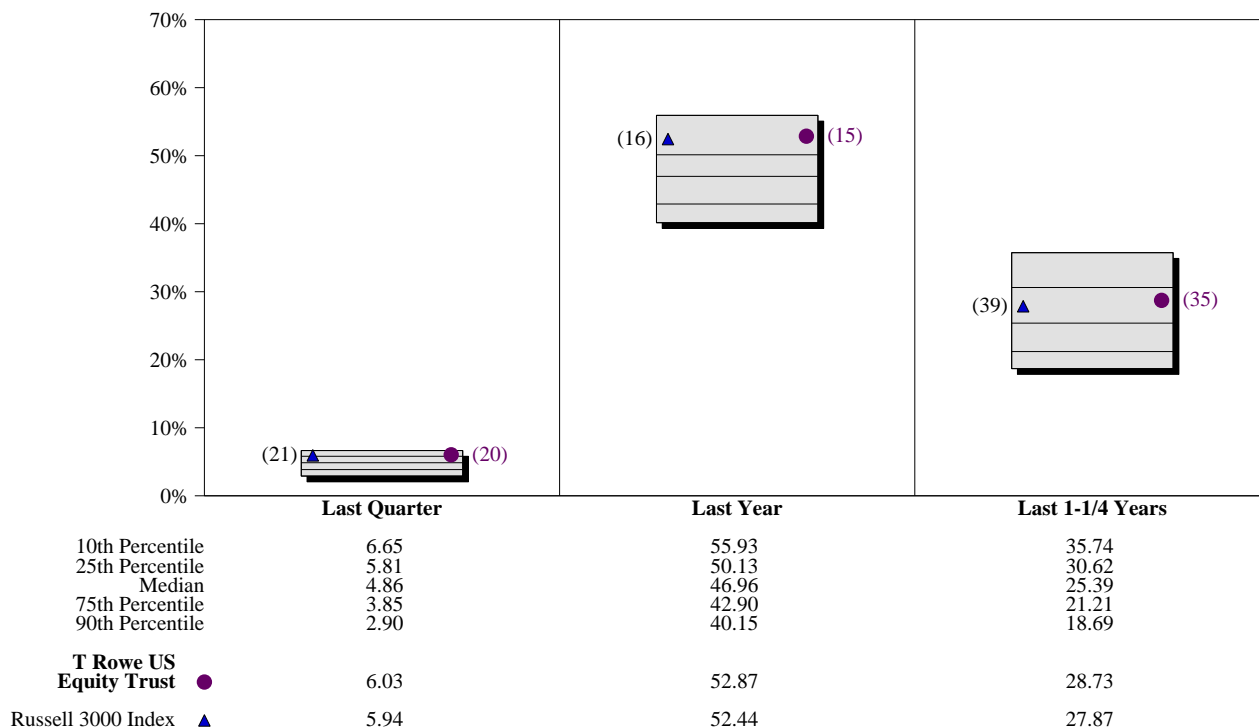
## Investment Philosophy

Large Capitalization managers concentrate their holdings in large market capitalization domestic equity securities regardless of style (growth, value or core) orientation.

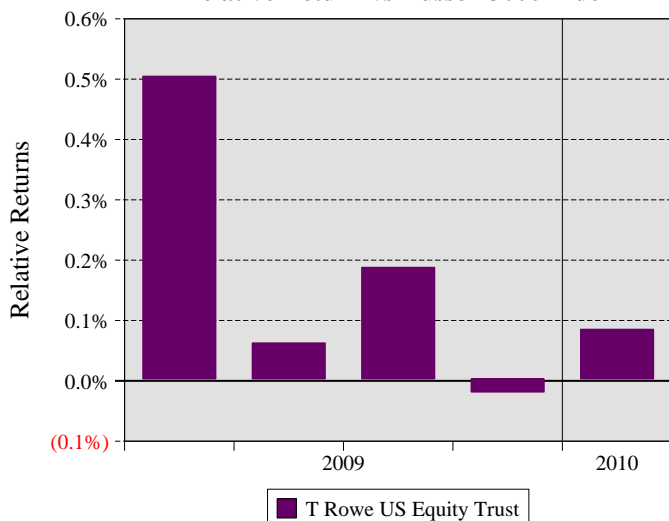
## Quarterly Summary and Highlights

- T Rowe US Equity Trust's portfolio posted a 6.03% return for the quarter placing it in the 20 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 15 percentile for the last year.
- T Rowe US Equity Trust's portfolio outperformed the Russell 3000 Index by 0.09% for the quarter and outperformed the Russell 3000 Index for the year by 0.42%.

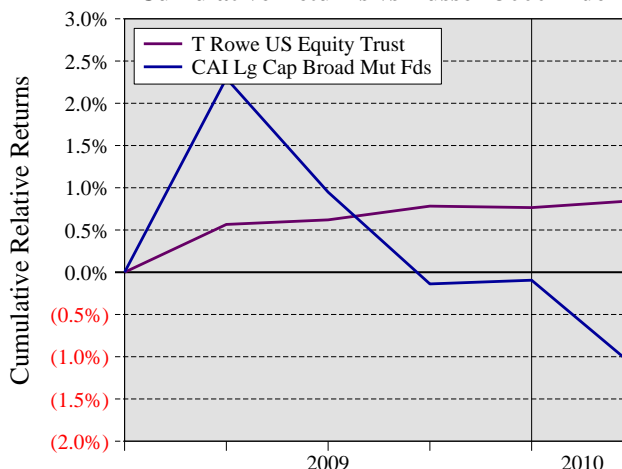
## Performance vs CAI MF - Large Cap Broad Style (Net)



## Relative Return vs Russell 3000 Index



## Cumulative Returns vs Russell 3000 Index



# T. ROWE AGGREGATE BOND TRUST PERIOD ENDED MARCH 31, 2010



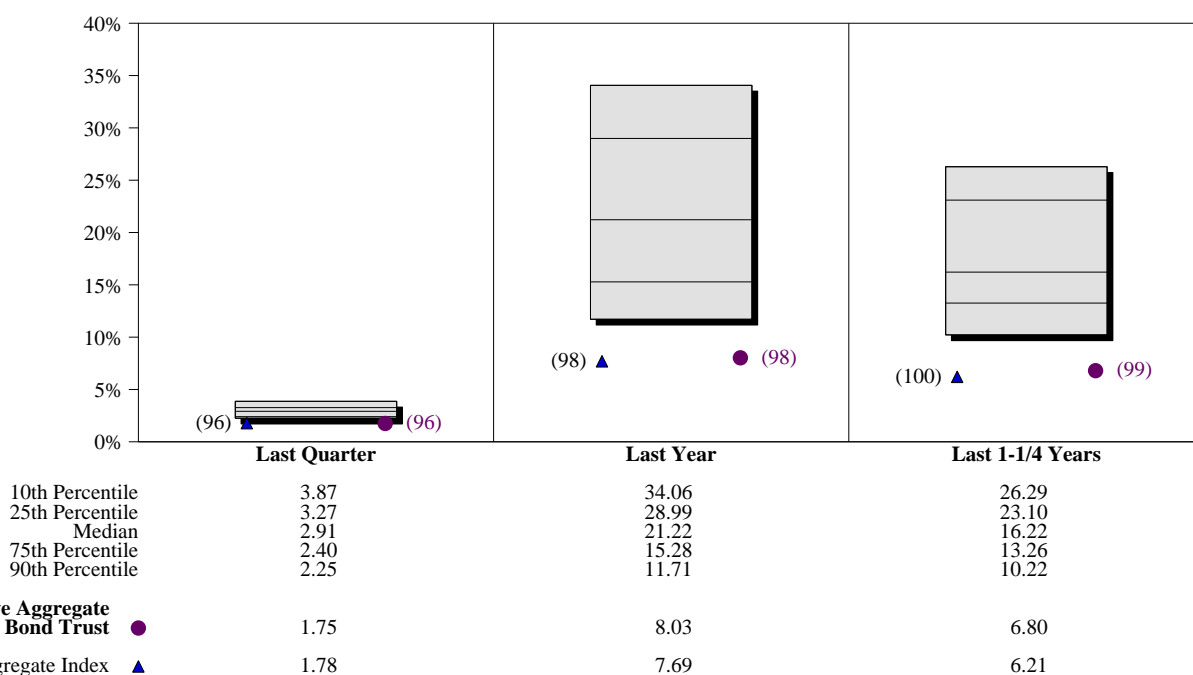
## Investment Philosophy

Core Plus Mutual funds of active managers, benchmarked against the broad market (i.e. Barclays Capital Aggregate Index), whose objective is to add value by tactically allocating significant portions of their portfolios among non-benchmark sectors (e.g. high yield corporate, non-US\$ bonds, etc.) while maintaining majority exposure similar to the broad market.

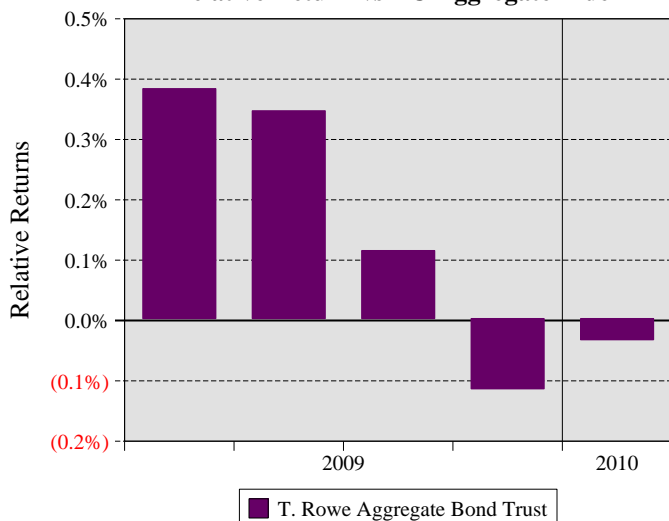
## Quarterly Summary and Highlights

- T. Rowe Aggregate Bond Trust's portfolio posted a 1.75% return for the quarter placing it in the 96 percentile of the CAI MF - Core Plus Style group for the quarter and in the 98 percentile for the last year.
- T. Rowe Aggregate Bond Trust's portfolio underperformed the BC Aggregate Index by 0.03% for the quarter and outperformed the BC Aggregate Index for the year by 0.33%.

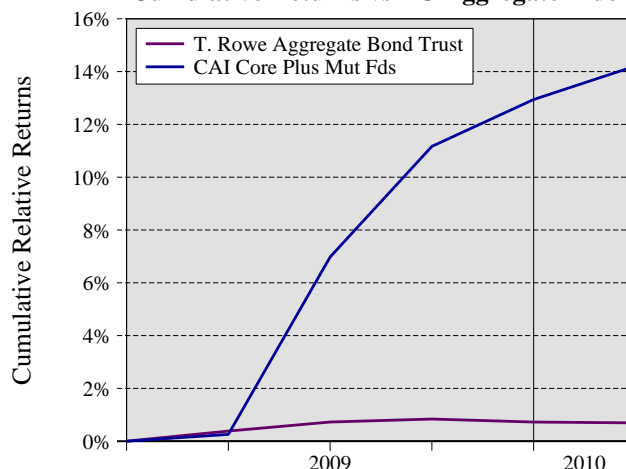
## Performance vs CAI MF - Core Plus Style (Net)



## Relative Return vs BC Aggregate Index



## Cumulative Returns vs BC Aggregate Index





## T. ROWE PRICE INTL EQUITY PERIOD ENDED MARCH 31, 2010

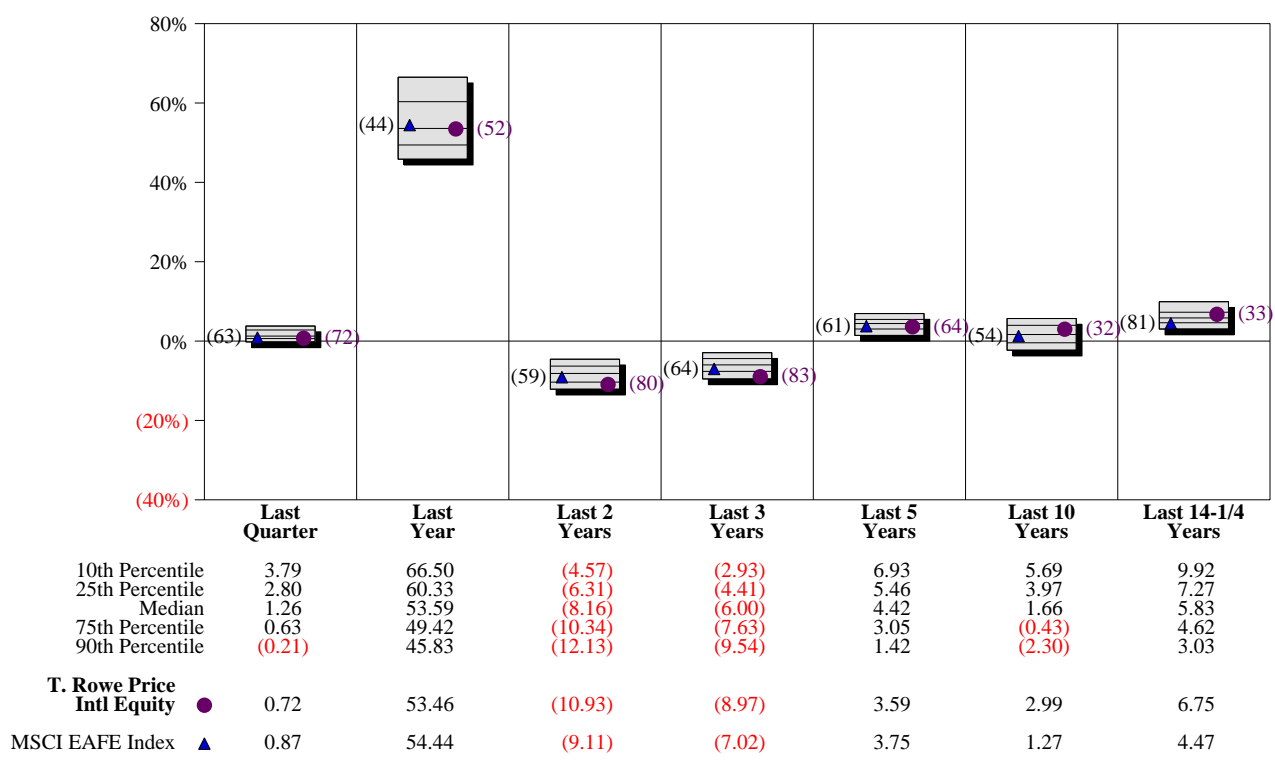
### Investment Philosophy

Non-U.S. Equity Style mutual funds invest in only non-U.S. equity securities. This style group excludes regional and index funds.

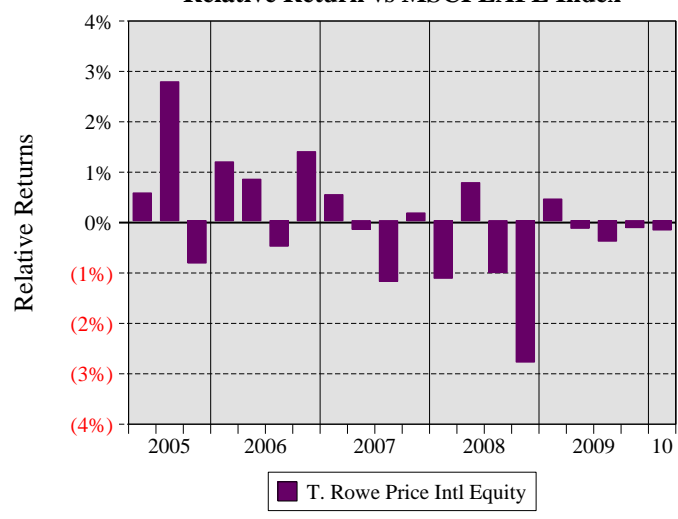
### Quarterly Summary and Highlights

- T. Rowe Price Intl Equity's portfolio posted a 0.72% return for the quarter placing it in the 72 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 52 percentile for the last year.
- T. Rowe Price Intl Equity's portfolio underperformed the MSCI EAFE Index by 0.15% for the quarter and underperformed the MSCI EAFE Index for the year by 0.98%.

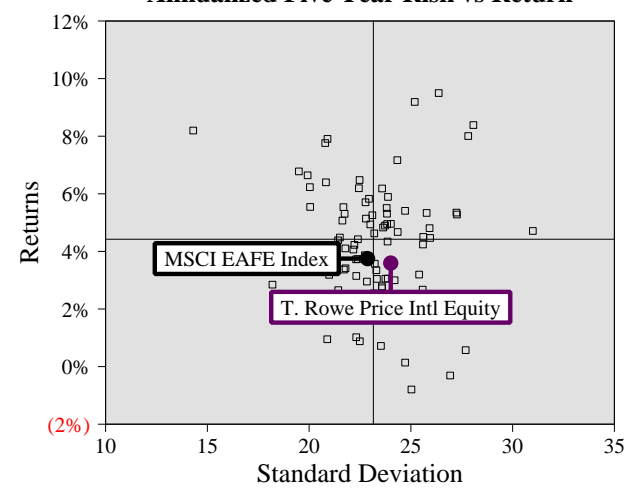
### Performance vs CAI MF - Non-US Equity Style (Net)



### Relative Return vs MSCI EAFE Index



### CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return





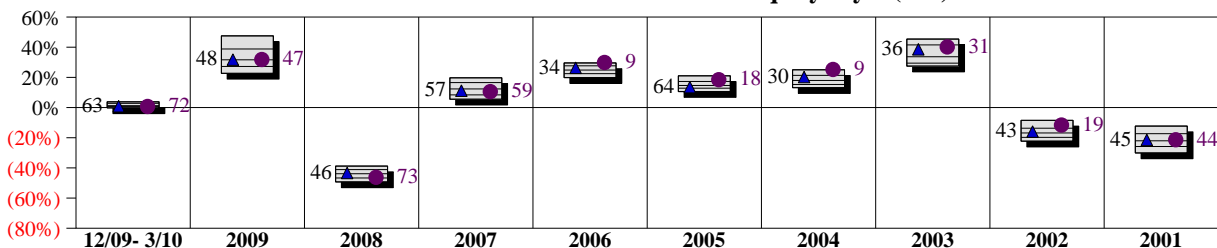


## T. ROWE PRICE INTL EQUITY RETURN ANALYSIS SUMMARY

### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

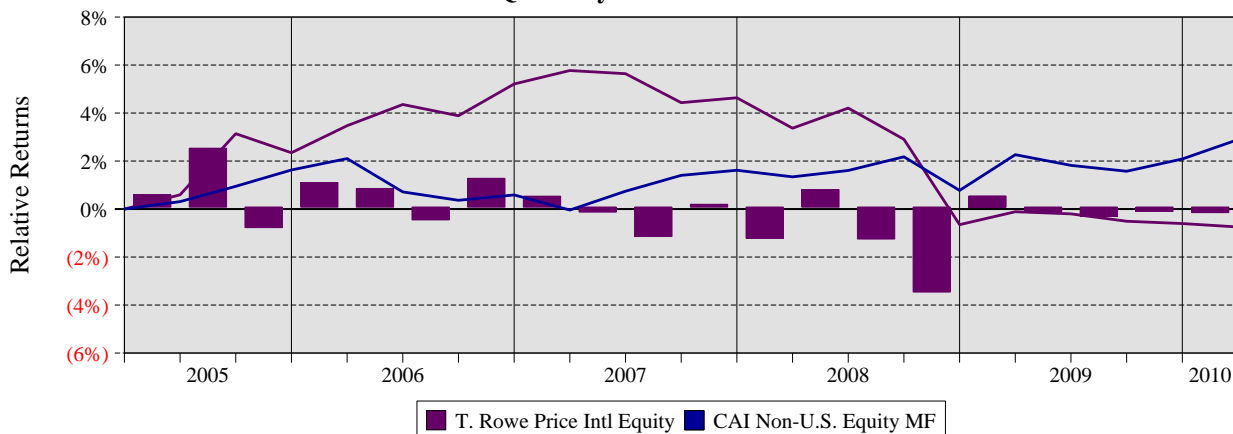
#### Performance vs CAI MF - Non-US Equity Style (Net)



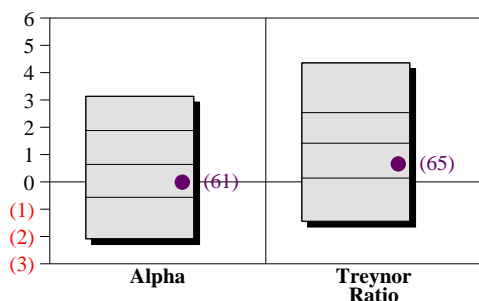
10th Percentile	3.79	47.51	(38.79)	19.72	29.58	21.03	25.04	45.40	(8.48)	(12.28)
25th Percentile	2.80	38.81	(41.13)	16.55	27.67	17.29	21.35	41.53	(13.69)	(17.33)
Median	1.26	31.65	(43.86)	12.33	24.86	14.64	17.97	33.67	(16.84)	(22.04)
75th Percentile	0.63	27.25	(46.67)	8.39	22.47	12.84	15.29	29.44	(19.76)	(25.82)
90th Percentile	(0.21)	22.69	(49.29)	5.52	19.85	10.57	13.17	27.48	(22.28)	(30.10)

<b>T. Rowe Price Intl Equity</b> ●	0.72	31.84	(46.24)	10.56	29.88	18.46	25.25	40.18	(11.59)	(21.36)
<b>MSCI EAFE Index</b> ▲	0.87	31.78	(43.38)	11.17	26.34	13.54	20.25	38.59	(15.94)	(21.44)

#### Cumulative and Quarterly Relative Return vs MSCI EAFE Index

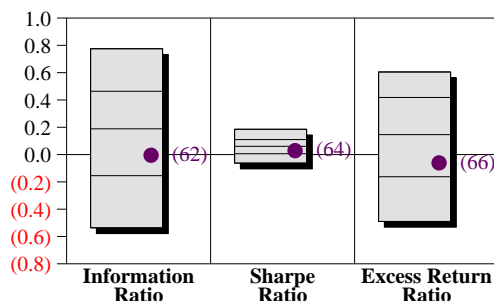


#### Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2010



10th Percentile	3.13	4.36
25th Percentile	1.88	2.54
Median	0.64	1.42
75th Percentile	(0.57)	0.14
90th Percentile	(2.08)	(1.44)

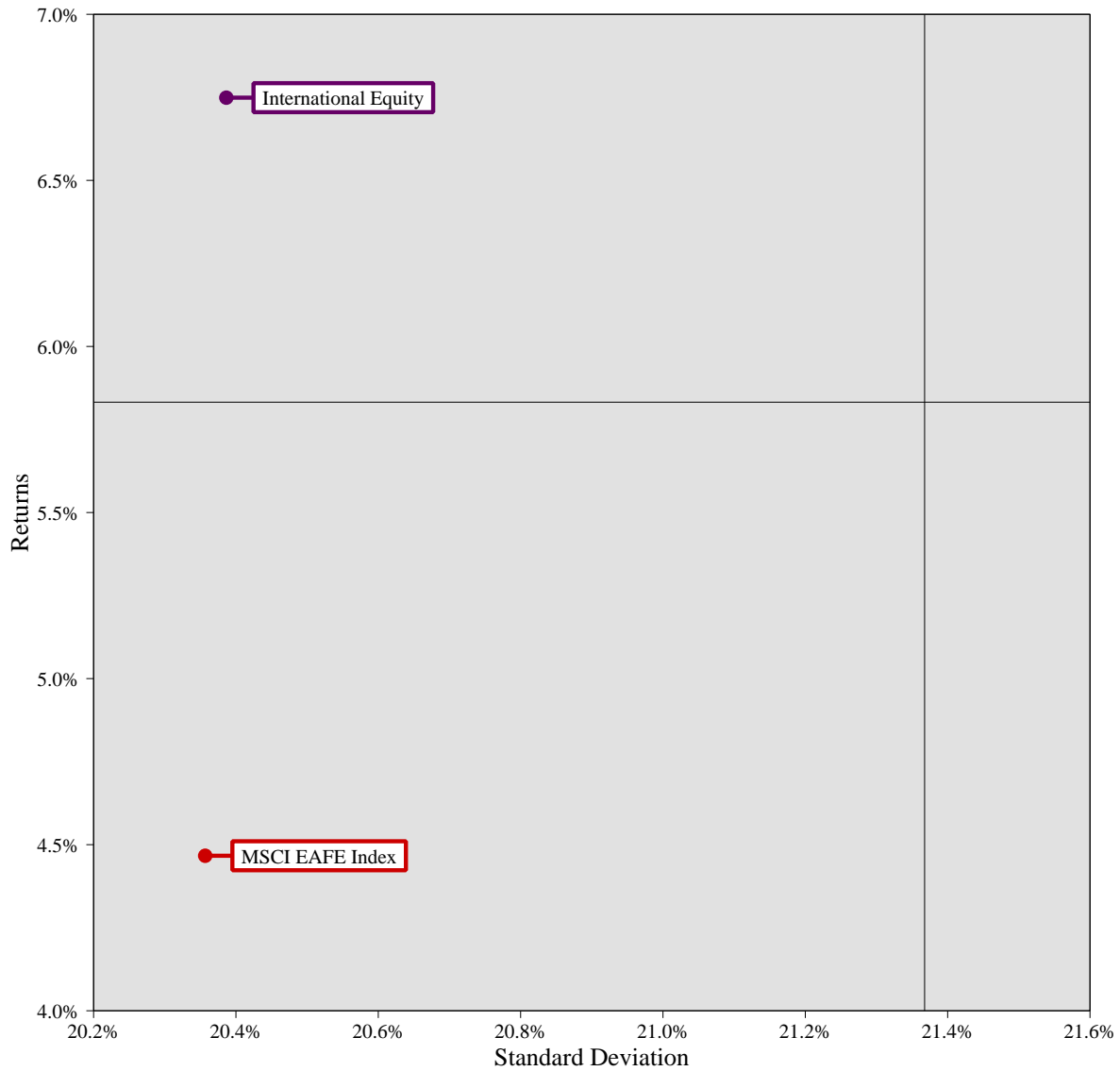
<b>T. Rowe Price Intl Equity</b> ●	(0.01)	0.66
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10th Percentile	0.78	0.19	0.60
25th Percentile	0.46	0.11	0.42
Median	0.19	0.06	0.15
75th Percentile	(0.15)	0.01	(0.16)
90th Percentile	(0.54)	(0.06)	(0.49)

<b>T. Rowe Price Intl Equity</b> ●	(0.00)	0.03	(0.06)
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STATE OF ALASKA S B S - T. ROWE PRICE INTL EQUITY  
RISK/REWARD VS CAI MF - NON-US EQUITY STYLE  
FOURTEEN AND ONE-QUARTER YEARS ENDED MARCH 31, 2010





## T. ROWE PRICE MM PERIOD ENDED MARCH 31, 2010

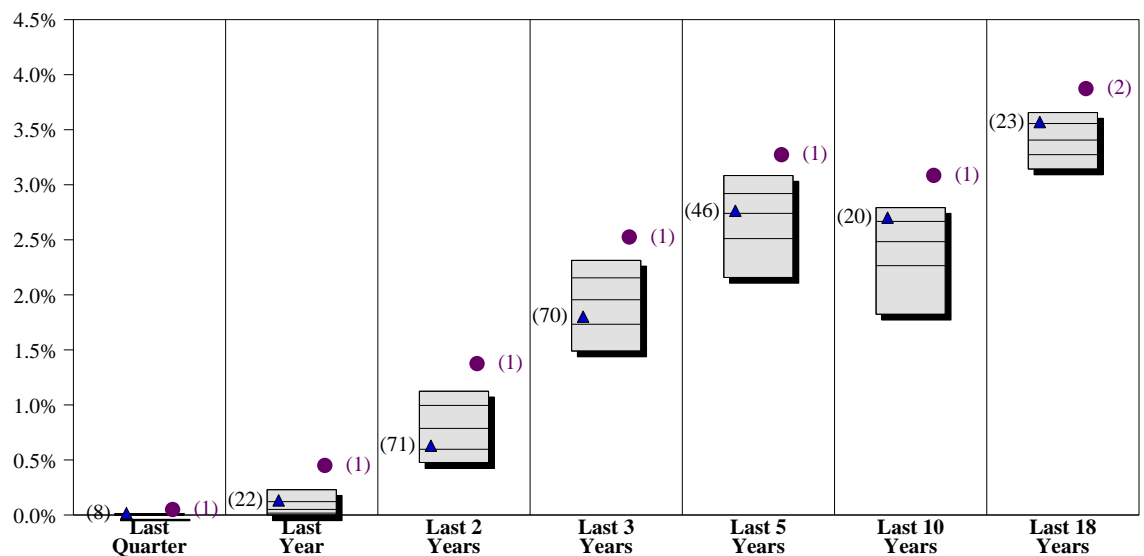
### Investment Philosophy

Fund invests in high quality financial instruments rated in top two grades with dollar-weighted average maturities of less than 90 days. Intend to keep a constant NAV.

### Quarterly Summary and Highlights

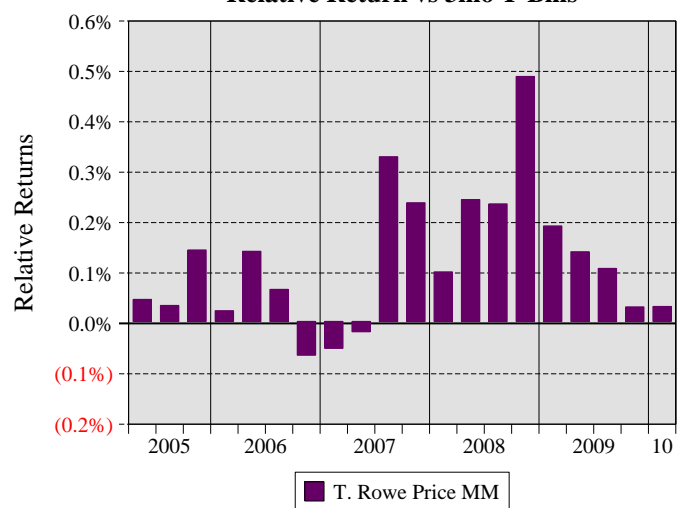
- T. Rowe Price MM's portfolio posted a 0.05% return for the quarter placing it in the 1 percentile of the Money Market Funds group for the quarter and in the 1 percentile for the last year.
- T. Rowe Price MM's portfolio outperformed the 3mo T-Bills by 0.03% for the quarter and outperformed the 3mo T-Bills for the year by 0.32%.

### Performance vs Money Market Funds (Net)

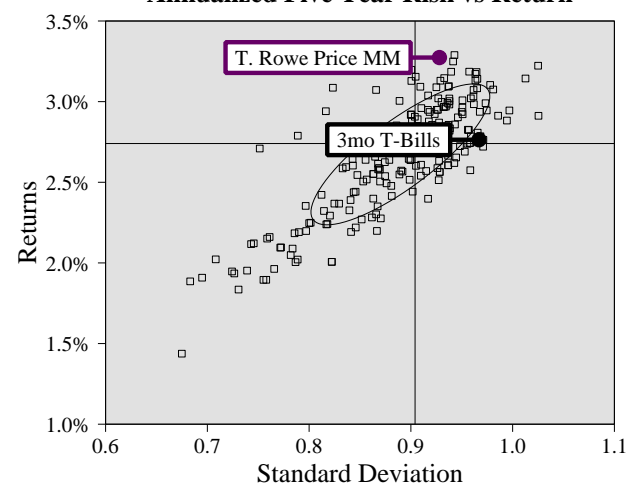


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 18 Years
10th Percentile	0.01	0.23	1.12	2.31	3.08	2.79	3.66
25th Percentile	0.01	0.12	1.00	2.15	2.92	2.67	3.56
Median	0.00	0.05	0.79	1.96	2.74	2.48	3.41
75th Percentile	0.00	0.02	0.60	1.73	2.51	2.26	3.27
90th Percentile	0.00	0.00	0.48	1.49	2.16	1.82	3.14
<b>T. Rowe Price MM</b> ●	0.05	0.45	1.38	2.53	3.27	3.09	3.87
3mo T-Bills ▲	0.02	0.13	0.63	1.80	2.76	2.70	3.57

### Relative Return vs 3mo T-Bills



### Money Market Funds (Net) Annualized Five Year Risk vs Return



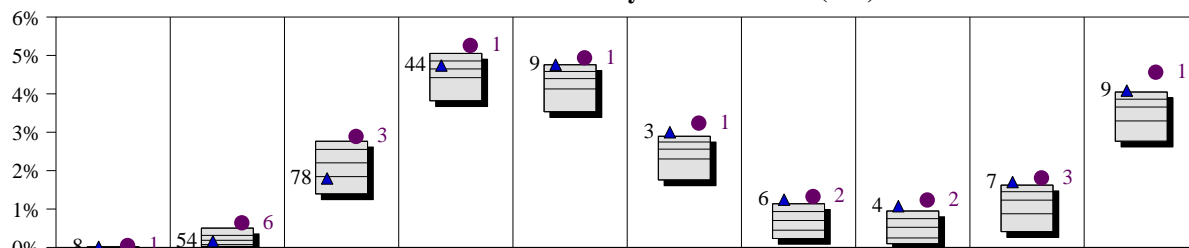


## T. ROWE PRICE MM RETURN ANALYSIS SUMMARY

### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

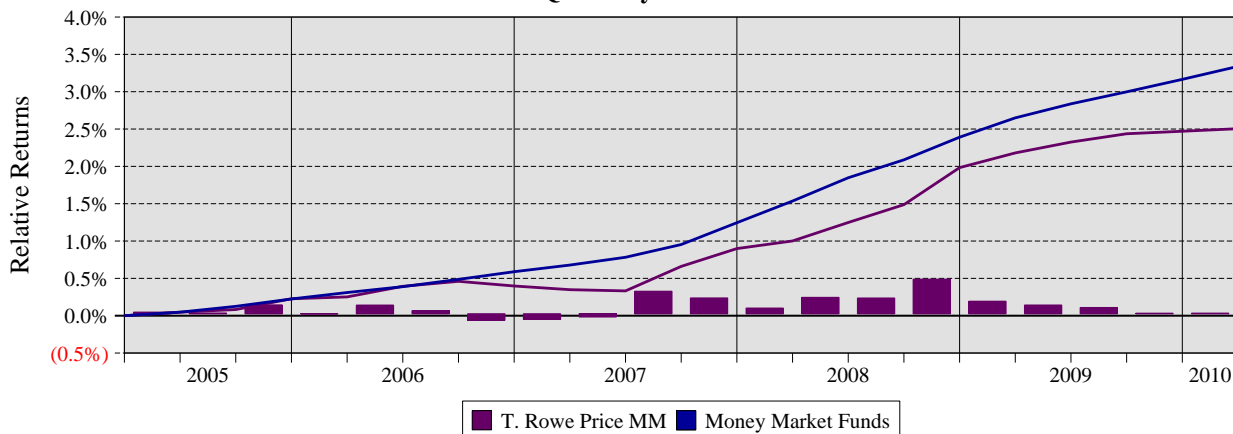
**Performance vs Money Market Funds (Net)**



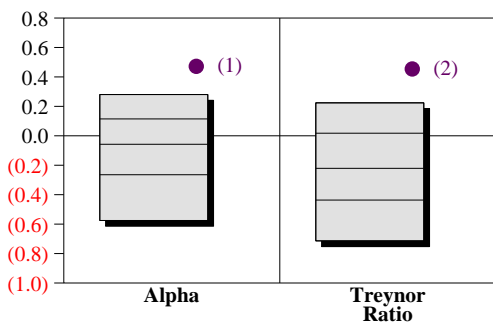
10th Percentile	0.01	0.50	2.77	5.05	4.76	2.90	1.14	0.95	1.62	4.05
25th Percentile	0.01	0.31	2.55	4.86	4.58	2.75	0.93	0.75	1.45	3.86
Median	0.00	0.19	2.20	4.65	4.40	2.56	0.70	0.52	1.23	3.66
75th Percentile	0.00	0.07	1.84	4.42	4.13	2.30	0.45	0.25	0.88	3.29
90th Percentile	0.00	0.03	1.39	3.82	3.53	1.76	0.23	0.10	0.41	2.77

<b>T. Rowe Price MM</b> ●	0.05	0.64	2.89	5.26	4.94	3.24	1.33	1.24	1.81	4.56
3mo T-Bills ▲	0.02	0.16	1.80	4.74	4.76	3.00	1.24	1.07	1.70	4.08

**Cumulative and Quarterly Relative Return vs 3mo T-Bills**

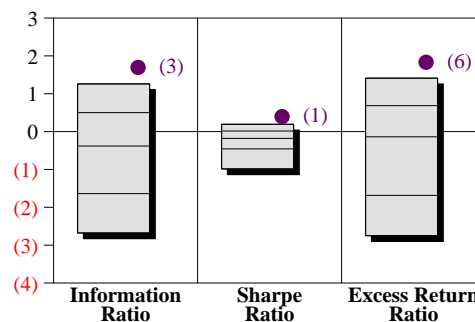


**Risk Adjusted Return Measures vs 3mo T-Bills  
Rankings Against Money Market Funds (Net)  
Five Years Ended March 31, 2010**



10th Percentile	0.28	0.22
25th Percentile	0.11	0.02
Median	(0.06)	(0.22)
75th Percentile	(0.26)	(0.44)
90th Percentile	(0.58)	(0.71)

<b>T. Rowe Price MM</b> ●	0.47	0.45
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10th Percentile	1.26	0.19	1.41
25th Percentile	0.50	0.01	0.69
Median	(0.38)	(0.18)	(0.14)
75th Percentile	(1.64)	(0.46)	(1.68)
90th Percentile	(2.68)	(0.99)	(2.75)

<b>T. Rowe Price MM</b> ●	1.69	0.40	1.83
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## STATE STREET S&P FUND PERIOD ENDED MARCH 31, 2010

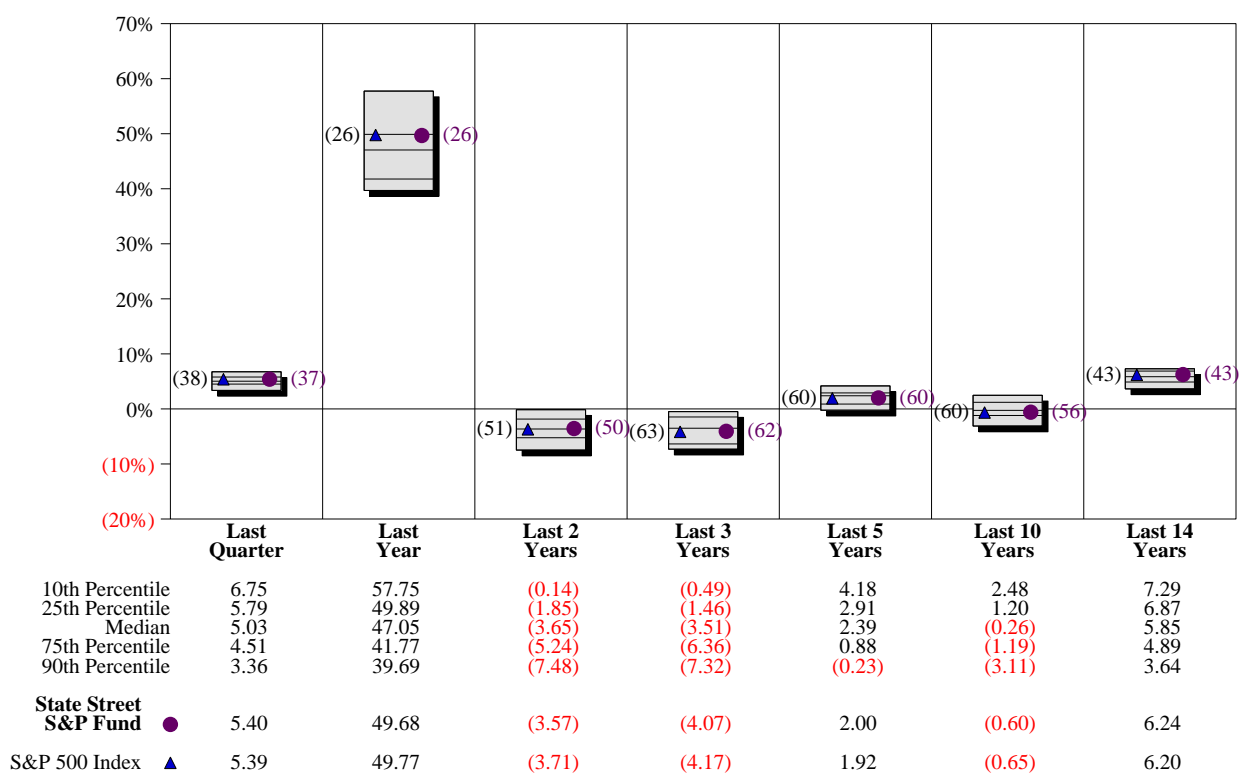
### Investment Philosophy

Core Equity Style mutual funds have characteristics similar to those of the broader market as represented by the Standard & Poor's Index. Their objective is to add value over and above the index, typically from sector or issue selection.

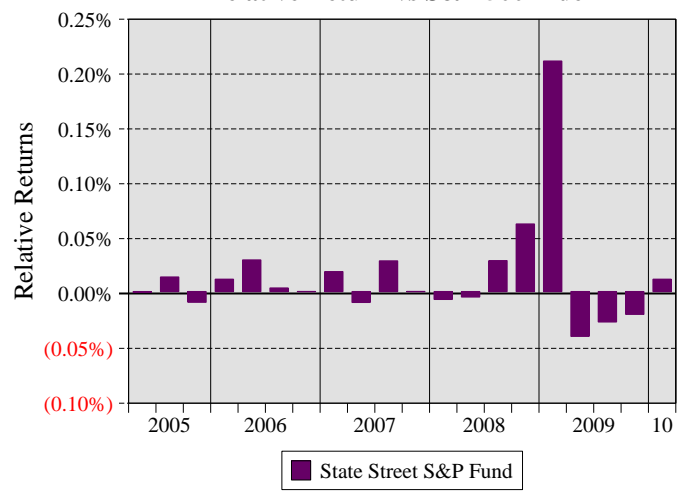
### Quarterly Summary and Highlights

- State Street S&P Fund's portfolio posted a 5.40% return for the quarter placing it in the 37 percentile of the CAI MF - Core Equity Style group for the quarter and in the 26 percentile for the last year.
- State Street S&P Fund's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and underperformed the S&P 500 Index for the year by 0.09%.

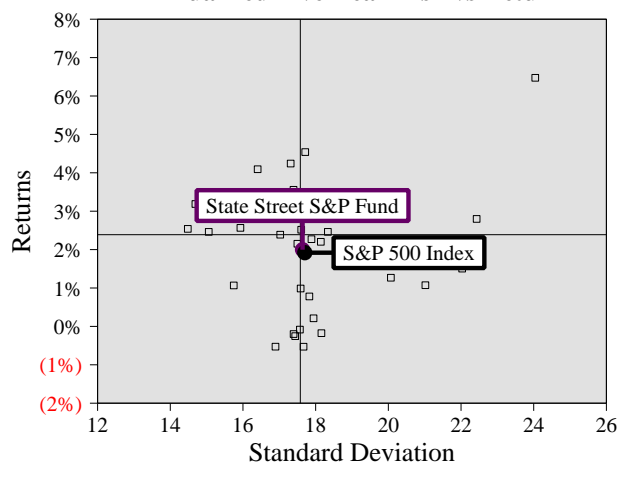
### Performance vs CAI MF - Core Equity Style (Net)



### Relative Return vs S&P 500 Index



### CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return

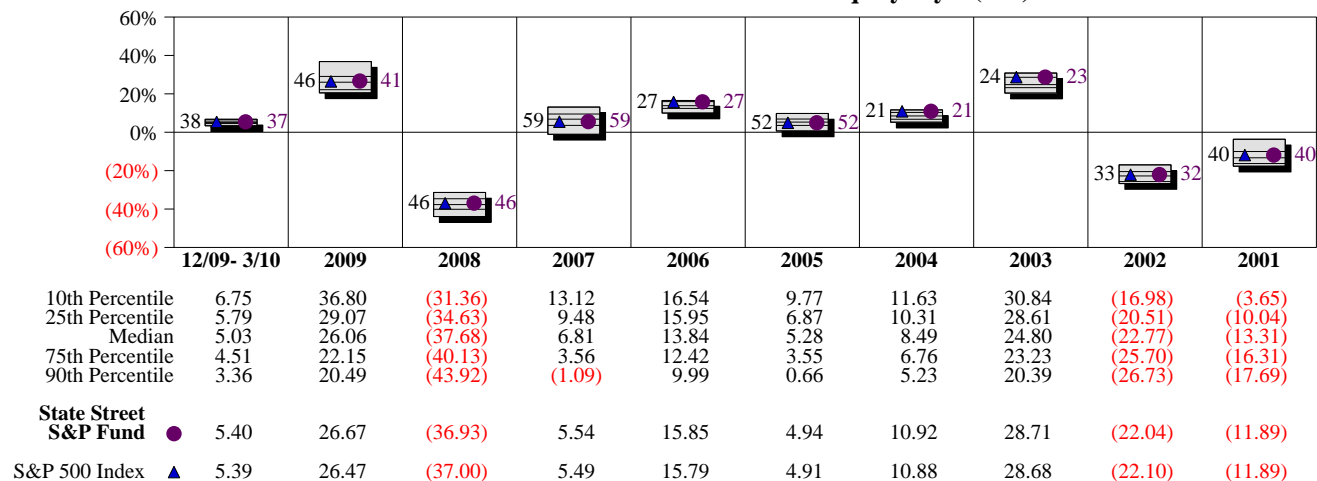


## STATE STREET S&P FUND RETURN ANALYSIS SUMMARY

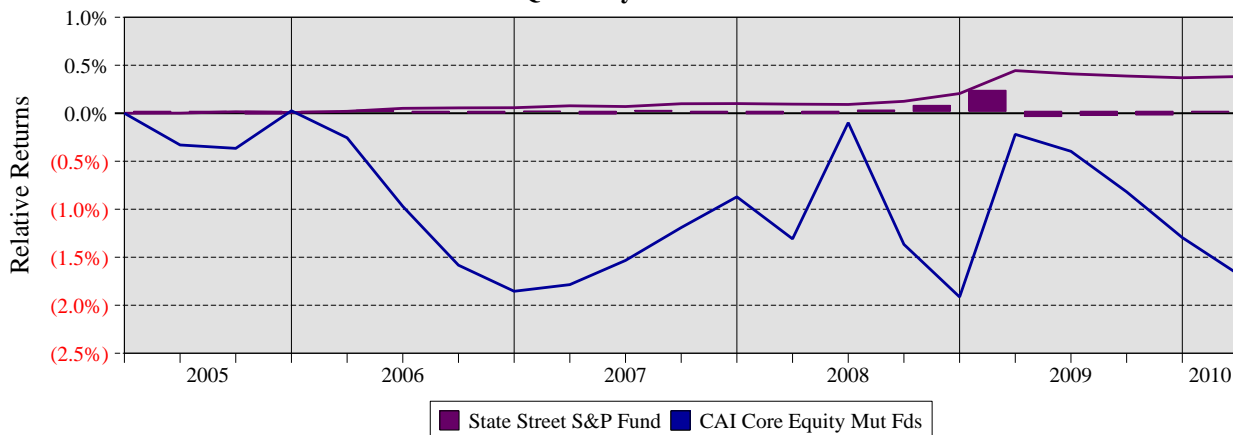
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

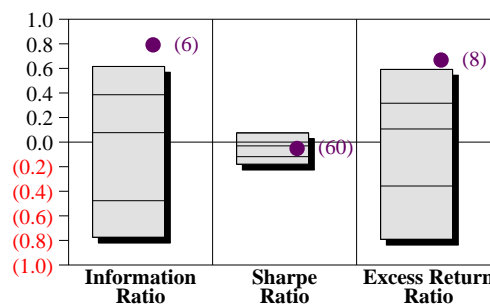
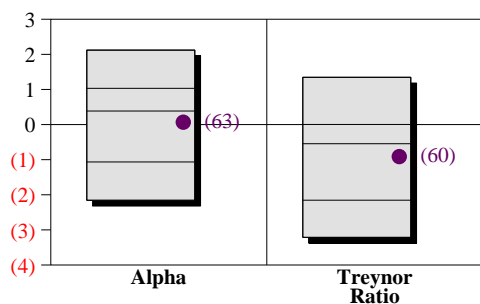
#### Performance vs CAI MF - Core Equity Style (Net)



#### Cumulative and Quarterly Relative Return vs S&P 500 Index



#### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI MF - Core Equity Style (Net) Five Years Ended March 31, 2010



10th Percentile	2.12
25th Percentile	1.03
Median	0.39
75th Percentile	(1.06)
90th Percentile	(2.16)

10th Percentile	1.35
25th Percentile	0.00
Median	(0.55)
75th Percentile	(2.15)
90th Percentile	(3.21)

10th Percentile	0.62
25th Percentile	0.39
Median	0.08
75th Percentile	(0.48)
90th Percentile	(0.77)

10th Percentile	0.08
25th Percentile	0.00
Median	(0.03)
75th Percentile	(0.12)
90th Percentile	(0.18)

10th Percentile	0.59
25th Percentile	0.32
Median	0.11
75th Percentile	(0.36)
90th Percentile	(0.79)

**State Street S&P Fund** ● 0.07

(0.91)

**State Street S&P Fund** ● 0.79

(0.05)

0.67





# RUSSELL 3000 INDEX FUND PERIOD ENDED MARCH 31, 2010



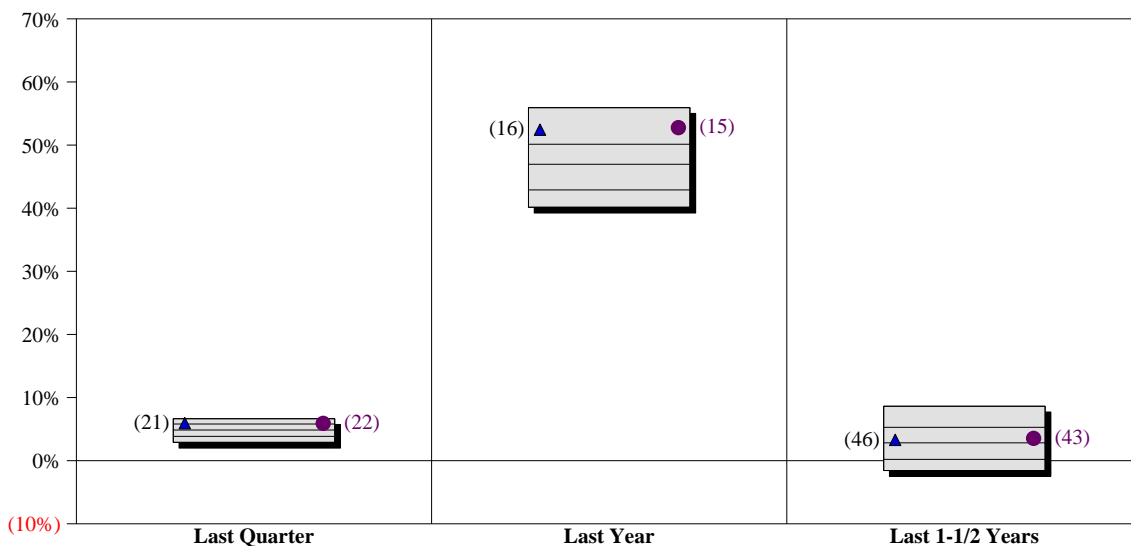
## Investment Philosophy

The Russell 3000 Index Strategy seeks to replicate the returns and characteristics of the Russell 3000 Index.

## Quarterly Summary and Highlights

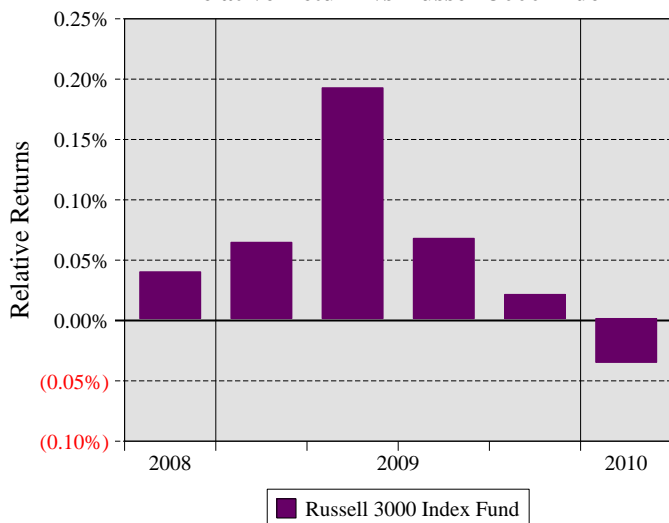
- Russell 3000 Index Fund's portfolio posted a 5.91% return for the quarter placing it in the 22 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 15 percentile for the last year.
- Russell 3000 Index Fund's portfolio underperformed the Russell 3000 Index by 0.03% for the quarter and outperformed the Russell 3000 Index for the year by 0.32%.

## Performance vs CAI MF - Large Cap Broad Style (Net)

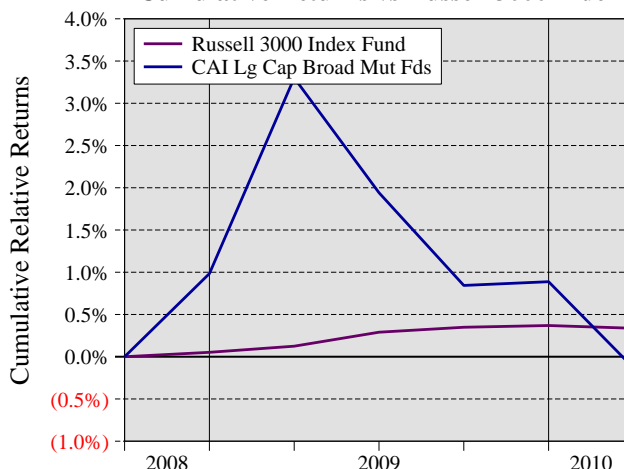


10th Percentile	6.65	55.93	8.62
25th Percentile	5.81	50.13	5.28
Median	4.86	46.96	2.83
75th Percentile	3.85	42.90	0.21
90th Percentile	2.90	40.15	(1.56)
<b>Russell 3000 Index Fund</b> ●	5.91	52.76	3.53
Russell 3000 Index ▲	5.94	52.44	3.30

## Relative Return vs Russell 3000 Index



## Cumulative Returns vs Russell 3000 Index





# WORLD EQ EX-US INDEX PERIOD ENDED MARCH 31, 2010



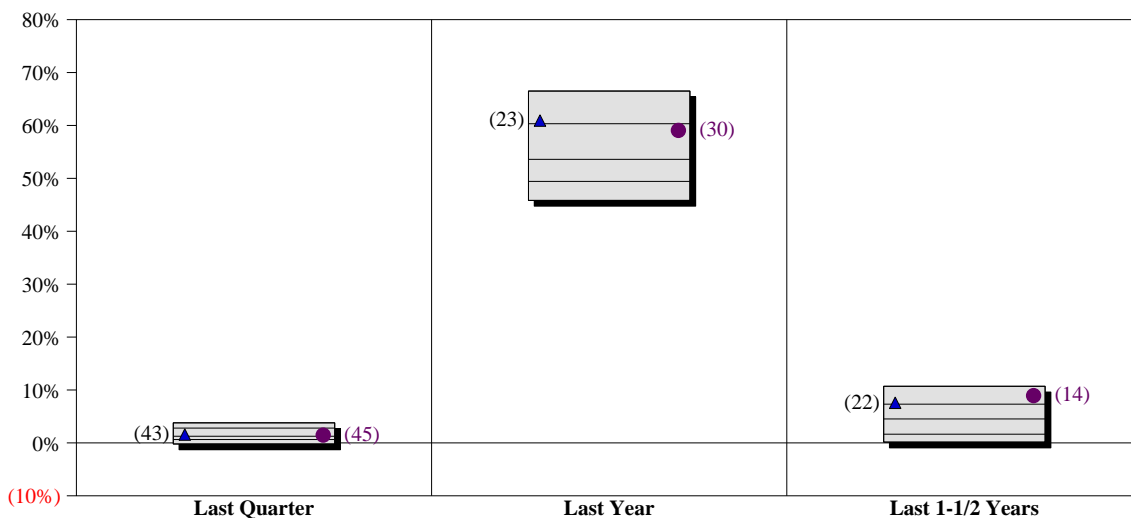
## Investment Philosophy

State Street's objective is to provide the most cost-effective implementation with stringent risk control and tracking requirements.

## Quarterly Summary and Highlights

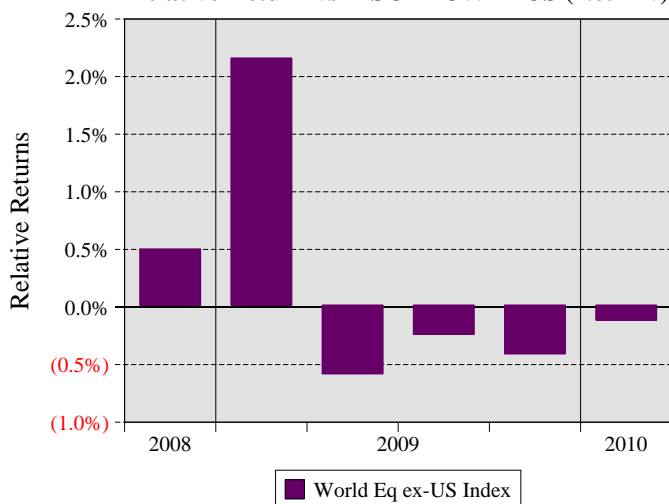
- World Eq ex-US Index's portfolio posted a 1.47% return for the quarter placing it in the 45 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 30 percentile for the last year.
- World Eq ex-US Index's portfolio underperformed the MSCI ACWI x US (Net Div) by 0.11% for the quarter and underperformed the MSCI ACWI x US (Net Div) for the year by 1.86%.

## Performance vs CAI MF - Non-US Equity Style (Net)

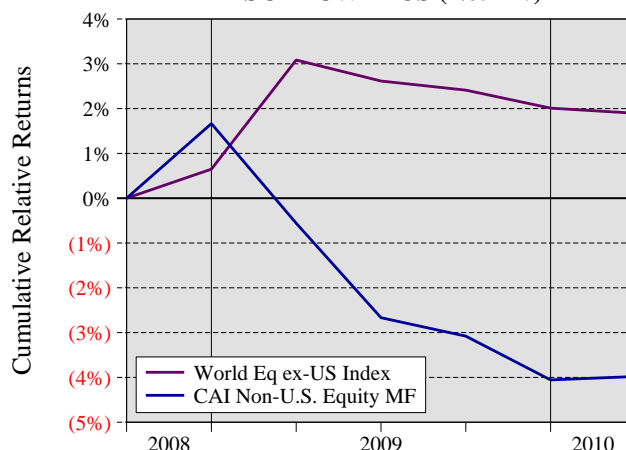


10th Percentile	3.79	66.50	10.70
25th Percentile	2.80	60.33	7.32
Median	1.26	53.59	4.52
75th Percentile	0.63	49.42	1.65
90th Percentile	(0.21)	45.83	0.15
<b>World Eq ex-US Index</b> ●	1.47	59.07	8.94
<b>MSCI ACWI x US (Net Div)</b> ▲	1.58	60.93	7.58

## Relative Return vs MSCI ACWI x US (Net Div)



## Cumulative Returns vs MSCI ACWI x US (Net Div)





# LONG US TREASURY BOND INDEX PERIOD ENDED MARCH 31, 2010



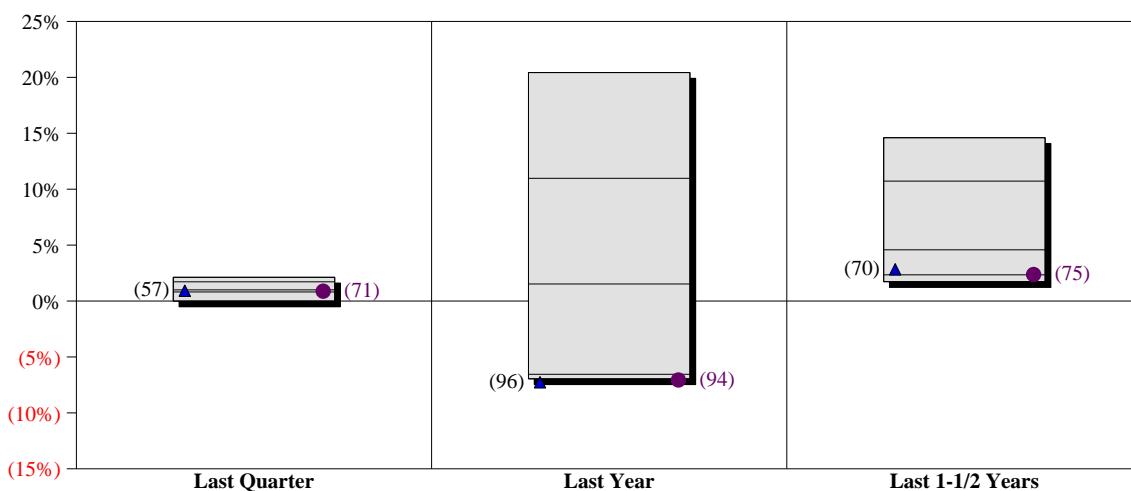
## Investment Philosophy

Extended Maturity Style mutual funds have an average portfolio duration greater than that of the Barclays Govt/Corp Bond Index. These portfolios exhibit risk/return characteristics similar to the long-bond portion of the Barclays Govt/Corp Index.

## Quarterly Summary and Highlights

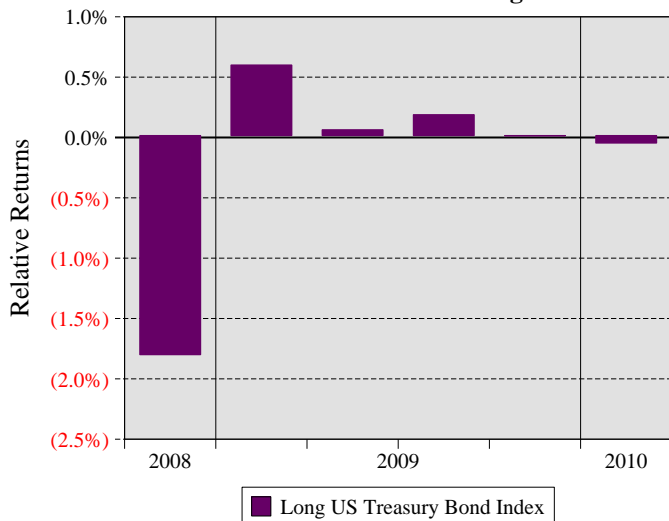
- Long US Treasury Bond Index's portfolio posted a 0.88% return for the quarter placing it in the 71 percentile of the CAI MF - Extended Maturity group for the quarter and in the 94 percentile for the last year.
- Long US Treasury Bond Index's portfolio underperformed the BC Long Treas by 0.05% for the quarter and outperformed the BC Long Treas for the year by 0.20%.

## Performance vs CAI MF - Extended Maturity (Net)

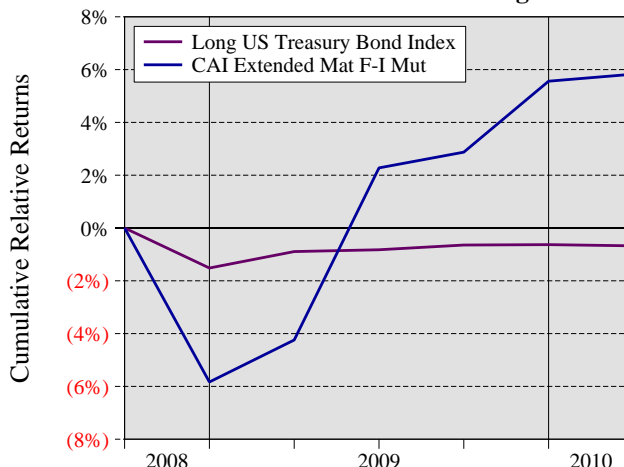


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	2.12	20.43	14.60
25th Percentile	1.72	10.97	10.72
Median	1.00	1.53	4.58
75th Percentile	0.81	(6.55)	2.34
90th Percentile	0.00	(6.96)	1.73
<b>Long US Treasury Bond Index</b>	<b>0.88</b>	<b>(7.06)</b>	<b>2.37</b>
<b>BC Long Treas</b>	<b>0.93</b>	<b>(7.26)</b>	<b>2.84</b>

## Relative Return vs BC Long Treas



## Cumulative Returns vs BC Long Treas





# US TREASURY INFL PRTECD SEC INDEX PERIOD ENDED MARCH 31, 2010



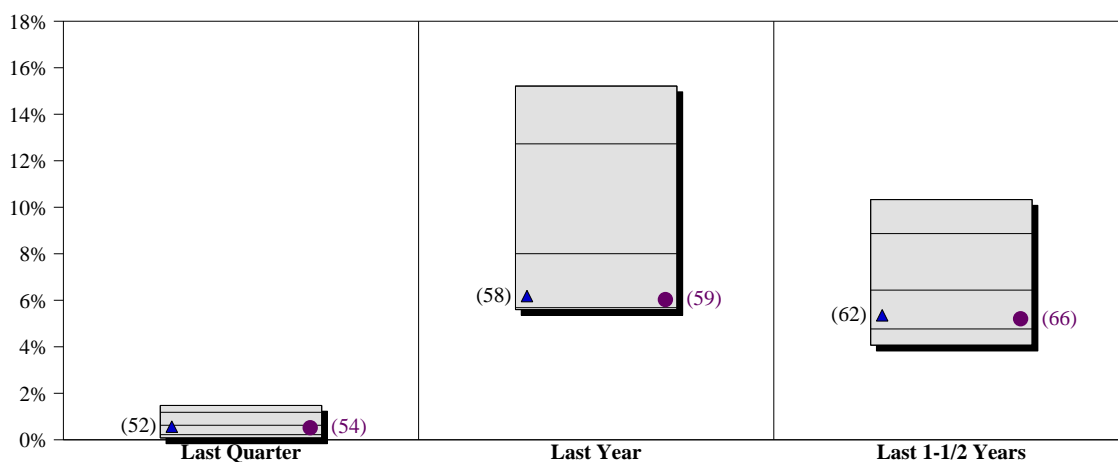
## Investment Philosophy

The Passive Treasury Inflation Protected Securities Strategy seeks to match the total rate of return of the BC Inflation Notes Index by investing in a portfolio of US Treasury inflation protected securities. It is managed duration neutral to the Index at all times. Overall sector and security weightings are also matched to the Index. The strategy is one of full replication, owning a market-value weight of each security in the benchmark.

## Quarterly Summary and Highlights

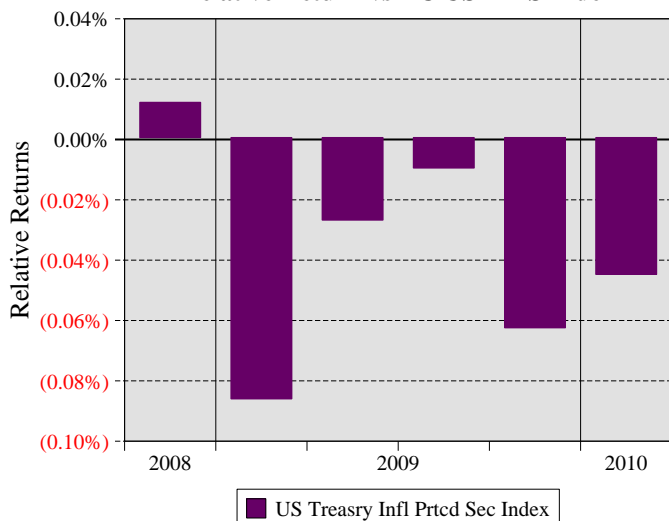
- US Treasury Infl Prtcd Sec Index's portfolio posted a 0.52% return for the quarter placing it in the 54 percentile of the CAI Real Return Mutual Fund Database group for the quarter and in the 59 percentile for the last year.
- US Treasury Infl Prtcd Sec Index's portfolio underperformed the BC US TIPS Index by 0.04% for the quarter and underperformed the BC US TIPS Index for the year by 0.15%.

## Performance vs CAI Real Return Mutual Fund Database (Net)

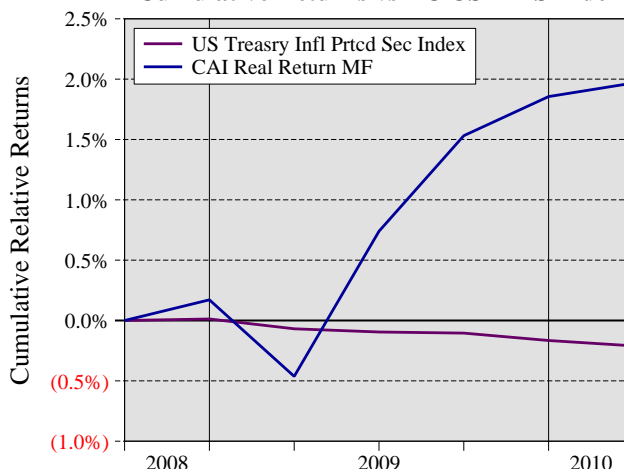


10th Percentile	1.48	15.21	10.33
25th Percentile	1.18	12.73	8.87
Median	0.62	8.00	6.44
75th Percentile	0.22	5.68	4.77
90th Percentile	0.08	5.60	4.07
<b>US Treasury Infl Prtcd Sec Index</b>	<b>0.52</b>	<b>6.03</b>	<b>5.21</b>
<b>BC US TIPS Index</b>	<b>0.56</b>	<b>6.18</b>	<b>5.35</b>

## Relative Return vs BC US TIPS Index



## Cumulative Returns vs BC US TIPS Index







# WORLD GOV'T BOND EX-US INDEX PERIOD ENDED MARCH 31, 2010



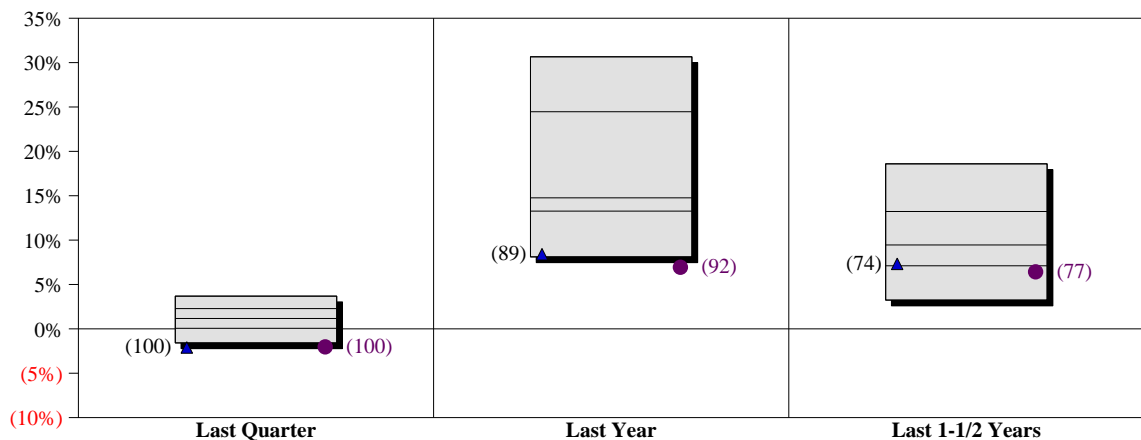
## Investment Philosophy

Global Fixed-Income Style mutual funds invest in both foreign and domestic fixed-income securities. These funds seek to take advantage of international currency and interest rate movements, differing bond yields, and/or international diversification.

## Quarterly Summary and Highlights

- World Gov't Bond ex-US Index's portfolio posted a (2.03)% return for the quarter placing it in the 100 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 92 percentile for the last year.
- World Gov't Bond ex-US Index's portfolio outperformed the Citi Non-US Gvt Bd Idx by 0.07% for the quarter and underperformed the Citi Non-US Gvt Bd Idx for the year by 1.47%.

## Performance vs CAI MF - Global Fixed Income Style (Net)



10th Percentile  
25th Percentile  
Median  
75th Percentile  
90th Percentile

3.69  
2.28  
1.17  
0.06  
(1.58)

30.66  
24.47  
14.76  
13.27  
8.11

18.59  
13.22  
9.45  
7.11  
3.24

**World Gov't  
Bond ex-US Index** ●

(2.03)

6.94

6.43

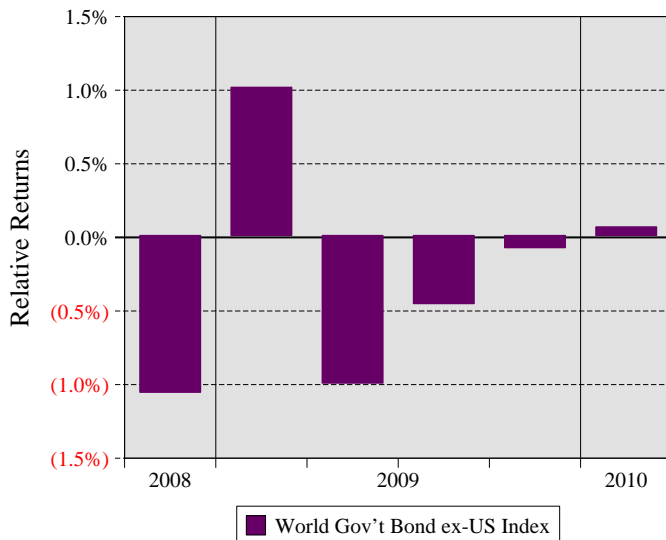
Citi Non-US Gvt Bd Idx ▲

(2.10)

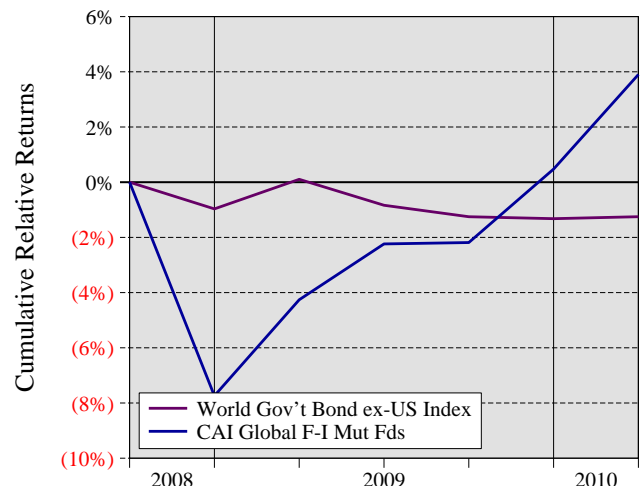
8.41

7.32

## Relative Return vs Citi Non-US Gvt Bd Idx



## Cumulative Returns vs Citi Non-US Gvt Bd Idx





# US REAL ESTATE INVMNT TR INDEX PERIOD ENDED MARCH 31, 2010



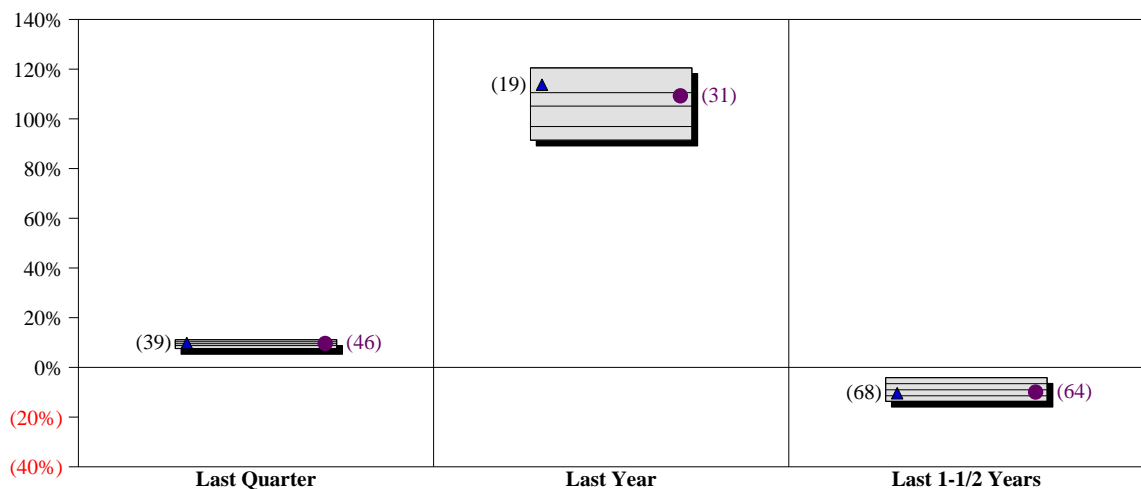
## Investment Philosophy

The Real Estate Investment Trust managers invest in companies that own, operate and dispose of commercial real estate properties. These companies provide high current yields and the potential for capital appreciation through increases in property values.

## Quarterly Summary and Highlights

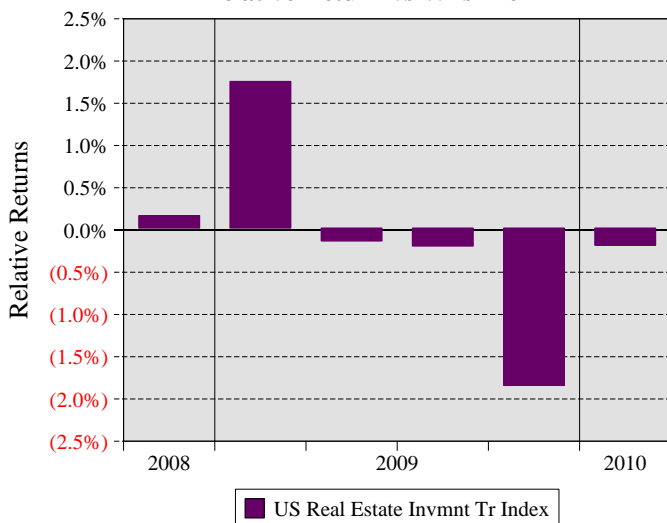
- US Real Estate Invmnt Tr Index's portfolio posted a 9.64% return for the quarter placing it in the 46 percentile of the Real Estate Mut Fds group for the quarter and in the 31 percentile for the last year.
- US Real Estate Invmnt Tr Index's portfolio underperformed the Wilshire REIT by 0.18% for the quarter and underperformed the Wilshire REIT for the year by 4.45%.

## Performance vs Real Estate Mut Fds (Net)

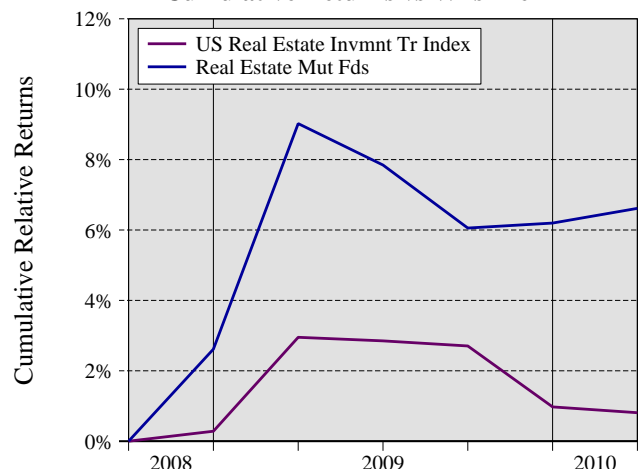


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	11.13	120.52	(4.13)
25th Percentile	10.31	110.53	(6.56)
Median	9.53	105.13	(9.03)
75th Percentile	8.77	96.91	(11.43)
90th Percentile	7.58	91.41	(13.65)
<b>US Real Estate Invmnt Tr Index</b>	<b>9.64</b>	<b>109.27</b>	<b>(9.92)</b>
<b>Wilshire REIT</b>	<b>9.82</b>	<b>113.72</b>	<b>(10.40)</b>

## Relative Return vs Wilshire REIT



## Cumulative Returns vs Wilshire REIT





# STATE STREET INST TRSRY MM PERIOD ENDED MARCH 31, 2010



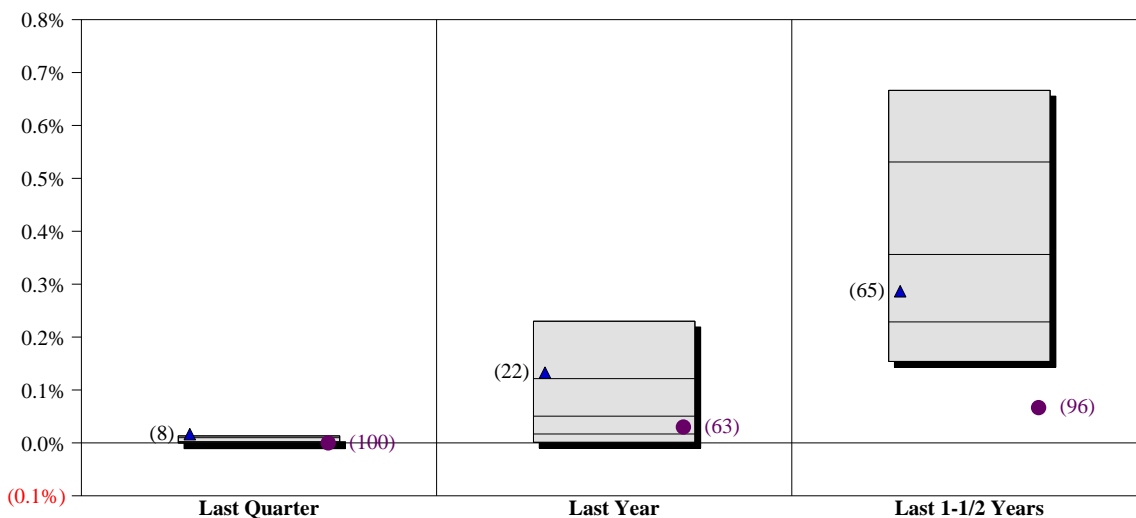
## Investment Philosophy

Fund invests in high quality financial instruments rated in top two grades with dollar-weighted average maturities of less than 90 days. Intend to keep a constant NAV.

## Quarterly Summary and Highlights

- State Street Inst Trsry MM's portfolio posted a 0.00% return for the quarter placing it in the 100 percentile of the Money Market Funds group for the quarter and in the 63 percentile for the last year.
- State Street Inst Trsry MM's portfolio underperformed the Citigroup 3mo T-Bills by 0.02% for the quarter and underperformed the Citigroup 3mo T-Bills for the year by 0.10%.

## Performance vs Money Market Funds (Net)



10th Percentile  
25th Percentile  
Median  
75th Percentile  
90th Percentile

0.01  
0.01  
0.00  
0.00  
0.00

0.23  
0.12  
0.05  
0.02  
0.00

0.67  
0.53  
0.36  
0.23  
0.15

State Street  
Inst Trsry MM ●

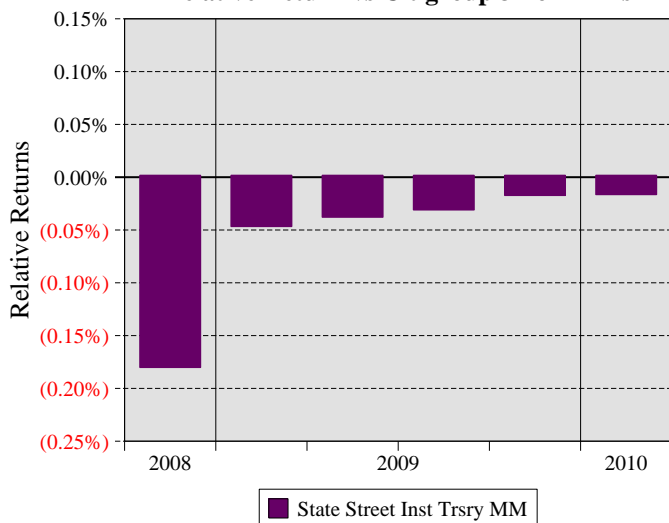
0.00  
0.02

0.03  
0.13

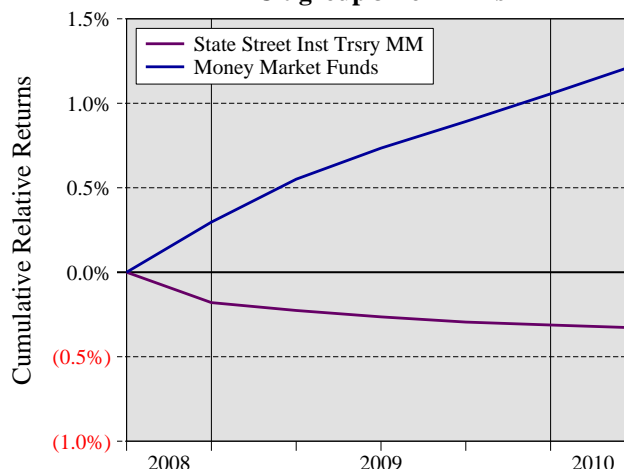
0.07  
0.29

Citigroup 3mo T-Bills ▲

## Relative Return vs Citigroup 3mo T-Bills



## Cumulative Returns vs Citigroup 3mo T-Bills





# BLACKROCK GOVT/CREDIT FUND PERIOD ENDED MARCH 31, 2010



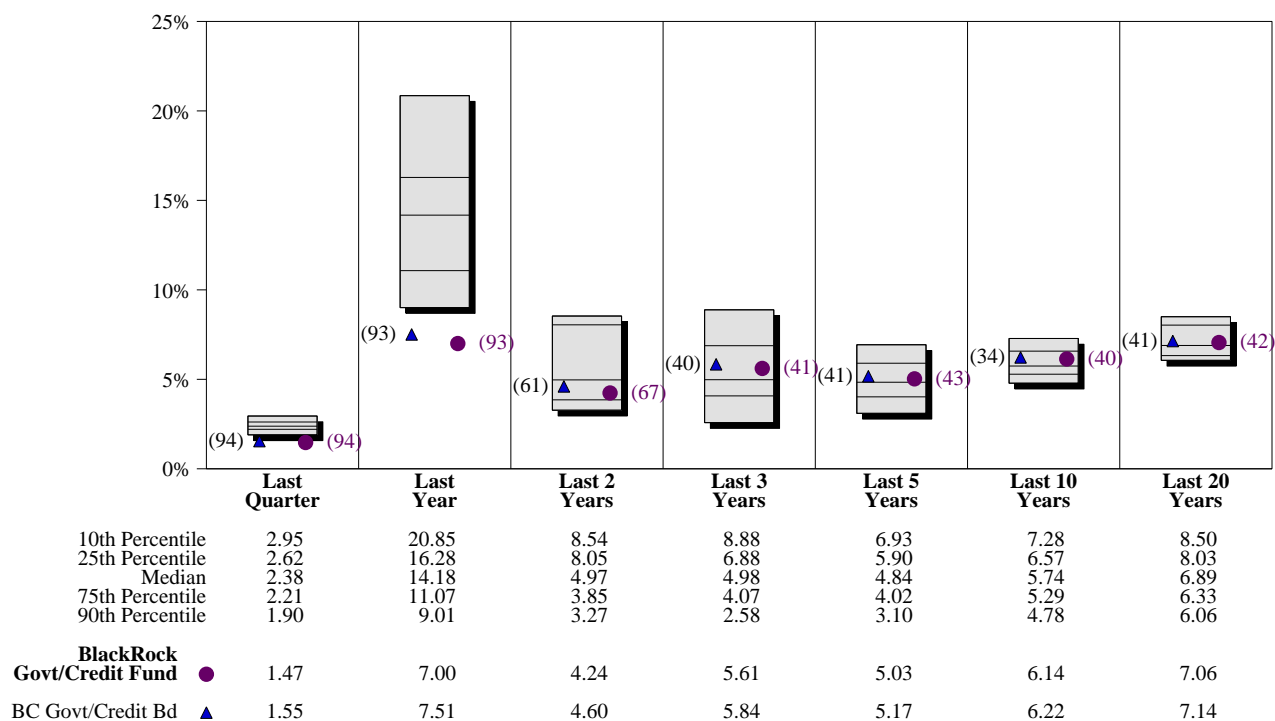
## Investment Philosophy

Core Bond Style mutual funds aim to achieve value added from sector and/or issue selection. Funds are constructed to approximate the investment results of the Barclays Capital Gov/Corp Index or the BC Aggregate Index with little duration variability around the index.

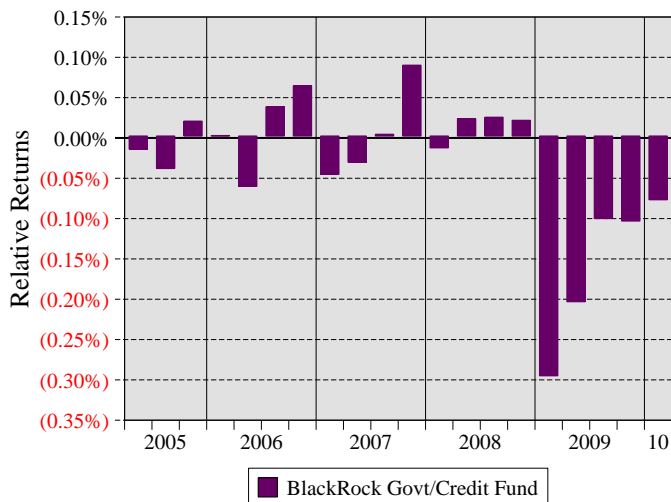
## Quarterly Summary and Highlights

- BlackRock Govt/Credit Fund's portfolio posted a 1.47% return for the quarter placing it in the 94 percentile of the CAI MF - Core Bond Style group for the quarter and in the 93 percentile for the last year.
- BlackRock Govt/Credit Fund's portfolio underperformed the BC Govt/Credit Bd by 0.08% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.51%.

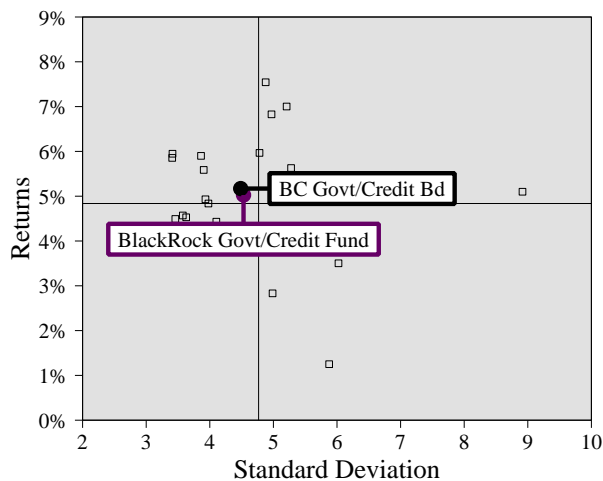
## Performance vs CAI MF - Core Bond Style (Net)



## Relative Return vs BC Govt/Credit Bd



## CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return



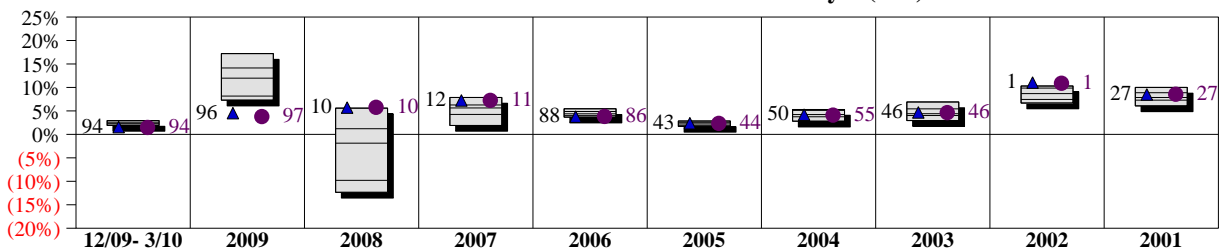


# BLACKROCK GOVT/CREDIT FUND RETURN ANALYSIS SUMMARY

## Return Analysis

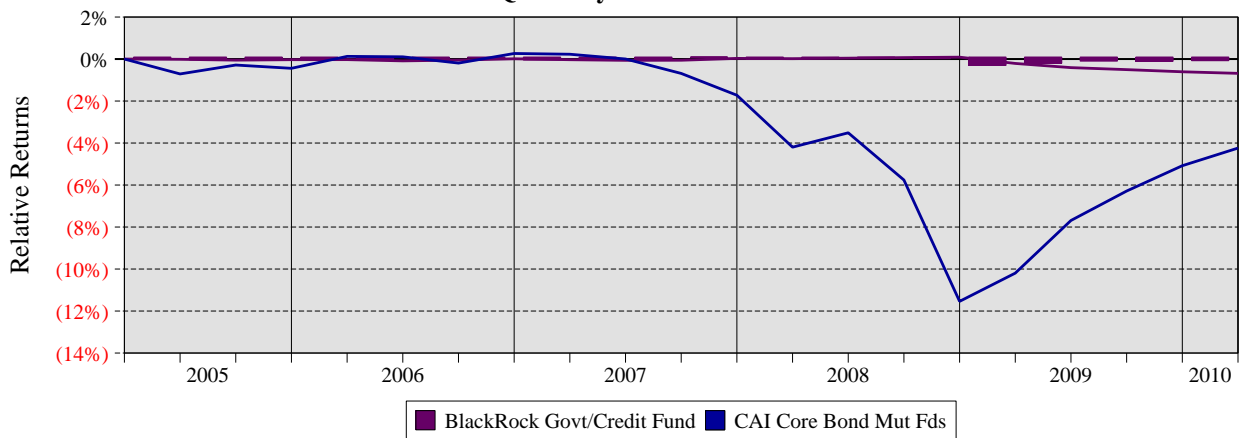
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

### Performance vs CAI MF - Core Bond Style (Net)

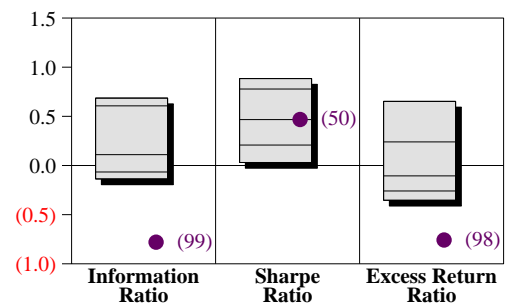
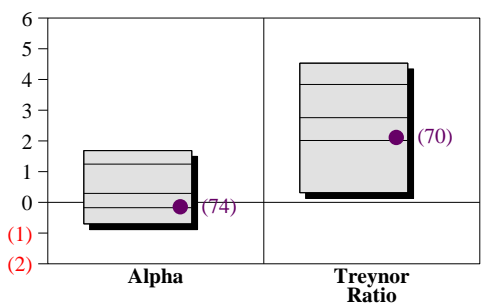


	12/09- 3/10	2009	2008	2007	2006	2005	2004	2003	2002	2001
10th Percentile	2.95	17.21	5.59	7.86	5.45	2.85	5.30	6.90	10.31	10.00
25th Percentile	2.62	14.15	1.21	6.27	4.87	2.57	5.11	5.44	9.87	8.88
Median	2.38	11.98	(1.88)	5.63	4.38	2.24	4.22	4.41	8.69	7.86
75th Percentile	2.21	8.16	(9.80)	4.25	3.99	1.93	3.75	4.02	7.44	7.29
90th Percentile	1.90	7.29	(12.35)	1.90	3.67	1.70	2.81	2.94	6.68	6.07
<b>BlackRock Govt/Credit Fund</b> ●	1.47	3.79	5.77	7.24	3.82	2.34	4.10	4.63	10.89	8.55
BC Govt/Credit Bd ▲	1.55	4.52	5.70	7.23	3.78	2.37	4.19	4.67	11.04	8.50

### Cumulative and Quarterly Relative Return vs BC Govt/Credit Bd



### Risk Adjusted Return Measures vs BC Govt/Credit Bd Rankings Against CAI MF - Core Bond Style (Net) Five Years Ended March 31, 2010



	Alpha	Treynor Ratio
10th Percentile	1.69	4.53
25th Percentile	1.25	3.84
Median	0.29	2.76
75th Percentile	(0.17)	2.01
90th Percentile	(0.70)	0.31

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.69	0.88	0.65
25th Percentile	0.61	0.78	0.24
Median	0.11	0.47	(0.11)
75th Percentile	(0.07)	0.21	(0.26)
90th Percentile	(0.14)	0.03	(0.35)

<b>BlackRock Govt/Credit Fund</b> ●	(0.14)	2.11	(0.78)	0.47	(0.76)
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## INTERMEDIATE BOND FUND PERIOD ENDED MARCH 31, 2010



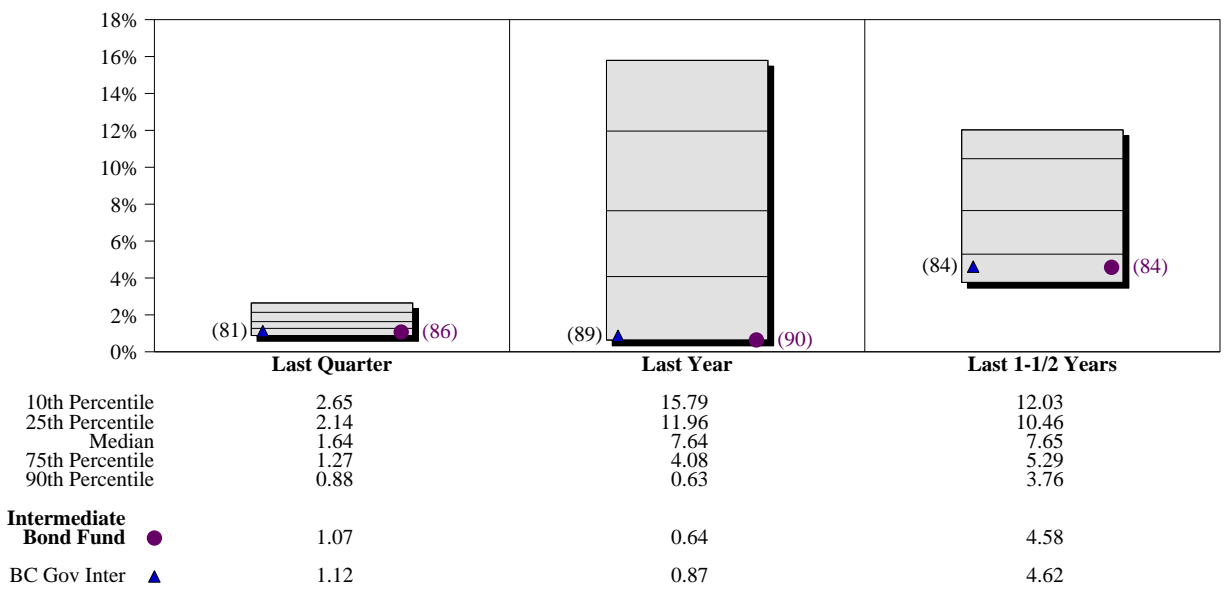
### Investment Philosophy

The objective of the Intermediate Government/Credit Bond Index Fund is to track the performance of its benchmark, the Barclays Capital Intermediate Government/Credit Bond Index. The fund provides institutional investors a high quality, cost-effective, index-based solution to their bond investment needs. Our proprietary databases amass a wealth of real-time data each day, providing us with an unmatched ability to efficiently execute market transactions. Additionally, we leverage our size and trading volume to minimize or eliminate transaction costs for our clients. These competitive advantages enable us to deliver superior investment performance to our clients with efficiency and consistency that is unsurpassed.

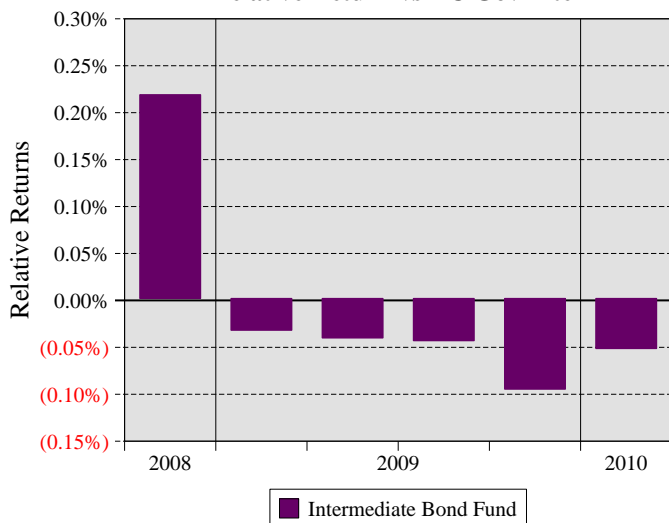
### Quarterly Summary and Highlights

- Intermediate Bond Fund's portfolio posted a 1.07% return for the quarter placing it in the 86 percentile of the CAI MF - Intermediate Style group for the quarter and in the 90 percentile for the last year.
- Intermediate Bond Fund's portfolio underperformed the BC Gov Inter by 0.05% for the quarter and underperformed the BC Gov Inter for the year by 0.23%.

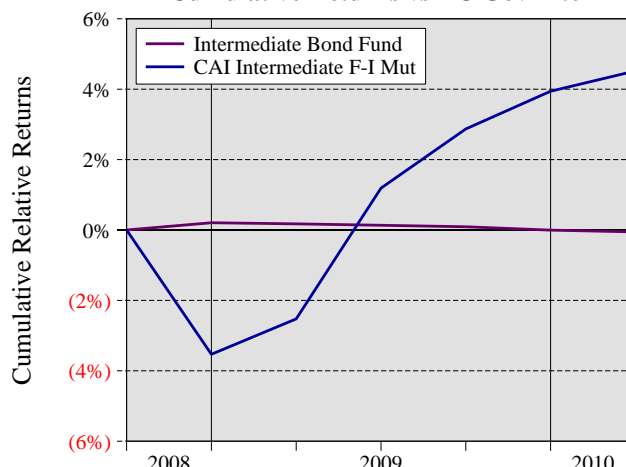
### Performance vs CAI MF - Intermediate Style (Net)



### Relative Return vs BC Gov Inter



### Cumulative Returns vs BC Gov Inter





# BRANDES INT'L FUND PERIOD ENDED MARCH 31, 2010



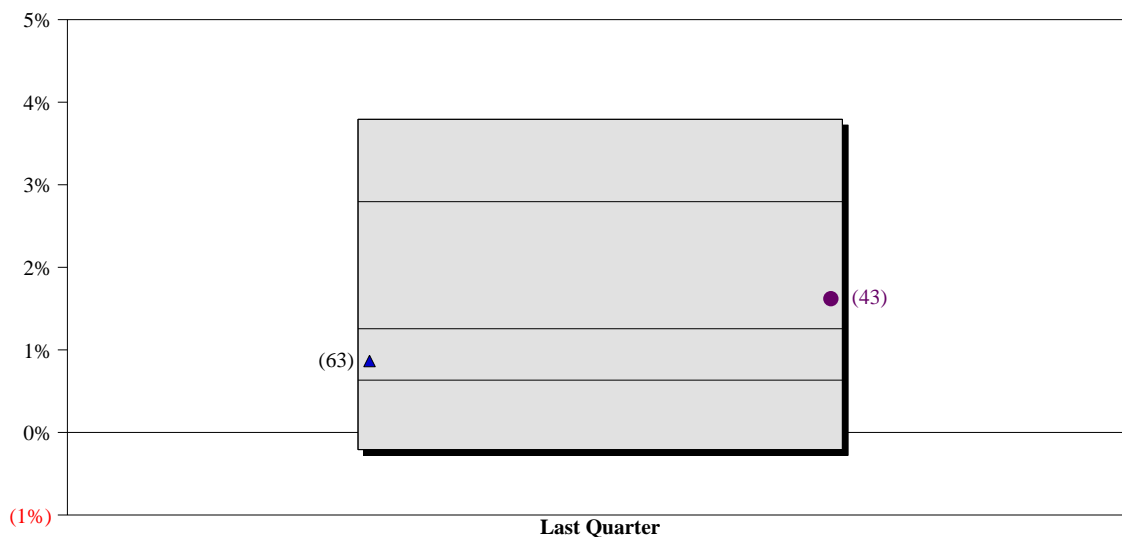
## Investment Philosophy

Non-U.S. Equity Style managers invest their assets only in non-U.S. equity securities. This style group excludes regional and index funds. Brandes Inst. Int'l Equity Fund liquidated November 2009 and funded Brandes Int'l Equity Fund Fee.

## Quarterly Summary and Highlights

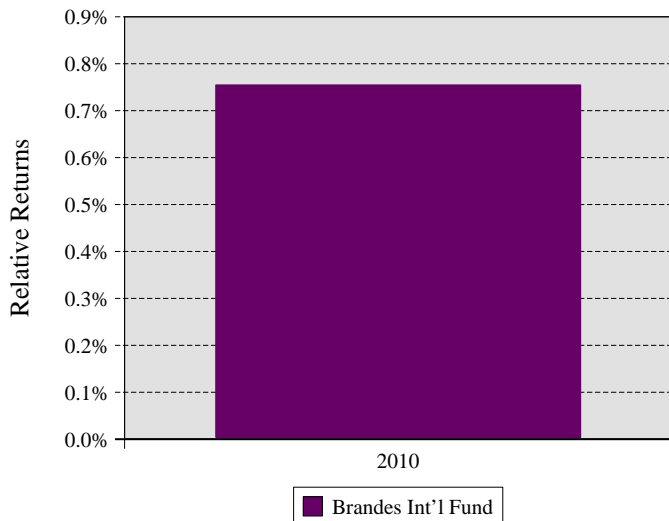
- Brandes Int'l Fund's portfolio posted a 1.62% return for the quarter placing it in the 43 percentile of the CAI MF - Non-US Equity Style group for the quarter.
- Brandes Int'l Fund's portfolio outperformed the MSCI EAFE Index by 0.75% for the quarter.

## Performance vs CAI MF - Non-US Equity Style (Net)

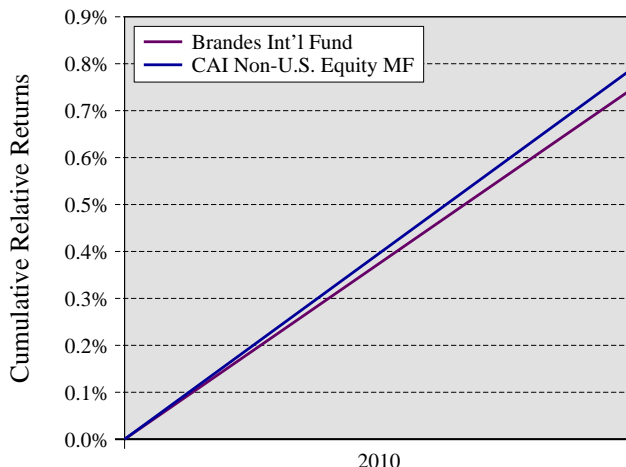


10th Percentile	3.79
25th Percentile	2.80
Median	1.26
75th Percentile	0.63
90th Percentile	(0.21)
<b>Brandes Int'l Fund</b> ●	1.62
MSCI EAFE Index ▲	0.87

## Relative Return vs MSCI EAFE Index



## Cumulative Returns vs MSCI EAFE Index





# SSGA GLOBAL BALANCED PERIOD ENDED MARCH 31, 2010



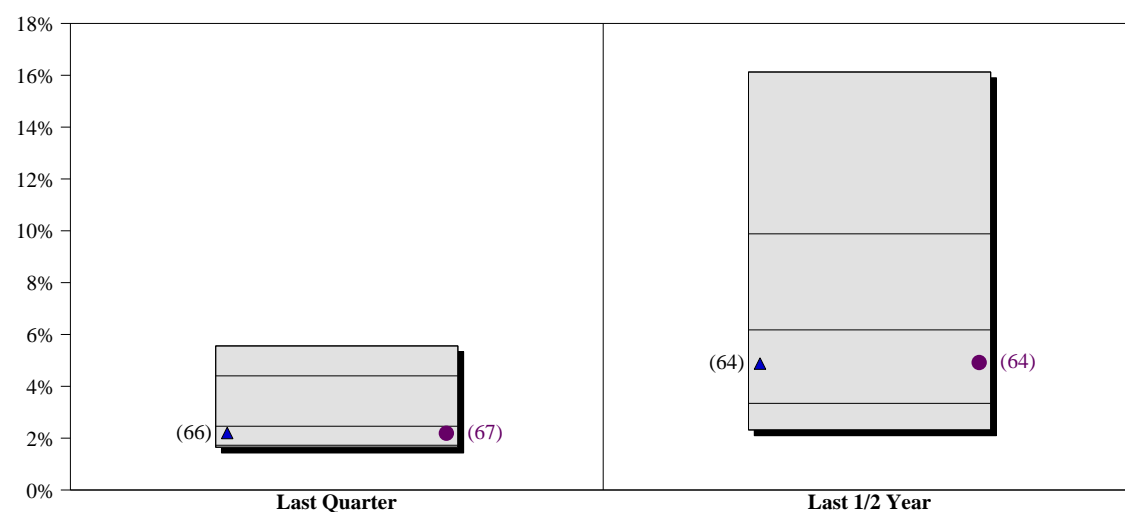
## Investment Philosophy

The Global Balanced Database consists of all mutual funds that invest in international and domestic equity and fixed-income securities. Custom Benchmark is 60% MSCI ACWI Index, 30% BarCap US Agg Bond Index, and 10% Citigroup World Gov't Bond ex-US Idx.

## Quarterly Summary and Highlights

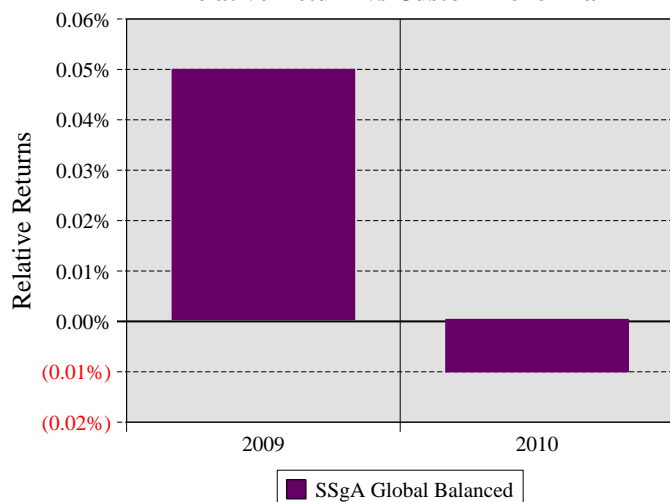
- SSgA Global Balanced's portfolio posted a 2.19% return for the quarter placing it in the 67 percentile of the CAI MF - Global Balanced Style group for the quarter and in the 64 percentile for the last one-half year.
- SSgA Global Balanced's portfolio underperformed the Custom Benchmark by 0.01% for the quarter and outperformed the Custom Benchmark for the one-half year by 0.04%.

## Performance vs CAI MF - Global Balanced Style (Net)

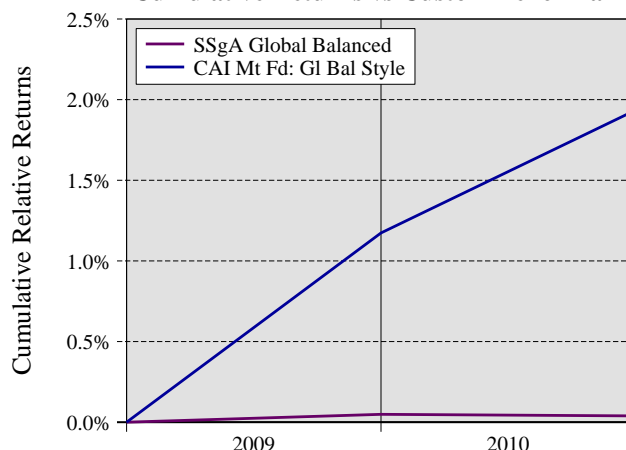


10th Percentile	5.56	16.13
25th Percentile	4.40	9.88
Median	2.46	6.18
75th Percentile	1.73	3.34
90th Percentile	1.65	2.32
<b>SSgA Global Balanced</b>	2.19	4.92
<b>Custom Benchmark</b>	2.20	4.88

## Relative Return vs Custom Benchmark



## Cumulative Returns vs Custom Benchmark





# RCM SOCIALLY RESP INV FUND PERIOD ENDED MARCH 31, 2010



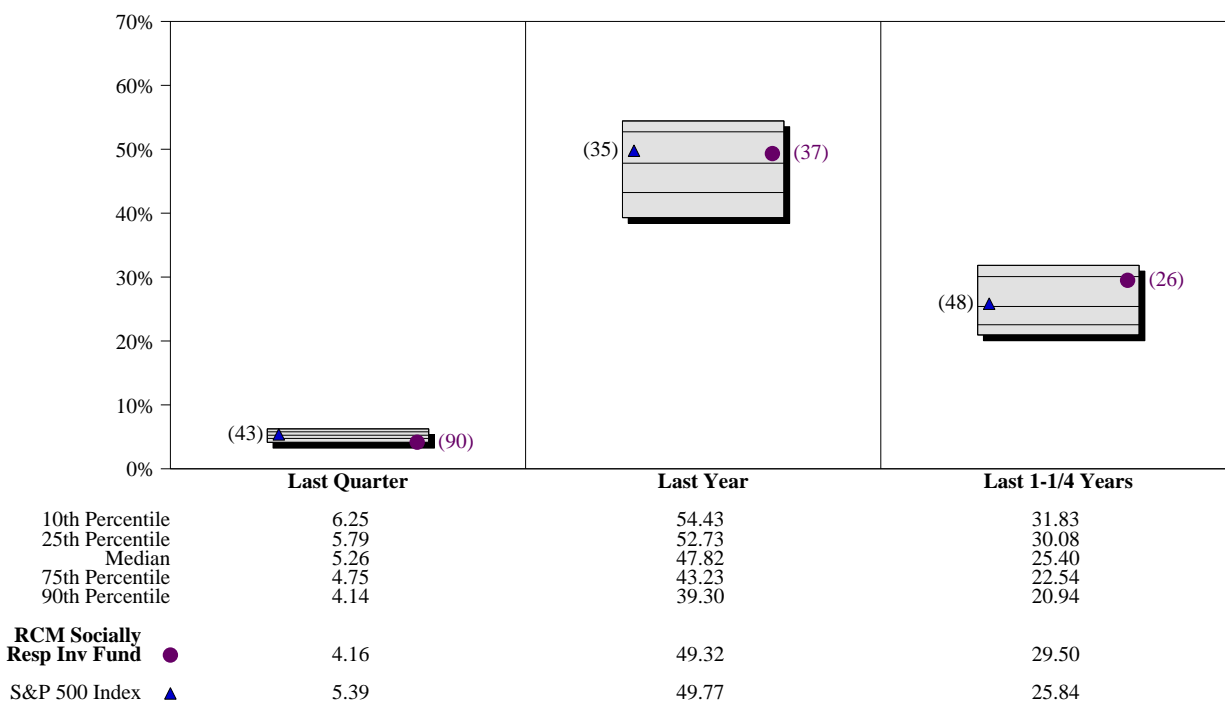
## Investment Philosophy

Core Equity Style managers hold portfolios with characteristics similar to that of the broader market as represented by the Standard & Poor's 500 Index. Their objective is to add value over and above the index, typically from sector or issue selection.

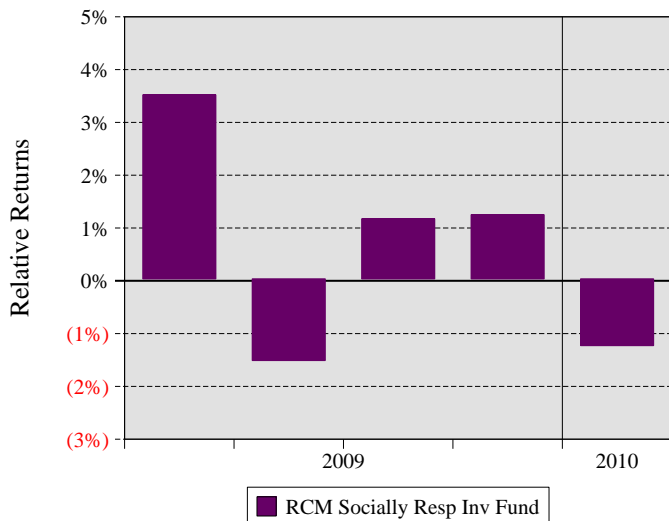
## Quarterly Summary and Highlights

- RCM Socially Resp Inv Fund's portfolio posted a 4.16% return for the quarter placing it in the 90 percentile of the CAI Large Cap Core Style group for the quarter and in the 37 percentile for the last year.
- RCM Socially Resp Inv Fund's portfolio underperformed the S&P 500 Index by 1.23% for the quarter and underperformed the S&P 500 Index for the year by 0.45%.

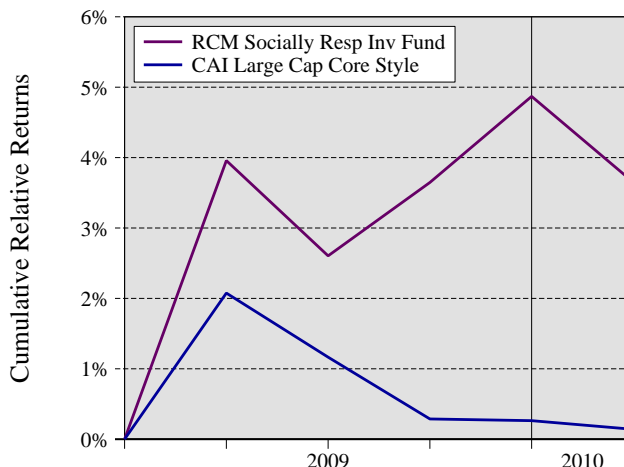
## Performance vs CAI Large Cap Core Style (Gross)



## Relative Return vs S&P 500 Index



## Cumulative Returns vs S&P 500 Index







## T. ROWE PRICE SMALL-CAP STOCK TRUST PERIOD ENDED MARCH 31, 2010



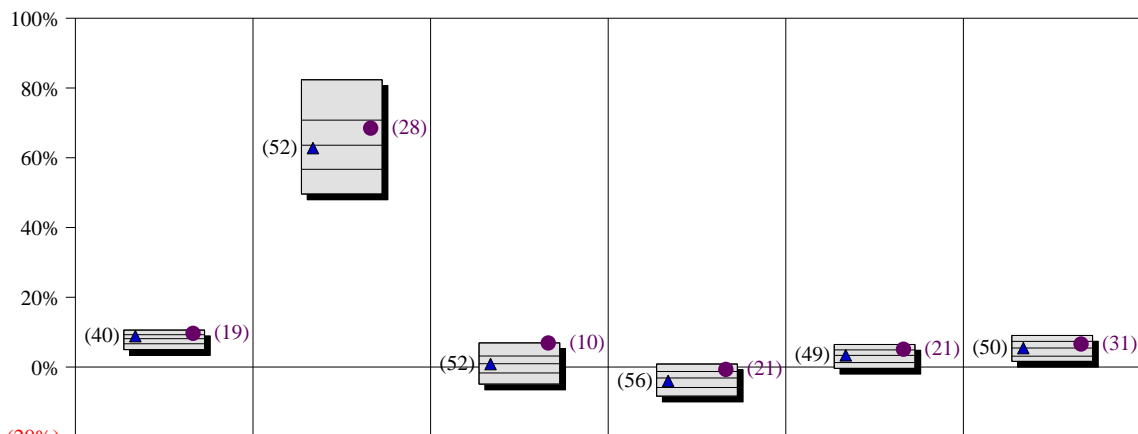
### Investment Philosophy

Small Cap Style mutual funds invest in companies with relatively small capitalizations of approximately \$400 million. The companies generally exhibit greater volatility than the broader market, and dividend yields below the broader market.

### Quarterly Summary and Highlights

- T. Rowe Price Small-Cap Stock Trust's portfolio posted a 9.66% return for the quarter placing it in the 19 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 28 percentile for the last year.
- T. Rowe Price Small-Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 0.81% for the quarter and outperformed the Russell 2000 Index for the year by 5.73%.

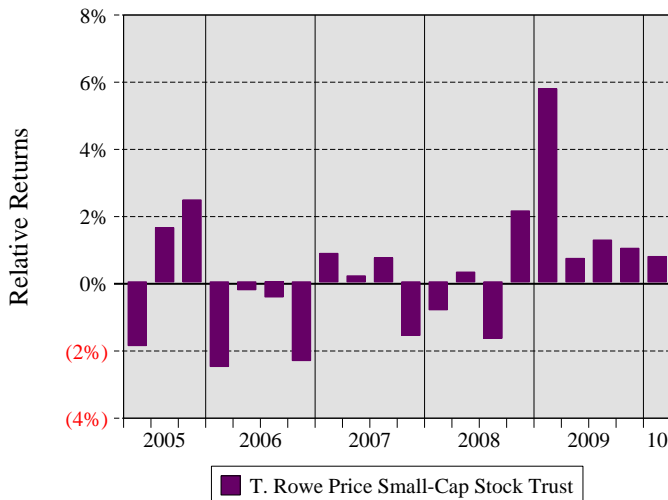
### Performance vs CAI MF - Small Cap Broad Style (Net)



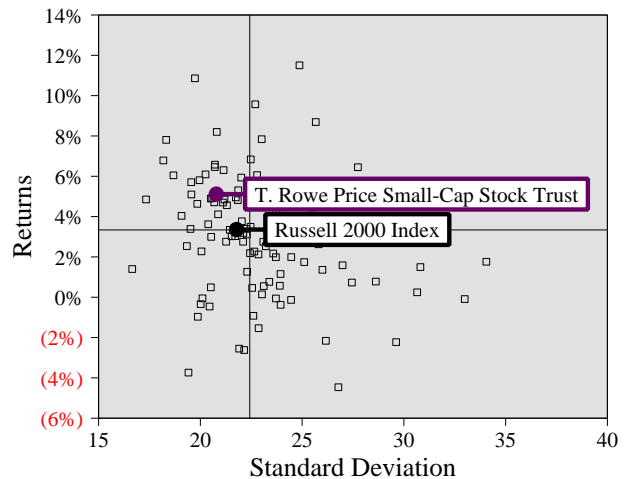
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-1/4 Years
10th Percentile	10.60	82.36	6.93	0.87	6.47	9.05
25th Percentile	9.27	70.79	3.15	(1.28)	4.92	7.36
Median	8.14	63.59	0.95	(3.14)	3.34	5.45
75th Percentile	6.68	56.69	(1.69)	(5.86)	1.29	3.11
90th Percentile	4.99	49.60	(4.90)	(8.36)	(0.39)	1.62

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-1/4 Years
<b>T. Rowe Price Small-Cap Stock Trust</b> ●	9.66	68.49	6.91	(0.68)	5.12	6.61
Russell 2000 Index ▲	8.85	62.76	0.86	(3.99)	3.36	5.43

### Relative Return vs Russell 2000 Index



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



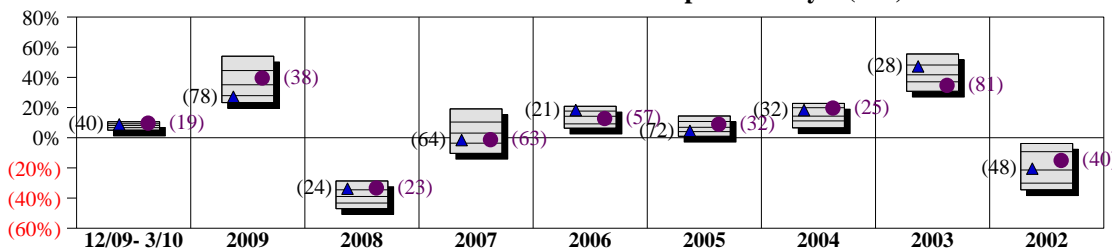


## T. ROWE PRICE SMALL-CAP STOCK TRUST RETURN ANALYSIS SUMMARY

### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

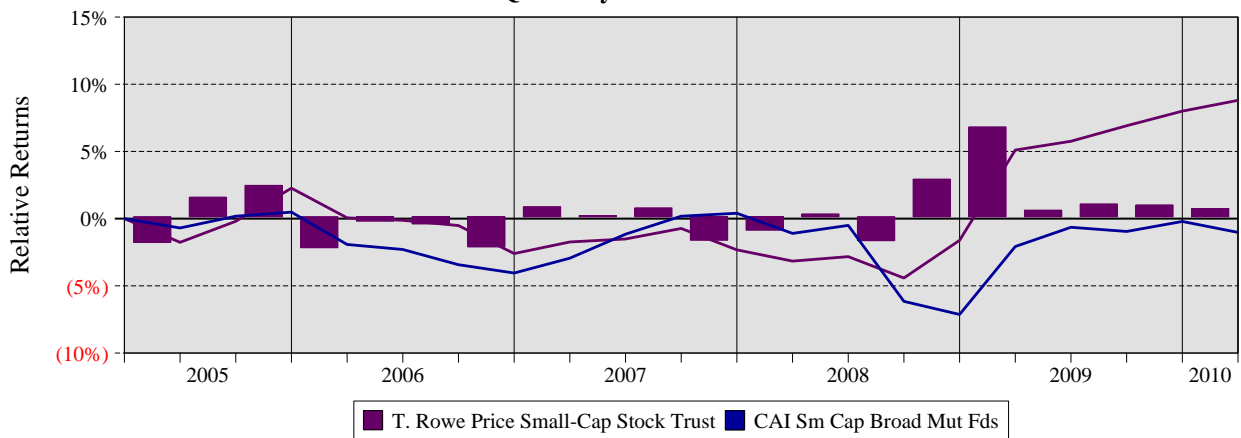
#### Performance vs CAI MF - Small Cap Broad Style (Net)



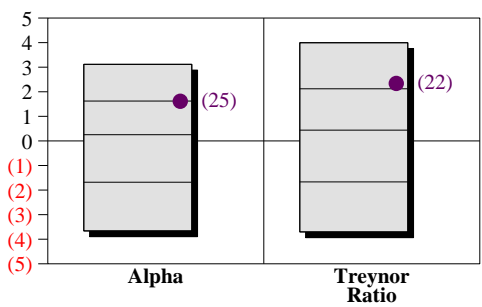
	12/09- 3/10	2009	2008	2007	2006	2005	2004	2003	2002
10th Percentile	10.60	54.04	(28.66)	19.12	20.83	14.40	22.75	55.52	(3.82)
25th Percentile	9.27	44.52	(34.53)	10.39	17.65	10.76	19.90	48.21	(9.25)
Median	8.14	35.11	(38.94)	3.07	14.23	6.91	14.31	41.71	(21.40)
75th Percentile	6.68	27.89	(43.30)	(3.60)	9.19	4.04	11.15	37.07	(30.11)
90th Percentile	4.99	23.27	(47.03)	(10.37)	6.31	0.92	6.56	30.77	(34.53)

	12/09- 3/10	2009	2008	2007	2006	2005	2004	2003	2002
<b>T. Rowe Price Small-Cap Stock Trust</b> ●	9.66	39.59	(33.30)	(1.29)	12.74	8.94	19.67	34.72	(15.06)
Russell 2000 Index ▲	8.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33	47.25	(20.48)

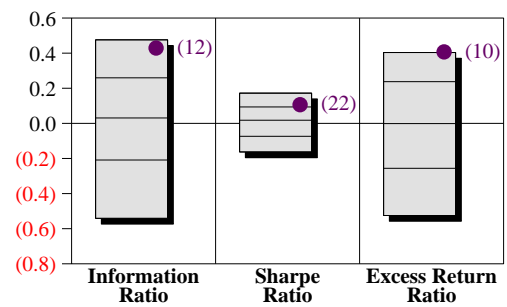
#### Cumulative and Quarterly Relative Return vs Russell 2000 Index



#### Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI MF - Small Cap Broad Style (Net) Five Years Ended March 31, 2010



	Alpha	Treynor Ratio
10th Percentile	3.12	4.00
25th Percentile	1.62	2.12
Median	0.25	0.44
75th Percentile	(1.68)	(1.67)
90th Percentile	(3.66)	(3.70)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.48	0.17	0.40
25th Percentile	0.26	0.09	0.24
Median	0.03	0.02	(0.00)
75th Percentile	(0.21)	(0.07)	(0.26)
90th Percentile	(0.54)	(0.16)	(0.52)

	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
<b>T. Rowe Price Small-Cap Stock Trust</b> ●	1.61	2.34	0.43	0.11	0.41



## T. ROWE PRICE STABLE VALUE FUND PERIOD ENDED MARCH 31, 2010

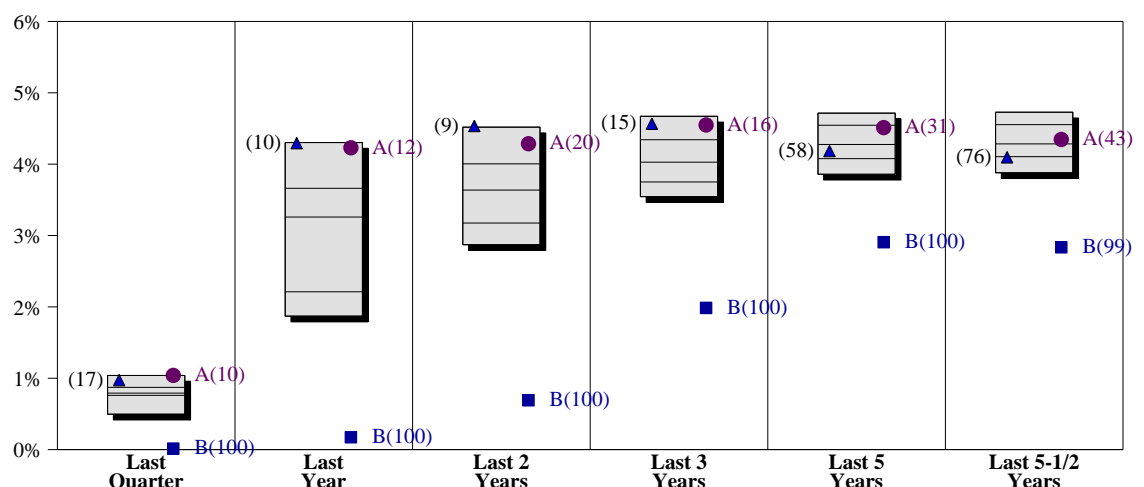
### Investment Philosophy

GIC funds invest primarily in Guaranteed Investment Contracts (GICs). GICs provide a contractually guaranteed return over a specific period and maintain a stable book value. \*\*CAI Stable Value Database is gross of fees.\*\* Returns for the T. Rowe Price Stable Value Fund are shown gross of fees.

### Quarterly Summary and Highlights

- T. Rowe Price Stable Value Fund's portfolio posted a 1.04% return for the quarter placing it in the 10 percentile of the CAI Stable Value Database group for the quarter and in the 12 percentile for the last year.
- T. Rowe Price Stable Value Fund's portfolio outperformed the Ryan Labs 3yr Master by 0.07% for the quarter and underperformed the Ryan Labs 3yr Master for the year by 0.07%.

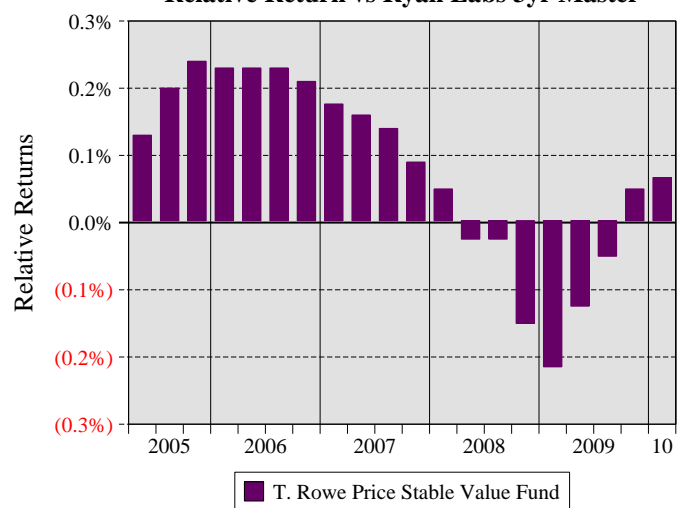
### Performance vs CAI Stable Value Database (Gross)



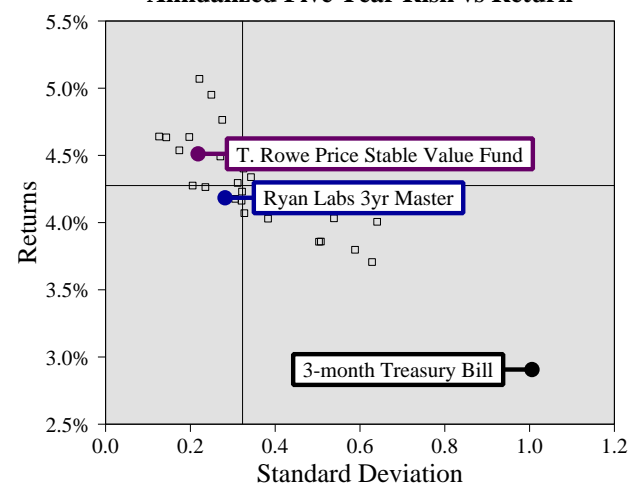
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/2 Years
10th Percentile	1.04	4.30	4.52	4.67	4.71	4.73
25th Percentile	0.87	3.66	4.00	4.34	4.55	4.55
Median	0.79	3.26	3.64	4.03	4.28	4.28
75th Percentile	0.76	2.21	3.18	3.75	4.08	4.10
90th Percentile	0.50	1.87	2.87	3.54	3.86	3.88

		Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/2 Years
T. Rowe Price Stable Value Fund	● A	1.04	4.23	4.29	4.55	4.51	4.35
3-month Treasury Bill	■ B	0.01	0.17	0.69	1.99	2.91	2.84
Ryan Labs 3yr Master	▲	0.97	4.29	4.54	4.57	4.18	4.10

### Relative Return vs Ryan Labs 3yr Master



### CAI Stable Value Database (Gross) Annualized Five Year Risk vs Return

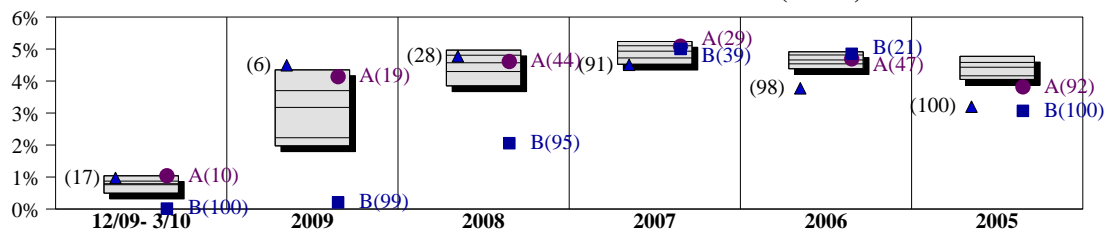


## T. ROWE PRICE STABLE VALUE FUND RETURN ANALYSIS SUMMARY

### Return Analysis

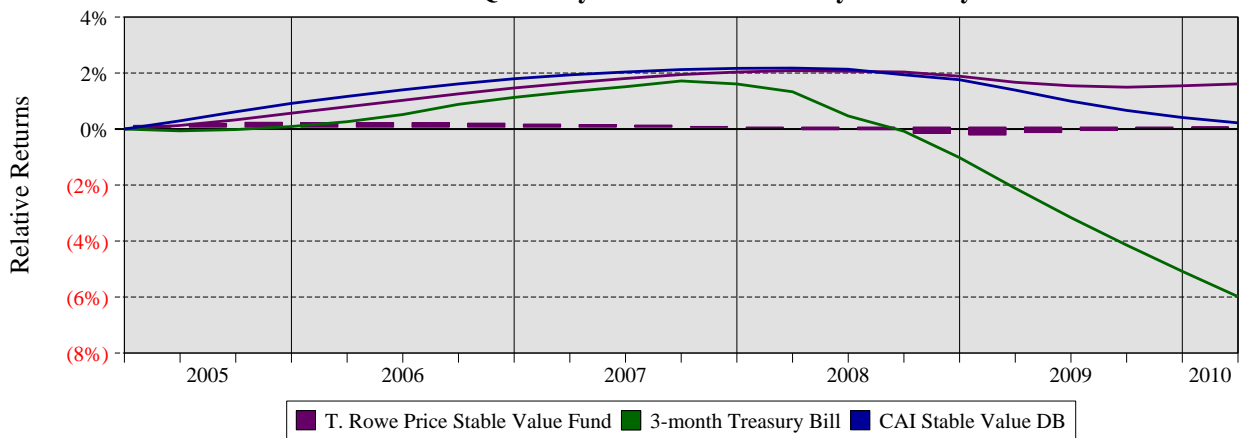
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#### Performance vs CAI Stable Value Database (Gross)

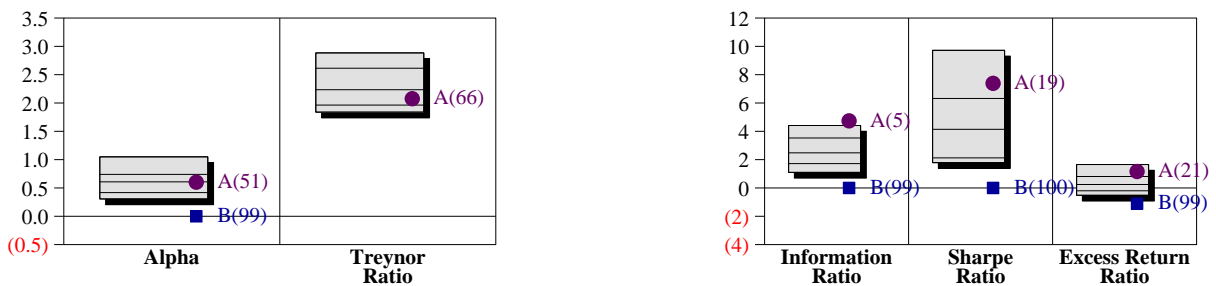


Period	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile	T. Rowe Price Stable Value Fund (A)	3-month Treasury Bill (B)	Ryan Labs 3yr Master (▲)
12/09- 3/10	1.04	0.87	0.79	0.76	0.50	1.04	0.01	0.97
2009	4.35	3.70	3.18	2.23	1.97	4.14	0.21	4.49
2008	4.97	4.81	4.57	4.30	3.85	4.61	2.06	4.77
2007	5.24	5.10	4.93	4.72	4.52	5.09	5.00	4.51
2006	4.91	4.81	4.66	4.54	4.38	4.69	4.85	3.77
2005	4.77	4.58	4.43	4.16	4.05	3.82	3.07	3.20

#### Cumulative and Quarterly Relative Return vs Ryan Labs 3yr Master



#### Risk Adjusted Return Measures vs Ryan Labs 3yr Master Rankings Against CAI Stable Value Database (Gross) Five Years Ended March 31, 2010



Measure	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile	T. Rowe Price Stable Value Fund (A)	3-month Treasury Bill (B)
Alpha	1.05	0.74	0.61	0.42	0.31	0.60	0.00
Treynor Ratio	2.88	2.61	2.23	1.96	1.84	2.08	-
Information Ratio	4.41	3.53	2.48	1.72	1.10	4.74	0.00
Sharpe Ratio	9.72	6.32	4.14	2.12	1.79	7.39	0.00
Excess Return Ratio	1.66	0.81	0.24	(0.20)	(0.52)	1.16	(1.11)





## RESEARCH AND UPCOMING PROGRAMS

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Below is a list of recent Callan Institute research and upcoming programs. The Institute's research and educational programs keep clients updated on the latest trends in the investment industry and help clients learn through carefully structured workshops and lectures. For more information, please contact your Callan Consultant or Gina Falsetto at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).

### White Papers

**Domestic Equity Benchmark Review: Year-End 2009**

Anna Wagner

**Ask the Expert – Capital Market Projections: Looking Forward**

Paul Erlendson, Jay Kloepfer

**Responsible Investing – A Primer**

Anna Wagner

**The Risk Parity Approach to Asset Allocation**

Greg Allen

**Is it Time to Add TIPS to Your DC Plan?**

Maria Bautista, CIPM; Lori Lucas, CFA

### Publications

**DC Observer and Callan DC Index™** – 4th Quarter 2009

**Hedge Fund Monitor** – 4th Quarter 2009

**Capital Market Review** – 1st Quarter 2010

**Quarterly Performance Data** – 1st Quarter 2010

**Private Markets Trends** – Winter 2009-2010



## RESEARCH AND UPCOMING PROGRAMS

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(continued)

### Surveys

**2010 DC Trends Survey** – January 2010

**How Investment Managers Survived the Market Collapse** – October 2009

**2009 Investment Management Fee Survey** – September 2009

### Event Summaries and Presentations

**Summary: The 30th Annual National Conference** – February 2010

Featuring: The Capital Markets Panel, T.R. Reid, Warren Hellman, Laura D’Andrea Tyson and workshops on DC, alternatives and inflation.

**Presentations: The 30th Annual National Conference Workshops** – February 2010

“Disaster-Proofing the DC Plan”

“Secondary Investment Opportunities: Dream or Reality?”

“Re-igniting Inflation Fears”

### Upcoming Educational Programs

**June 2010 Regional Breakfast Workshops**

**June 22** in Atlanta

**June 23** in San Francisco

“The Risk Locker – Strategies to Diffuse Risk”

Presenters: Bud Pellecchia (New Jersey Consulting), Mark Stahl (Global Manager Research) and Jim Van Heuit (Capital Markets Research).

*Registration is now open! Visit [www.callan.com](http://www.callan.com) or contact us for more information.*

**If you have any questions regarding these programs,  
please contact Ray Combs at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).**

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The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)





# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2010

## EDUCATIONAL SESSIONS

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### **An Introduction to Investments**

**October 12–13 in San Francisco**

This two day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. It will familiarize fund sponsor trustees and staff with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

### **Advanced Investment Topics**

**July 20–22 in San Francisco**

This program is designed for individuals who have more than two years' experience and provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds; representatives of family trusts; and investment management professionals.

Tuition for the "Callan College" Introduction to Investments is \$2,350 per person; tuition for all other sessions is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day and dinner on the first evening with the instructors.

### **Customized Sessions**

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

**For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or [college@callan.com](mailto:college@callan.com).**



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2010

## EDUCATIONAL SESSIONS

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(continued)

### **Alternative Investments**

#### **June 2–3 in San Francisco**

Callan Associates will share its alternative investment expertise through an educational program designed to advance the participants' knowledge, understanding and comfort with hedge funds, private equity, real estate, timber, commodities, energy, TIPS, infrastructure and agriculture.

Callan's alternative specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends and best practices.

Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive two-day program offers a blend of interactive discussion, lectures, presentations and case studies.

Topics for the two-day session will include:

- Understanding how to assess which hedge fund solutions may be most appropriate.
- Review of the various methodologies for deciphering alpha in a hedge fund program.
- Gain knowledge on how to capture the benefits of the private equity market's inefficiencies through proper implementation.
- Learn how and why performance measurement and monitoring standards differ from public securities allocations and how to properly evaluate private equity performance.
- Examine the process for implementing and managing private equity and real estate programs over time.
- Understand the risks associated with private real estate investing and how to protect your investments.
- Explore the other real return asset classes and their unique attributes with particular focus on timber, commodities, energy, TIPS, infrastructure and agriculture.

Tuition for the Alternatives "Callan College" session is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

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The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)

**Callan Associates • Knowledge for Investors**



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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
AllianceBernstein	Y	Y
Allianz Investor Services, LLC		Y
American Century Investment Management	Y	
Analytic Investors	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Bank of America Merrill Lynch		Y
Bank of Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanlev, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
Bel Air Investment Advisors LLC	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandwine Global Investment Management, LLC	Y	
Bridgeway Capital Management	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Calamos Advisors	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Declaration Management & Research LLC	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y

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Manager Name	Educational Services	Consulting Services
Fiduciary Asset Management Company (FAMCO)	Y	
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GBM	Y	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Grant Park Capital Partners	Y	
Grantham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guaranteed Partners	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Heartland Advisors, Inc.		Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
Hills Bank	Y	
HSBC Investments (USA) Inc.		Y
ING Investment Management	Y	Y
INVESCO	Y	Y
Investec Asset Management	Y	
Institutional Capital LLC	Y	
Janus Capital Management, LLC	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Kenmar Group Inc.	Y	
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
LSV Asset Management	Y	
Mackay Shields LLC	Y	Y
Madison Square Investors	Y	
Marsico Capital Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miller/Howard Investments Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Natixis Global Asset Management		Y
Newton Capital Management	Y	
Neuberger Berman (fka. Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y

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Manager Name	Educational Services	Consulting Services
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
Piedmont Investment Advisors	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
Portfolio Investments	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroders Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments		Y
Smith Group Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Sterne Aqee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
TAMRO Capital Partners	Y	
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y

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Manager Name	Educational Services	Consulting Services
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Wells Fargo Capital Partners Group	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	
Zephyr Management	Y	

**Callan Associates Inc.  
Investment Measurement Service  
Quarterly Review**

**Alaska Retirement Management Board  
Defined Contribution Plans  
March 31, 2010**

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The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2010 by Callan Associates Inc.





