

Alaska Retirement Management Board

Agenda
December 2-3, 2010

Thursday, December 2, 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)	
VI.		Approval of Minutes: August 16, 2010 September 23-24, 2010	Minutes 081610
VII.		Election of Officers	
VIII.	9:15	<p>Reports</p> <ol style="list-style-type: none"> 1. Chair Report 2. Committee Reports <ol style="list-style-type: none"> A. Audit Committee, <i>Martin Pihl, Chair</i> B. Trustee Study Group, <i>Martin Pihl, Chair</i> 3. Retirement & Benefits Division Report <ol style="list-style-type: none"> A. Membership Statistics (informational) B. Buck consulting Invoices (informational) <i>Annette Kreitzer, Commissioner, Department of Administration</i> <i>Patrick Shier, Director, Division of Retirement & Benefits</i> 4. Treasury Division Report <i>Jerry Burnett, Deputy Commissioner, Dept of Revenue</i> 5. CIO Report, <i>Gary Bader, Chief Investment Officer</i> 	<p>DRB Report</p> <p>CIO Report 1210</p>
	9:30-9:50	6. Fund Financial Presentation and Cash Flow Update <i>Pamela Leary, Comptroller, Department of Revenue</i> <i>Pat Shier, Director, DRB, Department of Administration</i>	Fund Financial-CashFlow093010
	9:55-10:25	7. KPMG - Audit Report <i>Michael Hayhurst and</i>	KPMG-December 2010 KPMG-AuditComLtr
	10:25-10:35	BREAK	
	10:35-11:35	8. Independent Fiduciary Services Report <i>Steven Harding and Barbra Byington</i>	IFS Final Report IFS Presentation
	11:35-12:05	9. Private Equity Evaluation <i>Gary Robertson, Callan Associates, Inc.</i> <i>Zachary Hanna, State Investment Officer</i>	Callan-Private Equity Presentation
	12:05-1:15	LUNCH - 12:00 - 1:15 pm	
	1:15-1:35	10. External Manager Review <i>Gary Bader, Chief Investment Officer</i>	Memo-ManagerReview Manager Review 2010
	1:40-2:40	11. Performance Measurement - 3 rd Quarter <i>Michael O'Leary, Callan Associates, Inc</i>	Callan-PerformanceQ3-10 Callan-ExSumPrelim093010 Callan-SBS093010 Callan-DefComp093010 Callan-

			DefContribPrelim093010
	2:45-3:15	12. Lazard Asset Management - Global Equity <i>John Reinsberg and Tony Dote</i>	Lazard Presentation
	3:15	BREAK - 15 Minutes	
	3:30-4:00	13. ARMB Fixed Income Portfolio <i>Bob Mitchell, Senior Investment Officer</i>	Fixed Income Presentation
	4:05-4:45	14. Financial Reform Review <i>Rob Johnson, ARMB Legal Counsel</i>	
		<i>End of Meeting Day - Recess</i>	
		Friday, December 3, 2010	
	9:00 am	Call to Order	
	9:00-9:30	15. TCW EIG Fund XV <i>Blair Thomas and Claudia Schloss</i>	EIG XV pitchbook Final
	9:35-10:10	16. Brandes Investment - DC and DB Mandates <i>Glenn Carlson and Juan Benito</i>	Brandes Presentation
	10:10	<i>BREAK - 10 Minutes</i>	
	10:20-12:00	17. State Street Global Advisors (all mandates)	SSgA Presentation
	12:00-1:15	LUNCH - 12:00 - 1:15 pm	
	1:15-1:45	18. Investment Actions A. Absolute Return Managers B. State Street Bank Contract C. Mondrian Contract Amendment D. Real Asset Committee E. Energy Fund Allocation F. US Intermediate Treasury Guidelines Resolution 2010-19 G. Rebalancing - Resolution 2010-20 H. Delegation of Authority - Resolution 2010-21 <i>Gary Bader, Chief Investment Officer</i> Investment Actions	Investment Actions 120310
	1:50-2:20	19. Actuarial Valuation Assumption Changes	
	XI.	Unfinished Business 1. Calendar, <i>Judy Hall, Liaison Officer</i> 2. Disclosure Report, <i>Judy Hall, Liaison Officer</i> 3. Legal Report, <i>Rob Johnson, Legal Counsel</i>	2011 Calendar- Disclosures
	X. XI XII. XIII. XIV. XV. XVI.	New Business Other Matters to Properly Come Before the Board Public/Member Comments Investment Advisory Council Comments Trustee Comments Future Agenda Items Adjournment	

(Times are approximate. Every attempt will be made to stay on schedule; however, adjustments may be made.)

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
MEETING

Teleconference Meeting
11th Floor, State Office Building
Juneau, Alaska

MINUTES OF
August 16, 2010

CALL TO ORDER

CHAIR GAIL SCHUBERT called the meeting of the Alaska Retirement Management Board (ARMB) to order at 10:31 a.m.

ROLL CALL

Seven ARMB trustees were present via teleconference at roll call to form a quorum.

ARMB Board Members Present

Gail Schubert, *Chair*

Sam Trivette, *Vice Chair*

Gayle Harbo, *Secretary*

Kristin Erchinger

Commissioner Patrick Galvin

Tom Richards

Mike Williams

Legal Counsel Present

Mike Barnhill, Assistant Attorney General, Department of Law

Dan Levi, Paul Weiss, Attorneys

Department of Revenue Staff Present

Jerry Burnett, Deputy Commissioner

Gary M. Bader, Chief Investment Officer

Judy Hall, Liaison Officer

PUBLIC MEETING NOTICE

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

APPROVAL OF AGENDA

MS. HARBO moved to approve the agenda. MR. TRIVETTE seconded. The motion passed without objection.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

None.

ACTION – DISCUSSION OF ALLOCATION OF MERCER SETTLEMENT FUNDS

CHAIR SCHUBERT requested that Assistant Attorney General Mike Barnhill lead the discussion on the action item before the Board. MR. BARNHILL stated the purpose of the meeting is to consider how to allocate the net proceeds of the Mercer litigation. The Board filed a complaint on behalf of the PERS/TRS systems against Mercer in December 2007 and settled in June for \$500 million. This netted an amount for the PERS/TRS funds of approximately \$403 million for the trust funds. It is the recommendation of the Department of Law, Paul Weiss and Rob Johnson that the allocation be carried out as set forth in evidence presented by the Board in its expert reports. The best evidence available showed the relative allocation of damages between PERS and TRS would have been approximately 89% damages in PERS and 10.9% in TRS, and that is the recommendation for allocating \$403 million in settlement proceeds.

MS. HARBO asked whether any money was paid from the pension funds to pay for the lawsuit, to the Department of Law attorneys or expert witnesses, etc. MR. BARNHILL replied that no money was spent from trust funds for the litigation, money was spent from funds before filing the lawsuit for investigation - approximately \$800,000 approved by the legislature based on a pro rata share based on net asset value at the time of the appropriation. MS. HARBO opined that the money that was used to fund the lawsuit should be paid out in the same proportion as the settlement. MR. BARNHILL clarified that no trust money was used to fund the lawsuit, it was to fund the investigation from appropriations made in 2006. A request for \$12 million for litigation was not approved by the legislature and a contingency arrangement was made with Paul Weiss to continue the lawsuit in the summer of 2007.

MR. RICHARDS requested clarification on the \$800,000 being taken from the trust funds. MR. BARNHILL replied that the Department of Law initially sought \$400,000 to fund the investigation in 2006, which was split 50/50. Subsequently the department sought an additional appropriation of \$400,000 because of the higher investigation costs. At that time the initial appropriation was reallocated on a pro rata basis based on net asset value from the PERS and TRS trust funds. MR. BARNHILL stated that his recollection was that it was 75%-25% because at that time that was the relative proportion between the funds.

CHAIR SCHUBERT, referring to the memorandum received from legal counsel Paul Weiss provided to the trustees prior to the meeting, invited DAN LEVI to comment. MR. LEVI explained that Paul Weiss took a look at different damage scenarios that experts provided, and determined that Scenario #1 was most likely to succeed at trial and was most supported by the evidence. This scenario showed that based on historical rate setting information, PERS was most

likely to continue escalating contribution rate, but TRS was not as clear since they had set a flat rate of 12% in the early 90s and there was very little evidence to show what they would have done had Mercer recommended different rates. MR. LEVI also reviewed two other scenarios: one used a 13% flat rate as a baseline, and one which would throw out the flat rate and use the Mercer recommendation across the board, with the assumption that the 5% cap which both funds had always followed would remain in place. MR. LEVI stated that very little evidence supported scenarios 2 and 3, so Paul Weiss' recommendation is to adopt scenario #1 as best supported by evidence. MS. HARBO stated that she wished to clarify that in 1992 Mercer supported 12% flat rate in their recommendation to the TRS. MR. LEVI agreed that was the case.

CHAIR SCHUBERT invited comment from the Department of Revenue staff. COMMISSIONER GALVIN stated he had no comments but agreed with the recommendation.

CHAIR SCHUBERT next referred to the action item in packet.

MR. TRIVETTE moved that the Board direct staff to allocate the settlement funds received from the Mercer litigation as follows: 89.0829% to the PERS Health Trust Fund and 10.9171% to the TRS Trust Fund. MS. HARBO seconded.

KRIS ERCHINGER noted a correction to the Action Memo in the Status paragraph, the second to the last line of second paragraph it reads PERS instead of TRS receiving 10.9171%.

MR. TRIVETTE stated that for the record, he believed that Colin England's report supports this conclusion, along with recommendation of the attorneys.

Roll call vote

Ayes: Erchinger, Galvin, Richards, Trivette, Williams, Harbo, Schubert

Nays: None. Commissioner Kreitzer and Martin Pihl absent.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD

There were no other matters to come before the Board.

PUBLIC/MEMBER COMMENTS

There was no one present or listening by telephone who wished to address the board.

TRUSTEE COMMENTS

MR. TRIVETTE requested clarification regarding the confidentiality of certain legal documents provided to the Board for review. MR. BARNHILL replied that the memos from Paul Weiss and

from Wohlforth Johnson should remain confidential, but the expert reports are now public information. MS. HARBO expressed her thanks to the Department of Law for keeping the faith and to Dan Levi for all their hard work. CHAIR SCHUBERT echoed those remarks. MR. BARNHILL replied that the Board has done great work, and they have appreciated the chance to work with the Board on this.

FUTURE AGENDA ITEMS

None

ADJOURNMENT

There being no objection and no further business to come before the board, the meeting was adjourned at 10:50 a.m. on August 16, 2010, on a motion made by MS. HARBO and seconded by MR. WILLIAMS.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: PERS / TRS FY2010 Membership Statistics
QUARTERLY INFORMATION ONLY

ACTION: _____

DATE: December 2, 2010

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 July 1, 2010 to September 30, 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	65	39	35	31	161
Tier II	61	15	15	81	74
Tier III	176	14	13	192	61

TRS Defined Benefit Plan:

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	16	4	2	(33)	35
Tier II	98	4	0	(85)	26

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	1,184	477	345	164
Converted members	0	1	2	

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	730	(110)	89	45
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: December 2, 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 September 30, 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	1,894	1,578	615	911	2,797
Tier II	1,679	978	228	1,559	1,022
Tier III	3,747	1,208	164	6,472	509

TRS Defined Benefit Plan:

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	350	128	35	73	1,069
Tier II	1,376	252	31	1,219	322

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	16,157	5,885	2,231	1,697
Converted members	44	30	23	

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	4,274	1,142	395	327
Converted members	13	9	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, a Xerox Company

DATE: December 2, 2010 INFORMATION: X

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 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 2011 for the months of July, August and September 2010.

Attached is the summary totals for the three months ended September 30, 2010.

Buck Consultants
Billing Summary
Through the Three Months Ended September 30, 2010

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>AHF</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 42,010	18,900	-	63	-	-	-	\$ 60,973
ARMB Presentations	9,186	4,984	-	-	-	-	-	14,170
State Employer Relief Breakout (FY12 & FY13)	1,262	1,084	878	-	-	-	-	3,224
Past Service Rate Projections	2,490	990	-	-	-	-	-	3,480
Projection of State Assistance	1,591	633	-	-	-	-	-	2,224
JRS Experience Analysis	-	-	6,344	-	-	-	-	6,344
Adjustment to JRS Rollforward	-	-	3,691	-	-	-	-	3,691
Analysis of State Assistance Rate	7,275	2,893	-	-	-	-	-	10,168
GASB 25 and 27 Preliminary View Discussion	308	123	3	13	-	-	-	447
UA Optional Retirement Plan Litigation Phone Call	481	190	-	-	-	-	-	671
Discussion on actuarial factor update	381	381	-	-	-	-	-	761
Estimating PERS/TRS Healthcare Trust contributions	383	383	-	-	-	-	-	765
Factors discussion - actuarial equivalence	3,612	1,436	-	-	-	-	-	5,048
Termination cost study questions	924	-	-	-	-	-	-	924
Audit Request	5,471	2,213	49	-	-	230	27	7,990
TOTAL	\$ 75,373	34,209	10,965	76	-	230	27	\$ 120,880

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.

August 24, 2010

Mr. 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 #: 2053224

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

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

\$28,821.00

*Ok to process
Teresa Kesey
9/2/10*

RECEIVED

AUG 30 2010

Div. of Ret. & Benefits

RECEIVED

AUG 30 2010

Div. of Ret. & Benefits

State of Alaska
July 2010 Invoices for Actuarial Services

	July 2010		Total	Fiscal Year to Date July 2010 - June 2011	
	Services	Expenses		Services	Expenses
Regular Services Under Contract					
Work in process on 2010 actuarial valuations					
-PERS	\$ 12,537	\$ 0	12,537		
- TRS	5,190	0	5,190		
- JRS	0	0	0		
- NGNIMRS	0	0	0		
- EPORS	0	0	0		
Subtotal	\$ 17,727	\$ 0	17,727	\$ 17,727	\$ 0
Non-Regular Services					
Discussion on actuarial factor update	\$ 761	\$ 0	761		
Estimating PERS/TRS HCT contributions	765	0	765		
State Relief Breakout for FY12 and FY13, submitted July 1	1,262	0	1,262		
-PERS					
- TRS	1,084	0	1,084		
- JRS	878	0	878		
JRS Experience Analysis, submitted July 21	6,344	0	6,344		
Subtotal	\$ 11,094	\$ 0	11,094	\$ 11,094	\$ 0
Grand Total	\$ 28,821	\$ 0	28,821	\$ 28,821	\$ 0

AUG 30 2010

Div. of Ret. & Benefits

Staff Member	July 2010 Hours	Fiscal Year-to-Date July 2010 - June 2011 Hours	
- Aaron Jurgatis	1.00	1.00	124.00
- Chris Hulla	2.50	2.50	23.75
- Colin Wein	48.00	48.00	866.25
- David Slishtinsky	18.50	18.50	232.75
- Jon Singer	0.00	0.00	49.75
- Karen Hancock	3.25	3.25	48.00
- Kathy Rechliuti	6.50	6.50	13.50
- Kyla O'Rourke	26.00	26.00	541.25
- Melissa Bissett	0.00	0.00	61.25
- Michelle DeLange	16.25	16.25	266.75
- Michelle Pritchard	29.25	29.25	288.00
- Monica DeGraff	0.00	0.00	9.50
- Tammy Ringel	0.00	0.00	25.75
- William Detweiler	0.00	0.00	44.75
	151.25	151.25	2594.5

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

September 21, 2010

Mr. 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 #: 2056055

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

\$27,437.00

*OK to process
D. Kesey
10/5/10*

RECEIVED

SEP 27 2010

Div. of Ret. & Benefits

State of Alaska
August 2010 Invoice for Actuarial Services

	August 2010		Total	Fiscal Year to Date	
	Services	Expenses		Services	Expenses
Regular Services Under Contract					
Work in process on 2010 actuarial valuations					
- PERS	\$ 9,186	\$ 0	9,186		
- TRS	4,984	0	4,984		
- JRS	0	0	0		
- NGNIRS	0	0	0		
- EPORS	0	0	0		
Subtotal	\$ 14,170	\$ 0	14,170	\$ 31,897	\$ 0
Non-Regular Services					
Past service rate projections	3,480	0	3,480		
Factors discussion - actuarial equivalence	2,922	0	2,922		
Questions on termination cost study from Larry Semmons	924	0	924		
Auditors letter to KPMG	3,717	0	3,717		
Projection of State Assistance	2,224	0	2,224		
Subtotal	\$ 13,267	\$ 0	13,267	\$ 24,361	\$ 0
Grand Total	\$ 27,437	\$ 0	27,437	\$ 56,258	\$ 0

RECEIVED
SEP 27 2010
Div. of Ret. & Benefits

buckconsultants

A Xerox Company

October 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 #: 2058631

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

Services rendered from September 1 through September 30, 2010 (see attached):

\$64,622.00

REVIEWED/VERIFIED
OK TO PROCESS:
INITIAL HERE: DK

RECEIVED

OCT 26 2010

Div. of Ret. & PERS

RECEIVED
OCT 26 2010

Div. of Ret. & Benefits

State of Alaska
September 2010 Invoice for Actuarial Services

	September 2010		Fiscal Year to Date	
	Services	Expenses	Services	Expenses
Regular Services Under Contract		Total		Total
Work in process on 2010 actuarial valuations				
- PERS	\$ 29,473	\$ 0		
- TRS	13,710	0		
- JRS	0	0		
- NGNMRS	63	0		
- EPORS	0	0		
Subtotal	\$ 43,246	\$ 0	\$ 75,143	\$ 0
Non-Regular Services				
Discussions with DRB, David Teal and Mike Barnhill	\$ 10,168	0		
Factors discussion - actuarial equivalence	2,126	0		
Adjustment to JRS roll forward for additional contribution	3,691	0		
Auditors letter to KPMG	4,273	0		
ORP litigation telephone call	671	0		
GASB discussion	447	0		
Subtotal	\$ 21,376	\$ 0	\$ 45,737	\$ 0
Grand Total	\$ 64,622	\$ 0	\$ 120,880	\$ 0

RECEIVED

OCT 26 2010

Div. of Ret. & Benefits

Staff Member	September 2010 Hours	Fiscal Year-to-Date July 2010 - June 2011 Hours
- Aaron Jurgaitis	12.50	14.50
- Becky Soderfelt	0.00	1.00
- Chris Hulla	8.25	16.50
- Colin Wein	71.00	123.75
- David Stishinsky	28.00	64.00
- Doug Fiddler	1.00	1.00
- Karen Hancock	4.25	7.50
- Kathy Recchiuti	1.25	7.75
- Kyla O'Rourke	41.50	76.25
- Melissa Bissett	0.00	5.25
- Michelle DeLange	30.25	61.25
- Michelle Pritchard	27.50	96.00
- Monica DeGraff	0.00	1.00
- William Detweiler	0.00	2.25
	225.50	478.00

CHIEF INVESTMENT OFFICER REPORT

- Communication from Communication Workers of America.
- Communication from International Brotherhood of Teamsters.
- Transfer \$30 million from Cash to REIT's.
- Rebalance Retirement Health, Defined Contribution, and Pension Plans.
- Transfer from Intermediate Treasury Fund to MacKay Shields high yield.
- Rebalance Retirement Health, Defined Contribution, and Pension Plans.
- Transfer from Domestic Fixed Income to Emerging Market Income.
- Transfer from Domestic Fixed Income to International Fixed Income.
- Remove Crestline Investors from Watch List
- Place Mariner Investment Group on watch list for ownership changes.
- Possible grant of mineral lease rights on farmland property in Louisiana
- Increase fees on J.P. Morgan Strategic Property Fund 2bps.
- _____
- _____

Summary of letters from the Communications Workers of America and the International Brotherhood of Teamsters:

Deutsche Telekom, T-Mobile, and the Communication Workers of America

The ARMB has a private equity investment in Blackstone Capital Partners V. Blackstone has invested in Deutsche Telekom, the public parent of T-Mobile USA. The Communications Workers of America sent the ARMB a letter alleging that T-Mobile USA managers have been engaged in a “long-term effort to repress employee’s efforts to organize a union”. The Communications Workers of America has requested that the ARMB contact Deutsche Telekom’s CEO regarding the concerns the Communications Workers of America has with T-Mobile USA. A copy of the materials provided to the ARMB by the Communications Workers of America is available.

International Brotherhood of Teamsters and KKR

The ARMB has a private equity investment in the KKR 2006 Fund. KKR has invested in U.S. Foodservice and Toys “R” Us. The International Brotherhood of Teamsters represents more than 4,000 U.S. Foodservice workers and alleges that “the company’s systematic and unlawful labor rights violations threaten to escalate into widespread work stoppages in key markets.” The Teamsters also want to make the ARMB aware of the dangers of toxic PVC that may be present in toys sold by Toys “R” Us. The Teamsters sent an open letter from a coalition of socially responsible investors urging the ARMB to not participate in the potential initial public offering of Toys “R” Us “unless the company commits to labeling toxic chemicals in toys and phasing out PVS toys.” A copy of the materials provided to the ARMB by the Teamsters is available.

**Alaska Retirement Management
Board**

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

October 12, 2010

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

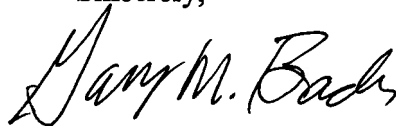
Dear Ms. Healy:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Tuesday, October 19, 2010 for the ARMB Defined Benefit Pension Plans, the ARMB Retirement Health Funds and the ARMB Defined Contribution Plans. Please use a pro-rata split between all the Pension Plans, Retirement Health Funds and Defined Contribution Plans.

Short Term Fixed Income (AY70)	<\$30,000,000>
REIT Holdings (AY9H)	\$30,000,000

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
James McKnight, State Compliance Officer
Steve Sikes, State Investment Officer
Bob Mitchell, State Investment Officer
Charles Colton, State Investment Officer
Elizabeth Walton, State Investment Officer

GMB/aes

Alaska Retirement Management Board

P.O. Box 110405

Juneau, Alaska 99811-0405

(907) 465-3749

October 15, 2010

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

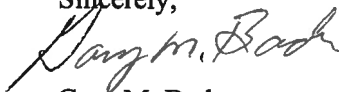
Dear Ms. Healy:

Please make the following pool level transactions on Wednesday, October 20, 2010 to bring PERS, TRS and JRS Retirement Health Plans allocations closer to target.

	AYW2 & AYW5	AYW3 & AYW6	AYW4 & AYW7
Domestic Equity - Lg Cap	-5,430,700	5,637,800	-207,100
Domestic Equity - Sm Cap	-1,377,500	1,430,100	-52,600
International Equities	-6,176,200	6,318,500	-142,300
International Small Cap	-2,648,600	2,617,100	31,500
Emerging Markets	-1,598,300	1,635,700	-37,400
AY77 - Dom. Fixed Inc.	-2,515,400	2,436,900	78,500
Intermediate Treasury	34,042,700	-34,509,800	467,100
International Fixed Income	-509,300	520,000	-10,700
High Yield	-316,800	343,800	-27,000
Emerging Market Debt	-138,500	145,400	-6,900
Real Estate	-1,695,100	1,761,900	-66,800
Farmland Pool A	927,500	-922,300	-5,200
Energy Pool A	-78,400	85,400	-7,000
Timber Pool A	-1,169,500	1,136,900	32,600
REIT Pool	-230,700	240,700	-10,000
TIPS	-2,572,900	2,495,500	77,400
Total Private Equity	-1,795,700	1,884,000	-88,300
Absolute Return	-989,000	1,036,000	-47,000
AY70 - Short Term Pool	-5,727,600	5,706,400	21,200
Total Asset Allocation	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
Ryan Bigelow, State Investment Officer
Elizabeth Walton, State Investment Officer
Pam Leary, Comptroller
James McKnight, State Compliance Officer

Alaska Retirement Management Board

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

October 15, 2010

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

Dear Ms. Healy:

Please make the following pool level transactions on Wednesday, October 20, 2010, to bring PERS, TRS pension plans and the DC Plans allocations closer to target.

AY6G & AY6W

Large Cap Pool	375,684
Small Cap Pool	45,264
International Equity Pool	185,008
International Small Cap	(5,006)
Emerging Markets Equity	157,676
Private Equity	(574,803)
Domestic Fixed Income	(255,298)
Intermediate Treasury	319,701
High Yield Pool	79,173
Emerging Markets Debt Pool	60,257
International Fixed Income	37,132
AK TIPS Pool	(436,151)
Energy Pool A	(102,197)
Farmland Pool A	75,747
REIT Pool A	(41,269)
Timber Pool A	43,604
AK Real Estate Pool	484,913
Absolute Return	(309,838)
Cash	(139,597)
	<u>-</u>

AYX2 & AYX4

Large Cap Pool	(95,148)
Small Cap Pool	(6,324)
International Equity Pool	(170,199)
International Small Cap	(89,278)
Emerging Markets Equity	79,940
Private Equity	30,430
Domestic Fixed Income	(932,344)
Intermediate Treasury	1,133,025
High Yield Pool	68,581
Emerging Markets Debt Pool	12,618
International Fixed Income	2,203
AK TIPS Pool	9,661
Energy Pool A	1,125
Farmland Pool A	8,935
REIT Pool A	2,074
Timber Pool A	6,292
AK Real Estate Pool	47,685
Absolute Return	(6,009)
Cash	(103,267)
	<u>-</u>

AYY3 & AYY5

Large Cap Pool	(124,392)
Small Cap Pool	(8,306)
International Equity Pool	(219,614)
International Small Cap	(116,498)
Emerging Markets Equity	102,319
Private Equity	38,679
Domestic Fixed Income	(1,194,593)
Intermediate Treasury	1,452,338
High Yield Pool	87,787
Emerging Markets Debt Pool	16,086
International Fixed Income	2,738
AK TIPS Pool	12,213
Energy Pool A	1,409
Farmland Pool A	11,379
REIT Pool A	2,647
Timber Pool A	8,022
AK Real Estate Pool	60,679
Absolute Return	(7,980)
Cash	(124,913)
	<u>-</u>

AY6H & AY6X

Large Cap Pool	(20,596)
Small Cap Pool	(1,541)
International Equity Pool	(32,556)
International Small Cap	(16,501)
Emerging Markets Equity	13,552
Private Equity	4,440
Domestic Fixed Income	(165,686)
Intermediate Treasury	199,825
High Yield Pool	11,920
Emerging Markets Debt Pool	1,975
International Fixed Income	120
AK TIPS Pool	1,280
Energy Pool A	156
Farmland Pool A	1,372
REIT Pool A	327
Timber Pool A	984
AK Real Estate Pool	7,180
Absolute Return	(1,752)
Cash	(4,499)
	<u>-</u>

AYY2 & AYY4

Large Cap Pool	(214,049)
Small Cap Pool	(6,564)
International Equity Pool	(567,633)
International Small Cap	(332,137)
Emerging Markets Equity	342,344
Private Equity	161,086
Domestic Fixed Income	(3,646,188)
Intermediate Treasury	4,506,058
High Yield Pool	280,186
Emerging Markets Debt Pool	61,321
International Fixed Income	20,590
AK TIPS Pool	57,036
Energy Pool A	6,254
Farmland Pool A	44,525
REIT Pool A	9,910
Timber Pool A	30,596
AK Real Estate Pool	244,049
Absolute Return	6,629
Cash	(1,004,013)
	<u>-</u>

AY21 & AY94

Large Cap Pool	95,138.00
Small Cap Pool	(12,899)
International Equity	630,317
International Small Cap	425,728
Emerging Markets Equity Pool	(516,274)
Private Equity	225,190
Domestic Fixed Income	4,688,020
Intermediate Treasury	(5,754,337)
High Yield	(394,831)
Emerging Markets Debt Pool	(110,934)
International Fixed Income	(44,439)
AK TIPS Pool	244,226
Energy Pool A	64,504
Farmland Pool A	(102,309)
REIT Pool A	17,511
Timber Pool A	(64,768)
AK Real Estate Pool	(606,449)
Absolute Return	224,905
Cash	991,701
	<u>-</u>

AY6I & AY6Y

Large Cap Pool	(7,976)
Small Cap Pool	(251)
International Equity Pool	(21,061)
International Small Cap	(12,169)
Emerging Markets Equity	12,668
Private Equity	5,936
Domestic Fixed Income	(135,246)
Intermediate Treasury	166,986
High Yield Pool	10,383
Emerging Markets Debt Pool	2,265
International Fixed Income	751
AK TIPS Pool	2,103
Energy Pool A	233
Farmland Pool A	1,642
REIT Pool A	365
Timber Pool A	1,130
AK Real Estate Pool	9,011
Absolute Return	228
Cash	(36,998)
	<u>-</u>

AYX3 & AYX5

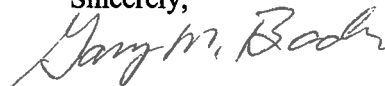
Large Cap Pool	(50,159)
Small Cap Pool	(3,753)
International Equity Pool	(79,182)
International Small Cap	(39,825)
Emerging Markets Equity	32,955
Private Equity	10,823
Domestic Fixed Income	(403,404)
Intermediate Treasury	486,230
High Yield Pool	29,011
Emerging Markets Debt Pool	4,797
International Fixed Income	287
AK TIPS Pool	3,110
Energy Pool A	382
Farmland Pool A	3,332
REIT Pool A	798
Timber Pool A	2,390
AK Real Estate Pool	17,443
Absolute Return	(4,278)
Cash	(10,957)
	<u>-</u>

AY22 & AY95

Large Cap Pool	41,498.00
Small Cap Pool	(5,626)
International Equity	274,920
International Small Cap	185,686
Emerging Markets Equity Pool	(225,180)
Private Equity	98,219
Domestic Fixed Income	2,044,739
Intermediate Treasury	(2,509,826)
High Yield	(172,210)
Emerging Markets Debt Pool	(48,385)
International Fixed Income	(19,382)
AK TIPS Pool	106,522
Energy Pool A	28,134
Farmland Pool A	(44,623)
REIT Pool A	7,637
Timber Pool A	(28,250)
AK Real Estate Pool	(264,511)
Absolute Return	98,095
Cash	432,543
	<u>-</u>

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

Sincerely,

A handwritten signature in cursive script that reads "Gary M. Bader".

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
James McKnight, State Compliance Officer

Alaska Retirement Management Board

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

October 15, 2010

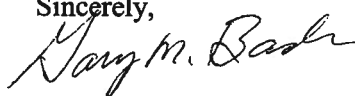
Ms. Jennifer Healy
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Ms. Healy:

Please make the following pool level transactions on Wednesday, October 20, 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	-5,117,100	5,911,400	-794,300
Domestic Equity - Sm Cap	-1,296,700	1,491,000	-194,300
International Equities	-7,272,300	7,751,000	-478,700
International Small Cap	-2,645,700	2,568,500	77,200
Emerging Markets	-1,759,900	1,885,600	-125,700
AY77 - Dom. Fixed Inc.	-5,952,000	5,407,400	544,600
Intermediate Treasury	42,062,600	-43,297,800	1,235,200
International Fixed Income	-572,400	606,600	-34,200
High Yield	-14,200	136,800	-122,600
Emerging Market Debt	-107,400	135,300	-27,900
Real Estate	-695,500	715,500	-20,000
Real Estate Pool B	-1,250,700	1,476,100	-225,400
Farmland Pool A	-35,900	64,500	-28,600
Energy Pool A	-198,100	237,300	-39,200
Timber Pool A	-2,033,800	1,852,400	181,400
REIT Pool	-4,521,200	4,099,400	421,800
TIPS	-842,500	1,079,300	-236,800
Total Private Equity	-1,419,200	1,770,500	-351,300
Absolute Return	-799,000	986,700	-187,700
AY70 - Short Term Pool	-5,529,000	5,122,500	406,500
Total Asset Allocation	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
Ryan Bigelow, State Investment Officer
Elizabeth Walton, State Investment Officer
Pam Leary, Comptroller
James McKnight, State Compliance Officer

Alaska Retirement Management Board

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

October 15, 2010

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

Dear Ms. Healy:

Please make the following pool level transactions on Wednesday, October 20, 2010, to bring **PERS, TRS and JRS pension plans and health retirement plans** closer to target.

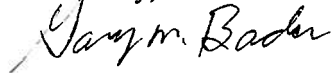
PERS Retirement Health	AYW2 & AYW5	PERS Pension	AY21 & AY94
Large Cap Pool	10,426,200.00	Large Cap Pool	(10,426,200.00)
Small Cap Pool	2,859,200.00	Small Cap Pool	(2,859,200.00)
International Equity Pool	10,362,400.00	International Equity Pool	(10,362,400.00)
International Small Cap	(15,356,200.00)	International Small Cap	15,356,200.00
Emerging Markets Equity	2,198,500.00	Emerging Markets Equity	(2,198,500.00)
Private Equity	4,188,600.00	Private Equity	(4,188,600.00)
Domestic Fixed Income	11,367,200.00	Domestic Fixed Income	(11,367,200.00)
Intermediate Treasury	(40,313,300.00)	Intermediate Treasury	40,313,300.00
International Fixed Income	720,000.00	International Fixed Income	(720,000.00)
Emerging Markets Debt	264,200.00	Emerging Markets Debt	(264,200.00)
High Yield Pool	265,500.00	High Yield Pool	(265,500.00)
Real Estate Pool	2,668,600.00	Real Estate Pool	(2,668,600.00)
Energy Pool A	292,200.00	Energy Pool A	(292,200.00)
Farmland Pool A	789,600.00	Farmland Pool A	(789,600.00)
REIT Pool A	(1,559,200.00)	REIT Pool A	1,559,200.00
Timber Pool A	160,900.00	Timber Pool A	(160,900.00)
TIPS Pool	1,607,300.00	TIPS Pool	(1,607,300.00)
Absolute Return	2,275,200.00	Absolute Return	(2,275,200.00)
Cash	6,783,100.00	Cash	(6,783,100.00)

TRS Retirement Health	AYW3 & AYW6	TRS Pension	AY22 & AY95
Large Cap Pool	3,388,800.00	Large Cap Pool	(3,388,800.00)
Small Cap Pool	942,000.00	Small Cap Pool	(942,000.00)
International Equity Pool	3,528,400.00	International Equity Pool	(3,528,400.00)
International Small Cap	(3,329,500.00)	International Small Cap	3,329,500.00
Emerging Markets Equity	710,900.00	Emerging Markets Equity	(710,900.00)
Private Equity	1,370,700.00	Private Equity	(1,370,700.00)
Domestic Fixed Income	4,159,900.00	Domestic Fixed Income	(4,159,900.00)
Intermediate Treasury	(15,597,600.00)	Intermediate Treasury	15,597,600.00
International Fixed Income	232,600.00	International Fixed Income	(232,600.00)
Emerging Markets Debt	86,200.00	Emerging Markets Debt	(86,200.00)
High Yield Pool	57,700.00	High Yield Pool	(57,700.00)
Real Estate Pool	1,047,700.00	Real Estate Pool	(1,047,700.00)
Energy Pool A	180,500.00	Energy Pool A	(180,500.00)
Farmland Pool A	1,398,200.00	Farmland Pool A	(1,398,200.00)
REIT Pool A	1,351,600.00	REIT Pool A	(1,351,600.00)
Timber Pool A	86,200.00	Timber Pool A	(86,200.00)
TIPS Pool	(1,051,100.00)	TIPS Pool	1,051,100.00
Absolute Return	743,300.00	Absolute Return	(743,300.00)
Cash	693,500.00	Cash	(693,500.00)

JRS Retirement Health	AYW4 & AYW7	JRS Pension	AY23 & AY96
Large Cap Pool	51,400.00	Large Cap Pool	(51,400.00)
Small Cap Pool	14,500.00	Small Cap Pool	(14,500.00)
International Equity Pool	52,800.00	International Equity Pool	(52,800.00)
International Small Cap	(56,700.00)	International Small Cap	56,700.00
Emerging Markets Equity	12,300.00	Emerging Markets Equity	(12,300.00)
Private Equity	20,000.00	Private Equity	(20,000.00)
Domestic Fixed Income	60,200.00	Domestic Fixed Income	(60,200.00)
Intermediate Treasury	(235,100.00)	Intermediate Treasury	235,100.00
International Fixed Income	3,800.00	International Fixed Income	(3,800.00)
Emerging Markets Debt	1,500.00	Emerging Markets Debt	(1,500.00)
High Yield Pool	1,500.00	High Yield Pool	(1,500.00)
Real Estate Pool	16,900.00	Real Estate Pool	(16,900.00)
Farmland Pool A	(500.00)	Farmland Pool A	500.00
REIT Pool A	74,900.00	REIT Pool A	(74,900.00)
Timber Pool A	(100.00)	Timber Pool A	100.00
TIPS Pool	(100,100.00)	TIPS Pool	100,100.00
Absolute Return	10,700.00	Absolute Return	(10,700.00)
Cash	72,000.00	Cash	(72,000.00)

If you have any questions please call me (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".

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
James McKnight, State Compliance Officer

**Alaska Retirement Management
Board**

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

October 18, 2010

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

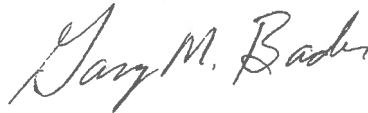
Dear Ms. Healy:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Monday, October 25, 2010 for the ARMB Defined Benefit Pension Plans (AY21-AY23), the ARMB Retirement Health Funds (AYW2-AYW4) and the ARMB Defined Contribution Plans (AY6G-AY6I, AYX2-AYX3, AYY2-AYY3). Please use a pro-rata split between all the Pension Plans, Retirement Health Funds and Defined Contribution Plans.

U.S. Intermediate Treasury Fund (AY1A)	<\$60,000,000>
MacKay Shields (AY9P)	60,000,000

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
James McKnight, State Compliance Officer
Ryan Bigelow, State Investment Officer
Bob Mitchell, State Investment Officer
Charles Colton, State Investment Officer
Elizabeth Walton, State Investment Officer

GMB/aes

Alaska Retirement Management Board

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

October 26, 2010

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

Dear Ms. Healy:

Please make the following pool level transactions on Wednesday, October 27, 2010, to bring PERS, TRS pension plans and the DC Plans allocations closer to target.

AY6G & AY6W

Large Cap Pool	(18,732)
Small Cap Pool	(608)
International Equity Pool	(61,727)
International Small Cap	(36,417)
Emerging Markets Equity	21,275
Private Equity	21,526
Domestic Fixed Income	
Intermediate Treasury	94,216
High Yield Pool	29,380
Emerging Markets Debt Pool	6,197
International Fixed Income	2,452
AK TIPS Pool	6,410
Energy Pool A	705
Farmland Pool A	3,639
REIT Pool A	(19,829)
Timber Pool A	3,693
AK Real Estate Pool	25,623
Absolute Return	2,275
Cash	(80,078)
	<u>-</u>

AYX2 & AYX4

Large Cap Pool	(62,444)
Small Cap Pool	(3,435)
International Equity Pool	(159,834)
International Small Cap	(89,360)
Emerging Markets Equity	48,204
Private Equity	47,534
Domestic Fixed Income	
Intermediate Treasury	219,420
High Yield Pool	69,792
Emerging Markets Debt Pool	13,685
International Fixed Income	4,620
AK TIPS Pool	13,416
Energy Pool A	1,511
Farmland Pool A	7,761
REIT Pool A	(39,248)
Timber Pool A	8,282
AK Real Estate Pool	55,722
Absolute Return	2,234
Cash	(137,860)
	<u>-</u>

AYY3 & AYY5

Large Cap Pool	(49,638)
Small Cap Pool	(836)
International Equity Pool	(186,221)
International Small Cap	(114,117)
Emerging Markets Equity	68,058
Private Equity	69,285
Domestic Fixed Income	
Intermediate Treasury	298,141
High Yield Pool	91,834
Emerging Markets Debt Pool	19,976
International Fixed Income	8,350
AK TIPS Pool	21,044
Energy Pool A	2,280
Farmland Pool A	11,865
REIT Pool A	(79,259)
Timber Pool A	11,831
AK Real Estate Pool	82,748
Absolute Return	8,816
Cash	(264,157)
	<u>-</u>

AY6H & AY6X

Large Cap Pool	(13,209)
Small Cap Pool	(848)
International Equity Pool	(29,750)
International Small Cap	(16,401)
Emerging Markets Equity	8,233
Private Equity	7,889
Domestic Fixed Income	
Intermediate Treasury	38,266
High Yield Pool	12,251
Emerging Markets Debt Pool	2,286
International Fixed Income	673
AK TIPS Pool	2,139
Energy Pool A	243
Farmland Pool A	1,259
REIT Pool A	(6,821)
Timber Pool A	1,397
AK Real Estate Pool	9,138
Absolute Return	4
Cash	(16,749)
	<u>-</u>

AYY2 & AYY4

Large Cap Pool	(37,091)
Small Cap Pool	10,404
International Equity Pool	(496,874)
International Small Cap	(328,601)
Emerging Markets Equity	227,366
Private Equity	241,404
Domestic Fixed Income	
Intermediate Treasury	957,573
High Yield Pool	288,743
Emerging Markets Debt Pool	69,251
International Fixed Income	33,825
AK TIPS Pool	77,763
Energy Pool A	8,326
Farmland Pool A	43,014
REIT Pool A	(268,112)
Timber Pool A	40,265
AK Real Estate Pool	294,334
Absolute Return	48,427
Cash	(1,210,017)
	<u>-</u>

AY21 & AY94

Large Cap Pool	150,050.00
Small Cap Pool	(2,017)
International Equity	714,189
International Small Cap	443,241
Emerging Markets Equity Pool	(279,467)
Private Equity	(289,351)
Domestic Fixed Income	
Intermediate Treasury	(1,208,377)
High Yield	(370,755)
Emerging Markets Debt Pool	(83,170)
International Fixed Income	(36,715)
AK TIPS Pool	(89,647)
Energy Pool A	(9,719)
Farmland Pool A	(50,226)
REIT Pool A	306,742
Timber Pool A	(48,967)
AK Real Estate Pool	(348,443)
Absolute Return	(44,140)
Cash	1,246,772
	<u>-</u>

AY6I & AY6Y

Large Cap Pool	(2,185)
Small Cap Pool	289
International Equity Pool	(18,908)
International Small Cap	(12,093)
Emerging Markets Equity	8,246
Private Equity	8,711
Domestic Fixed Income	
Intermediate Treasury	34,976
High Yield Pool	10,645
Emerging Markets Debt Pool	2,500
International Fixed Income	1,184
AK TIPS Pool	2,777
Energy Pool A	301
Farmland Pool A	1,543
REIT Pool A	(10,682)
Timber Pool A	1,459
AK Real Estate Pool	10,618
Absolute Return	1,636
Cash	(41,017)
	<u>-</u>

AYX3 & AYX5

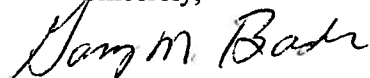
Large Cap Pool	(32,195)
Small Cap Pool	(2,069)
International Equity Pool	(72,377)
International Small Cap	(39,577)
Emerging Markets Equity	19,978
Private Equity	19,206
Domestic Fixed Income	
Intermediate Treasury	92,834
High Yield Pool	29,820
Emerging Markets Debt Pool	5,550
International Fixed Income	1,624
AK TIPS Pool	5,198
Energy Pool A	592
Farmland Pool A	3,052
REIT Pool A	(16,581)
Timber Pool A	3,397
AK Real Estate Pool	22,238
Absolute Return	-
Cash	(40,690)
	<u>-</u>

AY22 & AY95

Large Cap Pool	65,444.00
Small Cap Pool	(880)
International Equity	311,502
International Small Cap	193,325
Emerging Markets Equity Pool	(121,893)
Private Equity	(126,204)
Domestic Fixed Income	
Intermediate Treasury	(527,049)
High Yield	(161,710)
Emerging Markets Debt Pool	(36,275)
International Fixed Income	(16,013)
AK TIPS Pool	(39,100)
Energy Pool A	(4,239)
Farmland Pool A	(21,907)
REIT Pool A	133,790
Timber Pool A	(21,357)
AK Real Estate Pool	(151,978)
Absolute Return	(19,252)
Cash	543,796
	<u>-</u>

If you have any questions please call me (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".

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Ryan Bigelow, Manager of Public Equity and DC Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
James McKnight, Senior Investment Compliance Officer

Alaska Retirement Management Board

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

October 26, 2010

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

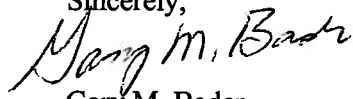
Dear Ms. Healy:

Please make the following pool level transactions on Wednesday, October 27, 2010, to bring PERS, TRS and JRS pension plans and health retirement plans closer to target.

PERS Retirement Health	AYW2 & AYW5	PERS Pension	AY21 & AY94
Large Cap Pool	8,047,500.00	Large Cap Pool	(8,047,500.00)
Small Cap Pool	2,307,800.00	Small Cap Pool	(2,307,800.00)
International Equity Pool	8,873,700.00	International Equity Pool	(8,873,700.00)
International Small Cap	(8,811,500.00)	International Small Cap	8,811,500.00
Emerging Markets Equity	1,860,000.00	Emerging Markets Equity	(1,860,000.00)
Private Equity	3,240,200.00	Private Equity	(3,240,200.00)
Domestic Fixed Income	11,100,500.00	Domestic Fixed Income	(11,100,500.00)
Intermediate Treasury	(41,586,500.00)	Intermediate Treasury	41,586,500.00
International Fixed Income	561,300.00	International Fixed Income	(561,300.00)
Emerging Markets Debt	302,100.00	Emerging Markets Debt	(302,100.00)
High Yield Pool	7,300.00	High Yield Pool	(7,300.00)
Real Estate Pool	2,816,000.00	Real Estate Pool	(2,816,000.00)
Energy Pool A	(317,100.00)	Energy Pool A	317,100.00
Farmland Pool A	477,300.00	Farmland Pool A	(477,300.00)
REIT Pool A	1,369,100.00	REIT Pool A	(1,369,100.00)
Timber Pool A	354,300.00	Timber Pool A	(354,300.00)
TIPS Pool	(290,900.00)	TIPS Pool	290,900.00
Absolute Return	1,756,500.00	Absolute Return	(1,756,500.00)
Cash	7,932,400.00	Cash	(7,932,400.00)
	-		-
TRS Retirement Health	AYW3 & AYW6	TRS Pension	AY22 & AY95
Large Cap Pool	3,080,000.00	Large Cap Pool	(3,080,000.00)
Small Cap Pool	884,400.00	Small Cap Pool	(884,400.00)
International Equity Pool	3,383,100.00	International Equity Pool	(3,383,100.00)
International Small Cap	(3,387,300.00)	International Small Cap	3,387,300.00
Emerging Markets Equity	719,500.00	Emerging Markets Equity	(719,500.00)
Private Equity	1,248,700.00	Private Equity	(1,248,700.00)
Domestic Fixed Income	4,137,600.00	Domestic Fixed Income	(4,137,600.00)
Intermediate Treasury	(15,790,200.00)	Intermediate Treasury	15,790,200.00
International Fixed Income	216,000.00	International Fixed Income	(216,000.00)
Emerging Markets Debt	(42,700.00)	Emerging Markets Debt	42,700.00
High Yield Pool	172,200.00	High Yield Pool	(172,200.00)
Real Estate Pool	1,087,500.00	Real Estate Pool	(1,087,500.00)
Energy Pool A	815,800.00	Energy Pool A	(815,800.00)
Farmland Pool A	1,108,500.00	Farmland Pool A	(1,108,500.00)
REIT Pool A	517,200.00	REIT Pool A	(517,200.00)
Timber Pool A	137,000.00	Timber Pool A	(137,000.00)
TIPS Pool	(109,300.00)	TIPS Pool	109,300.00
Absolute Return	674,100.00	Absolute Return	(674,100.00)
Cash	1,147,900.00	Cash	(1,147,900.00)
	-		-
JRS Retirement Health	AYW4 & AYW7	JRS Pension	AY23 & AY96
Large Cap Pool	48,400.00	Large Cap Pool	(48,400.00)
Small Cap Pool	14,000.00	Small Cap Pool	(14,000.00)
International Equity Pool	51,900.00	International Equity Pool	(51,900.00)
International Small Cap	(54,600.00)	International Small Cap	54,600.00
Emerging Markets Equity	12,000.00	Emerging Markets Equity	(12,000.00)
Private Equity	20,400.00	Private Equity	(20,400.00)
Domestic Fixed Income	54,500.00	Domestic Fixed Income	(54,500.00)
Intermediate Treasury	(236,200.00)	Intermediate Treasury	236,200.00
International Fixed Income	3,500.00	International Fixed Income	(3,500.00)
Emerging Markets Debt	18,700.00	Emerging Markets Debt	(18,700.00)
High Yield Pool	(15,600.00)	High Yield Pool	15,600.00
Real Estate Pool	18,000.00	Real Estate Pool	(18,000.00)
Energy Pool A	200.00	Energy Pool A	(200.00)
Farmland Pool A	(29,600.00)	Farmland Pool A	29,600.00
REIT Pool A	7,500.00	REIT Pool A	(7,500.00)
Timber Pool A	2,300.00	Timber Pool A	(2,300.00)
TIPS Pool	(1,500.00)	TIPS Pool	1,500.00
Absolute Return	10,800.00	Absolute Return	(10,800.00)
Cash	75,300.00	Cash	(75,300.00)
	-		-

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

Sincerely,

A handwritten signature in cursive script that reads "Gary M. Bader".

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Rea Assets Investments
Ryan Bigelow, Manager of Public Equity and DC Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
James McKnight, Senior Investment Compliance Officer

Alaska Retirement Management Board

P.O. Box 110405

Juneau, Alaska 99811-0405

(907) 465-3749

October 26, 2010

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

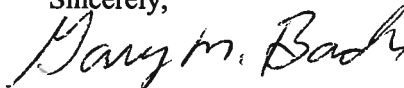
Dear Ms. Healy:

Please make the following pool level transactions on Wednesday, October 27, 2010 to bring **PERS, TRS and JRS Retirement Health Plans** allocations closer to target.

	AYW2 & AYW5	AYW3 & AYW6	AYW4 & AYW7
Domestic Equity - Lg Cap	-5,290,600	5,496,100	-205,500
Domestic Equity - Sm Cap	-1,335,300	1,387,700	-52,400
International Equities	-6,099,000	6,241,100	-142,100
International Small Cap	-2,670,100	2,638,000	32,100
Emerging Markets	-1,777,300	1,816,900	-39,600
AY77 - Dom. Fixed Inc.	-2,489,200	2,410,300	78,900
Intermediate Treasury	34,149,900	-34,618,200	468,300
International Fixed Income	-497,000	507,600	-10,600
High Yield	-135,100	142,100	-7,000
Emerging Market Debt	-301,700	329,000	-27,300
Real Estate	-1,591,200	1,658,900	-67,700
Farmland Pool A	-73,800	80,800	-7,000
Energy Pool A	987,800	-982,600	-5,200
Timber Pool A	-220,600	230,500	-9,900
REIT Pool	-2,176,300	2,141,000	35,300
TIPS	-2,580,800	2,502,700	78,100
Total Private Equity	-1,672,100	1,759,300	-87,200
Absolute Return	-935,900	982,700	-46,800
AY70 - Short Term Pool	-5,291,700	5,276,100	15,600
Total Asset Allocation	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, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Ryan Bigelow, Manager of Public Equity and DC Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
James McKnight, Senior Investment Compliance Officer

Alaska Retirement Management Board

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

October 25, 2010

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

Dear Ms. Healy:

Please accept this revised letter, which supersedes the previous letter sent for this transaction on October 25, 2010.

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on **Thursday, October 28, 2010**:

AK Retirement Fixed Income (AY77)	<\$20,000,000>
Lazard Emerging Income (AY5M)	\$20,000,000

This transaction applies to the ARMB Defined Benefit Pension Plans (AY21-23; AY94-96), the ARMB Retirement Health Funds (AYW2-AYW4, AYW5-AYW7) and the ARMB Defined Contribution Plans (AY6G-AY6I, AY6W-AY6Y, AYX2-AYX3, AYX4-AYX5, AYY2-AYY3, AYY4-AYY5). Please use a pro-rata split between all the Pension Plans, Retirement Health Funds and Defined Contribution Plans.

Additionally, please wire the funds to Lazard in accordance with the following wire instructions:

USD
Bank of Ireland, Dublin
Swift Address BOFIE2D
For Further Credit to: Lazard Emerging Income LTD
A/C# 49656 020
Correspondent Bank: Bank of New York, New York
ABA # 021 000 018
A/C # 8033174765

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

Sincerely,

A handwritten signature in cursive script that reads "Gary M. Bader".

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, ARMB Chair
Jerry Burnett, Deputy Commissioner
Pam Leary, State Comptroller
James McKnight, Senior Investment Compliance Officer
Ryan Bigelow, Manager of Public Equity & DC Investments
Bob Mitchell, Manager of Fixed Income Investments
Charles Colton, Investment Officer Fixed Income
Elizabeth Walton, Investment Officer Fixed Income

GMB/aes

**Alaska Retirement Management
Board**

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

October 27, 2010

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

Dear Ms. Healy:

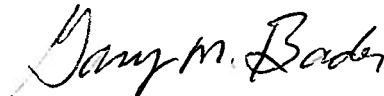
The Alaska Retirement Management Board (ARMB) requests the following changes to be made on **Thursday, November 4, 2010**.

Domestic Fixed Income (AY77)	<\$60,000,000>
Mondrian Investment Partners (AY63)	60,000,000

These changes apply to the ARMB Defined Benefit Pension Plans (AY21-AY23), the ARMB Retirement Health Funds (AYW2-AYW4) and the ARMB Defined Contribution Plans (AY6G-AY6I, AYY2-AYX3, AYY2-AYY3). Please use a pro-rata split between all funds.

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, State Comptroller
James McKnight, Senior Investment Compliance Officer
Ryan Bigelow, Manager of Public Equity and DC Investments
Bob Mitchell, Manager of Fixed Income Investments
Charles Colton, Investment Officer Fixed Income
Elizabeth Walton, Investment Officer Fixed Income

Alaska Retirement Management Board Manager Watch List - December 2010

Manager & Mandate	Reason for Watch	Board Approved	Actions Taken by Staff/Expected Final Disposition
Coventry Real Estate	Performance	Yes 4/23/2009	Formal Notification. Continue Monitoring
Crestline Investors	Acquisition/Personnel	Yes 12/1/2009	Formal Notification. Staff monitoring
ING Investment Partners High Yield	Ownership Change	Yes 4/25/08	Formal Notification. Staff Monitoring 18 months
Lehman Real Estate	Performance	Yes 4/23/2009	Formal Notification. Continue Monitoring
Mariner Investment Absolute Return	Performance	Yes 4/25/08	Formal Notification - Staff Monitoring/ 12/18 Months
McKinley Capital Int'l & large cap	Performance	Yes 12/4/09	Formal Notification - Staff Monitoring 12-18 months
REIT Fund	Performance	Yes 4/25/08	Continued Monitoring - 12/18 months
Relational Investors	Performance	Yes 6/12/08	Formal Notification - staff monitoring

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

As of September 30, 2010

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

	Beginning Invested Assets	Investment Income ⁽¹⁾	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income ⁽²⁾
Public Employees' Retirement System (PERS)						
Defined Benefit Plans:						
Retirement Trust	\$ 5,382,478,973	\$ 414,281,423	\$ (72,838,571)	\$ 5,723,921,825	6.34%	7.75%
Retirement Health Care Trust	3,833,176,873	307,584,051	344,975,903	4,485,736,827	17.02%	7.68%
Total Defined Benefit Plans	<u>9,215,655,846</u>	<u>721,865,474</u>	<u>272,137,332</u>	<u>10,209,658,652</u>	10.79%	7.72%
Defined Contribution Plans:						
Participant Directed Retirement	96,173,414	10,957,596	10,284,290	117,415,300	22.09%	10.82%
Health Reimbursement Arrangement	30,144,861	2,478,726	3,386,739	36,010,326	19.46%	7.79%
Retiree Medical Plan	7,853,893	640,749	626,124	9,120,766	16.13%	7.85%
Defined Benefit Occupational Death and Disability:						
Public Employees	3,242,936	264,879	273,471	3,781,286	16.60%	7.84%
Police and Firefighters	1,107,713	91,073	135,181	1,333,967	20.43%	7.75%
Total Defined Contribution Plans	<u>138,522,817</u>	<u>14,433,023</u>	<u>14,705,805</u>	<u>167,661,645</u>	21.04%	9.89%
Total PERS	<u>9,354,178,663</u>	<u>736,298,497</u>	<u>286,843,137</u>	<u>10,377,320,297</u>	10.94%	7.75%
Teachers' Retirement System (TRS)						
Defined Benefit Plans:						
Retirement Trust	2,714,697,061	208,683,324	(80,735,839)	2,842,644,546	4.71%	7.80%
Retirement Health Care Trust	1,268,139,257	98,903,926	23,331,700	1,390,374,883	9.64%	7.73%
Total Defined Benefit Plans	<u>3,982,836,318</u>	<u>307,587,250</u>	<u>(57,404,139)</u>	<u>4,233,019,429</u>	6.28%	7.78%
Defined Contribution Plans:						
Participant Directed Retirement	45,347,535	4,996,306	831,310	51,175,151	12.85%	10.92%
Health Reimbursement Arrangement	10,387,897	832,515	453,167	11,673,579	12.38%	7.84%
Retiree Medical Plan	3,502,267	280,306	141,287	3,923,860	12.04%	7.85%
Defined Benefit Occupational Death and Disability	1,448,887	115,896	48,314	1,613,097	11.33%	7.87%
Total Defined Contribution Plans	<u>60,686,586</u>	<u>6,225,023</u>	<u>1,474,078</u>	<u>68,385,687</u>	12.69%	10.13%
Total TRS	<u>4,043,522,904</u>	<u>313,812,273</u>	<u>(55,930,061)</u>	<u>4,301,405,116</u>	6.38%	7.81%
Judicial Retirement System (JRS)						
Defined Benefit Plan Retirement Trust	95,058,020	7,350,188	(1,286,623)	101,121,585	6.38%	7.79%
Defined Benefit Retirement Health Care Trust	16,979,122	1,316,479	(14,741)	18,280,860	7.67%	7.76%
Total JRS	<u>112,037,142</u>	<u>8,666,667</u>	<u>(1,301,364)</u>	<u>119,402,445</u>	6.57%	7.78%
National Guard/Naval Militia Retirement System (MRS)						
Defined Benefit Plan Retirement Trust	29,496,764	1,950,820	623,113	32,070,697	8.73%	6.54%
Other Participant Directed Plans						
Supplemental Annuity Plan	2,189,938,833	144,413,848	4,227,229	2,338,579,910	6.79%	6.59%
Deferred Compensation Plan	502,804,941	35,237,823	2,059,838	540,102,602	7.42%	6.99%
Total All Funds	<u>\$ 16,231,979,247</u>	<u>\$ 1,240,379,928</u>	<u>\$ 236,521,892</u>	<u>\$ 17,708,881,067</u>	9.10%	7.59%

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 September 30, 2010

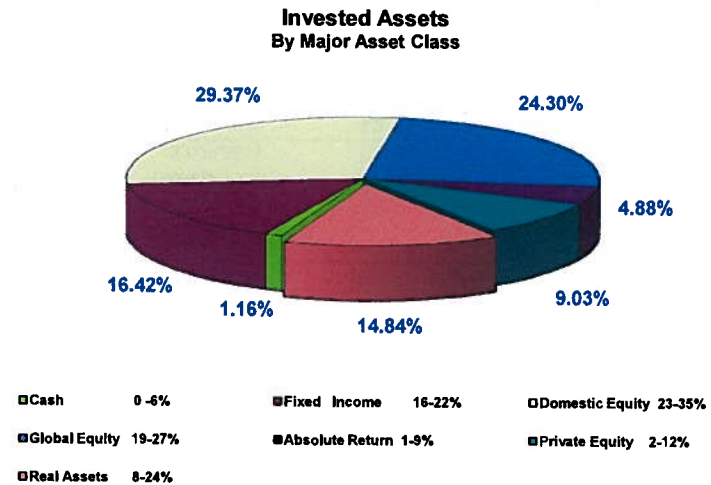
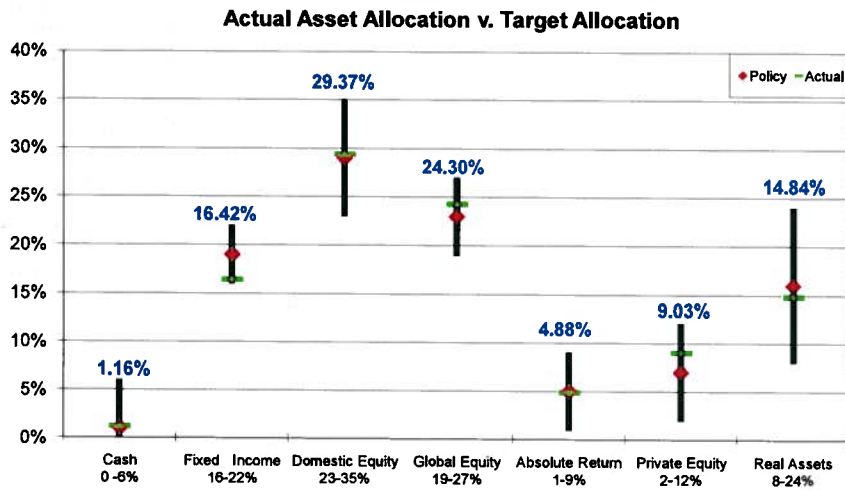
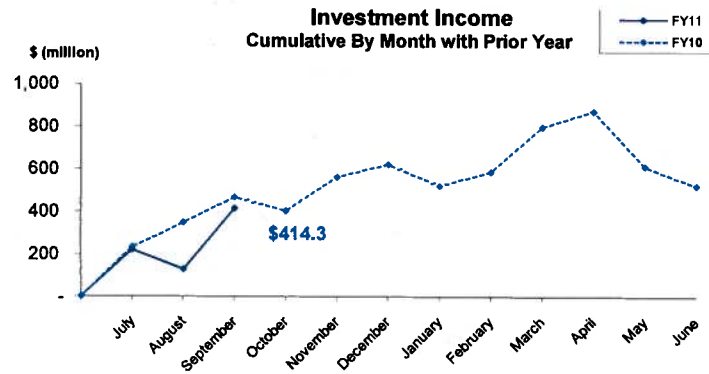
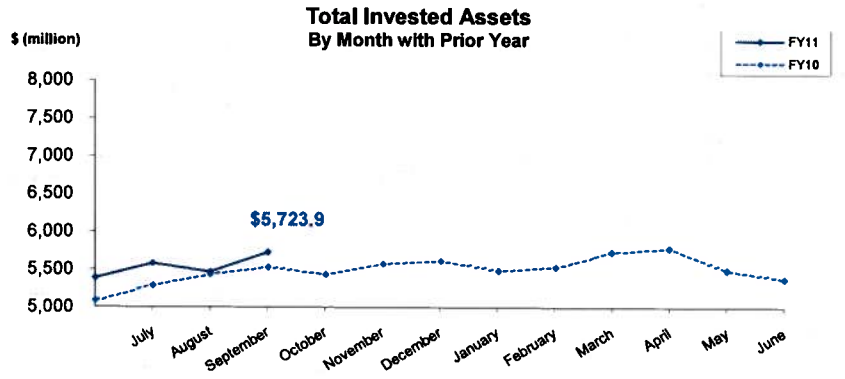
	Beginning Invested Assets	Investment Income ⁽¹⁾	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income ⁽²⁾
<u>Public Employees' Retirement System (PERS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	\$ 5,461,067,558	\$ 285,330,573	\$ (22,476,306)	\$ 5,723,921,825	4.59%	5.24%
Retirement Health Care Trust	4,278,890,879	214,439,028	(7,593,080)	4,485,736,827	4.61%	5.02%
Total Defined Benefit Plans	9,739,958,437	499,769,601	(30,069,386)	10,209,658,652	4.60%	5.14%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	105,040,189	8,321,294	4,053,817	117,415,300	10.54%	7.77%
Health Reimbursement Arrangement	33,025,245	1,699,122	1,285,959	36,010,326	8.29%	5.05%
Retiree Medical Plan	8,484,961	437,595	198,210	9,120,766	6.97%	5.10%
Defined Benefit Occupational Death and Disability:						
Public Employees	3,500,249	180,845	100,192	3,781,286	7.43%	5.09%
Police and Firefighters	1,227,408	62,618	43,941	1,333,967	7.99%	5.01%
Total Defined Contribution Plans	151,278,052	10,701,474	5,682,119	167,661,645	9.77%	6.94%
Total PERS	9,891,236,489	510,471,075	(24,387,267)	10,377,320,297	4.68%	5.17%
<u>Teachers' Retirement System (TRS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	2,725,785,933	143,461,345	(26,602,732)	2,842,644,546	4.11%	5.29%
Retirement Health Care Trust	1,330,601,325	68,383,419	(8,609,861)	1,390,374,883	4.30%	5.16%
Total Defined Benefit Plans	4,056,387,258	211,844,764	(35,212,593)	4,233,019,429	4.17%	5.25%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	46,910,755	3,689,584	574,812	51,175,151	8.33%	7.82%
Health Reimbursement Arrangement	10,935,043	566,137	172,399	11,673,579	6.33%	5.14%
Retiree Medical Plan	3,694,005	190,778	39,077	3,923,860	5.86%	5.14%
Defined Benefit Occupational Death and Disability	1,518,315	78,695	16,087	1,613,097	5.88%	5.16%
Total Defined Contribution Plans	63,058,118	4,525,194	802,375	68,385,687	7.79%	7.13%
Total TRS	4,119,445,376	216,369,958	(34,410,218)	4,301,405,116	4.23%	5.27%
<u>Judicial Retirement System (JRS)</u>						
Defined Benefit Plan Retirement Trust	96,441,677	5,082,427	(402,519)	101,121,585	4.63%	5.28%
Defined Benefit Retirement Health Care Trust	17,382,406	907,901	(9,447)	18,280,860	4.91%	5.22%
Total JRS	113,824,083	5,990,328	(411,966)	119,402,445	4.67%	5.27%
<u>National Guard/Naval Militia Retirement System (MRS)</u>						
Defined Benefit Plan Retirement Trust	30,990,163	1,204,774	(124,240)	32,070,697	3.37%	3.90%
<u>Other Participant Directed Plans</u>						
Supplemental Annuity Plan	2,241,276,180	93,734,135	3,569,595	2,338,579,910	4.16%	4.18%
Deferred Compensation Plan	515,441,412	24,971,279	(310,089)	540,102,602	4.57%	4.85%
Total All Funds	\$ 16,912,213,703	\$ 852,741,549	\$ (56,074,185)	\$ 17,708,881,067	4.50%	5.05%

Notes:

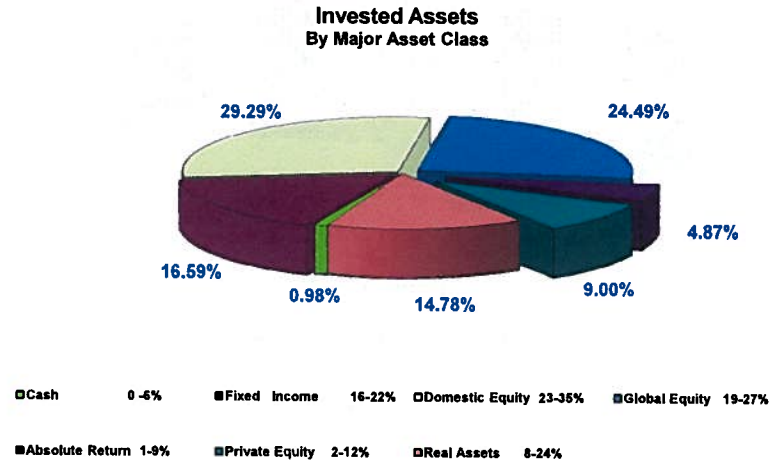
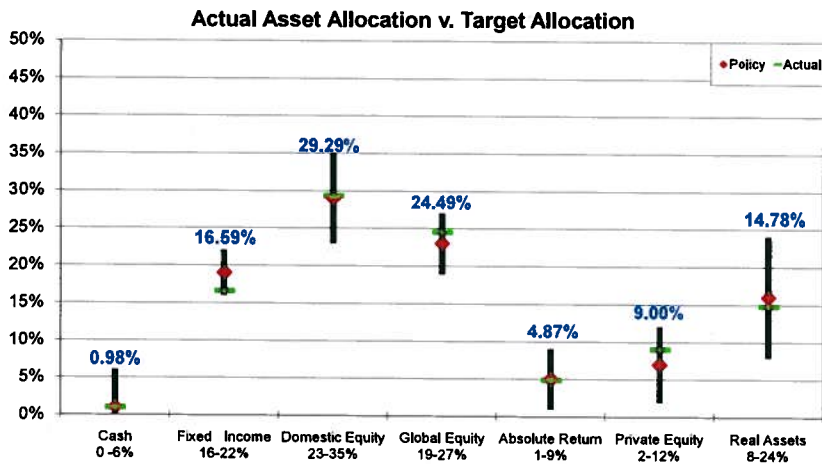
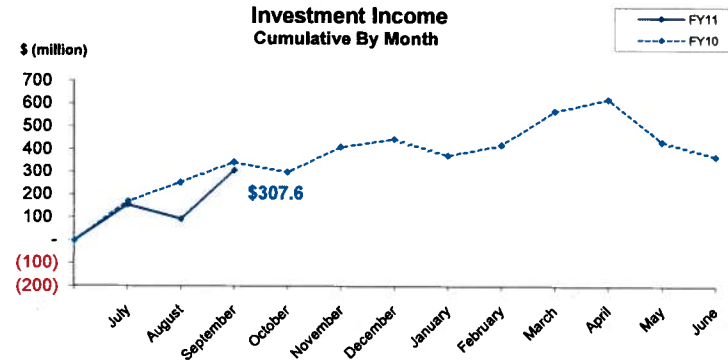
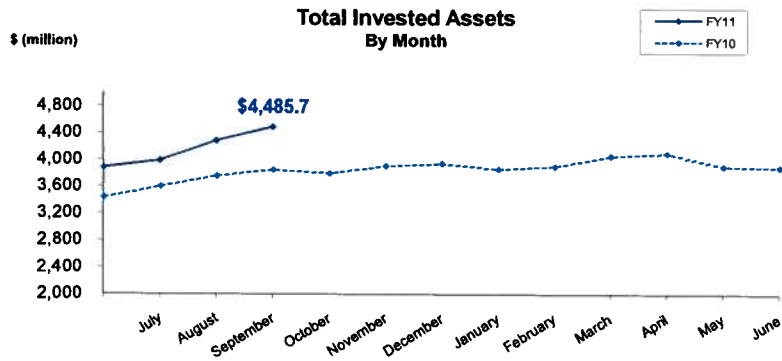
(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses

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

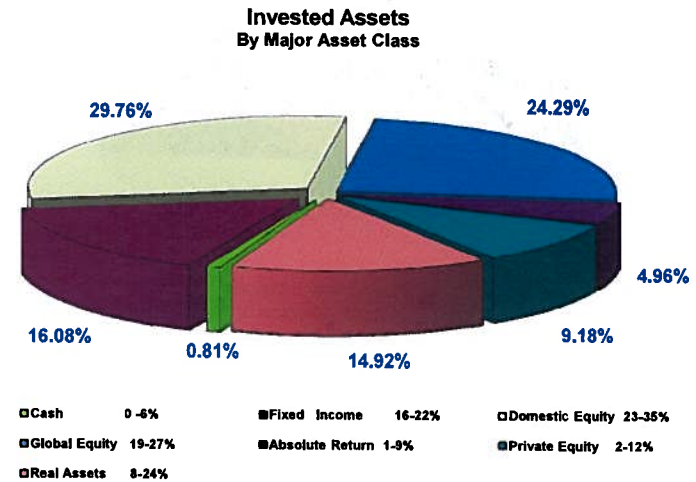
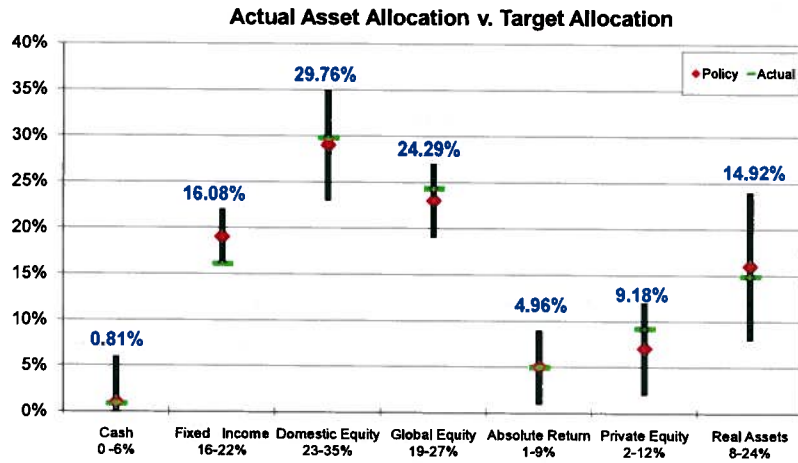
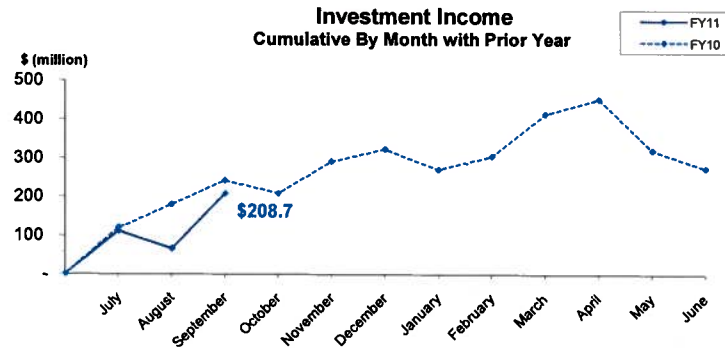
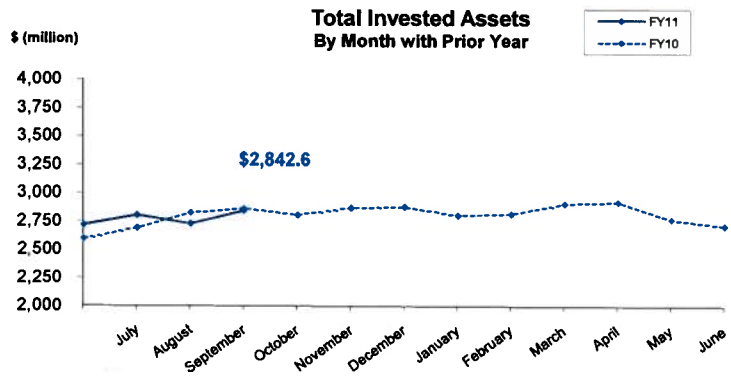
PUBLIC EMPLOYEES' RETIREMENT TRUST FUND
As of September 30, 2010



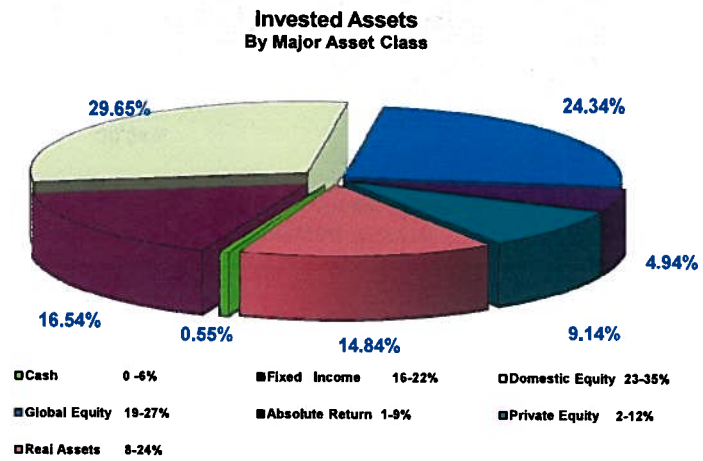
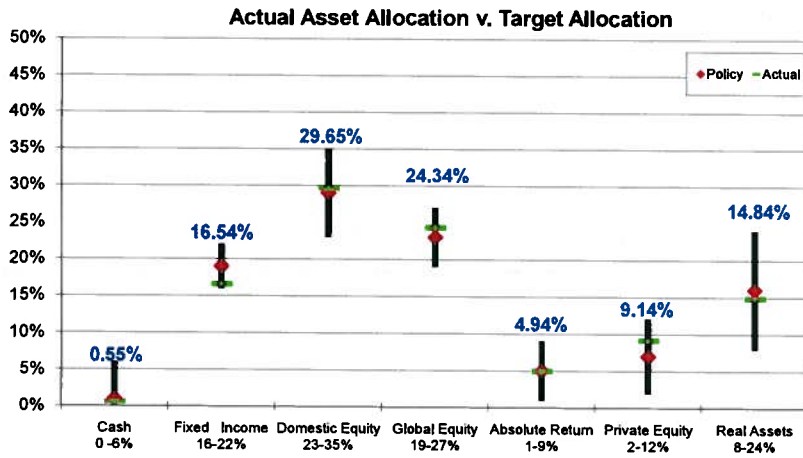
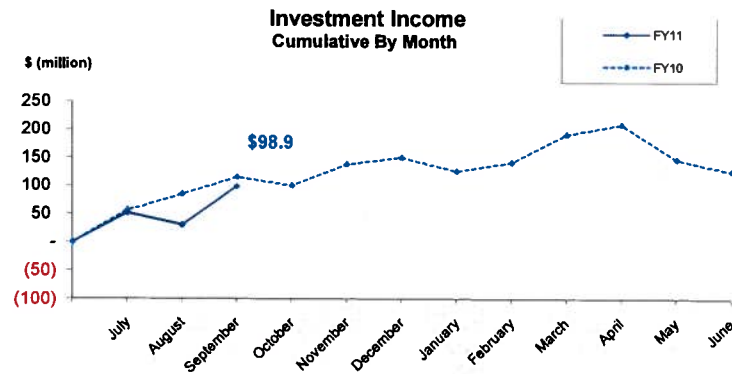
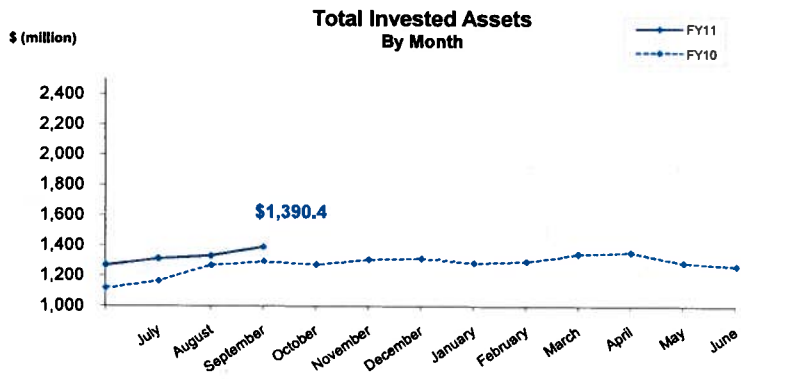
PUBLIC EMPLOYEES' RETIREE HEALTH CARE TRUST FUND As of September 30, 2010



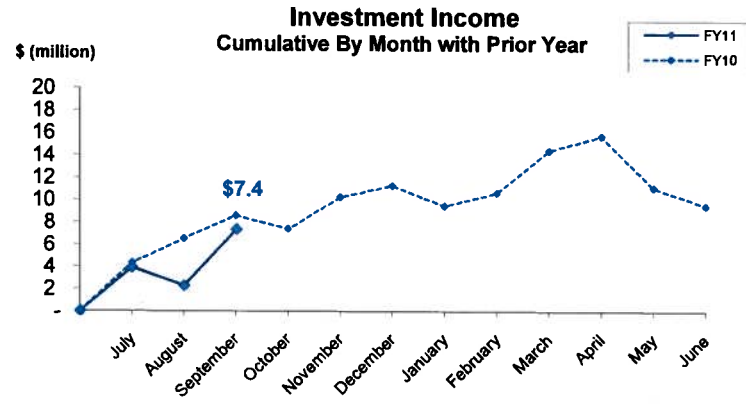
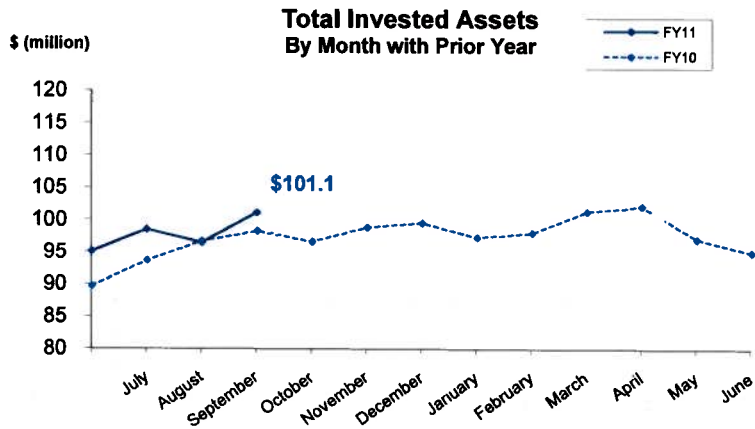
TEACHERS' RETIREMENT TRUST FUND As of September 30, 2010



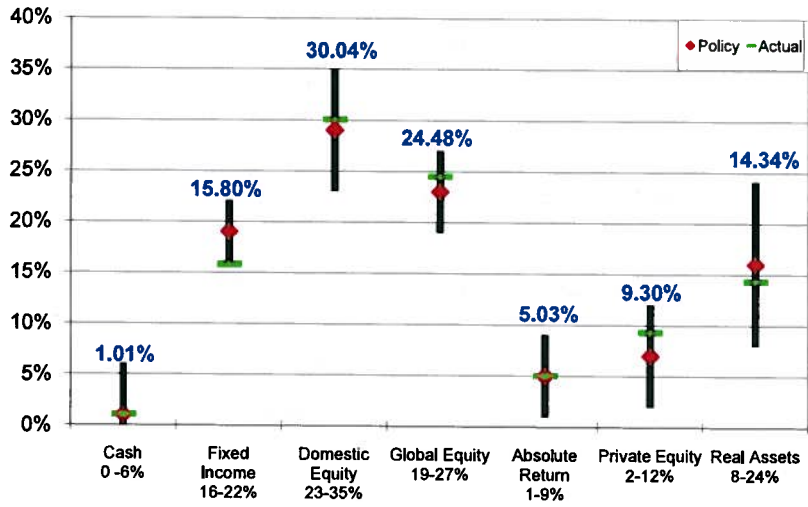
TEACHERS' RETIREE HEALTH CARE TRUST FUND As of September 30, 2010



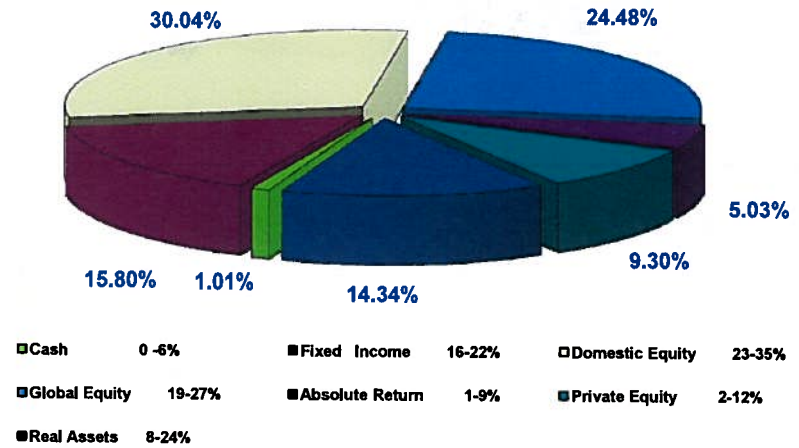
JUDICIAL RETIREMENT TRUST FUND As of September 30, 2010



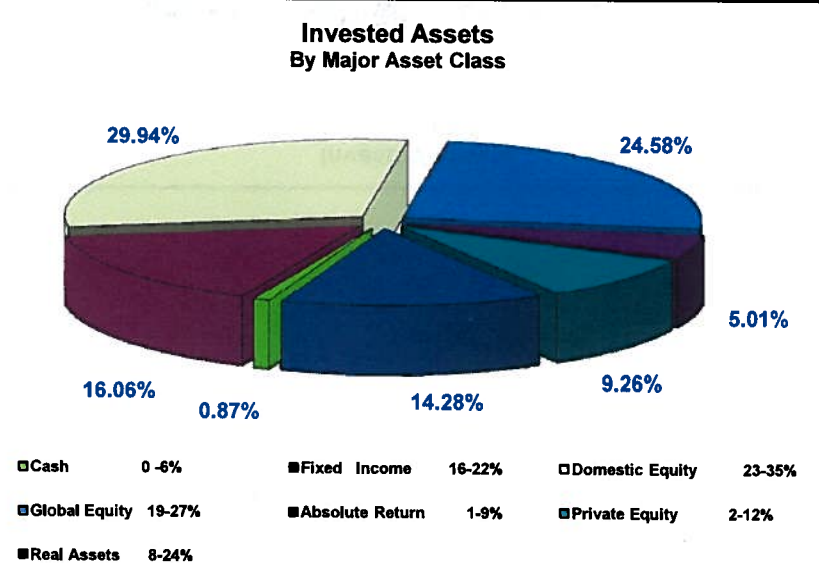
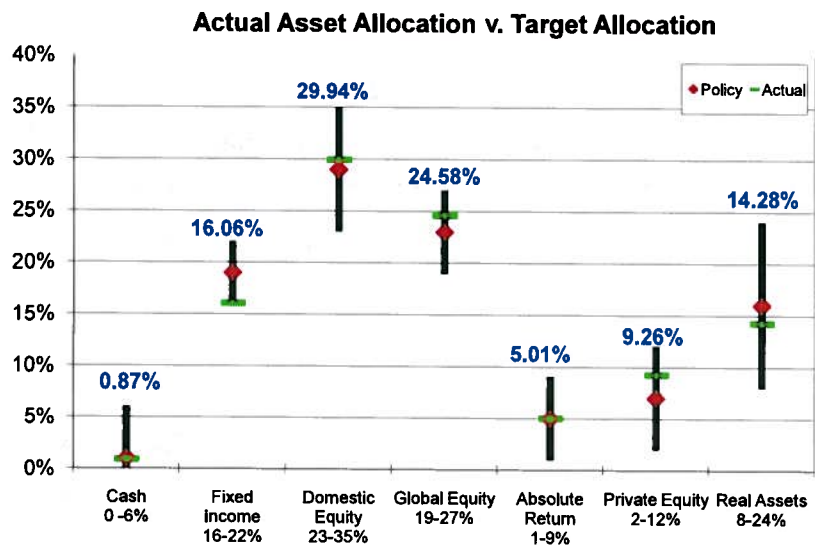
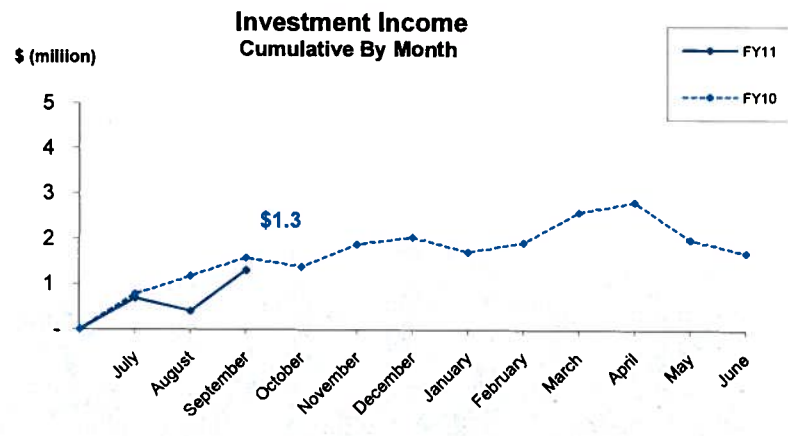
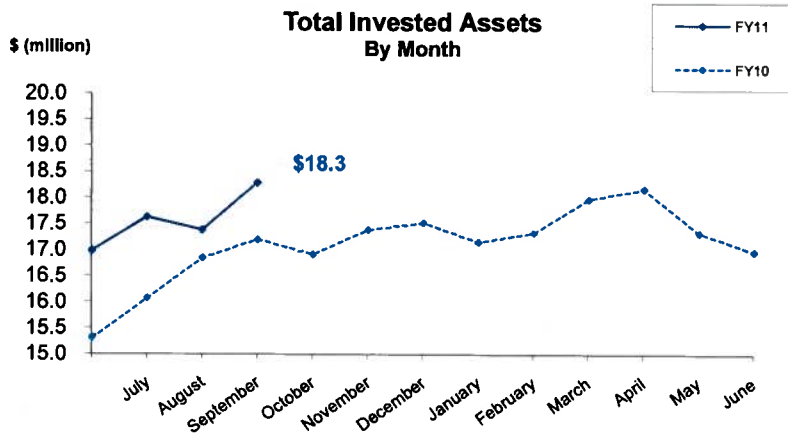
Actual Asset Allocation v. Target Allocation



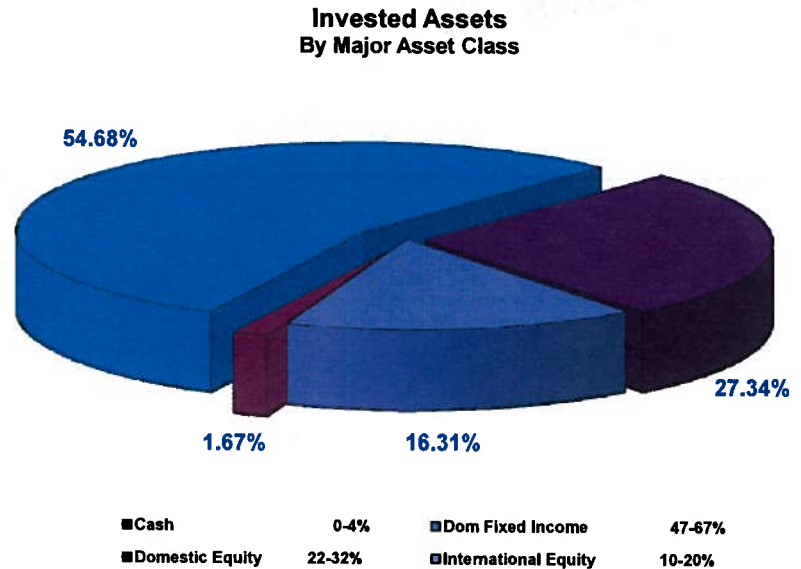
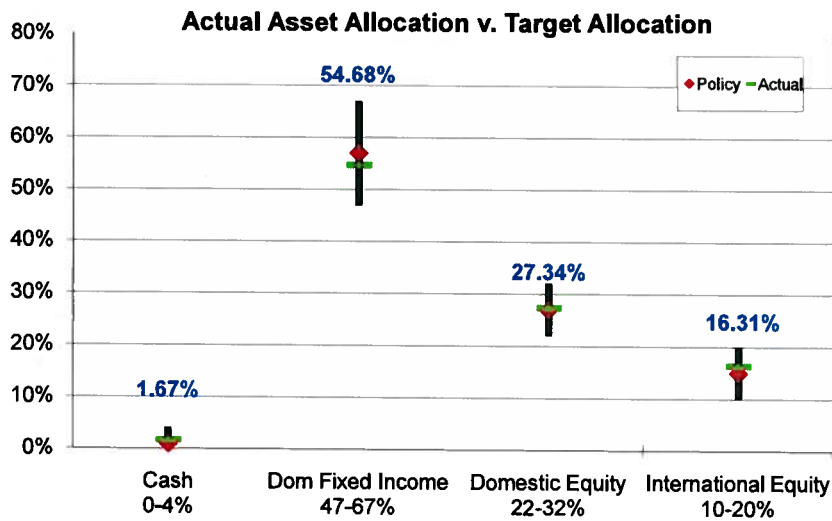
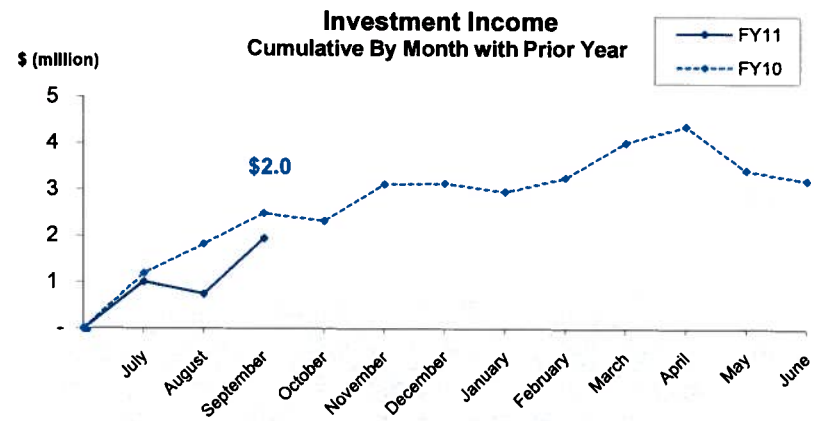
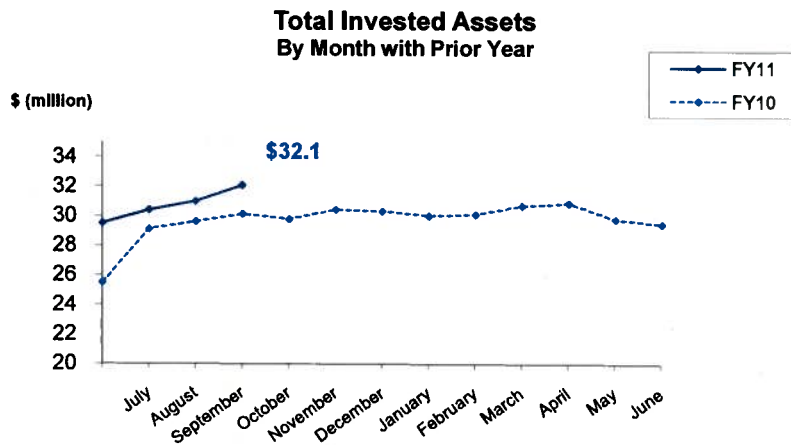
Invested Assets By Major Asset Class



JUDICIAL RETIREE HEALTH CARE TRUST FUND As of September 30, 2010



MILITARY RETIREMENT TRUST FUND As of September 30, 2010



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 September 30, 2010

AY		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)
	Cash					
70	Short-Term Fixed Income Pool	\$ 295,403,554	\$ 77,178	\$ (151,506,198)	\$ 143,974,534	-51.26%
	Total Cash	<u>295,403,554</u>	<u>77,178</u>	<u>(151,506,198)</u>	<u>143,974,534</u>	<u>-51.26%</u>
	Fixed Income					
IA	US Treasury Fixed Income	<u>1,324,399,249</u>	<u>3,161,975</u>	<u>(77,938,289)</u>	<u>1,249,622,935</u>	<u>-5.65%</u>
77	Internal Fixed Income Investment Pool	<u>679,067,463</u>	<u>950,708</u>	<u>(185,000,000)</u>	<u>495,018,171</u>	<u>-27.10%</u>
	International Fixed Income Pool					
63	Mondrian Investment Partners	<u>243,722,304</u>	<u>8,381,520</u>	<u>-</u>	<u>252,103,824</u>	<u>3.44%</u>
	High Yield Pool					
9N	Rogge Global Partners Inc	<u>165,246,291</u>	<u>4,123,352</u>	<u>(30,000,000)</u>	<u>139,369,643</u>	<u>-15.66%</u>
9P	MacKay Shields, LLC	<u>174,968,510</u>	<u>2,236,427</u>	<u>-</u>	<u>177,204,937</u>	<u>1.28%</u>
	Total High Yield	<u>340,214,801</u>	<u>6,359,779</u>	<u>(30,000,000)</u>	<u>316,574,580</u>	<u>-6.95%</u>
	Emerging Debt Pool					
5M	Lazard Emerging Income	<u>103,597,350</u>	<u>1,567,593</u>	<u>-</u>	<u>105,164,943</u>	<u>1.51%</u>
	Total Fixed Income	<u>2,691,001,167</u>	<u>20,421,575</u>	<u>(292,938,289)</u>	<u>2,418,484,453</u>	<u>-10.13%</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 September 30, 2010

	Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)
Domestic Equities					
Small Cap Pool					
Passively Managed					
4N	SSgA Russell 2000 Growth	76,652,110	10,818,744	87,470,854	14.11%
4P	SSgA Russell 2000 Value	367,295,581	39,300,709	406,596,290	10.70%
	Total Passive	<u>443,947,691</u>	<u>50,119,453</u>	<u>494,067,144</u>	11.29%
Actively Managed					
4D	Turner Investment Partners	-	-	-	
4F	Luther King Capital Management	87,251,935	11,399,837	98,651,772	13.07%
4G	Jennison Associates, LLC	114,928,028	13,862,506	128,790,534	12.06%
6A	SSgA Futures Small Cap	3,556,686	927,973	4,484,659	26.09%
4H	Lord Abbett & Co.	127,790,135	15,745,398	143,535,533	12.32%
	Total Active	<u>333,526,784</u>	<u>41,935,714</u>	<u>375,462,498</u>	12.57%
	Total Small Cap	<u>777,474,475</u>	<u>92,055,167</u>	<u>869,529,642</u>	11.84%
Large Cap Pool					
Passively Managed					
4L	SSgA Russell 1000 Growth	407,879,111	43,360,036	451,239,147	10.63%
4M	SSgA Russell 1000 Value	966,594,300	74,827,514	1,041,421,814	7.74%
4R	SSgA Russell 200	303,063,461	25,995,915	329,059,376	8.58%
	Total Passive	<u>1,677,536,872</u>	<u>144,183,465</u>	<u>1,821,720,337</u>	8.59%
Actively Managed					
39	Cap Guardian Trust Co	10,107	-	10,107	0.00%
47	Lazard Freres	275,525,828	25,532,930	301,058,758	9.27%
48	McKinley Capital Mgmt.	313,740,025	32,420,975	346,161,000	10.33%
4U	Barrow, Haney, Mewhinney & Strauss	110,256,687	10,589,758	120,846,445	9.60%
4V	Quantitative Management Assoc.	108,510,190	9,472,531	117,982,721	8.73%
38	RCM	340,690,182	38,755,013	379,445,195	11.38%
6B	SSgA Futures large cap	3,986,286	1,371,382	5,357,668	34.40%
4J	Relational Investors, LLC	260,795,521	18,855,112	283,650,633	8.76%
	Total Active	<u>1,413,514,826</u>	<u>136,997,701</u>	<u>1,554,512,527</u>	9.97%
	Total Large Cap	<u>3,091,051,698</u>	<u>281,181,166</u>	<u>3,376,232,864</u>	9.23%

(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 September 30, 2010

	Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)	
Convertible Bond Pool						
52	Advent Capital	54,947,748	2,230,102	15,000,000	72,177,850	31.36%
	Total Convertible Bond Pool	54,947,748	2,230,102	15,000,000	72,177,850	31.36%
	Total Domestic Equity	3,923,473,921	375,466,435	19,000,000	4,317,940,356	10.05%
Global Equities Ex US						
Small Cap Pool						
5B	Mondrian Investment Partners	-	1,741,266	100,000,000	101,741,266	100.00%
5D	Schroder Investment Management	-	5,955,034	100,000,000	105,955,034	100.00%
	Total Small Cap		7,696,300	200,000,000	207,696,300	100.00%
Large Cap Pool						
65	Brandes Investment Partners	769,916,543	68,201,616	-	838,118,159	8.86%
58	Lazard Freres	302,456,599	28,000,006	90,000,000	420,456,605	39.01%
67	Cap Guardian Trust Co	517,487,408	50,606,963	-	568,094,371	9.78%
68	State Street Global Advisors	253,121,467	25,519,964	-	278,641,431	10.08%
6D	SSgA Futures International	118,439	34	-	118,473	0.03%
69	McKinley Capital Management	297,863,355	32,994,568	-	330,857,923	11.08%
	Total Large Cap	2,140,963,811	205,323,151	90,000,000	2,436,286,962	13.79%
Emerging Markets Equity Pool A ⁽¹⁾						
6P	Lazard Asset Management	260,396,039	29,923,139	-	290,319,178	11.49%
6Q	Eaton Vance	191,149,248	19,759,563	-	210,908,811	10.34%
62	The Capital Group Inc.	384,454,742	40,001,071	-	424,455,813	10.40%
	Total Emerging Markets Pool A	836,000,029	89,683,773	-	925,683,802	10.73%
	Total Global Equities	2,976,963,840	302,703,224	290,000,000	3,569,667,064	19.91%
Private Equity Pool						
7Z	Merit Capital Partners	-	-	1,469,388	1,469,388	100.00%
98	Pathway Capital Management LLC	601,938,311	5,304,395	8,639,869	615,882,575	2.32%
85	Abbott Capital	637,644,479	(8,761,101)	(3,026,726)	625,856,652	-1.85%
8A	Blum Capital Partners-Strategic	22,569,104	(5)	(2,530,747)	20,038,352	-11.21%
8P	Lexington Partners	3,519,571	(7)	7,622,570	11,142,134	216.58%
8Q	Onex Partnership III	1,131,424	(4)	4,909,205	6,040,625	433.90%
8W	Warburg Pincus X	14,661,440	7	600,000	15,261,447	4.09%
8X	Angelo, Gordon & Co.	28,595,190	-	-	28,595,190	0.00%
	Total Private Equity	1,310,059,519	(3,456,715)	17,683,559	1,324,286,363	1.09%

(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 September 30, 2010

	Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)	
Absolute Return Pool ⁽²⁾						
8M	Global Asset Management (USA) Inc.	99,964,100	682,267	15,000,000	115,646,367	15.69%
8N	Prisma Capital Partners	74,730,000	510,074	41,000,000	116,240,074	55.55%
9D	Mariner Investment Group, Inc.	239,602,018	210,202	-	239,812,220	0.09%
9E	Cadogan Management LLC	16,028,213	(63,237)	(3,600,000)	12,364,976	-22.85%
9F	Crestline Investors, Inc.	232,349,651	544,251	-	232,893,902	0.23%
	Total Absolute Return Investments	662,673,982	1,883,557	52,400,000	716,957,539	8.19%
Real Assets						
Farmland Pool A						
9B	UBS Agrivest, LLC	314,002,291	(45)	225,360	314,227,606	0.07%
9G	Hancock Agricultural Investment Group	165,220,327	1,822,363	510,000	167,552,690	1.41%
	Total Farmland Pool A	479,222,618	1,822,318	735,360	481,780,296	0.53%
Farmland Water Pool						
8Y	Hancock Water PPTY	6,756,797	85,373	-	6,842,170	1.26%
8Z	UBS Argivest, LLC	17,080,377	(5)	(1,100,000)	15,980,372	-6.44%
	Total Farmland Water Pool	23,837,174	85,368	(1,100,000)	22,822,542	-4.26%
Timber Pool A						
9Q	Timberland INVT Resource LLC	111,949,665	-	-	111,949,665	0.00%
9S	Hancock Natural Resource Group	47,004,432	(252,126)	(370,000)	46,382,306	-1.32%
	Total Timber Pool A	158,954,097	(252,126)	(370,000)	158,331,971	-0.39%
Energy Pool A						
9A	TCW Energy Fund XD	21,592,649	130,154	-	21,722,803	0.60%
9Z	TCW Energy Fund XIV-A	62,275,233	419,281	2,500,000	65,194,514	4.69%
	Total Energy Pool A	83,867,882	549,435	2,500,000	86,917,317	3.64%
REIT Pool						
9H	REIT Holdings	106,216,489	4,759,484	-	110,975,973	4.48%
Treasury Inflation Proof Securities						
6N	TIPS Internally Managed Account (cont.)	181,957,842	1,173,016	-	183,130,858	0.64%

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

	Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)	
Real Estate						
Core Commingled Accounts						
7A	JP Morgan	149,803,231	3,021,483	-	152,824,714	2.02%
7B	UBS Trumbull Property Fund	63,157,725	-	-	63,157,725	0.00%
	Total Core Commingled	<u>212,960,956</u>	<u>3,021,483</u>	<u>-</u>	<u>215,982,439</u>	1.42%
Core Separate Accounts						
7D	Cornerstone Real Estate Advisers Inc.	149,043,479	(32)	(379,862)	148,663,585	-0.25%
7E	LaSalle Investment Management	162,792,339	3,506,693	(511,131)	165,787,901	1.84%
7F	Sentinel Separate Account	90,991,001	(9)	(366,703)	90,624,289	-0.40%
7G	UBS Realty	213,786,393	6,452,662	(1,497,629)	218,741,426	2.32%
	Total Core Separate	<u>616,613,212</u>	<u>9,959,314</u>	<u>(2,755,325)</u>	<u>623,817,201</u>	1.17%
Non-Core Commingled Accounts						
7J	Lowe Hospitality Partners	1,813,104	1,491,440	-	3,304,544	82.26%
7N	ING Clarion Development Ventures II	17,655,777	-	-	17,655,777	0.00%
7P	Lehman Brothers Real Estate Partners II	74,743,833	314,475	-	75,058,308	0.42%
7Q	Rothschild Five Arrows Realty Securities IV	46,760,862	-	-	46,760,862	0.00%
7R	Tishman Speyer Real Estate Venture VI	34,938,924	2,233,975	-	37,172,899	6.39%
7X	Tishman Speyer Real Estate Venture VII	3,504,897	4	(452,482)	3,052,419	-12.91%
7S	Rothschild Five Arrows Realty Securities V	6,948,893	3	402,166	7,351,062	5.79%
7V	ING Clarion Development Ventures III	9,327,648	(170,006)	-	9,157,642	-1.82%
7W	Lehman Brothers Real estate Partners III	9,828,675	(343,423)	-	9,485,252	-3.49%
8R	BlackRock Diamond Property Fund	16,976,387	907,683	-	17,884,070	5.35%
8S	Colony Investors VIII, L.P.	24,864,900	(623,450)	-	24,241,450	-2.51%
8U	LaSalle Medical Office Fund II	15,242,584	-	-	15,242,584	0.00%
8V	Cornerstone Apartment Venture III	17,732,430	1,010	2,438,889	20,172,329	13.76%
	Total Non-Core Commingled	<u>280,338,914</u>	<u>3,811,711</u>	<u>2,388,573</u>	<u>286,539,198</u>	2.21%
	Total Real Estate	<u>1,109,913,082</u>	<u>16,792,508</u>	<u>(366,752)</u>	<u>1,126,338,838</u>	1.48%
	Total Real Assets	<u>2,143,969,184</u>	<u>24,930,003</u>	<u>1,398,608</u>	<u>2,170,297,795</u>	1.23%
	Totals	<u>\$ 14,003,545,167</u>	<u>\$ 722,025,257</u>	<u>\$ (63,962,320)</u>	<u>\$ 14,661,608,104</u>	4.70%

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.

ALASKA RETIREMENT MANAGEMENT BOARD

Participant Directed Plans

Supplemental Annuity Plan
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
September 30, 2010

Interim Transit Account Treasury Division ⁽¹⁾	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Cash and Cash Equivalents	\$ 7,237,242	\$ 687	\$ 326,701	\$ -	\$ 7,564,630
Participant Options ⁽²⁾					
T. Rowe Price					
Stable Value Fund	286,961,810	862,642	157,101	4,421,180	292,402,733
Small-Cap Stock Fund	50,507,954	6,090,262	220,217	(46,650)	56,771,783
Alaska Balanced Fund	1,009,445,575	33,596,865	(1,417,278)	(691,456)	1,040,933,706
Long Term Balanced Fund	257,592,685	14,743,230	3,074,301	(43,850)	275,366,366
Target 2010 Fund	29,817,656	73,326	(105,537)	(850,388)	28,935,057
AK Target Date 2010 Trust	2,495,134	142,208	10,988	587,241	3,235,571
AK Target Date 2015 Trust	74,720,457	4,489,398	111,519	531,928	79,853,302
AK Target Date 2020 Trust	25,727,658	1,742,091	151,845	414,223	28,035,817
AK Target Date 2025 Trust	11,052,610	823,479	126,348	149,289	12,151,726
AK Target Date 2030 Trust	2,138,373	173,819	116,820	9,429	2,438,441
AK Target Date 2035 Trust	2,776,246	237,728	109,558	(10,690)	3,112,842
AK Target Date 2040 Trust	2,362,542	205,223	158,548	28,346	2,754,659
AK Target Date 2045 Trust	1,414,954	126,642	163,946	123,406	1,828,948
AK Target Date 2050 Trust	1,370,560	120,890	183,997	(1,014)	1,674,433
AK Target Date 2055 Trust	846,562	78,377	92,928	10,266	1,028,133
	<u>1,759,230,776</u>	<u>63,506,180</u>	<u>3,155,301</u>	<u>4,631,260</u>	<u>1,830,523,517</u>
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst	13,812,204	356	(788,879)	902,400	13,926,081
S&P 500 Stock Index Fund Series A	191,346,663	16,961,724	342,547	(3,177,521)	205,473,413
Russell 3000 Index	6,272,442	595,979	49,164	27,711	6,945,296
US Real Estate Investment Trust Index	17,660,940	763,969	89,435	264,711	18,779,055
World Equity Ex-US Index	9,288,717	904,409	36,883	(87,946)	10,142,063
Long US Treasury Bond Index	15,913,718	(310,316)	13,498	(2,459,990)	13,156,910
US Treasury Inflation Protected Securities Index	13,787,942	79,034	22,753	140,008	14,029,737
World Government Bond Ex-US Index	3,696,617	131,262	13,630	81,170	3,922,679
Global Balanced Fund	47,446,172	2,903,178	25,440	(184,946)	50,189,844
	<u>319,225,415</u>	<u>22,029,595</u>	<u>(195,529)</u>	<u>(4,494,403)</u>	<u>336,565,078</u>
Barclays Global Advisors					
Government Bond Fund	49,120,971	134,840	106,487	814,789	50,177,087
Intermediate Bond Fund	14,659,685	37,882	(66,489)	(240,171)	14,390,907
	<u>63,780,656</u>	<u>172,722</u>	<u>39,998</u>	<u>574,618</u>	<u>64,567,994</u>
Brandes Institutional					
International Equity Fund Fee	69,080,998	5,829,375	275,458	(470,705)	74,715,126
RCM					
Sustainable Opportunities Fund	22,721,093	2,195,576	(32,363)	(240,741)	24,643,565
Total Externally Managed Funds	<u>2,234,038,938</u>	<u>93,733,448</u>	<u>3,242,865</u>	<u>29</u>	<u>2,331,015,280</u>
Total All Funds	<u>\$ 2,241,276,180</u>	<u>\$ 93,734,135</u>	<u>\$ 3,569,566</u>	<u>\$ 29</u>	<u>\$ 2,338,579,910</u>

Notes:

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

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

Supplemental Community Plan
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
September 30, 2010
\$ (Thousands)

<u>Invested Assets (At Fair Value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with Treasury Division			
Cash and cash equivalents	\$ 8,600	\$ 7,237	\$ 7,565
Investments with T. Rowe Price			
Stable Value Fund	283,711	286,962	292,402
Small-Cap Stock Fund	56,604	50,508	56,772
Alaska Balanced Fund	1,021,978	1,009,446	1,040,934
Long Term Balanced Fund	260,317	257,593	275,366
Target 2010 Fund	29,828	29,818	28,935
AK Target Date 2010 Trust	2,391	2,495	3,236
AK Target Date 2015 Trust	76,971	74,720	79,853
AK Target Date 2020 Trust	26,587	25,728	28,036
AK Target Date 2025 Trust	11,206	11,053	12,152
AK Target Date 2030 Trust	2,157	2,138	2,438
AK Target Date 2035 Trust	2,754	2,776	3,113
AK Target Date 2040 Trust	2,430	2,363	2,755
AK Target Date 2045 Trust	1,291	1,415	1,829
AK Target Date 2050 Trust	1,264	1,371	1,674
AK Target Date 2055 Trust	627	847	1,028
Investments with State Street Global Advisors			
State Street Treasury Money Market Fund - Inst.	14,076	13,812	13,926
S&P 500 Stock Index Fund Series A	200,659	191,347	205,473
Russell 3000 Index	6,703	6,272	6,945
US Real Estate Investment Trust Index	18,422	17,661	18,779
World Equity Ex-US Index	9,524	9,289	10,142
Long US Treasury Bond Index	12,373	15,914	13,157
US Treasury Inflation Protected Securities Index	13,401	13,788	14,030
World Govt Bond Ex	3,248	3,697	3,923
Global Balanced Fund	48,362	47,446	50,190
Investments with Barclays Global Investors			
Government Bond Fund	47,268	49,121	50,177
Intermediate Bond Fund	14,065	14,660	14,391
Investments with Brandes Investment Partners			
International Equity Fund Fee	72,916	69,081	74,715
Investments with RCM			
Sustainable Opportunities Fund	24,096	22,721	24,644
Total Invested Assets	\$ 2,273,829	\$ 2,241,276	\$ 2,338,580
<u>Change in Invested Assets</u>			
Beginning Assets	\$ 2,189,939	\$ 2,273,829	\$ 2,241,276
Investment Earnings	83,974	(33,295)	93,734
Net Contributions (Withdrawals)	(84)	742	3,570
Ending Invested Assets	\$ 2,273,829	\$ 2,241,276	\$ 2,338,580

ALASKA RETIREMENT MANAGEMENT BOARD

**Deferred Compensation Plan
Schedule of Invested Assets and Changes in Invested Assets
for the Month Ended
September 30, 2010**

	<u>Beginning Invested Assets</u>	<u>Investment Income</u>	<u>Net Contributions (Withdrawals)</u>	<u>Transfers in (out)</u>	<u>Ending Invested Assets</u>
Participant Options					
T. Rowe Price					
Interest Income Fund	\$ 164,289,308	\$ 513,256	\$ (167,137)	\$ 1,347,197	\$ 165,982,624
Small Cap Stock Fund	50,185,297	6,010,687	(59,462)	(669,588)	55,466,934
Long Term Balanced Fund	28,916,492	1,648,570	51,936	(84,267)	30,532,731
Alaska Balanced Trust	3,701,471	124,825	107,381	54,653	3,988,330
AK Target Date 2010 Trust	1,081,728	60,062	(11,563)	143,228	1,273,455
AK Target Date 2015 Trust	1,386,578	87,022	40,231	211,134	1,724,965
AK Target Date 2020 Trust	1,161,047	78,168	21,054	69,815	1,330,084
AK Target Date 2025 Trust	705,121	52,942	14,607	88,666	861,336
AK Target Date 2030 Trust	413,387	32,422	9,799	(21,000)	434,608
AK Target Date 2035 Trust	457,771	38,841	7,475	1,128	505,215
AK Target Date 2040 Trust	175,169	13,966	7,011	104,581	300,727
AK Target Date 2045 Trust	93,503	7,958	3,016	(102)	104,375
AK Target Date 2050 Trust	92,684	7,864	1,637	-	102,185
AK Target Date 2055 Trust	644,651	53,823	705	(9,143)	690,036
Total Investments with T. Rowe Price	<u>253,304,207</u>	<u>8,730,406</u>	<u>26,690</u>	<u>1,236,302</u>	<u>263,297,605</u>
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst.	5,641,355	148	(196,599)	538,513	5,983,417
Russell 3000 Index	2,077,464	199,053	16,407	202,775	2,495,699
US Real Estate Investment Trust Index	5,217,450	222,399	25,002	282,061	5,746,912
World Equity Ex-US Index	3,522,982	346,594	(80,916)	59,340	3,848,000
Long US Treasury Bond Index	3,528,070	(74,724)	16,170	(853,604)	2,615,912
US Treasury Inflation Protected Securities Index	6,108,478	35,619	15,004	(11,315)	6,147,786
World Government Bond Ex-US Index	1,350,172	46,320	3,433	(8,711)	1,391,214
Global Balanced Fund	33,788,639	2,068,096	61,381	(106,284)	35,811,832
Total Investments with SSGA	<u>61,234,610</u>	<u>2,843,505</u>	<u>(140,118)</u>	<u>102,775</u>	<u>64,040,772</u>
Barclays Global Investors					
S&P 500 Index Fund	102,540,154	9,105,517	21,805	(1,167,250)	110,500,226
Government/Credit Bond Fund	32,351,542	84,946	(100,266)	149,008	32,485,230
Intermediate Bond Fund	17,954,331	45,114	(137,582)	(114,588)	17,747,275
Total Investments with Barclays Global Investors	<u>152,846,027</u>	<u>9,235,577</u>	<u>(216,043)</u>	<u>(1,132,830)</u>	<u>160,732,731</u>
Brandes Institutional					
International Equity Fund Fee	40,357,148	3,412,703	(27,341)	(207,776)	43,534,734
RCM					
Sustainable Core Opportunities Fund	7,699,420	749,089	46,722	1,529	8,496,760
Total All Funds	\$ <u>515,441,412</u>	\$ <u>24,971,280</u>	\$ <u>(310,090)</u>	\$ <u>-</u>	\$ <u>540,102,602</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
September 30, 2010
\$ (Thousands)

<u>Invested Assets (at fair value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with T. Rowe Price			
Interest Income Fund			
Cash and cash equivalents	\$ 9,218	\$ 10,797	\$ 12,555
Synthetic Investment Contracts	152,713	153,492	153,428
Small Cap Stock Fund	54,781	50,185	55,467
Long Term Balanced Fund	29,257	28,917	30,533
Alaska Balanced Trust	3,426	3,701	3,988
AK Target Date 2010 Trust	1,274	1,082	1,273
AK Target Date 2015 Trust	1,383	1,387	1,725
AK Target Date 2020 Trust	1,332	1,161	1,330
AK Target Date 2025 Trust	649	705	861
AK Target Date 2030 Trust	405	413	435
AK Target Date 2035 Trust	478	458	505
AK Target Date 2040 Trust	164	175	301
AK Target Date 2045 Trust	90	94	104
AK Target Date 2050 Trust	92	93	102
AK Target Date 2055 Trust	666	645	690
State Street Global Advisors			
State Street Treasury Money Market Fund - Inst	5,460	5,641	5,983
Russell 3000 Index	2,201	2,077	2,496
US Real Estate Investment Trust Index	5,748	5,217	5,747
World Equity Ex-US Index	3,597	3,523	3,848
Long US Treasury Bond Index	2,901	3,528	2,616
US Treasury Inflation Protected Securities Inde:	5,826	6,109	6,148
World Government Bond Ex-US Index	1,157	1,350	1,391
Global Balanced Fund	34,105	33,789	35,812
Investments with Barclays Global Investors			
S&P 500 Index Fund	107,770	102,540	110,500
Government/Credit Bond Fund	31,515	32,352	32,485
Intermediate Bond Fund	17,567	17,954	17,747
Investments with Brandes Institutional			
International Equity Fund Fee	41,695	40,357	43,536
Investments with RCM			
Sustainable Opportunities Fund	8,064	7,699	8,497
Total Invested Assets	\$ 523,534	\$ 515,441	\$ 540,103
Change in Invested Assets			
Beginning Assets	\$ 502,805	\$ 523,534	\$ 515,441
Investment Earnings	20,548	(10,281)	24,972
Net Contributions (Withdrawals)	181	2,188	(310)
Ending Invested Assets	\$ 523,534	\$ 515,441	\$ 540,103

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

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

	<u>Beginning Invested Assets</u>	<u>Investment Income</u>	<u>Net Contributions (Withdrawals)</u>	<u>Transfers in (out)</u>	<u>Ending Invested Assets</u>
Interim Transit Account					
Treasury Division ⁽¹⁾					
Cash and Cash Equivalents	\$ 315,452	\$ 319	\$ 268,900	\$ -	\$ 584,671
Participant Options ⁽²⁾					
T. Rowe Price					
Alaska Money Market	4,327,362	1,058	79,712	67,758	4,475,890
Small-Cap Stock Fund	1,099,293	133,056	34,972	(10,194)	1,257,127
Long Term Balanced Fund	7,684,413	443,118	117,770	116,767	8,362,068
Alaska Balanced Fund	180,172	6,111	8,094	-	194,377
AK Target Date 2010 Trust	110,622	5,861	12,959	-	129,442
AK Target Date 2015 Trust	494,484	30,827	67,026	-	592,337
AK Target Date 2020 Trust	768,466	53,753	90,870	(234)	912,855
AK Target Date 2025 Trust	977,900	75,214	123,686	-	1,176,800
AK Target Date 2030 Trust	1,075,205	88,960	145,814	-	1,309,979
AK Target Date 2035 Trust	1,087,337	95,589	150,319	-	1,333,245
AK Target Date 2040 Trust	1,933,063	169,350	230,060	10,964	2,343,437
AK Target Date 2045 Trust	1,588,976	140,681	247,828	(1,261)	1,976,224
AK Target Date 2050 Trust	1,810,161	160,288	284,434	-	2,254,883
AK Target Date 2055 Trust	459,400	41,102	85,171	-	585,673
	<u>23,596,854</u>	<u>1,444,968</u>	<u>1,678,715</u>	<u>183,800</u>	<u>26,904,337</u>
State Street Global Advisors					
Money Market	152,272	4	7,812	16,730	176,818
S&P 500 Stock Index Fund Series A	22,494,603	2,025,811	601,054	23,515	25,144,983
Russell 3000 Index	138,576	12,894	5,799	(2,355)	154,914
US Real Estate Investment Trust Index	222,619	9,489	8,085	25,533	265,726
World Equity Ex-US Index	170,493	16,775	(690)	1,268	187,846
Long US Treasury Bond Index	217,310	(5,171)	5,394	(62,180)	155,353
US Treasury Inflation Protected Sec Index	111,275	915	5,032	27,170	144,392
World Government Bond Ex-US Index	61,184	2,293	2,415	4,392	70,284
Global Balanced Fund	2,489,048	154,675	48,161	38,118	2,730,002
	<u>26,057,380</u>	<u>2,217,685</u>	<u>683,062</u>	<u>72,191</u>	<u>29,030,318</u>
Barclays					
Government Bond Fund	3,758,636	10,743	69,453	42,108	3,880,940
Intermediate Bond Fund	211,547	585	7,349	42	219,523
	<u>3,970,183</u>	<u>11,328</u>	<u>76,802</u>	<u>42,150</u>	<u>4,100,463</u>
Brandes Institutional					
International Equity Fund Fee	28,544,079	2,431,665	728,074	(352,240)	31,351,578
RCM					
Sustainable Opportunities Fund	22,556,241	2,215,329	618,264	54,099	25,443,933
Total Externally Managed Funds	<u>104,724,737</u>	<u>8,320,975</u>	<u>3,784,917</u>	<u>-</u>	<u>116,830,629</u>
Total All Funds	<u>\$ 105,040,189</u>	<u>\$ 8,321,294</u>	<u>\$ 4,053,817</u>	<u>\$ -</u>	<u>\$ 117,415,300</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
September 30, 2010
\$ (Thousands)

	<u>July</u>	<u>August</u>	<u>September</u>
<u>Invested Assets (At Fair Value)</u>			
Investments with Treasury Division			
Cash and cash equivalents	\$ 438	\$ 315	\$ 585
Investments with T. Rowe Price			
Alaska Money Market	4,138	4,327	4,476
Small-Cap Stock Fund	1,150	1,099	1,257
Long Term Balanced Fund	7,602	7,684	8,362
Alaska Balanced Fund	172	180	194
AK Target Date 2010 Trust	102	111	129
AK Target Date 2015 Trust	454	494	592
AK Target Date 2020 Trust	709	768	913
AK Target Date 2025 Trust	927	978	1,177
AK Target Date 2030 Trust	1,002	1,075	1,310
AK Target Date 2035 Trust	1,012	1,087	1,333
AK Target Date 2040 Trust	1,812	1,933	2,343
AK Target Date 2045 Trust	1,454	1,589	1,976
AK Target Date 2050 Trust	1,639	1,810	2,255
AK Target Date 2055 Trust	384	459	586
Investments with State Street Global Advisors			
Money Market	173	152	177
S&P 500 Stock Index Fund Series A	22,958	22,495	25,145
Russell 3000 Index	140	139	155
US Real Estate Investment Trust Index	174	223	266
World Equity Ex-US Index	167	170	188
Long US Treasury Bond Index	162	217	155
US Treasury Inflation Protected Sec Index	106	111	144
World Government Bond Ex-US Index	103	61	70
Global Balanced Fund	2,485	2,489	2,730
Investments with Barclays			
Government Bond Fund	3,668	3,759	3,881
Intermediate Bond Fund	215	212	220
Investments with Brandes Investment Partners			
International Equity Fund Fee	29,365	28,544	31,352
Investments with RCM			
Sustainable Opportunities Fund	23,131	22,556	25,444
Total Invested Assets	\$ 105,842	\$ 105,040	\$ 117,415
<u>Change in Invested Assets</u>			
Beginning Assets	\$ 96,173	\$ 105,842	\$ 105,040
Investment Earnings	6,556	(3,919)	8,321
Net Contributions (Withdrawals)	3,113	3,117	4,054
Ending Invested Assets	\$ 105,842	\$ 105,040	\$ 117,415

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

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Interim Transit Account					
Treasury Division ⁽¹⁾					
Cash and Cash Equivalents	\$ 56,414	\$ 49	\$ 84,998	\$ -	\$ 141,461
Participant Options ⁽²⁾					
T. Rowe Price					
Alaska Money Market	1,820,681	440	9,825	44,437	1,875,383
Small-Cap Stock Fund	441,326	53,406	2,305	4,589	501,626
Long Term Balanced Fund	3,874,238	221,731	(13,956)	82,642	4,164,655
Alaska Balanced Fund	56,211	1,873	161	-	58,245
AK Target Date 2010 Trust	77,855	4,087	5,004	-	86,946
AK Target Date 2015 Trust	283,798	17,220	14,877	-	315,895
AK Target Date 2020 Trust	316,269	21,877	35,453	-	373,599
AK Target Date 2025 Trust	378,103	28,395	26,061	-	432,559
AK Target Date 2030 Trust	389,954	30,797	13,500	-	434,251
AK Target Date 2035 Trust	676,814	58,133	48,004	-	782,951
AK Target Date 2040 Trust	830,531	70,860	39,676	6,732	947,799
AK Target Date 2045 Trust	1,390,376	118,761	86,271	-	1,595,408
AK Target Date 2050 Trust	1,611,353	137,729	106,927	-	1,856,009
AK Target Date 2055 Trust	29,108	2,536	5,778	-	37,422
	<u>12,176,617</u>	<u>767,845</u>	<u>379,886</u>	<u>138,400</u>	<u>13,462,748</u>
State Street Global Advisors					
Money Market	11,604	-	137	-	11,741
S&P 500 Stock Index Fund Series A	9,522,998	852,043	30,578	20,872	10,426,491
Russell 3000 Index	47,665	4,529	294	5,313	57,801
US Real Estate Investment Trust Index	44,198	1,926	1,780	(6,732)	41,172
World Equity Ex-US Index	22,976	2,403	54	4,200	29,633
Long US Treasury Bond Index	10,684	(172)	229	-	10,741
US Treasury Inflation Protected Sec Index	72,759	700	9	(272)	73,196
World Government Bond Ex-US Index	1,581	52	-	-	1,633
Global Balanced Fund	1,478,139	90,793	(4,676)	17,733	1,581,989
	<u>11,212,604</u>	<u>952,274</u>	<u>28,405</u>	<u>41,114</u>	<u>12,234,397</u>
Barclays					
Government Bond Fund	1,615,676	4,087	61	(987)	1,618,837
Intermediate Bond Fund	38,098	98	107	415	38,718
	<u>1,653,774</u>	<u>4,185</u>	<u>168</u>	<u>(572)</u>	<u>1,657,555</u>
Brandes Institutional					
International Equity Fund Fee	12,297,716	1,038,330	37,440	(159,044)	13,214,442
RCM					
Sustainable Opportunities Fund	9,513,630	926,901	43,915	(19,898)	10,464,548
Total Externally Managed Funds	<u>46,854,341</u>	<u>3,689,535</u>	<u>489,814</u>	<u>-</u>	<u>51,033,690</u>
Total All Funds	<u>\$ 46,910,755</u>	<u>\$ 3,689,584</u>	<u>\$ 574,812</u>	<u>\$ -</u>	<u>\$ 51,175,151</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
September 30, 2010
\$(Thousands)

<u>Invested Assets (At Fair Value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with Treasury Division			
Cash and cash equivalents	\$ 76	\$ 56	141
Investments with T. Rowe Price			
Alaska Money Market	1,829	1,821	1,875
Small-Cap Stock Fund	486	441	502
Long Term Balanced Fund	3,937	3,874	4,165
Alaska Balanced Fund	61	56	58
AK Target Date 2010 Trust	79	78	87
AK Target Date 2015 Trust	307	284	316
AK Target Date 2020 Trust	339	316	374
AK Target Date 2025 Trust	397	378	433
AK Target Date 2030 Trust	422	390	434
AK Target Date 2035 Trust	713	677	783
AK Target Date 2040 Trust	865	830	948
AK Target Date 2045 Trust	1,448	1,390	1,595
AK Target Date 2050 Trust	1,673	1,611	1,856
AK Target Date 2055 Trust	30	29	37
Investments with State Street Global Advisors			
Money Market	12	12	12
S&P 500 Stock Index Fund Series A	10,055	9,523	10,426
Russell 3000 Index	48	48	58
US Real Estate Investment Trust Index	42	44	41
World Equity Ex-US Index	22	23	30
Long US Treasury Bond Index	10	11	11
US Treasury Inflation Protected Sec Index	80	73	73
World Government Bond Ex-US Index	2	2	2
Global Balanced Fund	1,518	1,478	1,582
Investments with Barclays			
Government Bond Fund	1,622	1,616	1,619
Intermediate Bond Fund	38	38	39
Investments with Brandes Investment Partners			
International Equity Fund Fee	13,066	12,298	13,214
Investments with RCM			
Sustainable Opportunities Fund	10,094	9,514	10,465
Total Invested Assets	\$ 49,271	\$ 46,911	\$ 51,175
<u>Change in Invested Assets</u>			
Beginning Assets	\$ 45,348	\$ 49,271	\$ 46,911
Investment Earnings	3,071	(1,764)	3,690
Net Contributions (Withdrawals)	852	(596)	575
Ending Invested Assets	\$ 49,271	\$ 46,911	\$ 51,175

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

(Supplement to the Treasury Division Report)

As of September 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 Three Months Ending September 30, 2010

	Contributions			Expenditures				Net Contributions/ (Withdrawals)	
	Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds	Admin- istrative		Total Expenditures
Public Employees' Retirement System (PERS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	68,478,886	-	2,393	68,481,279	(129,245,514)	(3,012,526)	(9,061,811)	(141,319,851)	(72,838,572)
Retirement Health Care Trust	65,407,577	-	445,983,724	511,391,301	(78,354,659)	-	(88,060,738)	(166,415,397)	344,975,904
Total Defined Benefit Plans	133,886,463	-	445,986,117	579,872,580	(207,600,173)	(3,012,526)	(97,122,549)	(307,735,248)	272,137,332
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	13,100,194	-	-	13,100,194	-	(2,223,069)	(592,835)	(2,815,904)	10,284,290
Health Reimbursement Arrangement	(a) 3,386,738	-	-	3,386,738	-	-	-	-	3,386,738
Retiree Medical Plan	(a) 626,124	-	-	626,124	-	-	-	-	626,124
Occupational Death and Disability:	(a)								
Public Employees	273,471	-	-	273,471	-	-	-	-	273,471
Police and Firefighters	135,182	-	-	135,182	-	-	-	-	135,182
Total Defined Contribution Plans	17,521,709	-	-	17,521,709	-	(2,223,069)	(592,835)	(2,815,904)	14,705,805
Total PERS	151,408,172	-	445,986,117	597,394,289	(207,600,173)	(5,235,595)	(97,715,384)	(310,551,152)	286,843,137
Teachers' Retirement System (TRS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	9,988,564	-	4,098	9,992,662	(86,107,490)	(951,892)	(3,669,118)	(90,728,500)	(80,735,838)
Retirement Health Care Trust	12,349,038	-	54,798,774	67,147,812	(32,574,880)	-	(11,241,232)	(43,816,112)	23,331,700
Total Defined Benefit Plans	22,337,602	-	54,802,872	77,140,474	(118,682,370)	(951,892)	(14,910,350)	(134,544,612)	(57,404,138)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	2,324,279	-	-	2,324,279	-	(1,321,519)	(171,448)	(1,492,967)	831,312
Health Reimbursement Arrangement	(a) 453,167	-	-	453,167	-	-	-	-	453,167
Retiree Medical Plan	(a) 141,287	-	-	141,287	-	-	-	-	141,287
Occupational Death and Disability	(a) 48,314	-	-	48,314	-	-	-	-	48,314
Total Defined Contribution Plans	2,967,047	-	-	2,967,047	-	(1,321,519)	(171,448)	(1,492,967)	1,474,080
Total TRS	25,304,649	-	54,802,872	80,107,521	(118,682,370)	(2,273,411)	(15,081,798)	(136,037,579)	(55,930,058)
Judicial Retirement System (JRS)									
Defined Benefit Plan Retirement Trust	1,047,229	-	3	1,047,232	(2,225,658)	-	(108,197)	(2,333,855)	(1,286,623)
Defined Benefit Retirement Health Care Trust	287,219	-	1,801	289,020	(295,975)	-	(7,787)	(303,762)	(14,742)
Total JRS	1,334,448	-	1,804	1,336,252	(2,521,633)	-	(115,984)	(2,637,617)	(1,301,365)
National Guard/Naval Militia Retirement System (NGNMRS)									
Defined Benefit Plan Retirement Trust	(a) 965,375	-	-	965,375	(301,934)	-	(40,328)	(342,262)	623,113
Other Participant Directed Plans									
Supplemental Annuity Plan	39,545,397	-	-	39,545,397	-	(34,367,218)	(950,949)	(35,318,167)	4,227,230
Deferred Compensation Plan	9,809,267	-	-	9,809,267	-	(7,468,121)	(281,309)	(7,749,430)	2,059,837
Total All Funds	228,367,308	-	500,790,793	729,158,101	(329,106,110)	(49,344,345)	(114,185,752)	(492,636,207)	236,521,894

(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 September 30, 2010

	Contributions			Total Contributions	Expenditures			Net Contributions/ (Withdrawals)	
	Contributions EE and ER	State of Alaska	Other		Benefit	Refunds	Admin- istrative		Total Expenditures
Public Employees' Retirement System (PERS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	23,289,128	-	549	23,289,677	(43,281,940)	(678,458)	(1,805,585)	(45,765,983)	(22,476,306)
Retirement Health Care Trust	21,121,779	-	216,517	21,338,296	(28,303,213)	-	(628,163)	(28,931,376)	(7,593,080)
Total Defined Benefit Plans	44,410,907	-	217,066	44,627,973	(71,585,153)	(678,458)	(2,433,748)	(74,697,359)	(30,069,386)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	4,779,626	-	-	4,779,626	-	(573,723)	(152,086)	(725,809)	4,053,817
Health Reimbursement Arrangement	(a) 1,285,959	-	-	1,285,959	-	-	-	-	1,285,959
Retiree Medical Plan	(a) 198,210	-	-	198,210	-	-	-	-	198,210
Occupational Death and Disability:	(a)								
Public Employees	100,192	-	-	100,192	-	-	-	-	100,192
Police and Firefighters	43,941	-	-	43,941	-	-	-	-	43,941
Total Defined Contribution Plans	6,407,928	-	-	6,407,928	-	(573,723)	(152,086)	(725,809)	5,682,119
Total PERS	50,818,835	-	217,066	51,035,901	(71,585,153)	(1,252,181)	(2,585,834)	(75,423,168)	(24,387,267)
Teachers' Retirement System (TRS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	3,289,203	-	234	3,289,437	(29,061,325)	(188,164)	(642,680)	(29,892,169)	(26,602,732)
Retirement Health Care Trust	3,337,061	-	78,945	3,416,006	(11,775,914)	-	(249,953)	(12,025,867)	(8,609,861)
Total Defined Benefit Plans	6,626,264	-	79,179	6,705,443	(40,837,239)	(188,164)	(892,633)	(41,918,036)	(35,212,593)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	941,843	-	-	941,843	-	(300,832)	(66,199)	(367,031)	574,812
Health Reimbursement Arrangement	(a) 172,399	-	-	172,399	-	-	-	-	172,399
Retiree Medical Plan	(a) 39,077	-	-	39,077	-	-	-	-	39,077
Occupational Death and Disability:	(a)								
Public Employees	16,087	-	-	16,087	-	-	-	-	16,087
Total Defined Contribution Plans	1,169,406	-	-	1,169,406	-	(300,832)	(66,199)	(367,031)	802,375
Total TRS	7,795,670	-	79,179	7,874,849	(40,837,239)	(488,996)	(958,832)	(42,285,067)	(34,410,218)
Judicial Retirement System (JRS)									
Defined Benefit Plan Retirement Trust	367,487	-	3	367,490	(745,864)	-	(24,145)	(770,009)	(402,519)
Defined Benefit Retirement Health Care Trust	96,207	-	612	96,819	(103,169)	-	(3,097)	(106,266)	(9,447)
Total JRS	463,694	-	615	464,309	(849,033)	-	(27,242)	(876,275)	(411,966)
National Guard/Naval Militia Retirement System (NGNMRS)									
Defined Benefit Plan Retirement Trust	(a) -	-	-	-	(111,938)	-	(12,302)	(124,240)	(124,240)
Other Participant Directed Plans									
Supplemental Annuity Plan	12,488,063	-	-	12,488,063	-	(8,570,009)	(348,459)	(8,918,468)	3,569,595
Deferred Compensation Plan	2,088,169	-	-	2,088,169	-	(2,295,976)	(102,282)	(2,398,258)	(310,089)
Total All Funds	73,654,431	-	296,860	73,951,291	(113,383,363)	(12,607,162)	(4,034,951)	(130,025,476)	(56,074,185)

(a) Employer only contributions.



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State of Alaska – Department of Administration – Division of Retirement and Benefits and Department of Revenue – Treasury Division 2010 Audit Results

December 2, 2010

Mike Hayhurst
Corrine Fiedler

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Divisions' Responsibilities

The Divisions is responsible for:

- Adopting sound accounting policies
- Fairly presenting the financial statements in conformity with generally accepted accounting principles
- Establishing and maintaining internal controls

The Audit Committee is responsible for:

- Oversight of the financial reporting process

The Divisions and the Audit Committee are responsible for:

- Establishing appropriate controls to prevent, detect, and deter fraud
- Setting the proper tone and maintaining a culture of honesty and high ethical standards

KPMG's Responsibilities

- **Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles.**
- **Planning and performing the audit to obtain reasonable – not absolute – assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. Because of the nature of audit evidence and the characteristics of fraud, we are able to obtain reasonable, but not absolute, assurance that material misstatements are detected.**
- **Conducting an audit in accordance with professional standards.**
- **Complying with the rules and regulations of the Code of Professional Conduct of the American Institute of Certified Public Accountants, and the ethical standards of relevant CPA societies, relevant state boards of accountancy, the SEC (or other regulators), and the PCAOB.**
- **Planning and performing an audit with an attitude of professional skepticism.**
- **Communicating all required information to management and the Audit Committee.**

Audit Status

There have been no significant changes to our audit plan

There are no pending matters

Independent Auditors' Reports

Unqualified opinion on the financial statements for:

- Invested Assets of the Retirement Systems
- Treasury Division Invested Assets Under the Investment Authority of the Commissioner of Revenue

Unqualified opinion on the financial statements and supplement schedules for:

- Public Employees' Retirement System
- Teachers' Retirement System
- Judicial Retirement System
- National Guard and Naval Militia Retirement System
- Supplemental Benefit System
- Deferred Compensation Plan

Audit Adjustments

The financial statements do not reflect the market value adjustments resulting from the time lag between the valuation date and the fiscal year-end

Significant Deficiencies and Material Weaknesses in Internal Control

Material Weaknesses

- None identified

Significant Deficiencies

- None identified

Fraud Discussion

Presumed by SAS 99

- Risk of misstatement relating to contributions
- Risk of management override of controls
 - Journal entries and adjustments

Other Required Communications

Other information in Documents Containing Audited Financial Statements	We have read the Comprehensive Annual Financial Reports for the Public Employees' Retirement System and Teachers' Retirement System and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information appearing in the financial statements.
Significant Difficulties Encountered During the Audit	No matter to report
Disagreements with Managements	None noted
Management's Consultation with Other Accountants	None noted
Significant Issues Discussed, or Subject to Correspondence with Management	None noted
Alternative Accounting Treatments Discussed with Management	None
Other Findings or Issues Relevant Regarding Oversight of the Financial Reporting Process	None noted

Independence

In our professional judgment, we are independent accountants with respect to the Division of Retirement and Benefits and the Division of Treasury under all relevant professional and regulatory standards.

Thank you

Michael L. Hayhurst

Office Managing Partner



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State of Alaska – Department of Administration – Division of Retirement and Benefits and Department of Revenue – Treasury Division 2010 Audit Results

December 2, 2010

Mike Hayhurst
Corrine Fiedler

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- Oversight of the financial reporting process

The Divisions and the Audit Committee are responsible for:

- Establishing appropriate controls to prevent, detect, and deter fraud
- Setting the proper tone and maintaining a culture of honesty and high ethical standards

KPMG's Responsibilities

- **Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles.**
- **Planning and performing the audit to obtain reasonable – not absolute – assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. Because of the nature of audit evidence and the characteristics of fraud, we are able to obtain reasonable, but not absolute, assurance that material misstatements are detected.**
- **Conducting an audit in accordance with professional standards.**
- **Complying with the rules and regulations of the Code of Professional Conduct of the American Institute of Certified Public Accountants, and the ethical standards of relevant CPA societies, relevant state boards of accountancy, the SEC (or other regulators), and the PCAOB.**
- **Planning and performing an audit with an attitude of professional skepticism.**
- **Communicating all required information to management and the Audit Committee.**

Audit Status

There have been no significant changes to our audit plan

There are no pending matters

Independent Auditors' Reports

Unqualified opinion on the financial statements for:

- Invested Assets of the Retirement Systems
- Treasury Division Invested Assets Under the Investment Authority of the Commissioner of Revenue

Unqualified opinion on the financial statements and supplement schedules for:

- Public Employees' Retirement System
- Teachers' Retirement System
- Judicial Retirement System
- National Guard and Naval Militia Retirement System
- Supplemental Benefit System
- Deferred Compensation Plan

Audit Adjustments

The financial statements do not reflect the market value adjustments resulting from the time lag between the valuation date and the fiscal year-end

Significant Deficiencies and Material Weaknesses in Internal Control

Material Weaknesses

- None identified

Significant Deficiencies

- None identified

Fraud Discussion

Presumed by SAS 99

- Risk of misstatement relating to contributions
- Risk of management override of controls
 - Journal entries and adjustments

Other Required Communications

Other information in Documents Containing Audited Financial Statements	We have read the Comprehensive Annual Financial Reports for the Public Employees' Retirement System and Teachers' Retirement System and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information appearing in the financial statements.
Significant Difficulties Encountered During the Audit	No matter to report
Disagreements with Managements	None noted
Management's Consultation with Other Accountants	None noted
Significant Issues Discussed, or Subject to Correspondence with Management	None noted
Alternative Accounting Treatments Discussed with Management	None
Other Findings or Issues Relevant Regarding Oversight of the Financial Reporting Process	None noted

Independence

In our professional judgment, we are independent accountants with respect to the Division of Retirement and Benefits and the Division of Treasury under all relevant professional and regulatory standards.

Thank you

Michael L. Hayhurst

Office Managing Partner



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**ALASKA RETIREMENT MANAGEMENT BOARD
STATE OF ALASKA DIVISION OF RETIREMENT AND BENEFITS AND
STATE OF ALASKA DIVISION OF TREASURY**

Letter to the Audit Committee

November 3, 2010



KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

November 3, 2010

Alaska Retirement Management Board Audit Committee
State of Alaska Division of Retirement and Benefits and
State of Alaska Division of Treasury
Juneau, AK

Ladies and Gentlemen:

We have audited the financial statements for the following entities (collectively, the Systems) as of and for the fiscal years ended June 30, 2010 and 2009, and have issued our report thereon under date of October 29, 2010.

- State of Alaska Public Employees' Retirement System
- State of Alaska Teachers' Retirement System
- State of Alaska Judicial Retirement System
- State of Alaska National Guard and Naval Militia Retirement System
- State of Alaska Retirement and Benefits Plans Invested Assets
- Treasury Division Invested Assets Under the Investment Authority of the Commissioner of Revenue

We have audited the financial statements of the State of Alaska Supplemental Benefits System (the System) as of and for the fiscal years ended January 31, 2010 and 2009, and have issued our report thereon under date of October 29, 2010.

We have audited the financial statements of the State of Alaska Deferred Compensation Plan (the Plan) as of and for the fiscal years ended December 31, 2009 and 2008, and have issued our report thereon under date of October 29, 2010.

Under our professional standards, we are providing you with the accompanying information related to the conduct of our audits.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements, that have been prepared by management with the oversight of the Alaska Retirement Management Board Audit Committee, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audits of the financial statements in accordance with professional standards. In carrying out this responsibility, we planned and performed the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audits to obtain reasonable assurance that



Alaska Retirement Management Board
State of Alaska Division of Retirement and Benefits and
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November 3, 2010
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misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audits do not relieve management or the Alaska Retirement Management Board Audit Committee of their responsibilities.

In addition, in planning and performing our audits of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Systems' and the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Systems' or the Plan's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audits that are, in our professional judgment, relevant to the responsibilities of the Alaska Retirement Management Board Audit Committee in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Systems' and the Plan's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the Public Employees' Retirement System's and Teachers' Retirement System's comprehensive annual financial reports, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Accounting Practices and Alternative Treatments

Significant Accounting Policies

The significant accounting policies used by the Systems and the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years referred to above.

Unusual Transactions

We noted no unusual transactions entered into by the Systems or the Plan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Critical Accounting Policies and Practices

The critical accounting policies and practices used by the Systems and the Plan in preparing their financial statements are as described in Management's Discussion and Analysis. These policies and practices are considered both most important to the portrayal of the Systems' and the Plan's financial condition and results of operations, and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about matters that are inherently uncertain. We have discussed with the audit committee and management our assessment of management's disclosures regarding such policies



Alaska Retirement Management Board
State of Alaska Division of Retirement and Benefits and
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November 3, 2010
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and practices, the reasons why these policies and practices are considered critical, and how current and anticipated future events impact those determinations.

Qualitative Aspects of Accounting Practices

We have discussed with the Alaska Retirement Management Board Audit Committee and management our judgments about the quality, not just the acceptability, of the Systems' and the Plan's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the Systems' and the Plan's accounting policies and their application, and the understandability and completeness of the Systems' and the Plan's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Systems and the Plan to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of investment income during the period.

Investments

The investment portfolio is carried at fair value as determined primarily by the Treasury Division's custodial agent. The fair values obtained from the custodial agent are reviewed by management. The agent's determination of fair values for debt and equity investment securities involves, among other things, using pricing services or prices quoted by independent brokers. The fair values of real estate equity investments are valued quarterly by general partners or investment sponsors based on market conditions and their knowledge of industry trends. With the exception of real estate investment trust holdings, real estate investments are valued quarterly by investment managers based on market conditions and their knowledge of industry trends. Separate account real estate investments are appraised once every three years, in conjunction with the purchase date anniversary, by independent appraisers. Real estate investment trust holdings are valued each business day using prices obtained from a pricing service.

Private equity securities are valued periodically by the general partners. Underlying private equity investments that are listed on a national exchange are valued using quoted market prices. Securities for which there are not market quotations available are initially carried at original cost and subsequently valued at fair value as determined by the general partners. In determining fair value, the financial condition, operating results and projected operating cash flow of the underlying portfolio companies, prices paid in private sales of such securities, the nature and duration of restrictions on disposition of the securities, the existence of merger proposals or tender offers affecting securities, reports prepared by analysts are considered as appropriate. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

Absolute return investments are carried at fair value as determined by the pro-rata interest in the net assets of the underlying investment funds. These investment funds are valued periodically by the general partners and the managers of the underlying investments. The net asset value represents the amount that would be expected to be received if it were to liquidate its interests subject to liquidity or redemption restrictions. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly



Alaska Retirement Management Board
State of Alaska Division of Retirement and Benefits and
State of Alaska Division of Treasury
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from the values that would have been used had a ready market for the securities existed, and these differences could be material.

The energy related investment in the Other Investments Pool consists primarily of loans and preferred stock that are valued at the lower of cost or fair value. The agricultural investments in the Other Investments Pool consist primarily of farmland investments that are stated at fair value based upon independent appraisals performed periodically. In years when an independent appraisal is not performed, the valuation is reviewed by an independent advisor. Because of the inherent uncertainty of valuations, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

Actuarial Estimates

The financial statements for the Systems contain certain actuarial estimates as required by the Governmental Accounting Standards Board. The actuarial information included as required supplementary information has not been audited by us and we express no opinion on it.

Uncorrected and Corrected Misstatements

In connection with our audit of the Systems' financial statements, we have discussed with management certain financial statement misstatements that have not been corrected in the Systems' books and records as of and for the year ended June 30, 2010 and 2009. We have reported such misstatements to management on a Summary of Audit Differences and have received written representations from management that management believes that the effects of the uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Attached is a copy of the summary that has been provided to, and discussed with, management.

In connection with our audit of the State of Alaska Supplemental Benefit System's financial statements as of and for the fiscal year ended January 31, 2010 and our audit of the State of Alaska Deferred Compensation Plan's financial statements as of and for the years ended December 31 2009, we have not identified any significant financial statement misstatements that have not been corrected in the System's or the Plan's books and records.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors' reports on the Systems' or the Plan's financial statements.

Management's Consultation with Other Accountants

To the best of our knowledge management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters with the Alaska Retirement Management Board Audit Committee and management each year prior to our retention by you as the Systems' or the Plan's auditors.



Alaska Retirement Management Board
State of Alaska Division of Retirement and Benefits and
State of Alaska Division of Treasury
November 3, 2010
Page 5 of 5

During 2010, we presented you and management with our formal audit plan and specifically discussed planned changes in internal controls over alternative investments.

The result of these discussions was not a condition to our retention.

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Management representation letters

Significant Difficulties Encountered During the Audit

No significant difficulties were encountered during our audits of the Systems' or the Plan's financial statements.

Independence

Our professional standards and other regulatory requirements specify that we communicate to you in writing, at least annually, all relationships between our firm, the Systems and the Plan and persons in a financial reporting oversight role at the Systems and the Plan and provide confirmation that we are independent accountants with respect to the Systems and Plan.

We are not aware of any independence-related relationships between our firm, the Systems and the Plan.

Confirmation of Audit Independence

We hereby confirm that as of November 3, 2010, we are independent accountants with respect to the Systems and the Plan under all relevant professional and regulatory standards.

* * * * *

This letter to the Alaska Retirement Management Board Audit Committee is intended solely for the information and use of the Alaska Retirement Management Board Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Alaska Retirement Management Board

Report on State Performance Consultants and Evaluation of Investment Policies

Final Report

November 12, 2010

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Suite 1120
Washington, DC 20005
202-898-2270

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Independent Fiduciary Services[®]
Operational Review
for the
Alaska Retirement Management Board

Introduction

This Report is presented in four sections: an executive summary; background information and methodology; detailed discussion and analysis; and exhibits.

Section I, the Executive Summary, offers a high level overview of the major themes in the report. The Executive Summary should be used in the context of the full report and not read in isolation.

Section II, Background and Methodology, describes IFS and the methodology we followed in performing this assignment. It then explains the overall format of the Report, and concludes with caveats and observations about the substantive sections of the Report.

Section III, Discussion and Analysis, comprises the body of the report and addresses each task area. The discussion and analysis sets forth background information (including best and common practices where applicable), detailed observed conditions and recommendations. Our observations and recommendations are based on the review we conducted of each task area in coordination with the Alaska Retirement Management Board (“ARMB” or “the Board”), the investment staff, and ARMB’s consultants.

Section I.

Executive Summary

Basis for the Review

The Alaska Retirement Management Board is the fiduciary of the State of Alaska retirement systems – a system with both defined benefit and defined contribution components. The Board’s primary mission is to serve as the trustee of the assets of the state’s retirement systems, the State of Alaska Supplemental Annuity Plan, and the deferred compensation program for state employees. ARMB is housed in the Alaska Department of Revenue; the plan administrator is in the Alaska Department of Administration.

Alaska Statute 37.10.220(a)(11) requires that the Board contract for an independent audit of the state’s performance consultant not less than once every four years and that the Board obtain an external performance review to evaluate the investment policies of each fund entrusted to the Board and report the results of the review to the appropriate fund fiduciary. ARMB entered into an agreement with Independent Fiduciary Services, Inc. (“IFS”) to perform an evaluation of ARMB’s performance consultants, investment policies, and other investment-related matters (collectively the “Task Areas”), otherwise known as an Operational Review. The scope of work includes the following task areas:

- Investment Performance Calculations and Methodology;
- Investment Performance Reporting to the Board;
- Investment Performance Benchmarks; and
- Investment Policies.

IFS delivered the first draft of the report on October 1, 2010 and received comments from ARMB on October 15, 2010.

The following paragraphs summarize the highlights and key findings of our Report. We note that our comments are limited by the scope of work and we were not tasked with reviewing all areas of the investment program, such as overall governance or asset allocation. We thank ARMB, Mr. Gary Bader and staff for their time and cooperation during this project. We also thank Ms. Judy Hall for coordinating the project and meeting our numerous requests for information.

TASK AREA A.1.a. INVESTMENT PERFORMANCE CALCULATIONS and METHODOLOGY

- We found that the ARMB's consultants (Callan and Townsend) are using appropriate methodology to calculate investment performance.
- IFS' spot checking of investment performance calculations did not identify any issues with regard to consistency or accuracy.

TASK AREA A.1.b. INVESTMENT PERFORMANCE REPORTING to the BOARD

- Overall, the performance reports ARMB receives are high quality and are generally in line with best practices for public pension funds.
- ARMB receives detailed quarterly performance reports from Callan on the DB and DC plans. Additional detailed reporting is provided to staff, which is available to Board members if requested.
- We found that performance reporting could be improved with regard to some of the internally managed portfolios, e.g., REITs and TIPS, as well as for the farmland and timberland programs.
- Callan also provides an annual Private Equity Report that contains most of the essential elements, although we believe that ARMB could benefit by reviewing some additional performance items, such as an IRR for the private equity program as a whole.
- Townsend prepares and provides the real estate performance reports. While these reports appear to meet the ARMB's basic needs, we believe that they could be enhanced by including some supplemental information, such as additional performance metrics for the IMAs and some additional manager-level details, such as country allocation.

TASK AREA A.2. INVESTMENT PERFORMANCE BENCHMARKS

- Overall, we found that ARMB uses appropriate investment performance benchmarks and we made only minor recommendations in this area.

TASK AREA B. INVESTMENT POLICIES

- With regard to investment policies in general, our primary recommendation is for ARMB to adopt a Total Fund Investment Policy Statement that would supplement the individual asset class policies and address total fund elements.
- In general, we found that most of the asset class/sub-asset class investment policies contain most of the essential elements. However, a few small portfolios are not addressed by any policy, such as energy or corporate governance.
- For public equities, we believe that individual managers should have customized investment guidelines, or that – at a minimum – separate guidelines should be created for domestic versus international equity, which could then be broken down further by capitalization and market segment.
- For real estate, we recommend that investment guidelines be developed for the internally managed REIT portfolio. In general, internally managed portfolios should be treated the same as externally managed portfolios in terms of setting appropriate investment guidelines, as well as for ongoing monitoring and performance measurement.
- For the remaining asset classes/strategies we made some relatively minor recommendations in order to improve the policy documents. Additionally, we believe that ARMB should require that all policies be reviewed annually to determine whether any changes are necessary.

* * * * *

Section II.

Background, Review Methodology, and Limitations on the Report

IFS specializes in evaluating the organizational governance, day to day administration and investment programs of investment boards and pension systems using combined expertise in investment practices, pension fund administration and fiduciary responsibility. In operation for over 20 years, IFS has performed similar evaluations for numerous other public and private pension funds, and is recognized as the leading firm in the industry performing this type of consulting services. IFS performed a detailed Operational Review of ASPIB that was completed in 2003.

The specific details, scope and depth of the review are defined by the Scope of Work set forth as Appendix C to the June 25, 2010 agreement, between the Board and IFS.

Throughout the Report, as part of our operational review methodology, we identify and highlight our findings or observations and provide recommendations. Our goal is to “add value” by identifying alternatives intended to enhance the Board’s operations and/or address potential problems. For each Task Area, we provide background information in addition to our findings and recommendations. The background section may also include what we have deemed an industry “best practice” based on our experience performing similar reviews. A “best practice” is not necessarily the “norm” or most common practice, rather it is the most effective and efficient means (e.g., a process, procedure or structure) of doing something in a given situation to achieve an optimal outcome. Since effectiveness and efficiency are situational, what is a best practice for one operation may not be a best practice for all operations.

The analysis leading up to this Report progressed through the following stages:

Document Collection

The first stage in our process was collection – with the staff’s cooperation – of information regarding the Board’s investment program and practices. This included amassing data and documents, such as written investment policies and guidelines, investment performance reports, service provider contracts and other materials. This phase was conducted primarily in July 2010.

Analysis & Interviews

The next stage of our process, which continued throughout the project, was analysis. Throughout the process, we coordinated and integrated our efforts and maintained communication with designated representatives. The main interviews with investment staff and ARMB’s two investment consultants, Callan Associates and the Townsend Group, were conducted telephonically between August 20, 2010 and August 31, 2010.

Draft and Final Report

The written report also progressed through several stages. We submitted a first draft on October 1, 2010. Comments from ARMB were received on October 18, 2010. The final report was delivered on November 12, 2010.

This process of draft and comment enabled relevant parties to point out matters that, in their view, were either factually or conceptually inaccurate, incomplete or misleading, and enabled us to obtain additional information and prepare a final report that took into account all relevant comments.

Report Caveats

This Report should be read and evaluated with several caveats in mind.

- First, many of the subjects addressed in this Report are inherently judgmental and not susceptible to absolute or definitive conclusions. Many of our conclusions constitute alternatives for the Board and staff to consider in light of the ARMB’s evolving investment program now and over the coming years.

- Second, in conducting this review, we assumed the information we were provided, whether by the Service Providers, staff or the Board, is accurate, and could be relied upon. We sought to cross-verify certain information among different interviewees and documents, but the process of cross-verification was limited. We were not hired to detect or investigate fraud, concealment or misrepresentations and did not attempt to do so. We were not hired to, and did not attempt to conduct a formal or legal investigation or otherwise to use judicial processes or evidentiary safeguards in conducting our review. Our findings and conclusions are based upon our extensive review of documents, the interviews we conducted with the Board and staff, our independent analysis, and our experience and expertise.
- Third, this Report does not and is not intended to provide legal advice.
- Fourth, our observations are necessarily based only on the information we considered as of and during the period we performed our review, especially as of March 31, 2010.
- Fifth, our Report cannot and does not attempt either to assess the manner in which any of our recommendations may be implemented or observed in the future, or predict whether ARMB's practices, as represented to us, will be observed in the future. Nor does our Report supplant or reduce the ongoing independent fiduciary duty of the Board and staff to structure and evaluate their investment program or policies and procedures.
- Sixth, we are not a firm of certified public accountants and this report is not intended to conform with generally accepted auditing standards (GAAS) as promulgated by the AICPA, nor was it required to conform to GAAS.
- Finally, although we have discussed our findings with, and submitted draft versions of our Report to ARMB and its representatives, its final form and content reflect the independent judgment of IFS. The extent to which our Report and recommendations are implemented is the Board's decision.

Task Area A.1.a. Investment Performance Calculations and Methodology

Background

- There are three methods of calculating portfolio time-weighted rates of return that are accepted by the CFA Institute. Depending on the cash flow activity in the account, one or more of the methods may not be appropriate in a given situation.
- The methods differ in the frequency of data input into the calculation, the accuracy of the calculation, and the cost of conducting the calculation. The resulting rates of return from the three methods may be identical, may differ slightly, or may differ materially, depending on the size and timing of cash flows relative to the size of the account.
- Dietz is the simplest method in that it requires the least amount of data. Only beginning and ending market values and the total amount of cash flows for the month are used. The Dietz algorithm assumes all cash flows occur at the middle of the month and that the change in market values occurs evenly throughout the month. This method results in a reasonable rate of return if the cash flows are very small relative to the portfolio value.
- Modified Dietz uses the same beginning and end of month values as the Dietz method, but identifies each cash flow with the date it occurred and weights it accordingly. Modified Dietz is the most common method for calculating periodic portfolio performance, since the information needed is usually easily available in ordinary portfolio record keeping.
- Daily valuation is the most mathematically accurate method, as it calculates a daily rate of return, based on that day's cash flows and updated market value. This method is typically not used by investors for pure performance evaluation purposes, but is easily used by investment managers who need to know the value of their holdings at all times for portfolio management. For performance reporting, daily valuation is typically too expensive due to the cost of obtaining the data, and it usually does not yield a materially different result from Modified Dietz if the measurement periods are one month or less.

- The alternative to the time-weighted rate of return is the money-weighted rate of return or internal rate of return. This methodology is affected by external cash flows and is most often used when the investment manager can control the size and timing of these cash flows. For managers that operate under this type of arrangement, such as various types of real estate and private equity managers, using a money-weighted rate of return is typically preferred as it better evaluates the manager's skill. For example, the Global Investment Performance Standards (GIPS®) developed by CFA Institute recommend presenting performance using a money-weighted rate of return for real estate assets and requires it for private equity investments.

Observations

- Through our interview process Callan informed us that their performance reports are shown using time-weighted returns and the calculation methodology they use is Modified Dietz. Based on our experience, this is reasonable and is the methodology we see typically used at other consulting firms for institutional funds. Therefore, the current method used by ARMB allows for accurate comparison to other retirement funds. Callan also informed us that they receive a nightly feed from State Street and are able to calculate unaudited daily time-weighted returns if desired or necessary.
- ARMB Managers of Fixed Income, Alternative Investments, and Public Equity currently do not reconcile performance reported by Callan against performance calculated using data from State Street. The Public Equity Manager does review monthly monitoring reports from managers and will compare that to what Callan reports, but the Fixed Income Manager and Alternative Investments Managers do not.
- In order to verify the accuracy of the methods used, IFS calculated quarterly performance for five investment managers from various asset classes. We requested daily market values and cash flows from State Street and uploaded the data into our performance measurement software. The managers selected were:
 - Barrow Hanley;
 - Crestline;
 - Lazard Emerging Income;

- McKinley Capital; and
- the total in-house fixed income portfolio.
- Using the Modified Dietz methodology, the returns we calculated matched the returns found in Callan’s performance report for the quarter ending March 31, 2010. Based on our recalculation, Callan accurately calculates performance.
- We then linked quarterly performance for those same managers over one, three, five, seven and ten year time periods, where applicable, and compared our results to what was shown in the Executive Summary quarterly performance reports to the Board. We performed this test to see if Callan was correctly linking quarterly returns on an annualized basis. In all instances, the performance we calculated corresponded to the figures Callan showed in their performance report.
- For real estate, the external investment managers submit raw data to Townsend who then calculates performance. Once the returns have been calculated, Townsend will send a draft performance report to ARMB Manager of Real Assets. Townsend does not calculate performance of the REIT portfolio. We were informed by staff that this is done by State Street. The Manager of Real Assets will review the draft report to see if the performance looks reasonable and will work with Townsend to resolve any discrepancies or other related issues.
 - Townsend informed us that their performance reports show time-weighted returns using the Modified Dietz methodology, as described above. While we believe that this is a reasonable methodology, as noted below in Section A.1.b – D. Townsend Performance Reports, Townsend currently calculates IRRs and should show performance on an IRR basis in addition to time-weighted rates of return in their performance reports in accordance with CFA Institute recommendations. (See our related recommendation in Section A.1.b., below.)
 - IFS calculated the performance for a sample of managers in the real estate portfolio. We selected one separate account manager, one open-end fund, and one closed-end fund. Using the Modified Dietz methodology, the returns we calculated matched the returns found in Townsend’s performance report for the quarter ending March 31, 2010. Based on our results, in accordance with Modified Dietz, Townsend accurately calculates performance.

- We then linked the quarterly performance numbers for those managers over one, three and five year time periods, where applicable, and compared our results to what was shown in the Townsend performance report. We performed this test to see if Townsend was correctly linking quarterly returns on an annualized basis. Our findings show that Townsend is linking quarterly returns in a correct manner.

- It is also noteworthy with regard to Townsend that they have been working with NCREIF’s Performance Measurement Committee to develop the Real Estate Information Standards (REIS) Manual. “The Performance Measurement Resource Manual provides guidance on performance metrics commonly used by institutional equity real estate investors in the United States to promote transparency and calculation consistency.” The Manual is intended to be consistent with GIPS, but focuses on performance presentation to existing investors.

Task Area A.1.b. Investment Performance Reporting to the Board

Background

- Those charged with responsibility for oversight of a sophisticated investment program require clear, concise, consistent reports to monitor the program's performance and risk. The reports should be prepared on a regular periodic schedule (e.g., quarterly is recommended for Board level reports). Key statistics (such as investment rates of return and risk measures, compared to benchmarks) should be computed or at least verified by a third party, independent of those making the investment decisions within the program. These reports serve as one of the most important management tools available to those with oversight of the investment program.
- Informative and useful reports are designed to enable the oversight body to answer a set of key investment questions such as:
 - How does the performance of the investment program and its individual components compare to its objectives (usually expressed as a benchmark and a relative time period)?
 - Is the investment program generating appropriate risk-adjusted returns, compared to stated objectives, typically that of a benchmark?
 - What are the nature and magnitude of the risks incurred by the investment program and its components?
 - How does the type and degree of risk compare to its benchmark(s)?
- We believe that the following exhibits should be included in a typical and thorough institutional quarterly performance report as they will help the user evaluate and understand the performance and risk profile of the investment program:

1. *Market Overview* - A general description of recent events that transpired in the capital markets is useful in that it provides insight regarding both the short and long-term performance of the various asset classes where a fund has made investments. Typical information included in these write-ups range from broad based index returns to economic statistics such as interest rates, GDP, employment data, and the current Federal Funds rate.
2. *Total Fund Summary Performance* - The quarterly report should provide an exhibit summarizing the performance of the total fund against its policy index. Performance history should include both short, mid and long term performance.
3. *Asset Allocation versus Policy Index* - These exhibits should document how the total fund's asset allocation has changed since the previous time period and how it compares to the fund's Policy Index. This type of exhibit is important to determine whether or not a fund is in compliance with its asset allocation policy and whether or not changes should be contemplated given recent market shifts.
4. *Breakdown of each Asset Class by Sub-Asset Class and Investment Manager* - The quarterly report should include a page detailing the allocation to each asset class (and sub-asset class) by investment manager. This exhibit is helpful in determining which managers will have the largest impact on performance within their asset class as well as the overall distribution across managers within an asset class.
5. *Time Period Performance (Cumulative and Consecutive)* - In order to maintain a thorough understanding of investment performance, it is important to review both cumulative (e.g., YTD, one, three, five, seven, 10 year) and consecutive (i.e., individual years or calendar years) time period performance for the total fund, each asset class and each investment manager compared to their respective benchmarks over shorter and longer time periods.
6. *Universe Comparisons (Cumulative and Consecutive)* - Universe comparisons provide another tool in evaluating the performance of the total fund, an investment manager or an asset class. While the oversight body may primarily judge the manager against its performance benchmark, the addition of a peer universe ranking will inform the oversight body as to how well their current investment manager compares to other investment options for a particular sub-asset class. This is an important additional perspective since situations frequently arise where an investment product may outperform its benchmark but still lag its peers (who are measured versus the same strategic benchmark). Comparisons on a Total Fund basis can also be

useful for political and economic reasons despite the fact that the peer funds all have different asset allocations so it is not an “apples-to-apples” comparison.

7. *Style Analysis* - Style based analysis can be helpful in determining what, if any, particular style bets have been taken in structuring the asset class level, such as tilting towards growth versus value and small cap stocks versus large cap for equity managers or short maturity versus long maturity and low credit quality versus high credit quality for fixed income managers. Style analysis for investment managers and asset classes should be presented on a quarterly basis and preferably over time to show style drift.
8. *Portfolio Characteristics* - The quarterly report should include summary characteristics for each manager’s portfolio and asset class (or sub-asset class) as compared to the benchmark. This exhibit should include metrics such as Price/Earnings, beta, dividend yield, average and median capitalization, number of holdings, best and worst performers for equity managers and duration, yield to maturity, time to maturity, average quality for fixed income managers. Receiving this information for each investment manager gives the oversight body more insight as to how their investment managers run their portfolios relative to an objective benchmark as well as how the portfolio is expected to react in certain environments.
9. *Risk and Return Analysis* - It is important to evaluate performance on an absolute basis as well as a risk-adjusted basis, to ensure that the fund is following the prescribed investment policy and strategy of the oversight body. The quarterly report should show risk statistics (e.g., standard deviation) and risk-adjusted returns (e.g., the Sharpe ratio) for the total fund, asset classes, policy index and asset class benchmarks.

Observations

- Callan generates four reports pertaining to the defined benefit plans on a regular basis: a higher-level summary performance presentation used for the in-person presentation at the Board meetings (the “Performance Presentation”), a more detailed performance report to the Board (the “Executive Summary”), an even more detailed supplementary report for ARMB staff (the “Staff Report”), and a report specific to the private equity program (the “Private Equity Report”). The Performance Presentation notes that PERS is the only fund shown and is used for illustrative purposes throughout the report. Callan also generates separate performance reports for the defined contribution plans and the deferred compensation plans.

- ARMB receives Callan’s performance reports in electronic format approximately two weeks prior to their quarterly Board meeting. Based on our interviews, we were informed that ARMB is currently satisfied with this arrangement.
- In general, the quarterly performance reports prepared for ARMB are institutional quality and contain all of the essential information, such as performance, portfolio characteristics and risk statistics, which are important components for ongoing monitoring of the portfolio in accordance with best practices.
- IFS reviewed ARMB’s quarterly performance reports and compared their contents to the industry’s “best practices” of investment performance reporting as described above in the Background section. Set forth below is our evaluation and commentary regarding whether the ARMB performance reports meet those best practices.

A. Callan – Defined Benefit Performance Reports

1. Market Overview

- The Performance Presentation provided by Callan contains a comprehensive review of the overall financial environment. This exhibit spans several pages in the Performance Presentation and highlights areas such as asset class performance, sector performance, currency returns, GDP growth, and other data within the equity, fixed income, and real estate markets.
- Additional market commentary on each asset class is also provided in the Executive Summary. These exhibits go into more detail and delve into topics such as active versus passive management, large cap versus small cap, value versus growth, short versus long duration, and developed versus emerging markets.

2. Total Fund Summary Performance

- Total Fund performance can be found in the Performance Presentation as well as in the Executive Summary.

- The Performance Presentation displays Total Fund performance in the attribution reports and performance is shown for the prior three month, one year, five year, and seven year time periods.
- In the Executive Summary, Total Fund performance is found in the Investment Manager Returns exhibit in addition to the attribution reports. The attribution reports present performance for the prior three month, one year, three year, five year, seven year, and 18.5-year time periods (the date Callan was hired and began calculating performance). Not only is performance given at the individual plan level (e.g., PERS, TRS, etc.), but it is also rolled up and shown for all plans as a single number.

3. Asset Allocation versus Policy Index

- The Performance Presentation and the Executive Summary both contain an exhibit showing the actual allocation versus the target allocation. These exhibits clearly show the percentages for both the actual portfolio and the policy portfolio, the difference in percentage points between the actual portfolio and the policy portfolio, and the difference in dollar amount between the actual portfolio and the policy portfolio.
- The Executive Summary has an additional exhibit that displays the historical asset allocation for the actual portfolio, the policy portfolio, and the average public fund sponsor as found in Callan’s universe.

4. Asset Class and Investment Manager Breakdown

- For a specific comparison of last quarter’s asset allocation versus the current quarter’s asset allocation of the actual portfolio, Callan has provided an exhibit called the Investment Manager Asset Allocation. This exhibit lists the percentage and dollar amount allocated to each investment manager and each asset class and is found in the Executive Summary. The same information is also provided at the total plan level and for all plans.

5. Time Period Performance (Cumulative and Consecutive)

- The Investment Manager Returns exhibit found in the Executive Summary presents performance both on a cumulative and consecutive basis. Cumulative time periods include the prior quarter, fiscal year to date, and the one, three, five, seven, ten, and

18.5-year time periods. Consecutive time periods shown are fiscal year to date and the prior nine fiscal years ending June 30th. This exhibit shows performance for the total fund, each asset class, and the underlying managers. If performance history is less than five years, then consecutive performance is omitted which is in accordance with Callan's policy.

6. Universe Comparison (Cumulative and Consecutive)

- Universe comparisons can be found in the summary pages of the Executive Summary for each investment manager. We learned in our interviews that Callan's universe contains data from Callan's existing clients as well as from funds that are not a client of Callan. Callan collects universe information from outside funds by conducting surveys in addition to purchasing third-party data. Approximately 50% of the plan sponsors in the universe shown in the performance report are Callan's clients. The summary pages show universe comparison for both cumulative and consecutive time periods. Summary cumulative and consecutive performance is also shown for the Total Fund and each asset class in the Performance Presentation.

7. Style Analysis

- Style analysis was not shown in the Executive Summary report but was found in the Staff Report. There is an exhibit showing the current holdings-based style analysis and an exhibit showing historical holdings-based style analysis. These exhibits clearly do a good job at showing exposure based on capitalization (i.e., large, mid, small, and micro) and style (i.e., value, core, and growth). These two exhibits are available for each equity manager and the equity composites, which is appropriate.
- We understand that ARMB can request additional performance information from staff, if desired, but that the amount of detail already included in the Executive Summary precludes adding more exhibits.

8. Portfolio Characteristics & 9. Risk and Return Analysis

- Within each manager's summary pages in the Executive Summary we found portfolio characteristics and risk-return metrics. The portfolio characteristics shown are weighted median market cap, price/forecasted earnings ratio, price/book ratio, forecasted earnings growth, dividend yield, and the MSCI combined z-score. Not only are these characteristics given for the investment manager and the manager's benchmark, this exhibit also lists these characteristics for the peer universe.

- Risk-return metrics shown in the Executive Summary include, but are not limited to, alpha, information ratio, Sharpe ratio, and standard deviation. Additional risk metrics such as beta, tracking error, and downside risk are provided in the Staff Report. Similar to the portfolio characteristics exhibit, risk-return metrics are plotted in a graph against a peer universe.
- Both portfolio characteristics and risk-return statistics are shown for each asset class composite in addition to the underlying managers.

Other Observations

- We noted above that performance at the individual manager level is shown in the Executive Summary. However, we were unable to find an investment summary performance page for the TIPS portfolio, which is part of the real assets composite. Similarly, there is a summary page with investment returns for the REIT portfolio, but performance for the REIT program was not shown in the Investment Manager Returns exhibit. We recommend including the TIPS portfolio and the REIT portfolio in the Investment Manager Returns exhibit and we recommend showing an investment summary page for the TIPS portfolio.

Task Area A.1.b. Recommendation 1

ARMB should request that Callan include the TIPS portfolio and the REIT portfolio in the Investment Manager Returns exhibit and provide an investment summary page for the TIPS portfolio.

- We also learned in our interviews, that some staff members would prefer to see more information regarding the ARMB's investments in timberland and farmland. We recommend that the CIO and ARMB staff work with Callan to determine how the reporting on timberland and farmland can be enhanced.

Task Area A.1.b. Recommendation 2

The CIO and ARMB staff should work with Callan to determine how the reporting on timberland and farmland can be enhanced.

B. Callan – Private Equity Performance Reports

- Performance for the total private equity program is reported quarterly on a time-weighted basis in the Executive Summary. In addition to this, Callan provides an annual review and update of the private equity program and the managers within the asset class (the “Private Equity Report”) every December. Senior staff reported that ARMB is content with the frequency as well as the content of the private equity reports that they receive.
- We learned from our interviews that data at the individual fund level is withheld from the Board reports because of issues that might arise from Freedom of Information Act requests and public disclosure of private investments. However, if ARMB wanted to see more detail on one of the managers or one of the limited partnerships, staff has the capability to provide that information.
- Staff and Callan also informed us that the annual Private Equity Report is intended to be more of an overview than an in-depth look at the private equity portfolio. As noted above, staff has access to and can produce more detail on the individual managers and the total program should ARMB request additional information. Given the stated goal of this report, we note that ARMB receives slightly less information when compared to other funds with similarly sized private equity programs.
- The Private Equity Report starts by reviewing the asset class at a high level in terms of how private equity works. The Report outlines the various strategies associated with private equity investing, how partnerships are typically structured, and the average timeline associated with a private equity investment. The next section in the Report is an overview of ARMB’s private equity portfolio, which is a one page exhibit with data points on the total private equity program. The next section contains market conditions, and the last section details performance.
- In accordance with best practices, performance shown in the Private Equity Report is on an internal rate of return (IRR) basis (as opposed to the time-weighted performance found in the Executive Summary). The performance exhibits shown in the Report summarize performance for the two separate account managers and contain the elements that we would expect to find such as committed capital, paid-in capital, total distributions, IRR, and various private equity multiples.

- We note that IRRs are only shown at the separate account manager level (i.e., for Abbott and Pathway) but not at the total fund level. However, we understand that staff is exploring ways of displaying an IRR for the entire private equity program, and we encourage staff in their efforts to do so. This will become more important as the internally managed portfolio grows and matures.

Task Area A.1.b. Recommendation 3

ARMB should continue to work with Callan to show an IRR for the private equity program as a whole.

- The Private Equity Report shows internal rates of return shown for each manager by vintage year, however, it does not include an exhibit, typically found in other private equity reports, that breaks down performance by strategy (e.g., Buyouts, Venture Capital, Mezzanine, etc.). The report does have strategy returns for the private equity industry, but not for the ARMB's managers.
- Additionally, there is an exhibit that clearly shows how the overall portfolio is diversified by strategy, but in our experience, private equity reports also typically show how the portfolio is diversified by geography and industry. We recognize that this may be more information than the Board would like to see, but we believe ARMB would benefit from seeing performance for each separate strategy, at a minimum, and they should ask Callan to regularly provide this information in the Private Equity Report.

Task Area A.1.b. Recommendation 4

ARMB should ask Callan to provide performance for the private equity program by strategy (e.g., Buyouts, Venture Capital, Mezzanine, etc.) and to show portfolio diversification by geography and industry.

- Overall, we find the Private Equity Report to be satisfactory given the amount of time ARMB currently devotes to reviewing the total portfolio, and it contains the majority of relevant data typically found in comparable reports.

C. Callan – Defined Contribution Performance Reports

- IFS also reviewed Callan’s performance reports for ARMB’s defined contribution plans (the “DC Report”) and determined that they contain the majority of elements found in a typical performance report for a defined contribution plan. We noted that the Police & Fire Occupational Death and Disability defined contribution plan was missing from some of the exhibits, but Callan notified us that these exhibits will include data for this plan going forward. The Board should make a note to expect to this.
- The DC Report shows the actual asset allocation, both by dollar amount and percentage, for each of the seven defined contribution plans. Additionally, there is an exhibit which shows the actual asset allocation, by dollar amount and percentage, for each of the underlying funds. This exhibit contrasts the distribution of assets by fund in the current quarter versus the distribution of assets by fund in the prior quarter.
- Callan shows performance at the total fund level and at the individual fund level over cumulative time periods. The time periods shown are as of the most recent quarter, fiscal year to date, most recent year, last three years, and last three and a half years. These are appropriate time periods given the inception date of the defined contribution program. As the defined contribution program matures, longer-time periods and consecutive returns should also be shown.
- The last exhibit in the DC Report is a profile or summary sheet for each fund. The summary sheet lists the investment philosophy of the fund, quarterly summary and highlights for the fund, cumulative performance versus the fund’s benchmark and peer universe, relative returns versus the fund’s benchmark on a quarterly basis, and cumulative returns versus the fund’s benchmark since inception.
- While the DC Report is complete pertaining to performance, we believe that an additional item could be included which would provide ARMB with helpful information with which to evaluate each individual fund. One of the conclusions in a recent Morningstar article¹ is that “[i]nvestors should make expense ratios a primary test in fund selection. They are still the most dependable predictor of performance.” We agree with Morningstar’s conclusion and believe that the DC Report should include

¹ <http://news.morningstar.com/articlenet/article.aspx?id=347327>

expense ratios for each fund. Given that the funds in the DC Plan are not mutual funds, comparing fees to a category average may not be a valid comparison. However, showing the total fee can help in the comparison between two funds with similar mandates (e.g., the S&P 500 Index Fund versus the Russell 3000 Index Fund). Ideally, both the level and types of fees should be shown for each fund, but at a minimum, we recommend showing the total fee for each fund.

Task Area A.1.b. Recommendation 5

ARMB should ask Callan to display the total fee for each fund shown in the defined contribution report.

D. Townsend Performance Reports

- The Townsend Group generates performance reports for real estate on a quarterly basis in addition to an annual report to the Board. Staff reported that ARMB is satisfied with the content and frequency of the real estate reports.
- The quarterly reports contain performance and a variety of characteristics on the ARMB's public and private real estate investments. The first exhibit (Portfolio Composition) is an executive summary of the real estate program and shows data such as performance of the portfolio against various real estate indexes, diversification by style, contribution by style, current market value and the amount of unfunded commitments. ARMB has a target allocation to real estate of 10% of total plan assets. The actual allocation versus the target allocation is also displayed in this exhibit.
- The next three exhibits provide more detail for the sub-asset classes and the underlying funds, and data is clearly shown in a tabular format for each fund, the core portfolio, the non-core portfolio, the internally managed REIT portfolio, and the total real estate portfolio.
- Performance is shown in the first exhibit. Returns are decomposed into return from income and appreciation for the quarter and one year time period, and returns are also shown gross of fees and net of fees over the one quarter, one year, three year, five year and since inception time periods. We recommend that performance over longer periods should be shown for the Individually Managed Accounts (IMAs) with a track record longer than five years. Additionally, the inception date for each IMA should be

provided. Presenting the income and appreciation components in addition to the total return figure is in conformance with the GIPS standards.

Task Area A.1.b. Recommendations 6-7

ARMB should ask Townsend to show the inception date for the IMAs.

ARMB should ask Townsend to show annualized performance for a time period greater than five years (e.g., seven or 10 years) for the IMAs, where applicable.

- Presenting performance as an IRR is not a requirement of the GIPS standards, but it is a common practice in the industry. Both Townsend and ARMB staff calculate IRRs for the real estate portfolios, but performance in the quarterly Townsend report is given only as a time-weighted rate of return. The annual report does report some IRRs but only for the Non-Core Portfolio individual fund investments. We recommend that ARMB ask Townsend to show performance as an IRR in addition to time-weighted returns.

Task Area A.1.b. Recommendation 8

ARMB should ask Townsend to show performance for the IMAs as an internal rate of return (IRR) in addition to time-weighted returns.

- The next exhibit (Property Diversification) in the quarterly report shows diversification by geography and by property type. These are metrics that we typically see in other real estate reports and are an effective way of observing if the portfolio or a manager is concentrated in any particular part of the country or real estate sector. However, ARMB may want to see the same set of data for the benchmarks. Additionally, ARMB may also want to see further diversification for funds with international exposure by showing allocation to country.

Task Area A.1.b. Recommendations 9-10

ARMB should consider asking Townsend to show the country allocation for those managers with properties located internationally.

ARMB should consider asking Townsend to show property diversification and geographic diversification for the real estate benchmarks (i.e., NCREIF Property Index and FTSE NAREIT Index).

- The last exhibit summarizes data related to cash flows. The beginning and ending market values are listed as well as contributions, distributions, withdrawals, fees, and other relevant data. In addition to showing the allocation to each fund by dollar amount, in our experience the allocation to each fund by percentage is typically shown. This allows the reader to see which fund(s) will have the largest impact on the portfolio, and we recommend ARMB consider adding this to the report.

Task Area A.1.b. Recommendation 11

ARMB should consider asking Townsend to show the allocation to each fund (as well as the sub-portfolios and total portfolio) by percentage.

- The annual performance report has an executive summary and a portfolio overview as its first two exhibits. The portfolio overview contains some of the same exhibits found in the quarterly reports as well as additional pages on performance objectives and strategic objectives. These first two exhibits are at a high level and summarize the overall real estate program.
- The next three sections of the report drill down into the core, non-core and internally managed REIT portfolios and show performance and universe comparisons for similar funds. The last section provides a snapshot of the separately managed accounts, and the last exhibit is an overview of the real estate market, which is attached as an appendix to the presentation.
- As a whole, we believe the Real Estate reports to be comprehensive and are in line with common practices in the industry.

Task Area A.2. Investment Performance Benchmarks

Background

- Performance benchmarks are objective standards used to assist in evaluating a manager or fund’s investment performance. A good benchmark should have the following characteristics:
 - act as a representative opportunity set;
 - be transparent;
 - be objective;
 - be exhaustive; and
 - be composed of investable securities or assets.
- Institutional investors typically use at least two types of performance benchmarks: “policy” benchmarks and “strategic” benchmarks.
 - Policy benchmarks should represent the broad asset class and are used as a reference point against which the investor can compare its total asset class returns. Published market indices are weighted to create a Policy Index that matches the Fund’s long-term target asset allocation and the weights remain fixed over time, e.g., a fund with an asset allocation of 60% domestic stocks and 40% domestic bonds may adopt a policy index of 60% Russell 3000 Index and 40% Barclays Aggregate Bond Index. Policy benchmarks also help define the types of investment managers that should be used to achieve the investment

objectives for the asset class and the nature of the manager’s investment mandate. The Policy Index serves as an objective measure of total fund performance.

- Strategic benchmarks are generally more narrowly defined and typically focus on a particular investment “style” within the asset class. They more clearly describe the expected range of investment opportunities for a given manager and more objectively measure the manager’s value added, or the manager’s return independent of its investment style.
 - For example, an investor setting a strategic benchmark for a domestic equity investment manager that seeks to purchase large capitalization stocks that it believes will grow their earnings above the average rate relative to the market (a “large cap growth” manager) may select a large cap growth benchmark such as the Russell 1000 Growth Index as an appropriate strategic benchmark.
 - Therefore, the manager’s excess return above the “comparable style” strategic benchmark is generally due to its active decisions as opposed to its investment style being “in favor” relative to a style-neutral strategic benchmark.
- Many funds also (as a matter of policy) establish an "Asset Allocation" index. This is constructed using published market benchmarks. In contrast to the Policy Index, the Asset Allocation Index’s asset class weights change to reflect the actual asset allocation of the fund as it "drifts" or as tactical decisions are made to overweight or underweight an asset class. Therefore, this benchmark adjusts for the asset allocation drift over time. A fund’s excess or under-performance versus the Asset Allocation Index is mainly attributable to the performance of the underlying investment managers (internal or external).
- Providing appropriate benchmarks for investors is essential for them to make informed investment decisions and to evaluate performance. The risk of using an inappropriate benchmark is that the investor may not receive an accurate and appropriate measurement with which to compare its investment performance and/or volatility.

Observations

1. Defined Benefit Plans

A. Total Fund

- The asset class policy benchmarks and the Policy Index for a total fund would typically be documented in a fund’s Investment Policy Statement. Since there is not a “total fund” investment policy statement (see discussion in Section B. below), the policy benchmark for the total fund for all plans except the Military Retirement Plan, as found in Callan’s March 31, 2010 performance report, is as follows (may not add to 100% due to rounding):
 - 30.0% Russell 3000 Index;
 - 22.0% MSCI ACWI ex-US Index;
 - 14.0% Barclays US Aggregate Index;
 - 9.6% NCREIF Total Index;
 - 5.0% 3-Month Treasury Bill plus 5.0%;
 - 3.2% Barclays US TIPS Index;
 - 2.3% MSCI EAFE Index*;

*Represents an equally-weighted portion of the private equity policy index.

- 2.3% S&P 500 Index*;
 - 2.3% Russell 2000 Index*;
 - 2.0% Barclays Capital Treasury Index;
 - 2.0% Citigroup World Government Bond non-US Index;
 - 2.0% Merrill Lynch High Yield II Constrained Index;
 - 1.6% NCREIF Farmland Index; and
 - 1.6% NCREIF Timber Index.
- We note that as of July 1, 2010, the Barclays Intermediate Treasury Index has replaced the Barclays Aggregate Index, which reflects the Fixed Income portfolio’s move from a broad-based fixed income mandate to a Treasury mandate. In our interviews, we were informed that the total fund policy index will reflect this change.
 - We were also informed that the “NCREIF Total Index” represents the real estate portfolio’s custom benchmark of 90% NCREIF Property Index and 10% NAREIT Index.
 - The policy benchmark for the Military Retirement Plan, as found in Callan’s March 31, 2010 performance report, is as follows:
 - 27.0% Russell 3000 Index;

*Represents an equally-weighted portion of the private equity policy index.

- 15.0% MSCI ACWI ex-US Index;
 - 40.6% Barclays US Aggregate Index;
 - 5.8% Barclays Treasury Index;
 - 5.8% Citigroup World Government Bond non-US Index; and
 - 5.8% Merrill Lynch High Yield II Index.
- The policy indexes for all ARMB defined benefit plans use published market indexes and are in line with their respective long-term target asset allocation. Therefore we find the total fund policy indexes to be reasonable. However, as the asset allocation policy changes over time, the policy benchmark should be updated to reflect those changes. For example, as participants retire and exit the legacy defined benefit plans due to state law, which may cause a change in the plans' liquidity requirements, then the policy benchmark would need to be updated accordingly.
 - As mentioned above, some institutional funds use an Asset Allocation index as an additional way to measure the total fund's ability to capture outperformance by the underlying investment managers. The Asset Allocation index would consist of the same indexes found in the policy benchmark, but instead of measuring performance using the static, target weights, the index would use the actual asset allocation of the fund for each asset and sub-asset class. Instead of using an Asset Allocation index, the performance reports prepared by Callan show the attribution effects (i.e., impact of stock selection and overweighting/underweighting of asset classes) for the total fund. While not identical to an Asset Allocation index, we believe that showing performance attribution is an acceptable substitute.

B. Domestic Equity

- As noted above, asset class policy benchmarks are typically found in the fund's Investment Policy Statement. Since there is no total fund investment policy statement, the benchmark for the domestic equity pool, as shown in Callan's Executive Summary, is the Russell 3000 Index, and the benchmarks for the large cap and small cap sub-asset classes are the S&P 500 Index and the

Russell 2000 Index, respectively. The Russell 3000 Index covers approximately 98% of the US equity investable universe and is an appropriate benchmark for the domestic equity asset class. The Russell 2000 Index and the S&P 500 Index are one measure of performance for the small cap segment and large cap segment of the US equity universe. These respective indexes are also appropriate benchmarks for the large cap equity pool and small cap equity pool.

- SSgA passively manages a mega cap, large cap growth, large cap value, small cap growth, and small cap value portfolio. The benchmarks for these portfolios are the Russell 200 Index, the Russell 1000 Growth Index, the Russell 1000 Value Index, the Russell 2000 Growth Index, and the Russell 2000 Value Index, respectively. These benchmarks are appropriate given SSgA's mandate.
- ARMB uses the Russell 2000 Index to measure performance for its three active small cap core managers: Luther King, Jennison, and Lord Abbett. We find this to be a common practice within the industry.
- QMA and BHMS run two actively managed large cap value portfolios, which are measured against the Russell 1000 value index. This benchmark is also appropriate given the managers' style.
- The ARMB's two large cap growth managers are RCM and McKinley. The benchmark for these managers, as found in their contracts, is the S&P 500 Index and the Russell 1000 Index, respectively. However, the performance reports prepared by Callan include the Russell 1000 Growth Index as an additional style benchmark in their exhibits for these managers. We learned in our interviews that staff is working to change RCM and McKinley's benchmark to a growth-oriented index (e.g., the S&P 500 Growth Index or the Russell 1000 Growth Index). Given that the S&P 500 Index and Russell 1000 Index are typically used to measure performance for large cap core managers, IFS concurs with staff in their effort to update the benchmarks for RCM and McKinley.
- Callan's performance report also lists two large cap core managers: Relational Investors and Lazard. We were informed in our interviews that Lazard is managing a global portfolio (i.e., a domestic and international equity portfolio), but the domestic equity portion of their portfolio is isolated and measured against domestic equity index for performance measurement (and asset allocation) purposes. The benchmark used for both Relational Investors and Lazard is the S&P 500 Index, which is reasonable for these managers.

C. International Equity

- The total international equity pool uses the MSCI All Country World Ex-US Index (ACWI) as its benchmark. The use of the MSCI ACWI Ex-US Index as a policy index for the total international equity pool is reasonable given the current manager lineup. This benchmark includes both developed and emerging markets equities. Based on our experience, the majority of funds use the MSCI ACWI Ex-US Index or the MSCI Europe, Australasia, and Far East Index (EAFE) as their international equity segment benchmark depending on the structure of the portfolio in question.
- Within the total international equity pool are two sub-asset classes: international markets (i.e., developed markets) and emerging markets. The emerging market pool and its component managers are benchmarked against the MSCI Emerging Markets Index and the international equity sub-asset class uses the MSCI EAFE Index as its benchmark, which is a reasonable practice.
- Five managers comprise the international equity sub-asset class: Lazard, Brandes, Capital Guardian, McKinley, and SSgA. SSgA manages a MSCI ACWI ex-US IMI index fund and is appropriately benchmarked against the MSCI ACWI ex-US IMI Index. The remaining managers are actively managed accounts and are benchmarked against the MSCI EAFE Index.
- As mentioned above, Lazard manages a global portfolio and Callan separates out the international equity portion of their portfolio for performance reporting purposes. This portion of their portfolio is measured against the MSCI EAFE Index, but their entire portfolio is measured against the MSCI World Index. We were informed that at the September 2010 Board meeting, the trustees approved changing the overall benchmark to the MSCI ACWI ex-US Index. We find both indexes (MSCI EAFE and MSCI ACWI ex-US) to be acceptable benchmarks.
- Based on the information provided in Callan's Staff Report, McKinley's exposure to emerging markets as of 3/31/2010 was 28.5% and has consistently been above 20% over the past two years. As of 3/31/2010, the MSCI ACWI ex-US Index contained 22.6% emerging market equities and 77.4% developed market equities, which may make it a more relevant benchmark for comparison of McKinley's performance. During our interviews we were informed that staff has held discussions internally about switching the benchmark from the MSCI EAFE Index to the MSCI ACWI ex-US Growth Index or EAFE Growth Index for

McKinley. Given McKinley's disposition to hold a significant amount of equities from emerging market countries, ARMB should consider adding the MSCI ACWI Ex-US Growth Index as a strategic policy benchmark or making it the primary benchmark.

Task Area A.2. Recommendation 1

ARMB should consider adding MSCI ACWI ex-US Growth Index as a strategic policy benchmark or making it the primary benchmark for McKinley's international portfolio.

D. Fixed Income

- The benchmark for the total fixed income pool is 80% Barclays Intermediate Treasury Index, 10% Citigroup World Government Bond non-US Index, and 10% Merrill Lynch High Yield II Constrained Index. This is a suitable composite benchmark given the makeup of managers found within the fixed income pool.
- There are four externally managed fixed income portfolios and three internally managed portfolios within the fixed income composite. The four external fixed income managers are MacKay Shields, Rogge Global Partners, Mondrian, and Lazard. As of the time of our review, there were two portfolios internally managed by ARMB staff: an intermediate treasury mandate and an inflation-linked mandate (the Core Domestic Fixed Income portfolio has been transitioned into the Intermediate Treasury portfolio). The respective benchmarks for the internally managed portfolios are the Barclays Treasury Index and the Barclays US TIPS Index, which we believe are reasonable.
- MacKay Shields and Rogge Global Partners are two High Yield fixed income managers. The benchmark for these two managers, as found in their contracts, is the Merrill Lynch High Yield II Index.
- Advent Capital is the ARMB's sole Convertible fixed income manager, and its benchmark is the Merrill Lynch Convertibles Yield Alternative Index. It is not treated as part of the fixed income composite.
- Mondrian uses the Citigroup World Government Bond non-US Index as its benchmark, and the Lazard Emerging Income portfolio is benchmarked against 3-Month LIBOR plus 4.0%. Based on our experience, these are acceptable benchmarks.

E. Real Assets

- The real asset composite is comprised of real estate managers, farmland investments, timberland investments, TIPS and energy investments.
- As documented in the Real Estate Policy, the benchmark for the real estate pool is 90% NCREIF Property Index and 10% FTSE NAREIT Equity Index. This is reasonable given that the majority of the portfolio is private real estate and a small portion of the portfolio is dedicated to REITs.
- As for the real estate managers, the closed-end fund managers have a benchmark of a net internal rate of return target (e.g., 15% net IRR target), and the contract benchmark for the open-end fund managers and separate account managers is the NCREIF Property Index (NPI) or the NCREIF Open-End Diversified Core (ODCE) Index. Townsend informed us that there have been discussions about switching the core managers' benchmark from the NPI to the NCREIF ODCE Index. The Property Index is an acceptable benchmark, but IFS concurs with Townsend in their exploration of replacing the Property Index with the ODCE Index for commingled core managers. In contrast to the NPI, the ODCE Index measures the effect of leverage, cash, and management fees and may provide a better comparison for core real estate funds. ARMB real estate separate accounts currently do not use leverage however, and it may be appropriate to continue to use the NCREIF Property Index as their benchmark.
- ARMB internally manages a small REIT portfolio, and the benchmark for this portfolio is the FTSE NAREIT Equity Index. We find this to be a suitable benchmark.
- The Timberland separate account managers are appropriately benchmarked against the NCREIF Timberland Index.
- The Farmland separate account managers are also appropriately benchmarked against a custom NCREIF benchmark of farmland properties (80% row properties, 20% permanent properties) given the structure of the farmland portfolio. While it is part of the real assets composite benchmark, the farmland benchmark is not separately reported in the performance reports. See recommendation A.1.b.2. above, regarding enhancing the performance reporting for farmland investments.

- The return objective for the real asset program as a whole is a 5.0% real return over a five year time period, but the policy index for the composite is 60% NCREIF Property Index, 20% Barclays US TIPS Index, 10% NCREIF Farmland Index, and 10% Timberland Index. Because the real estate policy index includes the FTSE NAREIT Equity Index, we recommend including that index into the real asset policy index (e.g. 54% NCREIF Property Index, 6% FTSE NAREIT, 20% Barclays US TIPS Index, 10% NCREIF Farmland Index, and 10% Timberland Index).
- We understand that the energy investments are part of the real assets portfolio and commentary, although the Alternatives Assets investment officers have historically monitored the energy fund manager. However, energy investments do not appear to be covered by any particular policy and are not designated a specific benchmark in policy. The other segments of real assets (Real Estate, Timberland and Farmland) have their own policy statements. Energy should either be included in one of the existing policies/guidelines or a separate policy should be developed.

Task Area A.2. Recommendations 2-3

ARMB should consider adding the FTSE NAREIT Equity Index to the real asset benchmark.

ARMB should ensure that Energy investments, including the designation of their benchmark and their inclusion in the Real Assets portfolio, are covered by Policy.

F. Alternative Assets

- Private equity and absolute return are the two main components of the alternative assets pool. As of the date IFS conducted interviews, there were five absolute return investment managers and two private equity separate account investment managers. Some private equity is also managed internally. Corporate governance investments are also grouped in with the private equity investments.
- The long-term policy benchmark for the private equity pool and its underlying managers is the Russell 3000 Index plus 3.5% over a ten year period (per the Private Equity Policy). However, for shorter-term attribution and reporting purposes, Callan uses a custom benchmark of 33% S&P 500 Index, 33% Russell 2000 Index, and 33% MSCI EAFE Index. In our experience, using a broad equity index such as the Russell 3000 Index plus a premium is a typical policy benchmark for private equity.

- The benchmark for the absolute return composite and its underlying managers is the return on the 91-day T-Bill + 5.0%. We also find using cash plus a premium to be a common benchmark practice for these types of strategies.

2. Defined Contribution Plans

- Participants in the defined contribution plans can choose among 31 options in eight different asset classes. The asset classes include Money Market, Stable Value, Domestic Fixed Income, International Fixed Income, Domestic Equity, International Equity, Balanced Funds, and Target Date Funds.
- All of the passively managed funds are benchmarked to the appropriate index (e.g., SSgA Russell 3000 Index fund versus the Russell 3000 Index). The Money Market funds and Stable Value funds have a benchmark of the 90-Day T-Bill or the Citigroup 3-Month T-Bill, which are reasonable, and the remaining actively managed funds also appear to have appropriate benchmarks given the fund's description. The Balanced funds and Target Date funds have custom benchmarks, which reflect each fund's exposure to a diversified mix of stocks, bonds, and money market securities. We concur with the selection of these benchmarks.
- However, one of the funds, the RCM Socially Responsible Investment Fund, has a contractual benchmark of the S&P 500 Index. We believe that this is an acceptable benchmark, but there may be an additional benchmark which would be more reflective of that Fund's style. During our interviews we learned that the RCM Fund is based on one of the indexes provided by KLD. KLD is one of a handful of organizations that creates socially responsible investment indexes based on certain financial, social, and environmental characteristics of the underlying companies. ARMB should consider adding the KLD index on which the Fund is based as a strategic benchmark.

Task Area A.2. Recommendation 4

ARMB should consider adding the KLD index on which the RCM Socially Responsible Investment Fund is based as a strategic benchmark.

Task Area B. Investment Policies

General Background

- The Investment Policy Statement (“IPS”) is an industry standard foundational document covering the total fund investment program.
- The purpose of an IPS is to articulate the consensus view of the oversight body regarding the overall investment program and to document policies and procedures regarding major issues, including:
 - The fund’s mission and purpose;
 - The fund’s investment objectives;
 - The fund’s risk tolerance, including liquidity needs;
 - The roles and responsibilities of the various key parties, e.g., Board or Committee, staff, investment consultants, investment managers and other service providers;
 - The asset allocation policy, including the rebalancing process;
 - Standards and measures of investment performance for each asset class and the fund as a whole;
 - Process/policy for manager search and selection;

- Broad total fund and asset class investment guidelines, including allowable and prohibited investments;
- Other pertinent polices, such as proxy voting, securities lending, etc.; and
- The process for periodic review of the IPS.
- The process of adopting or revising an IPS is a form of self-discipline for the governing body; the process forces that body to articulate its views and develop procedures for the most fundamental aspects of its investment program.

General Observations

- Although ARMB does not have a “Total Fund” IPS, as described above, it does have a series of investment policies and guidelines (the focus of our review) that include many of the elements that would otherwise be included in an IPS (listed above). These guidelines and policies are adopted individually by ARMB in the form of Board resolutions.
- However, certain of the elements we list above are not included in any of the existing policies, e.g., a description of the Board’s risk tolerance, discussion on fund liquidity needs, and total fund investment objectives, while other elements are included in some of the asset class policies/guidelines, but not all, e.g., performance standards at the asset class level, roles and responsibilities of the various parties, reporting and communication requirements. Adopting a total fund IPS that addresses these high level issues would be a good addition to ARMB’s group of policies.
- In our discussions with staff we learned that many of the various policies are reviewed annually, as part of the asset class or other review (and an annual review is required by some of the policies, but not all), but it should be a requirement to review every policy annually to determine whether changes are necessary. ARMB could devise a schedule according to which the policies would be reviewed.
- Overall, however, it appears from our review and our interviews that the policies are generally in sync with the ARMB’s goals and risk tolerance.

Task Area B Recommendations 1-2

ARMB should develop, with assistance from staff and its general consultant, a total fund IPS that supplements the individual asset class policies and addresses total fund elements such as the Board's risk tolerance, overall roles and responsibilities and other important elements listed in our Report.

ARMB should require a review of all ARMB investment policies annually to determine whether any changes are necessary.

1. Publicly Traded Asset Classes

Background

- Pension fund “best practices” generally indicate that to manage investment risk properly at the individual manager level separate customized investment guidelines should be developed and provided to each investment manager (whether internal or external). These documents should be tailored and agreed upon by the manager and the investment fiduciary (typically the Board or staff to whom they have delegated this function).
 - Guidelines are essential for monitoring, measuring and analyzing portfolio performance, risk, and structure relative to the objectives.
 - Guidelines should define the style of investment management employed by the manager and identify specific metrics (such as performance expectations as well as other portfolio characteristics) by which the fiduciaries can determine whether the manager is complying. Equity and fixed income guidelines should generally include:
 - Investment strategy of the portfolio;

- Investment objectives, including the style specific performance benchmark and other expectations regarding performance (e.g., perform in the XX percentile of a designated universe);
- Limits on the amount that any manager can hold of the securities of a single corporate issuer (typically 5% for other than activist investors);
- Limits on the percentage portfolio weight in any one security (again, other than for activist investors);
- A requirement that the portfolio's holdings within industry sectors be limited to an amount specified in writing, pursuant to a system of industry classification to be agreed upon between the fund and each equity manager;
- Expectations regarding certain portfolio characteristics (e.g., capitalization);
- Maximum amount allowed in cash and/or whether the manager can equitize cash;
- Whether, and the extent to which, hedging is allowed in non-U.S. or global portfolios;
- Prohibitions on use of certain securities, such as certain types of derivatives;
- Prohibitions on margin transactions or any borrowing of money;
- Any trading directions, including requirement for best execution;
- Fiduciary standard of care;
- Proxy voting directions (e.g., whether the investment manager should vote them, reporting requirements, etc.);
- Action required for breach of guidelines;

- Requirement to maintain fiduciary liability insurance (often in the contract); and
- Communication and reporting requirements (including requirement to report organizational changes at the firm or material changes in investment philosophy or strategy).

Observations

a. Equity Guidelines (Domestic and International)

- Investment guidelines for Domestic and International Equities (“Equity Guidelines”) are covered by Resolution 2010-02, which shows that this policy was last updated in February 2010. Staff informed IFS that the only recent change was to allow managers to own delisted and/or deregistered securities that are held as a result of a corporate action and not a direct purchase. This change is reasonable in our opinion.
- The Equity Guidelines are broad and apply to all U.S. and non-U.S. public equity managers. This compares to the fixed income group of guidelines, discussed below in sub-section b., where there are separate policies for various fixed income strategies.
- No benchmark is specified in policy for the domestic or international equity asset classes or sub-asset classes.
 - We understand that style specific benchmarks are delineated in a manager’s contract.
- Section E of the Equity Guidelines allows managers to purchase certificates of deposit, corporate debt and other fixed income type securities, in addition to the allowable cash.
 - In our experience, it is unusual to allow all equity managers to buy fixed income securities, especially with no limits. Generally, equity managers are hired with the expectation that they will be fully invested in equity securities.

- Staff informed us that this provision was likely a residual of an older investment structure and is mostly to allow purchase of convertibles. Additionally, staff reported that public equity managers rarely buy fixed income securities.
- Staff informed IFS that manager specific expectations and requirements, e.g., the manager’s benchmark, portfolio restrictions or characteristic expectations, are delineated in an individual manager’s contract.
 - Staff also stated that their goal is to not repeat information that is contained in the manager’s contract, but to make reference to the guidelines in the contract. This goal has not always been the case; rather, it is the plan going forward so that fewer documents would need to be changed with policy changes.
 - In IFS’ report of 2003, we recommended developing individual investment manager guidelines.
- At a minimum, we believe that it makes sense to break out sections within the Equity Guidelines based on capitalization and region (e.g., US, developed markets, emerging markets). Certain guideline provisions apply only to a subset of managers, e.g., cash levels are different for different managers. Also for example, the commission recapture program is intended to apply solely/primarily to large cap domestic managers.
- We were informed by staff that communication and reporting requirements are outlined in the manager contracts.

Task Area B.1 Recommendations 1-3

ARMB should identify asset class and sub-asset class (if appropriate) level benchmarks in the Investment Guidelines for Domestic and International Equities.

ARMB should modify the Investment Guidelines for Domestic and International Equities to remove managers’ ability to invest in fixed income securities. As appropriate, this provision could reside in either the manager’s contract or individual guidelines.

ARMB should consider adopting customized investment manager guidelines for each investment manager – or at a minimum, create separate guidelines for domestic versus international equity, and consider breaking down further into capitalization and market segment (e.g., developed

Task Area B.1 Recommendations 1-3

versus emerging markets) with portfolio requirements/restrictions that are more tailored by strategy.

b. Fixed Income Guidelines

- Guidelines for each fixed income strategy are covered by a distinct and separate set of investment guidelines. The fixed income guidelines we reviewed included the following. We did not review the Enhanced Cash Guidelines as they were not implemented at the date of our review.
 - Domestic Fixed Income Guidelines;
 - Inflation Indexed Fixed Income Guidelines;
 - High Yield Fixed Income Guidelines;
 - International Fixed Income Guidelines;
 - Intermediate US Treasury Fixed Income Guidelines; and
 - Convertible Fixed Income Investment Guidelines.
- Similar to the situation with public equities, the fixed income guidelines are not tailored to each investment manager. However, the guidelines are more detailed than for equities and apply at the fixed income strategy level (e.g., High Yield or International Fixed Income). They are applicable to both assets managed by internal staff and by external managers.
- Most of the fixed income investment guidelines do not contain a benchmark or specify minimum portfolio characteristics relative to a benchmark. Staff informed us that this information typically is included in a separate investment management contract.

- International and High Yield fixed income are managed using external managers (convertibles are also managed externally if you consider this strategy fixed income). All other fixed income strategies are managed in house by staff.
- Overall at a high level, the fixed income guidelines are adequate and do not require urgent revision. However, there are areas where the guidelines may be enhanced. The following pages outline observations where more clarification is desirable and also contains specific recommendations for enhancement of the fixed income guidelines.

Domestic Fixed Income Guidelines

- Staff informed us that this internally managed portfolio is currently in a wind down phase, and assets formerly governed by these guidelines will now be governed by the existing Intermediate US Treasury Fixed Income Guidelines.
- We focus our comments in the Intermediate US Treasury Fixed Income Guidelines section.

Intermediate U.S. Treasury Fixed Income Guidelines

- The Intermediate U.S. Treasury Investment Guidelines (“Treasury Guidelines”) are covered by Resolution 2010-03 and were adopted in February 2010.
- The Treasury Guidelines do not allow the use of options or futures, although they do permit the use of other derivatives, e.g., total return swaps referenced to components or sub-components of fixed income indices.
 - Staff informed us that in practice, total return swaps are not used. These swaps were written into the guidelines as a way to facilitate a potential transaction involving commercial mortgage backed securities that never materialized.
- The Treasury Guidelines include appropriate limitations on duration (+/- 20%) versus the Barclays Capital US Treasury Intermediate Index. The Treasury Guidelines prohibit the use of futures. Some investment managers utilize futures as a way to manage duration exposures. The Guidelines also include restrictions on investing in securities that are not full faith and credit

obligations of the U.S. Government as well as restrictions on the percentage of the portfolio that may be invested in securities that are not nominal, coupon-paying United States Treasury obligations at the time of purchase. In addition, the Guidelines restrict non-Treasury holdings to investment grade securities.

- Permitted investments and limitations on portfolio holdings appear reasonable.
- At the present time, these particular guidelines cover assets managed by only internal investment staff, rather than an external investment manager. Internally managed assets do not have a separate investment management contract that outlines specific characteristics and requirements of the investment manager. Thus, these important details should be captured within the investment guidelines for all strategies that are fully or partially managed by internal staff.
 - Guidelines for internally managed portfolios should include detailed information regarding target return and volatility, time horizon for performance measurement versus peers and benchmark.
 - Guidelines for internally managed portfolios should also determine a suitable benchmark, minimum acceptable portfolio characteristics, as well as reporting and monitoring requirements,

International Fixed Income Guidelines

- The Investment Guidelines for International Fixed Income (“International Fixed Income Guidelines”) are covered by Resolution 2006-23 and were adopted in August 2006.
- The International Fixed Income Guidelines do not specifically address sovereign debt securities in term of maximum exposure or credit rating.
- These guidelines allow the manager to hedge foreign currency exposure directly back to the U.S. Dollar, although they do not specify what instruments are allowed for this purpose.
- The International Fixed Income Guidelines do not allow the managers to hold a net short position in any foreign currency.

- Many (but not all) international fixed income strategies incorporate directional or relative value currency trades as an alpha source.
- The guidelines do not list permissible currency exposure in the portfolio.
 - This appears to be outlined in the investment management contract, which is referenced as Appendix E.
- The International Fixed Income Guidelines specify some performance standards: in excess of an appropriate benchmark net of fees. The guidelines do not specify the appropriate benchmark or identify the exact time interval which performance will be measured.
 - Staff confirmed that the benchmark is included in an investment management contract with the investment manager.

Inflation-Indexed Fixed Income Guidelines

- The Inflation-indexed Fixed Income Investment Guidelines (“Inflation-indexed Guidelines”) are covered by Resolution 2007-16 and were adopted in April 2007.
- These guidelines should be periodically updated.
 - “Lehman Brothers” name on the US TIPS index should be updated with “Barclays Capital.”
- The Inflation-indexed Guidelines do not specify minimum credit ratings for non-US Treasury issued inflation protected securities.
 - The guidelines allow 20% of the portfolio to be invested outside of US Treasury inflation protected securities, but do not specify the specific minimum credit quality.

- Managers are allowed to invest up to 10% of the portfolio in non-US Dollar investments. The guidelines do not allow the manager to utilize options or futures, which often are used by managers to hedge currency risk.
- As with the Treasury Guidelines above, these guidelines cover assets managed by internal investment staff, rather than an external investment manager. Internally managed assets do not have a separate investment management contract that outlines specific characteristics and requirements of the investment manager. Thus, these important details should be captured within the investment guidelines for all strategies that are fully or partially managed by internal staff.
 - Guidelines for internally managed portfolios should include detailed information regarding target return and volatility, time horizon for performance measurement versus peers and benchmark.
 - Guidelines for internally managed portfolios should also determine a suitable benchmark, minimum acceptable portfolio characteristics, as well as reporting and monitoring requirements,

High Yield Fixed Income Investment Guidelines

- The High Yield Fixed Income Investment Guidelines (“High Yield Guidelines”) are covered by Resolution 2006-35 and were adopted in November 2006.
- The High Yield Guidelines allow for up to 25% of the portfolio to be invested in non-US dollar denominated debt, with a 10% maximum exposure to emerging markets debt. These guidelines require any non-US dollar denominated debt be hedged back to the US dollar.
 - The High Yield Guidelines prohibit the use of options or futures, which are often used by investment managers to hedge currency exposure.
- The High Yield Guidelines allow the manager to purchase common stock as well as convertible securities in the high yield portfolio.

- Staff indicated this was in response to a request by the investment manager and that the following language has been communicated to the investment manager.
- “Common stock received from the conversion of a convertible security, the exercise of a warrant or the restructuring of an issuer's debt should be sold within 90 days of receipt or within 90 days of the expiration of a restriction period. If more time is needed, the Advisor must seek permission in writing from the Chief Investment Officer.”
- The use of credit default swaps (CDS) is not addressed in the High Yield Guidelines. Many high yield investment managers prefer to have the ability to use these derivative instruments as a way to gain synthetic exposure to a bond, or as a way to hedge a position in the portfolio.
 - These guidelines prohibit the use of options and futures, but do not mention swaps specifically.

Convertible Fixed Income and Preferred Stock Investment Guidelines

- The Convertible Fixed Income and Preferred Stock Investment Portfolio Guidelines (“Convertible Guidelines”) are covered by Resolution 2010-01 and were adopted in February 2010.
- The Convertible Guidelines state that the investment objective is to capture most of the performance of equities during rising markets, while outperforming equities in flat or down markets by investing in convertible securities.
 - These guidelines state that this performance should be in reference to the Merrill Lynch Yield Alternative Index (VYLD).
- The Convertible Guidelines refer to a separate investment contract that requires the investment manager to implement and adhere to risk control processes as stated in the investment contract.
- The Convertible Guidelines do set forth some minimum portfolio characteristics, including but not limited to the following:
 - Specific Ratings by the three major ratings agencies and maximum of portfolio that is not rated (35%);

- Limitations on exposure to a specific industry;
 - Limitations on the size of specific positions within the portfolio;
 - Limitation on the number of days common equity can be held in the portfolio;
 - Limitations on Non-US securities; and
 - Limitations on purchase of securities on Margin.
- The Convertible Guidelines do not allow short sales or any use of derivatives.
 - This prohibition would need to be updated should ARMB decide to hire an investment manager that engages in convertible arbitrage strategies, which make extensive use of shorting and/or derivatives to trade the “Greeks” (e.g., delta, gamma, theta, etc.).

Task Area B.1 Recommendations 4-11

Consider adopting specific fixed income guidelines for each fixed income investment manager, rather than for each particular fixed income strategy. At a minimum, ensure that all guidelines reference the additional restrictions that are documented in the individual managers’ contracts to help eliminate potential confusion.

Consider the addition of minimum portfolio characteristics versus an appropriate benchmark in the fixed income investment guidelines. This would still allow staff to customize guidelines further in the individual managers’ contracts.

In the International Fixed Income Guidelines, add guidance on investing in non-U.S. sovereign debt securities in terms of maximum exposure and/or credit rating.

Specify minimum credit ratings for non U.S. Treasury issued securities in the Inflation-indexed Guidelines.

Update language in the Inflation-indexed Guidelines to reflect “Barclays Capital” rather than “Lehman Brothers.”

Task Area B.1 Recommendations 4-11

Address the use of credit default swaps (CDS) in the High Yield Guidelines, as well as permissible instruments to hedge non-US dollar exposure.

Modify language in High Yield Guidelines concerning the purchase of common stock securities.

Treat internally managed portfolios the same as externally managed portfolios in terms of setting appropriate investment guidelines, as well as for ongoing monitoring and performance measurement.

2. Rebalancing Guidelines

Background

- An IPS should define a fund’s rebalancing process. Rebalancing ranges around the long-term asset allocation targets are set up to ensure that asset allocation “drift” is minimized. When an asset class exceeds the range around the long-term target, the IPS should describe the process and timing for rebalancing and whether it is to the target or half-way.
- Rebalancing is the process of re-adjusting the proportion of a portfolio invested in each of the major asset classes to within the permissible range around long-term targets. Over time, disciplined rebalancing can enhance performance and manage overall risk.
 - Recent studies on rebalancing² have shown that the most important factor is having a rebalancing policy. Secondary to that decision is the policy itself.

² See for example Nesbitt, Stephen, “Asset Mix Range and Rebalancing Policy,” Wilshire Associates, May 31, 2001; and Masters, Seth J., “Is There a Better Way to Rebalance?” Alliance Bernstein, December 2003.

- A more risk adverse board that wants to have minimal tracking error and is willing to incur slightly higher transaction costs might choose to rebalance at every month end. Alternatively, a board might decide that it prefers to let an outperforming asset class run up to the outer bounds of its range and rebalance only when outside the range and perhaps rebalance only half-way to target.
- Rebalancing policies can suffer from conflicting desires: the need to override human emotion and stick to a disciplined approach versus the desire to be flexible and allow “tactical” shifts.
- When rebalancing policies are silent about what to do in the range, a board is allowing staff effectively to take a bet to be overweight or underweight an asset class relative to the policy benchmark.
- No one rebalancing rule is the most appropriate for all circumstances and risk tolerances.
 - In general, range based and calendar based rebalancing policies also do not specify what to do as long as the asset classes are within the ranges, resulting in “unmanaged” allocations or implicit bets.
 - Bets are also not eliminated by rebalancing policies that suggest rebalancing back to the mid-point of the range (as the policies tested before rebalanced to the targets).

Observations

- The ARMB’s Rebalancing Policy is outlined in Resolution 2009-01 and was adopted in February 2009.
- The Rebalancing Policy states that staff is “responsible for reviewing the actual asset allocation of each fund on a monthly basis” and the “Chief Investment Officer (CIO), pursuant to authority delegated by the Board, will take steps within a reasonable period of time to rebalance the fund’s portfolio in order to return the actual asset allocation within the approved band unless the CIO judges the cost of rebalancing to exceed the benefit of rebalancing.”

- This policy allows the CIO a significant amount of flexibility in that it does not specify whether the asset class should be rebalanced to target, halfway or to some other point. In our experience, it is typical for rebalancing authority to be delegated to the CIO. Some funds allow the CIO to “rebalance” tactically among asset classes, while staying within the policy ranges.
- Additionally, in our experience, many funds attempt to use regular or projected cash flows as the first source to accomplish rebalancing when possible.
- The asset allocation ranges are not spelled out in this Resolution and the Policy does not point the reader to the correct document. We understand that ARMB annually affirms the asset allocation of the various funds and establishes ranges, e.g., the majority of the retirement systems are covered by Resolution 2010-05 and 2010-06 for the current year.
- Resolutions 2010-05 & 06 list the Long Term Asset Allocation for each asset class and the allowed range. The ranges vary from +/- 3% for Fixed Income to +/- 8% for Real Assets. We agree that it is appropriate for the more illiquid asset classes to have broader policy ranges.
- Staff indicated that the rebalancing ranges have not changed much in recent history.
- ARMB should consider requesting that staff and/or the general investment consultant discuss various rebalancing techniques with the Board to help to educate them and to determine more clearly what the Board’s objectives are, e.g., minimize tracking error or some other goal. There are newer rebalancing techniques, such as volatility based or Beta-Range Rebalancing, which ARMB may want to consider.

Task Area B.2. Recommendations 1-2

Amend the Rebalancing Policy so that it references the ranges that are found in the annual asset allocation resolutions.

ARMB should request a discussion on rebalancing theory from staff and/or the consultant to determine what their primary goals are and whether a more sophisticated approach could be called for.

3. Private Equity Guidelines

Background

- Assets that are relatively illiquid and not traded on an exchange that provides objective, readily ascertainable prices are often known as “appraised assets.” Such assets – including real estate, real return and private equity – pose special risks, distinct from publicly traded securities.
- Because of these special risks, investors in appraised and otherwise less liquid assets should adopt distinct investment policies and procedures to help structure and manage their portfolios of private and alternative investments.
- Similar to an investment policy statement for the total fund, a private equity policy statement should outline the key elements of the private equity, e.g.,:
 - introduction/purpose of the policy;
 - objectives, e.g., diversification of the total fund, achieve risk-adjusted returns in excess of public market equities, etc.;
 - investment guidelines, e.g., types of allowable investment strategies and vehicles, minimum/maximum investment size, etc.;
 - risk management/mitigation, e.g., diversification requirements (by strategy – e.g., buyouts, venture capital, mezzanine debt), other factors – such as concentration, monitoring requirements, benchmark; and
 - roles and responsibilities of the key parties – i.e., board, staff and consultant.
- Alternative investments such as private equity have become a common component of diversified institutional portfolios and are typically structured as limited partnerships.

- The fund is a limited partner and the organizer/manager is a general partner, who typically has a stake in the investment.
- Alternative investments can also be pursued through fund-of-funds managers, who create portfolios of different partnerships on behalf of investors. This reduces the extent of investor research and due diligence, but adds an additional layer of fees.

Observations

- The Private Equity Partnerships Portfolio Policies and Procedures (“Private Equity Policy”) are contained in Resolution 2007-07, which were last updated April 26, 2007.
- Callan serves as consultant on the Private Equity program and we were informed that their policy was the template for the ARMB’s Private Equity Policy.
- Based on our review, the Private Equity Policy spells out the essential items that should be included.
- The Investment Objectives Section I includes:
 - The rationale for investing in this asset class, “the use of private equity investments tends to increase the portfolio’s overall long-term expected real return, and reduce year to year portfolio volatility;”
 - The target allocation to private equity within the total fund asset allocation. Given the illiquid and long-term nature of the asset class, it is advisable to have a fairly broad range, as ARMB does (2% to 12%, with a target of 7%). In our experience, some funds do not set rebalancing ranges around private equity since it is not possible to rebalance it in the same way one would rebalance a more liquid asset class;
 - Private equity portfolio benchmarks (see separate discussion on benchmarks in Section A.2. of this report);
 - Program management, including, among others:

- Diversification requirements (by strategy, size, timing, life cycle, etc.). ARMB is looking for “fewer, more concentrated partnership investments” but still has appropriate limits – e.g., maximum of 20% with any one general partner;
 - Ownership structure, i.e., through separate account investment managers;
 - Distributions;
 - Performance Measurement;
 - Lines of Responsibility;
- The Investment Policies Section II includes:
 - Eligible investments, including Target and expected range
 - Geographical, Industry Sector, Life Cycle and General Partner diversification
 - The Procedures for Investment Section III includes:
 - Roles and responsibilities of various parties:
 - This includes the ability of staff to make direct LP investments
 - Investment procedures, including preparation of Annual Tactical Plan;
 - Specific Investment Manager Responsibilities (i.e., funding, investment management, accounting, reporting);
 - Consultant Responsibilities.

- Staff reports that they do prepare an Annual Tactical Plan, as required by the Private Equity Policy. Preparing such a plan is a best practice for Private Equity, given the nature of the lifecycle of the investments and the need to plan well in advance to fund and continue to maintain a target allocation.
- While, as stated above, the Private Equity Policy contains the basic elements, we make the following observations on a few areas that require some clarification or which could be revised or improved:
 - Section I.C.2. Risk With Regard to Individual Investments discusses the possibility of “sustaining a loss on any of the individual investments.” It does not address in detail other risks associated with the asset class, e.g., the high degree of illiquidity, the time horizon (j-curve), other business or economic risks associated with private equity.
 - Most of the policy ranges regarding diversification are somewhat broad, which is reasonable for private equity. One exception to that is the set maximum of 35% in international private equity. Interviews with staff revealed that this allocation has moved up slightly over the years and it might make sense to set a range for international, rather than a maximum, e.g., 25-45%.
 - Section I.3 Ownership Structure only covers separate account relationships and does not mention that ARMB will also serve as an investment manager.
 - Corporate Governance investments do not appear to be covered by any particular policy, but are included in the private equity allocation.
 - We understand from staff that the Corporate Governance investments are winding down and they are not making additional commitments.
 - Section I.4 Reporting System requires “a comprehensive reporting and monitoring system for the entire portfolio, investment manager(s) and individual investments.” At the present time, as discussed in Section A.1.b. the performance report for private equity does not aggregate the entire portfolio on an IRR basis.

- We understand from our discussions with staff and the consultant that a total portfolio IRR is currently not calculated. The Private Equity Policy should define the Board’s requirements for portfolio monitoring and reflect what is desired by the Board.
- Staff suggested that the Private Equity Policy be revised so that the due date for the Annual Tactical Plan would be synchronized with the annual meeting regarding Private Equity, rather than being due 60 days after calendar year-end.
- Section III.B. Investment Procedure covers the need for managers to prepare Annual Tactical Plans. We understand that in practice each separate account manager prepares a plan and then there is an overall plan for the total portfolio – this is not clear in the Private Equity Policy. For example, the internally managed portion does not have its own Annual Tactical Plan; rather it is covered in the total portfolio plan.
- The Policy should reference the appropriate benchmark – it states the Venture Economics Inc. Private Equity Performance, which is out of date and should be the Thompson Reuters US Private Equity Performance Index (PEPI).

Task Area B.3. Recommendations 1-6

Expand the discussion on risks associated with investing in Private Equity.

Consider setting a range for international private equity investments, rather than a flat maximum, to allow more flexibility.

Revise Section I.3. Ownership Structure of the Private Equity Policy to include private equity investments made directly by ARMB staff.

Clarify the section on Private Equity reporting of total portfolio performance, e.g., whether a total IRR should be calculated and reported.

Synchronize the due date for the Private Equity Annual Tactical Plan with the annual ARMB meeting on private equity and clarify in the Policy the various plans that should be produced (e.g., individual manager and total portfolio as well as inclusion of internally managed portfolio).

Task Area B.3. Recommendations 1-6

Update the benchmark reference to Thompson Reuters US Private Equity Performance Index in the Private Equity Policy.

4. Absolute Return Investment Guidelines

Background

- Unlike traditional investments, absolute return orientated investments can create additional layers of risk beyond market risk. Typically, absolute return investments involve greater informational complexity in terms of legal structure, fee structure, and in investment process. In addition, some strategies can suffer from unreliable data sets (i.e., non-normal return distributions, and serial correlation), a lack of regulatory oversight, a lack of transparency, and illiquidity (both at the fund level, and at the security level). Moreover, manager specific risk tends to be more acute for absolute return investments, requiring more exhaustive initial due diligence, as well as more comprehensive ongoing monitoring.
- Because of the special risks involved with absolute return strategies, investors should adopt distinct investment policies/guidelines to help manage their portfolios.

Observations

- The Absolute Return Investment Policies and Procedures (“Absolute Return Policy) are covered by Resolution 2006-08 and were last updated in February 2006.
- The Absolute Return Policy sets forth the broad strategy ARMB uses to implement the absolute return program as well as guidelines for investing on an absolute return basis.

- The absolute return program was initiated in 2004, and has an objective to achieve consistent positive real returns and to maximize long term total return within prudent levels of risk through a well diversified portfolio of absolute return strategies.
 - Each investment manager that manages a pool of absolute return strategies on behalf of ARMB is given specific performance objectives.
 - Achieve 5% annualized excess return net of fees over three month T-bills over rolling three year periods.
 - Achieve above median peer group performance when compared to similar peers over rolling three year periods.
 - Achieve the stated return objective with annual expected volatility of 4%-6%, with a maximum of 8% over rolling three year periods.
 - Achieve correlations at or below 0.40 to the S&P 500 and Barclays Aggregate Index.
- The Absolute Return Policy is comprehensive and includes several important sections including (but not limited to) the following:
 - Performance objectives;
 - Investment objectives and implementation;
 - Risk management;
 - Conflicts of interest;
 - Procedures for investment; and
 - Specific manager responsibilities.

- The Absolute Return Policy we reviewed adequately covers the required elements of acceptable guidelines for an absolute return investment program and does not require any major revisions. However, we point out below a few areas where enhancements to the guidelines could be made.
- Staff indicated the absolute return program is implemented via separate accounts managed by several fund of funds investment managers. Assets are held in custody at BNY Mellon and closely resemble the strategy utilized in the fund of fund managers commingled fund offerings which are offered to accredited investors via a private placement memorandum. Staff can further customize portfolio guidelines in the investment management contract.
- The Absolute Return Policy should be periodically updated (e.g. annually) to reflect any changes, including changes in names of benchmarks or investment strategies (e.g. Lehman Aggregate Bond Index should be changed to Barclays Capital Aggregate Bond Index). Staff mentioned they re-visit the hedge fund program strategy at least annually, but update the guidelines only if a material change is warranted. The Absolute Return Policy does require that the “document be reviewed no less than annually and revised as appropriate.”
- Staff indicated that at some point in the future, it may be prudent for Staff to make direct investments into hedge funds to complement the current program managed by fund of fund managers.
 - If this is to occur in the future, specific guidelines for Staff to adhere to while choosing direct investments in hedge fund vehicles would need to be discussed and adopted.
- The current guidelines require the absolute return program to have a minimum of 20% exposure to each of three broad absolute return categories:
 - Relative Value;
 - Event Driven; and
 - Directional/opportunistic/tactical strategies.

- Staff should consider refining these required exposures by using categories that better reflect the desired exposure and risk characteristics.
 - For example, Staff could revise the categories to reflect strategy specific allocations that are commonly found in the major hedge fund index providers (e.g., Hedge Fund Research).
 - This would allow Staff to stipulate in the guidelines desired exposures to particular strategies (e.g., various equity, credit, or macro strategies) without a potential overweight to one particular strategy (i.e., as it stands now ARMB could have a concentration in one particular risk exposure).
- The Absolute Return Policy guidelines do not permit the investment manager to hedge risk at the portfolio level, unless otherwise specifically exempted by ARMB staff.
 - In practice, staff has made exceptions to this guideline given the difficult market environment experience in the past several years.
 - Staff may want to develop a formal procedure for granting this type of risk management at the portfolio level.

Task Area B.4. Recommendations 1-3

Consider adopting a separate set of investment guidelines for each hedge fund of fund investment manager, in addition to the broad guidelines for absolute return program goals and objectives as a whole (e.g., the annual plan). This would enable staff to set strategy specific guidelines tailored to each investment manager and their particular investment mandate or style, outside of the investment management contract.

Consider revising the broad absolute return categories in the Absolute Return Policy to better reflect underlying risk exposures. Common categories can be found from a major hedge fund index provider such as Hedge Fund Research.

Task Area B.4. Recommendations 1-3

Revisit the Absolute Return Policy guideline that does not permit the investment manager to hedge risk at the portfolio level, unless otherwise specifically exempted by ARMB staff.

5. Real Estate Guidelines

Background

- Similar to an investment policy statement for the total fund, a real estate policy statement should outline the key elements of the real estate program, e.g.,:
 - introduction/purpose of the policy;
 - objectives, e.g., diversification of the total fund, achieve risk-adjusted returns, inflation hedge, etc.;
 - investment guidelines, e.g., types of allowable investment strategies and vehicles, minimum/maximum investment size, etc.;
 - risk management/mitigation, e.g., diversification requirements (by strategy, property type, region), use of leverage, other factors – such as concentration, monitoring requirements, benchmark; and
 - roles and responsibilities of the key parties – i.e., board, staff and consultant.
- There are several different investment vehicles available for investment in equity real estate:
 - publicly traded REITs;
 - limited partnerships;

- commingled funds, (open-end as well as closed-end funds); and
- direct investment through separate accounts.
- A well diversified real estate structure includes diversified exposure by geographic region and property type. A real estate program can also pursue different strategies such as:
 - Core: a more conservative strategy generally invested in fully developed, fully leased properties that provide a bond-like return and a degree of inflation protection.
 - Value-add: a slightly riskier strategy where the properties tend to be those that can significantly benefit from upgrading.
 - Opportunistic: these investments tend to be more developmentally oriented and thus riskier than core or than value-add. Typical investments include land development or redevelopment, conversion to different use, major rebuilding and similar investments that add value to a property prior to achieving a capitalized rent roll.

Observations

- The ARMB Real Estate Investment Policies, Procedures and Guidelines (“Real Estate Policy”) are contained in Resolution 2009-25, and were last updated October 1, 2009. We were informed that this Policy was updated in Resolution 2010-17 at the ARMB’s September 23-24, 2010 meeting, but that there were no substantive changes.
- The Real Estate Policy contains all of the essential elements, but we do have a few recommendations for improvement. Staff and consultant reported being satisfied with the Policy.
 - Section I. Investment Objectives covers the goals/objectives for investing in real estate, including the return objectives as well as the asset allocation target.

- Section II. Program Risk Management and Implementation covers:
 - the types of allowed investments;
 - diversification guidelines;
 - ARMB’s implementation approach (i.e., the use of Separate Accounts);
 - Leverage;
 - Lease Structure;
 - Business plans/annual tactical plans;
 - Fee structure;
 - Ownership structure;
 - Reporting system;
 - Distribution of current income; and
 - Lines of responsibility.
- Section III. Conflicts of Interest covers conflicts with regard to both property valuation and property management.
- Section IV. Insurance Coverage describes basic coverage requirements.
- Section V. Unrelated Business Income Tax, requires a legal opinion when UBIT may arise.
- Section VI. Environmental Evaluations sets requirements for Separate Account managers to follow and for an environmental evaluation to be provided by the manager to staff.
- Section VII. Procedures for Investment describes procedures for investment, including delegation of responsibilities among ARMB, the Real Estate Committee, staff, the real estate consultant and the managers as well as investment procedures for separate accounts and commingled funds.
- Section VIII. Delegation of Authority delegates authority to staff to approve Separate Account managers’ operating budgets, Annual Business Plans and Annual Tactical/Strategic Plans, revisions to budgets or plans (within limits).

- Section IX. Confidentiality describes how ARMB will maintain the confidentiality of certain information.
- Section X. Revisions requires that the Policy be reviewed “no less than annually and revised as appropriate.”
- Sections XI. and XII. List the investment managers for the Separate Account and Commingled Account programs.
- We understand that the ARMB real estate program began with separate accounts and core real estate investments. “Value-add” strategies were added around 2004.
- The Real Estate Policy has a definite separate account focus; the Section *I. Investment Objectives A. Investments in Real Estate and Other Real Estate Related Assets* only discusses the selection of Separate Account Investment Managers and does not mention the use of commingled funds, limited partnerships or internal management (although these are mentioned later). We found this to be confusing and suggest re-writing this section to be more inclusive of other types of real estate investment.
- The Real Estate Policy mentions the 10% target allocation to REITs, but the REIT portfolio, which is internally managed, does not have investment guidelines, which we believe would be more appropriate. The portfolio manager stated that he follows the public equity guidelines, but staff is not opposed to the creation of separate investment guidelines for REITs.
- The Real Estate Policy states that “cash-based internal rate of return (IRR) will be used when evaluating the long-term performance of an investment. Time-weighted returns will be used to measure comparative performance.”
 - While we understand that staff reviews IRR performance, at the present time Townsend only reports time-weighted performance. (See also our comments regarding performance reporting at Section A.1.b.)
 - We note that the Policy is meant to apply to each investment – or each piece of real estate – not manager level performance, but that staff supports having Townsend add IRR to the performance report.

- Leverage is only discussed with regard to the Separate Accounts Investment Managers, which are not allowed to add leverage to their portfolios and only allowed to purchase properties with leverage with permission. There is no limit on total real estate portfolio leverage or for value-add/opportunistic commingled funds.
 - We understand that in practice there is no leverage in the Separate Account portfolios.
 - We further understand that this has been in keeping with the ARMB’s conservative philosophy, but ARMB may want to discuss this with staff and the real estate consultant at some point want to relax these restrictions in future and set leverage guidelines/limits for managers.

Task Area B.5. Recommendations 1-5

Consider revising the introductory language to the Real Estate Policy to describe more clearly the range of different types of real estate investments that are made, rather than focus on separate accounts.

Develop and adopt investment guidelines for the internally managed REIT portfolio, either separate from or as part of the total Real Estate Policy.

Ensure that the Real Estate Policy reflects the type of returns (e.g., IRR versus time-weighted) that are actually being analyzed by staff and ARMB.

Consider setting leverage limits or restrictions for commingled fund investments, by strategy type, i.e., core versus non-core in the Real Estate Policy.

Either include Energy investments in the Real Estate Policy or develop a separate policy for these investments.

6. Timberland Guidelines

Background

- Timberland is another private investment strategy that is typically part of a broader “real asset” or real estate program.
- Similar to an investment policy statement for real estate or other private assets, a timberland policy statement should outline the key elements of the program, e.g.,:
 - introduction/purpose of the policy;
 - objectives, e.g., diversification of the total fund, achieve risk-adjusted returns, inflation hedge, etc.;
 - investment guidelines, e.g., types of allowable investment strategies and vehicles, minimum/maximum investment size, etc.;
 - risk management/mitigation, e.g., diversification requirements, use of leverage, monitoring requirements, benchmark; and
 - roles and responsibilities of the key parties – i.e., board, staff and consultant.
- Timberland is generally used for additional diversification and to possibly provide an inflation hedge.

Observations

- We reviewed ARMB’s Timberland guidelines dated May 1, 2008 (“Timberland Policy”). The header on the document is “Appendix C – Exhibit B” so it is not clear when this was adopted as a Policy by ARMB.
- The Timberland Policy is a brief two page document that sets forth the following sections:

- Investment objective;
 - Advisor performance benchmark;
 - Investment Guidelines including location, leverage, diversification, and allocation;
 - Confidentiality; and
 - Unrelated Business Income Tax.
- The emphasis of the portfolio is on the preservation of capital and the diversification of Timberland investments in order to reduce risk. Current income is preferred over price appreciation, given that return objectives of the portfolio (5% net over rolling five year periods) can be met.
 - The program is invested in Timberland diversified across the United States. Currently, there is not any international exposure in the Timberland portfolio.
 - The portfolio is managed by external investment managers and monitored by internal staff.
 - The Timberland Policy states that the Timberland program seeks to produce a minimum 5% net real total rate of return over rolling five year periods via a diversified portfolio of Timberland investments with a focus on total return and that the benchmark is the NCREIF Timberland Index.
 - The Timberland Policy also states that portfolio risk shall reflect the lowest expected risk profile required to achieve the return objectives.
 - Although drastic revision of the Timberland Policy is not required, ARMB should consider enhancing/expanding the Timberland Policy so that it follows the format of the other private investment policies such as the Farmland, Absolute Return or Private Equity Policies. The following points highlight areas where we believe the guidelines can be enhanced:

- The Timberland Policy does not specify a minimum or maximum number of investment managers. ARMB should consider adding an “Implementation Approach” section that would specify the preferred number of managers among other elements.
- ARMB should consider expanding the “Investment Guidelines” section to more fully describe the Timberland program, with enhanced diversification criteria. The Timberland Policy does not permit any Timberland investments outside of the United States and does not require specific geographic or tree species diversification of the portfolio.
 - The Timberland Policy suggests the investment manager should seek to invest across the primary timberland regions of the United States as defined by the NCREIF Timberland Index, but geographic diversification will ultimately depend on the availability of attractive investment opportunities, as well as potential diversification by species, age classes of trees and suitability for a variety of end products.
 - ARMB may want to consider refining this guideline to include allowing investment in non US countries such as Canada.
- Leverage is permitted only with the prior consent of the Chief Investment Officer. The guidelines do not specify any maximum amount of leverage.
 - In practice, we were informed by staff that ARMB is not using leverage in the Timberland portfolio.
- ARMB should also consider adding a “Procedures for Investment” section that describes the roles of ARMB, staff and the managers, including planning and reporting requirements.

Task Area B.6. Recommendations 1-6

Consider expanding the Timberland Policy so it follows the model of other ARMB private investment policies and includes additional information on the program, such as Implementation Approach and Procedures for Investment.

Task Area B.6. Recommendations 1-6

Consider loosening the constraint on investing solely within the United States in the Timberland Policy.

Consider the addition of parameters for geographic diversification, as well as diversification by species, age, and suitability for various types of end products in the Timberland Policy.

Consider adding a minimum number of investment managers to the Timberland Policy.

Specify a maximum amount of leverage that is permitted in the Timberland program with the consent of the Chief Investment Officer.

Consider adding a section to the Timberland Policy that describes the roles of ARMB, staff and the managers/advisors.

7. Farmland Guidelines**Background**

- Farmland is another private investment strategy that is typically part of a broader “real asset” or real estate program.
- Similar to an investment policy statement for real estate or other private assets, a farmland policy statement should outline the key elements of the program, e.g.,:
 - introduction/purpose of the policy;
 - objectives, e.g., diversification of the total fund, achieve risk-adjusted returns, inflation hedge, etc.;

- investment guidelines, e.g., types of allowable investment strategies and vehicles, minimum/maximum investment size, etc.;
- risk management/mitigation, e.g., diversification requirements, use of leverage, monitoring requirements, benchmark; and
- roles and responsibilities of the key parties – i.e., board, staff and consultant.
- Farmland is generally used for additional diversification and to possibly provide an inflation hedge.

Observations

- The Farmland Investment Policies, Procedures and Guidelines (“Farmland Policy”) are covered by Resolution 2009-29 and were adopted in December 2009.
- The Farmland Policy is a comprehensive document that encompasses policies, procedures, as well as investment guidelines.
- The document addresses important areas such as:
 - Investment Objectives;
 - Program Risk Management and Implementation;
 - Conflicts of Interest;
 - Insurance Coverage;
 - Unrelated Business Tax;
 - Environmental Evaluations;

- Procedures for Investment;
 - Delegation of Authority;
 - Confidentiality;
 - Revisions (requirement to review at least annually); and
 - Farmland Separate Account Investment Managers.
- ARMB invests in a portfolio of Farmland in order to diversify the total Fund investment program further, and has a goal of attaining the highest possible investment return (income plus appreciation) within a framework of prudence and managed risk.
 - The investment program in Farmland was implemented several years ago, and is managed by external investment managers. Staff is responsible for selection and on-going monitoring of investment managers within the Farmland investment program.
 - The Farmland investment program is allocated primarily to row crops (80%) and permanent crops (20%), within a band of 10%. This allocation target is reviewed annually.
 - The investment managers hired by ARMB have full discretion to actively invest in Farmland, subject to ARMB's approval of an Annual Strategic/Tactical Plan and an Annual Investment Plan.
 - The Farmland program has a total return objective of a minimum total real rate of return net of fees of 5% over rolling five year periods.
 - The guidelines also state that the portfolio is expected to produce income of 4% over rolling five year periods with a minimum of 3% distributed income for individual properties after fees and projected capital expenditures. In addition, the guidelines set

a minimum going-in yield of 5% before fees for a manager's initial three year projection, but individual properties may have a projected current income as low as 4%.

- Staff indicated that an annual plan is developed for the Farmland program, and any material changes impacting guidelines would be brought to the Board for approval.
- The Farmland Policy generally sets forth reasonable targets for diversification. The guidelines stipulate that that the portfolio is diversified across crop type, property type, and geographical location. The guidelines show target percentage allocation to each area.
 - The Farmland Policy could be enhanced by clarifying the percentage of the portfolio that can be invested outside of the United States. The investment guidelines state that staff monitors percentage allocation to properties within the same NCREIF farmland region (e.g., 40% concentration limit to properties within the same NCREIF Farmland region), but does allow exceptions in the event it would be in the fiduciary interest of ARMB to invest outside of the established guidelines.
- The Farmland Policy allows for prudent leverage of up to 10% of the total market value of the Farmland separate account portfolio.
 - In practice, staff informed us that leverage is not currently used in the farmland investment program.
- Lease structure requires institutional investment quality and must be structured with fixed cash rents, or participating rents calculated as a percentage of gross income.
 - ARMB may want to also include in the Policy a lease made up of a combination of the above, sometimes called a base rent/crop share lease.
 - In this type of lease, the investor receives a fixed amount, as well as a percentage of the gross income if the gross income exceeds a pre-set reference point.

Task Area B.7. Recommendations 1-3

Clarify the percentage of the portfolio that can be invested outside of the United States in the Farmland Policy.

Consider expansion of the Farmland Policy in regards to lease structure, to incorporate base rent/crop share leases.

Revisit the allowable maximum leverage of 10% in the Farmland Policy and consider decreasing the allowable maximum level to zero. In order to use leverage, managers would need to obtain written consent from the Chief Investment Officer.

8. Watch List Guidelines

Background

- A total fund investment policy statement will typically discuss who has responsibility for monitoring investment manager performance and the minimum requirements for manager monitoring, e.g., whether the Board will meet with managers on a regular basis, how often performance will be reviewed, etc.
- Thorough and comprehensive monitoring of investment managers is considered essential. The key components to monitor are investment performance, investment risks, compliance with guidelines and in-depth manager specific issues (e.g., manager’s philosophy, organizational issues, etc.).
- One common element used as an aid to monitor investment managers is a “watch list.”
- In our experience, while utilizing a watch list can be helpful for Board members, in practice it is not always a very useful tool. Performance issues that require manager termination do not typically arise suddenly, while organizational and non-performance related issues often do and require an immediate re-evaluation of the manager in question.

Observations

- ARMB has established a Watch List Guidelines policy (“Watch List Guidelines”) that is documented in Resolution 2006-01 and that was approved in January 2006.
- The Watch List criteria are divided into two main categories – qualitative (personnel, organizational and legal issues) and quantitative factors (performance).
- In IFS’ experience, the tests used by ARMB are fairly typical of other large funds that use watch lists. Most use a similar combination of qualitative and quantitative factors. Possible additional factors to consider include: significant gain/loss in clients or assets under management, significant change in risk profile of portfolio, or SEC or other regulatory issues.
- ARMB staff expressed some concerns about the quantitative tests used, with the primary concern being that they are not appropriate for passive/index managers.
 - Some watch lists that we have seen are more general in their quantitative tests, e.g., the test looks for unusual short term under or outperformance and long term (three-five years) under or outperformance that is not in line with expectations.
 - An alternative approach would be to develop a different test for passive managers, who are expected to track their benchmarks much more closely than active managers.
- The Watch List Guidelines do not specify exactly how a manager will be placed on the Watch List. From our interviews, however, we learned that staff is responsible for reviewing the managers’ performance and determining whether or not they fail the Watch List tests.
- Additionally, the Watch List Guidelines do not specify what formal procedures or guidelines to follow once a manager has been placed on the Watch List. For example: Is the manager notified? Can a manager remain on the Watch List for an indefinite period

of time? Are additional due diligence meetings with the manager required? Are updates to ARMB required on a regular basis? Frequently, there is also a prohibition against investing additional funds with an investment manager that is on “watch.”

Task Area B.8. Recommendations 1-2

Consider adjusting the quantitative factors in the Watch List Guidelines to accommodate passive/index investment managers.

Develop guidelines or procedures that state how a manager will be placed on the Watch List and the required actions/monitoring process for managers on the Watch List that should be followed by ARMB and/or investment staff.

* * * * *

Exhibit A

Summary of Recommendations

Set forth below are the Recommendations from the November 12, 2010 Final Report. They are listed in the order they appear in the Report with corresponding page numbers. The Task Area of each Recommendation is set forth for ease of reference.

Rec #	Page #	
Task Area A.1.b. – Investment Performance Reporting to the Board		
1	18	<i>ARMB should request that Callan include the TIPS portfolio and the REIT portfolio in the Investment Manager Returns exhibit and provide an investment summary page for the TIPS portfolio.</i>
2	18	<i>The CIO and ARMB staff should work with Callan to determine how the reporting on timberland and farmland can be enhanced.</i>
3	20	<i>ARMB should continue to work with Callan to show an IRR for the private equity program as a whole.</i>
4	20	<i>ARMB should ask Callan to provide performance for the private equity program by strategy (e.g., Buyouts, Venture Capital, Mezzanine, etc.) and to show portfolio diversification by geography and industry.</i>
5	22	<i>ARMB should ask Callan to display the total fee for each fund shown in the defined contribution report.</i>
6	23	<i>ARMB should ask Townsend to show the inception date for the IMAs.</i>
7	23	<i>ARMB should ask Townsend to show annualized performance for a time period greater than five years (e.g., seven or 10 years) for the IMAs, where applicable.</i>
8	23	<i>ARMB should ask Townsend to show performance for the IMAs as an internal rate of return (IRR) in addition to time-weighted returns.</i>

Rec #	Page #	
9	24	<i>ARMB should consider asking Townsend to show the country allocation for those managers with properties located internationally.</i>
10	24	<i>ARMB should consider asking Townsend to show property diversification and geographic diversification for the real estate benchmarks (i.e., NCREIF Property Index and FTSE NAREIT Index).</i>
11	24	<i>ARMB should consider asking Townsend to show the allocation to each fund (as well as the sub-portfolios and total portfolio) by percentage.</i>
Task Area A.2. – Investment Performance Benchmarks		
1	32	<i>ARMB should consider adding MSCI ACWI ex-US Growth Index as a strategic policy benchmark or making it the primary benchmark for McKinley’s international portfolio.</i>
2	34	<i>ARMB should consider adding the FTSE NAREIT Equity Index to the real asset benchmark.</i>
3	34	<i>ARMB should ensure that Energy investments, including the designation of their benchmark and their inclusion in the Real Assets portfolio, are covered by Policy.</i>
4	35	<i>ARMB should consider adding the KLD index on which the RCM Socially Responsible Investment Fund is based as a strategic benchmark.</i>
Task Area B. – Investment Policies		
1	38	<i>ARMB should develop, with assistance from staff and its general consultant, a total fund IPS that supplements the individual asset class policies and addresses total fund elements such as the Board’s risk tolerance, overall roles and responsibilities and other important elements listed in our Report.</i>
2	38	<i>ARMB should require a review of all ARMB investment policies annually to determine whether any changes are necessary.</i>
Task Area B.1. – Publicly Traded Asset Classes		
1	41	<i>ARMB should identify asset class and sub-asset class (if appropriate) level benchmarks in the Investment Guidelines for Domestic and International Equities.</i>

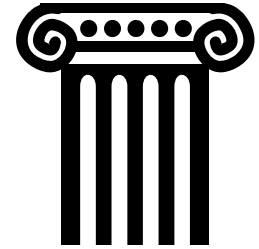
Rec #	Page #	
2	41	<i>ARMB should modify the Investment Guidelines for Domestic and International Equities to remove managers' ability to invest in fixed income securities. As appropriate, this provision could reside in either the manager's contract or individual guidelines.</i>
3	41	<i>ARMB should consider adopting customized investment manager guidelines for each investment manager – or at a minimum, create separate guidelines for domestic versus international equity, and consider breaking down further into capitalization and market segment (e.g., developed versus emerging markets) with portfolio requirements/restrictions that are more tailored by strategy.</i>
4	48	<i>Consider adopting specific fixed income guidelines for each fixed income investment manager, rather than for each particular fixed income strategy. At a minimum, ensure that all guidelines reference the additional restrictions that are documented in the individual managers' contracts to help eliminate potential confusion.</i>
5	48	<i>Consider the addition of minimum portfolio characteristics versus an appropriate benchmark in the fixed income investment guidelines. This would still allow staff to customize guidelines further in the individual managers' contracts.</i>
6	48	<i>In the International Fixed Income Guidelines, add guidance on investing in non-U.S. sovereign debt securities in terms of maximum exposure and/or credit rating.</i>
7	48	<i>Specify minimum credit ratings for non U.S. Treasury issued securities in the Inflation-indexed Guidelines.</i>
8	48	<i>Update language in the Inflation-indexed Guidelines to reflect "Barclays Capital" rather than "Lehman Brothers."</i>
9	49	<i>Address the use of credit default swaps (CDS) in the High Yield Guidelines, as well as permissible instruments to hedge non-US dollar exposure.</i>
10	49	<i>Modify language in High Yield Guidelines concerning the purchase of common stock securities.</i>
11	49	<i>Treat internally managed portfolios the same as externally managed portfolios in terms of setting appropriate investment guidelines, as well as for ongoing monitoring and performance measurement.</i>

Rec #	Page #	
Task Area B.2. – Rebalancing Guidelines		
1	51	<i>Amend the Rebalancing Policy so that it references the ranges that are found in the annual asset allocation resolutions.</i>
2	51	<i>ARMB should request a discussion on rebalancing theory from staff and/or the consultant to determine what their primary goals are and whether a more sophisticated approach could be called for.</i>
Task Area B.3. – Private Equity Guidelines		
1	56	<i>Expand the discussion on risks associated with investing in Private Equity.</i>
2	56	<i>Consider setting a range for international private equity investments, rather than a flat maximum, to allow more flexibility.</i>
3	56	<i>Revise Section I.3. Ownership Structure of the Private Equity Policy to include private equity investments made directly by ARMB staff.</i>
4	56	<i>Clarify the section on Private Equity reporting of total portfolio performance, e.g., whether a total IRR should be calculated and reported.</i>
5	56	<i>Synchronize the due date for the Private Equity Annual Tactical Plan with the annual ARMB meeting on private equity and clarify in the Policy the various plans that should be produced (e.g., individual manager and total portfolio as well as inclusion of internally managed portfolio).</i>
6	57	<i>Update the benchmark reference to Thompson Reuters US Private Equity Performance Index in the Private Equity Policy.</i>
Task Area B.4. – Absolute Return Investment Guidelines		
1	60	<i>Consider adopting a separate set of investment guidelines for each hedge fund of fund investment manager, in addition to the broad guidelines for absolute return program goals and objectives as a whole (e.g., the annual plan). This would enable staff to set strategy specific guidelines tailored to each investment manager and their particular investment mandate or style, outside of the investment management contract.</i>

Rec #	Page #	
2	60	<i>Consider revising the broad absolute return categories in the Absolute Return Policy to better reflect underlying risk exposures. Common categories can be found from a major hedge fund index provider such as Hedge Fund Research.</i>
3	61	<i>Revisit the Absolute Return Policy guideline that does not permit the investment manager to hedge risk at the portfolio level, unless otherwise specifically exempted by ARMB staff.</i>
Task Area B.5. – Real Estate Guidelines		
1	65	<i>Consider revising the introductory language to the Real Estate Policy to describe more clearly the range of different types of real estate investments that are made, rather than focus on separate accounts.</i>
2	65	<i>Develop and adopt investment guidelines for the internally managed REIT portfolio, either separate from or as part of the total Real Estate Policy.</i>
3	65	<i>Ensure that the Real Estate Policy reflects the type of returns (e.g., IRR versus time-weighted) that are actually being analyzed by staff and ARMB.</i>
4	65	<i>Consider setting leverage limits or restrictions for commingled fund investments, by strategy type, i.e., core versus non-core in the Real Estate Policy.</i>
5	65	<i>Either include Energy investments in the Real Estate Policy or develop a separate policy for these investments.</i>
Task Area B.6. – Timberland Guidelines		
1	68	<i>Consider expanding the Timberland Policy so it follows the model of other ARMB private investment policies and includes additional information on the program, such as Implementation Approach and Procedures for Investment.</i>
2	69	<i>Consider loosening the constraint on investing solely within the United States in the Timberland Policy.</i>
3	69	<i>Consider the addition of parameters for geographic diversification, as well as diversification by species, age, and suitability for various types of end products in the Timberland Policy.</i>
4	69	<i>Consider adding a minimum number of investment managers to the Timberland Policy.</i>

Rec #	Page #	
5	69	<i>Specify a maximum amount of leverage that is permitted in the Timberland program with the consent of the Chief Investment Officer.</i>
6	69	<i>Consider adding a section to the Timberland Policy that describes the roles of ARMB, staff and the managers/advisors.</i>
Task Area B.7. – Farmland Guidelines		
1	73	<i>Clarify the percentage of the portfolio that can be invested outside of the United States in the Farmland Policy.</i>
2	73	<i>Consider expansion of the Farmland Policy in regards to lease structure, to incorporate base rent/crop share leases.</i>
3	73	<i>Revisit the allowable maximum leverage of 10% in the Farmland Policy and consider decreasing the allowable maximum level to zero. In order to use leverage, managers would need to obtain written consent from the Chief Investment Officer.</i>
Task Area B.8. – Watch List Guidelines		
1	75	<i>Consider adjusting the quantitative factors in the Watch List Guidelines to accommodate passive/index investment managers.</i>
2	75	<i>Develop guidelines or procedures that state how a manager will be placed on the Watch List and the required actions/monitoring process for managers on the Watch List that should be followed by ARMB and/or investment staff.</i>

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Presentation to the

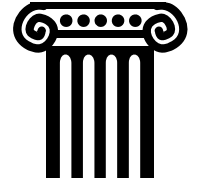
**Alaska Retirement Management Board
Report on State Performance Consultants and
Evaluation of Investment Policies**

December 2, 2010

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Suite 1120
Washington, DC 20005
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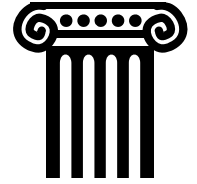
744 Broad Street
Suite 1120
Newark, NJ 07102
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Overview of Our Firm



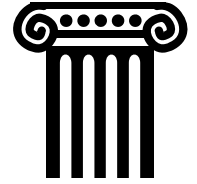
- Originally formed in 1987 as part of an investment banking firm – ownership acquired by IFS principals in 1996 (ownership group now includes seven active employees)
- 38 employees in two offices (Washington, D.C. and Newark, NJ) with an average of 18 years of professional experience
- Backgrounds in investments, finance, accounting, internal controls, banking, corporate treasury, trustee and fiduciary responsibility / ERISA
- Nine professionals with Chartered Financial Analyst (CFA) designation, eight MBAs, five JDs, one CPA, two CAIAs
- Totally independent of all brokerage and investment management firms

IFS Team



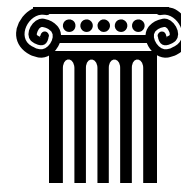
- Steven Harding, Senior Vice President
 - Project Senior Officer
- Barbra Byington, CFA – Vice President
 - Project Manager
- Gregory Caron, CAIA – Assistant Vice President
- Spencer Rand – Senior Analyst
 - Project Coordinator

Scope of Work



- Scope of work covered four task areas:
 1. Investment Performance Calculations & Methodology
 2. Investment Performance Reporting to the Board
 3. Investment Performance Benchmarks
 4. Investment Policies

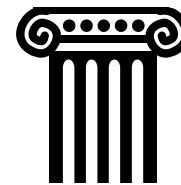
1. Investment Performance Calculations & Methodology



ARMB's consultants are using appropriate methodology to calculate investment performance.

- In order to spot check the investment performance calculations, IFS calculated quarterly performance for five investment managers from various asset classes.
- We requested daily market values and cash flows from State Street and uploaded the data into our performance measurement software.
- The spot check did not identify any issues with regard to performance consistency or accuracy.

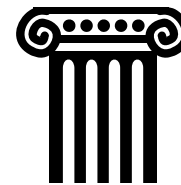
2. Investment Performance Reporting



The performance reports ARMB receives are high quality and are generally in line with best practices for public pension funds.

- ARMB receives detailed quarterly performance reports from Callan on the DB and DC plans. Additional detailed reporting is provided to staff, which is available to Board members if requested.
- The performance reports have evolved over time as the Board members have communicated their information needs to staff.
- Callan also provides an annual Private Equity Report that contains most of the essential elements, although we believe that ARMB could benefit by reviewing some additional performance items, such as an IRR for the private equity program as a whole.

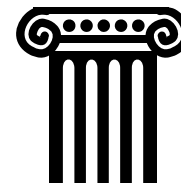
2. Investment Performance Reporting



The performance reports ARMB receives are high quality and are generally in line with best practices for public pension funds.

- We found that performance reporting could be improved and expanded with regard to some of the internally managed portfolios, e.g., REITs and TIPS.
- Performance reporting could also be expanded for the farmland and timberland programs.
- Townsend prepares and provides the real estate performance reports.
- While these reports appear to meet the ARMB's basic needs, we believe that they could be enhanced by including some supplemental information, such as additional performance metrics for the IMAs and some additional manager-level details, such as country allocation.

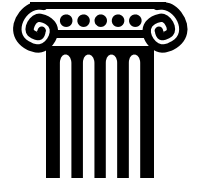
3. Investment Performance Benchmarks



ARMB uses appropriate investment performance benchmarks and we made only minor recommendations in this area

- The policy benchmark for the Total Fund for all plans is found in Callan's performance report. The Total Fund benchmark should be formally designated in policy.
- ARMB should consider adding:
 - MSCI ACWI ex-US Growth Index as a strategic policy benchmark or making it the primary benchmark for McKinley's international portfolio.
 - the FTSE NAREIT Equity Index to the real asset benchmark.
 - the KLD index on which the RCM Socially Responsible Investment Fund is based as a strategic benchmark.
- ARMB should ensure that Energy investments, including the designation of their benchmark and their inclusion in the Real Assets portfolio, are covered by Policy.

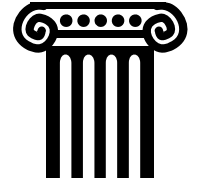
4. Investment Policies – General



Adopting a total fund IPS that addresses high level total fund issues would be a good addition to ARMB's group of policies.

- ARMB should adopt a Total Fund Investment Policy Statement (IPS) that would supplement the individual asset class policies and address total fund elements. It should include:
 - a description of the Board's risk tolerance,
 - discussion on fund liquidity needs,
 - total fund investment objectives,
 - roles and responsibilities of the various parties, and
 - reporting and communication requirements.
- Additionally, ARMB should require that all policies be reviewed annually to determine whether any changes are necessary.

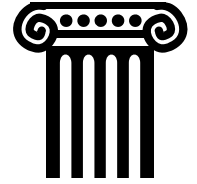
4. Investment Policies – Equities



Most of the asset class level investment policies contain the essential elements.

- For public equities:
 - Individual managers should have customized investment guidelines, or – at a minimum – separate guidelines should be created for domestic versus international equity, which could then be broken down further by capitalization and market segment (e.g., developed versus emerging markets).
 - ARMB should designate in policy benchmarks for the domestic and international equity asset classes and sub-asset classes.
 - We understand that style specific benchmarks are delineated in managers’ contracts.

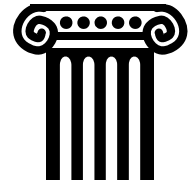
4. Investment Policies – Fixed Income



Most of the asset class level investment policies contain the essential elements.

- For fixed income:
 - Consider adopting specific fixed income guidelines for each fixed income investment manager, rather than for each particular fixed income strategy.
 - At a minimum, ensure that all guidelines reference the additional restrictions that are documented in the individual managers' contracts to help eliminate potential confusion.
 - Treat internally managed portfolios the same as externally managed portfolios in terms of setting appropriate investment guidelines, as well as for ongoing monitoring and performance measurement.

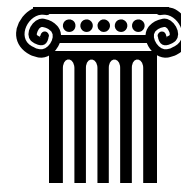
4. Investment Policies – Real Assets



Most of the asset class level investment policies contain the essential elements.

- For real estate:
 - Investment guidelines should be developed for the internally managed REIT portfolio.
 - Consider setting leverage limits or restrictions for commingled fund investments, by strategy type, i.e., core versus non-core in the Real Estate Policy.
- For timberland:
 - Consider expanding the timberland policy so that it follows the model of the other ARMB private investment policies.
- For farmland:
 - The Farmland Policy is comprehensive and we made only minor recommendations, e.g., clarifying the amount that can be invested outside the U.S.

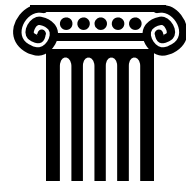
4. Investment Policies – Private Equity



Most of the asset class level investment policies contain the essential elements.

- For private equity:
 - Consider expanding the discussion on risks associated with investing in private equity.
 - Consider setting a range for international private equity investments, rather than a flat maximum, to allow more flexibility.
 - Revise Section I.3. Ownership Structure of the Private Equity Policy to include private equity investments made directly by ARMB staff.
 - Clarify whether a total IRR should be calculated and reported for the portfolio.

4. Investment Policies – Other



- For the absolute return program, consider adopting a separate set of investment guidelines for each hedge fund of fund investment manager.
- The Rebalancing Policy should reference the ranges that are found in the annual asset allocation resolutions. ARMB should also consider requesting a discussion on rebalancing theory from staff and/or the consultant to determine the ARMB's primary goals and whether the approach should be modified.
- Develop guidelines or procedures that state how a manager will be placed on the Watch List and the required actions/monitoring process for managers on the Watch List.

Questions





ARMB Private Equity Portfolio Review and Performance Analysis

December 2, 2010

Gary Robertson
Senior Vice President



Private Equity Discussion Topics

- I. How Private Equity Works**
- II. Private Equity Program Overview**
- III. Market Conditions**
- IV. ARMB Private Equity Performance**
 - Portfolio and Manager Performance
 - Vintage Year Benchmarking
 - Strategy Diversification
- V. Corporate Governance Portfolio**
- VI. Summary**



How Private Equity Works

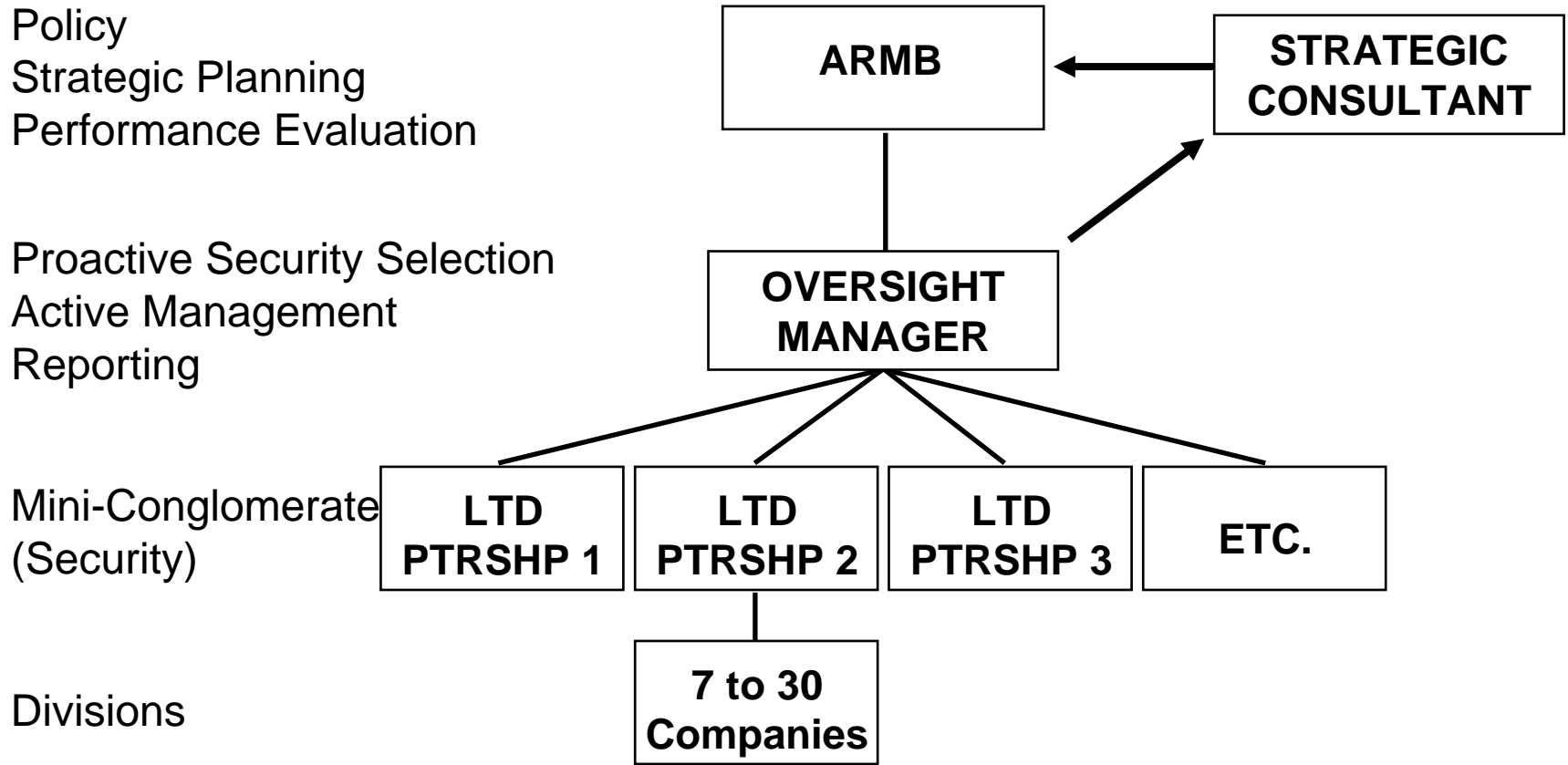
ARMB invests in all major private corporate finance strategies (“private equity”):

- **Venture Capital**
 - Smaller technology/medical companies
- **Buyouts and Special Situations**
 - Larger company equity, traditional industries
- **Subordinated Debt (Mezzanine)**
 - Private high yield, senior to equity, junior to bank debt, equity-linked
- **Distressed Debt**
 - Larger company restructuring, restarting good businesses



How Private Equity Works

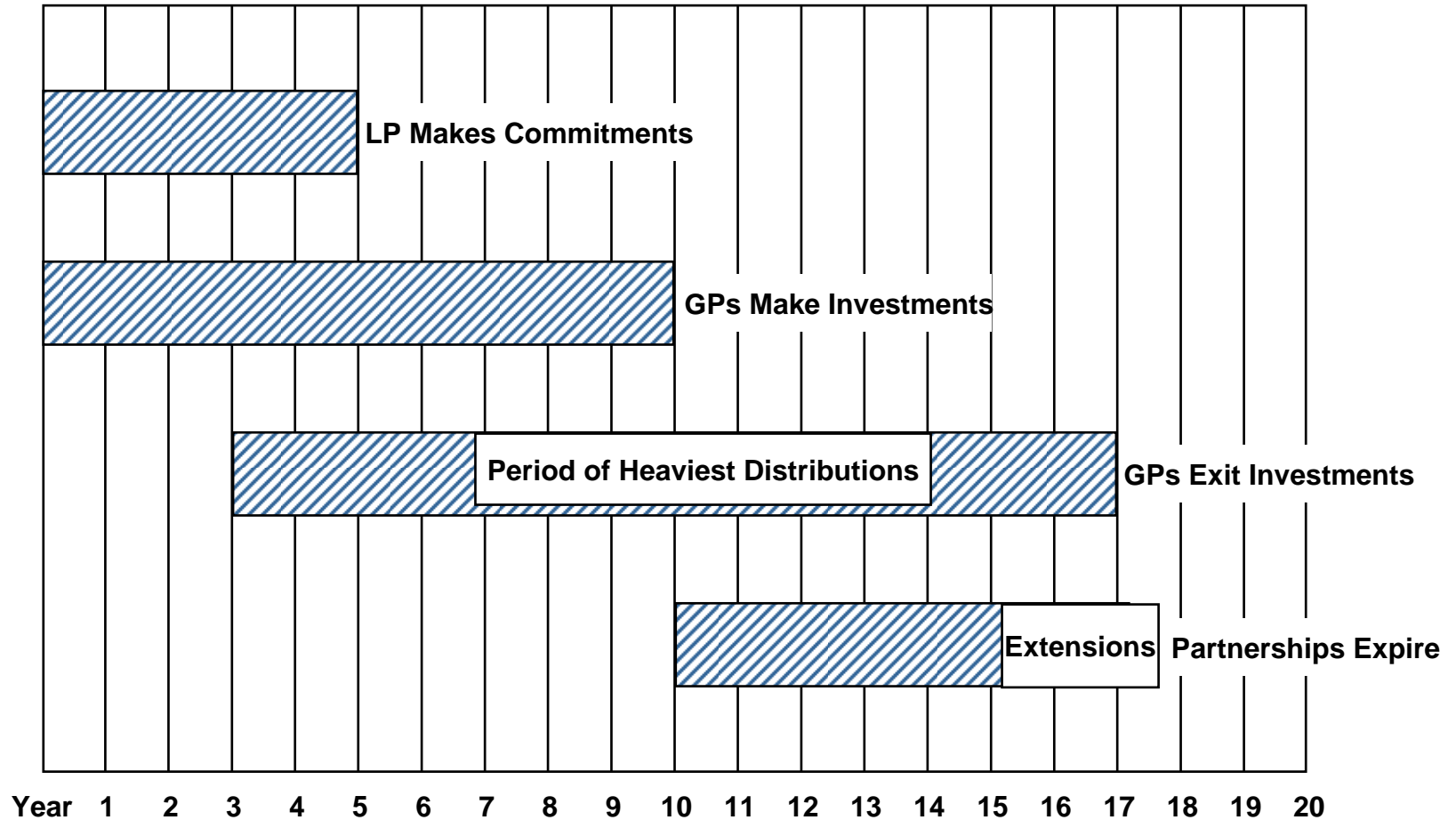
Private Equity Partnerships Program Structure





How Private Equity Works

Time Line: Private Equity Investment Program
Requires a Long-Term Horizon



Source: *The Private Equity Analyst*



ARMB Private Equity Program Overview

Timeline

- 1998 - **ARMB initiates a 3% allocation and hires Abbott to invest in partnerships**
- 2001 - **ARMB raises the allocation to 6%**
- 2001 - **Hires Pathway to develop a second partnerships portfolio**
 - Managers have 29 investments in common (32% of commitments)
- 2005 - **ARMB hires Blum Capital for direct Corporate Governance (two products -- listed and hybrid, not “private equity”)**
- 2006 - **Private equity allocation raised to 7%**
- 2007- **Initiates In-House private equity portfolio**
 - In-House portfolio is new and relatively small, with five investments
- 2009 – **ARMB liquidates Corporate Governance listed product**



ARMB Private Equity Program Overview

Funding – The private equity target rose by \$123 million (15%) due to ARMB’s total assets increasing \$1.1 billion (9%) during the 12-month period. The percentage difference was due to an increase in the private targets (3% to 7%) of some constituent plans. ARMB’s private equity allocation is above the nominal target, but within range.

As of June 30, 2010

Measure	2009	2010	%
Total Assets	12,262,415,000	13,368,218,000	
PE % Target	6.6%	7.0%	
PE \$ Target	813,276,450	935,775,260	
Abbott	541,808,000	644,418,000	50%
Pathway	468,922,000	577,390,000	45%
In-House	30,233,000	44,746,000	3%
Blum	28,356,000	22,569,000	2%
Total Private Equity	1,069,319,000	1,289,123,000	100%
% PE	8.7%	9.6%	
Difference from Target	256,042,550	353,347,740	

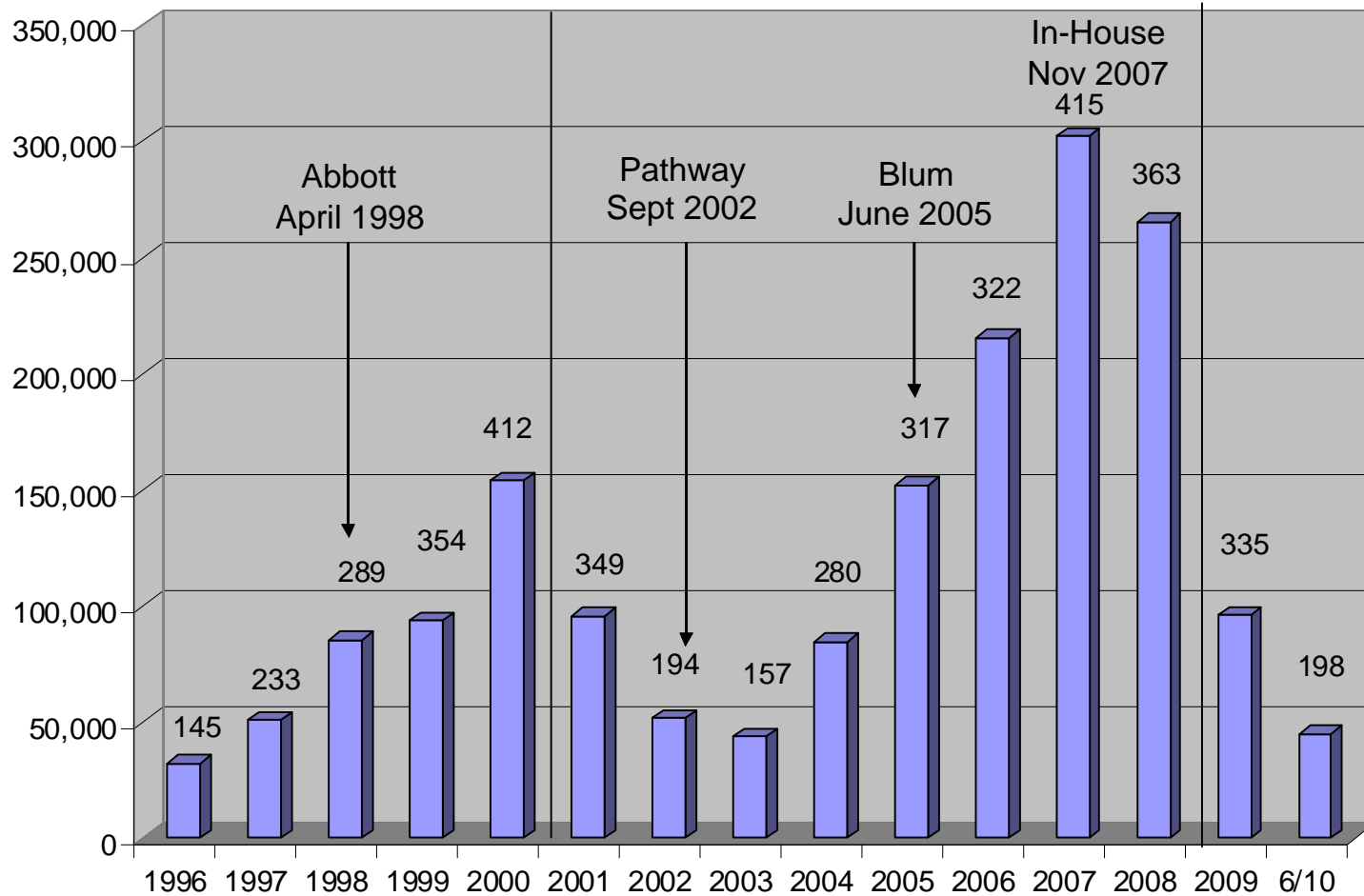
Note: Private equity values are March 31 NAVs updated for June 30 cash flows, Blum is June 30 actual



Private Equity Market Conditions

Industry Commitments to Partnerships

(\$ Millions, # Funds Formed)



Source: *Private Equity Analyst/Buyouts Newsletter*

ARMB has been through 1 $\frac{3}{4}$ market cycles



Private Equity Market Conditions

Bottom of the Business Cycle – Start of Improvement

- Capital markets and economic conditions have caused corporate growth and earnings to decline, but a tenuous profits recovery is emerging
- Private equity activity at all levels is slow, including partnership commitments, company investments (capital calls), and company exits (distributions)
- Limited partners are lowering commitment budgets due to total fund value declines (denominator effect) and recent liquidity issues with public market portfolios, and some are increasing targets
- Private equity portfolio valuations hit bottom in the first quarter of 2009 (around 25% for large mature portfolios), but have rebounded nicely (around 21%).
- General partners have largely stabilized existing portfolio companies, and are beginning to seek new investments, but debt availability and new company pricing pose hurdles
- The availability of senior bank loan financing will need to increase substantially before private equity activity (both entry and exit) can accelerate
- While industry valuation practices are changing, private equity lags public markets in the magnitude of short-term valuation changes



Private Equity Market Conditions

Bottom of the Business Cycle – Start of Improvement

- Even though economic conditions remain challenging, based on history, now should be a good time to invest in private equity for both new and existing programs
- Historically, investments made in years when capital was scarce have tended to produce higher returns
- Purchase prices have moderated, capital structures are more conservative, general partners are re-learning investment discipline, and a sustained expansion period should ensue
- Companies that have survived the recession tend to be strong and resilient, and will be able to capitalize on economic expansion
- Commitments made currently will be invested in companies over three to five years (through 2013 or 2015) when the recovery should be in motion
- Even if the recovery is sluggish and drawn-out, private equity should maintain a return spread over publicly-traded equity returns over the next business cycle, benefiting total portfolios



Private Equity Market Conditions

Private Equity Industry Returns IRRs through March 31, 2010

<u>Strategy</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>
All Venture	11.5%	0.5%	4.6%	-1.5%	17.2%
Buyouts	19.4%	-0.5%	5.4%	4.0%	9.0%
Mezzanine	4.0%	0.8%	2.7%	2.3%	6.7%
All Private Equity	21.9%	0.6%	5.8%	3.8%	11.3%
S&P 500	49.8%	-4.2%	1.9%	-0.7%	8.7%

Source: ThomsonONE

- 1) Private equity has provided expected return premiums over long periods
- 2) The All Private Equity database is up substantially for the trailing 12 months (the one year return a year ago was -24.4%)
- 3) The introduction of FAS 157 in the 4th quarter of 2008 drove steep write-downs
- 4) Valuations and returns bottomed in 1Q-09 and each of the last four quarters averaged a 5.2% increase, as FAS 157 values followed public market increases



ARMB Performance

Total Portfolio: 12-Month Changes, June 30, 2010 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI
2009	2,742,373	1,882,191	857,745	1,134,975	1,069,319	0.60	0.57	1.17
2010	2,863,483	2,043,035	818,549	1,278,525	1,289,123	0.63	0.63	1.26
Change	121,110	160,844	(39,196)	143,550	219,804	0.02	0.06	0.09

Private equity holdings are March 31 values updated for June 30 cash flows

DPI = Distributions as a ratio of (divided by) Paid-In capital

RVPI = Residual Value (Net Asset Value) as a ratio of (divided by) Paid-In Capital

TVPI = Total Value (Distributions + NAV) as a ratio of (divided by) Paid-In Capital

- 1) Total of 226 partnerships, up 11 from last year (compared to 25 in the prior review)
- 2) Commitments increased by 4%, versus 11% the prior year and 18% in fiscal 2008
- 3) The portfolio is 71% paid-in (mature) up from 69%, with Abbott 77% and Pathway 68%
- 4) Uncalled capital decreased 5%, a change from increases of 11% and 9% previously
- 5) The portfolio distributed \$144 million, a 13% cash yield (distributions divided by beginning NAV), up from \$84 million last year over one-third of which was the Stinson liquidation
- 6) Net cash flow (annual contributions minus distributions) was \$17 million or 2% of starting NAV (funding from ARMB), down from \$101 million last year
- 7) Unrealized appreciation was \$203 million (+19%), versus depreciation of \$315 million (-25%) last year. NAV increased by \$220 million or 21%.
- 8) Performance ratios all increased (TVPI to 1.26x) and should continue to rebound



ARMB Performance

Abbott Portfolio: 12-Month Changes, June 30, 2010 (\$000)

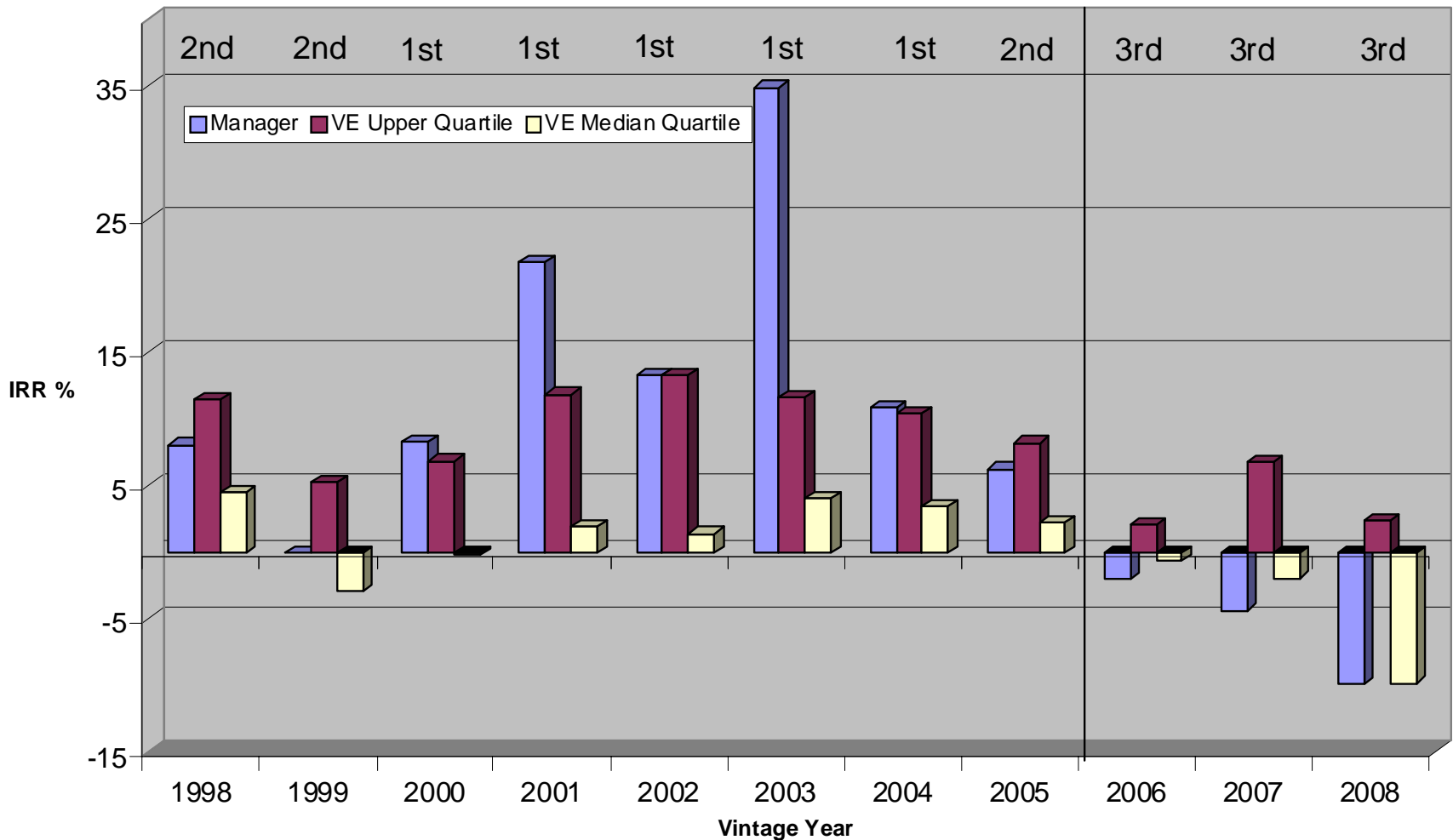
Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2009	1,493,471	1,081,247	412,224	790,859	541,808	0.73	0.50	1.23	6.8%
2010	1,496,978	1,151,024	345,954	861,924	644,418	0.75	0.56	1.31	8.0%
Change	3,507	69,777	(66,270)	71,065	102,610	0.02	0.06	0.08	1.2%

- 1) Initiated in 1998 (12 years), invested in 139 partnerships (+4), 50% of NAV
- 2) Commitments increased by \$3.5 million during the year, with \$24 million of new commitments being offset by reductions in some existing funds (e.g., Candover)
- 3) The portfolio is 77% paid-in (mature)
- 4) Uncalled capital decreased (16%) as more capital was called than committed
- 5) The portfolio distributed \$71 million -- a 13% cash yield, up from \$27 million (4% yield)
- 6) Portfolio net cash flow was a positive \$1.3 million as more capital was distributed than paid-in, compared to a negative \$45 million in the prior year
- 7) Portfolio appreciation was \$104 million (+19%) versus unrealized depreciation of \$164 million (-25%) last year. NAV increased \$102 million (+19%)
- 8) All performance ratios improved and the TVPI is 1.31x
- 9) Abbott's IRR of 8.0% is high in the second quartile versus the ThomsonONE composite since 1998, which has a top quartile of 8.4% and a median of -0.3%
- 10) The second quartile ranking is due to the above market venture capital weighting



Abbott: ThomsonONE Vintage Year Peer Group Benchmark

IRRs and Benchmarks as of March 31, 2010



1st Quartile: 5 years

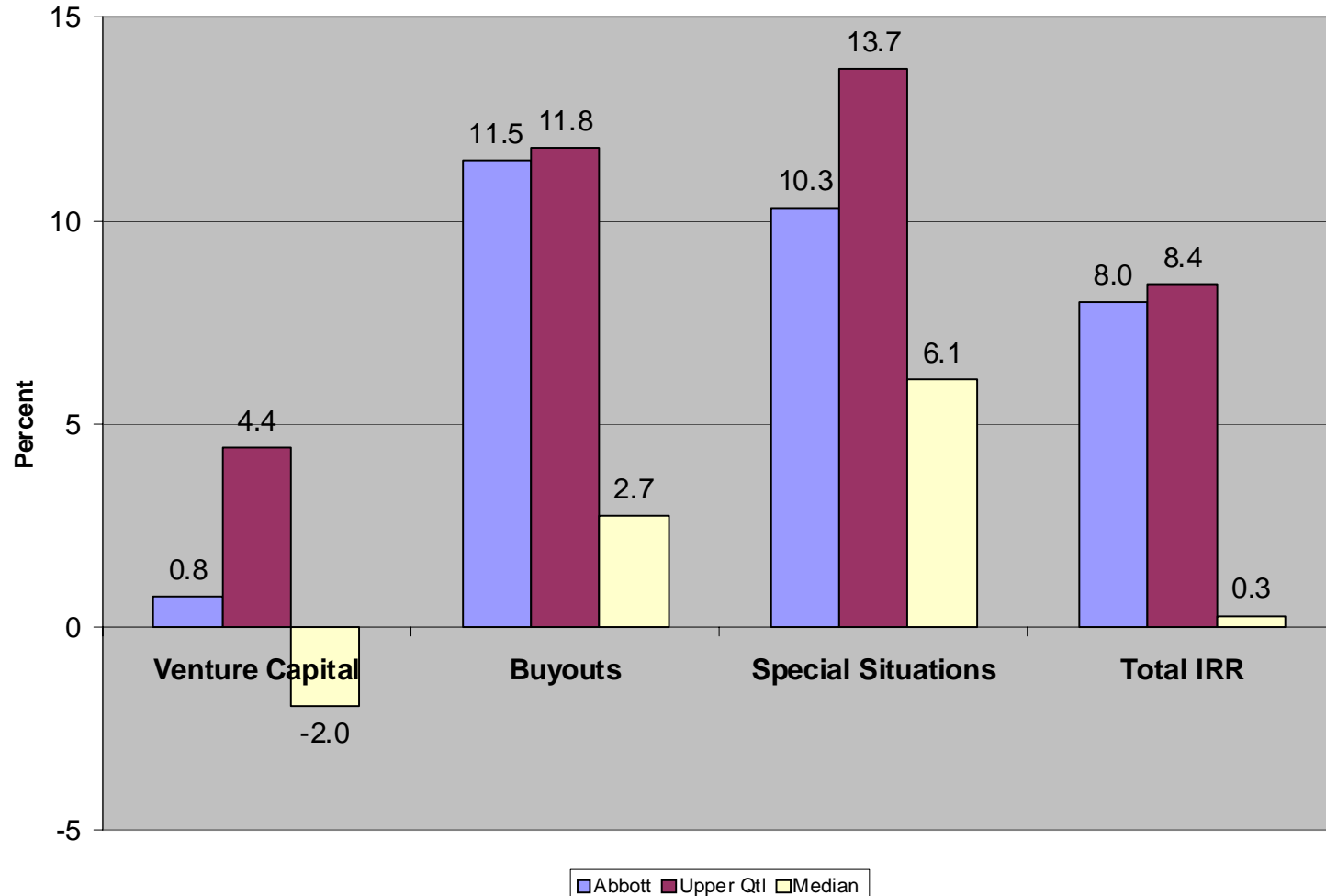
2nd Quartile: 3 years

Below Median: 3 years



Abbott: ThomsonONE Strategy IRR Peer Group Benchmarking

Cumulative Composite Benchmarks 3/31/1998 through 3/31/2010



Note: Private equity holdings are March 31 values updated for June 30 cash flows

- All strategy components are second quartile -- mostly high second quartile



ARMB Performance

Pathway Portfolio: 12-Month Changes, June 30, 2010 (\$000)

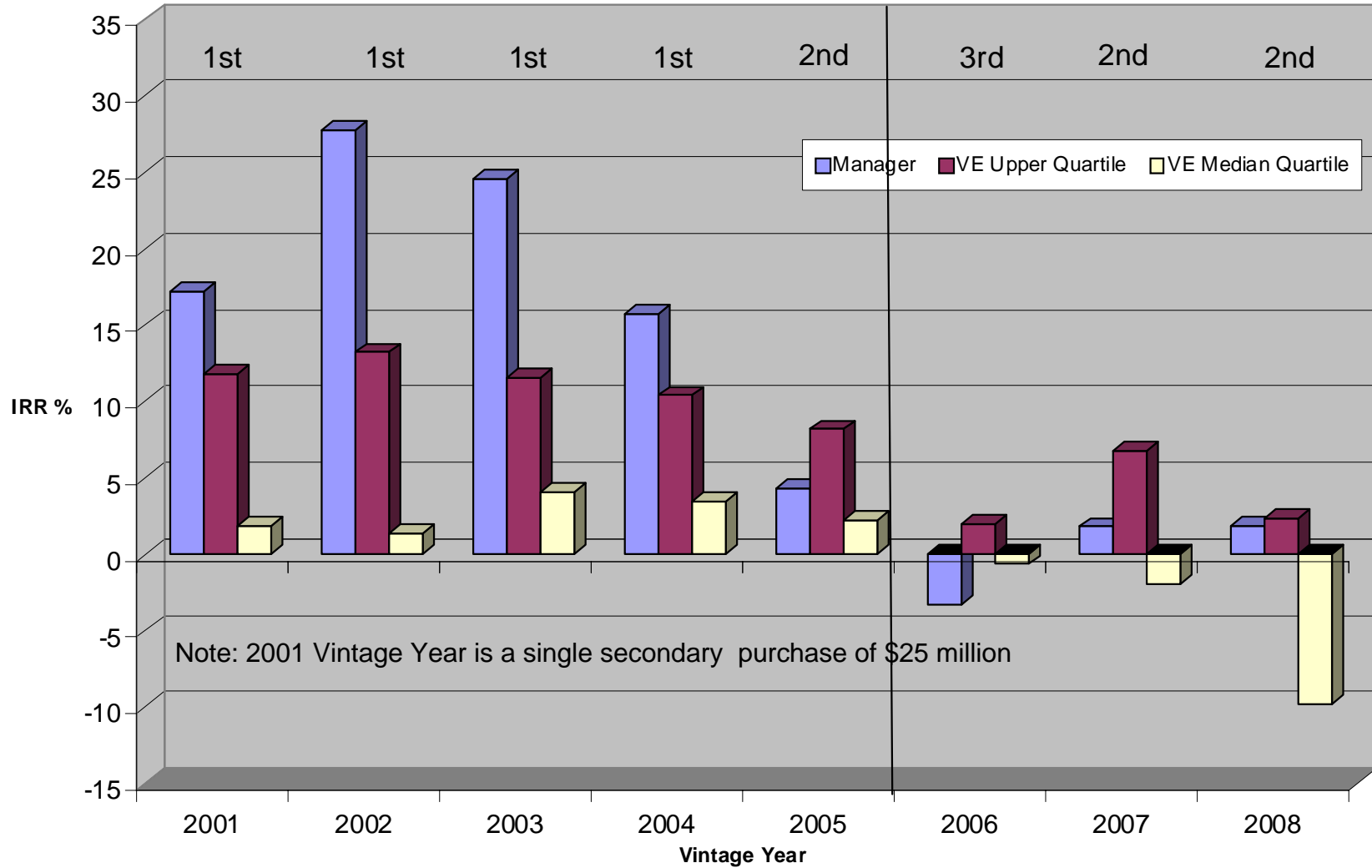
Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2009	1,068,902	669,799	399,103	299,135	468,922	0.45	0.70	1.15	8.6%
2010	1,111,505	751,638	359,867	357,525	577,390	0.48	0.77	1.24	10.5%
Change	42,603	81,839	(39,236)	58,390	108,468	0.03	0.07	0.10	1.9%

- 1) Initiated in mid-2002 (8 years), invested in 81 partnerships (+6) , 45% of NAV
- 2) Commitments increased by 4%, down from 15% the previous year
- 3) The portfolio is 68% paid-in (maturing), up from 63% last year
- 4) Uncalled capital decreased 10% (capital calls exceeded new commitments), versus a 13% increase last year
- 5) Distributions were \$58 million -- a 12% cash yield, up from \$23 million (4% yield)
- 6) Portfolio net cash flow was a negative \$23 million or 5% of initial NAV, less than the negative \$70 million (3% of initial NAV) last year
- 7) Unrealized appreciation was \$85 million (+18%), versus depreciation of \$135 million (-25%) last year. NAV increased \$108 million (+23)
- 8) All performance ratios improved and the TVPI is now 1.24x
- 9) Pathway's IRR of 10.5% is first quartile versus the ThomsonONE composite since 2002, with a top quartile of 7.37% and median of 0.19%



Pathway: ThomsonONE Vintage Year Peer Group Benchmark

IRRs and Benchmarks as of March 31, 2010



1st Quartile: 4 years

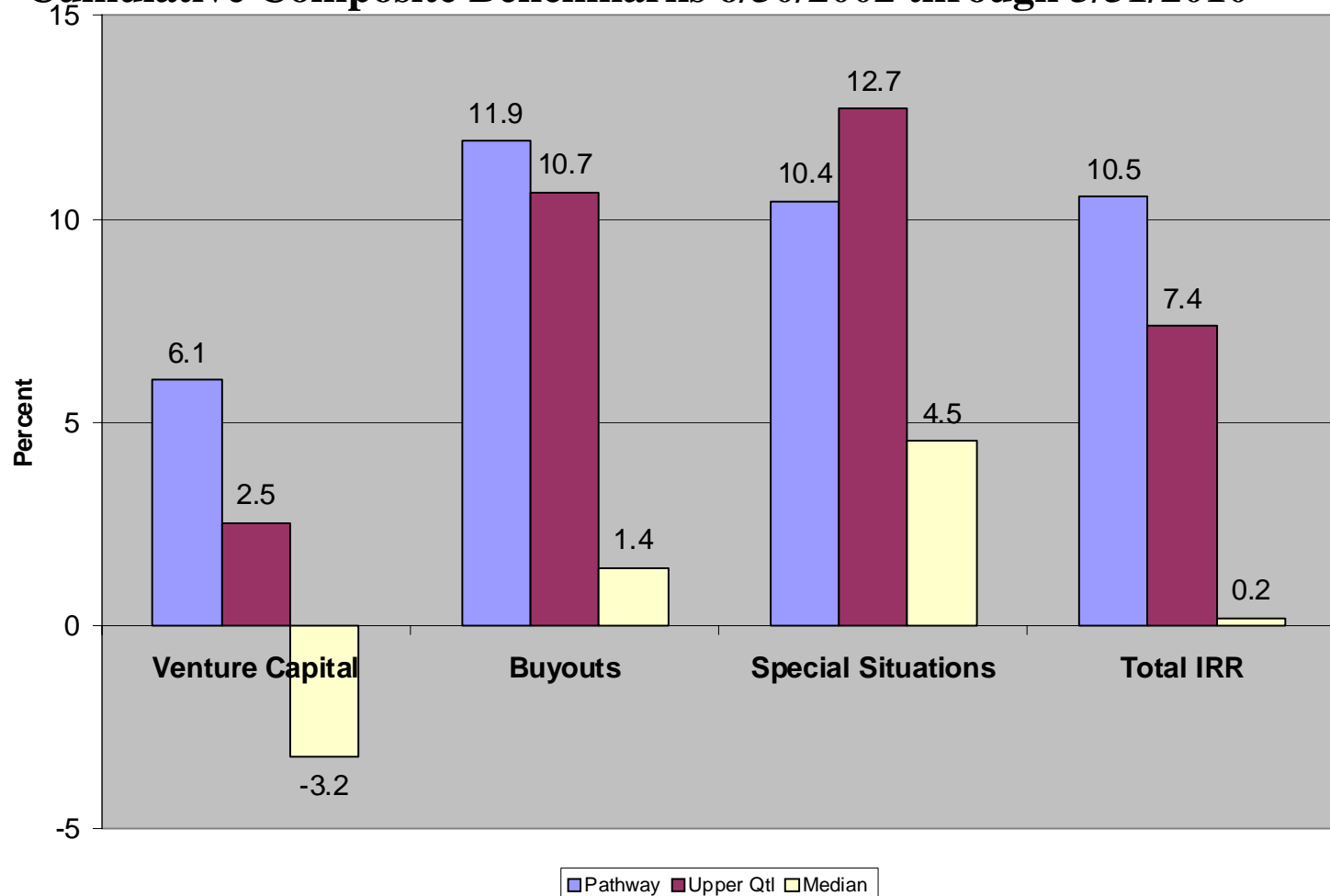
2nd Quartile: 3 years

Below Median: 1 year



Pathway: ThomsonONE Strategy IRR Peer Group Benchmarking

Cumulative Composite Benchmarks 6/30/2002 through 3/31/2010



Note: Private equity holdings are March 31 values updated for June 30 cash flows

- Venture, Buyout and Total are first quartile, Special Situations is second quartile



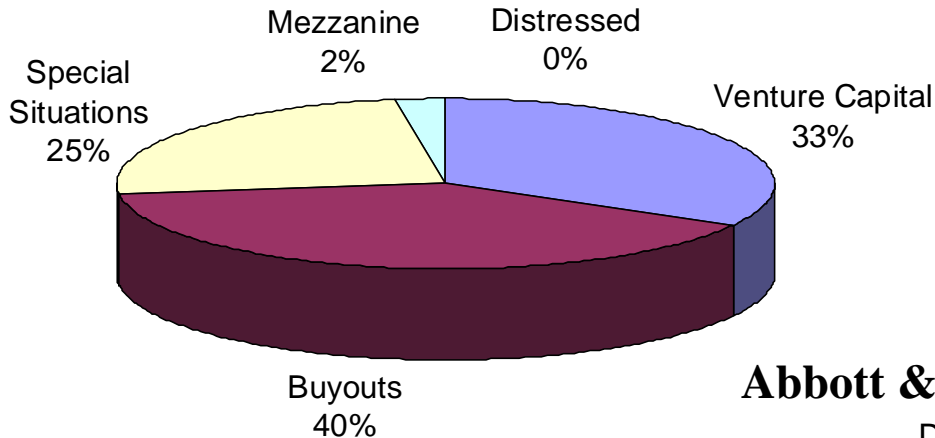
ARMB Private Equity Portfolio

Strategy Diversification

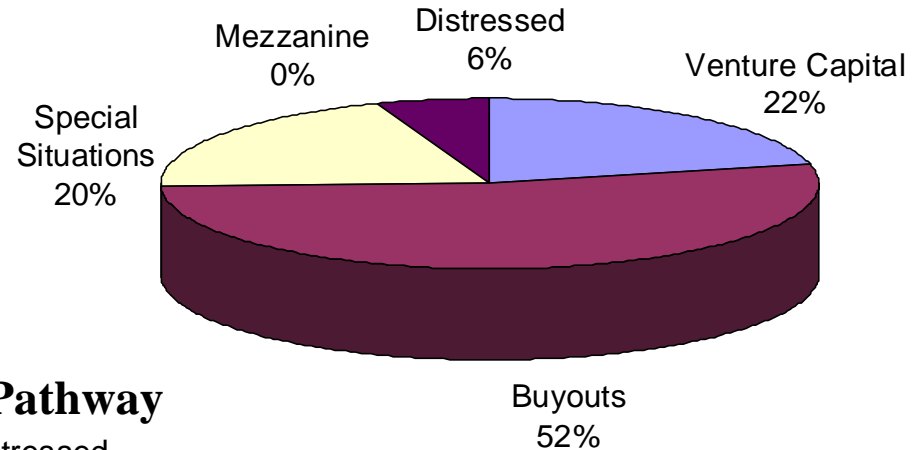
Economic Exposure (Uncalled Capital + Net Carrying Value)

[ARMB Nominal Targets = 25% VC, 40% Buyout, 35% Special Situation]

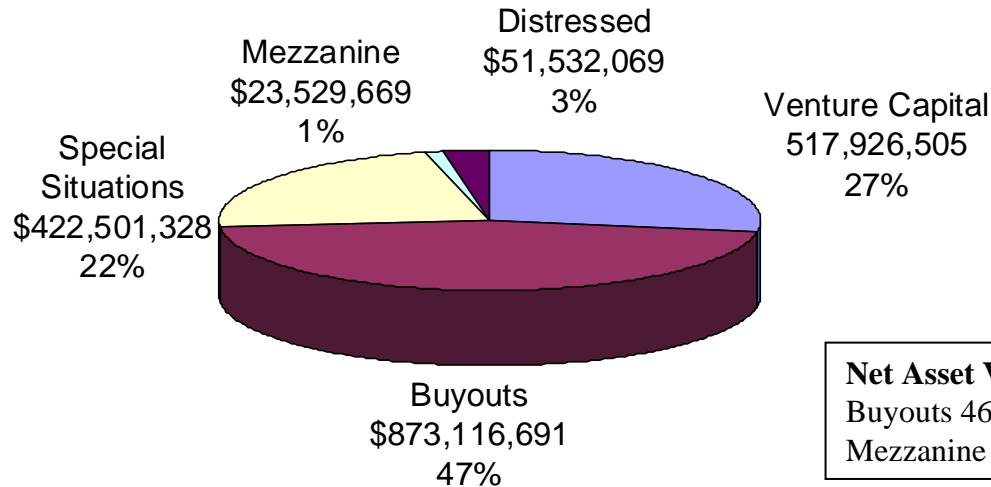
Abbott



Pathway



Abbott & Pathway



Net Asset Value = Venture Capital 27% ,
Buyouts 46%, Special Situations 23%,
Mezzanine 1%, and Distressed 4%

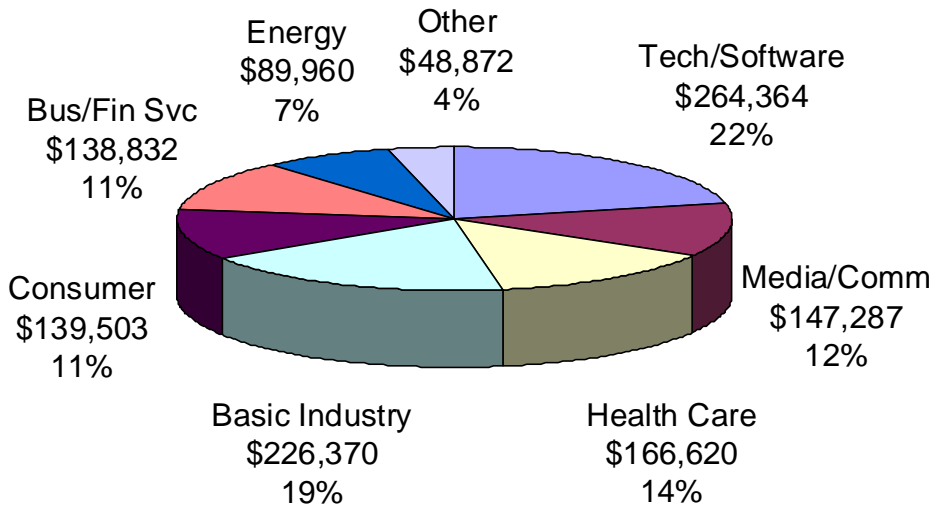


ARMB Private Equity Portfolio

Industry and Geographic Diversification

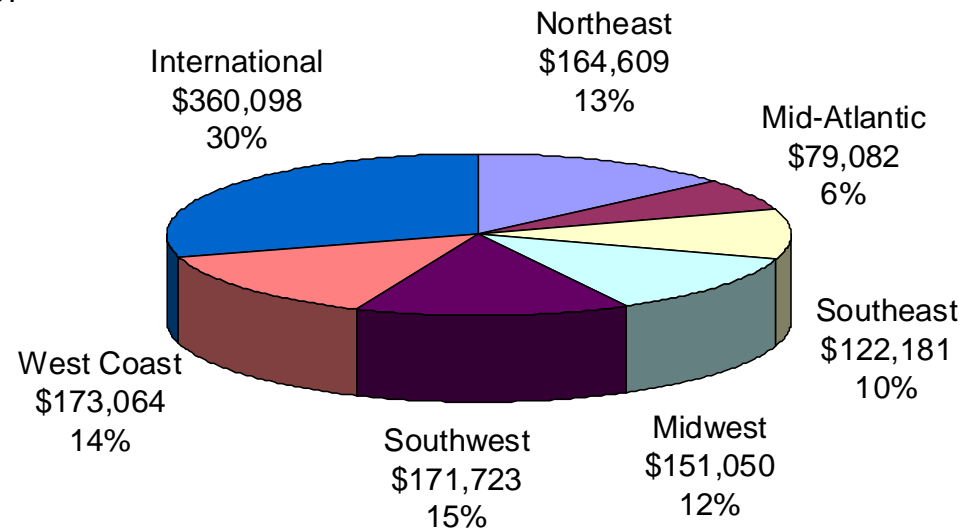
Abbott & Pathway

Combined Industry



Abbott & Pathway

Combined Geography





ARMB Performance

In-House Portfolio: 12-Month Changes, June 30, 2010 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2009	80,000	34,887	45,113	28	30,233	0.00	0.87	0.87	-14.3%
2010	155,000	43,704	111,296	99	44,746	0.00	1.02	1.03	1.6%
Change	75,000	8,817	66,183	71	14,513	0.00	0.16	0.16	15.9%

- 1) Initiated in 2008, five partnerships: VYs: 1-2007, 2-2008, 2-2010
- 2) Portfolio 28% paid-in and is fledgling. The last three partnerships were 6%, 1% and 0% paid-in at June 30, 2010
- 3) Diversified by strategy: Special Situation (Hybrid), Distressed, Buyout, Secondary, Mezzanine
- 4) Commitments increased by \$75 million and two partnership during the year
- 5) Uncalled capital more than doubled, and paid-in capital was \$8.8 million
- 6) Distributions of \$71,000 occurred during the year
- 7) Unrealized appreciation was \$5.8 million (+19%). NAV increased \$14.5 million (+48%)
- 8) Performance went positive during the year although additions of new partnerships may reintroduce a “J-curve” effect
- 9) Portfolio was initiated just before the bubble peaked, has weathered the downturn and has a good backlog of uncalled capital
- 10) Fundraising market in the last two years has been slow and most attractive partnerships have been in both the Abbott and Pathway portfolios (trying not to triple down)



Corporate Governance Portfolio - Performance

Strategic Partners III: 12-Month Changes, June 30, 2010 (\$000)

Year	Commit	Paid-In	Uncalled	Distrib	NAV	DPI	RVPI	TVPI	IRR	TWR	S&P 500
2009	50,000	46,258	1,305	10,205	28,356	0.22	0.61	0.83	-6.9%	-5.3%	-3.8%
2010	50,000	46,669	1,432	24,229	22,569	0.52	0.48	1.00	0.1%	0.4%	-0.5%
Change	-	411	127	14,024	(5,787)	0.30	0.00	0.17	7.0%	5.7%	3.3%

Figures are June 30 actual (not March 31 NAVs updated for June 30 cash flows)

TWR = Time-Weighted Return (period-linked return calculation normally used for public stock portfolios)

- 1) Two \$50 million commitments initiated in May 2005 focusing on activist investments in under-performing publicly-traded small- and mid-cap companies
- 2) One vehicle is public stocks-only and one can include private companies
- 3) Public-only vehicle was fully redeemed in 2009 with a \$15 million loss
- 4) Strategic III had unrealized appreciation of \$7.8 million or 28% during the year, most of which is reflected by distributions since the NAV decreased 20%
- 5) Strategic III has 11 public positions and 4 private investments
- 6) The portfolio has had challenges with Financials, Digital Media, and Education sector companies
- 7) Performance has reflected a concentrated, small company public stock portfolio



ARMB Summary

Observations

- **ARMBs private equity portfolio is maturing, well-diversified and has good performance:**
 - Had to overcome initial timing issue and target increases
 - Both managers are approximating top quartile
 - Abbott has provided the most of ARMB’s exposure to hard-to-access venture capital funds
 - Pathway’s buyout-oriented investment style has been in favor, and the timing of the portfolio’s initiation was good
 - Blum portfolio is not private equity, has suffered timing issues, and has yet to show clear value-added
 - The in-house portfolio is new, relatively small, and well-positioned for the future. Initial timing and subsequent market conditions have slowed progress. The portfolio will take time to develop
 - Qualitatively, the portfolio is composed of highly experienced “top-tier” general partners



Observations

- **ARMB's private equity portfolio continued to develop and improve**
 - Portfolio is over the 7% nominal target, but within range. Uncalled commitments are only 63% of NAV, so we expect the percentage exposure to moderate with time
 - Portfolio activity has been muted during the year. Commitments were slow and paid-in capital was down slightly, but distributions increased markedly and valuations increased significantly
 - The portfolio is maturing with Abbott being 77% and Pathway being 68% paid-in
 - ARMB has an attractive strategy mix for a large fund, and is well-diversified by other measures

- **Looking forward**
 - Private equity is beginning to show some signs of increased activity
 - Values are improving, but future news and progress will likely be mixed
 - Commitments, investment pace, and distributions will continue to be slow until the debt markets return
 - The underlying portfolio companies have weathered the worst of the economic downturn and the uncalled commitments can benefit from more favorable pricing and investment structures

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Manager Review Meeting

ACTION: _____

DATE: December 2, 2010

INFORMATION: X

BACKGROUND

In preparation for the annual Manager Review meeting with the Investment Advisory Council (IAC) members and the general consultant (Callan), staff updated and sent the 2010 Manager Questionnaire to all investment managers under contract with the Alaska Retirement Management Board (Board). The questionnaire topics can broadly be classified as: Ownership/Structure, Process, Portfolio Performance and Characteristics, and Other Issues – including the investment process, change in ownership, growth of assets, and legal issues.

Every manager completed a questionnaire, and the responses were provided to the CIO, Callan, and IAC members. After reviewing all questionnaires, the group met to discuss the manager responses and other matters to be brought before the group. Participants in the review were Gary Bader, Chief Investment Officer; Judy Hall, Board Liaison Officer; Michael O’Leary, Callan Associates; and Dr. Bill Jennings and George Wilson, IAC members. The reviewers met in Denver on October 21, 2010.

STATUS:

Certain managers/asset groups were selected for extended discussion:

McKinley Capital Management	Small Cap Pool (Lord Abbett and Luther King)
RCM	Brandes Investment Partners
Mariner Investment Group	Relational Investors
T Rowe Price target date funds/stable value	Cap Guardian International
Eaton Vance	Private Equity
Farmland/Timber/Real Estate Program	

With respect to RCM, Brandes, Relational, and Cap Guardian International, after discussion on organizational structure/changes, benchmarks and performance, the group had no recommendations for further action by staff or consultants.

