Alaska Retirement Management Board

Agenda
June 16-17, 2011

Thursday, June 16, 2011			
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: April 28-29, 2011	Minutes- April 28-29, 2011 (draft)
VII.	9:15	Reports 1. Chair Report 2. Committee Reports 3. Director's Report A. Buck Consulting Invoices (Informational) B. Health Care Contract *Jim Puckett, Director, Div of Retirement & Benefits* 4. Treasury Division Report *Jerry Burnett, Deputy Commissioner, Dept of Revenue* 5. CIO Report, *Gary Bader, Chief Investment Officer*	Information Memo - Buck Consultants TreasuryReport0611 CIO Report
	9:40-10:00	6. Fund Financial Report *Pamela Leary, State Comptroller, DOR, Treasury* *Teresa Kesey, Chief Financial Officer, DRB*	Fund Financials 0611
	10:00	BREAK - 10 Minutes	
	10:10-11:10	7. Performance Measurement - 1st Quarter *Michael O'Leary, Callan Associates, Inc.*	Callan-Performance Measurement033111 Callan-ExecSumPrelim0331 Callan-SBS033111 Callan-DefComp033111 Callan-DefContrib033111
	11:15:11:45	8. Lexington Partners *Tom Newby*	Lexington-LCP VII Presentation
	11:45-1:00	LUNCH - 11:45-12:00 pm	
	1:00-3:00	9. T Rowe Price *Portfolio Review and Retirement Transition* *Ned Notzon, Charles Shriver, Tony Luna and Bob Birch*	T Rowe Price Presentation
	3:00-3:15	***BREAK***	
	3:15-3:30	10. Actuarial Review	
	2:40-3:10	. A. Judicial Retirement System as of June 30, 2010 National Guard Naval Militia System as of June 30, 2010 *Leslie Thompson, Gabriel Roeder Smith* B. Actuarial Valuation - FY 10 Judicial Retirement System and National Guard Naval Militia System *Dave Slishinsky, Buck Consultants*	Buck-Alaska_pres061611 Buck-JRS Draft 063010 Buck-NGNMRS Draft 063010

		Action: Board Acceptance of GRS Certification for PERS/TRS/DC/NGNMRS/JRS Action: Board Acceptance of FY 10 Valuations for PERS/TRS/DC/NGNMRS/JRS	Action-Certification of Actuarial Review Action-Acceptance of Buck Valuations PERSDB-TRSDB-PERSDCR-TRSDCR
		End of Meeting Day - Recess	
		Friday, June 17, 2011	
	9:00 am	Call to Order	
	9:05-9:20	11. IFS Action Items B.4.1, Absolute Return Individual Manager Guidelines B.4.2, Absolute Return Revising Broad Investment Categories B.4.3, Absolute Return Guidelines re Risk Resolution 2011-08 *Gary Bader, Chief Investment Officer* *Zachary Hanna, State Investment Officer*	IFS Action - Absolute Return
	9:25-10:00	12. Contribution Rates for FY2013 Action: Relating to FY13 PERS Contribution Rate Resolution 2011-09 Action: Relating to FY13 PERS RMMI Contribution Rate and FY13 PERS ODD Contribution Rate Resolutions 2011-10 and 2011-11 Action: Relating FY13 TRS Contribution Rate Resolution 2011-12 Action: Relating FY13 TRS RMMI Contribution Rate and FY13 TRS ODD Contribution Rate Resolutions 2011-13 and 2011-14 *Jim Puckett, Director, Division of Retirement & Benefits* *Teresa Kesey, CFO, Division of Retirement & Benefits*	FY13 Contribution Rate Resolutions
	10:00-10:15	13. Investment Actions *A. Private Equity Investment* *Gary Bader, Chief Investment Officer*	Action - Lexington Capital
	10:15	*BREAK - 15Minutes*	
	10:30-10:40 10:45-11:15 11:20-11:50	14. Investment Advisory Council Appointment *Gary Bader, Chief Investment Officer* A. Craig Wisen B. William Jennings	
	11:50-	*BREAK - 5 Minutes*	
	11:55-12:15	C. Board Selection/Appointment	
VIII.		Unfinished Business 1. Meeting Schedule, *Judy Hall, Liaison Officer* *Action: Adopt Proposed 2012 Calendar*	2012 Proposed Meeting Schedule Disclosures060311

		2. Disclosure Report, *Judy Hall, Liaison Officer* 3. Legal Report, *Rob Johnson, Legal Counsel*	
IX. X. XI. XII. XIII. XIV. XV.		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

Location of Meeting
Dena'ina Civic and Convention Center
Tubughnenq' Room
600 W. 7th Avenue
Anchorage, Alaska

MINUTES OF
April 28-29, 2011

Thursday, April 28, 2011

CALL TO ORDER

CHAIR GAIL SCHUBERT called the meeting of the Alaska Retirement Management Board (ARMB) to order at 9:00 a.m.