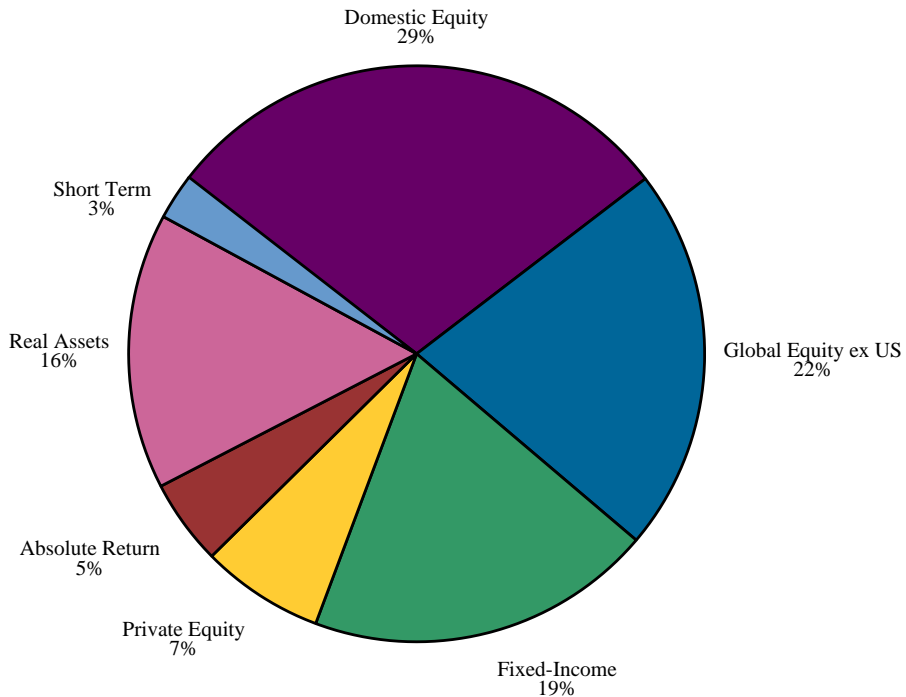
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**Actual Asset Allocation**  
 ARMB PERS Retiree Medical allocation as of March 31, 2010.

**Actual Asset Allocation**

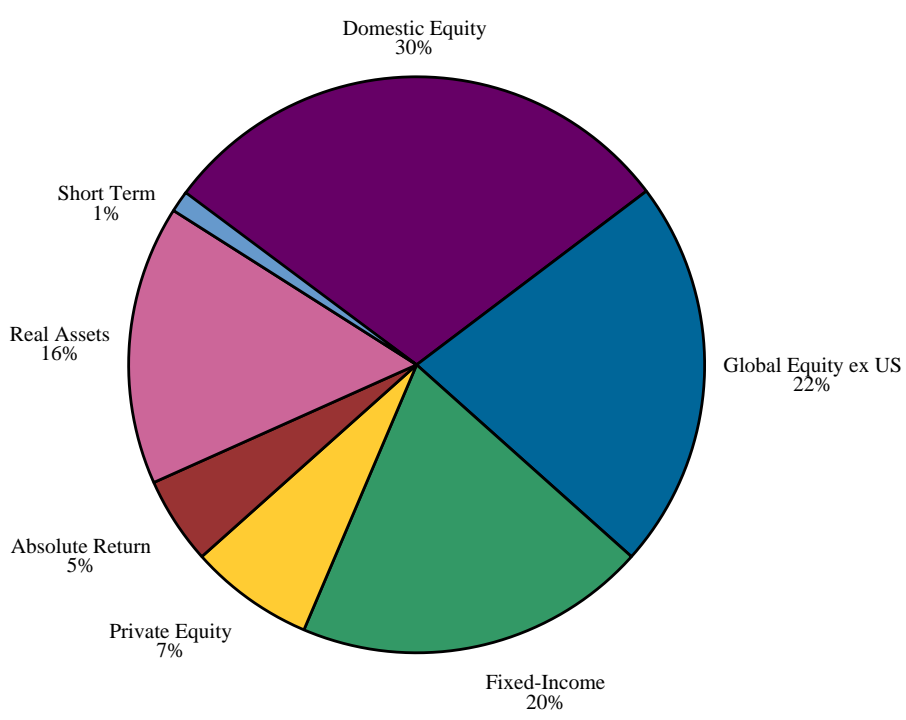


<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	2,175,670	29.2%
Global Equity ex US	1,610,871	21.6%
Fixed-Income	1,452,636	19.5%
Private Equity	512,357	6.9%
Absolute Return	356,391	4.8%
Real Assets	1,156,726	15.5%
Short Term	196,460	2.6%
<b>Total</b>	<b>7,461,110</b>	<b>100.0%</b>



**Actual Asset Allocation**  
 ARMB TRS Retiree Medical allocation as of March 31, 2010.

**Actual Asset Allocation**



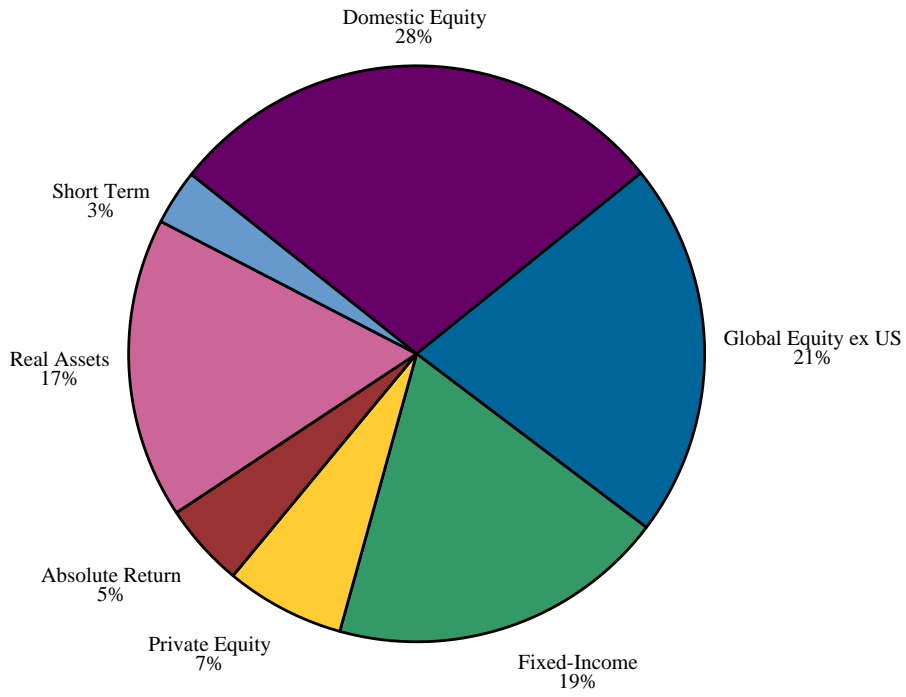
<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	929,388	29.6%
Global Equity ex US	687,322	21.9%
Fixed-Income	620,394	19.8%
Private Equity	218,874	7.0%
Absolute Return	152,269	4.9%
Real Assets	494,065	15.7%
Short Term	36,848	1.2%
<b>Total</b>	<b>3,139,159</b>	<b>100.0%</b>





**Actual Asset Allocation**  
 ARMB PERS Health Reimbursement allocation as of March 31, 2010.

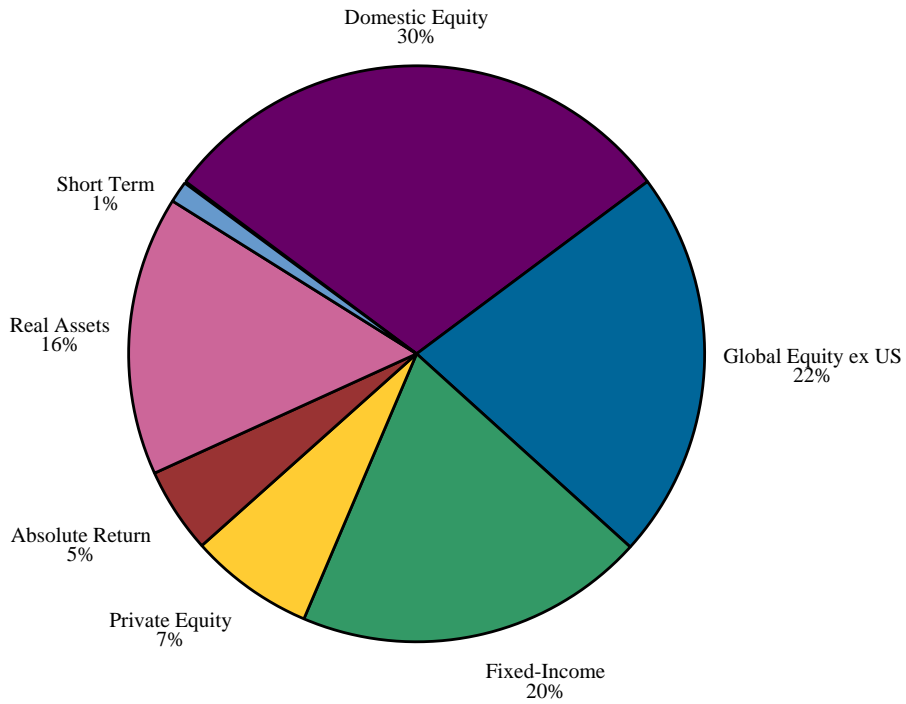
**Actual Asset Allocation**



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	8,027,746	28.5%
Global Equity ex US	5,940,330	21.1%
Fixed-Income	5,357,218	19.0%
Private Equity	1,889,378	6.7%
Absolute Return	1,314,133	4.7%
Real Assets	4,763,001	16.9%
Short Term	876,417	3.1%
<b>Total</b>	<b>28,168,222</b>	<b>100.0%</b>

**Actual Asset Allocation**  
 ARMB TRS Health Reimbursement allocation as of March 31, 2010.

**Actual Asset Allocation**



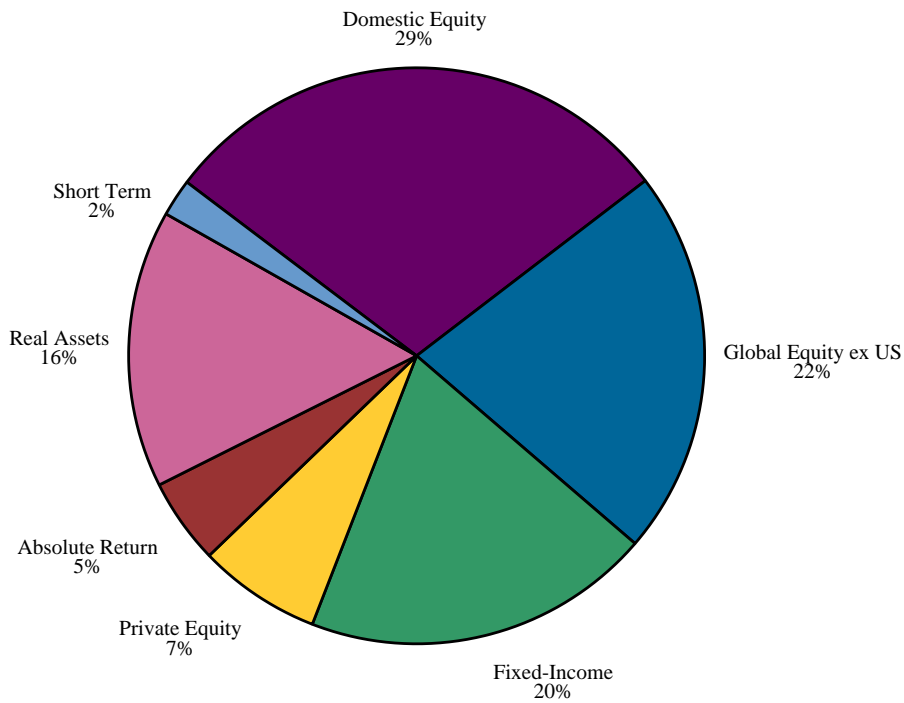
<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	2,744,498	29.6%
Global Equity ex US	2,035,003	21.9%
Fixed-Income	1,831,750	19.7%
Private Equity	646,221	7.0%
Absolute Return	449,609	4.8%
Real Assets	1,458,770	15.7%
Short Term	111,590	1.2%
<b>Total</b>	<b>9,277,441</b>	<b>100.0%</b>





**Actual Asset Allocation**  
ARMB PERS ODD allocation as of March 31, 2010.

**Actual Asset Allocation**

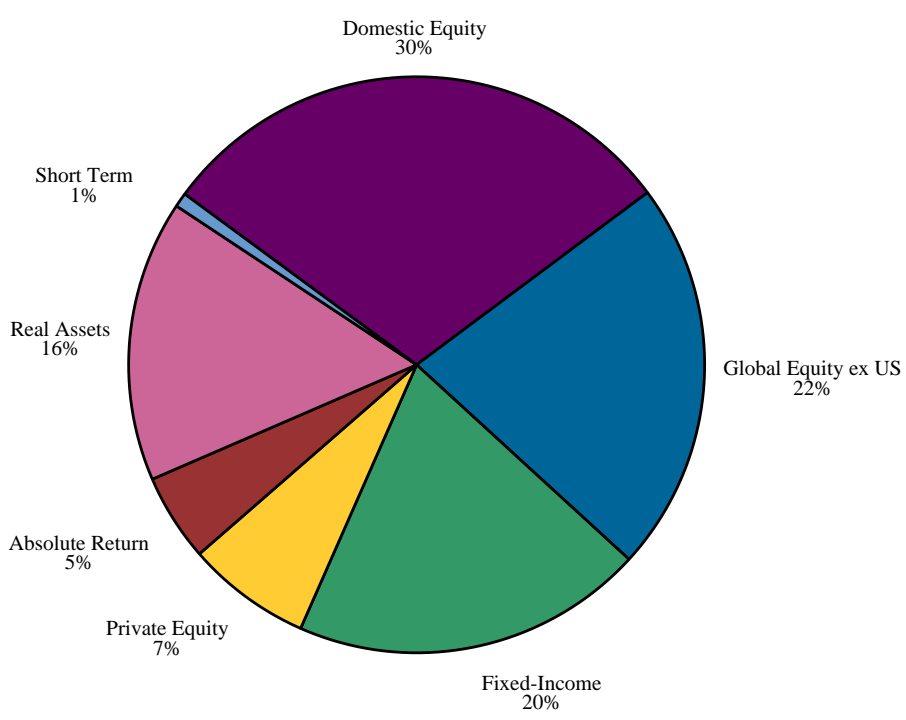


Asset Class	\$Dollars Actual	Percent Actual
Domestic Equity	924,050	29.3%
Global Equity ex US	684,448	21.7%
Fixed-Income	617,273	19.6%
Private Equity	217,706	6.9%
Absolute Return	151,412	4.8%
Real Assets	491,506	15.6%
Short Term	64,790	2.1%
<b>Total</b>	<b>3,151,185</b>	<b>100.0%</b>



**Actual Asset Allocation**  
ARMB TRS ODD allocation as of March 31, 2010.

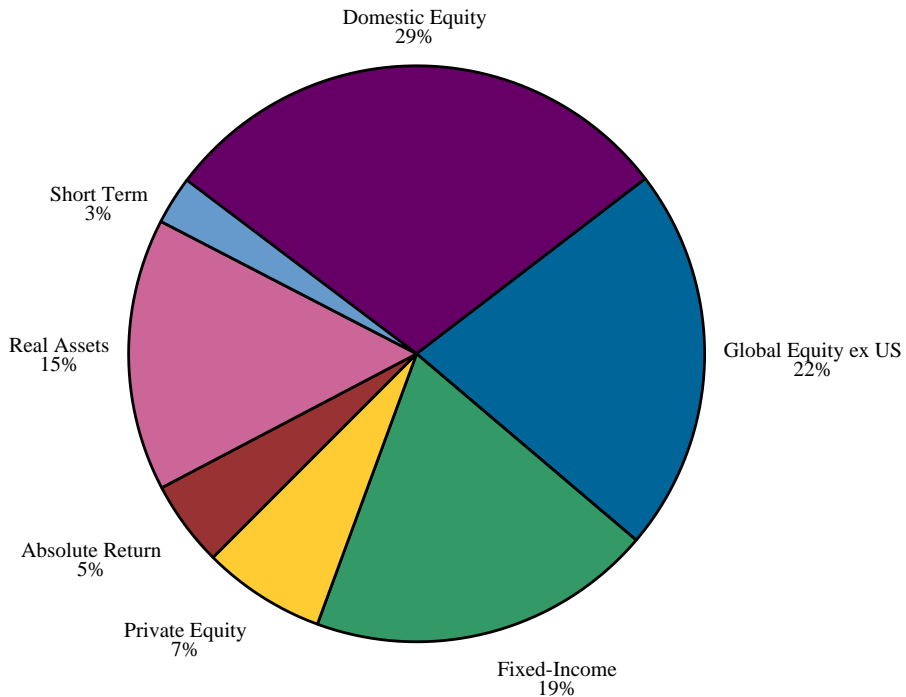
**Actual Asset Allocation**



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	401,874	29.7%
Global Equity ex US	297,682	22.0%
Fixed-Income	268,440	19.8%
Private Equity	94,681	7.0%
Absolute Return	65,861	4.9%
Real Assets	213,755	15.8%
Short Term	11,447	0.8%
<b>Total</b>	<b>1,353,741</b>	<b>100.0%</b>

**Actual Asset Allocation**  
ARMB P & F ODD allocation as of March 31, 2010.

**Actual Asset Allocation**



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	302,403	29.4%
Global Equity ex US	221,547	21.6%
Fixed-Income	199,762	19.4%
Private Equity	70,478	6.9%
Absolute Return	49,020	4.8%
Real Assets	156,932	15.3%
Short Term	27,615	2.7%
<b>Total</b>	<b>1,027,757</b>	<b>100.0%</b>





### Investment Fund Returns

The table below details the rates of return for the Sponsor's investment funds over various time periods ended March 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

#### Returns for Periods Ended March 31, 2010

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3-1/4 Years
<b>Total Retiree Medical Plan</b>	<b>3.16%</b>	<b>16.07%</b>	<b>30.51%</b>	<b>(4.36%)</b>	<b>(2.36%)</b>
<b>Retiree Medical PERS</b>	<b>3.16%</b>	<b>16.00%</b>	<b>30.46%</b>	<b>(4.31%)</b>	-
<b>Retiree Medical TRS</b>	<b>3.19%</b>	<b>16.25%</b>	<b>30.70%</b>	<b>(4.55%)</b>	-
Benchmark	2.99%	17.99%	37.19%	(4.17%)	(2.50%)
<b>Total Health Reimbursement</b>	<b>3.15%</b>	<b>16.08%</b>	<b>30.59%</b>	<b>(4.22%)</b>	<b>(2.14%)</b>
<b>Health Reimbursement PERS</b>	<b>3.15%</b>	<b>16.04%</b>	<b>30.50%</b>	<b>(4.19%)</b>	-
<b>Health Reimbursement TRS</b>	<b>3.15%</b>	<b>16.73%</b>	<b>31.48%</b>	<b>(4.25%)</b>	-
Benchmark	2.99%	17.99%	37.19%	(4.17%)	(2.50%)
<b>ODD PERS</b>	<b>3.16%</b>	<b>16.25%</b>	<b>30.40%</b>	<b>(4.52%)</b>	<b>(2.35%)</b>
Benchmark	2.99%	17.99%	37.19%	(4.17%)	(2.50%)
<b>ODD TRS</b>	<b>3.18%</b>	<b>16.58%</b>	<b>31.08%</b>	<b>(4.29%)</b>	-
Benchmark	2.99%	17.99%	37.19%	(4.17%)	(2.50%)

\* Current Quarter Target = 30.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US Index, 14.0% BC Aggregate Index, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% BC Treasury, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.





### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2010, with the distribution as of December 31, 2009.

#### Asset Distribution Across Investment Managers

	March 31, 2010		December 31, 2009	
	Market Value	Percent	Market Value	Percent
<b>Balanced/Target Funds</b>				
Alaska Balanced Trust	120,053	0.13%	85,672	0.11%
Alaska Long-Term Balanced	7,811,733	8.22%	8,925,496	11.06%
2010 Trust	66,289	0.07%	30,896	0.04%
2015 Trust	247,971	0.26%	125,868	0.16%
2020 Trust	422,608	0.44%	183,110	0.23%
2025 Trust	548,737	0.58%	286,096	0.35%
2030 Trust	598,840	0.63%	269,756	0.33%
2035 Trust	556,616	0.59%	241,685	0.30%
2040 Trust	1,167,789	1.23%	682,223	0.85%
2045 Trust	753,730	0.79%	317,523	0.39%
2050 Trust	866,075	0.91%	349,926	0.43%
2055 Trust	190,774	0.20%	75,411	0.09%
<b>Domestic Equity Funds</b>				
S&P 500 Stock Index Fd	21,659,283	22.79%	20,787,152	25.75%
RCM Socially Resp Inv Fd	21,765,480	22.90%	6,655,082	8.25%
Russell 3000 Index Fd	116,723	0.12%	99,373	0.12%
T. Rowe Small Cap	1,049,951	1.10%	12,412,295	15.38%
<b>International Equity Funds</b>				
Brandes Intl Equity	26,591,206	27.98%	22,371,638	27.72%
World Equity ex US	121,739	0.13%	119,995	0.15%
<b>Fixed-Income Funds</b>				
Barclays Govt/Credit	2,786,504	2.93%	3,108,256	3.85%
Long US Treasury Bd	63,441	0.07%	58,120	0.07%
Intermediate Bond Fund	180,245	0.19%	107,145	0.13%
US TIPS	92,981	0.10%	92,684	0.11%
World Govt Bd ex US	48,350	0.05%	52,389	0.06%
<b>Global Balanced Funds</b>				
SSgA Global Balanced	3,185,621	3.35%	1,220,859	1.51%
<b>Real Estate Funds</b>				
US REIT Index	193,248	0.20%	123,383	0.15%
<b>Short Term Funds</b>				
Money Market	3,721,222	3.92%	1,835,113	2.27%
SSgA Treas Money Mkt Fd	122,549	0.13%	96,546	0.12%
<b>Total</b>	<b>\$95,049,758</b>	<b>100.0%</b>	<b>\$80,713,692</b>	<b>100.0%</b>





### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2010, with the distribution as of December 31, 2009.

#### Asset Distribution Across Investment Managers

	March 31, 2010		December 31, 2009	
	Market Value	Percent	Market Value	Percent
<b>Balanced/Target Funds</b>				
Alaska Balanced Trust	54,089	0.13%	43,424	0.12%
Alaska Long-Term Balanced	3,564,971	8.36%	3,915,812	10.84%
2010 Trust	43,816	0.10%	21,794	0.06%
2015 Trust	188,705	0.44%	100,653	0.28%
2020 Trust	201,301	0.47%	97,696	0.27%
2025 Trust	228,333	0.54%	114,342	0.32%
2030 Trust	249,197	0.58%	135,424	0.37%
2035 Trust	428,852	1.01%	226,022	0.63%
2040 Trust	522,832	1.23%	274,221	0.76%
2045 Trust	822,458	1.93%	401,318	1.11%
2050 Trust	953,059	2.24%	469,411	1.30%
2055 Trust	15,796	0.04%	9,763	0.03%
<b>Domestic Equity Funds</b>				
S&P 500 Stock Index Fd	9,335,328	21.90%	9,127,798	25.26%
RCM Socially Resp Inv Fd	9,458,784	22.19%	3,042,908	8.42%
Russell 3000 Index Fd	28,583	0.07%	19,287	0.05%
T. Rowe Small Cap	434,437	1.02%	5,427,667	15.02%
<b>International Equity Funds</b>				
Brandes Intl Equity	11,592,245	27.19%	9,914,627	27.44%
World Equity ex US	15,570	0.04%	10,760	0.03%
<b>Fixed-Income Funds</b>				
Barclays Govt/Credit	1,422,877	3.34%	1,416,945	3.92%
Long US Treasury Bd	7,301	0.02%	5,515	0.02%
Intermediate Bond Fund	26,633	0.06%	23,657	0.07%
US TIPS	34,298	0.08%	30,359	0.08%
World Govt Bd ex US	2,504	0.01%	5,434	0.02%
<b>Global Balanced Funds</b>				
SSgA Global Balanced	1,401,904	3.29%	515,881	1.43%
<b>Real Estate Funds</b>				
US REIT Index	16,000	0.04%	10,473	0.03%
<b>Short Term Funds</b>				
Alaska Money Market	1,561,309	3.66%	771,117	2.13%
SSgA Money Mkt	17,202	0.04%	-	-
<b>Total</b>	<b>\$42,628,384</b>	<b>100.0%</b>	<b>\$36,132,308</b>	<b>100.0%</b>



## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended March 31, 2010

	<b>Last Quarter</b>	<b>Fiscal YTD</b>	<b>Last Year</b>	<b>Last 3 Years</b>	<b>Last 3-1/2 Years</b>
<b>S&amp;P 500 Stock Index Fd</b>	<b>5.40%</b>	<b>29.15%</b>	<b>49.68%</b>	<b>(4.07%)</b>	<b>(1.50%)</b>
<b>RCM Socially Responsible Inv(1)</b>	<b>4.16%</b>	<b>30.51%</b>	<b>49.32%</b>	-	-
S&P 500 Index	5.39%	29.19%	49.77%	(4.17%)	(1.60%)
<b>Russell 3000 Index Fund</b>	<b>5.91%</b>	<b>30.55%</b>	<b>52.76%</b>	-	-
Russell 3000	5.94%	30.49%	52.44%	(3.99%)	(1.16%)
<b>T. Rowe Price Small-Cap Stock Tr</b>	<b>9.66%</b>	<b>38.75%</b>	<b>68.49%</b>	<b>(0.68%)</b>	<b>2.07%</b>
Russell 2000	8.85%	34.87%	62.76%	(3.99%)	(0.50%)
<b>Brandes International Equity Fund</b>	<b>1.62%</b>	-	-	-	-
MSCI EAFE Index	0.87%	23.13%	54.44%	(7.02%)	(2.26%)
<b>World Equity ex US</b>	<b>1.47%</b>	<b>25.24%</b>	<b>60.28%</b>	-	-
MSCI ACWI x US (Net)	1.58%	26.13%	60.93%	(4.17%)	0.43%
<b>SSgA Global Balanced</b>	<b>2.21%</b>	-	-	-	-
Global Balanced Target	2.20%	-	-	-	-
<b>Barclays Govt/Credit Bond Fund(2)</b>	<b>1.47%</b>	<b>5.26%</b>	<b>7.00%</b>	<b>5.62%</b>	<b>5.58%</b>
BC Govt/Credit Bd	1.55%	5.55%	7.51%	5.84%	5.73%
<b>Long US Treasury Bond</b>	<b>0.88%</b>	<b>0.02%</b>	<b>(7.06%)</b>	-	-
BC Long Treasury	0.93%	(0.13%)	(7.26%)	5.81%	5.42%
<b>Intermediate Bond Fund</b>	<b>1.07%</b>	<b>2.15%</b>	<b>0.64%</b>	-	-
BC Govt Intermediate	1.12%	2.35%	0.87%	5.94%	5.80%
<b>US TIPS</b>	<b>0.52%</b>	<b>5.37%</b>	<b>6.03%</b>	-	-
BC US TIPS Index	0.56%	5.49%	6.18%	6.01%	5.49%
<b>World Govt Bond ex US</b>	<b>(2.03%)</b>	<b>2.39%</b>	<b>6.94%</b>	-	-
Citi Non-US Gvt Bd Idx	(2.10%)	2.82%	8.41%	7.45%	7.31%
<b>Alaska Balanced Trust</b>	<b>3.01%</b>	<b>13.93%</b>	<b>22.88%</b>	<b>3.07%</b>	<b>3.99%</b>
Alaska Balanced Benchmark	2.92%	13.49%	22.06%	3.08%	3.97%
<b>Alaska Long-Term Balanced Tr</b>	<b>3.86%</b>	<b>19.78%</b>	<b>33.88%</b>	<b>0.48%</b>	<b>2.14%</b>
Alaska Long-Term Bal. Benchmark	3.74%	19.34%	33.30%	0.60%	2.22%
<b>Target 2010 Trust</b>	<b>3.49%</b>	<b>18.11%</b>	-	-	-
Target 2010 Benchmark	3.47%	18.21%	-	-	-
<b>Target 2015 Trust</b>	<b>3.90%</b>	-	-	-	-
Target 2015 Benchmark	3.65%	-	-	-	-
<b>Target 2020 Trust</b>	<b>4.22%</b>	<b>21.82%</b>	-	-	-
Target 2020 Benchmark	4.37%	22.12%	-	-	-

(1) RCM Socially Responsible Inv Fd replaced the Sentinel Sustainable Core Opp Fund on October 31, 2008.

(2) Relaced SSgA Govt/Corp Bond Fund during August 2007.

### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

#### Returns for Periods Ended March 31, 2010

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 3-1/2 Years
<b>Target 2025 Trust</b>	<b>4.51%</b>	<b>25.17%</b>	<b>44.81%</b>	<b>(3.16%)</b>	<b>(0.57%)</b>
Target 2025 Benchmark	4.53%	25.42%	45.00%	(3.30%)	(0.75%)
<b>Target 2030 Trust</b>	<b>4.56%</b>	<b>25.60%</b>	-	-	-
Target 2030 Benchmark	4.53%	25.65%	-	-	-
<b>Target 2035 Trust</b>	<b>4.67%</b>	<b>26.71%</b>	-	-	-
Target 2035 Benchmark	4.65%	26.63%	-	-	-
<b>Target 2040 Trust</b>	<b>4.75%</b>	<b>26.65%</b>	-	-	-
Target 2040 Benchmark	4.65%	26.63%	-	-	-
<b>Target 2045 Trust</b>	<b>4.70%</b>	-	-	-	-
Target 2045 Benchmark	4.65%	-	-	-	-
<b>Target 2050 Trust</b>	<b>4.68%</b>	-	-	-	-
Target 2050 Benchmark	4.65%	-	-	-	-
<b>Target 2055 Trust</b>	<b>4.71%</b>	-	-	-	-
Target 2055 Benchmark	4.65%	-	-	-	-
<b>US Real Estate Inv Trust</b>	<b>9.64%</b>	<b>59.10%</b>	<b>109.27%</b>	-	-
Dow Jones Wilshire REIT	9.82%	62.33%	113.72%	(11.96%)	(7.17%)
<b>Alaska Money Market Trust</b>	<b>0.07%</b>	<b>0.21%</b>	<b>0.37%</b>	<b>2.50%</b>	<b>2.86%</b>
Citigroup 90-day T-Bill	0.02%	0.08%	0.13%	1.80%	2.26%
<b>SSgA Treas Mny Mkt</b>	<b>0.00%</b>	<b>0.02%</b>	<b>0.03%</b>	-	-
Citigroup 90-day T-Bill	0.02%	0.08%	0.13%	1.80%	2.26%

# S&P 500 STOCK INDEX FD PERIOD ENDED MARCH 31, 2010



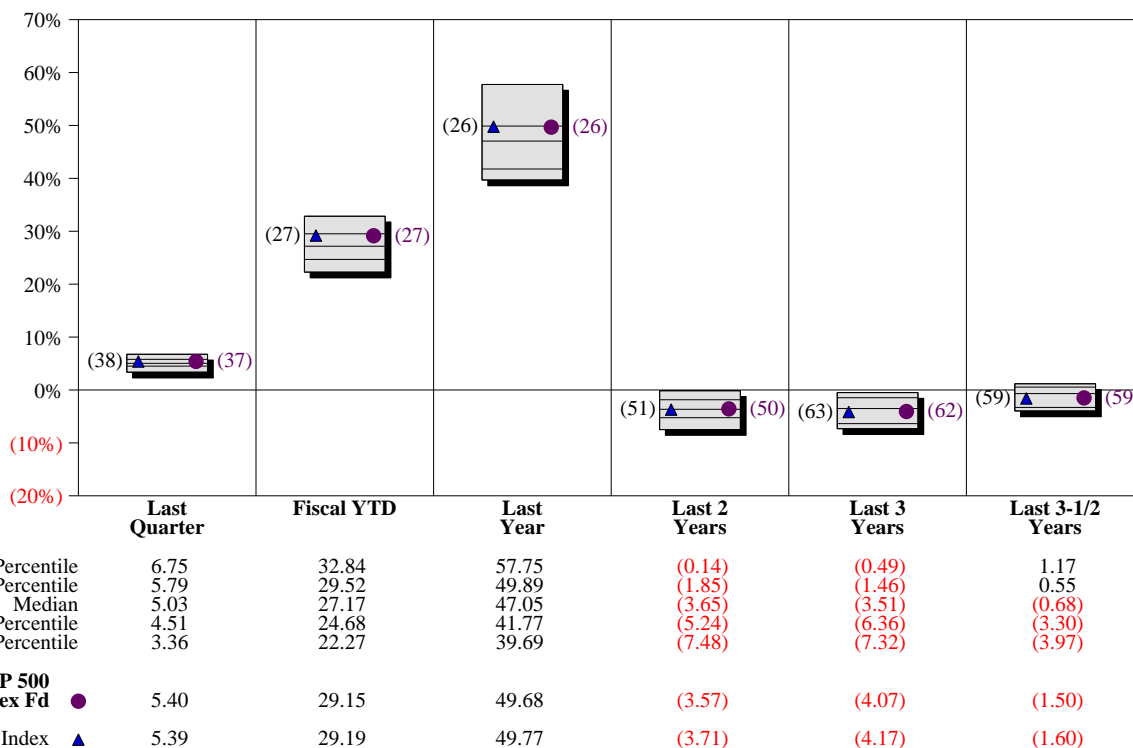
## Investment Philosophy

State Street believes that their passive investment strategy can provide market-like returns with minimal transaction costs.

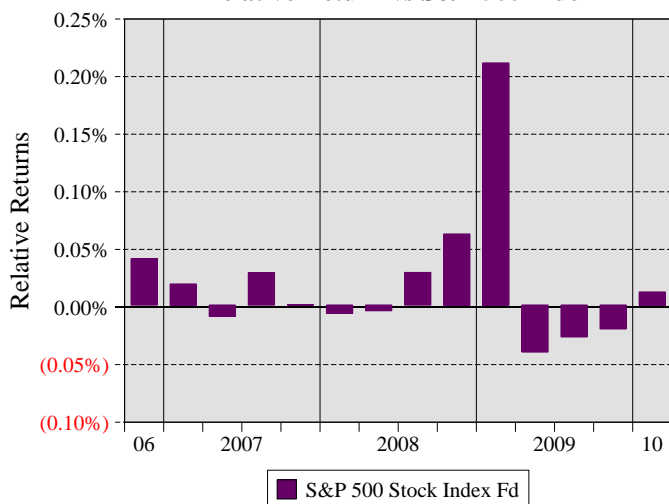
## Quarterly Summary and Highlights

- S&P 500 Stock Index Fd's portfolio posted a 5.40% return for the quarter placing it in the 37 percentile of the CAI MF - Core Equity Style group for the quarter and in the 26 percentile for the last year.
- S&P 500 Stock Index Fd's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and underperformed the S&P 500 Index for the year by 0.09%.

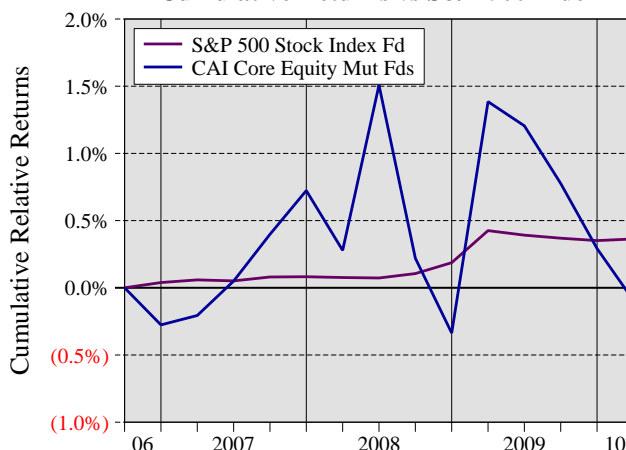
## Performance vs CAI MF - Core Equity Style (Net)



## Relative Return vs S&P 500 Index



## Cumulative Returns vs S&P 500 Index



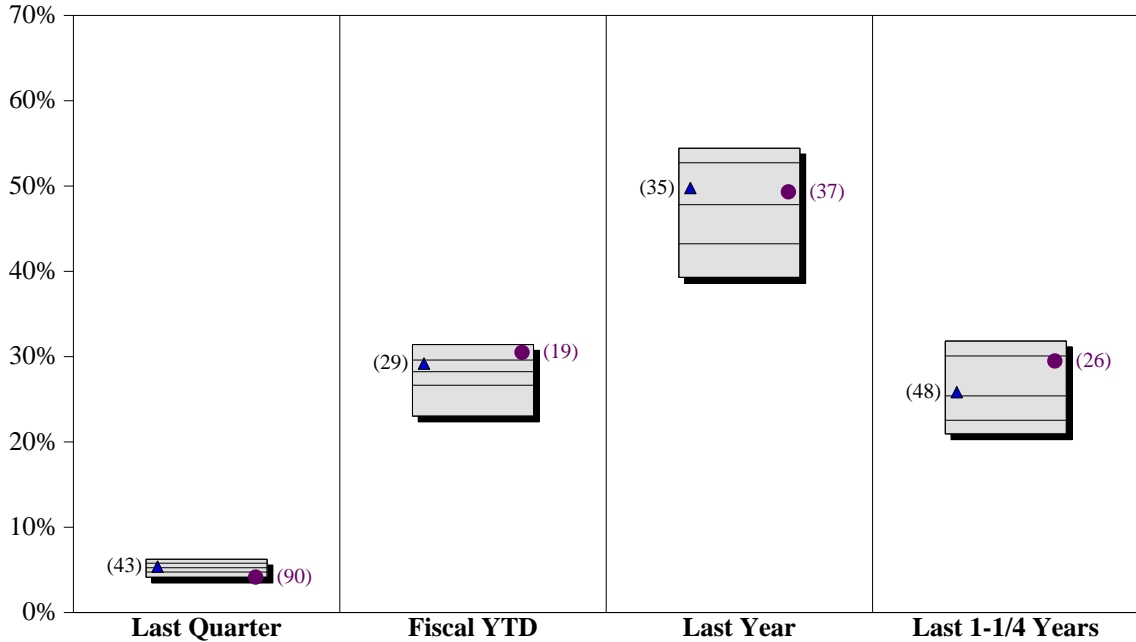
**RCM SOCIALLY RESP. INV. FUND  
PERIOD ENDED MARCH 31, 2010**



**Quarterly Summary and Highlights**

- RCM Socially Resp. Inv. Fund's portfolio posted a 4.16% return for the quarter placing it in the 90 percentile of the CAI Large Cap Core Style group for the quarter and in the 37 percentile for the last year.
- RCM Socially Resp. Inv. Fund's portfolio underperformed the S&P 500 Index by 1.23% for the quarter and underperformed the S&P 500 Index for the year by 0.45%.

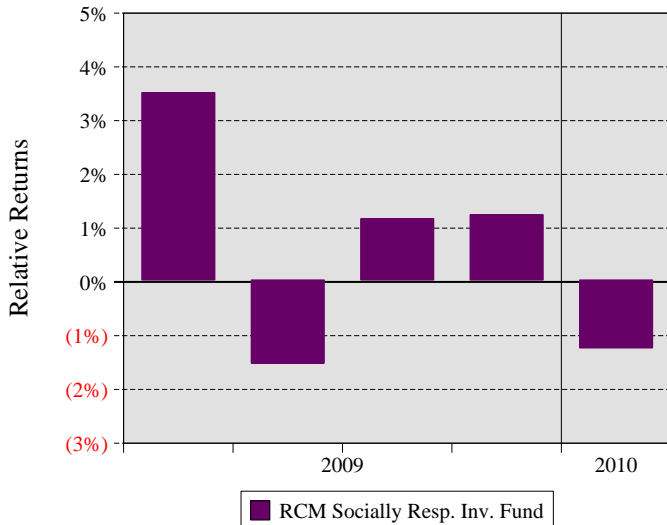
**Performance vs CAI Large Cap Core Style (Gross)**



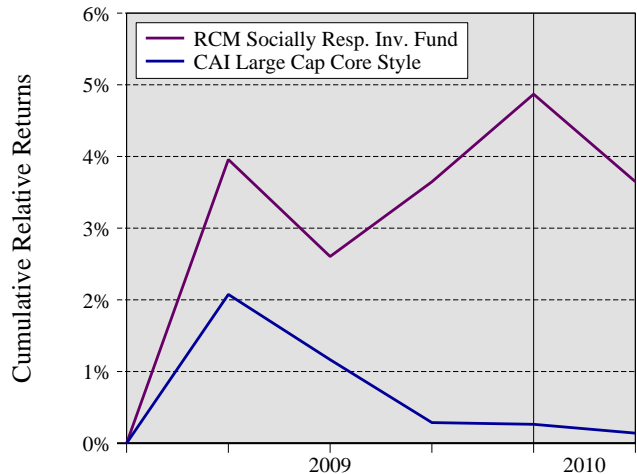
	Last Quarter	Fiscal YTD	Last Year	Last 1-1/4 Years
10th Percentile	6.25	31.42	54.43	31.83
25th Percentile	5.79	29.60	52.73	30.08
Median	5.26	28.23	47.82	25.40
75th Percentile	4.75	26.65	43.23	22.54
90th Percentile	4.14	23.03	39.30	20.94

<b>RCM Socially Resp. Inv. Fund</b> ●	4.16	30.51	49.32	29.50
<b>S&amp;P 500 Index</b> ▲	5.39	29.19	49.77	25.84

**Relative Return vs S&P 500 Index**



**Cumulative Returns vs S&P 500 Index**



# RUSSELL 3000 INDEX FUND PERIOD ENDED MARCH 31, 2010



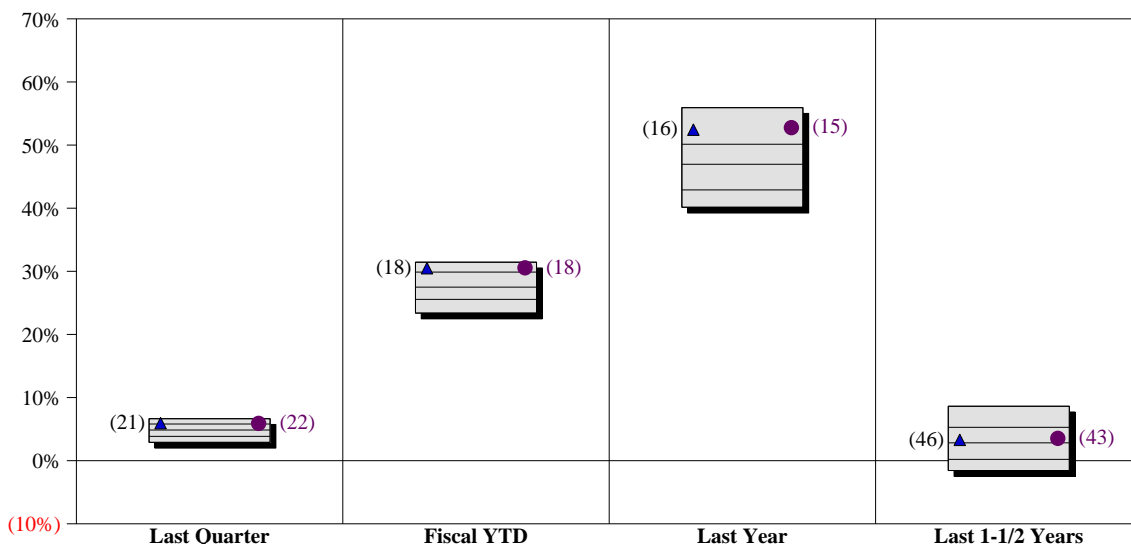
## Investment Philosophy

The Russell 3000 Index Strategy seeks to replicate the returns and characteristics of the Russell 3000 Index.

## Quarterly Summary and Highlights

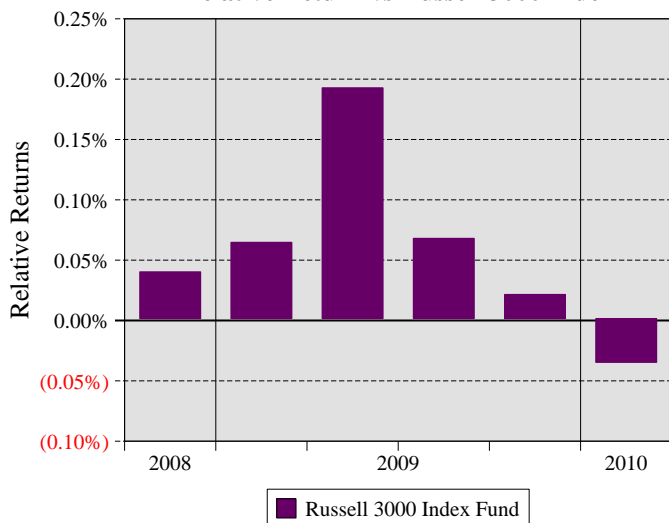
- Russell 3000 Index Fund's portfolio posted a 5.91% return for the quarter placing it in the 22 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 15 percentile for the last year.
- Russell 3000 Index Fund's portfolio underperformed the Russell 3000 Index by 0.03% for the quarter and outperformed the Russell 3000 Index for the year by 0.32%.

## Performance vs CAI MF - Large Cap Broad Style (Net)

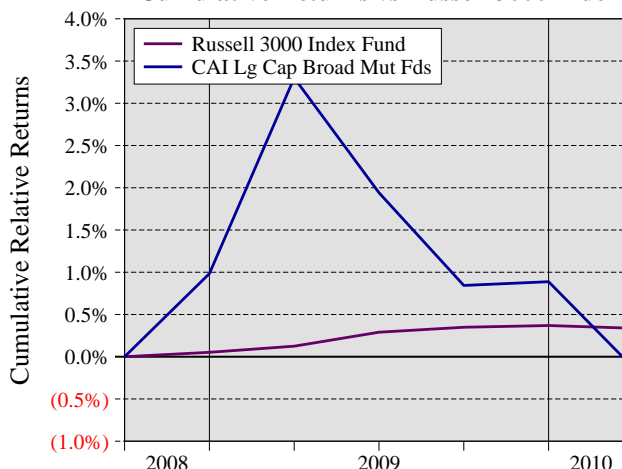


	Last Quarter	Fiscal YTD	Last Year	Last 1-1/2 Years
10th Percentile	6.65	31.45	55.93	8.62
25th Percentile	5.81	29.88	50.13	5.28
Median	4.86	27.49	46.96	2.83
75th Percentile	3.85	25.55	42.90	0.21
90th Percentile	2.90	23.38	40.15	(1.56)
Russell 3000 Index Fund	5.91	30.55	52.76	3.53
Russell 3000 Index	5.94	30.49	52.44	3.30

## Relative Return vs Russell 3000 Index



## Cumulative Returns vs Russell 3000 Index





## T. ROWE PRICE SMALL-CAP PERIOD ENDED MARCH 31, 2010

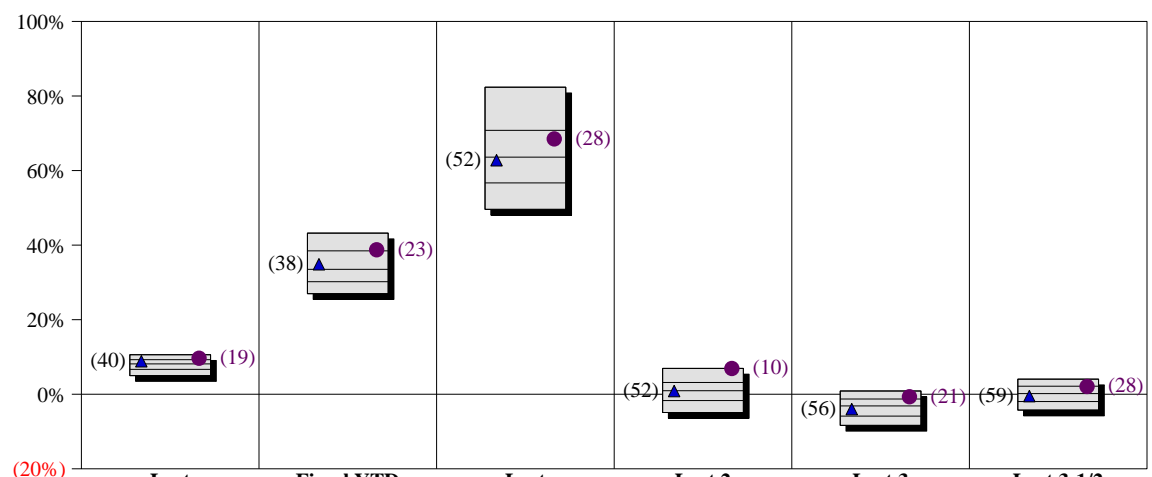
### Investment Philosophy

T. Rowe Price believes that opportunistically blending small-cap value and growth stocks to capitalize on valuation anomalies will produce superior and consistent returns. They also believe that a broadly diversified portfolio can achieve those returns with below-market volatility.

### Quarterly Summary and Highlights

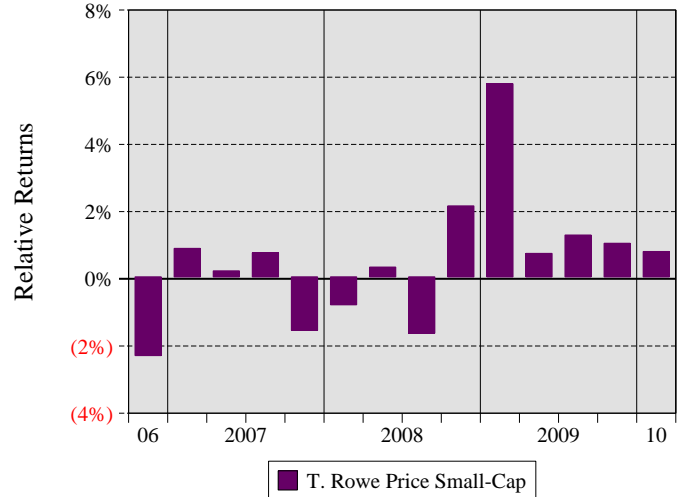
- T. Rowe Price Small-Cap's portfolio posted a 9.66% return for the quarter placing it in the 19 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 28 percentile for the last year.
- T. Rowe Price Small-Cap's portfolio outperformed the Russell 2000 Index by 0.81% for the quarter and outperformed the Russell 2000 Index for the year by 5.73%.

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

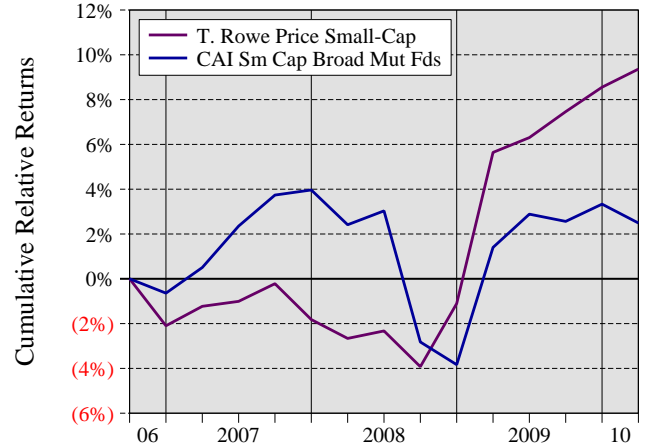


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	10.60	43.22	82.36	6.93	0.87	4.05
25th Percentile	9.27	38.46	70.79	3.15	(1.28)	2.15
Median	8.14	33.51	63.59	0.95	(3.14)	0.17
75th Percentile	6.68	30.19	56.69	(1.69)	(5.86)	(1.96)
90th Percentile	4.99	26.97	49.60	(4.90)	(8.36)	(4.26)
<b>T. Rowe Price Small-Cap</b> ●	9.66	38.75	68.49	6.91	(0.68)	2.07
Russell 2000 Index ▲	8.85	34.87	62.76	0.86	(3.99)	(0.50)

### Relative Return vs Russell 2000 Index



### Cumulative Returns vs Russell 2000 Index





**BRANDES INTERNATIONAL EQUITY FUND  
PERIOD ENDED MARCH 31, 2010**



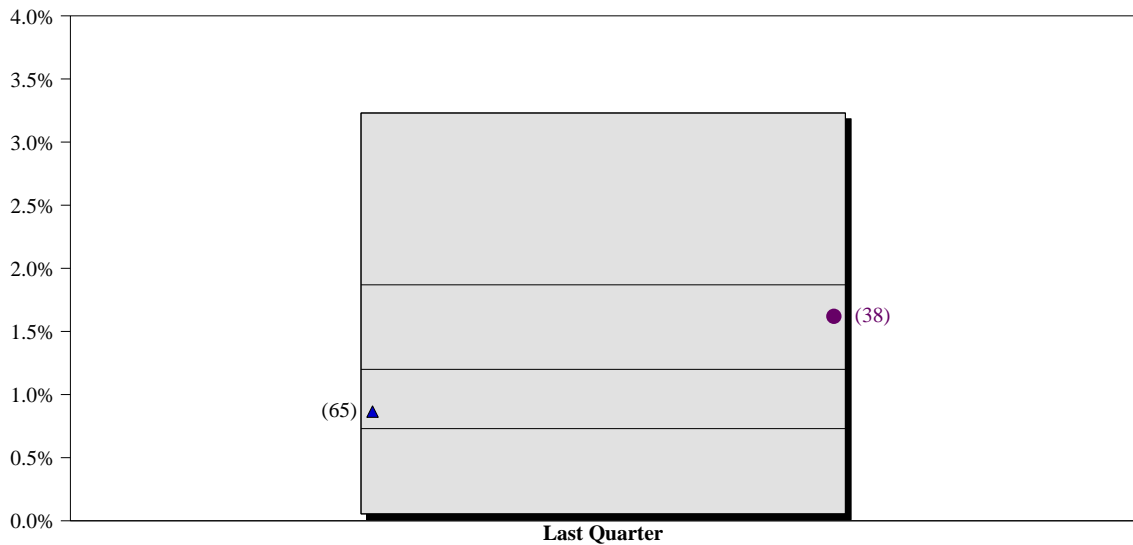
**Investment Philosophy**

Brandes employs a bottom-up approach to building international equity portfolios. The firm utilizes fundamental research to select undervalued companies in the developed and emerging markets.

**Quarterly Summary and Highlights**

- Brandes International Equity Fund's portfolio posted a 1.62% return for the quarter placing it in the 38 percentile of the CAI MF - Intl Core Equity Style group for the quarter.
- Brandes International Equity Fund's portfolio outperformed the MSCI EAFE Index by 0.75% for the quarter.

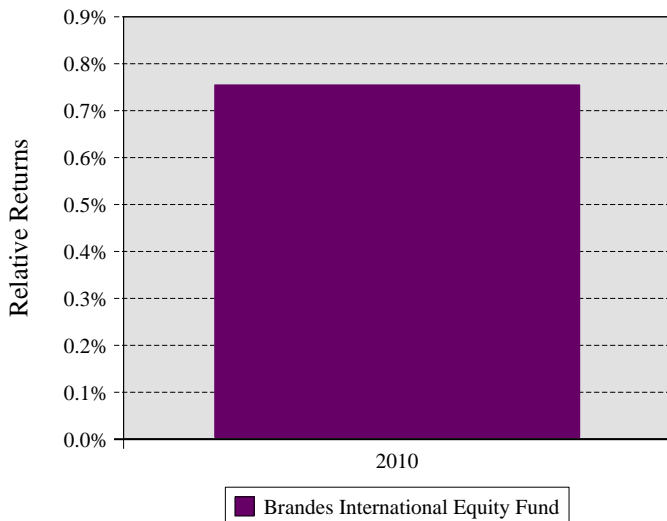
**Performance vs CAI MF - Intl Core Equity Style (Net)**



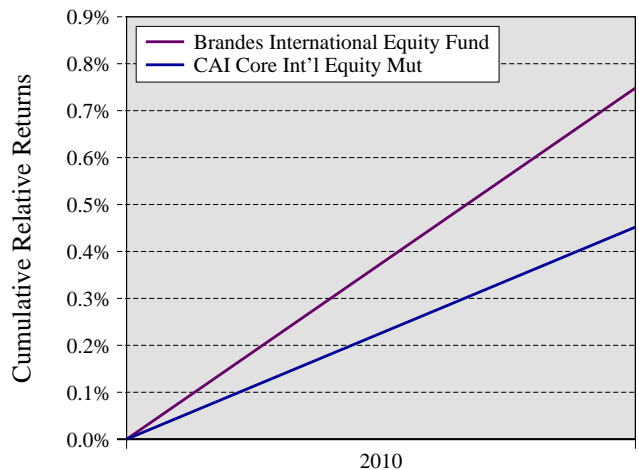
10th Percentile	3.23
25th Percentile	1.87
Median	1.20
75th Percentile	0.73
90th Percentile	0.05

<b>Brandes International Equity Fund</b> ●	1.62
MSCI EAFE Index ▲	0.87

**Relative Return vs MSCI EAFE Index**



**Cumulative Returns vs MSCI EAFE Index**

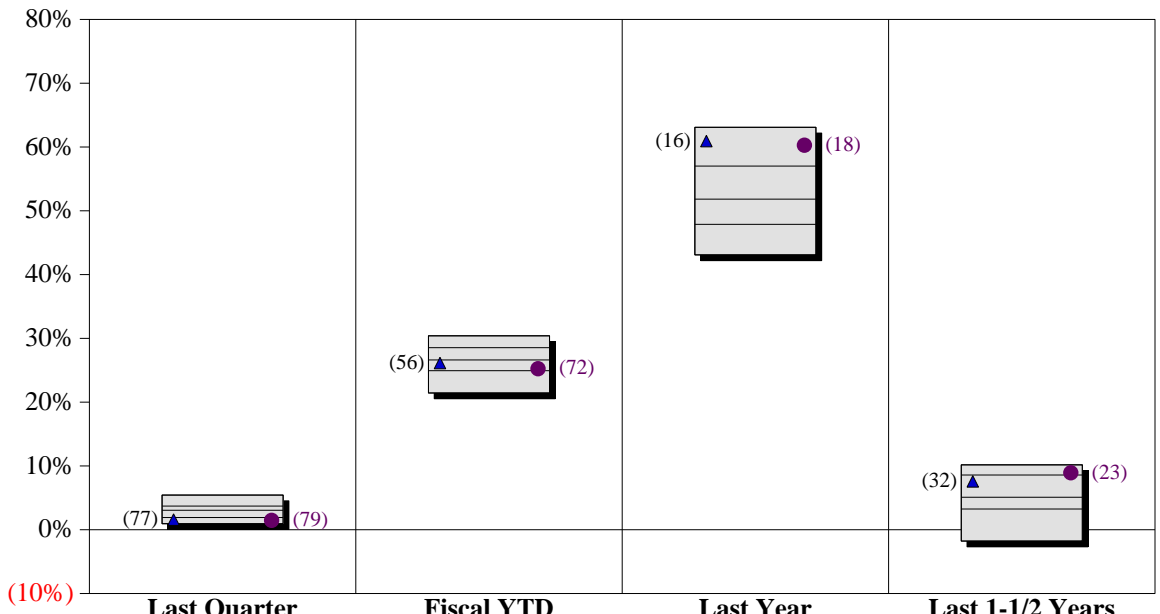




## WORLD EQUITY EX US PERIOD ENDED MARCH 31, 2010

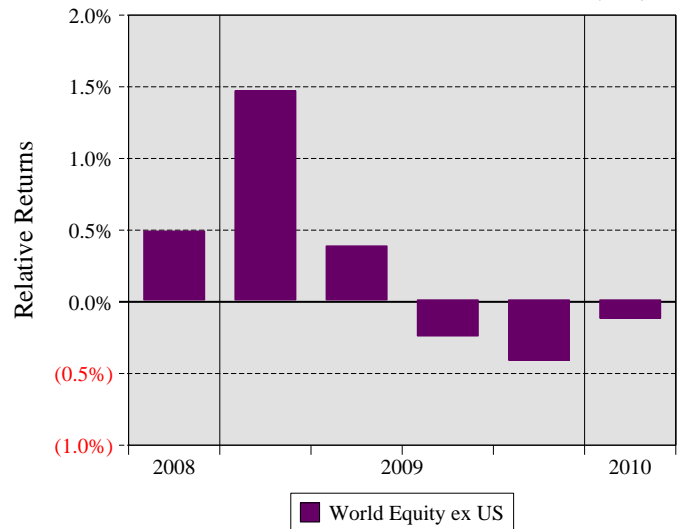
- ### Quarterly Summary and Highlights
- World Equity ex US's portfolio posted a 1.47% return for the quarter placing it in the 79 percentile of the CAI MF - Global Equity Style group for the quarter and in the 18 percentile for the last year.
  - World Equity ex US's portfolio underperformed the MSCI ACWI x US (Net) by 0.11% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 0.64%.

### Performance vs CAI MF - Global Equity Style (Net)

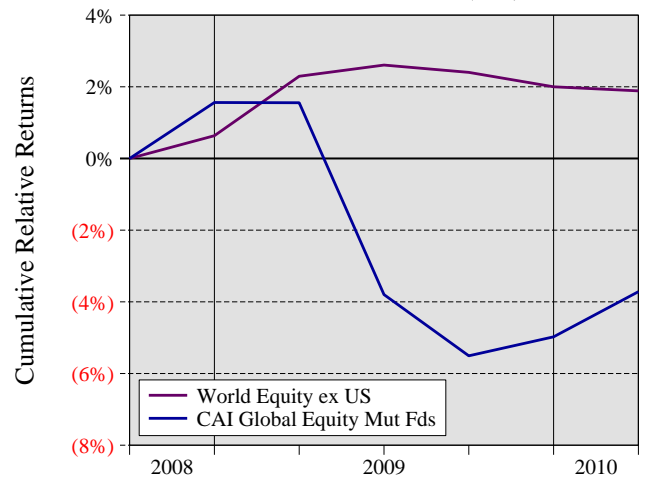


	Last Quarter	Fiscal YTD	Last Year	Last 1-1/2 Years
10th Percentile	5.44	30.40	63.09	10.17
25th Percentile	3.71	28.54	57.01	8.58
Median	3.05	26.62	51.83	5.09
75th Percentile	1.92	24.93	47.87	3.25
90th Percentile	0.95	21.44	43.09	(1.78)
<b>World Equity ex US</b> ●	1.47	25.24	60.28	8.93
<b>MSCI ACWI x US (Net)</b> ▲	1.58	26.13	60.93	7.58

### Relative Return vs MSCI ACWI x US (Net)



### Cumulative Returns vs MSCI ACWI x US (Net)



# BARCLAYS GOVT/CREDIT BOND FUND PERIOD ENDED MARCH 31, 2010



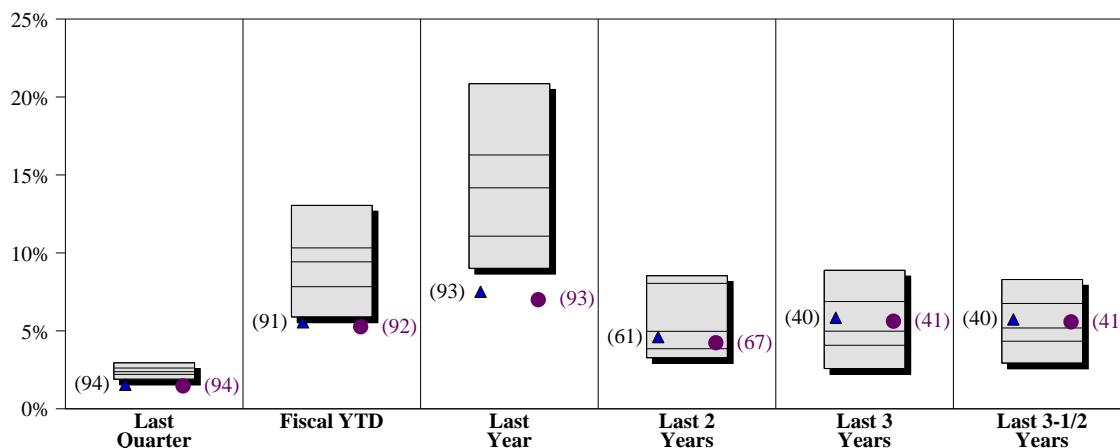
## Investment Philosophy

The objective of the Government/Credit Bond Index Fund is to track the performance of its benchmark, the Lehman Brothers Government/Credit Bond Index. The fund provides institutional investors a high quality, cost-effective, index-based solution to their bond investment needs. BGI's proprietary databases amass a wealth of real-time data each day, providing us with an unmatched ability to efficiently execute market transactions. Additionally, they leverage size and trading volume to minimize or eliminate transaction costs for clients.

## Quarterly Summary and Highlights

- Barclays Govt/Credit Bond Fund's portfolio posted a 1.47% return for the quarter placing it in the 94 percentile of the CAI MF - Core Bond Style group for the quarter and in the 93 percentile for the last year.
- Barclays Govt/Credit Bond Fund's portfolio underperformed the BC Govt/Credit Bd by 0.08% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.51%.

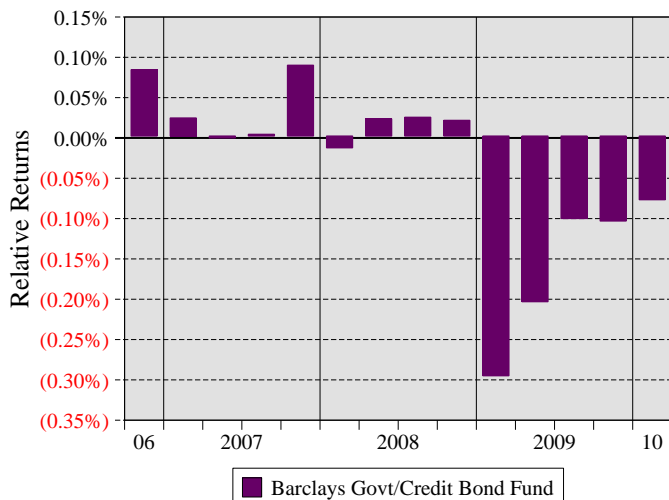
## Performance vs CAI MF - Core Bond Style (Net)



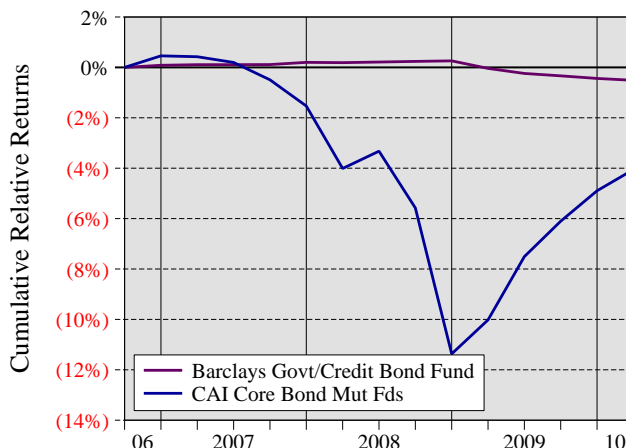
10th Percentile	2.95	13.05	20.85	8.54	8.88	8.29
25th Percentile	2.62	10.32	16.28	8.05	6.88	6.76
Median	2.38	9.43	14.18	4.97	4.98	5.19
75th Percentile	2.21	7.83	11.07	3.85	4.07	4.34
90th Percentile	1.90	5.89	9.01	3.27	2.58	2.93

Period	Barclays Govt/Credit Bond Fund (●)	BC Govt/Credit Bd (▲)
Last Quarter	1.47	1.55
Fiscal YTD	5.26	5.55
Last Year	7.00	7.51
Last 2 Years	4.24	4.60
Last 3 Years	5.62	5.84
Last 3-1/2 Years	5.58	5.73

## Relative Return vs BC Govt/Credit Bd



## Cumulative Returns vs BC Govt/Credit Bd



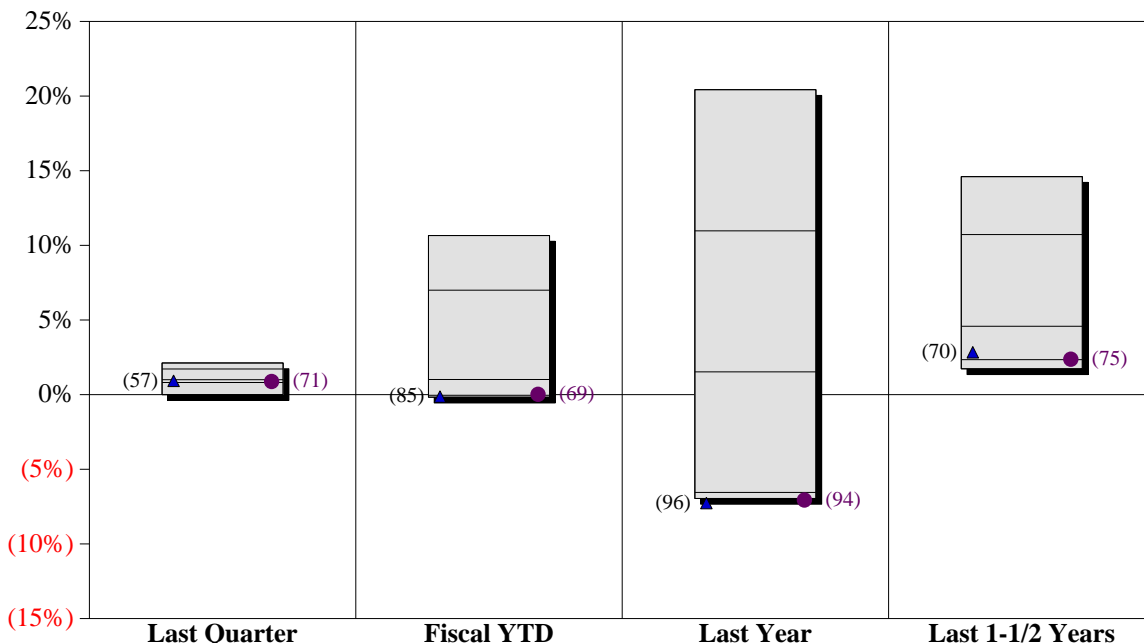
# LONG US TREASURY BOND PERIOD ENDED MARCH 31, 2010



## Quarterly Summary and Highlights

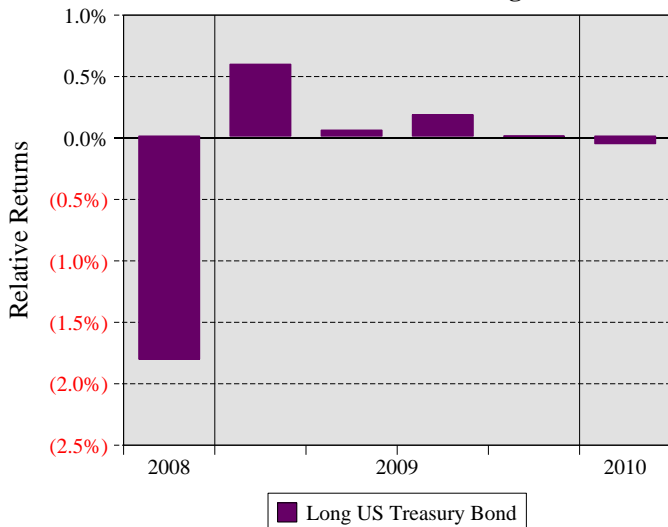
- Long US Treasury Bond's portfolio posted a 0.88% return for the quarter placing it in the 71 percentile of the CAI MF - Extended Maturity group for the quarter and in the 94 percentile for the last year.
- Long US Treasury Bond's portfolio underperformed the BC Long Treas by 0.05% for the quarter and outperformed the BC Long Treas for the year by 0.20%.

## Performance vs CAI MF - Extended Maturity (Net)

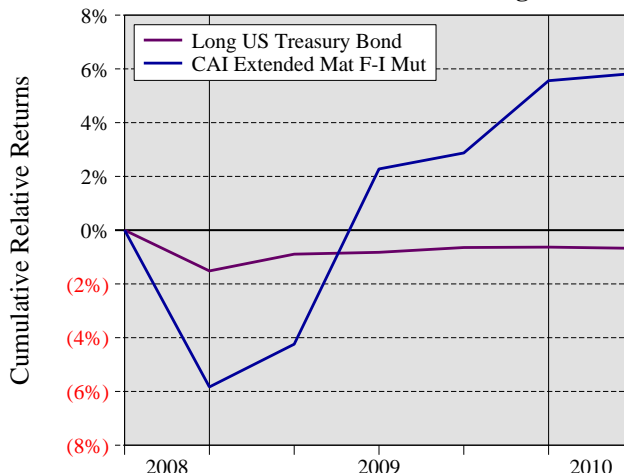


	Last Quarter	Fiscal YTD	Last Year	Last 1-1/2 Years
10th Percentile	2.12	10.66	20.43	14.60
25th Percentile	1.72	7.00	10.97	10.72
Median	1.00	1.01	1.53	4.58
75th Percentile	0.81	(0.04)	(6.55)	2.34
90th Percentile	0.00	(0.17)	(6.96)	1.73
<b>Long US Treasury Bond</b> ●	0.88	0.02	(7.06)	2.37
<b>BC Long Treas</b> ▲	0.93	(0.13)	(7.26)	2.84

### Relative Return vs BC Long Treas



### Cumulative Returns vs BC Long Treas



## INTERMEDIATE BOND FUND PERIOD ENDED MARCH 31, 2010



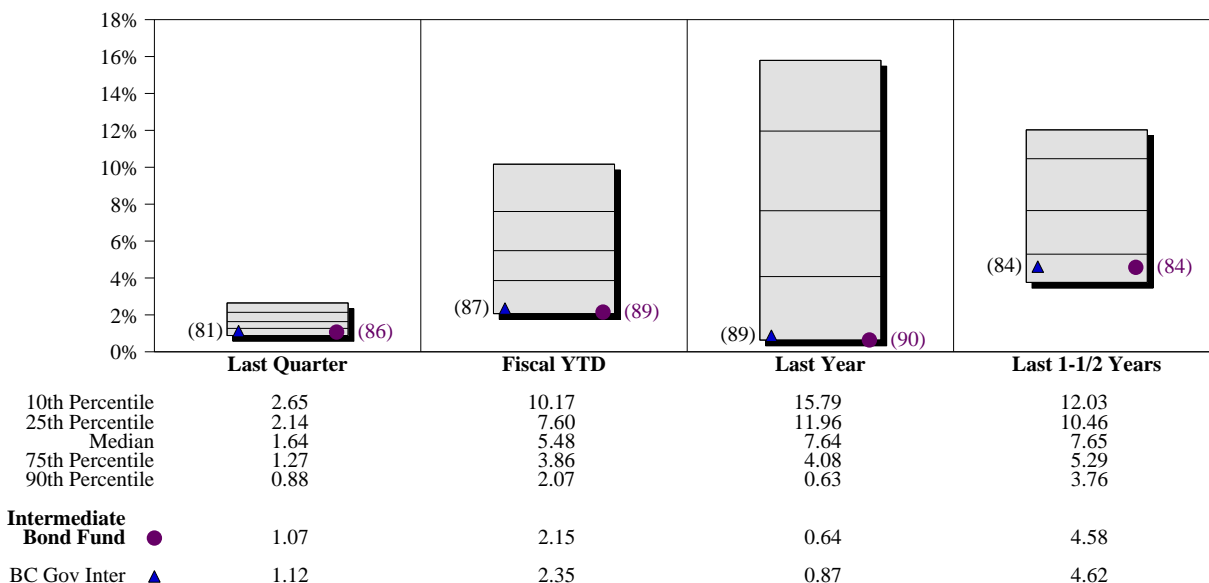
### Investment Philosophy

The objective of the Intermediate Government/Credit Bond Index Fund is to track the performance of its benchmark, the Barclays Capital Intermediate Government/Credit Bond Index. The fund provides institutional investors a high quality, cost-effective, index-based solution to their bond investment needs. Our proprietary databases amass a wealth of real-time data each day, providing us with an unmatched ability to efficiently execute market transactions. Additionally, we leverage our size and trading volume to minimize or eliminate transaction costs for our clients. These competitive advantages enable us to deliver superior investment performance to our clients with efficiency and consistency that is unsurpassed.

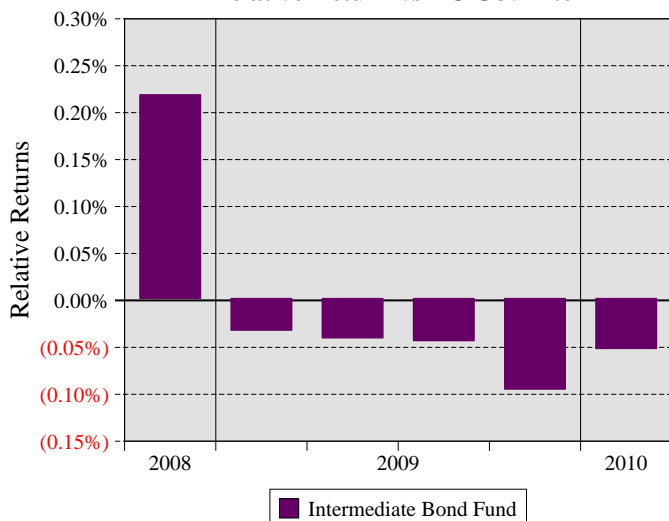
### Quarterly Summary and Highlights

- Intermediate Bond Fund's portfolio posted a 1.07% return for the quarter placing it in the 86 percentile of the CAI MF - Intermediate Style group for the quarter and in the 90 percentile for the last year.
- Intermediate Bond Fund's portfolio underperformed the BC Gov Inter by 0.05% for the quarter and underperformed the BC Gov Inter for the year by 0.23%.

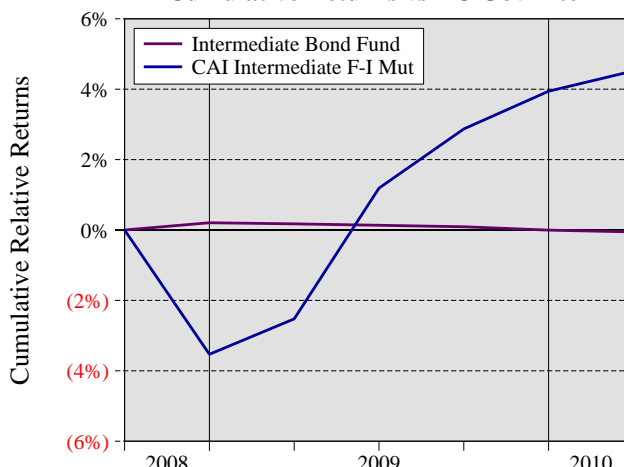
### Performance vs CAI MF - Intermediate Style (Net)



### Relative Return vs BC Gov Inter



### Cumulative Returns vs BC Gov Inter





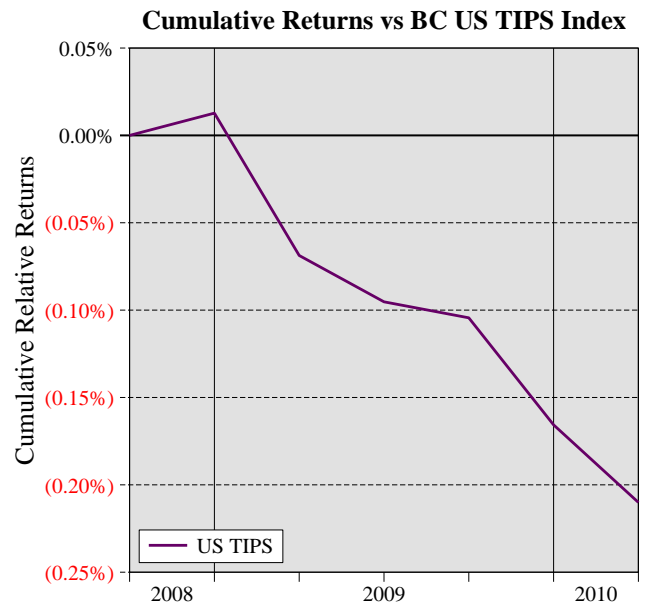
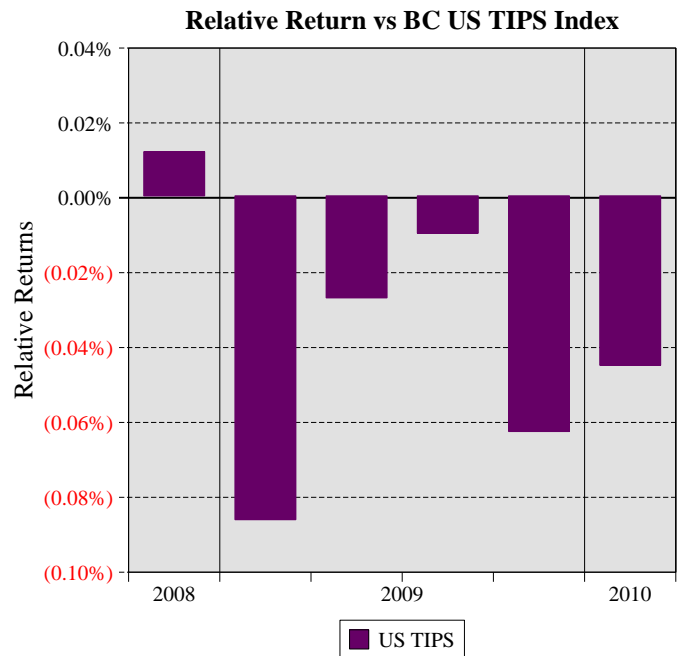
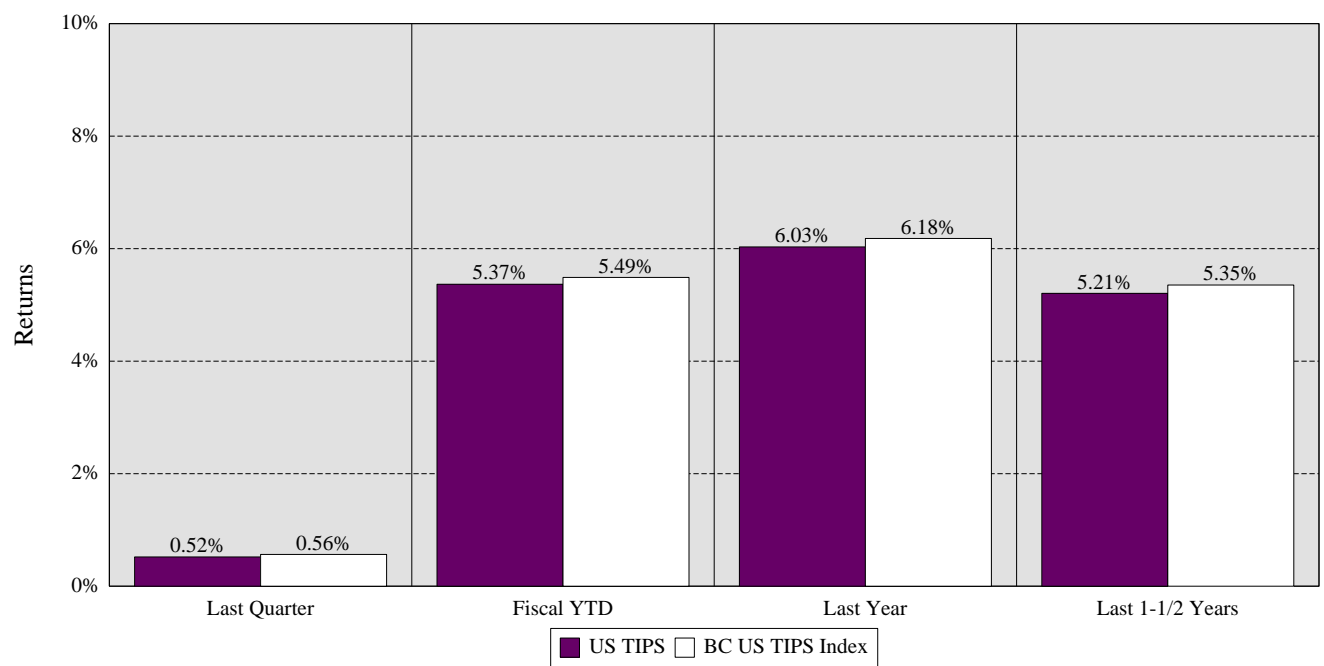
## US TIPS PERIOD ENDED MARCH 31, 2010

### Investment Philosophy

The Passive Treasury Inflation Protected Securities Strategy seeks to match the total rate of return of the BC Inflation Notes Index by investing in a portfolio of US Treasury inflation protected securities. It is managed duration neutral to the Index at all times. Overall sector and security weightings are also matched to the Index. The strategy is one of full replication, owning a market-value weight of each security in the benchmark.

### Quarterly Summary and Highlights

- US TIPS's portfolio underperformed the BC US TIPS Index by 0.04% for the quarter and underperformed the BC US TIPS Index for the year by 0.15%.

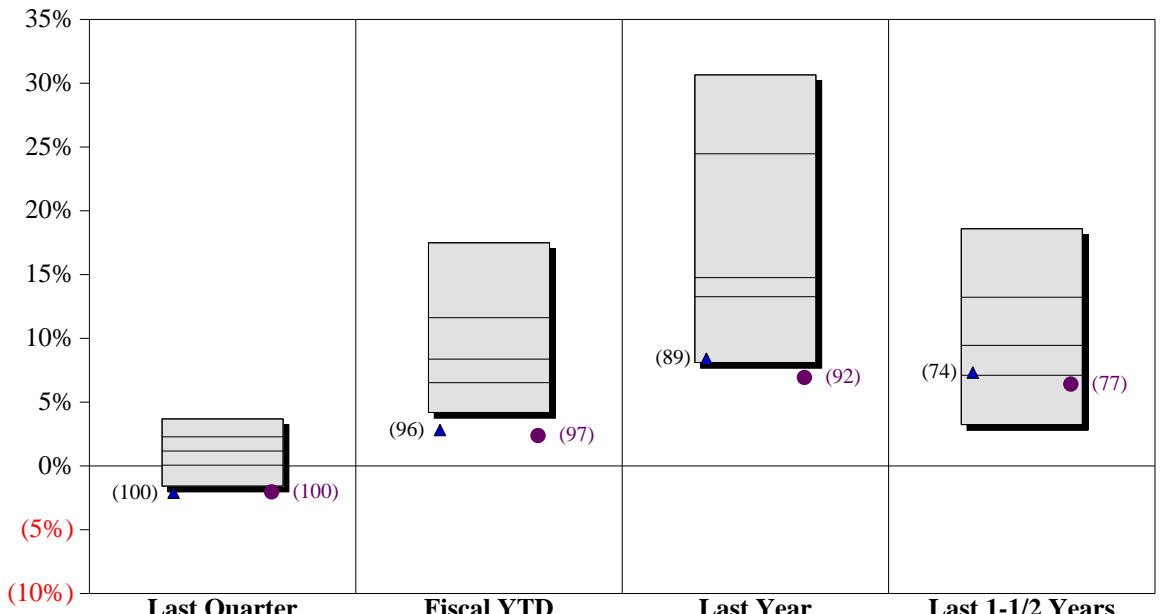


## WORLD GOVT BOND EX US PERIOD ENDED MARCH 31, 2010

### Quarterly Summary and Highlights

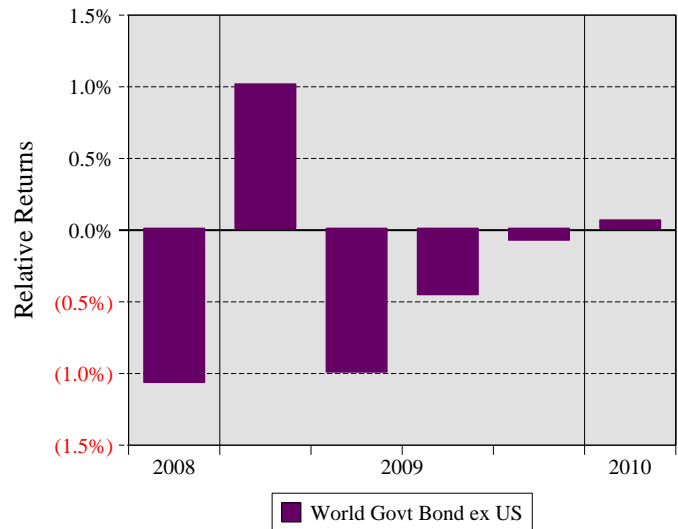
- World Govt Bond ex US's portfolio posted a (2.03)% return for the quarter placing it in the 100 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 92 percentile for the last year.
- World Govt Bond ex US's portfolio outperformed the Citi WGBI Non-US Idx by 0.07% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 1.47%.

### Performance vs CAI MF - Global Fixed Income Style (Net)

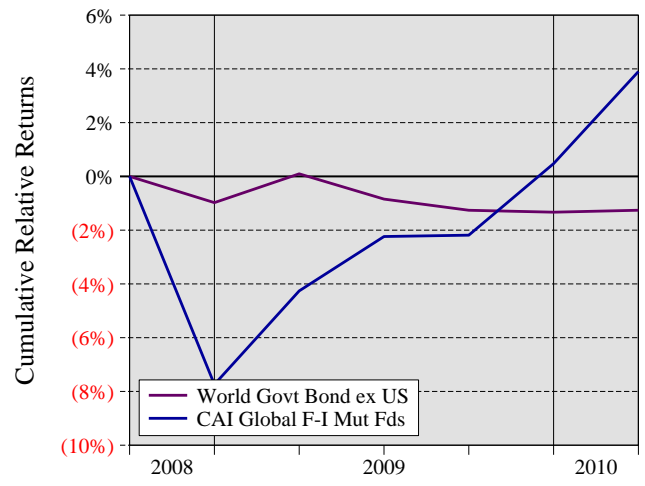


	Last Quarter	Fiscal YTD	Last Year	Last 1-1/2 Years
10th Percentile	3.69	17.49	30.66	18.59
25th Percentile	2.28	11.62	24.47	13.22
Median	1.17	8.37	14.76	9.45
75th Percentile	0.06	6.53	13.27	7.11
90th Percentile	(1.58)	4.19	8.11	3.24
<b>World Govt Bond ex US</b> ●	<b>(2.03)</b>	2.39	6.94	6.42
Citi WGBI Non-US Idx ▲	(2.10)	2.82	8.41	7.32

### Relative Return vs Citi WGBI Non-US Idx



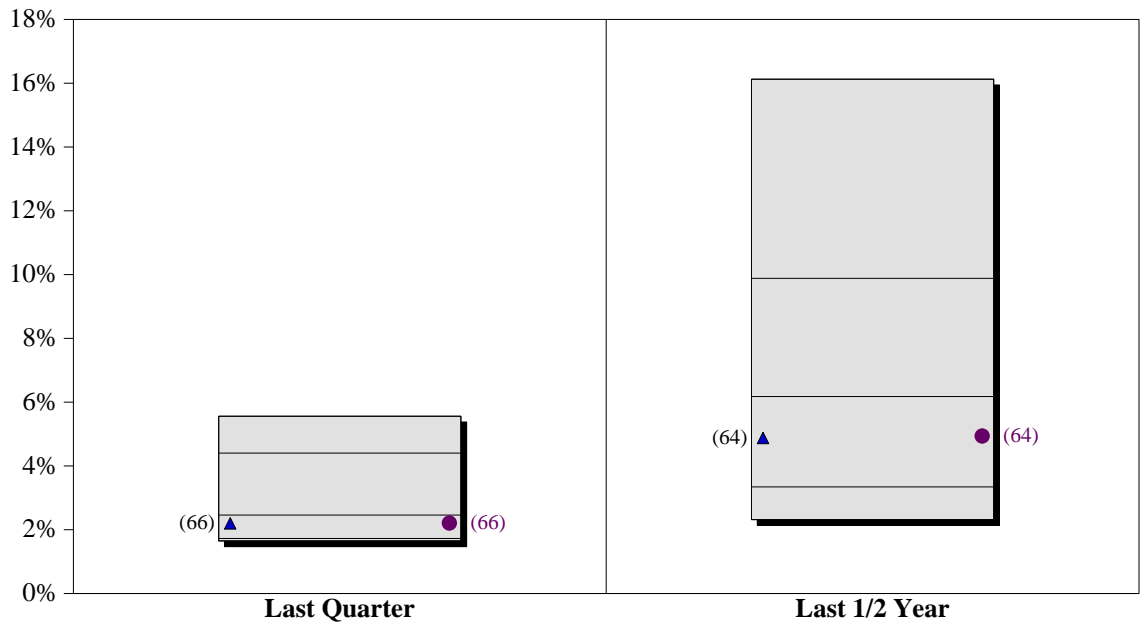
### Cumulative Returns vs Citi WGBI Non-US Idx



## SSGA GLOBAL BALANCED PERIOD ENDED MARCH 31, 2010

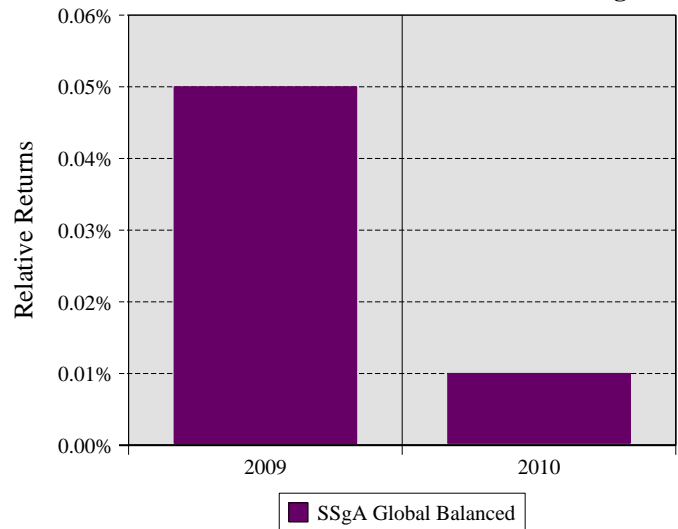
- ### Quarterly Summary and Highlights
- SSgA Global Balanced's portfolio posted a 2.21% return for the quarter placing it in the 66 percentile of the CAI MF - Global Balanced Style group for the quarter and in the 64 percentile for the last one-half year.
  - SSgA Global Balanced's portfolio outperformed the Global Balanced Target by 0.01% for the quarter and outperformed the Global Balanced Target for the one-half year by 0.06%.

### Performance vs CAI MF - Global Balanced Style (Net)

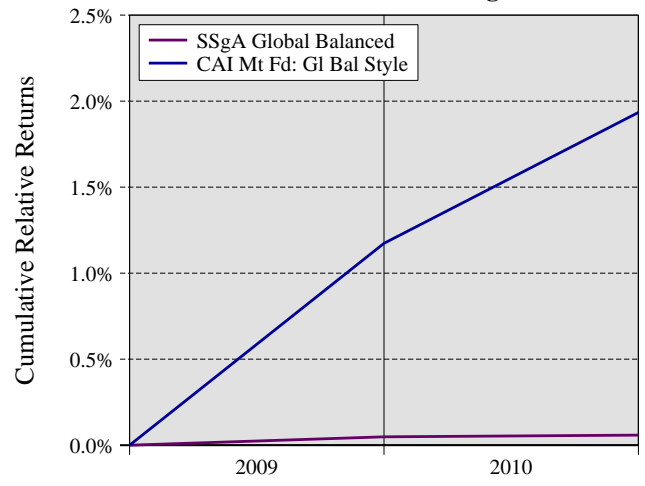


10th Percentile	5.56	
25th Percentile	4.40	
Median	2.46	
75th Percentile	1.73	
90th Percentile	1.65	
<b>SSgA Global Balanced</b> ●	2.21	4.94
Global Balanced Target ▲	2.20	4.88

#### Relative Return vs Global Balanced Target



#### Cumulative Returns vs Global Balanced Target





# ALASKA BALANCED TRUST PERIOD ENDED MARCH 31, 2010



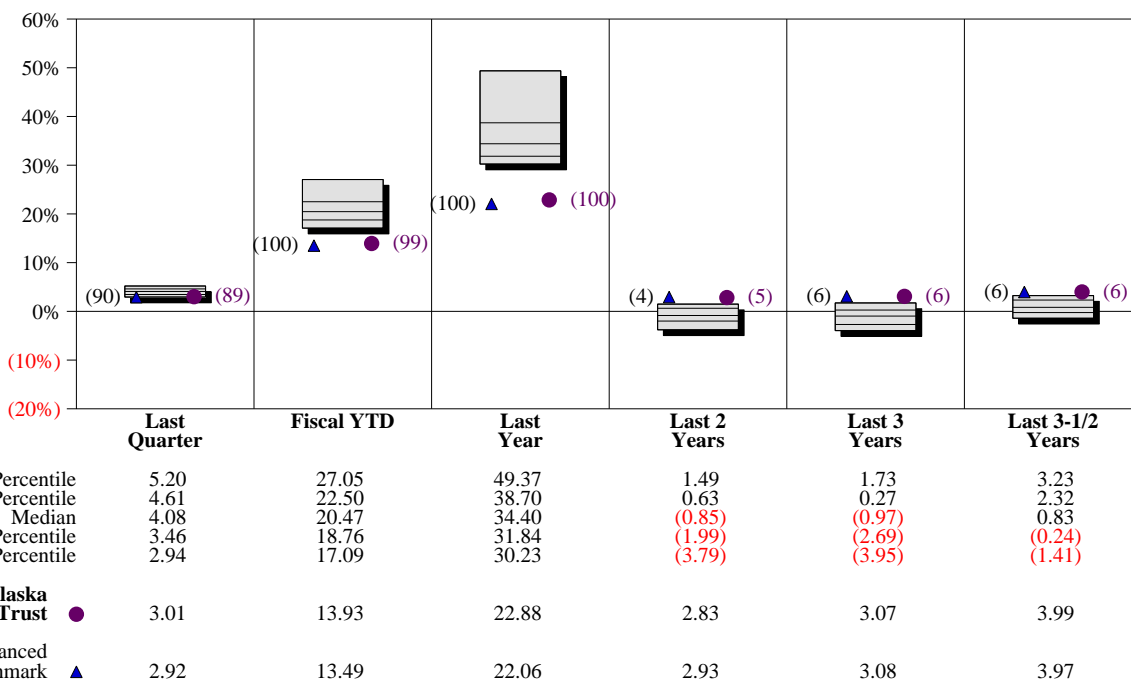
## Investment Philosophy

T. Rowe Price Associates, Inc believes that investing in a well-diversified portfolio of equity securities, balanced with the income and principal stability of bonds and other fixed income securities, will offer a generally stable investment vehicle that provides the capital growth adequate to offset the erosive effects of inflation. Benchmark: 44% BC Govt/Credit Index, 19% BC GNMA Index, 2% Citigroup 90-day Treasury bills, 30% S&P 500 Index, 3% Russell 2500 Index and 2% MSCI EAFE Index.

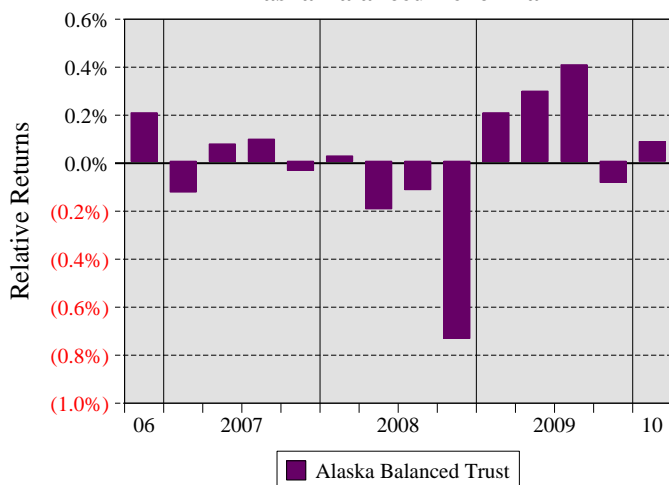
## Quarterly Summary and Highlights

- Alaska Balanced Trust's portfolio posted a 3.01% return for the quarter placing it in the 89 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 100 percentile for the last year.
- Alaska Balanced Trust's portfolio outperformed the Alaska Balanced Benchmark by 0.09% for the quarter and outperformed the Alaska Balanced Benchmark for the year by 0.82%.

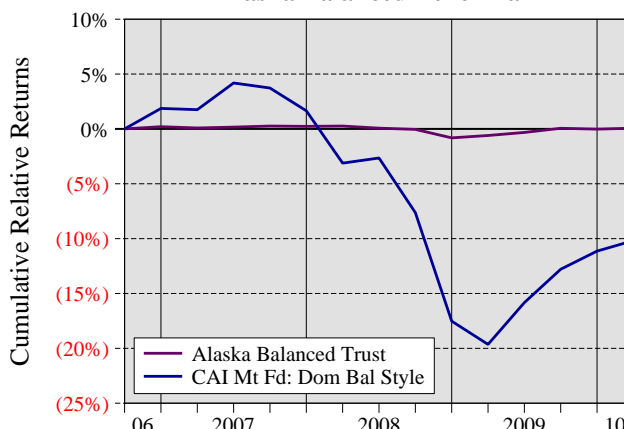
## Performance vs CAI MF - Domestic Balanced Style (Net)



### Relative Returns vs Alaska Balanced Benchmark



### Cumulative Returns vs Alaska Balanced Benchmark



# ALASKA LONG-TERM BALANCED TR PERIOD ENDED MARCH 31, 2010



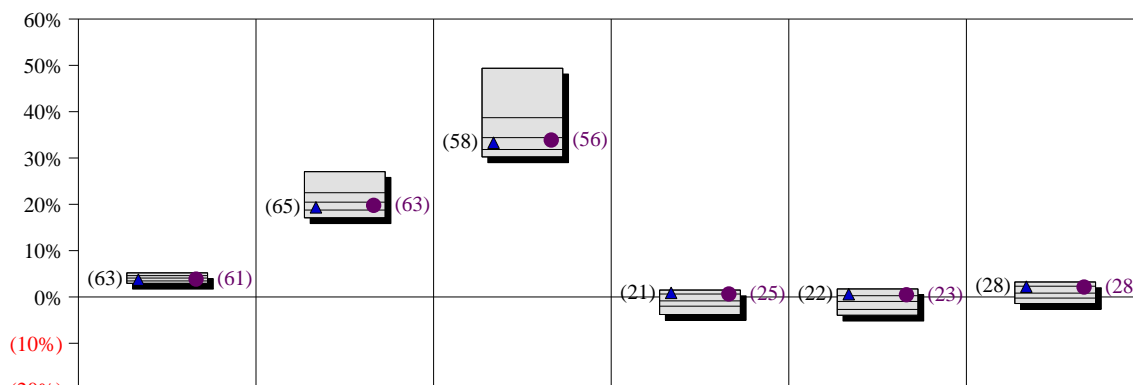
## Investment Philosophy

T. Rowe Price Associates, Inc believes that investing in a well-diversified portfolio of equity securities, balanced with the income and principal stability of bonds and other fixed income securities, will offer a generally stable investment vehicle that provides the capital growth adequate to offset the erosive effects of inflation. Benchmark: 27% BC Govt/Credit Index, 12% BC GNMA Index, 1% Citigroup 90-day Treasury bills, 51% S&P 500 Index, 5% Russell 2500 Index and 4% MSCI EAFE Index.

## Quarterly Summary and Highlights

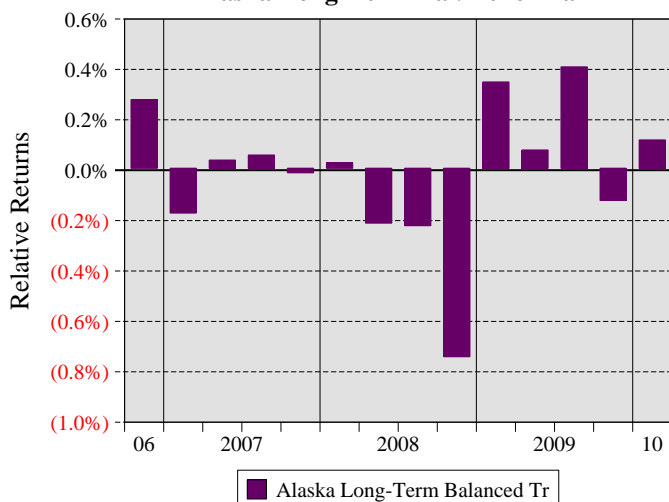
- Alaska Long-Term Balanced Tr's portfolio posted a 3.86% return for the quarter placing it in the 61 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 56 percentile for the last year.
- Alaska Long-Term Balanced Tr's portfolio outperformed the Alaska Long-Term Bal. Benchmark by 0.12% for the quarter and outperformed the Alaska Long-Term Bal. Benchmark for the year by 0.59%.

## Performance vs CAI MF - Domestic Balanced Style (Net)

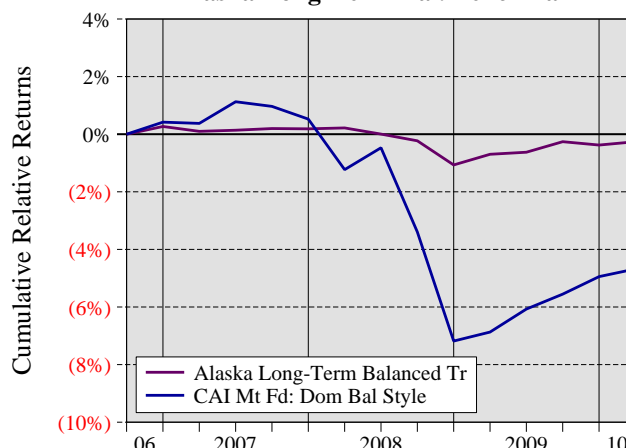


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	5.20	27.05	49.37	1.49	1.73	3.23
25th Percentile	4.61	22.50	38.70	0.63	0.27	2.32
Median	4.08	20.47	34.40	(0.85)	(0.97)	0.83
75th Percentile	3.46	18.76	31.84	(1.99)	(2.69)	(0.24)
90th Percentile	2.94	17.09	30.23	(3.79)	(3.95)	(1.41)

### Relative Returns vs Alaska Long-Term Bal. Benchmark



### Cumulative Returns vs Alaska Long-Term Bal. Benchmark





## 2010 TARGET TRUST PERIOD ENDED MARCH 31, 2010

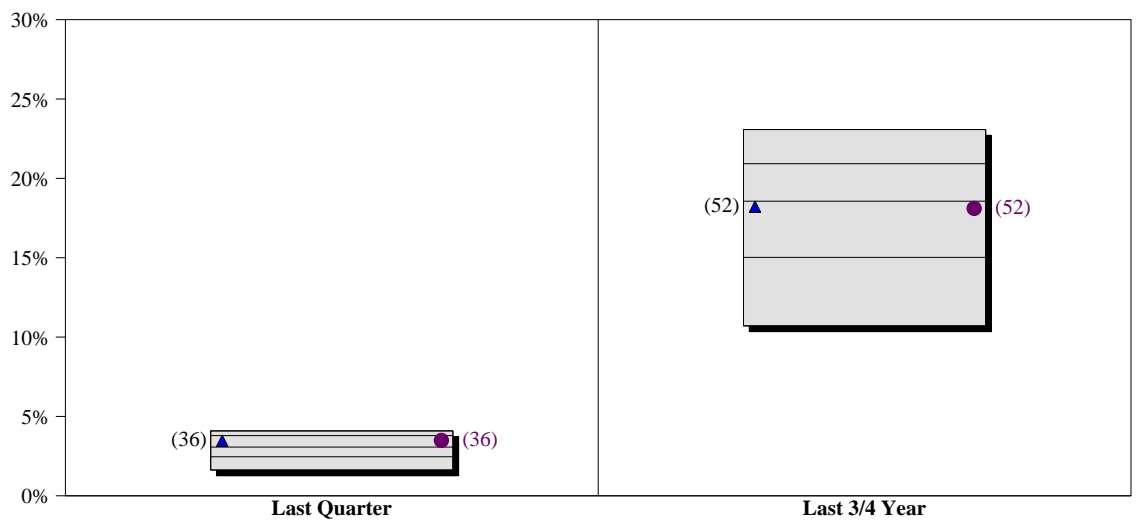
### Investment Philosophy

The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2010 approaches. Benchmark: 45.5% Russell 3000 Index, 11.50% MSCI EAFE, 34% BC Aggregate and 9.0% T-Bills.

### Quarterly Summary and Highlights

- 2010 Target Trust's portfolio posted a 3.49% return for the quarter placing it in the 36 percentile of the CAI Target Date 2010 group for the quarter and in the 52 percentile for the last three-quarter year.
- 2010 Target Trust's portfolio outperformed the Target 2010 Benchmark by 0.02% for the quarter and underperformed the Target 2010 Benchmark for the three-quarter year by 0.11%.

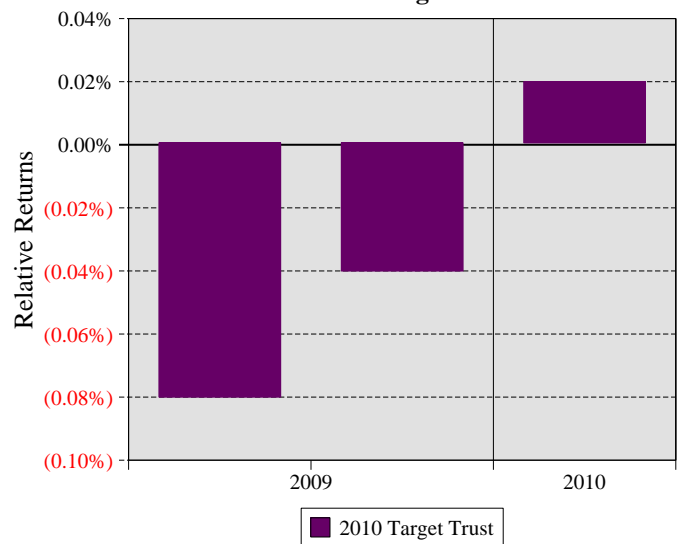
### Performance vs CAI Target Date 2010 (Net)



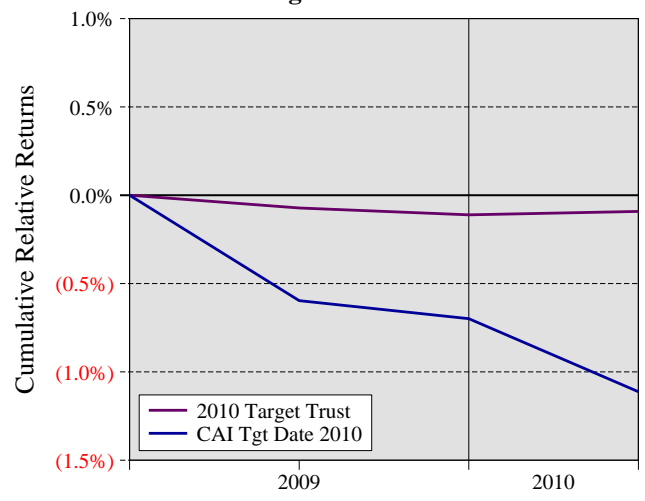
	Last Quarter	Last 3/4 Year
10th Percentile	4.09	23.08
25th Percentile	3.79	20.92
Median	3.07	18.56
75th Percentile	2.46	15.02
90th Percentile	1.63	10.70

<b>2010 Target Trust</b> ●	3.49	18.11
Target 2010 Benchmark ▲	3.47	18.21

### Relative Return vs Target 2010 Benchmark



### Cumulative Returns vs Target 2010 Benchmark



## 2015 TARGET TRUST PERIOD ENDED MARCH 31, 2010



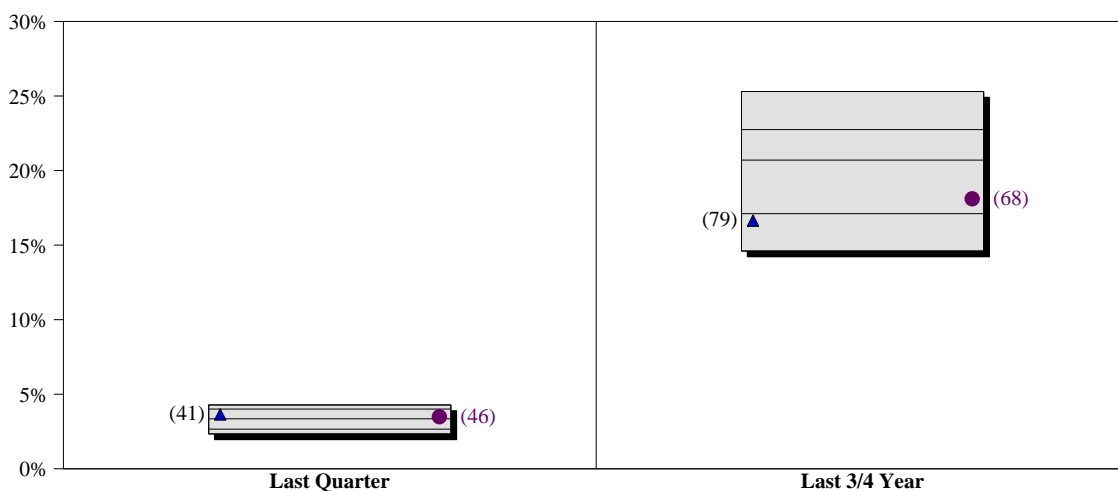
### Investment Philosophy

The Trust is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2015 approaches. Benchmark: 47.08% Russell 3000 Index, 8.67% MSCI EAFE, 33.42% BC Aggregate and 10.83% T-Bills.

### Quarterly Summary and Highlights

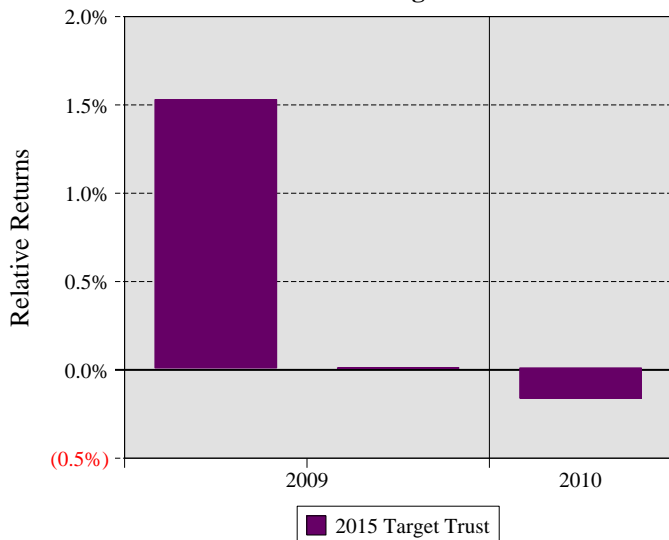
- 2015 Target Trust's portfolio posted a 3.49% return for the quarter placing it in the 46 percentile of the CAI Target Date 2015 group for the quarter and in the 68 percentile for the last three-quarter year.
- 2015 Target Trust's portfolio underperformed the Target 2015 Benchmark by 0.16% for the quarter and outperformed the Target 2015 Benchmark for the three-quarter year by 1.46%.

### Performance vs CAI Target Date 2015 (Net)

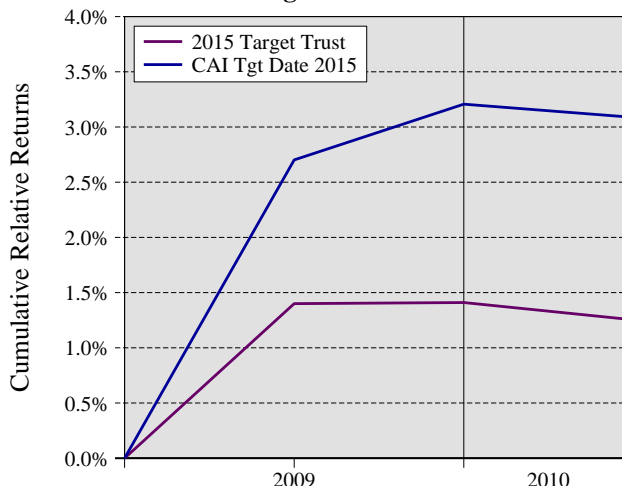


	Last Quarter	Last 3/4 Year
10th Percentile	4.28	25.30
25th Percentile	4.01	22.75
Median	3.35	20.70
75th Percentile	2.66	17.11
90th Percentile	2.34	14.60
<b>2015 Target Trust</b> ●	3.49	18.11
Target 2015 Benchmark ▲	3.65	16.64

### Relative Return vs Target 2015 Benchmark



### Cumulative Returns vs Target 2015 Benchmark



## 2020 TARGET TRUST PERIOD ENDED MARCH 31, 2010

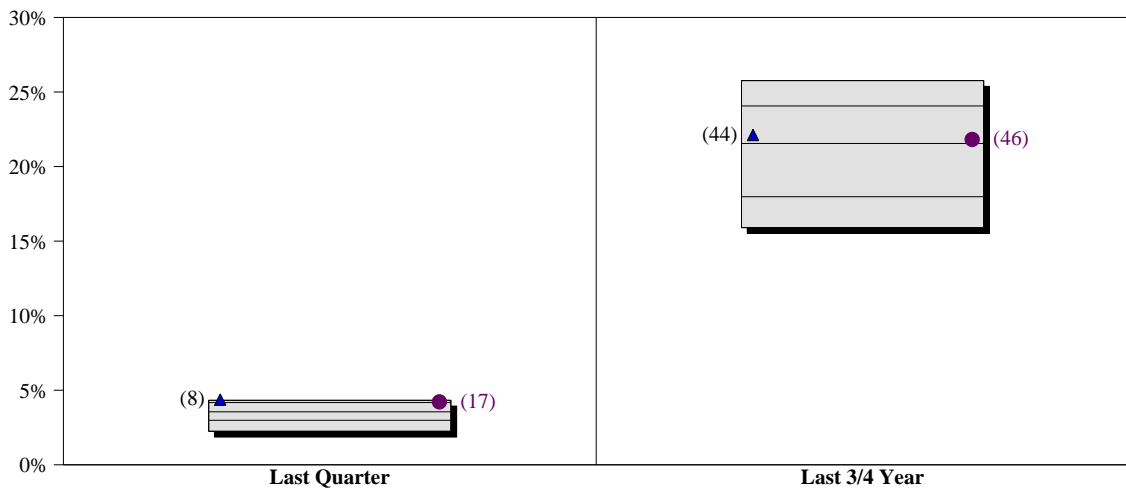
### Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2020 approaches. Benchmark: 61.33% Russell 3000 Index, 10.83% MSCI EAFE, 22.33% BC Aggregate and 5.51% T-Bills.

### Quarterly Summary and Highlights

- 2020 Target Trust's portfolio posted a 4.22% return for the quarter placing it in the 17 percentile of the CAI Target Date 2020 group for the quarter and in the 46 percentile for the last three-quarter year.
- 2020 Target Trust's portfolio underperformed the Target 2020 Benchmark by 0.15% for the quarter and underperformed the Target 2020 Benchmark for the three-quarter year by 0.30%.

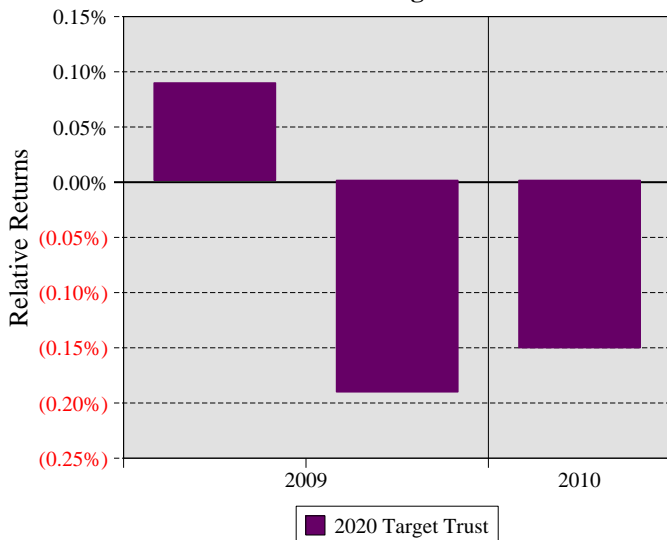
### Performance vs CAI Target Date 2020 (Net)



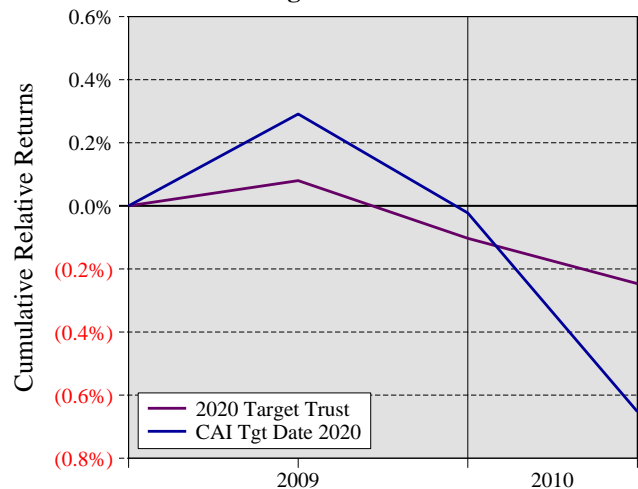
	Last Quarter	Last 3/4 Year
10th Percentile	4.32	25.77
25th Percentile	4.18	24.07
Median	3.55	21.55
75th Percentile	2.98	17.98
90th Percentile	2.25	15.91

<b>2020 Target Trust</b> ●	4.22	21.82
Target 2020 Benchmark ▲	4.37	22.12

### Relative Return vs Target 2020 Benchmark



### Cumulative Returns vs Target 2020 Benchmark





## 2025 TARGET TRUST PERIOD ENDED MARCH 31, 2010

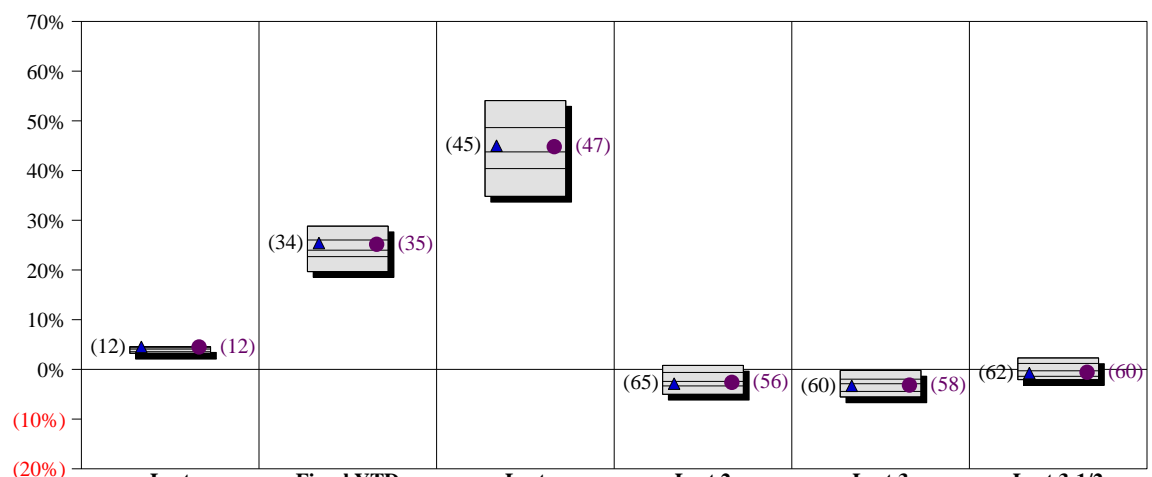
### Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2025 approaches. Benchmark: 70.83% Russell 3000 Index, 12.5% MSCI EAFE, 15.67% BC Aggregate and 1.00% T-Bills.

### Quarterly Summary and Highlights

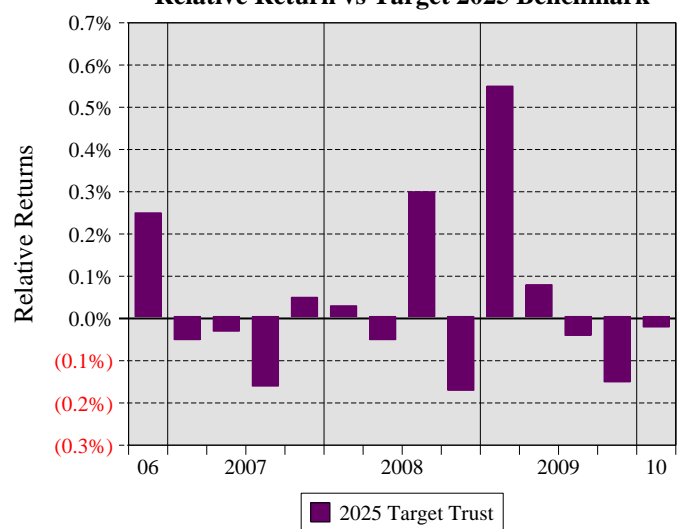
- 2025 Target Trust's portfolio posted a 4.51% return for the quarter placing it in the 12 percentile of the CAI Target Date 2025 group for the quarter and in the 47 percentile for the last year.
- 2025 Target Trust's portfolio underperformed the Target 2025 Benchmark by 0.02% for the quarter and underperformed the Target 2025 Benchmark for the year by 0.19%.

### Performance vs CAI Target Date 2025 (Net)

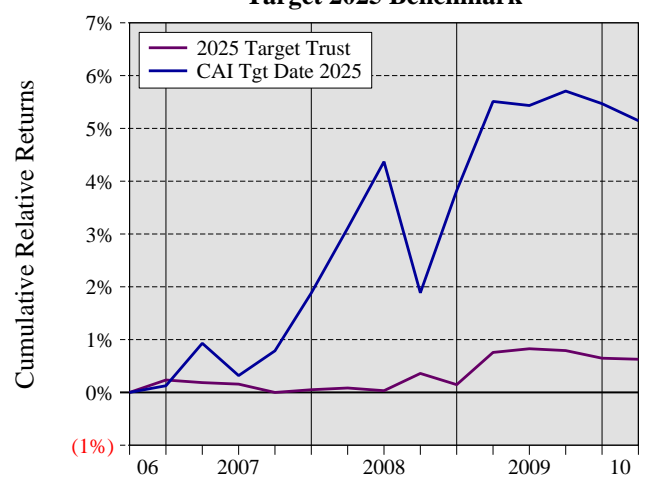


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	4.57	28.82	54.08	0.80	(0.21)	2.30
25th Percentile	4.36	26.03	48.64	(0.62)	(1.97)	1.20
Median	4.08	23.98	43.75	(2.42)	(2.88)	(0.28)
75th Percentile	3.55	22.69	40.40	(3.32)	(4.43)	(1.39)
90th Percentile	3.23	19.67	34.81	(5.02)	(5.55)	(2.06)
2025 Target Trust	4.51	25.17	44.81	(2.61)	(3.16)	(0.57)
Target 2025 Benchmark	4.53	25.42	45.00	(2.87)	(3.30)	(0.75)

### Relative Return vs Target 2025 Benchmark



### Cumulative Returns vs Target 2025 Benchmark



## 2030 TARGET TRUST PERIOD ENDED MARCH 31, 2010

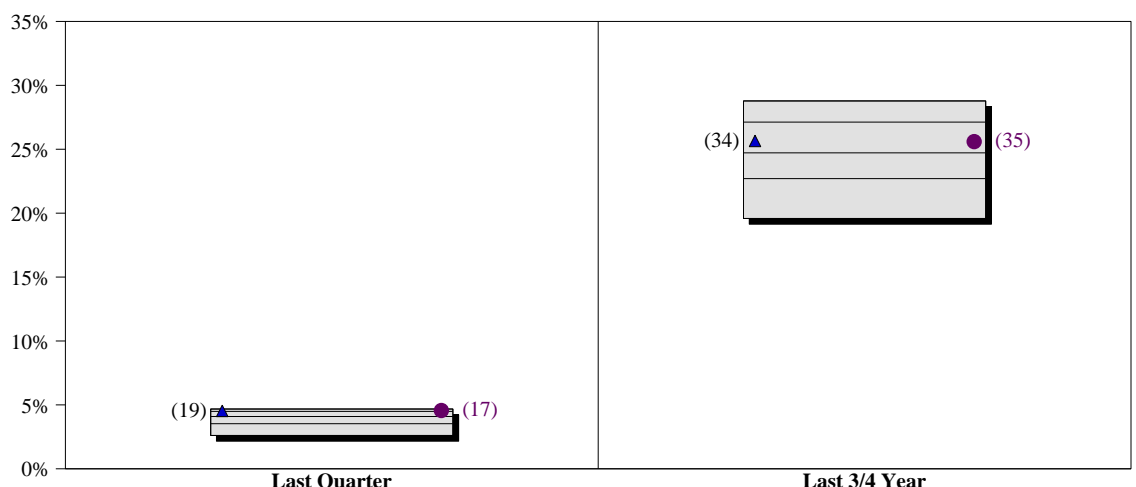
### Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2030 approaches. Benchmark: 69% Russell 3000 Index, 17% MSCI EAFE and 14% BC Aggregate.

### Quarterly Summary and Highlights

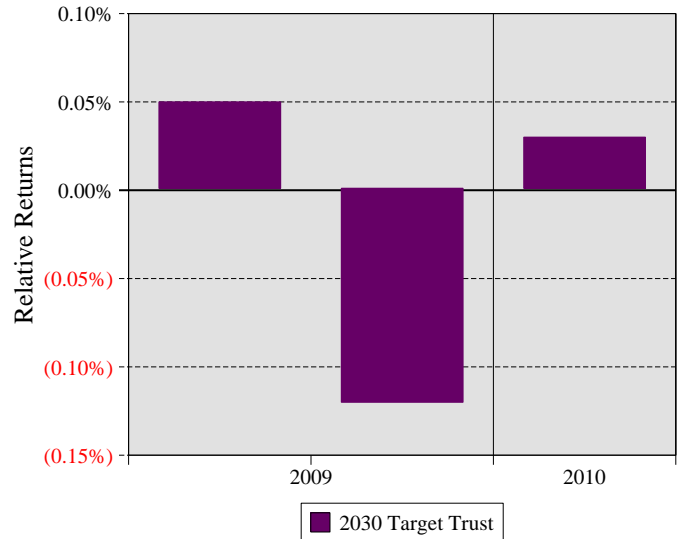
- 2030 Target Trust's portfolio posted a 4.56% return for the quarter placing it in the 17 percentile of the CAI Target Date 2030 group for the quarter and in the 35 percentile for the last three-quarter year.
- 2030 Target Trust's portfolio outperformed the Target 2030 Benchmark by 0.03% for the quarter and underperformed the Target 2030 Benchmark for the three-quarter year by 0.05%.

### Performance vs CAI Target Date 2030 (Net)

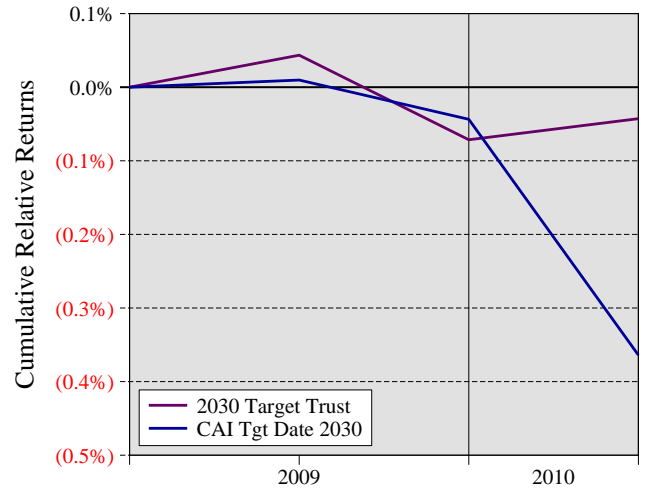


10th Percentile	4.68	28.78
25th Percentile	4.49	27.12
Median	4.09	24.72
75th Percentile	3.53	22.70
90th Percentile	2.61	19.59
<b>2030 Target Trust</b> ●	4.56	25.60
Target 2030 Benchmark ▲	4.53	25.65

### Relative Return vs Target 2030 Benchmark



### Cumulative Returns vs Target 2030 Benchmark





## TARGET 2035 TRUST PERIOD ENDED MARCH 31, 2010

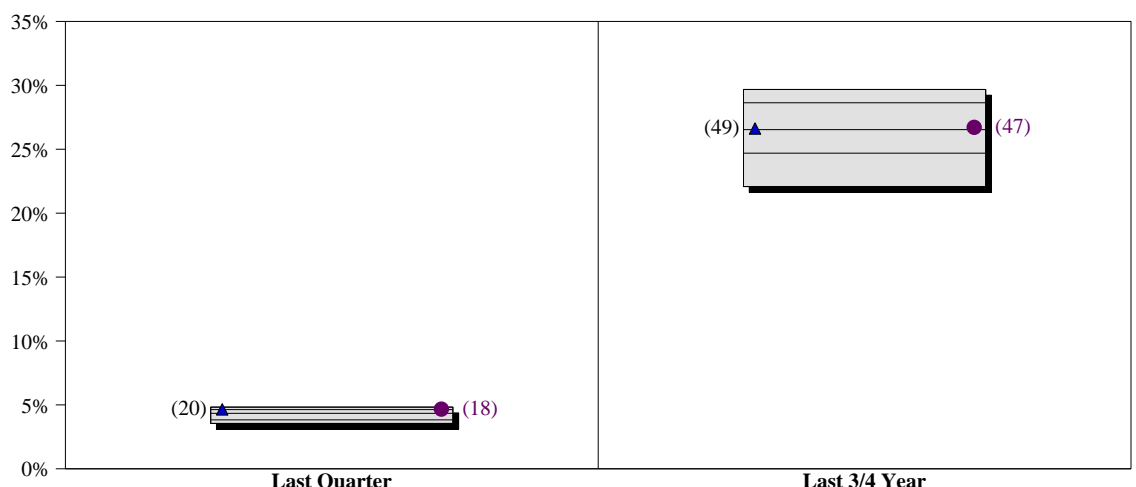
### Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2035 approaches. Benchmark: 72% Russell 3000 Index, 18% MSCI EAFE and 10% BC Aggregate.

### Quarterly Summary and Highlights

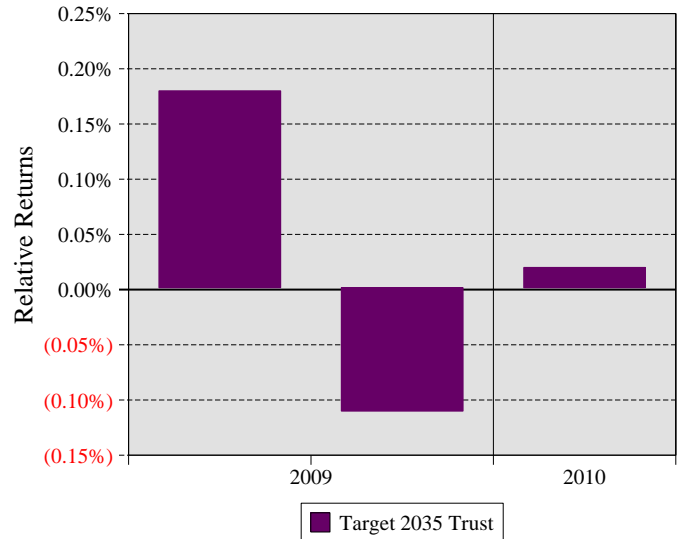
- Target 2035 Trust's portfolio posted a 4.67% return for the quarter placing it in the 18 percentile of the CAI Target Date 2035 group for the quarter and in the 47 percentile for the last three-quarter year.
- Target 2035 Trust's portfolio outperformed the Target 2035 Benchmark by 0.02% for the quarter and outperformed the Target 2035 Benchmark for the three-quarter year by 0.09%.

### Performance vs CAI Target Date 2035 (Net)

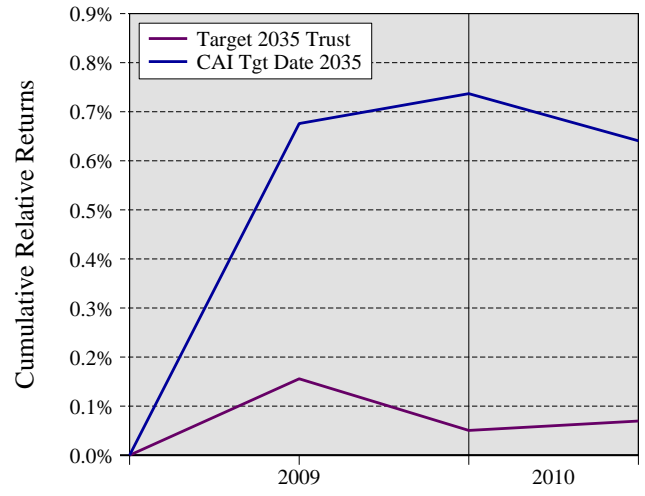


	Last Quarter	Last 3/4 Year
10th Percentile	4.83	29.68
25th Percentile	4.63	28.64
Median	4.34	26.54
75th Percentile	3.83	24.69
90th Percentile	3.55	22.08
<b>Target 2035 Trust</b> ●	4.67	26.71
Target 2035 Benchmark ▲	4.65	26.63

### Relative Return vs Target 2035 Benchmark



### Cumulative Returns vs Target 2035 Benchmark







## TARGET 2040 TRUST PERIOD ENDED MARCH 31, 2010

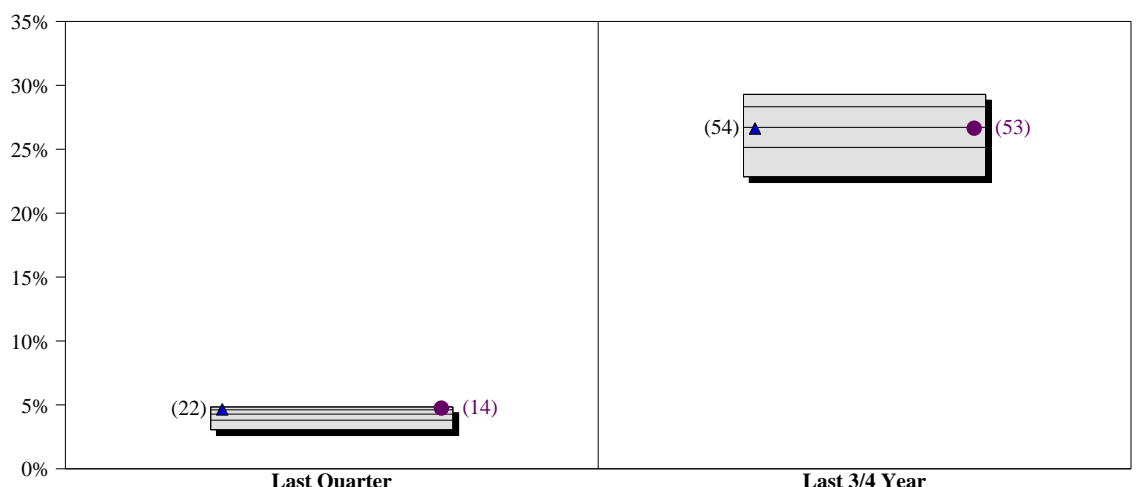
### Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2040 approaches. Benchmark: 72% Russell 3000 Index, 18% MSCI EAFE and 10% BC Aggregate.

### Quarterly Summary and Highlights

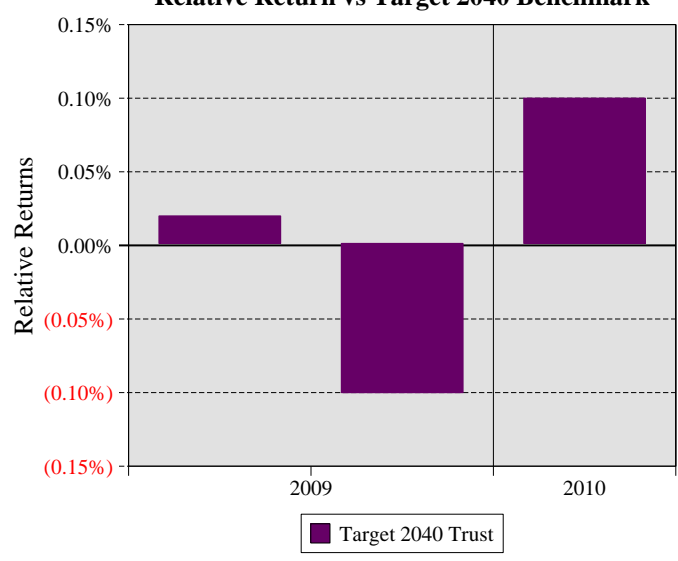
- Target 2040 Trust's portfolio posted a 4.75% return for the quarter placing it in the 14 percentile of the CAI Target Date 2040 group for the quarter and in the 53 percentile for the last three-quarter year.
- Target 2040 Trust's portfolio outperformed the Target 2040 Benchmark by 0.10% for the quarter and outperformed the Target 2040 Benchmark for the three-quarter year by 0.02%.

### Performance vs CAI Target Date 2040 (Net)

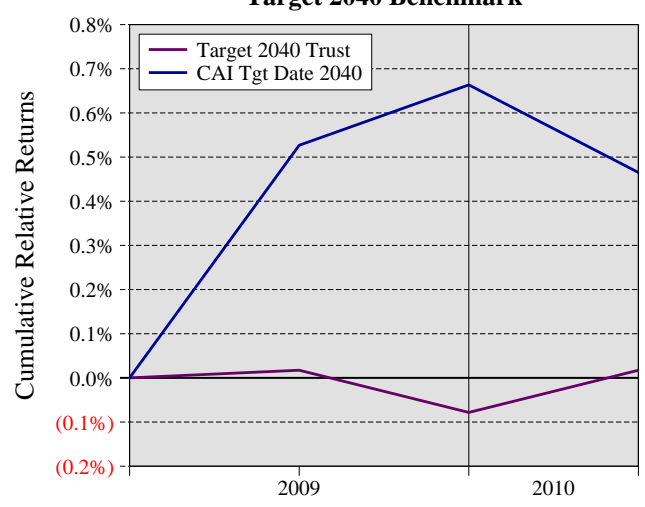


10th Percentile	4.84	29.29
25th Percentile	4.61	28.33
Median	4.28	26.71
75th Percentile	3.80	25.15
90th Percentile	3.05	22.85
<b>Target 2040 Trust</b>	<b>4.75</b>	<b>26.65</b>
Target 2040 Benchmark	4.65	26.63

### Relative Return vs Target 2040 Benchmark



### Cumulative Returns vs Target 2040 Benchmark





## TARGET 2045 TRUST PERIOD ENDED MARCH 31, 2010

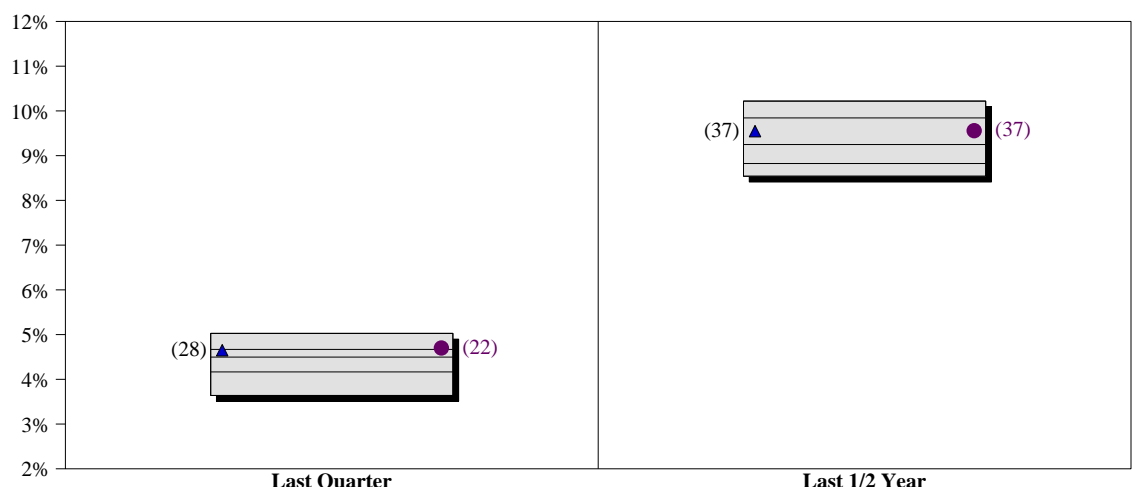
### Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2045 approaches. Benchmark: 72% Russell 3000 Index, 18% MSCI EAFE and 10% BC Aggregate.