McKinley Capital manages a large cap growth mandate and an international mandate for the Board, and has been on the Watch List for the past year based on a recommendation from the review meeting in 2009. Mr. O’Leary noted that there were no changes of substance, but the development of the New York operation should be further investigated. Recent performance numbers were reviewed and discussed, along with benchmark comparisons. *Consensus: Staff to meet with McKinley to identify whether there is an edge in international space, with consideration to scaling back mandate; then report to Board.*

Mariner Investment Group has been on the Watch List since April 2008 for underperformance, and would be placed on Watch List now for an ownership change. Mr. Bader observed that the managers always report that everything will remain the same after a merger or acquisition, but over time it always seems that things trail off. He had instructed staff to balance the allocation between absolute return managers. Mr. Bader questioned if it was time to turn the page on this asset class since it has never come close to achieving the goal of a 5% real return. Mr. O’Leary noted that the relative performance is okay, but the stated goal has not been achieved. Mr. Wilson stated he agreed with Mr. Bader’s comments regarding organization changes. *Consensus: Evaluate the change of ownership with Mariner, continue watch list placement and equalize the absolute return portfolios.*

The group had an extensive discussion regarding the small cap pool: the assets under management, performance, and the amount invested in passive Russell 2000 indices relative to that actively managed by Jennison, Lord Abbett and Luther King. Mr. Bader noted that the active managers have a growth tilt, but the passive managers had more under management which dominated performance – in rebalancing he would take from passive. The group further discussed the composition of the small cap pool and whether a more balanced approach should be put place. *Consensus: After selection and hiring of microcap managers, revisit small cap pool structure. Nothing with respect to the active managers is a concern.*

T Rowe Price manages the target date funds for SBS, deferred comp and the defined contribution plans. The group had no issues to discuss regarding this mandate, but Mr. O’Leary recommended that staff conduct an annual review of the glide path in relation to its peer group. With respect to the stable value fund managed by T Rowe Price, Mr. Bader stated a potential problem with the Reality Investing optimizer selecting this fund for participants. It could result in a mass movement out of the fund which had negative consequences for remaining participants. *Consensus: staff to conduct an annual review of target funds glide paths. Staff will recommend to Board that the stable value fund be eliminated as a choice for the Reality Investing optimizer.*

Real Estate Program: Mr. O’Leary stated that he recently saw an article that said ARMB was making no new investments in real estate – and that this was incorrect, the real estate managers have lots of uncommitted capital so the Board made no new allocations to the program. Mr. Bader noted that the past couple of years has been a learning experience regarding the difficulties of being in commingled funds. His position going forward will be that there must be a compelling reason to be involved. Mr. O’Leary and Mr. Wilson agreed. Mr. Bader observed that after the annual Real Estate Committee meeting, a trustee had asked why the other assets within the Real Assets allocation were not included in the committee review and staff agreed that a revision of the committee’s focus should be considered. *Consensus: Staff will prepare a proposal for a Real Assets Committee for Board consideration.*

Timber: Dr. Jennings noted that the timber allocation was slower to go out than planned; Mr. Bader agreed, but said that staff’s position was not to prod managers to invest, but to always look for the best deal. Mr. O’Leary stated that volatility in the asset class has increased because of the magnitude of the recession and also new accounting standards tied to the appraisal process.

Farmland: Mr. Bader noted that the program had been carefully designed with certain parameters: a 5% real return, 20% permanent and 80% row crops, and it has worked well. UBS shows underperformance with NCRIEF, but they are doing what the Board asked and are meeting targets. Mr. O’Leary stated a

concern with the queue – more managers are not taking separate accounts in order to channel investors into commingled funds. Place in the queue is based on the signed contract each quarter. Mr. Bader said that Brian Webb leaving UBS was of some concern.

Other Topics:

Asset allocation with multiple asset groups: In response to a question from Dr. Jennings relating to real assets, Mr. O’Leary stated that for asset allocation purposes, Callan creates a policy level composite; the policy remains constant for a year. In this composite, energy gets short shrift, as does differentiation between farmland and commercial real estate. Dr. Jennings wondered if something has been lost in the asset allocation discussion by moving to 6 asset class levels. Mr. Bader agreed that this might be the case particularly being constrained in real assets. The large asset classes create simplicity and clarity for the Board, but create rebalancing challenges. Mr. O’Leary noted that the number of major asset categories could remain low, but broadening the bands would provide an increase in operating flexibility to deal with the denominator problem.

Mr. Bader stated that he intended to introduce several “tail risk” and volatility reduction strategies to the Board as educational topics. Mr. Wilson agreed that education for the Board is important. Mr. Bader indicated that he would probably have Citibank and Goldman talk about Libor Floors and Put Collars as a possibility.

Active vs. Passive: Charts were provided illustrating the active vs passive allocation with the large cap and small cap mandates. Mr. O’Leary noted that the definition of active and passive makes a difference as to how it is categorized, i.e., convertible bonds and covered calls.

While realizing that there have been significant manager changes over the past few years, Mr. Wilson noted after payment of management fees, active management of the ARMB equity portfolio had not beaten its passive benchmarks for a number of years. Mr. Bader noted that ARMB staff and the Board are continuing to monitor the appropriate level of passive management and this will be discussed at future board meetings.

Mr. O’Leary noted the persistent move to passive in large cap space and stated a personal preference for active management even in large cap. He advocated a lower weighting for passive in small cap and international. Mr. Bader said the large cap allocation is now 55% passive. *Consensus: Large Cap Passive Target for coming year – 60%; look at Relational and McKinley for trimming.*

Assets Under Management: During the general discussion of certain managers, Dr. Jennings had noted the size disparity of manager mandates within the international allocation. Brandes has \$736 million, McKinley, \$283 million, SSgA \$239 million and Cap Guardian \$494 million. Dr. Jennings suggested reducing the positions of McKinley and Lazard and creating a 20-25% index target. The group discussed investment manager assets under management (AUM) from two perspectives: First as a percent of the ARMB’s investments, and second from the perspective of ARMB’s investments as a percentage of the investment manager’s AUM. *Consensus: That the CIO report to the Board with a recommendation for addressing these two issues.*



ARMB Board Meeting Investment Performance September 30, 2010

Michael J. O'Leary CFA
Executive Vice President
Callan Associates Inc.
Prepared November 16, 2010

Preliminary Real Estate Returns are used in this report



Capital Markets Summary

Investors flooded back into risky assets and sent stocks sharply higher in the third quarter as strong corporate profits were being reported, some positive economic data was announced, and the prospect of further stimulus efforts from the government dominated headlines.

Fixed Income

- The fixed income markets once again posted solid gains in the third quarter. With a 2.5% gain in the quarter, the Barclays Capital (BC) Aggregate Index, which measures the U.S. investment grade bond market, has now maintained two straight years of positive quarterly returns.
- All sectors experienced positive performance for the quarter, with high yield bonds, commercial mortgage-backed securities (CMBS) and corporate bonds producing the highest returns.
- Treasury yields continued to fall and the dollar depreciated against most major currencies during the third quarter.

Domestic Equity

- The S&P 500 Index had its single best September showing since 1939, gaining 8.9%, bringing its third quarter gain to 11.3%.
- The rally was across all capitalizations, with the Russell 1000 Index and the Russell 2000 Index advancing 11.6% and 11.3%, respectively.
- Growth stocks were the clear favorites from a style perspective among large capitalization stock, with the Russell 1000 Growth Index posting a 13.0% versus a gain of 10.1% for the Russell 1000 Value Index. The difference in performance was mirrored among smaller capitalization stocks, with the Russell 2000 Growth Index (+12.8%) easily outpacing the Russell 2000 Value Index (+9.7%).

International Equity

- The non-U.S. equity markets regained their luster to lead the rally in the third quarter. The MSCI ACWI ex-U.S. Index gained 16.7%, while the MSCI Emerging Markets Index surged 18.2% .
- Developed markets, as measured by the MSCI EAFE Index, climbed 16.5%.



Recovery comparison

MARKET
INSIGHTS

Contributors to GDP Growth

Economy

	Last 50 Years		Last 7 Recessions		Last 7 Recoveries (1st Yr)		Most Recent Recession		Current Recovery (1st Yr)	
	Percent	Share	Percent	Share	Percent	Share	Percent	Share	Percent	Share
Overall GDP Growth	3.2	100.0%	-1.8	100.0%	5.0	100.0%	-4.1	100.0%	3.0	100.0%
Less Cyclical Components	2.6	81.2%	0.7	-39.9%	2.0	40.1%	0.6	-15.5%	-0.0	-0.8%
Consumption Ex-Autos	2.1	66.6%	0.1	-4.0%	2.4	47.9%	-1.0	23.4%	1.1	35.6%
Commercial Construction	0.1	1.9%	-0.1	3.8%	-0.1	-2.3%	-0.6	14.6%	-0.4	-14.8%
Net Exports	-0.1	-2.5%	0.4	-23.8%	-0.6	-12.7%	1.5	-37.4%	-0.8	-26.1%
Government	0.5	15.2%	0.3	-15.9%	0.4	7.2%	0.7	-16.1%	0.1	4.4%
More Cyclical Components	0.6	18.8%	-2.5	139.9%	3.0	59.9%	-4.8	115.5%	3.0	100.8%
Auto Consumption	0.1	3.1%	-0.2	11.4%	0.4	7.7%	-0.6	15.2%	0.1	3.3%
Residential Construction	0.1	2.2%	-0.5	27.3%	0.7	14.5%	-1.3	32.4%	0.1	4.4%
Equipment	0.4	12.9%	-0.3	15.7%	0.5	9.1%	-1.6	38.0%	1.1	36.1%
Change in Inventories	0.0	0.6%	-1.5	85.5%	1.4	28.6%	-1.2	29.9%	1.7	57.0%

Source: BEA, NBER, J.P. Morgan Asset Management.

Last 50 Years are from 2Q60 – 2Q10. Last 7 Recessions are measured from peak real GDP to trough real GDP. Last 7 Recoveries are defined as the four quarters following the NBER-designated trough quarter. Most Recent Recession is defined from peak real GDP in 4Q07 to trough real GDP in 2Q09.

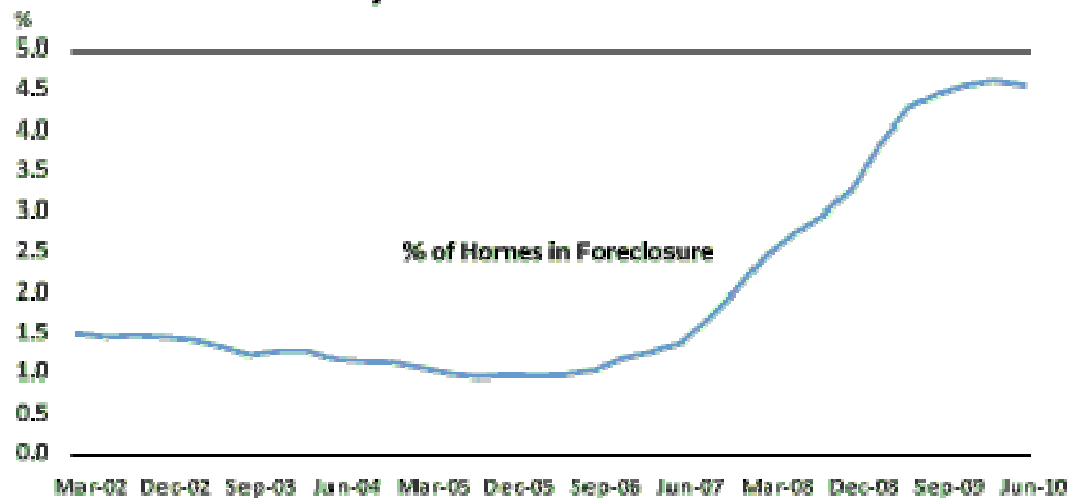
Note that contribution numbers are approximations due to the use of chain-weighted GDP, which is not designed to sum exactly. Most recent data as of 9/30/10.

J.P.Morgan
Asset Management

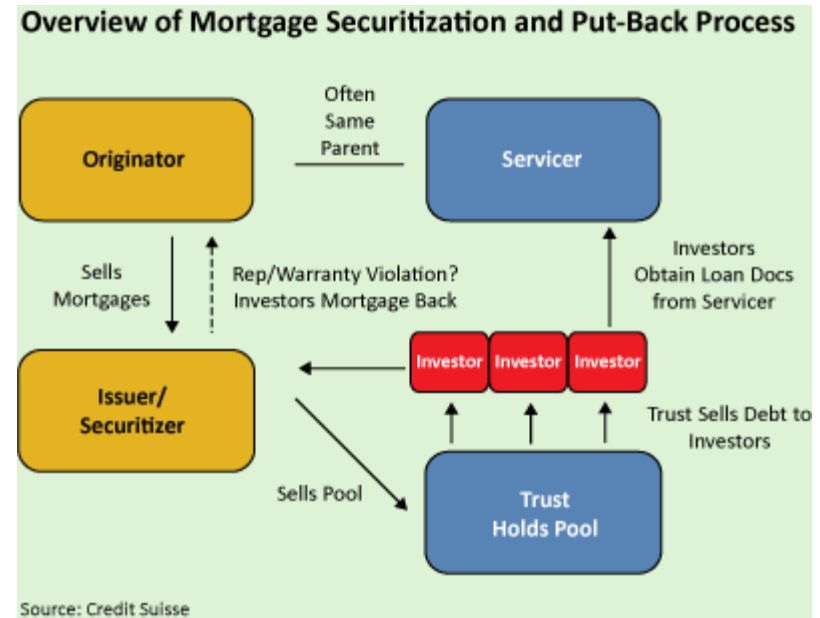


Mortgage Issues – another bump in the road

One in Twenty U.S. Homes is in Foreclosure



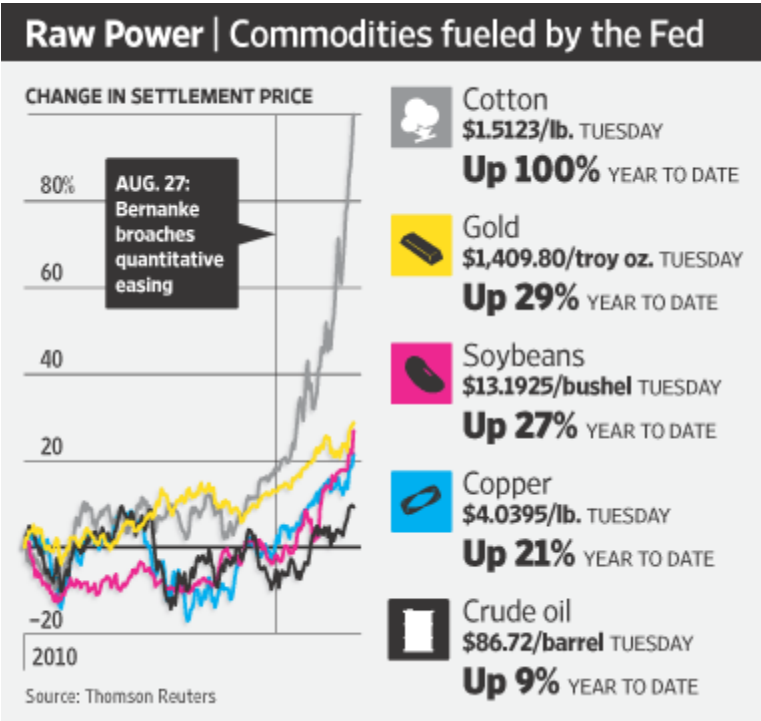
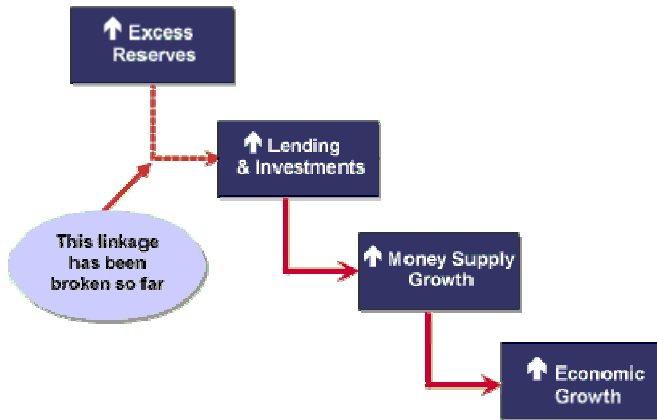
Sources: Mortgage Banker's Association and BBH Analysis



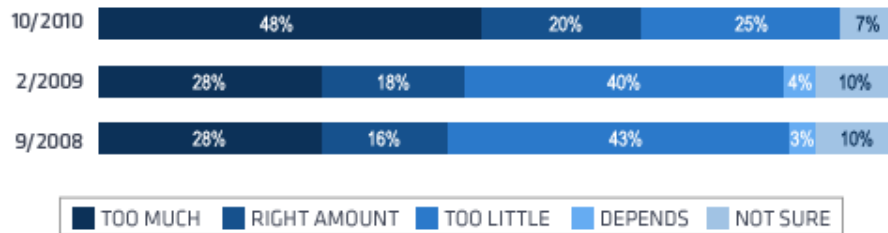


QE2, Commodity Spike, Deficit Reduction, Euro Concerns

Monetary Policy Key Linkages



DO YOU THINK THE FEDERAL GOVERNMENT REGULATES BUSINESS TOO MUCH, TOO LITTLE, OR THE RIGHT AMOUNT?



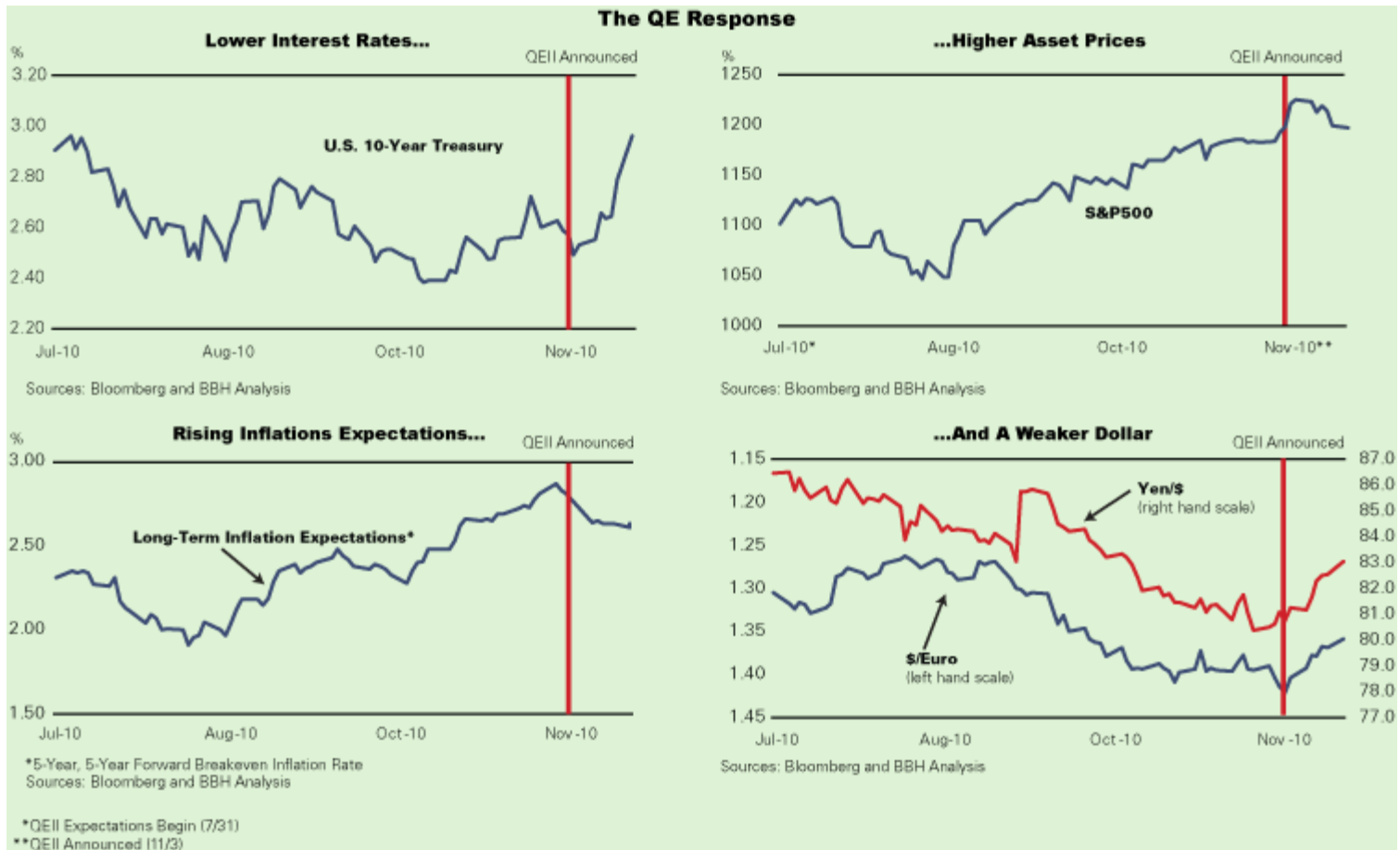
SOURCE: CNBC SURVEY



- Deficit Panel Pushes Cuts
- Plan to Save \$3.8 Trillion Targets Medicare, Pentagon, Middle-Class Tax Breaks



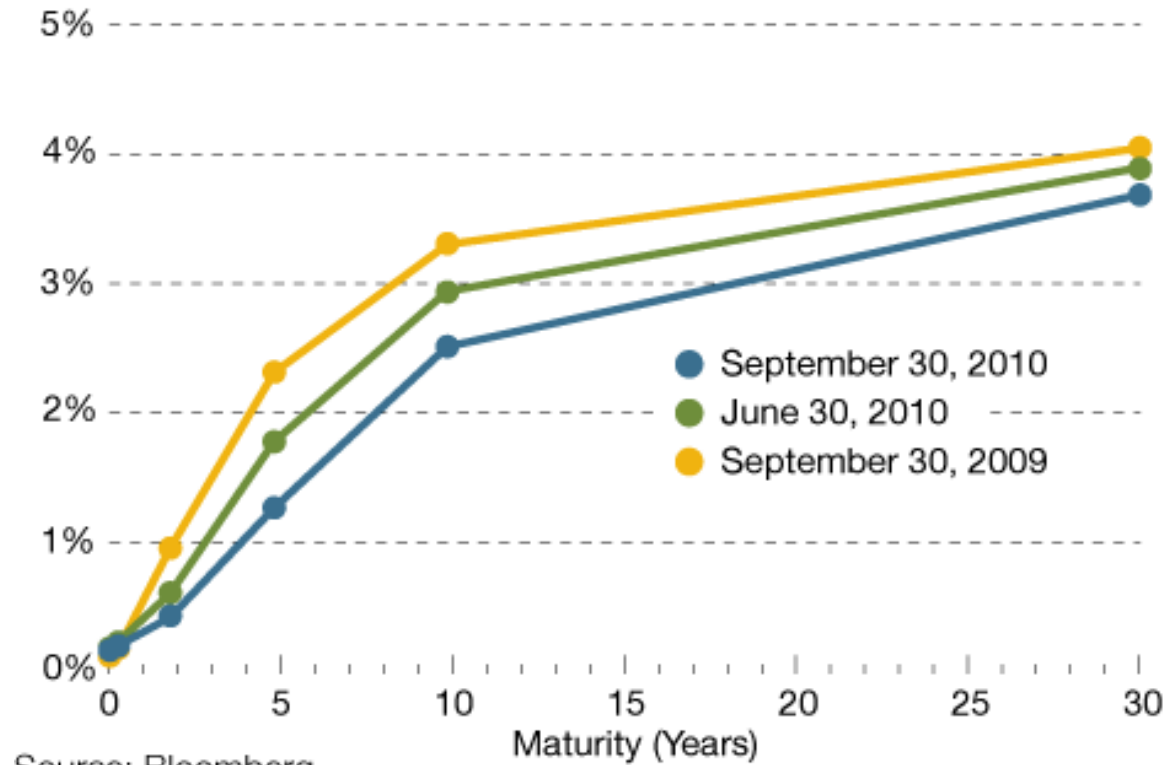
QE2 – “Buy on the rumor, sell on the news?”





Fixed Income

U.S. Treasury Yield Curves

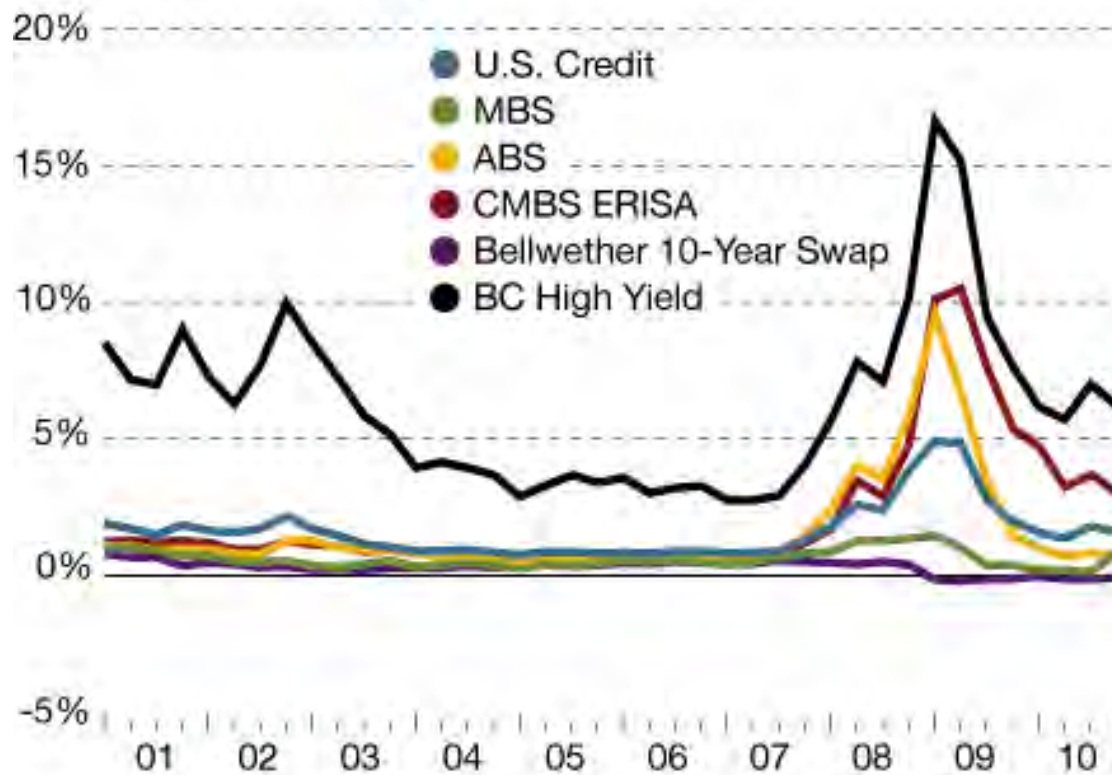


Source: Bloomberg



Fixed Income

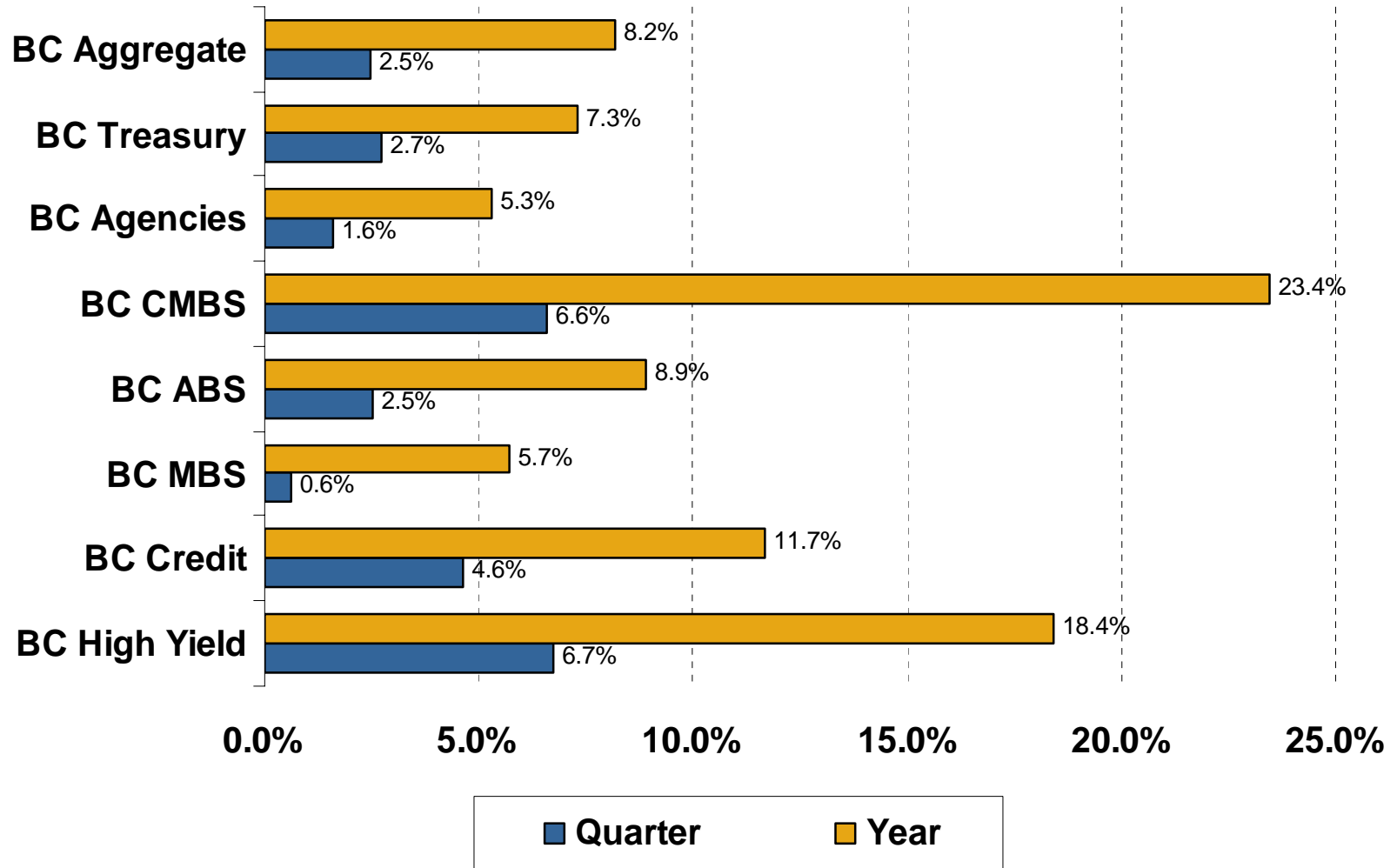
Effective Yield Over Treasuries



Source: Barclays Capital Inc.



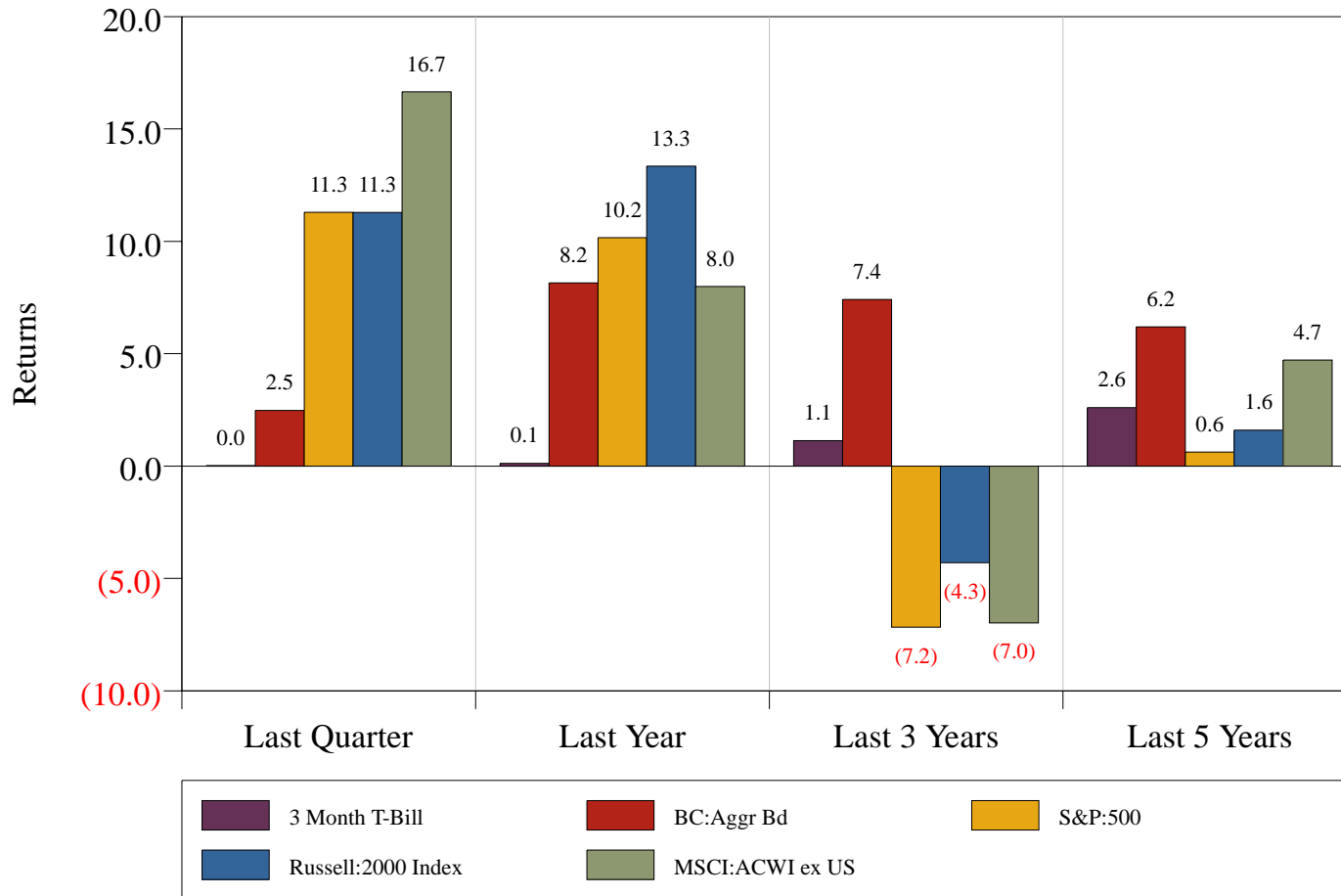
Total Rates of Return by Bond Sector Quarter ending September 30, 2010





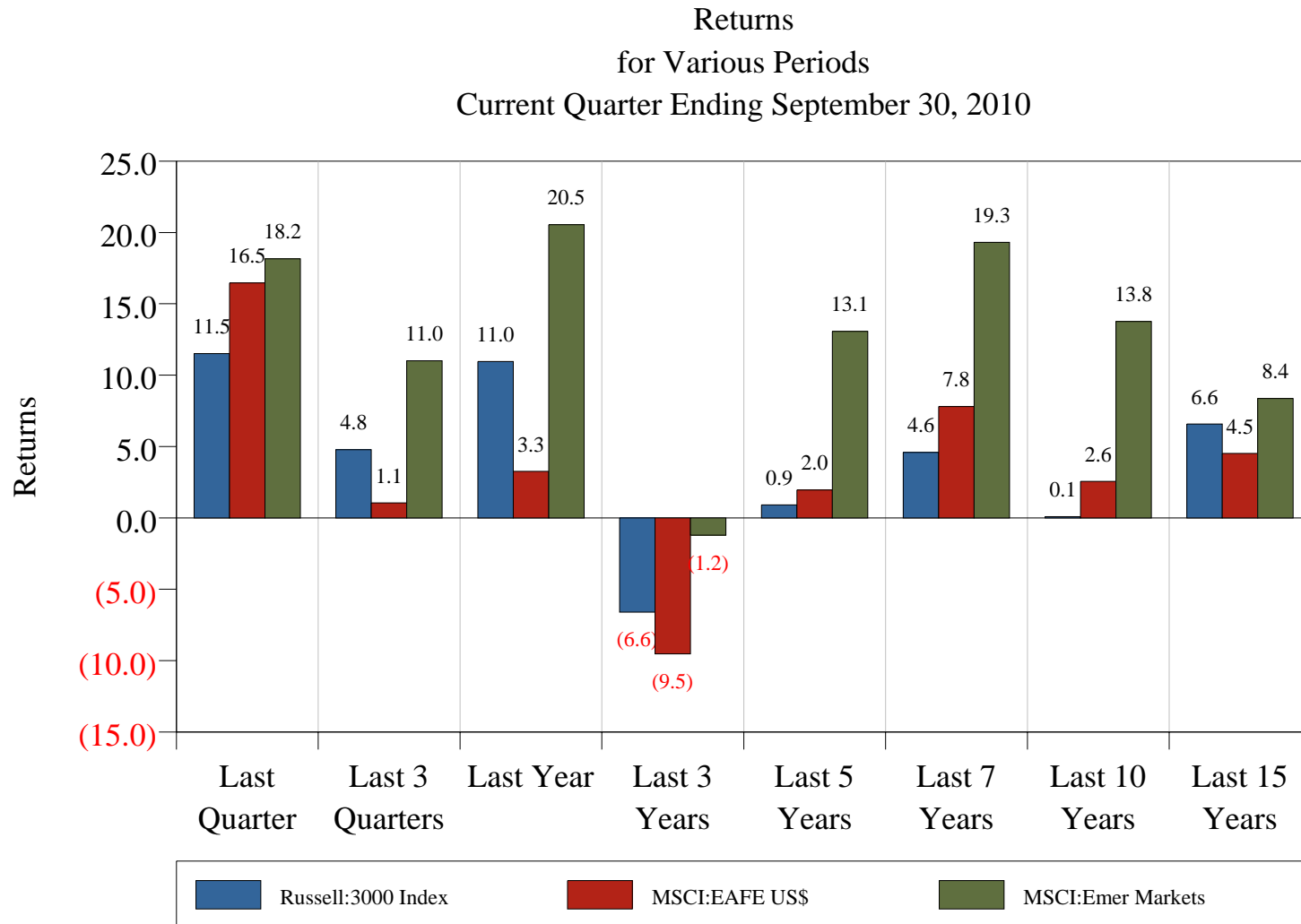
Cumulative Returns – periods ended 9/30

Returns for Quarter Ended September 30, 2010



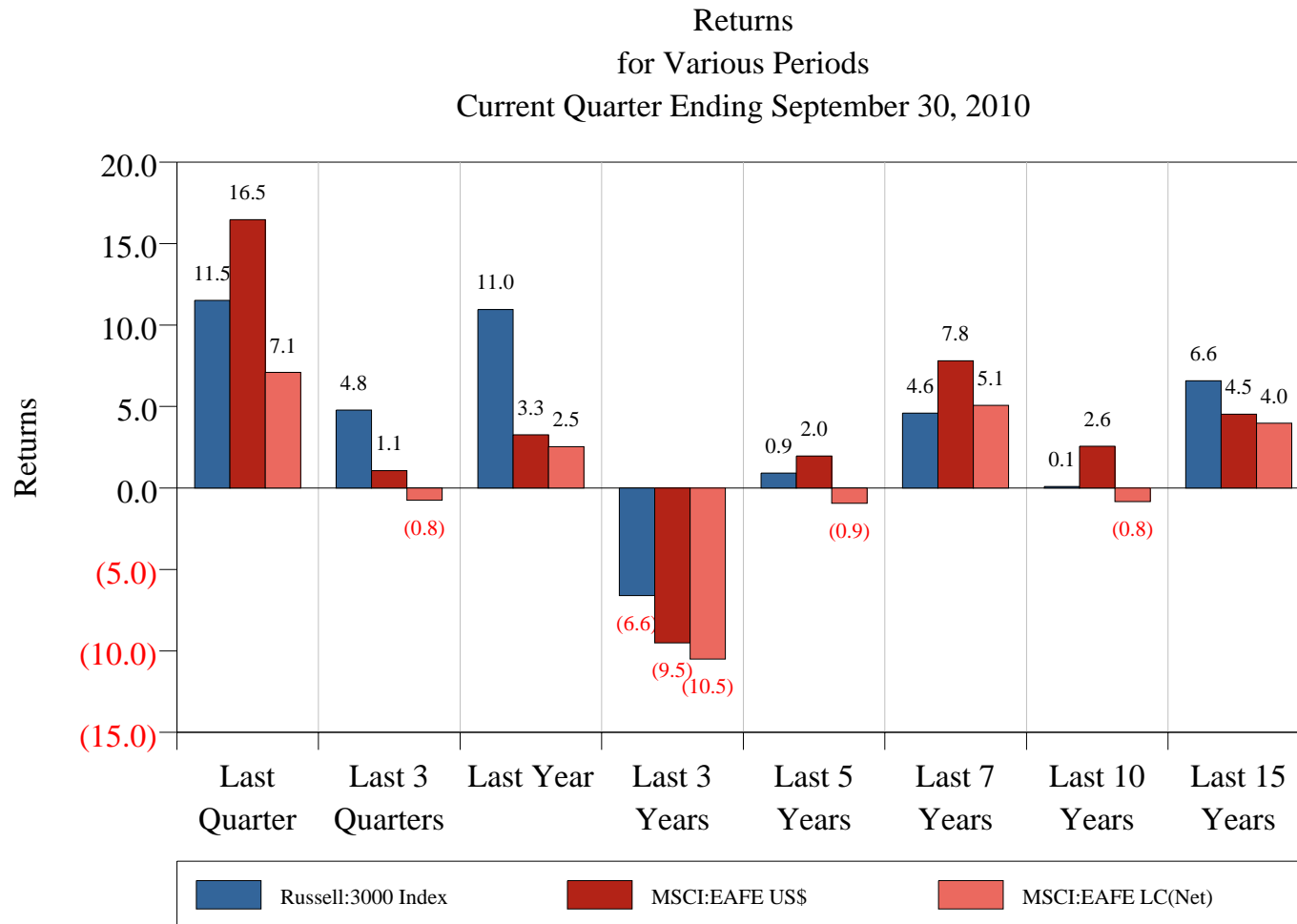


Developed Equity versus Emerging Markets





Local versus Dollar Returns





Critical issues – valuation 9-30-10

MARKET
INSIGHTS

Stock Valuation Measures: S&P 500 Index

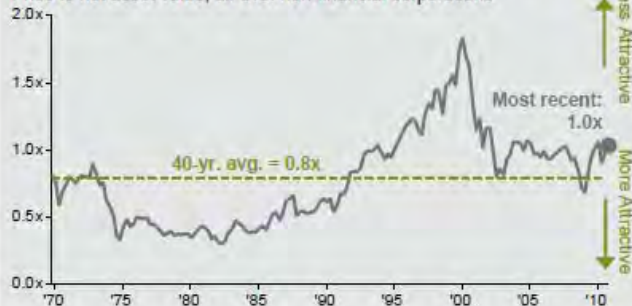
Equities

S&P 500 Index: Valuation Measures

Valuation Measure	Description	S&P 500 Index: Valuation Measures		Historical Averages			
		Latest	1-year ago	3-year avg.	5-year avg.	10-year avg.	15-year avg.
P/E	Price to Earnings	12.3x	14.7x	13.2x	13.8x	15.8x	17.2x
P/B	Price to Book	2.1	2.1	2.2	2.4	2.8	3.2
P/CF	Price to Cash Flow	8.3	8.7	8.5	9.3	10.8	11.2
P/S	Price to Sales	1.1	1.1	1.1	1.2	1.4	1.5
Div. Yield	Dividend Yield	2.1%	2.1%	2.3%	2.2%	1.9%	1.9%

Q-Ratio: Stock Price Relative to Company Assets

Price to net asset value, all U.S. non-financial corporations



S&P 500 Earnings Yield vs. Baa Bond Yield



Source: (Top) Standard & Poor's, FactSet, J.P. Morgan Asset Management.

Price to Earnings is price divided by consensus analyst estimates of earnings per share for the next twelve months. Price to Book is price divided by book value per share. Data post-1992 include intangibles and are provided by Standard & Poor's. Price to Cash Flow is price divided by consensus analyst estimates of cash flow per share for the next twelve months. Price to Sales is calculated as price divided by consensus analyst estimates of sales per share for the next twelve months. Dividend Yield is calculated as consensus analyst estimates of dividends for the next twelve months divided by price. All consensus analyst estimates are provided by FactSet. (Bottom left) Q-Ratio based on data from the Federal Reserve, table B.102. 3Q10 is an estimate provided by J.P. Morgan Asset Management as of 9/30/10. (Bottom right) Standard & Poor's, Moody's, J.P. Morgan Asset Management. Data are as of 9/30/10.

J.P.Morgan
Asset Management



Interesting Graph from Vanguard

Are stocks set to outperform bonds?

Rolling 10-year return differential of stocks versus bonds



Source: Bloomberg.

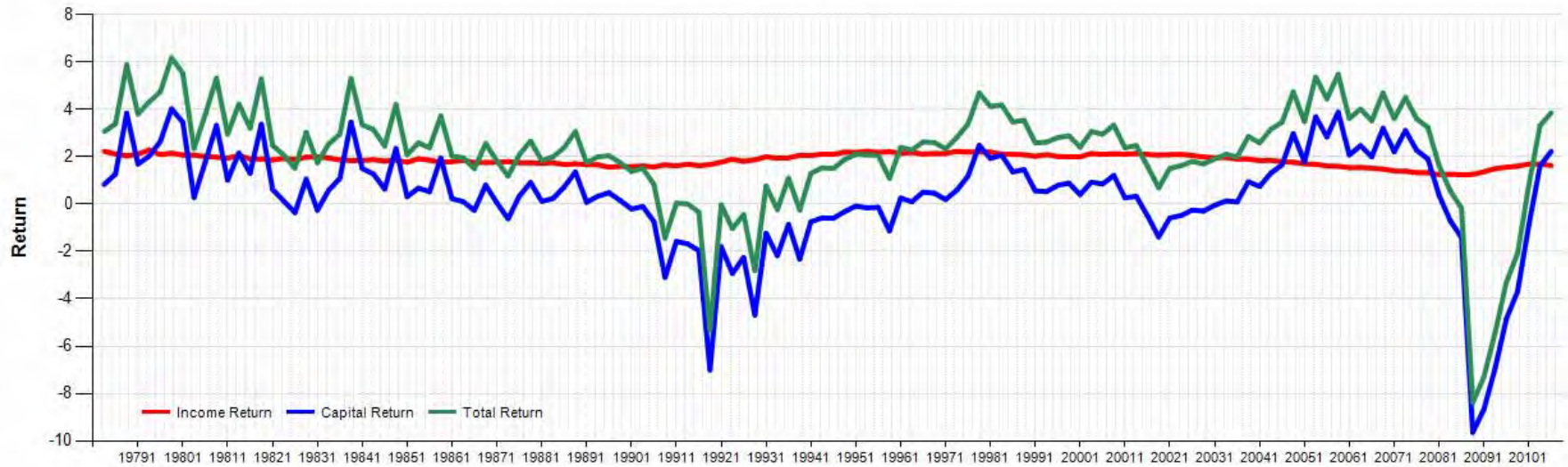
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.



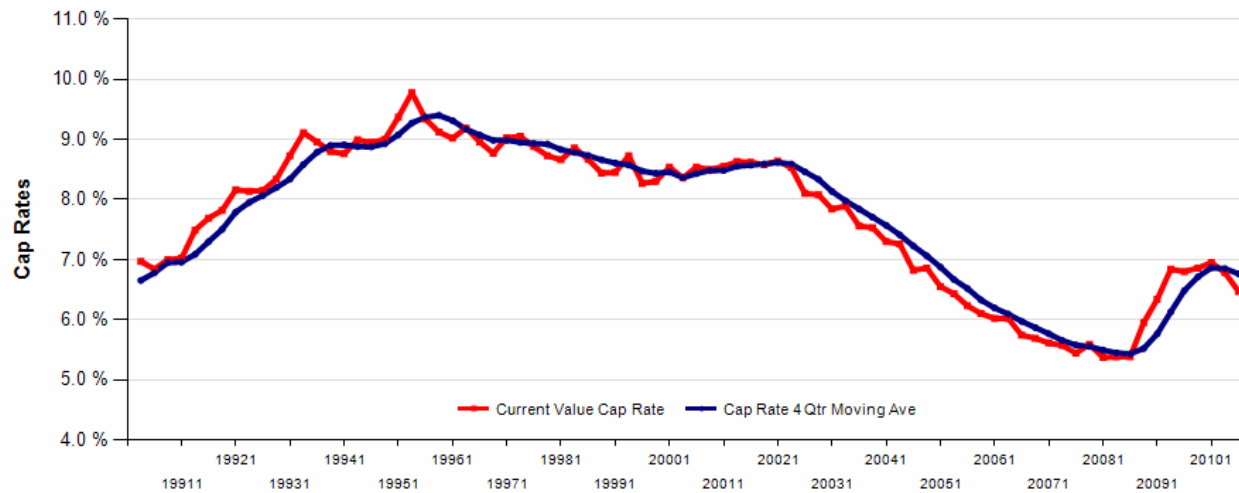


Real Estate – further improvement

NCREIF Returns



Current Value Cap Rates





Private Equity Performance

Industry performance (note date) & Activity

Private Equity Performance Database (Pooled Horizon IRRs Through March 31, 2010)

Strategy	Year	3 Years	5 Years	10 Years	20 Years
All Venture	11.5	0.5	4.6	-1.5	17.8
All Buyouts	19.4	-0.5	5.4	4.0	9.0
Mezzanine	4.0	0.8	2.7	2.3	6.7
All Private Equity	21.9	0.6	5.8	3.8	11.3
S&P 500	49.8	-4.2	1.9	-0.7	8.7

Private equity returns are net of fees.

Source: Thomson ONE.

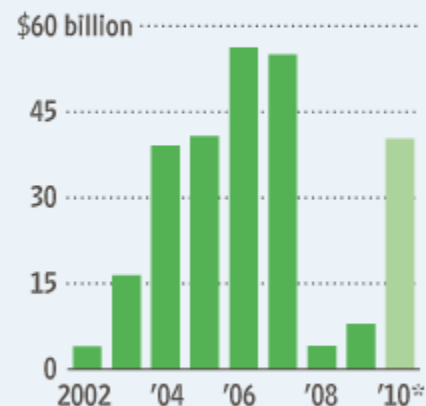
Funds Closed 1/1/10 to 9/30/10

Strategy	# of Funds	Amt (\$MM)	%
Venture Capital	98	8,924	13%
Acquisitions/Buyouts	92	31,640	46%
Subordinated Debt	21	5,393	8%
Distressed Debt	14	9,741	14%
Other	12	8,543	13%
Fund-of-funds	32	4,052	6%
Totals	269	68,292	100%

Source: *Private Equity Analyst*

Buyout Rewards

Junk debt issuance to finance payouts to private-equity owners



*Year-to-date including HCA

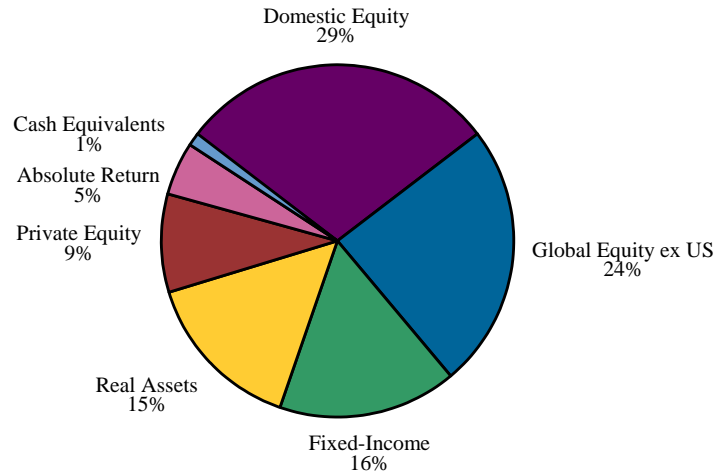
Source: Standard & Poor's



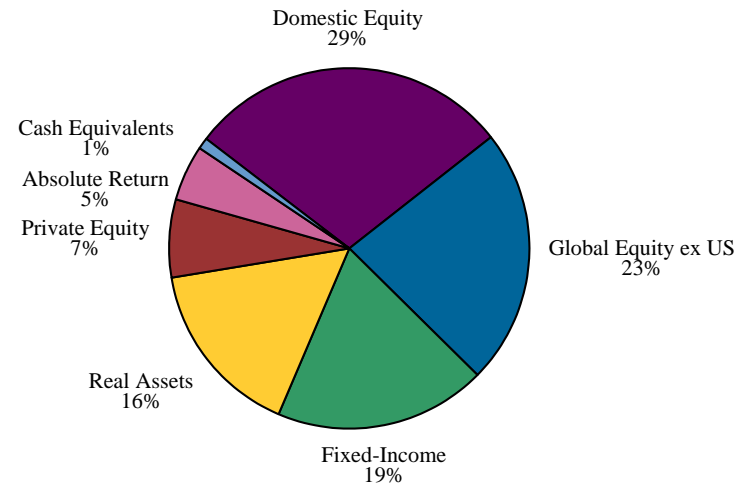
Asset Allocation – PERS

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



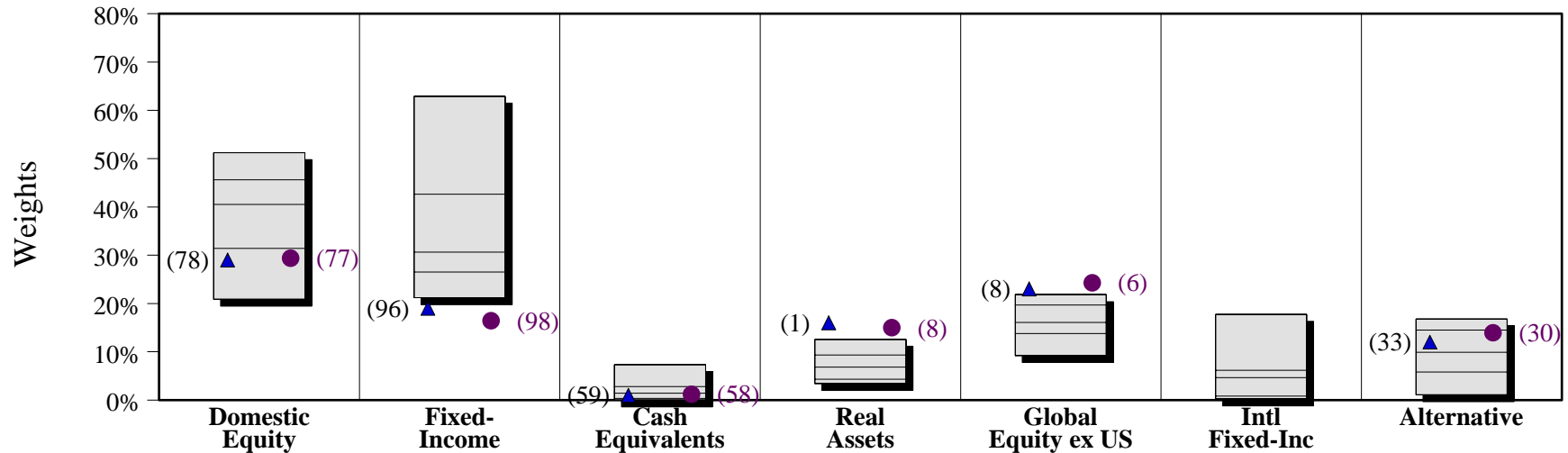
Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,680,993	29.3%	29.0%	0.3%	18,842
Global Equity ex US	1,390,639	24.3%	23.0%	1.3%	72,381
Fixed-Income	939,853	16.4%	19.0%	(2.6%)	(149,142)
Real Assets	857,132	15.0%	16.0%	(1.0%)	(59,916)
Private Equity	517,014	9.0%	7.0%	2.0%	115,811
Absolute Return	279,502	4.9%	5.0%	(0.1%)	(7,076)
Cash Equivalents	66,421	1.2%	1.0%	0.2%	9,105
Total	5,731,555	100.0%	100.0%		



Asset Allocation Versus Public Funds

Callan Public Fund Database

Asset Class Weights vs CAI Public Fund Sponsor Database



	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Intl Fixed-Inc	Alternative
10th Percentile	51.23	62.91	7.37	12.59	21.84	17.78	16.81
25th Percentile	45.60	42.64	2.78	9.34	19.68	6.18	14.51
Median	40.52	30.64	1.42	6.84	16.06	4.67	9.90
75th Percentile	31.39	26.50	0.36	4.33	13.76	0.82	5.82
90th Percentile	20.89	21.21	0.05	3.44	9.21	0.24	1.10
Fund ●	29.33	16.40	1.16	14.95	24.26	-	13.90
Target ▲	29.00	19.00	1.00	16.00	23.00	-	12.00

% Group Invested	97.40%	98.70%	62.34%	48.05%	89.61%	23.38%	41.56%
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■ Total fixed income is below target while international equity real assets and alternatives are high when compared to other public funds. Policy is “growth” oriented as opposed to “income” oriented.

Note that “alternative” includes private equity and absolute return



PERS Performance September Quarter

PERS

Relative Attribution Effects for Quarter ended September 30, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	11.21%	11.53%	(0.09%)	(0.01%)	(0.10%)
Fixed-Income	19%	19%	3.61%	3.64%	(0.01%)	0.02%	0.01%
Real Assets	16%	16%	1.87%	3.01%	(0.18%)	0.02%	(0.16%)
Global Equity ex US	22%	23%	16.09%	16.66%	(0.12%)	(0.11%)	(0.24%)
Private Equity	10%	7%	0.81%	13.02%	(1.18%)	0.08%	(1.11%)
Absolute Return	5%	5%	0.27%	1.29%	(0.05%)	(0.01%)	(0.07%)
Cash Equivalents	1%	1%	0.13%	0.03%	0.00%	0.03%	0.03%
Total			7.70%	9.32%	+ (1.63%)	+ 0.01%	(1.63%)

- Preliminary private real estate & total real assets lagged target but were positive. This represents the second quarter of positive returns and is encouraging.
- Private equity (a huge contributor in the June quarter) lagged significantly during the September quarter (0.81% versus a public market benchmark of 13.02%). This represents, in our judgment, largely a timing issue.



Trailing 12 months

PERS

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	30%	10.89%	10.96%	(0.01%)	0.04%	0.03%
Fixed-Income	19%	20%	9.32%	8.69%	0.11%	(0.03%)	0.08%
Real Assets	15%	16%	4.80%	5.54%	(0.12%)	(0.06%)	(0.18%)
Global Equity ex US	22%	22%	9.35%	8.00%	0.27%	(0.15%)	0.13%
Private Equity	9%	7%	15.88%	8.96%	0.52%	0.02%	0.54%
Absolute Return	5%	5%	4.31%	5.13%	(0.05%)	(0.02%)	(0.07%)
Cash Equiv	0%	0%	-	-	0.00%	0.03%	0.03%
Total			9.61%	= 9.06%	+ 0.72%	+ (0.17%)	0.55%

- The trailing 1-year return was better than target with positive contributions from Fixed Income, International Equity, and Private Equity.
- Real assets lagged target primarily owing to real estate underperforming the real estate target (- 3.81% versus +3.65%) for the benchmark



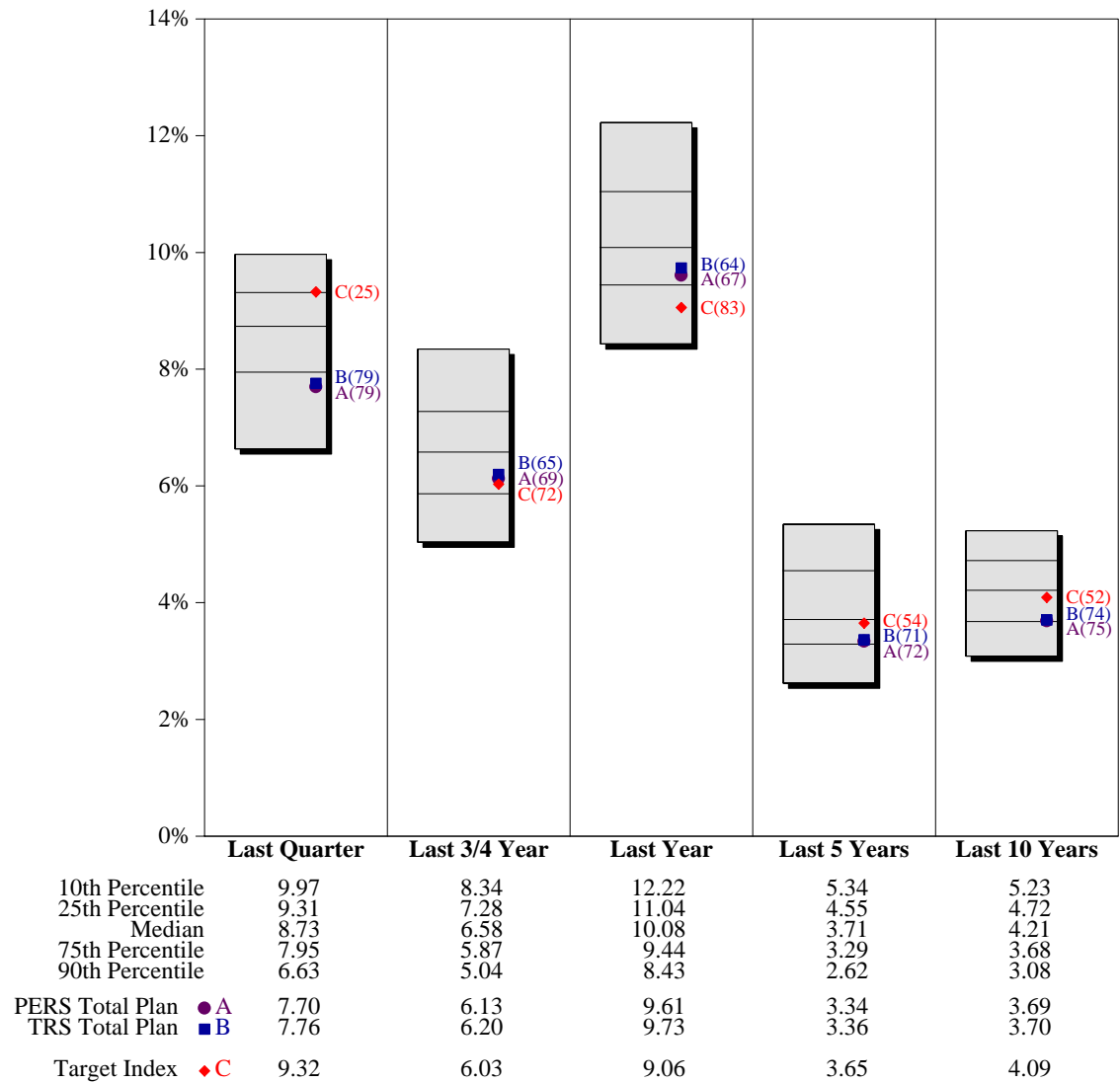
PERS Intermediate Term Performance

Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	34%	34%	0.59%	0.72%	(0.06%)	0.06%	0.01%
Fixed-Income	19%	20%	6.27%	6.48%	(0.04%)	0.04%	0.00%
High Yield	1%	1%	-	-	0.00%	0.00%	0.00%
Real Assets	13%	12%	2.99%	5.72%	(0.47%)	(0.06%)	(0.53%)
International Equity	19%	18%	5.10%	3.98%	0.16%	0.02%	0.19%
Int'l Fixed-Income	1%	1%	-	-	(0.00%)	(0.03%)	(0.03%)
Private Equity	8%	7%	8.90%	1.57%	0.38%	(0.07%)	0.30%
Absolute Return	4%	5%	2.23%	7.33%	(0.21%)	(0.08%)	(0.29%)
Other	1%	2%	-	-	0.03%	0.02%	0.05%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			3.34%	3.65%	+ (0.21%)	+ (0.10%)	(0.31%)

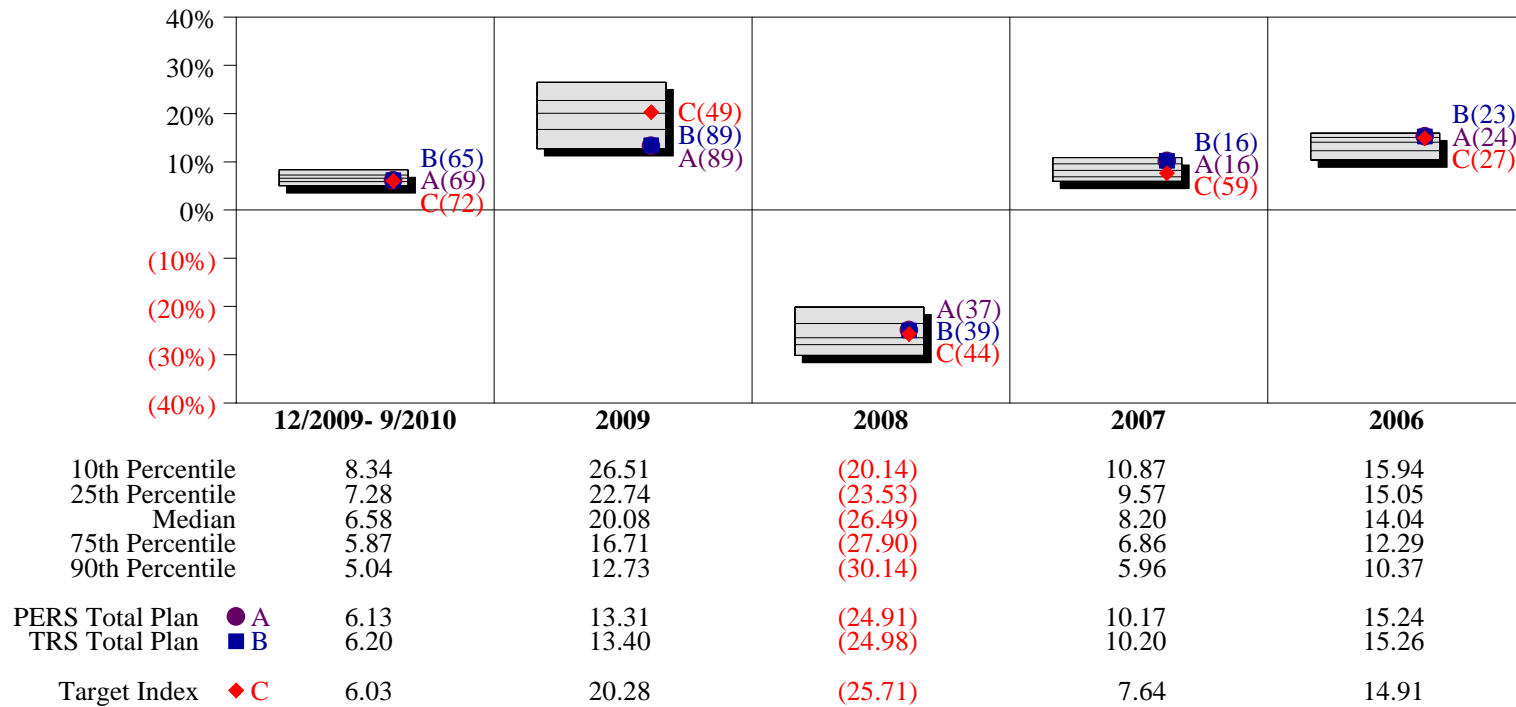


Cumulative Total Fund Returns





Calendar Period Performance Relative to Public Fund Database

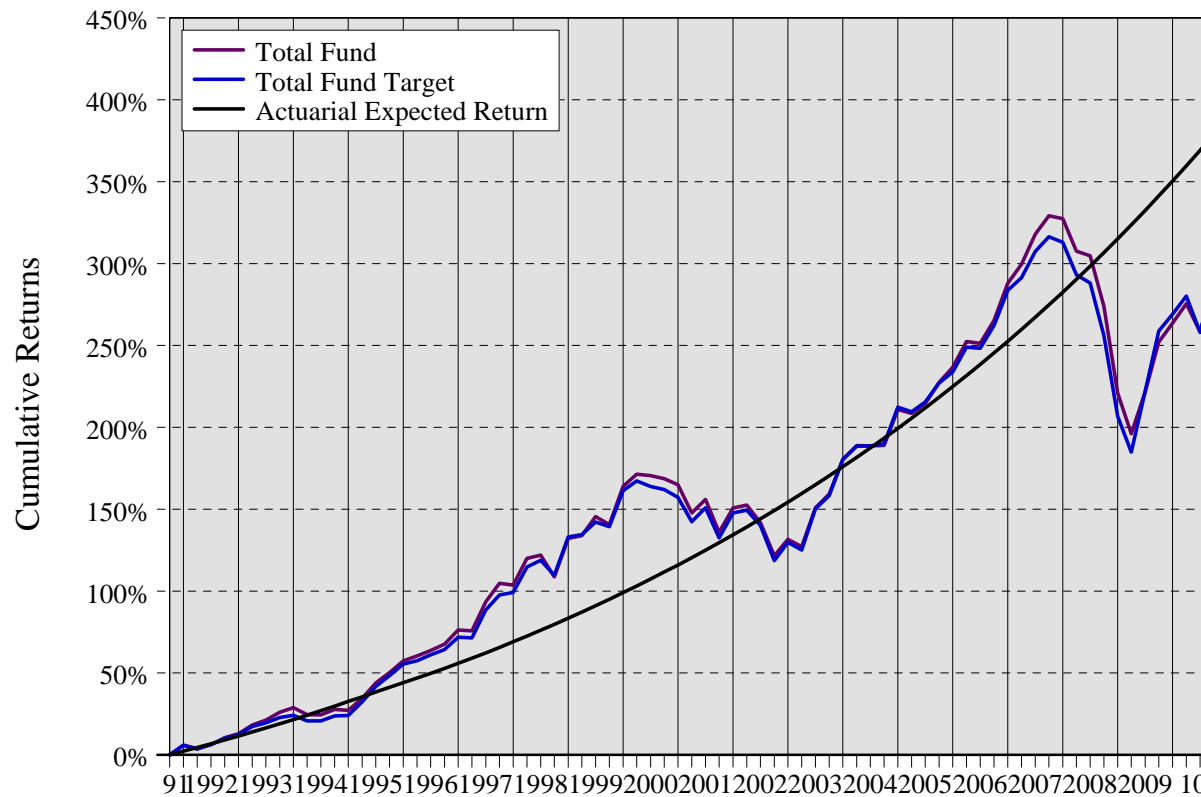




Long-term Return Relative to Target years

PERS

Cumulative Returns Actual vs Target

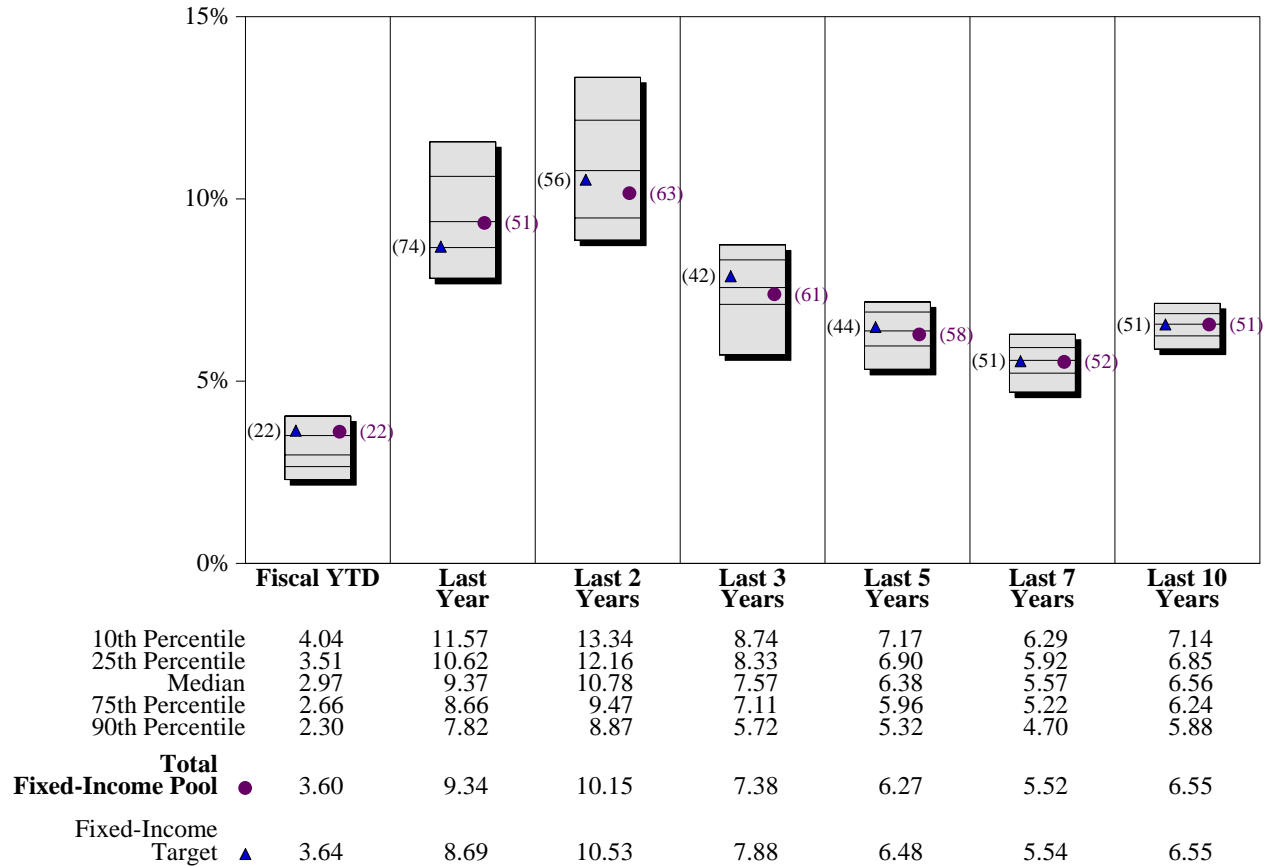




Total Bond Performance

(includes in-house & external portfolios)

Performance vs Public Fund - Domestic Fixed (Gross)

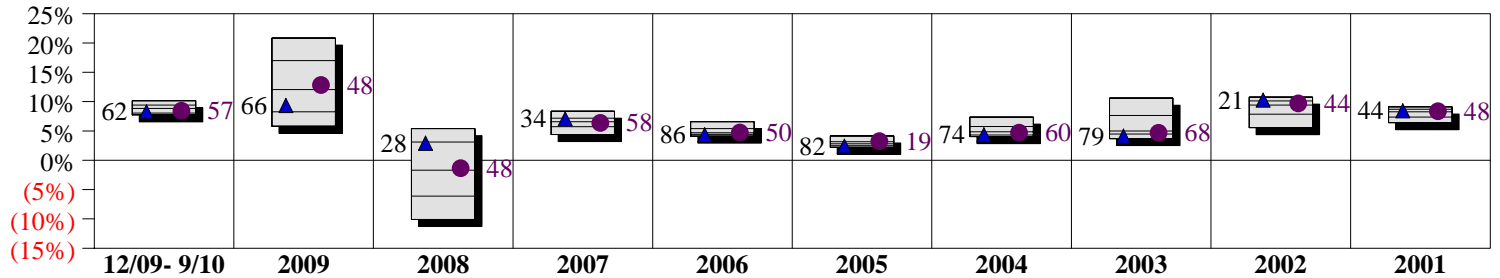


■ Please note that the fixed income target was changed for fiscal 2011. This change reflects the shift from BC Aggregate to BC Intermediate Treasury Index for the majority of assets.



Total Fixed – Calendar Periods

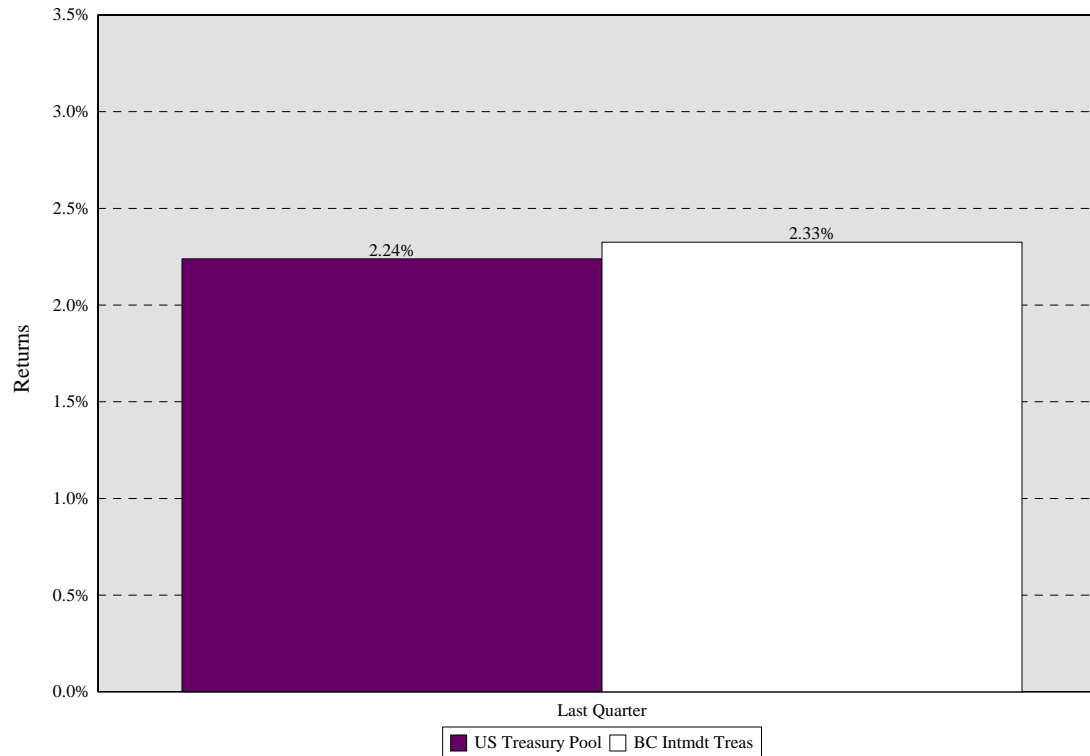
Performance vs Public Fund - Domestic Fixed (Gross)



	12/09- 9/10	2009	2008	2007	2006	2005	2004	2003	2002	2001
10th Percentile	10.14	20.84	5.40	8.36	6.59	4.14	7.37	10.61	10.79	9.11
25th Percentile	9.42	17.00	3.13	7.18	5.40	3.17	5.75	7.65	10.12	8.69
Median	8.85	12.07	(1.68)	6.59	4.71	2.81	4.86	5.00	9.42	8.29
75th Percentile	8.07	8.28	(6.11)	5.73	4.41	2.47	4.32	4.48	7.87	7.37
90th Percentile	7.76	5.80	(10.08)	4.39	4.13	2.21	4.03	3.70	5.57	6.43
Total Fixed-Income Pool ●	8.41	12.80	(1.39)	6.35	4.69	3.24	4.67	4.65	9.67	8.32
Fixed-Income Target ▲	8.26	9.35	2.91	7.07	4.33	2.43	4.34	4.10	10.26	8.43



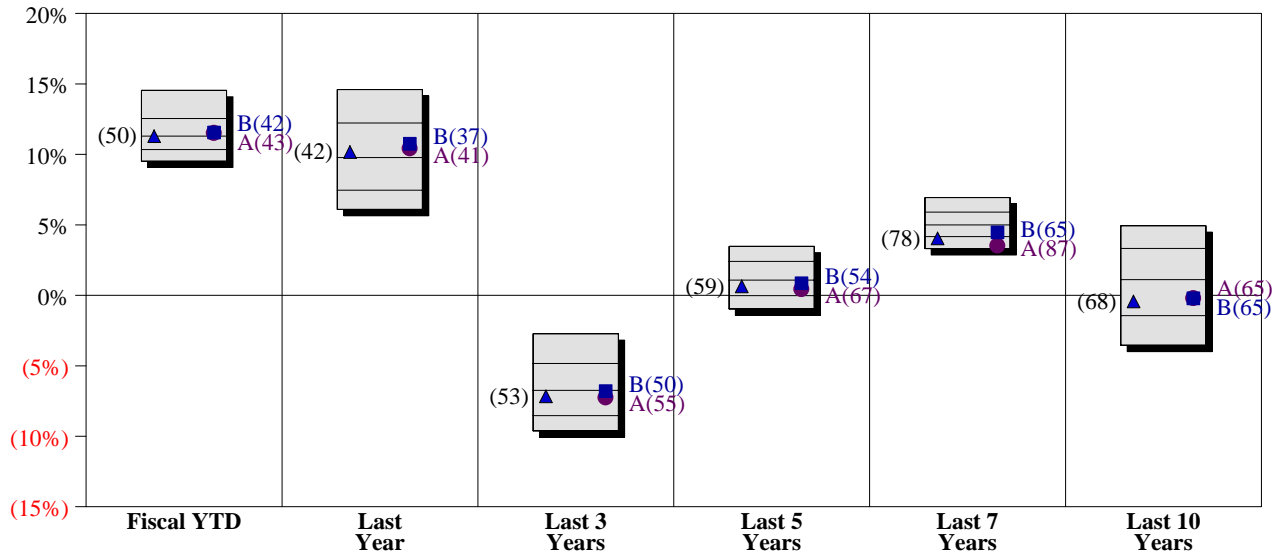
In-house Portfolio -compared BC Intermediate Treasury Index





Large Cap Equity Portfolios Index like results for quarter

Performance vs CAI Large Capitalization Style (Gross)

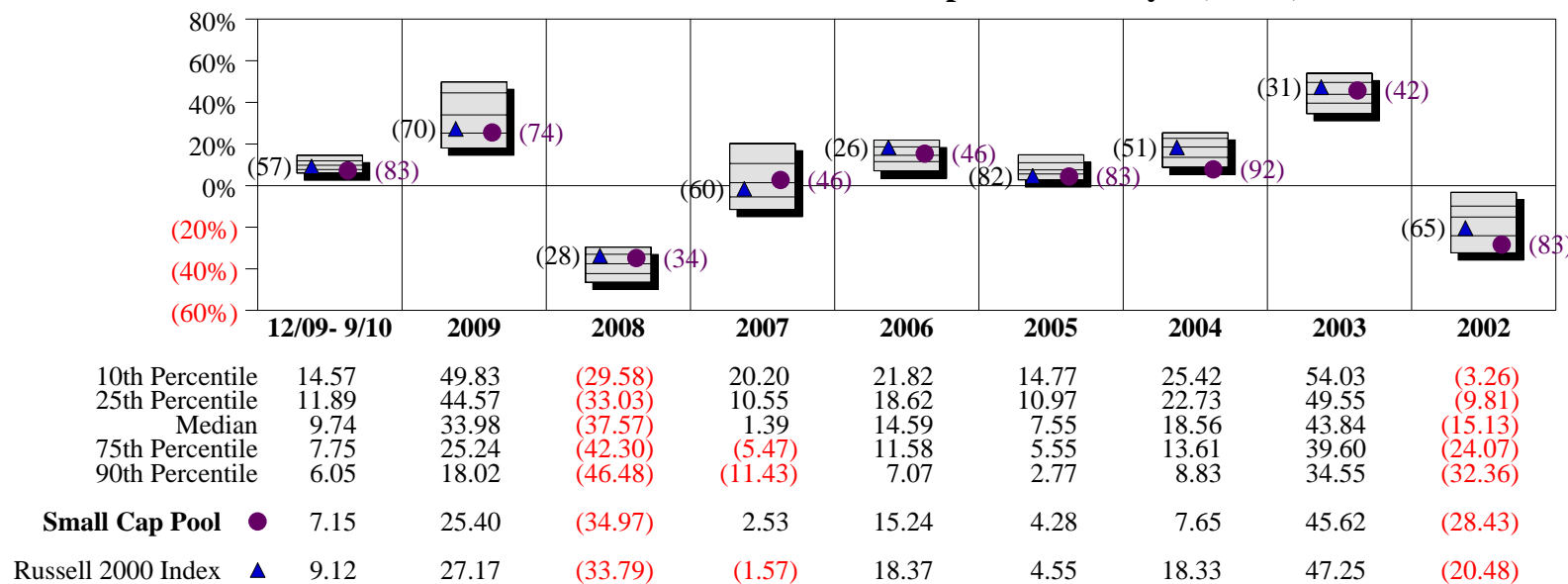


- Barrow Hanley & QMA had strong full year results
- McKinley enjoyed a strong quarter but trailing 1-year return remains weak.
- Relational exhibits a similar pattern, good quarter but weak longer-term results.
- RCM had a very weak year but still has strong longer-term results.



Small Cap Performance – calendar periods

Performance vs CAI Small Capitalization Style (Gross)



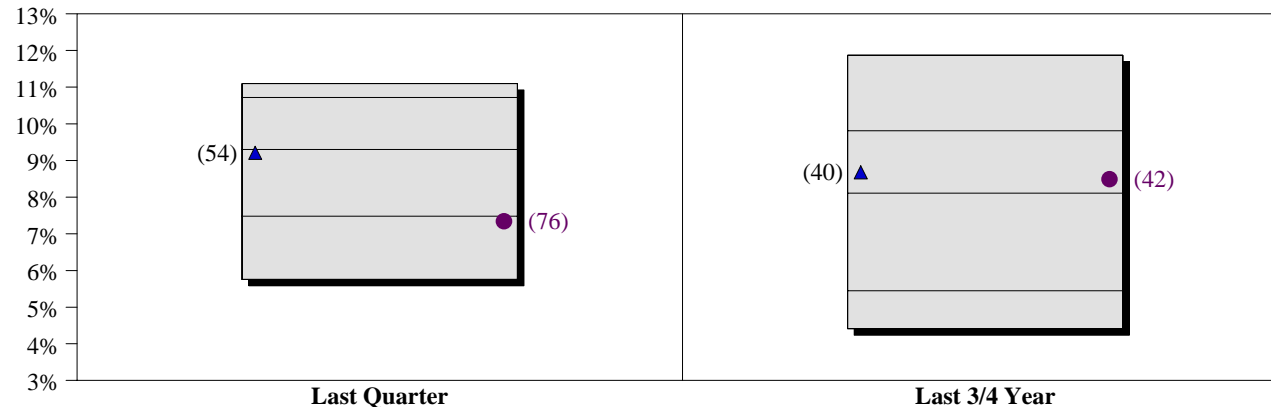
- Total small cap pool – better than large cap but below benchmark for the quarter & essentially at benchmark for the year.
- Strong year & long-term = Jennison enjoyed an excellent year.
- Lord Abbett continued to lag but longer-term results still attractive.
- Luther King = Good quarter, ok since inception.



Other Equity – Related

Note in future reports covered call portfolio will also be grouped in “Other”

Performance vs CAI Convertible Bonds Database (Gross)



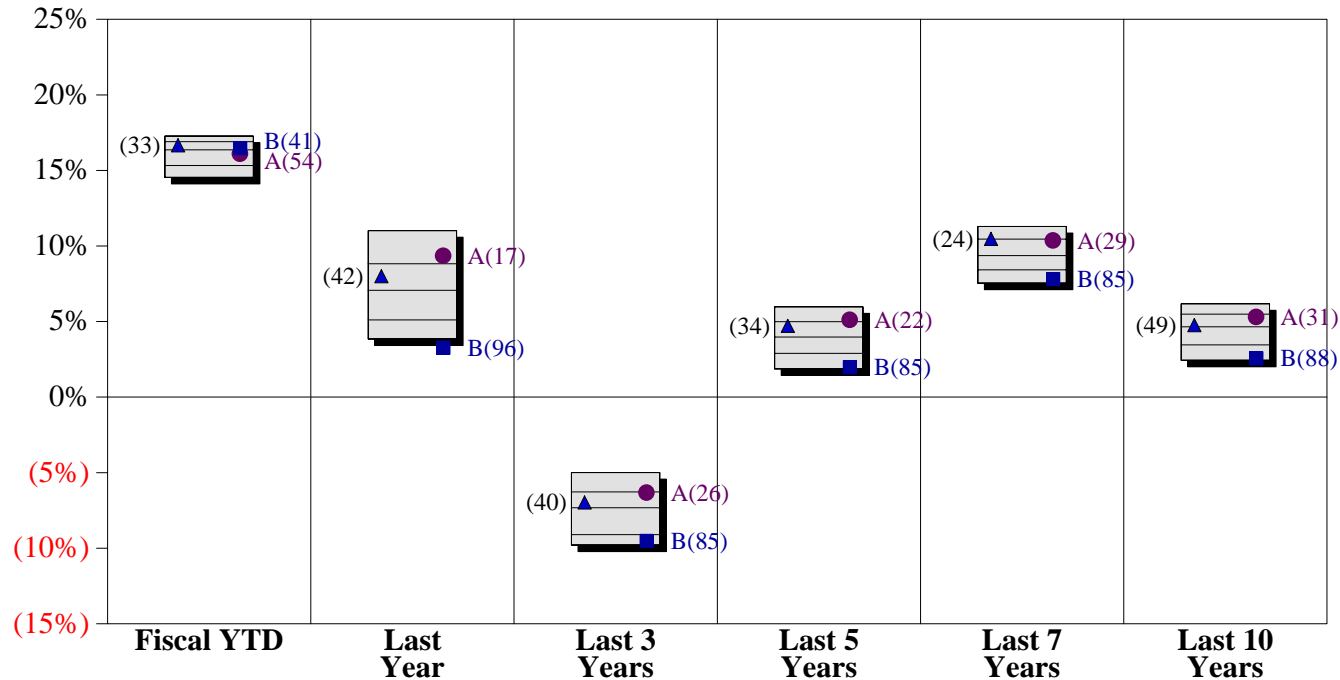
10th Percentile	11.10	11.87
25th Percentile	10.72	9.81
Median	9.30	8.11
75th Percentile	7.48	5.45
90th Percentile	5.76	4.41
Advent Capital ●	7.34	8.48
ML All Conv ▲	9.21	8.68

- Advent convertible portfolio is part of the total domestic equity pool.
- It will tend to lag rising equity markets and outpace equities in declining and/or flat market
- For example, during the September quarter converts underperformed the domestic stock market (7.34% versus 11.53%) but over the 9 months outperformed nicely (8.48% versus 4.78% for the Russell 3000)



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

Performance vs Public Fund - International Equity (Gross)

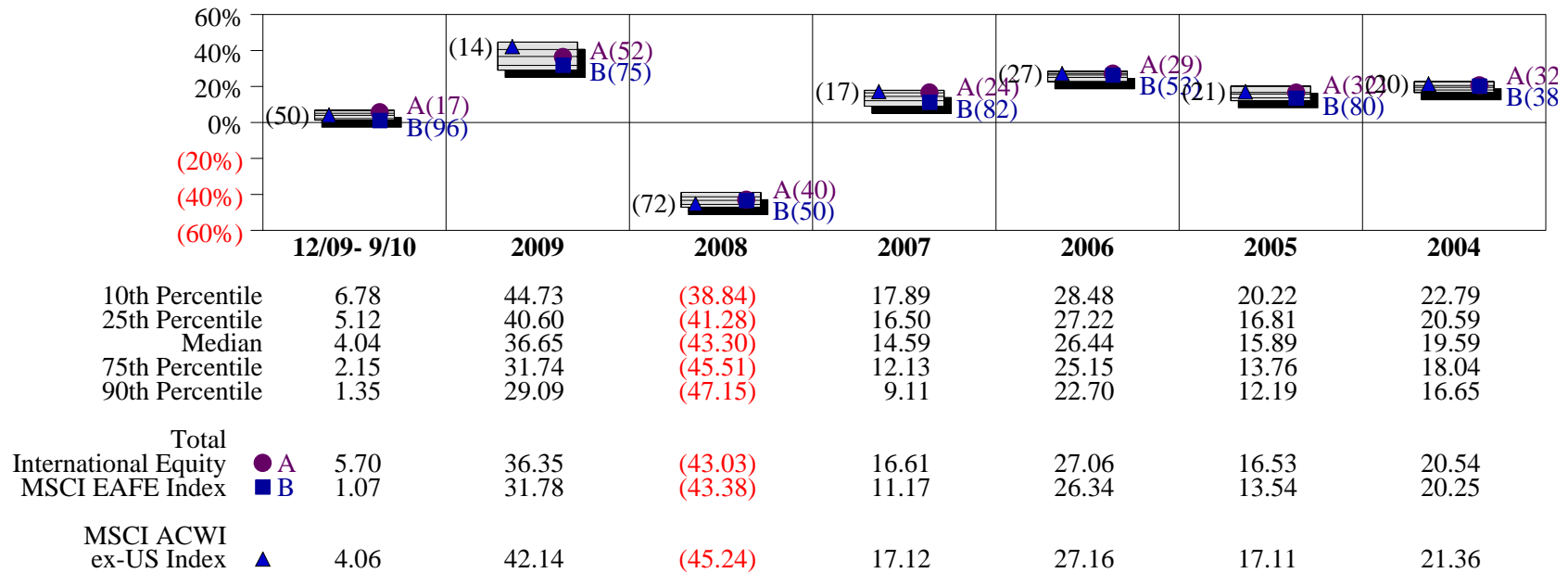


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	17.28	11.02	(4.98)	5.99	11.30	6.18
25th Percentile	16.90	8.83	(6.27)	5.00	10.46	5.49
Median	16.36	7.07	(7.32)	3.98	9.36	4.65
75th Percentile	15.32	5.11	(9.10)	2.90	8.42	3.45
90th Percentile	14.55	3.85	(9.79)	1.87	7.55	2.44
Employees' Total Int'l Equity MSCI	● A 16.09	9.35	(6.34)	5.10	10.36	5.30
EAFE Index	■ B 16.48	3.27	(9.51)	1.97	7.81	2.56
MSCI ACWI ex-US Index	▲ 16.66	8.00	(6.98)	4.72	10.47	4.77



International - Calendar Periods

Performance vs Public Fund - International Equity (Gross)

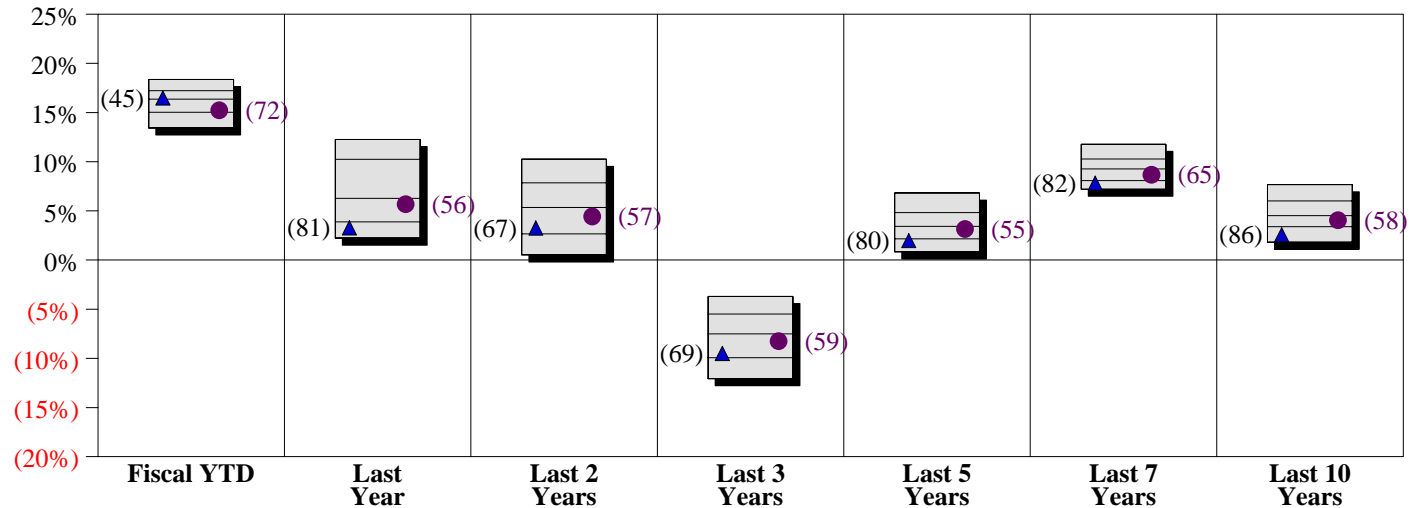


- EM exposure raised total international returns for periods before and after 2008.



International ex EM versus Managers

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

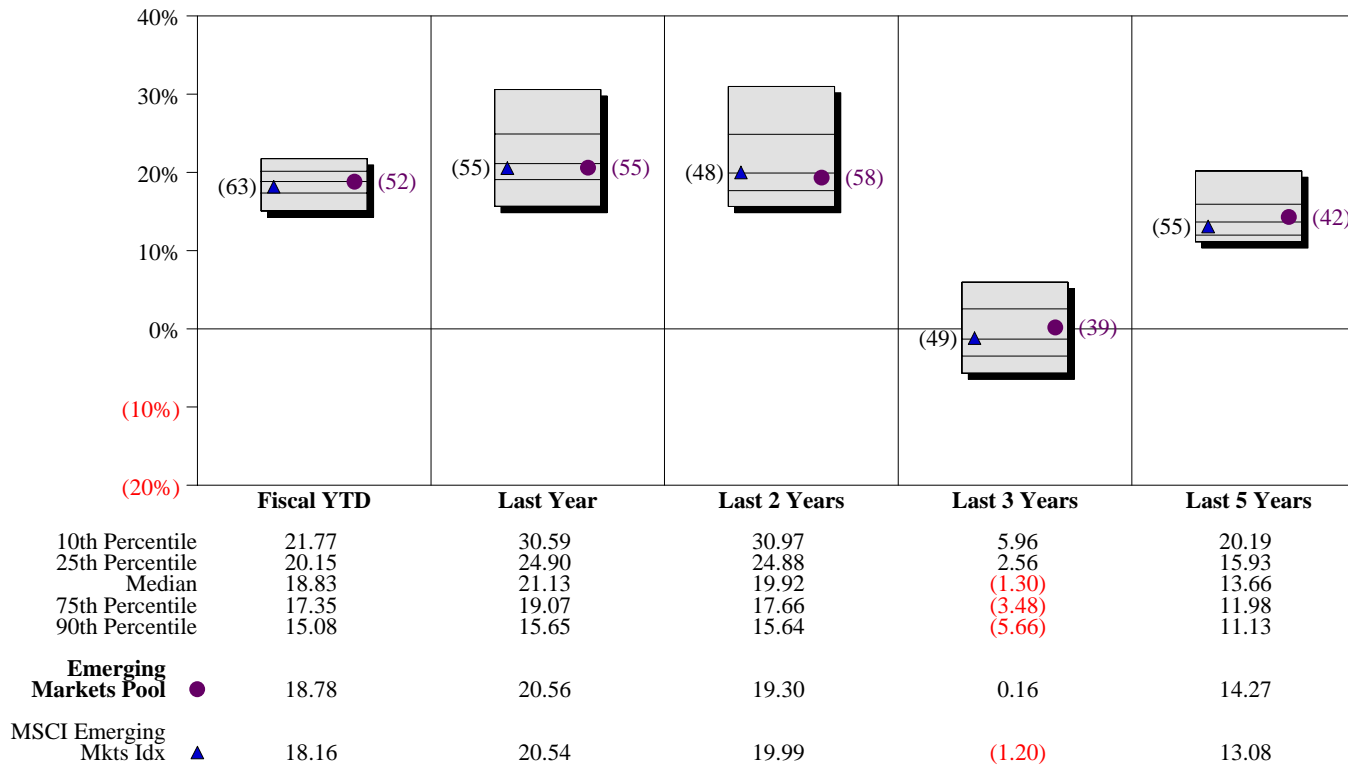


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	18.35	12.25	10.25	(3.70)	6.81	11.78	7.66
25th Percentile	17.22	10.25	7.85	(5.50)	4.83	10.27	6.00
Median	16.36	6.27	5.33	(7.52)	3.43	9.25	4.51
75th Percentile	15.03	3.87	2.66	(9.94)	2.15	8.08	3.39
90th Percentile	13.44	2.22	0.51	(12.06)	0.83	7.20	1.82
Int'l Equity Pool (ex Emerging. Mkt) ●	15.19	5.66	4.40	(8.28)	3.13	8.65	4.03
MSCI EAFE Index ▲	16.48	3.27	3.25	(9.51)	1.97	7.81	2.56



Emerging Markets Pool – Recent and longer-term results exceed target

Performance vs CAI Emerging Markets Equity DB (Gross)

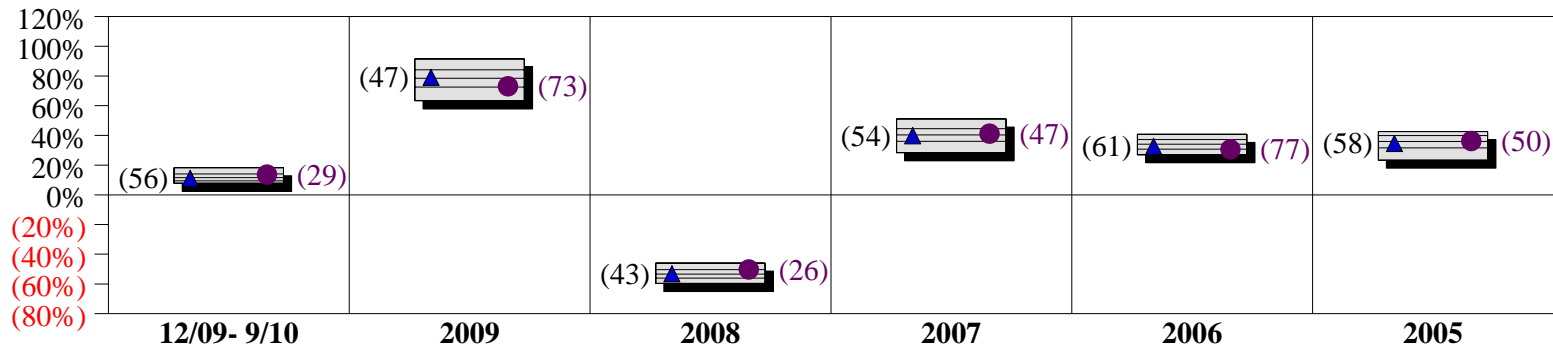


- Only one of three EM managers beat benchmark for the year (Lazard +25.16%). Capital and Eaton Vance narrowly trailed the benchmark.
- Only Capital has a longer-term record for ARMB which remains very strong.



Emerging Markets Pool – Calendar Periods

Performance vs CAI Emerging Markets Equity DB (Gross)



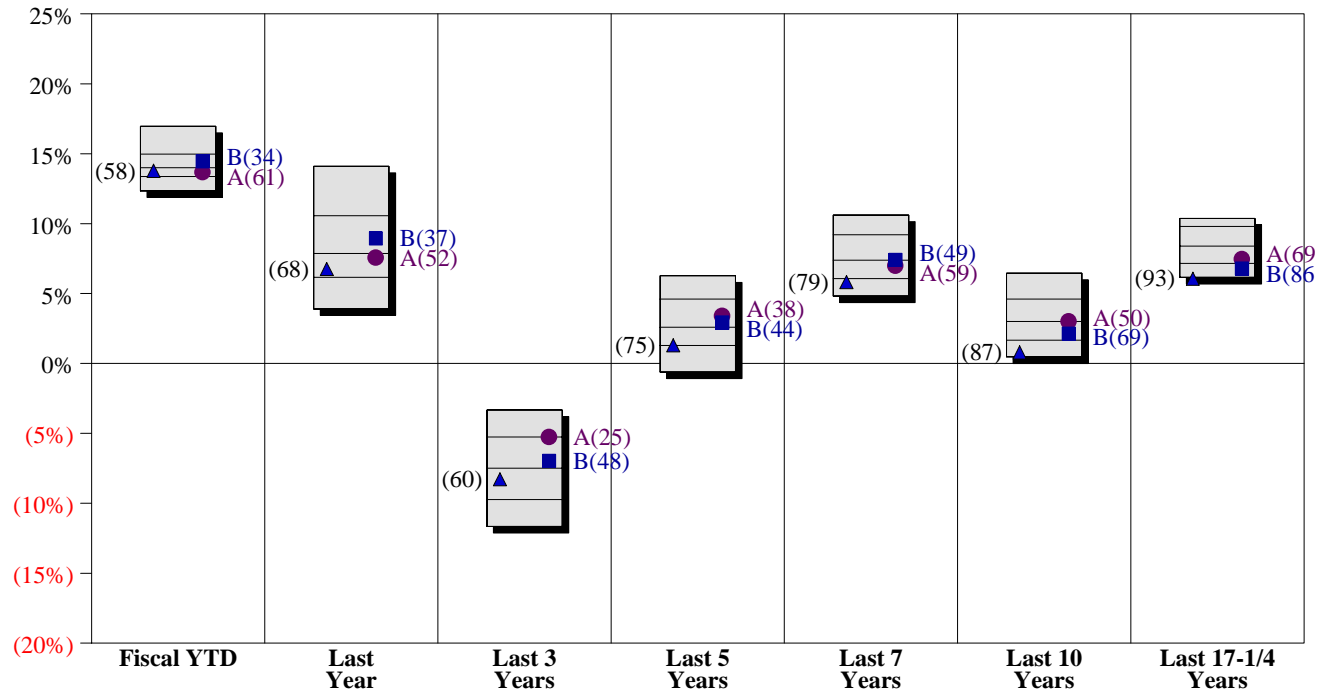
	12/09- 9/10	2009	2008	2007	2006	2005
10th Percentile	18.32	91.54	(45.90)	51.11	40.75	42.62
25th Percentile	14.07	84.21	(50.35)	44.56	37.25	39.82
Median	11.58	78.45	(53.37)	40.39	34.00	35.89
75th Percentile	9.40	72.59	(56.16)	36.04	30.78	31.60
90th Percentile	7.76	63.30	(59.66)	28.34	26.94	23.33

Emerging Markets Pool ●	13.50	72.93	(50.49)	40.99	30.55	36.04
MSCI Emerging Mkts Idx ▲	11.02	79.02	(53.18)	39.78	32.59	34.54



Global (Lazard) – Very competitive results relative to developed world markets.

Performance vs CAI Global Equity Broad Style (Gross)

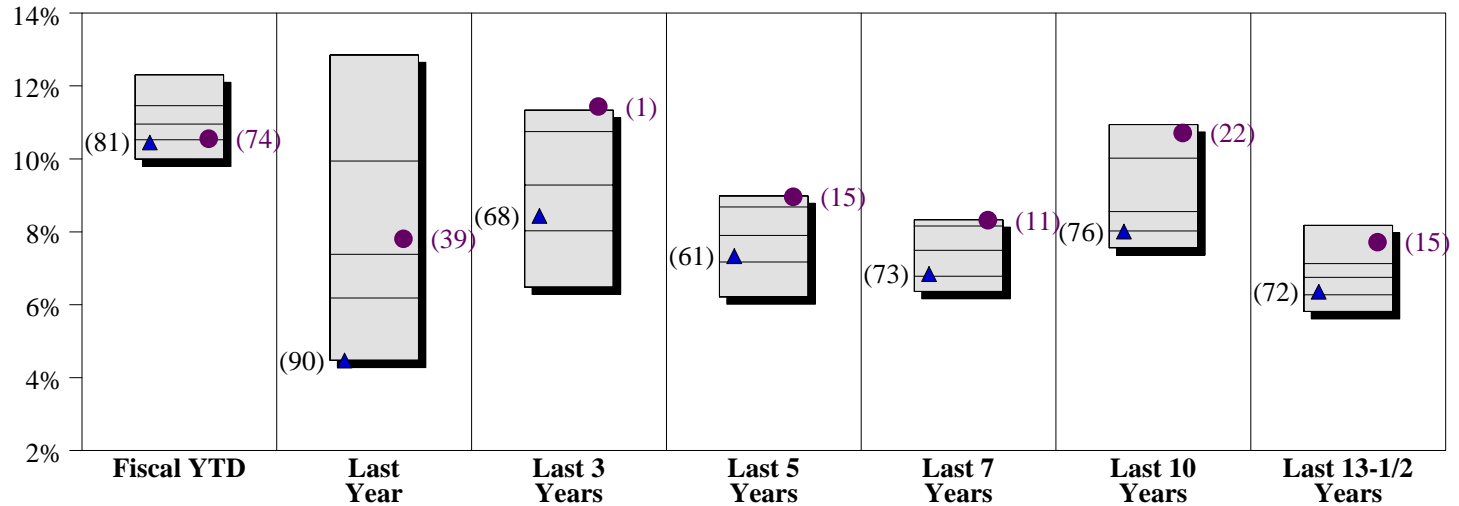


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 17-1/4 Years
10th Percentile	16.97	14.10	(3.32)	6.27	10.62	6.46	10.38
25th Percentile	14.98	10.57	(5.27)	4.60	9.21	4.61	9.80
Median	14.00	7.87	(7.50)	2.58	7.38	2.99	8.39
75th Percentile	13.38	6.15	(9.73)	1.29	6.07	1.67	7.15
90th Percentile	12.34	3.90	(11.66)	(0.62)	4.82	0.47	6.15
Lazard Global	● A 13.66	7.56	(5.28)	3.38	6.98	3.00	7.45
MSCI ACWI Idx	■ B 14.46	8.95	(6.97)	2.93	7.41	2.13	6.79
MSCI World Index	▲ 13.78	6.76	(8.29)	1.30	5.81	0.79	6.05



International Bonds - Mondrian

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



	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13-1/2 Years
10th Percentile	12.30	12.85	11.34	8.98	8.33	10.94	8.18
25th Percentile	11.46	9.94	10.75	8.68	8.16	10.02	7.13
Median	10.95	7.38	9.28	7.90	7.49	8.56	6.75
75th Percentile	10.52	6.18	8.03	7.17	6.78	8.02	6.27
90th Percentile	9.99	4.48	6.48	6.22	6.37	7.56	5.82

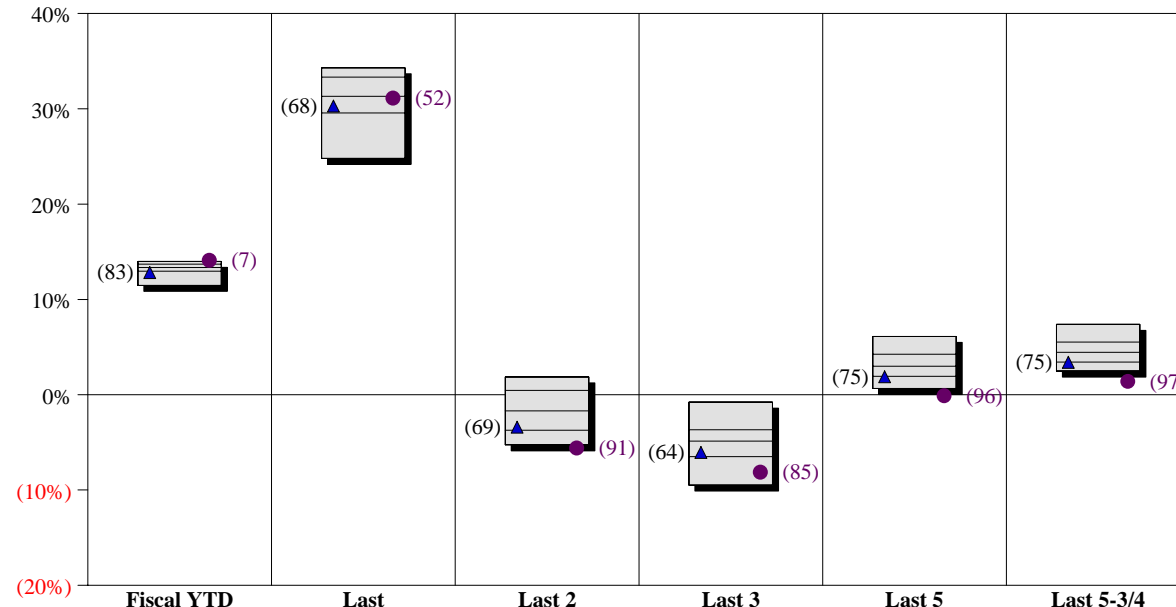
Mondrian Investment Partners ●	10.55	7.80	11.43	8.95	8.31	10.70	7.71
Citi WGBI Non-US Idx ▲	10.45	4.47	8.44	7.33	6.84	8.01	6.36

■ Very strong performance for quarter aided by dollar weakness. Long-term results have been excellent.



REIT Portfolio – strong absolute quarter & trailing year

Performance vs CAI Real Estate-REIT DB (Gross)



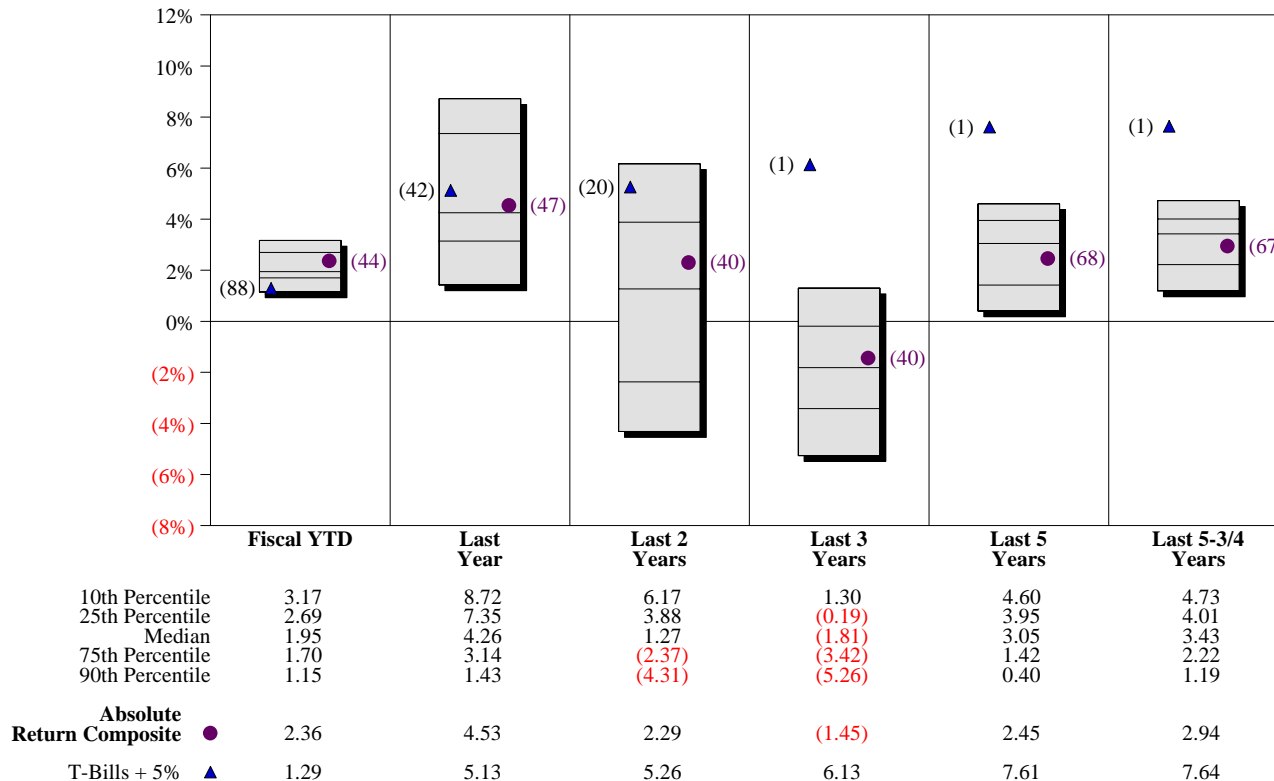
	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	14.00	34.30	1.87	(0.78)	6.10	7.38
25th Percentile	13.70	33.32	0.45	(3.68)	4.25	5.52
Median	13.34	31.31	(1.69)	(4.85)	2.98	4.46
75th Percentile	12.96	29.57	(3.73)	(6.49)	1.92	3.42
90th Percentile	11.48	24.79	(5.26)	(9.49)	0.65	2.48
REIT Holdings ●	14.08	31.11	(5.61)	(8.14)	(0.13)	1.37
NAREIT Equity Index ▲	12.83	30.28	(3.41)	(6.06)	1.88	3.41

- Excellent quarter & trailing 12 months.
- Portfolio increase during the quarter was very timely.



Absolute Return Composite

Performance vs Absolute Return Hedge FoFs Style (Net)

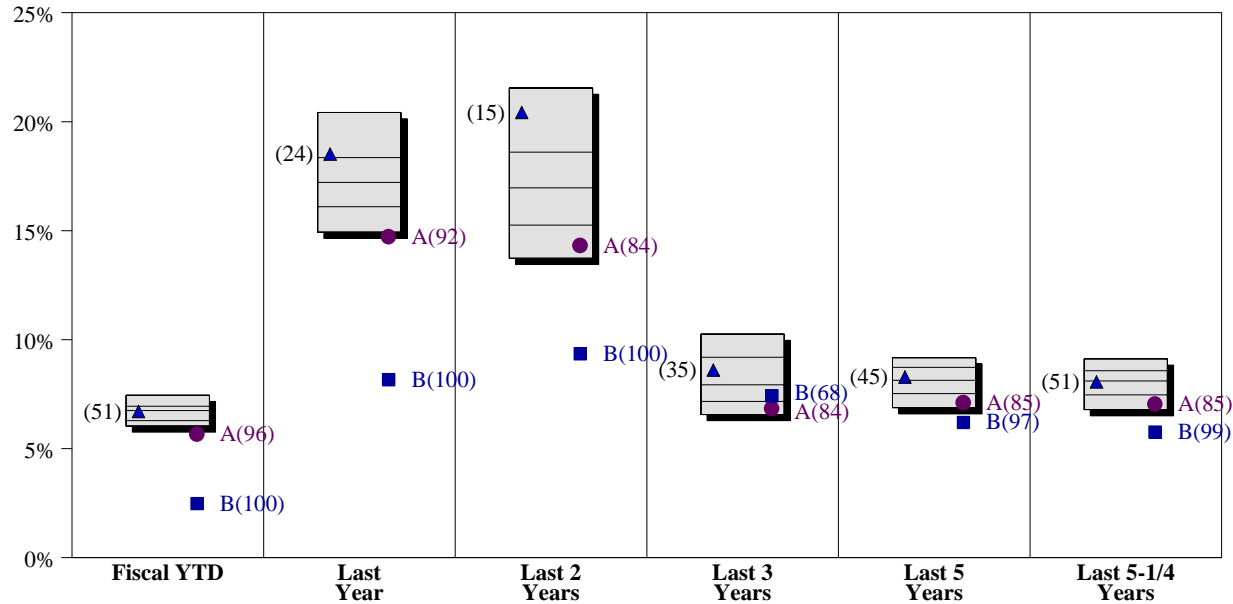


- All continuing managers have achieved competitive returns (this comment includes the 2 new managers and the 2 continuing managers but excludes Cadogan (in the process of liquidating the portfolio)).
- Two new managers were funded during the March quarter so we have only ½ year of results. Thus far both are doing well.



High Yield Composite

Performance vs CAI High Yield Fixed-Inc Style (Gross)



	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	7.45	20.42	21.54	10.26	9.17	9.12
25th Percentile	6.95	18.36	18.61	9.19	8.73	8.57
Median	6.75	17.21	16.96	7.93	8.14	8.10
75th Percentile	6.28	16.09	15.25	7.16	7.52	7.46
90th Percentile	6.04	14.93	13.74	6.57	6.87	6.79
High Yield Composite ● A	5.65	14.71	14.32	6.83	7.10	7.04
BC Aggregate Index ■ B	2.48	8.16	9.35	7.42	6.20	5.76
High Yield Target ▲	6.70	18.51	20.42	8.60	8.28	8.06

- Both high yield managers, Rogge & MacKay, have a higher quality orientation and understandably lagged target for the trailing two years and thus pulling down longer-term relative performance.
- Interesting to note that despite the underperformance relative to the high yield target, the composite has outperformed investment grade bonds.



SBS, Deferred Comp

- **Each quarter we typically highlight certain segments of the various participant directed programs. Information regarding those funds discussed last quarter are updated again. Next quarter, we will focus on the passive vehicles available to participants.**
 - Stable Value
 - SBS
 - Deferred Comp
 - Balanced Trust
 - Long-term Balanced Trust
 - Actively managed funds
 - Brandes International Trust
 - T. Rowe Price Small Cap
 - RCM Socially Responsible
 - Select Target Date Trusts



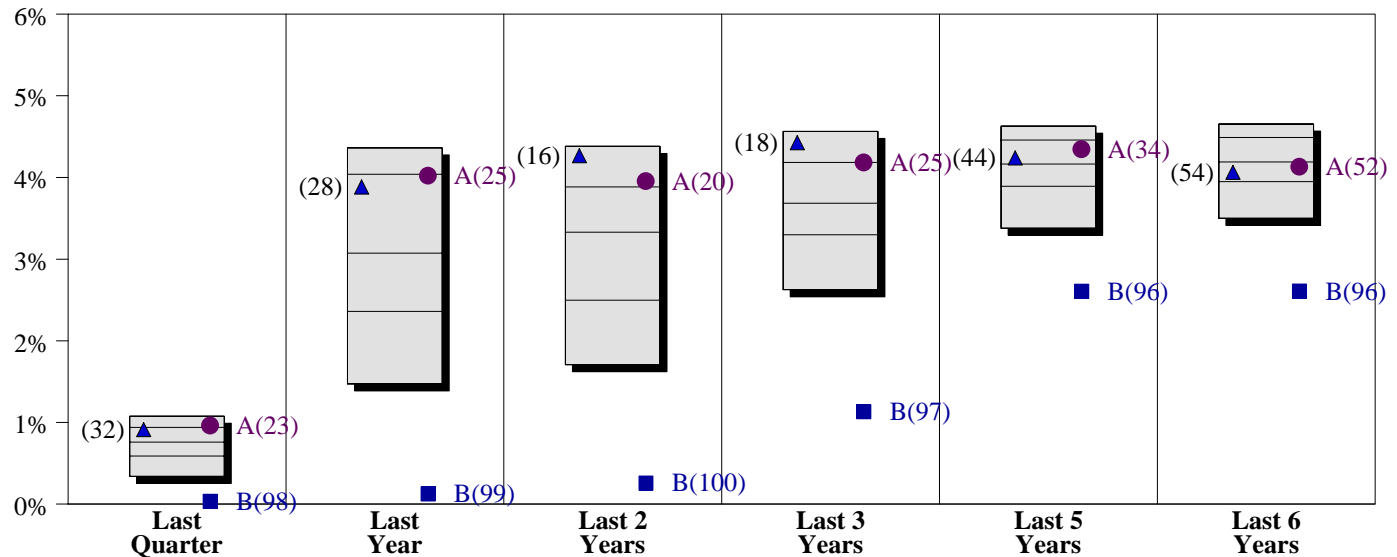
SBS Asset Allocation

	September 30, 2010		Net New Inv.	Inv. Return	June 30, 2010	
	Market Value	Percent			Market Value	Percent
Balanced/Target Funds						
Alaska Balanced Fund	1,045,553,934	43.47%	(8,810,719)	59,015,126	995,349,527	44.36%
Long Term Balanced Fund	318,440,688	13.24%	8,894,266	25,406,259	284,140,163	12.66%
Target 2010 Fund	29,050,392	1.21%	(1,005,147)	130,422	29,925,117	1.33%
Target 2010 Trust	4,723,561	0.20%	268,599	420,816	4,034,146	0.18%
Target 2015 Trust	82,552,871	3.43%	302,613	6,826,694	75,423,564	3.36%
Target 2020 Trust	30,652,947	1.27%	410,126	2,886,840	27,355,981	1.22%
Target 2025 Trust	14,544,258	0.60%	660,525	1,779,044	12,104,689	0.54%
Target 2030 Trust	4,605,391	0.19%	431,543	817,663	3,356,185	0.15%
Target 2035 Trust	5,718,603	0.24%	362,391	946,330	4,409,882	0.20%
Target 2040 Trust	6,200,659	0.26%	428,360	1,262,121	4,510,178	0.20%
Target 2045 Trust	5,487,547	0.23%	606,637	1,287,504	3,593,406	0.16%
Target 2050 Trust	5,861,258	0.24%	508,570	1,436,450	3,916,238	0.17%
Target 2055 Trust	2,333,152	0.10%	546,928	504,089	1,282,135	0.06%
Domestic Equity Funds						
State Street S&P	205,473,414	8.54%	(4,665,016)	21,055,781	189,082,649	8.43%
RCM Socially Responsible	24,643,566	1.02%	(678,909)	2,614,281	22,708,193	1.01%
Russell 3000 Index	6,945,295	0.29%	(328,458)	721,706	6,552,046	0.29%
T. Rowe Price Small Cap	56,771,783	2.36%	(3,059,768)	6,637,366	53,194,185	2.37%
International Equity Funds						
Brandes Int'l Fund	74,715,126	3.11%	(1,338,454)	8,988,217	67,065,363	2.99%
World Eq Ex-US Index	10,142,062	0.42%	103,289	1,393,116	8,645,657	0.39%
Fixed-Income Funds						
BlackRock Govt/Credit Fd	50,177,088	2.09%	2,587,923	1,541,377	46,047,789	2.05%
Intermediate Bond Fund	14,390,907	0.60%	(620,095)	296,643	14,714,359	0.66%
Long US Treasury Bond	13,156,911	0.55%	930,744	489,700	11,736,467	0.52%
US TIPS	14,029,737	0.58%	(376,456)	322,462	14,083,731	0.63%
World Gov't Bond Ex-US	3,922,680	0.16%	1,560,995	323,666	2,038,019	0.09%
Global Balanced Funds						
SSgA Global Balanced	50,189,843	2.09%	(136,485)	4,739,301	45,587,027	2.03%
Real Estate Funds						
US REITS	18,779,054	0.78%	(1,280,601)	2,108,676	17,950,979	0.80%
Short Term Funds						
T. Rowe Price Stable Value	292,402,732	12.16%	8,577,533	2,646,111	281,179,088	12.53%
SSgA Inst Trsry MM	13,926,080	0.58%	(5,486)	1,146	13,930,421	0.62%
Total Fund	\$2,405,391,539	100.0%	\$4,875,449	\$156,598,905	\$2,243,917,184	100.0%



SBS Stable Value Option (\$292 million)

Performance vs CAI Stable Value Database (Gross)

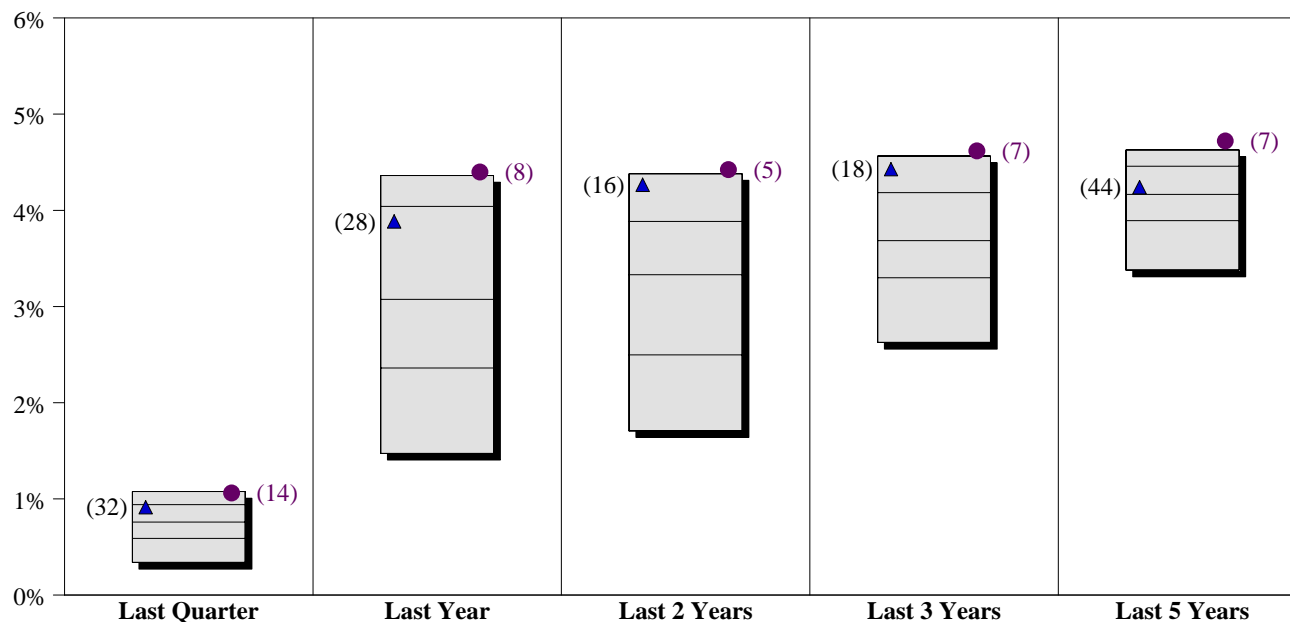


10th Percentile		1.08	4.36	4.38	4.56	4.63	4.65
25th Percentile		0.94	4.04	3.89	4.18	4.46	4.49
Median		0.76	3.07	3.33	3.69	4.17	4.19
75th Percentile		0.59	2.36	2.50	3.30	3.89	3.95
90th Percentile		0.34	1.47	1.71	2.63	3.38	3.50
T. Rowe Price Stable Value Fund	● A	0.96	4.02	3.95	4.18	4.34	4.13
3-month Treasury Bill	■ B	0.03	0.13	0.26	1.13	2.61	2.61
Ryan Labs 3yr Master	▲	0.91	3.88	4.27	4.43	4.24	4.06



Deferred Compensation Plan - Stable Value (\$166 million)

Performance vs CAI Stable Value Database (Gross)

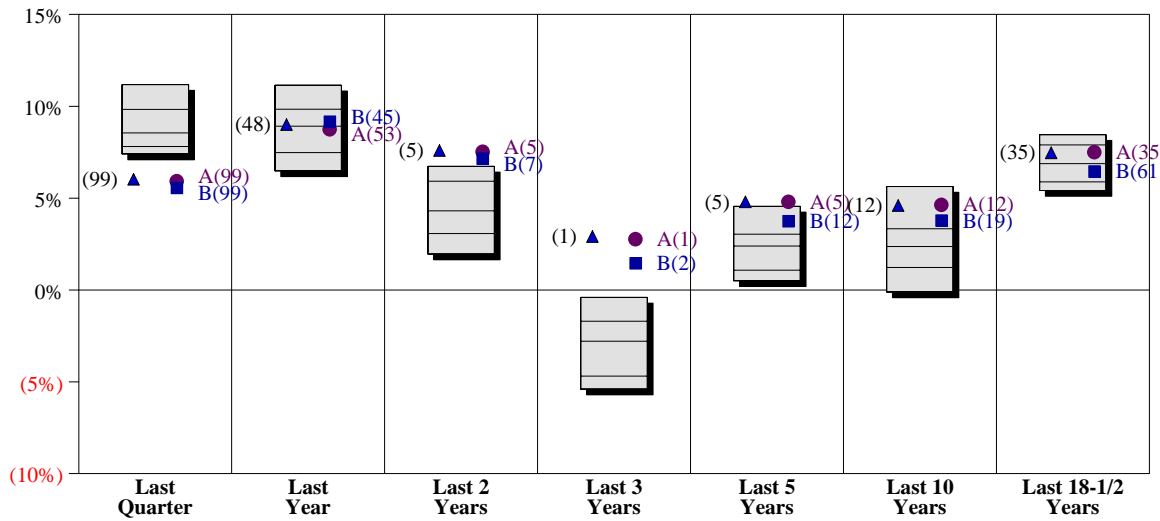


10th Percentile	1.08	4.36	4.38	4.56	4.63
25th Percentile	0.94	4.04	3.89	4.18	4.46
Median	0.76	3.07	3.33	3.69	4.17
75th Percentile	0.59	2.36	2.50	3.30	3.89
90th Percentile	0.34	1.47	1.71	2.63	3.38
Interest Income Fund ●	1.06	4.39	4.42	4.61	4.72
Ryan Labs 3yr Master ▲	0.91	3.88	4.27	4.43	4.24



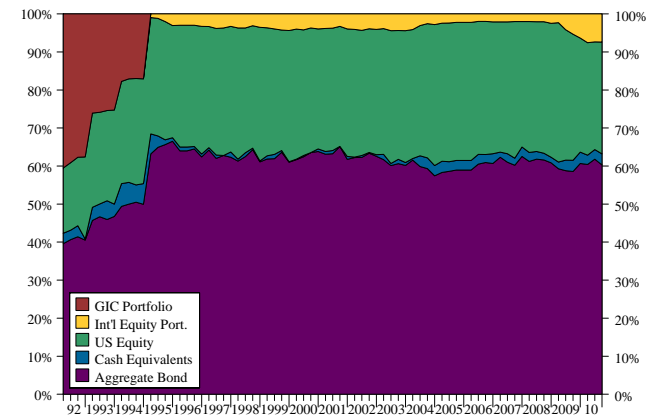
Balanced Trust

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 18-1/2 Years
10th Percentile	11.18	11.15	6.73	(0.40)	4.56	5.64	8.46
25th Percentile	9.83	9.84	5.92	(1.70)	3.04	3.33	7.90
Median	8.55	8.91	4.31	(2.79)	2.40	2.36	6.87
75th Percentile	7.81	7.48	3.07	(4.69)	1.08	1.23	5.88
90th Percentile	7.40	6.49	1.96	(5.40)	0.50	(0.11)	5.42
Alaska Balanced Fund	● A 5.91	8.74	7.51	2.75	4.79	4.62	7.49
Active Target	■ B 5.55	9.16	7.16	1.45	3.75	3.78	6.45
Passive Target	▲ 6.02	9.01	7.59	2.91	4.80	4.59	7.47

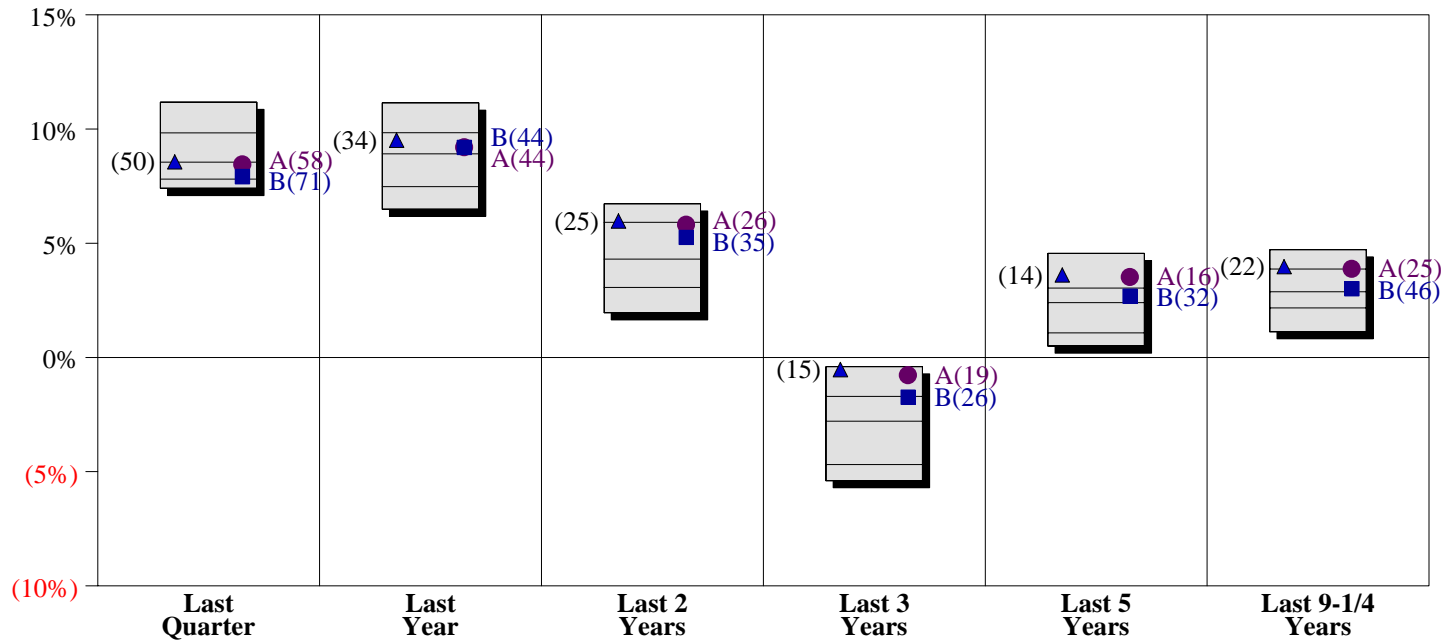
Actual Historical Asset Allocation





Long-Term Balanced Trust

Performance vs CAI MF - Domestic Balanced Style (Net)

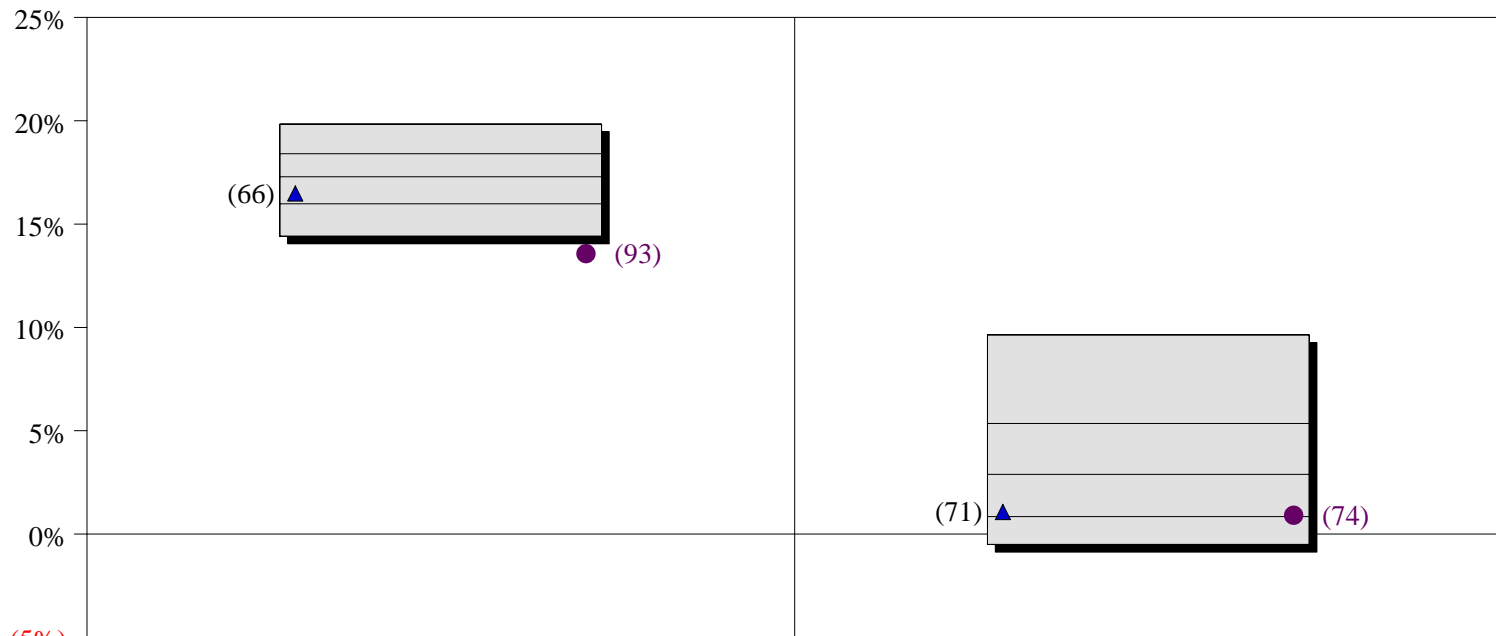


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/4 Years
10th Percentile	11.18	11.15	6.73	(0.40)	4.56	4.72
25th Percentile	9.83	9.84	5.92	(1.70)	3.04	3.87
Median	8.55	8.91	4.31	(2.79)	2.40	2.88
75th Percentile	7.81	7.48	3.07	(4.69)	1.08	2.17
90th Percentile	7.40	6.49	1.96	(5.40)	0.50	1.13
Long Term Balanced Fund	● A 8.44	9.19	5.80	(0.78)	3.51	3.87
Active Target	■ B 7.92	9.20	5.26	(1.74)	2.68	3.01
Passive Target	▲ 8.56	9.51	5.97	(0.53)	3.61	3.97



Brandes International Trust

Performance vs CAI MF - Non-US Equity Style (Net)



(5%)

Last Quarter

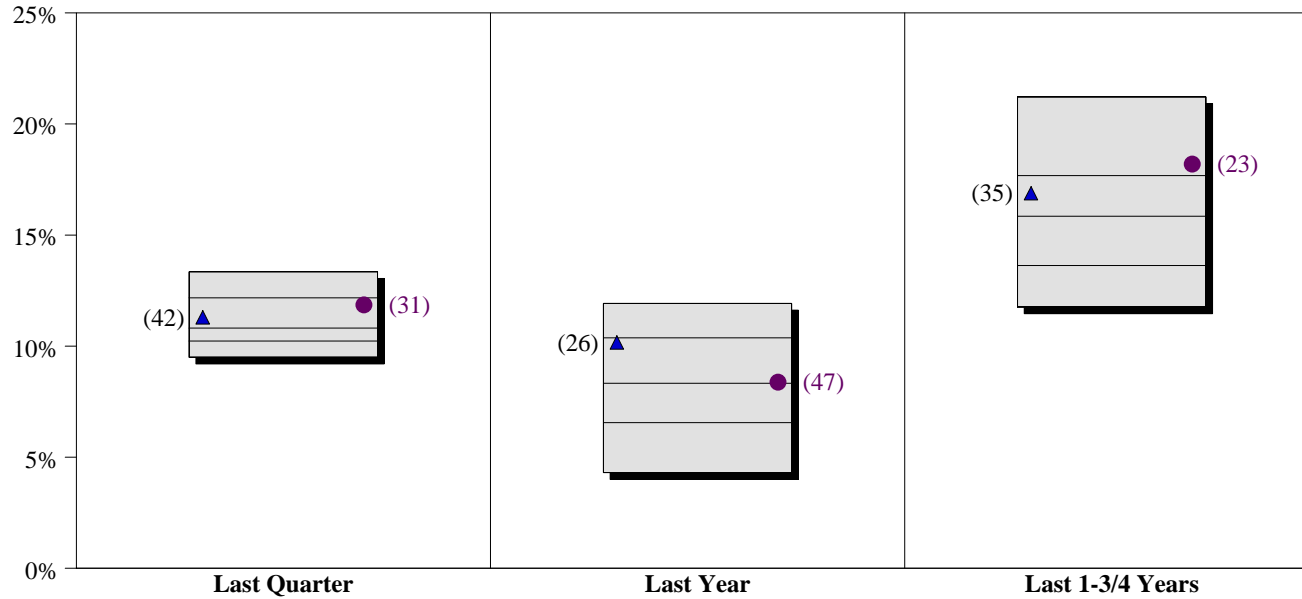
Last 3/4 Year

10th Percentile	19.84	9.64
25th Percentile	18.41	5.35
Median	17.29	2.89
75th Percentile	15.99	0.84
90th Percentile	14.41	(0.51)
Brandes Int'l Fund ●	13.56	0.91
MSCI EAFE Index ▲	16.48	1.07



RCM Socially Responsible Investment Fund

Performance vs CAI MF - Core Equity Style (Net)

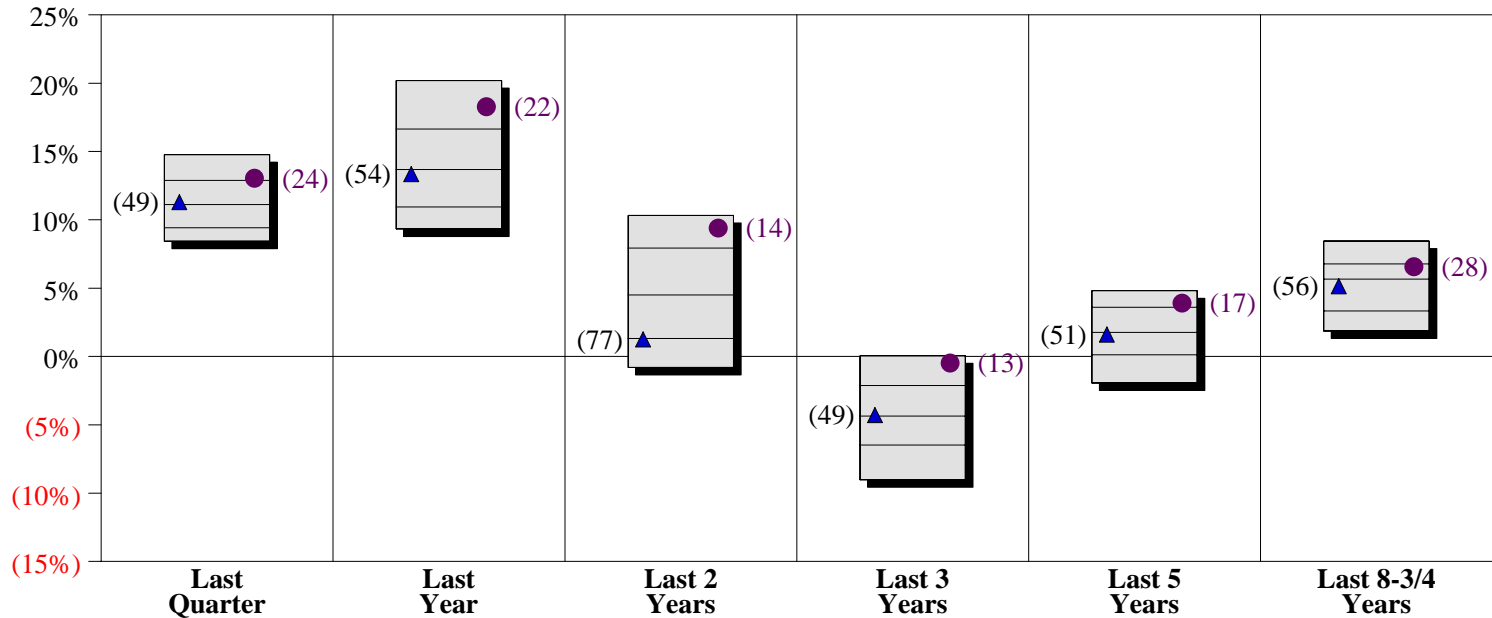


10th Percentile	13.35	11.92	21.22
25th Percentile	12.18	10.37	17.68
Median	10.81	8.33	15.85
75th Percentile	10.23	6.55	13.62
90th Percentile	9.50	4.31	11.76
RCM Socially Resp Inv Fund ●	11.85	8.37	18.18
S&P 500 Index ▲	11.29	10.16	16.88



T. Rowe Price Small Cap

Performance vs CAI MF - Small Cap Broad Style (Net)



10th Percentile
25th Percentile
Median
75th Percentile
90th Percentile

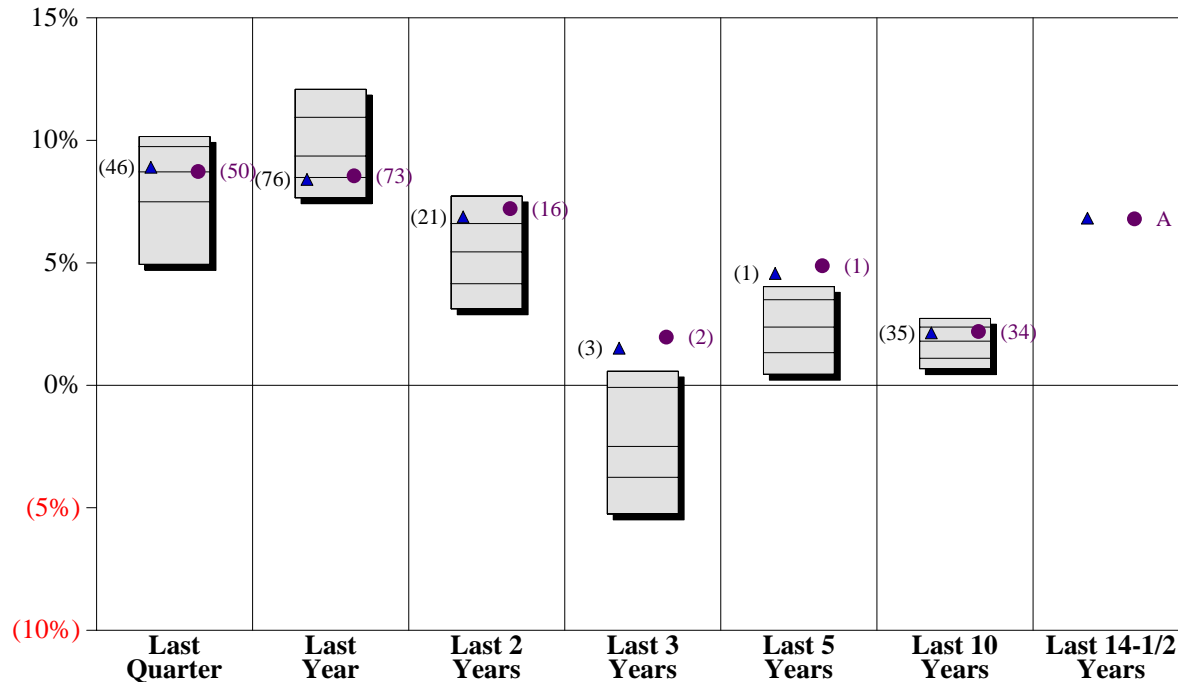
**T. Rowe Price
Small-Cap Stock Trust** ●

Russell 2000 Index ▲



Select Target Maturity Trusts Target 2015 Trust

Performance vs CAI Target Date 2015 (Net)

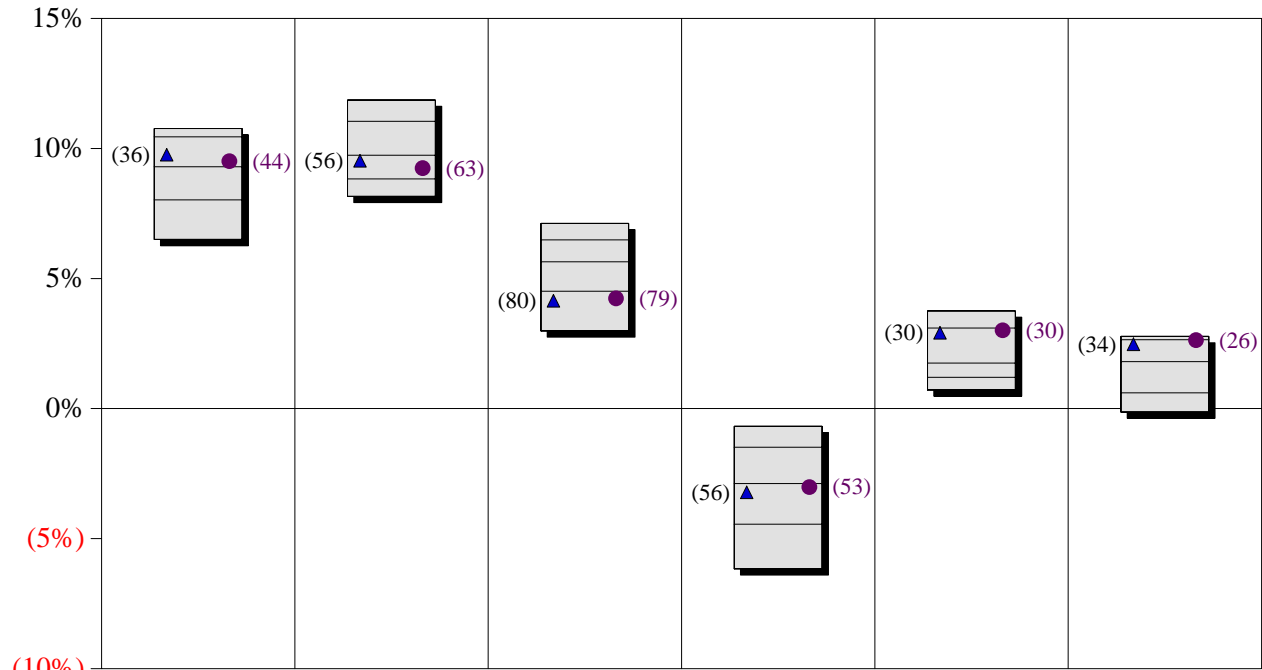


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 14-1/2 Years
10th Percentile	10.16	12.09	7.72	0.58	4.03	2.73	-
25th Percentile	9.75	10.94	6.60	(0.09)	3.50	2.38	-
Median	8.72	9.36	5.44	(2.50)	2.37	1.80	-
75th Percentile	7.49	8.49	4.14	(3.76)	1.33	1.10	-
90th Percentile	4.93	7.66	3.12	(5.26)	0.45	0.68	-
Target 2015 Trust ●	8.72	8.54	7.21	1.96	4.87	2.18	6.79
Custom Index ▲	8.90	8.40	6.87	1.51	4.56	2.14	6.82



Target 2020 Trust

Performance vs CAI Target Date 2020 (Net)

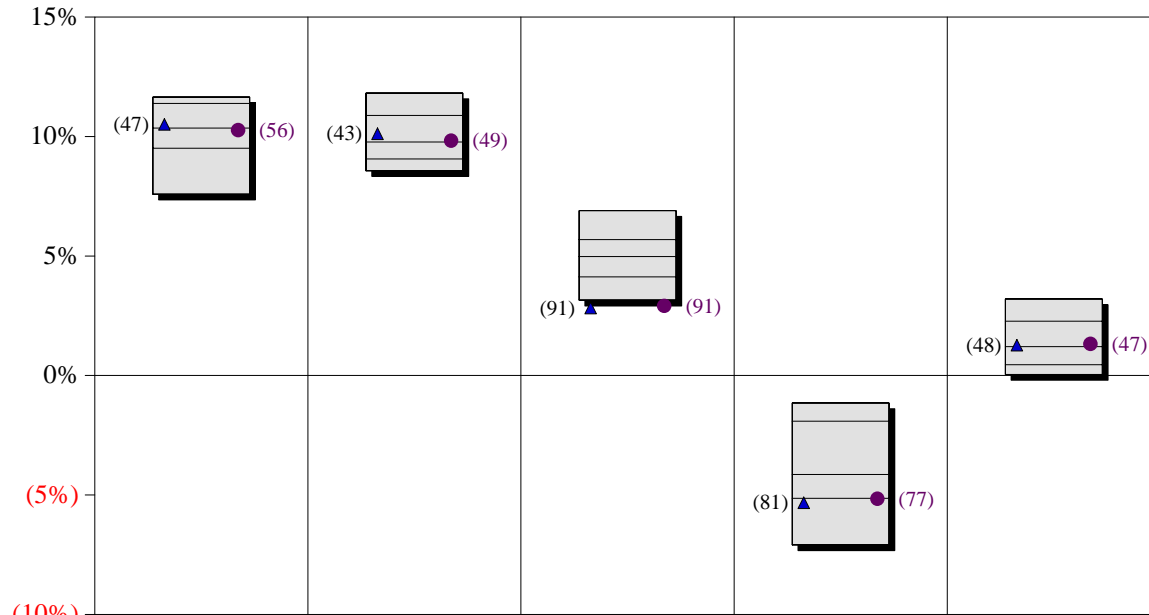


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-3/4 Years
10th Percentile	10.76	11.86	7.12	(0.68)	3.75	2.77
25th Percentile	10.45	11.05	6.48	(1.49)	3.09	2.65
Median	9.30	9.74	5.64	(2.88)	1.75	1.80
75th Percentile	8.02	8.83	4.51	(4.45)	1.20	0.60
90th Percentile	6.50	8.16	2.98	(6.16)	0.72	(0.14)
Target 2020 Trust ●	9.50	9.24	4.23	(3.03)	3.00	2.62
Custom Index ▲	9.76	9.52	4.14	(3.23)	2.91	2.47



Target 2025 Trust

Performance vs CAI Target Date 2025 (Net)

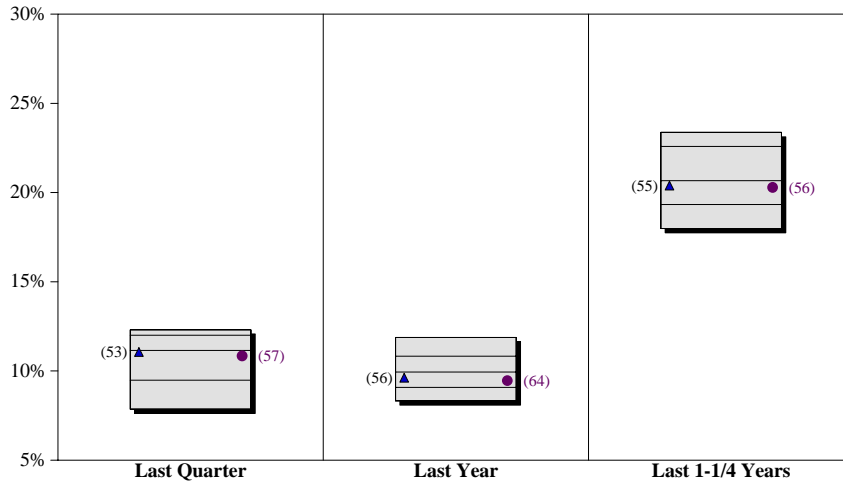


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	11.66	11.82	6.90	(1.15)	3.20
25th Percentile	11.39	10.88	5.69	(1.91)	2.27
Median	10.36	9.77	4.97	(4.14)	1.21
75th Percentile	9.52	9.06	4.13	(5.14)	0.45
90th Percentile	7.59	8.57	3.15	(7.09)	0.04
Target 2025 Trust ●	10.26	9.82	2.91	(5.17)	1.32
Custom Index ▲	10.51	10.12	2.82	(5.33)	1.27



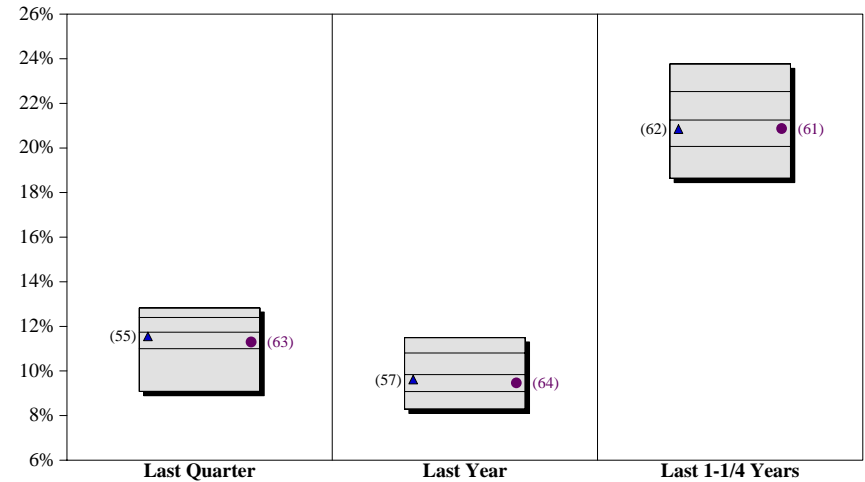
Target 2030 & 2035 Trusts

Performance vs CAI Target Date 2030 (Net)



10th Percentile	12.31	11.88	23.37
25th Percentile	12.00	10.83	22.59
Median	11.15	9.94	20.67
75th Percentile	9.48	9.09	19.33
90th Percentile	7.86	8.33	17.98
Target 2030 Trust ●	10.83	9.45	20.28
Custom Index ▲	11.06	9.62	20.39

Performance vs CAI Target Date 2035 (Net)



10th Percentile	12.83	11.50	23.77
25th Percentile	12.40	10.81	22.52
Median	11.74	9.84	21.25
75th Percentile	11.00	9.08	20.06
90th Percentile	9.09	8.29	18.64
Target 2035 Trust ●	11.29	9.46	20.86
Custom Index ▲	11.55	9.61	20.84



Upcoming Conference

Callan Investments Institute – 1/31/11 to 2/02/11

–Our topics and speakers for this event include:

–Finance – **Henry M. Paulson, Jr.** (Former Secretary of the Treasury)

–World Issues – **Fareed Zakaria** (Editor-at-Large, *Time* Magazine and host of “Fareed Zakaria GPS”)

–Behavioral Finance – **Dan Ariely** (Behavioral Economist and Author of “Predictably Irrational”)

–China – **Joshua Cooper Ramo** (Managing Director at Kissinger Associates and Author of “The Beijing Consensus”)

–**Capital Markets Panel** – George Roberts, Founding Partner, KKR; Michael Hasenstab from Franklin Templeton; and Alan Brown CIO from Schroders.



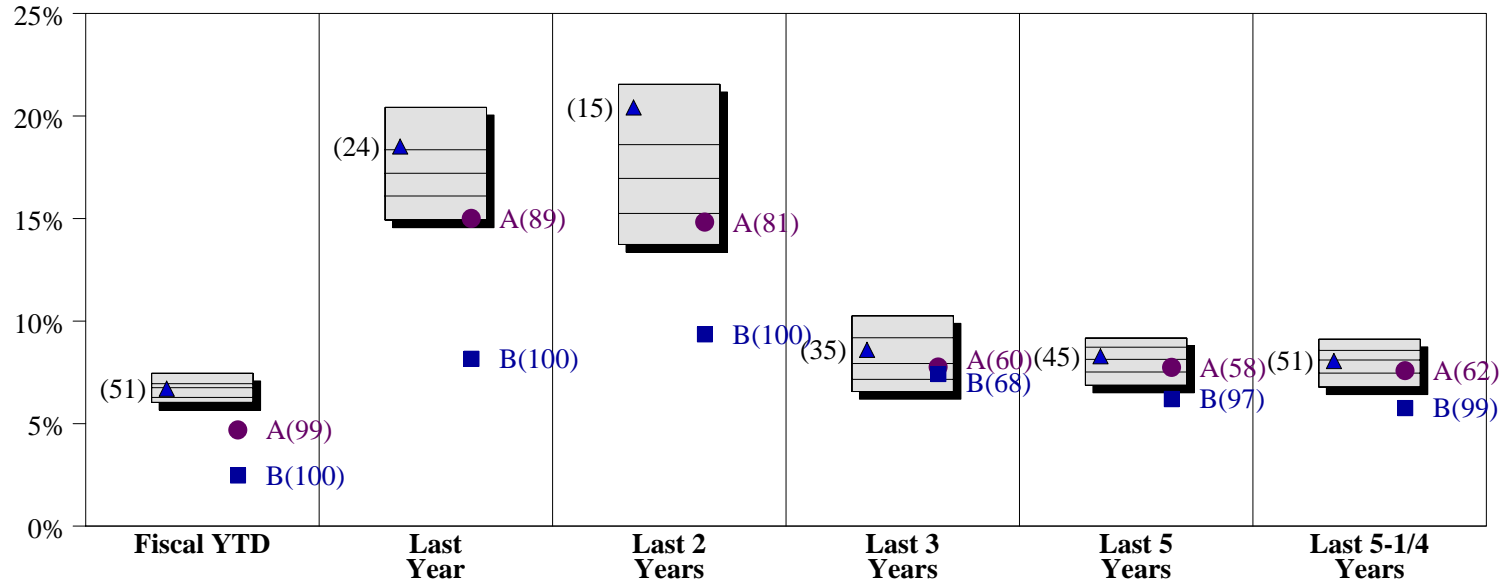
Manager Returns

- **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)

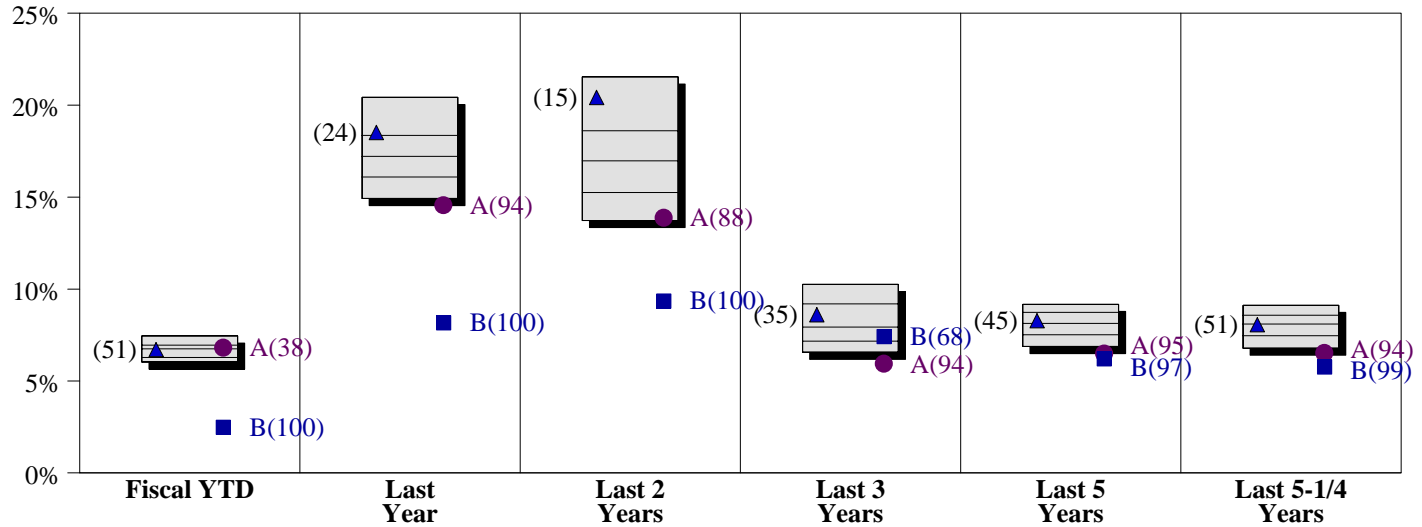


10th Percentile	7.45	20.42	21.54	10.26	9.17	9.12
25th Percentile	6.95	18.36	18.61	9.19	8.73	8.57
Median	6.75	17.21	16.96	7.93	8.14	8.10
75th Percentile	6.28	16.09	15.25	7.16	7.52	7.46
90th Percentile	6.04	14.93	13.74	6.57	6.87	6.79
MacKay Shields ● A	4.68	14.99	14.81	7.75	7.74	7.57
BC Aggregate Index ■ B	2.48	8.16	9.35	7.42	6.20	5.76
High Yield Target ▲	6.70	18.51	20.42	8.60	8.28	8.06



Rogge (formerly ING) High Yield

Performance vs CAI High Yield Fixed-Inc Style (Gross)



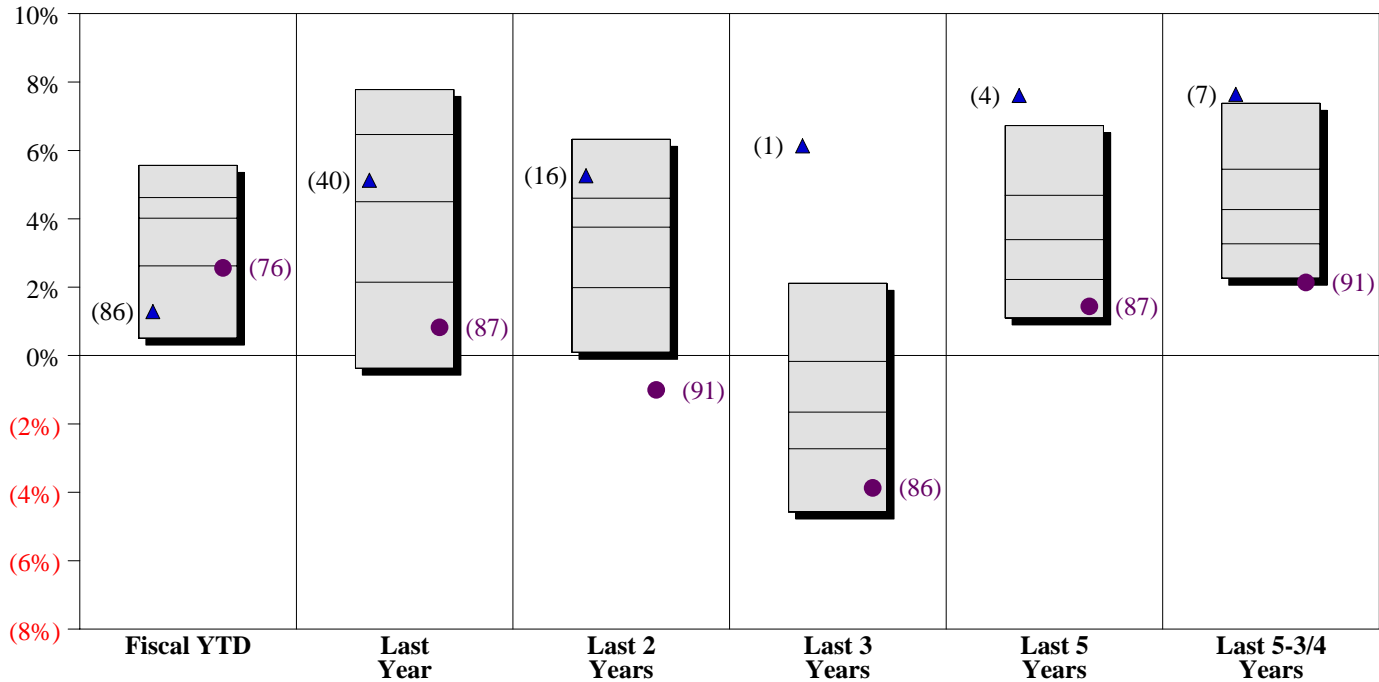
	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	7.45	20.42	21.54	10.26	9.17	9.12
25th Percentile	6.95	18.36	18.61	9.19	8.73	8.57
Median	6.75	17.21	16.96	7.93	8.14	8.10
75th Percentile	6.28	16.09	15.25	7.16	7.52	7.46
90th Percentile	6.04	14.93	13.74	6.57	6.87	6.79
Rogge Global Partners ● A	6.80	14.55	13.86	5.93	6.48	6.52
BC Aggregate Index ■ B	2.48	8.16	9.35	7.42	6.20	5.76
High Yield Target ▲	6.70	18.51	20.42	8.60	8.28	8.06



Absolute Return – Cadogan

Note peer group is L/S Fund of Funds

Performance vs Long Short Hedge FoF Style (Net)

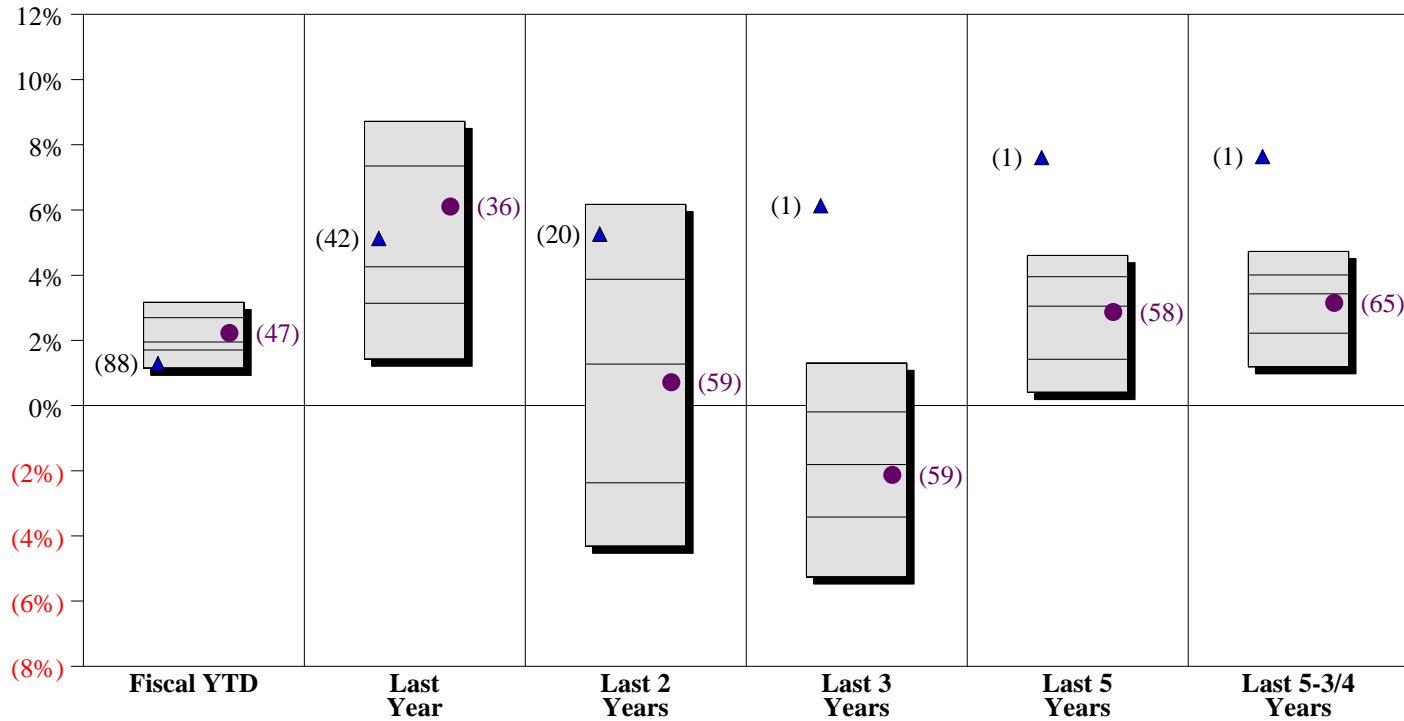


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	5.56	7.78	6.32	2.11	6.73	7.38
25th Percentile	4.62	6.46	4.60	(0.17)	4.69	5.45
Median	4.02	4.49	3.76	(1.65)	3.39	4.27
75th Percentile	2.62	2.14	1.99	(2.73)	2.23	3.27
90th Percentile	0.51	(0.37)	0.10	(4.57)	1.10	2.26
Cadogan Management ●	2.56	0.82	(1.01)	(3.88)	1.43	2.13
T-Bills + 5% ▲	1.29	5.13	5.26	6.13	7.61	7.64



Absolute Return - Crestline

Performance vs Absolute Return Hedge FoFs Style (Net)

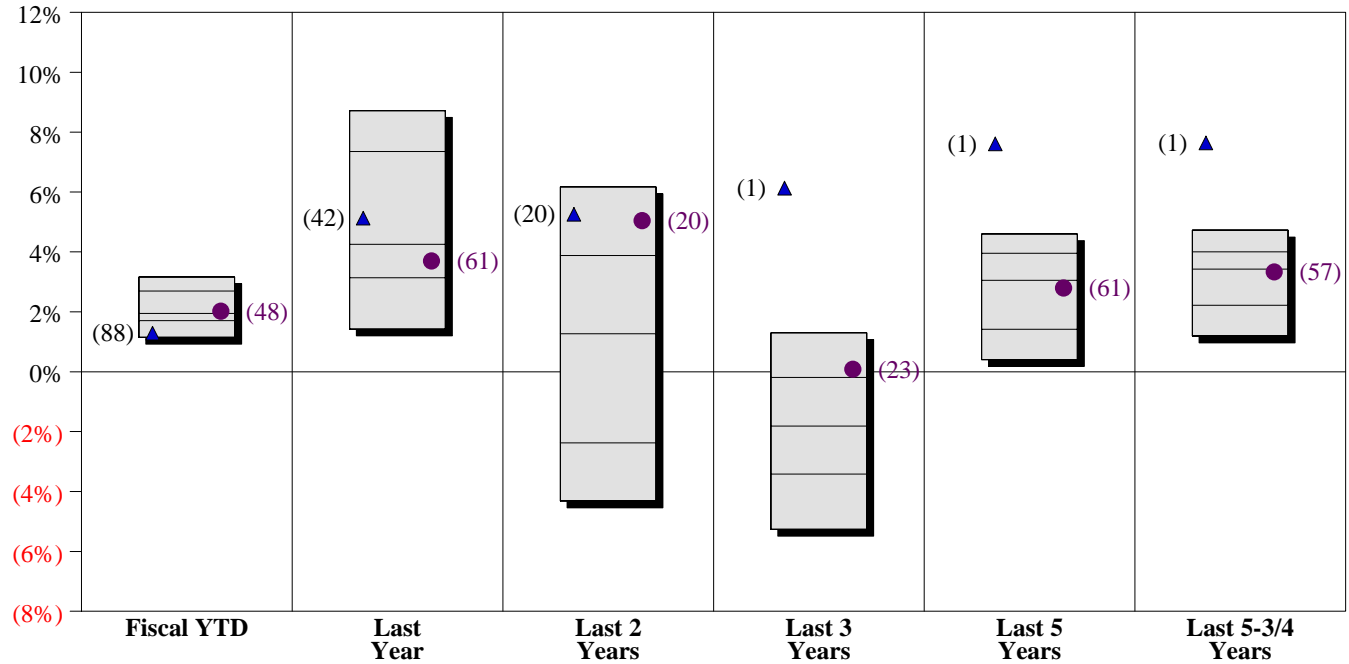


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	3.17	8.72	6.17	1.30	4.60	4.73
25th Percentile	2.69	7.35	3.88	(0.19)	3.95	4.01
Median	1.95	4.26	1.27	(1.81)	3.05	3.43
75th Percentile	1.70	3.14	(2.37)	(3.42)	1.42	2.22
90th Percentile	1.15	1.43	(4.31)	(5.26)	0.40	1.19
Crestline Investors ●	2.22	6.10	0.70	(2.13)	2.86	3.14
T-Bills + 5% ▲	1.29	5.13	5.26	6.13	7.61	7.64



Absolute Return - Mariner

Performance vs Absolute Return Hedge FoFs Style (Net)

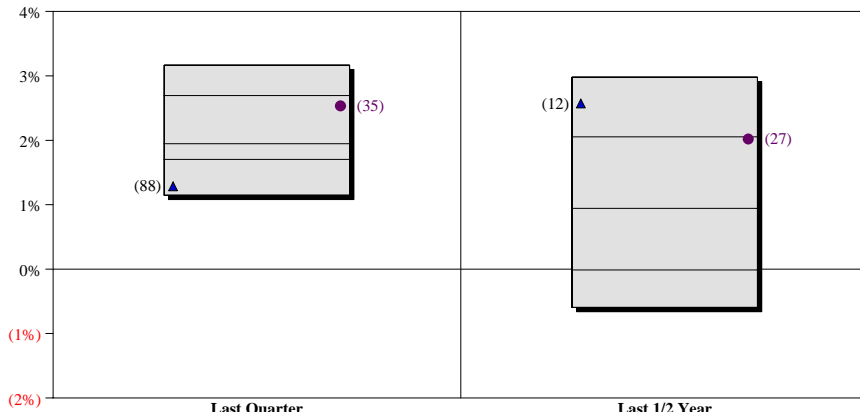


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	3.17	8.72	6.17	1.30	4.60	4.73
25th Percentile	2.69	7.35	3.88	(0.19)	3.95	4.01
Median	1.95	4.26	1.27	(1.81)	3.05	3.43
75th Percentile	1.70	3.14	(2.37)	(3.42)	1.42	2.22
90th Percentile	1.15	1.43	(4.31)	(5.26)	0.40	1.19
Mariner Investment Group	2.02	3.69	5.03	0.08	2.78	3.32
T-Bills + 5%	1.29	5.13	5.26	6.13	7.61	7.64



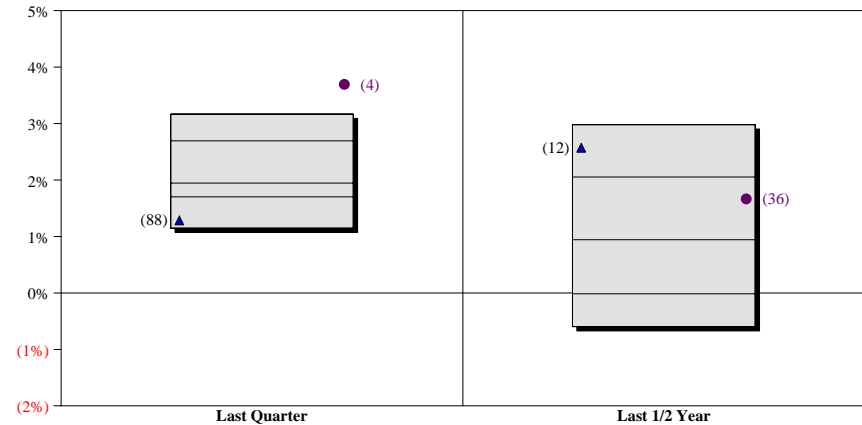
New Fund of Funds Managers Only 1/2 year comparative returns

Performance vs Absolute Return Hedge FoFs Style (Net)



	Last Quarter	Last 1/2 Year
10th Percentile	3.17	2.98
25th Percentile	2.69	2.05
Median	1.95	0.94
75th Percentile	1.70	(0.01)
90th Percentile	1.15	(0.59)
Global Asset Management	2.53	2.01
T-Bills + 5%	1.29	2.57

Performance vs Absolute Return Hedge FoFs Style (Net)

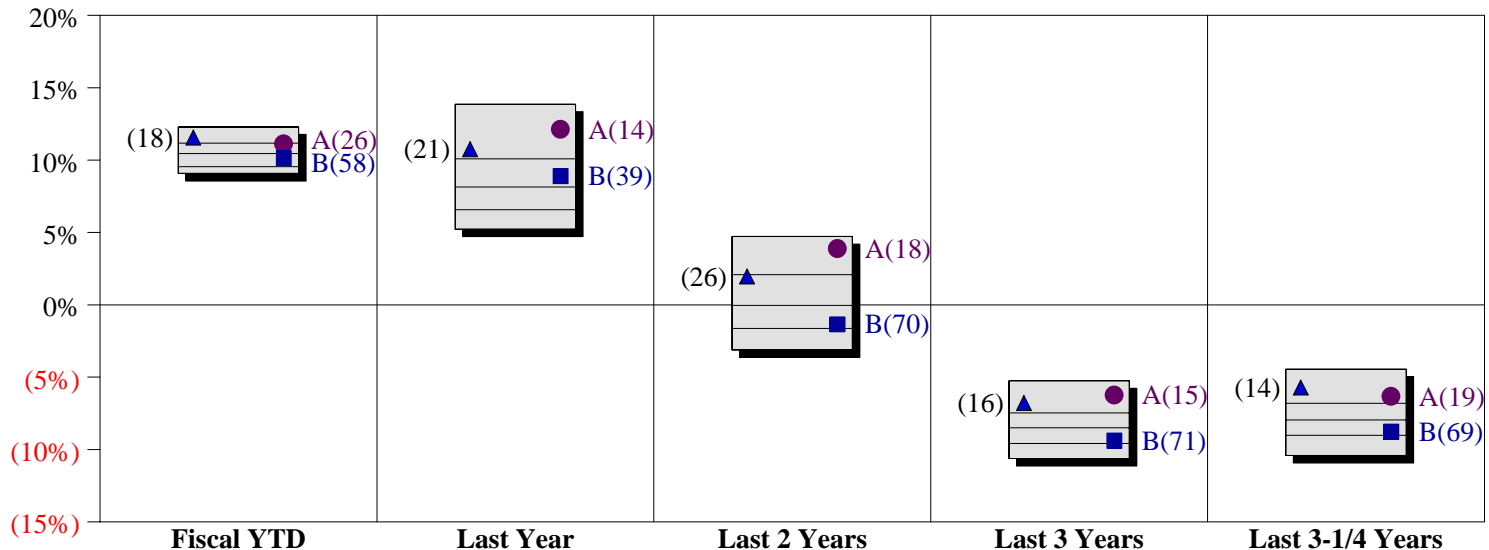


	Last Quarter	Last 1/2 Year
10th Percentile	3.17	2.98
25th Percentile	2.69	2.05
Median	1.95	0.94
75th Percentile	1.70	(0.01)
90th Percentile	1.15	(0.59)
Prisma Capital	3.69	1.66
T-Bills + 5%	1.29	2.57



Domestic Large Cap Equity Barrow Hanley

Performance vs CAI Large Cap Value Style (Gross)

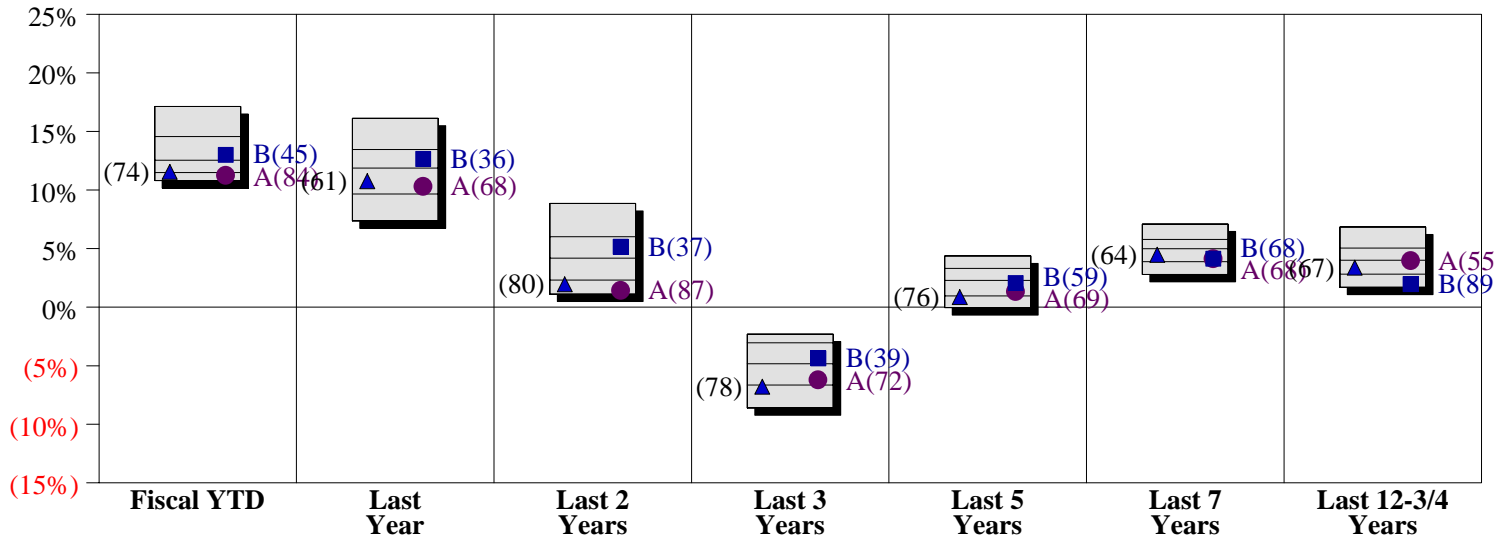


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	12.29	13.86	4.72	(5.25)	(4.45)
25th Percentile	11.16	10.09	2.07	(7.47)	(6.80)
Median	10.45	8.14	(0.04)	(8.50)	(7.96)
75th Percentile	9.55	6.57	(1.63)	(9.58)	(9.02)
90th Percentile	9.08	5.23	(3.12)	(10.62)	(10.41)
Barrow, Hanley ● A	11.10	12.12	3.88	(6.24)	(6.34)
Russell 1000 Value ■ B	10.13	8.90	(1.34)	(9.39)	(8.76)
Russell 1000 Index ▲	11.55	10.75	1.96	(6.79)	(5.72)



McKinley Capital – Large Cap Growth

Performance vs CAI Large Cap Growth Style (Gross)

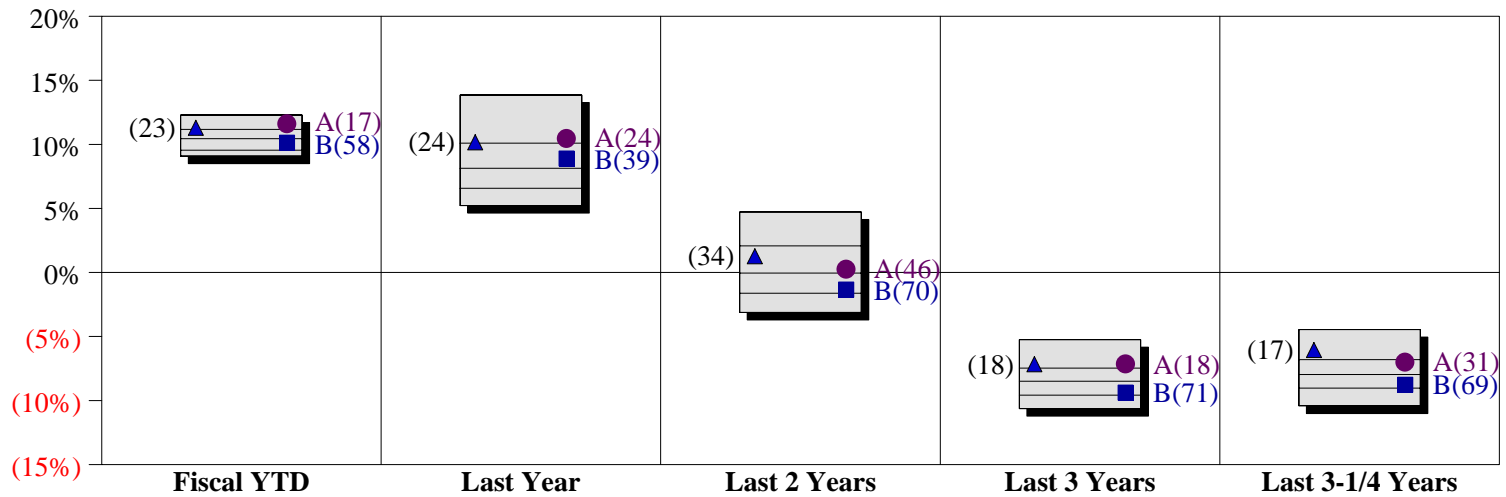


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 12-3/4 Years
10th Percentile	17.13	16.12	8.86	(2.30)	4.37	7.10	6.84
25th Percentile	14.56	13.47	6.02	(3.04)	3.31	5.78	5.05
Median	12.54	11.87	4.19	(4.83)	2.28	4.98	4.01
75th Percentile	11.48	9.66	2.31	(6.64)	0.97	3.88	2.81
90th Percentile	10.81	7.36	1.12	(8.59)	(0.05)	2.80	1.70
McKinley Capital	● A 11.23	10.31	1.42	(6.22)	1.31	4.13	3.96
Russell 1000 Growth	■ B 13.00	12.65	5.15	(4.36)	2.06	4.14	1.98
Russell 1000 Index	▲ 11.55	10.75	1.96	(6.79)	0.86	4.47	3.37



Quantitative Mgmt. Associates Large Cap Value

Performance vs CAI Large Cap Value Style (Gross)

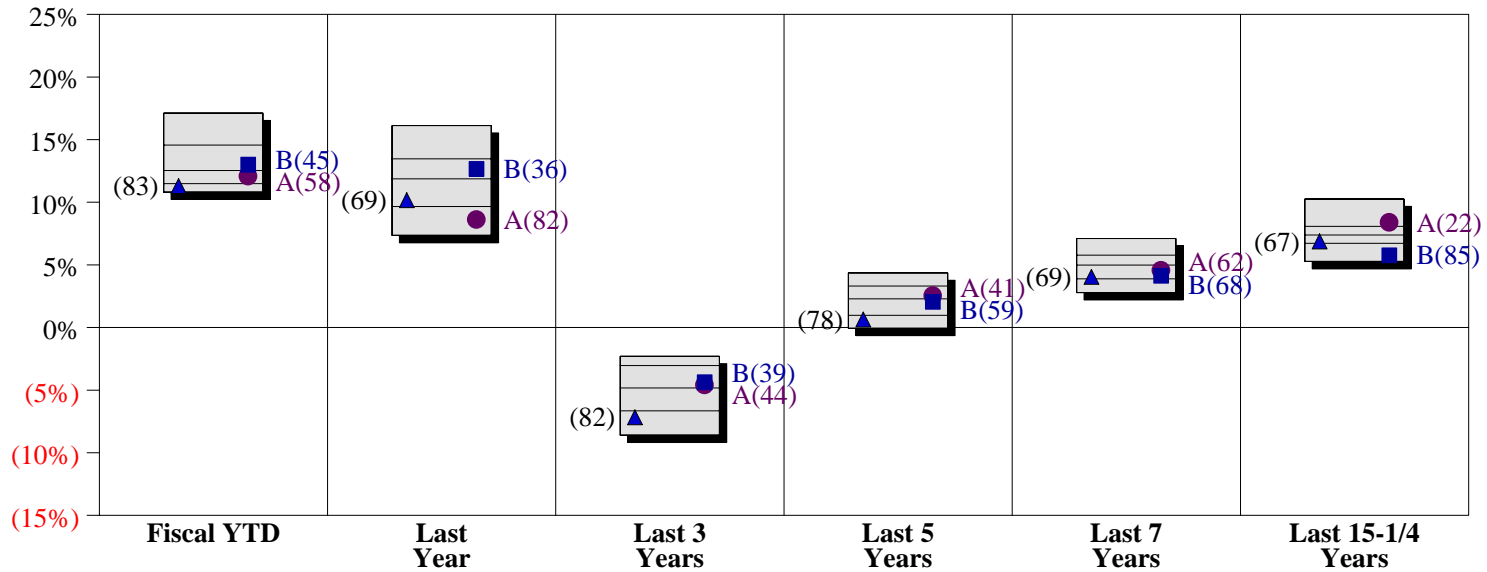


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years	
10th Percentile	12.29	13.86	4.72	(5.25)	(4.45)	
25th Percentile	11.16	10.09	2.07	(7.47)	(6.80)	
Median	10.45	8.14	(0.04)	(8.50)	(7.96)	
75th Percentile	9.55	6.57	(1.63)	(9.58)	(9.02)	
90th Percentile	9.08	5.23	(3.12)	(10.62)	(10.41)	
Quantitative Mgmt Assoc	● A	11.59	10.44	0.25	(7.16)	(7.02)
Russell 1000 Value	■ B	10.13	8.90	(1.34)	(9.39)	(8.76)
S&P 500 Index	▲	11.29	10.16	1.27	(7.16)	(6.05)



RCM Large Cap Growth

Performance vs CAI Large Cap Growth Style (Gross)

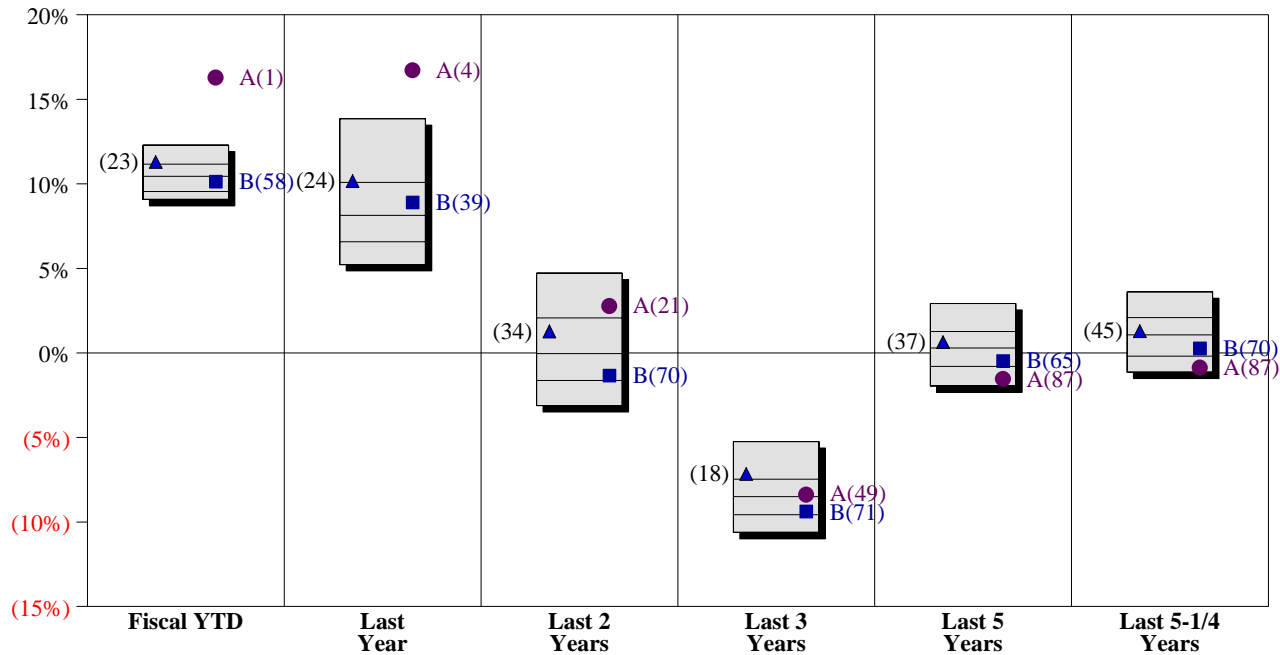


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 15-1/4 Years
10th Percentile	17.13	16.12	(2.30)	4.37	7.10	10.27
25th Percentile	14.56	13.47	(3.04)	3.31	5.78	8.07
Median	12.54	11.87	(4.83)	2.28	4.98	7.39
75th Percentile	11.48	9.66	(6.64)	0.97	3.88	6.72
90th Percentile	10.81	7.36	(8.59)	(0.05)	2.80	5.28
RCM ● A	12.08	8.61	(4.60)	2.54	4.56	8.39
Russell 1000 Growth ■ B	13.00	12.65	(4.36)	2.06	4.14	5.77
S&P 500 Index ▲	11.29	10.16	(7.16)	0.64	4.04	6.88



Relational – Compared to Large Cap Value

Performance vs CAI Large Cap Value Style (Gross)

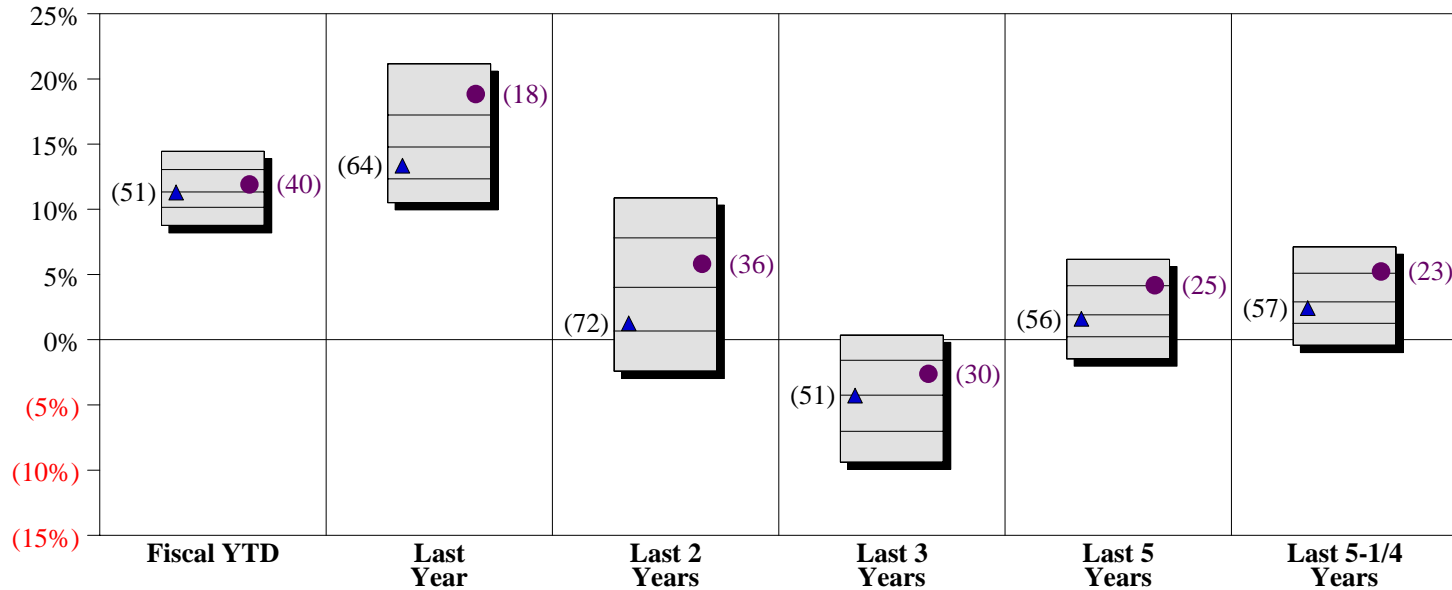


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	12.29	13.86	4.72	(5.25)	2.92	3.61
25th Percentile	11.16	10.09	2.07	(7.47)	1.26	2.09
Median	10.45	8.14	(0.04)	(8.50)	0.29	1.06
75th Percentile	9.55	6.57	(1.63)	(9.58)	(0.80)	(0.19)
90th Percentile	9.08	5.23	(3.12)	(10.62)	(1.95)	(1.14)
Relational Investors						
● A	16.28	16.71	2.76	(8.40)	(1.55)	(0.89)
Russell 1000						
■ B	10.13	8.90	(1.34)	(9.39)	(0.48)	0.26
S&P 500 Index						
▲	11.29	10.16	1.27	(7.16)	0.64	1.29



Jennison Associates – Small Cap

Performance vs CAI Small Capitalization Style (Gross)

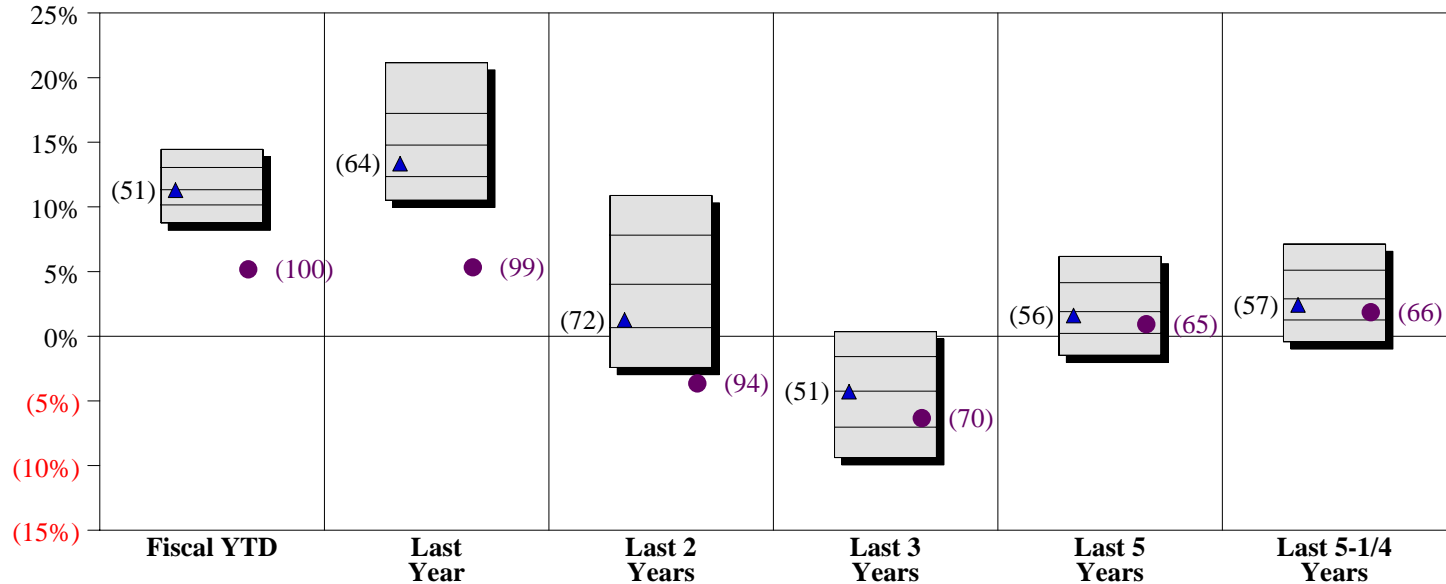


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	14.45	21.16	10.88	0.35	6.17	7.12
25th Percentile	13.04	17.23	7.82	(1.58)	4.13	5.10
Median	11.34	14.78	4.02	(4.25)	1.90	2.89
75th Percentile	10.14	12.34	0.66	(7.03)	0.22	1.26
90th Percentile	8.76	10.52	(2.41)	(9.39)	(1.47)	(0.43)
Jennison Associates ●	11.89	18.82	5.81	(2.63)	4.16	5.22
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	1.60	2.42



Lord Abbett – Small Cap

Performance vs CAI Small Capitalization Style (Gross)

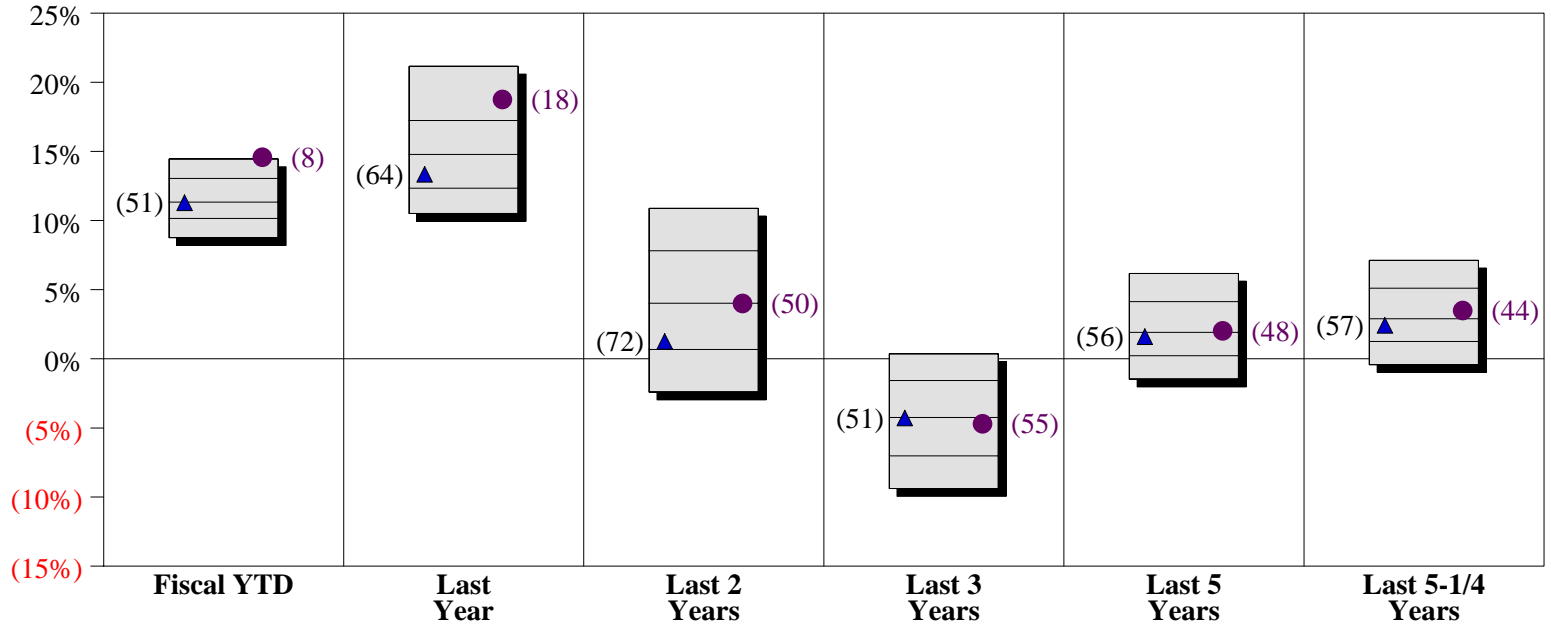


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	14.45	21.16	10.88	0.35	6.17	7.12
25th Percentile	13.04	17.23	7.82	(1.58)	4.13	5.10
Median	11.34	14.78	4.02	(4.25)	1.90	2.89
75th Percentile	10.14	12.34	0.66	(7.03)	0.22	1.26
90th Percentile	8.76	10.52	(2.41)	(9.39)	(1.47)	(0.43)
Lord, Abbett ●	5.15	5.31	(3.66)	(6.35)	0.91	1.85
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	1.60	2.42



Luther King - Small Cap

Performance vs CAI Small Capitalization Style (Gross)

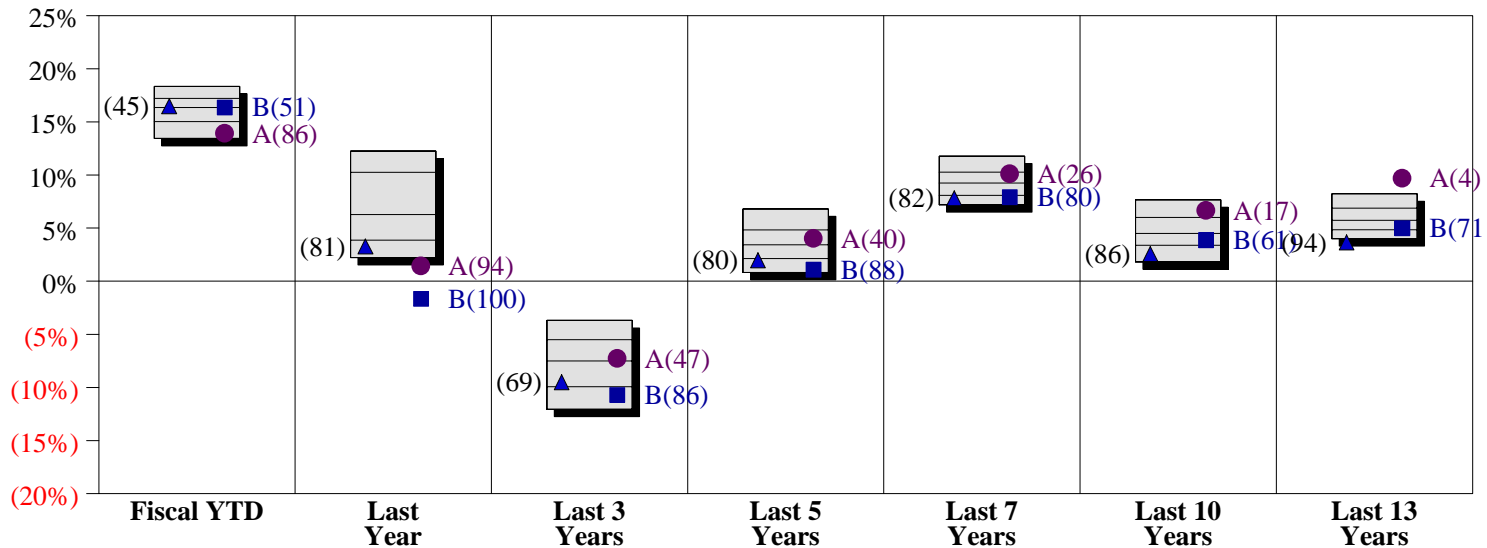


10th Percentile	14.45	21.16	10.88	0.35	6.17	7.12
25th Percentile	13.04	17.23	7.82	(1.58)	4.13	5.10
Median	11.34	14.78	4.02	(4.25)	1.90	2.89
75th Percentile	10.14	12.34	0.66	(7.03)	0.22	1.26
90th Percentile	8.76	10.52	(2.41)	(9.39)	(1.47)	(0.43)
Luther King ●	14.55	18.74	3.99	(4.72)	2.00	3.47
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	1.60	2.42



International Equity – Brandes Inv.

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

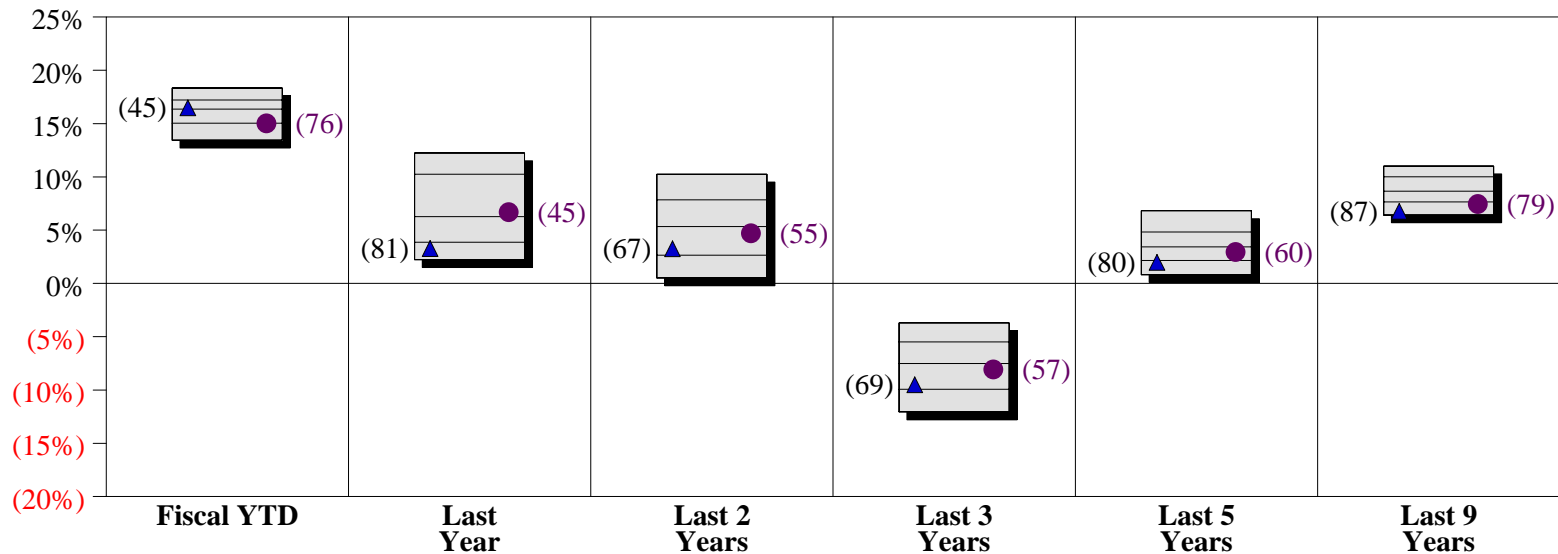


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13 Years
10th Percentile	18.35	12.25	(3.70)	6.81	11.78	7.66	8.24
25th Percentile	17.22	10.25	(5.50)	4.83	10.27	6.00	6.89
Median	16.36	6.27	(7.52)	3.43	9.25	4.51	5.74
75th Percentile	15.03	3.87	(9.94)	2.15	8.08	3.39	4.85
90th Percentile	13.44	2.22	(12.06)	0.83	7.20	1.82	4.01
Brandes A	13.91	1.43	(7.28)	4.02	10.10	6.66	9.68
MSCI EAFE Val w/ net div	16.36	(1.67)	(10.72)	1.09	7.91	3.87	4.99
MSCI EAFE Index	16.48	3.27	(9.51)	1.97	7.81	2.56	3.66



International – Capital Guardian

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

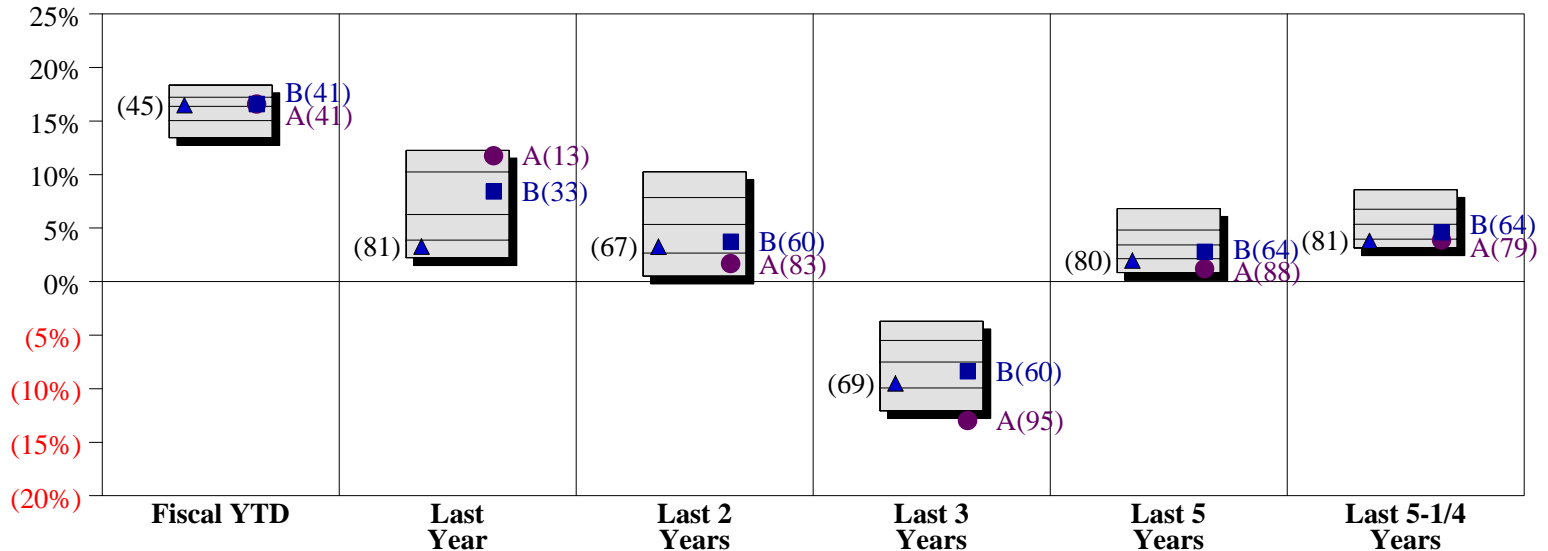


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9 Years
10th Percentile	18.35	12.25	10.25	(3.70)	6.81	11.02
25th Percentile	17.22	10.25	7.85	(5.50)	4.83	10.01
Median	16.36	6.27	5.33	(7.52)	3.43	8.67
75th Percentile	15.03	3.87	2.66	(9.94)	2.15	7.66
90th Percentile	13.44	2.22	0.51	(12.06)	0.83	6.43
Capital Guardian ●	15.00	6.67	4.68	(8.09)	2.92	7.44
MSCI EAFE Index ▲	16.48	3.27	3.25	(9.51)	1.97	6.76



International – McKinley Capital

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

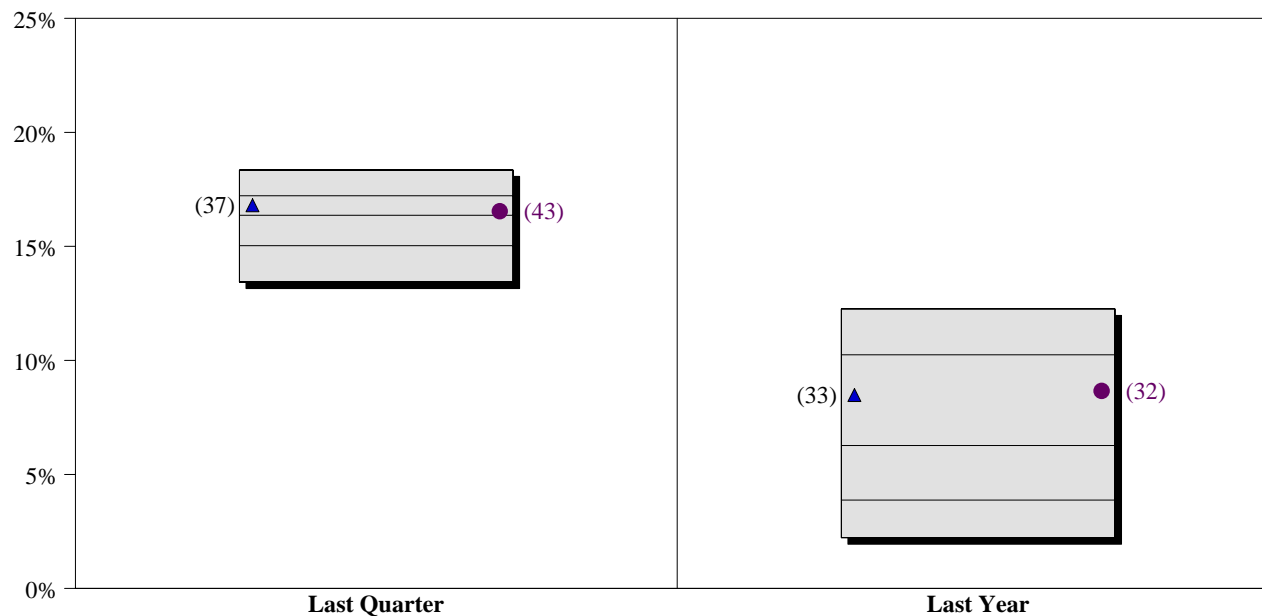


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	18.35	12.25	10.25	(3.70)	6.81	8.59
25th Percentile	17.22	10.25	7.85	(5.50)	4.83	6.76
Median	16.36	6.27	5.33	(7.52)	3.43	5.36
75th Percentile	15.03	3.87	2.66	(9.94)	2.15	3.96
90th Percentile	13.44	2.22	0.51	(12.06)	0.83	3.15



SSgA

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

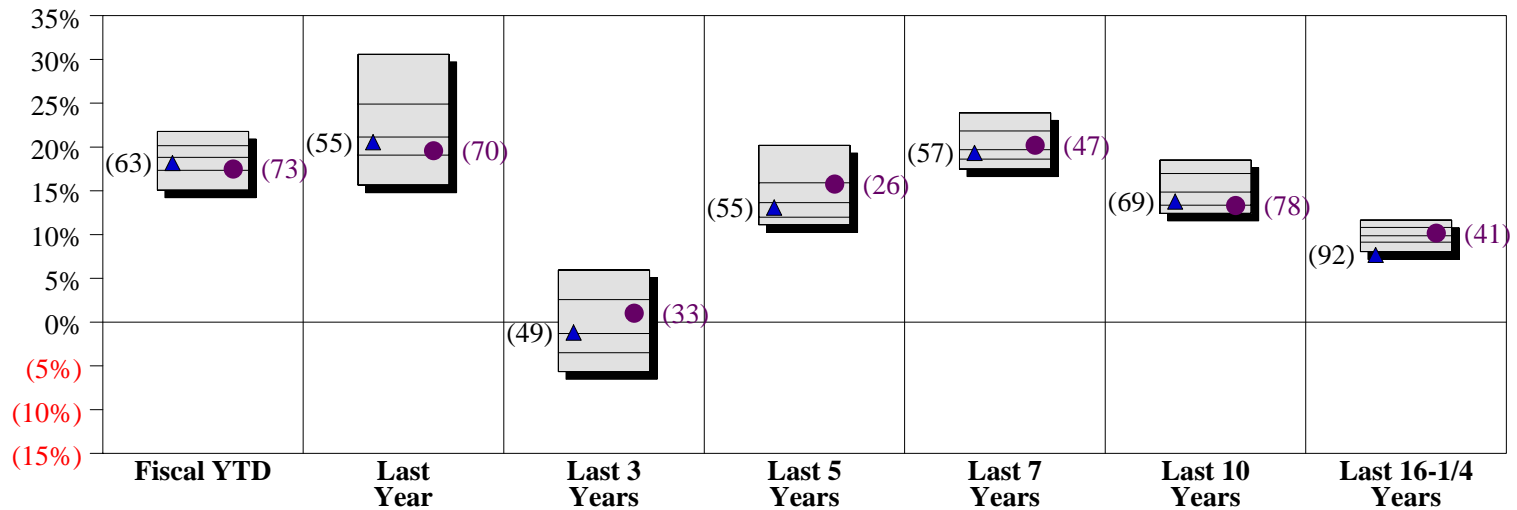


	Last Quarter	Last Year
10th Percentile	18.35	12.25
25th Percentile	17.22	10.25
Median	16.36	6.27
75th Percentile	15.03	3.87
90th Percentile	13.44	2.22
SSgA Intl ACWI ex US ●	16.53	8.65
MSCI ACWI ex-US IMI Index ▲	16.80	8.48



Capital Emerging Market

Performance vs CAI Emerging Markets Equity DB (Gross)

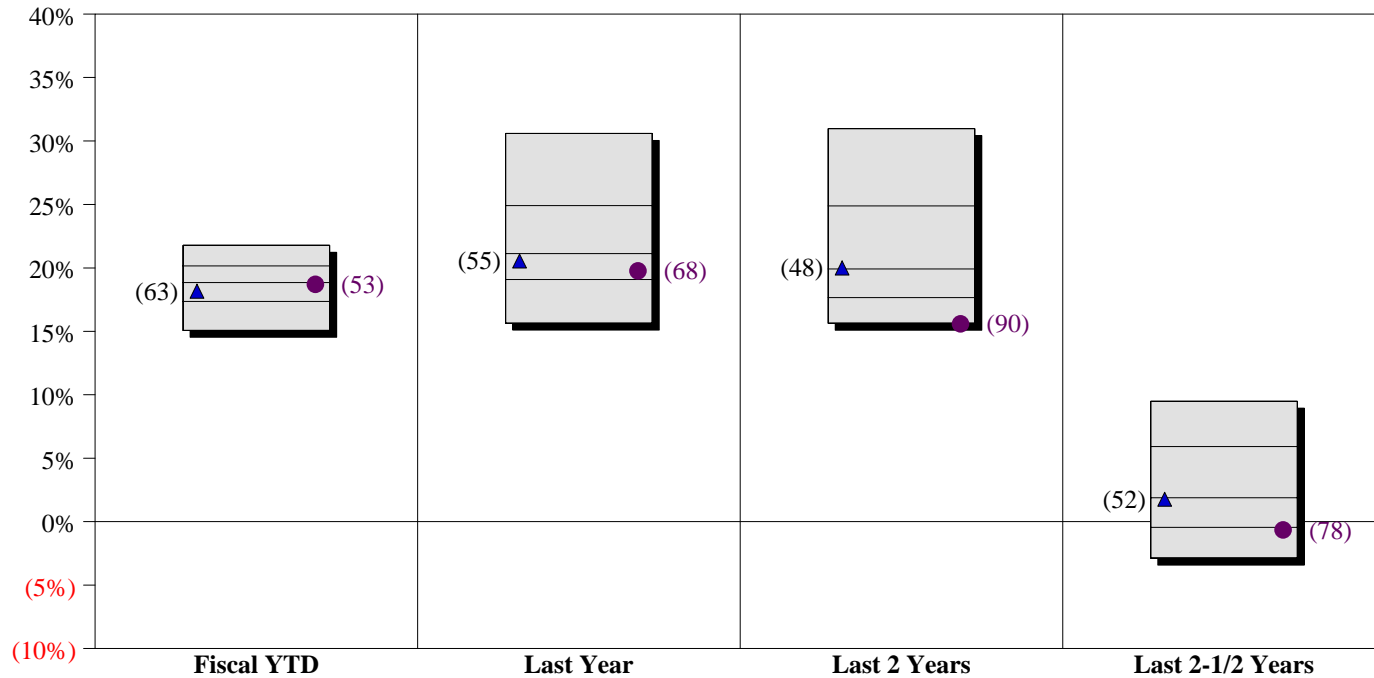


10th Percentile	21.77	30.59	5.96	20.19	23.90	18.50	11.67
25th Percentile	20.15	24.90	2.56	15.93	21.83	16.97	10.82
Median	18.83	21.13	(1.30)	13.66	19.70	14.85	9.85
75th Percentile	17.35	19.07	(3.48)	11.98	18.63	13.34	9.14
90th Percentile	15.08	15.65	(5.66)	11.13	17.49	12.42	8.04
Capital Guardian ●	17.47	19.55	0.98	15.73	20.18	13.29	10.13
MSCI Emerging Mkts Idx ▲	18.16	20.54	(1.20)	13.08	19.32	13.77	7.66



Eaton Vance

Performance vs CAI Emerging Markets Equity DB (Gross)

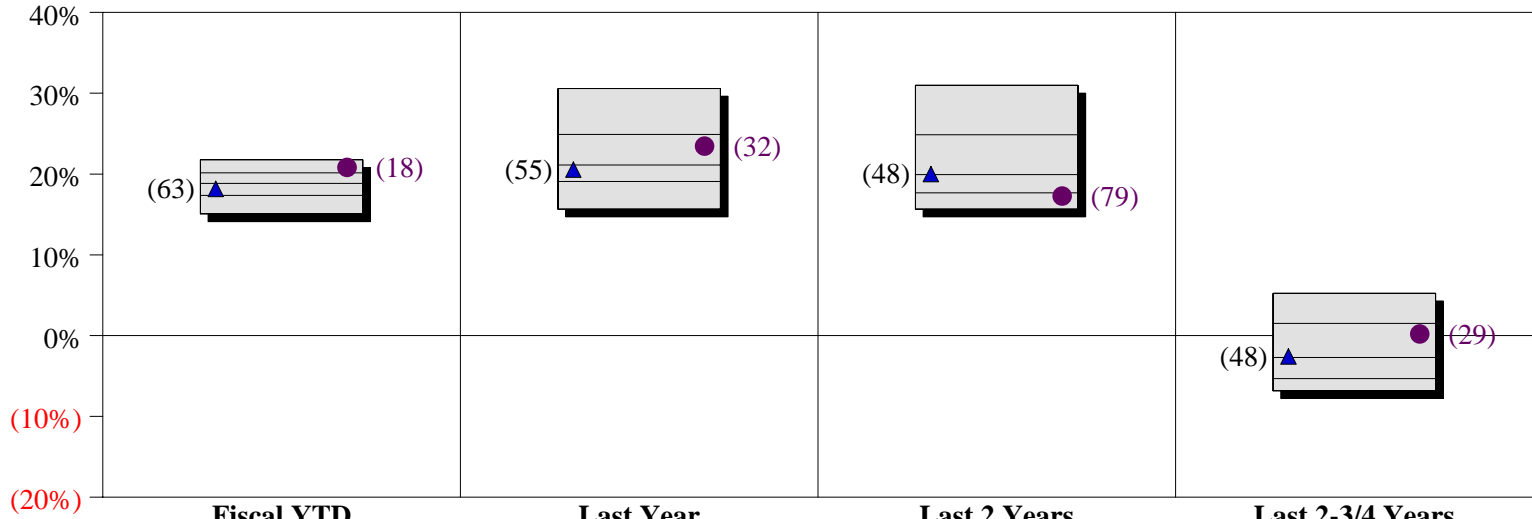


	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	21.77	30.59	30.97	9.50
25th Percentile	20.15	24.90	24.88	5.92
Median	18.83	21.13	19.92	1.88
75th Percentile	17.35	19.07	17.66	(0.44)
90th Percentile	15.08	15.65	15.64	(2.87)
Eaton Vance ●	18.69	19.74	15.56	(0.68)
MSCI Emerging Mkts Idx ▲	18.16	20.54	19.99	1.76



Lazard - EM

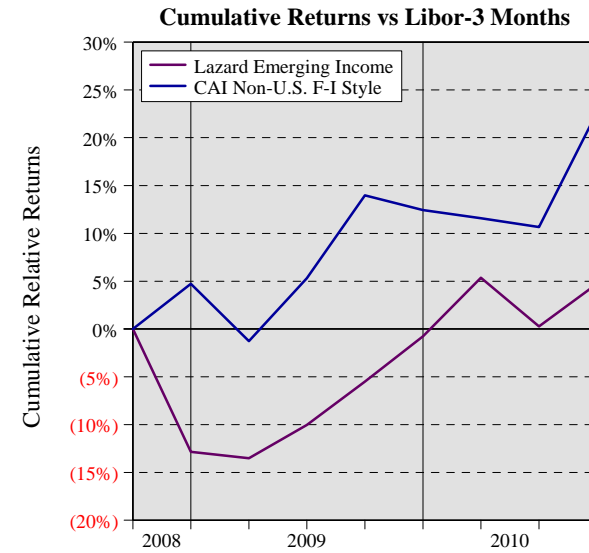
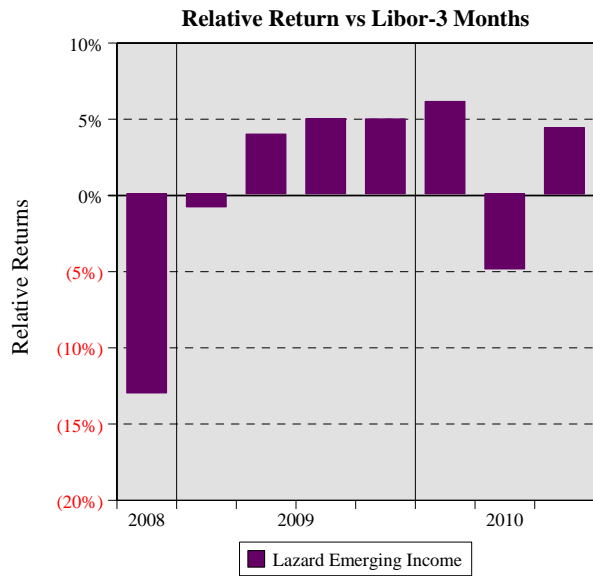
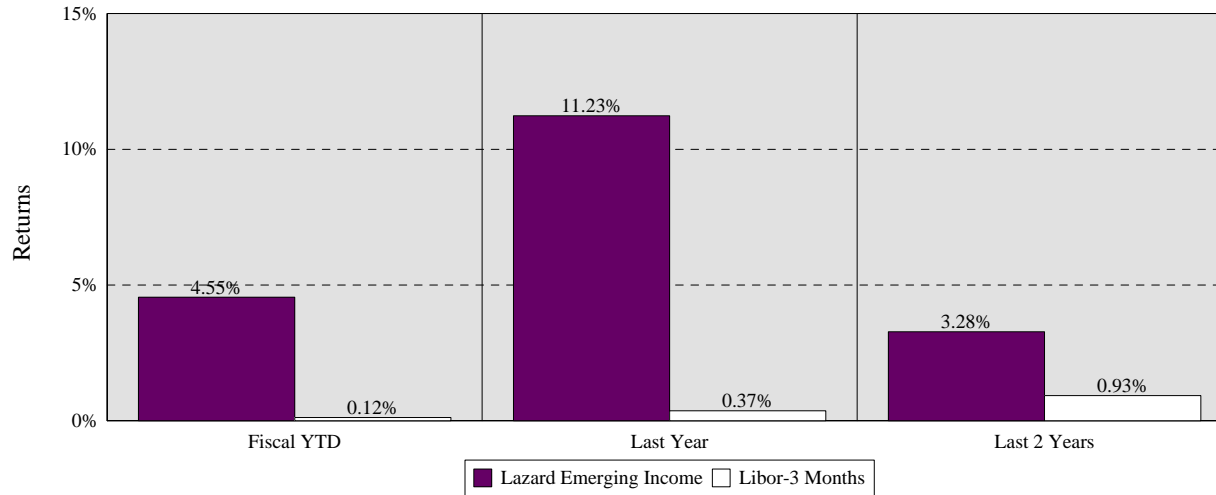
Performance vs CAI Emerging Markets Equity DB (Gross)



	Fiscal YTD	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	21.77	30.59	30.97	5.23
25th Percentile	20.15	24.90	24.88	1.51
Median	18.83	21.13	19.92	(2.70)
75th Percentile	17.35	19.07	17.66	(5.31)
90th Percentile	15.08	15.65	15.64	(6.82)
Lazard Emerging ●	20.79	23.42	17.25	0.18
MSCI Emerging Mkts Idx ▲	18.16	20.54	19.99	(2.58)



Lazard – EM Debt



**Callan Associates Inc.
Investment Measurement Service
Quarterly Review**

**Alaska Retirement Management Board
Executive Summary
with Preliminary Real Estate
September 30, 2010**

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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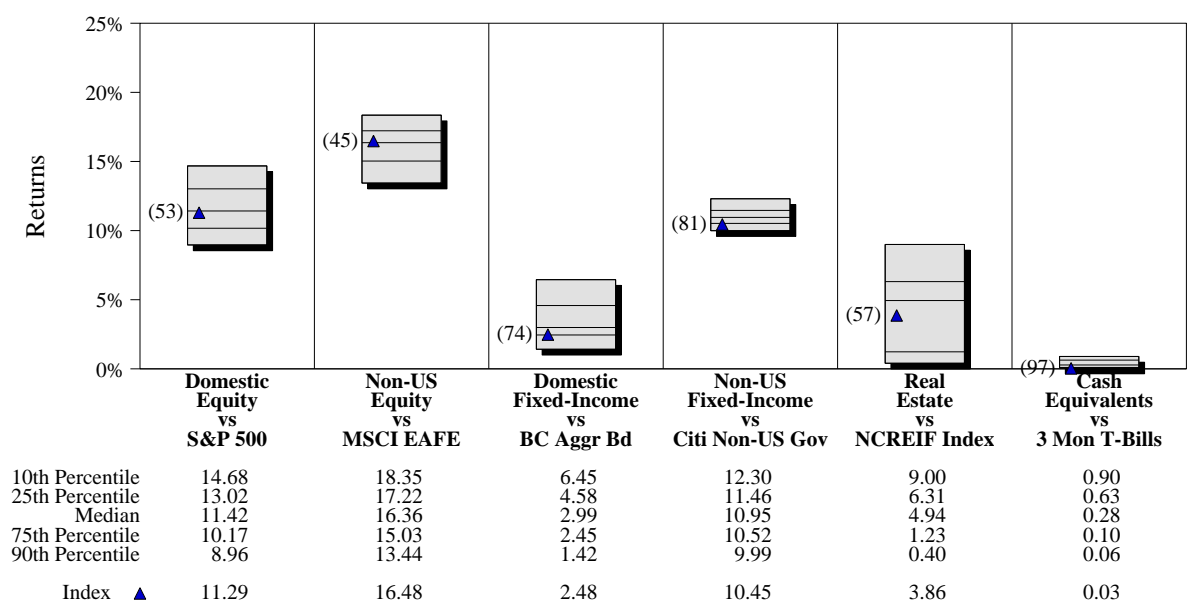
MARKET OVERVIEW

ACTIVE MANAGEMENT VS INDEX RETURNS

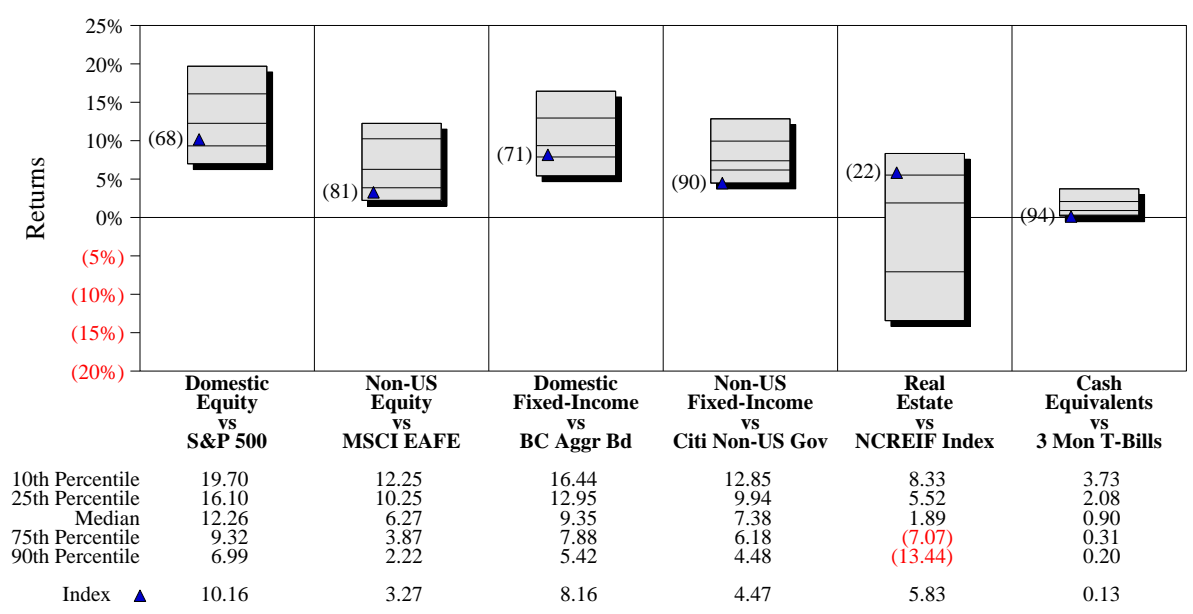
Market Overview

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 September 30, 2010



Range of Separate Account Manager Returns by Asset Class One Year Ended September 30, 2010





DOMESTIC EQUITY Active Management Overview

Active vs. the Index

After enduring the first quarterly loss in over a year in the second quarter of 2010, the S&P 500, DJIA and NASDAQ bounced back in the third quarter of 2010, gaining back most of their losses. U.S. companies cleaned up their balance sheets by raising cash in the bond sector, which in turn allowed them to repurchase much of their own stock. All investment styles had strong returns for the quarter, all gaining over 10%. The median Large Cap Core manager yielded a 11.11% return, falling 18 basis points short of the S&P 500 Index's return of 11.29%. The median Mid Cap Broad manager returned 13.10%, 2 basis points behind the S&P Mid Cap Index's gain of 13.12%. The median Small Cap Growth manager was well ahead of the S&P 600 Growth Index, finishing the quarter with a return of 12.73%, beating the index's return of 10.05% by 268 basis points. For the year ended September 30, 2010, all styles had strong returns, exceeding or falling close behind their benchmarks.

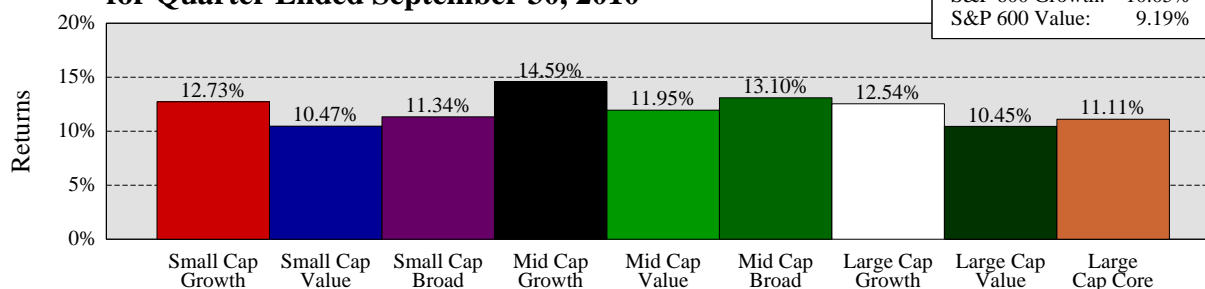
Large Cap vs. Small Cap

For the third quarter of 2010, Small Cap funds fared slightly better than Large Cap funds. The median Small Cap Growth manager and the median Small Cap Value manager posted returns of 12.73% and 10.47%, respectively, ahead of their Large Cap Growth (12.54%) and Large Cap Value (10.45%) counterparts. The S&P 500 Index returned 11.29%, 167 basis points ahead of the S&P 600 Index's return of 9.62%. For the year ended September 30, 2010, Small Cap managers outperformed their Large Cap counterparts across the board. The median Small Cap Growth, Small Cap Value and Small Cap Broad fund had returns of 16.04%, 14.32%, and 14.78%, respectively, while Large Cap returns lagged well behind. The median Large Cap Value manager posted a return of 8.14% for the twelve months ended September 30, 2010, 618 basis points shy of the median Small Cap Value manager (14.32%) and 40 basis points shy of the S&P 500 Value Index (8.54%).

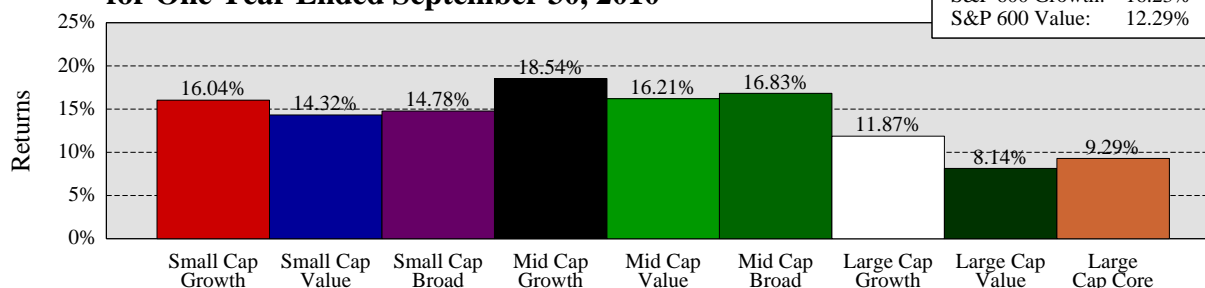
Growth vs. Value

The third quarter of 2010 was more favorable to growth funds than to value funds, with the median Small Cap Growth manager posting a 12.73% return, 226 basis points higher than the 10.47% return of the median Small Cap Value manager. For the year ended September 30, 2010, the median Small Cap Value managers outperformed Small Cap Growth manager by 172 basis points while the median Large Cap Growth manager strongly outperformed the median Large Cap Value manager, posting a 11.87% return compared to the Large Cap Value manager's return of 8.14%. The S&P 600 Growth Index yielded a 16.23% return, 394 basis points higher than the S&P 600 Value Index's return of 12.29%.

**Separate Account Style Group Median Returns
for Quarter Ended September 30, 2010**



**Separate Account Style Group Median Returns
for One Year Ended September 30, 2010**





DOMESTIC FIXED-INCOME Active Management Overview

Active vs. the Index

The domestic fixed income markets posted a strong third quarter 2010 as economic and political uncertainties moved investors out of stocks and into safer vehicles such as bonds and gold. In the third quarter of 2010, the median Core Bond fund posted a return of 2.88%, 40 basis points above the Barclays Capital Aggregate Index return of 2.48%. For the one year ended September 30, 2010, the median Core Bond fund finished 132 basis points ahead of the Barclays Capital Aggregate Index, 9.48% to 8.16%.

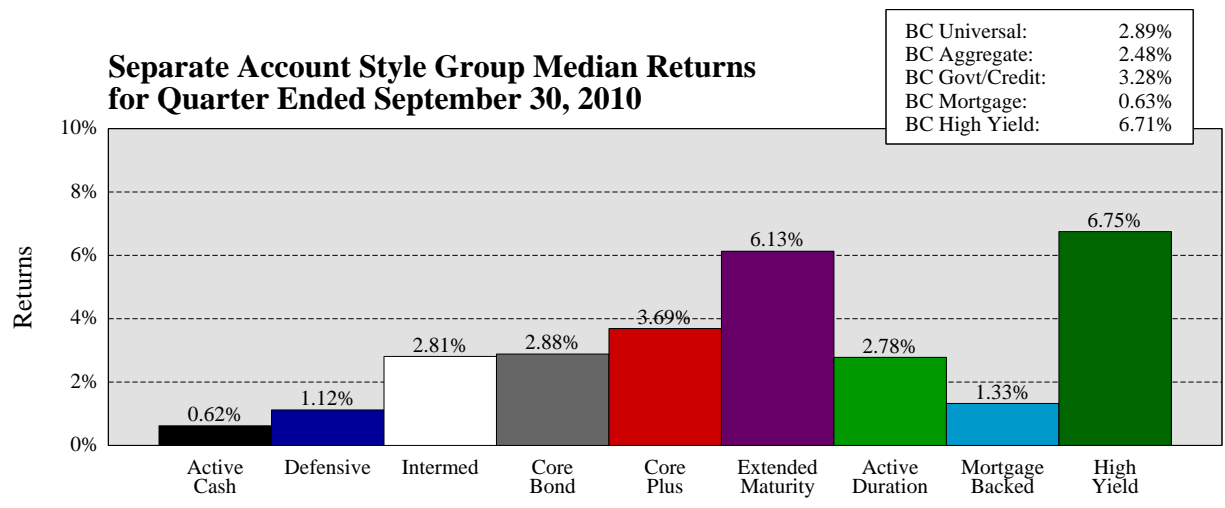
Short vs. Long Duration

The Extended Maturity bond market produced another quarter of strong performance relative to Intermediate funds. The median Extended Maturity Fund generated 6.13%, more than double the 2.81% return of the median Intermediate Fund. For the year ended September 30, 2010, the median Extended Maturity fund gained an impressive 14.69%, 628 basis points ahead of the median Intermediate Fund's return of 8.41%.

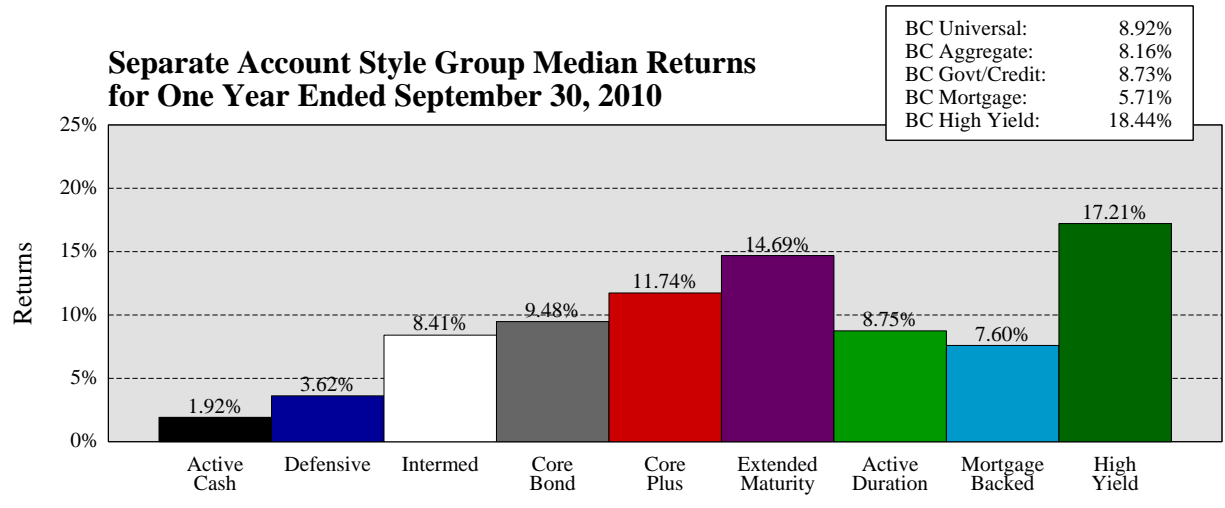
Mortgages and High Yield

Mortgage-backed bonds lagged in the third quarter of 2010 amid concern federal intervention will instigate a refinancing trend, ultimately reducing the value of the securities. The median Mortgage Backed Fund posted a small gain of 1.33% for the third quarter of 2010, 70 points ahead of the Barclays Mortgage Index's return of 0.63%. For the twelve months ended September 30, 2010, the median Mortgage Backed Fund outperformed the Barclays Mortgage Index by generating a return of 7.60%, 189 basis points higher than the 5.71% index return. In the third quarter of 2010, High Yield Funds added to their considerable gains for the year, with the median High Yield fund manager generating a return of 6.75%, besting the Barclays High Yield Index which finished up 6.71%. For the year ended September 30, 2010, the median High Yield Fund returned a robust 17.21%, yet trailed the Barclays High Yield Index's return of 18.44%.

Separate Account Style Group Median Returns for Quarter Ended September 30, 2010



Separate Account Style Group Median Returns for One Year Ended September 30, 2010





INTERNATIONAL EQUITY Active Management Overview

Active vs. the Index

After posting losses across all regions in the second quarter of 2010, International Equity rebounded strongly in the quarter ended September 30, 2010. The top performers were Europe and Emerging Markets, which returned 19.10% and 18.83%, respectively. For the year, Emerging Markets outpaced all other groups with a return of 21.13%. Due to strong third quarter performance, all groups had a positive return over the latest twelve months with Japan trailing all other regions with a small gain of 0.78%.

Europe

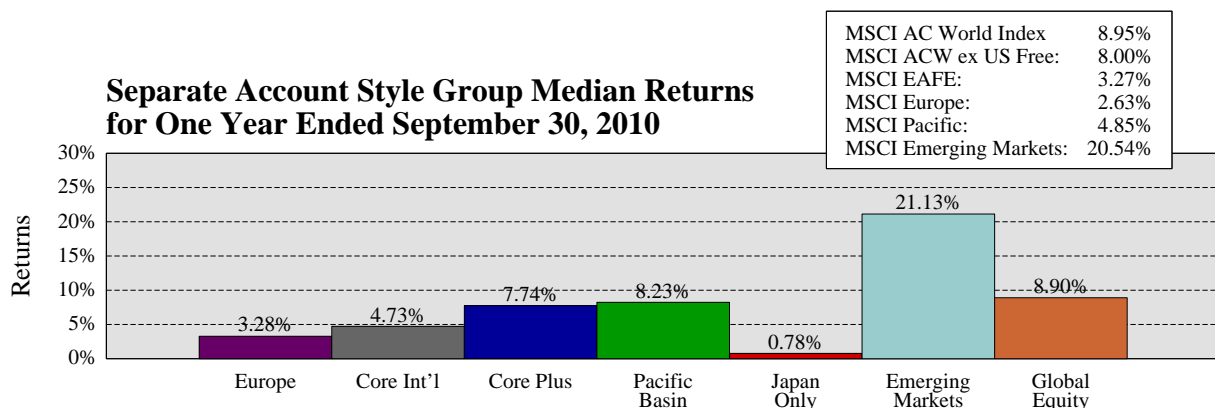
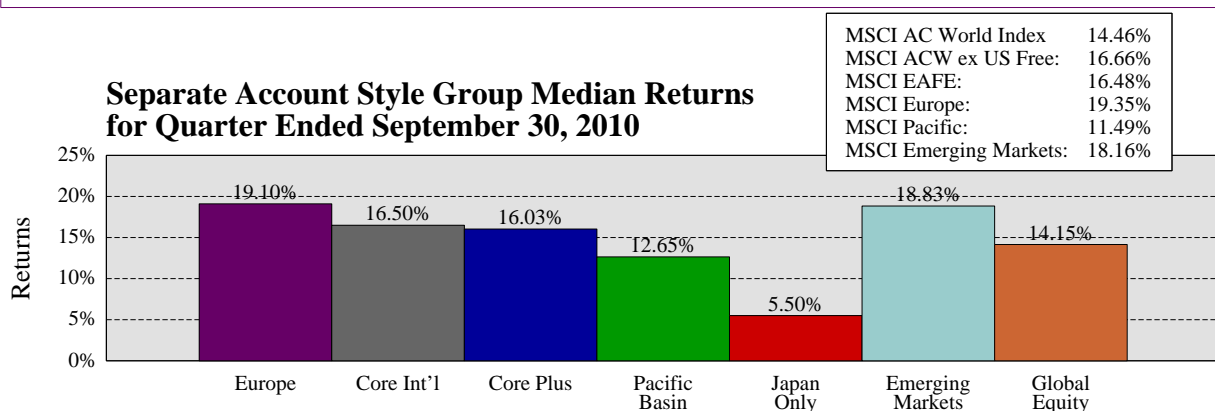
Investors growing risk appetite, the low-interest policies of European central banks and strong earnings performances from many European companies led to a strong quarter for European equity. Countries which carry large trade surpluses, like Germany, are being helped by the weakening of the euro because it made their exports more attractive. Debt-laden countries like Spain and Greece are still struggling to pull themselves out of the global recession. For the quarter, the median European manager returned an impressive 19.10% and 3.28% for the year ended September 30, 2010. The MSCI Europe Index returned 19.35% for the quarter and 2.63% for the last twelve months.

Pacific

Pacific Rim countries also fared well this quarter but, as usual, Japan lags its Pacific counterparts. Japan's lack of recovery continues as the Nikkei 225 remains a whopping 77% below its 1989 peak. Domestic growth and demand have been virtually non-existent as most economic activity in Japan is being funded by foreign companies and banks. Other Asian economies have recovered nicely as the Pacific Rim region has been the world's fastest growing market in 2010. Foreign money has been steadily flooding the equity markets of Asian countries looking for high returns. The median Pacific Basin manager outperformed the MSCI Pacific Index returning 12.65% versus its benchmark's return of 11.49%. For the year, the median Pacific Basin manager gained 8.23%, 338 basis points higher than the MSCI Pacific Index.

Emerging Markets

Emerging Market managers posted strong returns this quarter with the median manager gaining 18.83% for the quarter, besting the MSCI Emerging Market Index which gained 18.16%. China had a strong quarter as fears of inflation seem to have been embellished and both domestic and export demand for Chinese goods and services remains strong. For the year ended September 30, 2010 the median Emerging Market manager returned 21.13%, besting the MSCI Emerging Index by 59 basis points.



INTERNATIONAL FIXED-INCOME Active Management Overview

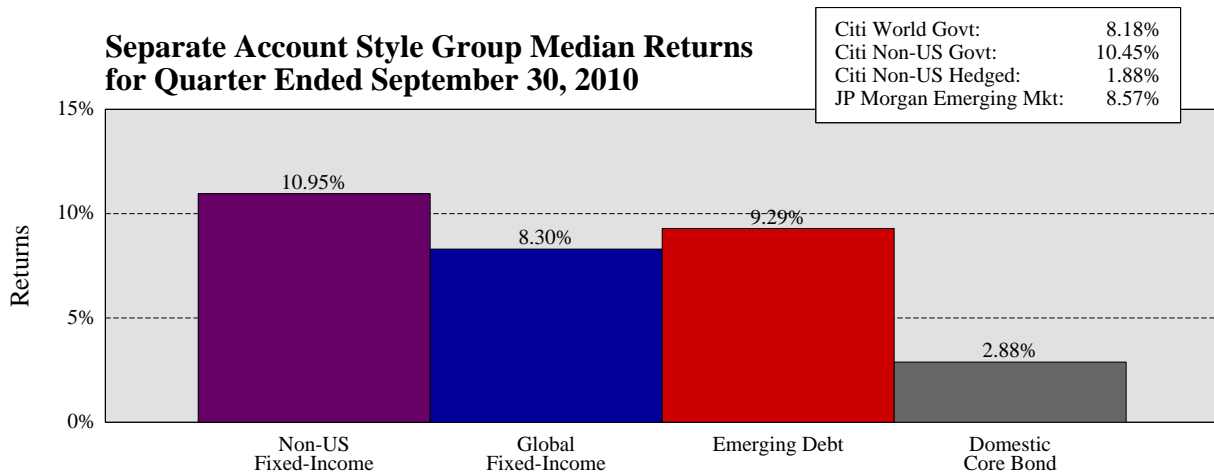
Active vs. the Index

The global fixed-income markets produced a strong rally this quarter. In Europe, falling rates in Germany and other core European countries counterbalanced the rising rates of peripheral countries such as Greece, Ireland, Portugal and Spain. Peripheral governments implemented major fiscal cutbacks in an effort to reduce their deficits and boost market confidence, and Germany and the U.K. followed suit. The ECB extended its liquidity provision scheme to aid weaker banks which have been plagued by significant exposure to sovereign debt. Expectations for additional quantitative easing surged in the U.K. and U.S. For European banks, the stress tests yielded positive results, on the whole, with increased transparency on sovereign debt exposures. For banks around the world, the Basel III announcement was welcomed as it allowed a longer than expected time frame to comply with its provisions. In the Pacific Rim, the Bank of Japan maintained its overnight call rate of 0.1% while the cash rate in Australia remained at 4.5%. For the quarter ended September 30, 2010, the median Non-US Fixed-Income manager rallied with a 10.95% return, 50 basis points ahead of its index's return. The median Global Fixed-Income manager finished strong, ahead of its index by 12 basis points. For the one year ended September 30, 2010, the median Non-US Fixed-Income manager beat its index by 2.91% and the median Global Fixed-Income manager bested its index by 2.83%.

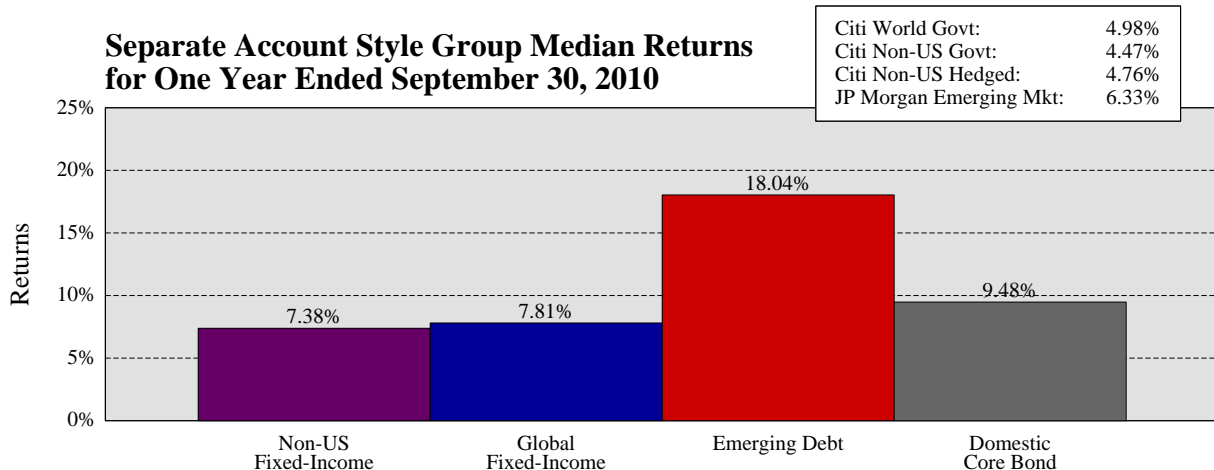
Emerging Markets

The fiscal policy environment was sound for the emerging markets with relatively low debt and deficit levels. Inflation, which has traditionally been an area of weakness for some of the fastest growing markets such as China and India, was tamed due to a slowing global economy coupled with a rally in their currencies. Most of the Central banks in Asia were very active in the currency markets in order to rein in excessive currency appreciation. For the quarter ended September 30, 2010, the median Emerging Debt manager generated a return of 9.29% beating its index by 72 basis points. For the one year ended September 30, 2010, the median Emerging Debt manager produced a whopping 18.04% return, besting its index by a significant margin of 11.71%.

**Separate Account Style Group Median Returns
for Quarter Ended September 30, 2010**



**Separate Account Style Group Median Returns
for One Year Ended September 30, 2010**

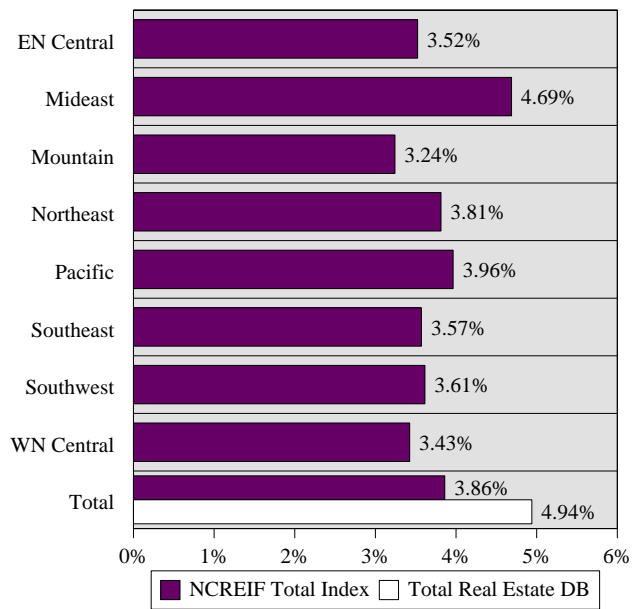




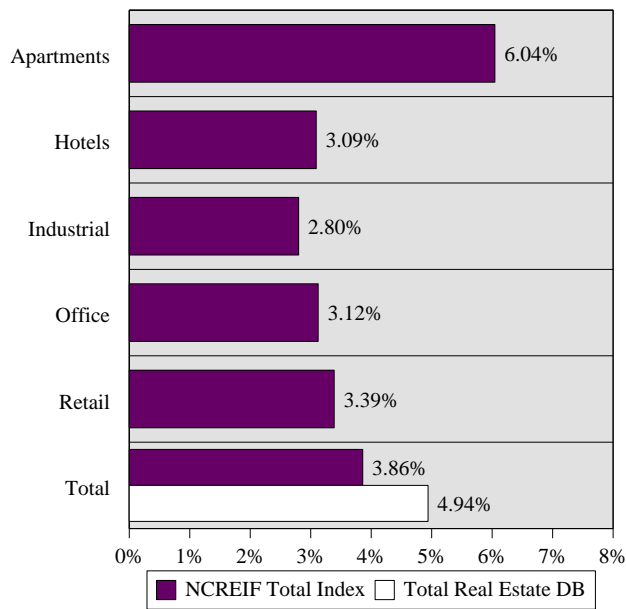
REAL ESTATE MARKET OVERVIEW

The NCREIF Property Index (+3.86%) advanced during the third quarter of 2010, outpacing the prior quarters 3.31% gain. Appreciation (+2.23%) further contributed to growth for the second straight quarter, following a string of eight quarters of writedowns, and income contributed 1.63% to the index return. The Apartment sector led property sector performance for the second consecutive quarter, gaining 6.04% and the Industrial sector lagged, generating a 2.80% return. Private property markets benefitted from increased activity by lending institutions both to lend new debt capital and to rectify legacy concerns overhanging from the credit bubble. Accordingly, increasingly normalized market conditions saw an uptick in transactional activity, as the NCREIF index recorded 108 transactions, up from 48 seen in the prior quarter. Regionally, the East (+4.17%) led while the Midwest (+3.50%) lagged. The NCREIF Open-End Diversified Core Equity Index (ODCE) advanced 5.45% during the third quarter.

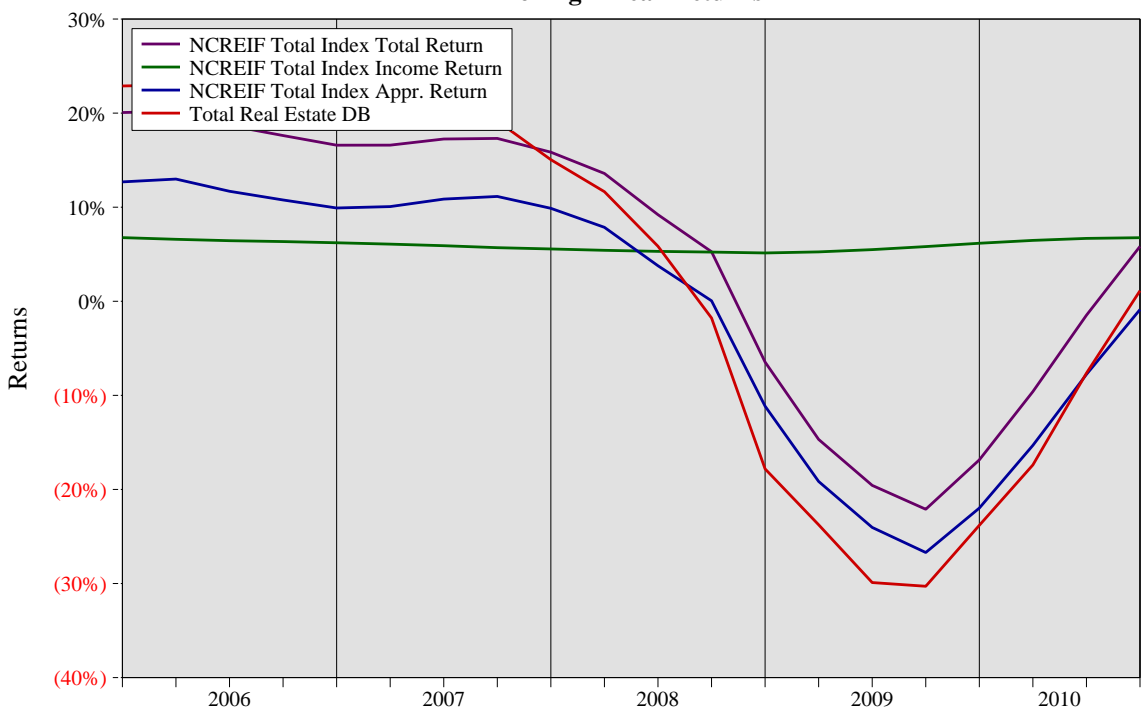
NCREIF Total Index Returns by Geographic Area Quarter Ended September 30, 2010



NCREIF Total Index Returns by Property Type Quarter Ended September 30, 2010



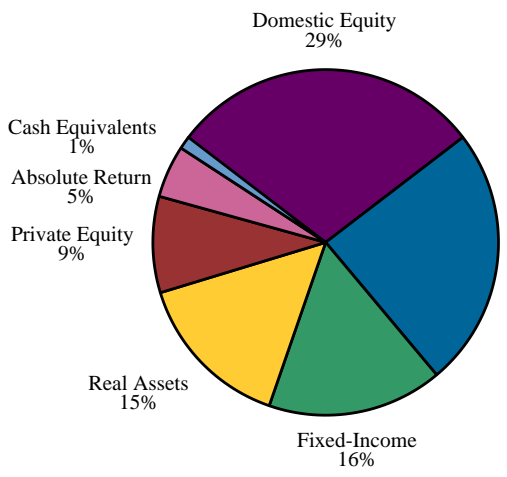
Rolling 1 Year Returns



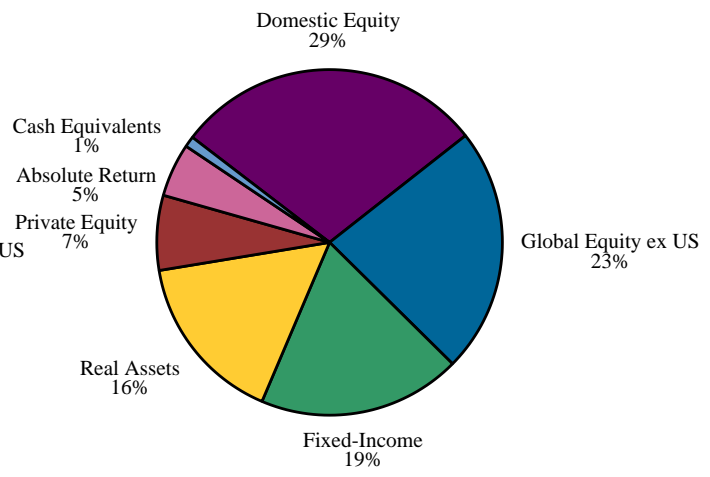
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of September 30, 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

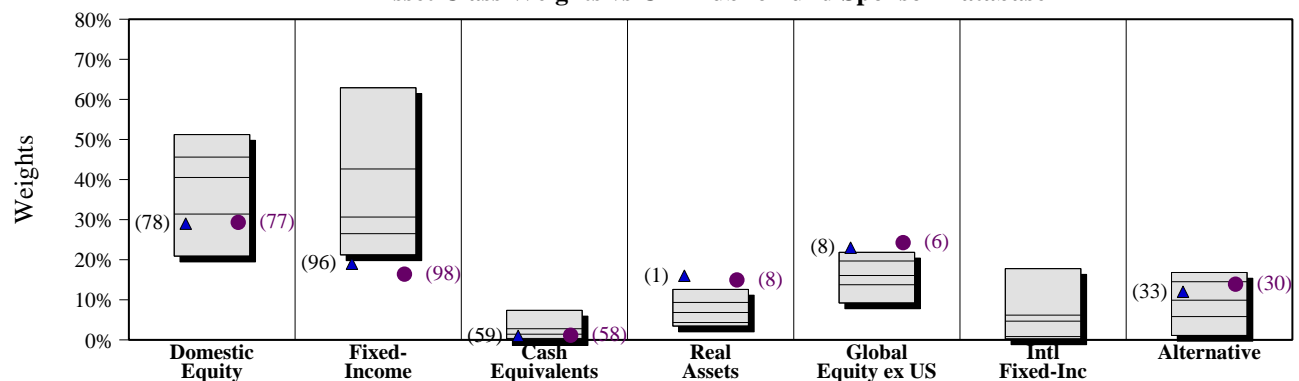


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,680,993	29.3%	29.0%	0.3%	18,842
Global Equity ex US	1,390,639	24.3%	23.0%	1.3%	72,381
Fixed-Income	939,853	16.4%	19.0%	(2.6%)	(149,142)
Real Assets	857,132	15.0%	16.0%	(1.0%)	(59,916)
Private Equity	517,014	9.0%	7.0%	2.0%	115,811
Absolute Return	279,502	4.9%	5.0%	(0.1%)	(7,076)
Cash Equivalents	66,421	1.2%	1.0%	0.2%	9,105
Total	5,731,555	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Intl Fixed-Inc	Alternative
10th Percentile	51.23	62.91	7.37	12.59	21.84	17.78	16.81
25th Percentile	45.60	42.64	2.78	9.34	19.68	6.18	14.51
Median	40.52	30.64	1.42	6.84	16.06	4.67	9.90
75th Percentile	31.39	26.50	0.36	4.33	13.76	0.82	5.82
90th Percentile	20.89	21.21	0.05	3.44	9.21	0.24	1.10
Fund ●	29.33	16.40	1.16	14.95	24.26	-	13.90
Target ▲	29.00	19.00	1.00	16.00	23.00	-	12.00
% Group Invested	97.40%	98.70%	62.34%	48.05%	89.61%	23.38%	41.56%

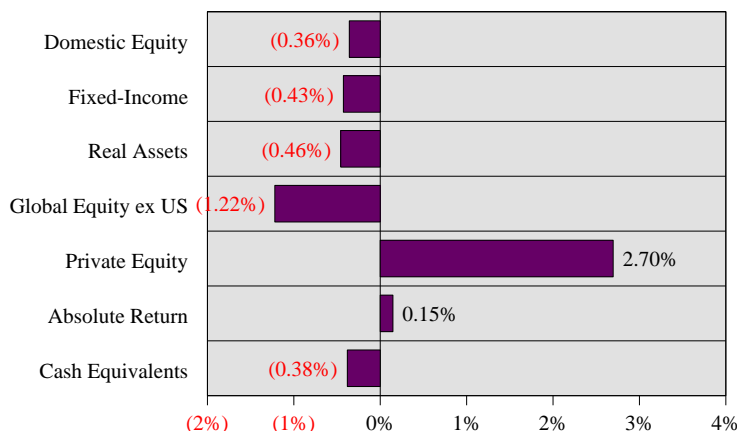
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



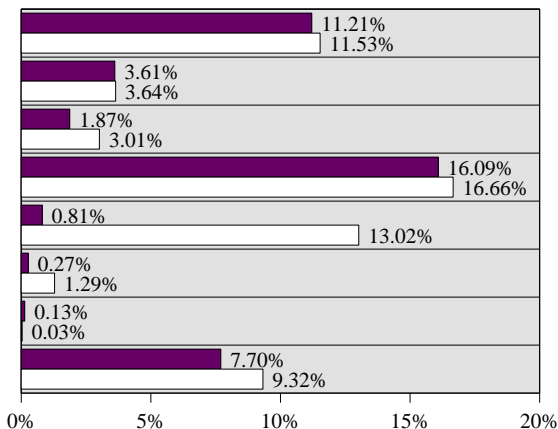
Quarterly Total Fund Relative Attribution - September 30, 2010

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

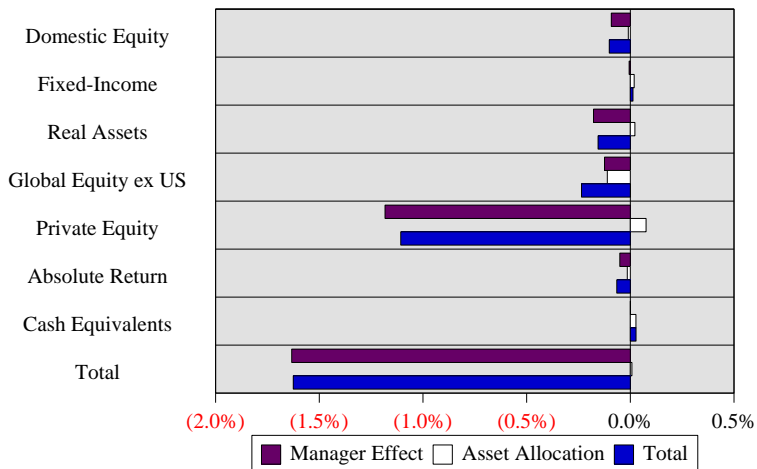
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	11.21%	11.53%	(0.09%)	(0.01%)	(0.10%)
Fixed-Income	19%	19%	3.61%	3.64%	(0.01%)	0.02%	0.01%
Real Assets	16%	16%	1.87%	3.01%	(0.18%)	0.02%	(0.16%)
Global Equity ex US	22%	23%	16.09%	16.66%	(0.12%)	(0.11%)	(0.24%)
Private Equity	10%	7%	0.81%	13.02%	(1.18%)	0.08%	(1.11%)
Absolute Return	5%	5%	0.27%	1.29%	(0.05%)	(0.01%)	(0.07%)
Cash Equivalents	1%	1%	0.13%	0.03%	0.00%	0.03%	0.03%

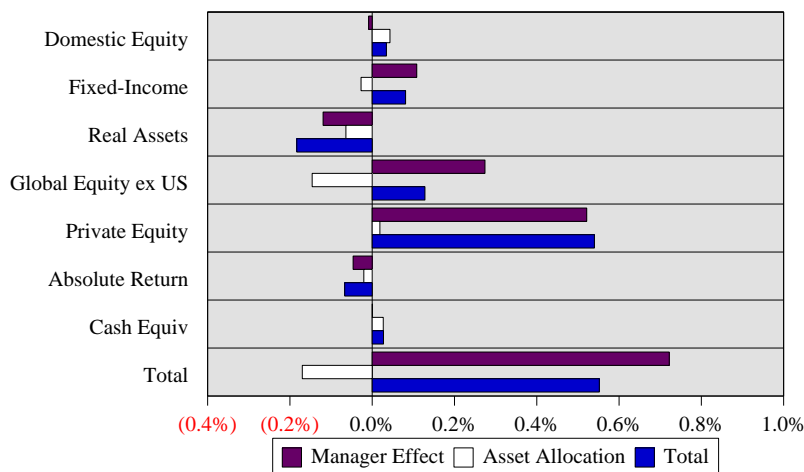
Total $7.70\% = 9.32\% + (1.63\%) + 0.01\%$ **(1.63%)**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

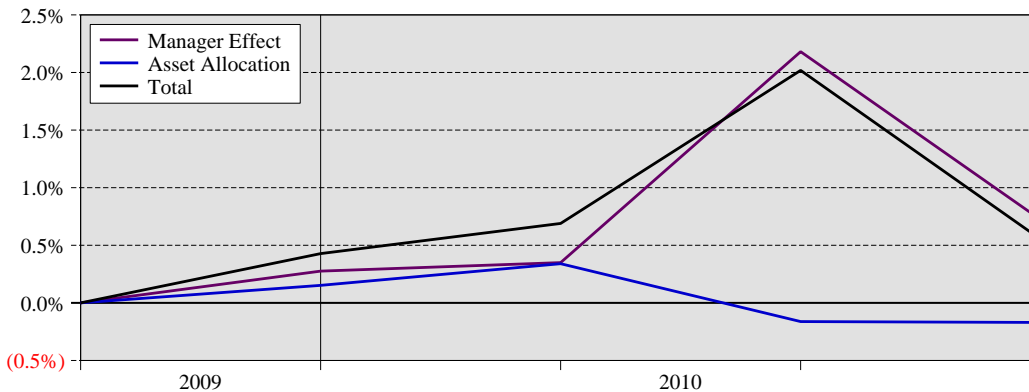
Cumulative Total Fund Relative Attribution - September 30, 2010

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	30%	10.89%	10.96%	(0.01%)	0.04%	0.03%
Fixed-Income	19%	20%	9.32%	8.69%	0.11%	(0.03%)	0.08%
Real Assets	15%	16%	4.80%	5.54%	(0.12%)	(0.06%)	(0.18%)
Global Equity ex US	22%	22%	9.35%	8.00%	0.27%	(0.15%)	0.13%
Private Equity	9%	7%	15.88%	8.96%	0.52%	0.02%	0.54%
Absolute Return	5%	5%	4.31%	5.13%	(0.05%)	(0.02%)	(0.07%)
Cash Equiv	0%	0%	-	-	0.00%	0.03%	0.03%
Total			9.61%	9.06%	+ 0.72%	+ (0.17%)	0.55%

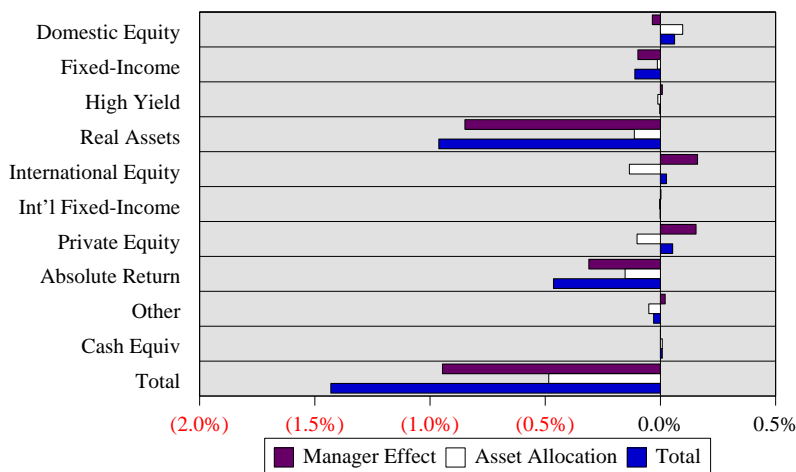
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



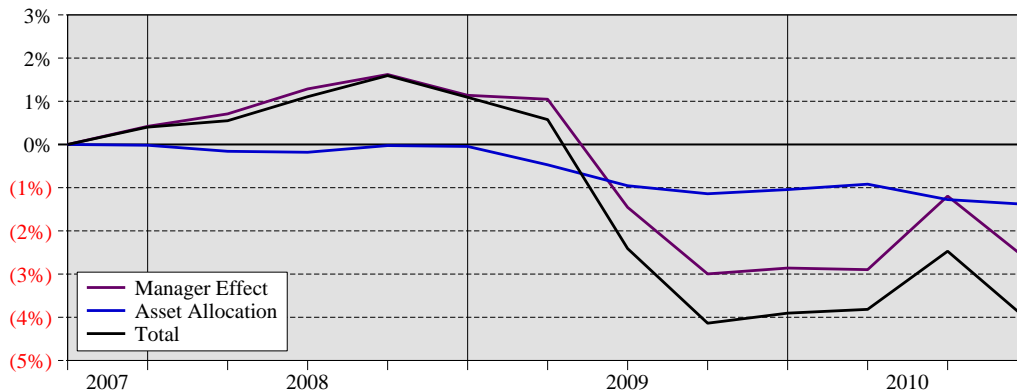
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	32%	33%	(6.88%)	(6.80%)	(0.04%)	0.10%	0.06%
Fixed-Income	18%	19%	7.37%	7.88%	(0.10%)	(0.01%)	(0.11%)
High Yield	1%	1%	-	-	0.01%	(0.01%)	(0.00%)
Real Assets	15%	14%	(6.51%)	(1.37%)	(0.85%)	(0.11%)	(0.96%)
International Equity	20%	20%	(6.34%)	(7.53%)	0.16%	(0.13%)	0.03%
Int'l Fixed-Income	1%	1%	-	-	0.00%	(0.00%)	(0.00%)
Private Equity	9%	7%	(2.33%)	(6.81%)	0.15%	(0.10%)	0.05%
Absolute Return	4%	5%	(1.74%)	6.10%	(0.31%)	(0.15%)	(0.46%)
Other	0%	1%	-	-	0.02%	(0.05%)	(0.03%)
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total					(2.04%)	(0.95%)	(3.48%)

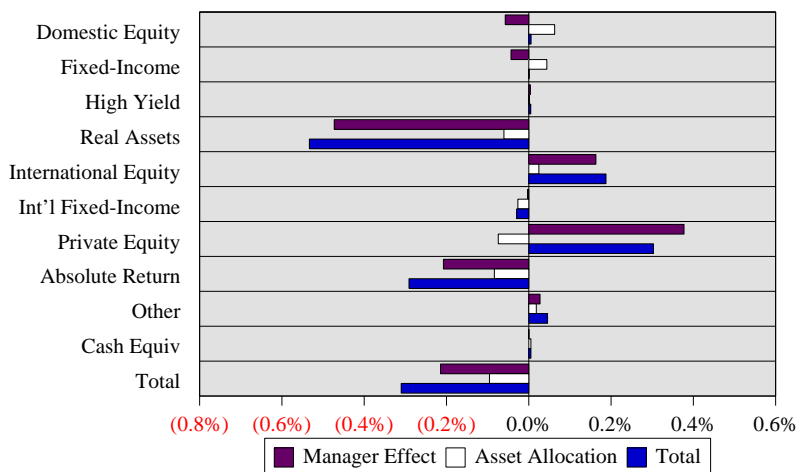
(3.48%) = (2.04%) + (0.95%) + (0.48%) (1.43%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

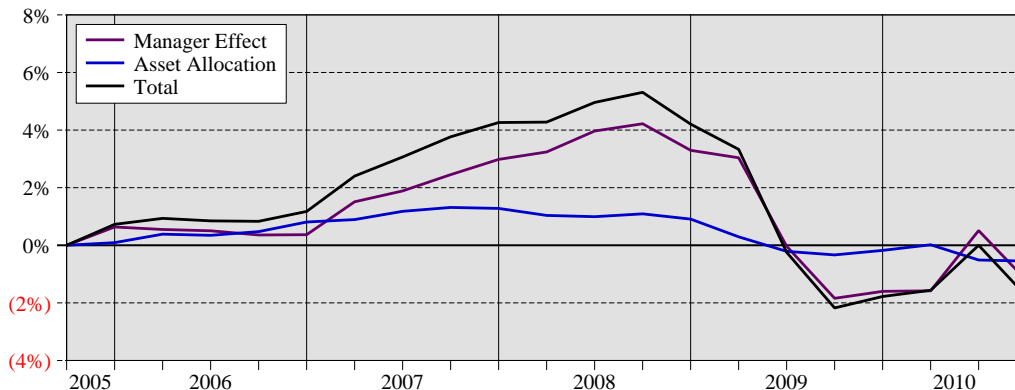
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

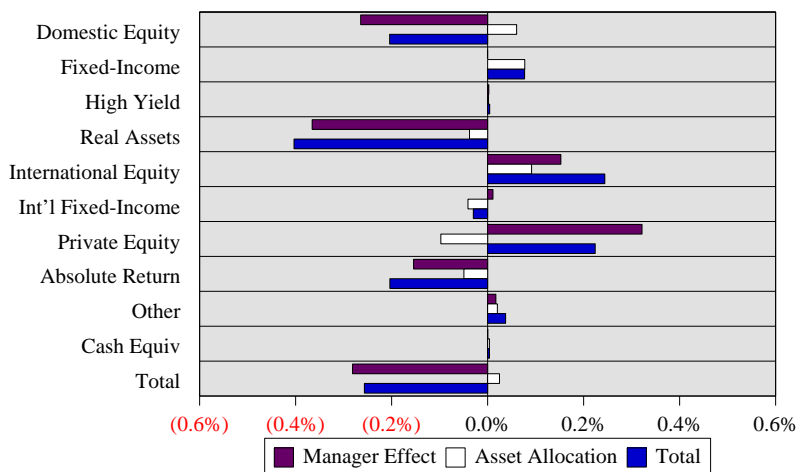
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	34%	34%	0.59%	0.72%	(0.06%)	0.06%	0.01%
Fixed-Income	19%	20%	6.27%	6.48%	(0.04%)	0.04%	0.00%
High Yield	1%	1%	-	-	0.00%	0.00%	0.00%
Real Assets	13%	12%	2.99%	5.72%	(0.47%)	(0.06%)	(0.53%)
International Equity	19%	18%	5.10%	3.98%	0.16%	0.02%	0.19%
Int'l Fixed-Income	1%	1%	-	-	(0.00%)	(0.03%)	(0.03%)
Private Equity	8%	7%	8.90%	1.57%	0.38%	(0.07%)	0.30%
Absolute Return	4%	5%	2.23%	7.33%	(0.21%)	(0.08%)	(0.29%)
Other	1%	2%	-	-	0.03%	0.02%	0.05%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			3.34%	3.65%	(0.21%)	(0.10%)	(0.31%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

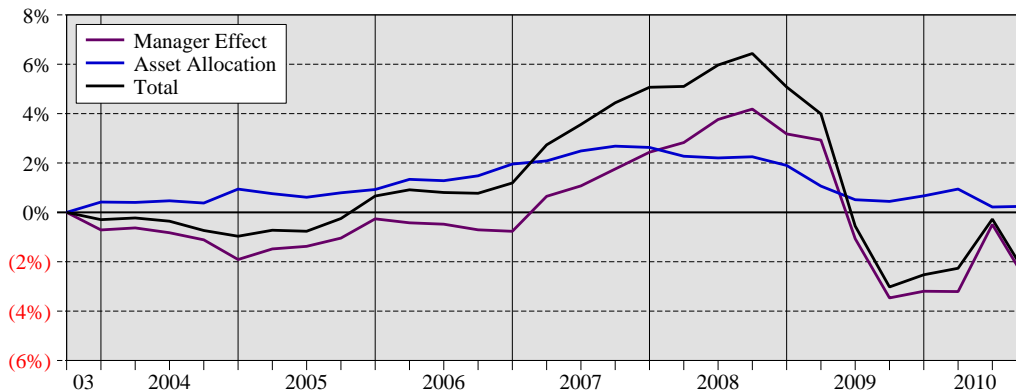
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Seven Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Seven Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	36%	35%	3.70%	4.34%	(0.26%)	0.06%	(0.20%)
Fixed-Income	21%	22%	5.52%	5.54%	(0.00%)	0.08%	0.08%
High Yield	1%	1%	-	-	0.00%	0.00%	0.00%
Real Assets	12%	11%	6.23%	8.48%	(0.37%)	(0.04%)	(0.40%)
International Equity	19%	17%	10.36%	9.32%	0.15%	0.09%	0.24%
Int'l Fixed-Income	2%	1%	-	-	0.01%	(0.04%)	(0.03%)
Private Equity	7%	7%	12.51%	6.13%	0.32%	(0.10%)	0.22%
Absolute Return	3%	4%	2.45%	6.54%	(0.15%)	(0.05%)	(0.20%)
Other	0%	2%	-	-	0.02%	0.02%	0.04%
Cash Equiv	0%	0%	-	-	0.00%	0.00%	0.00%
Total			5.85%	6.10%	(0.28%)	0.02%	(0.26%)

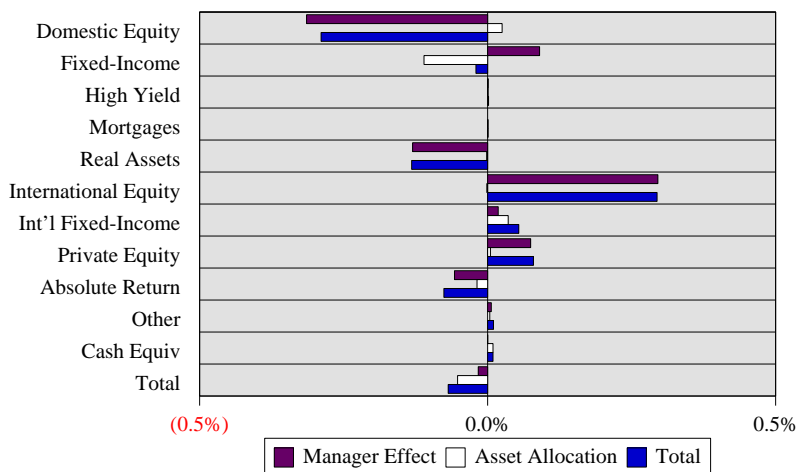
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



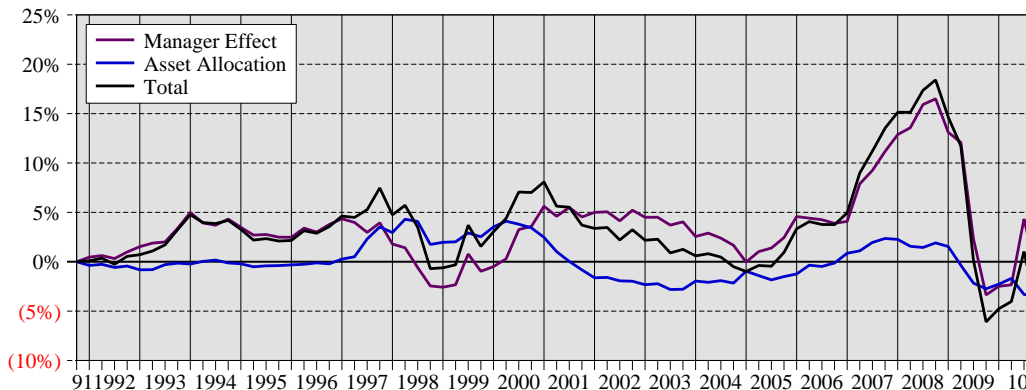
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Nineteen Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Nineteen Year Annualized Relative Attribution Effects

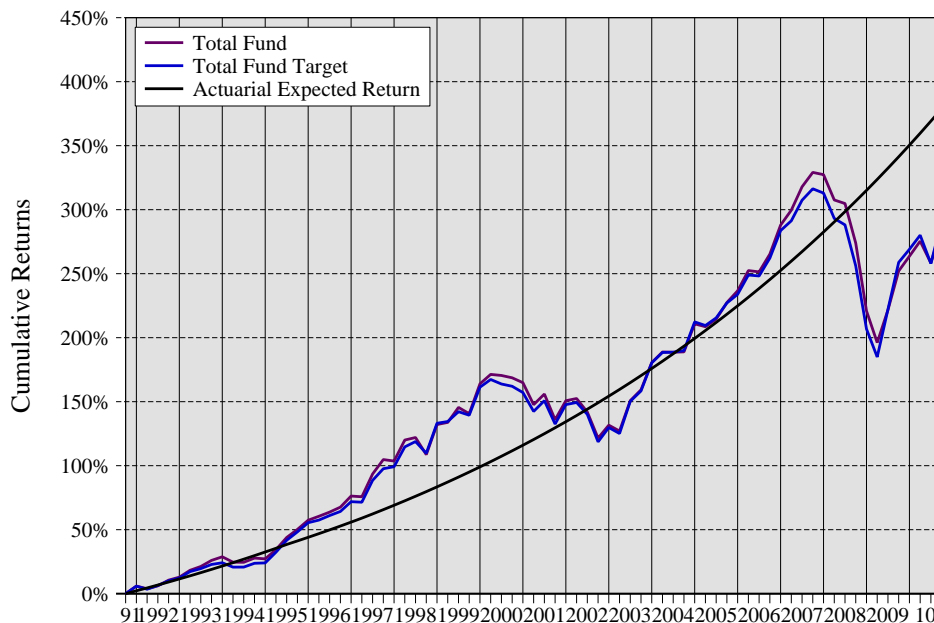
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	7.38%	8.10%	(0.31%)	0.03%	(0.29%)
Fixed-Income	32%	32%	7.06%	6.84%	0.09%	(0.11%)	(0.02%)
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	0.00%	0.00%	0.00%
Real Assets	7%	8%	6.98%	7.51%	(0.13%)	(0.00%)	(0.13%)
International Equity	15%	14%	7.81%	5.80%	0.30%	(0.00%)	0.29%
Int'l Fixed-Income	2%	2%	-	-	0.02%	0.04%	0.05%
Private Equity	3%	3%	-	-	0.07%	0.00%	0.08%
Absolute Return	1%	1%	-	-	(0.06%)	(0.02%)	(0.08%)
Other	0%	1%	-	-	0.01%	0.00%	0.01%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			7.37%	7.43%	(0.02%)	(0.05%)	(0.07%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

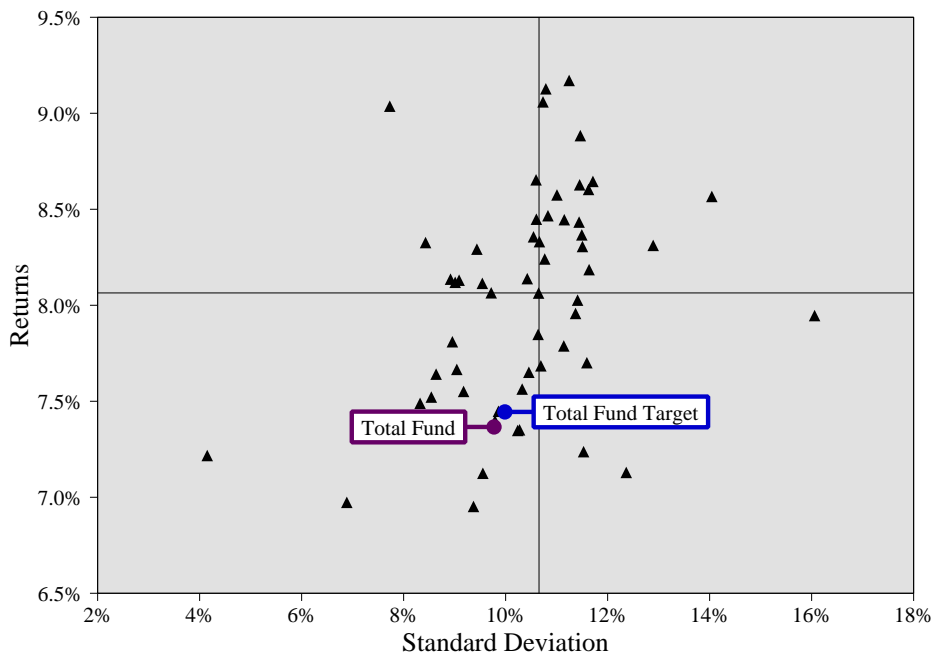
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The 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



Nineteen Year Annualized Risk vs Return



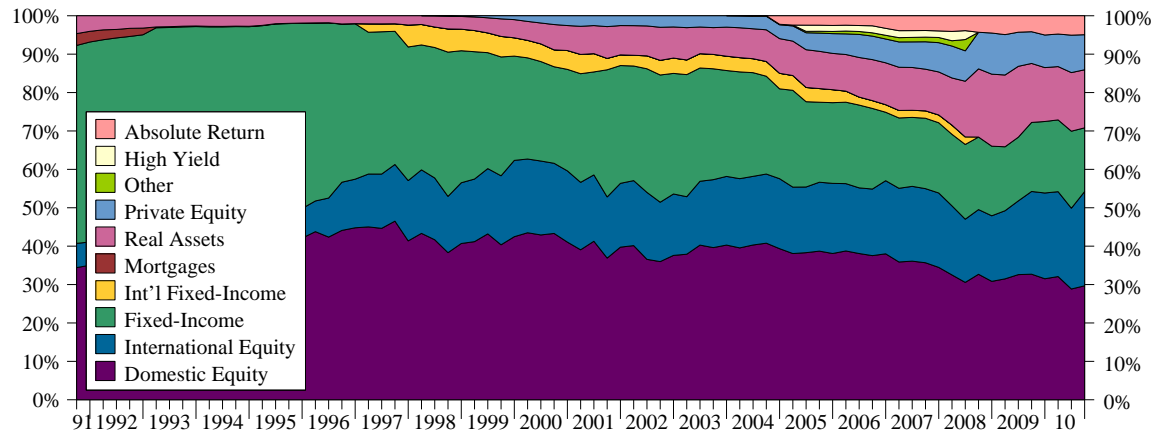
Triangles represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

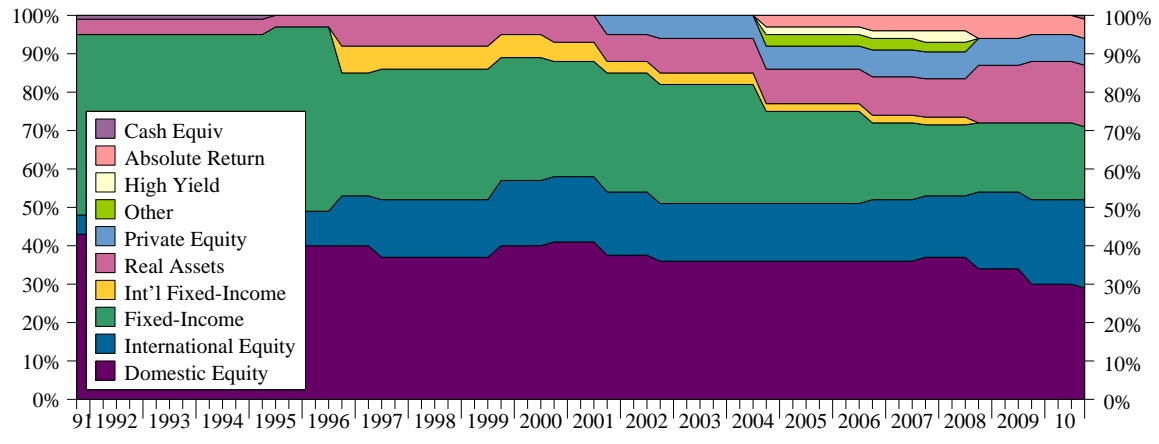
Actual vs Target Historical Asset Allocation

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

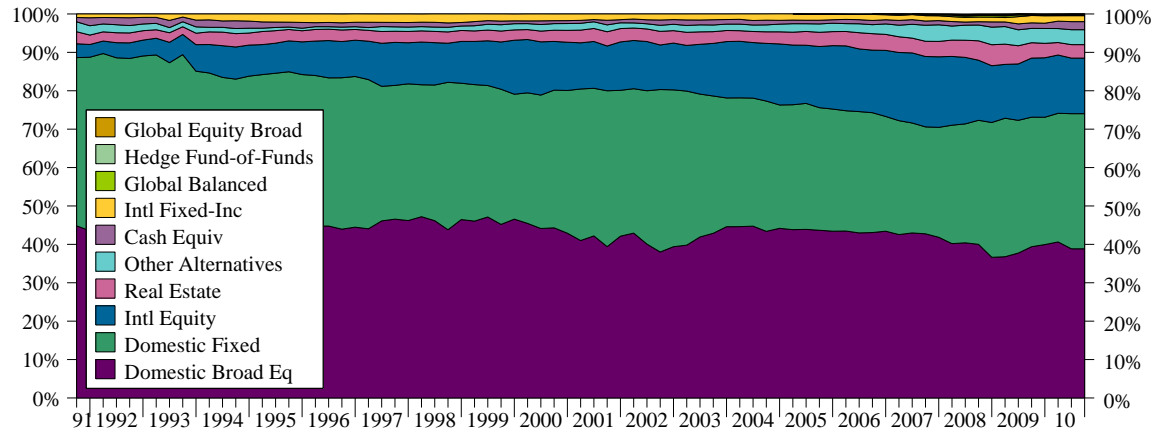
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

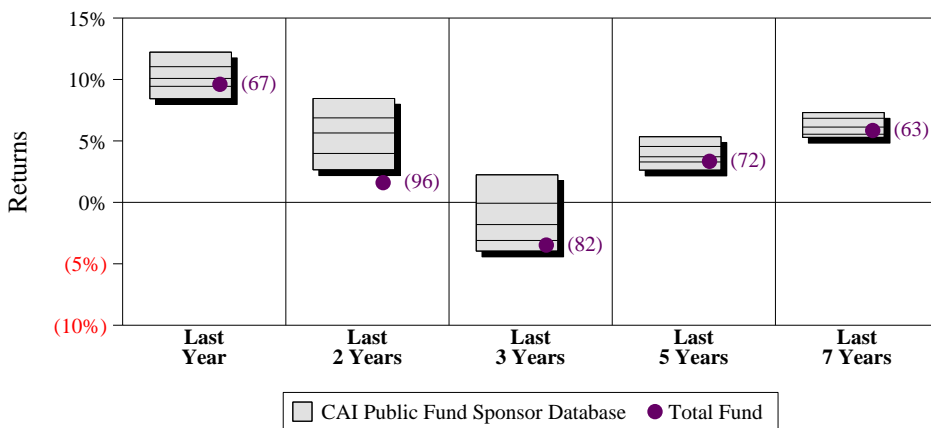


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

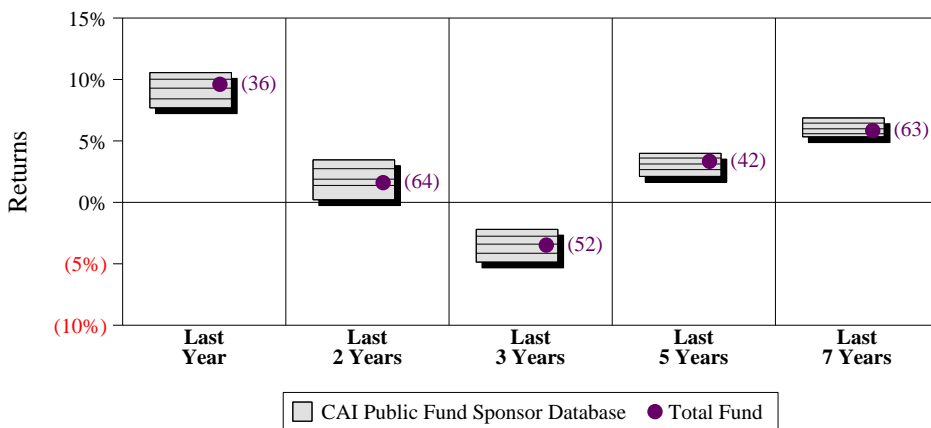
Total Fund Ranking

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 September 30, 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.

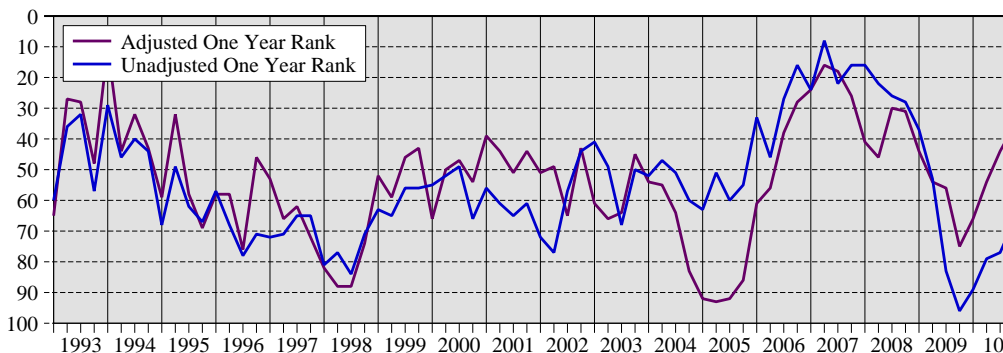
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



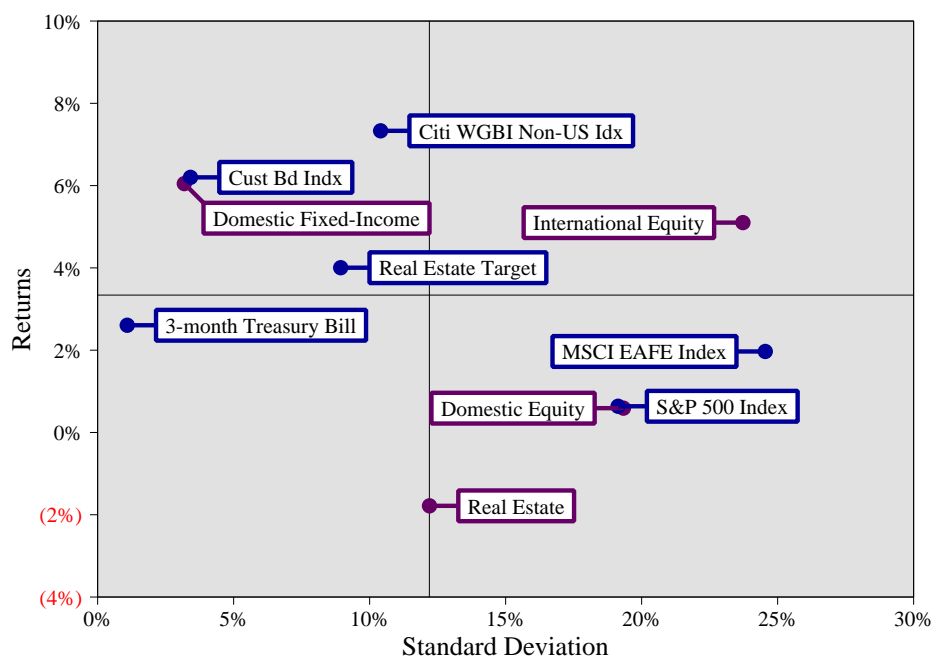
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



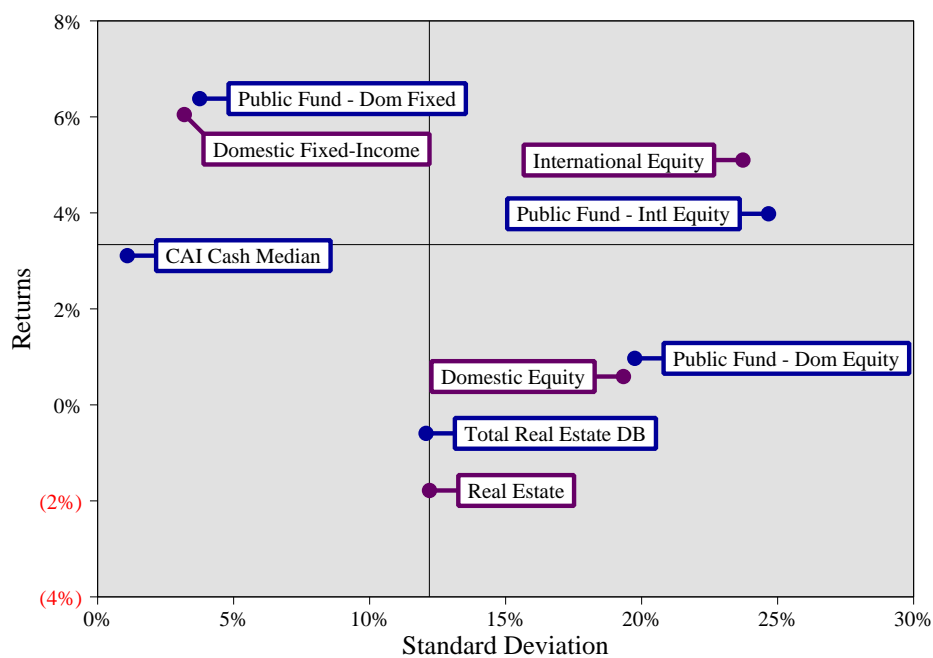
Asset Class Risk and Return

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



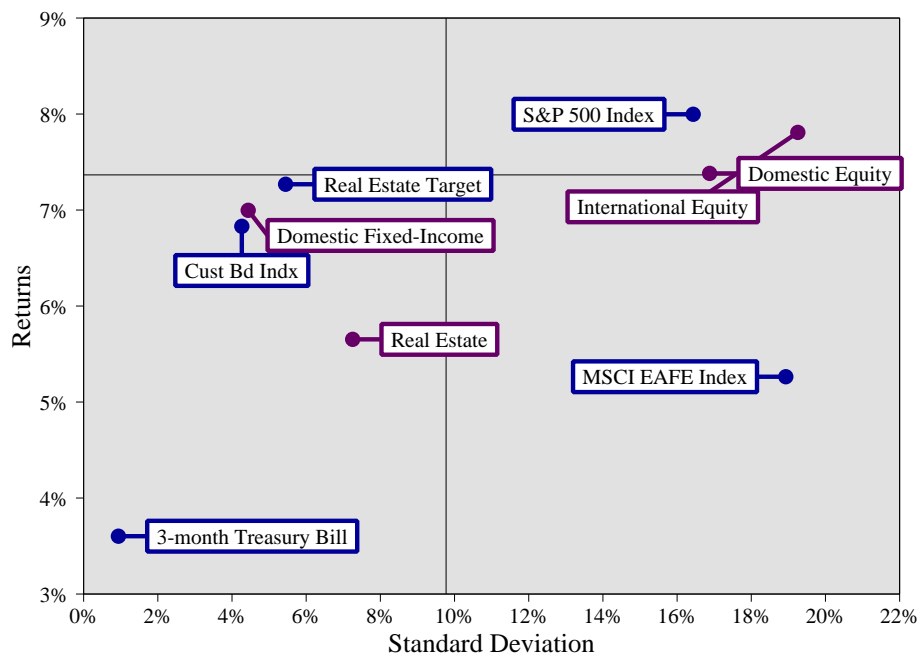
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



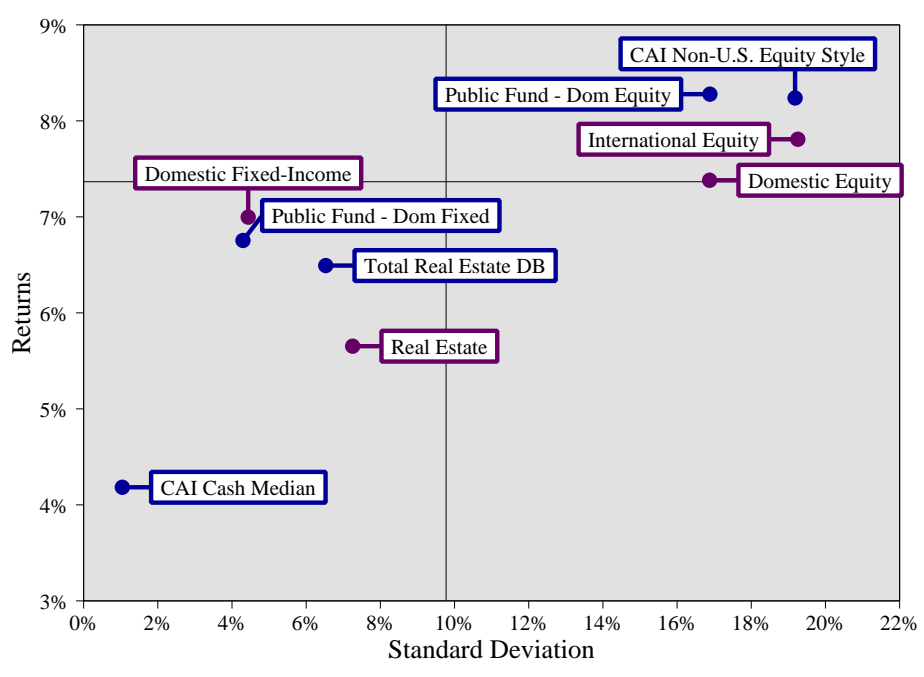
Asset Class Risk and Return

The charts below show the nineteen 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.