ROLL CALL

Eight ARMB trustees were present at roll call to form a quorum. Ms. Erchinger was ill and joined the meeting following lunch.

ARMB Board Members Present
Gail Schubert, *Chair*
Sam Trivette, *Vice Chair*
Gayle Harbo, *Secretary*
Kristin Erchinger
Commissioner Bryan Butcher
Commissioner Becky Hultberg
Martin Pihl
Tom Richards
Mike Williams

ARMB Board Members Absent - None

Investment Advisory Council Members Present
Dr. William Jennings
Dr. Jerrold Mitchell
George Wilson

Department of Revenue Staff Present
Jerry Burnett, Deputy Commissioner
Gary M. Bader, Chief Investment Officer
Pamela Leary, State Comptroller
Zach Hanna, State Investment Officer
Scott Jones, Assistant State Comptroller
Judy Hall, Board Liaison Officer
Jie Shao, State Investment Officer

Department of Administration Staff Present
Mike Barnhill, Deputy Commissioner
Jim Puckett, Director, Division of Retirement and Benefits
Teresa Kesey, Chief Financial Officer, DRB

Consultants, Invited Participants, and Others Present
Robert Johnson, ARMB legal counsel
Michael O'Leary, Callan Associates, Inc.
Paul Erlendson, Callan Associates, Inc.
Jonathan Roth, Abbott Capital Management
Tim Maloney, Abbott Capital Management
James Chambliss, Pathway Capital Management
Canyon Lew, Pathway Capital Management
Leslie Thompson, Gabriel Roeder Smith & Company
David Slishinsky, Buck Consultants
Aaron Jurgaitis, Buck Consultants
Kyla Kaltenbach, Buck Consultants
Doug Bratton, Crestline Investors, Inc.
Caroline Cooley, Crestline Investors, Inc.
Vince Ortega, Capital Guardian
Chris Ryder, Capital Guardian
Michael Bowman, Capital Guardian
Alex Slivka, McKinley Capital Management
Rob Gillam, McKinley Capital Management
Jim McClure, Barrow, Hanley, Mewhinney & Strauss
John Alcantra, NEA-Alaska
Jay Delany, RPEA
Andee Nusaath, Great-West Retirement Services
Jeff Pantages, Alaska Permanent Capital Management

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. WILLIAMS seconded the motion. The agenda was approved without objection.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

JOHN ALCANTRA, Public Relations Director for NEA-Alaska (National Education Association), informed the Board of a couple of pieces of legislation that were introduced this month. Senate Bill 121 and its companion House Bill 236 are bills to provide [PERS and TRS retirement plan members with] a choice between a defined benefit plan and a defined contribution plan. He said that since SB 141 went into effect July 1, 2006 the unfunded liability has grown about $4.5 billion, and he thought it was a failed experiment. He hoped the ARM Board would take a good look at that piece of legislation over the next couple of meetings, and that when the Legislature returns to Juneau for a regular session in January 2012 it will have a piece of legislation that will work for both the State and for Alaska's public employees.

APPROVAL OF MINUTES

MS. HARBO moved to approve the minutes of the February 10-11, 2011 meeting as presented. MR. TRIVETTE seconded the motion. There were no changes, and the motion carried unanimously.

REPORTS

1. Chair Report

CHAIR SCHUBERT said she had nothing to report other than that she was reappointed to her seat on the Board.

2. Committee Reports - None.

3. Retirement & Benefits Division Report

Department of Administration Deputy Commissioner MIKE BARNHILL stated that Jim Puckett had changed from acting status to the director of the Division of Retirement and Benefits (DRB), and Pat Shier was appointed the director of the Division of Enterprise Technology Services.

3(a). HRA Information Update

MR. PUCKETT referred to the memorandum from DRB in the packet regarding the fiscal year 2012 health reimbursement arrangement plan (HRA) contribution amounts for employers.