### Quarterly Summary and Highlights

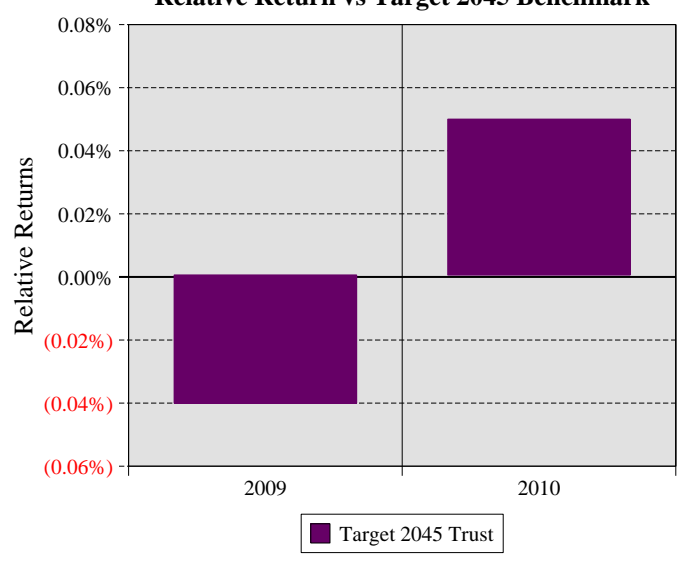
- Target 2045 Trust's portfolio posted a 4.70% return for the quarter placing it in the 22 percentile of the CAI Target Date 2045 group for the quarter and in the 37 percentile for the last one-half year.
- Target 2045 Trust's portfolio outperformed the Target 2045 Benchmark by 0.05% for the quarter and outperformed the Target 2045 Benchmark for the one-half year by 0.01%.

### Performance vs CAI Target Date 2045 (Net)

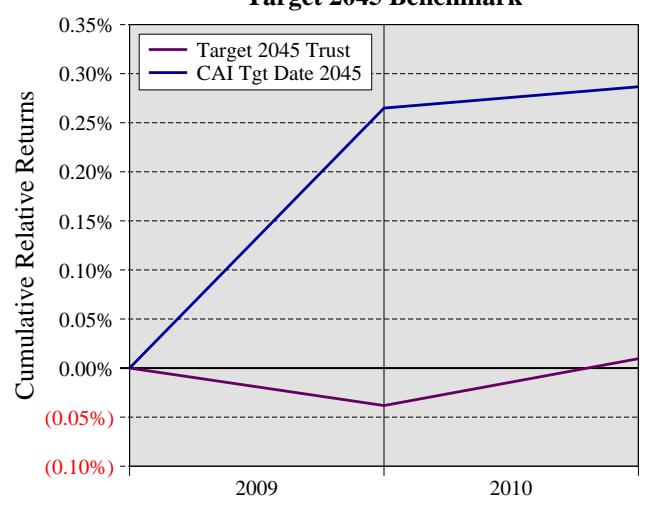


10th Percentile	5.03	10.22
25th Percentile	4.67	9.84
Median	4.50	9.25
75th Percentile	4.17	8.82
90th Percentile	3.64	8.54
<b>Target 2045 Trust</b> ●	4.70	9.56
Target 2045 Benchmark ▲	4.65	9.55

### Relative Return vs Target 2045 Benchmark



### Cumulative Returns vs Target 2045 Benchmark





## TARGET 2050 TRUST PERIOD ENDED MARCH 31, 2010

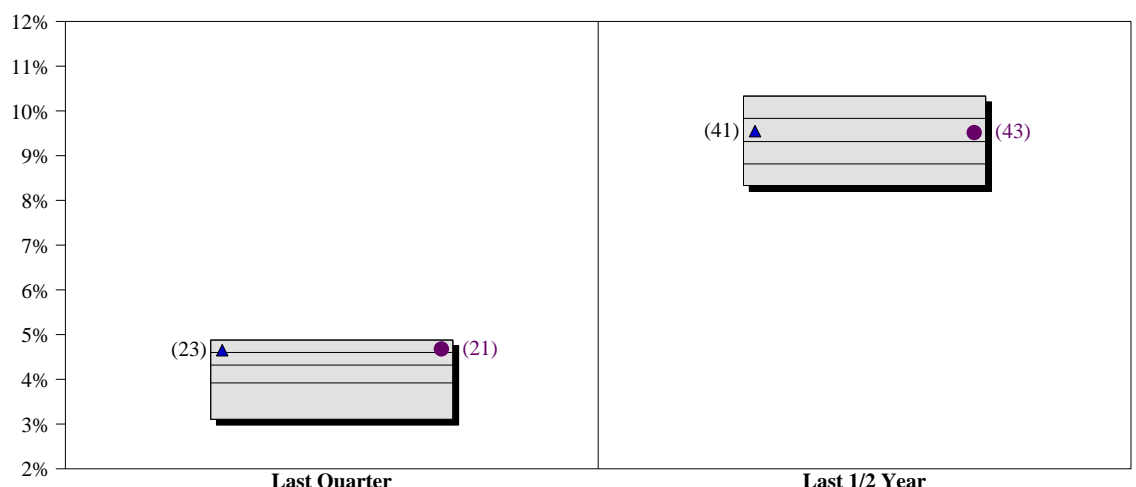
### Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2050 approaches. Benchmark: 72% Russell 3000 Index, 18% MSCI EAFE and 10% BC Aggregate.

### Quarterly Summary and Highlights

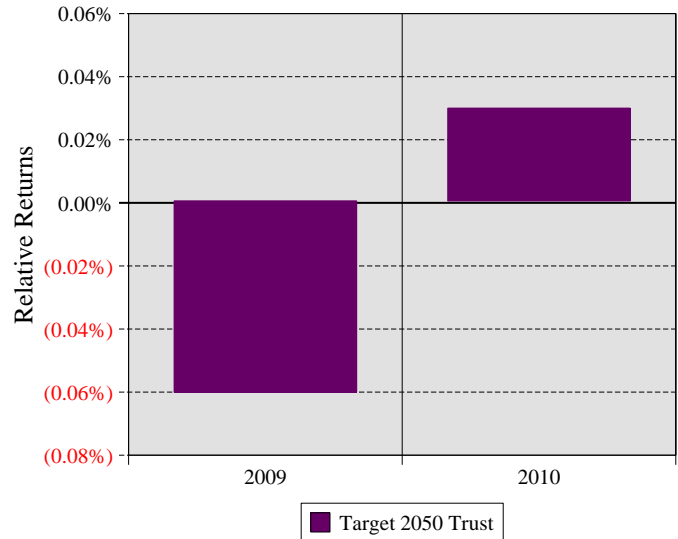
- Target 2050 Trust's portfolio posted a 4.68% return for the quarter placing it in the 21 percentile of the CAI Target Date 2050 group for the quarter and in the 43 percentile for the last one-half year.
- Target 2050 Trust's portfolio outperformed the Target 2050 Benchmark by 0.03% for the quarter and underperformed the Target 2050 Benchmark for the one-half year by 0.03%.

### Performance vs CAI Target Date 2050 (Net)

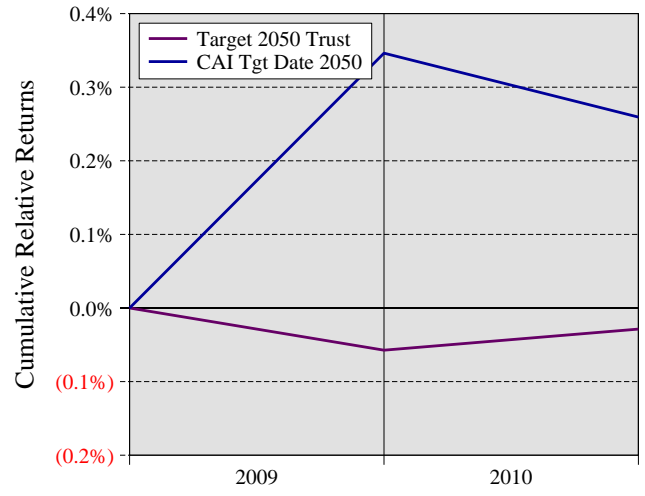


	Last Quarter	Last 1/2 Year
10th Percentile	4.88	10.33
25th Percentile	4.60	9.83
Median	4.32	9.31
75th Percentile	3.92	8.81
90th Percentile	3.11	8.33
<b>Target 2050 Trust</b> ●	4.68	9.52
Target 2050 Benchmark ▲	4.65	9.55

### Relative Return vs Target 2050 Benchmark



### Cumulative Returns vs Target 2050 Benchmark





## TARGET 2055 TRUST PERIOD ENDED MARCH 31, 2010

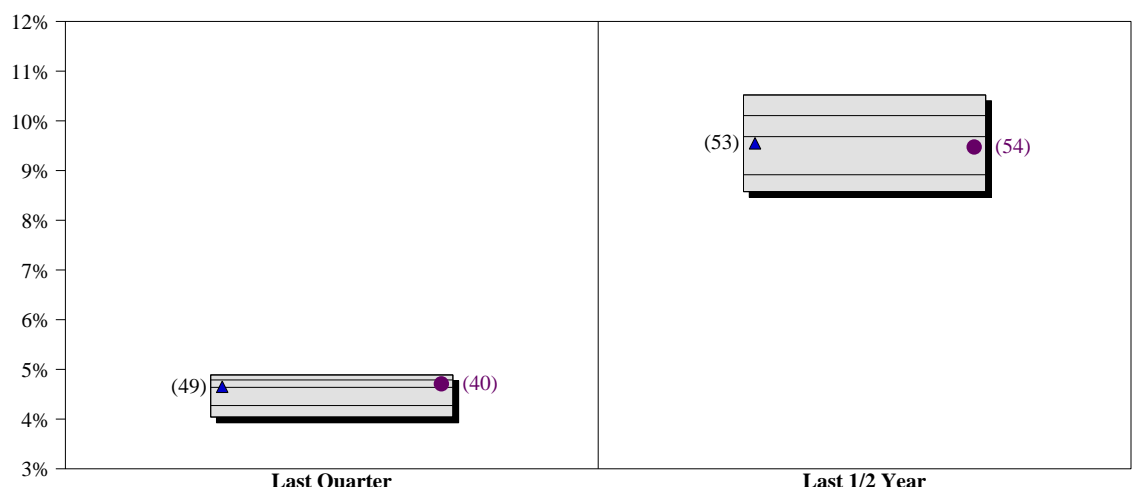
### Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2055 approaches. Benchmark: 72% Russell 3000 Index, 18% MSCI EAFE and 10% BC Aggregate.

### Quarterly Summary and Highlights

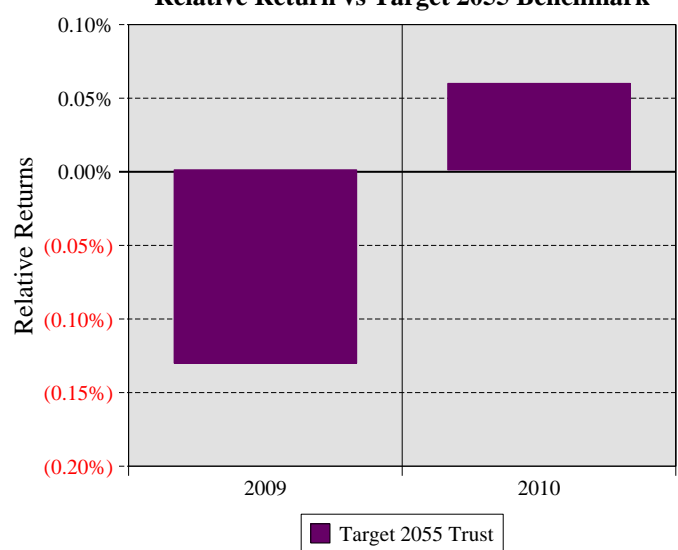
- Target 2055 Trust's portfolio posted a 4.71% return for the quarter placing it in the 40 percentile of the CAI Target Date 2055 group for the quarter and in the 54 percentile for the last one-half year.
- Target 2055 Trust's portfolio outperformed the Target 2055 Benchmark by 0.06% for the quarter and underperformed the Target 2055 Benchmark for the one-half year by 0.07%.

### Performance vs CAI Target Date 2055 (Net)

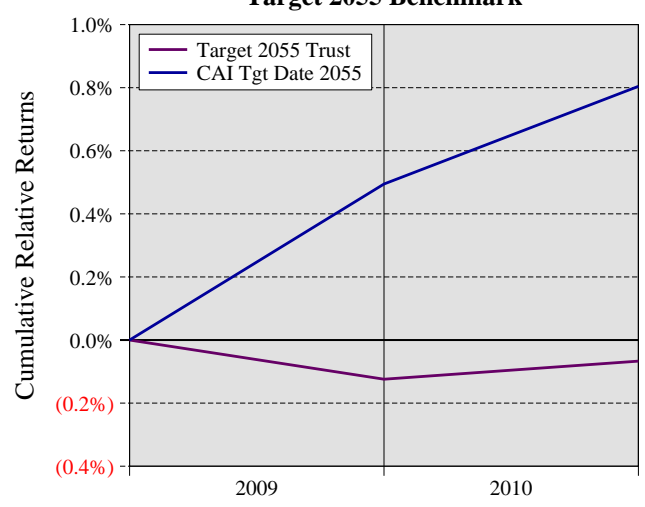


10th Percentile	4.89	10.52
25th Percentile	4.79	10.11
Median	4.64	9.68
75th Percentile	4.27	8.92
90th Percentile	4.04	8.58
<b>Target 2055 Trust</b>	<b>4.71</b>	<b>9.47</b>
<b>Target 2055 Benchmark</b>	<b>4.65</b>	<b>9.55</b>

### Relative Return vs Target 2055 Benchmark



### Cumulative Returns vs Target 2055 Benchmark



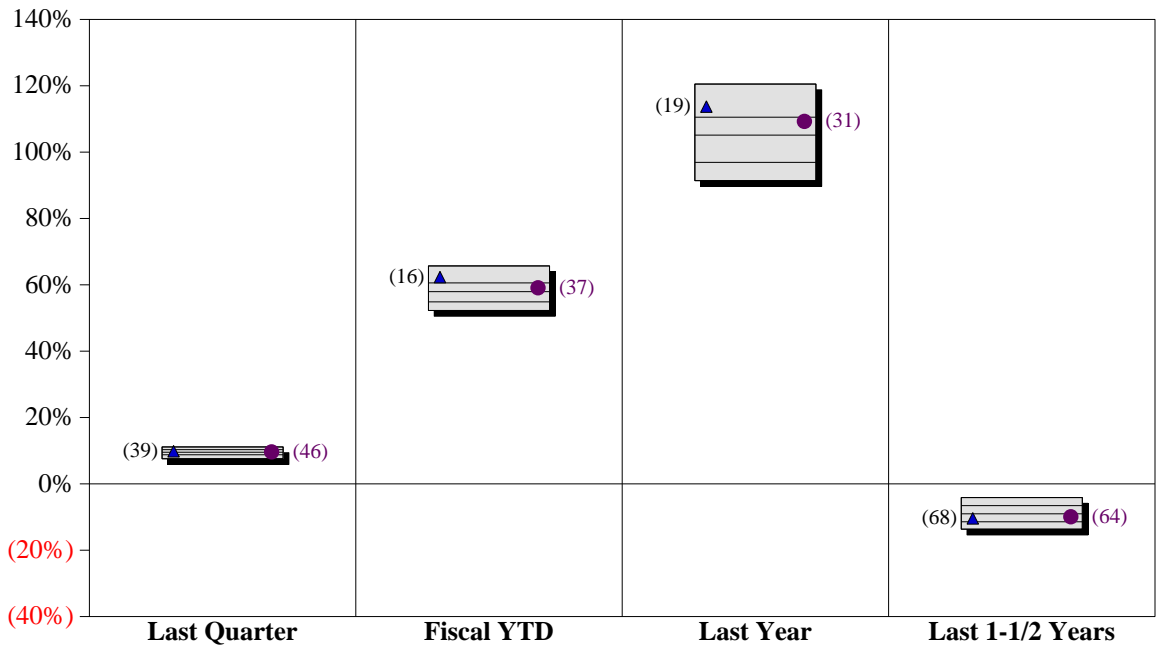


## US REAL ESTATE INV TRUST PERIOD ENDED MARCH 31, 2010

### Quarterly Summary and Highlights

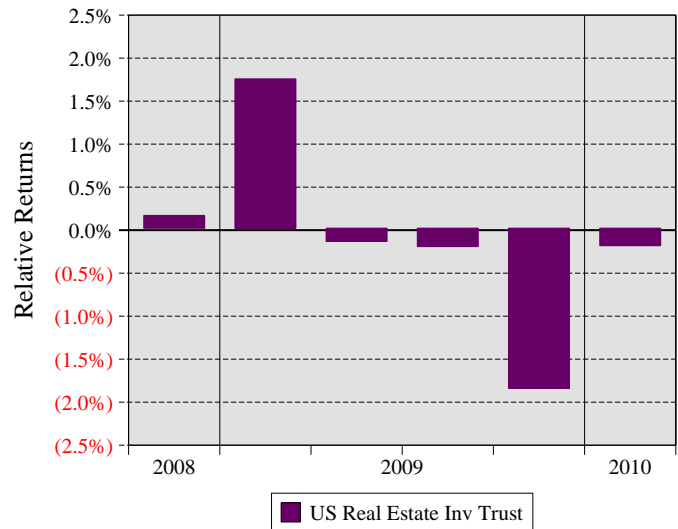
- US Real Estate Inv Trust's portfolio posted a 9.64% return for the quarter placing it in the 46 percentile of the Real Estate Mut Fds group for the quarter and in the 31 percentile for the last year.
- US Real Estate Inv Trust's portfolio underperformed the Wilshire REIT by 0.18% for the quarter and underperformed the Wilshire REIT for the year by 4.45%.

### Performance vs Real Estate Mut Fds (Net)

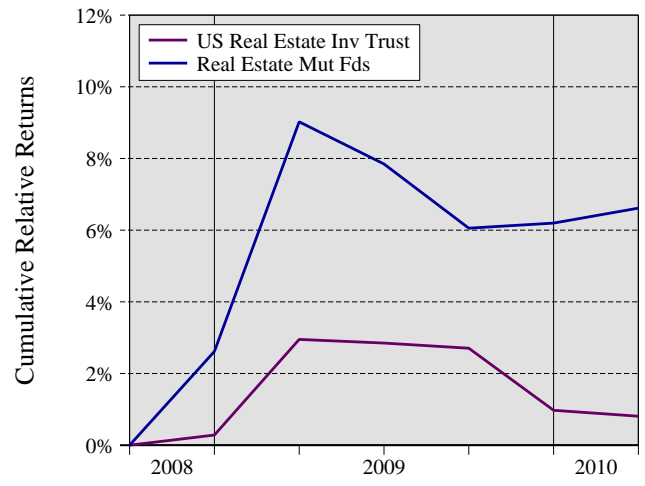


10th Percentile	11.13	65.70	120.52	(4.13)
25th Percentile	10.31	60.58	110.53	(6.56)
Median	9.53	57.94	105.13	(9.03)
75th Percentile	8.77	54.87	96.91	(11.43)
90th Percentile	7.58	52.27	91.41	(13.65)
<b>US Real Estate Inv Trust</b>	<b>9.64</b>	<b>59.10</b>	<b>109.27</b>	<b>(9.92)</b>
<b>Wilshire REIT</b>	<b>9.82</b>	<b>62.33</b>	<b>113.72</b>	<b>(10.40)</b>

#### Relative Return vs Wilshire REIT



#### Cumulative Returns vs Wilshire REIT



# ALASKA MONEY MKT MASTER TRUST PERIOD ENDED MARCH 31, 2010



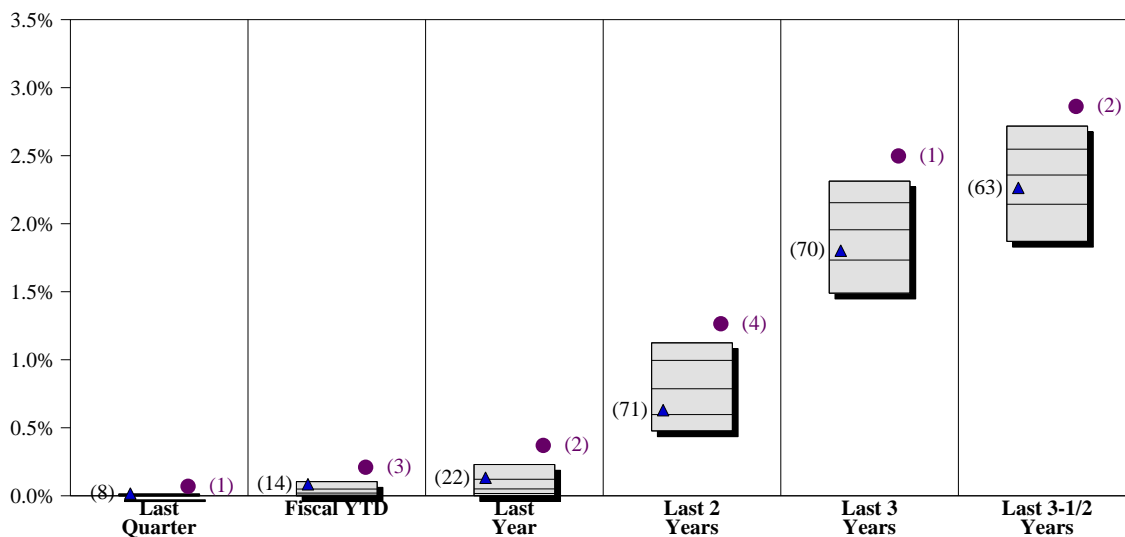
## Investment Philosophy

The fund is managed to maintain a stable share price of \$1.00. To achieve its objective, the fund invests in prime money market securities.

## Quarterly Summary and Highlights

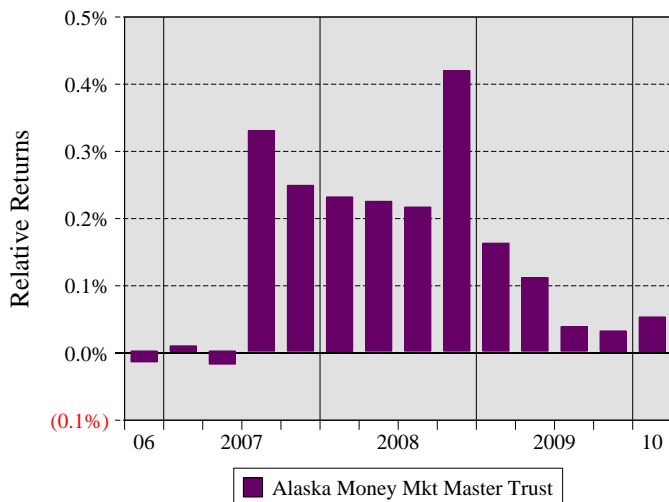
- Alaska Money Mkt Master Trust's portfolio posted a 0.07% return for the quarter placing it in the 1 percentile of the Money Market Funds group for the quarter and in the 2 percentile for the last year.
- Alaska Money Mkt Master Trust's portfolio outperformed the 3mo T-Bills by 0.05% for the quarter and outperformed the 3mo T-Bills for the year by 0.24%.

## Performance vs Money Market Funds (Net)

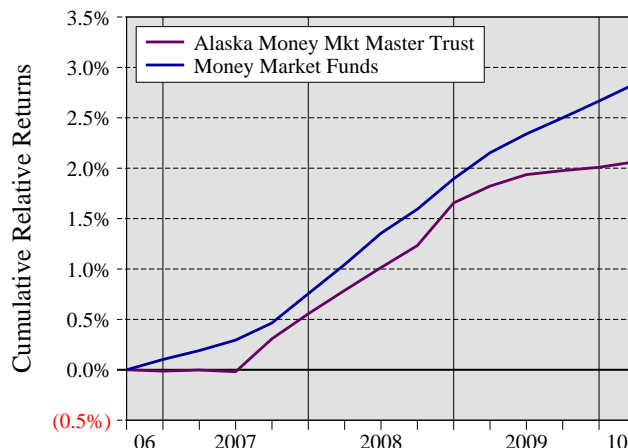


10th Percentile	0.01	0.10	0.23	1.12	2.31	2.72
25th Percentile	0.01	0.05	0.12	1.00	2.15	2.55
Median	0.00	0.02	0.05	0.79	1.96	2.36
75th Percentile	0.00	0.00	0.02	0.60	1.73	2.14
90th Percentile	0.00	0.00	0.00	0.48	1.49	1.87
<b>Alaska Money Mkt Master Trust</b>	<b>● 0.07</b>	<b>0.21</b>	<b>0.37</b>	<b>1.26</b>	<b>2.50</b>	<b>2.86</b>
3mo T-Bills	▲ 0.02	0.08	0.13	0.63	1.80	2.26

## Relative Return vs 3mo T-Bills



## Cumulative Returns vs 3mo T-Bills







## RESEARCH AND UPCOMING PROGRAMS

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Below is a list of recent Callan Institute research and upcoming programs. The Institute's research and educational programs keep clients updated on the latest trends in the investment industry and help clients learn through carefully structured workshops and lectures. For more information, please contact your Callan Consultant or Gina Falsetto at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).

### White Papers

**Domestic Equity Benchmark Review: Year-End 2009**

Anna Wagner

**Ask the Expert – Capital Market Projections: Looking Forward**

Paul Erlendson, Jay Kloepper

**Responsible Investing – A Primer**

Anna Wagner

**The Risk Parity Approach to Asset Allocation**

Greg Allen

**Is it Time to Add TIPS to Your DC Plan?**

Maria Bautista, CIPM; Lori Lucas, CFA

### Publications

**DC Observer and Callan DC Index™** – 4th Quarter 2009

**Hedge Fund Monitor** – 4th Quarter 2009

**Capital Market Review** – 1st Quarter 2010

**Quarterly Performance Data** – 1st Quarter 2010

**Private Markets Trends** – Winter 2009-2010





## RESEARCH AND UPCOMING PROGRAMS

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(continued)

### Surveys

**2010 DC Trends Survey** – January 2010

**How Investment Managers Survived the Market Collapse** – October 2009

**2009 Investment Management Fee Survey** – September 2009

### Event Summaries and Presentations

**Summary: The 30th Annual National Conference** – February 2010

Featuring: The Capital Markets Panel, T.R. Reid, Warren Hellman,  
Laura D’Andrea Tyson and workshops on DC, alternatives and inflation.

**Presentations: The 30th Annual National Conference Workshops** – February 2010

“Disaster-Proofing the DC Plan”

“Secondary Investment Opportunities: Dream or Reality?”

“Re-igniting Inflation Fears”

### Upcoming Educational Programs

**June 2010 Regional Breakfast Workshops**

**June 22** in Atlanta

**June 23** in San Francisco

“The Risk Locker – Strategies to Diffuse Risk”

Presenters: Bud Pellecchia (New Jersey Consulting), Mark Stahl (Global Manager  
Research) and Jim Van Heuit (Capital Markets Research).

*Registration is now open! Visit [www.callan.com](http://www.callan.com) or contact us for more information.*

**If you have any questions regarding these programs,  
please contact Ray Combs at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).**

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The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2010

## EDUCATIONAL SESSIONS

---

### **An Introduction to Investments**

**October 12–13 in San Francisco**

This two day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. It will familiarize fund sponsor trustees and staff with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

### **Advanced Investment Topics**

**July 20–22 in San Francisco**

This program is designed for individuals who have more than two years' experience and provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds; representatives of family trusts; and investment management professionals.

Tuition for the "Callan College" Introduction to Investments is \$2,350 per person; tuition for all other sessions is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day and dinner on the first evening with the instructors.

### **Customized Sessions**

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

**For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or [college@callan.com](mailto:college@callan.com).**



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2010

## EDUCATIONAL SESSIONS

---

(continued)

### **Alternative Investments**

#### **June 2–3 in San Francisco**

Callan Associates will share its alternative investment expertise through an educational program designed to advance the participants' knowledge, understanding and comfort with hedge funds, private equity, real estate, timber, commodities, energy, TIPS, infrastructure and agriculture.

Callan's alternative specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends and best practices.

Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive two-day program offers a blend of interactive discussion, lectures, presentations and case studies.

Topics for the two-day session will include:

- Understanding how to assess which hedge fund solutions may be most appropriate.
- Review of the various methodologies for deciphering alpha in a hedge fund program.
- Gain knowledge on how to capture the benefits of the private equity market's inefficiencies through proper implementation.
- Learn how and why performance measurement and monitoring standards differ from public securities allocations and how to properly evaluate private equity performance.
- Examine the process for implementing and managing private equity and real estate programs over time.
- Understand the risks associated with private real estate investing and how to protect your investments.
- Explore the other real return asset classes and their unique attributes with particular focus on timber, commodities, energy, TIPS, infrastructure and agriculture.

Tuition for the Alternatives "Callan College" session is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

---

The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)

**Callan Associates • Knowledge for Investors**



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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
AllianceBernstein	Y	Y
Allianz Investor Services, LLC		Y
American Century Investment Management	Y	
Analytic Investors	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Bank of America Merrill Lynch		Y
Bank of Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanlevy, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
Bel Air Investment Advisors LLC	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandwine Global Investment Management, LLC	Y	
Bridgeway Capital Management	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Calamos Advisors	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Declaration Management & Research LLC	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y

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Manager Name	Educational Services	Consulting Services
Fiduciary Asset Management Company (FAMCO)	Y	
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GBM	Y	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Grant Park Capital Partners	Y	
Grantham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guarantennheim Partners	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Heartland Advisors, Inc.		Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
Hills Bank	Y	
HSBC Investments (USA) Inc.		Y
ING Investment Management	Y	Y
INVESCO	Y	Y
Investec Asset Management	Y	
Institutional Capital LLC	Y	
Janus Capital Management, LLC	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Kenmar Group Inc.	Y	
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
LSV Asset Management	Y	
Mackay Shields LLC	Y	Y
Madison Square Investors	Y	
Marsico Capital Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miller/Howard Investments Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Natixis Global Asset Management		Y
Newton Capital Management	Y	
Neuberger Berman (fka. Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y

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Manager Name	Educational Services	Consulting Services
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
Piedmont Investment Advisors	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
Portfolio Investments	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroders Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments		Y
Smith Group Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Sterne Aqee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
TAMRO Capital Partners	Y	
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y

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Manager Name	Educational Services	Consulting Services
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Wells Fargo Capital Partners Group	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	
Zephyr Management	Y	



**Callan Associates Inc.  
Investment Measurement Service  
Quarterly Review**

**State of Alaska  
Deferred Compensation Plan  
March 31, 2010**

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The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2010 by Callan Associates Inc.



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The Deferred Compensation Plan is comprised of several different Barclays Global Investors Funds (30.6 %), an RCM Socially Responsible Fund (1.6%), a T. Rowe Price Small Cap Fund (10.6%), a Brandes Instl International Equity Fund (8.7%), a T Rowe Price Long Term Balanced Fund and Target Date Funds (7.0%) the Interest Income Fund (29.9%) and SSgA Funds (11.6%).

Barclays Global Investors

There are currently three BGI Funds. They are the Large-Cap Index Fund, the Intermediate Bond Fund and the Government/Credit Bond Fund.

Capital Guardian Trust Company

In July of 2009 Capital Guardian’s Global Balanced Fund was converted to the SSgA Global Balanced Fund.

RCM Sustainable Core

The RCM Sustainable Core Fund was established during fourth quarter 2008.

T. Rowe Price

On October 1 of 2001, T. Rowe Price Small Cap Equity Fund and on August 15, 2007 the Long-Term Balanced Trust were added and to the Deferred Compensation Plan. The Target Date Funds were added 4/30/09 and 7/22/09.

Brandes Instl

On October 1 of 2001, Brandes Intsl International Equity Fund was added to the Deferred Compensation Plan.

New Investment Options – State Street

On September 22 of 2008, seven new investment options were added: SSgA Treasury Money Mkt, US TIPS, Long US Treasury Bd, World Govt Bd ex US, Russell 3000, World Equity ex US and US Real Estate Inv Trust.

The Interest Income Fund

The BC Intermediate Aggregate portfolio replaced the Constant Duration and Structured Payout portfolios during May 2008.

The current wrap providers are: Ixis Finl; Bank of America, Pacific Life , Rabobank State Street Bank and Trust

First quarter of 2010 performance is shown below.

	<i>Market Value</i>	<i>Annualized Gross Underlying Asset Crediting Rate</i>	<i>Performance</i>
BC Intermediate Aggregate	\$156.9 mil	4.04%	1.67%

### Investment Fund Balances

The table below compares the fund's investment fund balances as of March 31, 2010 with that of December 31, 2009.

#### Asset Distribution Across Investment Funds

	March 31, 2010		December 31, 2009	
	Market Value	Percent	Market Value	Percent
<b>Balanced/Target Funds</b>				
Alaska Balanced Fund	2,267,795	0.43%	1,490,181	0.29%
Long Term Balanced Fund	29,336,946	5.54%	28,077,385	5.49%
Target 2010 Trust	1,391,449	0.26%	821,483	0.16%
Target 2015 Trust	1,279,238	0.24%	1,014,713	0.20%
Target 2020 Trust	1,195,881	0.23%	926,979	0.18%
Target 2025 Trust	508,797	0.10%	227,649	0.04%
Target 2030 Trust	377,225	0.07%	211,231	0.04%
Target 2035 Trust	393,407	0.07%	280,588	0.05%
Target 2040 Trust	170,550	0.03%	80,723	0.02%
Target 2045 Trust	83,425	0.02%	535	0.00%
Target 2050 Trust	81,763	0.02%	30,245	0.01%
Target 2055 Trust	21,938	0.00%	1,152	0.00%
<b>Domestic Equity Funds</b>				
Large Cap Equity	115,138,897	21.74%	109,051,765	21.34%
RCM Socially Responsible	8,430,704	1.59%	8,031,662	1.57%
Russell 3000 Index	2,594,694	0.49%	2,241,147	0.44%
Small Cap Equity	56,122,491	10.60%	50,907,390	9.96%
<b>International Equity Funds</b>				
International Equity Fd	46,192,738	8.72%	46,786,503	9.15%
World Eq Ex-US Index	4,837,875	0.91%	4,482,317	0.88%
<b>Fixed-Income Funds</b>				
Govt/Credit Fd	29,876,082	5.64%	30,614,782	5.99%
Intermediate Bond Fund	16,870,734	3.19%	16,906,577	3.31%
Long US Treasury Bond	904,228	0.17%	1,094,523	0.21%
US TIPS	5,864,759	1.11%	5,786,889	1.13%
World Gov't Bond Ex-US	1,097,912	0.21%	1,247,603	0.24%
<b>Global Balanced Funds</b>				
SSgA Global Balanced	35,574,970	6.72%	35,206,510	6.89%
<b>Real Estate Funds</b>				
US REITS	5,553,414	1.05%	4,171,069	0.82%
<b>Short Term Funds</b>				
Interest Income Fund	158,279,929	29.88%	156,332,630	30.59%
SSgA Inst Trsry MM	5,193,152	0.98%	5,086,333	1.00%
<b>Total Fund</b>	<b>\$529,640,993</b>	<b>100.0%</b>	<b>\$511,110,564</b>	<b>100.0%</b>



## INTEREST INCOME FUND PERIOD ENDED MARCH 31, 2010

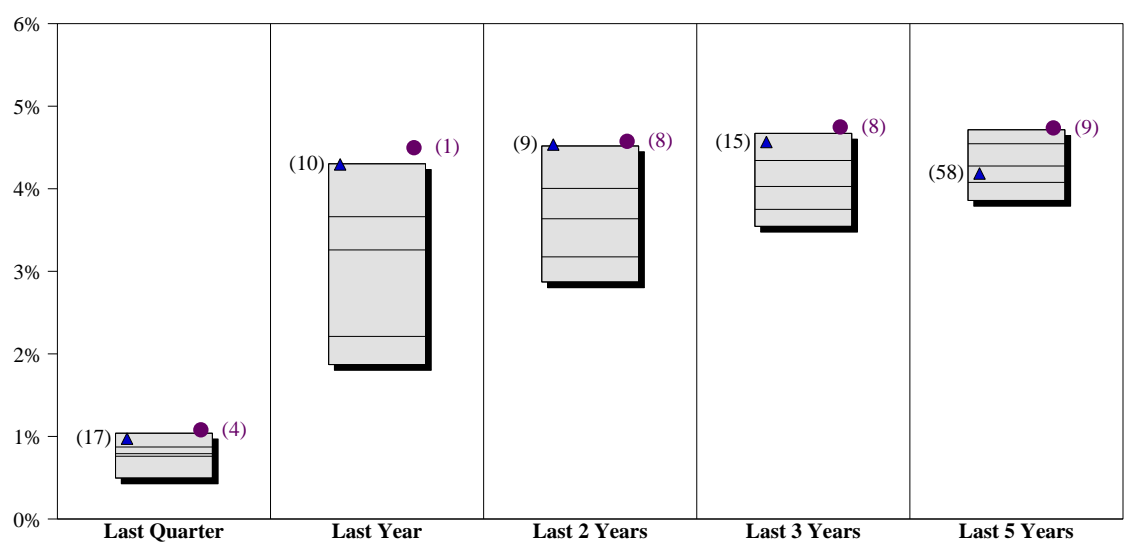
### Investment Philosophy

The current wrap providers are: Ixis Finl, Bank of America, Pacific Life, Rabobank and State Street Bank and Trust. Annual fees are 20 basis points.

### Quarterly Summary and Highlights

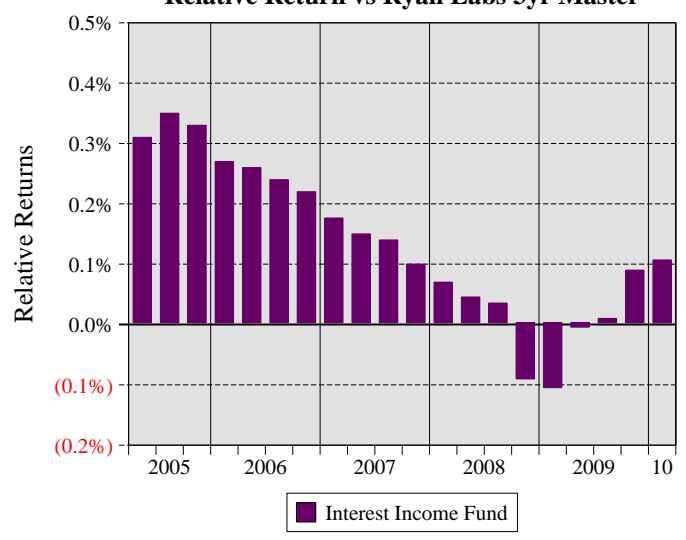
- Interest Income Fund's portfolio posted a 1.08% return for the quarter placing it in the 4 percentile of the CAI Stable Value Database group for the quarter and in the 1 percentile for the last year.
- Interest Income Fund's portfolio outperformed the Ryan Labs 3yr Master by 0.11% for the quarter and outperformed the Ryan Labs 3yr Master for the year by 0.20%.

### Performance vs CAI Stable Value Database (Gross)

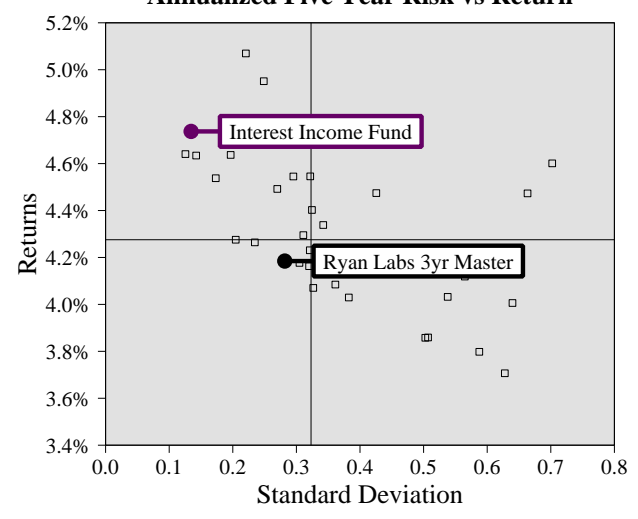


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	1.04	4.30	4.52	4.67	4.71
25th Percentile	0.87	3.66	4.00	4.34	4.55
Median	0.79	3.26	3.64	4.03	4.28
75th Percentile	0.76	2.21	3.18	3.75	4.08
90th Percentile	0.50	1.87	2.87	3.54	3.86
<b>Interest Income Fund</b> ●	1.08	4.50	4.57	4.75	4.74
<b>Ryan Labs 3yr Master</b> ▲	0.97	4.29	4.54	4.57	4.18

### Relative Return vs Ryan Labs 3yr Master



### CAI Stable Value Database (Gross) Annualized Five Year Risk vs Return



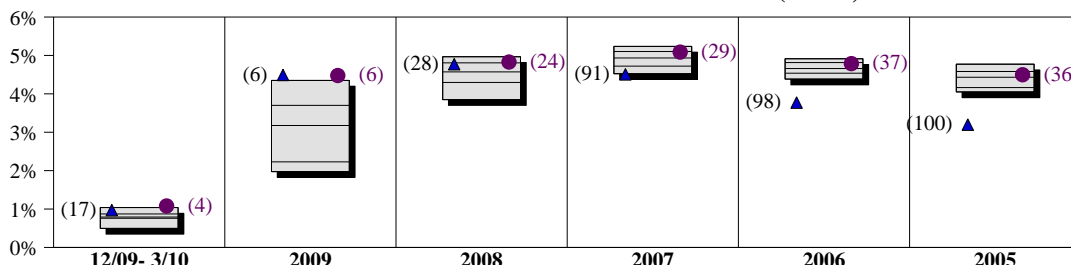


## INTEREST INCOME FUND RETURN ANALYSIS SUMMARY

### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

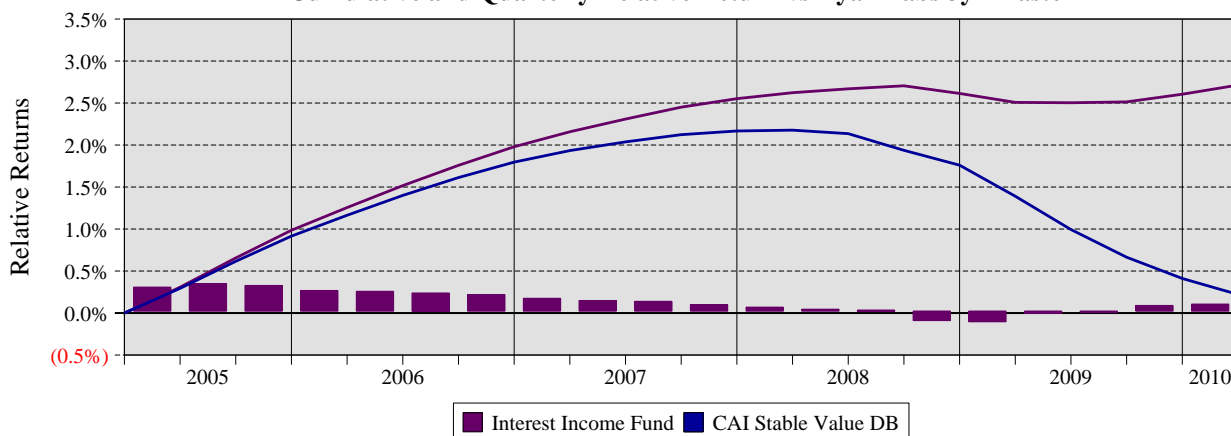
**Performance vs CAI Stable Value Database (Gross)**



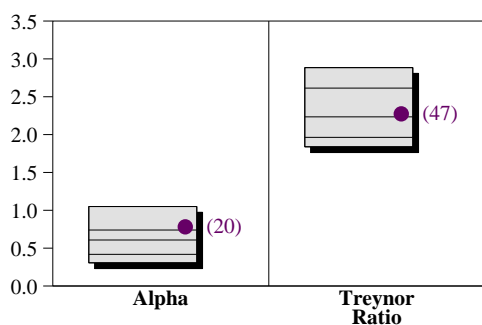
10th Percentile	1.04	4.35	4.97	5.24	4.91	4.77
25th Percentile	0.87	3.70	4.81	5.10	4.81	4.58
Median	0.79	3.18	4.57	4.93	4.66	4.43
75th Percentile	0.76	2.23	4.30	4.72	4.54	4.16
90th Percentile	0.50	1.97	3.85	4.52	4.38	4.05

<b>Interest Income Fund</b> ●	1.08	4.48	4.83	5.09	4.79	4.50
<b>Ryan Labs 3yr Master</b> ▲	0.97	4.49	4.77	4.51	3.77	3.20

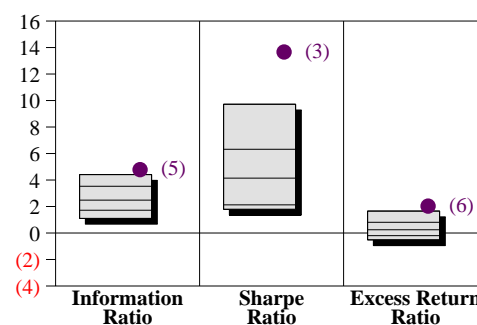
**Cumulative and Quarterly Relative Return vs Ryan Labs 3yr Master**



**Risk Adjusted Return Measures vs Ryan Labs 3yr Master  
Rankings Against CAI Stable Value Database (Gross)  
Five Years Ended March 31, 2010**



10th Percentile	1.05
25th Percentile	0.74
Median	0.61
75th Percentile	0.42
90th Percentile	0.31



10th Percentile	4.41
25th Percentile	3.53
Median	2.48
75th Percentile	1.72
90th Percentile	1.10

<b>Interest Income Fund</b> ●	0.78	2.27	<b>Interest Income Fund</b> ●	4.78	13.66	2.03
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# BC INTERMEDIATE AGGREGATE PERIOD ENDED MARCH 31, 2010



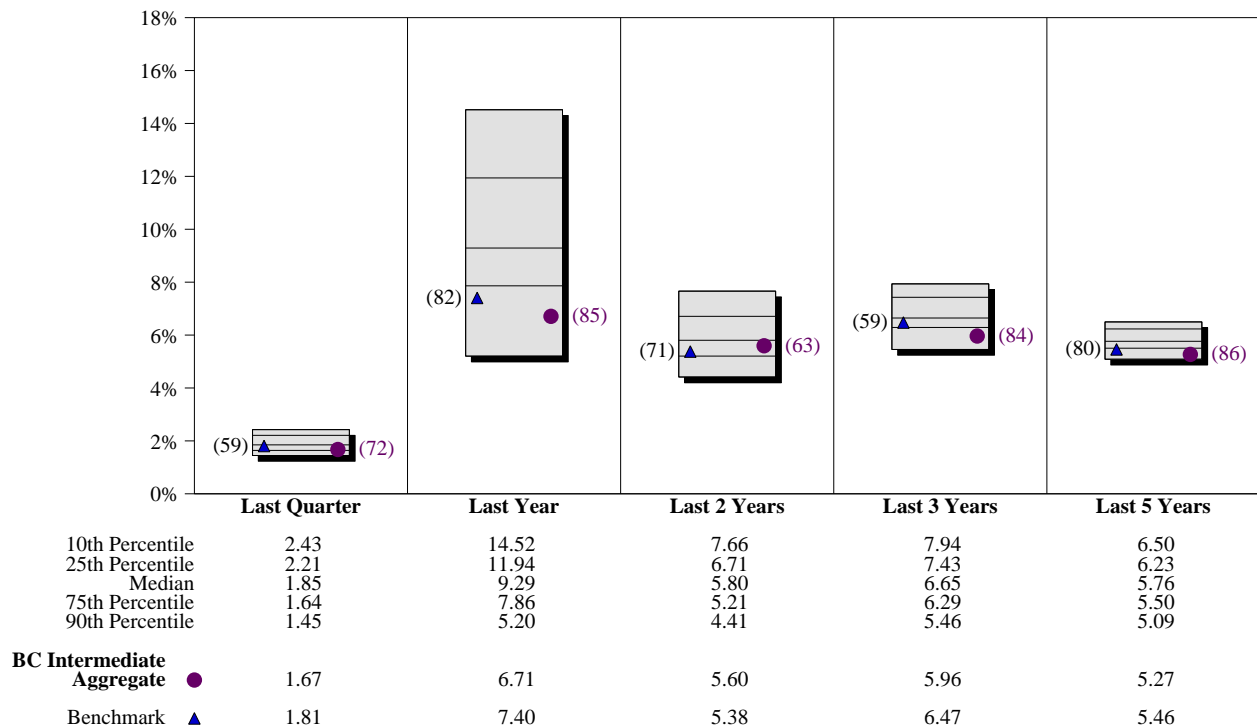
## Investment Philosophy

The BC Intermediate Aggregate portfolio replaced the Constant Duration and Structured Payout portfolios during May 2008. Benchmark: BC Govt/Cred 1-5 Year Index through 3/31/08; thereafter BC Intermediate Aggregate Index.

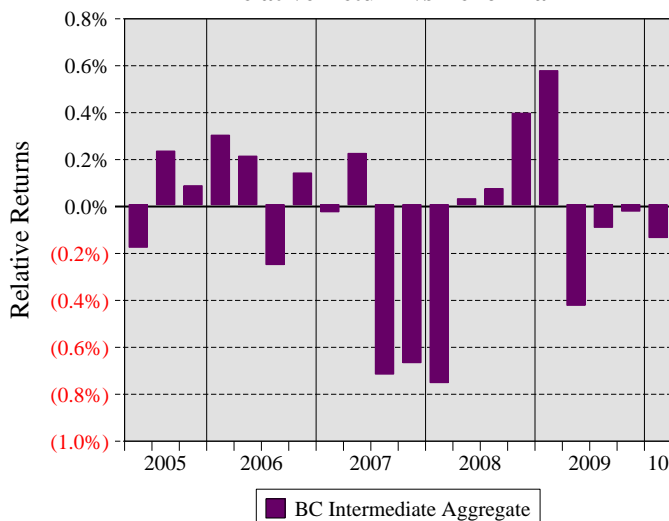
## Quarterly Summary and Highlights

- BC Intermediate Aggregate's portfolio posted a 1.67% return for the quarter placing it in the 72 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 85 percentile for the last year.
- BC Intermediate Aggregate's portfolio underperformed the Benchmark by 0.13% for the quarter and underperformed the Benchmark for the year by 0.70%.

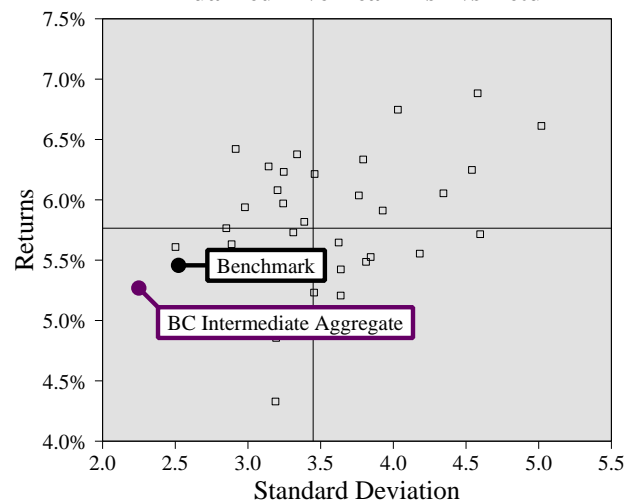
## Performance vs CAI Intermediate Fixed-Inc Style (Gross)



## Relative Return vs Benchmark



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



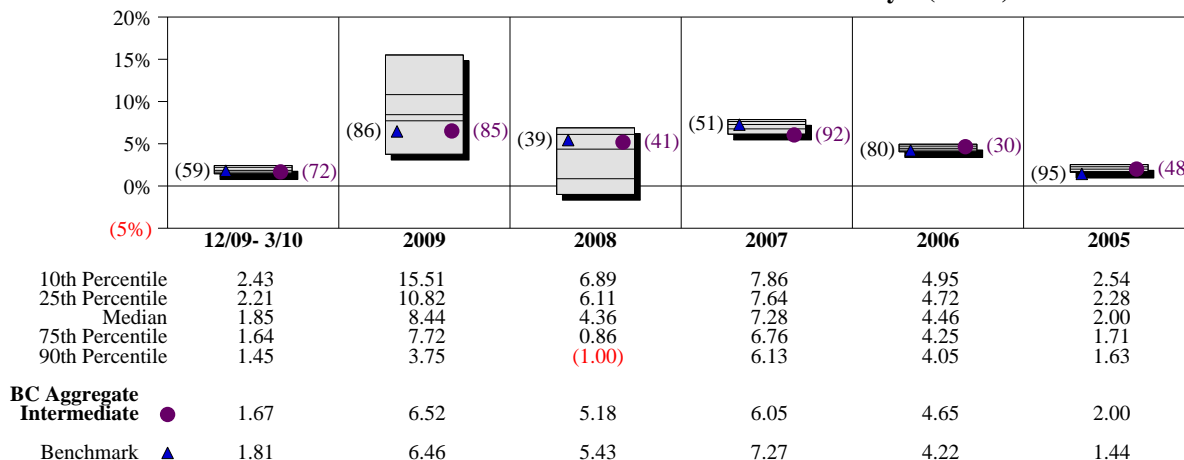


## BC AGGREGATE INTERMEDIATE RETURN ANALYSIS SUMMARY

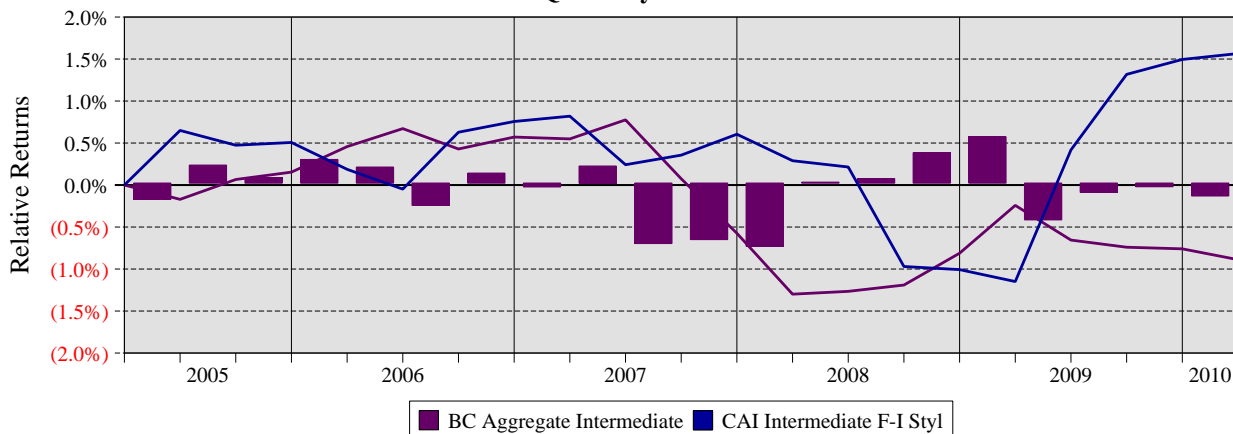
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

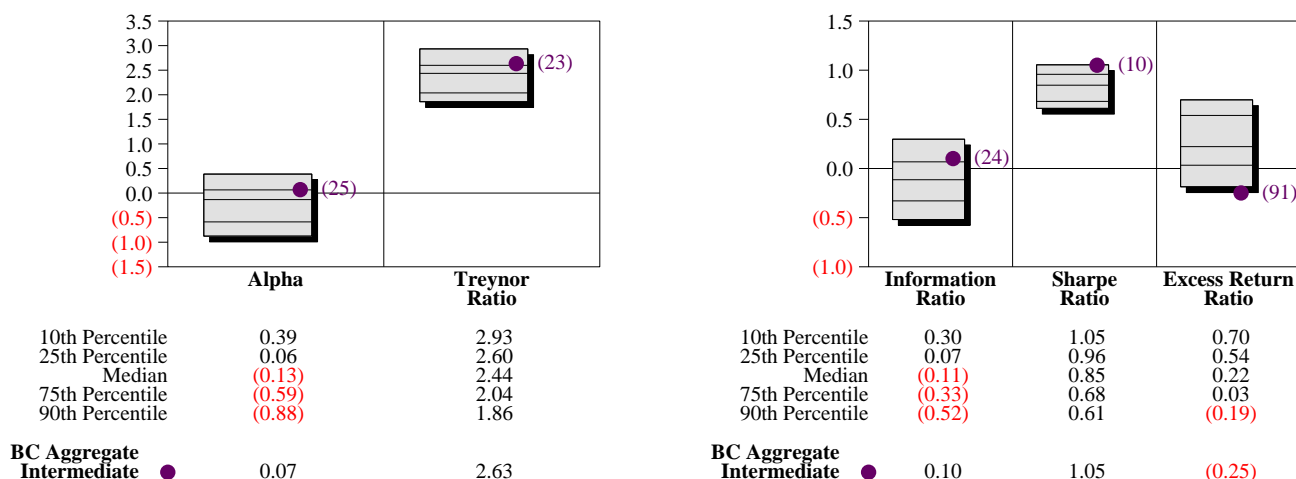
#### Performance vs CAI Intermediate Fixed-Inc Style (Gross)



#### Cumulative and Quarterly Relative Return vs Benchmark



#### Risk Adjusted Return Measures vs Benchmark Rankings Against CAI Intermediate Fixed-Inc Style (Gross) Five Years Ended March 31, 2010





# INTERMEDIATE GOVT BOND FUND PERIOD ENDED MARCH 31, 2010



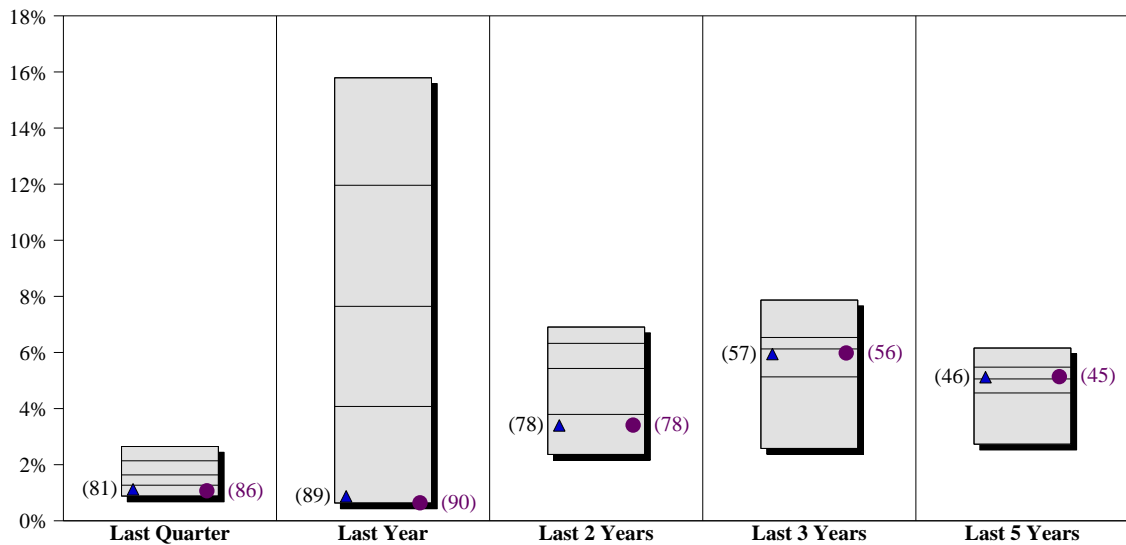
## Investment Philosophy

The Intermediate Govt Bond Fund is managed by Barclays. Annual fees are 8 basis points. Passively managed.

## Quarterly Summary and Highlights

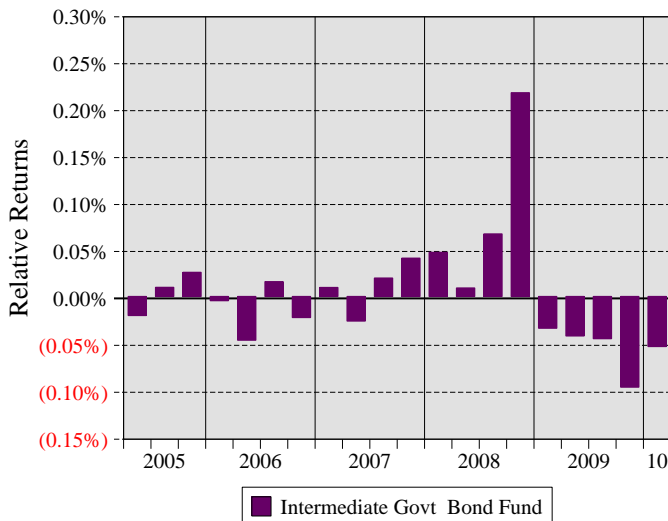
- Intermediate Govt Bond Fund's portfolio posted a 1.07% return for the quarter placing it in the 86 percentile of the CAI MF - Intermediate Style group for the quarter and in the 90 percentile for the last year.
- Intermediate Govt Bond Fund's portfolio underperformed the BC Gov Inter by 0.05% for the quarter and underperformed the BC Gov Inter for the year by 0.23%.

## Performance vs CAI MF - Intermediate Style (Net)

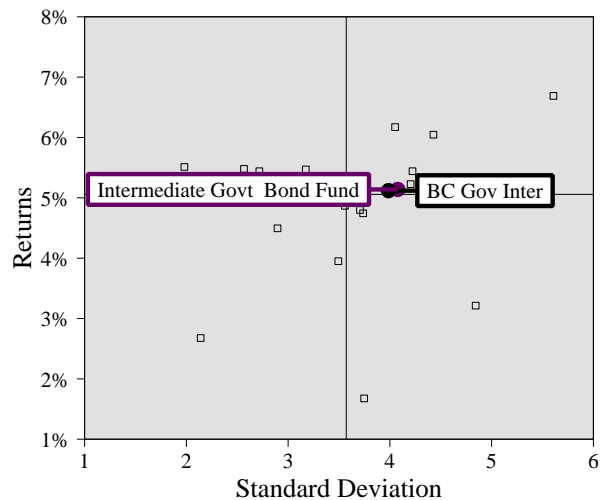


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	2.65	15.79	6.91	7.87	6.16
25th Percentile	2.14	11.96	6.33	6.54	5.48
Median	1.64	7.64	5.43	6.13	5.06
75th Percentile	1.27	4.08	3.79	5.13	4.56
90th Percentile	0.88	0.63	2.36	2.58	2.73
<b>Intermediate Govt Bond Fund</b> (●)	1.07	0.64	3.41	5.98	5.14
<b>BC Gov Inter</b> (▲)	1.12	0.87	3.40	5.94	5.12

## Relative Return vs BC Gov Inter



## CAI MF - Intermediate Style (Net) Annualized Five Year Risk vs Return



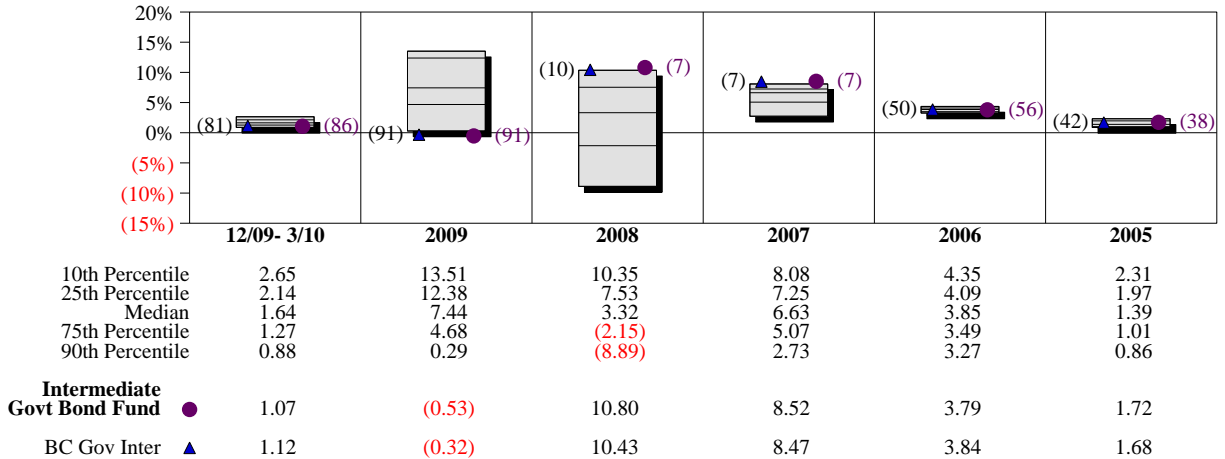
# INTERMEDIATE GOVT BOND FUND RETURN ANALYSIS SUMMARY



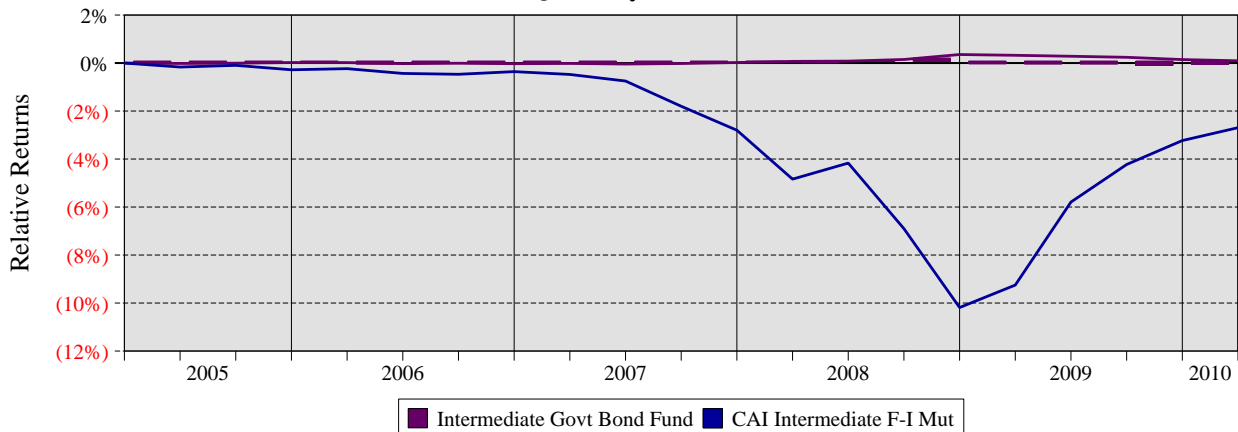
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

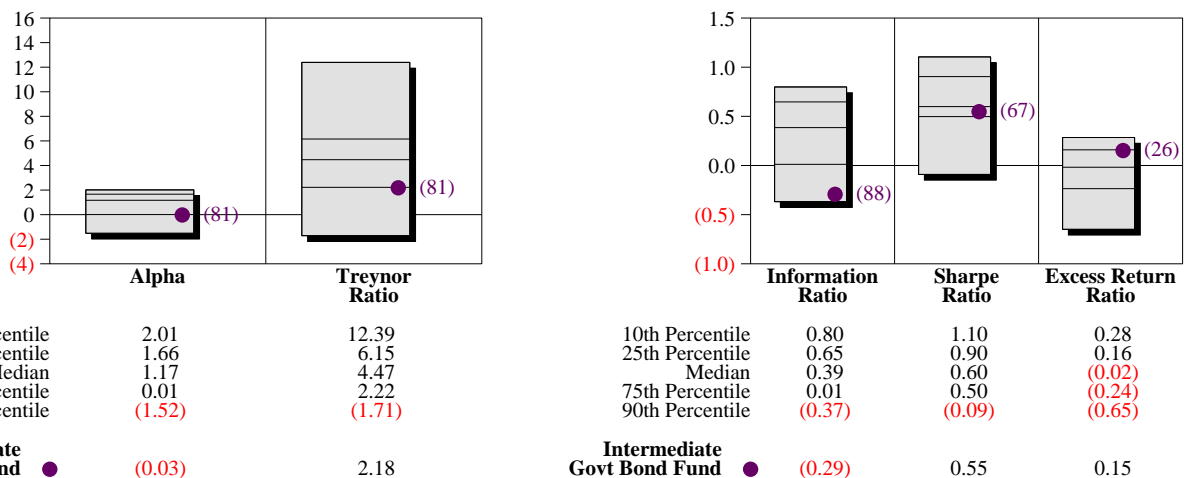
### Performance vs CAI MF - Intermediate Style (Net)



### Cumulative and Quarterly Relative Return vs BC Gov Inter



### Risk Adjusted Return Measures vs BC Gov Inter Rankings Against CAI MF - Intermediate Style (Net) Five Years Ended March 31, 2010





# GOVT/CREDIT BOND FUND PERIOD ENDED MARCH 31, 2010



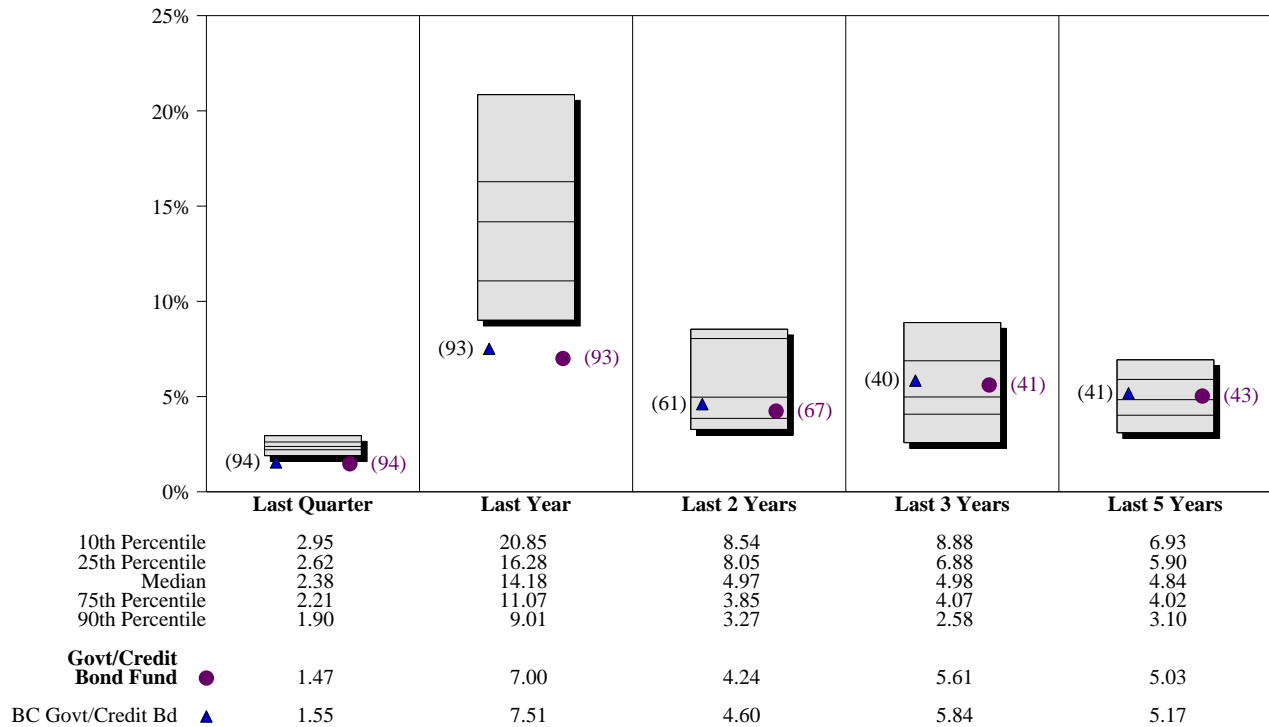
## Investment Philosophy

The Govt/Credit Bond Fund is managed by Barclays Global Investors. Annual fees are 8 basis points. Passively managed.

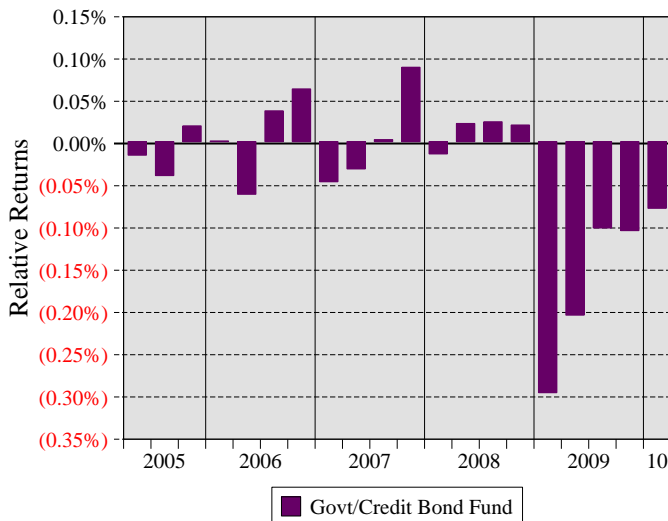
## Quarterly Summary and Highlights

- Govt/Credit Bond Fund's portfolio posted a 1.47% return for the quarter placing it in the 94 percentile of the CAI MF - Core Bond Style group for the quarter and in the 93 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the BC Govt/Credit Bd by 0.08% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.51%.

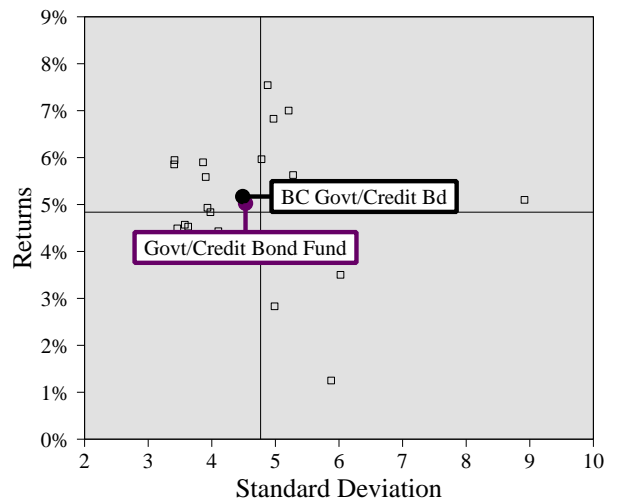
## Performance vs CAI MF - Core Bond Style (Net)



## Relative Return vs BC Govt/Credit Bd



## CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return

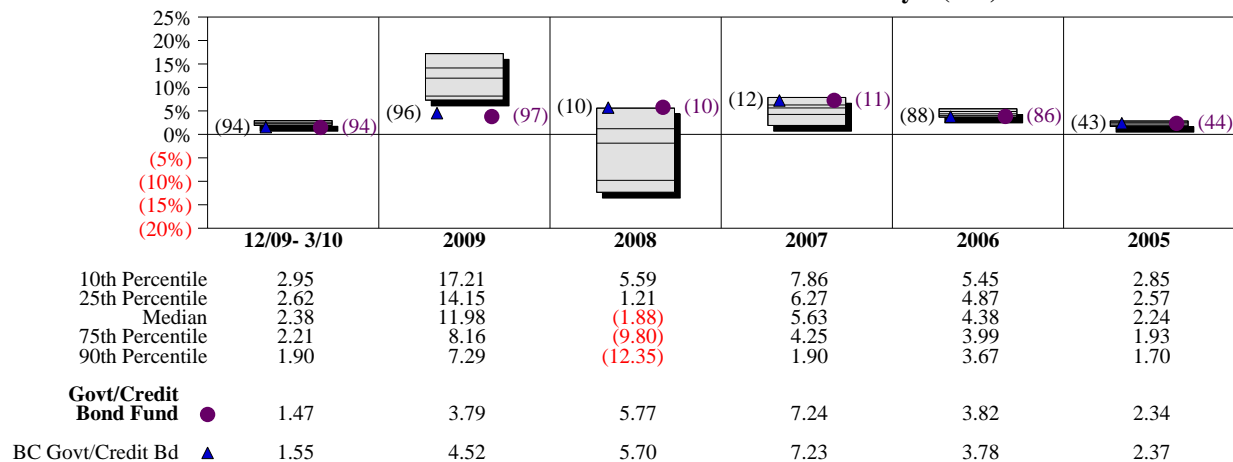


## GOVT/CREDIT BOND FUND RETURN ANALYSIS SUMMARY

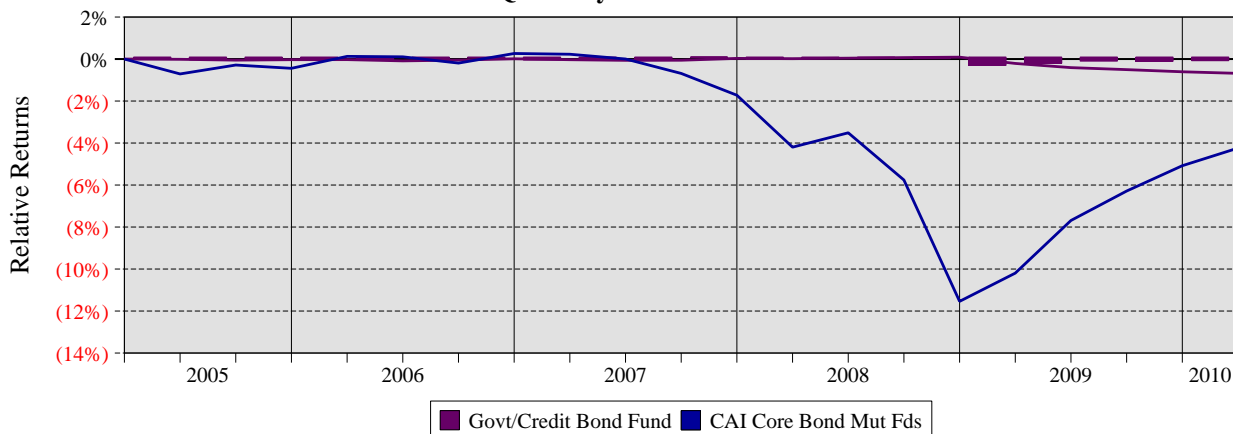
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

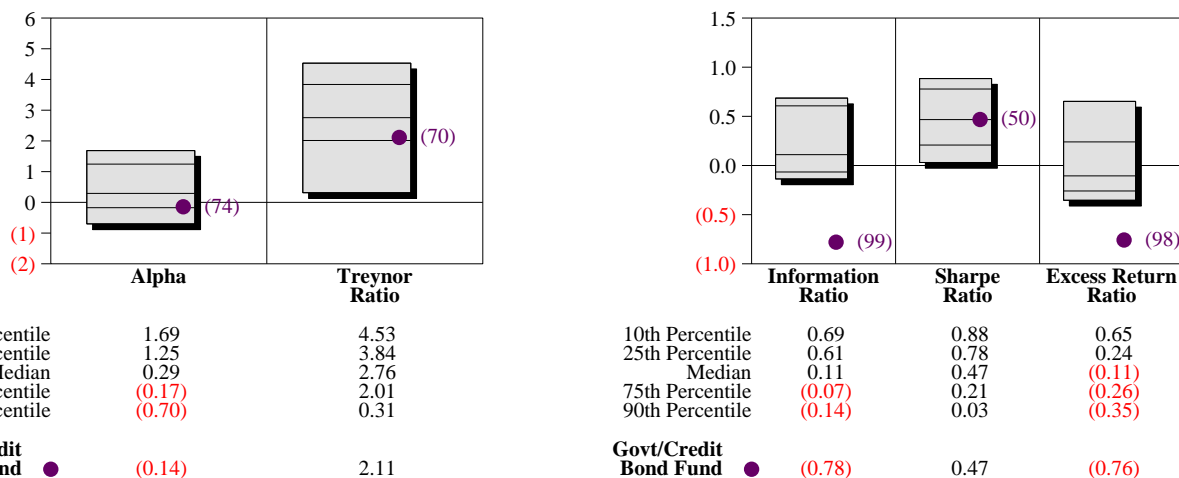
#### Performance vs CAI MF - Core Bond Style (Net)



#### Cumulative and Quarterly Relative Return vs BC Govt/Credit Bd



#### Risk Adjusted Return Measures vs BC Govt/Credit Bd Rankings Against CAI MF - Core Bond Style (Net) Five Years Ended March 31, 2010









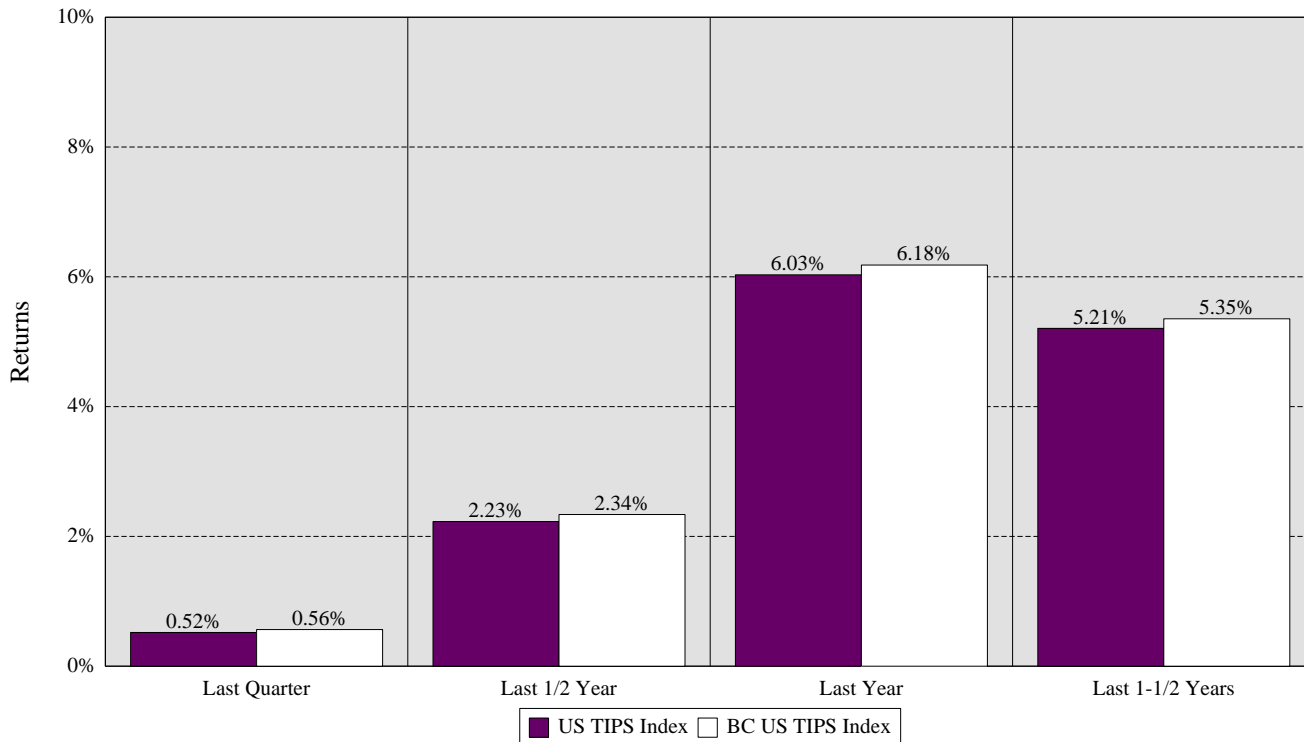
## US TIPS INDEX PERIOD ENDED MARCH 31, 2010

### Investment Philosophy

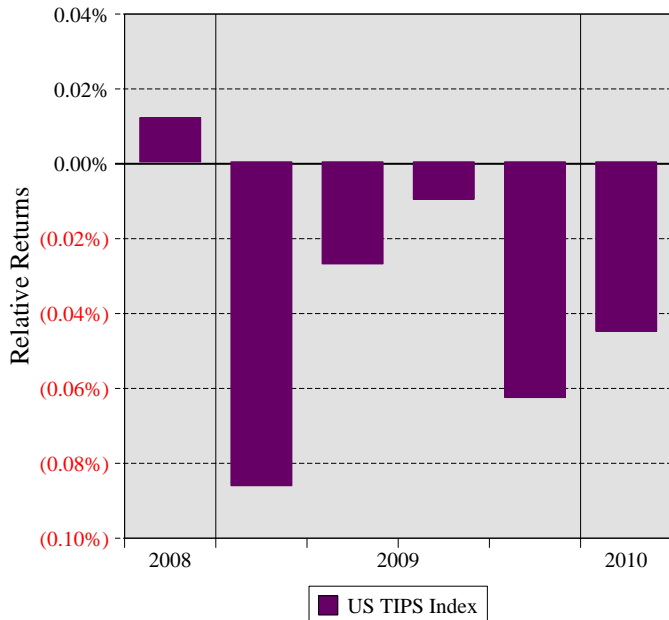
The US TIPS Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

### Quarterly Summary and Highlights

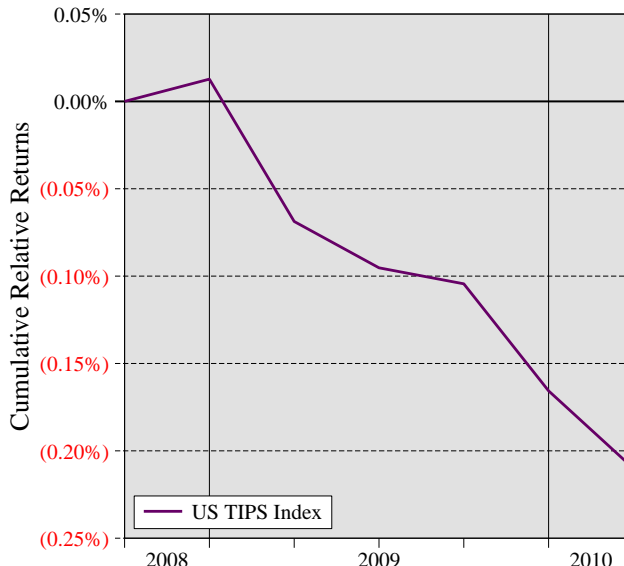
- US TIPS Index's portfolio underperformed the BC US TIPS Index by 0.04% for the quarter and underperformed the BC US TIPS Index for the year by 0.15%.



**Relative Return vs BC US TIPS Index**



**Cumulative Returns vs BC US TIPS Index**





# LONG US TREASURY INDEX PERIOD ENDED MARCH 31, 2010



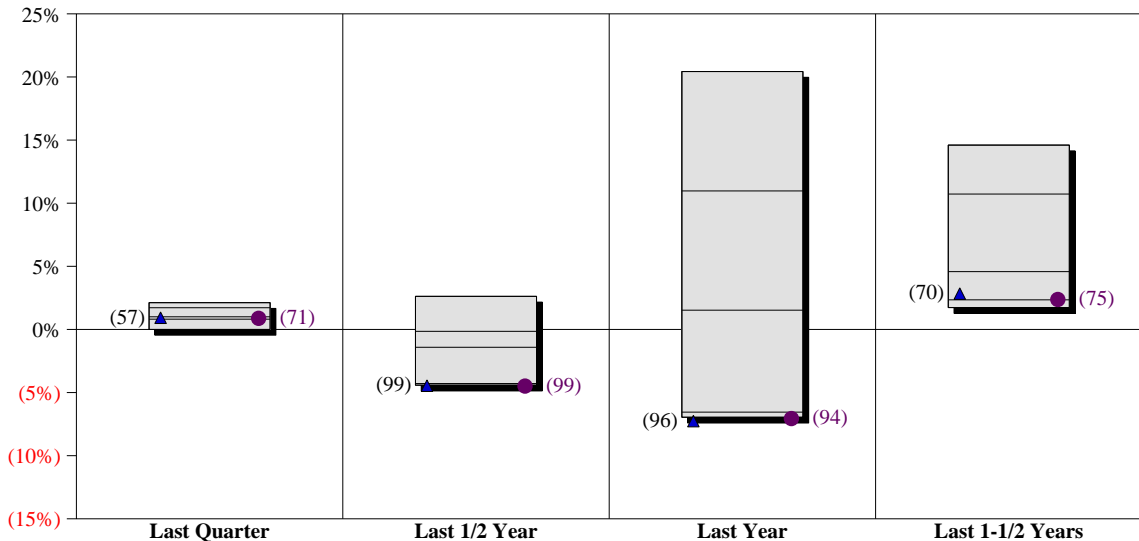
## Investment Philosophy

The Long US Treasury Index is managed by SSgA. Annual fees are 7 basis points. Passively managed.

## Quarterly Summary and Highlights

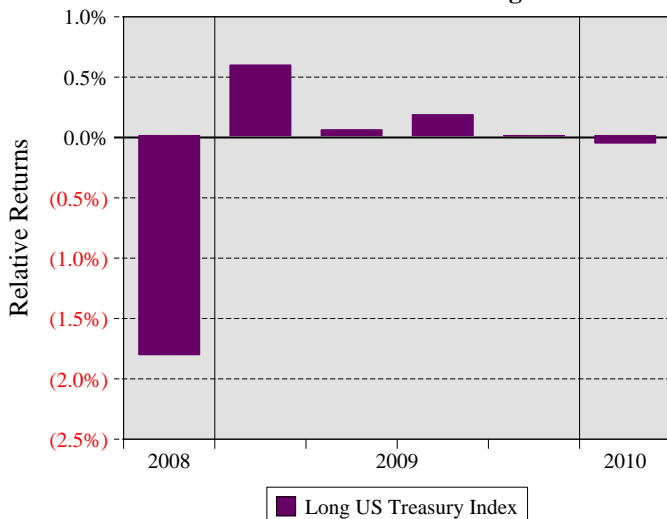
- Long US Treasury Index's portfolio posted a 0.88% return for the quarter placing it in the 71 percentile of the CAI MF - Extended Maturity group for the quarter and in the 94 percentile for the last year.
- Long US Treasury Index's portfolio underperformed the BC Long Treas by 0.05% for the quarter and outperformed the BC Long Treas for the year by 0.20%.

## Performance vs CAI MF - Extended Maturity (Net)

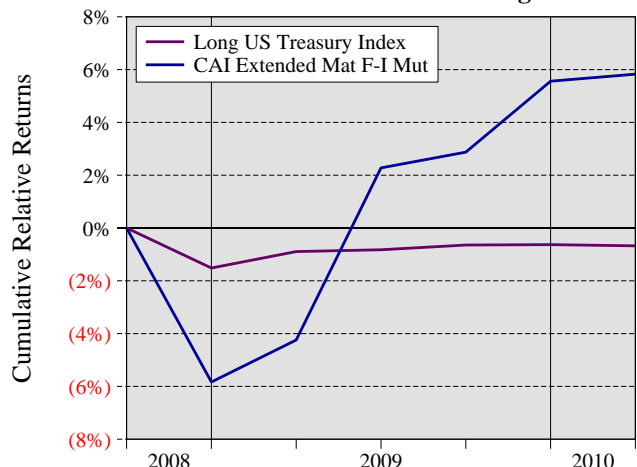


	Last Quarter	Last 1/2 Year	Last Year	Last 1-1/2 Years
10th Percentile	2.12	2.62	20.43	14.60
25th Percentile	1.72	(0.15)	10.97	10.72
Median	1.00	(1.41)	1.53	4.58
75th Percentile	0.81	(4.29)	(6.55)	2.34
90th Percentile	0.00	(4.42)	(6.96)	1.73
<b>Long US Treasury Index</b> ●	0.88	(4.49)	(7.06)	2.37
<b>BC Long Treas</b> ▲	0.93	(4.46)	(7.26)	2.84

## Relative Return vs BC Long Treas



## Cumulative Returns vs BC Long Treas





# WORLD GOVT BOND EX US PERIOD ENDED MARCH 31, 2010



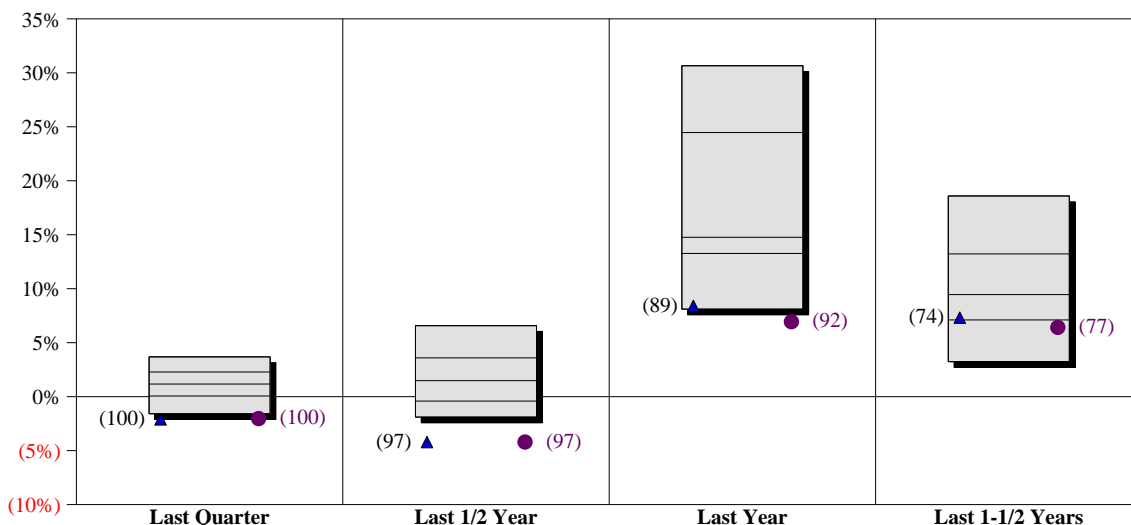
## Investment Philosophy

The World Govt Bond ex US Index Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

## Quarterly Summary and Highlights

- World Govt Bond ex US's portfolio posted a (2.03)% return for the quarter placing it in the 100 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 92 percentile for the last year.
- World Govt Bond ex US's portfolio outperformed the Citi Non-US Gvt Bd Idx by 0.07% for the quarter and underperformed the Citi Non-US Gvt Bd Idx for the year by 1.47%.

## Performance vs CAI MF - Global Fixed Income Style (Net)

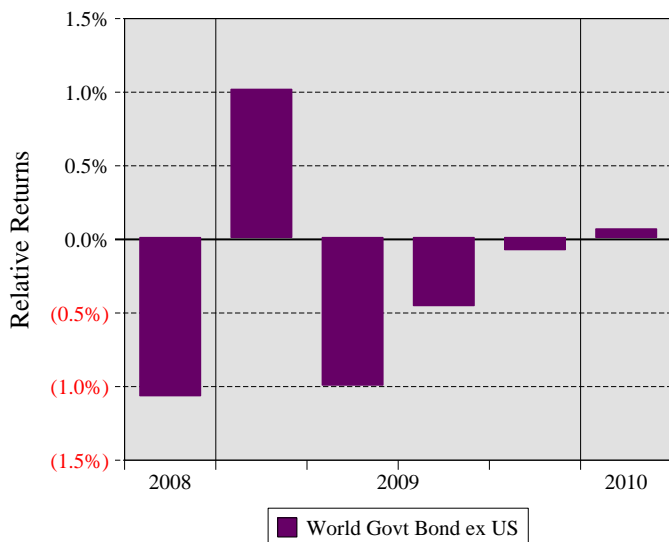


10th Percentile	3.69	6.58	30.66	18.59
25th Percentile	2.28	3.59	24.47	13.22
Median	1.17	1.48	14.76	9.45
75th Percentile	0.06	(0.41)	13.27	7.11
90th Percentile	(1.58)	(1.89)	8.11	3.24

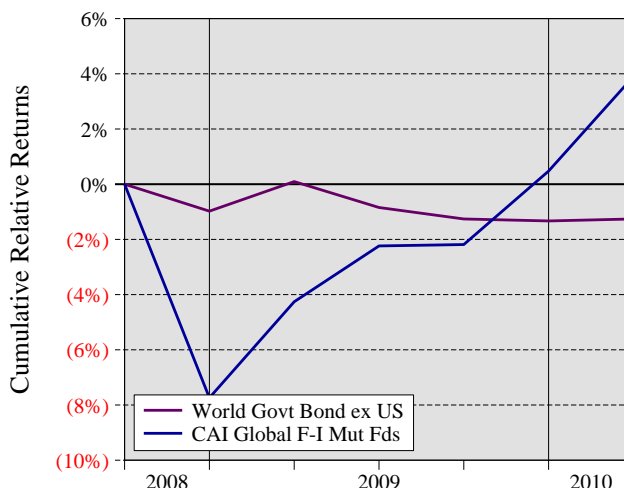
**World Govt Bond ex US** ●

Citi Non-US Gvt Bd Idx ▲

## Relative Return vs Citi Non-US Gvt Bd Idx



## Cumulative Returns vs Citi Non-US Gvt Bd Idx





## S&P 500 STOCK INDEX FUND PERIOD ENDED MARCH 31, 2010



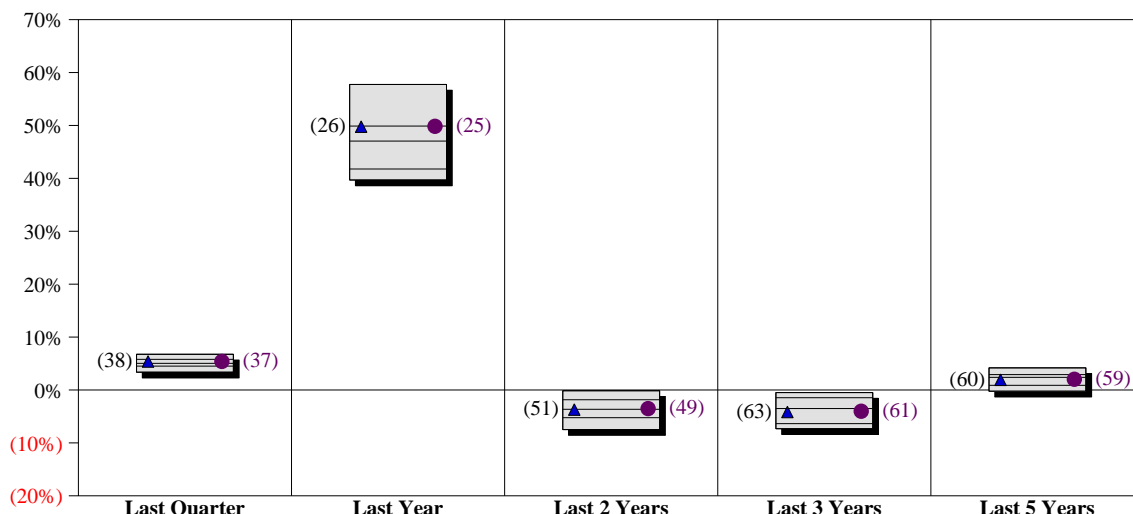
### Investment Philosophy

The S&P 500 Stock Index Fund is managed by Barclays Global Investors. Annual fees are 3 basis points. Passively managed.

### Quarterly Summary and Highlights

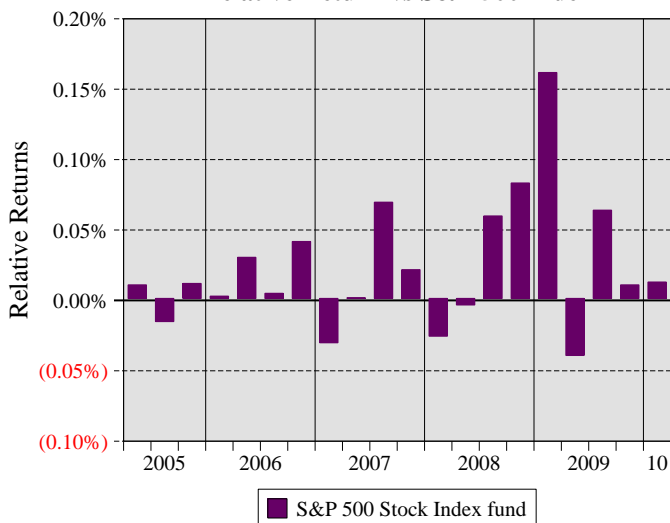
- S&P 500 Stock Index fund's portfolio posted a 5.40% return for the quarter placing it in the 37 percentile of the CAI MF - Core Equity Style group for the quarter and in the 25 percentile for the last year.
- S&P 500 Stock Index fund's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and outperformed the S&P 500 Index for the year by 0.07%.

### Performance vs CAI MF - Core Equity Style (Net)

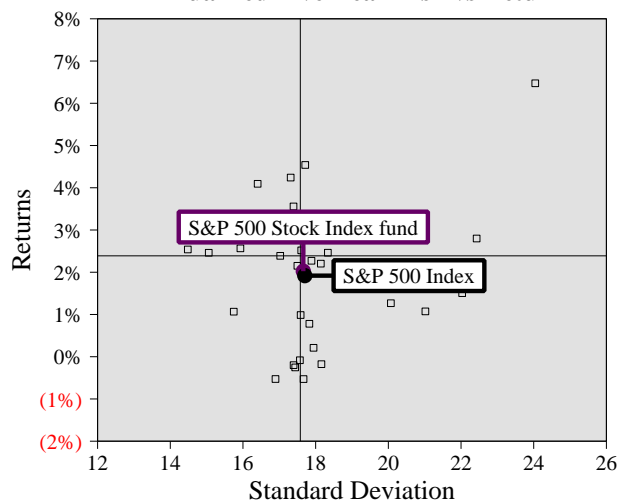


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	6.75	57.75	(0.14)	(0.49)	4.18
25th Percentile	5.79	49.89	(1.85)	(1.46)	2.91
Median	5.03	47.05	(3.65)	(3.51)	2.39
75th Percentile	4.51	41.77	(5.24)	(6.36)	0.88
90th Percentile	3.36	39.69	(7.48)	(7.32)	(0.23)
<b>S&amp;P 500 Stock Index fund</b> ●	5.40	49.84	(3.52)	(4.02)	2.02
S&P 500 Index ▲	5.39	49.77	(3.71)	(4.17)	1.92

### Relative Return vs S&P 500 Index



### CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return





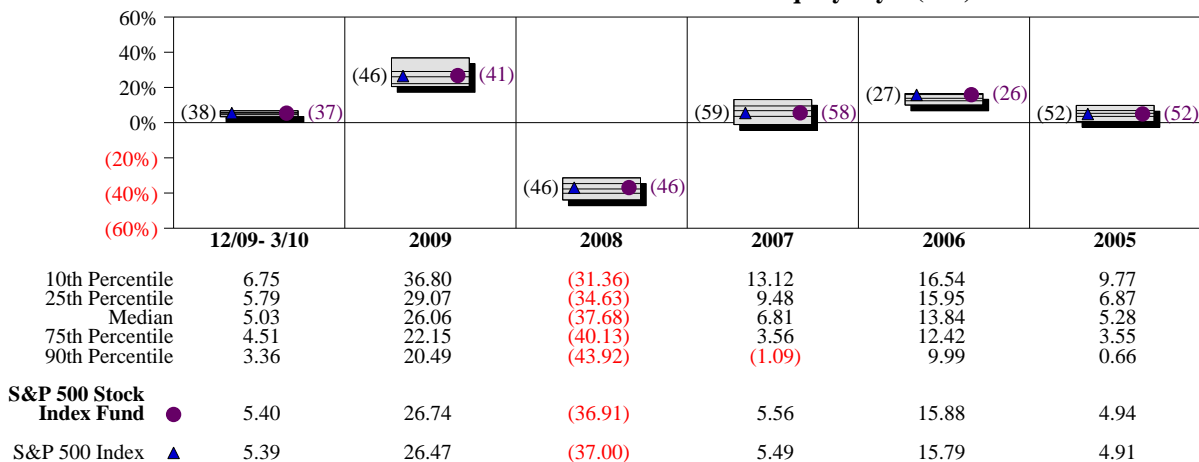


## S&P 500 STOCK INDEX FUND RETURN ANALYSIS SUMMARY

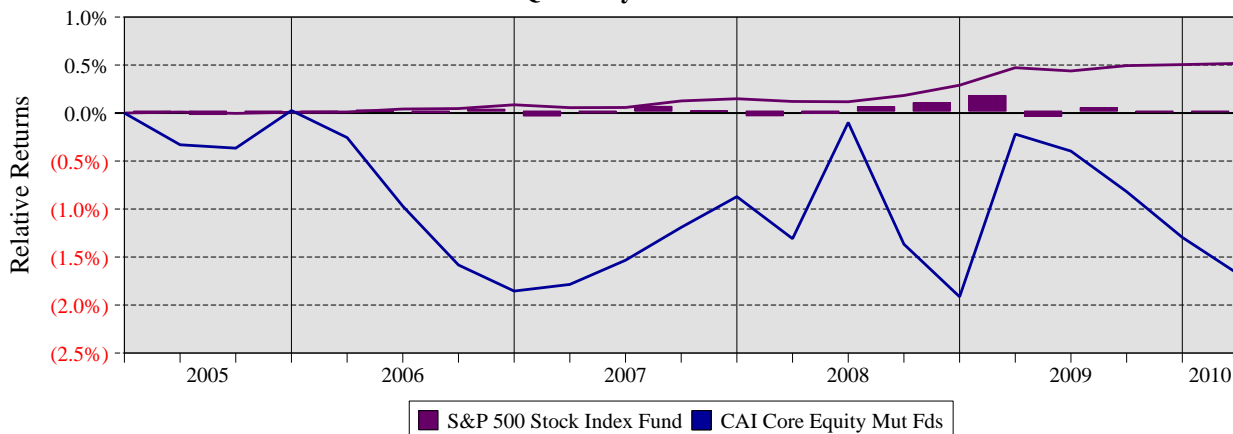
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

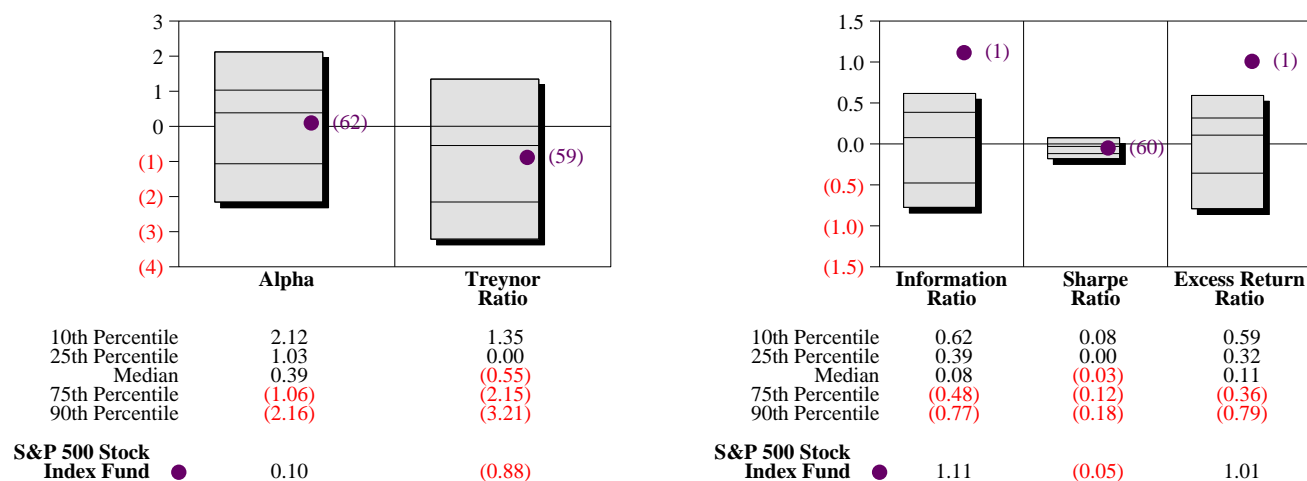
#### Performance vs CAI MF - Core Equity Style (Net)



#### Cumulative and Quarterly Relative Return vs S&P 500 Index



#### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI MF - Core Equity Style (Net) Five Years Ended March 31, 2010





## SMALL CAP STOCK TRUST PERIOD ENDED MARCH 31, 2010



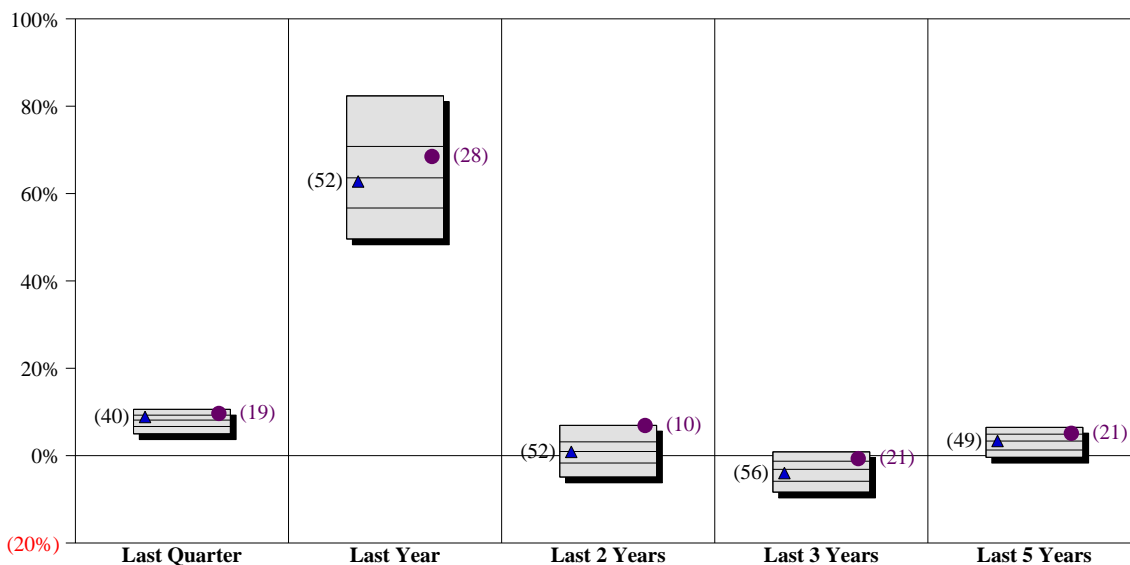
### Investment Philosophy

The Small Cap Stock Trust is managed by T. Rowe Price. The annual fees are 70 basis points. Actively managed.

### Quarterly Summary and Highlights

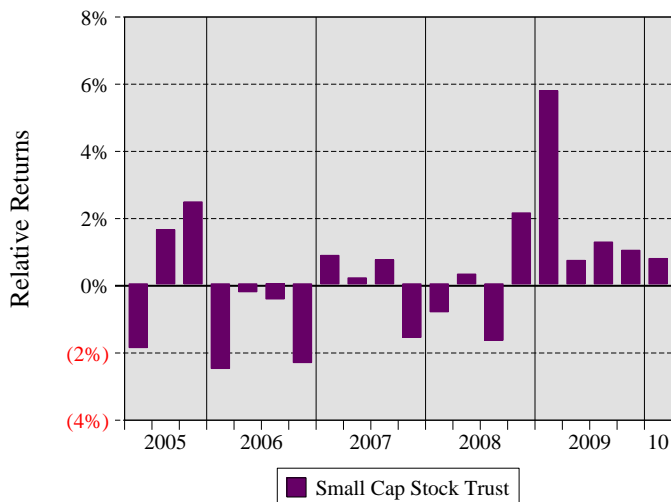
- Small Cap Stock Trust's portfolio posted a 9.66% return for the quarter placing it in the 19 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 28 percentile for the last year.
- Small Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 0.81% for the quarter and outperformed the Russell 2000 Index for the year by 5.73%.

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

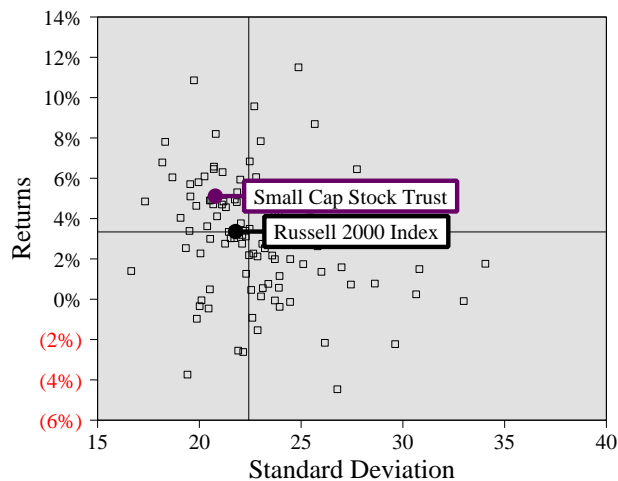


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	10.60	82.36	6.93	0.87	6.47
25th Percentile	9.27	70.79	3.15	(1.28)	4.92
Median	8.14	63.59	0.95	(3.14)	3.34
75th Percentile	6.68	56.69	(1.69)	(5.86)	1.29
90th Percentile	4.99	49.60	(4.90)	(8.36)	(0.39)
<b>Small Cap Stock Trust</b> ●	9.66	68.49	6.91	(0.68)	5.12
Russell 2000 Index ▲	8.85	62.76	0.86	(3.99)	3.36

### Relative Return vs Russell 2000 Index



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

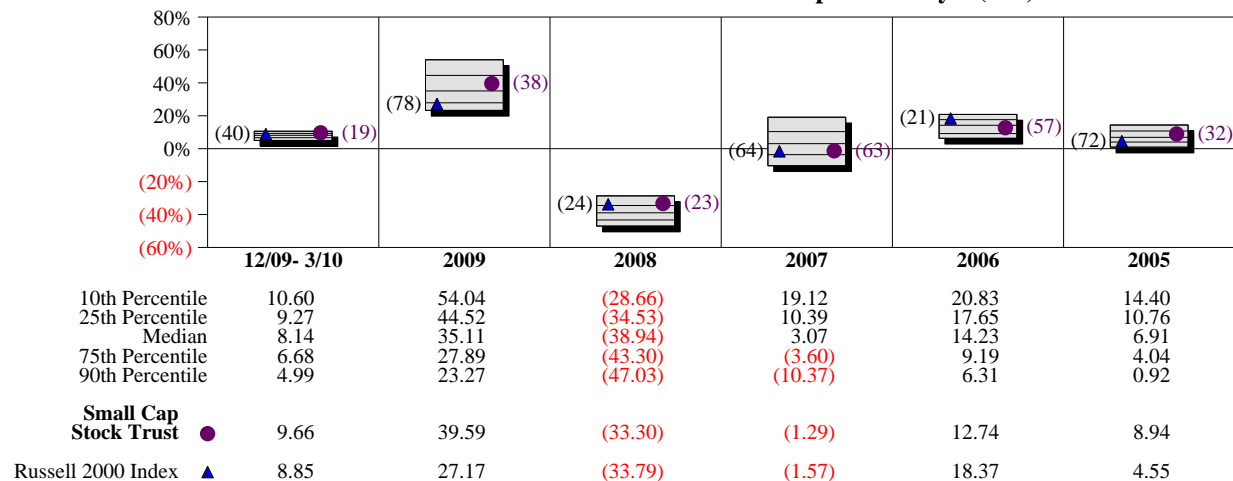


## SMALL CAP STOCK TRUST RETURN ANALYSIS SUMMARY

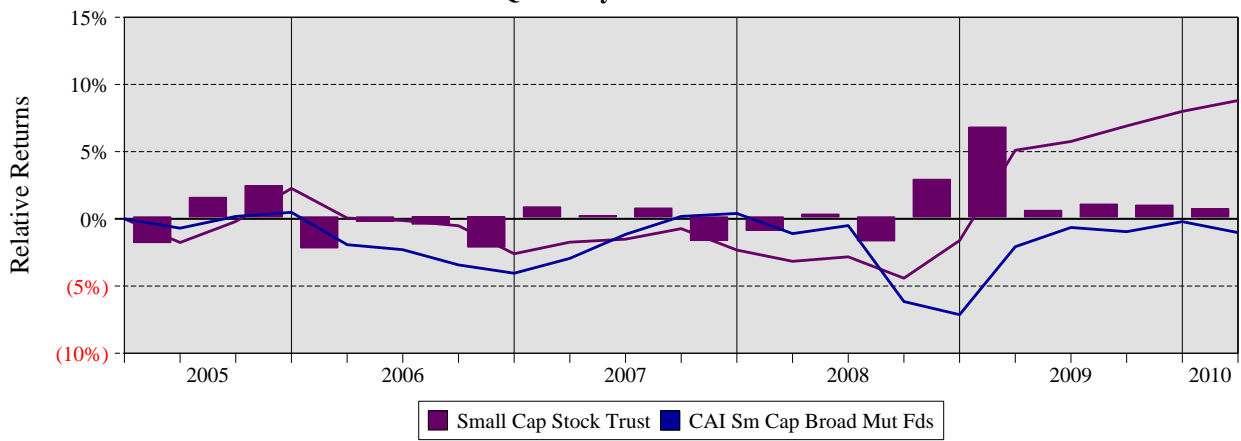
### Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

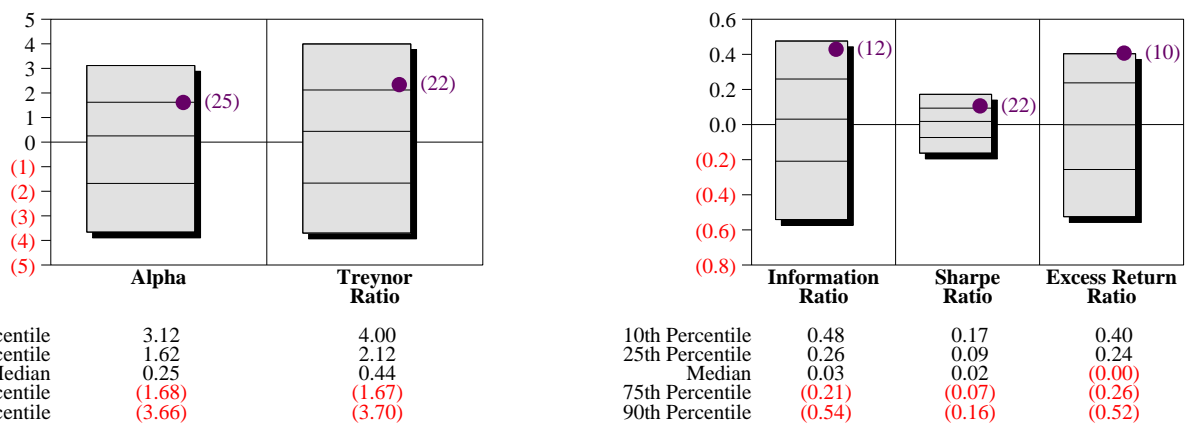
#### Performance vs CAI MF - Small Cap Broad Style (Net)



#### Cumulative and Quarterly Relative Return vs Russell 2000 Index



#### Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI MF - Small Cap Broad Style (Net) Five Years Ended March 31, 2010



State of Alaska Deferred Compensation Plan



## RUSSELL 3000 INDEX FUND PERIOD ENDED MARCH 31, 2010



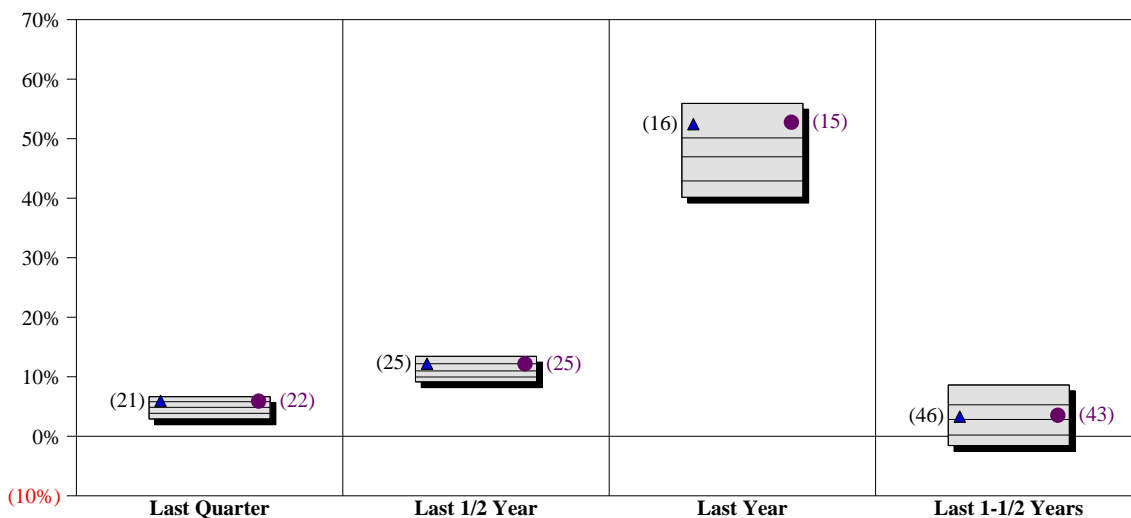
### Investment Philosophy

The Russell 3000 Index Fund, managed by SSgA, seeks to replicate the returns and characteristics of the Russell 3000 Index. Annual fees are 3 basis points. Passively managed.

### Quarterly Summary and Highlights

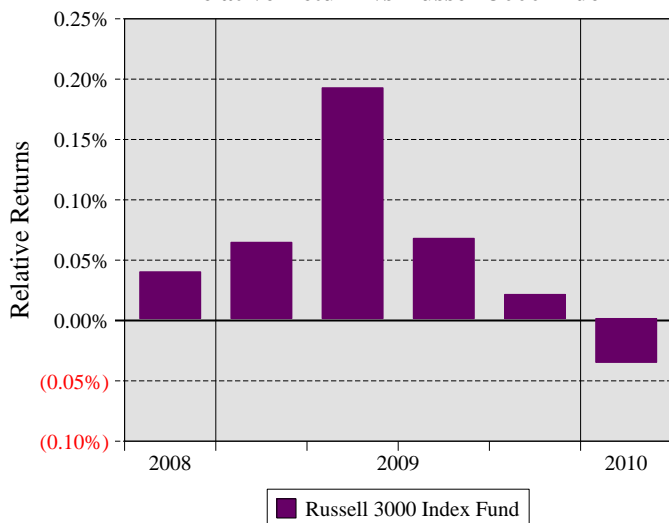
- Russell 3000 Index Fund's portfolio posted a 5.91% return for the quarter placing it in the 22 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 15 percentile for the last year.
- Russell 3000 Index Fund's portfolio underperformed the Russell 3000 Index by 0.03% for the quarter and outperformed the Russell 3000 Index for the year by 0.32%.

### Performance vs CAI MF - Large Cap Broad Style (Net)

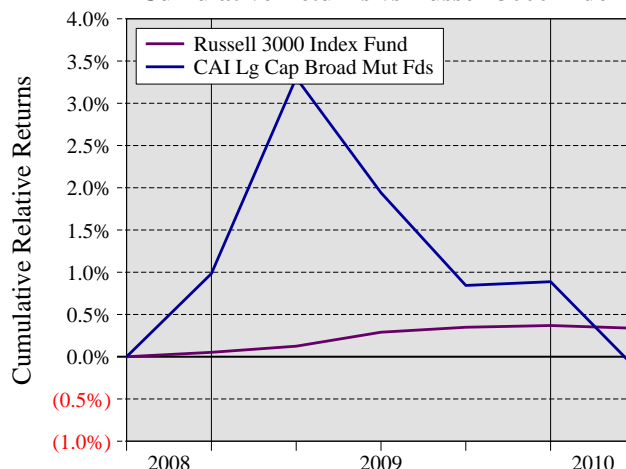


	Last Quarter	Last 1/2 Year	Last Year	Last 1-1/2 Years
10th Percentile	6.65	13.43	55.93	8.62
25th Percentile	5.81	12.19	50.13	5.28
Median	4.86	10.98	46.96	2.83
75th Percentile	3.85	9.96	42.90	0.21
90th Percentile	2.90	9.14	40.15	(1.56)
<b>Russell 3000 Index Fund</b> ●	5.91	12.18	52.76	3.53
Russell 3000 Index ▲	5.94	12.19	52.44	3.30

### Relative Return vs Russell 3000 Index



### Cumulative Returns vs Russell 3000 Index





# RCM SOCIALLY RESP INV FD PERIOD ENDED MARCH 31, 2010



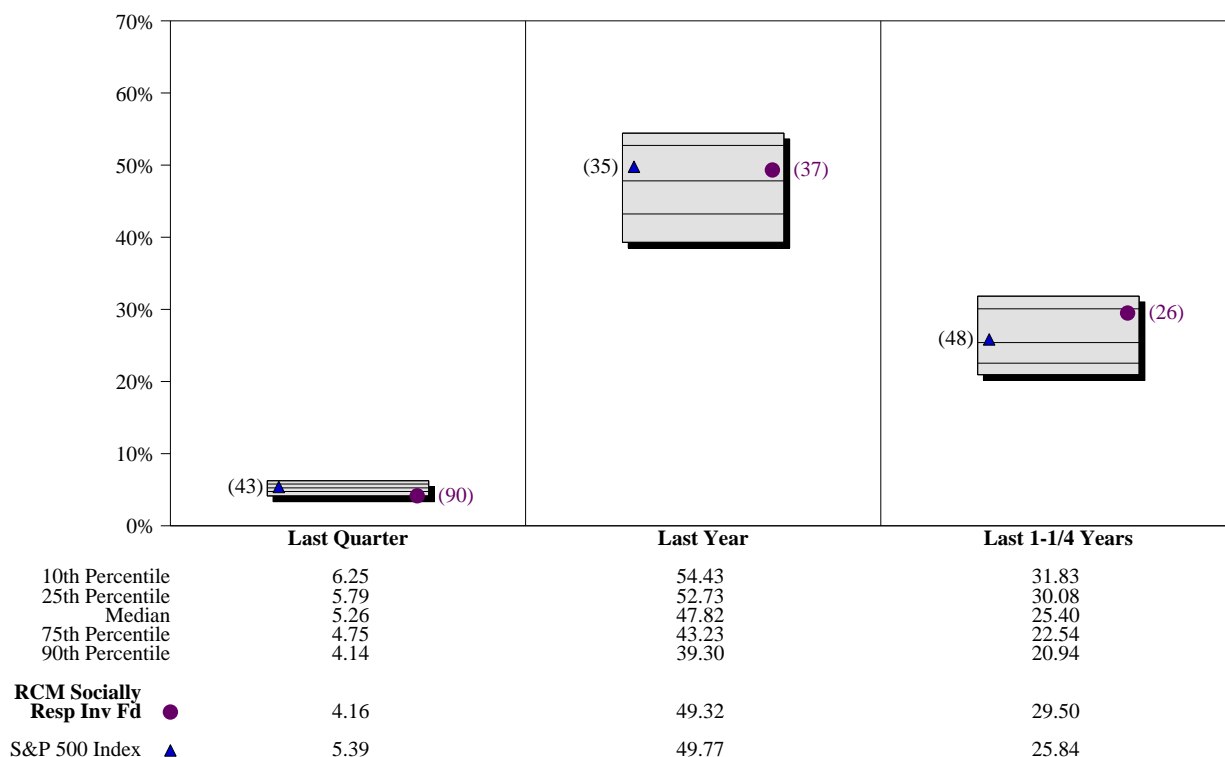
## Investment Philosophy

The RCM Socially Responsible Inv. Fd is actively managed. Annual fees are 50 basis points.

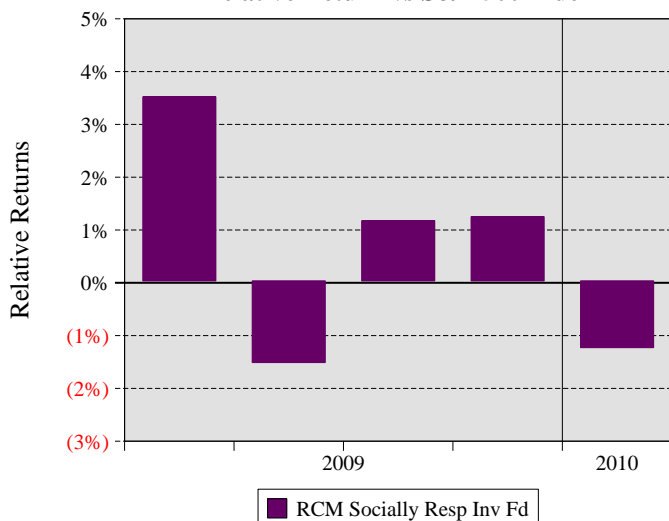
## Quarterly Summary and Highlights

- RCM Socially Resp Inv Fd's portfolio posted a 4.16% return for the quarter placing it in the 90 percentile of the CAI Large Cap Core Style group for the quarter and in the 37 percentile for the last year.
- RCM Socially Resp Inv Fd's portfolio underperformed the S&P 500 Index by 1.23% for the quarter and underperformed the S&P 500 Index for the year by 0.45%.

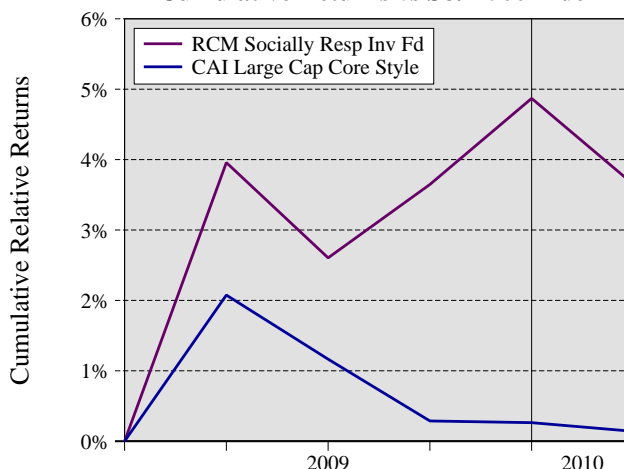
## Performance vs CAI Large Cap Core Style (Gross)



## Relative Return vs S&P 500 Index



## Cumulative Returns vs S&P 500 Index







# WORLD EQUITY EX-US PERIOD ENDED MARCH 31, 2010



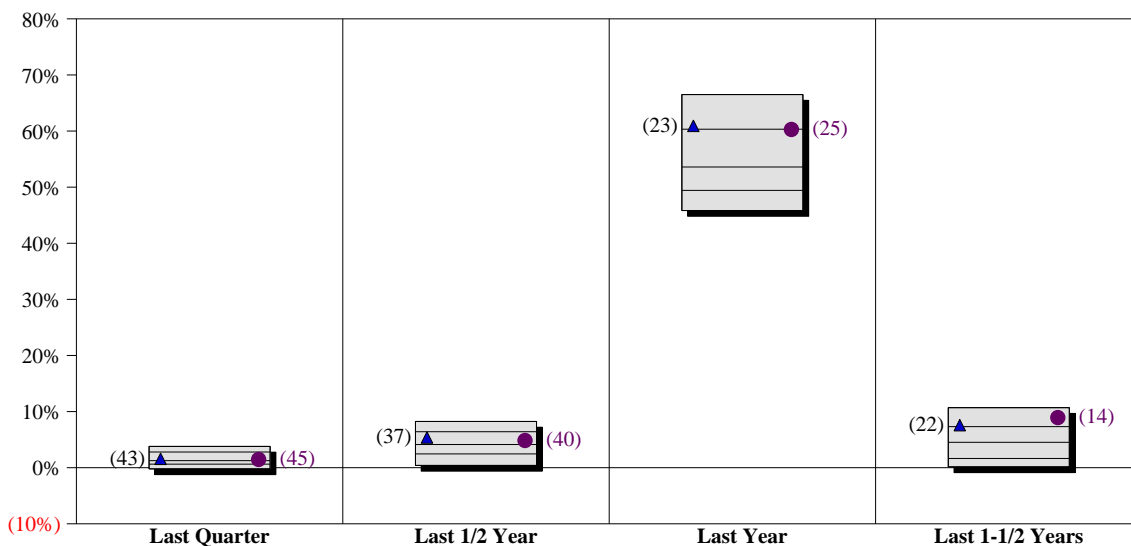
## Investment Philosophy

The World Equity ex US fund is managed by SSgA. It is passively managed. Annual fees are 17 basis points.

## Quarterly Summary and Highlights

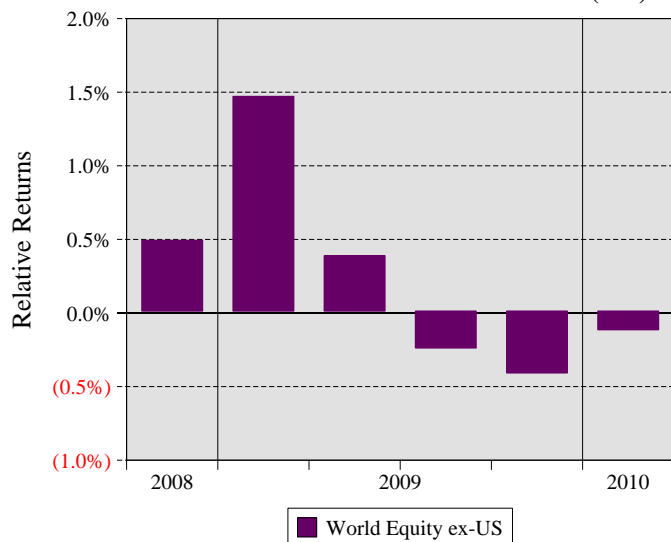
- World Equity ex-US's portfolio posted a 1.47% return for the quarter placing it in the 45 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 25 percentile for the last year.
- World Equity ex-US's portfolio underperformed the MSCI ACWI x US (Net) by 0.11% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 0.64%.

## Performance vs CAI MF - Non-US Equity Style (Net)

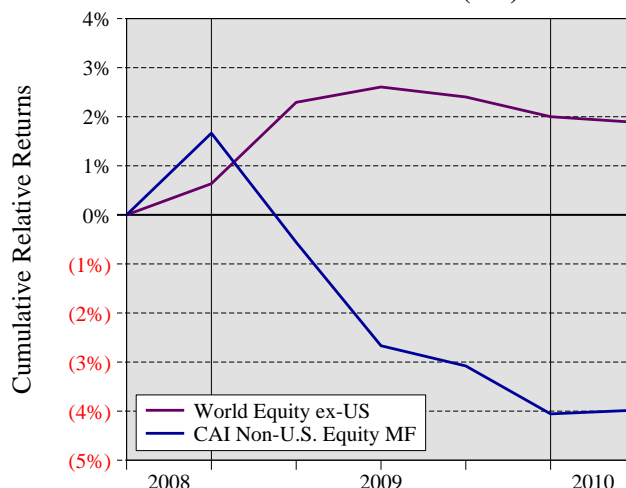


10th Percentile	3.79	8.24	66.50	10.70
25th Percentile	2.80	6.41	60.33	7.32
Median	1.26	4.13	53.59	4.52
75th Percentile	0.63	2.46	49.42	1.65
90th Percentile	(0.21)	0.40	45.83	0.15
<b>World Equity ex-US</b> ●	1.47	4.85	60.28	8.93
<b>MSCI ACWI x US (Net)</b> ▲	1.58	5.38	60.93	7.58

## Relative Return vs MSCI ACWI x US (Net)



## Cumulative Returns vs MSCI ACWI x US (Net)





# LONG TERM BALANCED TRUST PERIOD ENDED MARCH 31, 2010



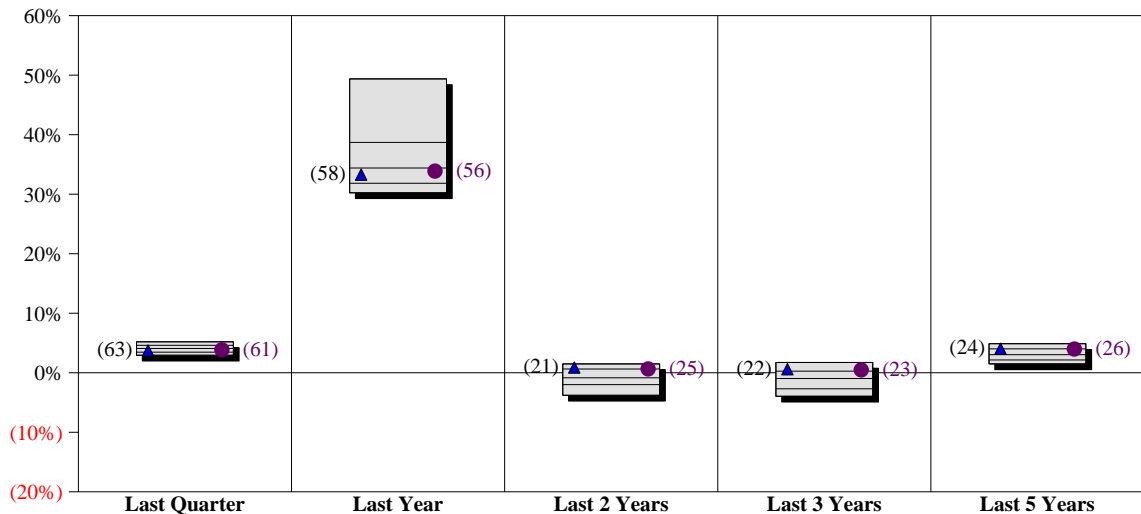
## Investment Philosophy

The Long Term Balanced Trust is managed by T. Rowe Price. It is a combination of Enhanced Index (passive), Structured-Active and Actively managed portfolios. Annual fees are 19 basis points.

## Quarterly Summary and Highlights

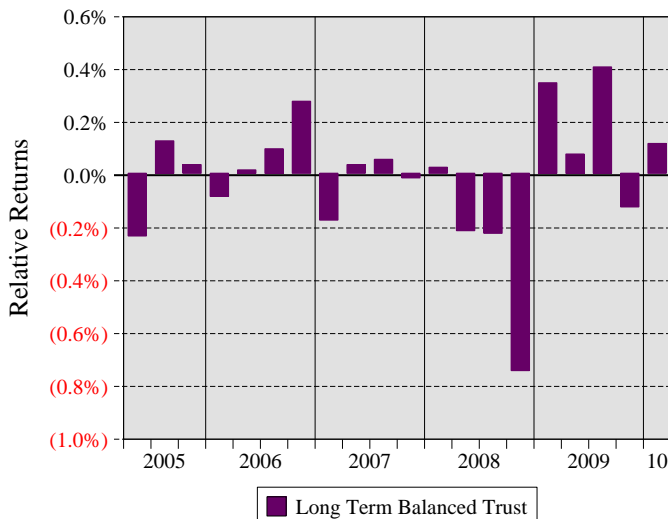
- Long Term Balanced Trust's portfolio posted a 3.86% return for the quarter placing it in the 61 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 56 percentile for the last year.
- Long Term Balanced Trust's portfolio outperformed the Benchmark by 0.12% for the quarter and outperformed the Benchmark for the year by 0.59%.

## Performance vs CAI MF - Domestic Balanced Style (Net)

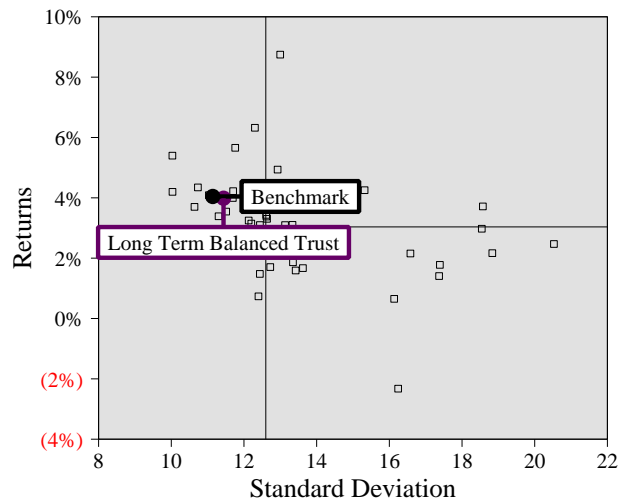


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	5.20	49.37	1.49	1.73	4.88
25th Percentile	4.61	38.70	0.63	0.27	4.02
Median	4.08	34.40	(0.85)	(0.97)	3.04
75th Percentile	3.46	31.84	(1.99)	(2.69)	2.15
90th Percentile	2.94	30.23	(3.79)	(3.95)	1.49
<b>Long Term Balanced Trust</b>	● 3.86	33.88	0.65	0.48	3.99
<b>Benchmark</b>	▲ 3.74	33.30	0.89	0.60	4.05

## Relative Return vs Benchmark



## CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



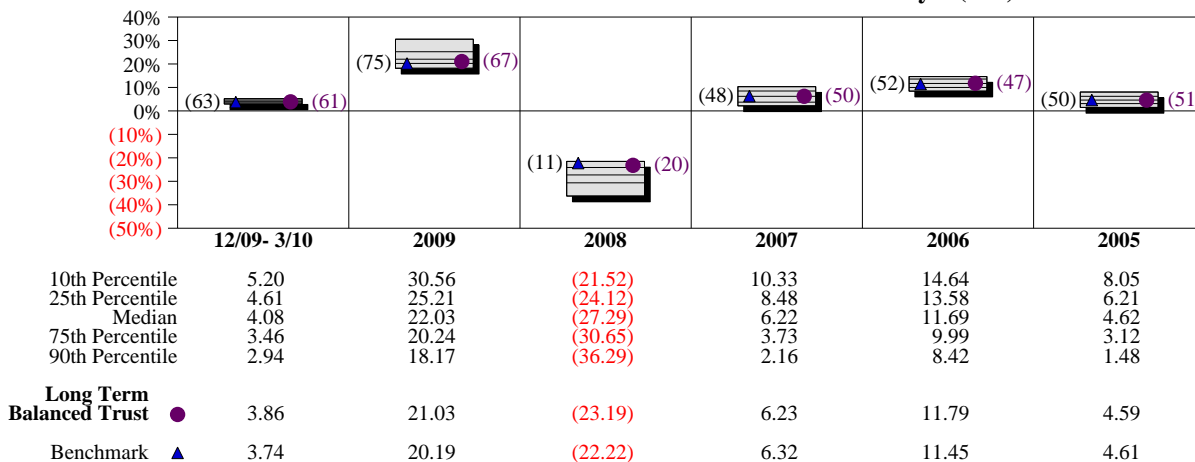
# LONG TERM BALANCED TRUST RETURN ANALYSIS SUMMARY



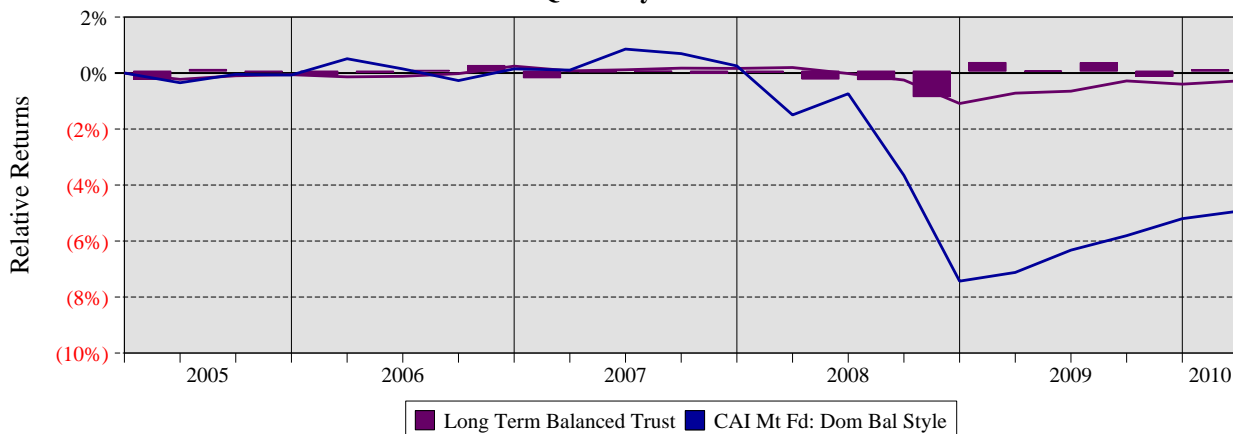
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

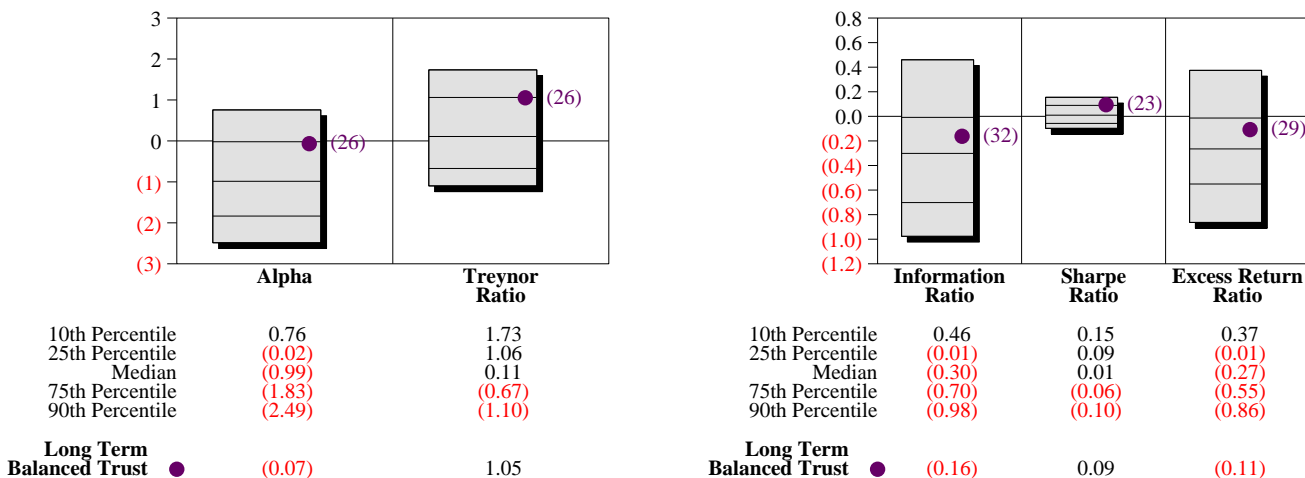
### Performance vs CAI MF - Domestic Balanced Style (Net)



### Cumulative and Quarterly Relative Return vs Benchmark



### Risk Adjusted Return Measures vs Benchmark Rankings Against CAI MF - Domestic Balanced Style (Net) Five Years Ended March 31, 2010





## TARGET 2010 PERIOD ENDED MARCH 31, 2010

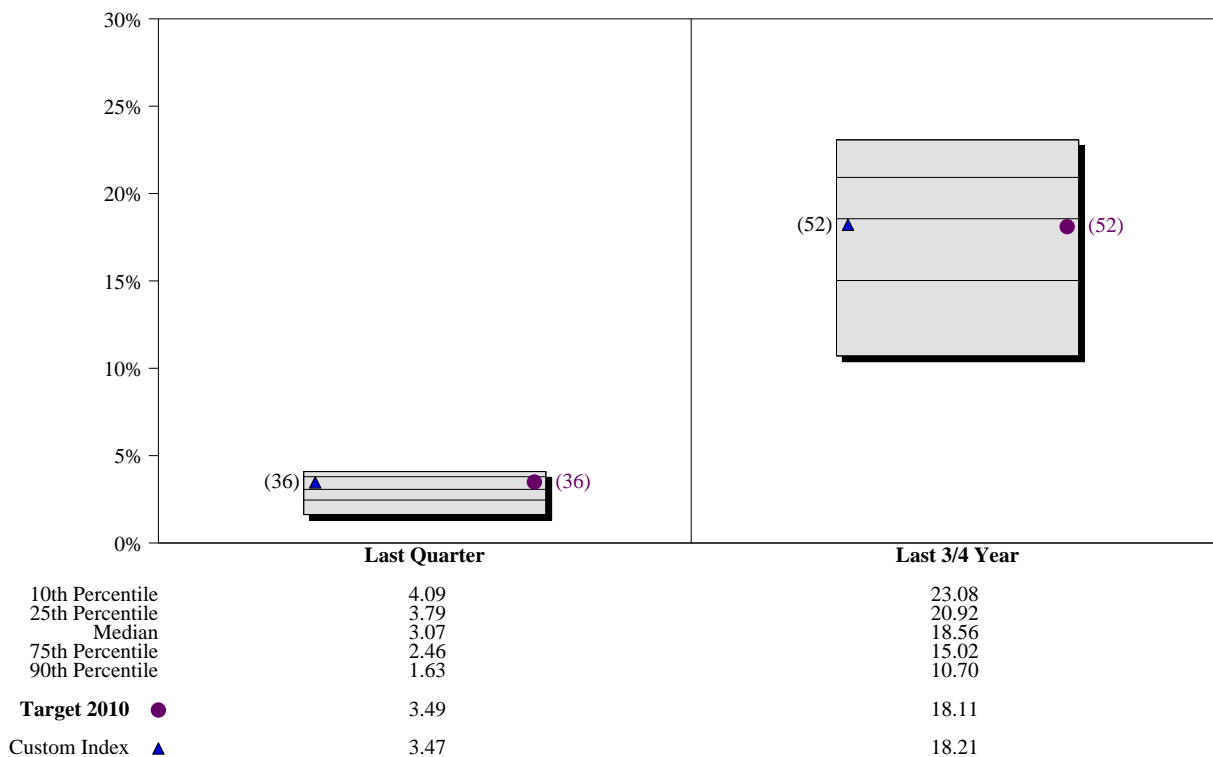
### Investment Philosophy

Annual fees are 13 basis points.