Nineteen Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



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



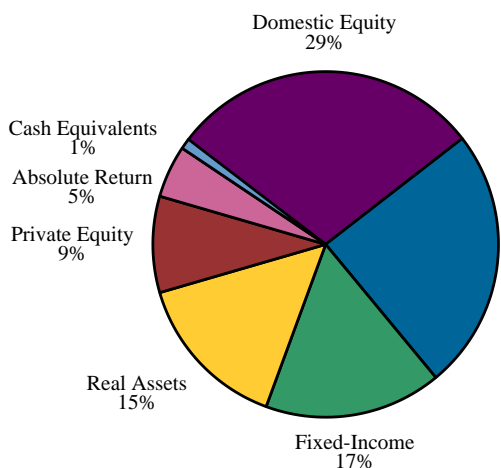


P E R S HEALTH CARE

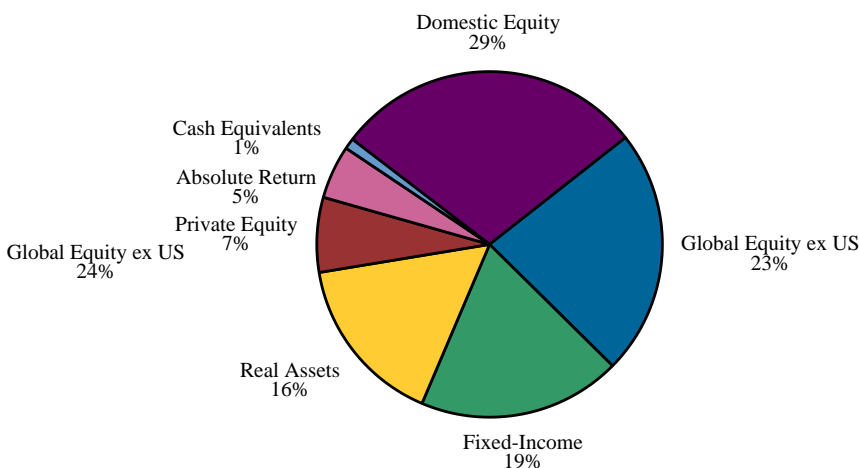
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of September 30, 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

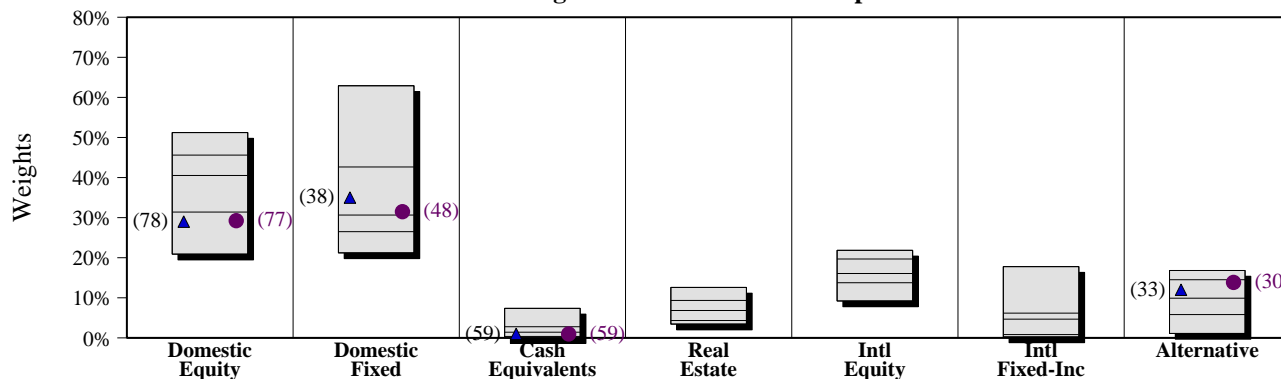


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,313,918	29.2%	29.0%	0.2%	10,812
Global Equity ex US	1,098,760	24.5%	23.0%	1.5%	65,263
Fixed-Income	744,116	16.6%	19.0%	(2.4%)	(109,642)
Real Assets	670,689	14.9%	16.0%	(1.1%)	(48,266)
Private Equity	403,653	9.0%	7.0%	2.0%	89,115
Absolute Return	218,310	4.9%	5.0%	(0.1%)	(6,363)
Cash Equivalents	44,021	1.0%	1.0%	0.0%	(914)
Total	4,493,467	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



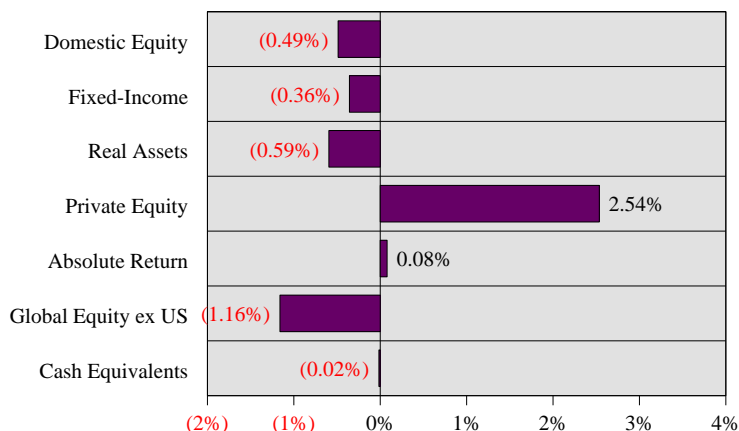
	Domestic Equity	Domestic Fixed	Cash Equivalents	Real Estate	Intl Equity	Intl Fixed-Inc	Alternative
10th Percentile	51.23	62.91	7.37	12.59	21.84	17.78	16.81
25th Percentile	45.60	42.64	2.78	9.34	19.68	6.18	14.51
Median	40.52	30.64	1.42	6.84	16.06	4.67	9.90
75th Percentile	31.39	26.50	0.36	4.33	13.76	0.82	5.82
90th Percentile	20.89	21.21	0.05	3.44	9.21	0.24	1.10
Fund ●	29.24	31.49	0.98	-	-	-	13.84
Target ▲	29.00	35.00	1.00	-	-	-	12.00
% Group Invested	97.40%	98.70%	62.34%	48.05%	89.61%	23.38%	41.56%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

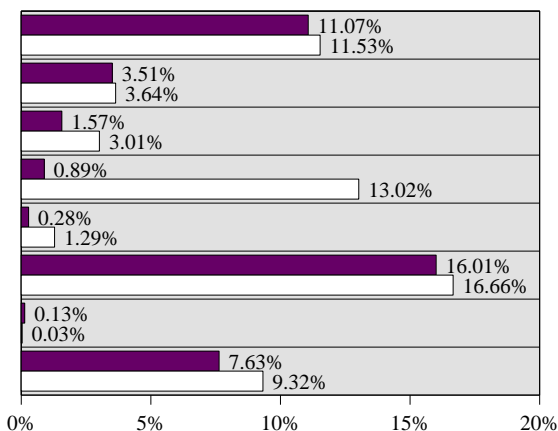
Quarterly Total Fund Relative Attribution - September 30, 2010

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

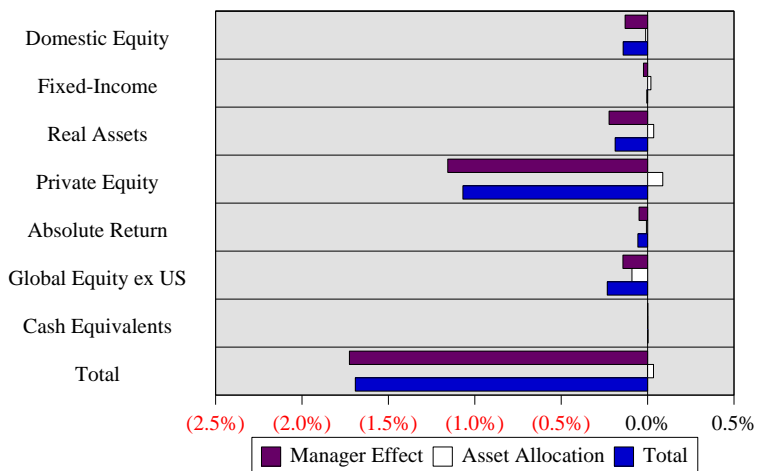
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	11.07%	11.53%	(0.13%)	(0.01%)	(0.14%)
Fixed-Income	19%	19%	3.51%	3.64%	(0.02%)	0.02%	(0.00%)
Real Assets	15%	16%	1.57%	3.01%	(0.22%)	0.04%	(0.19%)
Private Equity	10%	7%	0.89%	13.02%	(1.16%)	0.09%	(1.07%)
Absolute Return	5%	5%	0.28%	1.29%	(0.05%)	(0.01%)	(0.06%)
Global Equity ex US	22%	23%	16.01%	16.66%	(0.14%)	(0.09%)	(0.23%)
Cash Equivalents	1%	1%	0.13%	0.03%	0.00%	0.00%	0.00%

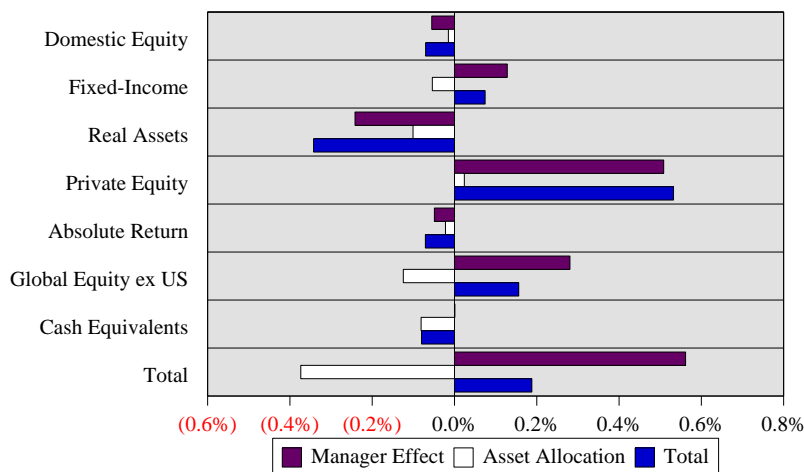
Total **7.63% = 9.32% + (1.73%) + 0.03%** **(1.69%)**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

Cumulative Total Fund Relative Attribution - September 30, 2010

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

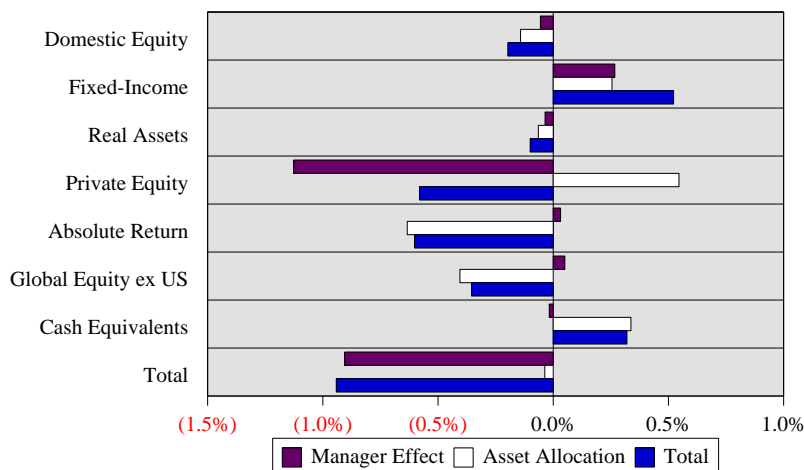
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	30%	10.73%	10.96%	(0.06%)	(0.01%)	(0.07%)
Fixed-Income	18%	20%	9.45%	8.69%	0.13%	(0.05%)	0.07%
Real Assets	14%	16%	3.98%	5.54%	(0.24%)	(0.10%)	(0.34%)
Private Equity	9%	7%	15.97%	8.96%	0.51%	0.02%	0.53%
Absolute Return	5%	5%	4.31%	5.13%	(0.05%)	(0.02%)	(0.07%)
Global Equity ex US	22%	22%	9.39%	8.00%	0.28%	(0.12%)	0.16%
Cash Equivalents	1%	0%	0.79%	0.69%	0.00%	(0.08%)	(0.08%)
Total			9.24%	9.06%	+ 0.56%	+ (0.37%)	0.19%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

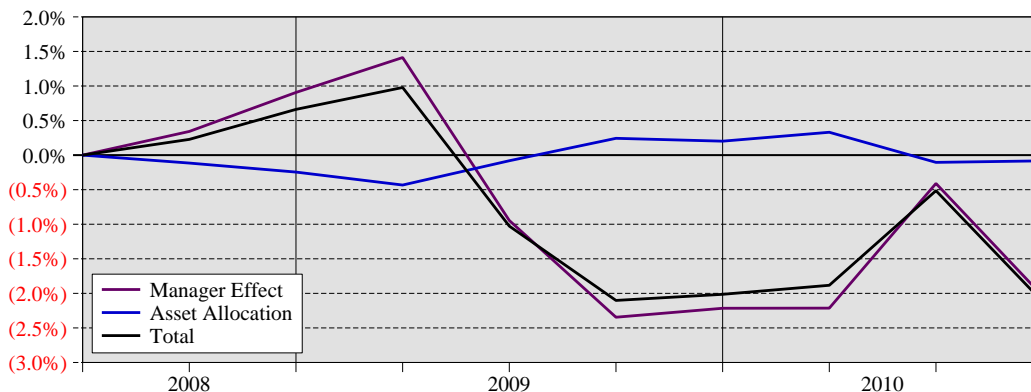
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Two and One-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Two and One-Quarter Annualized Relative Attribution Effects

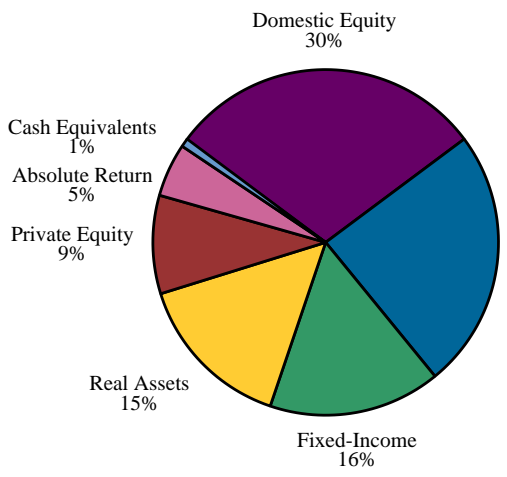
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	35%	33%	(2.60%)	(2.35%)	(0.06%)	(0.14%)	(0.20%)
Fixed-Income	19%	20%	9.68%	8.31%	0.27%	0.25%	0.52%
Real Assets	13%	12%	(2.84%)	(3.20%)	(0.04%)	(0.06%)	(0.10%)
Private Equity	6%	5%	6.60%	(2.85%)	(1.13%)	0.55%	(0.58%)
Absolute Return	3%	6%	4.36%	5.51%	0.03%	(0.63%)	(0.60%)
Global Equity ex US	22%	22%	(4.40%)	(4.65%)	0.05%	(0.41%)	(0.35%)
Cash Equivalents	2%	1%	1.23%	1.03%	(0.02%)	0.34%	0.32%
Total					(0.36%)	0.59%	(0.94%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

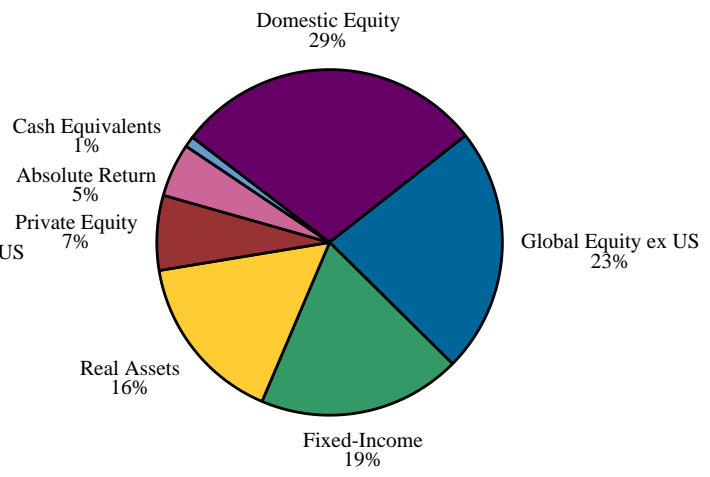
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of September 30, 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

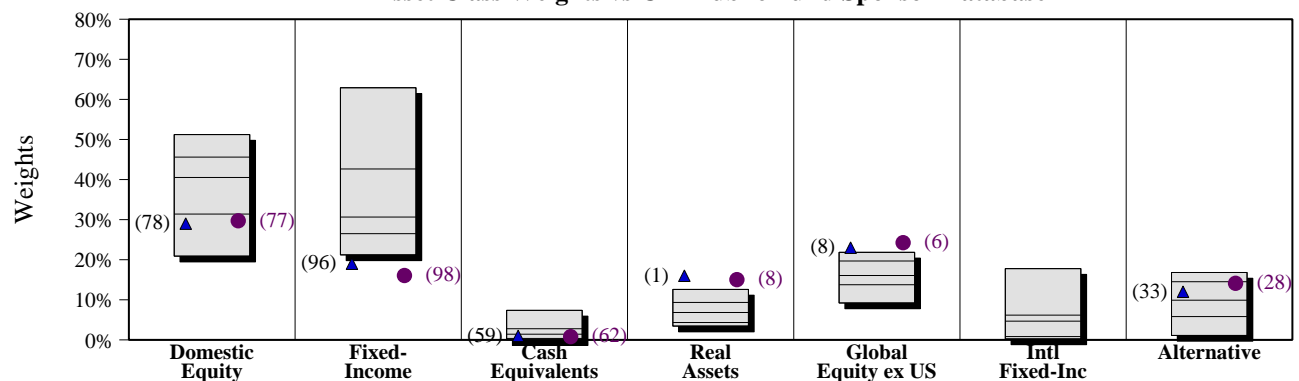


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	846,057	29.7%	29.0%	0.7%	20,572
Global Equity ex US	690,406	24.3%	23.0%	1.3%	35,711
Fixed-Income	457,228	16.1%	19.0%	(2.9%)	(83,607)
Real Assets	427,847	15.0%	16.0%	(1.0%)	(27,593)
Private Equity	260,947	9.2%	7.0%	2.2%	61,694
Absolute Return	141,017	5.0%	5.0%	0.0%	(1,308)
Cash Equivalents	22,998	0.8%	1.0%	(0.2%)	(5,467)
Total	2,846,499	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Intl Fixed-Inc	Alternative
10th Percentile	51.23	62.91	7.37	12.59	21.84	17.78	16.81
25th Percentile	45.60	42.64	2.78	9.34	19.68	6.18	14.51
Median	40.52	30.64	1.42	6.84	16.06	4.67	9.90
75th Percentile	31.39	26.50	0.36	4.33	13.76	0.82	5.82
90th Percentile	20.89	21.21	0.05	3.44	9.21	0.24	1.10
Fund ●	29.72	16.06	0.81	15.03	24.25	-	14.12
Target ▲	29.00	19.00	1.00	16.00	23.00	-	12.00
% Group Invested	97.40%	98.70%	62.34%	48.05%	89.61%	23.38%	41.56%

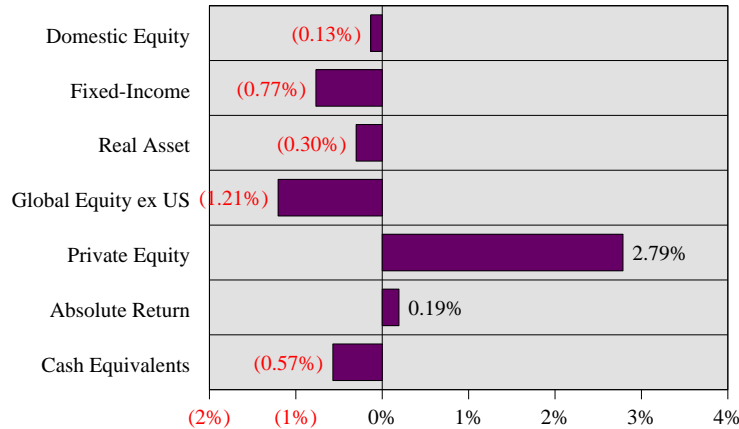
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



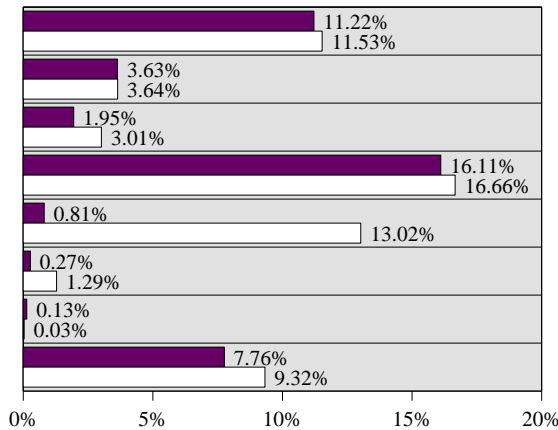
Quarterly Total Fund Relative Attribution - September 30, 2010

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

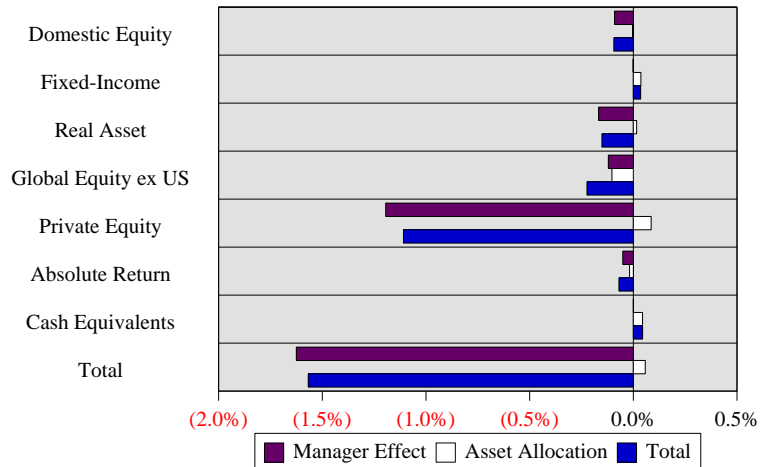
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	11.22%	11.53%	(0.09%)	(0.00%)	(0.09%)
Fixed-Income	18%	19%	3.63%	3.64%	(0.00%)	0.04%	0.04%
Real Asset	16%	16%	1.95%	3.01%	(0.17%)	0.02%	(0.15%)
Global Equity ex US	22%	23%	16.11%	16.66%	(0.12%)	(0.10%)	(0.22%)
Private Equity	10%	7%	0.81%	13.02%	(1.19%)	0.09%	(1.11%)
Absolute Return	5%	5%	0.27%	1.29%	(0.05%)	(0.02%)	(0.07%)
Cash Equivalents	0%	1%	0.13%	0.03%	0.00%	0.04%	0.04%

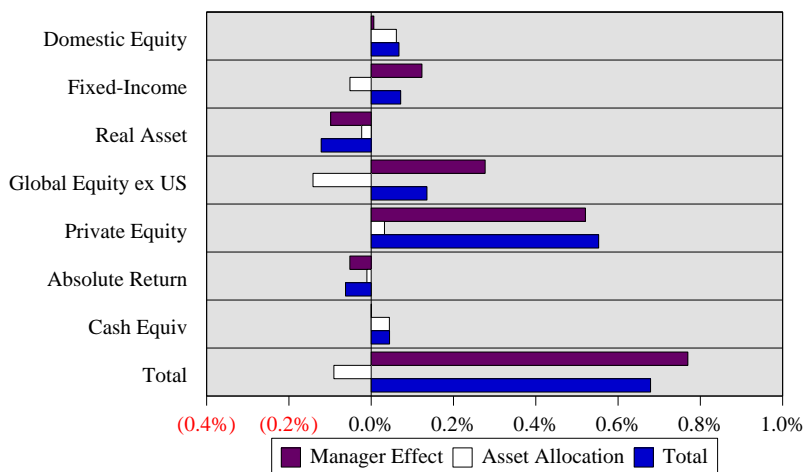
Total **7.76% = 9.32% + (1.63%) + 0.06%** **(1.57%)**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

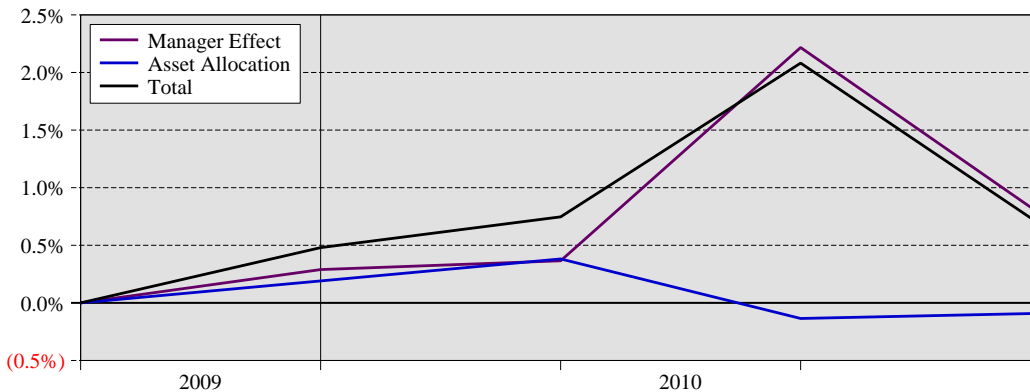
Cumulative Total Fund Relative Attribution - September 30, 2010

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

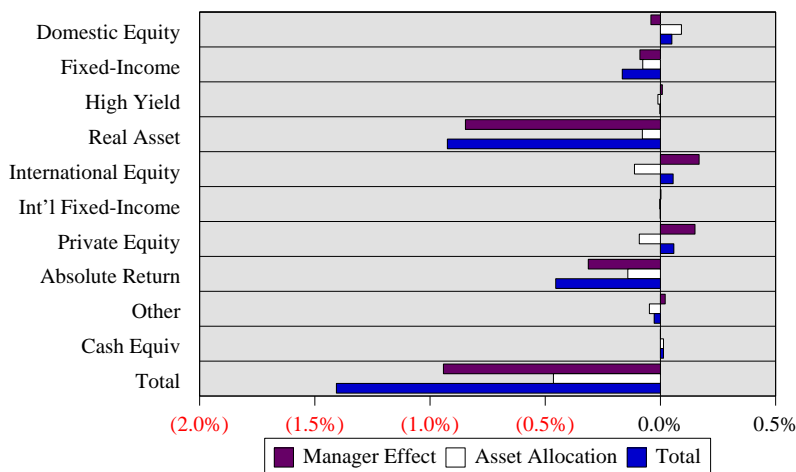
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	30%	10.94%	10.96%	0.01%	0.06%	0.07%
Fixed-Income	18%	20%	9.40%	8.69%	0.12%	(0.05%)	0.07%
Real Asset	15%	16%	4.96%	5.54%	(0.10%)	(0.02%)	(0.12%)
Global Equity ex US	22%	22%	9.35%	8.00%	0.28%	(0.14%)	0.14%
Private Equity	9%	7%	15.88%	8.96%	0.52%	0.03%	0.55%
Absolute Return	5%	5%	4.30%	5.13%	(0.05%)	(0.01%)	(0.06%)
Cash Equiv	0%	0%	-	-	0.00%	0.04%	0.04%
Total			9.73%	9.06%	+ 0.77%	+ (0.09%)	0.68%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

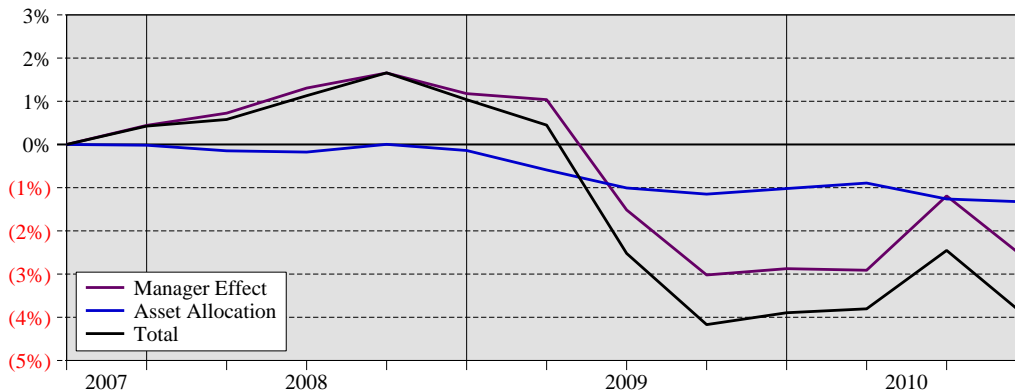
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	32%	33%	(6.90%)	(6.80%)	(0.04%)	0.09%	0.05%
Fixed-Income	18%	19%	7.41%	7.88%	(0.09%)	(0.08%)	(0.17%)
High Yield	1%	1%	-	-	0.01%	(0.01%)	(0.00%)
Real Asset	15%	14%	(6.45%)	(1.37%)	(0.85%)	(0.08%)	(0.92%)
International Equity	20%	20%	(6.30%)	(7.53%)	0.17%	(0.11%)	0.06%
Int'l Fixed-Income	1%	1%	-	-	0.00%	(0.00%)	(0.00%)
Private Equity	9%	7%	(2.33%)	(6.81%)	0.15%	(0.09%)	0.06%
Absolute Return	4%	5%	(1.74%)	6.10%	(0.31%)	(0.14%)	(0.45%)
Other	0%	1%	-	-	0.02%	(0.05%)	(0.03%)
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total					(2.04%)	(0.94%)	(3.45%)

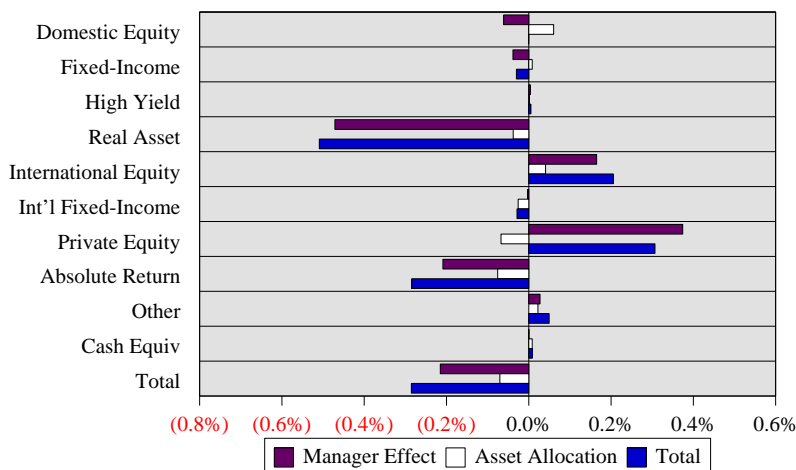
(3.45%) = (2.04%) + (0.94%) + (0.46%) (1.41%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

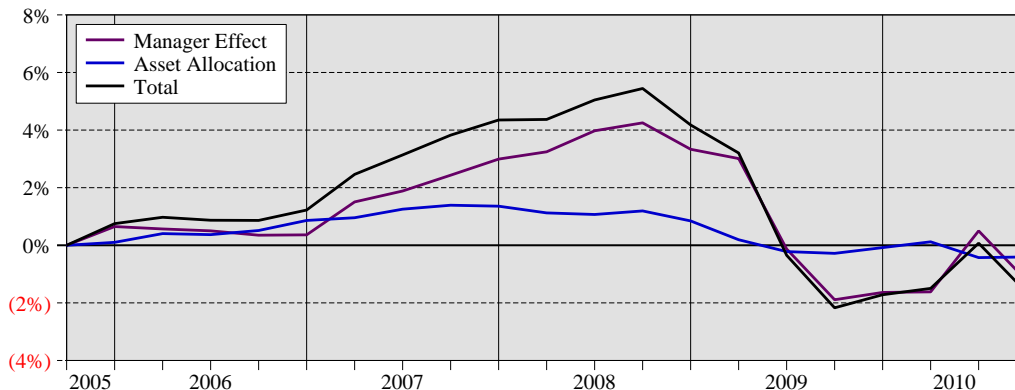
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

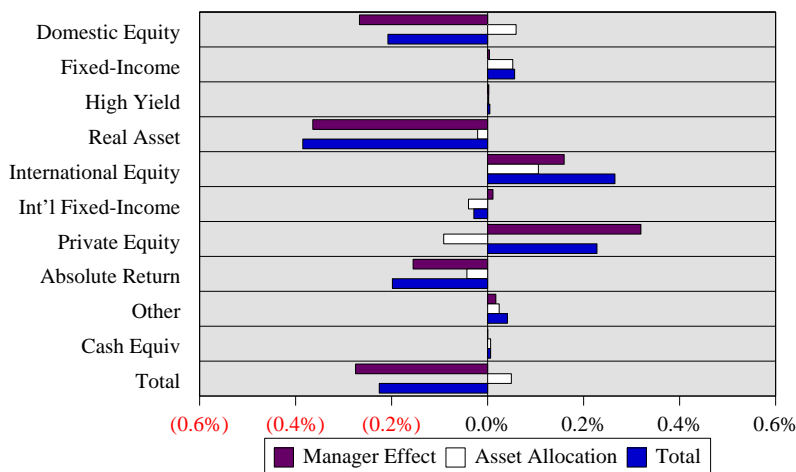
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	34%	34%	0.58%	0.72%	(0.06%)	0.06%	(0.00%)
Fixed-Income	19%	20%	6.29%	6.48%	(0.04%)	0.01%	(0.03%)
High Yield	1%	1%	-	-	0.00%	0.00%	0.01%
Real Asset	13%	12%	3.03%	5.72%	(0.47%)	(0.04%)	(0.51%)
International Equity	19%	18%	5.11%	3.98%	0.16%	0.04%	0.21%
Int'l Fixed-Income	1%	1%	-	-	(0.00%)	(0.03%)	(0.03%)
Private Equity	8%	7%	8.90%	1.57%	0.37%	(0.07%)	0.31%
Absolute Return	4%	5%	2.24%	7.33%	(0.21%)	(0.08%)	(0.28%)
Other	1%	2%	-	-	0.03%	0.02%	0.05%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			3.36%	3.65%	(0.22%)	(0.07%)	(0.29%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

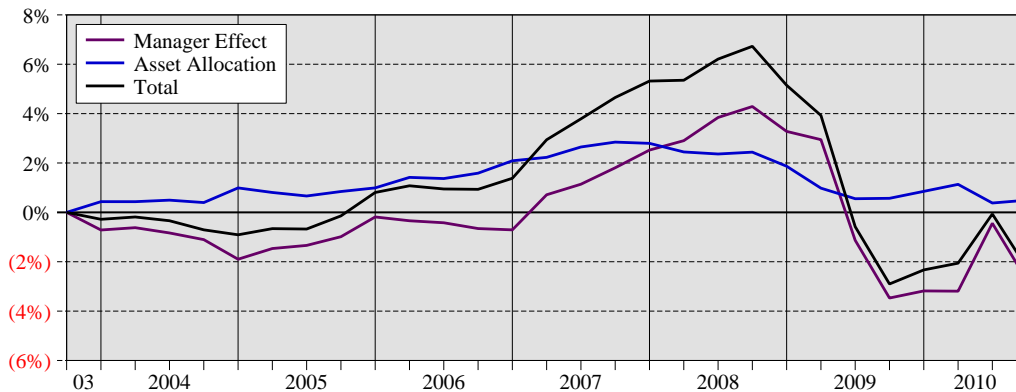
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Seven Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Seven Year Annualized Relative Attribution Effects

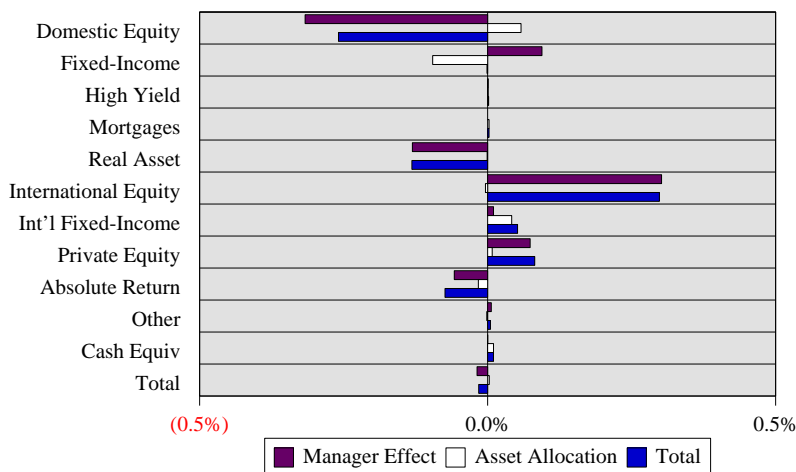
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	36%	35%	3.69%	4.34%	(0.27%)	0.06%	(0.21%)
Fixed-Income	21%	22%	5.53%	5.54%	0.00%	0.05%	0.06%
High Yield	1%	1%	-	-	0.00%	0.00%	0.00%
Real Asset	12%	11%	6.26%	8.48%	(0.36%)	(0.02%)	(0.39%)
International Equity	19%	17%	10.40%	9.32%	0.16%	0.11%	0.27%
Int'l Fixed-Income	2%	1%	-	-	0.01%	(0.04%)	(0.03%)
Private Equity	7%	7%	12.52%	6.13%	0.32%	(0.09%)	0.23%
Absolute Return	3%	4%	2.46%	6.54%	(0.16%)	(0.04%)	(0.20%)
Other	0%	2%	-	-	0.02%	0.02%	0.04%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			5.88%	6.10%	(0.28%)	0.05%	(0.23%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

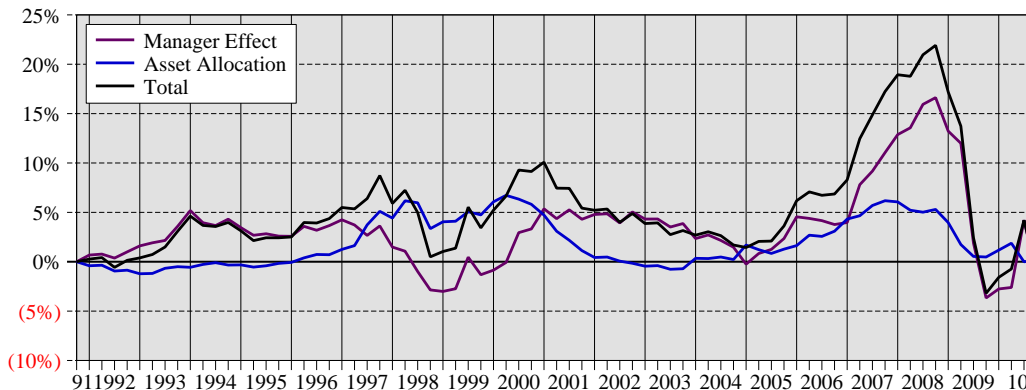
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Nineteen Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Nineteen Year Annualized Relative Attribution Effects

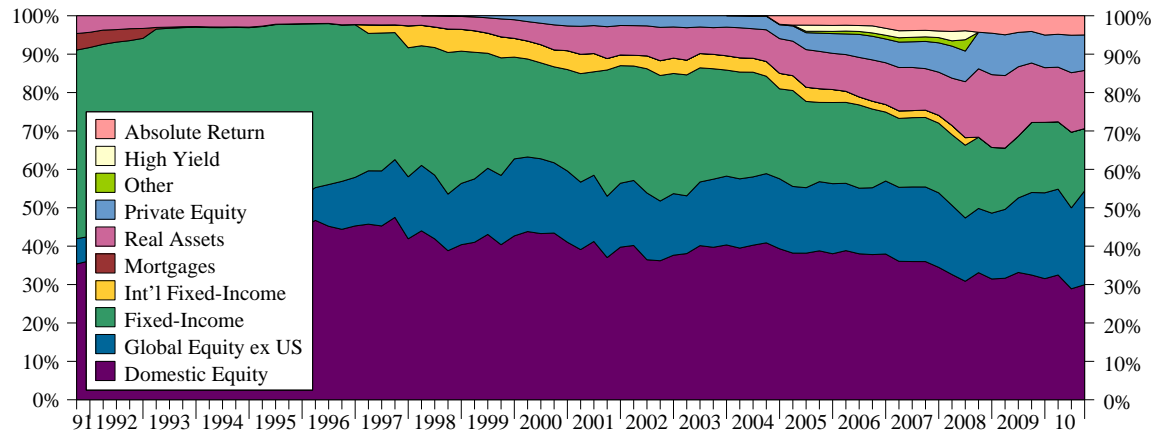
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	7.37%	8.10%	(0.32%)	0.06%	(0.26%)
Fixed-Income	32%	32%	7.06%	6.84%	0.09%	(0.10%)	(0.00%)
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	0.00%	0.00%	0.00%
Real Asset	7%	8%	6.96%	7.51%	(0.13%)	(0.00%)	(0.13%)
International Equity	15%	14%	7.83%	5.80%	0.30%	(0.00%)	0.30%
Int'l Fixed-Income	2%	2%	-	-	0.01%	0.04%	0.05%
Private Equity	3%	3%	-	-	0.07%	0.01%	0.08%
Absolute Return	1%	1%	-	-	(0.06%)	(0.02%)	(0.07%)
Other	0%	1%	-	-	0.01%	(0.00%)	0.00%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			7.42%	7.43%	(0.02%)	0.00%	(0.02%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

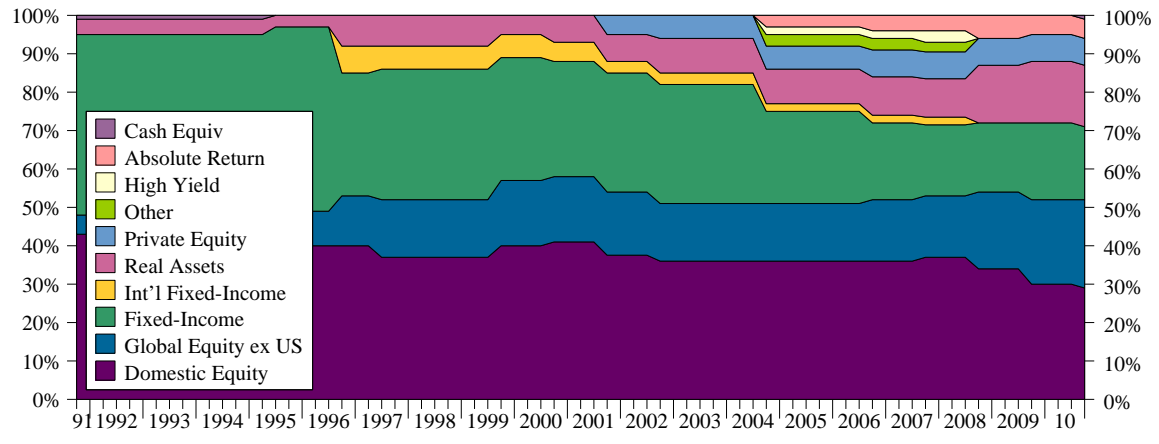
Actual vs Target Historical Asset Allocation

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

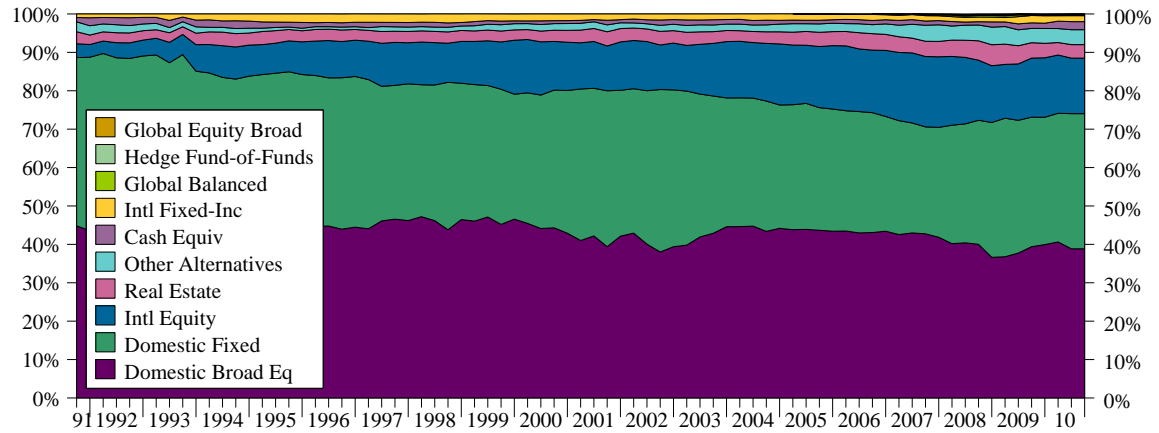
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

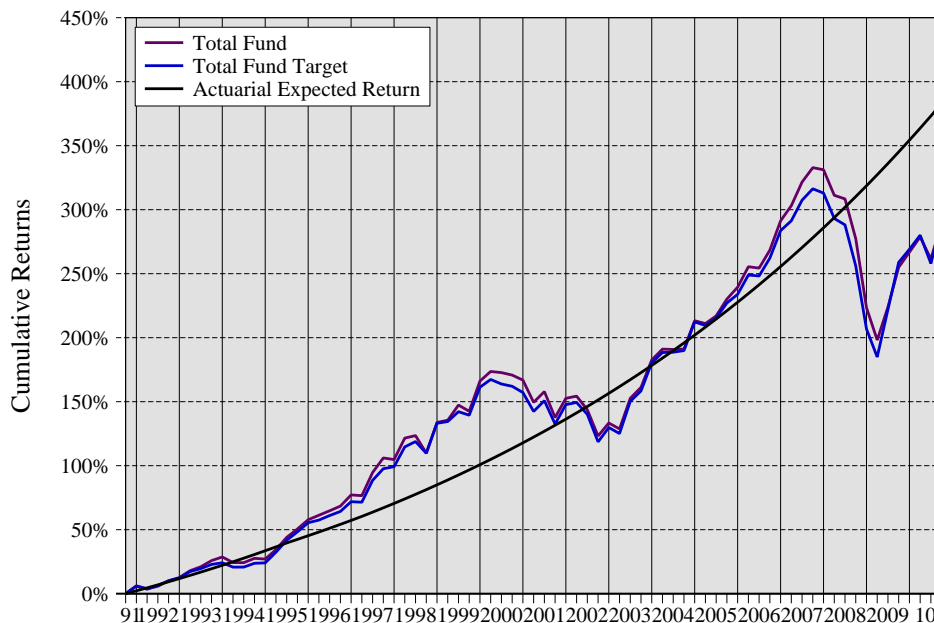


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

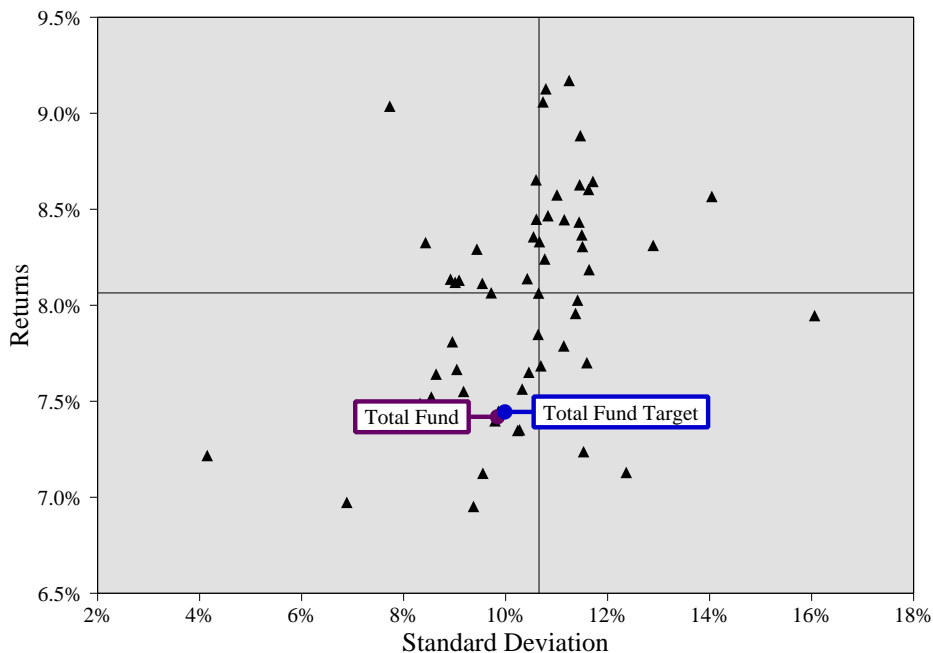
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The 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



Nineteen Year Annualized Risk vs Return



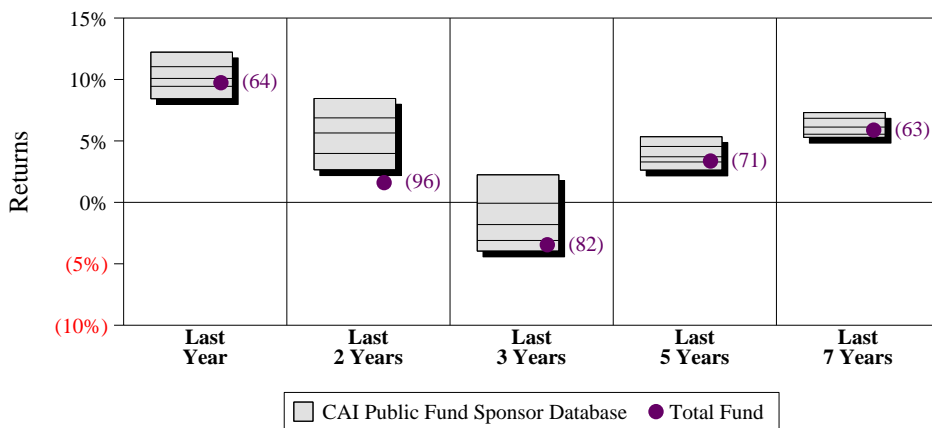
Triangles represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

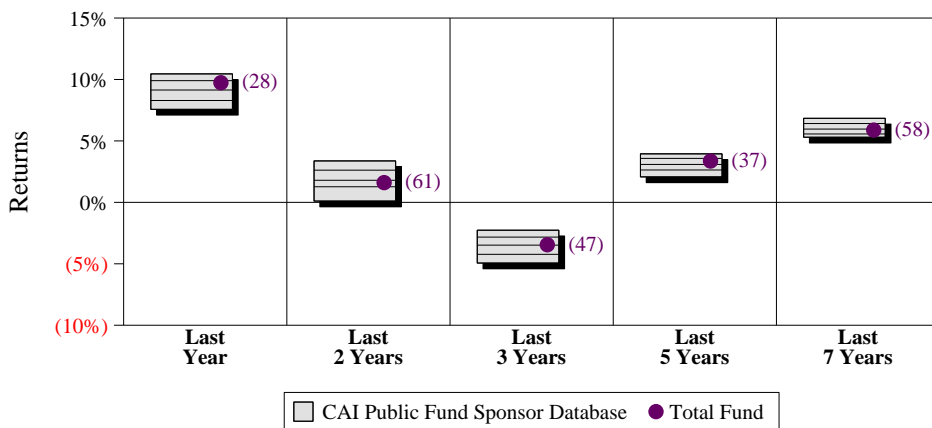
Total Fund Ranking

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 September 30, 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.

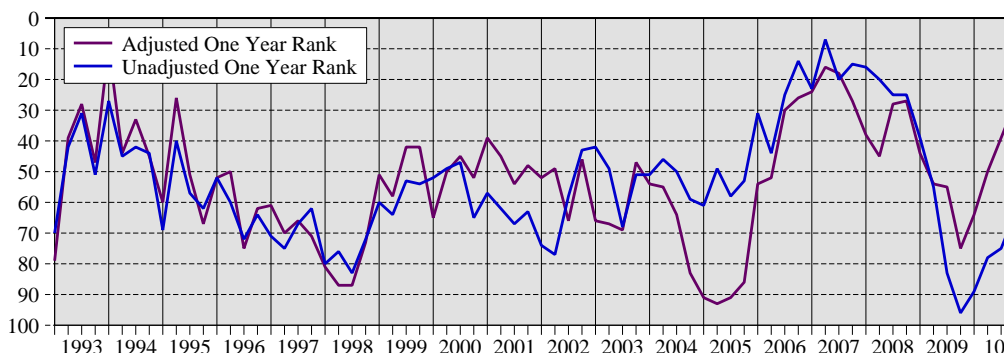
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



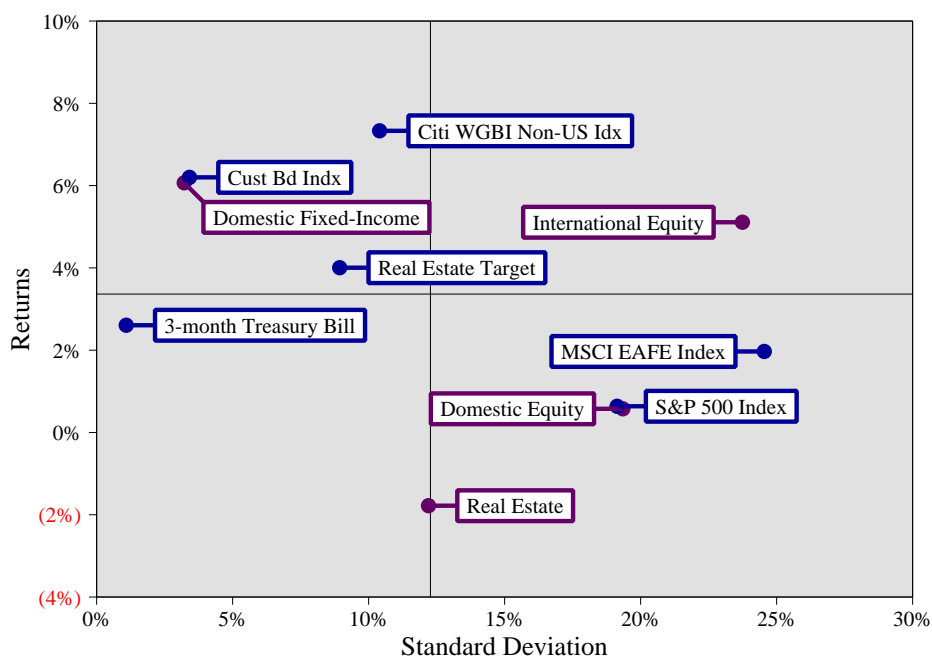
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



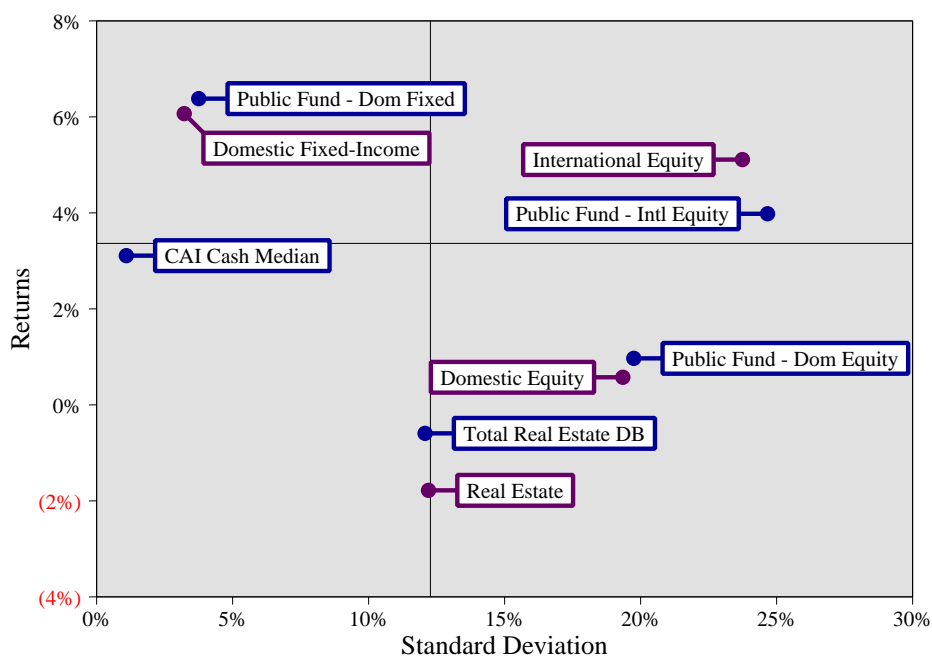
Asset Class Risk and Return

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



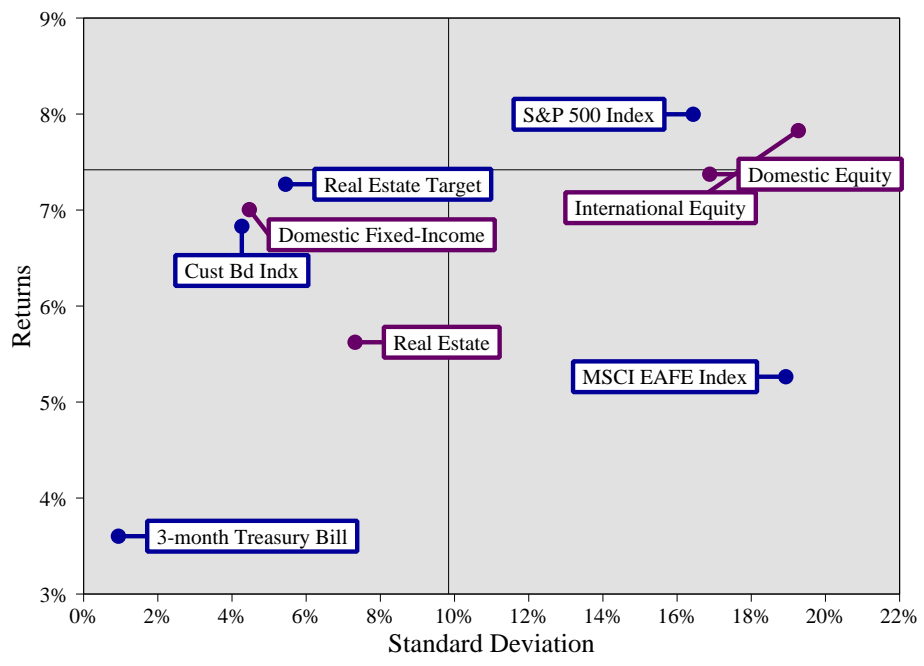
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



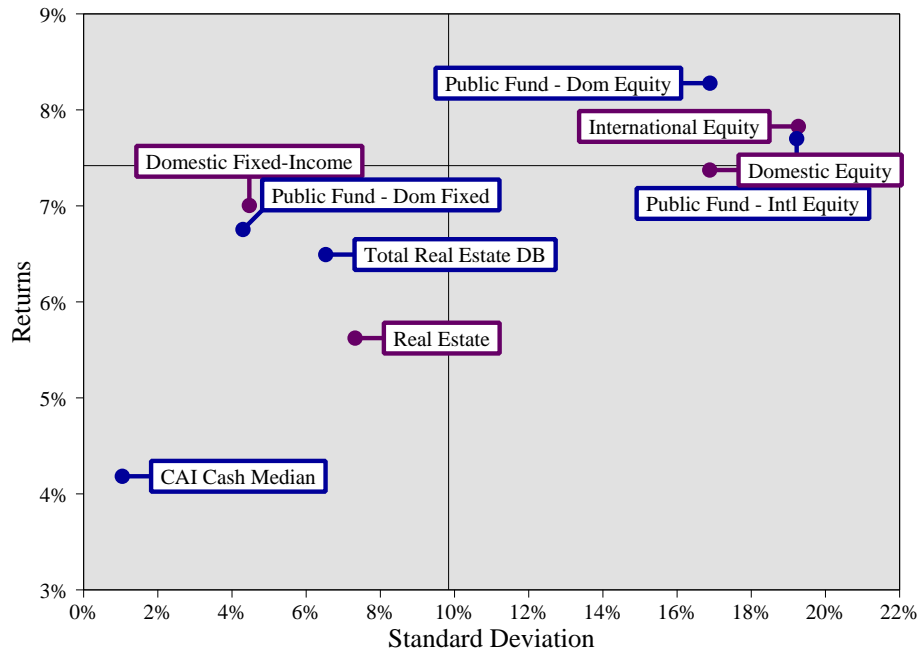
Asset Class Risk and Return

The charts below show the nineteen 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.

Nineteen Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



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



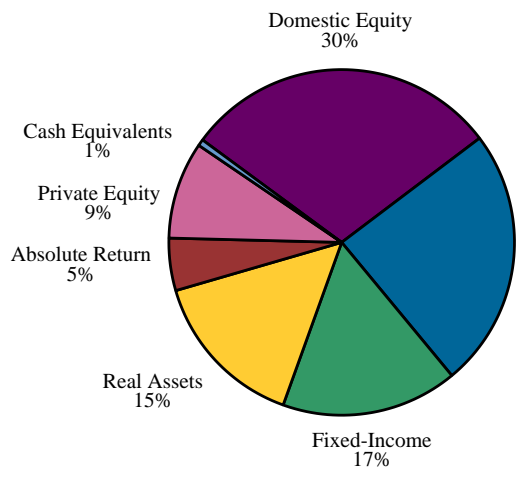


T R S HEALTH CARE

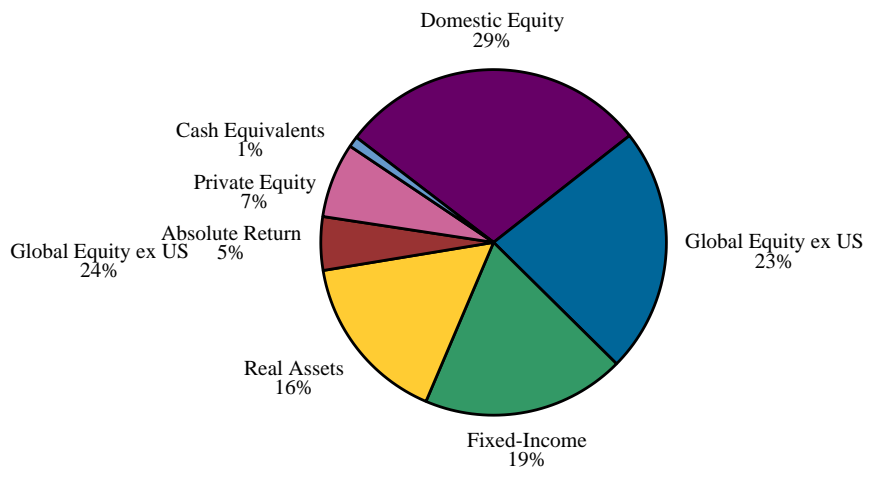
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of September 30, 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

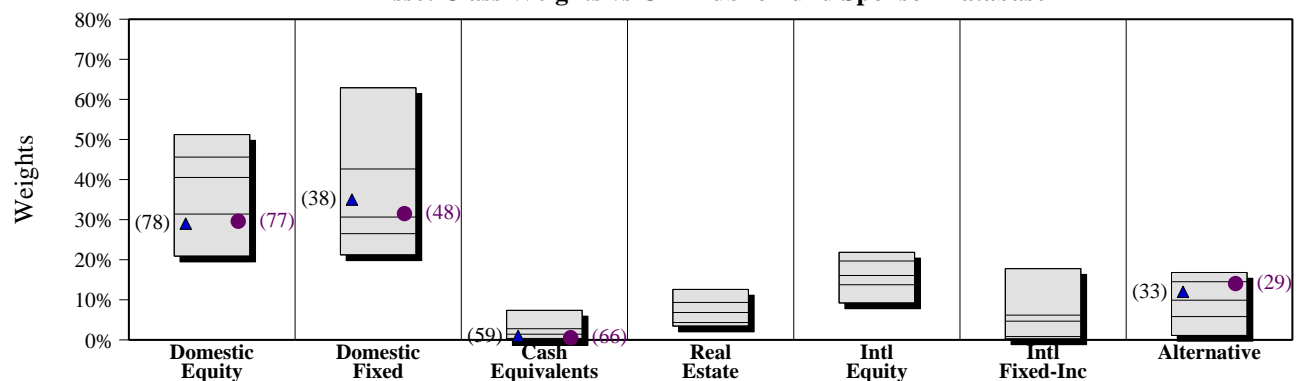


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	412,278	29.6%	29.0%	0.6%	8,365
Global Equity ex US	338,389	24.3%	23.0%	1.3%	18,044
Fixed-Income	229,971	16.5%	19.0%	(2.5%)	(34,661)
Real Assets	208,776	15.0%	16.0%	(1.0%)	(14,073)
Absolute Return	68,672	4.9%	5.0%	(0.1%)	(968)
Private Equity	127,042	9.1%	7.0%	2.1%	29,547
Cash Equivalents	7,675	0.6%	1.0%	(0.4%)	(6,253)
Total	1,392,803	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



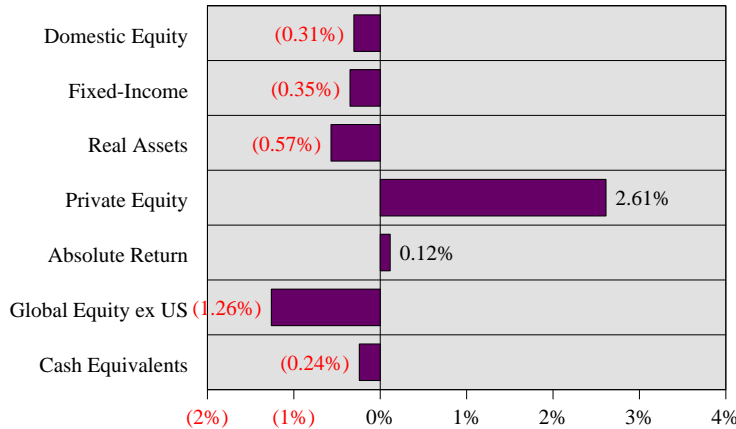
	Domestic Equity	Domestic Fixed	Cash Equivalents	Real Estate	Intl Equity	Intl Fixed-Inc	Alternative
10th Percentile	51.23	62.91	7.37	12.59	21.84	17.78	16.81
25th Percentile	45.60	42.64	2.78	9.34	19.68	6.18	14.51
Median	40.52	30.64	1.42	6.84	16.06	4.67	9.90
75th Percentile	31.39	26.50	0.36	4.33	13.76	0.82	5.82
90th Percentile	20.89	21.21	0.05	3.44	9.21	0.24	1.10
Fund ●	29.60	31.50	0.55	-	-	-	14.05
Target ▲	29.00	35.00	1.00	-	-	-	12.00
% Group Invested	97.40%	98.70%	62.34%	48.05%	89.61%	23.38%	41.56%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

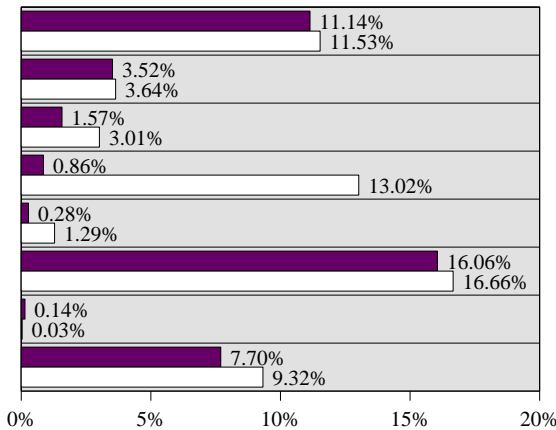
Quarterly Total Fund Relative Attribution - September 30, 2010

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

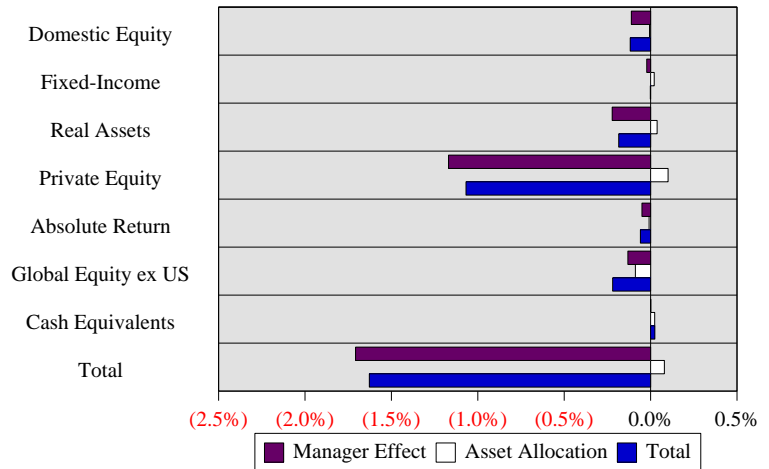
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	11.14%	11.53%	(0.11%)	(0.01%)	(0.12%)
Fixed-Income	19%	19%	3.52%	3.64%	(0.02%)	0.02%	(0.00%)
Real Assets	15%	16%	1.57%	3.01%	(0.22%)	0.04%	(0.18%)
Private Equity	10%	7%	0.86%	13.02%	(1.17%)	0.10%	(1.07%)
Absolute Return	5%	5%	0.28%	1.29%	(0.05%)	(0.01%)	(0.06%)
Global Equity ex US	22%	23%	16.06%	16.66%	(0.13%)	(0.09%)	(0.22%)
Cash Equivalents	1%	1%	0.14%	0.03%	0.00%	0.02%	0.02%

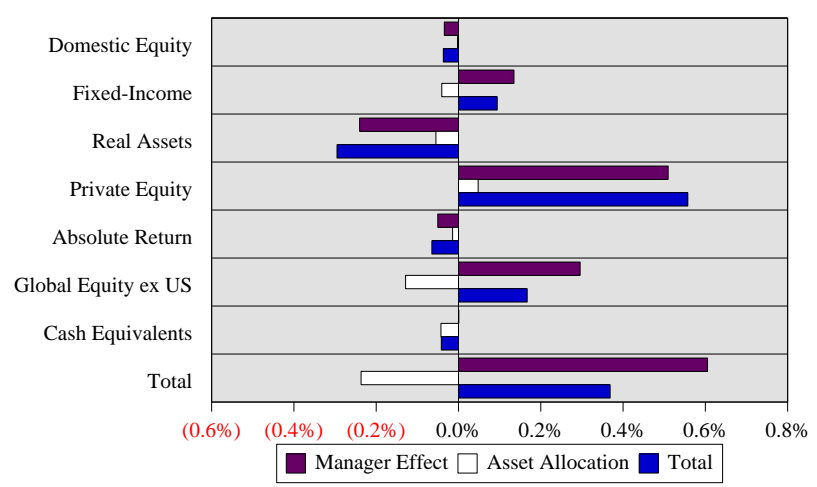
Total $7.70\% = 9.32\% + (1.71\%) + 0.08\%$ **(1.63%)**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

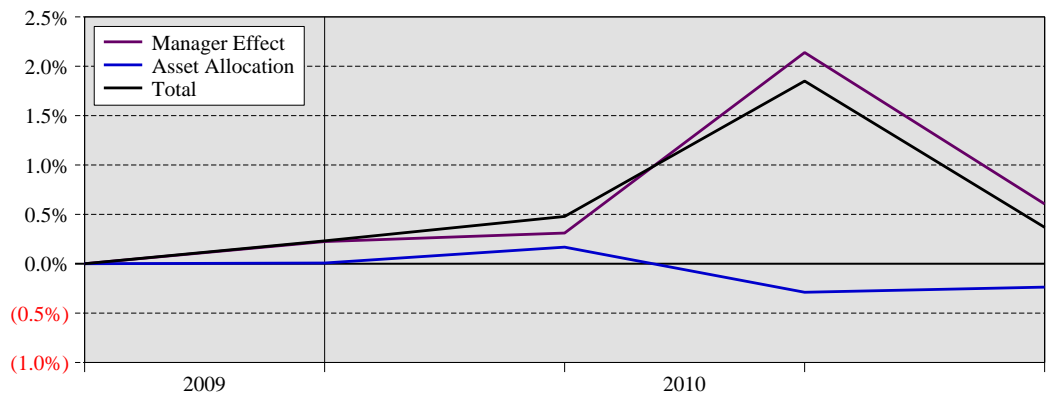
Cumulative Total Fund Relative Attribution - September 30, 2010

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

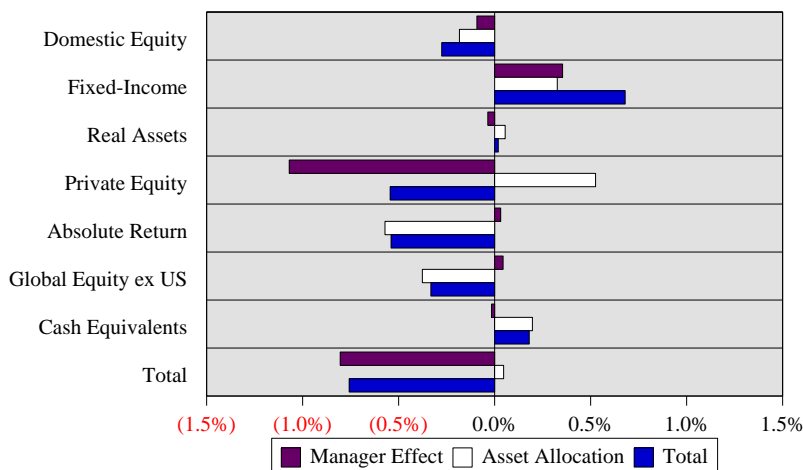
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	30%	10.81%	10.96%	(0.03%)	(0.00%)	(0.04%)
Fixed-Income	18%	20%	9.46%	8.69%	0.13%	(0.04%)	0.09%
Real Assets	15%	16%	4.00%	5.54%	(0.24%)	(0.05%)	(0.30%)
Private Equity	9%	7%	15.93%	8.96%	0.51%	0.05%	0.56%
Absolute Return	5%	5%	4.30%	5.13%	(0.05%)	(0.01%)	(0.06%)
Global Equity ex US	22%	22%	9.44%	8.00%	0.30%	(0.13%)	0.17%
Cash Equivalents	1%	0%	0.80%	0.70%	0.00%	(0.04%)	(0.04%)
Total			9.42%	9.06%	0.61%	(0.24%)	0.37%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

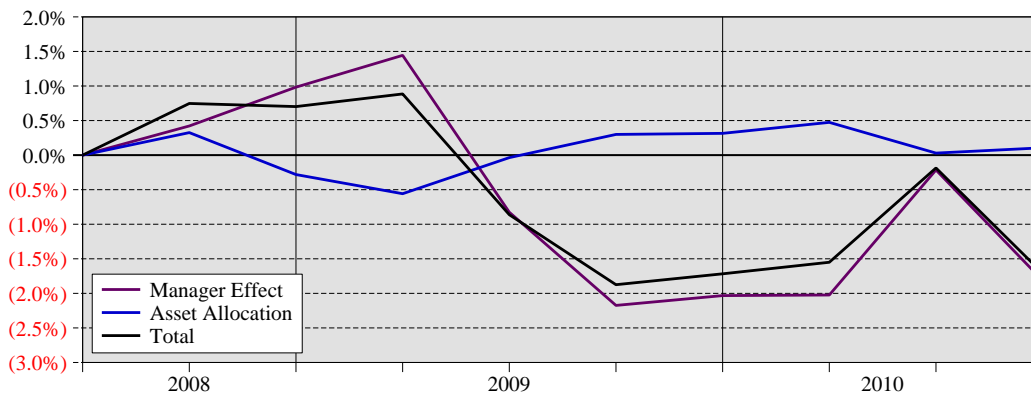
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Two and One-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Two and One-Quarter Annualized Relative Attribution Effects

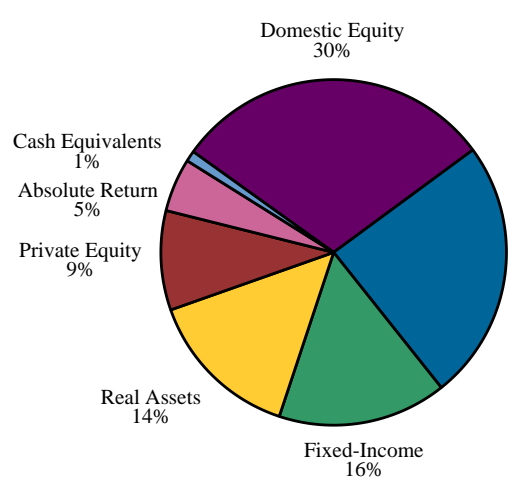
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	35%	33%	(2.70%)	(2.35%)	(0.09%)	(0.18%)	(0.28%)
Fixed-Income	19%	20%	10.08%	8.31%	0.35%	0.33%	0.68%
Real Assets	13%	12%	(2.90%)	(3.20%)	(0.04%)	0.05%	0.02%
Private Equity	6%	5%	6.58%	(2.85%)	(1.07%)	0.53%	(0.54%)
Absolute Return	3%	6%	4.36%	5.51%	0.03%	(0.57%)	(0.54%)
Global Equity ex US	23%	22%	(4.41%)	(4.65%)	0.04%	(0.38%)	(0.33%)
Cash Equivalents	2%	1%	1.81%	1.86%	(0.02%)	0.20%	0.18%
Total					(0.17%)	0.59%	0.76%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

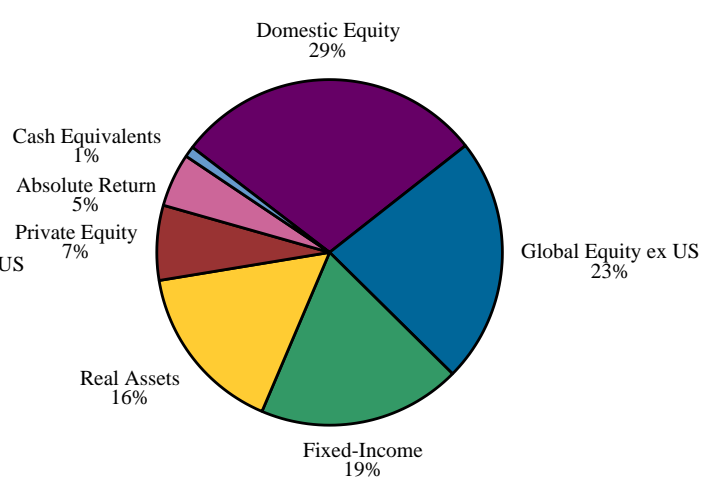
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of September 30, 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

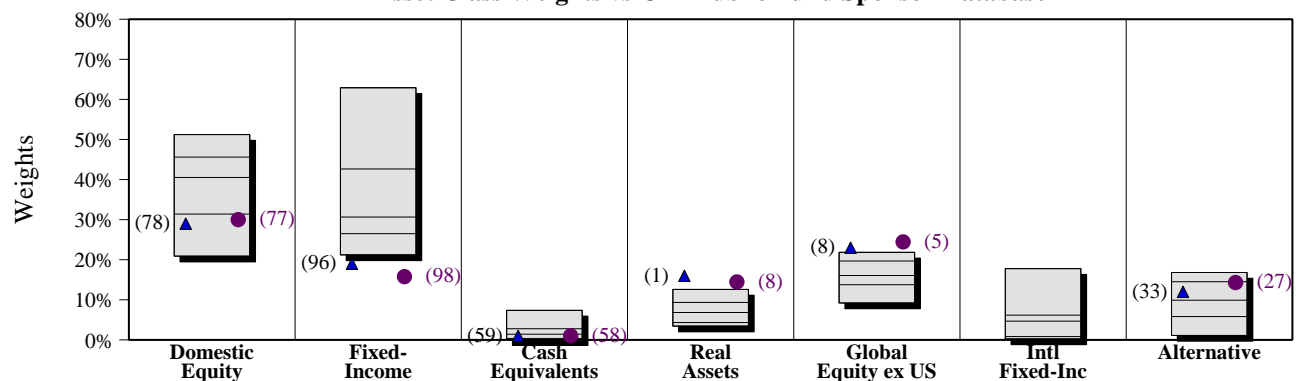


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	30,384	30.0%	29.0%	1.0%	1,018
Global Equity ex US	24,754	24.4%	23.0%	1.4%	1,464
Fixed-Income	15,973	15.8%	19.0%	(3.2%)	(3,267)
Real Assets	14,638	14.5%	16.0%	(1.5%)	(1,564)
Private Equity	9,405	9.3%	7.0%	2.3%	2,317
Absolute Return	5,082	5.0%	5.0%	0.0%	19
Cash Equivalents	1,026	1.0%	1.0%	0.0%	13
Total	101,261	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



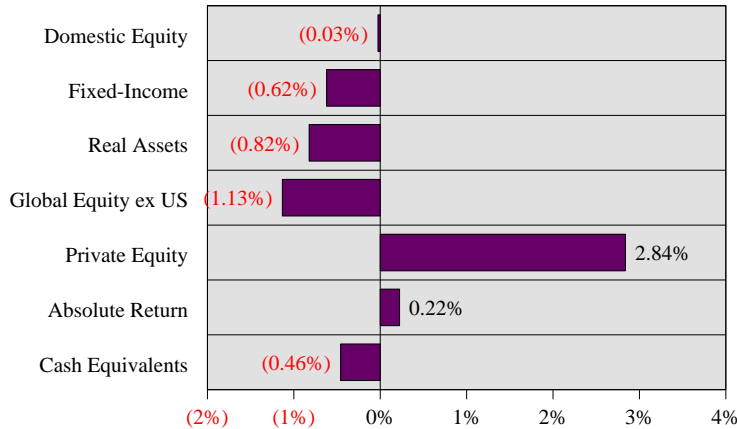
	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Intl Fixed-Inc	Alternative
10th Percentile	51.23	62.91	7.37	12.59	21.84	17.78	16.81
25th Percentile	45.60	42.64	2.78	9.34	19.68	6.18	14.51
Median	40.52	30.64	1.42	6.84	16.06	4.67	9.90
75th Percentile	31.39	26.50	0.36	4.33	13.76	0.82	5.82
90th Percentile	20.89	21.21	0.05	3.44	9.21	0.24	1.10
Fund ●	30.01	15.77	1.01	14.46	24.45	-	14.31
Target ▲	29.00	19.00	1.00	16.00	23.00	-	12.00
% Group Invested	97.40%	98.70%	62.34%	48.05%	89.61%	23.38%	41.56%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

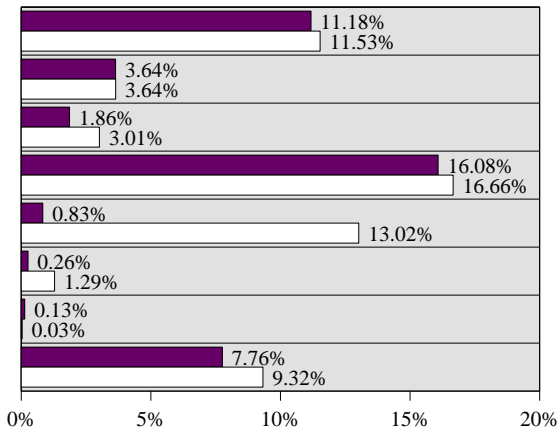
Quarterly Total Fund Relative Attribution - September 30, 2010

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

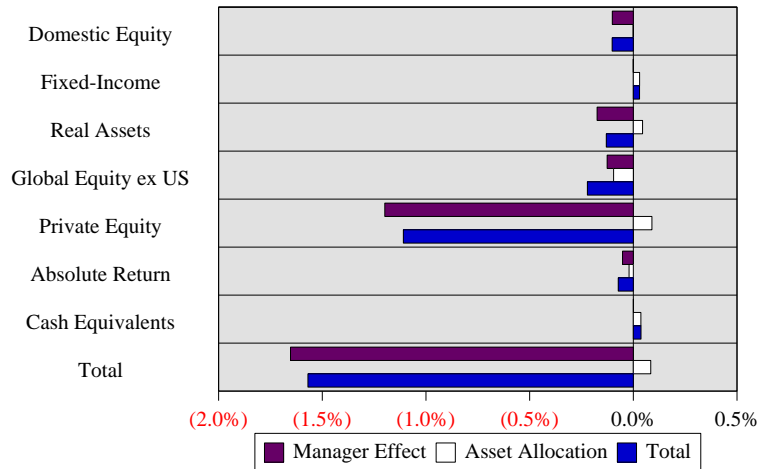
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	11.18%	11.53%	(0.10%)	(0.00%)	(0.10%)
Fixed-Income	18%	19%	3.64%	3.64%	(0.00%)	0.03%	0.03%
Real Assets	15%	16%	1.86%	3.01%	(0.17%)	0.04%	(0.13%)
Global Equity ex US	22%	23%	16.08%	16.66%	(0.13%)	(0.10%)	(0.22%)
Private Equity	10%	7%	0.83%	13.02%	(1.20%)	0.09%	(1.11%)
Absolute Return	5%	5%	0.26%	1.29%	(0.05%)	(0.02%)	(0.07%)
Cash Equivalents	1%	1%	0.13%	0.03%	0.00%	0.04%	0.04%

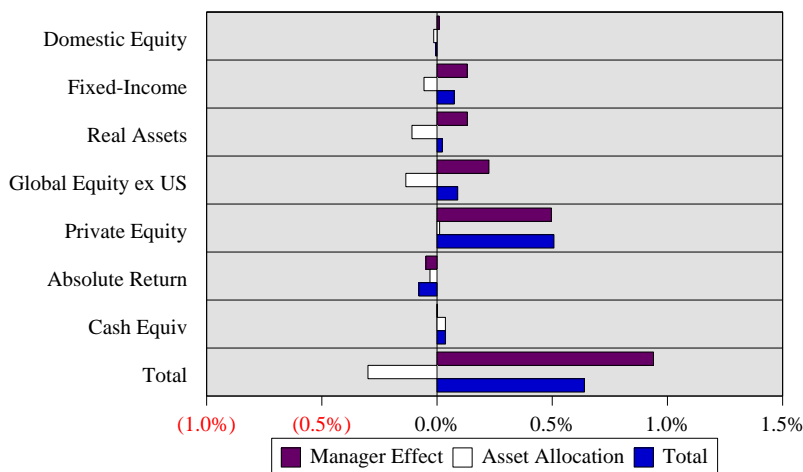
Total **7.76% = 9.32% + (1.65%) + 0.08%** **(1.57%)**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

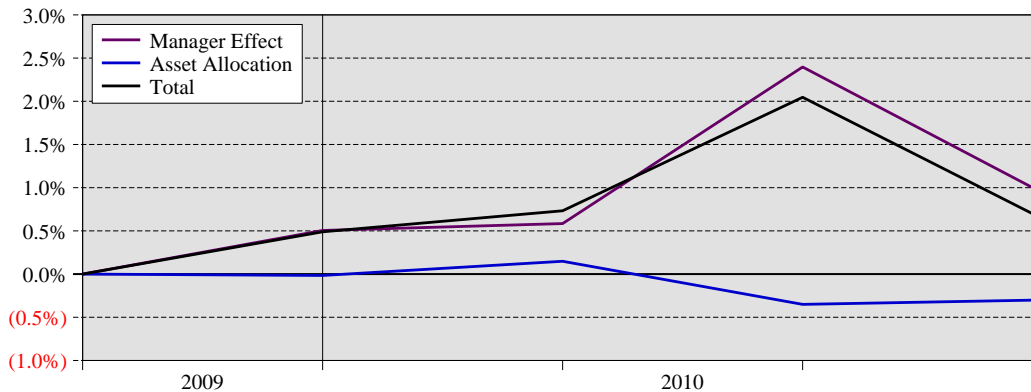
Cumulative Total Fund Relative Attribution - September 30, 2010

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

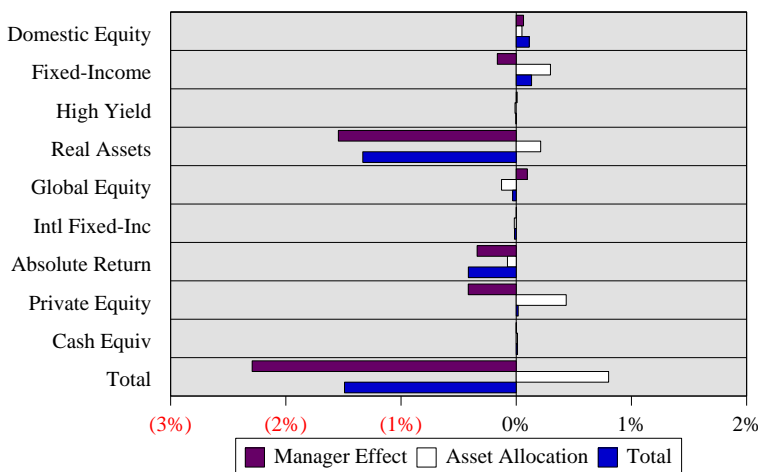
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	30%	10.95%	10.96%	0.01%	(0.01%)	(0.01%)
Fixed-Income	19%	20%	9.42%	8.69%	0.13%	(0.06%)	0.07%
Real Assets	14%	16%	6.68%	5.54%	0.13%	(0.11%)	0.02%
Global Equity ex US	23%	22%	9.16%	8.00%	0.23%	(0.14%)	0.09%
Private Equity	9%	7%	15.92%	8.96%	0.50%	0.01%	0.51%
Absolute Return	5%	5%	4.26%	5.13%	(0.05%)	(0.03%)	(0.08%)
Cash Equiv	0%	0%	-	-	0.00%	0.04%	0.04%
Total			9.69%	9.06%	+ 0.94%	+ (0.30%)	0.64%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

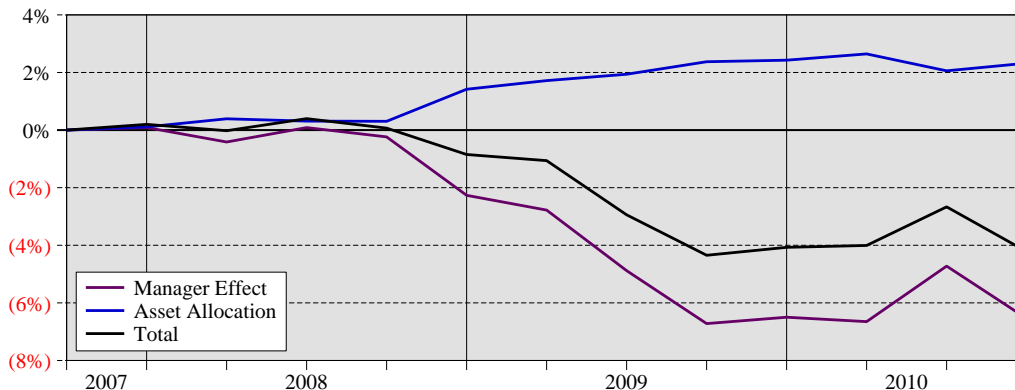
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

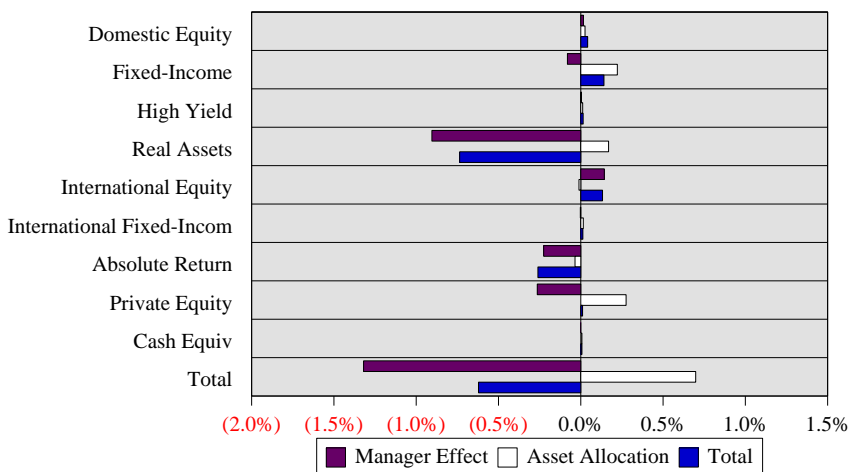
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	34%	34%	(6.49%)	(6.78%)	0.06%	0.05%	0.11%
Fixed-Income	20%	19%	7.64%	8.25%	(0.16%)	0.30%	0.13%
High Yield	1%	1%	-	-	0.01%	(0.01%)	(0.00%)
Real Assets	15%	14%	(10.07%)	(1.37%)	(1.54%)	0.21%	(1.33%)
Global Equity	22%	21%	(6.53%)	(7.57%)	0.10%	(0.13%)	(0.03%)
Intl Fixed-Inc	0%	1%	-	-	0.00%	(0.02%)	(0.02%)
Absolute Return	5%	5%	(1.77%)	6.10%	(0.34%)	(0.08%)	(0.42%)
Private Equity	4%	5%	-	-	(0.42%)	0.43%	0.02%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			(3.62%)		(2.13%)	(2.29%)	(1.49%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

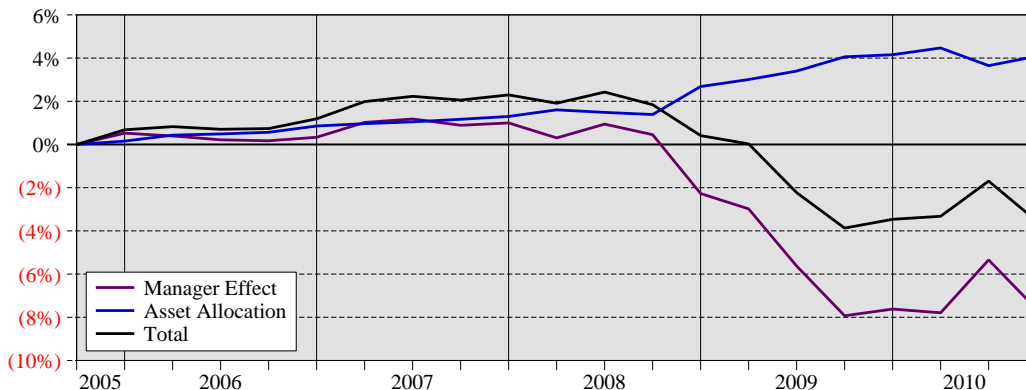
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

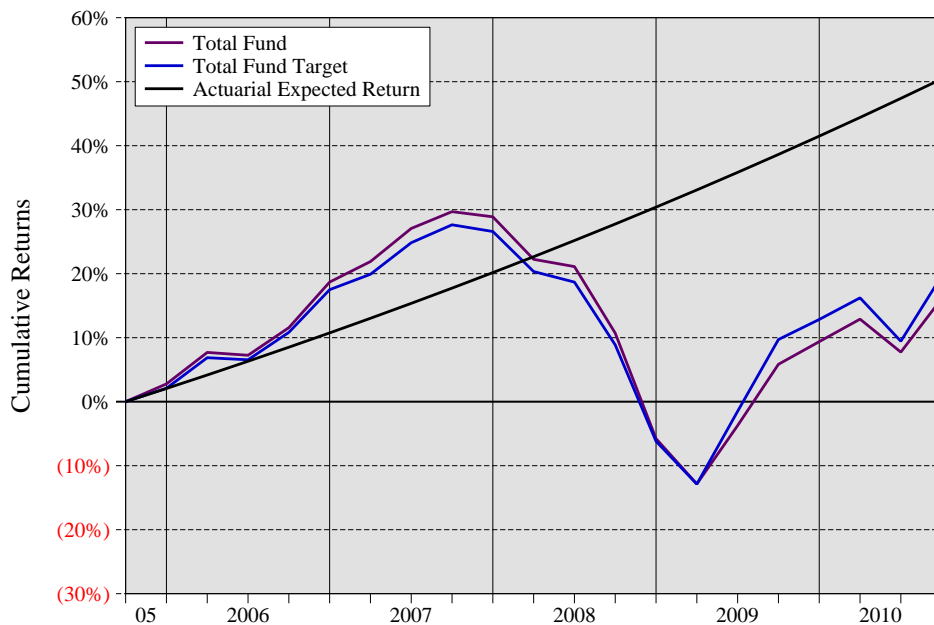
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	37%	37%	0.84%	0.70%	0.02%	0.03%	0.04%
Fixed-Income	20%	20%	6.39%	6.66%	(0.08%)	0.22%	0.14%
High Yield	1%	1%	-	-	0.00%	0.01%	0.01%
Real Assets	14%	12%	0.62%	5.72%	(0.90%)	0.17%	(0.74%)
International Equity	21%	20%	4.91%	3.82%	0.14%	(0.01%)	0.13%
International Fixed-Incom	1%	1%	-	-	(0.00%)	0.02%	0.01%
Absolute Return	4%	5%	2.19%	7.33%	(0.23%)	(0.04%)	(0.26%)
Private Equity	2%	3%	-	-	(0.26%)	0.28%	0.01%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			3.03%	3.65%	(1.32%)	0.70%	(0.62%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

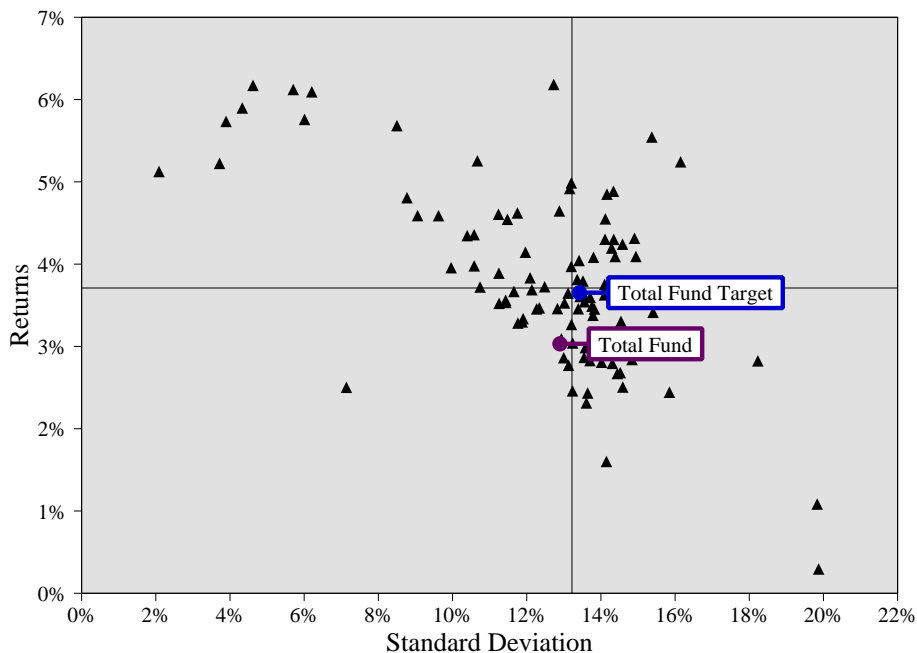
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The 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



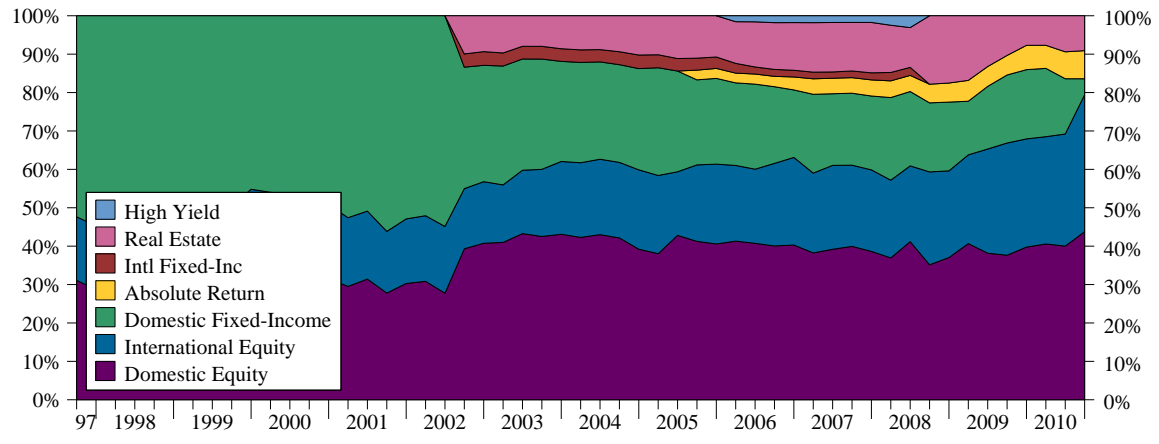
Triangles represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

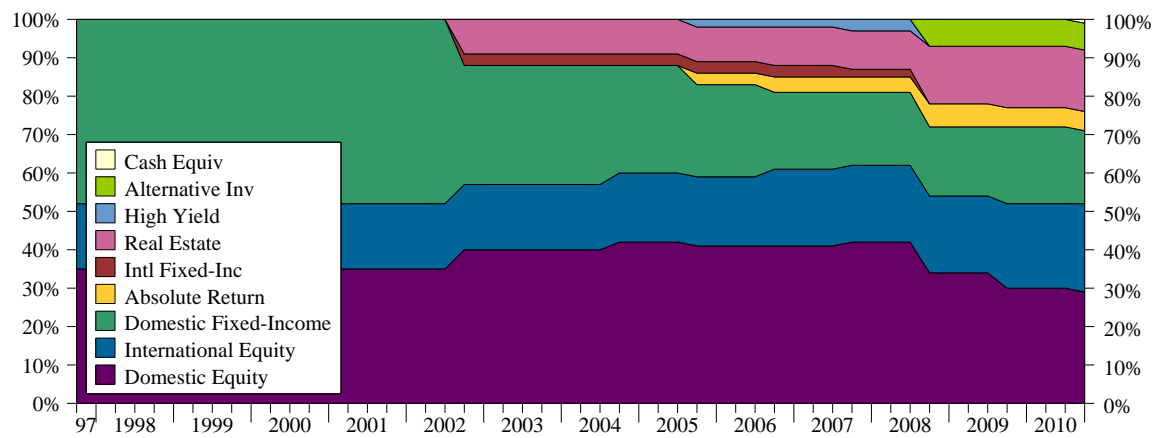
Actual vs Target Historical Asset Allocation

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

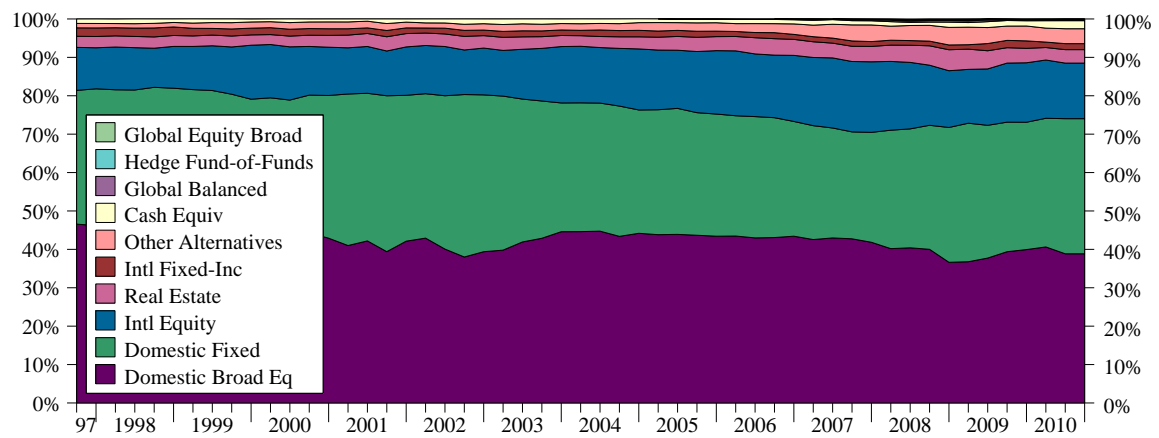
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

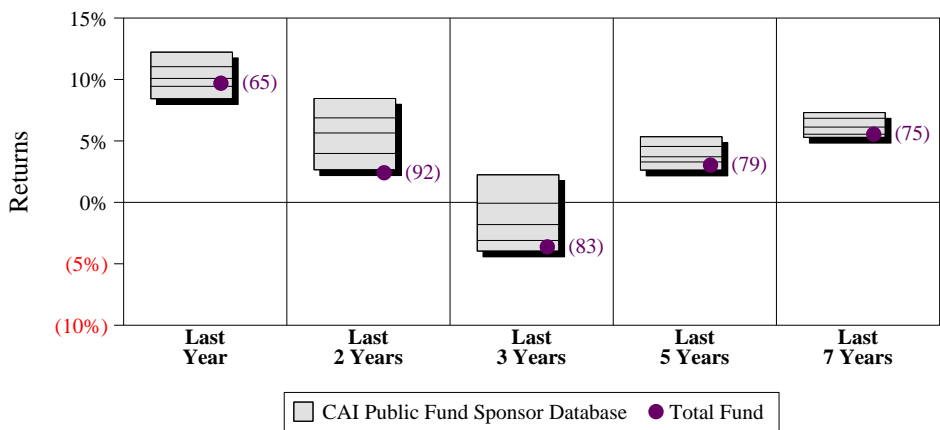


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

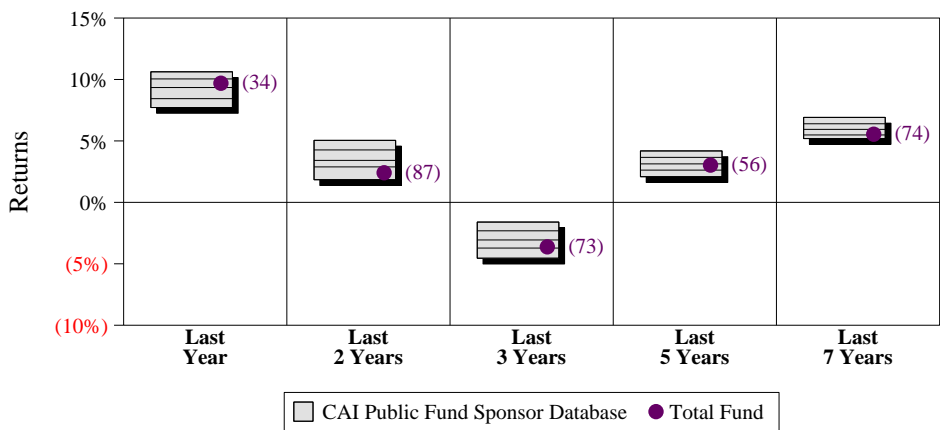
Total Fund Ranking

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 September 30, 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.

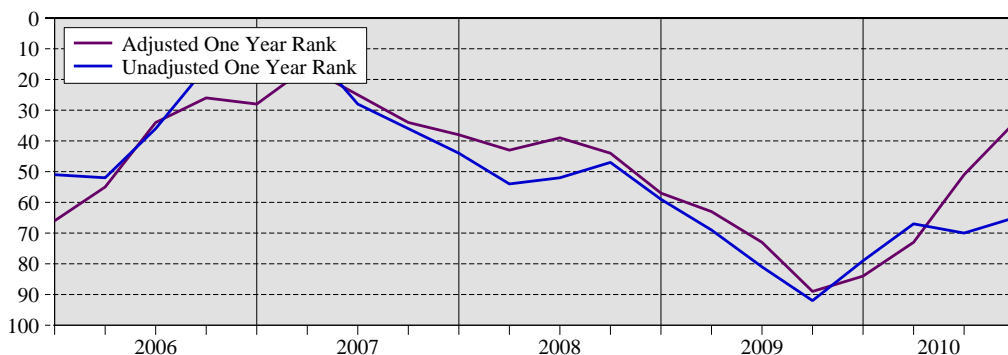
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



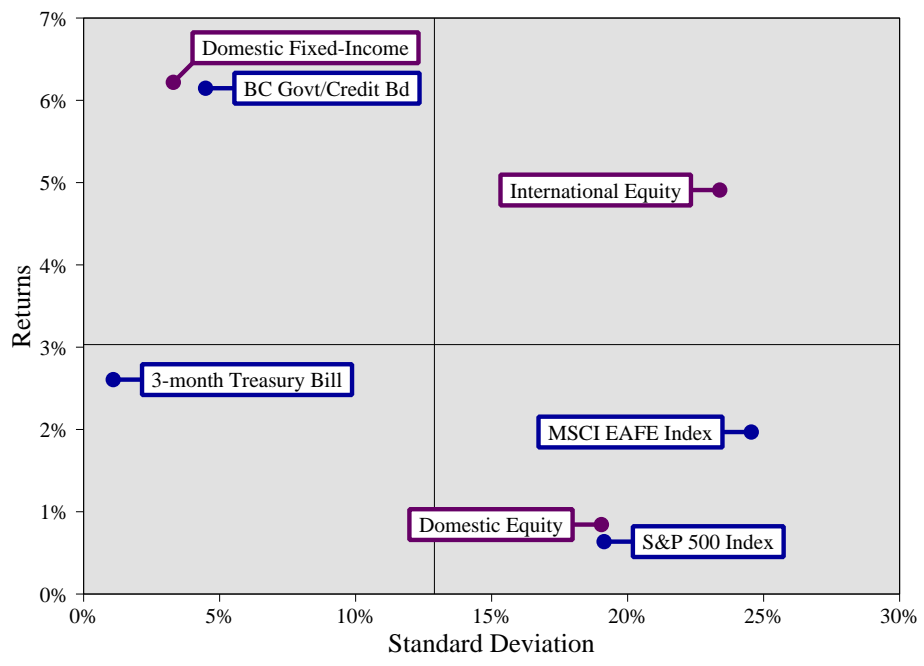
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



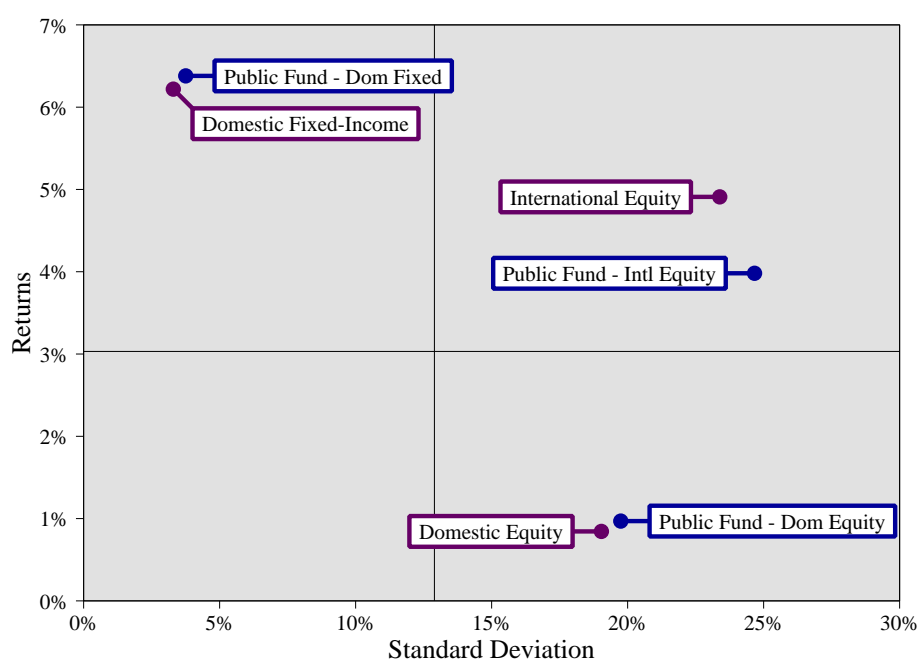
Asset Class Risk and Return

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

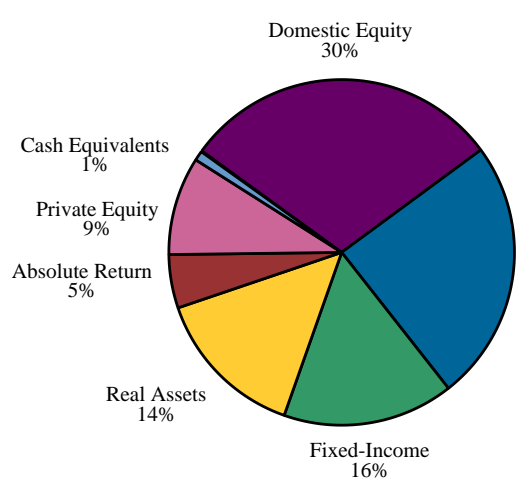


J R S HEALTH CARE

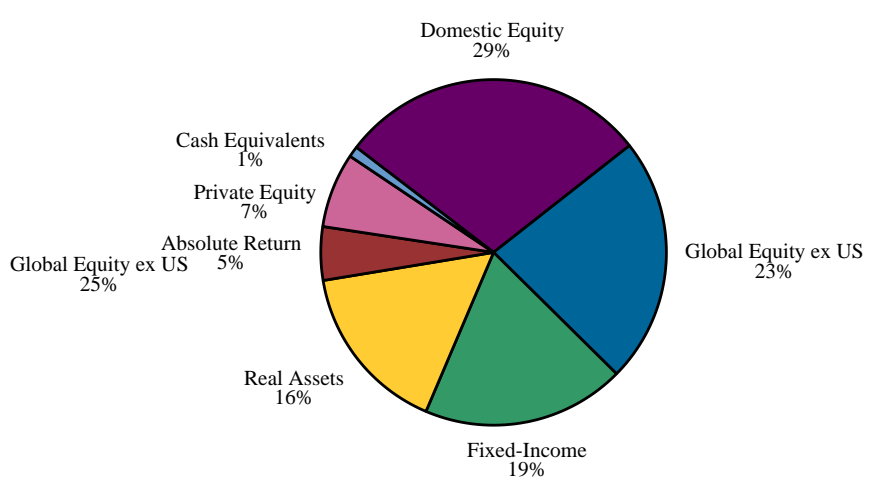
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of September 30, 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

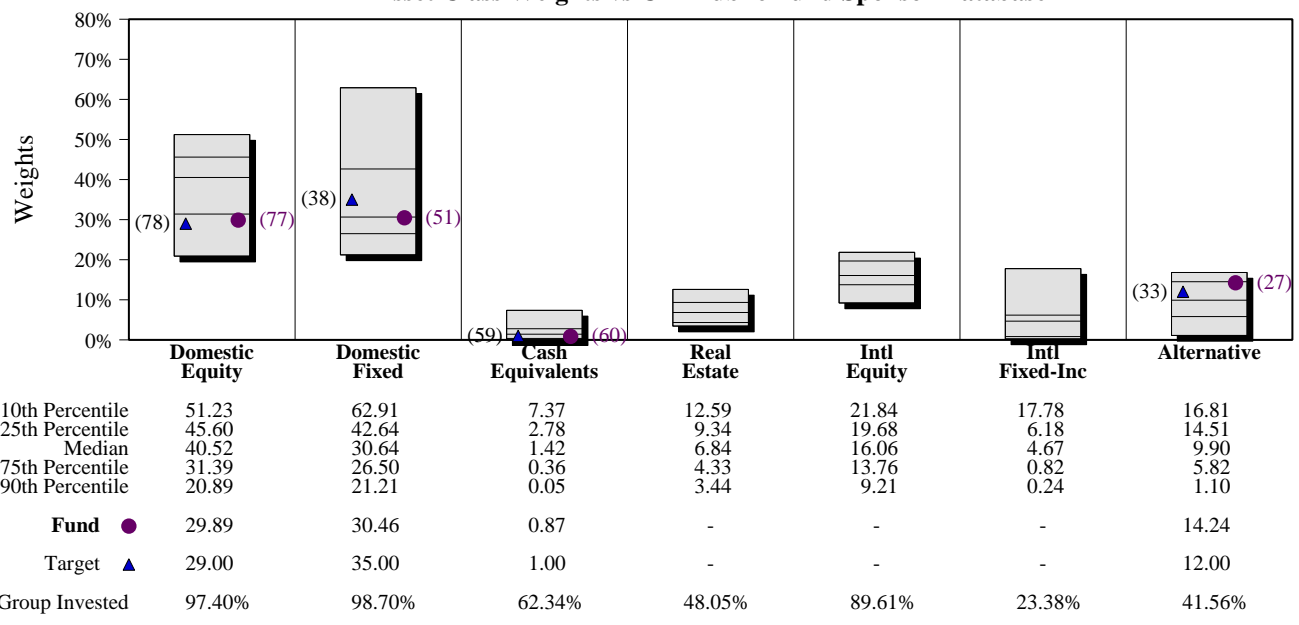


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	5,473	29.9%	29.0%	0.9%	163
Global Equity ex US	4,494	24.5%	23.0%	1.5%	282
Fixed-Income	2,935	16.0%	19.0%	(3.0%)	(544)
Real Assets	2,643	14.4%	16.0%	(1.6%)	(287)
Absolute Return	915	5.0%	5.0%	0.0%	(1)
Private Equity	1,693	9.2%	7.0%	2.2%	411
Cash Equivalents	159	0.9%	1.0%	(0.1%)	(24)
Total	18,313	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database

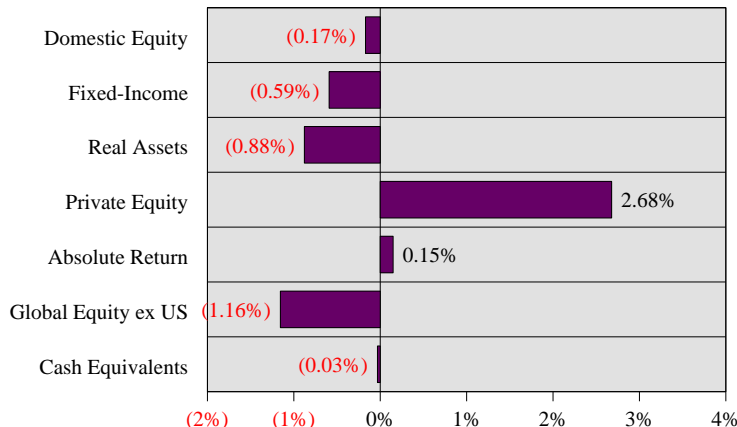


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

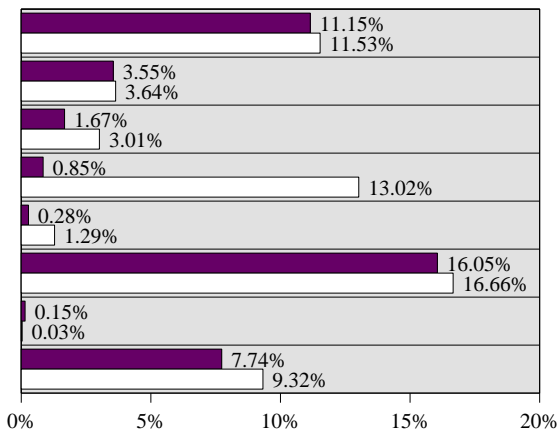
Quarterly Total Fund Relative Attribution - September 30, 2010

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

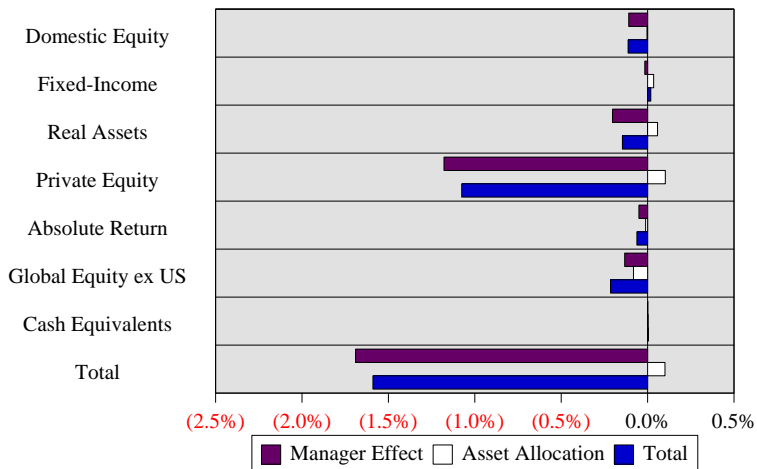
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	11.15%	11.53%	(0.11%)	(0.00%)	(0.11%)
Fixed-Income	18%	19%	3.55%	3.64%	(0.02%)	0.03%	0.02%
Real Assets	15%	16%	1.67%	3.01%	(0.20%)	0.06%	(0.15%)
Private Equity	10%	7%	0.85%	13.02%	(1.18%)	0.10%	(1.08%)
Absolute Return	5%	5%	0.28%	1.29%	(0.05%)	(0.01%)	(0.06%)
Global Equity ex US	22%	23%	16.05%	16.66%	(0.13%)	(0.08%)	(0.21%)
Cash Equivalents	1%	1%	0.15%	0.03%	0.00%	0.00%	0.00%

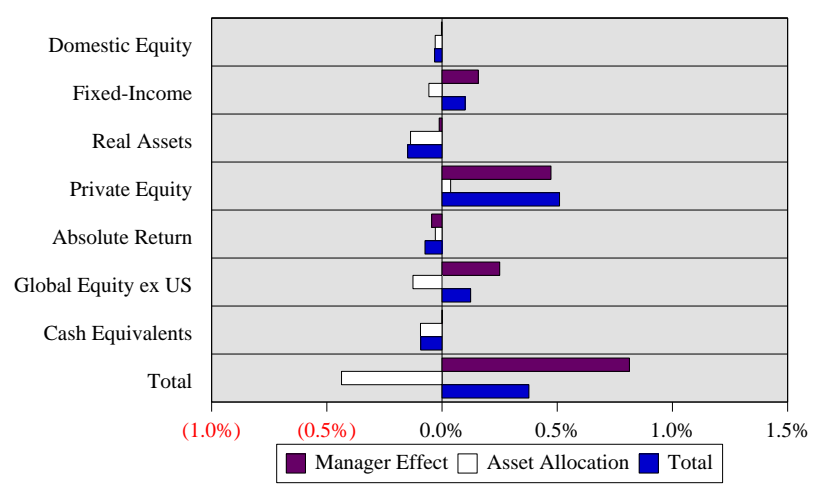
Total $7.74\% = 9.32\% + (1.69\%) + 0.10\%$ **(1.59%)**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

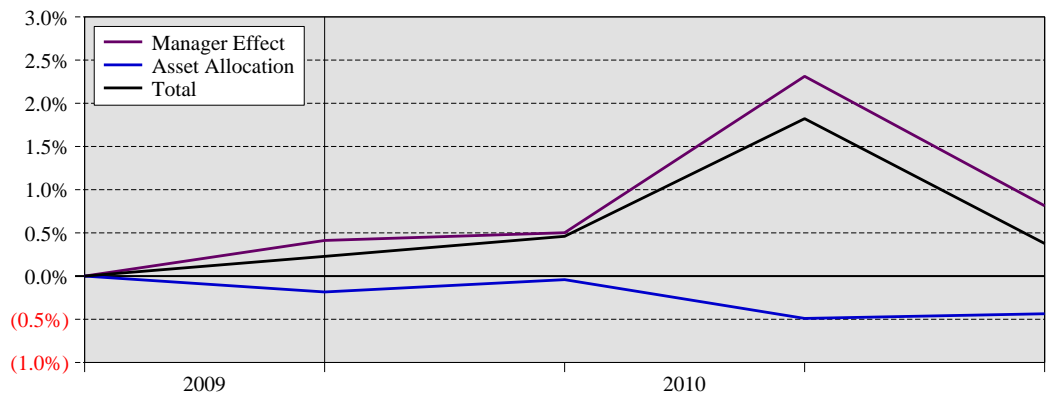
Cumulative Total Fund Relative Attribution - September 30, 2010

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

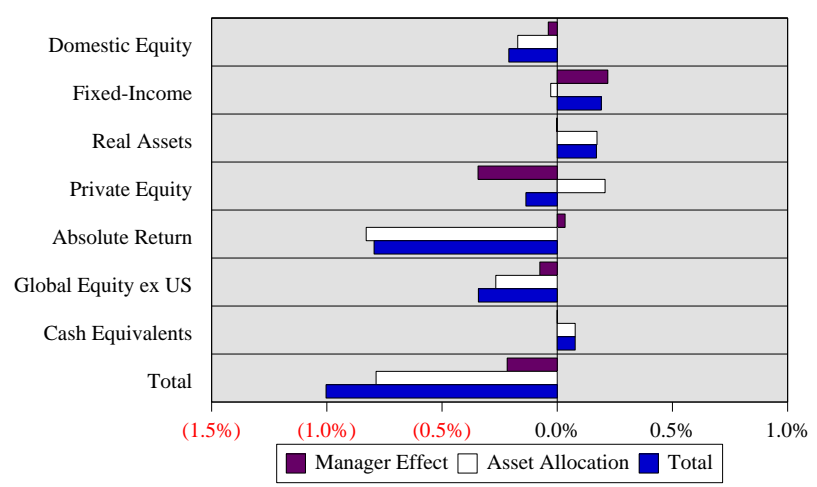
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	30%	10.91%	10.96%	(0.00%)	(0.03%)	(0.03%)
Fixed-Income	18%	20%	9.58%	8.69%	0.16%	(0.06%)	0.10%
Real Assets	14%	16%	5.75%	5.54%	(0.01%)	(0.14%)	(0.15%)
Private Equity	8%	7%	15.86%	8.96%	0.47%	0.04%	0.51%
Absolute Return	5%	5%	4.30%	5.13%	(0.04%)	(0.03%)	(0.07%)
Global Equity ex US	23%	22%	9.28%	8.00%	0.25%	(0.13%)	0.12%
Cash Equivalents	1%	0%	0.97%	0.86%	0.00%	(0.09%)	(0.09%)
Total			9.43%	9.06%	0.81%	(0.44%)	0.38%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

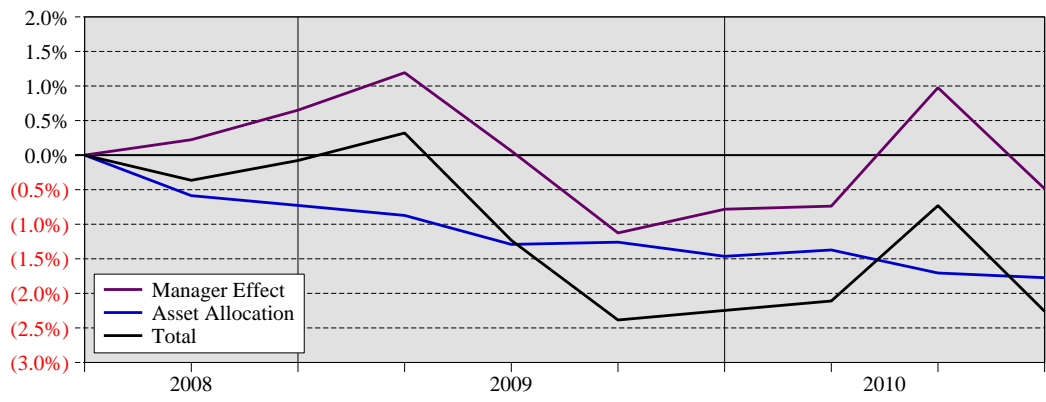
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Two and One-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Two and One-Quarter Annualized Relative Attribution Effects

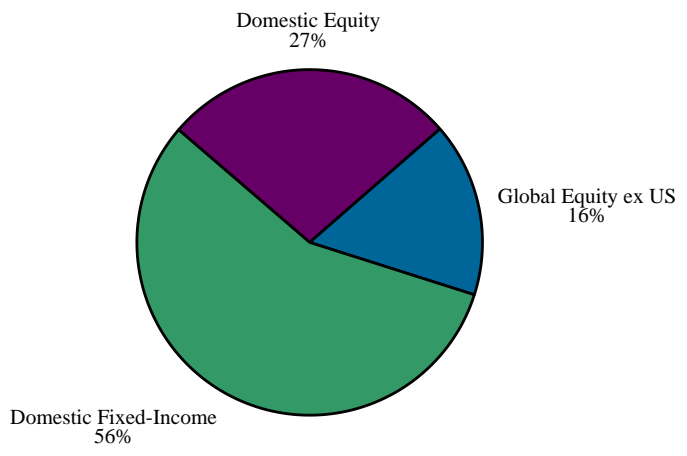
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	35%	33%	(2.53%)	(2.35%)	(0.04%)	(0.17%)	(0.21%)
Fixed-Income	20%	20%	9.45%	8.31%	0.22%	(0.03%)	0.19%
Real Assets	12%	12%	(3.47%)	(3.20%)	(0.00%)	0.17%	0.17%
Private Equity	5%	5%	6.55%	(2.85%)	(0.34%)	0.21%	(0.14%)
Absolute Return	3%	6%	4.36%	5.51%	0.03%	(0.83%)	(0.79%)
Global Equity ex US	23%	22%	(4.76%)	(4.65%)	(0.08%)	(0.27%)	(0.34%)
Cash Equivalents	3%	1%	1.41%	1.05%	0.00%	0.08%	0.08%
Total			(0.42%)	0.59%	(0.22%)	(0.79%)	(1.00%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

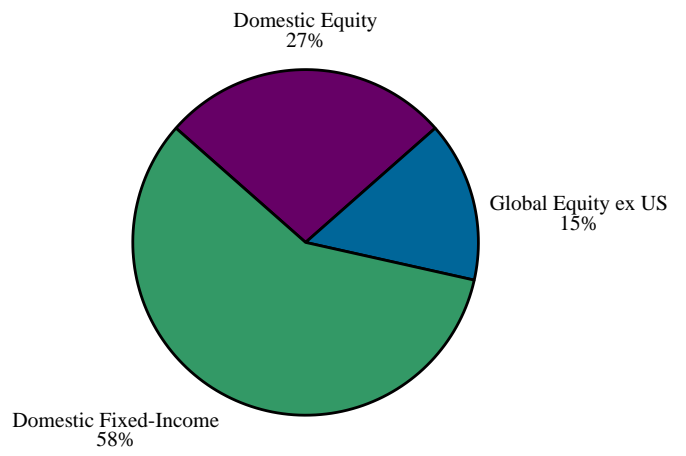
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of September 30, 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

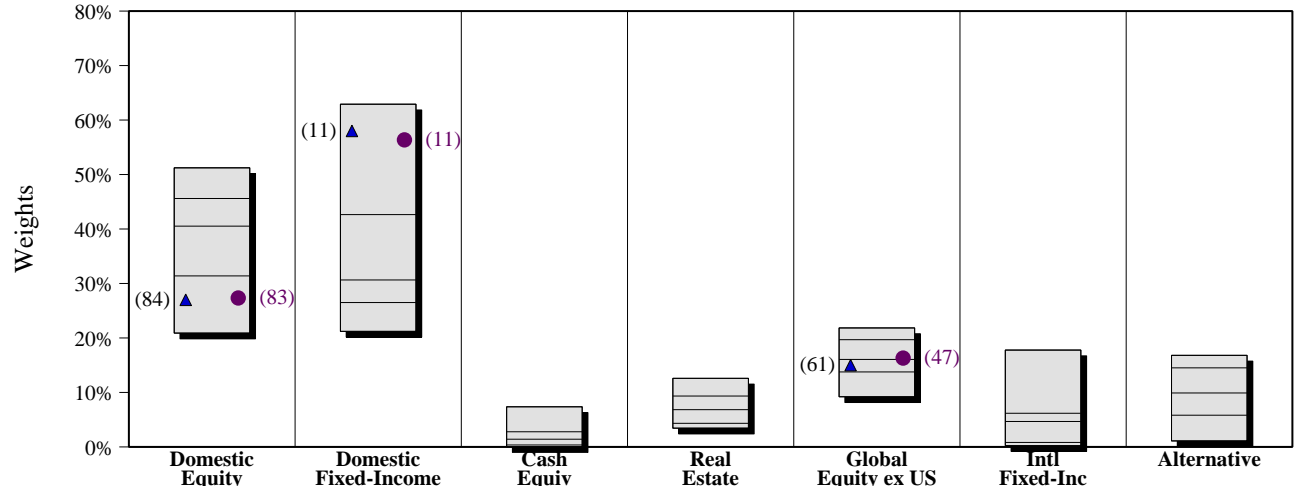


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	8,767	27.3%	27.0%	0.3%	108
Global Equity ex US	5,230	16.3%	15.0%	1.3%	419
Domestic Fixed-Income	18,074	56.4%	58.0%	(1.6%)	(527)
Total	32,071	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



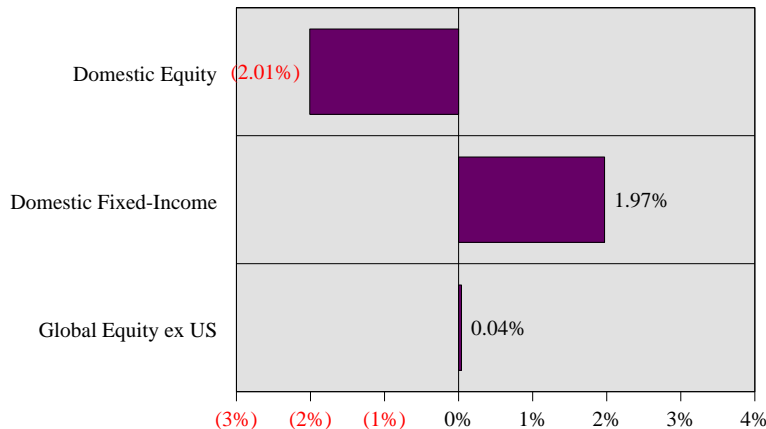
	Domestic Equity	Domestic Fixed-Income	Cash Equiv	Real Estate	Global Equity ex US	Intl Fixed-Inc	Alternative
10th Percentile	51.23	62.91	7.37	12.59	21.84	17.78	16.81
25th Percentile	45.60	42.64	2.78	9.34	19.68	6.18	14.51
Median	40.52	30.64	1.42	6.84	16.06	4.67	9.90
75th Percentile	31.39	26.50	0.36	4.33	13.76	0.82	5.82
90th Percentile	20.89	21.21	0.05	3.44	9.21	0.24	1.10
Fund ●	27.34	56.36	-	-	16.31	-	-
Target ▲	27.00	58.00	-	-	15.00	-	-
% Group Invested	97.40%	98.70%	62.34%	48.05%	89.61%	23.38%	41.56%

* 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.

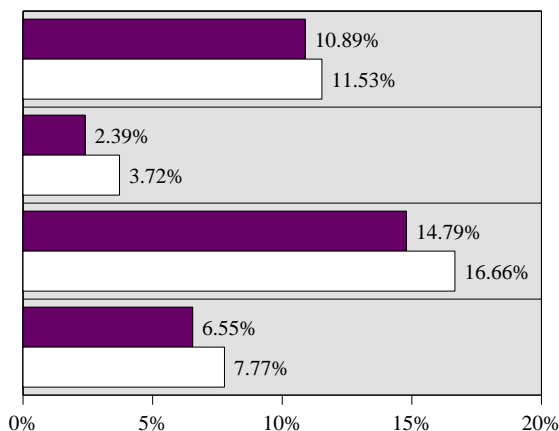
Quarterly Total Fund Relative Attribution - September 30, 2010

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

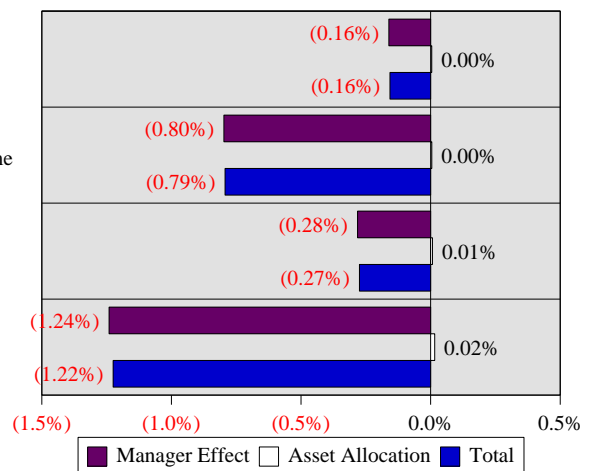
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended September 30, 2010

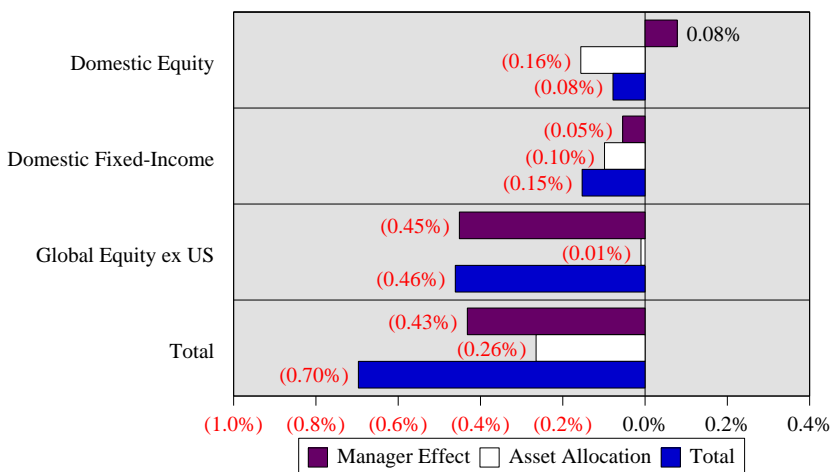
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	25%	27%	10.89%	11.53%	(0.16%)	0.00%	(0.16%)
Domestic Fixed-Income	60%	58%	2.39%	3.72%	(0.80%)	0.00%	(0.79%)
Global Equity ex US	15%	15%	14.79%	16.66%	(0.28%)	0.01%	(0.27%)
Total			6.55%	7.77%	(1.24%)	0.02%	(1.22%)

* 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 Relative Attribution - September 30, 2010

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

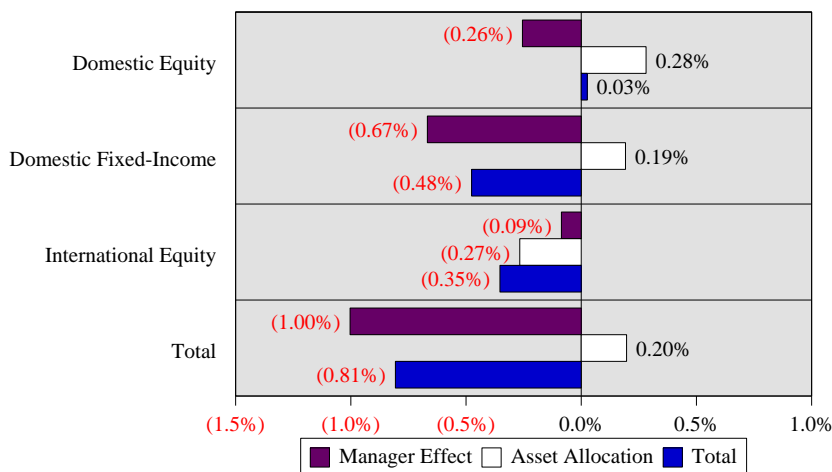
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	26%	27%	11.28%	10.96%	0.08%	(0.16%)	(0.08%)
Domestic Fixed-Income	59%	58%	8.62%	8.77%	(0.05%)	(0.10%)	(0.15%)
Global Equity ex US	15%	15%	5.29%	8.00%	(0.45%)	(0.01%)	(0.46%)
Total			9.02%	9.71%	(0.43%)	(0.26%)	(0.70%)

* 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.

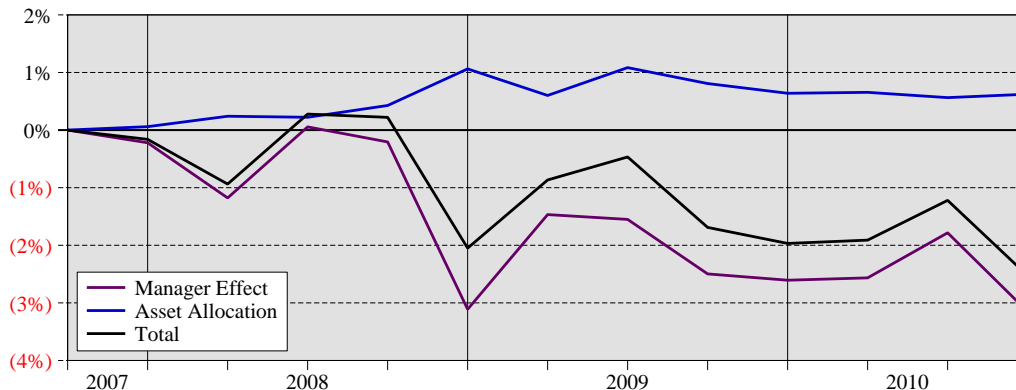
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

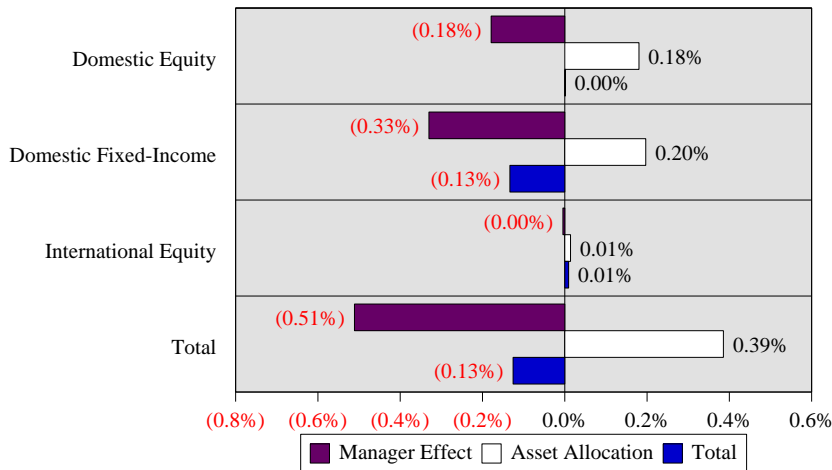
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	27%	29%	(7.11%)	(6.52%)	(0.26%)	0.28%	0.03%
Domestic Fixed-Income	60%	59%	6.85%	7.78%	(0.67%)	0.19%	(0.48%)
International Equity	13%	12%	(7.80%)	(8.08%)	(0.09%)	(0.27%)	(0.35%)
Total			1.82%	2.63%	(1.00%)	0.20%	(0.81%)

* 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.

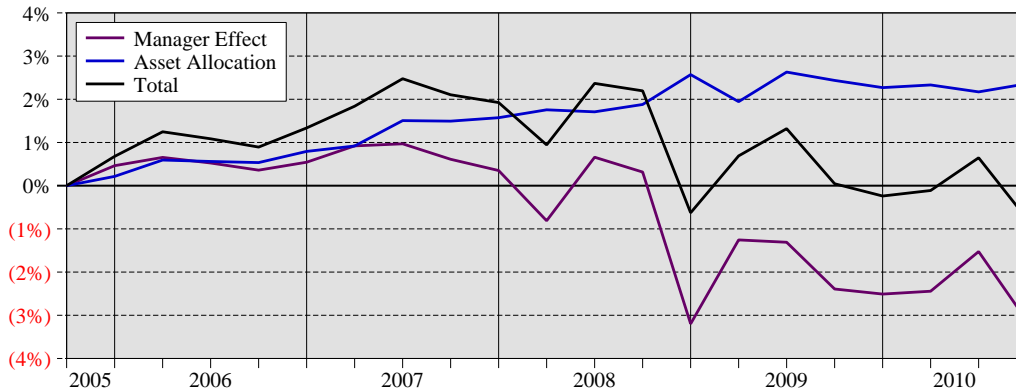
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

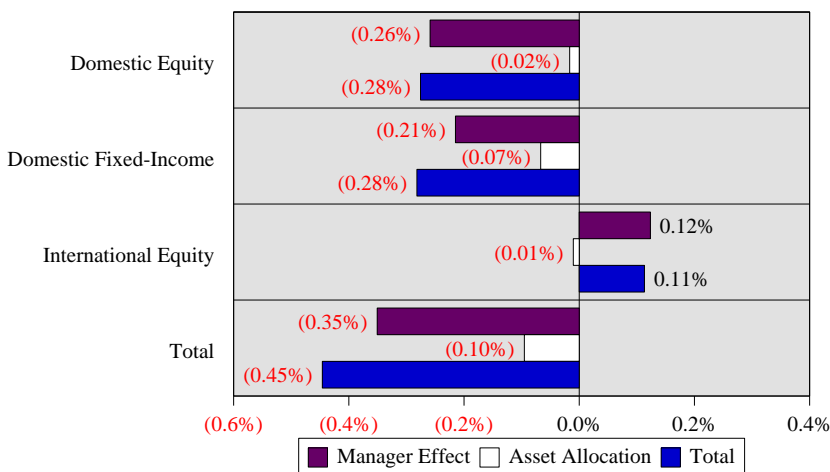
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	0.45%	0.90%	(0.18%)	0.18%	0.00%
Domestic Fixed-Income	58%	59%	5.95%	6.34%	(0.33%)	0.20%	(0.13%)
International Equity	13%	11%	3.45%	2.94%	(0.00%)	0.01%	0.01%
Total			4.86%	4.98%	(0.51%)	0.39%	(0.13%)

* 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.

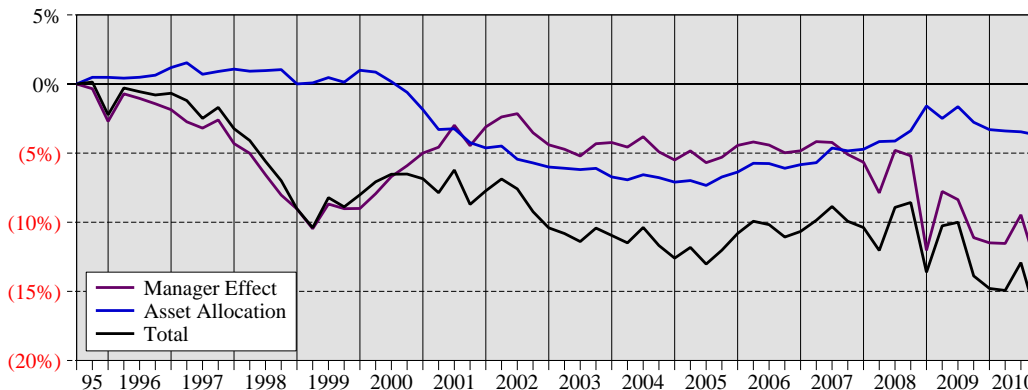
Cumulative Total Fund Relative Attribution - September 30, 2010

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

Fifteen and One-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Fifteen and One-Quarter Annualized Relative Attribution Effects

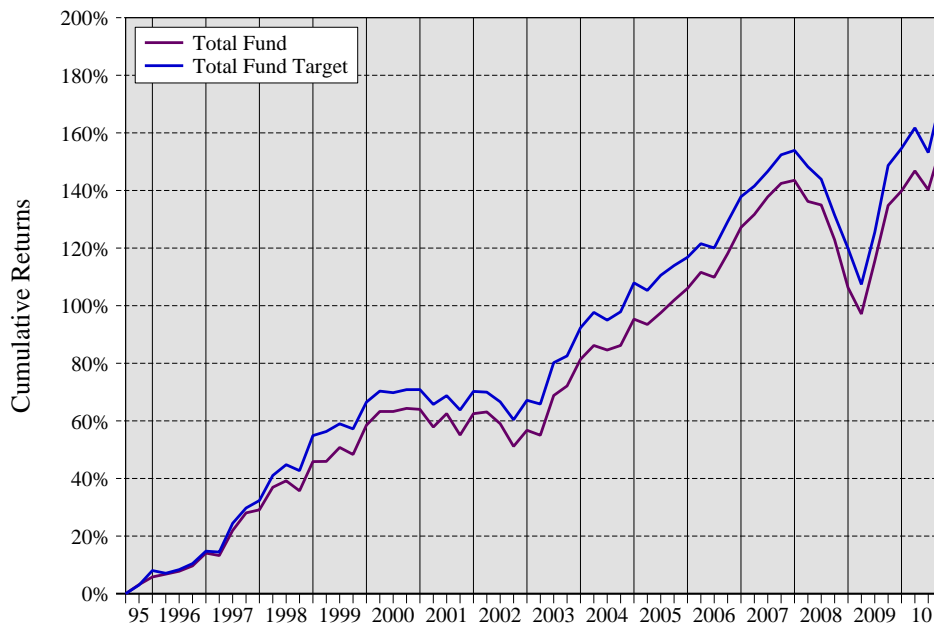
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	28%	6.09%	7.03%	(0.26%)	(0.02%)	(0.28%)
Domestic Fixed-Income	60%	62%	6.27%	6.53%	(0.21%)	(0.07%)	(0.28%)
International Equity	10%	10%	6.65%	5.06%	0.12%	(0.01%)	0.11%
Total			6.36%	6.80%	(0.35%)	(0.10%)	(0.45%)

* 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.

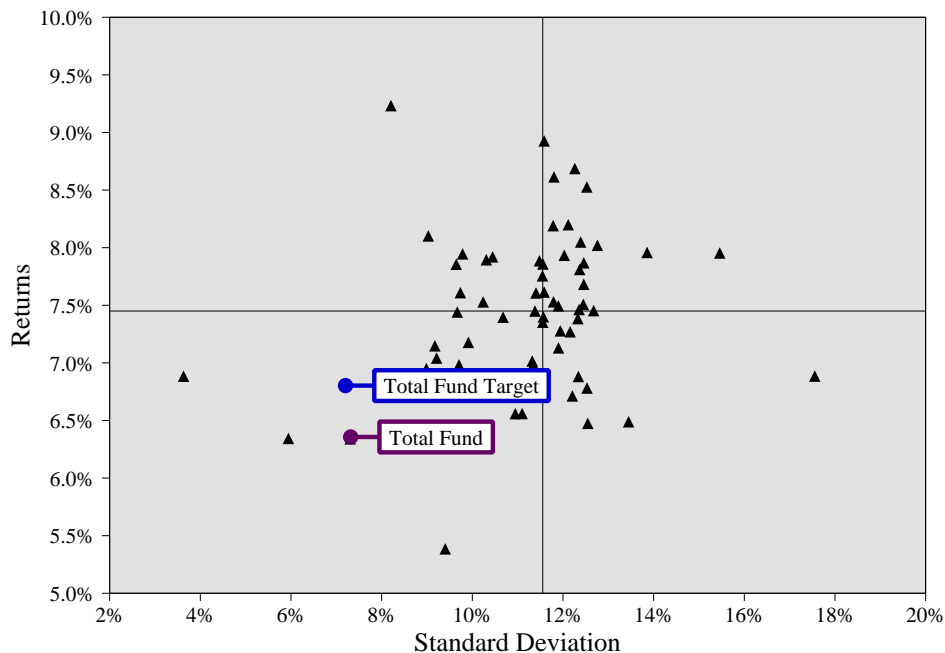
Cumulative Performance Relative to Target

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



Fifteen and One-Quarter Year Annualized Risk vs Return



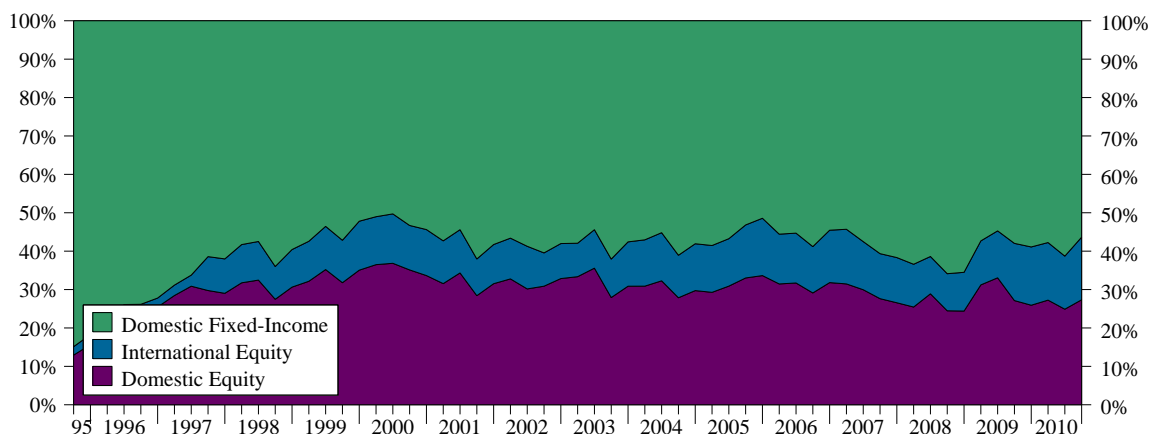
Triangles represent membership of the CAI Public Fund Sponsor Database

* 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.

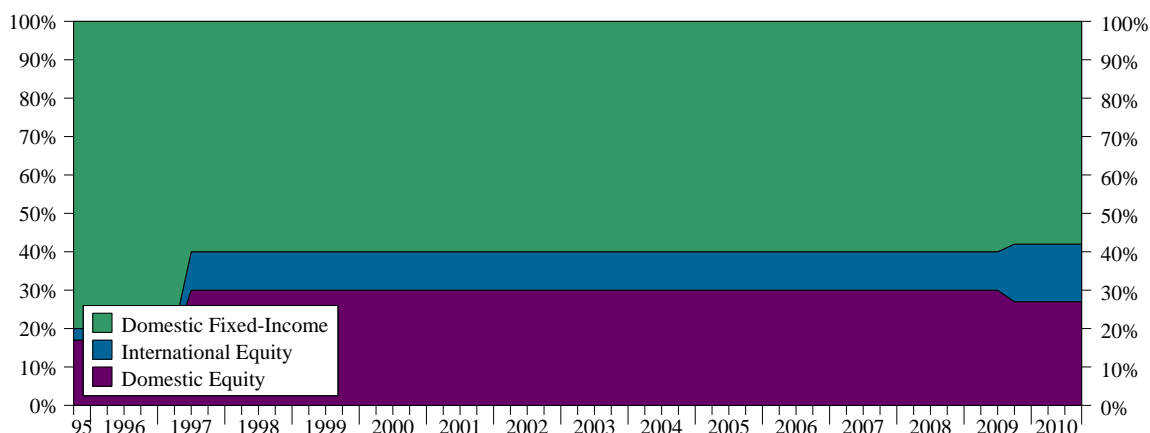
Actual vs Target Historical Asset Allocation

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.

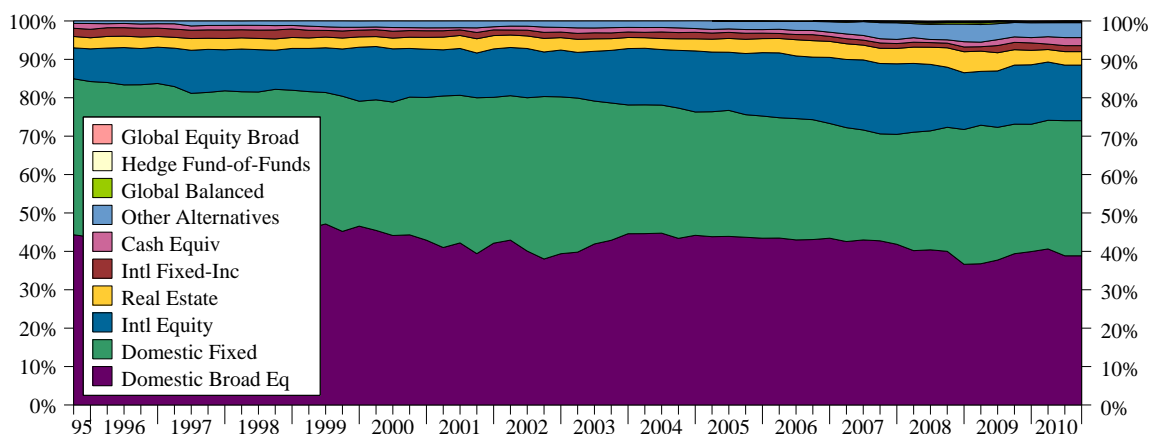
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

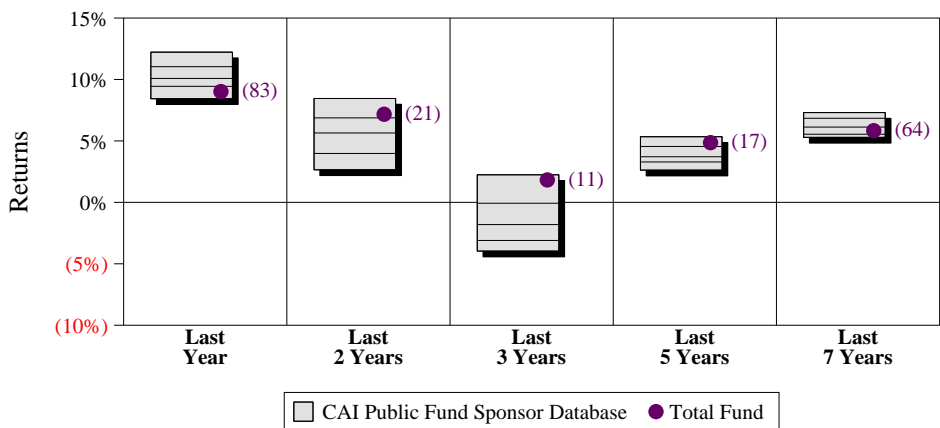


* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

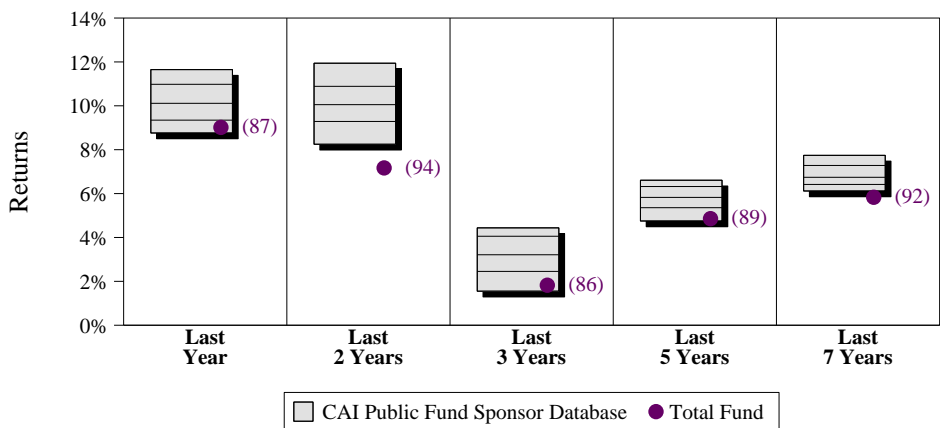
Total Fund Ranking

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 September 30, 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.

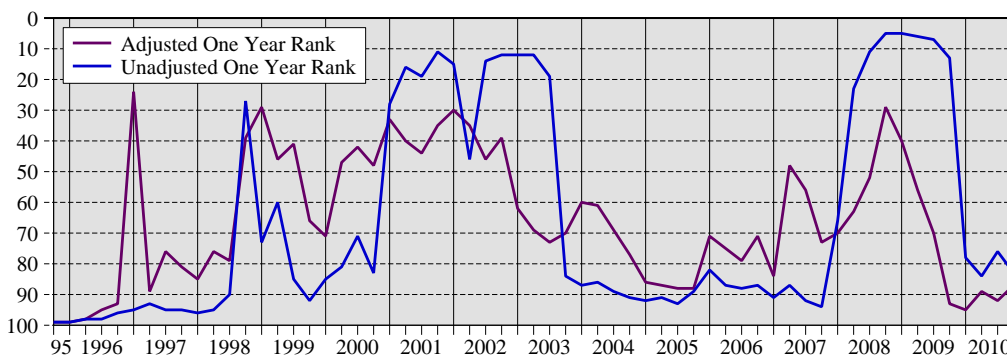
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



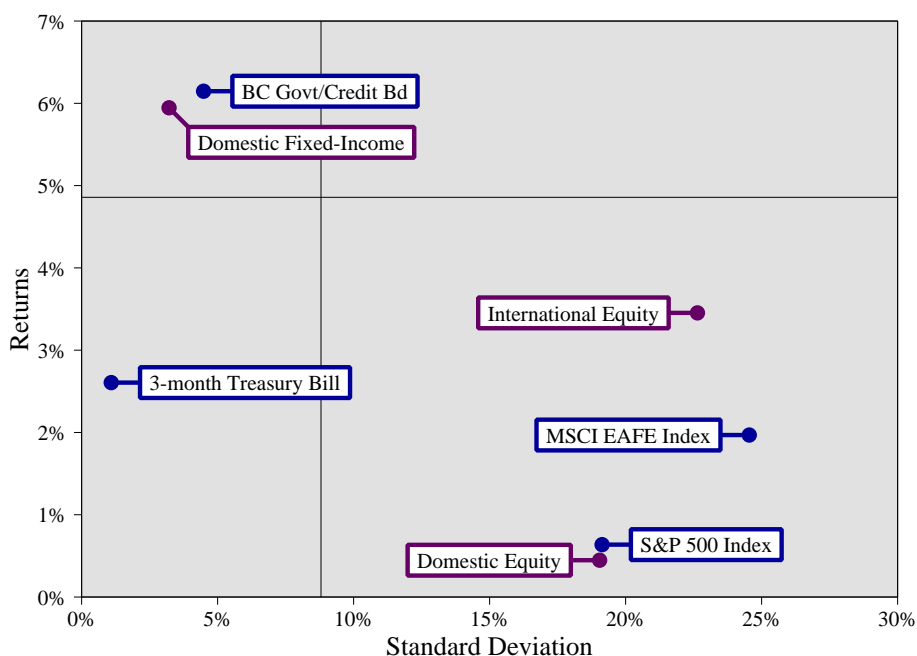
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



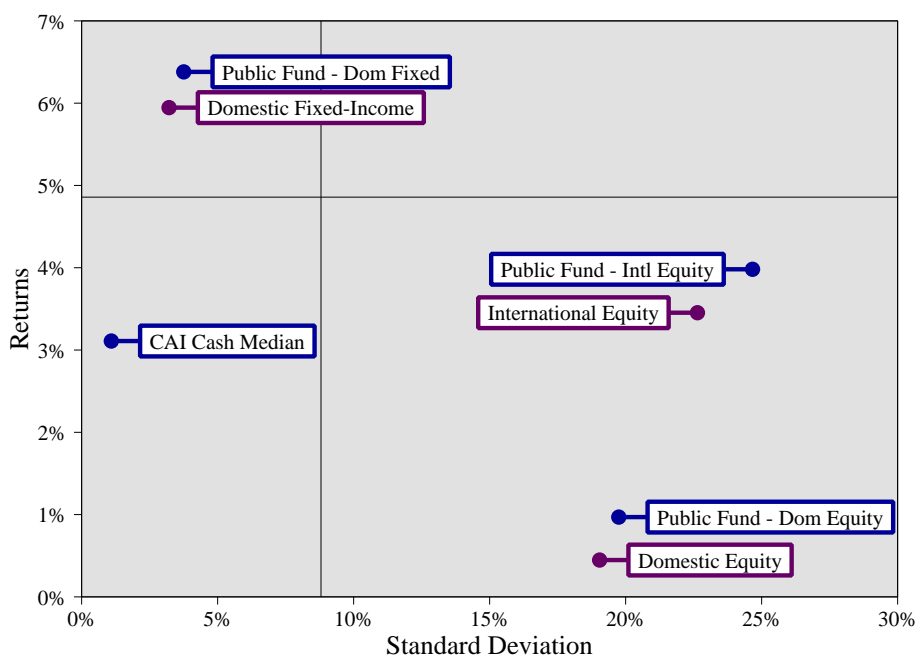
Asset Class Risk and Return

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



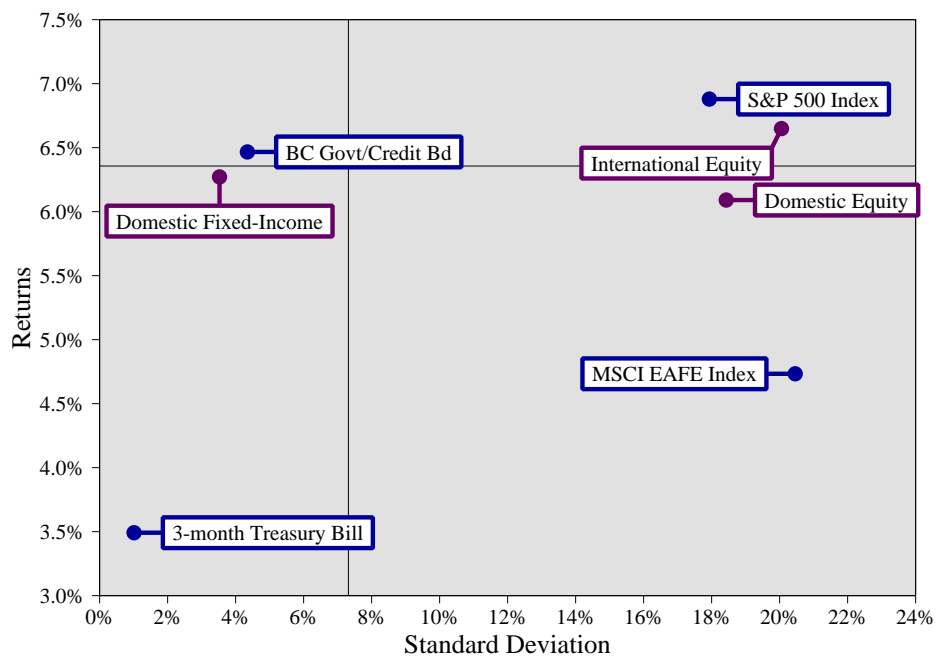
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



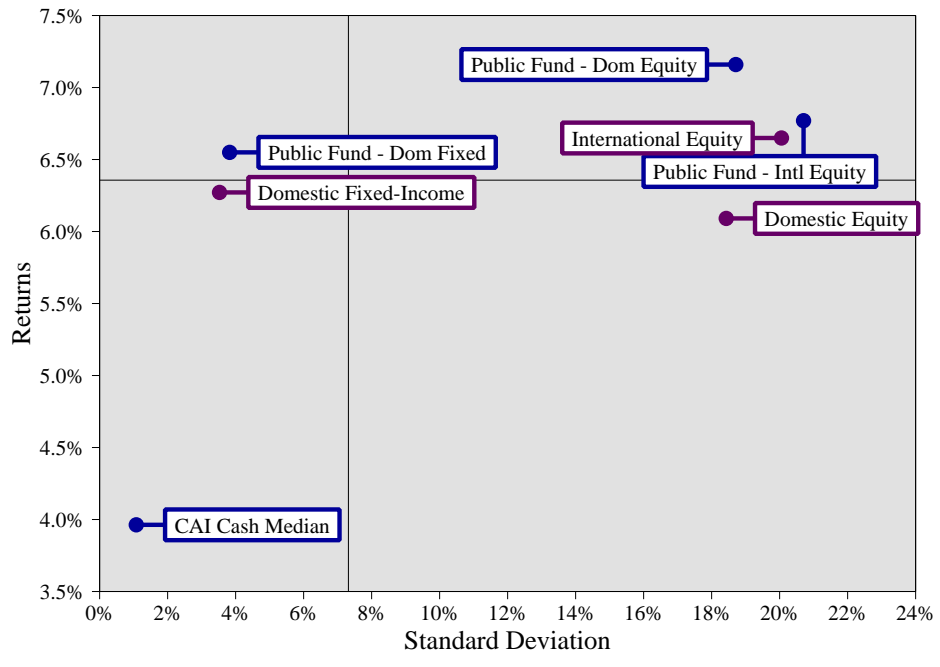
Asset Class Risk and Return

The charts below show the fifteen and one-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.

**Fifteen and One-Quarter Year Annualized Risk vs Return
Asset Classes vs Benchmark Indices**



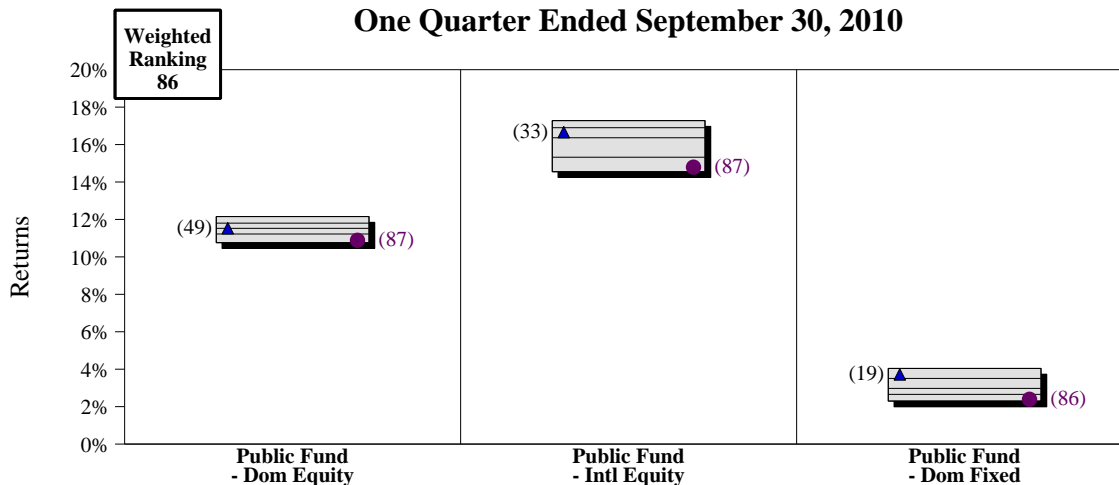
**Fifteen and One-Quarter Year Annualized Risk vs Return
Asset Classes vs Asset Class Median**



Asset Class Rankings

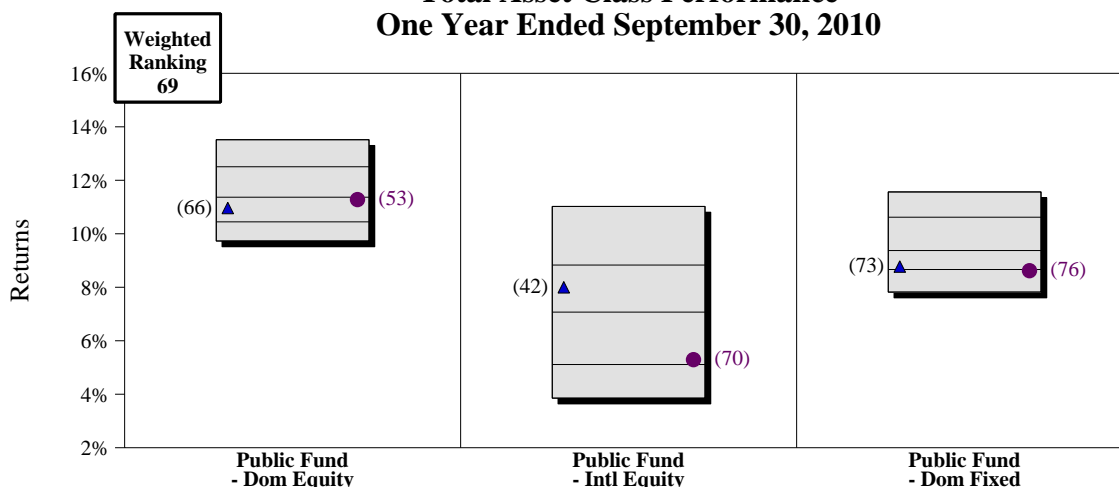
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper left corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used 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 September 30, 2010



10th Percentile	12.15	17.28	4.04
25th Percentile	11.80	16.90	3.51
Median	11.52	16.36	2.97
75th Percentile	11.22	15.32	2.66
90th Percentile	10.76	14.55	2.30
Asset Class Composite	10.89	14.79	2.39
Composite Benchmark	11.53	16.66	3.72

Total Asset Class Performance One Year Ended September 30, 2010



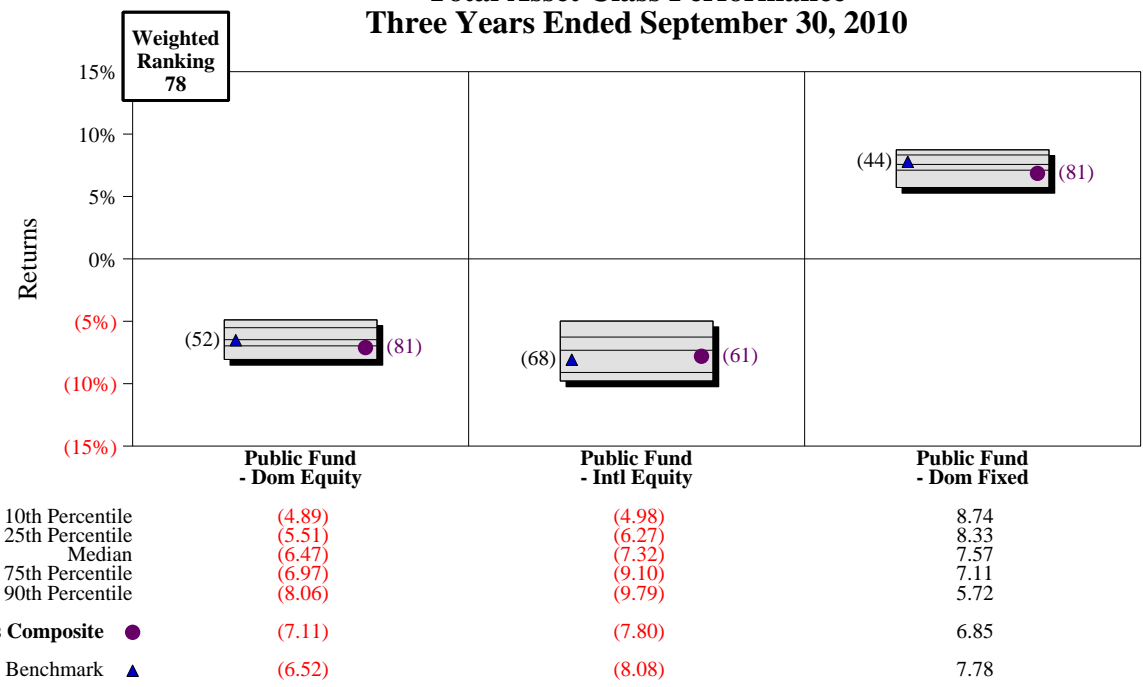
10th Percentile	13.52	11.02	11.57
25th Percentile	12.51	8.83	10.62
Median	11.37	7.07	9.37
75th Percentile	10.45	5.11	8.66
90th Percentile	9.73	3.85	7.82
Asset Class Composite	11.28	5.29	8.62
Composite Benchmark	10.96	8.00	8.77

* 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.

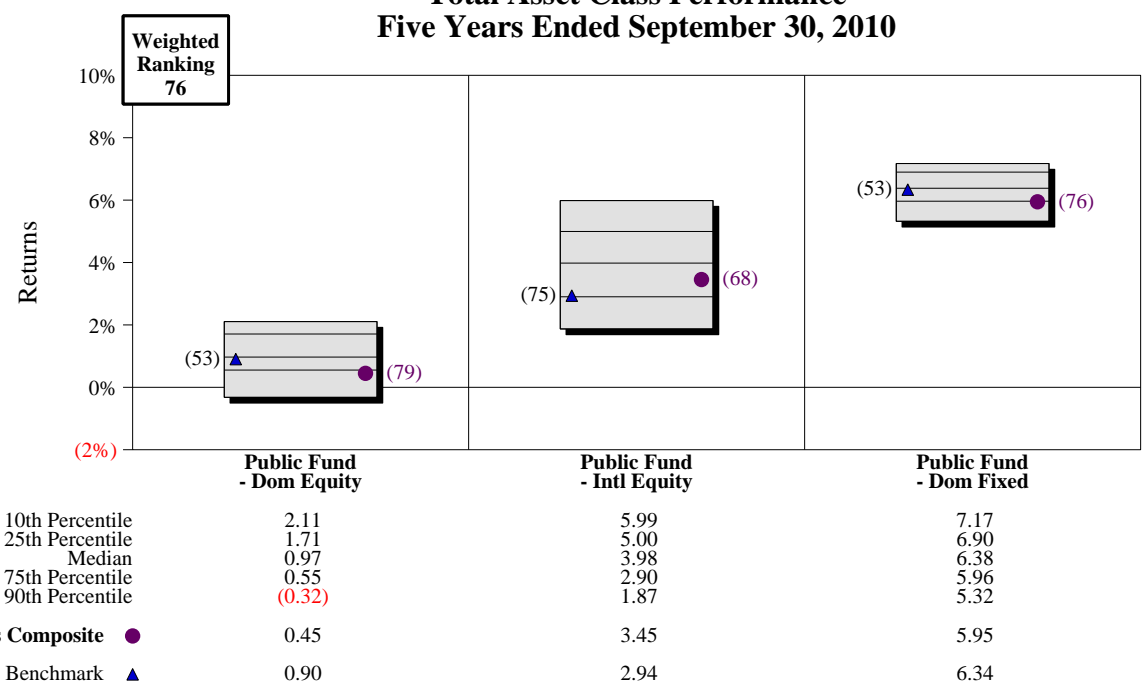
Asset Class Rankings

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 September 30, 2010



Total Asset Class Performance Five Years Ended September 30, 2010



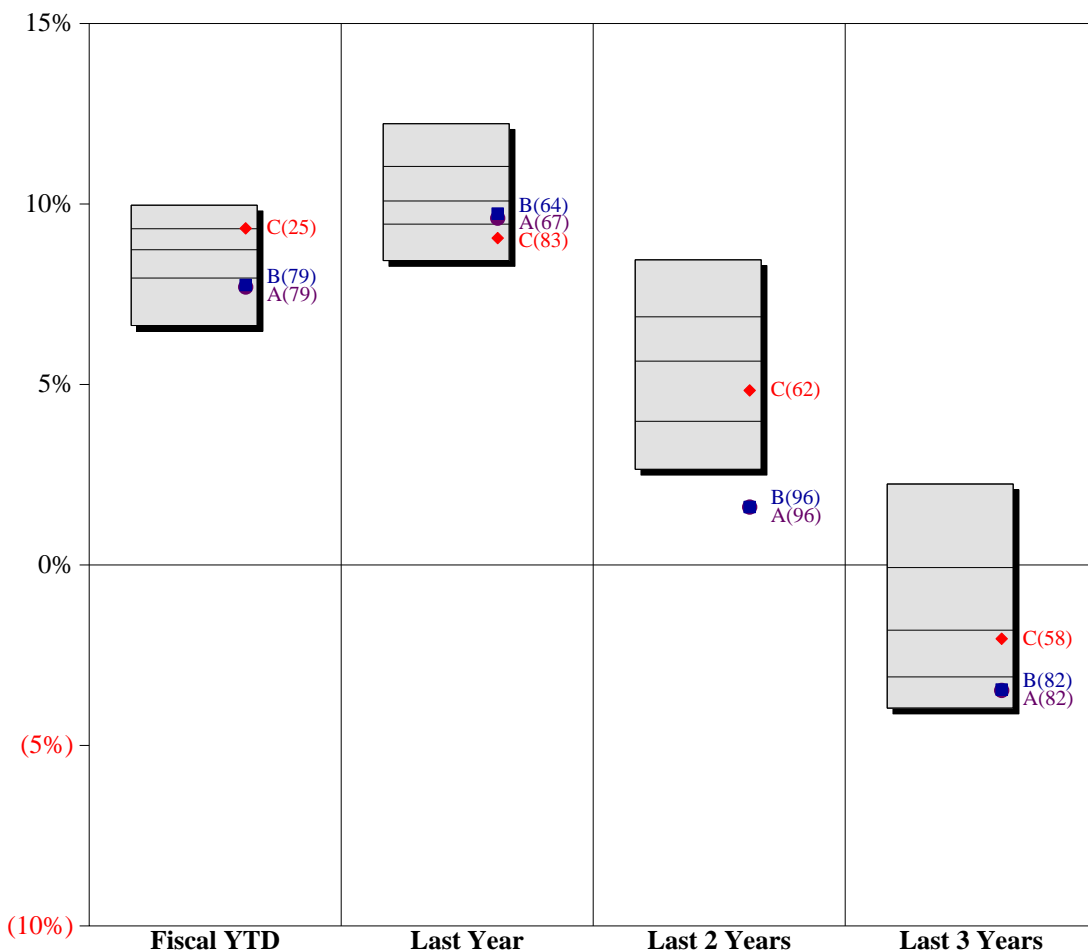
* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

**ALASKA RETIREMENT MANAGEMENT BOARD
PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE
PERIODS ENDED SEPTEMBER 30, 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.



	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	9.97	12.22	8.45	2.24
25th Percentile	9.31	11.04	6.87	(0.07)
Median	8.73	10.08	5.65	(1.81)
75th Percentile	7.95	9.44	3.98	(3.10)
90th Percentile	6.63	8.43	2.65	(3.97)
PERS Total Plan ● A	7.70	9.61	1.60	(3.48)
TRS Total Plan ■ B	7.76	9.73	1.61	(3.45)
Target Index ◆ C	9.32	9.06	4.84	(2.04)

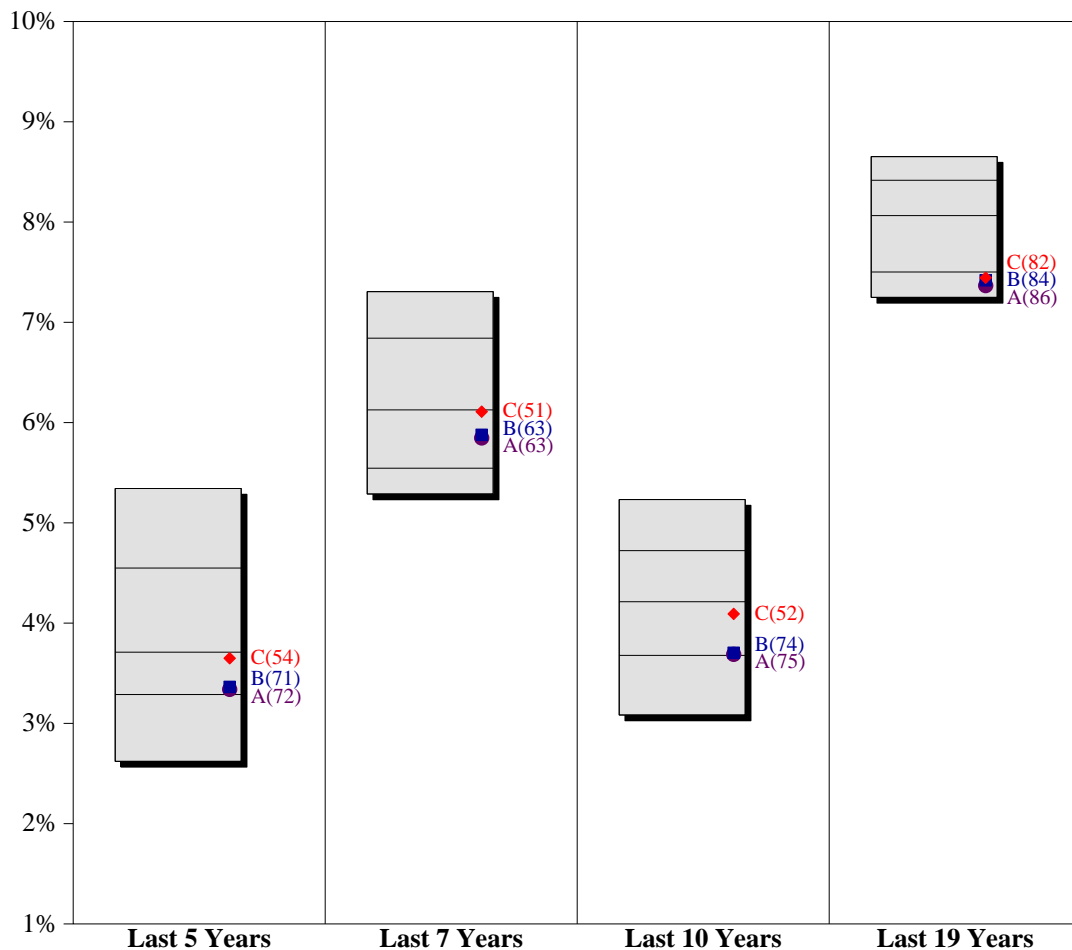
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% N

**ALASKA RETIREMENT MANAGEMENT BOARD
PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE
PERIODS ENDED SEPTEMBER 30, 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 5 Years	Last 7 Years	Last 10 Years	Last 19 Years
10th Percentile	5.34	7.31	5.23	8.65
25th Percentile	4.55	6.84	4.72	8.42
Median	3.71	6.13	4.21	8.06
75th Percentile	3.29	5.54	3.68	7.50
90th Percentile	2.62	5.29	3.08	7.25
PERS Total Plan ● A	3.34	5.85	3.69	7.37
TRS Total Plan ■ B	3.36	5.88	3.70	7.42
Target Index ◆ C	3.65	6.11	4.09	7.44

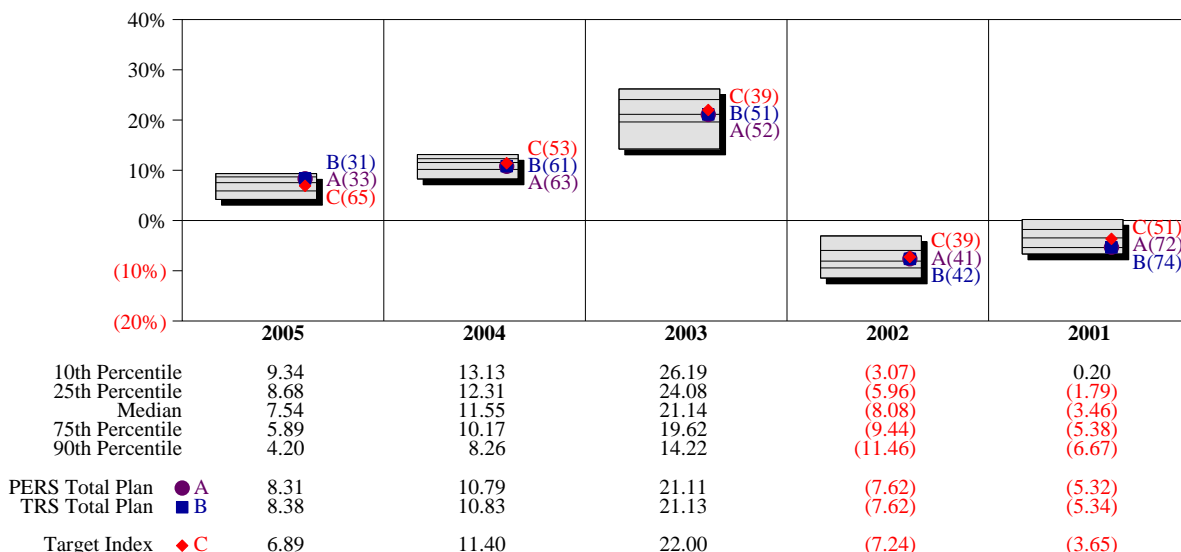
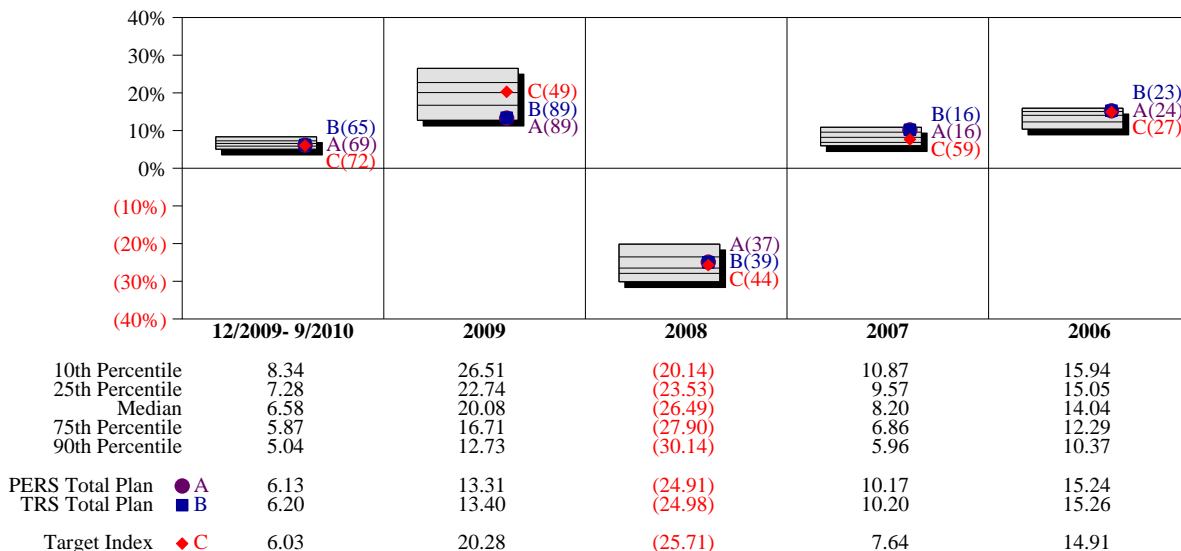
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% N

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 = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% N

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2010, with the distribution as of June 30, 2010.

Asset Distribution Across Investment Managers

	September 30, 2010		June 30, 2010	
	Market Value	Percent	Market Value	Percent
Total Domestic Equity(T)	\$4,308,031,506	29.47%	\$3,856,545,929	28.85%
Large Cap Managers(T)	\$3,370,798,506	23.06%	\$3,017,767,717	22.58%
Barrow, Hanley	120,846,720	0.83%	108,769,331	0.81%
Lazard Asset Mgmt	301,058,758	2.06%	271,958,758	2.03%
McKinley Capital	346,154,899	2.37%	311,202,760	2.33%
Quantitative Mgmt Assoc	117,982,721	0.81%	105,728,804	0.79%
RCM	379,445,196	2.60%	338,558,787	2.53%
Relational Investors	283,650,633	1.94%	239,379,038	1.79%
SSgA Russell 1000 Growth	451,166,553	3.09%	399,360,376	2.99%
SSgA Russell 1000 Value	1,041,433,650	7.13%	945,804,913	7.08%
SSgA Russell 200	329,059,376	2.25%	297,004,950	2.22%
Small Cap Managers(T)	\$865,055,151	5.92%	\$785,942,686	5.88%
Jennison Associates	128,790,535	0.88%	115,106,018	0.86%
Lord, Abbett	143,535,532	0.98%	136,504,718	1.02%
Luther King	98,649,468	0.67%	86,116,940	0.64%
SSgA Russell 2000 Growth	87,470,857	0.60%	77,563,375	0.58%
SSgA Russell 2000 Value	406,608,759	2.78%	370,651,635	2.77%
Convertible Bonds	\$72,177,850	0.49%	\$52,835,525	0.40%
Advent Convertible Bond(T)	72,177,850	0.49%	52,835,525	0.40%
Fixed-Income Pool(1)(P)	\$1,431,127,570	9.79%	\$1,654,965,738	12.38%
Employees' Fixed-Income	939,853,438	6.43%	1,081,791,212	8.09%
Teachers' Fixed-Income	457,227,793	3.13%	535,754,088	4.01%
Judicial Fixed-Income	15,972,562	0.11%	19,341,351	0.14%
Military Fixed-Income	18,073,778	0.12%	18,079,088	0.14%
International Fixed-Income Pool(T)	\$343,405,379	2.35%	\$287,292,309	2.15%
Mondrian	252,103,824	1.72%	199,964,997	1.50%
Lazard Emerging Income	91,301,555	0.62%	87,327,312	0.65%
High Yield(T)	\$316,573,840	2.17%	\$328,415,848	2.46%
MacKay Shields	177,204,197	1.21%	169,276,259	1.27%
Rogge Global Partners	139,369,643	0.95%	159,139,589	1.19%
International Equity Pool(T)	\$2,542,123,523	17.39%	\$2,036,514,720	15.24%
Brandes Investment	838,118,159	5.73%	735,763,157	5.50%
Capital Guardian	568,094,371	3.89%	494,014,424	3.70%
Lazard Asset Mgmt	420,456,605	2.88%	283,776,726	2.12%
McKinley Capital	330,857,923	2.26%	283,850,416	2.12%
SSgA Int'l	278,641,431	1.91%	239,109,997	1.79%
Schroder Investment Mgmt	105,955,034	0.72%	-	-
Emerging Markets Pool(T)	\$925,683,802	6.33%	\$779,393,883	5.83%
Capital Guardian	424,455,813	2.90%	361,343,012	2.70%
Eaton Vance	210,908,811	1.44%	177,695,929	1.33%
Lazard Emerging	290,319,178	1.99%	240,354,943	1.80%
Real Assets (P)(prelim)	\$1,299,617,480	8.89%	\$1,258,712,205	9.42%
Employees'	857,132,493	5.86%	822,922,055	6.16%
Teachers'	427,846,934	2.93%	421,463,162	3.15%
Judicial	14,638,053	0.10%	14,326,988	0.11%
Private Equity(P)	\$787,365,819	5.39%	\$800,210,420	5.99%
Employees'	517,014,491	3.54%	525,415,317	3.93%
Teachers'	260,946,572	1.79%	265,520,330	1.99%
Judicial	9,404,756	0.06%	9,274,772	0.07%
Absolute Return(P)	\$425,600,953	2.91%	\$414,865,139	3.10%
Employees'	279,501,915	1.91%	272,398,456	2.04%
Teachers'	141,017,147	0.96%	137,658,187	1.03%
Judicial	5,081,890	0.03%	4,808,496	0.04%
Total All Plans(P)	\$14,615,968,760	100.00%	\$13,366,714,194	100.00%
Total Plans	\$14,615,968,760	100.0%	\$13,366,714,194	100.0%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2010, with the distribution as of June 30, 2010.

Asset Distribution Across Investment Managers

	September 30, 2010		June 30, 2010	
	Market Value	Percent	Market Value	Percent
PERS	5,731,554,851	39.21%	5,392,235,780	40.34%
TRS	2,846,499,484	19.48%	2,719,627,646	20.35%
JRS	101,260,661	0.69%	95,230,260	0.71%
Military Total Plan	32,070,694	0.22%	29,496,762	0.22%
PERS Health Care	4,493,467,016	30.74%	3,842,034,756	28.74%
TRS Health Care	1,392,802,933	9.53%	1,271,070,657	9.51%
JRS Health Care	18,313,121	0.13%	17,018,334	0.13%
Total All Plans	\$14,615,968,760	100.0%	\$13,366,714,194	100.0%

(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 September 30, 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 September 30, 2010

	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Equity Pool	11.21%	10.91%	(6.88%)	0.59%
Large Cap Managers	11.51%	10.41%	(7.26%)	0.43%
Barrow, Hanley	11.10%	12.12%	(6.24%)	-
Barrow, Hanley(net)	10.98%	11.61%	(6.76%)	-
Lazard Asset Mgmt.	10.70%	8.91%	(5.61%)	2.17%
Lazard Asset Mgmt(net)	10.62%	8.58%	(5.93%)	1.85%
McKinley Capital	11.23%	10.31%	(6.22%)	1.31%
McKinley Capital(net)	11.14%	9.93%	(6.60%)	0.94%
Quantitative Mgmt Assoc.	11.59%	10.44%	(7.16%)	-
Quantitative Mgmt(net)	11.49%	10.06%	(7.55%)	-
RCM	12.08%	8.61%	(4.60%)	2.54%
RCM(net)	12.00%	8.30%	(4.91%)	2.23%
Relational Investors(net)	16.28%	16.71%	(8.40%)	(1.55%)
SSgA Russell 1000 Growth	12.97%	12.85%	(4.23%)	-
SSgA Russell 1000 Gr(net)	12.96%	12.81%	(4.27%)	-
SSgA Russell 1000 Value	10.10%	9.03%	(9.04%)	-
SSgA Russell 1000 Val(net)	10.09%	9.00%	(9.07%)	-
SSgA Russell 200	10.79%	8.43%	(7.70%)	-
SSgA Russell 200(net)	10.78%	8.39%	(7.74%)	-
Standard & Poor's 500 Index	11.29%	10.16%	(7.16%)	0.64%
Small Cap Managers	10.06%	12.39%	(5.61%)	1.07%
Jennison Associates	11.89%	18.82%	(2.63%)	4.16%
Jennison Associates(net)	11.69%	18.05%	(3.39%)	3.41%
Lord, Abbett	5.15%	5.31%	(6.35%)	0.91%
Lord, Abbett(net)	4.97%	4.61%	(7.06%)	0.22%
Luther King	14.55%	18.74%	(4.72%)	2.00%
Luther King(net)	14.42%	18.19%	(5.26%)	1.46%
SSgA Russell 2000 Growth	12.77%	14.09%	(4.51%)	-
SSgA Russell 2000 Gr(net)	12.76%	14.04%	(4.56%)	-
SSgA Russell 2000 Value	9.69%	11.28%	(5.04%)	-
SSgA Russell 2000 Val(net)	9.68%	11.24%	(5.08%)	-
Russell 2000 Index	11.29%	13.35%	(4.29%)	1.60%
Convertible Bond	7.34%	-	-	-
Advent Capital	7.34%	-	-	-
Advent Capital(net)	7.15%	-	-	-
International Equity Pool	15.19%	5.66%	(8.28%)	3.13%
Brandes Investment	13.91%	1.43%	(7.28%)	4.02%
Brandes Investment(net)	13.80%	1.02%	(7.70%)	3.59%
Capital Guardian	15.00%	6.67%	(8.09%)	2.92%
Capital Guardian(net)	14.89%	6.26%	(8.50%)	2.51%
Lazard Asset Intl	16.47%	6.89%	(4.63%)	4.56%
Lazard Asset Intl(net)	16.38%	6.56%	(4.96%)	4.24%
McKinley Capital	16.56%	11.74%	(12.99%)	1.18%
McKinley Capital(net)	16.43%	11.22%	(13.51%)	0.67%
SSgA Int'l	16.53%	8.65%	-	-
SSgA Int'l(net)	16.40%	8.11%	-	-
MSCI Europe Index	19.35%	2.63%	(10.37%)	2.34%
MSCI Pacific ex-Japan	22.11%	13.53%	(3.16%)	9.61%
MSCI EAFE Index	16.48%	3.27%	(9.51%)	1.97%
MSCI ACWI ex-US IMI Index	16.80%	8.48%	(7.00%)	4.55%
Emerging Markets Pool	18.78%	20.56%	0.16%	14.27%
Capital Guardian(net)	17.47%	19.55%	0.98%	15.73%
Lazard Emerging(net)	20.79%	23.42%	-	-
Eaton Vance(net)	18.69%	19.74%	-	-
MSCI Emerging Mkts	18.16%	20.54%	(1.20%)	13.08%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 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 September 30, 2010

	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Total Fixed-Income Pool	3.60%	9.34%	7.38%	6.27%
US Treas Pool	2.24%	-	-	-
BC Govt/Credit Bd	3.28%	8.73%	7.46%	6.15%
BC Aggregate Index	2.48%	8.16%	7.42%	6.20%
BC Intmdt Treas	2.33%	6.53%	6.81%	5.93%
International Fixed-Income Pool	8.75%	8.80%	10.55%	8.44%
Mondrian Investment Partners	10.55%	7.80%	11.43%	8.95%
Mondrian Inv Partners(net)	10.49%	7.58%	11.21%	8.74%
Lazard Emerging Income	4.55%	11.23%	-	-
Lazard Emerging Income(net)	4.49%	10.98%	-	-
Citi Non-US Gvt Bd Idx	10.45%	4.47%	8.44%	7.33%
High Yield	5.65%	14.71%	6.83%	7.10%
MacKay Shields	4.68%	14.99%	7.75%	7.74%
MacKay Shields(net)	4.57%	14.54%	7.30%	7.29%
Rogge Global Partners	6.80%	14.55%	5.93%	6.48%
Rogge Global Partners(net)	6.68%	14.07%	5.44%	5.99%
High Yield Target(1)	6.70%	18.51%	8.60%	8.28%
Real Assets(prelim)	1.78%	4.51%	-	-
Real Assets Target	3.01%	5.54%	-	-
Real Estate Pool(prelim)	3.21%	4.57%	(13.37%)	(1.62%)
Real Estate Target	4.76%	8.22%	(4.02%)	4.00%
UBS Agrivest(3)	0.74%	3.67%	8.17%	9.35%
UBS Agrivest Comp (w Water)	0.73%	4.00%	8.39%	9.48%
Hancock Agricultural(3)	1.11%	7.77%	10.19%	9.19%
Hancock Composite (w Water)	1.11%	8.47%	10.01%	9.08%
TCW Energy(2)	(6.98%)	(4.49%)	(1.31%)	5.86%
Timberland	(0.58%)	(6.78%)	-	-
Hancock Timber	2.06%	0.05%	-	-
NCREIF Timberland Index	0.99%	(2.89%)	5.09%	9.85%
Private Equity	0.81%	15.88%	(2.33%)	8.90%
Employees'	0.81%	15.88%	(2.33%)	8.90%
Teachers'	0.81%	15.88%	(2.33%)	8.90%
Absolute Return	0.27%	4.30%	(1.74%)	2.23%
Employees'	0.27%	4.31%	(1.74%)	2.23%
Teachers'	0.27%	4.30%	(1.74%)	2.24%
Total All Plans	7.69%	9.51%	(3.39%)	3.39%
Employees' Total Plan	7.70%	9.61%	(3.48%)	3.34%
Teachers' Total Plan	7.76%	9.73%	(3.45%)	3.36%
PERS & TRS Policy Target	9.32%	9.06%	(2.04%)	3.65%
Judicial Total Plan	7.76%	9.69%	(3.62%)	3.03%
PERS Health PAn	7.63%	9.24%	-	-
TRS Health Plan	7.70%	9.42%	-	-
JRS Health Plan	7.74%	9.43%	-	-
Military Total Plan	6.55%	9.02%	1.82%	4.86%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

(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 September 30, 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 September 30, 2010

	Last 7 Years	Last 10 Years	Last 19 Years
Domestic Equity Pool	3.70%	(0.26%)	7.32%
Large Cap Managers	3.51%	(0.20%)	7.37%
Lazard Asset Mgmt.	5.06%	2.52%	-
Lazard Asset Mgmt(net)	4.73%	2.19%	-
McKinley Capital	4.13%	(3.37%)	-
McKinley Capital(net)	3.75%	(3.75%)	-
RCM	4.56%	(1.36%)	-
RCM(net)	4.25%	(1.67%)	-
Standard & Poor's 500 Index	4.04%	(0.43%)	8.00%
Small Cap Managers	4.15%	(0.42%)	-
Russell 2000 Index	6.13%	4.00%	8.69%
Fixed-Income Pool	5.52%	6.55%	7.04%
BC Govt/Credit	5.23%	6.52%	6.86%
BC Aggregate	5.35%	6.41%	6.78%
International Fixed-Income Pool	7.94%	10.44%	-
Mondrian Investment Partners	8.31%	10.70%	-
Mondrian Inv Partners(net)	8.11%	10.51%	-
Citi Non-US Gvt Bd Idx	6.84%	8.01%	7.29%
International Equity Pool	8.65%	4.03%	7.28%
Brandes Investment	10.10%	6.66%	-
Brandes Investment(net)	9.68%	6.23%	-
Capital Guardian	7.99%	-	-
Capital Guardian(net)	7.57%	-	-
Lazard Asset Intl	8.85%	3.56%	-
Lazard Asset Intl(net)	8.52%	3.23%	-
MSCI Europe Index	8.35%	3.01%	7.93%
MSCI Pacific ex-Japan	14.95%	10.98%	9.08%
MSCI EAFE Index	7.81%	2.56%	5.26%
Emerging Markets Pool	19.82%	13.62%	-
Capital Guardian(net)	20.18%	13.29%	-
MSCI Emerging Mkts	19.32%	13.77%	10.45%
Citigroup Non-US Govt	6.84%	8.01%	7.29%
Real Estate(prelim)	2.81%	4.47%	5.15%
Real Estate Target	7.27%	7.72%	7.27%
Total All Plans	5.89%	3.72%	7.39%
Employees' Total Plan	5.85%	3.69%	7.37%
Teachers' Total Plan	5.88%	3.70%	7.42%
PERS & TRS Policy Target	6.11%	4.09%	7.44%
Judicial Total Plan	5.54%	4.04%	6.93%
Military Total Plan	5.83%	4.53%	6.99%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

Investment Manager Returns

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

	6/2010- 9/2010	FY 2010	FY 2009	FY 2008	FY 2007
Domestic Equity Pool	11.21%	15.46%	(26.74%)	(13.53%)	20.11%
Large Cap Managers	11.51%	13.80%	(26.29%)	(13.48%)	20.88%
Barrow, Hanley	11.10%	17.08%	(23.43%)	(18.85%)	-
Barrow, Hanley(net)	10.98%	16.57%	(23.95%)	(19.35%)	-
Lazard Asset Mgmt.	10.70%	12.73%	(21.99%)	(12.77%)	24.63%
Lazard Asset Mgmt(net)	10.62%	12.41%	(22.31%)	(13.10%)	24.31%
McKinley Capital	11.23%	14.27%	(30.58%)	(1.04%)	16.47%
McKinley Capital(net)	11.14%	13.89%	(30.97%)	(1.40%)	16.09%
Quantitative Mgmt Assoc.	11.59%	16.51%	(25.93%)	(18.02%)	-
Quantitative Mgmt(net)	11.49%	16.12%	(26.33%)	(18.40%)	-
RCM	12.08%	9.14%	(19.81%)	(5.99%)	17.90%
RCM(net)	12.00%	8.82%	(20.14%)	(6.29%)	17.59%
Relational Investors(net)	16.28%	16.06%	(26.56%)	(27.40%)	32.37%
SSgA Russell 1000 Growth	12.97%	13.77%	(24.41%)	(5.79%)	-
SSgA Russell 1000 Gr(net)	12.96%	13.73%	(24.45%)	(5.82%)	-
SSgA Russell 1000 Value	10.10%	17.10%	(28.40%)	(18.68%)	-
SSgA Russell 1000 Val(net)	10.09%	17.06%	(28.44%)	(18.71%)	-
SSgA Russell 200	10.79%	11.39%	(24.90%)	(12.22%)	-
SSgA Russell 200(net)	10.78%	11.35%	(24.93%)	(12.26%)	-
Standard & Poor's 500 Index	11.29%	14.43%	(26.21%)	(13.12%)	20.59%
Small Cap Managers	10.06%	21.11%	(28.98%)	(13.03%)	16.86%
Jennison Associates	11.89%	26.29%	(26.43%)	(11.12%)	21.89%
Jennison Associates(net)	11.69%	25.52%	(27.21%)	(11.84%)	21.17%
Lord, Abbett	5.15%	15.11%	(29.62%)	(4.37%)	21.39%
Lord, Abbett(net)	4.97%	14.41%	(30.33%)	(5.05%)	20.70%
Luther King	14.55%	20.95%	(26.31%)	(16.44%)	15.09%
Luther King(net)	14.42%	20.40%	(26.85%)	(16.97%)	14.56%
SSgA Russell 2000 Growth	12.77%	13.88%	(24.23%)	-	-
SSgA Russell 2000 Gr(net)	12.76%	13.83%	(24.28%)	-	-
SSgA Russell 2000 Value	9.69%	23.98%	(24.43%)	(21.79%)	-
SSgA Russell 2000 Val(net)	9.68%	23.94%	(24.48%)	(21.84%)	-
Russell 2000 Index	11.29%	21.48%	(25.01%)	(16.19%)	16.43%
International Equity Pool	15.19%	8.51%	(30.37%)	(9.36%)	27.85%
Brandes Investment	13.91%	6.05%	(23.76%)	(13.07%)	29.88%
Brandes Investment(net)	13.80%	5.64%	(24.19%)	(13.50%)	29.45%
Capital Guardian	15.00%	10.44%	(31.73%)	(7.66%)	25.60%
Capital Guardian(net)	14.89%	10.03%	(32.16%)	(8.07%)	25.19%
Lazard Asset Intl	16.47%	8.84%	(23.86%)	(8.53%)	23.17%
Lazard Asset Intl(net)	16.38%	8.51%	(24.19%)	(8.85%)	22.85%
McKinley Capital	16.56%	9.26%	(42.91%)	(5.35%)	31.53%
McKinley Capital(net)	16.43%	8.73%	(43.45%)	(5.85%)	31.02%
MSCI Europe Index	19.35%	5.70%	(34.53%)	(11.34%)	32.44%
MSCI Pacific ex-Japan	22.11%	18.43%	(27.66%)	(1.83%)	42.56%
MSCI EAFE Index	16.48%	5.92%	(31.35%)	(10.61%)	27.00%
Emerging Markets Pool	18.78%	22.84%	(24.96%)	3.96%	48.02%
Capital Guardian(net)	17.47%	22.83%	(23.08%)	3.78%	52.08%
Lazard Emerging(net)	20.79%	25.16%	(27.63%)	-	-
Eaton Vance(net)	18.69%	23.02%	(29.47%)	-	-
MSCI Emerging Mkts	18.16%	23.48%	(27.82%)	4.89%	45.45%

Investment Manager Returns

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

	6/2010- 9/2010	FY 2010	FY 2009	FY 2008	FY 2007
Total Fixed-Income	3.60%	11.24%	3.38%	6.55%	6.19%
BC Govt/Credit Bd	3.28%	9.65%	5.26%	7.24%	6.00%
BC Aggregate Index	2.48%	9.50%	6.05%	7.12%	6.12%
International Fixed-Income Pool	8.75%	7.54%	4.88%	18.97%	1.97%
Mondrian Investment Partners	10.55%	5.76%	7.43%	18.97%	1.97%
Mondrian Inv Partners(net)	10.49%	5.53%	7.21%	18.76%	1.75%
Lazard Emerging Income	4.55%	11.87%	-	-	-
Lazard Emerging Income(net)	4.49%	11.62%	-	-	-
Citi Non-US Gvt Bd Idx	10.45%	1.52%	3.53%	18.72%	2.19%
High Yield	5.65%	19.67%	(2.40%)	(1.00%)	10.83%
MacKay Shields	4.68%	21.65%	(1.72%)	0.56%	10.54%
MacKay Shields(net)	4.57%	21.20%	(2.17%)	0.11%	10.09%
Rogge Global Partners	6.80%	17.63%	(3.10%)	(2.53%)	11.11%
Rogge Global Partners(net)	6.68%	17.14%	(3.59%)	(3.02%)	10.63%
High Yield Target(1)	6.70%	27.53%	(3.53%)	(2.11%)	11.69%
Real Assets(prelim)	1.78%	(0.09%)	(21.62%)	-	-
Real Assets Target	3.01%	1.17%	(10.82%)	-	-
Real Estate Pool(prelim)	3.21%	(3.81%)	(35.94%)	5.11%	21.18%
Real Estate Target	4.76%	3.65%	(21.13%)	6.82%	16.90%
UBS Agrivest(3)	0.74%	3.67%	4.62%	17.05%	13.25%
UBS Agrivest Comp (w Water)	0.73%	4.01%	4.90%	17.04%	13.25%
Hancock Agricultural(3)	1.11%	7.79%	9.25%	13.57%	10.68%
Hancock Composite (w Water)	1.11%	8.50%	7.99%	13.58%	10.68%
TCW Energy(2)	(6.98%)	0.74%	(25.02%)	43.14%	19.63%
Timberland	(0.58%)	(3.01%)	-	-	-
Hancock Timber	2.06%	(2.74%)	-	-	-
Private Equity	0.81%	18.87%	(23.67%)	13.19%	28.74%
Employees'	0.81%	18.86%	(23.67%)	13.19%	28.74%
Teachers'	0.81%	18.87%	(23.67%)	13.19%	28.74%
Absolute Return	0.27%	6.59%	(12.52%)	1.52%	10.00%
Employees'	0.27%	6.59%	(12.51%)	1.52%	10.00%
Teachers'	0.27%	6.60%	(12.52%)	1.53%	10.00%
Total All Plans	7.69%	11.62%	(20.49%)	(3.13%)	18.93%
Employees' Total Plan	7.70%	11.39%	(20.53%)	(3.13%)	18.93%
Teachers' Total Plan	7.76%	11.58%	(20.67%)	(3.12%)	18.97%
PERS & TRS Policy Target	9.32%	11.11%	(17.00%)	(4.73%)	16.99%
Judicial Total Plan	7.76%	11.92%	(20.51%)	(4.69%)	18.48%
Military Total Plan	6.55%	11.50%	(8.31%)	(1.18%)	13.30%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmtd Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

(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, 2006. 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 2006	FY 2005	FY 2004	FY 2003	FY 2002
Domestic Equity Pool	9.23%	4.48%	20.06%	(0.97%)	(16.85%)
Large Cap Managers	7.86%	4.96%	17.97%	0.35%	(16.82%)
Capital Guardian	11.35%	5.28%	21.95%	7.41%	(19.40%)
Capital Guardian(net)	11.11%	5.05%	21.71%	7.16%	(19.64%)
Lazard Asset Mgmt.	8.70%	6.45%	17.78%	(0.29%)	(13.53%)
Lazard Asset Mgmt(net)	8.37%	6.12%	17.45%	(0.65%)	(13.87%)
McKinley Capital	11.29%	0.85%	21.88%	(2.73%)	(26.01%)
McKinley Capital(net)	10.92%	0.47%	21.49%	(3.13%)	(26.41%)
RCM	8.33%	4.71%	12.17%	(1.49%)	(19.42%)
RCM(net)	8.03%	4.40%	11.87%	(1.79%)	(19.72%)
Tukman Capital	4.58%	(4.56%)	14.96%	(2.56%)	(5.16%)
Tukman Capital(net)	4.04%	(5.08%)	14.43%	(3.09%)	(5.69%)
Standard & Poor's 500 Index	8.63%	6.32%	19.11%	0.25%	(17.99%)
Small Cap Managers	15.07%	2.00%	28.29%	(5.41%)	(16.96%)
Jennison Associates	15.99%	-	-	-	-
Jennison Associates(net)	15.26%	-	-	-	-
Lord, Abbett	11.30%	-	-	-	-
Lord, Abbett(net)	10.61%	-	-	-	-
Luther King	21.79%	-	-	-	-
Luther King(net)	21.25%	-	-	-	-
Trust Co. of the West	12.98%	(3.22%)	43.89%	(4.82%)	-
Trust Co. of the West(net)	12.21%	(3.98%)	43.12%	(5.60%)	-
Turner Inv. Partners	16.87%	11.62%	-	-	-
Turner Inv. Partners(net)	16.29%	11.02%	-	-	-
Russell 2000 Index	14.58%	9.45%	33.37%	(1.64%)	(8.60%)
Fixed-Income Pool	0.06%	7.09%	0.61%	10.69%	8.17%
BC Govt/Credit	(1.52%)	7.26%	(0.72%)	13.15%	8.24%
BC Aggregate	(0.81%)	6.80%	0.32%	10.40%	8.63%
International Fixed-Income Pool	(0.26%)	9.84%	7.52%	24.48%	22.56%
Mondrian Inv Partners	(0.26%)	9.84%	7.52%	24.48%	22.56%
Mondrian Inv Partners(net)	(0.45%)	9.67%	7.34%	24.29%	22.36%
Citi Non-US Gvt Bd Idx	(0.01%)	7.75%	7.60%	17.90%	15.73%
International Equity Pool	28.28%	13.37%	31.67%	(5.83%)	(8.54%)
Brandes Investment	27.95%	14.43%	44.21%	(4.37%)	(5.86%)
Brandes Investment(net)	27.52%	14.02%	43.79%	(4.82%)	(6.30%)
Capital Guardian	29.02%	11.52%	29.68%	(6.93%)	(5.81%)
Capital Guardian(net)	28.60%	11.09%	29.25%	(7.37%)	(6.24%)
Lazard Asset Intl	26.44%	12.72%	22.11%	(3.39%)	(10.91%)
Lazard Asset Intl(net)	26.11%	12.39%	21.79%	(3.75%)	(11.25%)
McKinley Capital	34.79%	-	-	-	-
McKinley Capital(net)	34.26%	-	-	-	-
SSgA Intl	28.40%	-	-	-	-
SSgA Intl(net)	27.87%	-	-	-	-
MSCI Europe Index	24.75%	16.87%	28.87%	(5.22%)	(7.71%)
MSCI Pacific ex-Japan	18.05%	33.58%	27.37%	6.58%	(1.14%)
MSCI EAFE Index	26.56%	13.65%	32.37%	(6.46%)	(9.49%)
Emerging Markets Pool	34.49%	35.19%	33.07%	6.11%	(3.20%)
Capital Guardian(net)	37.87%	34.34%	27.88%	7.14%	(5.65%)
MSCI Emerging Mkts	35.91%	34.89%	33.51%	6.96%	1.31%
Citigroup Non-US Govt	(0.01%)	7.75%	7.60%	17.90%	15.73%



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2006. 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 2006	FY 2005	FY 2004	FY 2003	FY 2002
Real Estate Pool	18.58%	17.42%	11.55%	8.98%	5.40%
Real Estate Target	18.67%	18.02%	10.83%	7.64%	5.50%
Private Equity	25.89%	18.08%	21.42%	(14.75%)	(17.05%)
Employees'	25.89%	18.07%	21.42%	(14.75%)	(17.06%)
Teachers'	25.89%	18.10%	21.42%	(14.75%)	(17.03%)
Absolute Return	10.51%	-	-	-	-
Employees'	10.51%	-	-	-	-
Teachers'	10.50%	-	-	-	-
High Yield	5.55%	-	-	-	-
Rogge Global Partners	5.68%	-	-	-	-
Rogge Global Partners(net)	5.18%	-	-	-	-
MacKay Shields	5.42%	-	-	-	-
MacKay Shields(net)	4.97%	-	-	-	-
Other	8.56%	5.52%	-	-	-
Employees'	8.56%	5.52%	-	-	-
Teachers'	8.54%	5.51%	-	-	-
Total All Plans	11.75%	8.96%	15.08%	3.68%	(5.47%)
Employees' Total Plan	11.74%	8.95%	15.08%	3.67%	(5.48%)
Teachers' Total Plan	11.78%	9.01%	15.09%	3.68%	(5.49%)
PERS & TRS Policy Target	10.38%	9.28%	15.34%	4.24%	(4.27%)
Judicial Total Plan	11.37%	8.49%	15.21%	3.59%	(2.75%)
Military Total Plan	6.25%	7.00%	9.36%	6.15%	(2.16%)

* Current Quarter Target = 30.0% S&P 500 Index, 24.0% BC Aggregate Index, 15.0% MSCI EAFE Index, 8.1% 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, 2.0% Citi WGBI Non-US Idx and 0.9% NAREIT Equity Index.



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
Total Fund	8.84%	(20.36%)	(2.84%)	2.24%	2.93%
Total Fund(net)	8.73%	(20.72%)	(3.16%)	1.92%	2.63%
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
Total Fund	2.77%	6.83%
Total Fund(net)	2.47%	6.53%
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
Total Fund	(20.36%)	(3.15%)	18.93%	11.75%	8.96%
Total Fund(net)	(20.72%)	(3.41%)	18.59%	11.44%	8.68%
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.

	FY 2004	FY 2003	FY 2002	FY 2001	FY 2000
Total Fund	15.08%	3.68%	(5.47%)	(5.37%)	10.19%
Total Fund(net)	14.76%	3.38%	(5.70%)	(5.63%)	9.89%
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 SEPTEMBER 30, 2010

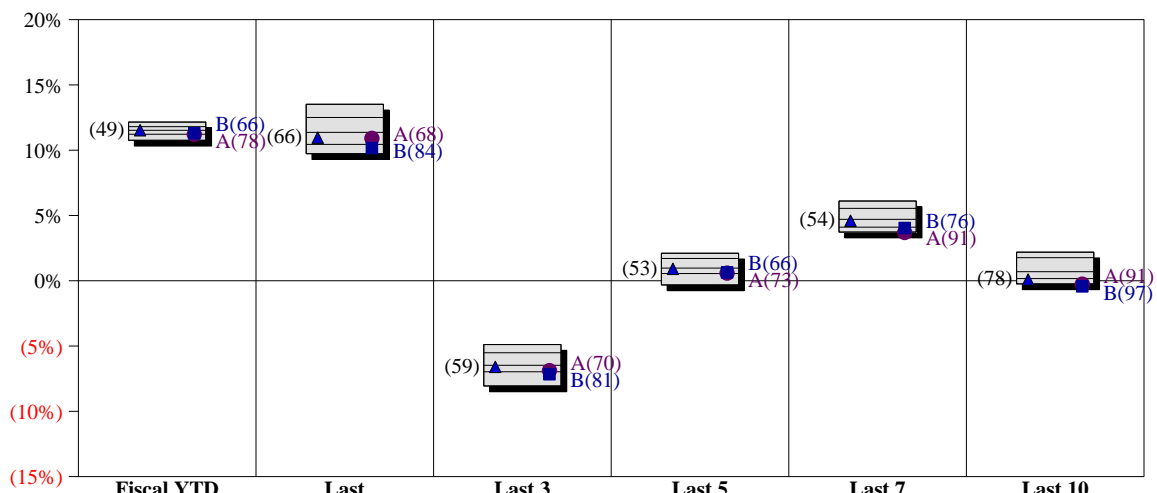
Investment Philosophy

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

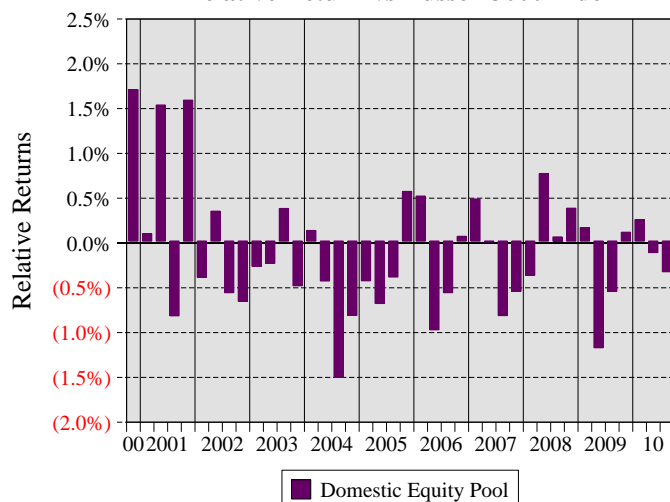
- Domestic Equity Pool's portfolio posted a 11.21% return for the quarter placing it in the 78 percentile of the Public Fund - Domestic Equity group for the quarter and in the 68 percentile for the last year.
- Domestic Equity Pool's portfolio underperformed the Russell 3000 Index by 0.32% for the quarter and underperformed the Russell 3000 Index for the year by 0.06%.

Performance vs Public Fund - Domestic Equity (Gross)

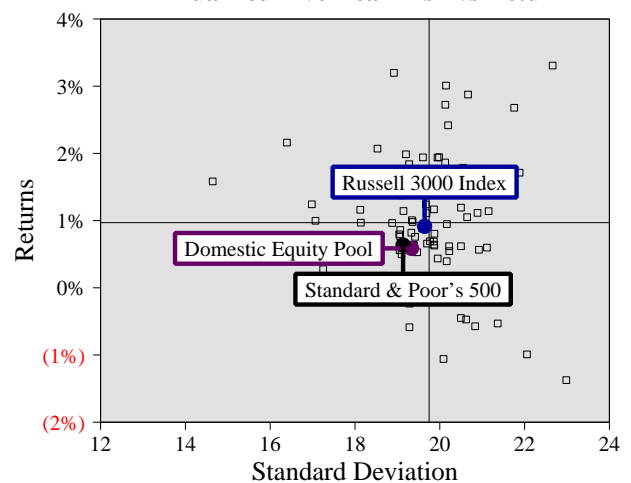


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	12.15	13.52	(4.89)	2.11	6.11	2.19
25th Percentile	11.80	12.51	(5.51)	1.71	5.55	1.77
Median	11.52	11.37	(6.47)	0.97	4.70	0.69
75th Percentile	11.22	10.45	(6.97)	0.55	4.10	0.17
90th Percentile	10.76	9.73	(8.06)	(0.32)	3.73	(0.24)
Domestic Equity Pool	11.21	10.91	(6.88)	0.59	3.70	(0.26)
Standard & Poor's 500	11.29	10.16	(7.16)	0.64	4.04	(0.43)
Russell 3000 Index	11.53	10.96	(6.59)	0.92	4.60	0.09

Relative Return vs Russell 3000 Index



Public Fund - Domestic Equity (Gross) Annualized Five Year Risk vs Return



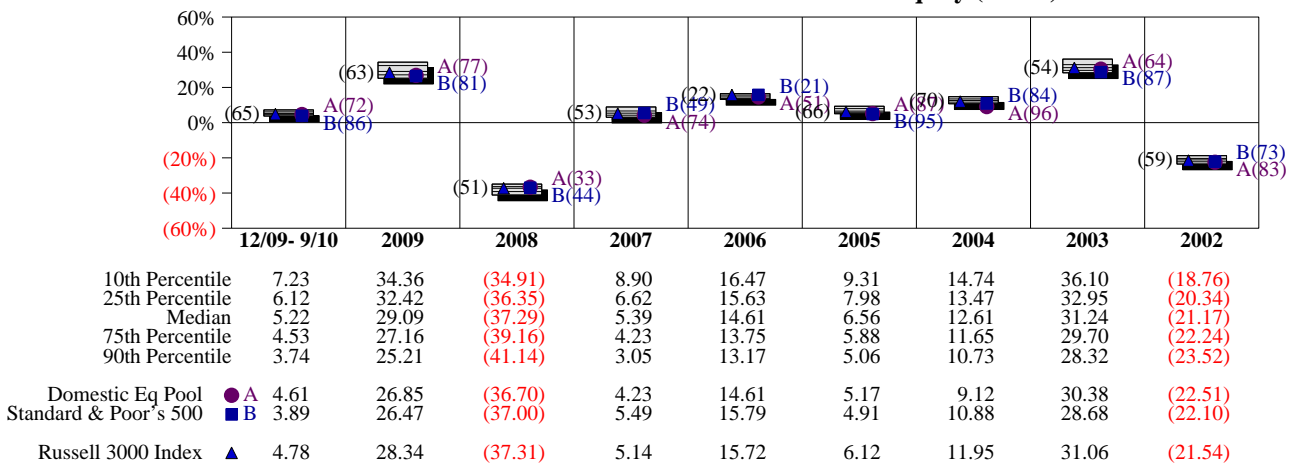


DOMESTIC EQUITY POOL RETURN ANALYSIS SUMMARY

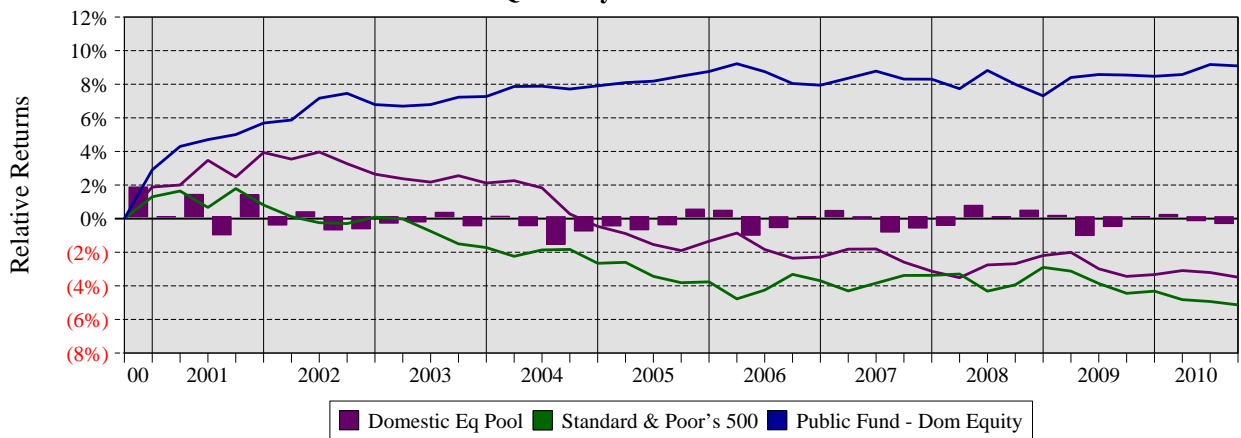
Return Analysis

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.

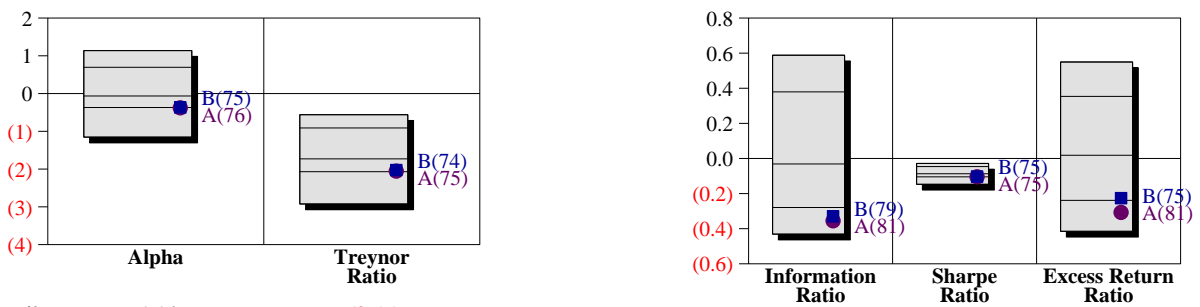
Performance vs Public Fund - Domestic Equity (Gross)



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 September 30, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.14	(0.56)	0.59	(0.03)	0.55
25th Percentile	0.70	(0.91)	0.38	(0.05)	0.35
Median	(0.06)	(1.73)	(0.03)	(0.09)	0.02
75th Percentile	(0.37)	(2.07)	(0.28)	(0.10)	(0.24)
90th Percentile	(1.15)	(2.92)	(0.43)	(0.15)	(0.42)
Domestic Eq Pool	● A (0.38)	(2.05)	● A (0.36)	(0.10)	(0.31)
Standard & Poor's 500	■ B (0.37)	(2.03)	■ B (0.33)	(0.10)	(0.23)

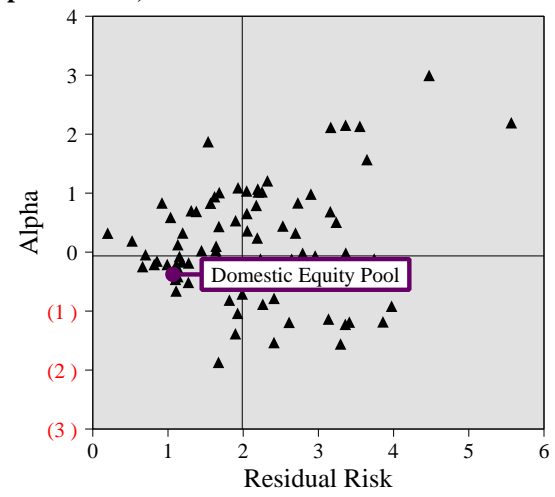
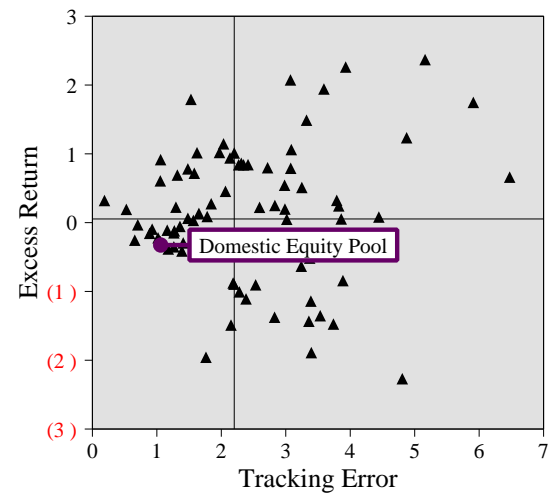


DOMESTIC EQUITY POOL RISK ANALYSIS SUMMARY

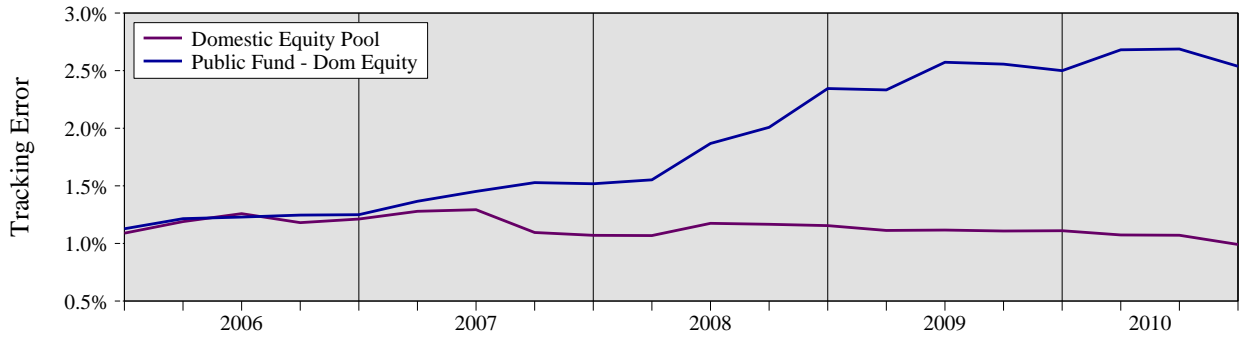
Risk Analysis

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.

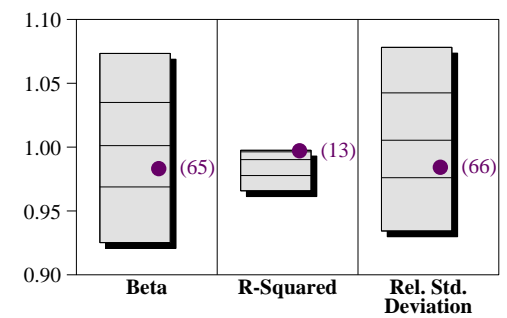
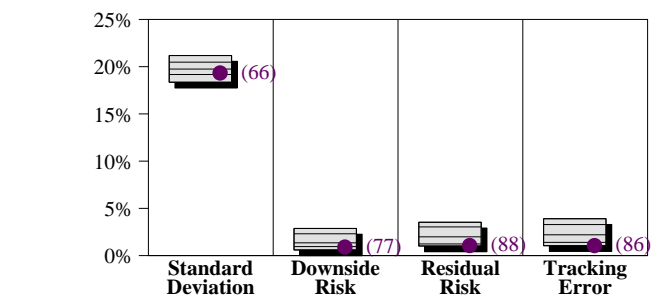
**Risk Analysis vs Public Fund - Domestic Equity (Gross)
Five Years Ended September 30, 2010**



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 September 30, 2010**



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	21.18	2.87	3.53	3.90
25th Percentile	20.48	2.31	3.04	3.29
Median	19.75	1.35	1.99	2.20
75th Percentile	19.17	0.96	1.23	1.40
90th Percentile	18.35	0.60	1.02	1.05
Domestic Equity Pool	19.33	0.90	1.06	1.06

	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.07	1.00	1.08
25th Percentile	1.03	1.00	1.04
Median	1.00	0.99	1.01
75th Percentile	0.97	0.98	0.98
90th Percentile	0.93	0.97	0.93
Domestic Equity Pool	0.98	1.00	0.98

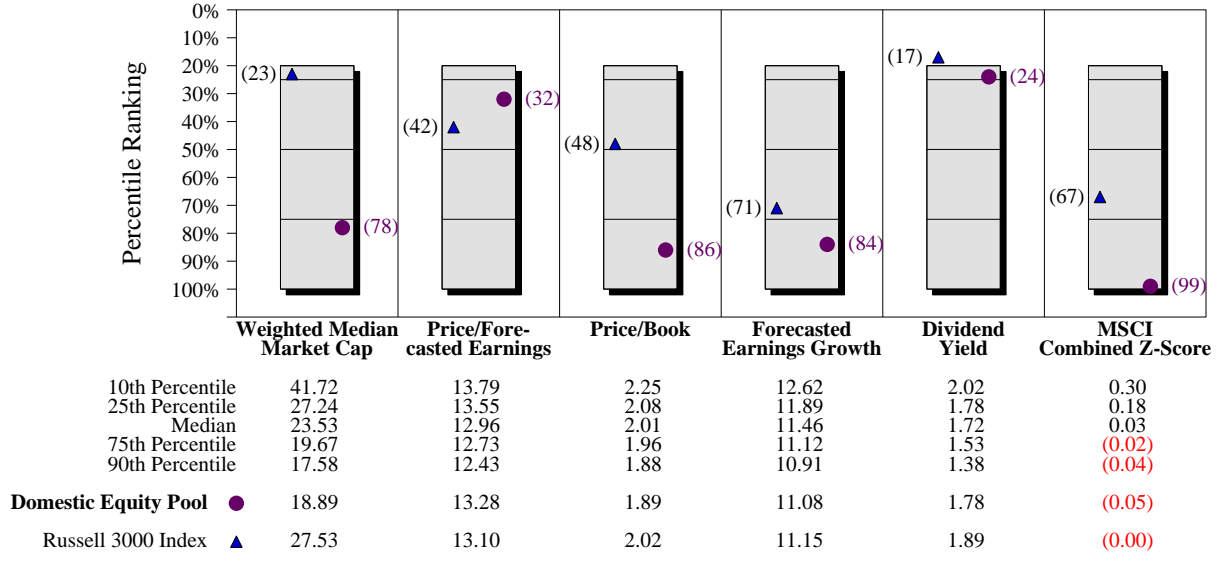


DOMESTIC EQUITY POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

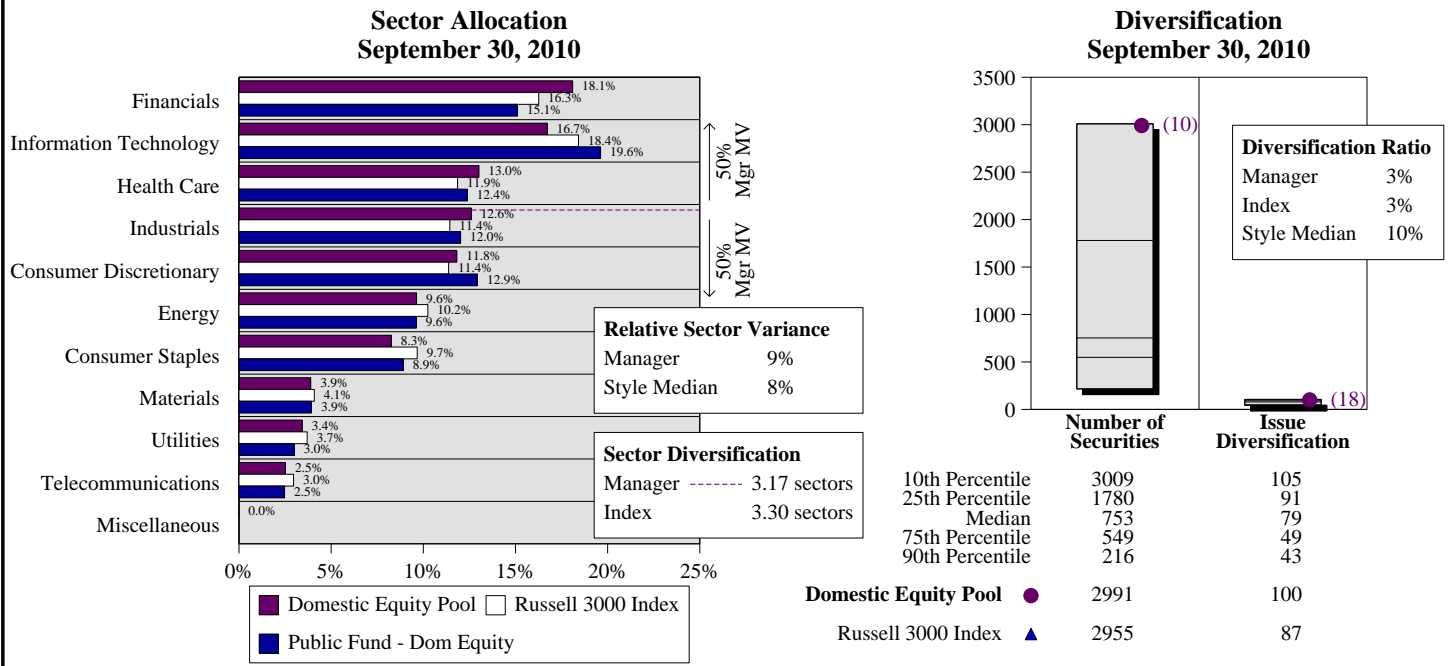
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings
Rankings Against Public Fund - Domestic Equity
as of September 30, 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 holdings that comprise half of the portfolio's market value.



LARGE CAP EQUITY POOL PERIOD ENDED SEPTEMBER 30, 2010



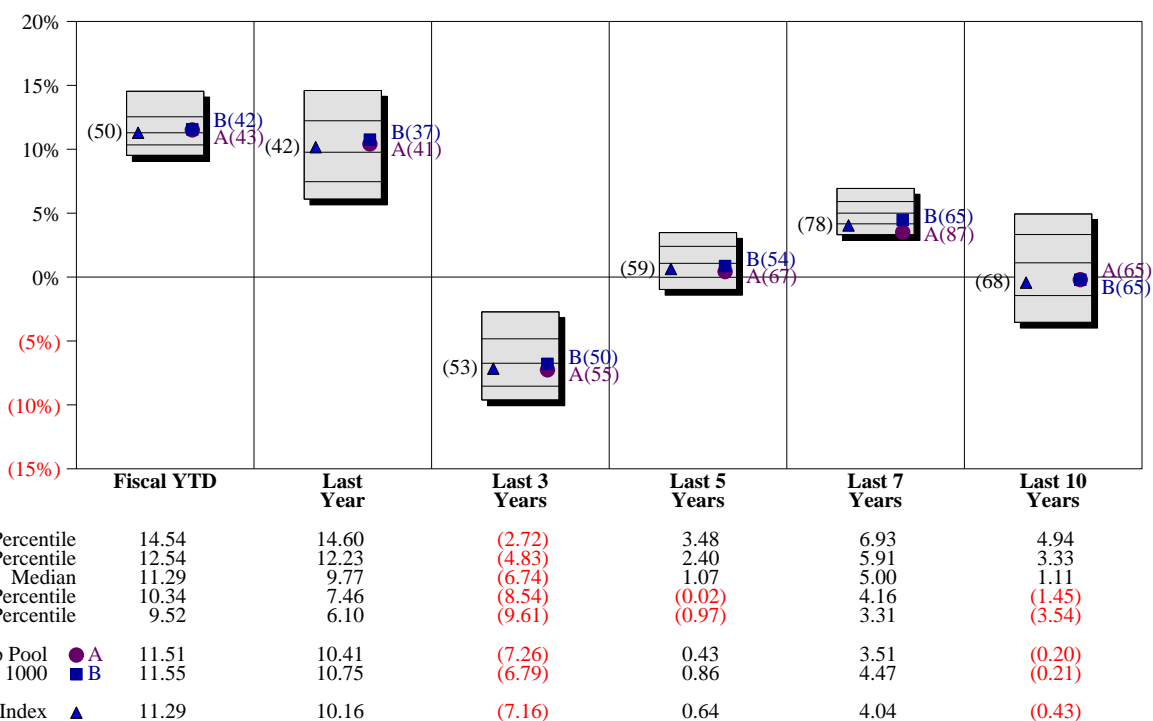
Investment Philosophy

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.

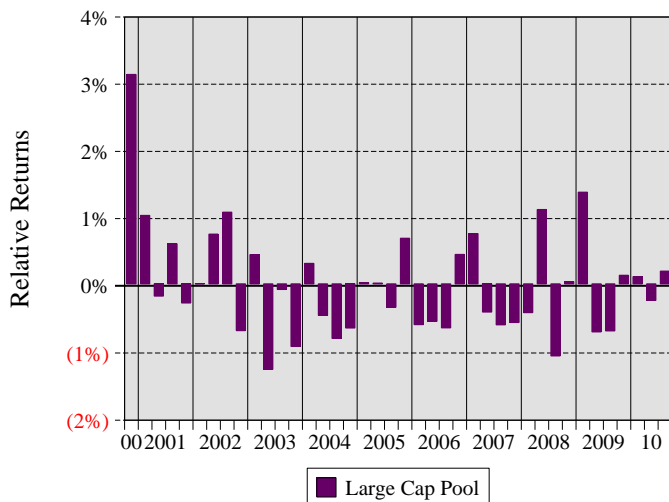
Quarterly Summary and Highlights

- Large Cap Pool's portfolio posted a 11.51% return for the quarter placing it in the 43 percentile of the CAI Large Capitalization Style group for the quarter and in the 41 percentile for the last year.
- Large Cap Pool's portfolio outperformed the S&P 500 Index by 0.22% for the quarter and outperformed the S&P 500 Index for the year by 0.25%.

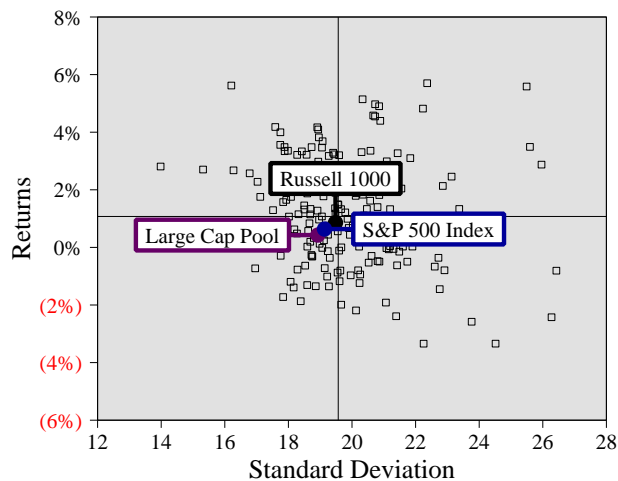
Performance vs CAI Large Capitalization Style (Gross)



Relative Return vs S&P 500 Index



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



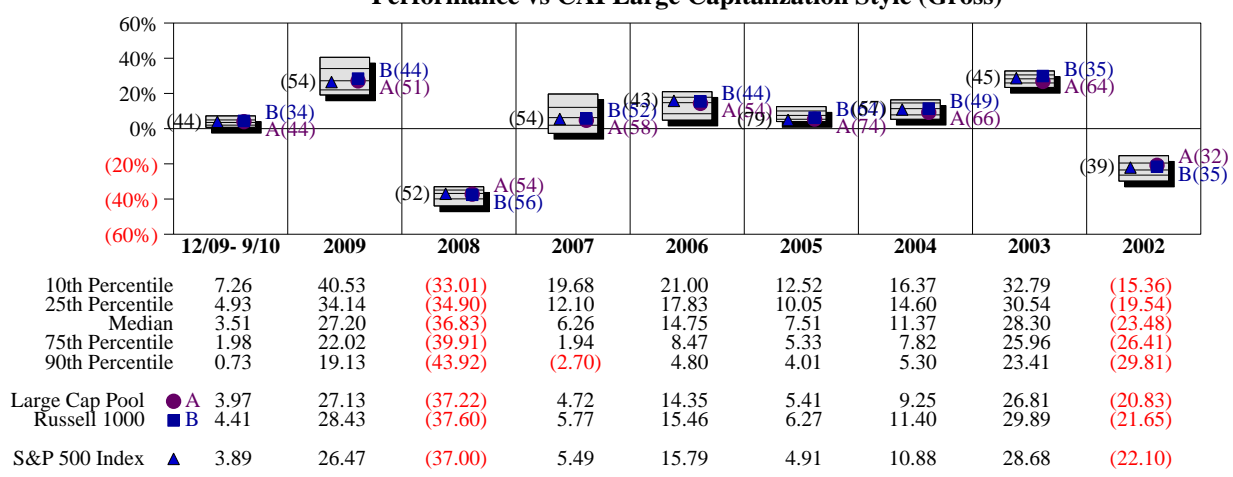


LARGE CAP POOL RETURN ANALYSIS SUMMARY

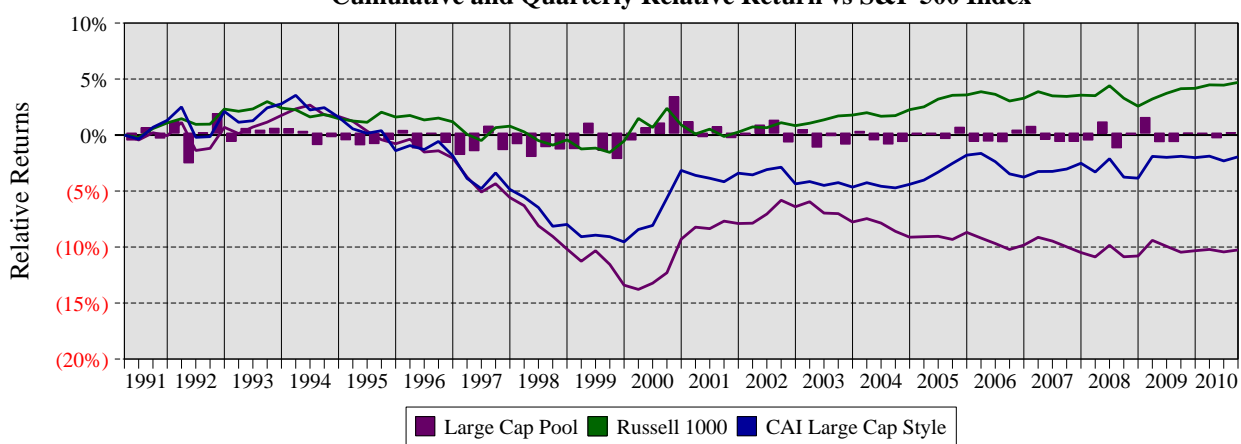
Return Analysis

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.

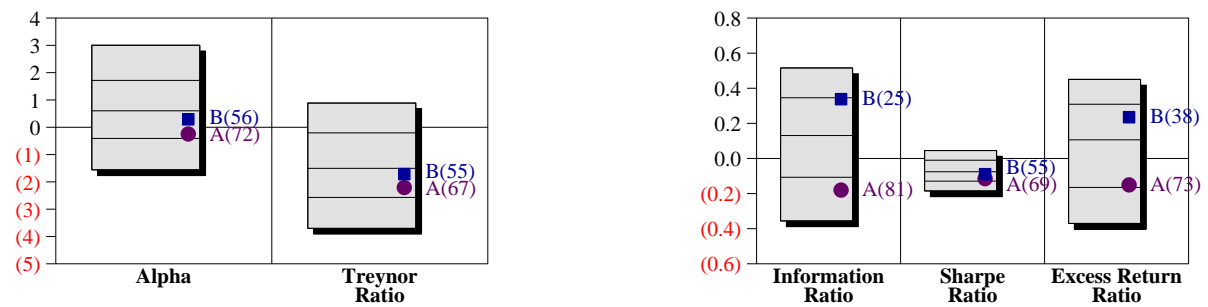
Performance vs CAI Large Capitalization Style (Gross)



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 September 30, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.00	0.89	0.52	0.05	0.45
25th Percentile	1.72	(0.21)	0.35	(0.01)	0.31
Median	0.60	(1.50)	0.13	(0.08)	0.11
75th Percentile	(0.41)	(2.57)	(0.11)	(0.13)	(0.16)
90th Percentile	(1.56)	(3.70)	(0.36)	(0.18)	(0.37)
Large Cap Pool	● A (0.24)	(2.21)	● A (0.18)	(0.12)	(0.15)
Russell 1000	■ B 0.29	(1.72)	■ B 0.34	(0.09)	0.23

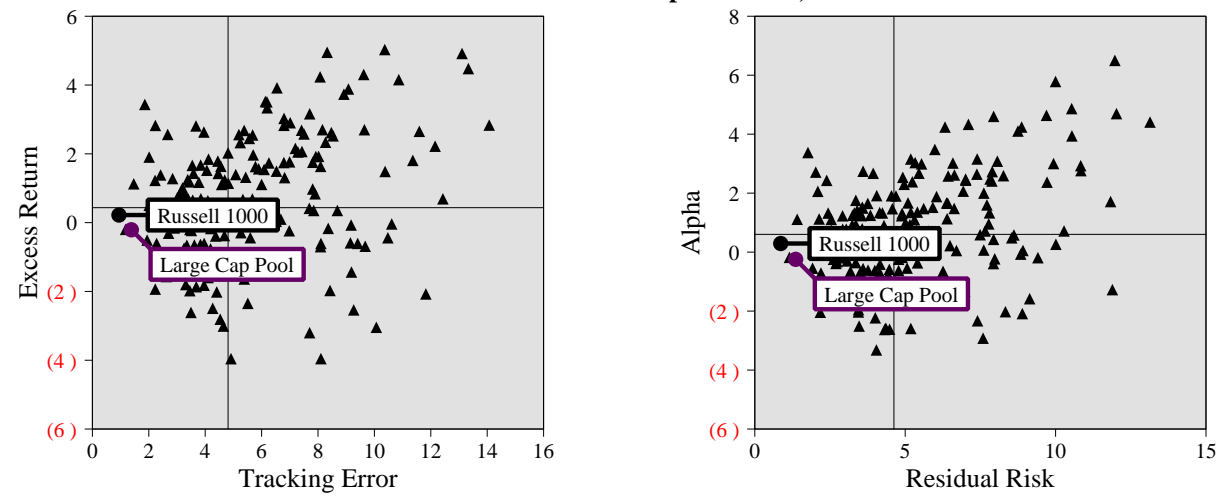


LARGE CAP POOL RISK ANALYSIS SUMMARY

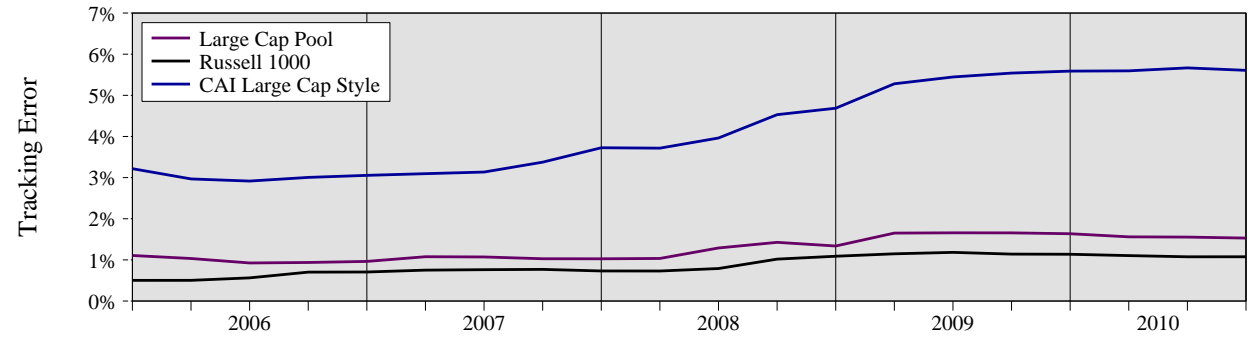
Risk Analysis

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.

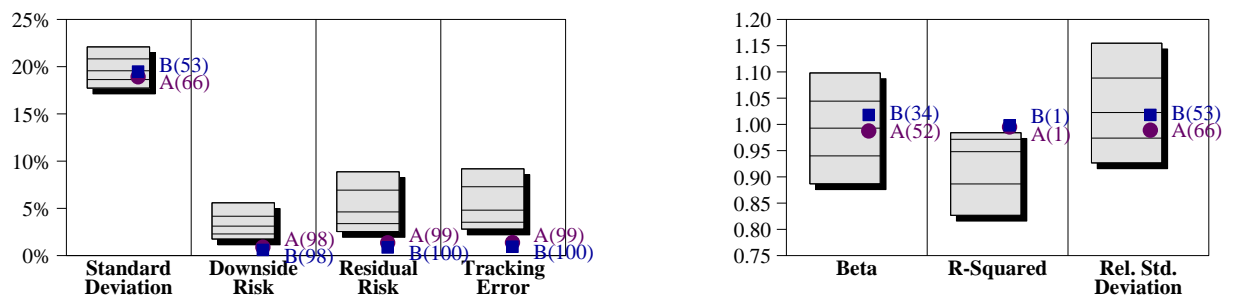
**Risk Analysis vs CAI Large Capitalization Style (Gross)
Five Years Ended September 30, 2010**



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 September 30, 2010**



10th Percentile	22.09	5.59	8.87	9.19	10th Percentile	1.10	0.98	1.15
25th Percentile	20.82	4.17	6.93	7.29	25th Percentile	1.04	0.97	1.09
Median	19.57	3.12	4.63	4.81	Median	0.99	0.95	1.02
75th Percentile	18.63	2.29	3.38	3.53	75th Percentile	0.94	0.89	0.97
90th Percentile	17.73	1.75	2.54	2.80	90th Percentile	0.89	0.83	0.93
Large Cap Pool	● A 18.92	● 0.89	● 1.36	● 1.38	Large Cap Pool	● A 0.99	● 1.00	● 0.99
Russell 1000	■ B 19.48	■ 0.60	■ 0.86	■ 0.94	Russell 1000	■ B 1.02	■ 1.00	■ 1.02

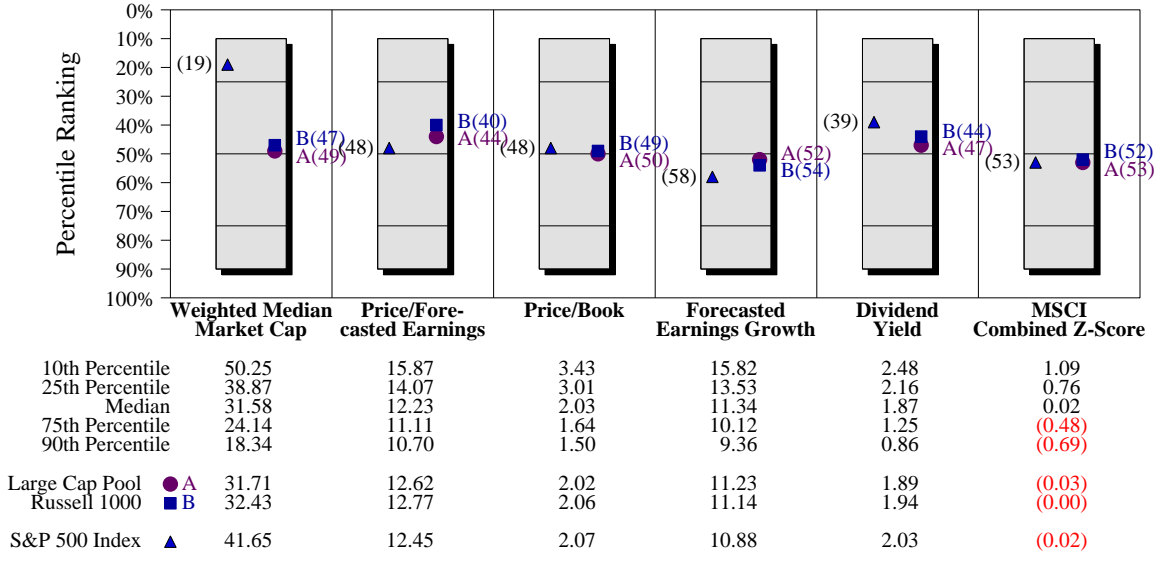


LARGE CAP POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

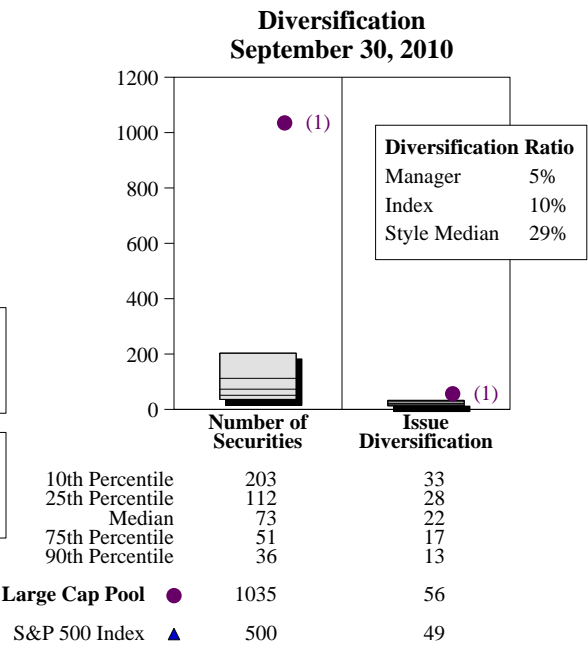
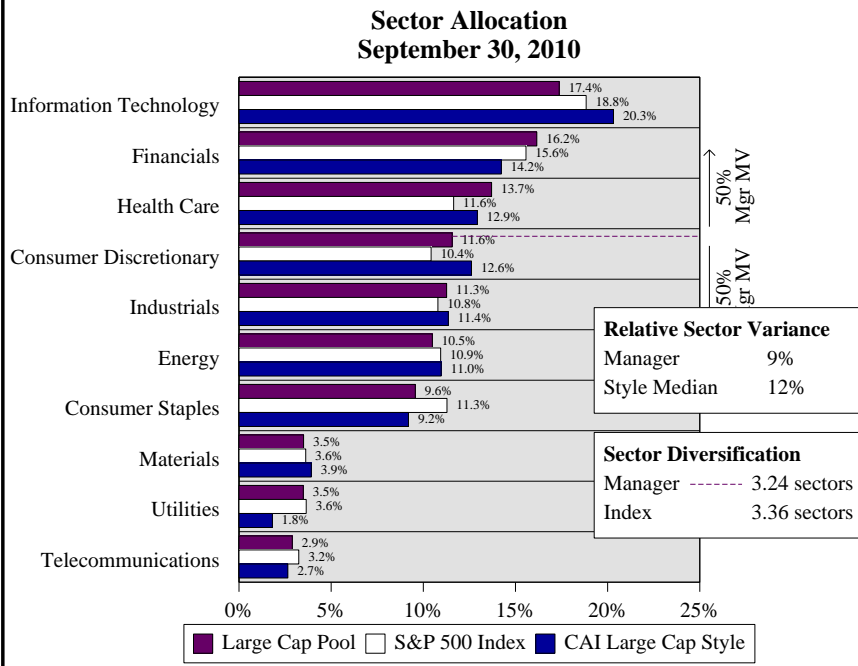
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Capitalization Style
as of September 30, 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 holdings that comprise half of the portfolio's market value.



BARROW, HANLEY PERIOD ENDED SEPTEMBER 30, 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

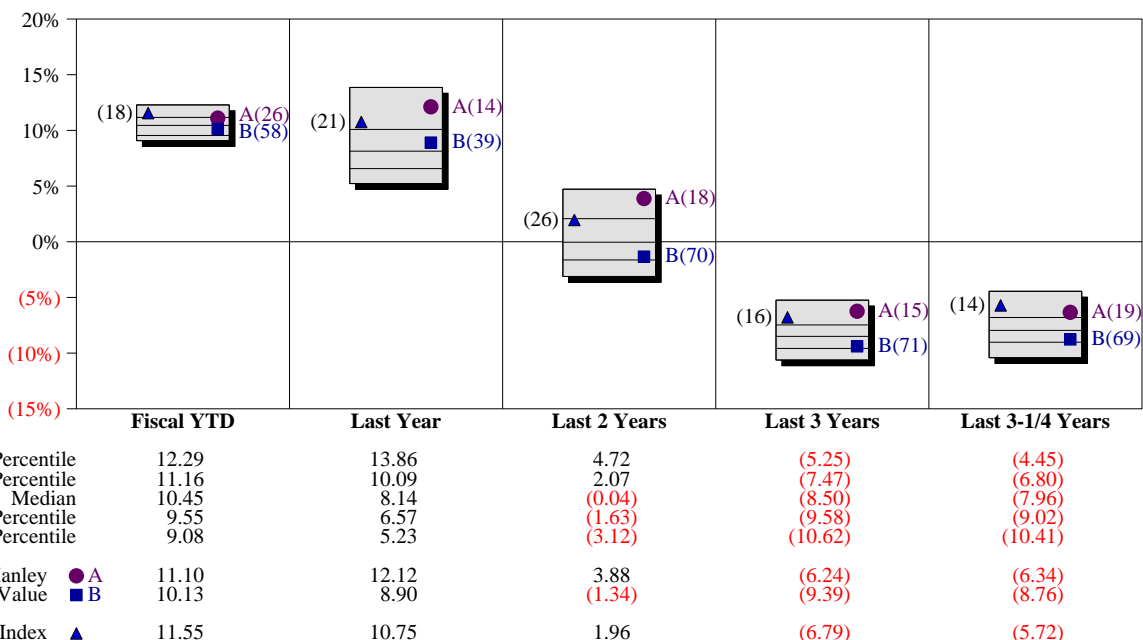
- Barrow, Hanley's portfolio posted a 11.10% return for the quarter placing it in the 26 percentile of the CAI Large Cap Value Style group for the quarter and in the 14 percentile for the last year.
- Barrow, Hanley's portfolio underperformed the Russell 1000 Index by 0.45% for the quarter and outperformed the Russell 1000 Index for the year by 1.36%.

Quarterly Asset Growth

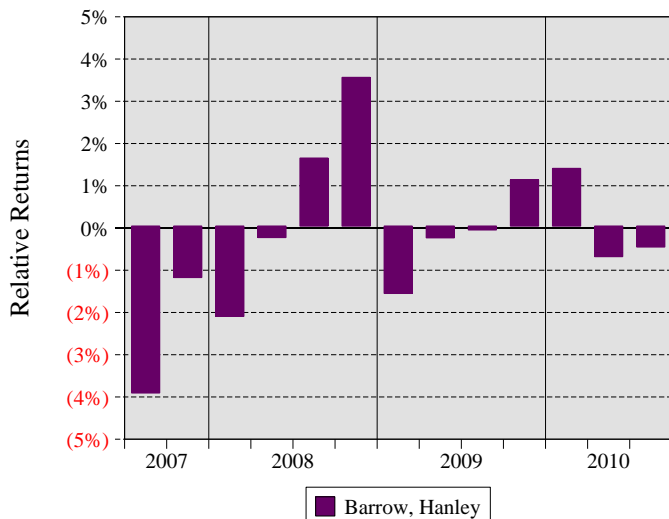
Beginning Market Value	\$108,769,331
Net New Investment	\$0
Investment Gains/(Losses)	\$12,077,389
Ending Market Value	\$120,846,720

Percent Cash: 1.4%

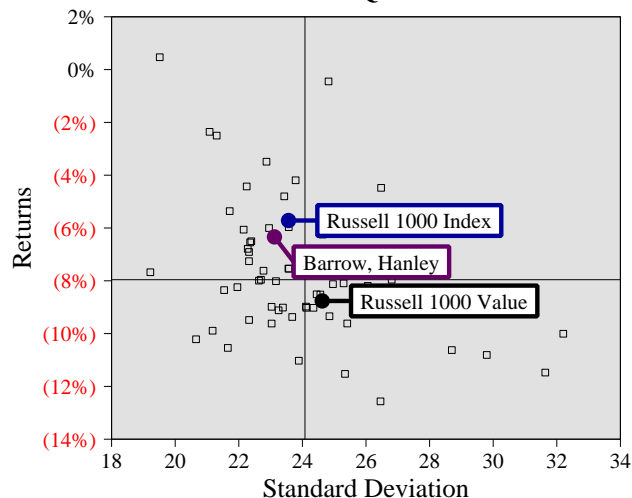
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs Russell 1000 Index



CAI Large Cap Value Style (Gross) Annualized Three and One-Quarter Year Risk vs Return



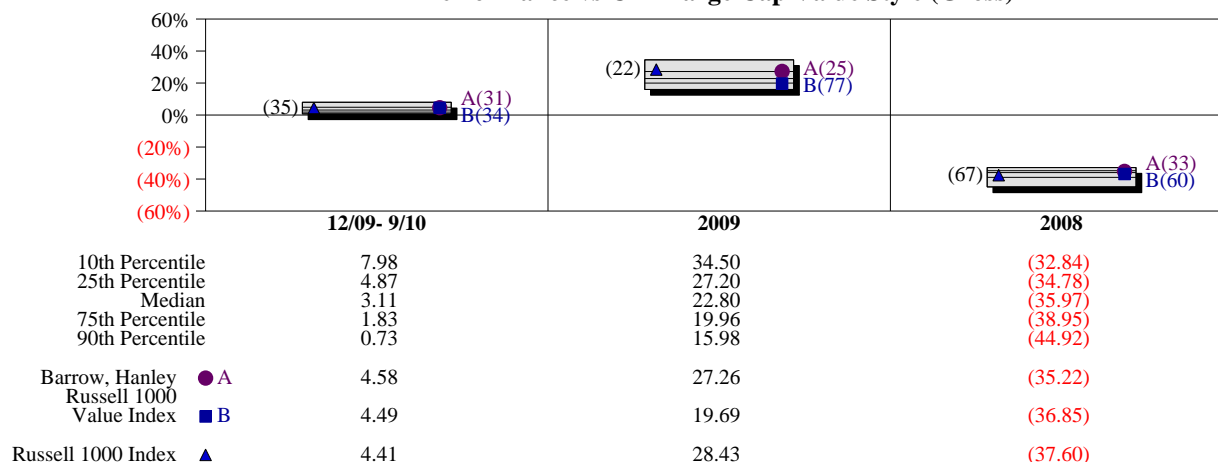


BARROW, HANLEY RETURN ANALYSIS SUMMARY

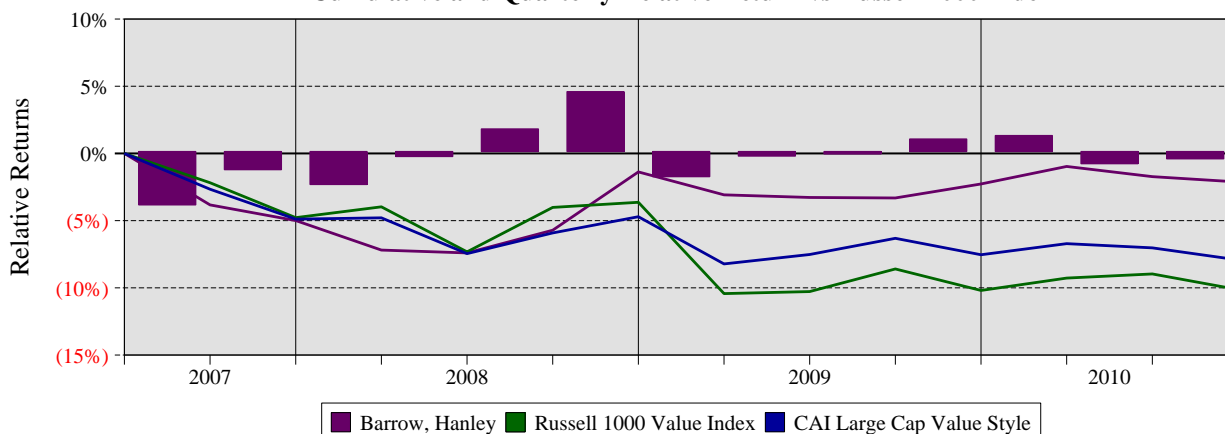
Return Analysis

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.

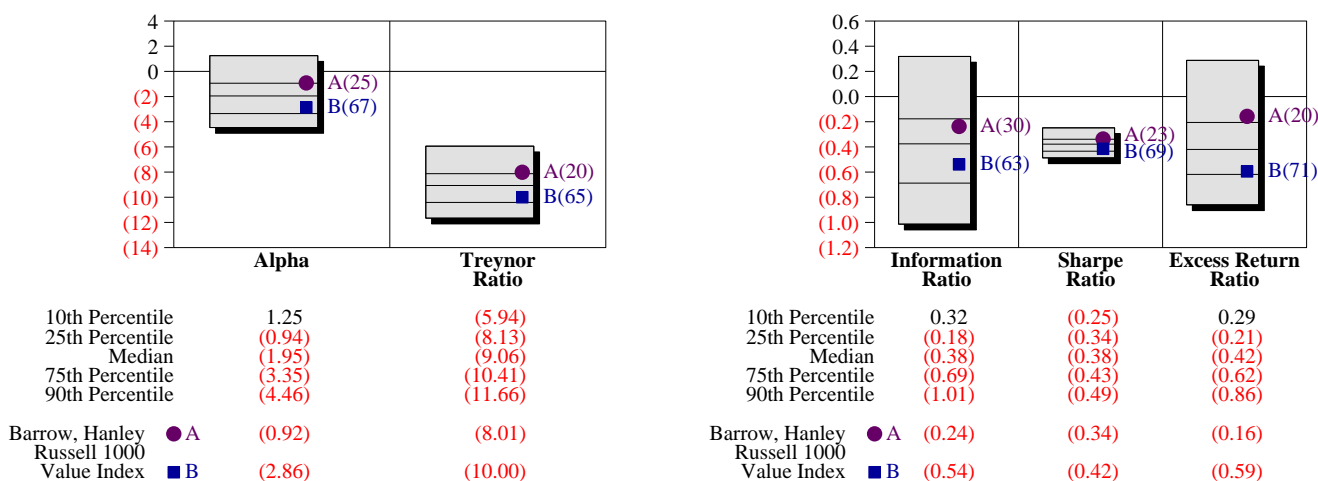
Performance vs CAI Large Cap Value Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 1000 Index



Risk Adjusted Return Measures vs Russell 1000 Index Rankings Against CAI Large Cap Value Style (Gross) Three and One-Quarter Years Ended September 30, 2010



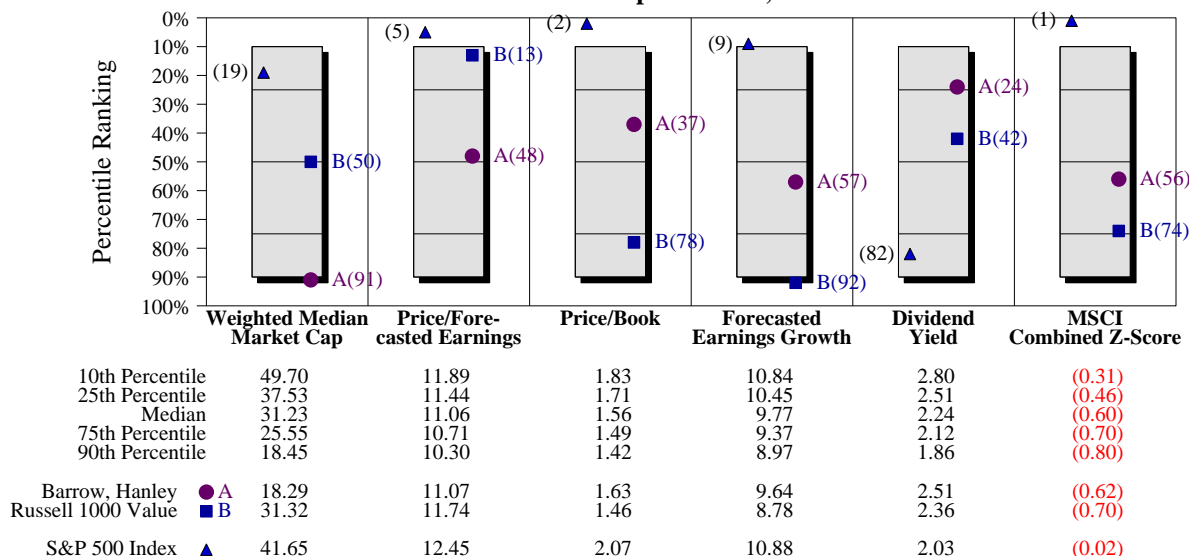
BARROW, HANLEY EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

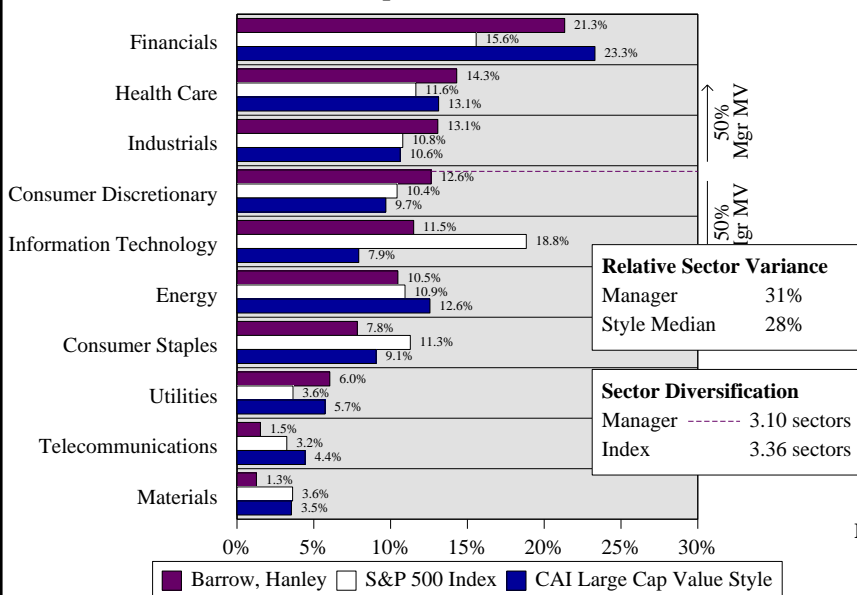
**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of September 30, 2010**



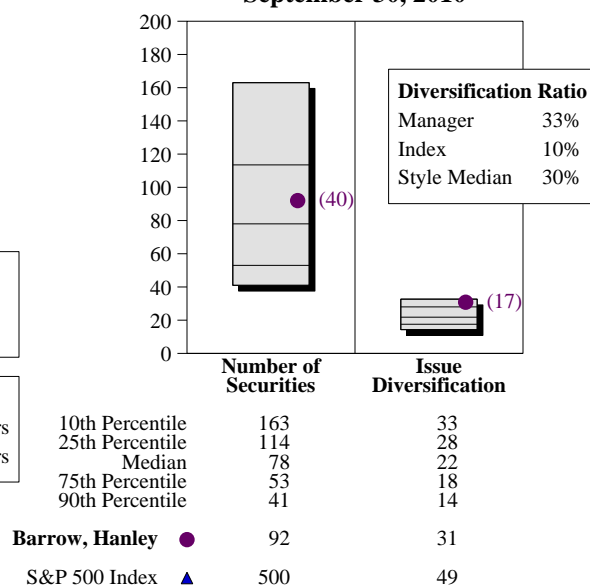
Sector Weights

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 holdings that comprise half of the portfolio's market value.

**Sector Allocation
September 30, 2010**



**Diversification
September 30, 2010**



LAZARD ASSET MANAGEMENT PERIOD ENDED SEPTEMBER 30, 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

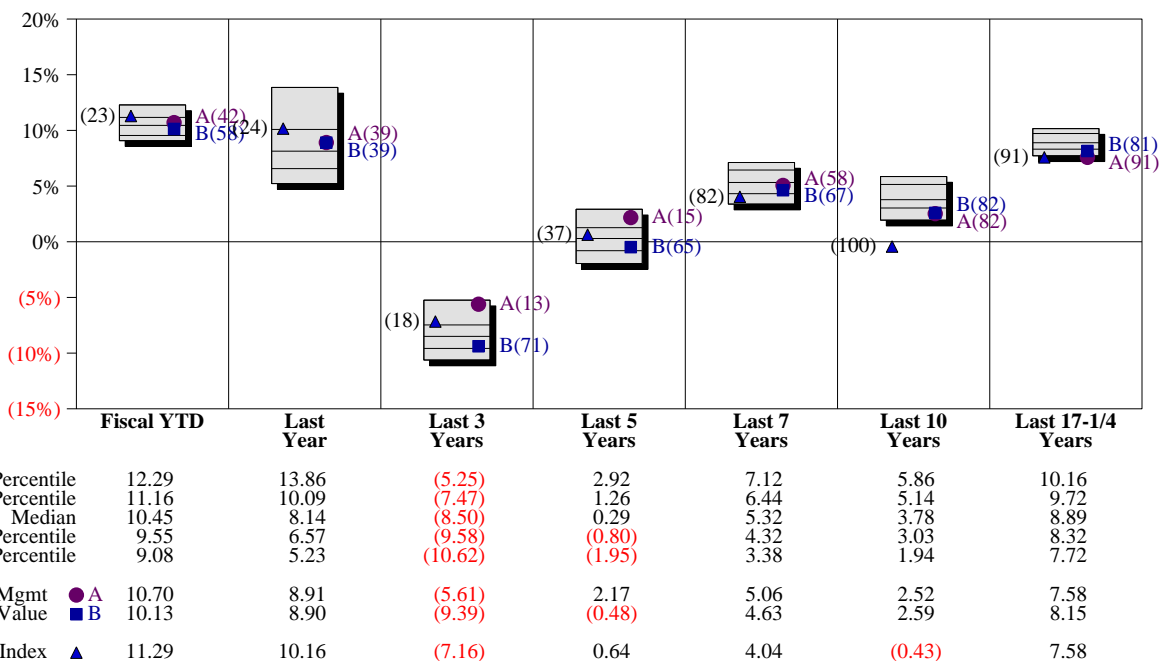
- Lazard Asset Mgmt's portfolio posted a 10.70% return for the quarter placing it in the 42 percentile of the CAI Large Cap Value Style group for the quarter and in the 39 percentile for the last year.
- Lazard Asset Mgmt's portfolio underperformed the S&P 500 Index by 0.59% for the quarter and underperformed the S&P 500 Index for the year by 1.25%.

Quarterly Asset Growth

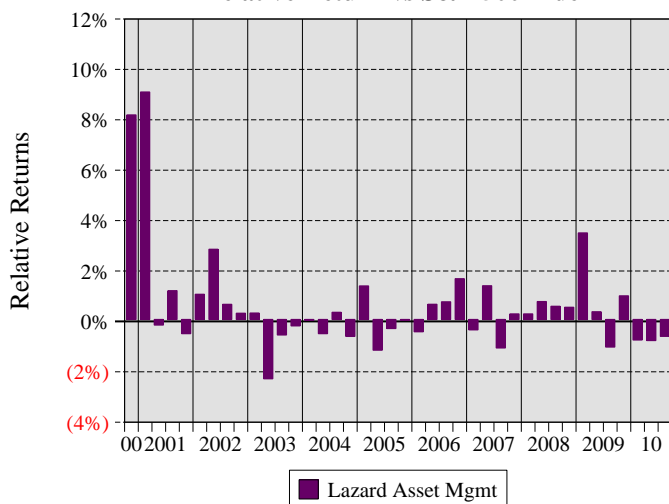
Beginning Market Value	\$271,958,758
Net New Investment	\$0
Investment Gains/(Losses)	\$29,100,000
Ending Market Value	\$301,058,758

Percent Cash: 5.5%

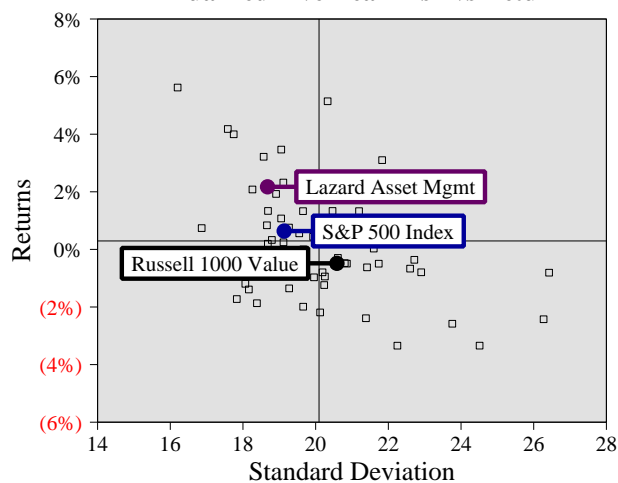
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs S&P 500 Index



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



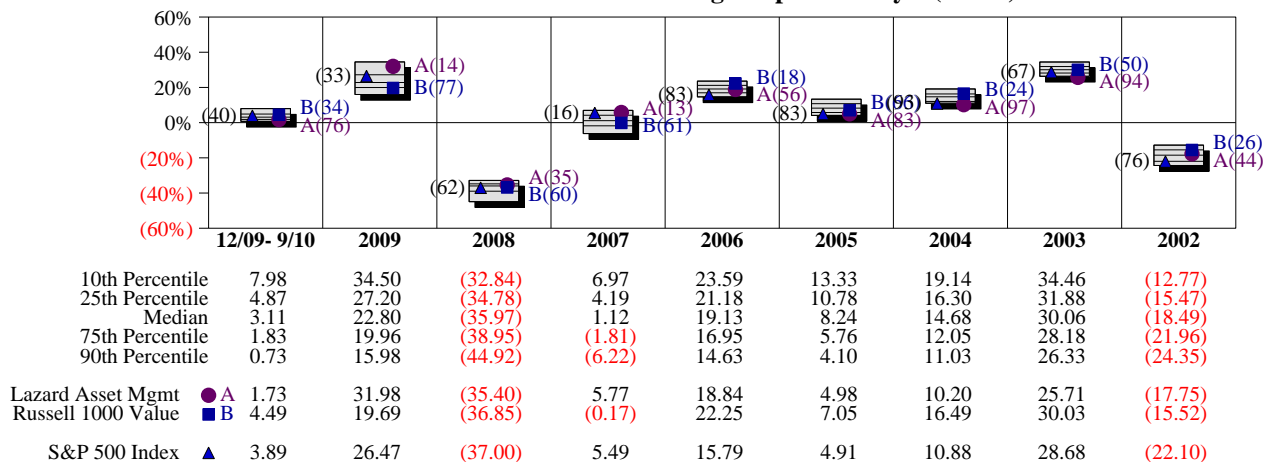
LAZARD ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



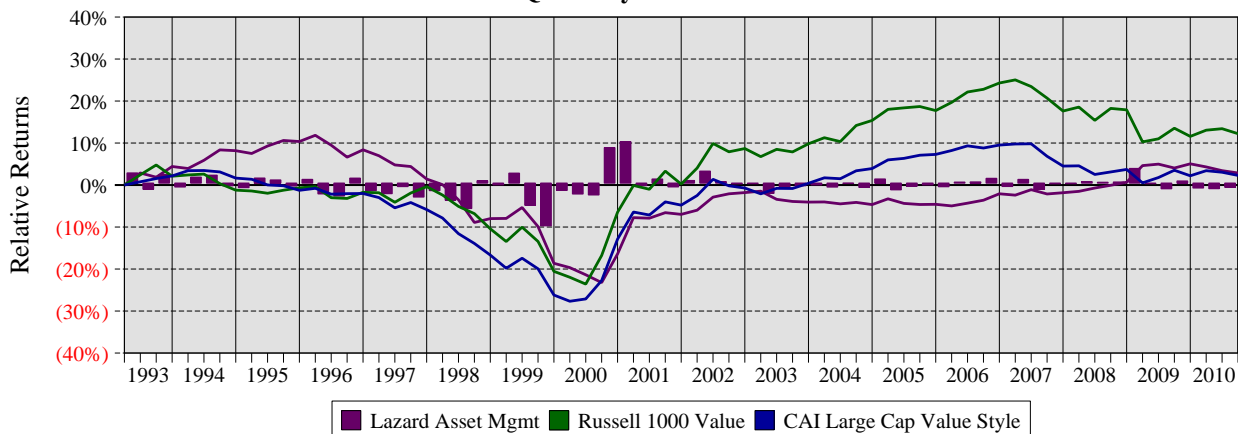
Return Analysis

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.

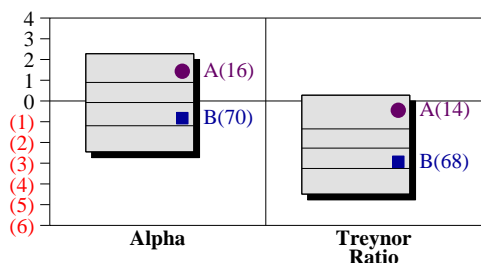
Performance vs CAI Large Cap Value Style (Gross)



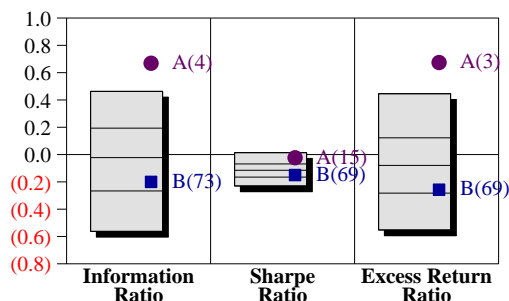
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Value Style (Gross) Five Years Ended September 30, 2010



10th Percentile	2.28	0.28
25th Percentile	0.89	(1.35)
Median	(0.07)	(2.27)
75th Percentile	(1.19)	(3.25)
90th Percentile	(2.45)	(4.49)
Lazard Asset Mgmt	● A 1.43	(0.45)
Russell 1000 Value	■ B (0.83)	(2.93)



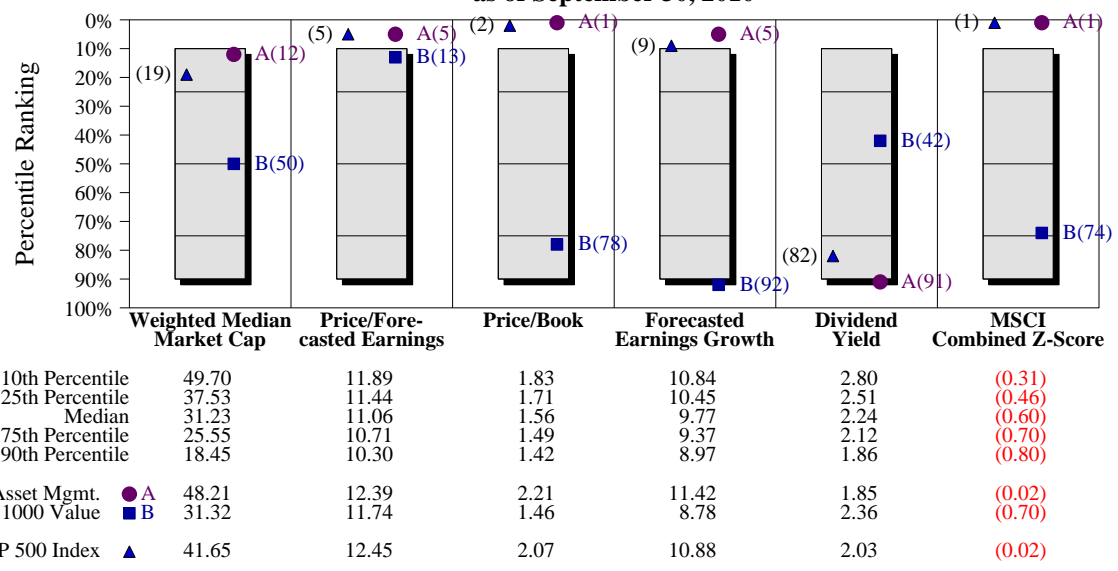
10th Percentile	0.46	0.01	0.45
25th Percentile	0.19	(0.07)	0.12
Median	(0.02)	(0.12)	(0.08)
75th Percentile	(0.27)	(0.17)	(0.28)
90th Percentile	(0.56)	(0.23)	(0.55)
Lazard Asset Mgmt	● A 0.67	(0.02)	0.67
Russell 1000 Value	■ B (0.20)	(0.15)	(0.26)

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.

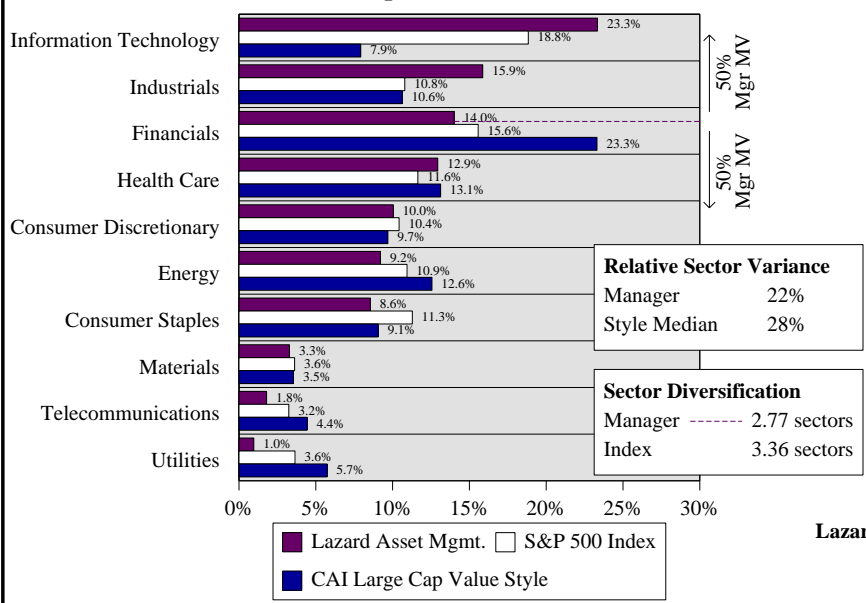
**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of September 30, 2010**



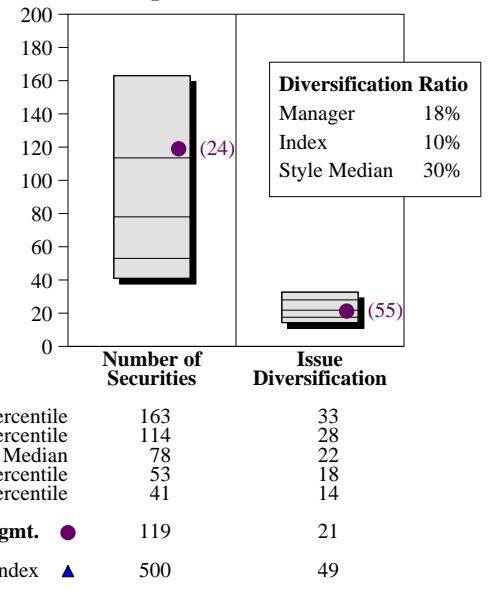
Sector Weights

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 holdings that comprise half of the portfolio's market value.

**Sector Allocation
September 30, 2010**



**Diversification
September 30, 2010**



**MCKINLEY CAPITAL MANAGEMENT, INC.
PERIOD ENDED SEPTEMBER 30, 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

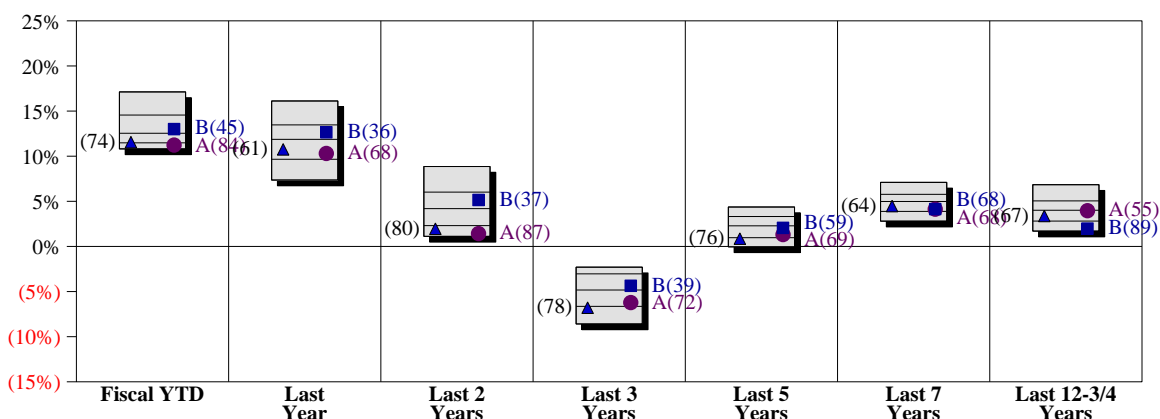
- McKinley Capital's portfolio posted a 11.23% return for the quarter placing it in the 84 percentile of the CAI Large Cap Growth Style group for the quarter and in the 68 percentile for the last year.
- McKinley Capital's portfolio underperformed the Russell 1000 Index by 0.32% for the quarter and underperformed the Russell 1000 Index for the year by 0.45%.

Quarterly Asset Growth

Beginning Market Value	\$311,202,760
Net New Investment	\$0
Investment Gains/(Losses)	\$34,952,139
Ending Market Value	\$346,154,899

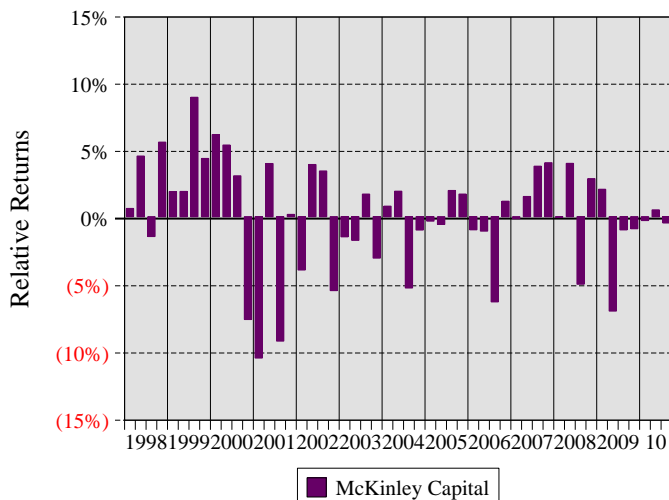
Percent Cash: 0.7%

Performance vs CAI Large Cap Growth Style (Gross)

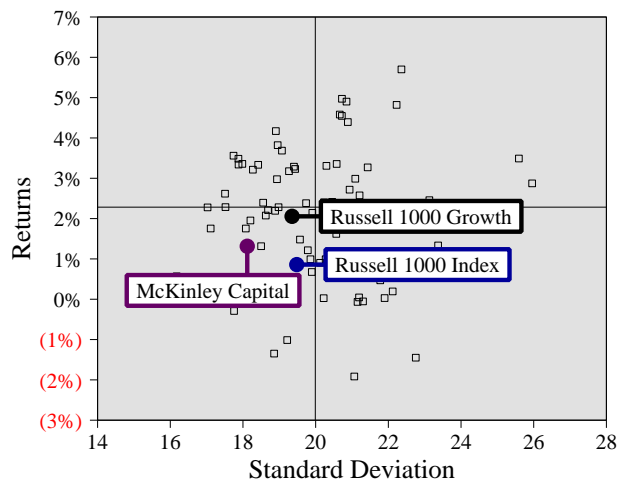


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 12-3/4 Years
10th Percentile	17.13	16.12	8.86	(2.30)	4.37	7.10	6.84
25th Percentile	14.56	13.47	6.02	(3.04)	3.31	5.78	5.05
Median	12.54	11.87	4.19	(4.83)	2.28	4.98	4.01
75th Percentile	11.48	9.66	2.31	(6.64)	0.97	3.88	2.81
90th Percentile	10.81	7.36	1.12	(8.59)	(0.05)	2.80	1.70
McKinley Capital	● A 11.23	10.31	1.42	(6.22)	1.31	4.13	3.96
Russell 1000 Growth	■ B 13.00	12.65	5.15	(4.36)	2.06	4.14	1.98
Russell 1000 Index	▲ 11.55	10.75	1.96	(6.79)	0.86	4.47	3.37

Relative Return vs Russell 1000 Index



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



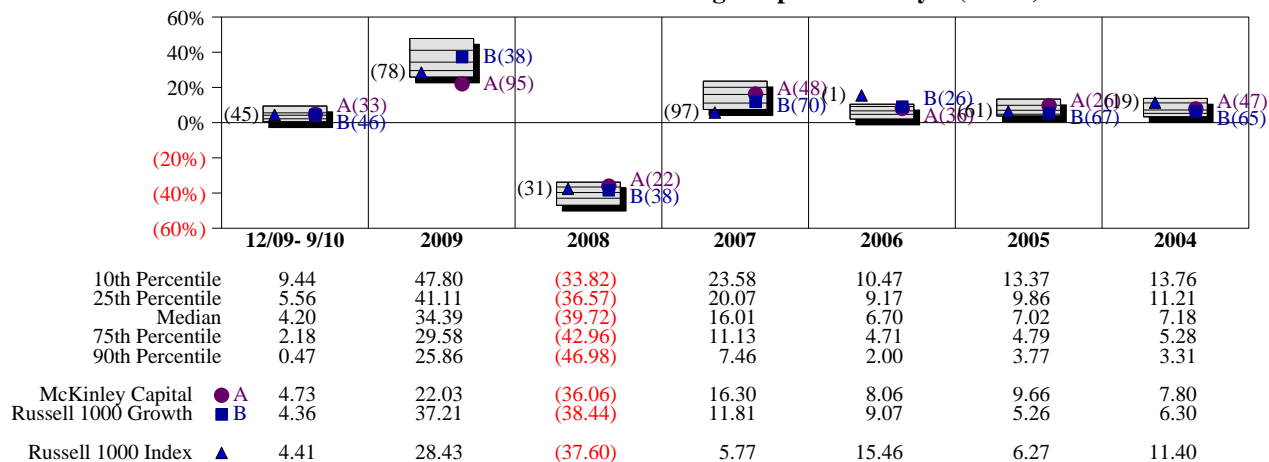


MCKINLEY CAPITAL RETURN ANALYSIS SUMMARY

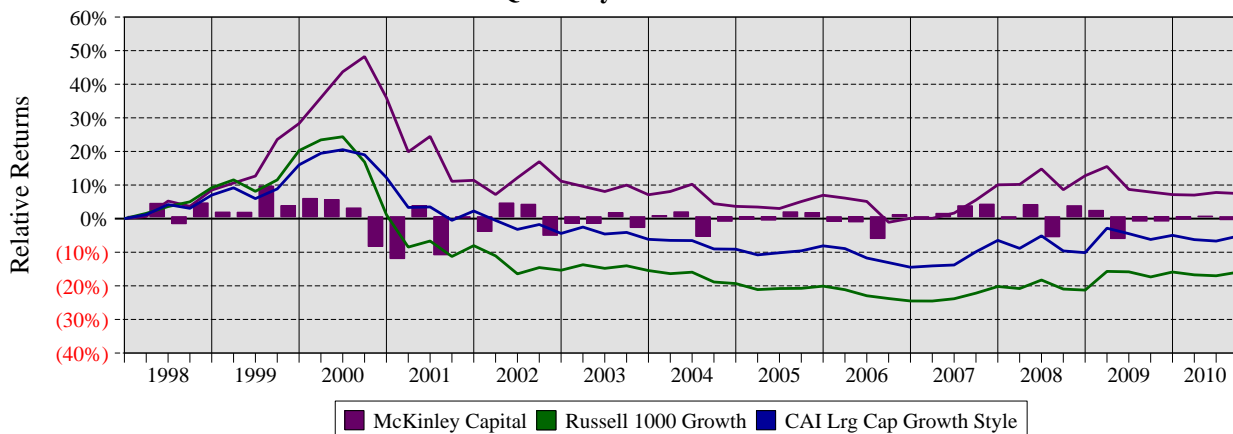
Return Analysis

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.

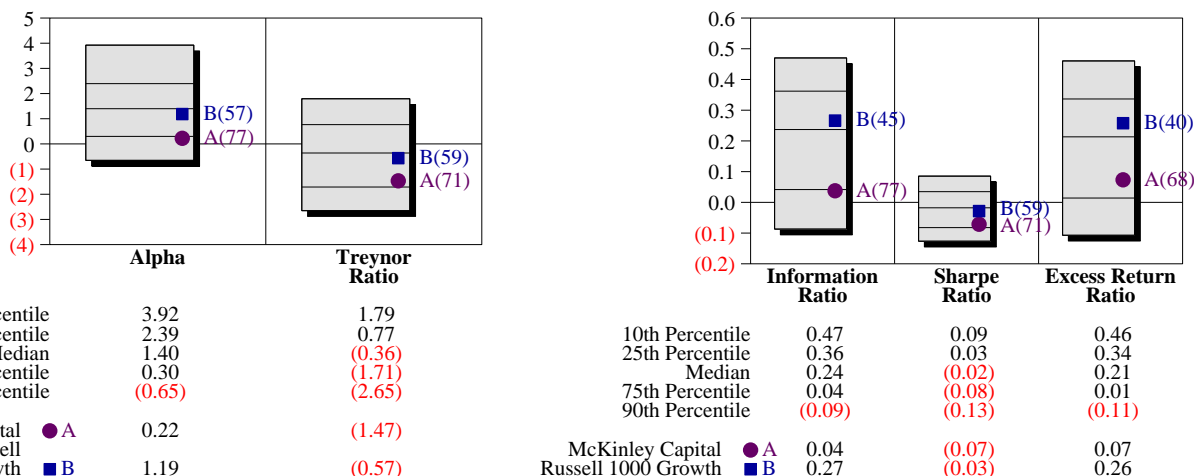
Performance vs CAI Large Cap Growth Style (Gross)



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 September 30, 2010



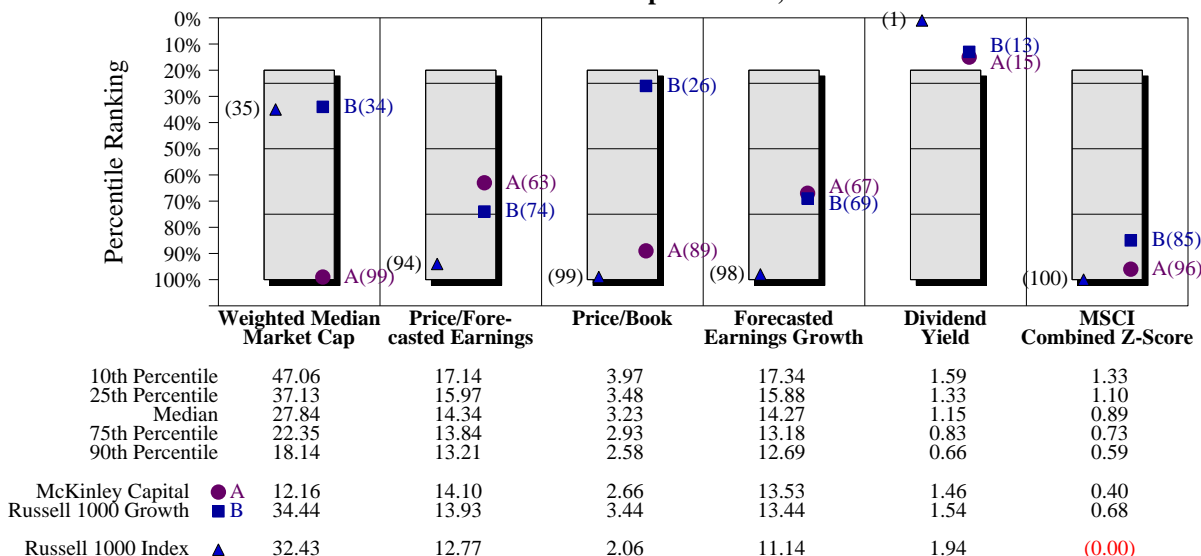
MCKINLEY CAPITAL EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

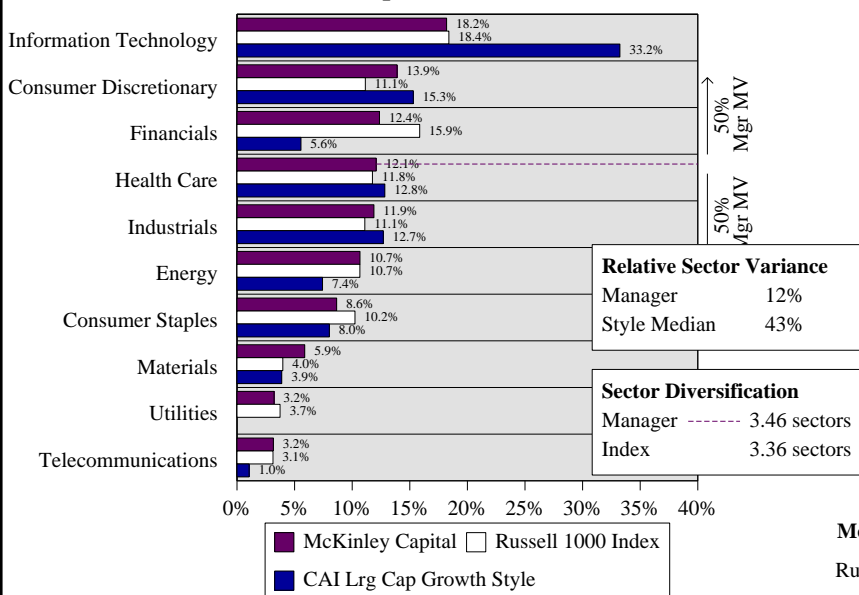
Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Style as of September 30, 2010



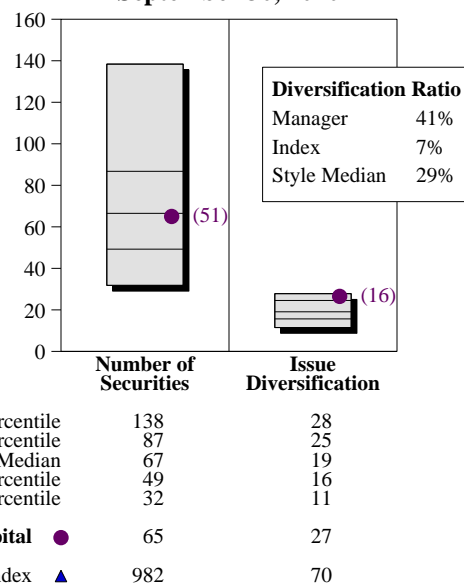
Sector Weights

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 holdings that comprise half of the portfolio's market value.

Sector Allocation September 30, 2010



Diversification September 30, 2010



QUANTITATIVE MGMT ASSOC PERIOD ENDED SEPTEMBER 30, 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

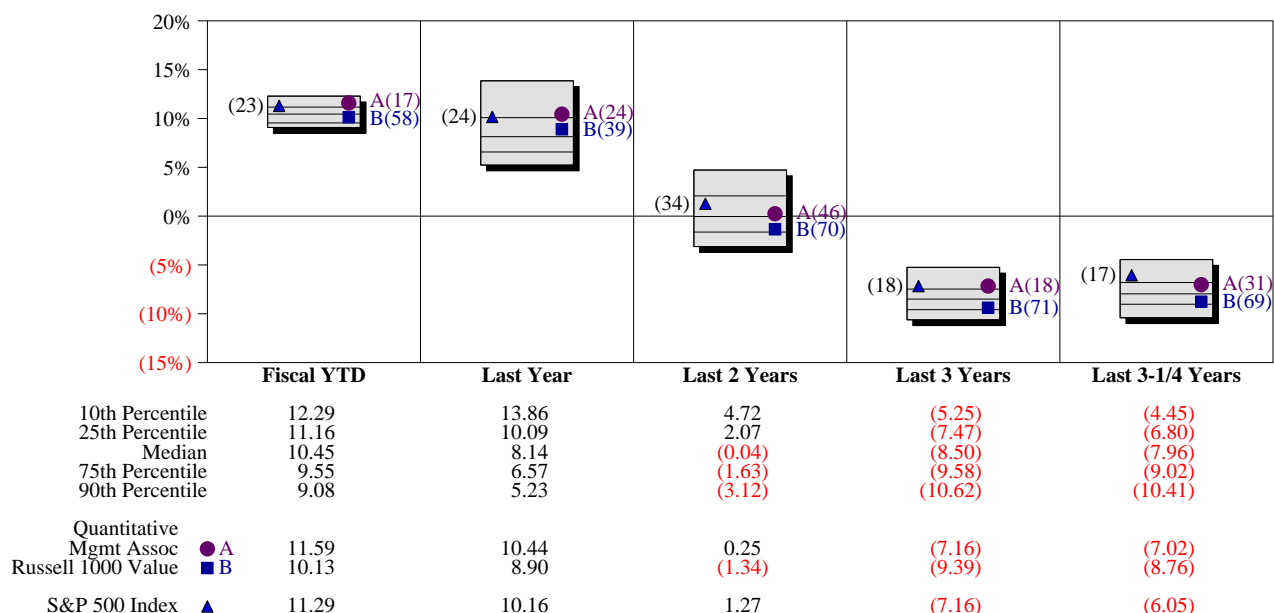
- Quantitative Mgmt Assoc's portfolio posted a 11.59% return for the quarter placing it in the 17 percentile of the CAI Large Cap Value Style group for the quarter and in the 24 percentile for the last year.
- Quantitative Mgmt Assoc's portfolio outperformed the S&P 500 Index by 0.30% for the quarter and outperformed the S&P 500 Index for the year by 0.28%.

Quarterly Asset Growth

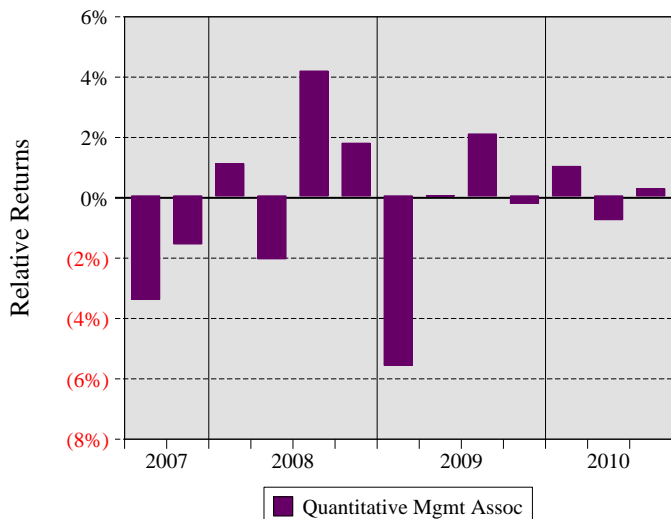
Beginning Market Value	\$105,728,804
Net New Investment	\$-8
Investment Gains/(Losses)	\$12,253,925
Ending Market Value	\$117,982,721

Percent Cash: 1.8%

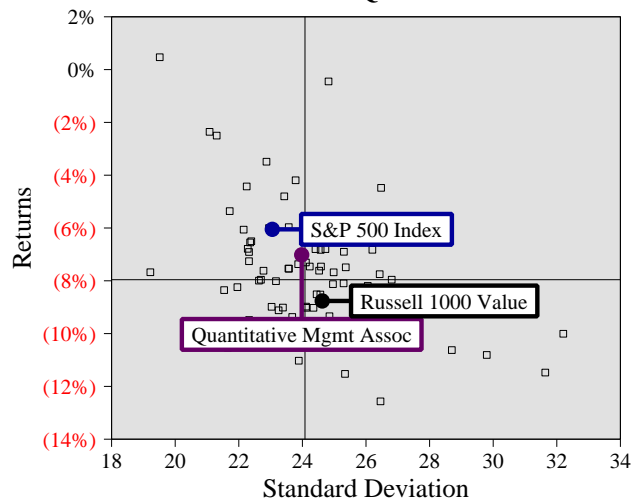
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs S&P 500 Index



CAI Large Cap Value Style (Gross) Annualized Three and One-Quarter Year Risk vs Return



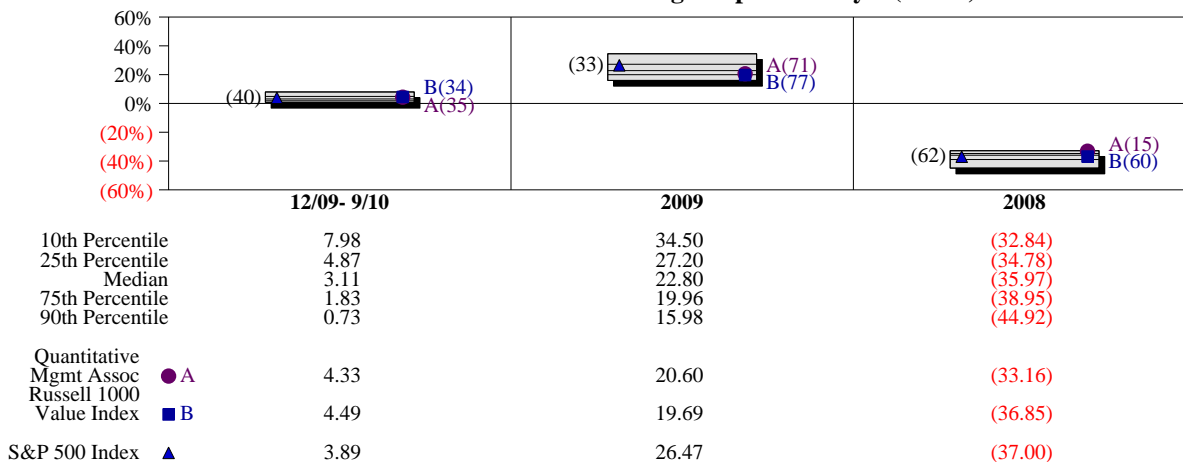


QUANTITATIVE MGMT ASSOC RETURN ANALYSIS SUMMARY

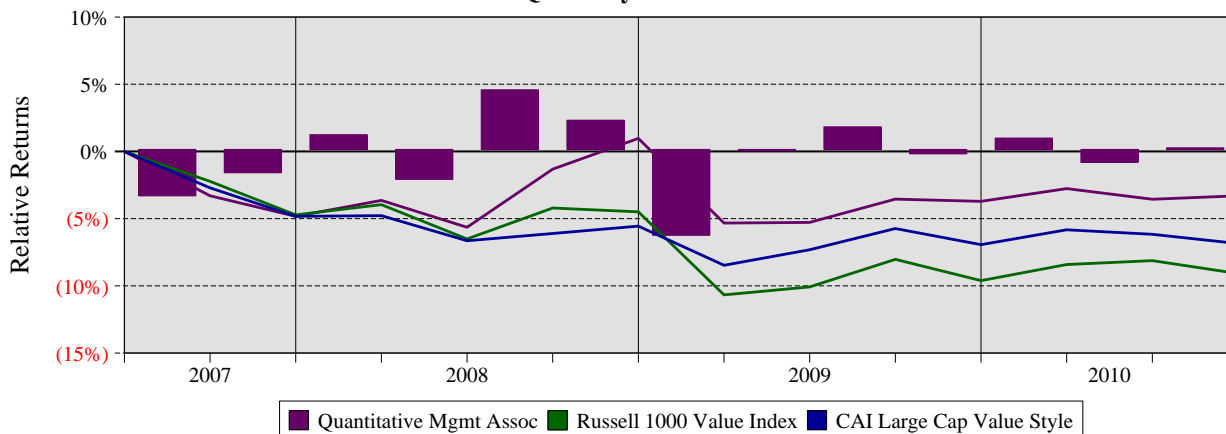
Return Analysis

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.