3(b). Buck Consultant Invoices

MR. PUCKETT also drew attention to the regular report of Buck Consultant invoices in the meeting packet.

3(c). Membership Statistics

The reports of membership statistics by quarter and cumulatively since implementation of the defined contribution plans were included in the meeting packet. MR. PUCKETT answered several questions from trustees regarding the most recent numbers. He also noted that the quarterly and cumulative reports for July 1-September 30, 2010 were revised to correct an error.

MR. BARNHILL stated that Ms. Kesey intended to revise the membership statistics reports, and trustees were encouraged to let her know what they wanted the reports to look like in the future.

3(d). Legislative Update

MR. BARNHILL reported that the legislative session was fairly quiet with respect to retirement issues. However, as the session went on, more bills related the retirement systems were introduced that may make the next session fairly interesting in terms of retirement issues. He reviewed a list of the bills by category: three bills requiring divestment of investments in companies that directly do business in Iran; bills designed to amend various elements of the Retiree Health Plan (the Department of Administration's approach is to look at all the health plan services in a more comprehensive manner, rather than pick off issues one by one through legislation); two bills to add occupational death benefits for police and firefighters; and bills to re-open the defined benefit plans to new employees (the Parnell Administration has taken a position in opposition). He said he has offered to enter into further dialogue with the sponsors of these bills over the interim, and he extended the same offer to members of the Board.

MR. PIHL thanked Ms. Hall for compiling all the schedules from the work of the Trustee Study Group Addressing Long-Range Unfunded Liability Issues into one book. He hoped that the upcoming strategic planning meeting would have something on the agenda to update everyone on the information and how to address the unfunded liability of the retirement systems.

MR. BARNHILL reported that under SB 125 the state General Fund for fiscal year 2012 is contributing approximately $477 million to the retirement systems. The actuarial valuations being presented later in the meeting call for an additional contribution next year of $610 million. That comes to over $1.0 billion in the space of two years to shore up the systems. There is increasing concern in the Legislature and in the Administration about whether that is sustainable. They believe the work of the Trustee Study Group needs to continue, and there will be additional work ongoing within the Administration to try to identify ways of restructuring this so that it can be sustainable over the long term.

4. Treasury Division Report

Department of Revenue Deputy Commissioner JERRY BURNETT stated that the Legislature had not passed a budget yet; however, the budget before them had no changes from the ARMB budget that was requested.

MICHAEL O'LEARY introduced PAUL ERLENDSON as the person at Callan Associates, Inc. who was joining the ARMB consulting team as his backup. Mr. Erlendson was replacing Janet Becker-Wold as the backup because the meeting schedule of her largest retirement fund client conflicts directly with the ARMB meeting schedule. Mr. Erlendson is familiar with Alaska and intends to attend all the ARMB meetings.

5. Chief Investment Officer Report

Chief Investment Officer GARY BADER referred to the written report in the packet and reviewed a list of transfers and rebalancings among trust funds, as well as increases and reductions to investment manager accounts, that staff completed since the last board meeting. He explained that rebalancing among the trust funds is a very complicated process. The defined contribution plans have a defined benefit component where the contributions generate cash every month, and there are little or no draws on these funds as they build up until people will be drawing upon them. As part of the rebalancing process, that excess cash is transferred to the defined benefit plans, and the defined benefit plans give the defined contribution plans shares of ownership in private equity and real estate and so on. This works to the benefit of both types of plans: defined benefit plans do not have to sell assets each month to raise the cash that is required for benefit payments.

MR. BADER also reported on several other items, as follows:

- A Board strategic planning session is scheduled for June 7 in Anchorage.
- He, Sean Howard and Ryan Bigelow made an on-site visit to McKinley Capital Management on March 16. Staff was interested in whether McKinley's momentum style of investing would continue to perform for the ARMB in the future. At that meeting, their chief investment officer Rob Gillam expressed his view that momentum in small cap equity space had recently shown emerging robustness. In the 13 years that the ARMB has been with the domestic large cap growth fund at McKinley it has outperformed the Russell 1000 Growth Index by nearly 200 basis points. For the year ended December 31, 2010, McKinley outperformed the index

by 40 basis points; hopefully, this is an indicator of the reemergence of the momentum style, which suffered greatly during 2008 and 2009. The ARM Board has invested in McKinley international for about 4-1/2 years, and in three out of five years their performance has beat the index but overall has underperformed the index. That continues to be an area of concern. Year to date, McKinley has outperformed the indexes in both the international equity space and domestic space, and staff sees no reason to recommend changes at this time. McKinley was scheduled to report on the international equity mandate later in the agenda.