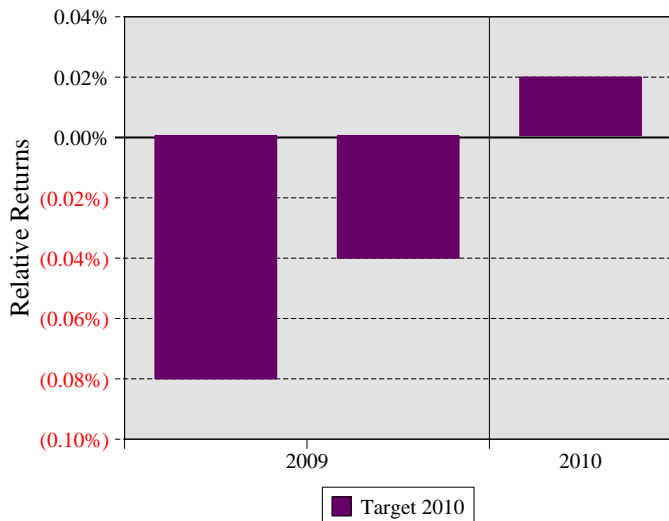
### Quarterly Summary and Highlights

- Target 2010's portfolio posted a 3.49% return for the quarter placing it in the 36 percentile of the CAI Target Date 2010 group for the quarter and in the 52 percentile for the last three-quarter year.
- Target 2010's portfolio outperformed the Custom Index by 0.02% for the quarter and underperformed the Custom Index for the three-quarter year by 0.11%.

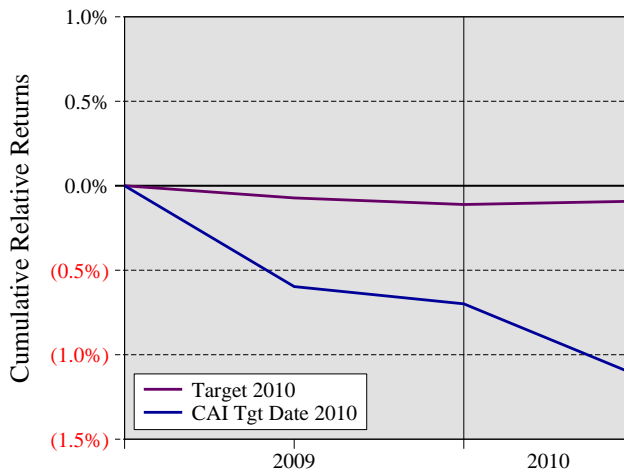
### Performance vs CAI Target Date 2010 (Net)



### Relative Return vs Custom Index



### Cumulative Returns vs Custom Index









## TARGET 2015 TRUST PERIOD ENDED MARCH 31, 2010

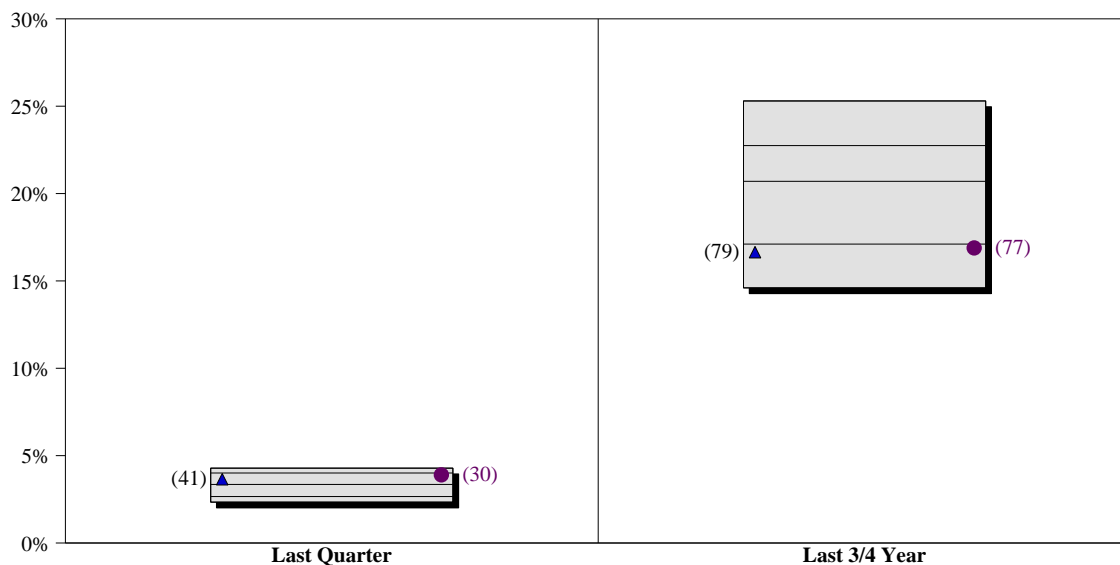
### Investment Philosophy

Annual fees are 13 basis points.

### Quarterly Summary and Highlights

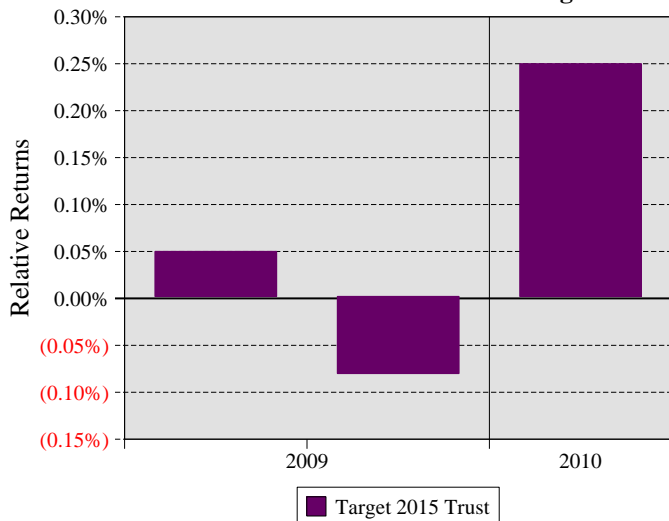
- Target 2015 Trust's portfolio posted a 3.90% return for the quarter placing it in the 30 percentile of the CAI Target Date 2015 group for the quarter and in the 77 percentile for the last three-quarter year.
- Target 2015 Trust's portfolio outperformed the Custom Target by 0.25% for the quarter and outperformed the Custom Target for the three-quarter year by 0.24%.

### Performance vs CAI Target Date 2015 (Net)

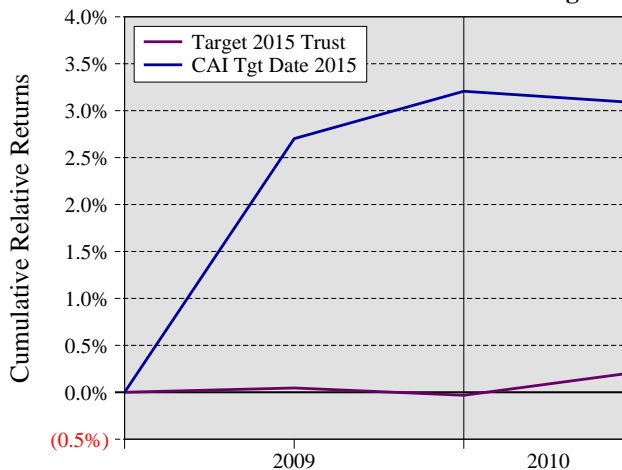


10th Percentile	4.28	25.30
25th Percentile	4.01	22.75
Median	3.35	20.70
75th Percentile	2.66	17.11
90th Percentile	2.34	14.60
<b>Target 2015 Trust</b> ●	3.90	16.89
<b>Custom Target</b> ▲	3.65	16.64

### Relative Return vs Custom Target



### Cumulative Returns vs Custom Target







## TARGET 2020 TRUST PERIOD ENDED MARCH 31, 2010

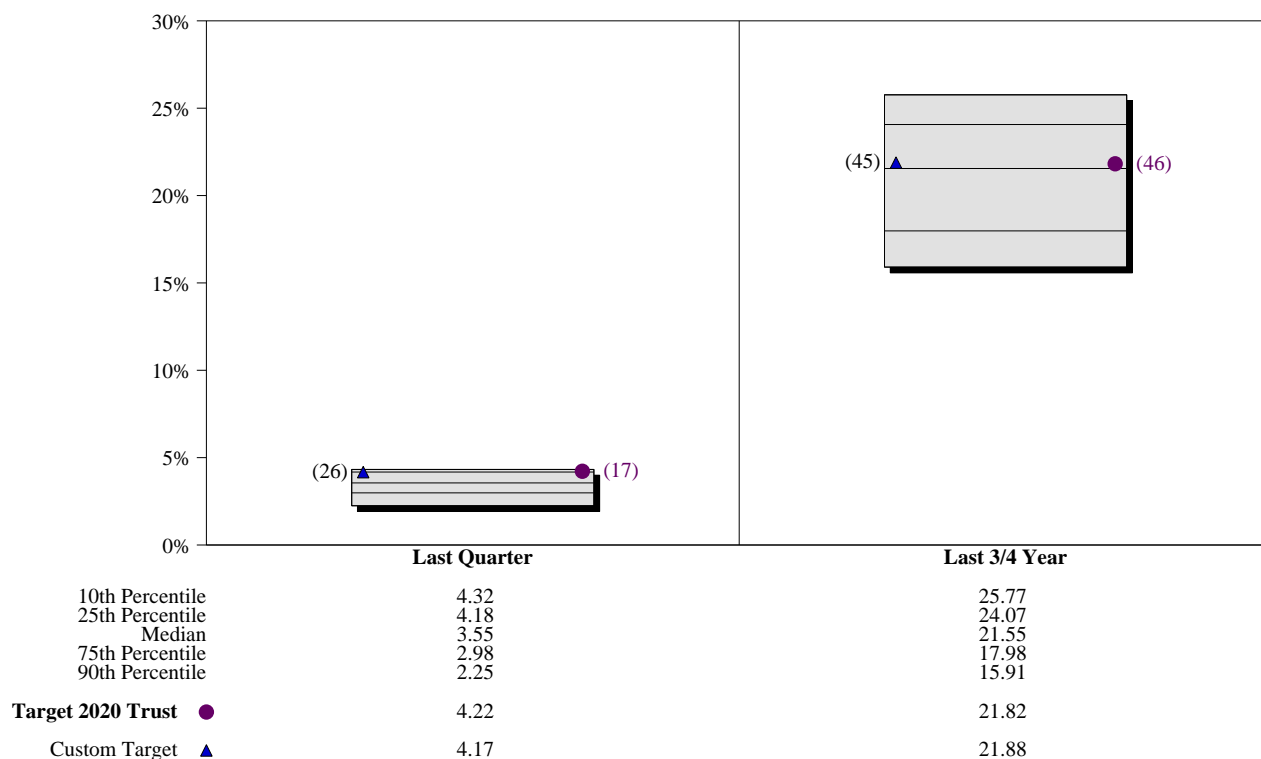
### Investment Philosophy

Annual fees are 14 basis points.

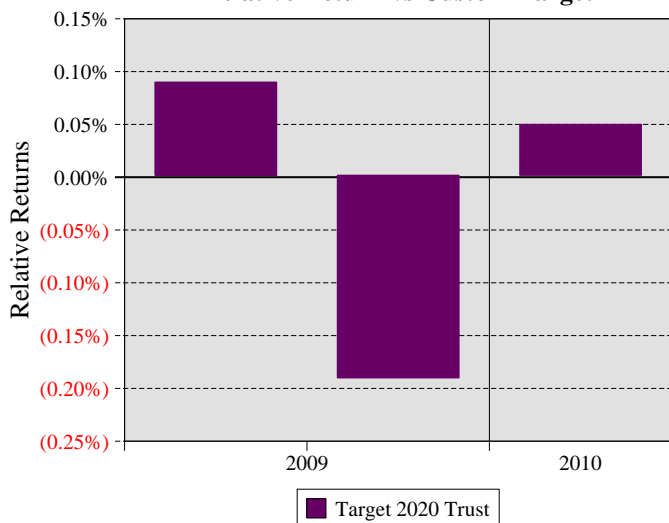
### Quarterly Summary and Highlights

- Target 2020 Trust's portfolio posted a 4.22% return for the quarter placing it in the 17 percentile of the CAI Target Date 2020 group for the quarter and in the 46 percentile for the last three-quarter year.
- Target 2020 Trust's portfolio outperformed the Custom Target by 0.05% for the quarter and underperformed the Custom Target for the three-quarter year by 0.07%.

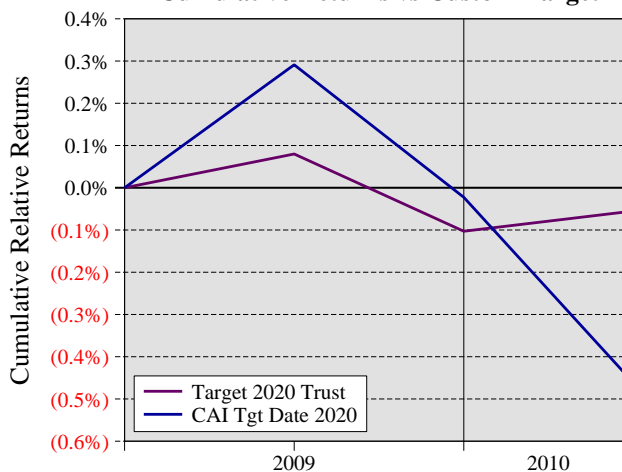
### Performance vs CAI Target Date 2020 (Net)



### Relative Return vs Custom Target



### Cumulative Returns vs Custom Target







## TARGET 2025 TRUST PERIOD ENDED MARCH 31, 2010

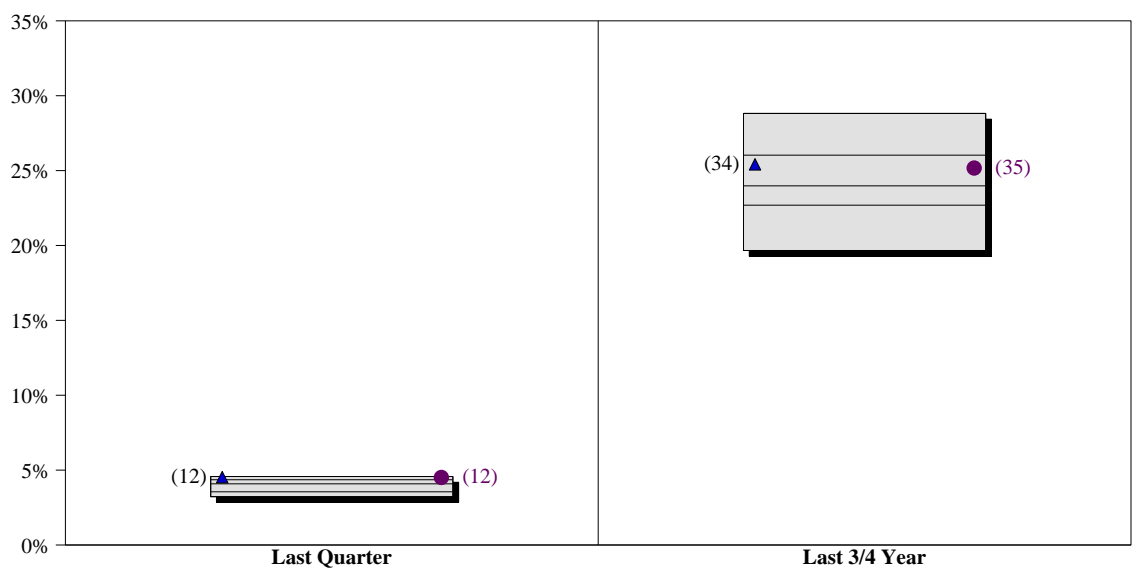
### Investment Philosophy

Annual fees are 15 basis points.

### Quarterly Summary and Highlights

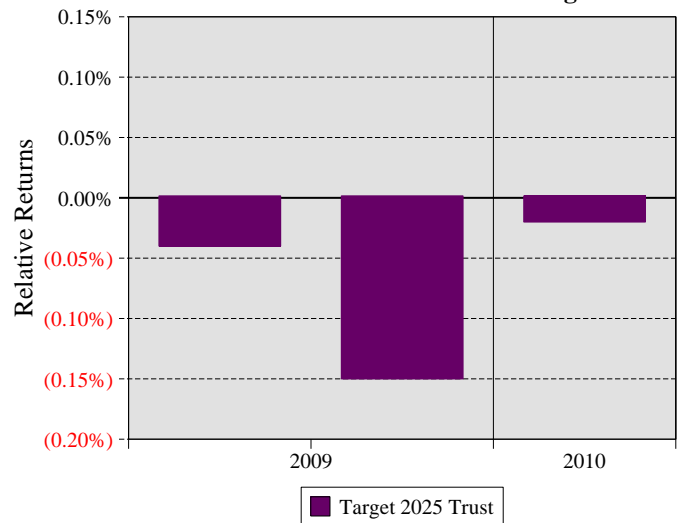
- Target 2025 Trust's portfolio posted a 4.51% return for the quarter placing it in the 12 percentile of the CAI Target Date 2025 group for the quarter and in the 35 percentile for the last three-quarter year.
- Target 2025 Trust's portfolio underperformed the Custom Target by 0.02% for the quarter and underperformed the Custom Target for the three-quarter year by 0.25%.

### Performance vs CAI Target Date 2025 (Net)

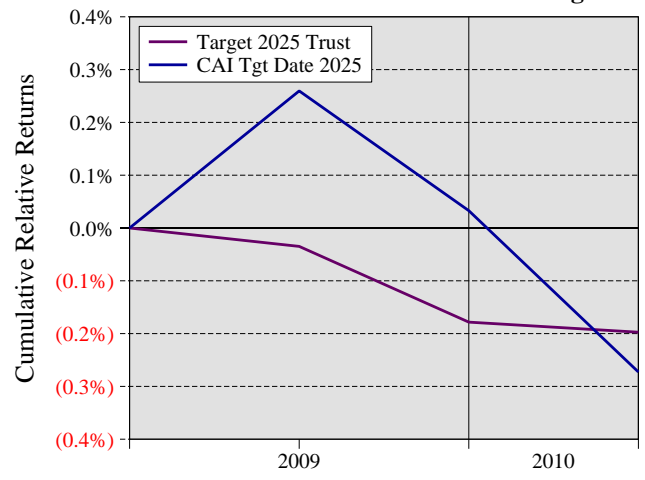


10th Percentile	4.57	28.82
25th Percentile	4.36	26.03
Median	4.08	23.98
75th Percentile	3.55	22.69
90th Percentile	3.23	19.67
<b>Target 2025 Trust</b> ●	4.51	25.17
<b>Custom Target</b> ▲	4.53	25.42

### Relative Return vs Custom Target



### Cumulative Returns vs Custom Target







## TARGET 2030 TRUST PERIOD ENDED MARCH 31, 2010

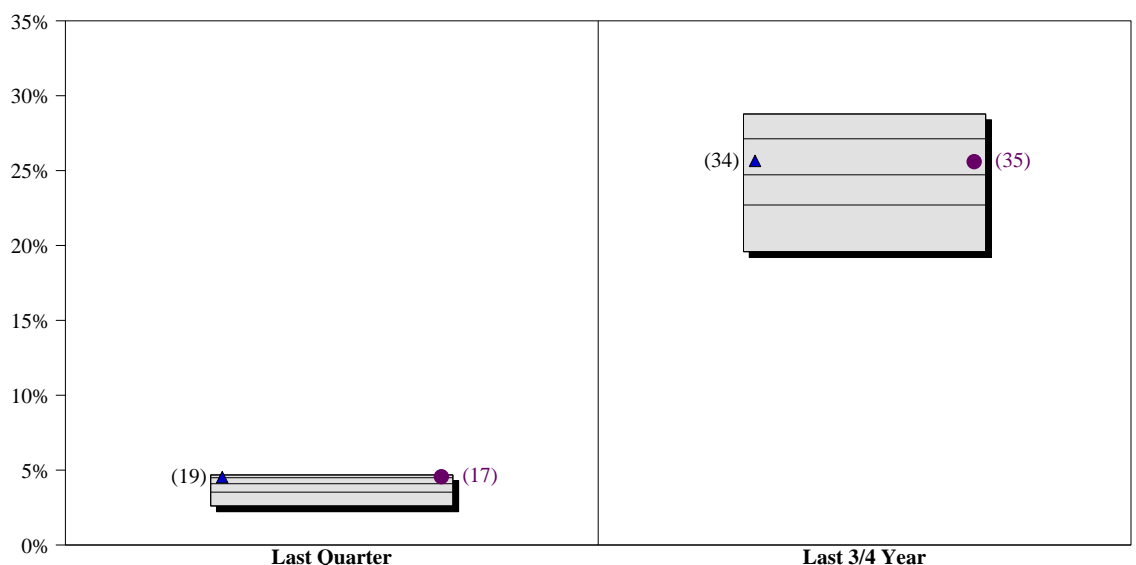
### Investment Philosophy

Annual fees are 15 basis points.

### Quarterly Summary and Highlights

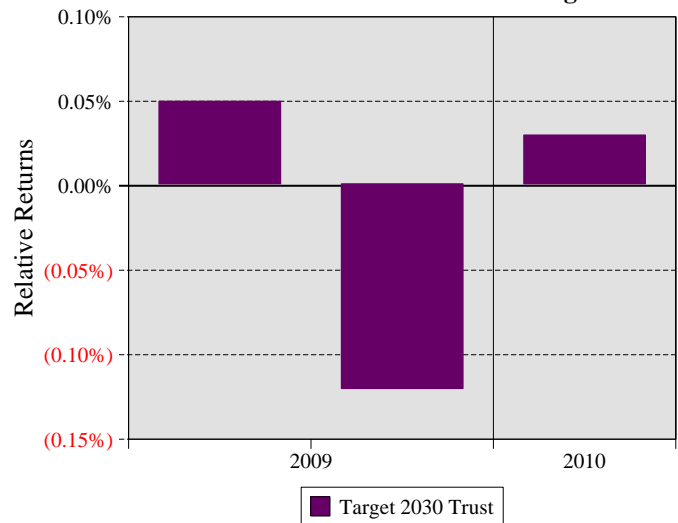
- Target 2030 Trust's portfolio posted a 4.56% return for the quarter placing it in the 17 percentile of the CAI Target Date 2030 group for the quarter and in the 35 percentile for the last three-quarter year.
- Target 2030 Trust's portfolio outperformed the Custom Target by 0.03% for the quarter and underperformed the Custom Target for the three-quarter year by 0.05%.

### Performance vs CAI Target Date 2030 (Net)

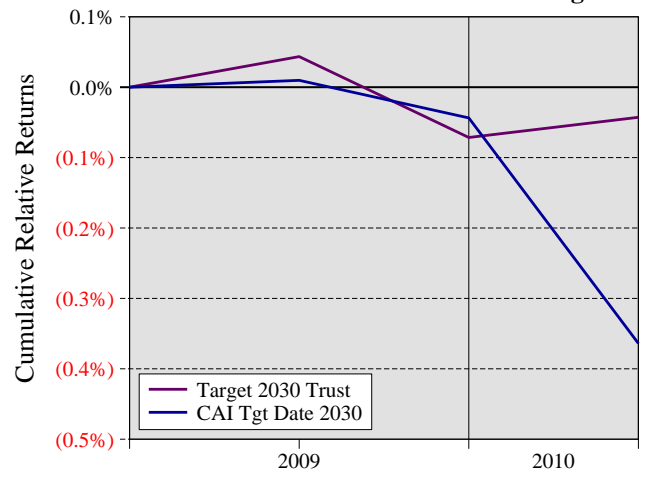


10th Percentile	4.68	28.78
25th Percentile	4.49	27.12
Median	4.09	24.72
75th Percentile	3.53	22.70
90th Percentile	2.61	19.59
<b>Target 2030 Trust</b> ●	4.56	25.60
<b>Custom Target</b> ▲	4.53	25.65

### Relative Return vs Custom Target



### Cumulative Returns vs Custom Target







# TARGET 2035 TRUST PERIOD ENDED MARCH 31, 2010



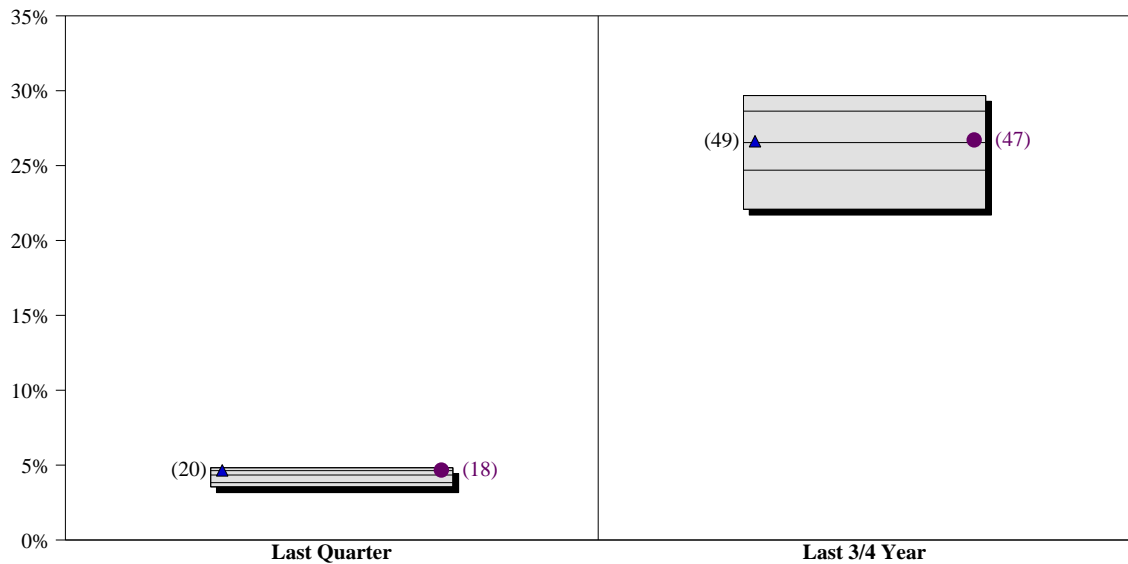
## Investment Philosophy

Annual fees are 15 basis points.

## Quarterly Summary and Highlights

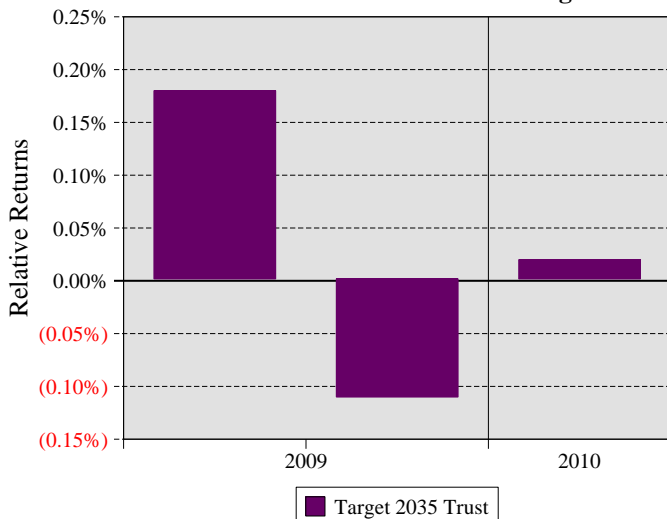
- Target 2035 Trust's portfolio posted a 4.67% return for the quarter placing it in the 18 percentile of the CAI Target Date 2035 group for the quarter and in the 47 percentile for the last three-quarter year.
- Target 2035 Trust's portfolio outperformed the Custom Target by 0.02% for the quarter and outperformed the Custom Target for the three-quarter year by 0.09%.

## Performance vs CAI Target Date 2035 (Net)

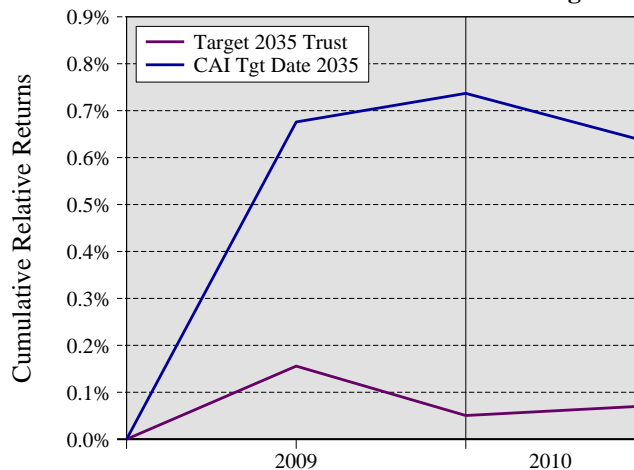


10th Percentile	4.83	29.68
25th Percentile	4.63	28.64
Median	4.34	26.54
75th Percentile	3.83	24.69
90th Percentile	3.55	22.08
<b>Target 2035 Trust</b> ●	4.67	26.71
Custom Target ▲	4.65	26.63

## Relative Return vs Custom Target



## Cumulative Returns vs Custom Target







## TARGET 2040 TRUST PERIOD ENDED MARCH 31, 2010

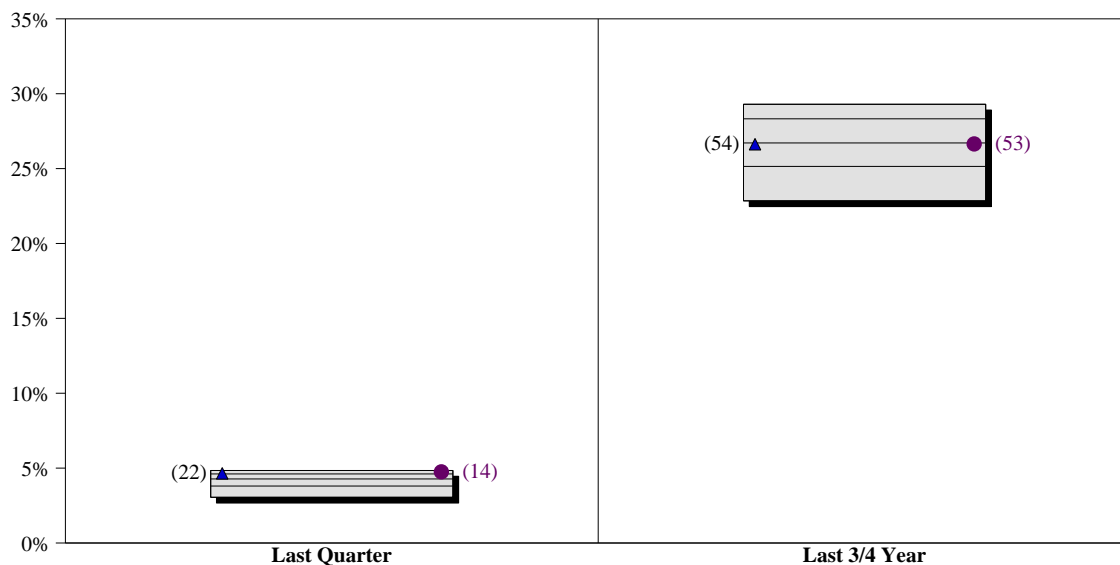
### Investment Philosophy

Annual fees are 15 basis points.

### Quarterly Summary and Highlights

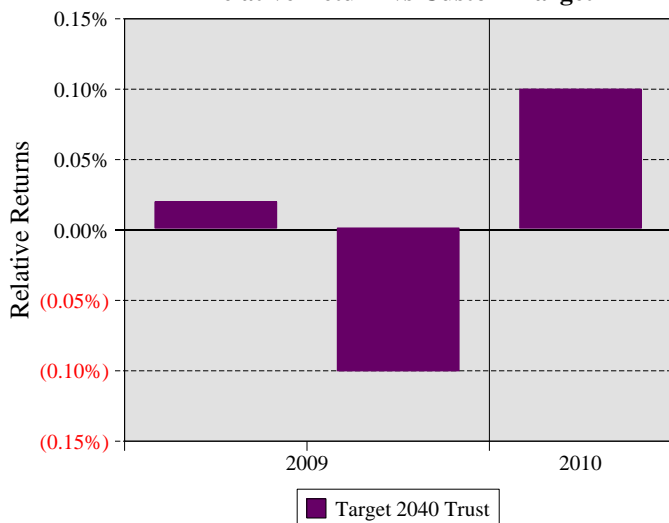
- Target 2040 Trust's portfolio posted a 4.75% return for the quarter placing it in the 14 percentile of the CAI Target Date 2040 group for the quarter and in the 53 percentile for the last three-quarter year.
- Target 2040 Trust's portfolio outperformed the Custom Target by 0.10% for the quarter and outperformed the Custom Target for the three-quarter year by 0.02%.

### Performance vs CAI Target Date 2040 (Net)

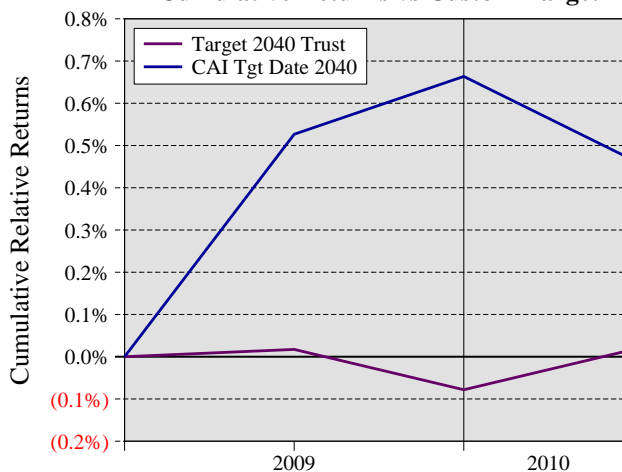


10th Percentile	4.84	29.29
25th Percentile	4.61	28.33
Median	4.28	26.71
75th Percentile	3.80	25.15
90th Percentile	3.05	22.85
<b>Target 2040 Trust</b>	<b>4.75</b>	<b>26.63</b>
<b>Custom Target</b>	<b>4.65</b>	<b>26.63</b>

### Relative Return vs Custom Target



### Cumulative Returns vs Custom Target

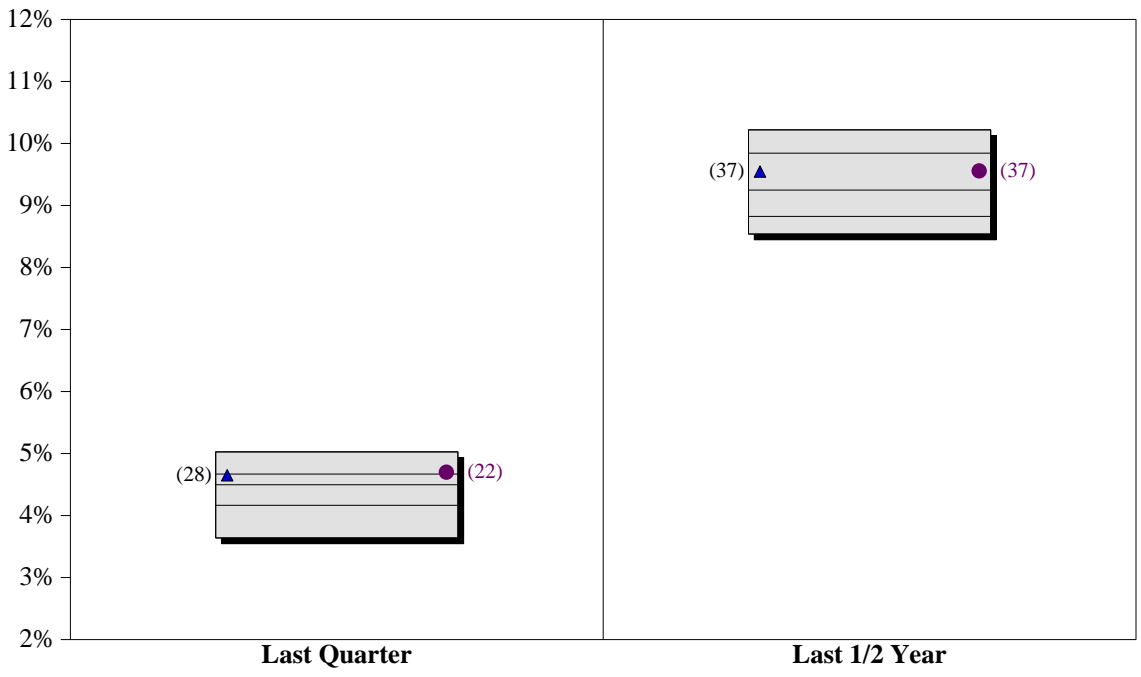




## TARGET 2045 TRUST PERIOD ENDED MARCH 31, 2010

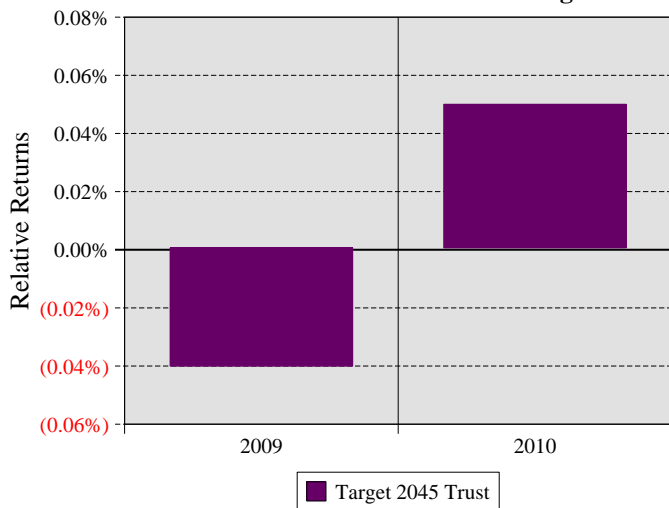
- ### Quarterly Summary and Highlights
- Target 2045 Trust's portfolio posted a 4.70% return for the quarter placing it in the 22 percentile of the CAI Target Date 2045 group for the quarter and in the 37 percentile for the last one-half year.
  - Target 2045 Trust's portfolio outperformed the Custom Target by 0.05% for the quarter and outperformed the Custom Target for the one-half year by 0.01%.

### Performance vs CAI Target Date 2045 (Net)

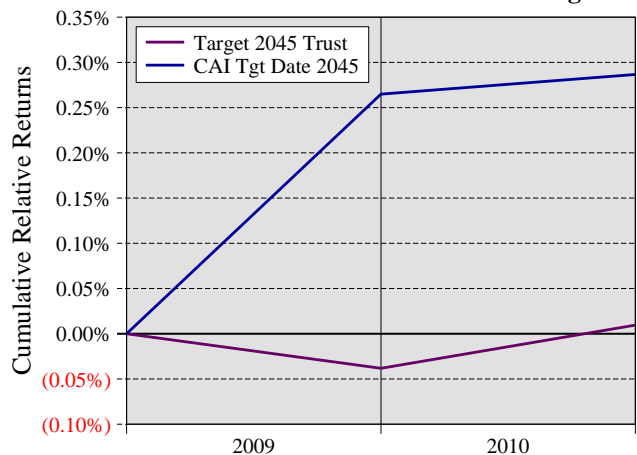


10th Percentile	5.03	10.22
25th Percentile	4.67	9.84
Median	4.50	9.25
75th Percentile	4.17	8.82
90th Percentile	3.64	8.54
<b>Target 2045 Trust</b> ●	4.70	9.56
Custom Target ▲	4.65	9.55

### Relative Return vs Custom Target



### Cumulative Returns vs Custom Target



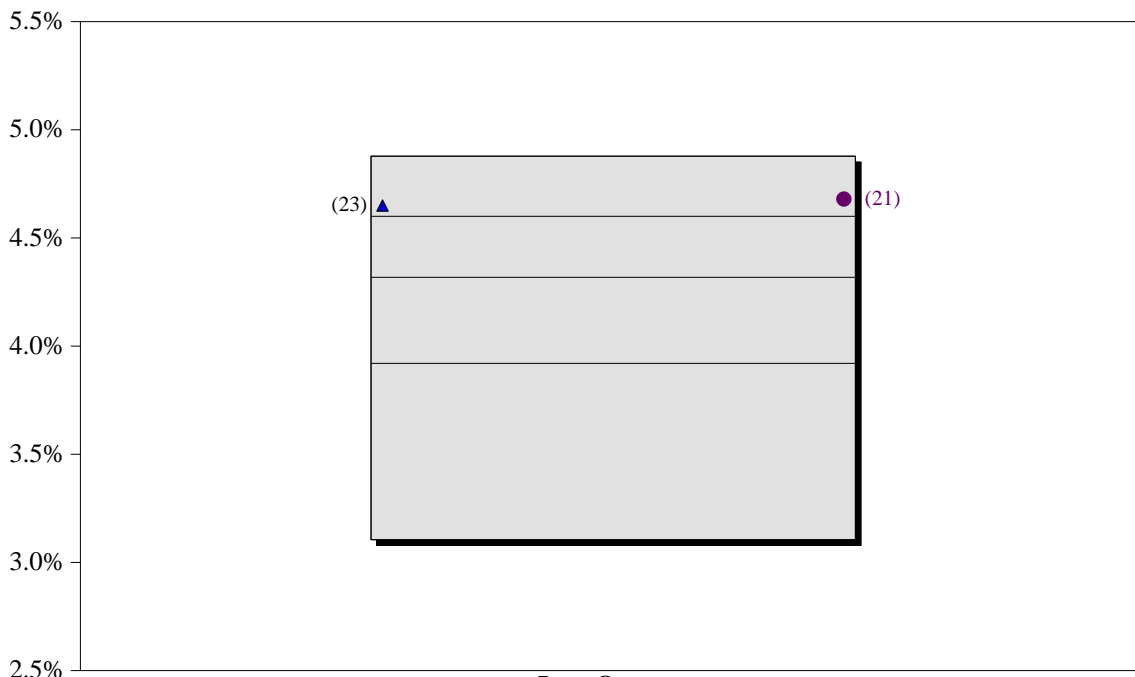


## TARGET 2050 PERIOD ENDED MARCH 31, 2010

### Quarterly Summary and Highlights

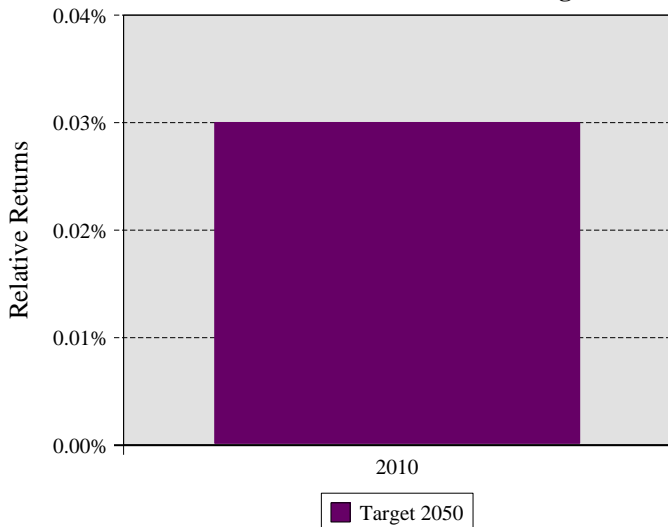
- Target 2050's portfolio posted a 4.68% return for the quarter placing it in the 21 percentile of the CAI Target Date 2050 group for the quarter.
- Target 2050's portfolio outperformed the Custom Target by 0.03% for the quarter.

### Performance vs CAI Target Date 2050 (Net)

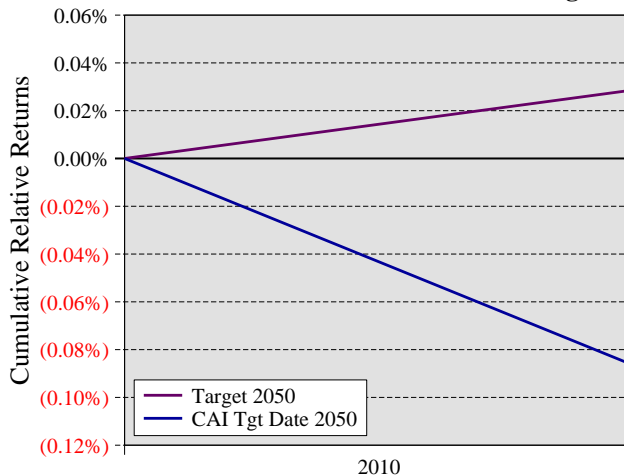


10th Percentile	4.88
25th Percentile	4.60
Median	4.32
75th Percentile	3.92
90th Percentile	3.11
<b>Target 2050</b> ●	4.68
Custom Target ▲	4.65

### Relative Return vs Custom Target



### Cumulative Returns vs Custom Target



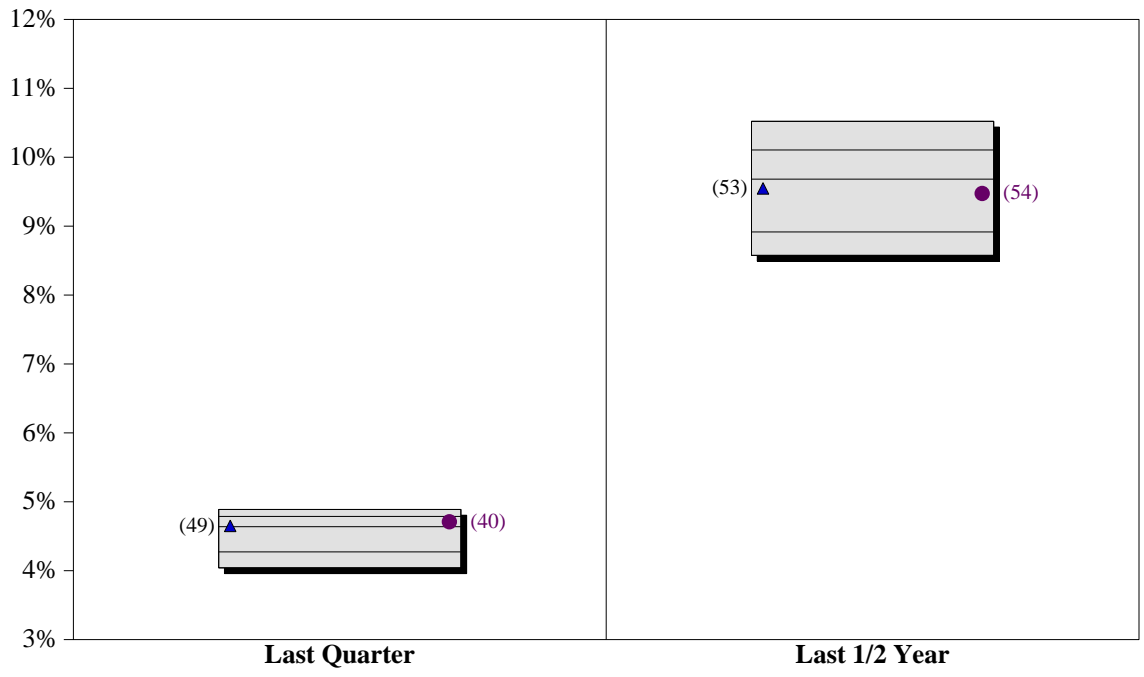




## TARGET 2055 TRUST PERIOD ENDED MARCH 31, 2010

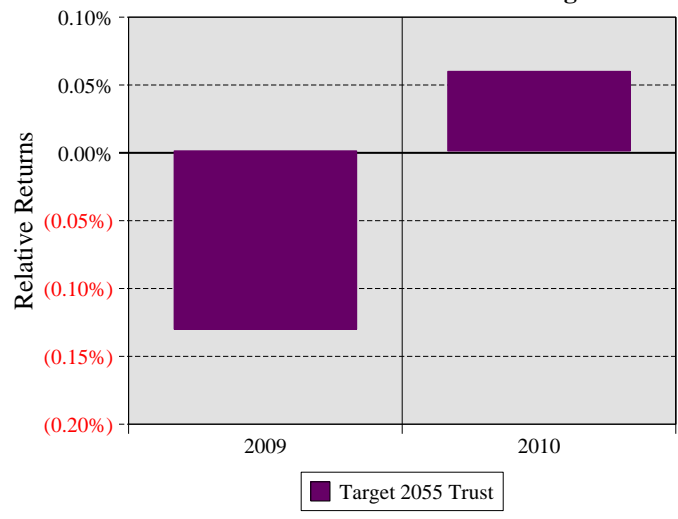
- ### Quarterly Summary and Highlights
- Target 2055 Trust's portfolio posted a 4.71% return for the quarter placing it in the 40 percentile of the CAI Target Date 2055 group for the quarter and in the 54 percentile for the last one-half year.
  - Target 2055 Trust's portfolio outperformed the Custom Target by 0.06% for the quarter and underperformed the Custom Target for the one-half year by 0.07%.

### Performance vs CAI Target Date 2055 (Net)

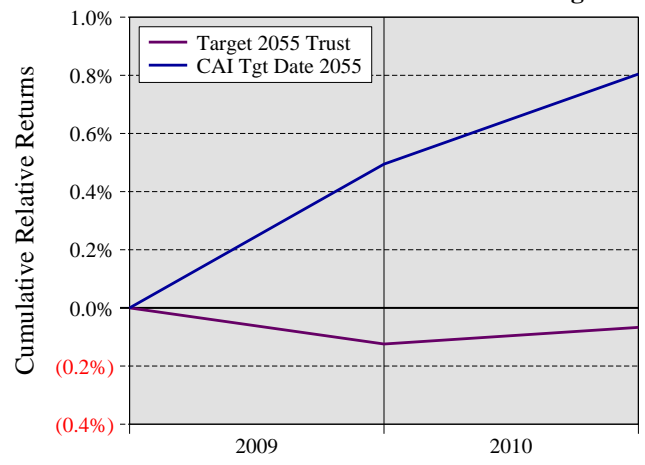


10th Percentile	4.89	10.52
25th Percentile	4.79	10.11
Median	4.64	9.68
75th Percentile	4.27	8.92
90th Percentile	4.04	8.58
<b>Target 2055 Trust</b>	<b>4.71</b>	<b>9.47</b>
<b>Custom Target</b>	<b>4.65</b>	<b>9.55</b>

### Relative Return vs Custom Target



### Cumulative Returns vs Custom Target





# US REAL ESTATE INV TRUST PERIOD ENDED MARCH 31, 2010



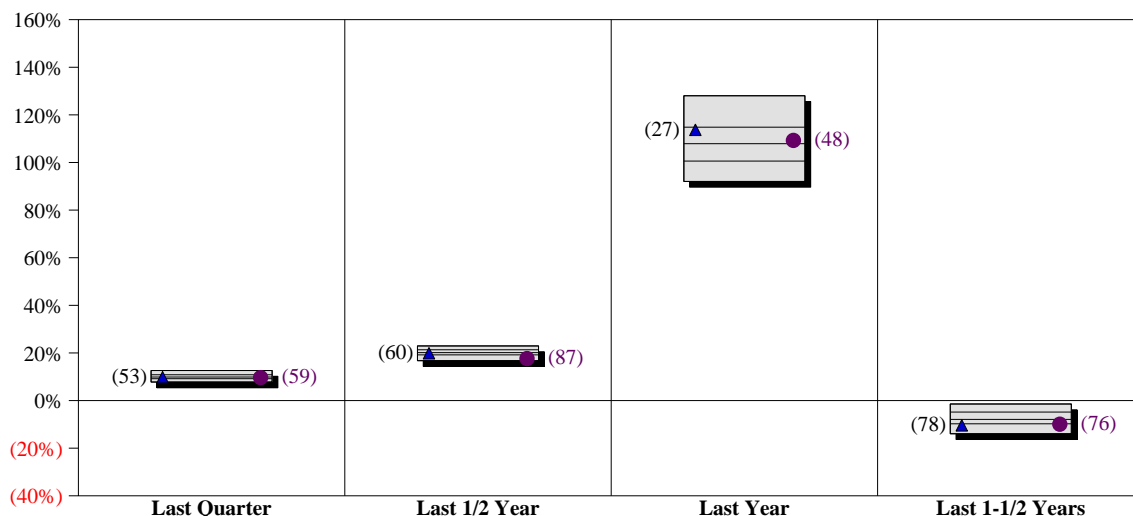
## Investment Philosophy

The US Real Estate Investment Trust Index Fund is managed by SSgA. Passively managed. Annual fees are 17 basis points.

## Quarterly Summary and Highlights

- US Real Estate Inv Trust's portfolio posted a 9.64% return for the quarter placing it in the 59 percentile of the Real Estate Mut Fds group for the quarter and in the 48 percentile for the last year.
- US Real Estate Inv Trust's portfolio underperformed the Wilshire REIT by 0.18% for the quarter and underperformed the Wilshire REIT for the year by 4.45%.

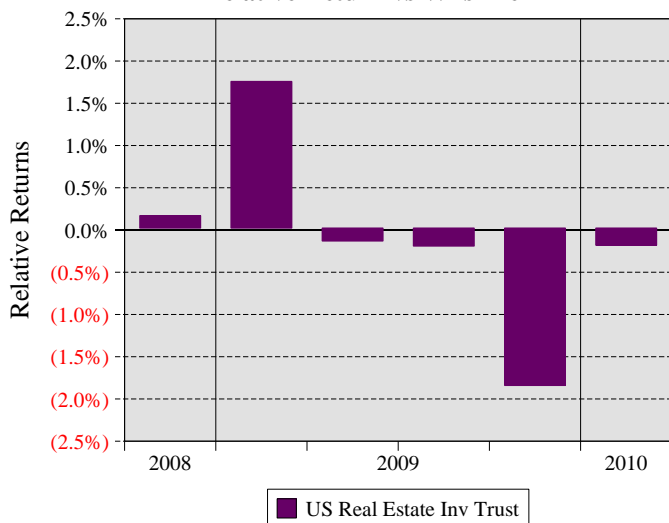
## Performance vs Real Estate Mut Fds (Gross)



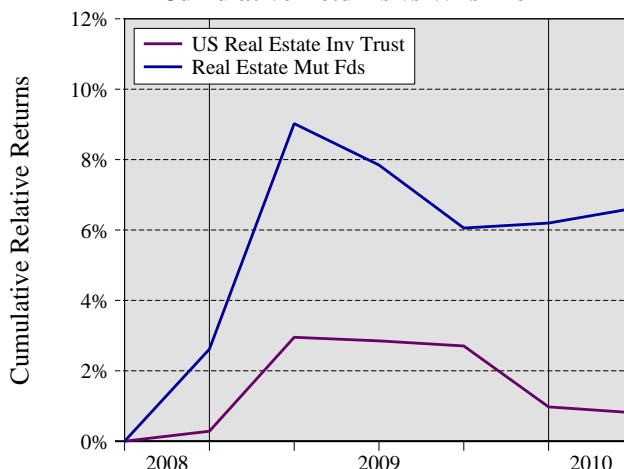
10th Percentile	12.62	22.95	128.03	(1.44)
25th Percentile	10.84	21.33	114.83	(4.83)
Median	9.89	20.14	107.89	(7.91)
75th Percentile	9.19	19.19	100.60	(9.76)
90th Percentile	7.78	16.75	92.03	(13.94)

<b>US Real Estate Inv Trust</b> ●	9.64	17.65	109.27	(9.92)
<b>Wilshire REIT</b> ▲	9.82	19.87	113.72	(10.40)

## Relative Return vs Wilshire REIT



## Cumulative Returns vs Wilshire REIT







## RESEARCH AND UPCOMING PROGRAMS

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Below is a list of recent Callan Institute research and upcoming programs. The Institute's research and educational programs keep clients updated on the latest trends in the investment industry and help clients learn through carefully structured workshops and lectures. For more information, please contact your Callan Consultant or Gina Falsetto at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).

### White Papers

**Domestic Equity Benchmark Review: Year-End 2009**

Anna Wagner

**Ask the Expert – Capital Market Projections: Looking Forward**

Paul Erlendson, Jay Kloepfer

**Responsible Investing – A Primer**

Anna Wagner

**The Risk Parity Approach to Asset Allocation**

Greg Allen

**Is it Time to Add TIPS to Your DC Plan?**

Maria Bautista, CIPM; Lori Lucas, CFA

### Publications

**DC Observer and Callan DC Index™** – 4th Quarter 2009

**Hedge Fund Monitor** – 4th Quarter 2009

**Capital Market Review** – 1st Quarter 2010

**Quarterly Performance Data** – 1st Quarter 2010

**Private Markets Trends** – Winter 2009-2010



## RESEARCH AND UPCOMING PROGRAMS

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(continued)

### Surveys

**2010 DC Trends Survey** – January 2010

**How Investment Managers Survived the Market Collapse** – October 2009

**2009 Investment Management Fee Survey** – September 2009

### Event Summaries and Presentations

**Summary: The 30th Annual National Conference** – February 2010

Featuring: The Capital Markets Panel, T.R. Reid, Warren Hellman,  
Laura D’Andrea Tyson and workshops on DC, alternatives and inflation.

**Presentations: The 30th Annual National Conference Workshops** – February 2010

“Disaster-Proofing the DC Plan”

“Secondary Investment Opportunities: Dream or Reality?”

“Re-igniting Inflation Fears”

### Upcoming Educational Programs

**June 2010 Regional Breakfast Workshops**

**June 22** in Atlanta

**June 23** in San Francisco

“The Risk Locker – Strategies to Diffuse Risk”

Presenters: Bud Pellecchia (New Jersey Consulting), Mark Stahl (Global Manager  
Research) and Jim Van Heuit (Capital Markets Research).

*Registration is now open! Visit [www.callan.com](http://www.callan.com) or contact us for more information.*

**If you have any questions regarding these programs,  
please contact Ray Combs at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).**

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The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2010

## EDUCATIONAL SESSIONS

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### **An Introduction to Investments**

**October 12–13 in San Francisco**

This two day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. It will familiarize fund sponsor trustees and staff with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

### **Advanced Investment Topics**

**July 20–22 in San Francisco**

This program is designed for individuals who have more than two years' experience and provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds; representatives of family trusts; and investment management professionals.

Tuition for the "Callan College" Introduction to Investments is \$2,350 per person; tuition for all other sessions is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day and dinner on the first evening with the instructors.

### **Customized Sessions**

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

**For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or [college@callan.com](mailto:college@callan.com).**



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2010

## EDUCATIONAL SESSIONS

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(continued)

### **Alternative Investments**

**June 2–3 in San Francisco**

Callan Associates will share its alternative investment expertise through an educational program designed to advance the participants' knowledge, understanding and comfort with hedge funds, private equity, real estate, timber, commodities, energy, TIPS, infrastructure and agriculture.

Callan's alternative specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends and best practices.

Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive two-day program offers a blend of interactive discussion, lectures, presentations and case studies.

Topics for the two-day session will include:

- Understanding how to assess which hedge fund solutions may be most appropriate.
- Review of the various methodologies for deciphering alpha in a hedge fund program.
- Gain knowledge on how to capture the benefits of the private equity market's inefficiencies through proper implementation.
- Learn how and why performance measurement and monitoring standards differ from public securities allocations and how to properly evaluate private equity performance.
- Examine the process for implementing and managing private equity and real estate programs over time.
- Understand the risks associated with private real estate investing and how to protect your investments.
- Explore the other real return asset classes and their unique attributes with particular focus on timber, commodities, energy, TIPS, infrastructure and agriculture.

Tuition for the Alternatives "Callan College" session is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

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The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)

**Callan Associates • Knowledge for Investors**





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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
AllianceBernstein	Y	Y
Allianz Investor Services, LLC		Y
American Century Investment Management	Y	
Analytic Investors	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Bank of America Merrill Lynch		Y
Bank of Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
Bel Air Investment Advisors LLC	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandwine Global Investment Management, LLC	Y	
Bridgeway Capital Management	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Calamos Advisors	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Declaration Management & Research LLC	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y

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Manager Name	Educational Services	Consulting Services
Fiduciary Asset Management Company (FAMCO)	Y	
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GBM	Y	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Grant Park Capital Partners	Y	
Grantham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guaranteed Partners	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Heartland Advisors, Inc.		Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
Hills Bank	Y	
HSBC Investments (USA) Inc.		Y
ING Investment Management	Y	Y
INVESCO	Y	Y
Investec Asset Management	Y	
Institutional Capital LLC	Y	
Janus Capital Management, LLC	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Kenmar Group Inc.	Y	
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
LSV Asset Management	Y	
Mackay Shields LLC	Y	Y
Madison Square Investors	Y	
Marsico Capital Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miller/Howard Investments Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Natixis Global Asset Management		Y
Newton Capital Management	Y	
Neuberger Berman (fka. Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y

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Manager Name	Educational Services	Consulting Services
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
Piedmont Investment Advisors	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
Portfolio Investments	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroders Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments		Y
Smith Group Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Sterne Aqee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
TAMRO Capital Partners	Y	
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y

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Manager Name	Educational Services	Consulting Services
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Wells Fargo Capital Partners Group	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	
Zephyr Management	Y	

# Warburg Pincus Private Equity

June 2010

# Warburg Pincus

---

## Differentiated strategy

- Growth-oriented investors from venture to buyouts
- Industry-specialized for three decades
- Global investors for three decades

---

## Leading performance

- 27% net return for last fifteen years
- 21% net return for last twenty years
- Consistently top quartile in IRR and multiple

---

## Unparalleled distributions

- \$6 billion last three years; \$30 billion last ten years
- 3% of investments and 7% of distributions in US private equity industry last ten years
- Diversified investments generate consistent distributions

---

## Institutionalized firm

- 59 Managing Directors; 160 investment professionals
  - Successful leadership transition in 2000
  - Unique alignment of interests
-

# Institutionalized Firm

- Founded in 1966 – raised first institutional fund in 1971
- 12 private equity funds – \$42 billion of committed capital
- \$37 billion invested in more than 615 companies
- Successful leadership transition in 2000
- Aligned interests with LPs and among Warburg Pincus Partners
  - No deal fees
  - “One firm” economics
  - No allocation pressure to invest
  - GP commitment of over \$1 billion in our active funds



# Growth-Oriented Investors

- Flexible investment strategy for four decades
- Successful and experienced investor at all stages
  - Venture capital – conceiving and creating companies
  - Growth capital – growing companies with equity / lines of equity
  - Special situations – value-oriented investments
  - LBOs – focused on growth opportunities and add-on acquisitions
- Our profits have been generated from growth in operating earnings
- Differentiated investments, funds, drivers of profitability

# Industry-Specialized

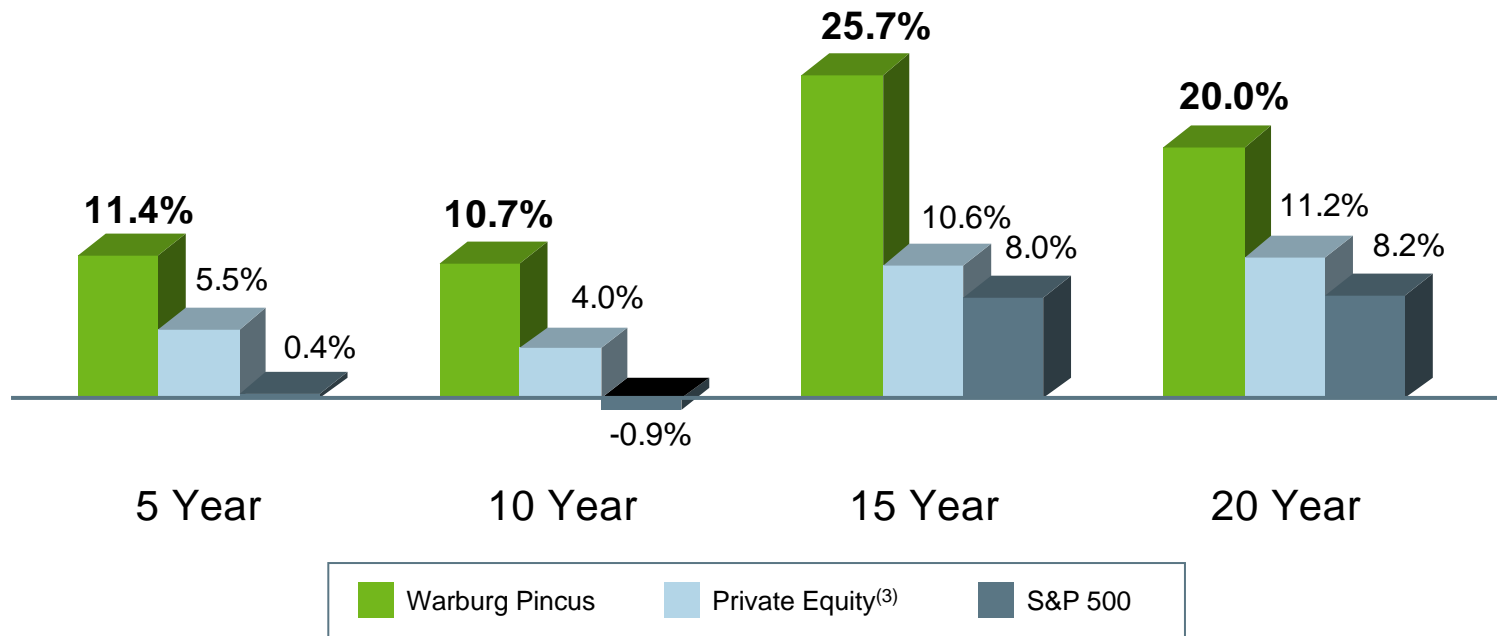
- Specialized in five core industry sectors for three decades
  - Healthcare, Energy, Financial Services, Technology / Media / Telecommunications, Industrial / Consumer
- Industry specialization extends to more than 20 sub-sectors
  - Healthcare – Medical Devices, Pharmaceuticals
  - Energy – E&P, Midstream, Services, Alternatives
  - Financial Services – Financial Institutions, Insurance
  - TMT – Business Services, Internet, Cable, Software Services
- Speaking the same language as management teams
- Committed to industry sectors through the cycles

# Experienced Global Investor

- Investing outside the US for three decades
  - 25 years in Europe and 15 years in Asia
- Leading private equity investor in India, China and CEE
  - \$4.9 B invested, \$5.9 B realized, \$4.5 B carrying value
- Global experience valued by world-class management teams
- 10 offices worldwide and approximately half of professionals outside the US
  - New York, San Francisco
  - London, Frankfurt, Mumbai, Hong Kong, Beijing, Shanghai, Tokyo, Sao Paulo

# Leading Performance<sup>(1)(2)</sup>

As of December 31, 2009



(1) Warburg Pincus and Private Equity returns are net of fees and carry

(2) 15 Year and 20 Year numbers cited elsewhere in this presentation are as of 3/31/10

(3) Source: Venture Economics U.S.-based All Private Equity average returns compared to Warburg Pincus and S&P 500

# Warburg Pincus

As of March 31, 2010

## Signature Deals



- 1988: \$160MM into \$1.5B; 30% IRR, 9.3x
- Recapitalized via good bank / bad bank



- 1995: \$55MM into \$6.6B; 225% IRR, 121.6x
- Created company with Bill, Ed and Alfred



- 1996: \$147MM into \$1.3B; 69% IRR, 8.7x
- LBO of office furniture company



- 1998: \$126MM into \$1.2B; 41% IRR, 9.3x
- Privatization of CEE pharma company



- 1998: \$77MM into \$1.2B; 55% IRR, 16.1x
- Spin out of third-party telco services provider



- 1999: \$300MM into \$1.8B; 51% IRR, 5.6x
- Growing India's leading telco



- 2001: \$445MM into \$1.6B; 24% IRR, 3.5x
- Created insurance / re-insurance company



- 2003: \$285MM into \$1.2B; 41% IRR, 4.3x
- LBO of aircraft component company

# Warburg Pincus X (2007)

# Warburg Pincus X (2007)

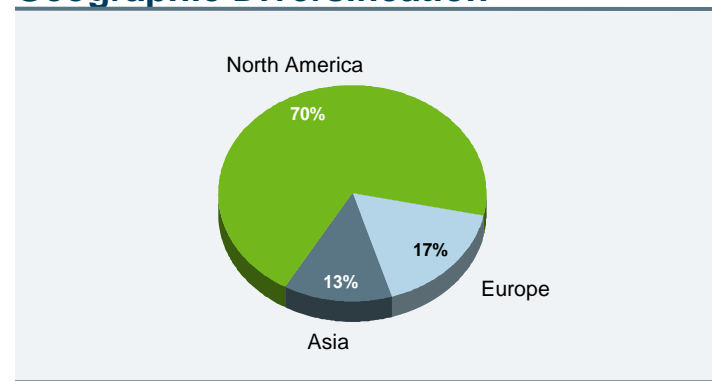
\$15.1 Billion, 52.3% of Capital Called

Portfolio Companies	38
Average Life	1.6 years

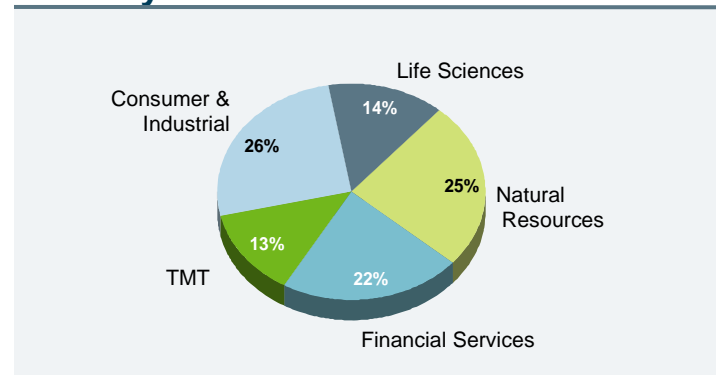
## Financial Results

Gross IRR	-4.2 %
Net IRR	-10.0 %
Fund Multiple	0.8 x

## Geographic Diversification



## Industry Sector Diversification



# Warburg Pincus X - Summary

- Fund X has a diverse portfolio of companies reflecting our traditional focus on industries, geographies and investment stages
- Despite some 2007 vintage year exposure, the fund is tracking very well
- Well-timed investments in late 2008 and 2009 are performing well
- Approximately 50% of the fund is yet to be drawn – significant dry powder in a very attractive market with strong deal flow



# Warburg Pincus X - Investments

- Volatile investments
- Well-timed, tracking well investments
- Energy investments
- Later stage, on plan investments



# Warburg Pincus X - Investments

- Smaller early stage, big potential investments



- China growth investments

**RCS Group**

- Strong deal flow



# Private Equity 2010

# Private Equity 2010 - Warburg Pincus Perspective

- Emerging markets
- Developed markets
- Venture and growth capital
- Late stage investing
- Debt capital markets
- Equity capital markets



ANGELO,  
GORDON  
& CO.

# **AG Capital Recovery Partners VI, L.P.**

presentation for

## Alaska Retirement Management Board

June 24, 2010

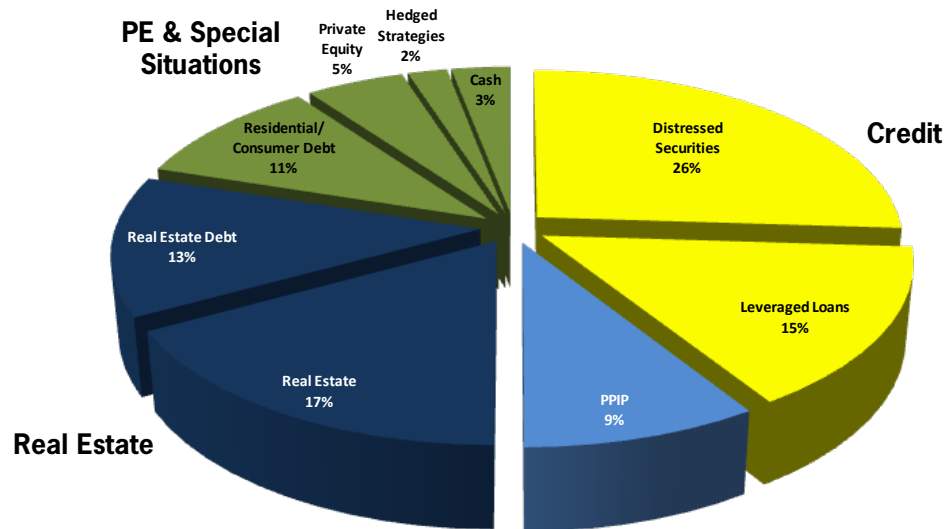
# AG Overview



- Founded in 1988; privately held with assets under management of \$22 billion
- Leader in alternative investments focusing on absolute return strategies
  - Four principal lines: (i) distressed debt and leveraged loans, (ii) real estate, (iii) private equity and special situations and (iv) multi-strategy
  - Conservative evaluation approach, implemented through in-depth research and a diversification strategy applied within each portfolio to limit downside risk
- Headquarters in New York with associated offices globally in London, Amsterdam, Los Angeles, Tokyo, Seoul, Shanghai and Hong Kong

## \$22 Billion in Assets Under Management

(as of March 31, 2010)



# Angelo, Gordon: Distressed Debt Overview



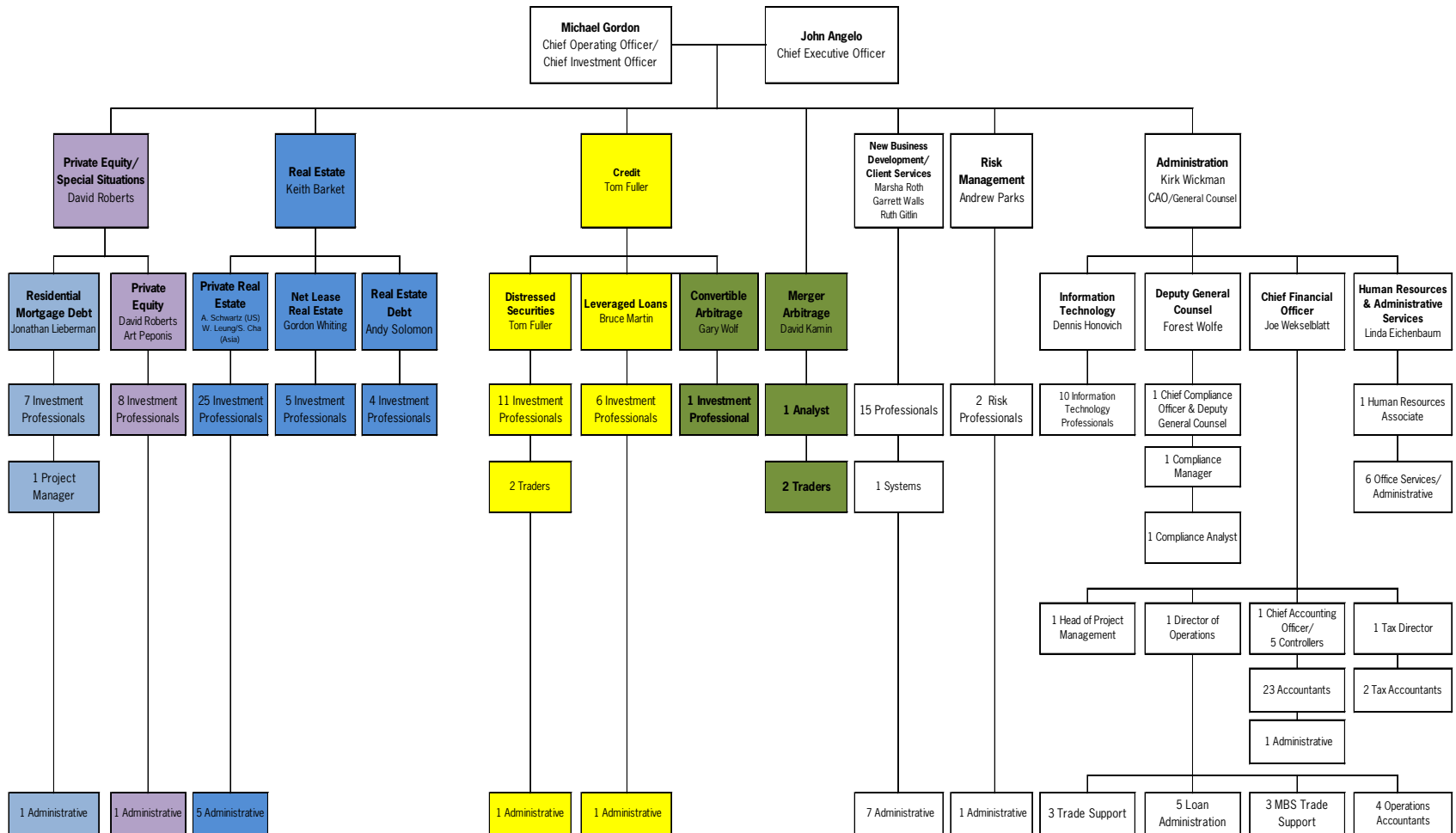
- Experience – 20+ years of investing in distressed debt
- Consistent investment approach:
  - Top of the capital structure – senior/secured
  - Active in restructuring/bankruptcy process
  - Diversified portfolio
  - No leverage
- Experienced investment team – with resources of broad AG platform
- Successful track record since 1988
- Invested over \$25 billion in distressed investments representing over 580 issuers in over \$43 billion of claims

# Angelo, Gordon & Co. Organization



AG has over 200 employees in five time zones on three continents

- 88 investment professionals
- 48 accounting and operations professionals (22 CPAs)
- 3 risk managers; 5 legal/compliance officers
- 20 client service professionals





# Corporate Credit



## Distressed Debt

Name	Role	Years Experience
Tom Fuller	Portfolio Manager	19
Tom Boyce	Research	19
Todd Arden	Research	16
Ed Kressler	Research	13
Danielle Leone	Research	13
Michael Sullivan	Research	13
Stephen Heanly	Research, London	11
Gavin Baiera	Research	9
Daniel Pound	Research, London	8
Chris Ellerker	Research, London	7
George Schulz	Research	4
Bryan Rush	Research	4
Matt Sheerin	Trader	12
Kevin Concannon	Trader	7

## Leveraged Loans

Name	Role	Years Experience
Bruce Martin	Portfolio Manager	16
Maureen D'Alleva	Research	22
Marianne Manzolino	Research	16
Michael Kanner	Research	15
Peter Gingold	Research	13
Christina Hwang	Research	9
Donhoa Tran	Research	3

# Spectrum of Distressed Investing




## Angelo, Gordon Approach

Hybrid: Distressed/Control	Active/Influential*	Trading
<p><b>Strategy:</b> Buying debt with the intent to get to equity to gain control</p> <ul style="list-style-type: none"> <li>▪ Direct investments in troubled companies</li> </ul>	<p><b>Strategy:</b> Buying senior and/or secured debt at a discount to intrinsic value</p>	<p><b>Strategy:</b></p> <ul style="list-style-type: none"> <li>▪ Relative value plays</li> <li>▪ Long/short strategy</li> <li>▪ Passive approach</li> </ul>
<p>10-15 investments Hold for 3-7 years</p>	<p>45-50 investments Hold for 12-24 months</p>	<p>Hold for short term</p>
<p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>▪ Concentrated portfolios</li> <li>▪ Adverse selection</li> <li>▪ Execution difficulty</li> <li>▪ Equity market correlation</li> </ul>	<p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>▪ Timing</li> </ul>	<p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>▪ Market volatility</li> </ul>
<p><b>Exit strategy:</b></p> <ul style="list-style-type: none"> <li>▪ Sell company</li> </ul>	<p><b>Exit strategy:</b></p> <ul style="list-style-type: none"> <li>▪ Exchange for new debt and sell in market</li> <li>▪ Exchange for cash</li> <li>▪ Exchange for equity</li> </ul>	<p><b>Exit strategy:</b></p> <ul style="list-style-type: none"> <li>▪ Sell in market</li> </ul>

\*See Confidential Offering Memorandum for a listing of risk factors

# Where to Invest?: Capital Structure



**INCREASING RISK**

<b>Asset Class</b>	<b>Characteristics</b>	<b>Distribution</b>
<b>Bank Debt (AG Focus)</b>	Highest level of asset coverage Often collateralized Preference over other securities May pay interest during reorganization	Cash or additional senior or secured debt
<b>High Yield Bonds Trade Claims</b>	Asset coverage varies widely Rarely pays interest	New subordinated debt or equity
<b>Preferred/ Common Equity</b>	Usually no asset coverage	Warrants or no distribution

*Value and risk are determined by where you invest in the capital structure*

# Investment Network



- Essential relationships for successful investing



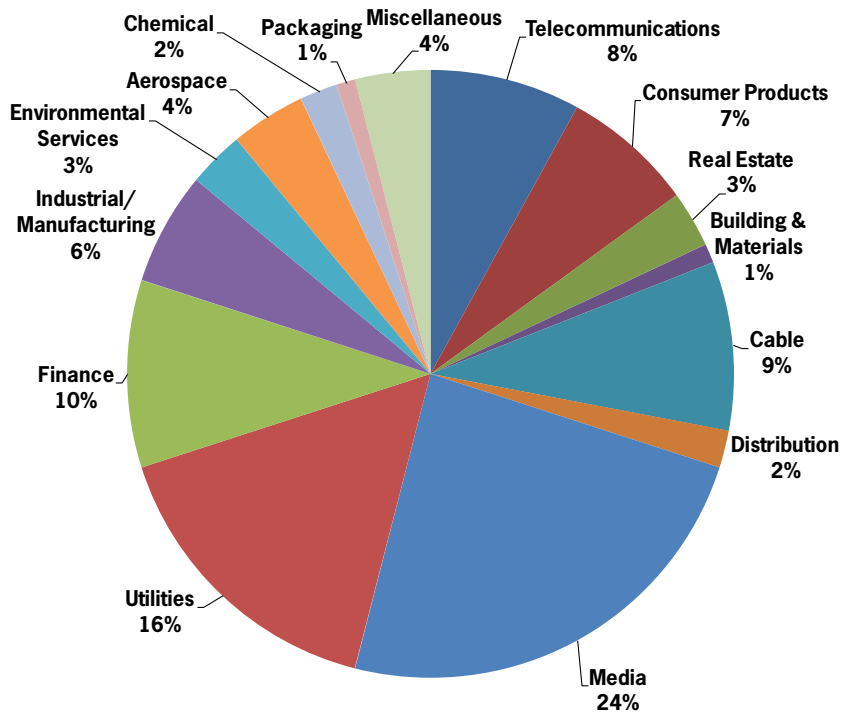
# Portfolio Construction



- Typically 45 investments at different stages:
  - 1/3 – Building positions
    - Taking an initial 50-100 bps position, continuing due diligence, deciding to go forward or not
  - 1/3 – Actively involved in reorganization/restructuring
  - 1/3 – positions winding down

## AG CAPITAL RECOVERY PARTNERS VI, L.P.

Industry Breakdown (as of 3/31/10)



**Number of Issuers in Portfolio: 56**

### Regional Breakdown

	% Gross Exposure
US	90%
WEST EUROPE	4%
CANADA	6%

### Investment Type Breakdown

	% Gross Exposure
SENIOR AND/OR SECURED	95%
SUBORDINATED	1%
EQUITY	4%

# Top 5 Positions Based on Market Value (Alpha Order)\*



- CIT Group Inc.
- Machgen
- Tribune Co.
- Univision Communications Inc.
- Wide Open West

*\* Top 5 positions comprise approx. 32% of the fund's committed capital.*

# AG Capital Recovery Partners VI: ARMB Investment Status



- Inception: May 2008<sup>(1)</sup>
- Fund Size: \$2,000,000,000

## **Net time-weighted return since May 12, 2008 inception through March 31, 2010**

	Q1	Q2	Q3	Q4	YTD
2008		-4.51% <sup>(1)</sup>	-14.02%	-18.21%	-32.84%
2009	6.00%	18.29%	12.68%	3.29%	45.94%
2010	5.67%				5.67%
				Net Internal Rate of Return <sup>(2) (3)</sup>	12.19% <sup>(4)</sup>

(\$ in millions)	<b>Total Limited</b>	
	<b>Partners</b>	<b>ARMB</b>
Committed Capital	\$2,000.0	\$25.0
Paid-In Capital	\$2,000.0	\$25.0
Net Asset Value as of 3/31/10 <sup>(2)</sup>	\$2,358.5	\$29.5
Net Multiple of Paid-In Capital	1.2x	1.2x

<sup>(1)</sup> Date of first capital call: May 12, 2008.

<sup>(2)</sup> Net results for a limited partner in AG Capital Recovery Partners VI, L.P., net of all expenses including quarterly management fees and the accrual of a pro forma carried interest allocation to the general partner, assuming a complete liquidation at the end of each period. Net of fee performance results include the reinvestment of all dividends, interest and capital gains where applicable. A description of the investment strategy pursued by the fund is set forth in the fund's confidential offering memorandum, which is available upon request. Past performance may not be indicative of future results.

<sup>(3)</sup> Internal Rate of Return reflects cumulative cash-on-cash returns for the entire period from inception plus residual values at the end of the period, expressed as an annualized internal rate of return.

<sup>(4)</sup> The Net IRR for the fund as of March 31, 2010 is not considered representative of the returns expected to be achieved over the life of the fund as it is still in its investment period.

# AG Capital Recovery Partners Series – March 31, 2010



	AG Capital Recovery Partners, L.P.	AG Capital Recovery Partners II, L.P.	AG Capital Recovery Partners III, L.P.	AG Capital Recovery Partners IV, L.P.	AG Capital Recovery Partners V, L.P.	AG Capital Recovery Partners VI, L.P.	AG Capital Recovery Partners VII, L.P.
Inception Date <sup>(1)</sup>	December 1999	July 2001	April 2002	February 2003	April 2006	May 2008	January 2010
Approximate Fund Size (\$mm)	\$600	\$800	\$1,000	\$1,000	\$756	\$2,000	\$1,100
Status	Liquidating*	Liquidating*	Fully Liquidated	Liquidating*	Liquidating	Investing	Investing
L.P. Paid-In Capital (\$mm)	\$590.1	\$791.7	\$820.0	\$705.0	\$755.9	\$2,000.0	\$400.0
Capital Distributed (\$mm) <sup>(2)</sup>	\$976.0	\$1,209.8	\$1,285.0	\$1,087.7	\$112.6	-	-
Net Internal Rate of Return <sup>(3) (5) (7)</sup>	18.3%	19.0%	29.1% <sup>(4)</sup>	28.6%	1.9%	12.2% <sup>(6)</sup>	N/A <sup>(8)</sup>
Net Multiple of Paid-In Capital <sup>(3) (5)</sup>	1.7x	1.5x	1.6x	1.6x	1.0x	1.2x <sup>(6)</sup>	N/A

\* de minimis NAV remaining

(1) Date of first capital call.

(2) Data excludes distributions made to Electing Partners. Distributions represent less than 1% of capital commitments.

(3) Internal Rate of Return reflects cumulative cash-on-cash returns for the entire period from inception plus residual values at the end of the period, expressed as an annualized internal rate of return.

The net estimated performance data represent the results for a limited partner in the above referenced AG Capital Recovery Funds, net of all expenses including quarterly management fees and the accrual of a pro forma carried interest allocation to the general partner, assuming a complete liquidation at the end of each period. Net of fee performance results include the reinvestment of all dividends, interest and capital gains where applicable. A description of the investment strategy pursued by the fund is set forth in the fund's confidential offering memorandum, which is available upon request. Past performance may not be indicative of future results. As of mid February 2005, the Fund had a new portfolio manager.

(4) As of December 31, 2007.

(5) Data unaudited, other than for AG Capital Recovery Partners III, L.P., which has fully liquidated.

(6) The Net Internal Rate of Return and Net Multiple of Paid-In Capital for the fund are not considered representative of the performance expected to be achieved over the life of the fund as it is still in its investment period.

(7) Net estimated performance as of March 31, 2010.

(8) Fund is in ramp up stage.



# Outlook

# Going Into 2010



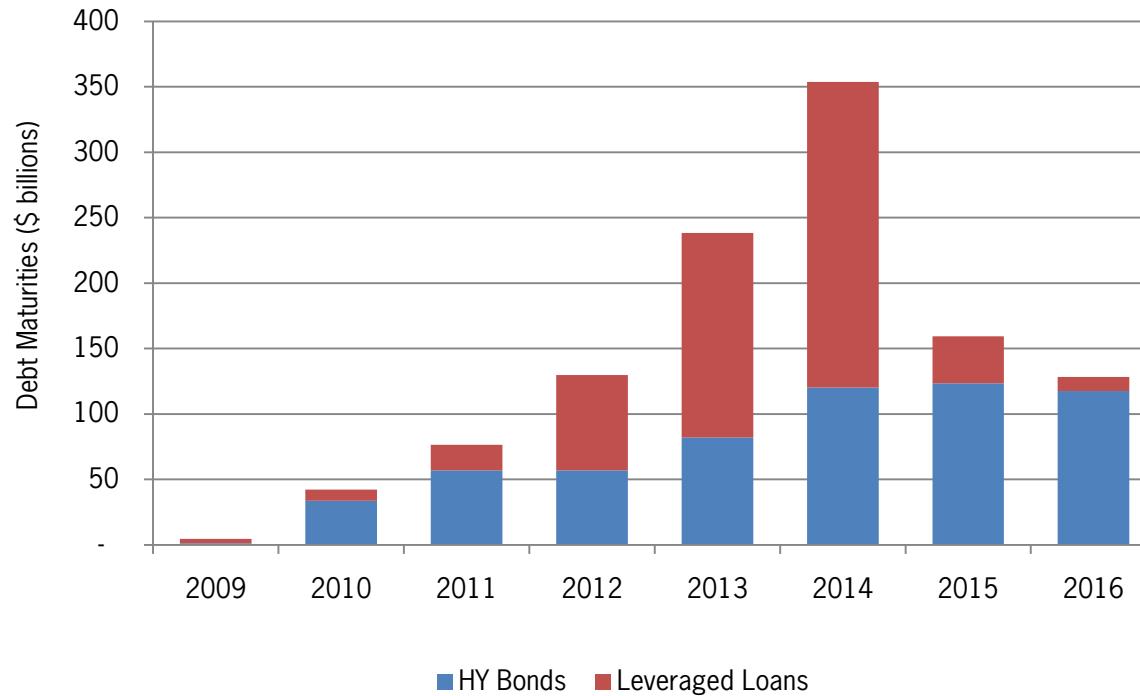
	January 2009	December 2009
Actual Default Rate	4.6%	10.7%
Forward Default Rate	30%	6%
Average Leveraged Loan Price	65	92

Given the rally, has the opportunity passed? **No**

- We don't invest in the average leveraged loan
  - 2001-2005 loans traded above 90
- The economy isn't getting worse, but also not getting better
- Credit spreads are still at historic wides (currently 700 bps over treasuries)
- Bank loan market remains closed
- Unprecedented amount of maturities facing the market

**We expect defaults to remain at elevated levels for the next few years**

# Debt Maturities Lead to Opportunities



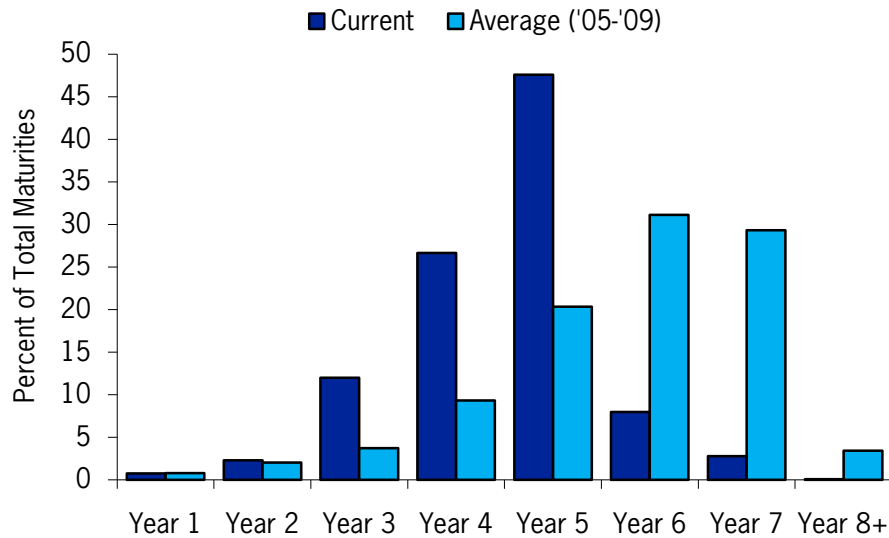
- \$850 billion of debt maturities by 2014
- 85% of all leveraged loans and 44% of all bonds mature over next 5 years

# Debt Maturities Lead to Opportunities

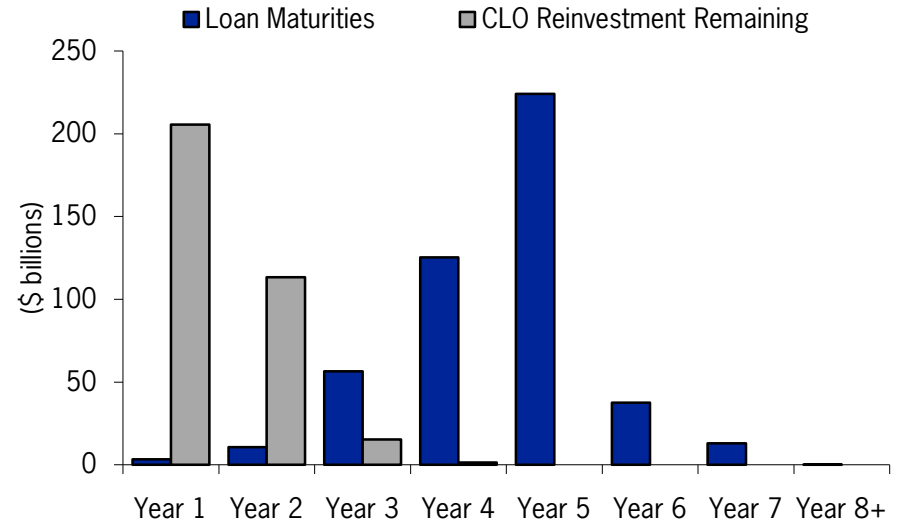


## Maturity Schedules

Leveraged Loan Maturity Schedule: Today vs. 2005-2009



Loan Maturities vs. CLO Roll-off



# How Will Companies Address Maturities?



## Capital markets

- Raise equity
  - High debt levels, underperforming companies
- Sell assets
  - Weak M&A environment
- Refinance
  - High yield bond market open, loan market closed

## Restructure

- Out of court distressed exchange
  - Swapping debt for debt, minimal deleveraging
- Traditional bankruptcy
  - Maximum deleveraging

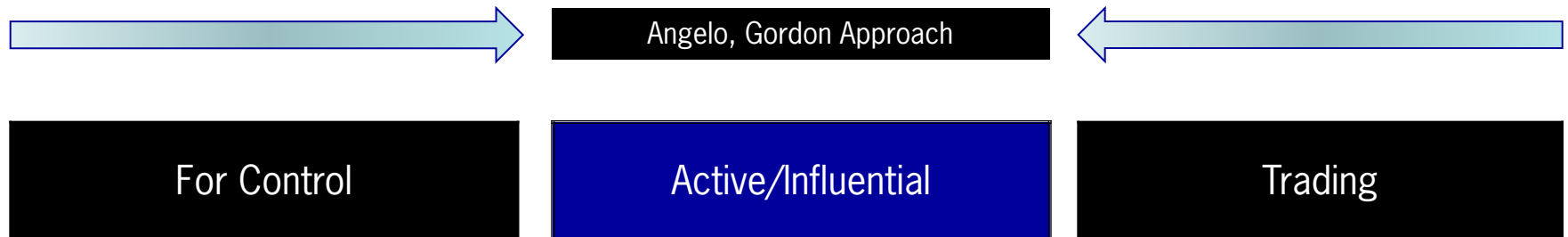
# How Will Companies Address Maturities?



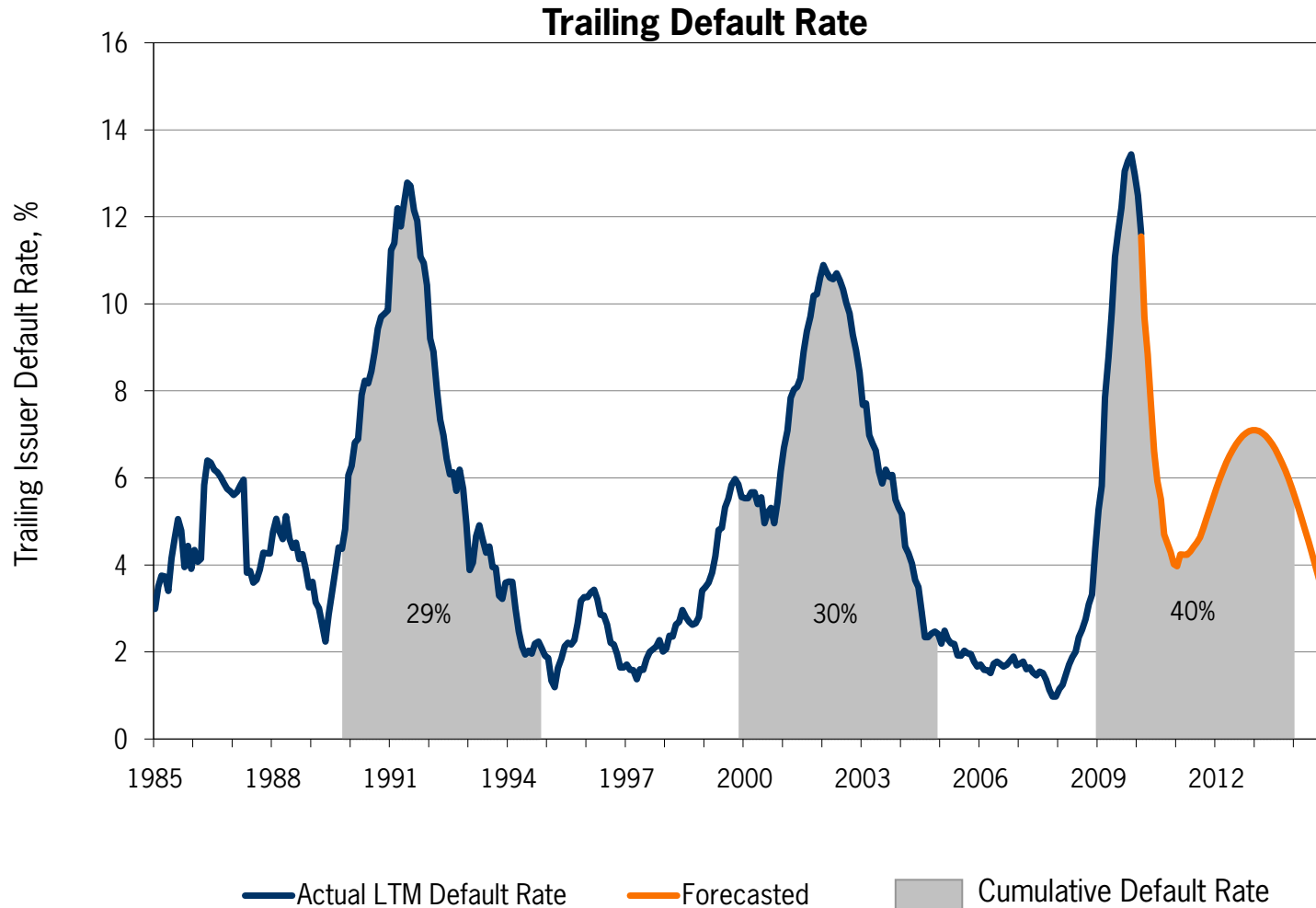
The \$850 billion of debt will break down into 3 buckets

1. Strongest issuers will be able to access the capital markets
2. Those with a prospect of growing into the capital structure will be able to reach out of court deals to extend maturities
3. Weakest will file under traditional restructurings

**Options 2 and 3 represent great opportunities for Angelo, Gordon**



# AG Expects to Stay Busy



# Looking Forward



- We expect the default rate to remain at historically high levels for an extended period of time
- Expect to scale back the media sector in 2010
- Most focused on 2005-2007 vintage LBOs
  - Massive influx of deals
  - Record prices paid
  - Record amounts of debt
  - Original earnings expectations not met



# Biographies

# Management



**John Angelo** is the co-founder and Chief Executive Officer of Angelo, Gordon. He manages the firm's growth and is focused on its strategic direction. A pioneer in the management of distressed securities and convertible arbitrage funds, John began his finance career in 1966 working on the bond floor of the New York Stock Exchange. He was associated with L.F. Rothschild for 18 years where he managed the firm's proprietary capital in world markets with particular emphasis on convertible securities, options, futures and distressed securities. John became a partner in 1975, and Vice Chairman and a member of the board of directors of the public company in 1985. John received his B.A. degree from St. Lawrence University.

**Michael Gordon** is co-founder, Chief Operating Officer and Chief Investment Officer of Angelo, Gordon. At Angelo, Gordon, Michael manages the diverse investment ideas within each discipline to provide a steady balance of risk and reward. He oversees the Research Department and is responsible for the quality and depth of research that is the hallmark of Angelo, Gordon. Michael began his career as a research analyst for L.F. Rothschild in 1970, specializing in the oil and oil service industries. Michael served as Director of Research of L.F. Rothschild's Arbitrage Department and became a Managing Director of the firm. Michael has a B.A. degree from Colby College and a J.D. degree from Boston University Law School.

**Thomas Fuller** is a Senior Managing Director of Angelo, Gordon and a member of the firm's executive committee. Tom oversees all credit related investments and is the portfolio manager for the firm's distressed portfolios. Prior to joining Angelo, Gordon in 2000, Tom was a Vice President at Nomura Holding America where he was responsible for distressed securities investing in the Special Situations Group. Prior to that, Tom was an analyst concentrating on distressed and special situation securities at S.N. Phelps & Co. Tom began his career as a reporter for Dow Jones Newswire covering high yield and bankrupt companies. Tom holds a B.A. degree from SUNY Buffalo and an M.B.A. degree from George Washington University.

**Keith Barket** is a Senior Managing Director of Angelo, Gordon and a member of the firm's executive committee. He joined Angelo, Gordon in 1997 and oversees the firm's global real estate and Asia investment activities. Keith has over 20 years of direct real estate ownership and operating experience, involving over \$10 billion of assets. Between 1988 and 1996, Keith was a principal with Amerimar Realty Company where he invested and co-managed a \$1 billion real estate portfolio, including many assets acquired in partnership with Angelo, Gordon. Prior to Amerimar, Keith worked as a senior tax accountant with Arthur Andersen & Co. Keith holds a B.S.B.A. degree from Georgetown University and an M.B.A. degree from The Wharton School of the University of Pennsylvania.

**David Roberts** is a Senior Managing Director of Angelo, Gordon and a member of the firm's executive committee. He joined Angelo, Gordon in 1993. David manages the firm's private equity and special situations area. David has overseen investments in a wide variety of companies and special situations, including companies in the business services, healthcare services and financial services industries. Previously, he was a principal at Gordon Investment Corporation, a Canadian merchant bank, where he participated in a wide variety of principal transactions. Prior to that he worked in the Corporate Finance Department at L.F. Rothschild where he specialized in mergers and acquisitions. David has a B.S. degree from The Wharton School of the University of Pennsylvania.

# Management (Continued)



**Kirk Wickman** joined Angelo, Gordon in 2008 as Chief Administrative Officer/General Counsel and is a member of the firm's executive committee. Kirk is responsible for the firm's legal and compliance matters. Previously, Kirk was General Counsel and a Managing Director of Morgan Stanley's Global Wealth Management business. Prior to that, Kirk worked at American Skandia as a Senior Vice President and General Counsel, at Aetna Financial Services as a Senior Vice President and General Counsel and at Aetna Inc. as a Vice President and Counsel. Kirk began his career at Kirkland & Ellis where he was a Partner specializing in securities, mergers and acquisitions and general corporate law. He holds a B.A. degree from Dartmouth College and combined J.D. and M.B.A. degrees from Brigham Young University.

# Distressed Debt Professionals



**Thomas Fuller** is a Senior Managing Director of Angelo, Gordon and a member of the firm's executive committee. Tom oversees all credit related investments and is the portfolio manager for the firm's distressed portfolios. Prior to joining Angelo, Gordon in 2000, Tom was a Vice President at Nomura Holding America where he was responsible for distressed securities investing in the Special Situations Group. Prior to that, Tom was an analyst concentrating on distressed and special situation securities at S.N. Phelps & Co. Tom began his career as a reporter for Dow Jones Newswire covering high yield and bankrupt companies. Tom holds a B.A. degree from SUNY Buffalo and an M.B.A. degree from George Washington University.

**Todd Arden** joined Angelo, Gordon in 2000 and is a Managing Director in the distressed securities group. Prior to joining the firm, Todd served as a Portfolio Manager/Analyst within AIG/SunAmerica's High Yield Group. Previously, he was a Senior Equity Analyst at Troubh Partners. Todd began his career as a Manager in Arthur Andersen's Financial Consulting Services practice, concentrating in the distressed/litigation support area. Todd is a Chartered Financial Analyst and holds a B.A. degree from Northwestern University and an M.B.A. degree from the Columbia University School of Business.

**Gavin Baiera** joined Angelo Gordon in 2008 to work as an analyst in the distressed securities area. Prior to joining Angelo Gordon, Gavin was the Co-head of the Strategic Finance Group at Morgan Stanley which was responsible for all origination, underwriting, and distribution of restructuring transactions. Prior to that, Gavin was a Vice President at General Electric Capital Corporation concentrating on underwriting and investing in restructuring transactions. Gavin began his career at General Electric Capital Corporation in their financial management program. Gavin holds a B.A. degree from Fairfield University and an M.B.A. degree from the University of Southern California.

**Thomas Boyce** joined Angelo, Gordon in 2007. Prior to joining Angelo, Gordon, Tom was a Senior Managing Director with Bear, Stearns & Co. Inc. At Bear Stearns, Tom was responsible for investing the firm's capital in public and private distressed securities. From 1997 to 2000, he was a Senior Investment Analyst at Whippoorwill Associates, a hedge fund specializing in distressed debt. Tom began his career in 1991 as a Corporate Banking Associate at the First National Bank of Chicago in real estate lending and workouts, moving to principal investing in a proprietary distressed investment fund within the bank in 1994. Tom holds a B.S. degree from the University of Maryland and an M.B.A. degree from the University of Michigan.

# Distressed Debt Professionals (Continued)



**Edward Kressler** joined Angelo, Gordon in 1999 as an analyst focusing on merger arbitrage. In 2007, he joined the distressed securities area as an analyst. Prior to joining the firm, he was a mergers and acquisitions consultant at Public Service Enterprise Group. Previously, he was an analyst for the firm in both the Corporate Planning and Budgeting and Treasury Services departments. Ed holds a B.S degree from The Wharton School and an M.B.A. degree from Columbia University Graduate School of Business.

**Danielle Leone** joined Angelo, Gordon & Co. in 2002 and currently is working as an analyst in the firm's distressed debt group. She had previously worked in the firm's convertible securities group. Prior to this, she was a Vice President at Merrill Lynch with the convertible securities group in London. She also has worked as a high yield analyst for Bear Stearns and PaineWebber. Danielle holds a B.A. degree from Stanford University and an M.B.A. degree from Stern School of Business at New York University.

**Michael Sullivan** joined Angelo Gordon in 2007 to work as an analyst in the distressed securities area. Prior to joining Angelo Gordon, Michael was a Director at UBS Investment Bank in its Restructuring Group, where he focused on advising corporate clients and investors in distressed and special situations, as well as raising capital for acquisitions, refinancings and restructurings. From 1995-1998, he worked as a credit analyst in the Structured and Project Finance Group of Bayerische Hypotheken-und Wechsel-Bank, AG. Michael holds an A.B. degree from Bowdoin College, an M.A.L.D. degree from the Fletcher School of Law and Diplomacy at Tufts University and an M.B.A. degree from the Tuck School of Business at Dartmouth.

# Distressed Debt Professionals (Continued)



## **United Kingdom**

**Steven Heanly** joined Angelo, Gordon Europe Ltd. in 2000 to focus on European distressed securities and merger arbitrage opportunities. Previously Steven was a risk arbitrage portfolio manager at UBK Asset Management. Steven qualified as a UK Chartered Accountant with KPMG London and holds a B.A. degree from the University of Manchester.

**Daniel Pound** joined Angelo, Gordon Europe Ltd. in 2005 as an analyst in the firm's London office focusing on European distressed and risk arbitrage situations. Prior to joining Angelo, Gordon, Dan was an adviser at Close Brothers Corporate Finance focusing on creditor side restructuring and mid-market mergers and acquisitions. Dan is a qualified chartered accountant (A.C.A.) having worked for KPMG in London and New York. Dan holds a BSc degree from University College London and an M.B.A. degree issued jointly by the University of Edinburgh and ENPC (Paris).

**Chris Ellerker** joined Angelo, Gordon Europe Ltd. in 2008 as an analyst in the firm's London office focusing on European distressed debt and equity special situations. Prior to joining Angelo, Gordon, Chris worked in global syndicated finance at UBS as a leveraged underwriter, focusing on credit analysis of both investment grade and leveraged names. Chris is a qualified chartered accountant (A.C.A.) having worked for Ernst & Young in London and holds an LLB degree from Durham University.

## **Trading**

**Kevin Concannon** joined Angelo, Gordon in 2005 and is a trader in the firm's distressed securities group. Before joining Angelo, Gordon, Kevin was an inter-dealer high yield broker at Garban Corporates LLC. Prior to that he was an investment grade broker at Chapdelaine Corporate Securities. Kevin holds a B.S. degree from Georgetown University.

**Matt Sheerin** joined Angelo, Gordon in 2000 and is the senior trader in the firm's distressed securities group. Previously, he was a high yield bond trader at Putnam Investments and Donaldson, Lufkin & Jenrette. Matt holds a B.A. degree from Harvard University.

# Leveraged Loan Professionals



**Bruce Martin** joined Angelo, Gordon in 1999 to focus on investments in the leveraged loan market. Bruce is co-head of the firm's leveraged loan business and co-portfolio manager of the firm's CDO business. Since 1993, Bruce has analyzed high yield investments ranging from par loans to distressed debt and has also focused on equity value creation as a member of the Board of Directors for Angelo, Gordon portfolio companies. Prior to joining the firm, Bruce was a High Yield Bond Analyst at Putnam Investments and at Eaton Vance. Before working at Eaton Vance, he worked at John Hancock as a Senior Corporate Bond/High Yield Analyst and at Insurance Service Offices as an Actuarial Analyst. Bruce holds a B.A. degree in Mathematics from SUNY Binghamton and an M.B.A. degree from Northeastern University.

**Maureen D'Alleva** joined Angelo, Gordon in 2003 to focus on investments in the leveraged loan market. Prior to joining the firm, she spent 15 years with Morgan Stanley as a Vice President in its Global High Yield group where she focused on investment analysis, and underwriting of both bank loans and bonds. Maureen earned a B.A. degree from Baruch College.

**Peter Gingold** joined Angelo, Gordon in 2007 to focus on investments in the leveraged loan market. Prior to joining the firm, Peter served as a Director with Alvarez & Marsal, a turnaround management and restructuring firm. Before A&M, Peter held several key senior management positions with George Weston Bakeries, the parent company of leading commercial baking brands such as Thomas', Entenmann's and Arnold. Previously, he was with Borden Capital Management Partners, where he provided corporate strategy and development expertise across Borden Inc.'s portfolio of companies, including Borden Chemical, World Kitchen (Corning) and Borden Foods. Peter began his career with Salomon Smith Barney, advising clients in the automotive and capital goods industries on a broad range of investment banking activities such as public and private financings, strategic advisory, mergers and acquisitions and corporate restructurings. Peter holds a B.S. degree from Cornell University and an M.B.A. degree, with honors, from Columbia University School of Business.

# Leveraged Loan Professionals (Continued)



**Christina Hwang** joined Angelo, Gordon in 2008 to focus on investments in the leveraged loan market. Prior to joining Angelo, Gordon, she was a Principal at Watershed Asset Management in San Francisco. Previously, Christina was an Associate in the International Principal Finance Group at Shinsei Bank in Tokyo focusing on Asian non-performing loans, and a Financial Analyst in the Technology M&A Group at JP Morgan Chase in San Francisco. Christina holds a B.S. degree in Bioengineering from the University of California, Berkeley and is fluent in Korean.

**Michael Kanner** joined Angelo, Gordon in 2006 to focus on investments in the leveraged loan market. Prior to joining the firm, Michael served as a Vice President for five years with Shenkman Capital Management, where he focused on investments in high yield bonds and bank loans. Prior to this, he was a Vice President in Debt Capital Markets at Chase Manhattan. Michael is a Chartered Financial Analyst and holds a B.A. degree from Columbia University and an M.B.A. degree from the Wharton School of Business.

**Marianne Manzolillo** joined Angelo, Gordon in 2005 to focus on investments in the leveraged loan market. Prior to joining the firm, Marianne served as a Managing Director at Stanfield Capital Partners where she focused on investments in leveraged loans, high yield bonds and distressed securities. Prior to Stanfield Capital Partners, she served as an analyst at Oppenheimer Funds and in the High Yield Research Department of Donaldson, Lufkin and Jenrette. Marianne graduated summa cum laude from Ramapo College of New Jersey and holds a B.S. degree. Marianne is a Certified Public Accountant.



# Operations, Risk Management & Legal



**Joseph Wechselblatt** joined Angelo, Gordon in January 2001 as the Chief Financial Officer in charge of the accounting and operations areas. Joe was associated with Schroder & Co. Inc. (previously Wertheim Schroder) for the past 14 years as the Controller, Assistant Treasurer and a Managing Director. Joe began his career at Peat, Marwick, Mitchell & Co. Joe is a Certified Public Accountant and holds a B.S. degree in Accounting from Brooklyn College and an M.B.A. degree from New York University's Leonard H. Stern School of Business.

**Frank Stadelmaier** joined Angelo, Gordon in 2008 as the Chief Accounting Officer. Previously, Frank was a Senior Manager at Ernst & Young, LLP where he served clients in the real estate and financial services industries. Frank is a Certified Public Accountant and holds a B.S. degree from the State University of New York at Albany.

**Andrew Parks** joined Angelo, Gordon in August, 2009 as the Firm's Chief Risk Officer. Before joining Angelo, Gordon, Andy worked at Morgan Stanley where he was Director of Risk Management covering all aspects of risk management for the firm's ultra high net worth business in the United States and Latin America. At Morgan Stanley, Andy led a team of risk professionals and was responsible for developing and implementing risk management models and procedures designed to address all material risks within the business. Andy began his career at Cravath, Swaine & Moore where he worked on M&A, capital markets, private equity and real estate transactions. Andy holds a B.A. degree from Tulane University and a J.D. degree from The University of Texas School of Law.

**D. Forest Wolfe** joined Angelo, Gordon in 2009 as Deputy General Counsel and is responsible for firm legal and compliance matters. Previously, Forest was an Executive Director of Morgan Stanley, where he oversaw U.S. legal coverage of the Private Wealth Management Division. Prior to that, Forest provided legal coverage for a variety of Morgan Stanley businesses, including structured investments, restricted securities and several capital markets groups. Forest began his legal career at Sullivan & Cromwell LLP where he worked in both London and New York, specializing in securities, mergers and acquisitions and general corporate law. He holds both a B.A. and J.D. degree from Emory University.

**Lisa Conrad** joined Angelo, Gordon in 2009 as Chief Compliance Officer and Deputy General Counsel, and is responsible for firm legal and compliance matters. Prior to joining Angelo, Gordon, Lisa designed and implemented legal and compliance programs for several SEC-registered investment advisers including, Chancellor LGT Asset Management (now INVESCO (New York)), JP Morgan Investment Management, Stanfield Capital Partners and the Alternative Capital Division of Credit Suisse First Boston. Additionally, Lisa served as a law clerk to the Senior Judges of the D.C. Court of Appeals and as an attorney adviser at the U.S. Securities and Exchange Commission in Washington, D.C. Previously, Lisa was Assistant General Counsel at Drexel Burnham Lambert and Lehman Brothers, and served as Associate General Counsel at Primus Asset Management. Lisa holds a B.A. degree from Wellesley College and a J.D. degree from Catholic University Law School. She is a member of the bar associations of the State of New York and the District of Columbia.

# Client Services



**Garrett Walls** joined Angelo, Gordon & Co. in 2010 as a Managing Director. Garrett leads our new business development efforts and actively consults with clients regarding the full range of Angelo, Gordon's products and services. Prior to joining the firm, he was head of the Institutional Client Group for Trust Company of the West (TCW). Before TCW, Garrett was with JPMorgan Asset Management, where he served as a Managing Director and Chief Executive Officer of the Institutional Americas business. While at JPMorgan, Garrett was Head of the West Coast region, focusing on large corporate and public funds, endowments, and foundations. In addition, Garrett has held a variety of sales and senior management responsibilities at IBM Corporation. Garrett holds a B.S. degree from Boston University and is a Board Member of the Pacific Pension Institute.

**Marsha Roth** is a Senior Managing Director of Angelo, Gordon focusing on strategic initiatives, including business development in Asia and Australia. In this role she works with individual investors, corporations, pension funds and foundations. Starting with Angelo, Gordon at inception, Marsha built and led the firm's new business development team for 22 years. Before joining Angelo, Gordon, she was a Senior Vice President of Corporate Finance at L.F. Rothschild, managing both the private placement and venture capital marketing activity of the firm. From 1982-1986, she served on the educational board of the World Trade Organization when China was joining the world community. Marsha is a Trustee of the Foundation of the University of Connecticut and is on the Board of Directors of Big Brothers Big Sisters of New York City. She holds a B.A. degree from the University of Connecticut.

**Ruth Gitlin** is responsible for all client communication in the firm. She has been with Angelo, Gordon since its inception. Ruth began as a trader concentrating on convertible hedging strategies in European and Far Eastern markets. Previously, she was associated with L.F. Rothschild's Arbitrage Department where she spent three years in London trading currencies, options and futures. Ruth holds a B.A. degree from Brandeis University and an M.B.A. degree from Columbia University School of Business.

**Victoria Aston-Duff** is a Managing Director of Angelo, Gordon Europe Ltd. Vicki joined the firm in 2008 as Head of Europe. She is responsible for new business development and consulting with clients throughout Europe as well as helping to expand the capabilities of the firm's associated London office. Prior to joining Angelo Gordon, Vicki was with Bear Stearns International Ltd for 17 years, most recently as Co-Head of Equity, Derivative and Prime Brokerage Sales for Europe. Before that she was Global Head of Equity Sales for Europe. Vicki holds a post graduate diploma from The London School of Economics and a B.A. degree from Queen's University, Canada.

**Colleen Casey** joined Angelo, Gordon in 1998 to focus on institutional client development and consultant relations. Prior to joining the firm, Colleen was a National Sales Manager for The St. Regis, Aspen, a Starwood Resort. Colleen holds a B.A. degree from Villanova University.

# Client Services *(Continued)*



**Michael Flynn** joined Angelo, Gordon in 2006 to focus on client service. Prior to joining the firm, Michael was responsible for marketing communications and investment analytics at John A. Levin & Co., Inc. Previously, Michael worked in the investment banking departments at Salomon Smith Barney and Bankers Trust. Michael is a Chartered Financial Analyst and holds a B.S. degree from Harvard University.

**Jennifer Keating** joined Angelo, Gordon in 2005 to focus on new business development. Prior to joining the firm, Jennifer was Vice President at Credit Suisse Asset Management. Previously, she was an Associate at JP Morgan Asset Management. Jennifer received her B.A. degree from Bucknell University.

**Aliana Spungen** joined Angelo, Gordon in 1999 to focus on new business development and client service for the firm's real estate activities. She has worked in the real estate industry since 1986, most recently as Director of Marketing for Guggenheim Realty Funds Management. Previously, Aliana worked at SSR Realty Advisors, Eastdil Realty, and Southeast Bank. Aliana received her B.S. degree from the University of Florida.

**Louise Wasso-Jonikas** is a Managing Director of Angelo, Gordon & Co. She is responsible for client development and consulting regarding the firm's services to individual investors, family offices and their foundations. Louise has over 30 years of wealth management experience working with individuals and family offices throughout the United States. Prior to joining Angelo, Gordon, Louise worked at Morgan Stanley for over 5 years, where she was a Managing Director and Head of Alternative Investments for all private clients. From 1993 to 1999, she was President and Chief Operating Officer of Graystone Partners, an objective consulting firm specializing in alternative investments which she co-founded, and which was acquired by Morgan Stanley in 1999. Prior Louise worked at Goldman Sachs, Northern Trust and Bessemer Trust. Louise holds a B.A. degree from Mount Holyoke College and an M.B.A. degree from the University of Chicago Graduate School of Business.

**Mei Hu** joined Angelo, Gordon in 2003. She is currently focusing on new business development and is working in the firm's Hong Kong office. Previously, Mei worked in the private equity group in New York. Prior to joining the firm, Mei was an associate at Merrill Lynch, working in the equity-linked capital markets division. Prior to that, she was an investment banking analyst servicing diversified industrial clients. Mei holds a B.A. degree from Wellesley College and an M.B.A. degree from Harvard Business School.

# Contact Information



## **Marsha Roth**

Angelo, Gordon & Co.

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Facsimile: (212) 867-9328

Email: [mroth@angelogordon.com](mailto:mroth@angelogordon.com)

JENNISON ASSOCIATES

INVESTMENT PRESENTATION TO

# Alaska Retirement Management Board

Jason M. Swiatek, CFA  
*Managing Director*

Richard K. Mastain  
*Senior Vice President*

# Jennison Associates

## *Commitment to Performance:*

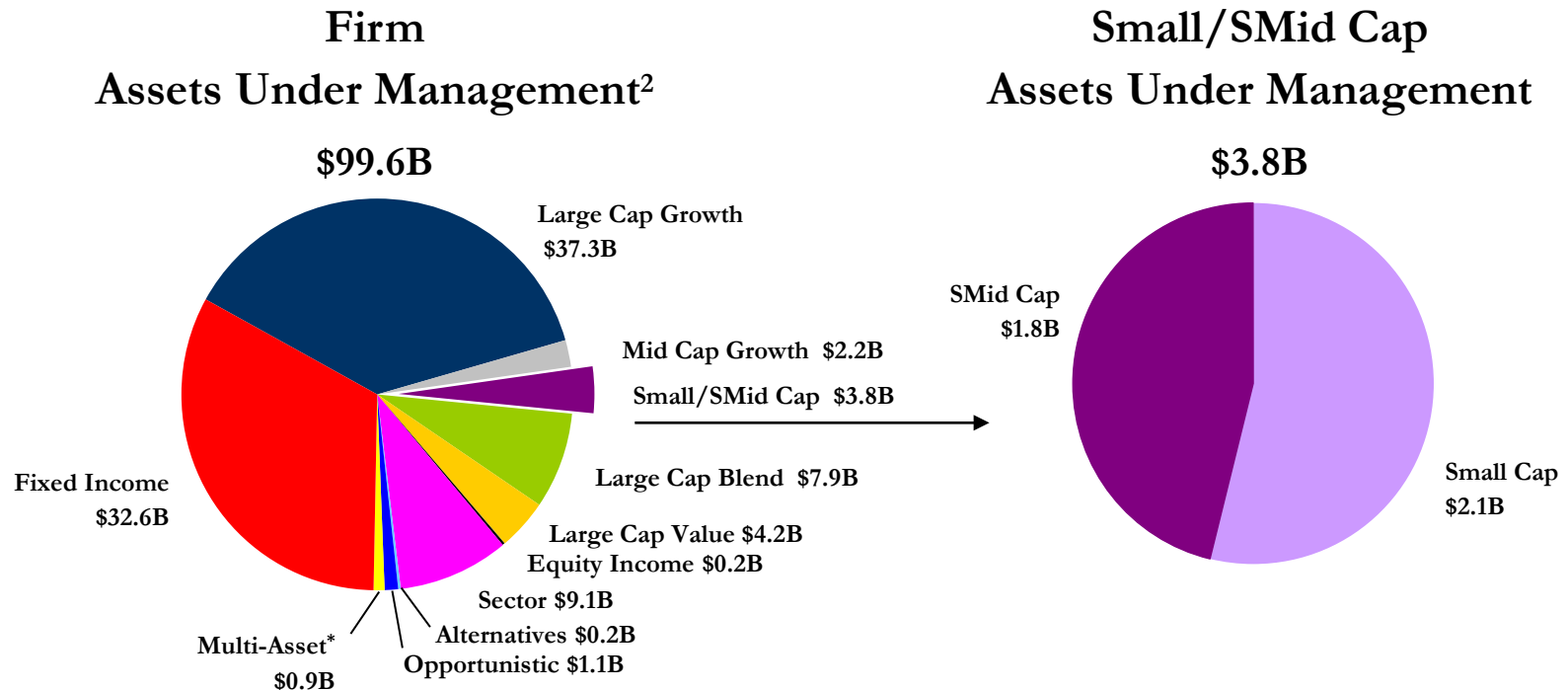
- Superior long-term investment returns for 40 years<sup>1</sup>

## *Investment Culture:*

- Values individual impact *and* rewards team performance

## *Investment Objective:*

- Long-term outperformance of relevant benchmarks



\*Multi-Asset AUM also includes Balanced AUM.

Assets under management (AUM) are as of March 31, 2010.

Footnotes 1 & 2: See Notes 1 & 2 in the Appendix.

Past performance does not guarantee future results.

# Performance Evaluation

## Time-Weighted Gross of Fee Returns

	Alaska RMB	Russell 2000® Index	----- Excess Returns ----- Portfolio vs. Russell 2000® Index
<b>2010</b>			
YTD to 6/2	6.7%	6.1%	0.6%
First Quarter	10.0	8.9	1.1
<b>Full Year</b>			
2009	35.2%	27.2%	8.1%
2008	-37.1	-33.8	-3.3
2007	6.9	-1.6	8.5
2006	19.9	18.4	1.6
5/2/05 to 12/31/05	17.6	17.2	0.5

### Rates of Return Since Inception\* to June 2, 2010 (5.1 Years)

	Alaska RMB	Russell 2000® Index	----- Excess Returns ----- Portfolio vs. Russell 2000® Index
Annualized	6.4%	4.0%	2.4%
Cumulative	36.9	22.0	15.0

\*Inception of the Alaska Retirement Management Board portfolio: 5/2/05.

Due to rounding, calculations based on the returns provided above may not result exactly in the Excess Returns shown above.

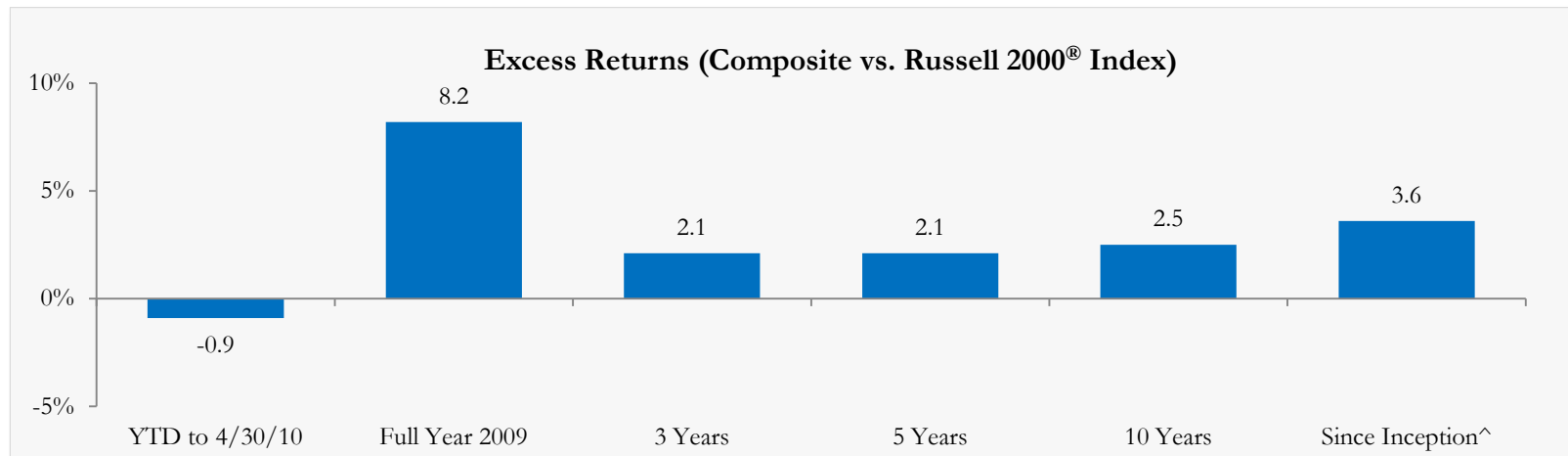
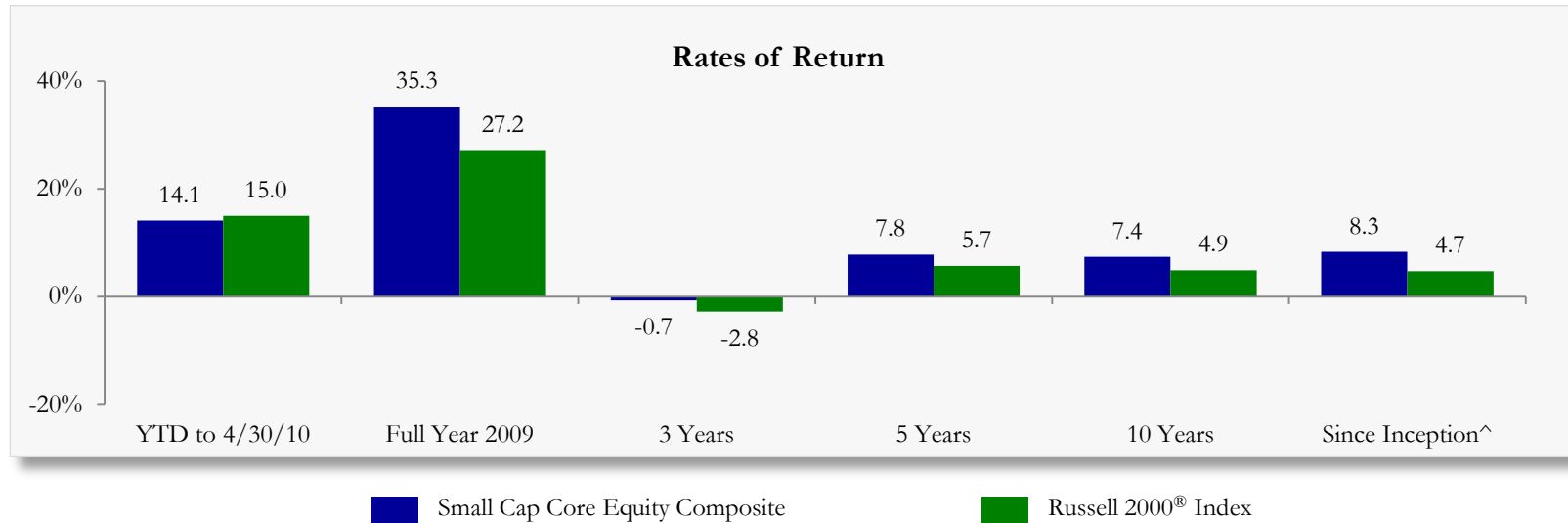
Excess Return is the additional return provided by the portfolio over the relative market index.

See Notes 3, 4 & 5 in the Appendix.

Past performance does not guarantee future results.

# Performance Evaluation

Gross of Fee Returns for Periods Ending April 30, 2010\*



\*Unless otherwise noted.

<sup>^</sup>Inception of Small Cap Core Equity Composite: 4/30/98.

Periods greater than one year are annualized.

Due to rounding, calculations based on the returns provided above may not result exactly in Excess Returns shown above.

Excess Return is the additional return provided by the Composite over the relative market index.

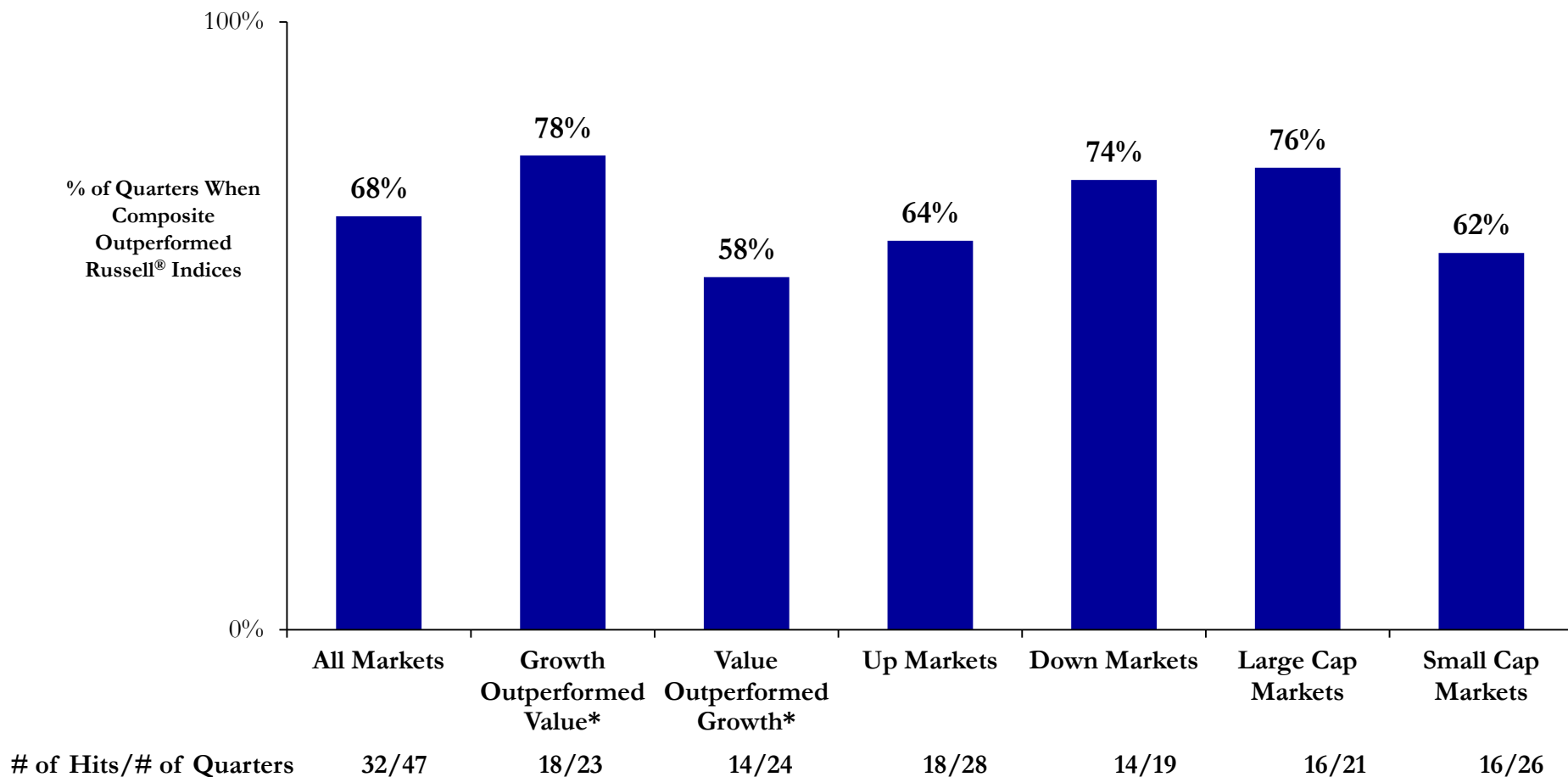
See Small Cap Core Equity Composite presentation and Notes 4 & 5 in the Appendix.

Past performance does not guarantee future results.



# Performance In Different Market Conditions

*Small Cap Core Equity Composite, Gross of Fee  
Since Inception<sup>^</sup> to March 31, 2010*



<sup>^</sup>Inception of Small Cap Core Equity Composite: 4/30/98.

\*Growth is measured by the Russell 2000<sup>®</sup> Growth Index. Value is measured by the Russell 2000<sup>®</sup> Value Index.

See Small Cap Core Equity Composite presentation and Notes 3, 4, 5 & 6 in the Appendix.

Past performance does not guarantee future results.

# Focused Small and Mid Cap Team

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Jennison Small and Mid Cap Team	Years of Investment Experience	Research Coverage
<b>John P. Mullman, CFA</b> <i>Portfolio Manager</i>	23	Telecommunications, Business Services, Special Situations
<b>Jason M. Swiatek, CFA</b> <i>Portfolio Manager</i>	15	Financials, Real Estate
<b>Benjamin F. Bryan, CFA</b> <i>Research Analyst</i>	15	Business Services, Internet, Technology
<b>Hilary Frisch, CFA</b> <i>Research Analyst</i>	17	Technology: Semiconductors, Capital Equipment, Communications, Electronics, Software, Storage
<b>Steven P. McNeil, CPA</b> <i>Research Analyst</i>	14	Capital Goods & Industrials, Basic Materials, Autos & Auto Parts
<b>Sheetal M. Prasad, CFA</b> <i>Research Analyst</i>	10	Health Care
<b>Jonathan M. Shapiro</b> <i>Research Analyst</i>	13	Consumer Discretionary & Staples

## **John P. Mullman, CFA, Head of Small and Mid Cap Equity Investment Team**

- A decade of private investing with Prudential's private asset management group
- Experience in a wide range of industries and types of financings with various intermediaries
- Managed workouts of over 20 distressed investments

## **Dedicated team of 7 with an average of 15 years experience**

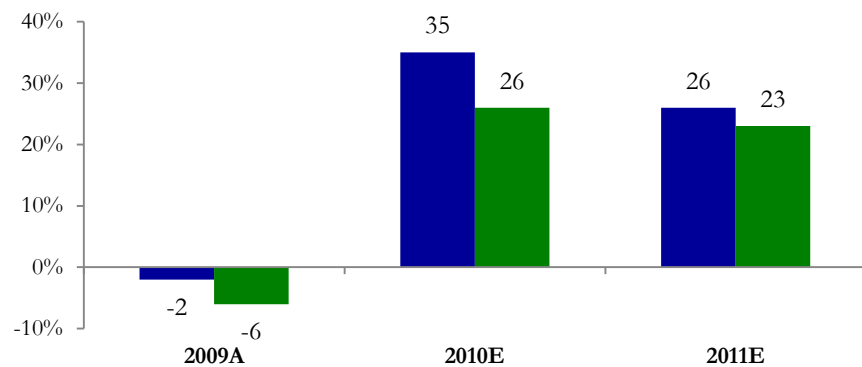
- Well rounded skill set, solid sector coverage and diverse backgrounds

*Portfolio managers and analysts support multiple products.*

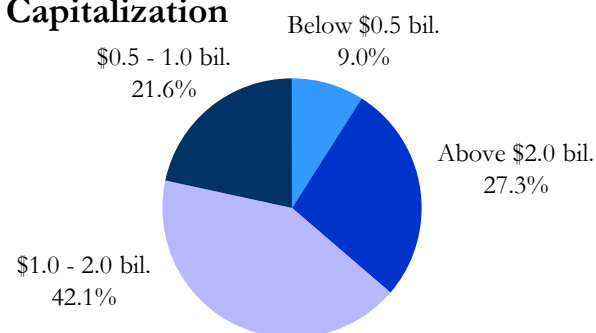
# Portfolio Characteristics

As of May 31, 2010

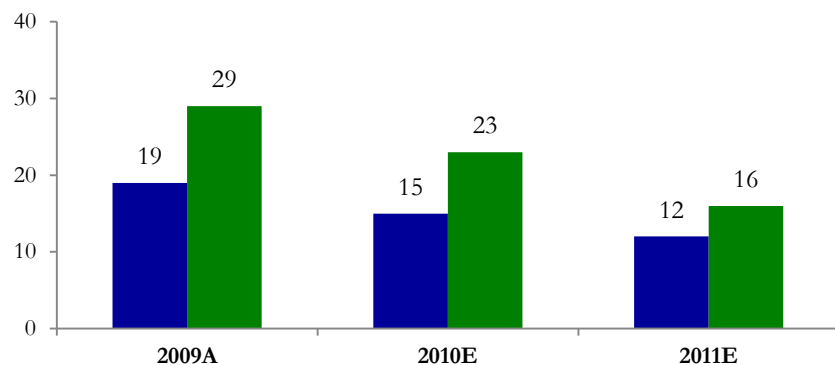
## EPS Growth



## Market Capitalization



## P/E



■ Alaska Retirement Management Board     ■ Russell 2000<sup>®</sup> Index

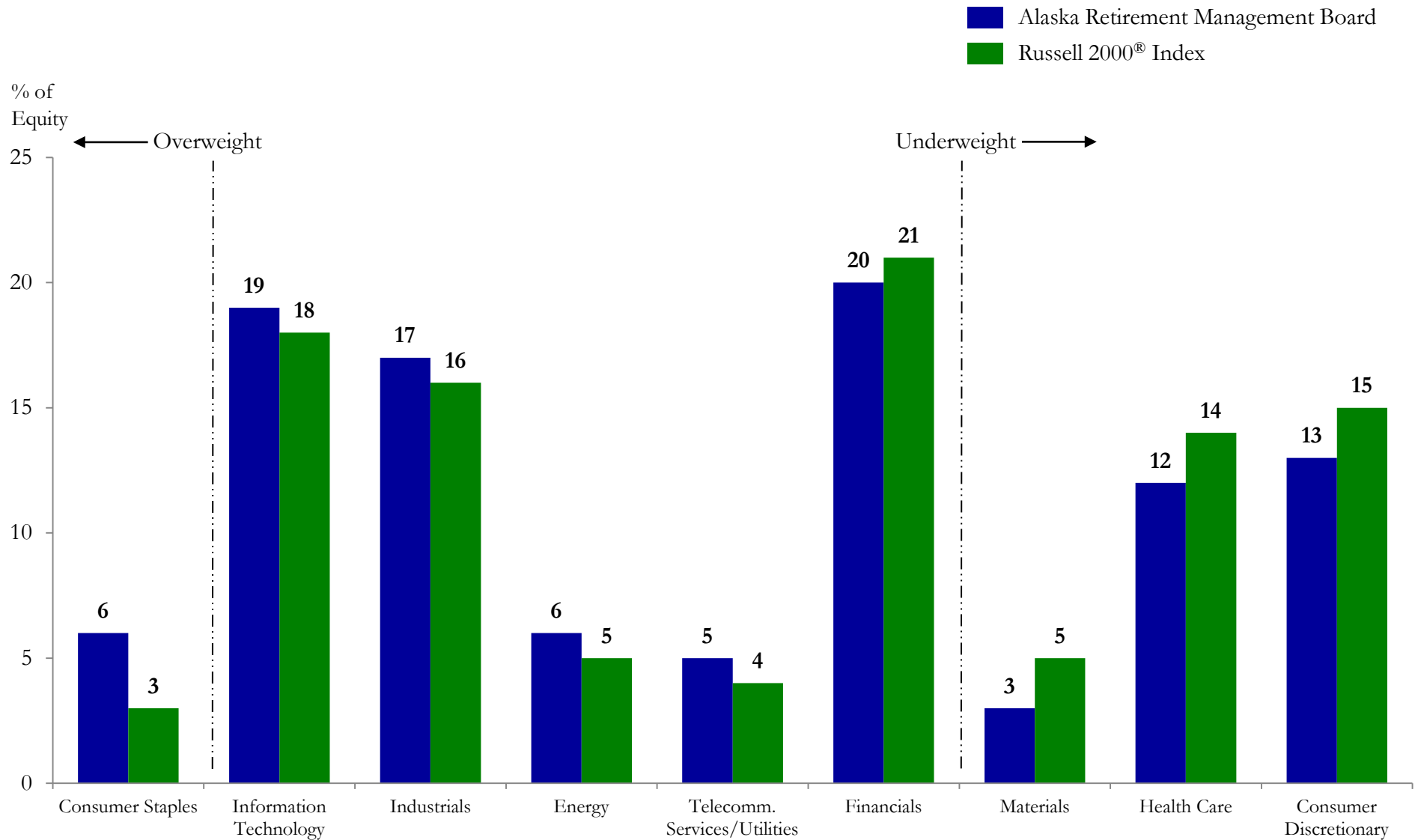
## Other Characteristics

	Alaska Retirement Management Board	Russell 2000 <sup>®</sup> Index
Weighted Average Market Capitalization -	\$1.57 bil.	\$1.17 bil.
Performance-Based Historical Beta (vs. R2000 <sup>®</sup> ) -	0.96 <sup>^</sup>	
Number of Holdings -	124	
Estimated Annual Turnover -	50 - 65%	

<sup>^</sup>Performance-Based Historical Beta is based on the annualized (Gross of Fee) 5 year performance returns of the Alaska Retirement Management Board portfolio as of 4/30/10. See Notes 3, 4, 5 & 7 in the Appendix.