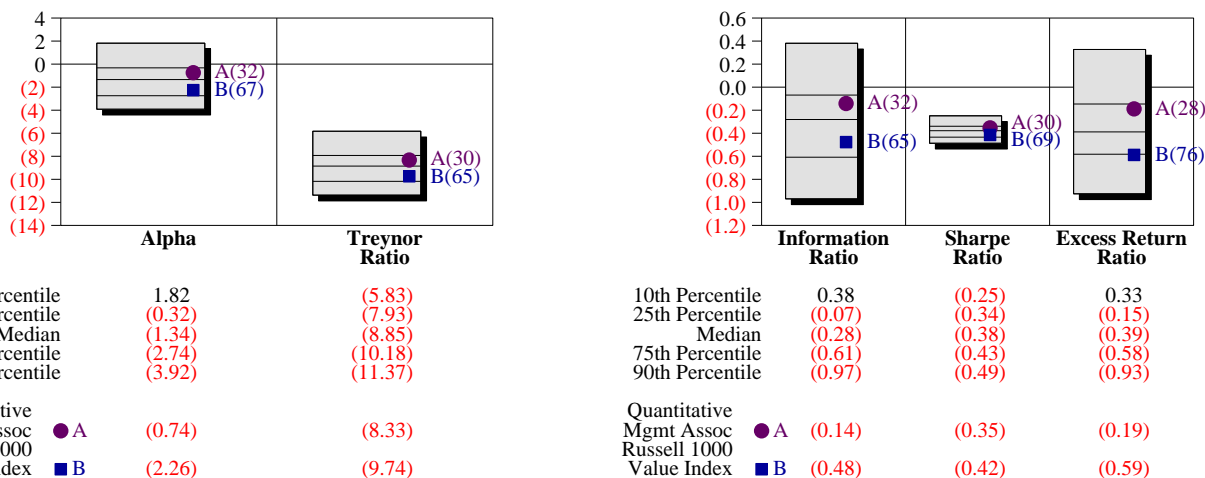
Performance vs CAI Large Cap Value Style (Gross)



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) Three and One-Quarter Years Ended September 30, 2010



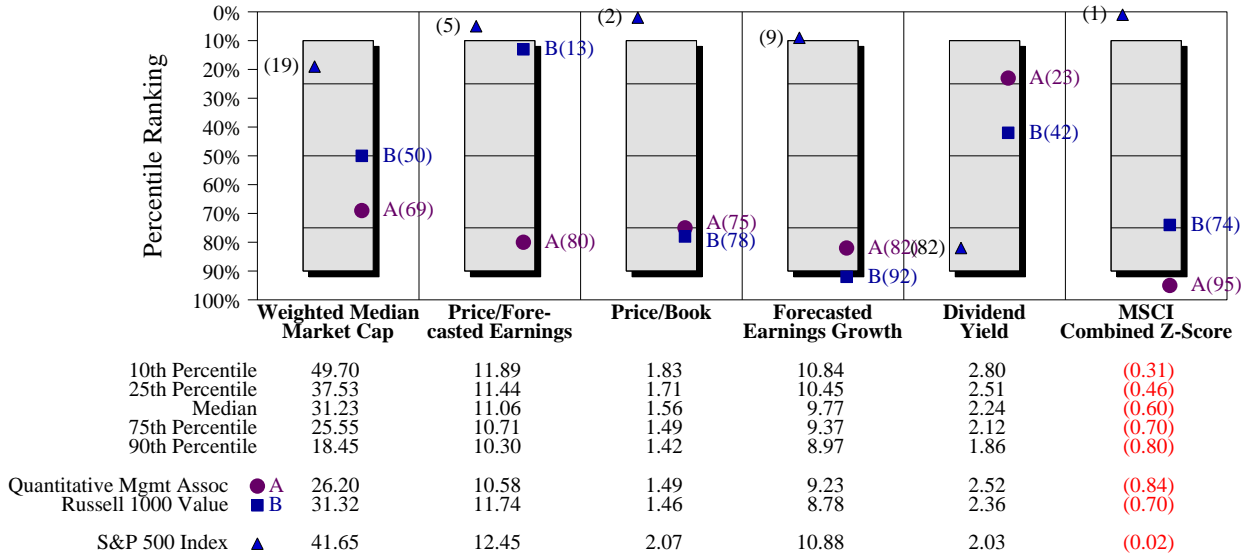
QUANTITATIVE MGMT ASSOC EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

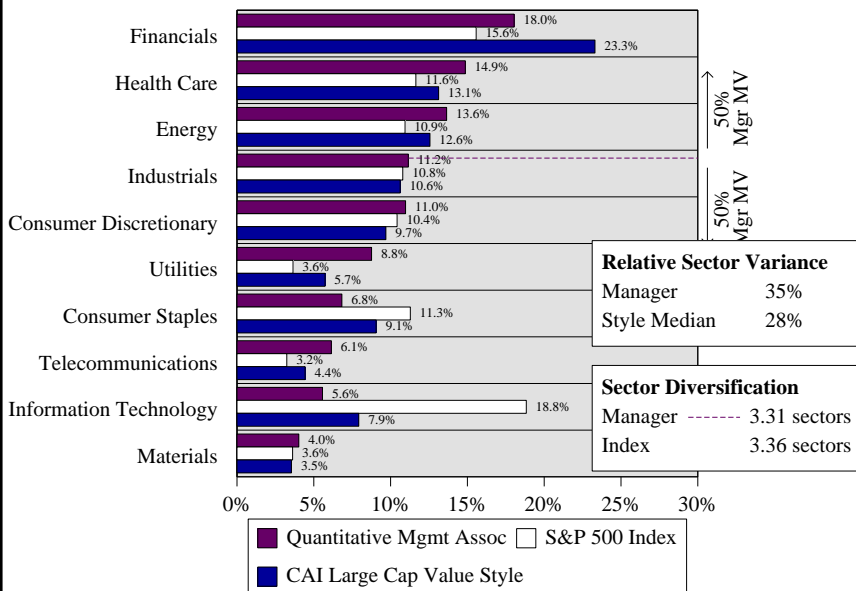
**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of September 30, 2010**



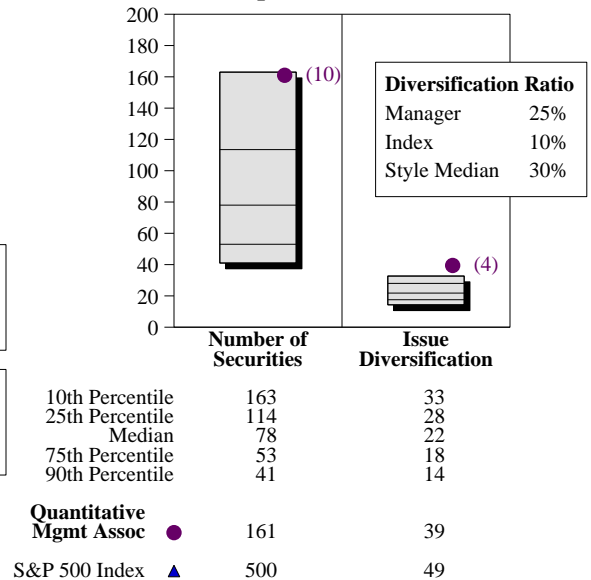
Sector Weights

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 holdings that comprise half of the portfolio's market value.

**Sector Allocation
September 30, 2010**



**Diversification
September 30, 2010**





RCM PERIOD ENDED SEPTEMBER 30, 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

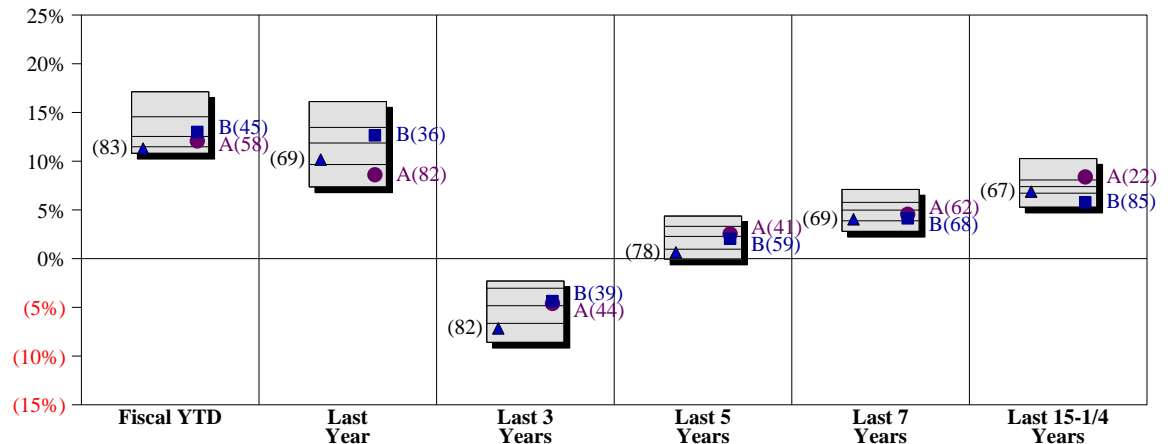
- RCM's portfolio posted a 12.08% return for the quarter placing it in the 58 percentile of the CAI Large Cap Growth Style group for the quarter and in the 82 percentile for the last year.
- RCM's portfolio outperformed the S&P 500 Index by 0.78% for the quarter and underperformed the S&P 500 Index for the year by 1.55%.

Quarterly Asset Growth

Beginning Market Value	\$338,558,787
Net New Investment	\$0
Investment Gains/(Losses)	\$40,886,409
Ending Market Value	\$379,445,196

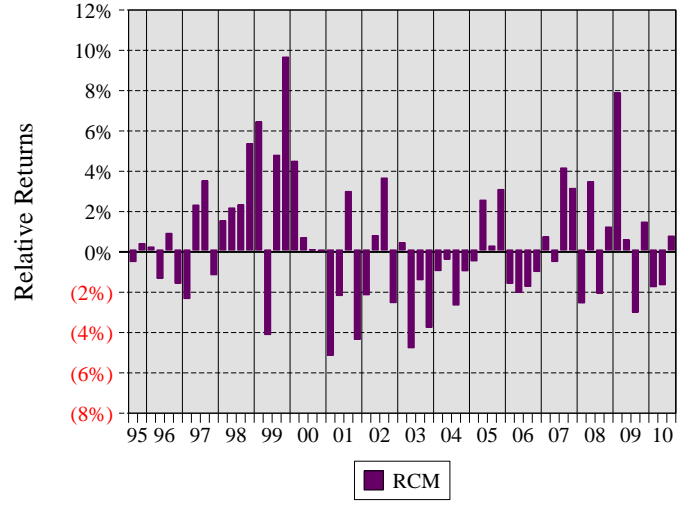
Percent Cash: 1.9%

Performance vs CAI Large Cap Growth Style (Gross)

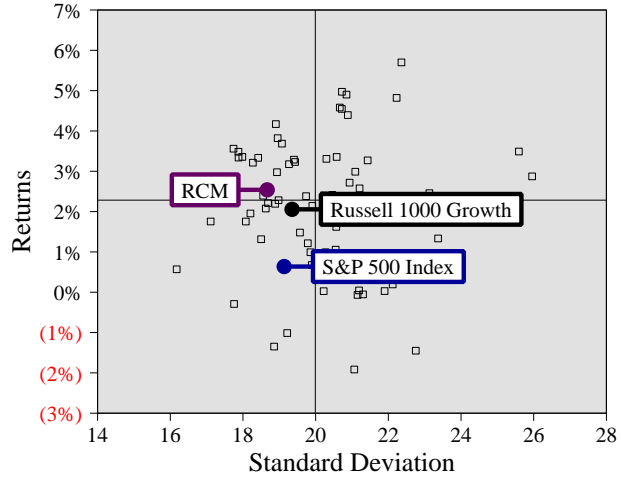


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 15-1/4 Years
10th Percentile	17.13	16.12	(2.30)	4.37	7.10	10.27
25th Percentile	14.56	13.47	(3.04)	3.31	5.78	8.07
Median	12.54	11.87	(4.83)	2.28	4.98	7.39
75th Percentile	11.48	9.66	(6.64)	0.97	3.88	6.72
90th Percentile	10.81	7.36	(8.59)	(0.05)	2.80	5.28
RCM	12.08	8.61	(4.60)	2.54	4.56	8.39
Russell 1000 Growth	13.00	12.65	(4.36)	2.06	4.14	5.77
S&P 500 Index	11.29	10.16	(7.16)	0.64	4.04	6.88

Relative Return vs S&P 500 Index



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



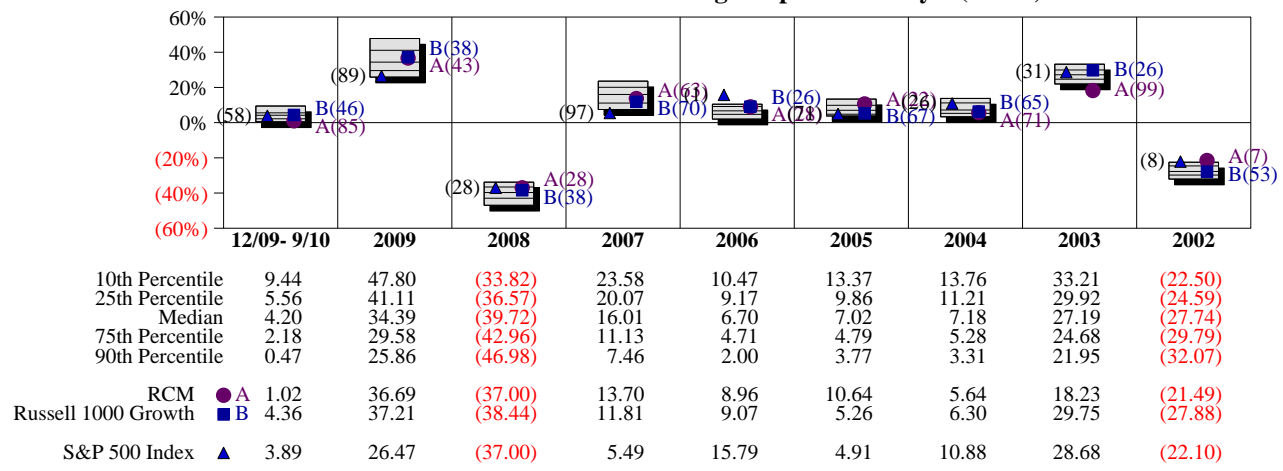


RCM RETURN ANALYSIS SUMMARY

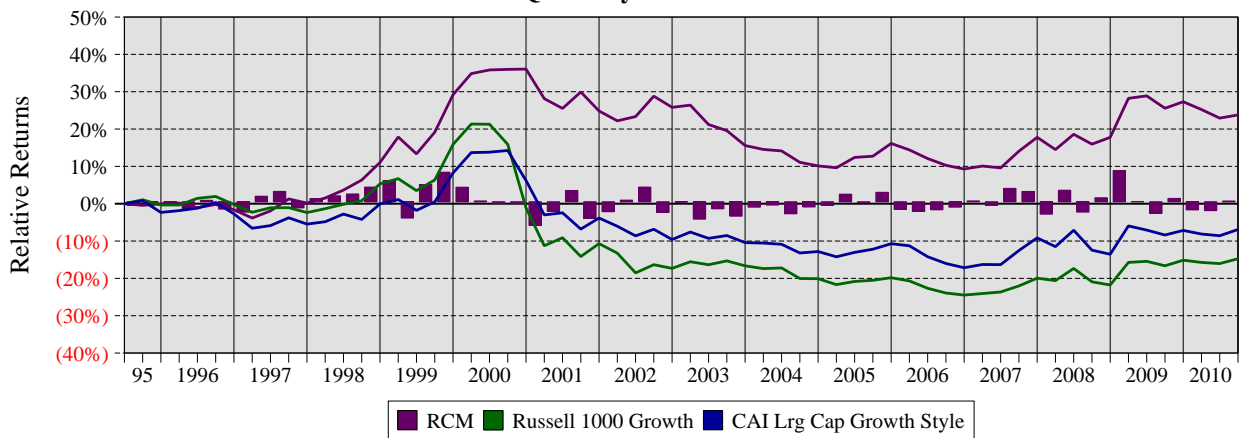
Return Analysis

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.

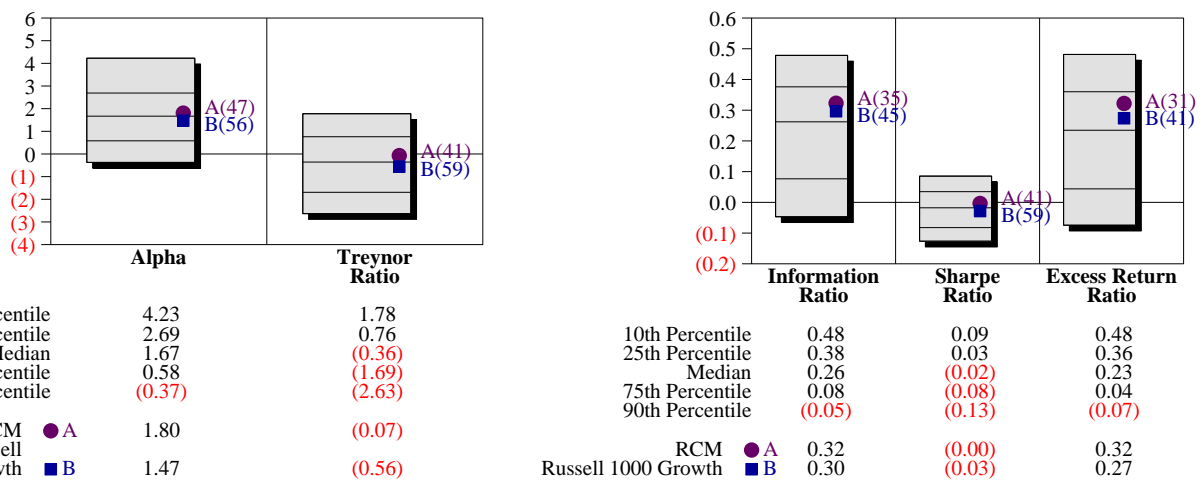
Performance vs CAI Large Cap Growth Style (Gross)



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 September 30, 2010

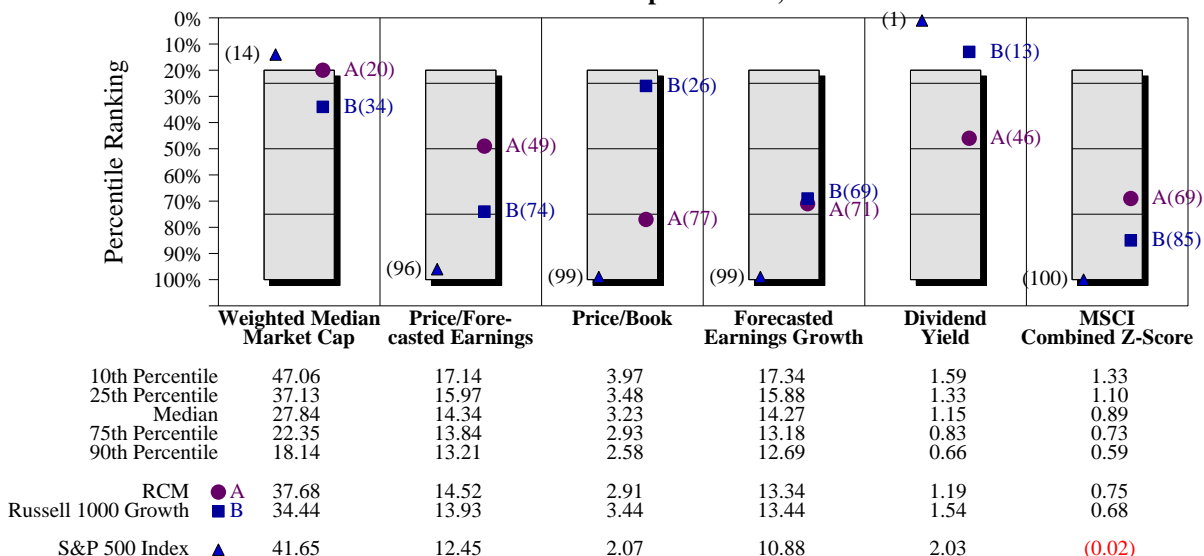


RCM EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

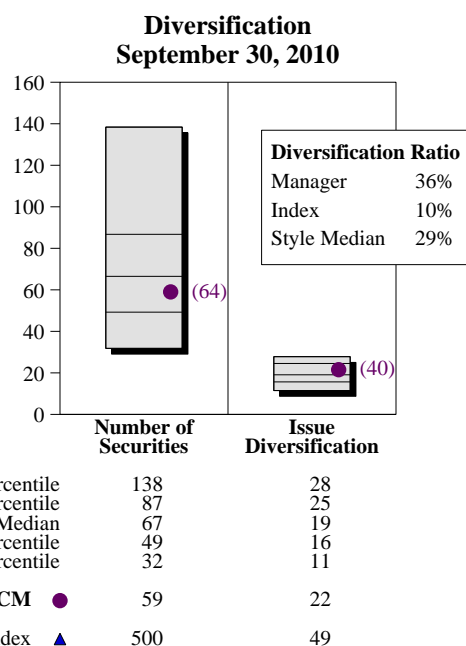
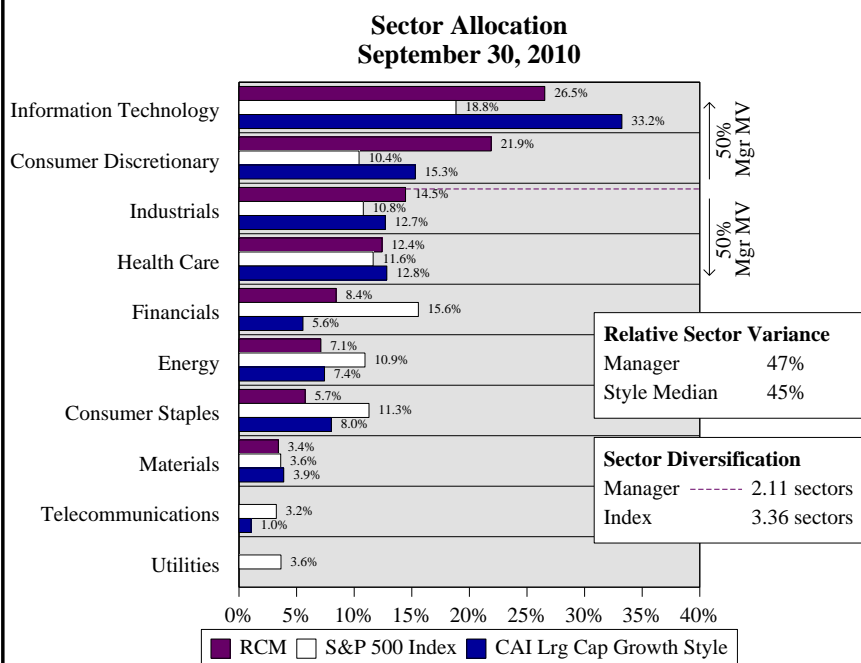
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Growth Style
as of September 30, 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 holdings that comprise half of the portfolio's market value.



RELATIONAL INVESTORS PERIOD ENDED SEPTEMBER 30, 2010



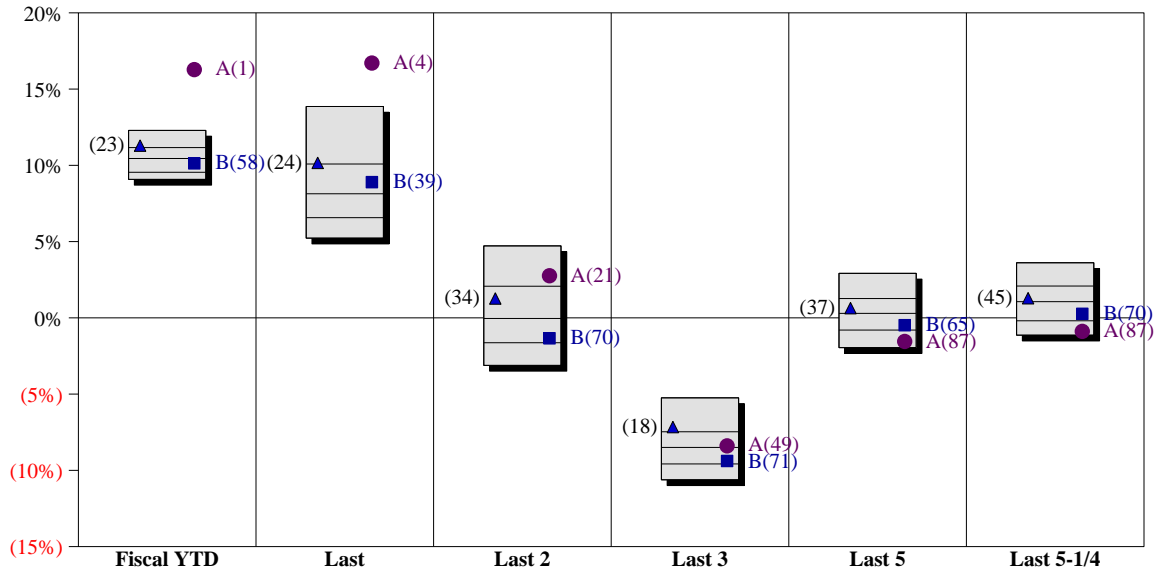
Quarterly Summary and Highlights

- Relational Investors's portfolio posted a 16.28% return for the quarter placing it in the 1 percentile of the CAI Large Cap Value Style group for the quarter and in the 4 percentile for the last year.
- Relational Investors's portfolio outperformed the S&P 500 Index by 4.98% for the quarter and outperformed the S&P 500 Index for the year by 6.54%.

Quarterly Asset Growth

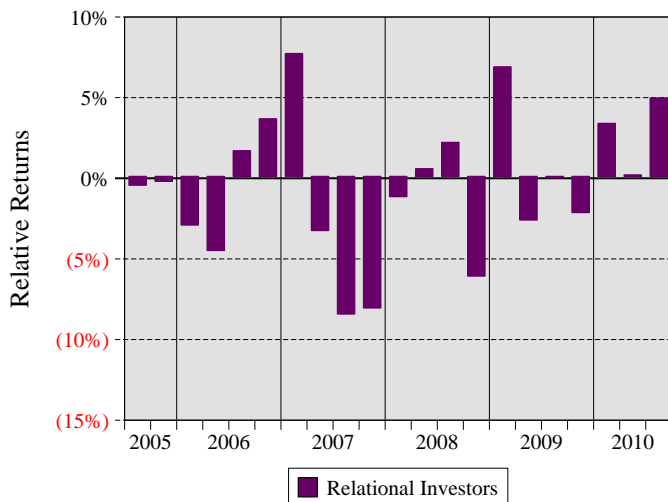
Beginning Market Value	\$239,379,038
Net New Investment	\$4,916,948
Investment Gains/(Losses)	\$39,354,647
Ending Market Value	\$283,650,633

Performance vs CAI Large Cap Value Style (Gross)

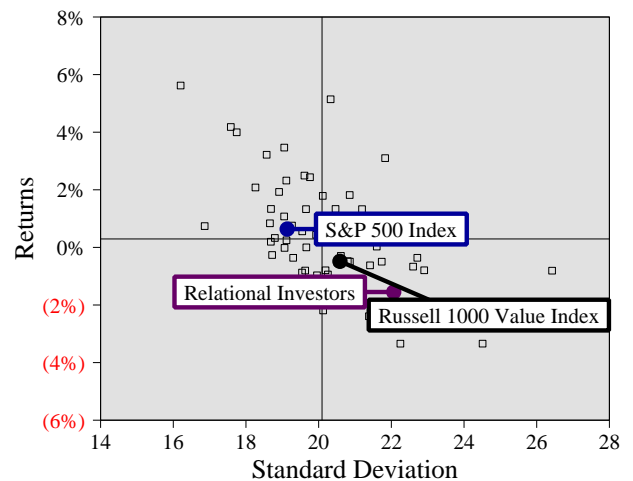


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	12.29	13.86	4.72	(5.25)	2.92	3.61
25th Percentile	11.16	10.09	2.07	(7.47)	1.26	2.09
Median	10.45	8.14	(0.04)	(8.50)	0.29	1.06
75th Percentile	9.55	6.57	(1.63)	(9.58)	(0.80)	(0.19)
90th Percentile	9.08	5.23	(3.12)	(10.62)	(1.95)	(1.14)
Relational Investors	● A 16.28	16.71	2.76	(8.40)	(1.55)	(0.89)
Russell 1000 Value Index	■ B 10.13	8.90	(1.34)	(9.39)	(0.48)	0.26
S&P 500 Index	▲ 11.29	10.16	1.27	(7.16)	0.64	1.29

Relative Return vs S&P 500 Index



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

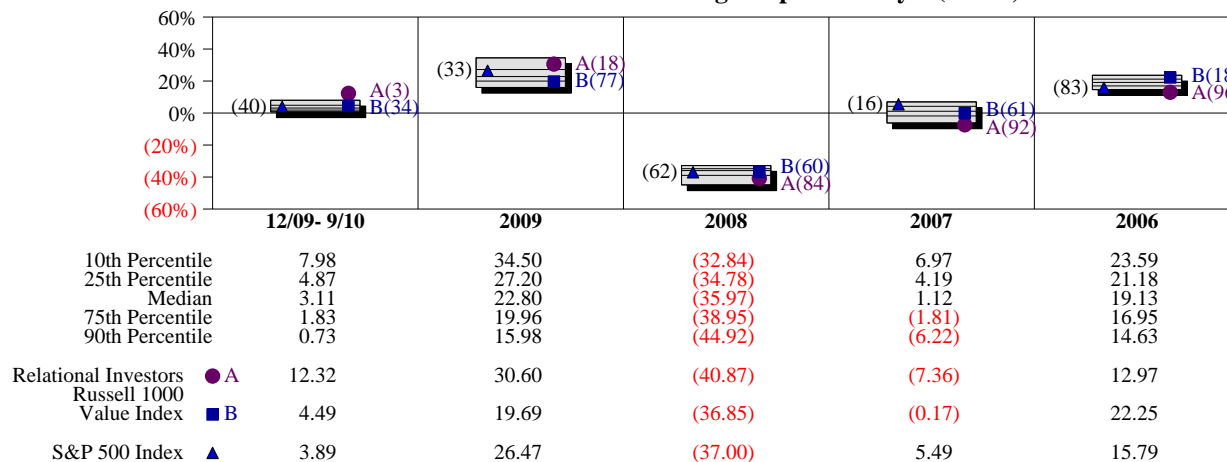


RELATIONAL INVESTORS RETURN ANALYSIS SUMMARY

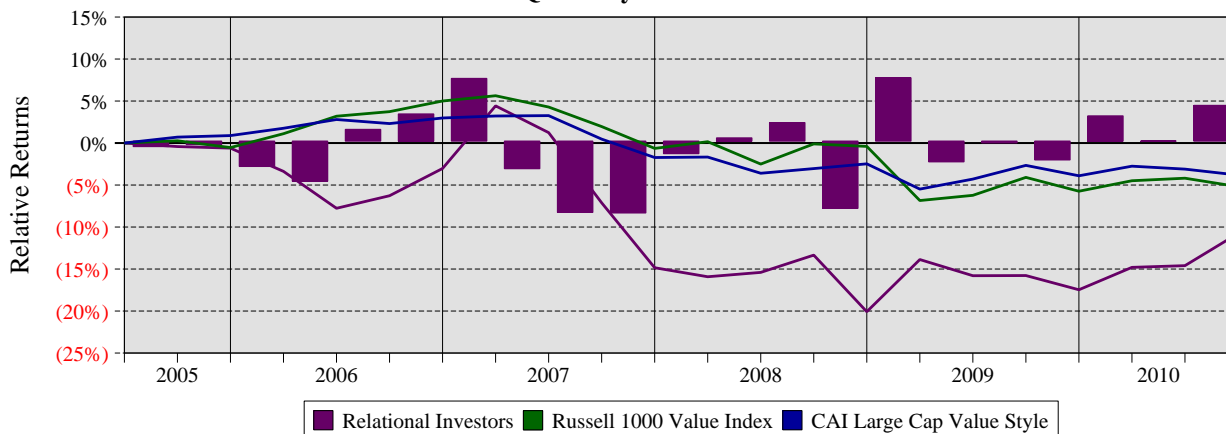
Return Analysis

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.

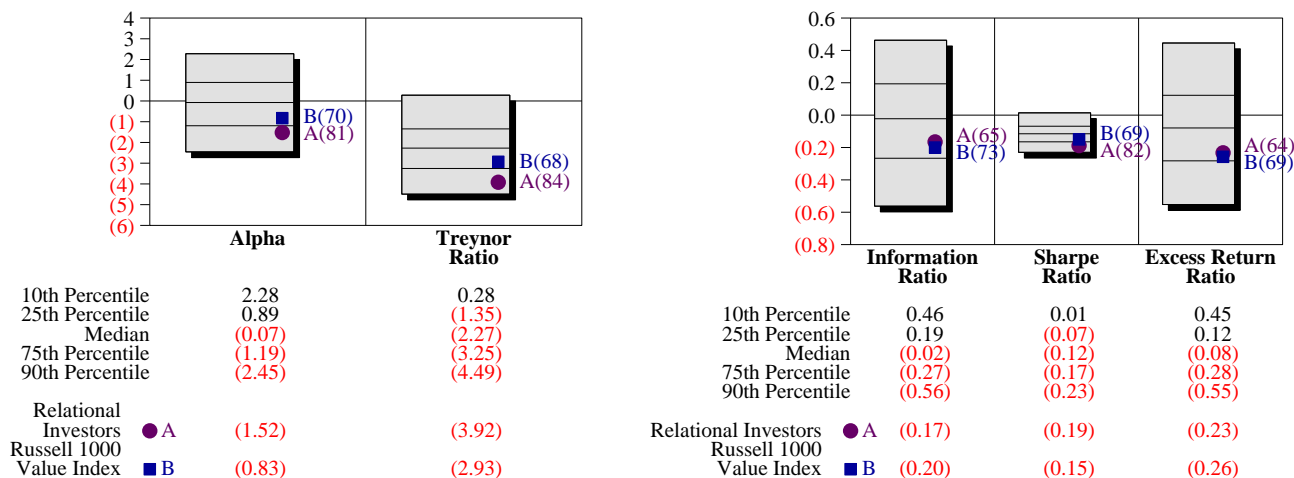
Performance vs CAI Large Cap Value Style (Gross)



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) Five Years Ended September 30, 2010

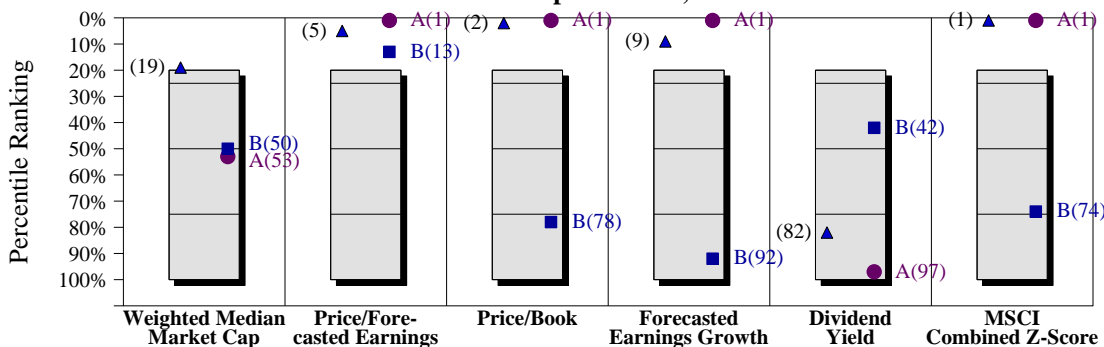


RELATIONAL INVESTORS EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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 September 30, 2010**

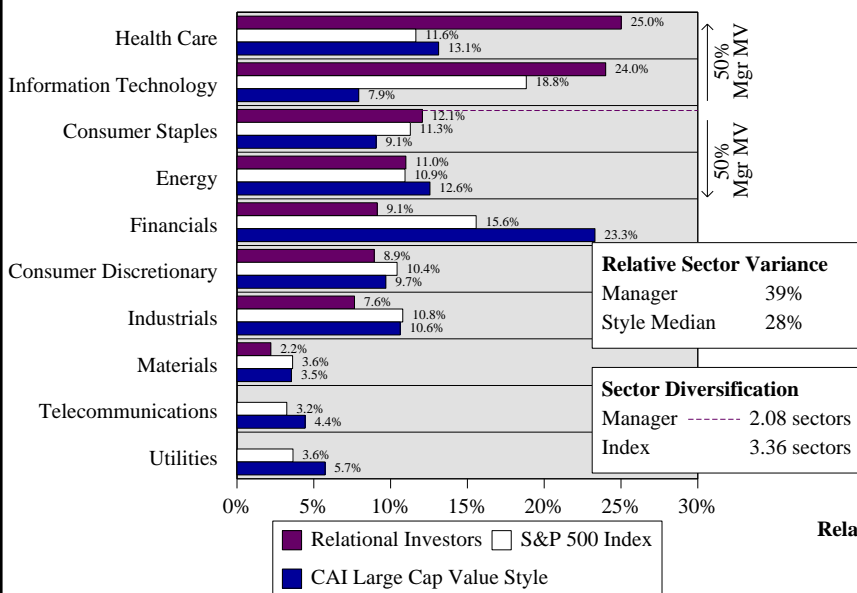


10th Percentile	49.70	11.89	1.83	10.84	2.80	(0.31)
25th Percentile	37.53	11.44	1.71	10.45	2.51	(0.46)
Median	31.23	11.06	1.56	9.77	2.24	(0.60)
75th Percentile	25.55	10.71	1.49	9.37	2.12	(0.70)
90th Percentile	18.45	10.30	1.42	8.97	1.86	(0.80)
Relational Investors	● A 29.26	12.69	2.29	12.54	1.49	0.32
Russell 1000 Value Index	■ B 31.32	11.74	1.46	8.78	2.36	(0.70)
S&P 500 Index	▲ 41.65	12.45	2.07	10.88	2.03	(0.02)

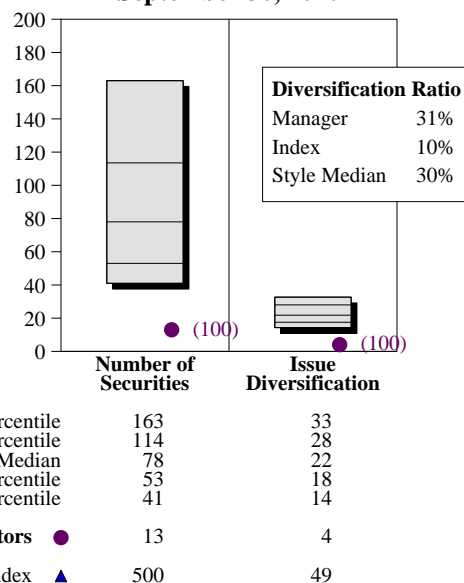
Sector Weights

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 holdings that comprise half of the portfolio's market value.

**Sector Allocation
September 30, 2010**



**Diversification
September 30, 2010**





SSGA RUSSELL 1000 GROWTH PERIOD ENDED SEPTEMBER 30, 2010

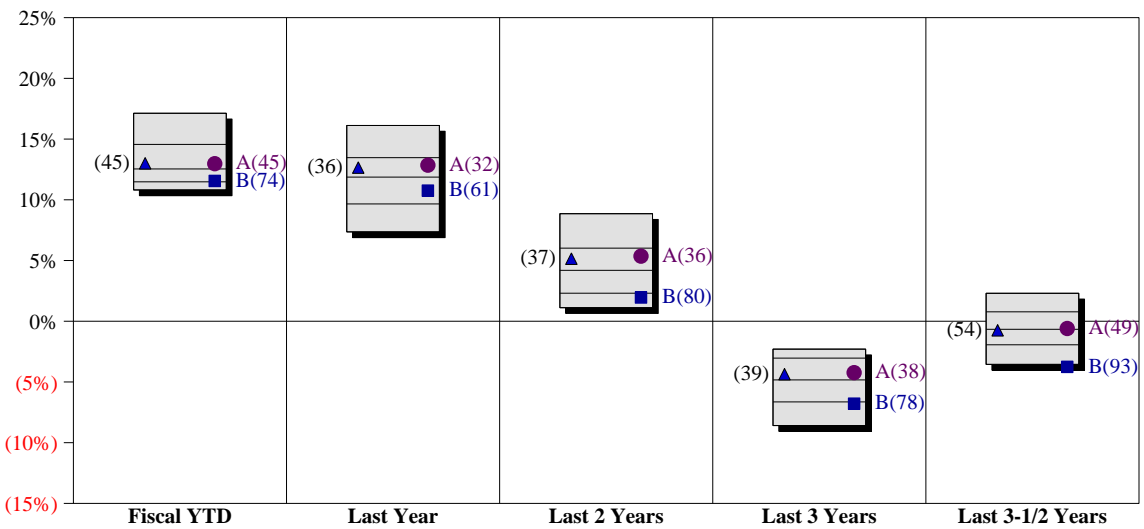
Quarterly Summary and Highlights

- SSgA Russell 1000 Growth's portfolio posted a 12.97% return for the quarter placing it in the 45th percentile of the CAI Large Cap Growth Style group for the quarter and in the 32nd percentile for the last year.
- SSgA Russell 1000 Growth's portfolio underperformed the Russell 1000 Growth Index by 0.03% for the quarter and outperformed the Russell 1000 Growth Index for the year by 0.20%.

Quarterly Asset Growth

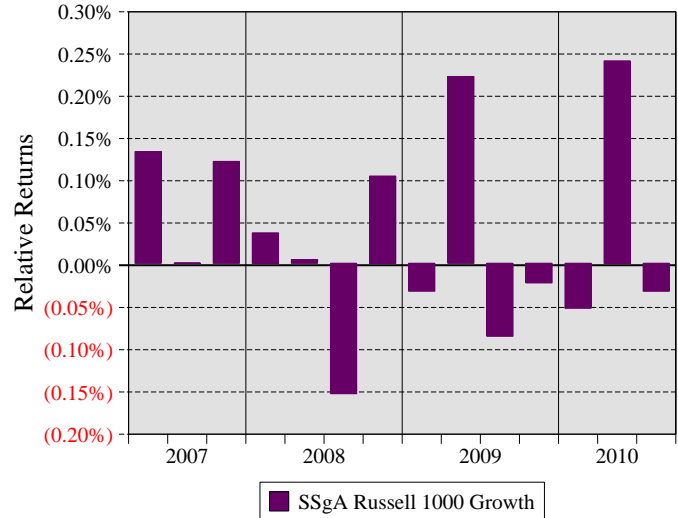
Beginning Market Value	\$399,360,376
Net New Investment	\$0
Investment Gains/(Losses)	\$51,806,177
Ending Market Value	\$451,166,553

Performance vs CAI Large Cap Growth Style (Gross)

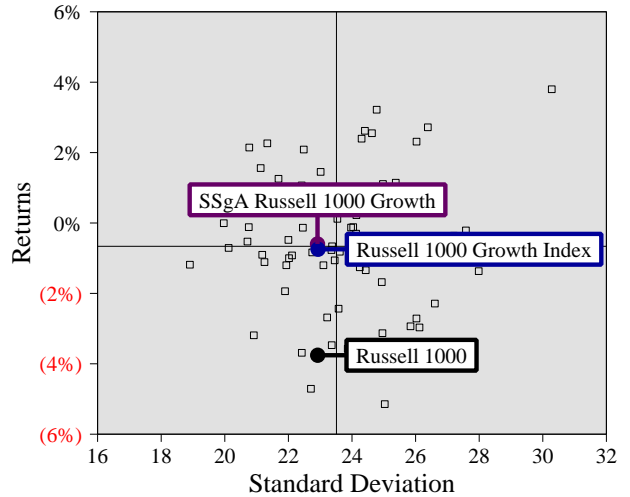


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	17.13	16.12	8.86	(2.30)	2.30
25th Percentile	14.56	13.47	6.02	(3.04)	0.78
Median	12.54	11.87	4.19	(4.83)	(0.66)
75th Percentile	11.48	9.66	2.31	(6.64)	(1.94)
90th Percentile	10.81	7.36	1.12	(8.59)	(3.55)
SSgA Russell 1000 Growth	● A 12.97	12.85	5.36	(4.23)	(0.60)
Russell 1000	■ B 11.55	10.75	1.96	(6.79)	(3.76)
Russell 1000 Growth Index	▲ 13.00	12.65	5.15	(4.36)	(0.75)

Relative Return vs Russell 1000 Growth Index



CAI Large Cap Growth Style (Gross) Annualized Three and One-Half Year Risk vs Return



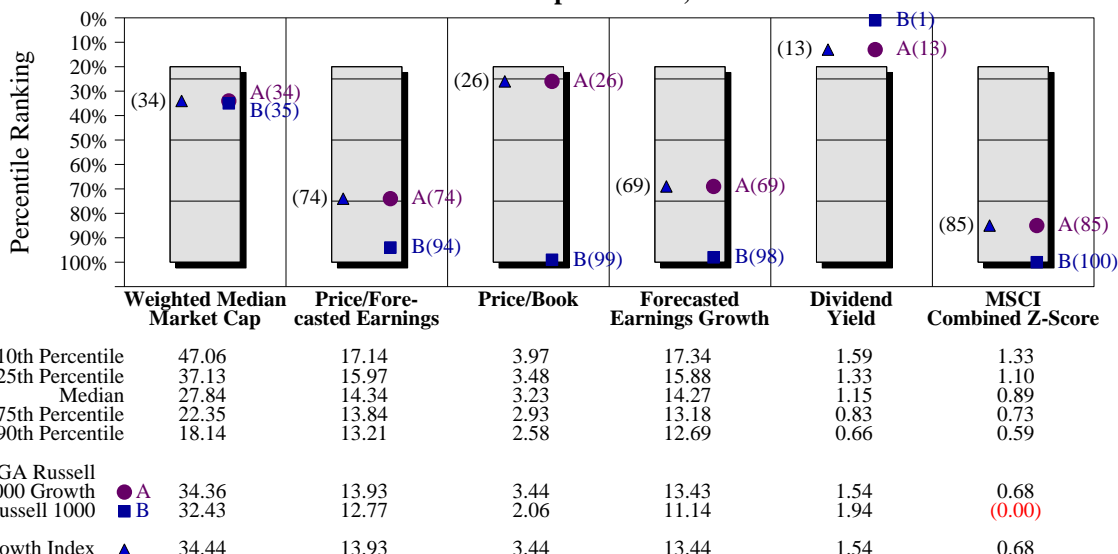
SSGA RUSSELL 1000 GROWTH EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

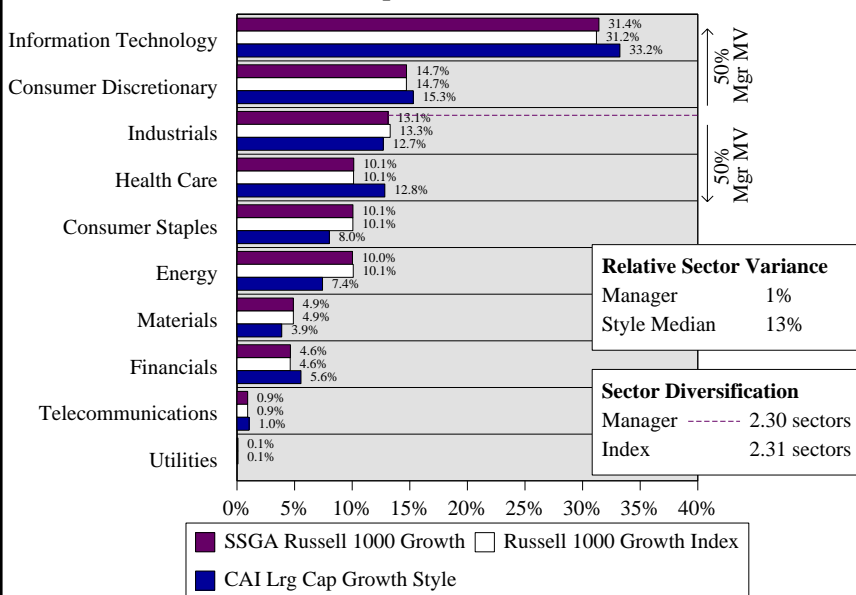
Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Style as of September 30, 2010



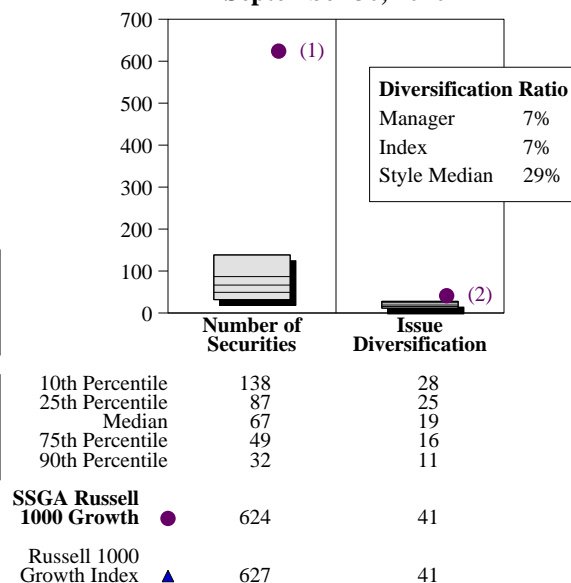
Sector Weights

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 holdings that comprise half of the portfolio's market value.

Sector Allocation September 30, 2010



Diversification September 30, 2010



SSGA RUSSELL 1000 VALUE PERIOD ENDED SEPTEMBER 30, 2010



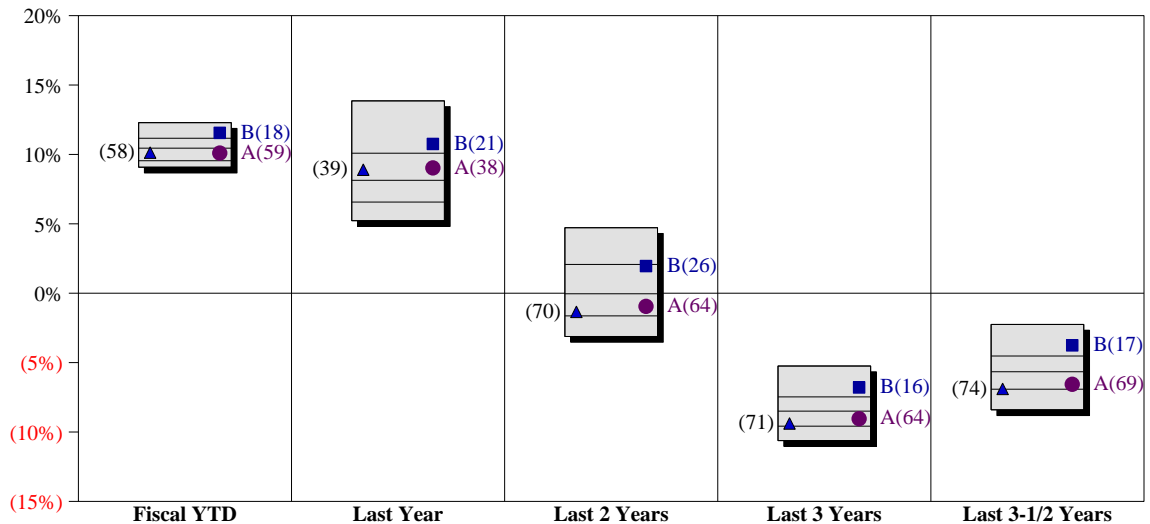
Quarterly Summary and Highlights

- SSgA Russell 1000 Value's portfolio posted a 10.10% return for the quarter placing it in the 59 percentile of the CAI Large Cap Value Style group for the quarter and in the 38 percentile for the last year.
- SSgA Russell 1000 Value's portfolio underperformed the Russell 1000 Value Index by 0.03% for the quarter and outperformed the Russell 1000 Value Index for the year by 0.13%.

Quarterly Asset Growth

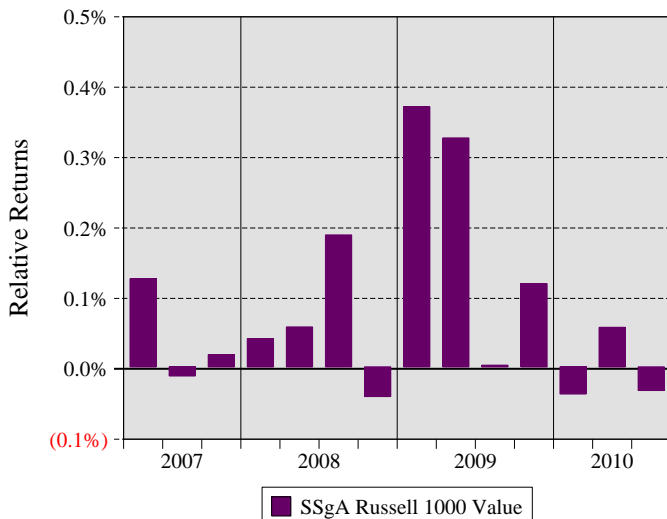
Beginning Market Value	\$945,804,913
Net New Investment	\$102,835
Investment Gains/(Losses)	\$95,525,902
Ending Market Value	\$1,041,433,650

Performance vs CAI Large Cap Value Style (Gross)

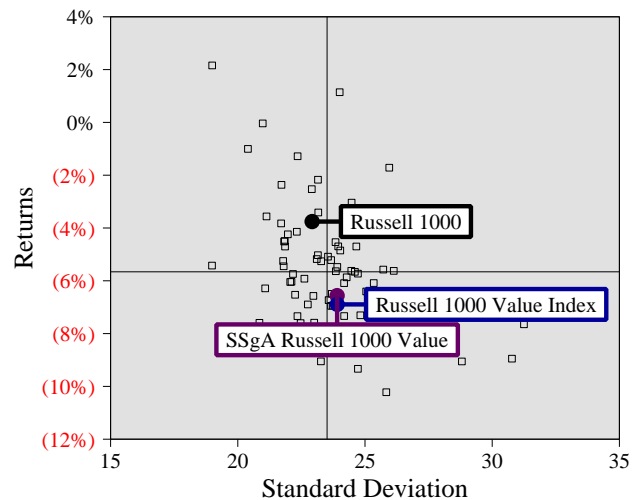


10th Percentile	12.29	13.86	4.72	(5.25)	(2.25)
25th Percentile	11.16	10.09	2.07	(7.47)	(4.52)
Median	10.45	8.14	(0.04)	(8.50)	(5.66)
75th Percentile	9.55	6.57	(1.63)	(9.58)	(6.92)
90th Percentile	9.08	5.23	(3.12)	(10.62)	(8.40)
SSgA Russell 1000 Value	10.10	9.03	(0.95)	(9.04)	(6.56)
Russell 1000	11.55	10.75	1.96	(6.79)	(3.76)
Russell 1000 Value Index	10.13	8.90	(1.34)	(9.39)	(6.89)

Relative Return vs Russell 1000 Value Index



CAI Large Cap Value Style (Gross) Annualized Three and One-Half Year Risk vs Return



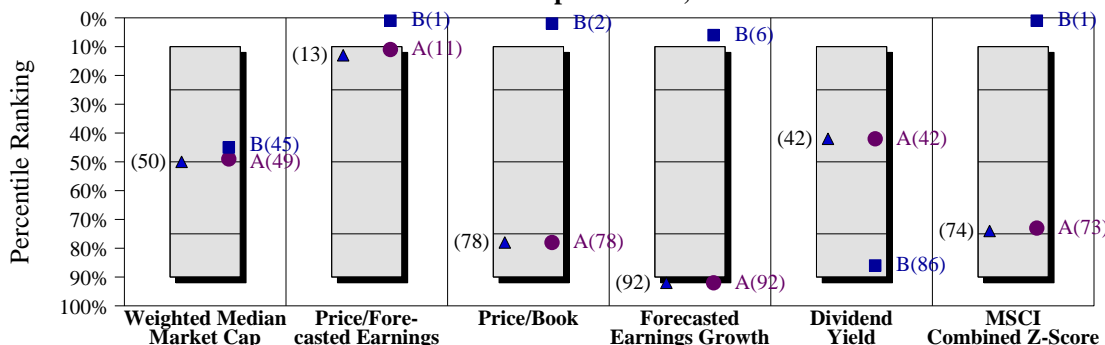
SSGA RUSSELL 1000 VALUE EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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 September 30, 2010

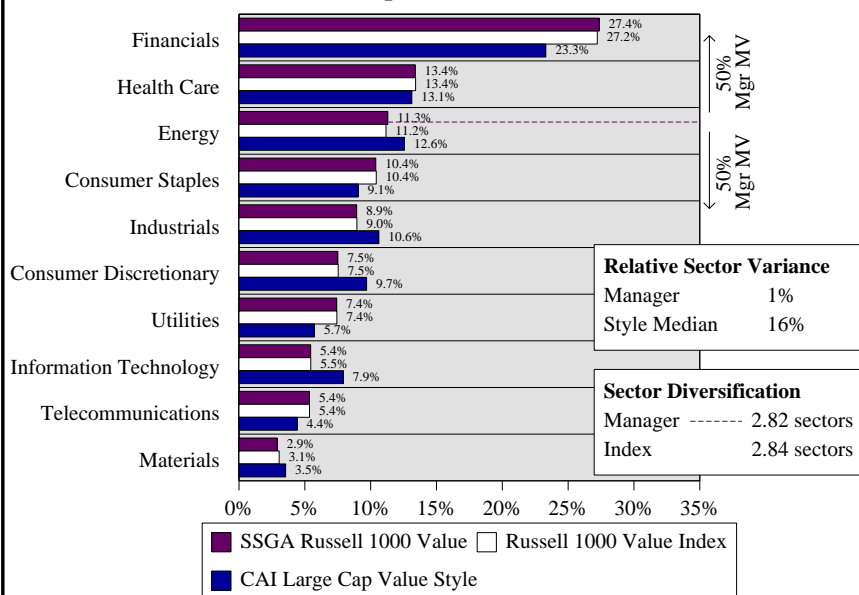


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	49.70	11.89	1.83	10.84	2.80	(0.31)
25th Percentile	37.53	11.44	1.71	10.45	2.51	(0.46)
Median	31.23	11.06	1.56	9.77	2.24	(0.60)
75th Percentile	25.55	10.71	1.49	9.37	2.12	(0.70)
90th Percentile	18.45	10.30	1.42	8.97	1.86	(0.80)
SSGA Russell 1000 Value	31.42	11.82	1.47	8.79	2.35	(0.69)
Russell 1000 Value Index	32.43	12.77	2.06	11.14	1.94	(0.00)
Russell 1000 Value Index	31.32	11.74	1.46	8.78	2.36	(0.70)

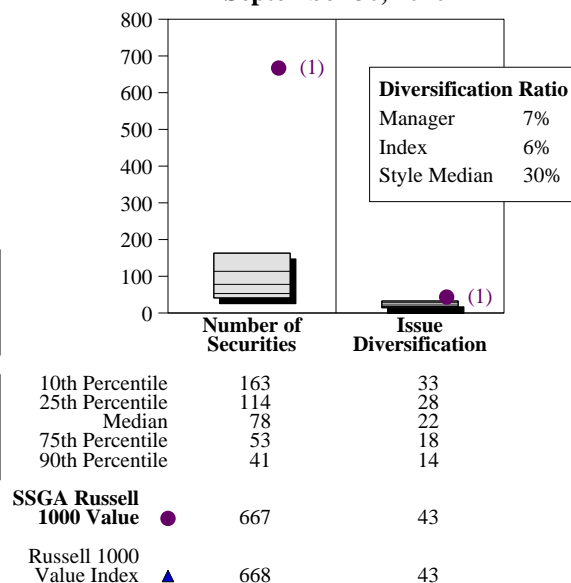
Sector Weights

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 holdings that comprise half of the portfolio's market value.

Sector Allocation September 30, 2010



Diversification September 30, 2010





SSGA RUSSELL 200 PERIOD ENDED SEPTEMBER 30, 2010

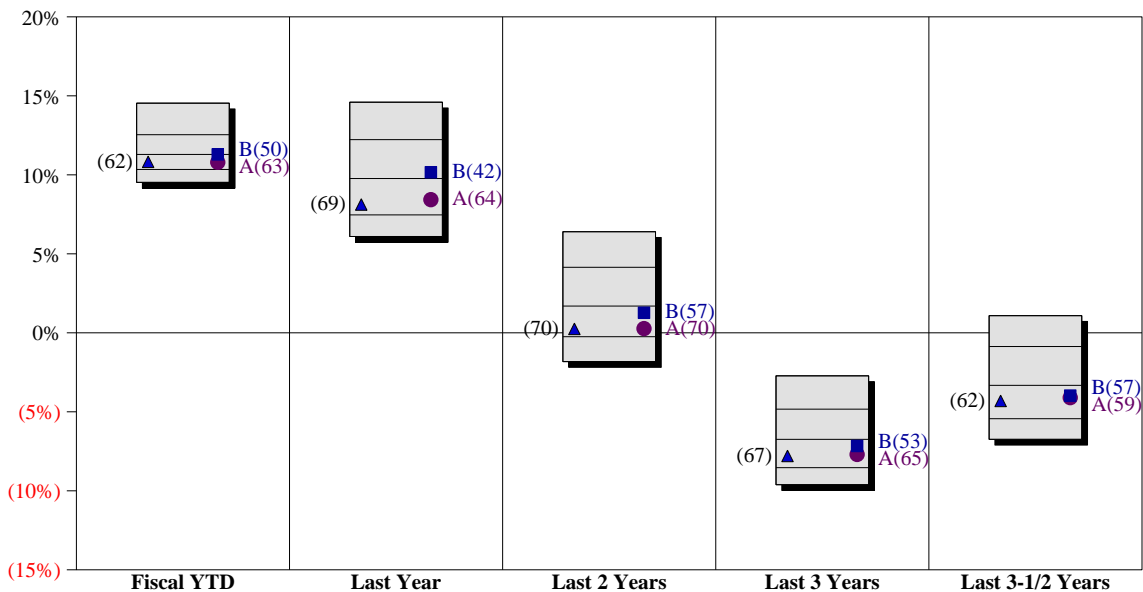
Quarterly Summary and Highlights

- SSgA Russell 200's portfolio posted a 10.79% return for the quarter placing it in the 63 percentile of the CAI Large Capitalization Style group for the quarter and in the 64 percentile for the last year.
- SSgA Russell 200's portfolio underperformed the Russell Top 200 by 0.03% for the quarter and outperformed the Russell Top 200 for the year by 0.31%.

Quarterly Asset Growth

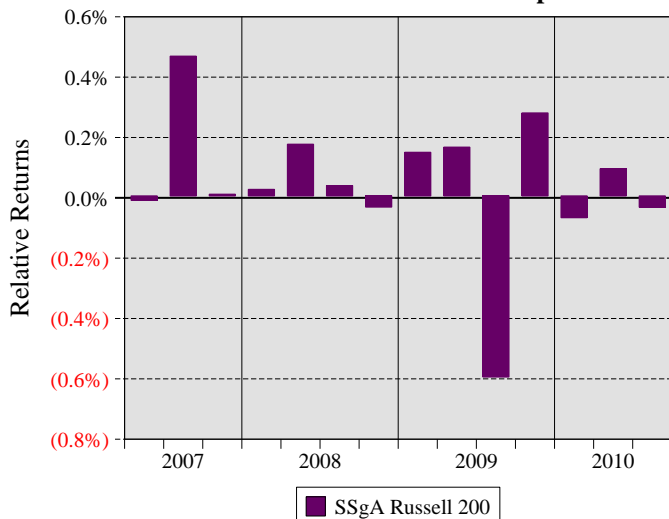
Beginning Market Value	\$297,004,950
Net New Investment	\$56
Investment Gains/(Losses)	\$32,054,370
Ending Market Value	\$329,059,376

Performance vs CAI Large Capitalization Style (Gross)

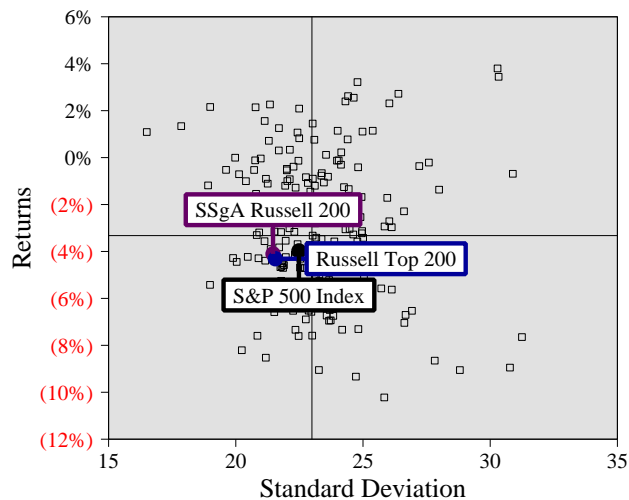


10th Percentile	14.54	14.60	6.40	(2.72)	1.09
25th Percentile	12.54	12.23	4.15	(4.83)	(0.87)
Median	11.29	9.77	1.69	(6.74)	(3.32)
75th Percentile	10.34	7.46	(0.25)	(8.54)	(5.44)
90th Percentile	9.52	6.10	(1.82)	(9.61)	(6.74)
SSgA Russell 200 (A)	10.79	8.43	0.27	(7.70)	(4.10)
S&P 500 Index (B)	11.29	10.16	1.27	(7.16)	(3.97)
Russell Top 200 (A)	10.82	8.12	0.25	(7.79)	(4.31)

Relative Return vs Russell Top 200



CAI Large Capitalization Style (Gross) Annualized Three and One-Half Year Risk vs Return



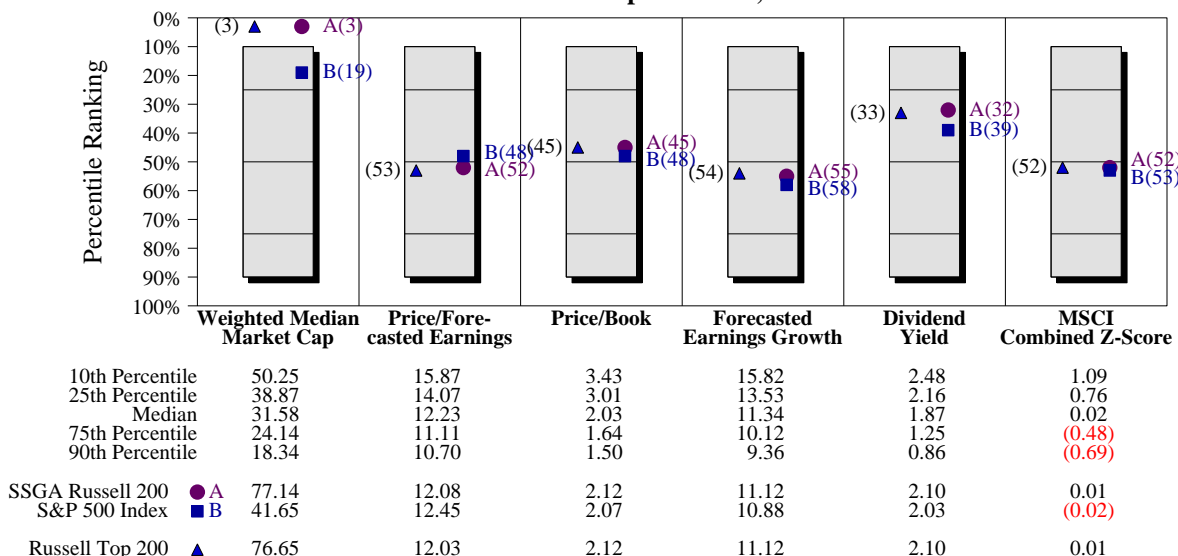
SSGA RUSSELL 200 EQUITY CHARACTERISTICS ANALYSIS SUMMARY



Portfolio Characteristics

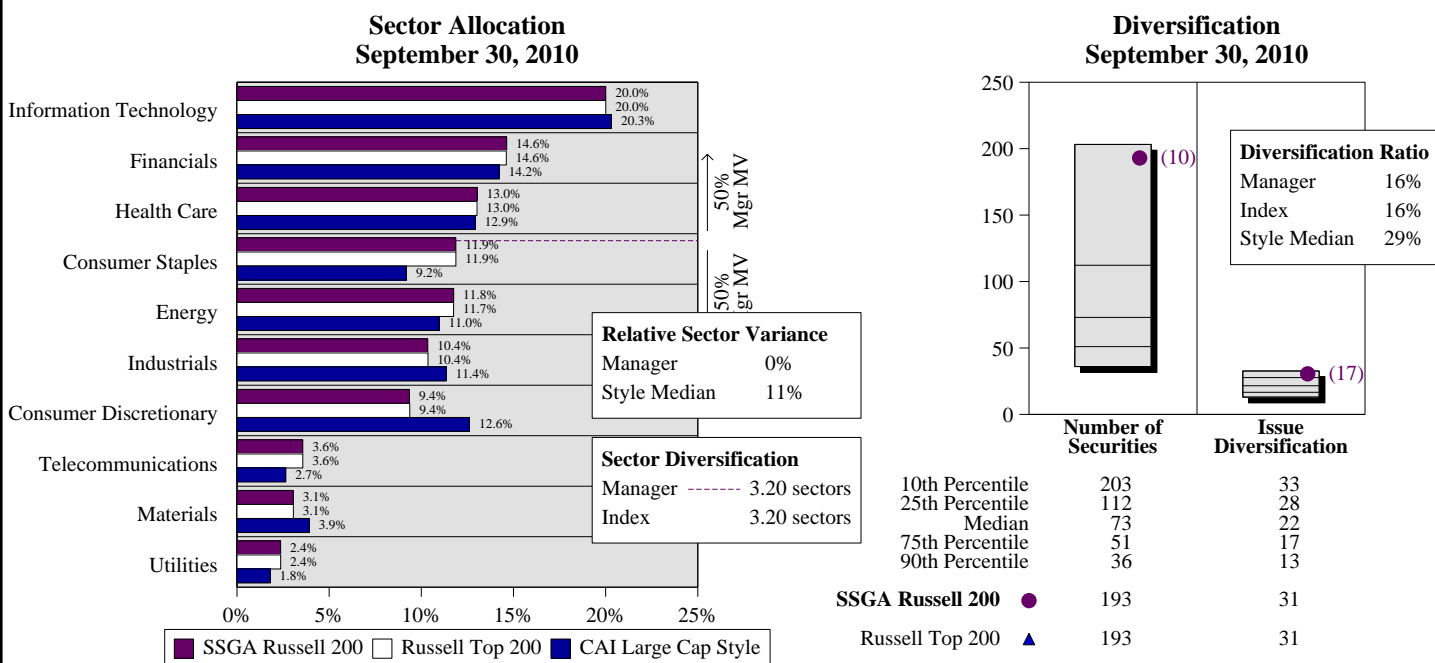
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Capitalization Style as of September 30, 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 holdings that comprise half of the portfolio's market value.





SMALL CAP EQUITY POOL PERIOD ENDED SEPTEMBER 30, 2010

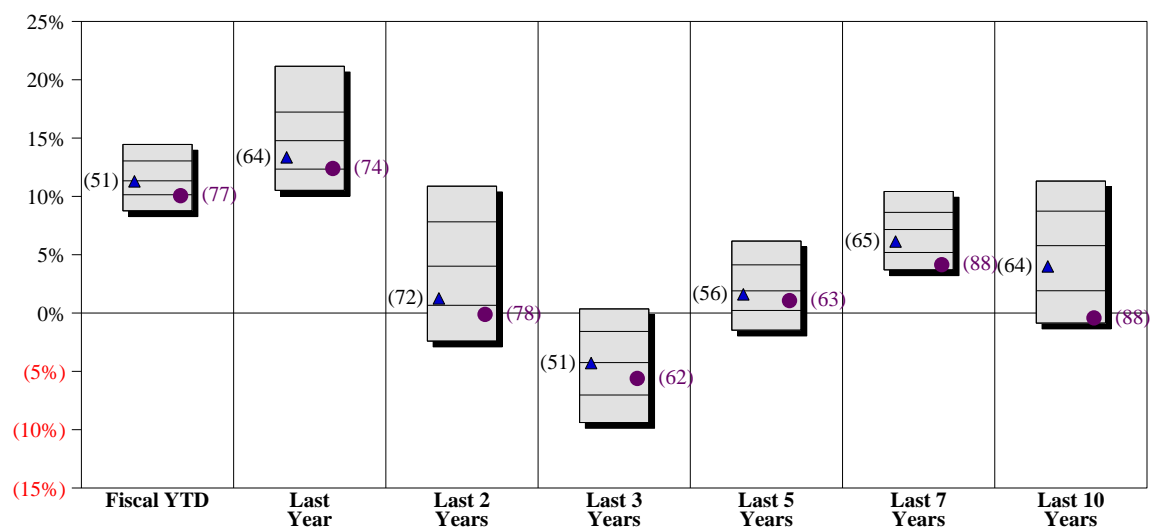
Investment Philosophy

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

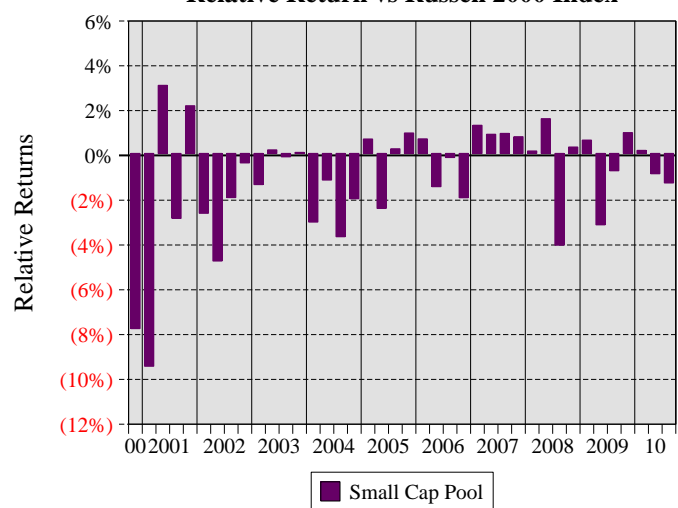
- Small Cap Pool's portfolio posted a 10.06% return for the quarter placing it in the 77 percentile of the CAI Small Capitalization Style group for the quarter and in the 74 percentile for the last year.
- Small Cap Pool's portfolio underperformed the Russell 2000 Index by 1.23% for the quarter and underperformed the Russell 2000 Index for the year by 0.95%.

Performance vs CAI Small Capitalization Style (Gross)

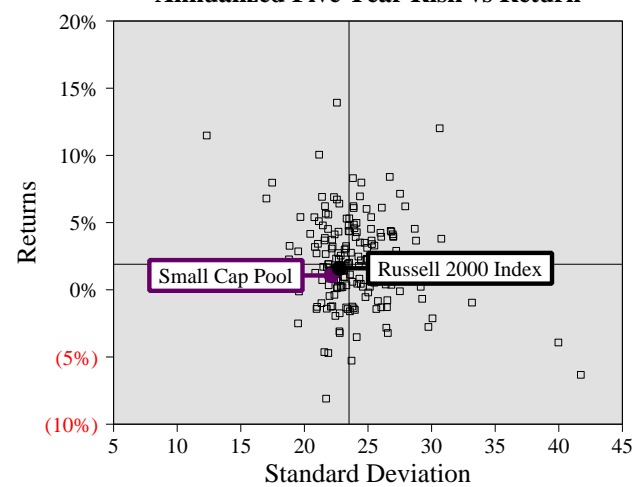


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	14.45	21.16	10.88	0.35	6.17	10.42	11.32
25th Percentile	13.04	17.23	7.82	(1.58)	4.13	8.63	8.74
Median	11.34	14.78	4.02	(4.25)	1.90	7.16	5.78
75th Percentile	10.14	12.34	0.66	(7.03)	0.22	5.19	1.91
90th Percentile	8.76	10.52	(2.41)	(9.39)	(1.47)	3.70	(0.86)
Small Cap Pool ●	10.06	12.39	(0.11)	(5.61)	1.07	4.15	(0.42)
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	1.60	6.13	4.00

Relative Return vs Russell 2000 Index



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



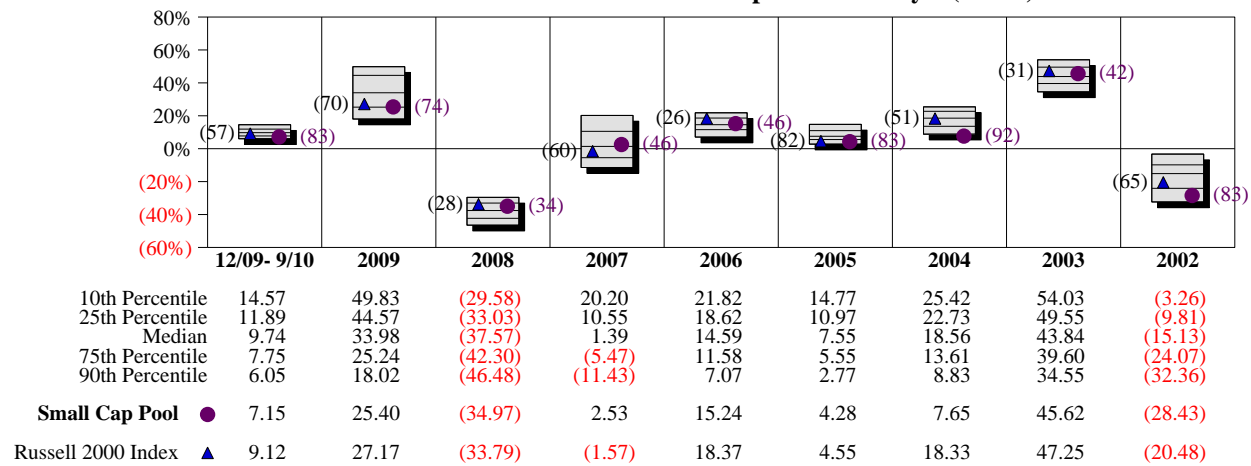


SMALL CAP POOL RETURN ANALYSIS SUMMARY

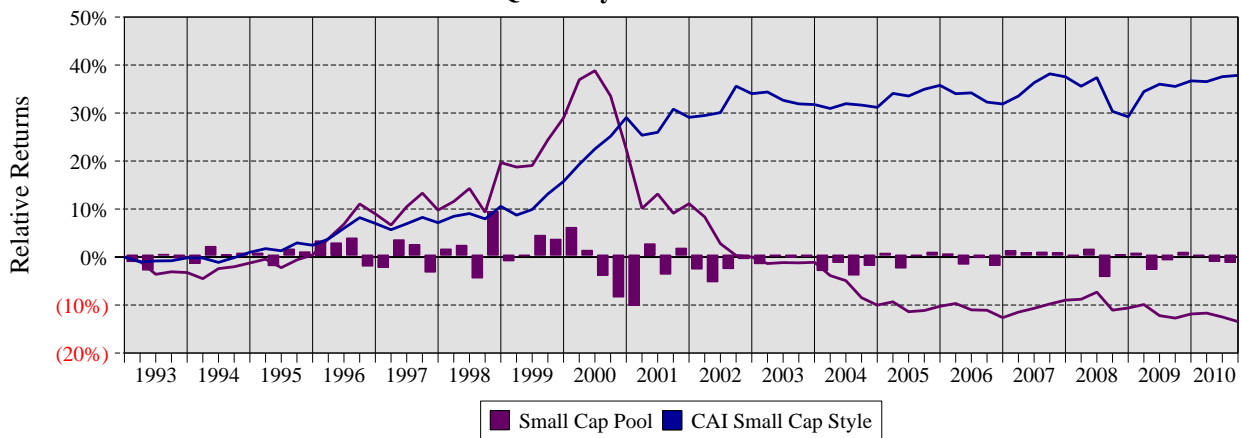
Return Analysis

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.

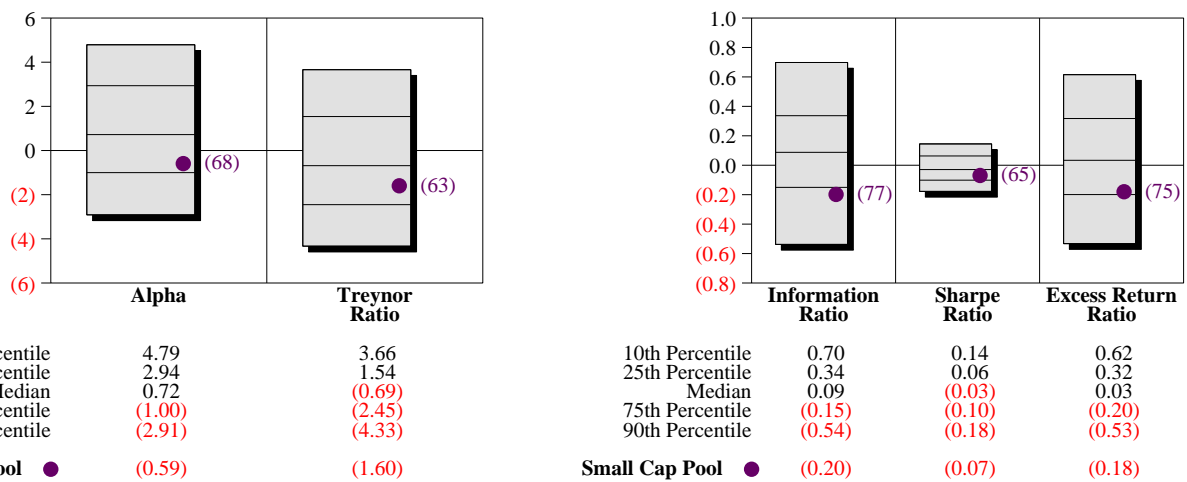
Performance vs CAI Small Capitalization Style (Gross)



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 September 30, 2010**



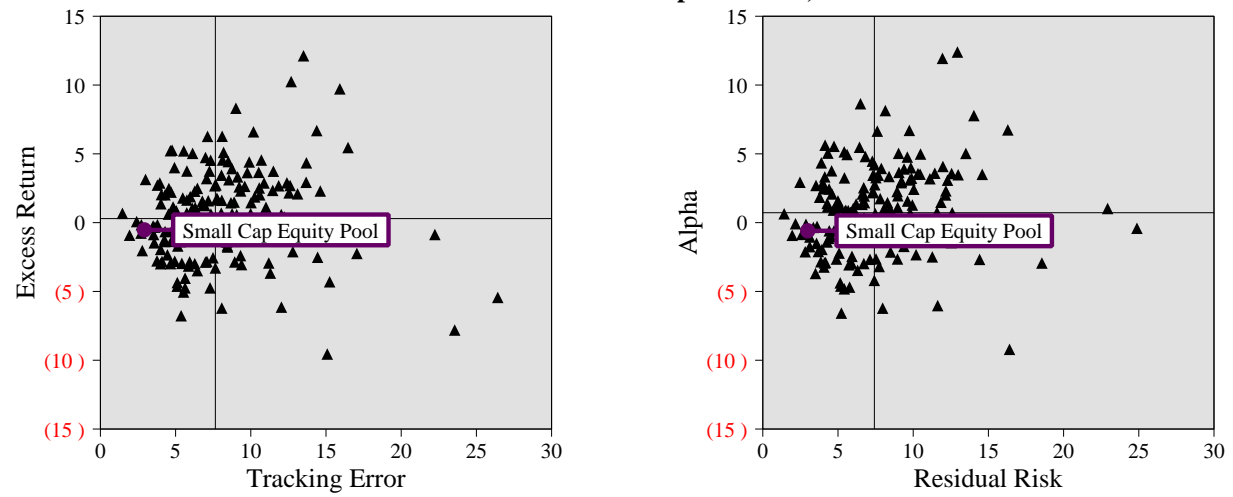


SMALL CAP EQUITY POOL RISK ANALYSIS SUMMARY

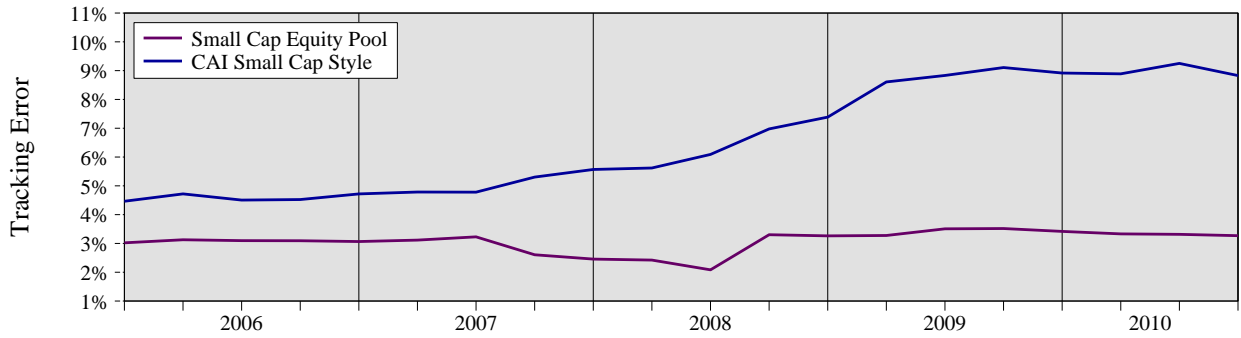
Risk Analysis

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.

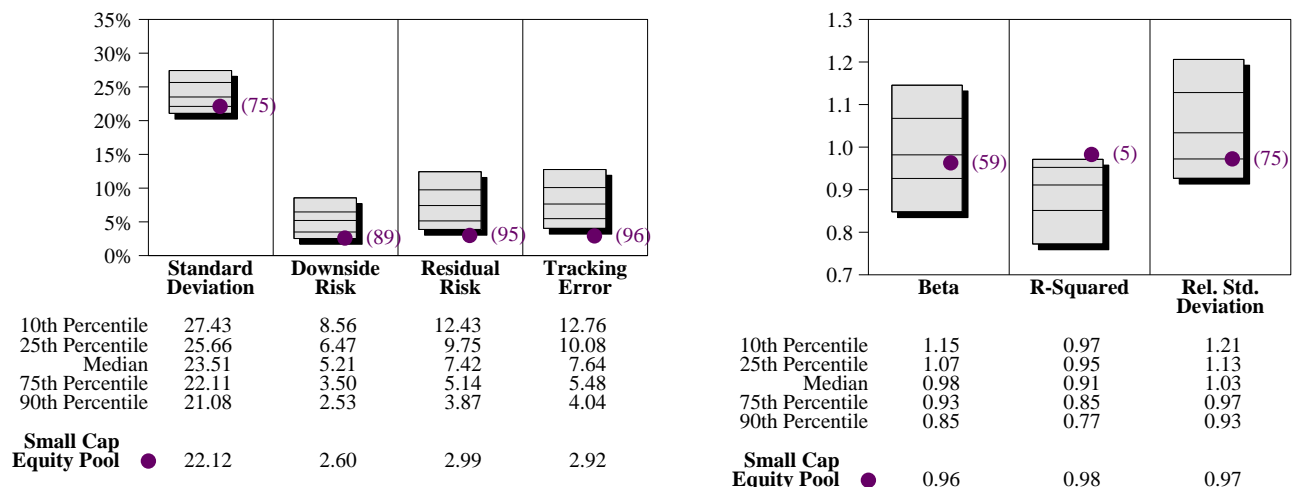
**Risk Analysis vs CAI Small Capitalization Style (Gross)
Five Years Ended September 30, 2010**



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 September 30, 2010**



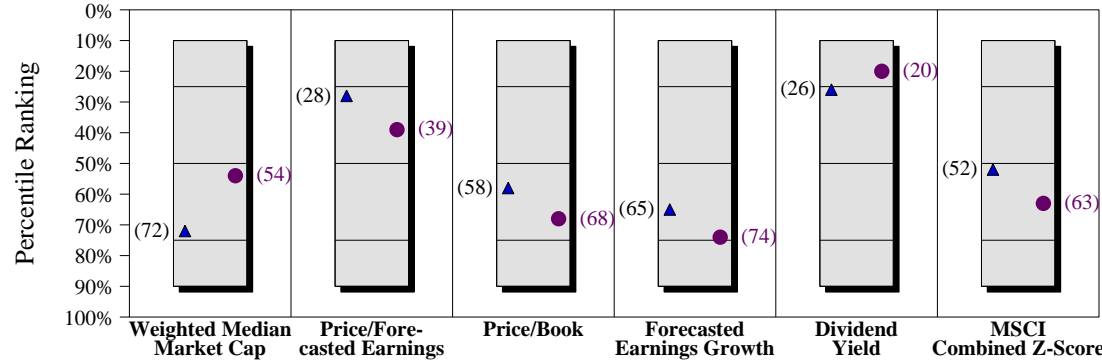


SMALL CAP POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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 September 30, 2010

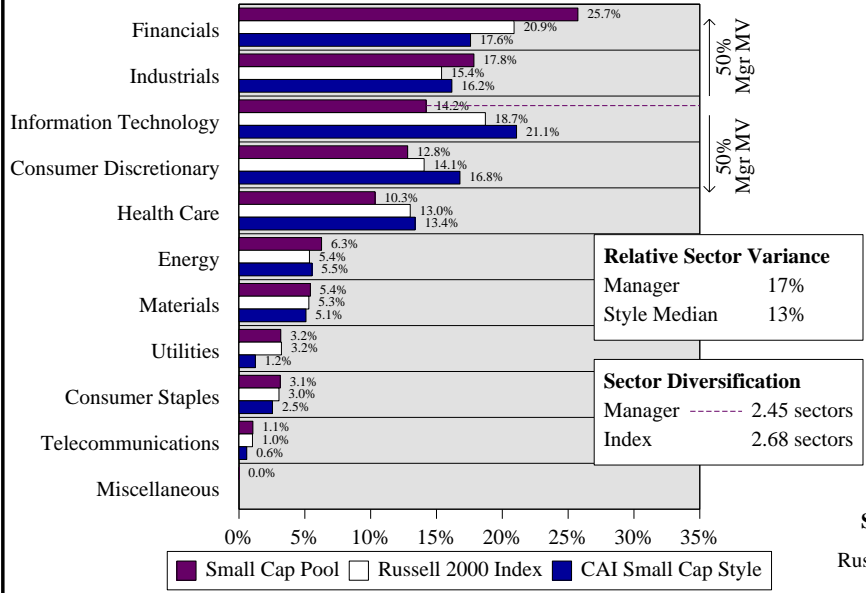


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.77	21.93	3.30	20.06	1.81	0.99
25th Percentile	1.43	19.18	2.48	17.33	1.26	0.72
Median	1.17	15.54	1.73	12.33	0.90	0.05
75th Percentile	0.98	13.42	1.42	10.35	0.36	(0.33)
90th Percentile	0.81	11.93	1.19	8.09	0.18	(0.62)
Small Cap Pool ●	1.11	16.76	1.51	10.47	1.34	(0.13)
Russell 2000 Index ▲	0.98	18.57	1.65	11.33	1.25	(0.00)

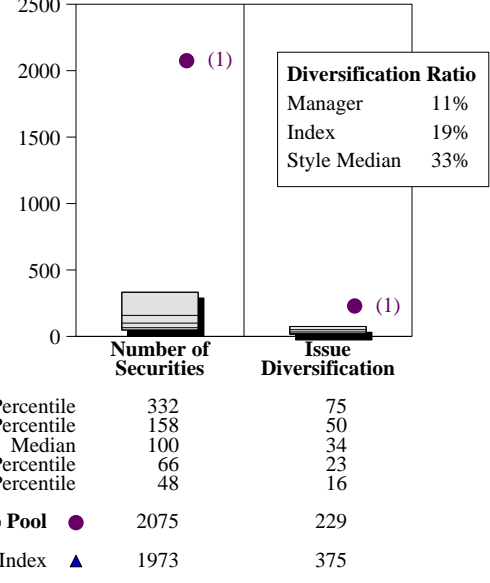
Sector Weights

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 holdings that comprise half of the portfolio's market value.

Sector Allocation
September 30, 2010



Diversification
September 30, 2010



JENNISON ASSOCIATES PERIOD ENDED SEPTEMBER 30, 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.

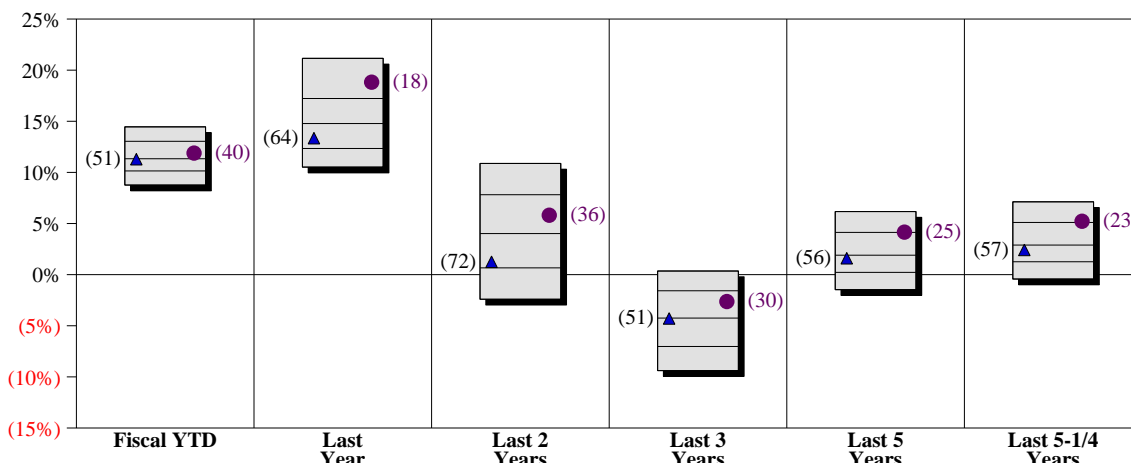
Quarterly Summary and Highlights

- Jennison Associates's portfolio posted a 11.89% return for the quarter placing it in the 40 percentile of the CAI Small Capitalization Style group for the quarter and in the 18 percentile for the last year.
- Jennison Associates's portfolio outperformed the Russell 2000 Index by 0.60% for the quarter and outperformed the Russell 2000 Index for the year by 5.48%.

Quarterly Asset Growth

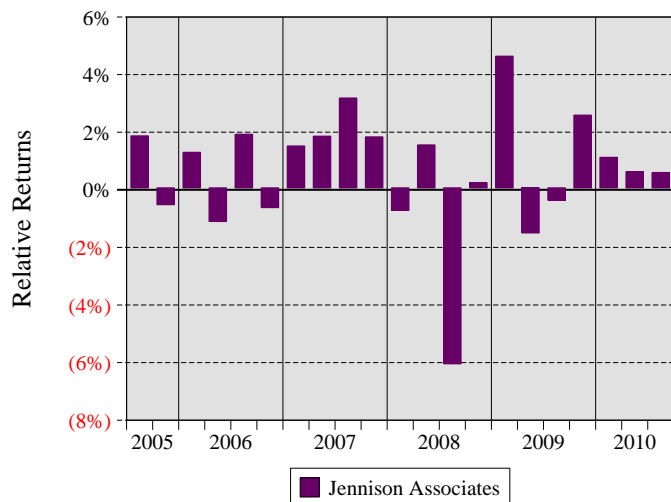
Beginning Market Value	\$115,106,018
Net New Investment	\$0
Investment Gains/(Losses)	\$13,684,517
Ending Market Value	\$128,790,535

Performance vs CAI Small Capitalization Style (Gross)

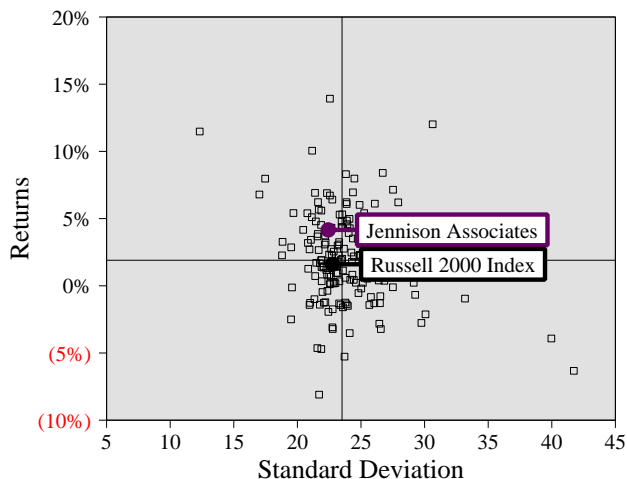


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	14.45	21.16	10.88	0.35	6.17	7.12
25th Percentile	13.04	17.23	7.82	(1.58)	4.13	5.10
Median	11.34	14.78	4.02	(4.25)	1.90	2.89
75th Percentile	10.14	12.34	0.66	(7.03)	0.22	1.26
90th Percentile	8.76	10.52	(2.41)	(9.39)	(1.47)	(0.43)
Jennison Associates ●	11.89	18.82	5.81	(2.63)	4.16	5.22
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	1.60	2.42

Relative Return vs Russell 2000 Index



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



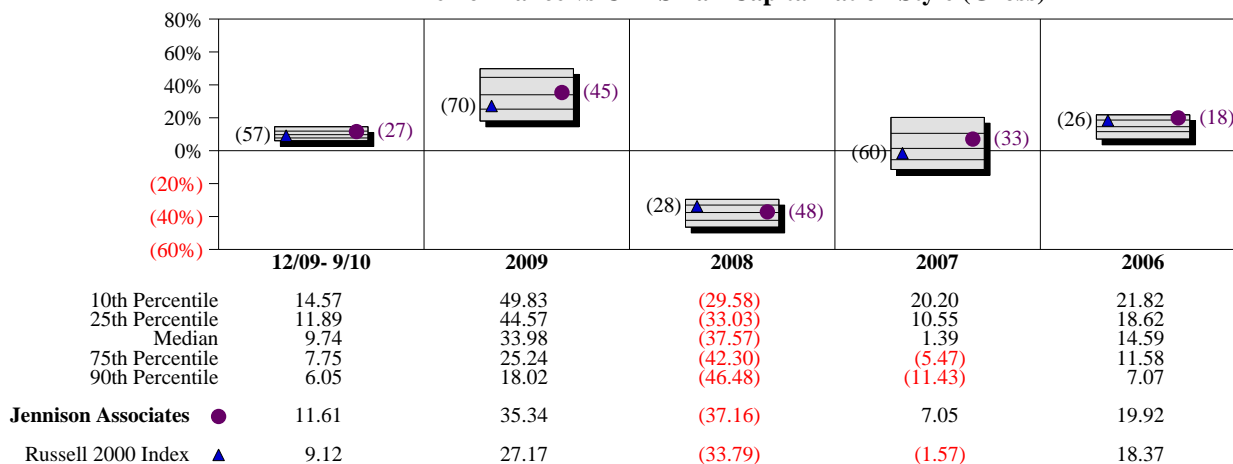
JENNISON ASSOCIATES RETURN ANALYSIS SUMMARY



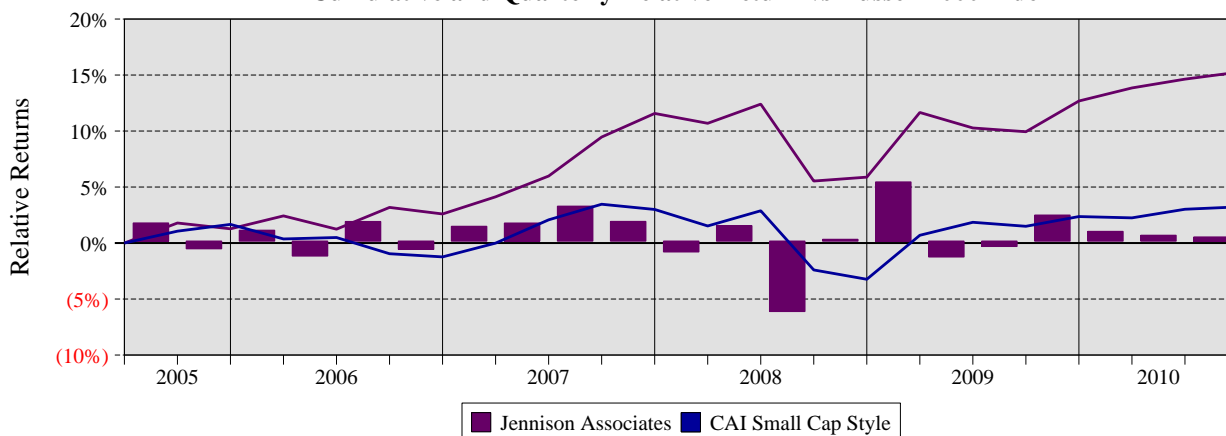
Return Analysis

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.

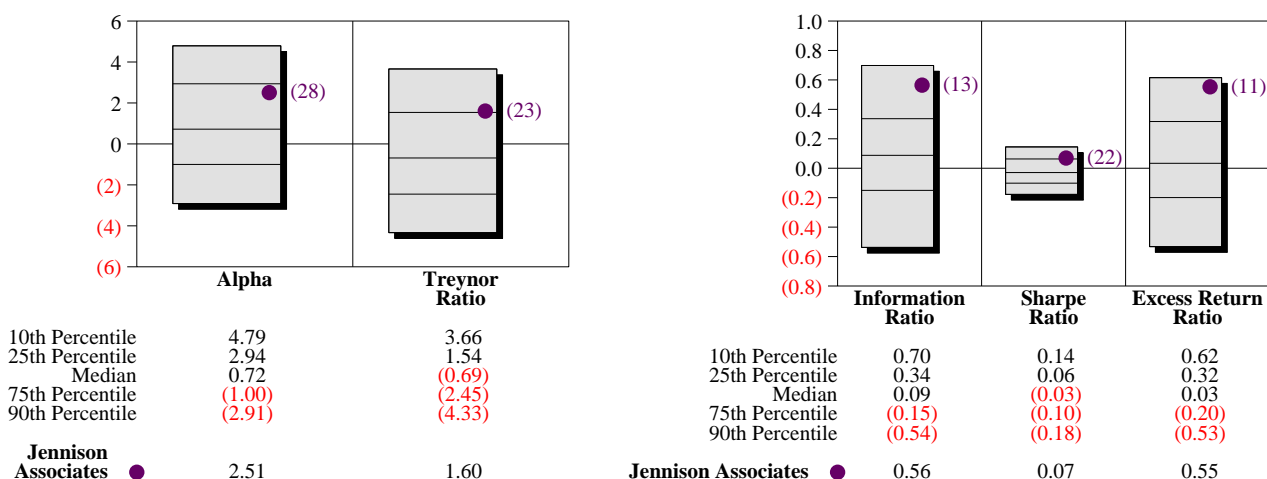
Performance vs CAI Small Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Five Years Ended September 30, 2010



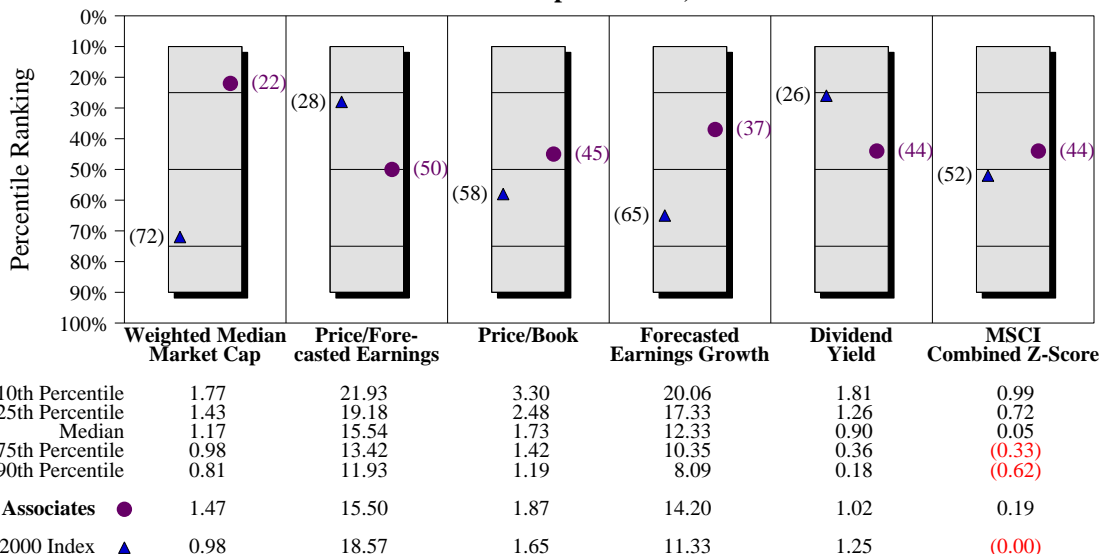
JENNISON ASSOCIATES EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

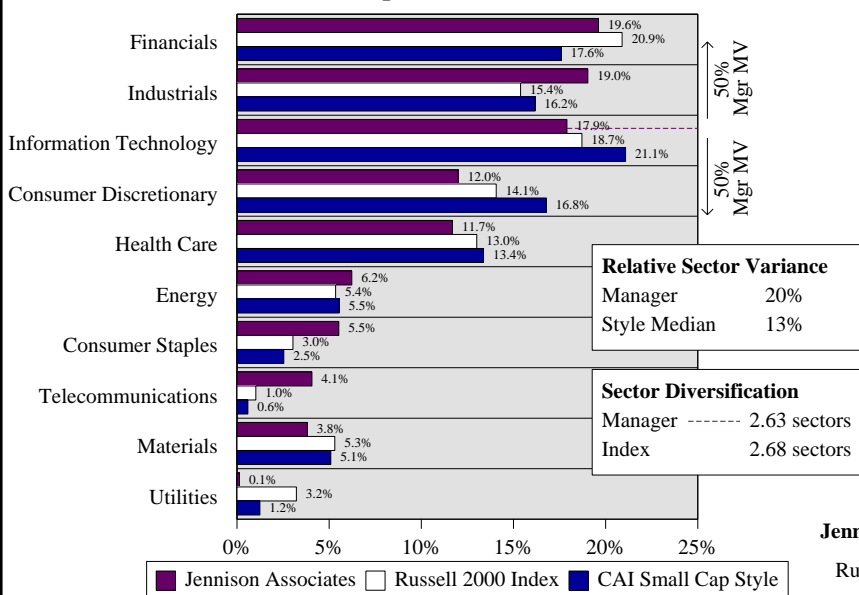
Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization Style as of September 30, 2010



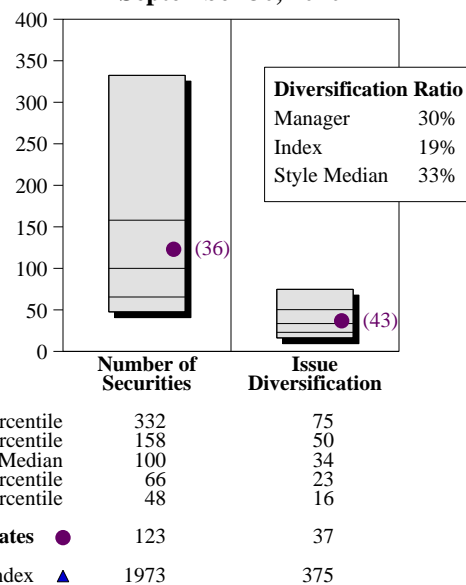
Sector Weights

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 holdings that comprise half of the portfolio's market value.

Sector Allocation September 30, 2010



Diversification September 30, 2010



LORD, ABBETT PERIOD ENDED SEPTEMBER 30, 2010



Investment Philosophy

Lord, Abnett utilizes a disciplined investment process that employs fundamental research in seeking to identify companies whose growth generates superior returns with acceptable levels of volatility.

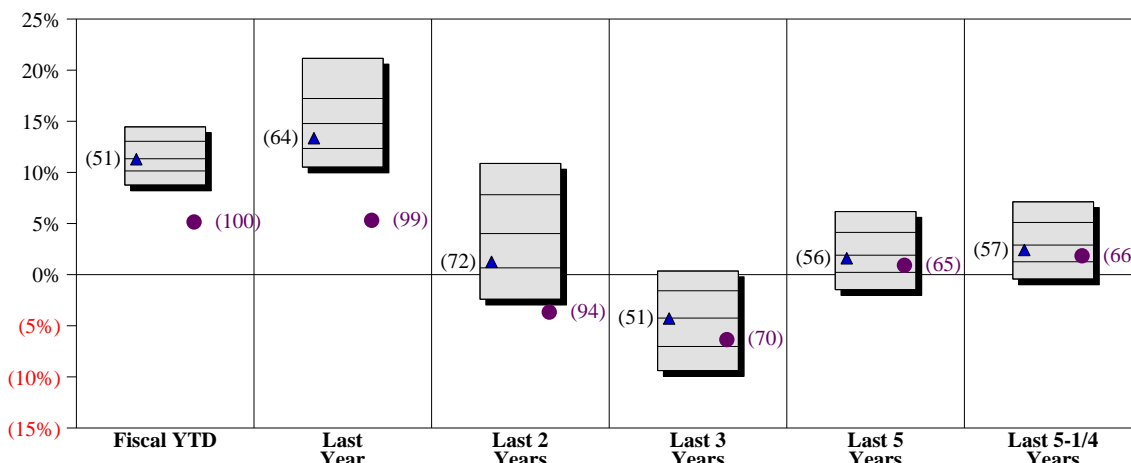
Quarterly Summary and Highlights

- Lord, Abnett's portfolio posted a 5.15% return for the quarter placing it in the 100 percentile of the CAI Small Capitalization Style group for the quarter and in the 99 percentile for the last year.
- Lord, Abnett's portfolio underperformed the Russell 2000 Index by 6.14% for the quarter and underperformed the Russell 2000 Index for the year by 8.03%.

Quarterly Asset Growth

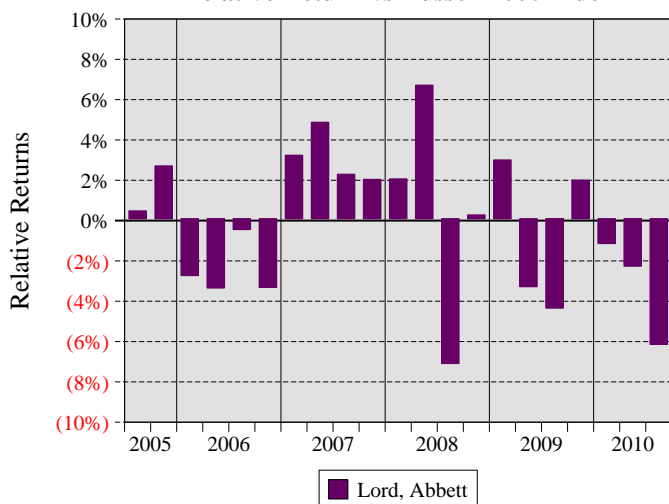
Beginning Market Value	\$136,504,718
Net New Investment	\$0
Investment Gains/(Losses)	\$7,030,814
Ending Market Value	\$143,535,532

Performance vs CAI Small Capitalization Style (Gross)

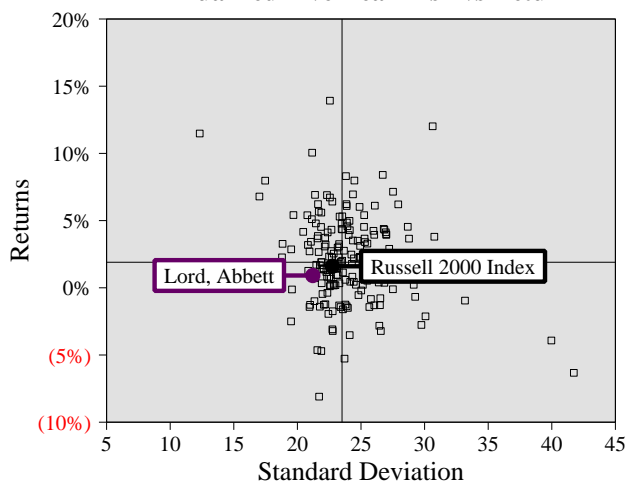


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	14.45	21.16	10.88	0.35	6.17	7.12
25th Percentile	13.04	17.23	7.82	(1.58)	4.13	5.10
Median	11.34	14.78	4.02	(4.25)	1.90	2.89
75th Percentile	10.14	12.34	0.66	(7.03)	0.22	1.26
90th Percentile	8.76	10.52	(2.41)	(9.39)	(1.47)	(0.43)
Lord, Abnett ●	5.15	5.31	(3.66)	(6.35)	0.91	1.85
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	1.60	2.42

Relative Return vs Russell 2000 Index



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



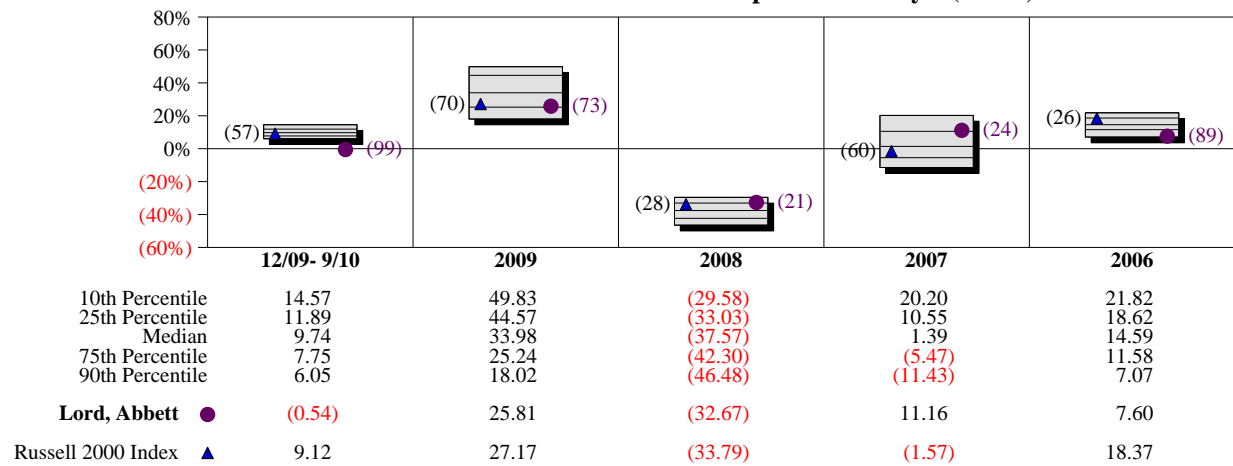


LORD, ABBETT RETURN ANALYSIS SUMMARY

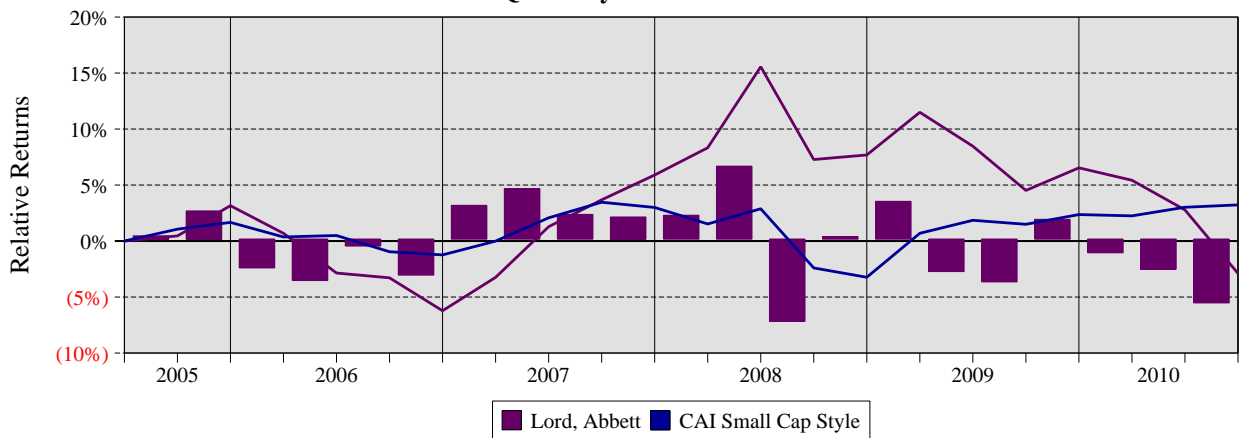
Return Analysis

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.

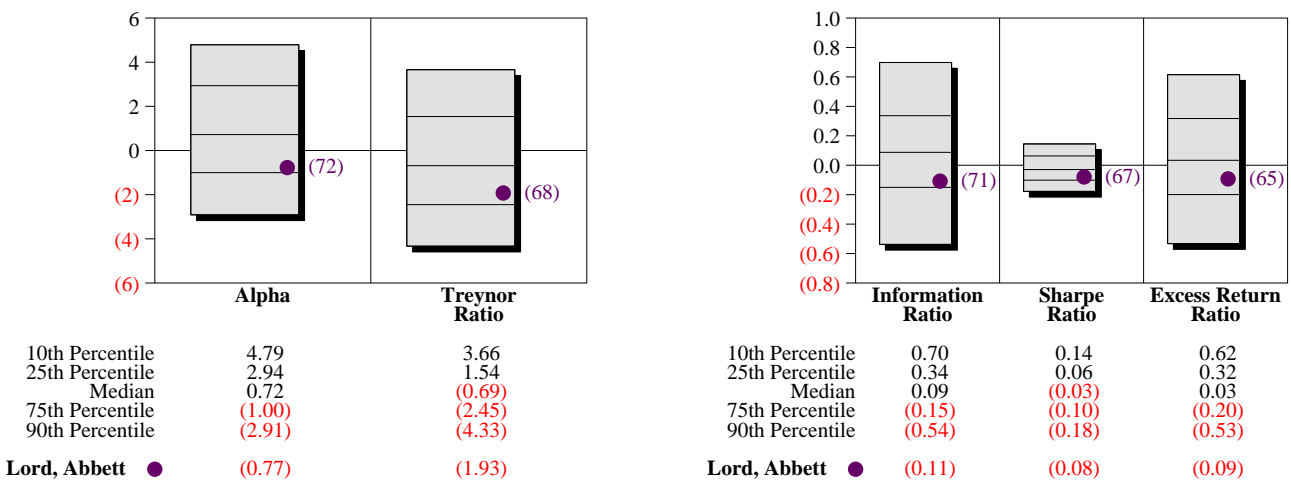
Performance vs CAI Small Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Five Years Ended September 30, 2010



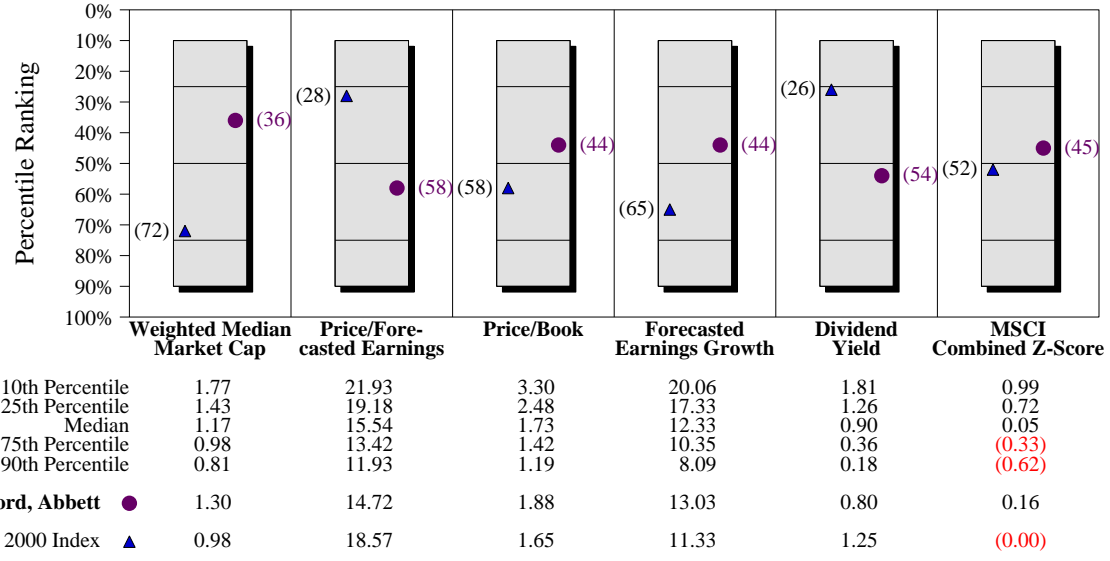


LORD, ABBETT EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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.

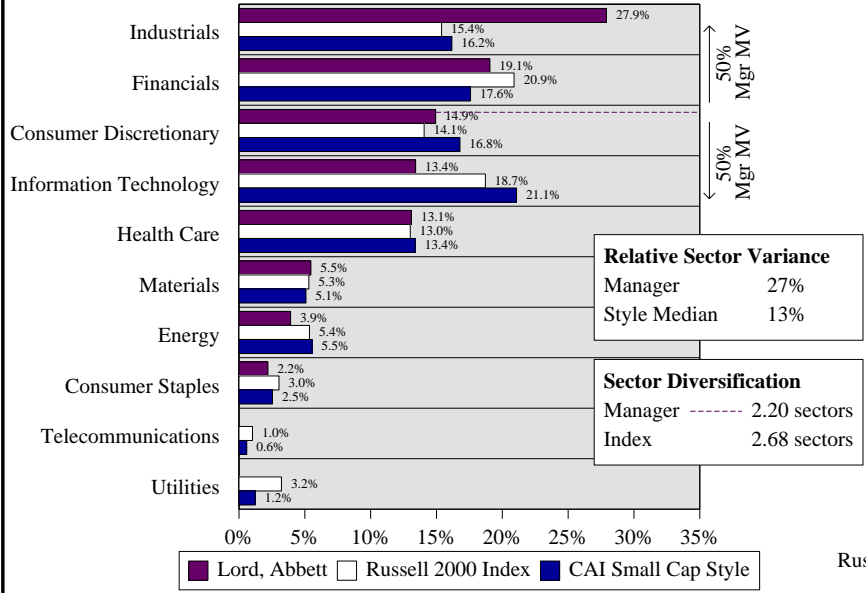
Portfolio Characteristics Percentile Rankings
Rankings Against CAI Small Capitalization Style
as of September 30, 2010



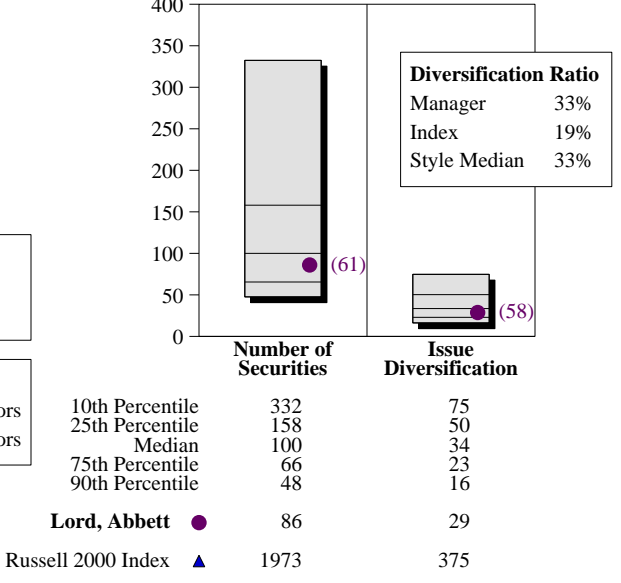
Sector Weights

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 holdings that comprise half of the portfolio's market value.

Sector Allocation
September 30, 2010



Diversification
September 30, 2010





LUTHER KING PERIOD ENDED SEPTEMBER 30, 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.

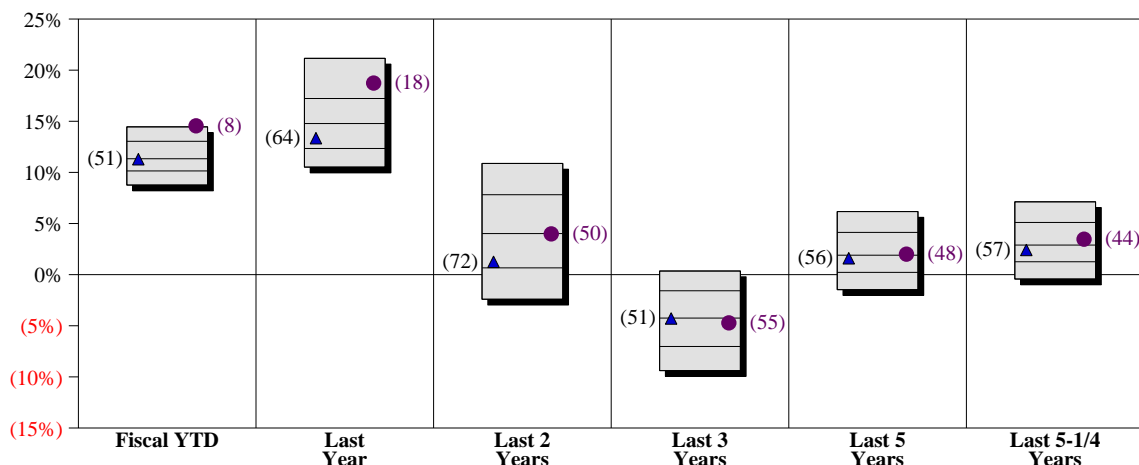
Quarterly Summary and Highlights

- Luther King's portfolio posted a 14.55% return for the quarter placing it in the 8 percentile of the CAI Small Capitalization Style group for the quarter and in the 18 percentile for the last year.
- Luther King's portfolio outperformed the Russell 2000 Index by 3.26% for the quarter and outperformed the Russell 2000 Index for the year by 5.39%.

Quarterly Asset Growth

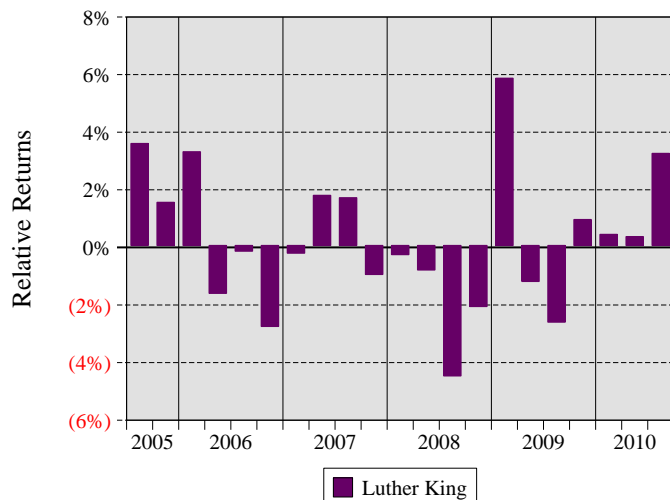
Beginning Market Value	\$86,116,940
Net New Investment	\$0
Investment Gains/(Losses)	\$12,532,528
Ending Market Value	\$98,649,468

Performance vs CAI Small Capitalization Style (Gross)

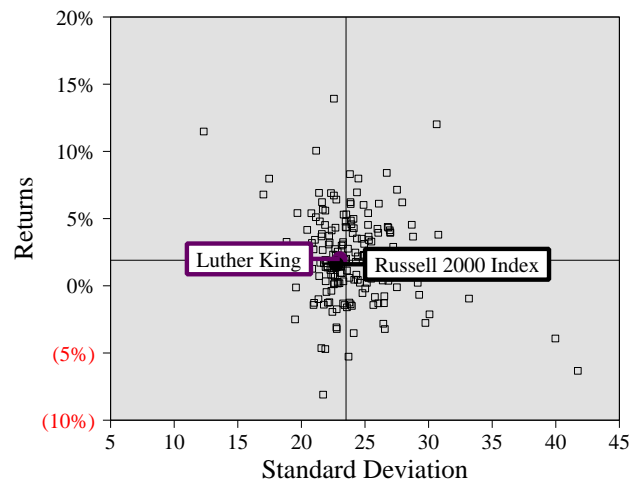


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	14.45	21.16	10.88	0.35	6.17	7.12
25th Percentile	13.04	17.23	7.82	(1.58)	4.13	5.10
Median	11.34	14.78	4.02	(4.25)	1.90	2.89
75th Percentile	10.14	12.34	0.66	(7.03)	0.22	1.26
90th Percentile	8.76	10.52	(2.41)	(9.39)	(1.47)	(0.43)
Luther King ●	14.55	18.74	3.99	(4.72)	2.00	3.47
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	1.60	2.42

Relative Return vs Russell 2000 Index



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

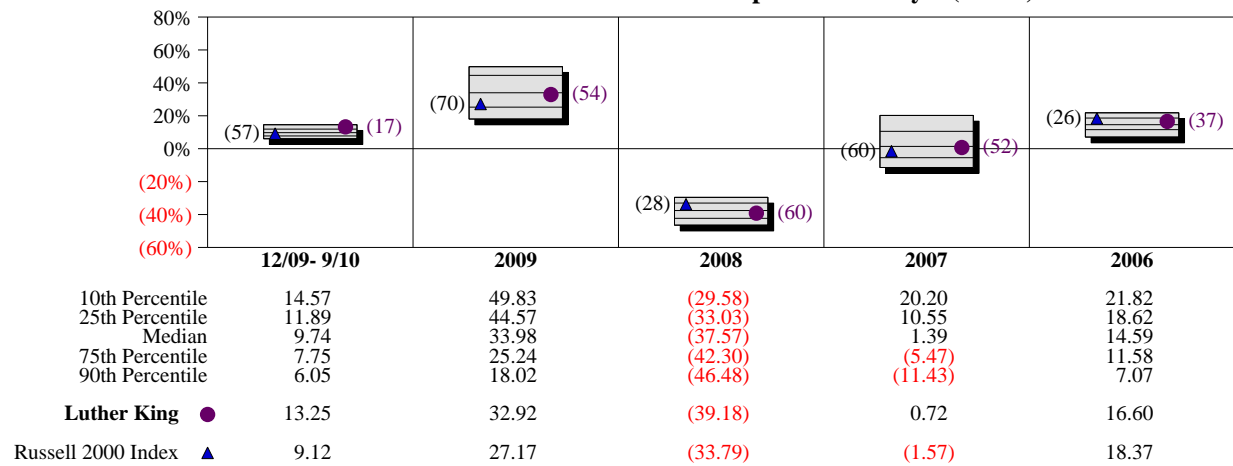


LUTHER KING RETURN ANALYSIS SUMMARY

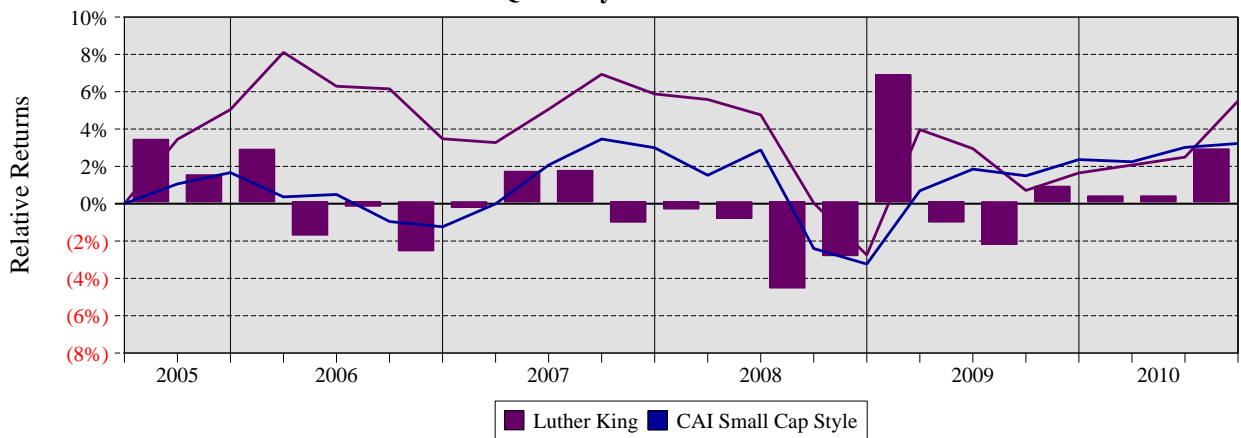
Return Analysis

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.

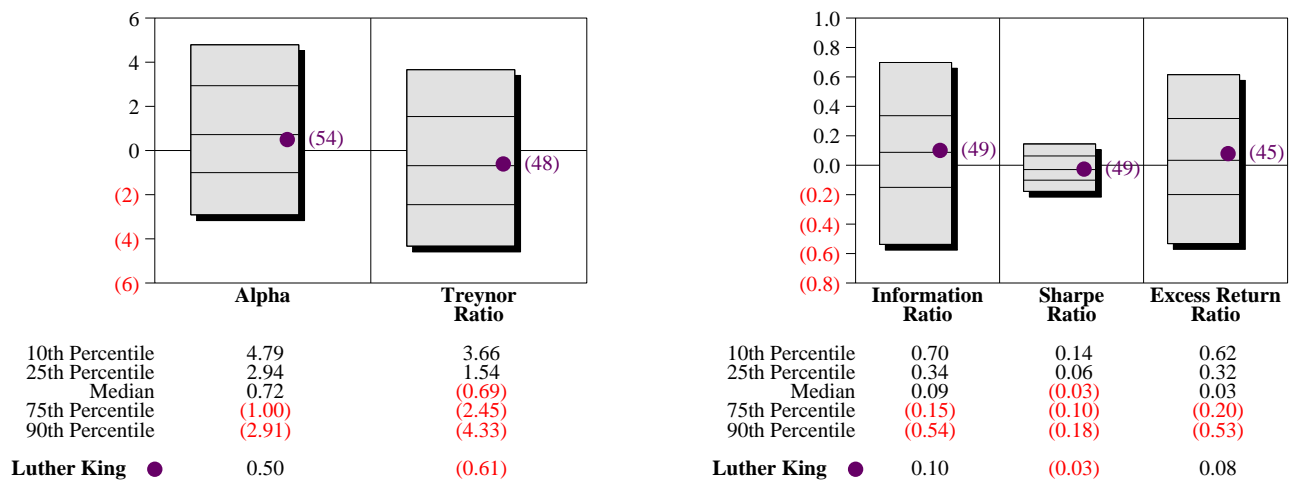
Performance vs CAI Small Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Five Years Ended September 30, 2010

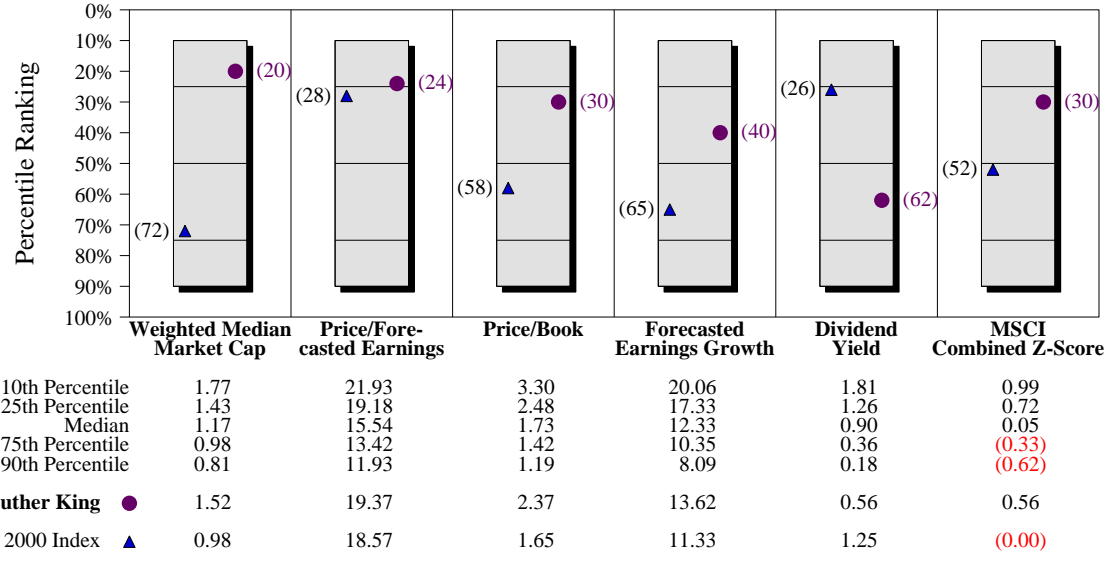


LUTHER KING EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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.

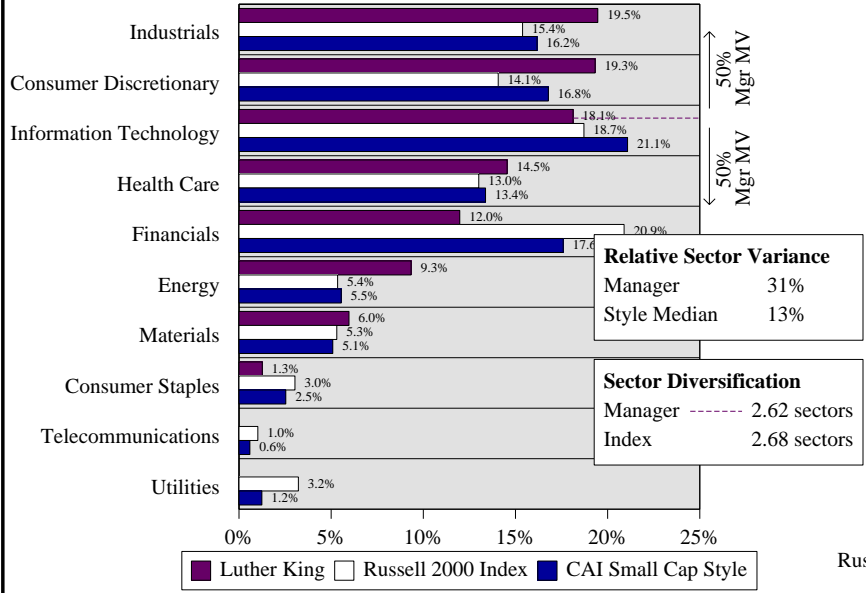
Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization Style as of September 30, 2010



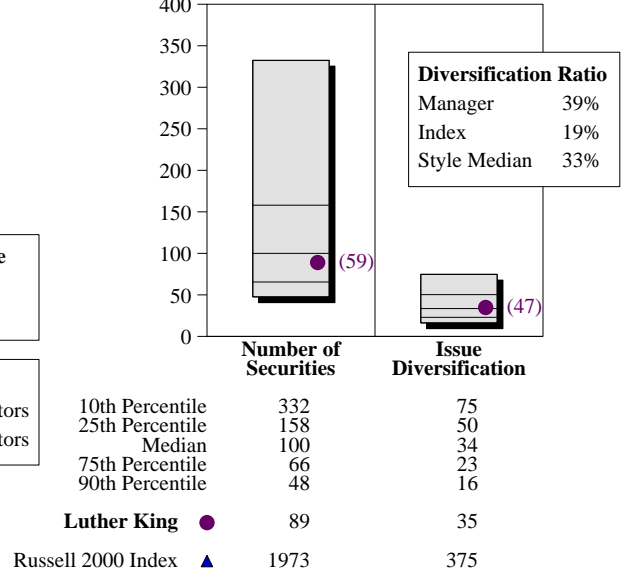
Sector Weights

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 holdings that comprise half of the portfolio's market value.

Sector Allocation September 30, 2010



Diversification September 30, 2010



SSGA RUSSELL 2000 GROWTH PERIOD ENDED SEPTEMBER 30, 2010



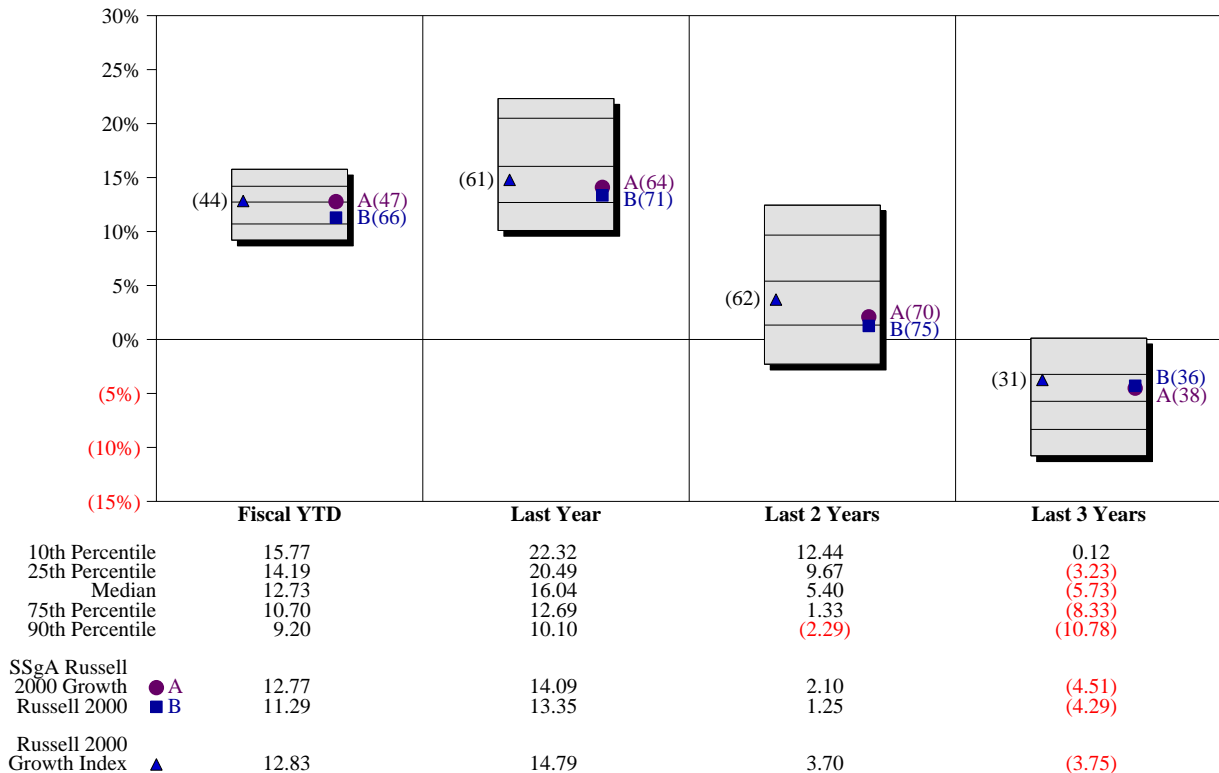
Quarterly Summary and Highlights

- SSgA Russell 2000 Growth's portfolio posted a 12.77% return for the quarter placing it in the 47th percentile of the CAI Small Cap Growth Style group for the quarter and in the 64th percentile for the last year.
- SSgA Russell 2000 Growth's portfolio underperformed the Russell 2000 Growth Index by 0.06% for the quarter and underperformed the Russell 2000 Growth Index for the year by 0.70%.

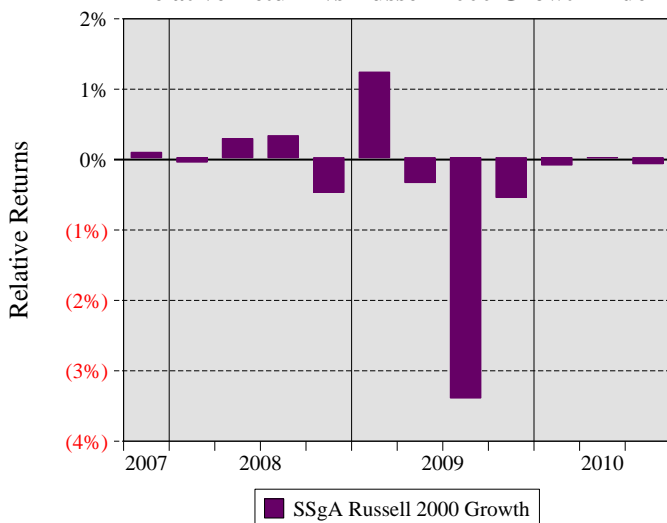
Quarterly Asset Growth

Beginning Market Value	\$77,563,375
Net New Investment	\$0
Investment Gains/(Losses)	\$9,907,482
Ending Market Value	\$87,470,857

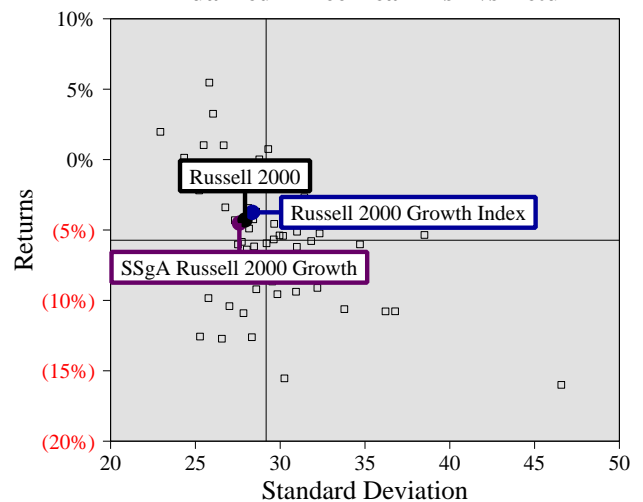
Performance vs CAI Small Cap Growth Style (Gross)



Relative Return vs Russell 2000 Growth Index



CAI Small Cap Growth Style (Gross) Annualized Three Year Risk vs Return



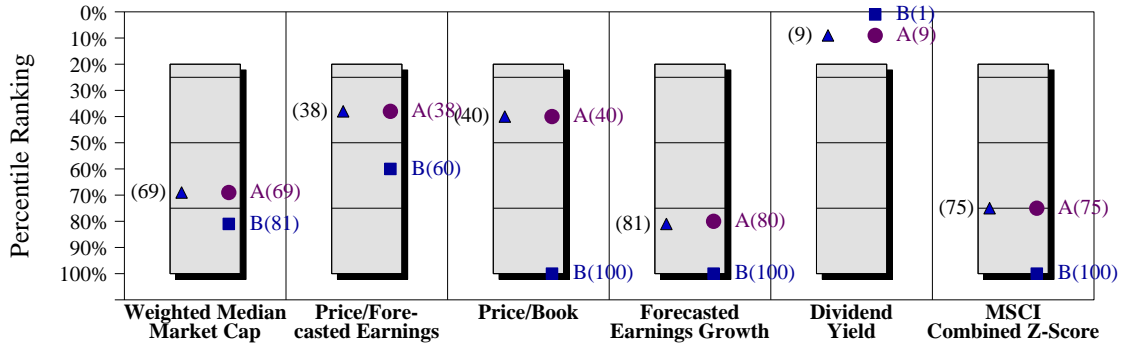
SSGA RUSSELL 2000 GROWTH EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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 September 30, 2010**

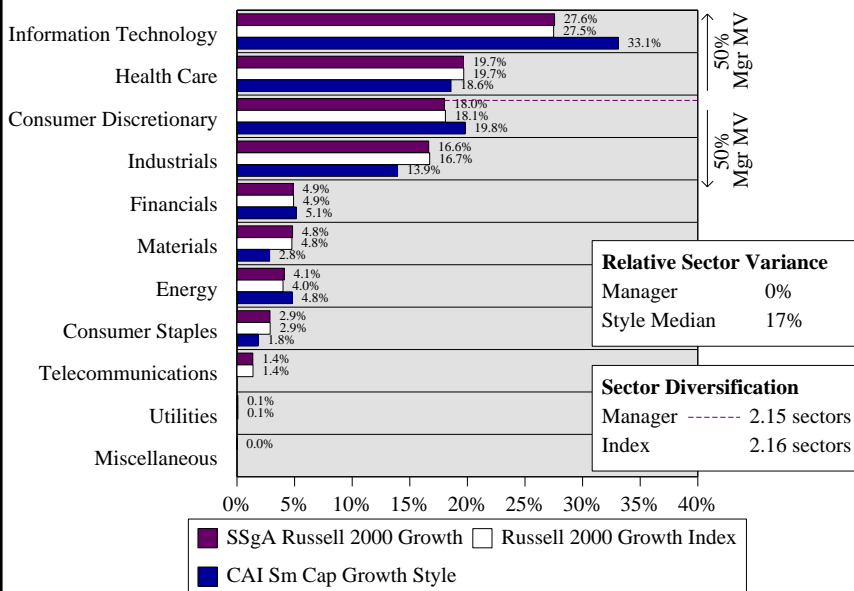


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.80	25.70	3.73	21.77	0.60	1.24
25th Percentile	1.53	21.88	3.36	20.22	0.40	1.01
Median	1.27	19.90	2.75	18.28	0.28	0.84
75th Percentile	1.01	17.22	2.37	16.61	0.18	0.63
90th Percentile	0.91	14.75	2.21	14.62	0.07	0.41
SSgA Russell 2000 Growth	● A 1.09	20.76	2.91	16.34	0.61	0.63
Russell 2000	■ B 0.98	18.57	1.65	11.33	1.25	(0.00)
Russell 2000 Growth Index	▲ 1.08	20.73	2.91	16.32	0.61	0.63

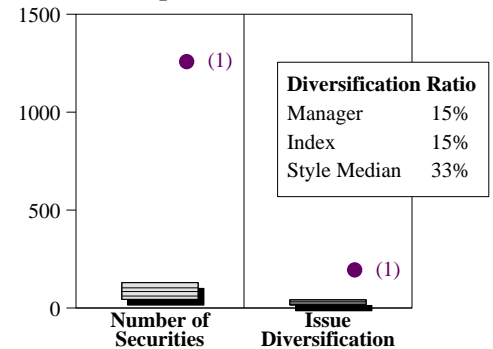
Sector Weights

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 holdings that comprise half of the portfolio's market value.

**Sector Allocation
September 30, 2010**



**Diversification
September 30, 2010**



	Number of Securities	Issue Diversification
10th Percentile	130	42
25th Percentile	103	34
Median	84	26
75th Percentile	61	18
90th Percentile	44	15
SSgA Russell 2000 Growth	● 1258	195
Russell 2000 Growth Index	▲ 1261	195

SSGA RUSSELL 2000 VALUE PERIOD ENDED SEPTEMBER 30, 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.

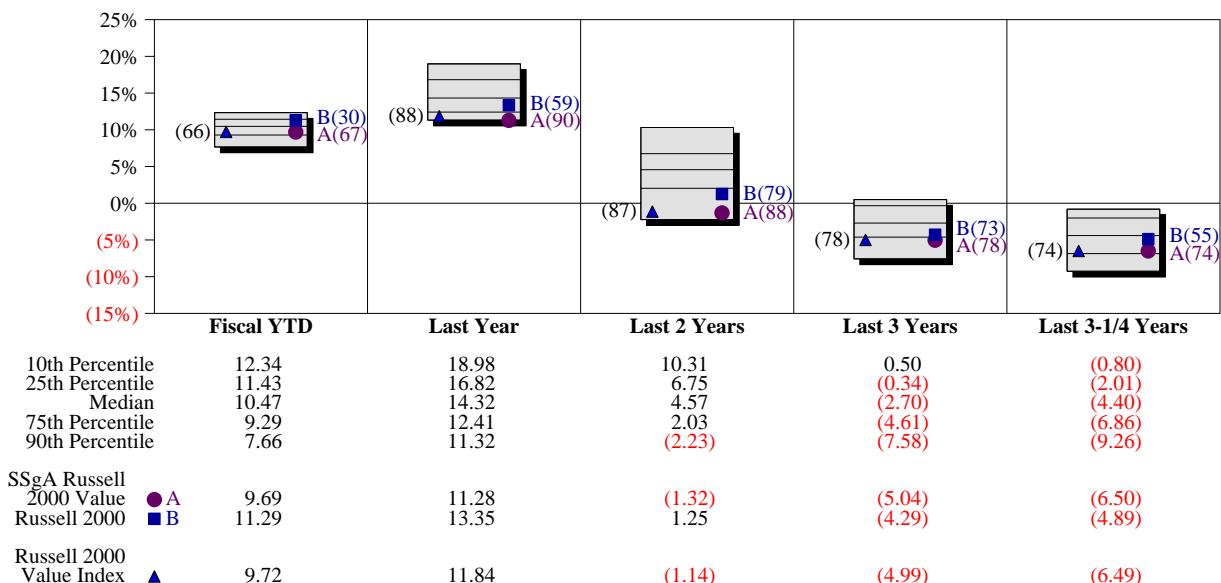
Quarterly Summary and Highlights

- SSgA Russell 2000 Value's portfolio posted a 9.69% return for the quarter placing it in the 67 percentile of the CAI Small Cap Value Style group for the quarter and in the 90 percentile for the last year.
- SSgA Russell 2000 Value's portfolio underperformed the Russell 2000 Value Index by 0.03% for the quarter and underperformed the Russell 2000 Value Index for the year by 0.55%.

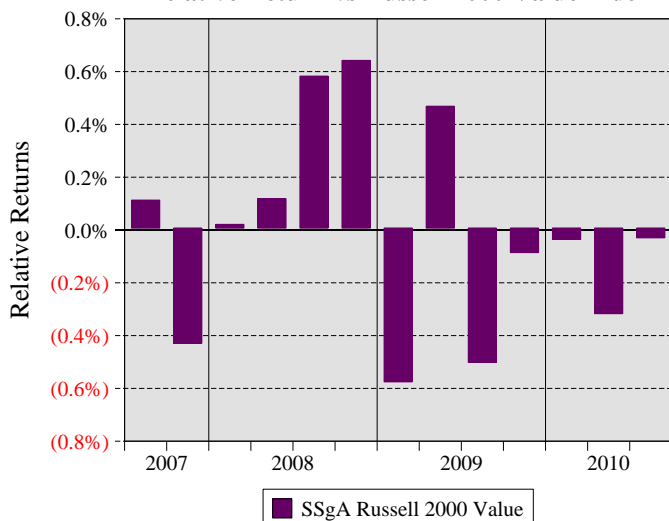
Quarterly Asset Growth

Beginning Market Value	\$370,651,635
Net New Investment	\$34,960
Investment Gains/(Losses)	\$35,922,164
Ending Market Value	\$406,608,759

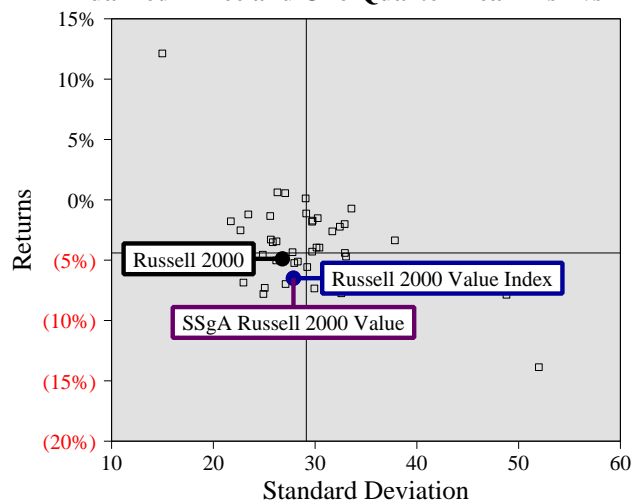
Performance vs CAI Small Cap Value Style (Gross)



Relative Return vs Russell 2000 Value Index



CAI Small Cap Value Style (Gross) Annualized Three and One-Quarter Year Risk vs Return



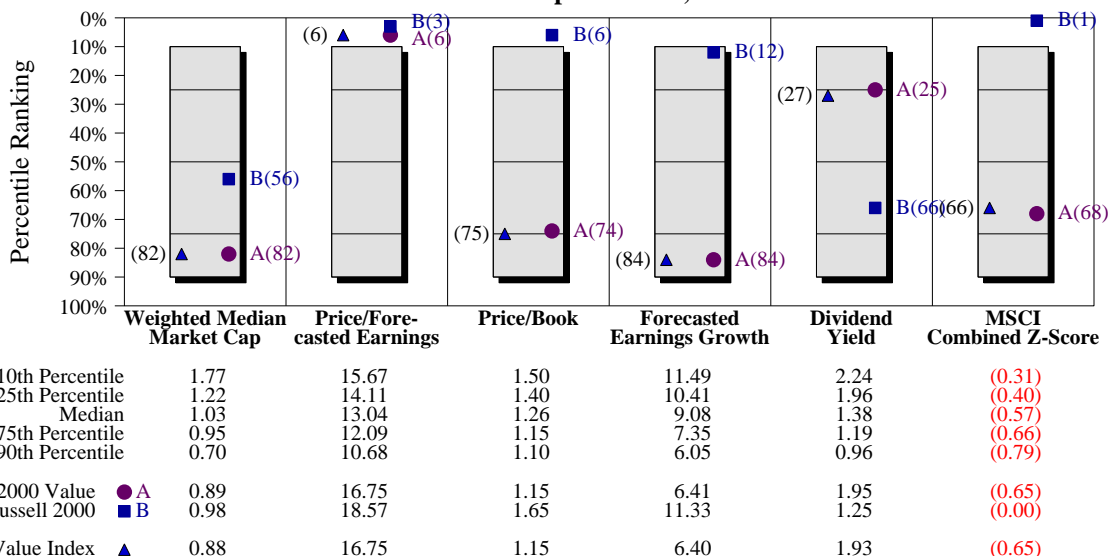
SSGA RUSSELL 2000 VALUE EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

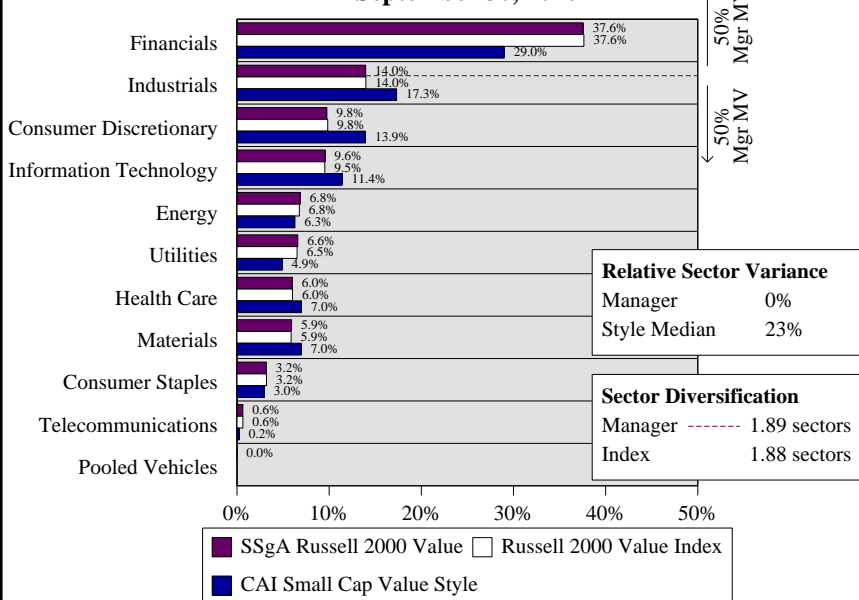
Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Cap Value Style as of September 30, 2010



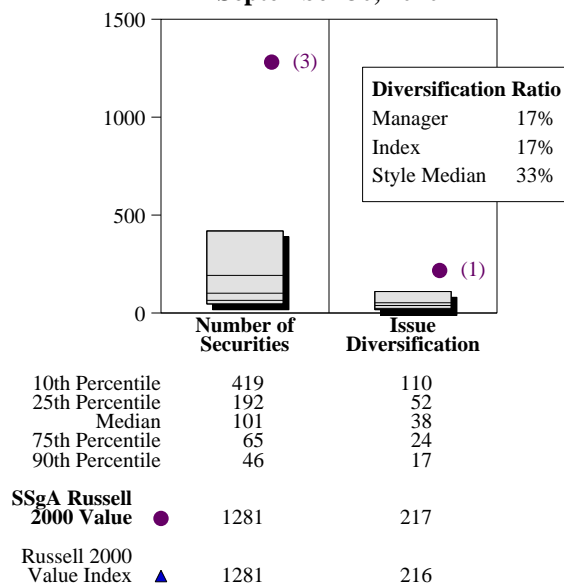
Sector Weights

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 holdings that comprise half of the portfolio's market value.

Sector Allocation September 30, 2010



Diversification September 30, 2010



ADVENT CAPITAL PERIOD ENDED SEPTEMBER 30, 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.

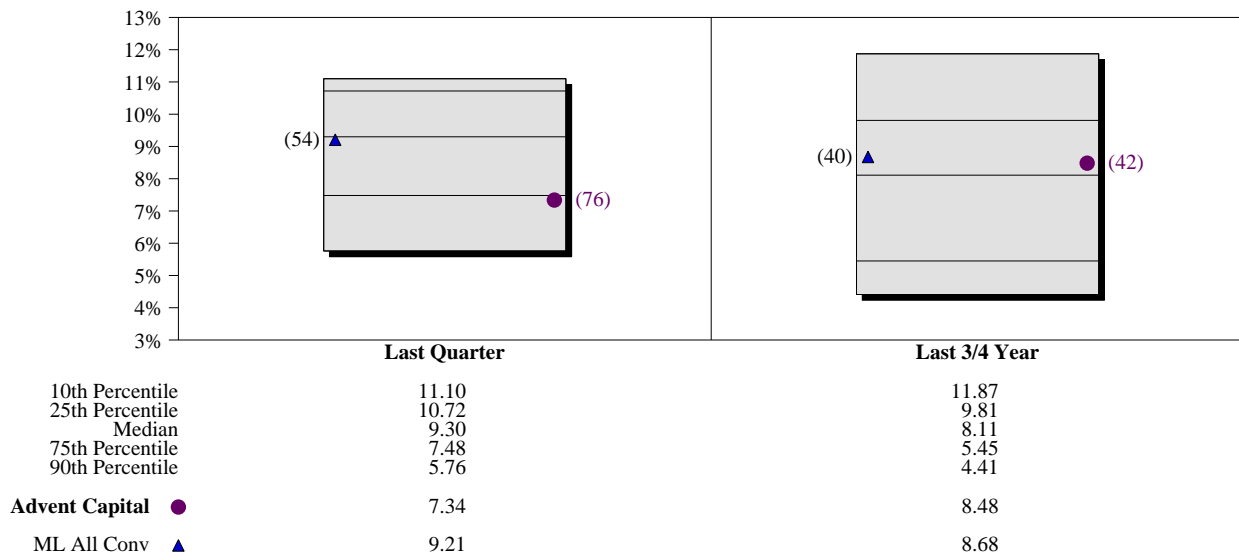
Quarterly Summary and Highlights

- Advent Capital's portfolio posted a 7.34% return for the quarter placing it in the 76 percentile of the CAI Convertible Bonds Database group for the quarter and in the 42 percentile for the last three-quarter year.
- Advent Capital's portfolio underperformed the ML All Conv by 1.87% for the quarter and underperformed the ML All Conv for the three-quarter year by 0.19%.

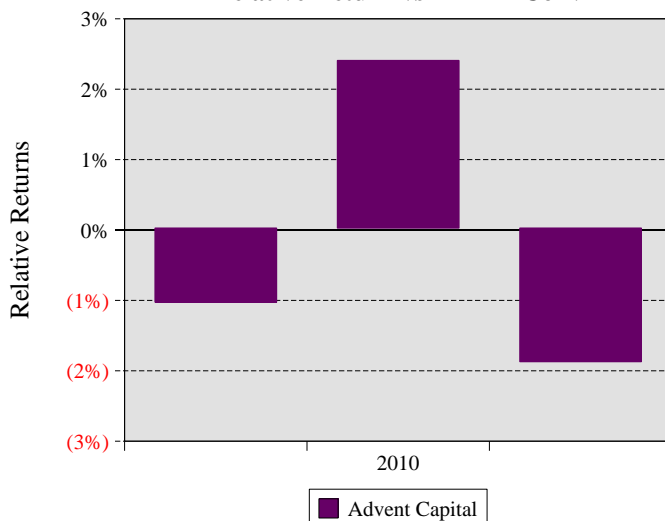
Quarterly Asset Growth

Beginning Market Value	\$52,835,525
Net New Investment	\$15,000,000
Investment Gains/(Losses)	\$4,342,324
Ending Market Value	\$72,177,850

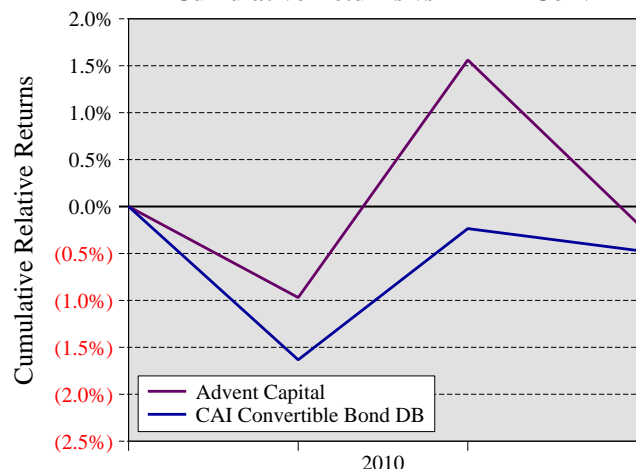
Performance vs CAI Convertible Bonds Database (Gross)



Relative Return vs ML All Conv



Cumulative Returns vs ML All Conv

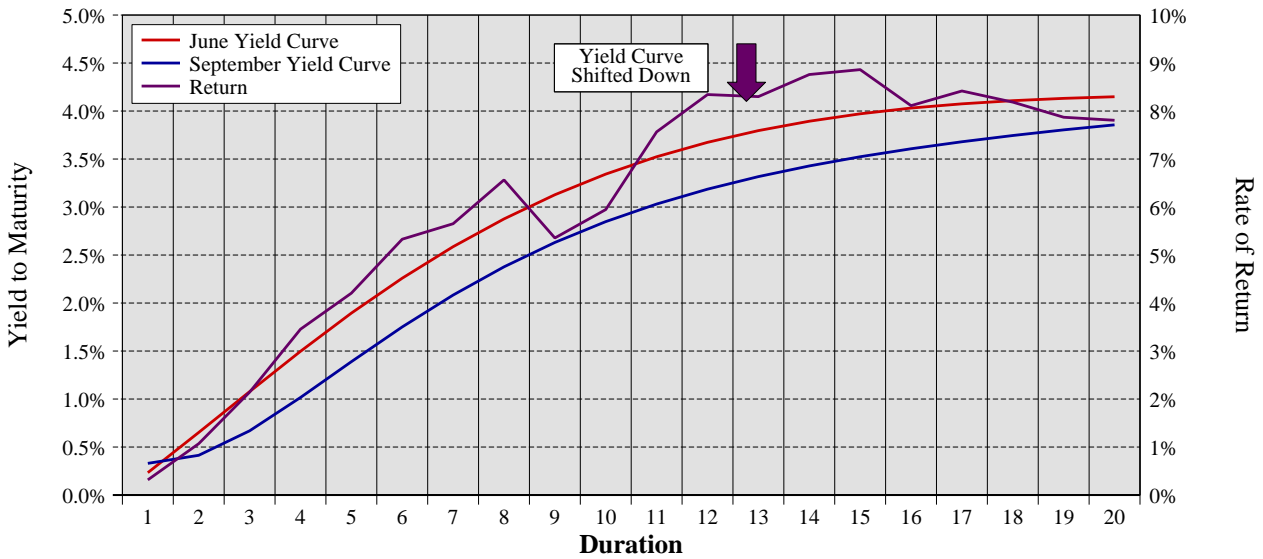


BOND MARKET ENVIRONMENT

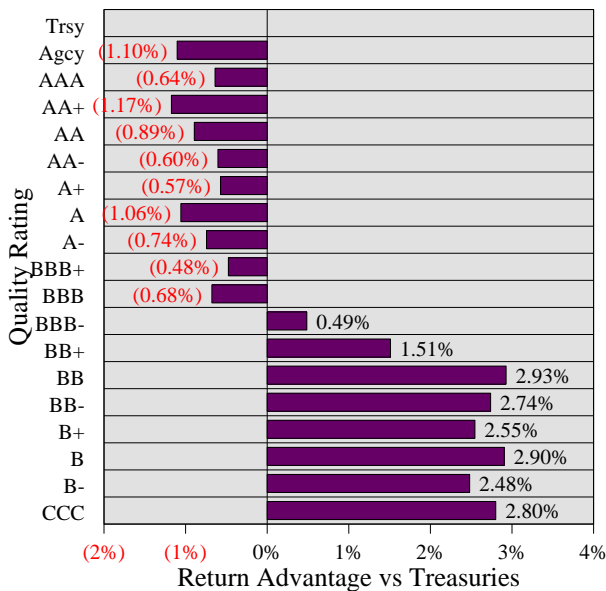
Factors Influencing Bond Returns

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.

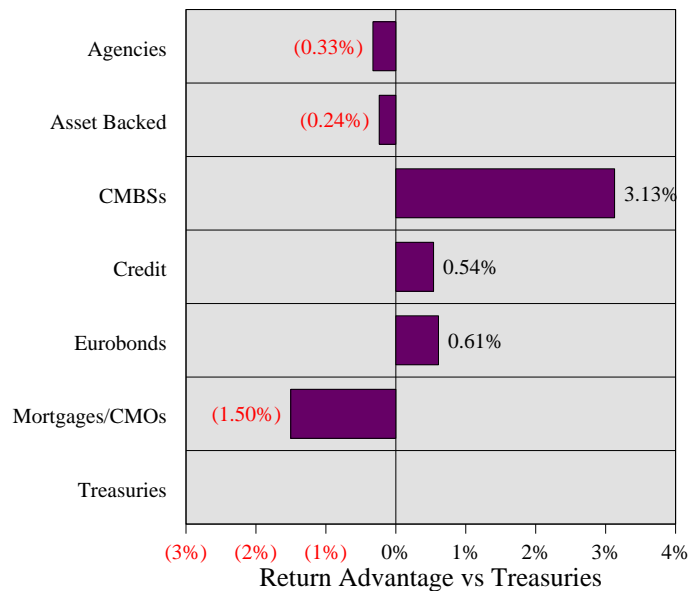
Yield Curve Change and Rate of Return One Quarter Ended September 30, 2010



Duration Adjusted Return Premium to Quality One Quarter Ended September 30, 2010



Quality and Duration Adjusted Return Premium by Sector One Quarter Ended September 30, 2010

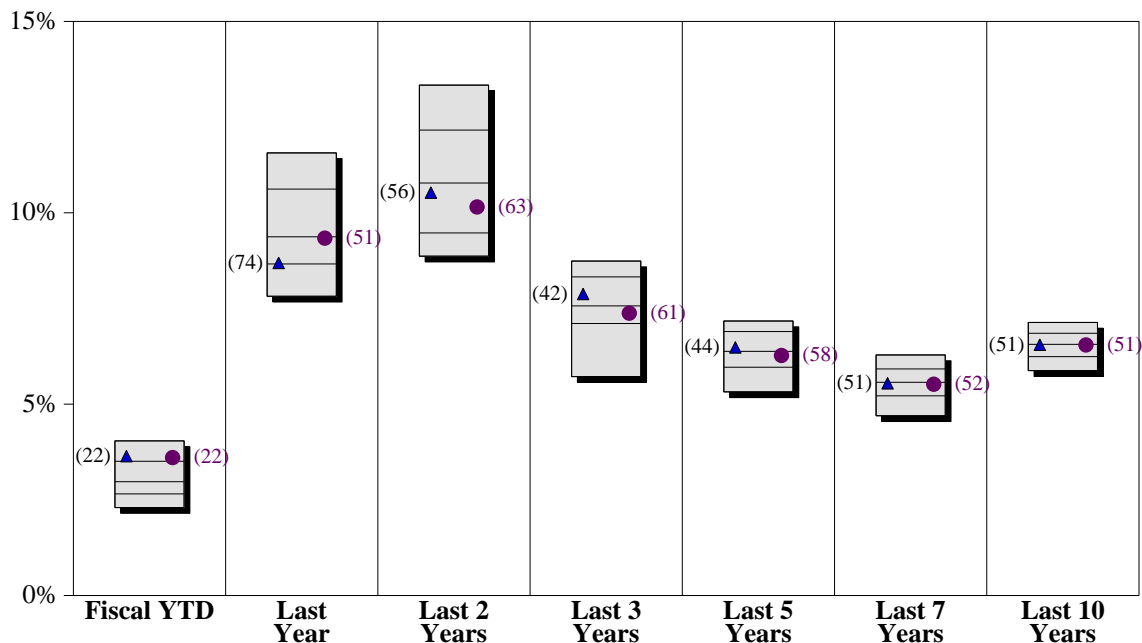




TOTAL FIXED-INCOME PERIOD ENDED SEPTEMBER 30, 2010

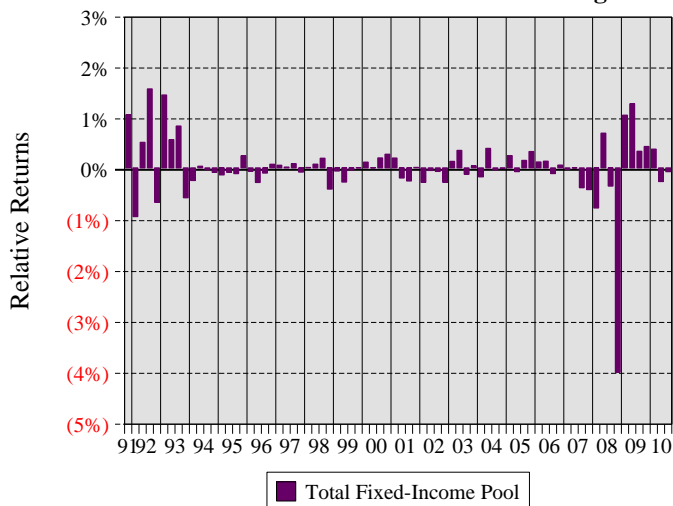
- ### Quarterly Summary and Highlights
- Total Fixed-Income Pool's portfolio posted a 3.60% return for the quarter placing it in the 22 percentile of the Public Fund - Domestic Fixed group for the quarter and in the 51 percentile for the last year.
 - Total Fixed-Income Pool's portfolio underperformed the Fixed-Income Target by 0.04% for the quarter and outperformed the Fixed-Income Target for the year by 0.65%.

Performance vs Public Fund - Domestic Fixed (Gross)

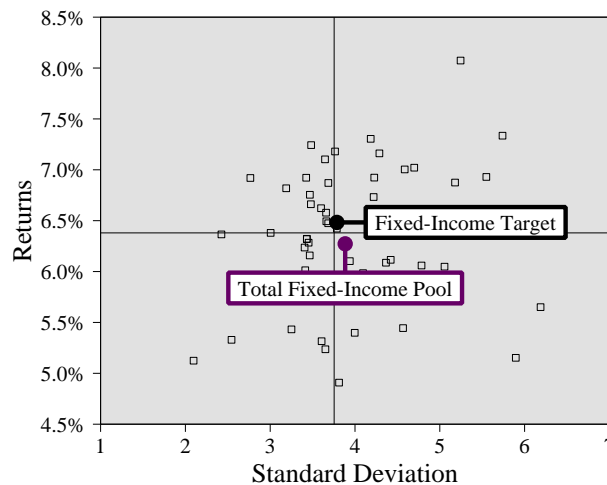


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	4.04	11.57	13.34	8.74	7.17	6.29	7.14
25th Percentile	3.51	10.62	12.16	8.33	6.90	5.92	6.85
Median	2.97	9.37	10.78	7.57	6.38	5.57	6.56
75th Percentile	2.66	8.66	9.47	7.11	5.96	5.22	6.24
90th Percentile	2.30	7.82	8.87	5.72	5.32	4.70	5.88
Total Fixed-Income Pool ●	3.60	9.34	10.15	7.38	6.27	5.52	6.55
Fixed-Income Target ▲	3.64	8.69	10.53	7.88	6.48	5.54	6.55

Relative Return vs Fixed-Income Target



Public Fund - Domestic Fixed (Gross) Annualized Five Year Risk vs Return



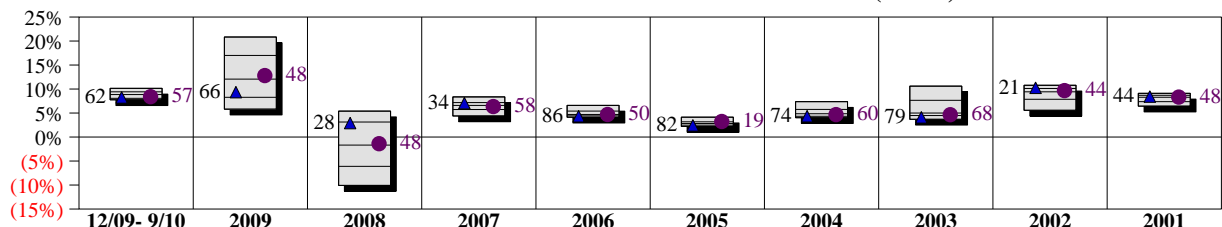


TOTAL FIXED-INCOME POOL RETURN ANALYSIS SUMMARY

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.

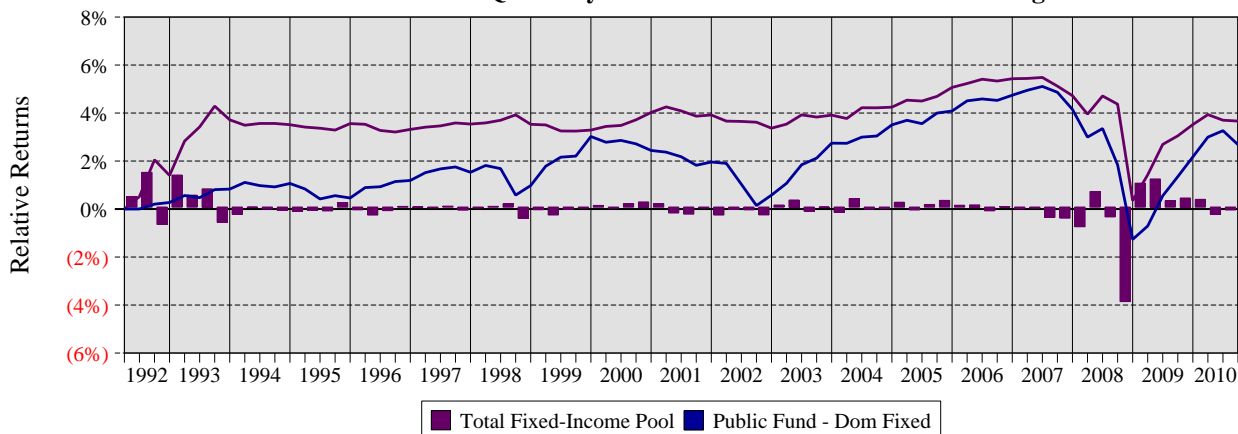
Performance vs Public Fund - Domestic Fixed (Gross)



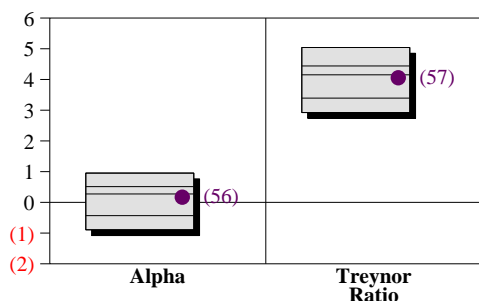
10th Percentile	10.14	20.84	5.40	8.36	6.59	4.14	7.37	10.61	10.79	9.11
25th Percentile	9.42	17.00	3.13	7.18	5.40	3.17	5.75	7.65	10.12	8.69
Median	8.85	12.07	(1.68)	6.59	4.71	2.81	4.86	5.00	9.42	8.29
75th Percentile	8.07	8.28	(6.11)	5.73	4.41	2.47	4.32	4.48	7.87	7.37
90th Percentile	7.76	5.80	(10.08)	4.39	4.13	2.21	4.03	3.70	5.57	6.43

Total Fixed-Income Pool	●	8.41	12.80	(1.39)	6.35	4.69	3.24	4.67	4.65	9.67	8.32
Fixed-Income Target	▲	8.26	9.35	2.91	7.07	4.33	2.43	4.34	4.10	10.26	8.43

Cumulative and Quarterly Relative Return vs Fixed-Income Target

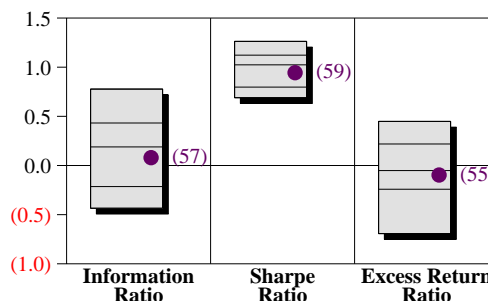


Risk Adjusted Return Measures vs Fixed-Income Target Rankings Against Public Fund - Domestic Fixed (Gross) Five Years Ended September 30, 2010



10th Percentile	0.95	5.04
25th Percentile	0.51	4.44
Median	0.27	4.15
75th Percentile	(0.43)	3.39
90th Percentile	(0.89)	2.92

Total Fixed-Income Pool	●	0.17	4.06
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10th Percentile	0.78	1.26	0.45
25th Percentile	0.43	1.12	0.22
Median	0.19	1.02	(0.05)
75th Percentile	(0.21)	0.80	(0.24)
90th Percentile	(0.43)	0.69	(0.69)

Total Fixed-Income Pool	●	0.08	0.94	(0.10)
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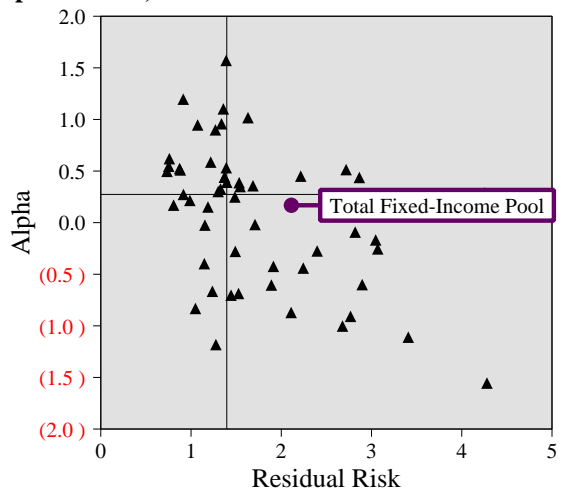
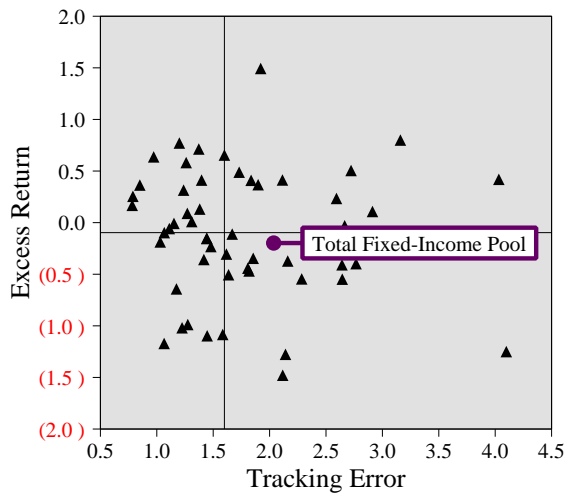


TOTAL FIXED-INCOME POOL RISK ANALYSIS SUMMARY

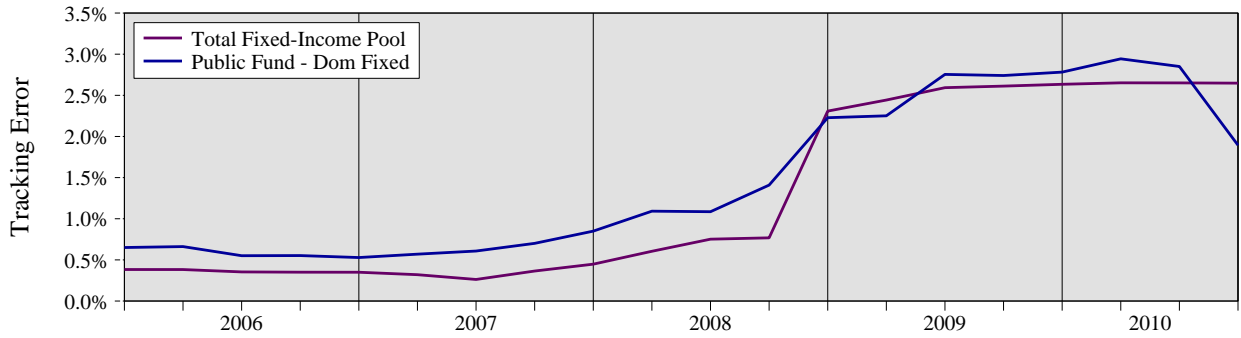
Risk Analysis

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.

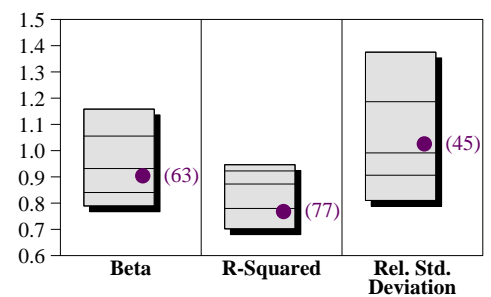
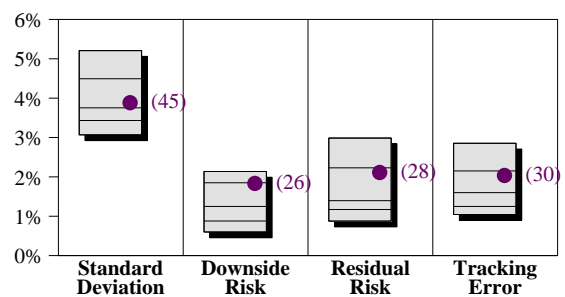
Risk Analysis vs Public Fund - Domestic Fixed (Gross) Five Years Ended September 30, 2010



Rolling 12 Quarter Tracking Error vs Fixed-Income Target



Risk Statistics Rankings vs Fixed-Income Target Rankings Against Public Fund - Domestic Fixed (Gross) Five Years Ended September 30, 2010



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	5.21	2.14	2.99	2.85
25th Percentile	4.49	1.85	2.23	2.15
Median	3.75	1.25	1.40	1.60
75th Percentile	3.43	0.88	1.17	1.25
90th Percentile	3.07	0.60	0.88	1.04

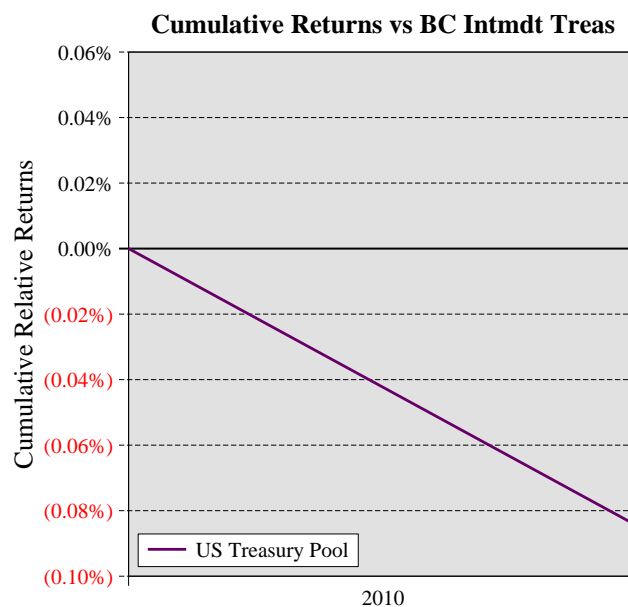
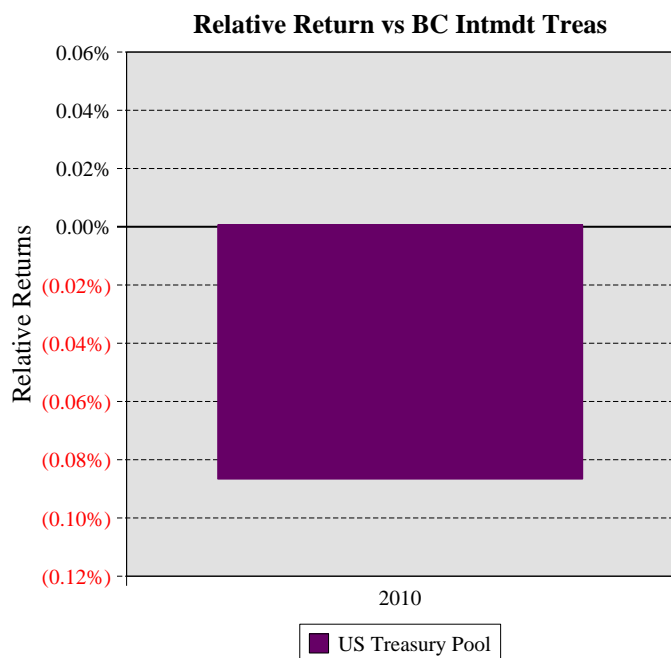
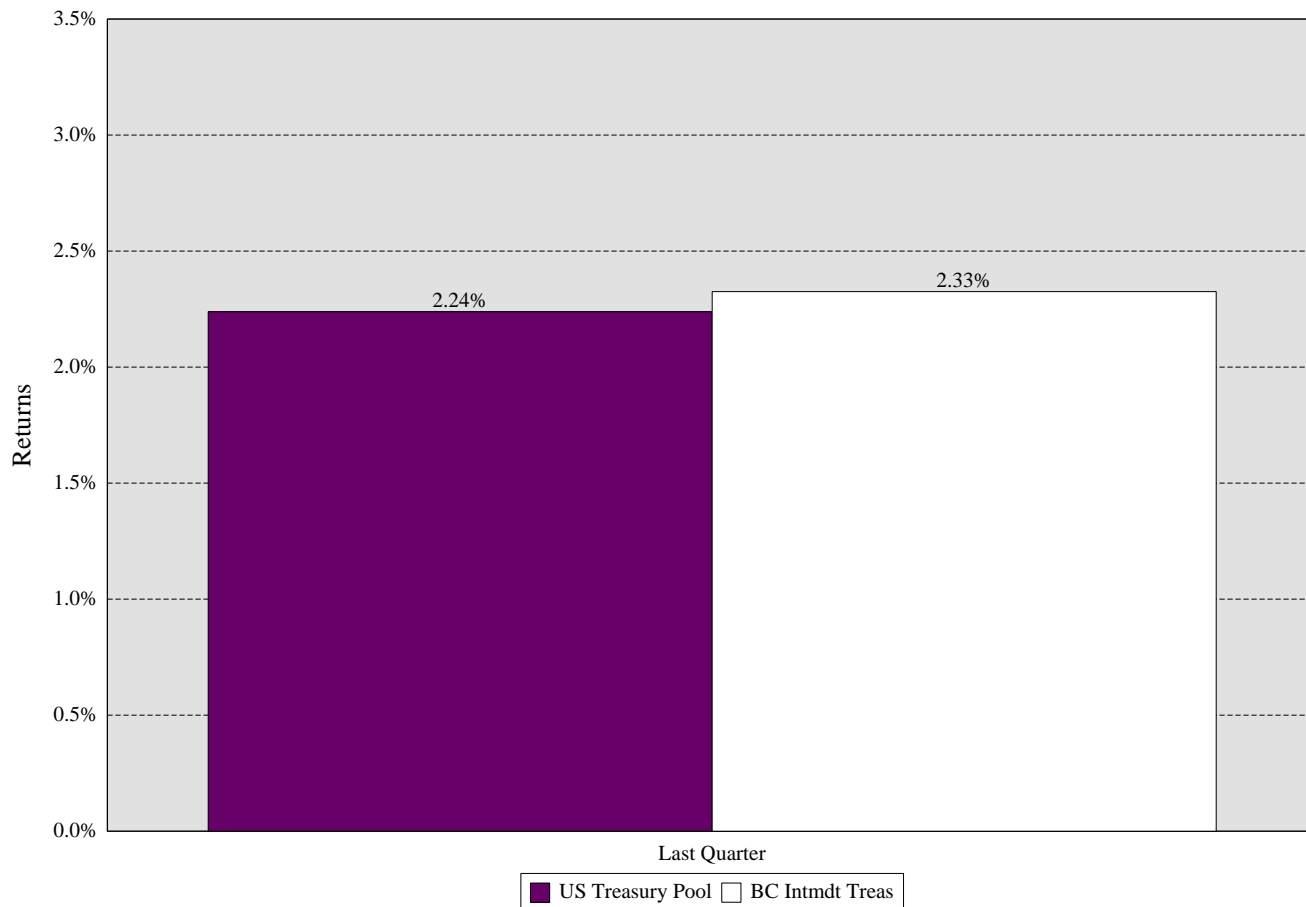
	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.16	0.95	1.38
25th Percentile	1.06	0.92	1.19
Median	0.93	0.87	0.99
75th Percentile	0.84	0.78	0.91
90th Percentile	0.79	0.70	0.81

	Standard Deviation	Downside Risk	Residual Risk	Tracking Error	Beta	R-Squared	Rel. Std. Deviation
Total Fixed-Income Pool	3.88	1.83	2.11	2.04	0.90	0.77	1.03

US TREASURY POOL PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

- US Treasury Pool's portfolio underperformed the BC Intmtd Treas by 0.09% for the quarter.



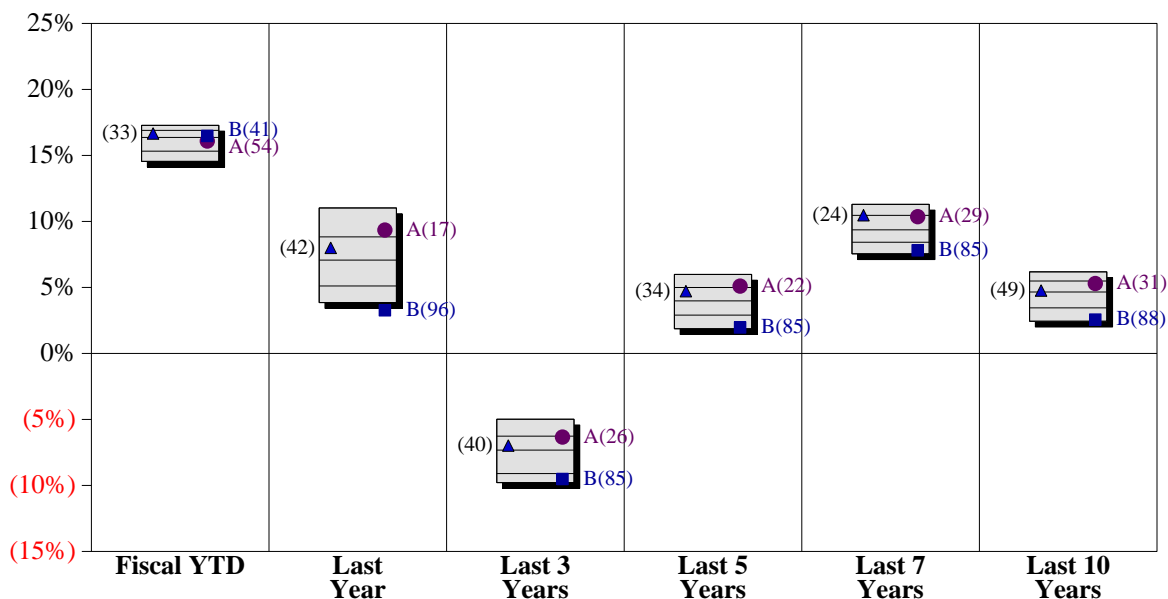


TOTAL INTERNATIONAL EQUITY PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

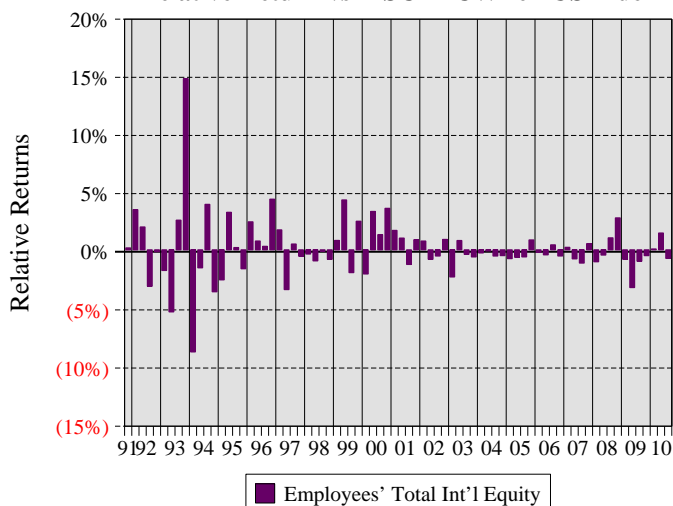
- Employees' Total Int'l Equity's portfolio posted a 16.09% return for the quarter placing it in the 54 percentile of the Public Fund - International Equity group for the quarter and in the 17 percentile for the last year.
- Employees' Total Int'l Equity's portfolio underperformed the MSCI ACWI ex-US Index by 0.57% for the quarter and outperformed the MSCI ACWI ex-US Index for the year by 1.35%.

Performance vs Public Fund - International Equity (Gross)

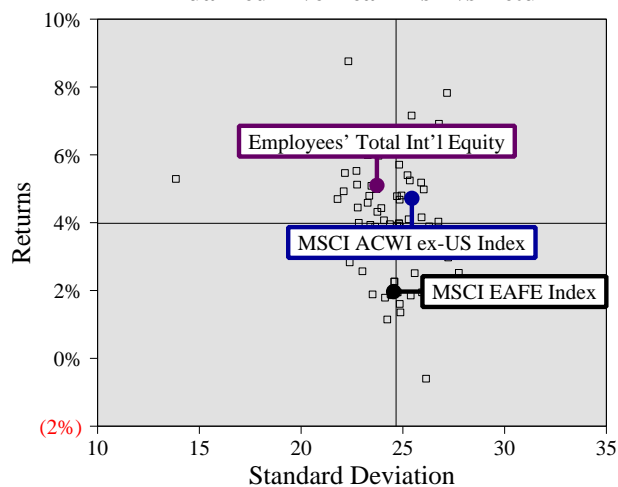


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	17.28	11.02	(4.98)	5.99	11.30	6.18
25th Percentile	16.90	8.83	(6.27)	5.00	10.46	5.49
Median	16.36	7.07	(7.32)	3.98	9.36	4.65
75th Percentile	15.32	5.11	(9.10)	2.90	8.42	3.45
90th Percentile	14.55	3.85	(9.79)	1.87	7.55	2.44
Employees' Total Int'l Equity	● A 16.09	9.35	(6.34)	5.10	10.36	5.30
MSCI EAFE Index	■ B 16.48	3.27	(9.51)	1.97	7.81	2.56
MSCI ACWI ex-US Index	▲ 16.66	8.00	(6.98)	4.72	10.47	4.77

Relative Return vs MSCI ACWI ex-US Index



Public Fund - International Equity (Gross) Annualized Five Year Risk vs Return



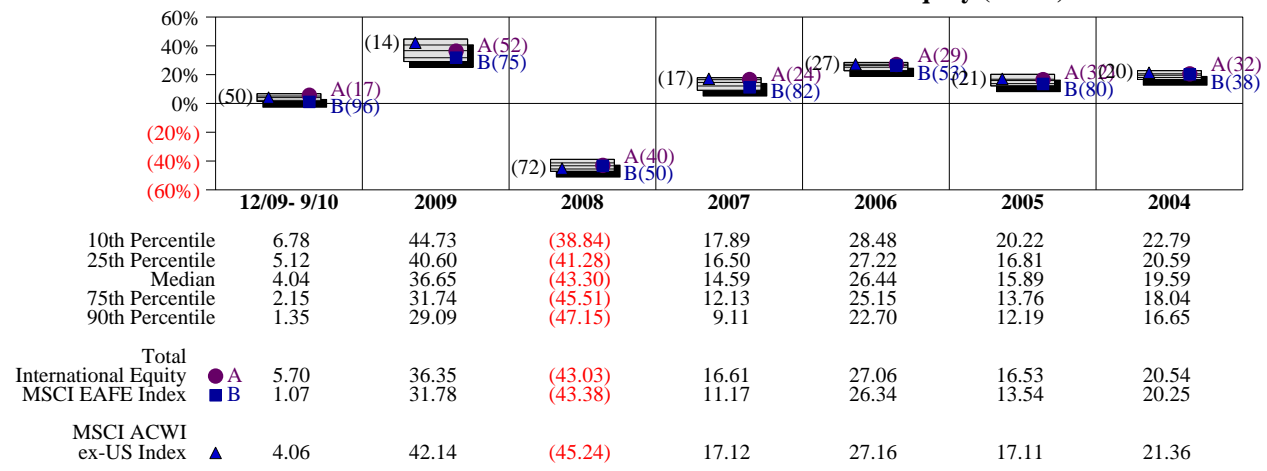


TOTAL INTERNATIONAL EQUITY RETURN ANALYSIS SUMMARY

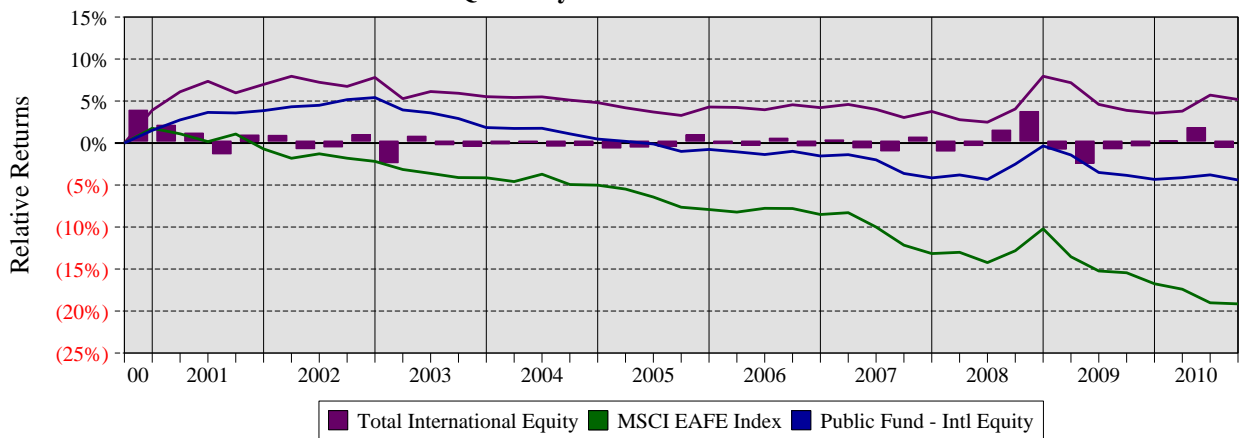
Return Analysis

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.

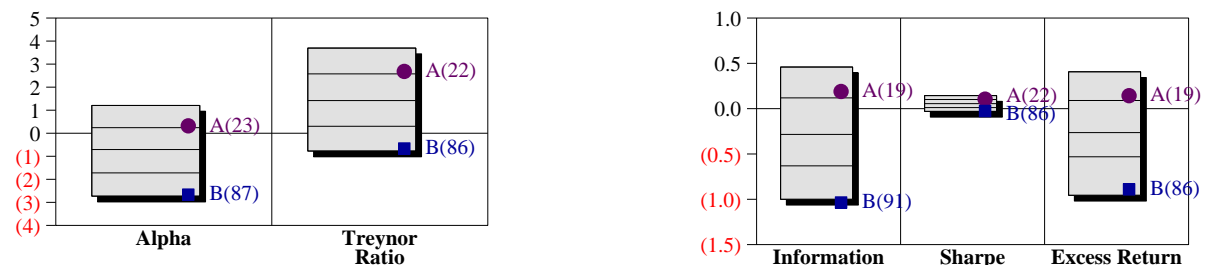
Performance vs Public Fund - International Equity (Gross)



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 September 30, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.21	3.70	0.46	0.14	0.41
25th Percentile	0.24	2.58	0.12	0.10	0.09
Median	(0.71)	1.42	(0.28)	0.06	(0.26)
75th Percentile	(1.72)	0.30	(0.63)	0.01	(0.53)
90th Percentile	(2.73)	(0.77)	(1.00)	(0.03)	(0.96)
Total International Equity	● A 0.32	2.68	● A 0.19	0.11	0.14
MSCI EAFE Index	■ B (2.67)	(0.66)	■ B (1.04)	(0.03)	(0.89)

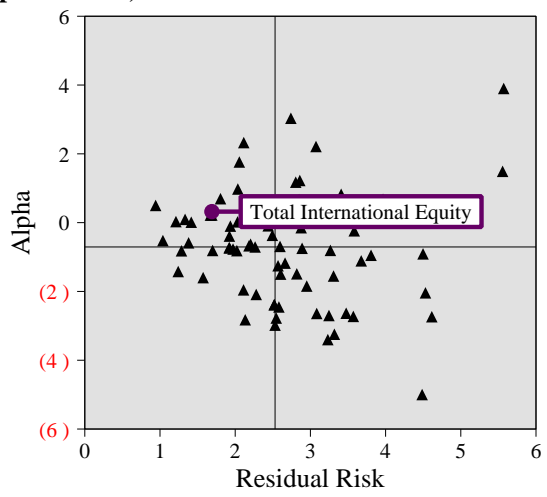
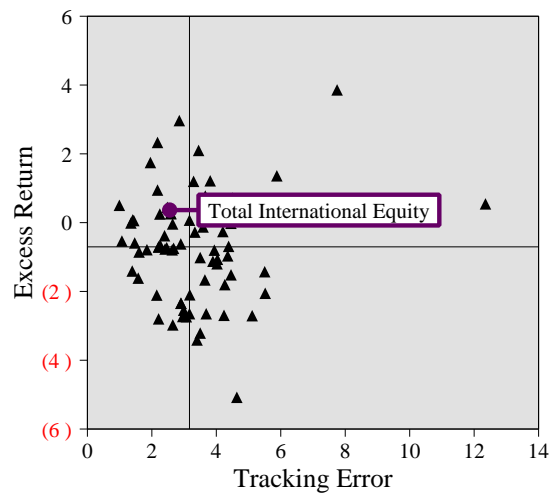


TOTAL INTERNATIONAL EQUITY RISK ANALYSIS SUMMARY

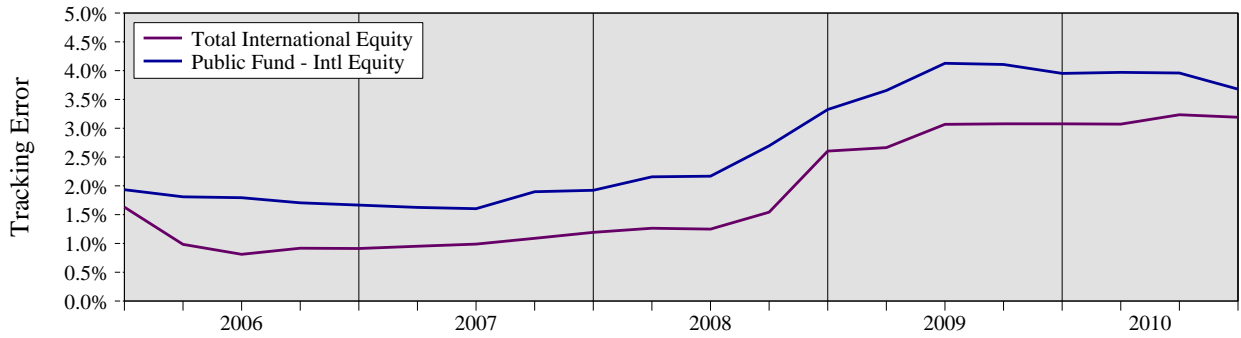
Risk Analysis

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.

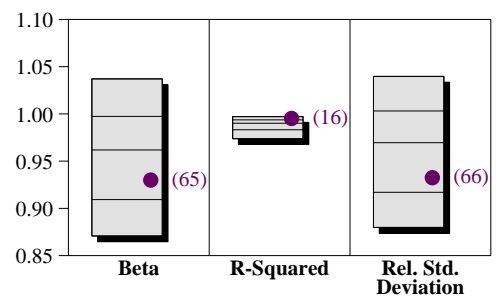
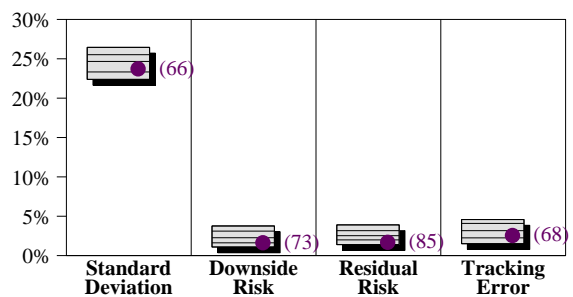
**Risk Analysis vs Public Fund - International Equity (Gross)
Five Years Ended September 30, 2010**



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 September 30, 2010**



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	26.45	3.77	3.90	4.58
25th Percentile	25.52	3.11	3.17	4.09
Median	24.67	2.27	2.53	3.17
75th Percentile	23.33	1.62	2.00	2.25
90th Percentile	22.38	1.09	1.39	1.51

	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.04	1.00	1.04
25th Percentile	1.00	0.99	1.00
Median	0.96	0.99	0.97
75th Percentile	0.91	0.98	0.92
90th Percentile	0.87	0.97	0.88

Total International Equity	● 23.72	1.63	1.69	2.55	Total International Equity	● 0.93	1.00	0.93
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INTERNATIONAL EQUITY (EX EMERGING MARKETS) PERIOD ENDED SEPTEMBER 30, 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.

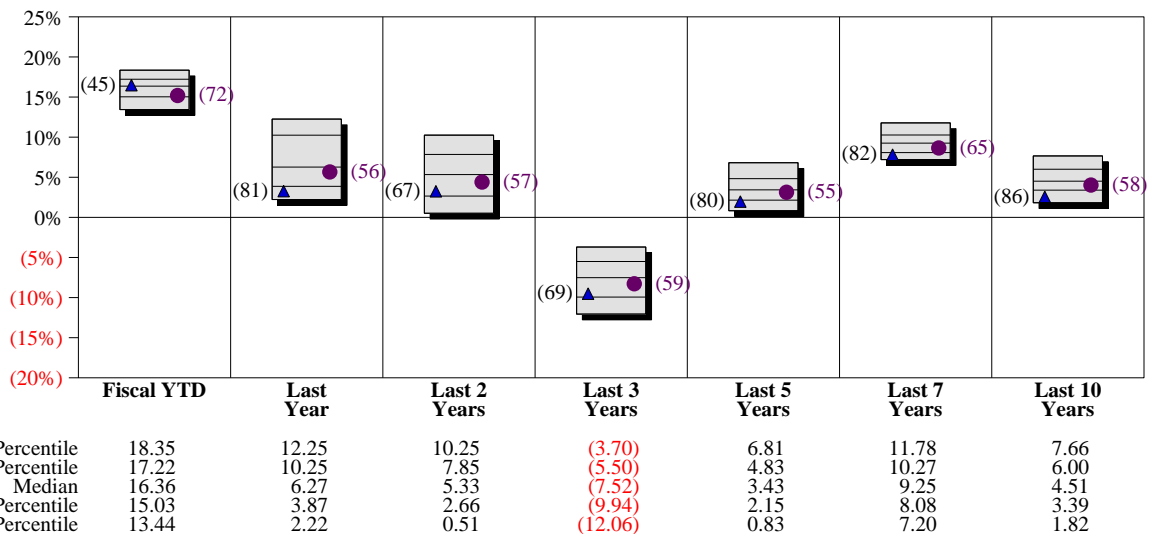
Quarterly Summary and Highlights

- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio posted a 15.19% return for the quarter placing it in the 72 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 56 percentile for the last year.
- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio underperformed the MSCI EAFE Index by 1.28% for the quarter and outperformed the MSCI EAFE Index for the year by 2.39%.

Quarterly Asset Growth

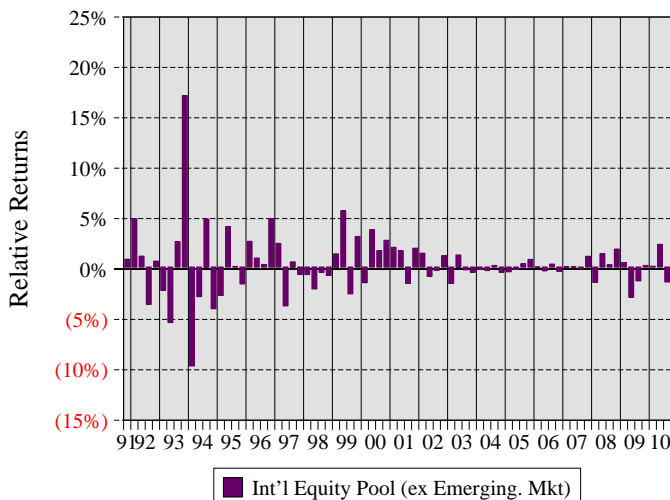
Beginning Market Value	\$1,260,768,755
Net New Investment	\$1,367,618
Investment Gains/(Losses)	\$188,432,450
Ending Market Value	\$1,450,568,823

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

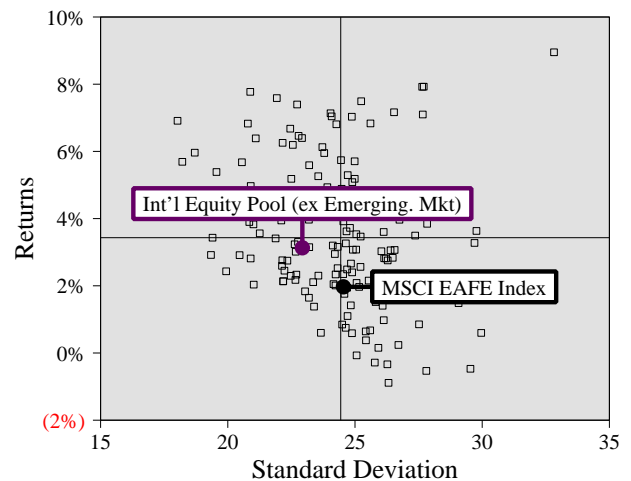


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Int'l Equity Pool (ex Emerging. Mkt) ●	15.19	5.66	4.40	(8.28)	3.13	8.65	4.03
MSCI EAFE Index ▲	16.48	3.27	3.25	(9.51)	1.97	7.81	2.56

Relative Return vs MSCI EAFE Index



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



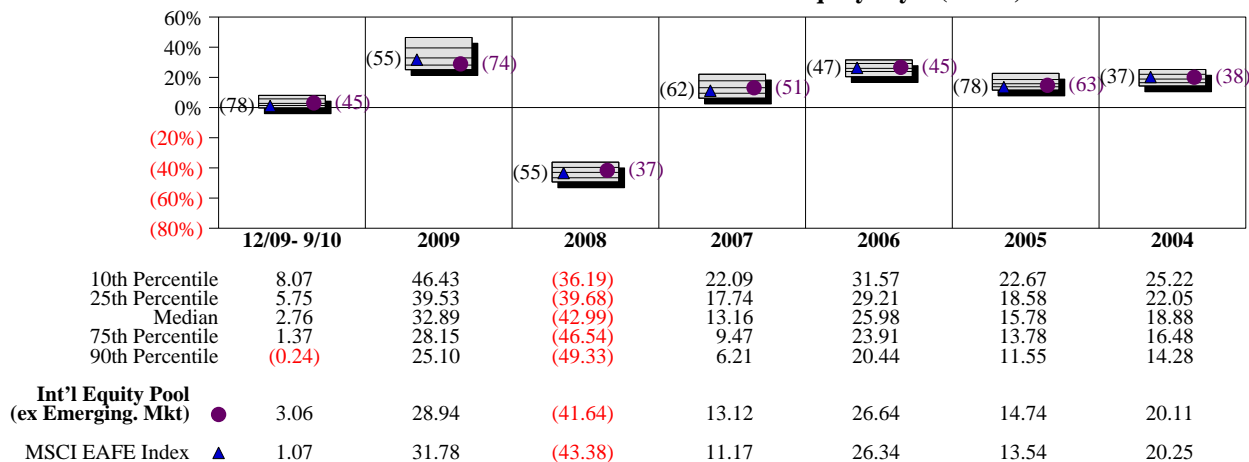
INT'L EQUITY POOL (EX EMERGING. MKT) RETURN ANALYSIS SUMMARY



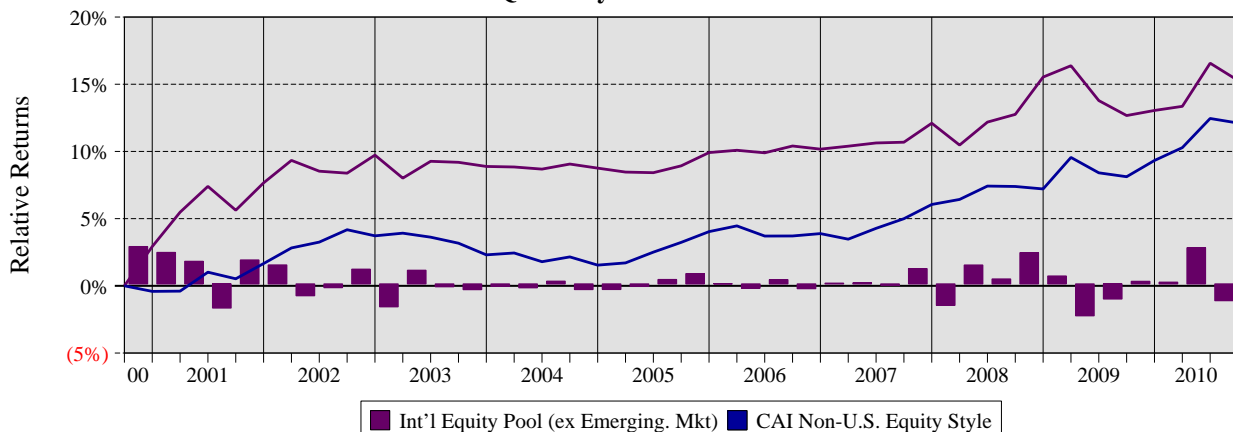
Return Analysis

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.

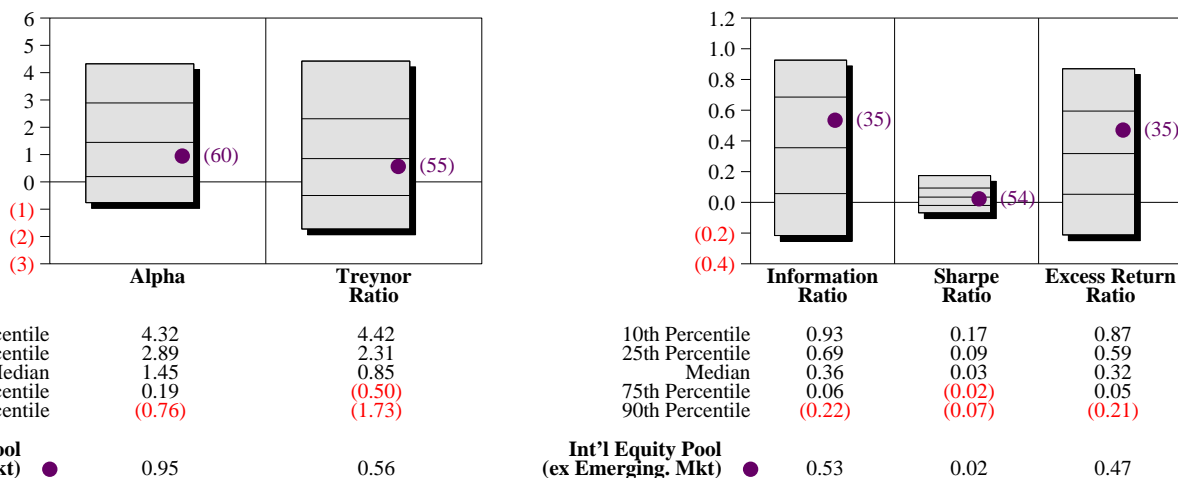
Performance vs CAI Non-U.S. Equity Style (Gross)



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 September 30, 2010



BRANDES INVESTMENT PARTNERS PERIOD ENDED SEPTEMBER 30, 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.

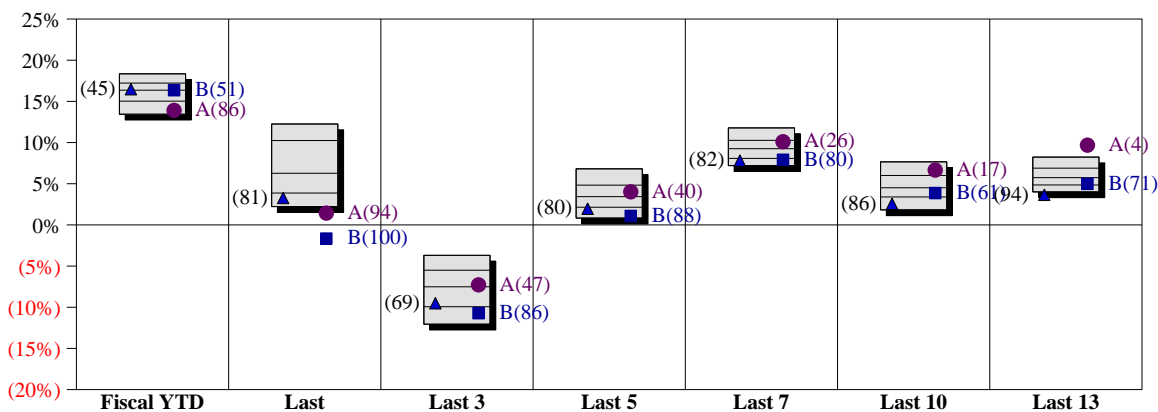
Quarterly Summary and Highlights

- Brandes's portfolio posted a 13.91% return for the quarter placing it in the 86 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 94 percentile for the last year.
- Brandes's portfolio underperformed the MSCI EAFE Index by 2.57% for the quarter and underperformed the MSCI EAFE Index for the year by 1.84%.

Quarterly Asset Growth

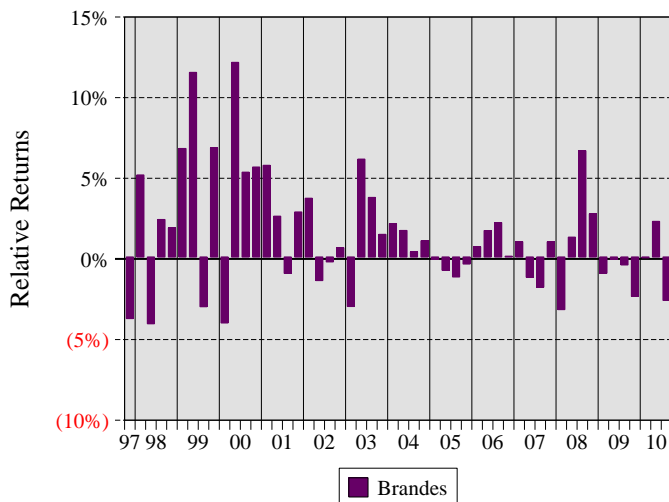
Beginning Market Value	\$735,763,157
Net New Investment	\$34,178
Investment Gains/(Losses)	\$102,320,823
Ending Market Value	\$838,118,159

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

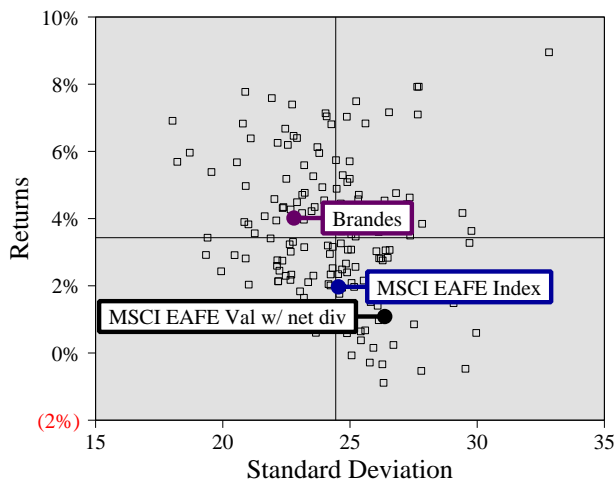


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13 Years
10th Percentile	18.35	12.25	(3.70)	6.81	11.78	7.66	8.24
25th Percentile	17.22	10.25	(5.50)	4.83	10.27	6.00	6.89
Median	16.36	6.27	(7.52)	3.43	9.25	4.51	5.74
75th Percentile	15.03	3.87	(9.94)	2.15	8.08	3.39	4.85
90th Percentile	13.44	2.22	(12.06)	0.83	7.20	1.82	4.01
Brandes ● A	13.91	1.43	(7.28)	4.02	10.10	6.66	9.68
MSCI EAFE Val w/ net div ■ B	16.36	(1.67)	(10.72)	1.09	7.91	3.87	4.99
MSCI EAFE Index ▲	16.48	3.27	(9.51)	1.97	7.81	2.56	3.66

Relative Return vs MSCI EAFE Index



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



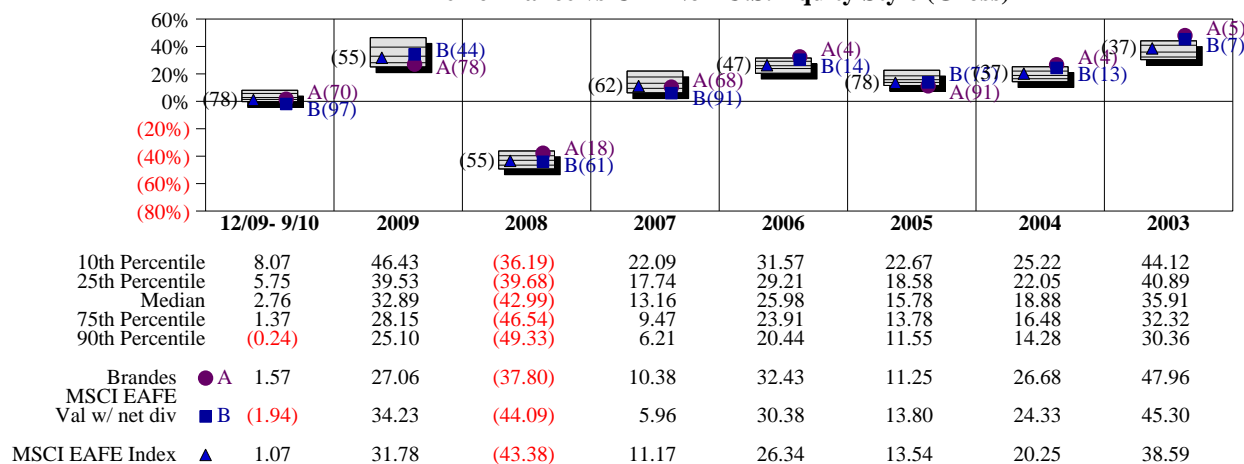


BRANDES RETURN ANALYSIS SUMMARY

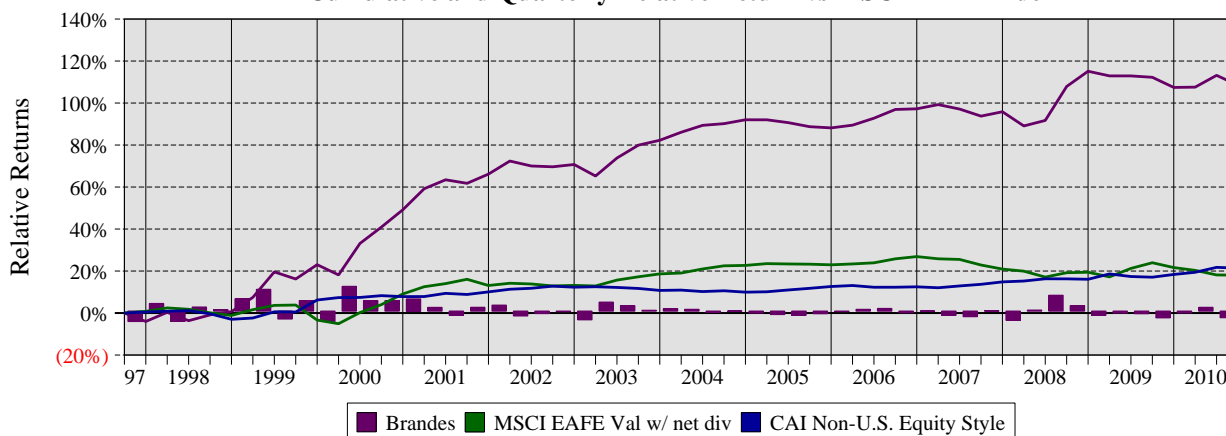
Return Analysis

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.

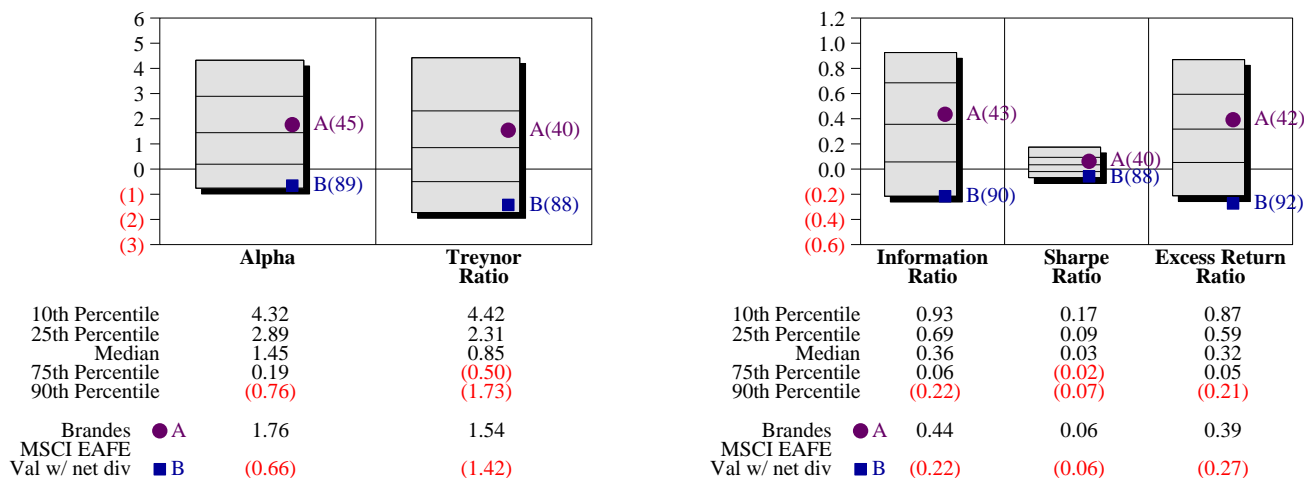
Performance vs CAI Non-U.S. Equity Style (Gross)



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 September 30, 2010



CAPITAL GUARDIAN PERIOD ENDED SEPTEMBER 30, 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.

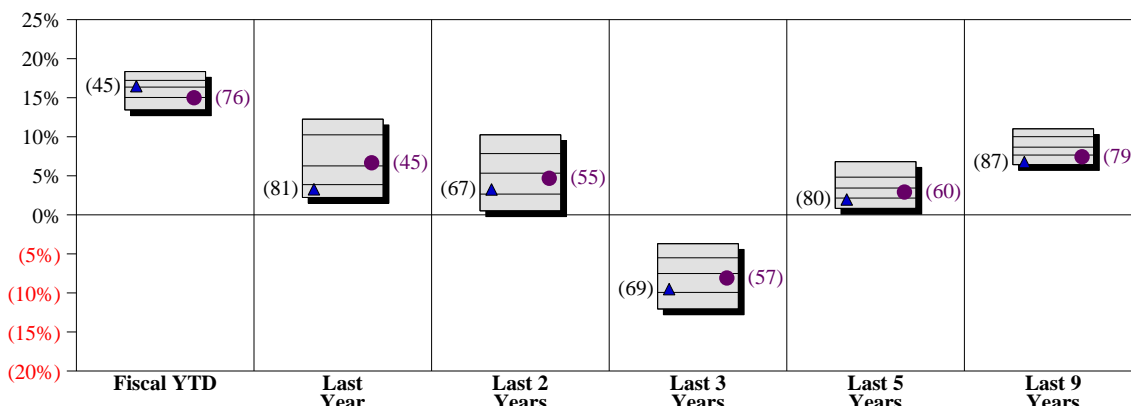
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a 15.00% return for the quarter placing it in the 76 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 45 percentile for the last year.
- Capital Guardian's portfolio underperformed the MSCI EAFE Index by 1.48% for the quarter and outperformed the MSCI EAFE Index for the year by 3.40%.

Quarterly Asset Growth

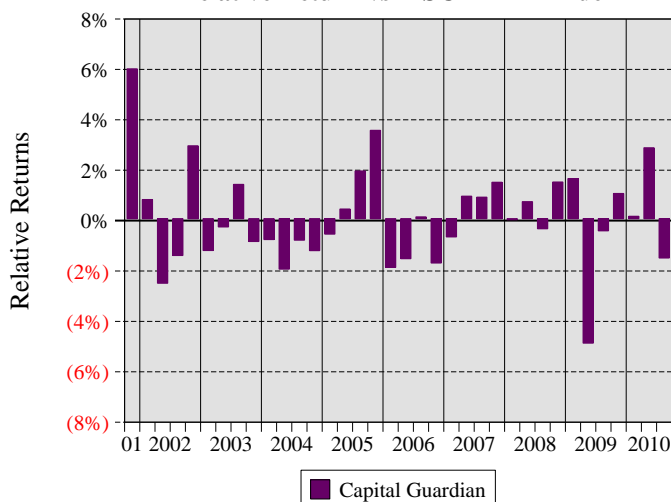
Beginning Market Value	\$494,014,424
Net New Investment	\$0
Investment Gains/(Losses)	\$74,079,947
Ending Market Value	\$568,094,371

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

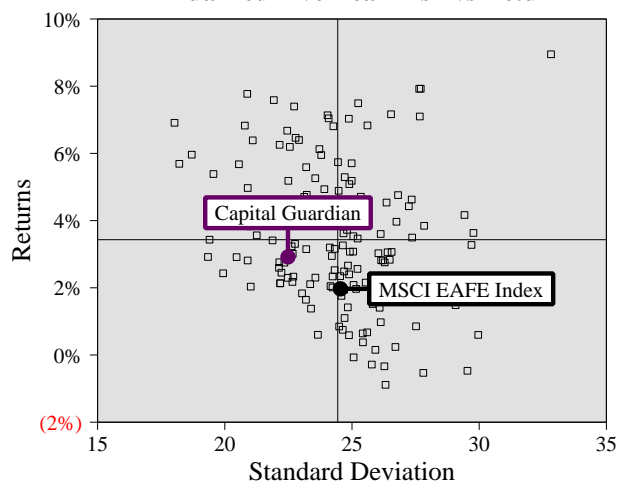


10th Percentile	18.35	12.25	10.25	(3.70)	6.81	11.02
25th Percentile	17.22	10.25	7.85	(5.50)	4.83	10.01
Median	16.36	6.27	5.33	(7.52)	3.43	8.67
75th Percentile	15.03	3.87	2.66	(9.94)	2.15	7.66
90th Percentile	13.44	2.22	0.51	(12.06)	0.83	6.43

Relative Return vs MSCI EAFE Index



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



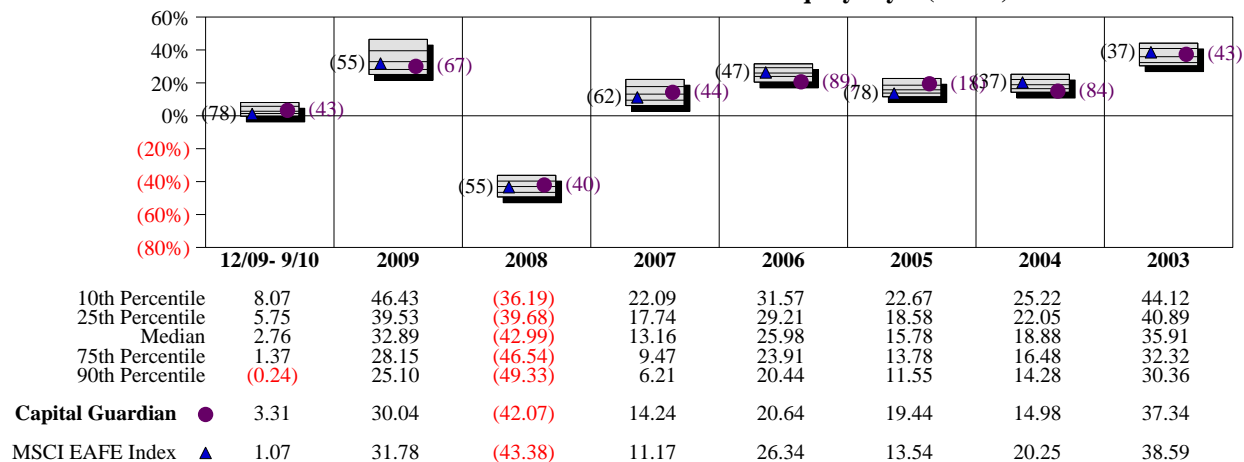


CAPITAL GUARDIAN RETURN ANALYSIS SUMMARY

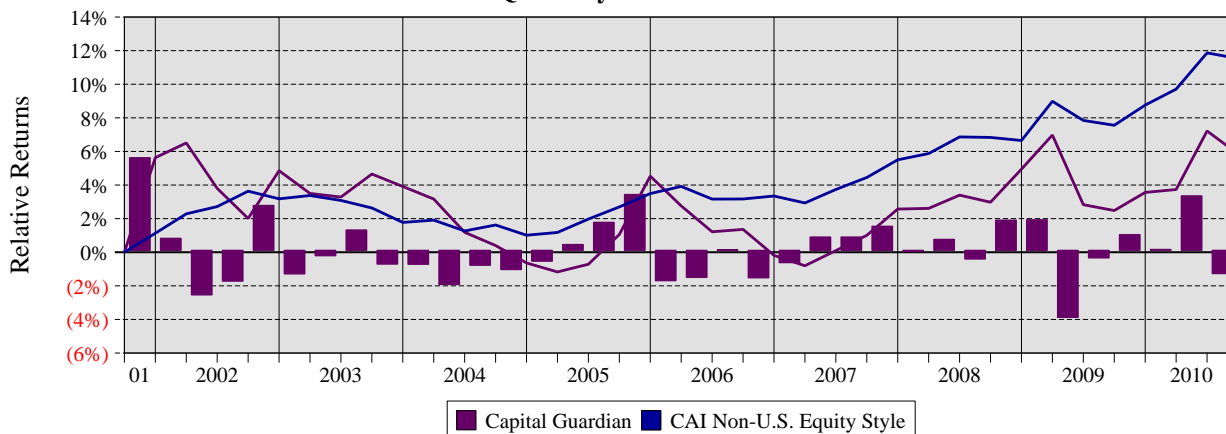
Return Analysis

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.

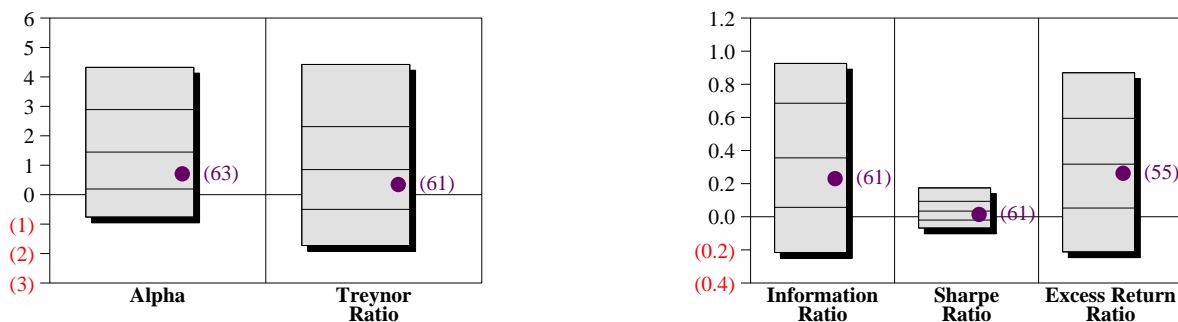
Performance vs CAI Non-U.S. Equity Style (Gross)



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 September 30, 2010



10th Percentile	4.32	4.42	10th Percentile	0.93	0.17	0.87
25th Percentile	2.89	2.31	25th Percentile	0.69	0.09	0.59
Median	1.45	0.85	Median	0.36	0.03	0.32
75th Percentile	0.19	(0.50)	75th Percentile	0.06	(0.02)	0.05
90th Percentile	(0.76)	(1.73)	90th Percentile	(0.22)	(0.07)	(0.21)
Capital Guardian	● 0.71	0.35	Capital Guardian	● 0.23	0.01	0.26

**LAZARD ASSET MANAGEMENT
PERIOD ENDED SEPTEMBER 30, 2010**



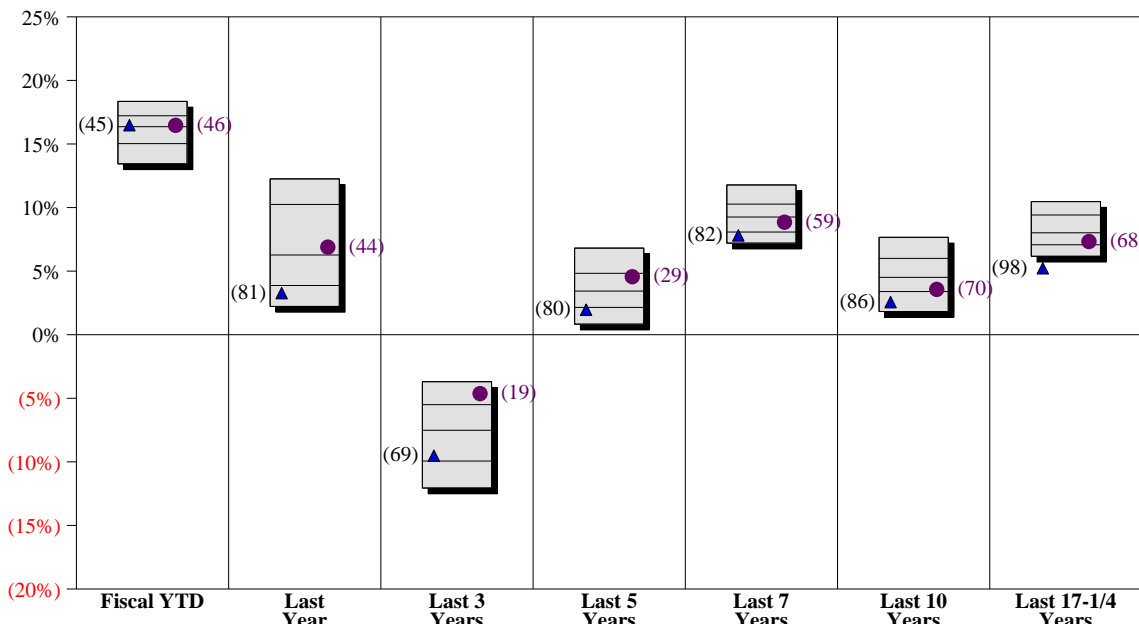
Quarterly Summary and Highlights

- Lazard Asset Mgmt's portfolio posted a 16.47% return for the quarter placing it in the 46 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 44 percentile for the last year.
- Lazard Asset Mgmt's portfolio underperformed the MSCI EAFE Index by 0.01% for the quarter and outperformed the MSCI EAFE Index for the year by 3.62%.

Quarterly Asset Growth

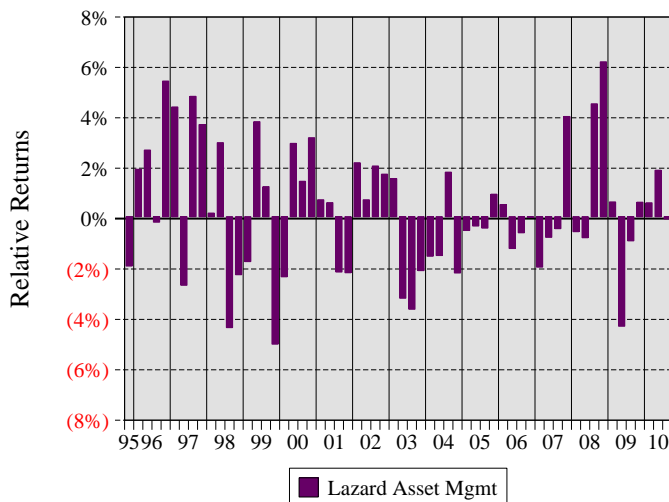
Beginning Market Value	\$283,776,726
Net New Investment	\$90,000,000
Investment Gains/(Losses)	\$46,679,879
Ending Market Value	\$420,456,605

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

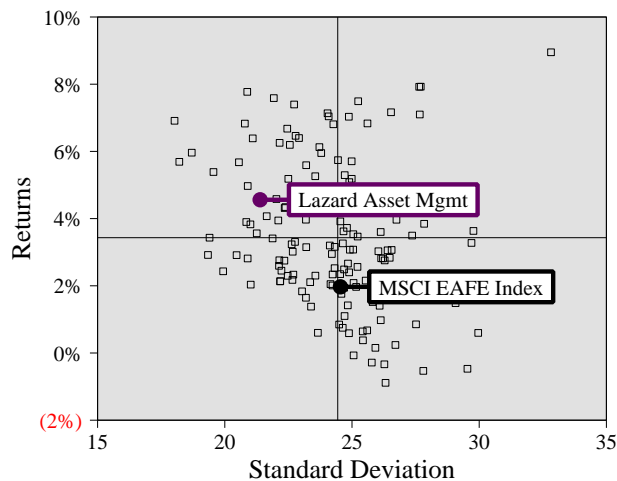


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 17-1/4 Years
10th Percentile	18.35	12.25	(3.70)	6.81	11.78	7.66	10.47
25th Percentile	17.22	10.25	(5.50)	4.83	10.27	6.00	9.42
Median	16.36	6.27	(7.52)	3.43	9.25	4.51	8.02
75th Percentile	15.03	3.87	(9.94)	2.15	8.08	3.39	7.07
90th Percentile	13.44	2.22	(12.06)	0.83	7.20	1.82	6.17
Lazard Asset Mgmt ●	16.47	6.89	(4.63)	4.56	8.85	3.56	7.33
MSCI EAFE Index ▲	16.48	3.27	(9.51)	1.97	7.81	2.56	5.23

Relative Return vs MSCI EAFE Index



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



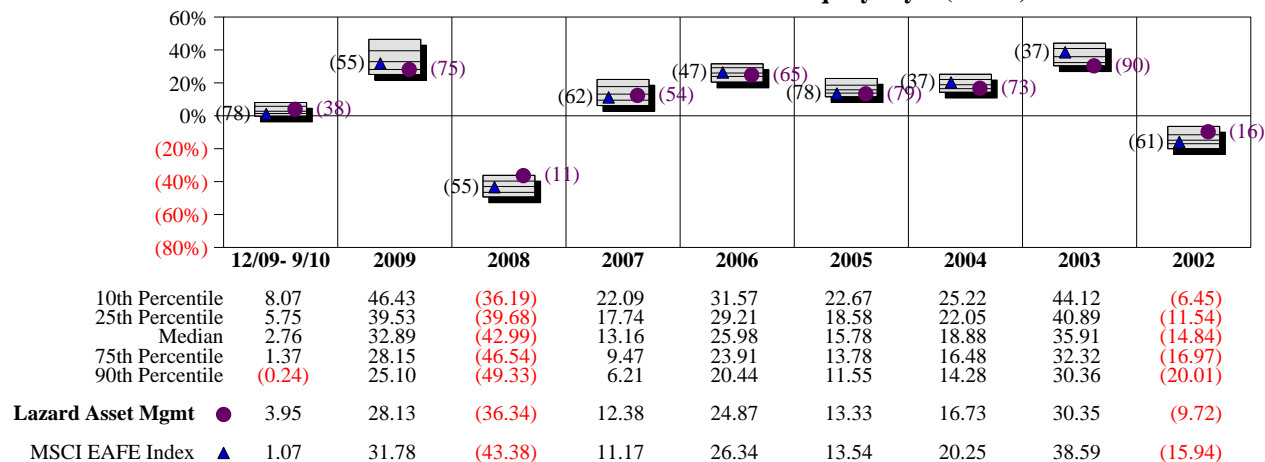
LAZARD ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



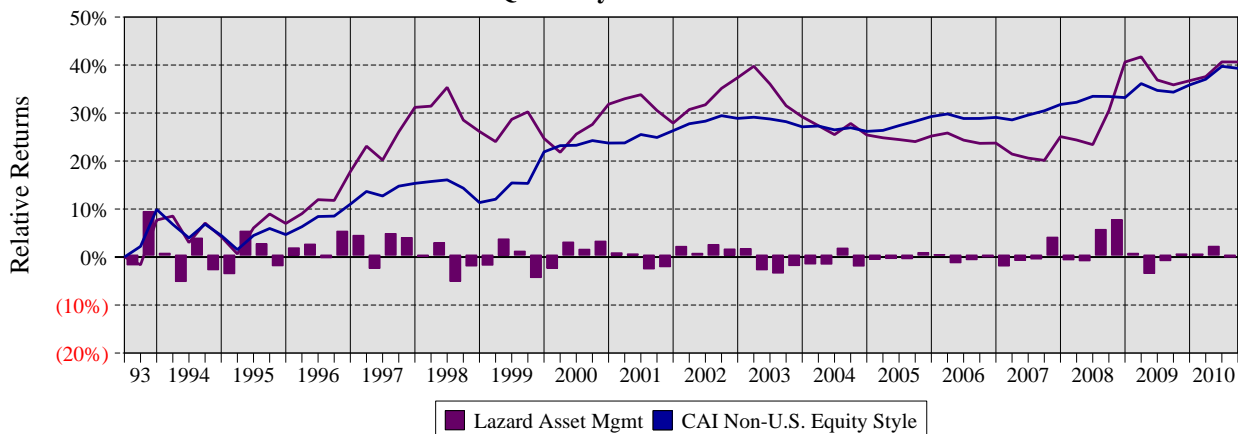
Return Analysis

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.

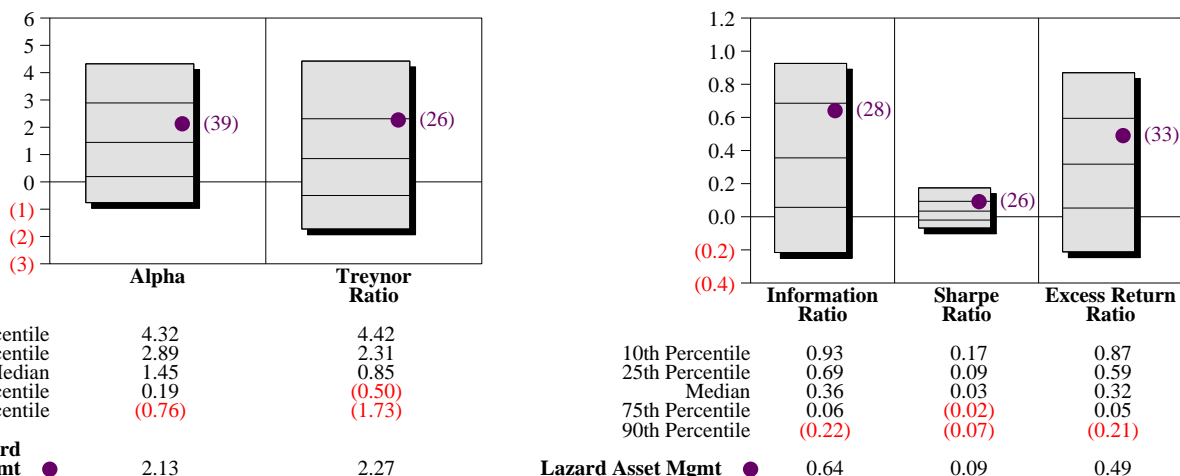
Performance vs CAI Non-U.S. Equity Style (Gross)



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 September 30, 2010



MCKINLEY CAPITAL PERIOD ENDED SEPTEMBER 30, 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.

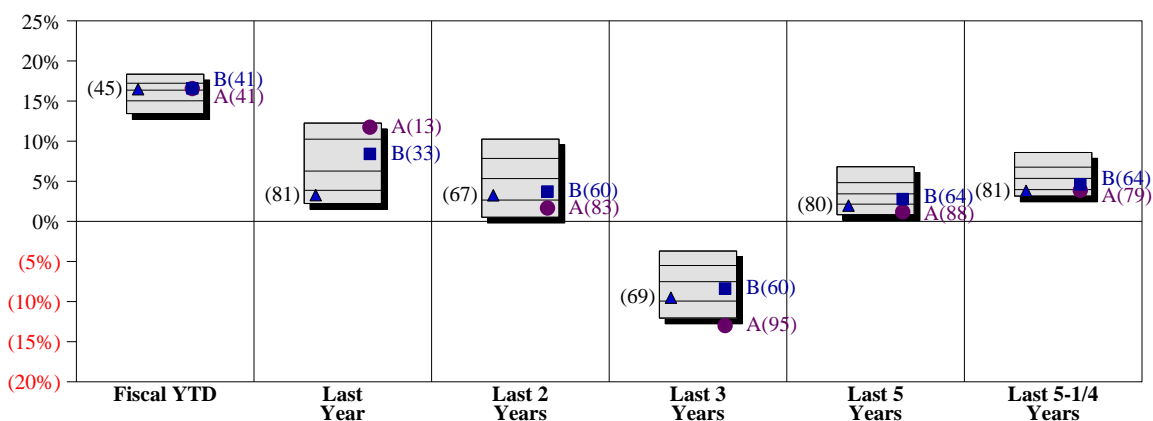
Quarterly Summary and Highlights

- McKinley Capital's portfolio posted a 16.56% return for the quarter placing it in the 41 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 13 percentile for the last year.
- McKinley Capital's portfolio outperformed the MSCI EAFE Index by 0.08% for the quarter and outperformed the MSCI EAFE Index for the year by 8.47%.

Quarterly Asset Growth

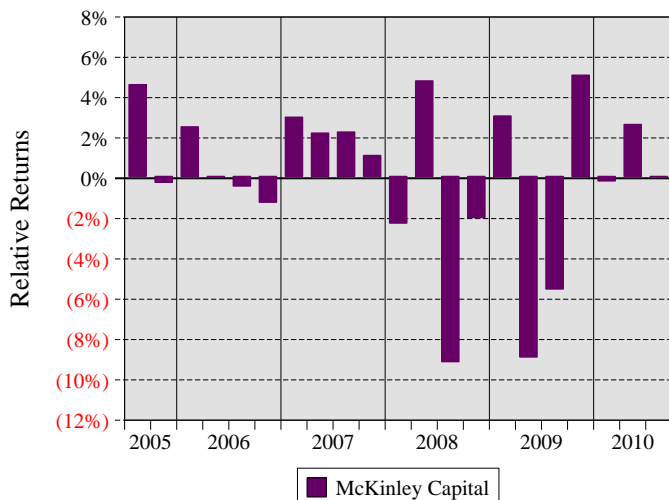
Beginning Market Value	\$283,850,416
Net New Investment	\$0
Investment Gains/(Losses)	\$47,007,507
Ending Market Value	\$330,857,923

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

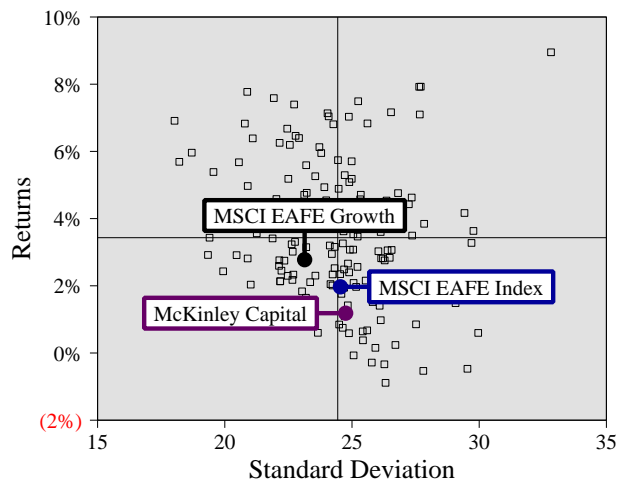


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	18.35	12.25	10.25	(3.70)	6.81	8.59
25th Percentile	17.22	10.25	7.85	(5.50)	4.83	6.76
Median	16.36	6.27	5.33	(7.52)	3.43	5.36
75th Percentile	15.03	3.87	2.66	(9.94)	2.15	3.96
90th Percentile	13.44	2.22	0.51	(12.06)	0.83	3.15
McKinley Capital	16.56	11.74	1.67	(12.99)	1.18	3.86
MSCI EAFE Growth	16.59	8.41	3.72	(8.37)	2.78	4.61
MSCI EAFE Index	16.48	3.27	3.25	(9.51)	1.97	3.81

Relative Return vs MSCI EAFE Index



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



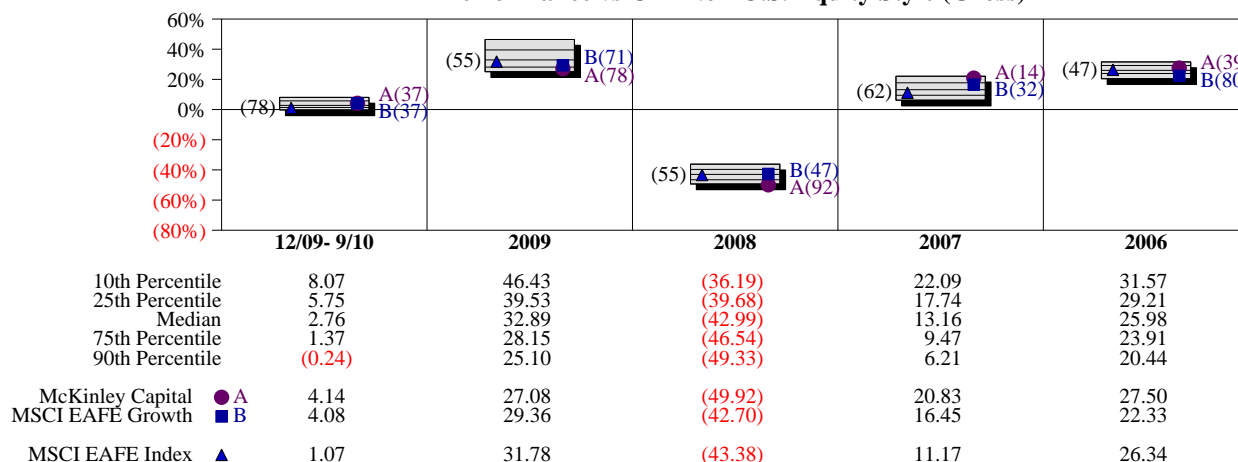
MCKINLEY CAPITAL RETURN ANALYSIS SUMMARY



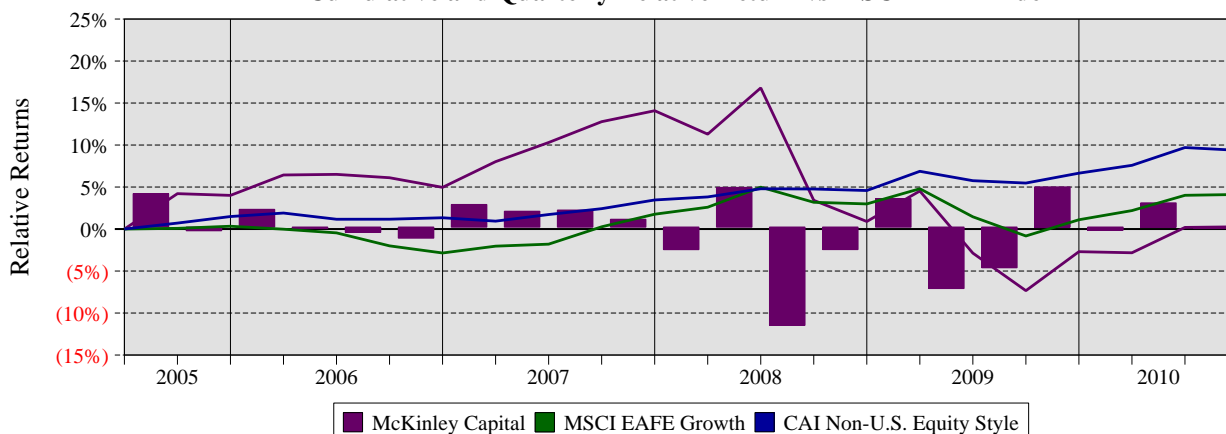
Return Analysis

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.

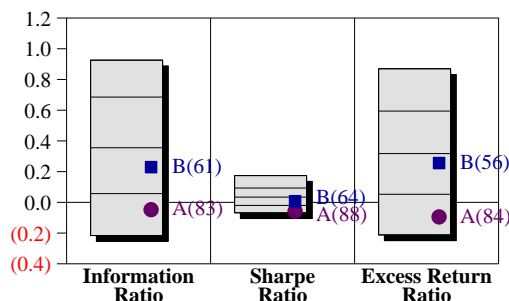
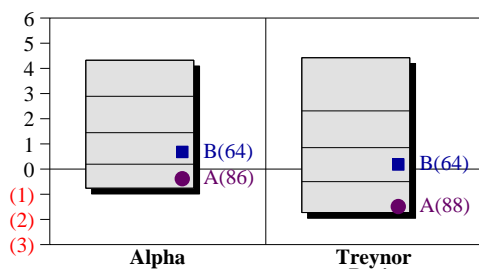
Performance vs CAI Non-U.S. Equity Style (Gross)



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 September 30, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.32	4.42	0.93	0.17	0.87
25th Percentile	2.89	2.31	0.69	0.09	0.59
Median	1.45	0.85	0.36	0.03	0.32
75th Percentile	0.19	(0.50)	0.06	(0.02)	0.05
90th Percentile	(0.76)	(1.73)	(0.22)	(0.07)	(0.21)
McKinley Capital	0.38	(1.49)	(0.05)	(0.06)	(0.09)
MSCI EAFE Growth	0.68	0.18	0.23	0.01	0.26

**SSGA INTL ACWI EX US
PERIOD ENDED SEPTEMBER 30, 2010**



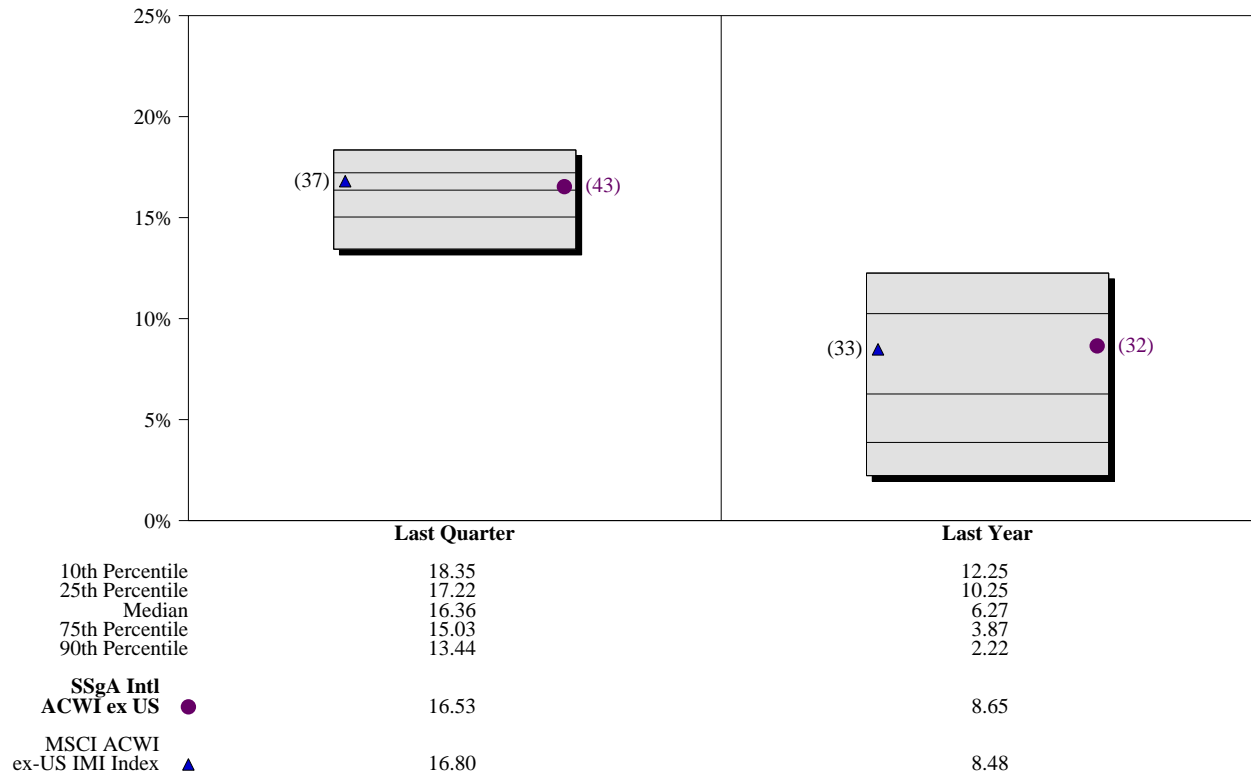
Quarterly Summary and Highlights

- SSgA Intl ACWI ex US's portfolio posted a 16.53% return for the quarter placing it in the 43 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 32 percentile for the last year.
- SSgA Intl ACWI ex US's portfolio underperformed the MSCI ACWI ex-US IMI Index by 0.27% for the quarter and outperformed the MSCI ACWI ex-US IMI Index for the year by 0.17%.

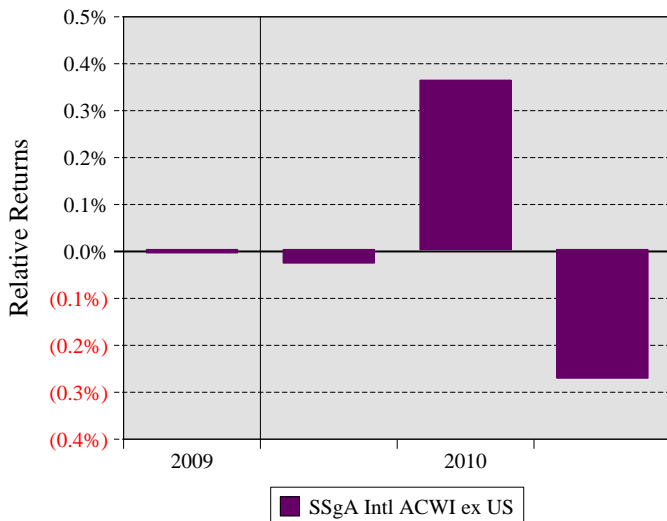
Quarterly Asset Growth

Beginning Market Value	\$239,109,997
Net New Investment	\$0
Investment Gains/(Losses)	\$39,531,435
Ending Market Value	\$278,641,431

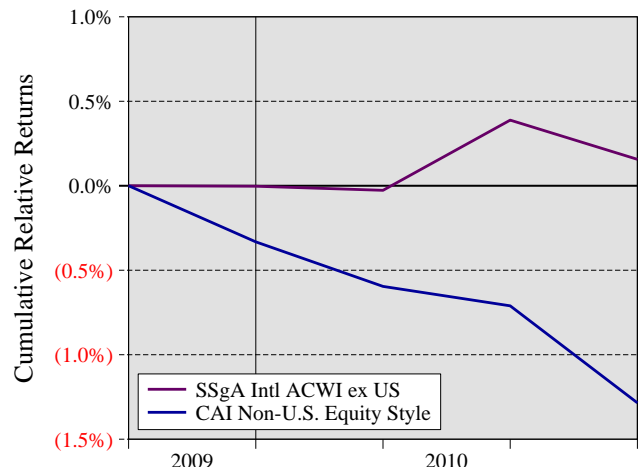
Performance vs CAI Non-U.S. Equity Style (Gross)



**Relative Returns vs
MSCI ACWI ex-US IMI Index**



**Cumulative Returns vs
MSCI ACWI ex-US IMI Index**



EMERGING MARKET POOL PERIOD ENDED SEPTEMBER 30, 2010



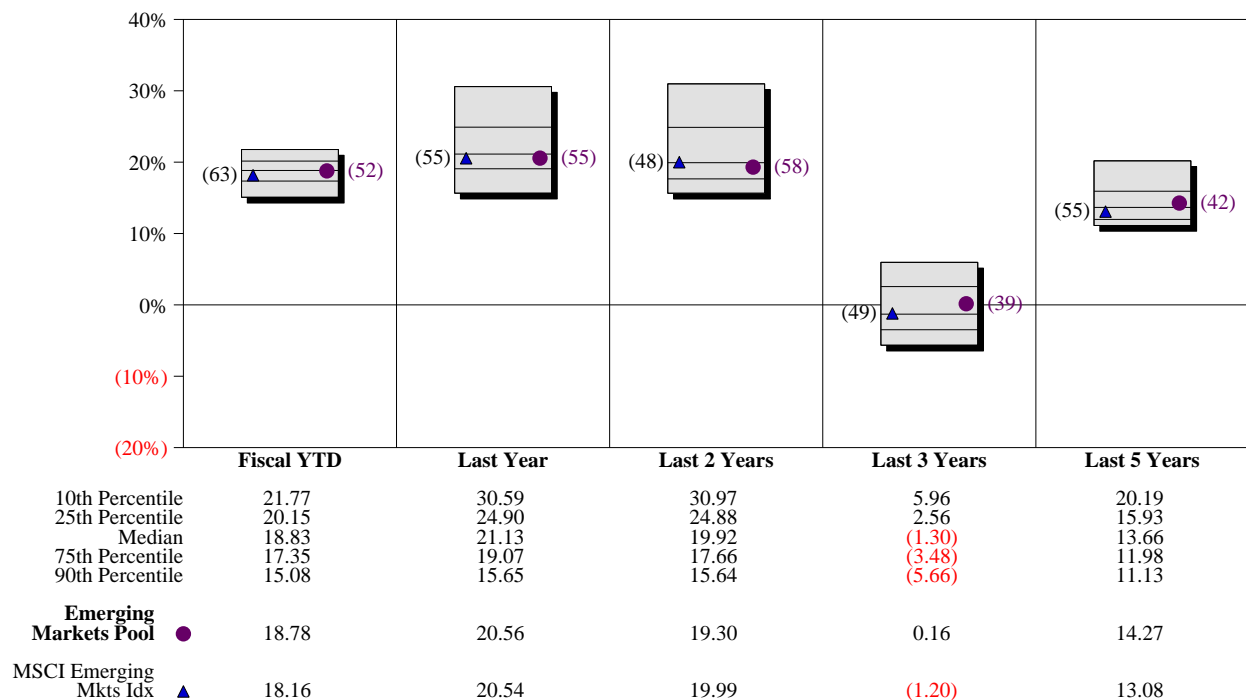
Investment Philosophy

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.

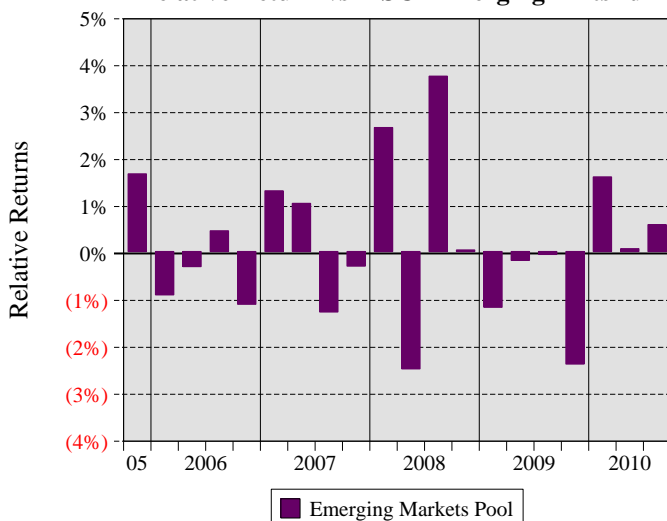
Quarterly Summary and Highlights

- Emerging Markets Pool's portfolio posted a 18.78% return for the quarter placing it in the 52 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 55 percentile for the last year.
- Emerging Markets Pool's portfolio outperformed the MSCI Emerging Mkts Idx by 0.61% for the quarter and outperformed the MSCI Emerging Mkts Idx for the year by 0.02%.

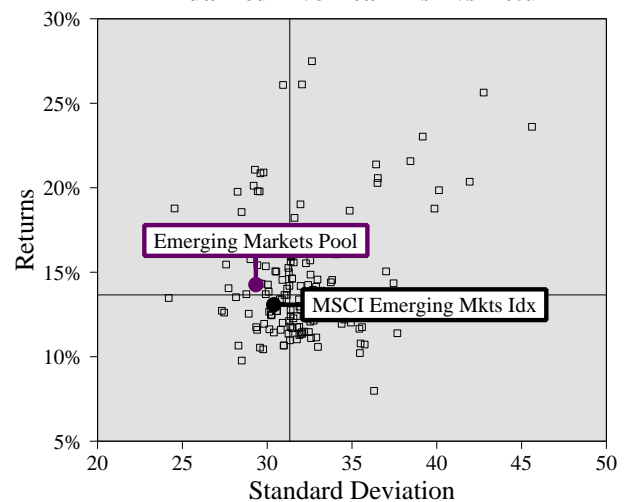
Performance vs CAI Emerging Markets Equity DB (Gross)



Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return



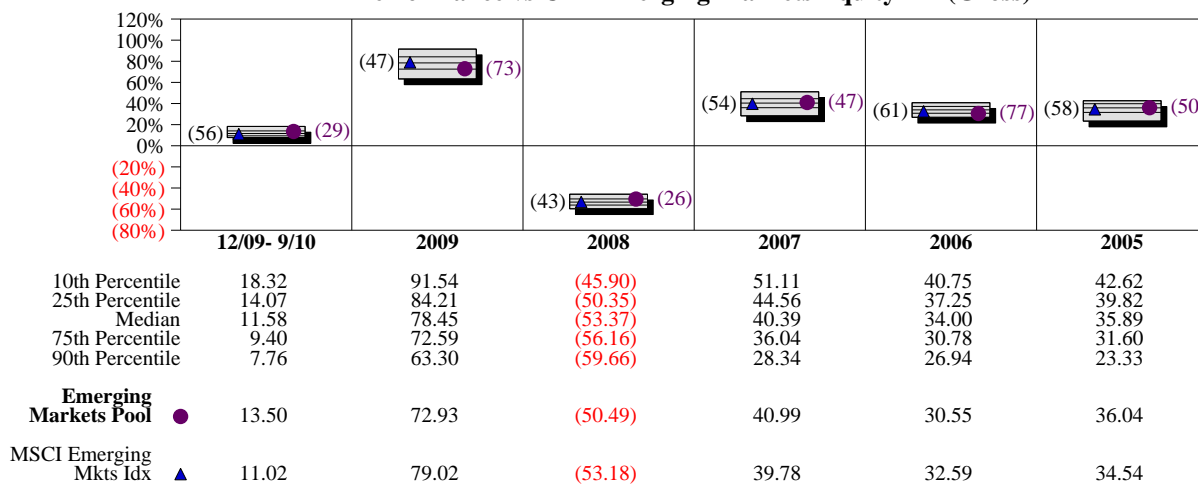


EMERGING MARKETS POOL RETURN ANALYSIS SUMMARY

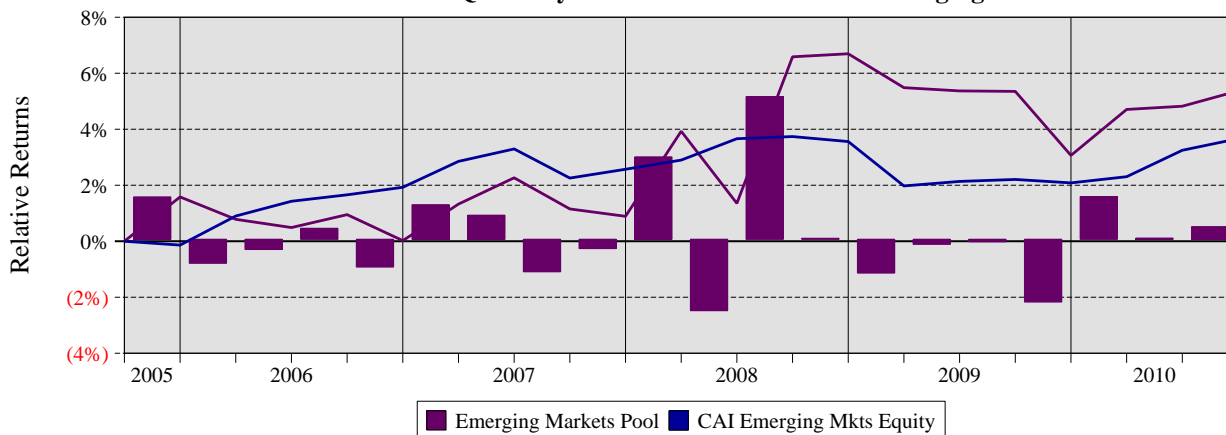
Return Analysis

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.

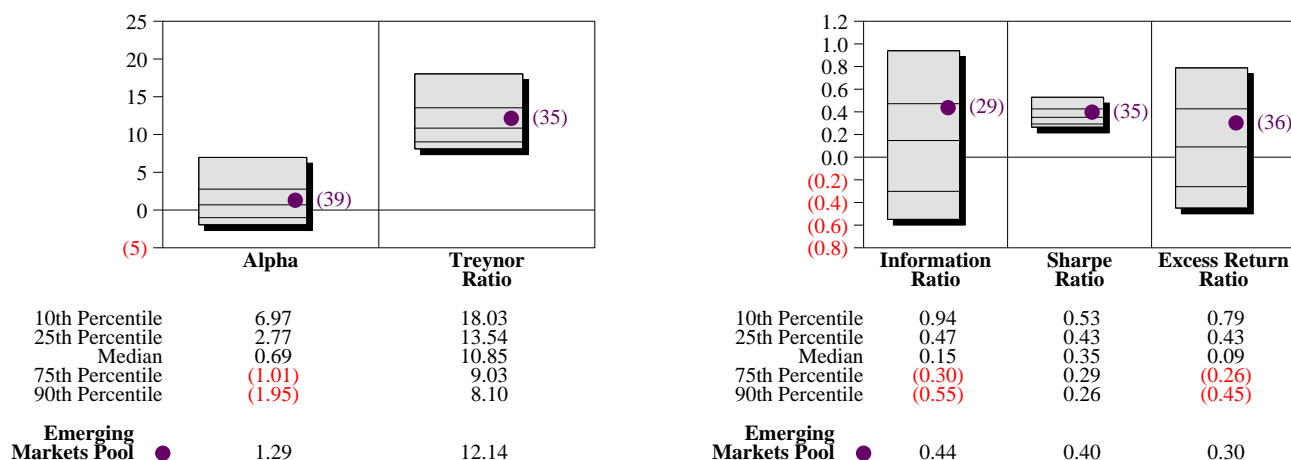
Performance vs CAI Emerging Markets Equity DB (Gross)



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 September 30, 2010



CAPITAL GUARDIAN TRUST COMPANY PERIOD ENDED SEPTEMBER 30, 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.

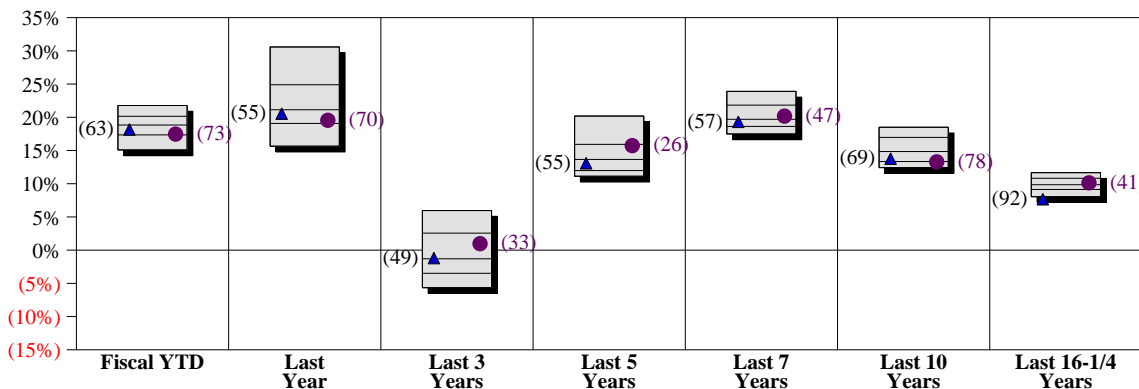
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a 17.47% return for the quarter placing it in the 73 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 70 percentile for the last year.
- Capital Guardian's portfolio underperformed the MSCI Emerging Mkts Idx by 0.69% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 0.99%.

Quarterly Asset Growth

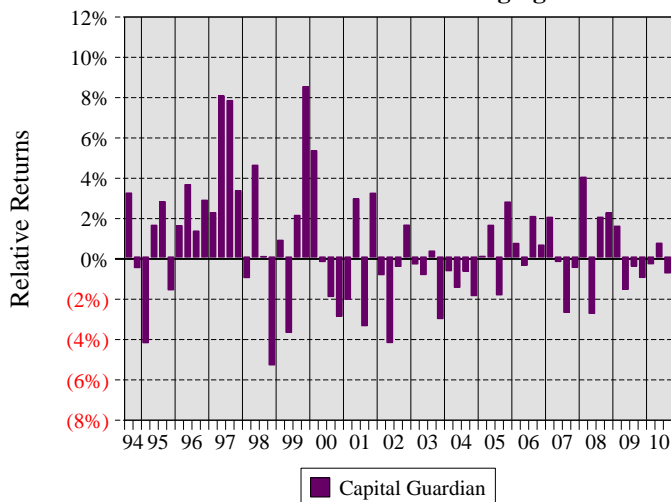
Beginning Market Value	\$361,343,012
Net New Investment	\$0
Investment Gains/(Losses)	\$63,112,802
Ending Market Value	\$424,455,813

Performance vs CAI Emerging Markets Equity DB (Gross)

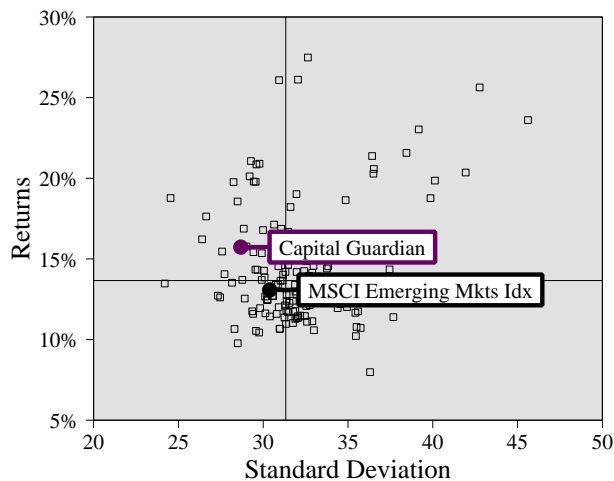


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 16-1/4 Years
10th Percentile	21.77	30.59	5.96	20.19	23.90	18.50	11.67
25th Percentile	20.15	24.90	2.56	15.93	21.83	16.97	10.82
Median	18.83	21.13	(1.30)	13.66	19.70	14.85	9.85
75th Percentile	17.35	19.07	(3.48)	11.98	18.63	13.34	9.14
90th Percentile	15.08	15.65	(5.66)	11.13	17.49	12.42	8.04
Capital Guardian ●	17.47	19.55	0.98	15.73	20.18	13.29	10.13
MSCI Emerging Mkts Idx ▲	18.16	20.54	(1.20)	13.08	19.32	13.77	7.66

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return



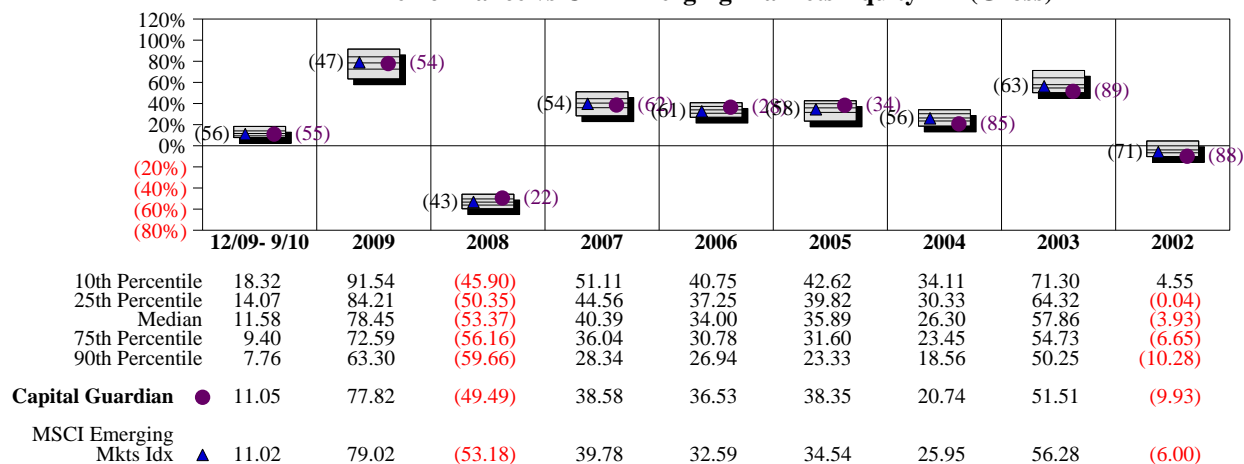
CAPITAL GUARDIAN TRUST COMPANY RETURN ANALYSIS SUMMARY



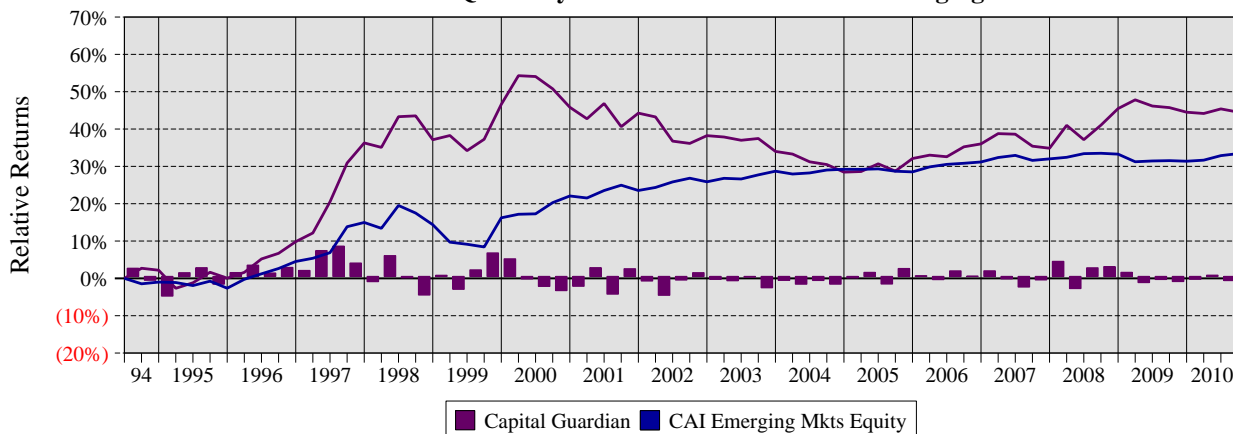
Return Analysis

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.

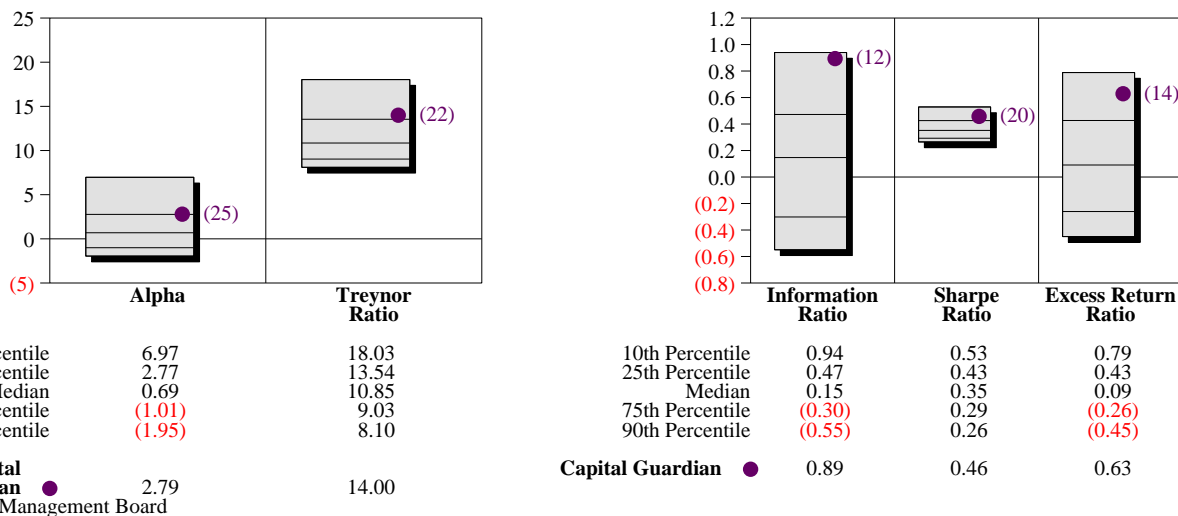
Performance vs CAI Emerging Markets Equity DB (Gross)



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 September 30, 2010



**EATON VANCE
PERIOD ENDED SEPTEMBER 30, 2010**



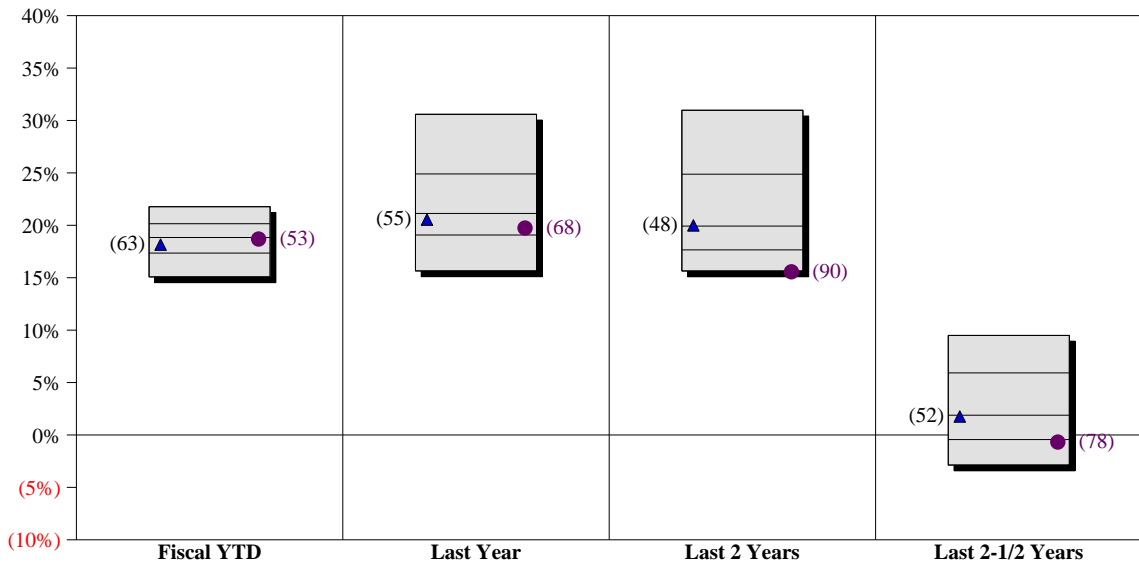
Quarterly Summary and Highlights

- Eaton Vance's portfolio posted a 18.69% return for the quarter placing it in the 53 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 68 percentile for the last year.
- Eaton Vance's portfolio outperformed the MSCI Emerging Mkts Idx by 0.53% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 0.81%.

Quarterly Asset Growth

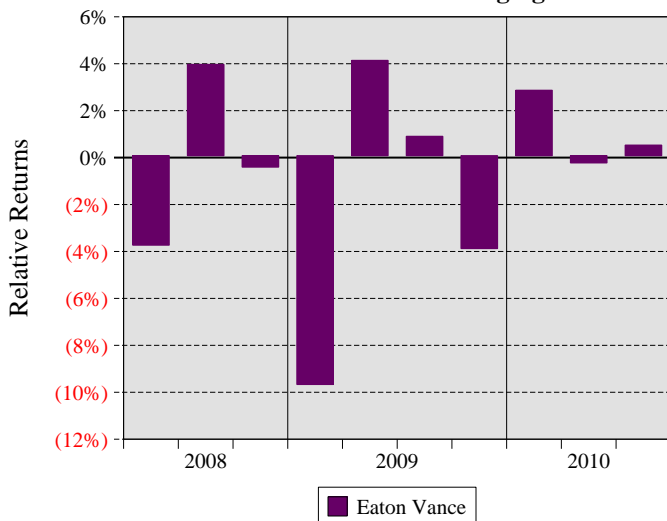
Beginning Market Value	\$177,695,929
Net New Investment	\$0
Investment Gains/(Losses)	\$33,212,883
Ending Market Value	\$210,908,811

Performance vs CAI Emerging Markets Equity DB (Gross)

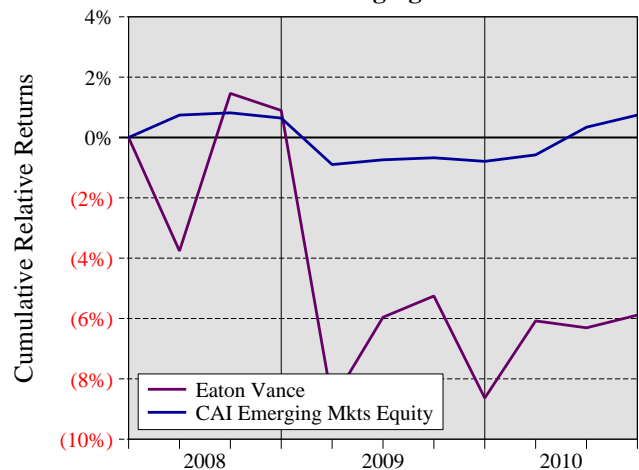


10th Percentile	21.77	30.59	30.97	9.50
25th Percentile	20.15	24.90	24.88	5.92
Median	18.83	21.13	19.92	1.88
75th Percentile	17.35	19.07	17.66	(0.44)
90th Percentile	15.08	15.65	15.64	(2.87)
Eaton Vance ●	18.69	19.74	15.56	(0.68)
MSCI Emerging Mkts Idx ▲	18.16	20.54	19.99	1.76

Relative Return vs MSCI Emerging Mkts Idx



Cumulative Returns vs MSCI Emerging Mkts Idx



LAZARD EMERGING PERIOD ENDED SEPTEMBER 30, 2010



Investment Philosophy

Lazard employs a bottom-up stock selection process focusing on companies which are financially productive yet inexpensively priced.

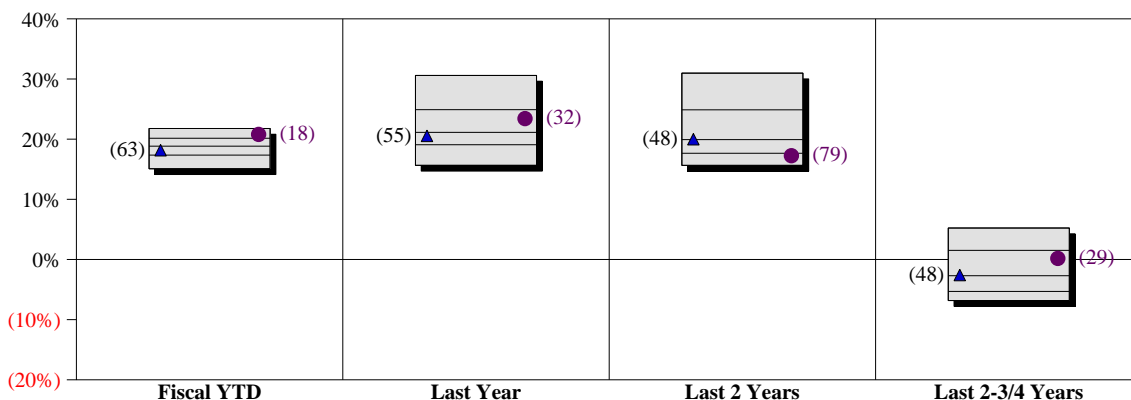
Quarterly Summary and Highlights

- Lazard Emerging's portfolio posted a 20.79% return for the quarter placing it in the 18 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 32 percentile for the last year.
- Lazard Emerging's portfolio outperformed the MSCI Emerging Mkts Idx by 2.63% for the quarter and outperformed the MSCI Emerging Mkts Idx for the year by 2.87%.

Quarterly Asset Growth

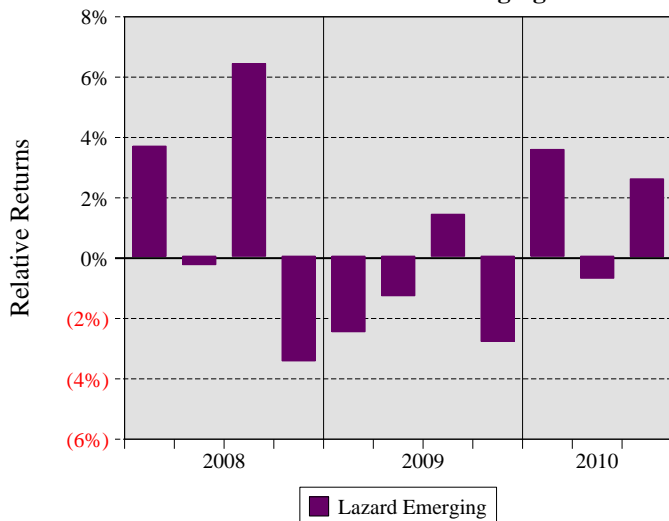
Beginning Market Value	\$240,354,943
Net New Investment	\$0
Investment Gains/(Losses)	\$49,964,235
Ending Market Value	\$290,319,178

Performance vs CAI Emerging Markets Equity DB (Gross)

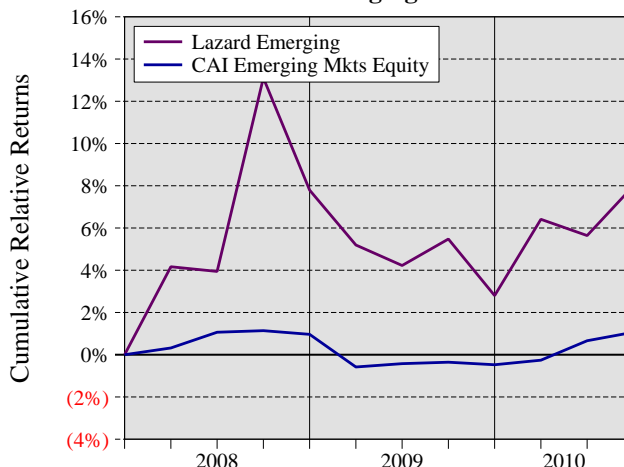


10th Percentile	21.77	30.59	30.97	5.23
25th Percentile	20.15	24.90	24.88	1.51
Median	18.83	21.13	19.92	(2.70)
75th Percentile	17.35	19.07	17.66	(5.31)
90th Percentile	15.08	15.65	15.64	(6.82)
Lazard Emerging ●	20.79	23.42	17.25	0.18
MSCI Emerging Mkts Idx ▲	18.16	20.54	19.99	(2.58)

Relative Return vs MSCI Emerging Mkts Idx



Cumulative Returns vs MSCI Emerging Mkts Idx



**LAZARD ASSET MANAGEMENT
PERIOD ENDED SEPTEMBER 30, 2010**



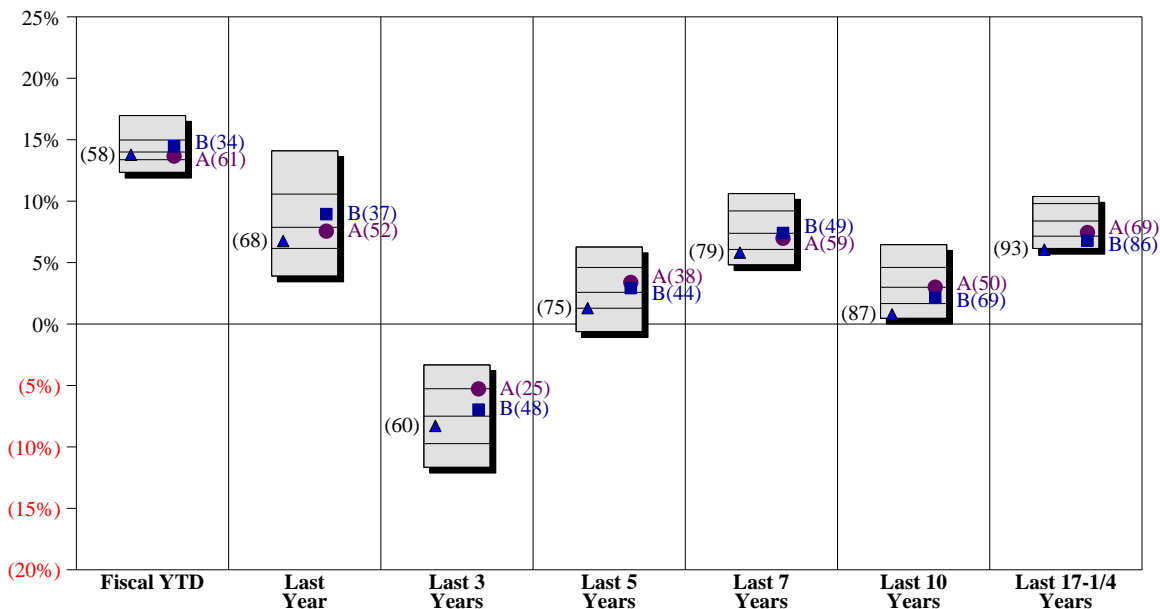
Quarterly Summary and Highlights

- Lazard Global's portfolio posted a 13.66% return for the quarter placing it in the 61 percentile of the CAI Global Equity Broad Style group for the quarter and in the 52 percentile for the last year.
- Lazard Global's portfolio underperformed the MSCI World Index by 0.11% for the quarter and outperformed the MSCI World Index for the year by 0.80%.

Quarterly Asset Growth

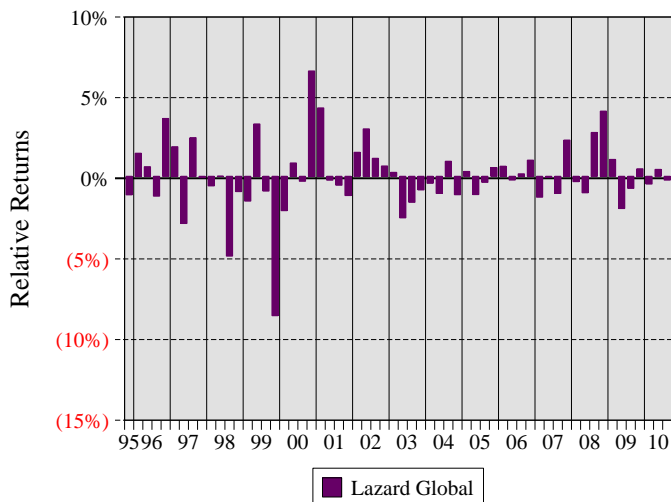
Beginning Market Value	\$555,735,484
Net New Investment	\$90,000,000
Investment Gains/(Losses)	\$75,779,879
Ending Market Value	\$721,515,363

Performance vs CAI Global Equity Broad Style (Gross)

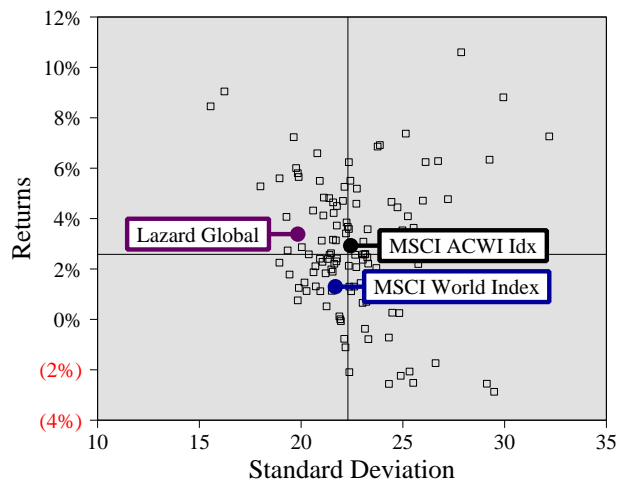


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 17-1/4 Years
10th Percentile	16.97	14.10	(3.32)	6.27	10.62	6.46	10.38
25th Percentile	14.98	10.57	(5.27)	4.60	9.21	4.61	9.80
Median	14.00	7.87	(7.50)	2.58	7.38	2.99	8.39
75th Percentile	13.38	6.15	(9.73)	1.29	6.07	1.67	7.15
90th Percentile	12.34	3.90	(11.66)	(0.62)	4.82	0.47	6.15
Lazard Global	● A 13.66	7.56	(5.28)	3.38	6.98	3.00	7.45
MSCI ACWI Idx	■ B 14.46	8.95	(6.97)	2.93	7.41	2.13	6.79
MSCI World Index	▲ 13.78	6.76	(8.29)	1.30	5.81	0.79	6.05

Relative Return vs MSCI World Index



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



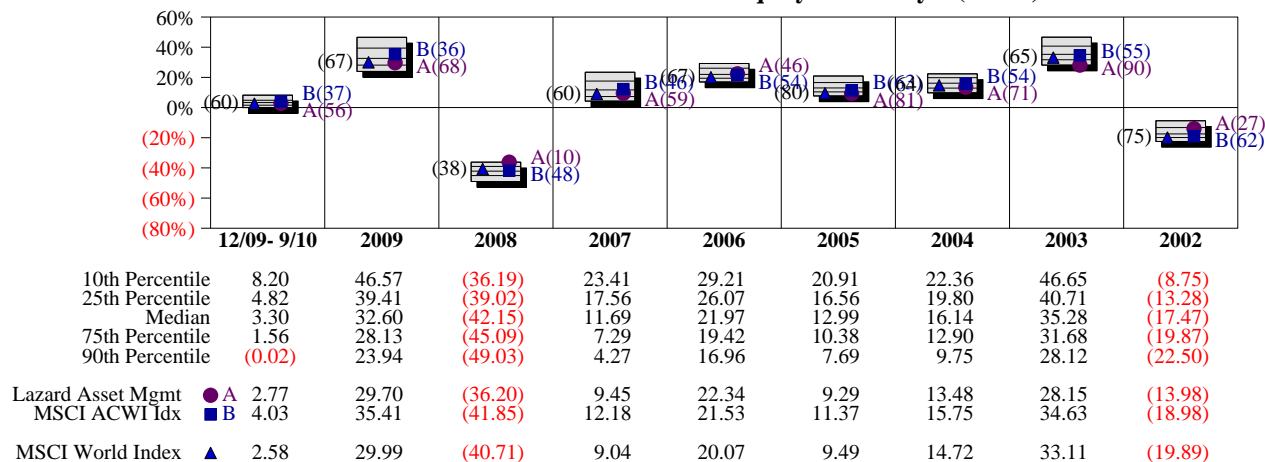
LAZARD ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



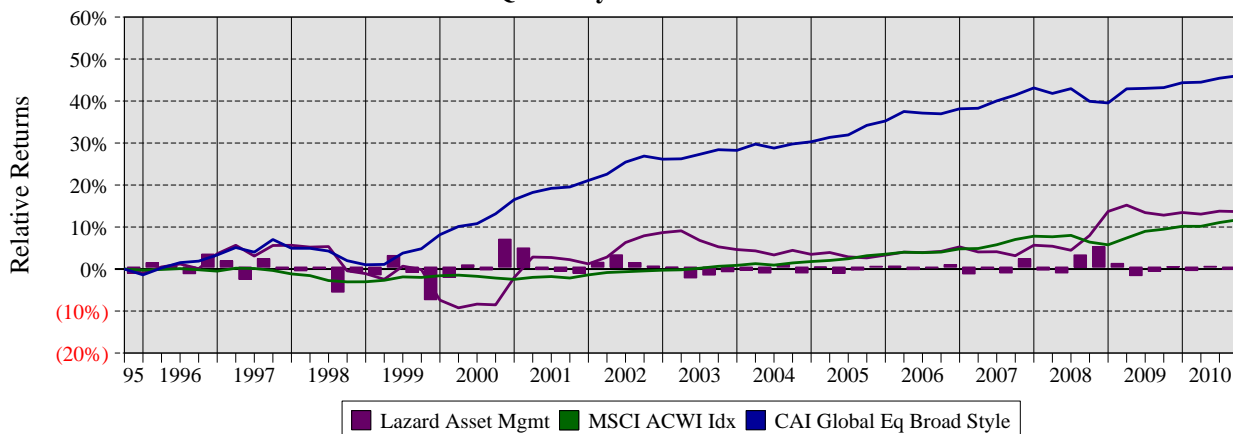
Return Analysis

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.

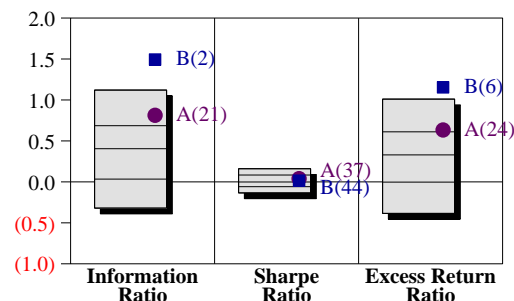
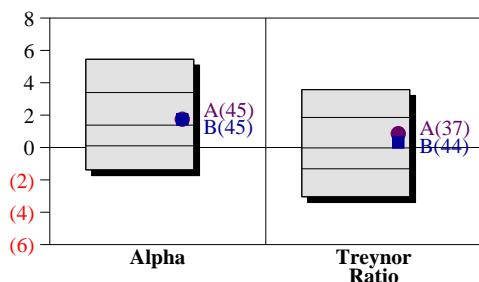
Performance vs CAI Global Equity Broad Style (Gross)



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 September 30, 2010



MONDRIAN INVESTMENT PARTNERS PERIOD ENDED SEPTEMBER 30, 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.

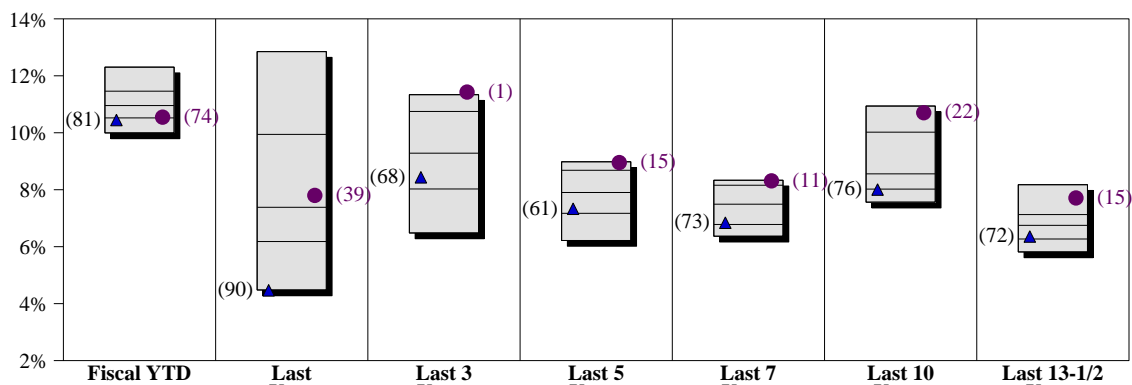
Quarterly Summary and Highlights

- Mondrian Investment Partners's portfolio posted a 10.55% return for the quarter placing it in the 74 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 39 percentile for the last year.
- Mondrian Investment Partners's portfolio outperformed the Citi WGBI Non-US Idx by 0.10% for the quarter and outperformed the Citi WGBI Non-US Idx for the year by 3.33%.

Quarterly Asset Growth

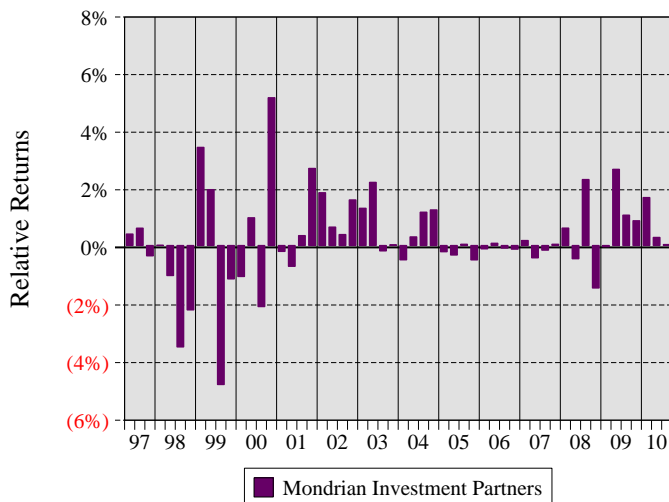
Beginning Market Value	\$199,964,997
Net New Investment	\$30,000,000
Investment Gains/(Losses)	\$22,138,827
Ending Market Value	\$252,103,824

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

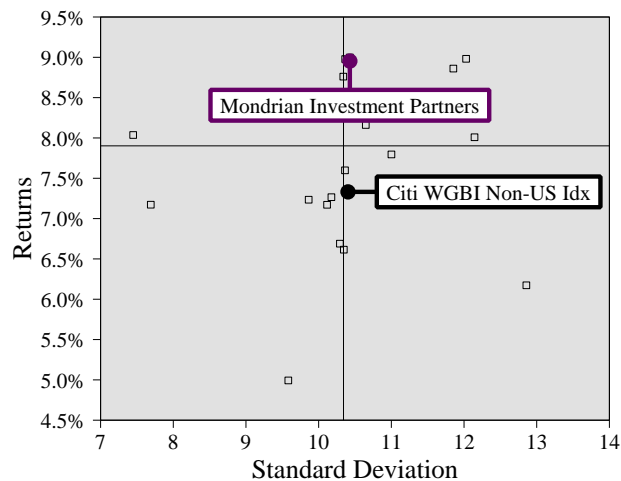


	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13-1/2 Years
10th Percentile	12.30	12.85	11.34	8.98	8.33	10.94	8.18
25th Percentile	11.46	9.94	10.75	8.68	8.16	10.02	7.13
Median	10.95	7.38	9.28	7.90	7.49	8.56	6.75
75th Percentile	10.52	6.18	8.03	7.17	6.78	8.02	6.27
90th Percentile	9.99	4.48	6.48	6.22	6.37	7.56	5.82
Mondrian Investment Partners ●	10.55	7.80	11.43	8.95	8.31	10.70	7.71
Citi WGBI Non-US Idx ▲	10.45	4.47	8.44	7.33	6.84	8.01	6.36

Relative Return vs Citi WGBI Non-US Idx



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



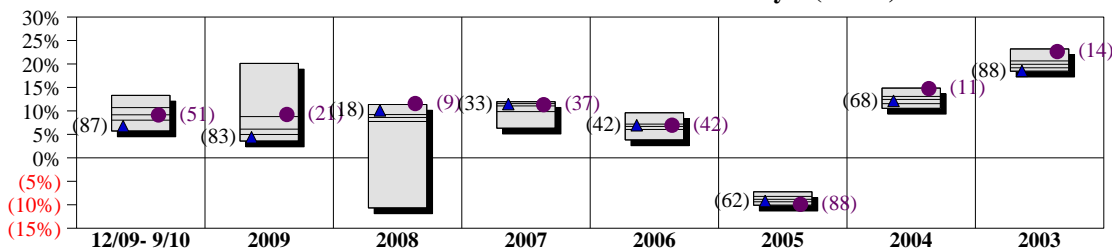
MONDRIAN INVESTMENT PARTNERS RETURN ANALYSIS SUMMARY



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.

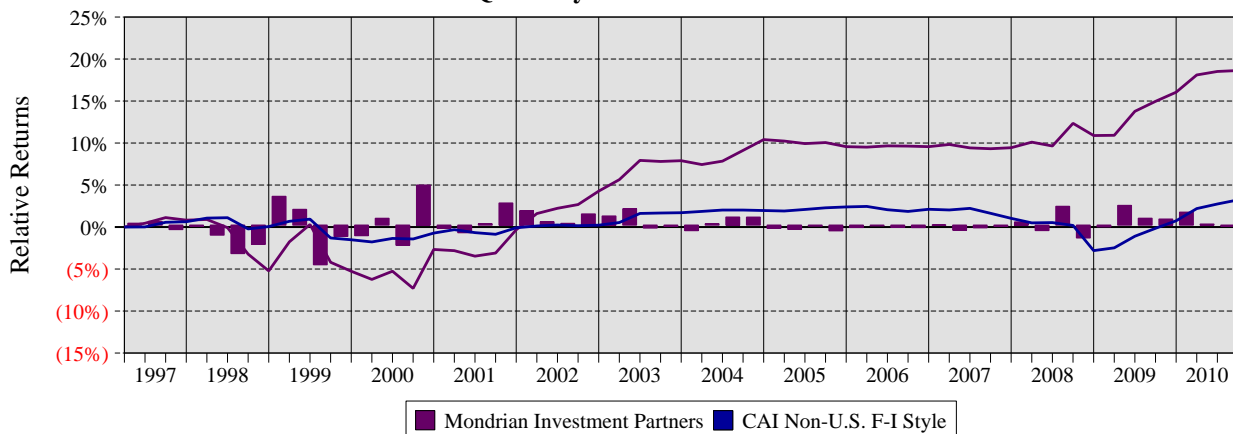
Performance vs CAI Non-U.S. Fixed-Inc Style (Gross)



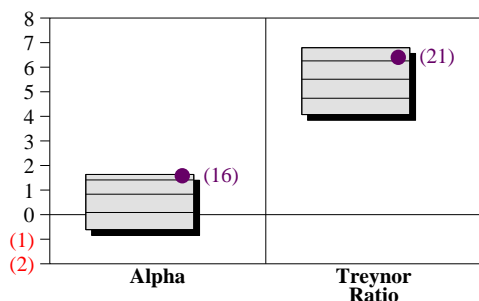
10th Percentile	13.31	20.12	11.37	11.96	9.60	(7.23)	14.86	23.21
25th Percentile	10.70	8.79	9.22	11.56	7.18	(8.22)	13.08	20.65
Median	9.17	6.12	8.60	11.06	6.69	(8.83)	12.45	19.93
75th Percentile	8.03	4.98	7.75	9.85	6.04	(9.36)	11.54	19.19
90th Percentile	5.72	3.58	(10.67)	6.31	3.82	(10.09)	10.54	18.46

	12/09- 9/10	2009	2008	2007	2006	2005	2004	2003
Mondrian Investment Partners ●	9.14	9.24	11.57	11.33	6.95	(9.90)	14.75	22.64
Citi WGBI Non-US Idx ▲	6.76	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

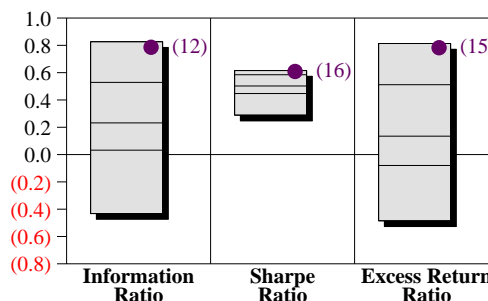


Risk Adjusted Return Measures vs Citi WGBI Non-US Idx Rankings Against CAI Non-U.S. Fixed-Inc Style (Gross) Five Years Ended September 30, 2010



10th Percentile	1.64	6.79
25th Percentile	1.41	6.26
Median	0.83	5.51
75th Percentile	0.09	4.74
90th Percentile	(0.61)	4.07

Mondrian Investment Partners ●	1.58	6.40
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10th Percentile	0.83	0.62	0.81
25th Percentile	0.53	0.58	0.51
Median	0.23	0.50	0.13
75th Percentile	0.03	0.45	(0.08)
90th Percentile	(0.43)	0.29	(0.48)

Mondrian Investment Partners ●	0.79	0.61	0.78
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LAZARD EMERGING PERIOD ENDED SEPTEMBER 30, 2010



Investment Philosophy

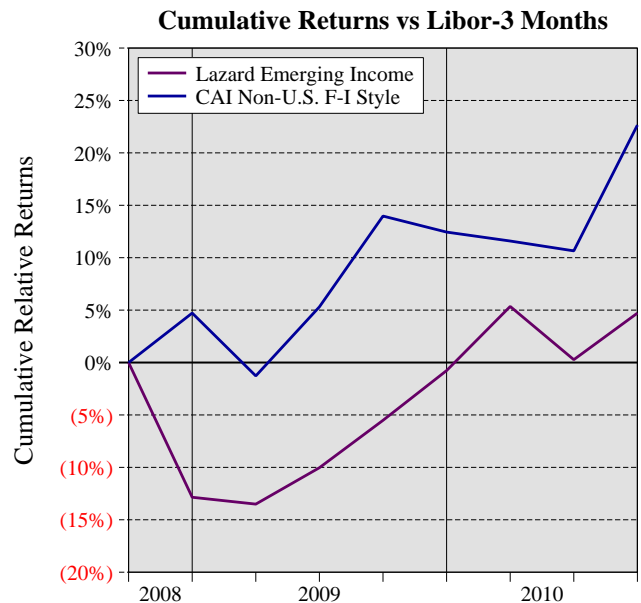
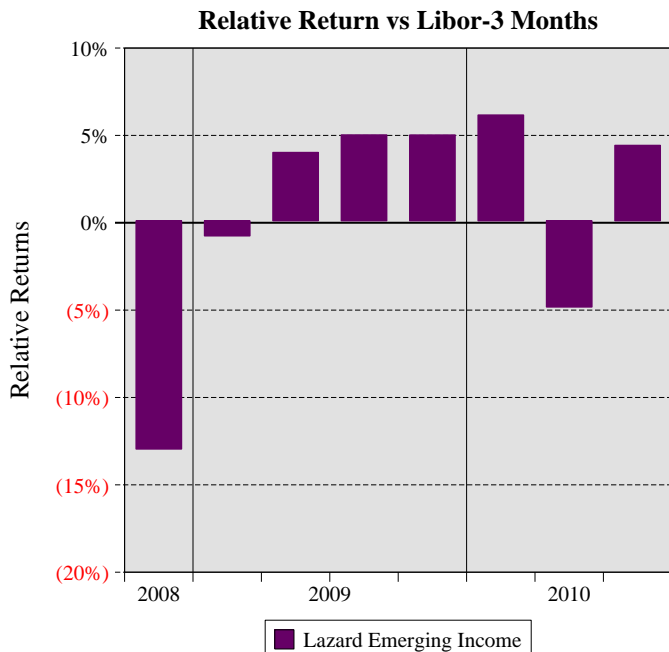
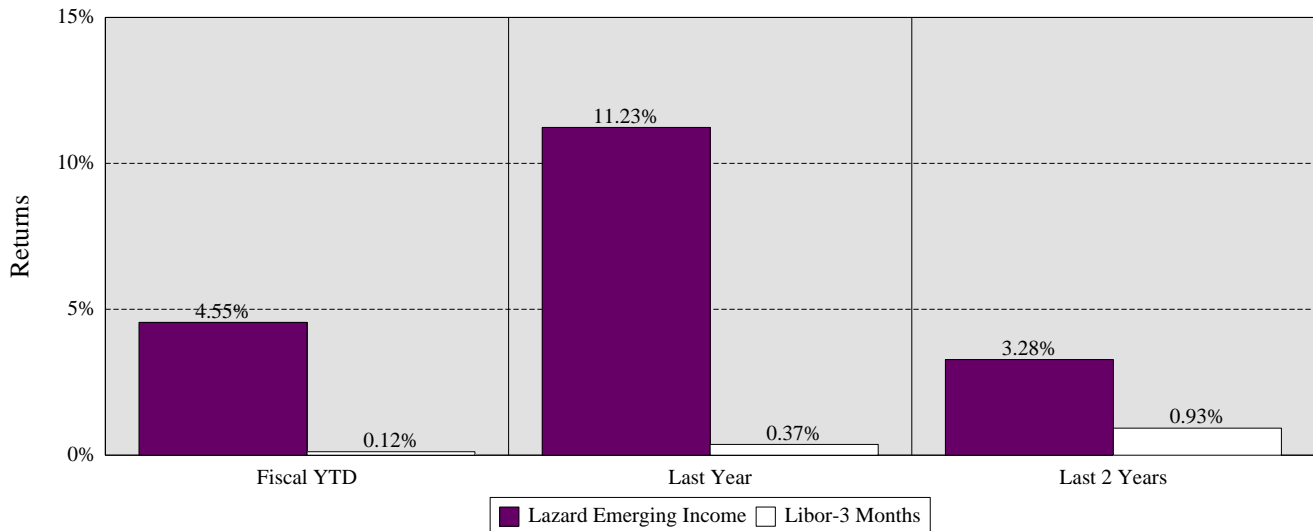
Lazard's Emerging Markets - Local Currency Debt strategy invests in short and intermediate-term fixed income securities from emerging market countries world-wide. These securities are denominated in the local currency and have short durations.

Quarterly Summary and Highlights

- Lazard Emerging Income's portfolio posted a 4.55% return for the quarter placing it in the 100 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 18 percentile for the last year.
- Lazard Emerging Income's portfolio outperformed the Libor-3 Months by 4.43% for the quarter and outperformed the Libor-3 Months for the year by 10.86%.

Quarterly Asset Growth

Beginning Market Value	\$87,327,312
Net New Investment	\$0
Investment Gains/(Losses)	\$3,974,243
Ending Market Value	\$91,301,555





REIT HOLDINGS PERIOD ENDED SEPTEMBER 30, 2010

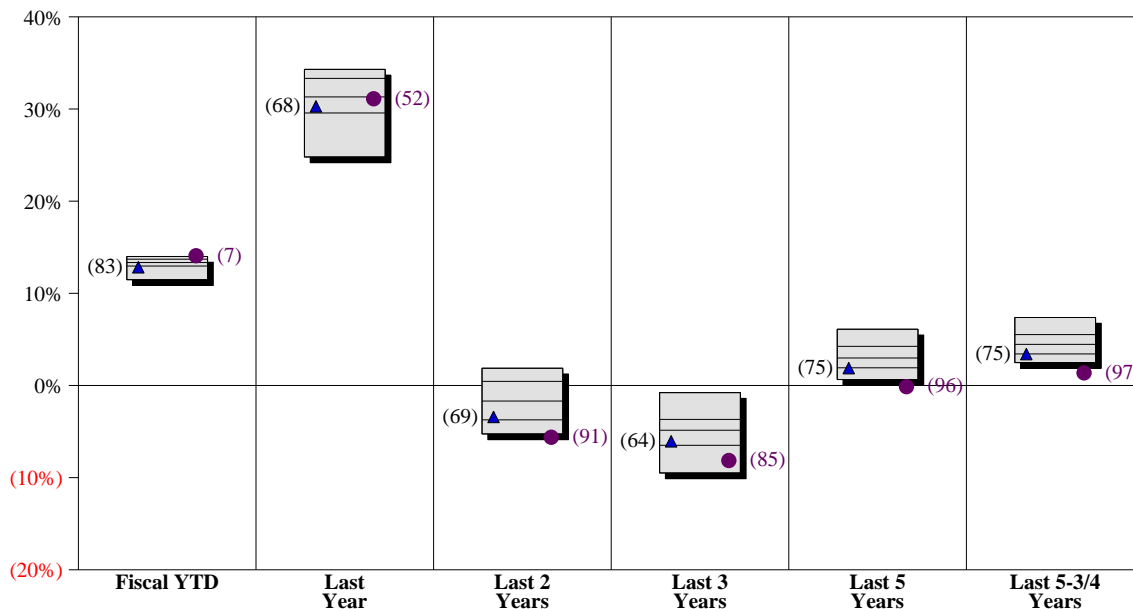
Quarterly Summary and Highlights

- REIT Holdings's portfolio posted a 14.08% return for the quarter placing it in the 7 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 52 percentile for the last year.
- REIT Holdings's portfolio outperformed the NAREIT Equity Index by 1.25% for the quarter and outperformed the NAREIT Equity Index for the year by 0.83%.

Quarterly Asset Growth

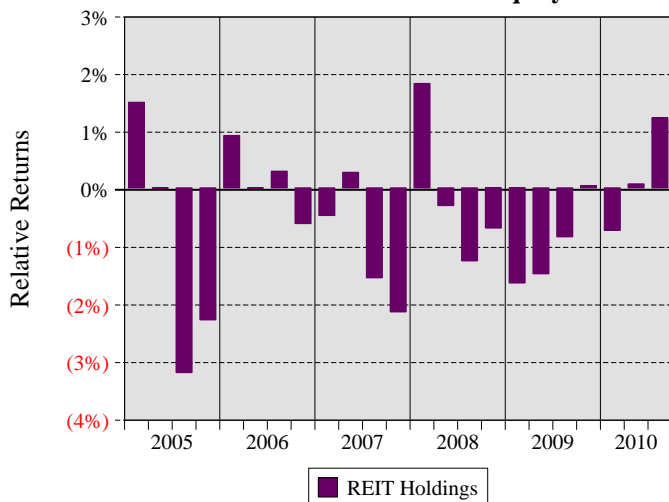
Beginning Market Value	\$52,262,376
Net New Investment	\$50,000,000
Investment Gains/(Losses)	\$8,713,597
Ending Market Value	\$110,975,973

Performance vs CAI Real Estate-REIT DB (Gross)

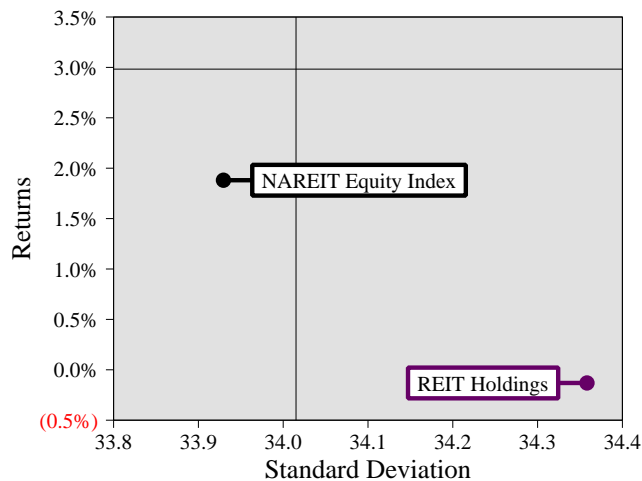


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	14.00	34.30	1.87	(0.78)	6.10	7.38
25th Percentile	13.70	33.32	0.45	(3.68)	4.25	5.52
Median	13.34	31.31	(1.69)	(4.85)	2.98	4.46
75th Percentile	12.96	29.57	(3.73)	(6.49)	1.92	3.42
90th Percentile	11.48	24.79	(5.26)	(9.49)	0.65	2.48
REIT Holdings ●	14.08	31.11	(5.61)	(8.14)	(0.13)	1.37
NAREIT Equity Index ▲	12.83	30.28	(3.41)	(6.06)	1.88	3.41

Relative Return vs NAREIT Equity Index



CAI Real Estate-REIT DB (Gross) Annualized Five Year Risk vs Return



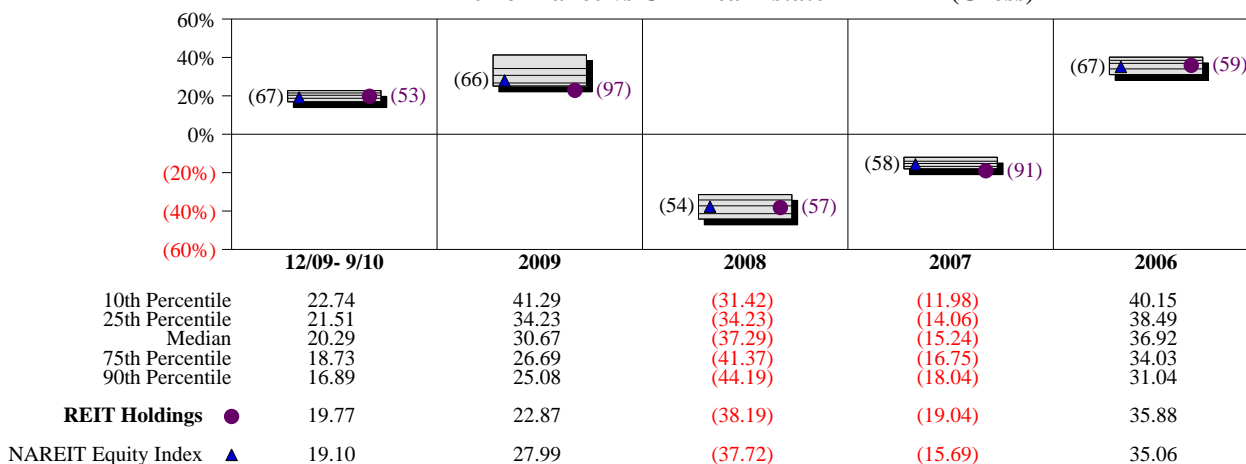


REIT HOLDINGS RETURN ANALYSIS SUMMARY

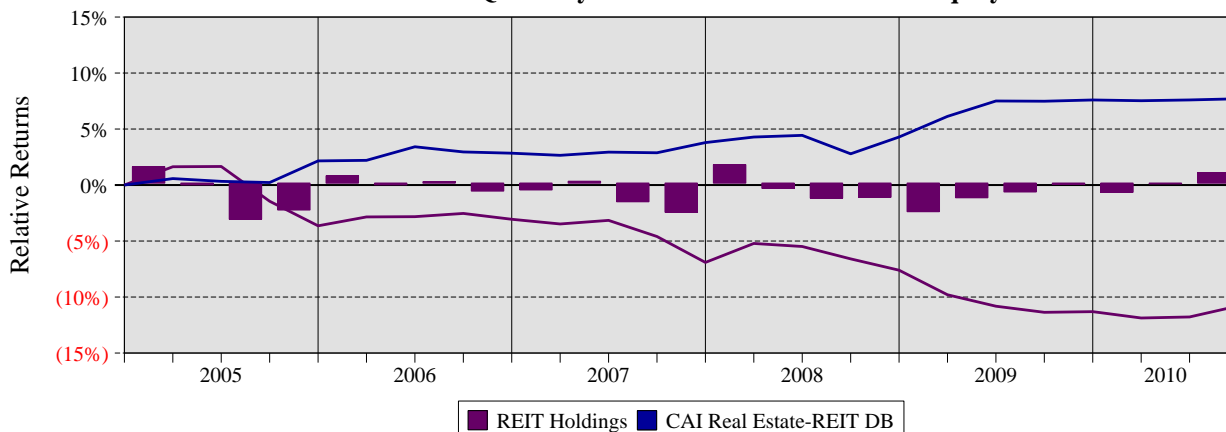
Return Analysis

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.

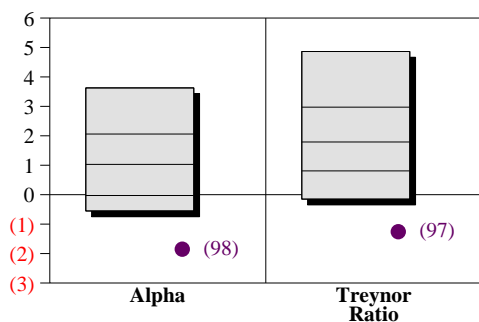
Performance vs CAI Real Estate-REIT DB (Gross)



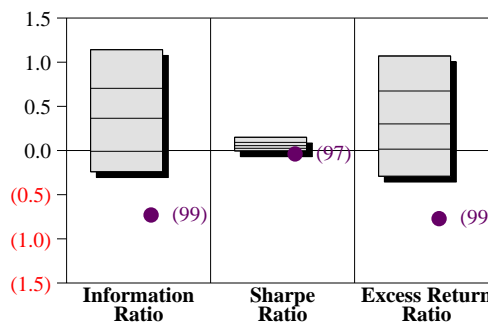
Cumulative and Quarterly Relative Return vs NAREIT Equity Index



**Risk Adjusted Return Measures vs NAREIT Equity Index
Rankings Against CAI Real Estate-REIT DB (Gross)
Five and Three-Quarter Years Ended September 30, 2010**



	Alpha	Treynor Ratio
10th Percentile	3.63	4.86
25th Percentile	2.06	2.97
Median	1.03	1.79
75th Percentile	(0.03)	0.81
90th Percentile	(0.55)	(0.15)
REIT Holdings ●	(1.85)	(1.26)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.14	0.15	1.07
25th Percentile	0.70	0.09	0.67
Median	0.37	0.06	0.30
75th Percentile	(0.01)	0.02	0.02
90th Percentile	(0.24)	(0.00)	(0.29)
REIT Holdings ●	(0.73)	(0.04)	(0.77)

**ALASKA RETIREMENT MANAGEMENT BOARD
TOP 10 PORTFOLIO HOLDINGS CHARACTERISTICS
REIT HOLDINGS
AS OF SEPTEMBER 30, 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	\$10,136,575	9.2%	16.59%	27.15	41.22	2.59%	2.00%
Vornado Realty Trust	Financials	\$5,864,535	5.3%	18.98%	15.56	150.05	3.04%	5.50%
Equity Residential	Financials	\$5,054,312	4.6%	16.63%	13.46	103.41	2.84%	5.00%
Public Storage	Financials	\$4,668,594	4.2%	12.09%	16.48	36.48	3.30%	35.00%
Boston Properties	Financials	\$4,340,527	3.9%	18.11%	11.56	52.28	2.41%	3.00%
Hcp Inc	Financials	\$3,974,711	3.6%	13.71%	10.58	31.84	5.17%	(2.21)%
Host Hotels & Resorts Inc	Financials	\$3,814,727	3.5%	8.76%	9.14	(362.00)	0.28%	(30.29)%
Avalonbay Communities	Financials	\$3,251,138	2.9%	13.50%	8.62	63.37	3.44%	14.60%
Ventas	Financials	\$3,042,114	2.8%	12.17%	8.09	32.43	4.15%	3.00%
Kimco Rlty Corp	Financials	\$2,385,023	2.2%	17.99%	6.39	56.25	4.06%	1.50%

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
Douglas Emmett Inc	Financials	\$595,515	0.5%	25.27%	2.14	(72.96)	2.28%	5.50%
Post Properties	Financials	\$507,586	0.5%	24.69%	1.36	(66.48)	2.87%	(26.39)%
Lexington Realty Trust	Financials	\$358,072	0.3%	22.90%	0.96	(29.83)	5.59%	(78.68)%
Getty Rlty Corp New	Financials	\$220,274	0.2%	22.43%	0.79	15.51	7.16%	(0.25)%
Sun Communities Inc	Financials	\$217,970	0.2%	22.13%	0.58	(279.09)	8.21%	(49.32)%
Taubman Centers	Financials	\$902,906	0.8%	20.67%	2.43	43.31	3.72%	3.00%
Senior Hsg Pptys Tr Sh Ben Int	Financials	\$1,115,545	1.0%	19.94%	2.99	21.96	6.13%	11.70%
Highwoods Properties	Financials	\$869,222	0.8%	19.88%	2.32	(649.40)	5.24%	-
Prologis	Financials	\$2,101,081	1.9%	19.83%	5.61	(39.27)	5.09%	36.00%
National Retail Properties I	Financials	\$782,177	0.7%	19.77%	2.09	26.71	6.05%	(6.95)%

10 Worst Performers

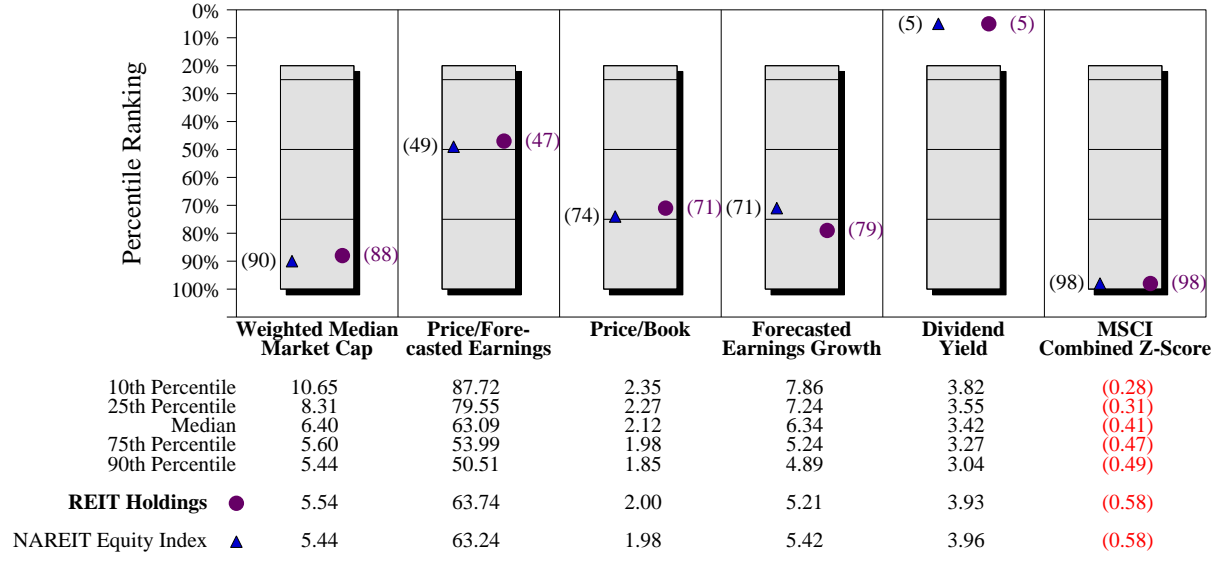
Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Sunstone Hotel Invs Inc New	Financials	\$357,902	0.3%	(7.17)%	0.89	(50.39)	0.00%	0.00%
Strategic Hotels & Resorts I	Financials	\$257,834	0.2%	(3.21)%	0.60	(3.66)	0.00%	5.00%
Investors Real Estate Tr Sh Ben Int	Financials	\$232,461	0.2%	(2.99)%	0.63	119.71	8.19%	(18.77)%
Potlatch Corp	Financials	\$505,240	0.5%	(1.73)%	1.36	22.97	6.00%	2.50%
Corporate Office Pptys Tr Sh Ben Int	Financials	\$821,939	0.7%	0.56%	2.20	38.46	4.42%	4.00%
Pennsylvania Rl Estate Invt Sh Ben I	Financials	\$245,265	0.2%	1.02%	0.64	(8.41)	5.06%	1.00%
Ps Business Pks Inc Calif	Financials	\$386,939	0.4%	2.41%	1.39	28.43	3.11%	28.65%
Piedmont Office Realty Tr In Com Cl	Financials	\$447,032	0.4%	2.94%	1.01	27.41	6.66%	-
duPont Fabros Technology Inc	Financials	\$554,306	0.5%	3.49%	1.44	23.73	1.91%	11.50%
Plum Creek Timber Co Inc	Financials	\$2,166,361	2.0%	4.23%	5.75	22.63	4.76%	2.50%

REIT HOLDINGS EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

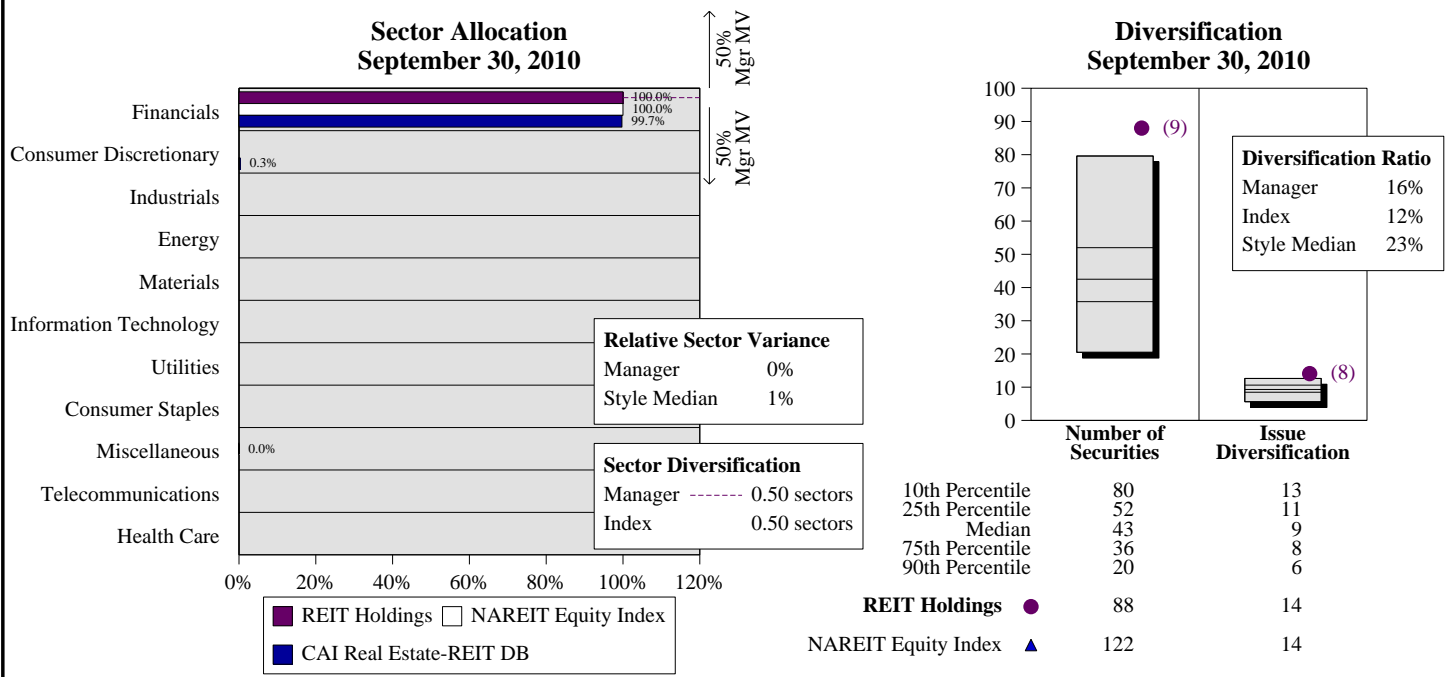
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Real Estate-REIT DB
as of September 30, 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 holdings that comprise half of the portfolio's market value.



ABSOLUTE RETURN COMPOSITE PERIOD ENDED SEPTEMBER 30, 2010

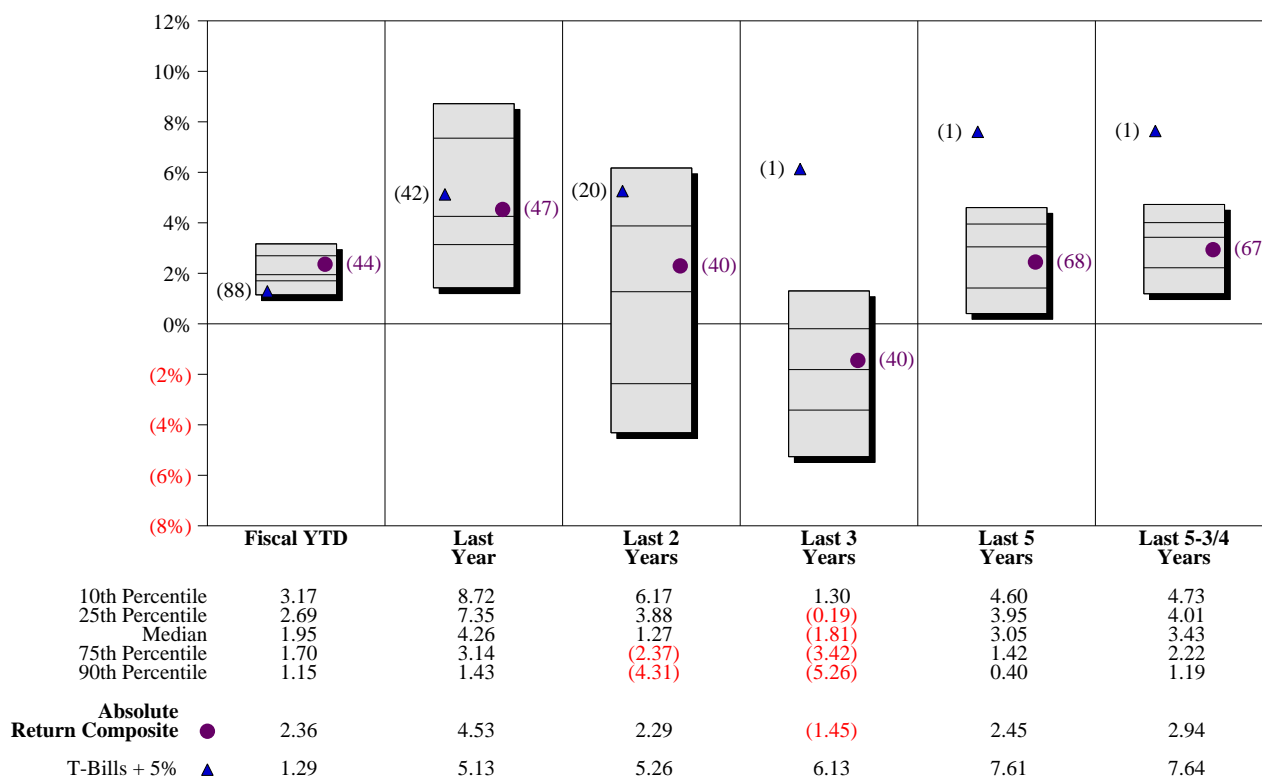
Investment Philosophy

The manager returns below are current through the periods shown.

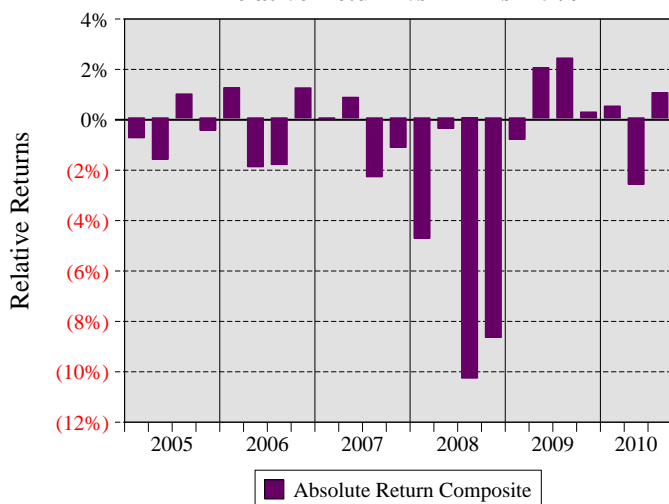
Quarterly Summary and Highlights

- Absolute Return Composite's portfolio posted a 2.36% return for the quarter placing it in the 44 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 47 percentile for the last year.
- Absolute Return Composite's portfolio outperformed the T-Bills + 5% by 1.07% for the quarter and underperformed the T-Bills + 5% for the year by 0.60%.

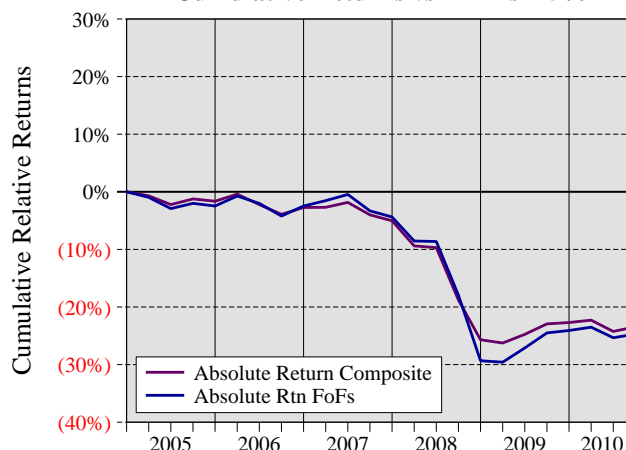
Performance vs Absolute Return Hedge FoFs Style (Net)



Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



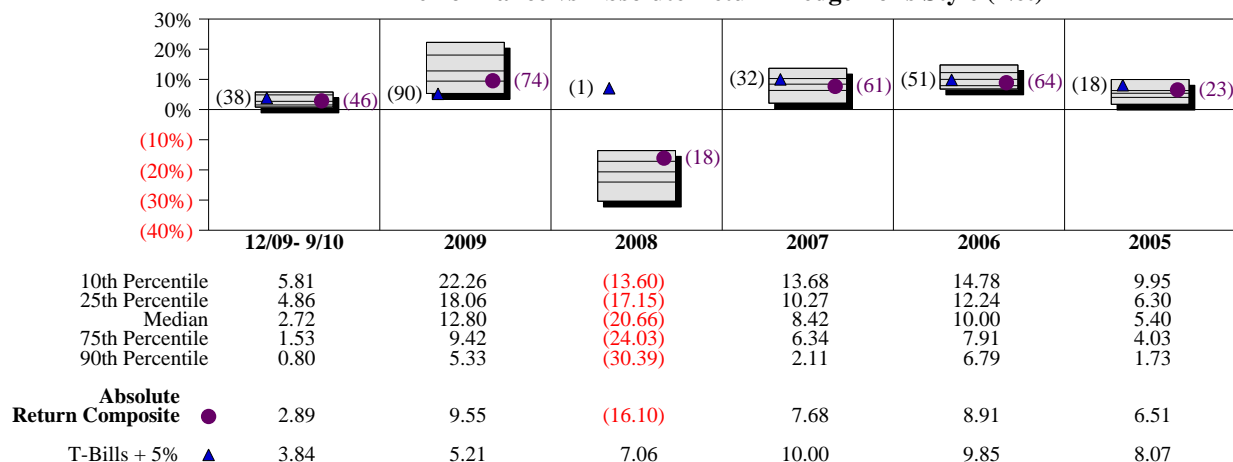


ABSOLUTE RETURN COMPOSITE RETURN ANALYSIS SUMMARY

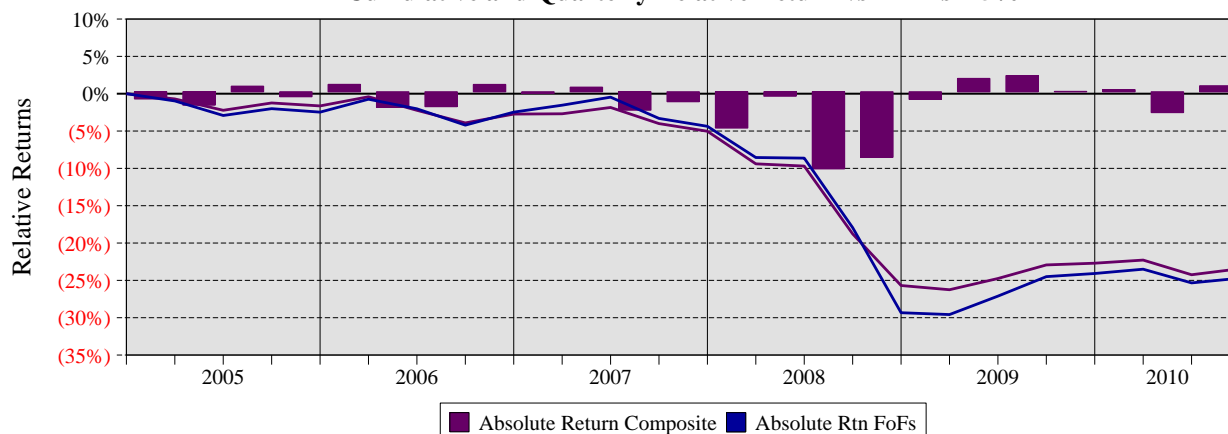
Return Analysis

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.

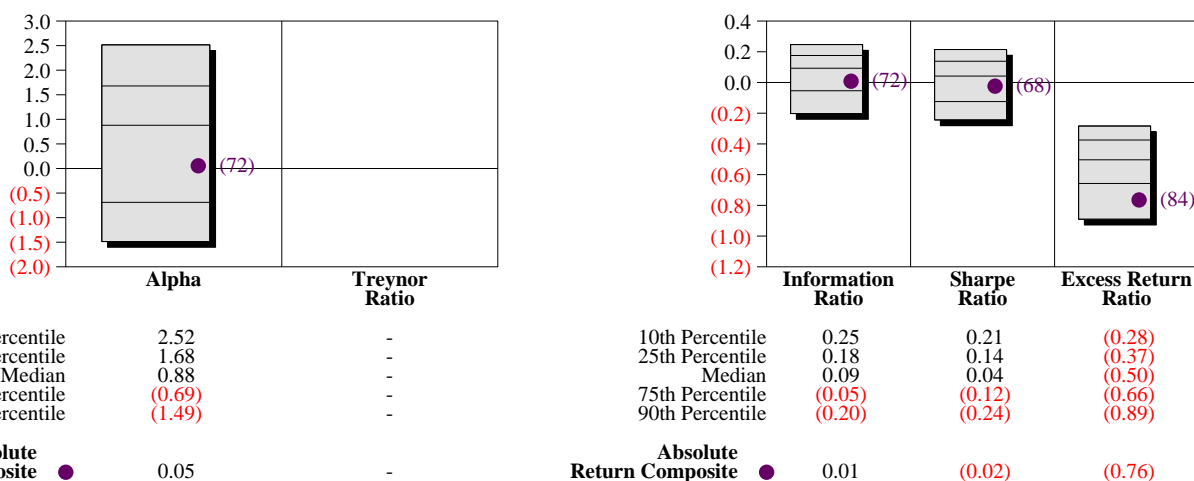
Performance vs Absolute Return Hedge FoFs Style (Net)



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 September 30, 2010



CADOGAN MANAGEMENT PERIOD ENDED SEPTEMBER 30, 2010



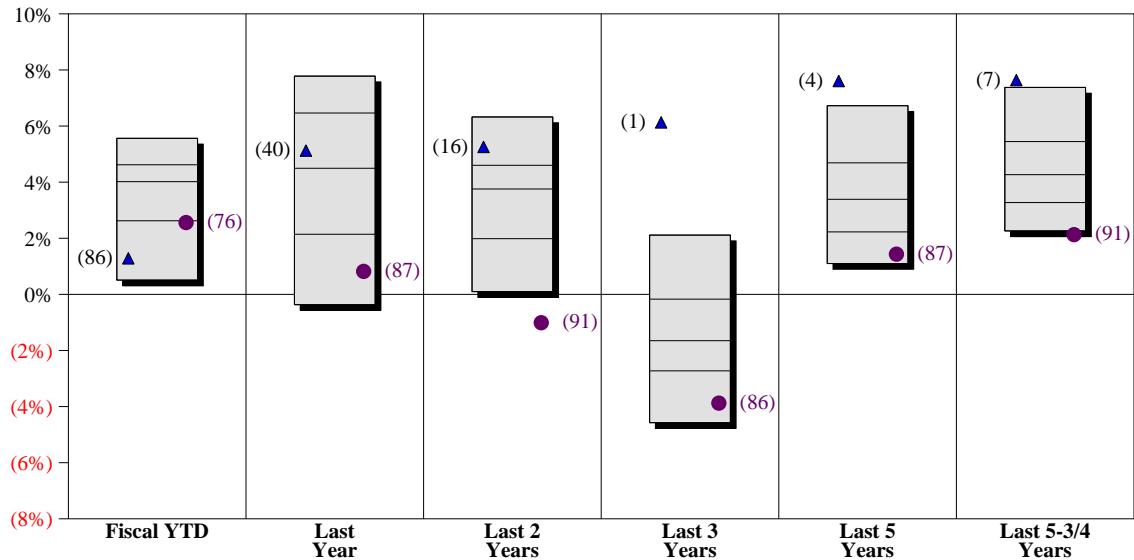
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

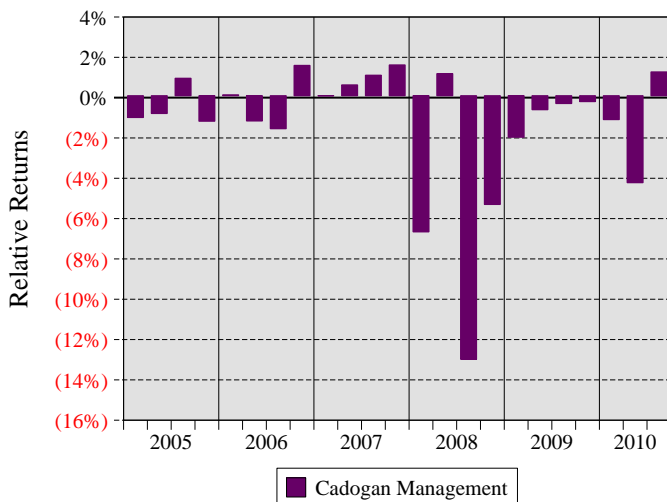
- Cadogan Management's portfolio posted a 2.56% return for the quarter placing it in the 76 percentile of the Long Short Hedge FoF Style group for the quarter and in the 87 percentile for the last year.
- Cadogan Management's portfolio outperformed the T-Bills + 5% by 1.28% for the quarter and underperformed the T-Bills + 5% for the year by 4.31%.

Performance vs Long Short Hedge FoF Style (Net)

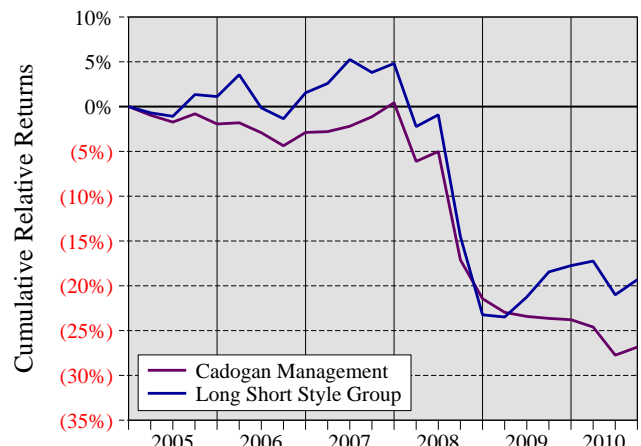


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	5.56	7.78	6.32	2.11	6.73	7.38
25th Percentile	4.62	6.46	4.60	(0.17)	4.69	5.45
Median	4.02	4.49	3.76	(1.65)	3.39	4.27
75th Percentile	2.62	2.14	1.99	(2.73)	2.23	3.27
90th Percentile	0.51	(0.37)	0.10	(4.57)	1.10	2.26
Cadogan Management	● 2.56	0.82	(1.01)	(3.88)	1.43	2.13
T-Bills + 5%	▲ 1.29	5.13	5.26	6.13	7.61	7.64

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



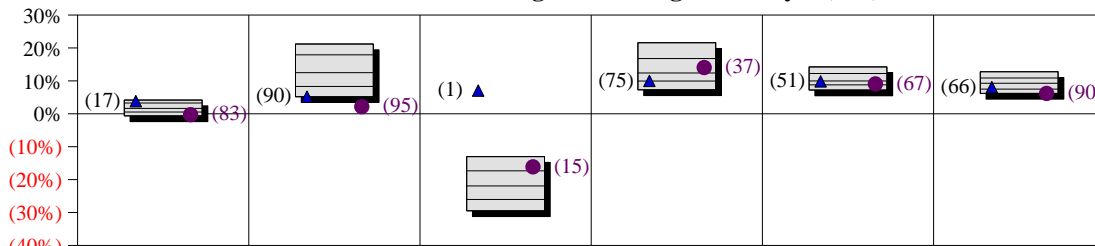
CADOGAN MANAGEMENT RETURN ANALYSIS SUMMARY



Return Analysis

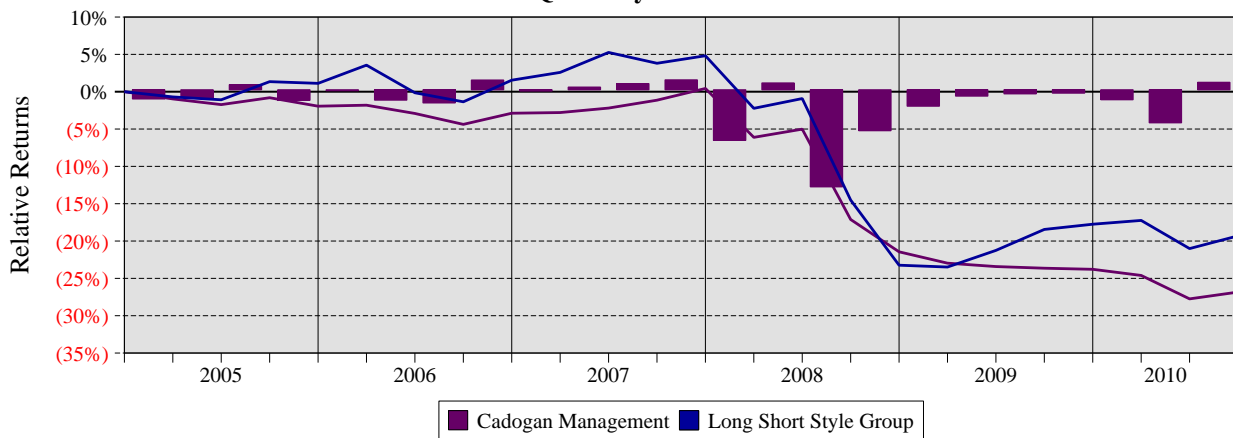
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

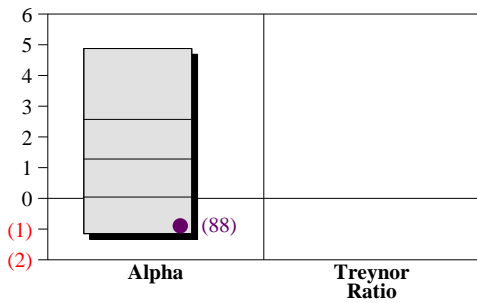


	12/09- 9/10	2009	2008	2007	2006	2005
10th Percentile	4.17	21.20	(13.02)	21.59	14.24	12.78
25th Percentile	3.27	17.91	(17.33)	16.78	12.24	10.87
Median	1.64	12.49	(21.92)	12.39	9.97	9.28
75th Percentile	0.53	8.30	(26.03)	9.94	8.79	7.49
90th Percentile	(0.63)	5.18	(29.48)	7.28	7.22	6.19
Cadogan Management	(0.27)	2.17	(16.12)	14.05	9.07	6.18
T-Bills + 5%	3.84	5.21	7.06	10.00	9.85	8.07

Cumulative and Quarterly Relative Return vs T-Bills + 5%

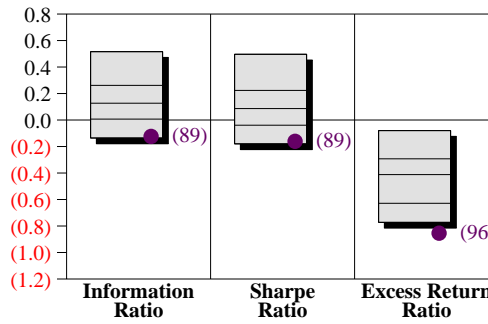


Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Long Short Hedge FoF Style (Net) Five Years Ended September 30, 2010



10th Percentile	4.88
25th Percentile	2.57
Median	1.28
75th Percentile	0.04
90th Percentile	(1.15)

Cadogan Management ● (0.90)



10th Percentile	0.52	0.50	(0.08)
25th Percentile	0.26	0.22	(0.29)
Median	0.13	0.09	(0.41)
75th Percentile	0.01	(0.04)	(0.63)
90th Percentile	(0.14)	(0.18)	(0.77)

Cadogan Management ● (0.12) (0.16) (0.85)

CRESTLINE INVESTORS PERIOD ENDED SEPTEMBER 30, 2010



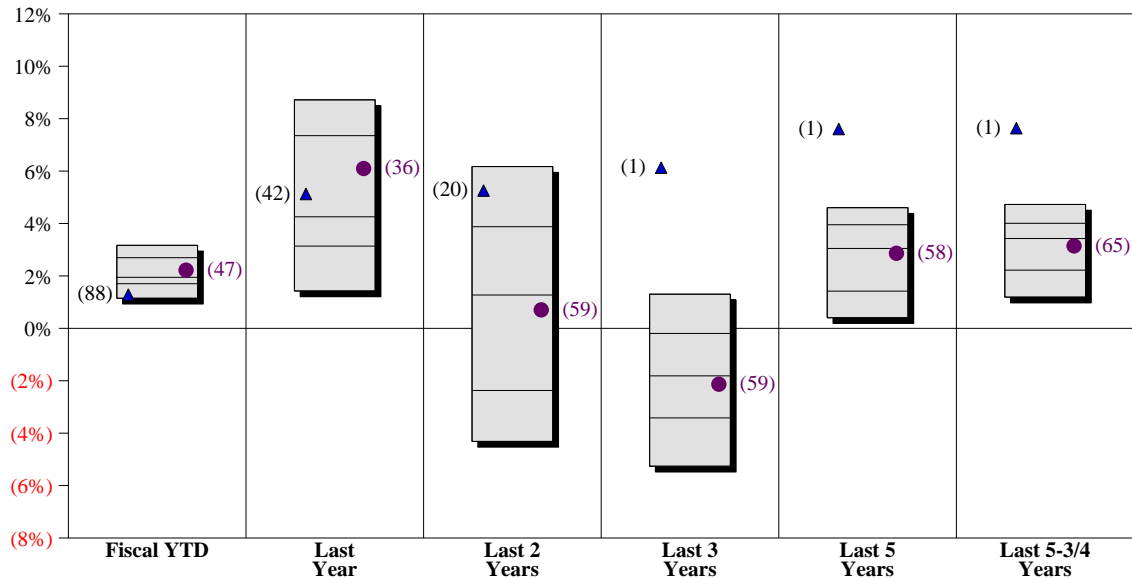
Investment Philosophy

The manager returns below are current through the periods shown.

Quarterly Summary and Highlights

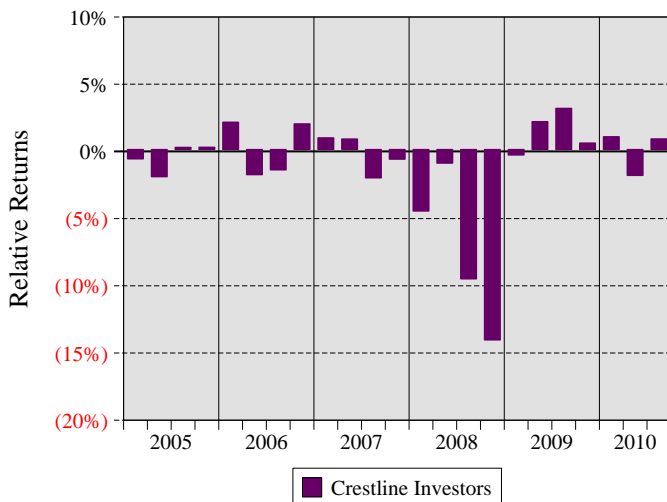
- Crestline Investors's portfolio posted a 2.22% return for the quarter placing it in the 47 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 36 percentile for the last year.
- Crestline Investors's portfolio outperformed the T-Bills + 5% by 0.93% for the quarter and outperformed the T-Bills + 5% for the year by 0.97%.

Performance vs Absolute Return Hedge FoFs Style (Net)

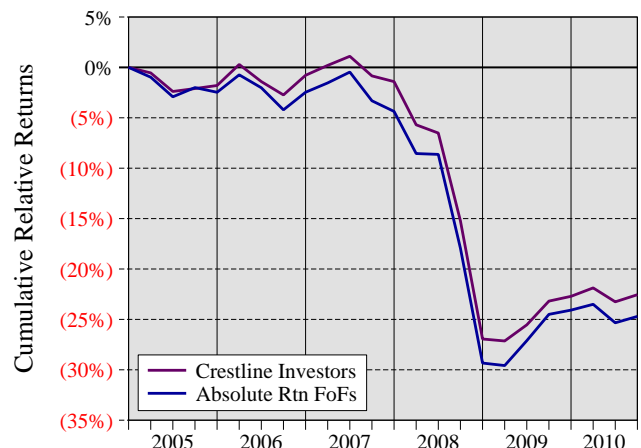


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	3.17	8.72	6.17	1.30	4.60	4.73
25th Percentile	2.69	7.35	3.88	(0.19)	3.95	4.01
Median	1.95	4.26	1.27	(1.81)	3.05	3.43
75th Percentile	1.70	3.14	(2.37)	(3.42)	1.42	2.22
90th Percentile	1.15	1.43	(4.31)	(5.26)	0.40	1.19
Crestline Investors	2.22	6.10	0.70	(2.13)	2.86	3.14
T-Bills + 5%	1.29	5.13	5.26	6.13	7.61	7.64

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



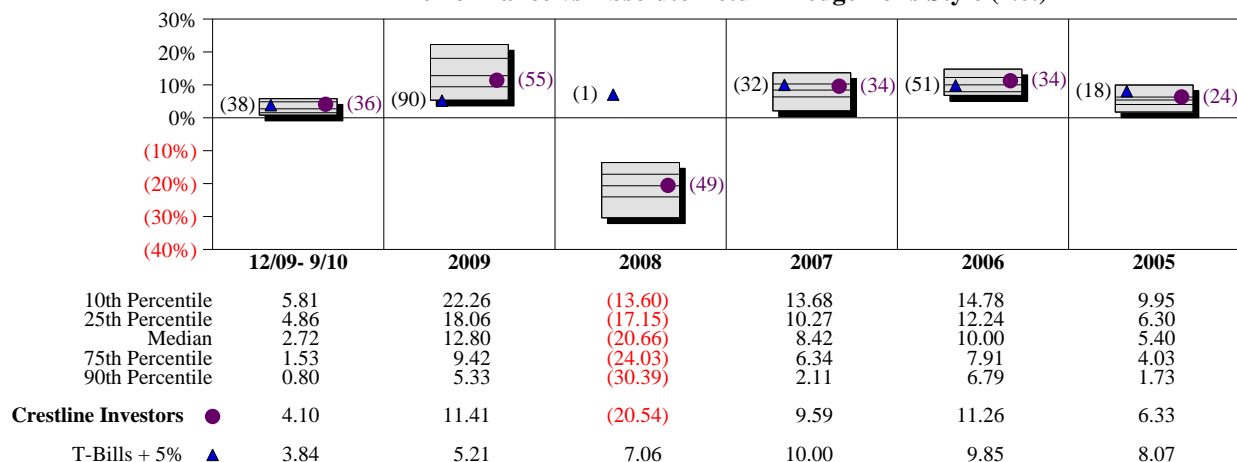


CRESTLINE INVESTORS RETURN ANALYSIS SUMMARY

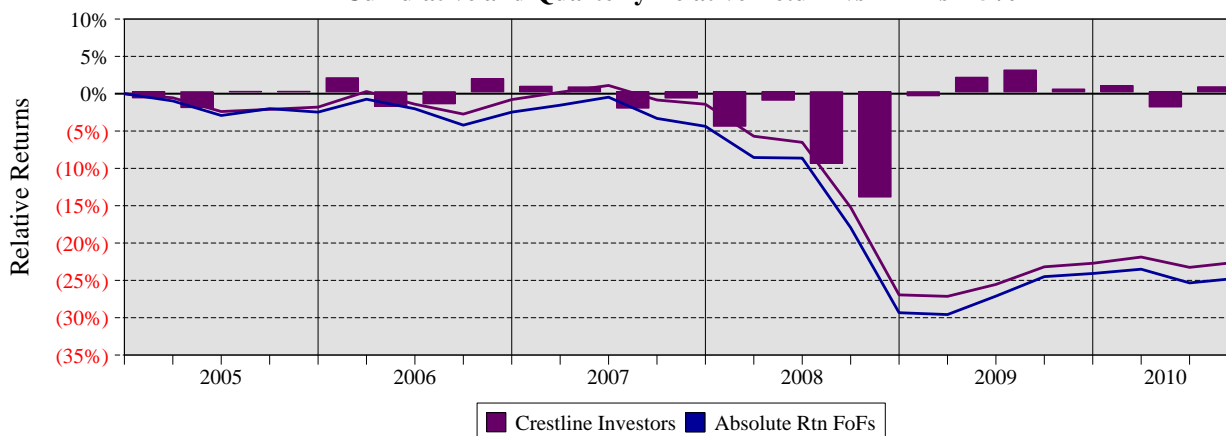
Return Analysis

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.

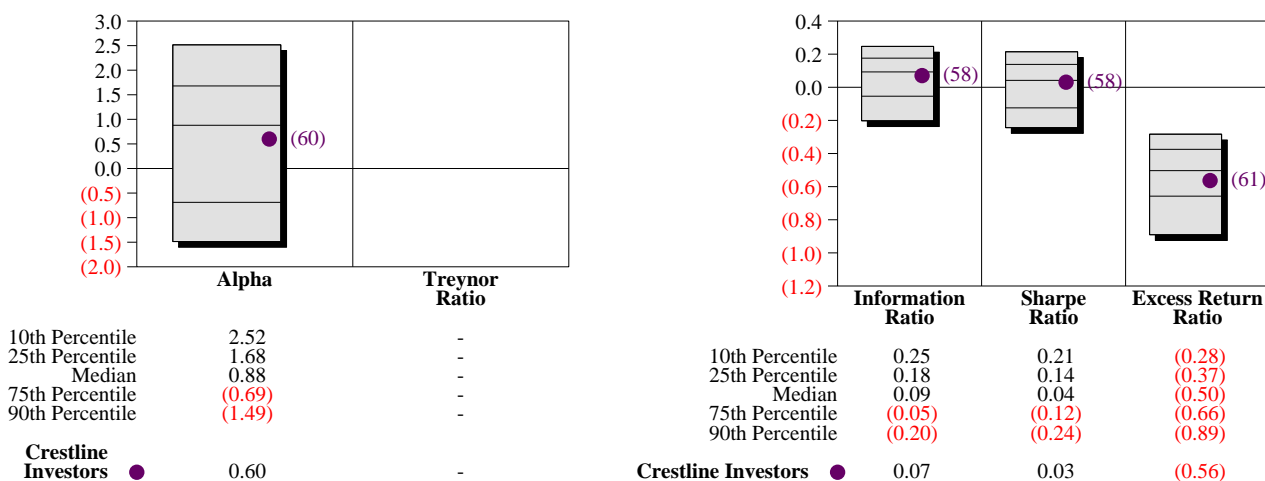
Performance vs Absolute Return Hedge FoFs Style (Net)



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 September 30, 2010



GLOBAL ASSET MANAGEMENT PERIOD ENDED SEPTEMBER 30, 2010



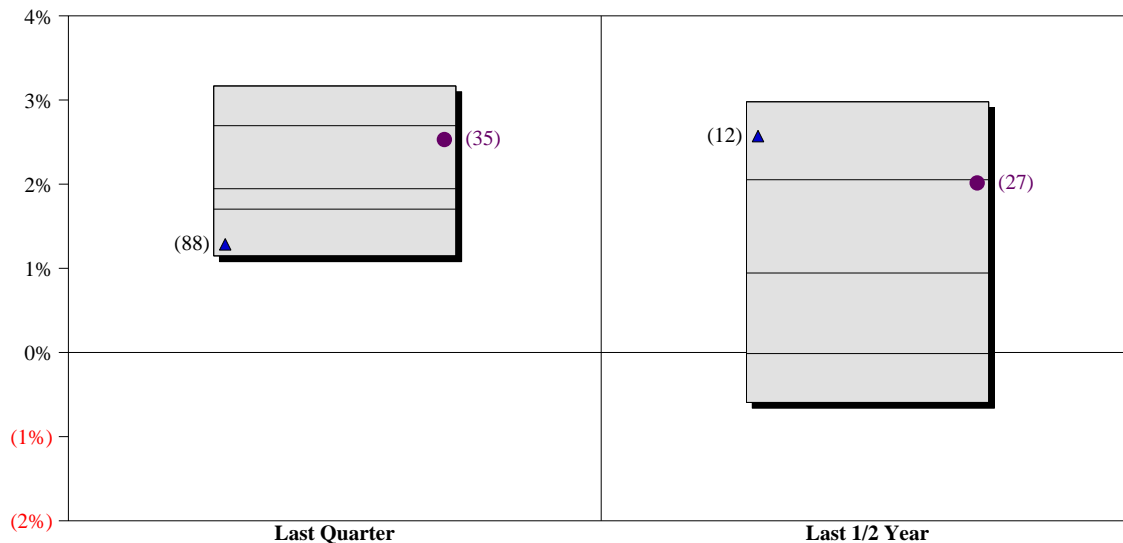
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

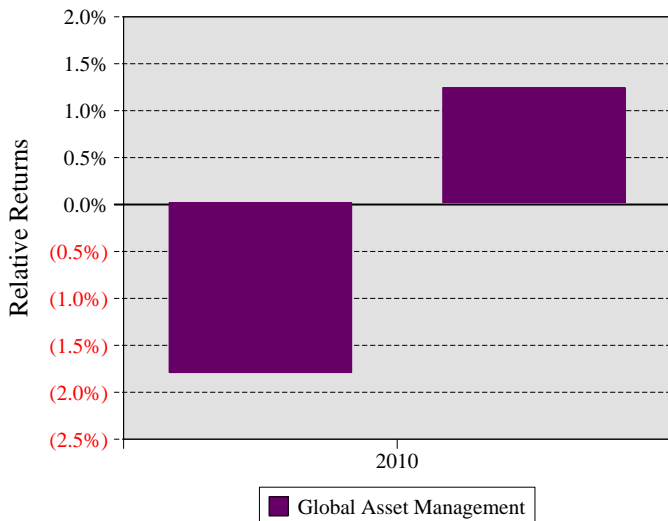
- Global Asset Management's portfolio posted a 2.53% return for the quarter placing it in the 35 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 27 percentile for the last one-half year.
- Global Asset Management's portfolio outperformed the T-Bills + 5% by 1.25% for the quarter and underperformed the T-Bills + 5% for the one-half year by 0.56%.

Performance vs Absolute Return Hedge FoFs Style (Net)

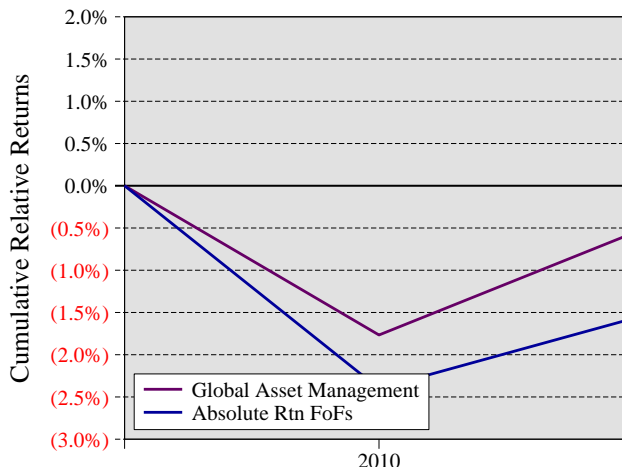


	Last Quarter	Last 1/2 Year
10th Percentile	3.17	2.98
25th Percentile	2.69	2.05
Median	1.95	0.94
75th Percentile	1.70	(0.01)
90th Percentile	1.15	(0.59)
Global Asset Management ●	2.53	2.01
T-Bills + 5% ▲	1.29	2.57

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



MARINER INVESTMENT GROUP PERIOD ENDED SEPTEMBER 30, 2010



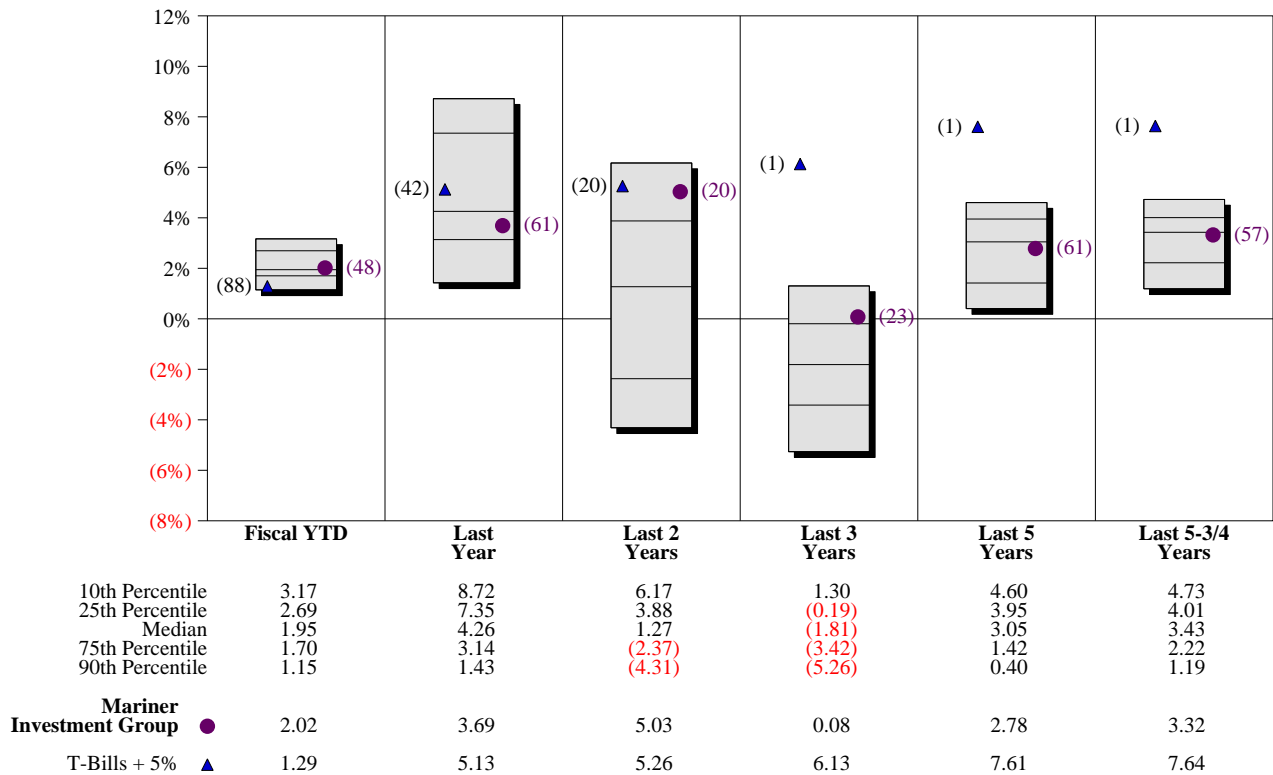
Investment Philosophy

The manager returns below are current through periods shown.

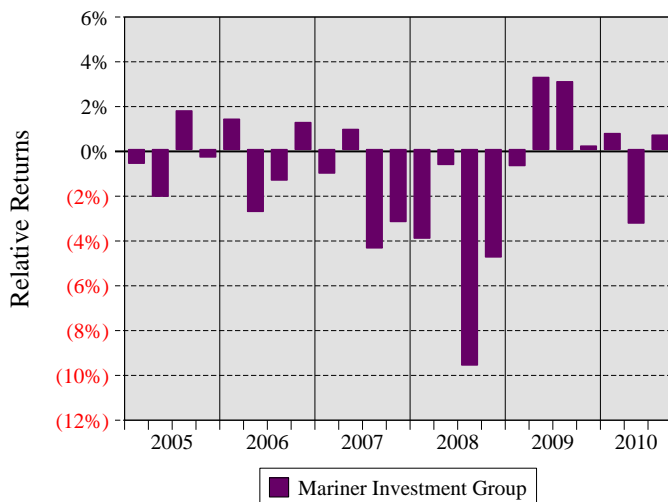
Quarterly Summary and Highlights

- Mariner Investment Group's portfolio posted a 2.02% return for the quarter placing it in the 48 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 61 percentile for the last year.
- Mariner Investment Group's portfolio outperformed the T-Bills + 5% by 0.73% for the quarter and underperformed the T-Bills + 5% for the year by 1.44%.

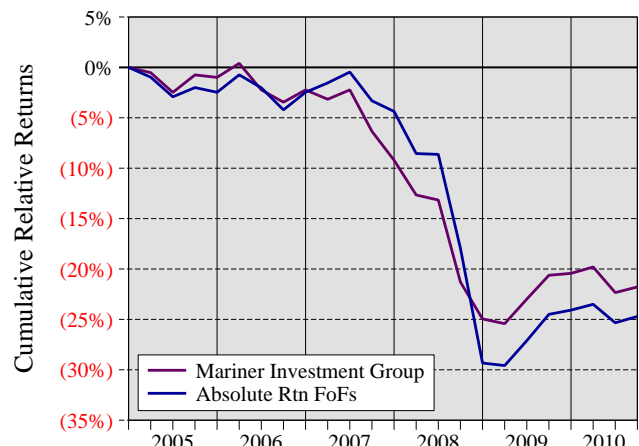
Performance vs Absolute Return Hedge FoFs Style (Net)



Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



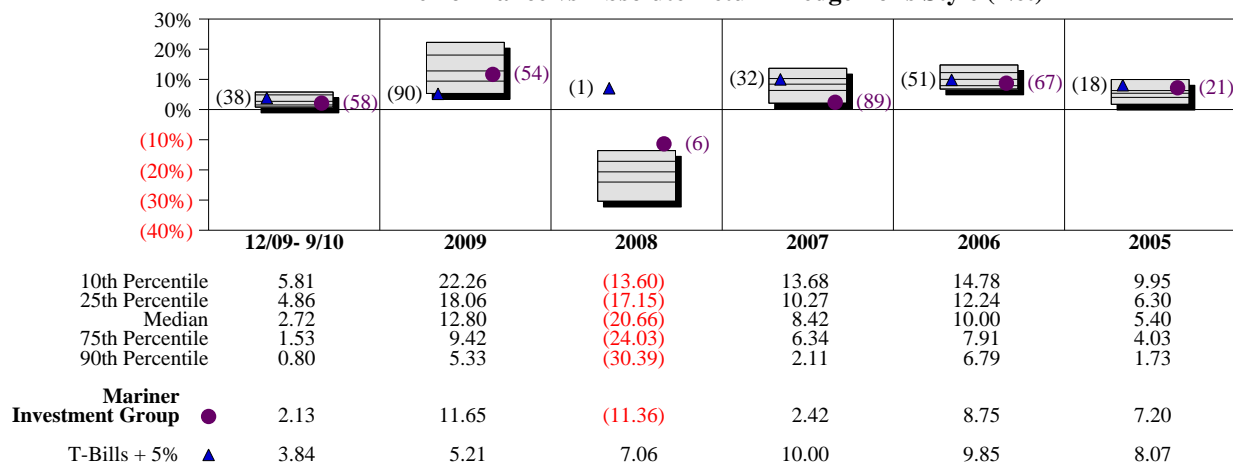
MARINER INVESTMENT GROUP RETURN ANALYSIS SUMMARY



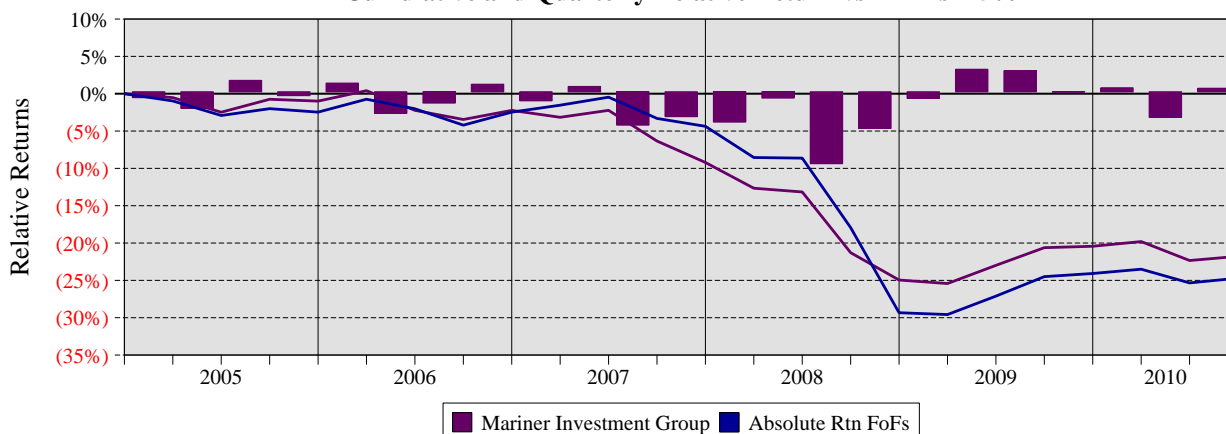
Return Analysis

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.

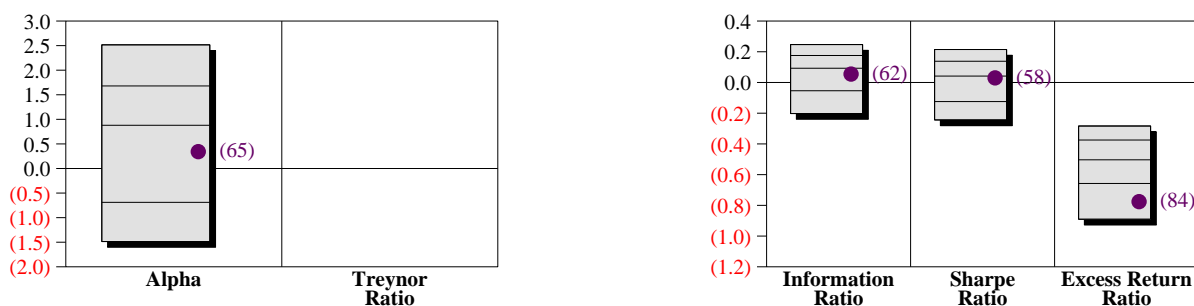
Performance vs Absolute Return Hedge FoFs Style (Net)



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 September 30, 2010



10th Percentile	2.52	-	10th Percentile	0.25	0.21	(0.28)
25th Percentile	1.68	-	25th Percentile	0.18	0.14	(0.37)
Median	0.88	-	Median	0.09	0.04	(0.50)
75th Percentile	(0.69)	-	75th Percentile	(0.05)	(0.12)	(0.66)
90th Percentile	(1.49)	-	90th Percentile	(0.20)	(0.24)	(0.89)

Mariner Investment Group ● 0.34

Mariner Investment Group ● 0.05 0.03 (0.78)

**PRISMA CAPITAL
PERIOD ENDED SEPTEMBER 30, 2010**



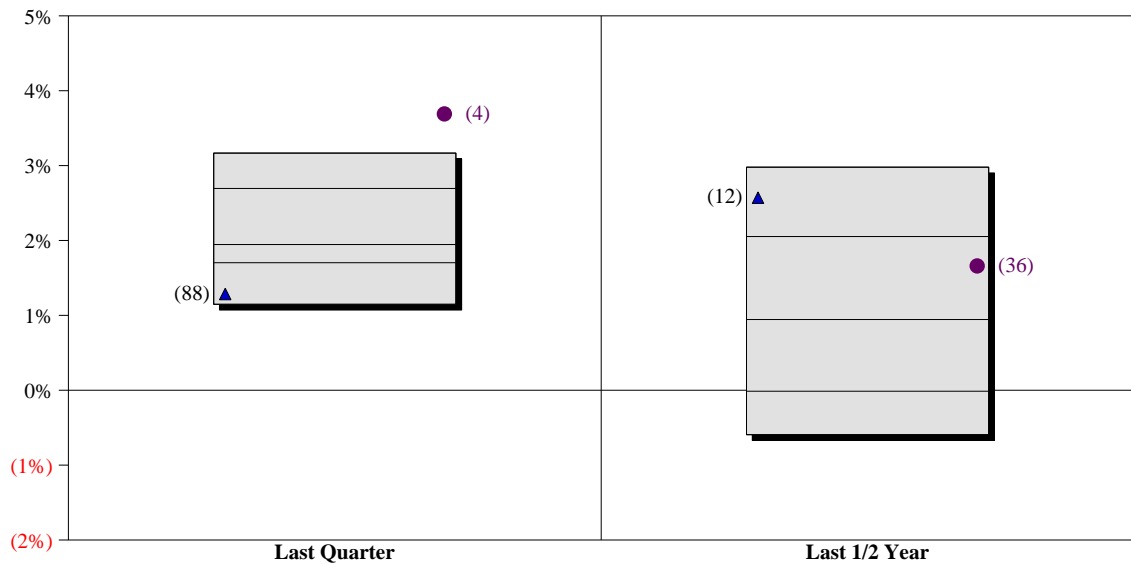
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

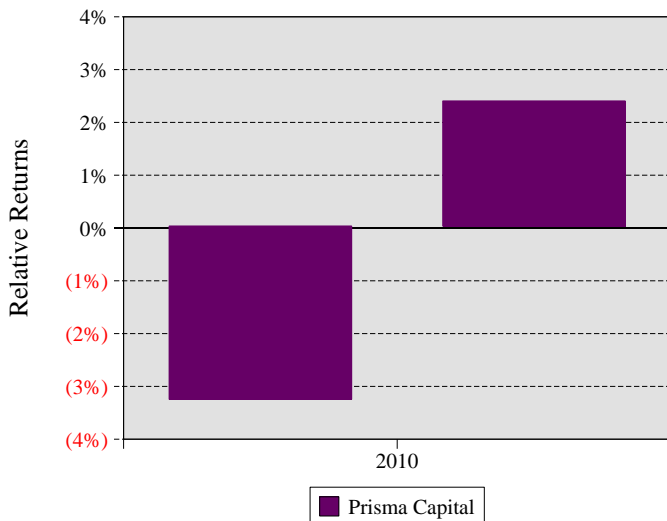
- Prisma Capital's portfolio posted a 3.69% return for the quarter placing it in the 4 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 36 percentile for the last one-half year.
- Prisma Capital's portfolio outperformed the T-Bills + 5% by 2.41% for the quarter and underperformed the T-Bills + 5% for the one-half year by 0.91%.

Performance vs Absolute Return Hedge FoFs Style (Net)

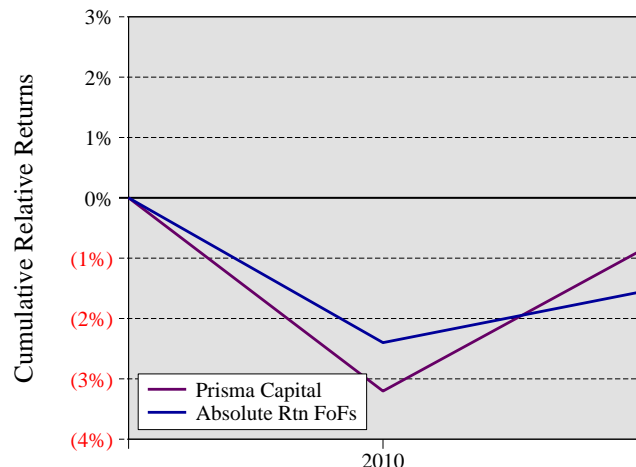


10th Percentile	3.17	2.98
25th Percentile	2.69	2.05
Median	1.95	0.94
75th Percentile	1.70	(0.01)
90th Percentile	1.15	(0.59)
Prisma Capital	3.69	1.66
T-Bills + 5%	1.29	2.57

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%





HIGH YIELD COMPOSITE PERIOD ENDED SEPTEMBER 30, 2010

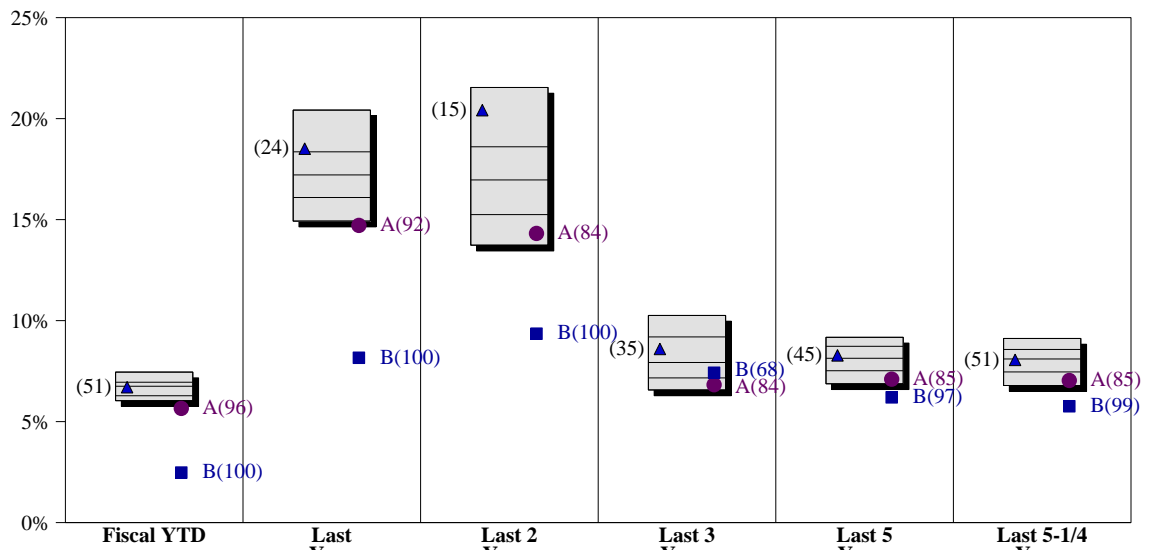
Quarterly Summary and Highlights

- High Yield Composite's portfolio posted a 5.65% return for the quarter placing it in the 96 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 92 percentile for the last year.
- High Yield Composite's portfolio underperformed the High Yield Target by 1.05% for the quarter and underperformed the High Yield Target for the year by 3.80%.

Quarterly Asset Growth

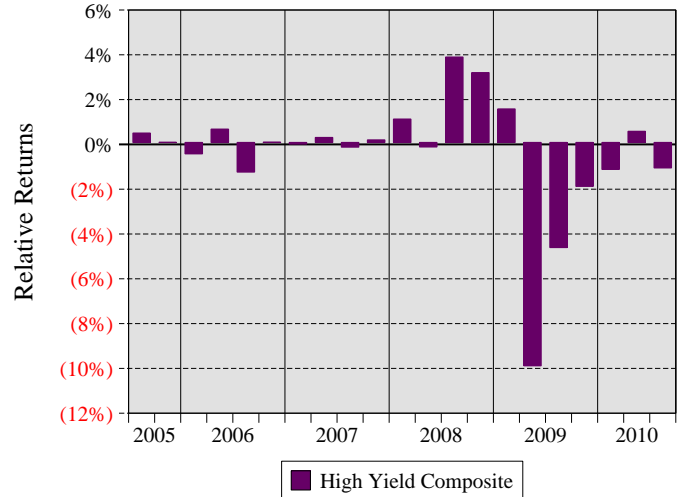
Beginning Market Value	\$328,415,848
Net New Investment	\$-30,000,000
Investment Gains/(Losses)	\$18,157,992
Ending Market Value	\$316,573,840

Performance vs CAI High Yield Fixed-Inc Style (Gross)

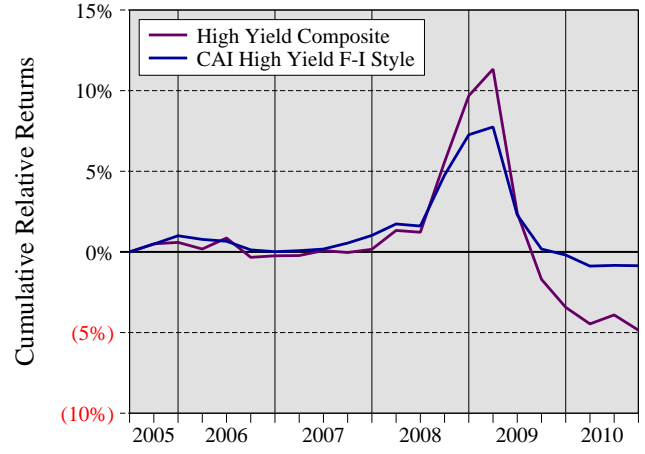


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	7.45	20.42	21.54	10.26	9.17	9.12
25th Percentile	6.95	18.36	18.61	9.19	8.73	8.57
Median	6.75	17.21	16.96	7.93	8.14	8.10
75th Percentile	6.28	16.09	15.25	7.16	7.52	7.46
90th Percentile	6.04	14.93	13.74	6.57	6.87	6.79
High Yield Composite (A)	5.65	14.71	14.32	6.83	7.10	7.04
BC Aggregate Index (B)	2.48	8.16	9.35	7.42	6.20	5.76
High Yield Target (triangle)	6.70	18.51	20.42	8.60	8.28	8.06

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target



MACKAY SHIELDS PERIOD ENDED SEPTEMBER 30, 2010



Investment Philosophy

Target: ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

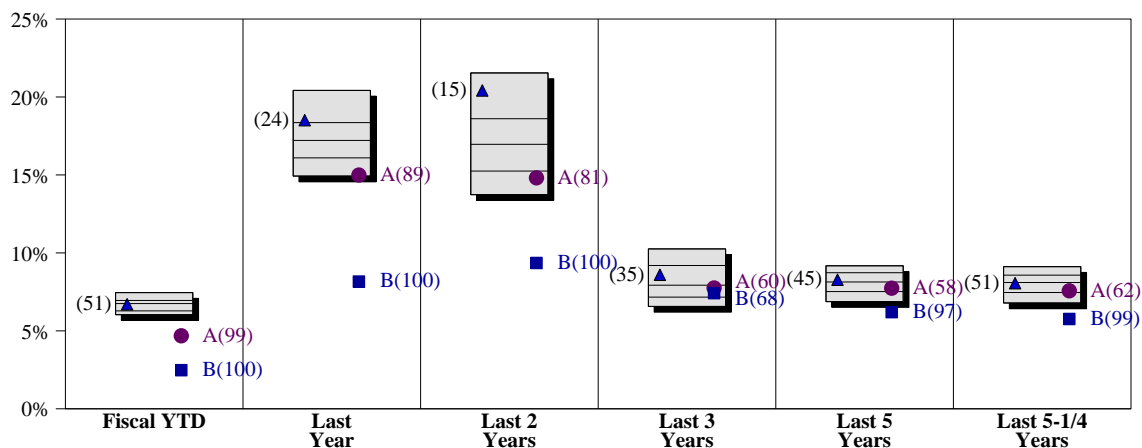
Quarterly Summary and Highlights

- MacKay Shields's portfolio posted a 4.68% return for the quarter placing it in the 99 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 89 percentile for the last year.
- MacKay Shields's portfolio underperformed the High Yield Target by 2.02% for the quarter and underperformed the High Yield Target for the year by 3.52%.

Quarterly Asset Growth

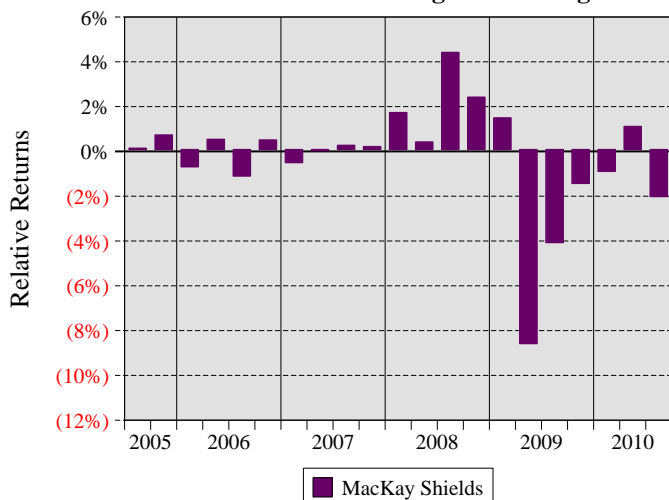
Beginning Market Value	\$169,276,259
Net New Investment	\$0
Investment Gains/(Losses)	\$7,927,939
Ending Market Value	\$177,204,197

Performance vs CAI High Yield Fixed-Inc Style (Gross)

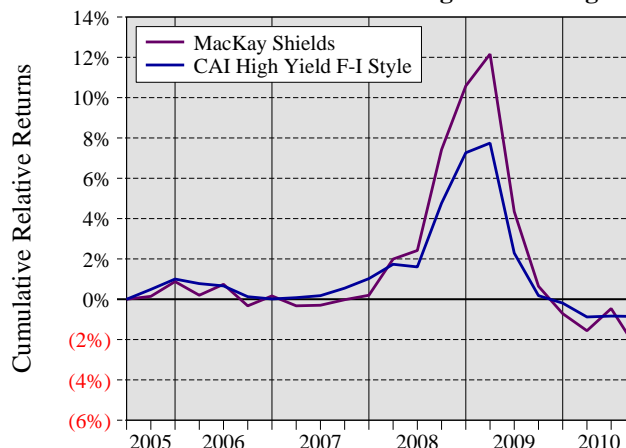


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	7.45	20.42	21.54	10.26	9.17	9.12
25th Percentile	6.95	18.36	18.61	9.19	8.73	8.57
Median	6.75	17.21	16.96	7.93	8.14	8.10
75th Percentile	6.28	16.09	15.25	7.16	7.52	7.46
90th Percentile	6.04	14.93	13.74	6.57	6.87	6.79
MacKay Shields	4.68	14.99	14.81	7.75	7.74	7.57
BC Aggregate Index	2.48	8.16	9.35	7.42	6.20	5.76
High Yield Target	6.70	18.51	20.42	8.60	8.28	8.06

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target



ROGGE GLOBAL PARTNERS PERIOD ENDED SEPTEMBER 30, 2010



Investment Philosophy

Target: ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

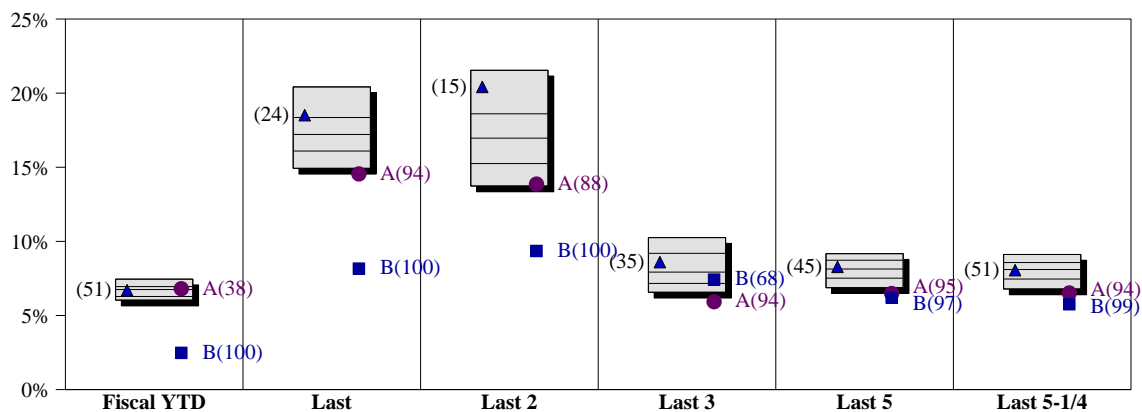
Quarterly Summary and Highlights

- Rogge Global Partners's portfolio posted a 6.80% return for the quarter placing it in the 38 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 94 percentile for the last year.
- Rogge Global Partners's portfolio outperformed the High Yield Target by 0.10% for the quarter and underperformed the High Yield Target for the year by 3.96%.

Quarterly Asset Growth

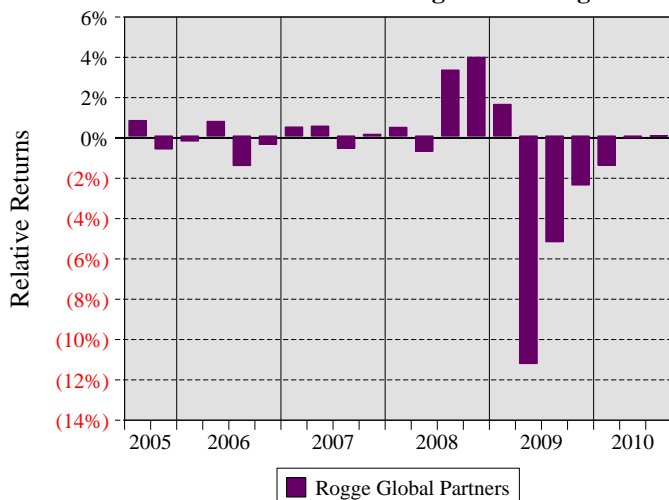
Beginning Market Value	\$159,139,589
Net New Investment	\$-30,000,000
Investment Gains/(Losses)	\$10,230,054
Ending Market Value	\$139,369,643

Performance vs CAI High Yield Fixed-Inc Style (Gross)

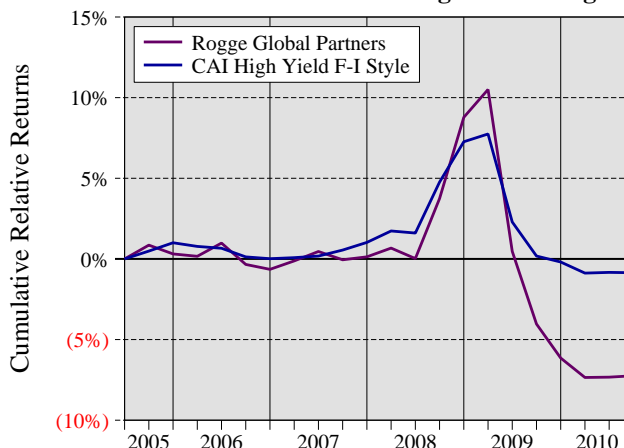


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	7.45	20.42	21.54	10.26	9.17	9.12
25th Percentile	6.95	18.36	18.61	9.19	8.73	8.57
Median	6.75	17.21	16.96	7.93	8.14	8.10
75th Percentile	6.28	16.09	15.25	7.16	7.52	7.46
90th Percentile	6.04	14.93	13.74	6.57	6.87	6.79
Rogge Global Partners	● A 6.80	14.55	13.86	5.93	6.48	6.52
BC Aggregate Index	■ B 2.48	8.16	9.35	7.42	6.20	5.76
High Yield Target	▲ 6.70	18.51	20.42	8.60	8.28	8.06

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 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 September 30, 2010

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
UBS Agrinvest(2)	0.74%	3.67%	8.17%	9.35%	-
UBS Agrinvest Comp (w Water)	0.73%	4.00%	8.39%	9.48%	-
Hancock Agricultural(2)	1.11%	7.77%	10.19%	9.19%	-
Hancock Composite (w Water)	1.11%	8.47%	10.01%	9.08%	-
TCW Energy(1)	(6.98%)	(4.49%)	(1.31%)	5.86%	-
Timberland Investment	(0.58%)	(6.78%)	-	-	-
Hancock Timber	2.06%	0.05%	-	-	-
NCREIF Timberland Index	0.99%	(2.89%)	5.09%	9.85%	10.15%
Private Equity(1)	0.81%	15.88%	(2.33%)	8.90%	12.52%

(1) Return data supplied by State Street.

(2) Returns supplied by manager and may vary from State Street returns due to timing variations.



RESEARCH AND UPCOMING PROGRAMS

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.

White Papers

Lifetime Retirement Income Solutions

Lori Lucas, CFA

Fixed Income Benchmark Review: Year-Ended March 31, 2010

Anna West

The Next DC Frontier: An Outcomes-Based Approach to DC Plan Design

Lori Lucas, CFA

The Recovery Across All Asset Classes

Reprinted with permission from PREA Quarterly, Spring 2010

Jay Kloepfer

Publications

DC Observer and Callan DC Index™ – 2nd Quarter 2010

Hedge Fund Monitor – 2nd Quarter 2010

Capital Market Review – 3rd Quarter 2010

Quarterly Performance Data – 3rd Quarter 2010

Private Markets Trends – Summer 2010

Surveys

2010 Alternatives Survey - coming soon!

2010 DC Trends Survey – January 2010

How Investment Managers Survived the Market Collapse – October 2009

2009 Investment Management Fee Survey – September 2009



RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: 2010 Regional Breakfast Workshop - June 2010

“The Risk Locker - Strategies to Diffuse Risk”

Presentation: 2010 Regional Breakfast Workshop - June 2010

“The Risk Locker - Strategies to Diffuse Risk”

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

Upcoming Educational Programs

The 31st Annual National Conference

January 31 - February 2, 2011 in San Francisco

Speakers include: Henry M. Paulson, Fareed Zakaria, Joshua Cooper Ramo,
and Dan Ariely

Workshops on: defined contribution, portfolio structure, and real assets

Details will be sent to you via email and U.S. Mail in October.

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

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



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

THIRD QUARTER 2010

EDUCATIONAL SESSIONS

An Introduction to Investments

April and October 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 in Chicago

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.

Session on Real Estate

2011 Dates TBD

Callan Associates will share its expertise through an educational program designed to advance the participants' knowledge, understanding and comfort with real estate investing. Callan's real estate specialists have extensive knowledge and experience and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends and best practices.



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

THIRD QUARTER 2010

EDUCATIONAL SESSIONS

(continued)

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.

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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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	
Allianz Global Investors Capital		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 Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	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	
ClearBridge Advisors	Y	
Colony Realty	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DDJ Capital Management	Y	
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
Diamond Hill Investments	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Epoch Investment Partners	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	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guqaenheim Partners	Y	
Harris Associates	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
HSBC Investments (USA) Inc.		Y
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Liquid Realty	Y	
Loain Circle		Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Marvin & Palmer Associates, Inc.	Y	
Mawer Investment Management	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Mellon Transition Management & BNY Mellon Beta Management	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
Moodv Aldrich Partners	Y	
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Newton Capital Management	Y	
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Lights Capital Group		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 LLC	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Opus Capital Management	Y	
Pacific Investment Management Company	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
RBC Global Asset Management	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroder 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
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
Towle & Co.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	

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Manager Name	Educational Services	Consulting Services
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Zephyr Management	Y	

**Callan Associates Inc.
Investment Measurement Service
Quarterly Review**

**State of Alaska
SBS Fund
September 30, 2010**

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.



SBS Fund

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Investment Fund Balances

The table below compares the fund's investment fund balances as of September 30, 2010 with that of June 30, 2010. 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.

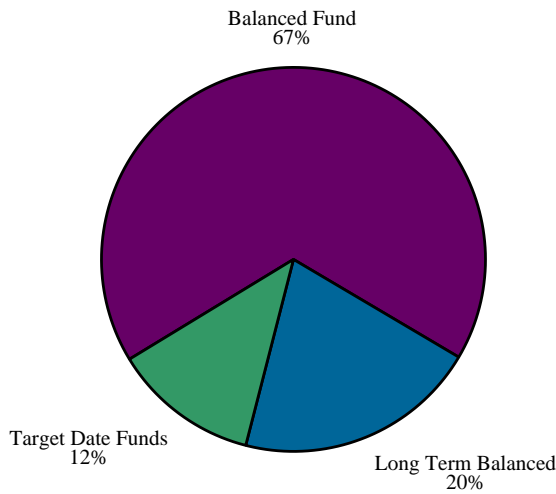
Asset Distribution Across Investment Funds

	September 30, 2010		Net New Inv.	Inv. Return	June 30, 2010	
	Market Value	Percent			Market Value	Percent
Balanced/Target Funds						
Alaska Balanced Fund	1,045,553,934	43.47%	(8,810,719)	59,015,126	995,349,527	44.36%
Long Term Balanced Fund	318,440,688	13.24%	8,894,266	25,406,259	284,140,163	12.66%
Target 2010 Fund	29,050,392	1.21%	(1,005,147)	130,422	29,925,117	1.33%
Target 2010 Trust	4,723,561	0.20%	268,599	420,816	4,034,146	0.18%
Target 2015 Trust	82,552,871	3.43%	302,613	6,826,694	75,423,564	3.36%
Target 2020 Trust	30,652,947	1.27%	410,126	2,886,840	27,355,981	1.22%
Target 2025 Trust	14,544,258	0.60%	660,525	1,779,044	12,104,689	0.54%
Target 2030 Trust	4,605,391	0.19%	431,543	817,663	3,356,185	0.15%
Target 2035 Trust	5,718,603	0.24%	362,391	946,330	4,409,882	0.20%
Target 2040 Trust	6,200,659	0.26%	428,360	1,262,121	4,510,178	0.20%
Target 2045 Trust	5,487,547	0.23%	606,637	1,287,504	3,593,406	0.16%
Target 2050 Trust	5,861,258	0.24%	508,570	1,436,450	3,916,238	0.17%
Target 2055 Trust	2,333,152	0.10%	546,928	504,089	1,282,135	0.06%
Domestic Equity Funds						
State Street S&P	205,473,414	8.54%	(4,665,016)	21,055,781	189,082,649	8.43%
RCM Socially Responsible	24,643,566	1.02%	(678,909)	2,614,281	22,708,193	1.01%
Russell 3000 Index	6,945,295	0.29%	(328,458)	721,706	6,552,046	0.29%
T. Rowe Price Small Cap	56,771,783	2.36%	(3,059,768)	6,637,366	53,194,185	2.37%
International Equity Funds						
Brandes Int'l Fund	74,715,126	3.11%	(1,338,454)	8,988,217	67,065,363	2.99%
World Eq Ex-US Index	10,142,062	0.42%	103,289	1,393,116	8,645,657	0.39%
Fixed-Income Funds						
BlackRock Govt/Credit Fd	50,177,088	2.09%	2,587,923	1,541,377	46,047,789	2.05%
Intermediate Bond Fund	14,390,907	0.60%	(620,095)	296,643	14,714,359	0.66%
Long US Treasury Bond	13,156,911	0.55%	930,744	489,700	11,736,467	0.52%
US TIPS	14,029,737	0.58%	(376,456)	322,462	14,083,731	0.63%
World Gov't Bond Ex-US	3,922,680	0.16%	1,560,995	323,666	2,038,019	0.09%
Global Balanced Funds						
SSgA Global Balanced	50,189,843	2.09%	(136,485)	4,739,301	45,587,027	2.03%
Real Estate Funds						
US REITS	18,779,054	0.78%	(1,280,601)	2,108,676	17,950,979	0.80%
Short Term Funds						
T. Rowe Price Stable Value	292,402,732	12.16%	8,577,533	2,646,111	281,179,088	12.53%
SSgA Inst Trsry MM	13,926,080	0.58%	(5,486)	1,146	13,930,421	0.62%
Total Fund	\$2,405,391,539	100.0%	\$4,875,449	\$156,598,905	\$2,243,917,184	100.0%

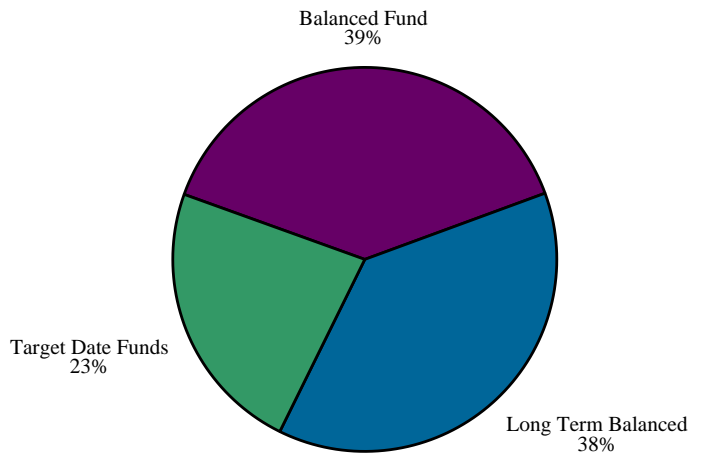
Asset Allocation

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.

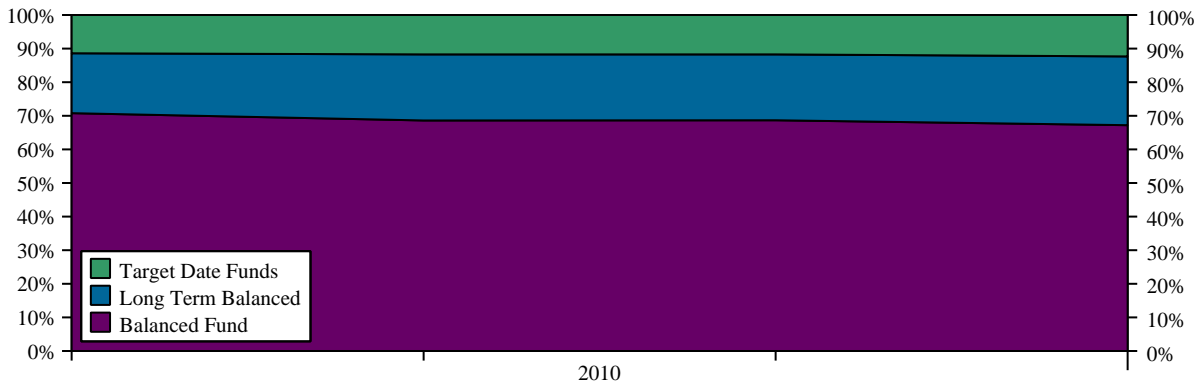
Asset Allocation



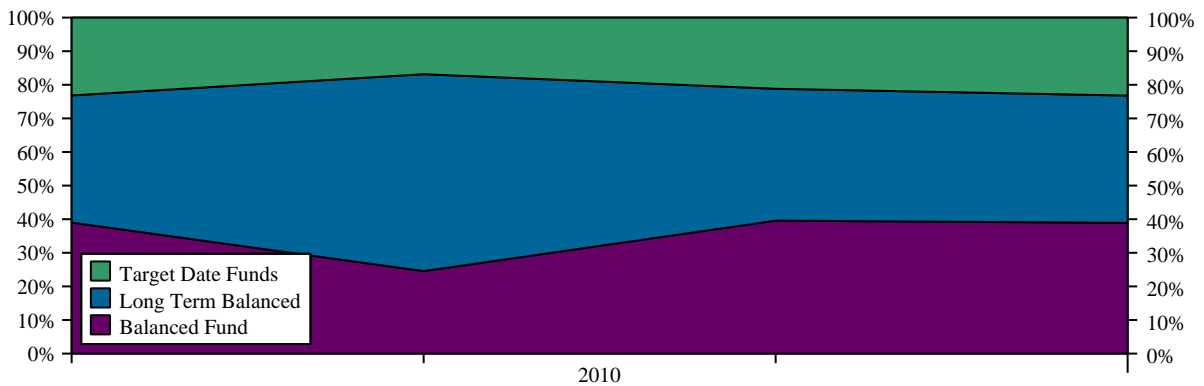
New Contributions



Historical Asset Allocation



Historical Allocation of Contributions

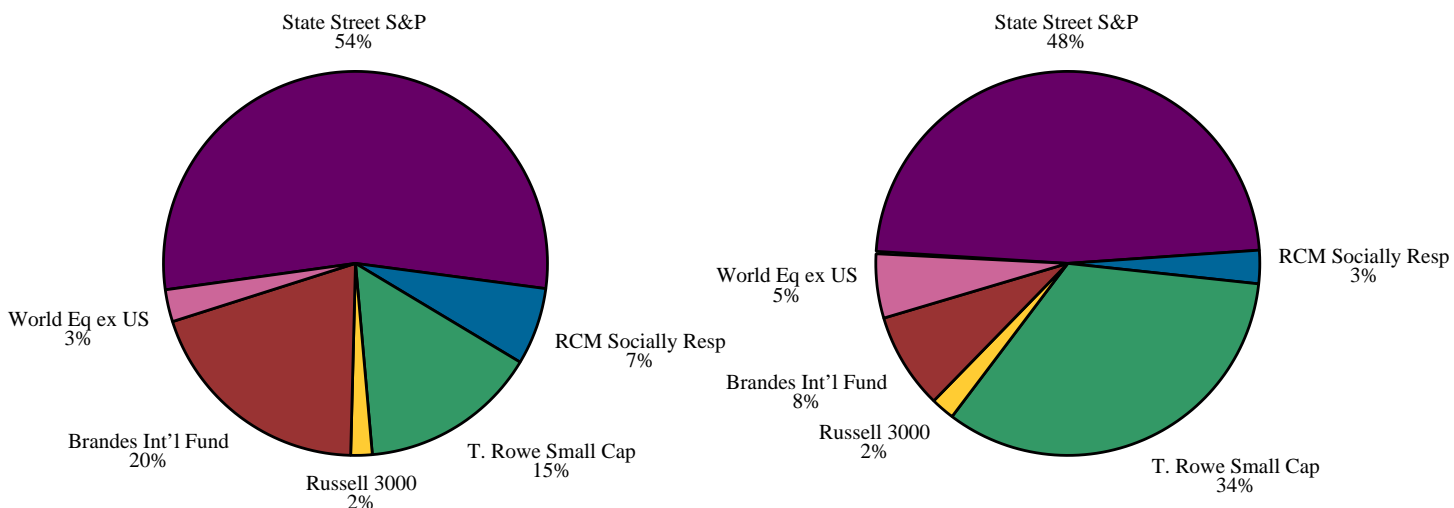


Asset Allocation

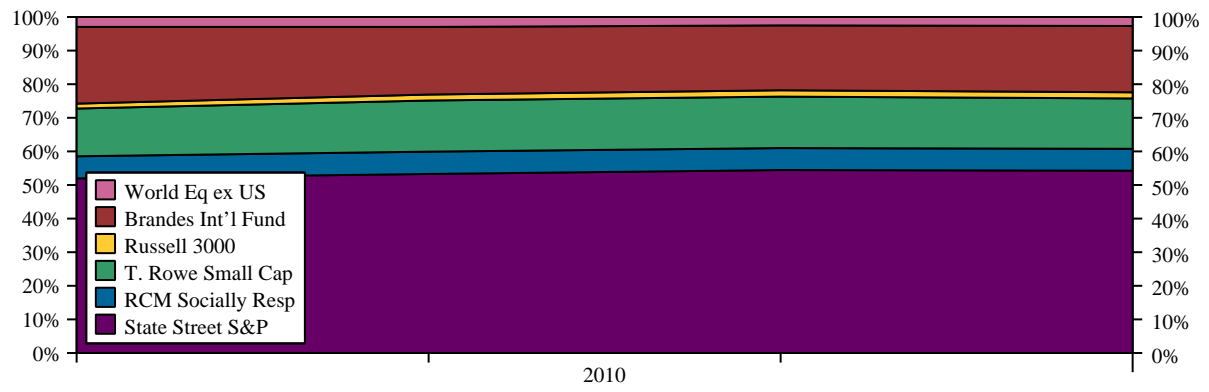
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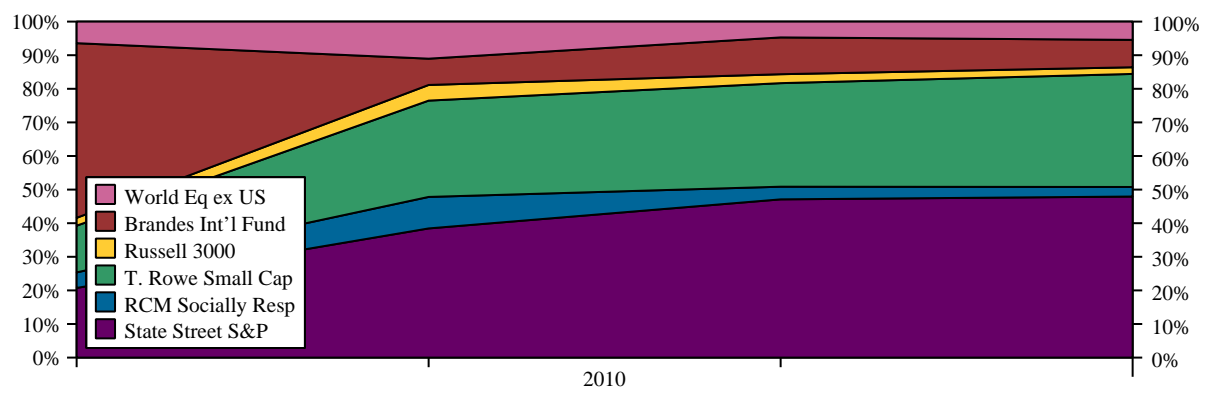
New Contributions



Historical Asset Allocation



Historical Allocation of Contributions

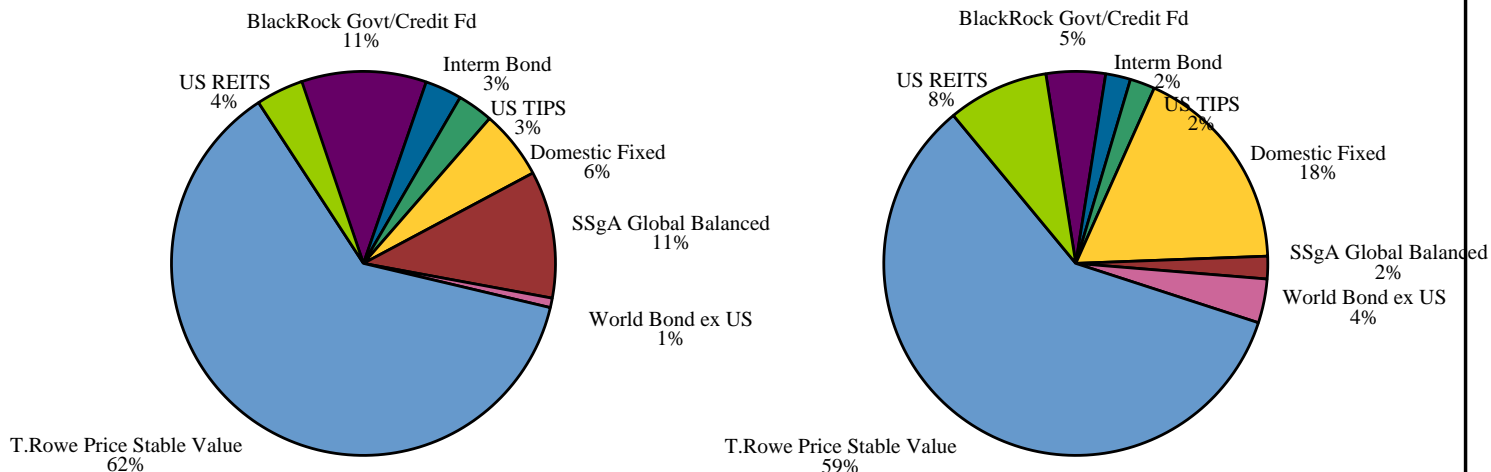


Asset Allocation

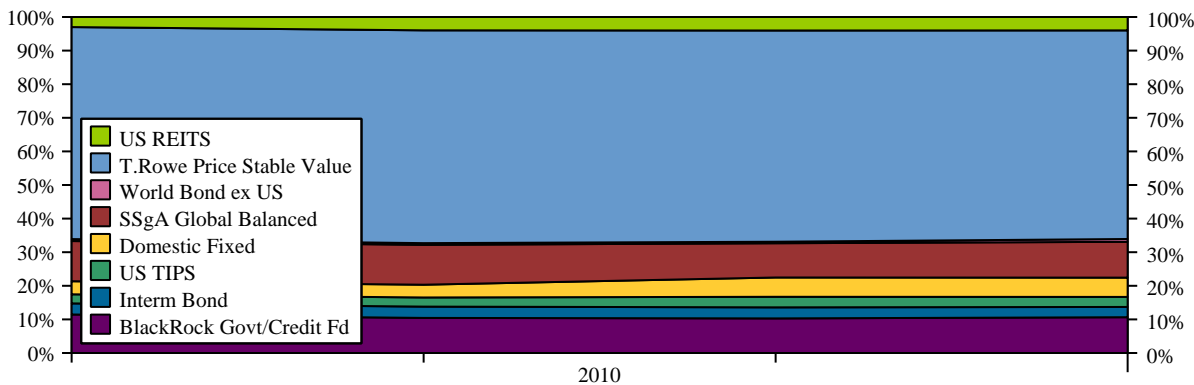
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Asset Allocation

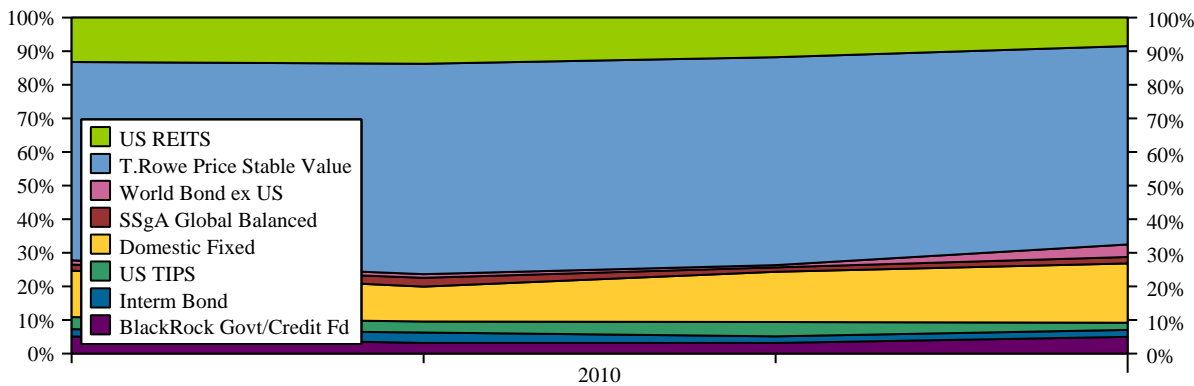
New Contributions



Historical Asset Allocation



Historical Allocation of Contributions



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 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 September 30, 2010

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
Alaska Balanced Fund	5.91%	8.74%	7.51%	2.75%	4.79%
Benchmark	6.02%	9.01%	7.42%	2.80%	4.73%
Long Term Balanced Fund	8.44%	9.19%	5.80%	(0.78%)	3.51%
Benchmark	8.56%	9.51%	5.76%	(0.67%)	3.52%
Target 2010 Fund	0.44%	1.33%	1.49%	0.93%	3.16%
Benchmark	0.45%	1.23%	1.18%	0.48%	2.76%
Target 2010 Trust	7.64%	8.46%	-	-	-
Benchmark	7.89%	8.69%	-	-	-
Target 2015 Trust	8.72%	8.54%	7.21%	1.96%	4.87%
Benchmark	8.90%	8.40%	6.87%	1.51%	4.56%
Target 2020 Trust	9.50%	9.24%	4.23%	(3.03%)	3.00%
Benchmark	9.76%	9.52%	4.14%	(3.23%)	2.91%
Target 2025 Trust	10.26%	9.82%	2.91%	(5.17%)	-
Benchmark	10.51%	10.12%	2.82%	(5.33%)	-
Target 2030 Trust	10.83%	9.45%	-	-	-
Benchmark	11.06%	9.62%	-	-	-
Target 2035 Trust	11.29%	9.46%	-	-	-
Benchmark	11.55%	9.61%	-	-	-
Target 2040 Trust	11.28%	9.47%	-	-	-
Benchmark	11.55%	9.61%	-	-	-
Target 2045 Trust	11.35%	9.56%	-	-	-
Benchmark	11.55%	9.61%	-	-	-
Target 2050 Trust	11.41%	9.52%	-	-	-
Benchmark	11.55%	9.61%	-	-	-
Target 2055 Trust	11.37%	9.47%	-	-	-
Benchmark	11.55%	9.61%	-	-	-
State Street S&P 500 Fund	11.31%	10.19%	1.41%	(7.06%)	0.72%
Standard & Poor's 500	11.29%	10.16%	1.27%	(7.16%)	0.64%
Russell 3000 Index Fd	11.54%	11.01%	2.10%	-	-
Russell 3000 Index	11.53%	10.96%	1.90%	(6.59%)	0.92%
World Eq ex-US Index	16.54%	7.00%	7.72%	-	-
MSCI ACWI x US (Net Div)	16.58%	7.56%	6.72%	(7.42%)	4.26%
Long US Treasury Bond Index	5.11%	12.66%	10.53%	-	-
BC Long Treas	5.21%	12.74%	10.93%	10.76%	7.77%
US Treasury Infl Prtcd Sec	2.46%	8.72%	7.13%	-	-
BC US TIPS Index	2.48%	8.89%	7.27%	6.91%	5.49%
World Gov't Bond ex-US Indx	10.40%	4.41%	9.39%	-	-
Citi Non-US Gvt Bd Idx	10.45%	4.47%	10.11%	8.44%	7.33%
US Real Estate Invmnt Trust	13.11%	27.62%	(3.70%)	-	-
Wilshire REIT	13.35%	30.12%	(4.05%)	(6.94%)	1.39%
US Select REIT Index	13.22%	30.14%	-	-	-
SSgA Instl Trsry MM	0.01%	0.02%	0.06%	-	-
Citigroup 3 month T-Bills	0.04%	0.12%	0.25%	1.01%	2.48%



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 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 September 30, 2010

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
BlackRock Govt/Credit Fund*	3.25%	8.42%	9.62%	7.20%	5.99%
BC Govt/Credit Bd	3.28%	8.73%	10.09%	7.46%	6.15%
Intermediate Bond Fund	2.09%	5.94%	6.15%	-	-
BC Gov Inter	2.13%	6.19%	6.22%	6.65%	5.87%
Brandes Int'l Fund	13.56%	-	-	-	-
MSCI EAFE Index	16.48%	3.27%	3.25%	(9.51%)	1.97%
SSgA Global Balanced	10.42%	8.57%	-	-	-
Custom Benchmark**	10.39%	8.42%	-	-	-
RCM Socially Responsible***	11.85%	8.37%	-	-	-
S&P 500 Index	11.29%	10.16%	1.27%	(7.16%)	0.64%
T. Rowe Price Small-Cap Trust	13.02%	18.27%	9.39%	(0.49%)	3.89%
Russell 2000 Index	11.29%	13.35%	1.25%	(4.29%)	1.60%
T. Rowe Price Stable Value Fund	0.96%	4.02%	3.95%	4.18%	4.34%
3-month Treasury Bill	0.03%	0.13%	0.26%	1.13%	2.61%
GIC Master Index, 3 Years	0.91%	3.88%	4.27%	4.43%	4.24%

*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.

***Returns are preliminary

Balanced Fund

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Portfolio	2.00%	2.93%
<u>Fixed-Income</u>		
Aggregate Bond	63.00%	60.28%
<u>Equity</u>		
US Equity	28.00%	29.40%
International Portfolio	7.00%	7.39%

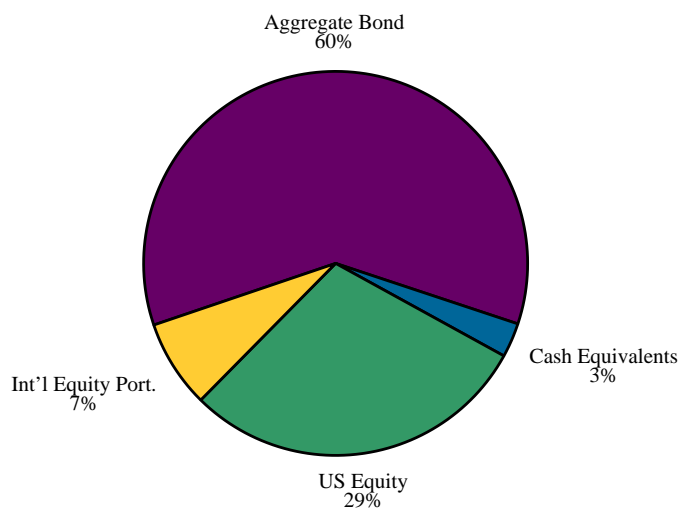
Objectives

To provide a balanced and diversified mix of stocks, bonds and money market instruments for investors with a low to average risk tolerance.

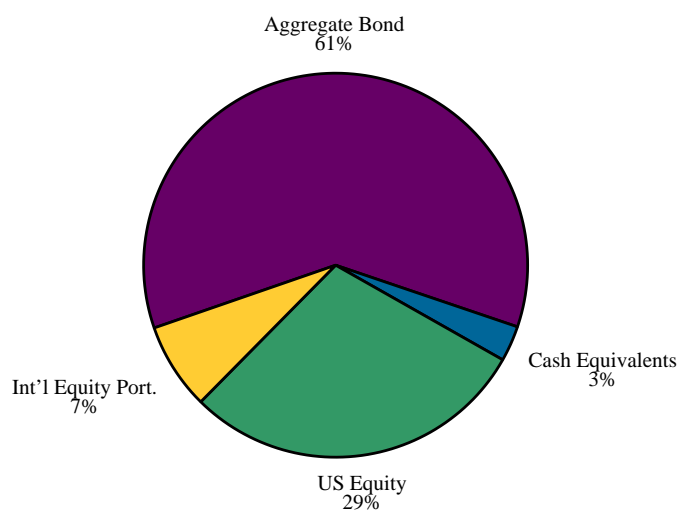
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



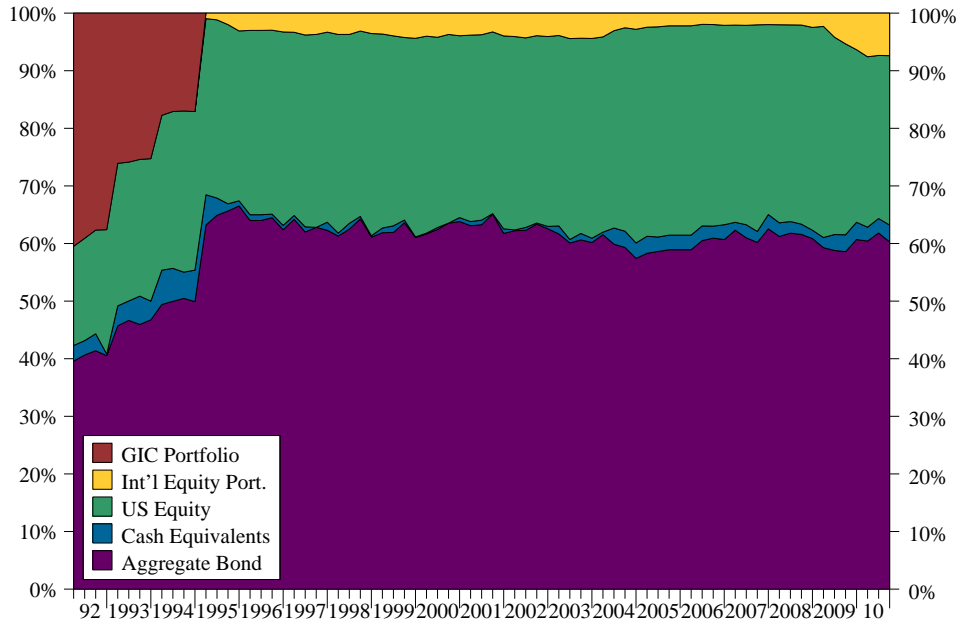
Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	630,260	60.3%	60.5%	(0.2%)	(2,300)
Cash Equivalents	30,635	2.9%	3.0%	(0.1%)	(732)
US Equity	307,393	29.4%	29.2%	0.2%	2,091
Int'l Equity Port.	77,266	7.4%	7.3%	0.1%	941
Total	1,045,554	100.0%	100.0%		

* Current Quarter Target = 60.5% BC Aggregate Index, 29.2% Russell 3000 Index, 7.3% MSCI EAFE Index and 3.0% 3-month Treasury Bill.

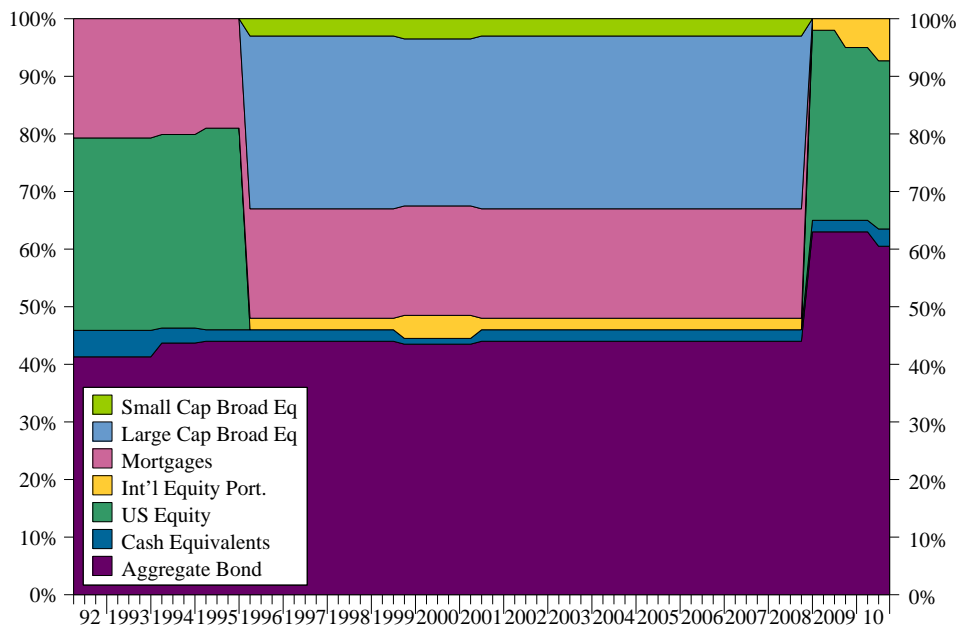
Actual vs Target Historical Asset Allocation

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 = 60.5% BC Aggregate Index, 29.2% Russell 3000 Index, 7.3% MSCI EAFE Index and 3.0% 3-month Treasury Bill.

ALASKA BALANCED FUND PERIOD ENDED SEPTEMBER 30, 2010



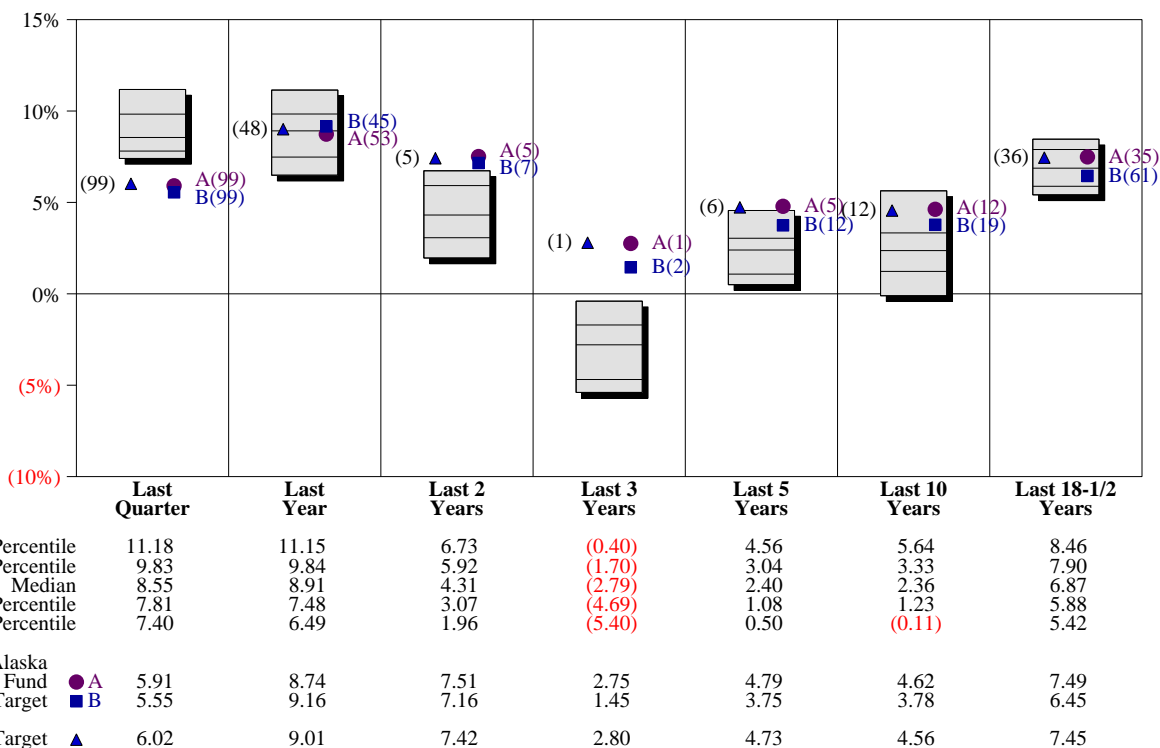
Investment Philosophy

Domestic Balanced Style mutual funds diversify their investments among common stocks, bonds, preferred stocks and money market securities within the U.S.

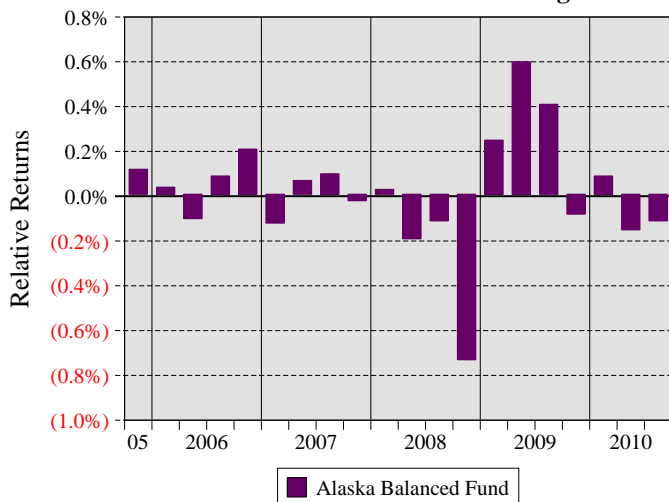
Quarterly Summary and Highlights

- Alaska Balanced Fund's portfolio posted a 5.91% return for the quarter placing it in the 99 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 53 percentile for the last year.
- Alaska Balanced Fund's portfolio underperformed the Passive Target by 0.11% for the quarter and underperformed the Passive Target for the year by 0.27%.

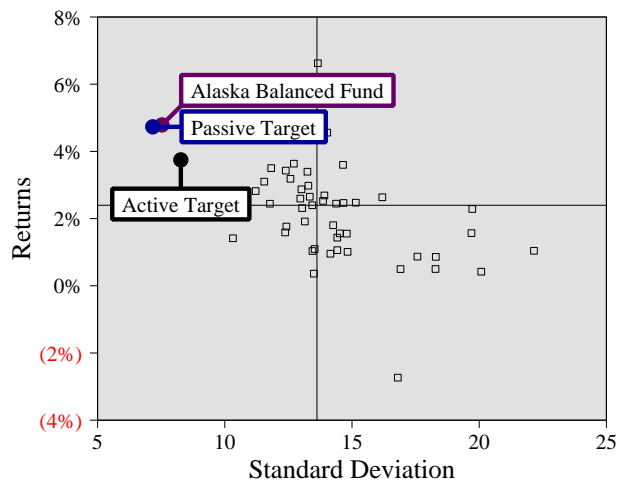
Performance vs CAI MF - Domestic Balanced Style (Net)



Relative Return vs Passive Target



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



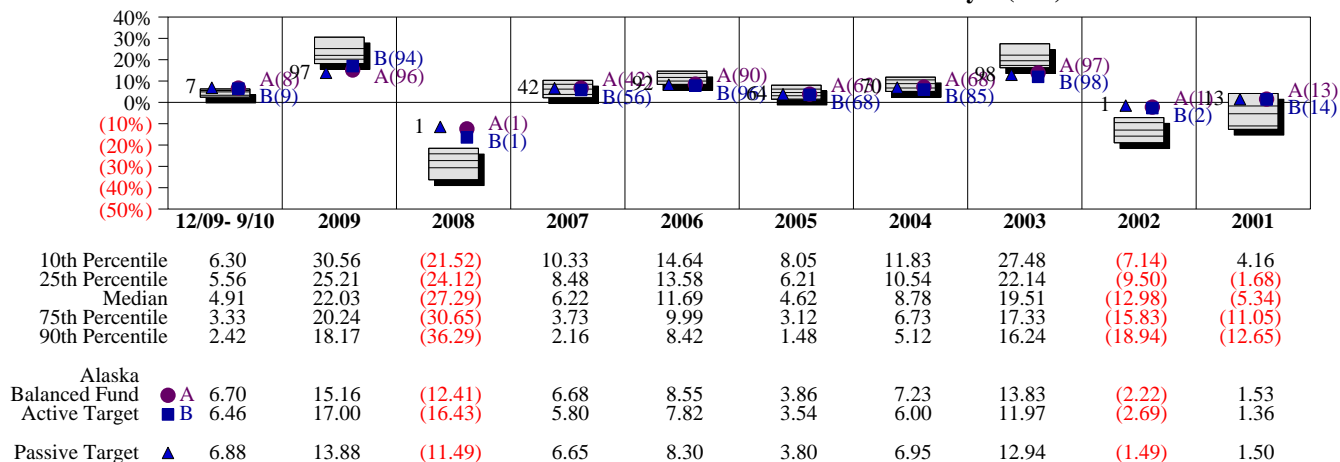


ALASKA BALANCED FUND RETURN ANALYSIS SUMMARY

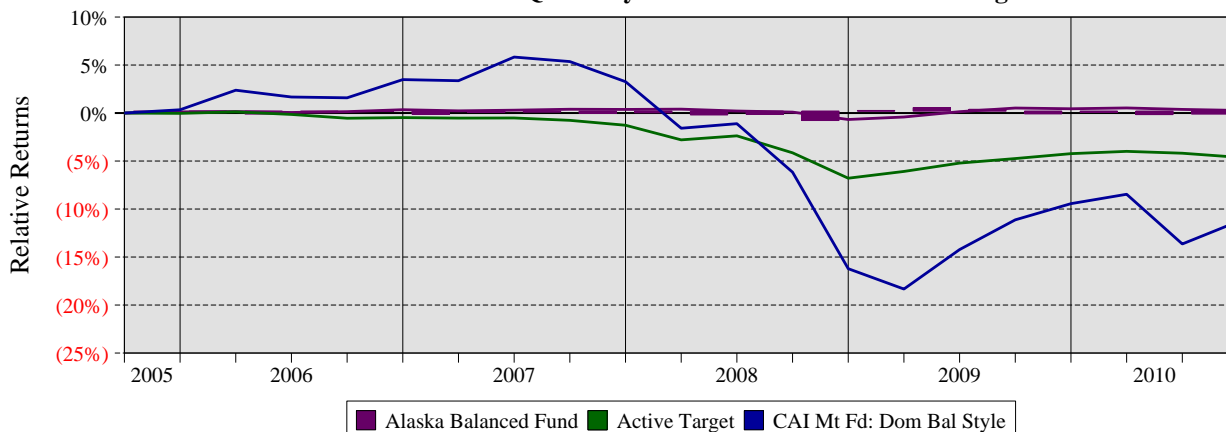
Return Analysis

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.

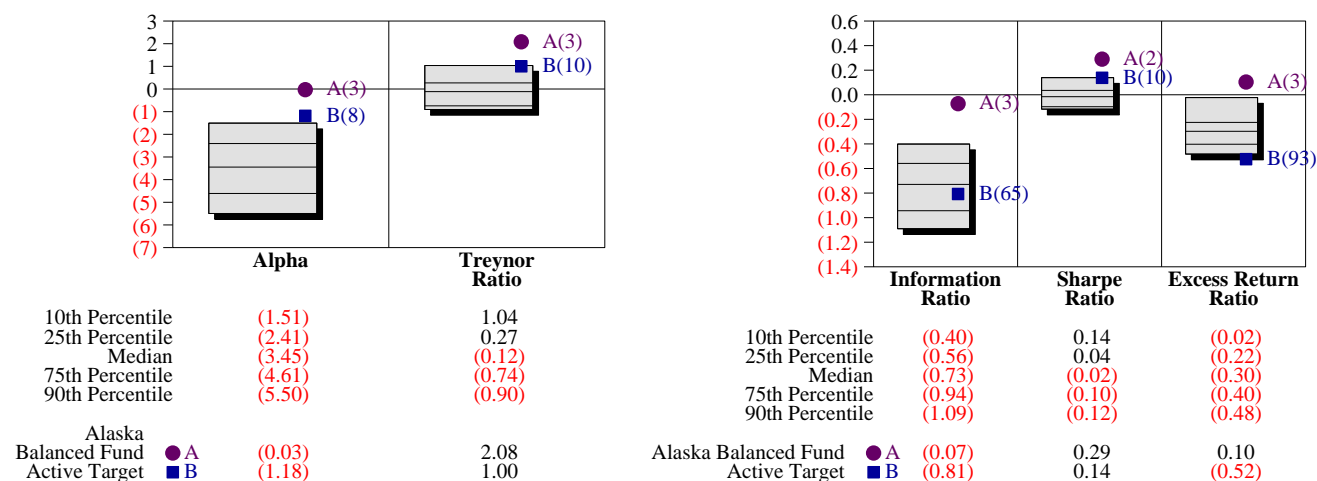
Performance vs CAI MF - Domestic Balanced Style (Net)



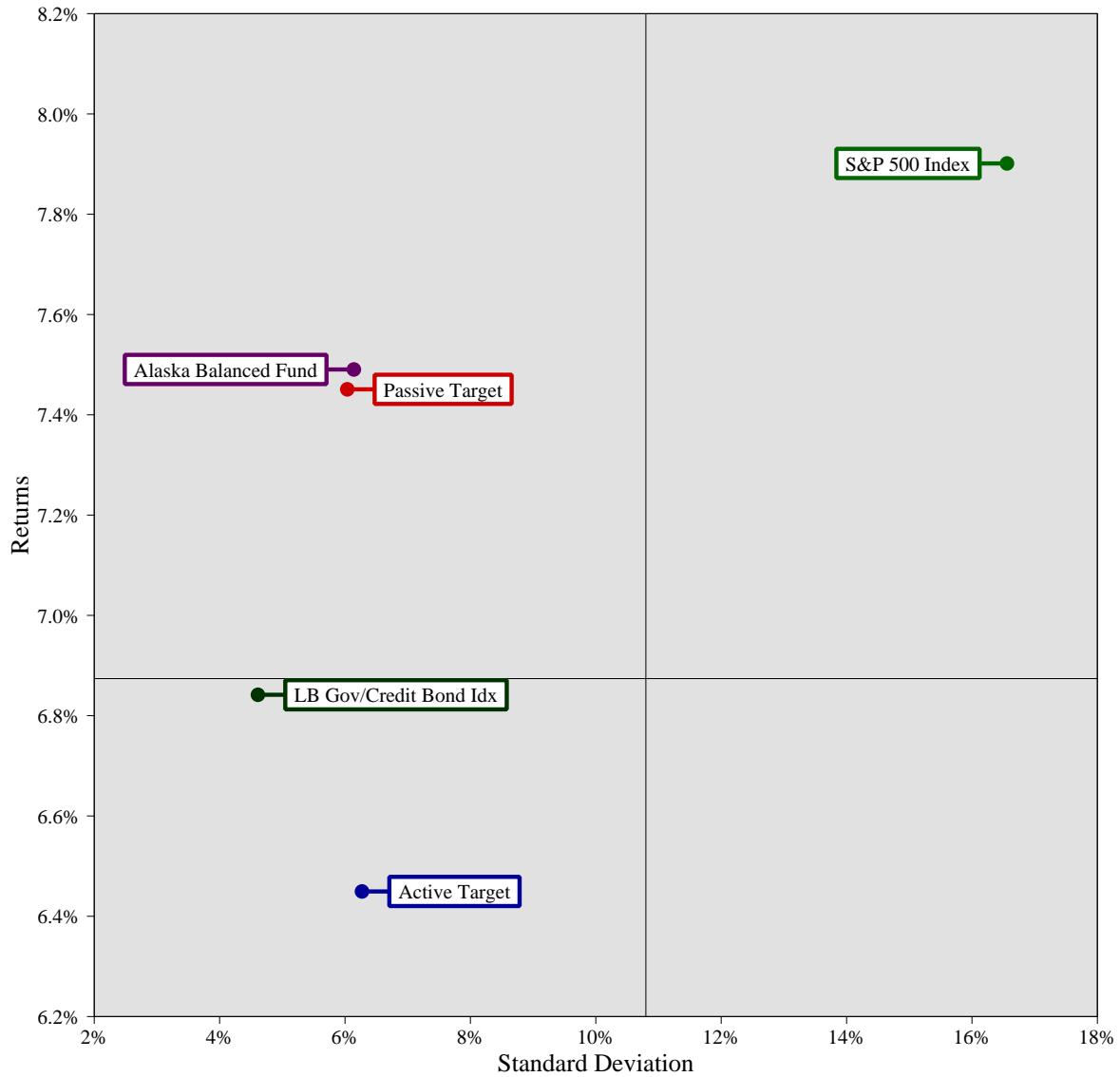
Cumulative and Quarterly Relative Return vs Passive Target



Risk Adjusted Return Measures vs Passive Target Rankings Against CAI MF - Domestic Balanced Style (Net) Five Years Ended September 30, 2010



**STATE OF ALASKA S B S - ALASKA BALANCED FUND
RISK/REWARD VS CAI MF - DOMESTIC BALANCED STYLE
EIGHTEEN AND ONE-HALF YEARS ENDED SEPTEMBER 30, 2010**



Long Term Balanced
Fund

Long-Term Balanced Fund

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Portfolio	1.00%	1.97%
<u>Fixed-Income</u>		
Aggregate Bond	39.00%	36.26%
<u>Equity</u>		
US Equity	48.00%	49.38%
International Portfolio	12.00%	12.40%

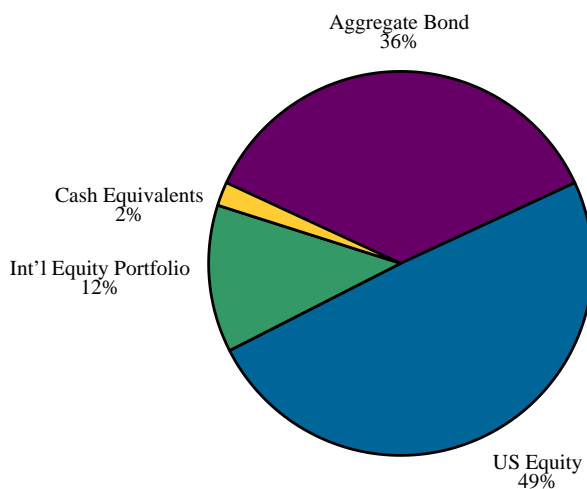
Objectives

To provide a balanced and diversified mix of stocks, bonds, and money market instruments for investors with a moderate risk tolerance.

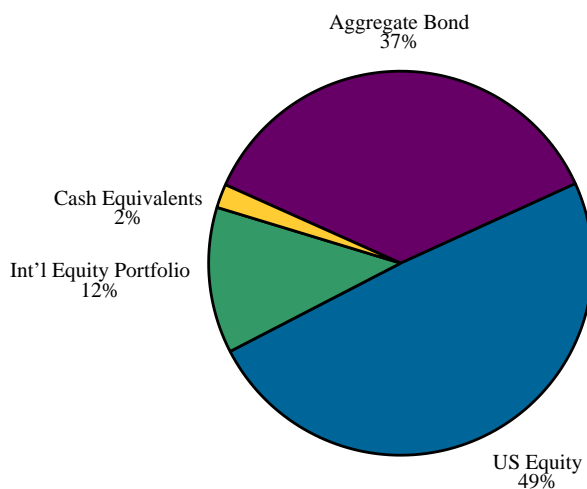
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 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	115,467	36.3%	36.5%	(0.2%)	(764)
US Equity	157,246	49.4%	49.2%	0.2%	573
Int'l Equity Portfolio	39,487	12.4%	12.3%	0.1%	318
Cash Equivalents	6,241	2.0%	2.0%	0.0%	(127)
Total	318,441	100.0%	100.0%		

* Current Quarter Target = 49.2% Russell 3000 Index, 36.5% BC Aggregate Index, 12.3% MSCI EAFE Index and 2.0% 3-month Treasury Bill.



LONG TERM BALANCED FUND PERIOD ENDED SEPTEMBER 30, 2010

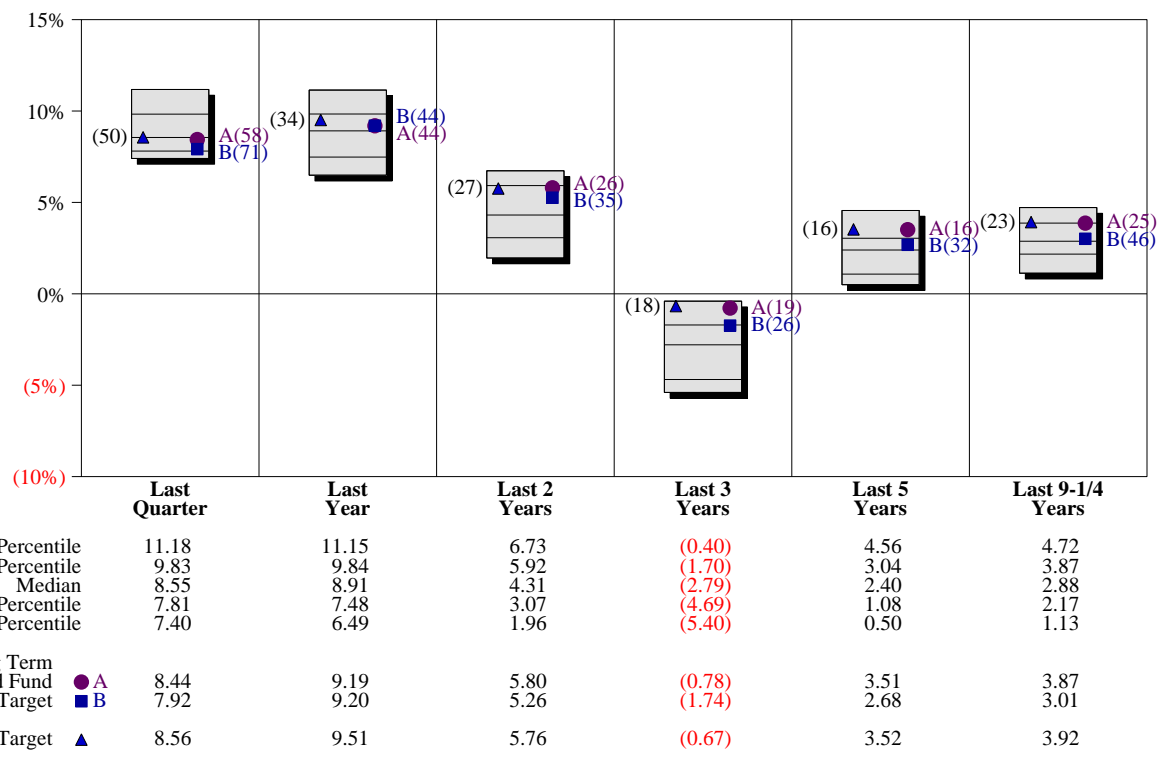
Investment Philosophy

Domestic Balanced Style mutual funds diversify their investments among common stocks, bonds, preferred stocks and money market securities within the U.S.

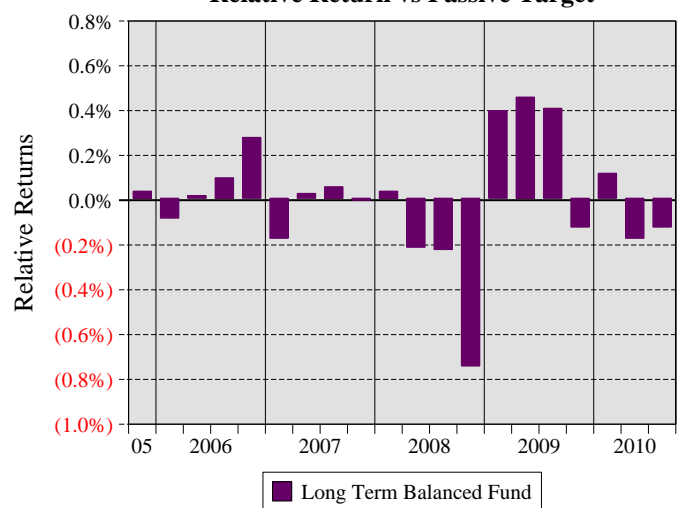
Quarterly Summary and Highlights

- Long Term Balanced Fund's portfolio posted a 8.44% return for the quarter placing it in the 58 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 44 percentile for the last year.
- Long Term Balanced Fund's portfolio underperformed the Passive Target by 0.12% for the quarter and underperformed the Passive Target for the year by 0.32%.

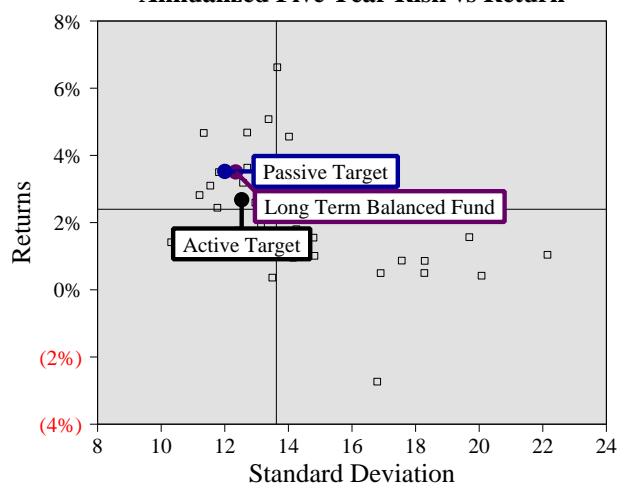
Performance vs CAI MF - Domestic Balanced Style (Net)



Relative Return vs Passive Target



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



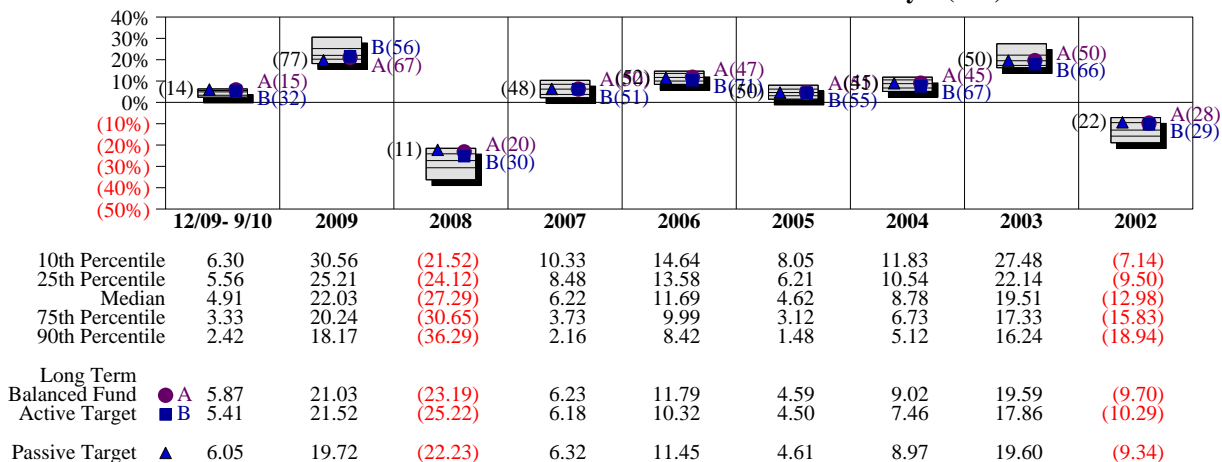


LONG TERM BALANCED FUND RETURN ANALYSIS SUMMARY

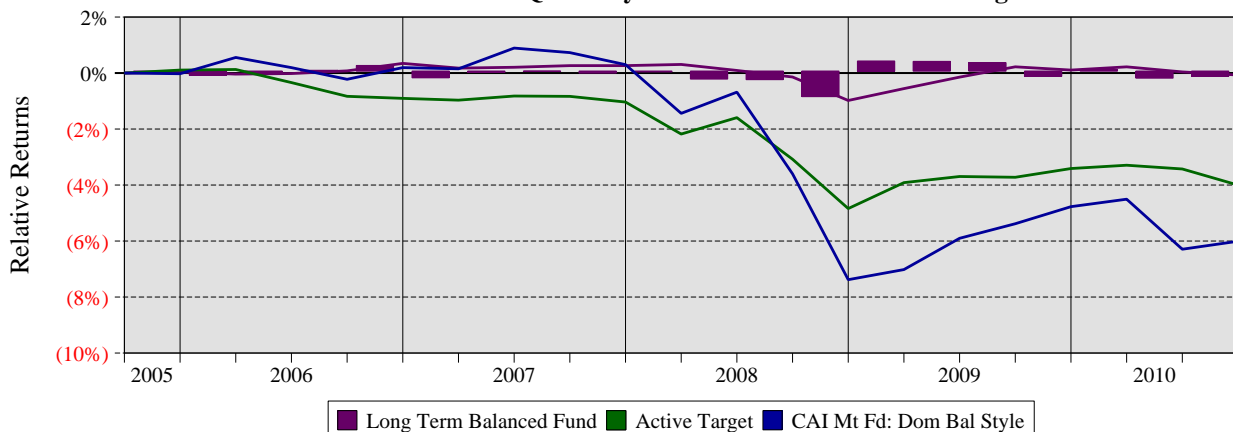
Return Analysis

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.

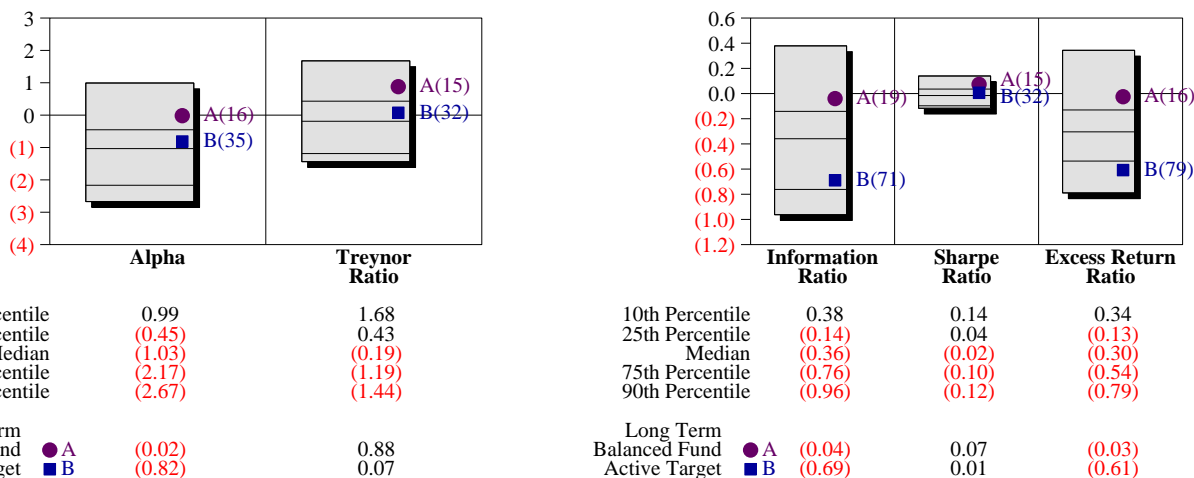
Performance vs CAI MF - Domestic Balanced Style (Net)



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 September 30, 2010



Target 2010 Fund

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	92.50%	92.18%
<u>Fixed-Income</u>		
Aggregate Bond	5.00%	5.09%
<u>Equity</u>		
US Equity	2.50%	2.73%
International Fund	0.00%	0.00%

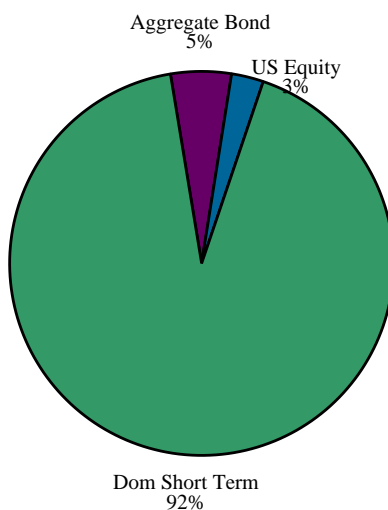
Objective

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.

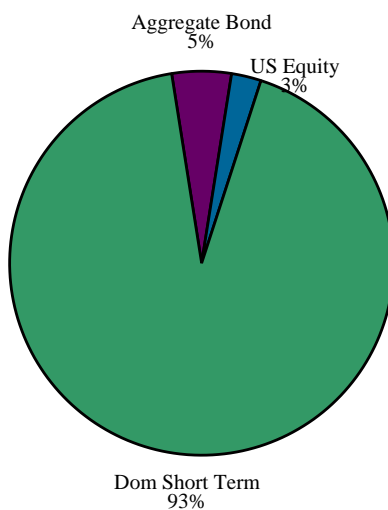
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



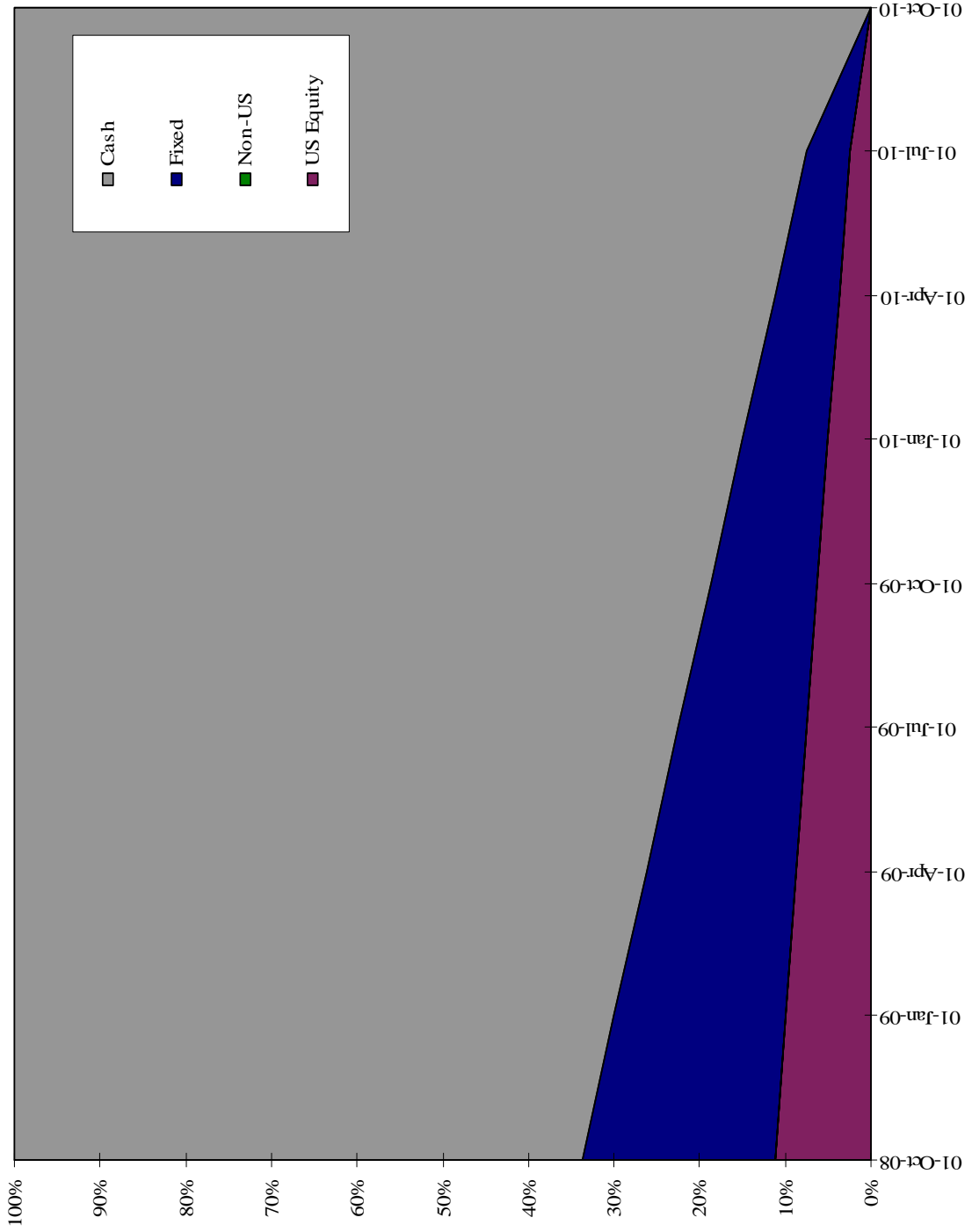
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	1,479	5.1%	5.0%	0.1%	26
US Equity	793	2.7%	2.5%	0.2%	67
Dom Short Term	26,779	92.2%	92.5%	(0.3%)	(93)
Total	29,050	100.0%	100.0%		

* Current Quarter Target = 92.5% 3-month Treasury Bill, 5.0% BC Aggregate Index and 2.5% Russell 3000 Index.

**Target 2010 Fund
Schedule of Benchmark Allocation Changes**

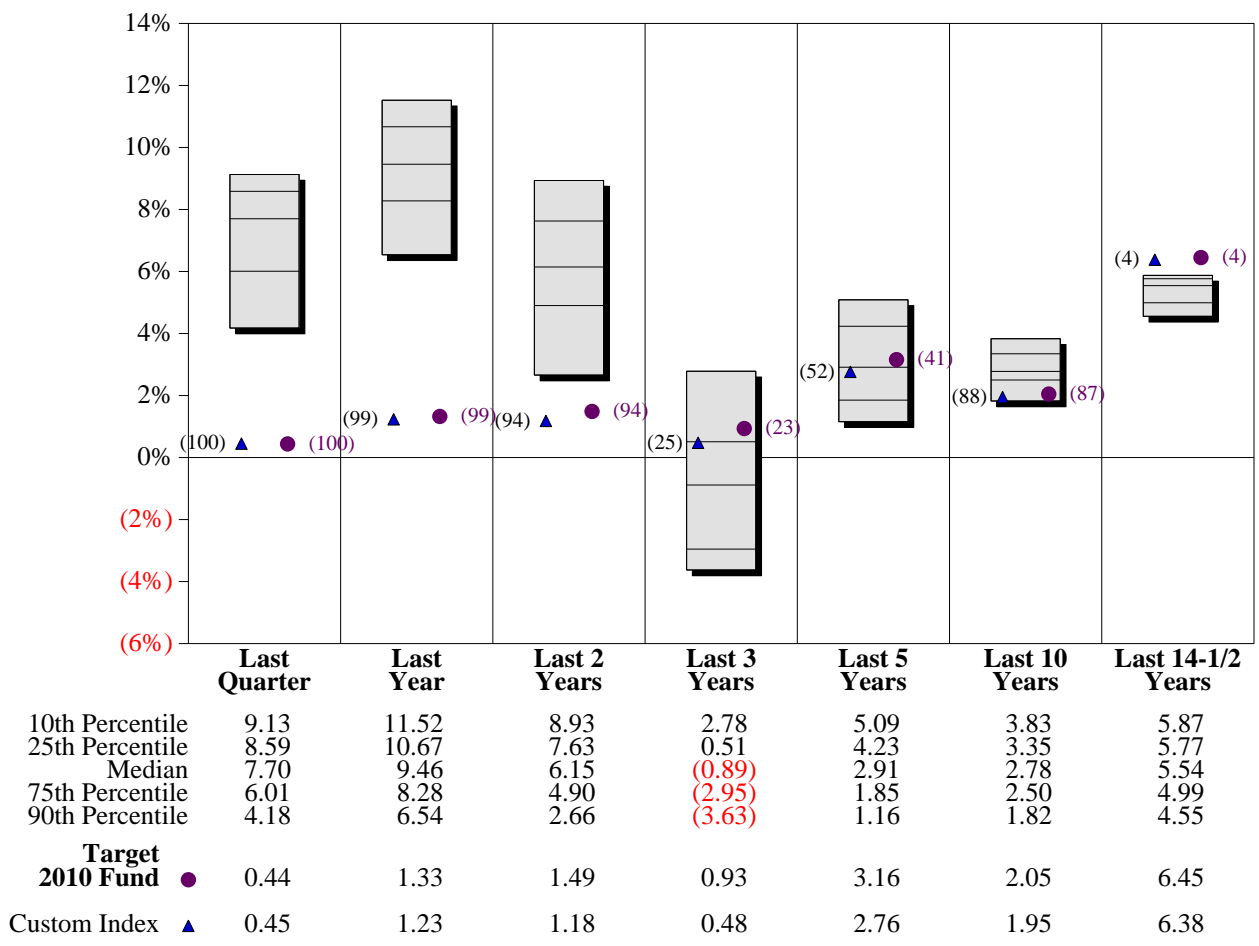




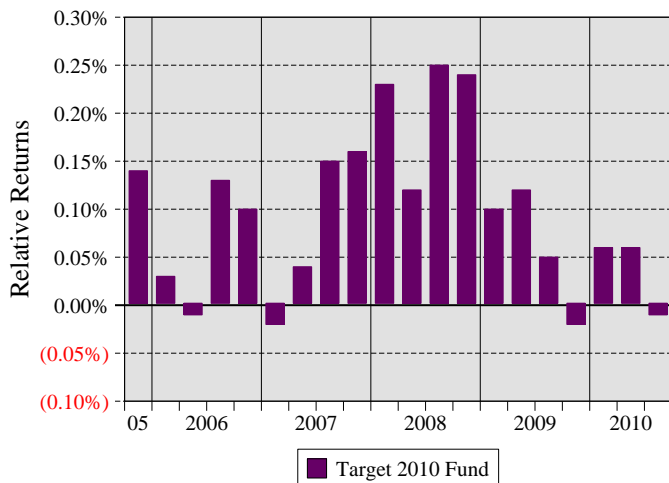
TARGET 2010 FUND PERIOD ENDED SEPTEMBER 30, 2010

- ### Quarterly Summary and Highlights
- Target 2010 Fund's portfolio posted a 0.44% return for the quarter placing it in the 100 percentile of the CAI Target Date 2010 group for the quarter and in the 99 percentile for the last year.
 - Target 2010 Fund's portfolio underperformed the Custom Index by 0.01% for the quarter and outperformed the Custom Index for the year by 0.09%.

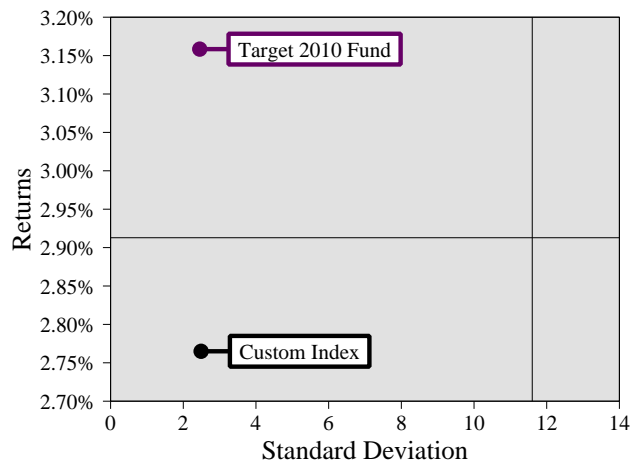
Performance vs CAI Target Date 2010 (Net)



Relative Return vs Custom Index



CAI Target Date 2010 (Net) Annualized Five Year Risk vs Return



Target 2010 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	9.50%	9.36%
<u>Fixed-Income</u>		
Aggregate Bond	35.00%	34.82%
<u>Equity</u>		
US Equity	44.50%	44.71%
International Fund	11.00%	11.11%

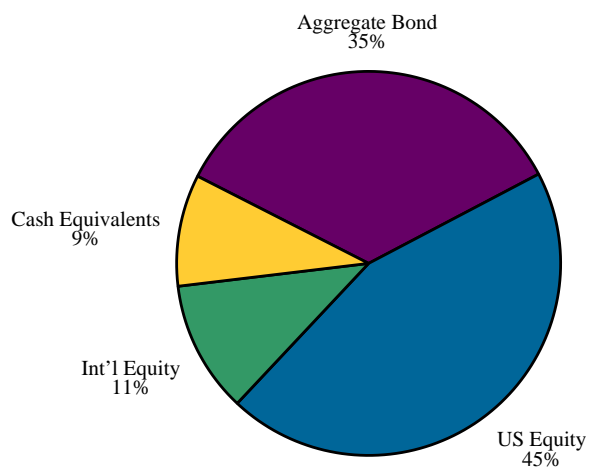
Objective

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.

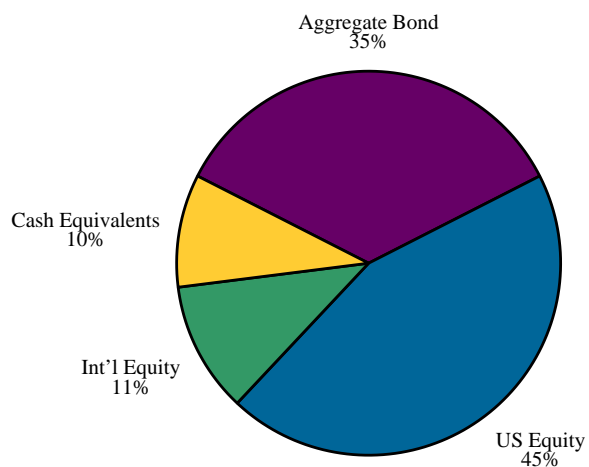
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



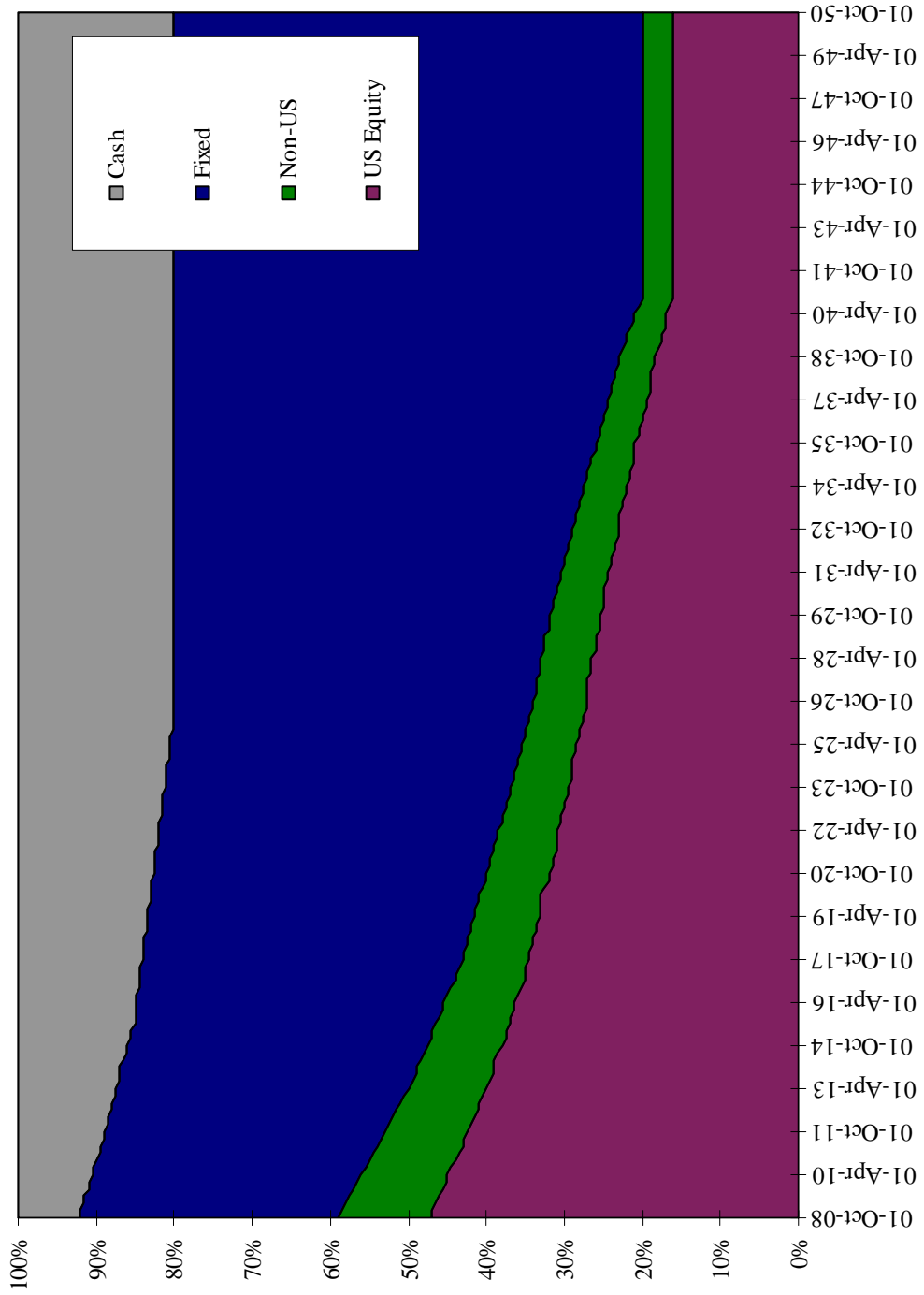
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	1,645	34.8%	35.0%	(0.2%)	(9)
US Equity	2,112	44.7%	44.5%	0.2%	10
Int'l Equity	525	11.1%	11.0%	0.1%	5
Cash Equivalents	442	9.4%	9.5%	(0.1%)	(7)
Total	4,724	100.0%	100.0%		

* Current Quarter Target = 44.5% Russell 3000 Index, 35.0% BC Aggregate Index, 11.0% MSCI EAFE Index and 9.5% 3-month Treasury Bill.

**Target 2010 Trust
Schedule of Benchmark Allocation Changes**

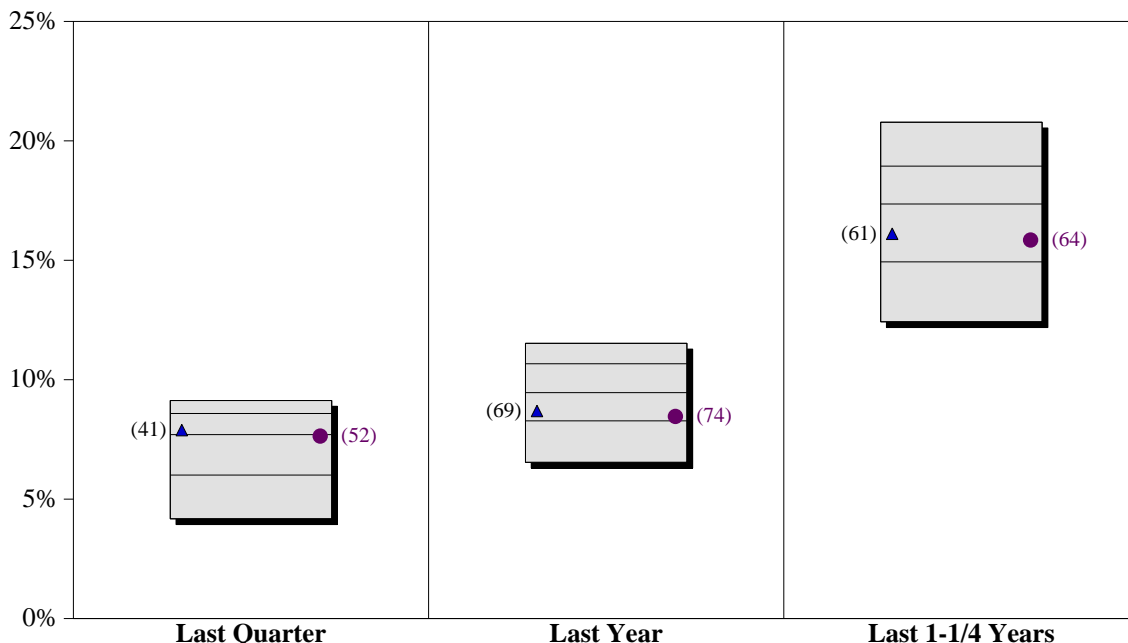


TARGET 2010 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

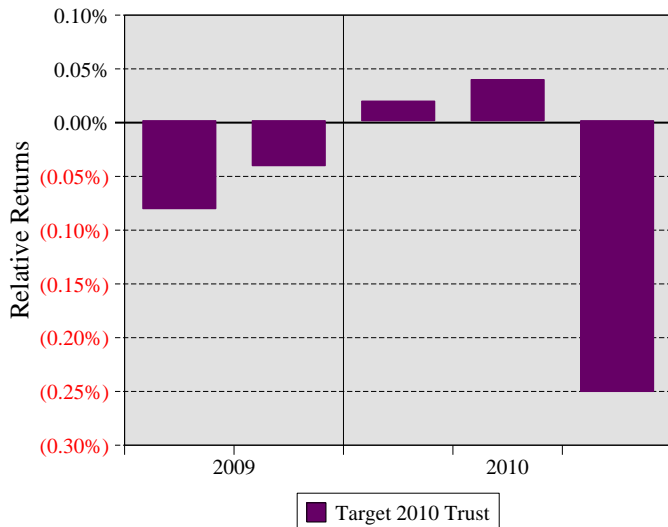
- Target 2010 Trust's portfolio posted a 7.64% return for the quarter placing it in the 52 percentile of the CAI Target Date 2010 group for the quarter and in the 74 percentile for the last year.
- Target 2010 Trust's portfolio underperformed the Custom Index by 0.25% for the quarter and underperformed the Custom Index for the year by 0.23%.

Performance vs CAI Target Date 2010 (Net)

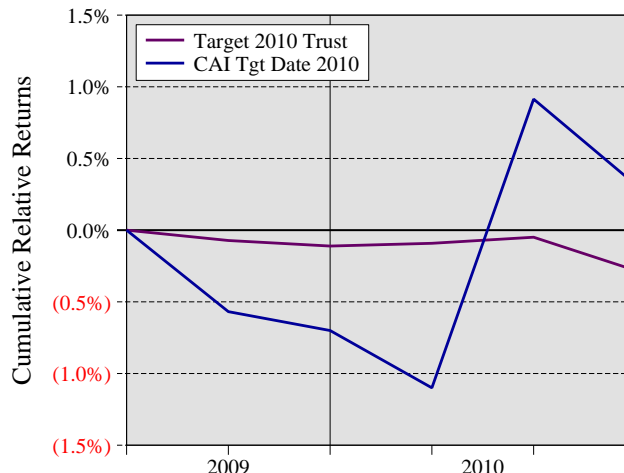


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	9.13	11.52	20.78
25th Percentile	8.59	10.67	18.94
Median	7.70	9.46	17.36
75th Percentile	6.01	8.28	14.93
90th Percentile	4.18	6.54	12.42
Target 2010 Trust ●	7.64	8.46	15.85
Custom Index ▲	7.89	8.69	16.11

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2015 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	5.50%	5.41%
<u>Fixed-Income</u>		
Aggregate Bond	30.00%	29.80%
<u>Equity</u>		
US Equity	51.50%	51.69%
International Fund	13.00%	13.11%

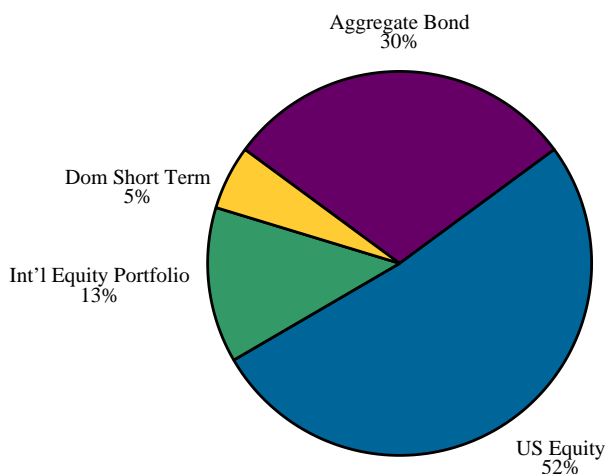
Objective

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.

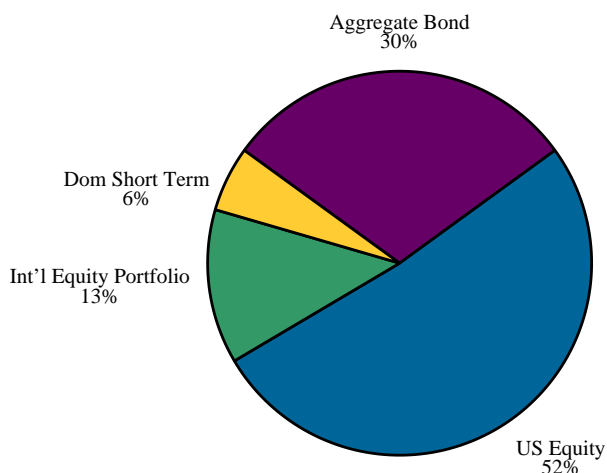
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



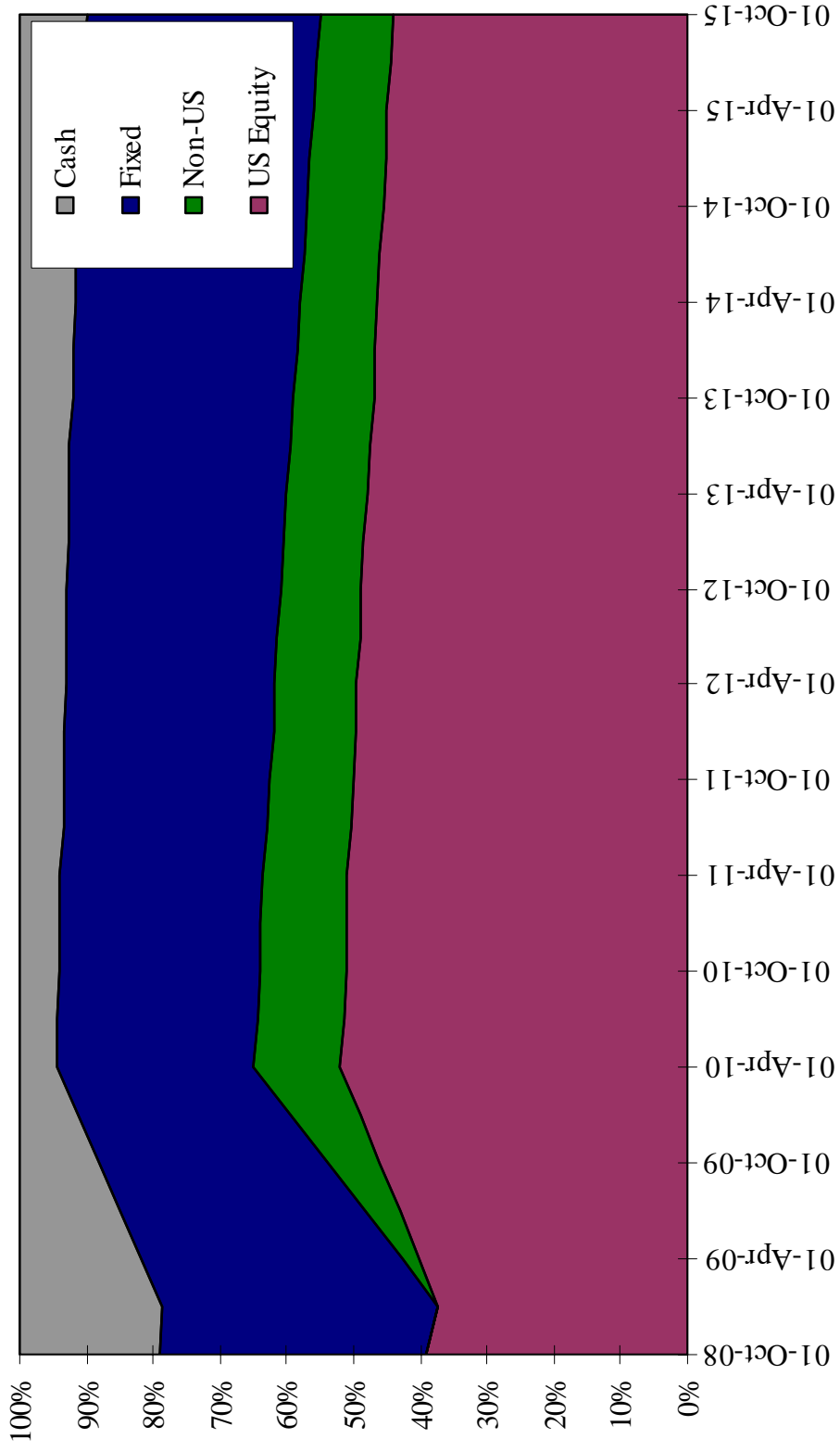
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	24,601	29.8%	30.0%	(0.2%)	(165)
US Equity	42,672	51.7%	51.5%	0.2%	157
Int'l Equity Portfolio	10,823	13.1%	13.0%	0.1%	91
Dom Short Term	4,458	5.4%	5.5%	(0.1%)	(83)
Total	82,553	100.0%	100.0%		

* Current Quarter Target = 51.5% Russell 3000 Index, 30.0% BC Aggregate Index, 13.0% MSCI EAFE Index and 5.5% 3-month Treasury Bill.

**Target 2015 Trust
Schedule of Benchmark Allocation Changes**



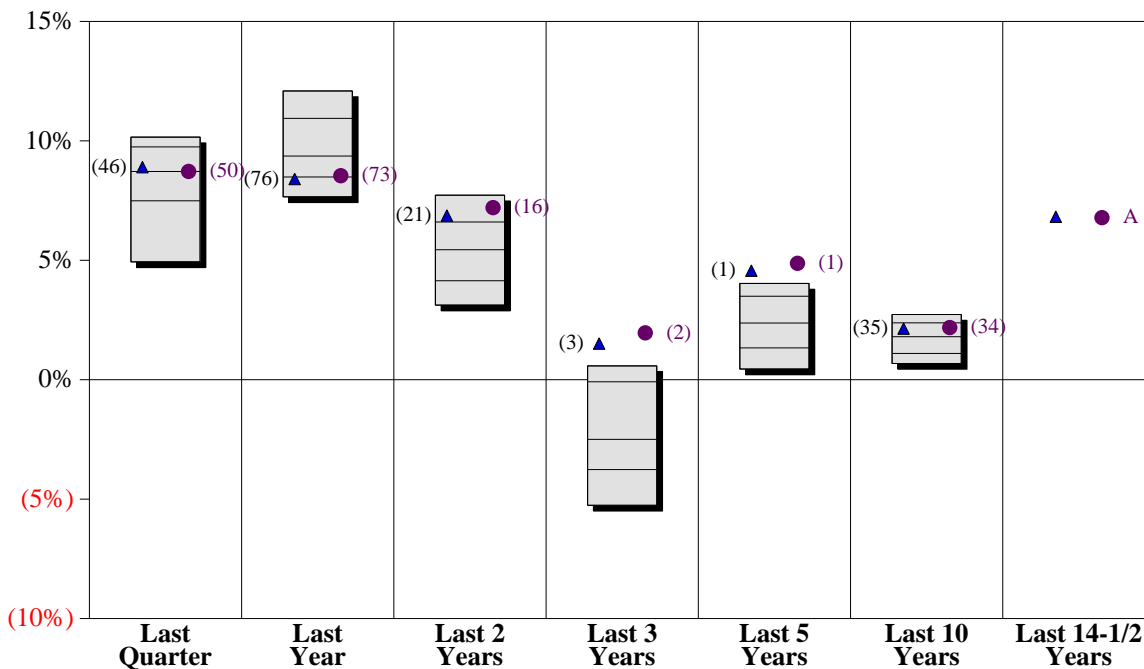


TARGET 2015 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

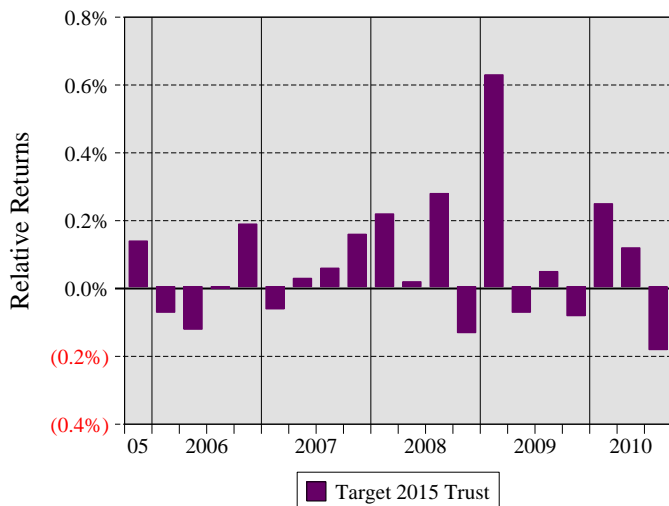
- Target 2015 Trust's portfolio posted a 8.72% return for the quarter placing it in the 50 percentile of the CAI Target Date 2015 group for the quarter and in the 73 percentile for the last year.
- Target 2015 Trust's portfolio underperformed the Custom Index by 0.18% for the quarter and outperformed the Custom Index for the year by 0.14%.

Performance vs CAI Target Date 2015 (Net)

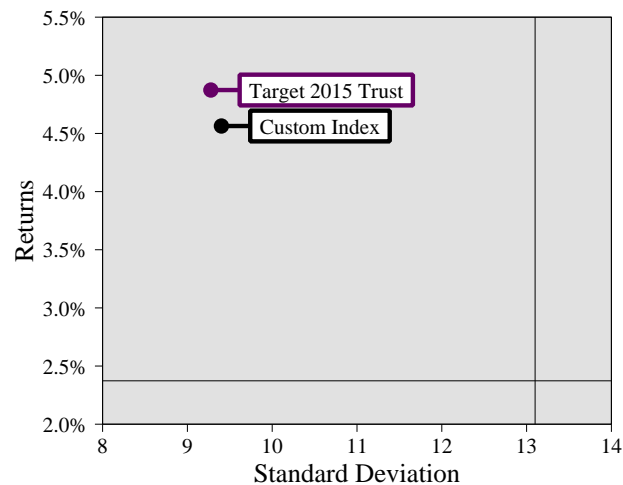


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 14-1/2 Years
10th Percentile	10.16	12.09	7.72	0.58	4.03	2.73	-
25th Percentile	9.75	10.94	6.60	(0.09)	3.50	2.38	-
Median	8.72	9.36	5.44	(2.50)	2.37	1.80	-
75th Percentile	7.49	8.49	4.14	(3.76)	1.33	1.10	-
90th Percentile	4.93	7.66	3.12	(5.26)	0.45	0.68	-
Target 2015 Trust ●	8.72	8.54	7.21	1.96	4.87	2.18	6.79
Custom Index ▲	8.90	8.40	6.87	1.51	4.56	2.14	6.82

Relative Return vs Custom Index



CAI Target Date 2015 (Net) Annualized Five Year Risk vs Return



Target 2020 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	2.50%	2.45%
<u>Fixed-Income</u>		
Aggregate Bond	25.00%	24.81%
<u>Equity</u>		
US Equity	58.00%	58.15%
International Fund	14.50%	14.60%

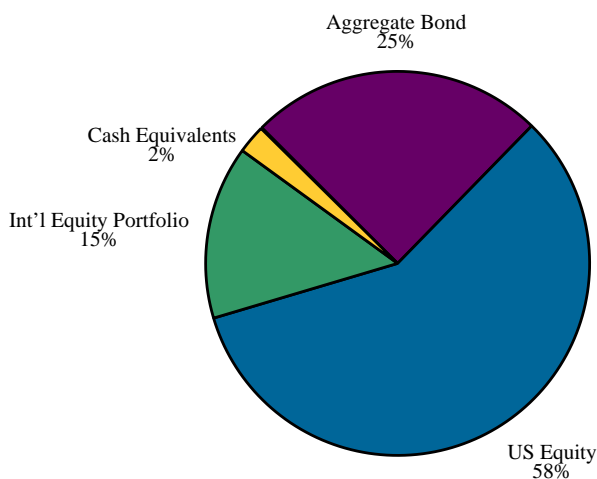
Objective

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.

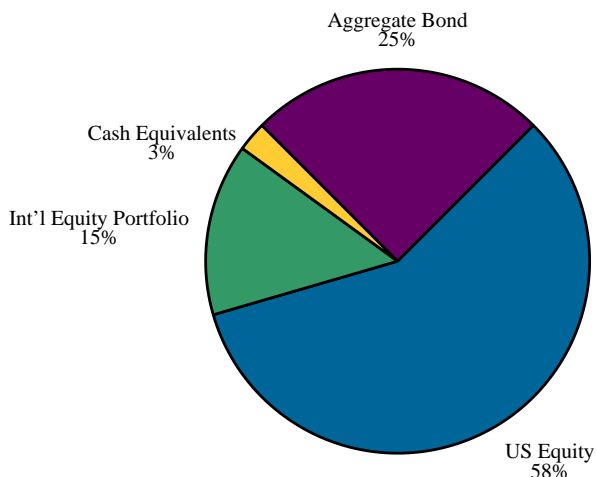
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



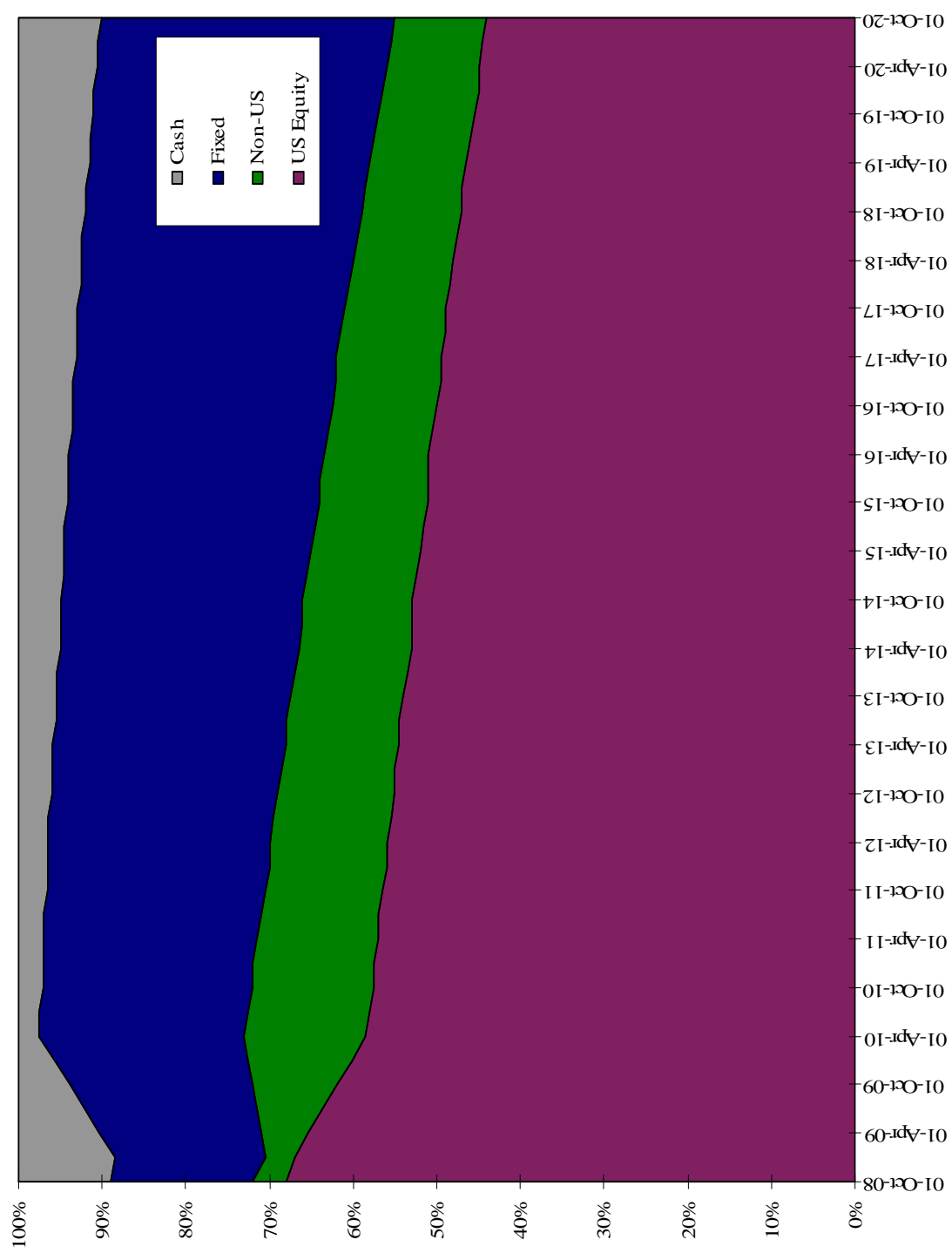
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	7,605	24.8%	25.0%	(0.2%)	(58)
US Equity	17,825	58.1%	58.0%	0.2%	46
Int'l Equity Portfolio	4,475	14.6%	14.5%	0.1%	31
Cash Equivalents	748	2.4%	2.5%	(0.1%)	(18)
Total	30,653	100.0%	100.0%		

* Current Quarter Target = 58.0% Russell 3000 Index, 25.0% BC Aggregate Index, 14.5% MSCI EAFE Index and 2.5% 3-month Treasury Bill.

**Target 2020 Trust
Schedule of Benchmark Allocation Changes**



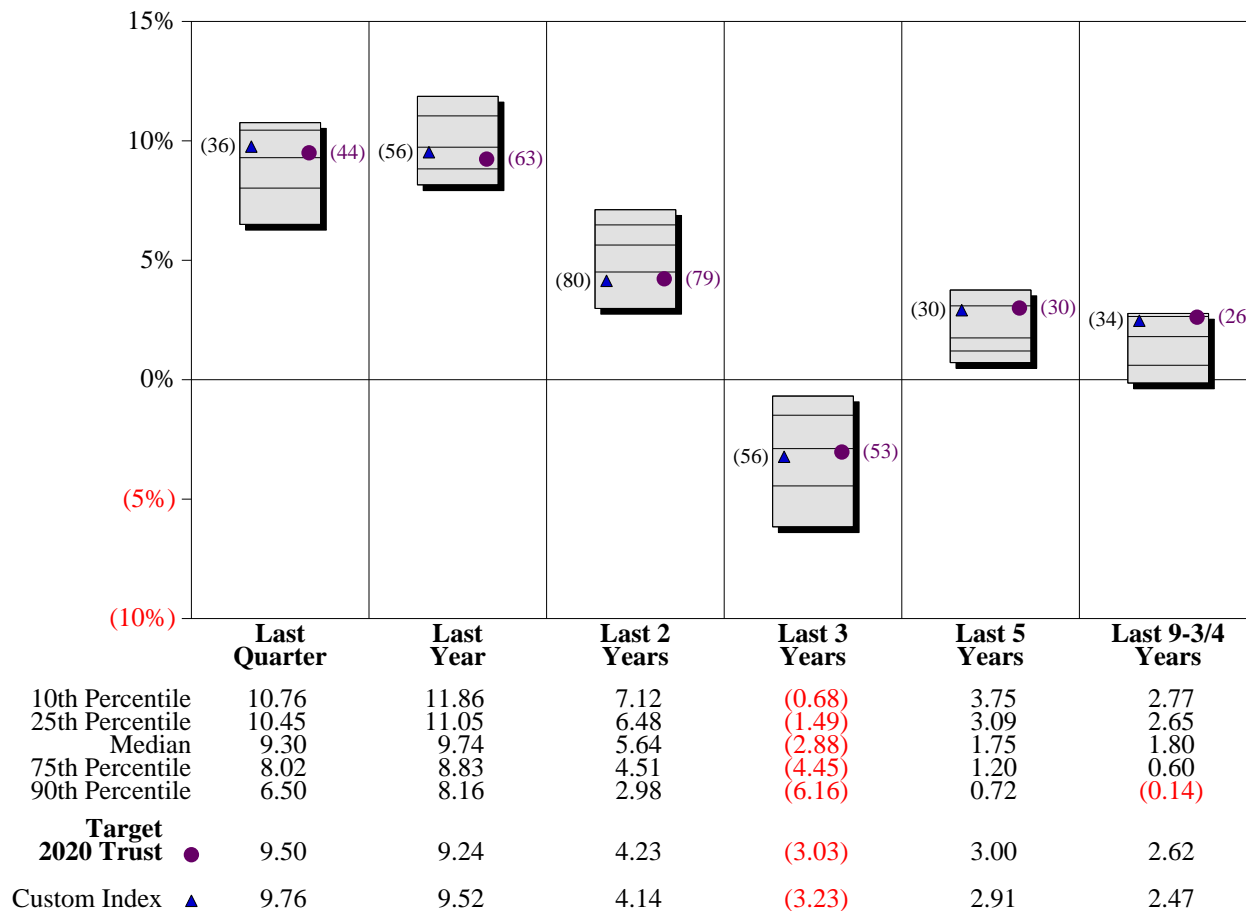


TARGET 2020 TRUST PERIOD ENDED SEPTEMBER 30, 2010

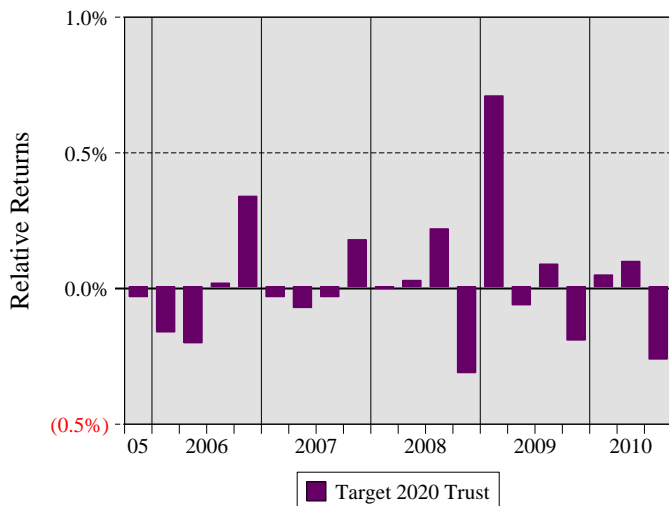
Quarterly Summary and Highlights

- Target 2020 Trust's portfolio posted a 9.50% return for the quarter placing it in the 44 percentile of the CAI Target Date 2020 group for the quarter and in the 63 percentile for the last year.
- Target 2020 Trust's portfolio underperformed the Custom Index by 0.26% for the quarter and underperformed the Custom Index for the year by 0.29%.

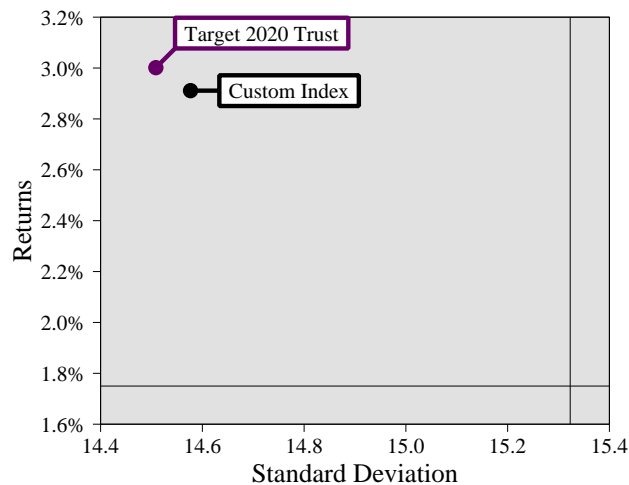
Performance vs CAI Target Date 2020 (Net)



Relative Return vs Custom Index



CAI Target Date 2020 (Net) Annualized Five Year Risk vs Return



Target 2025 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.50%	0.48%
<u>Fixed-Income</u>		
Aggregate Bond	20.00%	19.82%
<u>Equity</u>		
US Equity	63.50%	63.61%
International Fund	16.00%	16.09%

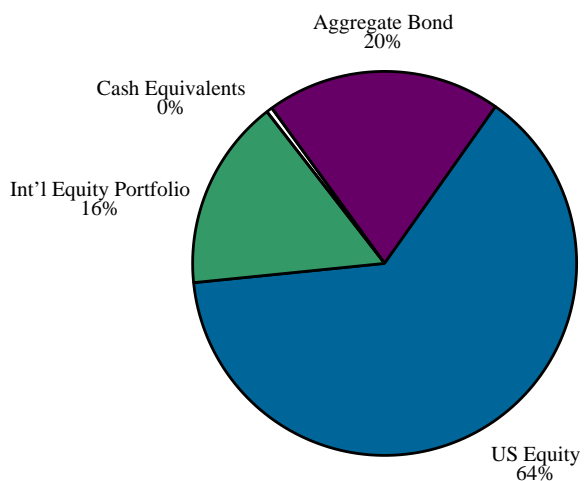
Objective

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.

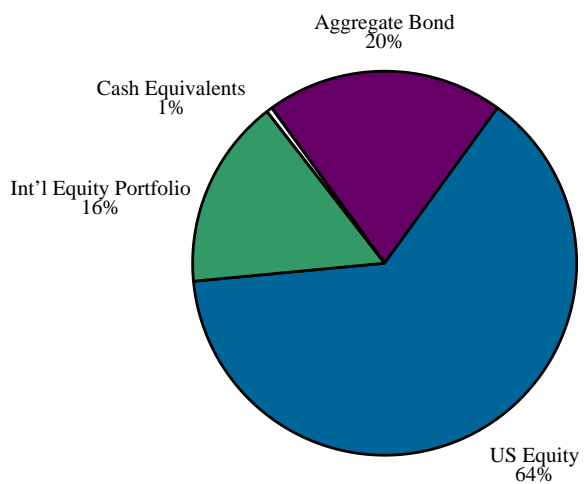
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



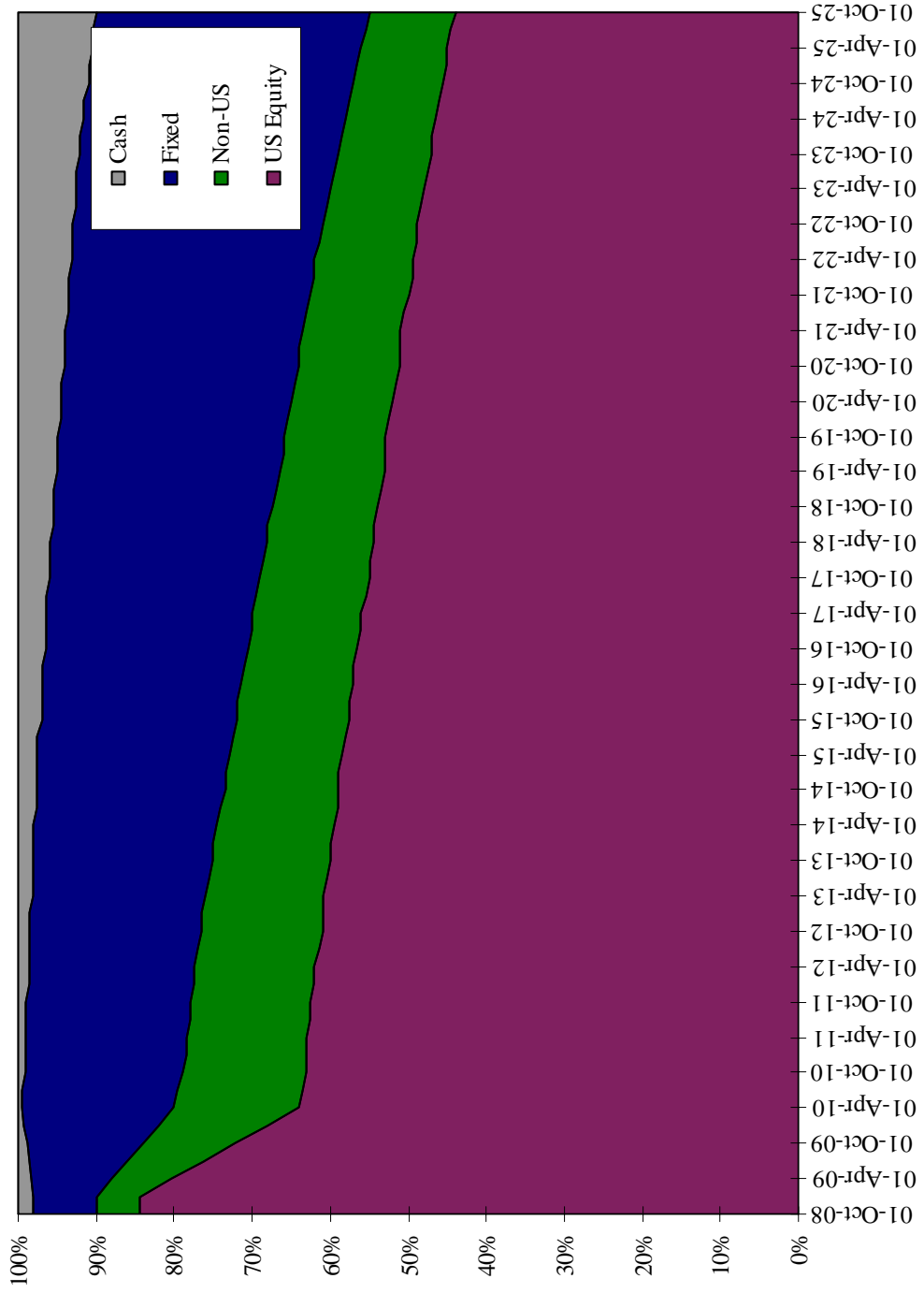
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	2,883	19.8%	20.0%	(0.2%)	(26)
US Equity	9,252	63.6%	63.5%	0.1%	16
Int'l Equity Portfolio	2,340	16.1%	16.0%	0.1%	13
Cash Equivalents	70	0.5%	0.5%	0.0%	(3)
Total	14,544	100.0%	100.0%		

* Current Quarter Target = 63.5% Russell 3000 Index, 20.0% BC Aggregate Index, 16.0% MSCI EAFE Index and 0.5% 3-month Treasury Bill.

Target 2025 Trust Schedule of Benchmark Allocation Changes

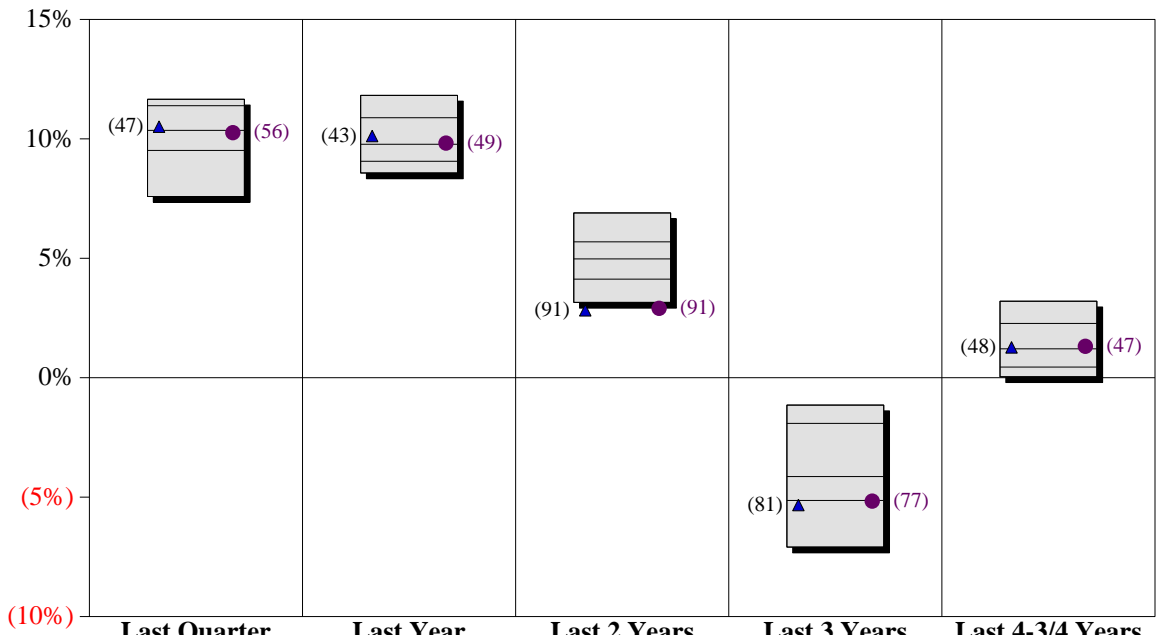




TARGET 2025 TRUST PERIOD ENDED SEPTEMBER 30, 2010

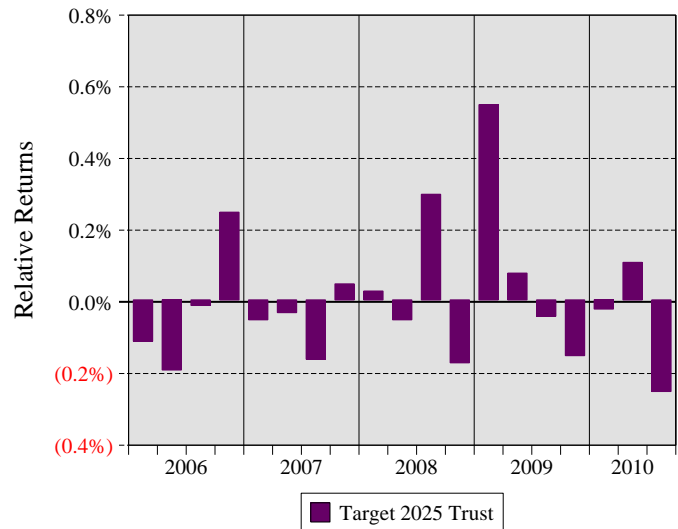
- ### Quarterly Summary and Highlights
- Target 2025 Trust's portfolio posted a 10.26% return for the quarter placing it in the 56 percentile of the CAI Target Date 2025 group for the quarter and in the 49 percentile for the last year.
 - Target 2025 Trust's portfolio underperformed the Custom Index by 0.25% for the quarter and underperformed the Custom Index for the year by 0.30%.

Performance vs CAI Target Date 2025 (Net)

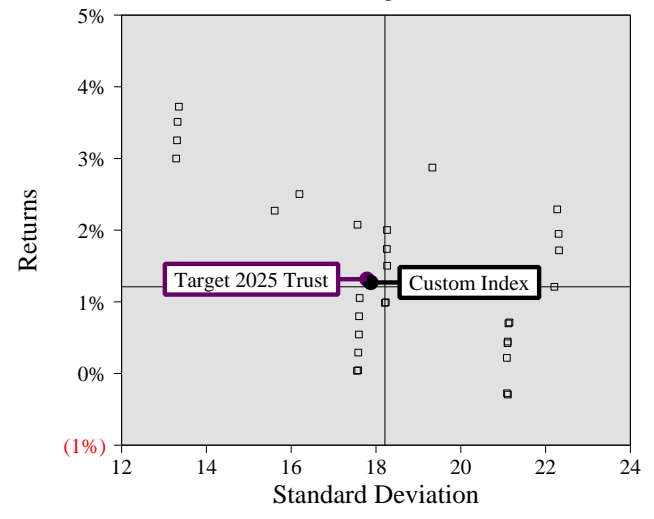


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	11.66	11.82	6.90	(1.15)	3.20
25th Percentile	11.39	10.88	5.69	(1.91)	2.27
Median	10.36	9.77	4.97	(4.14)	1.21
75th Percentile	9.52	9.06	4.13	(5.14)	0.45
90th Percentile	7.59	8.57	3.15	(7.09)	0.04
Target 2025 Trust ●	10.26	9.82	2.91	(5.17)	1.32
Custom Index ▲	10.51	10.12	2.82	(5.33)	1.27

Relative Return vs Custom Index



CAI Target Date 2025 (Net) Annualized Four and Three-Quarter Year Risk vs Return



Target 2030 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	15.00%	14.84%
<u>Equity</u>		
US Equity	68.00%	68.07%
International Fund	17.00%	17.09%

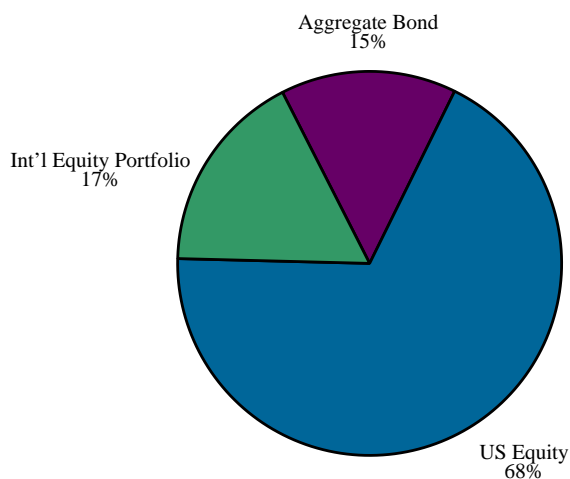
Objective

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.

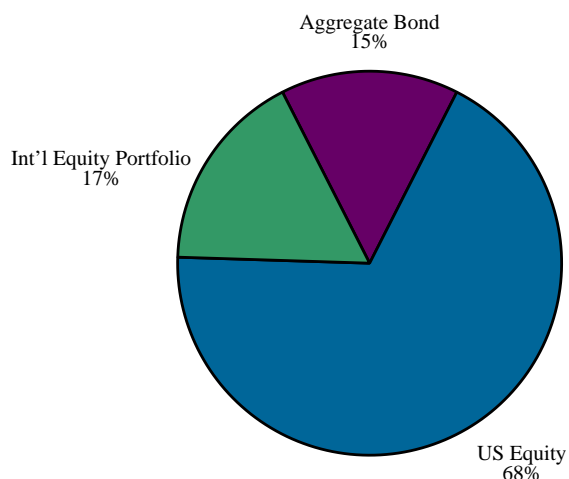
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



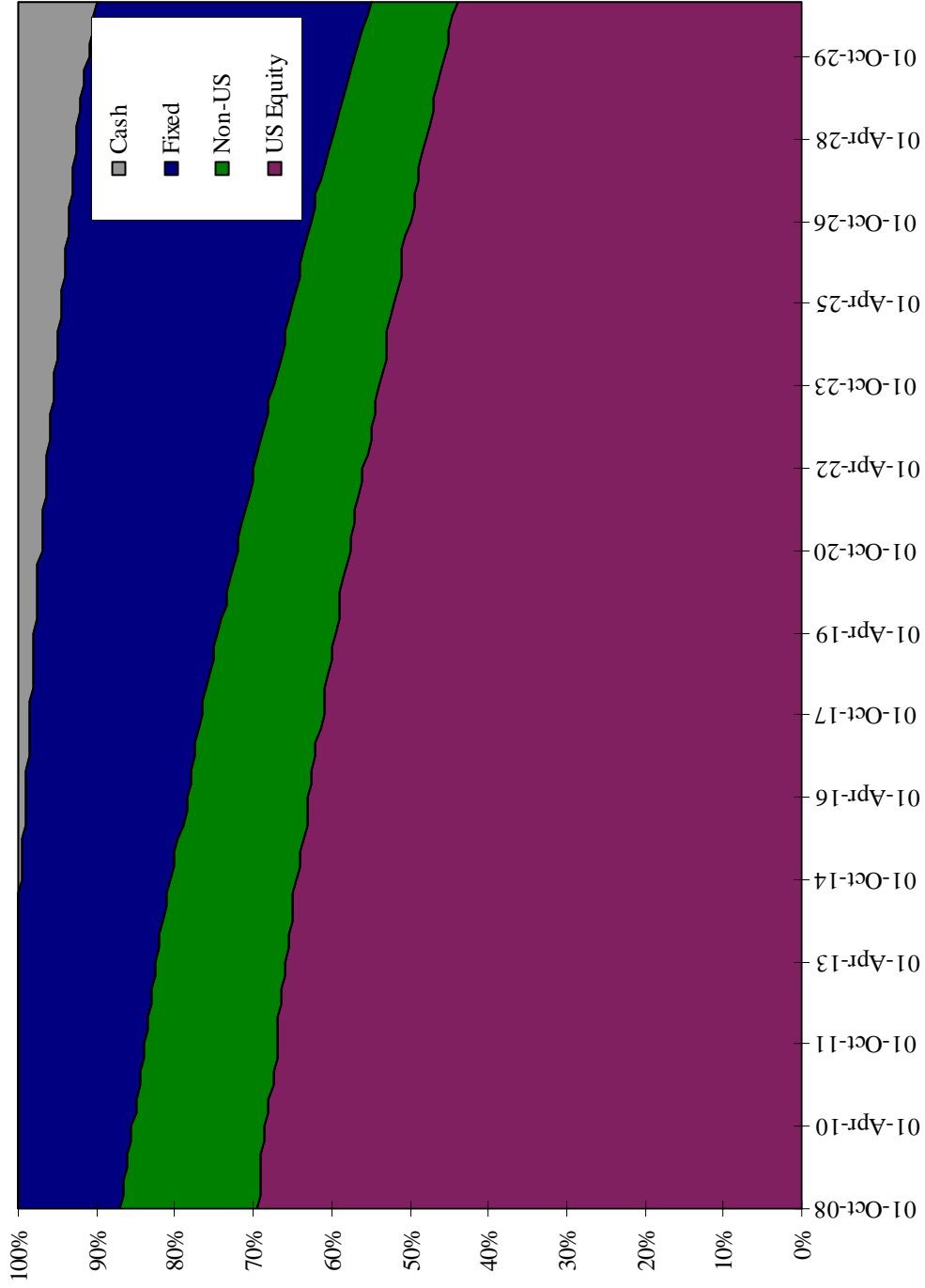
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	683	14.8%	15.0%	(0.2%)	(7)
US Equity	3,135	68.1%	68.0%	0.1%	3
Int'l Equity Portfolio	787	17.1%	17.0%	0.1%	4
Total	4,605	100.0%	100.0%		

* Current Quarter Target = 68.0% Russell 3000 Index, 17.0% MSCI EAFE Index and 15.0% BC Aggregate Index.

Target 2030 Trust Schedule of Benchmark Allocation Changes



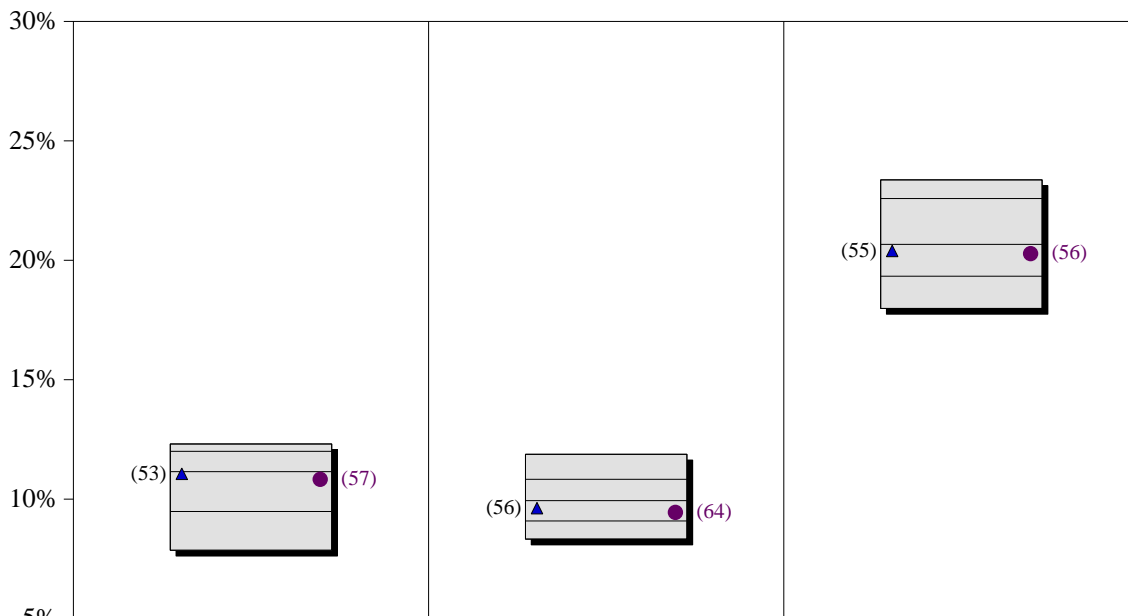


TARGET 2030 TRUST PERIOD ENDED SEPTEMBER 30, 2010

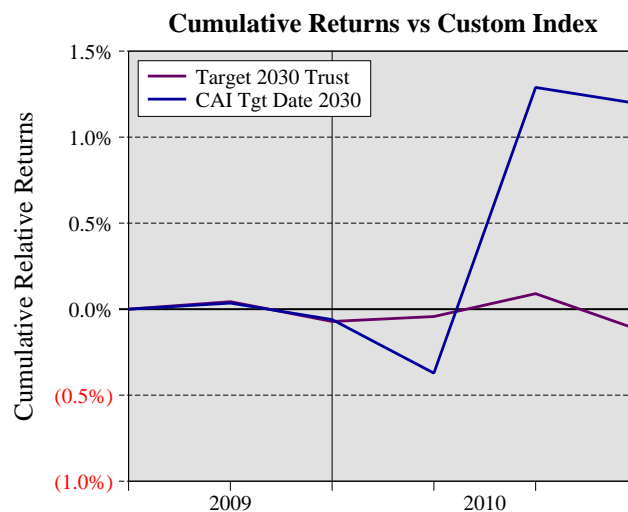
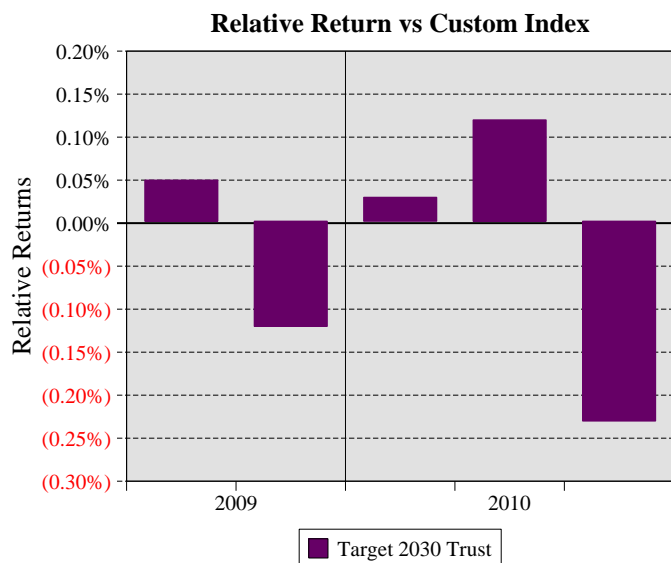
Quarterly Summary and Highlights

- Target 2030 Trust's portfolio posted a 10.83% return for the quarter placing it in the 57 percentile of the CAI Target Date 2030 group for the quarter and in the 64 percentile for the last year.
- Target 2030 Trust's portfolio underperformed the Custom Index by 0.23% for the quarter and underperformed the Custom Index for the year by 0.18%.

Performance vs CAI Target Date 2030 (Net)



	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	12.31	11.88	23.37
25th Percentile	12.00	10.83	22.59
Median	11.15	9.94	20.67
75th Percentile	9.48	9.09	19.33
90th Percentile	7.86	8.33	17.98
Target 2030 Trust ●	10.83	9.45	20.28
Custom Index ▲	11.06	9.62	20.39



Target 2035 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	9.87%
<u>Equity</u>		
US Equity	72.00%	71.99%
International Fund	18.00%	18.14%

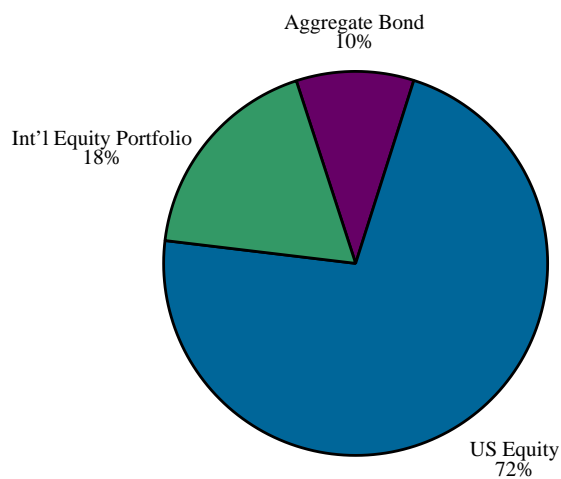
Objective

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.

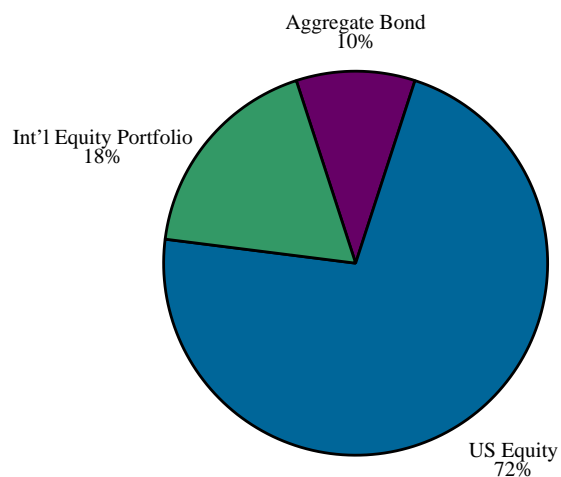
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



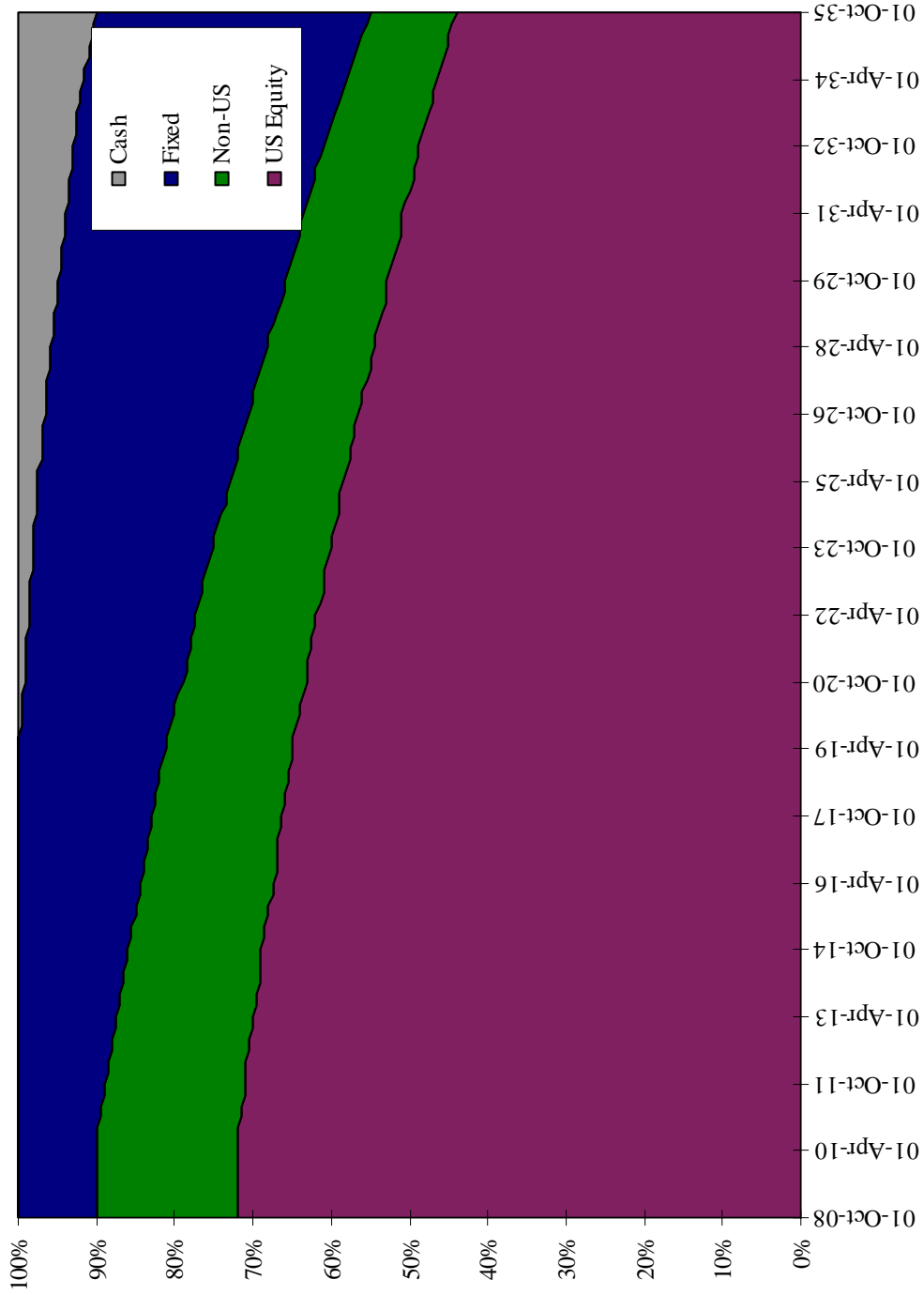
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	564	9.9%	10.0%	(0.1%)	(7)
US Equity	4,117	72.0%	72.0%	0.0%	(1)
Int'l Equity Portfolio	1,037	18.1%	18.0%	0.1%	8
Total	5,719	100.0%	100.0%		

* 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

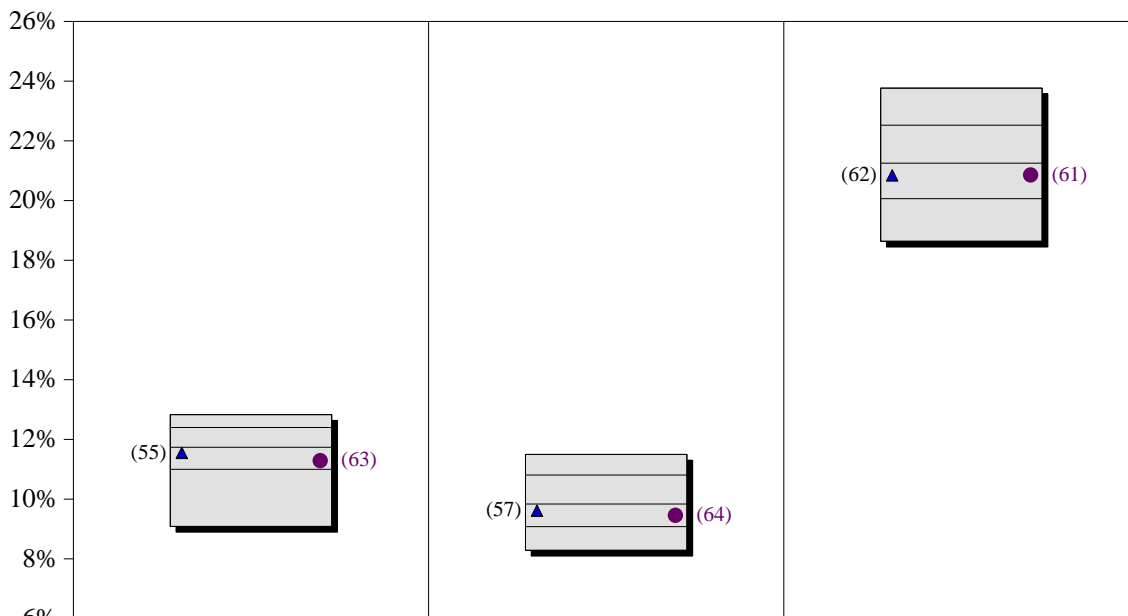


TARGET 2035 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

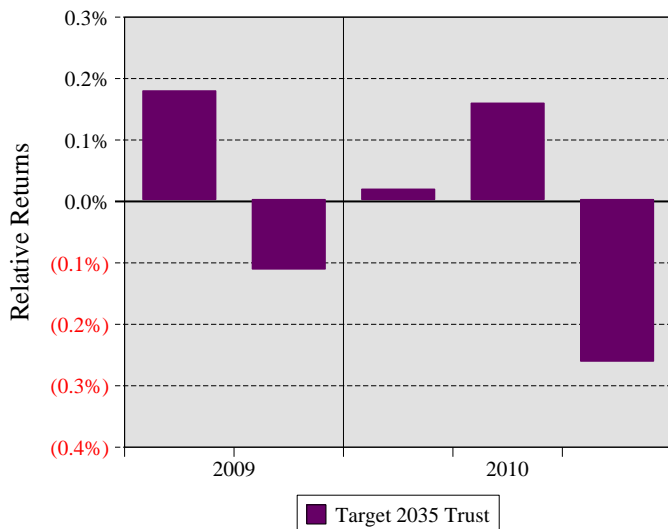
- Target 2035 Trust's portfolio posted a 11.29% return for the quarter placing it in the 63 percentile of the CAI Target Date 2035 group for the quarter and in the 64 percentile for the last year.
- Target 2035 Trust's portfolio underperformed the Custom Index by 0.26% for the quarter and underperformed the Custom Index for the year by 0.15%.

Performance vs CAI Target Date 2035 (Net)

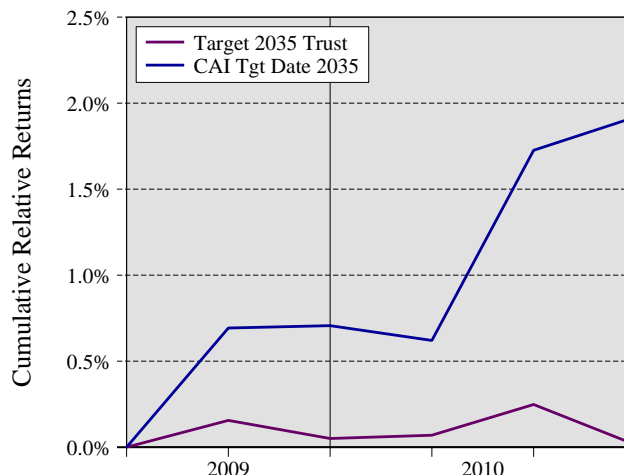


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	12.83	11.50	23.77
25th Percentile	12.40	10.81	22.52
Median	11.74	9.84	21.25
75th Percentile	11.00	9.08	20.06
90th Percentile	9.09	8.29	18.64
Target 2035 Trust ●	11.29	9.46	20.86
Custom Index ▲	11.55	9.61	20.84

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2040 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	9.88%
<u>Equity</u>		
US Equity	72.00%	72.01%
International Fund	18.00%	18.11%

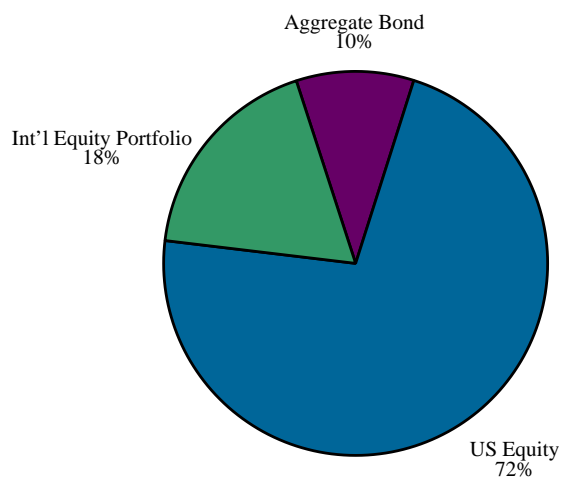
Objective

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.

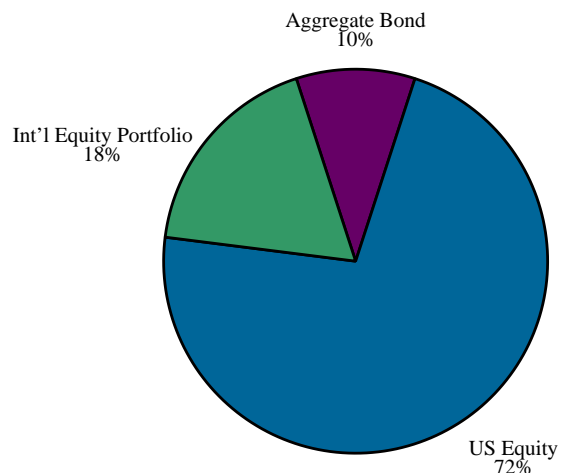
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



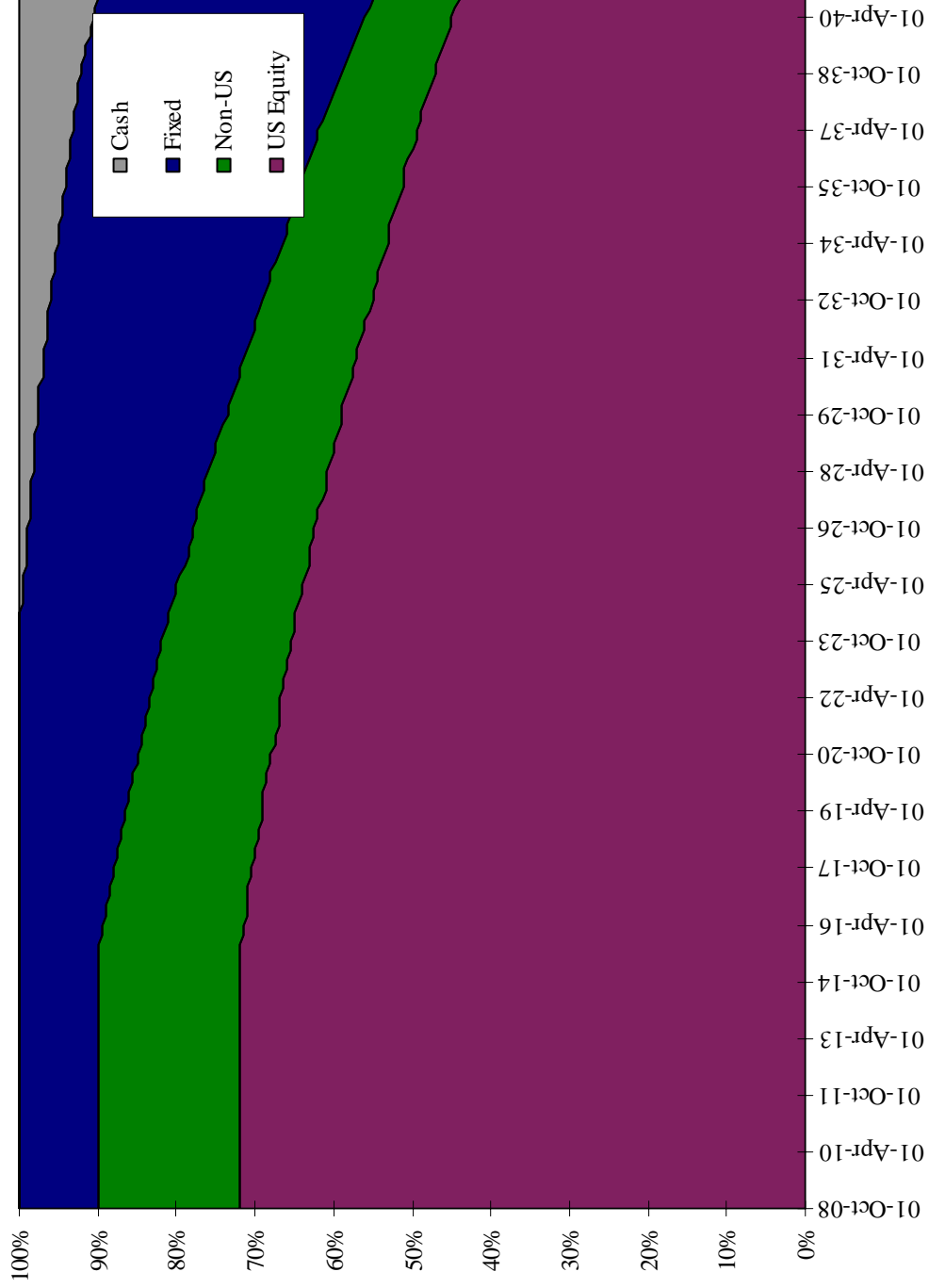
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	613	9.9%	10.0%	(0.1%)	(7)
US Equity	4,465	72.0%	72.0%	0.0%	1
Int'l Equity Portfolio	1,123	18.1%	18.0%	0.1%	7
Total	6,201	100.0%	100.0%		

* 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

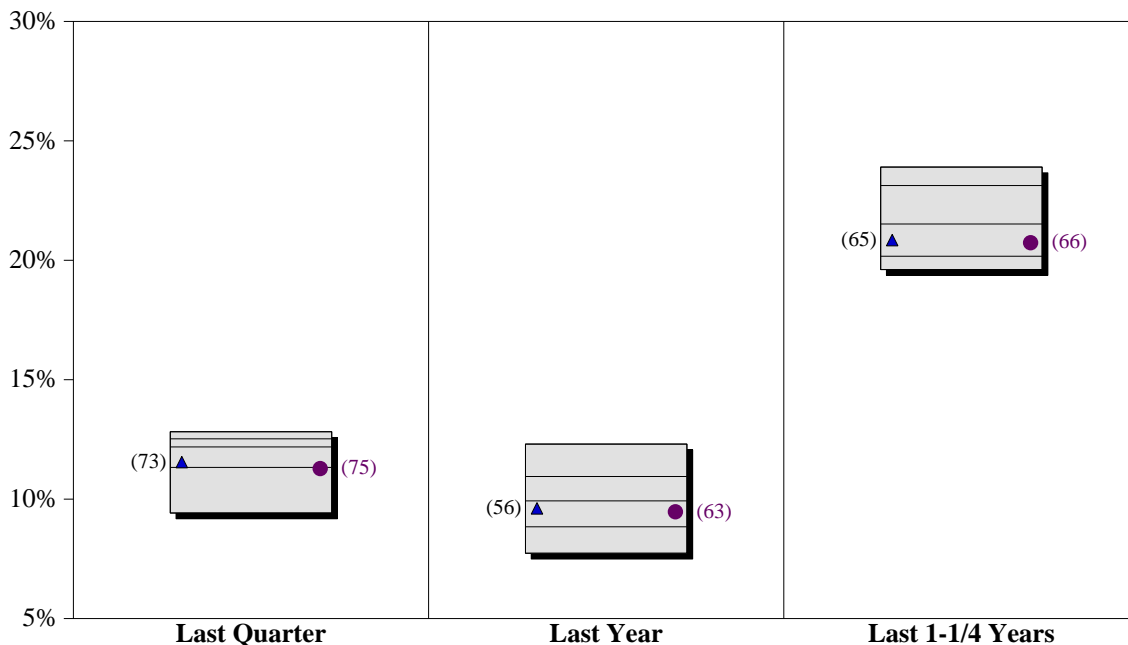


TARGET 2040 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

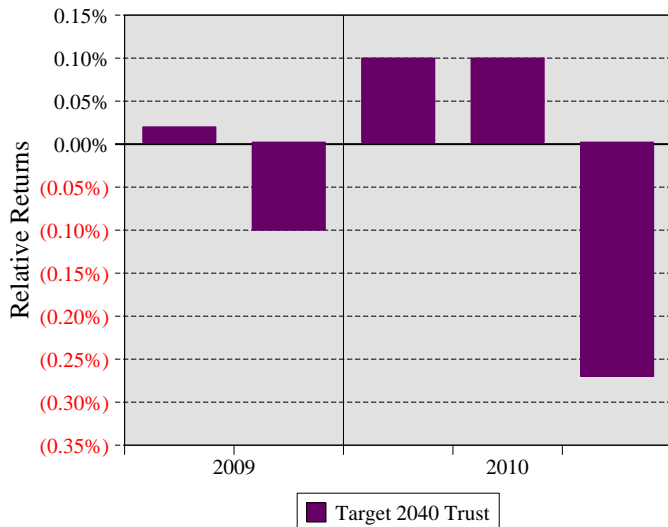
- Target 2040 Trust's portfolio posted a 11.28% return for the quarter placing it in the 75 percentile of the CAI Target Date 2040 group for the quarter and in the 63 percentile for the last year.
- Target 2040 Trust's portfolio underperformed the Custom Index by 0.27% for the quarter and underperformed the Custom Index for the year by 0.14%.

Performance vs CAI Target Date 2040 (Net)

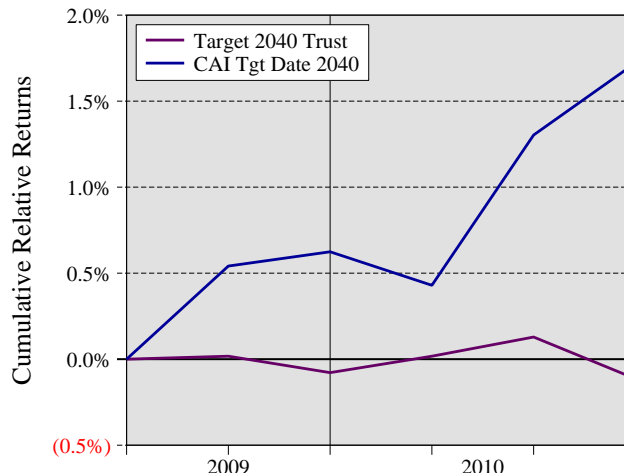


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	12.82	12.31	23.90
25th Percentile	12.52	10.95	23.13
Median	12.19	9.93	21.52
75th Percentile	11.33	8.84	20.17
90th Percentile	9.42	7.73	19.61
Target 2040 Trust ●	11.28	9.47	20.74
Custom Index ▲	11.55	9.61	20.84

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2045 Trust*Asset Allocation*

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	9.88%
<u>Equity</u>		
US Equity	72.00%	72.02%
International Fund	18.00%	18.10%

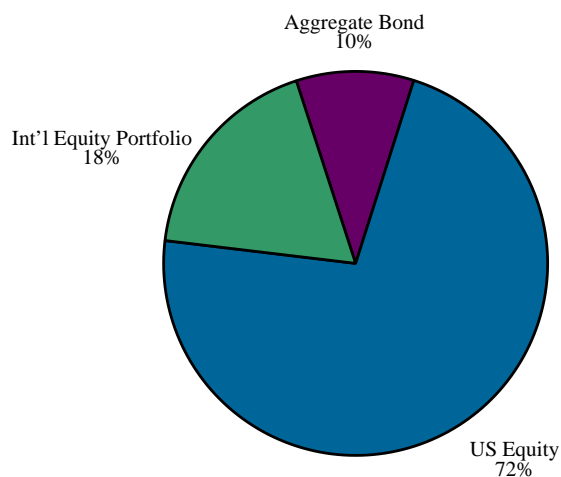
Objective

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.

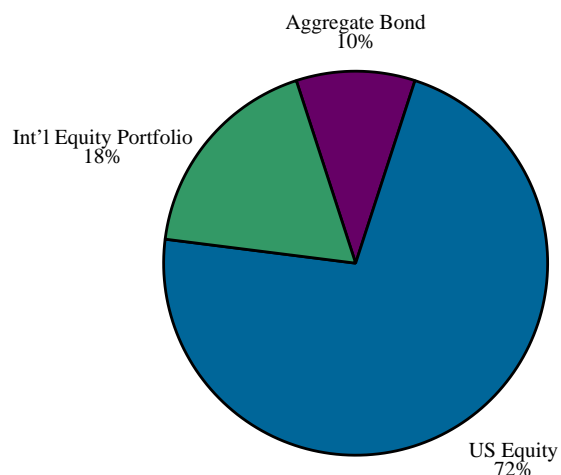
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



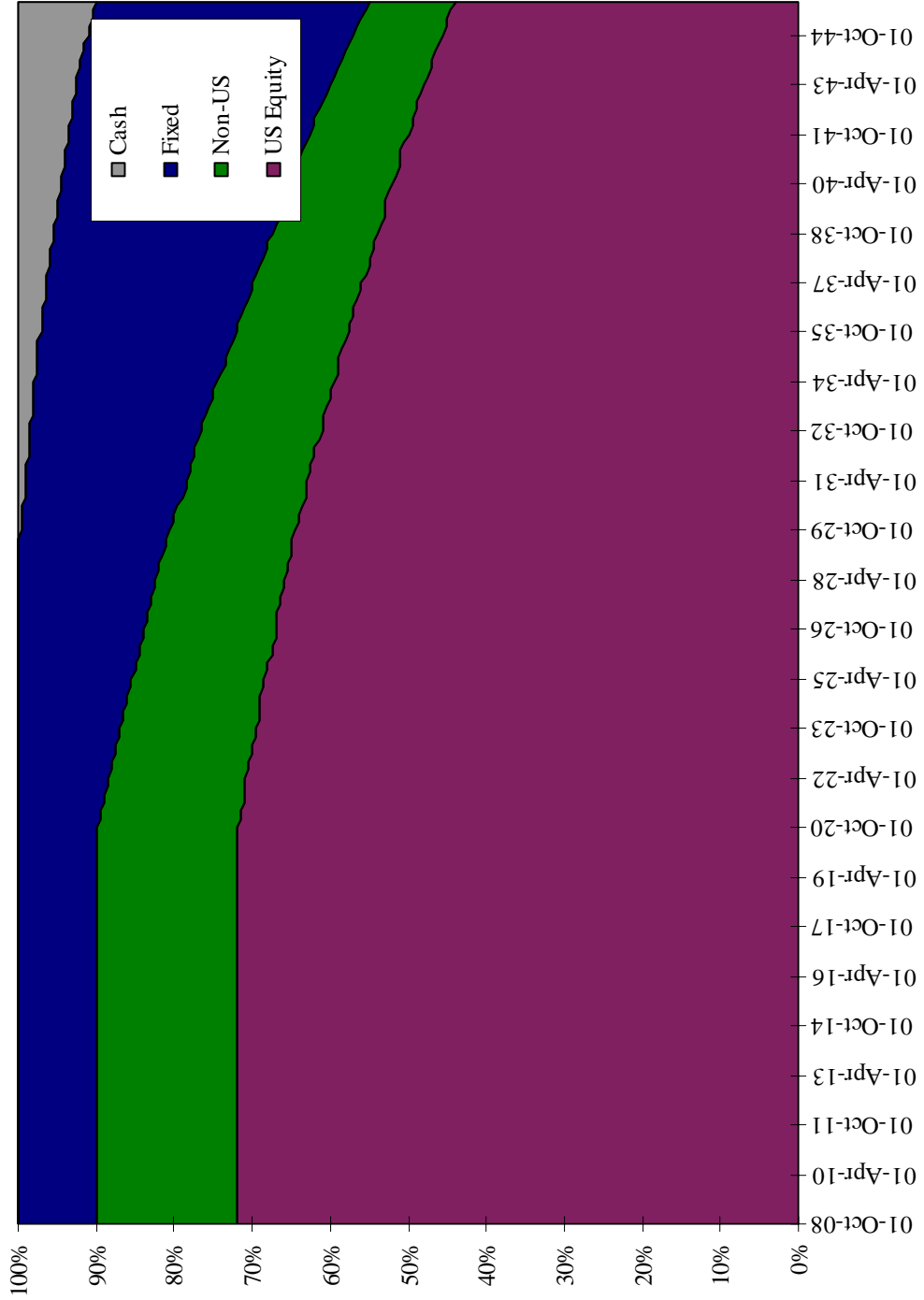
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	542	9.9%	10.0%	(0.1%)	(7)
US Equity	3,952	72.0%	72.0%	0.0%	1
Int'l Equity Portfolio	993	18.1%	18.0%	0.1%	5
Total	5,488	100.0%	100.0%		

* 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**

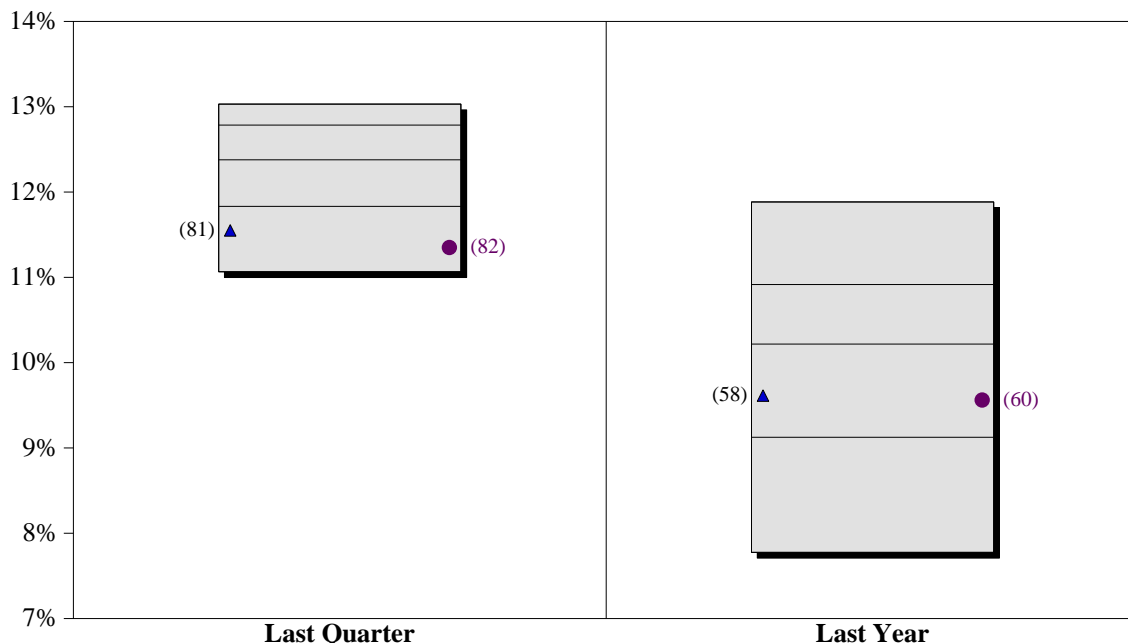


TARGET 2045 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

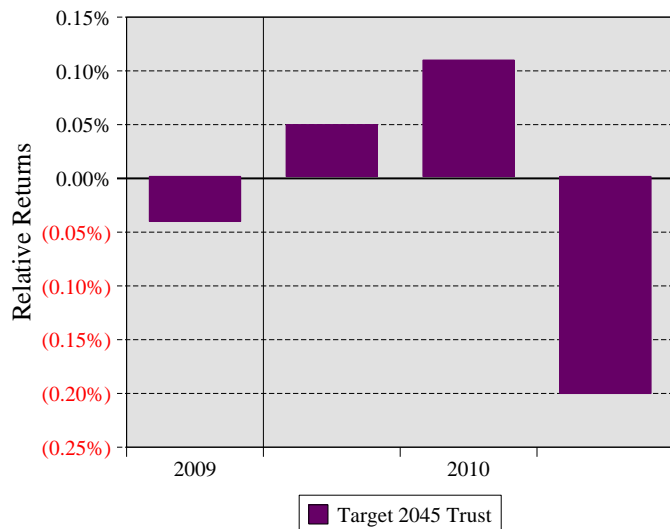
- Target 2045 Trust's portfolio posted a 11.35% return for the quarter placing it in the 82 percentile of the CAI Target Date 2045 group for the quarter and in the 60 percentile for the last year.
- Target 2045 Trust's portfolio underperformed the Custom Index by 0.20% for the quarter and underperformed the Custom Index for the year by 0.05%.

Performance vs CAI Target Date 2045 (Net)

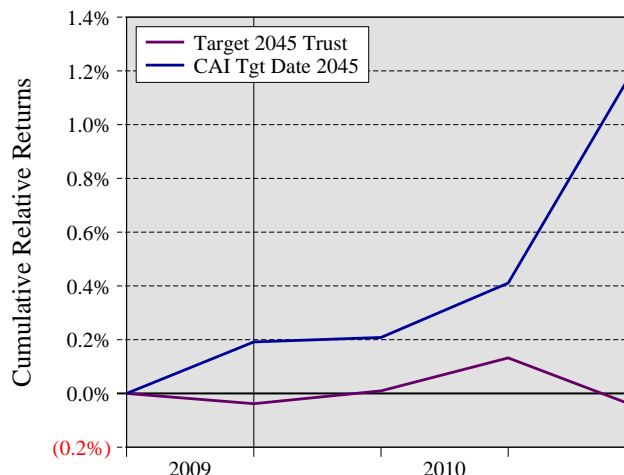


10th Percentile	13.03	11.88
25th Percentile	12.78	10.92
Median	12.38	10.22
75th Percentile	11.83	9.13
90th Percentile	11.07	7.78
Target 2045 Trust ●	11.35	9.56
Custom Index ▲	11.55	9.61

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2050 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	9.88%
<u>Equity</u>		
US Equity	72.00%	72.02%
International Fund	18.00%	18.11%

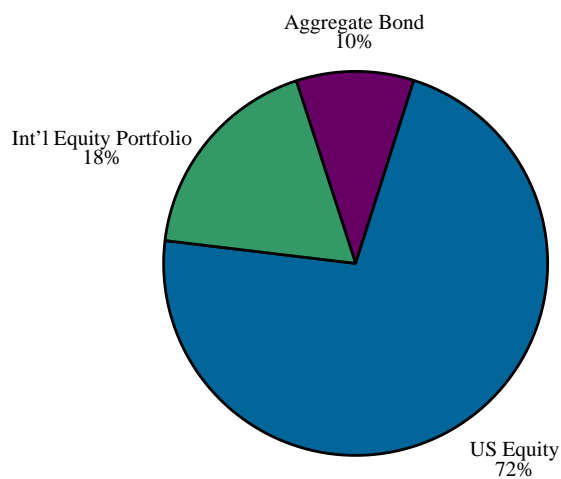
Objective

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.

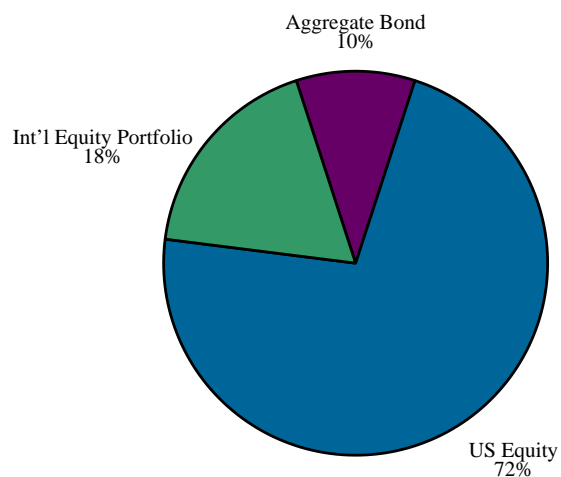
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



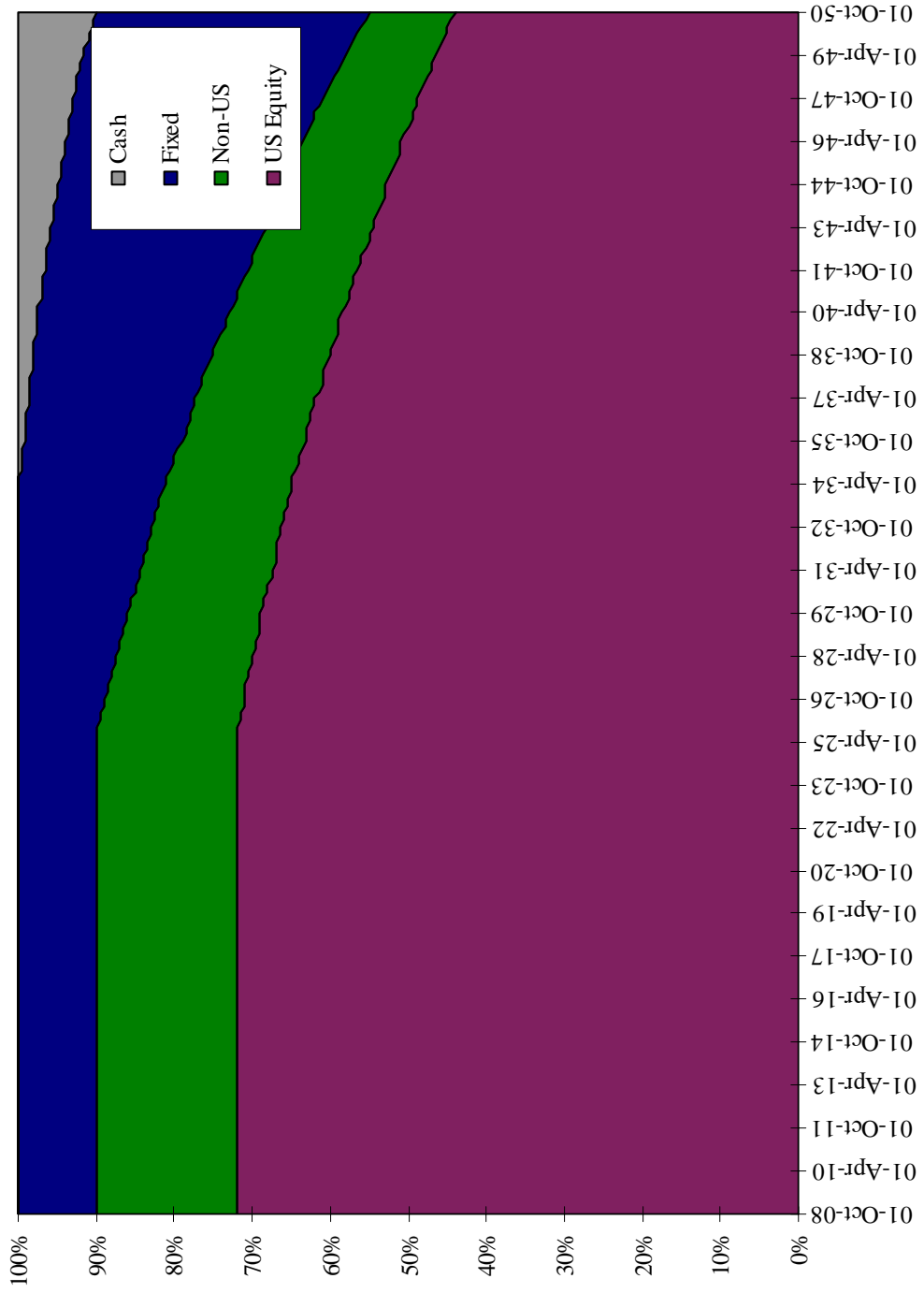
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	579	9.9%	10.0%	(0.1%)	(8)
US Equity	4,221	72.0%	72.0%	0.0%	1
Int'l Equity Portfolio	1,061	18.1%	18.0%	0.1%	6
Total	5,861	100.0%	100.0%		

* 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**

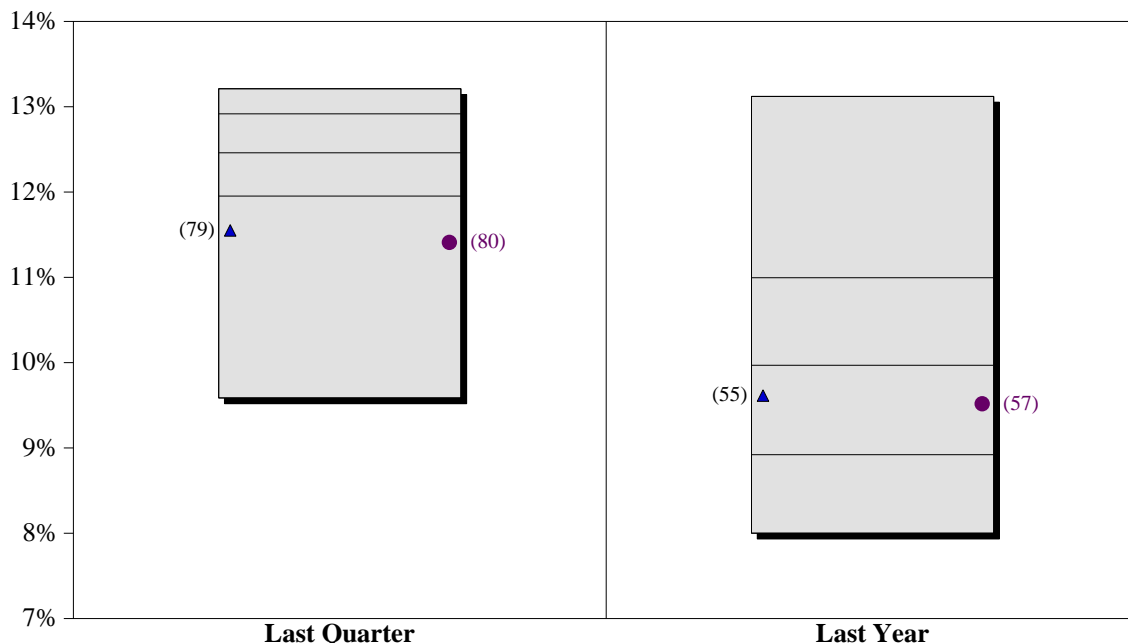


TARGET 2050 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

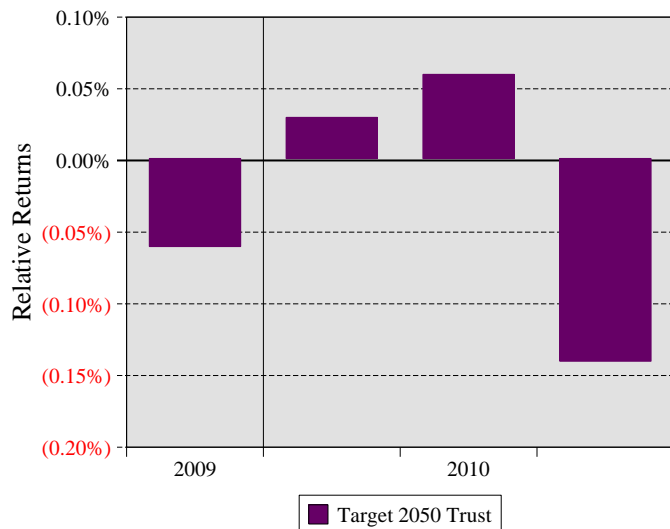
- Target 2050 Trust's portfolio posted a 11.41% return for the quarter placing it in the 80 percentile of the CAI Target Date 2050 group for the quarter and in the 57 percentile for the last year.
- Target 2050 Trust's portfolio underperformed the Custom Index by 0.14% for the quarter and underperformed the Custom Index for the year by 0.10%.

Performance vs CAI Target Date 2050 (Net)

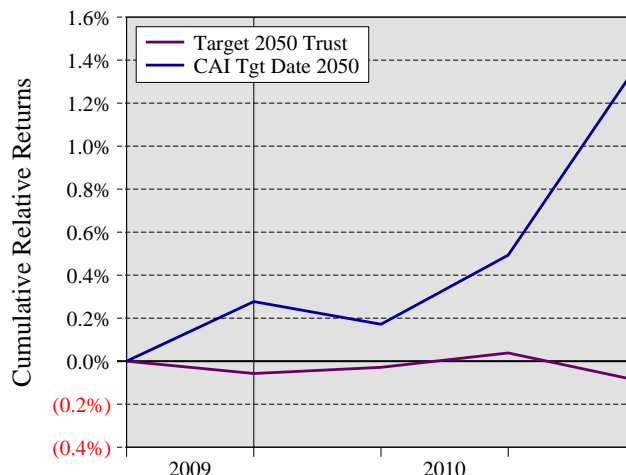


	Last Quarter	Last Year
10th Percentile	13.21	13.12
25th Percentile	12.92	11.00
Median	12.46	9.97
75th Percentile	11.95	8.92
90th Percentile	9.59	8.00
Target 2050 Trust ●	11.41	9.52
Custom Index ▲	11.55	9.61

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2055 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	9.90%
<u>Equity</u>		
US Equity	72.00%	72.03%
International Fund	18.00%	18.08%

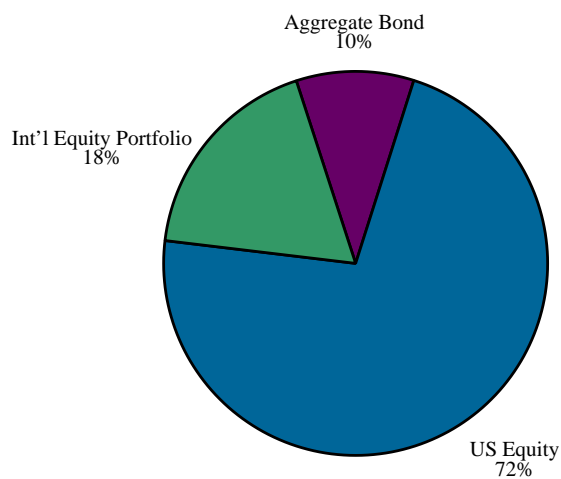
Objective

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.

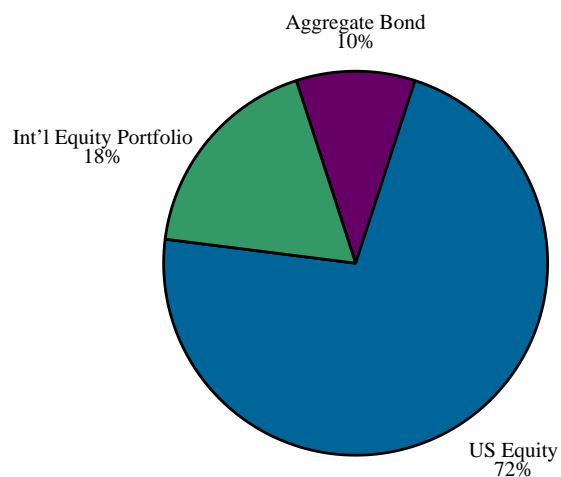
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of September 30, 2010. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



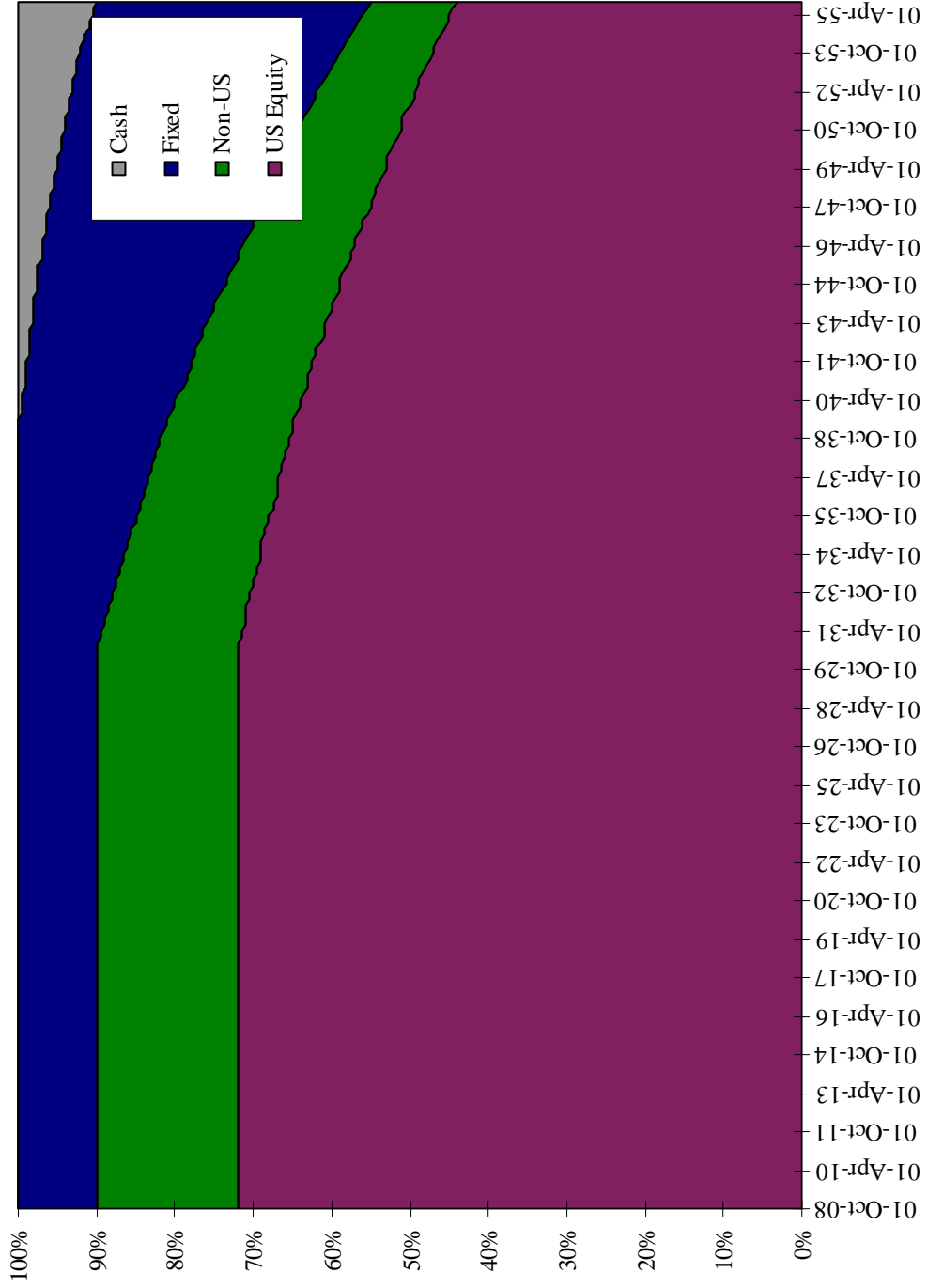
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	231	9.9%	10.0%	(0.1%)	(3)
US Equity	1,681	72.0%	72.0%	0.0%	1
Int'l Equity Portfolio	422	18.1%	18.0%	0.1%	2
Total	2,333	100.0%	100.0%		

* 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**

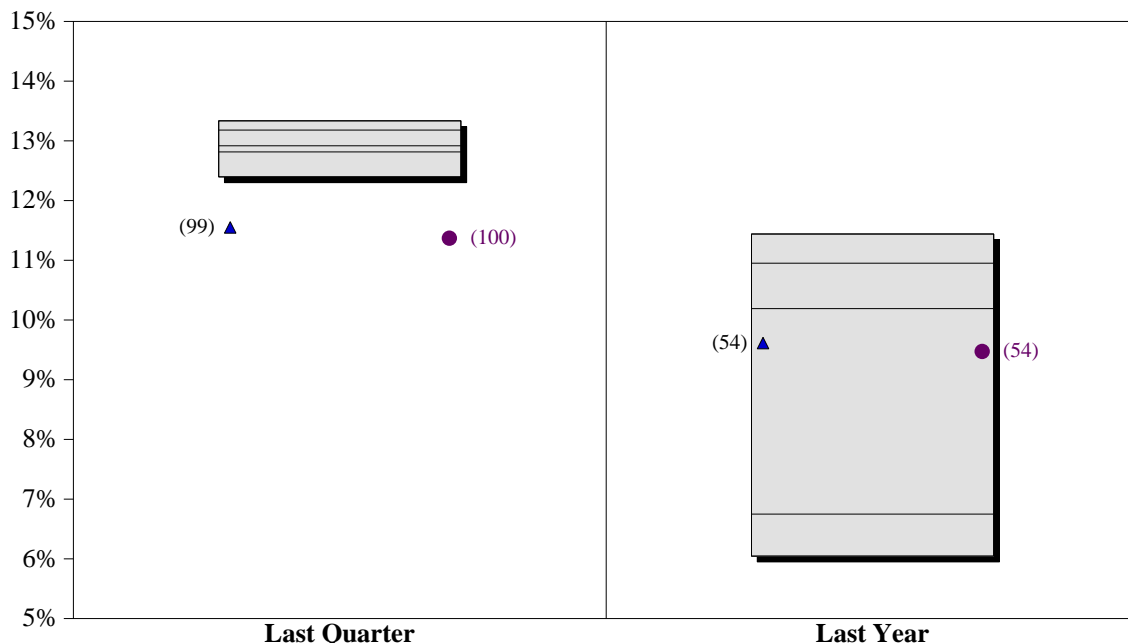


TARGET 2055 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

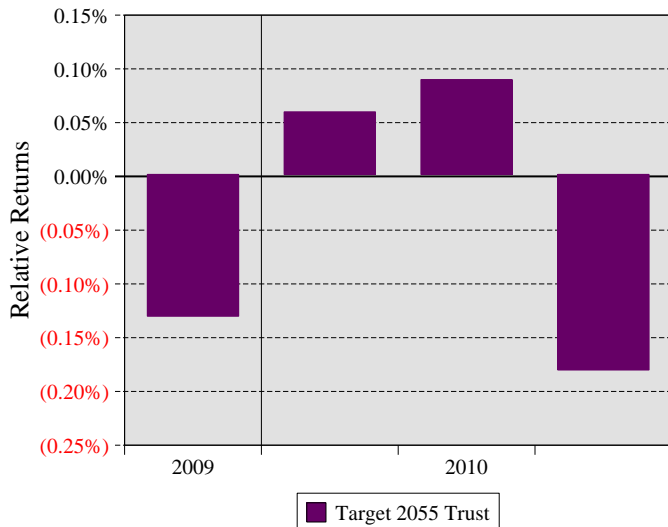
- Target 2055 Trust's portfolio posted a 11.37% return for the quarter placing it in the 100 percentile of the CAI Target Date 2055 group for the quarter and in the 54 percentile for the last year.
- Target 2055 Trust's portfolio underperformed the Custom Index by 0.18% for the quarter and underperformed the Custom Index for the year by 0.14%.

Performance vs CAI Target Date 2055 (Net)

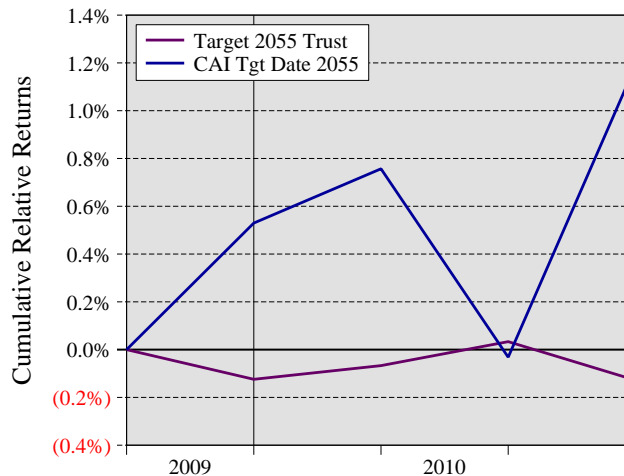


	Last Quarter	Last Year
10th Percentile	13.34	11.44
25th Percentile	13.18	10.95
Median	12.92	10.19
75th Percentile	12.81	6.75
90th Percentile	12.40	6.05
Target 2055 Trust ●	11.37	9.47
Custom Index ▲	11.55	9.61

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



T ROWE US EQUITY TRUST PERIOD ENDED SEPTEMBER 30, 2010



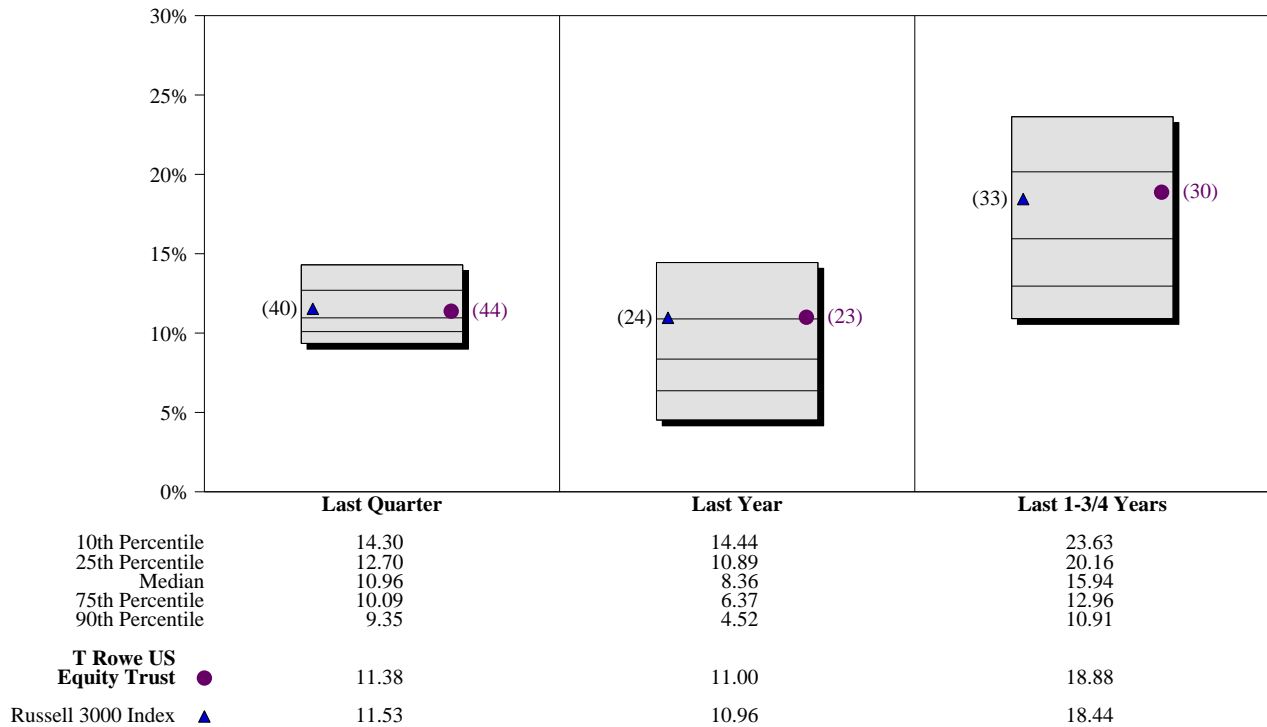
Investment Philosophy

Large Capitalization managers concentrate their holdings in large market capitalization domestic equity securities regardless of style (growth, value or core) orientation.

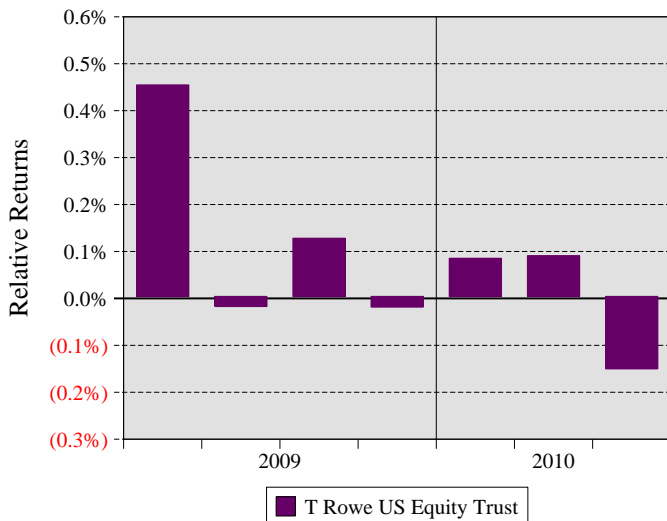
Quarterly Summary and Highlights

- T Rowe US Equity Trust's portfolio posted a 11.38% return for the quarter placing it in the 44 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 23 percentile for the last year.
- T Rowe US Equity Trust's portfolio underperformed the Russell 3000 Index by 0.15% for the quarter and outperformed the Russell 3000 Index for the year by 0.03%.

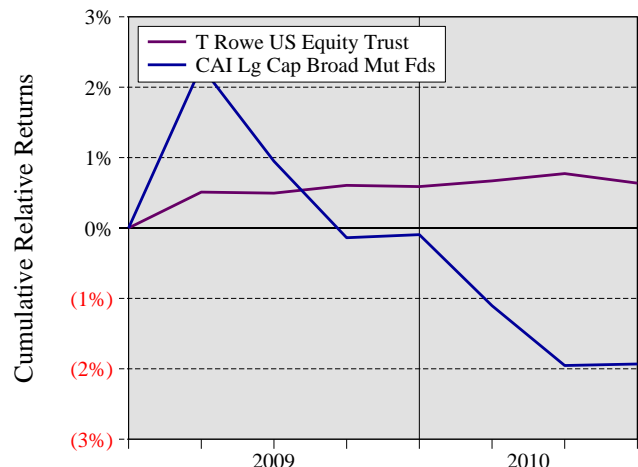
Performance vs CAI MF - Large Cap Broad Style (Net)



Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



T. ROWE AGGREGATE BOND TRUST PERIOD ENDED SEPTEMBER 30, 2010



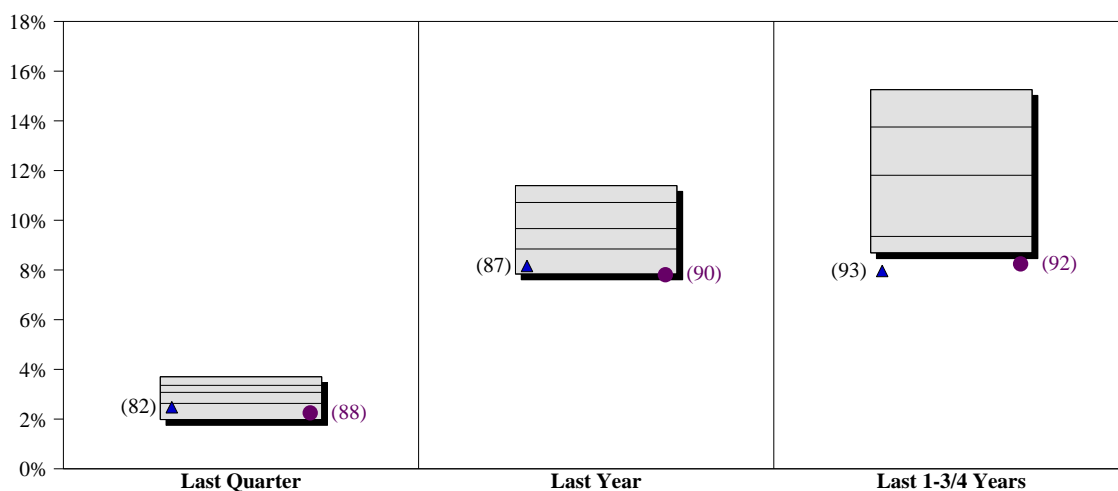
Investment Philosophy

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

- T. Rowe Aggregate Bond Trust's portfolio posted a 2.25% return for the quarter placing it in the 88 percentile of the CAI MF - Core Bond Style group for the quarter and in the 90 percentile for the last year.
- T. Rowe Aggregate Bond Trust's portfolio underperformed the BC Aggregate Index by 0.23% for the quarter and underperformed the BC Aggregate Index for the year by 0.35%.

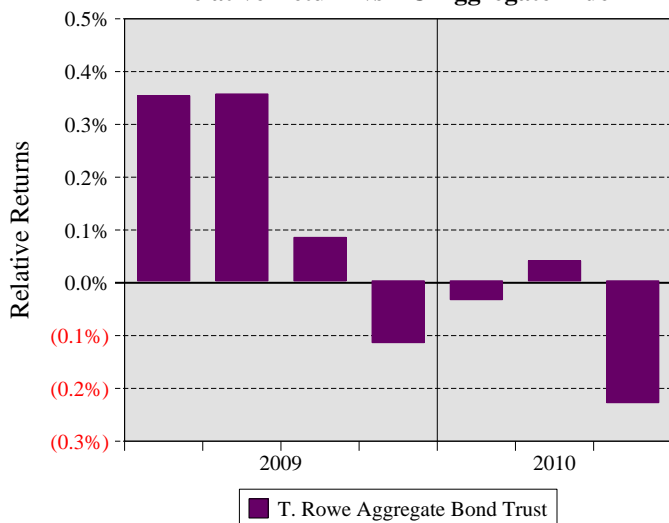
Performance vs CAI MF - Core Bond Style (Net)



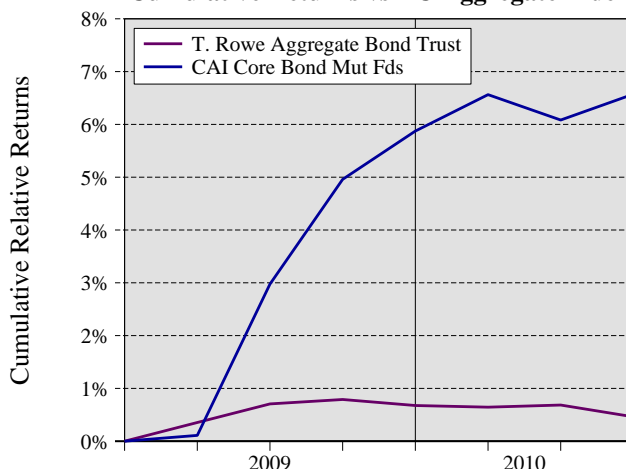
	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	3.70	11.39	15.26
25th Percentile	3.36	10.72	13.75
Median	3.08	9.67	11.81
75th Percentile	2.63	8.84	9.35
90th Percentile	1.98	7.84	8.69

T. Rowe Aggregate Bond Trust ●	2.25	7.81	8.24
BC Aggregate Index ▲	2.48	8.16	7.96

Relative Return vs BC Aggregate Index



Cumulative Returns vs BC Aggregate Index



T. ROWE PRICE INTL EQUITY PERIOD ENDED SEPTEMBER 30, 2010

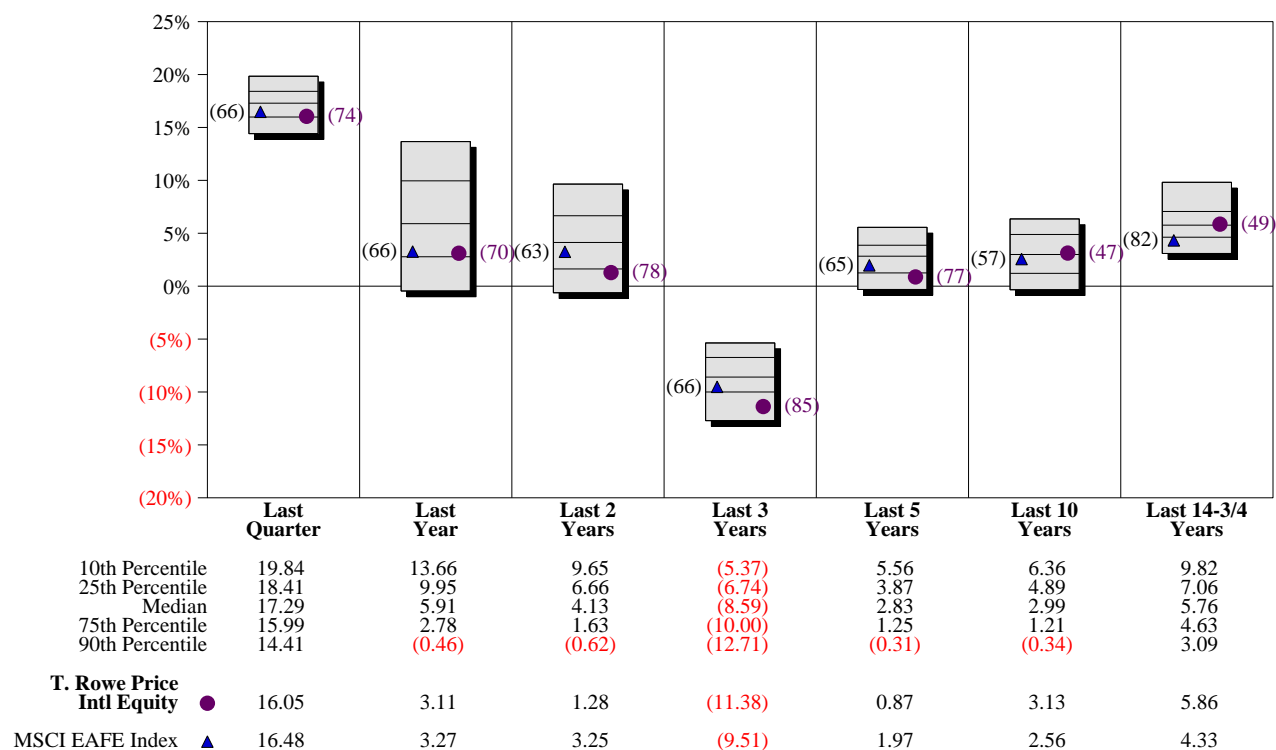
Investment Philosophy

Non-U.S. Equity Style mutual funds invest in only non-U.S. equity securities. This style group excludes regional and index funds.

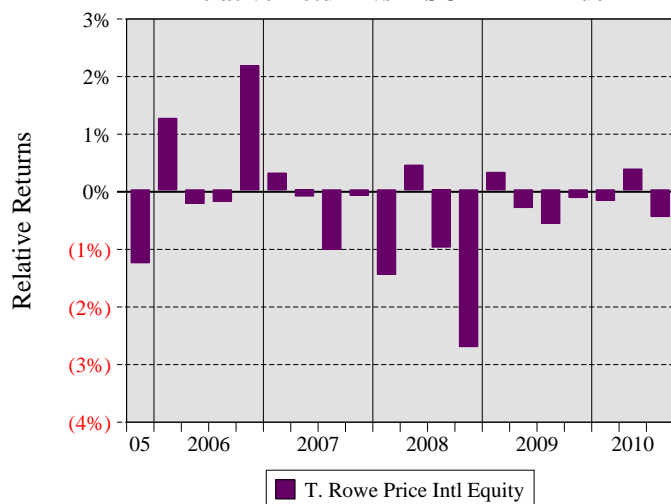
Quarterly Summary and Highlights

- T. Rowe Price Intl Equity’s portfolio posted a 16.05% return for the quarter placing it in the 74 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 70 percentile for the last year.
- T. Rowe Price Intl Equity’s portfolio underperformed the MSCI EAFE Index by 0.43% for the quarter and underperformed the MSCI EAFE Index for the year by 0.16%.

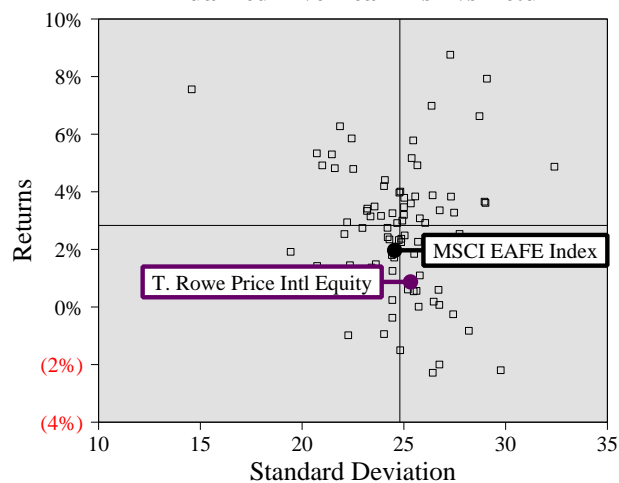
Performance vs CAI MF - Non-US Equity Style (Net)



Relative Return vs MSCI EAFE Index



CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return



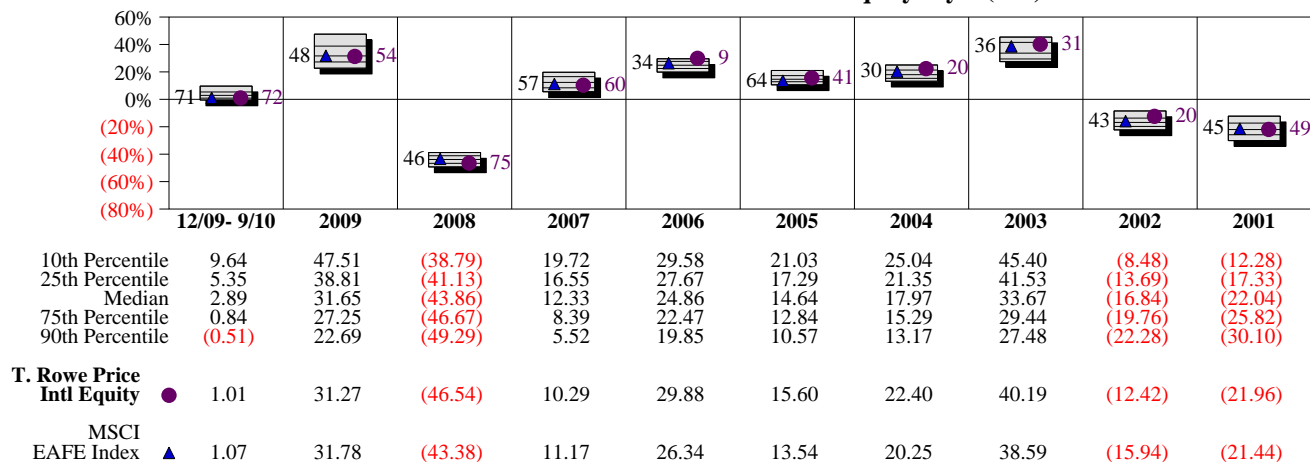


T. ROWE PRICE INTL EQUITY RETURN ANALYSIS SUMMARY

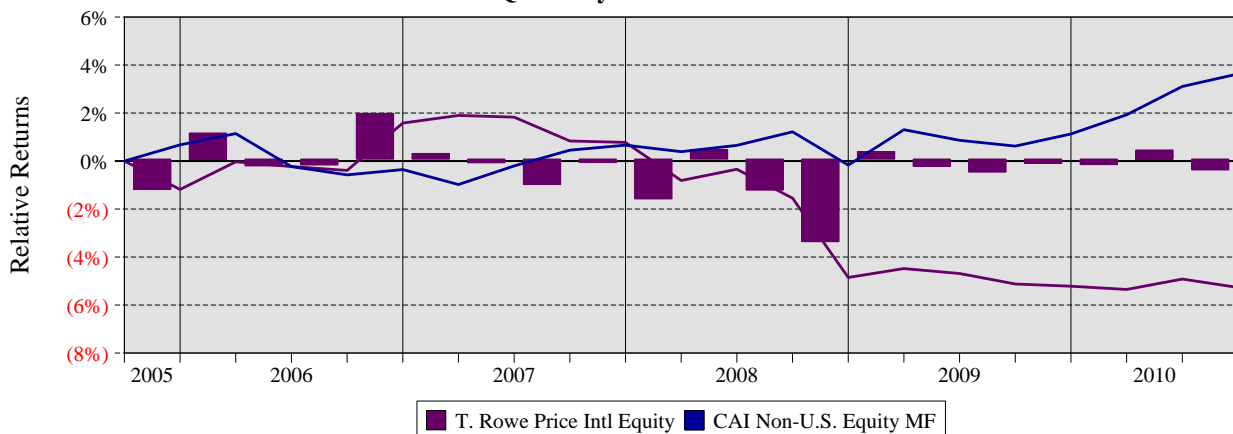
Return Analysis

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.

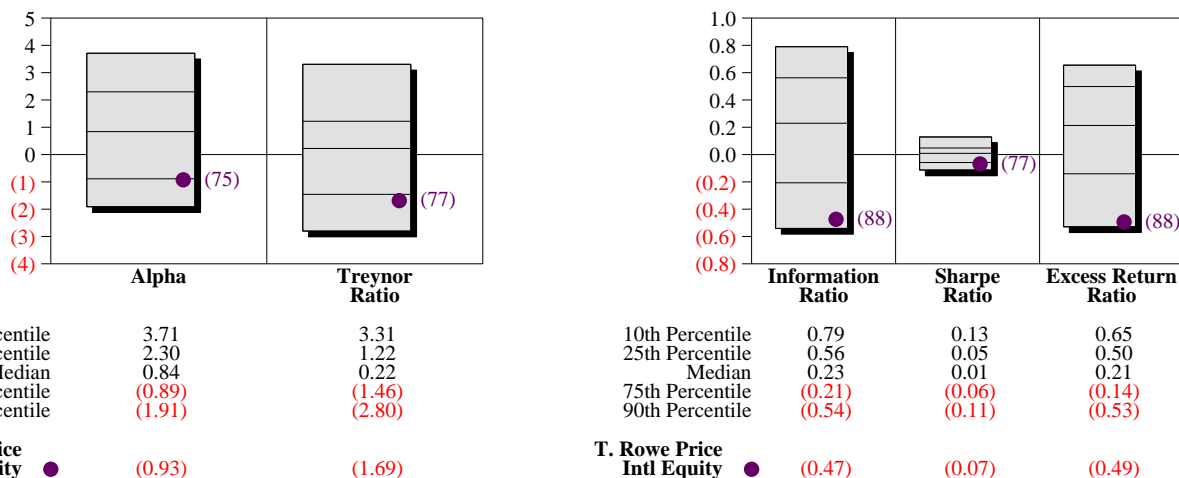
Performance vs CAI MF - Non-US Equity Style (Net)



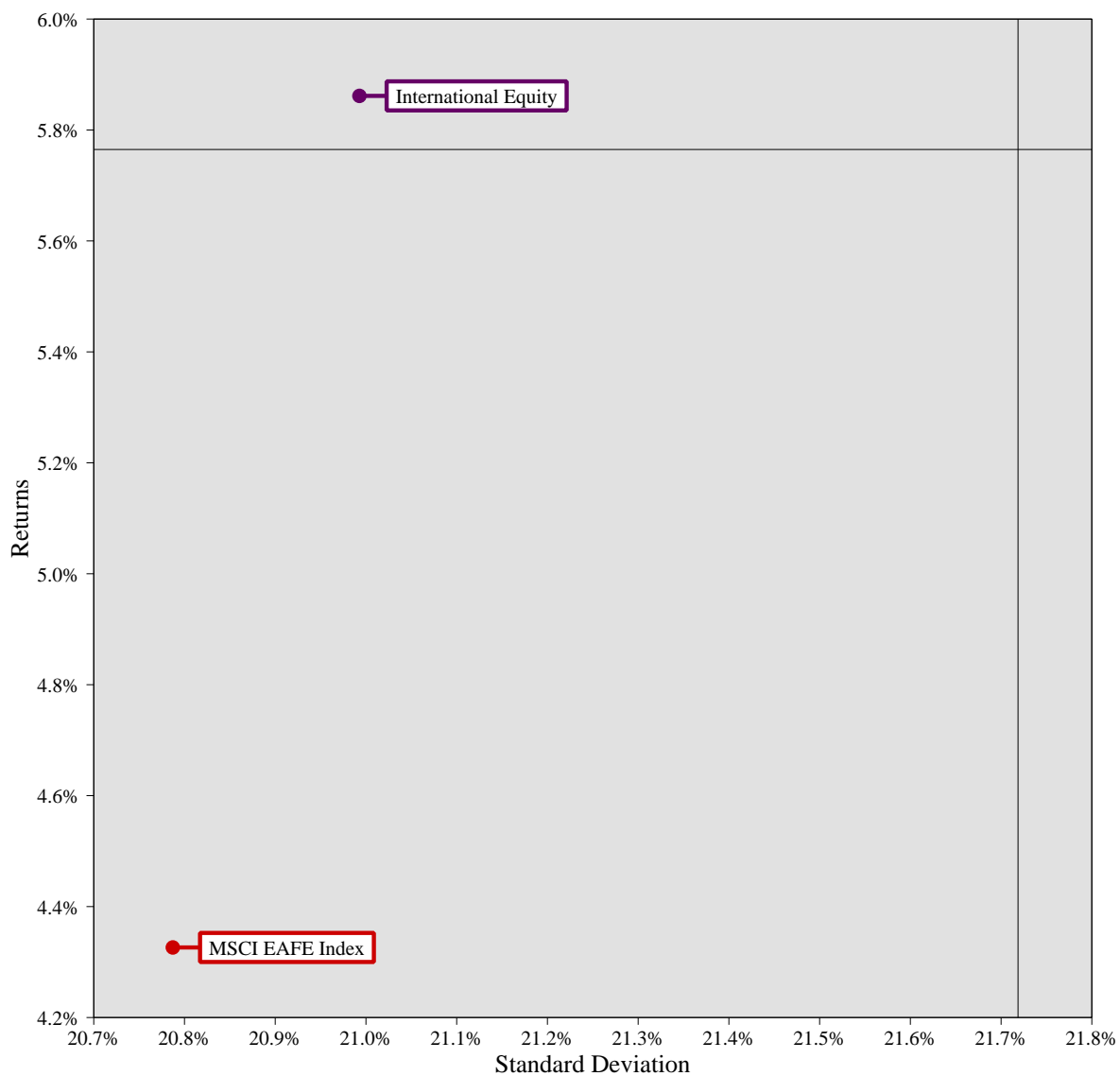
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended September 30, 2010



**STATE OF ALASKA S B S - T. ROWE PRICE INTL EQUITY
RISK/REWARD VS CAI MF - NON-US EQUITY STYLE
FOURTEEN AND THREE-QUARTER YEARS ENDED SEPTEMBER 30, 2010**





T. ROWE PRICE MM PERIOD ENDED SEPTEMBER 30, 2010

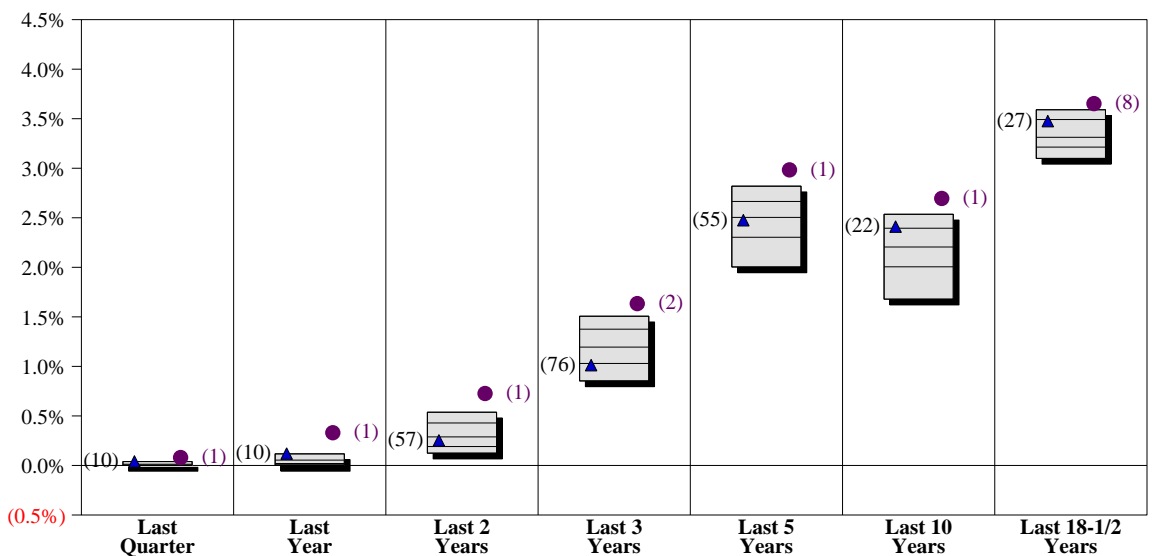
Investment Philosophy

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

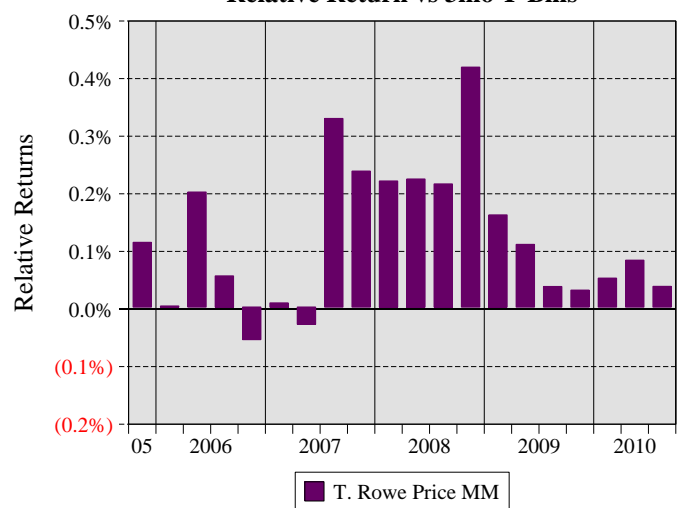
- T. Rowe Price MM's portfolio posted a 0.08% return for the quarter placing it in the 1 percentile of the Money Market Funds group for the quarter and in the 1 percentile for the last year.
- T. Rowe Price MM's portfolio outperformed the 3mo T-Bills by 0.04% for the quarter and outperformed the 3mo T-Bills for the year by 0.21%.

Performance vs Money Market Funds (Net)

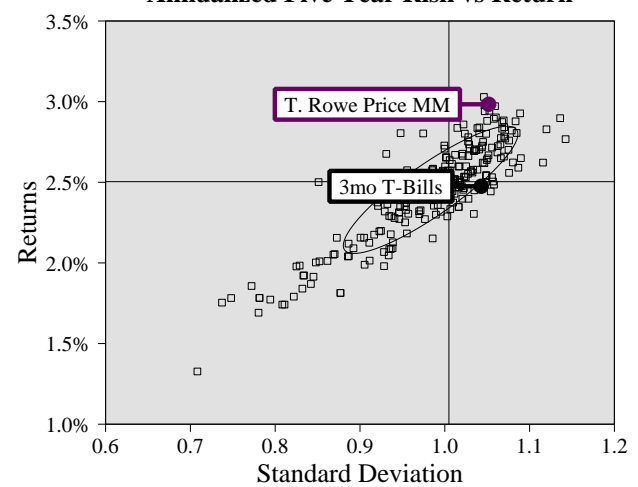


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 18-1/2 Years
10th Percentile	0.04	0.12	0.54	1.51	2.82	2.54	3.59
25th Percentile	0.01	0.05	0.43	1.38	2.66	2.39	3.49
Median	0.00	0.02	0.29	1.19	2.50	2.21	3.31
75th Percentile	0.00	0.01	0.19	1.03	2.30	2.01	3.21
90th Percentile	0.00	0.00	0.12	0.85	2.00	1.68	3.10
T. Rowe Price MM ●	0.08	0.33	0.73	1.63	2.98	2.70	3.65
3mo T-Bills ▲	0.04	0.12	0.25	1.01	2.48	2.41	3.48

Relative Return vs 3mo T-Bills



Money Market Funds (Net) Annualized Five Year Risk vs Return

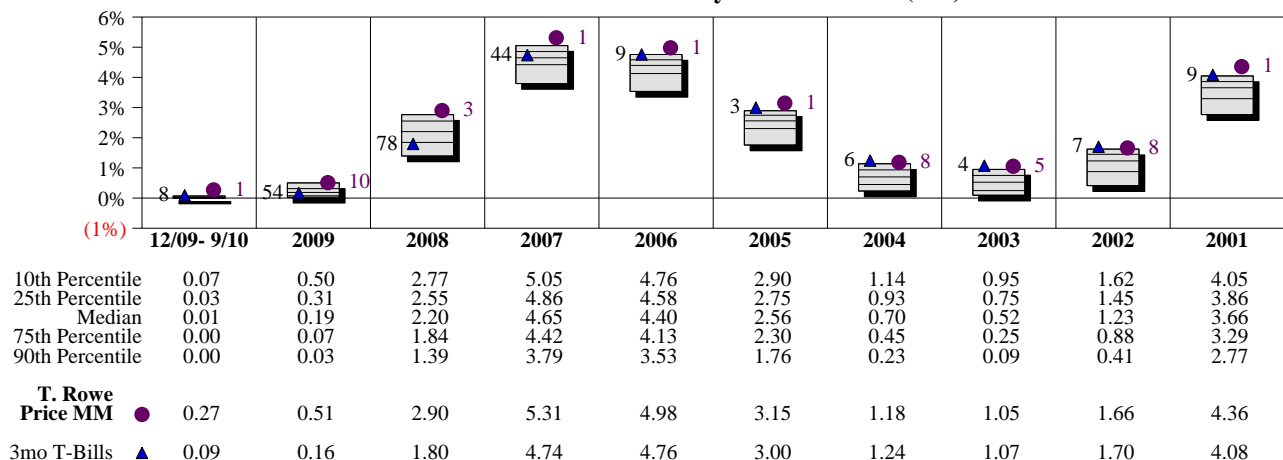


T. ROWE PRICE MM RETURN ANALYSIS SUMMARY

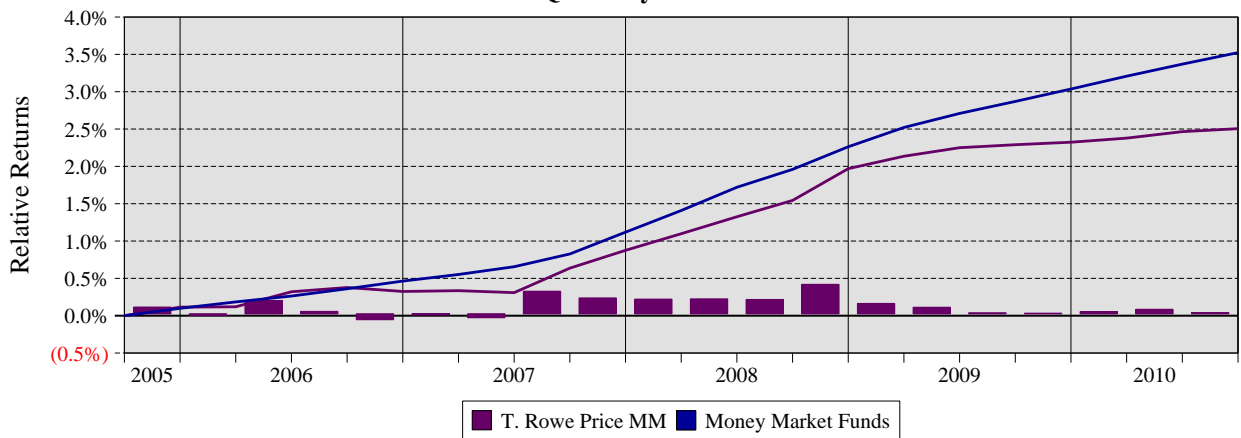
Return Analysis

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.