# Portfolio Sector Allocation

As of May 31, 2010



Due to rounding, percentages may not sum to 100%.  
See Notes 3, 4, 5 & 8 in the Appendix.

# Largest Equity Holdings

*Alaska Retirement Management Board portfolio as of May 31, 2010*

<u>Security</u>	<u>% of Portfolio</u>	<u>Sector</u>	<u>P/E Cal Yr. 2010E</u>	<u>P/E Cal Yr. 2011E</u>	<u>Est. 3 Yr. Normalized Growth Rates</u>
StanCorp Financial Group, Inc.	2.3%	Financials	9x	8x	11%
MFA Financial, Inc.	2.0	Financials	8	7	8
Integra LifeSciences Holdings	1.8	Health Care	15	14	14
United Natural Foods, Inc.	1.8	Consumer Staples	19	16	15
John Wiley & Sons, Inc.	1.8	Consumer Discretionary	14	13	13
NTELOS Holdings Corp.	1.7	Telecommunication Services	14	13	15
Texas Roadhouse, Inc.	1.7	Consumer Discretionary	18	15	18
Anixter International Inc.	1.7	Information Technology	12	10	10
Rbc Bearings Inc.	1.6	Industrials	19	17	15
NETGEAR, Inc.	1.6	Information Technology	18	16	15
Bank of the Ozarks, Inc.	1.6	Financials	15	13	12
LifePoint Hospitals, Inc.	1.6	Health Care	13	12	11
Power Integrations, Inc.	1.5	Information Technology	29	22	18
SBA Communications Corporation	1.5	Telecommunication Services	16	15	20
White Mountains Insurance Group Ltd.	1.5	Financials	7	6	12
PSS World Medical, Inc.	1.5	Health Care	17	15	18
Protective Life Corporation	1.4	Financials	8	8	10
The Corporate Executive Board Company	1.3	Industrials	27	19	12
TreeHouse Foods, Inc.	1.3	Consumer Staples	15	13	13
Commscope, Inc.	1.3	Information Technology	10	8	13

*See Notes 8, 9, 10, 11, 12 & 13 in the Appendix.*

# Performance Summary

January 1, 2010 to May 31, 2010, Gross of Fee

- The Portfolio outperformed the benchmark Russell 2000<sup>®</sup> Index, driven by strong stock selection in the Health Care and Consumer Staples sectors. We were penalized for weak stock selection in Consumer Discretionary and Financials.
- The Portfolio's Consumer and Materials holdings achieved the most substantial absolute gains.
- The Russell 2000<sup>®</sup> Index has advanced 6.3% year-to-date, significantly outperforming the Russell 1000<sup>®</sup> Index and the S&P 500 Index, which returned -0.5% and -1.5% respectively. Small cap value stocks are substantially ahead of their growth counterparts so far this year.

Largest Absolute Impact	Alaska Retirement Management Board			
		Average Weight	Total Return	Contribution to Return
<u>Top Five</u>	<u>Sector</u>	(%)	(%)	(%)
Texas Roadhouse, Inc.	Consumer Discretionary	1.5	30	0.40
The Corporate Executive Board Company	Industrials	1.1	43	0.39
Protective Life Corporation	Financials	1.3	32	0.36
Psychiatric Solutions, Inc.	Health Care	0.7	53	0.34
RBC Bearings Inc.	Industrials	1.8	15	0.33
		Average Weight	Total Return	Contribution to Return
<u>Bottom Five</u>	<u>Sector</u>	(%)	(%)	(%)
Janus Capital Group Inc.	Financials	1.0	-21	-0.33
Carrizo Oil & Gas, Inc.	Energy	0.6	-34	-0.21
Resources Connection Inc.	Industrials	0.7	-24	-0.20
Korn/Ferry International	Industrials	0.3	-4	-0.14
Dril-Quip, Inc.	Energy	1.2	-14	-0.13

Source for commentary and table data: FactSet. The holdings identified do not represent all of the securities purchased, sold or recommended by Jennison. The information contained herein is based on Jennison's calculations and records of the Alaska Retirement Management Board portfolio, not the portfolio's official records. See Note 14 in the Appendix for how the contribution to return was calculated. A complete list of holdings and how each contributed to the portfolio's return is available upon request. See Notes 3, 5, 8, 10 & 11 in the Appendix. Past performance does not guarantee future results.

# Portfolio Outlook

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- It is clear that there are some consistent signs of recovery in the economy, yet the strength and duration of growth is still uncertain.
- We expect relatively modest economic growth with continued above-average unemployment levels and below-trend consumer spending.
- As always, our focus is predominantly on choosing those stocks which offer attractive risk and reward regardless of the overall economic environment.
  - We favor investments in strong franchise companies with steady recurring revenues, strong cash flows, high and improving returns on capital and flexible balance sheets which should allow them to grow faster than the overall market.
- With an improving economy and very low interest rates, we expect a significant increase in mergers and acquisition activity in 2010 as companies look to deploy their excess cash flow. We would expect our portfolio of higher-quality companies to benefit from more takeovers, although premiums paid may be lower than historical levels.

*As of May 31, 2010.*

*The information contained herein is based on Jennison's calculations and records of the Alaska Retirement Management Board portfolio, not the portfolio's official records.*

*See Note 15 in the Appendix.*

# Appendix



# Performance Analysis

*Small Cap Core Equity Composite Gross of Fee vs. Russell 2000® Index*

*As of April 30, 2010*

## Annualized Performance and Statistics

<i>Based on Monthly Returns</i>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
<b>Annualized Returns</b>				
Small Cap Core Equity Composite	51.9%	-0.7%	7.8%	7.4%
Russell 2000® Index	49.0	-2.8	5.7	4.9
Excess Returns	3.0	2.1	2.1	2.5
<b>Annualized Standard Deviation (Composite)</b>	14.5%	25.4%	21.1%	20.7%
<b>Annualized Standard Deviation (Russell 2000® Index)</b>	15.9	25.7	21.4	20.9
<b>Sharpe Ratio (Composite)</b>	3.6	-0.1	0.2	0.2
<b>Sharpe Ratio (Russell 2000® Index)</b>	3.1	-0.2	0.1	0.1
<b>Composite vs. Russell 2000® Index</b>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Annualized Tracking Error	3.7%	5.4%	4.6%	5.4%
Information Ratio	0.8	0.4	0.5	0.5
Annualized Alpha	6.64%	2.17%	2.25%	2.71%
Performance-Based Historical Beta	---	0.97	0.96	0.96
R Squared	95%	96%	95%	93%

*Inception of Small Cap Core Equity Composite: 4/30/98.*

*Excess Return is the additional return provided by the Composite over the relative market index.*

*See Small Cap Core Equity Composite presentation and Notes 4, 5 & 16 in the Appendix.*

*Past performance does not guarantee future results.*

# Biographies - Small and Mid Cap Investment Team

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**John P. Mullman, CFA, *Managing Director, Small & Mid-Cap Equity Portfolio Manager*** ♦ John Mullman joined Jennison Associates in August 2000 when Prudential's public equity asset management capabilities merged into Jennison. John has been managing institutional small cap portfolios since 1996 and was named the portfolio manager of the Prudential Jennison Small Company Fund in May 2000. He was also named portfolio manager for the Prudential Jennison Mid-Cap Growth Fund in 2005. *Barron's* magazine has named John as one of the top 100 mutual fund managers in 2006, 2007 and 2008. John joined Prudential in 1987 as an associate in the corporate finance group, where he originated a variety of private placement investments, including fixed rate debt securities, leverage buyouts, ESOP financings and asset-backed investments. From 1991 to 1995, John served as a vice president in Prudential's financial restructuring group, where he managed a \$500 million portfolio of privately-placed debt and equity securities in financially troubled or over-leveraged companies. He managed the workouts of over 20 distressed investments through a variety of out-of-court restructurings, bankruptcies and complex recapitalizations. The bulk of the investments were in companies with market capitalizations below \$1 billion. Through his private equity and workout experience, John has served on the boards of directors of three public and private firms and has worked closely with management in developing and implementing strategic growth plans for several small cap companies. Over the course of his career, John has worked with a wide variety of small companies, industries, LBO sponsors and financial intermediaries and has developed an in-depth knowledge of business assessment and valuation methodologies. John received a B.A. in economics from the College of the Holy Cross and an M.B.A. from Yale University. He is also a member of the New York Society of Security Analysts and CFA Institute.

**Jason M. Swiatek, CFA, *Managing Director & Small Cap Equity Portfolio Manager*** ♦ Jason Swiatek joined Jennison Associates in August 2000 when Prudential's public equity asset management capabilities merged into Jennison, and was officially named co-manager of small cap portfolios in September 2005. Jason joined Prudential in 1995 as a financial reviewer for the asset management group. He then moved to Prudential's global growth equities team in 1996 before joining the small cap equity team in January 1999. Prior to Prudential, Jason worked at Munistat/PFA, Inc. and the Center for Entrepreneurship. Jason received a B.S., *summa cum laude*, in finance from Canisius College. He is a member of the New York Society of Security Analysts and CFA Institute.

**Benjamin F. Bryan, CFA, *Managing Director & Equity Research Analyst*** ♦ Benjamin Bryan joined Jennison Associates in October 2000 when Prudential's public equity asset management team merged into Jennison. Ben was a broker in the retail division of Waterhouse Securities before joining Prudential as a trader for the Prudential individually managed accounts group in 1997. He moved to Prudential's U.S. emerging growth equity team in November 1999. Currently, as a member of Jennison's equity research team, Ben focuses primarily on small to mid-cap growth stocks. Ben received his B.S. from the State University of New York College at Oswego and is a member of the New York Society of Security Analysts.

**Hilary Frisch, CFA, *Managing Director & Equity Research Analyst*** ♦ Hilary Frisch joined Jennison Associates in August 2008. She came to Jennison after being with Neuberger Berman/Lehman Brothers since 2000, where she was a senior vice president and portfolio analyst for the company's top performing mid-cap and large cap value funds. From 1997 to 2000, Hilary was an equity research associate at Donaldson, Lufkin & Jenrette covering internet and software industries. Hilary also worked for Dean Witter Reynolds as an associate technology analyst and Merrill Lynch & Co, Inc. from 1993 to 1996 completing a two-year investment banking analyst program and then as an associate analyst researching the Latin American telecom industry. Hilary received her B.A., *cum laude*, in international studies from the University of North Carolina at Chapel Hill. She is a member of the New York Society of Security Analysts and CFA Institute.

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**Steven P. McNeil**, *Managing Director & Equity Research Analyst* ♦ Steve McNeil joined Jennison Associates in June 2004. Prior to Jennison, Steve was an equity research analyst at State Street Research and Management for three years. His responsibilities included coverage of the multi-industry, electrical equipment, airline and aerospace/defense industries. During the summer of 2000, Steve was with Wellington Management Company, where he was an analyst covering the Internet travel industry. Prior to that, he was with Midtown Research Group as an equity analyst covering the media/broadcasting, retail, health care, and technology sectors. Steve was also a financial analyst in the health care group at Salomon Smith Barney from 1996 to 1998. He received a B.S. in finance and accounting, *cum laude*, from Northeastern University. Steve received an M.B.A. from the Tuck School of Business at Dartmouth and is also a certified public accountant.

**Sheetal M. Prasad, CFA**, *Managing Director & Equity Research Analyst* ♦ Sheetal Prasad joined Jennison in October 2007. Prior to Jennison, Sheetal was a small and mid-cap healthcare equity research analyst at DWS Scudder Investments, a division of Deutsche Bank. Her equity research career began in 2000 as an associate at Bear Stearns & Co., where she worked with the medical device research team. Sheetal received a B.S. in biology from Georgetown University. She is a member of the New York Society of Security Analysts and CFA Institute.

**Jonathan M. Shapiro**, *Managing Director & Equity Research Analyst* ♦ Jonathan Shapiro joined Jennison Associates in June 2006. Prior to Jennison, Jonathan worked at Goldman Sachs & Co. as a vice president, and was head of the small companies/special situations research group, where he actively covered a group of 10 small and mid-cap stocks in multiple industries, including consumer, industrial and business services companies. Jonathan started as an associate with Goldman in 2001 and spent his entire tenure within the small companies/special situations research group. From 1997 to 1999 Jonathan worked at KPMG Consulting as a senior consultant for the real estate and hospitality group. Jonathan also worked with Jones Lang Wootton Realty Advisors (now ING Clarion) from 1995 to 1997 as a senior analyst. Jonathan received his B.A. with high honors in history from Dartmouth College. He received an M.B.A. from The Wharton School at the University of Pennsylvania.

# Biographies - Client Relationship Management

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**Joseph M. Carrabes**, *Executive Vice President, Head of Institutional Sales & Client Service* ♦ Joseph Carrabes joined Jennison Associates in March 2006. Prior to joining Jennison, Joe was managing director and director of institutional sales and relationship management at Putnam Investments. While managing Putnam's Global Institutional Management sales effort, he was responsible for the management of all sales and client service professionals in the U.S. and worked with Putnam's largest clients. He joined Putnam in 1993 as a client service associate serving as a liaison between institutional clients and Putnam Institutional Management. Prior to Putnam, Joe was a senior financial services officer and senior financial analyst for The Boston Company/Boston Safe Deposit and Trust Company. Joe graduated from Villanova University with a B.S. in business administration.

**James L. Haggerty, CFA**, *Vice President, Consultant Relationship Management* ♦ Jim Haggerty joined Jennison Associates in October 2005. Prior to joining Jennison, Jim was a vice president at Ariel Capital Management, LLC, where he was responsible for east coast sales and client service to financial intermediaries. From 1995 to 2003, Jim was with Harbor Fund/HCA Securities, Inc., where he most recently held the position of vice president and treasurer. His responsibilities included consultant communications and institutional client service. From 1988 until 1995, Jim held positions at various companies including Dean Witter Reynolds, Inc. and Marathon Oil Company/USX Corporation. Jim received his B.A. in psychology with a concentration in industrial psychology from Bowling Green State University. He received an M.B.A. with a concentration in finance and marketing, also from Bowling Green State University. Jim was president of the Financial Analysts Society of Toledo from 1999 to 2000 and vice president from 1998 to 1999. He is a member of CFA Institute and Association of Investment Management Sales Executives.

**Richard K. Mastain**, *Senior Vice President, Client Relationship Management* ♦ Rick Mastain joined Jennison Associates in November 2000. He is a product specialist currently responsible for institutional client service. He began his career as a marketing officer at IBM in 1977. In 1981, he joined Scudder, Stevens & Clark, Inc. as a portfolio manager and marketing officer for the fixed income group responsible for short term fixed income instruments serving corporate clients. From 1983 to 1986, Rick was a regional vice president at The Pacific Century Group responsible for developing plan sponsor relationships in the Midwest. From 1986 to 1993, he was at Prudential Asset Management Company as co-managing director of national sales & marketing and in 1993, he joined Dreman Value Advisor/Zurich Investment Management as a managing director and partner. At Dreman, Rick served on the investment committee and managed value equity portfolios for clients in addition to being responsible for client service and marketing. Rick received his B.A. in American history and minor in economics from Bowdoin College. Rick was a board member of Noble International from 1997 to 2001.

**Daniel J. Nichols**, *Vice President, Client Relationship Management* ♦ Dan Nichols joined Jennison in August 2004. Dan was responsible for relationships with sub-advisory clients, managed account and mutual fund platforms, and retail distribution channels with respect to Jennison's Large Cap Growth, Mid-Cap Growth, Small/Mid Cap Core, Technology, and the Health Sciences capabilities. He joined the client relationship management team in January of 2006 and is a product specialist responsible for institutional client service. Prior to Jennison, he was director of portfolio management at NetBank, Inc. His responsibilities have included corporate finance, derivatives, capital markets, institutional and retail product sales, trading and risk management. Dan is a member of the Investment Management Consultants Association and holds the Certified Investment Management Consultant (CIMA) designation. Dan graduated *summa cum laude* from the University of Pennsylvania with a B.S. in systems engineering and received his M.B.A. from the University of Arizona.

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**Peter H. Reinemann, CFA**, *Senior Vice President, Client Relationship Management* ♦ Peter Reinemann joined Jennison Associates in 1992 as a member of the opportunistic equity and balanced portfolio management group. He was named Associate Portfolio Manager of the Prudential Jennison Growth Fund in 1995. In 2000, Peter was made responsible for client relationship management and added institutional equity marketing for both Jennison Associates and Quantitative Management Associates to his duties. Prior to joining Jennison, Peter held the title of vice president at Paribas Asset Management where he was responsible for developing the firm's global asset allocation, global fixed income and regional equity asset management activities in North America. Peter also served with Contravisory Research Corp., an institutional equity research and investment management firm. He received his B.A., *cum laude*, from Boston University. Peter is a member of the New York Society of Security Analysts, CFA Institute, and the Association of Investment Management Sales Executives. He is currently a member of the board of trustees at King Low Heywood Thomas School in Stamford, CT and formerly served as treasurer, vice president and president.

**Kerry Ann Shanley, CFA**, *Senior Vice President, Client Relationship Management* ♦ Kerry Shanley joined Jennison Associates in June 1988. She is head of consultant relations and responsible for institutional client service and new business activities. Kerry graduated from Mary Washington College with a B.S., *magna cum laude*, in business administration. She received an M.B.A. with honors from Columbia University. She is a member of the New York Society of Security Analysts, CFA Institute, and Association of Investment Management Sales Executives.

# Notes

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- 1 Jennison Associates LLC began offering its large cap growth equity strategy to institutional clients in July of 1969. Since the firm's inception, the Large Cap Growth Equity institutional composite has outperformed the S&P 500 Index through March 31, 2010.
- 2 Due to rounding, individual product assets may not sum to total AUM shown. Total relationships under management are made up of 185 institutional and mutual fund relationships representing \$99,623 million of our total assets under management and 10 managed account platforms representing \$1,443 million of our total assets under management. In cases where relationships may have accounts in more than one vehicle (equity, fixed income, balanced) they will be counted more than once if the firm were asked to break out the relationship count by vehicle type. There are 10 managed account marketed strategies within the 10 managed account platforms. The 10 managed account marketed strategies are counted as separate accounts. Within the managed account strategies, there are 4,183 individually managed accounts.
- 3 The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000® Index. The **Russell 1000® Index** measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market capitalization of the Russell 3000® Index. The **Russell 2000® Growth Index** measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 2000® Value Index** measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The **Standard & Poor's 500 (S&P 500) Index** is a market capitalization-weighted index of 500 companies primarily traded on the New York Stock Exchange. The financial indices referenced herein are provided for informational purposes only. When comparing the performance of a manager to its benchmark(s), please note that the manager's holdings and portfolio characteristics may differ from those of the benchmark(s). Additional factors impacting the performance displayed herein may include portfolio-rebalancing, the timing of cash flows, and differences in volatility, none of which impact the performance of the financial indices. Financial indices assume reinvestment of dividends but do not reflect the impact of fees, applicable taxes or trading costs which may also reduce the returns shown. Indices referenced in this presentation are registered trade names or trademark/service marks of third parties. References to such trade names or trademark/service marks and data is proprietary and confidential and cannot be redistributed without Jennison's prior consent. Investors cannot directly invest in an index.
- 4 Unless otherwise noted, source for Russell® Index data: Mellon Analytical Solutions or Standard & Poor's Compustat® & FactSet.
- 5 Jennison relies on third-party vendors to provide certain statistical or other market data presented or derived herein (e.g., market values, market indices, pricing). Although Jennison uses third-party vendors that it believes are reliable, it cannot guarantee the accuracy of such information.
- 6 **All Markets** is represented by the Russell 2000® Index. A **Growth Market** is when the Russell 2000® Growth Index outperforms the Russell 2000® Value Index. A **Value Market** is when the Russell 2000® Value Index outperforms the Russell 2000® Growth Index. An **Up Market** is when the Russell 2000® Index return is positive. A **Down Market** is when the Russell 2000® Index return is negative. A **Large Cap Market** is when the Russell 1000® Index outperforms the Russell 2000® Index. A **Small Cap Market** is when the Russell 2000® Index outperforms the Russell 1000® Index.
- 7 Source for Performance-Based Historical Beta: FactSet. **Beta** measures the volatility of the composite relative to the chosen risk market index. Portfolio **EPS Growth and P/E** are based on estimates determined by Jennison investment professionals. They are based on operating earnings per share and are subject to periodic change without prior notice. Although Jennison believes that the expectations reflected in such forward looking statements are based on reasonable assumptions it can give no assurance that its expectations will be achieved and actual results may differ materially from those projected. Portfolio EPS Growth is calculated considering the effect of stock option expenses. In cases where Jennison's investment professionals believe it is inappropriate to include stock option expenses, the earnings estimates used in the calculation would not be adjusted for stock option expenses. EPS estimates used to calculate portfolio P/E will include the effect of stock option expenses, except in cases where Jennison's investment professionals believe it is inappropriate to include stock option expenses. Index EPS Growth and P/E are calculated by Jennison using estimates from I/B/E/S. Portfolio and index EPS Growth are calculated using weighted average interquartile methodology. Portfolio and index P/E is calculated using harmonic mean methodology. The cash percentage represents trade date cash and cash equivalents. Market Capitalization ranges are determined by Jennison investment professionals.

# Notes

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- 8 The Global Industry Classification Standard (“GICS”) was developed by and is the exclusive property and a service mark of MSCI, Inc. (“MSCI”) and Standard & Poor’s Financial Services LLC (“S&P”) and is licensed for use by Jennison Associates LLC “as is”. As of October 1, 2009, Jennison Associates LLC (“Jennison”) does not reclassify securities classified by S&P/MSCI GICS. Only securities not classified by S&P/MSCI GICS will be classified by Jennison. Therefore, this report may include companies that have been classified by S&P/MSCI GICS or classified by Jennison. Companies classified by Jennison are not sponsored by the S&P/MSCI GICS classification system.
- 9 A list of all investments made on behalf of the portfolio throughout the past twelve months is available upon request.
- 10 The information provided in this presentation should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account’s portfolio at the time you receive this presentation or that securities sold have not been repurchased. It should not be assumed that future investments made on behalf of the portfolio will be of comparable size in terms of percentage of the portfolio or will be as profitable or equal the performance of those currently held in the portfolio.
- 11 The securities discussed do not represent an account’s entire portfolio and in the aggregate may represent only a small percentage of an account’s portfolio holdings.
- 12 The characteristics of the individual securities in the portfolio as of 5/31/10 are available upon request. The **P/E and EPS Growth** are estimates determined by Jennison investment professionals. They are based on operating earnings per share and are subject to periodic change without prior notice. Although Jennison believes that the expectations reflected in such forward looking statements are based on reasonable assumptions, it can give no assurance that its expectation will be achieved and actual results may differ materially from those projected. Portfolio EPS Growth is calculated considering the effect of stock option expenses. In cases where Jennison's investment professionals believe it is inappropriate to include stock option expenses, the earnings estimates used in the calculation would not be adjusted for stock option expenses. EPS estimates used to calculate portfolio P/E will include the effect of stock option expenses, except in cases where Jennison's investment professionals believe it is inappropriate to include stock option expenses.
- 13 The Estimated 3 Yr Normalized Growth Rates are determined by Jennison investment professionals and are subject to periodic change.
- 14 **Average Weight** is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values. **Total Return** is the price change of a security or group including dividends accrued over the report period or the "in-portfolio return" which includes only the time period that each security was in the portfolio. **Contribution to Return** is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.
- 15 The views expressed herein are those of Jennison investment professionals at the time the comments were made and may not be reflective of their current opinions and are subject to change without prior notice.
- 16 All statistics are based on monthly gross of fee returns. **Annualized Return** is a compounded annualized total return based upon geometrically linking a return series.  $((1 + \text{rate of return}) * (1 + \text{rate of return}) \dots \text{etc.})$ . **Annualized Standard Deviation** is a statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The annualized standard deviation shows how far away numbers on a list are from their averages and takes that number and multiplies it by the square root of the frequency. For example, monthly frequency would multiply the standard deviation \* the square root of 12 ( 3.4641). The greater degree of dispersion, the greater degree of risk. **Sharpe Ratio** is the measure of risk adjusted returns. It is a risk-adjusted measure developed by Professor William F. Sharpe, which measures reward per unit of risk. The higher the Sharpe Ratio, the better. The numerator is the difference between the portfolio’s annualized return and the annualized return of the risk-free instrument (T-Bills). The denominator is the portfolio’s annualized standard deviation. It is the performance of the Composite less the performance of the risk-free instrument divided by the standard deviation of the Composite. **Excess Return** is the additional return provided by the composite over the relative market index. **Tracking Error** is the standard deviation of the difference in monthly returns between the composite and the market index. **Information Ratio** is the excess return of the composite over the market index divided by the Tracking Error. **Alpha** is a risk (beta-adjusted) return measurement. If two managers had the same return, but one had a lower beta, that manager would have a higher alpha. **Beta** measures the volatility of the composite relative to the chosen risk market index. **R Squared** is used in style analysis to determine how much information about the composite return series the style benchmark has been able to capture. The higher the R-squared, the better the benchmark.

## Small Cap Core Equity Composite April 30, 1998 to March 31, 2010

Year Ended	Composite Gross of Fee Returns	Composite Net of Fee Returns	Russell 2000® Index Returns	Composite Assets (\$ in Millions)	# of Accounts	Standard Deviation (Equal- Weighted)	Total Firm Assets (\$ in Millions)
Since Inception to 12/31/98	-16.61%	-17.17%	-11.94%	\$ 96.1	3	N/A	\$ 46,357.8 <sup>1</sup>
1999	40.57	39.18	21.26	149.1	4	0.79	58,765.7 <sup>1</sup>
2000	0.62	-0.27	-3.02	1,132.3	7	N/A	80,264.2
2001	17.87	17.35	2.49	1,236.8	7	0.24	61,606.1
2002	-23.96	-24.30	-20.48	947.5	7	0.19	47,386.2
2003	47.26	46.59	47.25	1,344.3	7	0.50	58,056.0
2004	21.63	21.07	18.33	959.9	6	0.48	63,488.1
2005	11.08	10.51	4.55	1,342.4	10	0.49	71,278.1
2006	19.24	18.60	18.37	1,571.4	10	0.53	77,665.6
2007	6.93	6.36	-1.57	1,646.3	10	0.25	86,478.1
2008	-36.98	-37.35	-33.79	1,291.5	16	0.33	62,155.3
2009	35.32	34.48	27.17	1,546.3	11	0.43	93,316.5
YTD to 3/31/10	9.98	9.81	8.85	2,007.7	12	N/A	99,622.5

<sup>1</sup> This Composite was transferred to Jennison in August of 2000 as part of a merger of all of the Predecessor's active public equity management strategies. Therefore this Composite was not part of Jennison's historical assets under management. Total Firm Assets for 1998 and 1999 represents the assets under management of Jennison and does not include assets transferred from the Predecessor.

- Jennison Associates LLC (Jennison or the Firm) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).
- Jennison Associates LLC is an investment adviser registered under the Investment Advisers Act of 1940, as amended, and an indirect wholly owned subsidiary of Prudential Financial, Inc. ("Parent"). Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom. In 2000, the Parent's predecessor ("Predecessor") reorganized and transferred certain active public equity asset management capabilities and personnel to Jennison Associates LLC resulting in the transfer of approximately \$27 billion in assets. Prior to January 1, 2006, the Firm assets of Jennison did not include assets managed through wrap fee programs (Jennison Managed Accounts or JMA). On January 1, 2006, Jennison redefined the Firm to include JMA assets, for all periods after January 1, 2006.
- The Small Cap Core Equity Composite ("Composite") contains assets that were transferred from the Predecessor. Jennison did not previously manage assets with a style similar to that of the Composite. The Composite inception date and the composite creation date under the GIPS standards was April 30, 1998. The Small Cap Core Equity Strategy seeks to buy both growth and value stocks using a research-intensive process that uses both fundamental research and a disciplined portfolio construction process. A complete list and description of Jennison's composites is available upon request.
- Performance results are calculated in US dollars and reflect reinvestment of dividends and other earnings. Performance returns for periods prior to August 24, 2000 were achieved at and calculated by the Predecessor. All institutional account returns were calculated using a Modified Dietz methodology. The net of fee performance was calculated using the highest fee charged by the accounts' previous investment adviser, which was 100 basis points. Subsequently, net of fee performance is presented net of Jennison's actual advisory fees and transaction costs. Since August 24, 2000, gross of fee performance is presented before custodial and Jennison's actual advisory fees but after transaction costs. Returns are gross of reclaimable withholding taxes, if any, and net of non-reclaimable withholding taxes. For a small cap core equity separate account (US based) the fee schedule is as follows: 0.90% on first \$50 million of assets managed; 0.70% on next \$50 million; 0.60% on next \$100 million; 0.50% on next \$200 million; 0.45% on the balance. This schedule sets forth the annual rates at which fees are charged by Jennison for its investment management services to US based clients entering into its customary form of investment advisory agreements. Actual advisory fees charged and actual account minimum size may vary by account due to various conditions described in Jennison Associates LLC's Form ADV.
- The data presented represents past performance and does not guarantee future results. Performance results fluctuate, and there can be no assurances that objectives will be achieved. Additional information regarding policies for calculating and reporting returns is available upon request. Client's principal may be at risk under certain market conditions. Jennison has been verified for the period from January 1, 1993 through December 31, 2008 and the composite has been examined for the period from May 1, 1998 through December 31, 2008 by an independent verifier. Gross and net of fee performance for periods after 2008 is preliminary and may change as a result of our independent verifier's annual examination. A copy of the verification report and performance examination report is available upon request. Index returns are not covered by the report of the independent verifier.
- The equal-weighted standard deviation of individual account returns within a composite is a measure of how consistently a strategy has been applied across portfolios within a composite (Dispersion). The dispersion is calculated when there are at least two accounts in the Composite for a full year and is based on the Gross of fee annual returns of accounts in the Composite for the full year. For those periods where less than 2 accounts are in the Composite for a full year, or where the period is less than a full year, "N/A" is presented.
- The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000® Index at December 31, 2008. The financial indices referenced herein are provided for informational purposes only. When comparing the performance of a manager to its benchmark(s), please note that the manager's holdings and portfolio characteristics may differ from those of the benchmark(s). Additional factors impacting the performance displayed herein may include portfolio-rebalancing, the timing of cash flows, and differences in volatility, none of which impact the performance of the financial indices. Financial indices assume reinvestment of dividends but do not reflect the impact of fees, applicable taxes or trading costs which may also reduce the returns shown. All indices referenced in this presentation are registered trade names or trademark/service marks of third parties. References to such trade names or trademark/service marks and data is proprietary and confidential and cannot be redistributed without Jennison's prior consent. Investors cannot directly invest in an index.



**ALASKA RETIREMENT  
MANAGEMENT BOARD**

**INVESTMENT REVIEW**

**JUNE 24, 2010**

**LUTHER KING CAPITAL MANAGEMENT  
301 Commerce, Suite 1600  
Fort Worth, Texas 76102  
Tel: (817) 332-3235 Fax: (817) 332-4630**

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# LUTHER KING CAPITAL MANAGEMENT

FOUNDED IN 1979

INDEPENDENT -- 100% EMPLOYEE OWNED

SMALL-CAP CORE STRATEGY

**CO-MANAGERS:**      **J. LUTHER KING, JR., CFA**  
**STEVEN R. PURVIS, CFA**

**INVESTMENT GOAL:**      **PROVIDE SUPERIOR PERFORMANCE WITH LOWER VOLATILITY RELATIVE TO OUR BENCHMARK**

**INVESTMENT STRATEGY:**      **LONG-TERM INVESTMENT IN A WELL-DIVERSIFIED PORTFOLIO OF COMPETITIVELY-ADVANTAGED SMALL-CAP COMPANIES**

## **INVESTMENT PROFESSIONALS**

### Portfolio Managers/Analysts

J. Luther King, Jr., CFA  
Scot C. Hollmann, CFA  
Paul W. Greenwell  
David L. Dowler  
Joan M. Maynard  
J. Bryan King, CFA  
Gary G. Walsh, CFA, CPA  
Steven R. Purvis, CFA  
James J. Kerrigan, CFA  
Vincent G. Melashenko, CFA  
James B. Orser, CFA, CPA  
William M. Uhlemeyer, CFA  
R. Todd Truitt, CFA  
Michael C. Yeager, CFA, CPA  
Mark L. Johnson, CFA  
Kevin D. Prigel, CFA  
David M. Lehmann, CFA  
Jonathan B. Deweese, CFA  
Mason D. King, CFA  
Benjamin M. Cowan, CFA  
Brian C. Crumley  
Andrew D. Zacharias, CFA  
M. Bradley Wallace, CFA  
Corey R. Horsch, CFA  
Michael D. Bornitz, CPA  
Leslie R. Sensing, CPA

## **SMALL-CAP CORE STRATEGY** *(as of March 31, 2010)*

### SMALL-CAP COMPOSITE ASSETS

\$1,405 Million

### TOTAL DEDICATED SMALL-CAP ASSETS

\$ 1,515 Million

## **TOTAL ASSETS UNDER MANAGEMENT** *(as of March 31, 2010)*

<i>Institutional</i>	
Employee Benefit	\$1.0 billion
Public	0.3 billion
Foundation/Endowment	1.6 billion
Other Institutional	<u>0.4 billion</u>
<i>Total Institutional</i>	<i>\$3.3 billion</i>
<i>Total Taxable</i>	
Mutual Funds	\$1.0 billion
Limited Partnerships	0.5 billion
Individuals & Families	<u>2.5 billion</u>
<i>Total Taxable</i>	<i>\$4.0 billion</i>
<i>Total Assets under Management</i>	<i><u>\$7.3 billion</u></i>

# ***LUTHER KING CAPITAL MANAGEMENT***

## ***COMPETITIVE ADVANTAGES***

---

- I. Firm Structure***
- II. Investment Team***
- III. Investment Strategy***

# LUTHER KING CAPITAL MANAGEMENT

## COMPETITIVE ADVANTAGE

---

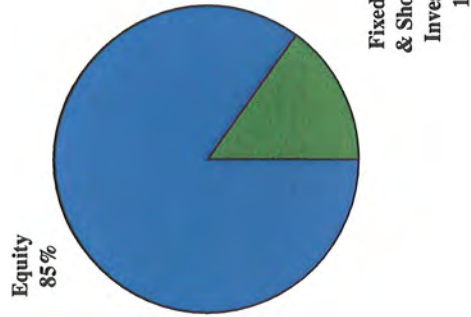
### I. Firm Structure

- ❑ Independent Investment Counseling Firm - founded in 1979
- ❑ 100% employee-owned – seven shareholders, fifty-six total employees
- ❑ \$7.3 billion in total assets
  - Taxable / Non Taxable      54% / 46%
  - Dedicated Small Cap Assets    \$1.5 bil
  - Dedicated SMID Cap Assets    \$151 mil
- ❑ Successful long-term performance track record
- ❑ “Client focused culture”

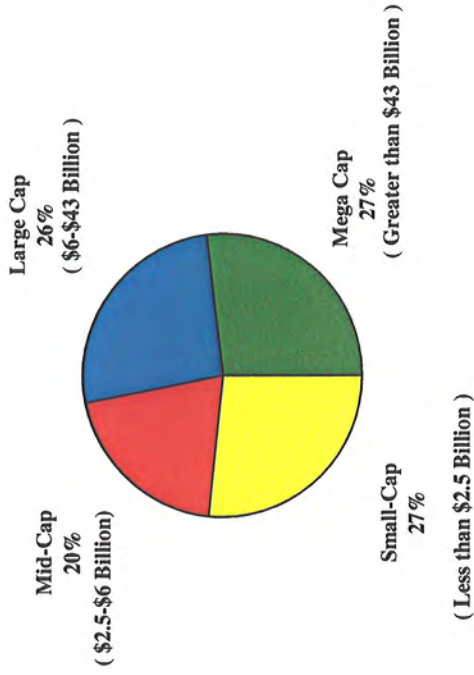
# LUTHER KING CAPITAL MANAGEMENT

## DISTRIBUTION OF MANAGED ASSETS (As of 03/31/10)

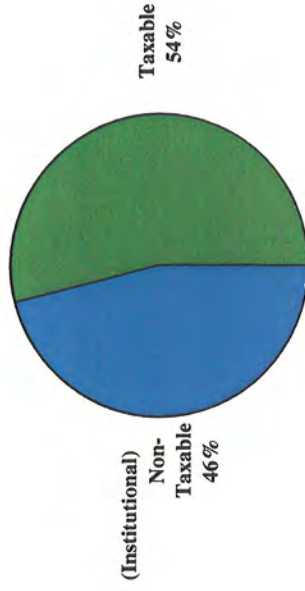
### INVESTMENT TYPE



### MARKET CAPITALIZATION



### CLIENT BASE



Total Assets Under Management

\$7.3 Billion

# LUTHER KING CAPITAL MANAGEMENT

## COMPETITIVE ADVANTAGE

---

### II. *Smaller Company Investment Team*

	<u>Average Industry Experience</u>	<u>Average LKCM Experience</u>
<b>Co-Portfolio Managers (2)</b>	<b>36</b>	<b>24</b>
J. Luther King, Jr., CFA	48	32
Steven R. Purvis, CFA	24	15
<b>Small Cap Analysts (3)</b>	<b>10</b>	<b>7</b>
<b>Firm Wide / Sector Analysts (12)</b>	<b>19</b>	<b>11</b>
<b>Traders (2)</b>	<b>13</b>	<b>10</b>
<hr/>		
<b>Total LKCM Investment Staff (29)</b>	<b>19</b>	<b>11</b>

# LUTHER KING CAPITAL MANAGEMENT

## COMPETITIVE ADVANTAGE

---

### III. *Investment Strategy*

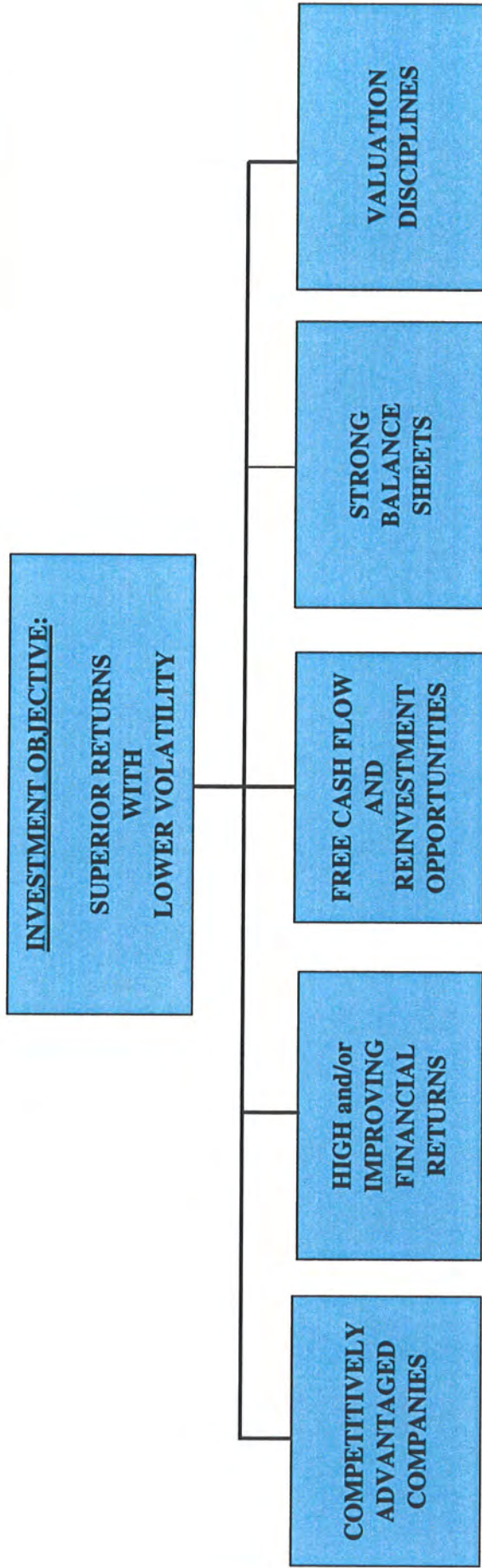
- ❑ **Goals:** Generate superior performance with lower volatility relative to the benchmark
- ❑ **Strategy:** Identify and invest in high-quality, competitively-advantaged companies that have the ability to reinvest their free cash flow internally at high rates of return to grow the value of the company, thus, allowing wealth to compound over time as management executes its business strategy
- ❑ **Approach:** A research intensive, rigorous, bottoms-up, fundamental approach utilizing the knowledge and experience of our investment professionals



# LUTHER KING CAPITAL MANAGEMENT

## INVESTMENT STRATEGY

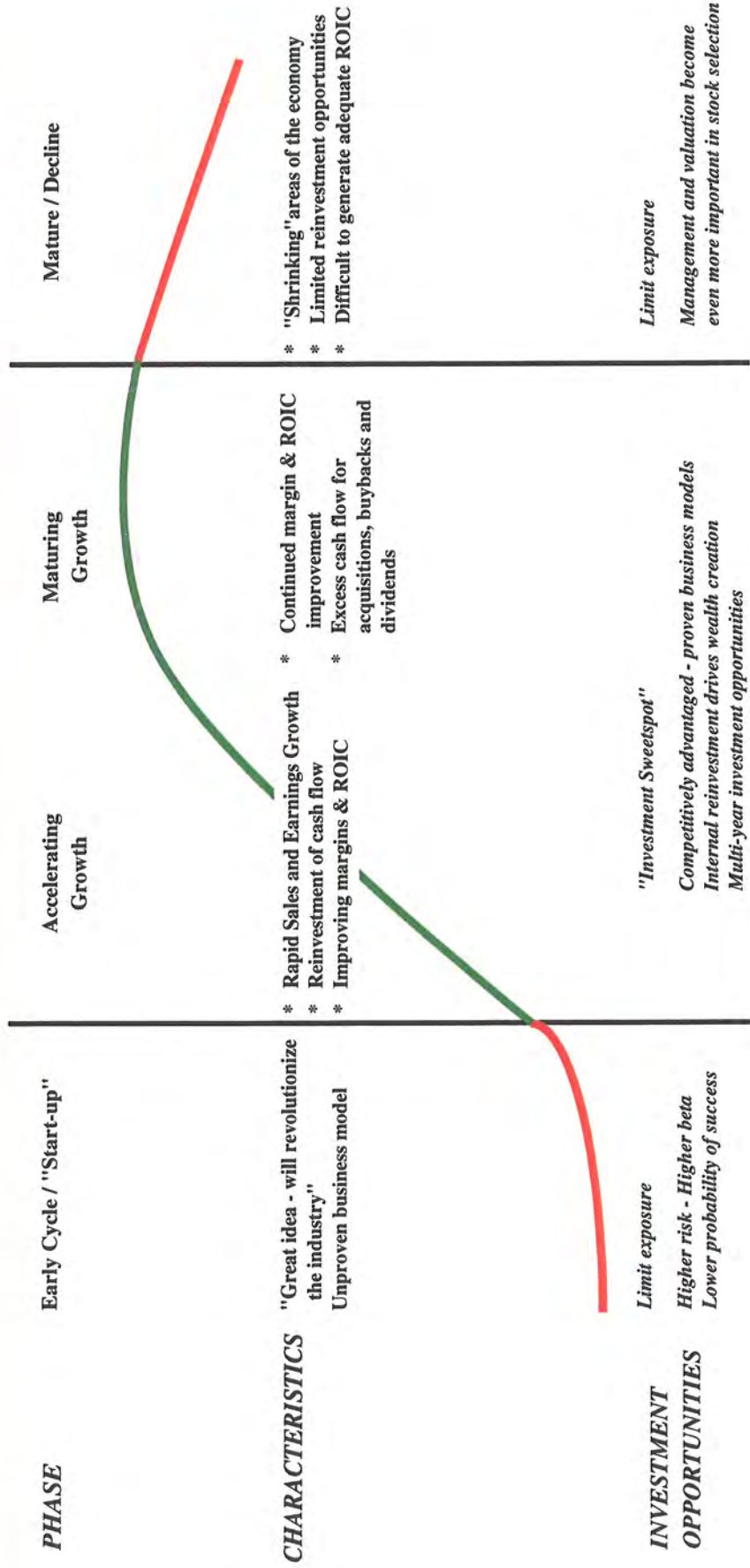
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*A Repeatable, Fundamentally Driven Investment Process*

# LUTHER KING CAPITAL MANAGEMENT

## INVESTING IN THE "SWEETSPOT" OF A COMPANY'S LIFECYCLE



# LUTHER KING CAPITAL MANAGEMENT

## RISK MANAGEMENT PROCESS

---

### A. Portfolio Construction

1. **Stock Selection:**
  - Diversified Portfolio* Small
  - Initial Weightings* 85 - 95
  - Initial Purchases* 0.8% - 1.2%
  - Stocks trimmed as they reach* \$400M - \$2.5B Mkt Cap
  - Stocks sold as they reach* 2.0% / \$3.5B Mkt Cap  
\$5.0B Mkt Cap

2. **Sector Allocation:**
  - Overweights typically limited to five percentage points*
  - Underweight percentages not as restrictive*

3. **Attribution Analysis:**
  - Systematically quantify portfolio risk and opportunities*

⇒ *Actively manage the portfolio to improve returns and to decrease portfolio risk*

# LUTHER KING CAPITAL MANAGEMENT

## RISK MANAGEMENT PROCESS

---

### B. LKCM Exceptions Report

*A proprietary evaluation tool, providing a structured format for continuous appraisal of investments in the following areas:*

*Valuation*

*Financial Characteristics*

*Price Action*

*Quality of Earnings and Earnings Trends*

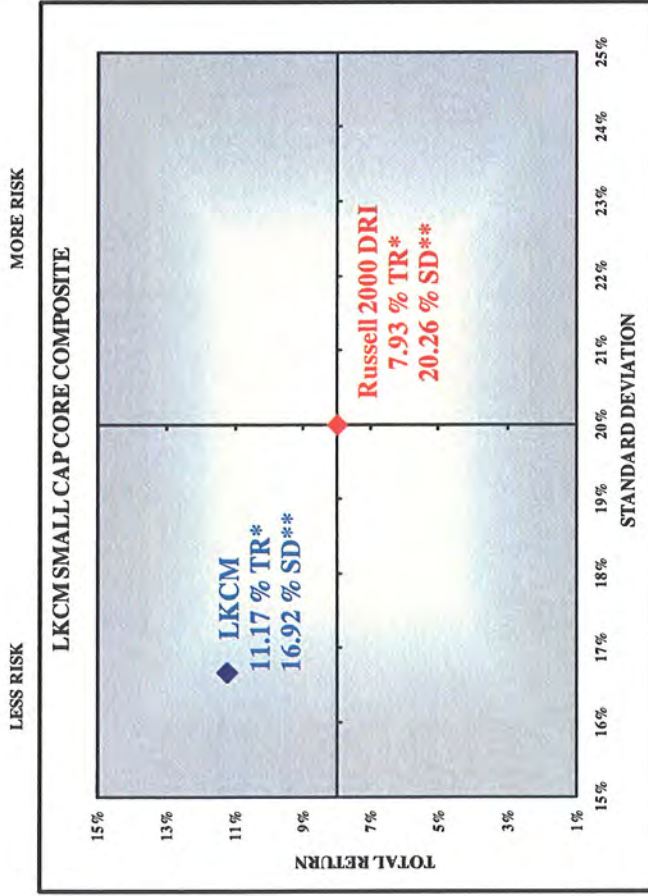
*Insider Buys / Sells*

*“Prevent stock problems from becoming portfolio problems”*

⇒ *Actively manage the portfolio to improve returns and to decrease portfolio risk*

# LUTHER KING CAPITAL MANAGEMENT

## LKCM SMALL CAP CORE COMPOSITE RISK AND GROSS RETURN PORTFOLIO CHARACTERISTICS (10/01/94 – 03/31/10)



SINCE INCEPTION RISK/RETURN	
LKCM	
SMALL CAP EQUITY COMPOSITE	RUSSELL 2000
Portfolio Return (gross of fees)	11.17%
Standard Deviation	16.92%
Alpha	4.59%
Beta	0.78
R <sup>2</sup>	87%
Up Capture	94%
Down Capture	74%
	7.93%
	20.26%
	0.00%
	1.00
	100%
	100%
	100%

TR = Total Return Gross of Fees SD = Standard Deviation

\*Total Return Since Inception (10/01/94 to 03/31/10) Annualized

\*\*Standard deviation and performance characteristics reporting period (10/01/94 to 03/31/10)

Standard deviation measures the volatility of prices around the mean average. This presentation is supplemental to the attached full disclosure presentation. Past performance is not indicative of future results.

Alpha represents the excess return of the composite over the expected market return

Beta measures the risk of volatility of the composite relative to the market as a whole.

R2 measures the correlation of composite returns to the benchmark.

Up Capture measures the percentage of benchmark performance captured by the composite during up quarters

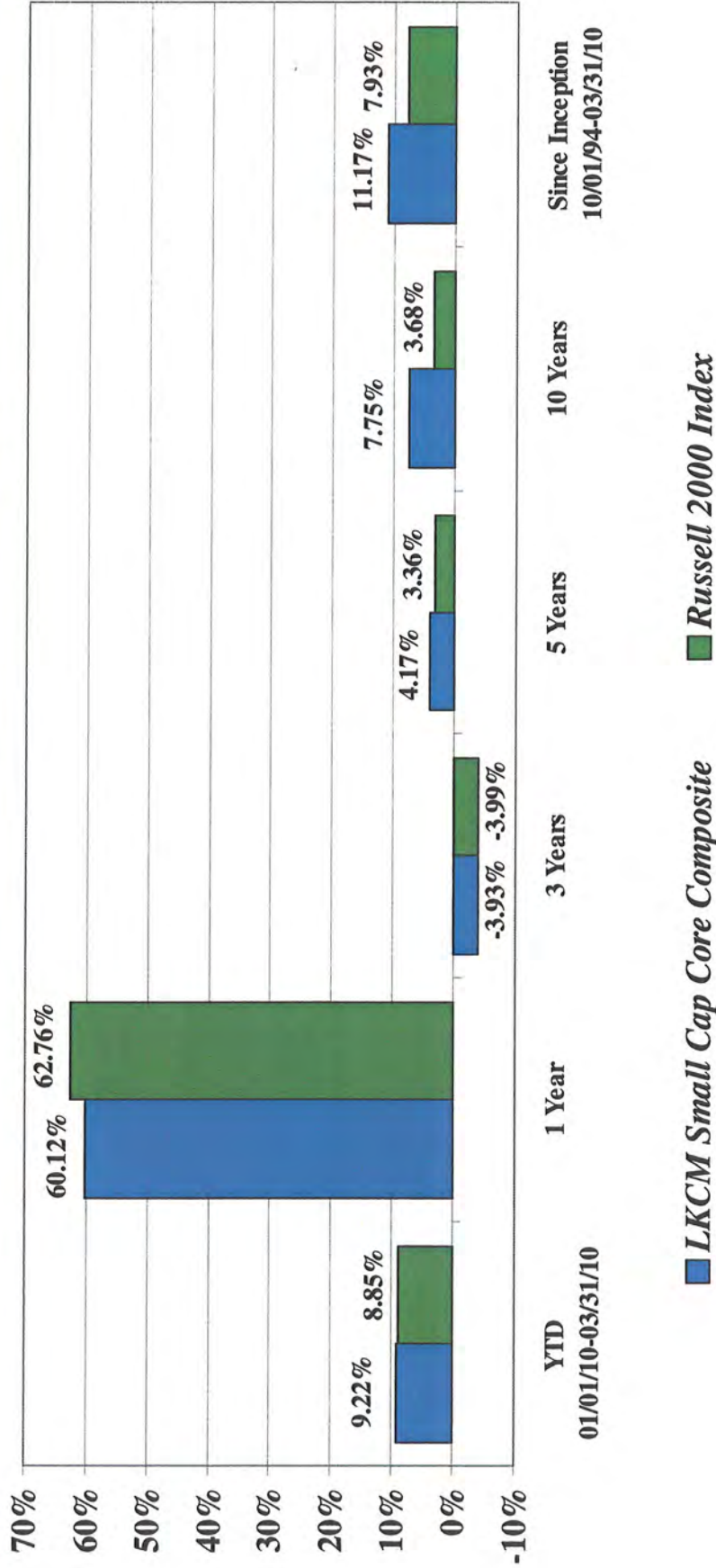
Down Capture measures the percentage of benchmark performance captured by the composite during down quarters

Source: LKCM Small Cap Core Composite and Strategic Financial Solutions, Zephyr Associates, Inc.



# LUTHER KING CAPITAL MANAGEMENT

## LKCM SMALL CAP CORE COMPOSITE ANNUALIZED GROSS PERFORMANCE SINCE INCEPTION (10/01/94 – 03/31/10)

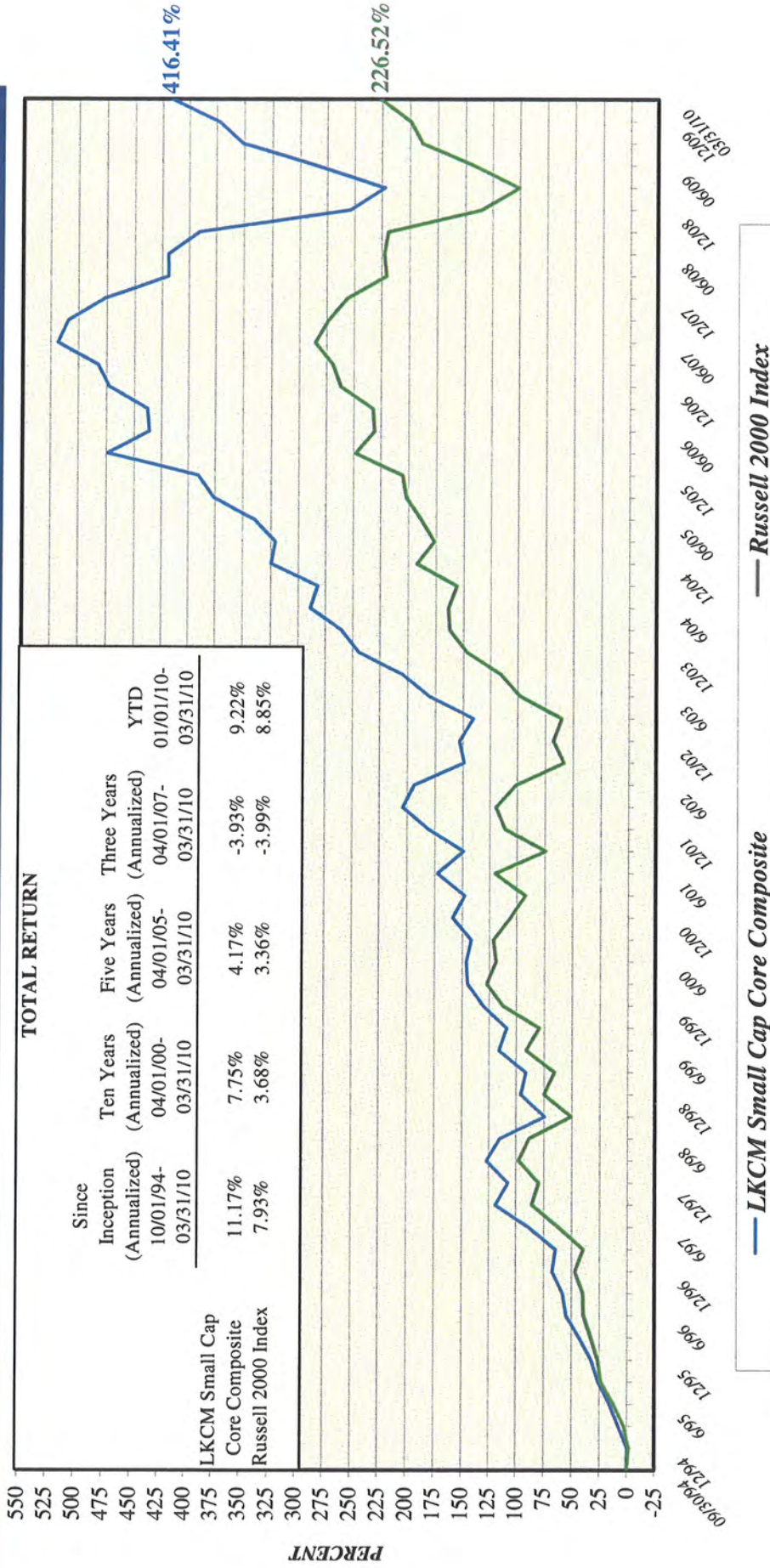


The LKCM Small Cap Core Composite total returns shown above are presented on a gross of fees basis. The performance results should be reviewed along with the attached full disclosure presentation. Past performance is not indicative of future results.



# LUTHER KING CAPITAL MANAGEMENT

## LKCM SMALL CAP CORE COMPOSITE CUMULATIVE GROSS RETURNS SINCE INCEPTION (10/01/94 – 03/31/10)



The LKCM Small Cap Core Composite total returns shown above are presented on a gross of fees basis. The performance results should be reviewed along with the attached full disclosure presentation. Past performance is not indicative of future results.



# LUTHER KING CAPITAL MANAGEMENT

## SMALL CAP CORE COMPOSITE

### Full Disclosure Presentation as of March 31, 2010

Year	Total Return		Russell 2000 Index	Annual Standard Deviation	Number of Accounts	Small Cap Core Composite		Percentage of Non-Fee-Paying Assets	Total Firm Assets (millions)
	Gross of Fees	Net of Fees				Assets (millions)	Assets (millions)		
2010 (1/1-3/31)	9.22 %	9.01 %	8.85 %	NA %	44	1405	1405	0.00 %	7307
2009	33.51	32.43	27.17	1.0	45	1351	1351	0.00	6976
2008	-38.52	-39.08	-33.79	0.4	49	1039	1039	0.00	5635
2007	0.63	-0.16	-1.57	0.5	47	1640	1640	0.00	7743
2006	16.76	15.87	18.37	0.7	36	1530	1530	0.00	7261
2005	15.42	14.61	4.55	0.2	21	1099	1099	0.00	6377
2004	23.28	22.48	18.32	0.9	6	509	509	0.00	5399
2003	35.95	35.09	47.25	NA	5	389	389	0.00	5372
2002	-9.80	-10.39	-20.48	NA	4	278	278	0.00	4674
2001	8.58	7.91	2.49	NA	2	253	253	0.00	5940
2000	12.27	11.58	-3.02	NA	2	241	241	0.00	6491

NA -- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Luther King Capital Management (LKCM) is a registered investment adviser under the Investment Advisors Act of 1940 and is defined as an independent investment management firm. LKCM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. LKCM has been independently verified for the periods January 1, 1992 through December 31, 2008. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small Cap Core Composite has been examined for the periods October 1, 1994 to December 31, 2008. The verification and performance examination reports are available upon request. The firm-wide verification and composite performance examination for the period January 1, 2009 through December 31, 2009 is currently being conducted.

The Small Cap Core Composite contains all fully discretionary taxable and non-taxable, fee-paying small cap accounts under management. For comparison purposes, the composite is measured against the Russell 2000 Index, which is a market capitalization weighted index that is the most representative of the market capitalization of the securities in this composite. January 1, 2003 is the effective creation date of the Small Cap Core Composite. Quarterly performance from October 1, 1994 to March 31, 2010 is available upon request. The annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite the entire year. Ten years annualized compound return ending 3/31/10: Small Cap Core Composite 7.75% (gross), 6.97% (net); Russell 2000 Index 3.68%. The current management fee schedule for this composite is as follows: 1% on the first \$5,000,000; .75 of 1% on the next \$5,000,000; .50 of 1% above \$10,000,000; minimum annual fee \$30,000. Clients prior to June 30, 2004, may have a different fee schedule. LKCM Fund fees are calculated and paid quarterly in arrears, at annualized rates ranging from .50% to 1.00% of a portfolio's average daily net assets. In some instances, LKCM voluntarily waives these fees and/or reimburses a portfolio in order to maintain a designated expense ratio. For a complete list of our management fees, please see our Form ADV, Part II.

Additional information regarding policies for calculating and reporting performance returns is available upon request. Effective January 1, 2005, new accounts are added quarterly when the account is at least 75% invested and fully representative of investment style. Prior to January 1, 2005, accounts were added soon after inception on a quarterly basis and/or when considered fully representative of investment style. A complete list and description of the firm's composites is available upon request. Terminated accounts are included through the last full calendar quarter under management. Results are presented before taxes, both gross of management fees and net of actual management fees, net of commissions and other transaction costs, and include the reinvestment of all income. The U.S. dollar is the currency used to express performance. Past performance is not indicative of future results.





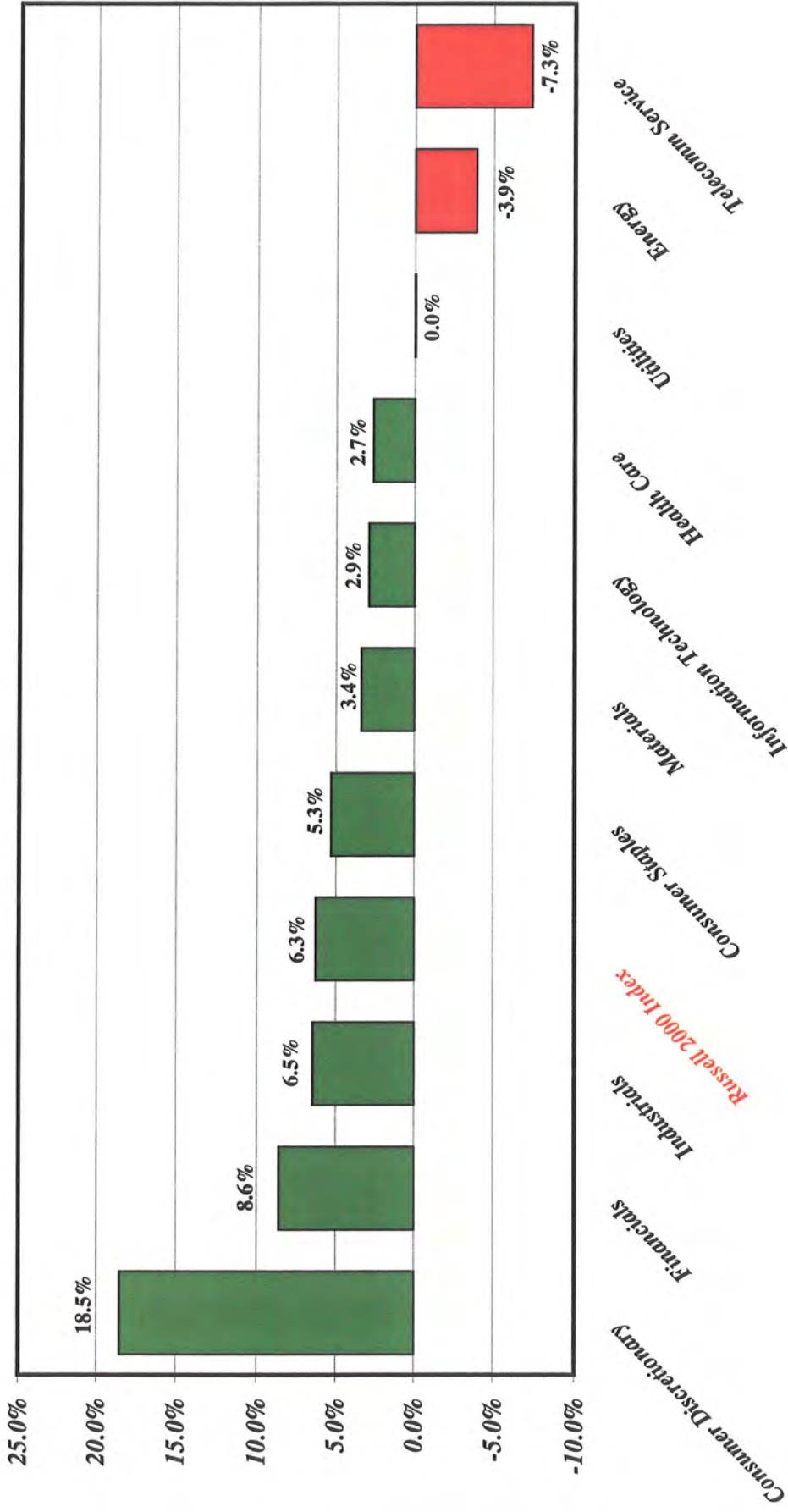
# LUTHER KING CAPITAL MANAGEMENT

## STRATEGIC POSITIONING – MARCH 2010

- *The economic recovery continues to broaden and the economy is positioned for continued steady growth going forward.*
- *The aggressive global monetary and fiscal policy stimulus has worked. Expect interest rates to remain low.*
- *A typical, cyclical economic recovery continues to unfold. Corporate profits should lead to increasing capital spending and employment.*
- *Tax policy will become a more important issue in 2H10. Secular issues; liquidity withdrawal, government debt / spending, consumer leverage, interest rates and inflation are 2011 concerns.*
- *The high level of economic and market skepticism, plus increased merger and acquisition activity, should result in a positive market environment.*
- *Investments are positioned in competitively advantaged companies, companies with above average growth rates and those in areas that should continue to benefit from a growing economy.*

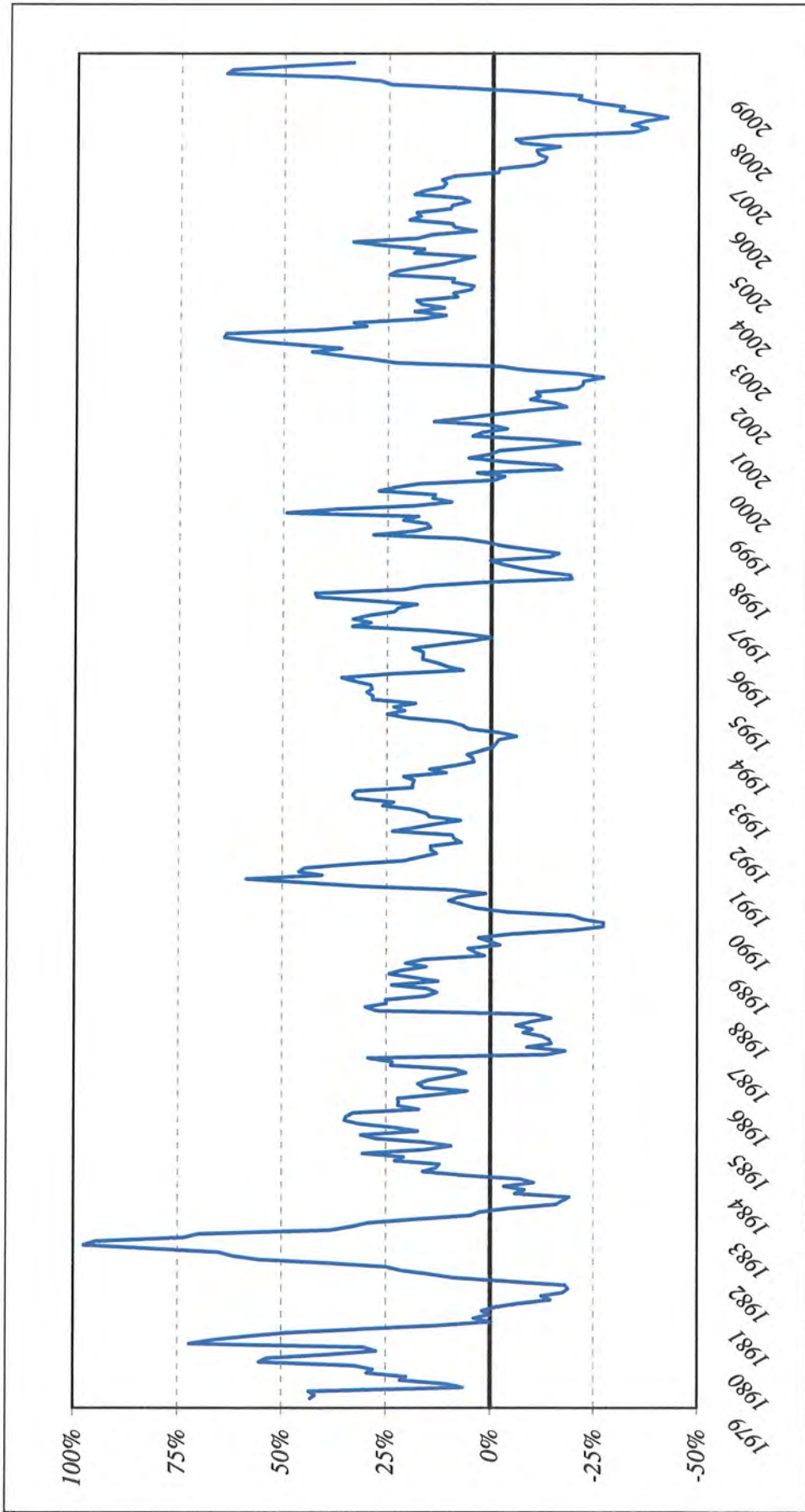
Reflects LKCM's forward-looking statements regarding anticipated investment strategy and portfolio positioning for the Small Cap Core Strategy and SMID Cap Equity Strategy as of the date indicated below. Such forward-looking statements are based upon LKCM's expectations, projections, and assumptions about future economic, financial, general market, and other conditions. Actual investment strategy and portfolio positioning could vary materially from the forward-looking statements based upon, among other things, changes in economic, financial, market, or other conditions or LKCM's expectations, projection, and assumptions regarding such conditions. LKCM disclaims any obligation to update such forward-looking statements to reflect events or circumstances after the date indicated below.

**RUSSELL 2000 INDEX SECTOR PERFORMANCE**  
**TOTAL RETURN**  
**JANUARY 1, 2010 - MAY 31, 2010**



Source: The Thomson Corporation (Thomson ONE Analytics product).  
 Performance calculated by Thomson ONE Analytics may differ from LKCM due to slight variations in methodology and pricing.

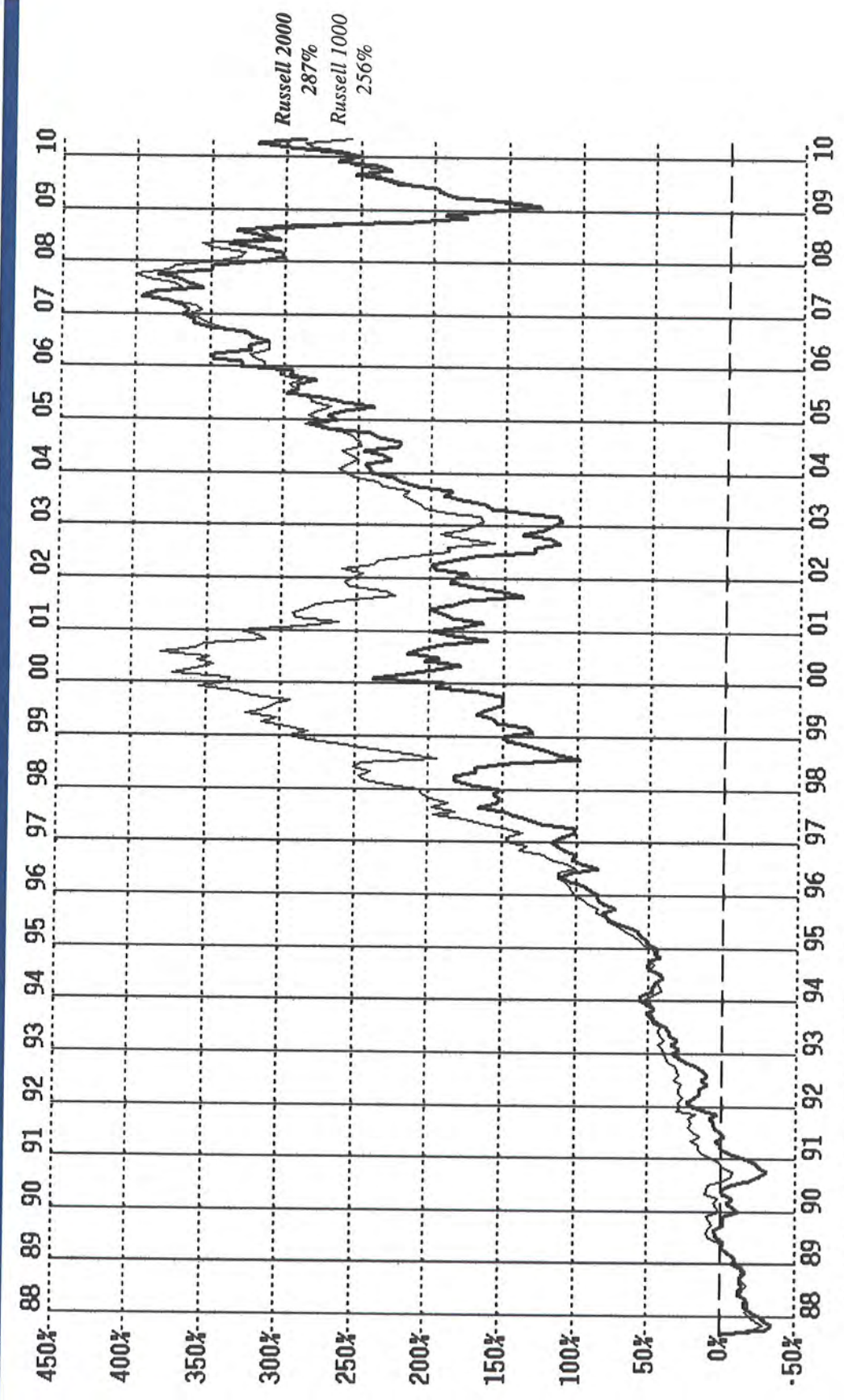
**RUSSELL 2000 INDEX  
TRAILING ONE-YEAR RETURN  
DECEMBER 1979 - MAY 2010**



SOURCE: Bloomberg

# RUSSELL 1000 vs. RUSSELL 2000

SEPTEMBER 1987 – MAY 2010



Source: Thomson Reuters (Baseline product)

## ***RUSSELL 2000 PERFORMANCE***

	<b><u>May 2010</u></b>	<b><u>YTD 2010 Through April</u></b>	<b><u>2009</u></b>
<b>RETURN ON EQUITY</b>			
Non-Earning	-12.7 %	+18.8 %	+51.9 %
Lowest 20%	-11.8 %	+18.4 %	+53.1 %
Highest 20%	-4.8 %	+11.7 %	+28.8 %
<b>MARKET CAP</b>			
< \$250 Mil	-9.0 %	+21.2 %	+48.6 %
> \$1 Bil	-7.3 %	+12.3 %	+11.6 %
<b>STOCK PRICES</b>			
< \$5/share	-13.1 %	+32.8 %	+91.2 %
> \$20/share	-6.5 %	+18.4 %	+9.1 %
<b>Russell 2000</b>	<b>-7.6 %</b>	<b>+15.0 %</b>	<b>+27.2 %</b>

***"The Low Quality Rally is Beginning to Fade"***

Source: Banc of America Securities - Merrill Lynch Small Cap Research

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**INVESTMENT PERFORMANCE\***  
**MAY 31, 2010**

	<b>PORTFOLIO</b>	<b>RUSSELL 2000 INDEX</b>
<b>2010 YEAR TO DATE (01/01/10 - 05/31/10)</b>	<b>8.28 %</b>	<b>6.29 %</b>
<b>FY 2010 (07/01/09- 05/31/10)</b>	<b>31.39 %</b>	<b>29.35 %</b>
FY 2009 (07/01/08- 06/30/09)	(26.47) %	(25.01) %
FY 2008 (07/01/07 - 06/30/08)	(16.43) %	(16.19) %
FY 2007 (07/01/06 - 06/30/07)	15.09 %	16.43 %
FY 2006 (07/01/05 - 06/30/06)	21.79 %	14.58 %
<b>SINCE INCEPTION</b>		
<b>(04/29/05 - 05/31/10)</b>	<b>25.03 %</b>	<b>22.17 %</b>
<b>ANNUALIZED RETURN</b>	<b>4.49 %</b>	<b>4.02 %</b>

\* INVESTMENT RESULTS ARE BEFORE FEES AND INCLUDE REALIZED AND UNREALIZED GAINS AND LOSSES AND DIVIDENDS AND INTEREST.

# ALASKA RETIREMENT MANAGEMENT BOARD 2010 SECTOR WEIGHTS AND ATTRIBUTION

January 1, 2010 - May 31, 2010

SECTOR	PORTFOLIO		WEIGHT CHANGE		RUSSELL		PORTFOLIO WEIGHT VS. INDEX
	SECTOR WEIGHT	2000 INDEX	FROM LAST QTR	2000 INDEX	WEIGHT	VS. INDEX	
CONSUMER DISCRETIONARY	22%	16%	↑	16%	6%	6%	
INFORMATION TECHNOLOGY	19%	18%	↑	18%	1%	1%	
INDUSTRIALS	18%	16%	↑	16%	2%	2%	
HEALTH CARE	13%	14%	↓	14%	-1%	-1%	
FINANCIALS	12%	21%	↓	21%	-9%	-9%	
ENERGY	8%	5%	↑	5%	3%	3%	
MATERIALS	6%	5%	↑	5%	1%	1%	
CASH	2%	0%	↑	0%	2%	2%	
CONSUMER STAPLES	1%	3%	↓	3%	-2%	-2%	
TELECOM SERVICES	0%	1%	↓	1%	-1%	-1%	
UTILITIES	0%	3%	↓	3%	-3%	-3%	

**Positives to Performance**

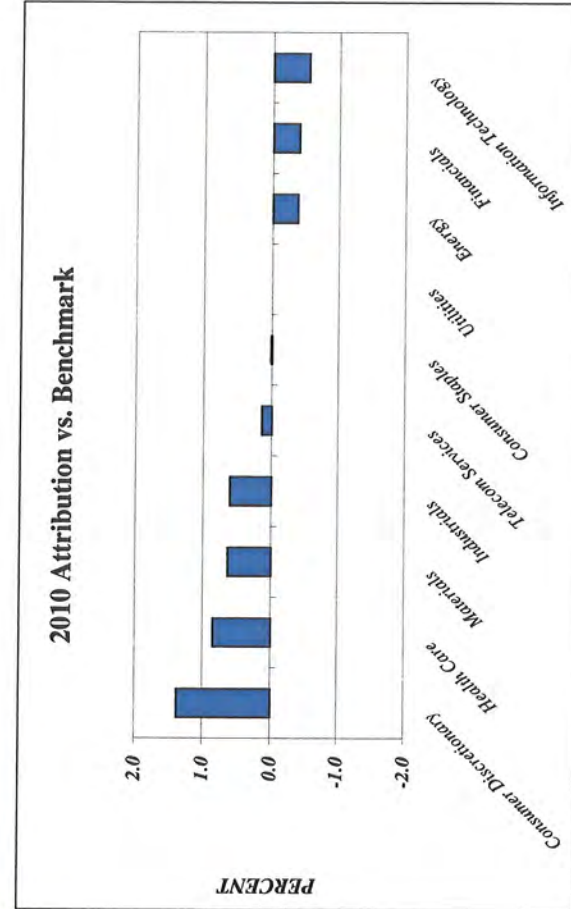
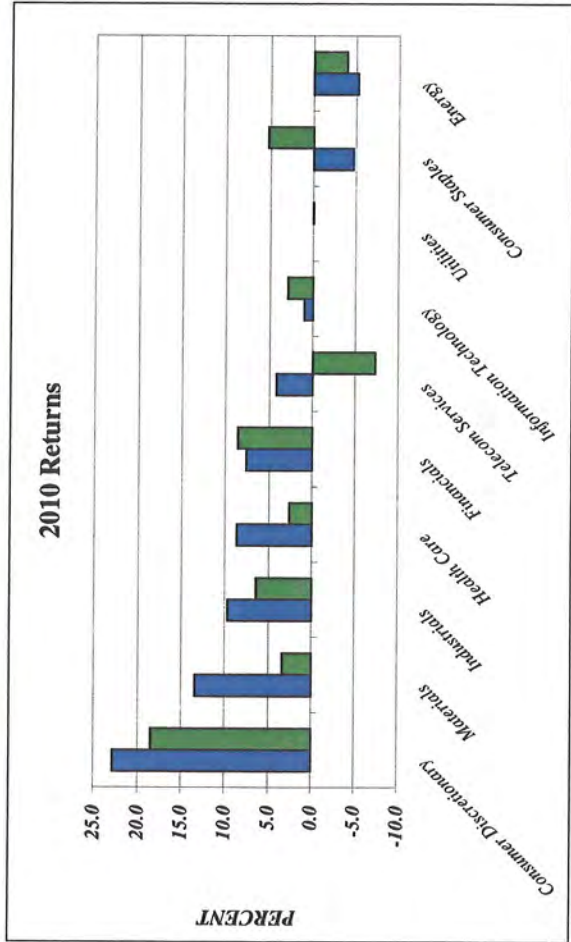
↑ Stock selection, especially our Consumer Discretionary, Healthcare and Materials stocks

↑ Overweight Consumer Discretionary and underweight Utilities sectors

**Negatives to Performance**

↓ Stock selection in Technology sector

↓ Overweight Energy sector



■ Alaska Retirement  
■ Russell 2000

Source: The Thomson Corporation (Thomson ONE Analytics product).

**ALASKA RETIREMENT MANAGEMENT BOARD  
TOP & BOTTOM CONTRIBUTORS**

**January 1, 2010 - May 31, 2010**

**TOP 5 CONTRIBUTORS**

	05/31/10 WEIGHTINGS	TOTAL RETURN	PORTFOLIO CONTRIBUTION
<b>PAREXEL INT'L CORP</b>	1.21 %	58 %	0.72 %
<b>TEMPUR PEDIC INT'L</b>	1.44	41	0.65
<b>CARPENTER TECHNOLOGY</b>	1.70	46	0.59
<b>BOYD GAMING CORP</b>	1.48	57	0.53
<b>SYBASE INC</b>	1.32	48	0.43

**BOTTOM 5 CONTRIBUTORS**

	05/31/10 WEIGHTINGS	TOTAL RETURN	PORTFOLIO CONTRIBUTION
<b>FORMFACTOR INC</b>	0.86 %	(41) %	(0.49) %
<b>CARRIZO OIL &amp; CO INC</b>	0.82	(33)	(0.38)
<b>RESOURCES CONNECTION</b>	0.91	(24)	(0.30)
<b>MICROSTRATEGY INC</b>	0.93	(18)	(0.22)
<b>ATWOOD OCEANICS</b>	0.66	(24)	(0.22)

Source: The Thomson Corporation (Thomson ONE Analytics product).

Performance calculated by Thomson ONE Analytics may differ from LKCM due to slight variations in methodology and pricing.





**ALASKA RETIREMENT MANAGEMENT BOARD**  
**SECTOR REVIEW**  
**MAY 31, 2010**

	AMOUNT	COST	LAST	MARKET VALUE	% SEG	% PF	YIELD
<b>EQUITIES</b>							
<b>CONSUMER DISCRETIONARY</b>							
BJS RESTAURANTS INC	40,450	16.58	23.19	938,036	1.02	1.00	0.0
BOYD GAMING	105,275	8.37	13.17	1,386,472	1.51	1.48	0.0
BRUNSWICK CORPORATION	77,600	11.47	17.47	1,355,672	1.47	1.45	0.3
CALLAWAY GOLF COMPANY	90,500	9.55	8.42	762,010	0.83	0.81	0.5
CINEMARK HOLDINGS INC	45,550	17.97	15.99	728,345	0.79	0.78	4.5
CROCS INC	67,500	10.12	10.35	698,625	0.76	0.75	0.0
DSW INC	39,000	11.94	28.88	1,126,320	1.22	1.20	0.0
HIBBETT SPORTS INC	41,050	18.78	25.77	1,057,859	1.15	1.13	0.0
K12 INC	31,250	22.41	25.02	781,875	0.85	0.83	0.0
LIFE TIME FITNESS INC	22,050	29.22	37.11	818,276	0.89	0.87	0.0
LIVE NATION ENTERTAINMENT, INC	80,650	8.28	12.23	986,350	1.07	1.05	0.0
LKQ CORP	50,050	14.50	18.42	921,921	1.00	0.98	0.0
LUMBER LIQUIDATORS HOLDIN	30,450	24.50	29.51	898,580	0.98	0.96	0.0
MONRO MUFFLER BRAKE INC	13,700	28.61	39.39	539,643	0.59	0.58	0.9
PETMED EXPRESS INC	44,500	18.75	19.72	877,540	0.95	0.94	2.0
SIGNET JEWELERS LTD	27,150	20.98	31.05	843,008	0.92	0.90	0.0
SONIC CORP	65,150	12.18	10.55	687,333	0.75	0.73	0.0
TEMPUR PEDIC INTL INC	40,750	14.13	33.20	1,352,900	1.47	1.44	0.0
TRACTOR SUPPLY COMPANY	18,600	43.34	67.76	1,260,336	1.37	1.34	0.8
ULTA SALON COSMETICS & FR	41,650	11.16	25.58	1,065,407	1.16	1.14	0.0
WARNACO GROUP INC	27,550	28.56	42.59	1,173,355	1.27	1.25	0.0
<b>TOTAL CONSUMER DISCRETIONARY</b>				<b>\$ 20,259,858</b>	<b>22.01</b>	<b>21.61</b>	<b>0.4</b>
<b>CONSUMER STAPLES</b>							
RUDDICK CORP	14,900	29.02	33.02	491,998	0.53	0.52	1.5
<b>ENERGY</b>							
ATWOOD OCEANICS INC	22,850	32.38	27.15	620,378	0.67	0.66	0.0
BRIGHAM EXPLORATION CO	68,600	14.39	17.18	1,178,548	1.28	1.26	0.0
CARRIZO OIL & CO INC	43,500	21.56	17.74	771,690	0.84	0.82	0.0
CORE LABORATORIES N.V.	9,000	87.98	135.98	1,223,820	1.33	1.31	0.4
DRIL-QUIP INC	17,550	24.52	48.71	854,861	0.93	0.91	0.0
EXCO RESOURCES INC	32,050	14.45	17.25	552,863	0.60	0.59	0.7
ROSETTA RESOURCES INC	40,650	23.10	21.93	891,455	0.97	0.95	0.0
ST MARY LAND & EXPL CO	26,150	38.59	43.24	1,130,726	1.23	1.21	0.2
<b>TOTAL ENERGY</b>				<b>\$ 7,224,339</b>	<b>7.85</b>	<b>7.71</b>	<b>0.1</b>

**ALASKA RETIREMENT MANAGEMENT BOARD  
SECTOR REVIEW  
MAY 31, 2010**

	AMOUNT	COST	LAST	MARKET VALUE	% SEG	% PF	YIELD
<b>EQUITIES</b>							
<b>FINANCIALS</b>							
BROADPOINT GLEACHER SECURITIES	212,400	4.37	3.94	836,856	0.91	0.89	0.0
CASH AMER INTL INC	33,100	36.52	36.95	1,223,045	1.33	1.30	0.4
EVERCORE PARTNERS INC	28,600	31.81	32.60	932,360	1.01	0.99	1.8
FIRST CASH FINL SVCS INC	49,400	18.51	21.03	1,038,882	1.13	1.11	0.0
FIRST HORIZON NATL CORP	79,531	9.94	12.45	990,161	1.08	1.06	0.0
GLACIER BANCORP INC	74,962	16.44	15.86	1,188,897	1.29	1.27	3.3
PINNACLE FINANCIAL PARTNERS IN	66,150	16.41	13.67	904,271	0.98	0.96	0.0
PROSPERITY BANCSHARES INC	23,900	30.09	36.04	861,356	0.94	0.92	1.7
RAYMOND JAMES FINANCIAL	39,600	16.88	28.27	1,119,492	1.22	1.19	1.6
SYNOVUS FINANCIAL CORP	394,350	3.12	2.96	1,167,276	1.27	1.25	1.4
TEXAS CAPITAL BANCSHARES	48,000	18.22	18.27	876,960	0.95	0.94	0.0
UMPQUA HOLDINGS CORP	36,750	12.56	12.56	461,580	0.50	0.49	1.6
<b>TOTAL FINANCIALS</b>				<b>\$ 11,601,136</b>	<b>12.60</b>	<b>12.38</b>	<b>1.0</b>
<b>HEALTH CARE</b>							
AMERICAN MEDICAL SYSTEMS HOLDI	51,250	16.06	22.56	1,156,200	1.26	1.23	0.0
CONCEPTUS INC	70,250	19.04	16.69	1,172,473	1.27	1.25	0.0
ENDO PHARMACEUTICALS	35,150	18.98	20.94	736,041	0.80	0.79	0.0
HEALTH MGMT ASSOCIATES	94,350	9.21	9.30	877,455	0.95	0.94	0.0
MEDASSETS INC	50,250	19.48	22.69	1,140,173	1.24	1.22	0.0
MERIT MEDICAL SYSTEMS	48,400	18.28	15.29	740,036	0.80	0.79	0.0
MWI VETERINARY SUPPLY INC	31,850	32.90	49.01	1,560,969	1.70	1.67	0.0
NUVASIVE	25,100	37.32	39.27	985,677	1.07	1.05	0.0
PAREXEL INTERNATIONAL CORP	50,700	14.60	22.31	1,130,864	1.23	1.21	0.0
PERKINELMER INC	20,200	21.19	22.69	458,338	0.50	0.49	1.2
PSS WORLD MEDICAL INC	50,650	16.61	22.91	1,160,392	1.26	1.24	0.0
TECHNE CORP	12,850	56.70	60.55	778,068	0.85	0.83	1.7
<b>TOTAL HEALTH CARE</b>				<b>\$ 11,896,683</b>	<b>12.92</b>	<b>12.69</b>	<b>0.2</b>
<b>INDUSTRIALS</b>							
ACTUANT CORP	48,200	19.22	20.22	974,604	1.06	1.04	0.2
ADMINISTAFF INC	60,850	23.31	24.13	1,468,311	1.60	1.57	2.2
ASTEC INDUSTRIES	14,970	29.76	29.87	447,154	0.49	0.48	0.0
BALDOR ELECTRIC COMPANY	34,100	36.20	35.93	1,225,213	1.33	1.31	1.9
CIRCOR INTERNATIONAL INC	33,100	29.09	29.72	983,732	1.07	1.05	0.5
CLARCOR INC	20,400	31.11	36.26	739,704	0.80	0.79	1.1
COPART INC	22,250	26.67	35.90	798,775	0.87	0.85	0.0
FORWARD AIR CORPORATION	39,850	30.98	27.37	1,090,695	1.18	1.16	1.0
HEXCEL CORPORATION	98,050	13.57	15.97	1,565,859	1.70	1.67	0.0
KAYDON CORP	25,550	44.29	37.54	959,147	1.04	1.02	1.9
KIRBY CORPORATION	22,850	22.56	39.43	900,976	0.98	0.96	0.0

**ALASKA RETIREMENT MANAGEMENT BOARD  
SECTOR REVIEW  
MAY 31, 2010**

	AMOUNT	COST	LAST	MARKET VALUE	% SEG	% PF	YIELD
<b>EQUITIES</b>							
<b>INDUSTRIALS</b>							
MIDDLEBY CORP	22,250	48.00	56.31	1,252,898	1.36	1.34	0.0
MUELLER WATER PRODUCTS IN	187,100	5.04	4.33	810,143	0.88	0.86	1.6
RAVEN INDS INC	21,850	30.27	35.42	773,927	0.84	0.83	1.8
RESOURCES CONNECTION INC	53,000	17.46	16.14	855,420	0.93	0.91	0.0
UTI WORLDWIDE INC	62,700	12.18	14.45	906,015	0.98	0.97	0.4
WESCO INTERNATIONAL INC	36,750	34.72	37.40	1,374,450	1.49	1.47	0.0
<b>TOTAL INDUSTRIALS</b>				<u>\$ 17,127,020</u>	<u>18.61</u>	<u>18.27</u>	<u>0.8</u>
<b>INFORMATION TECHNOLOGY</b>							
3PAR INC	100,050	10.42	10.63	1,063,532	1.16	1.13	0.0
ANSYS INC	21,850	25.05	43.73	955,501	1.04	1.02	0.0
ARRIS GROUP INC	47,400	11.93	10.97	519,978	0.56	0.55	0.0
ART TECHNOLOGY GROUP INC	204,322	4.01	3.74	764,164	0.83	0.82	0.0
COMPELLENT TECH	79,050	14.55	12.86	1,016,583	1.10	1.08	0.0
ELECTRONICS FOR IMAGING	48,000	12.19	11.14	534,720	0.58	0.57	0.0
FORMFACTOR INC	62,900	17.13	12.87	809,523	0.88	0.86	0.0
INTERSIL CORP	59,650	10.75	13.31	793,942	0.86	0.85	3.6
LOGMEIN INC	41,050	18.86	25.46	1,045,133	1.14	1.11	0.0
MANTECH INTERNATIONAL CORP - A	21,850	46.59	46.23	1,010,126	1.10	1.08	0.0
MICROSTRATEGY INC	11,250	47.22	77.06	866,925	0.94	0.92	0.0
NATIONAL INSTRUMENTS CORP	36,750	29.51	32.19	1,182,983	1.29	1.26	1.6
NETEZZA CORP	93,950	9.31	13.03	1,224,169	1.33	1.31	0.0
NUANCE COMMUNICATIONS INC	55,550	6.15	17.04	946,294	1.03	1.01	0.0
ROFIN SINAR TECHNOLOGIES	34,100	27.52	23.87	813,967	0.88	0.87	0.0
SOLARWINDS INC	34,500	19.62	18.96	654,120	0.71	0.70	0.0
SYBASE INC	19,200	30.02	64.33	1,235,136	1.34	1.32	0.0
TIBCO SOFTWARE INC	120,300	8.45	11.41	1,372,623	1.49	1.46	0.0
TRIMBLE NAVIGATION LTD	31,450	19.46	28.73	903,559	0.98	0.96	0.0
<b>TOTAL INFORMATION TECHNOLOGY</b>				<u>\$ 17,712,975</u>	<u>19.24</u>	<u>18.90</u>	<u>0.3</u>
<b>MATERIALS</b>							
A SCHULMAN INC	48,600	18.37	22.23	1,080,135	1.17	1.15	2.7
CALGON CARBON CORP	60,650	17.23	14.87	901,866	0.98	0.96	0.0
CARPENTER TECHNOLOGY	41,050	21.71	38.91	1,597,256	1.74	1.70	1.9
CYTEC INDUSTRIES INC	23,300	33.29	42.73	995,609	1.08	1.06	0.1
HAYNES INTERNATIONAL INC	16,150	37.87	31.75	512,763	0.56	0.55	2.5
SILGAN HOLDINGS INC	22,850	20.14	28.53	651,911	0.71	0.70	1.5
<b>TOTAL MATERIALS</b>				<u>\$ 5,739,538</u>	<u>6.23</u>	<u>6.12</u>	<u>1.4</u>
<b>TOTAL EQUITIES</b>				<u>\$ 92,053,547</u>	<u>100.00</u>	<u>98.20</u>	<u>0.5</u>



**ALASKA RETIREMENT MANAGEMENT BOARD**  
**ACTUARIAL REVIEW OF DEFINED CONTRIBUTION**  
**RETIREMENT PLANS**  
**JUNE 24, 2010**

June 24, 2010

Mr. Gary Bader  
Chief Investment Officer  
Department of Revenue, Treasury Division  
Alaska Retirement Management Board  
P.O. Box 110405  
Juneau, AK 99811-0405

**Subject: Actuarial Review of June 30, 2009 Defined Contribution Retirement (DCR) Plan valuations for the State of Alaska Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS).**

Dear Gary:

We have performed an actuarial review of the June 30, 2009 DCR Actuarial Valuations for PERS and TRS.

This report includes a review of:

- Occupational Death and Disability Assumptions and Benefits
- Retiree Health Care Cost Assumptions
- Actuarial Valuation Methods and Procedures
- Contribution Rate Determination
- Actuarial Valuation Report

A major part of our review is the analysis of the test lives provided by Buck Consultants. We have included exhibits in our report which summarize the detailed analysis of these sample test cases for the PERS and TRS DCR Plans, as well as a comparison of the results between Buck Consultants and GRS. We wish to thank the staff of the State of Alaska Treasury Division and Buck Consultants without whose willing cooperation this review could not have been completed.

Sincerely,  
**Gabriel, Roeder, Smith & Company**



Leslie L. Thompson, FSA, FCA, EA, MAAA  
Senior Consultant



Todd D. Kanaster, ASA, MAAA  
Senior Analyst

cc: Ms. Judy Hall

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## SECTION 1

### EXECUTIVE SUMMARY

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## EXECUTIVE SUMMARY

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Gabriel, Roeder, Smith & Co. was engaged by the Alaska Retirement Management Board (ARMB) to review the June 30, 2009 Defined Contribution Retirement (DCR) Plan Actuarial Valuations of the State of Alaska Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS).

This report presents our findings in the following areas:

- General Approach
- Pension Assumptions and Benefits
- Health Care Cost Assumptions
- Actuarial Valuation Methods and Procedures
- Contribution Rate Determination
- Actuarial Valuation Report
- Potential Areas for Future Review
- Summary and Conclusions

### FINDINGS FROM 2010 AUDIT

Through the test life review completed with the 2010 audit we discovered a few areas for further review.

- *PERS Peace Officer/Firefighter Pension Plan final average salary calculation for disability monthly benefits*
  - *Buck assumed a five year averaging period, when the period is actually three years. Buck has agreed to change this for the 2010 valuation. Thus, for the 2009 valuation, liabilities for the disability benefit are understated.*
- *We recommend that future valuations contain a “participant reconciliation grid” that traces the change in status from the beginning of year to the end of year, so that the changes in the population can be seen from year to year.*
- *We recommend that future valuations contain a “gain/loss by source” analysis, so the trustees can see the liability impacts from the various key assumptions.*
- *We recommend that the amortization method description be enhanced to include the fact that it is a “year by year” closed method, rather than open amortization method.*
- *PERS report page 14- we believe FY09 should read a “loss” not a gain on the D&D section;*
- *For the retiree medical portion of the plan, a 100% assumption rate is used. We recommend that this be reviewed with the ongoing experience study.*

- *For the retiree medical portion of the plan, we recommend further description regarding the valuation of any implicit rate subsidy.*
- *For the retiree medical valuation, we were unable to obtain the specific provisions of the underlying health care plan (deductibles etc). The development of the claims costs was based on the difference in plan provisions between the legacy plan and the plan for new hires. We recommend detail regarding these provisions which affect these claim costs be added to the valuation report.*

## SUMMARY OF TEST LIFE REVIEW

We have included as a part of this report a detailed test life results summary.

- We matched the present value of benefits closely in total on testlives submitted for PERS Other and TRS DCR plans. We have a greater discrepancy in our match for the PERS Peace Officer/Firefighter Pension DCR test life, due to the difference in the final average salary period referenced above.

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## SECTION 2

### GENERAL APPROACH

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## GENERAL APPROACH

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Gabriel, Roeder, Smith & Co. was charged with reviewing the actuarial valuations of TRS and PERS DCR plans.

We requested a number of items from Buck Consultants in order to perform the actuarial review:

1. We received the DCR draft reports on February 9, 2010. On December 11, 2009, we received the pension and healthcare test lives for the PERS and TRS DCR plans, and the valuation data for both plans.
2. Buck was unable to supply the detailed plan provisions (or the differences in provisions from the plan for old hires, versus the plan for new hires) for the underlying retiree health care plan.

In performing our review, we:

1. Reviewed actuarial assumptions – we checked to see if they were consistent, comprehensive, and appeared reasonable.
2. Reviewed the actuarial valuation reports as of June 30, 2009 for completeness, GASB compliance and a review of financial determinations.
3. Reviewed, in detail, the sample members provided us – This provided us with a perspective on the actuarial process utilized by Buck with respect to the plan and allowed us to review the valuation methods and procedures.
4. Reviewed the health cost assumptions and trend.
5. Identified areas for future more detailed review.

### KEY ACTUARIAL CONCEPTS

An actuarial valuation is a detailed statistical simulation of the future operation of a retirement system using the set of actuarial assumptions adopted by the Board. It is designed to simulate all of the dynamics of such a system for each current system member including:

1. Earning future service and making contributions,
2. Receiving changes in compensation,
3. Leaving the system through job change, disablement, death, or retirement, and
4. Determination of and payment of benefits from the System.

This simulated dynamic is applied to each active member of the System. It results in a set of expected future benefit payments to that member. Bringing those expected payments to present

value, at the assumed rate of investment return, produces the Actuarial Present Value (“APV”) of future benefits for that member. In like manner, an APV of future salaries is determined.

The actuarial present value of future benefits and the actuarial present value of future salaries for the entire System are the total of these values across all members. The remainder of the actuarial valuation process depends upon these building blocks.

Once the basic results are derived, an actuarial method is applied in order to develop information on contribution levels and funding status. An actuarial method splits the actuarial present value of future benefits into two components:

1. Present value of Future Normal Costs, and
2. Actuarial Accrued Liability (“AAL”).

The actuarial method in use by the State of Alaska is known as the Entry Age Normal (EAN) method. Under entry age normal funding method, the Normal Cost for a member is that portion of the Actuarial Present Value of the increase in the value of that member’s benefit for service during the upcoming year. The actuarial accrued liability is the difference between the total actuarial present value and the present value of all future normal costs.

For TRS and PERS DCR plans, a present value of future benefits applies to the following benefits:

- Occupational Disability benefits
- Occupational Death benefits
- Retiree Medical benefits

The retiree medical benefits are based on potential future retiree health care benefits, while the others are a type of post-employment income replacement benefit, based on salary. For the medical benefits, estimates must be made of the future health care costs. This is done by determining current per capita health care claim costs by age of retiree, and projecting them into the future based on anticipated future health care inflation. Since the DCR plan is new, and based on members hired after 2006, and on different health plan rules, Buck has used the claim costs from the defined benefit plan with adjustments for this particular population. We concur with this approach.

We did hear that different health plan rules do exist for these new hires. We were told by Buck that under the statute, old hires have frozen deductibles and other health plan features. Buck further stated that SB141 removed the “freezing” of these amounts for the new hires. We have been unable to confirm that these are the plan provisions. We did not find this specifically referenced in SB141 although we understand that there may be interpretations that we are not yet able to see. We recommend more clarification and review of the underlying plan provisions for

the retiree health care plan that are available to the members of the Defined Contribution Retirement plan.

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## SECTION 3

### REVIEW OF ASSUMPTIONS AND BENEFITS

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## REVIEW OF ASSUMPTIONS AND BENEFITS

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### GENERAL

In our review of the testlives as well as the report we confirmed that the assumptions shown in the report were the assumptions used in the PERS and TRS DCR valuations.

### BACKGROUND

The findings below are based on the detailed review of the following test lives summarized in exhibits at the end of Section 4:

#### Pension Plans

- ◇ PERS Peace Officer/Firefighter (POLICE/FIRE) : One active
- ◇ PERS – Other: One active
- ◇ TRS: One active

#### Medical Plans

- ◇ PERS Peace Officer/Firefighter (POLICE/FIRE) : One active
- ◇ PERS – Other: One active
- ◇ TRS: One active

Note that the active test lives analyzed are not necessarily exposed to all of the possible benefits under the plans (i.e. already beyond the eligibility period for certain benefits, or not eligible for particular benefits). Therefore, findings may occur for these other benefits in future audits depending on the set of test lives chosen for review at that time. Also, the impact for any one test life may not be representative of the impact on the total plan.

### 2010 AUDIT

#### **PERS POLICE/FIRE Pension Plan Disability Benefits:**

##### ***A. Final Average Salary (“FAS”) Calculation using 5-year Average instead of 3-year Average***

GRS Finding: The monthly benefit for occupational disability benefits under the PERS POLICE/FIRE Pension Plan is calculated using a 5-year final average salary instead of the final 3-average salary. We understand from conversations with Buck that this change would alter the contribution rate by 1 basis point.

Buck Explanation: We agree that a 3-year final average salary calculation should be used for PERS POLICE/FIRE DCR members. We will make this revision to the 2010 valuation.

**PERS POLICE/FIRE Occupational Disability Benefit Assumption:**

***A. Monthly Benefit Assumption used for Occupational Disability Benefits***

GRS Finding: The valuation report needs more clarity on the assumption that 100% of the disabled POLICE/FIRE DCR members will take the monthly annuity.

Buck Explanation: For disability benefits, we assume that 100% of occupationally disabled PERS POLICE/FIRE DCR members will take the monthly annuity. We will add this assumption to the June 30, 2009 PERS DCR valuation report.

**Retiree Medical Participation rate assumption:**

***A. The valuation assumes 100% of the members will elect to participate in the retiree medical program***

GRS Finding: We recommend this assumption be reviewed with the experience study. Rarely do we find 100% participation rate, and the tier 2 plan is less generous than the current plan, thus a lower participation rate assumption may make more sense.

## **ECONOMIC ASSUMPTIONS**

### **General**

These assumptions simulate the impact of economic forces on the amounts and values of future benefits. Key economic assumptions are the assumed rate of investment return and assumed rates of future salary increase.

Economic assumptions are normally defined by an underlying inflation assumption. Buck has cited 3.50% as its inflation assumption. This level of inflation is slightly higher than that now being experienced, but is solidly in the generally accepted range.

### **Investment Return Assumption**

The nominal investment return assumption is 8.25%. The assumption is net of all investment and administrative expenses. A net investment return rate of 8.25% per annum falls on the high end of the spectrum of that used by most public employee retirement systems. And combined with

the 3.50% inflation assumption, this yields a 4.75% real net rate of return. This 4.75% real return should be continuously tested with the PERS and the TRS DCR asset allocation.

### **Other Assumptions**

We recognize that the payroll for the DCR population is growing steeply. Payroll grew 98% in the first year, then 56% in the second year. Since the rate being developed is an average rate for the population, even with this steep growth in payroll the rate collected should be sufficient to cover the costs of all the new entrants.

The 100% election rate assumption for the retiree medical benefit is conservative and we would recommend further review. Rarely do we find a retiree medical plan where all members elect to participate in the plan.

Claim costs were estimated based on the claim costs in the defined benefit plan. Buck made adjustments to these claim costs to reflect the different population and differing plan provisions. We concur with this approach. Until the DCR population has enough credible data, we would recommend using the data that is available from the defined benefit plan, while making adjustments that recognize these differences which affect the underlying claim costs of the plan.

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## SECTION 4

### REVIEW OF ACTUARIAL VALUATION METHODS AND PROCEDURES

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## REVIEW OF ACTUARIAL VALUATION METHODS AND PROCEDURES

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### **I. Background**

An actuarial valuation is a detailed statistical simulation of the future operation of a retirement system using the set of actuarial assumptions adopted by the Board.

The actuarial values generated from this process are based not only on these assumptions, but also on the additional assumptions built into each actuarial firm's pension valuation software.

Our scope for performing the review did not include a complete replication of the valuation results as determined by Buck Consultants at June 30, 2009. Rather, we reviewed a number of sample test lives from Buck in great detail, and made our determinations as to whether the methods and assumptions being employed were being done so properly.

Though this approach does not meet the rigors of a full scale replication of results – it still serves as a strong indicator of the appropriateness of the assumptions and methods being used to value the liabilities and determine the costs for these plans.

### **II. Process:**

Our review process can be summarized as follows:

#### **Computation: Valuation Liabilities**

We analyzed test cases to compare the Actuarial Liability under the EAN funding method for the test cases of the PERS and TRS DCR Plans. As a starting point, we wanted to first replicate Buck's test case liabilities by using their assumptions and methods to ensure that the computations were in sync with the descriptions listed in the valuation report.

When conducting an actuarial audit, and reviewing the testlives, we look at the projected benefits at each age for each decrement type. We also look at the component of the benefit (final average earnings and years of service). This is critical to understanding what the valuation system is actually valuing and making sure that they valuation is not "right for the wrong reasons", (meaning, errors could occur in two different directions making total liabilities approximate a correct value.)

We also review the construction of the commutation functions- the varying probabilities for each decrement and the discounting to the valuation date.

### **III. Actuarial Method:**

#### **Findings:**

The actuarial method used for producing Alaska PERS and TRS DCR June 30, 2009 Actuarial Valuations is known as the Entry Age Normal (EAN) Method. Under this method, benefits are projected to the assumed occurrence of future events based on future salary levels and service to date. The Normal Cost is the present value of benefits to be earned for the current year while the Actuarial Accrued Liability (AAL) is the present value of benefit earned for all prior years

#### **Conclusion:**

To account for the Part D subsidy in the retiree medical plan, a different set of numbers has been disclosed for GASB reporting purposes (again, as opposed to funding purposes). We concur with this approach.

### **IV. Actuarial Calculations:**

We reviewed sample test cases used for the DCR June 30, 2009 valuation draft reports. In order to accomplish this, we requested a number of sample cases from Buck with intermediate statistics to assist us in analyzing the results. We combined this with our understanding of the plan provisions in an attempt to analyze the liability values produced by Buck for these sample cases only.

#### **Findings:**

The averaging period for final average salary should be five years for the POLICE/FIRE disability benefit.

We also recommend that the amortization method be described as year by year closed, rather than as an open method.

#### **Conclusion and Results:**

We matched the liabilities in total quite closely for the test cases submitted under the DCR Pension plans for PERS Other and TRS. The PERS POLICE/FIRE DCR Pension test case shows the difference in the correction of the FAS that has been recommended. These exhibits provide a comparison of the calculations by decrement provided to us

from Buck against our replication of those benefits as we interpret them from the plan provisions and assumptions. We completed this detail for all active test lives under the PERS and TRS DCR.

## DEATH AND DISABILITY PLANS

For PERS Other pension, the test life actuarial present value match was within 0.3% on the test case shown. This would be considered as an overall match for purposes of the valuation.

For PERS Peace Officer/Firefighter pension, the test life Actuarial Present Value match was 2.0% in total on the test case shown. The Death benefits and the Disability benefits matched, however, the Deferred and Immediate disability options show a significant difference. Upon further review it was found that Buck was averaging salary over a 5 year period, instead of the requisite three year period.

For TRS pension, the test life APV match was within 0.2% on the test case shown. This would be considered as an overall match for purposes of the valuation.

We have surmised the following issues for the Pension Plan under the PERS POLICE/FIRE DCR Plan, as follows:

- ***PERS Peace Officer/Firefighter Pension Plan final average salary calculation for disability monthly benefits needs to be based on a three year period, and not the five year period that was used.***

## RETIREE HEALTH PLANS

For PERS retiree health, the test life actuarial present value match on the retirement benefit decrement for active members was within 0.3% on the two cases shown. This is considered a reasonable match, as the retirement benefit decrement consists of approximately 90% of the total actuarial present value.

For TRS retiree health, the test life actuarial present value match on the retirement benefit decrement for active members was within 0.3% on the two cases shown. This is considered a reasonable match, as the retirement benefit decrement consists of approximately 90% of the total actuarial present value.

We have no issues to resolve from the test live review of the retiree health benefits.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
Actuarial Review of DCR Pension and Health Plans - June 30, 2009

Comparison of Present Value of Benefits - **DCR PERS and TRS Pension**

<b>Actives</b>	<b>Test Case 1 - PERS Other</b>			<b>Actives</b>	<b>Test Case 2 - PERS PF</b>		
<u>Basic Data:</u> Sex Current Age Current Credited Service	Female 45.54 2.00			<u>Basic Data:</u> Sex Current Age Current Credited Service	Male 38.96 2.07		
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
<u>Disability:</u>  DCR <b>Total Disability PVB</b>	  431.28 <b>431.28</b>	  431.08 <b>431.08</b>	  0.0% <b>0.0%</b>	<u>Disability:</u> DCR Deferred Ben DCR Immed Ben DCR <b>Total Disability PVB</b>	2,901.26 2,675.56 3,090.54 <b>8,667.36</b>	2,781.60 2,563.59 3,090.40 <b>8,435.59</b>	4.3% 4.4% 0.0% <b>2.7%</b>
<u>Death:</u> DCR - married only <b>Total Death PVB</b>	214.83 <b>214.83</b>	213.14 <b>213.14</b>	0.8% <b>0.8%</b>	<u>Death:</u> DCR - married only <b>Total Death PVB</b>	3,044.44 <b>3,044.44</b>	3,044.24 <b>3,044.24</b>	0.0% <b>0.0%</b>
<b>GRAND TOTAL PVB</b>	<b>646.11</b>	<b>644.22</b>	<b>0.3%</b>	<b>GRAND TOTAL PVB</b>	<b>11,711.80</b>	<b>11,479.83</b>	<b>2.0%</b>
<b>Actives</b>	<b>Test Case 3 - TRS</b>			<b>Benefits - Buck Valuation Terminology</b>			
<u>Basic Data:</u> Sex Current Age Current Credited Service	Female 29.06 3.00			<u>Disability:</u> DCR Deferred Ben DCR Immed Ben DCR			
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	Tier 3 disability benefit payable upon eligibility for retirement			
<u>Disability:</u>  DCR <b>Total Disability PVB</b>	  173.58 <b>173.58</b>	  173.29 <b>173.29</b>	  0.2% <b>0.2%</b>	Tier 3 disability benefit payable until eligible for normal retirement			
<u>Death:</u> DCR - married only <b>Total Death PVB</b>	136.99 <b>136.99</b>	136.51 <b>136.51</b>	0.4% <b>0.4%</b>	Occupational base disability benefit			
<b>GRAND TOTAL PVB</b>	<b>310.57</b>	<b>309.80</b>	<b>0.2%</b>	Death: DCR - married only Occupational death benefit payable as annuity to spouse			

\* GRS' audit of Buck's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.



**ALASKA RETIREMENT MANAGEMENT BOARD**  
Actuarial Review of DCR Pension and Health Plans - June 30, 2009

Comparison of Present Value of Benefits - **DCR PERS and TRS Retiree Health**

<b>Actives</b>	<b>Test Case 1 - PERS Other</b>			<b>Actives</b>	<b>Test Case 2 - PERS PF</b>		
<u>Basic Data:</u>				<u>Basic Data:</u>			
Sex	Female			Sex	Male		
Current Age	45.54			Current Age	38.96		
Current Credited Service	2.00			Current Credited Service	2.07		
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
<u>Retirement:</u>				<u>Retirement:</u>			
Post 65 DCR <Member>	1,976.76	1,969.11	0.4%	Post 65 DCR <Member>	1,459.26	1,460.99	-0.1%
Post 65 DCR <Spouse>	1,154.07	1,161.40	-0.6%	Post 65 DCR <Spouse>	1,196.80	1,190.63	0.5%
Contrib DCR <Member>	365.79	363.77	0.6%	Contrib DCR <Member>	188.71	188.65	0.0%
Contrib DCR <Spouse>	213.98	214.97	-0.5%	Contrib DCR <Spouse>	151.72	150.73	0.7%
Post 65 Part D DCR <Member>	219.16	216.36	1.3%	Post 65 Part D DCR <Member>	158.71	157.28	0.9%
Post 65 Part D DCR <Spouse>	127.65	127.40	0.2%	Post 65 Part D DCR <Spouse>	128.22	126.21	1.6%
<b>Total Retirement PVB</b>	<b>4,057.42</b>	<b>4,053.01</b>	<b>0.1%</b>	<b>Total Retirement PVB</b>	<b>3,283.42</b>	<b>3,274.49</b>	<b>0.3%</b>
<b>Actives</b>	<b>Test Case 3 - TRS</b>			<b>Benefits - Buck Valuation Terminology</b>			
<u>Basic Data:</u>				<u>Retirement:</u>			
Sex	Female			Post 65 DCR <Member>			
Current Age	29.06			Base benefit paid to employee while employee is at least 65			
Current Credited Service	3.00			Post 65 DCR <Spouse>			
				Base benefit paid to spouse while employee is at least 66			
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	Contrib DCR <Member>			
				Employee pre-retirement contributions			
<u>Retirement:</u>				Contrib DCR <Spouse>			
Post 65 DCR <Member>	838.06	834.60	0.4%	Spouse pre-retirement contributions			
Post 65 DCR <Spouse>	558.18	558.54	-0.1%	Post 65 Part D DCR <Member>			
Contrib DCR <Member>	83.81	83.46	0.4%	Employee post-age 65 Medicare Part D reimbursement			
Contrib DCR <Spouse>	55.82	55.85	-0.1%	Post 65 Part D DCR <Spouse>			
Post 65 Part D DCR <Member>	84.78	83.41	1.6%	Spouse post-age 65 Medicare Part D reimbursement			
Post 65 Part D DCR <Spouse>	56.56	55.95	1.1%				
<b>Total Retirement PVB</b>	<b>1,677.20</b>	<b>1,671.81</b>	<b>0.3%</b>				
<p>* GRS' audit of Buck's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.</p>							

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## SECTION 5

### REVIEW OF CONTRIBUTION RATE DETERMINATION

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## REVIEW OF CONTRIBUTION RATE DETERMINATION

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GRS was to analyze the funding method being used and verify its computation (as shown in pages 10 - 12 of the PERS DCR valuation report and page 10 of the TRS DCR valuation report). The goal here is to start with the Actuarial Accrued Liabilities and the Normal Costs that are developed from the data and valuation software and compare this to the Assets in the system. The difference between the two, the Unfunded Actuarial Accrued Liability (UAAL) in conjunction with the Normal Cost forms the basis of the contributions that the Actuary recommends the system make in order to ensure that benefits can be provided for current and future retirees.

### **FINDINGS:**

The calculations were reasonable and consistent with actuarial practice.

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SECTION 6

REVIEW OF ACTUARIAL VALUATION REPORT

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## REVIEW OF ACTUARIAL VALUATION REPORT

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### **GASB No. 25 DISCLOSURE:**

GASB (Governmental Accounting Standards Board) sets out guidelines for financial accounting and reporting for state and local government entities. Under GASB No. 25, the actuarial valuation reports for DCR PERS and TRS must disclose a set of financial statistics. These include:

- Schedule of Funding Progress
- Schedule of Employer Contributions
- Notes to Required Supplementary Information

### **Findings:**

No issues to report.

### **Conclusion:**

Buck has indicated that they do calculate the actuarial present value of assumed Part D Retiree Drug Subsidy (RDS) payments separately. For funding purposes, the total healthcare liability is offset by the RDS amounts to conform to the ARMB's current policy of funding discounted net cash flow. Figures used for GASB 43 purposes have been appropriately illustrated without the RDS offset.

### **VALUATION REPORT:**

GRS reviewed the June 30, 2009 DCR valuation reports for scope as well as content to determine if actuarial statistics were being reflected fairly and if the details of the plan were being correctly communicated.

### **Findings:**

The June 30, 2009 DCR draft valuation reports submitted by Buck to the board had the following layout:

1. Actuarial Certification – This introduces the report, lists the valuation date in question, and provides a disclaimer that the results are predicated on the census data received from the Systems and the financial information received from KPMG. It also discusses the basic actuarial concepts and provides the funded ratios.

2. Report Highlights – Shows funding status and the employer recommended contribution rate.
3. Analysis of the Valuation – Explains the change in the funded status and calculated contribution rate. Includes retiree medical costs, investment return, and other factors. Within this section there are three sections that show the development of valuation results, basis of the valuation, and other historical information.

**Conclusion:**

- We consider the scope and content of Buck’s report to be effective in communicating the financial position and contribution requirements of the PERS and TRS DCR plans. We believe it is in accordance with standard actuarial reporting methodologies for public sector systems. We recommend the following additional disclosure in the PERS DCR actuarial valuation:
  - The benefit assumption for occupational disability benefits should be defined as “100% of occupational disabled POLICE/FIRE DCR members will take the monthly annuity”.
  - We recommend a “participant reconciliation matrix” be added to the report, to track the changes in the membership from valuation to valuation.
  - We recommend an analysis of gains and losses by source be added to the valuation report. The changes in liability are fairly large and the trustees may wish to know the sources of these large changes in liabilities.
  - On page 14 of the PERS plan, we believe the D&D 2009 base is a “loss” and not a “gain” (this is merely a wording change).

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## SECTION 7

### SUMMARY AND CONCLUSIONS

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## SUMMARY AND CONCLUSIONS

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We have reviewed the testlives in this limited scope audit, the reports, assumptions and the methods. Based upon our review of the report and the test lives, we believe these results, when adjusted for the three year average earnings period; reasonably reflect the costs of this plan.

We recommend that the underlying health care plan provisions for the members of DCR be outlined and incorporated either into the valuation report, or into the report by reference, so the readers may more readily see why the assumption of lower claim costs for the DCR membership is valid.



## **ALASKA RETIREMENT MANAGEMENT BOARD**

SUBJECT: Certification of Actuarial Review

ACTION:   X  

DATE: June 24, 2010

INFORMATION:           

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### BACKGROUND:

AS 39.10.220 (a) (9) prescribes certain duties and reports that the Alaska Retirement Management Board is responsible for securing from a member of the American Academy of Actuaries. Additionally it contains a requirement that “the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the board.”

### STATUS:

Buck Consultants, the board’s actuary, has completed: (1) a valuation of the Public Employees’ Retirement System (PERS) as of June 30, 2009, (2) a valuation of the Teachers’ Retirement System (TRS) as of June 30, 2009, (3) a valuation of the Defined Contribution Retirement Plan as of June 30, 2009, and (4) a Roll Forward Analysis for the National Guard Naval Militia System (NGNMRS) and Judicial Retirement System (JRS).

Gabriel Roeder Smith & Company (GRS), the board’s second actuary, has reviewed the work products prepared by Buck Consulting. Attached are: (1) A letter and final report dated April 9, 2010 describing a review of the June 30, 2009 PERS and TRS valuations, (2) a letter and report dated June 24, 2010 describing a review of the June 30, 2009 Defined Contribution Retirement Plan valuation as of June 30, 2009, and (3) a letter and report dated March 8, 2010 describing a review of the NGNMRS and JRS Roll Forward Analysis.

### RECOMMENDATION:

That the Alaska Retirement Management Board formally accept the review and certification of actuarial reports by Gabriel Roeder Smith & Company, and that staff coordinate with the Division of Retirement & Benefits and Buck Consultants discussion and implementation of suggestions and recommendations of the reviewing actuary where considered appropriate.

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**ALASKA RETIREMENT MANAGEMENT BOARD**  
**ACTUARIAL REVIEW OF PENSION AND POSTEMPLOYMENT**  
**HEALTHCARE PLANS**  
**APRIL 9, 2010**

April 9, 2010

Mr. Gary Bader  
Chief Investment Officer  
Department of Revenue, Treasury Division  
Alaska Retirement Management Board  
P.O. Box 110405  
Juneau, AK 99811-0405

**Subject: Actuarial Review of June 30, 2009 valuations for the State of Alaska Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS).**

Dear Gary:

We have performed an actuarial review of the June 30, 2009 Actuarial Valuations for PERS and TRS.

This report includes a review of:

- Pension Assumptions and Benefits
- Health Care Cost Assumptions
- Actuarial Valuation Methods and Procedures
- Contribution Rate Determination
- Actuarial Valuation Report
- Potential Areas for Future Review

A major part of the review is a thorough analysis of the test lives provided by Buck Consultants. The report includes exhibits which summarize the detailed analysis of these sample test cases for PERS and TRS, as well as a comparison of the results between Buck Consultants and GRS. We wish to thank the staff of the State of Alaska Treasury Division and Buck Consultants without whose willing cooperation this review could not have been completed.

Sincerely,

Gabriel, Roeder, Smith & Company



Leslie L. Thompson, FSA, FCA, EA, MAAA  
Senior Consultant



Todd D. Kanaster, ASA, MAAA  
Senior Analyst

cc: Ms. Judy Hall

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## SECTION 1

### EXECUTIVE SUMMARY

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## EXECUTIVE SUMMARY

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Gabriel, Roeder, Smith & Co. was engaged by the Alaska Retirement Management Board (ARMB) to review the June 30, 2009 Actuarial Valuation of the State of Alaska Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS).

This report presents our findings in the following areas:

- General Approach
- Pension Assumptions and Benefits
- Health Care Cost Assumptions
- Actuarial Valuation Methods and Procedures
- Contribution Rate Determination
- Actuarial Valuation Report
- Potential Areas for Future Review
- Summary and Conclusions

In general, we found that the Buck's actuarial results and reports were reasonable. We found no areas of concern in the actuarial valuation results, and find the assumptions consistent with generally accepted actuarial practice. We have recommended further review of the assumptions, since the retirement assumptions have created liability losses for each of the last four years and the medical assumptions have created liability gains for each of these last four years. We have also monitored the outcome of findings from prior audits, and have found all outstanding issues from these prior audits to be closed.

### FINDINGS FROM 2010 AUDIT

Through the test life review completed with the 2010 audit we did not find any actuarial matters that merit further consideration. Our test life work, in general, matches that of Buck Consultants. The liabilities shown in the Buck test lives matches to our liabilities well within an acceptable degree of tolerance.

We also performed an analysis of the annual gain and loss by source. This analysis is shown in the section of the back of this report entitled "Potential Areas for Future Review". While we initially did not find any assumption to be out of the realm of reasonableness, we found, upon looking at the trend in the liability impact, that there is a pattern of retirement assumptions persistently creating losses and the medical assumptions persistently creating gains. This outcome leads us to the recommendation that a review of the assumptions should be conducted, and that assumptions be adopted such that the liability experience of the assumption no longer creates a persistent bias.

**FINDINGS FROM 2009 AND PRIOR AUDITS**

In addition, we continue to monitor the findings and recommendations from the 2009 audit against the test lives and reports submitted by Buck for the 2010 audit. At the end of this Section we have included a checklist of our review of these items and Buck's status and/or explanation for each item. We have noted the most significant areas of concern below, and a more detailed interpretation of the correspondence of resolution and/or explanation between Buck and GRS is noted in Section 3. All issues from these prior valuations have been resolved, and these are included only for historical reference.

- *Benefit "spike" in valuation year*
- *Post retirement pension adjustments (PRPA)*
- *Appropriate age determination for temporary disability benefit*

**SUMMARY OF TEST LIFE REVIEW**

We have included as a part of this report a detailed test life results summary.

- We matched the present value of benefits closely in total on all testlives submitted. We have included exhibits in Section 5 of the report which summarize the differences in calculations by decrement for the test lives analyzed. Differences between actuarial firms will always occur due to system differences and other nuances in the calculations.
- The actuarial basis used for the funding of the plan lies within the range of reasonableness.
- We also have noted the greater increase in data available for the retiree health plan and the fact that the data was tested and used to further validate the valuation results of the retiree health portion of the plan.

Issue	GRS Recommendations (from prior Audits)	Plan		Buck Comments	
<b>Benefits</b>					
1. Retirement	a. Unused sick leave 2.73% load	Incorporate 2.73% load before benefit calculation to avoid undervaluing EE's with over 20 years of service.	TRS	✓	Changed in 2009.
	b. Final Average Earnings	Review method for calculating the final average earnings.	PERS, TRS	✓	Buck believes it's appropriate as is.
2. Withdrawal	a. Unused sick leave 2.73% load	See 1.a.	TRS	✓	Resolved
	b. Unused sick leave for deferreds	Include the 2.73% load for current vested terminated members.	TRS	✓	Buck states that this is included.
	c. Pre-Retirement Death benefit	Include for current vested terminated members.	PERS, TRS	✓	This was being correctly run in 2008.
	d. Interest on employee contributions	Compound semi-annually instead of annually.	PERS	✓	Credited at equivalent 4.55% annually.
3. Death	a. Modified cash refund	Include to account for possibility that a retiree dies prior to receipt of contributions.	PERS, TRS	✓	Changed in 2009.
	b. Tier 1 death after retirement	Review PRPA benefit.	TRS	✓	Changed in 2009.
	c. Tier 2 active death	Value using immediate factor	TRS	✓	Changed in 2009.
	d. Tier 1 active death supplemental survivor allowance	Remove joint & survivor adjustment from the calculation.	TRS	✓	Changed in 2009.
	e. Lump-sum death benefits	Make stated corrections.	TRS	✓	Changed in 2008.
	f. Postretirement benefit adjustments	Review appropriate ages in calculations.	PERS, TRS	✗	Agree with GRS, but system limitations prevent this change. Believed to be de minimus.
4. Disability	a. Alaska COLA description	Explicitly note that Alaska COLA valued does not include the annual PRPA increase	PERS, TRS	✓	Changed in 2008.
	b. Temporary v. deferred disability benefit	Correct the timing of when temporary benefit ends and the deferred benefit commences for members eligible for normal retirement.	PERS, TRS	✗	Agree with GRS, but system limitations prevent this change. Believed to be de minimus.
	c. Unused sick leave 2.73% load	See 1.a.	TRS		
	d. PRPA load	Disclose the assumed 9.0% load	TRS	✓	Changed in 2008.
<b>OPEB</b>					
5.	Administrative Expenses	Disclose on a dollar basis	PERS, TRS	✓	Changed in 2008.



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## SECTION 2

### GENERAL APPROACH

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## GENERAL APPROACH

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Gabriel, Roeder, Smith & Co. was charged with reviewing the actuarial assumptions of the pension and health care provisions of the actuarial valuations of TRS and PERS.

We requested a number of items from Buck Consultants in order to perform the actuarial review and health cost assumption review:

1. We received the draft reports on February 16, 2010. On December 7, 2009, we received the pension test lives for PERS and TRS, and valuation data for pension and healthcare for both plans. On December 29, 2009, we received the healthcare test lives for PERS and TRS.

In performing our review, we:

1. Reviewed actuarial assumptions – we checked to see if they were consistent, comprehensive, and appeared reasonable.
2. Reviewed the actuarial valuation reports as of June 30, 2009 for completeness, GASB compliance and a review of financial determinations.
3. Reviewed, in detail, the sample members provided us – This provided us with a perspective on the actuarial process utilized by Buck with respect to the plan and allowed us to review the valuation methods and procedures.
4. Reviewed the health cost assumptions and trend.
5. Identified areas for future more detailed review.

### KEY ACTUARIAL CONCEPTS

An actuarial valuation is a detailed statistical simulation of the future operation of a retirement system using the set of actuarial assumptions adopted by the Board. It is designed to simulate all of the dynamics of such a system for each current system member including:

1. Earning future service and making contributions,
2. Receiving changes in compensation,
3. Leaving the system through job change, disablement, death, or retirement, and
4. Determination of and payment of benefits from the System.

This simulated dynamic is applied to each active member of the System. It results in a set of expected future benefit payments to that member. Bringing those expected payments to present value, at the assumed rate of investment return, produces the Actuarial Present Value (“APV”) of future benefits for that member. In like manner, an APV of future salaries is determined.

The APV of future benefits and the APV of future salaries for the entire System are the total of these values across all members. The remainder of the actuarial valuation process depends upon these building blocks.

Once the basic results are derived, an actuarial method is applied in order to develop information on contribution levels and funding status. An actuarial method splits the APV of future benefits into two components:

1. APV of Future Normal Costs, and
2. Actuarial Accrued Liability (“AAL”).

The actuarial method in use by the State of Alaska is known as the Entry Age Normal (EAN) method. Under EAN, the Normal Cost for a member is that portion of the Actuarial Present Value of the increase in the value of that member’s benefit for service during the upcoming year. The AAL is the difference between the total APV and the present value of all future normal costs.

For TRS and PERS, the APV of future benefits applies to the following benefits:

- Retirement benefits
- Withdrawal benefits
- Disability benefits
- Death benefits
- Return of contributions
- Medical benefits
- Indebtedness (from contributions which might be redeposited)

The medical benefits are based on potential future health care benefits, while the others are a type of post-employment income replacement benefit, based on salary. For the medical benefits, estimates must be made of the future health care costs. This is done by determining current per capita health care claim costs by age of retiree, and projecting them into the future based on anticipated future health care inflation.

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## SECTION 3

### REVIEW OF PENSION ASSUMPTIONS AND BENEFITS

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## REVIEW OF PENSION ASSUMPTIONS AND BENEFITS

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### GENERAL

In the review of the testlives as well as the report we confirmed that the assumptions shown in the report were the assumptions used in the PERS and TRS valuations.

### BACKGROUND

The findings below are based on the detailed review of the following test lives summarized in exhibits at the end of Section 5:

- PERS (Pension): Two actives, two retirees, and one vested termination
- TRS (Pension): Two actives, two retirees, and one vested termination

Note that the active test lives analyzed are not necessarily exposed to all of the possible benefits under the plans (i.e. already beyond the eligibility period for certain benefits, or not eligible for particular benefits). Therefore, findings may occur for these other benefits in future audits depending on the set of test lives chosen for review at that time. However, the vast majority of the liability for each plan is due to the retirement benefits (included for all active test lives), and retirement-related withdrawal benefits (one active testlife included per plan), so any future findings are also expected to be de minimus. Also, the impact for any one test life may not be representative of the impact on the total plan.

### 2009 AND PRIOR AUDITS-CLOSING COMMENTS

#### **Retirement Benefits:**

##### ***A. TRS active benefits loaded to value sick leave accruals***

**GRS Finding:** There is a flat load of 2.73% on certain TRS benefits for the sick leave accrual. While this is a reasonable estimation method, all other things being equal, we would recommend discussion of whether the 2.73% should be tied to service since there is a different multiplier before and after 20 years of service. A flat percentage multiplier may not completely reflect the amount by which incorporating unused sick leave would enhance the benefit.

**Buck Explanation:** Buck has stated that they do not load service directly because they do not want to modify their entry age calculations or decrements and that, by applying this load in the formula they believe they are effectively accomplishing the same thing.

Recommendation: While this issue may not have much impact on the valuation, we are concerned that it may materially affect a future retirement study. Buck has stated that they will research alternative ways to value this load for the 2009 valuation.

Closing comments: Buck has made a change to the 2009 TRS valuation to include a load to the service instead a load to the benefit amount.

### ***B. Benefit “spike” in valuation year***

GRS Finding: Our review indicates that a benefit “spike” is occurring in the valuation year for both PERS and TRS. This one year “up-tick” in the benefit is due to using the Final Average Earnings provided in the data (and not using final average earnings as Buck would calculate, based on the member’s historical data).

Buck Explanation: Buck has verified that the Final Average Earnings is provided in the data submitted for the valuation and is only used if greater than the average earnings calculated by their valuation system based on the member’s historical data. They believe this method is appropriate since this is the actual average used in the calculation of the benefit.

Recommendation: We recommend further exploration to understand the “up-tick” to determine if the assumption determined by Buck should be set for all years. The reason for this concern is that this method creates an actuarial loss, since the Final Average Earnings used is always the greater of the two data fields. The research should confirm the reason for the difference.

Closing comments: Buck has confirmed their belief that the current method is appropriate.

### **Withdrawal Benefits:**

#### ***C. Disclosure of withdrawal rates***

GRS Finding: We find it more challenging to match liabilities due to the limited information and detail of the withdrawal rates provided in Buck’s 2008 actuarial valuation report.

Recommendation: We recommend disclosing the select period rates of turnover to at least two decimals in both the PERS and TRS valuation reports. Additionally, more disclosure of the rates should be provided in the valuation (i.e. more age and service combinations).

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Closing comments: Buck has included additional disclosure of the withdrawal rates in the 2009 PERS and TRS valuation reports as recommended above.

**Death Benefits:**

***D. Assumption on refunds versus annuity election***

GRS Finding: Non-vested refunds for occupational deaths, involving single participants and the 15% of married participants assumed to elect the refund over an annuity, are not currently being valued.

Buck Explanation: Buck has agreed with the assessment that some death benefits are not currently being valued and will include these benefits in the 2009 valuation.

Closing comment: Buck has included these additional death benefits in the 2009 valuation liability calculations.

***E. Factor applied to temporary death benefit***

GRS Finding: A temporary death benefit payable to spouses of occupational deaths assumed to elect an annuity had a factor of 0.6 incorrectly applied.

Buck Explanation: Buck has stated that they will research the factor applied to the temporary occupational death benefit and that it will be corrected for the 2009 valuation.

Closing comment: Buck has corrected this factor with the 2009 valuation.

***F. Modified cash refund at death for deferred vested terminations***

GRS Finding: Determination of benefits at death for deferred vested terminations should include a modified cash refund at death; however this is not shown in the benefit calculations. The plan provisions under PERS and TRS indicate that, if an inactive member dies prior to receipt of their contributions, a return of those contributions will be made.

Buck Explanation: Buck confirmed that the death benefit for current vested terminated members includes a modified cash refund annuity feature. They will include this feature in the 2009 valuations for the active death benefits.

Closing comment: Buck's 2009 valuations include a modified cash refund annuity feature for the active death benefits.

***G. Post-retirement pension adjustments (PRPA)***

GRS Finding: Through our review we have confirmed that Buck is calculating the change in the postretirement pension adjustments based upon the age of the original member, not the age of the benefit recipient.

Buck Explanation: Due to system limitations, Buck is unable to value the COLA based upon the age of the benefit recipient, and believe this difference is immaterial since they slightly overstate the PRPA adjustment for female spouses and slightly understate the PRPA adjustment for male spouses.

Recommendation: We recommend investigating this method further to determine the level of significance with respect to adjustments made on spouse gender.

Closing comment: System limitations prevent this change, and we concur with Buck that for purposes of the valuation results this is a de minimus issue.

**Disability Benefits:*****H. Appropriate age determination for temporary disability benefit***

GRS Finding: For valuation purposes, Buck determines the disability benefit as the sum of two separate pieces - a temporary benefit (50% of pay) payable until the member reaches eligibility for normal retirement and a deferred benefit (normal retirement benefit) payable once the member attains eligibility for normal retirement. Based on the TRS test lives, it appears that the temporary disability benefit continues to be valued for members that are eligible for normal retirement.

Buck Explanation: Buck states that due to system limitations, they are not able to start and stop benefits based on specific dates per individual such as normal retirement age. They believe the temporary benefit is a close approximation of the normal retirement benefit for the period of disability.

Recommendation: We believe that once a member reaches eligibility for normal retirement then they are no longer eligible for the temporary disability benefit. Further exploration may be necessary if benefit studies are requested based on these benefits.

Closing comments: We concur this is a de minimus issue.



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## ECONOMIC ASSUMPTIONS

### General

These assumptions simulate the impact of economic forces on the amounts and values of future benefits. Key economic assumptions are the assumed rate of investment return and assumed rates of future salary increase.

Economic assumptions are normally defined by an underlying inflation assumption. Buck has cited 3.50% as its inflation assumption. This level of inflation is slightly higher than that now being experienced, but is solidly in the generally accepted range.

### Investment Return Assumption

The nominal investment return assumption is 8.25%. The assumption is net of all investment and administrative expenses. A net investment return rate of 8.25% per annum falls on the high end of the spectrum of that used by most public employee retirement systems. And combined with the 3.50% inflation assumption, this yields a 4.75% real net rate of return. This 4.75% real return should be continuously tested with the PERS and the TRS asset allocation.

In addition, we understand that the health trust must now be separated from the retirement trust. Due to the different sizes of the trusts, and the potential liquidity differences of these trusts, we recommend of review of the asset structure for each, and then a review of the investment return assumption for each trust.

Because PERS and TRS are closed to new members, eventually the asset allocation may need to be adjusted to reflect cash flow needs. This should also be considered in the next asset allocation and experience study.

### Member Pay Increase Assumption

In sophisticated actuarial models, assumed rates of pay increase are often constructed as the total of several components:

Base salary increases -- base pay increases that include price inflation and general “standard of living” or productivity increases.

An allowance for Merit, Promotion, and Longevity – This portion of the assumption is not related to inflation.

In the context of a typical pay grid, pay levels are set out for various employment grades with step increases for longevity:

The base salary increase assumption reflects overall growth in the entire grid, and The Merit, Promotion, and Longevity pay increase assumption reflects movement of members through the grid, both step increases and promotional increases.

### **Base Salary Increase Assumption**

The Base Salary Increase Assumption (also known as the inflation assumption) is 3.50% for the members.

### **Merit, Promotion, and Longevity Pay Increase Assumption**

As described above, the Merit, Promotion, and Longevity pay increase assumption represents pay increases due to movement through the pay grid. This is based on longevity and job performance. In most models, it is recognized that step increases and promotions are very rare late in careers. Thus, this allowance should trail away from relatively high levels for young or short service members to virtually nothing late in careers. We would expect that, as members approach retirement, this component would fade away.

The assumptions used by Buck are reasonable.

We would also offer that the manner in which pays change over time for teachers in comparison to public employees tends to differ. Since most teachers have a specific skill set, the approach to their compensation tends to follow a more consistent trend. Public Employees however (except for Peace officers and Firefighters) tend to represent a multitude of different skills – from a more generalized, labor intensive capacity (e.g., custodial) to more specialized training (ex. Accounting).

### **SUMMARY**

In summary, the set of actuarial assumptions appear to be reasonable. However, based on a persistent bias in the gains and losses (see the discussion in the Section entitled “Potential Areas for Future Review”) we are recommending a re-examination of the assumptions from the perspective of their unique liability impact on the fund.

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## SECTION 4

### REVIEW OF HEALTH CARE COST METHODS AND ASSUMPTIONS

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## **REVIEW OF HEALTH CARE COST ASSUMPTIONS**

### **GENERAL**

Buck was able to complete their analysis of medical costs based on claims information provided by Aetna and Premera. For the 2009 valuation, the claim costs and Medicare offset analyses were updated using claims and enrollment data. Individual claim level detail was obtained from Aetna and Premera for 2006, 2007, 2008 and through June for 2009. Having this detailed data is consistent with our recommendations from prior years, and provides additional credibility to the valuation results.

Also, the portion of retirees assumed to be eligible for Medicare Parts A and B and for Part B only was modified, further adding more credibility to the valuation results.

### **Claims Cost and Medicare Offset**

For the 2008 valuations, Buck updated the claims costs and Medicare offset analyses using additional claims and enrollment information, and the same methodology as used for the 2005 Experience Analysis.

We found the trend in the per capita claim costs over the years to be of interest:

#### **Per Capita Claim Costs**

	<b>Medical- 2010</b>	<b>Rx-2010</b>	<b>Medical - 2009</b>	<b>Rx -2009</b>	<b>Medical 2008</b>	<b>Rx 2008</b>
Pre- Medicare	<b>\$7,503</b>	<b>\$2,419</b>	<b>\$7,670</b>	<b>\$2,379</b>	<b>\$7,196</b>	<b>\$2,173</b>
Medicare A&B only	<b>\$1,336</b>	<b>\$2,419</b>	<b>\$1,296</b>	<b>\$2,379</b>	<b>\$1,151</b>	<b>NA</b>
Medicare B only	<b>\$4,754</b>	<b>\$2,419</b>	<b>\$3,384</b>	<b>\$2,379</b>	<b>\$2,805</b>	<b>NA</b>

The changes in rates, particularly for Medicare B only (a 21% increase from 2008 to 2009, then a 40% increase from 2009 to 2010), illustrate the volatility of that group. Since the group is so small relative to the entire population, we believe the volatility to be of little concern to the plan as a whole. Otherwise, we would have recommended a discussion with Buck on the merits of utilizing additional variance reducing techniques.

### **Method and Contributions**

- Nothing to recommend

### **Report**

- Nothing to recommend.

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**Assumptions**

- The trend assumptions used for Medical and Prescription Drugs still appear to be reasonable. Overall, the health care assumptions have persistently created significant gains to the plan. We are recommending a review of all medical related assumptions, and their liability impact on the plan. Over the course of the last four years, the total liability gain due to favorable experience on the medical portion of the valuation has exceeded \$1.8 billion. We are also recommending the 100% participation rate be reviewed. Our experience has shown that a plan rarely experiences 100% of its membership to elect retiree medical coverage.

**Incurred Adjustment**

- Assumptions were developed regarding the number of Medicare Part B only coverage and associated claims costs. In addition, the assumed lag used to adjust claims data from a paid to incurred basis has been changed from 2 months, to 1.9 months. We concur with this approach.