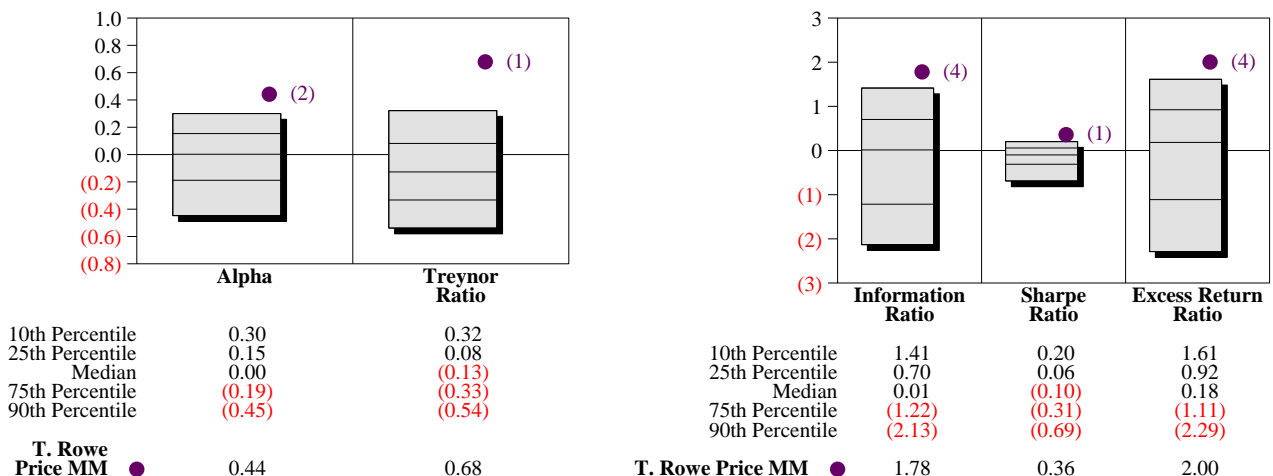
Performance vs Money Market Funds (Net)



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 September 30, 2010



STATE STREET S&P FUND PERIOD ENDED SEPTEMBER 30, 2010



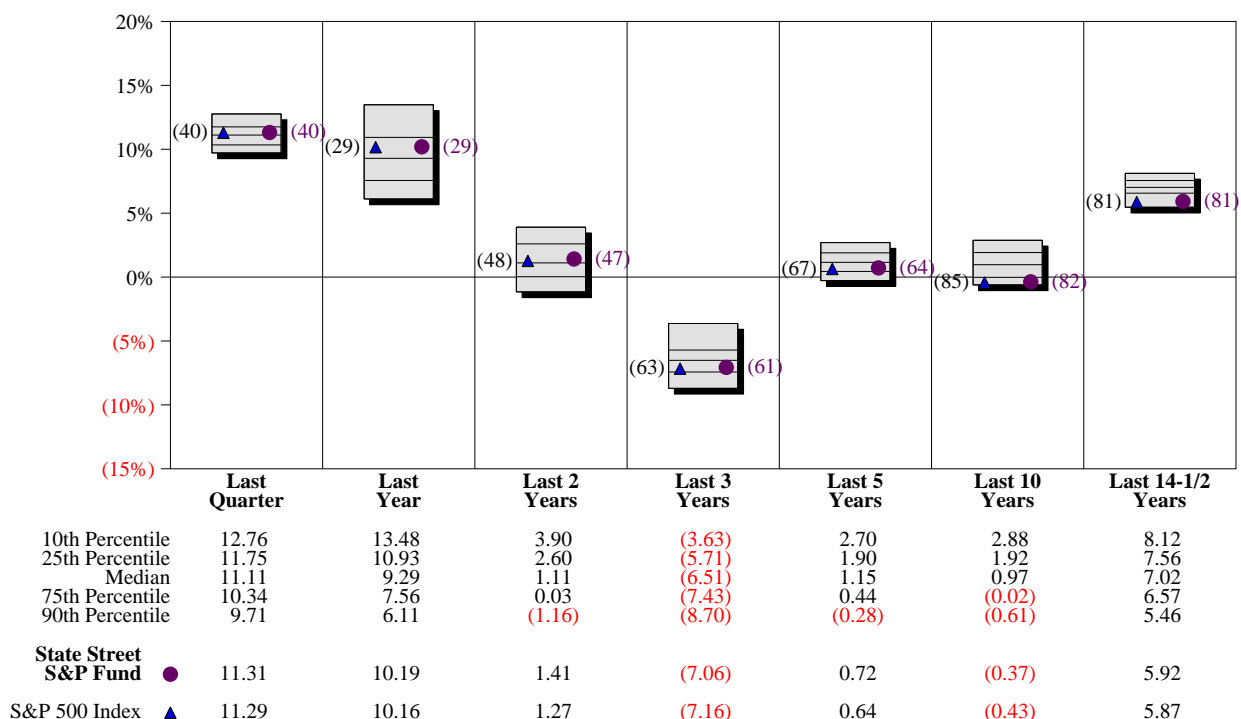
Investment Philosophy

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.

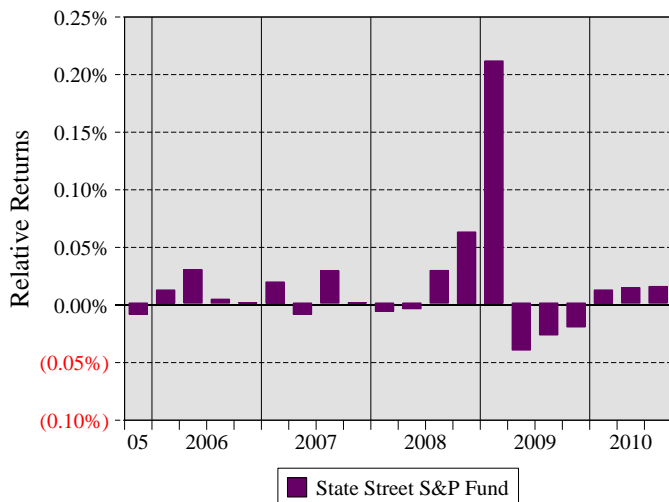
Quarterly Summary and Highlights

- State Street S&P Fund's portfolio posted a 11.31% return for the quarter placing it in the 40 percentile of the CAI Large Cap Core Style group for the quarter and in the 29 percentile for the last year.
- State Street S&P Fund's portfolio outperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.03%.

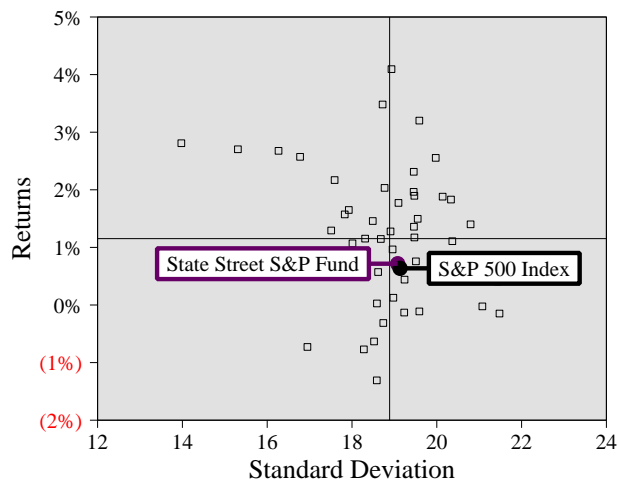
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs S&P 500 Index



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



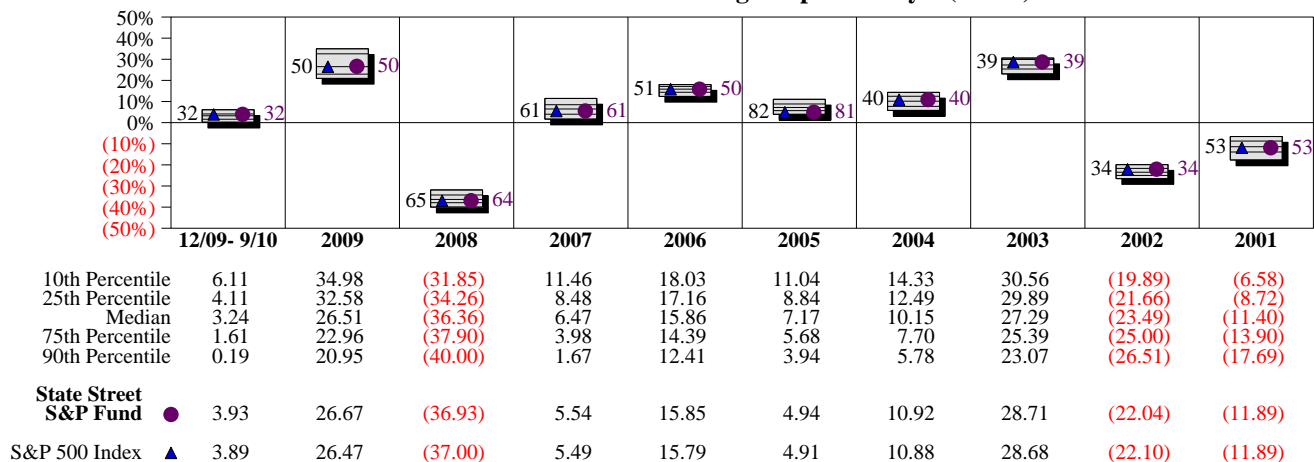


STATE STREET S&P FUND RETURN ANALYSIS SUMMARY

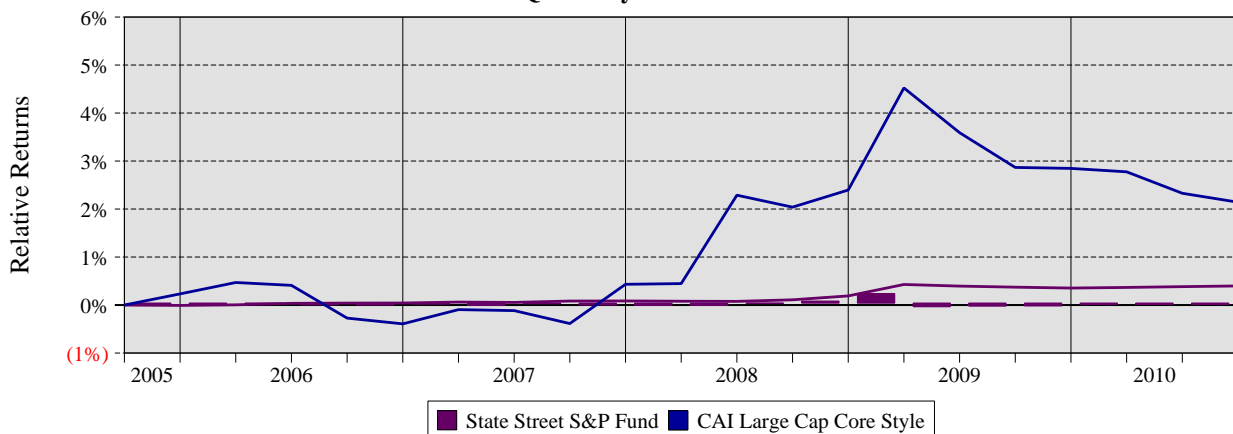
Return Analysis

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.

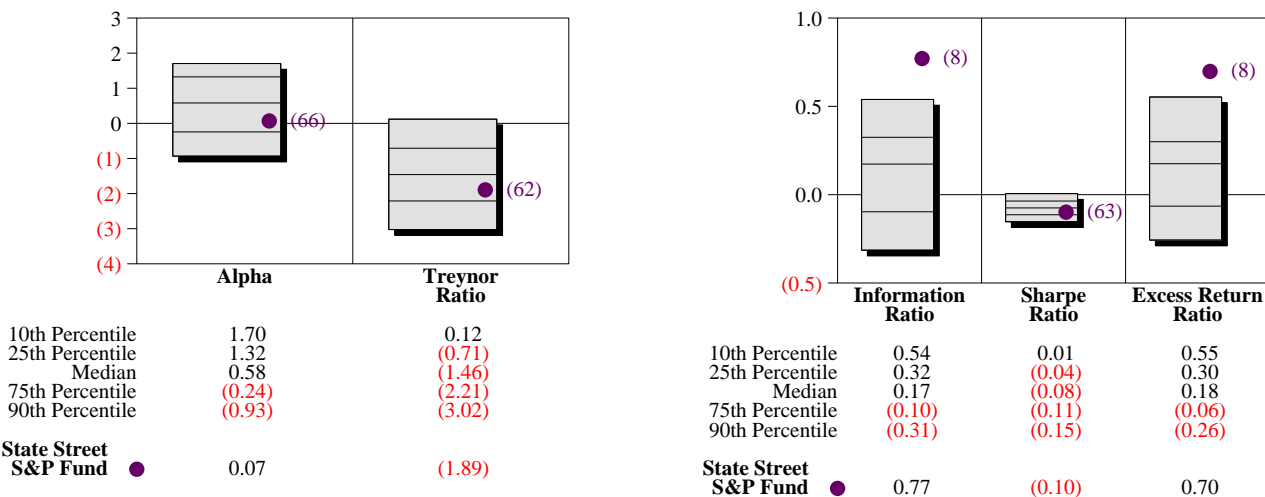
Performance vs CAI Large Cap Core Style (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Core Style (Gross) Five Years Ended September 30, 2010



RUSSELL 3000 INDEX FUND PERIOD ENDED SEPTEMBER 30, 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 11.54% return for the quarter placing it in the 42 percentile of the CAI Large Capitalization Style group for the quarter and in the 33 percentile for the last year.
- Russell 3000 Index Fund's portfolio outperformed the Russell 3000 Index by 0.01% for the quarter and outperformed the Russell 3000 Index for the year by 0.05%.

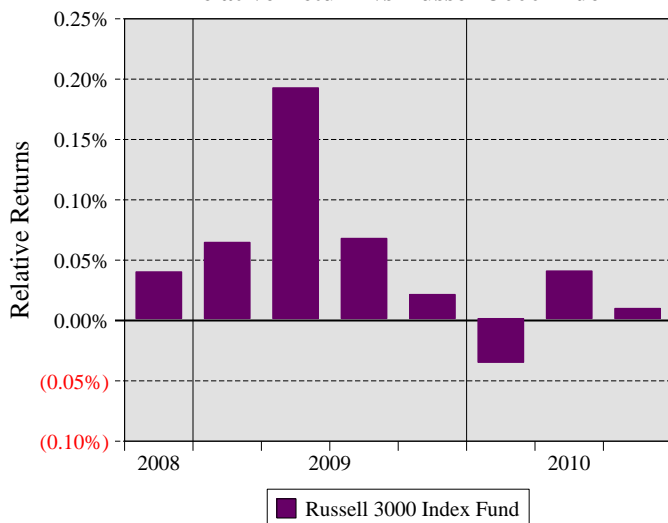
Performance vs CAI Large Capitalization Style (Gross)



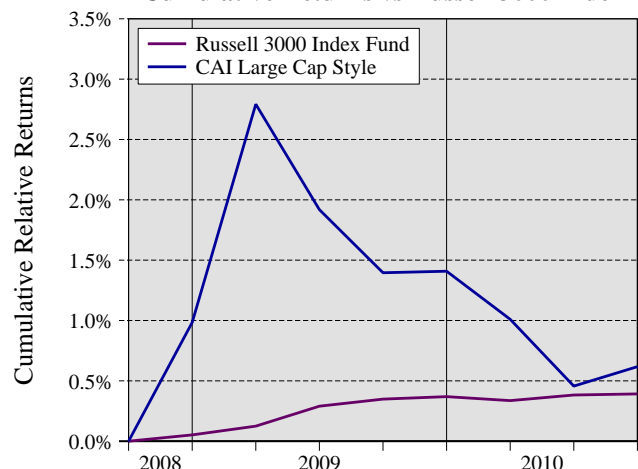
(5%)

Russell 3000 Index Fund ●
Russell 3000 Index ▲

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



WORLD EQ EX-US INDEX PERIOD ENDED SEPTEMBER 30, 2010



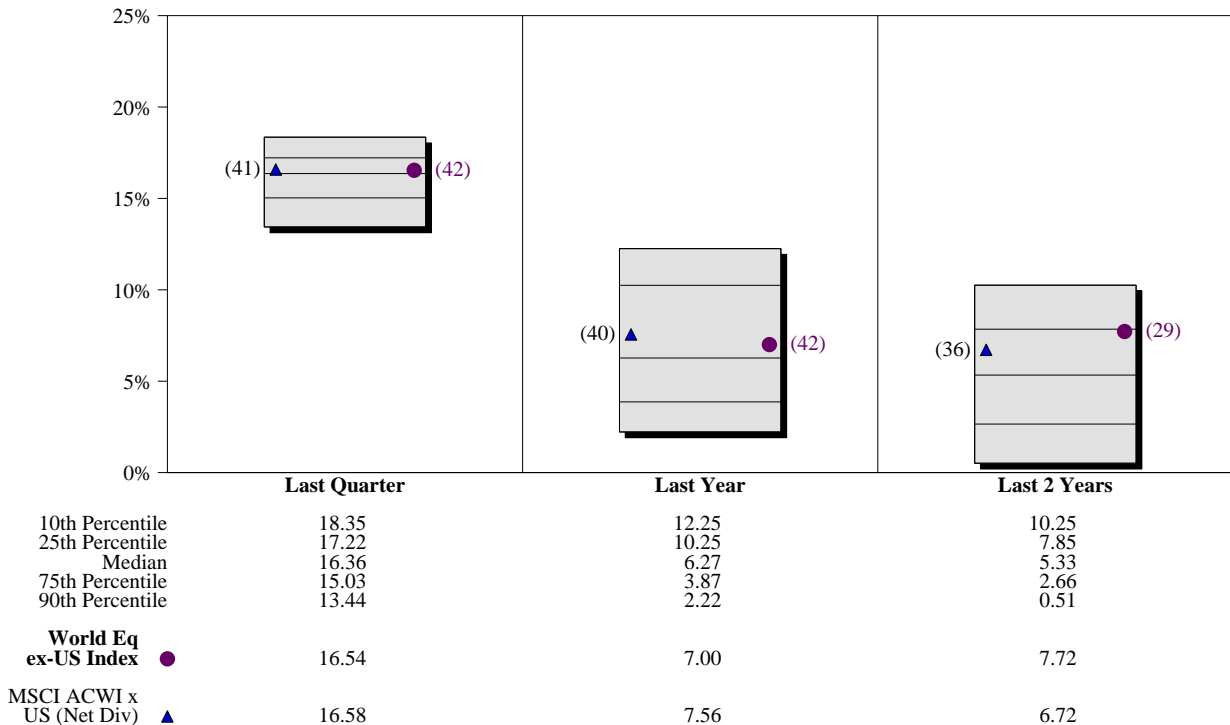
Investment Philosophy

State Street's objective is to provide the most cost-effective implementation with stringent risk control and tracking requirements.

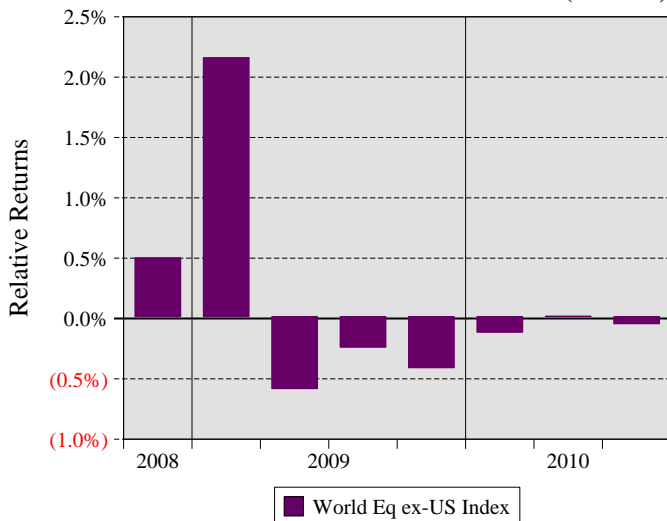
Quarterly Summary and Highlights

- World Eq ex-US Index's portfolio posted a 16.54% return for the quarter placing it in the 42 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 42 percentile for the last year.
- World Eq ex-US Index's portfolio underperformed the MSCI ACWI x US (Net Div) by 0.04% for the quarter and underperformed the MSCI ACWI x US (Net Div) for the year by 0.56%.

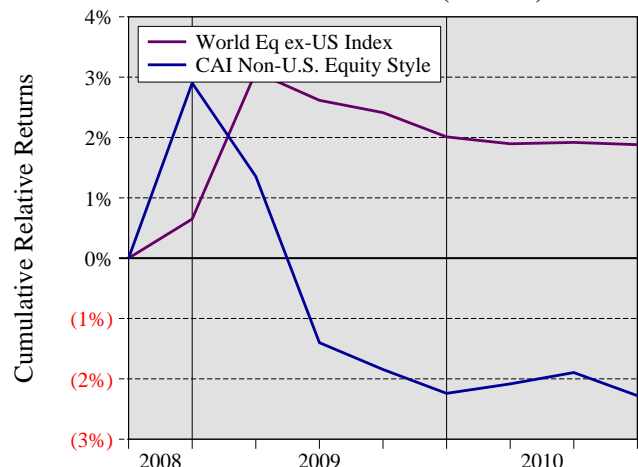
Performance vs CAI Non-U.S. Equity Style (Gross)



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 SEPTEMBER 30, 2010



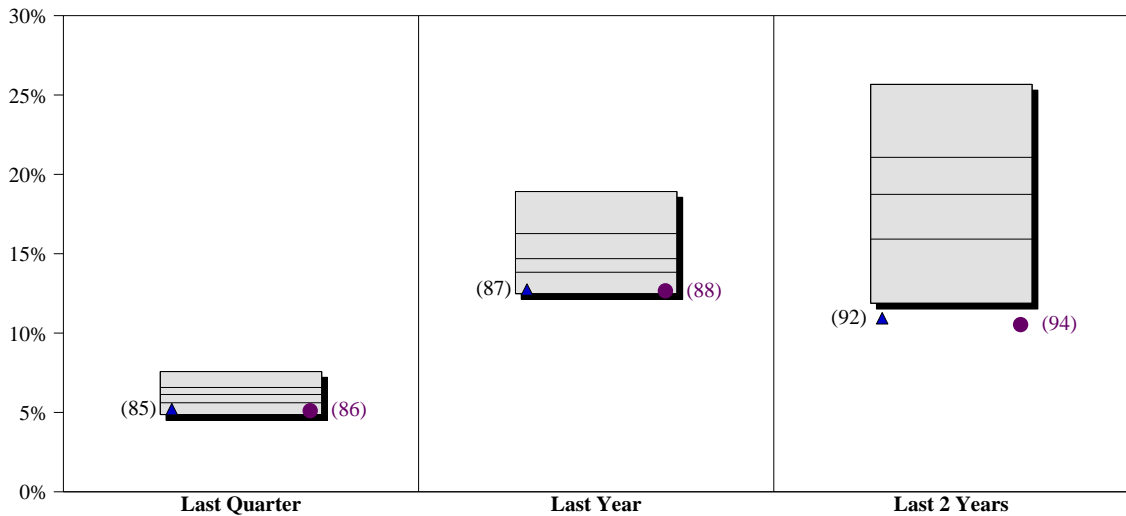
Investment Philosophy

Extended Maturity Style managers construct portfolios with average durations greater than that of the BC Gov/Corp Index. Variations in bond portfolio characteristics are made to enhance performance results

Quarterly Summary and Highlights

- Long US Treasury Bond Index's portfolio posted a 5.11% return for the quarter placing it in the 86 percentile of the CAI Extended Maturity Fixed-Inc Style group for the quarter and in the 88 percentile for the last year.
- Long US Treasury Bond Index's portfolio underperformed the BC Long Treas by 0.10% for the quarter and underperformed the BC Long Treas for the year by 0.08%.

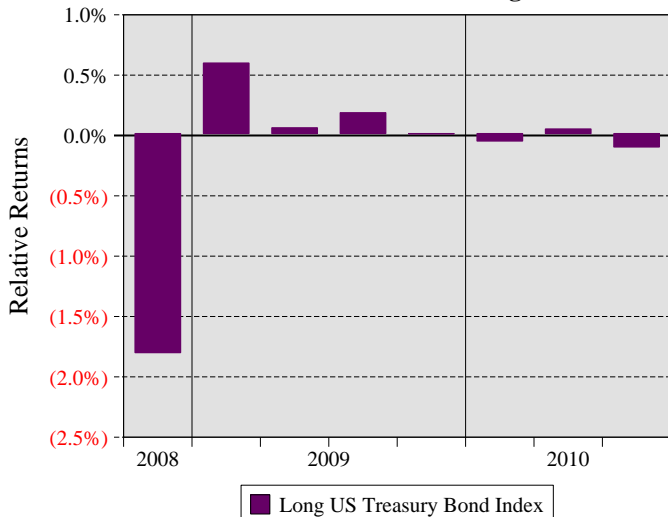
Performance vs CAI Extended Maturity Fixed-Inc Style (Gross)



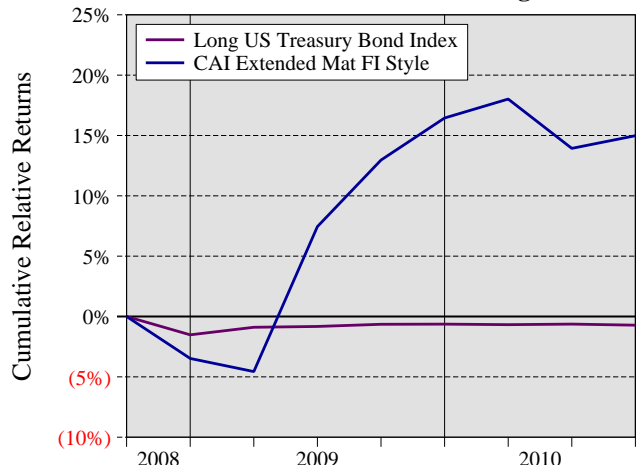
	Last Quarter	Last Year	Last 2 Years
10th Percentile	7.57	18.92	25.67
25th Percentile	6.57	16.27	21.07
Median	6.13	14.69	18.74
75th Percentile	5.61	13.83	15.92
90th Percentile	4.86	12.48	11.88

	Last Quarter	Last Year	Last 2 Years
Long US Treasury Bond Index ●	5.11	12.66	10.53
BC Long Treas ▲	5.21	12.74	10.93

Relative Return vs BC Long Treas



Cumulative Returns vs BC Long Treas



US TREASURY INFL PRTECD SEC INDEX PERIOD ENDED SEPTEMBER 30, 2010



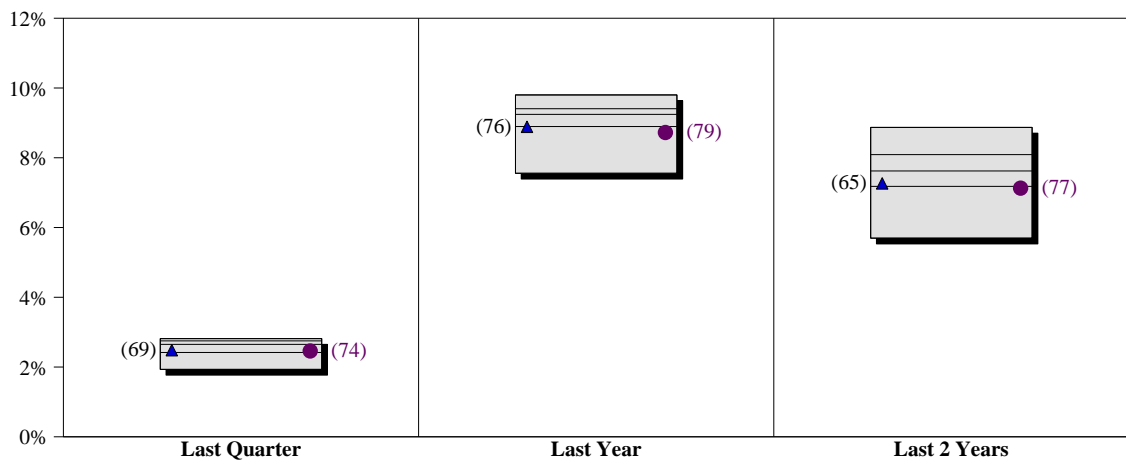
Investment Philosophy

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

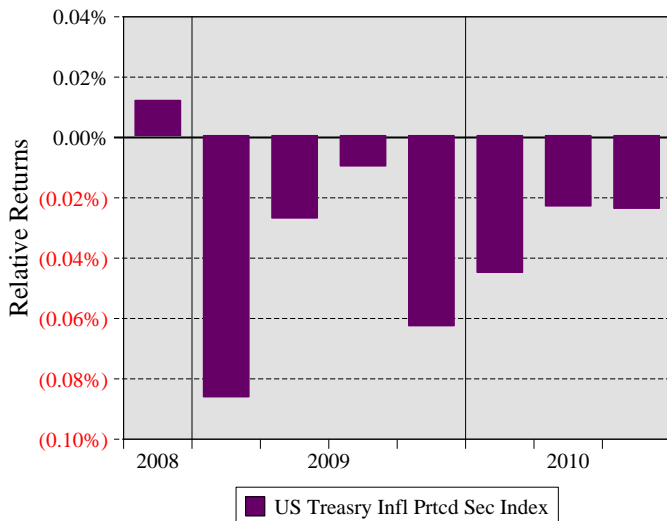
- US Treasury Infl Prtcd Sec Index's portfolio posted a 2.46% return for the quarter placing it in the 74 percentile of the CAI Real Return group for the quarter and in the 79 percentile for the last year.
- US Treasury Infl Prtcd Sec Index's portfolio underperformed the BC US TIPS Index by 0.02% for the quarter and underperformed the BC US TIPS Index for the year by 0.16%.

Performance vs CAI Real Return (Gross)

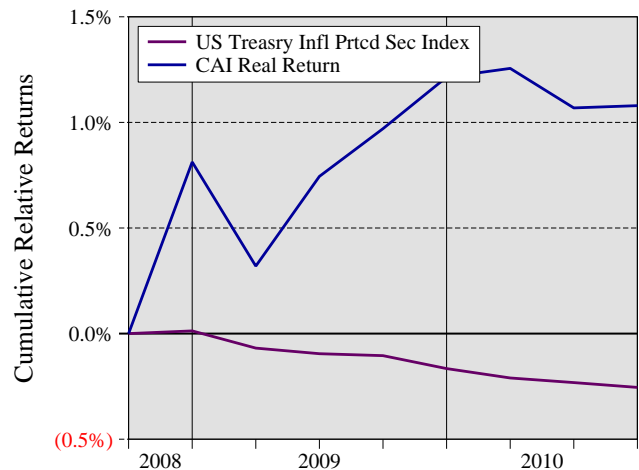


	Last Quarter	Last Year	Last 2 Years
10th Percentile	2.82	9.80	8.87
25th Percentile	2.75	9.41	8.09
Median	2.65	9.24	7.62
75th Percentile	2.42	8.90	7.18
90th Percentile	1.93	7.55	5.70
US Treasury Infl Prtcd Sec Index ●	2.46	8.72	7.13
BC US TIPS Index ▲	2.48	8.89	7.27

Relative Return vs BC US TIPS Index



Cumulative Returns vs BC US TIPS Index





WORLD GOV'T BOND EX-US INDEX PERIOD ENDED SEPTEMBER 30, 2010

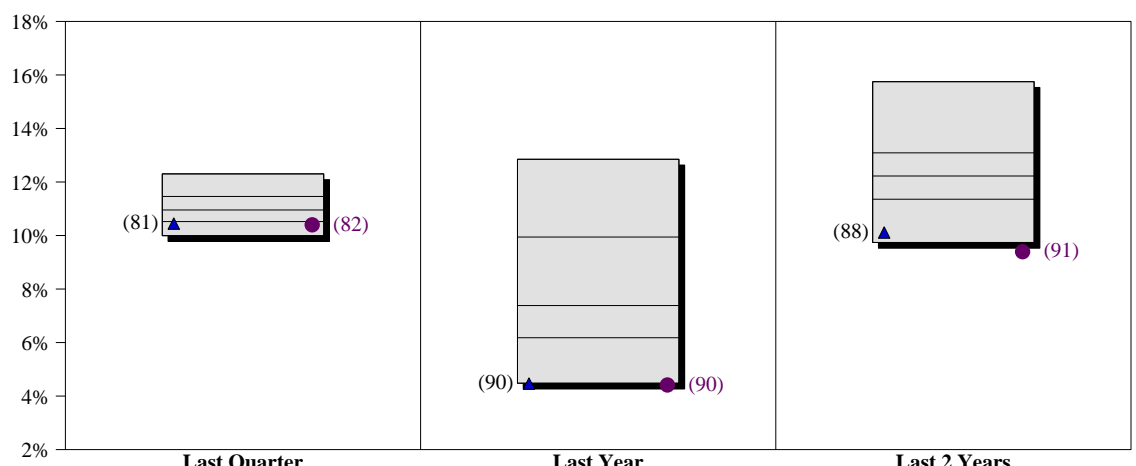
Investment Philosophy

Non-U.S. Fixed-Income Style managers generally invest their assets only in non-U.S. fixed-income securities. These funds seek to take advantage of international currency and interest rate movements, bond yields, and/or international diversification.

Quarterly Summary and Highlights

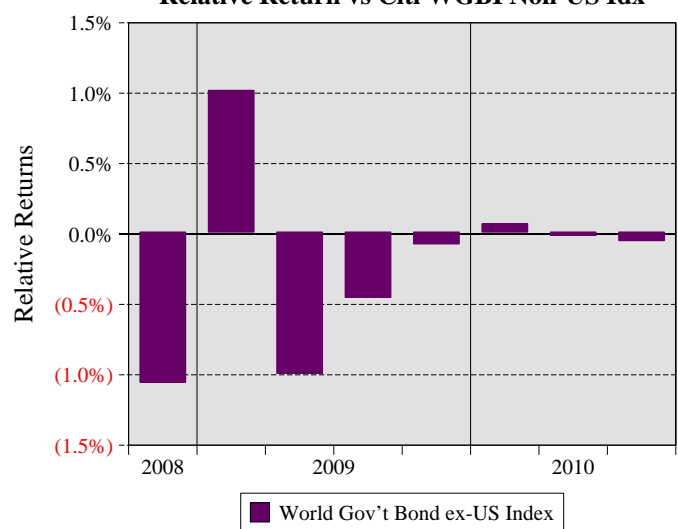
- World Gov't Bond ex-US Index's portfolio posted a 10.40% return for the quarter placing it in the 82 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 90 percentile for the last year.
- World Gov't Bond ex-US Index's portfolio underperformed the Citi WGBI Non-US Idx by 0.05% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.05%.

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

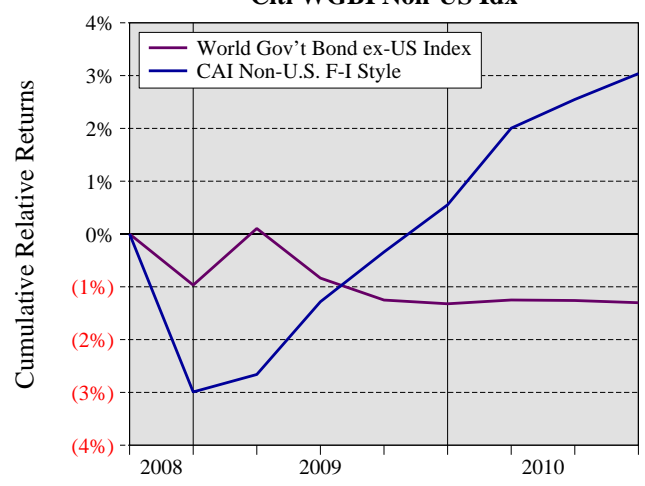


	Last Quarter	Last Year	Last 2 Years
10th Percentile	12.30	12.85	15.75
25th Percentile	11.46	9.94	13.09
Median	10.95	7.38	12.22
75th Percentile	10.52	6.18	11.36
90th Percentile	9.99	4.48	9.74

Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx



US REAL ESTATE INVMT TR INDEX PERIOD ENDED SEPTEMBER 30, 2010



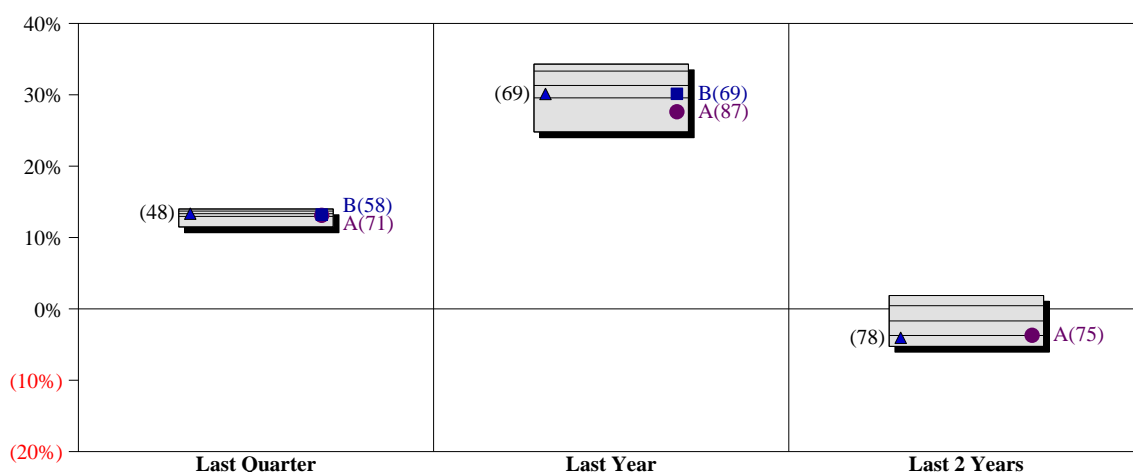
Investment Philosophy

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 Invmt Tr Index's portfolio posted a 13.11% return for the quarter placing it in the 71 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 87 percentile for the last year.
- US Real Estate Invmt Tr Index's portfolio underperformed the Wilshire REIT by 0.24% for the quarter and underperformed the Wilshire REIT for the year by 2.50%.

Performance vs CAI Real Estate-REIT DB (Gross)

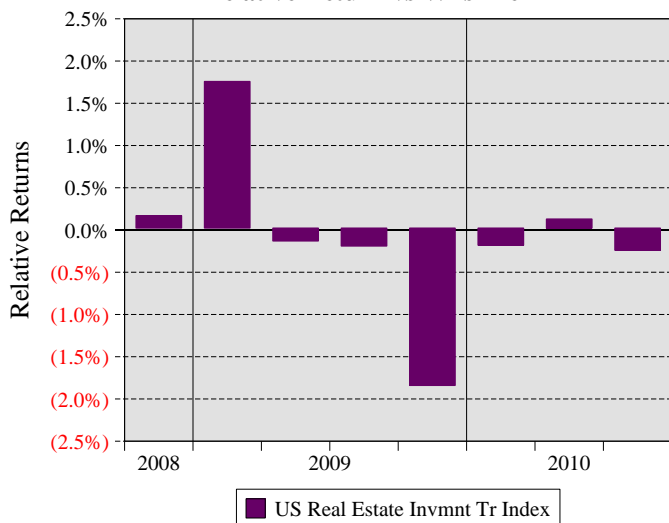


10th Percentile
25th Percentile
Median
75th Percentile
90th Percentile

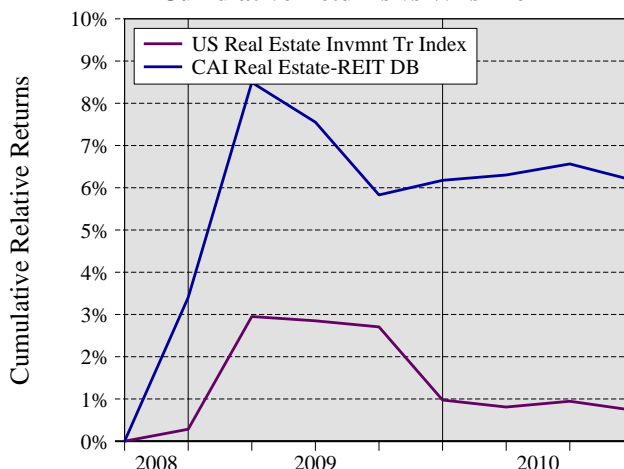
US Real Estate
Invmt Tr Index ● A
US Select REIT Index ■ B

Wilshire REIT ▲

Relative Return vs Wilshire REIT



Cumulative Returns vs Wilshire REIT



STATE STREET INST TRSRY MM PERIOD ENDED SEPTEMBER 30, 2010



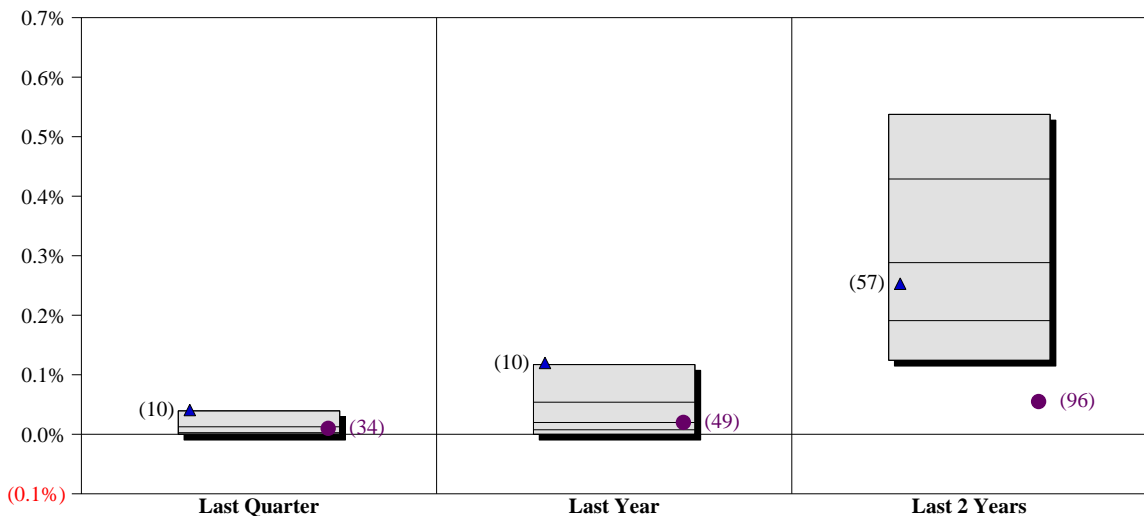
Investment Philosophy

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 0.01% return for the quarter placing it in the 34 percentile of the Money Market Funds group for the quarter and in the 49 percentile for the last year.
- State Street Inst Trsry MM's portfolio underperformed the Citigroup 3mo T-Bills by 0.03% for the quarter and underperformed the Citigroup 3mo T-Bills for the year by 0.10%.

Performance vs Money Market Funds (Net)

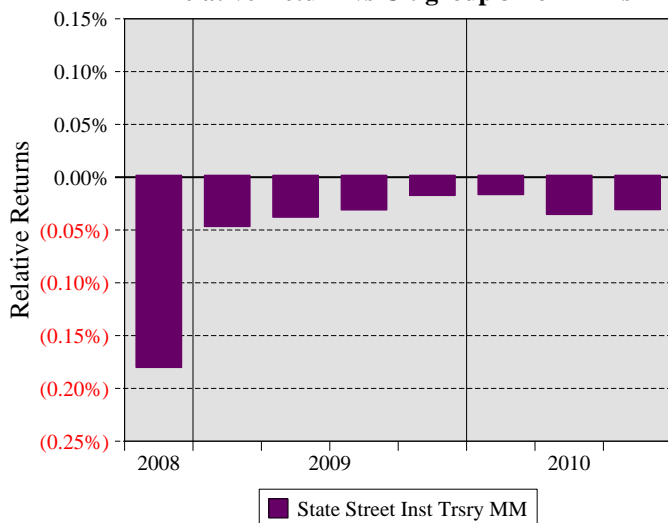


(0.1%)
10th Percentile
25th Percentile
Median
75th Percentile
90th Percentile

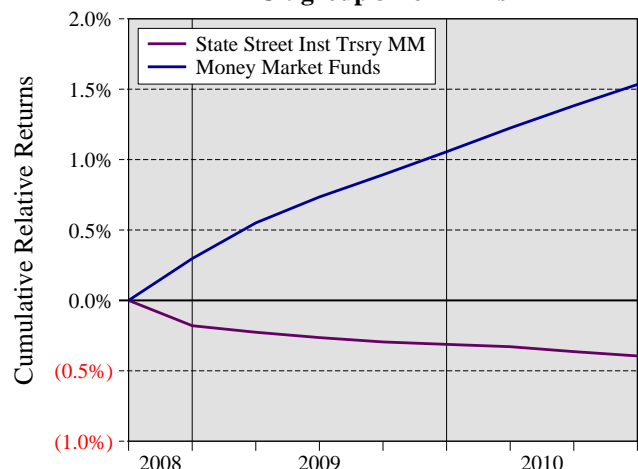
State Street Inst Trsry MM

Citigroup 3mo T-Bills

Relative Return vs Citigroup 3mo T-Bills



Cumulative Returns vs Citigroup 3mo T-Bills



BLACKROCK GOVT/CREDIT FUND PERIOD ENDED SEPTEMBER 30, 2010



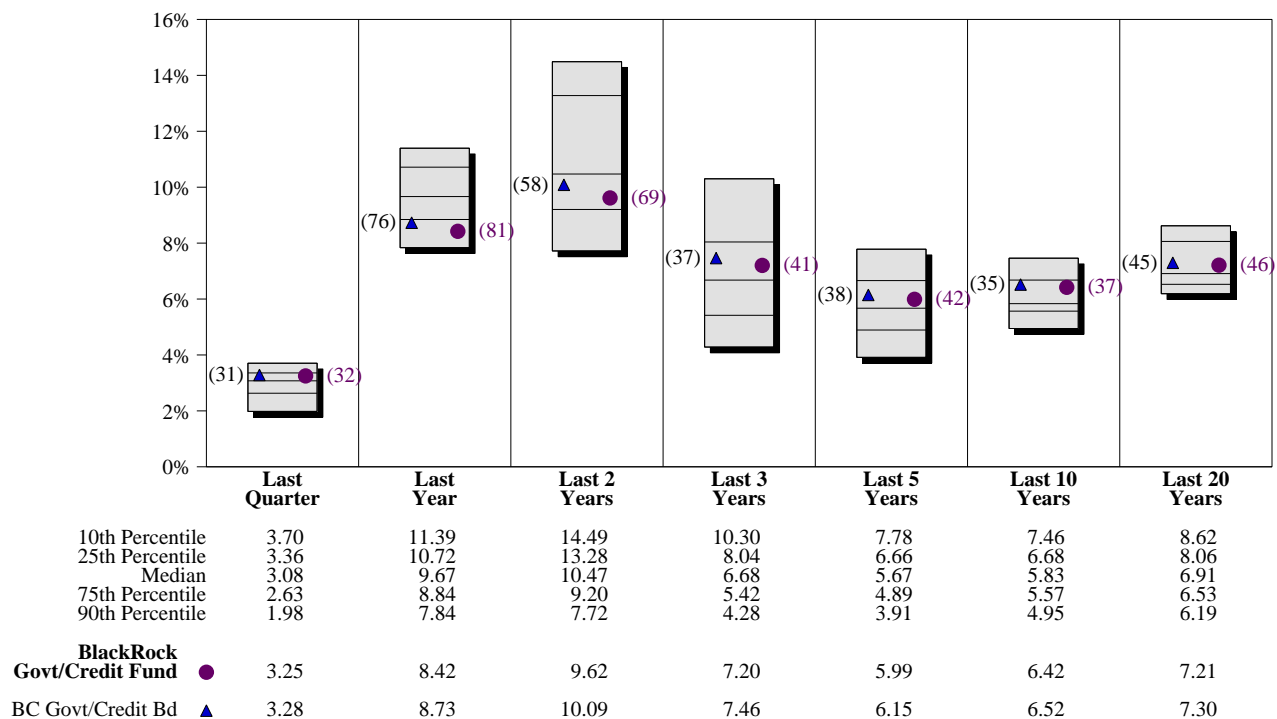
Investment Philosophy

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.

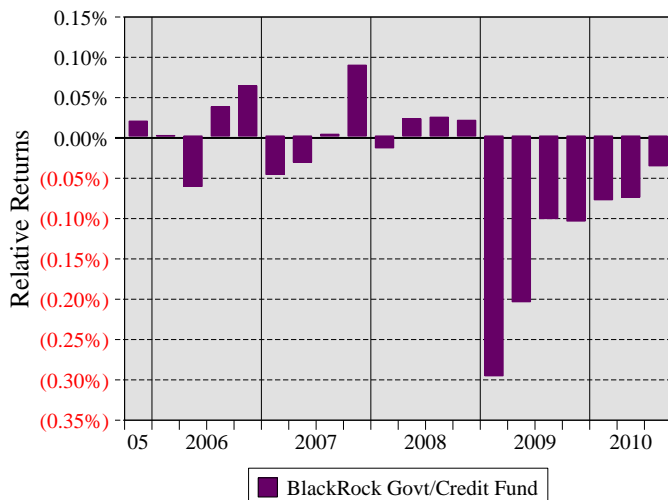
Quarterly Summary and Highlights

- BlackRock Govt/Credit Fund's portfolio posted a 3.25% return for the quarter placing it in the 32 percentile of the CAI MF - Core Bond Style group for the quarter and in the 81 percentile for the last year.
- BlackRock Govt/Credit Fund's portfolio underperformed the BC Govt/Credit Bd by 0.03% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.31%.

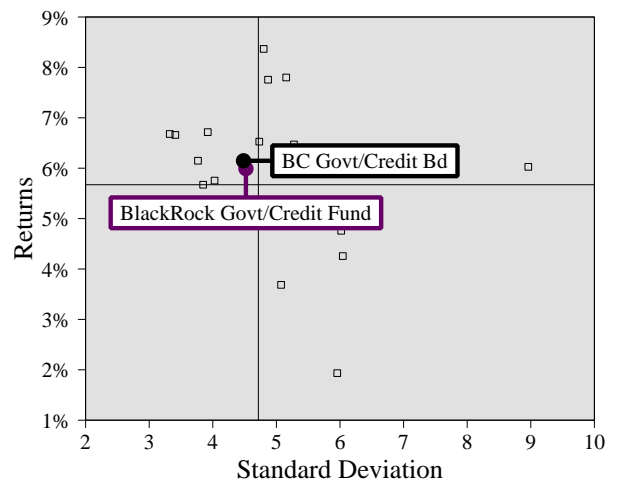
Performance vs CAI MF - Core Bond Style (Net)



Relative Return vs BC Govt/Credit Bd



CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return



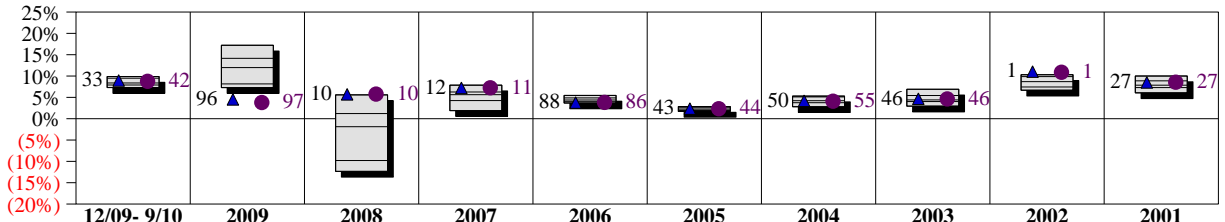


BLACKROCK GOVT/CREDIT FUND RETURN ANALYSIS SUMMARY

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.

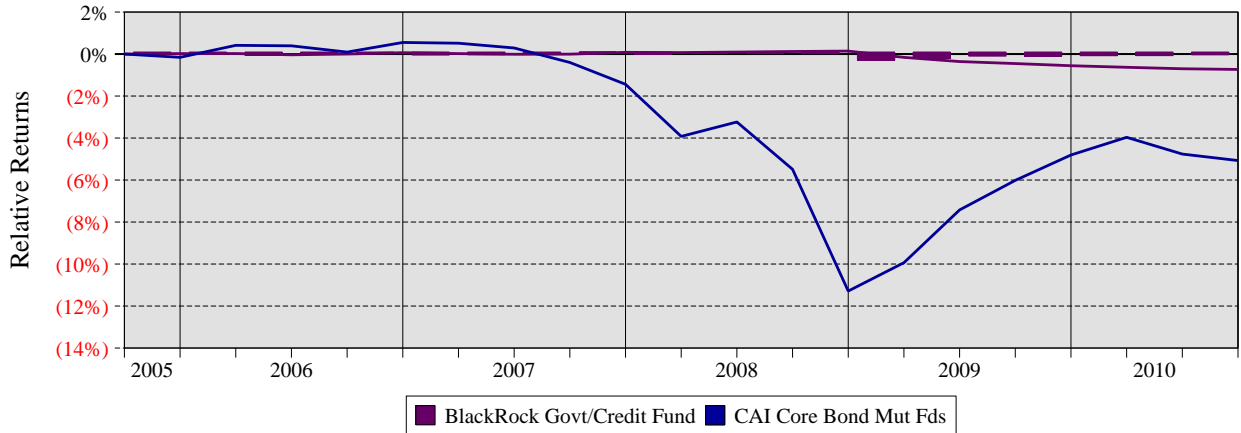
Performance vs CAI MF - Core Bond Style (Net)



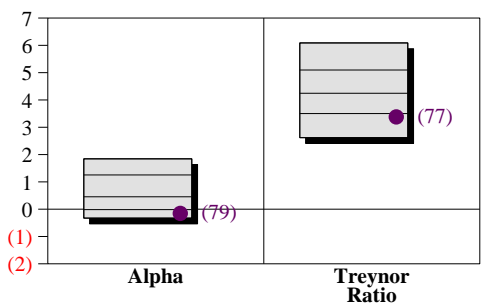
	12/09- 9/10	2009	2008	2007	2006	2005	2004	2003	2002	2001
10th Percentile	9.88	17.21	5.59	7.86	5.45	2.85	5.30	6.90	10.31	10.00
25th Percentile	9.49	14.15	1.21	6.27	4.87	2.57	5.11	5.44	9.87	8.88
Median	8.37	11.98	(1.88)	5.63	4.38	2.24	4.22	4.41	8.69	7.86
75th Percentile	7.90	8.16	(9.80)	4.25	3.99	1.93	3.75	4.02	7.44	7.29
90th Percentile	7.30	7.29	(12.35)	1.90	3.67	1.70	2.81	2.94	6.68	6.07

BlackRock Govt/Credit Fund ●	8.76	3.79	5.77	7.24	3.82	2.34	4.10	4.63	10.89	8.55
BC Govt/Credit Bd ▲	8.95	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

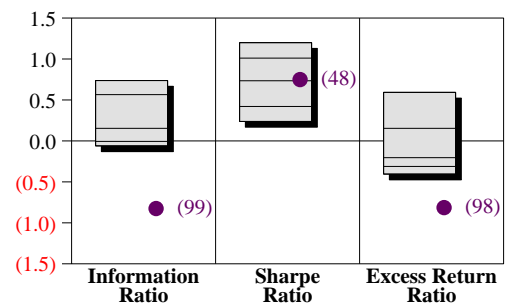


Risk Adjusted Return Measures vs BC Govt/Credit Bd Rankings Against CAI MF - Core Bond Style (Net) Five Years Ended September 30, 2010



10th Percentile	1.84	6.09
25th Percentile	1.25	5.10
Median	0.45	4.24
75th Percentile	(0.02)	3.50
90th Percentile	(0.33)	2.62

BlackRock Govt/Credit Fund ●	(0.15)	3.38
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10th Percentile	0.74	1.20	0.59
25th Percentile	0.57	1.01	0.15
Median	0.15	0.73	(0.20)
75th Percentile	(0.01)	0.42	(0.31)
90th Percentile	(0.06)	0.24	(0.41)

BlackRock Govt/Credit Fund ●	(0.83)	0.75	(0.81)
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INTERMEDIATE BOND FUND PERIOD ENDED SEPTEMBER 30, 2010



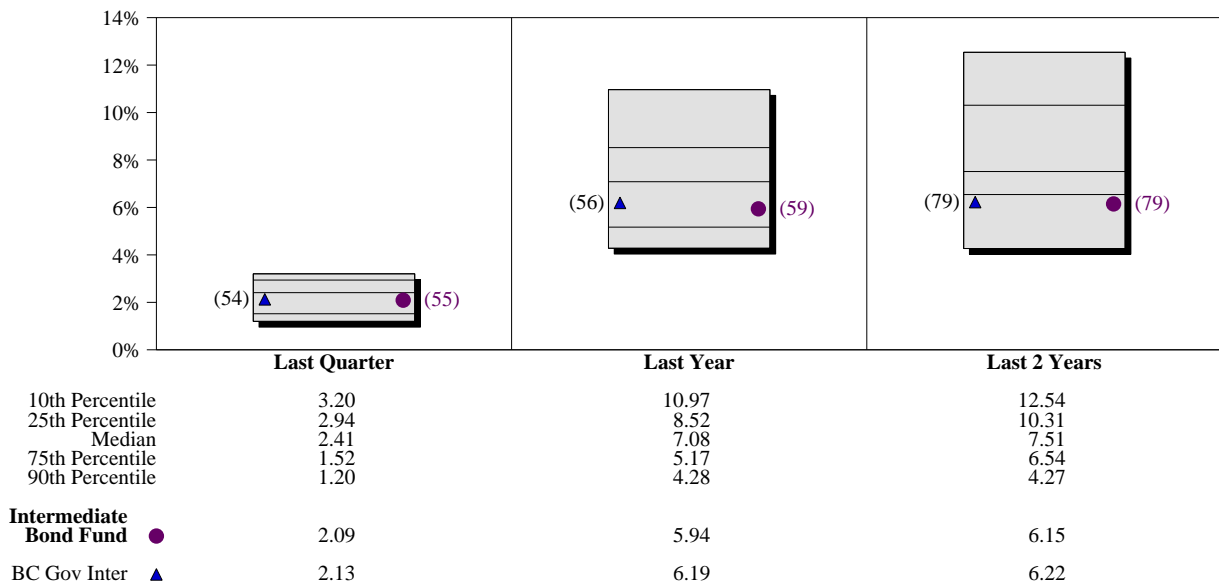
Investment Philosophy

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.

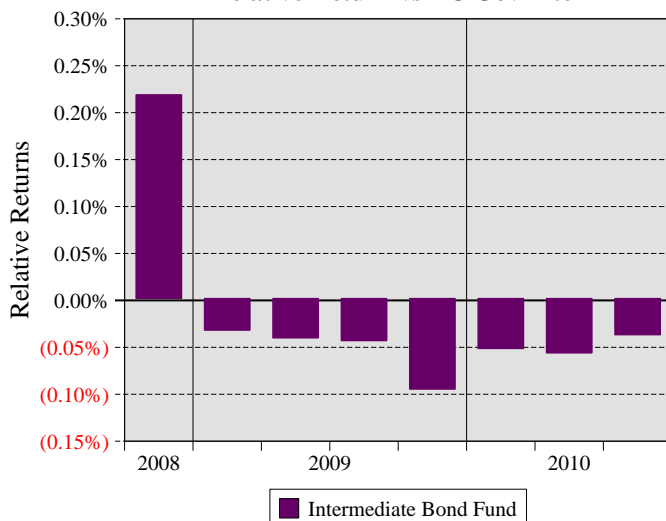
Quarterly Summary and Highlights

- Intermediate Bond Fund's portfolio posted a 2.09% return for the quarter placing it in the 55 percentile of the CAI MF - Intermediate Style group for the quarter and in the 59 percentile for the last year.
- Intermediate Bond Fund's portfolio underperformed the BC Gov Inter by 0.04% for the quarter and underperformed the BC Gov Inter for the year by 0.25%.

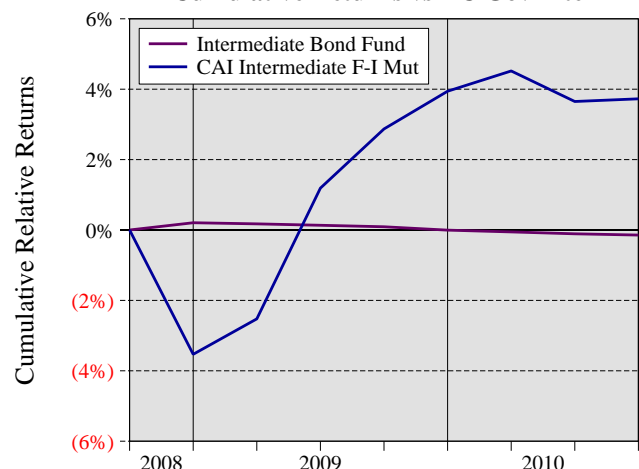
Performance vs CAI MF - Intermediate Style (Net)



Relative Return vs BC Gov Inter



Cumulative Returns vs BC Gov Inter



BRANDES INT'L FUND PERIOD ENDED SEPTEMBER 30, 2010



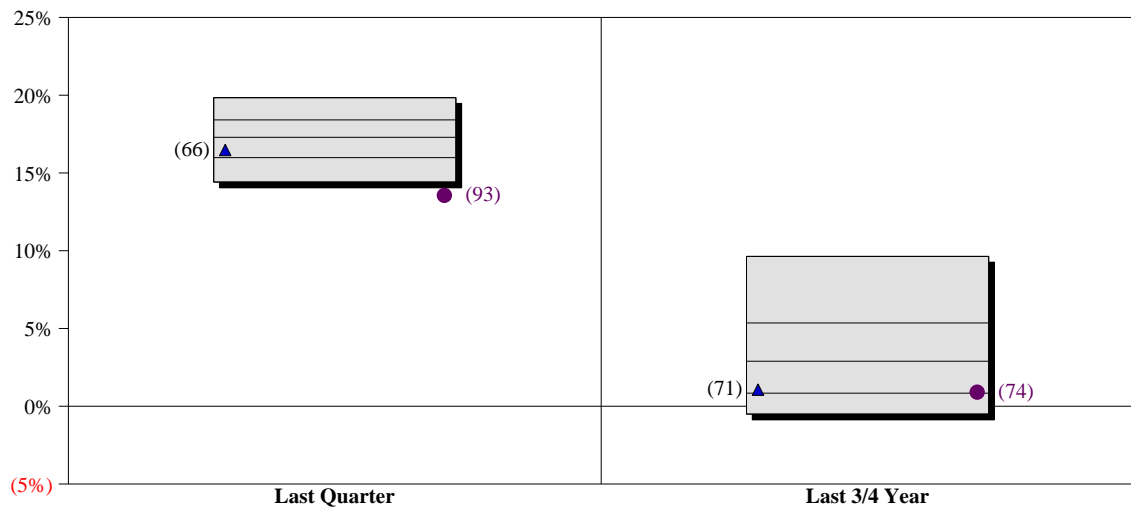
Investment Philosophy

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

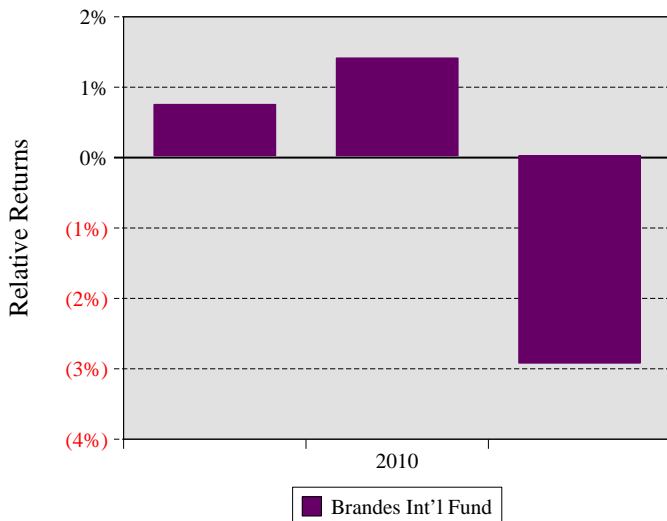
- Brandes Int'l Fund's portfolio posted a 13.56% return for the quarter placing it in the 93 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 74 percentile for the last three-quarter year.
- Brandes Int'l Fund's portfolio underperformed the MSCI EAFE Index by 2.92% for the quarter and underperformed the MSCI EAFE Index for the three-quarter year by 0.16%.

Performance vs CAI MF - Non-US Equity Style (Net)

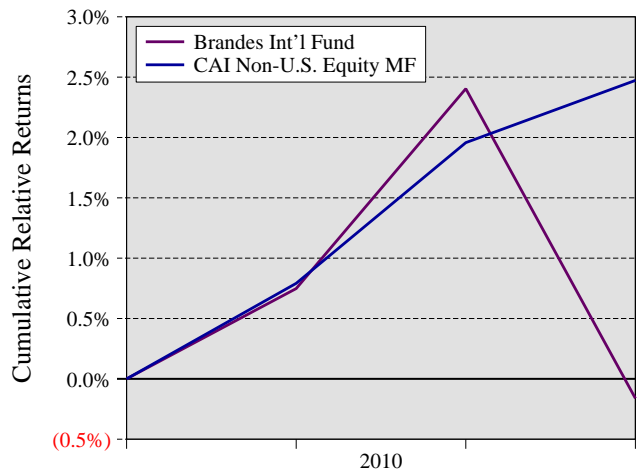


	Last Quarter	Last 3/4 Year
10th Percentile	19.84	9.64
25th Percentile	18.41	5.35
Median	17.29	2.89
75th Percentile	15.99	0.84
90th Percentile	14.41	(0.51)
Brandes Int'l Fund	13.56	0.91
MSCI EAFE Index	16.48	1.07

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index



SSGA GLOBAL BALANCED PERIOD ENDED SEPTEMBER 30, 2010



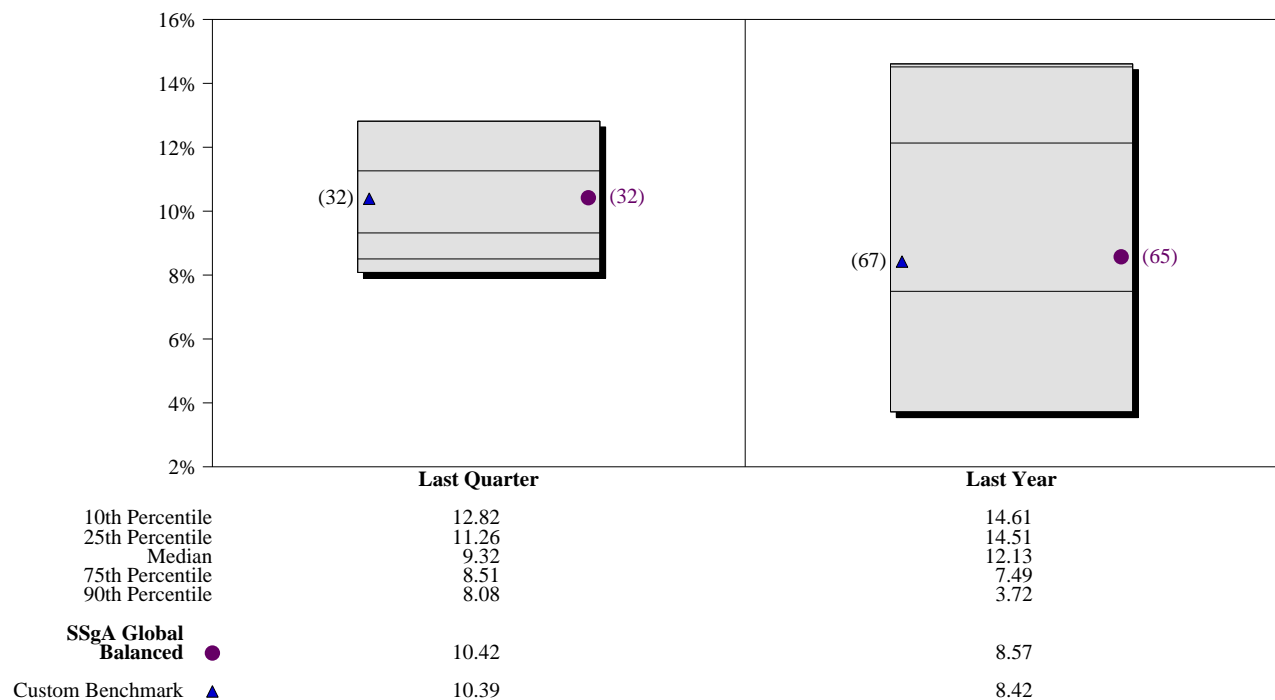
Investment Philosophy

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.

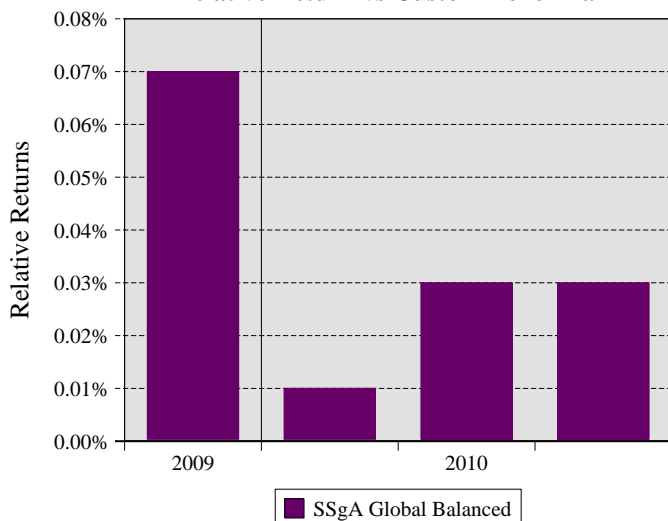
Quarterly Summary and Highlights

- SSgA Global Balanced's portfolio posted a 10.42% return for the quarter placing it in the 32 percentile of the CAI MF - Global Balanced Style group for the quarter and in the 65 percentile for the last year.
- SSgA Global Balanced's portfolio outperformed the Custom Benchmark by 0.03% for the quarter and outperformed the Custom Benchmark for the year by 0.15%.

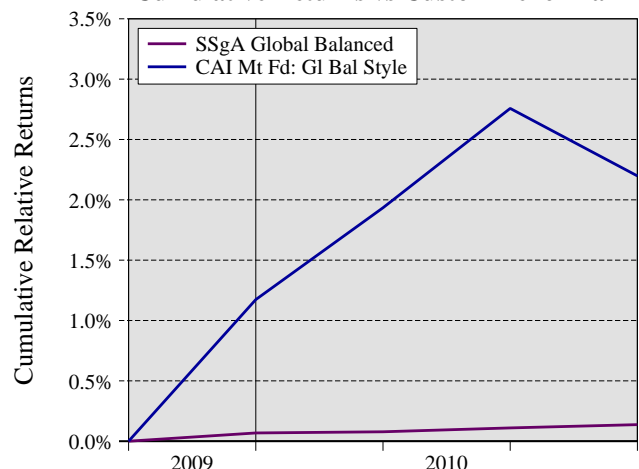
Performance vs CAI MF - Global Balanced Style (Net)



Relative Return vs Custom Benchmark



Cumulative Returns vs Custom Benchmark



RCM SOCIALLY RESP INV FUND PERIOD ENDED SEPTEMBER 30, 2010



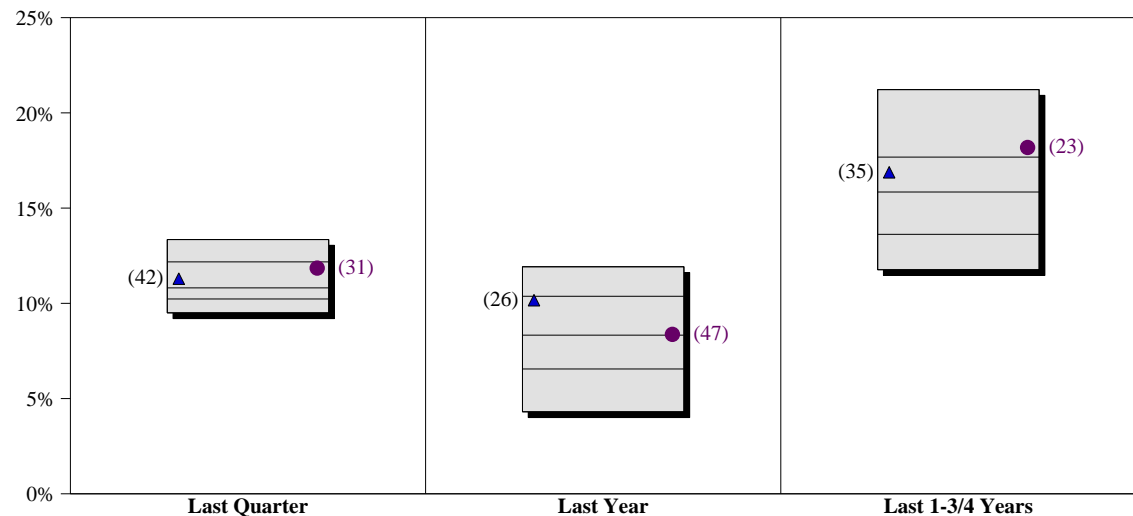
Investment Philosophy

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

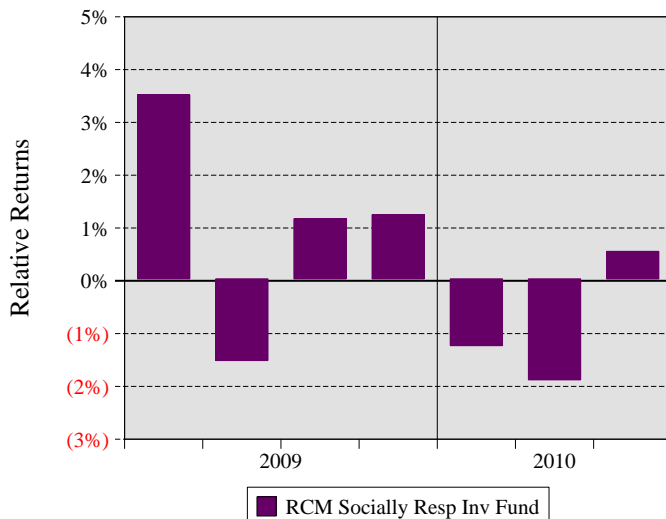
- RCM Socially Resp Inv Fund's portfolio posted a 11.85% return for the quarter placing it in the 31 percentile of the CAI MF - Core Equity Style group for the quarter and in the 47 percentile for the last year.
- RCM Socially Resp Inv Fund's portfolio outperformed the S&P 500 Index by 0.56% for the quarter and underperformed the S&P 500 Index for the year by 1.79%.

Performance vs CAI MF - Core Equity Style (Net)

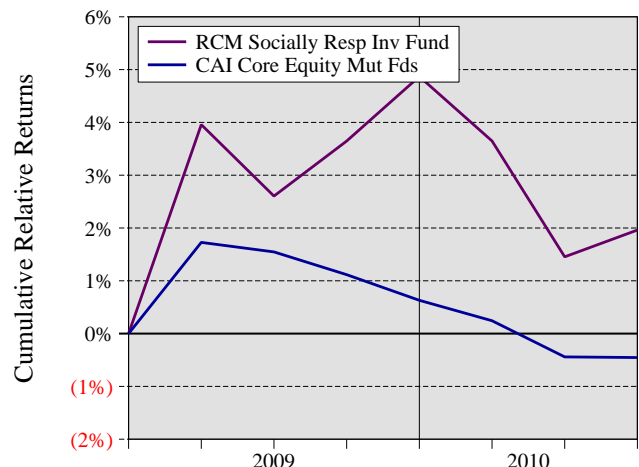


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	13.35	11.92	21.22
25th Percentile	12.18	10.37	17.68
Median	10.81	8.33	15.85
75th Percentile	10.23	6.55	13.62
90th Percentile	9.50	4.31	11.76
RCM Socially Resp Inv Fund ●	11.85	8.37	18.18
S&P 500 Index ▲	11.29	10.16	16.88

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



T. ROWE PRICE SMALL-CAP STOCK TRUST PERIOD ENDED SEPTEMBER 30, 2010



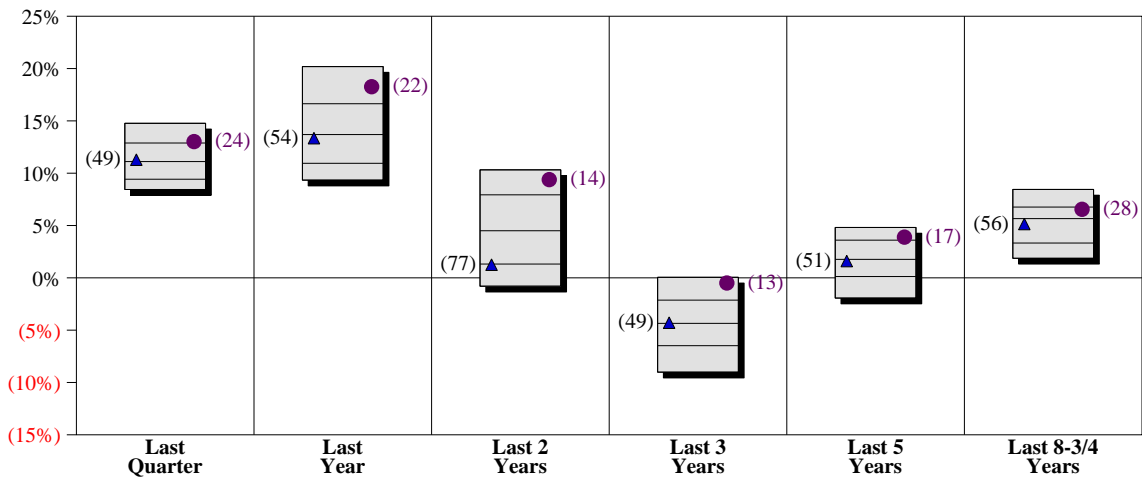
Investment Philosophy

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

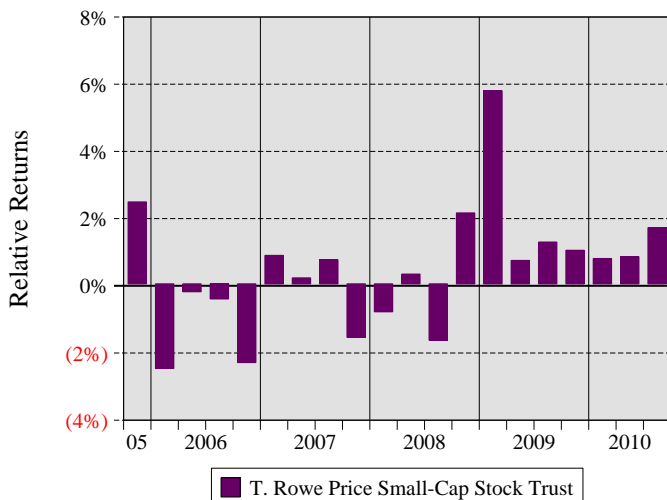
- T. Rowe Price Small-Cap Stock Trust's portfolio posted a 13.02% return for the quarter placing it in the 24 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 22 percentile for the last year.
- T. Rowe Price Small-Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 1.73% for the quarter and outperformed the Russell 2000 Index for the year by 4.92%.

Performance vs CAI MF - Small Cap Broad Style (Net)

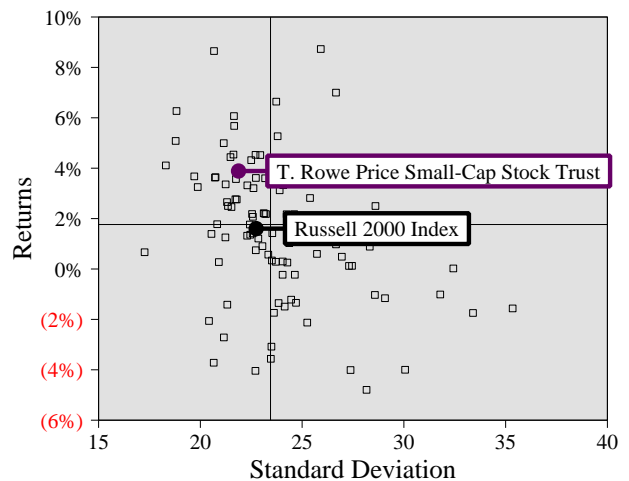


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-3/4 Years
10th Percentile	14.77	20.19	10.32	0.05	4.81	8.45
25th Percentile	12.89	16.64	7.93	(2.13)	3.60	6.76
Median	11.11	13.69	4.50	(4.35)	1.76	5.66
75th Percentile	9.42	10.95	1.32	(6.48)	0.13	3.33
90th Percentile	8.44	9.34	(0.80)	(9.01)	(1.94)	1.87
T. Rowe Price Small-Cap Stock Trust ●	13.02	18.27	9.39	(0.49)	3.89	6.55
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	1.60	5.14

Relative Return vs Russell 2000 Index



CAI MF - Small Cap Broad Style (Net) Annualized Five Year Risk vs Return



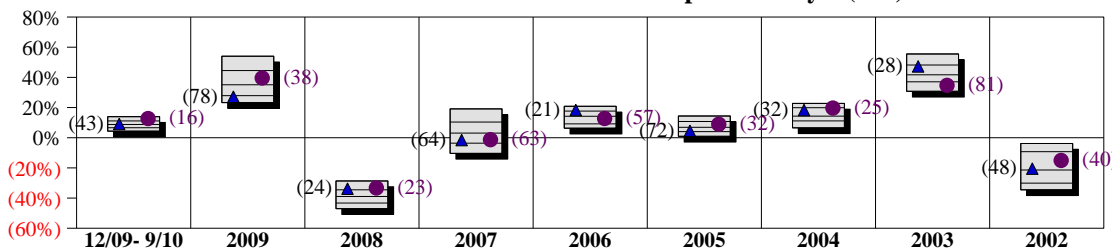


T. ROWE PRICE SMALL-CAP STOCK TRUST RETURN ANALYSIS SUMMARY

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.

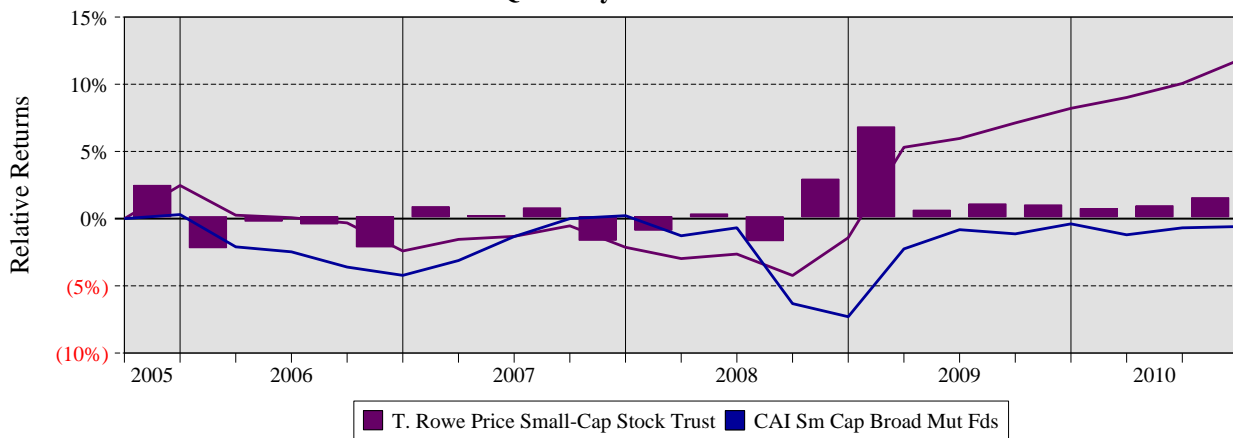
Performance vs CAI MF - Small Cap Broad Style (Net)



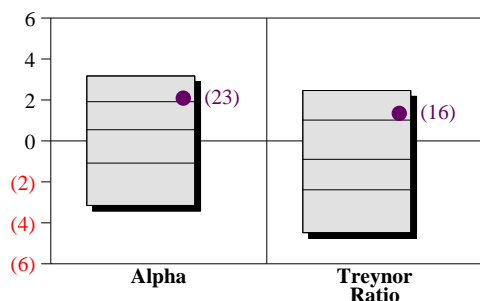
	12/09- 9/10	2009	2008	2007	2006	2005	2004	2003	2002
10th Percentile	13.96	54.04	(28.66)	19.12	20.83	14.40	22.75	55.52	(3.82)
25th Percentile	11.13	44.52	(34.53)	10.39	17.65	10.76	19.90	48.21	(9.25)
Median	8.78	35.11	(38.94)	3.07	14.23	6.91	14.31	41.71	(21.40)
75th Percentile	6.62	27.89	(43.30)	(3.60)	9.19	4.04	11.15	37.07	(30.11)
90th Percentile	4.35	23.27	(47.03)	(10.37)	6.31	0.92	6.56	30.77	(34.53)

T. Rowe Price Small-Cap Stock Trust ●	12.71	39.59	(33.30)	(1.29)	12.74	8.94	19.67	34.72	(15.06)
Russell 2000 Index ▲	9.12	27.17	(33.79)	(1.57)	18.37	4.55	18.33	47.25	(20.48)

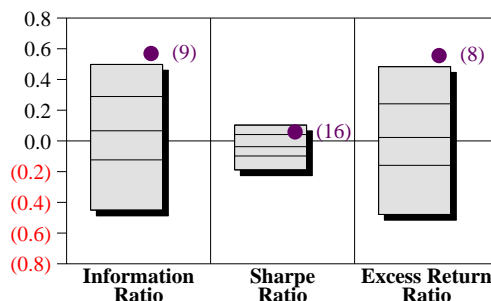
Cumulative and Quarterly Relative Return vs Russell 2000 Index



**Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI MF - Small Cap Broad Style (Net)
Five Years Ended September 30, 2010**



	Alpha	Treynor Ratio
10th Percentile	3.17	2.46
25th Percentile	1.91	1.02
Median	0.55	(0.90)
75th Percentile	(1.08)	(2.39)
90th Percentile	(3.15)	(4.48)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.50	0.10	0.48
25th Percentile	0.29	0.04	0.24
Median	0.07	(0.04)	0.02
75th Percentile	(0.12)	(0.10)	(0.16)
90th Percentile	(0.45)	(0.19)	(0.48)

T. Rowe Price Small-Cap Stock Trust ●	2.09	1.34
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T. Rowe Price Small-Cap Stock Trust ●	0.57	0.06	0.56
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T. ROWE PRICE STABLE VALUE FUND PERIOD ENDED SEPTEMBER 30, 2010

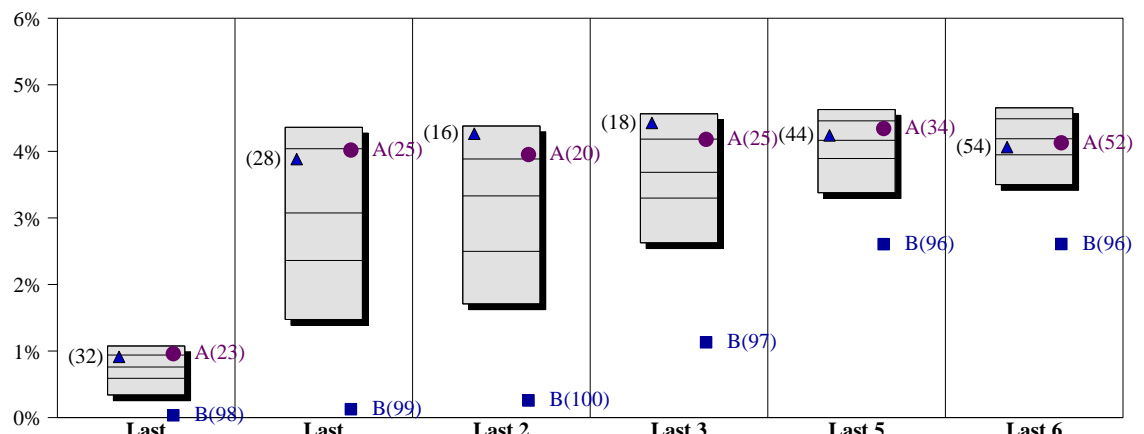
Investment Philosophy

The Stable Value database group is comprised of funds that invest primarily in Guaranteed Investment Contracts (GICs) and Synthetic Investment Contracts (SICs) to provide principal protection, stable book value and a guaranteed rate of return over a contractually specified time period. Common benchmarks for the universe include, but not limited to, the are the Ryan Labs GIC Master indices and the Hueler Stable Value Index.

Quarterly Summary and Highlights

- T. Rowe Price Stable Value Fund's portfolio posted a 0.96% return for the quarter placing it in the 23 percentile of the CAI Stable Value Database group for the quarter and in the 25 percentile for the last year.
- T. Rowe Price Stable Value Fund's portfolio outperformed the Ryan Labs 3yr Master by 0.05% for the quarter and outperformed the Ryan Labs 3yr Master for the year by 0.14%.

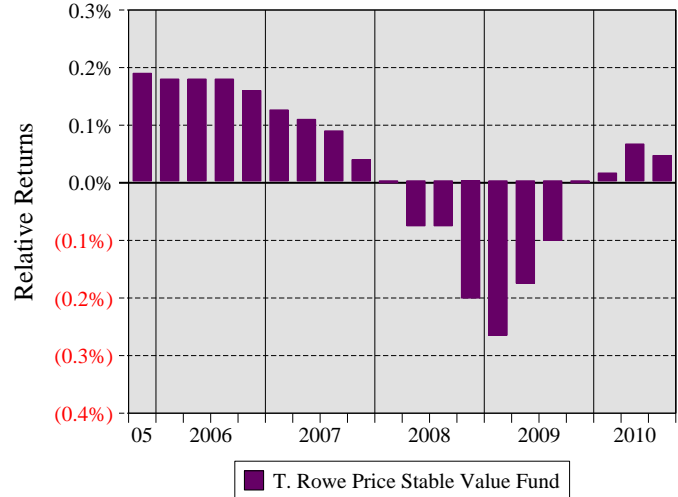
Performance vs CAI Stable Value Database (Gross)



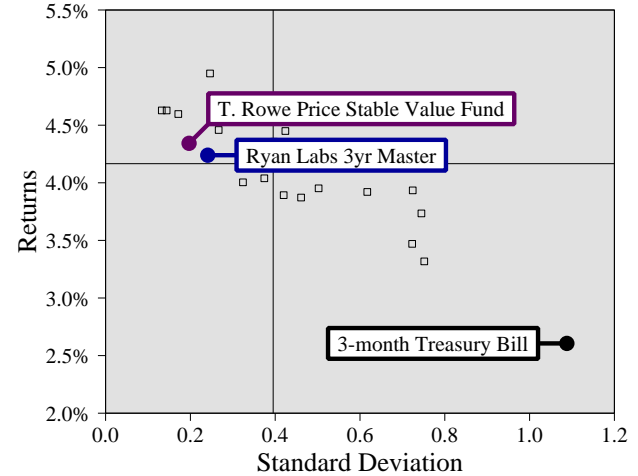
10th Percentile	1.08	4.36	4.38	4.56	4.63	4.65
25th Percentile	0.94	4.04	3.89	4.18	4.46	4.49
Median	0.76	3.07	3.33	3.69	4.17	4.19
75th Percentile	0.59	2.36	2.50	3.30	3.89	3.95
90th Percentile	0.34	1.47	1.71	2.63	3.38	3.50

T. Rowe Price Stable Value Fund	● A	0.96	4.02	3.95	4.18	4.34	4.13
3-month Treasury Bill	■ B	0.03	0.13	0.26	1.13	2.61	2.61
Ryan Labs 3yr Master	▲	0.91	3.88	4.27	4.43	4.24	4.06

Relative Return vs Ryan Labs 3yr Master



CAI Stable Value Database (Gross) Annualized Five Year Risk vs Return



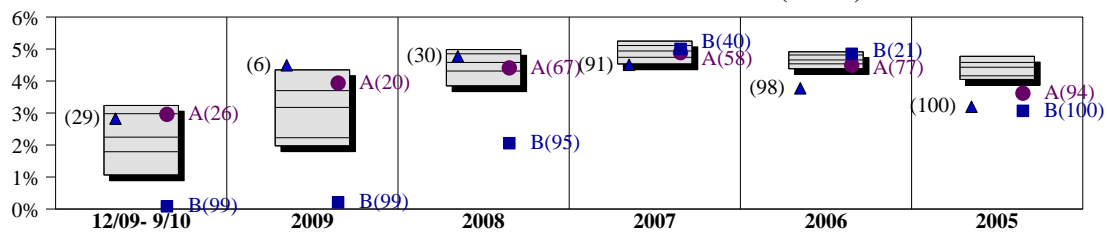


T. ROWE PRICE STABLE VALUE FUND RETURN ANALYSIS SUMMARY

Return Analysis

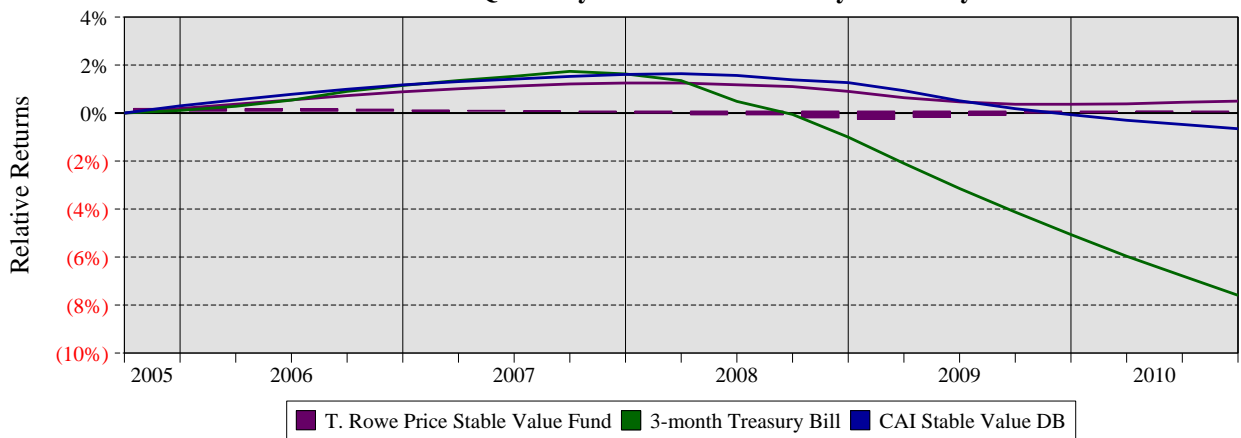
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

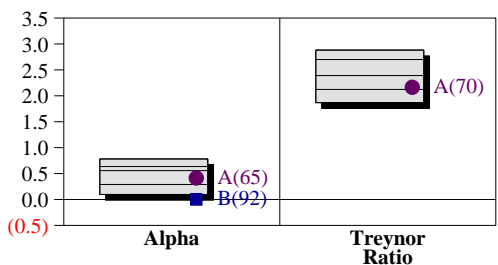


10th Percentile	3.24	4.35	4.98	5.25	4.91	4.77
25th Percentile	2.98	3.70	4.85	5.11	4.81	4.58
Median	2.25	3.18	4.58	4.94	4.66	4.43
75th Percentile	1.79	2.23	4.31	4.74	4.54	4.16
90th Percentile	1.06	1.97	3.85	4.53	4.38	4.05
T. Rowe Price Stable Value Fund	● A 2.96	3.94	4.41	4.89	4.49	3.62
3-month Treasury Bill	■ B 0.09	0.21	2.06	5.00	4.85	3.07
Ryan Labs 3yr Master	▲ 2.82	4.49	4.77	4.51	3.77	3.20

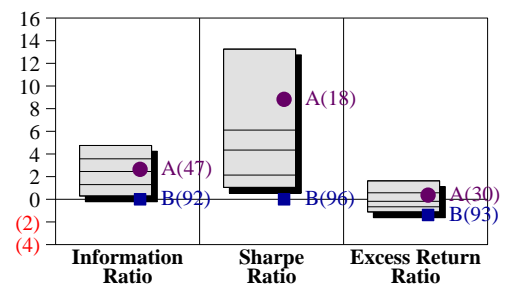
Cumulative and Quarterly Relative Return vs Ryan Labs 3yr Master



**Risk Adjusted Return Measures vs Ryan Labs 3yr Master
Rankings Against CAI Stable Value Database (Gross)
Five Years Ended September 30, 2010**



10th Percentile	0.78	2.88
25th Percentile	0.64	2.70
Median	0.56	2.39
75th Percentile	0.29	2.12
90th Percentile	0.10	1.87
T. Rowe Price Stable Value Fund	● A 0.41	2.16
3-month Treasury Bill	■ B 0.00	-



10th Percentile	4.75	13.26	1.63
25th Percentile	3.57	6.11	0.57
Median	2.45	4.34	(0.18)
75th Percentile	1.30	2.14	(0.66)
90th Percentile	0.29	1.05	(1.12)
T. Rowe Price Stable Value Fund	● A 2.65	8.82	0.37
3-month Treasury Bill	■ B 0.00	0.00	(1.38)



RESEARCH AND UPCOMING PROGRAMS

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.

White Papers

Lifetime Retirement Income Solutions

Lori Lucas, CFA

Fixed Income Benchmark Review: Year-Ended March 31, 2010

Anna West

The Next DC Frontier: An Outcomes-Based Approach to DC Plan Design

Lori Lucas, CFA

The Recovery Across All Asset Classes

Reprinted with permission from PREA Quarterly, Spring 2010

Jay Kloepfer

Publications

DC Observer and Callan DC Index™ – 2nd Quarter 2010

Hedge Fund Monitor – 2nd Quarter 2010

Capital Market Review – 3rd Quarter 2010

Quarterly Performance Data – 3rd Quarter 2010

Private Markets Trends – Summer 2010

Surveys

2010 Alternatives Survey - coming soon!

2010 DC Trends Survey – January 2010

How Investment Managers Survived the Market Collapse – October 2009

2009 Investment Management Fee Survey – September 2009



RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: 2010 Regional Breakfast Workshop - June 2010

“The Risk Locker - Strategies to Diffuse Risk”

Presentation: 2010 Regional Breakfast Workshop - June 2010

“The Risk Locker - Strategies to Diffuse Risk”

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

Upcoming Educational Programs

The 31st Annual National Conference

January 31 - February 2, 2011 in San Francisco

Speakers include: Henry M. Paulson, Fareed Zakaria, Joshua Cooper Ramo,
and Dan Ariely

Workshops on: defined contribution, portfolio structure, and real assets

Details will be sent to you via email and U.S. Mail in October.

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

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



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

THIRD QUARTER 2010

EDUCATIONAL SESSIONS

An Introduction to Investments

April and October 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 in Chicago

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.

Session on Real Estate

2011 Dates TBD

Callan Associates will share its expertise through an educational program designed to advance the participants' knowledge, understanding and comfort with real estate investing. Callan's real estate specialists have extensive knowledge and experience and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends and best practices.



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

THIRD QUARTER 2010

EDUCATIONAL SESSIONS

(continued)

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.

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

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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	
Allianz Global Investors Capital		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 Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	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	
ClearBridge Advisors	Y	
Colony Realty	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DDJ Capital Management	Y	
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
Diamond Hill Investments	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Epoch Investment Partners	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	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham. Mavo. Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guqaenheim Partners	Y	
Harris Associates	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
HSBC Investments (USA) Inc.		Y
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Liquid Realty	Y	
Loain Circle		Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Marvin & Palmer Associates, Inc.	Y	
Mawer Investment Management	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Mellon Transition Management & BNY Mellon Beta Management	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
Moodv Aldrich Partners	Y	
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Newton Capital Management	Y	
Neuberger Berman, LLC (fka. Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Lights Capital Group		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 LLC	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Opus Capital Management	Y	
Pacific Investment Management Company	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
RBC Global Asset Management	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroder 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
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
Towle & Co.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	

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Manager Name	Educational Services	Consulting Services
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Zephyr Management	Y	

**Callan Associates Inc.
Investment Measurement Service
Quarterly Review**

**State of Alaska
Deferred Compensation Plan
September 30, 2010**

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 (29.8 %), an RCM Socially Responsible Fund (1.6%), a T. Rowe Price Small Cap Fund (10.3%), a Brandes Instl International Equity Fund (8.1%), a T Rowe Price Long Term Balanced Fund and Target Date Funds (7.7%) the Interest Income Fund (30.7%) and SSgA Funds (11.8%).

BlackRock

There are currently three BlackRock 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 BlackRock 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

Third 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	\$161.7 mil	4.345%	3.03%

Investment Fund Balances

The table below compares the fund's investment fund balances as of September 30, 2010 with that of June 30, 2010.

Asset Distribution Across Investment Funds

	September 30, 2010		June 30, 2010	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Fund	3,988,330	0.74%	2,639,721	0.52%
Long Term Balanced Fund	30,532,731	5.65%	27,754,402	5.52%
Target 2010 Trust	1,273,455	0.24%	1,252,774	0.25%
Target 2015 Trust	1,724,965	0.32%	1,324,809	0.26%
Target 2020 Trust	1,330,084	0.25%	1,167,172	0.23%
Target 2025 Trust	861,336	0.16%	571,199	0.11%
Target 2030 Trust	434,608	0.08%	353,988	0.07%
Target 2035 Trust	505,215	0.09%	433,881	0.09%
Target 2040 Trust	300,727	0.06%	143,020	0.03%
Target 2045 Trust	104,375	0.02%	80,590	0.02%
Target 2050 Trust	102,185	0.02%	82,754	0.02%
Target 2055 Trust	690,036	0.13%	446,445	0.09%
Domestic Equity Funds				
Large Cap Equity	110,500,226	20.46%	102,094,051	20.30%
RCM Socially Responsible	8,496,760	1.57%	7,602,874	1.51%
Russell 3000 Index	2,495,699	0.46%	2,280,824	0.45%
Small Cap Equity	55,466,934	10.27%	50,612,075	10.07%
International Equity Funds				
International Equity Fd	43,534,734	8.06%	38,893,366	7.74%
World Eq Ex-US Index	3,848,000	0.71%	3,298,913	0.66%
Fixed-Income Funds				
Govt/Credit Fd	32,485,230	6.01%	30,557,501	6.08%
Intermediate Bond Fund	17,747,275	3.29%	17,320,569	3.44%
Long US Treasury Bond	2,615,912	0.48%	2,725,093	0.54%
US TIPS	6,147,786	1.14%	5,904,420	1.17%
World Gov't Bond Ex-US	1,391,214	0.26%	841,275	0.17%
Global Balanced Funds				
SSgA Global Balanced	35,811,832	6.63%	32,486,492	6.46%
Real Estate Funds				
US REITS	5,746,912	1.06%	5,353,381	1.06%
Short Term Funds				
Interest Income Fund	165,982,624	30.73%	160,997,607	32.02%
SSgA Inst Trsry MM	5,983,417	1.11%	5,585,745	1.11%
Total Fund	\$540,102,602	100.0%	\$502,804,941	100.0%

INTEREST INCOME FUND PERIOD ENDED SEPTEMBER 30, 2010



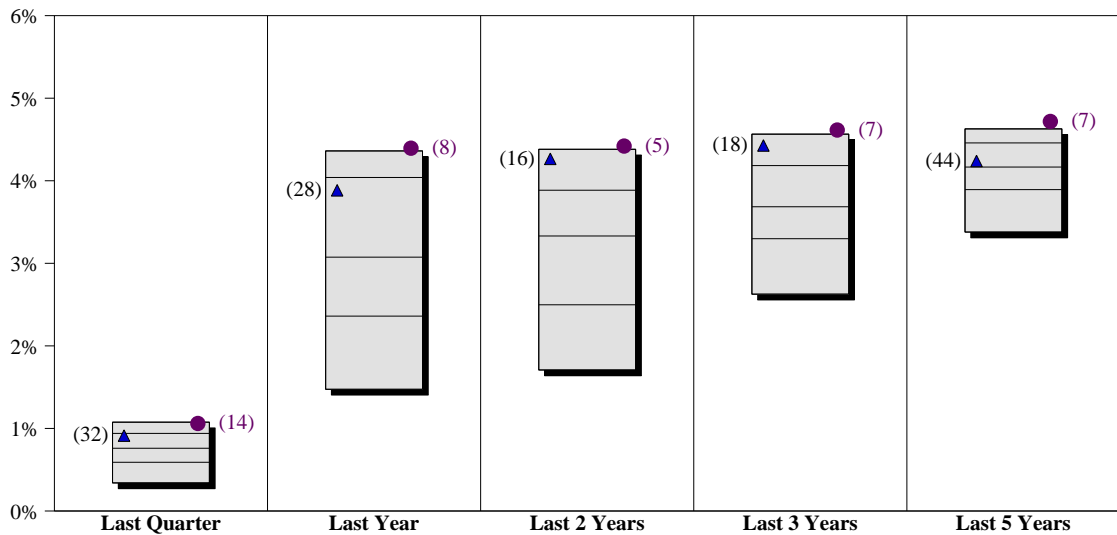
Investment Philosophy

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 1.06% return for the quarter placing it in the 14 percentile of the CAI Stable Value Database group for the quarter and in the 8 percentile for the last year.
- Interest Income Fund's portfolio outperformed the Ryan Labs 3yr Master by 0.15% for the quarter and outperformed the Ryan Labs 3yr Master for the year by 0.51%.

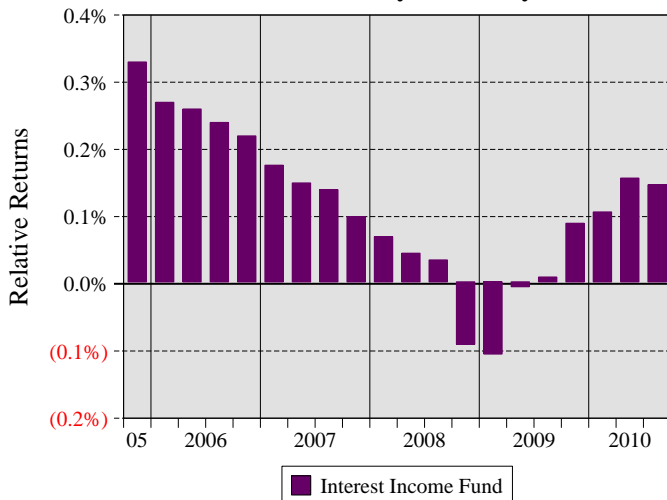
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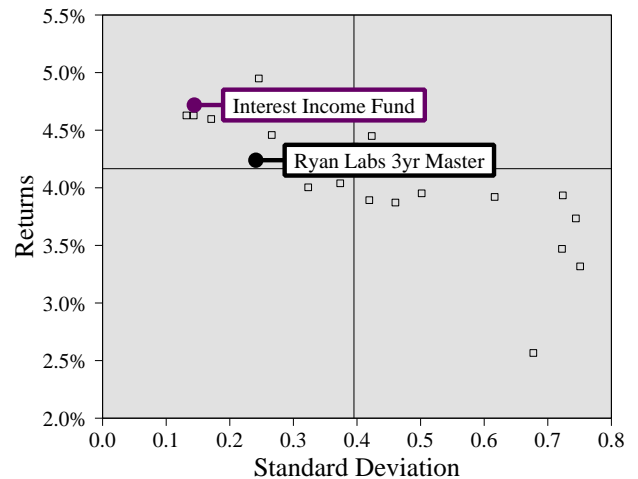
10th Percentile	1.08	4.36	4.38	4.56	4.63
25th Percentile	0.94	4.04	3.89	4.18	4.46
Median	0.76	3.07	3.33	3.69	4.17
75th Percentile	0.59	2.36	2.50	3.30	3.89
90th Percentile	0.34	1.47	1.71	2.63	3.38

Interest Income Fund	1.06	4.39	4.42	4.61	4.72
Ryan Labs 3yr Master	0.91	3.88	4.27	4.43	4.24

Relative Return vs Ryan Labs 3yr Master



CAI Stable Value Database (Gross) Annualized Five Year Risk vs Return



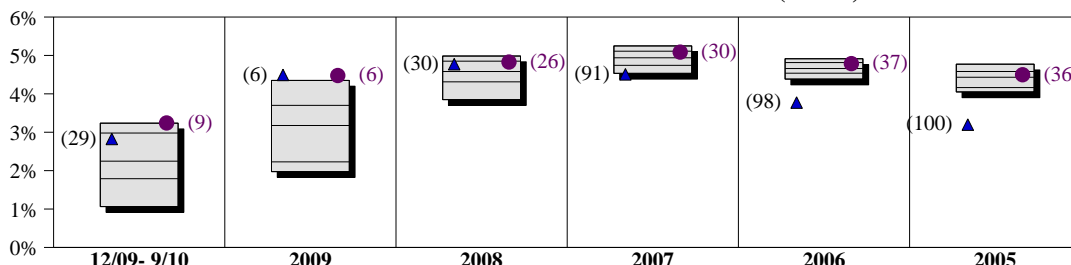


INTEREST INCOME FUND RETURN ANALYSIS SUMMARY

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.

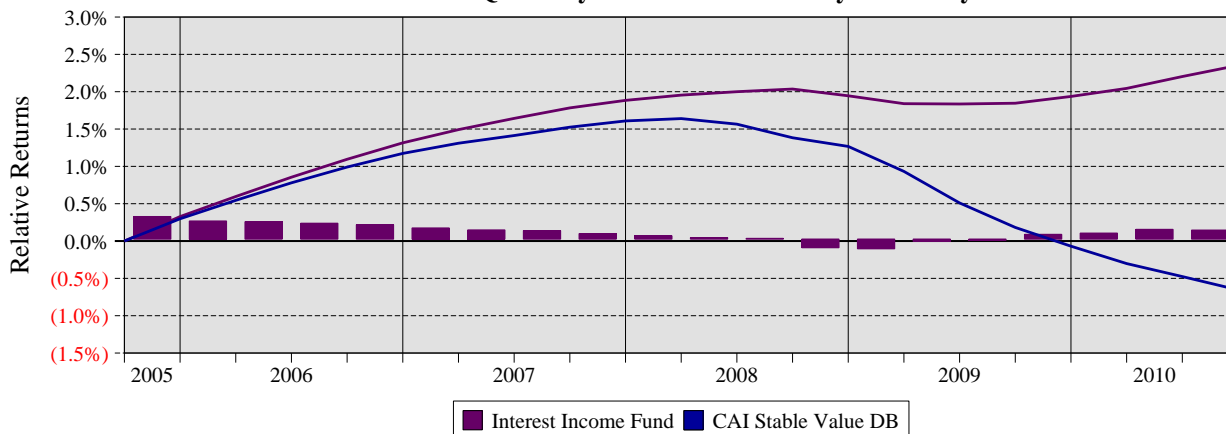
Performance vs CAI Stable Value Database (Gross)



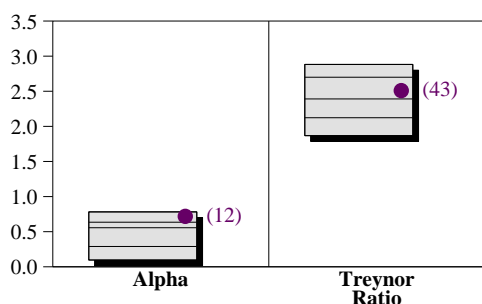
	12/09- 9/10	2009	2008	2007	2006	2005
10th Percentile	3.24	4.35	4.98	5.25	4.91	4.77
25th Percentile	2.98	3.70	4.85	5.11	4.81	4.58
Median	2.25	3.18	4.58	4.94	4.66	4.43
75th Percentile	1.79	2.23	4.31	4.74	4.54	4.16
90th Percentile	1.06	1.97	3.85	4.53	4.38	4.05

Interest Income Fund ●	3.24	4.48	4.83	5.09	4.79	4.50
Ryan Labs 3yr Master ▲	2.82	4.49	4.77	4.51	3.77	3.20

Cumulative and Quarterly Relative Return vs Ryan Labs 3yr Master

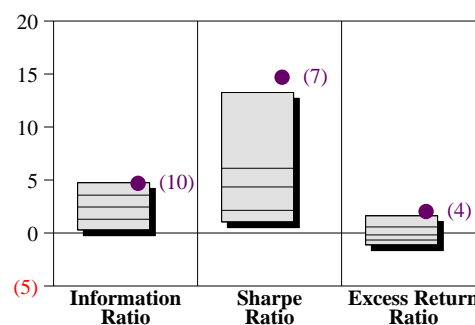


**Risk Adjusted Return Measures vs Ryan Labs 3yr Master
Rankings Against CAI Stable Value Database (Gross)
Five Years Ended September 30, 2010**



	Alpha	Treynor Ratio
10th Percentile	0.78	2.88
25th Percentile	0.64	2.70
Median	0.56	2.39
75th Percentile	0.29	2.12
90th Percentile	0.10	1.87

Interest Income Fund ●	0.72	2.51
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	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.75	13.26	1.63
25th Percentile	3.57	6.11	0.57
Median	2.45	4.34	(0.18)
75th Percentile	1.30	2.14	(0.66)
90th Percentile	0.29	1.05	(1.12)

Interest Income Fund ●	4.69	14.70	2.03
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BLACKROCK INTERMEDIATE AGGREGATE PERIOD ENDED SEPTEMBER 30, 2010



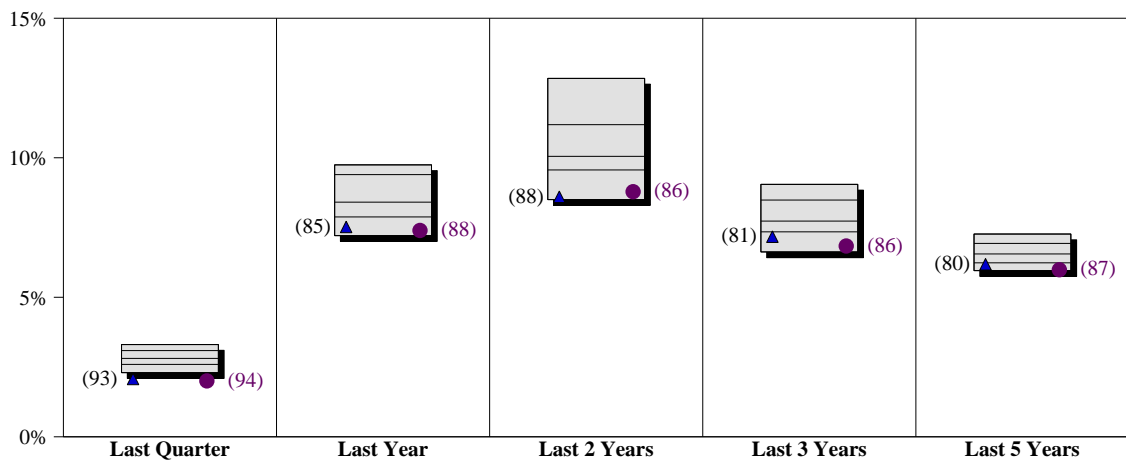
Investment Philosophy

The BlackRock 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

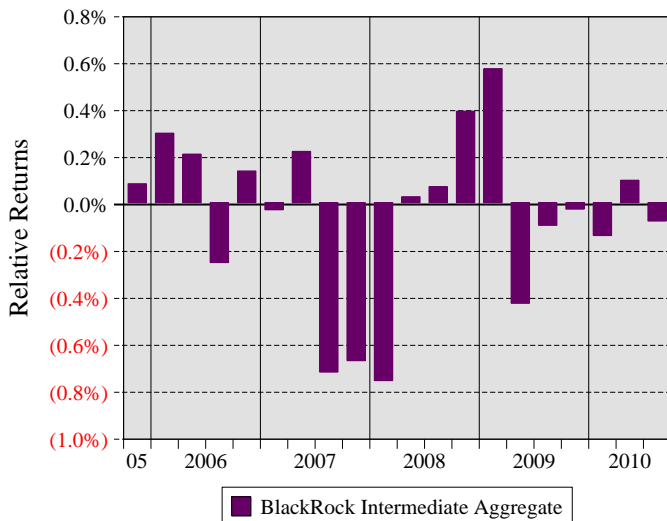
- BlackRock Intermediate Aggregate's portfolio posted a 2.00% return for the quarter placing it in the 94 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 88 percentile for the last year.
- BlackRock Intermediate Aggregate's portfolio underperformed the Benchmark by 0.07% for the quarter and underperformed the Benchmark for the year by 0.13%.

Performance vs CAI Intermediate Fixed-Inc Style (Gross)

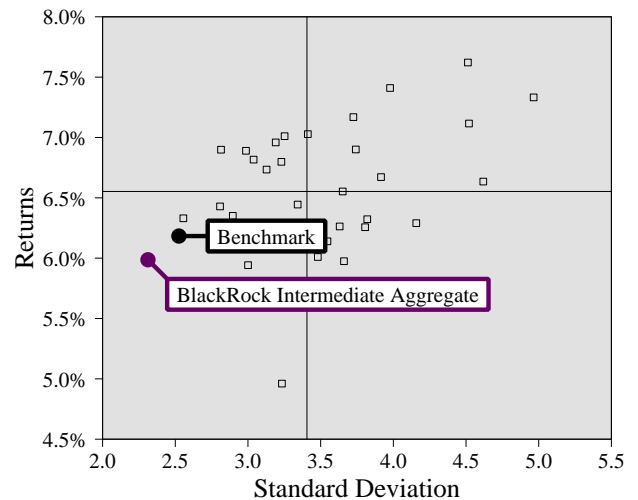


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	3.31	9.75	12.84	9.05	7.27
25th Percentile	3.09	9.40	11.19	8.48	6.93
Median	2.81	8.41	10.05	7.73	6.55
75th Percentile	2.60	7.88	9.56	7.35	6.23
90th Percentile	2.30	7.21	8.50	6.63	5.96
BlackRock Intermediate Aggregate	2.00	7.39	8.78	6.84	5.99
Benchmark	2.07	7.52	8.60	7.17	6.18

Relative Return vs Benchmark



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



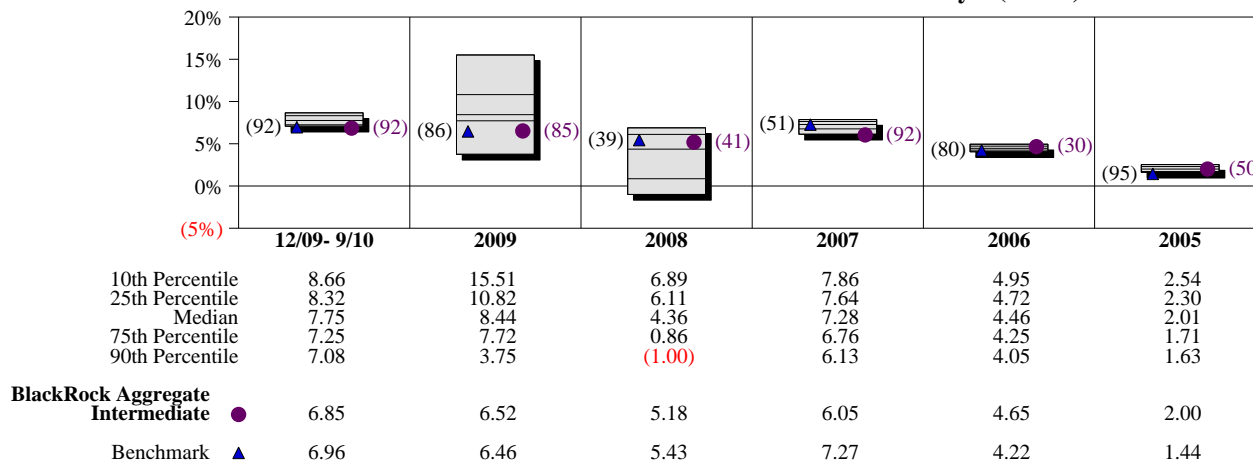
BLACKROCK AGGREGATE INTERMEDIATE RETURN ANALYSIS SUMMARY



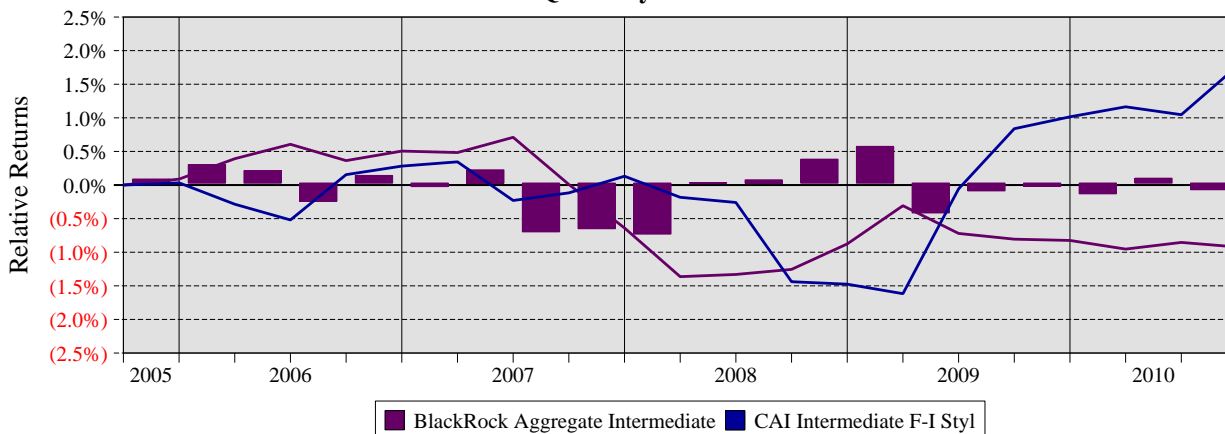
Return Analysis

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.

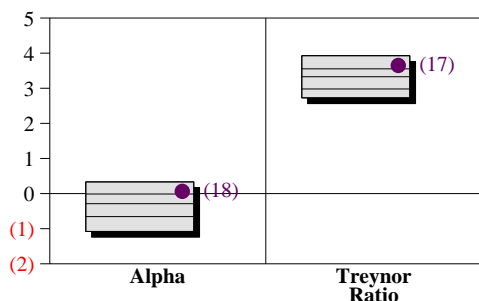
Performance vs CAI Intermediate Fixed-Inc Style (Gross)



Cumulative and Quarterly Relative Return vs Benchmark

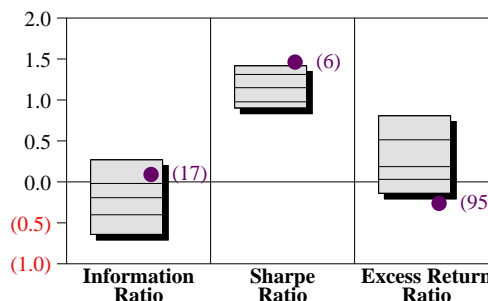


Risk Adjusted Return Measures vs Benchmark Rankings Against CAI Intermediate Fixed-Inc Style (Gross) Five Years Ended September 30, 2010



	Alpha	Treynor Ratio
10th Percentile	0.33	3.93
25th Percentile	(0.01)	3.55
Median	(0.29)	3.33
75th Percentile	(0.66)	2.98
90th Percentile	(1.08)	2.73

BlackRock Aggregate Intermediate	0.06	3.65
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	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.27	1.42	0.81
25th Percentile	(0.02)	1.31	0.51
Median	(0.19)	1.15	0.19
75th Percentile	(0.40)	0.98	0.03
90th Percentile	(0.64)	0.90	(0.14)

BlackRock Aggregate Intermediate	0.09	1.46	(0.26)
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INTERMEDIATE GOVT BOND FUND PERIOD ENDED SEPTEMBER 30, 2010



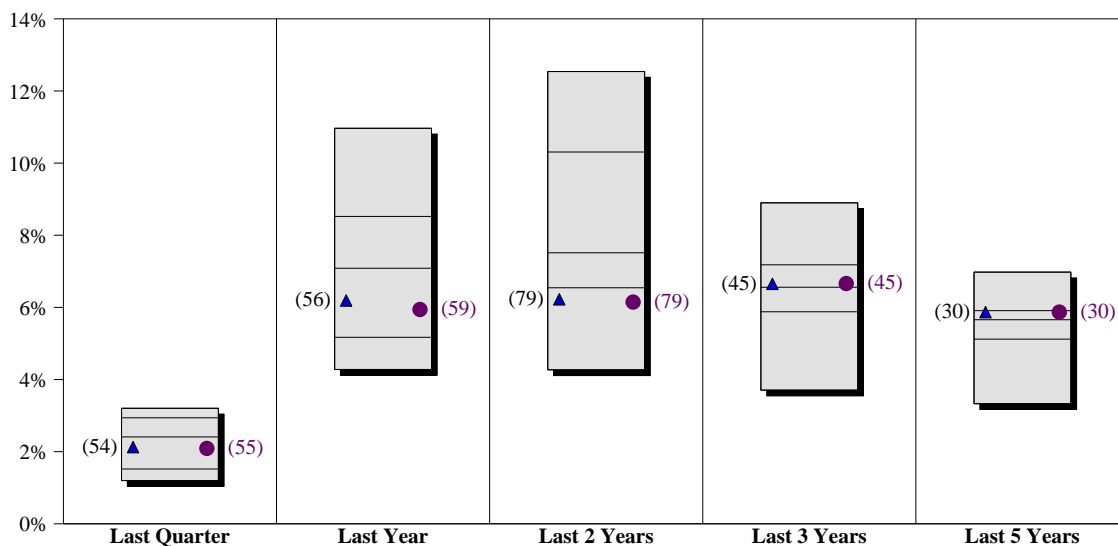
Investment Philosophy

The Intermediate Govt Bond Fund is managed by BlackRock. Annual fees are 13 basis points. Passively managed.

Quarterly Summary and Highlights

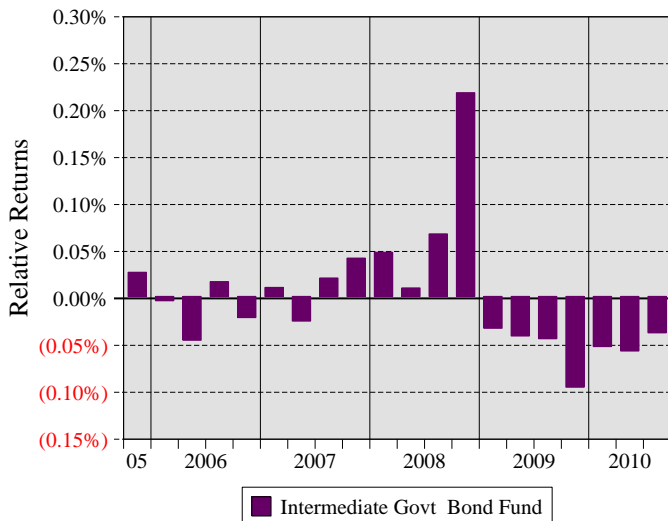
- Intermediate Govt Bond Fund's portfolio posted a 2.09% return for the quarter placing it in the 55 percentile of the CAI MF - Intermediate Style group for the quarter and in the 59 percentile for the last year.
- Intermediate Govt Bond Fund's portfolio underperformed the BC Gov Inter by 0.04% for the quarter and underperformed the BC Gov Inter for the year by 0.25%.

Performance vs CAI MF - Intermediate Style (Net)

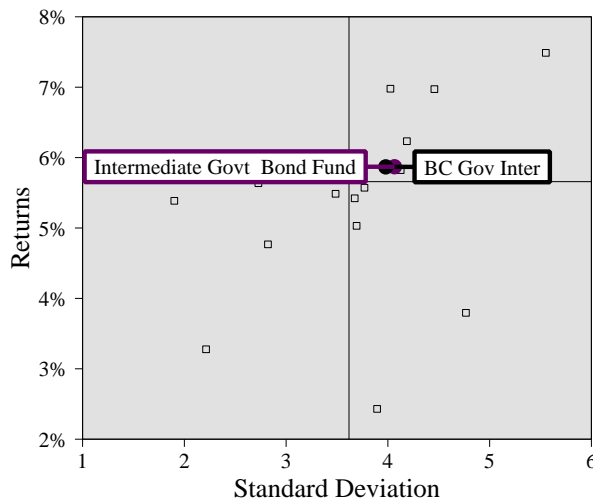


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	3.20	10.97	12.54	8.90	6.98
25th Percentile	2.94	8.52	10.31	7.18	5.91
Median	2.41	7.08	7.51	6.56	5.66
75th Percentile	1.52	5.17	6.54	5.88	5.12
90th Percentile	1.20	4.28	4.27	3.71	3.33
Intermediate Govt Bond Fund (●)	2.09	5.94	6.15	6.66	5.87
BC Gov Inter (▲)	2.13	6.19	6.22	6.65	5.87

Relative Return vs BC Gov Inter



CAI MF - Intermediate Style (Net) Annualized Five Year Risk vs Return



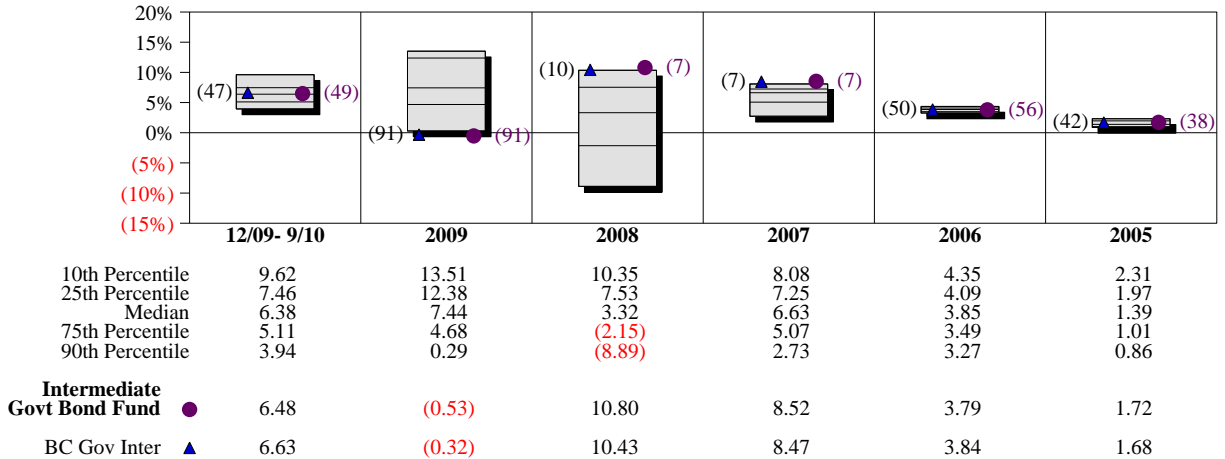
INTERMEDIATE GOVT BOND FUND RETURN ANALYSIS SUMMARY



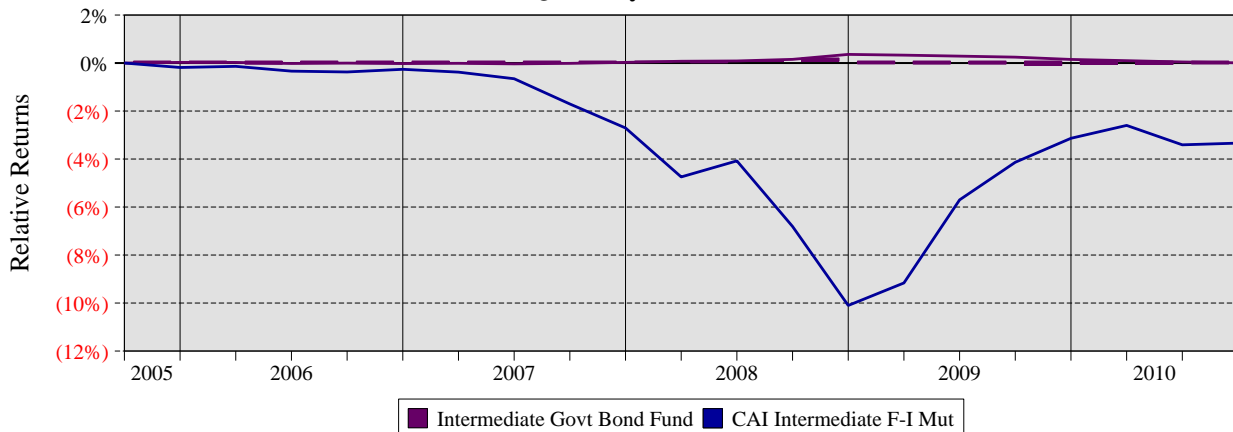
Return Analysis

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.

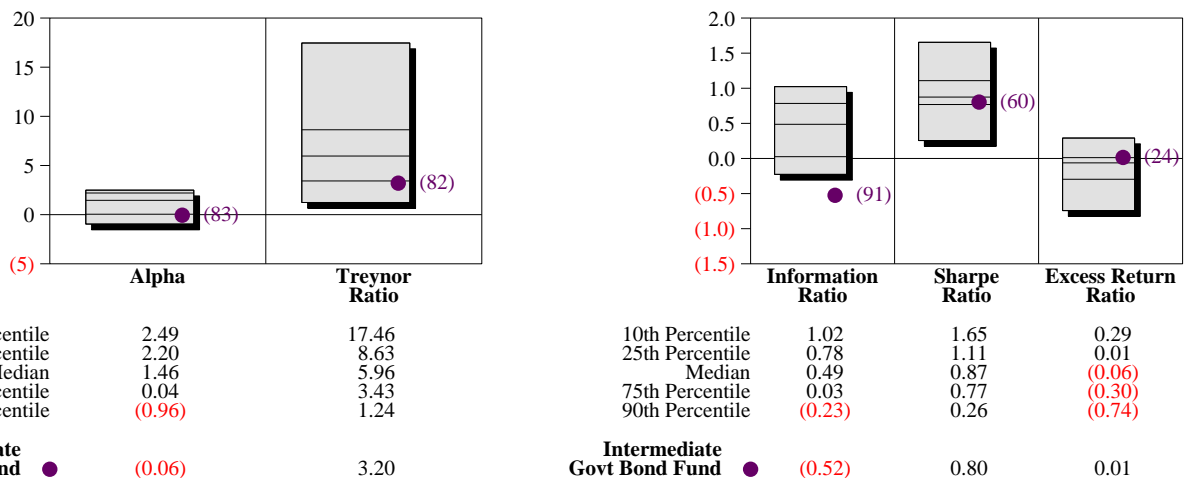
Performance vs CAI MF - Intermediate Style (Net)



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 September 30, 2010



GOVT/CREDIT BOND FUND PERIOD ENDED SEPTEMBER 30, 2010



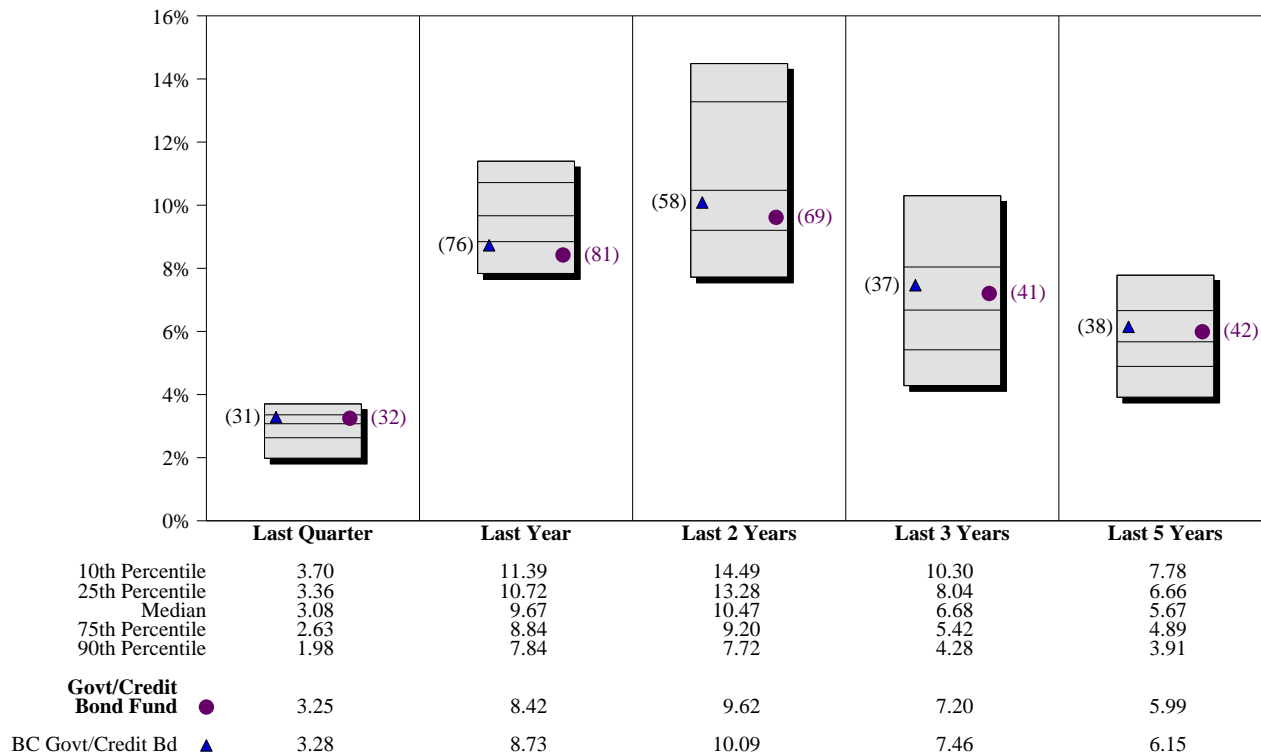
Investment Philosophy

The Govt/Credit Bond Fund is managed by BlackRock. Annual fees are 13 basis points. Passively managed.

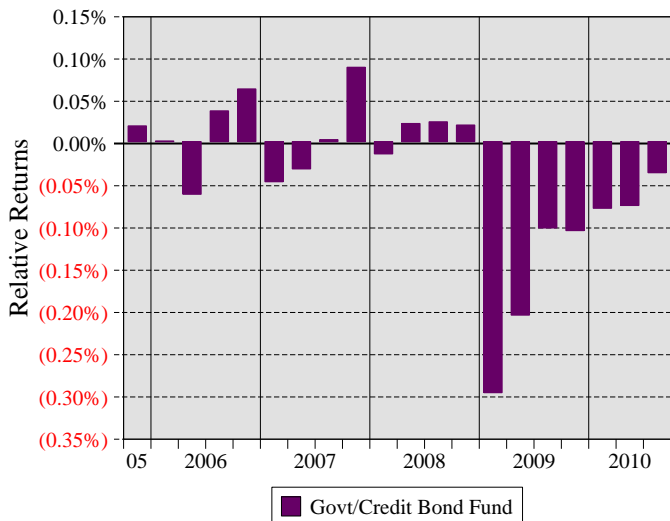
Quarterly Summary and Highlights

- Govt/Credit Bond Fund's portfolio posted a 3.25% return for the quarter placing it in the 32 percentile of the CAI MF - Core Bond Style group for the quarter and in the 81 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the BC Govt/Credit Bd by 0.03% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.31%.

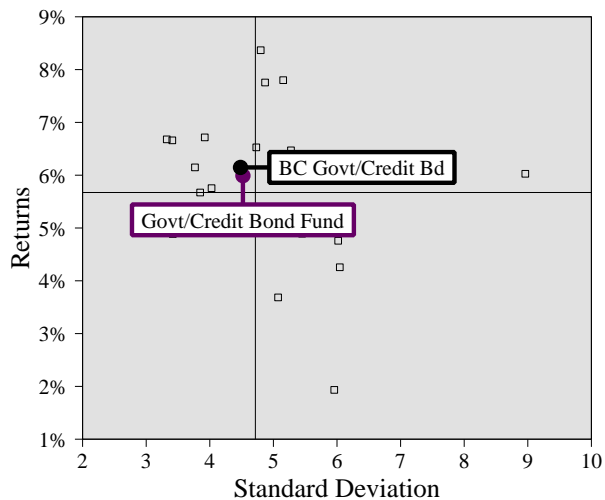
Performance vs CAI MF - Core Bond Style (Net)



Relative Return vs BC Govt/Credit Bd



CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return



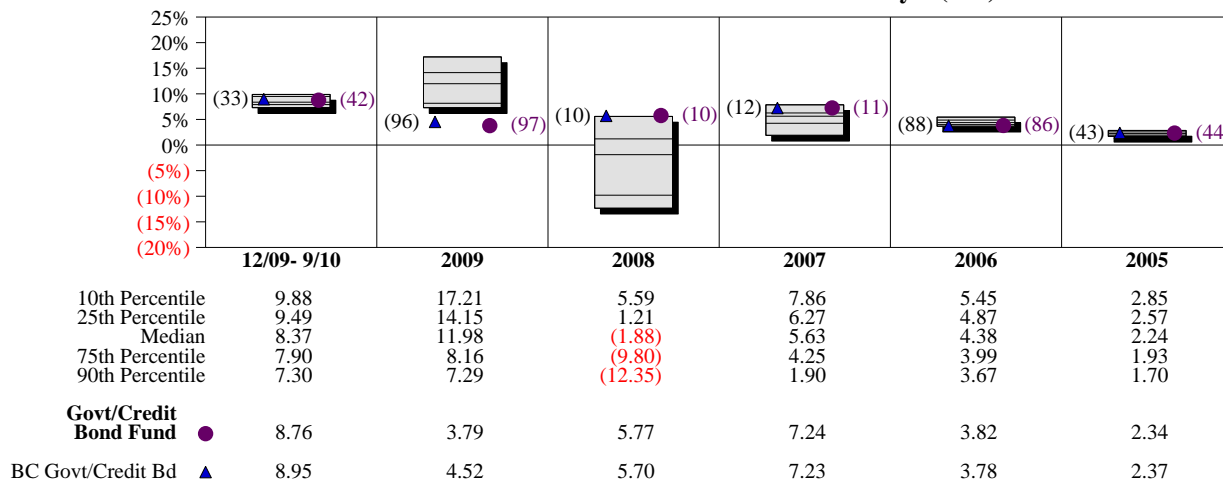
GOVT/CREDIT BOND FUND RETURN ANALYSIS SUMMARY



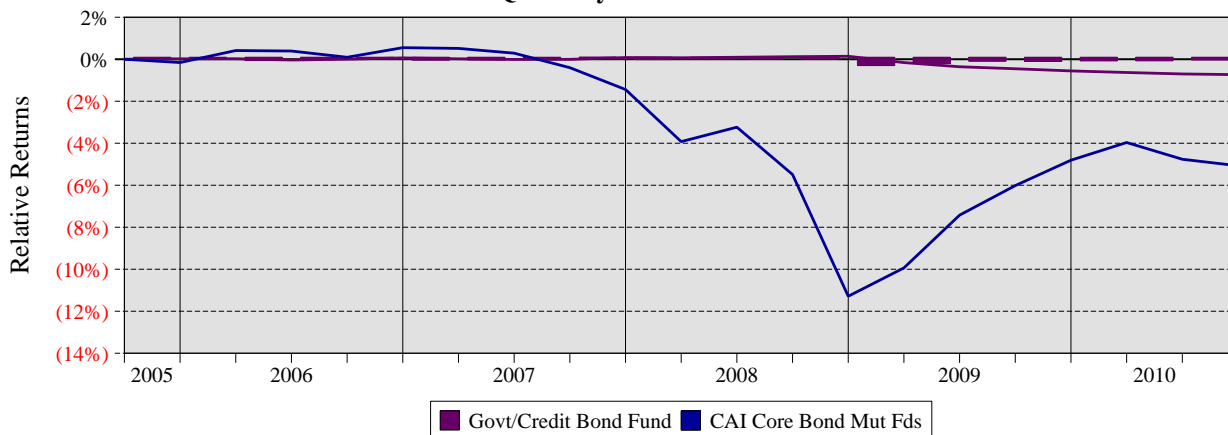
Return Analysis

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.

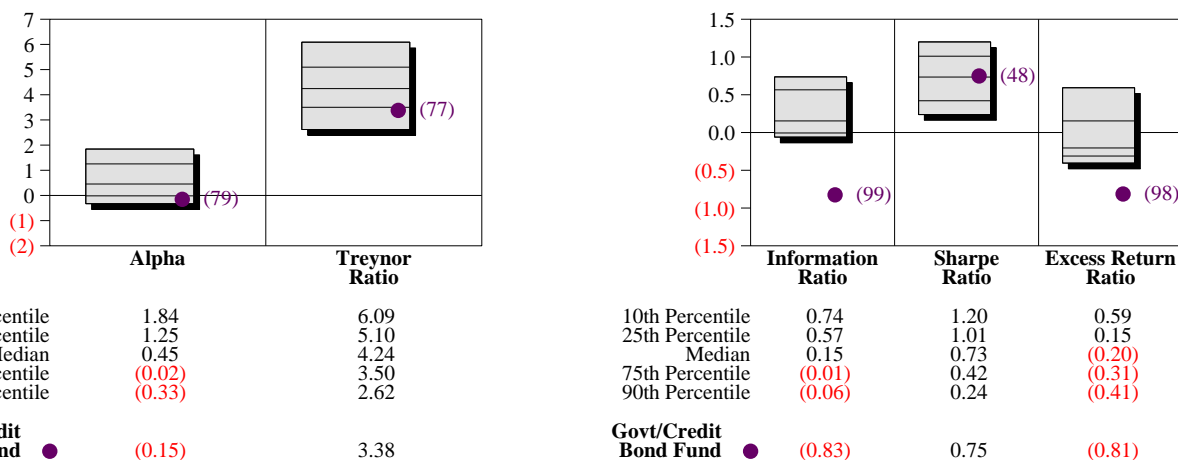
Performance vs CAI MF - Core Bond Style (Net)



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 September 30, 2010





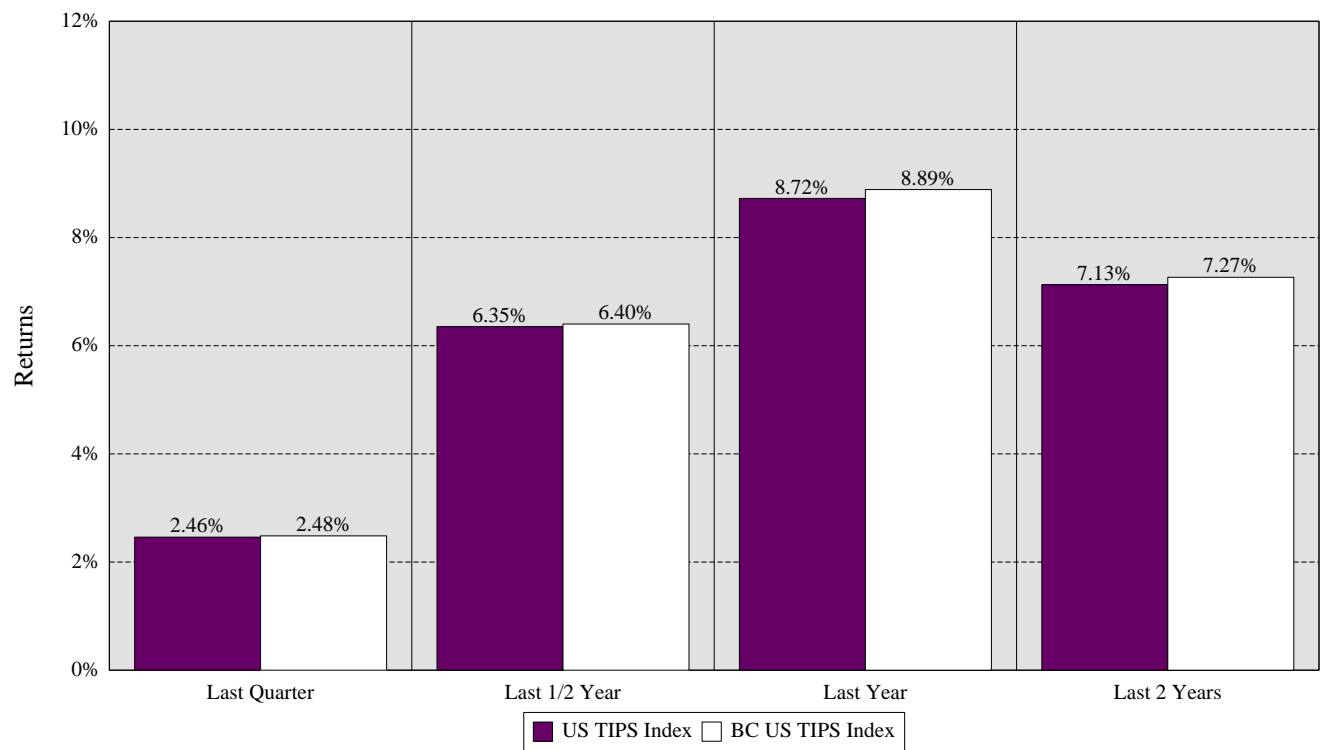
US TIPS INDEX PERIOD ENDED SEPTEMBER 30, 2010

Investment Philosophy

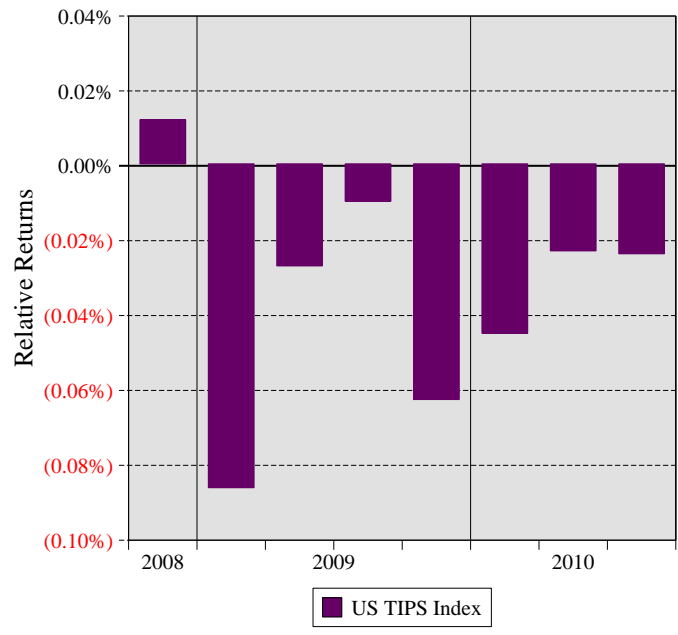
The US TIPS Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

Quarterly Summary and Highlights

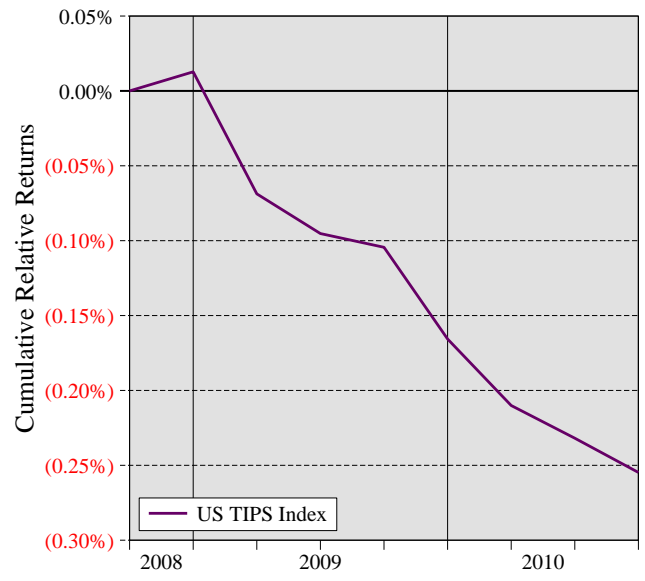
- US TIPS Index's portfolio underperformed the BC US TIPS Index by 0.02% for the quarter and underperformed the BC US TIPS Index for the year by 0.16%.



Relative Return vs BC US TIPS Index



Cumulative Returns vs BC US TIPS Index



LONG US TREASURY INDEX PERIOD ENDED SEPTEMBER 30, 2010



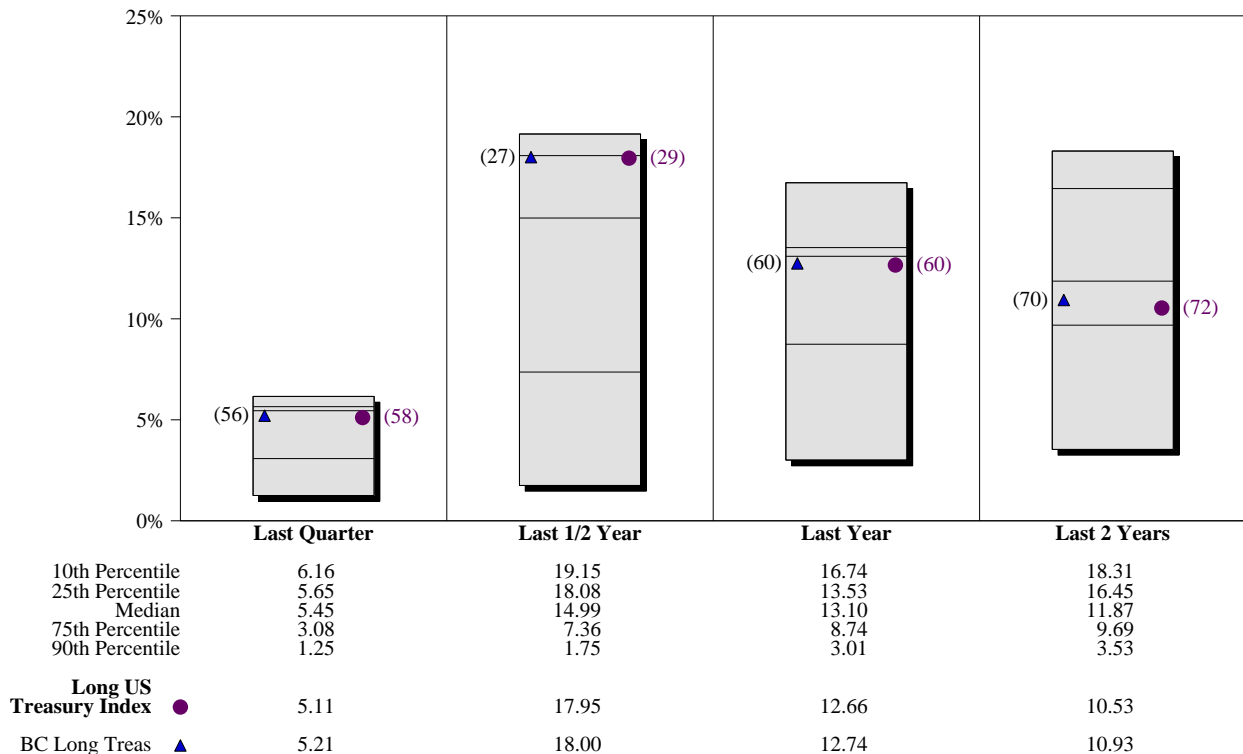
Investment Philosophy

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 5.11% return for the quarter placing it in the 58 percentile of the CAI MF - Extended Maturity group for the quarter and in the 60 percentile for the last year.
- Long US Treasury Index's portfolio underperformed the BC Long Treas by 0.10% for the quarter and underperformed the BC Long Treas for the year by 0.08%.

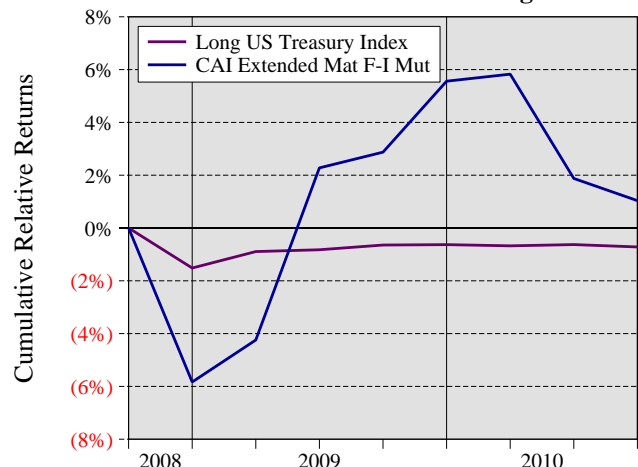
Performance vs CAI MF - Extended Maturity (Gross)



Relative Return vs BC Long Treas



Cumulative Returns vs BC Long Treas



WORLD GOVT BOND EX US PERIOD ENDED SEPTEMBER 30, 2010



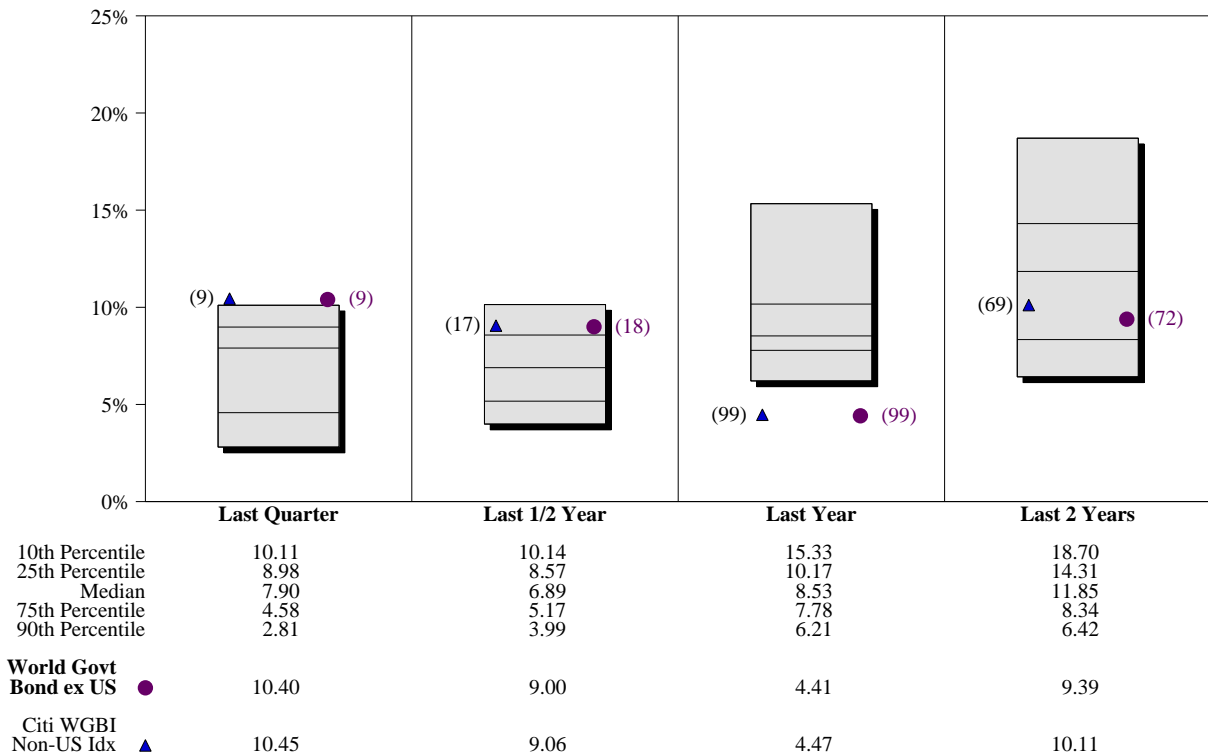
Investment Philosophy

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 10.40% return for the quarter placing it in the 9 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 99 percentile for the last year.
- World Govt Bond ex US's portfolio underperformed the Citi WGBI Non-US Idx by 0.05% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.05%.

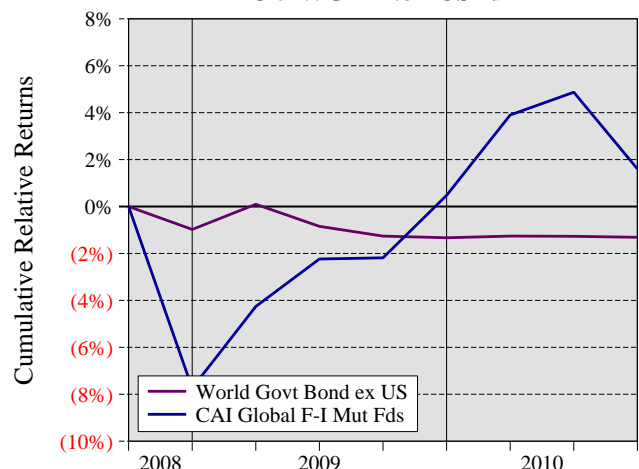
Performance vs CAI MF - Global Fixed Income Style (Gross)



Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx



S&P 500 STOCK INDEX FUND PERIOD ENDED SEPTEMBER 30, 2010



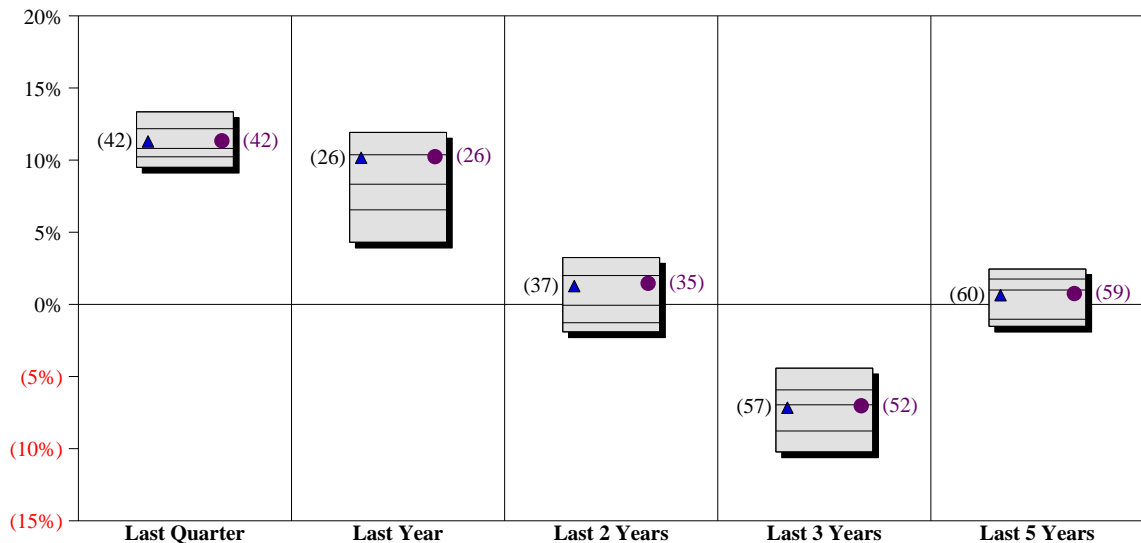
Investment Philosophy

The S&P 500 Stock Index Fund is managed by BlackRock. Annual fees are 3.5 basis points. Passively managed.

Quarterly Summary and Highlights

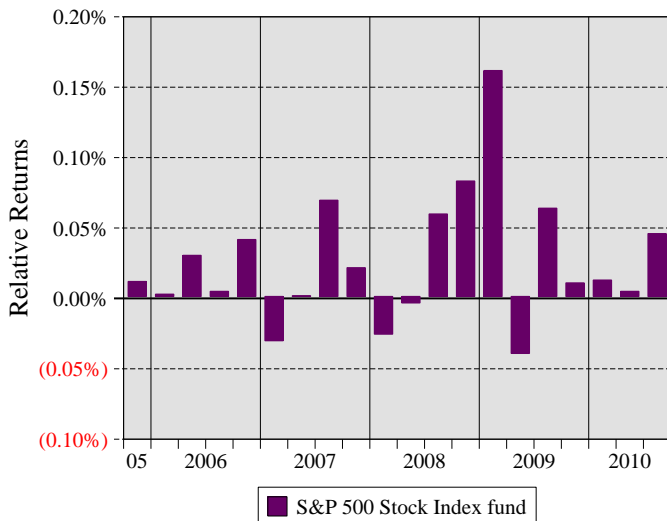
- S&P 500 Stock Index fund's portfolio posted a 11.34% return for the quarter placing it in the 42 percentile of the CAI MF - Core Equity Style group for the quarter and in the 26 percentile for the last year.
- S&P 500 Stock Index fund's portfolio outperformed the S&P 500 Index by 0.05% for the quarter and outperformed the S&P 500 Index for the year by 0.08%.

Performance vs CAI MF - Core Equity Style (Net)

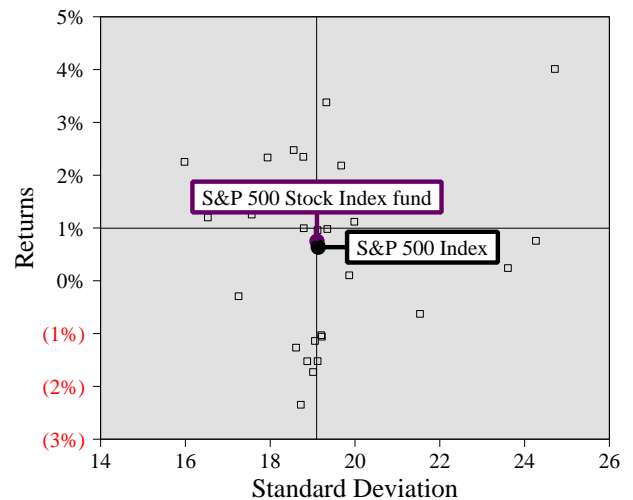


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	13.35	11.92	3.25	(4.42)	2.45
25th Percentile	12.18	10.37	2.00	(5.93)	1.76
Median	10.81	8.33	(0.06)	(6.96)	1.00
75th Percentile	10.23	6.55	(1.27)	(8.77)	(1.03)
90th Percentile	9.50	4.31	(1.90)	(10.23)	(1.52)
S&P 500 Stock Index fund	11.34	10.24	1.46	(7.03)	0.75
S&P 500 Index	11.29	10.16	1.27	(7.16)	0.64

Relative Return vs S&P 500 Index



CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return



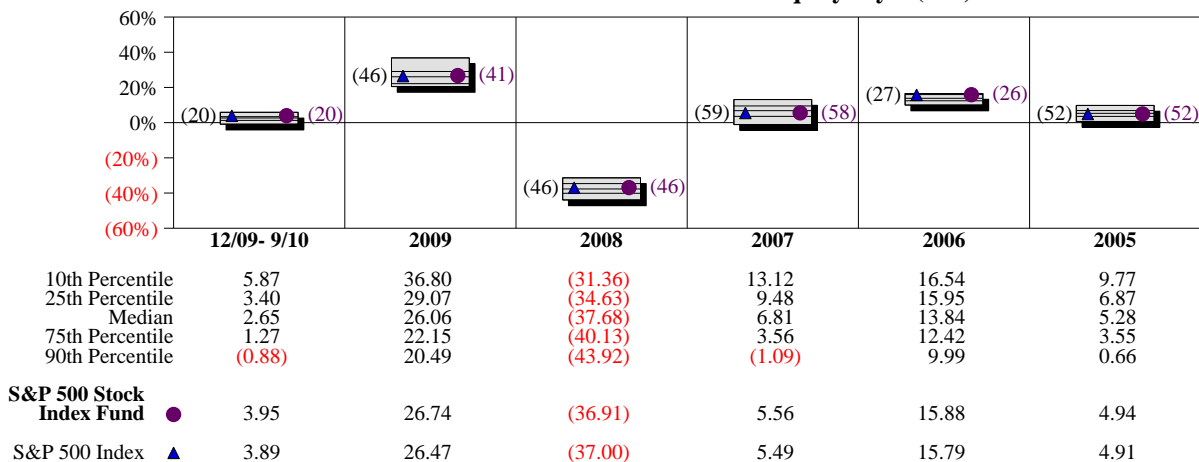


S&P 500 STOCK INDEX FUND RETURN ANALYSIS SUMMARY

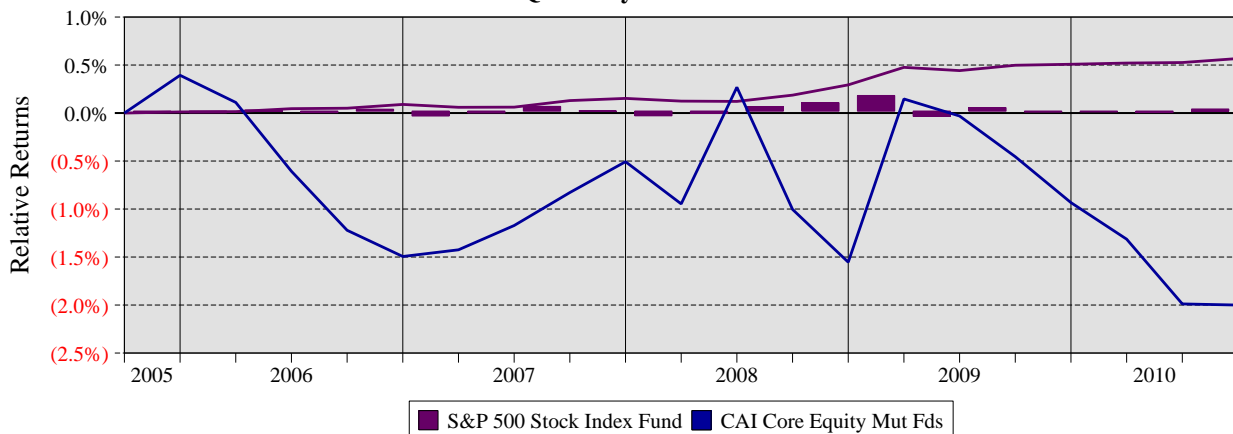
Return Analysis

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.

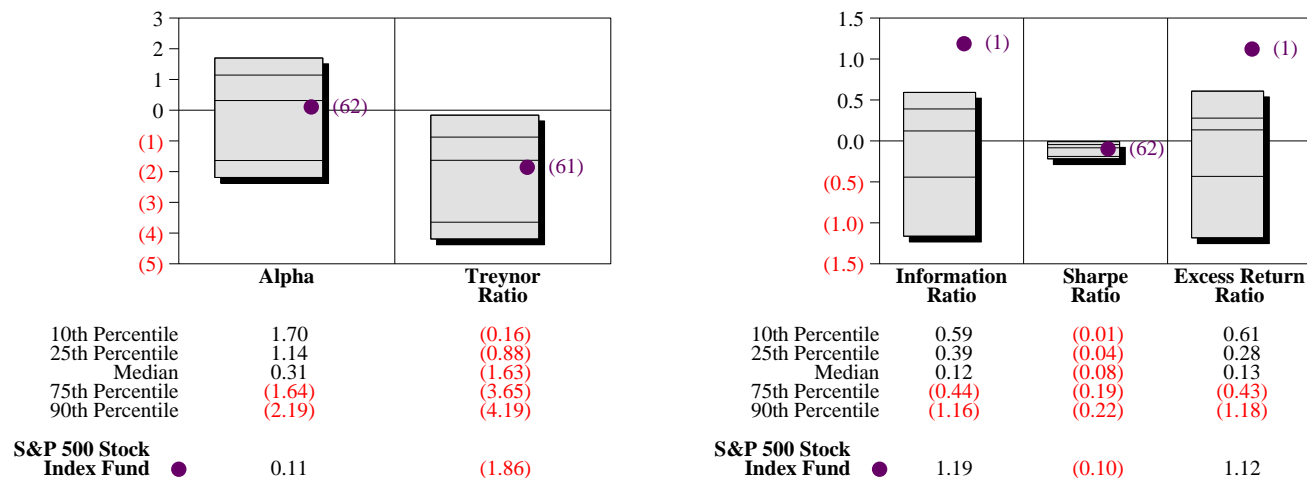
Performance vs CAI MF - Core Equity Style (Net)



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 September 30, 2010**



SMALL CAP STOCK TRUST PERIOD ENDED SEPTEMBER 30, 2010



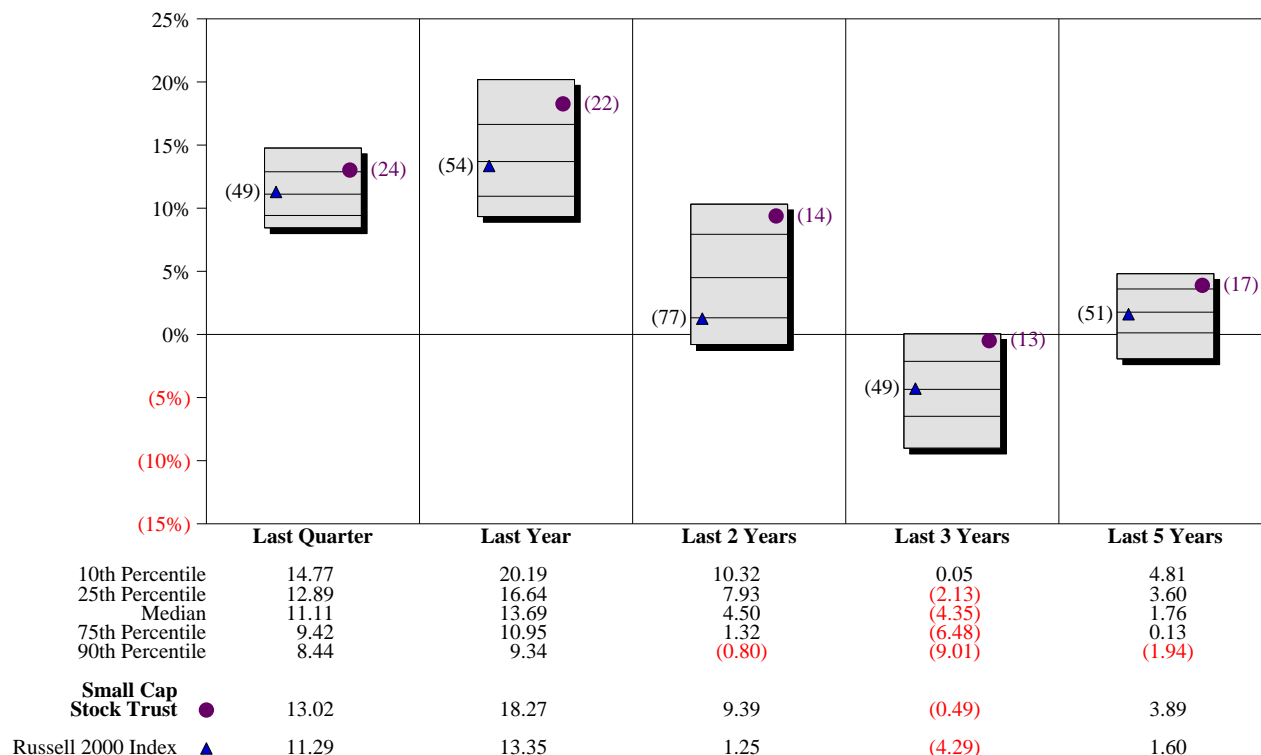
Investment Philosophy

The Small Cap Stock Trust is managed by T. Rowe Price. The annual fees are 70 basis points. Actively managed.

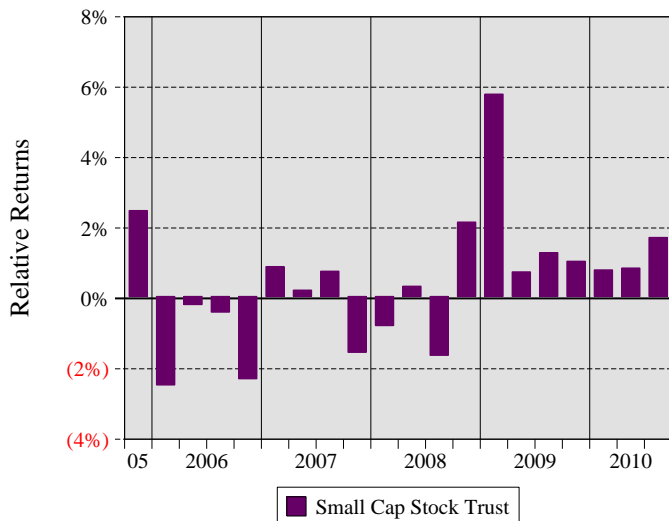
Quarterly Summary and Highlights

- Small Cap Stock Trust's portfolio posted a 13.02% return for the quarter placing it in the 24 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 22 percentile for the last year.
- Small Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 1.73% for the quarter and outperformed the Russell 2000 Index for the year by 4.92%.

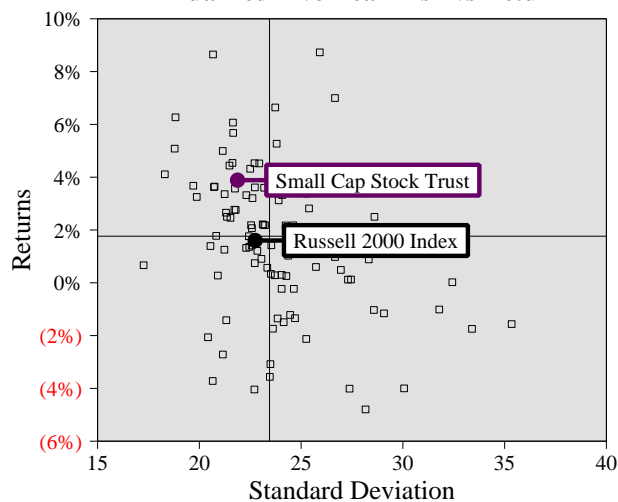
Performance vs CAI MF - Small Cap Broad Style (Net)



Relative Return vs Russell 2000 Index



CAI MF - Small Cap Broad Style (Net) Annualized Five Year Risk vs Return



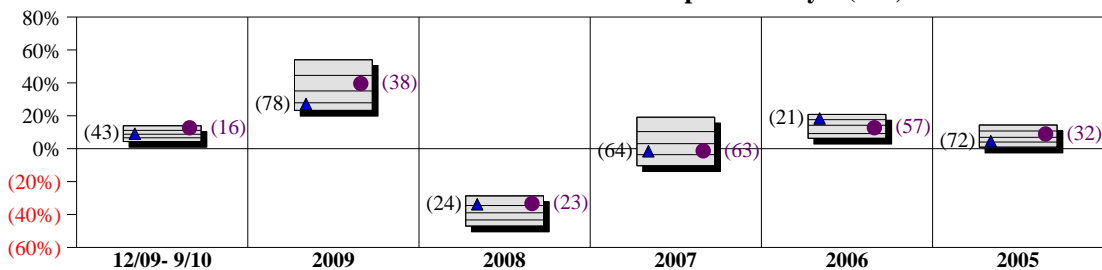


SMALL CAP STOCK TRUST RETURN ANALYSIS SUMMARY

Return Analysis

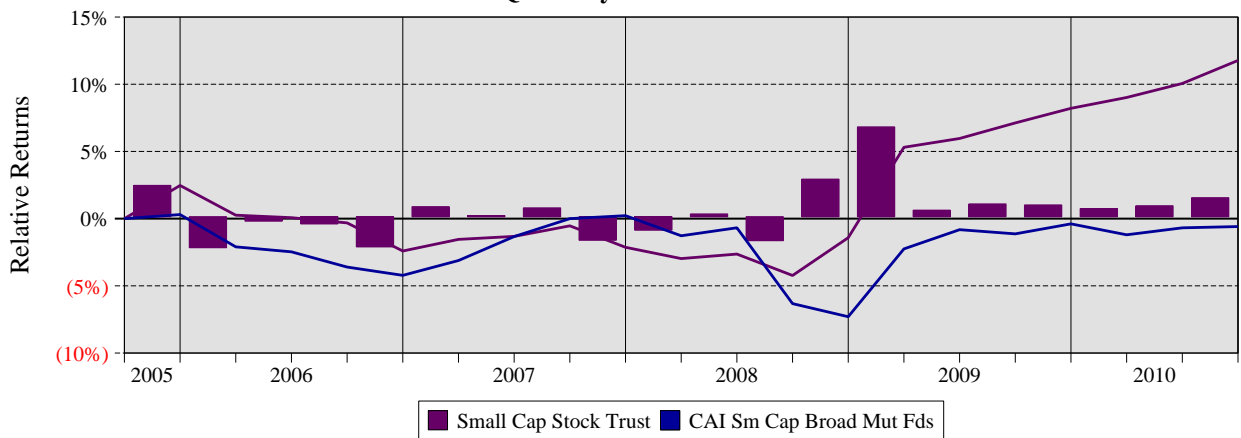
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

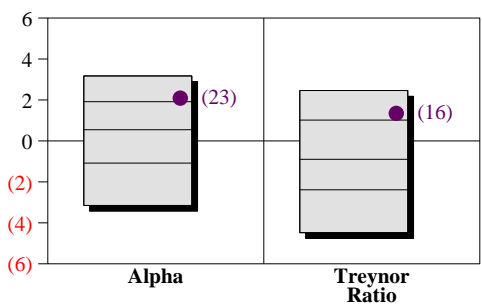


10th Percentile	13.96	54.04	(28.66)	19.12	20.83	14.40
25th Percentile	11.13	44.52	(34.53)	10.39	17.65	10.76
Median	8.78	35.11	(38.94)	3.07	14.23	6.91
75th Percentile	6.62	27.89	(43.30)	(3.60)	9.19	4.04
90th Percentile	4.35	23.27	(47.03)	(10.37)	6.31	0.92
Small Cap Stock Trust	● 12.71	39.59	(33.30)	(1.29)	12.74	8.94
Russell 2000 Index	▲ 9.12	27.17	(33.79)	(1.57)	18.37	4.55

Cumulative and Quarterly Relative Return vs Russell 2000 Index

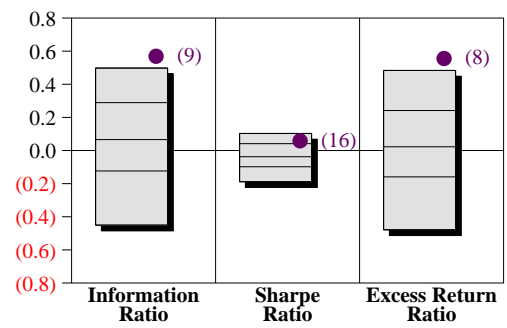


Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI MF - Small Cap Broad Style (Net) Five Years Ended September 30, 2010



10th Percentile	3.17	2.46
25th Percentile	1.91	1.02
Median	0.55	(0.90)
75th Percentile	(1.08)	(2.39)
90th Percentile	(3.15)	(4.48)

Small Cap Stock Trust	● 2.09	1.34
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10th Percentile	0.50	0.10	0.48
25th Percentile	0.29	0.04	0.24
Median	0.07	(0.04)	0.02
75th Percentile	(0.12)	(0.10)	(0.16)
90th Percentile	(0.45)	(0.19)	(0.48)

Small Cap Stock Trust	● 0.57	0.06	0.56
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RUSSELL 3000 INDEX FUND PERIOD ENDED SEPTEMBER 30, 2010



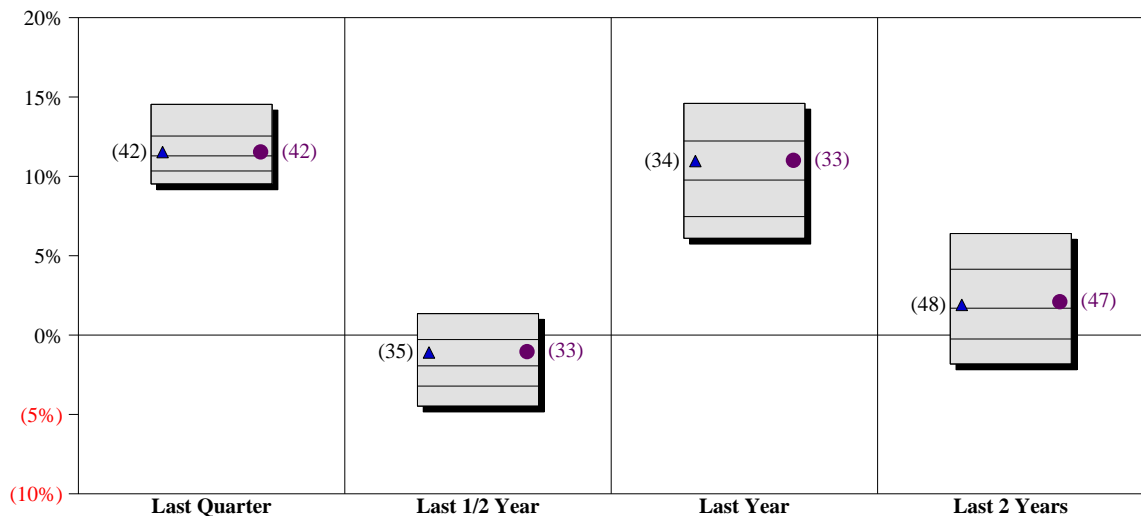
Investment Philosophy

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

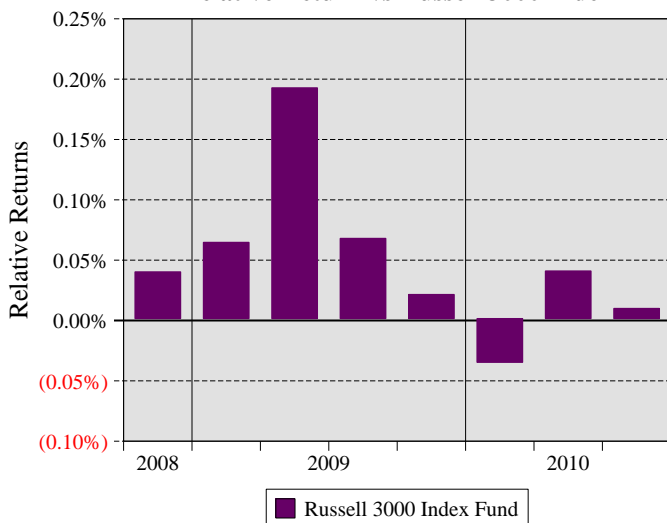
- Russell 3000 Index Fund's portfolio posted a 11.54% return for the quarter placing it in the 42 percentile of the CAI Large Capitalization Style group for the quarter and in the 33 percentile for the last year.
- Russell 3000 Index Fund's portfolio outperformed the Russell 3000 Index by 0.01% for the quarter and outperformed the Russell 3000 Index for the year by 0.05%.

Performance vs CAI Large Capitalization Style (Gross)

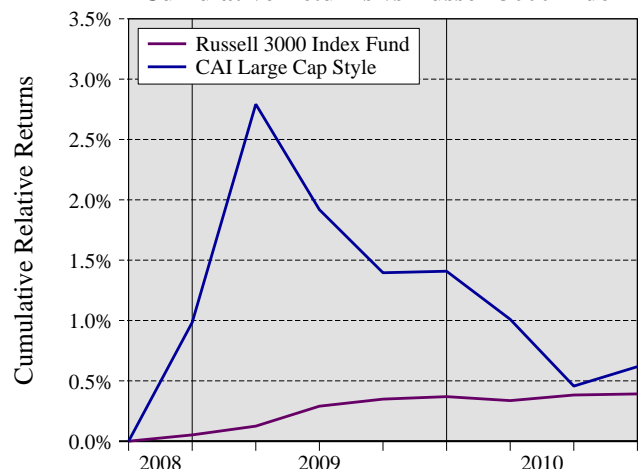


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years
10th Percentile	14.54	1.35	14.60	6.40
25th Percentile	12.54	(0.28)	12.23	4.15
Median	11.29	(1.94)	9.77	1.69
75th Percentile	10.34	(3.21)	7.46	(0.25)
90th Percentile	9.52	(4.48)	6.10	(1.82)
Russell 3000 Index Fund ●	11.54	(1.04)	11.01	2.10
Russell 3000 Index ▲	11.53	(1.10)	10.96	1.90

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



RCM SOCIALLY RESP INV FD PERIOD ENDED SEPTEMBER 30, 2010



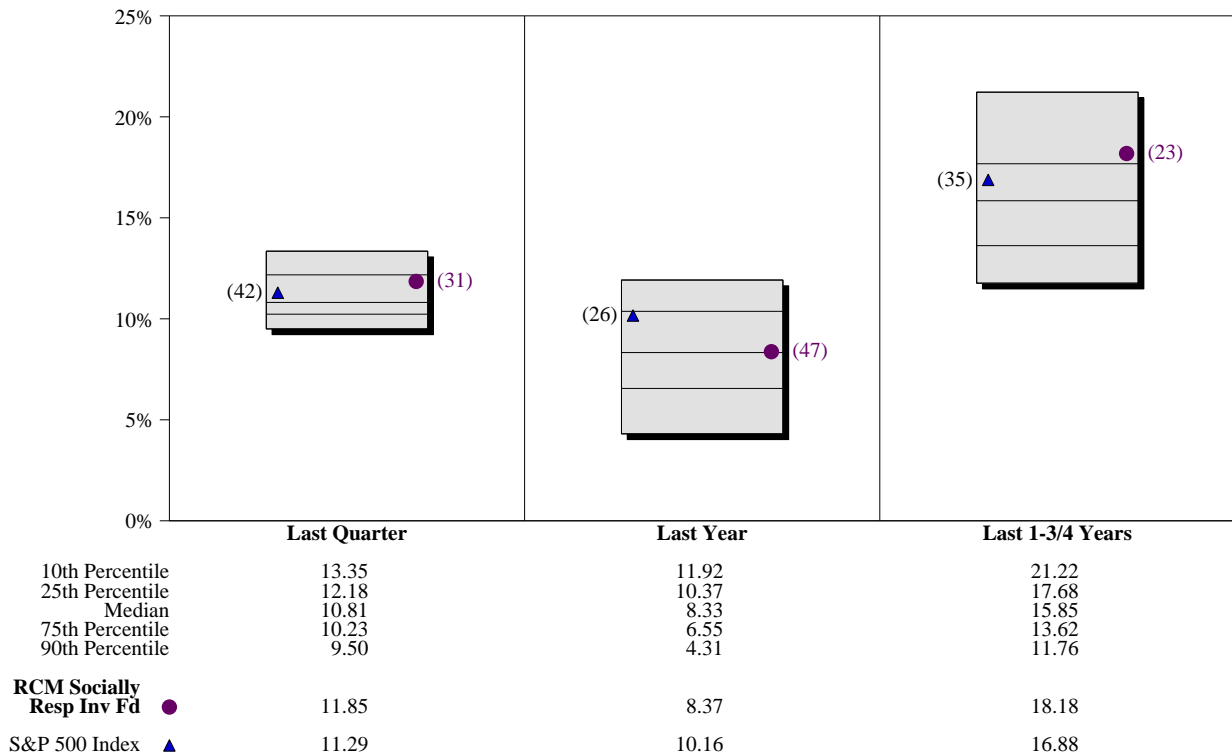
Investment Philosophy

The RCM Socially Responsible Inv. Fd is actively managed. Annual fees are 50 basis points.

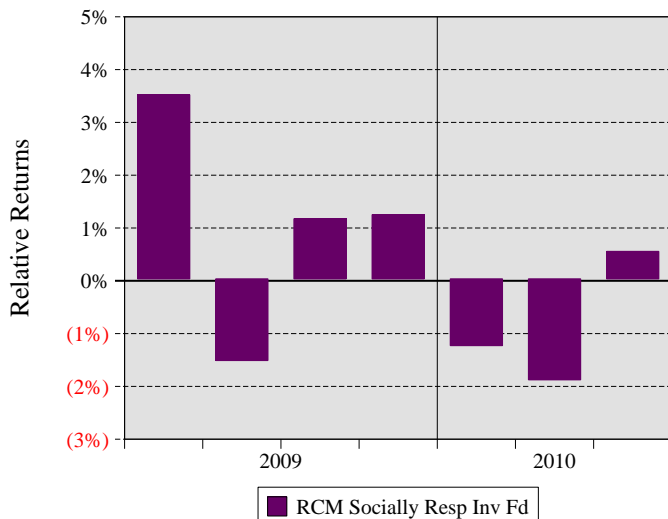
Quarterly Summary and Highlights

- RCM Socially Resp Inv Fd's portfolio posted a 11.85% return for the quarter placing it in the 31 percentile of the CAI MF - Core Equity Style group for the quarter and in the 47 percentile for the last year.
- RCM Socially Resp Inv Fd's portfolio outperformed the S&P 500 Index by 0.56% for the quarter and underperformed the S&P 500 Index for the year by 1.79%.

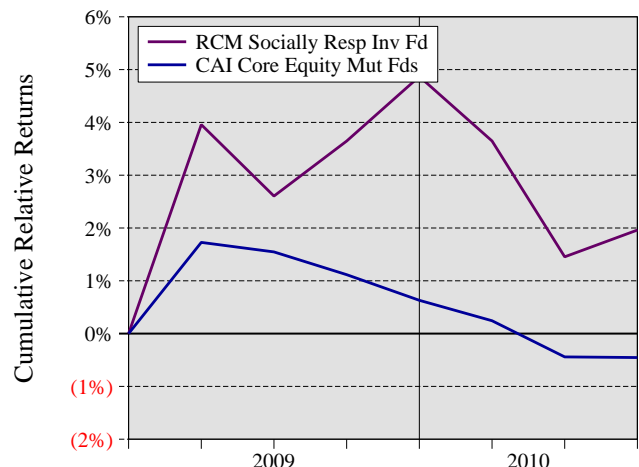
Performance vs CAI MF - Core Equity Style (Net)



Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



WORLD EQUITY EX-US PERIOD ENDED SEPTEMBER 30, 2010



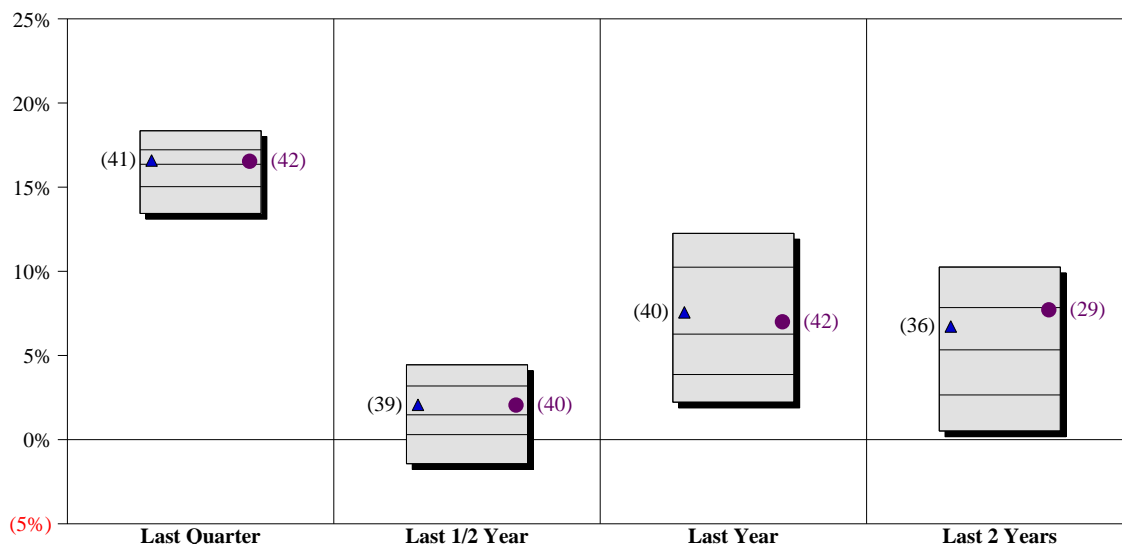
Investment Philosophy

The World Equity ex US fund is managed by SSgA. It is passively managed. Annual fees are 17 basis points.

Quarterly Summary and Highlights

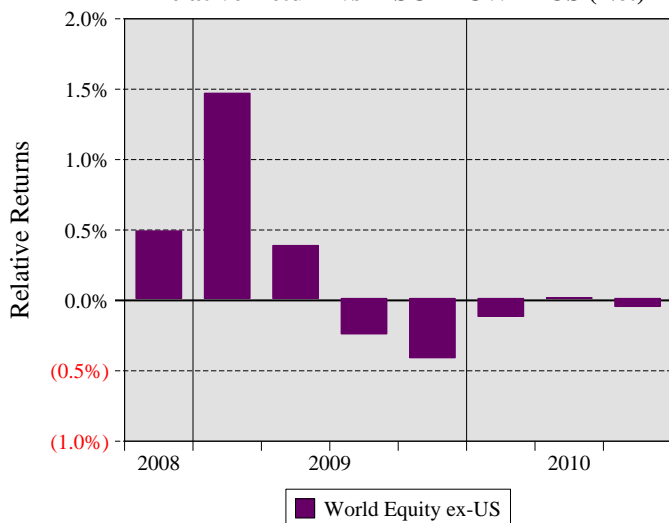
- World Equity ex-US's portfolio posted a 16.54% return for the quarter placing it in the 42 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 42 percentile for the last year.
- World Equity ex-US's portfolio underperformed the MSCI ACWI x US (Net) by 0.04% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 0.56%.

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

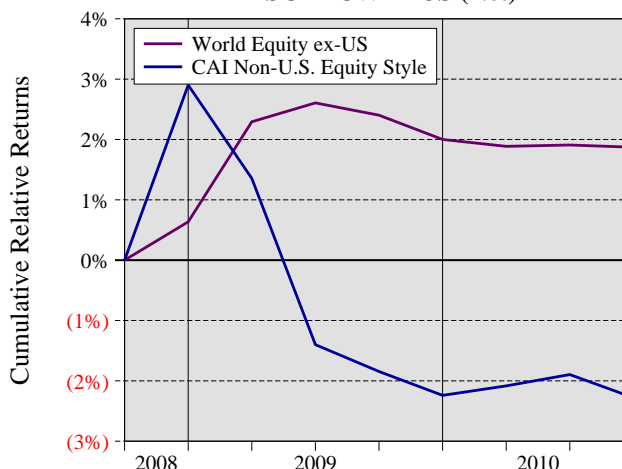


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years
10th Percentile	18.35	4.45	12.25	10.25
25th Percentile	17.22	3.19	10.25	7.85
Median	16.36	1.47	6.27	5.33
75th Percentile	15.03	0.30	3.87	2.66
90th Percentile	13.44	(1.43)	2.22	0.51
World Equity ex-US ●	16.54	2.05	7.00	7.71
MSCI ACWI x US (Net) ▲	16.58	2.07	7.56	6.72

Relative Return vs MSCI ACWI x US (Net)



Cumulative Returns vs MSCI ACWI x US (Net)



LONG TERM BALANCED TRUST PERIOD ENDED SEPTEMBER 30, 2010



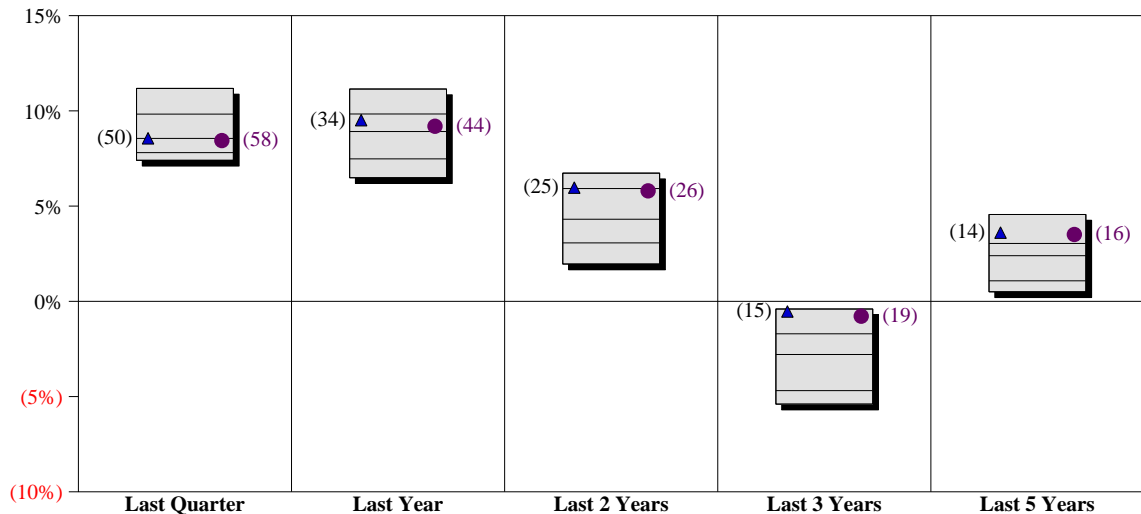
Investment Philosophy

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 13 basis points.

Quarterly Summary and Highlights

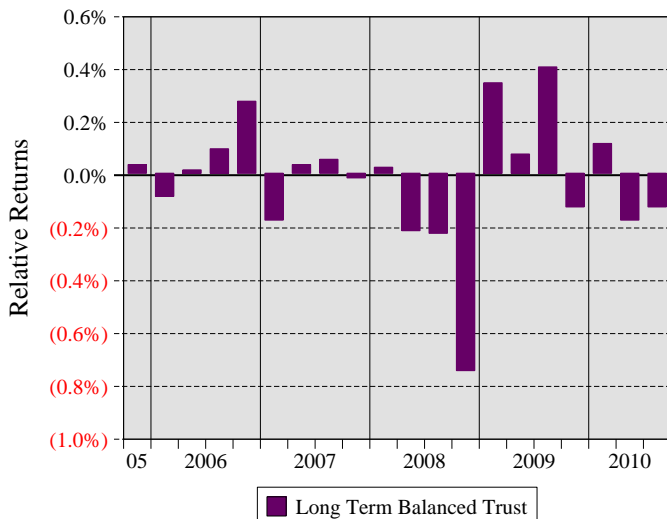
- Long Term Balanced Trust's portfolio posted a 8.44% return for the quarter placing it in the 58 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 44 percentile for the last year.
- Long Term Balanced Trust's portfolio underperformed the Benchmark by 0.12% for the quarter and underperformed the Benchmark for the year by 0.32%.

Performance vs CAI MF - Domestic Balanced Style (Net)

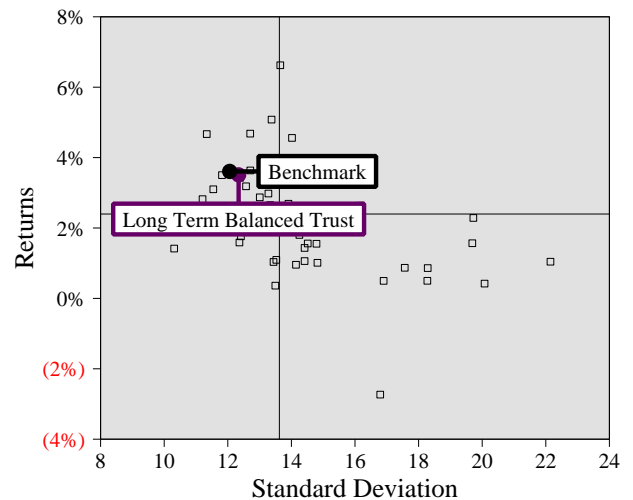


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	11.18	11.15	6.73	(0.40)	4.56
25th Percentile	9.83	9.84	5.92	(1.70)	3.04
Median	8.55	8.91	4.31	(2.79)	2.40
75th Percentile	7.81	7.48	3.07	(4.69)	1.08
90th Percentile	7.40	6.49	1.96	(5.40)	0.50
Long Term Balanced Trust	● 8.44	9.19	5.80	(0.78)	3.51
Benchmark	▲ 8.56	9.51	5.97	(0.53)	3.61

Relative Return vs Benchmark



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



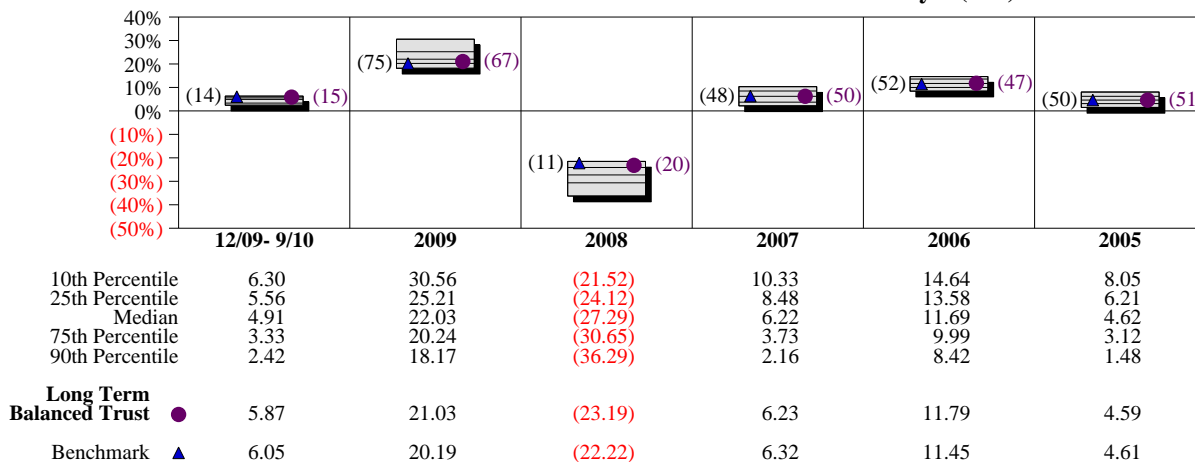


LONG TERM BALANCED TRUST RETURN ANALYSIS SUMMARY

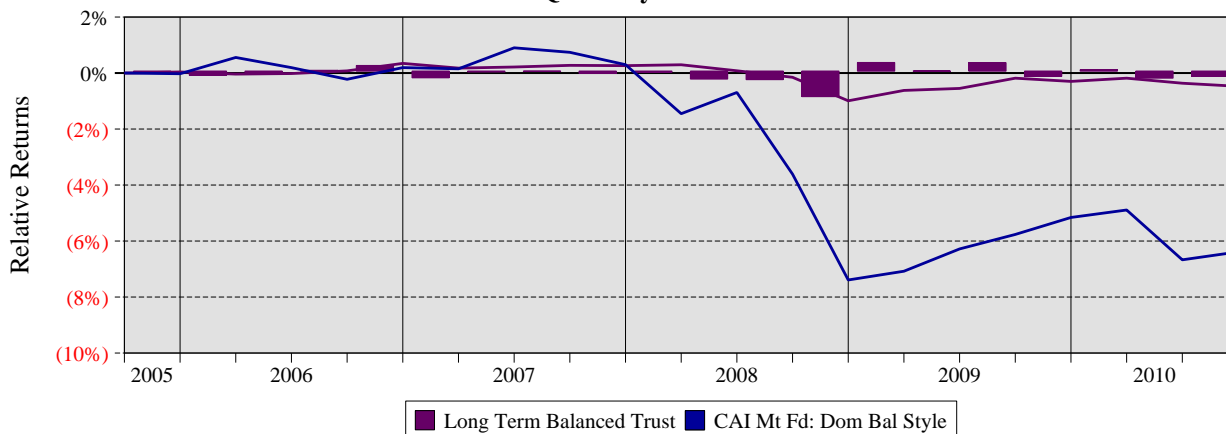
Return Analysis

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.

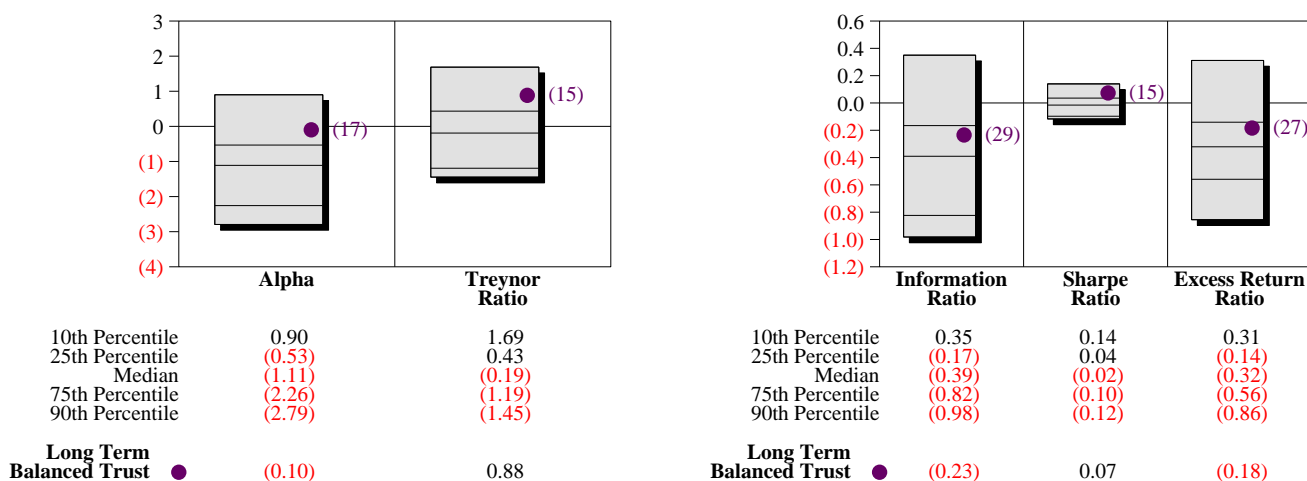
Performance vs CAI MF - Domestic Balanced Style (Net)



Cumulative and Quarterly Relative Return vs Benchmark



Risk Adjusted Return Measures vs Benchmark Rankings Against CAI MF - Domestic Balanced Style (Net) Five Years Ended September 30, 2010





TARGET 2010 PERIOD ENDED SEPTEMBER 30, 2010

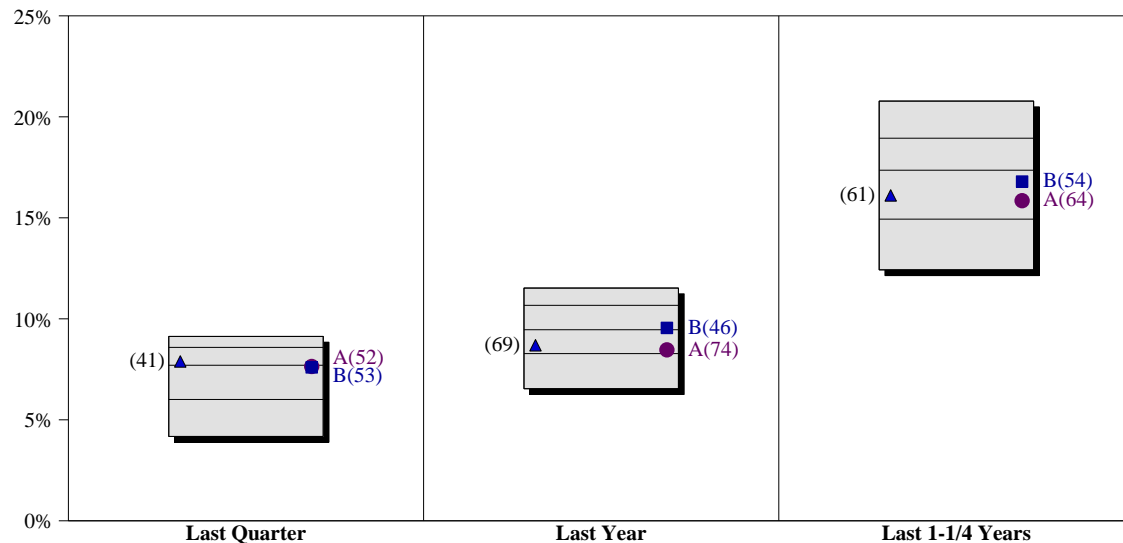
Investment Philosophy

Annual fees are 13 basis points.

Quarterly Summary and Highlights

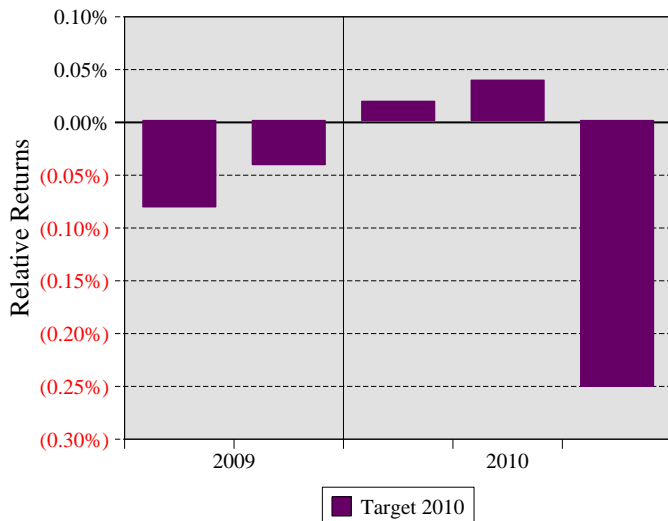
- Target 2010's portfolio posted a 7.64% return for the quarter placing it in the 52 percentile of the CAI Target Date 2010 group for the quarter and in the 74 percentile for the last year.
- Target 2010's portfolio underperformed the Custom Index by 0.25% for the quarter and underperformed the Custom Index for the year by 0.23%.

Performance vs CAI Target Date 2010 (Net)

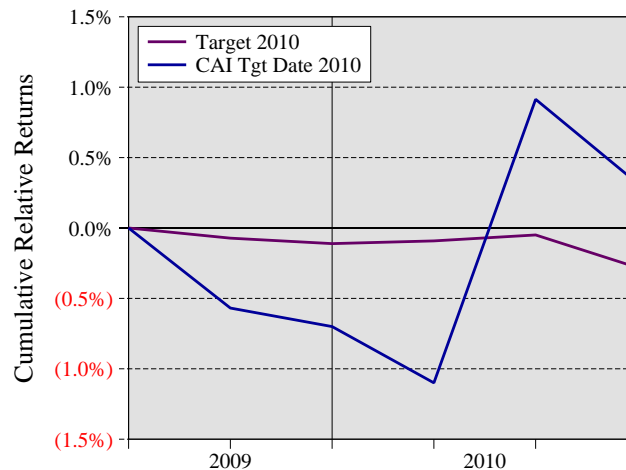


10th Percentile	9.13	11.52	20.78
25th Percentile	8.59	10.67	18.94
Median	7.70	9.46	17.36
75th Percentile	6.01	8.28	14.93
90th Percentile	4.18	6.54	12.42
Target 2010 ● A	7.64	8.46	15.85
CAI Tgt Dt Idx 2010 ■ B	7.60	9.55	16.79
Custom Index ▲	7.89	8.69	16.11

Relative Return vs Custom Index



Cumulative Returns vs Custom Index





TARGET 2015 TRUST PERIOD ENDED SEPTEMBER 30, 2010

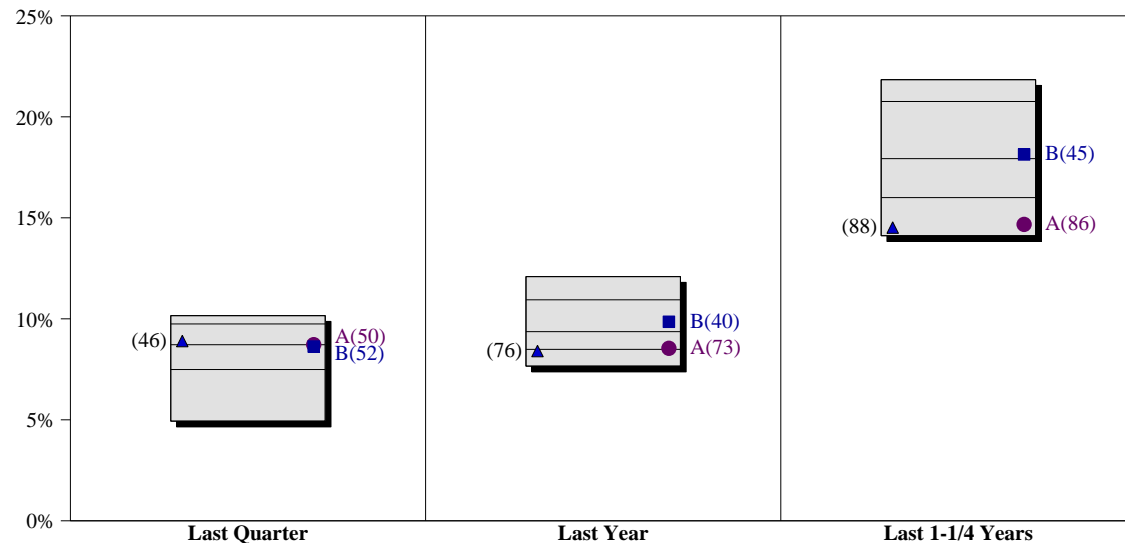
Investment Philosophy

Annual fees are 13 basis points.

Quarterly Summary and Highlights

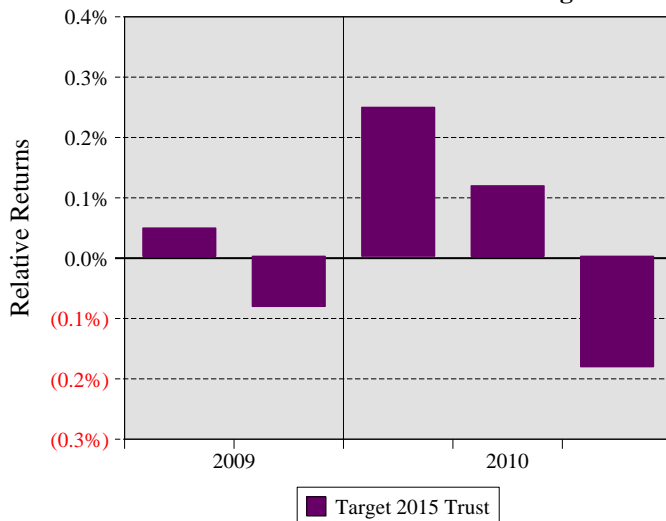
- Target 2015 Trust's portfolio posted a 8.72% return for the quarter placing it in the 50 percentile of the CAI Target Date 2015 group for the quarter and in the 73 percentile for the last year.
- Target 2015 Trust's portfolio underperformed the Custom Target by 0.18% for the quarter and outperformed the Custom Target for the year by 0.14%.

Performance vs CAI Target Date 2015 (Net)

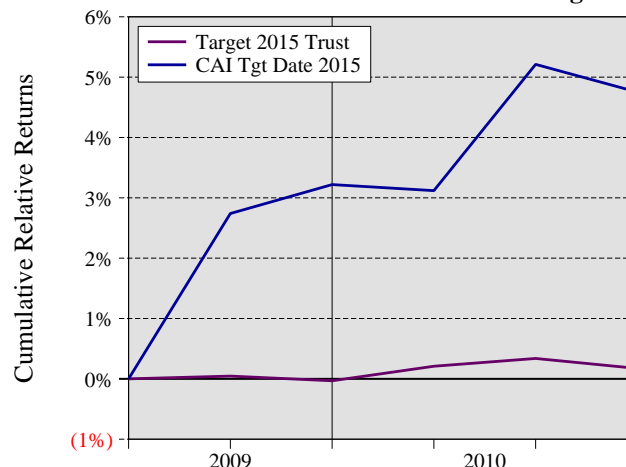


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	10.16	12.09	21.84
25th Percentile	9.75	10.94	20.76
Median	8.72	9.36	17.93
75th Percentile	7.49	8.49	16.00
90th Percentile	4.93	7.66	14.11
Target 2015 Trust (● A)	8.72	8.54	14.67
CAI Tgt Dt Idx 2015 (■ B)	8.63	9.85	18.14
Custom Target (▲)	8.90	8.40	14.52

Relative Return vs Custom Target



Cumulative Returns vs Custom Target





TARGET 2020 TRUST PERIOD ENDED SEPTEMBER 30, 2010

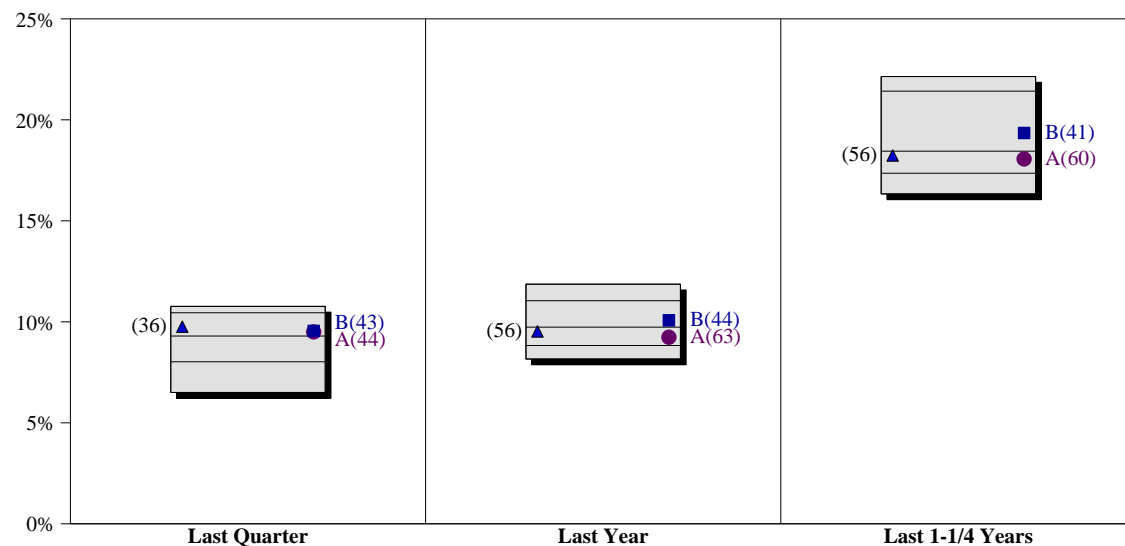
Investment Philosophy

Annual fees are 14 basis points.

Quarterly Summary and Highlights

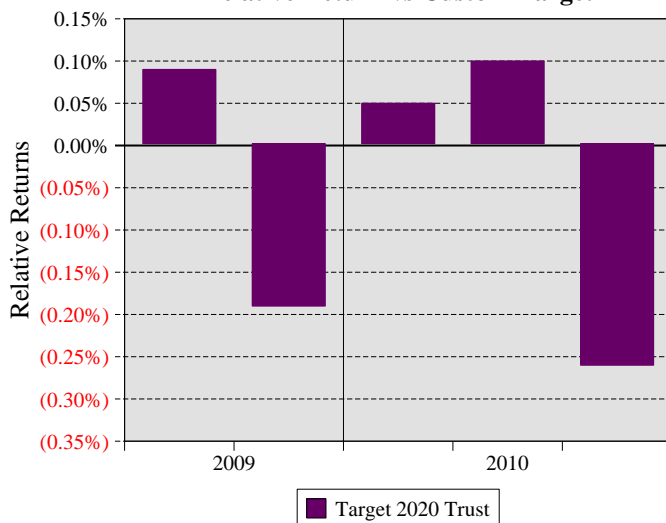
- Target 2020 Trust's portfolio posted a 9.50% return for the quarter placing it in the 44 percentile of the CAI Target Date 2020 group for the quarter and in the 63 percentile for the last year.
- Target 2020 Trust's portfolio underperformed the Custom Target by 0.26% for the quarter and underperformed the Custom Target for the year by 0.29%.

Performance vs CAI Target Date 2020 (Net)

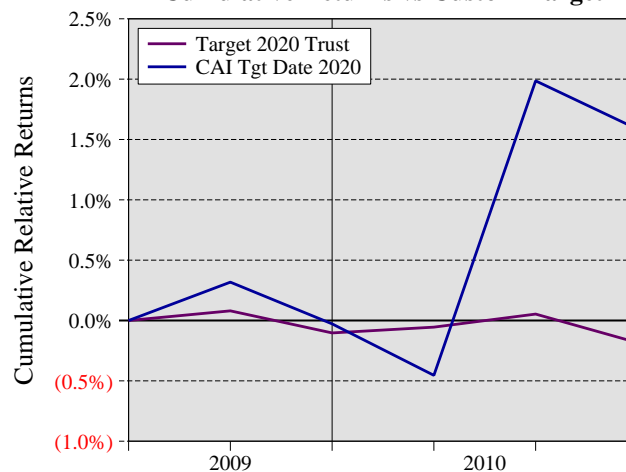


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	10.76	11.86	22.14
25th Percentile	10.45	11.05	21.42
Median	9.30	9.74	18.45
75th Percentile	8.02	8.83	17.36
90th Percentile	6.50	8.16	16.33
Target 2020 Trust (A)	9.50	9.24	18.06
CAI Tgt Dt Idx 2020 (B)	9.55	10.07	19.35
Custom Target (▲)	9.76	9.52	18.24

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2025 TRUST PERIOD ENDED SEPTEMBER 30, 2010



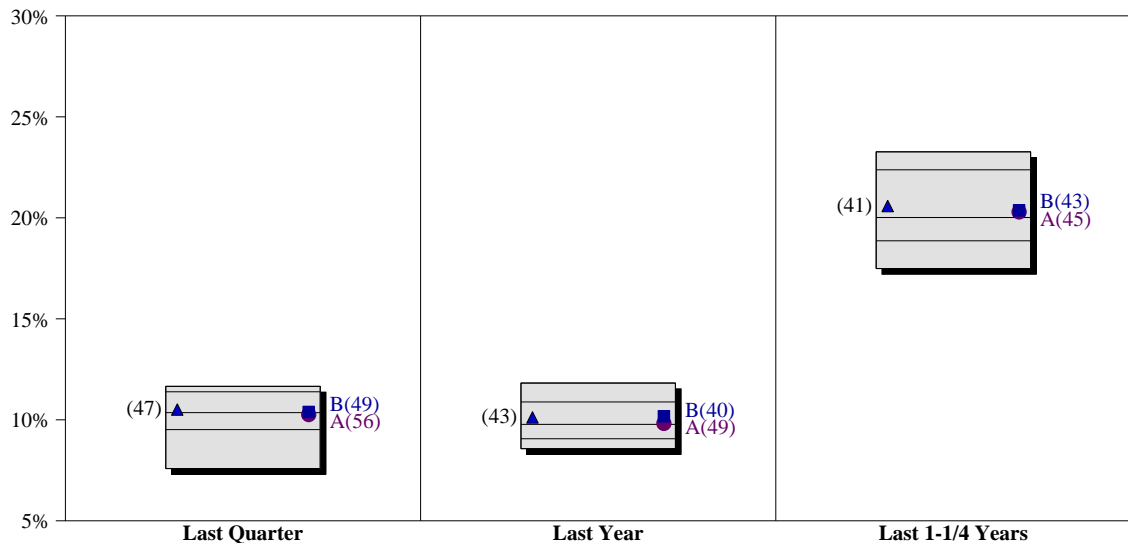
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

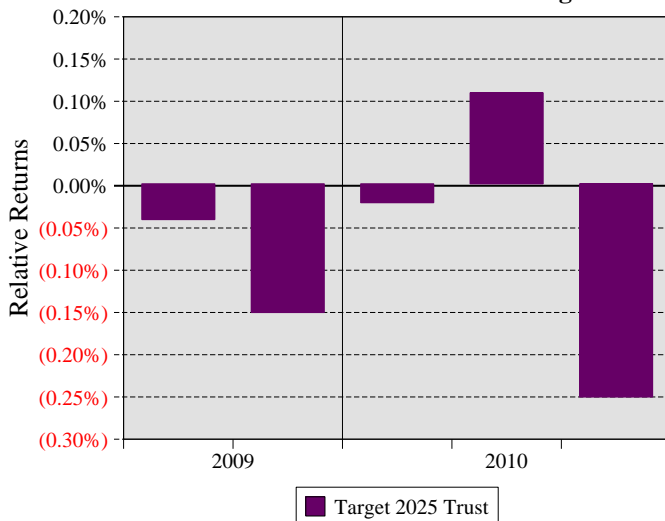
- Target 2025 Trust's portfolio posted a 10.26% return for the quarter placing it in the 56 percentile of the CAI Target Date 2025 group for the quarter and in the 49 percentile for the last year.
- Target 2025 Trust's portfolio underperformed the Custom Target by 0.25% for the quarter and underperformed the Custom Target for the year by 0.30%.

Performance vs CAI Target Date 2025 (Net)

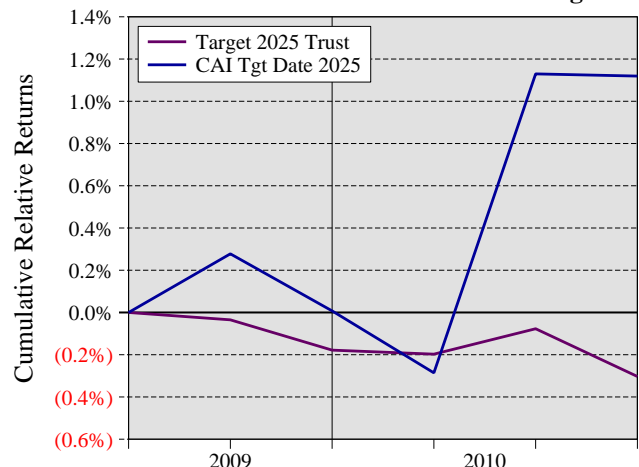


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	11.66	11.82	23.27
25th Percentile	11.39	10.88	22.38
Median	10.36	9.77	20.02
75th Percentile	9.52	9.06	18.86
90th Percentile	7.59	8.57	17.49
Target 2025 Trust (A)	10.26	9.82	20.29
CAI Tgt Dt Idx 2025 (B)	10.39	10.17	20.37
Custom Target (▲)	10.51	10.12	20.58

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2030 TRUST PERIOD ENDED SEPTEMBER 30, 2010



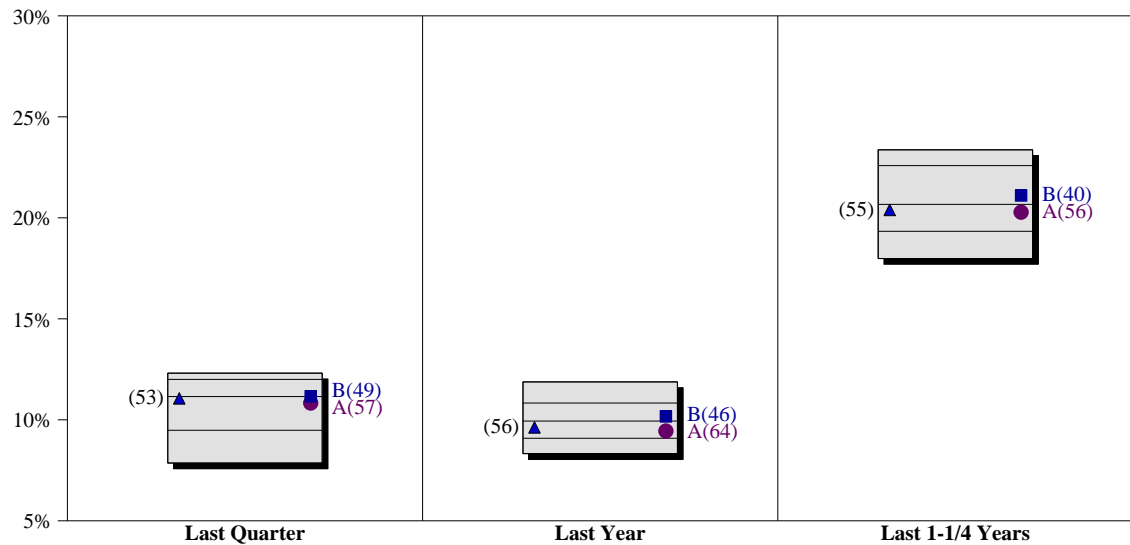
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

- Target 2030 Trust's portfolio posted a 10.83% return for the quarter placing it in the 57 percentile of the CAI Target Date 2030 group for the quarter and in the 64 percentile for the last year.
- Target 2030 Trust's portfolio underperformed the Custom Target by 0.23% for the quarter and underperformed the Custom Target for the year by 0.18%.

Performance vs CAI Target Date 2030 (Net)

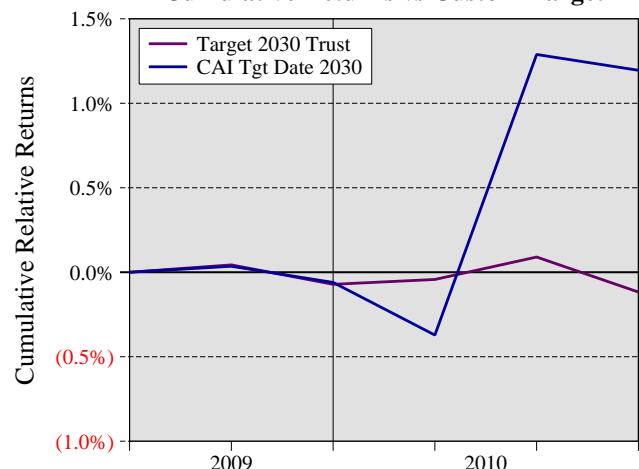


10th Percentile	12.31	11.88	23.37
25th Percentile	12.00	10.83	22.59
Median	11.15	9.94	20.67
75th Percentile	9.48	9.09	19.33
90th Percentile	7.86	8.33	17.98
Target 2030 Trust (A)	10.83	9.45	20.28
CAI Tgt Dt Idx 2030 (B)	11.16	10.17	21.11
Custom Target (▲)	11.06	9.62	20.39

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2035 TRUST PERIOD ENDED SEPTEMBER 30, 2010



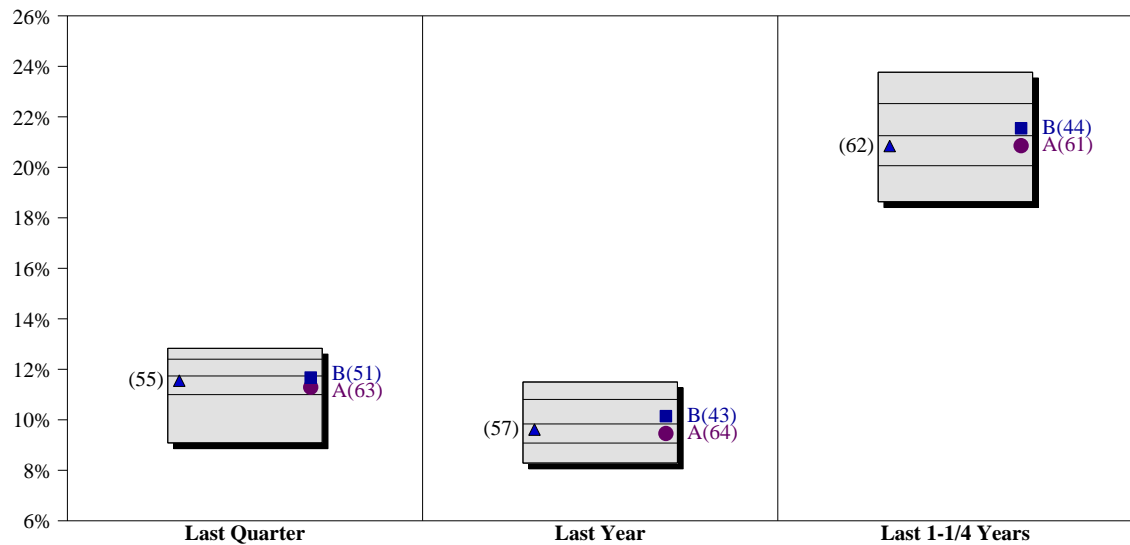
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

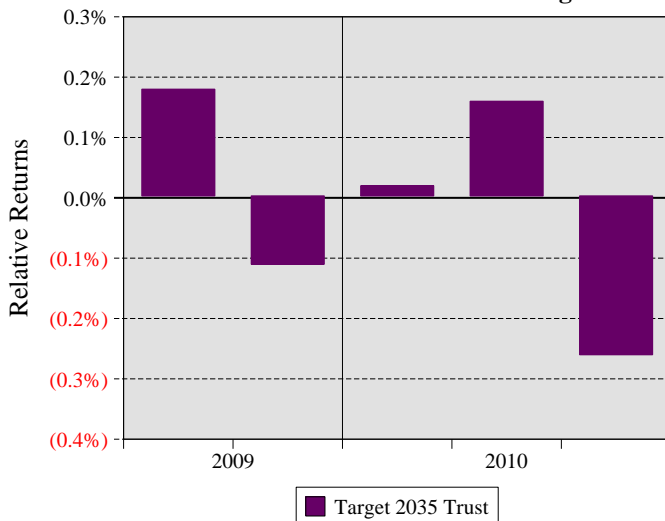
- Target 2035 Trust's portfolio posted a 11.29% return for the quarter placing it in the 63 percentile of the CAI Target Date 2035 group for the quarter and in the 64 percentile for the last year.
- Target 2035 Trust's portfolio underperformed the Custom Target by 0.26% for the quarter and underperformed the Custom Target for the year by 0.15%.

Performance vs CAI Target Date 2035 (Net)

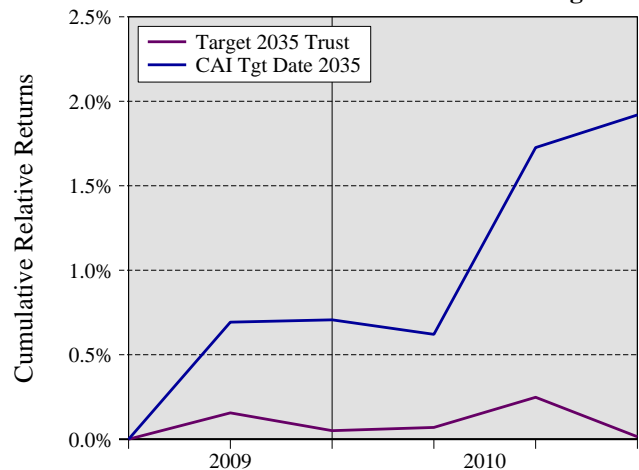


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	12.83	11.50	23.77
25th Percentile	12.40	10.81	22.52
Median	11.74	9.84	21.25
75th Percentile	11.00	9.08	20.06
90th Percentile	9.09	8.29	18.64
Target 2035 Trust ● A	11.29	9.46	20.86
CAI Tgt Dt Idx 2035 ■ B	11.67	10.14	21.55
Custom Target ▲	11.55	9.61	20.84

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2040 TRUST PERIOD ENDED SEPTEMBER 30, 2010



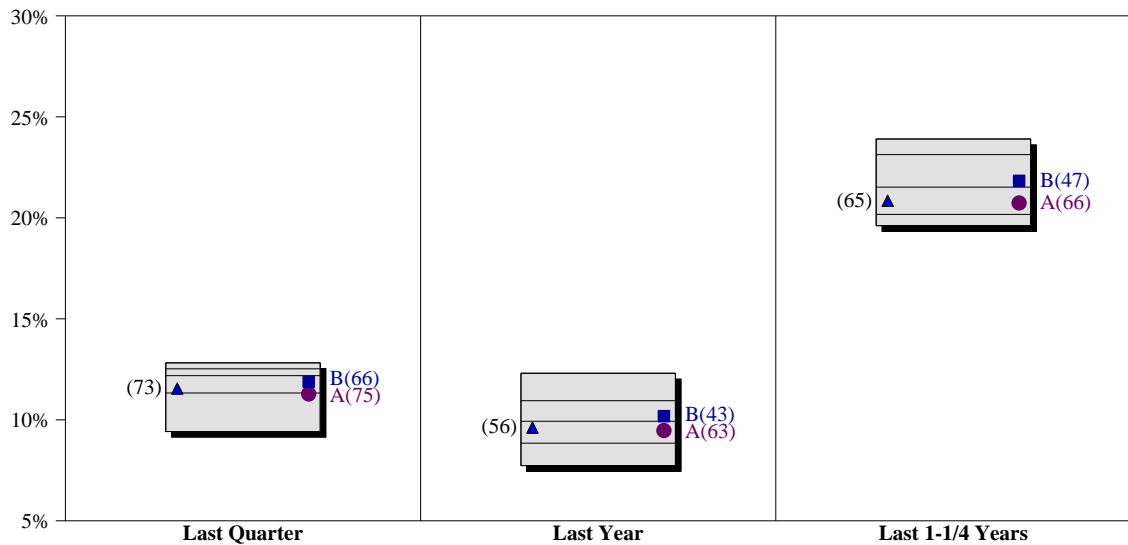
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

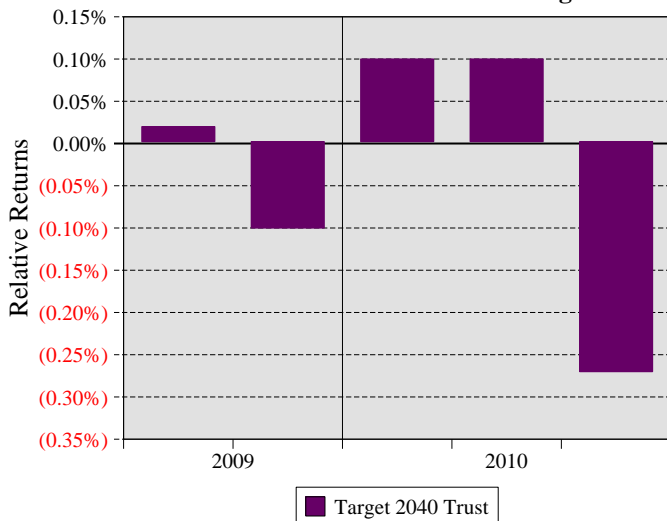
- Target 2040 Trust's portfolio posted a 11.28% return for the quarter placing it in the 75 percentile of the CAI Target Date 2040 group for the quarter and in the 63 percentile for the last year.
- Target 2040 Trust's portfolio underperformed the Custom Target by 0.27% for the quarter and underperformed the Custom Target for the year by 0.14%.

Performance vs CAI Target Date 2040 (Net)

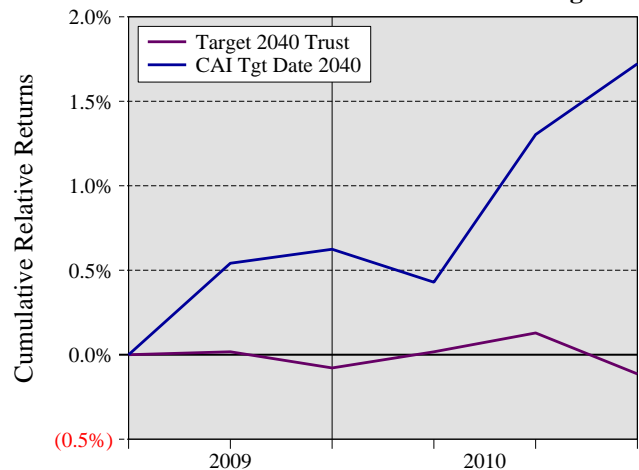


10th Percentile	12.82	12.31	23.90
25th Percentile	12.52	10.95	23.13
Median	12.19	9.93	21.52
75th Percentile	11.33	8.84	20.17
90th Percentile	9.42	7.73	19.61
Target 2040 Trust ● A	11.28	9.47	20.74
CAI Tgt Dt Idx 2040 ■ B	11.88	10.18	21.83
Custom Target ▲	11.55	9.61	20.84

Relative Return vs Custom Target



Cumulative Returns vs Custom Target

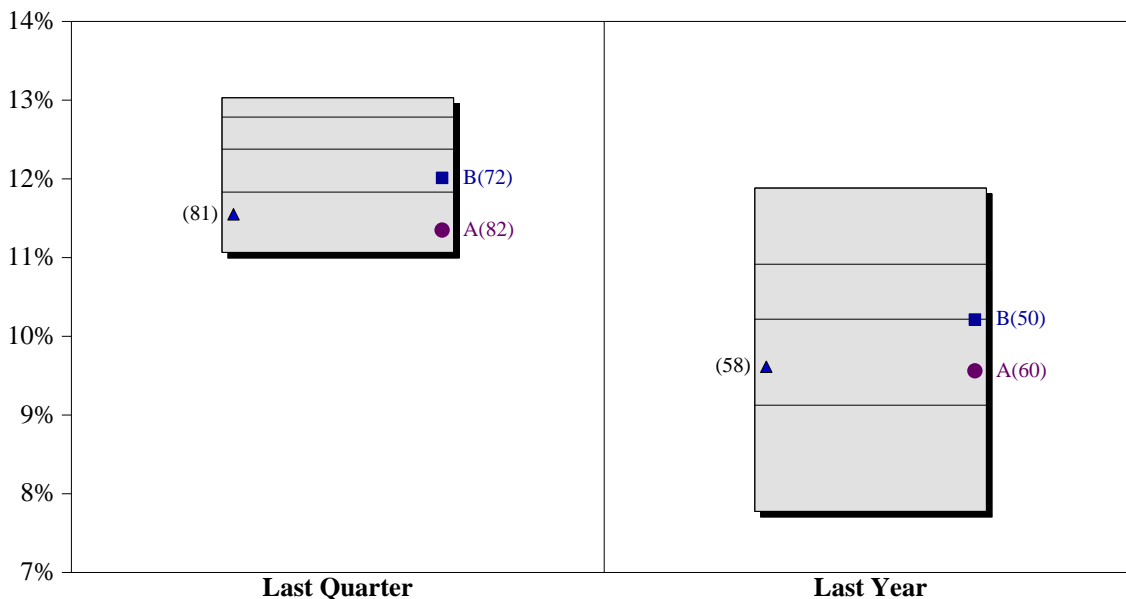


TARGET 2045 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

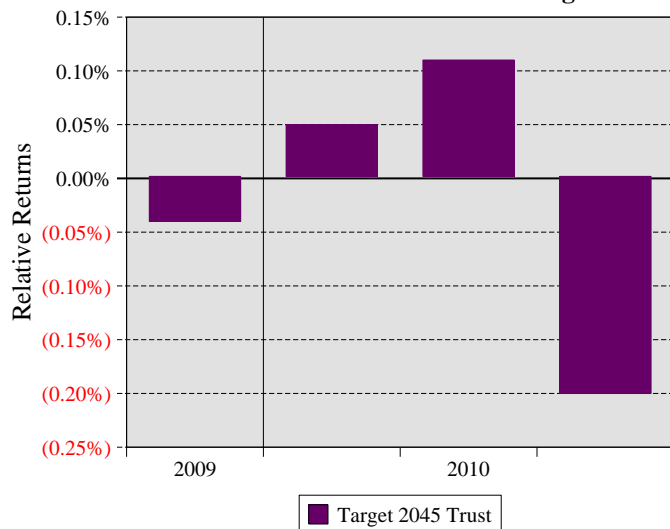
- Target 2045 Trust's portfolio posted a 11.35% return for the quarter placing it in the 82 percentile of the CAI Target Date 2045 group for the quarter and in the 60 percentile for the last year.
- Target 2045 Trust's portfolio underperformed the Custom Target by 0.20% for the quarter and underperformed the Custom Target for the year by 0.05%.

Performance vs CAI Target Date 2045 (Net)

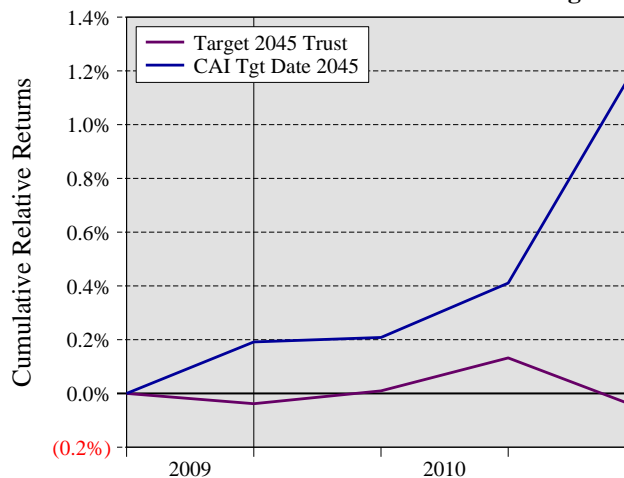


10th Percentile	13.03	11.88
25th Percentile	12.78	10.92
Median	12.38	10.22
75th Percentile	11.83	9.13
90th Percentile	11.07	7.78
Target 2045 Trust ● A	11.35	9.56
CAI Tgt Dt Idx 2045 ■ B	12.01	10.21
Custom Target ▲	11.55	9.61

Relative Return vs Custom Target



Cumulative Returns vs Custom Target

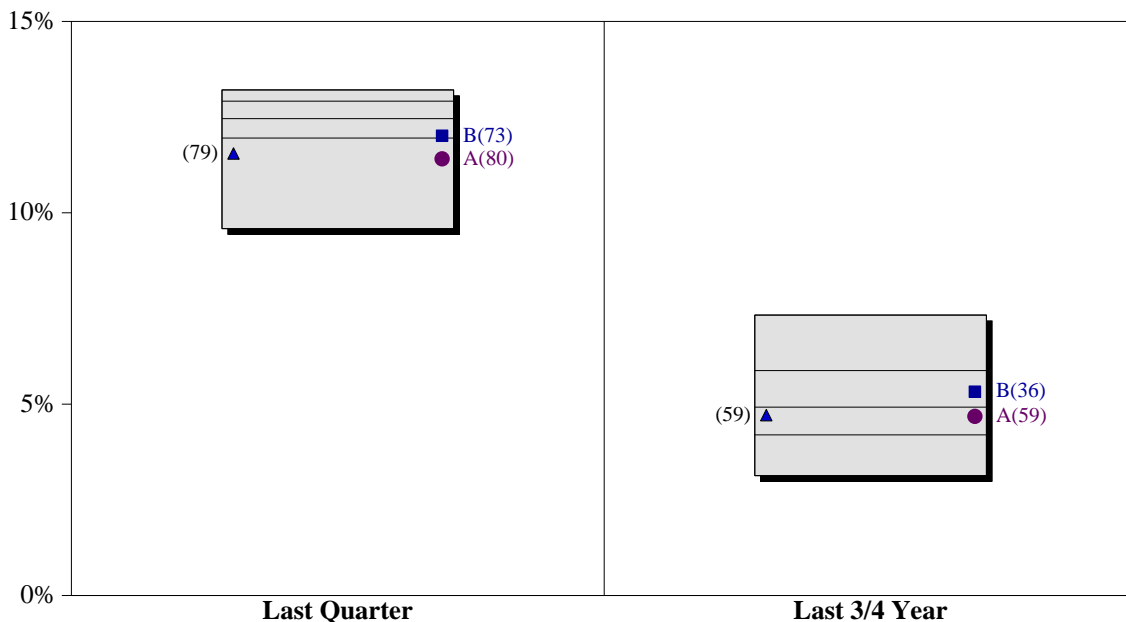


TARGET 2050 PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

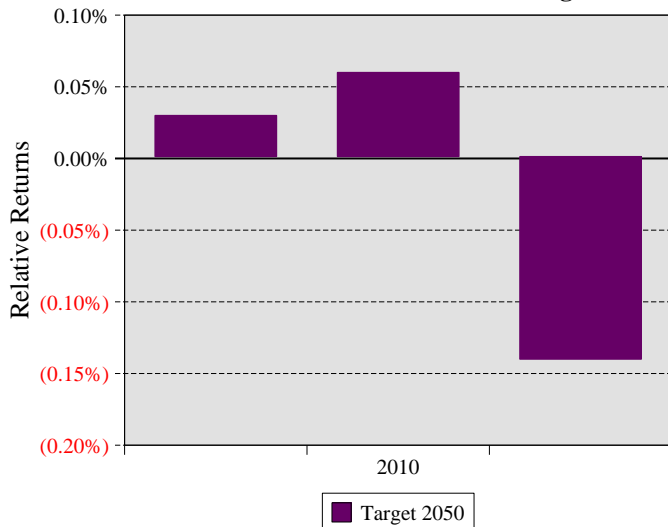
- Target 2050's portfolio posted a 11.41% return for the quarter placing it in the 80 percentile of the CAI Target Date 2050 group for the quarter and in the 59 percentile for the last three-quarter year.
- Target 2050's portfolio underperformed the Custom Target by 0.14% for the quarter and underperformed the Custom Target for the three-quarter year by 0.03%.

Performance vs CAI Target Date 2050 (Net)

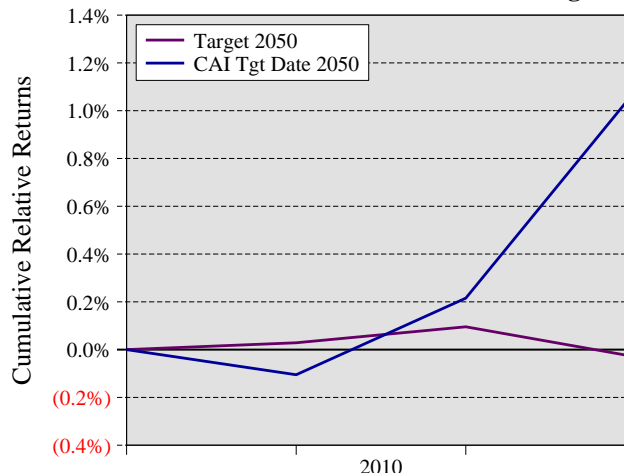


10th Percentile		13.21	7.33
25th Percentile		12.92	5.88
Median		12.46	4.92
75th Percentile		11.95	4.20
90th Percentile		9.59	3.13
Target 2050	● A	11.41	4.68
CAI Tgt	■ B	12.01	5.32
Custom Target	▲	11.55	4.71

Relative Return vs Custom Target



Cumulative Returns vs Custom Target

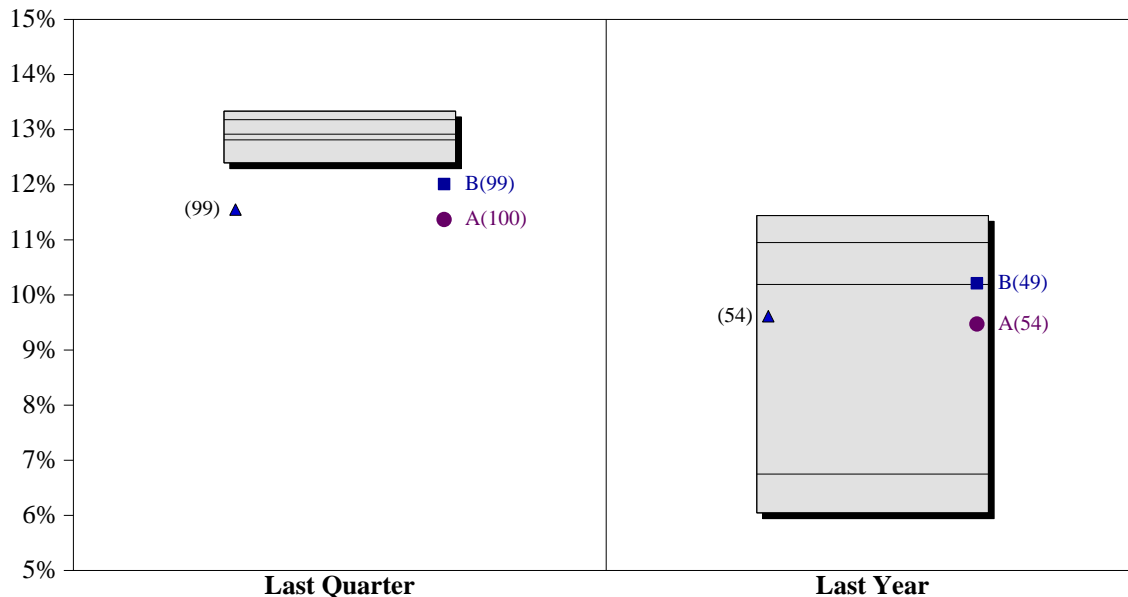


TARGET 2055 TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

- Target 2055 Trust's portfolio posted a 11.37% return for the quarter placing it in the 100 percentile of the CAI Target Date 2055 group for the quarter and in the 54 percentile for the last year.
- Target 2055 Trust's portfolio underperformed the Custom Target by 0.18% for the quarter and underperformed the Custom Target for the year by 0.14%.

Performance vs CAI Target Date 2055 (Net)

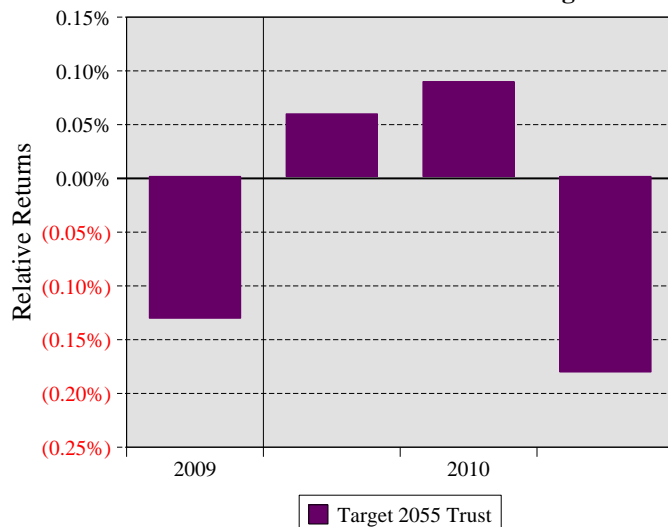


10th Percentile	13.34
25th Percentile	13.18
Median	12.92
75th Percentile	12.81
90th Percentile	12.40

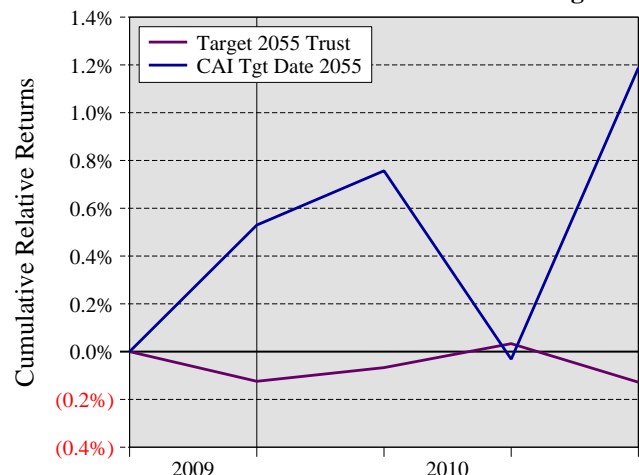
10th Percentile	11.44
25th Percentile	10.95
Median	10.19
75th Percentile	6.75
90th Percentile	6.05

Target 2055 Trust	● A	11.37
CAI Tgt Dt Idx 2045	■ B	12.01
Custom Target	▲	11.55
		9.47
		10.21
		9.61

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



US REAL ESTATE INV TRUST PERIOD ENDED SEPTEMBER 30, 2010



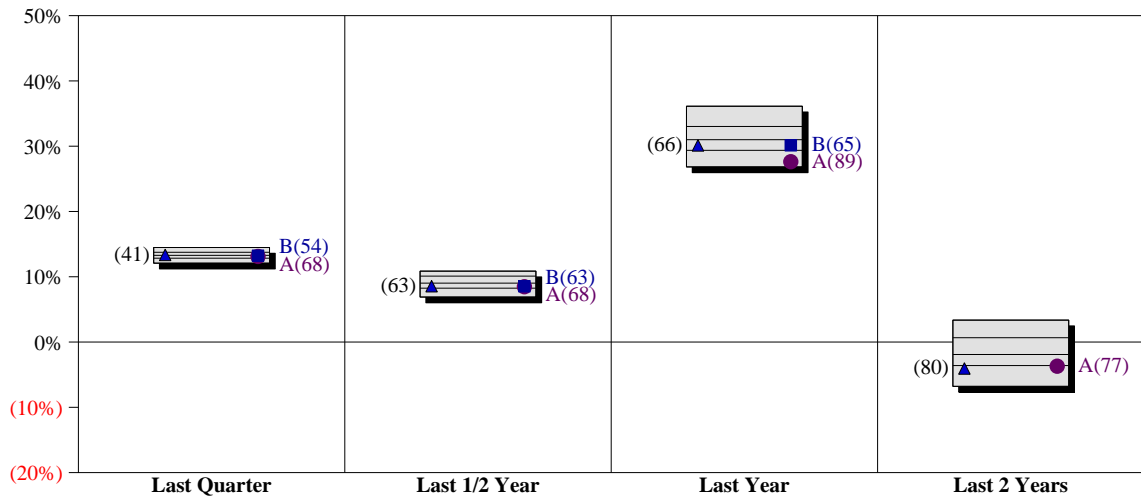
Investment Philosophy

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 13.11% return for the quarter placing it in the 68 percentile of the Real Estate Mut Fds group for the quarter and in the 89 percentile for the last year.
- US Real Estate Inv Trust's portfolio underperformed the Wilshire REIT by 0.24% for the quarter and underperformed the Wilshire REIT for the year by 2.50%.

Performance vs Real Estate Mut Fds (Gross)

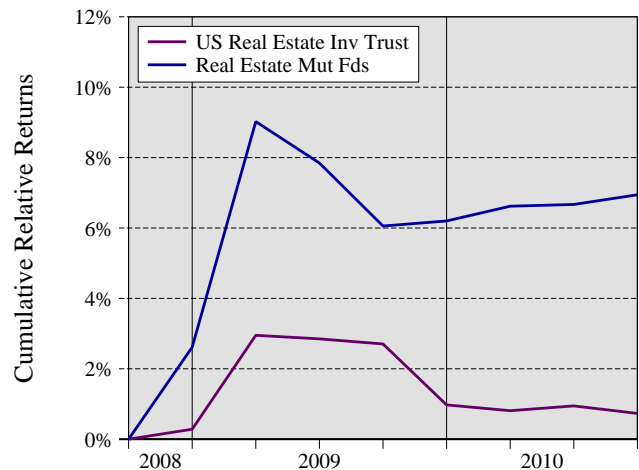


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years
10th Percentile	14.48	10.86	36.12	3.36
25th Percentile	13.75	10.10	33.02	0.66
Median	13.28	9.03	30.99	(1.91)
75th Percentile	12.84	8.25	29.37	(3.60)
90th Percentile	12.08	6.89	26.83	(6.79)
US Real Estate Inv Trust	13.11	8.47	27.62	(3.70)
US Select REIT Index	13.22	8.54	30.14	-
Wilshire REIT	13.35	8.56	30.12	(4.05)

Relative Return vs Wilshire REIT



Cumulative Returns vs Wilshire REIT





RESEARCH AND UPCOMING PROGRAMS

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.

White Papers

Lifetime Retirement Income Solutions

Lori Lucas, CFA

Fixed Income Benchmark Review: Year-Ended March 31, 2010

Anna West

The Next DC Frontier: An Outcomes-Based Approach to DC Plan Design

Lori Lucas, CFA

The Recovery Across All Asset Classes

Reprinted with permission from PREA Quarterly, Spring 2010

Jay Kloepfer

Publications

DC Observer and Callan DC Index™ – 2nd Quarter 2010

Hedge Fund Monitor – 2nd Quarter 2010

Capital Market Review – 3rd Quarter 2010

Quarterly Performance Data – 3rd Quarter 2010

Private Markets Trends – Summer 2010

Surveys

2010 Alternatives Survey - coming soon!

2010 DC Trends Survey – January 2010

How Investment Managers Survived the Market Collapse – October 2009

2009 Investment Management Fee Survey – September 2009



RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: 2010 Regional Breakfast Workshop - June 2010

“The Risk Locker - Strategies to Diffuse Risk”

Presentation: 2010 Regional Breakfast Workshop - June 2010

“The Risk Locker - Strategies to Diffuse Risk”

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

Upcoming Educational Programs

The 31st Annual National Conference

January 31 - February 2, 2011 in San Francisco

Speakers include: Henry M. Paulson, Fareed Zakaria, Joshua Cooper Ramo,
and Dan Ariely

Workshops on: defined contribution, portfolio structure, and real assets

Details will be sent to you via email and U.S. Mail in October.

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

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



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

THIRD QUARTER 2010

EDUCATIONAL SESSIONS

An Introduction to Investments

April and October 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 in Chicago

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.

Session on Real Estate

2011 Dates TBD

Callan Associates will share its expertise through an educational program designed to advance the participants' knowledge, understanding and comfort with real estate investing. Callan's real estate specialists have extensive knowledge and experience and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends and best practices.



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

THIRD QUARTER 2010

EDUCATIONAL SESSIONS

(continued)

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.

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

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	
Allianz Global Investors Capital		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 Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	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	
ClearBridge Advisors	Y	
Colony Realty	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DDJ Capital Management	Y	
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
Diamond Hill Investments	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Epoch Investment Partners	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	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guqaenheim Partners	Y	
Harris Associates	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
HSBC Investments (USA) Inc.		Y
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Liquid Realty	Y	
Loain Circle		Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Marvin & Palmer Associates, Inc.	Y	
Mawer Investment Management	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Mellon Transition Management & BNY Mellon Beta Management	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
Moodv Aldrich Partners	Y	
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Newton Capital Management	Y	
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Lights Capital Group		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 LLC	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Opus Capital Management	Y	
Pacific Investment Management Company	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
RBC Global Asset Management	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroder 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
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
Towle & Co.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	

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Manager Name	Educational Services	Consulting Services
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Zephyr Management	Y	

**Callan Associates Inc.
Investment Measurement Service
Quarterly Review**

**Alaska Retirement Management Board
Defined Contribution Plans
Preliminary
September 30, 2010**

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.

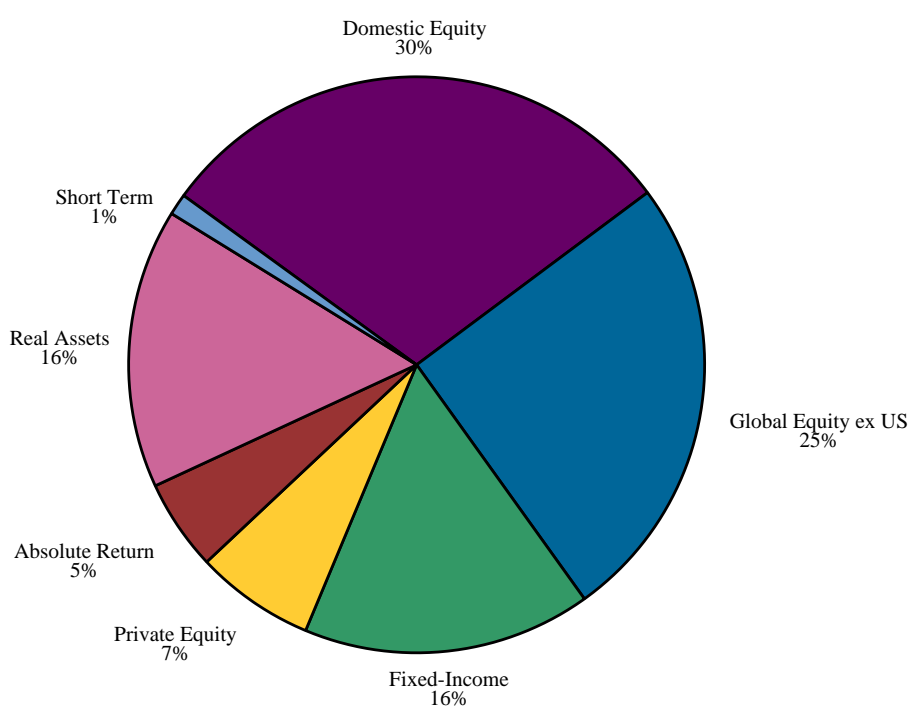


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Actual Asset Allocation
ARMB PERS Retiree Medical allocation as of June 30, 2010.

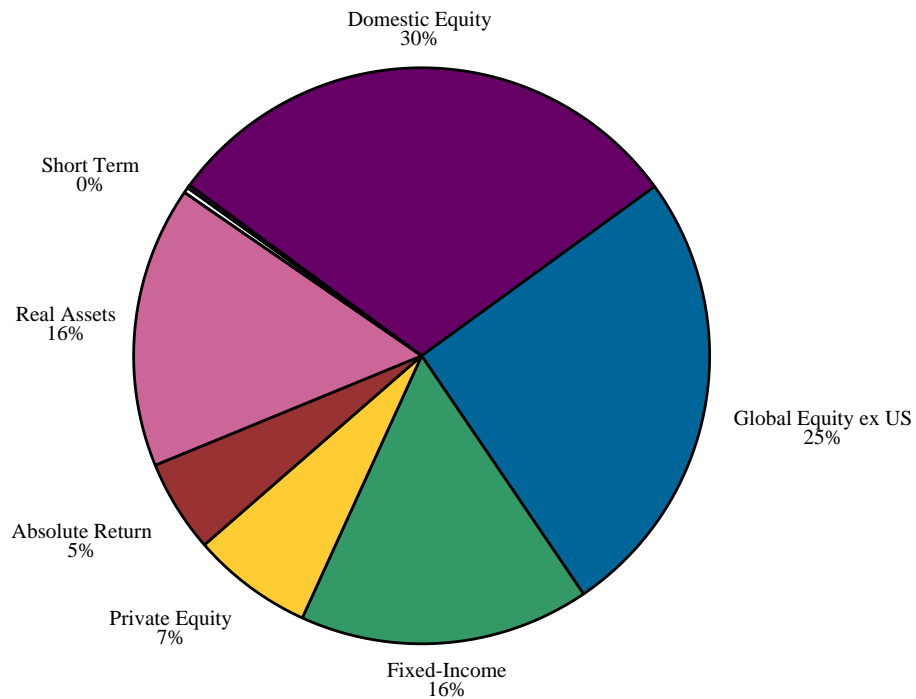
Actual Asset Allocation



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	2,727,578	29.8%
Global Equity ex US	2,310,010	25.3%
Fixed-Income	1,476,962	16.2%
Private Equity	615,969	6.7%
Absolute Return	470,047	5.1%
Real Assets	1,431,290	15.7%
Short Term	108,133	1.2%
Total	9,139,988	100.0%

Actual Asset Allocation
ARMB TRS Retiree Medical allocation as of June 30, 2010.

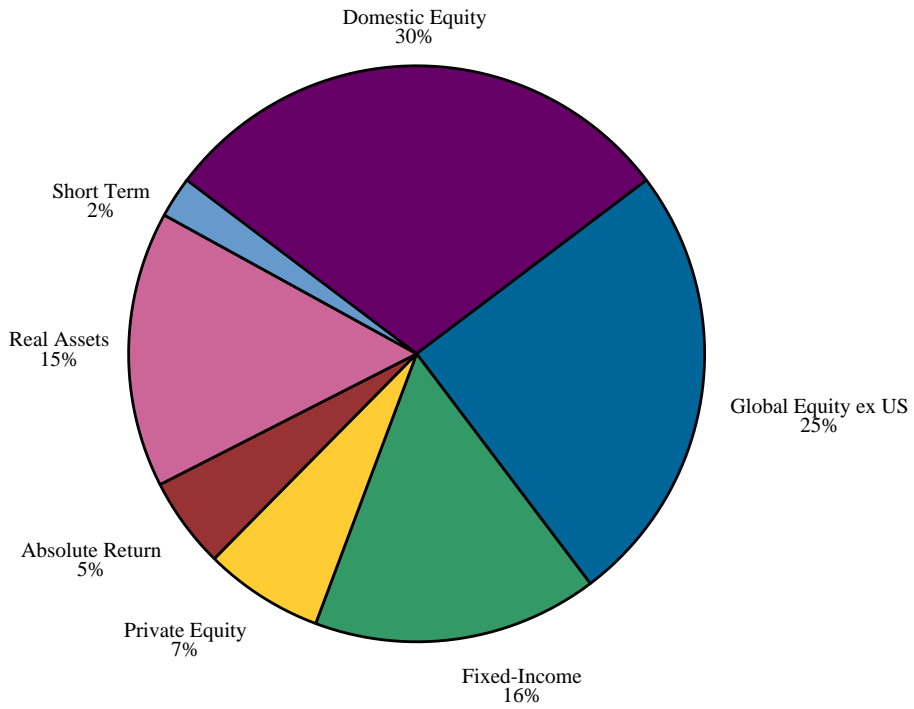
Actual Asset Allocation



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	1,181,754	30.1%
Global Equity ex US	1,001,194	25.5%
Fixed-Income	639,583	16.3%
Private Equity	266,879	6.8%
Absolute Return	203,637	5.2%
Real Assets	620,117	15.8%
Short Term	19,028	0.5%
Total	3,932,192	100.0%

Actual Asset Allocation
 ARMB PERS Health Reimbursement allocation as of June 30, 2010.

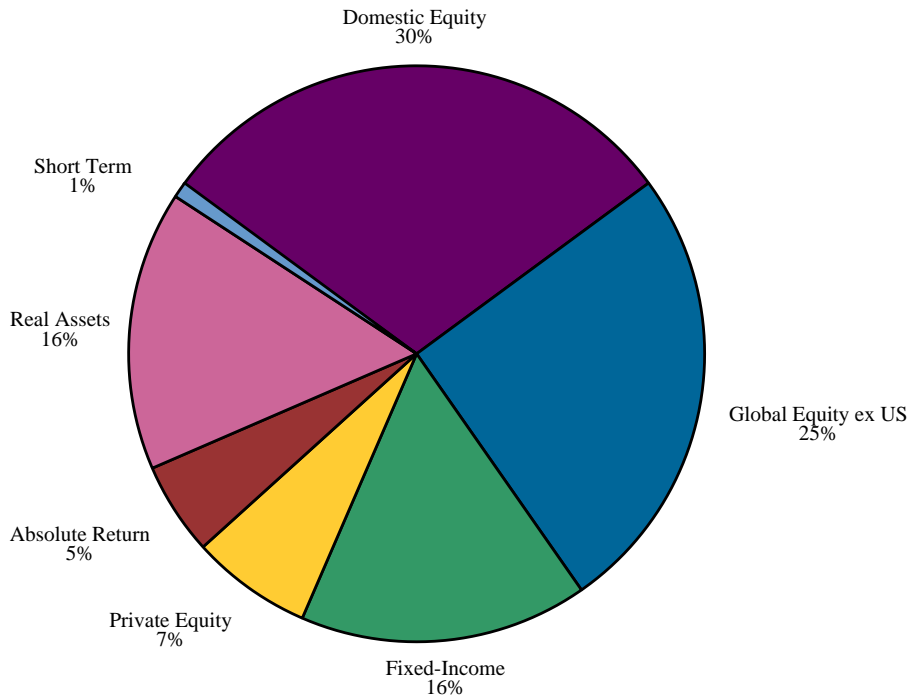
Actual Asset Allocation



Asset Class	\$Dollars Actual	Percent Actual
Domestic Equity	10,652,479	29.5%
Global Equity ex US	9,018,071	25.0%
Fixed-Income	5,771,091	16.0%
Private Equity	2,405,632	6.7%
Absolute Return	1,835,856	5.1%
Real Assets	5,589,728	15.5%
Short Term	812,550	2.3%
Total	36,085,408	100.0%

Actual Asset Allocation
 ARMB TRS Health Reimbursement allocation as of June 30, 2010.

Actual Asset Allocation

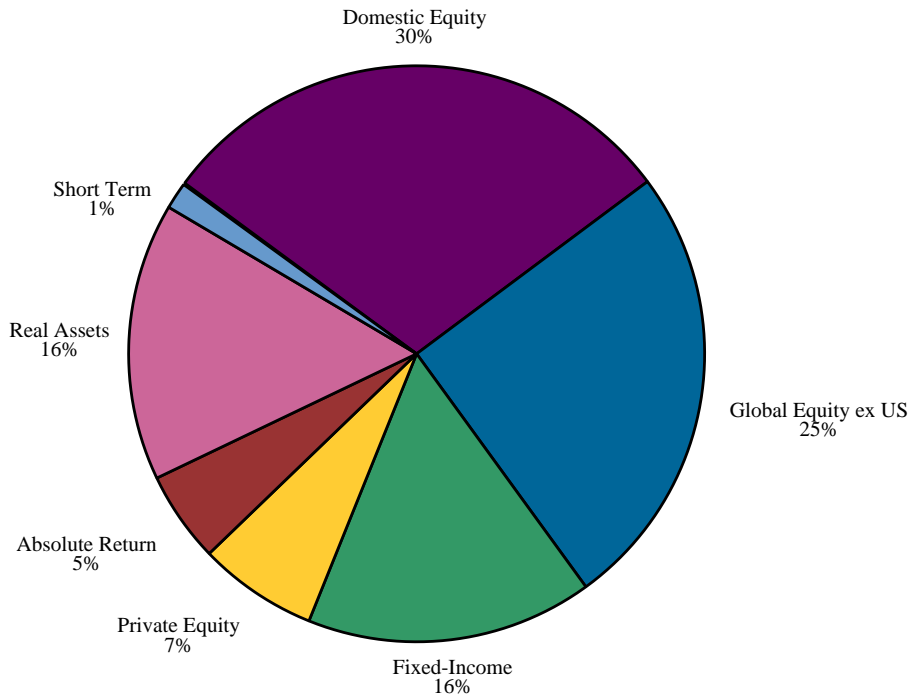


<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	3,500,801	29.9%
Global Equity ex US	2,966,198	25.4%
Fixed-Income	1,894,433	16.2%
Private Equity	790,561	6.8%
Absolute Return	603,236	5.2%
Real Assets	1,837,007	15.7%
Short Term	106,014	0.9%
Total	11,698,250	100.0%



Actual Asset Allocation
ARMB PERS ODD allocation as of June 30, 2010.

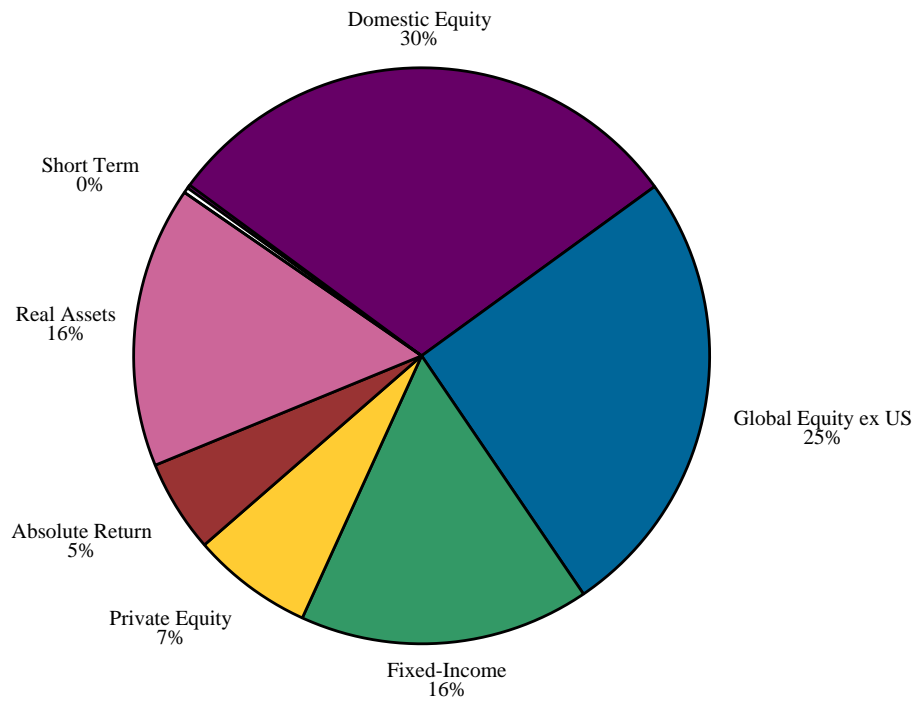
Actual Asset Allocation



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	1,127,150	29.7%
Global Equity ex US	954,638	25.2%
Fixed-Income	610,331	16.1%
Private Equity	254,558	6.7%
Absolute Return	194,247	5.1%
Real Assets	591,480	15.6%
Short Term	56,823	1.5%
Total	3,789,227	100.0%

Actual Asset Allocation
ARMB TRS ODD allocation as of June 30, 2010.

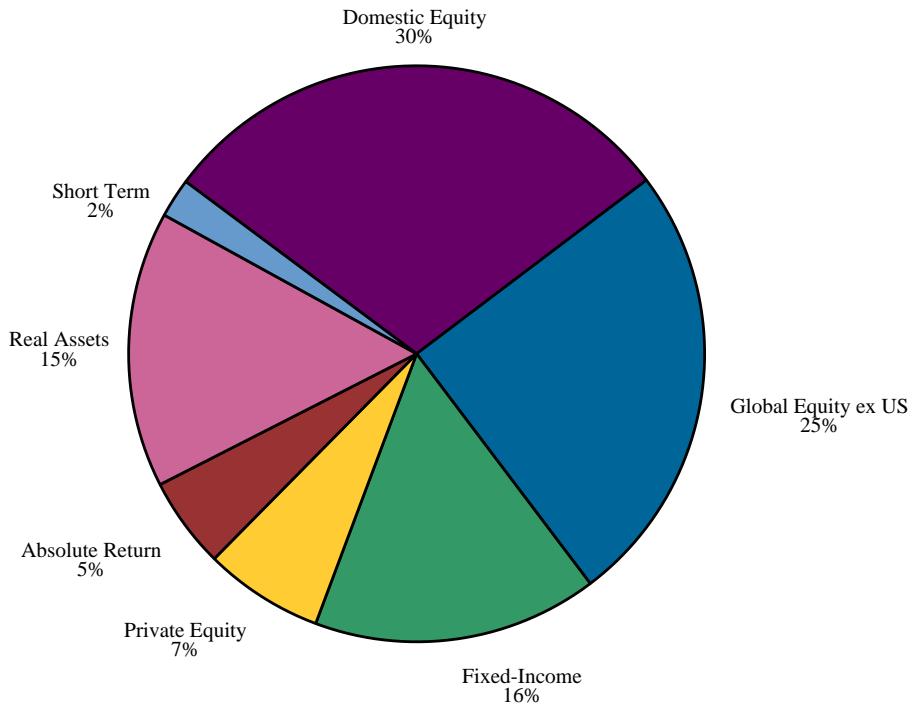
Actual Asset Allocation



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	485,823	30.1%
Global Equity ex US	411,704	25.5%
Fixed-Income	262,841	16.3%
Private Equity	109,728	6.8%
Absolute Return	83,714	5.2%
Real Assets	254,938	15.8%
Short Term	7,773	0.5%
Total	1,616,520	100.0%

Actual Asset Allocation
ARMB P & F ODD allocation as of June 30, 2010.

Actual Asset Allocation



Asset Class	\$Dollars Actual	Percent Actual
Domestic Equity	394,657	29.5%
Global Equity ex US	333,989	25.0%
Fixed-Income	213,906	16.0%
Private Equity	89,144	6.7%
Absolute Return	68,019	5.1%
Real Assets	207,084	15.5%
Short Term	29,953	2.2%
Total	1,336,752	100.0%

Investment Fund Returns

The table below details the rates of return for the Sponsor's investment funds over various time periods ended September 30, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended September 30, 2010

	Last Quarter	Last 3/4 Year	Last Year	Last 2 Years	Last 3-3/4 Years
Total Retiree Medical Plan	7.77%	5.95%	8.98%	1.45%	(1.35%)
Retiree Medical PERS	7.76%	5.94%	8.95%	1.47%	-
Retiree Medical TRS	7.78%	5.99%	9.06%	1.34%	-
Benchmark	9.32%	6.03%	9.06%	2.39%	(1.41%)
Total Health Reimbursement	7.73%	5.88%	8.95%	1.52%	(1.17%)
Health Reimbursement PERS	7.71%	5.86%	8.94%	1.55%	-
Health Reimbursement TRS	7.78%	5.96%	9.00%	1.35%	-
Benchmark	9.32%	6.03%	9.06%	2.39%	(1.41%)
ODD PERS	7.78%	5.94%	9.19%	1.23%	(1.35%)
Benchmark	9.32%	6.03%	9.06%	2.39%	(1.41%)
ODD TRS	7.81%	5.99%	9.44%	1.51%	-
Benchmark	9.32%	6.03%	9.06%	2.39%	(1.41%)
DC ODD P&F	7.68%	5.74%	-	-	-
Benchmark	9.32%	6.03%	9.06%	2.39%	(1.41%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 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% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2010, with the distribution as of June 30, 2010.

Asset Distribution Across Investment Managers

	September 30, 2010		June 30, 2010	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Trust	194,377	0.17%	147,143	0.15%
Alaska Long-Term Balanced	8,362,068	7.16%	7,078,051	7.40%
2010 Trust	129,442	0.11%	89,514	0.09%
2015 Trust	592,337	0.51%	384,451	0.40%
2020 Trust	912,855	0.78%	630,208	0.66%
2025 Trust	1,176,800	1.01%	799,337	0.84%
2030 Trust	1,309,979	1.12%	846,640	0.88%
2035 Trust	1,333,245	1.14%	840,295	0.88%
2040 Trust	2,343,437	2.01%	1,529,412	1.60%
2045 Trust	1,976,224	1.69%	1,189,794	1.24%
2050 Trust	2,254,883	1.93%	1,338,359	1.40%
2055 Trust	585,673	0.50%	300,652	0.31%
Domestic Equity Funds				
S&P 500 Stock Index Fd	25,144,983	21.52%	20,952,151	21.90%
RCM Socially Resp Inv Fd	25,443,933	21.78%	20,902,947	21.85%
Russell 3000 Index Fd	154,914	0.13%	129,675	0.14%
T. Rowe Small Cap	1,257,127	1.08%	1,057,924	1.11%
International Equity Funds				
Brandes Intl Equity	31,351,578	26.84%	26,479,205	27.68%
World Equity ex US	187,846	0.16%	153,938	0.16%
Fixed-Income Funds				
BlackRock Govt/Credit	3,880,940	3.32%	3,630,197	3.79%
Long US Treasury Bd	155,353	0.13%	159,690	0.17%
Intermediate Bond Fund	219,523	0.19%	205,247	0.21%
US TIPS	144,392	0.12%	109,296	0.11%
World Govt Bd ex US	70,284	0.06%	51,100	0.05%
Global Balanced Funds				
SSgA Global Balanced	2,730,002	2.34%	2,297,903	2.40%
Real Estate Funds				
US REIT Index	265,726	0.23%	176,302	0.18%
Short Term Funds				
Money Market	4,475,890	3.83%	4,025,866	4.21%
SSgA Treas Money Mkt Fd	176,818	0.15%	168,446	0.18%
Total	\$116,830,629	100.0%	\$95,673,743	100.0%



Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2010, with the distribution as of June 30, 2010.

Asset Distribution Across Investment Managers

	September 30, 2010		June 30, 2010	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Trust	58,245	0.11%	55,689	0.12%
Alaska Long-Term Balanced 2010 Trust	4,164,655	8.16%	3,706,914	8.21%
2015 Trust	86,946	0.17%	69,824	0.15%
2020 Trust	315,895	0.62%	273,202	0.61%
2025 Trust	373,599	0.73%	301,078	0.67%
2030 Trust	432,559	0.85%	359,240	0.80%
2035 Trust	434,251	0.85%	375,786	0.83%
2040 Trust	782,951	1.53%	626,946	1.39%
2045 Trust	947,799	1.86%	769,433	1.70%
2050 Trust	1,595,408	3.13%	1,258,466	2.79%
2055 Trust	1,856,009	3.64%	1,479,648	3.28%
	37,422	0.07%	27,188	0.06%
Domestic Equity Funds				
S&P 500 Stock Index Fd	10,426,491	20.43%	9,221,034	20.43%
RCM Socially Resp Inv Fd	10,464,548	20.51%	9,222,310	20.43%
Russell 3000 Index Fd	57,801	0.11%	43,321	0.10%
T. Rowe Small Cap	501,626	0.98%	442,607	0.98%
International Equity Funds				
Brandes Intl Equity	13,214,442	25.89%	11,874,857	26.31%
World Equity ex US	29,633	0.06%	18,716	0.04%
Fixed-Income Funds				
BlackRock Govt/Credit	1,618,837	3.17%	1,651,542	3.66%
Long US Treasury Bd	10,741	0.02%	10,017	0.02%
Intermediate Bond Fund	38,718	0.08%	36,638	0.08%
US TIPS	73,196	0.14%	54,543	0.12%
World Govt Bd ex US	1,633	0.00%	1,481	0.00%
Global Balanced Funds				
SSgA Global Balanced	1,581,989	3.10%	1,433,122	3.17%
Real Estate Funds				
US REIT Index	41,172	0.08%	34,977	0.08%
Short Term Funds				
Alaska Money Market	1,875,383	3.67%	1,774,661	3.93%
SSgA Money Mkt	11,741	0.02%	17,195	0.04%
Total	\$51,033,690	100.0%	\$45,140,435	100.0%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 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 September 30, 2010

	Fiscal YTD	Last Year	Last 3 Years	Last 4 Years
S&P 500 Stock Index Fd	11.31%	10.19%	(7.06%)	(1.66%)
RCM Socially Responsible Inv(1)	11.85%	8.37%	-	-
S&P 500 Index	11.29%	10.16%	(7.16%)	(1.75%)
Russell 3000 Index Fund	11.54%	11.01%	-	-
Russell 3000	11.53%	10.96%	(6.59%)	(1.29%)
T. Rowe Price Small-Cap Stock Tr	13.02%	18.27%	(0.49%)	2.51%
Russell 2000	11.29%	13.35%	(4.29%)	(0.38%)
Brandes International Equity Fund	13.56%	-	-	-
MSCI EAFE Index	16.48%	3.27%	(9.51%)	(1.93%)
World Equity ex US	16.54%	7.00%	-	-
MSCI ACWI x US (Net)	16.58%	7.56%	(7.42%)	0.89%
SSgA Global Balanced	10.42%	8.55%	-	-
Global Balanced Target	10.39%	8.42%	-	-
BlackRock Govt/Credit Bond Fund(2)	3.25%	8.42%	7.20%	6.70%
BC Govt/Credit Bd	3.28%	8.73%	7.46%	6.86%
Long US Treasury Bond	5.11%	12.66%	-	-
BC Long Treasury	5.21%	12.74%	10.76%	9.15%
Intermediate Bond Fund	2.09%	5.94%	-	-
BC Govt Intermediate	2.13%	6.19%	6.65%	6.46%
US TIPS	2.46%	8.72%	-	-
BC US TIPS Index	2.48%	8.89%	6.91%	6.42%
World Govt Bond ex US	10.40%	4.41%	-	-
Citi Non-US Gvt Bd Idx	10.45%	4.47%	8.44%	8.70%
Alaska Balanced Trust	5.91%	8.74%	2.75%	4.39%
Alaska Balanced Benchmark	6.02%	9.01%	2.91%	4.44%
Alaska Long-Term Balanced Tr	8.44%	9.19%	(0.78%)	2.36%
Alaska Long-Term Bal. Benchmark	8.56%	9.51%	(0.53%)	2.50%
Target 2010 Trust	7.64%	8.46%	-	-
Target 2010 Benchmark	7.89%	8.69%	-	-
Target 2015 Trust	8.72%	8.54%	-	-
Target 2015 Benchmark	8.90%	8.40%	-	-
Target 2020 Trust	9.50%	9.24%	-	-
Target 2020 Benchmark	9.76%	9.73%	-	-

(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 September 30, 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 September 30, 2010

	Fiscal YTD	Last Year	Last 3 Years	Last 4 Years
Target 2025 Trust	10.26%	9.82%	(5.17%)	(0.34%)
Target 2025 Benchmark	10.51%	10.12%	(5.33%)	(0.47%)
Target 2030 Trust	10.83%	9.45%	-	-
Target 2030 Benchmark	11.06%	9.62%	-	-
Target 2035 Trust	11.29%	9.46%	-	-
Target 2035 Benchmark	11.55%	9.61%	-	-
Target 2040 Trust	11.28%	9.47%	-	-
Target 2040 Benchmark	11.55%	9.61%	-	-
Target 2045 Trust	11.35%	9.56%	-	-
Target 2045 Benchmark	11.55%	9.61%	-	-
Target 2050 Trust	11.41%	9.52%	-	-
Target 2050 Benchmark	11.55%	9.61%	-	-
Target 2055 Trust	11.37%	9.47%	-	-
Target 2055 Benchmark	11.55%	9.61%	-	-
US Real Estate Inv Trust	13.11%	27.62%	-	-
US Select REIT Index	13.22%	30.14%	-	-
Alaska Money Market Trust	0.08%	0.33%	1.64%	2.55%
Citigroup 90-day T-Bill	0.04%	0.12%	1.01%	2.00%
SSgA Treas Mny Mkt	0.01%	0.02%	-	-
Citigroup 90-day T-Bill	0.04%	0.12%	1.01%	2.00%

S&P 500 STOCK INDEX FD PERIOD ENDED SEPTEMBER 30, 2010



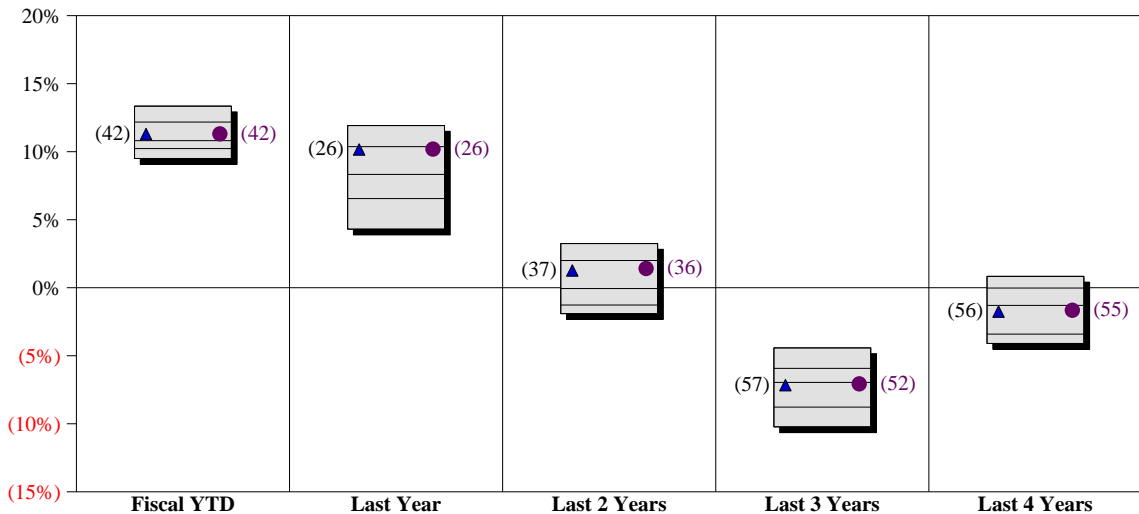
Investment Philosophy

State Street believes that their passive investment strategy can provide market-like returns with minimal transaction costs.

Quarterly Summary and Highlights

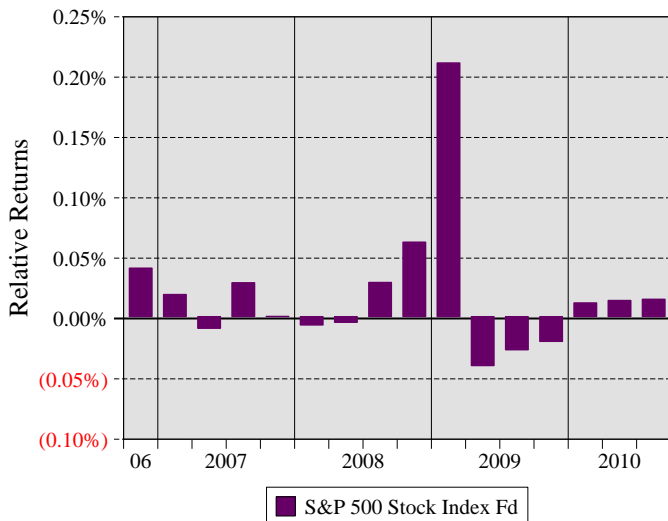
- S&P 500 Stock Index Fd's portfolio posted a 11.31% return for the quarter placing it in the 42 percentile of the CAI MF - Core Equity Style group for the quarter and in the 26 percentile for the last year.
- S&P 500 Stock Index Fd's portfolio outperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.03%.

Performance vs CAI MF - Core Equity Style (Net)

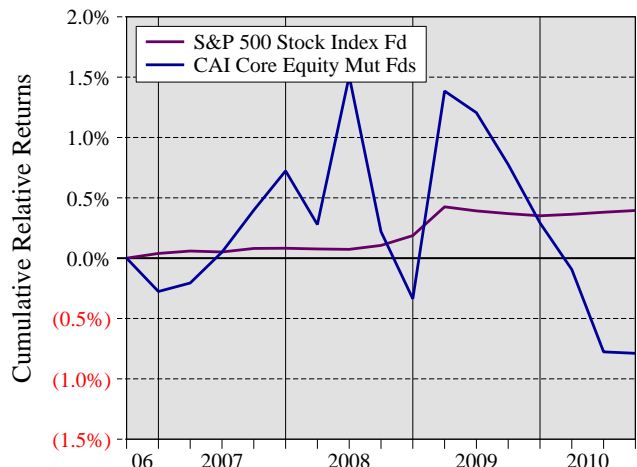


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	13.35	11.92	3.25	(4.42)	0.84
25th Percentile	12.18	10.37	2.00	(5.93)	(0.02)
Median	10.81	8.33	(0.06)	(6.96)	(1.30)
75th Percentile	10.23	6.55	(1.27)	(8.77)	(3.41)
90th Percentile	9.50	4.31	(1.90)	(10.23)	(4.10)
S&P 500 Stock Index Fd	11.31	10.19	1.41	(7.06)	(1.66)
S&P 500 Index	11.29	10.16	1.27	(7.16)	(1.75)

Relative Return vs S&P 500 Index



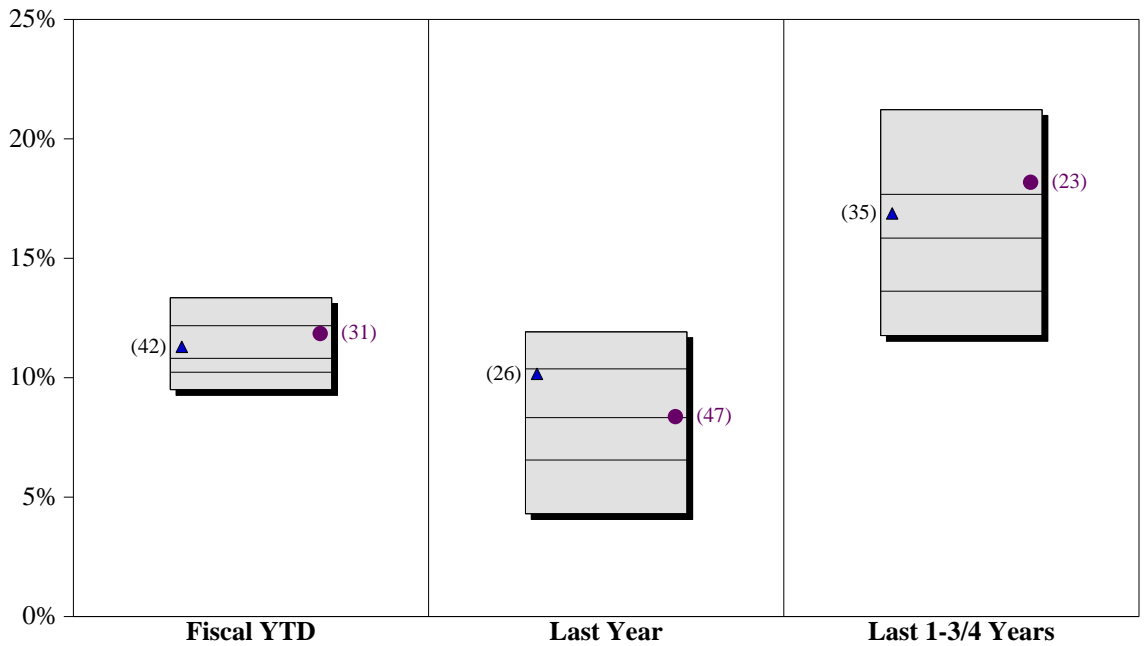
Cumulative Returns vs S&P 500 Index



**RCM SOCIALLY RESP. INV. FUND
PERIOD ENDED SEPTEMBER 30, 2010**

- Quarterly Summary and Highlights**
- RCM Socially Resp. Inv. Fund's portfolio posted a 11.85% return for the quarter placing it in the 31 percentile of the CAI MF - Core Equity Style group for the quarter and in the 47 percentile for the last year.
 - RCM Socially Resp. Inv. Fund's portfolio outperformed the S&P 500 Index by 0.56% for the quarter and underperformed the S&P 500 Index for the year by 1.79%.

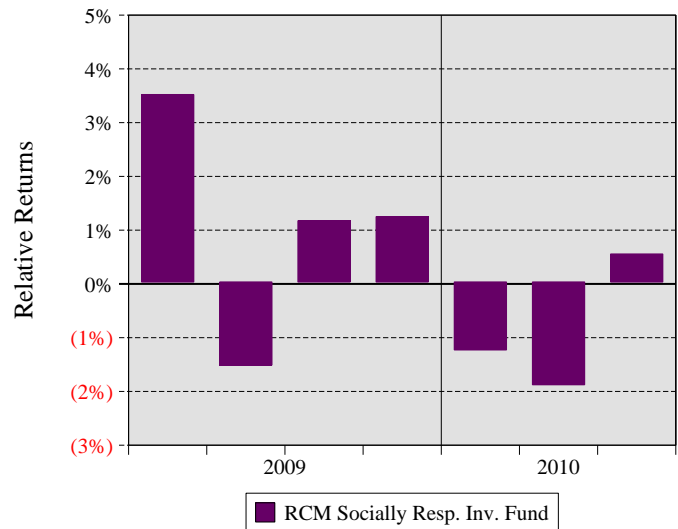
Performance vs CAI MF - Core Equity Style (Net)



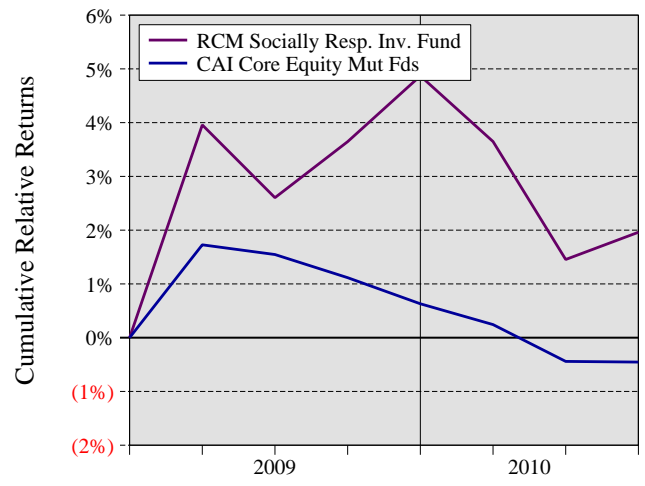
	Fiscal YTD	Last Year	Last 1-3/4 Years
10th Percentile	13.35	11.92	21.22
25th Percentile	12.18	10.37	17.68
Median	10.81	8.33	15.85
75th Percentile	10.23	6.55	13.62
90th Percentile	9.50	4.31	11.76

RCM Socially Resp. Inv. Fund ●	11.85	8.37	18.18
S&P 500 Index ▲	11.29	10.16	16.88

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



RUSSELL 3000 INDEX FUND PERIOD ENDED SEPTEMBER 30, 2010



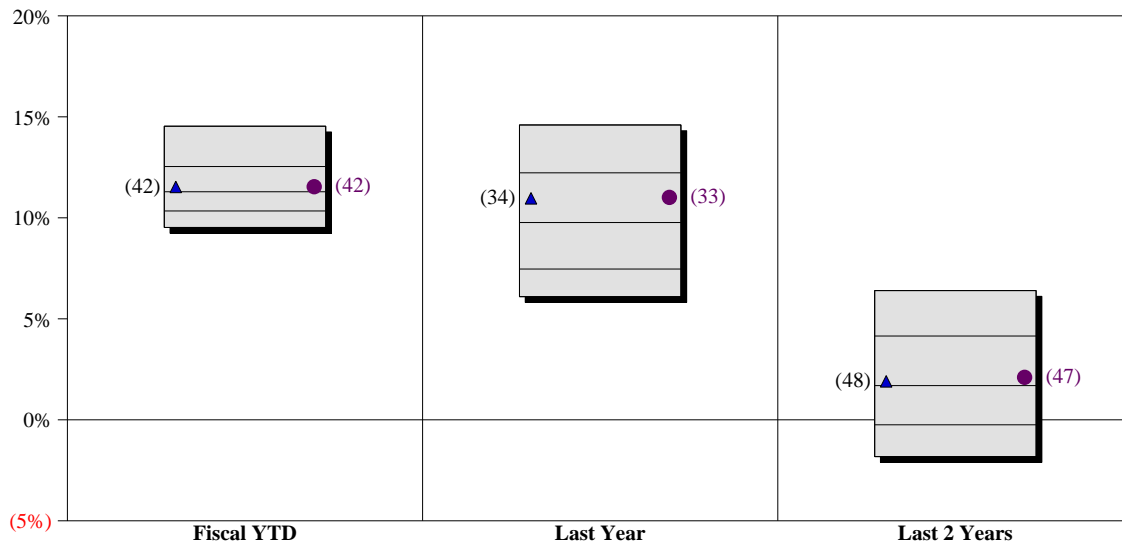
Investment Philosophy

The Russell 3000 Index Strategy seeks to replicate the returns and characteristics of the Russell 3000 Index.

Quarterly Summary and Highlights

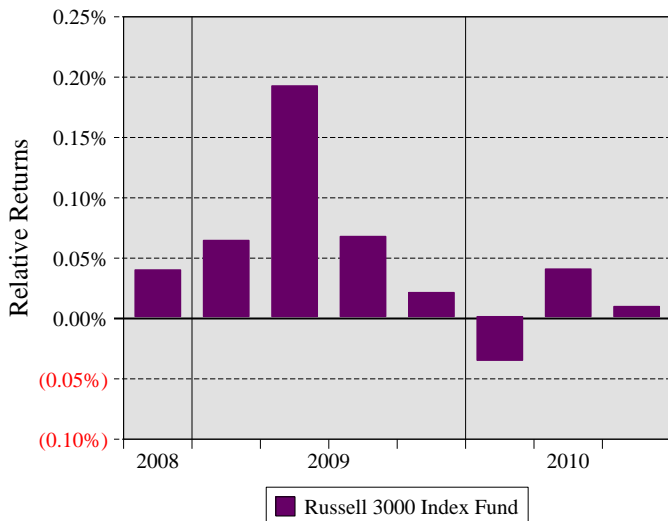
- Russell 3000 Index Fund's portfolio posted a 11.54% return for the quarter placing it in the 42 percentile of the CAI Large Capitalization Style group for the quarter and in the 33 percentile for the last year.
- Russell 3000 Index Fund's portfolio outperformed the Russell 3000 Index by 0.01% for the quarter and outperformed the Russell 3000 Index for the year by 0.05%.

Performance vs CAI Large Capitalization Style (Gross)

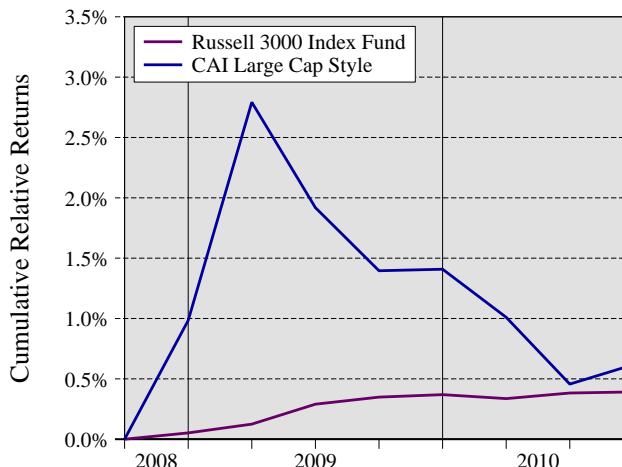


	Fiscal YTD	Last Year	Last 2 Years
10th Percentile	14.54	14.60	6.40
25th Percentile	12.54	12.23	4.15
Median	11.29	9.77	1.69
75th Percentile	10.34	7.46	(0.25)
90th Percentile	9.52	6.10	(1.82)
Russell 3000 Index Fund ●	11.54	11.01	2.10
Russell 3000 Index ▲	11.53	10.96	1.90

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



T. ROWE PRICE SMALL-CAP PERIOD ENDED SEPTEMBER 30, 2010



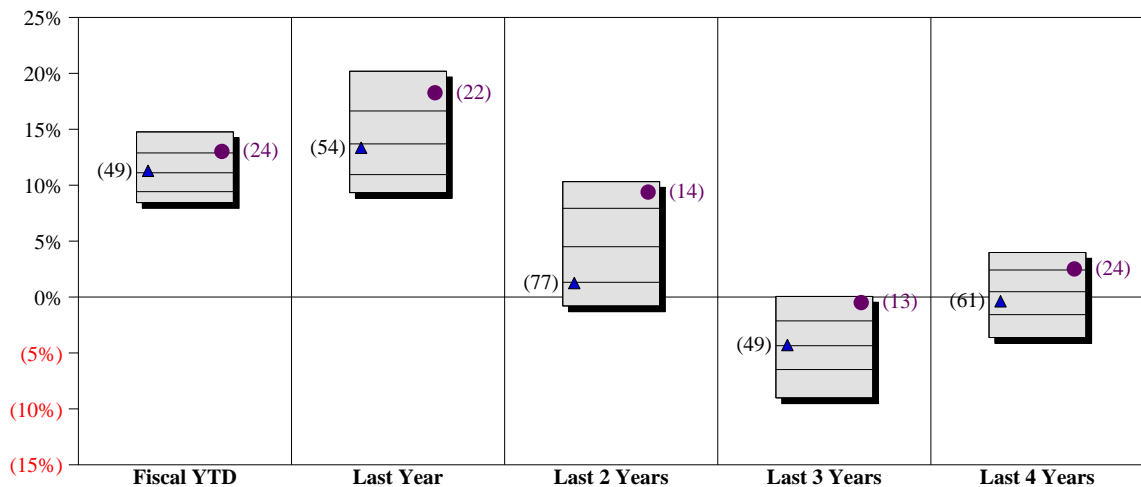
Investment Philosophy

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

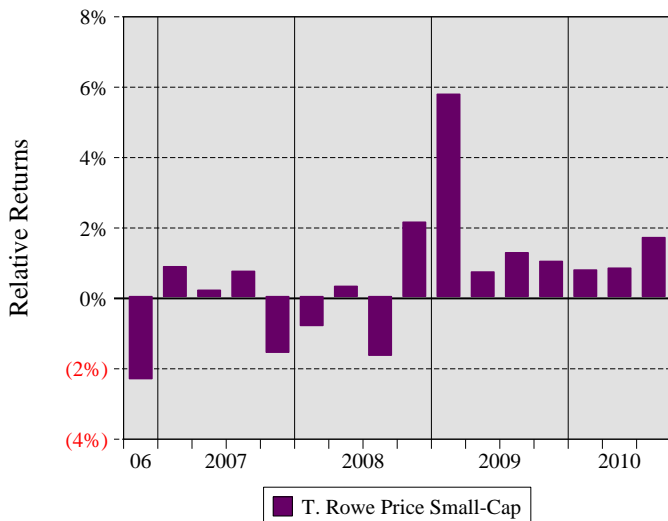
- T. Rowe Price Small-Cap's portfolio posted a 13.02% return for the quarter placing it in the 24 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 22 percentile for the last year.
- T. Rowe Price Small-Cap's portfolio outperformed the Russell 2000 Index by 1.73% for the quarter and outperformed the Russell 2000 Index for the year by 4.92%.

Performance vs CAI MF - Small Cap Broad Style (Net)

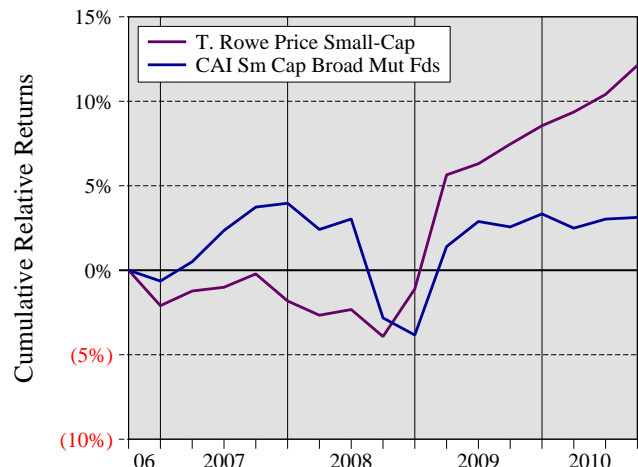


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	14.77	20.19	10.32	0.05	3.98
25th Percentile	12.89	16.64	7.93	(2.13)	2.42
Median	11.11	13.69	4.50	(4.35)	0.48
75th Percentile	9.42	10.95	1.32	(6.48)	(1.57)
90th Percentile	8.44	9.34	(0.80)	(9.01)	(3.62)
T. Rowe Price Small-Cap ●	13.02	18.27	9.39	(0.49)	2.51
Russell 2000 Index ▲	11.29	13.35	1.25	(4.29)	(0.38)

Relative Return vs Russell 2000 Index



Cumulative Returns vs Russell 2000 Index



BRANDES INTERNATIONAL EQUITY FUND PERIOD ENDED SEPTEMBER 30, 2010



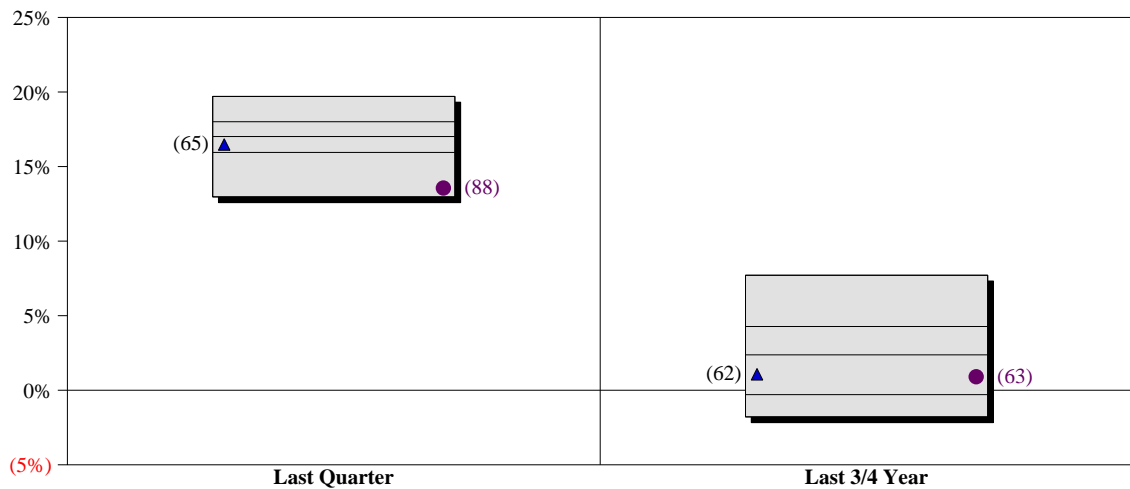
Investment Philosophy

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 13.56% return for the quarter placing it in the 88 percentile of the CAI MF - Intl Core Equity Style group for the quarter and in the 63 percentile for the last three-quarter year.
- Brandes International Equity Fund's portfolio underperformed the MSCI EAFE Index by 2.92% for the quarter and underperformed the MSCI EAFE Index for the three-quarter year by 0.16%.

Performance vs CAI MF - Intl Core Equity Style (Net)

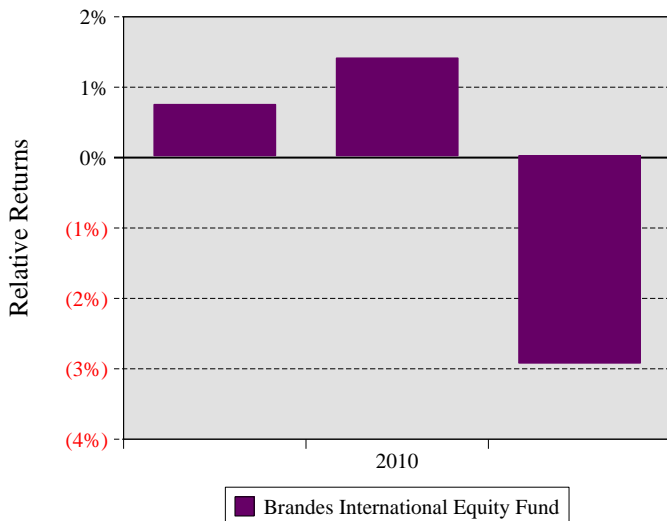


	Last Quarter
10th Percentile	19.70
25th Percentile	18.01
Median	17.01
75th Percentile	15.95
90th Percentile	12.97

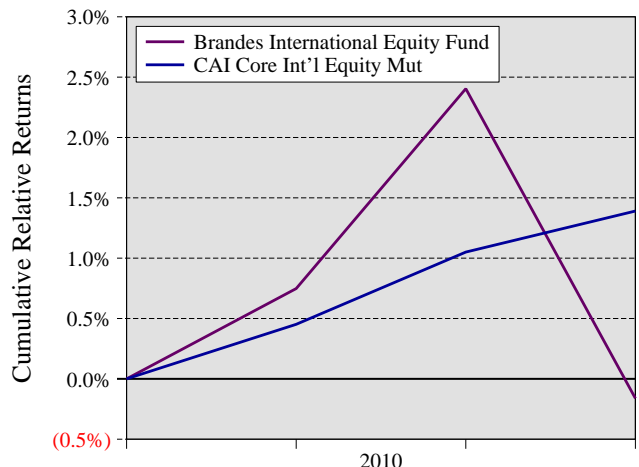
	Last 3/4 Year
10th Percentile	7.71
25th Percentile	4.27
Median	2.37
75th Percentile	(0.30)
90th Percentile	(1.79)

	Last Quarter	Last 3/4 Year
Brandes International Equity Fund ●	13.56	0.91
MSCI EAFE Index ▲	16.48	1.07

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index

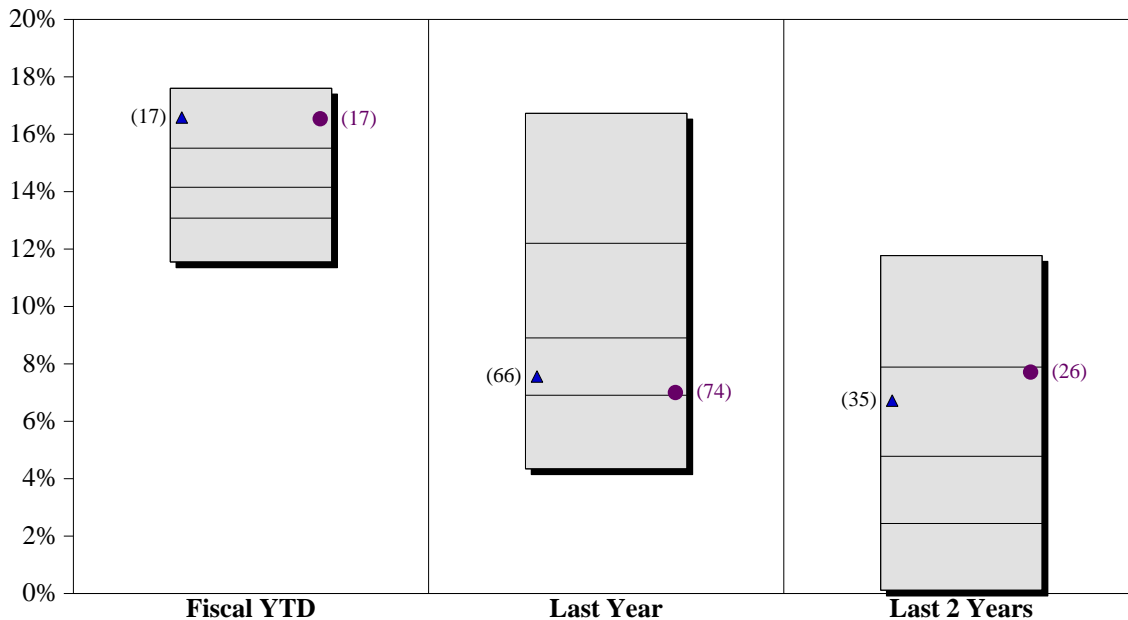


WORLD EQUITY EX US PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

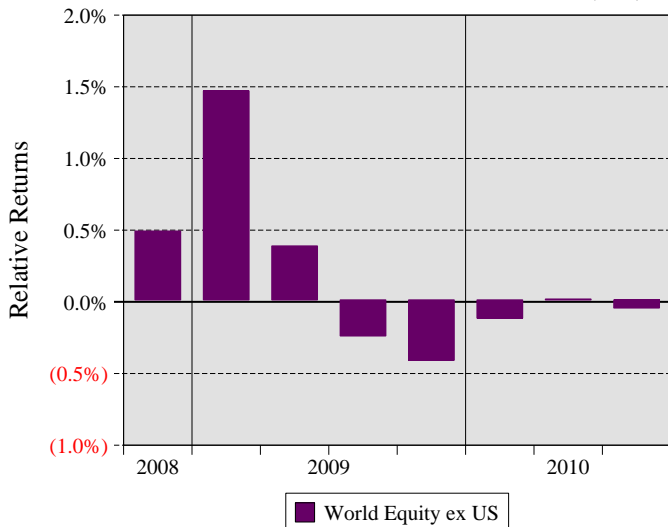
- World Equity ex US's portfolio posted a 16.54% return for the quarter placing it in the 17 percentile of the CAI Global Equity Database group for the quarter and in the 74 percentile for the last year.
- World Equity ex US's portfolio underperformed the MSCI ACWI x US (Net) by 0.04% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 0.56%.

Performance vs CAI Global Equity Database (Gross)

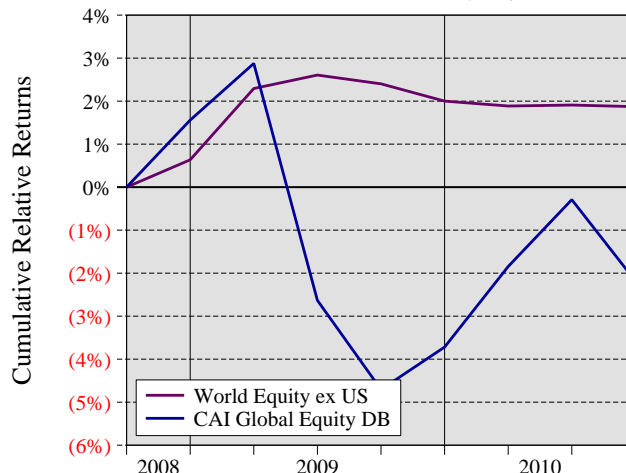


	Fiscal YTD	Last Year	Last 2 Years
10th Percentile	17.60	16.73	11.77
25th Percentile	15.52	12.20	7.89
Median	14.15	8.90	4.78
75th Percentile	13.08	6.91	2.44
90th Percentile	11.55	4.34	0.11
World Equity ex US ●	16.54	7.00	7.71
MSCI ACWI x US (Net) ▲	16.58	7.56	6.72

Relative Return vs MSCI ACWI x US (Net)



Cumulative Returns vs MSCI ACWI x US (Net)



GOVT/CREDIT BOND FUND PERIOD ENDED SEPTEMBER 30, 2010



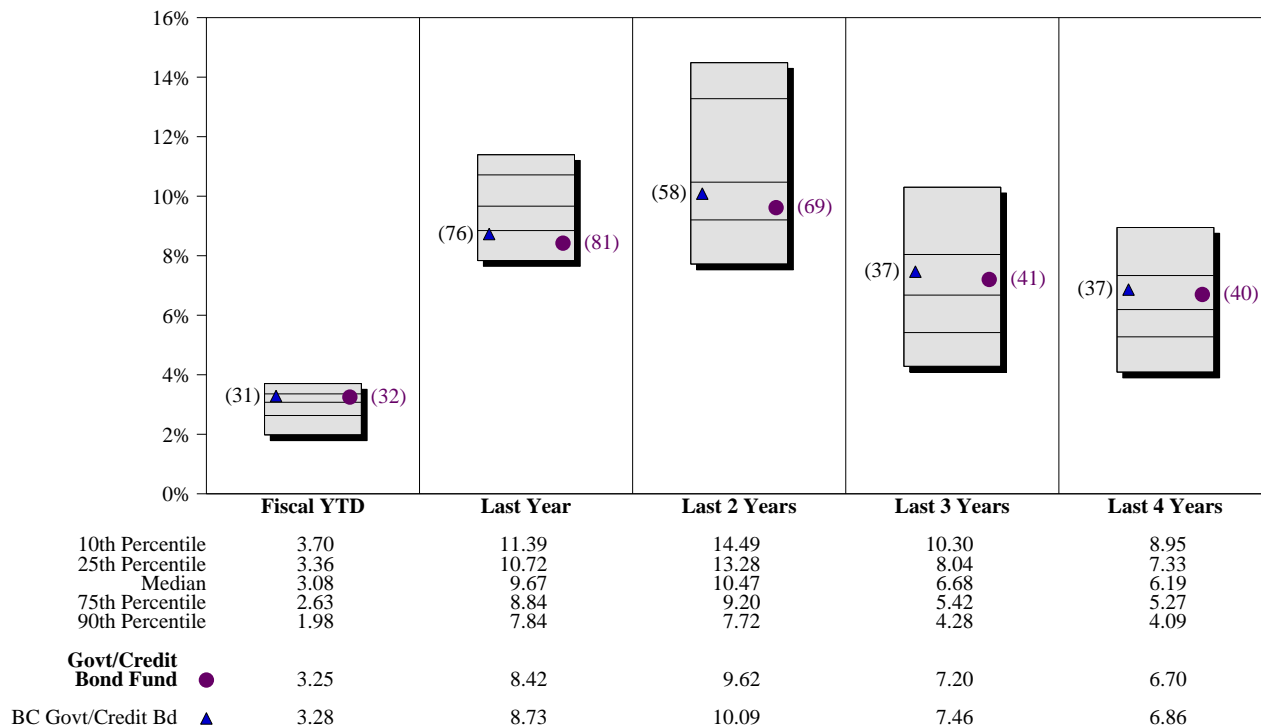
Investment Philosophy

The objective of the Government/Credit Bond Index Fund is to track the performance of its Benchmark, the BC Govt/Credit Bond Index.

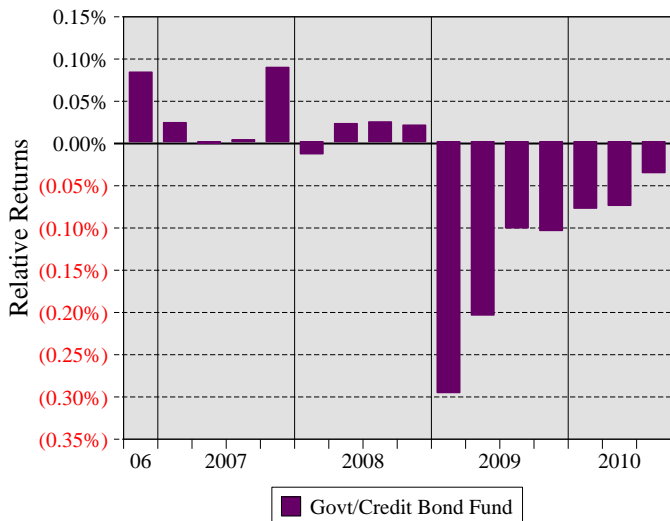
Quarterly Summary and Highlights

- Govt/Credit Bond Fund's portfolio posted a 3.25% return for the quarter placing it in the 32 percentile of the CAI MF - Core Bond Style group for the quarter and in the 81 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the BC Govt/Credit Bd by 0.03% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.31%.

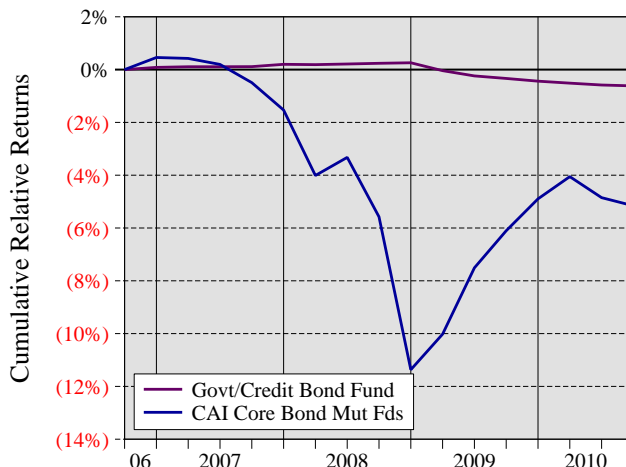
Performance vs CAI MF - Core Bond Style (Net)



Relative Return vs BC Govt/Credit Bd



Cumulative Returns vs BC Govt/Credit Bd



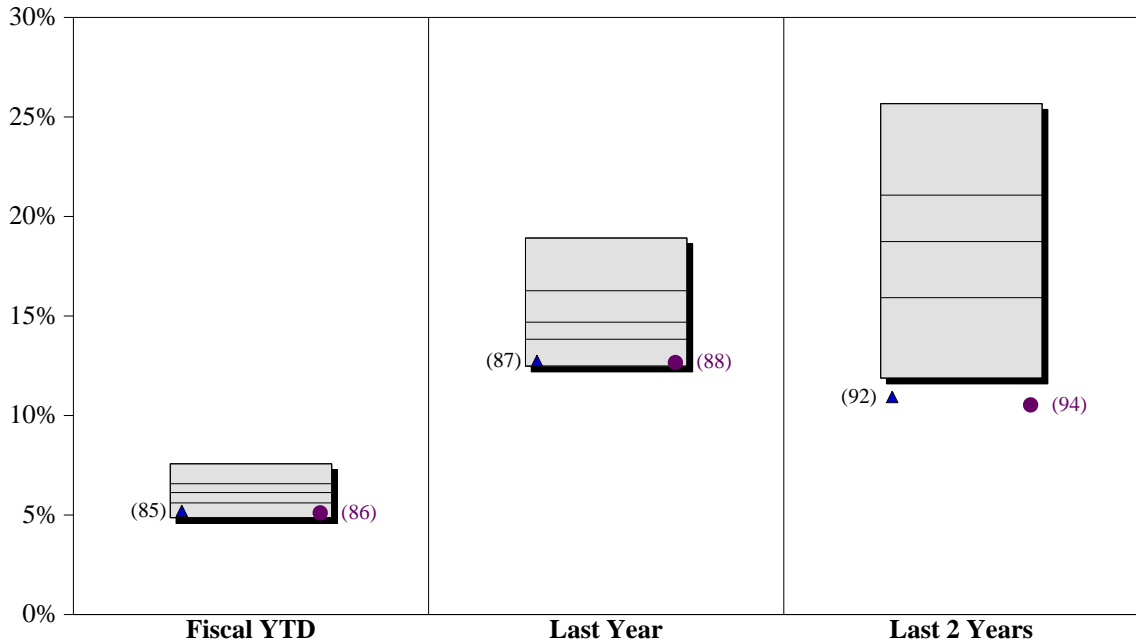
LONG US TREASURY BOND PERIOD ENDED SEPTEMBER 30, 2010



Quarterly Summary and Highlights

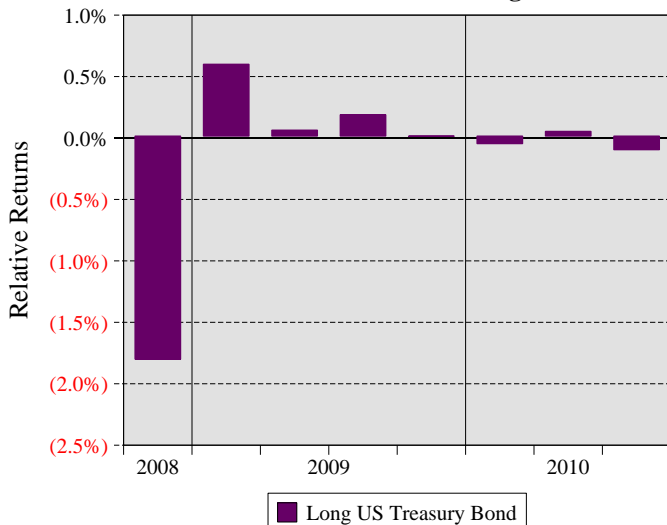
- Long US Treasury Bond's portfolio posted a 5.11% return for the quarter placing it in the 86 percentile of the CAI Extended Maturity Fixed-Inc Style group for the quarter and in the 88 percentile for the last year.
- Long US Treasury Bond's portfolio underperformed the BC Long Treas by 0.10% for the quarter and underperformed the BC Long Treas for the year by 0.08%.

Performance vs CAI Extended Maturity Fixed-Inc Style (Gross)

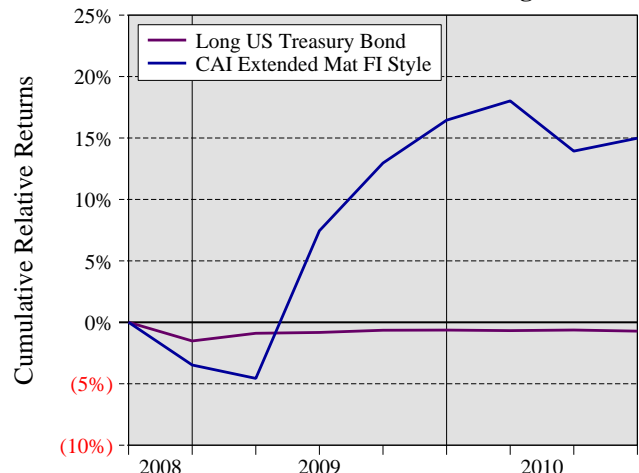


	Fiscal YTD	Last Year	Last 2 Years
10th Percentile	7.57	18.92	25.67
25th Percentile	6.57	16.27	21.07
Median	6.13	14.69	18.74
75th Percentile	5.61	13.83	15.92
90th Percentile	4.86	12.48	11.88
Long US Treasury Bond ●	5.11	12.66	10.53
BC Long Treas ▲	5.21	12.74	10.93

Relative Return vs BC Long Treas



Cumulative Returns vs BC Long Treas



INTERMEDIATE BOND FUND PERIOD ENDED SEPTEMBER 30, 2010



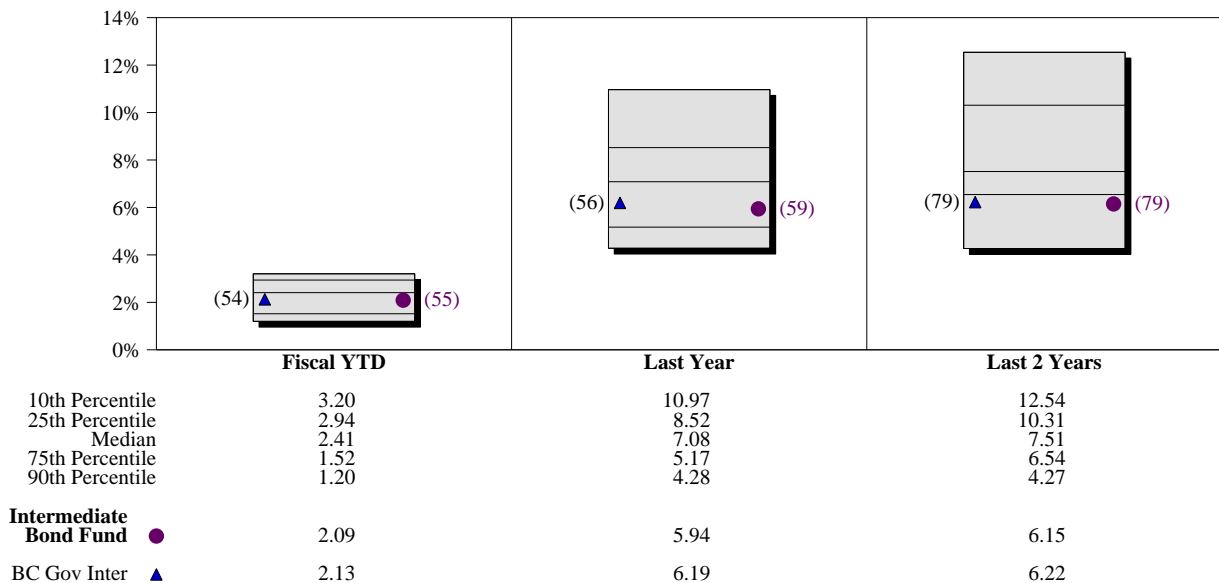
Investment Philosophy

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.

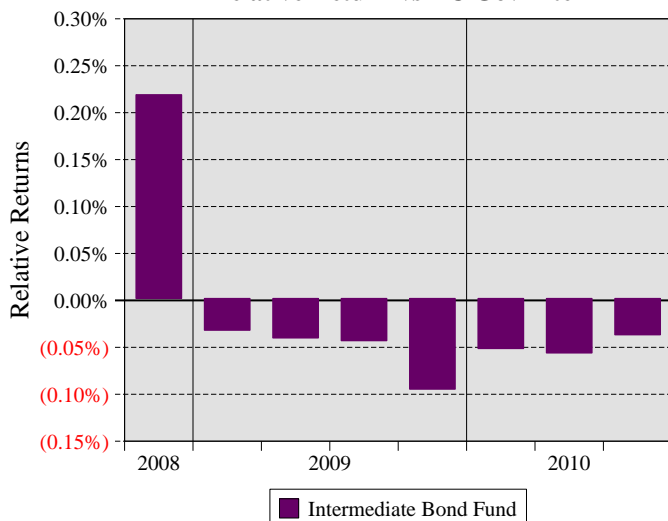
Quarterly Summary and Highlights

- Intermediate Bond Fund's portfolio posted a 2.09% return for the quarter placing it in the 55 percentile of the CAI MF - Intermediate Style group for the quarter and in the 59 percentile for the last year.
- Intermediate Bond Fund's portfolio underperformed the BC Gov Inter by 0.04% for the quarter and underperformed the BC Gov Inter for the year by 0.25%.

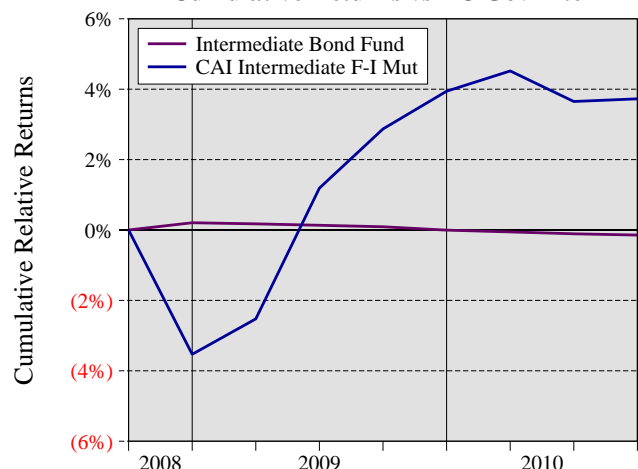
Performance vs CAI MF - Intermediate Style (Net)



Relative Return vs BC Gov Inter



Cumulative Returns vs BC Gov Inter





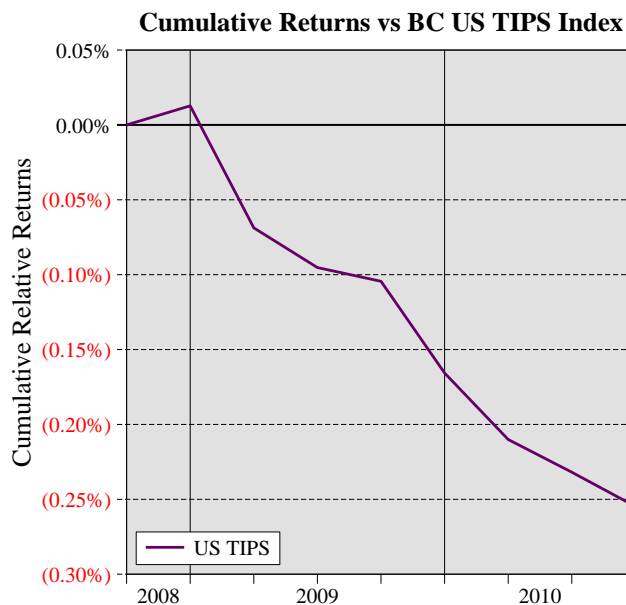
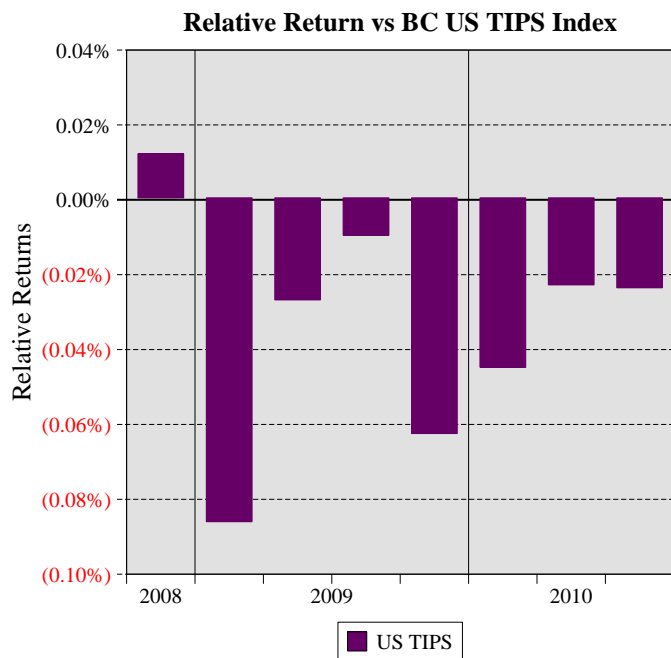
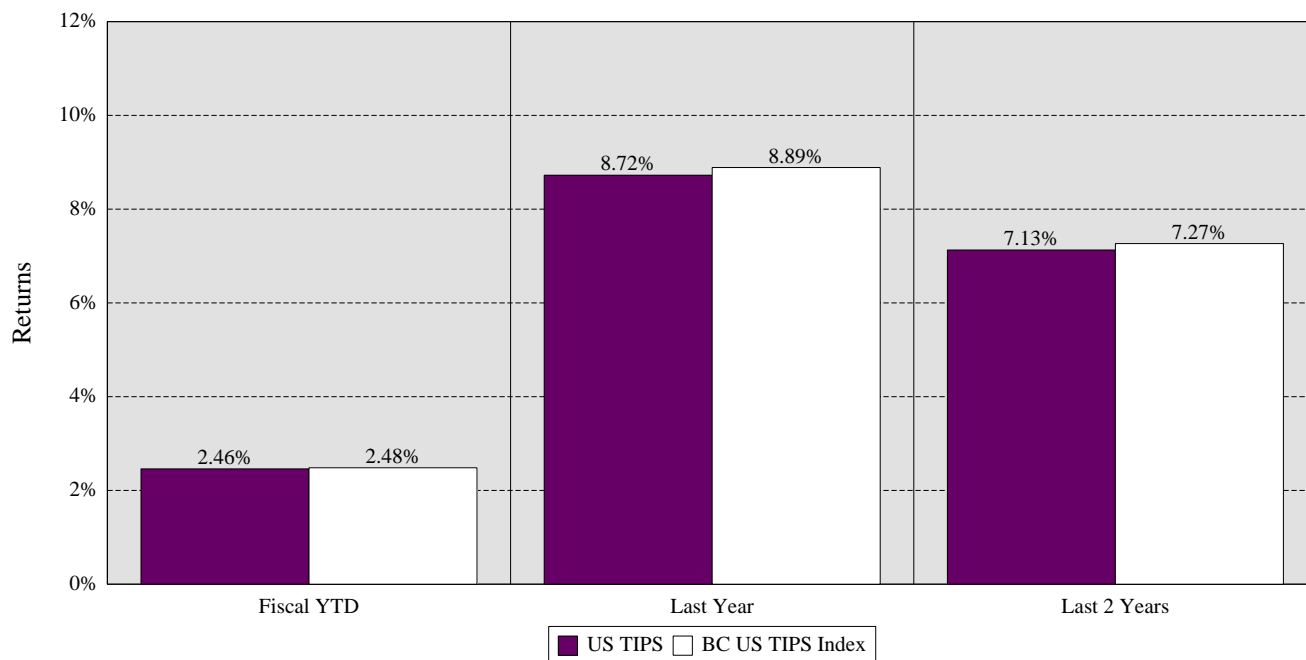
US TIPS PERIOD ENDED SEPTEMBER 30, 2010

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 0.02% for the quarter and underperformed the BC US TIPS Index for the year by 0.16%.



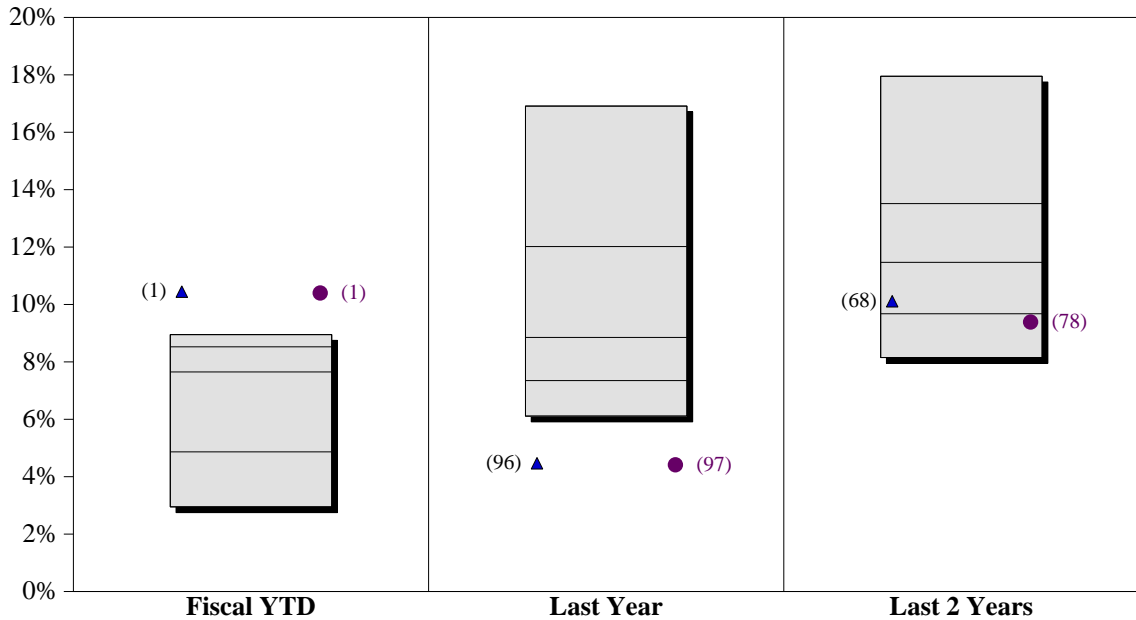
WORLD GOVT BOND EX US PERIOD ENDED SEPTEMBER 30, 2010



Quarterly Summary and Highlights

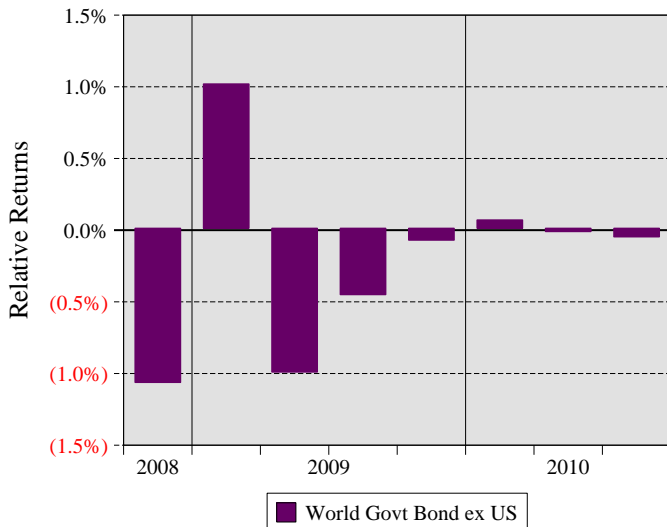
- World Govt Bond ex US's portfolio posted a 10.40% return for the quarter placing it in the 1 percentile of the CAI Global Fixed-Income Database group for the quarter and in the 97 percentile for the last year.
- World Govt Bond ex US's portfolio underperformed the Citi WGBI Non-US Idx by 0.05% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.05%.

Performance vs CAI Global Fixed-Income Database (Gross)

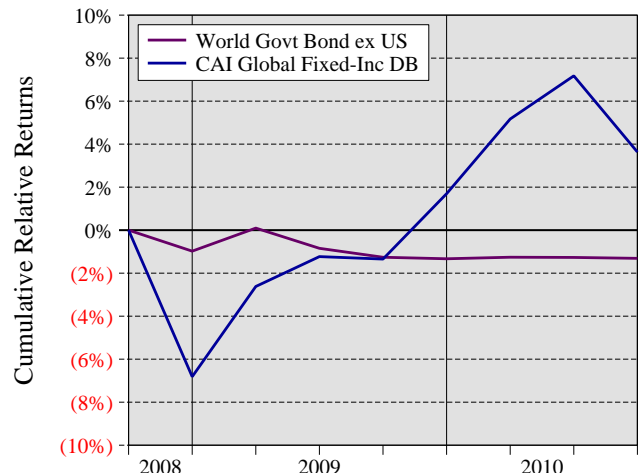


	Fiscal YTD	Last Year	Last 2 Years
10th Percentile	8.95	16.91	17.95
25th Percentile	8.52	12.02	13.51
Median	7.65	8.85	11.47
75th Percentile	4.86	7.35	9.68
90th Percentile	2.95	6.11	8.15
World Govt Bond ex US ●	10.40	4.41	9.39
Citi WGBI Non-US Idx ▲	10.45	4.47	10.11

Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx



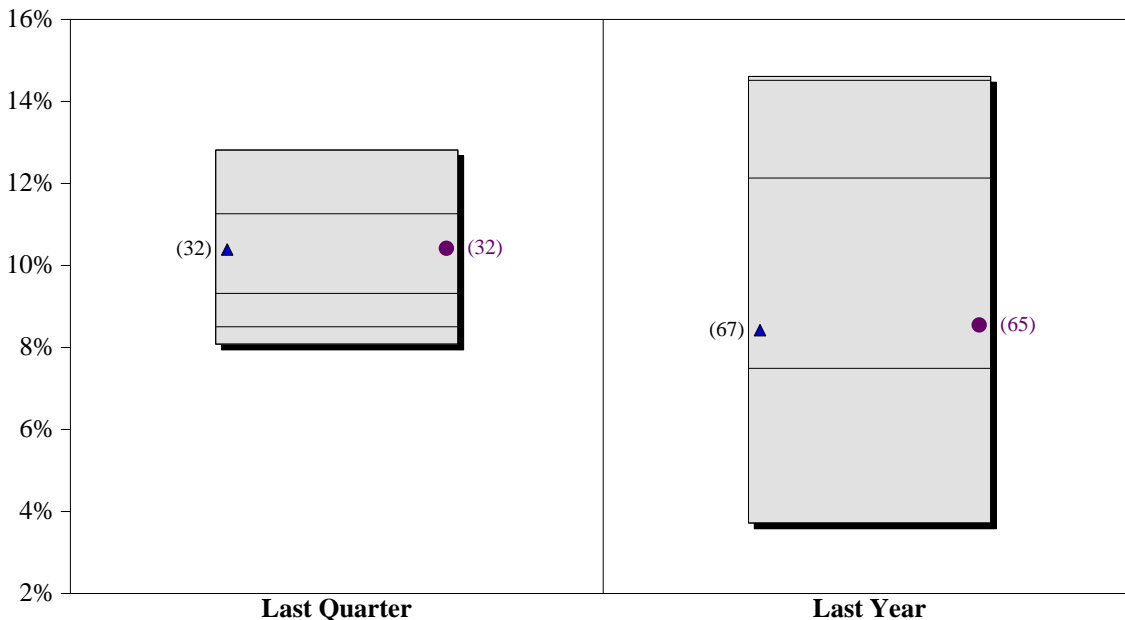
SSGA GLOBAL BALANCED PERIOD ENDED SEPTEMBER 30, 2010



Quarterly Summary and Highlights

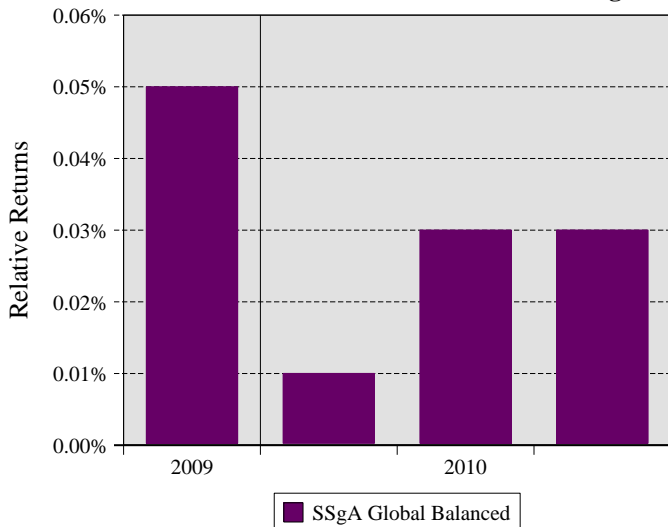
- SSgA Global Balanced's portfolio posted a 10.42% return for the quarter placing it in the 32 percentile of the CAI MF - Global Balanced Style group for the quarter and in the 65 percentile for the last year.
- SSgA Global Balanced's portfolio outperformed the Global Balanced Target by 0.03% for the quarter and outperformed the Global Balanced Target for the year by 0.13%.

Performance vs CAI MF - Global Balanced Style (Net)

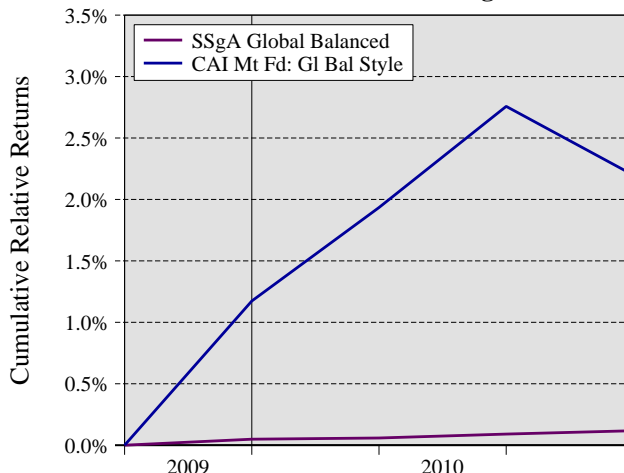


	Last Quarter	Last Year
10th Percentile	12.82	14.61
25th Percentile	11.26	14.51
Median	9.32	12.13
75th Percentile	8.51	7.49
90th Percentile	8.08	3.72
SSgA Global Balanced ●	10.42	8.55
Global Balanced Target ▲	10.39	8.42

Relative Return vs Global Balanced Target



Cumulative Returns vs Global Balanced Target



ALASKA BALANCED TRUST PERIOD ENDED SEPTEMBER 30, 2010



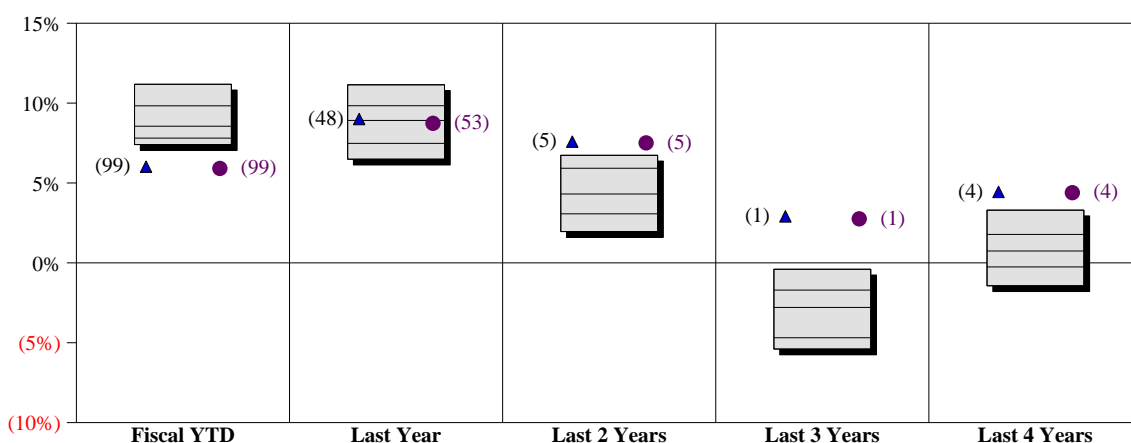
Investment Philosophy

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: 60.5% BC Aggregate Bond, 29.2% Russell 3000, 7.3% MSCI EAFE and 3.0% TBIL.

Quarterly Summary and Highlights

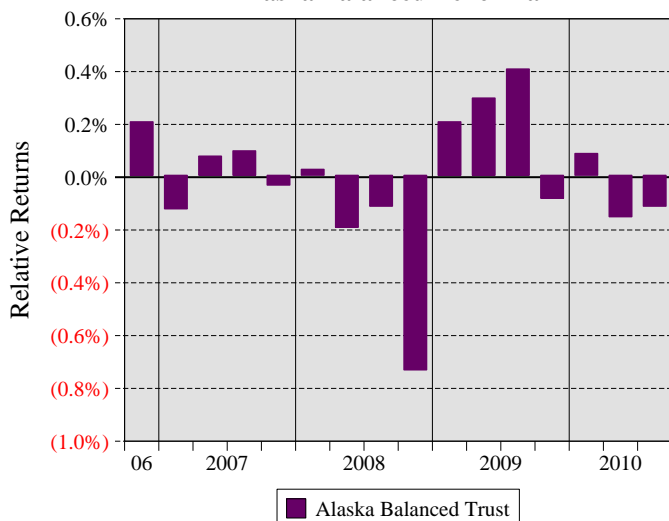
- Alaska Balanced Trust's portfolio posted a 5.91% return for the quarter placing it in the 99 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 53 percentile for the last year.
- Alaska Balanced Trust's portfolio underperformed the Alaska Balanced Benchmark by 0.11% for the quarter and underperformed the Alaska Balanced Benchmark for the year by 0.27%.

Performance vs CAI MF - Domestic Balanced Style (Net)

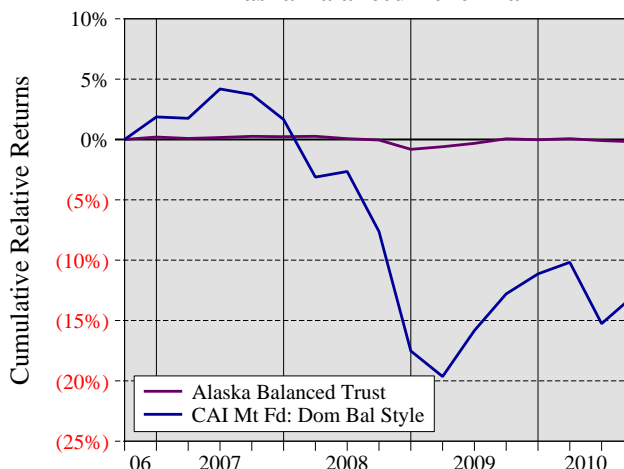


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	11.18	11.15	6.73	(0.40)	3.30
25th Percentile	9.83	9.84	5.92	(1.70)	1.78
Median	8.55	8.91	4.31	(2.79)	0.74
75th Percentile	7.81	7.48	3.07	(4.69)	(0.25)
90th Percentile	7.40	6.49	1.96	(5.40)	(1.44)
Alaska Balanced Trust ●	5.91	8.74	7.51	2.75	4.39
Alaska Balanced Benchmark ▲	6.02	9.01	7.59	2.91	4.44

Relative Returns vs Alaska Balanced Benchmark



Cumulative Returns vs Alaska Balanced Benchmark



ALASKA LONG-TERM BALANCED TR PERIOD ENDED SEPTEMBER 30, 2010



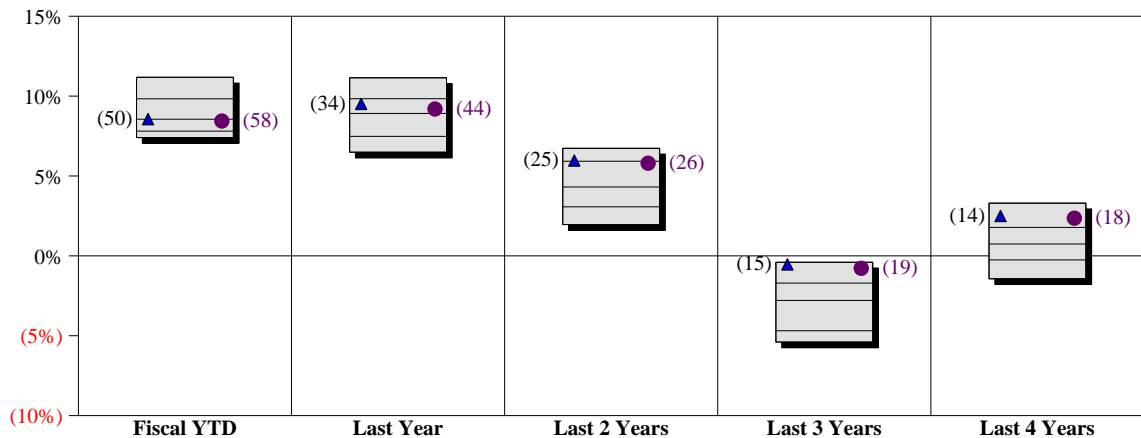
Investment Philosophy

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: 36.5% BC Aggregate Bond, 49.2% Russell 3000, 12.3% MSCI EAFE and 2.0% TBIL.

Quarterly Summary and Highlights

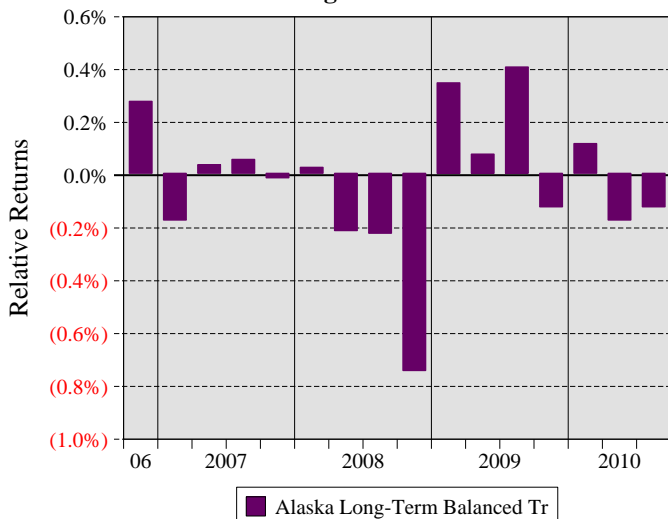
- Alaska Long-Term Balanced Tr's portfolio posted a 8.44% return for the quarter placing it in the 58 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 44 percentile for the last year.
- Alaska Long-Term Balanced Tr's portfolio underperformed the Alaska Long-Term Bal. Benchmark by 0.12% for the quarter and underperformed the Alaska Long-Term Bal. Benchmark for the year by 0.32%.

Performance vs CAI MF - Domestic Balanced Style (Net)

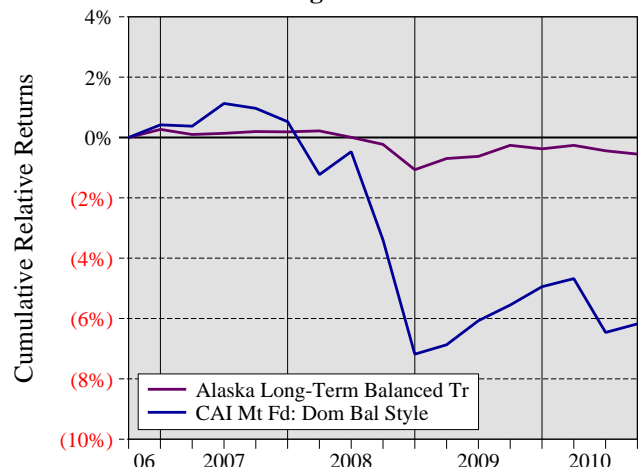


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	11.18	11.15	6.73	(0.40)	3.30
25th Percentile	9.83	9.84	5.92	(1.70)	1.78
Median	8.55	8.91	4.31	(2.79)	0.74
75th Percentile	7.81	7.48	3.07	(4.69)	(0.25)
90th Percentile	7.40	6.49	1.96	(5.40)	(1.44)
Alaska Long-Term Balanced Tr	8.44	9.19	5.80	(0.78)	2.36
Alaska Long-Term Bal. Benchmark	8.56	9.51	5.97	(0.53)	2.50

Relative Returns vs Alaska Long-Term Bal. Benchmark



Cumulative Returns vs Alaska Long-Term Bal. Benchmark





2010 TARGET TRUST PERIOD ENDED SEPTEMBER 30, 2010

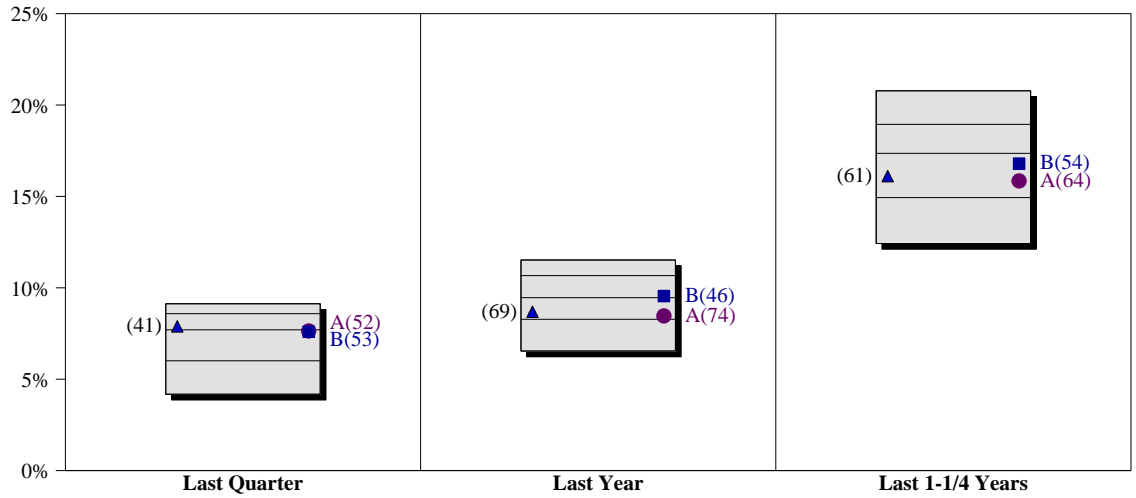
Investment Philosophy

The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2010 approaches. Benchmark: 35.0% BC Aggregate Bond, 44.5% Russell 3000, 11.0% MSCI EAFE and 9.5% TBIL.

Quarterly Summary and Highlights

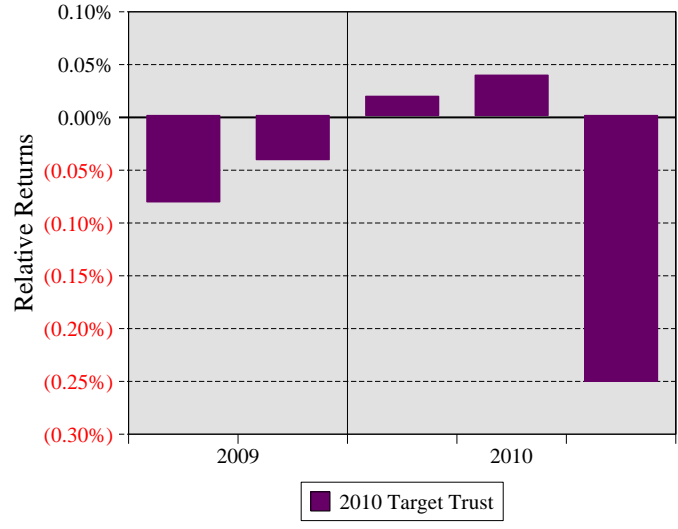
- 2010 Target Trust's portfolio posted a 7.64% return for the quarter placing it in the 52 percentile of the CAI Target Date 2010 group for the quarter and in the 74 percentile for the last year.
- 2010 Target Trust's portfolio underperformed the Target 2010 Benchmark by 0.25% for the quarter and underperformed the Target 2010 Benchmark for the year by 0.23%.

Performance vs CAI Target Date 2010 (Net)

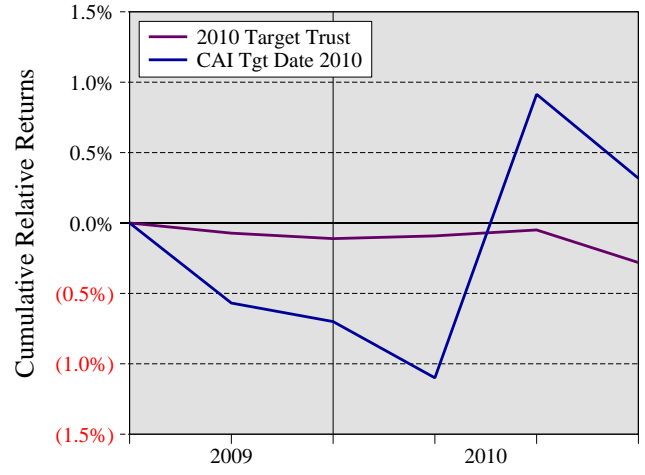


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	9.13	11.52	20.78
25th Percentile	8.59	10.67	18.94
Median	7.70	9.46	17.36
75th Percentile	6.01	8.28	14.93
90th Percentile	4.18	6.54	12.42
2010 Target Trust	7.64	8.46	15.85
CAI Tgt Dt Idx 2010	7.60	9.55	16.79
Target 2010 Benchmark	7.89	8.69	16.11

Relative Return vs Target 2010 Benchmark



Cumulative Returns vs Target 2010 Benchmark



2015 TARGET TRUST PERIOD ENDED SEPTEMBER 30, 2010

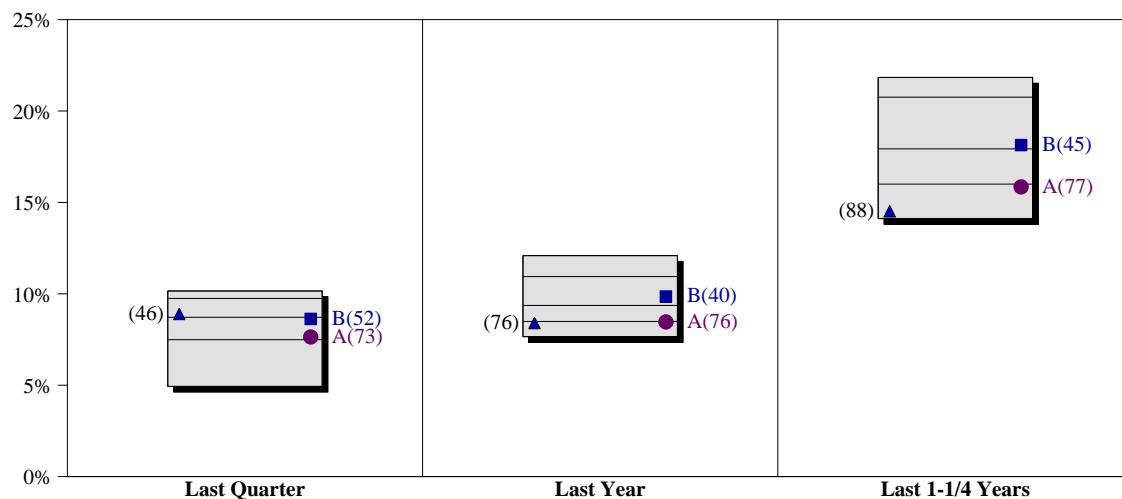
Investment Philosophy

The Trust is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2015 approaches. Benchmark: 30.0% BC Aggregate Bond, 51.5% Russell 3000, 13.0% MSCI EAFE and 5.5% TBIL.

Quarterly Summary and Highlights

- 2015 Target Trust's portfolio posted a 7.64% return for the quarter placing it in the 73 percentile of the CAI Target Date 2015 group for the quarter and in the 76 percentile for the last year.
- 2015 Target Trust's portfolio underperformed the Target 2015 Benchmark by 1.26% for the quarter and outperformed the Target 2015 Benchmark for the year by 0.06%.

Performance vs CAI Target Date 2015 (Net)



10th Percentile
25th Percentile
Median
75th Percentile
90th Percentile

2015 Target Trust ● A
CAI Tgt Dt Idx 2015 ■ B
Target 2015 Benchmark ▲

10.16
9.75
8.72
7.49
4.93

7.64
8.63
8.90

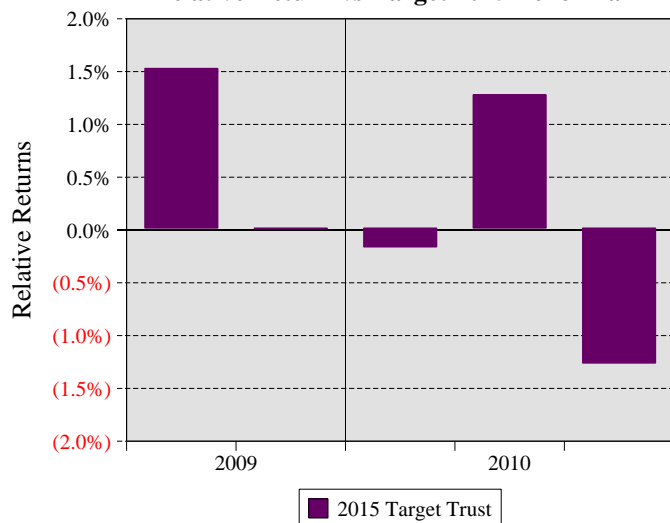
12.09
10.94
9.36
8.49
7.66

8.46
9.85
8.40

21.84
20.76
17.93
16.00
14.11

15.85
18.14
14.52

Relative Return vs Target 2015 Benchmark



Cumulative Returns vs Target 2015 Benchmark



2020 TARGET TRUST PERIOD ENDED SEPTEMBER 30, 2010

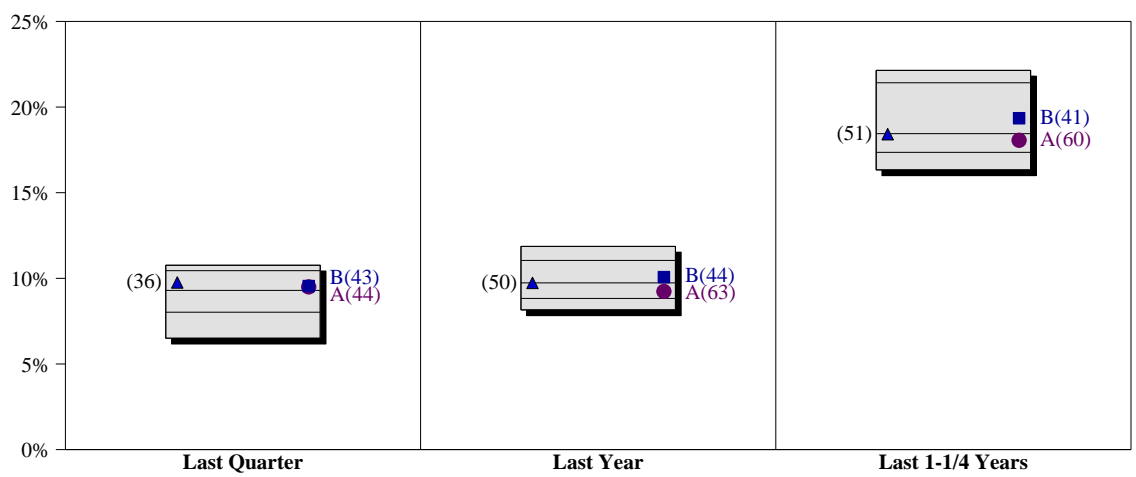
Investment Philosophy

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: 25.0% BC Aggegate Bond, 58.0% Russell 3000, 14.5% MSCI EAFE and 2.5% TBIL.

Quarterly Summary and Highlights

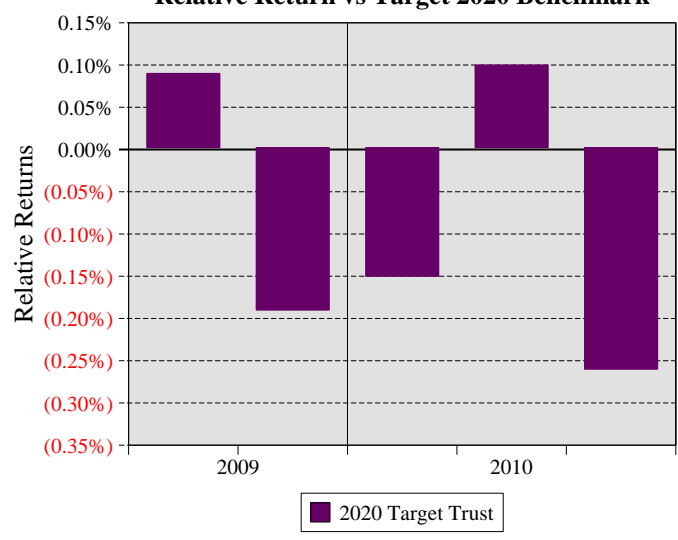
- 2020 Target Trust's portfolio posted a 9.50% return for the quarter placing it in the 44 percentile of the CAI Target Date 2020 group for the quarter and in the 63 percentile for the last year.
- 2020 Target Trust's portfolio underperformed the Target 2020 Benchmark by 0.26% for the quarter and underperformed the Target 2020 Benchmark for the year by 0.50%.

Performance vs CAI Target Date 2020 (Net)

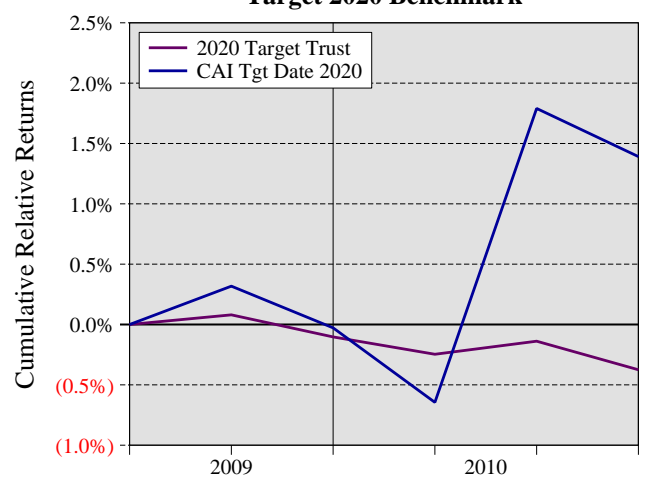


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	10.76	11.86	22.14
25th Percentile	10.45	11.05	21.42
Median	9.30	9.74	18.45
75th Percentile	8.02	8.83	17.36
90th Percentile	6.50	8.16	16.33
2020 Target Trust	9.50	9.24	18.06
CAI Tgt Dt Idx 2020	9.55	10.07	19.35
Target 2020 Benchmark	9.76	9.73	18.42

Relative Return vs Target 2020 Benchmark



Cumulative Returns vs Target 2020 Benchmark



2025 TARGET TRUST PERIOD ENDED SEPTEMBER 30, 2010

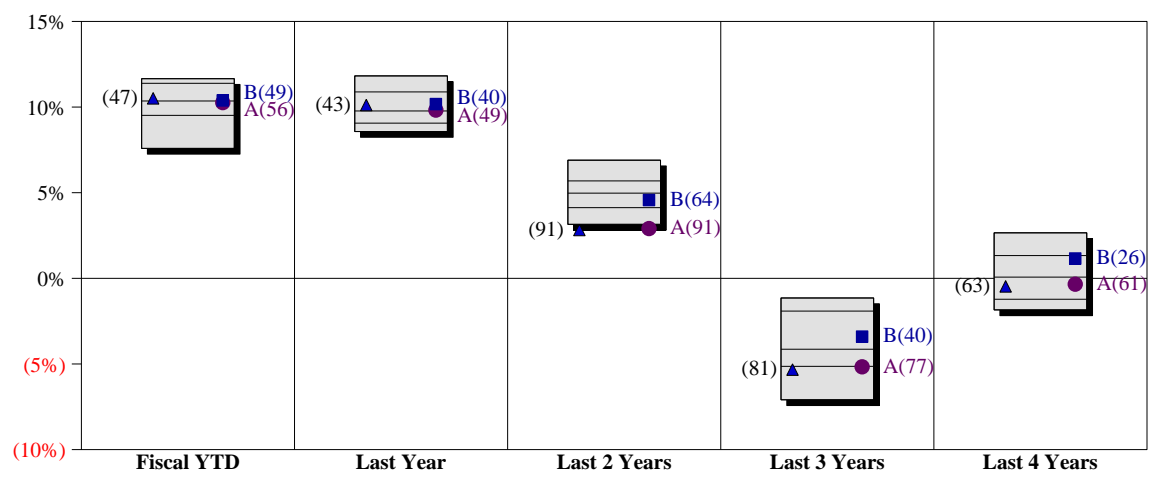
Investment Philosophy

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: 20.0% BC Aggregate Bond, 63.5% Russell 3000, 16.0% MSCI EAFE and 0.5% TBIL.

Quarterly Summary and Highlights

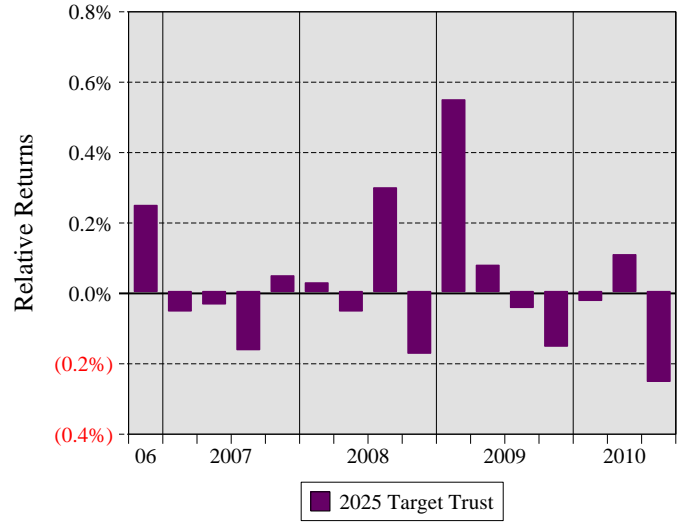
- 2025 Target Trust's portfolio posted a 10.26% return for the quarter placing it in the 56 percentile of the CAI Target Date 2025 group for the quarter and in the 49 percentile for the last year.
- 2025 Target Trust's portfolio underperformed the Target 2025 Benchmark by 0.25% for the quarter and underperformed the Target 2025 Benchmark for the year by 0.30%.

Performance vs CAI Target Date 2025 (Net)

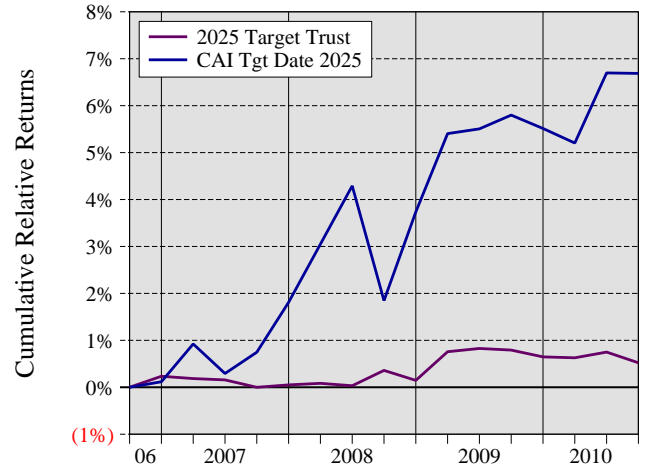


	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	11.66	11.82	6.90	(1.15)	2.66
25th Percentile	11.39	10.88	5.69	(1.91)	1.33
Median	10.36	9.77	4.97	(4.14)	0.07
75th Percentile	9.52	9.06	4.13	(5.14)	(1.22)
90th Percentile	7.59	8.57	3.15	(7.09)	(1.84)

Relative Return vs Target 2025 Benchmark



Cumulative Returns vs Target 2025 Benchmark



2030 TARGET TRUST PERIOD ENDED SEPTEMBER 30, 2010

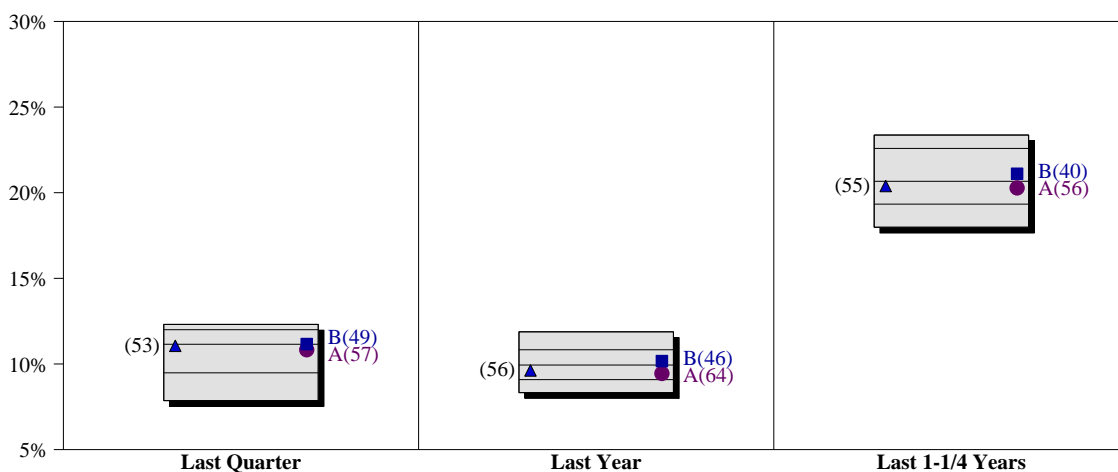
Investment Philosophy

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: 15.0% BC Aggregate Bond, 68.0% Russell 3000 and 17.0% MSCI EAFE.

Quarterly Summary and Highlights

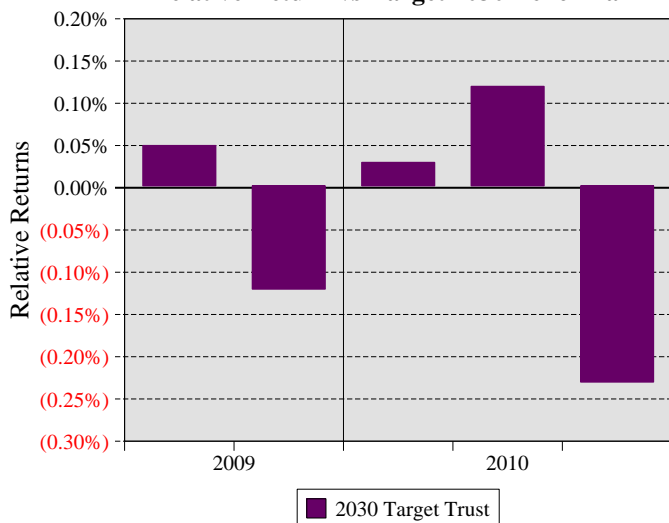
- 2030 Target Trust's portfolio posted a 10.83% return for the quarter placing it in the 57 percentile of the CAI Target Date 2030 group for the quarter and in the 64 percentile for the last year.
- 2030 Target Trust's portfolio underperformed the Target 2030 Benchmark by 0.23% for the quarter and underperformed the Target 2030 Benchmark for the year by 0.18%.

Performance vs CAI Target Date 2030 (Net)

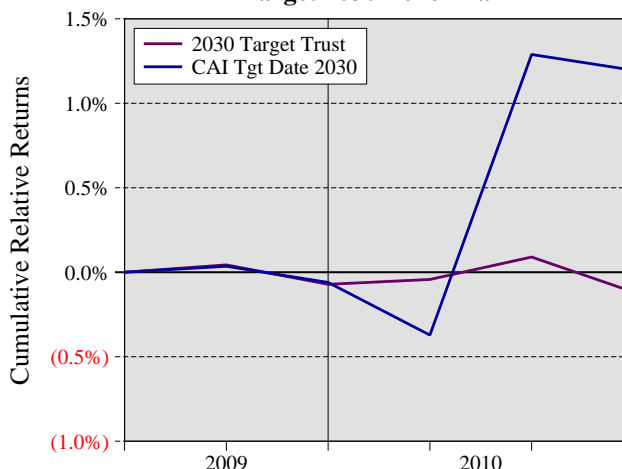


10th Percentile	12.31	11.88	23.37
25th Percentile	12.00	10.83	22.59
Median	11.15	9.94	20.67
75th Percentile	9.48	9.09	19.33
90th Percentile	7.86	8.33	17.98
2030 Target Trust	● A	10.83	20.28
CAI Tgt Dt Idx 2030	■ B	11.16	21.11
Target 2030 Benchmark	▲	11.06	20.39

Relative Return vs Target 2030 Benchmark



Cumulative Returns vs Target 2030 Benchmark





TARGET 2035 TRUST PERIOD ENDED SEPTEMBER 30, 2010

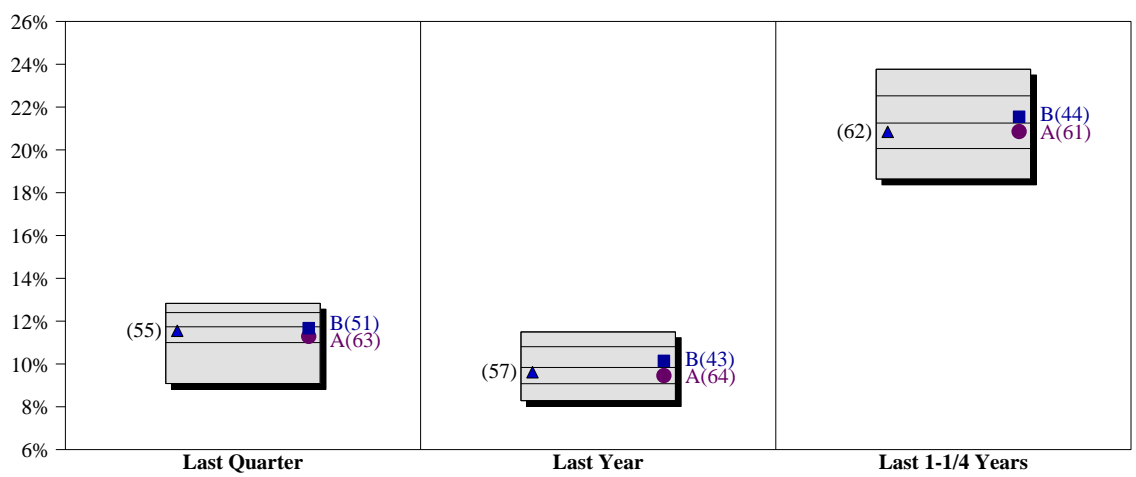
Investment Philosophy

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: 10.0% BC Aggeate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

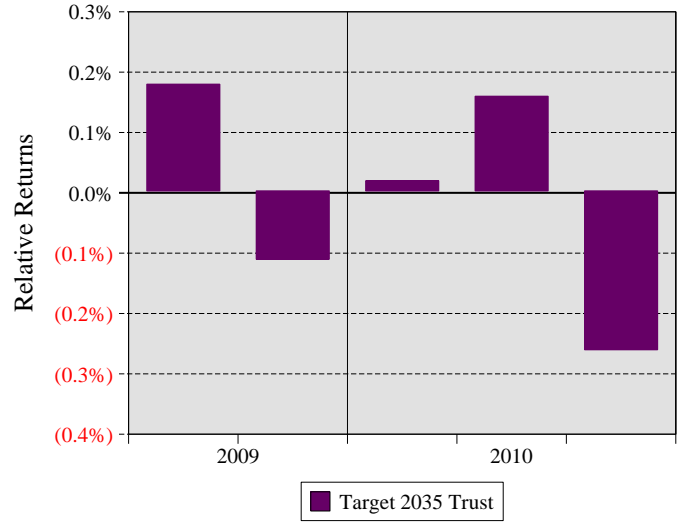
- Target 2035 Trust's portfolio posted a 11.29% return for the quarter placing it in the 63 percentile of the CAI Target Date 2035 group for the quarter and in the 64 percentile for the last year.
- Target 2035 Trust's portfolio underperformed the Target 2035 Benchmark by 0.26% for the quarter and underperformed the Target 2035 Benchmark for the year by 0.15%.

Performance vs CAI Target Date 2035 (Net)

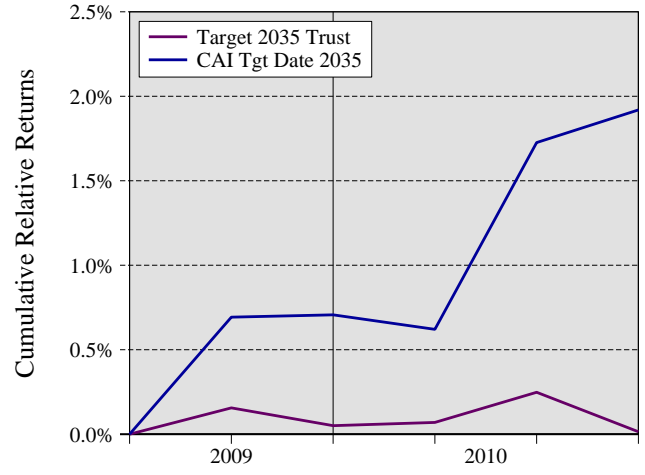


10th Percentile	12.83	11.50	23.77
25th Percentile	12.40	10.81	22.52
Median	11.74	9.84	21.25
75th Percentile	11.00	9.08	20.06
90th Percentile	9.09	8.29	18.64
Target 2035 Trust ● A	11.29	9.46	20.86
CAI Tgt Dt Idx 2035 ■ B	11.67	10.14	21.55
Target 2035 Benchmark ▲	11.55	9.61	20.84

Relative Return vs Target 2035 Benchmark



Cumulative Returns vs Target 2035 Benchmark





TARGET 2040 TRUST PERIOD ENDED SEPTEMBER 30, 2010

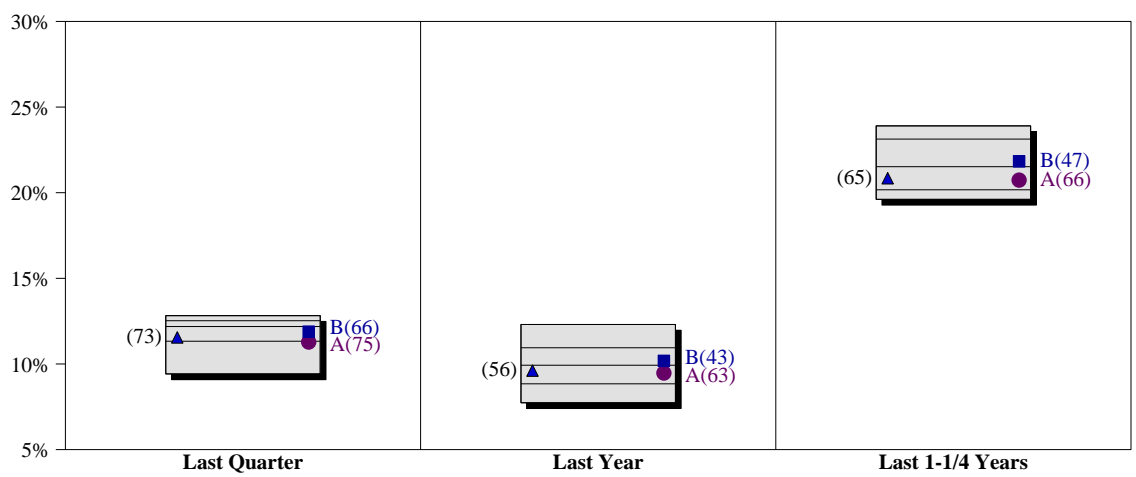
Investment Philosophy

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: 10.0% BC Aggregate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

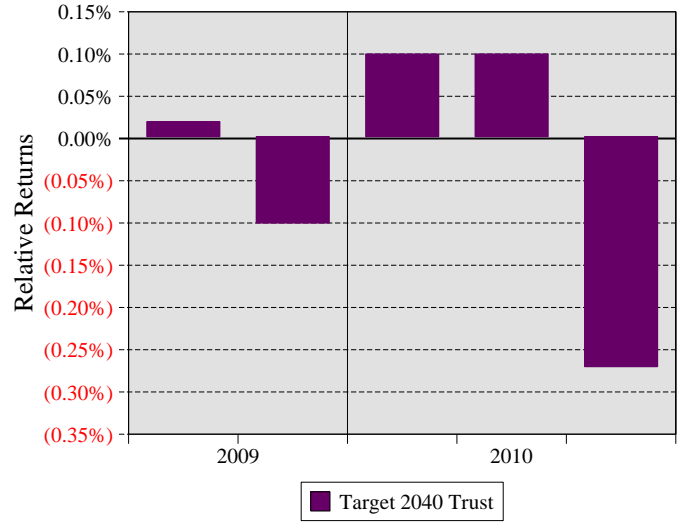
- Target 2040 Trust's portfolio posted a 11.28% return for the quarter placing it in the 75 percentile of the CAI Target Date 2040 group for the quarter and in the 63 percentile for the last year.
- Target 2040 Trust's portfolio underperformed the Target 2040 Benchmark by 0.27% for the quarter and underperformed the Target 2040 Benchmark for the year by 0.14%.

Performance vs CAI Target Date 2040 (Net)

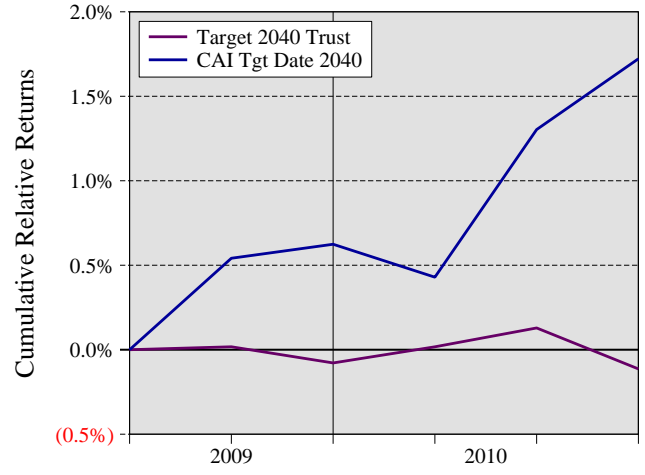


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	12.82	12.31	23.90
25th Percentile	12.52	10.95	23.13
Median	12.19	9.93	21.52
75th Percentile	11.33	8.84	20.17
90th Percentile	9.42	7.73	19.61
Target 2040 Trust (A)	11.28	9.47	20.74
CAI Tgt Dt Idx 2040 (B)	11.88	10.18	21.83
Target 2040 Benchmark (triangle)	11.55	9.61	20.84

Relative Return vs Target 2040 Benchmark



Cumulative Returns vs Target 2040 Benchmark





TARGET 2045 TRUST PERIOD ENDED SEPTEMBER 30, 2010

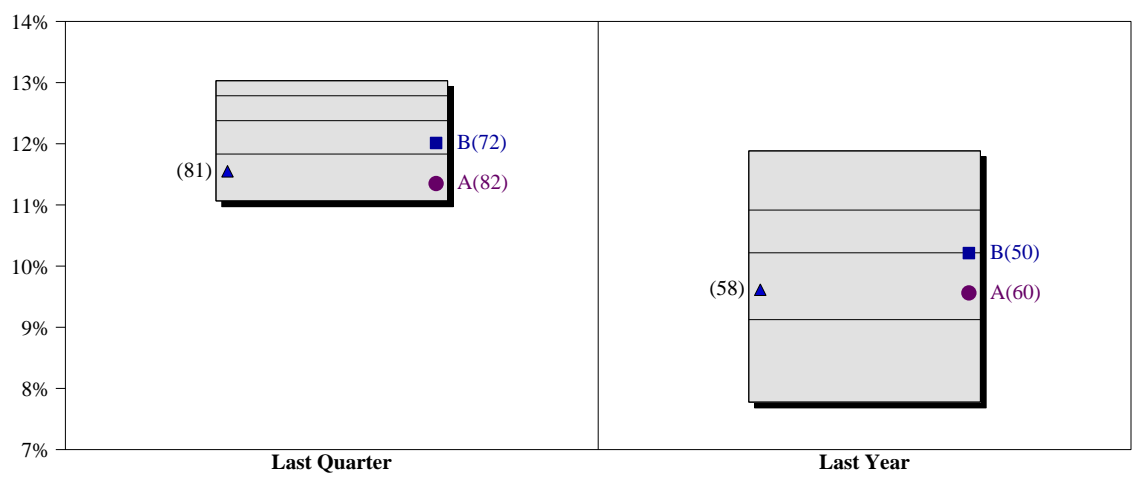
Investment Philosophy

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: 10.0% BC Aggregate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

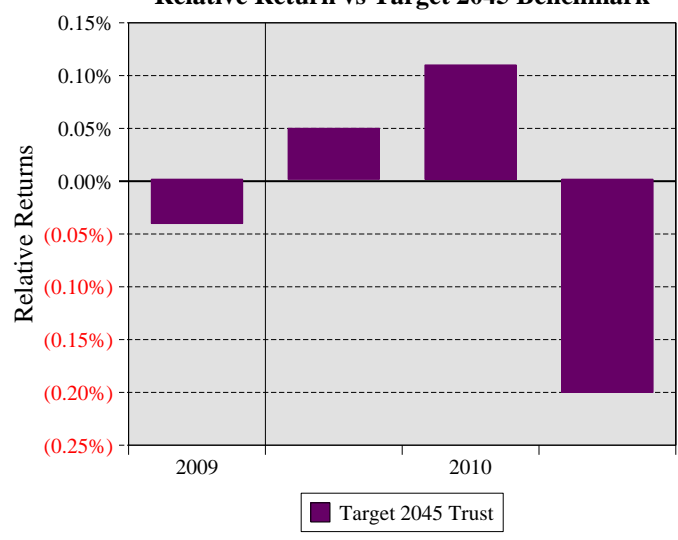
- Target 2045 Trust's portfolio posted a 11.35% return for the quarter placing it in the 82 percentile of the CAI Target Date 2045 group for the quarter and in the 60 percentile for the last year.
- Target 2045 Trust's portfolio underperformed the Target 2045 Benchmark by 0.20% for the quarter and underperformed the Target 2045 Benchmark for the year by 0.05%.

Performance vs CAI Target Date 2045 (Net)

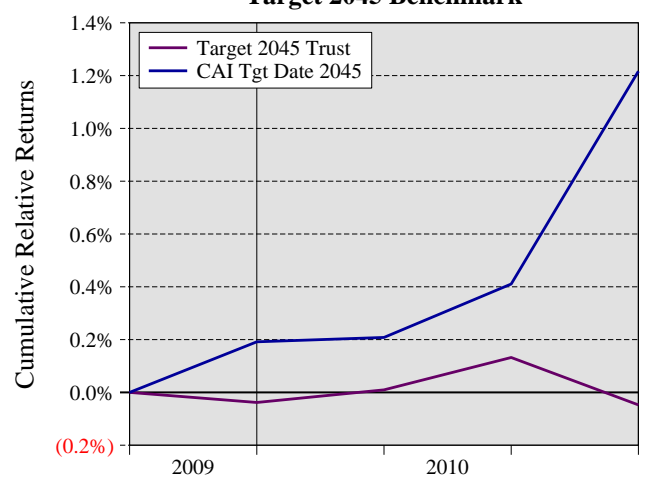


10th Percentile	13.03
25th Percentile	12.78
Median	12.38
75th Percentile	11.83
90th Percentile	11.07
Target 2045 Trust (A)	11.35
CAI Tgt Dt Idx 2045 (B)	12.01
Target 2045 Benchmark	11.55

Relative Return vs Target 2045 Benchmark



Cumulative Returns vs Target 2045 Benchmark



TARGET 2050 TRUST PERIOD ENDED SEPTEMBER 30, 2010

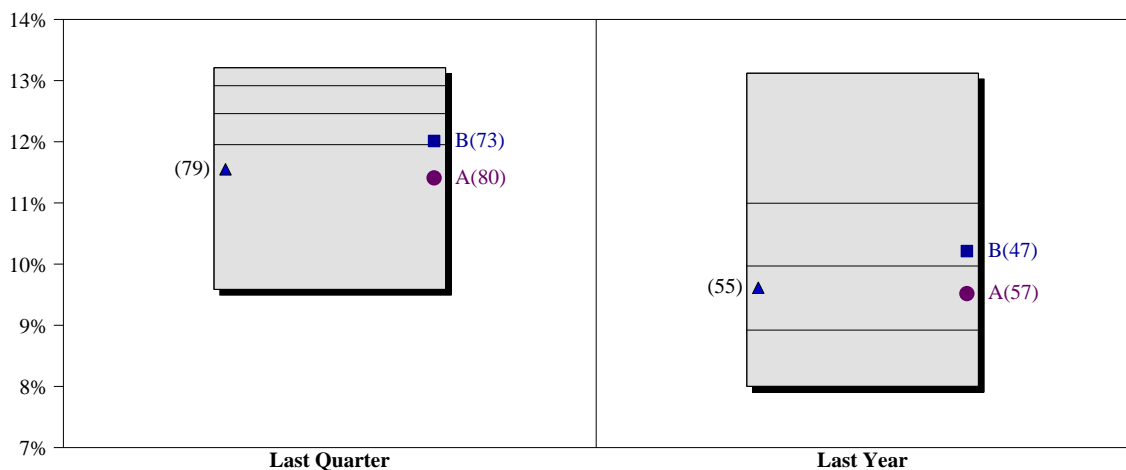
Investment Philosophy

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: 10.0% BC Aggregate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

- Target 2050 Trust's portfolio posted a 11.41% return for the quarter placing it in the 80 percentile of the CAI Target Date 2050 group for the quarter and in the 57 percentile for the last year.
- Target 2050 Trust's portfolio underperformed the Target 2050 Benchmark by 0.14% for the quarter and underperformed the Target 2050 Benchmark for the year by 0.10%.

Performance vs CAI Target Date 2050 (Net)

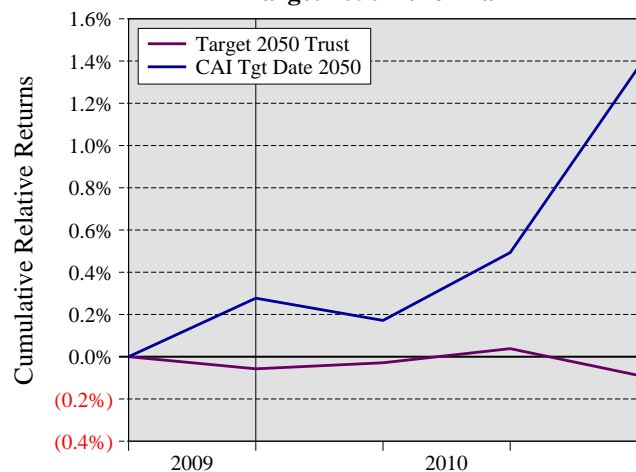


10th Percentile	13.21
25th Percentile	12.92
Median	12.46
75th Percentile	11.95
90th Percentile	9.59
Target 2050 Trust ● A	11.41
CAI Tgt Dt Idx 2045 ■ B	12.01
Target 2050 Benchmark ▲	11.55

Relative Return vs Target 2050 Benchmark



Cumulative Returns vs Target 2050 Benchmark





TARGET 2055 TRUST PERIOD ENDED SEPTEMBER 30, 2010

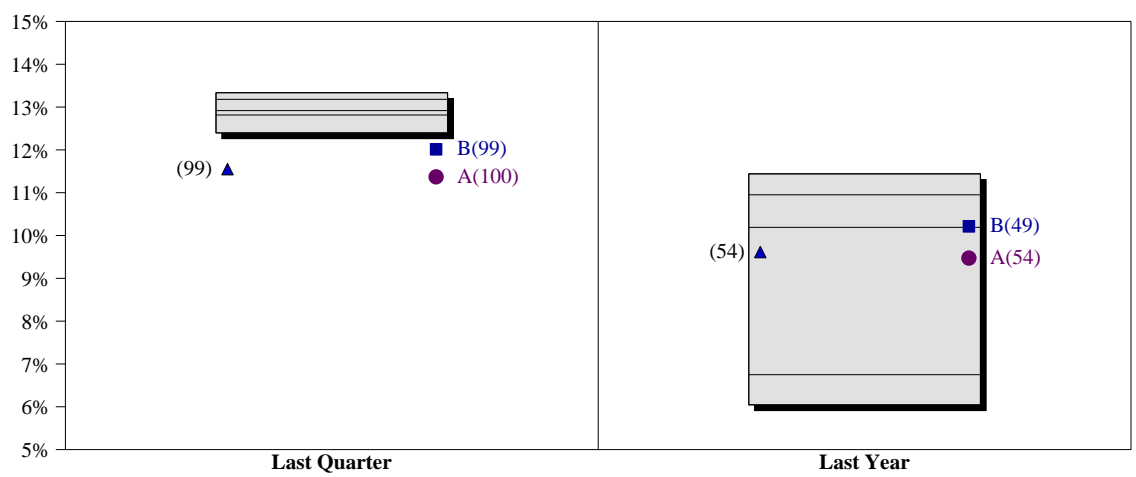
Investment Philosophy

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: 10.0% BC Aggeate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

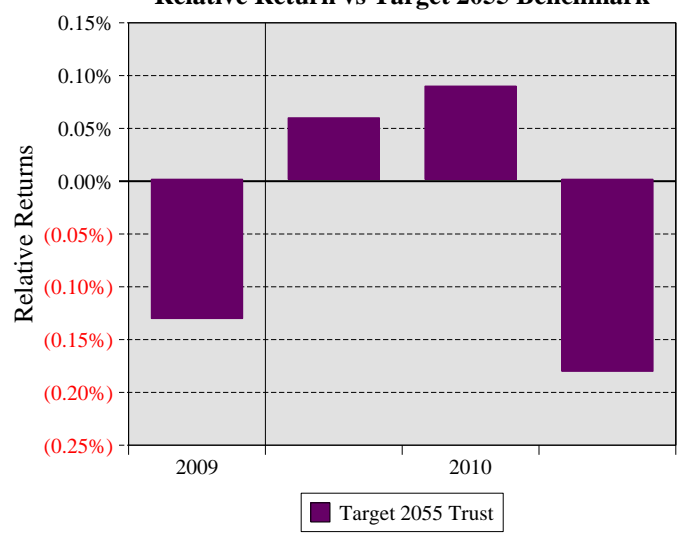
- Target 2055 Trust's portfolio posted a 11.37% return for the quarter placing it in the 100 percentile of the CAI Target Date 2055 group for the quarter and in the 54 percentile for the last year.
- Target 2055 Trust's portfolio underperformed the Target 2055 Benchmark by 0.18% for the quarter and underperformed the Target 2055 Benchmark for the year by 0.14%.

Performance vs CAI Target Date 2055 (Net)

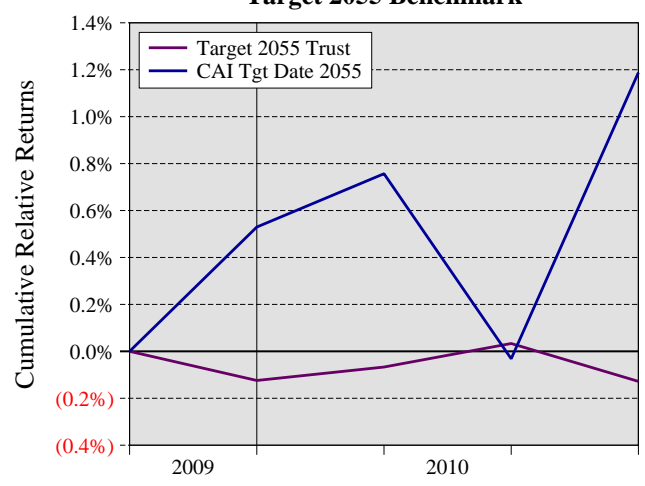


	Last Quarter	Last Year
10th Percentile	13.34	11.44
25th Percentile	13.18	10.95
Median	12.92	10.19
75th Percentile	12.81	6.75
90th Percentile	12.40	6.05
Target 2055 Trust	11.37	9.47
CAI Tgt Dt Idx 2045	12.01	10.21
Target 2055 Benchmark	11.55	9.61

Relative Return vs Target 2055 Benchmark



Cumulative Returns vs Target 2055 Benchmark



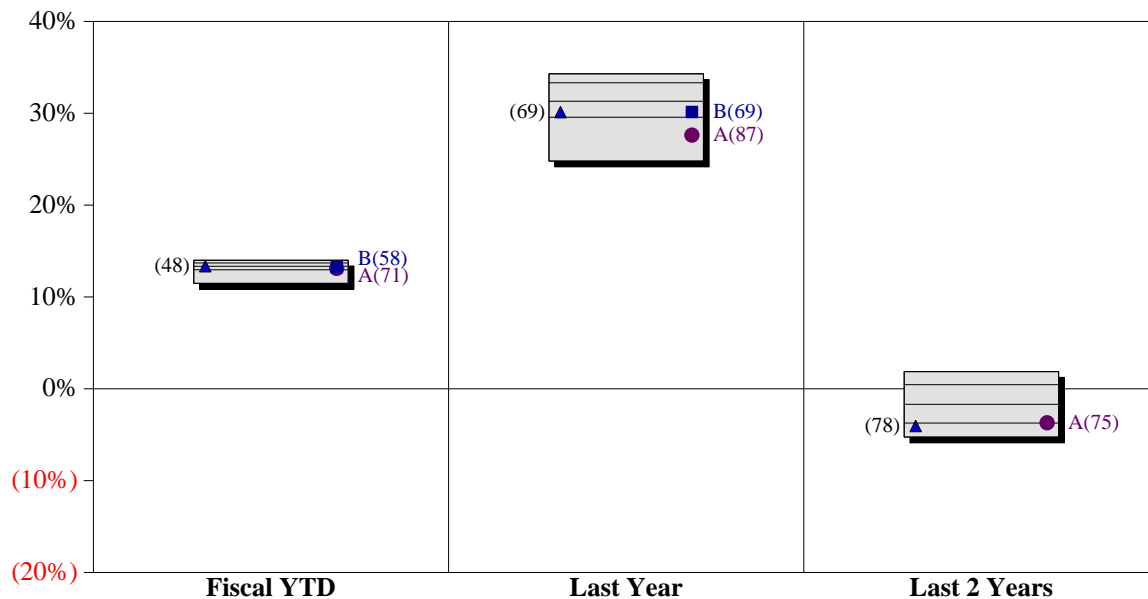


US REAL ESTATE INV TRUST PERIOD ENDED SEPTEMBER 30, 2010

Quarterly Summary and Highlights

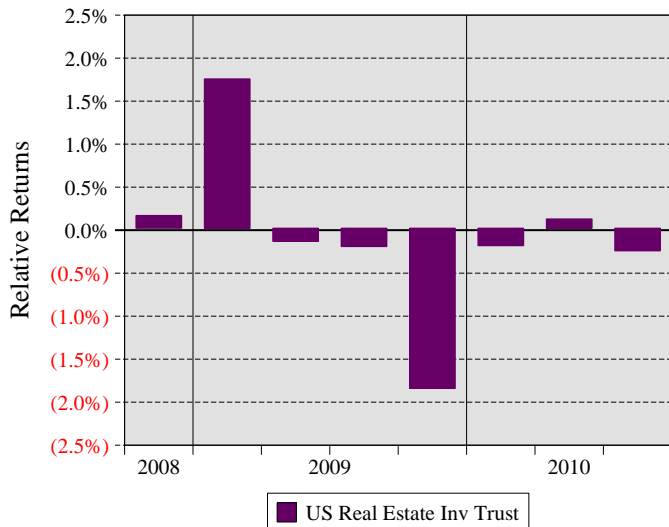
- US Real Estate Inv Trust's portfolio posted a 13.11% return for the quarter placing it in the 71 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 87 percentile for the last year.
- US Real Estate Inv Trust's portfolio underperformed the Wilshire REIT by 0.24% for the quarter and underperformed the Wilshire REIT for the year by 2.50%.

Performance vs CAI Real Estate-REIT DB (Gross)

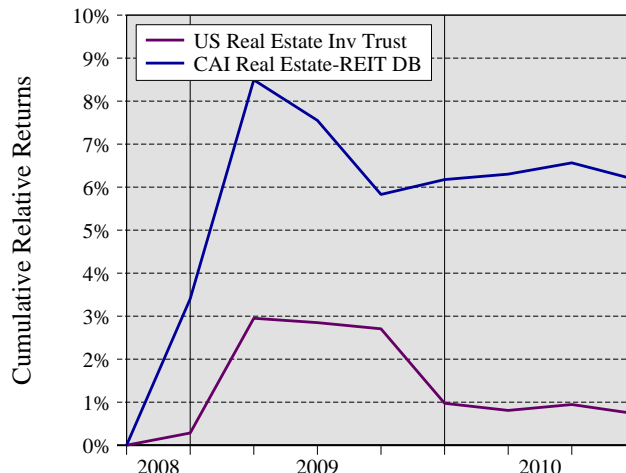


	Fiscal YTD	Last Year	Last 2 Years
10th Percentile	14.00	34.30	1.87
25th Percentile	13.70	33.32	0.45
Median	13.34	31.31	(1.69)
75th Percentile	12.96	29.57	(3.73)
90th Percentile	11.48	24.79	(5.26)
US Real Estate Inv Trust ● A	13.11	27.62	(3.70)
US Select REIT Index ■ B	13.22	30.14	-
Wilshire REIT ▲	13.35	30.12	(4.05)

Relative Return vs Wilshire REIT



Cumulative Returns vs Wilshire REIT



ALASKA MONEY MKT MASTER TRUST PERIOD ENDED SEPTEMBER 30, 2010



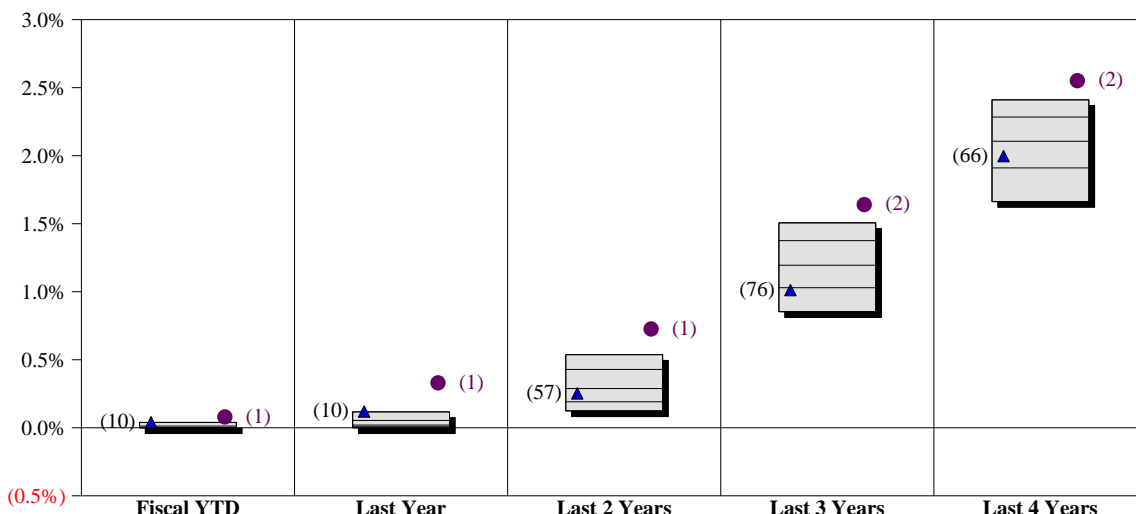
Investment Philosophy

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

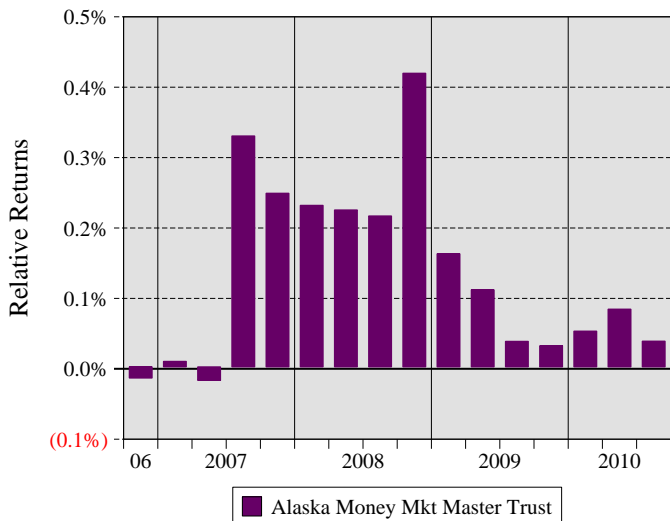
- Alaska Money Mkt Master Trust's portfolio posted a 0.08% return for the quarter placing it in the 1 percentile of the Money Market Funds group for the quarter and in the 1 percentile for the last year.
- Alaska Money Mkt Master Trust's portfolio outperformed the 3mo T-Bills by 0.04% for the quarter and outperformed the 3mo T-Bills for the year by 0.21%.

Performance vs Money Market Funds (Net)

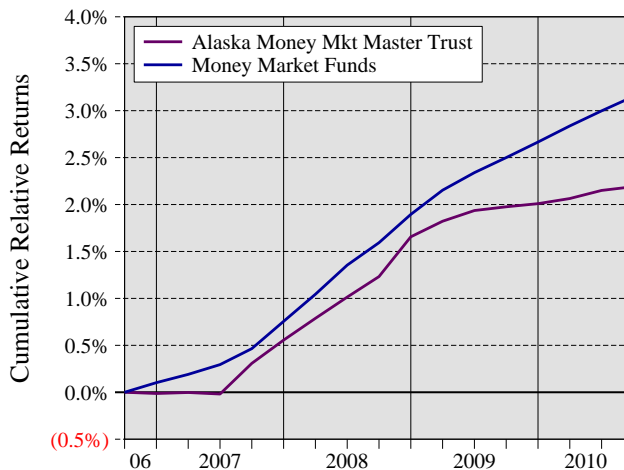


10th Percentile	0.04	0.12	0.54	1.51	2.41
25th Percentile	0.01	0.05	0.43	1.38	2.28
Median	0.00	0.02	0.29	1.19	2.11
75th Percentile	0.00	0.01	0.19	1.03	1.91
90th Percentile	0.00	0.00	0.12	0.85	1.66
Alaska Money Mkt Master Trust	0.08	0.33	0.73	1.64	2.55
3mo T-Bills	0.04	0.12	0.25	1.01	2.00

Relative Return vs 3mo T-Bills



Cumulative Returns vs 3mo T-Bills



Alaska Retirement Management Board

Lazard Global Equity Review

December 2, 2010

John Reinsberg
Deputy Chairman

Tony Dote
Managing Director

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Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy. Small- and mid-capitalization stocks may be subject to higher degrees of risk, their earnings may be less predictable, their prices more volatile, and their liquidity less than that of large-capitalization or more established companies' securities. Emerging market securities carry special risks, such as less developed or less efficient trading markets, a lack of company information, and differing auditing and legal standards. The securities markets of emerging market countries can be extremely volatile; performance can also be influenced by political, social, and economic factors affecting companies in emerging market countries.

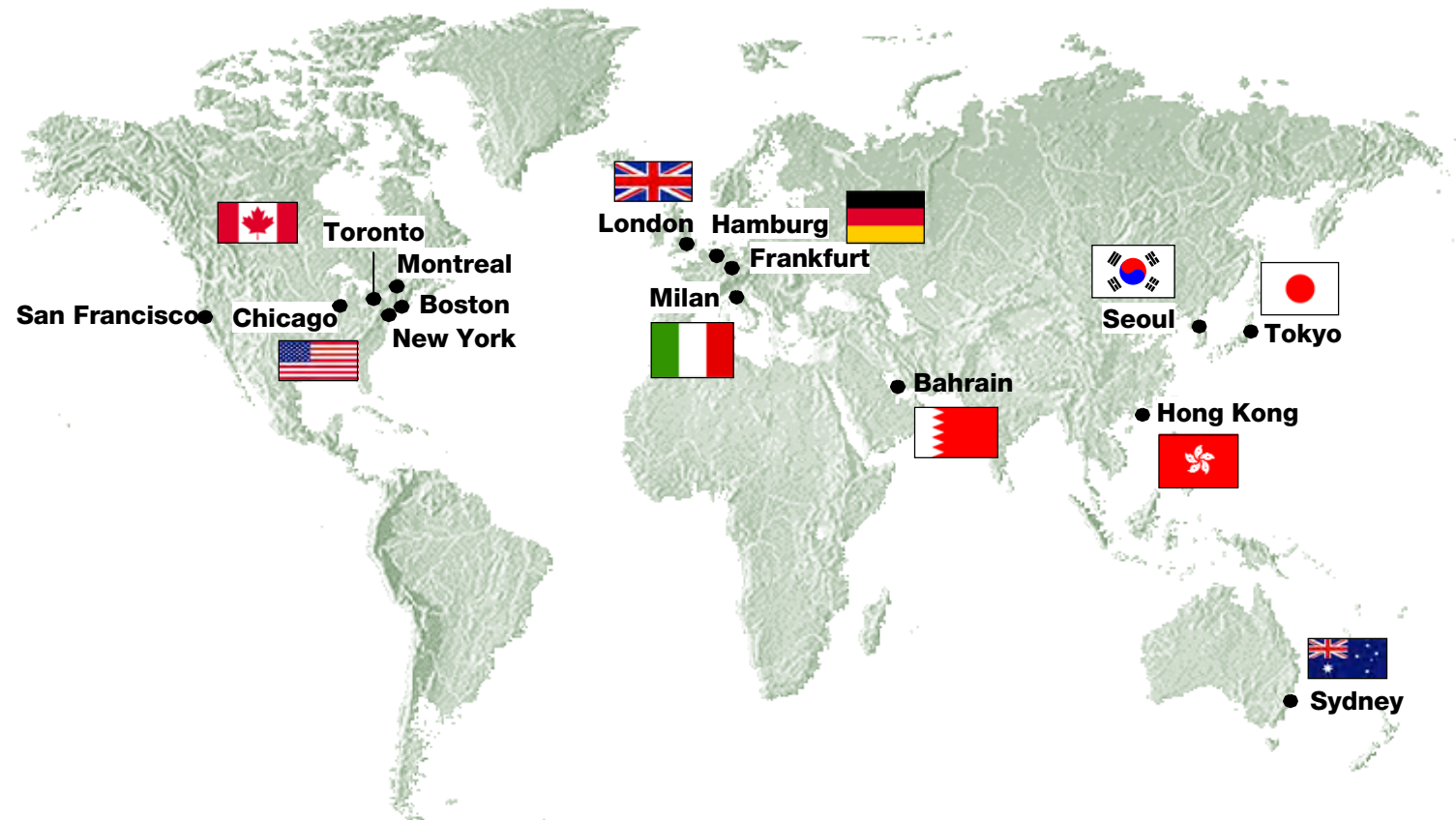
Agenda

- A. Firm Overview
- B. Executive Summary
- C. Performance Review
- D. Holdings and Characteristics
- E. Market Environment and Outlook
- F. Appendix
 - Lazard Emerging Markets Equity Portfolio
 - Lazard U.S. Small-Mid Cap Equity Portfolio

T A B

Lazard Asset Management

Lazard's global perspective: offices spanning the world and a history of investing prudently wherever the firm finds value.



- Company history dating back to 1848
- \$129.5 billion in assets under management¹
- Over 550 employees worldwide, including more than 235 investment personnel¹

¹ As of 30 September 2010. Assets under management include those of Lazard Asset Management LLC (New York) and its affiliates, but do not include those of Lazard Frères Gestion (Paris) or other asset management businesses of Lazard Ltd.

Lazard's Investment Organization

Ashish Bhutani
Chief Executive Officer, LAM LLC

Charles Carroll
Deputy Chairman
Global Marketing

Andrew Lacey
Deputy Chairman
U.S./Global Strategies

John Reinsberg
Deputy Chairman
International/Global
Strategies

Oversight Committee

Management body for the investment platform that provides:

- Oversight for investment processes and products
- Reporting line for investment professionals

Investment Council

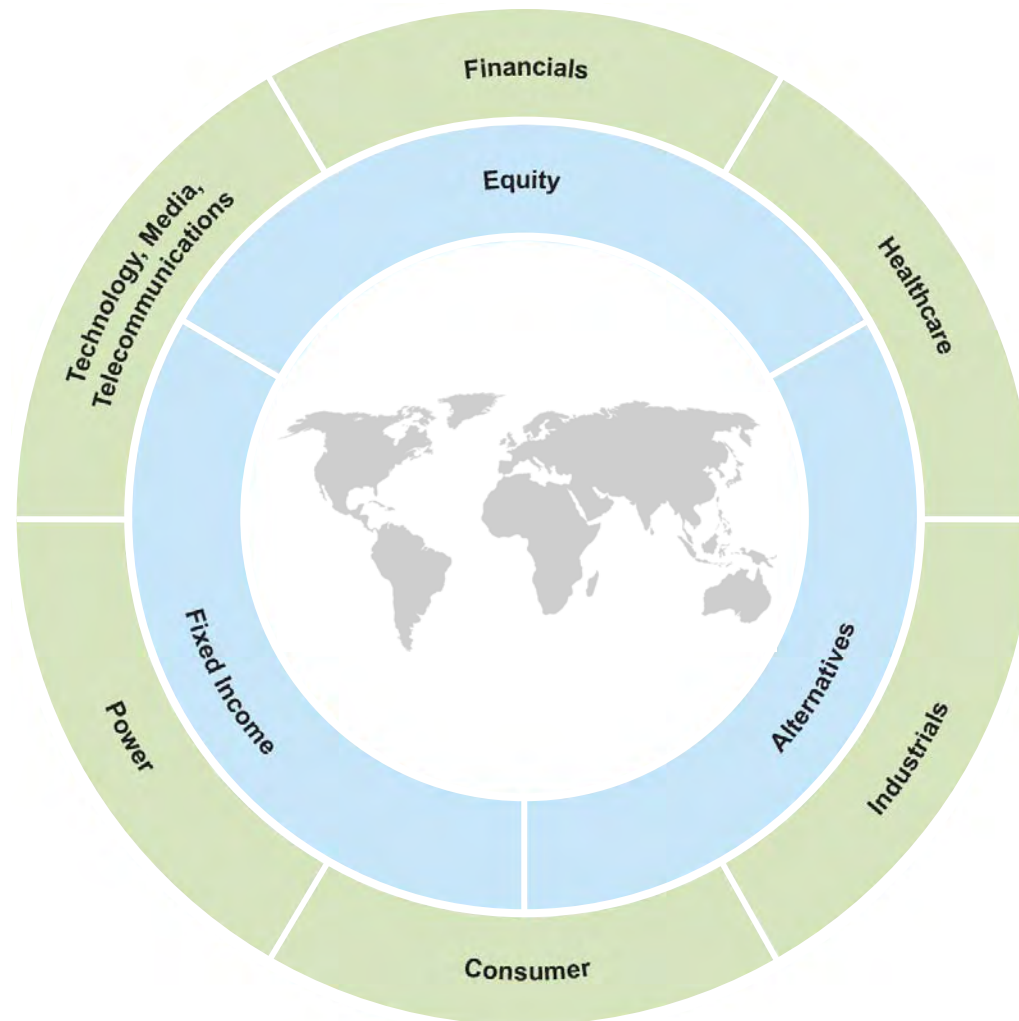
Discussion forum for matters related to:

- Research analyst and portfolio management team interaction
- Resource allocation and staffing

Integrated Knowledge on a Global Scale

Local Focus

Global Leverage



Global Equity Investment Resources

Regional Expertise

Multi-regional (Global / EAFE)					
Eduardo Abreu	James Donald ²	Taras Ivanenko	Jean-Daniel Malan	Michael Per	Craig Scholl
Jacov Agbaba	Ronald Domau	Jai Jacob	Stephen Marra	Brian Pessin	Ulrich Schweiger
Lee Ann Alexandrakis	Yury Dubrovsky ¹	Robin Jones	Kevin Matthews	Christopher Pope	Stephen Scott
Nigel Barrett	Laurent Douillet	Peter Kashanek	Paul Moghtader	Michael Powers	Jeremy Taylor
Michael Bennett	Beatrix Eisenblaetter	Edward Keating	Andrei Morosanu	John Reinsberg	Ronald Temple ²
David Bliss	Sara Fischer	Minoru Kosaka	Jonathan Morris	Anthony Rohrlach	Kyle Waldhauer
Nicholas Bratt	Michael Fry	Andrew Lacey ²	John Mulquiney	Edward Rosenfeld	Steve Wreford
Irene Cheng	Matthew Haynes	Alex Lai	Andrew Norris	Patrick Ryan	Ming Zhong
Bertrand Cliquet	William Holzer	Matthew Landy	Hubert Parzecki	Nina Saglimbeni	
Kun Deng	Peter Hunsberger	Mark Little			
U.S.		Europe		Asia-Pacific	
Dmitri Batsev	Sriharan Nadesan ¹	Aaron Bamfather	Alistair Godrich	Thurl Abrahams	Hee-tak Ko
Frank Bianco ¹	Dennis Neveling	Patricia Biggers	Paul Mangat	Matthew Bills	O-Jin Kwon
Christopher Blake	Siddharth Panjwani ¹	Christian Bockris	Ciprian Marin	Aaron Binsted	John Lee
Daniel Breslin	Prateek Pant ¹	Jelena Boskovic	Neil Millar	Andrew Il-Kweon Dong	James McGinnis
Rhett Brown	David Pizzimenti	Elias Chrysostomou	Oliver Nothof	Neal Doying	Takanobu Murakami
Gary Buesser	Jessica Rennie	Alan Clifford	Robert Rowland	Timothy Griffen	Takayuki Natsume
Zoe Chen ¹	Sean Reynolds ¹	Nathan Cockrell	Michael White	Phillip Hoffin	Rob Osborn
Michael DeBernardis	Henry (Ross) Seiden	Alan Custis	Lloyd Whitworth	Jooyon Hong	Warryn Robertson
Robert Failla	Christopher Sferuzzo ¹	Giles Edwards	Jason Williams	Takako Hoshino	Philippe Tison
Martin Flood	Nicholas Sordoni	Marina Erskine-Leacock	Susanne Willumsen	Hong-Suk Kim	Adam Waterworth
Mark Hudson	Ronald Temple ²	Louis Florentin-Lee	Barnaby Wilson	Hiroko Kiyota	Suichi Yoshimura
Miriam Kim	Richard Tutino				
Andrew Lacey ²	Christopher Whitney				
Jerry Liu	Douglas Workman ¹				
Bret Miller	Michael Zaremsky ¹				
Emerging Markets					
Georg Benes	Myla Cruz	Patrick Fu	Mark Lien	Kevin O'Hare	Monika Shrestha
Rohit Chopra	James Donald ²	Peter Gillespie	Xiaomeng (Michelle) Liu	Nicolas Rodriguez-Brizuela	Ben Wulfsohn
Elizabeth Chung	Lada Emelianova	Mostafa Hassan	Erik McKee	Rahwa Senay	

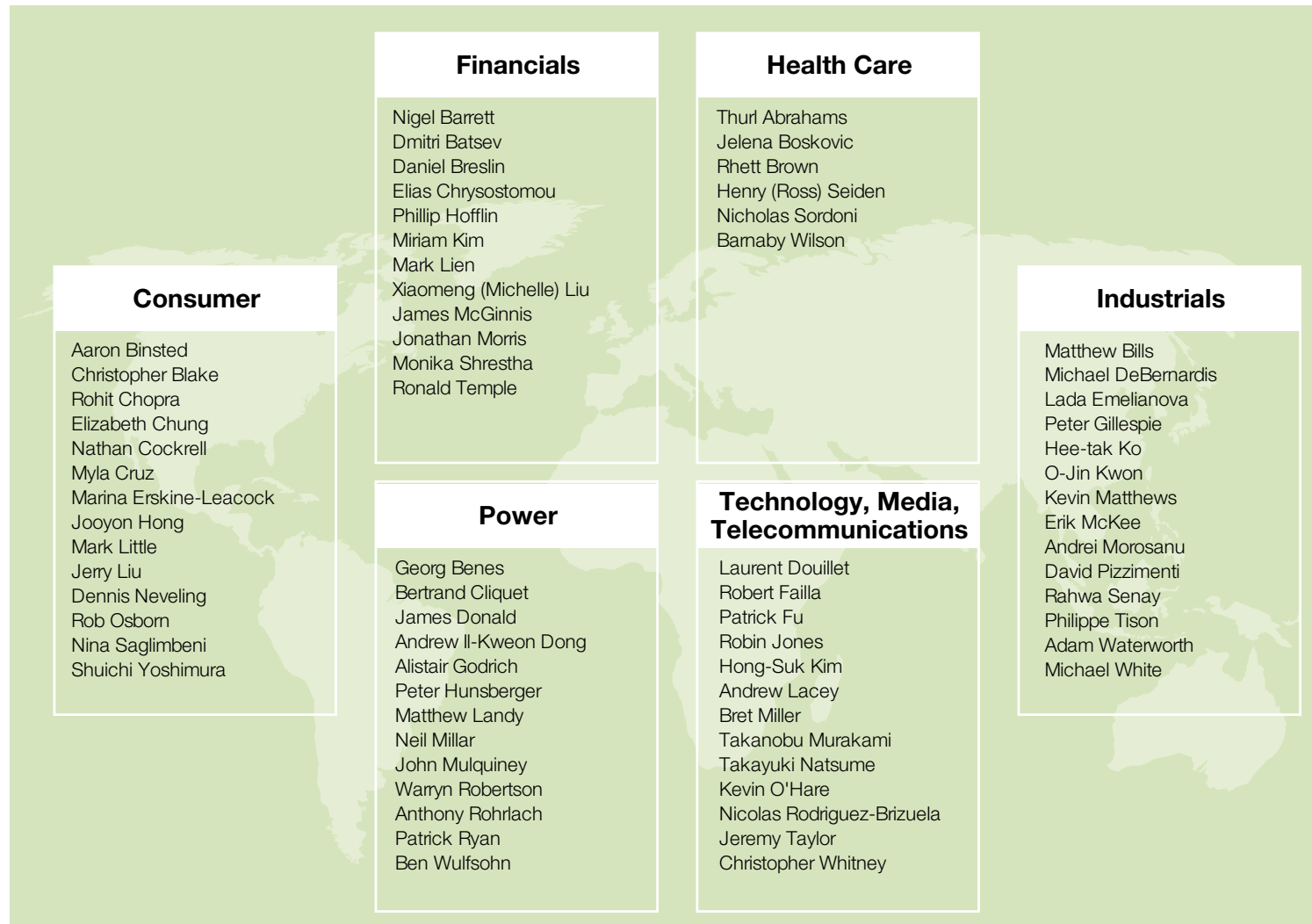
As of 30 September 2010

¹ Due to the nature of their activities, these individuals appear among both equity and fixed income resources.

² Due to the nature of their responsibilities, these individuals have been assigned more than one primary regional focus.

Global Equity Investment Resources

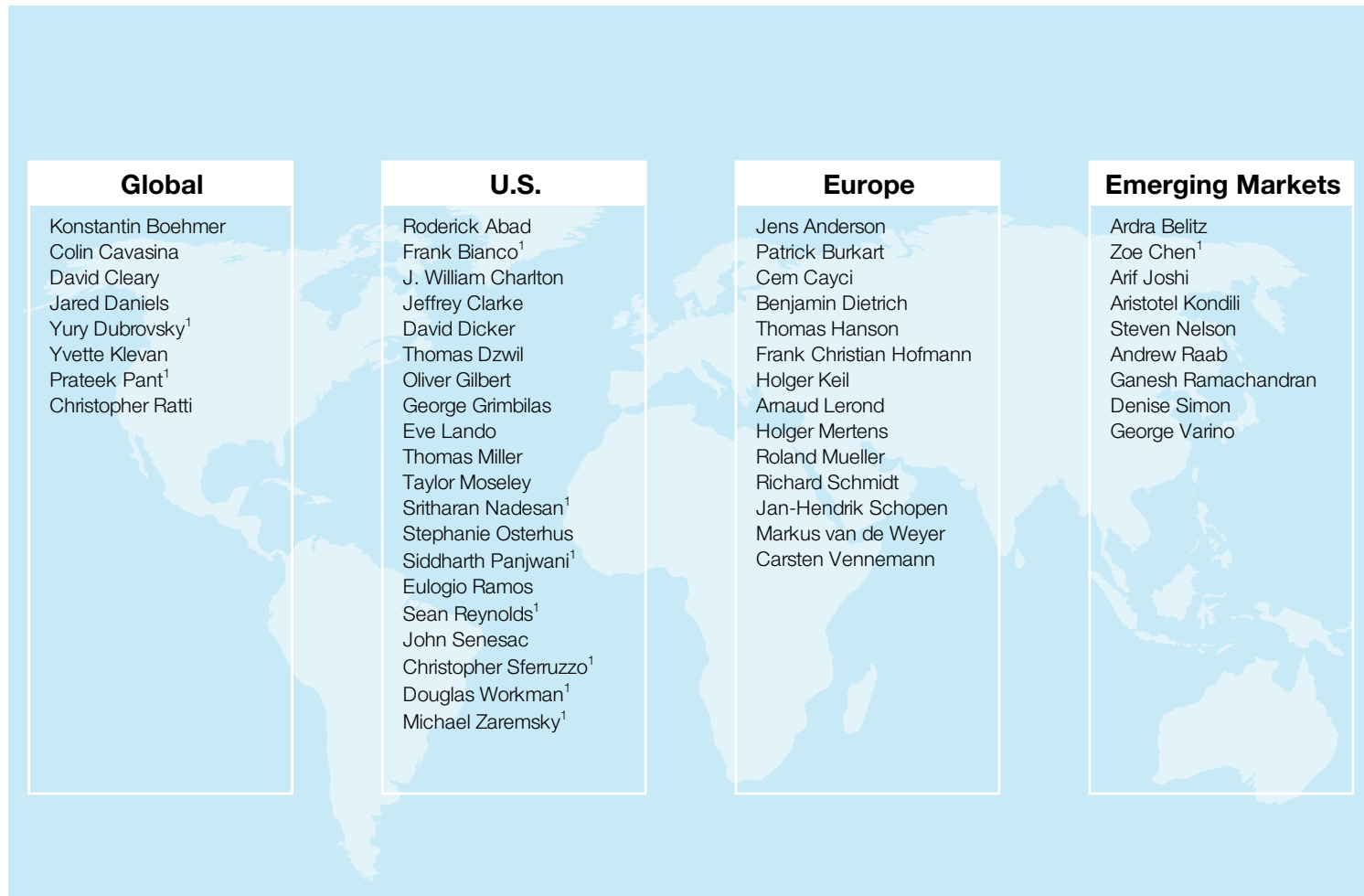
Sector Expertise



As of 30 September 2010

Global Fixed Income Investment Resources

Regional Expertise



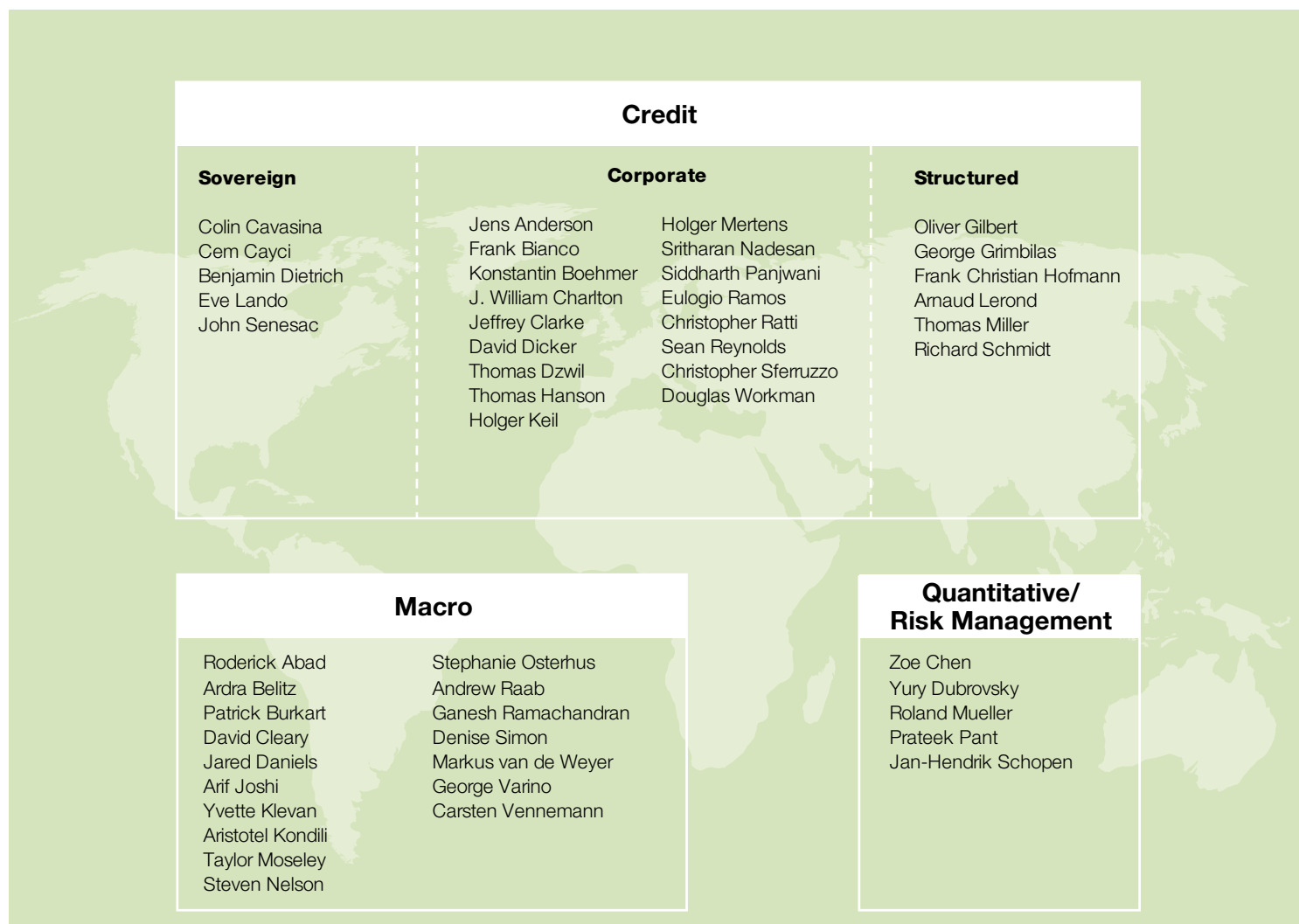
Global	U.S.	Europe	Emerging Markets
Konstantin Boehmer Colin Cavasina David Cleary Jared Daniels Yury Dubrovsky ¹ Yvette Klevan Prateek Pant ¹ Christopher Ratti	Roderick Abad Frank Bianco ¹ J. William Chartton Jeffrey Clarke David Dicker Thomas Dzwil Oliver Gilbert George Grimбилas Eve Lando Thomas Miller Taylor Moseley Sriharan Nadesan ¹ Stephanie Osterhus Siddharth Panjwani ¹ Eulogio Ramos Sean Reynolds ¹ John Senesac Christopher Sferruzzo ¹ Douglas Workman ¹ Michael Zaremsky ¹	Jens Anderson Patrick Burkart Cem Cayci Benjamin Dietrich Thomas Hanson Frank Christian Hofmann Holger Keil Amaud Lerond Holger Mertens Roland Mueller Richard Schmidt Jan-Hendrik Schopen Markus van de Weyer Carsten Vennemann	Ardra Belitz Zoe Chen ¹ Arif Joshi Aristotel Kondili Steven Nelson Andrew Raab Ganesh Ramachandran Denise Simon George Varino

As of 30 September 2010

¹ Due to the nature of their activities, these individuals appear among both equity and fixed income resources.

Global Fixed Income Investment Resources

Sector Expertise



As of 30 September 2010

Investment Philosophy, Goals, and Process

Lazard's investment process for research and portfolio construction is presented here as sequential steps; in practice the process is neither static, nor sequential, but ongoing.

Our Investment Philosophy

- Focus on those companies that are financially productive and inexpensively valued
- Add Value through stock selection and portfolio management

Our Investment Objectives

- Outperform relevant benchmark over a full market cycle
- Participate in rising markets; preserve capital in falling markets
- Outperform our investment competitors
- Seek consistent results

Our Investment Process



Lazard's investment process is presented here in sequential steps. In practice, the process is neither static nor sequential, but ongoing.

T A B

Executive Summary

Alaska Retirement Management Board

Revised Global Equity Parameters

	Former	Revised
Benchmark	MSCI World Index	MSCI ACWI
Emerging Markets Equity		
Allocation Range:	0%-10% of total portfolio	0% to benchmark plus 10% (currently 23% maximum)
Allocation:	8-9% of total portfolio	19.5%
SMID Cap Equity		
Allocation Range:	0-15% of total equity	0-10% of total portfolio (Int'l Small Cap and U.S. SMID Cap)
Allocation:	5%	8.5%
Expected Return:	1-2% over Index	3% over Index
Pattern of Returns:	Defensive in down markets Outpace in flat markets Participate in rising markets	Defensive in down markets Outpace in flat markets Participate in rising markets

As of 30 September 2010

Expected returns do not present a promise or guarantee of future results.

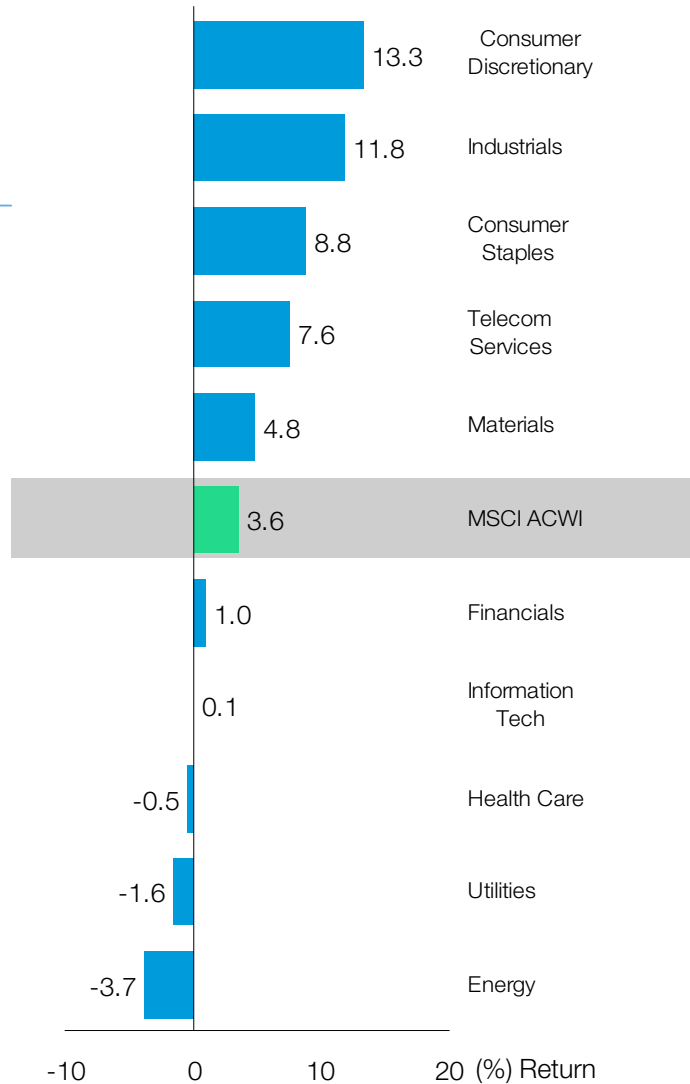
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Market Performance – YTD

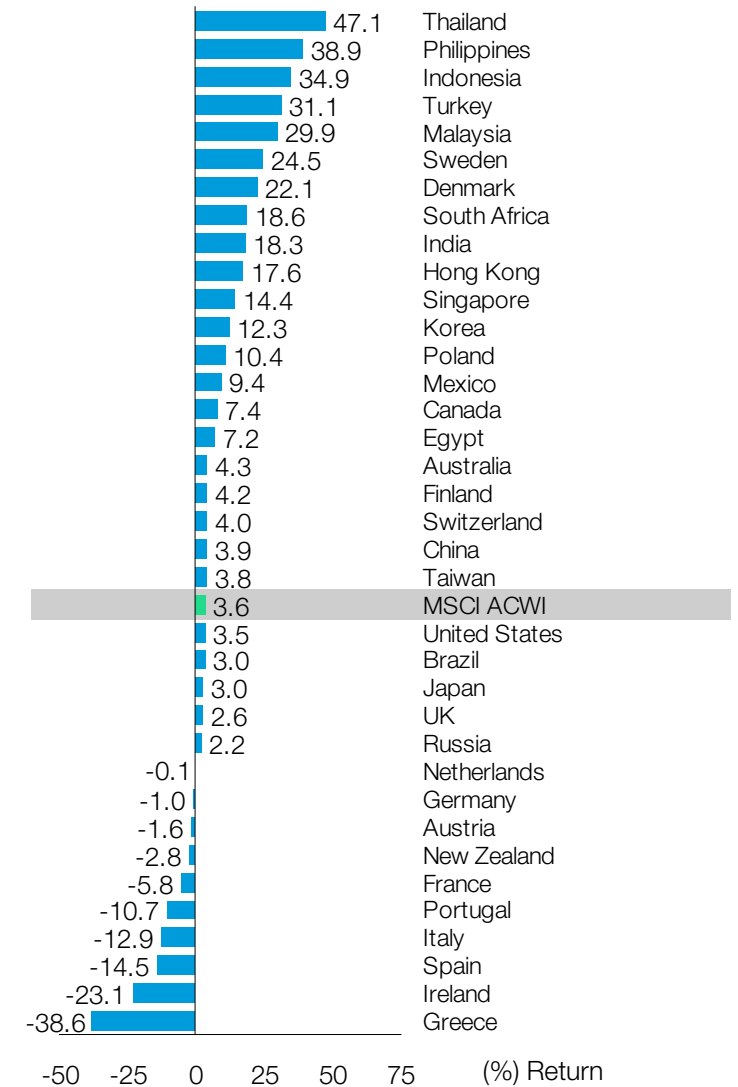
MSCI All Country World Index

Sector Performance:

Emerging Markets and cyclicals have rallied while growth questions linger elsewhere.



Country Performance:



As of 30 September 2010

Past performance is not a reliable indicator of future results.

Source: MSCI

Performance Summary

Alaska Retirement Management Board

Performance (%)

	YTD ¹ (31 Oct 2010)	2010Q3	YTD (30 Sept 2010)	Annualized (As of 30 September 2010)			
				3 Years	5 Years	10 Years	Since Inception 20 April 1993
Total Portfolio	6.1	13.7	2.8	-5.2	3.4	3.0	7.5
Custom Index ²	6.3	13.8	2.6	-8.3	1.3	0.8	6.1
Excess Return (bps)	-2	-1	+2	+310	+210	+220	+140

Portfolio Composition as of 31 October 2010

	Market Value	% of Portfolio
International Equities	\$238,821,746.45	32.1
- Lazard Emerging Markets Fund	\$144,831,702.10	19.5
U.S. Equities	\$276,955,167.77	37.2
- Lazard U.S. Small-Mid Cap Fund	\$63,328,479.25	8.5
Cash & Accrued Dividends	\$20,249,907.29	2.7
Total Portfolio	\$744,187,002.85	100.0

As of 30 September 2010

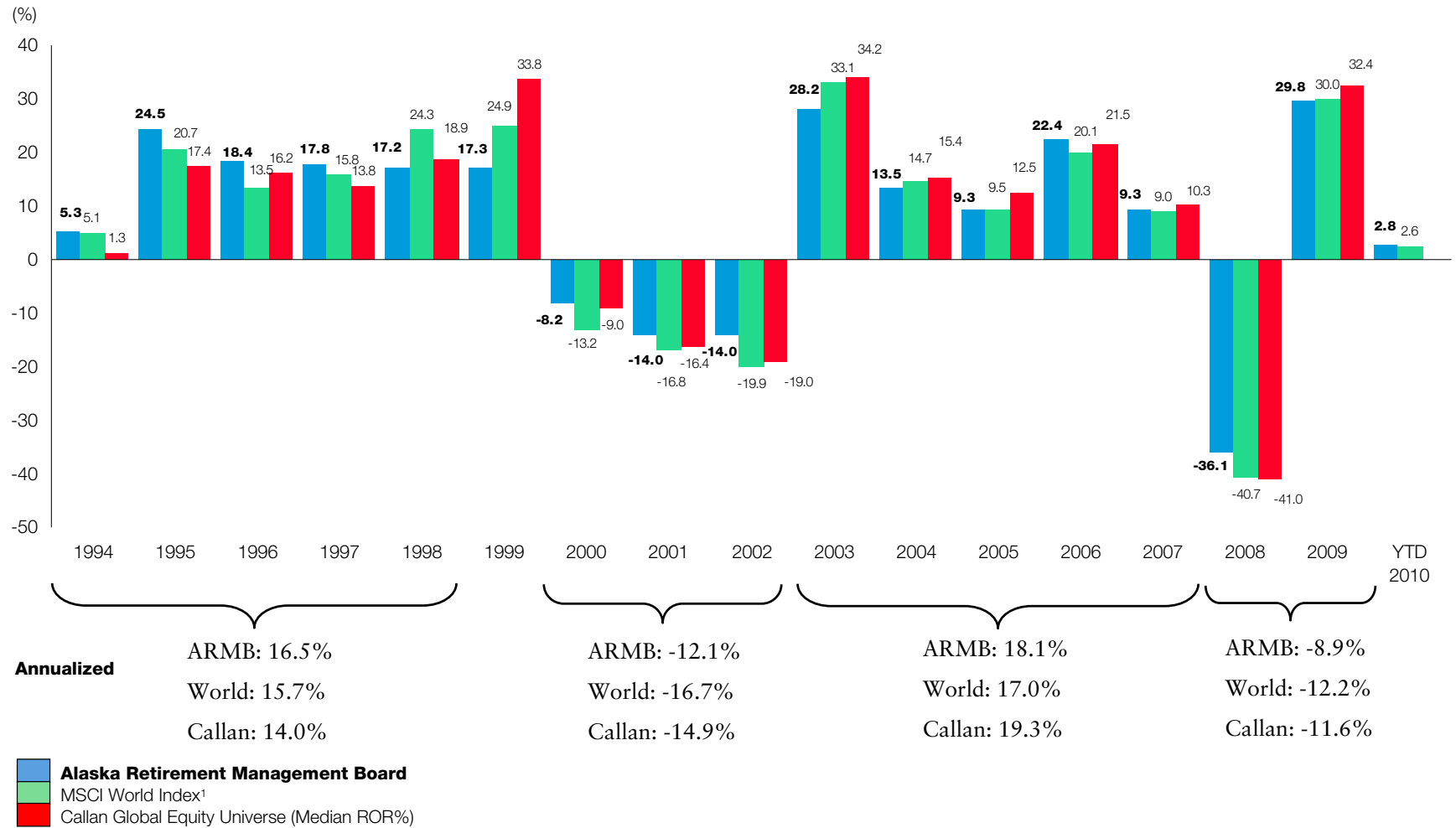
1 Preliminary performance as of 31 October 2010.

2 The Custom Index is comprised of the MSCI World Index from 4/20/93-9/30/10 and of the MSCI ACWI thereafter.

The performance quoted is gross of fees and represents past performance. Past performance is not a reliable indicator of future results.

Pattern of Performance

Alaska Retirement Management Board



As of 30 September 2010
 1 MSCI World Index from 4/20/93-9/30/10 and of the MSCI ACWI thereafter.
 Performance is presented gross of fees. Past performance is not a reliable indicator of future results.
 Source: Lazard, MSCI

What Helped/Hurt - YTD

Alaska Retirement Management Board

What Helped

Emerging Markets

Exposure to emerging markets

Mergers & Acquisitions

Potash and International Power benefitted from received bids

Automobiles

Stock selection led by BMW and Valeo

Energy

Stock selection including selling BP shortly following the Gulf of Mexico incident and ConocoPhillips

Utilities

Low exposure and stock selection

What Hurt

Retail

Esprit Holdings was hit hard on Euro weakness, thesis delay and lack of meeting financial targets

Financials

Stock selection (Nomura, QBE Insurance, Goldman Sachs)

Industrials

Stock selection (A123 Systems, Raytheon, Atlantia)

Consumer Staples

Stock selection (Walgreen, Unilever)

Information Technology

High exposure and stock selection (Microsoft, Nintendo, Symantec, Hewlett-Packard)

As of 30 September 2010

The allocations and specific securities mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account. Allocations and security selection are subject to change. The securities mentioned are not necessarily held by Lazard for all client portfolios, and their mention should not be considered a recommendation or solicitation to purchase or sell these securities.

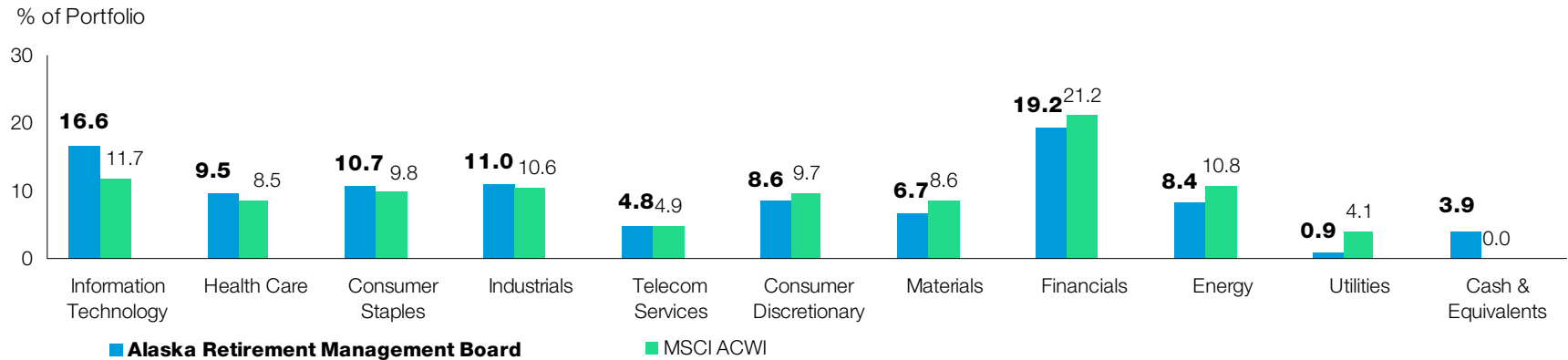
It should not be assumed that any investment in these securities was, or will prove to be, profitable, or that the investment decisions we make in the future will be profitable or equal to the investment performance of securities referenced herein. There is no assurance that any securities referenced herein are currently held in the portfolio or that securities sold have not been repurchased. The securities mentioned may not represent the entire portfolio.

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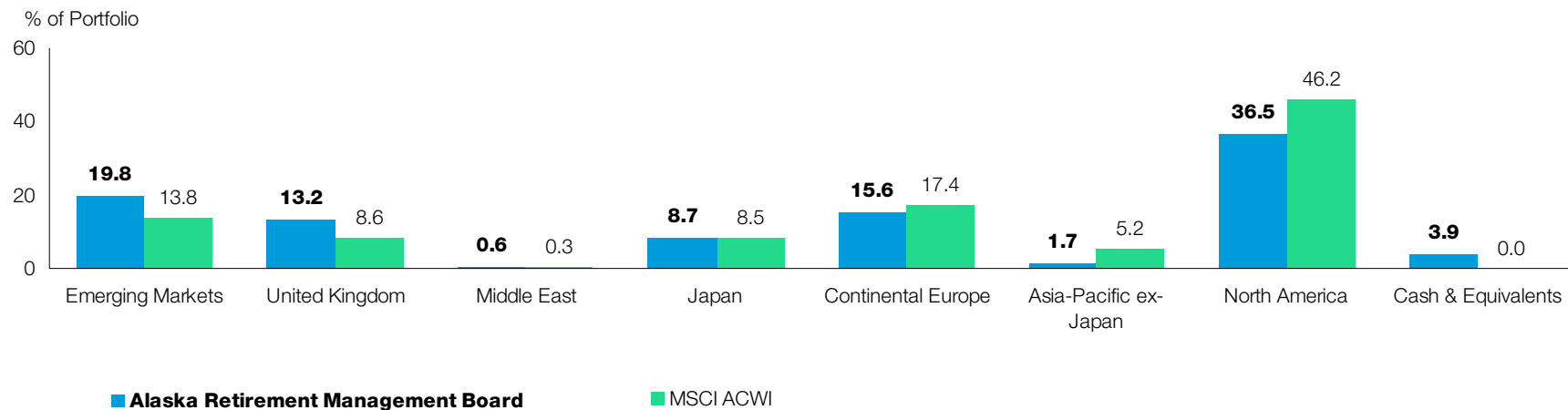
Weightings by Sector and Country

Alaska Retirement Management Board

By Sector



By Region



As of 30 September 2010

Note: Percentage of portfolio includes allocations attributable to investments through the Lazard Emerging Markets Equity Portfolio (Inst) and the Lazard U.S. Small-Mid Cap Equity Portfolio (Inst).

Allocations and security selection are subject to change. The information provided in this material should not be considered a recommendation to purchase or sell any security.

Source: Lazard, MSCI

Portfolio Direction

Alaska Retirement Management Board

	31 Dec 08 (%)	31 Dec 09 (%)	30 Sep 10 (%)	Change 31 Dec 09 – 30 Sep 10 (%)
Information Technology	3.1	2.9	5.5	2.6
Materials	-3.4	-4.0	-1.7	2.3
Consumer Staples	4.4	0.5	1.3	0.8
Utilities	-0.5	-3.8	-3.2	0.6
Telecom Services	2.4	-0.4	0.0	0.4
Energy	0.3	-1.7	-2.0	-0.3
Financials	-6.7	-0.3	-1.2	-0.9
Consumer Discretionary	-3.4	0.3	-0.8	-1.1
Industrials	0.0	2.3	0.8	-1.5
Health Care	3.7	4.3	1.4	-2.9

As of 30 September 2010

Note: Percentage weights includes allocations attributable to investments through the Lazard Emerging Markets Equity Portfolio (Inst) and the Lazard U.S. Small-Mid Cap Equity Portfolio (Inst).

Allocations and security selection are subject to change. The information provided in this material should not be considered a recommendation to purchase or sell any security.

Source: Lazard, MSCI

Holdings by Country

Alaska Retirement Management Board

	% of Portfolio	% of MSCI ACWI		% of Portfolio	% of MSCI ACWI		% of Portfolio	% of MSCI ACWI		% of Portfolio	% of MSCI ACWI	
Australia	0.4	3.4	Japan	8.6	8.5	United Kingdom	13.2	8.6	United States (continued)	Brazil	4.6	2.3
QBE Insurance			Asics			AMEC			Emerson Electric	Chile	0.0	0.2
Austria	0.0	0.1	Benesse Holdings			BAE Systems			EOG Resources	China	0.5	2.5
Belgium	1.1	0.4	Canon			BG			General Mills	Colombia	0.0	0.1
Anheuser-Busch InBev			Daito Trust Construction			BHP Billiton			Goldman Sachs	Czech Republic	0.0	0.1
Canada	1.6	4.4	eAccess			British Airways			Google	Egypt	0.7	0.1
Potash			Honda Motor			British American Tobacco			Halliburton	Hungary	0.2	0.1
Rogers Communications			Hoya			GlaxoSmithKline			Honeywell International	India	1.0	1.1
Smart Technologies			KDDI			HSBC Holdings			Intel	Indonesia	1.2	0.3
Denmark	0.5	0.4	Keyence			Infoma			IBM	Malaysia	0.1	0.4
Novo Nordisk			Kubota			International Power			Johnson & Johnson	Mexico	1.4	0.6
Finland	0.0	0.4	Mitsubishi			Lloyds Banking			JPMorgan Chase	Peru	0.0	0.1
France	4.7	4.1	Mitsubishi Estate			Prudential			Keycorp New	Philippines	0.4	0.1
BNP Paribas			Nidec			Royal Dutch Shell			Life Technologies	Poland	0.0	0.2
Danone			Nintendo			Standard Chartered			MasterCard	Russia	1.1	0.8
Sanofi-Aventis			Sumitomo Mitsui Financial			Tullow Oil			Mattel	South Africa	2.4	1.0
Technip			Yahoo Japan			Unilever			McDonalds	South Korea	2.4	1.8
Total			Yamada Denki			Vodafone			Merck	Taiwan	1.4	1.5
Valeo			Netherlands	0.4	1.1	William Morrison Supermarket			Microsoft	Thailand	0.4	0.2
Germany	1.9	3.2	TNT			WPP			Molson Coors Brewing	Turkey	1.7	0.3
BMW			Norway	0.4	0.3	Xstrata			Monsanto	Total Emerging Markets	19.5	13.8
SAP			Aker Solutions			Visa			Newell Rubbermaid	Cash & Equivalents	3.9	0.0
Siemens			Pakistan	0.2	0.0	United States	35.0	41.8	Oracle	Total Portfolio	100.0	100.0
Greece	0.0	0.1	Portugal	0.0	0.1	Amgen			Parker Hannifin			
Hong Kong	0.9	1.1	Singapore	0.4	0.7	Apache			PepsiCo			
Esprit Holdings			Singapore Telecommunications			Apple			Pfizer			
Kerry Properties			Spain	1.2	1.5	AT&T			PNC Financial Services			
Ireland	0.4	0.1	Amadeus IT Holding			Ball			Qualcomm			
CRH			Banco Santander			CareFusion			Raytheon			
Israel	0.6	0.3	Sweden	0.2	1.3	Caterpillar			T. Rowe Price			
Teva Pharmaceutical Industries			Switzerland	3.9	3.1	Chevron			TJX Companies			
Italy	0.8	1.1	Credit Suisse			Cisco Systems			United Parcel Service			
Atlantia			Julius Baer			City National			United Technologies			
Prysmian			Nestle			Comcast Special			Visa Cl A			
			Novartis			ConocoPhillips			Wal-Mart Stores			
			Roche Holdings			Dover			Walgreen			
			UBS			EMC			Wells Fargo			

As of 30 September 2010

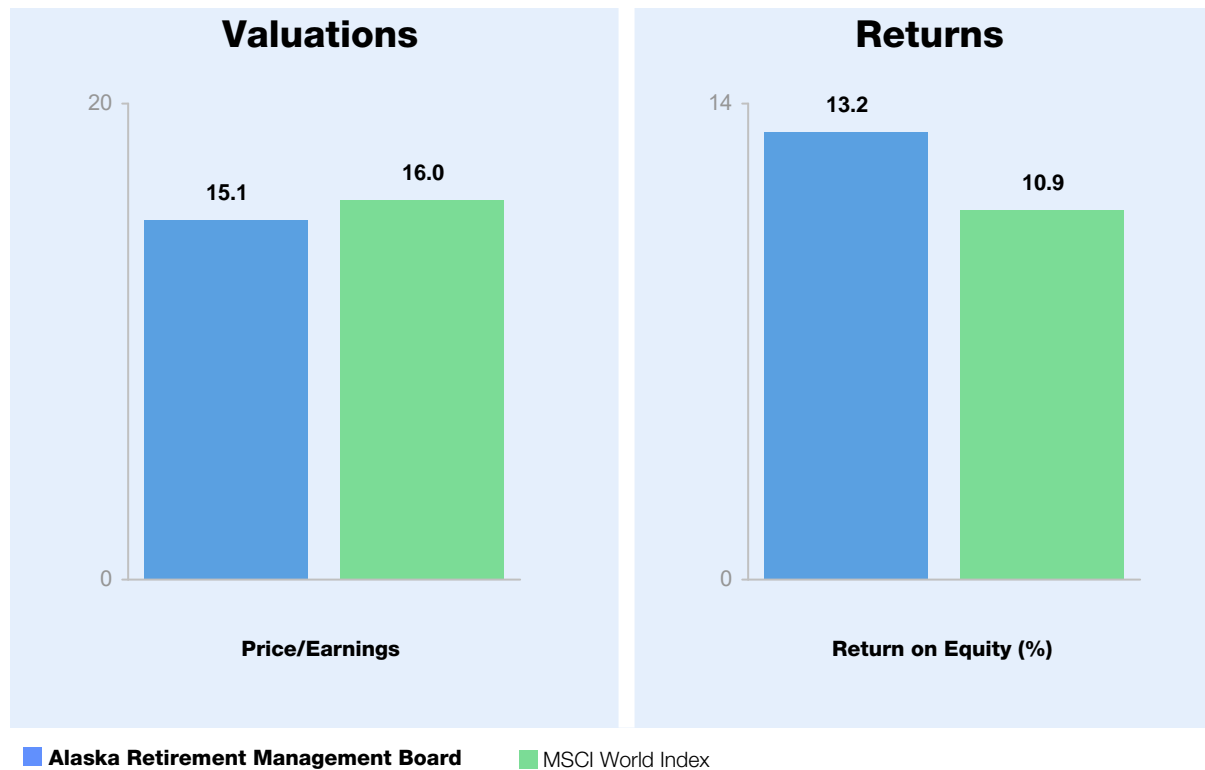
Note: Percentage of portfolio includes allocations attributable to investments through the Lazard Emerging Markets Equity Portfolio (Inst) and the Lazard U.S. Small-Mid Cap Equity Portfolio (Inst), though these underlying investments are not shown.

Cash is not viewed as a strategic asset class.

Allocations and security selection are subject to change. The information provided in this material should not be considered a recommendation or solicitation to purchase or sell any particular security. There is no assurance that any securities referenced herein will remain in the account's portfolio or that securities sold have not been repurchased. The securities discussed may not represent the account's entire portfolio. It should not be assumed that any of the referenced securities were or will prove to be profitable, or that the investment decisions we make in the future will be profitable.

Investment Characteristics

Alaska Retirement Management Board



As of 30 September 2010
Source: Lazard, MSCI

T A B

Market Summary

2010

- Market up strong on recovery hopes and liquidity
 - Greek debt concerns dominated market movements in 2010Q2
-

- Stock selection has become more important than sector and regional rotation
 - Portfolio performance remains solid through market cycle
-

We believe:

- The era of falling rates is nearing an end
- Debt levels remain unsustainably high
- Deleveraging will take years, if not decades
- Differentiation between winners and losers will likely expand

Possible Uncertainties and Opportunities

Top-down Uncertainties

- Currency war – race to the bottom
- Growth drag from deleveraging
- Sovereign debt concerns
- China policy decisions
- Interest rates / QE2

Bottom-up Opportunities

- BMW
- Informa
- Valeo
- Potash
- Daito Trust
- Garanti Bankasi
- Conoco Philips
- Pfizer
- Walmart
- United Technologies
- Ball

As of 30 September 2010

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Current Positioning

Overweight

Technology

Clear distinction between winners and losers

Health Care

Sector in transition from R&D-focus to EM and cost focus

Emerging Markets

Valuations remain attractive with strong bottom-up ideas

United Kingdom

High quality global franchises at good valuations

Underweight

Materials

Fall in valuations based on underlying or trend EPS provided brief opportunity to add

Utilities

Concerns related to overcapacity in the power generation market

Asia

Valuations more attractive elsewhere

Euro-zone

Risk-return more attractive elsewhere

As of 30 September 2010

Relative Value

MSCI Regions

Bottom-up portfolio positioning consistent with relative valuations.	Trailing P/E	Forward P/E	Trailing ROE (%)	Dividend Yield (%)
EAFE	15.8	11.5	9.4	3.1
U.S.	16.0	12.5	13.1	2.0
Europe	14.8	10.8	10.7	3.3
Far East Asia	18.2	13.6	6.3	2.1
Japan	18.1	13.2	5.9	2.0
Emerging Markets	14.3	11.3	14.2	2.2
EAFE Small Cap	23.9	13.4	5.2	2.4

As of 30 September 2010

Source: MSCI

Summary

People, Process and Performance

We believe that we have:

- A strong portfolio team
 - Improved idea generation and capture
 - Enhanced portfolio construction process
- Better integration of global resources
 - Local focus, global leverage
 - Improved global communication
- Top down uncertainty continues to present portfolios with attractive stock opportunities
- Strong stock selection
 - Bottom-up relative value process is working through market cycle
- Market shift to fundamentals favors our philosophy

As of 30 September 2010

T A B

Lazard Emerging Markets Equity Portfolio

Mutual Fund Performance (Institutional Shares)

Annual Periods (%)

Net	YTD	2009	2008	2007	2006	2005	2004	2003	2002	2001
Lazard Emerging Markets Equity	16.63	69.82	-47.88	33.05	30.32	41.40	30.79	54.45	-0.37	-3.16
MSCI Emerging Markets Index	10.75	78.50	-53.33	39.38	32.17	34.00	25.55	55.82	-6.17	-2.62

Annualized Returns (%)

Net	1 Year (Sep/2010)	3 Years (Sep/2010)	5 Years (Sep/2010)	10 Years (Sep/2010)	Since Inception (Jul 18,1994-Sep 30,2010)
Lazard Emerging Markets Equity	23.42	2.27	13.79	15.78	9.39
MSCI Emerging Markets Index	20.22	-1.48	12.74	13.44	7.25

Reporting Currency US Dollar
Reporting Date Sep 30 2010

The performance quoted represents past performance. Past performance does not guarantee future results. Performance is presented net of fees. The investment return and principal value of the Portfolio will fluctuate so that an investor's shares in the Portfolio, when redeemed, may be more or less than their original cost. Returns reflect reimbursement of expenses as described in the prospectus. For more complete information about the Lazard Funds and current performance, you may obtain a prospectus by calling 800.823.6300 or go to www.LazardNet.com. Read the prospectus carefully before you invest. The Lazard Funds are distributed by Lazard Asset Management Securities LLC. The MSCI Emerging Markets Index is comprised of emerging market securities in countries open to non-local investors. The index is unmanaged and has no fees. One cannot invest directly in an index.

Holdings by Country

Lazard Emerging Markets Equity Portfolio

Holdings	% of Portfolio	% of MSCI EM Index	Holdings	% of Portfolio	% of MSCI EM Index	Holdings	% of Portfolio	% of MSCI EM Index
Brazil	21.2	16.5	Philippines	1.9	0.5	South Africa (continued)		
Banco Do Brasil			Philippine Long Distance Telephone (ADR)			Pretoria Portland Cement		
Cemig (ADR)			South Korea	11.2	13.4	Sanlam		
Cielo			Hite Brewery			Shoprite Holdings		
Concessoes Rodoviaras			Hyundai Mobis			Standard Bank Group		
Eletropaulo Metropoli Pref B			KT&G			Tiger Brands		
Natura Cosmetics			Korea Life Insurance			Truworths International		
Redecard			NHN			Turkey	7.7	1.8
Siderurgica Nacional (Spon ADR)			Samsung Electronics			Akbank		
Souza Cruz			Shinhan Financial Group			Koc Holding		
Ultrapar Participacoes			Woongjin Coway			Turkcell Iletisim Hizmetleri		
Usinas Siderurgicas de Minas Gerais			Taiwan	6.7	10.6	Turkiye Is Bankasi (Isbank)		
Vale			Advanced Semiconductor Engineering			Total Europe/Middle East/Africa	29.6	18.4
Vale (ADR)			Delta Electronics			East/Africa		
Chile	0.0	1.7	High Tech Computer			Other*	2.1	0.0
Colombia	0.0	0.9	Hon Hai Precision Industry			First Quantum Minerals		
Mexico	6.3	4.2	MediaTek			CFAO		
America Movil (ADR; Ser L)			Taiwan Semiconductor Manufacturing			Total Other	2.1	0.0
Desarrolladora Homex (ADR)			Thailand	1.9	1.7	Cash & Equivalents	4.7	0.0
Femsa (ADR)			Banpu Public			Total Portfolio	100.0	100.0
Grupo Mexico Ser B			Kasikornbank					
Grupo Televisa (ADR)			Total South/East Asia	36.1	57.6			
Kimberly-Clark de Mexico Cl A			Czech Republic	0.0	0.4			
Peru	0.0	0.7	Egypt	3.2	0.5			
Total Latin America	27.5	24.0	Commercial International Bank					
China	2.4	18.0	Eastern Tobacco					
China Construction Bank H			Egyptian Company for Mobile Services					
NetEase.com (ADR)			Orascom Construction Industries					
Shougang Concord			Hungary	1.1	0.4			
Weichai Power			OTP Bank					
India	4.7	8.2	Israel	0.6	0.0			
Bank of India			Israel Chemicals					
Infosys Technologies (ADR)			Morocco	0.0	0.2			
Jindal Steel & Power			Poland	0.0	1.6			
Punjab National Bank			Russia	6.1	6.0			
Indonesia	5.6	2.4	Lukoil (ADR)					
Bank Mandiri			Magnit (GDR; 144A)					
Semen Gresik			Mobile Telesystems (ADR)					
Tambang Batubara Bukit Asam			Oriflame Cosmetics					
Telekomunik Indonesia (ADR)			TNK-BP Holdings					
United Tractors (ADR)			Uralkali (GDR)					
Malaysia	0.6	2.9	South Africa	10.9	7.5			
British American Tobacco Malaysia			Kumba Iron Ore					
Pakistan	1.1	0.0	Massmart Holdings					
Oil & Gas Development			Murray & Roberts Holdings					
Pakistan Petroleum			Nedbank Group					

As of 30 September 2010

*Other – Consists of companies that have 50% or more of their net assets and/or sales from emerging markets, but are domiciled in non-emerging market countries.

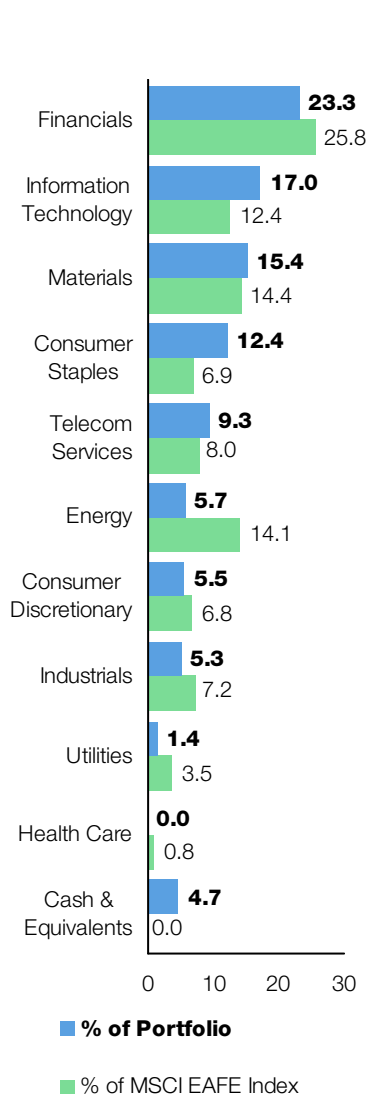
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Please note that cash is not viewed as a strategic asset class.

Source: Lazard, MSCI

Holdings by Sector

Lazard Emerging Markets Equity Portfolio



Holdings	% of Portfolio	% of MSCI EM Index
Consumer Discretionary	5.5	6.8
CFAO		
Desarrolladora Homex (ADR)		
Grupo Televisa (ADR)		
Hyundai Mobis		
Truworths International		
Woongjin Coway		
Consumer Staples	12.4	6.9
British American Tobacco Malaysia		
Eastern Tobacco		
Femsa (ADR)		
Hite Brewery		
KT&G		
Kimberly-Clark de Mexico CI A		
Magnit (GDR; 144A)		
Massmart Holdings		
Natura Cosméticos		
Oriflame Cosmetics		
Shoprite Holdings		
Souza Cruz		
Tiger Brands		
Energy	5.7	14.1
Banpu Public		
Lukoil (ADR)		
Oil & Gas Development		
Pakistan Petroleum		
TNK-BP Holdings		
Tambang Batubara Bukit Asam		
Ultrapar Participacoes		
Financials	23.3	25.8
Akbank		
Banco Do Brasil		
Bank Mandiri		
Bank of India		
China Construction Bank H		
Commercial International Bank		
Kasikombank		
Korea Life Insurance		
Nedbank Group		

Holdings	% of Portfolio	% of MSCI EM Index
Financials (continued)		
OTP Bank		
Punjab National Bank		
Sanlam		
Shinhan Financial Group		
Standard Bank Group		
Turkiye Is Bankasi (Isbank)		
Health Care	0.0	0.8
Industrials	5.3	7.2
Concessoes Rodoviaras		
Koc Holding		
Murray & Roberts Holdings		
Orascom Construction Industries		
United Tractors (ADR)		
Weichai Power		
Information Technology	17.0	12.4
Advanced Semiconductor Engineering		
Cielo		
Delta Electronics		
High Tech Computer		
Hon Hai Precision Industry		
Infosys Technologies (ADR)		
MediaTek		
NHN		
NetEase.com (ADR)		
Redecard		
Samsung Electronics		
Taiwan Semiconductor Manufacturing		
Materials	15.4	14.4
First Quantum Minerals		
Grupo Mexico Ser B		
Israel Chemicals		
Jindal Steel & Power		
Kumba Iron Ore		
Pretoria Portland Cement		
Semen Gresik		
Shougang Concord		
Siderurgica Nacional (Spon ADR)		
Uralkali (GDR)		

Holdings	% of Portfolio	% of MSCI EM Index
Materials (continued)		
Usinas Siderurgicas de Minas Gerais		
Vale		
Vale (ADR)		
Telecommunication Services	9.3	8.0
America Movil (ADR; Ser L)		
Egyptian Company for Mobile Services		
Mobile Telesystems (ADR)		
Philippine Long Distance Telephone (ADR)		
Telekomunik Indonesia (ADR)		
Turkcell Iletisim Hizmetleri		
Utilities	1.4	3.5
Cemig (ADR)		
Eletropaulo Metropoli Pref B		
Cash & Equivalents	4.7	0.0
Total Portfolio	100.0	100.0

As of 30 September 2010

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Please note that cash is not viewed as a strategic asset class.

Source: Lazard, MSCI

T A B

Lazard U.S. Small-Mid Cap Equity Portfolio

Mutual Fund Performance (Institutional Shares)

Annual Periods (%)

Net	YTD	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Lazard U.S. Small-Mid Cap	7.80	55.47	-34.46	-6.38	17.11	4.31	15.28	38.92	-17.97	18.06	15.89
Russell 2000/2500 Linked Index	10.32	34.39	-35.47	-1.57	18.37	4.55	18.33	47.25	-20.48	2.49	-3.02
Russell 2500 Index	10.32	34.39	-36.79	1.38	16.17	8.11	18.29	45.51	-17.80	1.26	4.27

Annualized Returns (%)

Net	1 Year (Sep/2010)	3 Years (Sep/2010)	5 Years (Sep/2010)	10 Years (Sep/2010)	Since Inception (Oct 31,1991-Sep 30,2010)
Lazard U.S. Small-Mid Cap	19.77	0.51	3.77	7.52	10.57
Russell 2000/2500 Linked Index	15.92	-2.99	2.42	4.42	8.86
Russell 2500 Index	15.92	-3.57	2.36	5.12	10.07

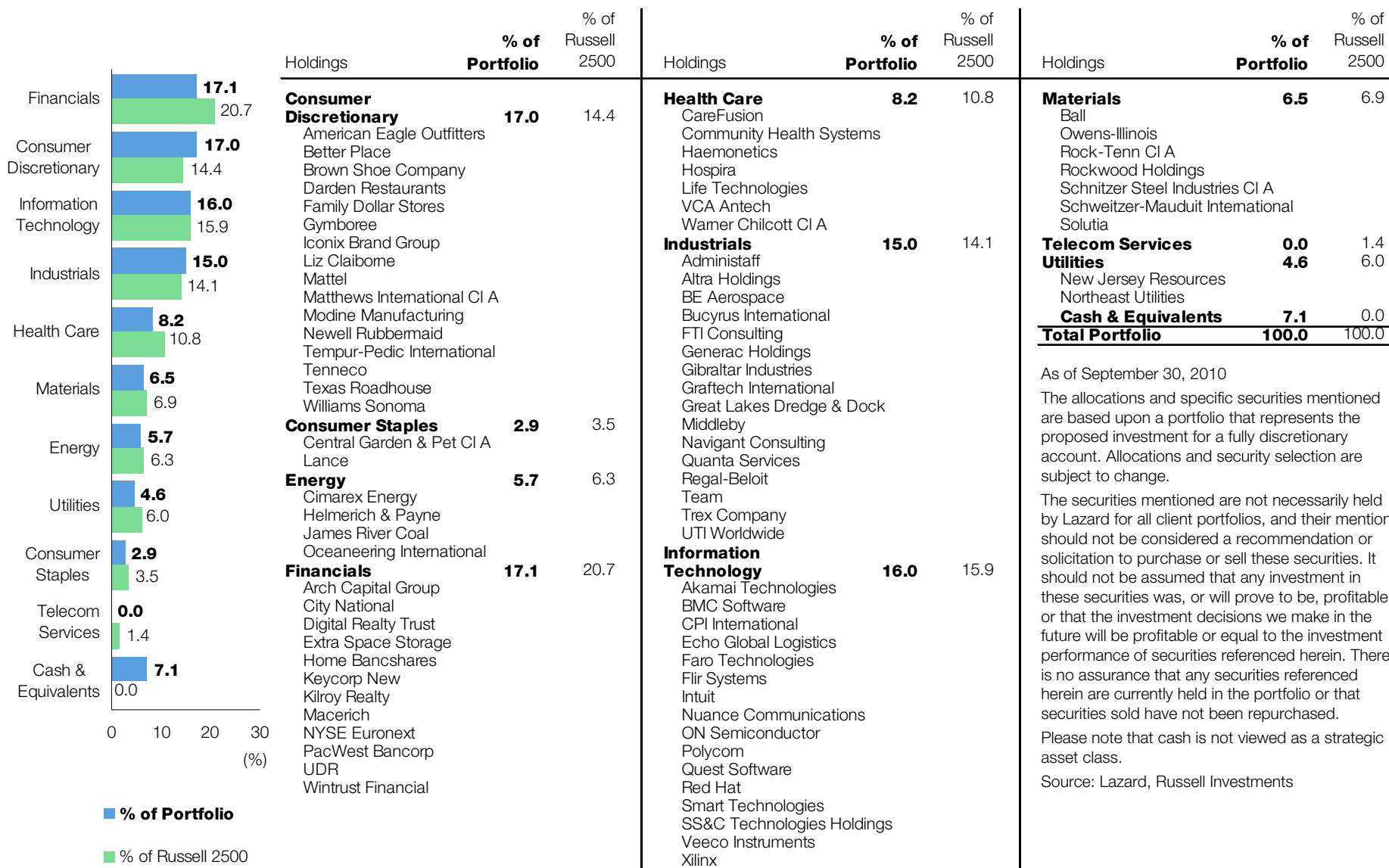
Reporting Currency: US Dollar

Reporting Date: Sep 30 2010

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Holdings by Sector

Lazard U.S. Small-Mid Cap Equity Portfolio



As of September 30, 2010

The allocations and specific securities mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account. Allocations and security selection are subject to change.

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Please note that cash is not viewed as a strategic asset class.

Source: Lazard, Russell Investments

T A B

Important Information

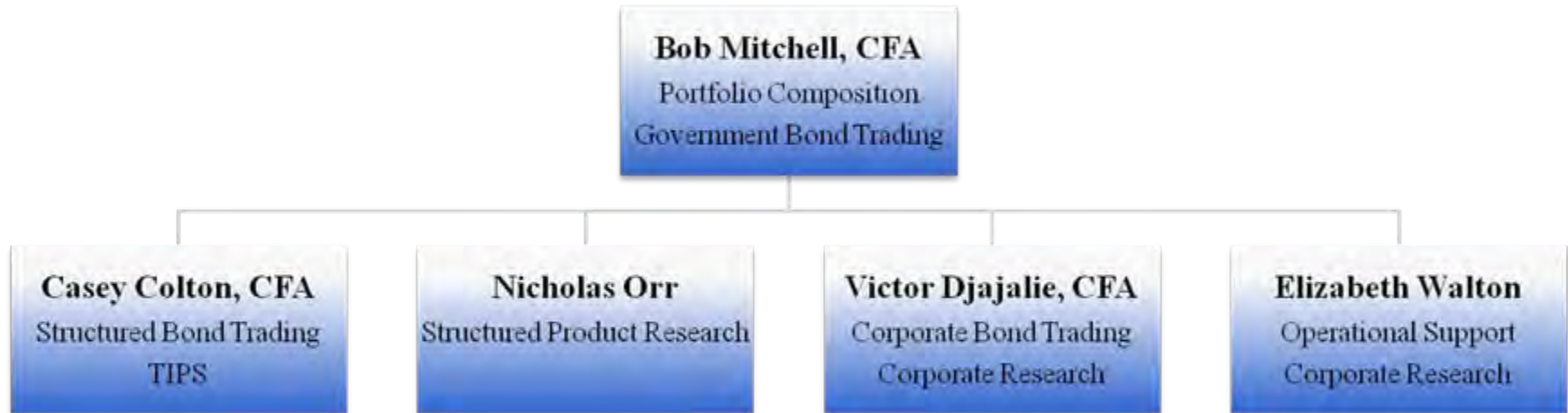
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Alaska Retirement Management Board

Domestic Fixed Income Presentation

Bob Mitchell, CFA
Anchorage, Alaska
December 2-3, 2010

Fixed Income Investment Team

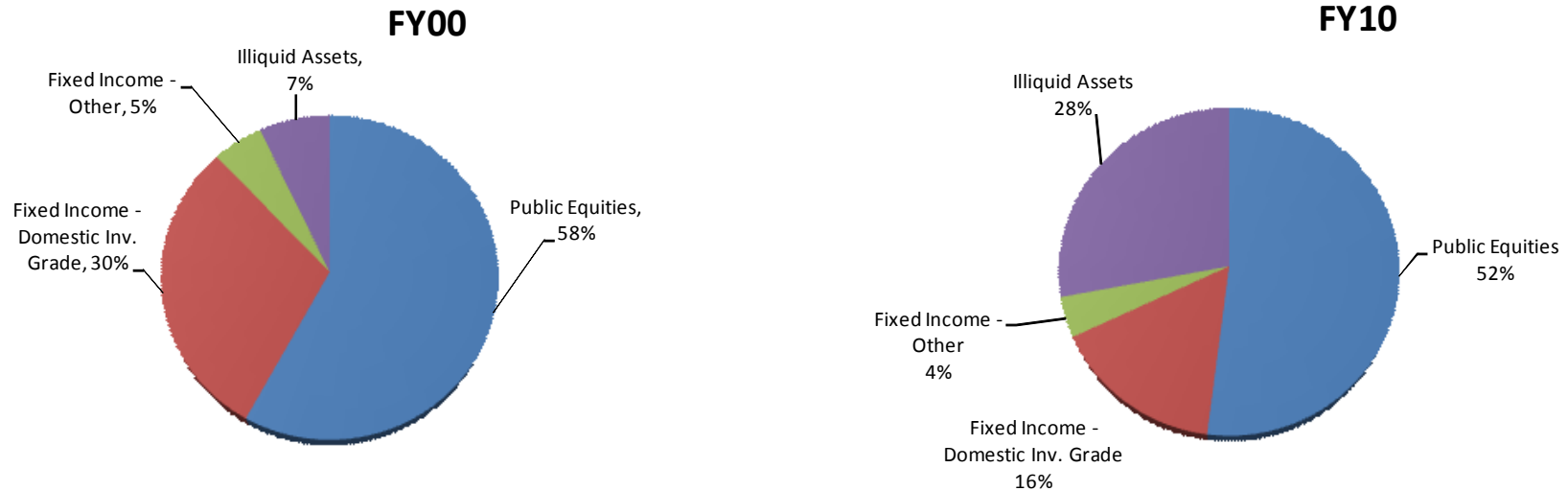


Investment Overview

- **Intermediate Treasury**
 - \$1.84 billion, or 12.0% of ARMB Portfolio
 - Inception Date: April 8, 2010
- **Treasury Inflation-Protected Securities (TIPS)**
 - \$184 million, or 1.2% of ARMB Portfolio
 - Inception Date: July 18, 2007
- **Core Domestic Fixed Income/Residual Portfolio**
 - \$52 million, or .3% of ARMB Portfolio
 - Composition: cash, short-maturity securities, illiquid securities
- **Source of Liquidity for ARMB**
 - Primary Source of Liquidity Beyond Public Market Equity Allocation
 - Pension Contributions and Benefit Payments
 - Real Estate & Private Equity Contributions/Capital Returns

Market Values as of November 15, 2010

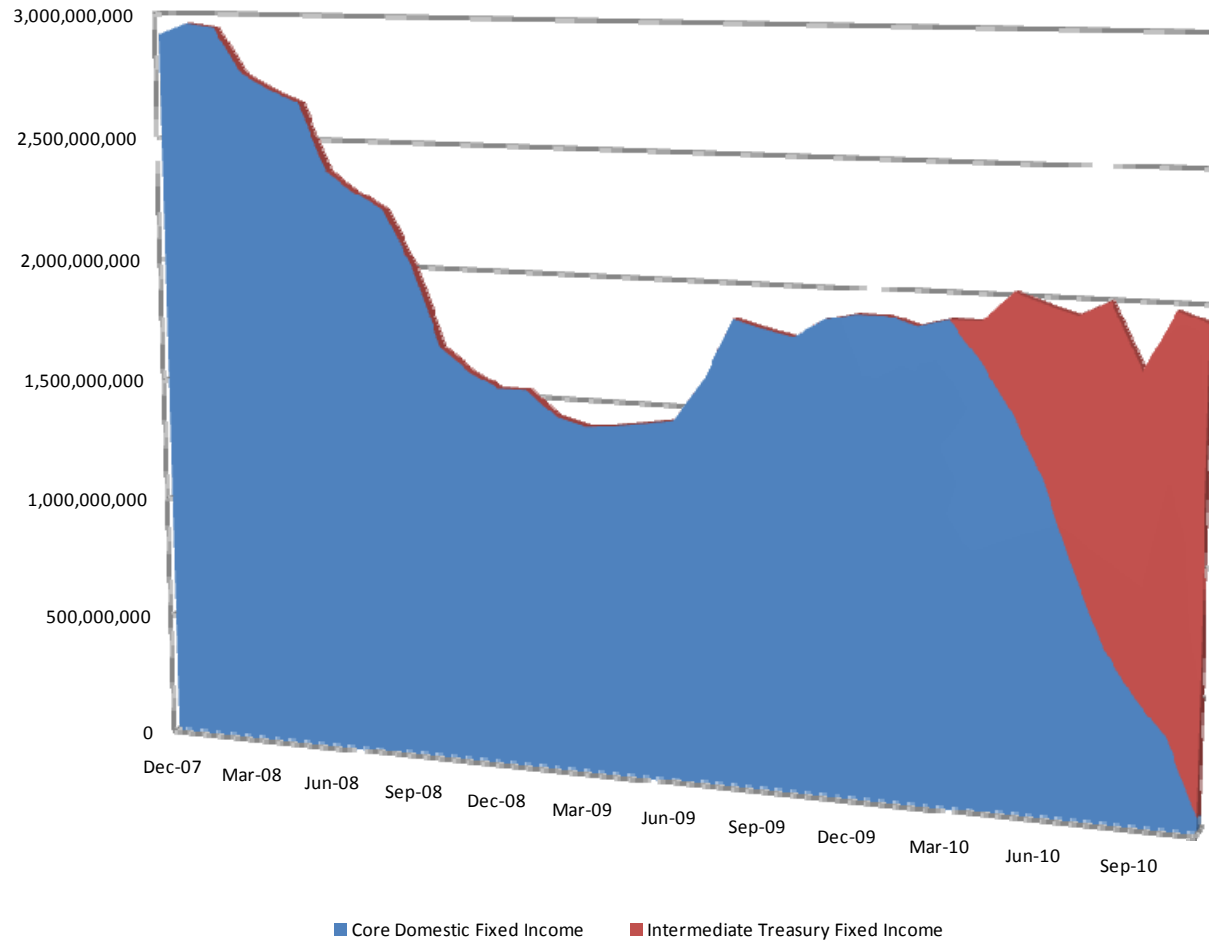
Fixed Income Liquidity Requirements have Risen



- Private Equity/Real/Absolute Return target allocation increased from 7% to 28%. Unfunded commitments represent an additional potential call on liquidity.
- Total Fixed Income fell from 35% to 20%. Internally-managed domestic fixed income fell from 30% to 16%.
- Public Equity allocation declined from 58% to 52%.

Reproduced from February 2010 ARMB Presentation

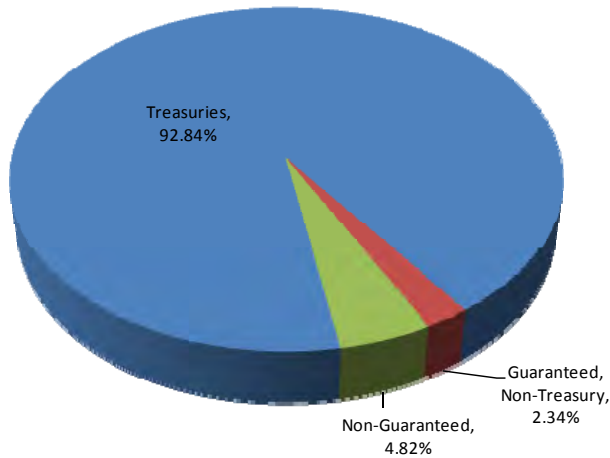
Transition of Domestic Fixed Income Portfolio



Investment Approach

- Identify a broad range of potential movements in the yield curve from one to three months into the future.
- Position portfolios to attempt to outperform modestly over the full set of scenarios.
- Manage trading costs and give liquidity sparingly.
- Seek yield in non-Treasury holdings:
 - Position portfolio in higher conviction securities.
 - Diversify positions.
- Manage the basis between indexed and non-inflation-indexed Treasury holdings.
- Risks
 - Future yield curve movements may be other than what we forecast.
 - Spread changes are not explicitly incorporated, so could detract from performance.
 - Changes in inflation expectations may not mirror actual changes in inflation; carry differences could detract from performance.

Intermediate Treasury Portfolio Description



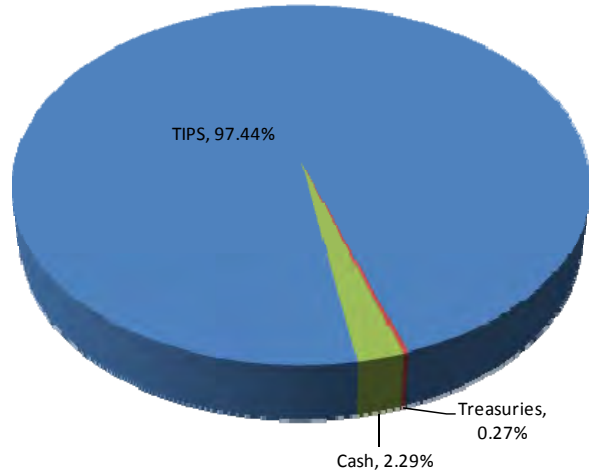
Non-Guaranteed Detail	Total %	# Securities	Avg. %	Max. %
Agencies	0.22%	16	0.01%	0.08%
Mortgages	2.72%	149	0.02%	0.14%
CMO	0.35%	10	0.03%	0.19%
ABS	0.41%	1	0.41%	0.41%
CMBS	0.32%	2	0.16%	0.30%
Corporates	0.74%	24	0.03%	0.17%
Cash	0.07%			

Portfolio Characteristics	ARMB	Index
Yield	1.43%	1.26%
Effective Duration	4.06	3.98
Spread Duration	0.336	0
Convexity	0.18	0.24
Number of Issues	249	154
Average Coupon	1.56%	2.62%



Market Values as of November 15, 2010

TIPS Portfolio Description



	Cash Flow (% Portfolio)	Liquidity Cost (%)	Performance Cost (%)
January 2008	58.90%	0.13%	0.07%
October 2008	-8.97%	0.50%	0.04%
December 2008	-9.34%	0.50%	0.05%
February 2009	-4.89%	0.38%	0.02%
June 2009	8.02%	0.13%	0.01%
August 2010	126.99%	0.13%	0.16%

Portfolio Characteristics	ARMB	Index
Yield (Real)	0.55%	0.46%
Real Yield Duration	8.37	7.89
Spread Duration	0	0
Real Yield Convexity	1.055	1.021
Number of Issues	11	30
Average Coupon	2.20%	2.06%



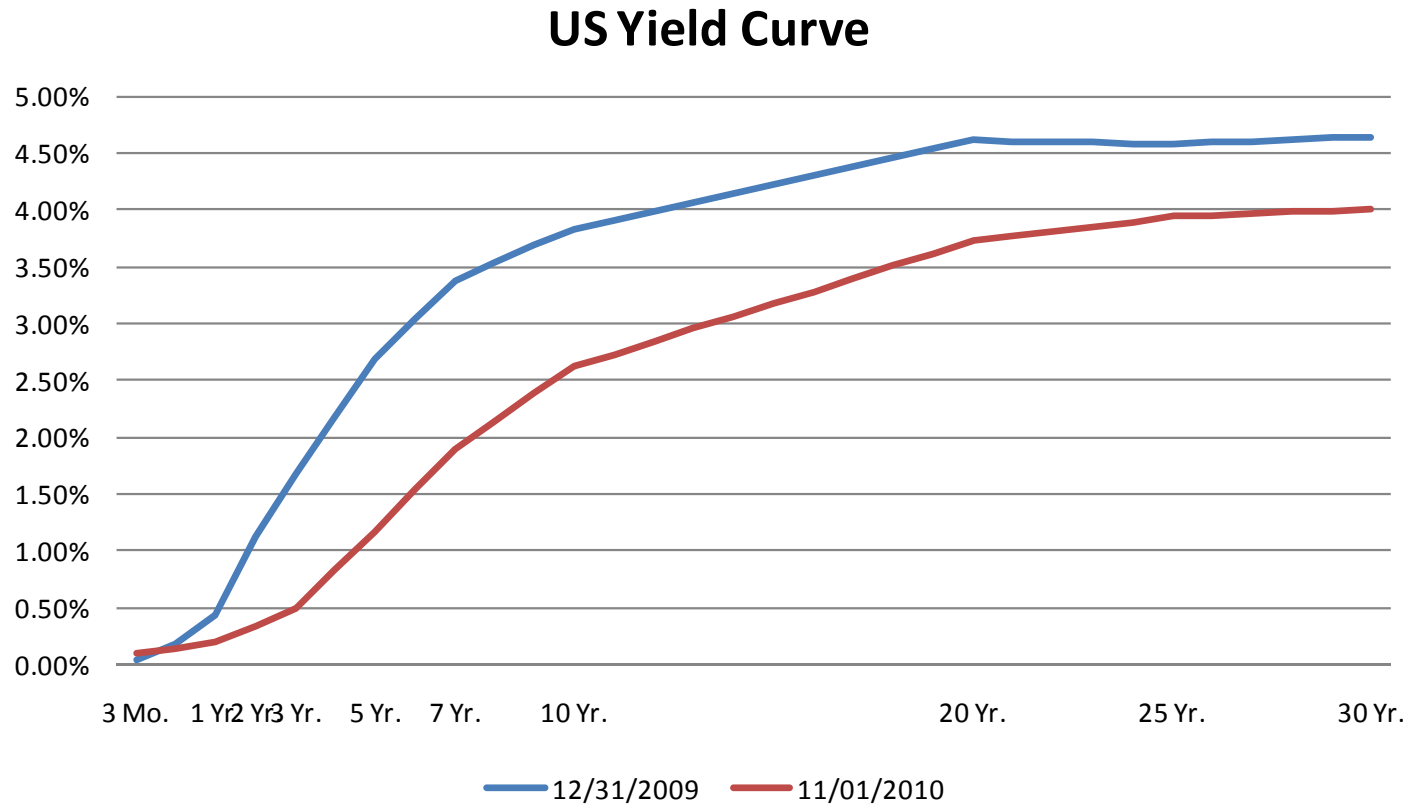
Market Values as of November 15, 2010

Yields are Good Approximation of Subsequent Returns

Intermediate Treasury Index

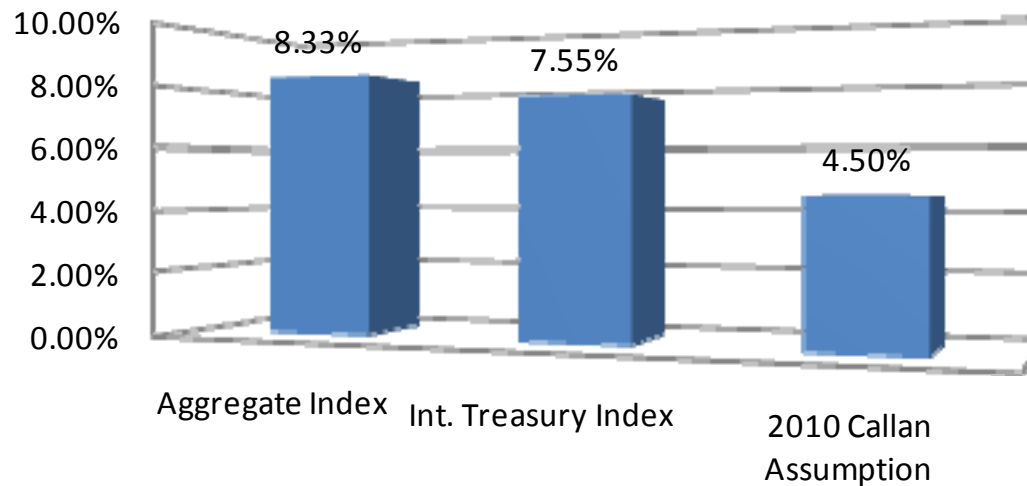


Interest Rates have Fallen in 2010



Falling Yields have Resulted in Strong Returns

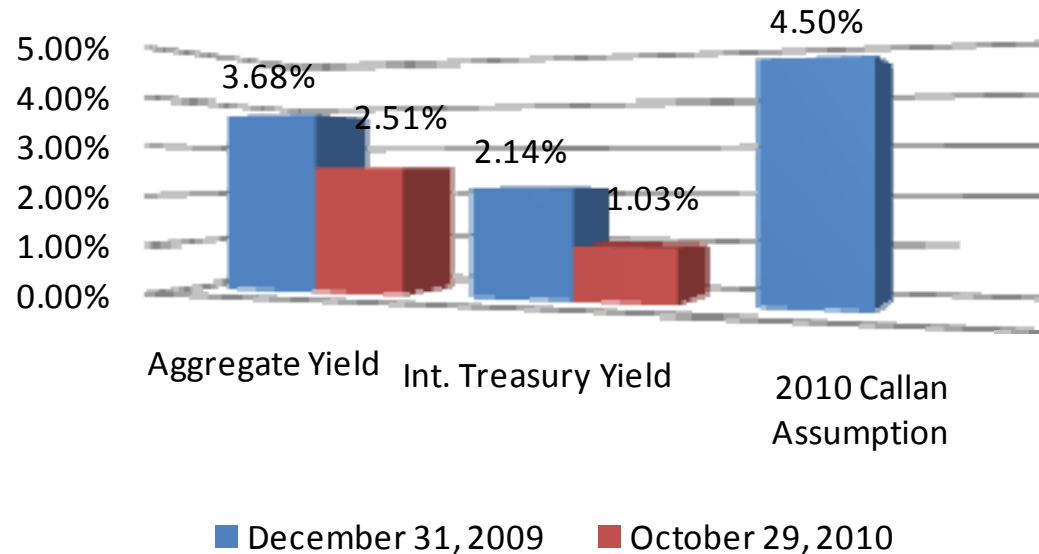
YTD Performance and 10 Year Callan Assumption



Year-to-date returns through October.

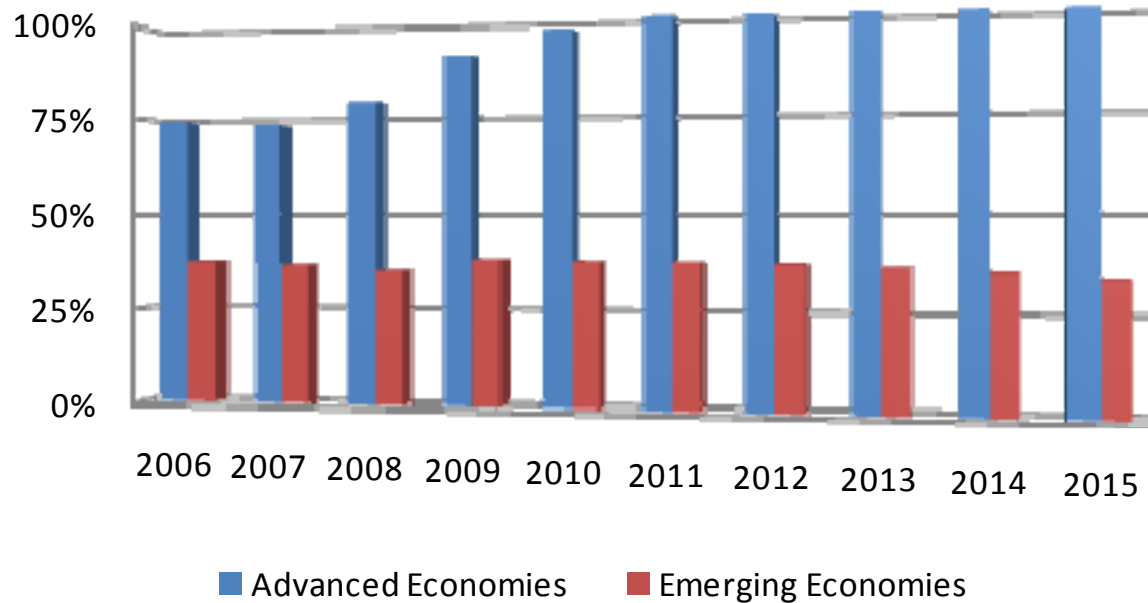
Prospective Returns are Lower Going Forward

Benchmark Yields and 10 Year Callan Assumption



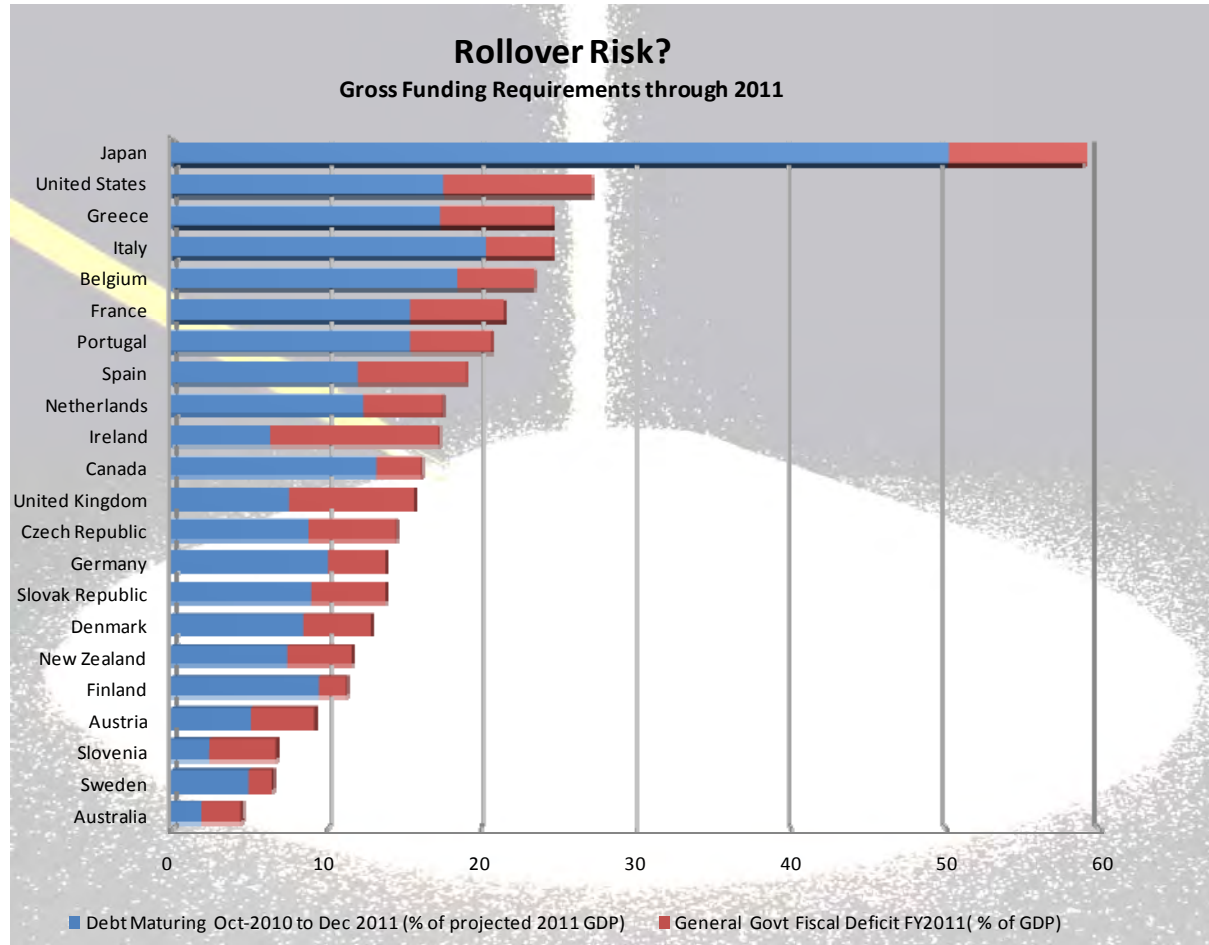
Developed Country Fundamentals Deteriorating

Gross Debt/GDP



Source: IMF

Rising Funding Risk



Source: IMF

Summary

- The transition from the core fixed income portfolio is essentially complete. We have a residual portfolio that we expect to hold for a period of time.
- We are managing the Treasury and TIPS portfolios with the expectation that we will need to provide substantial liquidity if needed.
- In the Treasury and TIPS portfolios, we strive to consistently outperform through active curve positioning and seeking additional total return from out-of-index securities while maintaining significant liquidity.
- Prospective returns in core fixed income should be adjusted lower to reflect the drop in yields experienced this year.

Energy Fund XV



Disclaimer

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The securities described herein will not be registered under the Securities Act of 1933, as amended, and the Fund will not be registered under the Investment Company Act of 1940, as amended. The securities offered herein will not be recommended by any United States Federal or State Securities Commission or any other regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. An investment in the securities described herein involves certain risks, which are described herein and in the Private Placement Memorandum.

Neither the Fund nor its general partner (the "General Partner") or any of their affiliates make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein shall be relied upon as a promise or representation whether as to the past or future performance. The information contained herein includes estimates and involves significant elements of subjective judgment and analysis. No representations are made as to the accuracy of such estimates. The information contained herein does not purport to contain all of the information that may be required to evaluate such securities and any recipient is encouraged to read the Private Placement Memorandum and should conduct its own independent analysis of the data referred to herein. Neither the Fund nor the General Partner expects to update or otherwise revise the information contained herein except by means of the Private Placement Memorandum. Additional information is available on request.

These materials contain statements that are not purely historical in nature, but are "forward-looking statements." These include, among other things, estimates of valuations. These forward-looking statements are based upon certain assumptions. Actual events are difficult to predict and may be beyond the Fund's control. Actual events may differ from those assumed. All forward-looking statements included are based on information available on the date hereof and neither the Fund nor the General Partner or their respective affiliates assume any duty to update any forward-looking statements. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include changes in local economic conditions, political changes, legal and regulatory requirements, exchange rate fluctuations, as well as changes in the markets, prospects, competition or consumer preferences for products or services of any company in which an investment is made, among others. Other risk factors are also identified herein and described in the Fund's Private Placement Memorandum. Accordingly, there can be no assurance that the estimated valuations can be realized or that actual returns or results will not be materially lower than those calculated.

This marketing document should be read in conjunction with the Private Placement Memorandum.

Disclaimer (con't)

An investment in the Fund is speculative and involves significant risks, including the risk of loss of the entire investment. These risks include, but are not limited to the following: an investor may lose its entire investment; an investment in the Fund is a long term investment, the interests are illiquid and an investor may not be able to transfer its interest because of restrictions on transferability of interests; any potential return on an investor's investment will be reduced by the Fund's fees and expenses; an investor in default with respect to its obligation to fund required capital contributions may expect to experience material adverse effects on its investment and the Fund may, in its discretion, cause a defaulting investor to share in the Fund's future losses without being entitled to share in the Fund's future profits; and a defaulting investor may lose the right to participate in any investments made after such investor's default. Before deciding to invest in the Fund, prospective investors should pay particular attention to the investment considerations and conflicts of interest contained in the Private Placement Memorandum. Investors should have the financial ability and willingness to accept the risks associated with an investment in the Fund for an indefinite period of time.

Certain information contained herein (including financial information concerning portfolio companies) has been obtained from published and non-published sources. It has not been independently verified by the manager of the Fund. Except where otherwise indicated herein, the information provided herein are based on matters as they exist as of December 31, 2009 and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof.

In considering any performance data contained herein, you should bear in mind that past performance is not indicative of future results, and there can be no assurance that the Fund will achieve comparable results. In addition, there can be no assurance that unrealized investments will be realized at the valuations shown as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. The IRRs presented on a "gross" basis do not reflect any management fees, carried interest, taxes and allocable expenses borne by investors, which in the aggregate may be substantial. All IRRs presented are annualized and calculated on the basis of monthly investment inflows and outflows. Net IRRs can only be calculated at the fund level. Nothing contained herein should be deemed to be a prediction or projection of future performance of the Fund.

Prospective investors should make their own investigations and evaluations of the information contained herein. Prior to the closing of a private offering of interests in the Fund, the Fund's manager will give investors the opportunity to ask questions and receive additional information concerning the terms and conditions of such offering and other relevant matters. Each prospective investor should consult its own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning the information contained herein and such offering.

The information contained in this presentation has been obtained from sources outside of Credit Suisse Securities (USA) LLC ("CS"), which is acting as a placement agent to the Fund. While such information is believed to be reliable for the purposes used herein, neither CS, nor any of its affiliates or partners, members or employees, assume any responsibility for the accuracy of such information.

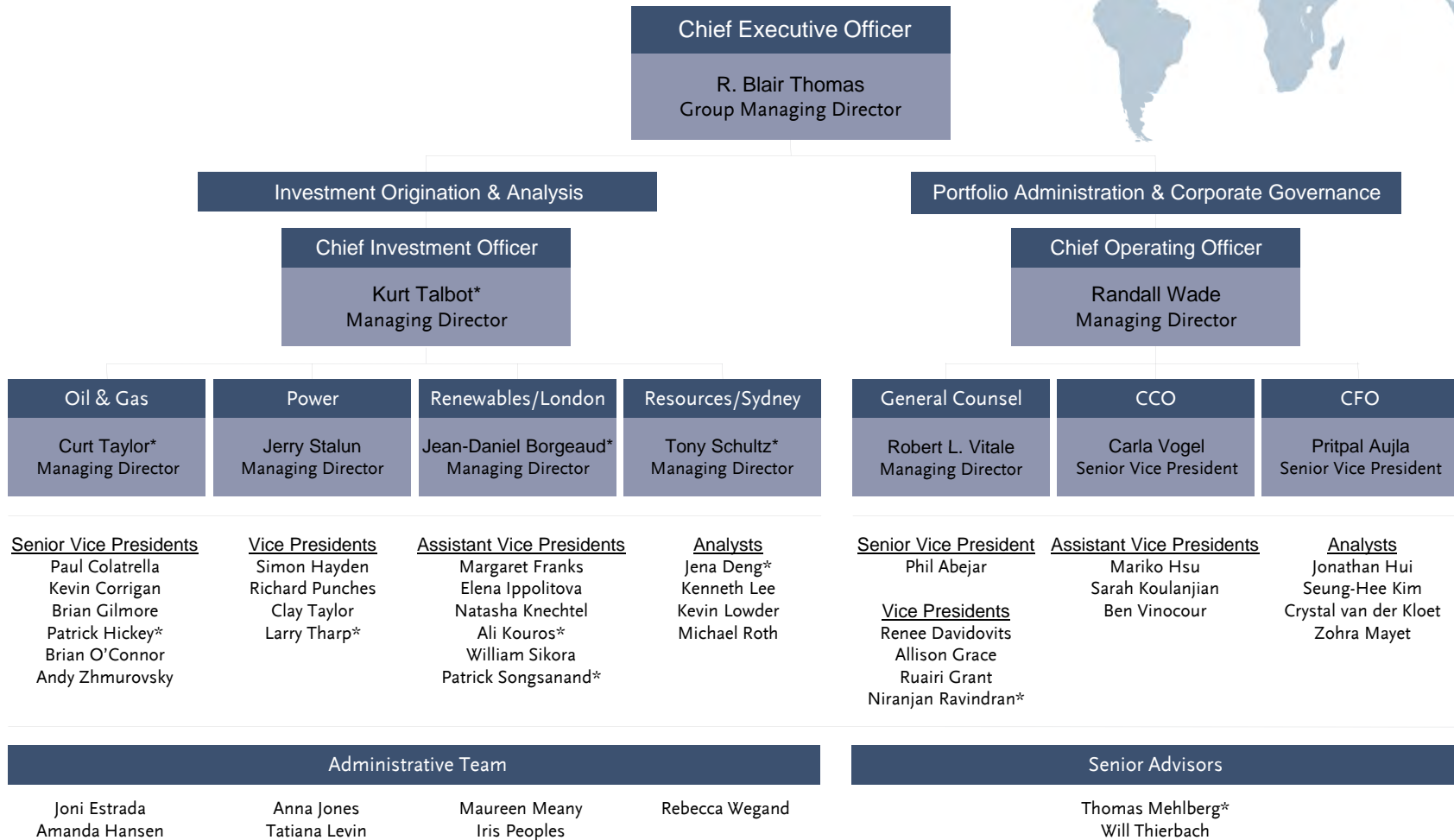
Energy & Infrastructure Group (“EIG”)

- **Among the leading institutional providers of capital to the energy sector globally**
 - Singular focus on energy and energy-related infrastructure throughout its 28-year history
 - Broad offering of capital to industry (senior debt through equity)
 - Global investment focus (invested in 33 countries; 6 continents)
 - Team recently transitioned to joint venture relationship with TCW
- **Global investment platform**
 - 42 investment professionals
 - Operate from Houston, New York, Washington D.C., London and Sydney
- **Strong and consistent 28-year track record; the longest in the industry**
 - 14 funds, 250+ portfolio investments
 - Invested over \$10 billion in energy globally
 - Demonstrated investment performance through multiple commodity and business cycles
- **Disciplined, value-oriented approach to investing**
 - Focus on preservation of capital with upside potential
 - EIG's historical defaulted investments, in the aggregate, generated a positive gross return as a result of team's strong technical expertise and focus on tangible assets
 - Current income provides significant J-curve mitigation
 - Fund XIV (final close in Dec 2007) has distributed income every quarter since inception

Note: Past performance is not a guarantee of future results.

EIG Team

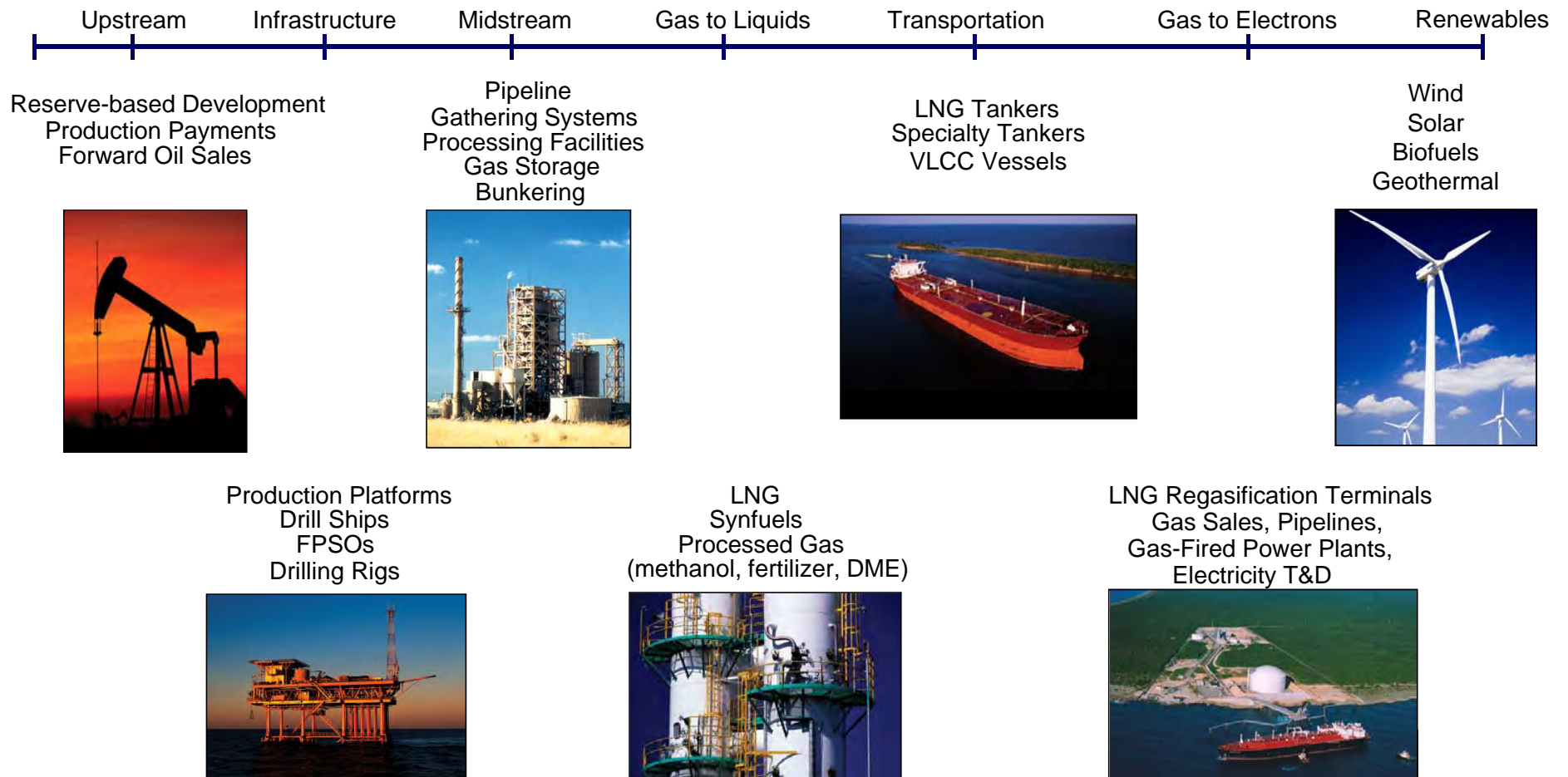
- Experienced team with significant technical expertise
 - Managing Directors have 193 years of combined investment experience
 - 10 engineers with an average of 19 years of industry experience



*Engineer

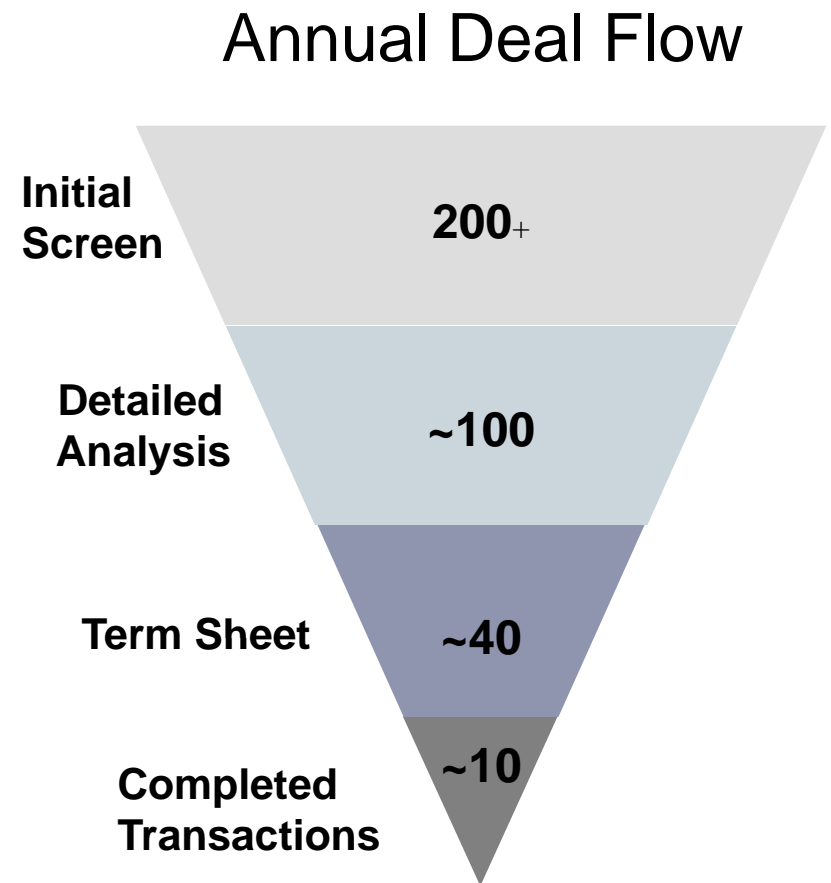
Target Market

- EIG actively invests throughout the energy value chain on a global basis



Historical Competitive Landscape

- The competitive landscape of energy-related financing opportunities has changed dramatically since the 1980s
- EIG has been a constant and has successfully invested across multiple cycles



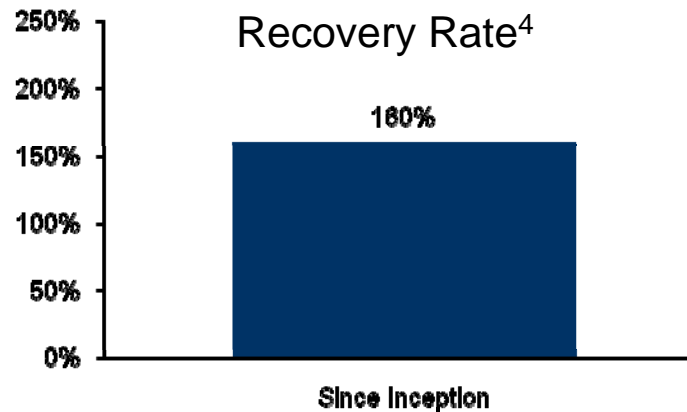
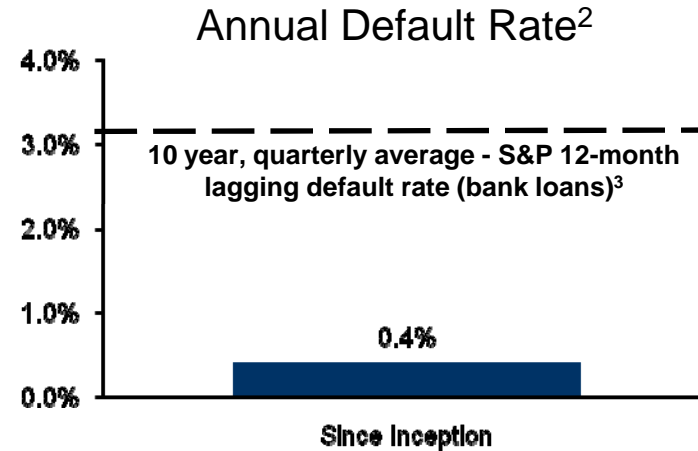
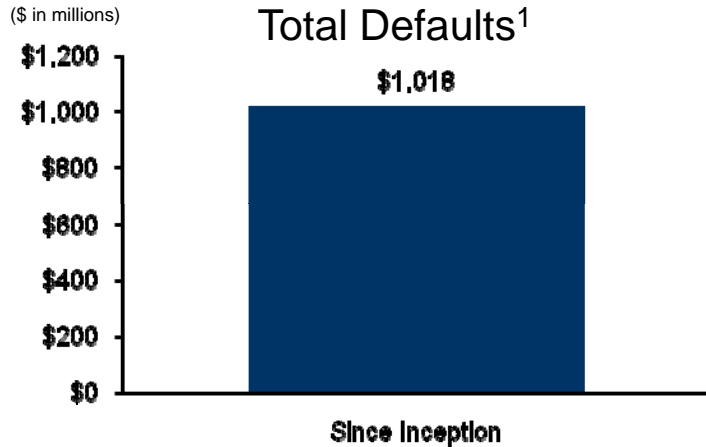
Disciplined, Value-Oriented Approach to Investing

Keys to EIG Investment Style

- Hard assets with long useful life
- Bottom-up internal technical analysis
- Secured by shares or assets
- Strong current cash flow
- Active management through covenants and board participation
- Meaningful prepayment penalties
- Upside potential through equity participation

Focus on Preservation of Capital Demonstrated in Defaulted Investments

- 7% gross portfolio return on defaulted investments across all EIG debt investments

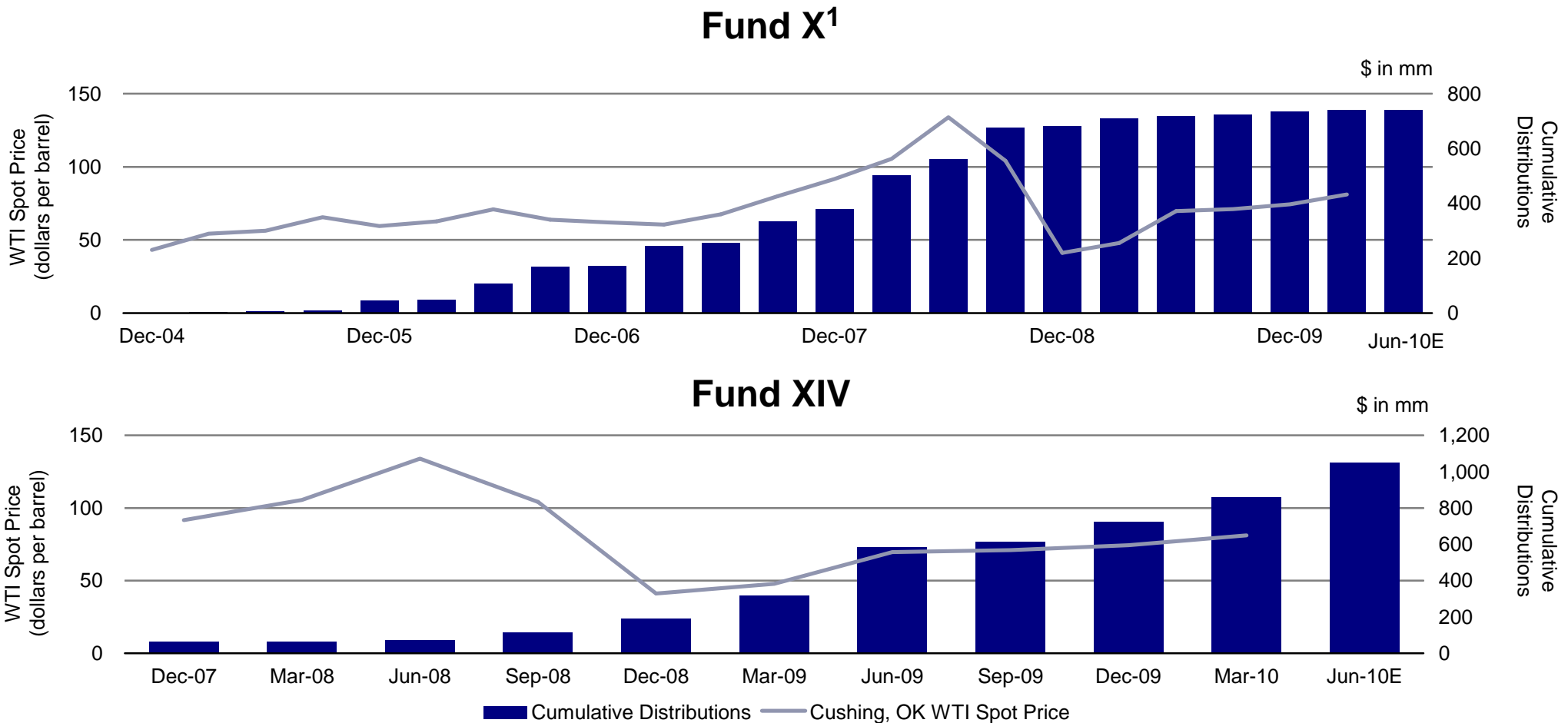


- 1) "Default" is defined as investments in which either a payment default, a material covenant default or a significant restructuring of the original terms occurred.
- 2) Annual default rate is calculated by dividing the cumulative default rate (i.e., the par value of the total defaults divided by the par value of the total debt investments) across all debt investments made by EIG since inception, by the number of years since the group's first investment.
- 3) Quarterly average of the S&P/LCD 12-month lagging bank loan default rate, by issuer count over the last 10 years is 3.20%. Source: Standard and Poor's LCD and E. Altman (NYU Salomonn Center), August 20, 2009.
- 4) Recovery rate is calculated by dividing the aggregate amount of funds received in relation to the investment after the occurrence of the default by the principal outstanding at the time of default. Investments that have defaulted but in which the ultimate recovery is not yet known are included in the annual default calculation but not the recovery rate calculation.

Note: Past performance is not a guarantee of future results.

Consistency in Distributions

- EIG has distributed income every quarter since Q4 2004, regardless of significant commodity price volatility



1) Fund XIV predecessor fund

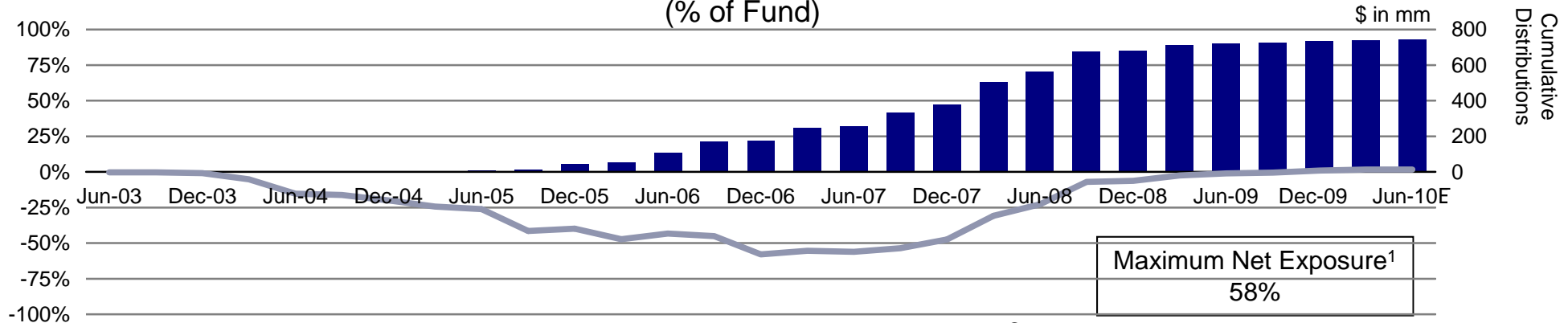
Note: Past performance is not a guarantee of future results.

Current Income Intended to Mitigate J-curve

- EIG’s investment approach for Fund XV is expected to limit the maximum capital exposure for investors

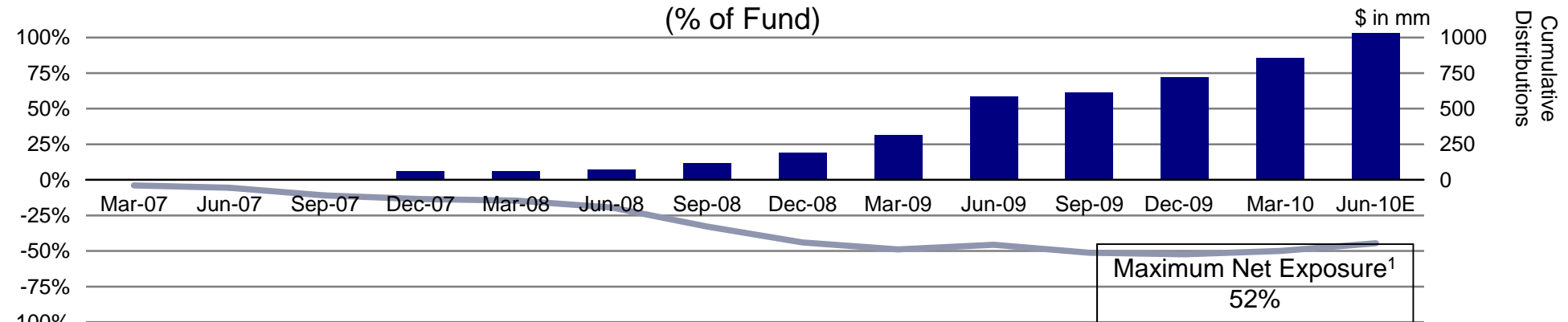
Fund X Capital Outstanding

(% of Fund)



Fund XIV Capital Outstanding²

(% of Fund)



1) “Maximum Net Exposure” is a percentage equal to (a) total capital contributions to date minus total distributions to date, divided by (b) total capital commitments.

2) Since Fund XIV is currently in its investment period, the Maximum Net Exposure may increase as a result of additional contributions or the reinvestment of previously distributed amounts.

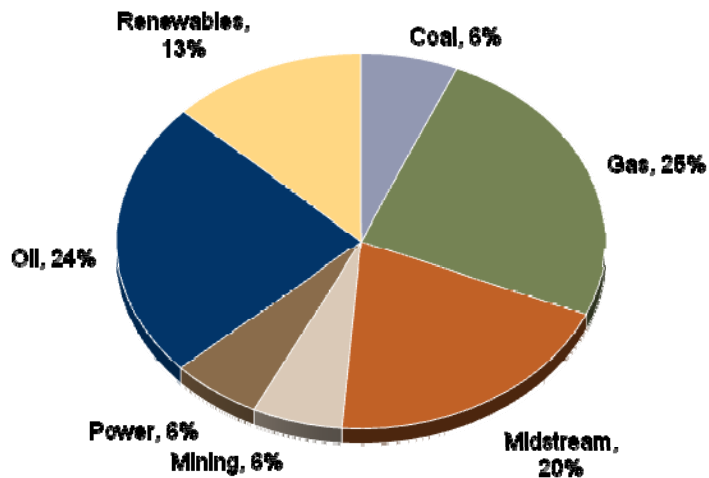
Note: As with Funds X and XIV, Fund XV is permitted to call 100% of capital commitments prior to distributing any capital to its investors.

Past performance is not a guarantee of future results.

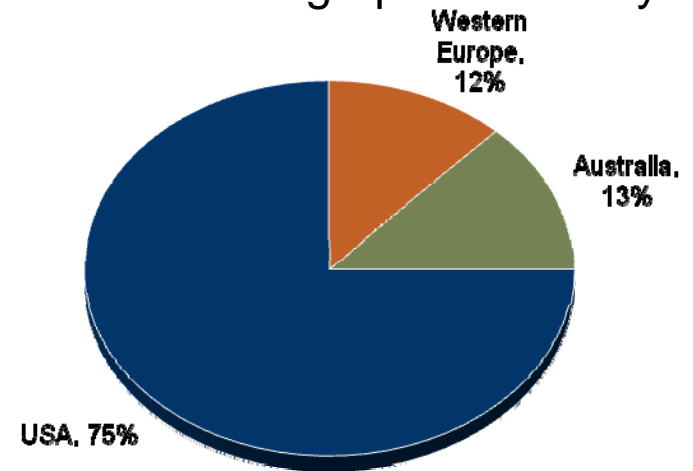
Significant Portfolio Diversification¹

- Strategy seeks diversification across sector, geography and ranking, providing additional protection for EIG investors

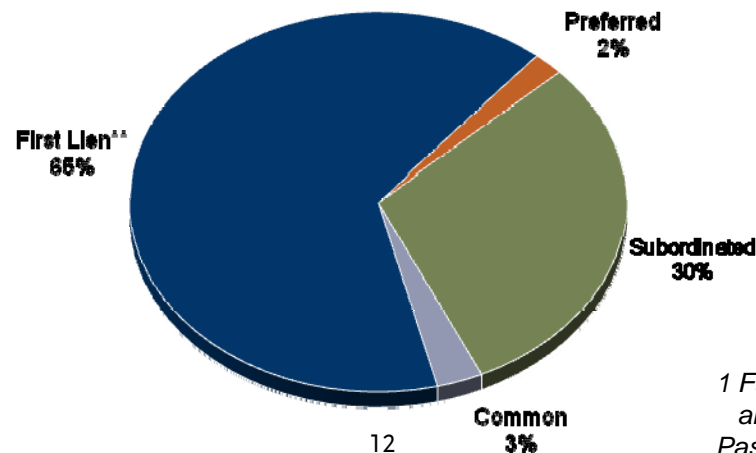
Fund XIV Sector Diversity



Fund XIV Geographic Diversity



Fund XIV Ranking Diversity



**Based on investments committed & closed.*

*** Includes net profit interests.*

1 Fund XV results will vary depending on market conditions and other factors.

Past performance is not a guarantee of future results.

Drivers of Massive Demand for Capital

- EIG believes there are current secular trends in the energy and energy-related infrastructure market that will require massive amounts of capital to be deployed in the sector over the next 15-20 years¹
- Factors that underpin this trend include:
 - Rapid demand growth as the developing world continues to industrialize
 - Depletion of aging “elephant fields” that have underpinned global supply for decades
 - Higher replacement costs as conventional supplies began to be replaced with higher cost “unconventional” supplies
 - Chronic under investment in infrastructure caused by the inherent volatility of the sector and the need for long pay-back periods
 - Concerns about climate change and the introduction of price mechanisms for carbon
 - Assertion of market clout by national oil companies and other state actors and the resulting resource nationalism as energy independence takes on increased political importance
 - Security of supply as an enhanced geopolitical consideration as key supply states use energy as an economic weapon to leverage consumer states
 - Market distortions caused by increased government intervention through mandates, subsidies, taxes and regulation
 - Fragility of the energy supply network and susceptibility to disruption by terrorist activity
 - Increased price volatility due to low reserve margins, correlation to U.S. dollar and inflation expectations











1) IEA World Energy Outlook 2008.

Impact of Credit Crisis

- Contraction in global GDP took pressure off near-term supply/demand fundamentals and caused what EIG believes will be a one to two year “time out” in the otherwise dominant trends in the industry¹
- Crisis contributed to short term “fire sale” of credit globally, including in energy and infrastructure
- Longer term crisis has had positive effect of re-pricing risk across the credit spectrum, particularly for illiquid assets
- Contraction in suppliers of credit has been pronounced, creating more opportunity for the “survivors”
- EIG believes that its industry expertise, brand, track record and platform position it to capitalize on these trends

1) *IEA World Energy Outlook 2008.*

Current Areas of Opportunity

Opportunity	Current Dynamic	EIG Portfolio/Pipeline Examples*	
Energy-related Infrastructure	<ul style="list-style-type: none"> Pipelines, gathering systems, compression, processing and rigs for energy companies looking for growth capital or to recycle capital currently tied-up on their balance sheet 		
Renewable Energy	<ul style="list-style-type: none"> Wind, geothermal, solar and biofuels primarily in the US and Europe in response to the implementation of carbon regimes 		
Recapitalization of Mature Assets	<ul style="list-style-type: none"> Operating assets with significant existing cash flow as a source of liquidity for large energy companies in a credit constrained environment 		
Oil versus Gas	<ul style="list-style-type: none"> Onshore and offshore primary and tertiary oil recovery plays recognizing the relative value of oil versus gas on a BTU equivalent basis in the current market 		
China/Asia Energy Demands	<ul style="list-style-type: none"> Enhanced activity in existing EIG Austral-Asian platform recognizing continuing resource nationalism and demand for energy and resources 		

Appendix

- Investment Performance
- EIG Structural Evolution
- Recent Development of EIG Platform
- Investment Summaries*
- Key Terms
- EIG History of Funds
- Risk Factors

* The asset reviews included in page 22 – 25 do not represent a complete list of investments made by Fund XIV. However, they are intended to be illustrative of the types of investments that may be made by the Fund. There can be no assurance that the Fund will be able to achieve the same prices, valuation metrics or portfolio quality as these Fund XIV investments. For additional information regarding EIG's investment performance, see "Historical Track Record" beginning on page 17. In addition, a list of all investments made by EIG-managed funds (including the performance of such funds) is available upon request.

Historical Track Record¹

(as of June 30, 2010)	Committed Capital	Initial Closing	Gross IRR ²	Net IRR ³	Status
1. Debt & Royalty Fund I ⁴	\$100,000,000	1982	1%	2%	Fully Realized
2. Debt & Royalty Fund II ⁴	293,000,000	1986	12%	10%	Fully Realized
3. Cogeneration & Infrastructure Fund ⁵	1,147,000,000	1987	15%	13%	Investing
4. Oil & Gas Equity Fund ⁴	78,000,000	1988	40%	30%	Fully Realized
5. Debt & Royalty Fund III ⁴	208,000,000	1989	16%	13%	Fully Realized
6. Debt & Royalty Fund IV ⁴	308,000,000	1993	11%	8%	Fully Realized
7. Debt & Royalty Fund V ⁴	600,000,000	1994	19%	17%	Fully Realized
8. Debt & Royalty Fund VI ⁴	278,000,000	1997	16%	14%	Fully Realized
9. Global Project Fund ^{4,6}	500,000,000	2001	n/a	25%	Fully Realized
10. Energy Fund X ^{5,7}	734,000,000	2003	16%	14%	Post Investment Period
11. Global Project Fund II ⁶	700,000,000	2004	n/a	21%	Post Investment Period
12. Global Project Fund III ⁶	1,534,000,000	2005	n/a	11%	Investing
13. European Clean Energy Fund ⁵	432,000,000	2006	11%	5%	Investing
14. Energy Fund XIV ^{5,8}	2,569,123,000	2006	24%	15%	Investing
TOTAL	\$9,481,123,000				

Note: Past performance is not a guarantee of future results. Please see notes on page 4.

Fund XIV Track Record¹

<i>as of June 30, 2010 (in millions)</i>	Initial Investment	Capital Committed	Capital Invested	Realized Proceeds	Unrealized Value⁵	Total Value	Multiple of Cost	Gross IRR²	Net IRR
<u>Realized and Substantially Realized Investments</u>									
Batesville	Mar-07	\$41.6	\$41.6	\$46.3	\$0.0	\$46.3	1.1x	15.4%	
Anadarko DF III	May-07	100.0	81.3	76.1	22.2	98.4	1.2x	14.0%	
Wise Well	Aug-07	70.0	53.0	38.2	1.5	39.7	0.7x	NA	
Ambrose	Nov-07	50.0	28.0	80.8	0.0	80.8	2.9x	473.7%	
Xinergy	Mar-08	35.0	35.0	54.6	0.0	54.6	1.6x	33.8%	
Severn	Apr-08	59.1	59.1	68.5	0.0	68.5	1.2x	10.9%	
Cheniere	May-08	48.5	48.5	55.0	0.0	55.0	1.1x	73.2%	
Coogee	Jul-08	190.0	165.0	236.5	0.0	236.5	1.4x	66.7%	
Invenergy I	Sep-08	39.0	39.0	41.6	0.0	41.6	1.1x	38.0%	
Moly Mines	Sep-08	<u>150.0</u>	<u>150.0</u>	<u>218.8</u>	<u>10.8</u>	<u>229.6</u>	1.5x	35.1%	
Total Realized Investments		\$783.2	\$700.4	\$916.5	\$34.6	\$951.0	1.4x	34.0%	
<u>Unrealized Investments</u>									
Kelson	Mar-07	\$45.0	\$45.0	\$0.0	\$59.7	\$59.7	1.3x	9.1%	
Umbria (lynx)	Jun-07	50.0	37.4	5.8	49.0	54.7	1.5x	16.5%	
Coyle	Jul-07	34.0	34.0	8.7	8.2	16.9	0.5x	NA	
Big Sky	Oct-07	50.0	8.0	1.7	3.7	5.3	0.7x	NA	
National Coal	Oct-07	65.0	63.0	11.2	81.9	93.1	1.5x	18.5%	
Anadarko EOR	Nov-07	175.0	126.3	34.4	132.0	166.4	1.3x	23.5%	
Presidium	Feb-08	50.0	49.0	5.8	5.3	11.1	0.2x	NA	
Abbot	Jun-08	150.0	136.5	33.0	151.5	184.4	1.4x	19.1%	
Tarpon	Jul-08	150.0	128.6	13.0	130.0	143.0	1.1x	7.0%	
NGP	Aug-08	130.0	129.7	36.8	144.0	180.8	1.4x	30.8%	
Lipari	Sep-08	50.0	41.0	30.5	41.2	71.8	1.8x	60.2%	
Nations Petroleum	Oct-08	250.0	133.0	19.7	173.5	193.3	1.5x	32.6%	
Invenergy II	Dec-08	65.0	64.9	0.0	94.0	94.0	1.4x	28.0%	
Larchmont	Feb-09	300.0	183.5	15.3	267.6	282.9	1.5x	104.8%	
Pinon (SandRidge)	Jun-09	200.0	200.0	6.9	237.5	244.4	1.2x	22.3%	
GLID	Dec-09	<u>84.7</u>	<u>84.7</u>	<u>0.0</u>	<u>92.9</u>	<u>92.9</u>	1.1x	20.1%	
Total Unrealized Investments		\$1,848.7	\$1,464.6	\$222.7	\$1,672.0	\$1,894.7	1.3x	20.2%	
Total Fund XIV Investments		\$2,631.9	\$2,165.1	\$1,139.9	\$1,706.6	\$2,846.4	1.3x	24.1%	15%

Note: Past performance is not a guarantee of future results. Please see notes on page 4.

Historical Track Record Notes

Notes:

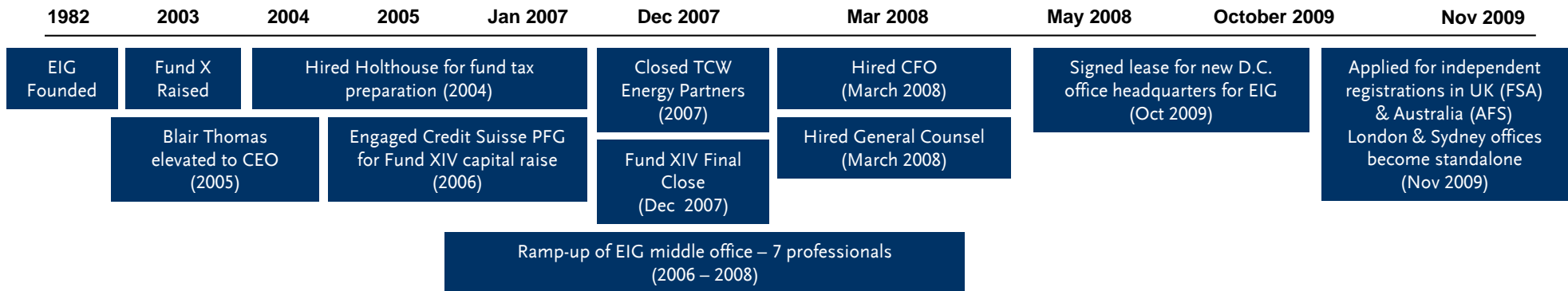
1. Past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve comparable results. Performance is based on cash realized from investment income and the cash proceeds from the disposition of the investments and, where applicable, the fund's valuation of unrealized investments. The funds in the table all make both mezzanine and equity investments, except that Global Project Funds I, II and III only make debt investments and target higher credit quality project finance loans and lower overall returns than the asset-based mezzanine and equity funds. This itemized list of funds does not include TEP (an EIG fund of funds that solely invests in or co-invests alongside other EIG managed funds) or the investment vehicles described in notes 7 and 8 below. A list of all EIG investments made since inception (including the performance of such investments) is available upon request.
2. The aggregate gross IRR reflects investment-level performance based on aggregated monthly cash inflows and outflows for each investment and, where applicable, the valuation of unrealized value of investments, and does not take into account performance fees, carried interest, management fees and other expenses that were incurred by the various relevant funds. "NA" indicates gross IRRs that are not applicable due to the short duration of the fund or investment or if the fund or investment is currently held at a loss.
3. The net IRR is based on investor contributions and distributions, and reflects the deduction of fees and expenses incurred by the relevant fund including any performance fee and the annual management fee. For funds comprising multiple investment vehicles, the net IRR is based on a representative vehicle that holds all the relevant fund investments based on the standard fund investment guidelines and that utilized the standard fee and expense structure of the relevant fund. The net IRRs of other vehicles in the same fund group may vary.
4. Each of the funds, Debt & Royalty Fund I, II, III, IV, V, VI, Oil & Gas Equity Fund and Global Project Fund ("GPF I"), is liquidated and/or is fully realized.
5. Each of the funds, Cogeneration & Infrastructure Fund, Energy Fund X ("Fund X"), European Clean Energy Fund and Energy Fund XIV ("Fund XIV"), includes realized and unrealized investments. The value of unrealized investments is based upon public market price indications for investments for which such information is available. In the absence of such prices, value is determined for debt investments using a discounted cash flow method by calculating the net present value of projected cash flows from the investment over the period the investment is expected to be held. The discount rate applied is based on a risk-adjusted premium that the general partner believes reflects the risk of not achieving a return of capital on the investment within the stated term of the investment. Fund investments include yield enhancements, such as royalty interests in oil and gas properties, common shares received in exchange for warrants, warrants, equity options, net profits interests, cash flow participations and other interests. Depending on the nature of the instrument, these yield enhancements are generally valued as described above with respect to debt investments. Valuations for unrealized investments and yield enhancements are reduced where EIG determines that a significant impairment in value has occurred that has a significant negative impact on the asset taking into consideration factors determined relevant by EIG. While each respective fund's valuations of unrealized investments are based on assumptions that EIG believes to be reasonable under the circumstances, the actual realized returns on unrealized investments will depend on, among other factors, future operating results, market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions in the valuations that are part of the performance data contained herein.
6. Each of the funds, GPF I, Global Project Fund II ("GPF II") and Global Project Fund III ("GPF III"), is structured with leverage and the committed capital includes both debt and equity commitments. GPF I was capitalized with \$95 million of equity commitments. All investments were made using debt, and the equity commitments were never funded. GPF I was dissolved in 2004 and prior to the dissolution, the equity investors received \$13 million of distributions. Since the investors never contributed capital, the return to the investors is infinite. The IRR for GPF I was calculated on the basis of the actual cash distributions received by the investors from the fund and assuming that periodic capital contributions were made by the investors for the fund's investments. GPF II was capitalized with \$95 million of equity commitments. All of the equity investors have funded their commitments and GPF II's investment period ended July 15, 2009. The performance is the realized return achieved by GPF II as of June 30, 2010 based on the level and timing of contributions made from GPF II and distributions received from GPF II. If the investors receive additional distributions the return may increase. GPF III was capitalized with \$122.5 million of equity commitments, as all of the equity investors chose to fund their equity commitments rather than borrow on GPF III's line of credit. GPF III's investment period ends on September 1, 2010.
7. The investment performance related to Fund X does not include (a) a separate account that invested only in a portion of Fund X's investments or (b) a co-investment fund that invested in a single Fund X portfolio company, which portfolio company has since filed for bankruptcy.
8. The investment performance related to Fund XIV does not include a co-investment fund that invested in a single Fund XIV portfolio company.

EIG Structural Evolution

- In October 2009, TCW Asset Management Company and the EIG team finalized a contract establishing a joint venture relationship
 - As part of this agreement, EIG Alternative Investments, LLC (“EIG AI”) was formed, which is 100% owned by the EIG principals
 - TCW and EIG AI will joint venture on funds raised through December 31, 2010, including Fund XV
 - TCW will continue to have an economic interest in funds raised by EIG AI from 2011 through 2020
- TCW-EIG Alternative Investments, LLC (“TCW-EIG AI”), a new entity formed by TCW and EIG AI will be the General Partner of Fund XV
 - EIG AI is the majority owner of TCW-EIG AI
 - TCW-EIG AI’s five person board will consist of three representatives from EIG AI and two representatives from TCW
 - Blair Thomas, Randy Wade and Kurt Talbot are the EIG AI representatives
 - The investment committee will consist of three EIG representatives, a TCW representative and a representative chosen by the other members
- The current EIG team will transfer from TCW to EIG AI in an orderly manner during the course of 2010
 - TCW will sub-advise management of Fund XV to EIG AI and EIG AI will continue to manage the portfolio
 - EIG AI will complete preparations and assume primary responsibility for operations and administration of Fund XV
 - Assistance and support will be provided by TCW as needed to ensure an orderly transition
- TCW and EIG believe the new arrangement will provide the following benefits:
 - Improved economic alignment of EIG team with investors
 - Continuity in day-to-day investing activities and management of legacy assets
 - Orderly transition of administrative responsibilities with ample overlap
 - No disruption for existing clients or funds

Recent Development of EIG Platform

- In recent years, EIG has consistently increased its fund operating and administrative capacity through strategic hires and third-party relationships



Function	Status
Accounting	Hired CFO in March 2008; continue to work with Deloitte
Legal	Hired General Counsel in March 2008
Marketing	Engaged Credit Suisse PFG for Fund XIV & XV fundraise alongside TCW marketing
Middle Office	Increased middle office staff to 7 dedicated professionals
Tax	Hired Holthouse for fund tax preparation in 2004
Client Reporting	In Process – continue to work with Bank of New York Mellon
Custody	In Process – continue to work with Bank of New York Mellon
Regulatory / Compliance	In Process – UK and Australian regulatory registrations filed, US registration in process

Asset Review – Anadarko EOR

Issuer	Anadarko Petroleum Corp.
Committed Investment	\$175,000,000
Initial Funding Date	November 30, 2007
Outstanding at 6/30/10	\$103,988,045
Sector	Upstream Oil
Project Location	U.S.
Ranking	Senior Net Profits Interests
Final Maturity	N/A
Expected Average Life	5.5 years (at Closing)
Interest Rate	10%
Yield Enhancement	Net Profits Interest

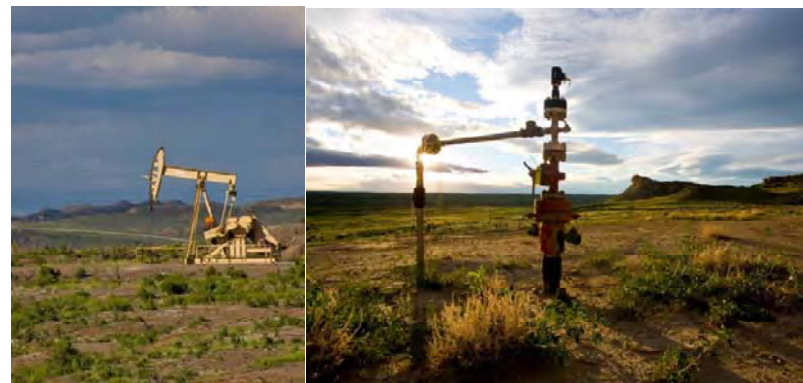
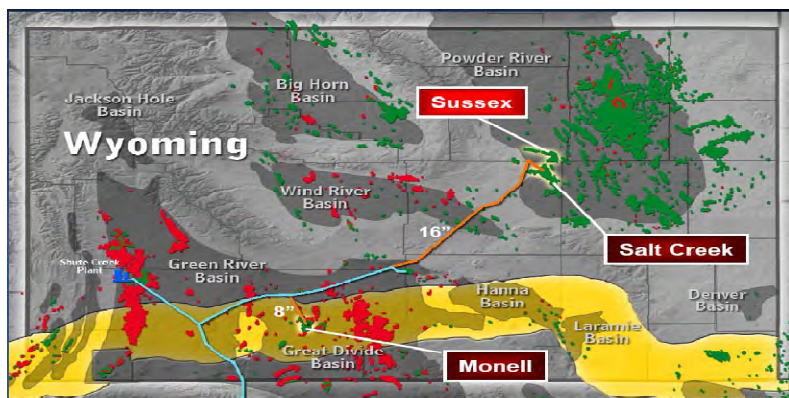
Note: Past performance is not a guarantee of future results.

Background

- CO2 flood program aimed to increase oil recovery from the Salt Creek Field in Wyoming by approximately 30 million barrels of oil with initial production rates of approximately 5,500 b/d.
- Anadarko is funding 20% of the cost of the program
- Investors (including Fund XIV) are funding 80% of the costs and receiving 100% of the NPI until the Investors receive their original investment plus 10% IRR.
- Thereafter, Anadarko receives 80% and the Investors 20% for ten years

Current Status

- A total of approximately \$126 million has been deployed to date
- As of June 30, 2010, NPI distributions received totaled over \$34.3 million
- Initial results of reservoir response, operating costs and capital expenditures are close to the pre-closing projections



Asset Review – Coogee Resources

Issuer	Coogee Resources (Finance) Pty Ltd
Committed Investment	\$190,000,000
Initial Funding Date	July 22, 2008
Outstanding at 6/30/10	Repaid
Sector	Upstream Oil
Project Location	Australia
Ranking	Secured Subordinated Notes
Final Maturity	July 2013
Expected Average Life	2.3 years
Interest Rate	18% (9% Cash, 9% PIK)
Yield Enhancement	Warrants

Note: Past performance is not a guarantee of future results.

Background

- Exploration and production company with operations in the Timor Sea, offshore Northwest, Australia
- Eight producing oil wells in two small fields and a large three-field deposit in development; 26.6 million barrels of proved oil reserves in these five offshore fields
- Fund XIV invested \$140 million initially in a subordinated facility with a total of \$165 million funded after restructuring
- 12% coupon initially increased to 18% coupon after restructuring
- 3% penny warrants and 2% at-the-money warrants, increased to 7% penny warrants after restructuring

Current Status

- Restructured and increased commitment required to fund cost overruns on the development
- Received improved economics and substantially greater control to force an exit
- Substantially all project assets sold to a national oil company in February 2009
- All the outstanding debt, accrued interest, prepayment premium and value for the warrants were received on April 3, 2009 resulting in a gross IRR of 67%



Asset Review – Jamestown Resources

Issuer	Jamestown Resources, LLC
Committed Investment	\$195,000,000
Initial Funding Date	June 2010
Outstanding at 6/30/10	\$195,000,000
Sector	Upstream Oil & Gas
Project Location	U.S.
Ranking	First Lien Notes
Final Maturity	December 2016
Expected Average Life	5 years
Interest Rate	12% cash or 14% PIK
Yield Enhancement	Net Profits Interest

Note: Past performance is not a guarantee of future results.

Background

- Shale gas currently accounts for approximately 20% of U.S. natural gas production and is expected to increase significantly over the next 10 years
- Chesapeake is one of the most experienced and active oil and natural gas drillers in the U.S.
- Jamestown has a low cost acreage position due to Chesapeake’s “first mover” position in many of the key shale plays
- Jamestown will be a highly diversified well program, which will likely participate in over 1,000 wells per year in 2011 and 2012 and significant infill drilling in 2013 and beyond

Current Status

- As of June 30, 2010 Fund XV had invested \$5.5 million which granted the Fund the option, but not the obligation, to participate in the 2011 Founder’s Well Participation Program
- If the election for the 2011 FWPP is made, Fund XV will fund an additional \$189.5 million to Jamestown. In addition, Fund XV will have the exclusive option, but not the obligation, to fund the 2012 FWPP, at an estimated cost of \$155 million

CHK’s Operating Areas



Asset Review – Nevada Geothermal Power (“NGP”)

Issuer	Nevada Blue Mountain
Committed Investment	\$130,000,000
Initial Funding Date	August 29, 2008
Outstanding at 6/30/10	\$108,845,489
Sector	Renewables – Geothermal Power
Project Location	U.S.
Ranking	Senior Secured Notes
Final Maturity	November 2023
Expected Average Life	5.5 years
Interest Rate	14% (8% cash, 6% PIK)
Yield Enhancement	Yield Maintenance, Cash Settled Option

Background

- NGP is a publicly traded company on the Toronto Exchange
- Investment finances the construction of a 49.5 MW (gross) / 38.8 MW (net) geothermal power plant located near Winnemucca, Nevada
- Power from the plant will be sold to the Nevada Power Company (subsidiary of Sierra Pacific Resources) under a 20-year power purchase agreement
- The Notes amortize via a 60% cash sweep which could increase to 100%, to meet certain amortization targets
- The investment includes a cash settled option for 12.5% of the parent company

Current Status

- Fund XIV has funded \$129.7 million to date
- As of October 2009, the plant is operational and was completed ahead of schedule
- NGP anticipates increasing the output relative to the original plan by drilling additional geothermal wells

Note: Past performance is not a guarantee of future results.



Asset Review – Piñon

Issuer	Piñon Gathering Company, LLC (“Piñon”)
Committed Investment	\$200,000,000
Initial Funding Date	June 30, 2009
Outstanding at 6/30/10	\$200,000,000
Sector	Midstream Oil & Gas
Project Location	U.S.
Ranking	Senior Secured Notes
Final Maturity	June 2019
Expected Average Life (Note)	5.6 years
Interest Rate	12%
Yield Enhancement	All gains attributable to equity ownership

Note: Past performance is not a guarantee of future results.

Background

- SandRidge Energy, Inc. gathering assets in the Piñon Field in West Texas
- Fund XIV owns the Company and its assets
- SandRidge entered into a 20-year gathering agreement with Piñon that includes a ship or pay obligation by SandRidge, an Operations and Maintenance contract with SandRidge, an exclusive gathering right, and additional development and support obligations of SandRidge benefiting Piñon
- Piñon is paid a fee for each mcf delivered to the Gathering System
- The Gathering Agreement requires SandRidge to pay Piñon certain minimum amounts irrespective if SandRidge actually delivers gas to the Gathering System
- Capitalized with \$180 million of debt and \$20 million of equity
- The Notes will amortize from a 100% cash flow sweep

Current Status

- Since closing, SandRidge is performing as expected



Key Terms

Investment Period:	5 years from the initial closing date
Term:	10 years (two one-year extensions permitted)
Distribution:	Full return of capital plus 8% preferred return to LPs before any sharing by the General Partner
Investment Structure:	Mezzanine Debt & Equity 35% maximum allocation to equity
Geography:	U.S., Canada, Western Europe and Australia Up to 25% in Other Markets
Concentration Limits:	15% per investment Up to 25% with bridge investments
Management Fee:	1.25% of commitments during commitment period, 1.25% of invested capital thereafter
Catch-up:	100% after LPs achieve preferred return until Manager has received 20% of distributions
Carried Interest:	20% thereafter
Clawback:	Yes
Fee Splits:	100% offset for transaction, break-up, directors' and other fees
Hard Cap:	\$3.5 billion (excluding affiliates)

EIG History of Funds*

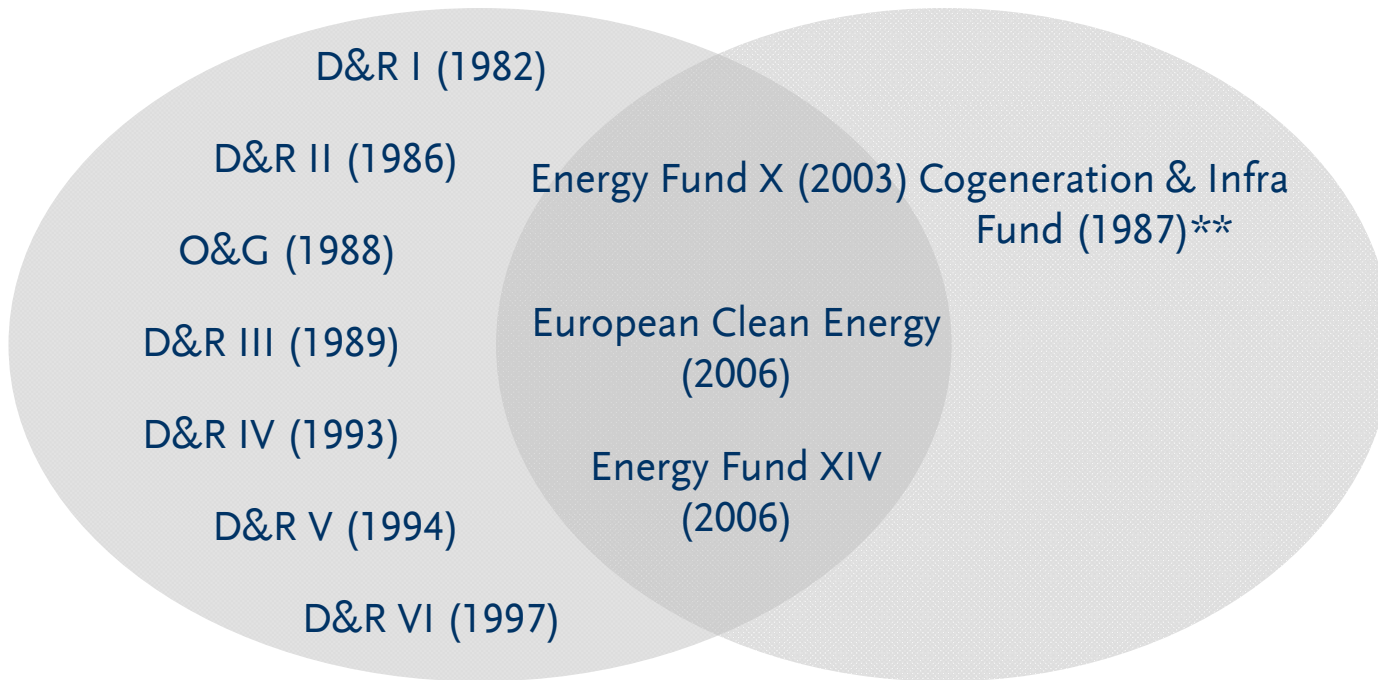
- Fund XV follows Fund XIV as EIG’s flagship fund
 - The structured GPF funds are leveraged vehicles that generally make high yield or senior debt investments in rated securities in energy and infrastructure

First Lien/Mezzanine/Equity Funds

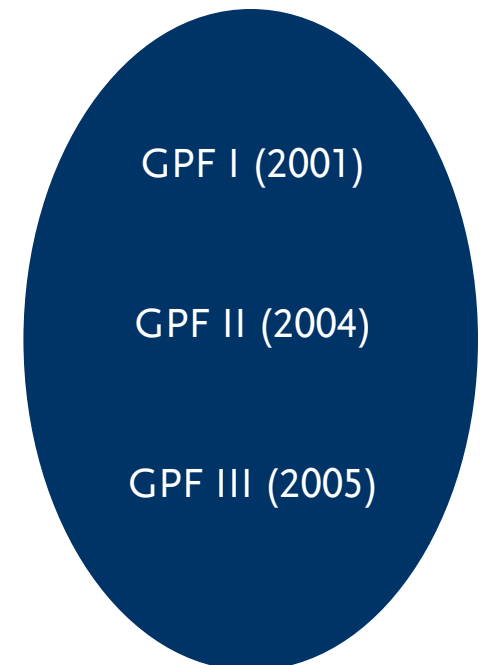
Structured Funds

Oil & Gas Focused

Power Focused



\$6.8 bn of committed capital



\$2.7 bn of committed capital

* This illustration does not include TEP (an EIG fund of funds that solely invests in or co-invests along side other EIG managed funds) or the separate accounts or co-investment funds referenced in notes 7 and 8 on page 19.

** Evergreen structure

Risk Factors

An Investment in the Fund involves a significant degree of risk and should only be undertaken by Investors who are capable of evaluating the risks of an investment in the Fund and of bearing those risks. Prospective purchasers of an Interest in the Fund should carefully consider the following factors in connection with a purchase of an Interest in the Fund. The following list is not a complete list of all risks involved in connection with an investment in the Fund. Prospective Investors must rely upon their own examination of the Fund and their ability to understand the nature of an investment, including the risks involved in making such a decision to invest, in the Fund. There can be no assurance that the Fund will be able to achieve its investment objectives or that Investors will receive a return on their capital.

Nature of Investment

An investment in the Fund requires a long-term commitment, with no certainty of return. Many of the Fund's investments will be highly illiquid, and there can be no assurance that the Fund will be able to realize on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Partners.

Nature of Securities in which the Fund Invests.

The securities in which the Fund will invest, by the nature of their issuers' leveraged capital structures, will involve a high degree of financial risk.

Mezzanine Debt Securities. The Fund intends to invest in mezzanine securities, which involve a high degree of risk with no certainty of any return of capital.

Equity Securities. The Fund's capital may be invested in equity securities. These securities will generally be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss.

Nature of Investments in Oil and Gas

Certain of the companies in which the Fund invests may be subject to the risks inherent in acquiring or developing recoverable oil and natural gas reserves, including capital expenditures for the identification and acquisitions of projects, the drilling and completing of wells and the conduct of development and production operations. The presence of unanticipated pressures or irregularities in formations, miscalculations or accidents may cause such activity to be unsuccessful, which may result in losses. Further, to the extent the Fund invests in or receives royalty interests, the Fund will generally receive revenues from those royalty interests only upon sales of oil, gas and other hydrocarbon production or upon sale of the royalty interests themselves. There can be no assurance that reserves sufficient to provide the expected royalty income will be discovered or produced.

Nature of Investments in the Power Industry

For much of its history, the power sector, and particularly the utility industry within this broader sector, was characterized by institutional stability and predictability of financial performance. The advent of deregulation, privatization, technological change and market volatility has created a much less stable sector with substantially greater variability of company performance. There can be no assurance that the pace or direction of the change will be in accord with the expectations of EIG, nor that the industry changes will benefit investments made by the Fund. There is no assurance that the Fund's investments will be profitable or generate cash flow sufficient to service their debt or provide a return on or recovery of amounts invested therein.

Construction Risks

The construction of any project involves many risks, including delays or shortages of construction equipment, material and labor, work stoppages, labor disputes, weather interferences, unforeseen engineering, environmental and geological problems, difficulties in obtaining requisite licenses or permits and unanticipated cost increases, any of which could give rise to delays or costs overruns.

Risk Factors (con't)

Environmental Matters

Energy companies are subject to numerous environmental laws and regulations in each country in which they operate. Some of the most onerous requirements regulate air emissions of pollutants such as sulfur dioxides, nitrogen oxides and particulate matter. Certain possible changes in the environmental laws and regulations applicable to generators in the United States, Europe or other markets could affect the performance of one or more of the Fund's investments to an extent that would create a material adverse affect to the Fund. The environmental liability risks related to power generation and other power facilities or other tort liability in excess of insurance coverage may adversely affect the value of the Fund's portfolio companies and the overall performance of the Fund.

Adequacy of Insurance

Each project generally will be obligated under the investment agreement to maintain insurance customary for that type of project, *provided* that such insurance requirement may be limited to insurance that is available on commercially reasonable terms, which may not exist. The proceeds of insurance applicable to covered risks may not be adequate to cover lost revenues or increased expenses.

Legal and Regulatory Matters

Power generation and transmission, as well as oil, natural gas and coal storage, handling, processing and transportation, are extensively regulated; statutory and regulatory requirements may include those imposed by energy, zoning, environmental, safety, labor and other regulatory or political authorities. Failure to obtain or a delay in the receipt of relevant governmental permits or approvals, including regulatory approvals, could hinder operation of an investment and result in fines or additional costs.

Risks Associated with Non-U.S. Investments

There are additional risks associated with foreign investments, including the following: the unpredictability of international trade patterns; the possibility of governmental actions adverse to business generally or to foreign investors in particular; changes in taxation, fiscal and monetary policies or imposition or modification of controls on foreign currency exchange, repatriation of proceeds, or foreign investment; the imposition or increase of withholding taxes on income and gains; price volatility; absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation which may result in lower quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors; governmental influence on the national and local economies; and fluctuations in currency exchange rates.

Risks Associated with Investments in Emerging Markets

The Fund may make significant investments in countries that are considered to be "emerging markets." Investments in emerging markets involve a broad range of economic, foreign currency and exchange rate, political, legal and financial risks. Many of these risks are not quantifiable or predictable and are not typically associated with investing in the securities of issuers in more developed and regulated economies.

Use of Leverage

The Fund may borrow money for investment purposes ("leverage") in amounts up to 50% of the cost of its non-U.S. Dollar denominated investments with leverage in the currency of the underlying non-U.S. Dollar investment. Leverage will magnify the volatility of the Fund's investment portfolio and involves substantial risks. Although leverage will increase investment returns if the leveraged portfolio investment earns a greater return than the Fund pays for the use of borrowed funds, investment returns will decrease if the portfolio investment fails to earn a return equal to the Fund's cost of funds. In addition, the use of leverage is expected to cause all or a portion of the income or gain from the leveraged investments to constitute UBTI. A separate parallel fund will be created to reduce UBTI arising from the use of leverage.

Risk Factors (con't)

Potential Lack of Diversification

The Fund may invest up to 15% of Capital Commitments in any one portfolio company and its affiliates (25% including Bridge Investments). In the event that a Bridge Investment is not disposed of within 18 months of the date it is made, the Fund may have more than 15% of Capital Commitments invested (and held) in a Portfolio Company and its affiliates. Unfavorable performance by a small number of portfolio companies or by the energy sector could substantially adversely affect the aggregate returns realized by the Limited Partners, and the Fund's investment portfolios may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among companies, industries and types of securities.

Dependence on Key Personnel

The success of the Fund depends in substantial part on the skill and expertise of the senior executives of EIG and other employees of EIG. There can be no assurance that the senior executives or other employees of EIG will continue to be employed by the Manager throughout the life of the Fund. The loss of key personnel could have a material adverse effect on the Fund.

Conflicts of Interest

Investors should be aware that there will be situations where the General Partner, the Manager and their respective affiliates may encounter potential conflicts of interest in connection with the Fund's investment activities.

Portfolio Review

Alaska Retirement Management Board

Glenn R. Carlson, CFA
Chief Executive Officer

Juan J. Benito, CFA
Portfolio Manager

December 3, 2010



BRANDES
INVESTMENT PARTNERS

Alaska Retirement Management Board

As of October 31, 2010

Objectives

- International Equity Mandate (inception 8/11/97)
- Outperform, net of fees, MSCI EAFE index over time

Client Specific Guidelines

- Maximum 5% cash

Results*	Account Net of Fees %	MSCI EAFE Index %	Relative Perf. %
Calendar Year to Date:	5.42	4.72	0.70
1 Year:	8.99	8.36	0.63
3 Years:	-7.28	-9.60	2.32
5 Years:	5.04	3.31	1.73
10 Years:	6.65	3.17	3.48
From Inception:	9.59	3.76	5.83

*All figures one year and above are annualized. All performance is historical and is not a guarantee of future results. Indices are unmanaged and are not available for direct investment. International and emerging markets investing is subject to certain risks such as currency fluctuation and social and political changes; such risks may result in greater share price volatility.

Objectives

- International Equity Mandate (inception 12/1/09)
- Outperform MSCI EAFE index over time a full business cycle of at least 3 to 5 years

Client Specific Guidelines

- No securities whose issuer is in bankruptcy or similar proceeding at the time of purchase
- No private placements of unlisted securities (144A OK)

Results*	Account Net of Fees %	MSCI EAFE Index %	Relative Perf. %
Calendar Year to Date:	5.13	4.72	0.41
From Inception:	5.33	6.23	-0.90

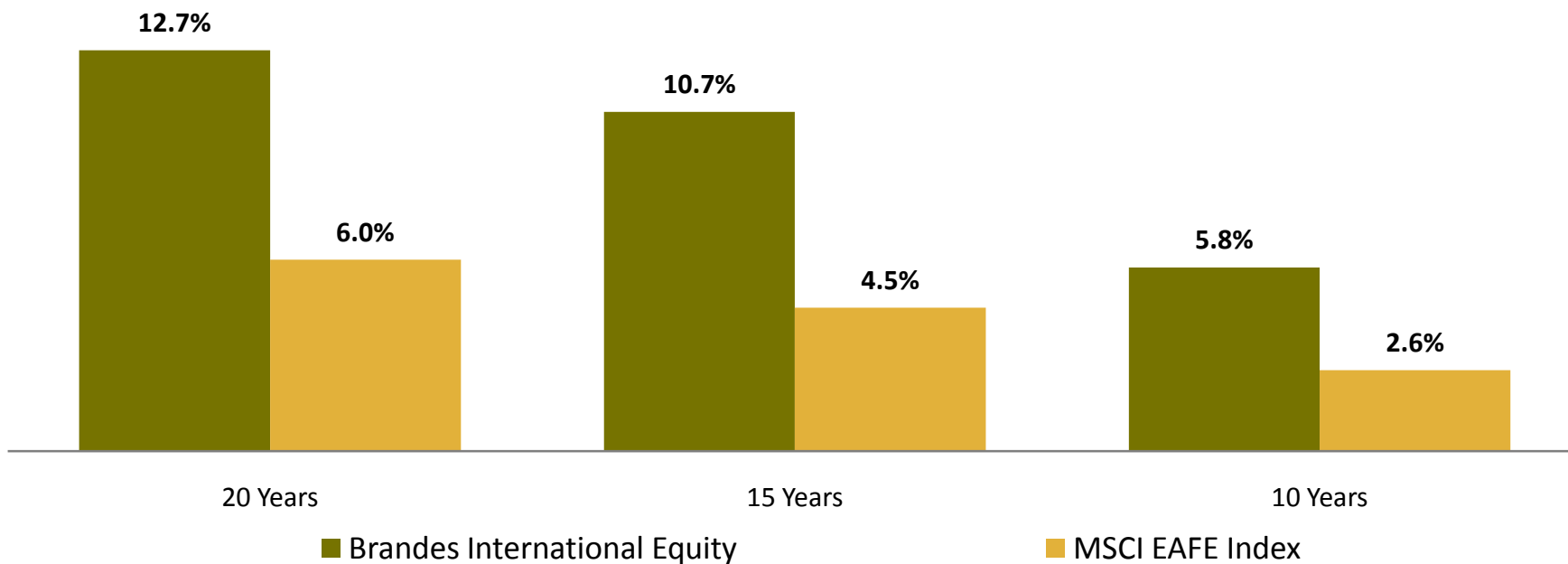
*All figures one year and above are annualized. All performance is historical and is not a guarantee of future results. Indices are unmanaged and are not available for direct investment. International and emerging markets investing is subject to certain risks such as currency fluctuation and social and political changes; such risks may result in greater share price volatility.

- Enhanced ARMB control: Immediate access to daily holdings and trades allowing for improved ARMB risk management
- Low investment management fees
- Low costs
- Daily pricing
- No securities lending risk
- Subadvised by Brandes Investment Partners, L.P.
- In-kind, seamless transition from mutual fund

What We Seek: Long-Term Performance

International Equity Composite Performance

Annualized Returns Through September 30, 2010*

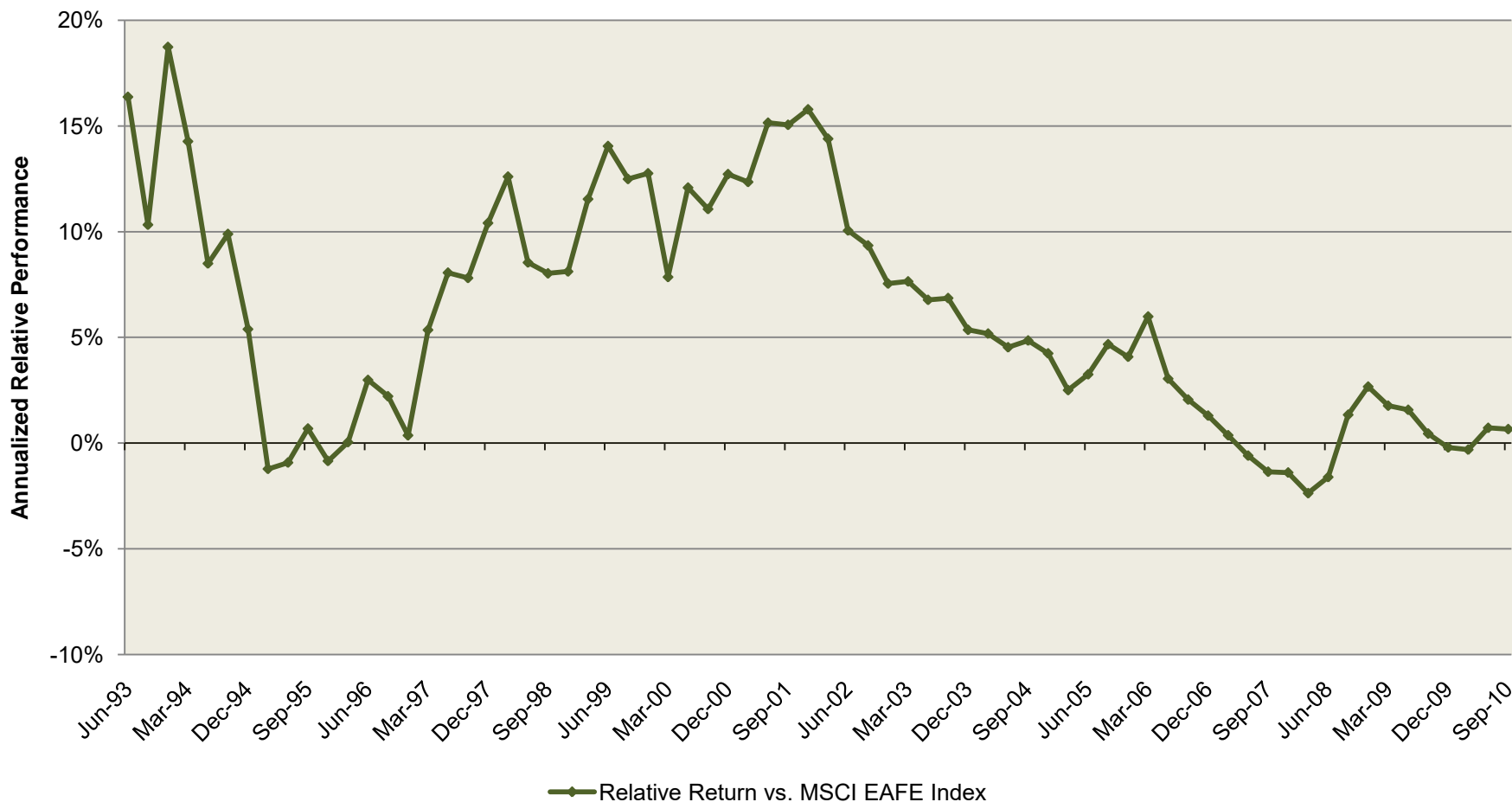


Annualized Returns	Sept. 1990 – Sept. 2000	Sept. 2000 – Sept. 2010
Brandes International Equity Composite	19.94%	5.80%
MSCI EAFE Index	9.63%	2.56%
Relative Performance	10.31%	3.24%

*Compound annual total return - gross of management fees. See performance calculation disclosure page. This information is supplemental to the accompanying International Equity composite performance pages. Investing outside the United States is subject to certain risks, such as currency fluctuation and social and political changes, which may result in greater share price volatility. Past performance is not a guarantee of future results. FOR INSTITUTIONAL ONE-ON-ONE USE ONLY.

International Equity Composite Performance

Rolling 3-Year Relative Returns through September 30, 2010

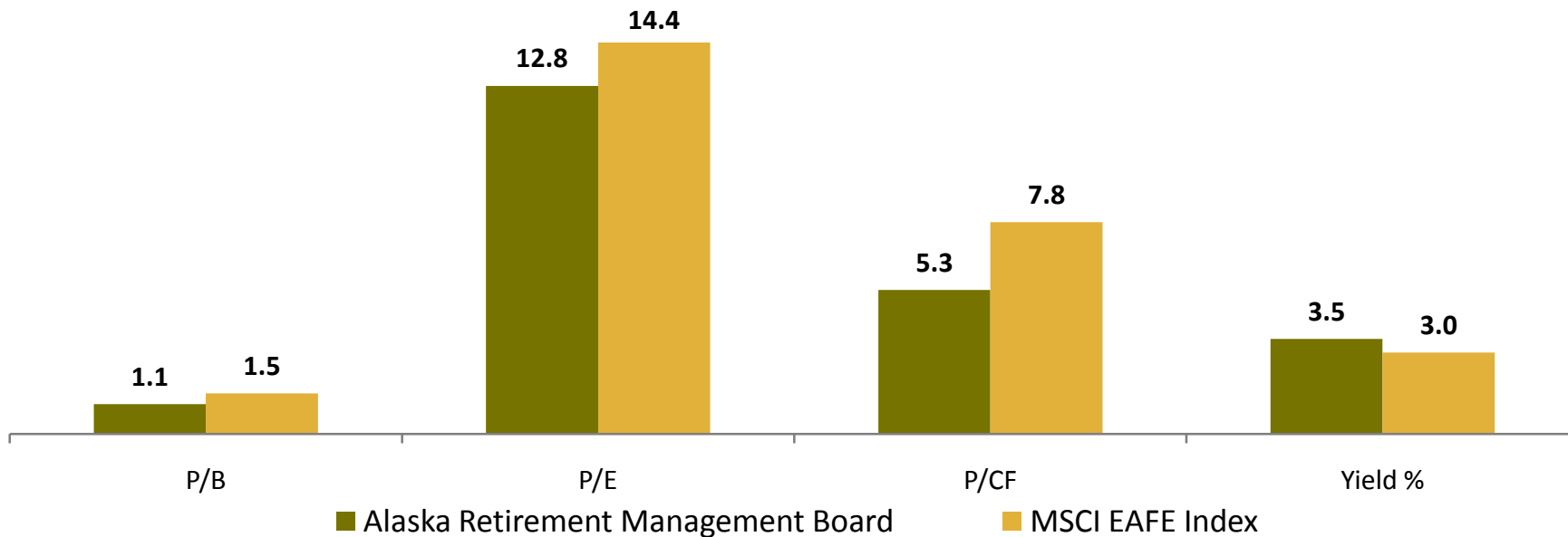


Compound annual total return – net of management fees. See performance calculation disclosure page. Past performance is not a guarantee of future results. See performance calculation disclosure page. This information is supplemental to the accompanying International Equity composite performance pages. Investing outside the United States is subject to certain risks, such as currency fluctuation and social and political changes, which may result in greater share price volatility. Rolling periods represent a series of overlapping, smaller time periods within a single, longer-term time period. For example, over a 20-year period, there is one 20-year rolling period, eleven 10-year rolling periods, sixteen 5-year rolling periods, and so forth.

Long-Term Potential

Alaska Retirement Management Board

Fundamental Information as of October 31, 2010



Key Overweights	P/B	P/E	P/CF	Yield %
Diversified Telecommunication Services	1.2	12.1	3.3	6.0
Pharmaceuticals	1.6	12.1	8.7	4.9
Japan	0.9	15.6	4.5	2.8
MSCI EAFE Index	1.5	14.4	7.8	3.0

Portfolio allocations are subject to change at any time.

“I won’t state that short-term quantitative performance data are totally useless. On the contrary, such data are often quite useful as an *inverse* indicator.

If I were looking for an outside money manager to manage my company’s pension or profit sharing fund, I would go through a procedure something like the following:

- I would first look for an organization that had been around for awhile and that had produced good, long-term performance records with a variety of portfolios.
- I would make sure that the individuals in the organization were experienced and talented.
- I would determine that the good, long-term record was the result of a consistent application of a clear investment philosophy.
- I would satisfy myself that the organization provided an environment in which it was rewarding to work so that good people would stay.

Then, after I had identified the organizations that met all these specifications, I would hire the one who, for the past two years, had had the *worst* record. And I don’t say this the slightest bit facetiously.”

*From “You Need More Than Numbers to Measure Performance”
by Robert G. Kirby, former chairman of Capital Guardian Trust Co.*

What We Can Control: Inputs

PHILOSOPHY: Exploiting Fear & Greed Behavioral Inefficiencies

- A consistent application of a Graham & Dodd value approach to global investing that can complement other managers and investment styles.
- A long-term investment horizon with typically low portfolio turnover and moderate trading costs.

PROCESS: Consistent, disciplined, collegial application of the philosophy

- A research process designed to identify companies that can be purchased at discounts to the firm's estimates of their intrinsic values and that we believe have the potential to deliver long-term outperformance.

PEOPLE: Focus on research, portfolio management and client service, not on revenues

- A highly motivated professional team with low turnover.
- An employee-owned, debt-free investment manager with the resources and commitment to maintain stable operations in all market environments.

Overview

As of September 30, 2010

Year Firm Founded:	1974
Total Assets Under Management:	\$47.1 billion
Total Institutional/Private Client Assets (Non-SMA)*:	\$37.9 billion
Total SMA Division Assets**:	\$9.2 billion
Investment Style:	Graham & Dodd, bottom-up value
Headquarters Located:	San Diego, California
Total Employees Worldwide:	479
Investment Professionals:	79, including 36 equity & fixed income analysts
Ownership:	100% employee owned

Products

United States	Global	International (Non-U.S.)	Fixed Income
U.S. Large Cap Value Equity	Global Balanced	Asia ex-Japan Equity***	Core Plus Fixed Income
U.S. Mid Cap Value Equity	Global Equity	Canadian Equity	Corporate Focus Fixed Income
U.S. Small Cap Value Equity	Global Mid Cap Equity	Emerging Markets Equity	Enhanced Income
U.S. Value Equity	Global Small Cap Equity	European Equity	
		International Equity	
		International Mid Cap Equity	
		International Small Cap Equity	
		Japan Equity	

*Non-SMA assets include institutional accounts, pooled investment vehicles, and high net worth accounts outside of SMA ("wrap-fee") programs.

**The SMA Division encompasses the firm's "Separately Managed Account" business (subadvisory "wrap-fee" business with brokerage firms).

***Portfolio closed to new investors.

Product Assets

As of September 30, 2010

Global Equity	Non-SMA* (\$ Mill)	SMA** (\$ Mill)
Global Balanced	135	239
Global Equity	12,134	4,289
Global Mid Cap Equity	373	114
Global Small Cap Equity	185	0
International Equity (Non-U.S.)	Non-SMA (\$ Mill)	SMA (\$ Mill)
Asia ex-Japan***	14	0
Canadian Equity	55	0
Emerging Markets Equity	1,247	0
European Equity	519	23
International Equity	21,291	3,685
International Mid Cap Equity	177	0
International Small Cap Equity	288	0
Japan Equity	972	0

United States	Non-SMA (\$ Mill)	SMA (\$ Mill)
U.S. Large Cap Value Equity	8	0
U.S. Mid Cap Value Equity	3	0
U.S. Small Cap Value Equity	25	8
U.S. Value Equity	139	516
Fixed Income	Non-SMA (\$ Mill)	SMA (\$ Mill)
Core Plus Fixed Income	256	184
Corporate Focus Fixed Income	68	0
Enhanced Income	17	113
Other Fixed Income	11	0

*Non-SMA assets include institutional accounts, pooled investment vehicles, and high net worth accounts outside of SMA ("wrap-fee") programs.

**The SMA Division encompasses the firm's "Separately Managed Account" business (subadvisory "wrap-fee" business with brokerage firms).

***Portfolio closed to new investors.

Your Portfolio Management Team



Glenn R. Carlson, CFA

Chief Executive Officer

Glenn, a limited partner of the firm's parent company, serves as Chief Executive Officer and is a member of the firm's Executive Committee. As an Executive Committee member, he contributes to strategic decisions and setting the firm's objectives. As CEO, he is responsible for managing the business toward those objectives. In addition, he contributes to the investment process as a member of the Investment Oversight Committee and as a voting member of the Large Cap Investment Committee. Glenn serves as a senior institutional portfolio manager for a limited number of client relationships and oversees the Portfolio Management/Client Services department. Glenn earned his BA from the University of California, San Diego. He is a member of the CFA Society of San Diego and has 27 years of investment experience.



Juan J. Benito, CFA

Institutional Portfolio Manager

Juan is an institutional portfolio manager. Prior to joining Brandes, Juan served as a director and senior portfolio manager at Citigroup Asset Management in Switzerland and as a portfolio manager/research analyst at Templeton Investment Counsel. Previously, he worked as a strategy consultant at Monitor Company and as a regional manager at Iberdrola in Spain. He earned his BS/MS in industrial engineering, with highest honors, from the Polytechnical University of Valencia, Spain and his MBA, with distinction, from the Harvard Business School. Juan has 14 years of investment experience.

Other Institutional Portfolio Management Members

Rhonda Berger - *Portfolio Manager*

Charles H. Brandes, CFA - *Chairman*

Colleen Clardy - *Portfolio Associate*

Scott Davis, CFA - *Portfolio Manager*

Jim Diack - *Director - EMEA Portfolio Management*

Nick Erickson, CFA - *Senior Portfolio Associate*

Patrick Feller, CFA - *Portfolio Manager*

Chris Garrett, CFA - *Portfolio Manager/Analyst*

Emily Garcia - *Senior Portfolio Associate*

Michael Israel, CFA - *Portfolio Manager*

Jeffrey Meyer, CFA - *Director-Institutional Portfolio Management*

Peter J. Nolan - *Portfolio Manager*

John Otis - *Associate Portfolio Manager*

Jennifer Ray - *Senior Portfolio Associate*

Leo Souza - *Portfolio Associate*

Ian Sunder, CFA - *Portfolio Manager*

Lawrence Taylor - *Portfolio Manager*

Application of the Brandes Equity Philosophy

Philosophy	Application
<p>Intrinsic business value estimate can be assessed through company specific fundamental analysis</p>	<p>Conduct detailed company research</p> <ul style="list-style-type: none"> ▪ Understand industry dynamics and long-term potential ▪ Focus on undervalued companies ▪ Bias for conservative capital structures <p>Identify intrinsic value estimate: Our sell price</p> <ul style="list-style-type: none"> ▪ Conservative business-like valuation
<p>Securities can be acquired at a discount to intrinsic value, due to volatility of short-term stock prices and market inefficiencies</p>	<p>Buy at a discount to intrinsic value</p> <ul style="list-style-type: none"> ▪ The discount gives us a “margin of safety” <p>Take a long-term view (3-5 years)</p> <ul style="list-style-type: none"> ▪ Look beyond short-term concerns ▪ Comfortable with averaging down

GOAL: Seek to outperform the product benchmark over the long-term by building portfolios with high overall average margin of safety which we believe offer attractive long-term appreciation potential.

*The margin of safety for any security is defined as the discount of its market price to what the firm believes is the current intrinsic value of that security. Diversification does not assure a profit or protect against a loss in a declining market

Equity Investment Process

Client Portfolio

Portfolio Management Team

Investment Committee
(IC)

Global Industry
Research Teams

- **Diversified equity portfolios of under-valued businesses**
 - 35-85 equity issues typically
 - No currency hedging

- **Implements Investment Committee decisions**
 - Reviews and monitors client portfolios
 - Adheres to client restrictions and guidelines

- **Establishes/updates individual companies' intrinsic value estimates**
- **Determines target holdings and weightings based on "margin of safety" (discount from our estimate of intrinsic value)**
- **Constructs model portfolios with goal of maximizing overall margin of safety**
- **Observes overall diversification guidelines, typically:**
 - 5% maximum per security at time of purchase
 - 20% maximum per industry/country (or 150% of applicable benchmark weighting if higher) at time of purchase

- **Cover industries on a global basis across all market caps**
- **Prepare company valuation reports and industry reports for the Investment Committee**

A security is typically sold when another security with a meaningfully higher margin of safety* is identified and available.

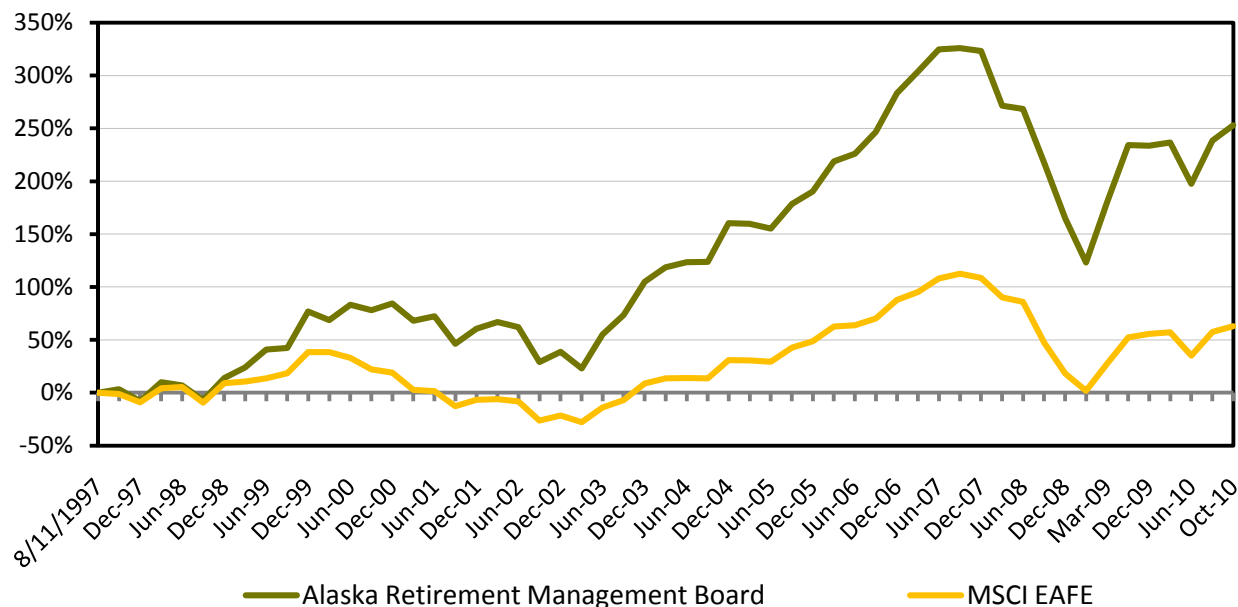
- A partial or full sale may occur in order to buy other securities that we believe have a higher margin of safety.
- A full sale of a position often occurs when a security's price is close to its current intrinsic value estimate.
- A full or partial sale may occur if our assessment of intrinsic value declines, making the margin of safety unattractive.

Average Annual Portfolio Turnover Typically = 20-40%

*The margin of safety for any security is defined as the discount of its market price to what the firm believes is the current intrinsic value of that security.

Portfolio Performance* vs. Index

As of October 31, 2010



Results*	Account %	MSCI EAFE Index %	Relative Perf. %
Calendar Year to Date:	5.72	4.72	1.00
1 Year:	9.41	8.36	1.05
3 Years:	-6.93	-9.60	2.67
5 Years:	5.44	3.31	2.13
10 Years:	7.07	3.17	3.90
From Inception:	10.00	3.76	6.24

Net Capital Contributed:
(Since Inception)

\$77,407,564

Account Value:

\$871,083,640

Inception Date:

8/11/97

*Cumulative total return since inception - gross of management fees. All figures one year and above are annualized. All performance is historical and is not a guarantee of future results. Indices are unmanaged and are not available for direct investment. International and emerging markets investing is subject to certain risks such as currency fluctuation and social and political changes; such risks may result in greater share price volatility.

Key Performance Factors*

Year to Date through October 31, 2010

Positive Factors:

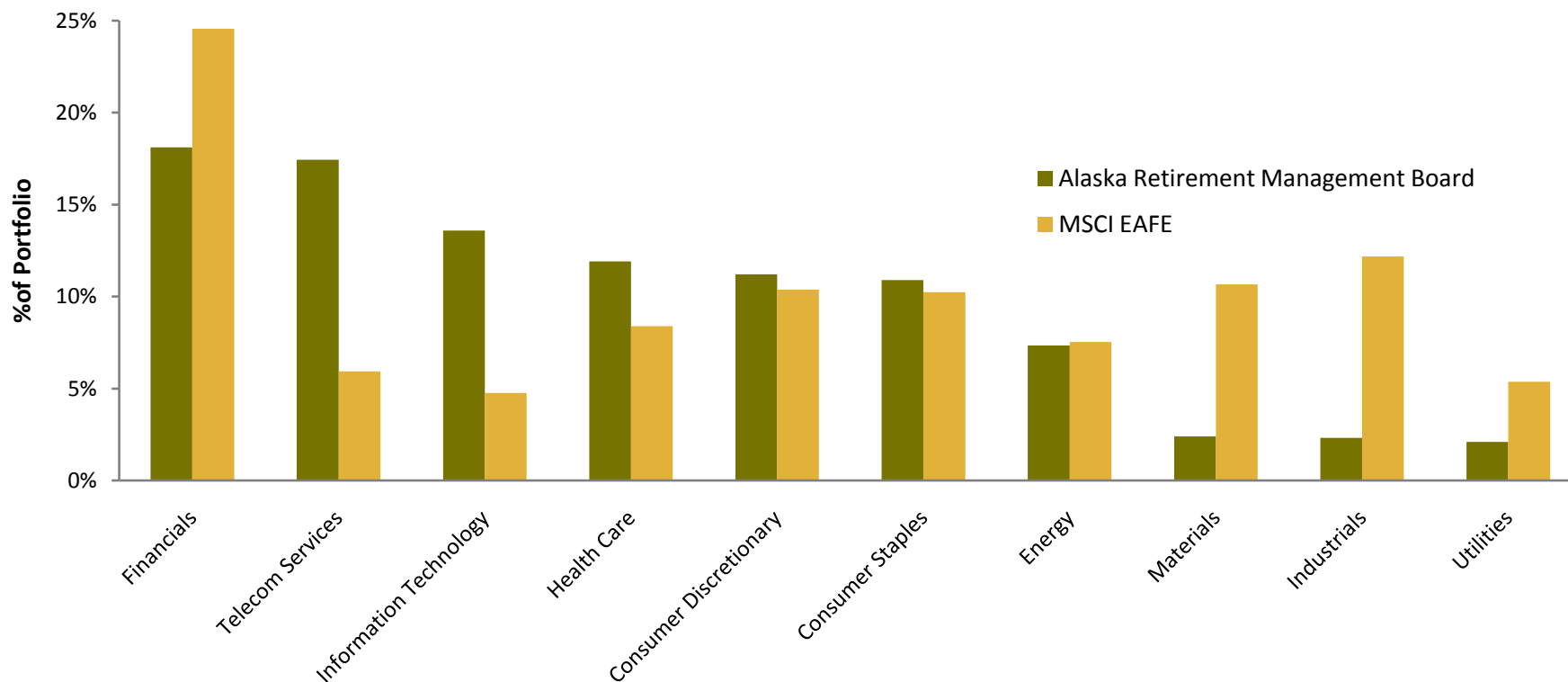
- Japan (Takeda Pharmaceutical Co., Honda Motor, Canon, Sony, FUJIFILM)
- Diversified Telecom Services (Portugal Telecom, Nippon Tel & Tel Corp., France Telecom, Swisscom)
- Food & Staples Retailing (Carrefour, J Sainsbury, Seven & I Holdings, Wm. Morrison Supermarkets)

Negative Factors:

- Large underweight in Industrials sector
- Netherlands (Akzo Nobel, Unilever, STMicroelectronics, TNT, Aegon)
- Emerging Markets (Cemex, Petrobras, Eletrobras, Tele Norte Leste, Korea Electric Power Corp.)

Sector Exposure

As of October 31, 2010



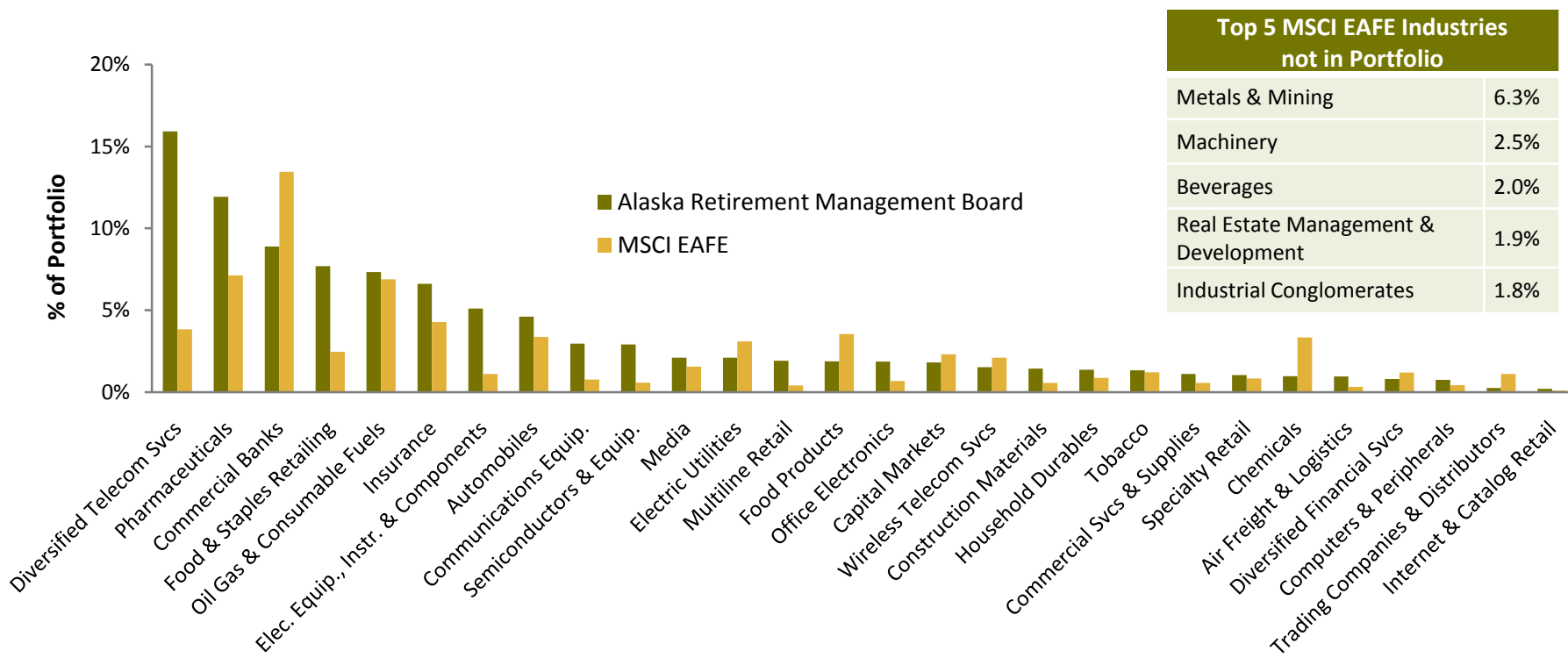
Largest Sector Weighting Increases	10/31/10	10/31/09	Change
Energy	7.3%	1.4%	+5.9%
Financials	18.1%	17.9%	+0.2%

Largest Sector Weighting Decreases	10/31/10	10/31/09	Change
Materials	2.4%	5.3%	-2.9%
Industrials	2.3%	4.0%	-1.7%
Health Care	11.9%	13.0%	-1.1%

Portfolio allocations are subject to change at any time.

Industry Exposure

As of October 31, 2010



Largest Industry Weighting Increases	10/31/10	10/31/09	Change
Oil, Gas & Consumable Fuels	7.3%	1.4%	+5.9%
Capital Markets	1.8%	0.0%	+1.8%
Food & Staples Retailing	7.7%	6.4%	+1.3%

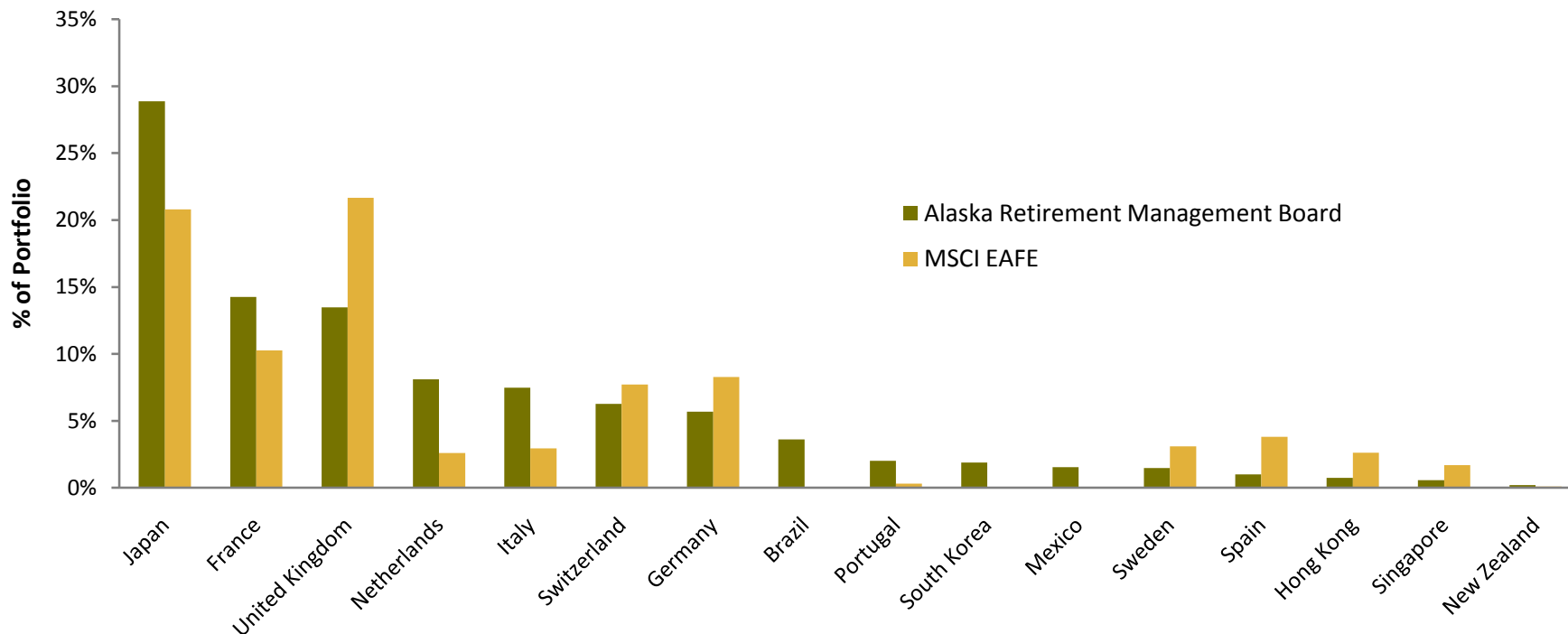
Largest Industry Weighting Decreases	10/31/10	10/31/09	Change
Chemicals	1.0%	3.8%	-2.8%
Commercial Banks	8.9%	10.7%	-1.8%
Household Products	0.0%	1.8%	-1.8%

- Total number of industries in Portfolio: 28
- No exposure to industries that represent 32% of benchmark

Portfolio allocations are subject to change at any time.

Country Exposure

As of October 31, 2010



Regional Weightings	10/31/10	10/31/09	Change
Asia/Pacific	32.3%	31.7%	+0.6%
Europe	59.9%	63.9%	-4.0%
North America	0.0%	0.4%	-0.4%
Latin America	5.2%	3.3%	+1.9%
Africa	0.0%	0.0%	0.0%

Market Weightings	10/31/10	10/31/09	Change
Developed Markets	90.3%	93.5%	-3.2%
Emerging Markets	7.0%	5.7%	+1.3%
Cash	2.7%	0.8%	+1.9%

- Total number of countries in Portfolio: 17
- No exposure to countries that represent 14% of benchmark
- 7% exposure to countries not represented in benchmark

Portfolio allocations are subject to change at any time.

Summary of Portfolio Changes

Trailing 12 Months through October 31, 2010

Company	Industry	Country
New Position(s)		
Banco do Brasil S.A.	Commercial Banks	Brazil
CRH Plc	Construction Materials	Ireland
Deutsche Bank AG	Capital Markets	Germany
Petroleo Brasileiro S.A.	Oil Gas & Consumable Fuels	Brazil
Total SA	Oil Gas & Consumable Fuels	France
UBS AG	Capital Markets	Switzerland
Vodafone Group Plc	Wireless Telecom Services	United Kingdom
Volkswagen AG	Automobiles	Germany
Complete Sale of Positions		
Aiful Corporation	Consumer Finance	Japan
BASF SE	Chemicals	Germany
Bayerische Motoren Werke	Automobiles	Germany
British Sky Broadcasting Group	Media	United Kingdom
Contax Participacoes	Commercial Services & Supplies	Brazil
Daimler AG	Automobiles	Germany
Henkel KGaA	Household Products	Germany
Hitachi, Ltd.	Elec. Equip., Instr. & Components	Japan
Holcim Ltd.	Construction Materials	Switzerland
KT Corporation	Diversified Telecom Services	South Korea

Summary of Portfolio Changes

Trailing 12 Months through October 31, 2010

Company	Industry	Country
Complete Sale of Positions (Cont.)		
Next Plc	Multiline Retail	United Kingdom
Royal Bank of Scotland Plc	Commercial Banks	United Kingdom
Takefuji Corporation	Consumer Finance	Japan
Telmex International SAB de CV	Diversified Telecom Services	Mexico
TNT NV	Air Freight & Logistics	Netherlands
XL Group PLC	Insurance	Ireland

Top 10 Holdings

As of October 31, 2010

Company	%	Country	Industry
Telecom Italia	2.83	Italy	Diversified Telecom Services
France Telecom SA	2.78	France	Diversified Telecom Services
Deutsche Telekom AG	2.72	Germany	Diversified Telecom Services
Carrefour SA	2.71	France	Food & Staples Retailing
ENI S.p.A.	2.53	Italy	Oil, Gas & Consumable Fuels
Sanofi-Aventis SA	2.40	France	Pharmaceuticals
AstraZeneca Plc	2.35	United Kingdom	Pharmaceuticals
Nippon Tel & Tel Corp.	2.24	Japan	Diversified Telecom Services
Portugal Telecom	2.11	Portugal	Diversified Telecom Services
Total SA	2.01	France	Oil, Gas & Consumable Fuels
Top 10 as % of Portfolio	24.68		

Total Number of Companies in Portfolio: 85

Alaska Retirement Management Board

PORTFOLIO APPRAISAL

Brandes International Equity Portfolio as of 10/31/10 (Reporting Currency - USD)

QUANTITY	SECURITY	UNIT COST	TOTAL COST	MARKET PRICE	MARKET VALUE	% OF ASSETS
EQUITY						
COMMON STOCKS:						
1,866,276	Aegon NV ORD	12.27	22,891,284.42	6.33	11,810,239.45	1.37
150,000	Akita Bank Ltd. ORD	4.93	739,700.51	2.82	422,594.55	0.05
140,900	Akzo Nobel ORD	47.56	6,701,455.21	59.28	8,352,599.34	0.97
3,642,130	Alcatel-Lucent ORD	7.54	27,446,266.52	3.50	12,764,103.90	1.48
306,900	Astellas Pharma Inc ORD	38.41	11,789,289.84	37.16	11,403,954.08	1.32
386,681	AstraZeneca Plc ORD	48.52	18,762,188.26	50.05	19,353,420.20	2.24
117,225	Banco do Brasil S.A. ORD	13.62	1,596,790.89	19.51	2,287,346.95	0.26
1,611,735	Barclays Plc ORD	5.66	9,127,977.30	4.39	7,078,220.82	0.82
1,181,480	BP Plc ORD	7.80	9,217,322.36	6.81	8,045,665.42	0.93
21,125	Brasil Telecom SA ADR	14.92	315,088.40	9.19	194,138.75	0.02
37,239	Brasil Telecom SA Pfd ADR	27.52	1,024,857.38	22.05	821,119.95	0.09
350,200	Canon, Inc. ORD	35.45	12,415,640.14	46.17	16,168,355.78	1.87
434,814	Carrefour SA ORD	48.33	21,016,687.91	53.89	23,431,555.98	2.71
1,243,298	Cemex SA Part. Cert. ADR	9.77	12,145,894.67	8.77	10,903,723.46	1.26
680,900	Centrais Eletricas Bras ADR	9.69	6,600,964.05	13.97	9,512,173.00	1.10
1,112,000	Chuo Mitsui Trust Hldgs Inc ORD	6.54	7,276,389.84	3.61	4,016,100.31	0.46
325,000	Credit Agricole SA ORD	17.98	5,844,021.69	16.36	5,317,825.50	0.61
86,159	CRH PLC ORD	16.92	1,457,998.73	17.10	1,473,235.15	0.17
767,000	Dai Nippon Printing ORD	13.22	10,140,946.15	12.61	9,671,544.79	1.12
502,400	Daiichi Sankyo Company, Ltd ORD	18.40	9,245,470.94	21.16	10,631,163.31	1.23
146,940	Deutsche Bank AG ORD	60.20	8,846,050.73	57.81	8,494,213.48	0.98
442,197	Deutsche Post AG ORD	10.80	4,774,518.00	18.66	8,249,353.07	0.95
1,624,665	Deutsche Telekom AG ORD	20.69	33,609,738.40	14.48	23,524,551.32	2.72
974,300	ENI S.p.A. ORD	22.49	21,909,137.43	22.50	21,919,435.06	2.53
1,170,874	Ericsson (L.M.) Telephone ORD	9.88	11,563,472.14	10.94	12,809,419.87	1.48
6,919,159	First Pacific Co., Ltd. ORD	0.94	6,499,821.42	0.92	6,399,737.73	0.74

Alaska Retirement Management Board
PORTFOLIO APPRAISAL

Brandes International Equity Portfolio as of 10/31/10 (Reporting Currency - USD)

QUANTITY	SECURITY	UNIT COST	TOTAL COST	MARKET PRICE	MARKET VALUE	% OF ASSETS
690,800	Flextronics Intl Ltd. ORD	6.82	4,714,226.37	7.17	4,953,036.00	0.57
1,003,623	France Telecom SA ORD	24.65	24,737,782.01	23.99	24,078,365.00	2.78
359,100	FUJIFILM Holdings Corp ORD	29.29	10,517,289.98	33.32	11,966,481.42	1.38
807,135	GlaxoSmithKline Plc ORD	24.53	19,798,152.64	19.53	15,761,290.78	1.82
481,100	Home Retail Group Plc ORD	4.09	1,967,583.15	3.50	1,685,036.87	0.19
378,200	Honda Motor Company ORD	27.81	10,516,500.05	36.45	13,785,808.67	1.59
405,813	HSBC Holdings PLC (GBP) ORD	9.30	3,772,671.45	10.38	4,212,767.60	0.49
2,239,041	Intesa Sanpaolo Spa ORD	4.37	9,773,575.89	3.51	7,863,991.15	0.91
8,774,700	ITV Plc ORD	1.13	9,922,168.47	1.09	9,577,780.29	1.11
1,752,800	J Sainsbury PLC ORD	5.66	9,920,817.13	6.23	10,913,064.08	1.26
3,713	Japan Tobacco ORD	2,829.18	10,504,757.44	3,106.47	11,534,335.36	1.33
2,350,100	Kingfisher Plc ORD	3.17	7,439,778.13	3.80	8,937,748.50	1.03
881,592	Koninklijke Ahold NV ORD	5.50	4,849,455.80	13.80	12,164,848.21	1.41
294,800	Korea Electric Power Corp ADR	11.52	3,395,441.55	13.21	3,894,308.00	0.45
181,800	Korea Electric Power Corp ORD	15.24	2,770,080.40	26.32	4,785,034.18	0.55
2,415,256	Marks & Spencer Group PLC ORD	5.64	13,618,230.80	6.84	16,509,260.67	1.91
1,735,000	Mitsubishi UFJ Financial Grp ORD	11.21	19,448,805.82	4.65	8,074,906.88	0.93
5,367,172	Mizuho Financial Group ORD	4.12	22,124,402.84	1.45	7,793,600.69	0.90
402,105	MS&AD Insurance Grp Hldg ORD	35.62	14,324,121.58	23.99	9,646,685.12	1.11
1,806,955	Natixis ORD	5.23	9,442,046.17	6.12	11,065,733.15	1.28
2,355,000	NEC Corporation ORD	4.03	9,488,076.88	2.78	6,547,050.72	0.76
402,300	Nippon Tel & Tel Corp (NTT) ORD	48.28	19,422,109.89	45.36	18,249,215.07	2.11
1,092,000	NKSJ Holdings Inc ORD	7.25	7,920,160.35	6.86	7,494,705.04	0.87
206,900	Ono Pharmaceutical Co. ORD	41.61	8,608,227.49	42.45	8,781,998.78	1.02
409,470	Petroleo Bras A Pref Shrs ADR	33.56	13,740,371.92	31.19	12,771,369.30	1.48
1,207,233	Portugal Telecom, SGPS, SA ORD	10.00	12,072,071.48	14.41	17,396,411.03	2.01
99,300	Renault ORD	103.07	10,234,937.96	55.48	5,509,142.15	0.64
206,100	Rohm Company Ltd ORD	75.00	15,456,648.25	62.30	12,840,693.64	1.48

Alaska Retirement Management Board

PORTFOLIO APPRAISAL

Brandes International Equity Portfolio as of 10/31/10 (Reporting Currency - USD)

QUANTITY	SECURITY	UNIT COST	TOTAL COST	MARKET PRICE	MARKET VALUE	% OF ASSETS
291,937	Sanofi-Aventis SA ORD	82.13	23,977,387.20	69.73	20,356,804.38	2.35
427,600	Seven & I Holdings Co Ltd. ORD	24.53	10,490,151.43	23.25	9,939,905.36	1.15
415,660	SK Telecom Co. Ltd ADR	22.15	9,205,954.09	18.43	7,660,613.80	0.89
109,125	SNS Reaal ORD	22.22	2,424,269.03	4.61	503,445.13	0.06
352,700	Sony Corporation ORD	35.36	12,472,573.06	33.39	11,775,097.59	1.36
1,413,500	STMicroelectronics NV ORD	11.60	16,390,205.54	8.73	12,343,030.29	1.43
328,988	Sumitomo Mitsui Fin Gp ORD	57.51	18,919,332.05	29.94	9,848,365.00	1.14
356,621	Swiss Reinsurance Company ORD	54.58	19,464,476.90	48.06	17,138,064.07	1.98
32,600	Swisscom AG ORD	281.41	9,173,956.66	417.68	13,616,289.76	1.57
259,000	Taisho Pharmaceutical Co Ltd ORD	19.83	5,137,217.33	21.00	5,438,847.71	0.63
243,500	Takeda Pharma Co Ltd ORD	47.17	11,485,121.70	46.79	11,393,235.95	1.32
193,300	TDK Corporation ORD	54.61	10,555,463.58	57.03	11,023,617.75	1.27
157,323	Tele Norte Leste Part Pref ADR	17.40	2,737,336.25	15.34	2,413,334.82	0.28
1,148,516	Telecom Co. New Zealand Ltd. ORD	3.27	3,753,215.53	1.57	1,799,512.10	0.21
9,518,074	Telecom Italia Spa ORD	2.20	20,932,110.64	1.53	14,575,399.82	1.68
8,116,500	Telecom Italia Svings Shs ORD	1.42	11,560,360.83	1.22	9,925,245.79	1.15
320,552	Telefonica S.A. ORD	21.71	6,958,758.74	26.96	8,641,517.75	1.00
161,400	Telefonos de Mexico L Shrs ADR	9.43	1,521,951.30	15.48	2,498,472.00	0.29
38,105	TIM Participacoes Pref SA ADR	20.43	778,630.37	32.26	1,229,267.30	0.14
345,700	Tokio Marine Hldg Inc. ORD	30.86	10,667,962.25	28.15	9,730,814.76	1.12
382,063	Total SA ORD	55.68	21,272,198.51	54.26	20,729,566.21	2.40
325,000	Toyota Motor Corporation ORD	35.90	11,666,693.11	35.48	11,531,990.93	1.33
510,413	Tyco Electronics Ltd	18.98	9,686,073.01	31.68	16,169,883.84	1.87
428,321	UBS AG ORD	13.94	5,970,308.44	16.93	7,250,001.11	0.84
3,410,791	Unicredit SPA ORD	4.00	13,644,460.72	2.60	8,877,336.68	1.03
548,035	Unilever N.V. Ctfs. ORD	20.90	11,451,337.92	29.61	16,224,810.73	1.88
2,466,800	Unipol Gruppo Finanz SPA Pfd ORD	1.84	4,536,609.40	0.59	1,449,987.01	0.17
67,567	Vivo Participacoes S.A. Pfd ADR	17.04	1,151,525.31	28.64	1,935,118.88	0.22

Alaska Retirement Management Board

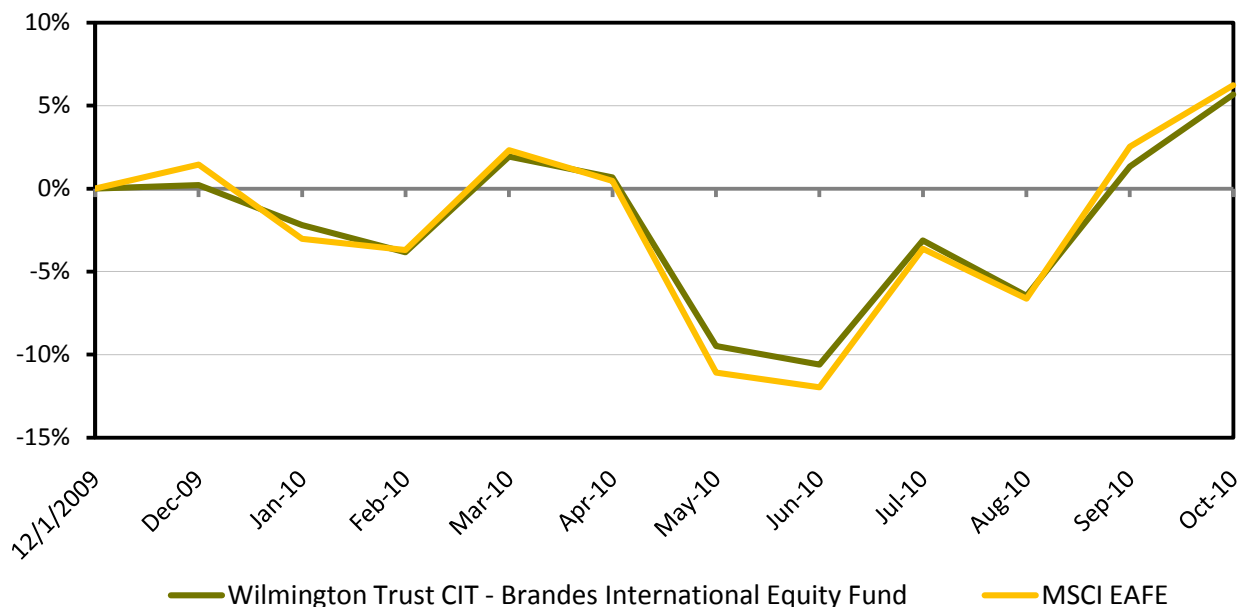
PORTFOLIO APPRAISAL

Brandes International Equity Portfolio as of 10/31/10 (Reporting Currency - USD)

QUANTITY	SECURITY	UNIT COST	TOTAL COST	MARKET PRICE	MARKET VALUE	% OF ASSETS
875,000	Vodafone Group PLC ORD	2.05	1,789,382.70	2.72	2,376,859.67	0.27
59,606	Volkswagen AG Pfd ORD	86.84	5,176,012.73	150.77	8,986,891.99	1.04
2,137,300	Wm. Morrison Supermks Plc ORD	3.42	7,301,560.99	4.70	10,042,624.27	1.16
81,644	Wolseley PLC ORD	9.28	757,994.49	26.60	2,171,433.13	0.25
381,728	Wolters Kluwer NV ORD	20.11	7,675,527.35	22.71	8,670,192.64	1.00
	Total Common Stocks		904,145,584.38		842,118,037.79	97.33
	Total Equity		904,145,584.38		842,118,037.79	97.33
	CASH					
	Cash		23,098,441.56		23,098,441.56	2.67
	Total Portfolio		927,244,025.94		865,216,479.35	100
	Accrued Income				5,867,161.00	
	Total Portfolio including Accruals				871,083,640.35	

Portfolio Performance* vs. Index

As of October 31, 2010



Results*	Account %	MSCI EAFE Index %	Relative Perf. %
Calendar Year to Date:	5.45	4.72	0.73
From Inception:	5.68	6.23	-0.55

Net Capital Contributed:
(Since Inception)

\$161,049,596

Account Value:

\$169,780,793

Inception Date:

12/1/09

*Cumulative total return since inception - gross of management fees. All figures one year and above are annualized. All performance is historical and is not a guarantee of future results. Indices are unmanaged and are not available for direct investment. International and emerging markets investing is subject to certain risks such as currency fluctuation and social and political changes; such risks may result in greater share price volatility.