**Aging of Claim Costs**

- Buck used individual claim data to develop age-graded cost rates, and will continue to measure the individual claim data against the aging curve to test its ongoing reasonableness of fit. We concur with this methodology.

**Claims and Enrollment Data**

*GRS Finding:* Buck has obtained more detailed claims and enrollment data which are necessary for the establishment of more credible projections. The healthcare environment is volatile and unpredictable. Through a detailed claims analysis, cyclical patterns and anomalies can be identified. Using numerous years of claims and enrollment experience, trends, lag factors and enrollment adjustments can be developed that will stabilize the claims experience giving a higher level of confidence for future projections.

*Buck Explanation:* Buck has indicated they will continue to obtain this data and compare it to the assumptions used in the retiree medical valuation.

**Medicare vs. non-Medicare Coverage Information**

*GRS Finding:* This group of pre-86 hires represents a closed and decreasing group of members, and hence a smaller and smaller portion of the liability.

*Buck Explanation:* Buck was not able to obtain Medicare vs. non-Medicare covered information, but has set a reasonable assumption that 3.50% (changed from 4.0% in the prior valuation) of those retiring will not have Medicare coverage.

*Recommendation:* We concur with the assumption.

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## SECTION 5

### REVIEW OF ACTUARIAL VALUATION METHODS AND PROCEDURES

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## REVIEW OF ACTUARIAL VALUATION METHODS AND PROCEDURES

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### *I. Background*

An actuarial valuation is a detailed statistical simulation of the future operation of a retirement system using the set of actuarial assumptions adopted by the Board.

The actuarial values generated from this process are based not only on these assumptions, but also on the additional assumptions built into each actuarial firm's pension valuation software.

Our scope for performing the review did not include a complete replication of the valuation results as determined by Buck Consultants at June 30, 2009. Rather, we reviewed a number of sample test lives from Buck in great detail, and made our determinations as to whether the methods and assumptions being employed were being done so properly. We also reviewed the report in order to examine the aggregate results and conclusions of this actuarial valuation.

Though this approach is not intended to meet the rigors of a full scale replication of results – it still serves as a strong indicator of the appropriateness of the assumptions and methods being used to value the liabilities and determine the costs for these plans.

### *II. Process:*

Our review process can be summarized as follows:

#### **Computation: Valuation Liabilities**

We analyzed test cases to compare the Actuarial Liability under the EAN funding method for the test cases of the PERS and TRS Systems. As a starting point, we wanted to first replicate Buck's test case liabilities by using their assumptions and methods to ensure that the computations were in sync with the descriptions listed in the valuation report.

When conducting an actuarial audit, and reviewing the testlives, we look at the projected benefits at each age for each decrement type. We also look at the component of the benefit (final average earnings and years of service). This is critical to understanding what the valuation system is actually valuing and making sure that they valuation is not "right for the wrong reasons", (meaning, errors could occur in two different directions making total liabilities approximate a correct value.)

We also review the construction of the commutation functions- the varying probabilities for each decrement and the discounting to the valuation date.

### **III. Actuarial Method:**

#### **Findings:**

The actuarial method used for producing Alaska PERS and TRS June 30, 2009 Actuarial Valuations is known as the Entry Age Normal (EAN) Method. Under this method, benefits are projected to the assumed occurrence of future events based on future salary levels and service to date. The Normal Cost is the present value of benefits to be earned for the current year while the Actuarial Accrued Liability (AAL) is the present value of benefit earned for all prior years

#### **Conclusion:**

The level percent of pay method for both amortization of the unfunded accrued liability and the normal cost are both appropriate as a funding policy, considering that that payroll is not closed (as promulgated under SB 123.) For GASB reporting purposes (as opposed to funding purposes), a different set of numbers may need to be disclosed to account for the closed nature of the group.

Additionally, to account for the Part D subsidy in the retiree medical plan, a different set of numbers may need to be disclosed for GASB reporting purposes (again, as opposed to funding purposes). The report also recognizes that a different discount rate will need to be utilized for the GASB numbers for the retiree medical liabilities, in order to recognize the partially funded nature of that plan.

The EAN method is the most commonly used method in the public sector. The EAN method tends to produce the most stable costs- a tool widely appreciated for its budgeting purposes.

### **IV. Actuarial Calculations:**

We reviewed sample test cases used for the June 30, 2009 valuation draft reports. In order to accomplish this, we requested a number of sample cases from Buck with intermediate statistics to assist us in analyzing the results. We combined this with our understanding of the plan provisions in an attempt to analyze the liability values produced by Buck for these sample cases only.

#### **Findings:**

We analyzed the test cases and found the results to be well within acceptable tolerance limits for differences in the present value of benefits.



**Conclusion and Results:**

We matched the liabilities in total quite closely for the test cases submitted under the Pension plans for PERS and TRS, and present value of retirement benefits under the PERS Retiree Health plan. In addition we have analyzed the calculations of the ancillary benefits and have provided a summary of this detailed analysis at the end of this section. These exhibits provide a comparison of the calculations by decrement provided to us from Buck against our replication of those benefits as we interpret them from the plan provisions and assumptions. We completed this detail for two active test lives under PERS and TRS (Pension plan), as well as selected inactives and pay status members under PERS and TRS. We continue to refine our review for two active test lives under both the PERS and TRS Retiree Health plans with regards to the retirement benefits, as well as the inactives and pay status. Some of the decrements match very well, and others show more discrepancy. The significant differences are shown in the exhibits where the percentage difference of the comparison between Buck and GRS is not close to 100%. Hence we recommend further study of these particular areas.

In matching the present value of benefits, it is being determined that all benefits are being valued, and that the valuation of the liability for those benefits is consistent with the stated assumptions and methods.

**PENSION PLANS**

For PERS pension, the test life PVB match was within 0.1% on the two cases shown. The retirees match to within 0.1% and inactive matched exactly. This would be considered as an overall match for purposes of the valuation.

For TRS pension, the test life PVB match was within 0.1% on the two cases shown. The retirees match exactly and the inactive to within 1.4%. This would be considered as an overall match for purposes of the valuation.

We have no additional issues to recommend for review.

**RETIREE HEALTH PLANS**

For PERS retiree health, the test life PVB match on the retirement benefit decrement for active members was within .8% on one test life, and .2% on the other active test life. This is considered a reasonable match, as the retirement benefit decrement consists of approximately 90% of the total PVB. The retirees match to within 0.5% and inactive to within .2%. This would be considered as an overall match for purposes of the valuation for retirees and inactives.

For TRS retiree health, the test life PVB match on the retirement benefit decrement for the Medicare B only member was 2.9%. The match for the Medicare A and B member was within 1.2%. The GRS numbers were lower, and we consider both of these a reasonable match, as the retirement benefit decrement consists of approximately 90% of the total PVB. The retirees match to within 1.0% and inactive to within 1.5%. This would be considered as an overall match for purposes of the valuation for retirees and inactives.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
 Actuarial Review of Pension and Health Plans - June 30, 2009  
 Comparison of Present Value of Benefits - **PERS Pension**

<b>Actives</b>	<b>Test Case 1 - PF Tier 3</b>			<b>Actives</b>	<b>Test Case 2 - Other Tier 2</b>		
<u>Basic Data:</u>	Current Age	Credited Service	Sex	<u>Basic Data:</u>	Current Age	Credited Service	Sex
	48.0710	3.0027	Female		57.4809	7.8411	Female
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
<u>Retirement:</u>				<u>Retirement:</u>			
Tier 3 - Ret AK COLA	5,142.06	5,142.06	0.0%	Tier 2 - Ret AK COLA	4,112.70	4,112.70	0.0%
Tier 3 - Ret	158,906.18	158,906.10	0.0%	Tier 2 - Ret	105,926.22	105,926.24	0.0%
<b>Total Retirement PVB</b>	<b>164,048.24</b>	<b>164,048.16</b>	<b>0.0%</b>	<b>Total Retirement PVB</b>	<b>110,038.92</b>	<b>110,038.94</b>	<b>0.0%</b>
<u>Disability:</u>				<u>Disability:</u>			
Dis Dth Ben AK COLA	-	-	0.0%	Tier 2 Def Dis Death Ben AK COLA	-	-	0.0%
Dis Dth Ben	-	-	0.0%	Tier 2 Def Dis Death Ben	-	-	0.0%
Non-vested LS Ben	41.23	41.24	0.0%	Non-vested LS Ben	-	-	0.0%
Tier 3 Def Dis Nocc AK COLA	78.09	78.09	0.0%	Tier 2 Def Dis Nocc AK COLA	56.68	56.67	0.0%
Tier 3 Def Dis Nocc	1,569.68	1,569.68	0.0%	Tier 2 Def Dis Nocc	1,129.10	1,129.10	0.0%
Tier 3 Def Dis Occ AK COLA	310.60	310.61	0.0%	Tier 2 Def Dis Occ AK COLA	58.48	58.47	0.0%
Tier 3 Def Dis Occ	6,248.50	6,248.52	0.0%	Tier 2 Def Dis Occ	1,165.36	1,165.36	0.0%
Tier 3 Temp Dis AK COLA	211.60	211.60	0.0%	Tier 2 Temp Dis AK COLA	7.10	7.10	0.0%
Tier 3 Temp Dis	3,746.49	3,746.49	0.0%	Tier 2 Temp Dis	119.89	119.89	0.0%
Tier 3 Temp Occ Dis AK COLA	68.20	68.20	0.0%	Tier 2 Temp Occ Dis AK COLA	-	-	0.0%
Tier 3 Temp Occ Dis	1,263.29	1,263.29	0.0%	Tier 2 Temp Occ Dis	-	-	0.0%
<b>Total Disability PVB</b>	<b>13,537.68</b>	<b>13,537.72</b>	<b>0.0%</b>	<b>Total Disability PVB</b>	<b>2,536.61</b>	<b>2,536.59</b>	<b>0.0%</b>
<u>Death:</u>				<u>Death:</u>			
Vested NonOcc Single LS Dth	109.99	109.98	0.0%	Vested NonOcc Single LS Dth	76.99	76.98	0.0%
Occ Single LS Dth	329.98	329.97	0.0%	Occ Single LS Dth	76.99	76.98	0.0%
Non Vested NonOcc <1 svc LS Dth	1.64	1.64	0.0%	Non Vested NonOcc <1 svc LS Dth	-	-	0.0%
Non Vested LS Dth	21.58	21.58	0.0%	Non Vested LS Dth	-	-	0.0%
Tier 3 Act Dth Def Marr AK COLA	120.08	120.08	0.0%	Tier 2 Act Dth Def Marr AK COLA	28.93	28.93	0.0%
Tier 3 Act Dth Def Marr	2,355.10	2,355.11	0.0%	Tier 2 Act Dth Def Marr	567.28	567.26	0.0%
Tier 3 Act Dth Occ Temp Marr AK COLA	-	-	0.0%	Tier 2 Act Dth Occ Temp Marr AK COLA	-	-	0.0%
Tier 3 Act Dth Occ Temp Marr	559.04	553.10	1.1%	Tier 2 Act Dth Occ Temp Marr	-	-	0.0%
Tier 3 Act Dth Temp Marr AK COLA	-	-	0.0%	Tier 2 Act Dth Temp Marr AK COLA	-	-	0.0%
Tier 3 Act Dth Temp Marr	1,536.97	1,531.51	0.4%	Tier 2 Act Dth Temp Marr	41.17	41.16	0.0%
Vested LS (NonOcc) Dth	38.50	38.49	0.0%	Vested LS (NonOcc) Dth	26.95	26.93	0.1%
<b>Total Death PVB</b>	<b>5,072.88</b>	<b>5,061.46</b>	<b>0.2%</b>	<b>Total Death PVB</b>	<b>818.31</b>	<b>818.24</b>	<b>0.0%</b>
<u>Withdrawal:</u>				<u>Withdrawal:</u>			
Non-Vested Term	3,795.00	3,794.99	0.0%	Non-Vested Term	-	-	0.0%
Tier 3 - DV Dth AK COLA upd	3.20	4.25	-24.7%	Tier 2 - DV Dth AK COLA upd	-	-	0.0%
Tier 3 - DV Dth upd	22.26	19.56	13.8%	Tier 2 - DV Dth upd	-	-	0.0%
Tier 3 - Term AK COLA	316.40	316.40	0.0%	Tier 2 - Term AK COLA	-	-	0.0%
Tier 3 - Term	16,242.71	16,155.65	0.5%	Tier 2 - Term	-	-	0.0%
Vested LS Term	1,522.48	1,522.46	0.0%	Vested LS Term	-	-	0.0%
<b>Total Withdrawal PVB</b>	<b>21,902.05</b>	<b>21,813.31</b>	<b>0.4%</b>	<b>Total Withdrawal PVB</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>GRAND TOTAL PVB</b>	<b>204,560.85</b>	<b>204,460.65</b>	<b>0.0%</b>	<b>GRAND TOTAL PVB</b>	<b>113,393.84</b>	<b>113,393.77</b>	<b>0.0%</b>

<b>Inactives - PVB</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
Retiree - PF Tier 2 - Male	245,852	246,133	-0.1%
Retiree - Other Tier 2 - Male	647,719	647,179	0.1%
Vested Termination - PF Tier 3 - Female	16,481	16,481	0.0%

\* GRS' audit of Buck's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
Actuarial Review of Pension and Health Plans - 2009

Comparison of Present Value of Benefits - **PERS Pension**

Benefits - Buck Valuation Terminology	Description*
<u>Retirement:</u>	
Tier x - Ret AK COLA Tier x - Ret NA - mod cash ref	Alaska Cost of Living Allowance (10% of Ret base benefit) Early/Normal Retirement (base) Benefit
<u>Disability:</u>	
Dis Dth Ben AK COLA	Alaska Cost of Living Allowance (10% of Dis Dth base benefit)
Dis Dth Ben	Death (base) Benefit payable upon death after occupational disability
Non-vested LS Ben	Refund of employee contributions payable upon nonoccupational disability before vested
Tier x Def Dis Nocc AK COLA	Alaska Cost of Living Allowance (10% of Def Dis Nocc base benefit)
Tier x Def Dis Nocc	Disability (base) Benefit payable upon eligibility for retirement
Tier x Def Dis Occ AK COLA	Alaska Cost of Living Allowance (10% of Def Dis Occ base benefit)
Tier x Def Dis Occ	Disability (base) Benefit payable upon eligibility for retirement
Tier x Temp Dis AK COLA	Alaska Cost of Living Allowance (10% of Temp Dis base benefit)
Tier x Temp Dis	Disability (base) Benefit payable until eligible for normal retirement
Tier x Temp Occ Dis AK COLA	Alaska Cost of Living Allowance (10% of Temp Occ Dis base benefit)
Tier x Temp Occ Dis	Disability (base) Benefit payable until eligible for normal retirement
<u>Death:</u>	
Vested NonOcc Single LS Dth	Refund of employee contributions upon death of single (vested) member - Non Occ
Occ Single LS Dth	Refund of employee contributions upon death of single (vested) member - Occupational
Non Vested NonOcc <1 svc LS Dth	Refund of EE contributions upon death of single (non-vested) member - Non Occ < 1 year of svc
Non Vested NonOcc 1 <svc<5 LS Dth	Refund of EE contributions upon death of single (non-vested) member - Non Occ 1<svc<5
Non Vested LS Dth	Refund of employee contributions upon death of non-vested member
Tier x Act Dth Def Marr AK COLA	Alaska Cost of Living Allowance (10% of Act Dth Def Marr base benefit)
Tier x Act Dth Def Marr	Death (base) benefit payable upon eligibility for normal retirement
Tier x Act Dth Occ Temp Marr AK COLA	Alaska Cost of Living Allowance (10% of Act Dth Occ Temp Marr base benefit)
Tier x Act Dth Occ Temp Marr	Occupational Death (base) benefit payable until eligible for normal retirement
Tier x Act Dth Temp Marr AK COLA	Alaska Cost of Living Allowance (10% of Act Dth Temp Marr base benefit)
Tier x Act Dth Temp Marr	Death (base) benefit payable until eligible for normal retirement
Vested LS (NonOcc) Dth	Refund of employee contributions upon death of married (vested) member
<u>Withdrawal:</u>	
Non-Vested Term	Refund of employee contributions upon termination of non-vested member
Tier x - DV Dth AK COLA upd	Alaska Cost of Living Allowance (10% of DV Dth base benefit)
Tier x - DV Dth upd	Death (base) Benefit payable upon death after withdrawal but before benefit commencement
Tier x - Term AK COLA	Alaska Cost of Living Allowance (10% of Term base benefit)
Tier x - Term	Deferred retirement (base) Benefit (deferred to early retirement eligibility)
Vested LS Term	Refund of employee contributions upon termination of (vested) member
* Base benefits include PRPAs.	

**ALASKA RETIREMENT MANAGEMENT BOARD**  
 Actuarial Review of Pension and Health Plans - June 30, 2009  
 Comparison of Present Value of Benefits - TRS Pension

<b>Actives</b>	<b>Test Case 1 - Tier 1</b>				<b>Test Case 2 - Tier 2</b>		
	<b>Current Age</b>	<b>Credited Service</b>	<b>Sex</b>		<b>Current Age</b>	<b>Credited Service</b>	<b>Sex</b>
<b>Basic Data:</b>	50.847	28.00	Female	<b>Basic Data:</b>	31.05	3.00	Female
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
<b>Retirement:</b>				<b>Retirement:</b>			
Tier 1 - Ret AK COLA	29,343.40	29,361.32	-0.1%	Tier 2 - Ret AK COLA	1,025.40	1,025.46	0.0%
Tier 1 - Ret	562,181.27	562,514.97	-0.1%	Tier 2 - Ret	51,051.43	51,049.93	0.0%
Ret Dth Supp Child Allow AK COLA	-	-	0.0%	Ret Dth Supp Child Allow AK COLA	-	-	0.0%
Ret Dth Supp Child Allow	-	-	0.0%	Ret Dth Supp Child Allow	-	-	0.0%
Ret Dth Supp Surv Allow AK COLA	616.25	616.76	-0.1%	Ret Dth Supp Surv Allow AK COLA	-	-	0.0%
Ret Dth Supp Surv Allow	14,781.68	14,790.46	-0.1%	Ret Dth Supp Surv Allow	-	-	0.0%
<b>Total Retirement PVB</b>	<b>606,922.60</b>	<b>607,283.51</b>	<b>-0.1%</b>	<b>Total Retirement PVB</b>	<b>52,076.83</b>	<b>52,075.39</b>	<b>0.0%</b>
<b>Disability:</b>				<b>Disability:</b>			
Dis Dth Ben AK Cola	-	-	0.0%	Dis Dth Ben AK Cola	0.93	0.94	-1.1%
Dis Dth Ben	-	-	0.0%	Dis Dth Ben	15.97	15.63	2.2%
Non-vested LS Ben	-	-	0.0%	Non-vested LS Ben	8.96	8.95	0.1%
Tier 1 Def Dis AK COLA	191.70	174.72	9.7%	Tier 2 Def Dis AK COLA	31.24	13.73	127.5%
Tier 1 Def Dis	3,902.52	3,544.97	10.1%	Tier 2 Def Dis	644.41	276.39	133.2%
Tier 1 Temp Dis AK COLA	14.72	14.10	4.4%	Tier 2 Temp Dis AK COLA	19.49	40.53	-51.9%
Tier 1 Temp Dis	286.99	240.02	19.6%	Tier 2 Temp Dis	357.85	787.97	-54.6%
Tier 1 Temp Dis Child AK COLA	-	-	0.0%	Tier 2 Temp Dis Child AK COLA	4.73	4.73	0.0%
Tier 1 Temp Dis Child	-	-	0.0%	Tier 2 Temp Dis Child	85.88	85.89	0.0%
<b>Total Disability PVB</b>	<b>4,395.93</b>	<b>3,973.81</b>	<b>10.6%</b>	<b>Total Disability PVB</b>	<b>1,169.46</b>	<b>1,234.76</b>	<b>-5.3%</b>
<b>Death:</b>				<b>Death:</b>			
Non Vested LS Dth	-	-	0.0%	Non Vested LS Dth	22.95	23.35	-1.7%
Tier 1 Act Dth No Supp Marr AK COLA	-	-	0.0%	Tier 2 Act Dth No Supp Marr AK COLA	3.31	3.43	-3.5%
Tier 1 Act Dth No Supp Marr	-	-	0.0%	Tier 2 Act Dth No Supp Marr	251.45	244.65	2.8%
Vested LS Dth Marr	-	-	0.0%	Vested LS Dth Marr	20.77	20.74	0.1%
Vested LS Dth Sing	-	-	0.0%	Vested LS Dth Sing	69.13	69.00	0.2%
Act Dth Supp Child Allow AK COLA	-	-	0.0%	Act Dth Supp Child Allow AK COLA	-	-	0.0%
Act Dth Supp Child Allow	-	-	0.0%	Act Dth Supp Child Allow	-	-	0.0%
Act Dth Supp Surv Allow AK COLA	111.74	111.70	0.0%	Act Dth Supp Surv Allow AK COLA	-	-	0.0%
Act Dth Supp Surv Allow	2,106.78	2,115.67	-0.4%	Act Dth Supp Surv Allow	-	-	0.0%
<b>Total Death PVB</b>	<b>2,218.52</b>	<b>2,227.37</b>	<b>-0.4%</b>	<b>Total Disability PVB</b>	<b>367.61</b>	<b>361.17</b>	<b>1.8%</b>
<b>Withdrawal:</b>				<b>Withdrawal:</b>			
Non-Vested Term	-	-	0.0%	Non-Vested Term	7,203.27	7,200.48	0.0%
Term Dth Supp Child Allow AK COLA	-	-	0.0%	Term Dth Supp Child Allow AK COLA	-	-	0.0%
Term Dth Supp Child Allow	-	-	0.0%	Term Dth Supp Child Allow	-	-	0.0%
Term Dth Supp Surv Allow AK COLA	-	-	0.0%	Term Dth Supp Surv Allow AK COLA	-	-	0.0%
Term Dth Supp Surv Allow	-	-	0.0%	Term Dth Supp Surv Allow	-	-	0.0%
Tier 1 - DV Dth AK COLA	-	-	0.0%	Tier 2 - DV Dth AK COLA	0.84	1.88	-55.3%
Tier 1 - DV Dth	-	-	0.0%	Tier 2 - DV Dth	26.11	25.22	3.5%
Tier 1 - Term AK COLA	-	-	0.0%	Tier 2 - DV Dth Single	19.72	19.72	0.0%
Tier 1 - Term	-	-	0.0%	Tier 2 - Term AK COLA	110.53	110.52	0.0%
Vested LS Term	-	-	0.0%	Tier 2 - Term	5,521.72	5,524.81	-0.1%
<b>Total Withdrawal PVB</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	Vested LS Term	951.14	950.29	0.1%
<b>GRAND TOTAL PVB</b>	<b>613,537.05</b>	<b>613,484.69</b>	<b>0.0%</b>	<b>Total Withdrawal PVB</b>	<b>13,833.33</b>	<b>13,832.92</b>	<b>0.0%</b>
<b>GRAND TOTAL PVB</b>	<b>613,537.05</b>	<b>613,484.69</b>	<b>0.0%</b>	<b>GRAND TOTAL PVB</b>	<b>67,447.23</b>	<b>67,504.24</b>	<b>-0.1%</b>

<b>Inactives - PVB</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
Retiree - Tier 1 - Female	535,776	535,776	0.0%
Retiree - Tier 1 - Male	1,036,414	1,036,414	0.0%
Vested Termination - Tier 1 - Male	110,882	109,322	1.4%

\* GRS\* audit of Buck's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes as well as additional items discussed throughout this audit report.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
Actuarial Review of Pension and Health Plans - 2009

Comparison of Present Value of Benefits - **TRS Pension**

Benefits - Buck Valuation Terminology	Description*
<u>Retirement:</u>	
Tier x - Ret AK COLA	Alaska Cost of Living Allowance (10% of Ret base benefit)
Tier x - Ret	Early/Normal Retirement (base) Benefit
Ret Dth Supp Child Allow AK COLA	Alaska Cost of Living Allowance (10% of Ret Dth Supp Child Allow base benefit)
Ret Dth Supp Child Allow	Supplemental Contributions Children's Allowance (base) Benefit payable upon death after retirement
Ret Dth Supp Surv Allow AK COLA	Alaska Cost of Living Allowance (10% of Ret Dth Supp Surv Allow base benefit)
Ret Dth Supp Surv Allow	Supplemental Contributions Survivor's Allowance (base) Benefit payable upon death after retirement
<u>Disability:</u>	
Dis Dth Ben AK Cola	Alaska Cost of Living Allowance (10% of Dis Dth base benefit)
Dis Dth Ben	Death (base) Benefit payable upon death after occupational disability
Non-vested LS Ben	Refund of employee contributions payable upon nonoccupational disability before vested
Tier x Def Dis AK COLA	Alaska Cost of Living Allowance (10% of Def Dis Occ base benefit)
Tier x Def Dis	Disability (base) Benefit payable upon eligibility for retirement
Tier x Temp Dis AK COLA	Alaska Cost of Living Allowance (10% of Temp Dis base benefit)
Tier x Temp Dis	Disability (base) Benefit payable until eligible for normal retirement
Tier x Temp Dis Child AK COLA	Alaska Cost of Living Allowance (10% of Temp Dis Child base benefit)
Tier x Temp Dis Child	Disability (base) Child Benefit payable until eligible for normal retirement
<u>Death:</u>	
Non Vested LS Dth	Refund of employee contributions upon death of non-vested member
Tier x Act Dth No Supp Marr AK COLA	Alaska Cost of Living Allowance (10% of Act Dth No Supp Marr base benefit)
Tier x Act Dth No Supp Marr	Death (base) benefit
Vested LS Dth Marr	Refund of employee contributions upon death of married (vested) member
Vested LS Dth Sing	Refund of employee contributions upon death of single (vested) member
Act Dth Supp Child Allow AK COLA	Alaska Cost of Living Allowance (10% of Act Dth Supp Child Allow base benefit)
Act Dth Supp Child Allow	Supplemental Contributions Children's Allowance (base) Benefit payable upon death
Act Dth Supp Surv Allow AK COLA	Alaska Cost of Living Allowance (10% of Actt Dth Supp Surv Allow base benefit)
Act Dth Supp Surv Allow	Supplemental Contributions Survivor's Allowance (base) Benefit payable upon death
<u>Withdrawal:</u>	
Non-Vested Term	Refund of employee contributions upon termination of non-vested member
Term Dth Supp Child Allow AK COLA	Alaska Cost of Living Allowance (10% of Term Dth Supp Child Allow base benefit)
Term Dth Supp Child Allow	Supplemental Contributions Children's Allowance (base) Benefit payable upon death after retirement
Term Dth Supp Surv Allow AK COLA	Alaska Cost of Living Allowance (10% of Term Dth Supp Surv Allow base benefit)
Term Dth Supp Surv Allow	Supplemental Contributions Survivor's Allowance (base) Benefit payable upon death after retirement
Tier x - DV Dth AK COLA	Alaska Cost of Living Allowance (10% of DV Dth base benefit)
Tier x - DV Dth	Death (base) Benefit payable upon death after withdrawal but before benefit commencement
Tier x - Term AK COLA	Alaska Cost of Living Allowance (10% of Term base benefit)
Tier x - Term	Deferred retirement (base) Benefit (deferred to early retirement eligibility)
Vested LS Term	Refund of employee contributions upon termination of (vested) member
* Base benefits include PRPAs.	

ALASKA RETIREMENT MANAGEMENT BOARD  
Actuarial Review of Pension and Health Plans - 2009

Comparison of Present Value of Benefits - PERS Retiree Health

Actives	Test Case 1 - PF Tier 3			Actives	Test Case 2 - Other Tier 2		
<i>Basic Data:</i>				<i>Basic Data:</i>			
Sex	Female			Sex	Female		
Current Age	47.07			Current Age	56.48		
Current Credited Service	2.00			Current Credited Service	6.84		
Present Value of Benefits (PVB)	GRS*	Buck	% Diff	Present Value of Benefits (PVB)	GRS*	Buck	% Diff
<i>Retirement:</i>				<i>Retirement:</i>			
Tier 3 <Member>	53,264.83	52,657.05	1.2%	Tier 2 <Member>	81,496.51	81,118.12	0.5%
Tier 3 <Spouse>	28,126.46	27,989.92	0.5%	Tier 2 <Spouse>	41,588.87	41,747.75	-0.4%
Contrib Tier 3 <Member>	(6,436.91)	(6,329.28)	1.7%	Contrib Tier 2 <Member>	(2,941.15)	(2,945.92)	-0.2%
Contrib Tier 3 <Spouse>	(4,447.62)	(4,387.73)	1.4%	Contrib Tier 2 <Spouse>	(2,037.85)	(2,048.47)	-0.5%
Post 65 Part D Tier 3 <Member>	(3,665.67)	(3,618.90)	1.3%	Post 65 Part D Tier 2 <Member>	(6,818.38)	(6,766.81)	0.8%
Post 65 Part D Tier 3 <Spouse>	(2,275.50)	(2,260.44)	0.7%	Post 65 Part D Tier 2 <Spouse>	(4,103.20)	(4,104.33)	0.0%
<b>Total Retirement PVB</b>	<b>64,565.59</b>	<b>64,050.62</b>	<b>0.8%</b>	<b>Total Retirement PVB</b>	<b>107,184.81</b>	<b>107,000.34</b>	<b>0.2%</b>

Inactives - PVB	GRS*	Buck	% Diff
Retiree - PF Tier 2 - Male	203,252	202,439	0.4%
Retiree - Other Tier 2 - Male	154,226	153,523	0.5%
Vested Termination - PF Tier 3 - Female	89,097	88,891	0.2%

\* GRS' audit of Buck's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.

Benefits - Buck Valuation Terminology	Description*
<i>Retirement:</i>	
Tier x <Member>	Base Benefit Paid to Employee
Tier x <Spouse>	Base Benefit Paid to Spouse
Contrib <Member>	Employee Pre-Retirement Contributions
Contrib <Spouse>	Spouse Pre-Retirement Contributions
Post 65 Part D <Member>	Employee Post-Age 65 Medicare Part D Reimbursement
Post 65 Part D <Spouse>	Spouse Post-Age 65 Medicare Part D Reimbursement

**ALASKA RETIREMENT MANAGEMENT BOARD**  
 Actuarial Review of Pension and Health Plans - 2009  
 Comparison of Present Value of Benefits - TRS Retiree Health

<b>Actives</b>	<b>Test Case 1 - Tier 1, high svc</b>			<b>Actives</b>	<b>Test Case 2 - Tier 2, low svc</b>		
<u>Basic Data:</u> Sex Current Age Current Credited Service	Female 49.85 27			<u>Basic Data:</u> Sex Current Age Current Credited Service	Female 30.05 2		
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
<u>Retirement:</u> Tier 1 <Member> Tier 1 <Spouse>	165,758.16 110,419.43	170,578.00 113,799.56	-2.8% -3.0%	<u>Retirement:</u> Tier 2 <Member> Tier 2 <Spouse> Contrib Tier 2 <Member> Contrib Tier 2 <Spouse> Post 65 Part D Tier 2 <Member> Post 65 Part D Tier 2 <Spouse>	27,975.00 18,159.09 (6,107.63) (4,550.98) (1,378.48) (1,007.42)	28,209.66 18,356.56 (6,105.47) (4,536.84) (1,405.50) (1,029.24)	-0.8% -1.1% 0.0% 0.3% -1.9% -2.1%
<b>Total Retirement PVB</b>	<b>276,177.59</b>	<b>284,377.56</b>	<b>-2.9%</b>	<b>Total Retirement PVB</b>	<b>33,089.58</b>	<b>33,489.17</b>	<b>-1.2%</b>

<b>Inactives - PVB</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
Retiree - Female	137,162	137,048	0.1%
Retiree - Male	131,052	129,724	1.0%
Vested Termination - Male	254,663	250,984	1.5%

\* GRS\* audit of Buck's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.

<b>Benefits - Buck Valuation Terminology</b>	<b>Description*</b>
<u>Retirement:</u> Tier x <Member> Tier x <Spouse> Contrib <Member> Contrib <Spouse> Post 65 Part D <Member> Post 65 Part D <Spouse>	Base Benefit Paid to Employee Base Benefit Paid to Spouse Employee Pre-Retirement Contributions Spouse Pre-Retirement Contributions Employee Post-Age 65 Medicare Part D Reimbursement Spouse Post-Age 65 Medicare Part D Reimbursement



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## SECTION 6

### REVIEW OF CONTRIBUTION RATE DETERMINATION

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## REVIEW OF CONTRIBUTION RATE DETERMINATION

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GRS was to analyze the funding method being used and verify its computation (as shown in page 21 of the PERS valuation report and page 17 of the TRS valuation report). The goal here is to start with the Actuarial Accrued Liabilities and the Normal Costs that are developed from the data and valuation software and compare this to the Assets in the system. The difference between the two, the Unfunded Actuarial Accrued Liability (UAAL) in conjunction with the Normal Cost forms the basis of the contributions that the Actuary recommends the system make in order to ensure that benefits can be provided for current and future retirees. As noted in the Buck report, the compensation used to develop the rates is a combination of both this plan's compensation, as well as the DCR compensation.

### **FINDINGS:**

The calculations were reasonable and consistent with actuarial practice. It is outside of the norm to use compensation other than the compensation that relates directly to the plan, however, the Buck report provides an adequate disclosure of this method in the determination of the rates.

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## SECTION 7

### REVIEW OF ACTUARIAL VALUATION REPORT

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## REVIEW OF ACTUARIAL VALUATION REPORT

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### **GASB No. 25 DISCLOSURE:**

GASB (Governmental Accounting Standards Board) sets out guidelines for financial accounting and reporting for state and local government entities. Under GASB No. 25, the actuarial valuation reports for PERS and TRS must disclose a set of financial statistics. These include:

- Schedule of Funding Progress
- Schedule of Employer Contributions
- Notes to Required Supplementary Information

### **Findings:**

No issues to report.

### **Conclusion:**

Buck has indicated that they do calculate the actuarial present value of assumed Part D Retiree Drug Subsidy (RDS) payments separately. For funding purposes, the total healthcare liability is offset by the RDS amounts to conform to the ARMB's current policy of funding discounted net cash flow. Figures used for GASB 43 purposes have been illustrated without the RDS offset.

### **VALUATION REPORT:**

GRS reviewed the June 30, 2009 valuation report for scope as well as content to determine if actuarial statistics were being reflected fairly and if the details of the plan were being correctly communicated.

### **Findings:**

The June 30, 2009 draft valuation report submitted by Buck to the board had the following layout:

1. Actuarial Certification – This introduces the report, lists the valuation date in question, and provides a disclaimer that the results are predicated on the census data received from the Systems and the financial information received from KPMG. It also discusses the basic actuarial concepts and provides the funded ratios.

2. Report Highlights – Shows funding status, including a graph of the funding ratio history, and the employer recommended contribution rate.
3. Analysis of the Valuation – Explains the change in the funded status and calculated contribution rate. Includes retiree medical costs, investment return, and other factors. Within this section there are three sections that show the development of valuation results, basis of the valuation, and other historical information. These include projections which are beyond those commonly produced in actuarial valuation reports.

**Conclusion:**

We consider the scope and content of Buck’s report to be effective in communicating the financial position and contribution requirements of PERS and TRS. We believe it is in accordance with standard actuarial reporting methodologies for public sector systems.

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## SECTION 8

### POTENTIAL AREAS FOR FUTURE REVIEW

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## POTENTIAL AREAS FOR FUTURE REVIEW

Gabriel, Roeder, Smith & Co. will be conducting an actuarial review for each year through fiscal year 2010. Since we were able to complete a more thorough review of the TRS and PERS Systems, we have listed some suggestions of items which might warrant further review in future years.

In the gain/loss analysis we noticed that for the 2010 valuation, every demographic assumption had a loss, except for medical experience. The gain due to the medical experience overshadowed all the other losses, and made the overall gain to appear quite reasonable- around 1% of the liabilities. This observation caused us to look more closely at the gains and losses by source:

### PERS Historical Gains and Losses by Source

Source	<u>2010 Valuation</u>	<u>2009 Valuation</u>	<u>2008 Valuation</u>	<u>2007 Valuation</u>
Retirement	\$(6,440)	\$(2,325)	\$(2,716)	\$(201)
Termination	(20,118)	(7,241)	(7,627)	(13,747)
Mortality	(23,756)	(6,842)	(6,426)	(8,218)
Disability	(60)	(1,217)	(267)	(534)
Other	(22,113)	(30,528)	(61,451)	(9909)
Salary	(20,132)	(60,440)	(65,045)	(20,209)
COLA	(19,481)	41,400		
Medical	<u>281,237</u>	<u>118,978</u>	<u>844,548</u>	<u>601,238</u>
<b>Total</b>	<b>\$169,137</b>	<b>\$51,815</b>	<b>\$701,016</b>	<b>\$548,420</b>

In general, we would expect that if the assumptions are matching the experience, then there would not be a persistent bias in one direction for any particular assumption. Based on the valuation for the last four years shown here, all demographic assumptions, except for the COLA, exhibit a persistent bias. It would appear that the non Medical assumptions are creating losses every year, while the Medical assumption creates a gain every year.

We would recommend that the Board work with Buck, through the use of an experience study as well as a liability analysis, to review each assumption and adopt individual assumptions that will more closely match the liability experience of that assumption. We also recommend a close look at the election rate assumption for retiree medical- the plan currently assumes 100% of members will elect the retiree medical plan. That would be viewed as a conservative assumption (meaning, the assumption will create gains) since rarely do all members stay in a retiree medical plan. We also note that “other” appears to be a fairly large liability loss each year. We recommend further exploration into what is in that number, so that any appropriate assumption change can be made and thus create an “other” that is of a smaller magnitude. A similar discussion applies to TRS as well.

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## SECTION 9

### SUMMARY AND CONCLUSIONS

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## SUMMARY AND CONCLUSIONS

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We have reviewed the testlives in this limited scope audit, the reports, assumptions and the methods. Based upon our review of the PERS and TRS actuarial pension and OPEB valuations as of June 30, 2009, we found the actuarial work performed by Buck appears to be reasonable and appropriate.

We recommend the Board consider working with Buck to update all the assumptions such that there will not be a persistent year by year bias for each assumption, and so that each assumption on its own does not have a particular bias year by year in one direction. (i.e. the assumption is not consistently creating either gains or losses).

**ALASKA RETIREMENT MANAGEMENT BOARD**  
**ACTUARIAL REVIEW OF DEFINED CONTRIBUTION**  
**RETIREMENT PLANS**  
**JUNE 24, 2010**

June 24, 2010

Mr. Gary Bader  
Chief Investment Officer  
Department of Revenue, Treasury Division  
Alaska Retirement Management Board  
P.O. Box 110405  
Juneau, AK 99811-0405

**Subject: Actuarial Review of June 30, 2009 Defined Contribution Retirement (DCR) Plan valuations for the State of Alaska Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS).**

Dear Gary:

We have performed an actuarial review of the June 30, 2009 DCR Actuarial Valuations for PERS and TRS.

This report includes a review of:

- Occupational Death and Disability Assumptions and Benefits
- Retiree Health Care Cost Assumptions
- Actuarial Valuation Methods and Procedures
- Contribution Rate Determination
- Actuarial Valuation Report

A major part of our review is the analysis of the test lives provided by Buck Consultants. We have included exhibits in our report which summarize the detailed analysis of these sample test cases for the PERS and TRS DCR Plans, as well as a comparison of the results between Buck Consultants and GRS. We wish to thank the staff of the State of Alaska Treasury Division and Buck Consultants without whose willing cooperation this review could not have been completed.

Sincerely,  
**Gabriel, Roeder, Smith & Company**



Leslie L. Thompson, FSA, FCA, EA, MAAA  
Senior Consultant



Todd D. Kanaster, ASA, MAAA  
Senior Analyst

cc: Ms. Judy Hall

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## SECTION 1

### EXECUTIVE SUMMARY

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## EXECUTIVE SUMMARY

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Gabriel, Roeder, Smith & Co. was engaged by the Alaska Retirement Management Board (ARMB) to review the June 30, 2009 Defined Contribution Retirement (DCR) Plan Actuarial Valuations of the State of Alaska Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS).

This report presents our findings in the following areas:

- General Approach
- Pension Assumptions and Benefits
- Health Care Cost Assumptions
- Actuarial Valuation Methods and Procedures
- Contribution Rate Determination
- Actuarial Valuation Report
- Potential Areas for Future Review
- Summary and Conclusions

### FINDINGS FROM 2010 AUDIT

Through the test life review completed with the 2010 audit we discovered a few areas for further review.

- *PERS Peace Officer/Firefighter Pension Plan final average salary calculation for disability monthly benefits*
  - *Buck assumed a five year averaging period, when the period is actually three years. Buck has agreed to change this for the 2010 valuation. Thus, for the 2009 valuation, liabilities for the disability benefit are understated.*
- *We recommend that future valuations contain a “participant reconciliation grid” that traces the change in status from the beginning of year to the end of year, so that the changes in the population can be seen from year to year.*
- *We recommend that future valuations contain a “gain/loss by source” analysis, so the trustees can see the liability impacts from the various key assumptions.*
- *We recommend that the amortization method description be enhanced to include the fact that it is a “year by year” closed method, rather than open amortization method.*
- *PERS report page 14- we believe FY09 should read a “loss” not a gain on the D&D section;*
- *For the retiree medical portion of the plan, a 100% assumption rate is used. We recommend that this be reviewed with the ongoing experience study.*

- *For the retiree medical portion of the plan, we recommend further description regarding the valuation of any implicit rate subsidy.*
- *For the retiree medical valuation, we were unable to obtain the specific provisions of the underlying health care plan (deductibles etc). The development of the claims costs was based on the difference in plan provisions between the legacy plan and the plan for new hires. We recommend detail regarding these provisions which affect these claim costs be added to the valuation report.*

## SUMMARY OF TEST LIFE REVIEW

We have included as a part of this report a detailed test life results summary.

- We matched the present value of benefits closely in total on testlives submitted for PERS Other and TRS DCR plans. We have a greater discrepancy in our match for the PERS Peace Officer/Firefighter Pension DCR test life, due to the difference in the final average salary period referenced above.

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## SECTION 2

### GENERAL APPROACH

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## GENERAL APPROACH

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Gabriel, Roeder, Smith & Co. was charged with reviewing the actuarial valuations of TRS and PERS DCR plans.

We requested a number of items from Buck Consultants in order to perform the actuarial review:

1. We received the DCR draft reports on February 9, 2010. On December 11, 2009, we received the pension and healthcare test lives for the PERS and TRS DCR plans, and the valuation data for both plans.
2. Buck was unable to supply the detailed plan provisions (or the differences in provisions from the plan for old hires, versus the plan for new hires) for the underlying retiree health care plan.

In performing our review, we:

1. Reviewed actuarial assumptions – we checked to see if they were consistent, comprehensive, and appeared reasonable.
2. Reviewed the actuarial valuation reports as of June 30, 2009 for completeness, GASB compliance and a review of financial determinations.
3. Reviewed, in detail, the sample members provided us – This provided us with a perspective on the actuarial process utilized by Buck with respect to the plan and allowed us to review the valuation methods and procedures.
4. Reviewed the health cost assumptions and trend.
5. Identified areas for future more detailed review.

### KEY ACTUARIAL CONCEPTS

An actuarial valuation is a detailed statistical simulation of the future operation of a retirement system using the set of actuarial assumptions adopted by the Board. It is designed to simulate all of the dynamics of such a system for each current system member including:

1. Earning future service and making contributions,
2. Receiving changes in compensation,
3. Leaving the system through job change, disablement, death, or retirement, and
4. Determination of and payment of benefits from the System.

This simulated dynamic is applied to each active member of the System. It results in a set of expected future benefit payments to that member. Bringing those expected payments to present

value, at the assumed rate of investment return, produces the Actuarial Present Value (“APV”) of future benefits for that member. In like manner, an APV of future salaries is determined.

The actuarial present value of future benefits and the actuarial present value of future salaries for the entire System are the total of these values across all members. The remainder of the actuarial valuation process depends upon these building blocks.

Once the basic results are derived, an actuarial method is applied in order to develop information on contribution levels and funding status. An actuarial method splits the actuarial present value of future benefits into two components:

1. Present value of Future Normal Costs, and
2. Actuarial Accrued Liability (“AAL”).

The actuarial method in use by the State of Alaska is known as the Entry Age Normal (EAN) method. Under entry age normal funding method, the Normal Cost for a member is that portion of the Actuarial Present Value of the increase in the value of that member’s benefit for service during the upcoming year. The actuarial accrued liability is the difference between the total actuarial present value and the present value of all future normal costs.

For TRS and PERS DCR plans, a present value of future benefits applies to the following benefits:

- Occupational Disability benefits
- Occupational Death benefits
- Retiree Medical benefits

The retiree medical benefits are based on potential future retiree health care benefits, while the others are a type of post-employment income replacement benefit, based on salary. For the medical benefits, estimates must be made of the future health care costs. This is done by determining current per capita health care claim costs by age of retiree, and projecting them into the future based on anticipated future health care inflation. Since the DCR plan is new, and based on members hired after 2006, and on different health plan rules, Buck has used the claim costs from the defined benefit plan with adjustments for this particular population. We concur with this approach.

We did hear that different health plan rules do exist for these new hires. We were told by Buck that under the statute, old hires have frozen deductibles and other health plan features. Buck further stated that SB141 removed the “freezing” of these amounts for the new hires. We have been unable to confirm that these are the plan provisions. We did not find this specifically referenced in SB141 although we understand that there may be interpretations that we are not yet able to see. We recommend more clarification and review of the underlying plan provisions for

the retiree health care plan that are available to the members of the Defined Contribution Retirement plan.

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## SECTION 3

### REVIEW OF ASSUMPTIONS AND BENEFITS

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## REVIEW OF ASSUMPTIONS AND BENEFITS

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### GENERAL

In our review of the testlives as well as the report we confirmed that the assumptions shown in the report were the assumptions used in the PERS and TRS DCR valuations.

### BACKGROUND

The findings below are based on the detailed review of the following test lives summarized in exhibits at the end of Section 4:

#### Pension Plans

- ◇ PERS Peace Officer/Firefighter (POLICE/FIRE) : One active
- ◇ PERS – Other: One active
- ◇ TRS: One active

#### Medical Plans

- ◇ PERS Peace Officer/Firefighter (POLICE/FIRE) : One active
- ◇ PERS – Other: One active
- ◇ TRS: One active

Note that the active test lives analyzed are not necessarily exposed to all of the possible benefits under the plans (i.e. already beyond the eligibility period for certain benefits, or not eligible for particular benefits). Therefore, findings may occur for these other benefits in future audits depending on the set of test lives chosen for review at that time. Also, the impact for any one test life may not be representative of the impact on the total plan.

### 2010 AUDIT

#### **PERS POLICE/FIRE Pension Plan Disability Benefits:**

##### ***A. Final Average Salary (“FAS”) Calculation using 5-year Average instead of 3-year Average***

GRS Finding: The monthly benefit for occupational disability benefits under the PERS POLICE/FIRE Pension Plan is calculated using a 5-year final average salary instead of the final 3-average salary. We understand from conversations with Buck that this change would alter the contribution rate by 1 basis point.

Buck Explanation: We agree that a 3-year final average salary calculation should be used for PERS POLICE/FIRE DCR members. We will make this revision to the 2010 valuation.

**PERS POLICE/FIRE Occupational Disability Benefit Assumption:**

***A. Monthly Benefit Assumption used for Occupational Disability Benefits***

GRS Finding: The valuation report needs more clarity on the assumption that 100% of the disabled POLICE/FIRE DCR members will take the monthly annuity.

Buck Explanation: For disability benefits, we assume that 100% of occupationally disabled PERS POLICE/FIRE DCR members will take the monthly annuity. We will add this assumption to the June 30, 2009 PERS DCR valuation report.

**Retiree Medical Participation rate assumption:**

***A. The valuation assumes 100% of the members will elect to participate in the retiree medical program***

GRS Finding: We recommend this assumption be reviewed with the experience study. Rarely do we find 100% participation rate, and the tier 2 plan is less generous than the current plan, thus a lower participation rate assumption may make more sense.

## **ECONOMIC ASSUMPTIONS**

### **General**

These assumptions simulate the impact of economic forces on the amounts and values of future benefits. Key economic assumptions are the assumed rate of investment return and assumed rates of future salary increase.

Economic assumptions are normally defined by an underlying inflation assumption. Buck has cited 3.50% as its inflation assumption. This level of inflation is slightly higher than that now being experienced, but is solidly in the generally accepted range.

### **Investment Return Assumption**

The nominal investment return assumption is 8.25%. The assumption is net of all investment and administrative expenses. A net investment return rate of 8.25% per annum falls on the high end of the spectrum of that used by most public employee retirement systems. And combined with

the 3.50% inflation assumption, this yields a 4.75% real net rate of return. This 4.75% real return should be continuously tested with the PERS and the TRS DCR asset allocation.

### **Other Assumptions**

We recognize that the payroll for the DCR population is growing steeply. Payroll grew 98% in the first year, then 56% in the second year. Since the rate being developed is an average rate for the population, even with this steep growth in payroll the rate collected should be sufficient to cover the costs of all the new entrants.

The 100% election rate assumption for the retiree medical benefit is conservative and we would recommend further review. Rarely do we find a retiree medical plan where all members elect to participate in the plan.

Claim costs were estimated based on the claim costs in the defined benefit plan. Buck made adjustments to these claim costs to reflect the different population and differing plan provisions. We concur with this approach. Until the DCR population has enough credible data, we would recommend using the data that is available from the defined benefit plan, while making adjustments that recognize these differences which affect the underlying claim costs of the plan.

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## SECTION 4

### REVIEW OF ACTUARIAL VALUATION METHODS AND PROCEDURES

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## REVIEW OF ACTUARIAL VALUATION METHODS AND PROCEDURES

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### **I. Background**

An actuarial valuation is a detailed statistical simulation of the future operation of a retirement system using the set of actuarial assumptions adopted by the Board.

The actuarial values generated from this process are based not only on these assumptions, but also on the additional assumptions built into each actuarial firm's pension valuation software.

Our scope for performing the review did not include a complete replication of the valuation results as determined by Buck Consultants at June 30, 2009. Rather, we reviewed a number of sample test lives from Buck in great detail, and made our determinations as to whether the methods and assumptions being employed were being done so properly.

Though this approach does not meet the rigors of a full scale replication of results – it still serves as a strong indicator of the appropriateness of the assumptions and methods being used to value the liabilities and determine the costs for these plans.

### **II. Process:**

Our review process can be summarized as follows:

#### **Computation: Valuation Liabilities**

We analyzed test cases to compare the Actuarial Liability under the EAN funding method for the test cases of the PERS and TRS DCR Plans. As a starting point, we wanted to first replicate Buck's test case liabilities by using their assumptions and methods to ensure that the computations were in sync with the descriptions listed in the valuation report.

When conducting an actuarial audit, and reviewing the testlives, we look at the projected benefits at each age for each decrement type. We also look at the component of the benefit (final average earnings and years of service). This is critical to understanding what the valuation system is actually valuing and making sure that they valuation is not "right for the wrong reasons", (meaning, errors could occur in two different directions making total liabilities approximate a correct value.)

We also review the construction of the commutation functions- the varying probabilities for each decrement and the discounting to the valuation date.

### **III. Actuarial Method:**

#### **Findings:**

The actuarial method used for producing Alaska PERS and TRS DCR June 30, 2009 Actuarial Valuations is known as the Entry Age Normal (EAN) Method. Under this method, benefits are projected to the assumed occurrence of future events based on future salary levels and service to date. The Normal Cost is the present value of benefits to be earned for the current year while the Actuarial Accrued Liability (AAL) is the present value of benefit earned for all prior years

#### **Conclusion:**

To account for the Part D subsidy in the retiree medical plan, a different set of numbers has been disclosed for GASB reporting purposes (again, as opposed to funding purposes). We concur with this approach.

### **IV. Actuarial Calculations:**

We reviewed sample test cases used for the DCR June 30, 2009 valuation draft reports. In order to accomplish this, we requested a number of sample cases from Buck with intermediate statistics to assist us in analyzing the results. We combined this with our understanding of the plan provisions in an attempt to analyze the liability values produced by Buck for these sample cases only.

#### **Findings:**

The averaging period for final average salary should be five years for the POLICE/FIRE disability benefit.

We also recommend that the amortization method be described as year by year closed, rather than as an open method.

#### **Conclusion and Results:**

We matched the liabilities in total quite closely for the test cases submitted under the DCR Pension plans for PERS Other and TRS. The PERS POLICE/FIRE DCR Pension test case shows the difference in the correction of the FAS that has been recommended. These exhibits provide a comparison of the calculations by decrement provided to us

from Buck against our replication of those benefits as we interpret them from the plan provisions and assumptions. We completed this detail for all active test lives under the PERS and TRS DCR.

## DEATH AND DISABILITY PLANS

For PERS Other pension, the test life actuarial present value match was within 0.3% on the test case shown. This would be considered as an overall match for purposes of the valuation.

For PERS Peace Officer/Firefighter pension, the test life Actuarial Present Value match was 2.0% in total on the test case shown. The Death benefits and the Disability benefits matched, however, the Deferred and Immediate disability options show a significant difference. Upon further review it was found that Buck was averaging salary over a 5 year period, instead of the requisite three year period.

For TRS pension, the test life APV match was within 0.2% on the test case shown. This would be considered as an overall match for purposes of the valuation.

We have surmised the following issues for the Pension Plan under the PERS POLICE/FIRE DCR Plan, as follows:

- ***PERS Peace Officer/Firefighter Pension Plan final average salary calculation for disability monthly benefits needs to be based on a three year period, and not the five year period that was used.***

## RETIREE HEALTH PLANS

For PERS retiree health, the test life actuarial present value match on the retirement benefit decrement for active members was within 0.3% on the two cases shown. This is considered a reasonable match, as the retirement benefit decrement consists of approximately 90% of the total actuarial present value.

For TRS retiree health, the test life actuarial present value match on the retirement benefit decrement for active members was within 0.3% on the two cases shown. This is considered a reasonable match, as the retirement benefit decrement consists of approximately 90% of the total actuarial present value.

We have no issues to resolve from the test live review of the retiree health benefits.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
Actuarial Review of DCR Pension and Health Plans - June 30, 2009

Comparison of Present Value of Benefits - **DCR PERS and TRS Pension**

<b>Actives</b>	<b>Test Case 1 - PERS Other</b>			<b>Actives</b>	<b>Test Case 2 - PERS PF</b>		
<u>Basic Data:</u> Sex Current Age Current Credited Service	Female 45.54 2.00			<u>Basic Data:</u> Sex Current Age Current Credited Service	Male 38.96 2.07		
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
<u>Disability:</u>  DCR <b>Total Disability PVB</b>	  431.28 <b>431.28</b>	  431.08 <b>431.08</b>	  0.0% <b>0.0%</b>	<u>Disability:</u> DCR Deferred Ben DCR Immed Ben DCR <b>Total Disability PVB</b>	2,901.26 2,675.56 3,090.54 <b>8,667.36</b>	2,781.60 2,563.59 3,090.40 <b>8,435.59</b>	4.3% 4.4% 0.0% <b>2.7%</b>
<u>Death:</u> DCR - married only <b>Total Death PVB</b>	214.83 <b>214.83</b>	213.14 <b>213.14</b>	0.8% <b>0.8%</b>	<u>Death:</u> DCR - married only <b>Total Death PVB</b>	3,044.44 <b>3,044.44</b>	3,044.24 <b>3,044.24</b>	0.0% <b>0.0%</b>
<b>GRAND TOTAL PVB</b>	<b>646.11</b>	<b>644.22</b>	<b>0.3%</b>	<b>GRAND TOTAL PVB</b>	<b>11,711.80</b>	<b>11,479.83</b>	<b>2.0%</b>
<b>Actives</b>	<b>Test Case 3 - TRS</b>			<b>Benefits - Buck Valuation Terminology</b>			
<u>Basic Data:</u> Sex Current Age Current Credited Service	Female 29.06 3.00			<u>Disability:</u> DCR Deferred Ben DCR Immed Ben DCR			
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	Tier 3 disability benefit payable upon eligibility for retirement			
<u>Disability:</u>  DCR <b>Total Disability PVB</b>	  173.58 <b>173.58</b>	  173.29 <b>173.29</b>	  0.2% <b>0.2%</b>	Tier 3 disability benefit payable until eligible for normal retirement			
<u>Death:</u> DCR - married only <b>Total Death PVB</b>	136.99 <b>136.99</b>	136.51 <b>136.51</b>	0.4% <b>0.4%</b>	Occupational base disability benefit			
<b>GRAND TOTAL PVB</b>	<b>310.57</b>	<b>309.80</b>	<b>0.2%</b>	Death: DCR - married only Occupational death benefit payable as annuity to spouse			

\* GRS' audit of Buck's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.

**ALASKA RETIREMENT MANAGEMENT BOARD**  
Actuarial Review of DCR Pension and Health Plans - June 30, 2009

Comparison of Present Value of Benefits - **DCR PERS and TRS Retiree Health**

<b>Actives</b>	<b>Test Case 1 - PERS Other</b>			<b>Actives</b>	<b>Test Case 2 - PERS PF</b>		
<u>Basic Data:</u>				<u>Basic Data:</u>			
Sex	Female			Sex	Male		
Current Age	45.54			Current Age	38.96		
Current Credited Service	2.00			Current Credited Service	2.07		
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>
<u>Retirement:</u>				<u>Retirement:</u>			
Post 65 DCR <Member>	1,976.76	1,969.11	0.4%	Post 65 DCR <Member>	1,459.26	1,460.99	-0.1%
Post 65 DCR <Spouse>	1,154.07	1,161.40	-0.6%	Post 65 DCR <Spouse>	1,196.80	1,190.63	0.5%
Contrib DCR <Member>	365.79	363.77	0.6%	Contrib DCR <Member>	188.71	188.65	0.0%
Contrib DCR <Spouse>	213.98	214.97	-0.5%	Contrib DCR <Spouse>	151.72	150.73	0.7%
Post 65 Part D DCR <Member>	219.16	216.36	1.3%	Post 65 Part D DCR <Member>	158.71	157.28	0.9%
Post 65 Part D DCR <Spouse>	127.65	127.40	0.2%	Post 65 Part D DCR <Spouse>	128.22	126.21	1.6%
<b>Total Retirement PVB</b>	<b>4,057.42</b>	<b>4,053.01</b>	<b>0.1%</b>	<b>Total Retirement PVB</b>	<b>3,283.42</b>	<b>3,274.49</b>	<b>0.3%</b>
<b>Actives</b>	<b>Test Case 3 - TRS</b>			<b>Benefits - Buck Valuation Terminology</b>			
<u>Basic Data:</u>				<u>Retirement:</u>			
Sex	Female			Post 65 DCR <Member>			
Current Age	29.06			Base benefit paid to employee while employee is at least 65			
Current Credited Service	3.00			Post 65 DCR <Spouse>			
<b>Present Value of Benefits (PVB)</b>	<b>GRS*</b>	<b>Buck</b>	<b>% Diff</b>	Base benefit paid to spouse while employee is at least 66			
<u>Retirement:</u>				Contrib DCR <Member>			
Post 65 DCR <Member>	838.06	834.60	0.4%	Employee pre-retirement contributions			
Post 65 DCR <Spouse>	558.18	558.54	-0.1%	Contrib DCR <Spouse>			
Contrib DCR <Member>	83.81	83.46	0.4%	Spouse pre-retirement contributions			
Contrib DCR <Spouse>	55.82	55.85	-0.1%	Post 65 Part D DCR <Member>			
Post 65 Part D DCR <Member>	84.78	83.41	1.6%	Employee post-age 65 Medicare Part D reimbursement			
Post 65 Part D DCR <Spouse>	56.56	55.95	1.1%	Post 65 Part D DCR <Spouse>			
<b>Total Retirement PVB</b>	<b>1,677.20</b>	<b>1,671.81</b>	<b>0.3%</b>	Spouse post-age 65 Medicare Part D reimbursement			
<p>* GRS' audit of Buck's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.</p>							

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## SECTION 5

### REVIEW OF CONTRIBUTION RATE DETERMINATION

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## REVIEW OF CONTRIBUTION RATE DETERMINATION

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GRS was to analyze the funding method being used and verify its computation (as shown in pages 10 - 12 of the PERS DCR valuation report and page 10 of the TRS DCR valuation report). The goal here is to start with the Actuarial Accrued Liabilities and the Normal Costs that are developed from the data and valuation software and compare this to the Assets in the system. The difference between the two, the Unfunded Actuarial Accrued Liability (UAAL) in conjunction with the Normal Cost forms the basis of the contributions that the Actuary recommends the system make in order to ensure that benefits can be provided for current and future retirees.

### **FINDINGS:**

The calculations were reasonable and consistent with actuarial practice.

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## SECTION 6

### REVIEW OF ACTUARIAL VALUATION REPORT

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## REVIEW OF ACTUARIAL VALUATION REPORT

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### **GASB No. 25 DISCLOSURE:**

GASB (Governmental Accounting Standards Board) sets out guidelines for financial accounting and reporting for state and local government entities. Under GASB No. 25, the actuarial valuation reports for DCR PERS and TRS must disclose a set of financial statistics. These include:

- Schedule of Funding Progress
- Schedule of Employer Contributions
- Notes to Required Supplementary Information

### **Findings:**

No issues to report.

### **Conclusion:**

Buck has indicated that they do calculate the actuarial present value of assumed Part D Retiree Drug Subsidy (RDS) payments separately. For funding purposes, the total healthcare liability is offset by the RDS amounts to conform to the ARMB's current policy of funding discounted net cash flow. Figures used for GASB 43 purposes have been appropriately illustrated without the RDS offset.

### **VALUATION REPORT:**

GRS reviewed the June 30, 2009 DCR valuation reports for scope as well as content to determine if actuarial statistics were being reflected fairly and if the details of the plan were being correctly communicated.

### **Findings:**

The June 30, 2009 DCR draft valuation reports submitted by Buck to the board had the following layout:

1. Actuarial Certification – This introduces the report, lists the valuation date in question, and provides a disclaimer that the results are predicated on the census data received from the Systems and the financial information received from KPMG. It also discusses the basic actuarial concepts and provides the funded ratios.

2. Report Highlights – Shows funding status and the employer recommended contribution rate.
3. Analysis of the Valuation – Explains the change in the funded status and calculated contribution rate. Includes retiree medical costs, investment return, and other factors. Within this section there are three sections that show the development of valuation results, basis of the valuation, and other historical information.

**Conclusion:**

- We consider the scope and content of Buck’s report to be effective in communicating the financial position and contribution requirements of the PERS and TRS DCR plans. We believe it is in accordance with standard actuarial reporting methodologies for public sector systems. We recommend the following additional disclosure in the PERS DCR actuarial valuation:
  - The benefit assumption for occupational disability benefits should be defined as “100% of occupational disabled POLICE/FIRE DCR members will take the monthly annuity”.
  - We recommend a “participant reconciliation matrix” be added to the report, to track the changes in the membership from valuation to valuation.
  - We recommend an analysis of gains and losses by source be added to the valuation report. The changes in liability are fairly large and the trustees may wish to know the sources of these large changes in liabilities.
  - On page 14 of the PERS plan, we believe the D&D 2009 base is a “loss” and not a “gain” (this is merely a wording change).

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## SECTION 7

### SUMMARY AND CONCLUSIONS

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## SUMMARY AND CONCLUSIONS

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We have reviewed the testlives in this limited scope audit, the reports, assumptions and the methods. Based upon our review of the report and the test lives, we believe these results, when adjusted for the three year average earnings period; reasonably reflect the costs of this plan.

We recommend that the underlying health care plan provisions for the members of DCR be outlined and incorporated either into the valuation report, or into the report by reference, so the readers may more readily see why the assumption of lower claim costs for the DCR membership is valid.

**ALASKA RETIREMENT MANAGEMENT BOARD**

ACTUARIAL REVIEW OF THE:

NATIONAL GUARD AND NAVAL MILITIA RETIREMENT  
SYSTEM PENSION PLAN; AND

JUDICIAL RETIREMENT SYSTEM PENSION AND HEALTH  
PLANS

MARCH 8, 2010

March 8, 2010

Mr. Gary Bader  
Chief Investment Officer  
Department of Revenue, Treasury Division  
Alaska Retirement Management Board  
P.O. Box 110405  
Juneau, AK 99811-0405

**Subject: Actuarial Review of the Roll-Forward June 30, 2009 valuations for the State of Alaska National Guard and Naval Militia Retirement System (NGNMRS) and Judicial Retirement System (JRS)**

Dear Gary:

We have performed an actuarial review of the June 30, 2009 Roll-Forward Actuarial Valuation for NGNMRS and JRS.

This audit includes a review of the results of the roll forward calculations using actuarial methods, assumptions and procedures from the most recent actuarial valuation reports and Buck Consultants (Buck) letter dated December 11, 2009 (re: Roll Forward results for NGNMRS and JRS as of June 30, 2009). The steps of the process of our audit, including potential areas for future review, are as follows:

1. The first step in reviewing the calculations shown in the Roll-Forward letter was to confirm that the results shown as of June 30, 2008 in the Roll-Forward letter match Buck's June 30, 2008 actuarial valuation reports.
  - a. GRS has confirmed that all results match.
2. The second step involved verification of Buck's June 30, 2009 Roll-Forward calculations using information from the most recent June 30, 2008 Buck actuarial valuations and Roll Forward letter. GRS completed this review by estimating these results using the appropriate methods, assumptions and procedures. Overall, the audit results were within a reasonable range. Several questions/comments arose:
  - a. GRS questioned cash flow items used in the calculations:
    - i. Buck provided cash flow items.
  - b. GRS questioned JRS Pension and Healthcare Normal Cost items as Total Normal Cost of \$4,239,822 in Roll-Forward letter did not match the sum of the Pension and Healthcare Normal Cost items of \$4,199,560.

- c.
  - i. Buck confirmed that Total Normal Cost in Roll Forward letter should be corrected to show \$4,199,560. This correction does not impact the Employer Contribution Rates.
- 3. We assumed assets shown as of June 30, 2009 were appropriate, as we agree with the method of projecting the assets to June 30, 2009 stated in the Roll-Forward letter.
- 4. Finally we audited the contribution rate calculations using the past service base and payment information, and estimated FY09 Gain/Loss noted in Buck's Roll Forward letter.
  - a. GRS questioned the split of the FY09 base for JRS between Pension and Healthcare.
    - i. Buck confirmed the total net actuarial loss for JRS of \$23,121,534 was split between Pension of \$22,146,074 and Healthcare of \$975,460.
  - b. GRS noted a correction to Buck's JRS June 30, 2008 actuarial valuation report, Schedule of Past Service Cost Amortizations (page 14) for Healthcare. The FY07 Base is noted as a Loss however the Balances and Beginning-of-Year Payment show as a Gain.
    - i. Buck confirmed that the Base should be labeled as a Gain. Buck has agreed they will make this correction in the June 30, 2010 JRS actuarial valuation.

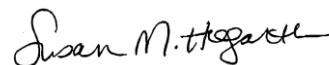
We wish to thank the staff of the State of Alaska Treasury Division and Buck Consultants without whose willing cooperation this review could not have been completed.

Sincerely,

Gabriel, Roeder, Smith & Company



Leslie L. Thompson, FSA, FCA, EA, MAAA  
Senior Consultant



Susan M. Hogarth, EA, MAAA  
Consultant

cc: Ms. Judy Hall



# State of Alaska Retirement Systems Defined Contribution Retirement Plan

*Actuarial Presentation to the Alaska  
Retirement Management Board*

*June 24, 2010*



# Agenda

- 2009 Actuarial Valuation Results
  - DCR PERS
  - DCR TRS
- State Assistance Calculation
- Summary of All Valuation Results
- 30-Year Projections
- Questions
- Appendix

## About DCR

- SB 141 passed in 2005 established Defined Contribution Retirement (DCR) Plan effective July 1, 2006
- DCR plan set up a new tier of benefits for members hired on or after July 1, 2006
- DCR is primarily a defined contribution plan, but does include defined benefits
  - Occupational Death and Disability
  - Retiree Medical

## Changes Since Last Year

- No change in Benefit Provisions
- Two changes in Actuarial Assumptions
  - Occupational factor for PERS Peace/Officer Firefighter changed from 100% to 75%, PERS Others changed from 100% to 50% and TRS changed from 100% to 15%
- No change in methods except to use compound interest in the amortization of the unfunded liability
- No change in Healthcare Base Claim Cost Rate methodology except for the following
  - Use of 2.57 months lag for medical claims and 0.5 months lag for prescription claims vs. 1.78 and 0.6 respectively

A bald eagle is shown in flight, wings spread wide, flying over a large body of water. In the background, there are snow-capped mountains under a clear sky. The image is framed by a red bar at the top and a grey dotted pattern at the bottom.

**DCR PERS**

bu**ck**

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# Public Employees' Retirement System Defined Contribution Retirement Plan Peace Officer/Firefighter and Others Combined Occupational Death and Disability and Retiree Medical

(\$ in thousands)

	June 30, 2008	June 30, 2009
<b>1. Number of Actives</b>	5,052	7,256
<b>2. Annual Compensation*</b>	\$ 203,955	\$ 314,118
<b>3. Assets</b>		
- Market Value	\$ 3,684	\$ 7,372
- Actuarial Value	4,007	8,613
- % AV to MV	108.8%	116.8%
<b>4. Annual Benefit Payments</b>		
- Total	\$ 0	\$ 0
- % Market Value	0.0%	0.0%

\*Annual Compensation for Prior Year.

# Public Employees' Retirement System Defined Contribution Retirement Plan Peace Officer/Firefighter and Others Combined Occupational Death and Disability and Retiree Medical

## Actuarial Contribution Under Entry Age Actuarial Cost Method (\$ in thousands)

Funding	Occupational Death and Disability	Retiree Medical	Total
1. Actuarial Accrued Liability	\$ 403	\$ 3,913	\$ 4,316
2. Actuarial Value of Assets	<u>3,138</u>	<u>5,475</u>	<u>8,613</u>
3. Unfunded Actuarial Accrued Liability	\$ (2,735)	\$ (1,562)	\$ (4,297)
4. Funded Ratio	778.7%	139.9%	199.6%
5. Annual Actuarial Contribution			
– Normal Cost	\$ 862	\$ 1,847	\$ 2,709
– Amortization of Unfunded Over 25 Years	<u>(171)</u>	<u>(99)</u>	<u>(270)</u>
– Total Contribution	\$ 691	\$ 1,748	\$ 2,439
– % of DCR Pay	0.20%	0.51%	0.71%

Total DCR pay is expected to be \$340,360 for FY10.



**DCR TRS**

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# Teachers' Retirement System

## Defined Contribution Retirement Plan

### Occupational Death and Disability and Retiree Medical

(\$ in thousands)

	June 30, 2008	June 30, 2009
<b>1. Number of Actives</b>	1,198	1,792
<b>2. Annual Compensation*</b>	\$ 56,369	\$ 89,708
<b>3. Assets</b>		
- Market Value	\$ 1,646	\$ 2,966
- Actuarial Value	1,728	3,424
- % AV to MV	105.0%	115.4%
<b>4. Annual Benefit Payments</b>		
- Total	\$ 0	\$ 0
- % Market Value	0.0%	0.0%

\*Annual Compensation for Prior Year.



# Teachers' Retirement System

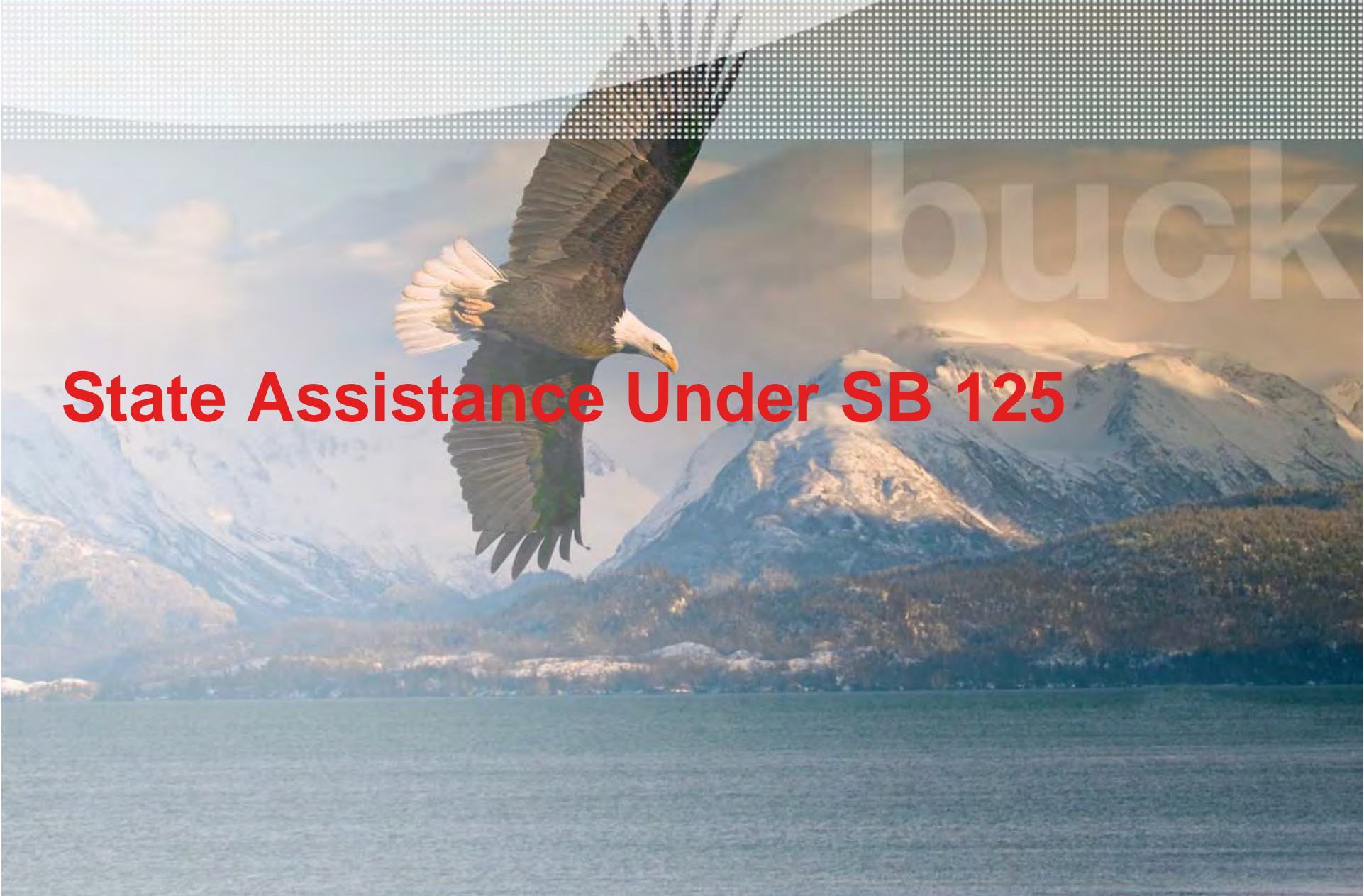
## Defined Contribution Retirement Plan

### Occupational Death and Disability and Retiree Medical

#### Actuarial Contribution Under Entry Age Actuarial Cost Method (\$ in thousands)

Funding	Occupational Death and Disability	Retiree Medical	Total
1. Actuarial Accrued Liability	\$ 14	\$ 1,446	\$ 1,460
2. Actuarial Value of Assets	<u>1,071</u>	<u>2,353</u>	<u>3,424</u>
3. Unfunded Actuarial Accrued Liability	\$ (1,057)	\$ (907)	\$ (1,964)
4. Funded Ratio	7,650.0%	162.7%	234.5%
5. Annual Actuarial Contribution			
– Normal Cost	\$ 45	\$ 609	\$ 654
– Amortization of Unfunded Over 25 Years	<u>(45)</u>	<u>(57)</u>	<u>(102)</u>
– Total Employer Contribution	\$ 0	\$ 552	\$ 552
– % of DCR Pay	0.00%	0.58%	0.58%

Total DCR pay is expected to be \$95,141 for FY10.



# State Assistance Under SB 125

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## Contribution Background

- SB 125 capped the employer contribution rate
  - PERS rate = 22%
  - TRS rate = 12.56%
- SB 125 also provided for State assistance if the actuarial rate is above the capped rate for both the DB and DCR plan combined

# Summary of Results

<b>PERS</b>	<b>Rate based on DCR Pay</b>	<b>Rate based on Total DB &amp; DCR FY12 Pay</b>
Medical/Occ D&D	0.71%	0.22%
HRA	3.00%	0.94%
DC Account	<u>5.00%</u>	<u>1.57%</u>
<b>Total</b>	<b>8.71%</b>	<b>2.73%</b>

<b>TRS</b>	<b>Rate based on DCR Pay</b>	<b>Rate based on Total DB &amp; DCR FY12 Pay</b>
Medical/Occ D&D	0.58%	0.16%
HRA	3.00%	0.83%
DC Account	<u>7.00%</u>	<u>1.95%</u>
<b>Total</b>	<b>10.58%</b>	<b>2.94%</b>

## Development of Additional State Contribution for FY12

	PERS		TRS	
	Rate	Amount (in millions)	Rate	Amount (in millions)
<b>Expected Payroll for FY12</b>				
- DB		\$ 1,448.7		\$ 513.3
- DCR		<u>662.8</u>		<u>197.6</u>
- Total		\$ 2,111.5		\$ 710.9
<b>Employer State Actuarial Contributions</b>				
- Actuarial Contribution for DB Plan (from April Presentation)	30.76%	\$ 649.5	42.61%	\$ 302.9
- DCR Contribution	<u>2.73%</u>	<u>\$ 57.6</u>	<u>2.94%</u>	<u>\$ 20.9</u>
- Total Required Contribution	33.49%	\$ 707.1	45.55%	\$ 323.8
- Total Limited Employer Contribution	<u>(22.0%)</u>	<u>464.5</u>	<u>(12.56%)</u>	<u>(89.3)</u>
- Additional State Contribution for FY12	11.49%	\$ 242.6	32.99%	\$ 234.5

Total State Assistance = \$477.1 million

A bald eagle is shown in flight, wings spread wide, flying over a large body of water. In the background, there are snow-capped mountains under a clear sky. The eagle is the central focus, with its wings and tail feathers clearly visible. The water is a deep blue-grey color, and the mountains are covered in patches of snow and some evergreen trees. The overall scene is serene and majestic.

# Summary of All Valuation Results

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## Summary of FY12 Employer Contribution Rates

	% of Total DB & DCR Pay		% of Pay	\$ Amount	% of DCR Pay	
	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>PERS</u>	<u>TRS</u>
<b>Pension</b>	14.65%	26.61%	43.25%	\$895,565	N/A	N/A
<b>Medical</b>	16.11%	16.00%	4.82%	N/A	0.51%	0.58%
<b>Occupational Death &amp; Disability</b>	N/A	N/A	N/A	N/A	0.20%	0.00%
<b>Total</b>	30.76%	42.61%	48.07%	\$895,565	0.71%	0.58%
<b>State Assistance</b>	\$242.6M	\$234.5M				

A bald eagle is shown in flight, wings spread wide, flying over a large body of water. In the background, there are snow-capped mountains under a clear sky. The eagle is the central focus, with its wings and tail feathers clearly visible. The water is a deep blue-grey color, and the mountains are covered in patches of snow and some evergreen trees.

# PERS and TRS 30-Year Projections

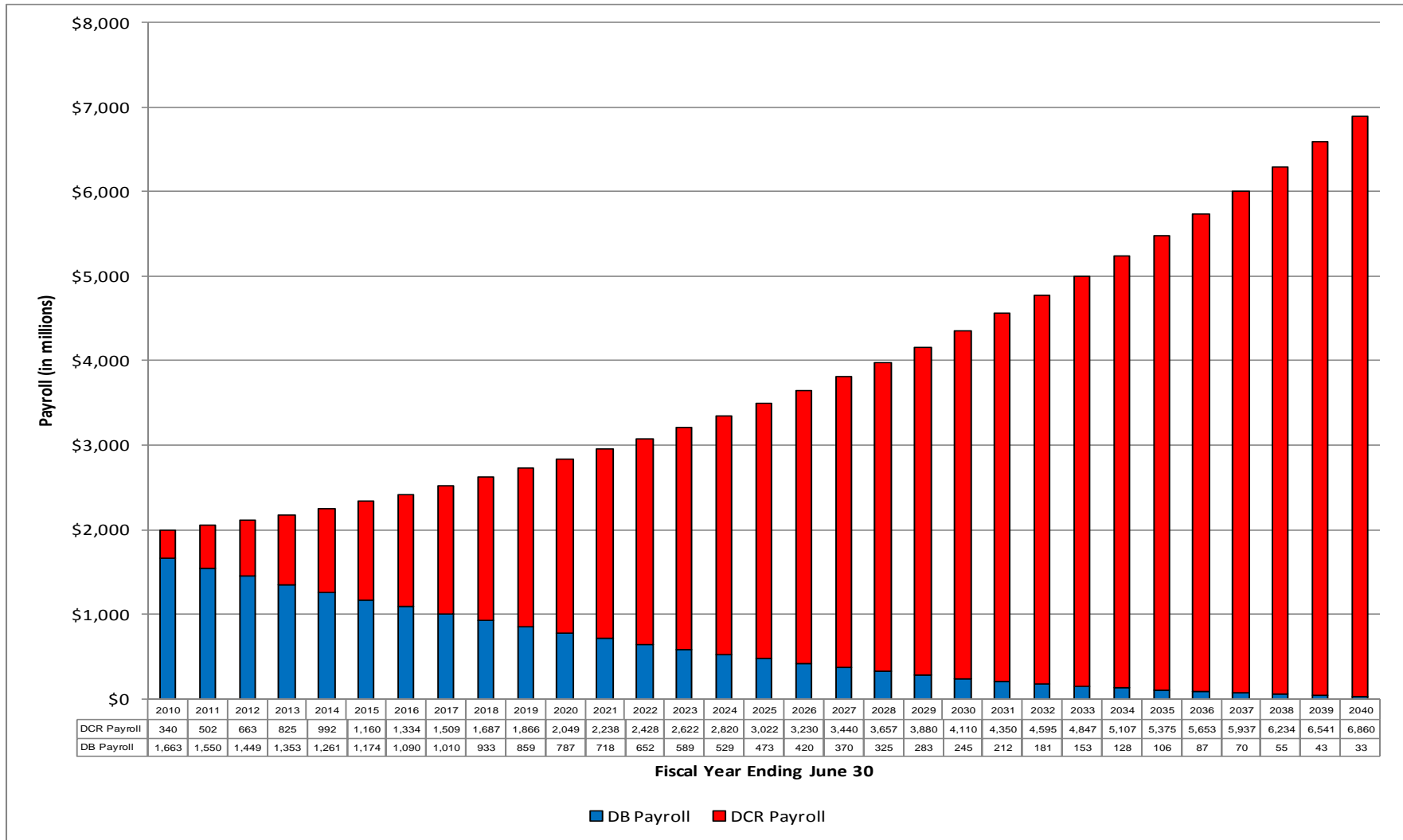
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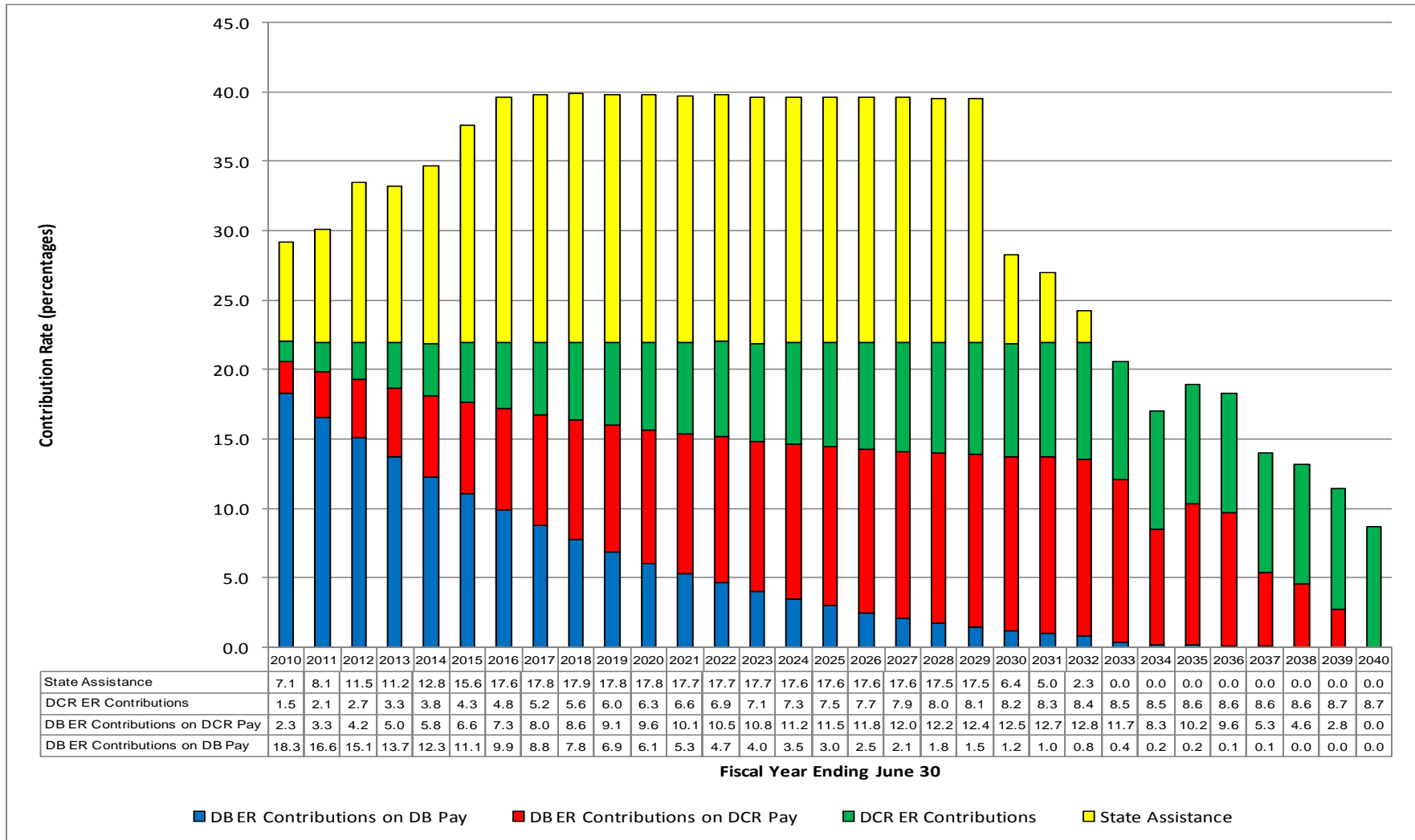
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# PERS DB and DCR Payroll

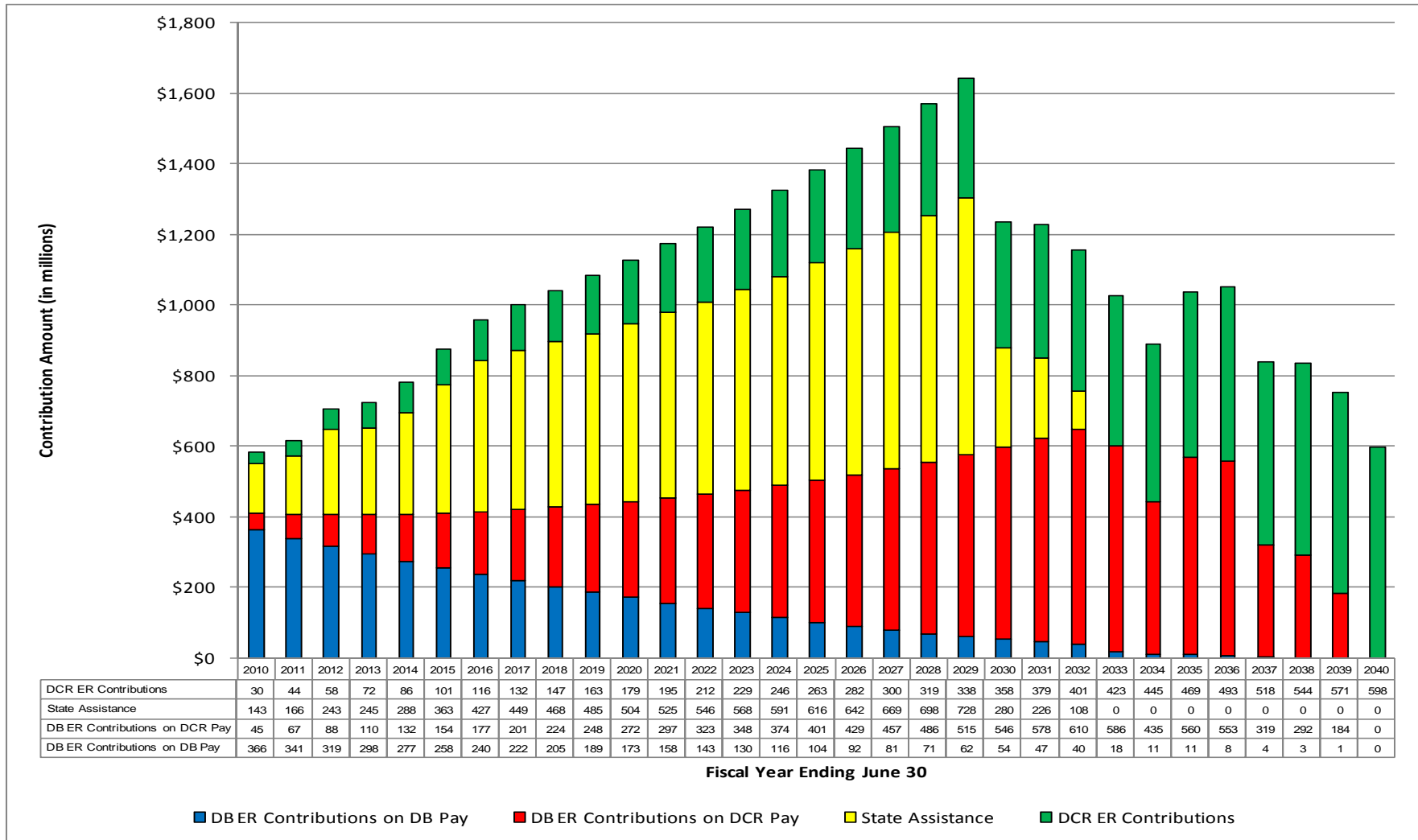


# PERS Contribution Rates



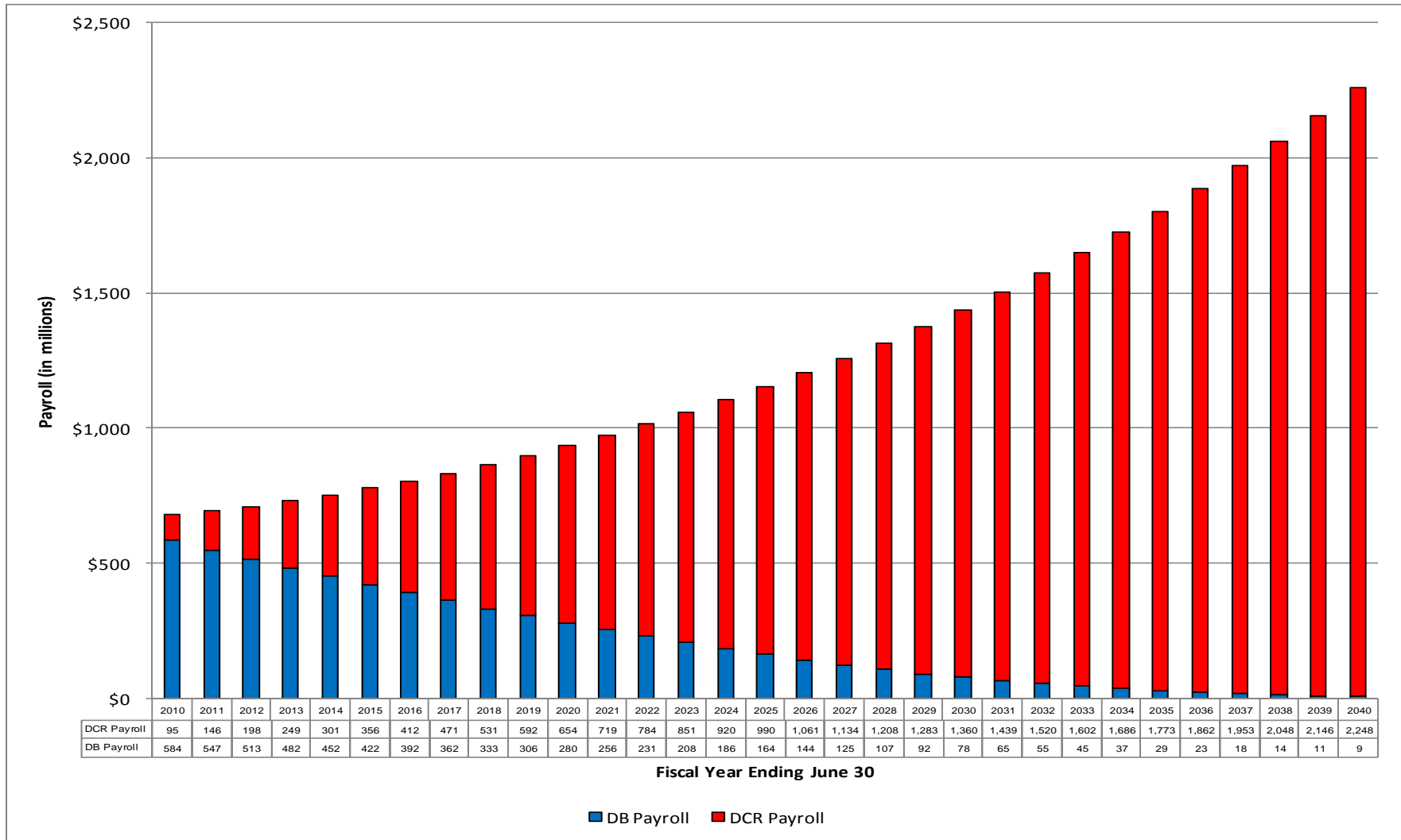
\*8.25% return from June 30, 2009 and thereafter

# PERS Contribution Amounts

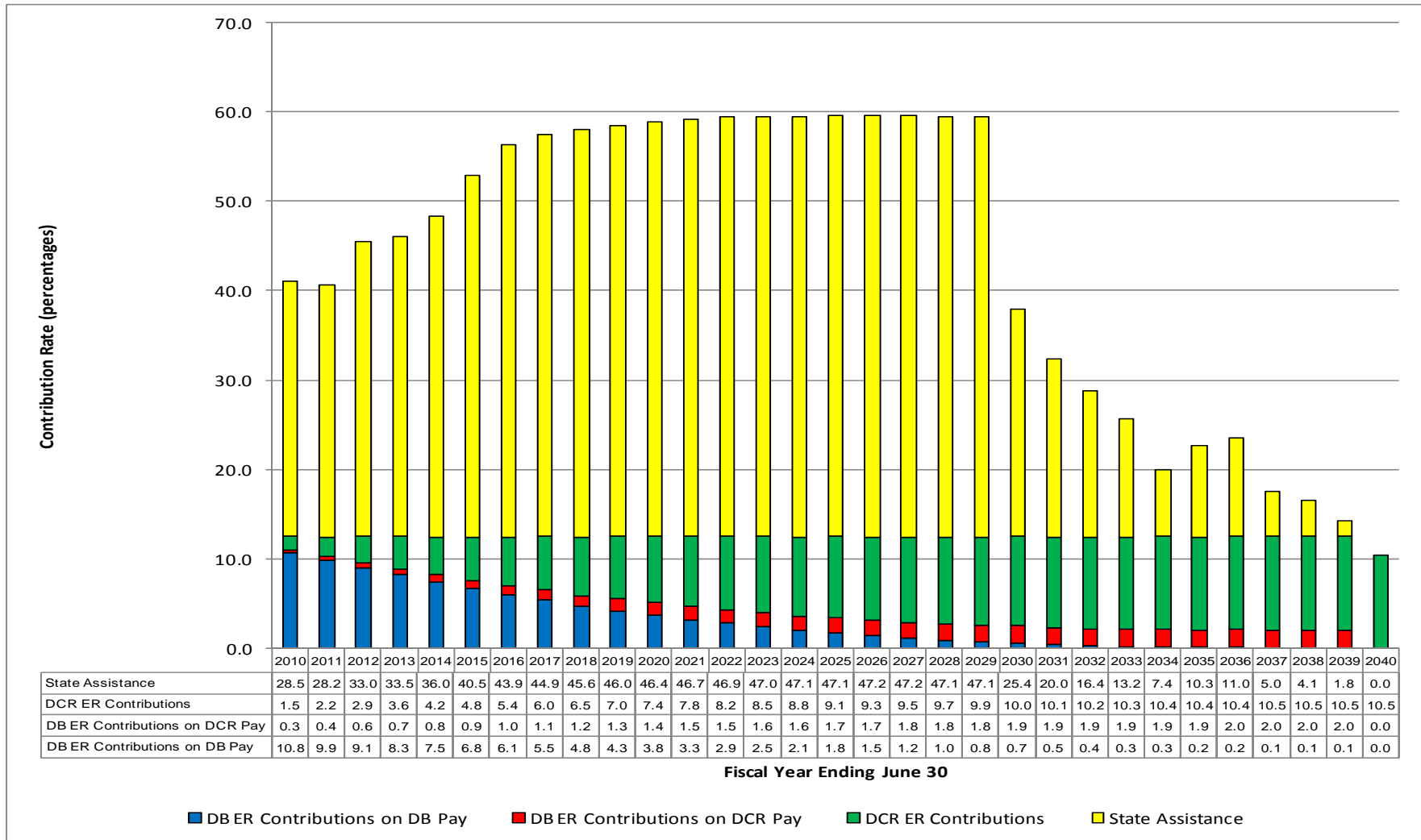


\*8.25% return from June 30, 2009 and thereafter

# TRS DB and DCR Payroll

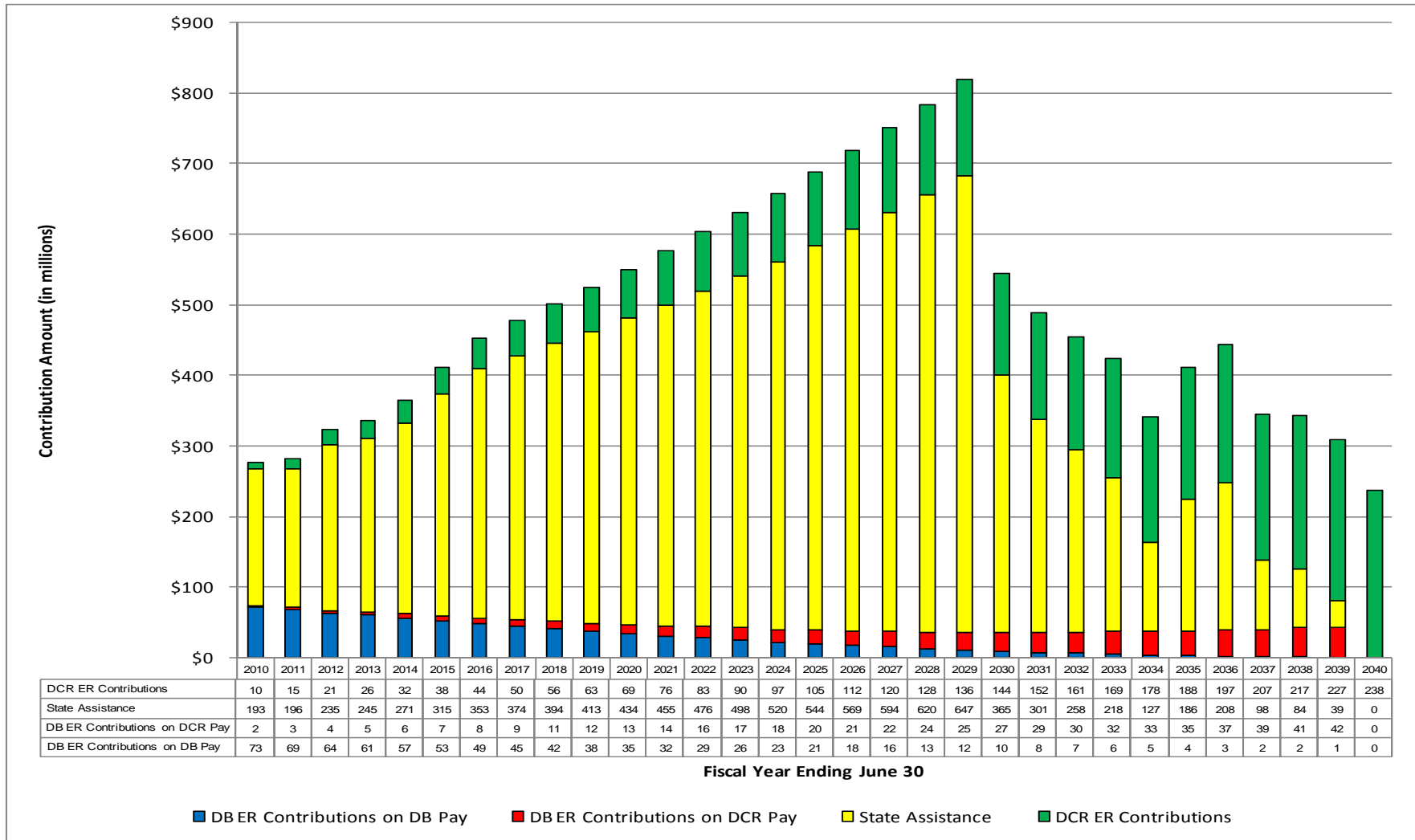


# TRS Contribution Rates



\*8.25% return from June 30, 2009 and thereafter

# TRS Contribution Amounts



\*8.25% return from June 30, 2009 and thereafter

A bald eagle is shown in flight, wings spread wide, flying over a large body of water. In the background, there are snow-capped mountains under a clear sky. The eagle is the central focus, with its white head and neck contrasting against its dark wings. The water is a deep blue-grey, and the mountains are rugged with patches of snow. The overall scene is serene and majestic.

**Questions?**

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A bald eagle is shown in flight, wings spread wide, flying over a large body of water. In the background, there are snow-capped mountains under a clear sky. The eagle is the central focus, with its wings and tail feathers clearly visible. The water is a deep blue-grey color, and the mountains are rugged and partially covered in snow. The overall scene is serene and majestic.

# Appendix

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# Public Employees' Retirement System Defined Contribution Retirement Plan Peace Officer/Firefighter and Others Combined Occupational Death and Disability and Retiree Medical

## Total System Assets (\$ in thousands)

	Year Ending	
	June 30, 2008	June 30, 2009
1. Actuarial Value (BOY)	\$ 1,255	\$ 4,007
Contributions	2,624	4,454
Disbursements	0	0
Expected Return on Market Value	210	484
2. Expected Actuarial Value (EOY)	\$ 4,089	\$ 8,945
3. 5-year Smoothing	(82)	(332)
4. Preliminary Actuarial Value (EOY)	\$ 4,007	\$ 8,613
5. Future Smoothing Amount	(323)	(1,241)
6. Market Value (EOY)	\$ 3,684	\$ 7,372
7. 120% of Market Value	\$ 4,421	\$ 8,845
8. 80% of Market Value	\$ 2,947	\$ 5,899
9. Final Actuarial Value (EOY)	\$ 4,007	\$ 8,613
10. Ratio Market Value to Actuarial Value	92%	86%

# Teachers' Retirement System

## Defined Contribution Retirement Plan

### Occupational Death and Disability and Retiree Medical

#### Total System Assets (\$ in thousands)

	Year Ending	
	June 30, 2008	June 30, 2009
1. Actuarial Value (BOY)	\$ 597	\$ 1,728
Contributions	1,059	1,615
Disbursements	0	0
Expected Return on Market Value	93	201
2. Expected Actuarial Value (EOY)	\$ 1,749	\$ 3,544
3. 5-year Smoothing	(21)	(120)
4. Preliminary Actuarial Value (EOY)	\$ 1,728	\$ 3,424
5. Future Smoothing Amount	(82)	(458)
6. Market Value (EOY)	\$ 1,646	\$ 2,966
7. 120% of Market Value	\$ 1,975	\$ 3,558
8. 80% of Market Value	\$ 1,317	\$ 2,374
9. Final Actuarial Value (EOY)	\$ 1,728	\$ 3,424
10. Ratio Market Value to Actuarial Value	95%	87%

## ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Acceptance of Actuarial Reports PERS DB,  
TRS DB, PERS DCR and TRS DCR

ACTION:   X  

DATE:   June 24, 2010  

INFORMATION:           

---

### BACKGROUND:

AS 37.10.220(a)(8) prescribes that the Alaska Retirement Management Board (Board) “coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios and to certify to the appropriate budgetary authority of each employer in the system”.

AS 37.10.220(a)(9) provides that the Board have “the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the Board”.

### STATUS:

Buck Consultants has completed the following reports and the reports have been presented to the Board:

- (1) an actuarial valuation of the Public Employees’ Retirement System as of June 30, 2009
- (2) an actuarial valuation of the Teachers’ Retirement System as of June 30, 2009
- (3) an actuarial valuation of the Public Employees’ Retirement System – Defined Contribution Retirement Plan (for Occupational Death and Disability and Retiree Medical Benefits) as of June 30, 2009
- (4) an actuarial valuation of the Teachers’ Retirement System – Defined Contribution Retirement Plan (for Occupational Death and Disability and Retiree Medical Benefits) as of June 30, 2009

### RECOMMENDATION:

That the Alaska Retirement Management Board accepts the actuarial reports prepared by Buck Consultants for the Public Employees’, Teachers’, Public Employees’ Defined Contribution (for Occupational Death and Disability and Retiree Medical Benefits) and Teachers’ Defined Contribution (for Occupational Death and Disability and Retiree Medical Benefits) retirement systems in order to set the actuarially determined contribution rates attributable to employers.

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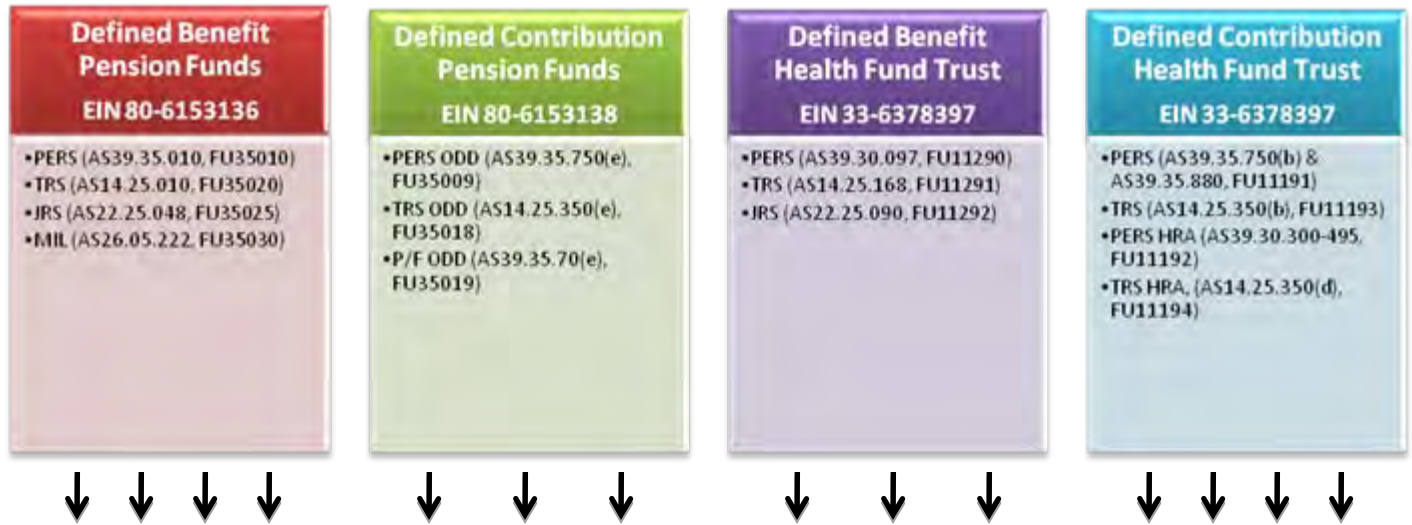
# **ALASKA RETIREMENT MANAGEMENT BOARD**

## **ASSET CLASS REBALANCING**

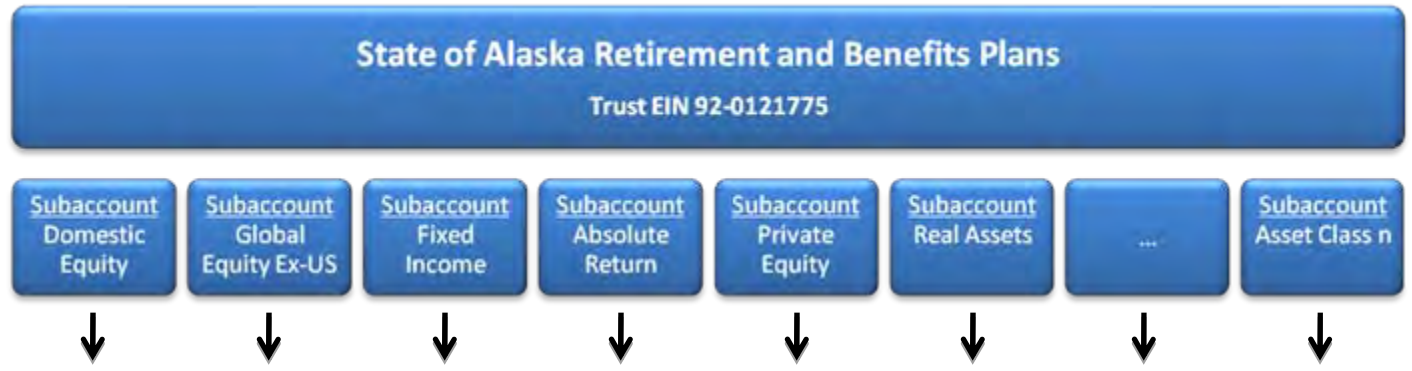
**Gary Bader**  
**Chief State Investment Officer**

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# Investing Systems



# ARMB Investment Trust



# Investments



# Defined Contribution Funds Rebalance 6/14/2010

<b>AY6G &amp; AY6W</b>	<b>ODD PERS Fund</b>	<b>%age</b>	<b>target</b>
Large Cap Pool	781,206	24.40%	27.00%
Small Cap Pool	94,069	2.94%	3.00%
International Equity Pool	507,303	15.85%	17.50%
Emerging Markets Equity	147,353	4.60%	4.50%
Private Equity	236,182	7.35%	7.00%
Domestic Fixed Income	386,303	12.13%	13.00%
Intermediate Treasury	70,371	2.20%	1.00%
High Yield Pool	67,491	2.11%	2.00%
Emerging Markets Debt Pool	65,254	2.04%	2.00%
International Fixed Income	63,029	1.97%	2.00%
AK TIPS Pool	105,064	3.25%	3.20%
Energy Pool A	10,131	0.32%	0.30%
Farmland Pool A	56,389	1.64%	1.60%
REIT Pool A	10,383	0.32%	0.30%
Timber Pool A	32,381	1.01%	1.00%
AK Real Estate Pool	308,734	9.65%	9.60%
Absolute Return	164,498	5.14%	5.00%
Cash	98,057	3.08%	0.00%
<b>Silver Micro</b>	<b>3,201,458</b>	<b>100.00%</b>	<b>100.00%</b>
<b>AY6H &amp; AY6X</b>	<b>ODD TRS Fund</b>		
Large Cap Pool	317,541	24.43%	27.00%
Small Cap Pool	40,673	2.94%	3.00%
International Equity Pool	210,189	16.86%	17.50%
Emerging Markets Equity	63,665	4.91%	4.50%
Private Equity	107,613	7.35%	7.00%
Domestic Fixed Income	167,778	12.14%	13.00%
Intermediate Treasury	30,408	2.20%	1.00%
High Yield Pool	29,166	2.11%	2.00%
Emerging Markets Debt Pool	28,195	2.04%	2.00%
International Fixed Income	27,234	1.97%	2.00%
AK TIPS Pool	45,389	3.25%	3.20%
Energy Pool A	4,377	0.32%	0.30%
Farmland Pool A	22,722	1.64%	1.60%
REIT Pool A	4,486	0.32%	0.30%
Timber Pool A	13,990	1.01%	1.00%
AK Real Estate Pool	133,428	9.66%	9.60%
Absolute Return	71,078	5.14%	5.00%
Cash	40,988	2.97%	0.00%
	<b>1,381,930</b>	<b>100.00%</b>	<b>100.00%</b>
<b>AY6I &amp; AY6Y</b>	<b>Occupational D&amp;D - Police &amp; Firefighters</b>		
Large Cap Pool	255,285	23.99%	27.00%
Small Cap Pool	31,046	2.88%	3.00%
International Equity Pool	167,786	15.59%	17.50%
Emerging Markets Equity	48,730	4.53%	4.50%
Private Equity	77,765	7.22%	7.00%
Domestic Fixed Income	128,418	11.93%	13.00%
Intermediate Treasury	23,270	2.16%	1.00%
High Yield Pool	22,303	2.07%	2.00%
Emerging Markets Debt Pool	21,580	2.00%	2.00%
International Fixed Income	20,846	1.94%	2.00%
AK TIPS Pool	34,737	3.23%	3.20%
Energy Pool A	3,352	0.31%	0.30%
Farmland Pool A	17,391	1.62%	1.60%
REIT Pool A	3,434	0.32%	0.30%
Timber Pool A	10,708	0.99%	1.00%
AK Real Estate Pool	102,110	9.49%	9.60%
Absolute Return	54,398	5.05%	5.00%
Cash	50,305	4.68%	0.00%
	<b>1,076,485</b>	<b>100.00%</b>	<b>100.00%</b>
<b>AYX2 &amp; AYX4</b>	<b>Major Medical PERS</b>		
Large Cap Pool	1,850,848	24.18%	27.00%
Small Cap Pool	223,752	2.91%	3.00%
International Equity Pool	1,208,058	16.11%	17.50%
Emerging Markets Equity	350,873	4.56%	4.50%
Private Equity	556,981	7.28%	7.00%
Domestic Fixed Income	924,631	12.02%	13.00%
Intermediate Treasury	167,566	2.18%	1.00%
High Yield Pool	160,639	2.09%	2.00%
Emerging Markets Debt Pool	156,380	2.02%	2.00%
International Fixed Income	150,088	1.95%	2.00%
AK TIPS Pool	250,142	3.25%	3.20%
Energy Pool A	24,124	0.31%	0.30%
Farmland Pool A	125,225	1.63%	1.60%
REIT Pool A	24,722	0.32%	0.30%
Timber Pool A	77,107	1.00%	1.00%
AK Real Estate Pool	735,250	9.56%	9.60%
Absolute Return	391,696	5.09%	5.00%
Cash	302,777	3.94%	0.00%
	<b>7,691,959</b>	<b>100.00%</b>	<b>100.00%</b>
<b>AYX3 &amp; AYX5</b>	<b>Major Medical TRS</b>		
Large Cap Pool	789,526	24.15%	27.00%
Small Cap Pool	95,043	2.91%	3.00%
International Equity Pool	512,807	16.68%	17.50%
Emerging Markets Equity	149,723	4.59%	4.50%
Private Equity	233,039	7.27%	7.00%
Domestic Fixed Income	392,502	12.01%	13.00%
Intermediate Treasury	71,134	2.18%	1.00%
High Yield Pool	69,205	2.09%	2.00%
Emerging Markets Debt Pool	66,959	2.02%	2.00%
International Fixed Income	63,714	1.95%	2.00%
AK TIPS Pool	106,194	3.25%	3.20%
Energy Pool A	10,241	0.31%	0.30%
Farmland Pool A	53,157	1.63%	1.60%
REIT Pool A	10,495	0.32%	0.30%
Timber Pool A	32,732	1.00%	1.00%
AK Real Estate Pool	312,125	9.55%	9.60%
Absolute Return	166,277	5.09%	5.00%
Cash	131,932	4.04%	0.00%
	<b>3,269,475</b>	<b>100.00%</b>	<b>100.00%</b>
<b>AYY2 &amp; AYY4</b>	<b>HRA PERS</b>		
Large Cap Pool	7,056,231	23.99%	27.00%
Small Cap Pool	846,669	2.88%	3.00%
International Equity Pool	4,583,888	15.59%	17.50%
Emerging Markets Equity	1,331,160	4.53%	4.50%
Private Equity	2,124,355	7.22%	7.00%
Domestic Fixed Income	3,509,445	11.94%	13.00%
Intermediate Treasury	636,828	2.15%	1.00%
High Yield Pool	608,840	2.07%	2.00%
Emerging Markets Debt Pool	588,495	2.00%	2.00%
International Fixed Income	560,481	1.94%	2.00%
AK TIPS Pool	948,723	3.23%	3.20%
Energy Pool A	91,529	0.31%	0.30%
Farmland Pool A	475,097	1.62%	1.60%
REIT Pool A	83,794	0.32%	0.30%
Timber Pool A	292,632	0.99%	1.00%
AK Real Estate Pool	2,791,635	9.49%	9.60%
Absolute Return	1,485,984	5.09%	5.00%
Cash	1,370,681	4.66%	0.00%
	<b>29,404,307</b>	<b>100.00%</b>	<b>100.00%</b>
<b>AYY3 &amp; AYY5</b>	<b>HRA TRS</b>		
Large Cap Pool	2,347,120	24.12%	27.00%
Small Cap Pool	282,374	2.90%	3.00%
International Equity Pool	1,621,644	16.64%	17.50%
Emerging Markets Equity	442,814	4.55%	4.50%
Private Equity	706,721	7.26%	7.00%
Domestic Fixed Income	1,166,919	11.99%	13.00%
Intermediate Treasury	211,474	2.17%	1.00%
High Yield Pool	202,727	2.08%	2.00%
Emerging Markets Debt Pool	196,096	2.02%	2.00%
International Fixed Income	189,422	1.95%	2.00%
AK TIPS Pool	316,689	3.24%	3.20%
Energy Pool A	30,446	0.31%	0.30%
Farmland Pool A	158,037	1.62%	1.60%
REIT Pool A	31,201	0.32%	0.30%
Timber Pool A	97,312	1.00%	1.00%
AK Real Estate Pool	927,912	9.54%	9.60%
Absolute Return	494,334	5.08%	5.00%
Cash	407,911	4.19%	0.00%
	<b>9,730,153</b>	<b>100.00%</b>	<b>100.00%</b>

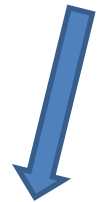
All Seven DC Plans Have Drifted Away from their Target

# Defined Contribution Funds Rebalance 6/14/2010

## ODD PERS Fund Only

<b>AY6G &amp; AY6W</b>		<b>%age</b>	<b>target</b>
<i>Large Cap Pool</i>	781,206	24.40%	27.00%
<i>Small Cap Pool</i>	94,069	2.94%	3.00%
<i>International Equity Pool</i>	507,303	15.85%	17.50%
<i>Emerging Markets Equity</i>	147,353	4.60%	4.50%
<i>Private Equity</i>	235,182	7.35%	7.00%
<i>Domestic Fixed Income</i>	388,303	12.13%	13.00%
<i>Intermediate Treasury</i>	70,371	2.20%	1.00%
<i>High Yield Pool</i>	67,491	2.11%	2.00%
<i>Emerging Markets Debt Pool</i>	65,254	2.04%	2.00%
<i>International Fixed Income</i>	63,029	1.97%	2.00%
<i>AK TIPS Pool</i>	105,064	3.28%	3.20%
<i>Energy Pool A</i>	10,131	0.32%	0.30%
<i>Farmland Pool A</i>	52,589	1.64%	1.60%
<i>REIT Pool A</i>	10,383	0.32%	0.30%
<i>Timber Pool A</i>	32,381	1.01%	1.00%
<i>AK Real Estate Pool</i>	308,794	9.65%	9.60%
<i>Absolute Return</i>	164,498	5.14%	5.00%
<i>Cash</i>	98,057	3.06%	0.00%
	<b>3,201,458</b>	<b>100.00%</b>	<b>100.00%</b>

We are  
off  
Target



# Defined Contribution Funds Rebalance 6/14/2010

## ODD PERS Fund Only



To  
Balanc  
e Fund

<b>AY6G &amp; AY6W</b>		<b>%age</b>	<b>target</b>	<b>Transaction</b>
<i>Large Cap Pool</i>	781,206	24.40%	27.00%	83,188
<i>Small Cap Pool</i>	94,069	2.94%	3.00%	1,975
<i>International Equity Pool</i>	507,303	15.85%	17.50%	52,952
<i>Emerging Markets Equity</i>	147,353	4.60%	4.50%	(3,287)
<i>Private Equity</i>	235,182	7.35%	7.00%	(11,080)
<i>Domestic Fixed Income</i>	388,303	12.13%	13.00%	27,886
<i>Intermediate Treasury</i>	70,371	2.20%	1.00%	(38,356)
<i>High Yield Pool</i>	67,491	2.11%	2.00%	(3,462)
<i>Emerging Markets Debt Pool</i>	65,254	2.04%	2.00%	(1,225)
<i>International Fixed Income</i>	63,029	1.97%	2.00%	1,000
<i>AK TIPS Pool</i>	105,064	3.28%	3.20%	(2,617)
<i>Energy Pool A</i>	10,131	0.32%	0.30%	(527)
<i>Farmland Pool A</i>	52,589	1.64%	1.60%	(1,366)
<i>REIT Pool A</i>	10,383	0.32%	0.30%	(779)
<i>Timber Pool A</i>	32,381	1.01%	1.00%	(366)
<i>AK Real Estate Pool</i>	308,794	9.65%	9.60%	(1,454)
<i>Absolute Return</i>	164,498	5.14%	5.00%	(4,425)
<i>Cash</i>	98,057	3.06%	0.00%	(98,057)
	<b>3,201,458</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-</b>



# Defined Contribution Funds Rebalance 6/14/2010

## ODD PERS Fund Only

Right on Target!



<b>AY6G &amp; AY6W</b>		%age	target	Transaction	New MV	New %age
<i>Large Cap Pool</i>	781,206	24.40%	27.00%	83,188	864,394	27.00%
<i>Small Cap Pool</i>	94,069	2.94%	3.00%	1,975	96,044	3.00%
<i>International Equity Pool</i>	507,303	15.85%	17.50%	52,952	560,255	17.50%
<i>Emerging Markets Equity</i>	147,353	4.60%	4.50%	(3,287)	144,066	4.50%
<i>Private Equity</i>	235,182	7.35%	7.00%	(11,080)	224,102	7.00%
<i>Domestic Fixed Income</i>	388,303	12.13%	13.00%	27,886	416,189	13.00%
<i>Intermediate Treasury</i>	70,371	2.20%	1.00%	(38,356)	32,015	1.00%
<i>High Yield Pool</i>	67,491	2.11%	2.00%	(3,462)	64,029	2.00%
<i>Emerging Markets Debt Pool</i>	65,254	2.04%	2.00%	(1,225)	64,029	2.00%
<i>International Fixed Income</i>	63,029	1.97%	2.00%	1,000	64,029	2.00%
<i>AK TIPS Pool</i>	105,064	3.28%	3.20%	(2,617)	102,447	3.20%
<i>Energy Pool A</i>	10,131	0.32%	0.30%	(527)	9,604	0.30%
<i>Farmland Pool A</i>	52,589	1.64%	1.60%	(1,366)	51,223	1.60%
<i>REIT Pool A</i>	10,383	0.32%	0.30%	(779)	9,604	0.30%
<i>Timber Pool A</i>	32,381	1.01%	1.00%	(366)	32,015	1.00%
<i>AK Real Estate Pool</i>	308,794	9.65%	9.60%	(1,454)	307,340	9.60%
<i>Absolute Return</i>	164,498	5.14%	5.00%	(4,425)	160,073	5.00%
<i>Cash</i>	98,057	3.06%	0.00%	(98,057)	-	0.00%
	<b>3,201,458</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-</b>	<b>3,201,457</b>	<b>100.00%</b>

# Defined Contribution Funds Rebalance 6/14/2010

## ODD PERS Fund Only

Right on Target!



**AY6G & AY6W**

### ODD PERS Fund

	<u>Target</u>			
Broad Domestic Equity	30%	6%	960,438	30.00%
Global Equity Ex-U.S.	22%	4%	704,321	22.00%
Private Equity	7%	5%	224,102	7.00%
Fixed Income	20%	3%	640,291	20.00%
Real Assets	16%	8%	512,233	16.00%
Absolute Return	5%	4%	160,073	5.00%
Cash	0%	6%	-	0.00%
	<hr/> <u>100%</u>		<hr/> <u>3,201,458</u>	<hr/> <u>100.00%</u>

# Defined Contribution Funds Rebalance 6/14/2010

## The Whole Picture of the Transaction (Get Out Your Microscope!)

AYG & AYW				Transaction			Pension Plans (PERS, TRS, JRS)		
Old PERS Fund	%Age	Target		Old MV	New MV	New %Age			
Small Cap Pool	94.06%	2.94%	3.00%	1,975	96,044	3.00%	Small Cap Pool	(1,625,197.00)	
International Equity Pool	507,303	15.66%	4.50%	52,952	660,295	17.50%	International Equity	(59,108.00)	
Emerging Markets Equity	147,363	4.60%	4.50%	(3,287)	144,096	4.50%	Emerging Markets Equity Pool	25,308.00	
Private Equity	225,185	7.35%	7.00%	(17,989)	224,192	7.00%	Private Equity	149,423.00	
Domestic Fixed Income	388,303	12.13%	13.00%	27,866	416,169	13.00%	Domestic Fixed Income	(670,254.00)	
International Treasury	70,371	2.20%	1.00%	(38,356)	32,015	1.00%	International Treasury	682,492.00	
High Yield Pool	67,491	2.11%	2.00%	(3,462)	54,029	2.00%	High Yield	44,255.00	
Emerging Markets Debt Pool	65,254	2.04%	2.00%	1,000	64,029	2.00%	Emerging Markets Debt Pool	6,843.00	
International Fixed Income	63,029	1.97%	2.00%	1,000	64,029	2.00%	International Fixed Income	(31,302.00)	
AK TRS Pool	105,064	3.28%	3.20%	(2,817)	102,447	3.20%	AK TRS Pool	21,762.00	
Energy Pool A	115,133	3.62%	3.00%	(857)	9,864	0.30%	Energy Pool A	6,334.00	
Farmiland Pool A	52,589	1.64%	1.60%	(1,366)	51,223	1.60%	Farmiland Pool A	12,126.00	
REIT Pool A	10,383	0.32%	0.30%	(779)	9,604	0.30%	REIT Pool A	11,249.00	
Tender Pool A	32,381	1.01%	1.00%	(366)	32,015	1.00%	Tender Pool A	(737.00)	
AK Real Estate Pool	308,794	9.65%	9.60%	(1,454)	307,340	9.60%	AK Real Estate Pool	(41,300.00)	
Absolute Return	164,498	5.14%	5.00%	(4,425)	160,073	5.00%	Absolute Return	40,477.00	
Cash	98,057	3.06%	0.00%	(98,057)	0.00%	0.00%	Cash	2,402,672.00	
	<b>3,201,458</b>	<b>100.00%</b>	<b>100.00%</b>	-	<b>3,201,457</b>	<b>100.00%</b>			
AYH & AYK				Transaction			PERS Pension Plan		
Old TRS Fund	%Age	Target		Old MV	New MV	New %Age			
Large Cap Pool	337,541	24.43%	27.00%	35,580	373,121	27.00%	Large Cap Pool	(1,131,625)	
Small Cap Pool	40,673	2.94%	3.00%	785	41,458	3.00%	Small Cap Pool	(411,577)	
International Equity Pool	219,189	15.86%	17.50%	22,848	241,837	17.50%	International Equity	(721,273)	
Emerging Markets Equity	63,665	4.61%	4.50%	(4,478)	62,187	4.50%	Emerging Markets Equity Pool	17,632	
Private Equity	101,613	7.35%	7.00%	(4,878)	96,735	7.00%	Private Equity	97,777	
Domestic Fixed Income	167,778	12.14%	13.00%	11,873	179,651	13.00%	Domestic Fixed Income	(397,566)	
International Treasury	30,408	2.20%	1.00%	(16,589)	13,819	1.00%	International Treasury	454,330	
High Yield Pool	29,166	2.11%	2.00%	(1,527)	27,639	2.00%	High Yield	30,815	
Emerging Markets Debt Pool	29,166	2.04%	2.00%	(560)	27,639	2.00%	Emerging Markets Debt Pool	4,765	
International Fixed Income	27,234	1.97%	2.00%	405	27,639	2.00%	International Fixed Income	(21,796)	
AK TRS Pool	43,399	3.28%	3.20%	(1,177)	44,242	3.20%	AK TRS Pool	16,153	
Energy Pool A	4,377	0.32%	0.30%	(231)	4,146	0.30%	Energy Pool A	4,828	
Farmiland Pool A	23,722	1.64%	1.60%	(811)	22,911	1.60%	Farmiland Pool A	8,443	
REIT Pool A	4,488	0.32%	0.30%	(340)	4,146	0.30%	REIT Pool A	7,833	
Tender Pool A	13,999	1.01%	1.00%	(171)	13,819	1.00%	Tender Pool A	(855)	
AK Real Estate Pool	133,428	9.65%	9.60%	(763)	132,665	9.60%	AK Real Estate Pool	(28,757)	
Absolute Return	71,078	5.14%	5.00%	(1,382)	69,696	5.00%	Absolute Return	28,184	
Cash	40,988	2.97%	0.00%	(40,988)	0.00%	0.00%	Cash	1,672,881	
	<b>1,381,930</b>	<b>100.00%</b>	<b>100.00%</b>	-	<b>1,381,928</b>	<b>100.00%</b>			
AYL & AYM				Transaction			TRG Pension Plan		
Decumulated Old - PERS & Foreign	%Age	Target		Old MV	New MV	New %Age			
Large Cap Pool	258,285	23.99%	27.00%	32,364	290,651	27.00%	Large Cap Pool	(493,572)	
Small Cap Pool	31,348	2.88%	3.00%	1,248	32,295	3.00%	Small Cap Pool	(17,811)	
International Equity Pool	167,786	15.59%	17.50%	20,599	188,385	17.50%	International Equity	(314,510)	
Emerging Markets Equity	48,730	4.53%	4.50%	(288)	48,442	4.50%	Emerging Markets Equity Pool	7,686	
Private Equity	77,767	7.22%	7.00%	(2,411)	75,354	7.00%	Private Equity	42,646	
Domestic Fixed Income	128,418	11.93%	13.00%	11,525	139,943	13.00%	Domestic Fixed Income	(173,186)	
International Treasury	23,270	2.16%	2.00%	(12,503)	10,767	2.00%	International Treasury	198,162	
High Yield Pool	22,303	2.07%	2.00%	(773)	21,530	2.00%	High Yield	13,440	
Emerging Markets Debt Pool	21,258	2.00%	2.00%	(58)	21,530	2.00%	Emerging Markets Debt Pool	2,078	
International Fixed Income	20,846	1.94%	2.00%	684	21,530	2.00%	International Fixed Income	(9,506)	
AK TRS Pool	34,737	3.23%	3.20%	(289)	34,448	3.20%	AK TRS Pool	6,609	
Energy Pool A	3,352	0.31%	0.30%	(123)	3,229	0.30%	Energy Pool A	2,106	
Farmiland Pool A	17,391	1.62%	1.60%	(167)	17,224	1.60%	Farmiland Pool A	3,683	
REIT Pool A	3,434	0.32%	0.30%	(205)	3,229	0.30%	REIT Pool A	3,416	
Tender Pool A	10,708	0.99%	1.00%	57	10,765	1.00%	Tender Pool A	(242)	
AK Real Estate Pool	103,110	9.49%	9.60%	(1,233)	103,843	9.60%	AK Real Estate Pool	(12,543)	
Absolute Return	54,398	5.05%	5.00%	(574)	53,824	5.00%	Absolute Return	12,293	
Cash	50,328	4.68%	0.00%	(50,328)	0.00%	0.00%	Cash	729,681	
	<b>1,076,485</b>	<b>100.00%</b>	<b>100.00%</b>	-	<b>1,076,485</b>	<b>100.00%</b>			
AYZ & AYX				Transaction			PERS Pension Plan		
Major Medical PERS	%Age	Target		Old MV	New MV	New %Age			
Large Cap Pool	1,853,943	24.18%	27.00%	216,880	2,076,829	27.00%	Large Cap Pool	(1,131,625)	
Small Cap Pool	223,752	2.91%	3.00%	7,007	230,759	3.00%	Small Cap Pool	(411,577)	
International Equity Pool	1,208,058	15.71%	17.50%	130,305	1,338,363	17.50%	International Equity	(721,273)	
Emerging Markets Equity	350,873	4.56%	4.50%	(4,735)	346,138	4.50%	Emerging Markets Equity Pool	17,632	
Private Equity	559,981	7.28%	7.00%	(21,544)	538,437	7.00%	Private Equity	97,777	
Domestic Fixed Income	924,631	12.02%	13.00%	73,324	999,955	13.00%	Domestic Fixed Income	(397,566)	
International Treasury	167,566	2.18%	1.00%	(80,646)	76,920	1.00%	International Treasury	454,330	
High Yield Pool	160,639	2.09%	2.00%	(8,800)	151,839	2.00%	High Yield	30,815	
Emerging Markets Debt Pool	155,380	2.02%	2.00%	(1,541)	153,839	2.00%	Emerging Markets Debt Pool	4,765	
International Fixed Income	150,988	1.95%	2.00%	(3,751)	153,839	2.00%	International Fixed Income	(21,796)	
AK TRS Pool	250,142	3.25%	3.20%	(9,999)	246,143	3.20%	AK TRS Pool	16,153	
Energy Pool A	24,124	0.31%	0.30%	(1,048)	23,076	0.30%	Energy Pool A	4,828	
Farmiland Pool A	125,225	1.63%	1.60%	(2,154)	123,071	1.60%	Farmiland Pool A	8,443	
REIT Pool A	24,722	0.32%	0.30%	(1,646)	23,076	0.30%	REIT Pool A	7,833	
Tender Pool A	77,107	1.00%	1.00%	(877)	76,301	1.00%	Tender Pool A	(855)	
AK Real Estate Pool	735,250	9.56%	9.60%	(3,178)	738,428	9.60%	AK Real Estate Pool	(28,757)	
Absolute Return	381,698	5.05%	5.00%	(7,098)	384,598	5.00%	Absolute Return	28,184	
Cash	302,777	3.94%	0.00%	(302,777)	0.00%	0.00%	Cash	1,672,881	
	<b>7,691,958</b>	<b>100.00%</b>	<b>100.00%</b>	-	<b>7,691,958</b>	<b>100.00%</b>			
AYX & AYU				Transaction			PERS Pension Plan		
Major Medical TRS	%Age	Target		Old MV	New MV	New %Age			
Large Cap Pool	789,526	24.15%	27.00%	93,231	882,758	27.00%	Large Cap Pool	(1,131,625)	
Small Cap Pool	99,043	2.91%	3.00%	3,041	98,004	3.00%	Small Cap Pool	(411,577)	
International Equity Pool	512,807	15.68%	17.50%	59,351	572,158	17.50%	International Equity	(721,273)	
Emerging Markets Equity	149,723	4.56%	4.50%	(2,597)	147,126	4.50%	Emerging Markets Equity Pool	17,632	
Private Equity	237,709	7.27%	7.00%	(8,846)	228,863	7.00%	Private Equity	97,777	
Domestic Fixed Income	393,502	12.01%	13.00%	32,930	425,032	13.00%	Domestic Fixed Income	(397,566)	
International Treasury	71,134	2.18%	1.00%	(38,439)	32,695	1.00%	International Treasury	454,330	
High Yield Pool	68,498	2.09%	2.00%	(2,815)	65,683	2.00%	High Yield	30,815	
Emerging Markets Debt Pool	65,959	2.02%	2.00%	(560)	65,399	2.00%	Emerging Markets Debt Pool	4,765	
International Fixed Income	63,714	1.95%	2.00%	1,676	65,399	2.00%	International Fixed Income	(21,796)	
AK TRS Pool	106,184	3.25%	3.20%	(1,671)	104,513	3.20%	AK TRS Pool	16,153	
Energy Pool A	10,241	0.31%	0.30%	(433)	9,808	0.30%	Energy Pool A	4,828	
Farmiland Pool A	53,157	1.63%	1.60%	(845)	52,312	1.60%	Farmiland Pool A	8,443	
REIT Pool A	10,495	0.32%	0.30%	(687)	9,808	0.30%	REIT Pool A	7,833	
Tender Pool A	32,732	1.00%	1.00%	(377)	32,695	1.00%	Tender Pool A	(855)	
AK Real Estate Pool	312,125	9.55%	9.60%	(1,745)	313,870	9.60%	AK Real Estate Pool	(28,757)	
Absolute Return	166,277	5.05%	5.00%	(2,803)	163,474	5.00%	Absolute Return	28,184	
Cash	131,932	4.04%	0.00%	(131,932)	0.00%	0.00%	Cash	1,672,881	
	<b>3,269,475</b>	<b>100.00%</b>	<b>100.00%</b>	-	<b>3,269,476</b>	<b>100.00%</b>			
AYZ & AYW				Transaction			PERS Pension Plan		
IRA PERS	%Age	Target		Old MV	New MV	New %Age			
Large Cap Pool	7,055,231	23.99%	27.00%	883,933	7,939,163	27.00%	Large Cap Pool	(1,131,625)	
Small Cap Pool	846,699	2.88%	3.00%	35,200	882,129	3.00%	Small Cap Pool	(411,577)	
International Equity Pool	4,583,888	15.59%	17.50%	561,866	5,145,754	17.50%	International Equity	(721,273)	
Emerging Markets Equity	1,331,160	4.53%	4.50%	(7,966)	1,323,194	4.50%	Emerging Markets Equity Pool	17,632	
Private Equity	2,124,355	7.22%	7.00%	(69,054)	2,055,301	7.00%	Private Equity	97,777	
Domestic Fixed Income	3,609,445	11.94%	13.00%	313,115	3,922,560	13.00%	Domestic Fixed Income	(397,566)	
International Treasury	633,628	2.16%	2.00%	(341,783)	291,843	2.00%	International Treasury	454,330	
High Yield Pool	608,840	2.07%	2.00%	(20,754)	588,086	2.00%	High Yield	30,815	
Emerging Markets Debt Pool	598,495	2.02%	2.00%	(1,408)	596,088	2.00%	Emerging Markets Debt Pool	4,765	
International Fixed Income	569,481	1.94%	2.00%	18,605	588,086	2.00%	International Fixed Income	(21,796)	
AK TRS Pool	948,723	3.23%	3.20%	(7,789)	940,934	3.20%	AK TRS Pool	16,153	
Energy Pool A	91,529	0.31%	0.30%	(3,316)	88,213	0.30%	Energy Pool A	4,828	
Farmiland Pool A	476,097	1.62%	1.60%	(6,628)	470,469	1.60%	Farmiland Pool A	8,443	
REIT Pool A	93,794	0.32%	0.30%	(5,681)	88,113	0.30%	REIT Pool A	7,833	
Tender Pool A	292,532	0.99%	1.00%	1,511	294,043	1.00%	Tender Pool A	(855)	
AK Real Estate Pool	2,791,636	9.49%	9.60%	(31,178)	2,822,813	9.60%	AK Real Estate Pool	(28,757)	
Absolute Return	1,485,98								

# Defined Contribution Funds Rebalance 6/14/2010

## Copy of Our Letter to State Street 6/7/2010

### Alaska Retirement Management Board

P.O. Box 110405  
Juneau, Alaska 99811-0405  
(907) 465-3749

June 7, 2010

Ms. Jennifer Healy  
State Street Corporation  
Lafayette Corporate Center  
2 Avenue de Lafayette - 2<sup>nd</sup> Floor  
Boston, MA 02111-2900

Dear Ms. Healy:

Please make the following pool level transactions on Monday, June 14, 2010, to bring FERS, TRS pension plans and the DC Plans allocations closer to target.

AY60 & AY61	AY62 & AY63	AY64 & AY65	AY66 & AY67
Large Cap Fund	Large Cap Fund	Large Cap Fund	Large Cap Fund
Small Cap Fund	Small Cap Fund	Small Cap Fund	Small Cap Fund
International Equity Fund	International Equity Fund	International Equity Fund	International Equity Fund
Emerging Markets Equity	Emerging Markets Equity	Emerging Markets Equity	Emerging Markets Equity
Fixed Income	Fixed Income	Fixed Income	Fixed Income
Global Fixed Income	Global Fixed Income	Global Fixed Income	Global Fixed Income
Real Estate	Real Estate	Real Estate	Real Estate
Commodities	Commodities	Commodities	Commodities
Private Equity	Private Equity	Private Equity	Private Equity
Alternative Assets	Alternative Assets	Alternative Assets	Alternative Assets
Other	Other	Other	Other
<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>795</b>	<b>795</b>	<b>795</b>	<b>795</b>
<b>22,046</b>	<b>22,046</b>	<b>22,046</b>	<b>22,046</b>
<b>1,475</b>	<b>1,475</b>	<b>1,475</b>	<b>1,475</b>
<b>18,835</b>	<b>18,835</b>	<b>18,835</b>	<b>18,835</b>
<b>19,873</b>	<b>19,873</b>	<b>19,873</b>	<b>19,873</b>
<b>15,209</b>	<b>15,209</b>	<b>15,209</b>	<b>15,209</b>
<b>1,227</b>	<b>1,227</b>	<b>1,227</b>	<b>1,227</b>
<b>595</b>	<b>595</b>	<b>595</b>	<b>595</b>
<b>405</b>	<b>405</b>	<b>405</b>	<b>405</b>
<b>11,777</b>	<b>11,777</b>	<b>11,777</b>	<b>11,777</b>
<b>821</b>	<b>821</b>	<b>821</b>	<b>821</b>
<b>811</b>	<b>811</b>	<b>811</b>	<b>811</b>
<b>845</b>	<b>845</b>	<b>845</b>	<b>845</b>
<b>171</b>	<b>171</b>	<b>171</b>	<b>171</b>
<b>753</b>	<b>753</b>	<b>753</b>	<b>753</b>
<b>11,802</b>	<b>11,802</b>	<b>11,802</b>	<b>11,802</b>
<b>10,882</b>	<b>10,882</b>	<b>10,882</b>	<b>10,882</b>
<b>32,334</b>	<b>32,334</b>	<b>32,334</b>	<b>32,334</b>
<b>1,248</b>	<b>1,248</b>	<b>1,248</b>	<b>1,248</b>
<b>20,398</b>	<b>20,398</b>	<b>20,398</b>	<b>20,398</b>
<b>1,238</b>	<b>1,238</b>	<b>1,238</b>	<b>1,238</b>
<b>25,411</b>	<b>25,411</b>	<b>25,411</b>	<b>25,411</b>
<b>11,626</b>	<b>11,626</b>	<b>11,626</b>	<b>11,626</b>
<b>112,245</b>	<b>112,245</b>	<b>112,245</b>	<b>112,245</b>
<b>1773</b>	<b>1773</b>	<b>1773</b>	<b>1773</b>
<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>1,231</b>	<b>1,231</b>	<b>1,231</b>	<b>1,231</b>
<b>1,877</b>	<b>1,877</b>	<b>1,877</b>	<b>1,877</b>
<b>282</b>	<b>282</b>	<b>282</b>	<b>282</b>
<b>1,213</b>	<b>1,213</b>	<b>1,213</b>	<b>1,213</b>
<b>574</b>	<b>574</b>	<b>574</b>	<b>574</b>
<b>180,528</b>	<b>180,528</b>	<b>180,528</b>	<b>180,528</b>

If you have any questions please call me (907) 465-4399.

Sincerely,  
*Gary M. Bader*  
Gary M. Bader  
Chief Investment Officer

CC: Gail Schubert, Chair ARMB  
Jerry Burrell, Deputy Commissioner  
Bob Mitchell, State Investment Officer  
Steve Sikas, State Investment Officer  
Ryan Bigelow, State Investment Officer  
Elizabeth Walton, State Investment Officer  
Pam Leary, Comptroller  
Beth Larson, State Compliance Officer

# Defined Contribution Funds Rebalance 6/14/2010

## Example of Cash Flows to and from PERS Pension Plan

### **Approximate Monthly Pension Payments**

PERS      \$35 million

TRS        \$25 million

These pension payments happen somewhere around the third week of every month. Freeing up cash from the DC Plans helps us meet the pension payment obligation.