Key Performance Factors*

Year to Date through October 31, 2010

Positive Factors:

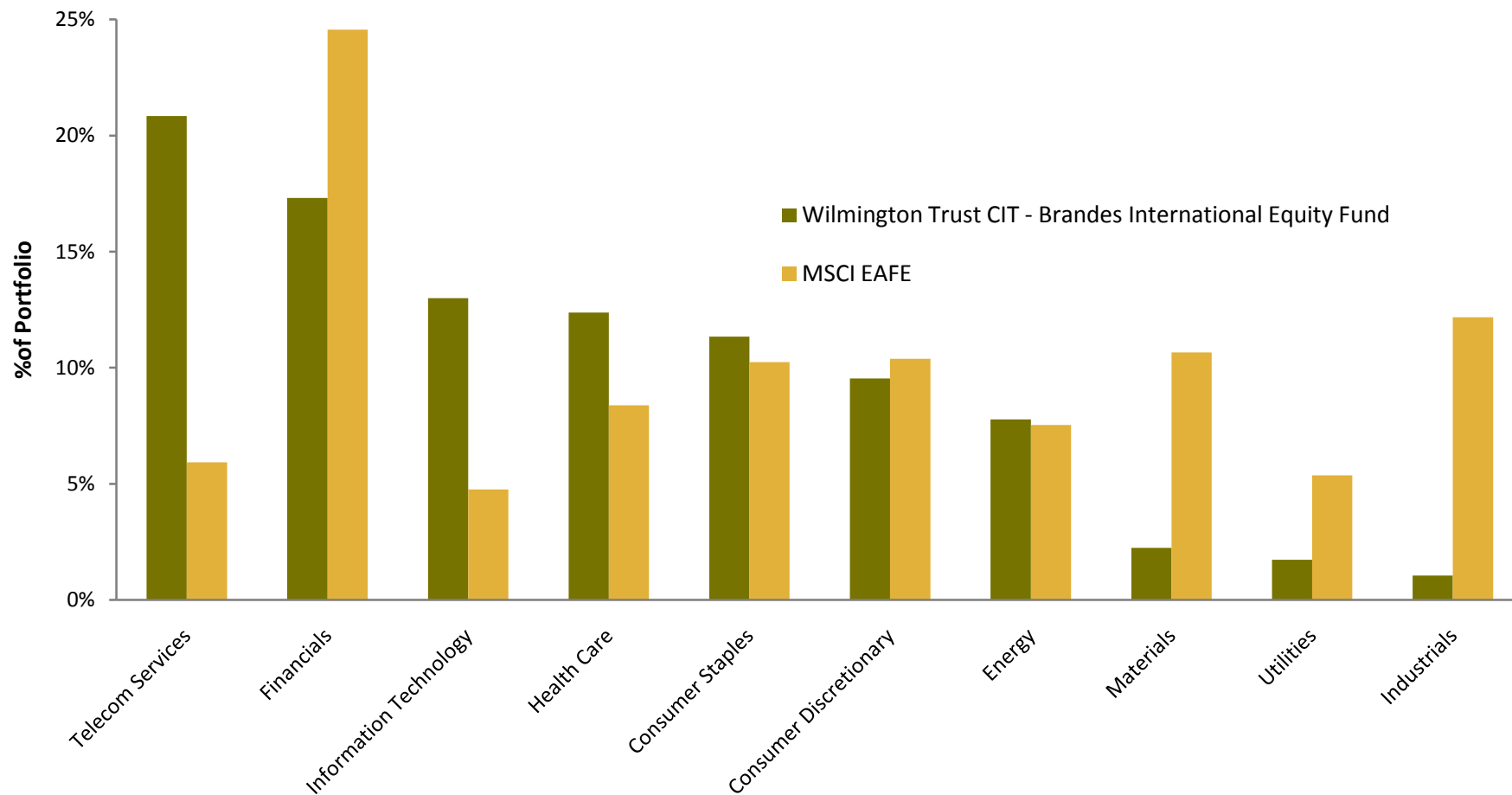
- Japan (Takeda Pharmaceutical Co., Canon, Taisho Pharmaceutical, Sony, Hitachi)
- Diversified Telecom Services (Nippon Tel & Tel Corp., Portugal Telecom, France Telecom, Deutsche Telekom)
- Food & Staples Retailing (Carrefour, J Sainsbury, Seven & I Holdings, Wm. Morrison Supermarkets)

Negative Factors:

- Large underweight in Industrials sector
- Netherlands (Akzo Nobel, Unilever, Aegon, STMicroelectronics, SNS Reaal)
- Emerging Markets (Cemex, Korea Electric Power Corp., Eletrobras, Tele Norte Leste)

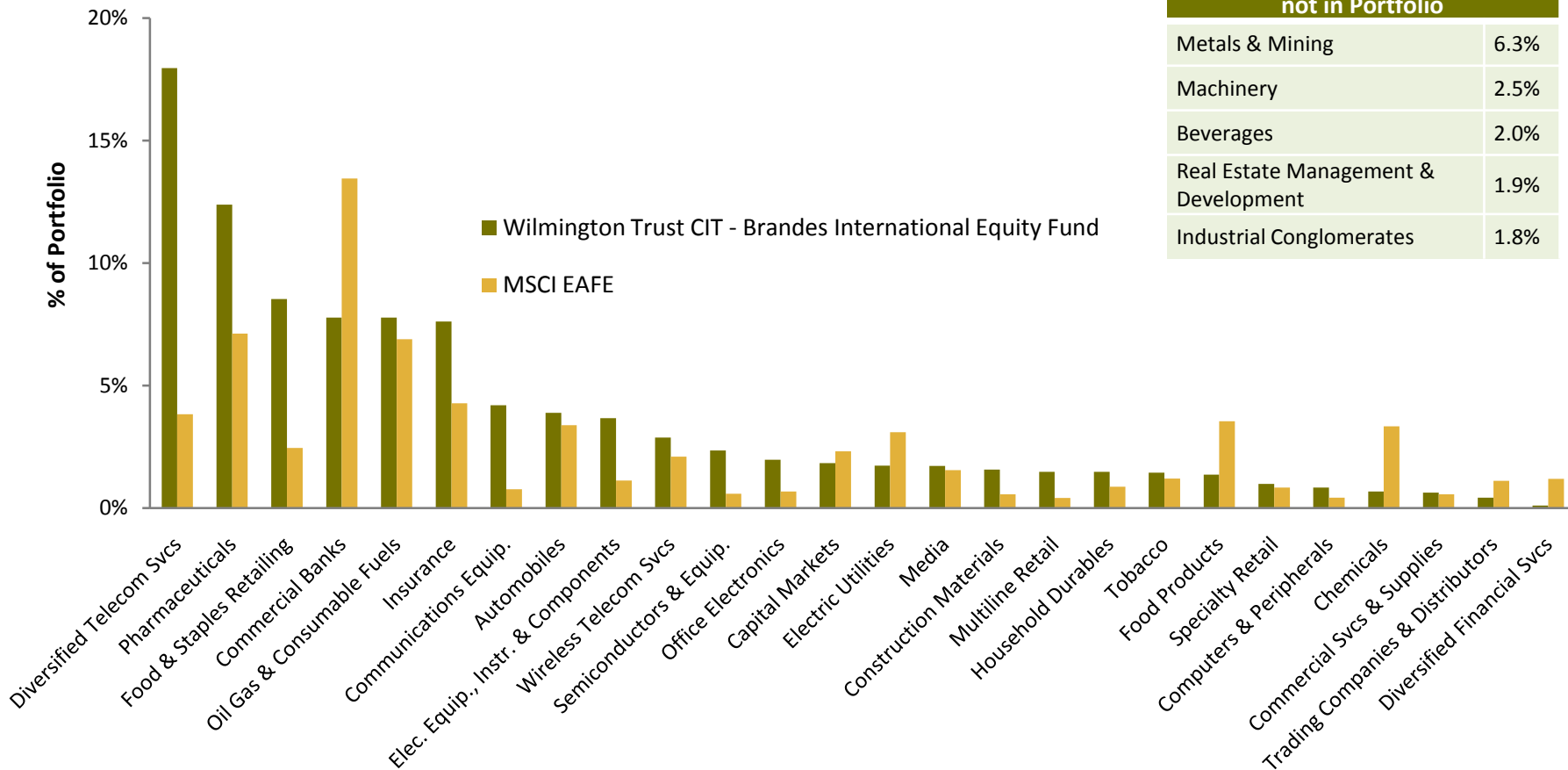
Sector Exposure

As of October 31, 2010



Industry Exposure

As of October 31, 2010

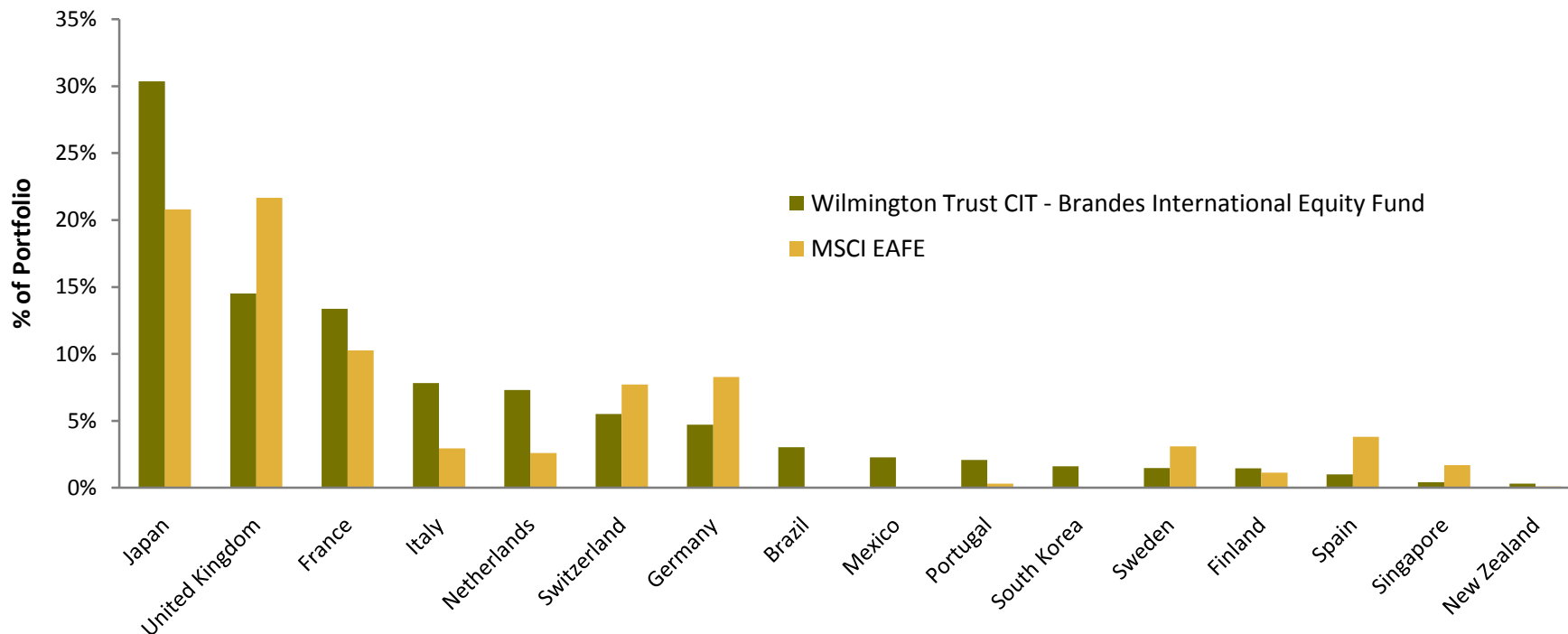


Top 5 MSCI EAFE Industries not in Portfolio	
Metals & Mining	6.3%
Machinery	2.5%
Beverages	2.0%
Real Estate Management & Development	1.9%
Industrial Conglomerates	1.8%

- Total number of industries in Portfolio: 26
- No exposure to industries that represent 32% of benchmark

Country Exposure

As of October 31, 2010



Regional Weightings	10/31/10
Asia/Pacific	32.7%
Europe	59.3%
North America	0.0%
Latin America	5.3%
Africa	0.0%

Market Weightings	10/31/10
Developed Markets	90.3%
Emerging Markets	6.9%
Cash	2.8%

- Total number of countries in Portfolio: 16
- No exposure to countries that represent 16% of benchmark
- 7% exposure to countries not represented in benchmark

Portfolio allocations are subject to change at any time.

Top 10 Holdings

As of October 31, 2010

Company	%	Country	Industry
Telecom Italia	3.22	Italy	Diversified Telecom Services
Nippon Tel & Tel Corp.	3.00	Japan	Diversified Telecom Services
Deutsche Telekom AG	2.87	Germany	Diversified Telecom Services
France Telecom SA	2.77	France	Diversified Telecom Services
Carrefour SA	2.61	France	Food & Staples Retailing
ENI S.p.A.	2.58	Italy	Oil, Gas & Consumable Fuels
Total SA	2.55	France	Oil, Gas & Consumable Fuels
Sanofi-Aventis SA	2.14	France	Pharmaceuticals
AstraZeneca Plc	2.13	United Kingdom	Pharmaceuticals
Portugal Telecom	2.09	Portugal	Diversified Telecom Services
Top 10 as % of Portfolio	25.96		

Total Number of Companies in Portfolio: 83

Wilmington Trust CIT - Brandes International Equity Fund

PORTFOLIO APPRAISAL

Brandes International Equity Portfolio as of 10/31/10 (Reporting Currency - USD)

QUANTITY	SECURITY	UNIT COST	TOTAL COST	MARKET PRICE	MARKET VALUE	% OF ASSETS
EQUITY						
COMMON STOCKS:						
361,900	Aegon NV ORD	7.18	2,600,009.03	6.33	2,290,189.48	1.36
65,000	Akita Bank Ltd. ORD	4.09	265,568.16	2.82	183,124.31	0.11
19,300	Akzo Nobel ORD	63.38	1,223,210.53	59.28	1,144,110.48	0.68
600,200	Alcatel-Lucent ORD	3.36	2,016,846.66	3.50	2,103,443.63	1.25
72,800	Astellas Pharma Inc ORD	37.03	2,695,516.82	37.16	2,705,141.28	1.60
71,900	AstraZeneca Plc ORD	44.60	3,206,786.16	50.05	3,598,601.72	2.13
363,100	Barclays Plc ORD	4.80	1,742,532.15	4.39	1,594,618.21	0.95
254,350	BP Plc ORD	9.43	2,399,102.71	6.81	1,732,077.56	1.03
3,310	Brasil Telecom SA ADR	15.85	52,463.50	9.19	30,418.90	0.02
5,830	Brasil Telecom SA Pfd ADR	30.03	175,074.90	22.05	128,551.50	0.08
71,900	Canon, Inc. ORD	38.65	2,779,029.19	46.17	3,319,545.35	1.97
81,700	Carrefour SA ORD	48.50	3,962,315.36	53.89	4,402,705.81	2.61
243,684	Cemex SA Part. Cert. ADR	10.58	2,578,718.36	8.77	2,137,108.68	1.27
105,900	Centrais Eletricas Bras ADR	17.17	1,818,303.00	13.97	1,479,423.00	0.88
206,000	Chuo Mitsui Trust Hldgs Inc ORD	3.53	726,876.77	3.61	743,989.81	0.44
58,600	Credit Agricole SA ORD	20.68	1,211,908.01	16.36	958,844.84	0.57
84,300	Dai Nippon Printing ORD	12.38	1,044,027.60	12.61	1,062,987.26	0.63
93,500	Daiichi Sankyo Company, Ltd ORD	19.65	1,837,335.87	21.16	1,978,530.59	1.17
31,050	Deutsche Bank AG ORD	60.11	1,866,460.80	57.81	1,794,918.53	1.06
334,600	Deutsche Telekom AG ORD	14.81	4,953,884.16	14.48	4,844,884.87	2.87
193,200	ENI S.p.A. ORD	22.99	4,440,935.49	22.50	4,346,540.96	2.58
228,700	Ericsson (L.M.) Telephone ORD	9.60	2,194,698.97	10.94	2,501,989.39	1.48
97,900	Flextronics Intl Ltd. ORD	7.07	692,153.00	7.17	701,943.00	0.42
194,800	France Telecom SA ORD	23.83	4,641,487.32	23.99	4,673,533.29	2.77
63,100	FUJIFILM Holdings Corp ORD	27.33	1,724,806.01	33.32	2,102,715.06	1.25
163,800	GlaxoSmithKline Plc ORD	20.63	3,379,875.08	19.53	3,198,596.80	1.90

Wilmington Trust CIT - Brandes International Equity Fund

PORTFOLIO APPRAISAL

Brandes International Equity Portfolio as of 10/31/10 (Reporting Currency - USD)

QUANTITY	SECURITY	UNIT COST	TOTAL COST	MARKET PRICE	MARKET VALUE	% OF ASSETS
22,000	Honda Motor Company ORD	30.32	667,107.03	36.45	801,924.35	0.48
436,200	Intesa Sanpaolo Spa ORD	4.33	1,888,662.25	3.51	1,532,027.75	0.91
104,300	Italcementi Spa Savings Shs ORD	7.05	734,924.50	4.82	502,925.42	0.30
1,155,300	ITV Plc ORD	0.85	987,113.73	1.09	1,261,035.66	0.75
413,000	J Sainsbury PLC ORD	5.31	2,193,609.73	6.23	2,571,368.93	1.52
784	Japan Tobacco ORD	3,050.73	2,391,769.34	3,106.47	2,435,475.07	1.44
435,300	Kingfisher Plc ORD	3.89	1,694,941.97	3.80	1,655,504.84	0.98
191,400	Koninklijke Ahold NV ORD	13.48	2,579,245.73	13.80	2,641,076.54	1.57
109,500	Korea Electric Power Corp ADR	13.72	1,502,340.00	13.21	1,446,495.00	0.86
365,200	Marks & Spencer Group PLC ORD	6.33	2,313,433.53	6.84	2,496,291.07	1.48
412,600	Mitsubishi UFJ Financial Grp ORD	5.59	2,308,321.23	4.65	1,920,291.98	1.14
1,127,997	Mizuho Financial Group ORD	1.80	2,031,819.22	1.45	1,637,949.78	0.97
87,500	MS&AD Insurance Grp Hldg ORD	26.35	2,305,440.38	23.99	2,099,165.51	1.24
195,800	Natixis ORD	5.33	1,043,191.07	6.12	1,199,072.78	0.71
504,000	NEC Corporation ORD	2.53	1,275,284.30	2.78	1,401,152.26	0.83
111,500	Nippon Tel & Tel Corp (NTT) ORD	43.53	4,853,176.88	45.36	5,057,885.86	3.00
80,000	Nissan Motor Co., Ltd. ORD	7.27	581,278.56	8.81	704,944.80	0.42
278,000	NKSJ Holdings Inc ORD	6.30	1,752,044.04	6.86	1,907,992.67	1.13
228,500	Nokia Oyj ORD	13.06	2,985,335.29	10.78	2,463,983.14	1.46
49,700	Ono Pharmaceutical Co. ORD	46.31	2,301,702.92	42.45	2,109,547.31	1.25
87,720	Petroleo Bras A Pref Shrs ADR	30.57	2,681,905.60	31.19	2,735,986.80	1.62
244,443	Portugal Telecom, SGPS, SA ORD	12.08	2,953,590.34	14.41	3,522,460.79	2.09
23,600	Renault ORD	48.33	1,140,487.94	55.48	1,309,322.81	0.78
29,300	Rohm Company Ltd ORD	65.93	1,931,683.37	62.30	1,825,484.35	1.08
23,000	San-In Godo Bank, Ltd. ORD	9.01	207,161.74	6.91	158,997.32	0.09
51,700	Sanofi-Aventis SA ORD	73.20	3,784,624.22	69.73	3,605,047.62	2.14
100,000	Seven & I Holdings Co Ltd. ORD	22.44	2,243,633.10	23.25	2,324,580.30	1.38
68,900	SK Telecom Co. Ltd ADR	16.57	1,141,673.00	18.43	1,269,827.00	0.75

Wilmington Trust CIT - Brandes International Equity Fund

PORTFOLIO APPRAISAL

Brandes International Equity Portfolio as of 10/31/10 (Reporting Currency - USD)

QUANTITY	SECURITY	UNIT COST	TOTAL COST	MARKET PRICE	MARKET VALUE	% OF ASSETS
34,900	SNS Reaal ORD	7.09	247,485.67	4.61	161,010.17	0.10
74,500	Sony Corporation ORD	26.99	2,010,477.49	33.39	2,487,226.46	1.47
244,900	STMicroelectronics NV ORD	8.03	1,966,003.08	8.73	2,138,527.14	1.27
69,430	Sumitomo Mitsui Fin Gp ORD	32.37	2,247,111.41	29.94	2,078,410.10	1.23
72,400	Swiss Reinsurance Company ORD	46.00	3,330,328.81	48.06	3,479,312.32	2.06
5,700	Swisscom AG ORD	388.67	2,215,437.47	417.68	2,380,762.32	1.41
70,819	Taisho Pharmaceutical Co Ltd ORD	18.10	1,281,684.14	21.00	1,487,157.36	0.88
47,200	Takeda Pharma Co Ltd ORD	41.79	1,972,261.44	46.79	2,208,462.98	1.31
21,700	TDK Corporation ORD	52.35	1,135,942.27	57.03	1,237,519.43	0.73
22,900	Tele Norte Leste Part Pref ADR	21.76	498,304.00	15.34	351,286.00	0.21
322,743	Telecom Co. New Zealand Ltd. ORD	1.75	565,825.71	1.57	505,678.57	0.30
1,848,200	Telecom Italia Spa ORD	1.60	2,956,848.31	1.53	2,830,221.11	1.68
2,127,200	Telecom Italia Svings Shs ORD	1.12	2,391,456.42	1.22	2,601,242.27	1.54
62,600	Telefonica S.A. ORD	28.70	1,796,325.53	26.96	1,687,585.82	1.00
109,000	Telefonos de Mexico L Shrs ADR	17.01	1,854,295.76	15.48	1,687,320.00	1.00
48,700	The 77 Bank, Ltd. ORD	6.15	299,588.28	4.72	229,677.97	0.14
4,400	TIM Participacoes Pref SA ADR	27.00	118,800.00	32.26	141,944.00	0.08
91,700	Tokio Marine Hldg Inc. ORD	28.84	2,644,939.32	28.15	2,581,185.17	1.53
79,384	Total SA ORD	53.69	4,262,369.28	54.26	4,307,132.29	2.55
68,100	Toyota Motor Corporation ORD	37.96	2,584,798.19	35.48	2,416,395.64	1.43
67,500	Tyco Electronics Ltd	23.05	1,555,875.00	31.68	2,138,400.00	1.27
76,077	UBS AG ORD	14.44	1,098,400.97	16.93	1,287,721.91	0.76
340,515	Unicredit SPA ORD	3.26	1,109,644.62	2.60	886,265.47	0.53
77,800	Unilever N.V. Ctf. ORD	30.62	2,382,533.51	29.61	2,303,302.30	1.37
831,200	Unipol Gruppo Finanz SPA Pfd ORD	0.88	732,885.66	0.59	488,580.02	0.29
7,900	Vivo Participacoes S.A. Pfd ADR	30.50	240,950.00	28.64	226,256.00	0.13
1,186,000	Vodafone Group PLC ORD	2.25	2,669,153.48	2.72	3,221,663.51	1.91
8,766	Volkswagen AG Pfd ORD	87.18	764,202.35	150.77	1,321,663.85	0.78

Wilmington Trust CIT - Brandes International Equity Fund

PORTFOLIO APPRAISAL

Brandes International Equity Portfolio as of 10/31/10 (Reporting Currency - USD)

QUANTITY	SECURITY	UNIT COST	TOTAL COST	MARKET PRICE	MARKET VALUE	% OF ASSETS
520,700	Wm. Morrison Supermks Plc ORD	4.52	2,353,126.61	4.70	2,446,635.69	1.45
26,900	Wolseley PLC ORD	19.04	512,226.14	26.60	715,442.06	0.42
72,000	Wolters Kluwer NV ORD	21.68	1,561,121.27	22.71	1,635,336.86	0.97
	Total Common Stocks		162,065,828.81		164,025,676.81	97.22
	Total Equity		162,065,828.81		164,025,676.81	97.22
CASH						
	Cash		4,695,290.24		4,695,290.24	2.78
	Total Portfolio		166,761,119.05		168,720,967.05	100
	Accrued Income				1,059,826.13	
	Total Portfolio including Accruals				169,780,793.18	

Client Benefits

- A consistent application of a Graham & Dodd value approach to global investing that can complement other managers and investment styles.
- A long-term investment horizon with typically low portfolio turnover and moderate trading costs.
- A research process designed to identify companies that can be purchased at discounts to the firm's estimates of their intrinsic values and that have the potential to deliver long-term outperformance.
- An employee-owned, debt-free investment manager with the resources and commitment to maintain stable operations in all market environments.
- A highly motivated professional team with low turnover.
- A corporate philosophy that places priority on client needs.

Through September 30, 2010 | Reporting Currency: USD

Annualized Performance (Net)*

	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years
International Equity	0.40 %	-8.85 %	2.00 %	8.36 %	5.19 %	10.02 %	11.86 %
Primary Benchmark (a)	3.27 %	-9.51 %	1.97 %	7.81 %	2.56 %	4.53 %	6.04 %
Relative Performance	-2.87 %	0.66 %	0.03 %	0.55 %	2.63 %	5.49 %	5.82 %

Annual Periods (Net)*

	YTD	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
International Equity	0.51	22.14	-37.53	8.01	28.35	10.96	25.08	50.26	-16.67	-14.14	2.92	53.67	15.03	20.05	16.34	13.75	-2.98	40.86	6.28	40.17	-1.31
Primary Benchmark (a)	1.07	31.78	-43.38	11.17	26.34	13.54	20.25	38.59	-15.94	-21.44	-14.17	26.96	20.00	1.78	6.05	11.21	7.78	32.56	-12.17	12.13	-12.90

Quarterly Performance (Net And Gross)*

Year		1Q	2Q	3Q	4Q	Primary		Year		1Q	2Q	3Q	4Q	YTD	Primary						
						YTD	Benchmark(a)								YTD	Benchmark(a)					
2010	NET	1.16	-12.24	13.21		0.51	1.07	1999	NET	8.66	12.16	1.46	24.27	53.67		26.96					
	GROSS	1.31	-12.11	13.37		0.95			GROSS	8.85	12.36	1.65	24.33	54.58							
2009	NET	-15.63	24.14	16.74	-0.11	22.14	31.78	1998	NET	17.37	-3.82	-14.76	19.54	15.03		20.00					
	GROSS	-15.50	24.32	16.91	0.03	22.86			GROSS	17.58	-3.62	-14.60	19.76	15.90							
2008	NET	-12.47	-1.09	-13.68	-16.41	-37.53	-43.38	1997	NET	6.05	11.99	5.80	-4.46	20.05		1.78					
	GROSS	-12.34	-0.94	-13.55	-16.28	-37.15			GROSS	6.31	12.24	5.91	-4.32	20.91							
2007	NET	4.74	4.84	-0.40	-1.25	8.01	11.17	1996	NET	0.99	4.54	1.32	8.76	16.34		6.05					
	GROSS	4.90	4.99	-0.26	-1.11	8.64			GROSS	1.25	4.78	1.56	8.81	17.24							
2006	NET	9.83	0.72	5.38	10.11	28.35	26.34	1995	NET	-0.21	6.03	3.45	3.92	13.75		11.21					
	GROSS	9.95	0.86	5.52	10.26	29.01			GROSS	0.06	6.27	3.70	4.14	14.84							
2005	NET	-1.40	-1.85	10.44	3.83	10.96	13.54	1994	NET	-2.77	-2.53	7.28	-4.57	-2.98		7.78					
	GROSS	-1.29	-1.74	10.53	4.05	11.55			GROSS	-2.50	-2.26	7.56	-4.35	-1.96							
2004	NET	7.46	1.13	-0.97	16.23	25.08	20.25	1993	NET	7.42	4.68	10.27	13.60	40.86		32.56					
	GROSS	7.62	1.27	-0.84	16.40	25.80			GROSS	7.69	4.95	10.54	13.63	41.96							
2003	NET	-11.15	26.80	12.17	18.91	50.26	38.59	1992	NET	3.24	6.65	-3.41	-0.07	6.28		-12.17					
	GROSS	-11.00	26.96	12.33	19.02	51.07			GROSS	3.54	6.95	-3.14	0.17	7.44							
2002	NET	3.84	-4.80	-21.65	7.59	-16.67	-15.94	1991	NET	11.78	2.15	11.66	9.94	40.17		12.13					
	GROSS	3.97	-4.63	-21.51	7.72	-16.17			GROSS	12.01	2.38	11.89	10.16	41.34							
2001	NET	-9.83	1.72	-14.80	9.87	-14.14	-21.44	1990	NET				-2.04	0.75		-1.31	-12.90				
	GROSS	-9.66	1.87	-14.65	10.02	-13.59			GROSS				-1.74	1.02		-0.74					
2000	NET	-4.32	6.92	-3.78	4.55	2.92	-14.17														
	GROSS	-4.14	7.06	-3.61	4.73	3.61															

Composite Characteristics

Year	#Accts	Assets (mil)	Dispersion (2)	% of non-fee paying assets	Total Firm Assets (mil)(1)
2010	1,413	14,284			37,916
2009	1,604	16,785	1.91	<1	42,152
2008	1,765	15,038	1.24	<1	40,591
2007	2,020	29,222	1.03	<1	83,242
2006	2,172	30,154	1.06	<1	85,974
2005	2,233	26,404	0.87	<1	101,874
2004	2,392	26,113	1.38	<1	98,078
2003	2,757	21,934	2.13	<1	75,789
2002	3,166	15,826	1.73	<1	51,808
2001	3,970	16,715	1.30	<1	61,996
2000	4,660	16,884	2.03	<1	50,852
1999	5,161	14,103	3.12	<1	41,538
1998	5,617	7,774	4.13	<1	25,125
1997	5,421	4,923	2.48	<1	15,624
1996	4,997	3,792	2.27	<1	8,935
1995	4,117	2,065	2.01	<1	5,698
1994	3,482	1,219	2.28	<1	3,857
1993	1,624	578	4.97	<1	2,100
1992	462	131	3.03	<1	524
1991	110	24	5.09	<1	213
1990	38	6	N/A	<1	130

(1) As of January 1, 2006, "Total Firm Assets" do not include SMA Division assets.

(2) The measure of dispersion is the asset-weighted standard deviation for annual periods. No measure is displayed when there are five or fewer portfolios in the composite for an entire annual period. As such, measure may not be meaningful.

* The net and gross quarterly and annual returns, calculated in USD, presented for the Brandes International Equity composite were calculated on a time-weighted and asset-weighted, total return basis, including reinvestment of all dividends, interest and income, realized and unrealized gains or losses and are net of brokerage commissions, execution costs, and any applicable foreign withholding taxes, without provision for federal and state income taxes, if any. As of 4/1/2006 all custodial fees are treated as administrative fees.

In June 2002, Brandes Investment Partners, L.P. changed its organizational structure from a limited partnership to a limited liability corporation formed under the name Brandes Investment Partners, LLC. On October 18, 2004, Brandes Investment Partners, LLC became a Delaware limited partnership with the name Brandes Investment Partners, L.P. Brandes Investment Partners, L.P. is a registered, independent investment management firm. As of January 1, 2006, Brandes Investment Partners was divided into two separate divisions: the SMA Division of Brandes Investment Partners, which acts as a discretionary manager to SMA or "wrap fee" program clients, including those who may invest in an SMA product; and the non-SMA Division of Brandes Investment Partners, which acts as a discretionary manager for all other types of clients which may include pooled investment vehicles, institutional accounts and high net worth clients outside of wrap fee programs. Although the divisions may share portfolio management and other personnel, each division serves a particular target market, may trade in a different manner and may offer investment advice which differs from the other depending upon the individualized needs of the clients served. The performance data presented does not contain any SMA Division accounts.

Prior to 1/1/2002 cash flows were weighted using a mid-month assumption, beginning 1/1/2002 cash flows are weighted on a daily basis.

This composite was created in 1990.

Securities transactions are accounted for on the trade date. Dividend and interest income is accounted for on an accrual basis. Cash and cash equivalents are included in performance returns.

Accounts are removed from the composite when an account's market value falls below US\$50,000 due to capital withdrawals.

The Brandes International Equity composite results include all actual, fee-paying and non-fee-paying, fully discretionary International Equity accounts under management by Brandes Investment Partners after one full calendar month beginning 6/30/1990 (except for the Brandes International Equity pooled account which was fully invested at its inception), that have substantially the same investment objectives, policies, techniques and restrictions.

Brandes' investment advisory fees are detailed in Part II of its Form ADV.

The gross returns do not give effect to investment advisory fees, which would reduce such returns. Investment management fees and any other expenses that may be incurred in the management of the account will reduce actual returns. When fees are deducted quarterly total portfolio performance will be reduced at a compounded rate. Beginning January 1, 2007, composite performance after management fee returns are determined by reducing the gross of fee returns monthly by the highest applicable fee schedule per account.

The weighted annualized management fee during the period 6/30/1990 through 12/31/2009 was 0.72% per year.

Brandes has been verified for the annual periods 1995 through 2009 by Ernst & Young, LLP. A copy of the verification reports, a complete list and description of Brandes' composites and additional information regarding policies for calculating and reporting returns are available upon request. Brandes has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPSSM).

The results for individual accounts and for different periods may vary. Investors should not rely on prior performance results as a reliable indication of future results. Market conditions may impact performance. The performance results presented were achieved in particular market conditions which may not be repeated. Moreover, the current market volatility and uncertain regulatory environment may have a negative impact on future performance.

(a) The MSCI EAFE (Europe, Australasia, Far East) Index with net dividends is an unmanaged, free float-adjusted market capitalization weighted index designed to measure equity market performance of developed markets, excluding the United States and Canada. This index often is used as a benchmark for international equity portfolios and includes dividends and distributions net of withholding taxes, but does not reflect fees, brokerage commissions, or other expenses of investing.

Please note that all indices are unmanaged and are not available for direct investment.

Effective 6/1/10, the International Equity Portfolio (IN) opened to new investors and to contributions from existing clients. Effective 6/30/08, IN opened for contributions from existing IN clients.

Effective 6/30/05, IN closed to contributions from existing clients. Effective 6/30/02, IN closed to contributions from existing clients (with some limited exceptions) and on 9/30/98, closed to new investors.

Brandes Investment Partners® is a registered trademark of Brandes Investment Partners, L.P. in the United States and Canada.

Glossary of Terms – page one

ABS: (asset-backed security) - Bonds backed by financial assets; typically these assets consist of other than mortgage loans (e.g. credit card receivables, auto loans, home-equity loans, etc.).

ADR: American Depositary Receipt – a negotiable receipt for the shares of a foreign-based corporation held in trust by a financial institution that entitles the shareholder to all dividends and capital gains and is traded in the United States.

ADS: American Depositary Share – a share issued under a deposit agreement representing the underlying ordinary share which trades in the issuer's home market.

Alpha: A portfolio's alpha measures the difference between its actual returns and its expected returns given its risk level as measured by its beta. A positive alpha indicates the portfolio has performed better than its beta would predict, while a negative alpha indicates a portfolio has underperformed given the expectations established by its beta.

Annualized Return: Rate of return of the account smoothed as though the return occurred equally over 12-month periods. When the specified time frame is less than a year, the rate of return is projected as though the same performance continues to occur for a 12-month period. See Rate of Return.

Averages: PRICE/ BOOK, PRICE/ EARN and PRICE/ CF averages are asset-weighted harmonic averages; MARKET CAP, LT DEBT/ EQUITY and YLD averages are asset-weighted arithmetic averages; ROE averages are calculated as the ratio of PRICE/ BOOK average to PRICE/ EARN average.

Barclays Capital U.S. Aggregate Index - LBAGGBX: The Barclays Capital U.S. Aggregate Index is an unmanaged index consisting of U.S. dollar-denominated, fixed-rate, taxable bonds. The Index includes bonds from the Treasury, Government-Related, Corporate, Mortgage-Backed Securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), Asset-Backed Securities and Commercial Mortgage-Backed Securities sectors. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index.

Barclays Capital U.S. Intermediate Credit Index - LBINTCRED: The Barclays Capital U.S. Intermediate Credit Index is an unmanaged index consisting of U.S. dollar-denominated, publicly issued, fixed-rate corporate securities. Issues must have at least \$250 million par amount outstanding and have a maturity from one up to (but not including) ten years. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index.

Barclays Capital U.S. Intermediate Government/Credit Index - LBINTGCX: The Barclays Capital U.S. Intermediate Government/Credit Index is an unmanaged index consisting of U.S. dollar denominated, publicly issued, fixed-rate corporate and government securities. Issues must have a maturity from one up to (but not including) ten years and a minimum of \$250 million par amount outstanding. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index.

Barclays Capital Intermediate U.S. Treasury Index: The Barclays Capital Intermediate U.S. Treasury Index is an unmanaged index consisting of U.S. dollar-denominated, U.S. Treasury-issued securities. Issues must have at least \$250 million par amount outstanding and have a maturity from one up to (but not including) ten years. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index.

Barclays Capital U.S. Corporate High-Yield Index: The Barclays Capital U.S. Corporate High-Yield Index is an unmanaged index consisting of U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Issues must have at least \$150 million par amount outstanding and have a maturity of one year or longer. Securities which are classified as high-yield are rated below investment-grade (below Baa3/BBB-/BBB-) by Moody's S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index.

Barclays Capital U.S. Credit Index: The Barclays Capital U.S. Credit Index is an unmanaged index consisting of U.S. dollar-denominated, publicly issued, fixed-rate corporate securities. Issues must have at least \$250 million par amount outstanding. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index.

Barclays Capital U.S. Fixed-Rate Asset Backed Securities (ABS) Index: The Barclays Capital U.S. Fixed-Rate Asset Backed Securities (ABS) Index is an unmanaged index consisting of U.S. dollar-denominated, fixed-rate, taxable bonds. Issues must have at least \$500 million deal size, \$25 million tranche size and have an average life of at least one year. The Index includes pass-through, bullet, and controlled amortization structures. Securities must be the senior class or an ERISA-eligible B or C tranche of the deal. The Index includes bonds from the Credit and charge cards, Autos, Home equity loans, Utility and Manufactured Housing subsectors. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. Securities must be issued by eligible issuers, determined by Barclays Capital based on pricing availability. The index is a total return index which reflects the price changes and interest of each bond in the index.

Barclays Capital U.S. Government Index: The Barclays Capital U.S. Government Index is an unmanaged index consisting of U.S. dollar-denominated, fixed-rated, publicly issued bonds. The Index includes bonds from the Treasury and Agency sectors. Issues must have at least \$250 million par amount outstanding and have a maturity of one year or longer. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index.

Barclays Capital U.S. Mortgage Backed Securities Index: The Barclays Capital U.S. Mortgage Backed Securities Index is an unmanaged index consisting of fixed-rate, mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). Issues must have at least \$250 million par amount outstanding and have a weighted average maturity of at least one year. The Index includes the following categories of mortgaged-backed securities: GNMA I Single Family Pool (30 Years), GNMA II Single Family Pool (30 Years), GNMA I Single Family "Midgets" (15 Years), GNM II Single Family "Midgets" (15 Years), FHLMC Cash Single Family (30 Years), FHLMC Guarantor and Gold SF (30 Years), FHLMC Guarantor FHAVA (30 Years), FHLMC Guarantor and Gold SF (15 Years), FHLMC Guarantor and Gold SF (20 Years) FHLMC Cash Single Family (15 Years), FHLMC 5-years Balloon (5 Years), FHLMC 7-years Balloon (7 years), FNMA Conventional Long Term (20 Years), FNMA Conventional Long Term (30 Years), FNMA Governmental Long Term (30 Years), FNMA Conventional Intermediate (15 Years), and FNMA 7-years Balloon (7 years). The index is a total return index reflects the price changes and interest of each bond in the index.

Barclays Capital U.S. Treasury Index: The Barclays Capital U.S. Treasury Index is an unmanaged index consisting of U.S. dollar-denominated, fixed-rate, publicly issued bonds. The Index includes obligations of U.S. Treasury Index with a remaining maturity of one year or more. Issues must have at least \$250 million par amount outstanding. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index.

Glossary of Terms – page two

Beginning Value: The beginning performance value for a specified period is equal to market value at that time or equal to the sum of contributions and withdrawals to the account during the inception month.

Beta: A stock's (or a portfolio's) beta measures its volatility versus an index. A stock (or portfolio) with a beta higher than one has tended to exhibit more volatility than the index, while a stock (or portfolio) with a beta between zero and one has tended to exhibit less volatility than the index.

Bond: Long-term securities with a maturity of greater than one year.

Book Value: Assets minus liabilities. Also known as shareholders' equity.

Capitalization Weighted: A stock index in which each stock affects the index in proportion to its market value (also called market-value weighted index.)

Citigroup U.S. Broad Investment Grade Bond Index - CITBIGBND: The Citigroup U.S. Broad Investment Grade Bond Index is an unmanaged index designed to track the performance of bonds issued in the U.S. investment-grade bond market. It includes institutionally traded U.S. Treasury, government-sponsored (U.S. agency & supranational), mortgage, asset-backed and investment-grade securities. This index is a total return index which reflects the price changes and interest of each bond in the index.

CMBS: (commercial mortgage-backed security) - Bonds that are backed by pools of commercial mortgage loans.

CMO: (collateralized mortgage obligation) - A multiclass bond backed by a pool of mortgage pass-through securities or mortgage loans.

Common Equity: A security that represents ownership in a corporation. Owners of the security generally are entitled to vote on the selection of directors and other important matters.

Corporate Bond: Debt instrument issued by a private corporation, as distinct from one issued by a government agency or municipality

Coupon: The rate of interest payable annually. Where the coupon is blank, it can indicate that the bond can be a "zero-coupon," a new issue, or that it is a variable-rate bond.

Cur Yld: Current Yield - annualized income from the investment (dividends, interest, etc.) divided by the current market price of the investment.

Current Face: The current monthly remaining principal on a bond. Current face is computed by multiplying the original face value of the security by the current factor.

Dividend Adjustment: Adjustment reflecting additional information released regarding a previously recorded dividend.

Dow Jones Industrial Average (DJIA, or The "Dow") – DJIA R: The Dow Jones Industrial Average is an unmanaged, price-weighted index of 30 blue chip U.S. stocks. The DJIA was created by Charles Dow in 1896 as a general measure of the stock market, and today is compiled by editors of The Wall Street Journal. With over a hundred years of data behind it, the DJIA still serves as a reliable U.S. market's measure. This index captures price movements of the securities.

Duration: The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates.

Emerging Markets: Refers to those companies operating in developing nations as defined by MSCI.

Enhanced Income (EI) 70% Barclays Capital U.S. Aggregate, 30% S&P/Citigroup World \$25 Billion Plus Index - EILA25B (rebalanced daily): Enhanced Income Index: 70% Barclays Capital U.S. Aggregate, 30% S&P Developed \$25 Billion Plus Index with gross dividends. The Barclays Capital U.S. Aggregate Index is an unmanaged index consisting of U.S. dollar-denominated, fixed-rate, taxable bonds. The Index includes bonds from the Treasury, Government-Related, Corporate, Mortgage-Backed Securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), Asset-Backed Securities and Commercial Mortgage-Backed Securities sectors. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, and Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The index is a total return index which reflects the price changes and interest of each bond in the index. The S&P Developed \$25 Billion Plus Index with gross dividends is an unmanaged, free float-adjusted market capitalization index that is designed to measure equity market performance of the developed markets throughout the world, including the United States, that have market capitalizations greater than \$25 billion (USD). This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Equal Weighted: Performance data or other data calculated by weighting all of a composite or index's components equally.

Factor: The multiple of original face outstanding at the time of purchase or sale.

Fiscal Year: Business year. Assumed to be the calendar year, unless otherwise designated.

Float Weighted: An index in which each constituent affects the index in proportion to its float (the number of shares outstanding and available for public trading).

FTSE World Mid Cap Index - FTWRLDM/S: The FTSE World Mid Cap Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index that tracks medium capitalization companies in 29 countries, including the United States. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

FTSE World Ex-US Mid Cap Index - FTWXUSM/S: The FTSE World Ex-US Mid Cap Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index that tracks medium capitalization companies in 28 countries, excluding the United States. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Fundamental Information: Fundamental Information: MARKET CAP, PRICE/BOOK, PRICE/EARN, PRICE/CF, LT DEBT/EQUITY, ROE and YLD for each security are provided by Bloomberg, L.P., and are generally shown unadjusted.

Gross of Fees: Prior to subtraction of management fees.

Interest (payment): An amount charged to a borrower by a lender for the use of money, normally expressed in terms of an annual percentage rate of the principal amount.

Large Cap: Large Capitalization - refers to those companies with a market capitalization generally greater than \$5 billion (USD).

Lt Debt/Equity: Long-term debt of a corporation divided by the corporation's common equity.

Market Price: Price of the investment as of the appraisal date.

Maturity: The date when the principal amount of a security becomes due and payable, if not subject to prior call or redemption.

Medium/Mid Cap: Medium Capitalization - refers to those companies with a market capitalization generally between \$1.5 billion and \$5 billion (USD).

Mkt Cap: Market Capitalization - the number of common shares outstanding multiplied by the current market price per common share.

Glossary of Terms – page three

Money Market Yield: The average yield of the most common taxable money market funds used in client portfolios. This figure may differ from the fund used for your portfolio, particularly if the fund is tax exempt.

Mortgage: A legal instrument that creates a lien upon real estate securing the payment of a specific debt.

Mortgage-backed Security: Bonds that are backed by pools of residential mortgage loans.

MSCI All Country Asia-Pacific ex-Japan (ACAPACXJ) Index - ACAPACFXJP: The MSCI All Country Asia-Pacific ex-Japan (ACAPACXJ) Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index designed to measure equity market performance of Asia and the Pacific region, excluding Japan. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

MSCI All Country World (ACWI) Index - MSACWFREE: The MSCI All Country World (ACWI) Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index designed to measure equity market performance of developed and emerging markets, including the United States. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

MSCI All Country World ex-Canada (ACWI ex-Canada) Index - MSACWXCAD: The MSCI All Country World ex-Canada (ACWI ex-Canada) Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index designed to measure equity market performance of developed and emerging markets, excluding Canada. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

MSCI All Country World ex-U.S. (ACWI ex-U.S.) Index - MSACWFXUS: The MSCI All Country World ex-U.S. (ACWI ex-US) Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index designed to measure equity market performance of developed and emerging markets, excluding the United States. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

MSCI EAFE Index - MSCI EAFE: The MSCI EAFE (Europe, Australasia, Far East) Index with net dividends is an unmanaged, free float-adjusted market capitalization weighted index designed to measure equity market performance of developed markets, excluding the United States and Canada. This index often is used as a benchmark for international equity portfolios and includes dividends and distributions net of withholding taxes, but does not reflect fees, brokerage commissions, or other expenses of investing.

MSCI Emerging Markets (MSCI EM) Index - MSCIEMF: The MSCI Emerging Markets Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index designed to measure equity market performance in emerging markets throughout the world. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

MSCI EM Asia Index: The MSCI EM (Emerging Markets) Asia Index is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets in Asia.

MSCI EM Latin America Index: The MSCI EM (Emerging Markets) Latin America Index is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure equity market performance in Latin America.

MSCI Europe Index - MSCIEURO: The MSCI Europe Index with net dividends is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure equity market performance of the developed markets in Europe. This index includes dividends and distributions net of withholding taxes, but does not reflect fees, brokerage commissions, or other expenses of investing.

MSCI Japan Index - MSCI JP: The MSCI Japan Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure equity market performance of the developed markets in Japan. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

MSCI KOKUSAI Index – MSWRDXJP: The MSCI KOKUSAI Index with net dividends is an unmanaged, free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets excluding Japan. As of September 2007 the MSCI KOKUSAI Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. This index includes dividends and distributions net of withholding taxes, but does not reflect fees, brokerage commissions, or other expenses of investing.

MSCI Pacific Index: The MSCI Pacific Index with gross dividends is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure equity market performance of the developed markets in the Pacific region. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

MSCI World Index - MSCI WRLD: The MSCI World Index with net dividends is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure equity market performance of the developed markets throughout the world, including the United States. This index includes dividends and distributions net of withholding taxes, but does not reflect fees, brokerage commissions, or other expenses of investing.

NASDAQ Composite Index: The NASDAQ Composite Index is an unmanaged, broad based market capitalization-weighted index that measures all NASDAQ domestic and international based common type stocks listed on the NASDAQ market. This index captures price movements of the securities.

Net Capital: The net total of all contributions and withdrawals since the inception of the account.

Net of Fees: After subtraction of management fees.

Nikkei 225 Index: The Nikkei 225 Index is an unmanaged stock market index for the Tokyo Stock Exchange (TSE). The Nikkei average is the most watched index of Asian stocks. It has been calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1971. It is a price-weighted average (the unit is Yen), and the components are reviewed once a year.

ORD: Ordinary - shares of foreign securities traded on their local exchange.

Original Face: The face value or original principal amount of a security on its issue date.

Par: The face value of a bond.

Pass-through: A mortgage-backed security for which the payments on the underlying mortgages are passed from the mortgage holder through the servicing agent (who usually keeps a portion as a fee) to the security holder.

Paydown: That portion of a mortgage which is applied toward reduction of the par amount, as opposed to the interest due. Includes all pass-through principal payments.

Price: The dollar amount to be paid for a security, stated as a percentage of its face value, or par. Bond prices are best reflected in their yields, which vary inversely with the dollar price. The price paid for a bond is based on a host of variables, including interest rates, supply and demand, credit quality, maturity and call features, tax status, state of issuance, market events and the size of the transaction.

Price Weighted: A stock index in which each stock affects the index in proportion to its price per share.

Price/Book: Price per share divided by book value per share.

Price/CF: Price per share divided by cash flow per share.

Price/Earn: Price per share divided by earnings per share.

Principal: The face amount of a bond, exclusive of accrued interest and payable at maturity.

R2: A portfolio's R2 (pronounced "r-squared") measures how closely the portfolio's performance correlates with the performance of an index. Specifically, R2 indicates what proportion of the portfolio's performance is determined by the performance of the index. Values for R2 range from zero to one.

Rate of Return: Percentage change in the market value of the account over the specified time frame, including realized and unrealized gains or losses, dividends, and income.

Rating: Alpha and/or numeric symbols used to give indications of relative credit quality. In the municipal market, these designations are published by the rating services. Internal ratings are also used by other market participants to indicate relative credit quality.

Realized Gain/Loss: Profit or loss resulting from the sale or other disposal of a security. Gains and losses are based on First In First Out (FIFO) accounting methodology.

Glossary of Terms – page four

Reverse Stock Split: A procedure whereby a corporation will reduce the number of shares outstanding while maintaining the same total market value of the company by increasing the value per share of stock; e.g., if a firm with 10 million outstanding shares selling at \$10/share executes a reverse 1-for-10-split, the firm will end up with 1 million shares selling for \$100 each.

ROE: Return on Equity - net income divided by common equity.

Russell 1000 Index - RUSSELL1K: The Russell 1000 Index with gross dividends is an unmanaged, market capitalization weighted index that measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market capitalization and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. This index includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Russell 1000 Value Index - RUSSELL1V: The Russell 1000 Value Index with gross dividends is an unmanaged, market capitalization weighted index that measures the performance of the large-cap segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. The index includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Russell 2000 Index - RUSSELL2K: The Russell 2000 Index with gross dividends is an unmanaged, market capitalization weighted index that measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 10% of the total market capitalization of that index and includes approximately 2000 of the smallest securities based on a combination of their market capitalization and current index membership. This index includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Russell 2000 Value Index - RUSSELL2KV: The Russell 2000 Value Index with gross dividends is an unmanaged, market capitalization weighted index that measures the performance of the small-cap segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower expected growth values. This index includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Russell 3000 Index - RUSSELL3K: The Russell 3000 Index with gross dividends is an unmanaged market capitalization weighted index that measures the performance of the 3,000 largest U.S. companies representing approximately 98% of the investible U.S. market. This index includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Russell Midcap Index - RUSSELLMC: The Russell Midcap Index with gross dividends is an unmanaged, market capitalization weighted index that measures the performance of the mid-cap segment of the U.S. equity universe. It is a subset of the Russell 1000 index and includes approximately 800 of the smallest securities based on a combination of their market capitalization and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. This index includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Small Cap: Small capitalization - refers to those companies with a market capitalization of generally less than \$1.5 billion (USD).

Spin-off: A procedure whereby a corporation reorganizes one or more of its operating entities into a separate corporation and gives shares of this new corporation to its shareholders.

Stock Split: A procedure whereby a corporation increases the number of shares outstanding while maintaining the same total market value of the company by reducing the value per share of stock; e.g., if a stock at \$100 par value splits 2-for-1, the number of outstanding shares doubles and the price per share drops by half to \$50.

S&P 500 - SP500 G: The S&P 500 Index with gross dividends is an unmanaged, market capitalization weighted index that measures the equity performance of 500 leading companies in leading industries of the U.S. economy. Although the index focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it can also be a suitable proxy for the total market. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

S&P 500 Growth Index - SGXINDEX: The S&P 500 Growth Index with gross dividends is an unmanaged, market capitalization weighted index that measures the equity performance of those S&P 500 Index companies with higher expected growth rates. This index includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

S&P 500 Value Index - SVXINDEX: The S&P 500 Value Index with gross dividends is an unmanaged, market capitalization weighted index that measures the equity performance of those S&P 500 Index companies with lower price-to-book ratios. This index includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

S&P MidCap 400 Value Index - SPMV400 G: The S&P MidCap 400 Value Index with gross dividends is an unmanaged, market capitalization weighted index that measures the equity performance of those S&P MidCap 400 Index companies with lower price-to-book ratios. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

S&P SmallCap 600 Value Index - SPV600 G: The S&P SmallCap 600 Value Index with gross dividends is an unmanaged, market capitalization weighted index that measures the equity performance of those S&P SmallCap 600 Index companies with lower price-to-book ratios. This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

S&P Developed SmallCap Index - CITEMIWRDL: The S&P Developed SmallCap Index is an unmanaged, float-adjusted market capitalization weighted index that measures the equity performance of small capitalization companies from developed markets around the world, including the United States. This index includes the reinvestment of dividends and income but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

S&P Developed Ex-U.S. SmallCap Index - CITWXUSEM: The S&P Developed Ex-U.S. SmallCap Index with gross dividends is an unmanaged, float-adjusted market capitalization weighted index that measures the equity performance of small capitalization companies from developed markets around the world, excluding the United States. This index includes dividends and distributions but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

S&P Developed \$1-5 Billion Index - CITWLD15B: The S&P Developed \$1-5 Billion Index is an unmanaged, float-adjusted market capitalization weighted index that measures the equity performance of companies around the developed world, including the United States that have market capitalizations between \$1 and \$5 billion (USD). This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

S&P Developed Ex-U.S. \$1-5 Billion Index - CITWXUS15: The S&P Developed Ex-U.S. \$1-5 Billion Index with gross dividends is an unmanaged, float-adjusted market capitalization weighted index that measures the equity performance of companies around the developed world, excluding the United States, that have market capitalizations between \$1 and \$5 billion (USD). This index includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing.

Tokyo Stock Price Index - TOPIX: The TOPIX Index with gross dividends is an unmanaged, free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the Tokyo Stock Exchange First Section. TOPIX shows the measure of current market capitalization assuming that market capitalization as of the base date (January 4, 1968) is 100 points. For the period 12/31/98 to present, the returns for the TOPIX index are calculated on a total return basis which includes dividends and distributions, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing. The source of the index information is FactSet Research Systems Inc., a leading provider of financial and economic information. Prior to 12/31/98, the total returns for the index are not available, therefore combining the price index returns derived the total returns and corresponding month end yields. The source of the index information is FT Interactive Data Corporation.



The information provided in this material should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any security transactions, holdings, or sectors discussed were or will be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance discussed herein. Portfolio holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell particular securities. Strategies discussed herein are subject to change at any time by the investment manager in its discretion due to market conditions or opportunities. Indices are unmanaged and are not available for direct investment. Market conditions may impact performance. The performance results presented were achieved in particular market conditions which may not be repeated. Moreover, the current market volatility and uncertain regulatory environment may have a negative impact on future performance. International and emerging markets investing is subject to certain risks such as currency fluctuation and social and political changes; such risks may result in greater share price volatility. Stocks of small companies usually experience more volatility than mid and large sized companies.

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www.brandes.com | info@brandes.com

STATE STREET GLOBAL ADVISORS.

State of Alaska

December 3, 2010

Lynn Blake, CFA
Eric Brandhorst, CFA
Neil J. Tremblay



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STATE STREET GLOBAL ADVISORS.

SSgA Firm Overview



A Leading Provider of Financial Services to Institutional Investors



STATE STREET

***SSgA is a global leader
in asset management that
sophisticated institutions
worldwide rely on for their
investment needs***

- Subsidiary of State Street Corporation, one of the world's leading providers of financial services to institutional investors, with a heritage dating back over two centuries
- Entrusted with over \$1.9 trillion in assets worldwide
- Clients include governmental entities, corporations, endowments and foundations, third party asset gatherers, multi employer plans, pension funds and sovereign wealth funds
- ETF industry pioneer and leader since 1993 with \$223.6 billion in assets under management

**State Street
Global Services**

A global leader in
asset servicing



**State Street
Global Advisors**

A global leader in
asset management

**State Street
Global Markets**

A global leader in
research and trading

A Global Perspective with Local Expertise



- Investment Center
- ◆ Global Alliance

North America

- Atlanta
- ◆ Boston
- ◆ Chicago
- ◆ Montreal
- ◆ New York
- ◆ Rye Brook, NY
- ◆ San Francisco
- ◆ Wilton, CT
- Toronto

Europe Middle East

- Amsterdam
- Brussels
- Dubai
- Frankfurt
- ◆ Geneva
- ◆ London
- Paris
- Milan
- Munich
- Zurich

Asia Pacific

- Bangalore
- Hangzhou
- Hong Kong
- Melbourne
- ◆ Seoul
- ◆ Singapore
- Shanghai
- Sydney
- Tokyo

A global footprint and investment platform

- Large and diverse client base worldwide, serviced in 28 local offices, bringing a global perspective to managing client needs
- Full suite of investment solutions, managed regionally in 9 investment centers, promoting diversity of ideas
- 24 hour global trading capability with trading desks in Boston, London and Hong Kong, provides same day, same time coverage of the global exchanges
- Common global technology platform, global compliance and risk management ensures operational oversight of clients' portfolios
- Five Global Alliance companies in 10 key markets provide additional investment capabilities

SSARIS Advisors:

Quantitative institutional
absolute return

The Tuckerman Group:

REITS, real estate,
direct development

Rexiter:

Fundamental Active
Emerging Markets

Shott Capital Management:

Post VC distributions,
private equity

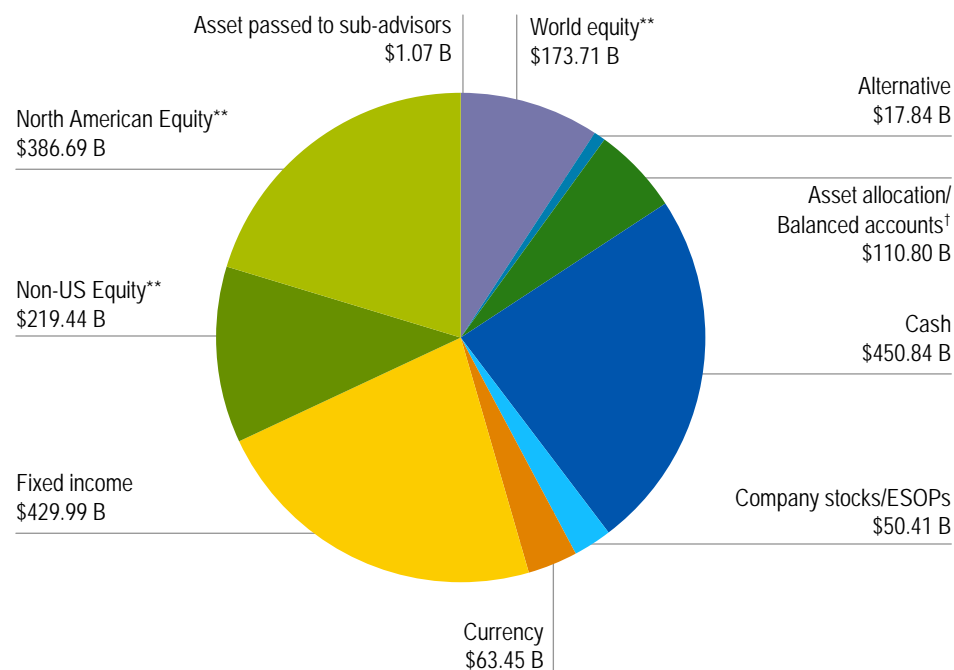
Sectoral Asset Management:

Global healthcare investments

An Investment Manager on Which Institutions Rely

60% of clients have two or more strategies
82% of new business comes from existing clients*

\$1.9 Trillion in Assets Under Management*



Assets Under Management*

\$104 Billion of Active/Enhanced
\$1348 Billion of Passive
\$451 Billion of Cash

Asset Class	Active Assets (US\$ Billions)	Passive Assets (US\$ Billions)
Equity	34.30	726.00
Fixed Income	23.90	406.10
Hedge Funds/Private Equity	5.60	0.70
Real Estate	1.50	6.50
Currency	7.40	56.10
Multi Asset Class Solutions‡	11.90	98.90
Commodities	—	3.60
Company Stock	—	50.40
Total Assets	84.60	1,348.30
Total Enhanced	19.50	—
Total Cash	450.80	—
Grand Total	554.90	1,348.30

ETFs account for \$223.6 billion of total assets (Global)

* As of September 30, 2010

** Includes Enhanced assets

† Assets in Asset Allocation are not counted in the underlying asset class

‡ Includes TAA and GAA with Active Underlying

A Broad Range of Investment Solutions

We offer broad-based market exposure, highly specialized active and passive strategies across the risk return spectrum

- A leading alpha generator and beta manager across asset classes, including developed and emerging markets
- ETF industry leader, with core, sector, industry, style, international and fixed income funds
- Retirement capabilities include investment-only solutions for defined benefit and defined contribution plans
- SSgA Multi Asset Class Solutions team — focus on a total portfolio solution
- Investment vehicles include private funds, commingled funds, ETFs, mutual funds and client-directed mandates (e.g. separately managed accounts, segregated mandates)

Equity

- Passive (traditional and alternative beta)
- Enhanced
- Quantitative Active

Fixed Income

- Active
- Passive

SSgA Multi Asset Class Solutions

- Target Retirement
- Exposure Management
- Liability-Driven Investing
- Asset Allocation

Alternatives

- Absolute Return
- Private Equity
- Commodities
- Real Estate
- Hedge Fund of Funds



Cash

- Constant NAV
- Enhanced

Currency

- Active
- Passive

Fiduciary Services

- Office of Fiduciary Advisor (OFA)
- Charitable Asset Management (CAM)

Advanced Research behind Every Portfolio

Advanced Research Center

Combination of strong academic experience with practical, real-world applications

- Includes 34 professionals who work with portfolio teams, over half hold PhD degrees
 - ARC identifies and captures new alpha sources derived from behavioral finance, asset pricing, other social and physical sciences
 - Proprietary models continuously evolve with research-based process improvements
-

Dedicated Asset Class Research

Dedicated asset allocation, equity, fixed income research teams

- Active approaches aim to capitalize on inefficiencies in the market
 - Passive approach aims to match key risk/return characteristics
 - Insightful, top-down and bottom-up proprietary fixed income investment process that analyzes macro-economic, sector, industry, issuer and security risk and return drivers
-

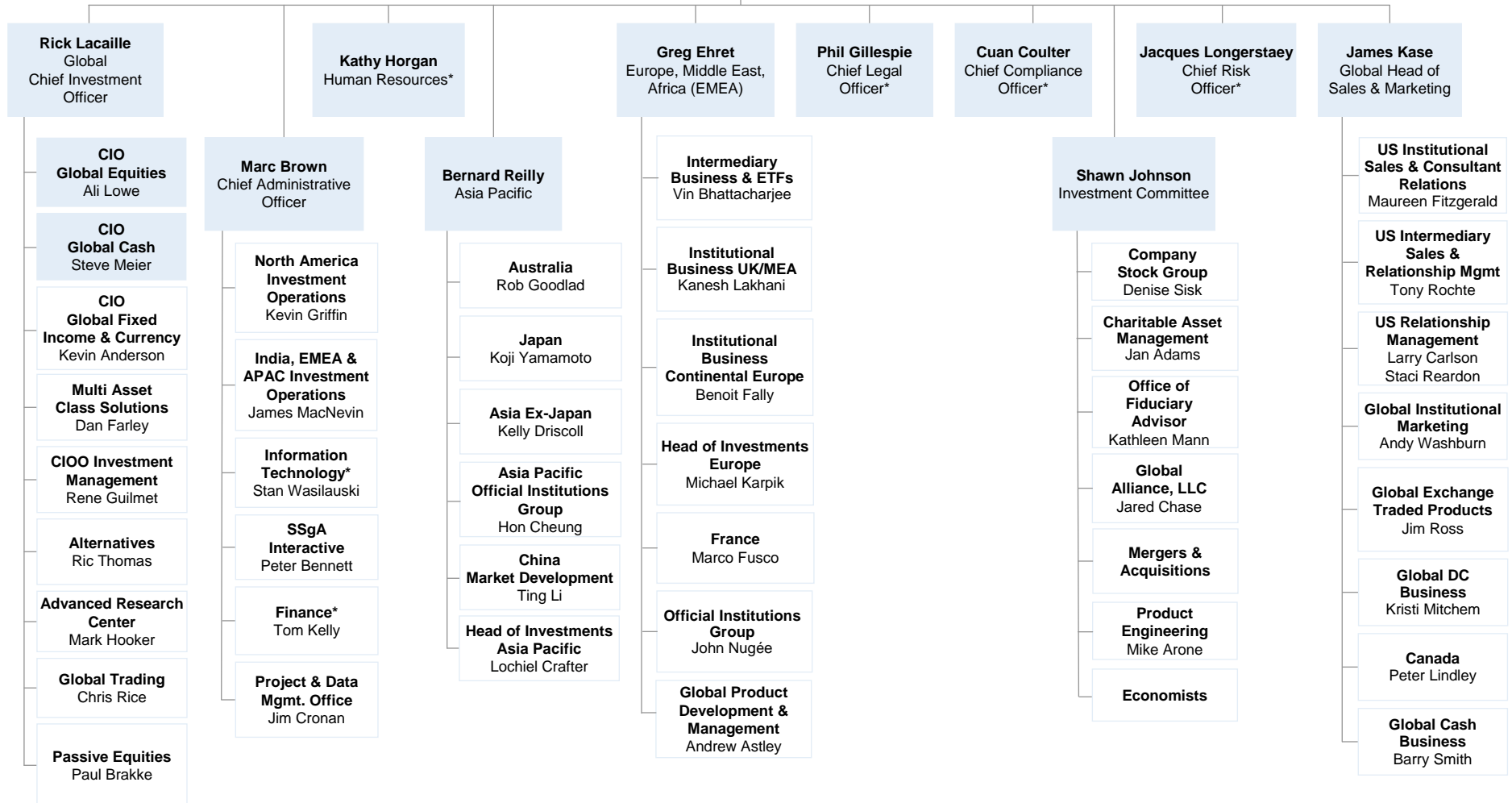
Specialized Cash Credit Research

Among the largest and most experienced dedicated cash credit research teams

- Features an independent, fundamental research process
- Fundamental credit analysis incorporates quantitative tools to ensure discipline
- Includes a structure that separates portfolio and risk management to ensure robust controls

State Street Global Advisors

Scott Powers
President and
Chief Executive Officer

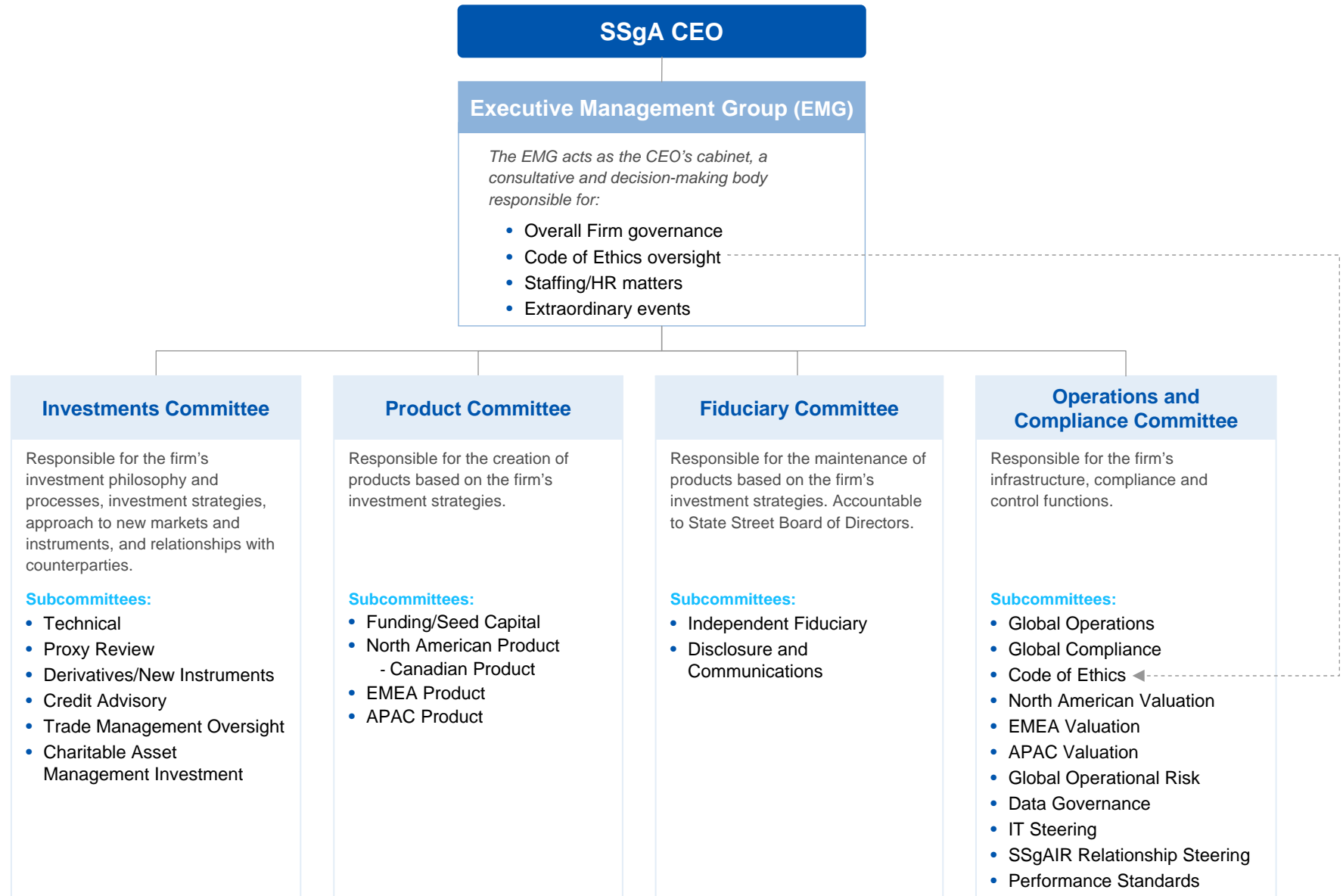


November 3, 2010

Notes member of the Executive Management Group

* Functions also report into corporate competency centers

SSgA Committees and Governance



As of October 7, 2010

CMINST-1876

State of Alaska Relationship Summary

Investing involves risk including the risk of loss of principal.



State of Alaska – Overview of SSgA Relationship

Total Assets Managed by State Street Global Advisors

Retirement Assets	\$3,152,938,756
Non-Retirement Assets	3,561,102,634
University of Alaska Assets	118,587,533
Total	\$6,832,628,923

Retirement Assets

- Defined Benefit Plans
- DCR Plans
- Retirement Health Trust Plans
- Deferred Compensation Plan
- Defined Contribution Plan
- Supplemental Annuity Plan

University of Alaska Assets

Non-Retirement Assets

- Children's Trust Fund
- Constitutional Budget Reserve Fund
- EVOS Habitat Investment Sub-Fund
- EVOS Koniag Investment Fund
- EVOS Research Investment Sub-Fund
- Illinois Creek Mine Reclamation Trust Fund
- Mental Health Trust Authority
- Power Cost Equalization Fund
- Public Schools Trust Fund
- Retiree Health Insurance Fund
- Retiree Long-Term Care Health Insurance

State of Alaska – Strategies Managed for Retirement Assets

Retirement Assets: Defined Benefit/DCR/Retirement Health Trust Plans¹

SSgA Investment Strategy	Benchmark	Assets Managed ²
Russell Top 200 Index Separate Account	Russell Top 200 Index	\$341,851,118
Russell 1000 Growth Index Separate Account	Russell 1000 Growth Index	472,664,166
Russell 1000 Value Index Separate Account	Russell 1000 Value Index	1,072,589,353
Russell 2000 Growth Index Separate Account	Russell 2000 Growth Index	91,246,162
Russell 2000 Value Index Separate Account	Russell 2000 Value Index	422,315,289
MSCI ACW ex-US IMI Separate Account	MSCI ACW ex-US IM Index	288,350,668
Cash Equitization Strategy – Large Cap	S&P 500 Index	16,775,657
Cash Equitization Strategy – Small Cap	Russell 2000 Index	8,316,522
Backup Fixed Income Management Services ³	Various	0
Total		\$2,714,108,935

¹ Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, National Guard/Naval Militia Retirement System.

² As of 10/31/2010.

³ Contingency agreement only.

State of Alaska – Strategies Managed for Retirement Assets

Retirement Assets: Deferred Compensation/Defined Compensation/Supplemental Annuity Plans¹

SSgA Investment Strategy	Benchmark	Assets Managed ²
Russell 3000 Index Fund CI A	Russell 3000 Index	\$10,714,316
S&P 500 [®] Flagship Series Fund CI A	S&P 500 Index	250,265,725
Tuckerman REIT Index Fund CI A	DJ US Select REIT Index	25,786,702
Long US Treasury Index Fund CI A	BarCap Long US Treasury Index	14,158,666
Inflation Protected Sec. Index Fund CI A	BarCap US TIPS Index	21,899,934
World Gov't Bond ex-US Index Fund CI A	Citi World ex-US Gov't Bond Index	6,311,899
Global ex-US Index Fund CI A	MSCI ACW ex-US Index	16,748,487
Global Asset Allocation Strategy	60% Equity/40% Fixed Income	92,944,092
Total		\$438,829,821

¹ Defined Contribution, Deferred Compensation, Supplemental Annuity Plan assets.

² As of 10/31/2010.

State of Alaska – Strategies Managed for Non- Retirement Assets

Non-Retirement Assets¹

SSgA Investment Strategy	Benchmark	Assets Managed ²
Russell 3000 Index NL QP CTF	Russell 3000 Index	\$2,989,172,479
MSCI EAFE Index NL QP CTF	MSCI EAFE Index	571,930,155
Total		\$3,561,102,634

¹ Children's Trust Fund, Constitutional Budget Reserve Fund, EVOS Habitat Investment Sub-Fund, EVOS Koniag Investment Fund, EVOS Research Investment Sub-Fund, Illinois Creek Mine Reclamation Trust Fund, Mental Health Trust Authority, Power Cost Equalization Fund, Public Schools Trust Fund, Retiree Health Insurance Fund, Retiree Long-Term Care Health Insurance, University of Alaska.

² As of 10/31/2010.

State of Alaska – Strategies Managed for University of Alaska

University of Alaska Assets

SSgA Investment Strategy	Benchmark	Assets Managed ¹
US Aggregate Bond NL QP CTF	BarCap US Agg. Bond Index	\$ 29,051,305
Int. U.S. Treasury Index NL QP CTF	BarCap Int. U.S. Treasury Index	15,000,000
Russell 3000 Index NL QP CTF	Russell 3000 Index	49,107,431
MSCI ACW Index NL QP CTF	MSCI All Country World Index	14,515,371
MSCI Emerging Markets Index NL QP CTF	MSCI Emerging Markets Index	10,913,426
Total		\$118,587,533

¹ As of 10/31/2010.

State of Alaska – Performance

Retirement Assets: Defined Benefit/DCR/Retirement Health Trust Plans¹

Strategy versus Benchmarks	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Since Inception	Inception Date
Russell Top 200 Index Sep. Acct.	3.89%	7.74%	5.92%	13.95%	-7.03%	N/A	-3.25%	Jan 2007
Russell 1000 Growth Index	3.90%	7.76%	5.86%	13.89%	-7.16%	N/A	-3.40%	
Russell 1000 Growth Index Sep. Acct.	4.76%	10.49%	9.31%	19.60%	-3.92%	N/A	0.22%	Jan 2007
Russell 1000 Growth Index	4.78%	10.52%	9.35%	19.65%	-3.95%	N/A	0.18%	
Russell 1000 Value Index Sep. Acct.	2.99%	6.24%	7.71%	15.88%	-8.14%	N/A	-5.35%	Jan 2007
Russell 1000 Value Index	3.00%	6.24%	7.63%	15.71%	-8.49%	N/A	-5.72%	
Russell 2000 Growth Index Sep. Acct.	4.32%	10.38%	14.88%	28.15%	-4.15%	N/A	-1.54%	Jul 2007
Russell 2000 Growth Index	4.30%	10.39%	14.97%	28.67%	-3.81%	N/A	-0.58%	
Russell 2000 Value Index Sep. Acct.	3.86%	6.37%	12.08%	24.34%	-4.01%	N/A	-5.52%	May 2007
Russell 2000 Value Index	3.87%	6.38%	12.10%	24.43%	-4.13%	N/A	-5.79%	
MSCI ACW ex-US IM Index Sep. Acct.	3.49%	10.95%	8.46%	13.82%	N/A	N/A	11.42%	Sep 2009
MSCI ACW Investable Market Index	3.49%	10.97%	8.30%	13.65%	N/A	N/A	11.26%	

¹ Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, National Guard/Naval Militia Retirement System.

Performance as of 10/31/2010.

Returns are annualized for periods greater than one year.

All performance returns are presented and linked beginning with the first fully invested month.

Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. All performance figures contained herein are provided gross of investment management fees. All returns are calculated in US Dollars.

State of Alaska – Performance

Retirement Assets: Deferred Compensation/Defined Compensation/Supplemental Annuity Plans¹

Strategy versus Benchmarks	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Since Inception	Inception Date
Russell All Cap® Index Fund CI A	3.88%	8.35%	8.89%	18.37%	N/A	N/A	3.93%	Sep 2008
Russell 3000 Index	3.91%	8.37%	8.88%	18.34%	N/A	N/A	3.72%	
S&P 500® Index Fund CI A	3.81%	7.98%	7.90%	16.57%	-6.39%	1.81%	6.18%	Feb 1996
Standard & Poor's 500 Index	3.80%	7.96%	7.84%	16.52%	-6.49%	1.73%	6.14%	
Tuckerman US REIT Index Fund CI A	4.58%	7.72%	24.52%	42.26%	N/A	N/A	-2.09%	Sep 2008
DJ US Select REIT F/F Index	4.63%	7.80%	24.71%	42.63%	N/A	N/A	-1.85%	
Long US Treasury Index NL Fund CL A	-3.32%	1.57%	15.17%	10.61%	N/A	N/A	8.66%	Sep 2008
Barclays Capital Long Treasury Index	-3.31%	1.64%	15.15%	10.56%	N/A	N/A	8.70%	
US Infl. Protected Bond Index Fund CI A	2.62%	5.00%	9.77%	10.34%	N/A	N/A	8.24%	Sep 2008
Barclays Capital US TIPS Index	2.65%	5.05%	9.84%	10.42%	N/A	N/A	8.32%	
World Gov't Bond ex-US Fund CI A	1.95%	7.30%	8.91%	6.34%	N/A	N/A	10.62%	Sep 2008
Citigroup World ex-US Gov't Bond Index	1.99%	7.42%	8.88%	6.40%	N/A	N/A	10.73%	
Global Equity ex-US Index Fund CI A	3.40%	10.54%	7.15%	13.73%	N/A	N/A	8.89%	Sep 2008
MSCI ACW ex-US Index	3.41%	10.57%	7.22%	12.62%	N/A	N/A	8.17%	
Global Asset Allocation Strategy	2.48%	7.05%	8.36%	12.47%	N/A	N/A	8.36%	Jul 2009
MSCI ACW ex-US Index	2.47%	7.03%	8.27%	11.97%	N/A	N/A	8.27%	

¹ Defined Contribution, Deferred Compensation, Supplemental Annuity Plan plans.

Performance as of 10/31/2010.

Returns are annualized for periods greater than one year. All performance returns are presented and linked beginning with the first fully invested month.

Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

All performance figures contained herein are provided gross of investment management fees. All returns are calculated in US Dollars.

State of Alaska – Performance

Non-Retirement Assets¹

Strategy versus Benchmarks	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Since Inception	Inception Date
Russell 3000 Index NL CTF	3.89%	8.35%	8.88%	18.38%	-5.94%	2.10%	0.86%	Mar 2003
Russell 3000 Index	3.91%	8.37%	8.88%	18.34%	-5.96%	2.08%	0.81%	
MSCI EAFE Index NL CTF	3.61%	10.22%	4.70%	8.34%	-9.60%	N/A	-6.78%	Jul 2000
MSCI EAFE Index	3.61%	10.23%	4.72%	8.36%	-9.60%	N/A	-6.78%	

¹ Children's Trust Fund, Constitutional Budget Reserve Fund, EVOS Habitat Investment Sub-Fund, EVOS Koniag Investment Fund, EVOS Research Investment Sub-Fund, Illinois Creek Mine Reclamation Trust Fund, Mental Health Trust Authority, Power Cost Equalization Fund, Public Schools Trust Fund, Retiree Health Insurance Fund, Retiree Long-Term Care Health Insurance, University of Alaska. Performance as of 10/31/2010.

Performance shown is that of the longest-tenured account for each Strategy at SSgA. For the Russell 3000 Index CTF, this is the State of Alaska Public Schools Trust Fund account. For the MSCI EAFE Index, all accounts had the same inception date.

Returns are annualized for periods greater than one year. All performance returns are presented and linked beginning with the first fully invested month. Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. All performance figures contained herein are provided gross of investment management fees. All returns are calculated in US Dollars.

State of Alaska – Performance

University of Alaska Assets

Strategy versus Benchmarks	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Since Inception	Inception Date
Russell 3000 Index NL CTF	3.89%	8.35%	8.88%	18.38%	-5.94%	2.10%	3.52%	May 2004
Russell 3000 Index	3.91%	8.37%	8.88%	18.34%	-5.96%	2.08%	3.49%	
MSCI ACW Index NL CTF	3.70%	9.69%	7.59%	14.42%	N/A	N/A	11.64%	Sep 2009
MSCI ACW Index	3.61%	9.56%	7.37%	14.10%	N/A	N/A	11.34%	
U.S. Aggregate Bond Index NL CTF	0.37%	1.71%	8.24%	7.88%	7.26%	6.45%	5.28%	Mar 2003
Barclays Capital Aggregate Index	0.36%	1.76%	8.33%	8.01%	7.23%	6.45%	5.30%	

Performance as of 10/31/2010.

Returns are annualized for periods greater than one year. All performance returns are presented and linked beginning with the first fully invested month. Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. All performance figures contained herein are provided gross of investment management fees. All returns are calculated in US Dollars.

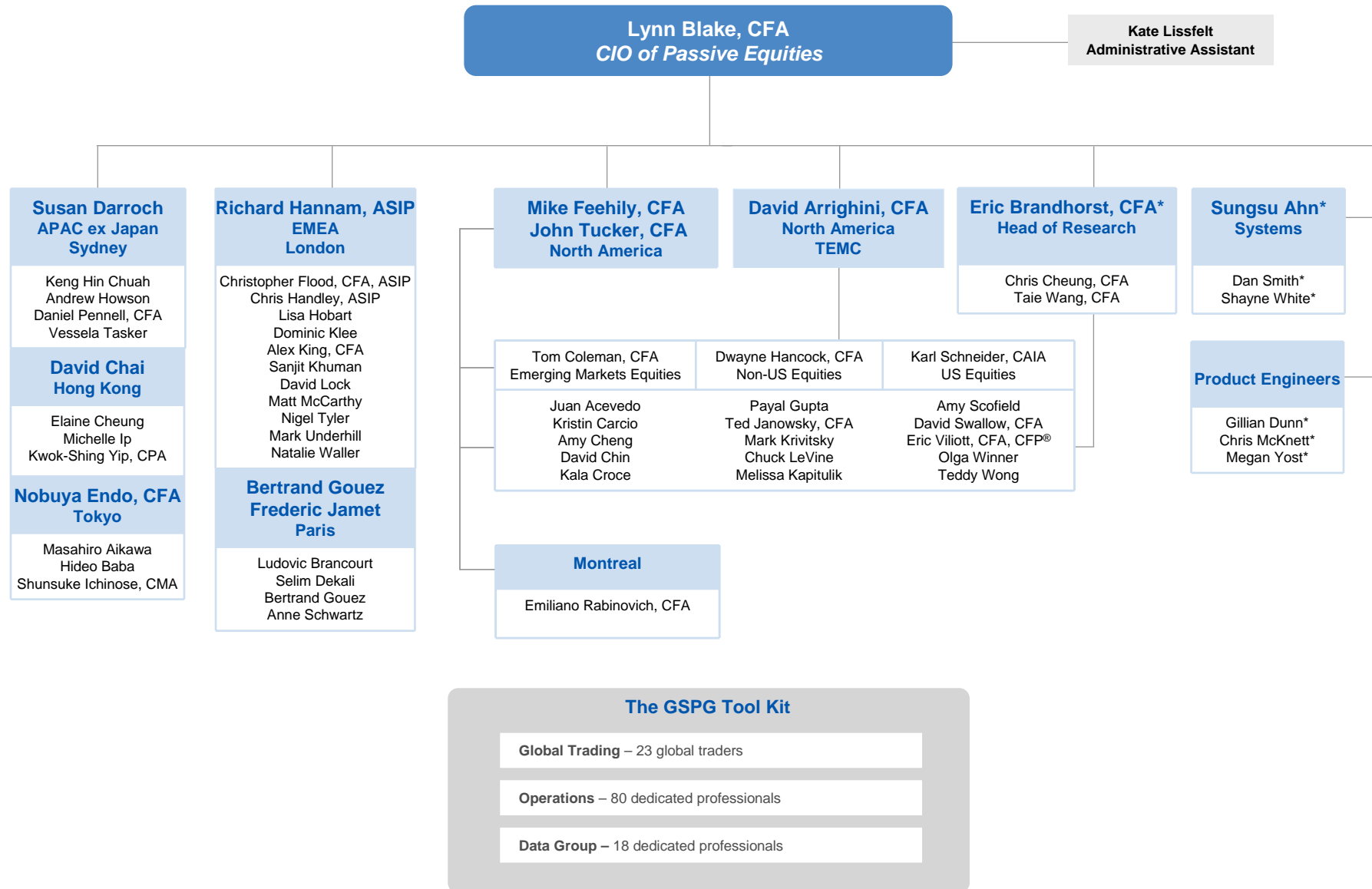
STATE STREET GLOBAL ADVISORS.

SSgA Global Structured Products Group Overview

Investing involves risk including the risk of loss of principal.



Global Structured Products Group



As of November 1, 2010

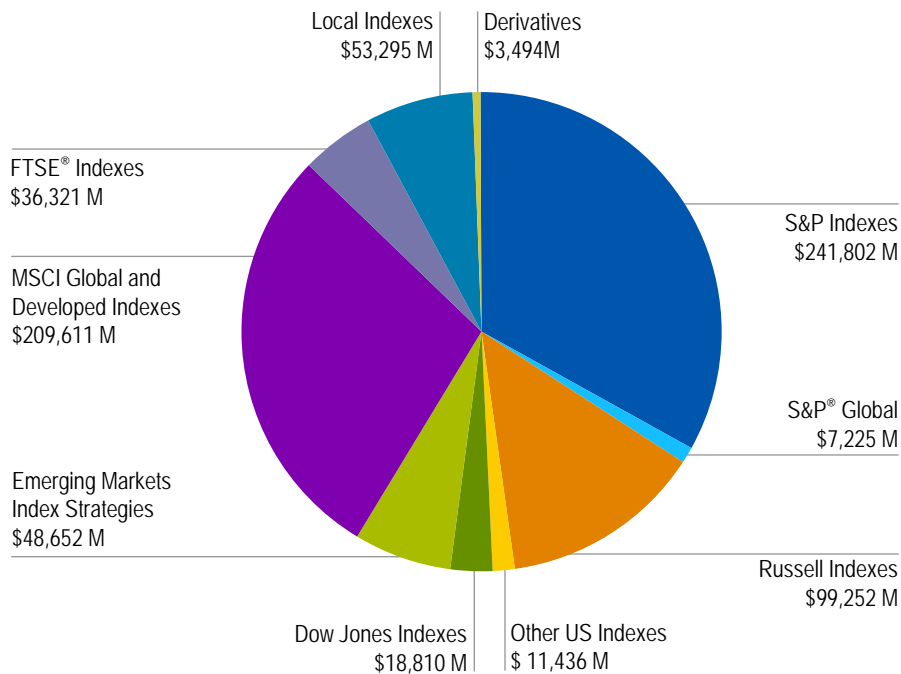
* Does not manage money

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A Leading Manager of Global Indexed Assets

- \$65 billion in average net new assets over past five years*
- 85% of new assets come from existing clients**

GSPG Assets Under Management
\$729,899 Million as of September 30, 2010



New Strategies

- SSgA Premia Strategy
- Rules-Based Strategies
- Dow Jones Sustainability Index Strategy
- US Community Investing Index Strategy
- MSCI Small Cap Indices
- MSCI Investable Market Indices

* As of December 31, 2009, includes 5 year GSPG institutional average of \$41 B and 5 year average SSgA ETF of \$24 B, updated annually.

** As of June 30, 2010, firm-wide

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The MSCI Indexes are trademarks of MSCI Inc.

Equity Exposure in Any Market Segment

Clients can customize their exposure to meet their needs

- All major published US and Global indices
- Fund offerings in over 50 countries**
- Modular fund construction
- Separate account management accounts for one third of our business



	Large Cap/Broad Market		Medium/Small Cap		Style/Sector
US	<ul style="list-style-type: none"> • S&P 500® • Screened S&P 500® • S&P® SPDRs* • Conservative S&P 500® • Equal Weighted S&P 500® • Tobacco-Free S&P 500® • Dow Jones Diamonds* • MSCI USA • Russell Top 200® • Russell 1000® • US Community Investing Index 	<ul style="list-style-type: none"> • Russell 3000® • Screened Russell 3000® • US Total Stock Market (W5000) • Stock Performance Index Futures Fund • Fortune 500* • MSCI US Investable Market 2500 • NASDAQ 100 • S&P 100 • Russell Top 50 • S&P Dividend Aristocrats 	<ul style="list-style-type: none"> • S&P MidCap 400® • Russell 2000® • Russell Midcap® Growth • Russell Midcap Value • Russell 2500™ • Russell Small Cap Completeness™ • US Extended Market (W4500) • Small Cap Index Futures Fund • Small Cap Passive Fund • MSCI US Small Cap 	<ul style="list-style-type: none"> • S&P 500®/Citigroup Value and Growth • S&P Small Cap 600® • Russell Top 200 Value® • Russell 1000 Value and Growth® • Russell Mid Cap Growth® • Russell 2000 Value and Growth® • S&P® Sector SPDRs* • Morgan Stanley High Tech 35* • Dow Jones Large Cap Value and Growth* • Dow Jones Mid Cap Value and Growth* • Dow Jones Small Cap Value and Growth* • MSCI KLD Social 400 Index • S&P MLP Index • FTSE RAFI US 1000 Index 	
Non-US Developed	<ul style="list-style-type: none"> • MSCI Country Funds • FTSE Country Funds • S&P®/Citigroup Country Funds • MSCI EAFE® Index Futures Fund • Local Country Indices 	<ul style="list-style-type: none"> • Daily MSCI Regional Funds • S&P/Citigroup Primary Market Index • Dow Jones Euro STOXX® 50 • Dow Jones STOXX® 50 • Straits Times* 	<ul style="list-style-type: none"> • S&P®/Citigroup Extended Market Index • S&P®/Citigroup Regional Funds • MSCI Developed Small Cap • MSCI EAFE Small Cap • MSCI Canada Small Cap 	<ul style="list-style-type: none"> • MSCI Europe Sectors* • MSCI EAFE® Sectors 	
Emerging Markets	<ul style="list-style-type: none"> • S&P® IFCI Country Funds • MSCI EM Country Funds • Daily MSCI Emerging Markets 	<ul style="list-style-type: none"> • Taiwan Top 50* • S&P BRIC 40* 	<ul style="list-style-type: none"> • MSCI Emerging Small CapSM 		
Global	<ul style="list-style-type: none"> • MSCI All Country World IMI • MSCI All Country World • MSCI All Country World ex-US IMI • MSCI All Country World ex-US • MSCI World 	<ul style="list-style-type: none"> • FTSE World • Dow Jones Global Titans* • S&P/Citigroup Broad Market Index • Daily MSCI ACWI • Daily MSCI ACWI ex-US 		<ul style="list-style-type: none"> • MSCI World Sectors • Dow Jones-UBS Commodity Index • S&P GSCI™ • S&P GSCI Light Energy • MSCI World Natural Resources Index • FTSE/Macquarie Global Infrastructure 100* 	

* Exchange Traded Funds

** September 30, 2010

Please see Appendix for trademark disclosures.

Low Cost Trading Preserves Client Wealth

Internal transactions provide low cost trading opportunities

Global Structured Products Group

- Five year average of \$149 billion traded annually
- Over 2000 index equity clients
- Over 1,400 portfolios
- 200+ different benchmarks

SSgA Internal Liquidity:

\$42 billion average monthly trading volume in 2009

Transition management

- 930 restructurings in 2009
- \$384 billion in assets transitioned

Savings from Low Cost Trading

	2009 GSPG Assets Traded*	Low Cost Trading %	Yearly Average Savings†
US	\$98 billion	98%	\$336,140,000
Non-US Developed	\$24 billion	86%	\$103,200,000
Emerging Markets	\$5 billion	55%	\$22,000,000
Total	\$127 billion	94%	\$480,760,000

As of December 31, 2009, updated annually

* Represents 2009 trading in Boston-managed passive equity commingled funds

† Based on SSgA estimates of trading costs of 35bps in US equities, 50bps in non-us developed equities, and 80bps in emerging markets equities.

Intelligent Index Management

Pragmatic and realistic

Intelligent indexing

- Managing risk
- Capturing index returns
- Minimizing cost

Managing Index Changes

Other value-added opportunities

- Stock lending
- Mergers and takeovers
- Rights issues

1 Managing Index changes

- One of the most important aspects of managing an index fund
- Every change is different

2 How do we deal with the changes?

- Detailed analysis before the index change date – using pro-forma index files
- Size of change
- Estimated supply/demand
- Volatility/liquidity/bid-ask spread
- Team discussion with equity dealers to create trading strategy
- Post trade analysis

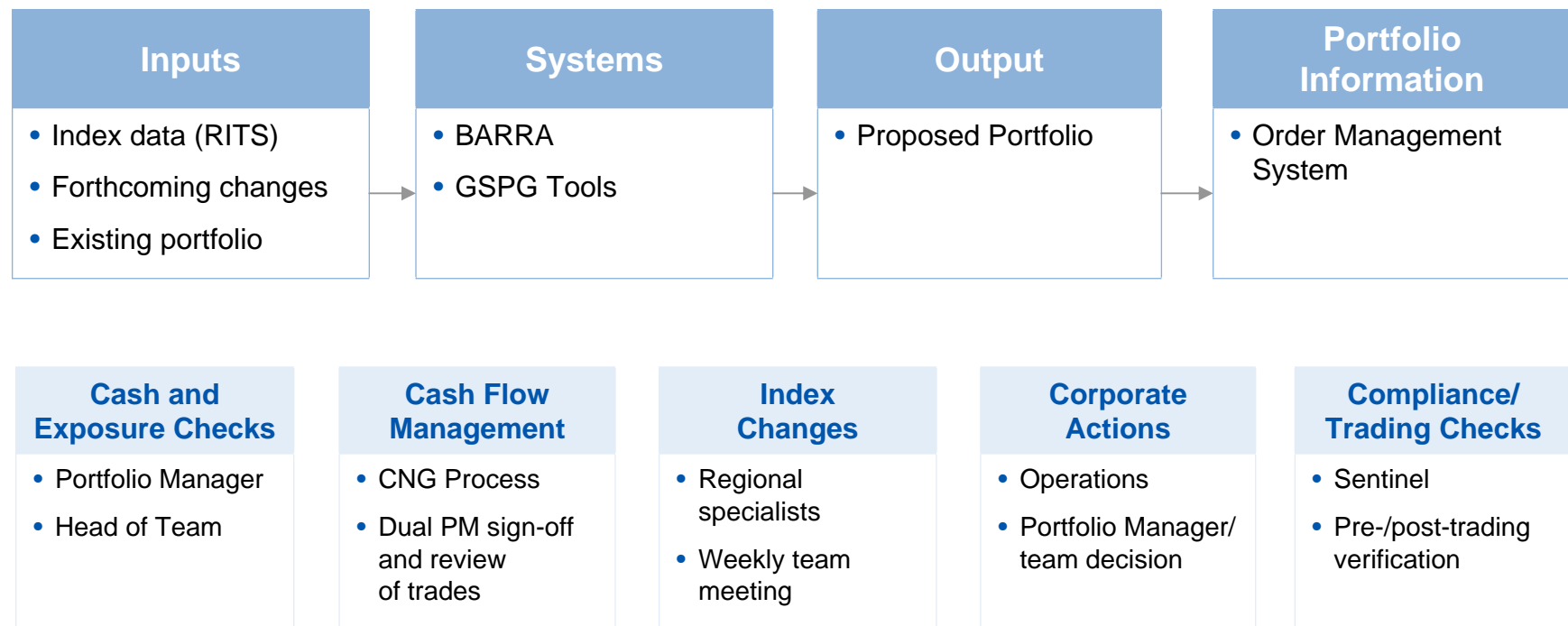
3 Strategies employed

- Guarantees/averaging in/crossing/patient trading

Risk Control Process Overview

We define risk as underperformance or overperformance to the benchmark

- Tracking Error/Performance
 - Monitored on a daily basis
 - Single global accounting platform (GURU — Global Unified Resource Utility)
 - Analysis Tool: pre/post trade analysis
 - Analyze tracking error using external systems: BARRA, Factset



Full Access to Information and Team

Clear and transparent reporting

- Direct access to portfolio management team
- Transaction cost allocation — commingled funds isolated from participant activity
- Separation of lending revenue and portfolio performance
- Availability of portfolio and lending collateral pool holdings



We work on more than just seeking to generate Index Returns

Our three goals of research are:

Better portfolio management

- Seeks to minimize costs
- Seeks to minimize risk versus benchmark

Research examples:

- Transaction cost analysis
- Implementation tools — full replication, sampling and optimization

Understanding the investment opportunity set

- Benchmark characteristics
- Benchmark dynamics
- Ways to manage exposure

Research examples:

- Benchmark comparisons
- Index change analysis
- New passive applications: hedge funds, commodities and wealth weighted benchmarks

Investment themes

- What investors should be thinking about
- How the investment landscape is changing

Research examples:

- Separating Alpha and Beta
- The passive perspective on valuation errors
- Passive investing versus indexing
- Rethinking the market portfolio
- Problems with manager universe data
- The equity risk premium
- True costs of active management
- Fundamentals-based Indexing

Dedicated Research staff

Eric Brandhorst, CFA
Taie Wang, CFA

Positive Trends in Indexing Continue

Indexing is still a vital component of equity exposure

Broad trends

- Continued separation of beta from alpha (“portable beta”)
- Continued growth in assets, especially in non-US markets
- Clients broadening passive exposure (e.g., S&P 500® to Russell 3000®, EAFE to ACWI)

Index methodology changes/improvements

- Russell methodology changes
- MSCI Enhanced Standard and Small Cap Indexes

Specialty indexes

- Hedge Fund Beta
- Fundamental Indexing (RAFI and SSgA Valuation Weighted Index Strategies)
- “Tilting” portfolios to express investors’ views (e.g., quality tilt)

Socially screened portfolios

- Continued interest and pressure to divest Sudan exposure
- Companies involved in Iran and other “terrorist” states gaining attention
- Interest in socially screened MSCI EAFE®

More focused ETFs

- Industry funds, sector funds, style funds
- Smaller shops opening funds with quasi-active indices, leverage, or distinct weighting schemes

Russell Index Strategies

Investing involves risk including the risk of loss of principal.

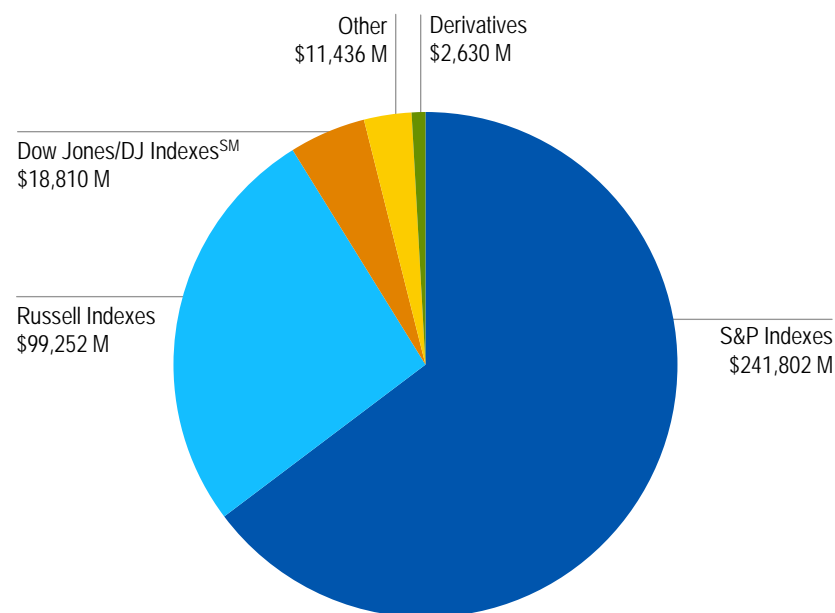


SSgA Russell Index Experience

- Managing money against the Russell indexes since 1988
- Currently managing against 18 Russell benchmarks

Strategy	Assets
Russell 1000®	\$13,467 M
Russell 1000® Growth	5,195
Russell 1000® Value	6,785
Russell Tobacco Free	238
Russell 2000®	11,076
Russell 2000® Growth	486
Russell 2000® Value	922
Russell 2000 Index Futures	73
Russell 2500™	378
Russell 3000®	47,392
Russell 3000 Screened	519
Russell 50®	105
Russell 50 Tobacco Free	158
Russell Small Cap Completeness™	6,303
Russell Top 200®	612
Russell Top 200® Value	682
Russell Top 200® Growth	380
TEMC (Russell 1000)	2,078
TEMC (Russell 3000)	2,403
Total	\$99,252 M

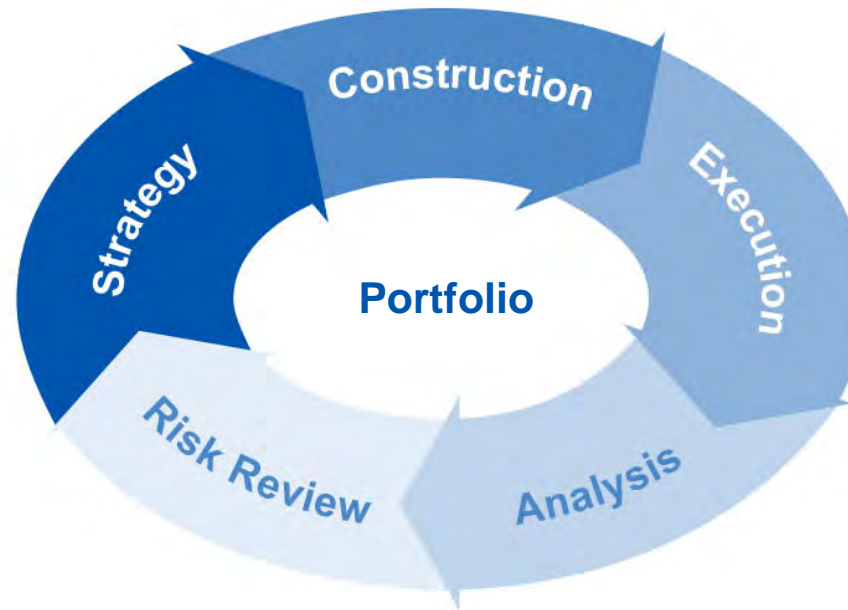
US Index Assets Under Management \$373,930 Million as of September 30, 2010



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 Standard & Poor's S&P Indices are registered trademarks of Standard & Poor's Financial Services LLC.

Investment Process

Our systematic investment process seeks to provide benchmark-like returns by selecting the most efficient construction strategy, while minimizing transaction costs



Strategy	Construction	Execution	Analysis	Risk Review
<p><i>Timely and precise processing of information:</i></p> <ul style="list-style-type: none"> • Portfolio information • Benchmark information • Market information 	<p><i>Process and tools are regularly reviewed for possible enhancements:</i></p> <ul style="list-style-type: none"> • Flexible portfolio construction • Single rebalancing platform • Continual software enhancements 	<p><i>Portfolio managers and traders work together to minimize transaction costs:</i></p> <ul style="list-style-type: none"> • Seek all sources of liquidity via trading hierarchy • Global trading network • Analyze trade execution 	<p><i>Portfolio performance is reviewed monthly:</i></p> <ul style="list-style-type: none"> • Detailed attribution analysis • Quarterly portfolio reviews with unit heads 	<p><i>Multidimensional risk approach combined with multiple levels of external review provides robust risk management:</i></p> <ul style="list-style-type: none"> • Portfolio Management and Trading Systems • SSgA Compliance • Risk Management Group • SSgA Investment Committee

Russell Reconstitution 2010

- Estimated turnover estimates (one-way)

Strategy	Estimates
Russell 1000® Index	3.92%
Russell 2000® Index	9.47
Russell 3000® Index	3.72

- Preliminary adds and deletes
 - Includes migrations for Russell 1000 and Russell 2000

Strategy	Adds	Deletes
Russell 1000® Index	50	22
Russell 2000® Index	255	227
Russell 3000® Index	261	205

As of June 30, 2010, updated Annually
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Russell Reconstitution 2010

Rule changes for 2010

- Berkshire Hathaway
 - BRK.B is now eligible for inclusion in the Russell indices
 - Previously, Russell made a special case to exclude Berkshire due to its low liquidity and resemblance to a mutual fund
- New domicile rules
 - Russell looks at incorporation, headquarters and primary exchange as Home Country Indicators (HCI)
 - Uses assets and revenue tests relative to HCIs in an effort to better identify a company's underlying country
 - Many large Russell 1000 companies that were deleted in 2009 due to reincorporating to non-US locations are eligible again
 - Examples include Covidien, Tyco International, Cooper Industries
 - Many Chinese companies that were incorporated in the US but have the majority of their assets/revenues outside of the US were deleted from the Russell indices. Most of these companies were in the Russell 2000.
- Share Class Liquidity
 - Russell will use a rolling two-year share volume measure to determine the primary vehicle
 - Previously, Russell used a three-factor matrix to determine which share class is included in the index

Russell Reconstitution 2010

- SSgA crossing estimates

Strategy	Buys	Sells	Total
Russell 1000® Index	16.1%	36.9%	26.1%
Russell 2000® Index	4.8	13.8	9.3
Russell 3000® Index	2.1	34.0	18.1
All Russell Funds	56.3	56.3	56.3

As of June 30, 2010, updated Annually
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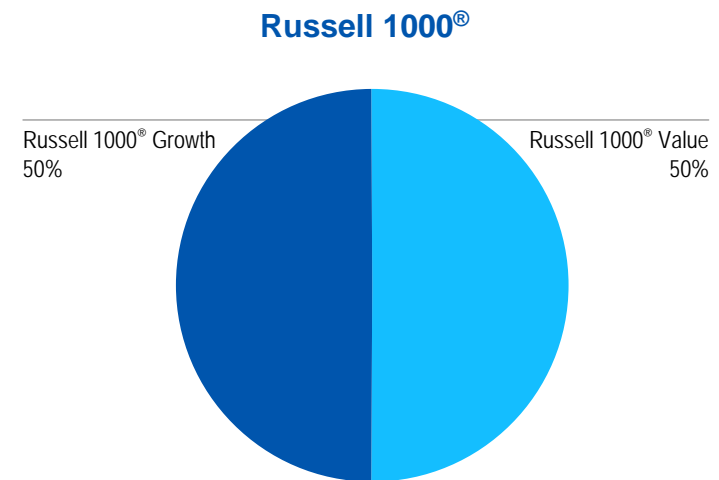
Russell 1000 Growth Index Strategy



Russell 1000[®] Growth Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 1000[®] Growth Index as closely as practicable, before expenses

- Russell 1000[®] Growth Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 1000[®] Growth Index
 - Large-cap equity representing approximately 50% of the Russell 1000[®] Index
 - The US securities in the Russell 1000[®] Index that have the greatest growth characteristics
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 14%



As of September 30, 2010

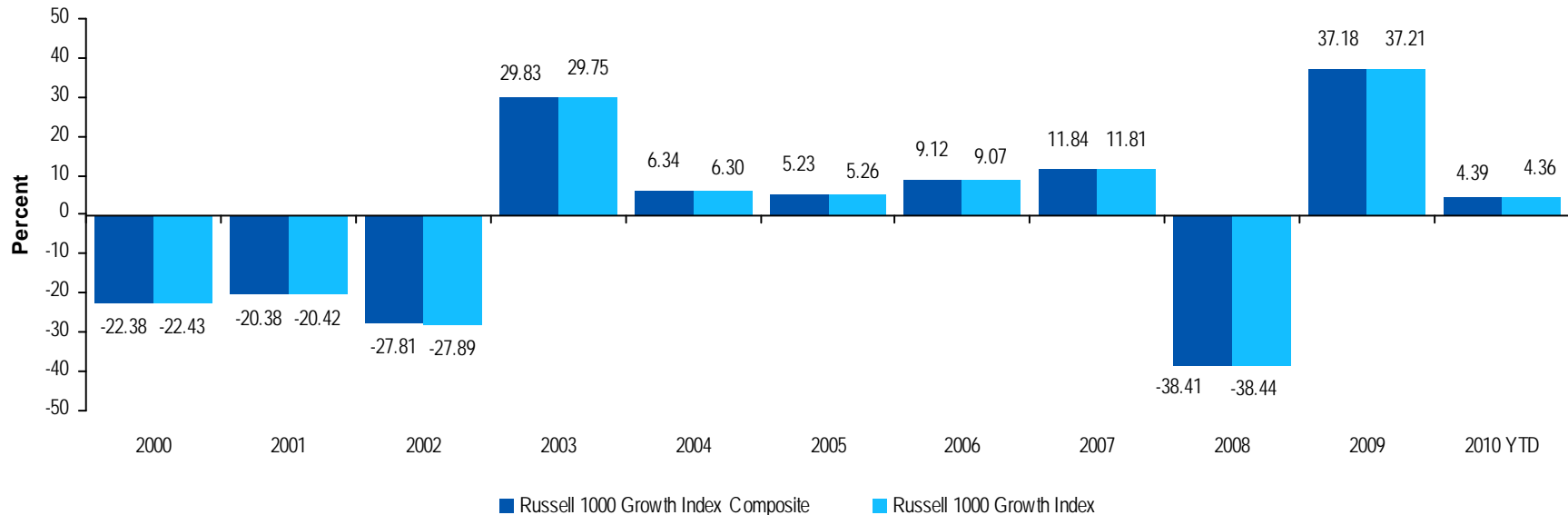
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 1000[®] Growth Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

The Russell 1000[®] Growth Index is a trademark of the Russell Investment Group. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Russell 1000[®] Growth Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
Russell 1000 [®] Growth Index Composite	12.99%	4.39%	12.66%	-4.34%	2.08%	-3.40%	6.89%
Russell 1000 [®] Growth Index	13.00	4.36	12.65	-4.36	2.06	-3.44	6.89
Difference*	-0.01	0.03	0.01	0.02	0.02	0.04	0.00



[†] Inception date: October 1, 1991

* The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:R10G/Cg:PAR100G

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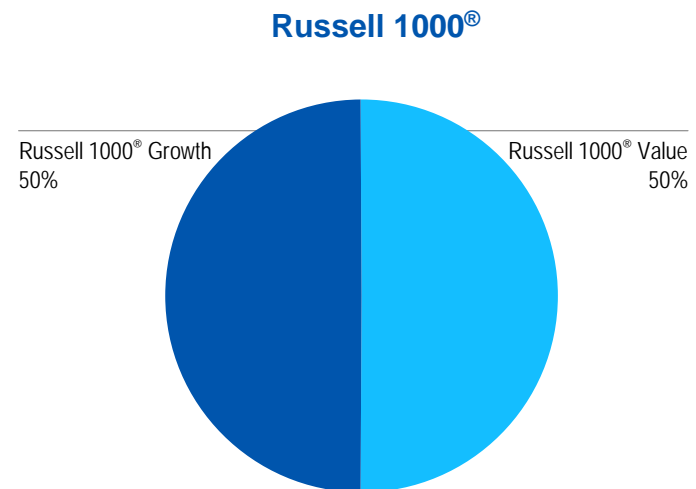
Russell 1000 Value Index Strategy



Russell 1000[®] Value Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 1000[®] Value index as closely as practicable, before expenses

- Russell 1000[®] Value Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 1000[®] Value Index
 - Large-cap value equity representing approximately 50% of the Russell 1000[®] Index
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 14%



As of September 30, 2010

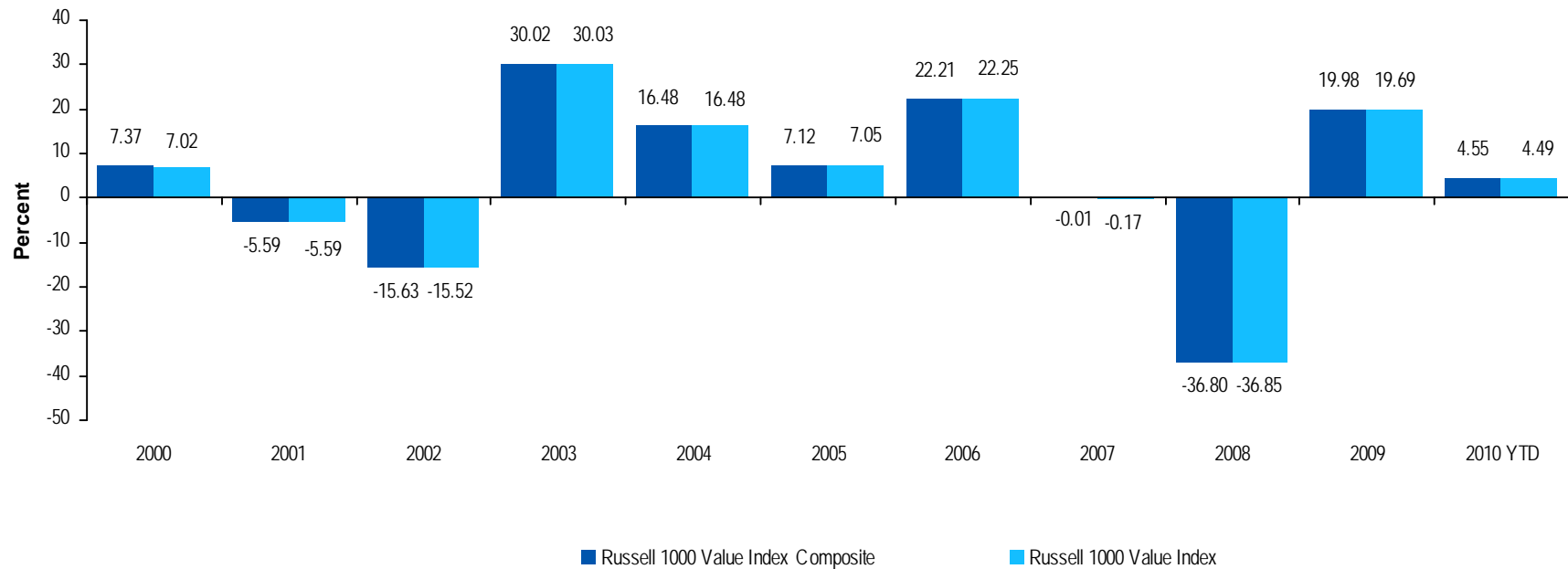
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 1000[®] Value Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

The Russell 1000[®] Value Index is a trademark of the Russell Investment Group. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Russell 1000[®] Value Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
Russell 1000 [®] Value Composite	10.15%	4.55%	9.01%	-9.26%	-0.38%	2.64%	9.06%
Russell 1000 [®] Value Index	10.13	4.49	8.90	-9.39	-0.48	2.59	9.05
Difference*	0.02	0.05	0.11	0.13	0.10	0.05	0.01



[†] Inception date: October 1, 1991

*The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:R10V/Cg:PAR100V

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Russell 2000[®] Growth Index Strategy

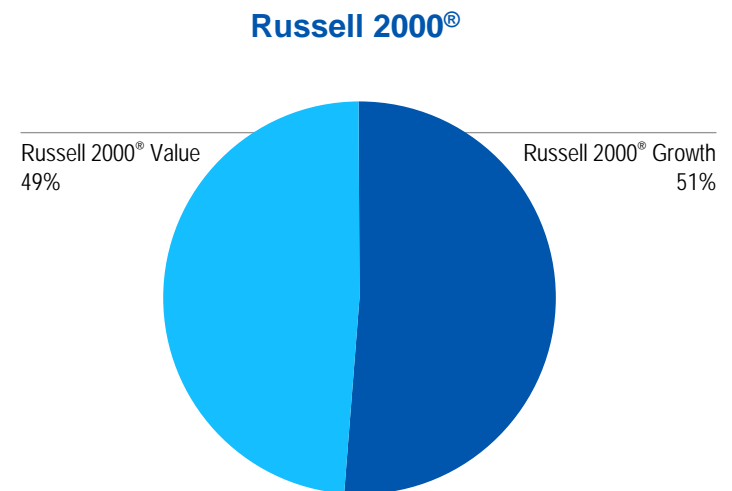
Investing involves risk including the risk of loss of principal.



Russell 2000[®] Growth Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 2000[®] Growth index as closely as practicable, before expenses

- Russell 2000[®] Growth Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 2000[®] Growth Index
 - Small-cap growth equity representing approximately 51% of the Russell 2000[®] Index
 - The US securities in the Russell 2000[®] Index that have the greatest growth characteristics
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 35%



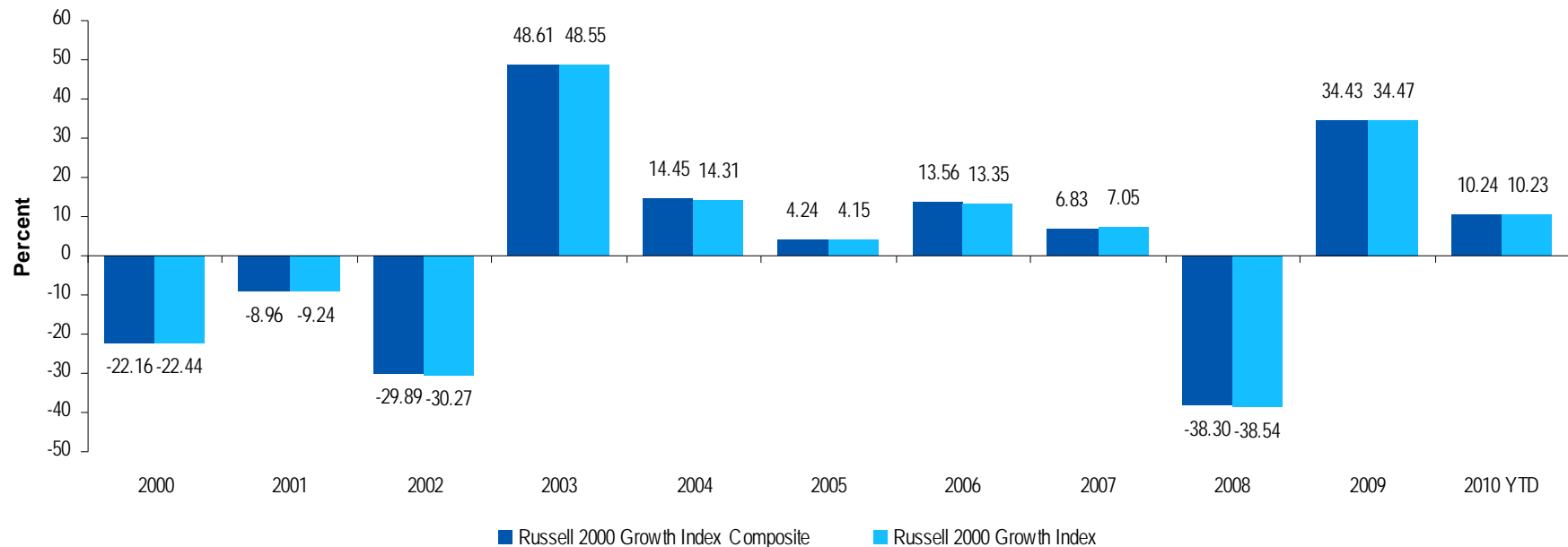
As of September 30, 2010

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 2000[®] Growth Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. The Russell 2000[®] Growth Index is a trademark of Russell Investment Group.

Russell 2000[®] Growth Index Composite

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 2000 Growth Index Composite	12.80%	10.24%	14.80%	-3.63%	2.24%	0.06%	4.46%
Russell 2000 Growth Index	12.83	10.23	14.79	-3.75	2.35	-0.13	4.37
Difference**	-0.03	0.01	0.01	0.11	0.07	0.18	0.09



† Inception date: May 1, 1997

* The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request.

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The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:R20G/C:gPAR200G

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Russell 2000[®] Value Index Strategy

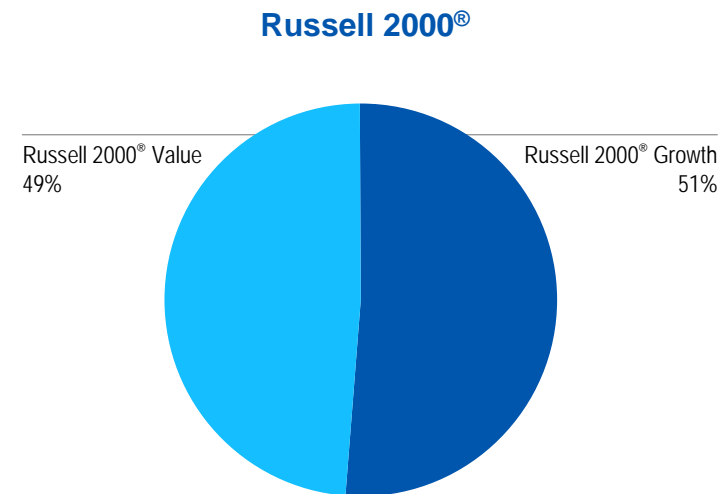
Investing involves risk including the risk of loss of principal.



Russell 2000® Value Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 2000® Value Index as closely as practicable, before expenses

- Russell 2000® Value Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 2000® Value Index
 - Small-cap value equity representing approximately 49% of the Russell 2000® Index
 - The US securities in the Russell 2000® Index that have the greatest value characteristics
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 31%



As of September 30, 2010

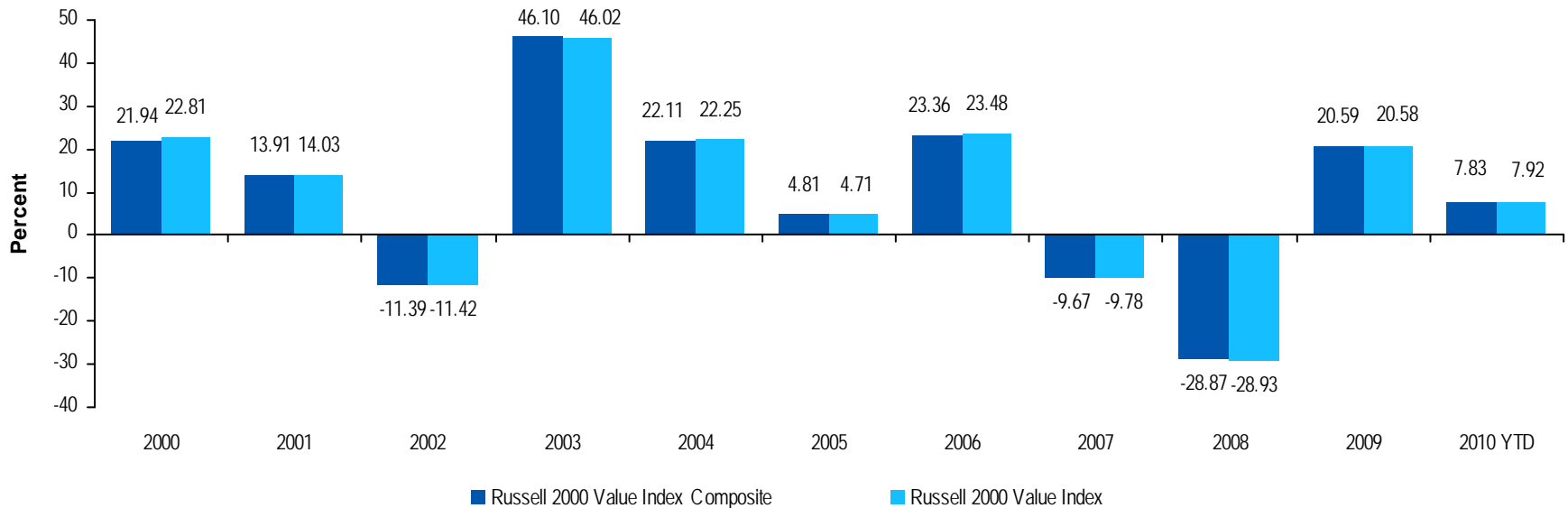
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 2000 Value Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

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Russell 2000® Value Index Composite

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 2000® Value Index Strategy	9.64%	7.83%	11.72%	-4.98%	0.75%	7.71%	8.55%
Russell 2000® Value Index	9.72	7.92	11.84	-4.99	0.73	7.72	8.60
Difference**	-0.08	-0.09	-0.12	0.01	0.02	0.00	-0.04



† Inception date: May, 1996

* The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:R20V/C:gPR2000V

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Russell 3000 Index[®] Strategy

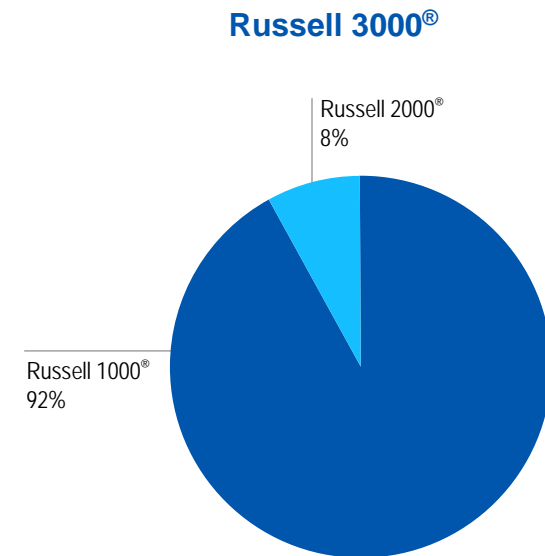
Investing involves risk including the risk of loss of principal.



Russell 3000® Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 3000® index as closely as practicable, before expenses

- Russell 3000® Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 3000® Index
 - Broad market equity covering approximately 98% of the investable US equity market
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 3%



As of September 30, 2010

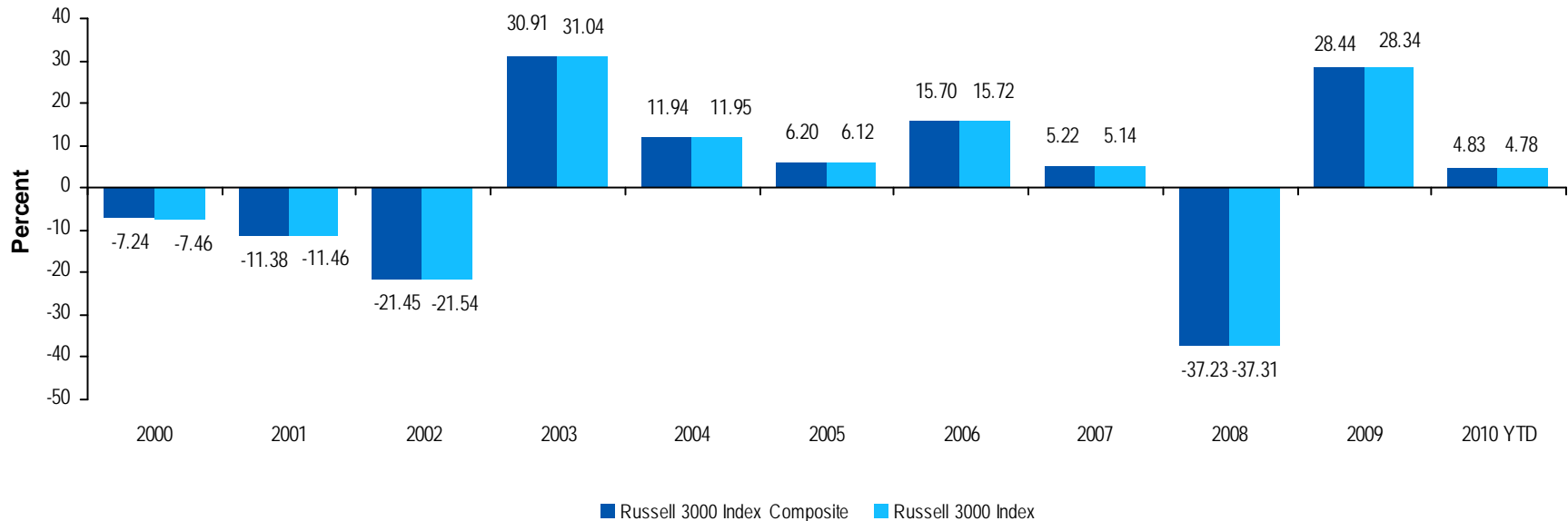
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 3000® Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

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Russell 3000[®] Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	Q3 10	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
Russell 3000 [®] Index Composite	11.55%	4.83%	11.05%	-6.52%	0.98%	0.18%	6.23%
Russell 3000 [®] Index	11.53	4.78	10.96	-6.59	0.92	0.09	6.11
Difference*	0.02	0.05	0.09	0.07	0.06	0.08	0.12



[†] Inception date: September 1, 1996

* The value added returns may show rounding differences.

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New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented.

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The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:R30/Cg:PAR3000

CMV1LEN

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Russell Top 200[®] Strategy

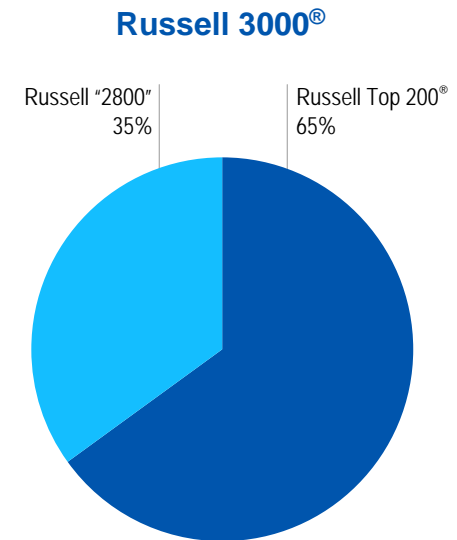
Investing involves risk including the risk of loss of principal.



Russell Top 200® Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell Top 200® index as closely as practicable, before expenses

- Russell Top 200® Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell Top 200® Index
 - Largest 200 US securities in the US equity market based on total market capitalization
 - Represents approximately 65% of the broad market Russell 3000® Index
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 5%



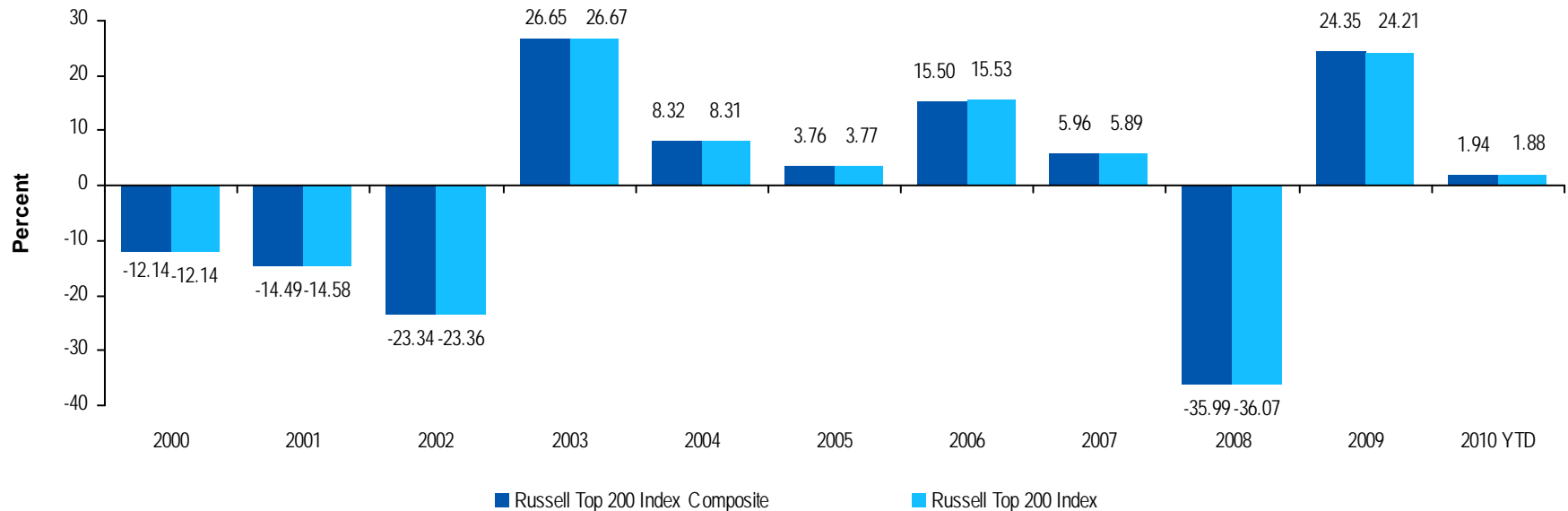
As of September 30, 2010

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell Top 200 Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Russell Top 200® Index Composite

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell Top 200 Index Composite	10.80%	1.94%	8.22%	-7.70%	0.26%	-1.88%	5.36%
Russell Top 200 Index	10.82	1.88	8.12	-7.79	0.20	-1.93	5.34
Difference**	-0.02	0.06	0.10	0.09	0.07	0.05	0.01



† Inception date: August, 1996

* The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:R200/C:gPART200
CMP6

STATE STREET GLOBAL ADVISORS

S&P Index Strategies

Investing involves risk including the risk of loss of principal.

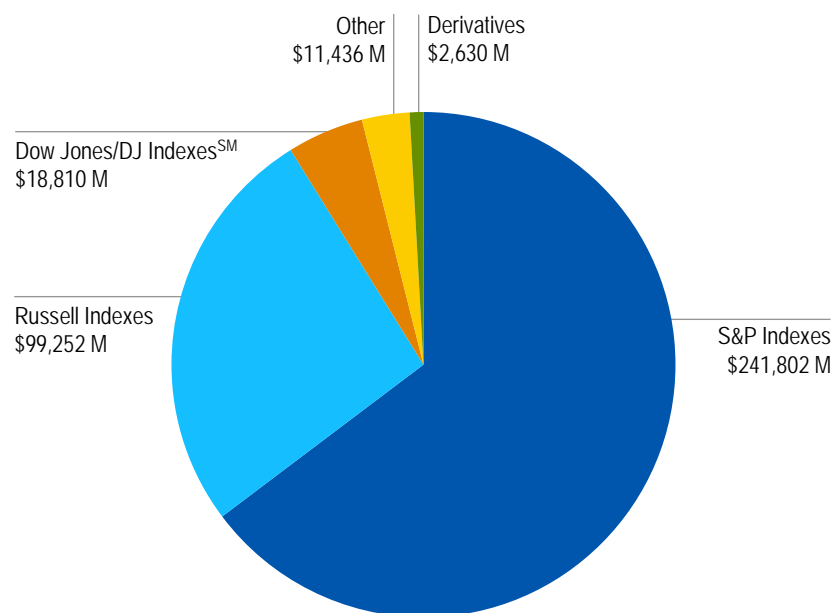


SSgA S&P Index Experience

- Managing money against the S&P indices since 1978
- Currently managing against 13 S&P benchmarks

Strategy	Assets
S&P 500®	\$102,507 M
SPDRs	78,252
Conservative S&P 500	312
Equal Weighted S&P 500	371
Screened S&P 500	3,707
Tax-Efficient Market Capture S&P	3,223
Tobacco-Free S&P 500	976
S&P MidCap 400®	8,149
S&P MidCap Growth®	80
S&P 500® Value	871
S&P 500® Growth	76
S&P MLP Index	211
US Sector Index	38,838
S&P 100®	235
S&P 500® Index Futures	503
S&P High Yield Div. Aristocrat	3,491
Total	\$241,802 M

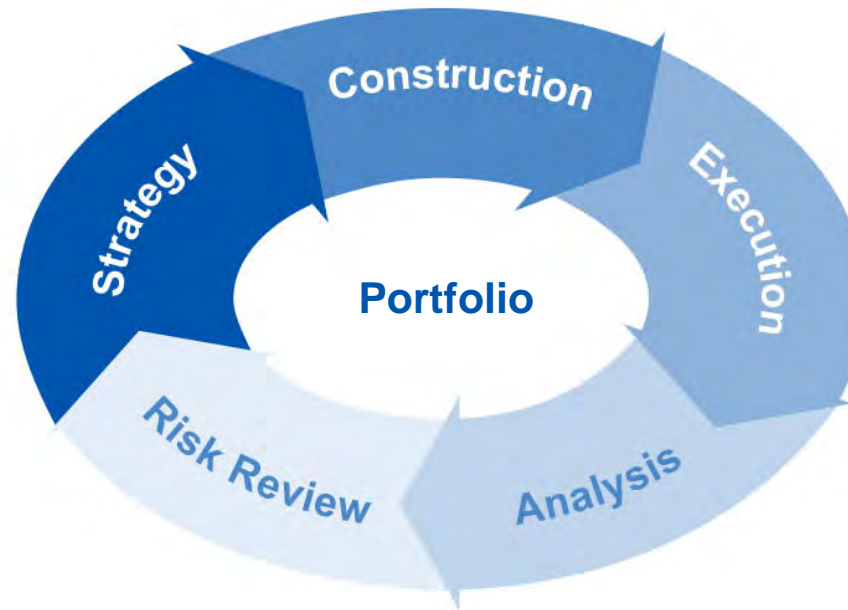
US Index Assets Under Management
\$373,930 Million as of September 30, 2010



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 Russell Indexes are trademarks of Russell Investment Group.
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Investment Process

Our systematic investment process seeks to provide benchmark-like returns by selecting the most efficient construction strategy, while minimizing transaction costs



Strategy	Construction	Execution	Analysis	Risk Review
<p><i>Timely and precise processing of information:</i></p> <ul style="list-style-type: none"> • Portfolio information • Benchmark information • Market information 	<p><i>Process and tools are regularly reviewed for possible enhancements:</i></p> <ul style="list-style-type: none"> • Flexible portfolio construction • Single rebalancing platform • Continual software enhancements 	<p><i>Portfolio managers and traders work together to minimize transaction costs:</i></p> <ul style="list-style-type: none"> • Seek all sources of liquidity via trading hierarchy • Global trading network • Analyze trade execution 	<p><i>Portfolio performance is reviewed monthly:</i></p> <ul style="list-style-type: none"> • Detailed attribution analysis • Quarterly portfolio reviews with unit heads 	<p><i>Multidimensional risk approach combined with multiple levels of external review provides robust risk management:</i></p> <ul style="list-style-type: none"> • Portfolio Management and Trading Systems • SSgA Compliance • Risk Management Group • SSgA Investment Committee

STATE STREET GLOBAL ADVISORS.

S&P 500[®] Index Strategy

Investing involves risk including the risk of loss of principal.



S&P 500® Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the S&P 500 Index as closely as practicable, before expenses

- S&P 500 Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- S&P 500 Index: Exposure to 500 leading companies in leading industries
 - Large-cap equity covering about 75% of US market
 - Float-adjusted market capitalization
 - Continuous reconstitution
 - Five year average historical turnover: 4.8%

As of September 30, 2010

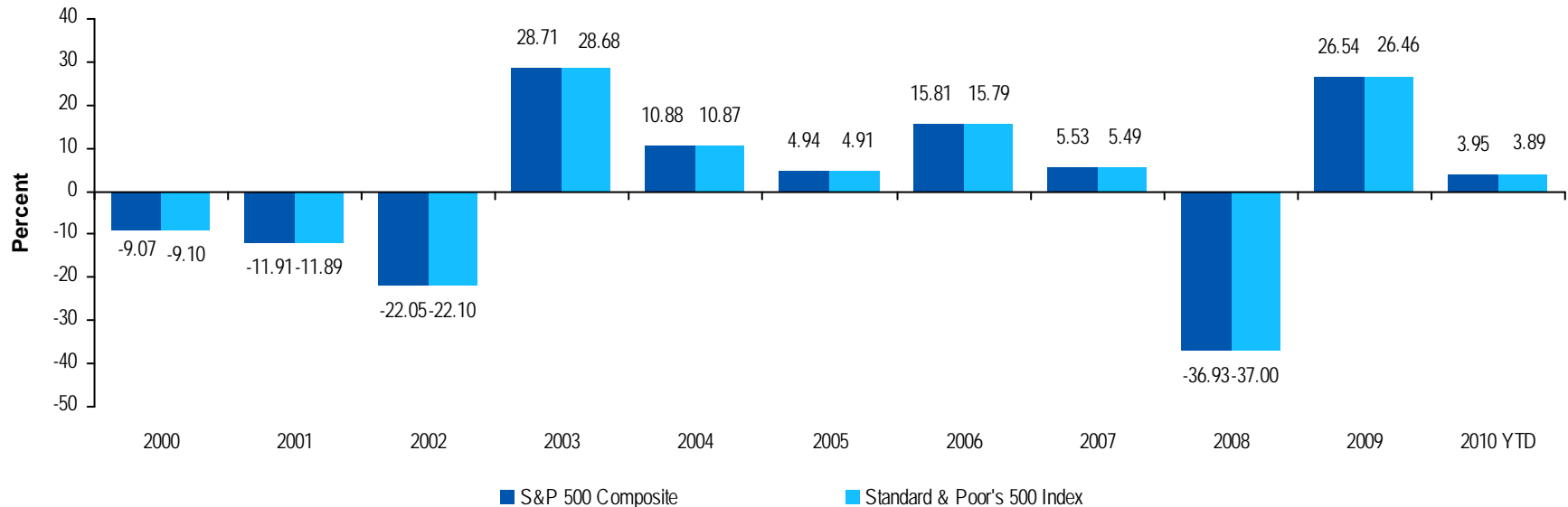
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the S&P 500 Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

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S&P 500® Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
S&P 500 Index Composite	11.31%	3.95%	10.24%	-7.10%	0.69%	-0.39%	9.62%
S&P 500 Index	11.29	3.89	10.16	-7.16	0.64	-0.43	9.59
Difference*	0.02	0.06	0.08	0.06	0.05	0.04	0.03



† Inception date: January 1, 1986

* The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request.

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The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:SP5/C:gPASP500

CM11

MSCI Index Strategies

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

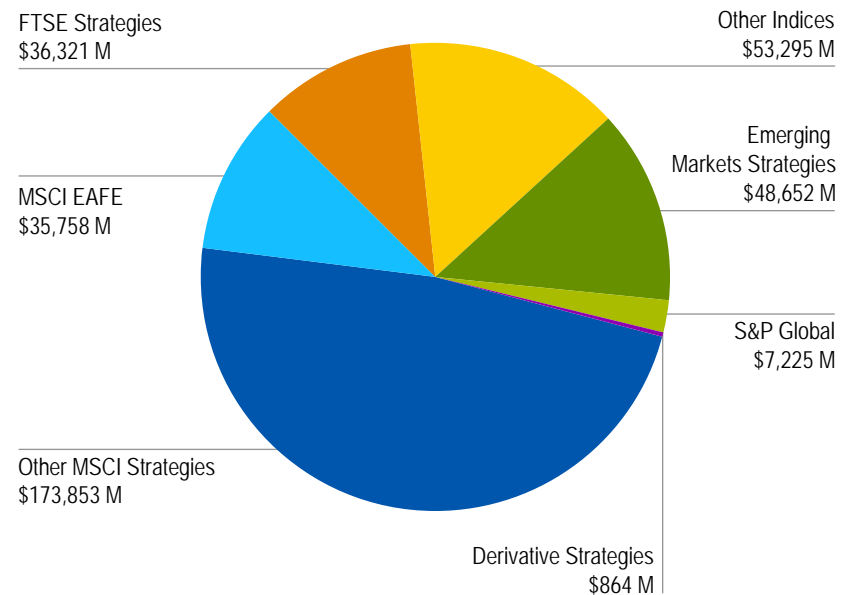


SSgA Non-US Index Experience

- Managing money against non-US indexes since 1979 and emerging markets indices since 1991

Strategy	Assets
MSCI ACWI IMI	\$4,062 M
MSCI ACWI	6,310
MSCI ACWI ex US IMI	5,934
MSCI ACWI ex US	12,220
MSCI World	23,620
MSCI World ex local	16,496
MSCI World ex US IMI	8,494
MSCI EAFE	35,758
MSCI EAFE Small Cap	268
MSCI Emerging Mkts	43,086
FTSE Strategies	36,321
S&P Global Indices	7,225

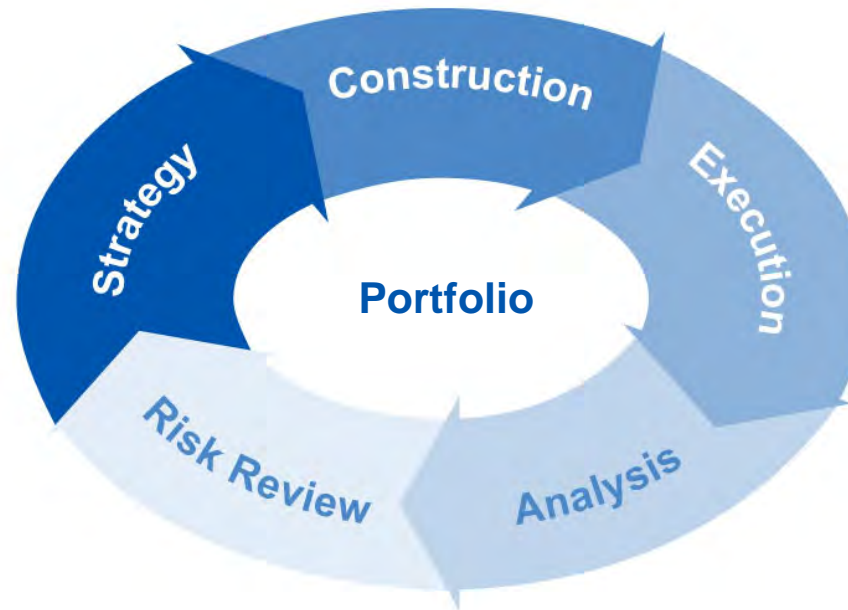
Assets Under Management
\$355,969 Million as of September 30, 2010



FTSE Indexes are trademarks of the London Stock Exchange Plc and The Financial Times Limited, and are used by FTSE International Limited under license.
 "All-World", "All-Share" and "All-Small" are trademarks of FTSE International Limited.
 The MSCI Indexes are trademarks of MSCI, Inc.
 Standard & Poor's S&P Indexes are registered trademarks of Standard & Poor's Financial Services. LLC.

Investment Process

Our systematic investment process seeks to provide benchmark-like returns by selecting the most efficient construction strategy, while minimizing transaction costs



Strategy	Construction	Execution	Analysis	Risk Review
<p><i>Timely and precise processing of information:</i></p> <ul style="list-style-type: none"> • Portfolio information • Benchmark information • Market information 	<p><i>Process and tools are regularly reviewed for possible enhancements:</i></p> <ul style="list-style-type: none"> • Flexible portfolio construction • Single rebalancing platform • Continual software enhancements 	<p><i>Portfolio managers and traders work together to minimize transaction costs:</i></p> <ul style="list-style-type: none"> • Seek all sources of liquidity via trading hierarchy • Global trading network • Analyze trade execution 	<p><i>Portfolio performance is reviewed monthly:</i></p> <ul style="list-style-type: none"> • Detailed attribution analysis • Quarterly portfolio reviews with unit heads 	<p><i>Multidimensional risk approach combined with multiple levels of external review provides robust risk management:</i></p> <ul style="list-style-type: none"> • Portfolio Management and Trading Systems • SSgA Compliance • Risk Management Group • SSgA Investment Committee

Recent MSCI Index Change

MSCI moved Israel from Emerging to Developed Market Status on May 26, 2010

- Effective as of the close on May 26, 2010, coinciding with MSCI's semi-annual index review
- Israel will be included in the developed MSCI EAFE and MSCI World Indexes, and exit the MSCI Emerging Markets Index
 - Investors generally agreed that Israel met the criteria for classification as a developed market in terms of its treatment of investors, free flow of capital, cost of investment, and country specific risk
 - There has not been a change in classification from Emerging to Developed status by MSCI since Greece graduated in 2001, and Portugal in 1997
- The estimated weight of Israel as of 3/31/10 in MSCI EAFE is 0.87%, MSCI World ex US is 0.79% and MSCI World is 0.40%
 - The current weight of Israel in the MSCI Emerging Markets Index is 2.84%
- Much of the trading needed to affect this change will net or cross, as developed market clients need to buy, while emerging market clients need to sell
 - There will be net buying in Israel since the assets of passive developed mandates are greater than those of emerging mandates, even on a cap-weighted basis

MSCI EAFE[®] Index Strategy

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.



MSCI EAFE® Strategy Overview

Objective: Seeks to match the returns and characteristics of the MSCI EAFE® Index as closely as practicable, before expenses

- MSCI EAFE Index Strategy
 - Replication with additive offsets
 - Daily fund for DC Plans
 - Bi-monthly fund to maximize crossing opportunities
 - May use exchange traded index futures to achieve equity exposure
- MSCI EAFE Benchmark: Broad-based international index
 - Consists of approximately 965 stocks in 22 countries outside North and South America
 - Seeks to capture 85% of each sector in each market
 - Quarterly reconstitution
 - Five year average historical turnover: 3%

MSCI EAFE Markets

Australia
Austria
Belgium
Denmark
Finland
France
Germany
Greece
Hong Kong
Ireland
Israel
Italy
Japan
Netherlands
New Zealand
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
United Kingdom

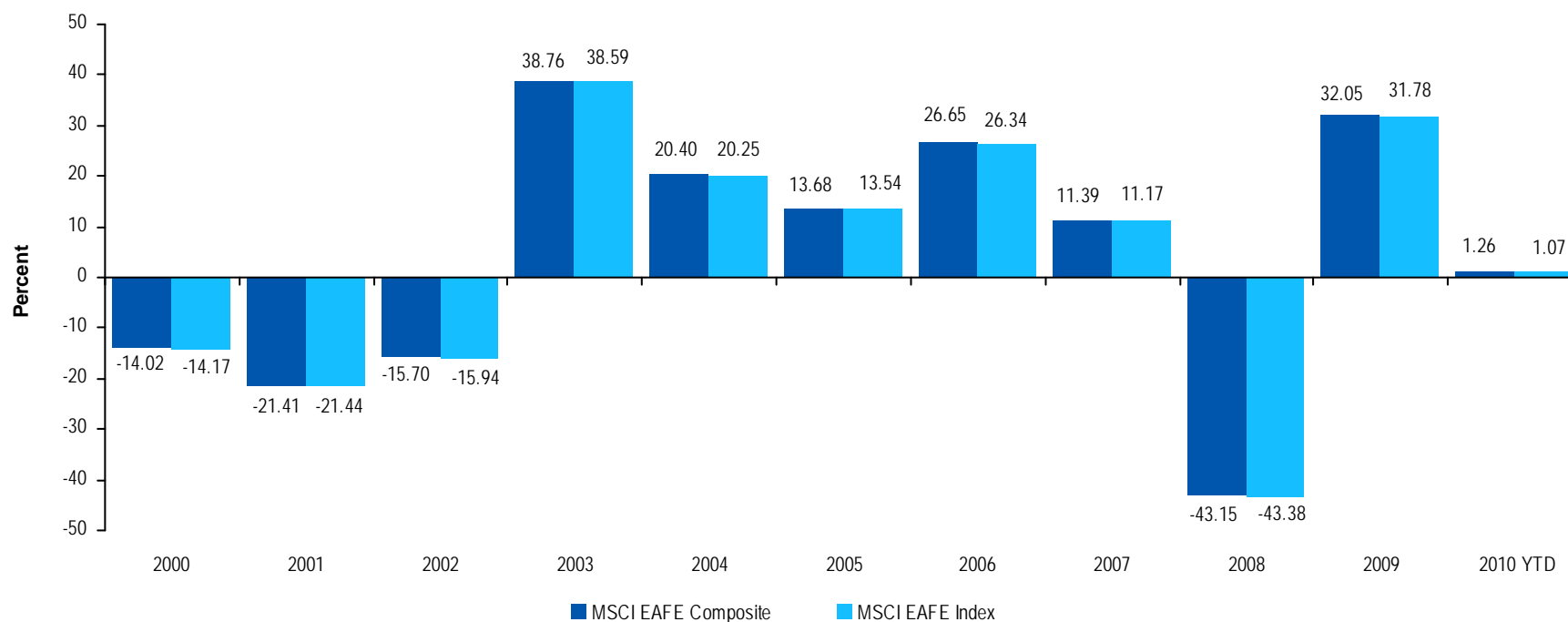
As of September 30, 2010

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the MSCI EAFE Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

MSCI EAFE® Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
MSCI EAFE Composite	16.47%	1.26%	3.48%	-9.25%	2.22%	2.75%	9.71%
MSCI EAFE Index	16.48	1.07	3.27	-9.51	1.97	2.56	9.55
Difference*	-0.01	0.19	0.21	0.26	0.25	0.19	0.17



† Inception date: January 1985

* The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses.

The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:EAFE/C:G:P-EAFE

MSCI ACWI Strategy

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.



MSCI ACWI Strategy Overview

Objective: Seeks to match the returns and characteristics of the MSCI ACWI Index as closely as practicable, before expenses

- MSCI ACWI Strategy
 - Replication with additive offsets
 - Bi-monthly fund for maximized crossing opportunities
 - May use exchange traded index futures to achieve equity exposure
- MSCI All Country World Index: Broad-based global index
 - Comprised of approximately 2,400 stocks in 45 countries*
 - Seeks to capture 85% of the market cap in each country
 - Quarterly reconstitution
 - Five year average historical turnover: 4%

MSCI ACWI Markets

Developed

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Hong Kong
Ireland
Israel
Italy
Japan
Netherlands
New Zealand
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
UK
United States

Emerging

Brazil
Chile
China
Colombia
Czech Rep.
Egypt
Hungary
India
Indonesia
Korea
Malaysia
Mexico
Morocco
Peru
Philippines
Poland
Russia
South Africa
Taiwan
Thailand
Turkey

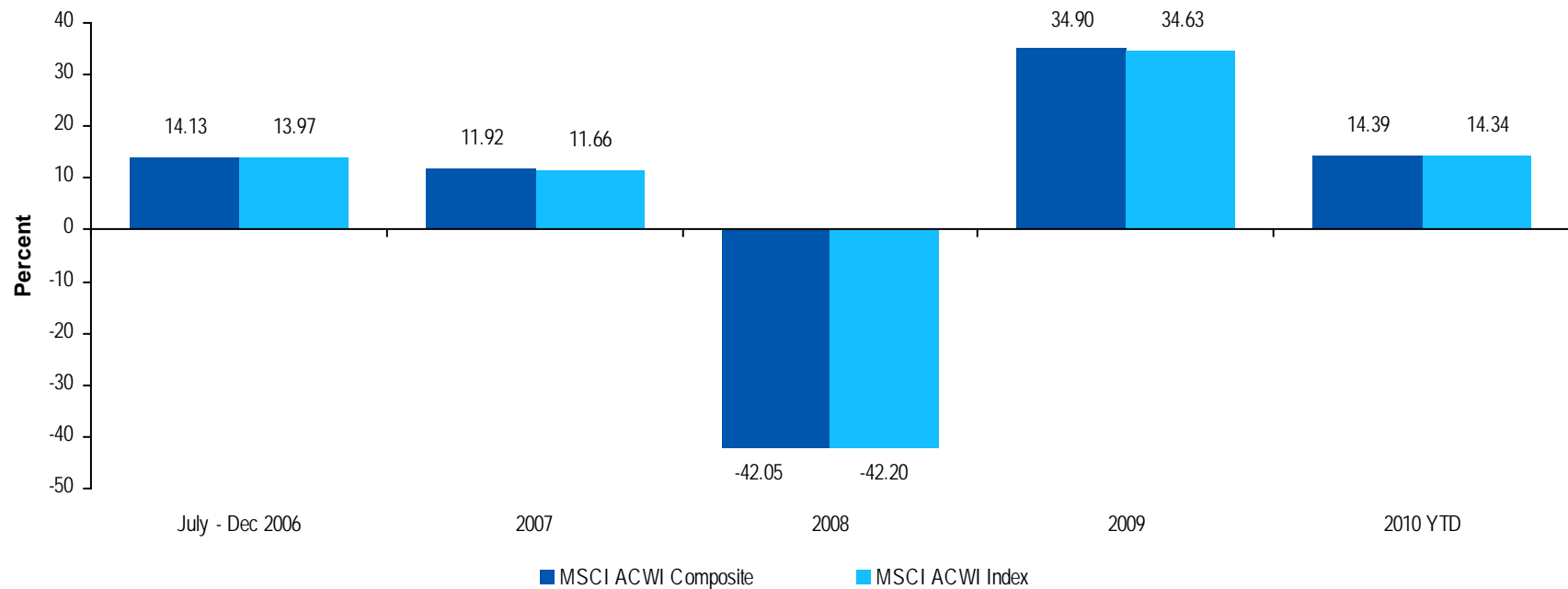
* As of September 30, 2010

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the MSCI ACWI Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

MSCI ACWI Index Composite

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
MSCI ACWI Index Composite	14.39%	3.77%	8.67%	-7.26%	N/A	N/A	0.85%
MSCI ACWI Index	14.34	3.63	8.42	-7.48	N/A	N/A	0.61
Difference*	0.05	0.15	0.25	0.22	N/A	N/A	0.24



† Inception date: July 1, 2006

*The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request.

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The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gP-ACWI2

MSCI ACWI ex-US Index Strategy

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.



MSCI All Country World Index ex-US Strategy Overview

Objective: Seeks to match the returns and characteristics of the MSCI ACWI ex-US Index as closely as practicable, before expenses

- MSCI ACWI ex-US Strategy
 - Replication with additive offsets
 - Daily fund for DC Plans
 - Bi-monthly fund for maximized crossing opportunities
 - Securities Lending available
 - May use exchange traded index futures to achieve equity exposure
- MSCI All Country World ex-US Index: Broad-based global index
 - Representative sampling of approximately 1,820 stocks in 44 countries
 - Seeks to capture 85% of the market cap in each country
 - Quarterly reconstitution
 - Five year average historical turnover: 5%

MSCI ACWI ex-US Markets

Developed

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Hong Kong
Ireland
Israel
Japan
Italy
Netherlands
New Zealand
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
UK

Emerging

Brazil
Chile
China
Colombia
Czech Rep.
Egypt
Hungary
India
Indonesia
Korea
Malaysia
Mexico
Morocco
Peru
Philippines
Poland
Russia
South Africa
Taiwan
Thailand
Turkey

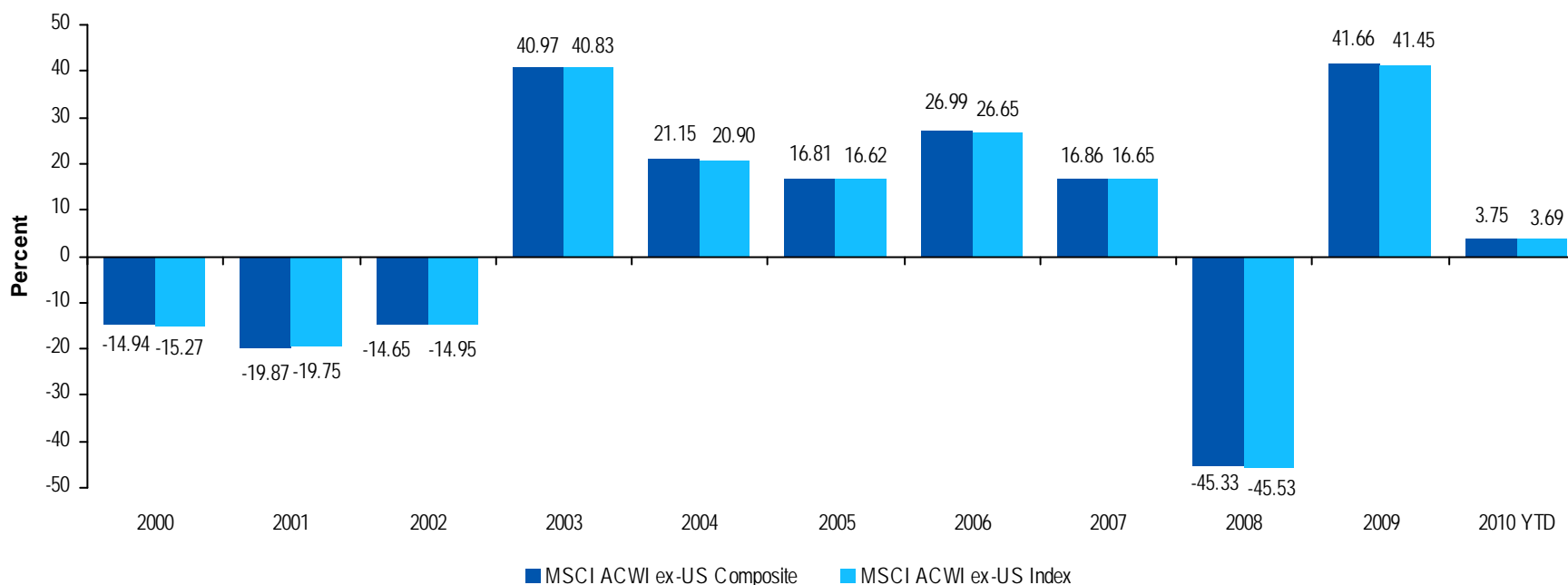
As of September 30, 2010

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the MSCI ACWI ex-US Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

MSCI All County World Index ex-US Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
MSCI ACWI ex-US Composite	16.56%	3.75%	7.72%	-7.23%	4.46%	4.53%	5.10%
MSCI ACWI ex-US Index	16.58	3.69	7.56	-7.42	4.26	4.34	4.90
Difference*	-0.02	0.06	0.16	0.19	0.20	0.19	0.19



† Inception date: August 1, 1998

* The value added returns may show rounding differences.

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request.

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The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gP-ACWI

MSCI All Country World ex-US Investable Market Index Strategy

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.



MSCI All Country World ex-US Investable Market Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the MSCI All Country World ex-US Investable Market Index as closely as practicable, before expenses

- MSCI ACWI ex-US IM Index Strategy
 - Replication with additive offsets; with some sampling and optimization
 - Bi-monthly fund to maximize crossing opportunities
 - May use exchange traded index futures to achieve equity exposure
- MSCI All Country World ex-US Investable Market Index
 - Broad-based global index
 - Representative sampling of approximately 6,250 stocks in 44 countries
 - Consists of the MSCI All Country World Standard Index and MSCI All Country World Small Cap Index
 - Seeks to capture 99% of investable market universe
 - Quarterly reconstitution

MSCI ACWI ex-US IMI

Developed	Emerging
Australia	Brazil
Austria	Chile
Belgium	China
Canada	Colombia
Denmark	Czech Rep.
Finland	Egypt
France	Hungary
Germany	India
Greece	Indonesia
Hong Kong	Korea
Ireland	Malaysia
Israel	Mexico
Italy	Morocco
Japan	Peru
Netherlands	Philippines
New Zealand	Poland
Norway	Russia
Portugal	South Africa
Singapore	Taiwan
Spain	Thailand
Sweden	Turkey
Switzerland	
UK	

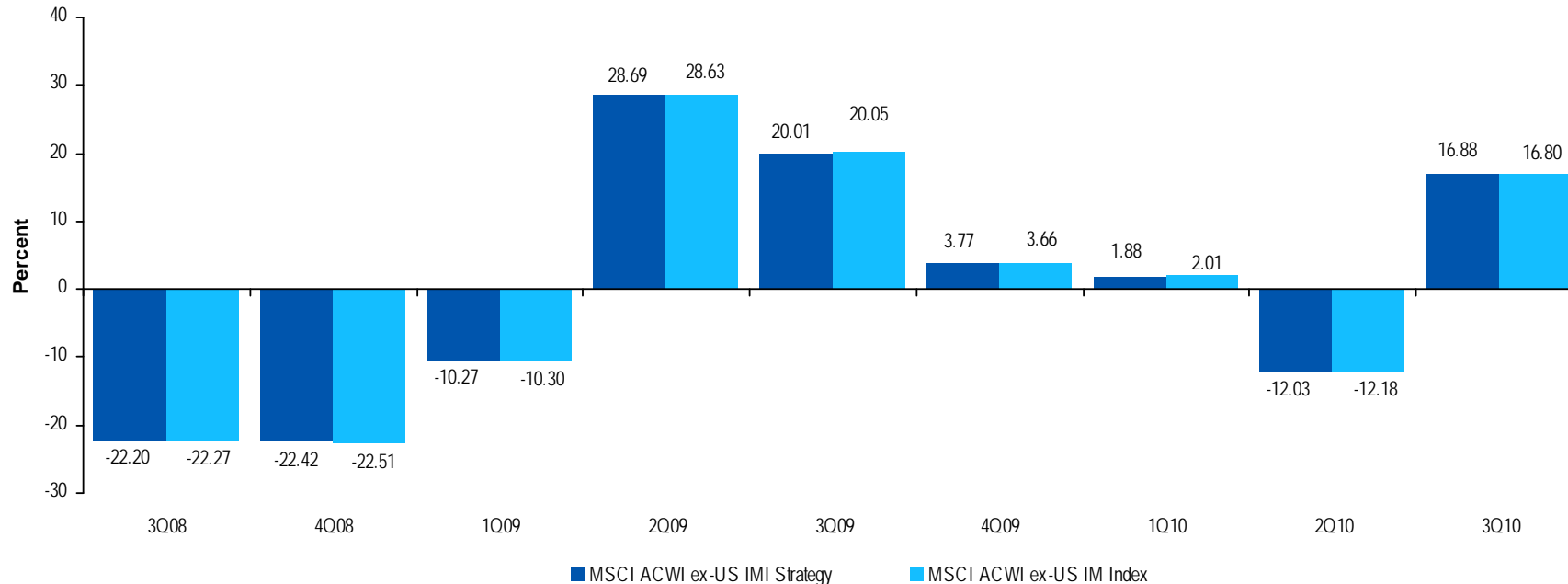
As of September 30, 2010

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the MSCI ACWI IMI Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

MSCI All Country World ex-US Investable Market Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	Q3 10	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
MSCI ACWI ex USA IMI Index Composite	16.88%	4.74%	8.69%	N/A	N/A	N/A	-7.45%
MSCI ACWI ex US IMI Index	16.80	4.64	8.47	N/A	N/A	N/A	-7.66
Difference*	0.07	0.11	0.22	N/A	N/A	N/A	0.21



[†] Inception date: June 2008. Performance above represents that of the composite and does not include securities lending revenue.

* The value added returns may show rounding differences.

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The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Composite Code: gPACWIMI

Innovation in Beta Management

Investing involves risk including the risk of loss of principal.



Alternative Beta

What's Behind Alternative Beta?

- Capture the benefits of passive investing
 - Low cost, transparency, liquidity, diversification and consistency
- Accept a broader definition of beta
 - Any transparent, consistent methodology for maintaining investment exposures
- Reflect some investment thesis
 - Projected returns
 - Diversification or hedging benefit

Examples of Beta Investment Themes

A Wide Variety of Views can be Expressed

- Emphasize cross-sectional equity or bond characteristics
 - Valuation, Size, Volatility, Momentum, Quality, etc.
- Hedge against unanticipated inflation
 - Breakeven Inflation, Commodities, Gold, etc.
- Hedge against currency depreciation
 - International Equity, Currency, Gold, etc.
- Seek out unique sources of return
 - Merger Arbitrage, Short Volatility, Currency Carry, etc.
- Hedge tail risk
 - Trend Following, Long Volatility, etc.

Alternative Beta

What Forms can Alternative Beta Take?

Definition: *Any transparent, consistent process for maintaining investment exposures*

1. Non-traditional Asset Classes

- Commodities
- Currency Carry
- Infrastructure
- Convertibles
- Frontier markets
- Volatility
- Break-even inflation

2. Emulation Strategies

- Merger arbitrage
- Hedge fund beta
- Convertible arbitrage
- Active manager emulation
- Trend-following strategies

Alternative Beta

Four Categories of Alternative Beta (continued)

3. Alternative Asset Class Payoffs

- Leveraged strategies
- Inverse strategies
- Protected strategies
- Option overwriting strategies

4. Alternatives to Cap-weighting

- Fixed income
 - De-emphasizing the biggest sovereign borrowers
 - Fundamentally scored credit index
- Equities
 - Valuation tilted strategies (eg, fundamental indexing)
 - Low volatility and low beta strategies (eg, minimum variance)
 - Smaller capitalization strategies
 - Positive momentum strategies
 - Equal-weighted strategies
 - Quality tilted strategies

Alternatives to Cap Weighting

What Leads Investors to Alternative Equity Weighting Approaches?

- Cross-sectional empirical evidence
 - Beta not rewarded as theory suggests
 - Other attributes explain the cross-section of returns
 - Valuation, Volatility, Size & Momentum
 - Returns not explained by realized volatility of returns
- Academic debate about cross-sectional evidence
 - Reward for risk factors or investor “mistakes”?
- Industry response
 - Many alternative weighting products, indexes or strategies
 - Fundamental Indexing™, Wealth weighting, Valuation-tilting, Min Vol, Low Beta, Equal-Weighted, Risk Efficient Indexes, Active Betas, etc.
 - Various marketing claims
 - Most are plays on cross-sectional evidence
 - valuation, beta/volatility, size or momentum (or combinations)

Empirical Evidence on Alternative Weighting Approaches

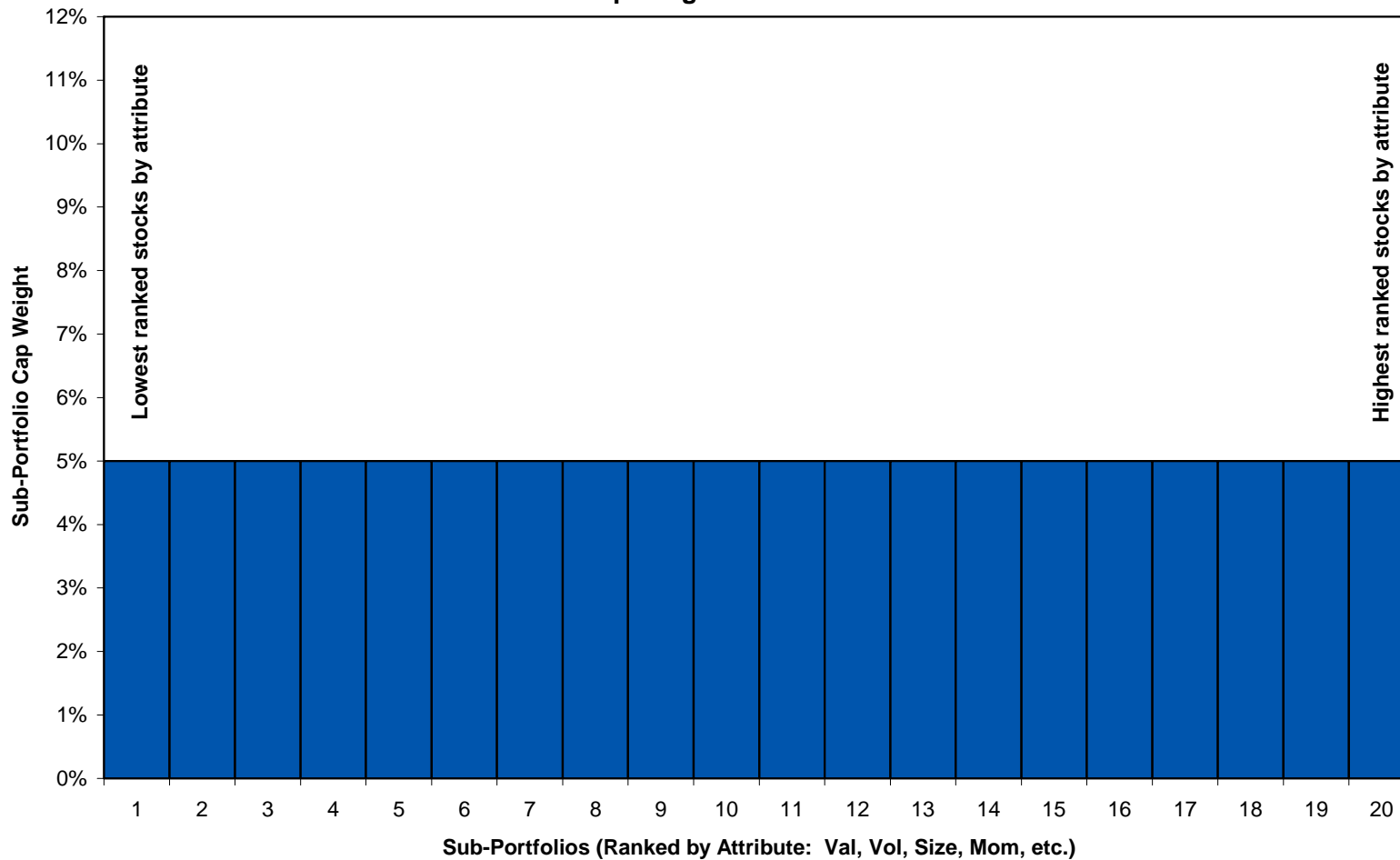
Evaluating the Cross-Sectional Empirical Evidence

- Create an intuitive way to evaluate cross-sectional equity evidence
- 20 subsets of the market portfolio sorted by each attribute (separately)
 - Valuation, Volatility, Size and Momentum
- Methodology
 - Each subset (sub-portfolio) represents 5% of market cap weight
 - Constituents are cap-weighted within each sub-portfolio
 - For example, valuation sub-portfolio #1 is the 5% of cap weight with the lowest valuation
 - Sub-portfolios reconstituted annually (Momentum reconstituted quarterly)
- Results
 - MSCI World Universe Q2 1990 to Q4 2009
 - Sub-portfolio annualized return
 - Sub-portfolio annualized volatility

Empirical Evidence on Alternative Weighting Approaches

SSgA Sub-Portfolio Methodology

SSgA Sub-Portfolio Methodology
Each Sub-Portfolio Represents 5% of Universe Cap Weight
Stocks are Cap-weighted within Sub-Portfolios

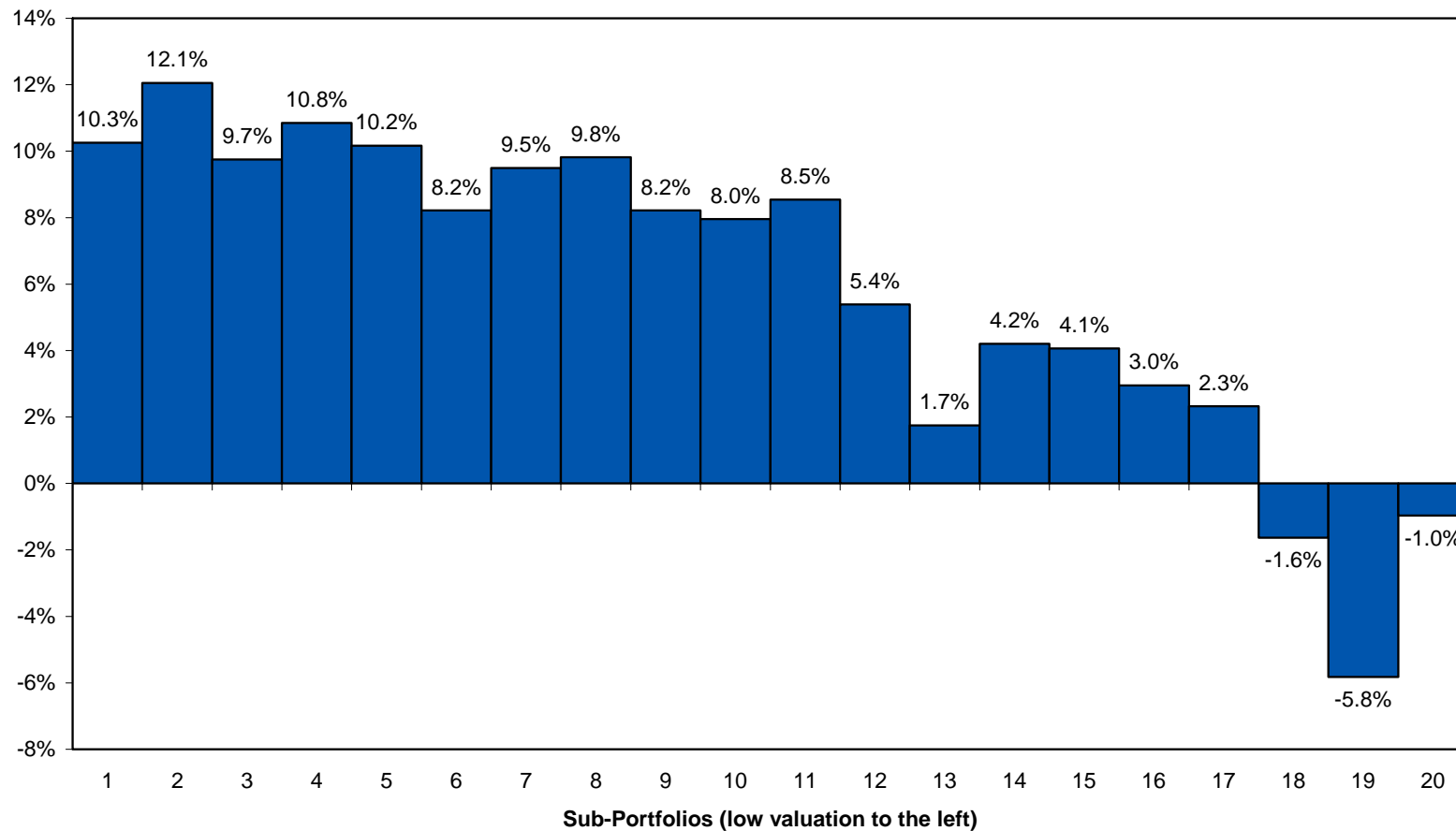


The example shown is for illustrative purposes only.

Empirical Evidence on Alternative Weighting Approaches

Empirical Evidence: Valuation

Valuation-Sorted Returns
MSCI World Sub-Portfolio Annualized US\$ Returns
(April 1990 - December 2009)

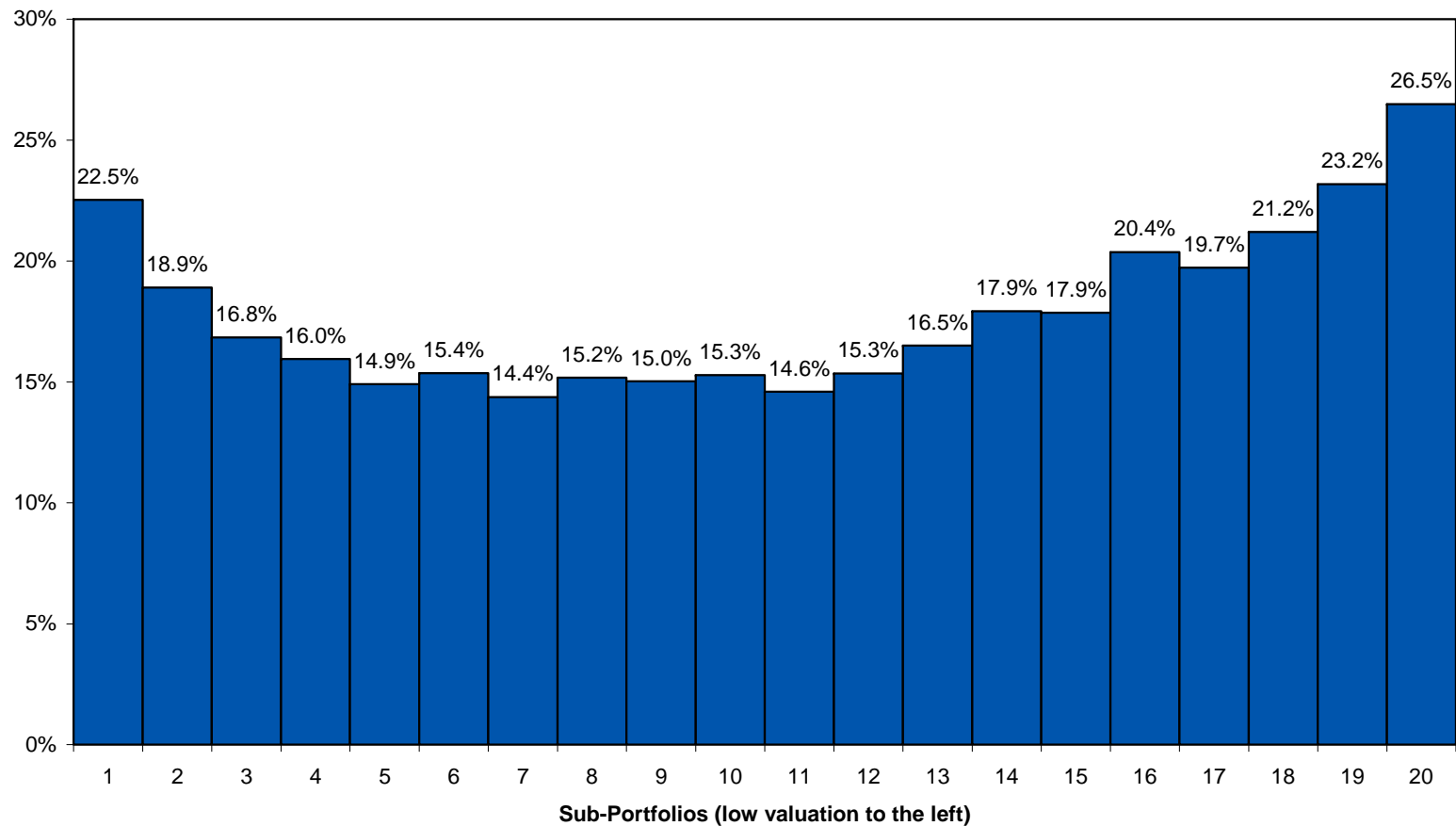


Past performance is not a guarantee of future results.

Empirical Evidence on Alternative Weighting Approaches

Empirical Evidence: Valuation

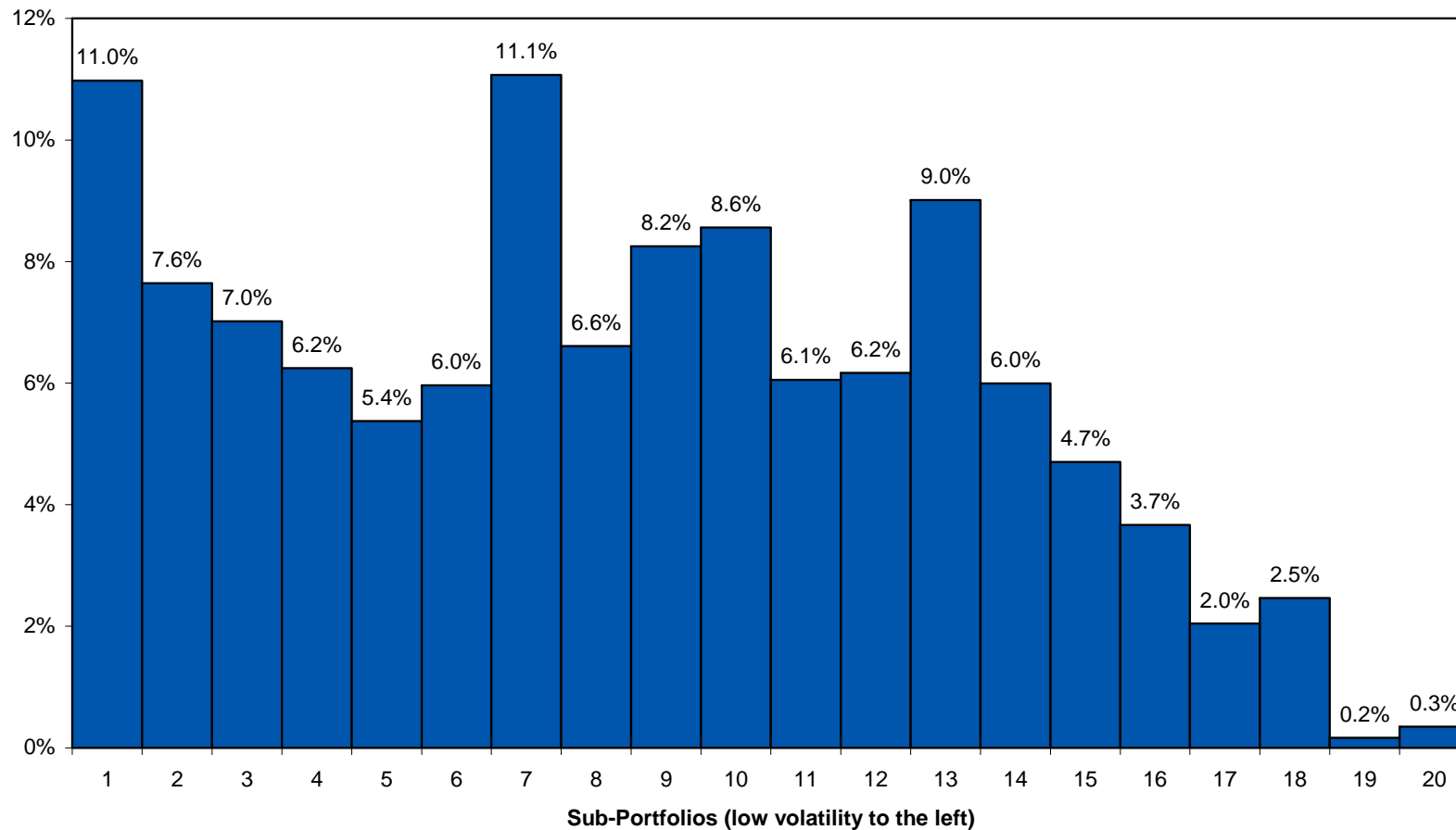
Valuation-Sorted Return Volatility
MSCI World Sub-Portfolio Annualized US\$ Return Volatility
(April 1990 - December 2009)



Empirical Evidence on Alternative Weighting Approaches

Empirical Evidence: Volatility

Volatility-Sorted Returns
MSCI World Sub-Portfolio Annualized US\$ Returns
(April 1990 - December 2009)

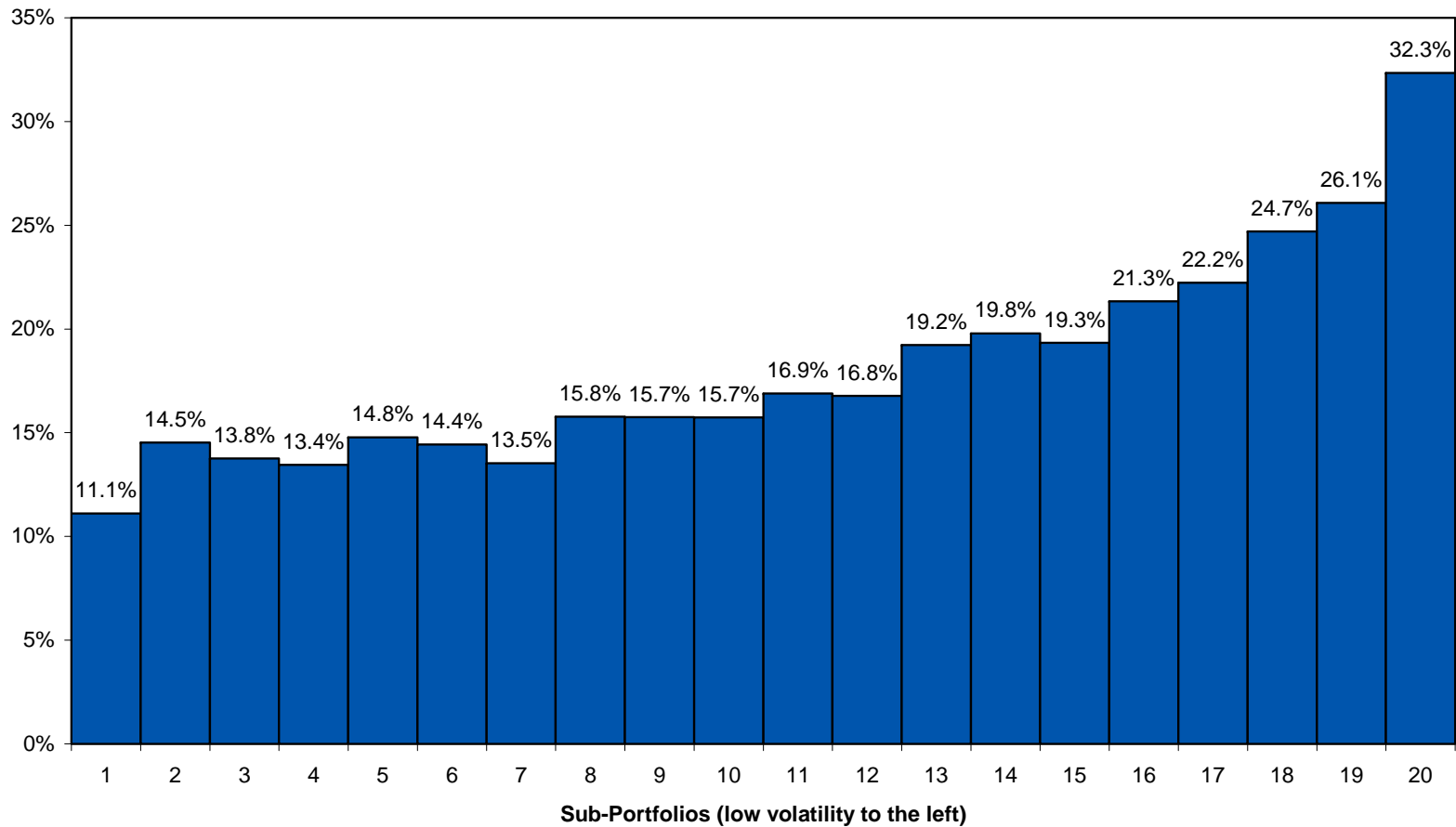


Past performance is not a guarantee of future results.

Empirical Evidence on Alternative Weighting Approaches

Empirical Evidence: Volatility

Volatility-Sorted Return Volatility
MSCI World Sub-Portfolio Annualized US\$ Return Volatility
(April 1990 - December 2009)

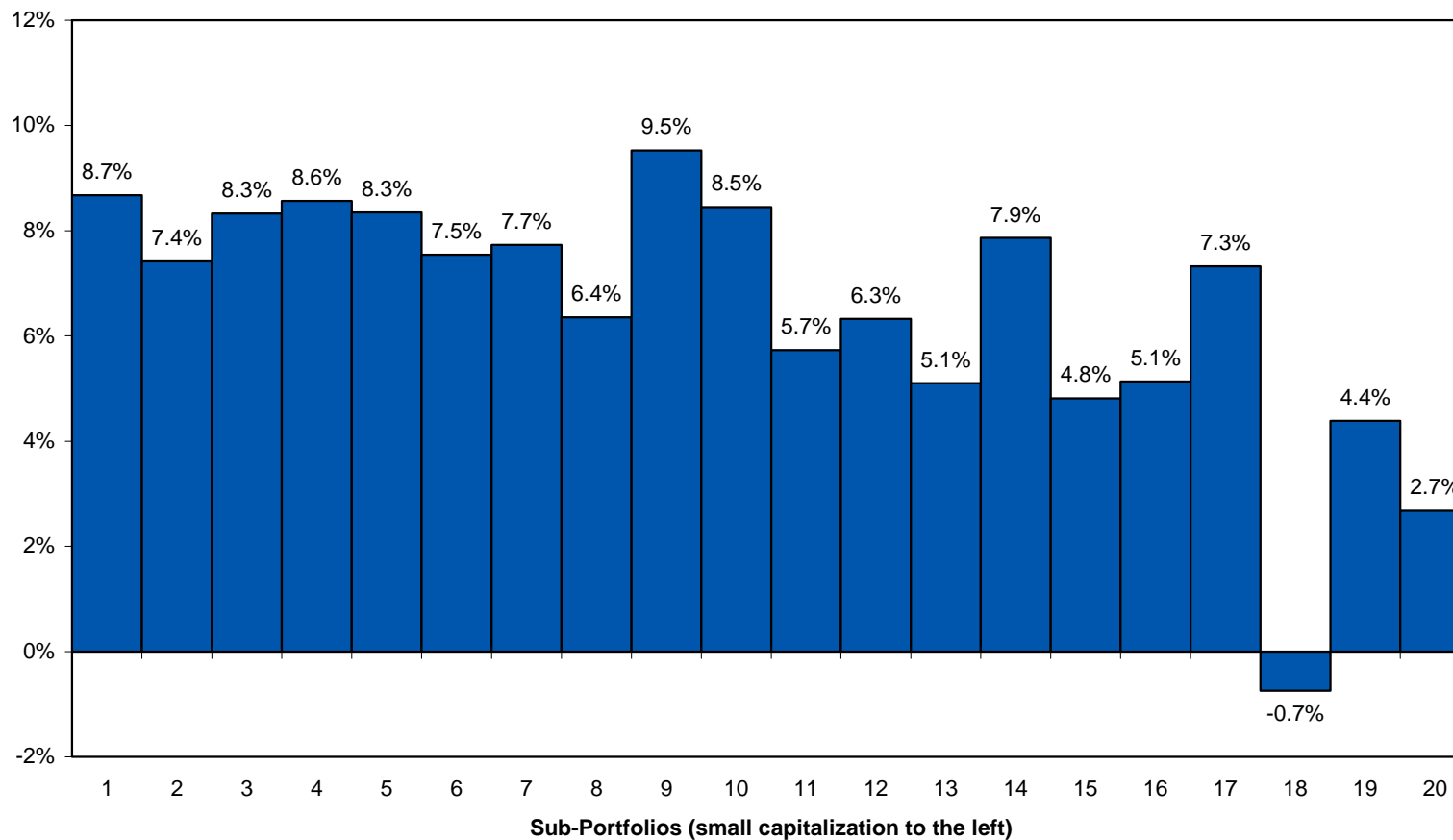


Past performance is not a guarantee of future results.

Empirical Evidence on Alternative Weighting Approaches

Empirical Evidence: Size

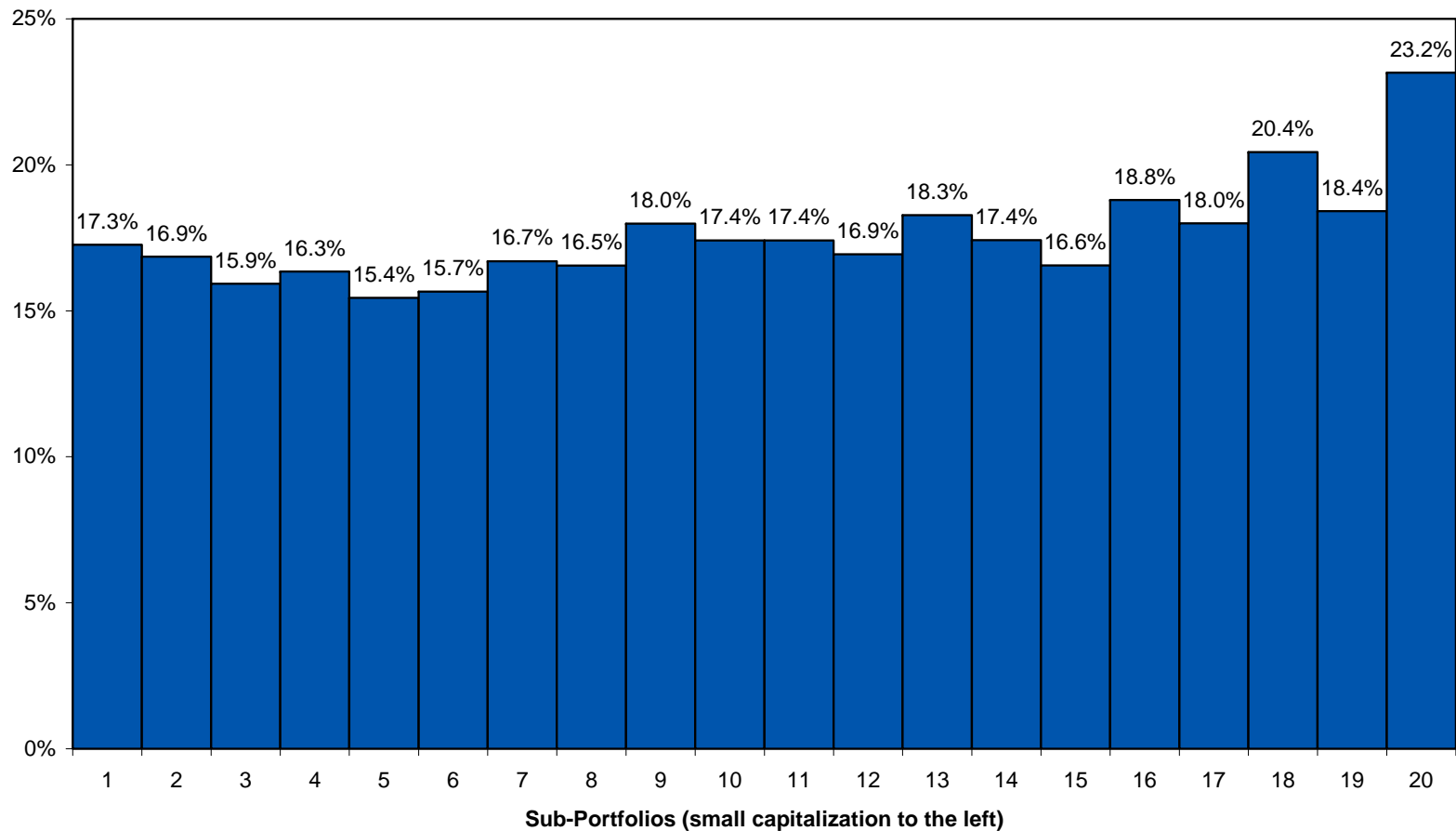
Size-Sorted Returns
MSCI World Sub-Portfolio Annualized US\$ Returns
(April 1990 - December 2009)



Empirical Evidence on Alternative Weighting Approaches

Empirical Evidence: Size

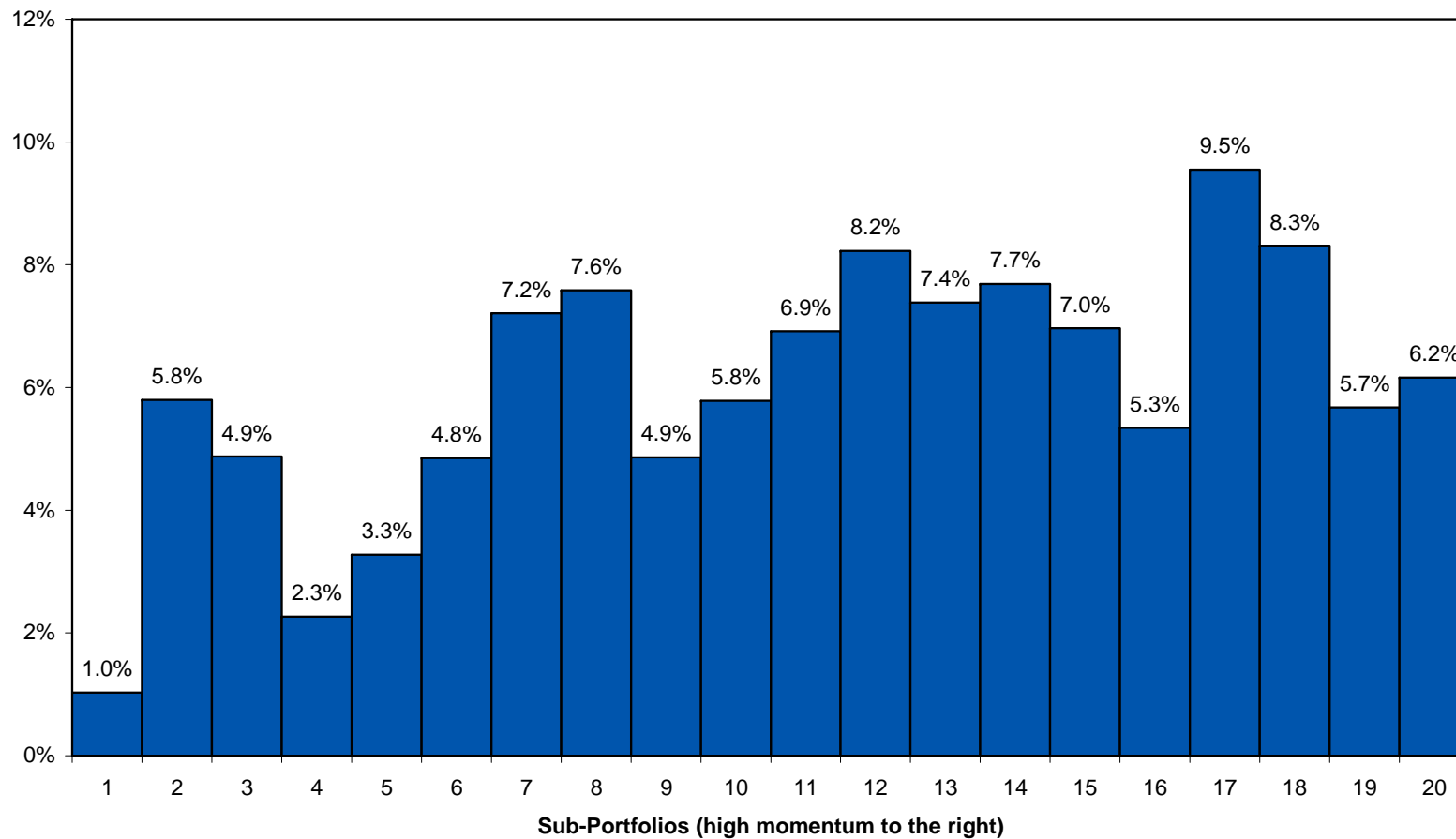
Size-Sorted Return Volatility
MSCI World Sub-Portfolio Annualized US\$ Return Volatility
(April 1990 - December 2009)



Empirical Evidence on Alternative Weighting Approaches

Empirical Evidence: Momentum

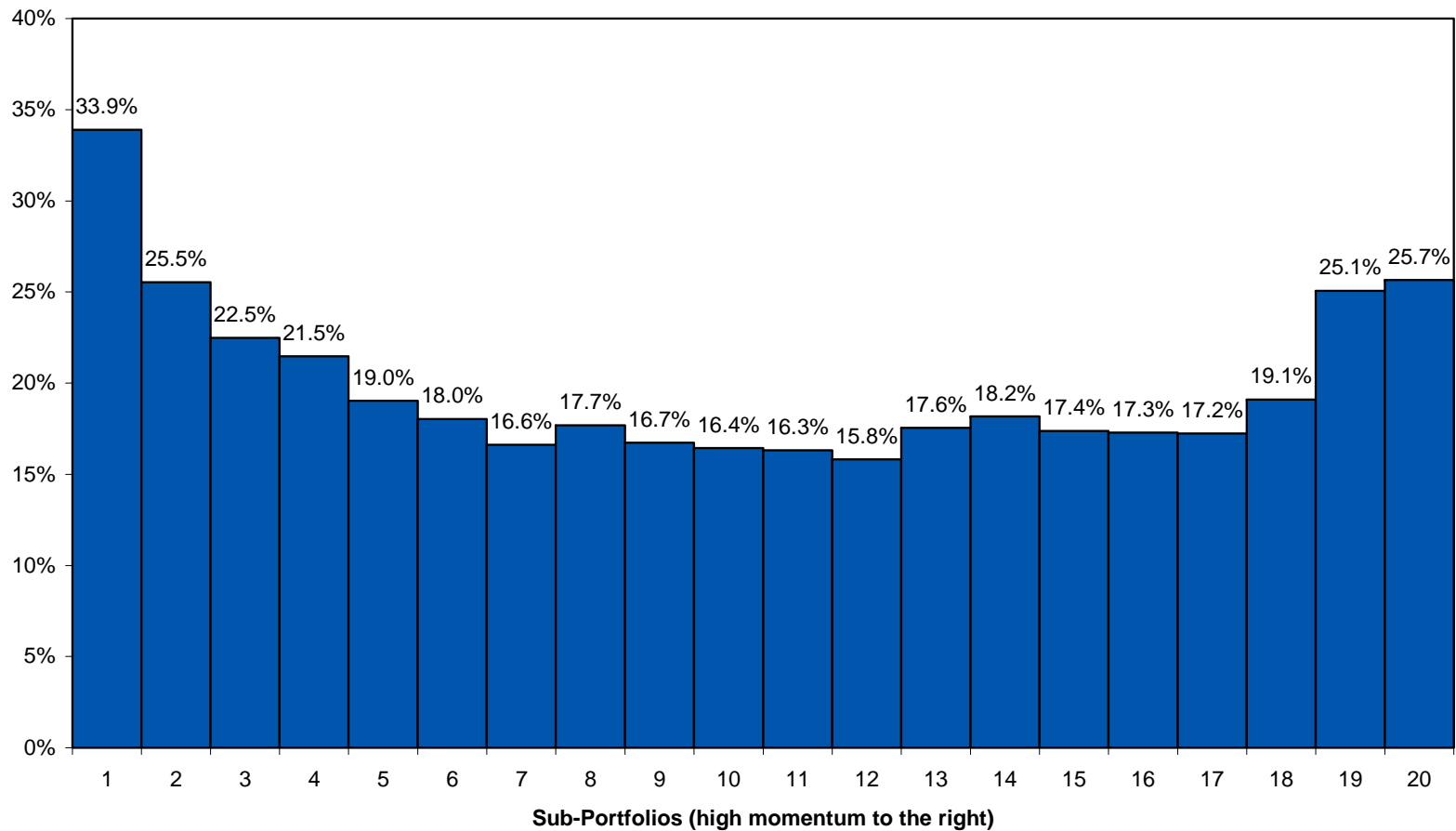
Momentum-Sorted Returns
MSCI World Sub-Portfolio Annualized US\$ Returns
(April 1990 - December 2009)



Empirical Evidence on Alternative Weighting Approaches

Empirical Evidence: Momentum

Momentum-Sorted Return Volatility
MSCI World Sub-Portfolio Annualized US\$ Return Volatility
(April 1990 - December 2009)



Past performance is not a guarantee of future results.

CMINST-3356

Alternatives to Cap Weighting

Potential Benefits of Alternative Equity Allocations

- Attractive historical risk-adjusted returns
 - Long-term empirical evidence is compelling
- Maintains desirable aspects of traditional indexing
 - Transparency, diversification, liquidity and low cost
- An efficient way to reflect a cross-sectional investment thesis
 - No need to pay active fees if betas are the objective
- Adds potentially rewarding dimensions to investment policy
 - Adds power to strategic asset allocation decisions

Alternatives to Cap Weighting

Potential Challenges of Alternative Equity Allocations

- Can be challenging to back up with investment logic
 - Why is the factor exposure rewarded?
- Higher costs than traditional indexing
 - Higher turnover, higher license fees, and potential for liquidity demand
- Significant interim volatility vs. cap-weighting
 - Prolonged periods of underperformance have occurred
- Not always clear who owns the investment decision
 - Who gets blame when returns are poor?

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SSgA Global Fixed Income Beta Solutions

In general, fixed income securities carry interest rate risks; the risk of issuer default; and inflation risk. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Government bonds and corporate bonds have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. US Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate. Investing involves risk including the risk of loss of principal.



SSgA Global Fixed Income Group

Kevin Anderson, PhD
Global CIO Fixed Income and Currency

Global Beta Solutions	
Boston John Kirby	EMEA Pascal Chiknagi John Philpot
Patrick Bresnehan, CFA Michael Brunell, CFA Max DeSantis Allen Kwong Karen Tsang	Peter Gray Victoria Husemeyer John Hutson, CFA Pasi Hyttinen Benjamin Kaden Abhishek Kumar Antoine Lesne**/****
Singapore Esther Koon, CFA Kheng Siang Ng, CFA, CAIA Ramon Maronilla, CFA***/**** Bertram Sarmago, CFA, FRM****	Mathias Marta Benjamin Platret Joffrey Ricome Peter Spano, CFA Stephen Yeats, CFA
Sydney Ross Bolton Simon Mullumby, CFA	Tokyo Peter Morgan Yuki Nozawa Junichi Takahashi****,CMA,CFA

Global Active Strategies Bill Cunningham Bill Street		
US Active Strategies Bill Cunningham	Non-US Active Strategies Bill Street	Canada Denis Senécal, MSc
Robert Kania, CFA David Kobuszewski, CFA John (Chuck) LaPosta, CFA Jeff Megar, CFA Matt Pappas Marc Touchette, CFA Anurag Wakhlu, CFA	Philip Barleggs**** Paul Lucas, CFA Ling Luo, CFA Christophe Pella, CFA Ossi Valtanen Kheng Siang Ng, CFA, CAIA Ross Bolton Joffrey Ricome	Louis Basque, CFA**** Claudio Ferri Jean Gauthier, CFA Victor Grigore, CFA Christian Hoffmann Merriem Mechouat Philippe Nolet Omar Slim, CFA

Government Solutions Brian Kinney
Richard Arnott Jay Ladieu Cynthia Moy Suzanne Schwartz

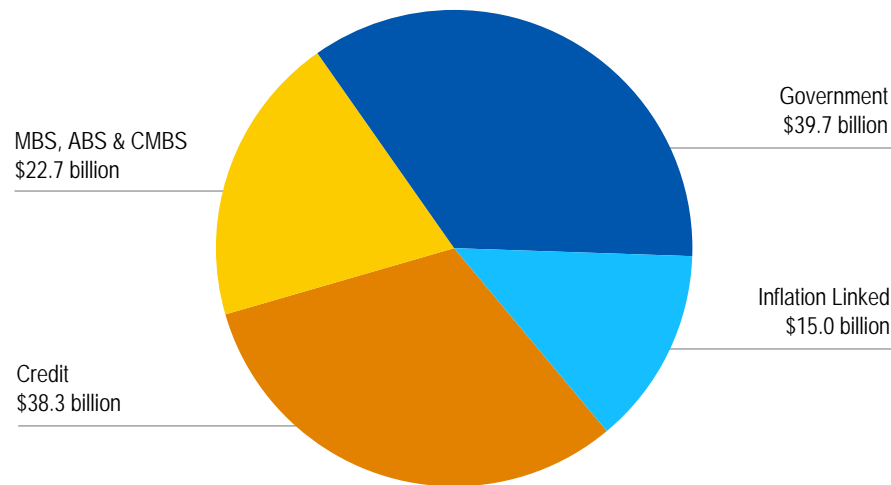
Global Fixed Income Research Bill Cunningham*		
Jay Contis, CFA	James Callahan, CFA, CPA	Jonathan Worraker, CFA
Ken Berlin, CFA Tim Cronin, CFA Gabriel Kadasi Barbara Meehan	Virginie Pelle Kali Ramachandran, CFA, CPA Yvonne Tai Lingying Zou	

As of October 28, 2010
** Brussels, ***Hong Kong, ****Product Engineer

Low Cost, Broad Market Exposure

- \$215.3 billion* total global indexed bonds under management
- Size and scale helps to manage transaction costs
- Seasoned portfolios help to provide low tracking error

US Fixed Income Index Assets
\$115,702 Billion as of September 30, 2010



New Strategies

Global Aggregate

Global Inflation Linked Bond

International Treasury

20+ Year US Treasury STRIPS

Long US TIPS

High Quality Corporate Bond (1-5 yr, 5-20 yr, 20+ yr)

Pooled Asset Liability Matching Solution (PALMS)

Pooled Asset Liability Matching Solution (PALMS) Overlay

19 Fixed Income SPDR ETFs

Investment Philosophy

Objective: Seeks to generate index returns while attempting to minimize risk and limit transaction costs

- We believe that our clients choose indexing for three main reasons:
 - Gain broad-based bond market exposure
 - Predictable variance around a given benchmark
 - Exposure at the lowest possible cost
- A strong process is key to identifying risks
 - Differences arise from changes to the portfolio (cash flows) or benchmark (new issuance, downgrades and changes to index rules)
- Aim to achieve goal by sampling at the security level and replicating at issuer level
 - Long-term goal is full replication
- Continually assess the trade-offs between transaction costs and tracking error in the context of a well-diversified portfolio

Fixed Income Exposure in Any Market Segment

	Broad Market	Region, Sector, Quality and Maturity	Inflation Linked	
Global	<ul style="list-style-type: none"> • Global Aggregate • World Broad Investment Grade • World Government • World Government ex-Japan • World Government ex-US 	<ul style="list-style-type: none"> • International Treasury 	<ul style="list-style-type: none"> • Global Inflation Linked Bond • Global Inflation Linked ex-US Bond 	
North America	<ul style="list-style-type: none"> • US Aggregate Bond • US Government/Credit Bond • Intermediate US Government • Intermediate US Government/Credit • Long US Government • Long US Government/Credit • Socially Responsible US Aggregate Bond • Sudan Screened US Aggregate Bond • Canadian Aggregate • Canadian Government • Canadian Long Government 	<ul style="list-style-type: none"> • 1-3 Year US Treasury • 3-10 Year US Treasury • Long US Treasury • 20+ Year US Treasury STRIPS • 1-3 Year US Agency • 3-10 Year US Agency • Long US Agency • US Mortgage-Backed • US Asset-Backed • Commercial Mortgage-Backed • Constant Duration • High Yield Index 	<ul style="list-style-type: none"> • Intermediate US Credit • 1-3 Year US Credit • 3-10 Year US Credit • Long US Credit • 1-5 Year High Quality Corporate Bond • 5-20 Year High Quality Corporate Bond • 20+ Year High Quality Corporate Bond • Socially Responsible US Credit • Sudan Screened US Credit • US Pooled Asset Liability Matching Solution (PALMS) • US PALMS Overlay 	<ul style="list-style-type: none"> • US Treasury Inflation Protected Securities • Long US Treasury Inflation Protected Securities • Canadian Inflation Protected Securities
Europe/UK	<ul style="list-style-type: none"> • Euro Broad Investment Grade • EMU Government • EMU Government Long Bond Index • Swiss Government • UK Government 	<ul style="list-style-type: none"> • UK Government Bond > 5 Years • UK Government Bond > 15 Years • Euro Corporate • UK Sterling Credit All Stocks • UK Sterling Credit > 15 Years 	<ul style="list-style-type: none"> • Euro Pooled Asset Liability Matching Solution (PALMS) • Euro Leveraged PALMS • UK Pooled Asset Liability Matching Solution (PALMS) • UK Leveraged PALMS 	<ul style="list-style-type: none"> • Euro Inflation Linked Bond • UK Index-Linked Government • UK Index-Linked Government > 5 Years • UK Index-Linked Government > 15 Years
Asia-Pacific	<ul style="list-style-type: none"> • Australian Composite Bonds • Australian Government • Hong Kong Bond Index • Japanese Bond Index • Japan Government Bond 			<ul style="list-style-type: none"> • Australian Inflation Linked Bond

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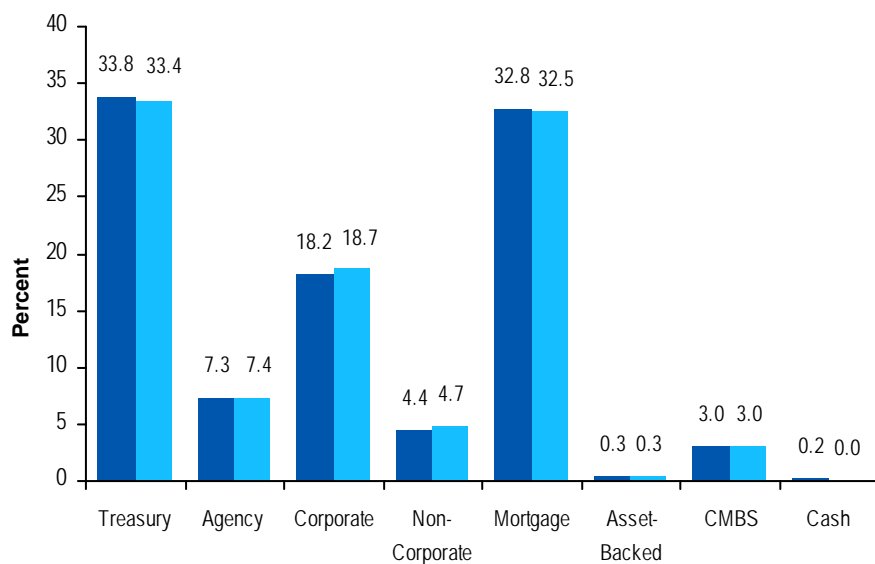
US Aggregate Bond Index Strategy

SSGA.

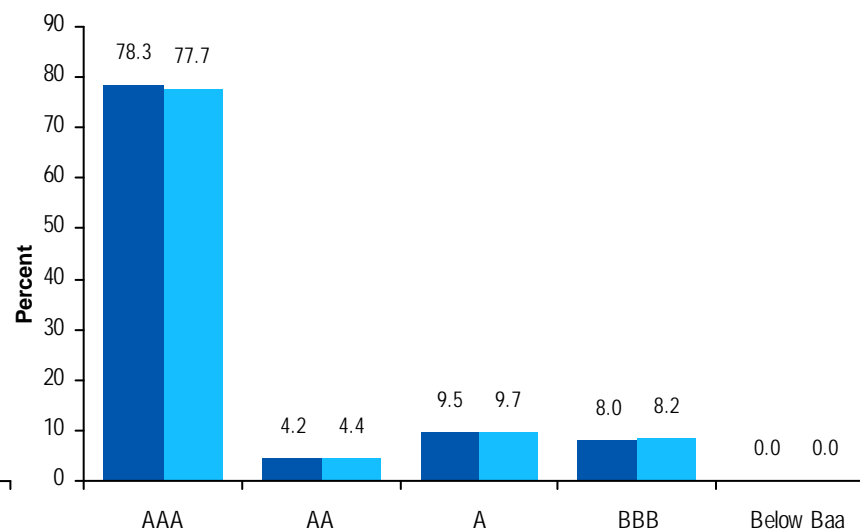
US Aggregate Bond Index Strategy Characteristics

	US Aggregate Bond Index Strategy Composite	Barclays Capital US Aggregate Bond Index
Average Quality	AA2	AA2
Yield to Worst	2.52%	2.56%
Modified Adjusted Duration	4.63	4.67
Average Convexity	-0.23	-0.23

Breakdown by Market Value By Sector



By Quality



■ US Aggregate Bond Index Strategy Composite ■ Barclays Capital US Aggregate Bond Index

As of September 30, 2010

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The above ratings are created by Barclays Capital, where they use multiple rating agencies to come up with an "Index Rating."

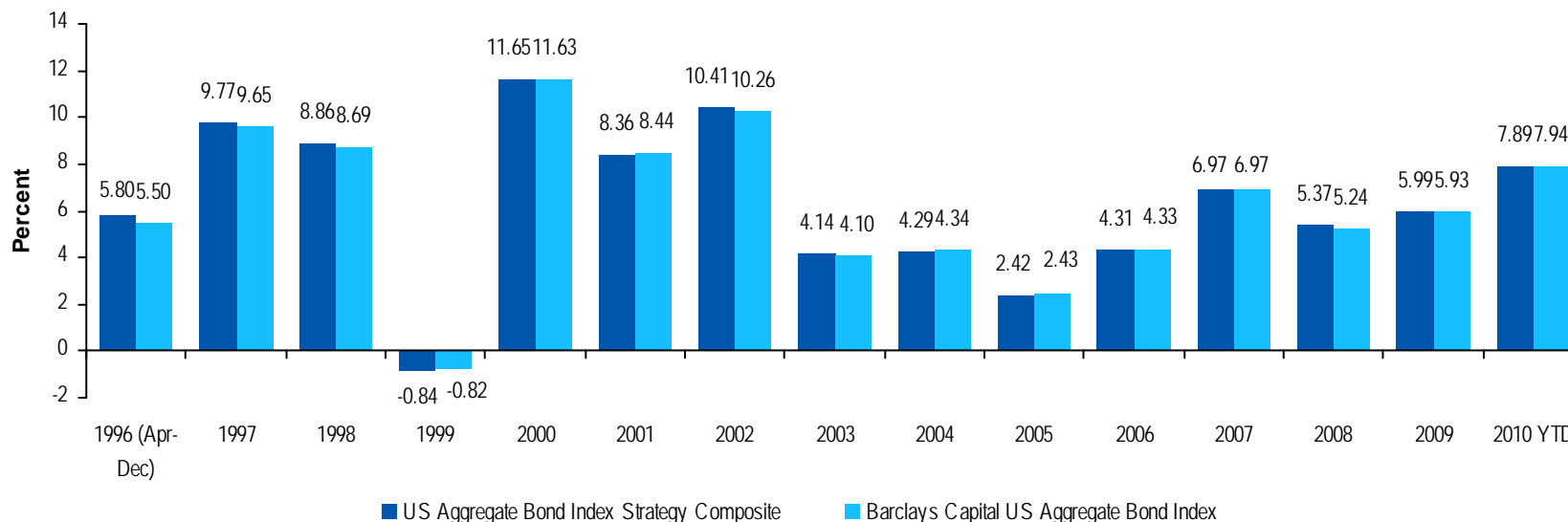
For more information on this rating methodology please go to www.barclays.com.

The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

US Aggregate Bond Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
US Aggregate Bond Index Strategy Composite	2.46%	7.89%	8.16%	7.46%	6.23%	6.44	6.54%
Barclays Capital US Aggregate Bond Index	2.48	7.94	8.16	7.42	6.20	6.41	6.48



† Inception Date: April 1996

"The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income."

The Barclays Capital US Aggregate Bond Index is a trademark of Barclays Capital, Inc.
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US Treasury Inflation Protection Securities (TIPS) Index Strategy

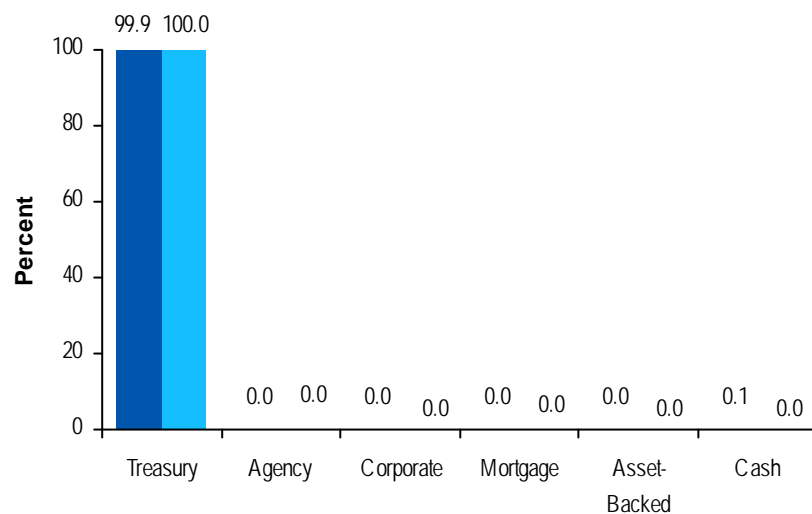
SSGA.

US Treasury Inflation Protected Securities Index Strategy Composite Characteristics

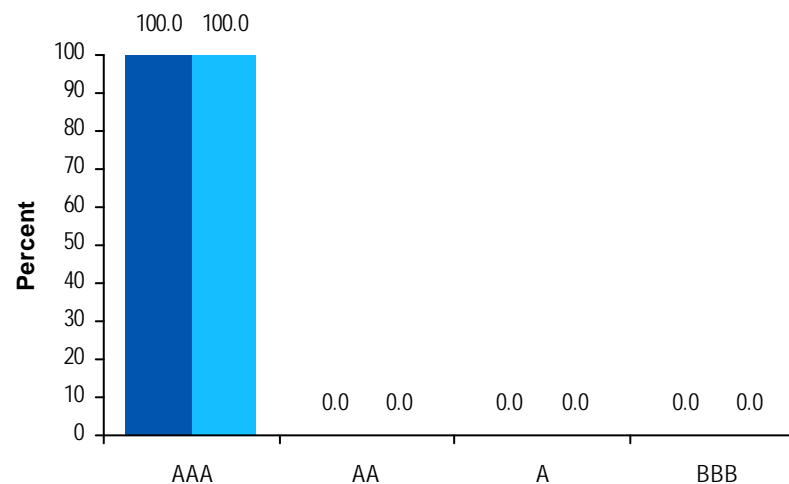
	US Treasury Inflation Protected Securities Index Strategy	Barclays Capital US TIPS Index
Average Quality	AAA	AAA
Yield to Worst	2.30%	2.30%
Real Yield	0.51%	0.51%
Breakeven Inflation	1.46%	1.46%
Real Duration	7.98	7.98
Average Convexity	1.13	1.13

Breakdown by Market Value

By Sector



By Quality



■ US Treasury Inflation Protected Securities Index Strategy ■ Barclays Capital US TIPS Index

As of September 30, 2010

The characteristics, holdings and sectors are as of the date indicated, are subject to change and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in any particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

The above ratings are created by Barclays Capital, where they use multiple rating agencies to come up with an "Index Rating."

For more information on this rating methodology please go to www.barclays.com

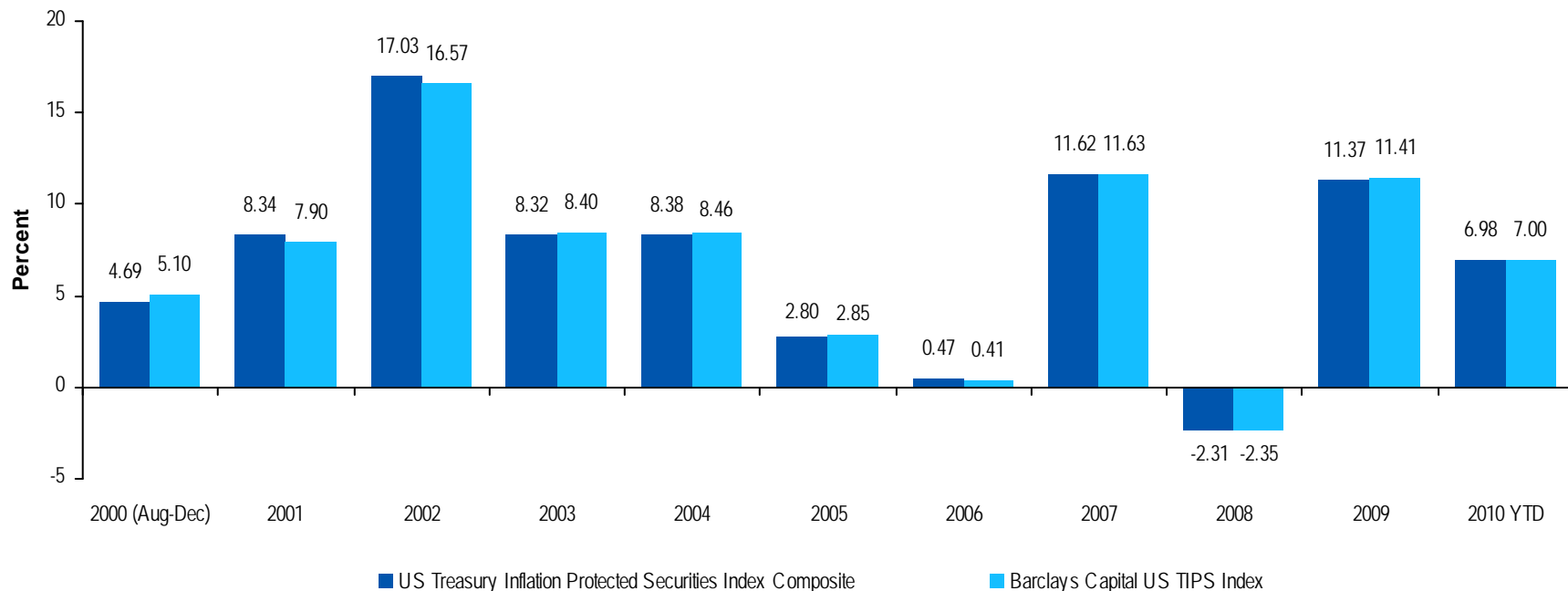
The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

The Barclays Capital US TIPS Index is a trademark of Barclays Capital, Inc.

US Treasury Inflation Protected Securities Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	Q3 10	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
US Treasury Inflation Protected Securities Index Composite	2.48%	6.98%	8.86%	6.91%	5.49%	7.53%	7.52%
Barclays Capital US TIPS Index	2.48	7.00	8.89	6.91	5.49	7.49	7.50



† Inception date: August, 2000

The performance shown is of a composite created 1/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Historical performance is not necessarily indicative of future performance, which could differ substantially. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Performance for periods of less than one year are not annualized.

The Barclays Capital US TIPS Index is a trademark of Barclays Capital, Inc.

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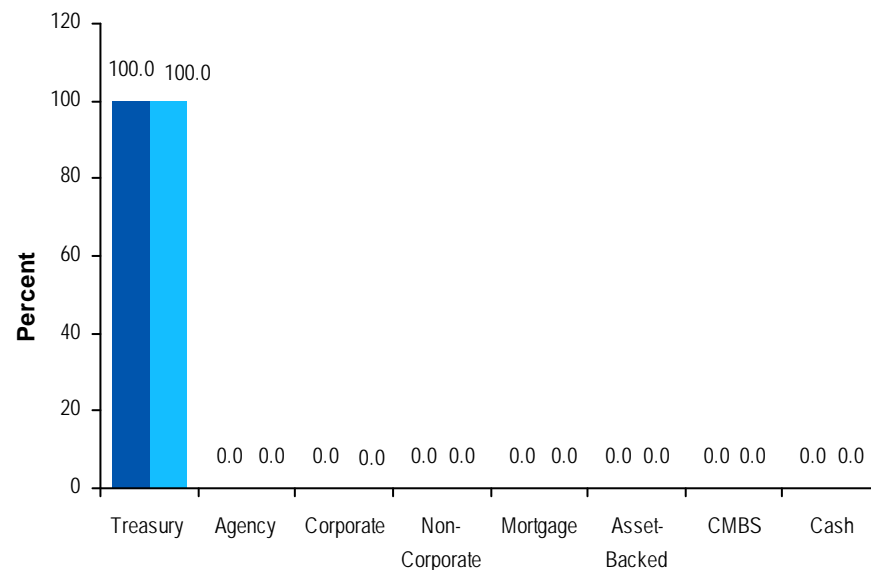
U.S. Long Treasury Index Strategy



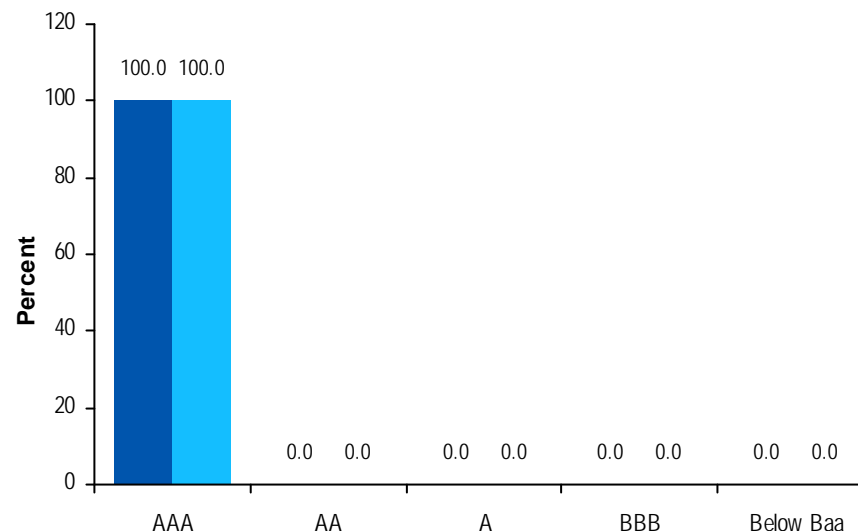
Long US Treasury Index Strategy Composite Characteristics

	Long US Treasury Index Fund	Barclays Capital US Treasury Long Index
Average Quality	AAA	AAA
Yield to Worst	3.37%	3.37%
Modified Adjusted Duration	14.47	14.46
Average Convexity	3.01	3.01

Breakdown by Market Value By Sector



By Quality



■ Long US Treasury Index Composite ■ Barclays Capital US Treasury Long Index

As of September 30, 2010

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The above ratings are created by Barclays Capital, where they use multiple rating agencies to come up with an "Index Rating."

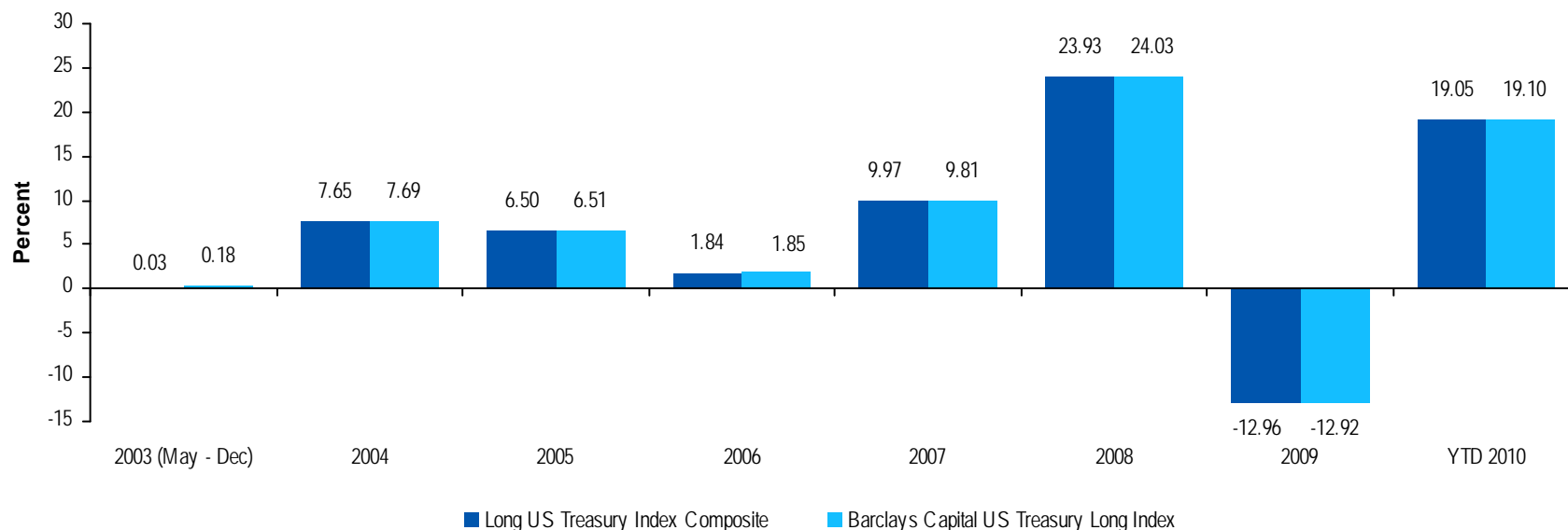
For more information on this rating methodology please go to www.barclays.com.

The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Long US Treasury Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
Long US Treasury Index Composite	5.18%	19.05%	12.70%	10.70%	7.73%	N/A	6.95%
Barclay Capital US Treasury Long Index	5.21	19.10	12.74	10.76	7.77	N/A	7.01



[†] Inception Date: May 2003

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

The Barclays Capital US Treasury Long Index is a trademark of Barclays Capital, Inc.

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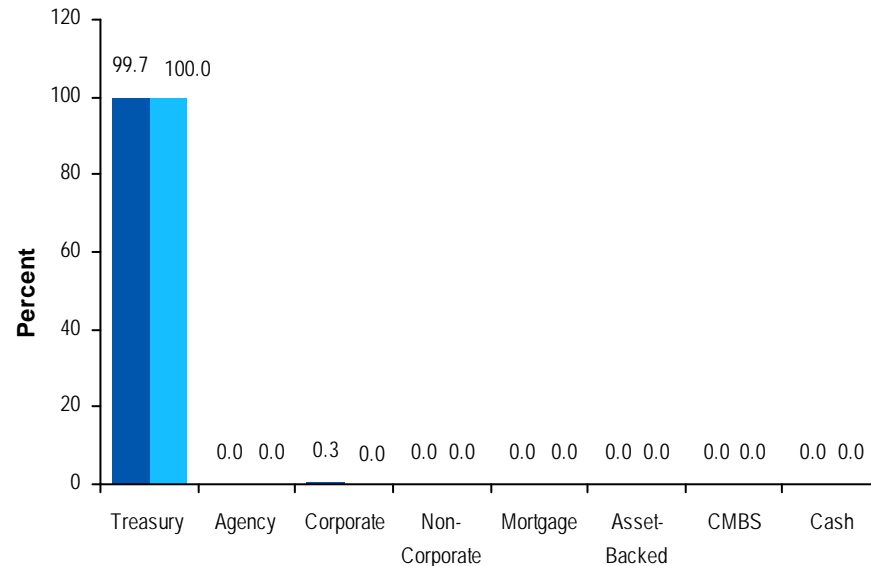
World Government Bond Index ex-US Strategy



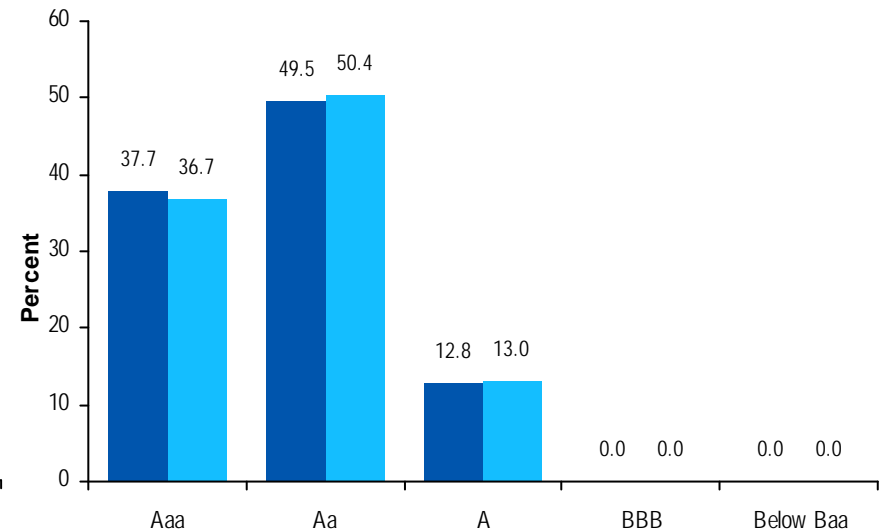
World Government Bond ex U.S. Index Strategy Composite Characteristics

	World Government Bond Index ex U.S. Index Strategy Composite	Citigroup World Government Bond ex U.S. Index
Average Quality	AA+	AA+
Yield to Worst	1.80%	1.87%
Effective Duration	6.99	7.06
Convexity	1.00	0.96

Breakdown by Market Value By Sector



By Quality



■ World Government Bond ex U.S. Index Strategy Composite ■ Citigroup World Government Bond ex U.S. Index

As of September 30, 2010

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The above ratings are created by Citigroup Index LLC, where they use multiple rating agencies to come up with an "Index Rating."

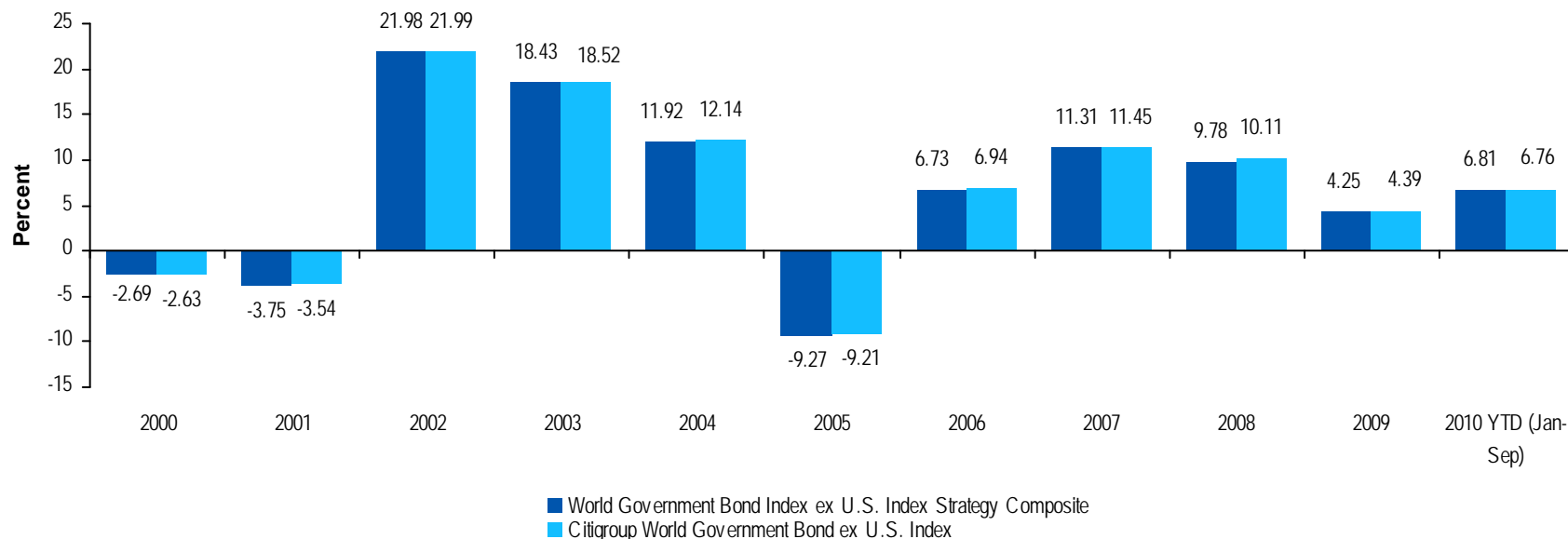
For more information on this rating methodology please go to www.citigroup.com

The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

World Government Bond ex U.S. Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2010 (USD)

	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
World Government Bond ex U.S. Index Strategy Composite	10.45%	6.81%	4.40%	8.29%	7.16%	7.87%	6.39%
Citigroup World Government Bond ex U.S. Index	10.45	6.76	4.47	8.44	7.33	8.00	6.52



[†] Inception Date: November 1999.

The performance shown is of a composite created 11/01/99 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

The Citigroup World Government Bond Ex-US index is owned and maintained by Citigroup Index LLC.

SSgA Multi Asset Class Solutions (MACS) Group Overview

This material has been prepared solely for the private use of [insert client name] and is not intended for public dissemination. All values expressed in USD.



MACS Team Offers Local Knowledge from Seven Locations

Global team focused on seamless design and efficient implementation of client tailored, custom multi asset class solutions



SSgA Multi Asset Class Solutions Client Base

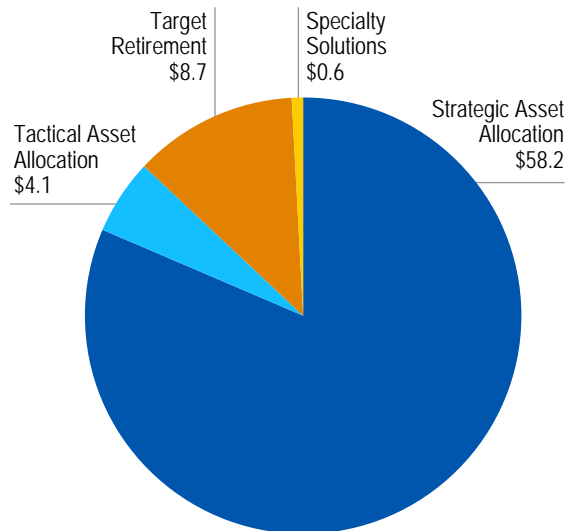
- Experience managing custom multi asset class strategies since 1987
- 34 Investment Professionals Globally
- Provide multi asset class solutions across a broad array of global tactical and strategic benchmarks
- Implementations with either SSgA commingled funds, ETFs or an overlay structure

MACS

Assets Under Management
\$192.2 Billion*

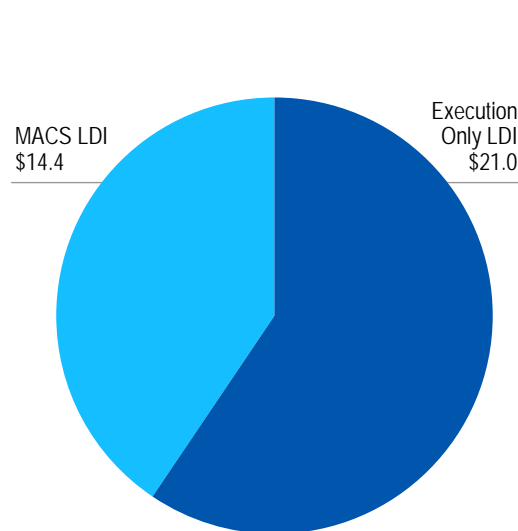
Balanced Portfolios

\$71.6 Billion of Total



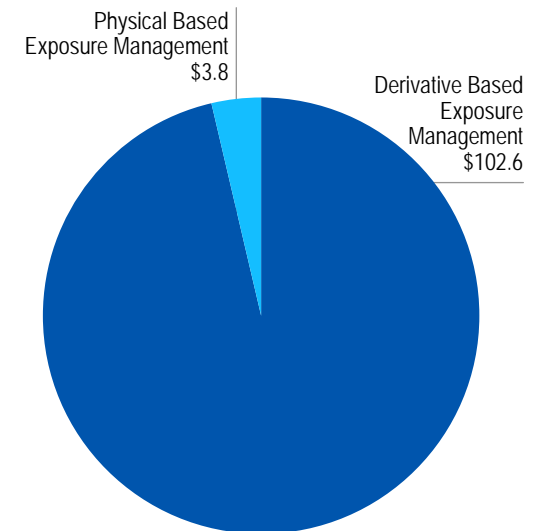
Liability Driven Investment

\$35.4 Billion of Total



Exposure Management

\$106.4 Billion of Total



As of June 30, 2010 updated bi-annually.

*Total MACS AUM includes all Balanced Portfolios, Exposure Management, and the MACS LDI component of Liability Driven Investment.

CMINST-2359 Approximately \$180 million is counted for both Tactical Asset Allocation and MACS LDI, but is not double counted in the \$192B total.

A Broad Array of Strategies and Solutions

Core Expertise

- Strategic Asset Allocation
- Target Retirement Strategies
- Liability-Driven Investing (LDI) Solutions
- Tactical Asset Allocation
- Exposure Management Solutions

Specialty Capabilities

- Real Assets Strategy
- Multisource Active Commodities Strategy
- Diversified Growth Strategy
- Optimized Beta Strategy

Current Research

- Go Anywhere (Absolute Return — TAA)
- Income Strategy — Retirement Solution
- Options Based Strategy
- Sector Strategy
- Active Real Assets Strategy

Portfolio Insights

- Asset Allocation Trends
- Quarterly Asset Class Forecasts
- Seminar/Training/Thought Leadership
- Portfolio Advisory Service
- Risk Budgeting and Portfolio Construction

STATE STREET GLOBAL ADVISORS.

State of Alaska Global Asset Allocation Strategy

Investing includes risk, including the risk of loss of principal.



State of Alaska Global Asset Allocation Strategy

Portfolio Objectives and Guidelines

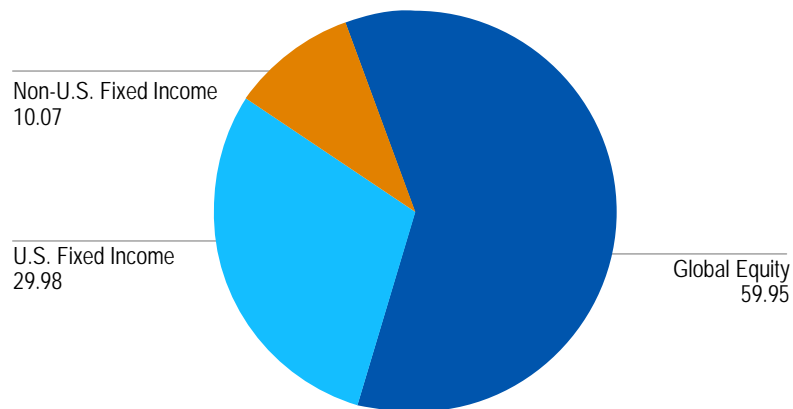
- Objectives
 - Seeks to achieve returns that match the balanced composite benchmark as closely as possible over an entire business cycle
 - Provide diversification of returns via investments across the major asset classes
 - Risk profile similar to the balanced composite benchmark
- Balanced Custom Benchmark
 - 60% MSCI All Country World Index, 30% Barclays Capital U.S. Aggregate Bond Index, 10% Citigroup World Government Bond ex-US Index
- Implementation
 - Blend of passive SSgA commingled funds
- Re-Balance Policy
 - Rebalanced to target weight quarterly or when asset weights drift outside stated bands
- Sources of Return
 - Function of benchmark returns (60% equity and 40% fixed income)

Asset Class	Benchmark	SSgA Strategy	Active/ Passive	Strategic % Weight	Allowable % Range
Global Equity	MSCI All Country World Index	Global Equity Index Fund – Class A	Passive	60	55.0 – 65.0
U.S. Fixed Income	Barclays Capital U.S. Agg. Index	U.S. Bond Index Fund – Class A	Passive	30	27.5 - 32.5
Non-US Fixed Income	Citigroup World Gov't Bond Index ex-US	World Gov't Bond ex-US Index Fund – Class A	Passive	10	7.5 -12.5

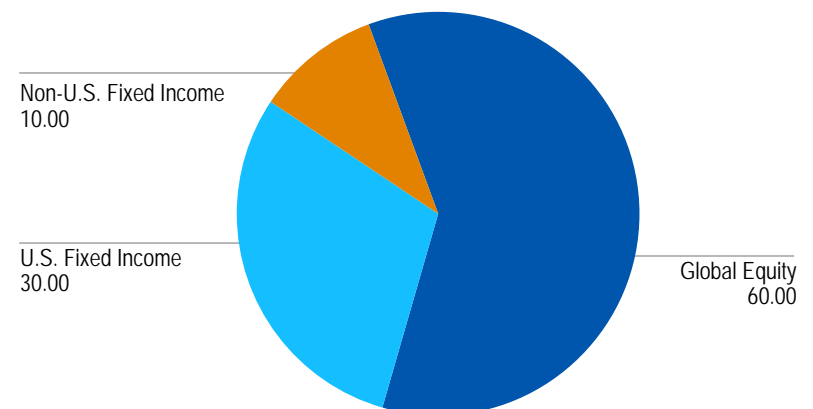
State of Alaska Global Asset Allocation Strategy – Allocations

Asset Allocation As of 10/31/2010

State of Alaska Global Asset Allocation Strategy



Custom Benchmark



Appendix A: GIPS® Presentations

GIPS® Presentation: Russell 1000 Growth Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Oct 1991
Russell 1000 Index Composite	7.92	37.18	37.18	-1.87	1.64	-3.95	6.93
Russell 1000 Growth Index	7.94	37.21	37.21	-1.89	1.63	-3.99	6.93

Year	Russell 1000 Growth Index Composite	Russell 1000 Growth Index
2009	37.18	37.21
2008	-38.41	-38.44
2007	11.84	11.81
2006	9.12	9.07
2005	5.23	5.26
2004	6.34	6.30
2003	29.83	29.75
2002	-27.81	-27.89
2001	-20.38	-20.42
2000	-22.38	-22.43

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	5	0.05	9,477,505,203	0.70	1,362,693
2008	*	N/A	7,087,236,273	0.74	952,729
2007	*	N/A	12,775,887,859	1.09	1,172,455
2006	*	N/A	10,402,519,045	1.04	1,002,253
2005	*	N/A	9,955,958,627	1.07	930,586
2004	*	N/A	6,686,825,829	0.79	841,295
2003	*	N/A	5,291,349,178	0.65	814,027
2002	*	N/A	3,219,725,601	0.51	632,277
2001	*	N/A	3,801,323,773	0.49	775,000
2000	*	N/A	3,797,794,587	0.53	711,000

gPAR100G

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The Russell 1000 Growth Composite seeks to replicate the returns and characteristics of the Russell 1000 Growth Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Russell 1000 Growth Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from 01/07/01 to 31/08/08.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equitize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Presentation: Russell 1000 Value Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Oct 1991
Russell 1000 Value Index Composite	4.27	19.98	19.98	-8.81	-0.15	2.55	9.19
Russell 1000 Value Index	4.22	19.69	19.69	-8.96	-0.25	2.47	9.18

Year	Russell 1000 Value Index Composite	Russell 1000 Value Index
2009	19.98	19.69
2008	-36.80	-36.85
2007	-0.01	-0.17
2006	22.21	22.25
2005	7.12	7.05
2004	16.48	16.48
2003	30.02	30.03
2002	-15.63	-15.52
2001	-5.59	-5.59
2000	7.37	7.02

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	5	0.13	9,757,500,406	0.72	1,362,693
2008	*	N/A	8,119,084,473	0.85	952,729
2007	*	N/A	12,962,941,255	1.11	1,172,455
2006	*	N/A	12,844,067,918	1.28	1,002,253
2005	*	N/A	11,558,713,361	1.24	930,586
2004	*	N/A	10,014,236,623	1.19	841,295
2003	*	N/A	6,964,805,987	0.86	814,027
2002	*	N/A	4,960,518,811	0.78	632,277
2001	*	N/A	7,735,934,541	1.00	775,000
2000	*	N/A	8,977,936,269	1.26	711,000

gPAR100V

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The Russell 1000 Value Composite seeks to replicate the returns and characteristics of the Russell 1000 Value Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Russell 1000 Value Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from 01/07/01 to 31/08/08.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equitize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: Russell 2000® Growth Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 1997
Russell 2000® Growth Composite	4.13	34.43	34.43	-3.95	0.96	-1.20	3.92
Russell 2000® Growth Index	4.14	34.47	34.47	-4.00	0.87	-1.38	3.83

Year	Russell 2000® Growth Composite	Russell 2000® Growth Index
2009	34.43	34.47
2008	-38.30	-38.54
2007	6.83	7.05
2006	13.56	13.35
2005	4.24	4.15
2004	14.45	14.31
2003	48.61	48.55
2002	-29.89	-30.27
2001	-8.96	-9.24
2000	-22.16	-22.44

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	*	N/A	613,477,740	0.05	1,362,693
2008	*	N/A	480,376,569	0.05	952,729
2007	*	N/A	699,367,816	0.06	1,172,455
2006	*	N/A	632,894,594	0.06	1,002,253
2005	*	N/A	573,338,805	0.06	930,586
2004	*	N/A	710,640,197	0.08	841,295
2003	*	N/A	1,037,848,557	0.13	814,027
2002	*	N/A	577,833,317	0.09	632,277
2001	*	N/A	267,550,430	0.03	775,000
2000	*	N/A	256,376,974	0.04	711,000

gPAR200G

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The Russell 2000 Growth Composite seeks to gain exposure to small growth-oriented US companies by closely replicating the returns and characteristics of the Russell 2000 Growth Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Russell 2000 Growth Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .08% of the first 50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equitize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: Russell 2000® Value Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 1996
Russell 2000 Value Index Composite	3.61	20.59	20.59	-8.15	0.04	8.20	8.44
Russell 2000 Value Index	3.63	20.58	20.58	-8.22	-0.01	8.27	8.48

Year	Russell 2000 Value Index Composite	Russell 2000 Value Index
2009	20.59	20.58
2008	-28.87	-28.93
2007	-9.67	-9.78
2006	23.36	23.48
2005	4.81	4.71
2004	22.11	22.25
2003	46.10	46.02
2002	-11.39	-11.42
2001	13.91	14.03
2000	21.94	22.81

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	*	N/A	1,261,580,683	0.09	1,362,693
2008	*	N/A	997,166,209	0.10	952,729
2007	*	N/A	1,035,691,320	0.09	1,172,455
2006	*	N/A	1,392,093,308	0.14	1,002,253
2005	*	N/A	998,425,453	0.11	930,586
2004	*	N/A	871,366,367	0.10	841,295
2003	*	N/A	970,752,390	0.12	814,027
2002	*	N/A	561,628,944	0.09	632,277
2001	*	N/A	406,430,238	0.05	775,000
2000	*	N/A	210,867,890	0.03	711,000

gPR2000V

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The Russell 2000 Value Composite seeks to gain exposure to small, value-oriented US companies by closely replicating the returns and characteristics of the Russell 2000 Value Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ('SSgA-Global') here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

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Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Russell 2000 Value Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .08% of the first 50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equitize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Presentation: Russell 3000® Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Sep 1996
Russell 3000® Index Composite	5.94	28.44	28.44	-5.34	0.83	-0.14	6.21
Russell 3000® Index	5.90	28.34	28.34	-5.42	0.76	-0.20	6.09

Year	Russell 3000® Index Composite	Russell 3000® Index
2009	28.44	28.34
2008	-37.23	-37.31
2007	5.22	5.14
2006	15.70	15.72
2005	6.20	6.12
2004	11.94	11.95
2003	30.91	31.04
2002	-21.45	-21.54
2001	-11.38	-11.46
2000	-7.24	-7.46

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
YTD 2009	7	0.04	12,408,566,078	0.91	1,362,693
2008	5	0.08	13,388,181,749	1.41	952,729
2007	5	0.03	24,209,717,148	2.06	1,172,455
2006	5	0.02	24,229,083,727	2.42	1,002,253
2005	5	0.01	23,596,894,770	2.54	930,586
2004	*	N/A	36,566,886,304	4.35	841,295
2003	5	0.02	46,429,387,660	5.70	814,027
2002	5	0.04	20,401,777,126	3.23	632,277
2001	6	0.09	25,241,520,317	3.26	775,000
2000	6	0.43	25,679,455,833	3.61	711,000

gPAR3000

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The Russell 3000 Index Composite seeks to match the returns and characteristics of the Russell 3000 Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Russell 3000 Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from the period from 01/09/05 to 31/08/08.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .08% of the first 50,000,000; .06% of the next 50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equalize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: Russell Top 200 Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 1996
Russell Top 200 Index Composite	6.16	24.35	24.35	-5.52	0.22	-2.22	5.52
Russell Top 200 Index	6.12	24.21	24.21	-5.61	0.16	-2.26	5.50

Year	Russell Top 200 Index Composite	Russell Top 200 Index
2009	24.35	24.21
2008	-35.99	-36.07
2007	5.96	5.89
2006	15.50	15.53
2005	3.76	3.77
2004	8.32	8.31
2003	26.65	26.67
2002	-23.34	-23.36
2001	-14.49	-14.58
2000	-12.14	-12.14

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	*	N/A	1,180,005,457	0.09	1,362,693
2008	*	N/A	1,671,787,023	0.18	952,729
2007	*	N/A	1,853,084,781	0.16	1,172,455
2006	*	N/A	718,802,774	0.07	1,002,253
2005	*	N/A	734,217,976	0.08	930,586
2004	*	N/A	703,367,209	0.08	841,295
2003	*	N/A	737,802,762	0.09	814,027
2002	*	N/A	670,498,756	0.11	632,277
2001	*	N/A	689,289,816	0.09	775,000
2000	*	N/A	244,365,037	0.03	711,000

gPART200
 * Less than 5 accounts
 Quarterly and YTD returns are not annualized

Footnotes

Composite description: The Russell Top 200 Index Composite seeks to replicate the performance of the Russell Top 200 Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Russell top 200 Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .08% of the first 50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equalize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: S&P 500® Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jan 1986
S&P 500® Index Composite	6.05	26.54	26.54	-5.56	0.47	-0.92	9.75
Standard & Poor's 500® Index	6.04	26.46	26.46	-5.63	0.42	-0.95	9.73

Year	S&P 500® Index Composite	Standard & Poor's 500® Index
2009	26.54	26.46
2008	-36.93	-37.00
2007	5.53	5.49
2006	15.81	15.79
2005	4.94	4.91
2004	10.88	10.87
2003	28.71	28.68
2002	-22.05	-22.10
2001	-11.91	-11.89
2000	-9.07	-9.10

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	18	0.06	90,289,708,705	6.63	1,362,693
2008	13	0.02	63,475,691,593	6.66	952,729
2007	13	0.07	105,916,299,878	9.03	1,172,455
2006	15	0.10	105,498,089,610	10.53	1,002,253
2005	15	0.05	102,507,256,676	11.02	930,586
2004	18	0.05	101,019,651,849	12.01	841,295
2003	19	0.08	109,663,641,800	13.47	814,027
2002	21	0.06	82,541,159,751	13.05	632,277
2001	24	0.09	105,014,958,406	13.55	775,000
2000	23	0.18	114,394,682,093	16.09	711,000

gPASP500
Quarterly and YTD returns are not annualized

Footnotes

Composite description: The S&P 500 Index Composite seeks to replicate the returns and characteristics of the Standard & Poor's 500 Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm (SSgA-Global) here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Standard & Poor's 500 Index.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from 01/09/02 to 31/08/08.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .05% of the first 50,000,000; .04% of the next 50,000,000; and .02% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .05% of the first \$50,000,000; .04% of the next \$50,000,000 and .02% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equitize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: MSCI EAFE® Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jan 1985
MSCI EAFE Index Composite	2.20	32.05	32.05	-5.79	3.78	1.37	9.96
MSCI EAFE Index	2.18	31.78	31.78	-6.04	3.54	1.17	9.80

Year	MSCI EAFE Index Composite	MSCI EAFE Index
2009	32.05	31.78
2008	-43.15	-43.38
2007	11.39	11.17
2006	26.65	26.34
2005	13.68	13.54
2004	20.40	20.25
2003	38.76	38.59
2002	-15.70	-15.94
2001	-21.41	-21.44
2000	-14.02	-14.17

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	7	0.24	18,390,127,314	1.35	1,362,693
2008	6	0.09	12,171,065,237	1.28	952,729
2007	11	0.08	7,169,417,726	0.61	1,172,455
2006	17	0.11	17,469,355,884	1.74	1,002,253
2005	16	0.09	18,935,292,298	2.03	930,586
2004	19	0.14	17,026,382,952	2.02	841,295
2003	18	0.13	16,055,620,017	1.97	814,027
2002	20	0.06	11,317,447,055	1.79	632,277
2001	7	0.09	1,941,711,386	0.25	775,000
2000	7	0.06	12,464,282,328	1.75	711,000

gP-EAFE

* Less than 5 accounts

Quarterly and YTD returns are not annualized

CMINST-0161

Footnotes

Composite description: The MSCI EAFE Composite seeks to replicate the performance of the MSCI EAFE Index while providing low cost, broadly diversified, non-U.S. exposure.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the MSCI EAFE Index.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from 01/03/97 to 31/08/08.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .10% of the first 50,000,000; .08% of the next 50,000,000; and .05% thereafter. The annual minimum management fee for EAFE Umbrella accounts is \$10,000 and for Non-capweighted/separate country funds is \$25,000. For separately managed accounts, management fees are .15% of the first \$50,000,000; .10% of the next \$50,000,000 and .05% thereafter. The minimum annual management fee for separately managed accounts is \$150,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equitize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: Performance is presented net of withholding taxes for both the composite and the benchmark.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: MSCI ACWI Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jul 2006
MSCI ACWI Index Composite	4.72	34.90	34.90	-4.36	N/A	N/A	-0.04
MSCI All Country World Index	4.63	34.63	34.63	-4.57	N/A	N/A	-0.28

Year	MSCI ACWI Index Composite	MSCI All Country World Index
2009	34.90	34.63
2008	-42.05	-42.20
2007	11.92	11.66
(Jul-Dec) 2006	14.13	13.97
2005	—	—
2004	—	—
2003	—	—
2002	—	—
2001	—	—
2000	—	—

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	*	N/A	82,378,535	0.01	1,362,693
2008	*	N/A	63,632,613	0.01	952,729
2007	*	N/A	153,662,283	0.01	1,172,455
(Jul-Dec) 2006	*	N/A	70,620,984	0.01	1,002,253
2005	—	—	—	—	—
2004	—	—	—	—	—
2003	—	—	—	—	—
2002	—	—	—	—	—
2001	—	—	—	—	—
2000	—	—	—	—	—

gP-ACWI2
 * Less than 5 accounts
 Quarterly and YTD returns are not annualized

Footnotes

Composite description: The MSCI ACWI Index Composite seeks to match the performance and characteristics of the MSCI ACWI Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is MSCI ACWI Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .25% of the first 50,000,000; .20% of the next \$50,000,000; and .15% thereafter. The annual minimum management fee \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$150,000. Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equalize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: Performance is presented net of withholding taxes for both the composite and the benchmark.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: MSCI ACWI ex-US Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 1998
MSCI ACWI ex-US Index Composite	3.83	41.68	41.68	-3.27	6.07	2.92	5.10
MSCI ACWI ex-US Composite Benchmark	3.74	41.45	41.45	-3.49	5.83	2.72	4.90

Year	MSCI ACWI ex-US Index Composite	MSCI ACWI ex-US Composite Benchmark
2009	41.68	41.45
2008	-45.33	-45.53
2007	16.86	16.65
2006	26.99	26.65
2005	16.81	16.62
2004	21.15	20.90
2003	40.97	40.83
2002	-14.65	-14.95
2001	-19.87	-19.75
2000	-14.94	-15.27

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	11	0.26	4,921,292,506	0.36	1,362,693
2008	10	0.13	5,443,694,662	0.57	952,729
2007	11	0.17	5,780,959,417	0.49	1,172,455
2006	12	0.08	7,962,029,279	0.79	1,002,253
2005	11	0.14	6,584,611,679	0.71	930,586
2004	10	0.06	2,352,089,094	0.28	841,295
2003	15	0.09	3,084,535,516	0.38	814,027
2002	8	0.00	1,523,464,412	0.24	632,277
2001	*	N/A	838,120,451	0.11	775,000
2000	5	0.11	2,697,757,042	0.38	711,000

gP-ACWI

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The MSCI ACWI ex USA Index Composite seeks to match the returns of the MSCI ACWI ex USA Index and provide broad-based, low-cost exposure to both the developed and emerging markets.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the MSCI ACWI ex-US Index.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .15% of the first \$50,000,000; .10% of the next \$50,000,000; and .07% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$175,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equitize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: Performance is presented net of withholding taxes for both the composite and the benchmark.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: MSCI ACWI ex US IMI Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jun 2008
MSCI ACWI ex US IMI Index Composite	3.77	43.79	43.79	N/A	N/A	N/A	-13.36
MSCI ACWI ex US IMI Index	3.66	43.60	43.60	N/A	N/A	N/A	-13.59

Year	MSCI ACWI ex US IMI Index Composite	MSCI ACWI ex US IMI Index
2009	43.79	43.60
(Jun-Dec) 2008	-44.58	-44.74
2007	—	—
2006	—	—
2005	—	—
2004	—	—
2003	—	—
2002	—	—
2001	—	—
2000	—	—

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	8	0.49	4,144,261,387	0.30	1,362,693
2008	8	0.02	2,897,771,584	0.30	952,729
2007	—	—	—	—	—
2006	—	—	—	—	—
2005	—	—	—	—	—
2004	—	—	—	—	—
2003	—	—	—	—	—
2002	—	—	—	—	—
2001	—	—	—	—	—
2000	—	—	—	—	—

gPACWIMI
 * Less than 5 accounts
 Quarterly and YTD returns are not annualized

Footnotes

Composite description: The MSCI All Country World ex-US IMI Index strategy seeks to match the returns of the MSCI All Country World ex-US IMI Index and provide broad-based, low-cost exposure to both the developed and emerging markets.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm (SSgA-Global) here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09. The composite name changed from MSCI ACWI World x US IMI Index Composite to MSCI ACWI ex US IMI Index Composite on 01-DEC-09.

Benchmark: The benchmark for the composite is the MSCI ACWI ex US IMI Index.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled Funds management fees are .15% of the first \$50,000,000; .10% of the next \$50,000,000; and .07% thereafter. There is a minimum annual fee of \$10,000. For Separate Accounts the management fees are .15% of the first \$50,000,000; .10% of the next \$50,000,000; and .07% thereafter. There is a minimum annual fee of \$175,000.

Derivatives Use: SSgA uses futures, and may use other derivatives from time to time, in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and to equalize cash and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: Performance is presented net of withholding taxes for both the composite and the benchmark.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: US Aggregate Bond Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Apr 1996
US Aggregate Bond Index Composite	0.25	5.99	5.99	6.11	5.00	6.36	6.32
Barclays Capital Aggregate	0.20	5.93	5.93	6.04	4.97	6.26	6.26

Year	US Aggregate Bond Index Composite	Barclays Capital Aggregate
2009	5.99	5.93
2008	5.37	5.24
2007	6.97	6.97
2006	4.31	4.33
2005	2.42	2.43
2004	4.29	4.34
2003	4.14	4.10
2002	10.41	10.26
2001	8.36	8.44
2000	11.65	11.63

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	11	0.10	28,744,023,602	2.11	1,362,693
2008	9	0.09	25,551,854,320	2.68	952,729
2007	8	0.03	32,991,429,103	2.81	1,172,455
2006	8	0.01	44,998,614,342	4.49	1,002,253
2005	8	0.02	29,845,605,723	3.21	930,586
2004	6	0.01	28,708,002,579	3.41	841,295
2003	6	0.02	28,393,352,626	3.49	814,027
2002	6	0.06	21,889,258,340	3.46	632,277
2001	6	0.06	18,182,455,884	2.35	775,000
2000	*	N/A	17,626,909,860	2.48	711,000

gPBMIC

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The U.S. Aggregate Bond Index Composite seeks to match the total rate of return of the Barclays Capital U.S. Aggregate Bond Index each calendar year.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Barclays Capital Aggregate Index.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .06% of the first 50,000,000; .05% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: Long US Treasury Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 2003
Long US Treasury Index Composite	-5.34	-12.96	-12.96	5.80	5.13	N/A	4.98
Barclays Capital Long Treasury Index	-5.33	-12.92	-12.92	5.85	5.17	N/A	5.04

Year	Long US Treasury Index Composite	Barclays Capital Long Treasury Index
2009	-12.96	-12.92
2008	23.93	24.03
2007	9.79	9.81
2006	1.84	1.85
2005	6.50	6.51
2004	7.65	7.69
(May-Dec) 2003	0.03	0.18
2002	—	—
2001	—	—
2000	—	—

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	*	N/A	2,353,654,527	0.17	1,362,693
2008	*	N/A	4,561,619,030	0.48	952,729
2007	*	N/A	3,935,908,016	0.34	1,172,455
2006	*	N/A	3,087,511,462	0.31	1,002,253
2005	*	N/A	2,944,814,505	0.32	930,586
2004	*	N/A	2,698,350,203	0.32	841,295
(May-Dec) 2003	*	N/A	2,549,850,241	0.31	814,027
2002	—	—	—	—	—
2001	—	—	—	—	—
2000	—	—	—	—	—

gUSTL

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The Long US Treasury Index Composite seeks to match the total rate of return of the Barclays Capital Long U.S. Treasury Bond Index each calendar year.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ('SSgA-Global') here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Barclays Capital Long U.S. Treasury Bond Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees. The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .06% of the first \$50,000,000; .05% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for commingled accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum management fee of \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: US TIPS Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 2000
US TIPS Index Composite	1.76	11.37	11.37	6.69	4.63	N/A	7.38
Barclays Capital US TIPS Index	1.76	11.41	11.41	6.69	4.63	N/A	7.34

Year	US TIPS Index Stock Composite	Barclays Capital US TIPS Index
2009	11.37	11.41
2008	-2.31	-2.35
2007	11.62	11.63
2006	0.47	0.41
2005	2.80	2.85
2004	8.38	8.46
2003	8.32	8.40
2002	17.03	16.57
2001	8.34	7.90
(Aug-Dec) 2000	4.69	5.10

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	12	0.06	11,740,388,855	0.86	1,362,693
2008	8	0.08	9,144,823,596	0.96	952,729
2007	7	0.09	9,475,120,589	0.81	1,172,455
2006	5	0.06	5,235,572,252	0.52	1,002,253
2005	*	N/A	4,555,714,998	0.49	930,586
2004	*	N/A	2,874,749,550	0.34	841,295
2003	*	N/A	1,421,801,481	0.17	814,027
2002	*	N/A	909,265,957	0.14	632,277
2001	*	N/A	495,433,597	0.06	775,000
(Aug-Dec) 2000	*	N/A	15,155,370	0.00	711,000

gTPCMP

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The U.S. TIPS Index Composite seeks to match the total rate of return of the Barclays Capital U.S. TIPS Index during each calendar year.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Barclays Capital US TIPS.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .06% of the first \$50,000,000; .05% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for commingled accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

GIPS® Report: World Government Bond ex US Index Composite

As of December 31, 2009

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Nov 1999
World Government Bond ex US Index Comp	-2.25	4.25	4.25	8.41	4.29	6.45	6.18
Citigroup World ex-US Govt. Bond Index	-2.15	4.39	4.39	8.61	4.46	6.60	6.33

Year	World Government Bond ex US Index Comp	Citigroup World ex-US Govt. Bond Index
2009	4.25	4.39
2008	9.78	10.11
2007	11.31	11.45
2006	6.73	6.94
2005	-9.27	-9.21
2004	11.92	12.14
2003	18.43	18.52
2002	21.98	21.99
2001	-3.75	-3.54
2000	-2.69	-2.63

Year	No. of Portfolios	Composite Dispersion	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2009	*	N/A	438,600,684	0.03	1,362,693
2008	*	N/A	370,126,251	0.04	952,729
2007	*	N/A	429,143,967	0.04	1,172,455
2006	*	N/A	354,074,060	0.04	1,002,253
2005	*	N/A	382,754,474	0.04	930,586
2004	*	N/A	257,535,633	0.03	841,295
2003	*	N/A	172,928,348	0.02	814,027
2002	*	N/A	170,357,702	0.03	632,277
2001	*	N/A	159,007,807	0.02	775,000
2000	*	N/A	71,406,438	0.01	711,000

gPWXUS

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite description: The World Government Bond ex US Index Composite seeks to match the performance and characteristics of the Citigroup World ex-US Government Bond Index.

Firm definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") here is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of the following:

- Business units which are held out to the market place as distinct business entities – wrap-fee business (Intermediary Business Group (IBG)), the Office of the Fiduciary Advisor (OFA), and Charitable Asset Management (CAM)
- Assets accounted for on a book value basis – global cash and stable value assets.

Compliance statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The period prior to January 1, 2000 is not in compliance, as not all actual fee paying portfolios are in a composite.

List available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on 01-JAN-09.

Benchmark: The benchmark for the composite is the Citigroup World ex-US Government Bond Index.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

The standard fee schedule is shown. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

For commingled funds, management fees are .07% of the first \$25,000,000; .045% of the next \$75,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .07% of the first \$25,000,000; .045% of the next \$75,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures, forwards and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation methodology: Additional information regarding policies for calculating and reporting returns is available upon request.

Annualized returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: Composite returns are calculated net of withholding tax on interest income whereas benchmark returns are calculated gross of withholding tax on interest income.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: None.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant events: None.

Past and future performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Appendix B: Important Disclosures

Disclaimers

This material is solely for the private use of SSgA clients and is not intended for public dissemination.

The views expressed in this material are the views of Multi Asset Class Solutions (MACS) through the period ended June 14, 2010 and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Past performance is not a guarantee of future results.

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Appendix C: Biographies

Biographies



Lynn Blake, CFA

Lynn is a Senior Managing Director of State Street Global Advisors and the Head of Non-US Markets in the Global Structured Products Group. Lynn joined SSgA in 1987, and is currently responsible for overseeing the management of all non-U.S. equity index strategies as well as serving as portfolio manager for several non-US equity index portfolios. In addition, Lynn is a member of the Senior Management Group and the Fiduciary Review Committee.

Lynn holds a Master of Business Administration degree in Finance from Northeastern University and a Bachelor of Science degree from the School of Management at Boston College. She also earned the Chartered Financial Analyst designation. In addition, Lynn is a member of the Boston Security Analysts Society.



Eric Brandhorst, CFA

Eric is a Senior Managing Director of State Street Global Advisors and is Director of Research for the Global Structured Products Group. Eric also contributes to investment research for the Multi Asset Class Solutions (MACS) Group and has directed investment strategy for State Street's Office of the Fiduciary Advisor (OFA).

Prior to joining State Street Global Advisors in 1994, Eric was an Asset Allocation Strategist for Wellington Management Company and a Portfolio Manager for quantitative equity and currency strategies at the Travelers Investment Management Company. He has been working in the investment management field since 1988. Eric holds an MBA in Finance from the University of Chicago, an MS in Economics from the London School of Economics, and a BS in Engineering from the University of Vermont. Eric also earned the Chartered Financial Analyst designation.

Biographies



Neil J. Tremblay

Neil is a Vice President of State Street Global Advisors and a Senior Relationship Manager in the firm's West Coast office. He is primarily responsible for managing relationships within State Street Global Advisors' existing client base, with a particular focus on corporate and public funds. He was formerly the Director of Sales and Marketing for the Firm's western U.S. corporate, foundation and endowment businesses. Neil joined SSgA in 1996 as a senior sales professional responsible for marketing the firm's defined contribution services. Prior to joining SSgA, Neil was with Wyatt Preferred Choice, Watson Wyatt and Company's benefits outsourcing subsidiary. He also spent four years as an Institutional Trust Officer with First Colonial Bankshares and five years with Merrill Lynch.

Neil holds a BS degree in Finance and a MBA from Marquette University.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Absolute Return Rebalance

ACTION: X

DATE: December 3, 2010

INFORMATION: _____

BACKGROUND

In October of 2009, the Alaska Retirement Management Board hired Global Asset Management (GAM) and Prisma Capital (Prisma) to add manager and strategy diversification to the ARMB's absolute return program. The ARMB took subsequent action in December of 2009 to liquidate the Cadogan Management absolute return portfolio. ARMB staff planned on phasing the new managers into the absolute return program first by liquidating the Cadogan portfolio and then by more active portfolio rebalancing to balance manager and strategy risk to a greater degree.

STATUS

GAM and Prisma's portfolios were funded in January of 2010 and have grown to \$116 million each from portfolio performance and the liquidation proceeds from Cadogan's portfolio. Both new managers have met staff portfolio management expectations and Cadogan's portfolio is now 90% liquidated. At this point, staff recommends rebalancing the absolute return portfolio in the following fashion:

Manager	11/2009 Assets	9/2010 Assets	Proposed Rebalance	Post Rebalance Assets
Cadogan Management	114,740,068	12,364,976		12,364,976
Crestline Investors	224,688,526	232,893,902	(40,000,000)	192,893,902
Global Asset Management		115,646,367	45,000,000	160,646,367
Mariner Investment Group	234,468,084	239,812,220	(50,000,000)	189,812,220
Prisma Capital Partners		116,240,074	45,000,000	161,240,074
Total	\$ 573,896,678	\$ 716,957,539	\$ -	\$ 716,957,539
% of ARMB Assets	4.1%	4.9%		4.9%

This rebalancing should result in more balanced manager and strategy risk and will likely take one or two quarters to accomplish. Additional rebalancing will be considered in the future.

RECOMMENDATION

That the Alaska Retirement Management Board direct staff to rebalance the absolute return portfolio as described.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Request Authority to Amend Backup
Fixed Income Portfolio Manager
DATE: Contract
December 2-3, 2010

ACTION: X

INFORMATION: _____

BACKGROUND:

Staff, located within the Treasury Division of the Department of Revenue, manages a U.S. Treasury fixed income portfolio, a Treasury Inflation Protected Securities (TIPS) portfolio and a residual core domestic fixed income portfolio for the Alaska Retirement Management Board (ARMB). The portfolios are presently approximately \$2.1 billion in size.

In 2006, the ARMB entered into an agreement with State Street Global Advisors (SSGA) whereby SSGA would serve as a back-up portfolio manager for the ARMB's fixed income portfolios in the event that portfolio staff become incapacitated or are otherwise unable to manage the portfolio.

The cost to caretake the domestic fixed income portfolio is a sliding scale and depends upon the total size of the portfolio. The approximate all-in cost to manage the portfolio on a temporary basis would be between five and six basis points based on the current size of the portfolio. This cost is only incurred in the event that the ARMB requests that SSGA take over management of the portfolio.

The original agreement does not specifically name the new U.S. Treasury and TIPS portfolios now managed by staff for the ARMB.

STATUS:

Staff has worked with SSGA to craft an amendment to the original agreement. The amendment incorporates the two new portfolios managed by staff.

RECOMMENDATION:

The ARMB approve an amendment to the original agreement, reflecting the changing fixed income mandates managed by staff.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Approval to Engage Mondrian to Alter International Fixed Income Investment Mandate _____ ACTION: X _____

DATE: December 2-3, 2010 _____ INFORMATION: _____

BACKGROUND:

Mondrian was hired in 1997 to manage a developed markets international fixed income mandate, benchmarked against the Citigroup World Government Bond Index. The firm develops a proprietary prospective real yield for each country, and allocates the portfolio to countries with higher prospective real yields. Mondrian's annualized inception-to-date performance through June 2010 is 7.05%, compared with a benchmark return of 5.68%. Over this time period, Mondrian has outperformed 85% of Callan's international fixed income universe.

Mondrian has employed the same process for managing local currency emerging market bond portfolios since December 31, 2005. As of September 2010, the Mondrian emerging market debt composite has an annualized return of 16.79% since inception, compared to a return of 11.63% for the JP Morgan Government Bond Index-Emerging markets Broad Diversified Index.

STATUS:

Expanding Mondrian's mandate to include local currency emerging market debt provides the prospect of improved diversification, potentially higher returns and greater manager outperformance resulting from applying the firm's proprietary process over a broader country set. Investing in local currency emerging market debt is likely to increase the volatility of the portfolio performance with potentially lower returns during stressed markets. This is mitigated by the relatively modest allocation of the overall portfolio to the mandate.

STAFF IS REQUESTING:

(1) to amend the investment management contract with Mondrian Investment Partners, changing the benchmark to a blend of 70% Citigroup World Government Bond Index and 30% JP Morgan Government Bond Index-Emerging markets Broad Diversified Index; (2) to alter the existing constraints on country exposures to be

consistent with managing a portfolio to this blended index; and, (3) to negotiate fees consistent with this mandate. In addition, authorize staff to initiate the registration process to allow for direct investment into the necessary set of countries for which the ARMB has not registered and to allow Mondrian to invest in the firm's commingled emerging market debt commingled vehicle until such time as the ARMB is registered in the necessary countries to effect this strategy on a separate account basis.

RECOMMENDATION:

Approve staff's request.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Expansion of Real Estate Committee to Real
Assets Committee

ACTION: X

DATE: December 3, 2010

INFORMATION:

BACKGROUND

The Alaska Retirement Management Board has a standing Real Estate Committee. The responsibilities and duties of the committee, as delineated in its charter, are as follows:

1. In consultation with staff, the real estate consultant and other experts, consider and review the strategic annual real estate portfolio plan, and the policies, procedures, and guidelines necessary for implementation of the plan as may from time to time come before it and make appropriate recommendations for action to the Board.
2. Review and assess the adequacy of this Charter at least annually and submit recommended changes to it to the Board for approval.
3. Periodically perform self-assessment of the Committee's performance.

The Real Estate Committee was established when the Alaska State Pension Investment Board first began investing in real estate. More recently, the board has invested in farmland, timber, TIPS, and energy. Additionally, the Real Assets asset class was created to aggregate all of these formerly separate categories of investment – real estate, farmland, timber, TIPS, and energy. As a result of this evolution, at its September board meeting, trustees asked staff to consider whether the Real Estate Committee should be expanded to capture the entire Real Assets asset class and become the Real Assets Committee.

STATUS

Staff believes it would be beneficial to expand the scope of the Real Estate Committee to include all real assets and become the Real Assets Committee. Reviewing all real assets investment strategies at the committee level will permit a review of each strategy within the context of the asset class and an evaluation of the asset class as a whole. Currently, only real estate is reviewed by the committee. The other real assets strategies are reviewed by the Board at various times throughout the year.

If the ARMB desires to create a Real Assets Committee staff will revise the committee charter and associated policies and procedures to reflect the transition of the Real Estate Committee to the Real Assets Committee and incorporate selected recommendations from the recent IFS review. These revisions will be brought to the Board at a meeting this Spring for Board approval.

RECOMMENDATION

The Real Estate Committee be renamed the Real Assets Committee and include a review of all investment strategies within the Real Assets asset class.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: EIG Energy Fund XV

ACTION: X

DATE: December 3, 2010

INFORMATION: _____

BACKGROUND

The Energy & Infrastructure Group (EIG) has been a leading provider of institutional capital to the global energy sector since 1982. In that 28 year period, EIG has invested \$10 billion in 250 energy-related projects around the world. The EIG team consists of 38 experienced investment professionals operating out of Houston, New York, Washington D.C., London, and Sydney. The EIG group spun out of TCW in 2009 and currently manages energy funds in a joint venture with TCW.

The Alaska Retirement Management Board committed \$80 million to TCW Energy Fund X in 2004 and \$100 million to TCW Energy Fund XIV in 2006. These funds are mezzanine debt funds which target negotiated private placement debt investments in mid-sized energy projects secured by hard assets with long useful lives. The target investments have strong current cash flows and meaningful upside potential through equity participation.

STATUS

The ARMB's investments with EIG have met performance expectations. Through June 30, 2010, Fund X has distributed 110% of paid-in capital and has a net internal rate of return (IRR) of 13.4%. The early results for Fund XIV have also been good -- the fund is generating strong cash income and has a net IRR of 15.4%. Both funds are well diversified and the performance has not been driven by concentrated winning or losing investments. Instead, strong returns have been generated in all industry sectors and geographies.

EIG is in the process of raising Energy Fund XV to pursue the same secured debt energy investment strategy utilized in Funds X and XIV. Staff recommends an investment in EIG Energy Fund XV as an opportunity to continue to enhance the return profile and diversification of the ARMB funds.

RECOMMENDATION

That the Alaska Retirement Management Board commit \$50 million to EIG Energy Fund XV subject to the satisfactory completion of due diligence and negotiation.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Modify Investment Guidelines Intermediate US
Treasury Portfolio

ACTION: X

DATE: December 3, 2010

INFORMATION:

BACKGROUND:

At its February 2010 meeting the Alaska Retirement Management Board (Board) authorized staff to transition the domestic fixed income portfolio from a Barclays Capital Aggregate Index mandate to one benchmarked against a Barclays Capital intermediate Treasury index. This transition has essentially been completed.

STATUS:

The investment guidelines for the intermediate Treasury portfolio limit the proportion of the portfolio that can be invested in non-Treasury securities to under 10% and the proportion that can be invested in securities that are not full faith and credit obligations of the U.S. Government to under 5%.

Staff believes that we can add more value to the portfolio while maintaining a high level of liquidity by relaxing these constraints. For this reason, staff has proposed modifications to the existing guidelines, as indicated in the attached red-line version.

The under-5%-restriction on securities that are not full faith and credit obligations of the U.S. Government has been removed. Cash invested in the Treasury Division's short-term portfolio has been included when evaluating the requirement that more than 90% of the portfolio that must be invested in Treasuries. The requirement that the Treasury securities be coupon-paying has been removed.

RECOMMENDATION:

That the Board adopt Resolution 2010-19 approving changes to the Intermediate U.S. Treasury Fixed Income Guidelines as indicated in the attached red-line version.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Intermediate U.S. Treasury Fixed Income Guidelines

Resolution 2010-19

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, the Board contracts an independent consultant to provide experience and expertise in asset allocation and other investment matters to come before the Board; and

WHEREAS, the Board has established an asset allocation for the funds that considers earnings and liabilities on a current as well as a future basis; and

WHEREAS, the Board has authorized investment in fixed income securities; and

WHEREAS, the Board will establish and from time to time as necessary modify guidelines for fixed income securities.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the attached Intermediate U.S. Treasury Fixed Income Guidelines, attached hereto and made a part hereof, regarding investment in domestic fixed income securities.

This resolution repeals and replaces Resolution 2010-3.

DATED at Anchorage, Alaska this _____ day of December, 2010.

Chair

ATTEST:

Secretary

INTERMEDIATE U.S. TREASURY INVESTMENT GUIDELINES

A. Purpose. The emphasis of investments in fixed income securities shall be diversification, subject to defined constraints, to minimize risk.

B. Barclays Capital U.S. Treasury: Intermediate Index Portfolio.

1. Investment Structure. Permissible U.S. dollar denominated debt investments shall be limited to the following:

- a. Money market investments comprising:
 - 1. Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by retirement funds will take custody of the collateral; and
 - 2. Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation; and
 - 3. Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of \$5 billion.
- b. United States Treasury obligations including bills, notes, bonds, other debt obligations issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
- c. Other full faith and credit obligations of the U.S. Government.
- d. Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
- e. Securities issued or guaranteed by municipalities in the United States.
- f. Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated

in U.S. dollars.

- g. Investment grade corporate debt securities comprising:
 - 1. Corporate debt issued in the U.S. capital markets by U.S. companies; and
 - 2. Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
 - 3. Yankee debt (that is, U.S. dollar denominated obligations and issued in the U.S. capital markets by foreign issuers).
- h. Asset-backed Securities (ABS).
- i. Agency and non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including, but not limited to pass-throughs, collateralized mortgage loans (CMO's), project loans, construction loans and adjustable rate mortgages.
- j. Total return swaps referenced to components or sub-components of fixed income indices. To mitigate interest rate risk, the proceeds may not be invested in securities with a maturity beyond 90 days, unless invested in the Department of Revenue internally-managed Short-Term Fixed Income Pool.
- k. The internally managed short-term or substantially similar portfolio.

2. Limitation on Holdings. The manager of the fixed-income portfolio shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:

- a. The portfolio's effective duration may not exceed a band of +/-20% around the modified adjusted duration (or effective duration) of the Barclays Capital U.S. Treasury: Intermediate Index, unless the investment agreement with an external manager specifically allows for a different band.
- b. Investments in fixed-income securities shall be placed solely in U.S. dollar denominated debt instruments.
- ~~e. The manager may not invest more than 5% of the portfolio in securities that are not full faith and credit obligations of the U.S. Government at the time of purchase.~~

- d. The manager may not invest more than 10% of the portfolio in securities that are not nominal, ~~coupon-paying~~ United States Treasury obligations **or the internally managed short-term or substantially similar portfolio** at the time of purchase.
 - e. Corporate, asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.
 - f. The manager may not purchase more than 10% of the currently outstanding par value of any corporate bond issue.
 - g. The manager may not invest more than 5% of the portfolio's assets in corporate bonds of any one company or affiliated group.
- 3. Coverage.** The manager will execute trades with dealers that will execute orders promptly at the most favorable prices reasonably attainable.
- a. **Internally managed assets.** The manager may only execute trades with U.S. Treasury primary dealers; provided that the dealer shall have a minimum of \$200,000,000 in capital. This requirement does not apply to or restrict trades with direct issuers of commercial paper and mortgage-backed securities otherwise eligible for investment under these guidelines. The dealers must be able to execute orders promptly at the most favorable prices reasonably attainable.
 - b. **Externally managed assets.** Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-66.
- 4. Specific Exclusions on Investments.** The manager shall apply appropriate limitations designed to reduce risk exposure at the time investment securities are purchased, and shall, at a minimum, apply the following limitations:
- a. There shall be no investment in private placements, except Rule 144A securities.
 - b. The manager shall not sell securities short.
 - c. The manager shall not purchase securities on margin.

d. The manager shall not utilize options or futures.

- 5. Required Remedies.** Recognizing that ratings and relative asset worth may change, the manager shall liquidate invested securities with care and prudence when the credit rating of a security falls below the minimum standards set in these guidelines or when the relative market value of that investment type exceeds the levels of holdings permitted in these guidelines. The manager is required to notify the chief investment officer to discuss the situation and the proposed liquidation strategy if it is not prudent simply to liquidate immediately.

INTERMEDIATE U.S. TREASURY INVESTMENT GUIDELINES

A. Purpose. The emphasis of investments in fixed income securities shall be diversification, subject to defined constraints, to minimize risk.

B. Barclays Capital U.S. Treasury: Intermediate Index Portfolio.

1. Investment Structure. Permissible U.S. dollar denominated debt investments shall be limited to the following:

a. Money market investments comprising:

1. Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by retirement funds will take custody of the collateral; and

2. Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation; and

3. Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of \$5 billion.

b. United States Treasury obligations including bills, notes, bonds, other debt obligations issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.

c. Other full faith and credit obligations of the U.S. Government.

d. Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.

e. Securities issued or guaranteed by municipalities in the United States.

f. Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars.

g. Investment grade corporate debt securities comprising:

1. Corporate debt issued in the U.S. capital markets by U.S. companies; and
 2. Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
 3. Yankee debt (that is, U.S. dollar denominated obligations and issued in the U.S. capital markets by foreign issuers).
- h. Asset-backed Securities (ABS).
- i. Agency and non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including, but not limited to pass-throughs, collateralized mortgage loans (CMO's), project loans, construction loans and adjustable rate mortgages.
- j. Total return swaps referenced to components or sub-components of fixed income indices. To mitigate interest rate risk, the proceeds may not be invested in securities with a maturity beyond 90 days, unless invested in the Department of Revenue internally-managed Short-Term Fixed Income Pool.
- k. The internally managed short-term or substantially similar portfolio.
- 2. Limitation on Holdings.** The manager of the fixed-income portfolio shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:
- a. The portfolio's effective duration may not exceed a band of +/-20% around the modified adjusted duration (or effective duration) of the Barclays Capital U.S. Treasury: Intermediate Index, unless the investment agreement with an external manager specifically allows for a different band.
 - b. Investments in fixed-income securities shall be placed solely in U.S. dollar denominated debt instruments.
 - c. The manager may not invest more than 10% of the portfolio in securities that are not nominal United States Treasury obligations or the internally managed short-term or substantially similar portfolio at the time of purchase.
 - d. Corporate, asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-

agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

- e. The manager may not purchase more than 10% of the currently outstanding par value of any corporate bond issue.
- f. The manager may not invest more than 5% of the portfolio's assets in corporate bonds of any one company or affiliated group.

3. Coverage. The manager will execute trades with dealers that will execute orders promptly at the most favorable prices reasonably attainable.

- a. **Internally managed assets.** The manager may only execute trades with U.S. Treasury primary dealers; provided that the dealer shall have a minimum of \$200,000,000 in capital. This requirement does not apply to or restrict trades with direct issuers of commercial paper and mortgage-backed securities otherwise eligible for investment under these guidelines. The dealers must be able to execute orders promptly at the most favorable prices reasonably attainable.
- b. **Externally managed assets.** Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-66.

4. Specific Exclusions on Investments. The manager shall apply appropriate limitations designed to reduce risk exposure at the time investment securities are purchased, and shall, at a minimum, apply the following limitations:

- a. There shall be no investment in private placements, except Rule 144A securities.
- b. The manager shall not sell securities short.
- c. The manager shall not purchase securities on margin.
- d. The manager shall not utilize options or futures.

5. Required Remedies. Recognizing that ratings and relative asset worth may change, the manager shall liquidate invested securities with care and prudence when the credit rating of a security falls below the minimum standards set in these guidelines or when the relative market value of that investment type exceeds the levels of holdings permitted in these guidelines. The manager is required to notify the chief investment officer to discuss the situation and the proposed liquidation strategy if it is not prudent simply to liquidate immediately.

Resolution 2009-1 authorizes the chief investment officer (CIO) to rebalance the asset allocation of the funds if an asset class weighting for a fund falls outside of the allowable band for that asset class. Under these circumstances, the CIO will take steps to rebalance the fund's portfolio to return the asset allocation to within the approved band unless the CIO judges the cost of doing so to exceed the benefit.

Resolution 2006-24 delegates investment authority to the CIO. Included in this delegation is the authority for the CIO to adjust asset allocation within Board approved parameters, subject to the limit that an investment manager's assets under management are not adjusted by more than 25%.

STATUS:

Fixed income yields have historically been a good predictor of future fixed income total returns. Global fixed income yields have fallen to very low levels. This impairs the attractiveness of the fixed income asset class for two reasons. First, prospective returns are diminished. Second, the diversification benefit is reduced as the potential for total return in stressed markets is diminished due to the inability for bond yields to fall significantly from current levels.

If one assumes higher returns from fixed income than indicated by their existing yields over an intermediate time horizon, yields have to rise from current levels. This rise in yields will cause capital losses in the ARMB's fixed income portfolio. As a result, yields have to rise by more than the assumed return to overcome these capital losses.

Either yields will remain near existing levels, resulting in modest returns and a relatively limited diversification benefit, or, yields will rise from existing levels impairing bond performance over the near term.

Staff believes it desirable to lower the weighting to fixed income investments at this time. Existing constraints in Resolutions 2009-1 and 2006-24 limit staff's ability to express this view in the portfolio.

STAFF IS REQUESTING:

(1) Modify Resolution 2009-1 to allow the CIO the discretion to adjust asset allocation tactically, while staying within policy ranges. The recently concluded IFS study of the ARMB's performance consultant and investment policies indicates that this is a practice that some funds allow. (2) Modify Resolution 2006-24 to remove the 25% limit on the CIO's ability to invest or divest from an existing investment manager.

RECOMMENDATIONS:

That the Board adopt Resolution 2010-20, modifying the existing rebalancing policy and adopt Resolution 2010-21, modifying the authority of the CIO to invest or divest from an existing investment manager.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Rebalancing Policy

Resolution 2010-20

WHEREAS the Alaska Retirement Management Board (Board) was established by law to provide prudent and productive management and investment of certain trusts or other State funds; and

WHEREAS the Board shall establish investment policies for the funds for which it is responsible; and

WHEREAS the Board contracts an independent consultant to provide experience and expertise in asset allocation and other investment matters to come before the Board; and

WHEREAS a prudent, diversified portfolio reduces risk and volatility and considers short term and long term earnings requirements for the funds; and

WHEREAS, for each fund for which it is responsible, the Board establishes the asset allocation specified as a long term target asset allocation and an allowable range or band for each asset class; and

WHEREAS the Board continues to review, evaluate and make appropriate adjustments to each fund's asset allocation on a periodic basis; and

WHEREAS a prudent process for investing fund assets includes monitoring each fund's asset allocation and rebalancing each fund's portfolio if necessary; and

WHEREAS AS 37.10.260(a) establishes that the Department of Revenue shall provide staff for the Board; and

WHEREAS the Board has delegated to the Chief Investment Officer of the Department of Revenue certain powers including authority to adjust each fund's asset allocation within Board approved parameters.

NOW THEREFORE, BE IT RESOLVED that the Alaska Retirement Management Board adopts the following rebalancing policy which repeals and replaces Resolution 2009-01:

Rebalancing Policy

~~Two situations may give rise to a need to rebalance a fund's portfolio to within Board approved bands: (1) changes in asset class weightings due to relative performance of the various asset classes; and (2) Board approved changes to a fund's asset allocation, for example, due to the introduction of a new asset class or changes to the projected return and volatility characteristics of the various asset classes.~~

The staff of the Department of Revenue shall be responsible for reviewing the actual asset allocation of each fund on a monthly basis, typically within the first five working days after the end of a month. If an asset class weighting for a fund falls outside the allowable band for that asset class, the Chief Investment Officer (CIO), pursuant to authority delegated by the Board, will take steps within a reasonable period of time to rebalance the fund's portfolio in order to return the actual asset allocation within the approved band unless the CIO judges the cost of rebalancing to exceed the benefit of rebalancing. For example, if the act of rebalancing forces the sale of assets at distressed values the CIO may opt to delay rebalancing until such time as assets can be sold at non-distressed values.

Additionally, the CIO is allowed the discretion to adjust asset class weights subject to the constraint that the weights must lie within the board approved bands.

The CIO will advise the Board at its next regularly scheduled meeting.

The CIO may delegate this responsibility to a senior investment officer should portfolio rebalancing be necessary during the CIO's absence.

DATED at Anchorage, Alaska this _____ day of December, 2010.

Chair

ATTEST:

Secretary

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Rebalancing Policy

Resolution 2010-20

WHEREAS the Alaska Retirement Management Board (Board) was established by law to provide prudent and productive management and investment of certain trusts or other State funds; and

WHEREAS the Board shall establish investment policies for the funds for which it is responsible; and

WHEREAS the Board contracts an independent consultant to provide experience and expertise in asset allocation and other investment matters to come before the Board; and

WHEREAS a prudent, diversified portfolio reduces risk and volatility and considers short term and long term earnings requirements for the funds; and

WHEREAS, for each fund for which it is responsible, the Board establishes the asset allocation specified as a long term target asset allocation and an allowable range or band for each asset class; and

WHEREAS the Board continues to review, evaluate and make appropriate adjustments to each fund's asset allocation on a periodic basis; and

WHEREAS a prudent process for investing fund assets includes monitoring each fund's asset allocation and rebalancing each fund's portfolio if necessary; and

WHEREAS AS 37.10.260(a) establishes that the Department of Revenue shall provide staff for the Board; and

WHEREAS the Board has delegated to the Chief Investment Officer of the Department of Revenue certain powers including authority to adjust each fund's asset allocation within Board approved parameters.

NOW THEREFORE, BE IT RESOLVED that the Alaska Retirement Management Board adopts the following rebalancing policy which repeals and replaces Resolution 2009-01:

Rebalancing Policy

The staff of the Department of Revenue shall be responsible for reviewing the actual asset allocation of each fund on a monthly basis, typically within the first five working days after the end of a month. If an asset class weighting for a fund falls outside the allowable band for that asset class, the Chief Investment Officer (CIO), pursuant to authority delegated by the Board, will take steps within a reasonable period of time to rebalance the fund's portfolio in order to return the actual asset allocation within the approved band unless the CIO judges the cost of rebalancing to exceed the benefit of rebalancing. For example, if the act of rebalancing forces the sale of assets at distressed values the CIO may opt to delay rebalancing until such time as assets can be sold at non-distressed values.

Additionally, the CIO is allowed the discretion to adjust asset class weights subject to the constraint that the weights must lie within the board approved bands.

The CIO will advise the Board at its next regularly scheduled meeting.

The CIO may delegate this responsibility to a senior investment officer should portfolio rebalancing be necessary during the CIO's absence.

DATED at Anchorage, Alaska this _____ day of December, 2010.

Chair

ATTEST:

Secretary

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Delegation of Authority

Resolution 2010-21

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 the Board shall establish investment policies for the funds for which it is responsible; and

WHEREAS the Board shall select and retain certain external and internal money managers; and

WHEREAS the Board may contract certain services to carry out its powers and duties; and

WHEREAS AS 37.10.260(a) establishes that the Department of Revenue shall provide staff for the Board; and

WHEREAS AS 37.10.260(b) authorizes the Board of Trustees to be responsible for designating a trustee or an officer or an employee of the Department of Revenue to sign on behalf of the Board any deed, contract, or other document that must be executed by or on behalf of the Board;

NOW THEREFORE BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, as follows: (1) To expedite business between meetings, either the Chairman or the Secretary of the Board is authorized to sign all deeds, contracts or other documents. All documents so signed shall be effective immediately but shall be presented to the Board at the succeeding meeting for Board information. (2) The Board will delegate to the Chief Investment Officer, Gary M. Bader, or his designee, certain powers noted in the attachment entitled "Delegation Investment Authority." (3) This resolution repeals and replaces Resolution 2006-24.

DATED at Anchorage, Alaska this _____ day of December, 2010.

Chair

ATTEST:

Secretary

Delegation of Investment Authority

Pursuant to Resolution 2010-21, Gary M. Bader, Chief Investment Officer, is hereby authorized to commit, bind, and obligate the State of Alaska for transactions for all funds under the Alaska Retirement Management Board's management, consistent with actions and directions from the Board. He is not authorized to significantly alter credit quality or duration parameters of any portfolios without prior approval from the Board or its designee.

Mr. Bader is authorized to open an account or accounts with one or more firms or financial institutions for the purpose of engaging in transactions to purchase, sell, assign, or transfer the assets, or to otherwise enter into agreements, contracts, commitments or similar arrangements, including for cash or forward settlement or futures or options contracts relating to the investment of the above funds.

He is authorized to execute those transactions, and in connection therewith to deliver securities and monies, to sign and deliver agreements, contracts, commitments and confirmations and other necessary, desirable or customary documents. Other parties to the transactions may rely and act upon any verbal or written orders and instructions from him in connection with such accounts and transactions.

Mr. Bader is further authorized to delegate the above responsibilities to other individuals. The Board shall be notified at the next meeting as to which individuals have received such delegation.

With respect to security transactions for all funds, including funds other than fixed income portfolio, he is authorized to adjust asset allocation within Board approved parameters, ~~but may not adjust any manager's assets under management by more than 25%.~~ All asset allocation adjustments, with a complete explanation for the action, must be reported to the Board at the next meeting. He will also be required to submit quarterly reports to the Board discussing market conditions, performance, and portfolio conditions.

In Mr. Bader's absence, Mr. Bader may delegate responsibilities to a senior investment officer, who will assume Mr. Bader's delegated investment authority.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Delegation of Authority

Resolution 2010-21

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 the Board shall establish investment policies for the funds for which it is responsible; and

WHEREAS the Board shall select and retain certain external and internal money managers; and

WHEREAS the Board may contract certain services to carry out its powers and duties; and

WHEREAS AS 37.10.260(a) establishes that the Department of Revenue shall provide staff for the Board; and

WHEREAS AS 37.10.260(b) authorizes the Board of Trustees to be responsible for designating a trustee or an officer or an employee of the Department of Revenue to sign on behalf of the Board any deed, contract, or other document that must be executed by or on behalf of the Board;

NOW THEREFORE BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, as follows: (1) To expedite business between meetings, either the Chairman or the Secretary of the Board is authorized to sign all deeds, contracts or other documents. All documents so signed shall be effective immediately but shall be presented to the Board at the succeeding meeting for Board information. (2) The Board will delegate to the Chief Investment Officer, Gary M. Bader, or his designee, certain powers noted in the attachment entitled "Delegation Investment Authority." (3) This resolution repeals and replaces Resolution 2006-24.

DATED at Anchorage, Alaska this _____ day of December, 2010.

Chair

ATTEST:

Secretary

Delegation of Investment Authority

Pursuant to Resolution 2010-21, Gary M. Bader, Chief Investment Officer, is hereby authorized to commit, bind, and obligate the State of Alaska for transactions for all funds under the Alaska Retirement Management Board's management, consistent with actions and directions from the Board. He is not authorized to significantly alter credit quality or duration parameters of any portfolios without prior approval from the Board or its designee.

Mr. Bader is authorized to open an account or accounts with one or more firms or financial institutions for the purpose of engaging in transactions to purchase, sell, assign, or transfer the assets, or to otherwise enter into agreements, contracts, commitments or similar arrangements, including for cash or forward settlement or futures or options contracts relating to the investment of the above funds.

He is authorized to execute those transactions, and in connection therewith to deliver securities and monies, to sign and deliver agreements, contracts, commitments and confirmations and other necessary, desirable or customary documents. Other parties to the transactions may rely and act upon any verbal or written orders and instructions from him in connection with such accounts and transactions.

Mr. Bader is further authorized to delegate the above responsibilities to other individuals. The Board shall be notified at the next meeting as to which individuals have received such delegation.

With respect to security transactions for all funds, including funds other than fixed income portfolio, he is authorized to adjust asset allocation within Board approved parameters. All asset allocation adjustments, with a complete explanation for the action, must be reported to the Board at the next meeting. He will also be required to submit quarterly reports to the Board discussing market conditions, performance, and portfolio conditions.

In Mr. Bader's absence, Mr. Bader may delegate responsibilities to a senior investment officer, who will assume Mr. Bader's delegated investment authority.

Alaska Retirement Management Board
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 - 4th 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 - 1st 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 - 2nd 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 - 3rd Quarter Manager Review (Questionnaire) Private Equity Review Economic Round Table *Manager Presentations</p>

**ALASKA RETIREMENT MANAGEMENT BOARD
M E M O R A N D U M**

To: ARMB Trustees
From: Judy Hall
Date: September 9, 2010
Subject: Financial Disclosures

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	10/11/10 11/5/10
Bob Mitchell	Investment Officer	Equities	10/19/10 11/16/10
Nicholas Orr	Investment Officer	Equities	11/4/10