# Defined Contribution Funds Rebalance 6/14/2010

## PERS Pension Plan – The Other Side of this Transaction

<b>AY21 &amp; AY94</b>	<b>PERS Pension Plan</b>
<i>Large Cap Pool</i>	(1,131,625)
<i>Small Cap Pool</i>	(41,157)
<i>International Equity</i>	(721,773)
<i>Emerging Markets Equity Pool</i>	17,622
<i>Private Equity</i>	97,777
<i>Domestic Fixed Income</i>	(397,068)
<i>Intermediate Treasury</i>	454,330
<i>High Yield</i>	30,815
<i>Emerging Markets Debt Pool</i>	4,765
<i>International Fixed Income</i>	(21,796)
<i>AK TIPS Pool</i>	15,153
<i>Energy Pool A</i>	4,828
<i>Farmland Pool A</i>	8,443
<i>REIT Pool A</i>	7,833
<i>Timber Pool A</i>	(555)
<i>AK Real Estate Pool</i>	(28,757)
<i>Absolute Return</i>	28,184
<i>Cash</i>	1,672,981
	-

This plus the TRS Pension transaction will balance exactly with all the DC Plans!

# Defined Contribution Funds Rebalance 6/14/2010

## PERS, TRS and JRS Pension Plan Transaction

### PERS/TRS Rebalancing

Before Rebalancing

As of: 06/01/10

	Pers Total Assets	% of Pers Assets	TRS Total Assets	% of TRS Assets	JRS Total Assets	% of JRS Assets
Domestic Equity - Lg Cap	1,289,230,855	23.51%	652,457,493	23.58%	22,850,918	23.56%
Domestic Equity - Sm Cap	335,069,613	6.11%	169,504,600	6.13%	5,915,350	6.10%
International Equities	832,053,093	15.17%	421,242,121	15.23%	14,733,166	15.19%
Emerging Markets	340,340,790	6.21%	172,280,635	6.23%	6,017,332	6.21%
AY77 - Dom. Fixed Inc.	589,132,198	10.74%	292,886,937	10.59%	10,459,578	10.79%
Intermediate Treasury	200,987,143	3.66%	101,772,635	3.68%	3,533,204	3.64%
International Fixed Income	80,126,761	1.46%	40,564,832	1.47%	1,418,413	1.46%
High Yield	135,523,756	2.47%	68,619,312	2.48%	2,396,871	2.47%
Emerging Market Debt	42,819,210	0.78%	21,678,101	0.78%	757,807	0.78%
Real Estate	353,366,263	6.44%	178,885,504	6.47%	6,247,509	6.44%
Real Estate Pool B	94,341,066	1.72%	47,750,772	1.73%	1,668,020	1.72%
Farmland Pool A	190,862,344	3.48%	96,617,987	3.49%	3,375,469	3.48%
Energy Pool A	37,077,776	0.68%	18,768,950	0.68%	655,616	0.68%
Farmland Water Pool	11,277,956	0.21%	11,277,957	0.41%		0.00%
Timber Pool A	67,598,674	1.23%	34,221,329	1.24%	1,195,859	1.23%
REIT Pool	24,528,753	0.45%	12,415,425	0.45%	433,447	0.45%
TIPS	30,020,512	0.55%	15,204,217	0.55%	532,157	0.55%
Total Private Equity	505,951,635	9.23%	256,128,838	9.26%	8,947,331	9.23%
Absolute Return	277,594,445	5.06%	140,532,880	5.08%	4,910,908	5.06%
AY70 - Short Term Pool	46,307,608	0.84%	13,672,009	0.49%	923,128	0.95%
<b>Total Asset Allocation</b>	<b>5,484,210,451</b>	<b>100.00%</b>	<b>2,766,482,534</b>	<b>100.00%</b>	<b>96,972,083</b>	<b>100.00%</b>

Rebalancing Transaction

Pers Total Assets	TRS Total Assets	JRS Total Assets
1,423,100	-1,393,600	-29,500
309,500	-324,300	14,800
1,010,300	-1,007,400	-2,900
392,100	-399,600	7,500
-2,795,700	2,887,500	-91,900
239,800	-264,700	24,900
96,500	-96,600	100
167,900	-170,300	2,400
51,800	-52,000	200
414,500	-422,600	8,100
105,600	-107,600	2,000
222,800	-226,100	3,300
42,900	-43,600	800
80,200	-81,100	800
27,400	-28,200	800
40,600	-40,000	-600
594,700	-604,100	9,400
331,300	-334,600	3,400
-2,755,300	2,708,900	46,400
<b>0</b>	<b>0</b>	<b>0</b>

After Rebalancing

	Pers Total Assets	% of Pers Assets	TRS Total Assets	% of TRS Assets	JRS Total Assets	% of JRS Assets
Domestic Equity - Lg Cap	1,290,653,955	23.53%	651,063,893	23.53%	22,821,418	23.53%
Domestic Equity - Sm Cap	335,379,113	6.12%	169,180,300	6.12%	5,930,150	6.12%
<i>Broad Domestic Equity</i>	<u>29.65%</u>		<u>29.65%</u>		<u>29.65%</u>	
International Equities	833,063,393	15.19%	420,234,721	15.19%	14,730,266	15.19%
Emerging Markets	340,732,890	6.21%	171,881,035	6.21%	6,024,832	6.21%
<i>Global Equity</i>	<u>21.40%</u>		<u>21.40%</u>		<u>21.40%</u>	
AY77 - Dom. Fixed Inc.	586,336,498	10.69%	295,774,437	10.69%	10,367,678	10.69%
Intermediate Treasury	201,226,943	3.67%	101,507,935	3.67%	3,558,104	3.67%
International Fixed Income	80,223,261	1.46%	40,468,232	1.46%	1,418,513	1.46%
High Yield	135,691,656	2.47%	68,449,012	2.47%	2,399,271	2.47%
Emerging Market Debt	42,871,010	0.78%	21,626,101	0.78%	758,007	0.78%
<i>Fixed Income</i>	<u>19.08%</u>		<u>19.08%</u>		<u>19.08%</u>	
Real Estate	353,780,763	6.45%	178,462,904	6.45%	6,255,609	6.45%
Real Estate Pool B	94,446,666	1.72%	47,643,172	1.72%	1,670,020	1.72%
Farmland Pool A	191,085,144	3.48%	96,391,887	3.48%	3,378,769	3.48%
Energy Pool A	37,120,676	0.68%	18,725,350	0.68%	656,416	0.68%
Farmland Water Pool	11,277,956	0.21%	11,277,957	0.41%		
Timber Pool A	67,678,874	1.23%	34,140,229	1.23%	1,196,659	1.23%
REIT Pool	24,556,153	0.45%	12,387,225	0.45%	434,247	0.45%
TIPS	30,061,112	0.55%	15,164,217	0.55%	531,557	0.55%
<i>Real Assets</i>	<u>14.77%</u>		<u>14.97%</u>		<u>14.56%</u>	
Private Equity	506,546,335	9.24%	255,524,738	9.24%	8,956,731	9.24%
Absolute Return	277,925,745	5.07%	140,198,280	5.07%	4,914,308	5.07%
AY70 - Short Term Pool	43,552,308	0.79%	16,380,909	0.59%	969,528	1.00%
<b>Total Asset Allocation</b>	<b>5,484,210,451</b>	<b>100.00%</b>	<b>2,766,482,534</b>	<b>100.00%</b>	<b>96,972,083</b>	<b>100.00%</b>

Target

30% +/- 6%

22% +/- 4%

20% +/- 3%

16% +/- 8%

7% +/- 5%

5% +/- 4%

0% +/- 6%

Now we have to rebalance PERS, TRS and JRS with each other

# Defined Contribution Funds Rebalance 6/14/2010

## PERS

	<u>Target</u>	<u>+/-</u>	<u>Actual MV</u>	
Broad Domestic Equity	30%	6%	1,626,033,068	29.65%
Global Equity Ex-U.S.	22%	4%	1,173,796,283	21.40%
Private Equity	7%	5%	506,546,335	9.24%
Fixed Income	20%	3%	1,046,349,368	19.08%
Real Assets	16%	8%	810,007,344	14.77%
Absolute Return	5%	4%	277,925,745	5.07%
Cash	0%	6%	43,552,308	0.79%
	<u>100.0%</u>		<u>5,484,210,451</u>	<u>100.00%</u>

## TRS

	<u>Target</u>			
Broad Domestic Equity	30%	6%	820,244,193	29.65%
Global Equity Ex-U.S.	22%	4%	592,115,756	21.40%
Private Equity	7%	5%	255,524,738	9.24%
Fixed Income	20%	3%	527,825,717	19.08%
Real Assets	16%	8%	414,192,941	14.97%
Absolute Return	5%	4%	140,198,280	5.07%
Cash	0%	6%	16,380,909	0.59%
	<u>100%</u>		<u>2,766,482,534</u>	<u>100.00%</u>

## Judicial

	<u>Target</u>			
Broad Domestic Equity	30%	6%	28,751,568	29.65%
Global Equity Ex-U.S.	22%	4%	20,755,098	21.40%
Private Equity	7%	5%	8,956,731	9.24%
Fixed Income	20%	3%	18,501,573	19.08%
Real Assets	16%	8%	14,123,277	14.56%
Absolute Return	5%	4%	4,914,308	5.07%
Cash	0%	6%	969,528	1.00%
	<u>100%</u>		<u>96,972,083</u>	<u>100.00%</u>

## Military

	<u>Target</u>			
Broad Domestic Equity	27%	5%	7,744,093	26.09%
International Equity	15%	5%	4,113,455	13.86%
Domestic Fixed Income	58%	10%	17,827,952	60.06%
	<u>100%</u>		<u>29,685,500</u>	<u>100.00%</u>

The Pension Plans Now Balance!  
(Except for Real Assets and Cash)

as of: 6/4/2010



# Defined Contribution Funds Rebalance 6/14/2010

## Copy of Our Letter to State Street 6/7/2010

### Alaska Retirement Management Board

P.O. Box 110405  
Juneau, Alaska 99811-0405  
(907) 465-3749

June 7, 2010

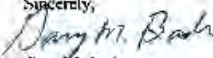
Ms. Jennifer Healy  
State Street Corporation  
Lafayette Corporate Center  
2 Avenue de Lafayette - 2<sup>nd</sup> Floor  
Boston, MA 02111-2900

Dear Ms. Healy:

Please make the following pool level transactions on Monday, June 14, 2010, to bring the **Public Employees Retirement System, Teachers Retirement System and Judicial Retirement System** pension plan allocations closer together.

	AY21/AY04	AY22/AY05	AY23/AY06
Domestic Equity - Lg Cap	1,423,100	-1,393,800	-29,500
Domestic Equity - Sm Cap	309,500	-324,300	14,800
International Equities	1,010,300	-1,007,400	-2,900
Emerging Markets	392,100	-399,800	7,500
AY77 - Dom. Fixed Inc.	-2,795,700	2,887,600	-91,900
Intermediate Treasury	259,800	-284,700	24,500
International Fixed Income	98,600	98,600	100
High Yield	187,900	-170,300	2,400
Emerging Market Debt	5,800	-52,000	200
Real Estate	414,500	-422,600	8,100
Real Estate Pool B	165,800	-107,800	2,000
Farmland Pool A	222,800	-226,100	3,300
Energy Pool A	42,900	-43,700	800
Timber Pool A	80,300	-81,100	800
REIT Pool	27,400	-28,200	800
TIPS	40,600	-40,000	-800
<b>Total Private Equity</b>	<b>594,700</b>	<b>-604,100</b>	<b>9,400</b>
<b>Absolute Return</b>	<b>331,200</b>	<b>-334,600</b>	<b>3,400</b>
AY70 - Short Term Pool	-2,755,300	2,708,800	46,400
<b>Total Asset Allocation</b>	<b>0</b>	<b>0</b>	<b>0</b>

If you have any questions please call me (907) 465-4399.

Sincerely,  
  
Gary M. Hadler  
Chief Investment Officer

cc: Gail Schubert, Chair ARMB  
Jerry Burnett, Deputy Commissioner  
Bob Mitchell, State Investment Officer  
Steve Sikes, State Investment Officer  
Elizabeth Walton, State Investment Officer  
Paul Leary, Comptroller  
Beth Larson, State Compliance Officer

LORD ABBETT

## International Small Cap Core Equity Management

*Alaska Retirement Management Board*



*Daria L. Foster*  
*Managing Partner*

*Todd D. Jacobson, CFA*  
*Portfolio Manager*

*Kristin v. Harper*  
*Director of Public Fund Services*

*June 25, 2010*

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***“We believe that an investment firm worthy of the name fosters a sound relationship between the House and the Client.”***

Andrew Lord, *The Wall Street Journal*, 1929.

## **Our commitment to our clients**

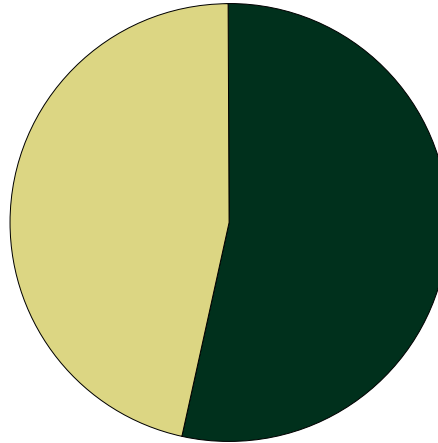
- Independence
- Talented and experienced investment professionals
- Product excellence
- Controlled growth

# Assets & Investment Capabilities



\$95.2 Billion Assets Under Management\* • As of 3/31/2010

**Total Fixed Income Assets**  
*\$47.1 billion*



**Total Equity Assets**  
*\$48.1 billion*  
*International Small Cap Core Equity Assets*  
*\$378 Million*

- Lord Abbett's international equity management began in 2003
- 11 international equity investment professionals at Lord Abbett
- \$2.6 billion in international equity assets under management
  - International small cap equity
  - International core equity
  - International value equity

\*Includes \$3.3 Billion for which Lord Abbett provides investment models to managed account sponsors.

# International Small Cap Core Equity Investment Team



## GLOBAL SECTOR RESEARCH



As of 3/31/2010.  
Please see biographies for information on the Investment Team.

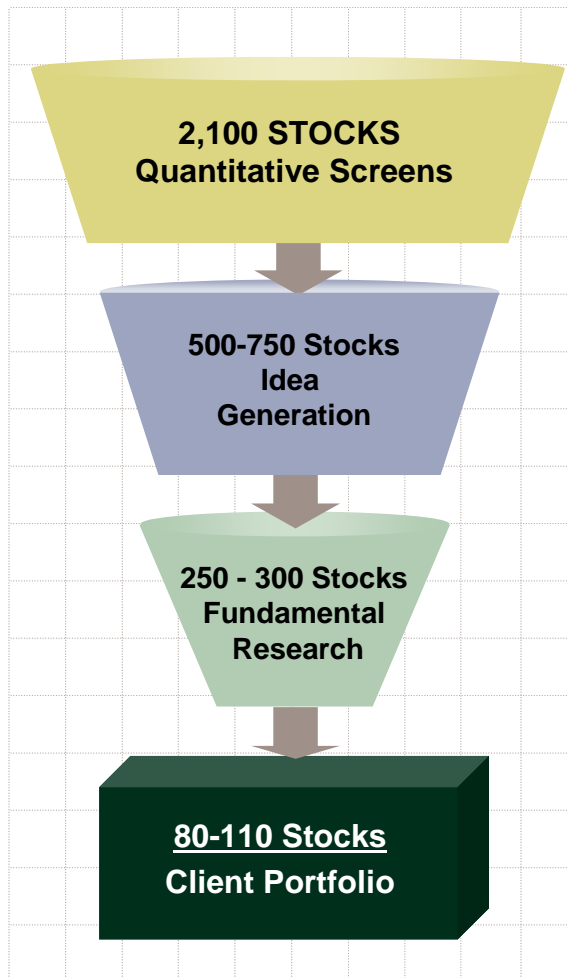
# International Small Cap Core Equity Investment Philosophy



## **We believe:**

- International small cap companies offer significant investment opportunities due to a lack of research coverage.
- A global perspective of companies and an understanding of their business models are crucial to exploiting market inefficiencies.
- On-site company research is essential for long-term investment success.

# International Small Cap Core Equity Investment Process



- **Primary investment universe**
  - All non-U.S. firms with market cap < \$5 billion and average daily trading volume > \$1 million
  - Quantitative screening
    - Price/earnings, price/cash flow, price/book, dividend yield
    - Earnings growth, sales growth
- **Idea generation**
  - Thematic identification
    - Company visits
    - Macro trends
    - Industry contacts
- **Fundamental research**
  - Evaluation of management and business plan
  - Catalyst identification
  - 12 - 18 month intrinsic value price targets
- **Portfolio construction**
  - Primary emphasis on stock selection
  - Position size determined by potential upside and conviction
  - Appropriate risk controls



# International Small Cap Core Equity Sell Discipline



## **Securities are continuously monitored and evaluated for sale when:**

- A stock achieves its price target.
- Fundamental changes occur within a company, industry or country.
- Company management is unable to execute its business plan.
- Research uncovers a more attractive alternative.

# Risk Tiers



## Explicit risk rating assigned to each security

<b>High</b>	Lack of seasoning of managers/industry/company
	Funding requirements
	Concentrated project or client risk
	Regulatory or country risk
	Early-stage or fluid competitive positioning

<b>Medium</b>	Cyclical businesses but an industry/product which has weathered different cycles
	A management team with an identifiable track record
	Secure funding over medium-term time horizon
	Average competitive positioning

<b>Low</b>	Regulated businesses in secure regulatory environments
	Low price elasticity
	Dominant market shares in niche markets with high barriers to entry
	Success through several cycles
	Dominant technology and/or high embedded R&D investment
	Strong management processes to manage growth / Strong balance sheet

# International Small Cap Core Equity Portfolio Parameters

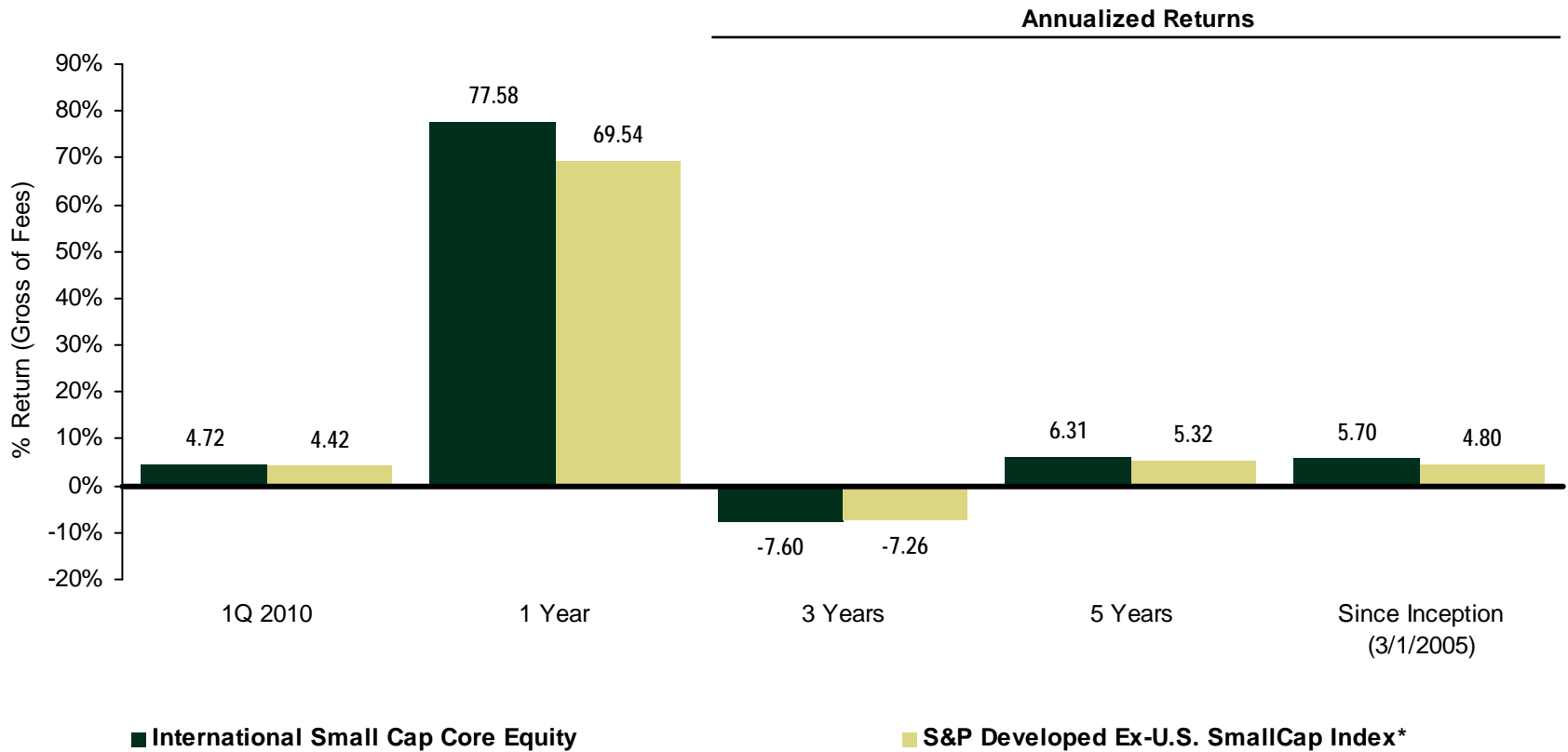


- **Individual stock positions are typically less than 5%**
- **Sector weightings are no more than 25% or 1.5x the benchmark**
- **Emerging markets exposure is generally no more than 25%**

# Rates of Return



## Lord Abbett International Small Cap Core Equity Composite - Periods Ended 3/31/2010



Please see end notes for important additional information regarding composite performance, including net-of-fees returns.

\*Source: Standard & Poors.

# Distinguishing Characteristics



- **Experienced, highly driven investment team**
- **Independent firm with consistency of people, process and culture**
- **Commitment to building long term partnerships with our clients**



# Appendix

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# Quarterly Rates of Return



## Lord Abbett International Small Cap Core Equity Composite

	International Small Cap Core Equity (Gross of Fees)	S&P Developed Ex-U.S. SmallCap Index*
1Q10	4.72%	4.42%
4Q09	0.49%	0.37%
3Q09	23.07%	22.37%
2Q09	37.12%	32.19%
1Q09	-10.80%	-10.65%
4Q08	-21.53%	-23.84%
3Q08	-24.68%	-23.67%
2Q08	-4.56%	-3.26%
1Q08	-12.16%	-6.95%
4Q07	-5.16%	-4.60%
3Q07	-1.48%	-0.40%
2Q07	7.56%	5.89%
1Q07	5.26%	6.68%
4Q06	13.92%	12.69%
3Q06	3.83%	3.45%
2Q06	-2.58%	-0.98%
1Q06	13.37%	12.12%
4Q05	7.66%	6.64%
3Q05	13.96%	11.01%
2Q05	2.05%	-0.58%

Please see end notes for important additional information regarding composite performance, including net-of-fees returns.

\*Source: Standard & Poors.

# Annual Rates of Return



## Lord Abbett International Small Cap Core Equity Composite

	<b>International Small Cap Core Equity (Gross of Fees)</b>	<b>S&amp;P Developed Ex-U.S. SmallCap Index*</b>
2009	<b>51.27%</b>	45.07%
2008	<b>-50.45%</b>	-47.67%
2007	<b>5.78%</b>	7.34%
2006	<b>30.65%</b>	29.42%

Please see end notes for important additional information regarding composite performance, including net-of-fees returns.

\*Source: Standard & Poors.



# Representative Portfolio Characteristics



As of 3/31/2010

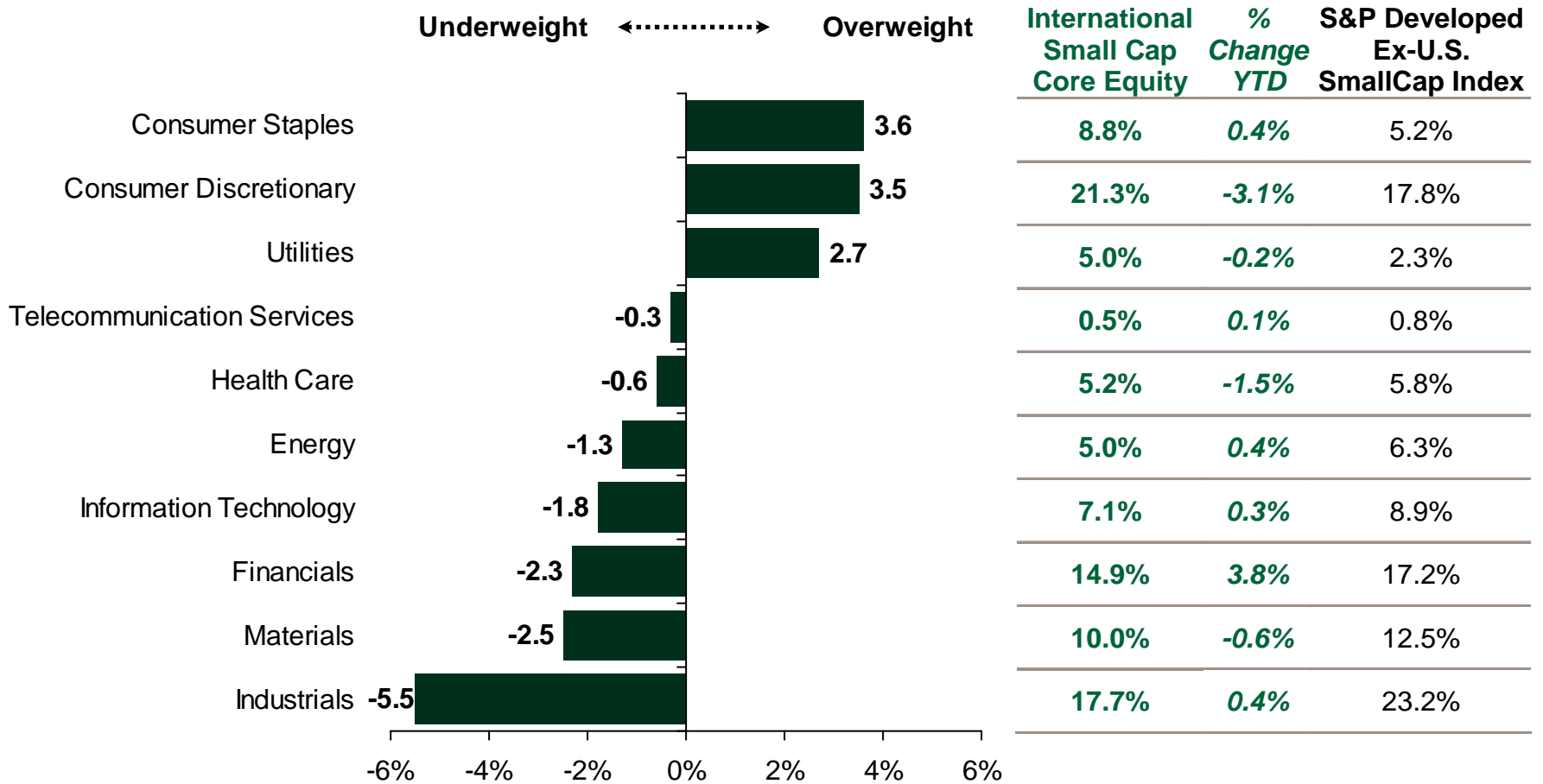
	International Small Cap Core Equity	S&P Developed Ex-U.S. SmallCap Index
Size:		
Number of Holdings	110	3,304
Weighted Average Market Capitalization (\$B)	\$3.0	\$2.5
Median Market Capitalization (\$B)	\$2.1	\$0.6
Growth:		
Sales Growth (Historical 5 Year)	10.4%	10.3%
Return on Equity (5 Year Average)	15.7%	12.6%
EPS Growth (Historical 5 Year)	14.7%	11.2%
Valuation:		
Price/Book Ratio	1.9x	1.4x
Price/Cash Flow Ratio	11.0x	10.5x
Price/Earnings Ratio (1 Year Forecast) <sup>†</sup>	13.8x	14.4x
Dividend Yield <sup>†</sup>	2.0%	2.3%

<sup>†</sup>Dividend Yield is calculated by averaging the weighted dividend yields of the underlying companies within the portfolio. The dividend yield of the underlying companies is calculated by dividing the company's indicated annual dividend by the company's share price as of the period end. <sup>‡</sup>Actual earnings may differ significantly from projections. Source: The Bank of New York Mellon Corp.

# Representative Sector Allocation



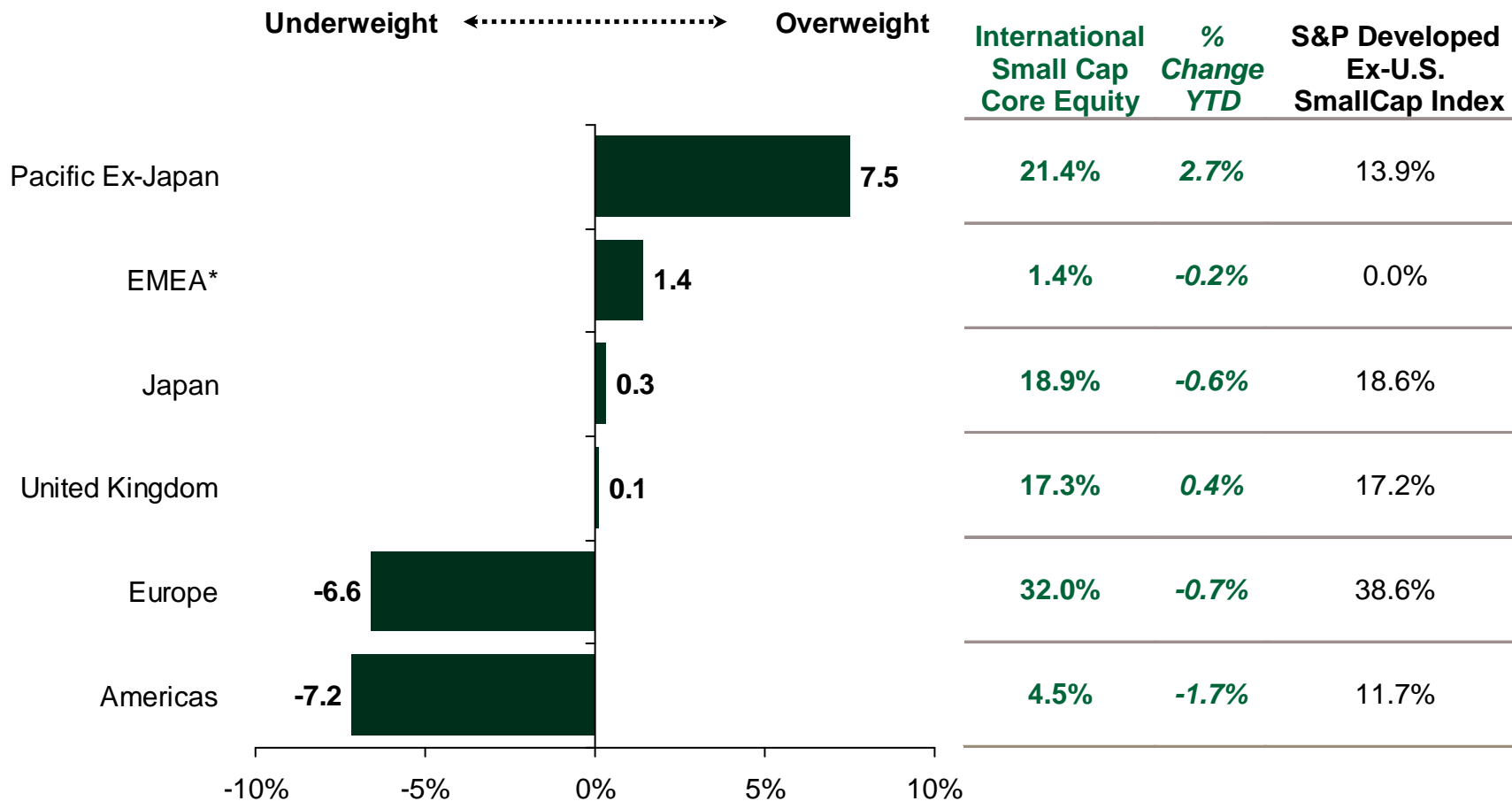
As of 3/31/2010



# Representative Regional Allocation



As of 3/31/2010



\*EMEA consists of the emerging market countries of Europe, the Middle East & Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Israel, Jordan, Egypt, Morocco, and South Africa).

# Ten Largest Representative Portfolio Holdings



As of 3/31/2010

Company Name	Country	Industry	% of Portfolio	% of Index
REXLot Holdings Ltd.	Hong Kong	Hotels, Restaurants & Leisure	1.9	0.0
Rheinmetall AG	Germany	Industrial Conglomerates	1.8	0.1
Schroders plc	United Kingdom	Capital Markets	1.6	0.0
easyJet plc	United Kingdom	Airlines	1.6	0.1
Tomkins plc	United Kingdom	Industrial Conglomerates	1.6	0.2
Metropolitan Bank & Trust	Philippines	Commercial Banks	1.5	0.0
Equinox Minerals Ltd.	Canada	Metals & Mining	1.5	0.0
Symrise GmbH & Co. AG	Germany	Chemicals	1.4	0.1
MacArthur Coal Ltd.	Australia	Metals & Mining	1.4	0.1
Mint Group Ltd.	Hong Kong	Auto Components	1.4	0.0
<b>Total</b>			<b>15.7%</b>	<b>0.6%</b>

Country is defined by country of incorporation. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The client should not assume that an investment in the securities identified were or will be profitable.

# Attribution Analysis



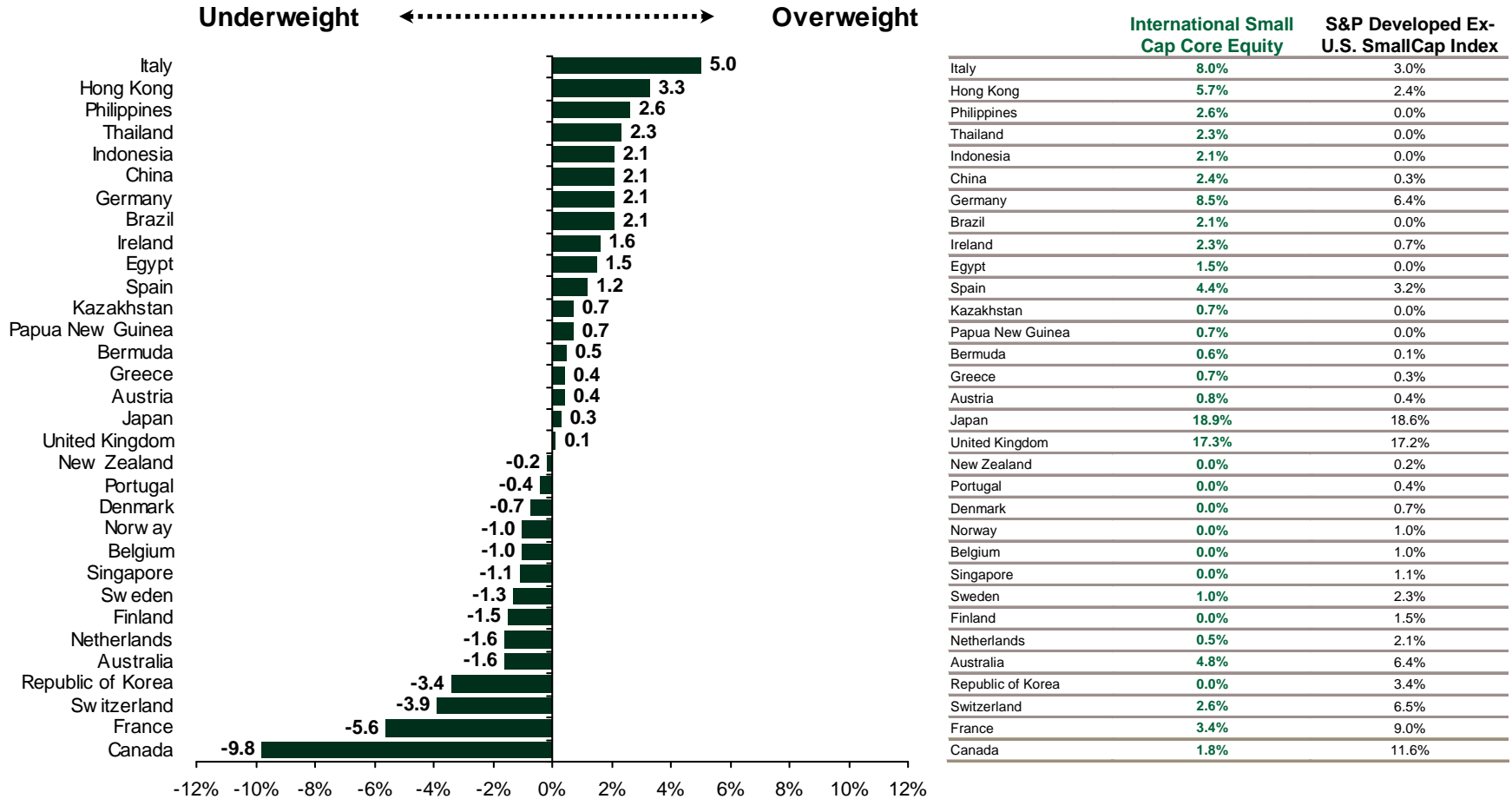
Lord Abbett International Small Cap Core Equity Representative Account - Since Inception (2/28/2005) Ended 3/31/2010

Sectors*	International Small Cap Core Equity		S&P Developed Ex-U.S. SmallCap Index		Variance				Total%	
	Avg. Weight%	Base Rtn%	Avg. Weight%	Base Rtn%	Currency Weight%	Group Weight%	Stock Selection%			
Consumer Discretionary	14.6	14.3	18.2	-3.7	0.1	1.6	4.4	6.1	Largest Contributor – Stock Selection	
Financials	18.2	25.6	19.7	7.9	1.6	0.9	3.3	5.8	Largest Contributor – Stock Selection	
Information Technology	8.1	60.7	7.7	6.2	0.9	0.0	4.1	5.0		
Utilities	4.7	59.7	2.8	78.7	0.1	1.5	-0.5	1.1		
Consumer Staples	6.3	17.2	5.7	29.2	-0.6	-0.5	1.3	0.2		
Telecommunication Services	2.3	14.5	0.9	56.1	0.3	-0.3	-0.2	-0.3		
Energy	6.0	61.0	5.0	68.2	-0.7	0.8	-0.5	-0.4		
Industrials	20.2	35.9	21.9	41.9	-1.4	0.6	-1.0	-1.8		
Materials	8.3	50.5	12.1	72.3	0.3	-1.5	-2.2	-3.4	Largest Detractor – Stock Selection	
Health Care	6.3	-24.8	5.9	31.5	-0.5	-0.4	-4.4	-5.4	Largest Detractor – Stock Selection	
Cash	5.1	17.1	0.0	0.0	0.4	0.8	1.0	2.2		
<b>Total</b>	<b>100.0</b>	<b>35.7</b>	<b>100.0</b>	<b>26.7</b>	<b>0.4</b>	<b>3.5</b>	<b>5.1</b>	<b>9.0</b>		

# Representative Country Allocation



As of 3/31/2010



Country is defined by country of incorporation.

# Representative Portfolio Holdings



As of 3/31/2010

Company Name	% of Total	Company Name	% of Total	Company Name	% of Total	Company Name	% of Total
<b>Australia</b>	<b>4.8</b>	<b>Germany Cont'd</b>	<b>8.5</b>	<b>Japan Cont'd</b>	<b>18.9</b>	<b>Switzerland</b>	<b>2.6</b>
Centennial Coal Co., Ltd.	1.1	Kloeckner & Co. SE	1.4	Hogy Medical Co., Ltd.	0.9	EFG International AG	1.2
Duet Group	1.0	MAN SE	0.6	IBIDEN Co., Ltd.	1.0	Lonza Group AG	0.6
Incitec Pivot Ltd.	0.9	Rheinmetall AG	1.8	Isetan Mitsukoshi Holding Ltd.	0.8	Orascom Development Holding AG	0.8
MacArthur Coal Ltd.	1.4	Symrise GmbH & Co. AG	1.4	JSR Corp.	1.3	<b>Thailand</b>	<b>2.4</b>
Myer Holdings Ltd.	0.4	Tognum AG	0.4	Japan Prime Realty Investment	0.6	Bangkok Bank plc	1.1
South Australian Coal Corp.	0.0	<b>Greece</b>	<b>0.7</b>	K's Holdings Corp.	0.5	Tisco Financial Group plc	1.3
<b>Austria</b>	<b>0.8</b>	Intralot S.A.	0.7	Keihin Corp.	0.8	<b>United Kingdom</b>	<b>17.3</b>
bwin Interactive Entertainment	0.8	<b>Hong Kong</b>	<b>5.7</b>	MEDIPAL HOLDINGS Corp.	0.9	Amlin plc	0.5
<b>Bermuda</b>	<b>0.6</b>	Daphne International Holdings	1.0	Makita Corp.	1.0	Babcock International Group	1.4
Catlin Group Ltd.	0.6	Hengdeli Holdings Ltd.	0.5	Nifco, Inc.	0.4	Bellway plc	1.1
<b>Brazil</b>	<b>2.1</b>	Minth Group Ltd.	1.4	Nippon Electric Glass Co.	1.4	Britvic plc	1.2
Agre Empreendimentos S.A.	0.8	REXLot Holdings Ltd.	1.9	Nitori Co., Ltd.	0.8	Ceres Power Holdings plc	0.2
Cia Transmissao Energia	1.0	VTech Holdings Ltd.	0.9	Okinawa Cellular Telephone Co.	0.5	Cobham plc	1.3
Restoque Comercio e Confeccoos	0.3	<b>Indonesia</b>	<b>2.1</b>	Pacific Golf Group Int'l Hldgs	0.6	Dana Petroleum plc	0.8
<b>Canada</b>	<b>1.8</b>	BNI Persero Tbk PT	1.1	ROHTO Pharmaceutical Co., Ltd.	0.4	Intertek Group plc	1.3
Equinox Minerals Ltd.	1.5	Bakrieland Development	0.4	Sumitomo Chemical Co., Ltd.	0.6	Michael Page International plc	0.5
Questerre Energy Corp.	0.3	PT Ciputra Development Tbk	0.6	Sumitomo Heavy Industries Ltd.	1.4	Micro Focus International plc	0.4
<b>China</b>	<b>2.4</b>	<b>Ireland</b>	<b>2.3</b>	United Urban Investment Corp.	0.5	PartyGaming plc	1.0
Great Wall Motor Co., Ltd.	0.6	C&C Group plc	0.6	ZEON Corp.	1.2	Premier Oil plc	1.0
Sohu.com, Inc.	0.9	Dragon Oil plc	1.1	<b>Kazakhstan</b>	<b>0.7</b>	Schroders plc	1.6
Zhongpin, Inc.	0.9	United Drug plc	0.6	KazMunaiGas	0.7	Southern Cross Healthcare Ltd.	0.3
<b>Egypt</b>	<b>1.5</b>	<b>Italy</b>	<b>8.0</b>	<b>Netherlands</b>	<b>0.5</b>	Sportingbet plc	0.7
EFG-Hermes Holding Co.	0.8	Ansaldo STS S.p.A.	1.0	Draka Holding NV	0.5	TUI Travel plc	1.0
Ghabbour Auto	0.7	Azimut Holding S.p.A.	1.4	<b>Papua New Guinea</b>	<b>0.7</b>	Tomkins plc	1.6
<b>France</b>	<b>3.4</b>	Davide Campari-Milano S.p.A.	1.2	Lihir Gold Ltd.	0.7	easyJet plc	1.6
CFAO S.A.	0.4	Finmeccanica S.p.A.	0.5	<b>Philippines</b>	<b>2.6</b>		
Gemalto NV	1.0	Hera S.p.A.	1.0	Megaworld Corp.	1.1		
Ipsos S.A.	1.0	Parmalat S.p.A.	1.0	Metropolitan Bank & Trust	1.5		
Publicis Groupe SA	0.5	Prysmian S.p.A.	0.6	<b>Spain</b>	<b>4.4</b>		
Remy Cointreau S.A.	0.5	Terna S.p.A.	1.3	Ebro Puleva S.A.	1.3		
<b>Germany</b>	<b>8.5</b>	<b>Japan</b>	<b>18.9</b>	Prosegur Cia de Seguridad S.A.	1.2		
Adidas AG	0.7	Axell Corp.	0.5	Red Electrica Corp.	0.7		
Fresenius SE	0.5	Benesse Holdings, Inc.	1.1	Viscofan S.A.	1.2		
Gerresheimer AG	1.1	FP Corp.	1.1	<b>Sweden</b>	<b>1.0</b>		
Hamburger Hafen und Logistik	0.6	Hitachi Kokusai Electric, Inc.	1.0	Axfood AB	1.0		

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# International Small Cap Core Equity Management Fees



<b>Assets Under Management</b>		<b>Annual Fee as a % of Assets</b>
First	\$25 million	0.95%
Next	\$25 million	0.80%
Next	\$50 million	0.75%
Over	\$100 million	0.70%

Separate Account Minimum \$10 million



# International Small Cap Core Equity Investment Team



## ***Robert I. Gerber, Ph.D., Partner, Chief Investment Officer***

Mr. Gerber is the Chief Investment Officer and is responsible for directing the portfolio management, research and trading activities for our equity and fixed income strategies. Mr. Gerber joined Lord Abbett in 1997 as Director of Taxable Fixed Income Management and was named Partner in 1998. His prior experience includes: Shareholder and Senior Portfolio Manager-Mortgage Group at Sanford C. Bernstein & Co., Inc.; and Vice President, Fixed-Income Research at the First Boston Corporation. Before his entry into the investment management business, Mr. Gerber had a career in academics, teaching economics at the State University of New York at Albany, Vassar College and Columbia University. Mr. Gerber received a BA from Union College and an MA and Ph.D. from Columbia University. He has been in the investment business since 1987.

## ***Todd D. Jacobson, CFA, Portfolio Manager***

Mr. Jacobson is the lead portfolio manager of the international small cap core equity strategy and also contributes as a research analyst to the international core and international value equity strategies. Mr. Jacobson joined Lord Abbett in 2003. His prior experience includes: Head of Japanese Equities and Associate Portfolio Manager at Warburg Pincus Asset Management/CSAM; Japan Equity Analyst and Portfolio Manager, Fixed Income at Brown Brothers Harriman & Co; Equity Analyst at Value Line, Inc.; and Financial Analyst at Metropolitan Life Insurance Company. Mr. Jacobson received a BA from the State University of New York at Binghamton and an MBA the University of Pennsylvania. He is a holder of a Chartered Financial Analyst designation and has been in the investment business since 1988.

## ***A. Edward Allinson, CFA, Portfolio Manager***

Mr. Allinson is a portfolio manager of the international small cap core equity strategy and also contributes as a research analyst to the international core and international value equity strategies. Mr. Allinson joined Lord Abbett in 2005. His prior experience includes: Chief Investment Officer at RCM Global Advisors; Partner and Senior Portfolio Manager at Mellon Growth Advisors; Principal and Senior Portfolio Manager at State Street Global Advisors; and Senior Portfolio Manager at Brown Brothers Harriman and Company. Mr. Allinson received a BA and an MBA from the University of Pennsylvania. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1985.

## ***Fiona M. Gibbons, Client Portfolio Manager***

Ms. Gibbons is the client portfolio manager supporting clients, prospects and business relationships for our international equity strategies. Ms. Gibbons joined Lord Abbett in 2006. Her prior experience includes: Vice President, Client Services at Bank of Ireland Asset Management; Client Relationship Manager at Bank of Ireland Securities Services; and Assistant Accountant at Anglo Irish Bank Corporation, PLC. Ms. Gibbons received a Bachelor of Business Studies from Dublin City University and is a Fellow of the Association of Chartered Certified Accountants (FCCA, equivalent of a CPA). She has been in the investment business since 1988.

## ***Lovey Morse, CFA, Research Analyst***

Ms. Morse is a research analyst for the international small cap core, international core and international value equity strategies. Ms. Morse joined Lord Abbett in 2007. Her prior experience includes: Assistant Vice President, Senior Investment Analyst at Federated Investors; Equity Research Analyst at Segall Bryant and Hamill; and Futures and Options Associate at Nomura Securities International, Inc. Ms. Morse received a BBA in International Business from George Washington University and an MBA from Babson College. She is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1993.

# International Core Equity Investment Team



## ***Harold E. Sharon, Partner & Director***

Mr. Sharon is a lead portfolio manager of the international core and value equity strategies and also contributes as a research analyst to the international small cap core equity strategy. Mr. Sharon joined Lord Abbett in 2003 and was named Partner in 2006. His prior experience includes: Board of Directors, Financial Consultant at Passeport Media International; Managing Director/Partner/Head of International Equity Group at Warburg Pincus Asset Management/CSAM; Executive Director at Oppenheimer; Vice President, Investment Officer at Credit Suisse Asset Management; and Associate at Batterymarch Financial Management. Mr. Sharon received a BA from the University of Rochester and an MBA from Massachusetts Institute of Technology. He has been in the investment business since 1983.

## ***Vincent J. McBride, Partner & Director***

Mr. McBride is a lead portfolio manager of the international core and value equity strategies and also contributes as a research analyst to the international small cap core equity strategy. Mr. McBride joined Lord Abbett in 2003 and was named Partner in 2006. His prior experience includes: Managing Director and Head of International Equity Management at Warburg Pincus Asset Management/CSAM; International Equity Analyst at Smith Barney; International Equity Analyst at GE Asset Management; Portfolio Manager/Analyst at United Jersey Bank; and Portfolio Manager at First Fidelity Bank. Mr. McBride received a BS from the University of Delaware and an MBA from Rutgers University. He has been in the investment business since 1987.

## ***Yarek Aranowicz, CFA, Portfolio Manager***

Mr. Aranowicz is a portfolio manager of the SMA international core equity strategy and also contributes as a research analyst to the international value and international small cap core equity strategies. Mr. Aranowicz joined Lord Abbett in 2003. His prior experience includes: Vice President, Head of Global Emerging Markets Funds at Credit Suisse Asset Management; Director of Research at Trans-National Research Corporation; and Financial Analyst at John Hancock Financial Services. Mr. Aranowicz received a BA from Central School of Commerce (Warsaw) and an MBA from New York University. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1992.

## ***Todor Petrov, Portfolio Manager***

Mr. Petrov is a portfolio manager of the capital structure strategy and also contributes as a research analyst to the international core, international value, and international small cap core equity strategies. Mr. Petrov joined Lord Abbett in 2003. His prior experience includes: Associate Portfolio Manager at Credit Suisse Asset Management. Mr. Petrov received a BA from the American University in Bulgaria and an MBA from the University of Maryland. He has been in the investment business since 1999.

# International Core Equity Investment Team



## ***Naimish Shah, Portfolio Manager***

Mr. Shah is a portfolio manager for the international core, international value, and international small cap core equity strategies. Mr. Shah joined Lord Abbett in 2005. His prior experience includes: Vice President, Equity Research at Federated Investors; Director, Equity Research at Credit Suisse Asset Management; Associate in Technology Equity Sales at Goldman, Sachs & Co.; and various positions in Sales and Marketing at Intel Corporation. Mr. Shah received a BSE from the University of Michigan and an MBA from Columbia University. He has been in the investment business since 1998.

## ***Ryan C. Howard, CFA, Research Analyst***

Mr. Howard is a research analyst for the international core, international value, and international small cap core equity strategies. Mr. Howard joined Lord Abbett in 2003 as a research associate. Mr. Howard received a BA from the University of Vermont. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 2003.

## ***Tyndale A. Brickey, CFA, Associate Research Analyst***

Ms. Brickey is a research analyst for the international core, international value, and international small cap core equity strategies. Ms. Brickey joined Lord Abbett in 2004, was promoted to Research Associate in 2005, and further promoted to Associate Research Analyst in 2007. Ms. Brickey received a BBA from the University of Mississippi. She is the holder of a Chartered Financial Analyst designation, and has been in the investment business since 2005.

## Additional Resources



### ***Leah G. Traub, Ph.D., Director of Currency Management***

Ms. Traub is the lead portfolio manager of the currencies strategy and director of currency management. Ms. Traub joined Lord Abbett in 2007 and her prior experience includes: Research Economist at Princeton Economics Group; Research at the National Bureau of Economic Research; Research Assistant at Rutgers University; and Capital Markets Assistant at The Federal Reserve Bank of New York. Ms. Traub received a BA from the University of Chicago, an MA and a Ph.D. from Rutgers University, and has been in the investment business since 2001.

### ***David B. Ritt, CFA, Associate Portfolio Manager***

Mr. Ritt is an associate portfolio manager of the currencies strategy. Mr. Ritt joined Lord Abbett in 2007 and his prior experience includes: Assistant Vice President-Research Analyst at ASB Capital Management. Mr. Ritt received a BA from the University of Virginia and an MBA from New York University. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1998.

### ***Walter H. Prah, Ph.D., Partner & Director***

Mr. Prah is the Director of Quantitative Research and is responsible for overseeing the development of quantitative portfolio risk models and security valuation tools for use across all investment strategies. Mr. Prah joined Lord Abbett in 1997 and was named Partner in 2002. His prior experience includes: Fixed Income Research Analyst at Sanford C. Bernstein & Co. and Marketing Analyst at CUNA Mutual Insurance. Mr. Prah received a BS and a Ph.D. from the University of Wisconsin. He has been in the investment business since 1985.

# About Wilshire Attribution



## Wilshire Attribution:

Performance attribution provides valuable insights into style adherence and the related issue of whether portfolio deviations from the benchmark are being rewarded. The Wilshire Atlas model allows us to evaluate the results of sector weighting differences as well as individual security differences within sectors in all of our equity portfolios.

A	B	C	D	E	F	G
Fund Avg. Weight	Fund Base Return	Benchmark Avg. Weight	Benchmark Base Return	Stock Selection	Group Weight	Total

The first four columns (A,B,C,D) compare the portfolio and benchmark weights and performance in each sector of the classification group. Classification groups vary between products, as indicated on the attribution section of each product.

The remaining three columns (E,F,G) exemplify how portfolio management decisions affect performance:

**Stock Selection** measures the impact on relative performance from selecting individual stocks within each sector. For each sector, the stock selection variance is calculated by multiplying the portfolio sector weight by the difference between the portfolio's return for that sector and the benchmark sector return.

**Group Weight** explains how over- or underweighting the individual sectors contributed to performance. For each group or sector, the group weighting variance equals the difference between the portfolio's weight in the sector and the benchmark's weight in the sector multiplied by the difference between the benchmark's return in the sector and the benchmark's total return.

**Total** describes how decisions regarding stock selection and sector allocation contributed or detracted from performance. It is the sum of Stock Selection and Group Weight.

Source: Wilshire

# International Small Cap Core Equity End Notes to Performance



The GIPS-compliant performance results shown represent the investment performance record for Lord, Abbett & Co. LLC's International Small Cap Core Equity Institutional Composite, which is comprised of all fully invested, discretionary equity portfolios managed on behalf of tax-exempt investors investing primarily in equity securities of companies with market capitalizations below \$5 billion and located in at least three countries (not including the United States) that Lord Abbett deems to have long-term growth potential at reasonable valuations. Other than registered investment companies sponsored by Lord Abbett, accounts opened/funded on or before the 15th day of the month are included in the Composite effective on the first day of the second following month. Accounts opened/funded after the 15th of the month will be included in the Composite effective on the first day of the third month following. Registered investment companies sponsored by Lord Abbett are included in the Composite in the first full month of management. Closed accounts will be removed from the Composite after the last full month in which they were managed in accordance with the applicable objectives, guidelines, and restrictions. Performance results are expressed in U.S. dollars and reflect reinvestment of any dividends and distributions. The Composite was created in 2008. **The performance of Lord, Abbett & Co. LLC's International Small Cap Core Equity Composite is presented net of non-reclaimable withholding taxes on dividends.** A complete list of Lord Abbett composites and a description of their investment strategies is available on request.

Lord Abbett has prepared and presented this report in compliance with the Global Investment Performance Standards ("GIPS®"). The CFA Institute has not been involved in the preparation or review of this performance information. For GIPS® purposes, Lord Abbett defines the firm as all assets managed by the firm, including mutual funds (all classes of shares), separate/institutional accounts, individual accounts, and separately managed accounts managed by Lord, Abbett & Co. This definition of the firm does not include any hedge fund or separately managed program accounts where Lord Abbett does not have the records so long as it is impossible for Lord Abbett to have the records (within the meaning of relevant GIPS interpretations). No alteration of the Composite as presented has occurred because of changes in personnel or other reasons at any time. Leverage has not been used in the portfolios included within the Composite. There has been no linkage with simulated or model portfolios.

The number of portfolios, total assets in the Composite, and the percentage of total "firm" assets represented by the Composite at the end of each calendar year for which performance information is provided are as follows:

<u>Calendar Year Ended</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>3/1/2005 to 12/31/2005</u>
Number of Portfolios	2	2	2	2	2
Total Assets (\$M)	\$353	\$233	\$427	\$442	\$244
Percentage of Firm Assets	0.4%	0.3%	0.4%	0.4%	0.2%
Total Firm Assets (\$M)	\$88,895	\$70,347	\$110,201	\$112,193	\$101,946
Dispersion	N/A	N/A	N/A	N/A	N/A
LA Int'l. Small Cap Core Equity Composite- Gross	51.27%	-50.45%	5.78%	30.65%	22.227%
LA Int'l. Small Cap Core Equity Composite - Net	49.89%	-50.95%	4.78%	29.44%	21.28%
S&P Developed Ex-U.S. SmallCap Index	45.07%	-47.67%	7.34%	29.42%	15.22%

# International Small Cap Core Equity End Notes to Performance



Asset-weighted standard deviation (i.e., dispersion) is not shown for the Composite because that measure may not be meaningful for composites consisting of five or fewer portfolios or for periods of less than a full year.

The performance of the Composite is shown net and gross of advisory fees, and reflects the deduction of transaction costs. The deduction of advisory fees and expenses (and the compounding effect thereof over time) will reduce the performance results and, correspondingly, the return to an investor. The table on the previous page also includes net performance for the Composite to illustrate the effect of the deduction of the highest advisory fee borne by any account in the Composite (an annual rate of 0.95% of assets) and other expenses (including trade execution expenses). The effect of fees and expenses on performance will vary with the relative size of the fee and account performance. **For example, if \$10 million were invested and experienced a 10% compounded annual return for 10 years, its ending dollar value, without giving effect to the deduction of the advisory fee, would be \$25,937,425. If an advisory fee of 0.95% of average net assets per year for the 10-year period were deducted, the annual total return would be 8.97% and the ending dollar value would be \$23,784,456. The management fee schedule is as follows: 0.95% on the first \$25 million, 0.80% on the next \$25 million, 0.75% on the next \$50 million, and 0.70% on all assets over \$100 million.**

For the periods from 1993 to 2008, Lord, Abbett & Co. LLC has been verified by Deloitte & Touche. A copy of the verification report is available upon request. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

The S&P Developed Ex-U.S. Small Cap Index is the small capitalization stock component of the S&P Developed Broad Market Index (BMI). The BMI is a float-weighted index that spans 22 countries and includes the listed shares of all companies with an available market capitalization (float) of at least \$100 million at the annual reconstitution, using July-end data. At reconstitution, companies are deleted from the index if their float falls below \$75 million. Reconstitution changes are effective before the open of the first business day of October. The Small Cap Ex-U.S. is defined as those stocks falling in the bottom 15% of the cumulative available capital in each country.

**Past performance is not indicative of future results.** Differences in account size, timing of transactions, and market conditions prevailing at the time of investment may lead to different results among accounts. Differences in the methodology used to calculate performance also might lead to different performance results than those shown. The Composite performance is compared to that of an unmanaged index, which does not incur management fees, transaction costs, or other expenses associated with a managed account.

June 25, 2010



**Representing Mondrian:**

**ORMALA KRISHNAN, PHD**  
**(INVESTMENT AND FINANCE)**  
SENIOR PORTFOLIO MANAGER  
MONDRIAN INVESTMENT PARTNERS LIMITED

**E. TODD RITTENHOUSE**  
SENIOR VICE PRESIDENT, CLIENT SERVICES  
MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

PRESENTATION TO:  
**ALASKA RETIREMENT  
MANAGEMENT BOARD**

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INTERNATIONAL SMALL CAP  
EQUITY PORTFOLIO

AGENDA

- 
- 1 ORGANIZATION

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  - 2 INVESTMENT PHILOSOPHY

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  - 3 IMPLEMENTATION

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  - 4 PORTFOLIO

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  - 5 WHY MONDRIAN?

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ANY OTHER BUSINESS

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10 Gresham Street  
London EC2V 7JD  
Telephone 020 7477 7000

**Mondrian Investment Partners (U.S.), Inc.**  
Two Commerce Square  
2001 Market Street, Suite 3810  
Philadelphia, PA 19103  
Telephone (215) 825-4500

Mondrian Investment Partners Limited is authorised  
and regulated by the Financial Services Authority  
[www.mondrian.com](http://www.mondrian.com)



# BIOGRAPHIES

MONDRIAN INVESTMENT PARTNERS

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## **Ormala Krishnan, PhD (Investment and Finance)**

SENIOR PORTFOLIO MANAGER

MONDRIAN INVESTMENT PARTNERS LIMITED

LONDON

Dr. Krishnan heads Mondrian's International Small Capitalisation team. Dr. Krishnan started her investment career in 1993 with Singapore based Koeneman Capital Management. Prior to joining Mondrian in 2000 as a portfolio manager, Dr. Krishnan was an investment consultant with William M Mercer. Upon completion of her BSc in Pure and Applied Mathematics from the National University of Singapore, Dr. Krishnan achieved her MSc in Actuarial Science from City University, London. In 2006, Dr. Krishnan completed her Doctoral program in Investment and Finance from Sir John Cass Business School, City of London. Her doctoral thesis was on 'Value versus Growth in the Asian Equity Markets'.

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## **E. Todd Rittenhouse**

SENIOR VICE PRESIDENT, CLIENT SERVICES

MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

PHILADELPHIA

Mr. Rittenhouse is a graduate of LaSalle University where he earned a Bachelor of Science degree in Business Administration. He worked at Mondrian's former affiliate from 1992 to 1999, where he was a Vice President in the Client Services Group. Prior to joining Mondrian, he was a Partner in the Client Services Group at Chartwell Investment Partners, where he worked for eight years. In his present position, Mr. Rittenhouse is responsible for client service, consultant relations, and marketing.

# Organization



# OUR ORGANIZATION

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

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## A SUCCESSFUL, WELL-MANAGED COMPANY

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- Founded in 1990
- 19 years of stable, consistent leadership
- Over US\$64 billion under management

## AN INDEPENDENT, EMPLOYEE-OWNED COMPANY

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- Equity ownership plan designed to attract, retain and motivate highly skilled people
- Broad employee ownership of 73% of the company's equity
- Approximately 80 employees are owners today, up from 60 in 2004

## A PROVEN INVESTMENT PHILOSOPHY AND PROCESS

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- All products utilize an income-oriented value discipline
- Successfully applied since the company's founding in 1990
- In-depth global fundamental research

## A WELL-RESOURCED TEAM

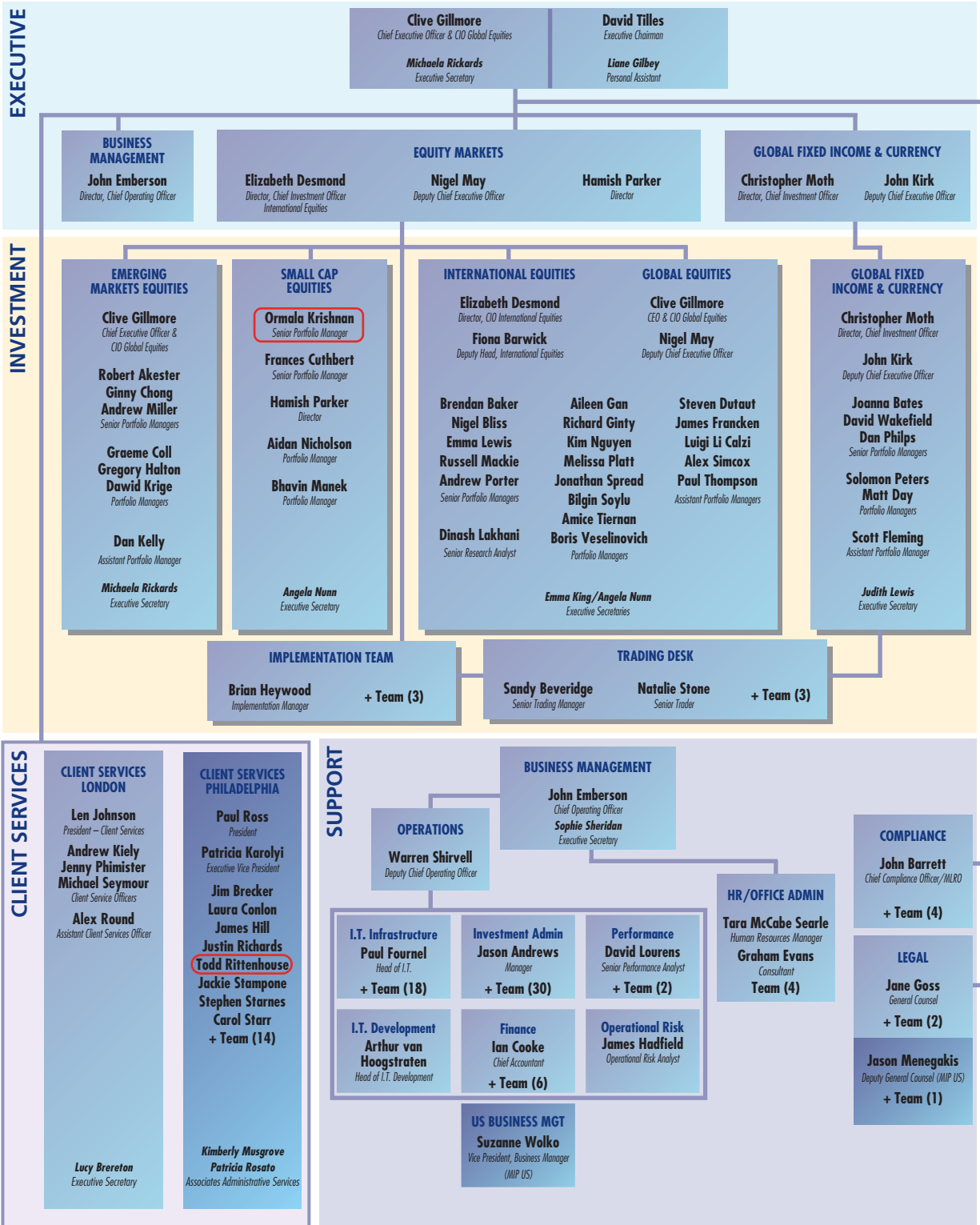
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- Highly experienced team of 51 investment professionals in London
- Low turnover of professional staff
- Strong culture of client service and support

# ORGANIZATION

MAY 2010

## MONDRIAN INVESTMENT PARTNERS



This chart is designed to indicate the staffing resources and management structure at Mondrian Investment Partners Limited, and Mondrian Investment Partners (U.S.), Inc. The chart does not attempt to show all functions nor reporting and delegation lines, details of which are maintained in separate records. Please note some people may appear on this chart more than once, reflecting various responsibilities.

# REPRESENTATIVE CLIENT LIST

## MONDRIAN INVESTMENT PARTNERS

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### GOVERNMENTS AND LABOR RELATED FUNDS

1199 Healthcare Employees Pension Fund  
Alameda County Employees' Retirement Association  
Alaska Permanent Fund  
Alaska Retirement Management Board  
California State Teachers' Retirement System  
California Public Employees Retirement System  
Cincinnati Retirement System  
City of Philadelphia Municipal Retirement System  
Colorado Public Employees' Retirement Association  
Dallas Police & Fire Pension System  
Directors Guild of America  
The Equity League Pension Trust Fund  
Florida State Board of Administration  
Indiana Public Employees' Retirement Fund  
Inter-Local Pension Fund  
Louisiana State Employees' Retirement System  
Municipal Fire & Police Retirement System of Iowa  
Municipal Employees Retirement System of Michigan  
Municipal Gratuity Fund (South Africa)  
New York City Employees' Retirement System  
New York City Teachers' Retirement System  
New York State Common Retirement Fund  
Oklahoma Public Employees' Retirement Fund  
Orange County Retirement System  
Public Employee Retirement System of Idaho  
Public School Retirement System of Kansas City  
San Bernardino County Employees' Retirement Association  
San Diego County Employees' Retirement Association  
San Mateo County Employees' Retirement Association  
School Employees' Retirement System of Ohio  
South Carolina Investment Commission  
St. Louis Public School Retirement System  
State University Retirement System of Illinois  
Teachers' Retirement System of Illinois  
Texas Guaranteed Tuition Plan (529 Plan)  
UFCW Unions & Employers Pension Fund-Atlanta  
Vermont Pension Investment Committee  
Western Pennsylvania Teamsters & Employers Fund  
Wichita Retirement Systems

### SUPERANNUATION FUNDS

AMP Capital (Australia)  
Auscoal Superannuation Pty Ltd (Australia)  
Funds SA (Australia)  
HESTA Super Fund (Australia)  
MLC Investment Limited (Australia)  
UniSuper (Australia)

### CORPORATIONS

Air Canada  
Armstrong World Industries  
Bank of America  
BIMCOR  
Burlington Northern Santa Fe  
Candles Provident Trust (UK)  
Chevron Texaco (Europe)  
ConAgra Foods  
Chrysler LLC  
Deere & Company  
Eastman Kodak  
Pfizer  
Sandia National Laboratories  
Southern California Edison  
Southern Company  
Verizon

### ENDOWMENTS AND FOUNDATIONS

Cornell University  
Father Flanagan's  
Richard King Mellon Foundation  
Siena College  
Stanford University  
The Baptist Foundation of Texas  
The Health Foundation (UK)

### SUB-ADVISORY

Brown Brothers Harriman  
Charles Schwab Investment Management, Inc.  
Delaware Investments  
DIAM Co. Ltd. (Japan)  
Genworth Financial Wealth Management  
GuideStone Funds  
Lincoln Financial Group  
Royal Bank of Canada  
Russell Investment Group  
SEB (Denmark)  
Sun Life Financial of Canada (UK)  
The Investment Fund for Foundations  
UBS PACE

### INSURANCE COMPANIES

ALAS Investment Services  
Nuclear Electric Insurance  
Radian Asset Assurance

It is not known whether the listed clients approve or disapprove of the adviser or the advisory services provided. Please note, the above list includes separately managed accounts and participants in Mondrian commingled vehicles and is NOT a complete list of all Mondrian's clients.

# BUSINESS PROFILE

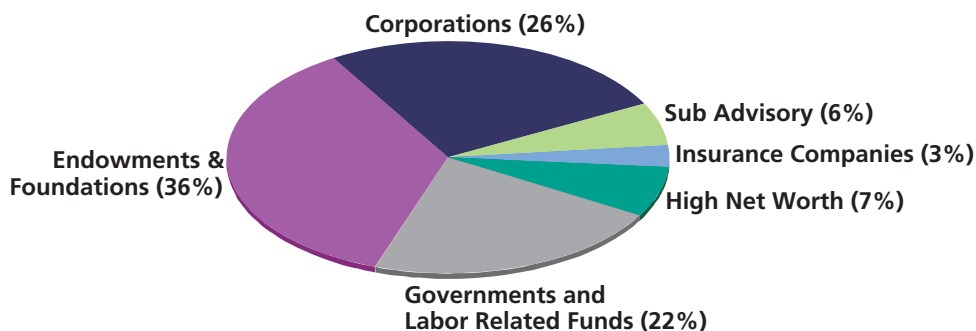
MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

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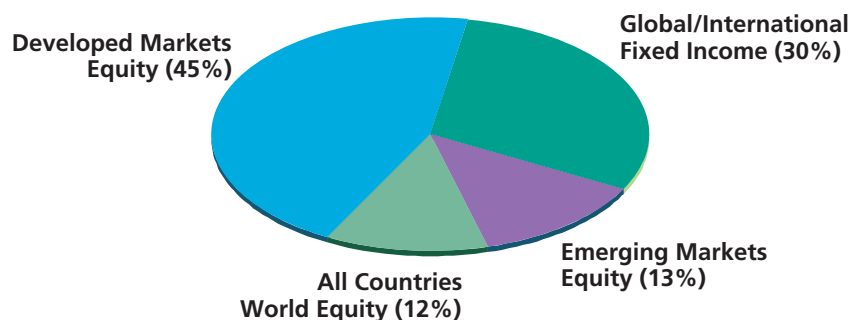
## TYPE OF CLIENTS SERVED (Number of Relationships)

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## TYPE OF ASSETS MANAGED (Assets Under Management)

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## DIVERSE INVESTMENT PRODUCTS

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### Equity

- *Non-US Equity*
- *Focused Non-US Equity*
- *Global Equity*
- *All Countries World (ACW) Ex-US Equity*
- *Focused (ACW) Ex-US Equity*
- *Emerging Markets Equity*
- *Focused Emerging Markets Equity*
- *Non-US Small Cap Equity*
- *Regional/Single Country Equity*

### Fixed Income

- *Global Fixed Income*
- *Focused Global Fixed Income*
- *International Fixed Income*
- *Focused International Fixed Income*
- *European Fixed Income*
- *Emerging Markets Local Currency Debt*
- *Global Debt Opportunities*
- *Global Inflation-Linked Bonds*

A number of vehicles are available in each of the above product areas, including separate accounts, limited partnerships, and registered mutual funds. Please refer to additional information at the end of the book regarding available vehicles and minimum account sizes.

# INTERNATIONAL SMALL-CAP ORGANIZATION CHART

MAY 2010  
MONDRIAN INVESTMENT PARTNERS

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# Investment Philosophy





# EQUITY INVESTMENT PHILOSOPHY

MONDRIAN INVESTMENT PARTNERS

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## **Mondrian Investment Partners is a value-oriented defensive manager.**

We invest in stocks where rigorous dividend discount analysis isolates value in terms of the long-term flow of dividends. Dividend yield and future real growth play a central role in our decision making process and over time the dividend component is expected to be a meaningful portion of expected total return.

## **BENEFITS**

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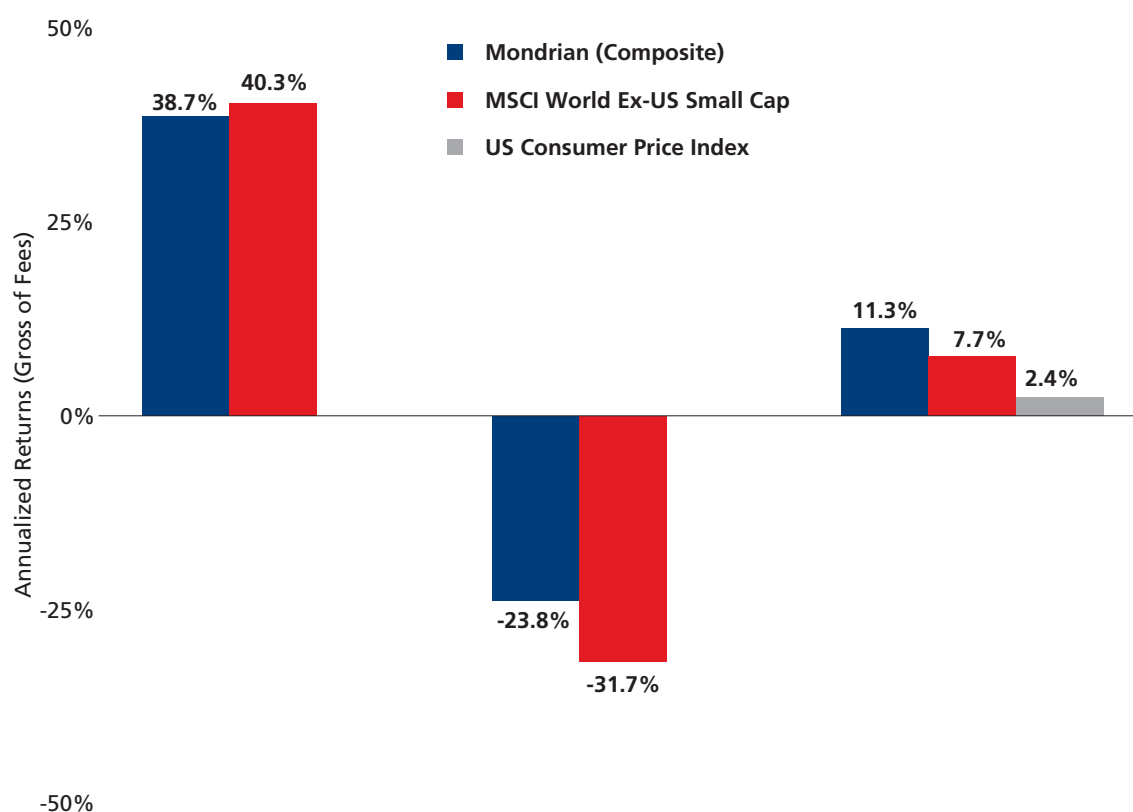
- An approach that focuses on providing a **RATE OF RETURN** meaningfully **GREATER THAN** the client's domestic rate of **INFLATION**.
- Client portfolios that seek to **PRESERVE CAPITAL** during protracted global market declines.
- Portfolio performance that has been **LESS VOLATILE** than the International Small Cap Benchmarks and the performance of most other international small-cap managers.

# DEFENSIVE CHARACTERISTICS

MONDRIAN INTERNATIONAL SMALL CAP EQUITY COMPOSITE

JANUARY 1, 1998 TO MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS



	BULL MARKET	BEAR MARKET	TOTAL
<b>NUMBER OF QUARTERS</b>	31	18	49
<b>MONDRIAN (COMPOSITE) AGGREGATE PERFORMANCE</b>	1,162.3%	-70.6%	271.6%
<b>MSCI WORLD EX-US SMALL CAP AGGREGATE PERFORMANCE</b>	1,280.7%	-82.0%	148.5%

Source: Mondrian Investment Partners and MSCI

A Bull Market quarter is defined as one in which the benchmark showed a positive US dollar return, and a Bear Market quarter when the benchmark showed a negative US dollar return.

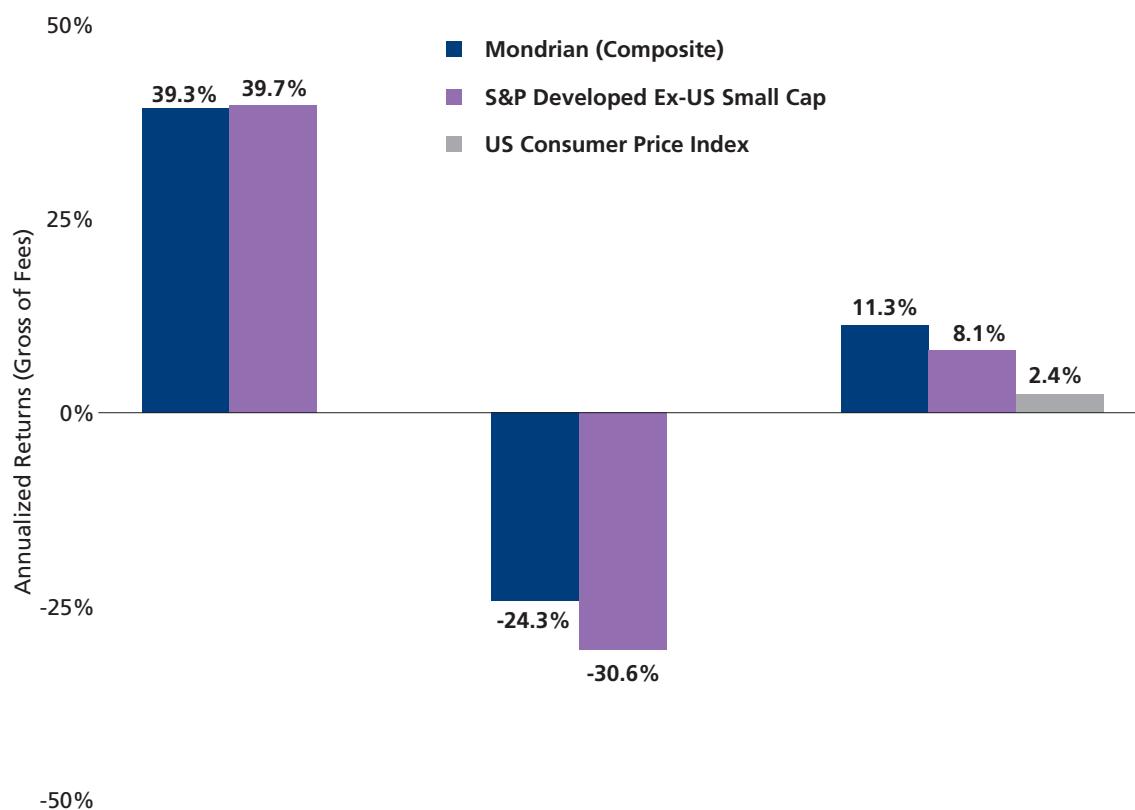
The returns presented on this page are presented gross of advisory fees and other expenses associated with managing an investment advisory account. Actual returns will be reduced by such fees and expenses. Please carefully review the disclosure in the appendix for more information concerning these gross performance results including an illustration of the negative effect of advisory fees on performance. Past performance is not a guarantee of future results. Supplemental Information complements Mondrian International Small Cap Composite disclosure in the appendix.

# DEFENSIVE CHARACTERISTICS

MONDRIAN INTERNATIONAL SMALL CAP EQUITY COMPOSITE

JANUARY 1, 1998 TO MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS



	BULL MARKET	BEAR MARKET	TOTAL
<b>NUMBER OF QUARTERS</b>	31	18	49
<b>MONDRIAN (COMPOSITE) AGGREGATE PERFORMANCE</b>	1,204.2%	-71.5%	271.6%
<b>S&amp;P DEVELOPED EX-US SMALL CAP AGGREGATE PERFORMANCE</b>	1,237.6%	-80.7%	158.3%

Source: Mondrian Investment Partners and S&P

A Bull Market quarter is defined as one in which the benchmark showed a positive US dollar return, and a Bear Market quarter when the benchmark showed a negative US dollar return.

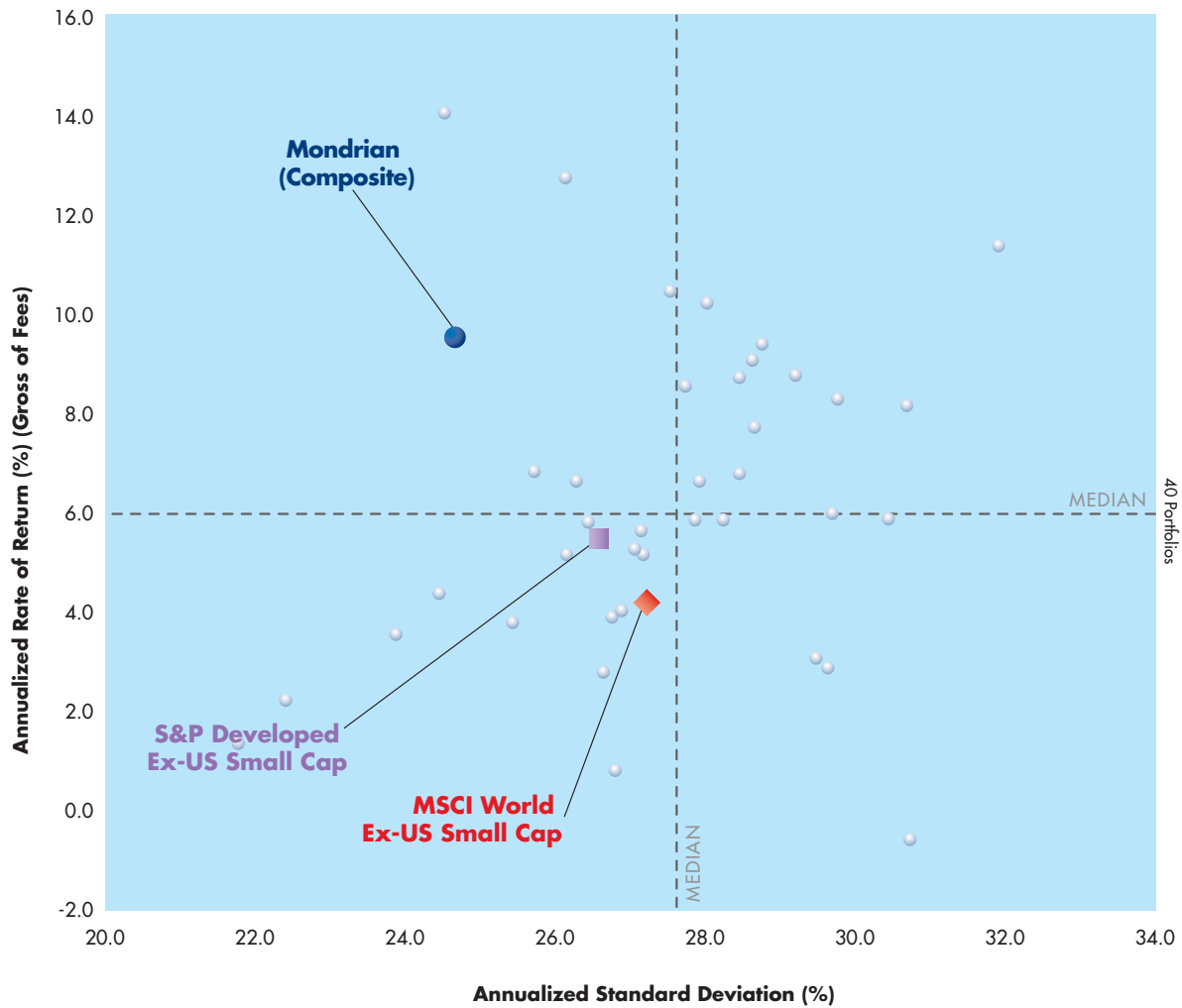
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# RISK/REWARD COMPARISON INTERNATIONAL SMALL CAP PORTFOLIOS

MONDRIAN INTERNATIONAL SMALL CAP EQUITY COMPOSITE

FIVE YEARS ENDED MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS



Source: Mondrian Investment Partners and Recognized Financial and Statistical Reporting Service.

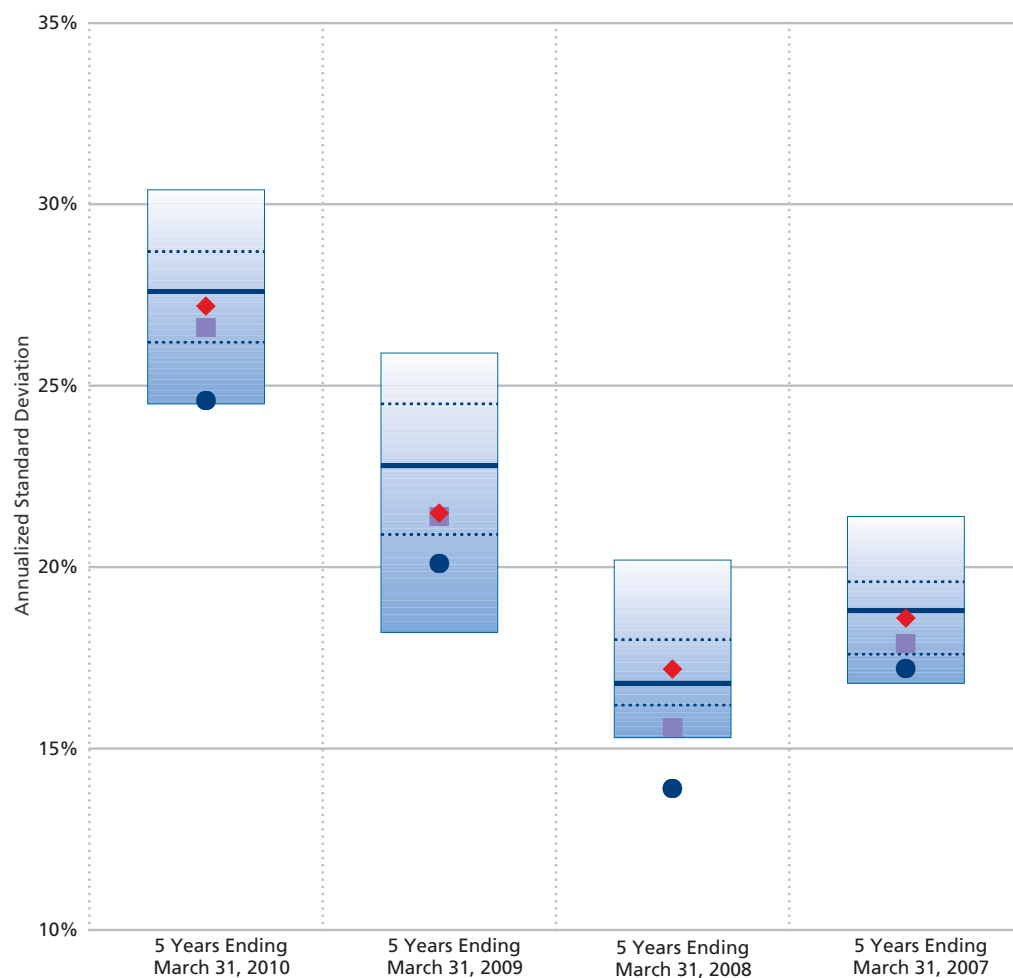
The standard deviation of returns is computed based on returns gross advisory fees and other expenses associated with managing an investment advisory account. Actual returns will be reduced by such fees and expenses. Please carefully review the disclosure in the appendix for more information concerning these gross performance results including an illustration of the negative effect of advisory fees on performance. Past performance is not a guarantee of future results. Supplemental Information complements Mondrian International Small Cap Composite disclosure in appendix.

# STANDARD DEVIATION

## MONDRIAN INTERNATIONAL SMALL CAP EQUITY COMPOSITE

MARCH 31, 2010

### MONDRIAN INVESTMENT PARTNERS



	5 Years Ending March 31, 2010	5 Years Ending March 31, 2009	5 Years Ending March 31, 2008	5 Years Ending March 31, 2007
10th Percentile	30.4	25.9	20.2	21.4
25th Percentile	28.7	24.5	18.0	19.6
Median	27.6	22.8	16.8	18.8
75th Percentile	26.2	20.9	16.2	17.6
90th Percentile	24.5	18.2	15.3	16.8
Member Count	40	39	38	18

<b>Mondrian (Composite) ●</b>	<b>24.6</b>	<b>20.1</b>	<b>13.9</b>	<b>17.2</b>
MSCI World Ex-US SC ◆	27.2	21.5	17.2	18.6
S&P Developed Ex-US Small Cap ■	26.6	21.4	15.6	17.9

Source: Mondrian Investment Partners and Recognized Financial and Statistical Reporting Service.

The standard deviation of returns is computed based on returns gross advisory fees and other expenses associated with managing an investment advisory account. Actual returns will be reduced by such fees and expenses. Please carefully review the disclosure in the appendix for more information concerning these gross performance results including an illustration of the negative effect of advisory fees on performance. Past performance is not a guarantee of future results. Supplemental Information complements Mondrian International Small Cap Composite disclosure in appendix.

# INVESTMENT PROCESS

MONDRIAN INVESTMENT PARTNERS

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## STOCKS, MARKETS AND CURRENCIES

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- A **VALUE-ORIENTED DIVIDEND DISCOUNT ANALYSIS** at both the individual security and market level isolates value across geographic and industrial borders in a unified manner.
- A long-term oriented **PURCHASING POWER PARITY APPROACH**, supplemented by shorter-term probability assessment.
- Fundamental research is strongly emphasized. An extensive program of **COMPANY AND MARKET VISITS** enhances initial **QUALITATIVE AND QUANTITATIVE DESK RESEARCH**, both prior to the purchase of a stock and after its inclusion in the portfolio.

# Implementation



# THE INTERNATIONAL SMALL CAP EQUITY FRAMEWORK FOR DECISION MAKING

MONDRIAN INVESTMENT PARTNERS

TOP DOWN



20%

80%



BOTTOM UP

## Country Analysis

- Focus on demographics, productivity, debt and politics
- Inputs from bottom-up, security research

## Currency Analysis

- Long term purchasing power parity analysis
- Shorter term considerations

## Int'l Small Cap Investment Committee

- Checks stock valuation for consistency and quality
- Range based on liquidity/size of country in index
- Risk evaluation of portfolios

**CLIENT PORTFOLIO**  
70-120 holdings

- Balance sheet, income and cash flow analysis
- Industry studies and meetings with management
- Inputs from top-down, country analysis
- Long term forward looking dividend discount model (4 stage)

## Security Research

- Maximum market cap at inception: US\$2.75bn
- Interactive based multi-factor quantitative screen
- Cuts universe of over 5,000 stocks to a manageable list
- Utilisation of conferences and research trips

## Screening



# CURRENCY ANALYSIS

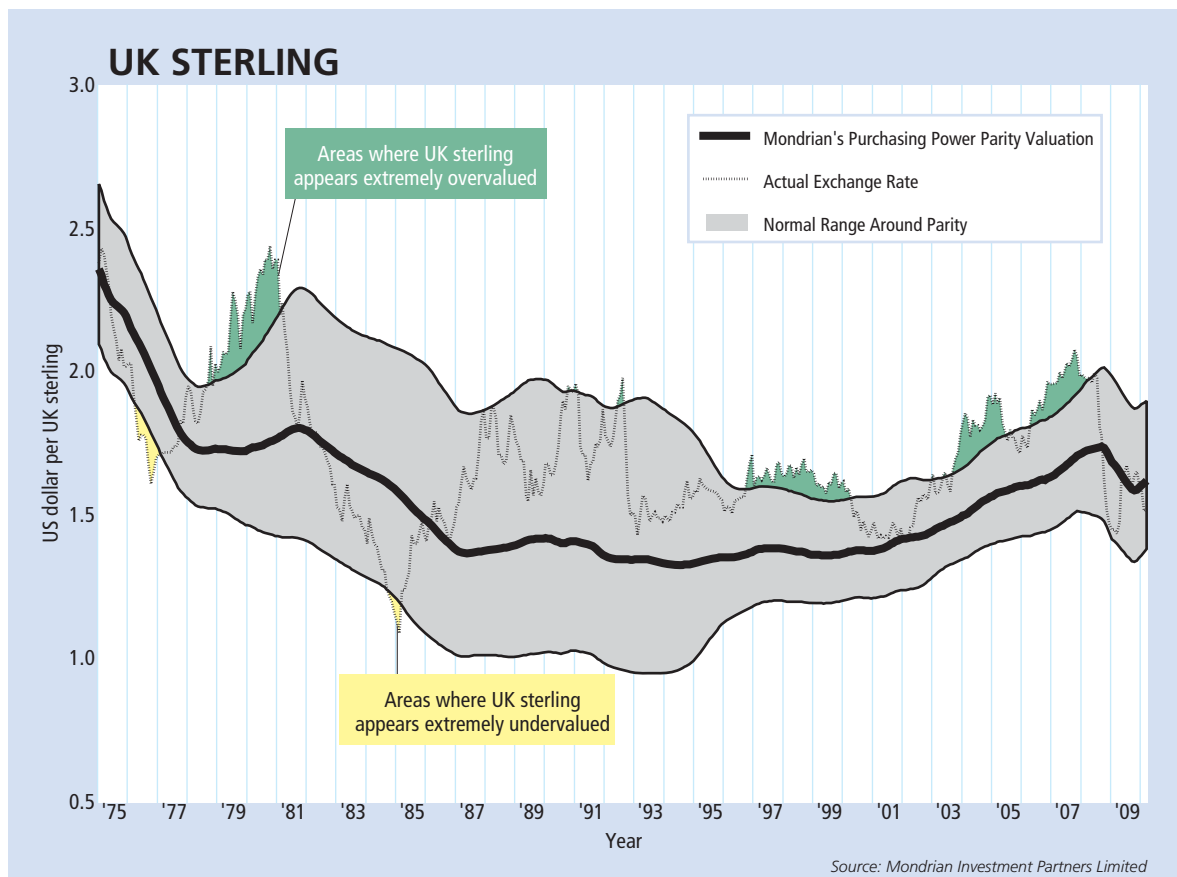
## A PURCHASING POWER PARITY APPROACH

MONDRIAN INVESTMENT PARTNERS

- A long-term oriented purchasing power parity approach supplemented by shorter term probability assessment is the cornerstone of on-going currency analysis.

### MONDRIAN'S CURRENCY APPROACH

#### A DEFENSIVE STRATEGY

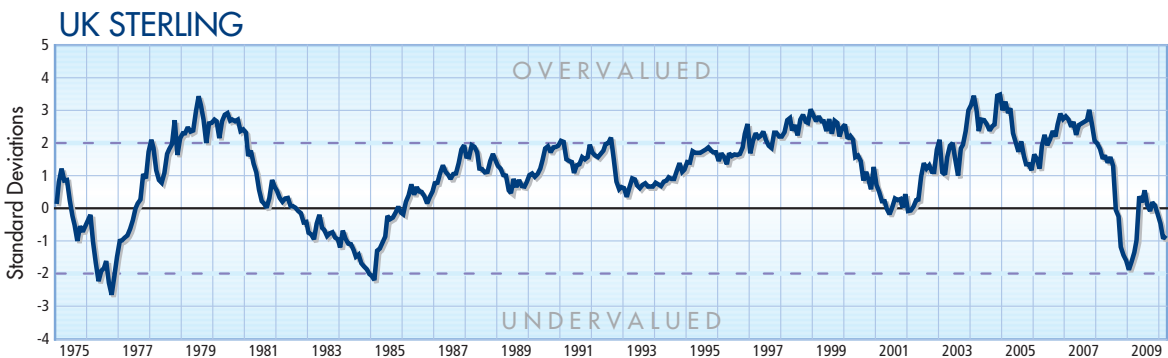


Purchasing power parity (PPP) is a theory which states that exchange rates between currencies are in equilibrium when their purchasing power is the same in each of the two countries. In the chart above, the black solid line represents our calculation of the fair value of an exchange rate. The dotted line is the actual exchange rate and the gray area represents our calculation of the normal trading range.

# PURCHASING POWER PARITY VALUATIONS VERSUS US DOLLAR

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS



# SELL DISCIPLINE

MONDRIAN INVESTMENT PARTNERS

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## STOCKS, MARKETS AND CURRENCIES

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- Price appreciation leading to significant overvaluation against a predetermined value level.
- A change in the fundamentals which adversely affects ongoing appraisal of value.
- More attractive alternatives.
- Market capitalization and size of holding significantly in excess of targeted ceiling.

# Portfolio



# COUNTRY ALLOCATION

MONDRIAN INTERNATIONAL SMALL CAP EQUITY REPRESENTATIVE ACCOUNT

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

	1	2	3	4	5	6
	FORECAST REAL RETURN (%)	MIN/MAX ALLOCATION (%)	PORTFOLIO ALLOCATION (%)	MSCI WORLD EX-US SMALL CAP (%)	S&P DEVELOPED EX-US SMALL CAP (%)	CURRENCY HEDGE
<b>North America</b>			<b>3.3</b>	<b>11.1</b>	<b>9.9</b>	
Canada	4.9	0 – 15	3.3	11.1	9.9	
<b>Asia Pacific</b>			<b>36.7</b>	<b>36.0</b>	<b>32.3</b>	
Australia	4.8	0 – 20	5.0	7.6	6.3	
Hong Kong/China	5.9	0 – 20	4.6	2.2	2.8	
Japan	4.5	0 – 40	10.8	23.5	18.5	
New Zealand	5.0	0 – 10	4.0	0.5	0.2	
Singapore	5.3	0 – 20	12.3	2.2	1.2	
<b>Europe</b>			<b>58.3</b>	<b>52.9</b>	<b>57.8</b>	
France	5.4	0 – 25	10.3	4.1	8.8	
Germany	5.0	0 – 25	13.9	5.3	6.4	
Ireland	4.4	0 – 15	1.3	1.1	0.7	
Italy	6.3	0 – 15	—	2.6	1.6	
Netherlands	5.4	0 – 20	7.1	2.1	2.4	
Norway	5.1	0 – 20	0.8	2.6	0.9	
Spain	6.4	0 – 15	1.7	1.6	3.2	
United Kingdom	6.1	0 – 45	23.2	18.6	17.6	

- 1 Mondrian's dividend discount methodology helps isolate attractive markets. Our long-term orientated purchasing power parity approach seeks to convert those returns into long-term returns in our client's base currencies. These forecast "real" annualized market returns are used solely as a basis for making judgements about country allocation weightings and are not intended to be indications of expected returns. Forecast real returns in US dollars are as of March 31, 2010.
- 2 A minimum/maximum country allocation policy seeks to allow broad flexibility while guarding against over or under-concentration relative to the MSCI World Ex-US Small Cap Index and the S&P Developed Ex-US Small Cap Index.
- 3 Portfolio Allocation
- 4 MSCI World Ex-US Small Cap Index Weights
- 5 S&P Developed Ex-US Small Cap Index Weights
- 6 Defensive currency hedges are put into place if appropriate and permissible under client objectives.

Source: Mondrian Investment Partners, MSCI for World Ex-US Small Cap Index and S&P for Developed Ex-US Small Cap Index

# PORTFOLIO

MONDRIAN INTERNATIONAL SMALL CAP EQUITY REPRESENTATIVE ACCOUNT

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

	HOLDINGS (%)			P/E RATIO			DIVIDEND YIELD (%)		
	Portfolio	MSCI World Ex-US SC	S&P Developed Ex-US SC	Portfolio	MSCI World Ex-US SC	S&P Developed Ex-US SC	Portfolio	MSCI World Ex-US SC	S&P Developed Ex-US SC
<b>NORTH AMERICA</b>	<b>3.3</b>	<b>11.1</b>	<b>9.9</b>	<b>22.9</b>	<b>130.6</b>	<b>N/A</b>	<b>5.5</b>	<b>1.3</b>	<b>1.2</b>
<b>CANADA</b>	<b>3.3</b>	<b>11.1</b>	<b>9.9</b>	<b>22.9</b>	<b>47.5</b>	<b>N/A</b>	<b>5.5</b>	<b>2.3</b>	<b>1.5</b>
Morguard Real Estate	0.9			24.0			6.6		
Northern Properties	1.7			22.4			6.1		
Pason Systems	0.7			Loss			2.5		
<b>ASIA PACIFIC</b>	<b>36.7</b>	<b>36.0</b>	<b>32.3</b>	<b>20.9</b>	<b>N/A</b>	<b>N/A</b>	<b>3.4</b>	<b>2.3</b>	<b>2.0</b>
<b>AUSTRALIA</b>	<b>5.0</b>	<b>7.6</b>	<b>6.3</b>	<b>16.6</b>	<b>N/A</b>	<b>N/A</b>	<b>5.8</b>	<b>3.3</b>	<b>3.0</b>
Commonwealth Property Office	2.7			Loss			7.6		
David Jones	0.7			15.2			6.1		
Transfield Services	1.7			17.2			3.0		
<b>HONG KONG</b>	<b>4.6</b>	<b>2.2</b>	<b>2.8</b>	<b>12.7</b>	<b>45.5</b>	<b>N/A</b>	<b>2.6</b>	<b>2.2</b>	<b>1.8</b>
AMVIG Holdings	1.1			9.0			3.6		
Arts Optical	0.7			11.7			3.5		
ASM Pacific	1.1			30.9			2.2		
Fong's Industries	1.0			Loss			0.6		
Pacific Basin	0.7			10.5			3.6		
<b>JAPAN</b>	<b>10.8</b>	<b>23.5</b>	<b>18.5</b>	<b>30.2</b>	<b>N/A</b>	<b>N/A</b>	<b>1.6</b>	<b>1.8</b>	<b>1.8</b>
Ariake	1.0			55.0			2.9		
FCC	1.8			23.3			1.4		
Hogy	1.5			19.2			2.1		
Horiba	1.8			36.2			0.6		
Miura	0.8			26.9			1.6		
Nifco	1.5			28.9			1.4		
Shimano	0.5			41.1			0.3		
Taiyo Ink	0.9			31.4			3.6		
Ushio	1.1			68.5			1.3		
<b>NEW ZEALAND</b>	<b>4.0</b>	<b>0.5</b>	<b>0.2</b>	<b>22.9</b>	<b>57.8</b>	<b>N/A</b>	<b>4.1</b>	<b>4.5</b>	<b>4.3</b>
Auckland International Airport	0.8			57.5			4.2		
Fisher & Paykel Healthcare	1.9			23.6			3.8		
Sky City Entertainment	1.3			16.0			4.5		
<b>SINGAPORE</b>	<b>12.3</b>	<b>2.2</b>	<b>1.2</b>	<b>19.3</b>	<b>25.7</b>	<b>175.7</b>	<b>4.2</b>	<b>3.6</b>	<b>3.1</b>
Ascendas real estate	0.9			31.5			5.7		
Capitamall Trust	2.3			Loss			5.0		
Hyflux	1.0			29.0			1.0		
Parkway Holdings	1.4			41.6			0.2		
Sembcorp Marine	0.8			18.4			2.6		
SIA Engineering	1.5			16.3			4.5		
Singapore Airport Terminal Service	1.3			18.7			4.2		
SMRT Corporation	1.3			18.1			3.8		
Starhub	1.7			12.0			8.3		
<b>EUROPE</b>	<b>58.3</b>	<b>52.9</b>	<b>57.8</b>	<b>15.4</b>	<b>27.7</b>	<b>46.2</b>	<b>2.7</b>	<b>2.1</b>	<b>2.3</b>
<b>FRANCE</b>	<b>10.3</b>	<b>4.1</b>	<b>8.8</b>	<b>18.4</b>	<b>169.7</b>	<b>68.5</b>	<b>3.3</b>	<b>1.8</b>	<b>2.2</b>
Boiron	1.2			18.4			2.2		
Carbone Lorraine	2.5			30.8			2.3		
Euler Hermes	0.7			140.0			2.7		
Fimalac	0.7			26.6			4.1		
Ipsos	1.4			20.0			2.0		
Latecoere	0.5			Loss			0.0		
Neopost	2.4			11.6			6.4		
Nexans	0.8			11.3			3.2		

CONTINUED ON PAGE 4.5

Source: Mondrian Investment Partners, MSCI for World Ex-US Small Cap Index and S&P for Developed Ex-US Small Cap Index

# COUNTRY ALLOCATION

MONDRIAN INTERNATIONAL SMALL CAP EQUITY REPRESENTATIVE ACCOUNT

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

	1	2	3	4	5	6
	FORECAST REAL RETURN (%)	MIN/MAX ALLOCATION (%)	PORTFOLIO ALLOCATION (%)	MSCI WORLD EX-US SMALL CAP (%)	S&P DEVELOPED EX-US SMALL CAP (%)	CURRENCY HEDGE
<b>North America</b>			<b>3.3</b>	<b>11.1</b>	<b>9.9</b>	
Canada	4.9	0 – 15	3.3	11.1	9.9	
<b>Asia Pacific</b>			<b>36.7</b>	<b>36.0</b>	<b>32.3</b>	
Australia	4.8	0 – 20	5.0	7.6	6.3	
Hong Kong/China	5.9	0 – 20	4.6	2.2	2.8	
Japan	4.5	0 – 40	10.8	23.5	18.5	
New Zealand	5.0	0 – 10	4.0	0.5	0.2	
Singapore	5.3	0 – 20	12.3	2.2	1.2	
<b>Europe</b>			<b>58.3</b>	<b>52.9</b>	<b>57.8</b>	
France	5.4	0 – 25	10.3	4.1	8.8	
Germany	5.0	0 – 25	13.9	5.3	6.4	
Ireland	4.4	0 – 15	1.3	1.1	0.7	
Italy	6.3	0 – 15	—	2.6	1.6	
Netherlands	5.4	0 – 20	7.1	2.1	2.4	
Norway	5.1	0 – 20	0.8	2.6	0.9	
Spain	6.4	0 – 15	1.7	1.6	3.2	
United Kingdom	6.1	0 – 45	23.2	18.6	17.6	

- 1 Mondrian's dividend discount methodology helps isolate attractive markets. Our long-term orientated purchasing power parity approach seeks to convert those returns into long-term returns in our client's base currencies. These forecast "real" annualized market returns are used solely as a basis for making judgements about country allocation weightings and are not intended to be indications of expected returns. Forecast real returns in US dollars are as of March 31, 2010.
- 2 A minimum/maximum country allocation policy seeks to allow broad flexibility while guarding against over or under-concentration relative to the MSCI World Ex-US Small Cap Index and the S&P Developed Ex-US Small Cap Index.
- 3 Portfolio Allocation
- 4 MSCI World Ex-US Small Cap Index Weights
- 5 S&P Developed Ex-US Small Cap Index Weights
- 6 Defensive currency hedges are put into place if appropriate and permissible under client objectives.

Source: Mondrian Investment Partners, MSCI for World Ex-US Small Cap Index and S&P for Developed Ex-US Small Cap Index

# PORTFOLIO

MONDRIAN INTERNATIONAL SMALL CAP EQUITY REPRESENTATIVE ACCOUNT

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

	HOLDINGS (%)			P/E RATIO			DIVIDEND YIELD (%)		
	Portfolio	MSCI World Ex-US SC	S&P Developed Ex-US SC	Portfolio	MSCI World Ex-US SC	S&P Developed Ex-US SC	Portfolio	MSCI World Ex-US SC	S&P Developed Ex-US SC
<b>GERMANY</b>	<b>13.9</b>	<b>5.3</b>	<b>6.4</b>	<b>18.0</b>	<b>133.1</b>	<b>46.5</b>	<b>2.7</b>	<b>1.9</b>	<b>1.8</b>
Bilfinger & Berger	2.4			10.9			4.0		
Elringklinger	0.9			34.7			0.8		
Fielmann	1.1			23.8			3.4		
GFK	1.3			19.0			1.7		
Mtu Aero Engines	1.2			13.6			2.2		
Qiagen	1.1			38.9			0.0		
Rational	1.0			24.6			2.6		
Symrise	2.6			27.5			2.8		
Wincor Nixdorf	2.4			14.6			3.7		
<b>IRELAND</b>	<b>1.3</b>	<b>1.1</b>	<b>0.7</b>	<b>10.1</b>	<b>N/A</b>	<b>N/A</b>	<b>2.6</b>	<b>1.5</b>	<b>1.6</b>
Glanbia	0.7			9.3			2.3		
United Drug	0.6			11.2			3.1		
<b>NETHERLANDS</b>	<b>7.1</b>	<b>2.1</b>	<b>2.4</b>	<b>13.6</b>	<b>20.5</b>	<b>35.7</b>	<b>2.9</b>	<b>2.7</b>	<b>2.6</b>
Bam Groep	0.4			25.7			1.7		
Boskalis Westminster	2.1			12.3			4.2		
Fugro	1.1			14.5			3.1		
Vopak	3.6			13.5			2.1		
<b>NORWAY</b>	<b>0.8</b>	<b>2.6</b>	<b>0.9</b>	<b>3.1</b>	<b>15.9</b>	<b>16.1</b>	<b>2.3</b>	<b>1.0</b>	<b>1.2</b>
Farstad Shipping	0.8			3.1			2.3		
<b>SPAIN</b>	<b>1.7</b>	<b>1.6</b>	<b>3.2</b>	<b>16.2</b>	<b>15.2</b>	<b>30.6</b>	<b>1.9</b>	<b>2.2</b>	<b>3.4</b>
Prosegur	1.7			16.2			1.9		
<b>UNITED KINGDOM</b>	<b>23.2</b>	<b>18.6</b>	<b>17.6</b>	<b>16.3</b>	<b>16.1</b>	<b>67.4</b>	<b>2.5</b>	<b>2.4</b>	<b>2.7</b>
Bodycote Intl	1.0			Loss			4.0		
Chloride Group	2.9			19.7			2.3		
Cobham	0.7			13.7			2.1		
Croda	1.2			21.2			2.3		
De La Rue	0.8			16.8			4.5		
Greene King	0.7			9.2			4.7		
Halma	0.9			16.6			3.2		
Laird Group	0.4			Loss			5.2		
Rexam	2.3			11.5			2.7		
Rotork	3.2			19.8			2.0		
Serco	1.1			20.4			1.0		
Spectris	1.1			14.9			2.9		
Spirax-Sarco Engineering	0.8			17.3			2.6		
TT Electronics	0.6			Loss			0.0		
Ultra Electronics	1.4			15.2			2.1		
Victrex	1.2			33.4			2.2		
Weir	3.0			14.4			2.2		
<b>CASH</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>-</b>
US dollars	1.5						0.4		
Other Currency	0.2						0.4		
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>17.1</b>	<b>52.3</b>	<b>N/A</b>	<b>3.0</b>	<b>2.2</b>	<b>2.2</b>

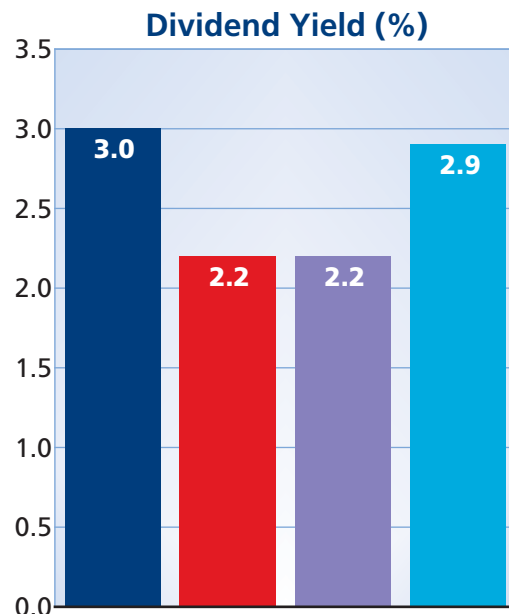
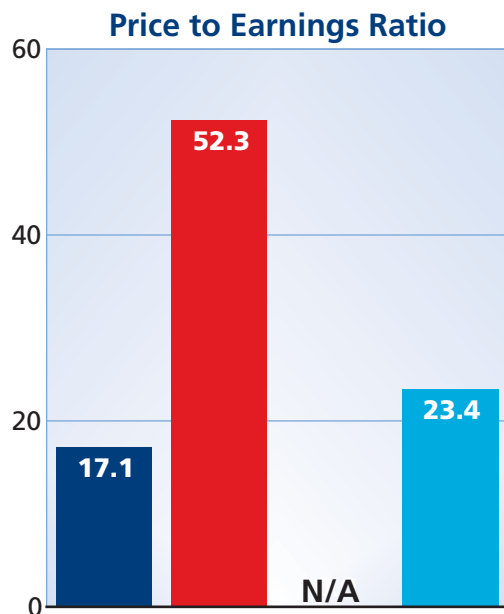
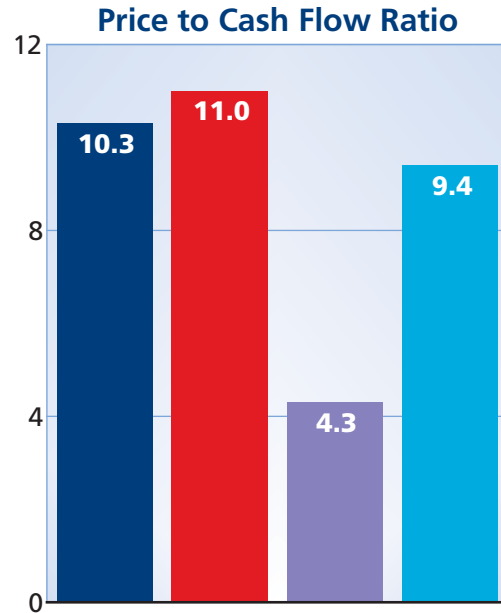
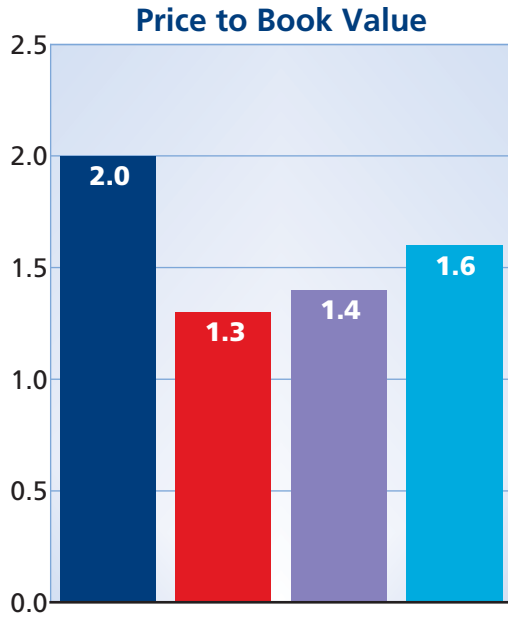


# SUMMARY PORTFOLIO CHARACTERISTICS

MONDRIAN INTERNATIONAL SMALL CAP EQUITY REPRESENTATIVE ACCOUNT

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS



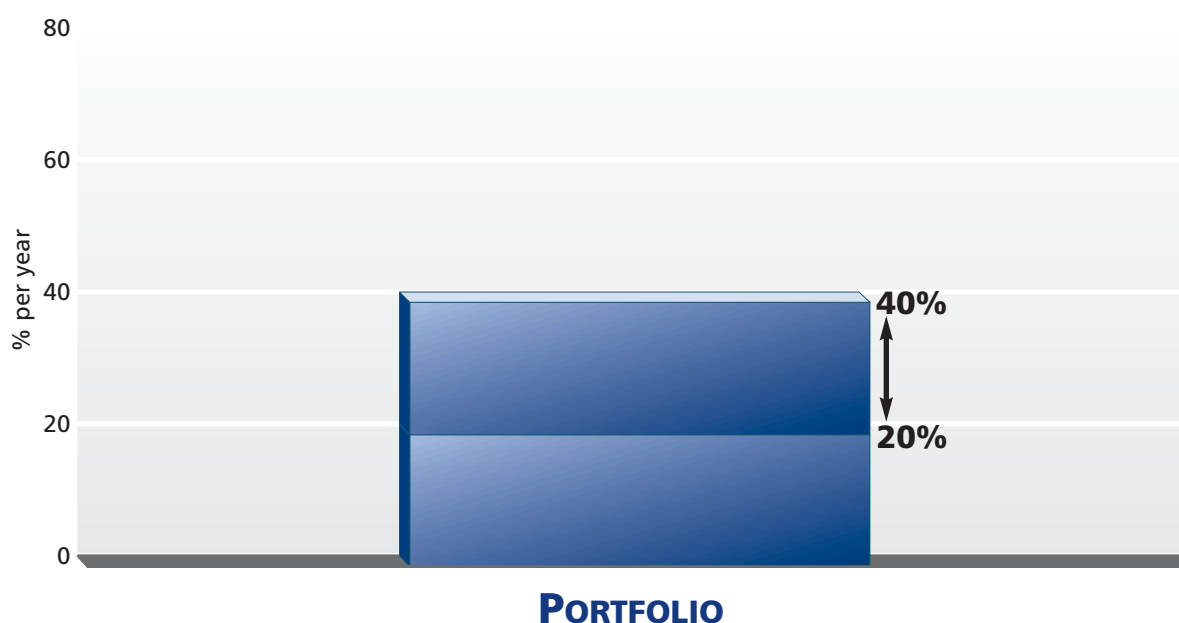
# SUMMARY PORTFOLIO CHARACTERISTICS

MONDRIAN INTERNATIONAL SMALL CAP EQUITY REPRESENTATIVE ACCOUNT

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

## PORTFOLIO TURNOVER



## MARKET CAP

	<b>REPRESENTATIVE ACCOUNT</b>	<b>MSCI WORLD EX-US SMALL CAP</b>	<b>S&amp;P DEVELOPED EX-US SMALL CAP</b>
<b>Weighted Average</b>	US \$2,145 million	US \$1,526 million	US \$2,408 million
<b>Median</b>	US \$1,525 million	US \$632 million	US \$571 million

# Why Mondrian?



# WHY MONDRIAN INVESTMENT PARTNERS? OUR COMPETITIVE ADVANTAGES

MONDRIAN INVESTMENT PARTNERS

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## EMPLOYEE OWNED

- Long-term stability and continuity
- Attracts, retains and motivates highly skilled personnel

## WELL RESOURCED TEAM

- Dedicated and focused team
- Draws on the breadth and depth of research and investment experience within Mondrian's successful equity products
- Team consensus decision making

## DISCIPLINED PROCESS

- Consistent investment process across all Mondrian's investment products
- Consistent inflation adjusted dividend discount methodology
- Combination of quantitative and qualitative analysis
- Detailed fundamental 'value' stock analysis

## VALUE APPROACH

- Focus on real returns
- Low volatility of returns
- Defensive value characteristics

# Appendix

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6.2 CASE FOR SMALL CAP

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6.5 MONDRIAN INVESTMENT PARTNERS  
– *History*  
– *Key Biographies*

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6.14 IMPORTANT INFORMATION

# THE CASE FOR NON-US SMALL CAP

## MONDRIAN INVESTMENT PARTNERS

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International Small Cap is an inefficient asset class consisting of a large universe of stocks (>5000) which we believe is under-researched. This creates mispricing which allows alpha generation through stock selection. Moreover it offers diversification benefits. We believe this makes it an appealing asset class with potential for upside return.

### **Key features of the Small Cap Asset Class are summarized below:**

#### **INEFFICIENT ASSET CLASS**

The recent move towards consolidation in the stock broking and investment banking sectors has led to a similar consolidation in the number of stocks that are covered by those analysts. This translates into less broker related research into small cap stocks. Public information about smaller companies is often not well disseminated, and not well analysed. This can create inefficient pricing of these stocks and allow for dramatic swings in pricing as events that might normally be discounted occur unexpectedly. Mondrian believes it can benefit from its detailed fundamental research on these companies by carefully evaluating as much public information as possible that might not have been fully discounted by the market.

Moreover, given the nature of their small size and limited liquidity, the small cap stock prices can fluctuate significantly on the basis of liquidity flows. This means that simple market flows may create pricing anomalies within the small cap arena, which can be exploited by an experienced investor, such as Mondrian, who has a specific valuation target based on a company's long term underlying business strength.

#### **CORRELATION**

The long term correlation between the MSCI EAFE and the S&P 500 is 0.90, whereas International Small Cap has a relatively lower level of correlation of 0.77 against the S&P 500, offering diversification benefits.

#### **VALUATION**

Throughout history, this asset class has typically shown premium returns. However, during the 1990s the asset class suffered a de-rating due to relative deterioration in the companies' underlying operational and financial results. Since then the companies have embarked on a drive to improve profitability and balance sheet utilization. Mondrian seeks to identify undervalued companies that are on the path to improvement through detailed fundamental analysis which includes management visits and modeling the long term prospects of the companies.

# WHAT IS SMALL CAP?

## MONDRIAN INVESTMENT PARTNERS

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There is clearly no dominant index covering the international small cap equity asset class. Surveys conducted by investment consultants show that the small cap indices commonly used are the S&P/Citigroup EMI Ex-US/EPAC and the MSCI World Ex-US/EAFE Small Cap indices.

The S&P/Citigroup EMI Ex-US Index includes stocks which are ranked at the bottom 20th percentile by available market capitalization in each local market index. This is successful in expressing the smaller companies in each market but creates a universe of companies with extreme market capitalizations that range from huge (several billion USD in Switzerland) to tiny (less than USD 100 million in Singapore or New Zealand). As of October 2008, the S&P/Citigroup EMI Ex-US/EPAC Index has been renamed as the S&P Developed Ex-US/EPAC SmallCap Index to incorporate recent enhancements on the series of global equity indices. The enhanced S&P Developed Ex-US/EPAC SmallCap Index includes stocks which are ranked at approximately the bottom 15th percentile by available market capitalization in each local market index. The new enhanced classification helps limit the dispersion of extreme market capitalizations within the aggregate small cap universe.

The MSCI World Ex-US/EAFE Small Cap Index traditionally defined its universe of small cap stocks based on market capitalization in the range of USD 120 million to USD 2.5 billion. Commencing from June 2008, MSCI has implemented enhancements to its series of global equity indices. The enhanced MSCI Small Cap Index includes stocks which are ranked at approximately the bottom 15th percentile by available market capitalization in each local market index. The enhanced methodology incorporates further requirements such as liquidity, minimum size range and free-float adjusted market capitalization market coverage target. As with the enhanced S&P index, this helps limit the dispersion of extreme market capitalizations within the aggregate small cap universe.

We believe that both these indices represent an appropriate proxy of available opportunity set offering broad exposure to small capitalization securities within the international markets against which to measure performance and risk of international small cap equity products. We therefore do not recommend one over the other.

The Mondrian International Small Cap product defines its universe of small cap stocks based on market capitalization limits. Our 'buy' universe includes stocks with a total market capitalization of up to USD 2.75 billion at purchase across all markets. This level is both small enough to be genuinely small cap and large enough to allow relevant comparison to the available indices.

# DISCLOSURE – INTERNATIONAL SMALL CAP EQUITY COMPOSITE

MONDRIAN INVESTMENT PARTNERS

## ANNUAL PERFORMANCE

Year	Total Gross US\$ Return	Total Net of Fees US\$ Return	S&P Developed ex US SC US\$ Return	MSCI World ex US Small Cap US\$ Return	Composite Standard Deviation	Benchmark (S&P) Standard Deviation	Benchmark (MSCI) Standard Deviation	Number of Portfolios	Composite Dispersion	Total Composite Assets (US\$ millions)	% of Firm Assets	Total Firm Assets (US\$ millions)
2000	-1.24%	-2.00%	-10.33%	-8.84%	17.22%	14.93%	16.74%	2	N/A	6.9	0.05	14,384
2001	-4.76%	-5.50%	-15.70%	-10.68%	14.66%	15.28%	16.28%	2	N/A	6.6	0.05	13,623
2002	-8.60%	-9.30%	-7.29%	-7.42%	14.90%	16.28%	16.97%	3	N/A	115.7	0.84	13,823
2003	51.37%	50.20%	53.73%	61.81%	16.69%	17.56%	17.85%	4	N/A	255.3	1.22	20,899
2004	28.87%	27.88%	28.74%	29.40%	14.35%	14.71%	15.12%	3	N/A	332.3	1.06	31,226
2005	15.60%	14.70%	22.10%	25.04%	11.50%	11.81%	12.61%	6	N/A	458.1	1.05	43,794
2006	37.18%	36.12%	29.42%	19.46%	9.86%	10.85%	12.05%	5	N/A	541.9	1.02	53,102
2007	12.60%	11.73%	7.32%	3.28%	10.60%	11.66%	12.77%	8	0.28%	964.3	1.50	64,338
2008	-43.31%	-43.75%	-47.67%	-48.03%	22.05%	22.87%	22.79%	9	0.38%	666.1	1.38	48,233
2009	57.77%	56.56%	45.07%	50.82%	25.09%	26.94%	26.94%	9	0.70%	1718.8	2.67	64,393

## ACCOMPANYING NOTES CONCERNING PERFORMANCE CALCULATION AND GIPS® COMPLIANCE

- This composite was created in January 1998.
- Past performance is not a guarantee of future results. Independent third parties have completed an annual performance examination of Mondrian's compliance with GIPS® from 1993 to 2009. Additional third party verification of this composite's results has also been undertaken from 1998 to 2009.
- A complete list and description of all firm composites is available on request.

Mondrian Investment Partners Limited ("Mondrian") has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The Firm is defined as all fee paying discretionary portfolios managed by Mondrian.

Mondrian is a value-oriented defensive manager seeking to achieve high real returns for its clients. Mondrian invests mainly in securities where rigorous dividend discount analysis identifies value in terms of the long-term flows of income. Mondrian's methodology is applied consistently to markets and individual securities, both bonds and equities.

The International Small Cap Equity Composite includes US dollar based discretionary fee paying portfolios, measured against the S&P Developed ex US SmallCap Index (formerly called the S&P/Citigroup EMI World ex US) or Morgan Stanley Capital International World ex US Small Cap Index, or an equivalent index net of US withholding taxes. The portfolios are invested in non-US based small capitalisation equities with the allowance for hedging.

Portfolios are valued on a trade date basis using accrual accounting. Returns are calculated using the modified Dietz method and then weighted by using beginning-of-period market values to calculate the monthly composite returns. Portfolio returns are calculated net of irrecoverable withholding tax on dividend income. New portfolios are included in the first full month of investment in the composite's strategy. Terminated portfolios remain in the composite through the last full month of investment. Additional information regarding policies for calculating and reporting returns is available on request.

Composite and benchmark standard deviation are measured as the rolling 3 year annualised standard deviation of monthly returns. The dispersion of annual returns of portfolios within the composite (Composite Dispersion), is measured by the standard deviation of the equal-weighted returns of portfolios represented within the composite for the full year. Composite Dispersion is not presented if there are less than five portfolios in the composite during the year.

Performance results marked "Gross" do not reflect deduction of investment advisory fees. Investment returns will be reduced accordingly. For example, if a 1.00% advisory fee were deducted quarterly (0.25% each quarter) and the three year gross annual returns were 10.00%, 3.00% and -2.00%, giving an annualized return of 3.55% before deduction of advisory fees, then the deduction of advisory fees would result in three year net annual returns of 8.91%, 1.98% and -2.97% giving an annualized net return of 2.52%.

Performance returns marked "Net" reflect deduction of investment advisory fees and are calculated by deducting a quarterly indicative fee from the quarterly composite return. The indicative fee is defined as being the effective fee rate (or average weighted fee) at the composite's minimum account size as set out below. Actual net composite performance would be higher than the indicative performance shown because some accounts have sliding fee scales and accordingly lower effective fee rates.

Mondrian's investment advisory fees are described in Part II of its Form ADV. A representative United States fee schedule for institutional accounts is provided below, although it is expected that from time to time the fee charged will differ from the below schedule depending on the country in which the client is located and the nature, circumstances and requirements of individual clients. The fees will be charged as follows: the first US\$25m at 0.95%; the next US\$25m at 0.75%; the next US\$50m at 0.70%; and amounts over US\$100m at 0.65%. Minimum account size of currently US\$100 million (or fees equivalent thereto).



# ORGANIZATIONAL BACKGROUND

## MONDRIAN INVESTMENT PARTNERS

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### HISTORY

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#### 1990 – September 2004

- Delaware International Advisers Ltd. (“DIAL”) founded in London by well established nine person team from Hill Samuel as international investment arm of Delaware Investments (part of the Lincoln Financial Group).
- Run as independent profit center within Delaware Investments.
- 85% of assets under management accounted for by external institutional clients (as of December 31, 2003).
- Management had long-term incentive plans that by the end of the period included over 20 staff having an interest of 14% in DIAL equity.

#### September 2004

- Successful buy out from Delaware Investments by management team and funds associated with Hellman & Friedman LLC, a San Francisco based private equity firm.
- Established Philadelphia client service and sales office to supplement London capabilities (team of 25 people).
- Employees increase ownership interest to 57% held by 60 London and Philadelphia based staff.
- Name changed to Mondrian Investment Partners Limited.
- Continues to act as sub-advisor to Lincoln and Delaware investment funds.

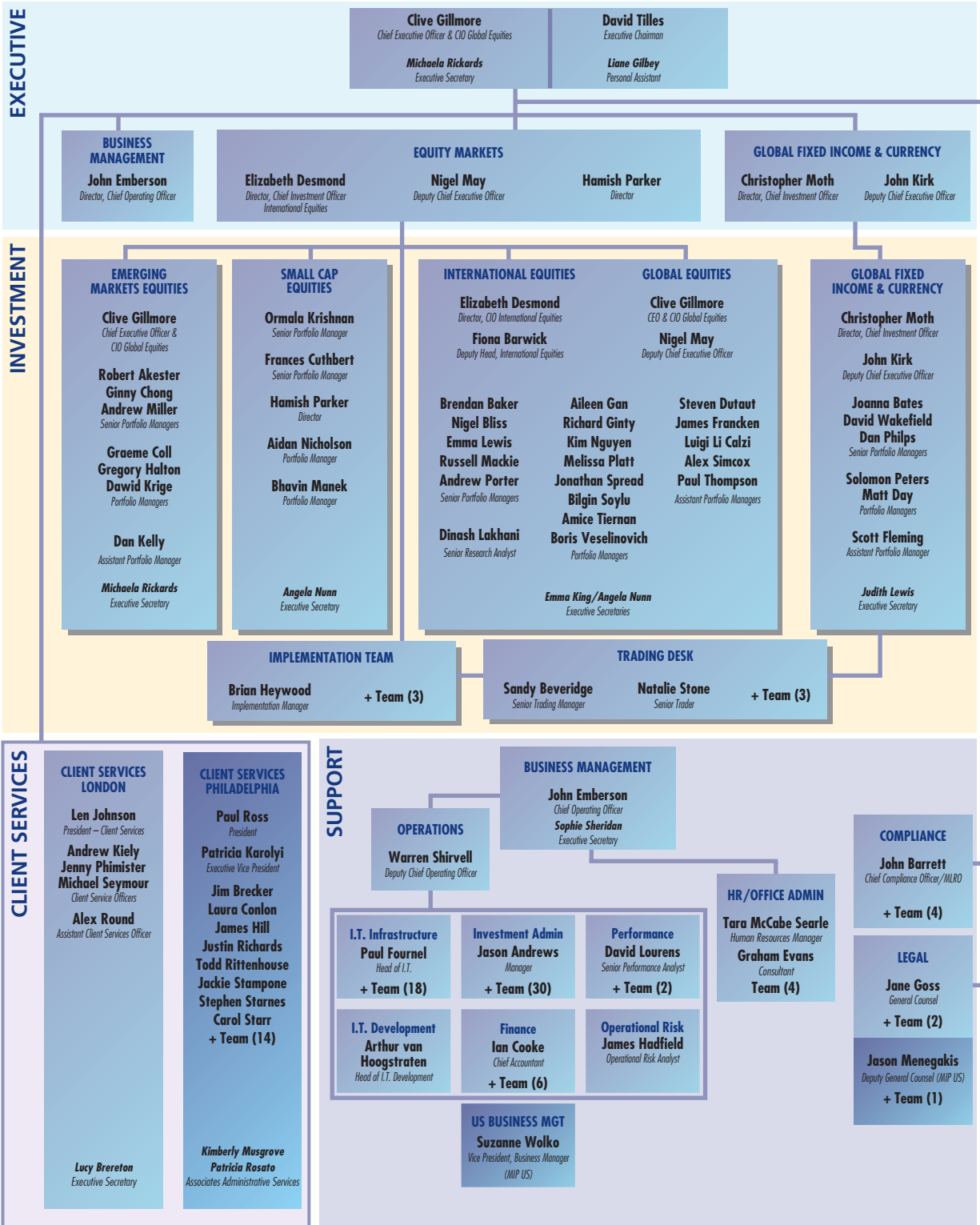
#### Today

- An employee-owned company.
- Employees hold a 73% ownership interest.
- Up to 5% ownership interest in future business growth can be re-distributed among employees *each* and *every* year to retain and motivate the next generation.
- Employee/owners have increased to approximately 80, from 60 in 2004.

# ORGANIZATION

MAY 2010

## MONDRIAN INVESTMENT PARTNERS



This chart is designed to indicate the staffing resources and management structure at Mondrian Investment Partners Limited, and Mondrian Investment Partners (U.S.), Inc. The chart does not attempt to show all functions nor reporting and delegation lines, details of which are maintained in separate records. Please note some people may appear on this chart more than once, reflecting various responsibilities.

# SUMMARY BIOGRAPHIES

MAY 2010

## MONDRIAN INVESTMENT PARTNERS

	Name	Position/Title	Discipline	Former Employer	Years with MIP	Industry Experience
Investment Professionals	David Tilles	Executive Chairman	Strategy	Hill Samuel	19	35
	Clive Gillmore	CEO & CIO, Global Equities	Equities/Emerging & Global	Hill Samuel	19	27
	Elizabeth Desmond	Director, CIO International Equities	Equities/International	Hill Samuel	19	23
	John Kirk	Deputy Chief Executive Officer	Fixed Income & Currency	Royal Bank of Canada	11	25
	Nigel May	Deputy Chief Executive Officer	Equities/Global	Hill Samuel	19	23
	Christopher Moth	Director, CIO GFI & Currency	Fixed Income & Currency	Guardian Royal Exchange	17	20
	Hamish Parker	Director	Equities/International	Hill Samuel	19	28
	Fiona Barwick	Deputy Head, International Equities	Equities/International	Touche Remnant	17	20
	Robert Akester	Senior Portfolio Manager	Equities/Emerging Markets	Hill Samuel	14	40
	Brendan Baker	Senior Portfolio Manager	Equities/North America	Lombard Street Research	8	20
	Joanna Bates	Senior Portfolio Manager	Fixed Income & Currency	Hill Samuel	12	27
	Nigel Bliss	Senior Portfolio Manager	Equities/International	Cazenove & Co.	14	16
	Ginny Chong	Senior Portfolio Manager	Equities/Emerging Markets	PricewaterhouseCoopers	9	14
	Frances Cuthbert	Senior Portfolio Manager	Equities/Small Cap	Deutsche Bank	11	11
	Ormalia Krishnan	Senior Portfolio Manager	Equities/Small Cap	Koeman Capital Management	10	17
	Emma Lewis	Senior Portfolio Manager	Equities/International	Fuji Investment	14	19
	Russell Mackie	Senior Portfolio Manager	Equities/International	Hodgson Martin Ltd.	12	15
	Andrew Miller	Senior Portfolio Manager	Equities/Emerging Markets	PricewaterhouseCoopers	10	11
	Dan Philips	Senior Portfolio Manager	Fixed Income & Currency	Dresdner Bank	11	15
	Andrew Porter	Senior Portfolio Manager	Equities/International	Frank Russell	6	10
	David Wakefield	Senior Portfolio Manager	Fixed Income & Currency	Bank of England	8	17
	Graeme Coll	Portfolio Manager	Equities/Emerging Markets	Ernst & Young	5	11
	Matt Day	Portfolio Manager	Fixed Income & Currency	Buck Consultants	2	8
	Aileen Gan	Portfolio Manager	Equities/International	Accenture	4	10
	Richard Ginty	Portfolio Manager	Equities/International	Kleinwort Benson	17	22
	Gregory Halton	Portfolio Manager	Equities/Emerging Markets	Deutsche Asset Management Ltd	6	9
	Dawid Krige	Portfolio Manager	Equities/Emerging Markets	RMB International	5	8
	Bhavin Manek	Portfolio Manager	Equities/Small Cap	Mercer Investment Consulting	4	6
	Kim Nguyen	Portfolio Manager	Equities/North America	Citigroup Asset Management	5	5
	Aidan Nicholson	Portfolio Manager	Equities/Small Cap	Cazenove & Co.	6	8
	Solomon Peters	Portfolio Manager	Fixed Income & Currency	CEBR	9	13
	Melissa Platt	Portfolio Manager	Equities/International	FundSource Research	8	12
	Bilgin Soylu	Portfolio Manager	Equities/International	Yapi Kredi Bank	9	10
	Jonathan Spread	Portfolio Manager	Equities/International	Morley Fund Management	5	10
	Amice Tieman	Portfolio Manager	Equities/North America	ING	5	13
	Boris Veselinovich	Portfolio Manager	Equities/Strategy	Challenger International	9	11
	Dinash Lakhani	Senior Research Analyst	Equities/International	Abu Dhabi Investment Authority	9	26
	Steven Dutaut	Asst. Portfolio Manager	Equities/International	Baillie Gifford	2	6
Scott Fleming	Asst. Portfolio Manager	Fixed Income & Currency	ABN AMRO	2	7	
James Francken	Asst. Portfolio Manager	Equities/North America	Investec Asset Management	1	2	
Dan Kelly	Asst. Portfolio Manager	Equities/Emerging Markets	Deloitte LLP	<1	3	
Luigi Li Calzi	Asst. Portfolio Manager	Equities/Strategy	Matterhorn Investments	1	2	
Alex Simcox	Asst. Portfolio Manager	Equities/International	Ernst & Young LLP	2	6	
Paul Thompson	Asst. Portfolio Manager	Equities/North America	Deloitte LLP	<1	3	
Brian Heywood	Implementation Manager	Equities	Mercury Asset Management	13	15	
Alan Fedarb	Portfolio Managers' Asst.	Equities	Gartmore Fund Managers	13	20	
Samantha Pollard	Portfolio Managers' Asst	Equities	Lambeth Building Society	4	10	
Sara Sappinen	Portfolio Managers' Asst.	Equities	Barclays Global Investors	3	5	
Sandy Beveridge	Senior Trading Manager	Trading Desk	IDS International Inc	19	37	
Natalie Stone	Senior Trader	Trading Desk	WestAM	5	15	
Anish Shah	Trader	Trading Desk	KBC Alternative Investment Mngmnt	1	10	
Client Service Professionals	Len Johnson	President, Client Services, London		Hill Samuel	13	43
	Michael Seymour	Senior Manager, Client Services, London		SEI Investments	<1	23
	Andrew Kiely	Manager, Client Services, London		Bank of Ireland Asset Management	4	13
	Jenny Phimister	Manager, Client Services, London		Hill Samuel Investment Management	9	20
	Paul Ross	President, MIP (U.S.), Inc., Philadelphia		The Travelers Corporation*	16*	28
	Patricia Karolyi	Executive Vice President, MIP (U.S.), Inc., Philadelphia		Blank, Rome, Comisky & McCauley*	18*	20
	James Brecker	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia		None*	10*	10
	Laura Conlon	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia		Morgan Lewis & Bockius, LLP*	12*	12
	James Hill	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia		PNC Equity Advisors*	12*	19
	Justin Richards	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia		None*	10*	10
	Todd Rittenhouse	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia		Chartwell Investment Partners*	10*	19
	Steve Starnes	Senior Vice President, Client Services, MIP (U.S.), Inc., Philadelphia		1838 Investment Advisers*	7*	29

\*Prior to joining Mondrian Investment Partners (U.S.), Inc. in September 2004, these individuals worked with Delaware Investments. Delaware Investments was an affiliate of Mondrian Investment Partners Limited prior to the management buy-out and name change of September 2004. The listing for "Former Employer" denotes the individual's employer prior to joining Delaware Investments. The listing for "Years with MIP" includes both years with Delaware Investments and MIP (U.S.), Inc. Todd Rittenhouse rejoined in 2007 after having worked with Delaware Investments from 1992 - 1999.

# SENIOR INVESTMENT STAFF AND SENIOR MANAGEMENT

## MONDRIAN INVESTMENT PARTNERS

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### DAVID G. TILLES

#### EXECUTIVE CHAIRMAN

Mr. Tilles was educated at the Sorbonne, Warwick University and Heidelberg University. Prior to joining Mondrian in 1990 as founding Managing Director & Chief Investment Officer he spent 16 years with Hill Samuel in London, serving in a number of investment capacities. Mr. Tilles was appointed Executive Chairman in November 2007. Mr. Tilles holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

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### CLIVE A. GILLMORE

#### CHIEF EXECUTIVE OFFICER & CIO GLOBAL EQUITIES

Mr. Gillmore is a graduate of the University of Warwick and has completed the Investment Management Program at the London Business School. In 1990, Mr. Gillmore joined Mondrian Investment Partners' predecessor organization as a founding member, having previously worked as a Senior Portfolio Manager for Hill Samuel Investment Advisers Ltd., and a Portfolio Manager at Legal and General Investment Management. He has over twenty years' experience analyzing equity markets and securities around the world and has managed client portfolios with a wide range of mandates. Mr. Gillmore is CEO of Mondrian, CIO of Global Equities and he is a member of Mondrian's Equity Strategy Committee, Chairman of the Emerging Markets Strategy Committee (where his research specialization lies) and a member of the Management Steering Committee.

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### ELIZABETH A. DESMOND

#### DIRECTOR, CHIEF INVESTMENT OFFICER INTERNATIONAL EQUITIES

Ms. Desmond is a graduate of Wellesley College and the Masters Program in East Asian Studies at Stanford University. After working for the Japanese government for two years, she began her investment career as a Pacific Basin investment manager with Shearson Lehman Global Asset Management. Prior to joining Mondrian in 1991, she was a Pacific Basin Equity Analyst and Senior Portfolio Manager at Hill Samuel Investment Advisers Ltd. Ms. Desmond is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of the UK.

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### JOHN KIRK

#### DEPUTY CHIEF EXECUTIVE OFFICER

Mr. Kirk is a Math graduate from the University of Wales and has an M.A. in operations research from Lancaster University. Before joining Mondrian in 1998, Mr. Kirk was at Royal Bank of Canada in London, where he was responsible for European and Asian Fixed Income. Mr. Kirk started his career at Ford Motor Company as a member of their operations research group. Mr. Kirk leads our credit research and heads the Global Credit Valuation Committee.

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### NIGEL G. MAY

#### DEPUTY CHIEF EXECUTIVE OFFICER

Mr. May is a graduate of Sidney Sussex College, Cambridge University, where he completed his Masters in Engineering. He joined Mondrian in 1991. Having led the European Team's research effort since 1995, he is now on the investment committee for several of Mondrian's investment products. Mr. May was formerly a Senior Portfolio Manager and analyst with Hill Samuel Investment Advisers Ltd., having joined the Hill Samuel Investment Group in 1986. Mr. May holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

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### CHRISTOPHER A. MOTH

#### DIRECTOR, CHIEF INVESTMENT OFFICER GLOBAL FIXED INCOME & CURRENCY

Mr. Moth is an Actuarial graduate from The City University in London, and was later awarded the Certificate in Finance & Investment from the London Institute of Actuaries. He joined Mondrian in 1992, after working for the GRE insurance company where he was responsible for quantitative models and projections. He has made key contributions to the development of Mondrian's fixed income product, and was primarily responsible for the structure of the company's in-house systems to control and facilitate the investment process. Mr. Moth chairs the Global Fixed Income and Currency Committee meeting.

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### HAMISH O. PARKER

#### DIRECTOR

Mr. Parker has a degree from St. Johns College, Oxford. He began his investment career in 1981 as a Portfolio Manager for the Kuwait Investment Office, London, before joining J. Rothschild Holdings. Prior to joining Mondrian in 1990, he was with Hill Samuel Investment Advisers Ltd, which he joined in 1986 as a European Analyst and Senior Portfolio Manager.

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### JOHN EMBERSON

#### DIRECTOR, CHIEF OPERATING OFFICER

Mr. Emberson is a member of the Institute of Chartered Accountants in England and Wales and has completed an MBA. Upon joining Mondrian in 1991, he assumed the role of business manager and compliance officer and is now responsible for all operating functions. He began his career with Dearden Farrow, where his specialization was the auditing of organizations in the investment management business. He joined Touche, Remnant & Co. in 1987 as head of finance and planning. In addition to the above, Mr. Emberson is also responsible for management information systems, with which he has extensive experience.

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### FIONA A. BARWICK

#### DEPUTY HEAD, INTERNATIONAL EQUITIES

Ms. Barwick is a graduate of University College, London. She joined Mondrian in 1993 to cover the Non-US markets. Prior to this, she spent 3 years at Touche, Remnant & Co. in London as an Assistant Portfolio Manager and Research Analyst. Ms. Barwick holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

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### LEN JOHNSON

#### PRESIDENT, CLIENT SERVICES

Mr. Johnson holds the Chartered Institute of Bankers qualification and joined Mondrian in 1997 from Hill Samuel Investment Management, where he was Managing Director, International. He has extensive practical international experience as a Fund Manager and spent seven years working in the Far East.

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### PAUL M. ROSS

#### PRESIDENT

#### MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Mr. Ross is a graduate of the University of Connecticut, where he earned an MBA, and Western Connecticut State University, where he earned a Bachelor of Business Administration degree. Prior to joining Mondrian's former affiliate in 1993, he spent eleven years in the institutional client service, consultant relations and business development group at The Travelers Corporation. In his present position, he is responsible for managing Mondrian's North American client service, consultant relations and marketing activities. Mr. Ross is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

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### PATRICIA M. KAROLYI

#### EXECUTIVE VICE PRESIDENT

#### MONDRIAN INVESTMENT PARTNERS (U.S.), INC.

Ms. Karolyi is a graduate of Villanova University, where she earned an MBA, and Temple University, where she earned a Bachelor of Science degree. She began her investment career at Mondrian's former affiliate in 1989, where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, marketing and consultant relations. Ms. Karolyi is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

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# INVESTMENT STAFF

## MONDRIAN INVESTMENT PARTNERS

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### ROBERT AKESTER

#### SENIOR PORTFOLIO MANAGER

A graduate of University College, London, Mr. Akester joined Mondrian in 1996. Prior to joining Mondrian he was a Director of Hill Samuel Investment Management where he had responsibility for significant overseas clients and Far Eastern markets. Mr. Akester is an Associate of the Institute of Actuaries and holder of its Certificate in Finance and Investment. He has 40 years of investment experience, including over 30 years of involvement in emerging markets. Mr. Akester is a Senior Portfolio Manager in the Emerging Markets Team.

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### BRENDAN BAKER

#### SENIOR PORTFOLIO MANAGER

Mr. Baker has a BSc in History and an MSc in Economics from the University of London. He commenced his career as a financial journalist covering UK markets. On completing his MSc, Mr. Baker moved to Lombard Street Research, a leading UK economics consultancy. As a Senior Economist there, he worked on global economic analysis and financial markets strategy. He joined Mondrian in 2001. Mr. Baker is a Senior Portfolio Manager with the US Equities team and is a member of the Global Equity Strategy Committee.

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### JOANNA BATES

#### SENIOR PORTFOLIO MANAGER

Ms. Bates is a graduate of London University. She joined Mondrian's Fixed Income Team in 1997, before which she was Associate Director of Fixed Interest at Hill Samuel Investment Management. She has also worked for Fidelity International and Save & Prosper as a fund manager and analyst for global bond markets. At Mondrian, Ms. Bates is a Senior Portfolio Manager with many client relationships including those based in Japan. Her research specialities are emerging market currencies and debt. Ms. Bates holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

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### NIGEL A. BLISS

#### SENIOR PORTFOLIO MANAGER

Mr. Bliss has a BA Hons Degree in Geography from the University of Manchester. He holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. He commenced his career at Cazenove & Co. and moved to join Mondrian in 1995. Mr. Bliss is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience analyzing securities in the Pacific Basin region and in the global materials, utilities, property and industrials sectors. Mr. Bliss is a member of Mondrian's Non-US Equity Strategy Committee.

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### GINNY CHONG

#### SENIOR PORTFOLIO MANAGER

Prior to joining Mondrian in 2000, Ms. Chong worked for PricewaterhouseCoopers in Vancouver, within the Corporate Finance and Investment Banking Division where she qualified as a Canadian Chartered Accountant. Ms. Chong has a degree in Commerce from the University of British Columbia, Vancouver. Ms. Chong is presently a Senior Portfolio Manager within the Emerging Markets Team. Ms. Chong is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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### FRANCES M. CUTHBERT

#### SENIOR PORTFOLIO MANAGER

Ms. Cuthbert is a graduate of the University of Edinburgh where she completed a MA (Hons) degree in Economics. She commenced her career at Deutsche Bank before joining Mondrian in 1999 with responsibilities in the International Small Capitalisation Team. Ms. Cuthbert is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

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### ORMALA KRISHNAN

#### SENIOR PORTFOLIO MANAGER

Dr. Krishnan heads Mondrian's International Small Capitalisation team. Dr. Krishnan started her investment career in 1993 with Singapore based Koenean Capital Management. Prior to joining Mondrian in 2000 as a portfolio manager, Dr. Krishnan was an investment consultant with William M Mercer. Upon completion of her BSc in Pure and Applied Mathematics from the National University of Singapore, Dr. Krishnan achieved her MSc in Actuarial Science from City University, London. In 2006, Dr. Krishnan completed her Doctoral program in Investment and Finance from Sir John Cass Business School, City of London. Her doctoral thesis was on 'Value versus Growth in the Asian Equity Markets'.

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### EMMA R. E. LEWIS

#### SENIOR PORTFOLIO MANAGER

Ms. Lewis is a graduate of Pembroke College, Oxford University, where she completed her Masters in Philosophy and Theology. She joined Mondrian in 1995, assuming analytical responsibilities in the Non-US Equity Team. Ms. Lewis is currently a Senior Portfolio Manager at Mondrian where she manages international portfolios. Prior to joining Mondrian, Ms. Lewis began her investment career at the Dutch bank ABN AMRO and later joined Fujii Investment Management. Ms. Lewis holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

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### RUSSELL J. MACKIE

#### SENIOR PORTFOLIO MANAGER

A graduate, with Honours in European Studies and French from the University of Dundee and the Université de Grenoble, France. Mr. Mackie joined Mondrian in 1997, previously he was an Investment Analyst for Hodgson Martin Ltd. Prior to that he worked for the European Commission in Brussels. Mr. Mackie holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. Mr. Mackie is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience in analyzing securities in Europe and in global consumer sectors. Mr. Mackie is a member of Mondrian's Non-US Equity Strategy Committee.

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### ANDREW MILLER

#### SENIOR PORTFOLIO MANAGER

Mr. Miller is a graduate of the University of Birmingham. Prior to joining Mondrian in 2000, he worked in the Investment Management department of PricewaterhouseCoopers, where he was responsible for the analysis and audit of various investment vehicles. Mr. Miller is presently a Senior Portfolio Manager within the Emerging Markets Team. Mr. Miller holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

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### DANIEL G. PHILPS

#### SENIOR PORTFOLIO MANAGER

Mr. Philps joined Mondrian in 1998. He has a BSc from London University (King's College). Before joining Mondrian, Mr. Philps was a consultant to the derivatives businesses of Dresdner KB, Bankers Trust and Barclays Capital where he specialized in building pricing, risk and value models. At Mondrian he is a Senior Portfolio Manager and had a lead role in building our in-house proprietary credit analysis system. As a member of the Global Fixed Income and Currency Committee Mr. Philps has primary responsibility for credit research. Mr. Philps is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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### ANDREW R. PORTER

#### SENIOR PORTFOLIO MANAGER

Mr. Porter studied at Magdalen College, Oxford University graduating with a first class degree in Chemistry. He also has an MSc in Economics from the University of London. Mr. Porter started his career as a consultant and trainee chartered accountant at Deloitte and Touche. Prior to joining Mondrian in 2003, Mr. Porter worked at Frank Russell, part of the team managing the multi-manager funds in the Asia Pacific region. Mr. Porter is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

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### DAVID J. WAKEFIELD

#### SENIOR PORTFOLIO MANAGER

Mr. Wakefield joined Mondrian in 2001. He took both a BSc and an MSc in Economics from the University of Warwick. Prior to joining Mondrian, Mr. Wakefield was an economic adviser to the Monetary Policy Committee of the Bank of England, and formerly an economic adviser to the UK Treasury Department, specializing in inflation forecasting in both positions. At Mondrian, he is a Senior Portfolio Manager and an active member of the Global Fixed Income and Currency Committee, where he utilizes his extensive inflation forecasting experience. Mr. Wakefield is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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# INVESTMENT STAFF (CONTINUED)

## MONDRIAN INVESTMENT PARTNERS

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### GRAEME R. COLL

#### PORTFOLIO MANAGER

Mr. Coll is a graduate of the University of the Witwatersrand, South Africa where he completed his Bachelor of Commerce with Honors. Prior to joining Mondrian in 2005, Mr. Coll was an Assistant Director at Ernst & Young Corporate Finance in London. Previously, he was employed at Deloitte & Touche in both New York and Johannesburg in their Financial Advisory Services Practice. Mr. Coll is a Portfolio Manager within the Emerging Markets Team. Mr. Coll is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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### MATT DAY

#### PORTFOLIO MANAGER

Mr. Day joined the Mondrian Global Fixed Income & Currency Team in 2007. Prior to this, he worked at Buck Consultants in their investment and actuarial divisions, specialising in the development of stochastic asset and liability models for UK pension schemes. At Mondrian, Mr. Day is a quantitative analyst responsible for the continuing development of the company's proprietary inflation and mortgage backed securities models. Mr. Day has a BSc in Economics with Actuarial Studies from the University of Southampton and is a Fellow of the Institute of Actuaries.

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### AILEEN GAN

#### PORTFOLIO MANAGER

Ms. Gan is a Commerce graduate from the University of Melbourne, Australia and holds a Masters of Commerce degree from the University of New South Wales, Australia. Prior to joining Mondrian in 2005, she was a consultant at Accenture, specialising in the financial services sector, firstly in Singapore and subsequently in the UK. Ms. Gan is a CPA (Australia) and CFA charterholder. She is also a member of the CPA Australia, the CFA Institute and the CFA Society of the UK.

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### RICHARD J. GINTY

#### PORTFOLIO MANAGER

A graduate of Sheffield University, Mr. Ginty joined Mondrian in 1993. He began his investment career with Fiduciary Trust International in 1988 and subsequently moved to Kleinwort Benson Securities Limited. His primary research focus at Mondrian is in the Non-US Equity markets. Mr. Ginty holds the ASIP designation.

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### GREGORY J.P. HALTON

#### PORTFOLIO MANAGER

Having graduated from St Catherine's College, Oxford in 2000 with a MEng (Hons) in Engineering Science, Mr. Halton worked in the global equity division of Deutsche Asset Management before joining Mondrian in 2004. Mr. Halton is a Portfolio Manager within the Emerging Markets Team. Mr. Halton is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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### DAWID KRIGE

#### PORTFOLIO MANAGER

Mr. Krige graduated from the University of Stellenbosch, South Africa in 2000 with an Honours degree in Mathematical Statistics. He started his career at RMB International as a Portfolio Analyst where he was responsible for multi-management investments in the Asia Pacific region. He joined Mondrian in 2005 and is a Portfolio Manager in the Emerging Markets Team. Mr. Krige is a member of the CFA Institute and the CFA Society of the UK.

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### BHAVIN MANEK

#### PORTFOLIO MANAGER

Mr. Manek is a graduate of the London School of Economics where he achieved a First Class Honours degree in Economics. Mr. Manek started his career at Mercer Investment Consulting where he worked for 3 years as an Investment Analyst, before joining Mondrian in 2006. Mr. Manek is a Portfolio Manager on the International Small Capitalisation Team. Mr. Manek is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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### KIM NGUYEN

#### PORTFOLIO MANAGER

Ms. Nguyen is a graduate of the University of New South Wales where she completed her Bachelor of Laws and Bachelor of Commerce (Finance). On graduation in 2000, Ms. Nguyen joined Credit Suisse as a Legal and Compliance Analyst. Ms. Nguyen has also worked with Citigroup and Invesco before joining Mondrian in 2004 where she had been working as a Compliance Executive before accepting a position as Assistant Portfolio Manager with the North American Team in 2005. Ms. Nguyen is a CFA Charterholder and a member of the CFA Institute and the CFA Society of the UK.

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### AIDAN NICHOLSON

#### PORTFOLIO MANAGER

Having graduated from Pembroke College, Oxford with a Masters in Engineering, Economics & Management, Mr. Nicholson worked at Cazenove & Co. in the UK Smaller Companies Team, before moving to Mondrian in 2003 where he is a Portfolio Manager on the International Small Capitalisation Team. Mr. Nicholson is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

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### SOLOMON O. PETERS

#### PORTFOLIO MANAGER

Mr. Peters joined Mondrian's Fixed Income Team in 2000. He has a BA in Economics from King's College, Cambridge and an MSc in Economics and Econometrics from Southampton University. After a period with the UK Government Statistical Service, he moved to research consulting at the Centre for Economics and Business Research (CEBR), specialising in econometric forecasting. Mr. Peters has helped to further develop Mondrian's proprietary inflation forecasting models, and also supplies quantitative support to our credit research. Mr. Peters is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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### MELISSA J. A. PLATT

#### PORTFOLIO MANAGER

Ms. Platt is an Economics and Finance graduate of Massey University, New Zealand. She started her career as a consultant at KPMG Corporate Finance. She then moved to FundSource Research for 3 years as an Investment Analyst and later as Research Manager. Ms. Platt joined Mondrian in 2004 and is a Portfolio Manager in the Non-US Equity Team. Ms. Platt is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

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### BILGIN SOYLU

#### PORTFOLIO MANAGER

Dr. Soylu holds a Science/Engineering PhD from Cambridge University. Following nine years in scientific research and project management at Cambridge University and having gained an MBA, he moved from the academic world to join a consultancy specialising in Telecommunications. Dr. Soylu's most recent position before joining Mondrian in 2000, was as senior telecoms/technology analyst for Yapı Kredi Bank, the largest private bank in Turkey. Dr. Soylu is a Portfolio Manager in the Non-US Equity Team. Dr. Soylu is a member of the CFA Institute and a member of the CFA Society of the UK.

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### JONATHAN SPREAD

#### PORTFOLIO MANAGER

Mr. Spread graduated from Durham University in 1999 with a BSc in Computer Science and joined Morley Fund Management as part of their Pan-European research team. He joined Mondrian in 2005 and continues to focus on Non-US banks and insurers. Mr. Spread is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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### AMICE TIERNAN

#### PORTFOLIO MANAGER

Ms. Tiernan graduated from the University of Bristol in 1996 with a BSc in Mathematics. After completing her degree, she worked in the Financial Services department at PricewaterhouseCoopers for 6 years where she qualified as a Chartered Accountant. She then joined ING as an internal auditor, before moving to Mondrian in 2005. Ms. Tiernan is a Portfolio Manager in the North American Team. Ms. Tiernan is a CFA Charterholder and is a member of the CFA Institute and the CFA Society of the UK.

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### BORIS VESELINOVICH

#### PORTFOLIO MANAGER

Mr. Veselinovich is a PhD candidate in Mathematical Finance at Birkbeck College, University of London, specializing in Option Pricing and Hedging. He holds an MSc in Mathematical Trading and Finance from London City University and an honours degree in Quantitative Finance and Economics from the University of Western Australia. He previously worked at Challenger International as an Investment Research Analyst and was also involved in a number of projects including the design of structured equity products and the development of hedge fund products. Mr. Veselinovich joined Mondrian in 2001. Mr. Veselinovich has the IMC designation and the Securities and Investment Institute Certificate in Derivatives.

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# INVESTMENT STAFF (CONTINUED)

## MONDRIAN INVESTMENT PARTNERS

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### DINASH V. LAKHANI

#### SENIOR RESEARCH ANALYST

Mr. Lakhani holds a joint Honours degree in Chemical Engineering and Management Sciences from Imperial College, London and an MBA from Manchester Business School. After completing his degree in 1983, he joined Fleming Investment Management in London, where he gained wide ranging experience in fund management. Prior to joining Mondrian, in 2000, Mr. Lakhani worked as a Senior Investment Analyst at the Abu Dhabi Investment Authority in Abu Dhabi covering the energy and utility sectors across Europe. Mr. Lakhani is a Senior Research Analyst in the Non-US Equity Team.

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### STEVEN DUTAUT

#### ASSISTANT PORTFOLIO MANAGER

Mr. Dutaut holds a BA in Business Finance from the University of Durham and a M.Litt. in Management, Economics and International Relations from the University of St. Andrews. After completing his postgraduate degree, Mr. Dutaut worked in Bank of America's investment banking division for one year, followed by two years as an investment analyst for Baillie Gifford. Mr. Dutaut joined Mondrian as an Assistant Portfolio Manager in the Non-US Equity Team in 2007. Mr. Dutaut is a CFA Charterholder, a member of the CFA Institute and a member of the CFA Society of the UK.

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### SCOTT FLEMING

#### ASSISTANT PORTFOLIO MANAGER

Mr. Fleming is an Actuarial graduate from Heriot-Watt University in Edinburgh, and has been awarded the Certificate in Actuarial Techniques from the London Institute of Actuaries. Prior to joining Mondrian in 2007, he worked for ABN Amro as a credit analyst in their Energy and Resources team. At Mondrian, Mr. Fleming adds further depth to our research capabilities specialising in credit analysis. Mr. Fleming is a CFA Charterholder and is a member of the CFA Society of the UK.

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### JAMES FRANCKEN

#### ASSISTANT PORTFOLIO MANAGER

Mr. Francken is a graduate of Exeter College, Oxford University and Emmanuel College, Cambridge University and holds an MBA in Finance from London Business School. Prior to joining Mondrian in 2009, he worked for Investec Asset Management. Mr. Francken is an Assistant Portfolio Manager in the North American Team.

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### DAN KELLY

#### ASSISTANT PORTFOLIO MANAGER

Mr. Kelly graduated from the University of Leeds in 2004, with a BSc. (Hons) degree in Mathematics with Philosophy. He subsequently worked in the Financial Services department of Deloitte LLP for three years, where he qualified as a Chartered Accountant. He joined the Mondrian Emerging Markets Equity Team in 2009. Mr. Kelly is a member of the Institute of Chartered Accountants in England and Wales, and is a Level III candidate in the CFA Program.

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### LUIGI LI CALZI

#### ASSISTANT PORTFOLIO MANAGER

Mr. Li Calzi holds an MSci in Physics from the University College, London, and an MSc in Quantitative Finance from the Sir John Cass Business School, London. Prior to joining Mondrian in 2008 he worked for Matterhorn Investment Management, a London based fund specialising in emerging markets.

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### ALEX SIMCOX

#### ASSISTANT PORTFOLIO MANAGER

Mr. Simcox graduated from Robinson College Cambridge with an MA in History. Mr. Simcox worked for four years in the Energy sector of the corporate tax consulting department at Ernst and Young LLP, before joining the Non-US Equity Team at Mondrian in 2007. Mr. Simcox is a member of the Institute of the Chartered Accountants of Scotland.

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### PAUL THOMPSON

#### ASSISTANT PORTFOLIO MANAGER

Mr. Thompson graduated from St. Peter's College, Oxford University, with a BA (Hons) degree in Modern History and Politics in 2006. He spent three years as a trainee accountant in the financial services practice of Deloitte LLP, specialising in the audit of insurance and investment management firms. He joined the Mondrian US Equity Team in 2009 and is a candidate for Level II of the CFA Program.

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### BRIAN HEYWOOD

#### IMPLEMENTATION MANAGER

Mr. Heywood is a graduate of the University of Bournemouth, where he achieved a BA (Hons) degree in Financial Services. He commenced his career at Mercury Asset Management. Mr. Heywood joined the Investment Administration department of Mondrian in 1996, and three years later was promoted to the investment staff. Mr. Heywood holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

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### ALAN FEDARB

#### PORTFOLIO MANAGER'S ASSISTANT

Prior to joining Mondrian, Mr. Fedarb spent seven years at Gartmore Investment Management. He joined the Investment Administration department of Mondrian in 1997, and was promoted to the investment staff in 2000. Mr. Fedarb has the IMC designation.

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### SAMANTHA POLLARD

#### PORTFOLIO MANAGER'S ASSISTANT

Ms. Pollard graduated from Kingston University with a BA(Hons) in Accountancy and Law. After completing her degree, she worked for Newton Investment Partners for 3 years where she qualified as an accountant. She joined Mondrian in 2005 as management accountant and in 2008 transferred to the investment staff. Ms. Pollard has the IMC designation and passed Level I of the CFA in 2009.

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### SARA SAPPINEN

#### PORTFOLIO MANAGER'S ASSISTANT

Ms. Sappinen graduated from the University of Westminster in June 2004, where she achieved a BA (Hons) degree in Business Studies specialising in Finance. She started her career at Barclays Global Investors in 2004 in the client services and investment accounting department and a year later was given further responsibilities in the client relationship management area. Ms. Sappinen joined the Mondrian investment staff in 2006. She has passed Level I of the CFA and is a candidate for Level II.

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### SANDY BEVERIDGE

#### SENIOR TRADING MANAGER

Mr. Beveridge joined Morgan Grenfell Investment Division in 1972 and was an international trader with that organization between 1984 and 1988. Prior to joining Mondrian in 1990, as Trading Manager, he was a trader at IDS International Inc., in London.

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### NATALIE STONE

#### SENIOR TRADER

Ms. Stone holds a BSc (Hons) degree in Maths and Physics from Leeds University. She started her career in investment administration at Pictet Asset Management. Ms. Stone then moved to WestLB Asset Management as a dealer and progressed to Head of Dealing, trading all instruments. After nearly 8 years at WestAM, she joined Mondrian in 2004. Ms. Stone has the IMC designation.

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### ANISH SHAH

#### TRADER

Mr. Shah holds a Bsc (Hons) in Business Management from Kings College London University. He commenced his career at Merrill Lynch working on the credit trading desk in London. Mr. Shah then moved to KBC Alternative Investment Management where he traded fixed income securities and managed one of the credit portfolios. Mr. Shah has passed Level I of the CFA in 2002.

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# CLIENT SERVICE STAFF – LONDON & PHILADELPHIA

## MONDRIAN INVESTMENT PARTNERS

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### LONDON:

#### LEN JOHNSON

PRESIDENT, CLIENT SERVICES

Mr. Johnson holds the Chartered Institute of Bankers qualification and joined Mondrian in 1997 from Hill Samuel Investment Management, where he was Managing Director, International. He has extensive practical international experience as a Fund Manager and spent seven years working in the Far East.

#### MICHAEL SEYMOUR

SENIOR MANAGER, CLIENT SERVICES

Mr. Seymour took a BSc in Mechanical Engineering from Cardiff University. Prior to joining Mondrian in 2010, he worked for SEI Investments as a Client Investment Strategist. He has over twenty years in the industry having spent most of his career at Deutsche Asset Management and Fidelity. His experience covers both client service and work as an investment specialist in global and emerging market equities. At SEI he also reported to clients on global bonds. At Mondrian, Mr. Seymour is part of the client service team. He holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

#### ANDREW KIELY

MANAGER, CLIENT SERVICES

Mr. Kiely has a B.A. in Economics from University College Dublin and an MSc in Investment & Treasury from Dublin City University. Prior to joining Mondrian in 2006, Mr. Kiely worked for 6 years in client services and marketing for Bank of Ireland Asset Management in the United States. Before this, Mr. Kiely was a junior equity analyst with ABN Amro in Dublin. In his present position, his responsibilities include UK based Consultant liaison and client servicing. Mr. Kiely holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

#### JENNY PHIMISTER

MANAGER, CLIENT SERVICES

Ms. Phimister is a graduate of The Open University, and is a holder of the Investment Management Certificate. She joined Mondrian's Client Service Team in 2000 from Hill Samuel Investment Management, where she was a Client Service Manager. Ms. Phimister has many years experience in liaising with international clients particularly in Japan and the Middle East.

### PHILADELPHIA:

#### PAUL M. ROSS

PRESIDENT  
MONDRIAN INVESTMENT  
PARTNERS (U.S.), INC.

Mr. Ross is a graduate of the University of Connecticut, where he earned an MBA, and Western Connecticut State University, where he earned a Bachelor of Business Administration degree. Prior to joining Mondrian's former affiliate in 1993, he spent eleven years in the institutional client service, consultant relations and business development group at The Travelers Corporation. In his present position, he is responsible for managing Mondrian's North American client service, consultant relations and marketing activities. Mr. Ross is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

#### PATRICIA M. KAROLYI

EXECUTIVE VICE PRESIDENT  
MONDRIAN INVESTMENT  
PARTNERS (U.S.), INC.

Ms. Karolyi is a graduate of Villanova University, where she earned an MBA, and Temple University, where she earned a Bachelor of Science degree. She began her investment career at Mondrian's former affiliate in 1989, where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, consultant relations, and marketing. Ms. Karolyi is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

#### JAMES F. BRECKER III

SENIOR VICE PRESIDENT,  
CLIENT SERVICES  
MONDRIAN INVESTMENT  
PARTNERS (U.S.), INC.

Mr. Brecker is a Cum Laude graduate of the University of Richmond, where he earned a Bachelor of Science degree in Business Administration. Prior to his current role, he worked in a marketing and client service role at Mondrian's former affiliate. In his present position, he is responsible for client service, consultant relations, and marketing. Mr. Brecker is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

#### LAURA A. CONLON

SENIOR VICE PRESIDENT,  
CLIENT SERVICES  
MONDRIAN INVESTMENT  
PARTNERS (U.S.), INC.

Ms. Conlon is a Summa Cum Laude graduate of Rosemont College where she earned a Bachelor of Science degree in Business Administration. Ms. Conlon worked at Morgan, Lewis & Bockius, LLP before joining Mondrian's former affiliate in 1997 where she had increasing roles in the marketing and client service areas. In her present position, she is responsible for client service, consultant relations, and marketing. Ms. Conlon is a CFA Charterholder, and a member of the CFA Institute and the CFA Society of Philadelphia.

#### JAMES H. HILL

SENIOR VICE PRESIDENT,  
CLIENT SERVICES  
MONDRIAN INVESTMENT  
PARTNERS (U.S.), INC.

Mr. Hill is a graduate of Saint Joseph's University, where he earned a Bachelor of Arts degree in Political Science. He has held positions in marketing and client services for PNC Equity Advisors and Provident Capital Management. Prior to joining Mondrian, he was an Investment Specialist for Growth Equities at Mondrian's former affiliate. In his present position, Mr. Hill is responsible for client service, consultant relations, and marketing.

#### JUSTIN A. RICHARDS

SENIOR VICE PRESIDENT,  
CLIENT SERVICES  
MONDRIAN INVESTMENT  
PARTNERS (U.S.), INC.

Mr. Richards is a graduate of Temple University, where he earned an MBA with Honors, and a Cum Laude graduate of Gettysburg College, where he earned a Bachelor of Arts degree in Economics and Japanese Studies. Mr. Richards worked for the Japanese government as a participant in the Japan Exchange Teaching Programme, before joining Mondrian's former affiliate in 2000, where he worked in various client service and marketing roles. In his present position, Mr. Richards is responsible for client service, consultant relations, and marketing.

#### E. TODD RITTENHOUSE

SENIOR VICE PRESIDENT,  
CLIENT SERVICES  
MONDRIAN INVESTMENT  
PARTNERS (U.S.), INC.

Mr. Rittenhouse is a graduate of LaSalle University where he earned a Bachelor of Science degree in Business Administration. He worked at Mondrian's former affiliate from 1992 to 1999, where he was a Vice President in the Client Services Group. Prior to joining Mondrian, he was a Partner in the Client Services Group at Chartwell Investment Partners, where he worked for eight years. In his present position, Mr. Rittenhouse is responsible for client service, consultant relations, and marketing.

#### STEPHEN W. STARNES

SENIOR VICE PRESIDENT,  
CLIENT SERVICES  
MONDRIAN INVESTMENT  
PARTNERS (U.S.), INC.

Mr. Starnes is a graduate of Hamilton College, where he earned Bachelor of Arts degree in Sociology. He began his investment career at Bache, Halsey, Stuart, Shields (now Wells Fargo) in 1983. After spending 10 years at 1838 Investment Advisors, LLC as a Partner and Director, he joined Mondrian's former affiliate in 2002 as head of Wealth Management and Managed Accounts. Mr. Starnes was seconded in August 2006 to Mondrian's London office where he acted as Senior Manager for European and Australasian clients. In March 2009, he returned to the Mondrian US office. In addition to work with the institutional client base, he acts as the Investment Specialist for International Equity ADR portfolio.



# OPERATIONS SENIOR STAFF

## MONDRIAN INVESTMENT PARTNERS

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### JOHN L. BARRETT

#### CHIEF COMPLIANCE OFFICER

Mr. Barrett is a Fellow of the UK Chartered Institute for Securities & Investment and holds the Securities Institute diploma. Prior to joining Mondrian in 2001, he spent 8 years with Newton Investment Management as Deputy Head of Compliance. Mr. Barrett began his financial services career in 1988 at the Investment Management Regulatory Organisation (IMRO), a UK regulatory body which now forms part of the Financial Services Authority (FSA). At IMRO he held a variety of positions including Team Leader with responsibilities for carrying out regulatory examinations of regulated firms.

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### PAUL J. FOURNEL

#### HEAD OF IT

Mr. Fournel joined Mondrian in 1995 with 9 years experience within offshore investment management companies, most recently as Project Manager for the set-up of the investment accounting system at S.G.Warburg KAG in Frankfurt. He was initially recruited as Investment Administration Manager, which included responsibility for systems. As the Company has expanded, Mr. Fournel has concentrated on the Information Technology development and is now jointly responsible for the IT Management at Mondrian.

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### JANE S. GOSS

#### GENERAL COUNSEL

Ms. Goss is a graduate of Tufts University and the American University - Washington College of Law. Prior to joining Mondrian in 2004, she was the general counsel and compliance officer for GMO Europe Ltd for five years. She began her career in London with Morgan Stanley Asset Management Limited where she was employed for 11 years, latterly as an executive director and head of the legal and compliance department with responsibilities for Europe, Japan, Australia and the Far East.

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### ARTHUR VAN HOOGSTRATEN

#### HEAD OF IT DEVELOPMENTS

Mr. van Hoogstraten has a degree in Electronics from the HTS Rens & Rens in Hilversum, Netherlands. He has over 17 years experience in Information Technology and before joining Mondrian in 1998, he worked for Siemens, ABN Amro and Banque Paribas in systems development and project management roles.

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### WARREN D. SHIRVELL

#### DEPUTY CHIEF OPERATING OFFICER

Mr. Shirvell graduated from Exeter University in 1989 with a Honours degree in Applied Mathematics. He joined Arthur Andersen's Financial Markets Group, working in audit practice but also performing a large number of investment and operations consulting assignments. Before joining Mondrian in 2001, he undertook a number of short term senior consultancy roles at Invesco Asset Management, Hill Samuel Investment Advisers and BNP Paribas Asset Management. At Mondrian, he has responsibility for the Operations, Finance, IT, Performance and Operational Risk functions focusing on improving operational effectiveness and internal controls. Mr. Shirvell is an Associate Member of the Institute of Chartered Accountants (ACA), a Fellow of the UK Chartered Institute for Securities & Investment and holds the Securities Institute Diploma.

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### IAN N. COOKE

#### CHIEF ACCOUNTANT

Mr. Cooke's first degree was in Electronic Engineering from the University of Surrey. He trained to be a Chartered Accountant at KPMG. After qualification, he worked at National Westminster Bank for four years in the Head Office as an accountant. In 1994, he transferred to NatWest Markets, a newly formed subsidiary, to establish a management reporting function. During this period he undertook a part time MBA at Sir John Cass Business School, City of London. Mr. Cooke joined Ernst & Young in 1997 as a management consultant specialising in finance process improvement and shared service centres. He became a freelance consultant in 2001. In 2004 he implemented a new finance system at Mondrian and later joined the finance function as Chief Accountant.

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### JAMIE A. SHEARER

#### SENIOR INTERNAL AUDITOR

Ms. Shearer holds a Master of Professional Accounting degree from the University of Saskatchewan and a Bachelor of Arts degree from the University of British Columbia, both in Canada. She subsequently qualified as a Chartered Accountant with KPMG, working in the Vancouver, Canada and London, UK markets. Prior to joining Mondrian in 2010, she worked in Northern Trust's Audit Services department where she led internal audits in their London, Channel Islands, Luxembourg, and Ireland jurisdictions. She also holds a Securities & Investment Institute Level 3 Certificate in Investment Administration Qualification with a focus on Operational Risk.

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# IMPORTANT INFORMATION

## MONDRIAN INVESTMENT PARTNERS

TERM/ISSUE	DESCRIPTION/DISCLOSURE
Benchmark:	Mondrian benchmarks the International Small Cap Equity product against the MSCI World Ex-US Small Cap Index and the S&P Developed ex-US SmallCap Index. Surveys conducted by investment consultants show that these are the most commonly used small cap indices. Both these indices include stocks which are ranked at approximately the bottom 15th percentile by available market capitalization in each local market index.
Confidentiality:	This document is confidential and only for the use of the party named on its cover and their advisers. It may not be redistributed or reproduced, in whole or in part.
Correlation:	The source of the correlation calculation on page 6.2 is Mondrian Investment Partners.
Current Views:	Views expressed were current as of the date indicated, are subject to change, and may not reflect current views. Views should not be considered a recommendation to buy, hold or sell any security and should not be relied on as research or investment advice.
Forecast "Real" Annualized Market Returns:	These forecast "real" annualized market returns are used solely as a basis for making judgments about country allocation weightings and are not intended to be indications of expected returns.
Forward-Looking Statements:	This document may include forward-looking statements. All statements other than statements of historical facts are forward-looking statements (including words such as "believe," "estimate," "anticipate," "may," "will," "should," "expect"). Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those reflected in such forward-looking statements.
Performance Results:	<p>Performance provided is that of the Mondrian International Small Cap Equity Composite. These performance results do not reflect deduction of investment advisory and other fees and are net of transaction costs and withholding tax. Investment returns will be reduced accordingly. For example, if a 1.00% advisory fee were deducted quarterly (0.25% each quarter) and your annual return was 10% (approximately 2.411% each quarter) before deduction of advisory fees, the deduction of advisory fees would result in an annualized return of approximately 8.904%. Mondrian's investment advisory fees are described in Part II of its Form ADV. A representative US dollar fee schedule for institutional accounts is provided below, although it is expected that from time to time the fee charged will differ from the below schedule depending on the country in which the client is located and the nature, circumstances and requirements of individual clients. The fees will be charged as follows: the first US\$25m at 0.95%; the next US\$25m at 0.75%; the next US\$50m at 0.70% and amounts thereafter at 0.65%. New accounts are typically subject to a minimum account size of US\$100 million (or fees equivalent thereto).</p> <p>Unless otherwise noted, all returns are in US Dollar.</p>
Purchasing Power Parity Valuations:	Using proprietary Mondrian models. Further information on these models can be provided on request.
Universe Information:	The information provided in the standard deviation chart is from Callan Associates.
US Consumer Price Index:	Data provided through Datastream; two months in arrears.

# MONDRIAN EQUITY PRODUCTS

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

MONDRIAN PRODUCT AND TYPICAL BENCHMARK	VEHICLE			
	SEPARATE ACCOUNT	COMMINGLED FUND US INVESTORS	REGISTERED MUTUAL FUND	COMMINGLED FUND NON-US INVESTORS
<b>Non-US Equity</b> <i>MSCI EAFE</i>	Closed	Open <i>Minimum: \$5 million</i>		
<b>Focused Non-US Equity</b> <i>MSCI EAFE</i>	Open <i>Minimum: \$75 million</i>	Open <i>Minimum: \$5 million</i>	Laudus Mondrian <sup>4</sup>	Available
<b>Global Equity</b> <i>MSCI World</i>	Open <i>Minimum: \$50 million</i>	Open <i>Minimum: \$2 million</i>	Laudus Mondrian <sup>4</sup>	
<b>All Countries World Equity</b> <i>MSCI ACW</i>	Open <i>Minimum: \$350 million<sup>1</sup></i> <i>Minimum: \$100 million<sup>2</sup></i>			
<b>All Countries World Ex-US Equity</b> <i>MSCI ACW ex-US</i>	Closed	Open <i>Minimum: \$5 million</i>		
<b>Focused All Countries World Ex-US Equity</b> <i>MSCI ACW ex-US</i>	Open <i>Minimum: \$350 million<sup>1</sup></i> <i>Minimum: \$100 million<sup>2</sup></i>			
<b>Emerging Markets Equity</b> <i>MSCI EM</i>	Closed	Closed		Available
<b>Focused Emerging Markets Equity</b> <i>MSCI EM</i>	Open <i>Minimum: \$100 million</i>	Open <i>Minimum: \$3 million</i>	Laudus Mondrian <sup>4</sup>	Available
<b>Non-US Small Cap Equity</b> <i>MSCI World ex-US Small Cap</i>	Open <i>Minimum: \$100 million</i>	Open <i>Minimum: \$2 million</i>		
<b>Regional/Single Country Equity<sup>3</sup></b>	Open <i>Minimum: \$50 million</i>	Available		Available

1. Utilizing separate account only

2. Utilizing commingled fund for emerging markets exposure

3. Regional mandates include Japan, UK, Pacific and US Equity

4. Mondrian serves as sole sub-advisor to a range of registered mutual funds known as the Laudus Mondrian Funds. The Funds are advised by Charles Schwab Investment Management. For additional information on the Laudus Mondrian Funds, please contact your Mondrian client service representative or see [www.laudus.com](http://www.laudus.com)

Mondrian may, from time to time, reduce and/or increase the minimum amounts listed above. The above is for information purposes only and intended solely for the person to whom it has been delivered. It is not an offer or solicitation with respect to the purchase of any securities. Any investment decision in connection with any investment vehicle should be based on the information contained in its written offering materials.

# MONDRIAN FIXED INCOME PRODUCTS

MARCH 31, 2010

MONDRIAN INVESTMENT PARTNERS

MONDRIAN PRODUCT AND TYPICAL BENCHMARK	VEHICLE			
	SEPARATE ACCOUNT	COMMINGLED FUND US INVESTORS	REGISTERED MUTUAL FUND	COMMINGLED FUND NON-US INVESTORS
<b>Global Fixed Income</b> <i>Citigroup WGBI</i> <i>Barclays Capital Global Aggregate Bond Index</i>	Closing Minimum: \$50 million	Closing Minimum: \$1 million		Available
<b>International Fixed Income</b> <i>Citigroup WGBI ex-US</i> <i>Barclays Capital Global Aggregate ex-US Bond Index</i>	Closing Minimum: \$50 million	Closing Minimum: \$1 million	Laudus Mondrian <sup>1</sup>	
<b>Focused Global Fixed Income</b> <i>JPMorgan Global Government Bond Index</i> <i>Barclays Capital Global Aggregate Bond Index</i>	Open Minimum: \$50 million	Open Minimum: \$1 million		
<b>Focused International Fixed Income</b> <i>JPMorgan Global Government Bond ex-US Index</i> <i>Barclays Capital Global Aggregate ex-US Bond Index</i>	Open Minimum: \$50 million	Open Minimum: \$1 million		
<b>Global Inflation-Linked Bonds</b> <i>Barclays World Government Inflation-Linked Bond Index</i>	Open Minimum: \$50 million	Open Minimum: \$1 million		
<b>US Aggregate Fixed Income</b> <i>Barclays Capital US Aggregate Bond Index</i>	Open Minimum: \$50 million	Open Minimum: \$1 million		
<b>Global Debt Opportunities</b> <i>80% WGBI/20% JPM GBI-EM BD</i>	Open Minimum: \$50 million	Open Minimum: \$1 million		
<b>Emerging Markets Debt</b> <i>JP Morgan GBI-EM BD</i>	Open Minimum: \$50 million	Open Minimum: \$1 million		

1. Mondrian serves as sole sub-advisor to a range of registered mutual funds known as the Laudus Mondrian Funds. The Funds are advised by Charles Schwab Investment Management. For additional information on the Laudus Mondrian Funds, please contact your Mondrian client service representative or see [www.laudus.com](http://www.laudus.com)

Mondrian may, from time to time, reduce and/or increase the minimum amounts listed above. The above is for information purposes only and intended solely for the person to whom it has been delivered. It is not an offer or solicitation with respect to the purchase of any securities. Any investment decision in connection with any investment vehicle should be based on the information contained in its written offering materials.

# INTERNATIONAL SMALL CAP EQUITY COMPOSITE PERFORMANCE

APRIL 30, 2010

MONDRIAN INVESTMENT PARTNERS

Period	Mondrian (Composite) %	MSCI World Ex-US Small Cap %	S&P Developed Ex-US Small Cap %
<b>1998</b>	<b>7.2</b>	<b>4.3</b>	<b>12.2</b>
<b>1999</b>	<b>25.5</b>	<b>18.4</b>	<b>23.5</b>
<b>2000</b>	<b>-1.2</b>	<b>-8.8</b>	<b>-10.3</b>
<b>2001</b>	<b>-4.8</b>	<b>-10.7</b>	<b>-15.7</b>
<b>2002</b>	<b>-8.6</b>	<b>-7.4</b>	<b>-7.3</b>
<b>2003</b>	<b>51.4</b>	<b>61.8</b>	<b>53.7</b>
<b>2004</b>	<b>28.9</b>	<b>29.4</b>	<b>28.7</b>
<b>2005</b>	<b>15.6</b>	<b>25.0</b>	<b>22.1</b>
<b>2006</b>	<b>37.2</b>	<b>19.5</b>	<b>29.4</b>
<b>2007</b>	<b>12.6</b>	<b>3.3</b>	<b>7.3</b>
<b>2008</b>	<b>-43.3</b>	<b>-48.0</b>	<b>-47.7</b>
<b>2009</b>	<b>57.8</b>	<b>50.8</b>	<b>45.1</b>
January	-1.7	-1.3	-2.0
February	-0.2	-0.6	-0.7
March	5.1	7.4	7.3
Quarter 1, 2010	3.2	5.4	4.4
April	6.0	2.0	1.5
<b>Year to Date</b>	<b>9.4</b>	<b>7.5</b>	<b>5.9</b>
<b>1 Year</b>	<b>65.4</b>	<b>54.2</b>	<b>48.3</b>
<b>3 Years</b> (annualized)	<b>-0.7</b>	<b>-7.9</b>	<b>-8.2</b>
<b>5 Years</b> (annualized)	<b>11.5</b>	<b>5.1</b>	<b>6.3</b>
<b>7 Years</b> (annualized)	<b>18.1</b>	<b>14.4</b>	<b>14.5</b>
<b>10 Years</b> (annualized)	<b>12.5</b>	<b>7.8</b>	<b>7.0</b>
<b>Composite Inception</b> Jan. 1, 1998 (cumulative)	<b>294.0</b>	<b>153.4</b>	<b>162.0</b>
<b>Composite Inception</b> Jan. 1, 1998 (annualized)	<b>11.8</b>	<b>7.8</b>	<b>8.1</b>

Source: Mondrian Investment Partners, MSCI for World Ex-US Small Cap Index and S&P for Developed Ex-US Small Cap Index

The returns presented on this page are presented gross of advisory fees and other expenses associated with managing an investment advisory account. Actual returns will be reduced by such fees and expenses. Please carefully review the disclosure in the appendix for more information concerning these gross performance results including an illustration of the negative effect of advisory fees on performance. Past performance is not a guarantee of future results.

# INTERNATIONAL SMALL CAP EQUITY COMPOSITE PERFORMANCE

APRIL 30, 2010

MONDRIAN INVESTMENT PARTNERS

Period		Mondrian (Composite) %	MSCI World Ex-US Small Cap Index %	S&P Developed Ex-US Small Cap Index %	US CPI %
Quarter 1	2008	-4.4	-6.5	-7.0	1.6
Quarter 2	2008	-1.2	-3.6	-3.3	2.5
Quarter 3	2008	-18.6	-24.6	-23.7	0.0
Quarter 4	2008	-26.3	-23.6	-23.8	-3.9
<b>Year</b>	<b>2008</b>	<b>-43.3</b>	<b>-48.0</b>	<b>-47.7</b>	<b>0.1</b>
January	2009	-6.8	-5.8	-7.1	0.4
February	2009	-6.9	-9.1	-9.7	0.6
March	2009	7.1	6.4	6.5	0.2
Quarter 1	2009	-7.0	-8.9	-10.7	1.2
April	2009	12.2	15.4	16.0	0.3
May	2009	10.6	14.8	13.5	0.3
June	2009	2.6	1.2	0.4	0.8
Quarter 2	2009	27.3	34.1	32.2	1.4
July	2009	9.0	8.0	7.8	-0.1
August	2009	6.8	7.7	7.4	0.2
September	2009	6.6	5.6	5.7	0.1
Quarter 3	2009	24.1	22.9	22.4	0.2
October	2009	0.5	-1.5	-2.4	0.1
November	2009	3.9	0.8	1.3	0.1
December	2009	2.8	1.3	1.5	-0.2
Quarter 4	2009	7.4	0.5	0.4	0.0
<b>Year</b>	<b>2009</b>	<b>57.8</b>	<b>50.8</b>	<b>45.1</b>	<b>2.9</b>
January	2010	-1.7	-1.3	-2.0	0.4
February	2010	-0.2	-0.6	-0.7	0.0
March	2010	5.1	7.4	7.3	N/A
Quarter 1	2010	3.2	5.4	4.4	N/A
April	2010	6.0	2.0	1.5	N/A

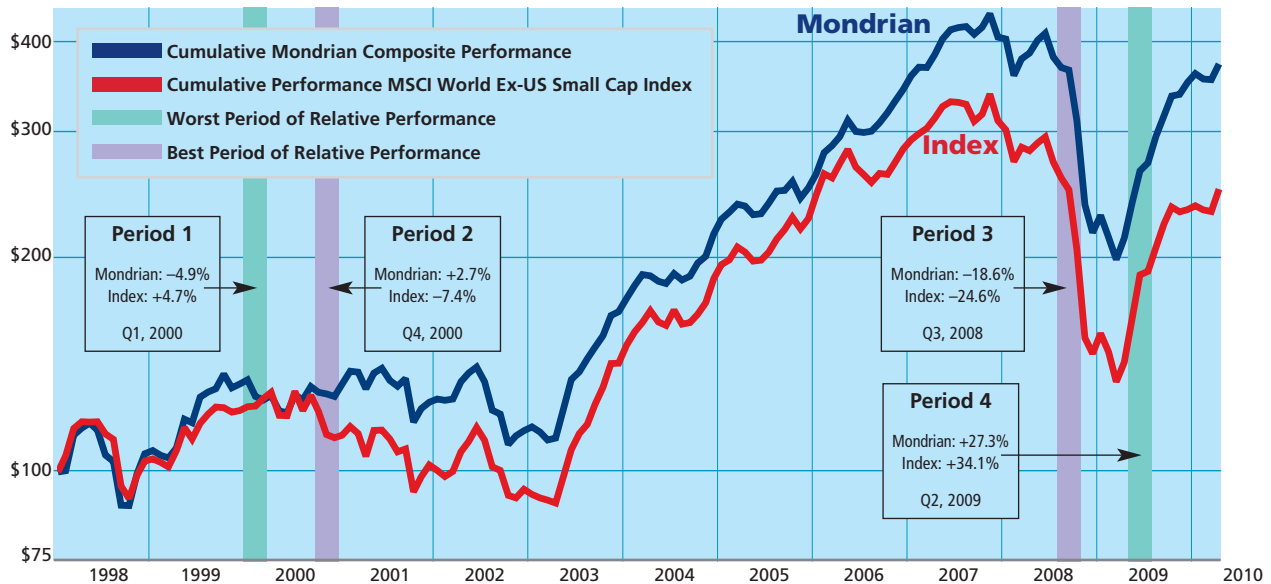
Source: Mondrian Investment Partners, MSCI for World Ex-US Small Cap Index and S&P for Developed Ex-US Small Cap Index

The returns presented on this page are presented gross of advisory fees and other expenses associated with managing an investment advisory account. Actual returns will be reduced by such fees and expenses. Please carefully review the disclosure in the appendix for more information concerning these gross performance results including an illustration of the negative effect of advisory fees on performance. Past performance is not a guarantee of future results.

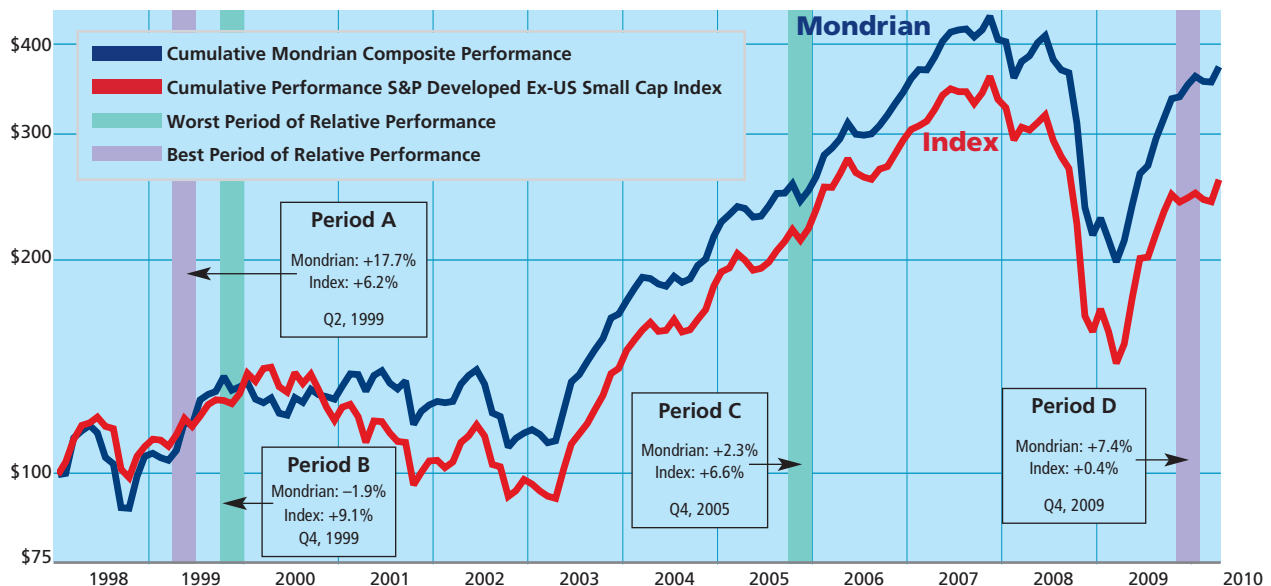
# BEST/WORST QUARTERS RELATIVE PERFORMANCE PERIODS

MONDRIAN INVESTMENT PARTNERS

## MONDRIAN COMPOSITE VS MSCI WORLD EX-US SMALL CAP INDEX TO MARCH 2010



## MONDRIAN COMPOSITE VS S&P DEVELOPED EX-US SMALL CAP INDEX TO MARCH 2010



Notes:

The above is presented as supplemental information to the International Small Cap Equity Composite disclosure shown in the appendix.

Cumulative Mondrian composite performance: This represents the notional value of \$100 "invested" in the Mondrian International Small Cap Equity Composite on 1 January 1998.

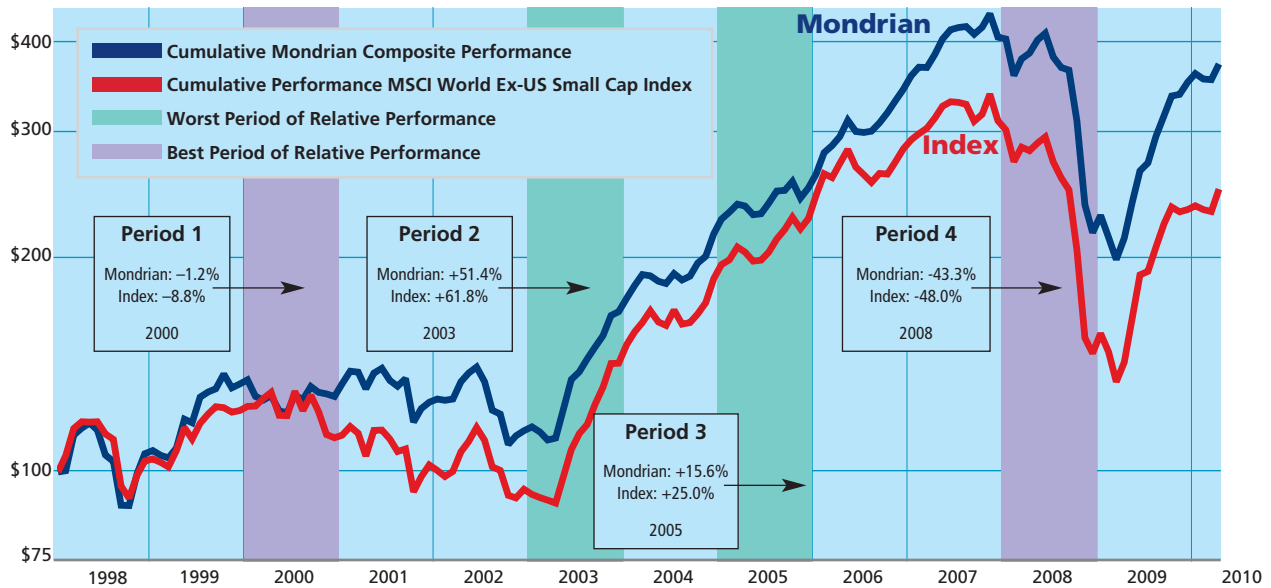
Cumulative performance of the index: This represents the notional value of \$100 "invested" in the index on 1 January 1998.

Source: Mondrian Investment Partners, MSCI for World Ex-US Small Cap Index and S&P Developed Ex-US Small Cap Index

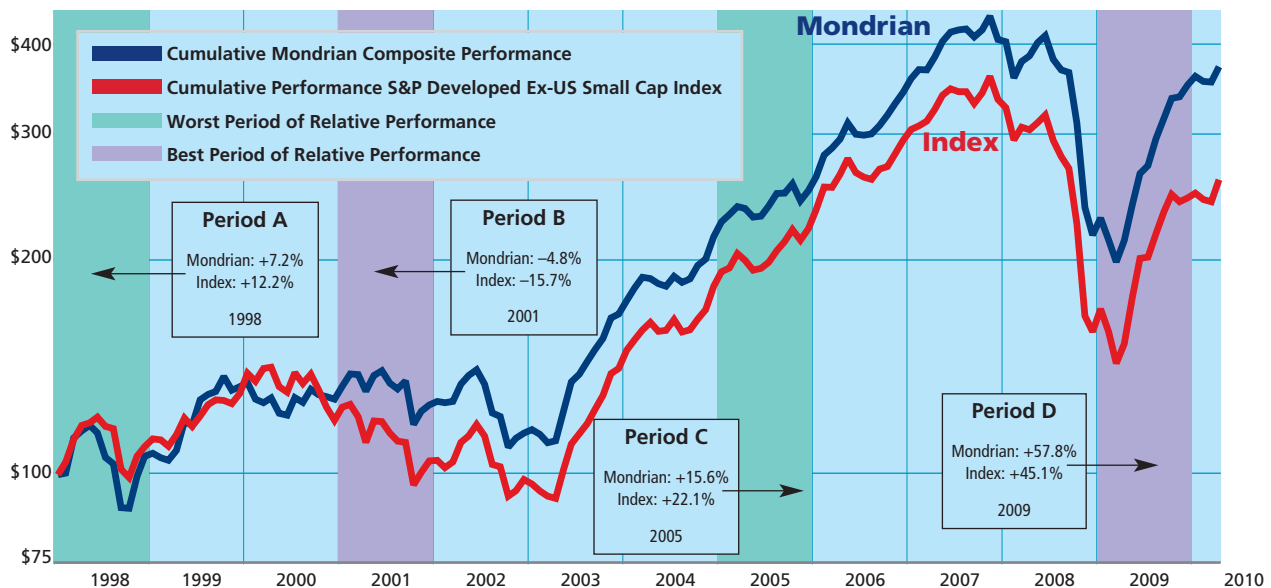
# BEST/WORST CALENDAR YEARS RELATIVE PERFORMANCE PERIODS

MONDRIAN INVESTMENT PARTNERS

## MONDRIAN COMPOSITE VS MSCI WORLD EX-US SMALL CAP INDEX TO MARCH 2010



## MONDRIAN COMPOSITE VS S&P DEVELOPED EX-US SMALL CAP INDEX TO MARCH 2010



Notes:

The above is presented as supplemental information to the International Small Cap Equity Composite disclosure shown in the appendix.

Cumulative Mondrian composite performance: This represents the notional value of \$100 "invested" in the Mondrian International Small Cap Equity Composite on 1 January 1998.

Cumulative performance of the index: This represents the notional value of \$100 "invested" in the index on 1 January 1998.

Source: Mondrian Investment Partners, MSCI for World Ex-US Small Cap Index and S&P Developed Ex-US Small Cap Index



# ANNUAL MANAGEMENT FEE SCHEDULE

MONDRIAN INVESTMENT PARTNERS

---

## SEPARATE ACCOUNT

---

- .95% ..... on the first US\$25 million
- .75% ..... on the next US\$25 million
- .70% ..... on the next US\$50 million
- .65% ..... thereafter

*Minimum account size: \$100 million*

*Calculated on a Quarterly Basis*

*This fee quote/schedule is valid for 90 days from the date of this presentation or proposal.*

# KEY FEATURES OF MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND, L.P.

## MONDRIAN INVESTMENT PARTNERS

The information contained in this document does not constitute an offer or a solicitation of an offer to purchase an interest in Mondrian International Small Cap Equity Fund, L.P. Any such offer, if made, will be made pursuant to a written private placement memorandum. Limited partnership interests in Mondrian International Small Cap Equity Fund, L.P. have not been registered with or approved or disapproved by the Securities and Exchange Commission or any state securities commission. Limited partnership interests are available only to certain eligible purchasers in accordance with applicable federal and state securities laws. The specific facts and circumstances of any potential investor must be considered to determine whether the eligibility criteria are satisfied. Mondrian International Small Cap Equity Fund, L.P. is designed primarily for institutional investors.

<b>General Partner</b>	<b>Mondrian Investment Group (U.S.), Inc.</b>
<b>Investment Adviser</b>	<b>Mondrian Investment Partners Limited</b>
<b>Custodian</b>	<b>The Northern Trust Company</b>
<b>Tax Preparer</b>	<b>Deloitte Tax</b>
<b>Auditor</b>	<b>Deloitte &amp; Touche, LLP</b>
<b>Objective</b>	<b>Long Term Total Return</b>
<b>Minimum Initial Investment</b>	<b>\$2 million</b>
<b>Minimum Additional Contribution</b>	<b>\$500,000</b>
<b>Liquidity</b>	<b>Monthly</b>

	Management Fee	
<b>Annual Management Fees,</b>	<b>First \$25 million</b>	<b>0.85%</b>
<b>Billed Quarterly</b>	<b>Next \$25 million</b>	<b>0.65%</b>
	<b>Next \$50 million</b>	<b>0.625%</b>
	<b>Thereafter</b>	<b>0.60%</b>

<b>Reporting</b>	<b>Monthly</b>
<b>Fiscal Year End</b>	<b>December 31</b>
<b>Other Expenses</b>	<b>Custody and administration expenses up to 0.08% and brokerage costs are paid out of the partnership</b>
<b>Contribution &amp; Withdrawal Charges</b>	<b>Cash Deposits</b> <b>0.50% of the amount invested</b>
	<b>Cash Withdrawals</b> <b>0.40% of the amount redeemed</b>
	<b>Security Withdrawals</b> <b>\$5,000 per event</b>

Contribution and withdrawal charges are paid directly to the Fund, not to the General Partner or Investment Adviser.

# International small companies

## Investment presentation

Data as of April 30, 2010 (unless otherwise noted)

**Presenting to: Alaska Retirement Management Board**

**Representing Schroders:**

Matthew Dobbs – Head of Global Small Cap Equities, Portfolio Manager

Anthony Williams – US Institutional Business Development Director

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Schroder Investment Management North America Inc.  
875 Third Avenue, New York, NY 10022 – 6225



**Schroders**

# Why Schroders?

## A worldwide team – dedicated to asset management

### Focus

- Asset management is our sole business

### Experience and independence

- Over 200 years of financial services experience
- Founding Schroder family still controls more than 47% of voting equity

### Resources

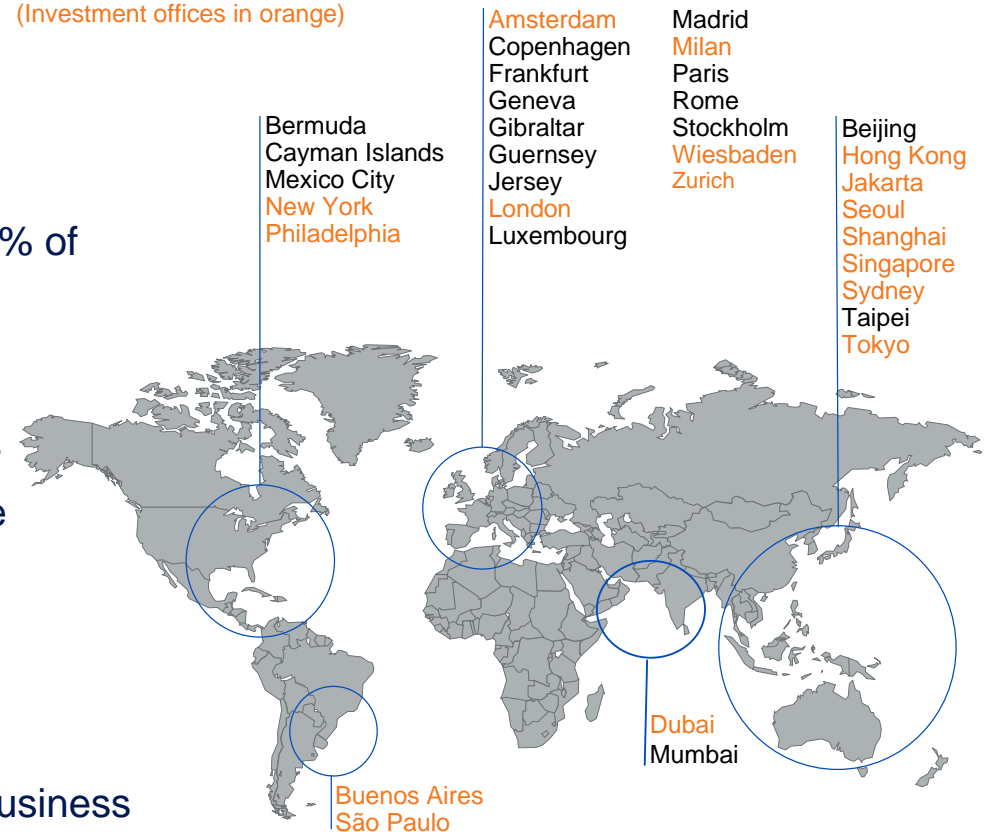
- Well-established teams in all key investment regions
- Over 350 portfolio managers and analysts worldwide
- Over 2600 personnel in 26 countries

### Financial strength

- \$254.7 billion in AUM globally
- Over \$1.7\* billion surplus available for building the business

### Schroders' offices

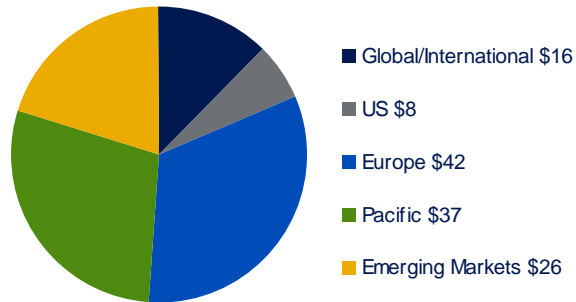
(Investment offices in orange)



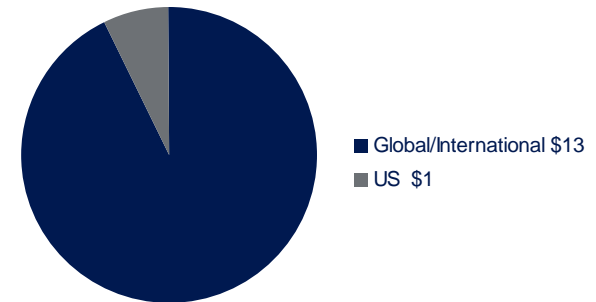
# Local expertise delivered globally

US \$254.7\* billion AUM - Performance in multiple asset classes

**Fundamental Equities (US\$ 129 bn)**  
Invested assets by region

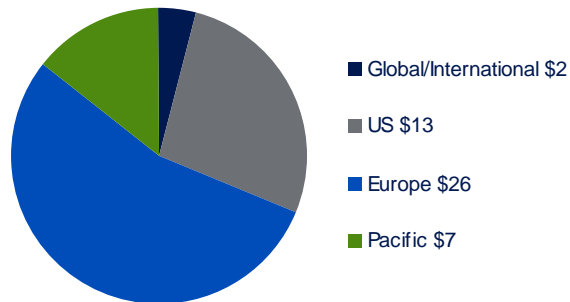


**Quantitative Equities (US\$ 14 bn)**  
Invested assets by region

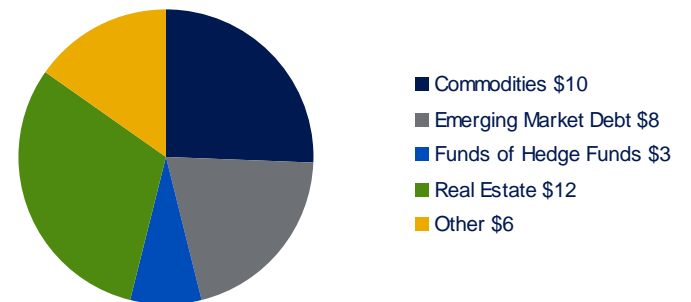


**Multi-Asset Solutions\*\***  
**\$41 bn**

**Fixed Income (US\$ 48 bn)**  
Invested assets by region



**Alternatives (US\$ 39 bn)**  
Investment by type



All statistics as of March 31, 2010, are subject to rounding. Please note assets in Fundamental Equities, Quantitative Equities, Fixed Income and Alternatives represent assets sold directly to clients and assets managed within our Multi-Asset portfolios.

\*Includes the assets of the Private Bank

\*\*Multi-Asset Solutions incorporates investment in proprietary and non-proprietary products and double counts assets for internal assets managed by other desks.

# Investment philosophy

- Growth and Quality, but at a reasonable price
- Stock selection primary source of value added
- Long-term time horizon
- Strong risk framework
- A fully resourced and focused team

# Resources

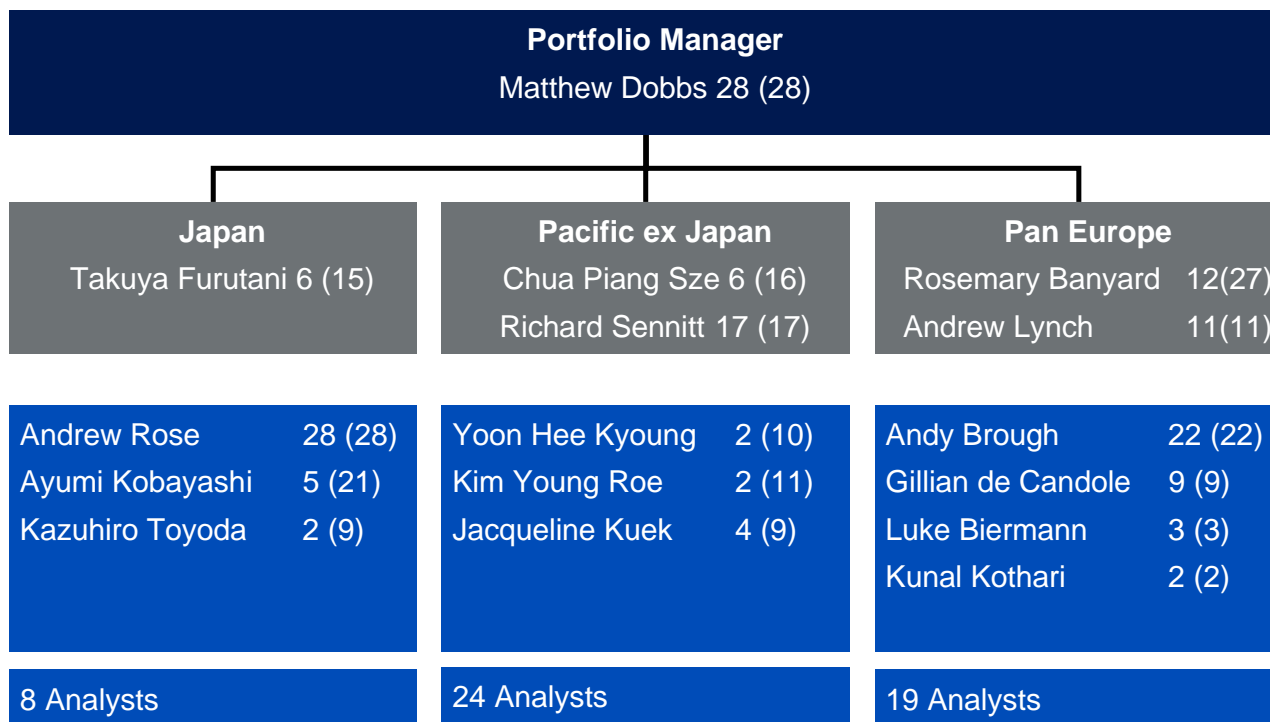
## International smallcap

16 specialists in international small company research and investment\*

Regional sector analysts assume coverage where sectoral knowledge offers clear benefits

Primary research conducted out of Schroder research offices globally

Cross fertilization of investment ideas between regions



# = Number of years with Schroders  
 (#) = Numbers of years investment experience  
 \*Source Schroders as of March 31, 2010

# Investment process



**Schroders**

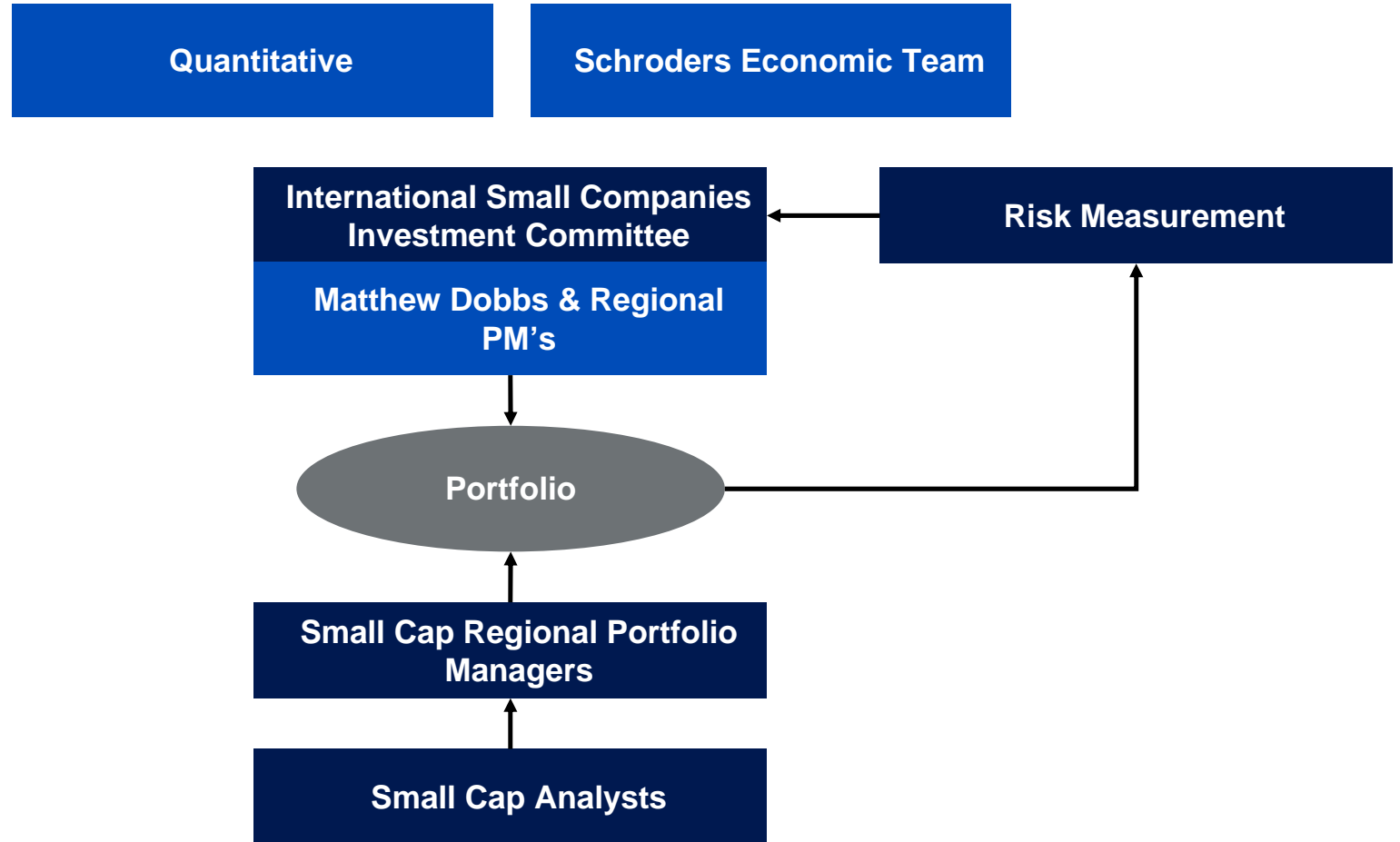


# Investment process

## Overview

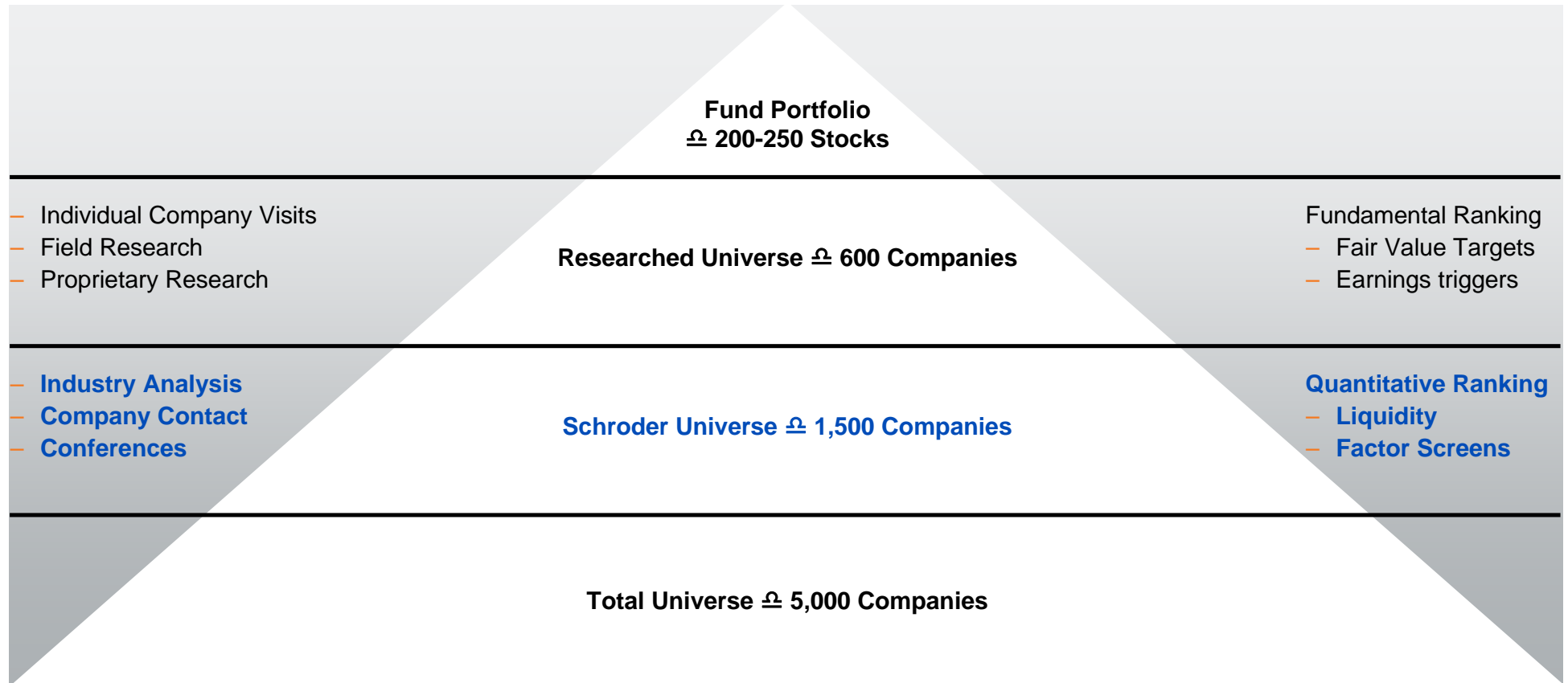
- Regional Allocation
- Risk Management

- Stock Selection



# Investment process

## Stock selection



# Investment process

## Factor screens help define Schroder universe

- Concentrate investments in quintiles 1 and 2
- Source new ideas
- Challenge views on stocks held in quintiles 4 and 5

The equally weighted metrics underlying each criterion are:

Criterion	Metrics
Growth	EPS revisions Revisions ratio
Quality	ROE ROA Change in ROE (year on year)
Value	Earnings yield

Pan Europe - March 31, 2010				VALUE				QUALITY				EARNINGS								
Company Symbol	Company Name	SEDOL Number	Country	% Rank COMBINED (OVERALL)	COMBINED SCORE (1-4)	Market Cap (Euros, Millions)	Price (Euros)	% Rank VALUE (OVERALL)	PE Ratio (FY1 earnings)	% Rank Earnings Yld (=1/PE)	% Rank QUALITY (OVERALL)	ROE (%) (trailing earnings)	% Rank ROE	Return on Total Assets (%)	% Rank ROA	Change in ROE (% per annum)	% Rank Change in ROE	% Rank EARNINGS (OVERALL)	EPS Revisions (%)	EPS Revisions (%)
B16MKT	AUSTEVOLL SEAFOOD	B16MKT	NORWAY	1	1	1,130	5.6	9	8.6	9	10	14.3	31	4.8	32	9.7	11	12	47.8	25
418004	BILIA AB	418004	SWEDEN	1	1	219	9.1	13	9.5	13	22	8.6	47	2.5	49	15.3	7	6	102.5	15
077974	BRITISH POLYTHENE	077974	UNITED KINGDOM	1	1	74	2.8	4	6.0	4	8	18.7	22	4.1	37	20.4	6	16	16.8	45
506633	DT BETEILIGUNGS AG	506633	GERMANY	1	1	233	17.1	17	10.3	17	12	7.8	50	6.8	21	12.2	9	7	96.8	16
B1XH2C	FERREXPO PLC	B1XH2C	UNITED KINGDOM	1	1	2,526	4.3	17	10.3	17	4	15.6	28	9.1	14	49.5	3	1	412.7	3
B1YKGO	INTERNATIONAL PERS	B1YKGO	UNITED KINGDOM	1	1	718	2.8	17	10.3	17	9	17.6	24	5.3	29	7.7	14	6	61.3	22
469191	LEROY SEAFOOD GROU	469191	NORWAY	1	1	962	18.0	9	8.4	9	4	18.2	23	8.8	15	12.9	8	12	40.3	28
057900	MENZIES(JOHN)	057900	UNITED KINGDOM	1	1	235	3.9	5	7.4	6	6	29.9	11	3.2	43	53.6	2	10	20.5	40
458435	METKA SA	458435	GREECE	1	1	551	10.6	7	8.0	7	4	22.8	17	12.4	8	7.2	15	14	87.2	18
320898	NEXT	320898	UNITED KINGDOM	1	1	4,635	24.7	21	10.9	21	1	265.6	1	20.9	3	745.4	1	18	11.3	53

Source: Schroders

Security/Portfolio information is for illustrative purposes only. Information is subject to change and is not a recommendation to buy/sell. Companies mentioned are shown for illustrative purposes only and should not be viewed as a recommendation to buy/sell.

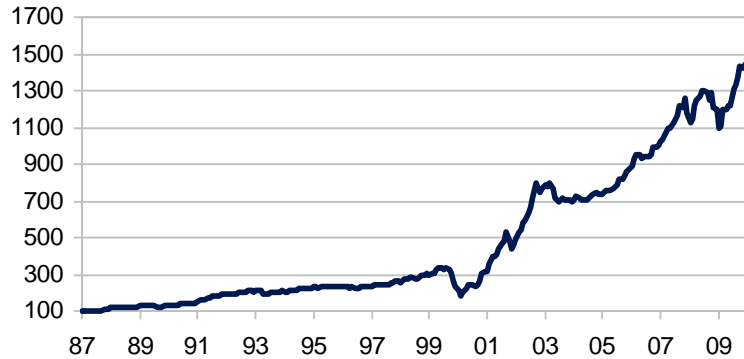
Past performance is no guarantee of future results. The value of an investment can go down as well as up and is not guaranteed.



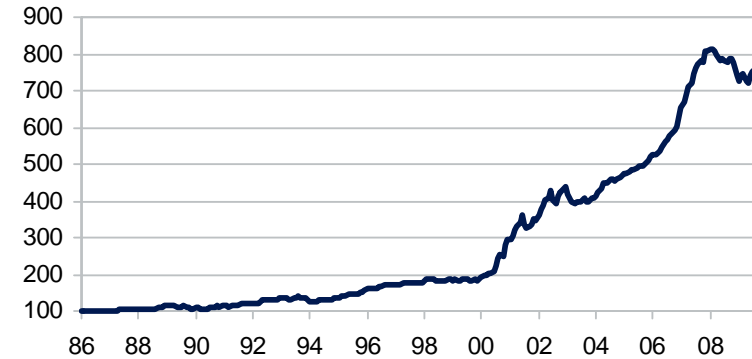
# Investment process

## Results of back testing of factor screens

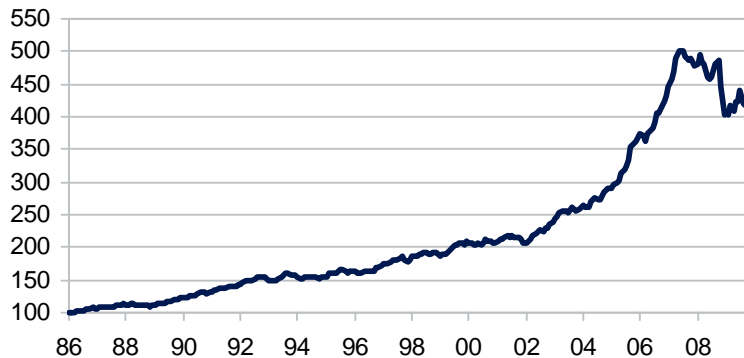
### UK Small-Cap (Top Quintile - Bottom Quintile) Cumulative Excess Return



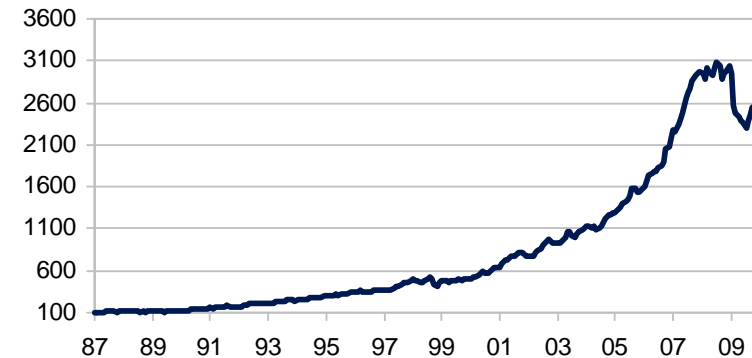
### Europe ex UK Small-Cap (Top Quintile - Bottom Quintile) Cumulative Excess Return



### Japan Small-Cap (Top Quintile - Bottom Quintile) Cumulative Excess Return



### Asia (Top Quintile - Bottom Quintile) Cumulative Excess Return



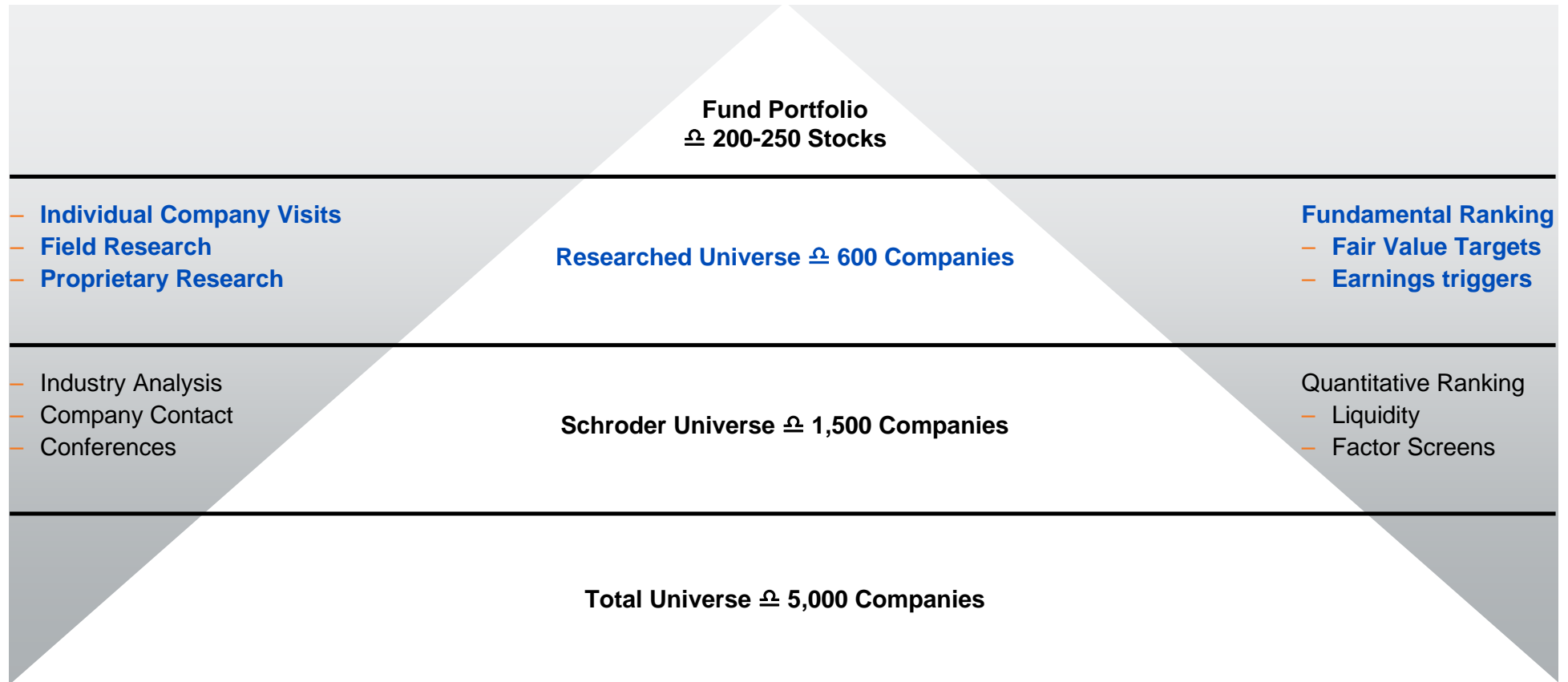
The back-tested performance shown is hypothetical. No representation is made that the particular combination of assets would have been selected at commencement date, held for the period shown, or the performance achieved using tools and data available at the time. Please see the criteria on slide 8.

Past performance is no guarantee of future results. The value of an investment can go down as well as up and is not guaranteed.

Source: Schroders, December 31, 2009

# Investment process

## Stock selection



# Investment process

## What we look for in investments

### Quantitative

#### Sustainable Growth

High real EPS growth

Visibility of earnings

- Strong product or service franchise

- Strong market share

- Beneficiary of structural change

Limited financing risk

### Qualitative

#### Management Assessment

Interest in shareholder value

Focused strategy

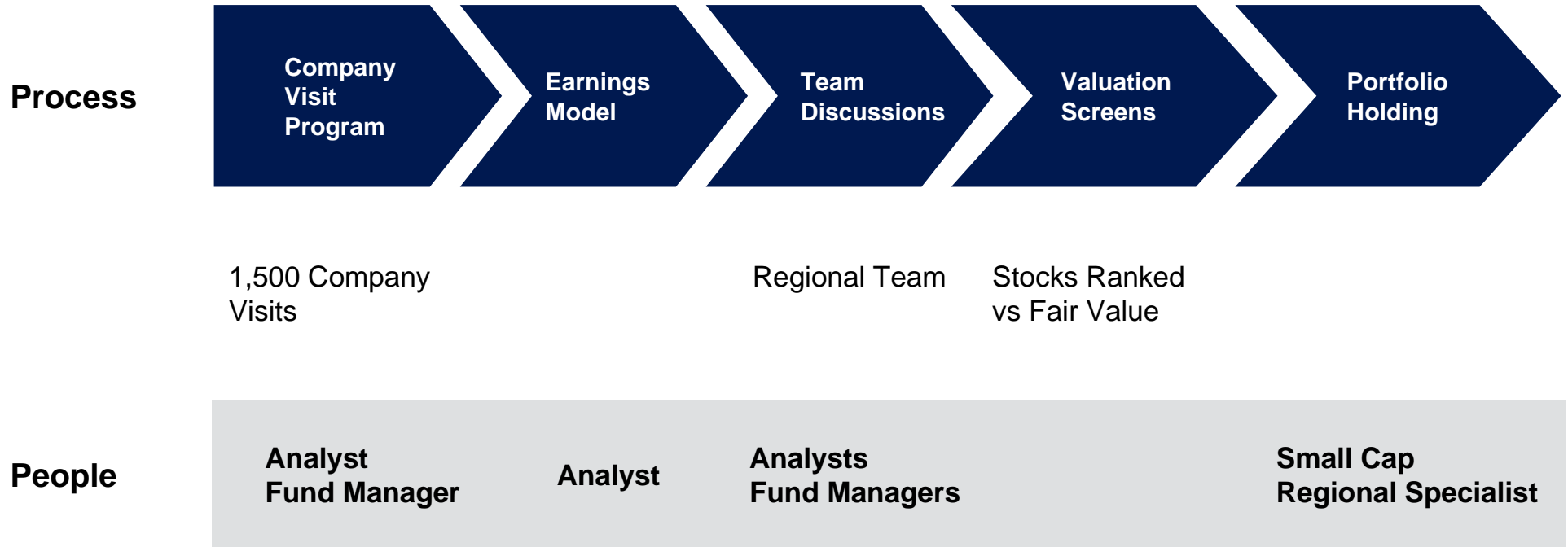
Sound business practices

Historic record of success

Length of time with company

# Investment process

## Building stock portfolios



# Investment process

## Sell discipline

**Our methodology allows us to identify holdings that offer poor relative potential and in which conviction is low**

**The decision to sell a position may be based on:**

- Position reaches fair value target price
- Opportunity cost perceived in comparison to alternative investment
- Fundamental deterioration makes original target price no longer appropriate



# Investment process

## Portfolio construction - Overview

Smallcap regional portfolio managers have primary responsibility for regional portfolio construction

Regional and Sectoral weightings are reviewed by smallcap team to ensure compliance of overall portfolio with

- Regional Allocation targets
- Risk/Return expectations
- Avoidance of unintended biases (i.e. sector over-concentration)

Supplemented by ongoing monitoring of overall portfolio by Matthew Dobbs

# Investment process

## Portfolio construction - Regional allocation



\*As of March 31, 2010

# Investment process

## Controlling portfolio risk

**PRISM brings together alternative risk measurement and management tools into a single report**

- Online
- Interactive

**PRISM integrates both internal and external tools**

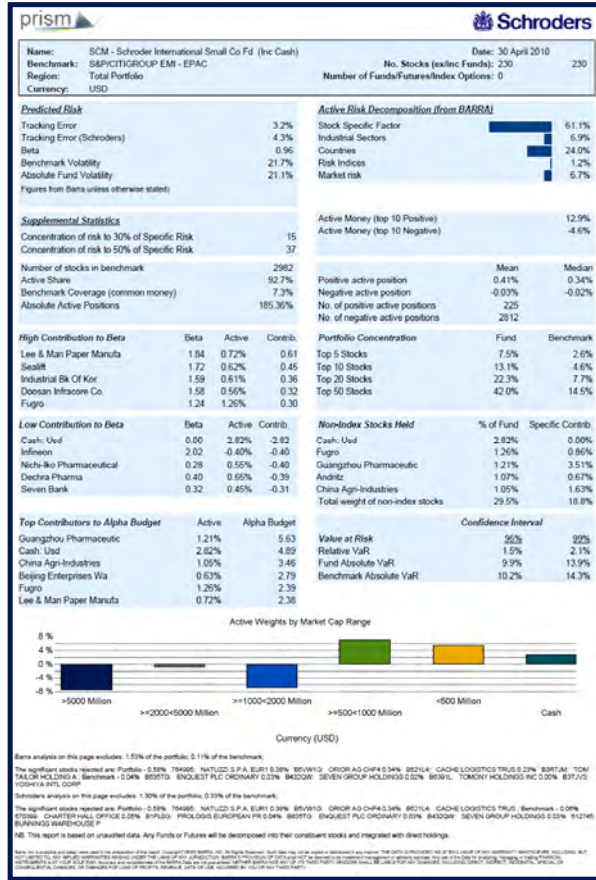
- Risk analysis
- Characteristics analysis
- Other statistical measures

**The PRISM Risk Report identifies active risk and the sources of risk by decomposing active portfolio positions into Stock Specific/Sector and Style factors**

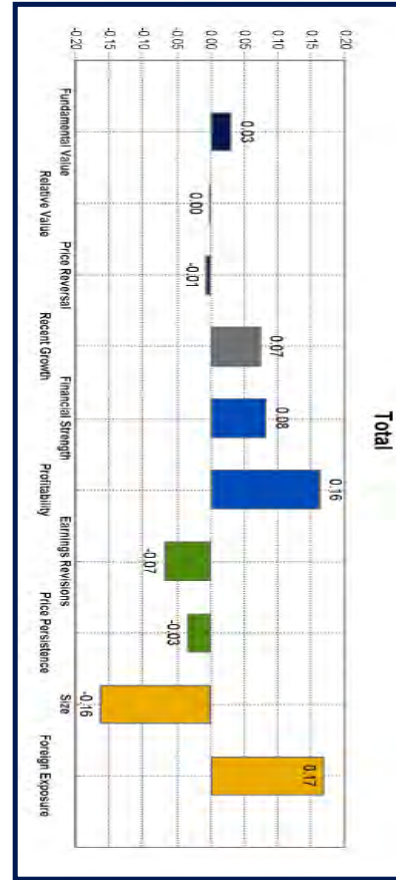
# Investment process

## Portfolio risk investment strategy manager – overview

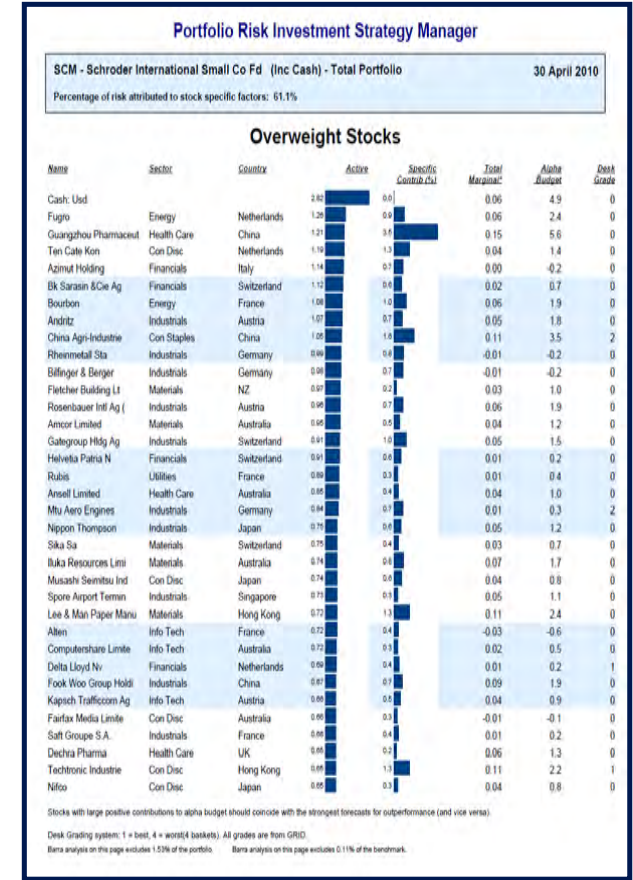
### Overview



### Characteristics



### Stock Detail



Schroder US International Small Cap Fund Composite. Data based on a representative account from the composite. Security/Portfolio information is for illustrative purposes only. Information is subject to change and is not a recommendation to buy/sell. See the end of this presentation for important Composite disclosure notes. Companies mentioned are shown for illustrative purposes only and should not be viewed as a recommendation to buy/sell.



# Risk management

## Risk management guidelines

- Cash not to exceed 5% of the value of the fund
- Stock weights: No formal limits, but generally between +/- 2% relative to the benchmark
- Sector weights: No formal limits, but generally between +/- 7% relative to benchmark
- Country weights: No formal limits, but generally between +/- 7% relative to the benchmark
- Derivatives: Not used

# Performance



**Schroders**

# Performance

## Schroder international small companies fund composite\*\*

<b>Benchmark:</b>	S&P EPAC SmallCap Index
<b>Value:</b>	US\$ 1,233,891,108 as at April 30, 2010
<b>Inception date:</b>	May 31, 1989

### Performance to April 30, 2010 (in US\$%)

	1 Year	3 Years*	5 Years*	10 Years*	Since Inception*
Composite (gross of fees)**	+49.4	-7.2	+7.6	+7.4	+9.2
Composite (net of fees)**	+48.5	-7.7	+6.9	+6.8	+8.6
S&P EPAC SmallCap	+44.5	-8.9	+5.9	+6.6	+5.7
<b>Value Added vs S&amp;P EPAC***</b>	<b>+4.9</b>	<b>+1.7</b>	<b>+1.7</b>	<b>+0.8</b>	<b>+3.5</b>

### Performance Attribution against S&P EPAC

Contribution from	1 year	3 years*	5 years*	10 years*
Stock Selection	+6.3	+1.1	+1.5	0.0
Regional Allocation	-0.2	+0.6	+0.3	+0.4
Timing Residual	-1.2	0.0	-0.1	+0.4
<b>Difference Relative to S&amp;P EPAC</b>	<b>+4.9</b>	<b>+1.7</b>	<b>+1.7</b>	<b>+0.8</b>

\*Annualized

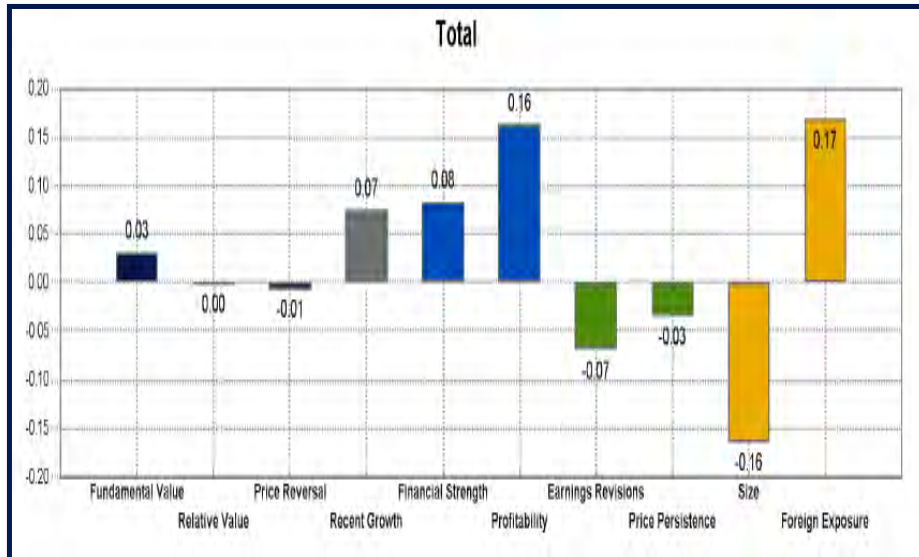
\*\* Schroder US International Small Cap Fund Composite.

\*\*\* Value added is calculated vs. the composite performance gross of fees.

Source: Schroders, S&P. Past performance is not an indication of future performance. Performance is stated gross and net of fees.

Please see full disclosures at the end of the presentation.

# Portfolio\* risk characteristics



Source: Schroders Risk Report, as at April 30, 2010

Tracking Error	3.2%
Tracking Error (Schroders)	4.3%
Beta	0.96
Benchmark Volatility	21.7%
Absolute Fund Volatility	21.1%
Figures from Barra unless otherwise stated)	

Stock Specific Factor	61.1%
Industrial Sectors	6.9%
Countries	24.0%
Risk Indices	1.2%
Market risk	6.7%

Source: Schroders Risk Report, BARRA, as at April 30, 2010

\* Schroder US International Small Cap Fund Composite. Data based on a representative account from the composite  
Past performance is not an indication of future performance. Please see full disclosures at the end of the presentation.



# Fund characteristics

## Schroders\* vs S&P EPAC SmallCap index

As at April 30, 2010

	Schroders*	Index
<b>No of stocks</b>	230	2,982
<b>Free Market Capitalization US\$M</b>		
<b>Minimum</b>	19	6
<b>Maximum</b>	7,388	12,285
<b>Weighted Average</b>	1,331	1,978
<b>Median</b>	660	357

Valuation factors	Schroders*	Index
<b>P/E (12mo trailing)</b>	26.7	41.5
<b>P/CF</b>	9.7	9.4
<b>P/BV</b>	1.5	1.3
<b>Long Term Debt/Equity</b>	48.2	65.3
<b>ROE</b>	8.3	6.9

	Schroders*	Index
<b>Percentage &gt;\$3Bn</b>	10.7%	20.9%
<b>Percentage &gt;\$1Bn &lt;\$3Bn</b>	32.2%	35.2%
<b>Percentage &gt;\$0.5Bn &lt;\$1Bn</b>	25.2%	20.6%
<b>Percentage &lt;\$0.5Bn</b>	31.9%	23.3%
<b>Total</b>	100.0%	100.0%

Valuation factors	Schroders*	Index
<b>3 Year Sales Growth</b>	6.9	5.9
<b>3 Year Dividend Growth</b>	3.6	2.2
<b>3 Year Earnings Growth</b>	-1.3	-5.8
<b>Dividend Payout Ratio</b>	25.5	24.8
<b>Dividend Yield</b>	2.1	2.3

\* Schroder US International Small Cap Fund Composite. Data based on a representative account from the composite.

Past performance is no guarantee of future results.

Please see full disclosures at the end of the presentation.

Source: Schroders, Factset



# Investment strategy:

## Country weightings

We have moved back to a modestly underweight stance in continental Europe, with reductions focused in the consumer staple, healthcare, telecoms and utilities sectors. Reduction has been primarily stock driven with a number of sizeable holdings reaching our assessment of fair value, and the funds released were utilized elsewhere. We are cautious on peripheral Europe; although Greece may muddle through on this occasion, the deflationary forces remain strong in other non-core markets. Key sector overweights remain energy, industrials, information technology and (although reduced) utilities.

The UK remains our least favored area, but we did moderate the degree of underweighting. The weakness in the currency and some deflation of the froth which developed in domestically oriented sectors has prompted us to add specific stock opportunities. The overall outlook remains challenging, and domestically sensitive smallcaps face rising pressures from fiscal retrenchment and exit from quantitative easing by the Bank of England.

We made little change to the marginally underweight position in Japan, remaining focused on companies and sectors sensitive to external demand. Although there have been some fragmentary signs of better export performance stimulating some domestic leading indicators, we remain somewhat sceptical. Valuation still broadly favors export sensitive cyclical.

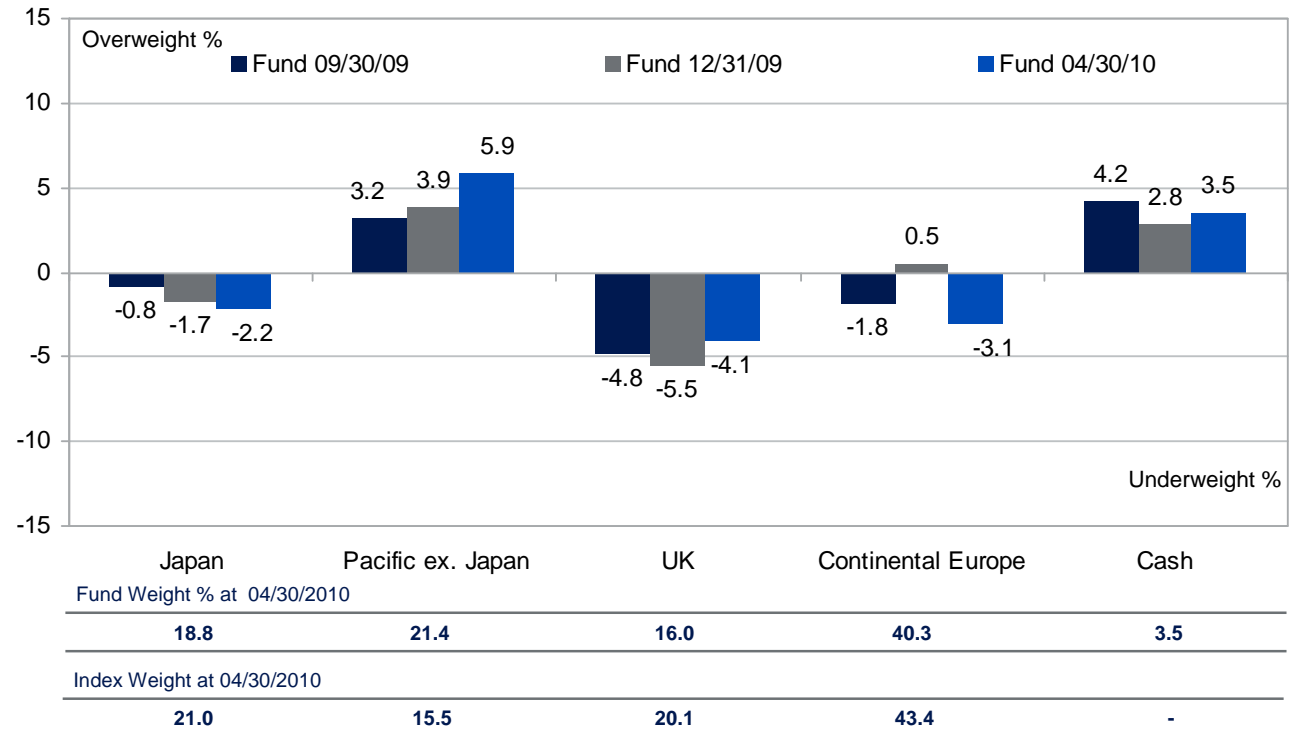
Pacific ex Japan markets began to offer value again following a correction in the early part of the first quarter. We took this opportunity to rebuild weights based on our long term optimism for growth in the region. A protracted period of consolidation since the third quarter last year and strong recovery in earnings has brought valuations back to more acceptable levels, and specific stock opportunities started to re-appear.

\* Schroder US International Small Cap Fund Composite. Data based on a representative account from the composite. Please see full disclosures at the end of the presentation.

Regions are mentioned for illustrative purposes only and should not be viewed as a recommendation to buy/sell. This slide contains the views of the International Small Cap team and do not necessarily represent Schroder Investment Management North America Inc.'s house view. Please see full disclosure at the end of the presentation.

Source: Schroders, S&P

### Measured against S&P EPAC SmallCap Index



# Portfolio positioning

## Country sector matrix

### S&P EPAC SmallCap Index as of April 30, 2010

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
<b>Cont. Europe</b>	43.4	6.7	2.3	2.5	7.5	3.5	11.3	3.8	3.9	0.8	1.0
<b>Japan</b>	21.0	4.3	1.8	0.2	3.5	0.9	4.8	2.6	2.7	0.0	0.1
<b>Pacific ex. Japan</b>	15.5	2.8	0.7	0.8	3.2	0.8	2.9	1.0	2.4	0.2	0.8
<b>UK</b>	20.1	5.1	0.6	0.9	3.3	0.4	5.7	2.1	1.4	0.4	0.3
<b>Total</b>	100.0	18.9	5.3	4.4	17.5	5.6	24.7	9.5	10.4	1.4	2.2

### Portfolio\* as of April 30, 2010

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
<b>Cont. Europe</b>	40.3	5.8	1.4	3.5	6.1	1.3	12.6	5.2	2.6	0.6	1.1
<b>Japan</b>	18.8	4.2	1.0	0.9	1.0	0.9	6.3	1.3	3.3	0.0	0.0
<b>Pacific ex. Japan</b>	21.4	1.9	1.8	0.0	3.4	3.6	3.6	1.3	4.8	0.3	0.7
<b>UK</b>	16.0	2.6	1.0	1.6	1.7	1.1	5.4	1.9	0.7	0.0	0.0
<b>Total**</b>	96.5	14.5	5.2	6.0	12.3	6.9	27.8	9.6	11.4	1.0	1.8

### Portfolio\* vs S&P EPAC Small Cap Index

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
<b>Cont. Europe</b>	-3.1	-0.9	-0.8	0.9	-1.4	-2.2	1.3	1.3	-1.2	-0.2	0.0
<b>Japan</b>	-2.2	-0.1	-0.9	0.7	-2.5	-0.1	1.5	-1.3	0.6	0.0	-0.1
<b>Pacific ex. Japan</b>	5.9	-0.9	1.1	-0.8	0.2	2.8	0.6	0.3	2.4	0.2	0.0
<b>UK</b>	-4.1	-2.5	0.5	0.6	-1.6	0.7	-0.3	-0.2	-0.6	-0.4	-0.3
<b>Total***</b>	-3.5	-4.4	-0.1	1.5	-5.3	1.3	3.1	0.1	1.1	-0.4	-0.4

\*Schroder US International Small Cap Fund Composite. Data based on a representative account from the composite.

\*\* Cash = 3.5%

\*\*\* Difference due to 3.5% cash weighting

Source: Schroders, S&P

Regions are mentioned for illustrative purposes only and should not be viewed as a recommendation to buy/sell. Portfolio holdings may change at any time.





# The Schroder Advantage

## Why are we different?



# Biographies

## Portfolio Manager

**Matthew Dobbs** joined Schroders in 1981. Following 4 years in Research, Matthew has been involved in both global and specialised Pacific Basin portfolio management. He took overall responsibility for international and global SmallCap in 2000 having been, prior to that, Pacific ex Japan SmallCap specialist, and has held a SmallCap role since 1996

## Europe

**Rosemary Banyard** graduated from Cambridge University in 1979 with an Honours Degree in Classics. She joined James Capel as a graduate trainee, spent two years advising non-discretionary private clients on their investments, and then moved into equity research, specialising in the textiles sector. In 1995 she completed an MBA at London Business School and joined John Govett where she managed the UK Small Companies Unit Trust. She joined Schroders in November 1997 as a member of the SmallCap Team

**Andrew Lynch** has a degree in Politics, Philosophy and Economics from Balliol College, Oxford. He joined Schroders in 1998 having completed internships within the Schroder Group. He directly manages a mixture of institutional funds and unit trusts, and has research responsibilities for telecoms, technology and business services sectors

**Andy Brough** graduated from Manchester University with a Degree in Economics before joining Price Waterhouse where he qualified as a Chartered Accountant. He joined Schroders in 1987. He is Head of our UK Smaller Companies Fund Management Team and is a Director of Schroder Investment Management Limited. Andy has specialised in SmallCap since 1987

**Gillian de Candole** has a Masters degree in Natural Sciences (Chemistry) from Newnham College, Cambridge. She joined Schroders in 2000 as a graduate trainee. After 6 months working as a member of the Global Research Team she joined the European SmallCap team as an equity analyst, with primary responsibility for the Southern European markets

**Luke Biermann** graduated from Bath University with a 1st Class Honours BSc degree in Computer Science. He joined Schroders in October 2006, and has joined the Smallcap team as an analyst

**Kunal Kothari** joined Schroders in September 2007, and is a specialist smallcap analyst on the pan-European team. He has an M.Eng degree in electrical engineering from the University of Warwick.

# Biographies

## Japan

**Takuya Furutani** joined Schroders as a smallcap analyst in November 2003. He was formerly with Lombard Odier Darier Hentsch, and prior to that Commerz International Capital Management. His investment career commenced in 1994. He has a degree in Business Administration from Northeastern University, Boston

**Andrew Rose** is a graduate in Japanese and Politics, University of Sheffield and spent a year on a Japanese Government Scholarship to Kobe University to study International Economics. He joined Schroders in 1981 as an analyst, moving to Tokyo in 1984 for three years. Returning to London in 1987, he was responsible for Japanese equity investments for SIM UK and continental European clients. He was seconded to SIM (Japan) as Senior Investment Officer in 1996 with responsibility for Schroders' Japanese equity and SmallCap policy. He has held his SmallCap responsibilities for 16 years

**Ayumi Kobayashi** joined Schroders in July 2004. She was previously an equity analyst with Yasuda Asset Management, and started her investment career in April 1990. Ayumi has a degree in law from Sophia University, an MBA from Insead and is a CMA

**Kazuhiro Toyoda** joined our Japanese smallcap team as an analyst on 1st April 2008. Mr Toyoda 10 years investment experience with Nippon Life, the largest life insurance company in Japan, and most latterly worked in a JV between Nippon Life and Hermes, the UK based fund manager. He is a graduate of Tokyo University, has an MBA from Niigata University, and is both a CFA and a CMA.

# Biographies

## Pacific ex. Japan

**Chua Piang Sze** joined us in Singapore in March 2004 as a smallcap analyst. She graduated in 1992 as a Bachelor in Business (Banking and Insurance) from Nanyang Technological University in Singapore, and started her career as an economist with Standard Chartered Bank. Prior to joining Schroders, she was an analyst for five years with a local securities house, DBS Vickers

**Richard Sennitt** joined Schroders in October 1993 as a Japanese analyst, and has managed specialist Asian equities since 1997. He joined the international small cap team in December 2007. Richard is a graduate of Oxford University and an Associate Member of UKSIP

**Yoon Hee Kyoung** joined Schroders in 2007 as an analyst covering smallcap consumer and service stocks in Korea. She has had experience working in both securities and asset management companies in a research capacity. She holds a degree in Arts and Economics from the State University of New York

**Kim Young Roe** joined Schroders in April 2008 as an analyst covering construction, shipbuilding and infrastructure stocks in Korea. His investment analytical career started in 1999, and he has since held appointments in both domestic and foreign-owned securities companies. He has a BA degree from Seoul University.

**Jacqueline Kuek** joined Schroders in December 2005 as an equity analyst with the Asia ex Japan team with responsibility for Singapore stocks. She became a member of the Global Smallcap team in June 2009. Her investment career commenced upon joining Morgan Stanley as a research analyst in 2000. She holds a degree in Accountancy from Nanyang Technological University, and is both a CFA Charterholder and a Certified Public Accountant

# Schroder US International Small Cap Fund Composite

## Composite Disclosures as of: December 31, 2008

### Definition of the Firm

The Firm is defined as all accounts managed by Schroder Investment Management in the UK and US, by wholly owned subsidiaries of Schroders PLC. Prior to January 1, 2007 SIM London and SIM North America existed as two separate Firms which were compliant and verified as separate entities until December 31, 2006. The consolidation of these two Firms was made as part of a move towards creating one global Firm. Composite and Firm assets reported prior to January 1, 2007 represent those of the legacy firm which managed the product.

### Composite Definition

Accounts included in the Schroder US International Small Cap Fund Composite seek to achieve returns above the S&P EMI EPAC Index or an equivalent benchmark by providing capital growth through investment in international small cap equities.

In May 2007 the name of the composite changed from SIMNA Schroder International Small Cap Fund composite to Schroder US International Small Cap Fund composite. This change does not affect the composite history or the investment strategy.

The composite's creation date is December 31, 1998.

### Performance Calculation

Composite returns are presented as gross returns, including cash, reinvestment of dividends, interest and other income earned in the period and are calculated on a trade date basis after transaction charges (brokerage commissions). Each account's investment performance rate of return is calculated monthly in accordance with the 'time-weighted' rate of return method (Modified Dietz). Additional information regarding policies for calculating and reporting returns is available upon request. The Currency of the Composite is USD. Withholding Tax treatment may vary from portfolio to portfolio within this composite.

Net returns have been calculated based upon the highest fee rate charged to each account in the composite. The highest fee applied to the composite is 0.85% per annum.

### Dispersion

Internal dispersion is calculated using asset weighted standard deviation of all portfolios where there are at least 5 portfolios that are included in the composite for the entire year.

### Leverage

None of the accounts in the Composite use leverage.

### Verification

Schroder Investment Management (UK and US) and its legacy firms have been verified for periods January 1, 1988 to December 31, 2008 by an independent verifier.

A copy of the latest verification report is available upon request.

### Compliance Statement

Schroder Investment Management (UK and US) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

A complete list and description of the Firm's composites and performance results is available upon request.

### Notes

The Composite returns presented represent past performance and are not necessarily representative of future returns which may vary. Details of the Firm's fees are included in Part II of Form ADV, copies of which are available upon request.



# Schroder US International Small Cap Fund Composite

## Composite Performance Results as of: December 31, 2008

Composite: Schroder US International Small Cap Fund Composite  
 Benchmark: S&P/Citigroup EMI EPAC Index  
 Currency: US Dollar  
 Gross Returns as of: Dec-31-2008  
 Firm: Schroders Investment UK Management North America

Year	Gross Composite Return	Net Composite Return	Benchmark Return	Composite Risk <sup>1</sup>	Benchmark Risk <sup>1</sup>	Number of Portfolios (throughout period)	Account Dispersion <sup>2</sup>	Market Value at end of Period (\$)	Average Account Value at end of Period (\$)	Percentage of Firm Assets	Total Firm Assets (\$) <sup>4</sup>
2008	-46.20%	-46.53%	-46.62%	30.97%	31.71%	6 (3)	N/A	541,724,840	90,287,473	0.60%	89,646,473,692
2007	7.60%	6.97%	6.13%	12.77%	12.33%	3 (2)	N/A	625,220,102	208,406,701	0.39%	161,124,537,715
2006	33.39%	32.64%	30.35%	11.85%	11.67%	1 (1)	N/A	737,689,759	737,689,759	2.08%	35,533,229,886
2005	21.23%	20.55%	22.09%	10.63%	10.48%	1 (1)	N/A	648,079,799	648,079,799	2.23%	29,123,758,149
2004	34.48%	33.73%	28.75%	11.15%	11.14%	1 (1)	N/A	1,223,063,294	1,223,063,294	4.39%	27,861,264,909
2003	51.41%	50.57%	52.90%	14.48%	13.69%	1 (1)	N/A	1,508,376,200	1,508,376,200	5.55%	27,165,162,499
2002	-13.57%	-14.04%	-7.68%	16.55%	16.81%	1 (1)	N/A	1,090,869,854	1,090,869,854	4.88%	22,354,464,000
2001	-13.55%	-14.03%	-16.38%	18.79%	18.82%	1 (1)	N/A	1,276,961,003	1,276,961,003	4.12%	230,975,119,000
2000	-5.08%	-5.61%	-11.10%	19.38%	14.68%	1 (1)	N/A	1,460,374,846	1,460,374,846	3.81%	38,355,527,000
1999	43.85%	43.06%	22.97%	12.16%	10.16%	1 (1)	N/A	1,589,569,281	1,589,569,281	3.35%	47,492,361,000
Annualized 3 Year	-8.26%	-8.79%	-9.62%	22.57%	22.68%						
Annualized 5 Year	4.71%	4.11%	3.02%	19.16%	19.19%						
Annualized 7 Year	7.39%	6.78%	6.78%	7.30%	18.59%						
Annualized 10 Year	6.88%	6.27%	4.12%	18.28%	17.61%						
Annualized S.I. <sup>3</sup>	7.39%	6.78%	4.02%	16.94%	18.00%						

1 Annualized standard deviation of monthly returns

2 Asset weighted standard deviation of annual returns of accounts that have been in the composite for the entire year

3 Since Inception

4 Since December 31, 2003 Total Firm Assets include non-fee paying accounts. 2003 Total Firm Assets value has been restated due to the inclusion of those non-fee paying accounts

Total Firm Assets from 2007 incorporate the UK & US firm merger as detailed in the Definition of the Firm

N/A – Information is not statistically meaningful due to an insufficient number of portfolios for the entire year



# Important Information

Risks associated with International Small Companies: All investments involve risks including the risk of possible loss of principal. The market value of a fund's portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing in foreign securities, may magnify risks due to changes in foreign exchange rates and the possibility of substantial volatility due to political and economic uncertainties in foreign countries. Investments in small capitalization companies generally carry greater risk than is customarily associated with larger capitalization companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies, and less liquidity.

The views and forecasts contained herein are those of the International Small Cap team and are subject to change. The information and opinions contained in this document have been obtained from sources we consider to be reliable. No responsibility can be accepted for errors of facts obtained from third parties. Reliance should not be placed on the views and information in the document when taking individual investment and/or strategic decisions.

The opinions stated in this presentation include some forecasted views. We believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know. However, there is no guarantee that any forecasts or opinions will be realized.

The back testing takes the SmallCap screens (formed using the factors explained on slide 8) and compares how those stocks ranked in the top quintile to those in bottom quintile on a month by month basis.

Past performance is no guarantee of future results. The value of an investment can go down as well as up and is not guaranteed.

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## ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY 12 PERS Employer Contribution Rate ACTION:   X    
Tier I - III  
DATE: June 24, 2010 INFORMATION: \_\_\_\_\_

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### BACKGROUND:

AS 39.35.270 requires that the amount of each Public Employees' Retirement System (PERS) employer's contribution to the system shall be determined by applying the employer's contribution rate, as certified by the Alaska Retirement Management Board (Board), to the total compensation paid to the active employee. Statutory employer contribution and additional state contribution are established under the following two sections of Alaska Statute:

**Sec. 39.35.255. Contributions by employers.** (a) Each employer shall contribute to the system every payroll period an amount calculated by applying a rate of 22 percent of the greater of the total of all base salaries

(1) paid by the employer to employees who are active members of the system, including any adjustments to contributions required by AS 39.35.520; or

(2) paid by the employer to employees who were active members of the system during the corresponding payroll period for the fiscal year ending June 30, 2007.”

and:

**Sec. 39.35.280. Additional state contributions.** In addition to the contributions that the state is required to make under AS 39.35.255 as an employer, the state shall contribute to the plan each July 1 or, if funds are not available on July 1, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contributions that the administrator estimates will be allocated under AS 39.35.255(c), is sufficient to pay the plan's past service liability at the contribution rate adopted by the board under AS 37.10.220 for that fiscal year.

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STATUS:

The Division of Retirement & Benefits' actuary, Buck Consultants, has completed the actuarial valuation of the PERS as of June 30, 2009. The valuation has been reviewed by the Board's actuary, Gabriel, Roeder, Smith & Co. (GRS).

According to the PERS June 30, 2009 actuarial valuation report, and confirmed by GRS, the Fiscal Year 2012 actuarially determined contribution rate attributable to employers should be 30.76 percent. Based on AS 39.35.255, participating employers will pay 22 percent and the additional state contribution per AS 39.35.255 will be 8.76 percent for Fiscal Year 2012.

In House Bill (HB) 300, Section 29(b), the operating budget for Fiscal Year 2011, the Legislature appropriated \$165,841,171 from the General Fund to the Department of Administration "for deposit in the defined benefit plan account in the public employees' retirement system as an additional state contribution under AS 39.35.280 for the fiscal year ending June 30, 2011." This practice will continue for Fiscal Year 2012.

RECOMMENDATION:

That the Alaska Retirement Management Board set Fiscal Year 2012 PERS actuarially determined contribution rates attributable to employers consistent with its fiduciary duty, as set out in the attached form of Resolution 2010-09.

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State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to the Fiscal Year 2012 Employer Contribution Rate  
For the Public Employees' Retirement System

Resolution 2010-09

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability; and

WHEREAS, AS 39.35.255 establishes a statutory employer contribution rate of 22.00 percent and AS 39.35.280 requires additional state contribution to make up the difference between 22.00 percent and the actuarially determined contribution rate;

WHEREAS, the June 30, 2009 PERS actuarial valuation report determines that the actuarially determined contribution rate for pension benefits is 14.65 percent composed of the normal cost rate of 2.52 percent and past service rate of 12.13 percent;

WHEREAS, the June 30, 2009 PERS actuarial valuation report determines that the actuarially determined contribution rate for postemployment healthcare benefits is 16.11 percent composed of the normal cost rate of 5.76 percent and past service rate of 10.35 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2012 actuarially determined contribution rate attributable to employers participating in the Public Employees' Retirement System is set at 30.76 percent, composed of the contribution rate for pension of 14.65 percent and the contribution rate for postemployment healthcare of 16.11 percent.

DATED at Anchorage, Alaska this \_\_\_\_\_ day of June, 2010.

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Chair

ATTEST:

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Secretary



## ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY 2012 PERS Retiree Major Medical  
Insurance and Occupational Death &  
Disability Benefit Rates ACTION: X  
DATE: June 24, 2010 INFORMATION: \_\_\_\_\_

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### BACKGROUND:

The Alaska Retirement Management Board (Board) establishes rates for the Public Employees' Retirement System (PERS) Tier IV Defined Contribution Retirement Plan (DCR) for the following plans:

- (a) Retiree Major Medical Insurance (RMMI); and
- (b) Occupational Death & Disability (OD&D)

under the following two sections in Alaska Statute:

#### Retiree Major Medical Insurance

AS 39.35.750 (b) requires that "An employer shall also contribute an amount equal to a percentage, as certified by the board, of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance."

and:

#### Occupational Death & Disability

AS 39.35.750 (e) requires that "An employer shall make annual contributions to the plan in an amount determined by the board to be actuarially required to fully fund the cost of providing occupational disability and occupational death benefits under AS 39.35.890 and 39.35.892. The contribution required under this subsection for peace officers and fire fighters and the contribution required under this subsection for other employees shall be separately calculated based on the actuarially calculated costs for each group of employees."

### STATUS:

The Division of Retirement & Benefits' actuary, Buck Consultants, has completed the actuarial valuation of the PERS DCR Plan as of June 30, 2009. The valuation has been reviewed by the Board's actuary, Gabriel, Roeder, Smith & Co. (GRS).

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According to the PERS DCR Plan actuarial valuation report, and confirmed by GRS, the Fiscal Year 2012 actuarially determined contribution rate attributable to employers for the Retiree Major Medical Insurance (RMMI) should be 0.51 percent; for the peace officer/firefighter Occupational Death & Disability (OD&D) Benefit should be 0.97 percent; and for “all other” OD&D Benefit should be 0.20 percent.

RECOMMENDATION:

That the Alaska Retirement Management Board set Fiscal Year 2012 Retiree Major Medical Insurance and Occupational Death & Disability Benefit rates as set out in the following resolutions:

- (1) Resolution 2010-10: Public Employees’ Defined Contribution Retirement Plans Retiree Major Medical Insurance Rate
- (2) Resolution 2010-11: Public Employees’ Defined Contribution Retirement Plan Occupational Death & Disability Benefit Rates

State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to the Fiscal Year 2012 Employer Contribution Rate  
For Public Employees' Defined Contribution Retirement Plan  
Retiree Major Medical Insurance

Resolution 2010-10

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220 requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios; and

WHEREAS, AS 39.35.750(b) requires the Board to approve an amount equal to a percentage of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance;

WHEREAS, the June 30, 2009 PERS Defined Contribution actuarial valuation report determines that the actuarially determined contribution rate for retiree major medical insurance is 0.51 percent composed of the normal cost rate of 0.54 percent and past service rate of -0.03 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, the Fiscal Year 2012 employer contribution rate for the retiree major medical insurance for the public employees' defined contribution plan is set at 0.51 percent.

DATED at Anchorage, Alaska this \_\_\_\_\_ day of June, 2010.

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Chair

ATTEST:

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Secretary

State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to the Fiscal Year 2012 Employer Contribution Rate  
For Public Employees' Defined Contribution Retirement Plan  
Occupational Death & Disability Benefit Rates

Resolution 2010-11

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220 requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios; and

WHEREAS, AS 39.35.750(e) requires the Board to determine an actuarially sound amount required to fully fund the cost of providing occupational disability and occupational death benefits under AS 39.35.890 and 39.35.892, and that such contribution for peace officers and fire fighters, and the contribution for other employees shall be calculated separately;

WHEREAS, the June 30, 2009 PERS Defined Contribution actuarial valuation report determines that the actuarially determined contribution rate for peace officer / firefighter occupational death & disability is 0.97 percent composed of the normal cost rate of 1.04 percent and past service rate of -0.07 percent and the "all other" is 0.20 percent composed of the normal cost rate of 0.25 percent and past service rate is -0.05 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, the Fiscal Year 2012 employer contribution rate for public employees' occupational death and disability benefit rate is set at 0.97 percent for peace officers and fire fighters, and at 0.20 percent for all other Public Employees' Retirement System employees.

DATED at Anchorage, Alaska this \_\_\_\_\_ day of June, 2010.

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Chair

ATTEST:

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Secretary

## ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY 2012 TRS Retiree Major Medical  
Insurance and Occupational Death &  
Disability Benefit Rates ACTION: X  
DATE: June 24, 2010 INFORMATION: \_\_\_\_\_

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### BACKGROUND:

The Alaska Retirement Management Board (Board) establishes rates for the Teachers' Retirement System (TRS) Tier III Defined Contribution Retirement Plans for the following plans:

- (a) Retiree Major Medical Insurance (RMMI); and
- (b) Occupational Death & Disability (OD&D)

under the following two sections in Alaska Statute:

#### Retiree Major Medical Insurance

AS 14.25.350 (b) requires that "An employer shall also contribute an amount equal to a percentage, as approved by the board, of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance."

and:

#### Occupational Death & Disability

AS 14.25.350 (e) requires that "An employer shall make annual contributions to a trust account in the plan, applied as a percentage of each member's compensation from July 1 to the following June 30, in an amount determined by the board to be actuarially required to fully fund the cost of providing occupational disability and occupational death benefits under AS 14.25.310 - 14.25.590. The contribution required under this subsection for peace officers and fire fighters and the contribution required under this subsection for other employees shall be separately calculated based on the actuarially calculated costs for each group of employees."

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STATUS:

The Division of Retirement & Benefits' actuary, Buck Consultants, has completed the actuarial valuation of the TRS DCR Plan as of June 30, 2009. The valuation has been reviewed by the Board's actuary, Gabriel, Roeder, Smith & Co. (GRS).

According to the TRS DCR Plan actuarial valuation report, and confirmed by GRS, the Fiscal Year 2012 actuarially determined contribution rate attributable to employers for the Retiree Major Medical Insurance (RMMI) should be 0.58 percent and for the Occupational Death & Disability (OD&D) Benefit should be 0.00 percent.

RECOMMENDATION:

That the Alaska Retirement Management Board set Fiscal Year 2012 TRS Retiree Major Medical Insurance and Occupational Death & Disability Benefit rates as set out in the following resolutions:

- (1) Resolution 2010-13: Teachers' Defined Contribution Retirement Plans Retiree Major Medical Insurance Rate
- (2) Resolution 2010-14: Teachers' Defined Contribution Retirement Plan Occupational Death & Disability Benefit Rate



State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to the Fiscal Year 2012 Employer Contribution Rate  
For the Teachers' Retirement System

Resolution 2010-12

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability; and

WHEREAS, AS 14.25.070 establishes a statutory employer contribution rate of 12.56 percent and AS 14.25.085 requires additional state contribution to make up the difference between 12.56 percent and the actuarially determined contribution rate;

WHEREAS, the June 30, 2009 TRS actuarial valuation report determines that the actuarially determined contribution rate for pension benefits is 26.61 percent composed of the normal cost rate of 2.42 percent and past service rate of 24.19 percent;

WHEREAS, the June 30, 2009 TRS actuarial valuation report determines that the actuarially determined contribution rate for postemployment healthcare benefits is 16.00 percent composed of the normal cost rate of 4.15 percent and past service rate of 11.85 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2012 actuarially determined contribution rate attributable for employers participating in the Teachers' Retirement System is set at 42.61 percent, composed of employer contribution rate for pension of 26.61 percent and employer contribution rate for postemployment healthcare of 16.00 percent.

DATED at Anchorage, Alaska this \_\_\_\_\_ day of June, 2010.

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Chair

ATTEST:

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Secretary

## ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY 12 TRS Employer Contribution Rate ACTION: X  
Tier I - II  
DATE: June 24, 2010 INFORMATION: \_\_\_\_\_

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### BACKGROUND:

AS 14.25.070 requires that the amount of each Teachers' Retirement System (TRS) employer's contribution to the system shall be determined by applying the employer's contribution rate, as certified by the Alaska Retirement Management Board (ARMB), to the total compensation paid to the active employee. Statutory employer contribution and additional state contribution are established under the following two sections of Alaska Statute:

**Sec. 14.25.070. Contributions by employers.** (a) Each employer shall contribute to the system every payroll period an amount calculated by applying a rate of 12.56 percent to the total of all base salaries paid by the employer to active members of the system, including any adjustments to contributions required by AS 14.25.173(a).

and:

**Sec. 14.25.085. Additional state contributions.** In addition to the contributions that the state is required to make under AS 14.25.070 as an employer, the state shall contribute to the plan each July 1 or, if funds are not available on July 1, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contributions that the administrator estimates will be allocated under AS 14.25.070(c), is sufficient to pay the plan's past service liability at the contribution rate adopted by the board under AS 37.10.220 for that fiscal year.

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STATUS:

The Division of Retirement & Benefits' actuary, Buck Consultants, has completed the actuarial valuation of the TRS as of June 30, 2009. The valuation has been reviewed by the Board's actuary, Gabriel, Roeder, Smith & Co. (GRS).

According to the TRS June 30, 2009 actuarial valuation report, and confirmed by GRS, the Fiscal Year 2012 employer contribution rate should be 42.61 percent. Based on AS 14.25.070, participating employers will pay 12.56 percent and the additional state contribution per AS 39.35.255 will be 30.05 percent for Fiscal Year 2012.

In House Bill (HB) 300, Section 29(a), the operating budget for Fiscal Year 2011, the Legislature appropriated \$190,850,258 from the General Fund to the Department of Administration "for deposit in the defined benefit plan account in the teachers' retirement system as an additional state contribution under AS 14.25.085 for the fiscal year ending June 30, 2011." This practice will continue for Fiscal Year 2012.

RECOMMENDATION:

That the Alaska Retirement Management Board set Fiscal Year 2012 TRS actuarially determined contribution rates attributable to employers consistent with its fiduciary duty, as set out in the attached form of Resolution 2010-12.

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State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to the Fiscal Year 2012 Employer Contribution Rate  
For Teachers' Defined Contribution Retirement Plan  
Retiree Major Medical Insurance

Resolution 2010-13

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220 requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios; and

WHEREAS, AS 14.25.350(b) requires the Board to approve an amount equal to a percentage of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance;

WHEREAS, the June 30, 2009 TRS Defined Contribution actuarial valuation report determines that the actuarially determined contribution rate for retiree major medical insurance is 0.58 percent composed of the normal cost rate of 0.64 percent and past service rate of -0.06 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, the Fiscal Year 2012 employer contribution rate for the retiree major medical insurance for the teachers' defined contribution plan is set at 0.58 percent.

DATED at Anchorage, Alaska this \_\_\_\_\_ day of June, 2010.

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Chair

ATTEST:

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Secretary

State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to the Fiscal Year 2012 Employer Contribution Rate  
For Teachers' Defined Contribution Retirement Plan  
Occupational Death & Disability Benefit Rate

Resolution 2010-14

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220 requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios; and

WHEREAS, AS 14.25.350 (e) requires the Board to determine an actuarially sound amount required to fully fund the cost of providing occupational disability and occupational death benefits under AS 14.25.310 – 14.25.590;

WHEREAS, the June 30, 2009 TRS Defined Contribution actuarial valuation report determines that the actuarially determined contribution rate for occupational death & disability is 0.00 percent composed of the normal cost rate of 0.05 percent and past service rate of -0.05 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, the Fiscal Year 2012 employer contribution rate for teachers' occupational death and disability benefit rate is set at 0.00 percent for all Teachers' Defined Contribution Retirement Plan employees.

DATED at Anchorage, Alaska this \_\_\_\_\_ day of June, 2010.

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Chair

ATTEST:

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Secretary



## ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Resolution 2010-15 Procurement Delegation

ACTION:   X  

DATE: June 25, 2010

INFORMATION:           

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### BACKGROUND:

At its April 22-23, 2010 meeting, the Alaska Retirement Management Board (Board) adopted Resolution 2010-08, Procurement-Related Delegation pursuant to 15 AAC 112.230 which authorizes the Board, in its discretion, to delegate in writing its authority under the procurement regulations to a public official. During the discussion of the resolution, trustees had questions regarding the extent of the delegation, e.g., did it include manager and consultant terminations, and whether staff should be identified by name or by job title. In order to proceed with upcoming contract negotiations, the Board passed Resolution 2010-08 with the understanding that staff would bring clarifying language to the Board at its next meeting.

### STATUS:

The attached Resolution 2010-15 does not reference the Board's authority to contract for investment, custodial or depository powers or duties, or to appoint members of the investment advisory council. These actions are exempt from the procurement process, and thus do not need to be referenced in a resolution relating to delegation of procurement-related authority. The Board retains its oversight authority to hire and terminate investment managers, custodians and investment advisory council members, including its authority to separately delegate those responsibilities. The Board also retains its authority to appoint proposal evaluation committee members whose responsibilities are set out in regulation.

The attached resolution also delegates procurement-related authority to staff identified by title rather than name.

### RECOMMENDATION:

That the Board approve Resolution 2010-15 delegating to the Department of Revenue Deputy Commissioner, Chief Investment Officer, State Comptroller, and Board Liaison Officer certain powers noted in the *Delegation of Procurement-Related Authority* attached thereto.

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State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to Delegation of Procurement-Related Authority  
Resolution 2010-15

WHEREAS AS 37.10.210 established the Alaska Retirement Management Board (Board) to provide prudent and productive management and investment of trusts or other State funds; and

WHEREAS AS 37.10.260(a) establishes that the Department of Revenue shall provide staff for the Board; and

WHEREAS AS 37.10.240(a) authorizes the Board to adopt regulations relating to procurement, which have been set out at 15 AAC 112.110-375; and

WHEREAS 15 AAC 112.230 authorizes the Board, in its discretion, to delegate its authority under the procurement regulations to a public official;

NOW THEREFORE BE IT RESOLVED THE ALASKA RETIREMENT MANAGEMENT BOARD will delegate to Department of Revenue staff certain powers noted in the *Delegation of Procurement-Related Authority* attached to this resolution and made a part hereof.

This resolution repeals and replaces Resolution 2010-08.

DATED at Anchorage, Alaska this \_\_\_\_ day of June, 2010.

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

## Delegation of Procurement-Related Authority

Pursuant to Resolution 2010-15, the Department of Revenue Deputy Commissioner, Chief Investment Officer, State Comptroller, and ARMB Liaison Officer are hereby authorized to procure supplies, services, and professional services as deemed necessary, desirable or customary in conducting the day-to-day operations of the Board, including the authority to design, develop, draft and issue requests for proposal (RFPs) consistent with the law and to make decisions respecting protests and appeals relating to issuance of RFPs and notices of intent to proceed. The decisions by a designee hereunder on procurement protests and appeals shall be subject to appeal to the office of administrative hearings and, unless the commissioner of administration reserves the authority to consider a decision by that office, the decision by a hearing officer of that office shall be deemed to be the final administrative agency decision by the Board for all purposes, including appeal to the superior court.

The above-referenced individuals are further authorized to delegate the above responsibilities to additional Department of Revenue staff as necessary. The Board shall be notified at the next meeting as to which individuals have received such delegation.

**ALASKA RETIREMENT MANAGEMENT BOARD  
M E M O R A N D U M**

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To: ARMB Trustees  
From: Judy Hall  
Date: June 14, 2010  
Subject: Financial Disclosures

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As required by AS 37.10.230 and Alaska Retirement Management Board policy relating to investment conduct and reporting, trustees and staff must disclose certain financial interests. We are hereby submitting to you a list of disclosures for individual transactions made by trustees and staff.

Name	Position Title	Disclosure Type	Disclosure Date
Victor Djajalie	Investment Officer	Equities	4/15/10 5/7/10

Alaska Retirement Management Board  
2010 Meeting Calendar

<p>February 24 February 25-26 Thursday-Friday Juneau</p>	<p>Committee Meetings: Audit</p> <ul style="list-style-type: none"> <li>*Review Capital Market Assumptions</li> <li>*Manager Presentations</li> <li>*Actuarial Audit Report</li> </ul>
<p>April 22-23 Thursday-Friday Anchorage</p>	<ul style="list-style-type: none"> <li>*Adopt Asset Allocation</li> <li>*Performance Measurement - 4<sup>th</sup> Quarter</li> <li>*Buck Consulting Actuary Report</li> <li>*GRS Actuary Certification</li> <li>*Review Private Equity Annual Plan <ul style="list-style-type: none"> <li>Abbott Capital Management</li> <li>Pathway Capital Management</li> </ul> </li> <li>*Manager Presentations</li> </ul>
<p>June 23</p>	<p>Committee Meetings: Audit</p>
<p>June 24-25 Thursday-Friday Anchorage</p>	<ul style="list-style-type: none"> <li>*Final Actuary Report/Adopt Valuation/Contribution Rates</li> <li>*Performance Measurement - 1<sup>st</sup> Quarter</li> <li>*Manager Presentations</li> </ul>
<p>September 9 Anchorage</p>	<p>Committee Meetings:           Real Estate - Salary Review - Budget</p>
<p>September 22</p>	<p>Committee Meetings:           Audit and Defined Contribution Plan</p>
<p>September 23-24 Thursday-Friday Fairbanks</p>	<ul style="list-style-type: none"> <li>*Audit Results/Assets - KPMG</li> <li>*Approve Budget</li> <li>*Performance Measurement - 2<sup>nd</sup> Quarter</li> <li>*Real Estate Annual Plan</li> <li>*Real Estate Evaluation - Townsend Group</li> <li>*Manager Presentations</li> </ul>
<p>October 7-8 New York City</p>	<p>Education Conference</p>
<p>December 1</p>	<p>Audit Committee</p>
<p>December 2-3 Thursday-Friday Anchorage</p>	<p>Audit Report Performance Measurement - 3<sup>rd</sup> Quarter Manager Review (Questionnaire) Private Equity Review Economic Round Table *Manager Presentations</p>

Alaska Retirement Management Board  
Proposed 2011 Meeting Calendar

<p>February 10-11 Thursday-Friday Juneau</p>	<p>*Review Capital Market Assumptions *Manager Presentations *Actuarial Audit Report</p>
<p>April 28-29 Thursday-Friday Anchorage</p>	<p>*Adopt Asset Allocation *Performance Measurement - 4<sup>th</sup> Quarter *Buck Consulting Actuary Report *GRS Actuary Certification *Review Private Equity Annual Plan     Abbott Capital Management     Pathway Capital Management *Manager Presentations</p>
<p>June 15</p>	<p>Committee Meetings: Audit</p>
<p>June 16-17 Thursday-Friday Anchorage</p>	<p>*Final Actuary Report/Adopt Valuation/Contribution Rates *Performance Measurement - 1<sup>st</sup> Quarter *Manager Presentations</p>
<p>September____</p>	<p>Committee Meetings: Budget, Real Estate, Salary Review</p>
<p>September 21</p>	<p>Committee Meetings: Audit</p>
<p>September 22-23 Thursday-Friday Fairbanks</p>	<p>*Audit Results/Assets - KPMG *Approve Budget *Performance Measurement - 2<sup>nd</sup> Quarter *Real Estate Annual Plan *Real Estate Evaluation - Townsend Group *Manager Presentations</p>
<p>Education Conference</p>	
<p>December 1-2 Thursday-Friday Anchorage</p>	<p>Audit Report Performance Measurement - 3<sup>rd</sup> Quarter Manager Review (Questionnaire) Private Equity Review Economic Round Table *Manager Presentations</p>