- The ARMB received two communications from the International Brotherhood of Teamsters and Teamsters Local Union 705 regarding private equity investments in the firm TPG. In keeping with the practice of not responding to socially or economically targeted issues for the investments of the ARMB, staff did not respond to the letters but was informing the Board.
- Three people responded to the academic position on the Investment Advisory Council that was advertized, including Dr. Jennings who currently holds that seat. One application was found to be non-responsive and eliminated from consideration, and the other two candidates will be interviewed at the June meeting.
- Ned Notzon, the Board's contact at T. Rowe Price since the firm was hired in 1992, will be retiring in December, and his deputy, Charles Shriver, will be taking over his duties effective October 1.
- Two Treasury Division investment officers — R. Bigelow and A. Sadighi — have resigned in the past month to take positions out of state.

CHAIR SCHUBERT wished Mr. Bigelow all the best in his new position and said he had done a good job for the Alaska Retirement Management Board.

6. Fund Financial Report

State Comptroller PAMELA LEARY presented the financial report for the month and fiscal year-to-date period ended February 28, 2011. The increase in total invested assets for the first eight months of the fiscal year was 19.72%, and the total invested assets at the end of February were $19.4 billion. Assets rose close to 2% in February.

Using the Public Employees' Retirement System (PERS) as the proxy, MS. LEARY stated that all asset allocations were within the bands as of February 28 for all the retirement plans.

TERESA KESEY reviewed the Division of Retirement and Benefits supplemental financial report as of February 28, 2011.

7. IFS Report Actions

MR. BADER said that Independent Fiduciary Services (IFS) had conducted an independent review of the performance consultant and the investment policies of each fund entrusted to the Board and had presented its final report at the December board meeting, including a list of recommendations. At the February meeting staff presented several responses to the IFS recommendations, and he was continuing that systematic review of the individual recommendations at this meeting.

A.1.b#2 - Real Assets Reporting Enhancements
IFS report recommendation #2, page 18, states:

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

MR. BADER said staff concurred with this recommendation and had conferred with Callan. Those enhancements were included in the December performance report from Callan. He asked that the Board ratify his decision.

MS. HARBO moved that the Alaska Retirement Management Board ratify the CIO decision to implement IFS recommendation #2 in task area A.1.b related to real assets reporting enhancements. MR. TRIVETTE seconded. The motion passed unanimously, with trustees Schubert, Trivette, Harbo, Pihl, Hultberg, Butcher, Williams and Richards present. [Trustee Erchinger was absent for this plus the following board action on IFS report recommendations.]

MR. BADER stated that the next IFS recommendations all had to do with private equity.

A.1.b#3 - Private Equity Reporting Enhancements
IFS report recommendation #3, page 20, states:

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

MR. BADER said staff concurred with this IFS recommendation and had included in the packet the draft revised Private Equity Policies and Procedures with changes highlighted in red.

A.1.b#4 - Private Equity Reporting Enhancements
IFS report recommendation #4, page 20, states:

ARMB should ask Callan to provide performance for the private equity program by strategy (e.g., buyouts, venture capital, mezzanine, etc.) and to show the portfolio diversification by geography and industry.

MR. BADER said staff concurred with this IFS recommendation and had made that request of Callan Associates for their performance reporting.

B.3.#1-#6 - Private Equity Policy/Guidelines
IFS report recommendations #1 through #6, pages 56-57, state:

#1. Expand the discussion on risks associated with investing in private equity.

MR. BADER said staff concurred with the recommendation and had revised the Private Equity Policies and Procedures with an expanded discussion of the risk associated with investing in private equity.

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

MR. BADER said staff concurred with that recommendation and had revised the Private Equity Policies and Procedures to establish a band of 20%-45% for international private equity investments.

#3. Revise Section 1.3. Ownership Structure of the Private Equity Policy to include private equity investments made directly by ARMB staff.

MR. BADER said staff concurred with the recommendation and had revised the ownership structure and other areas of the Private Equity Policies and Procedures to clearly include ARMB staff investments.

#4. Clarify the section on private equity reporting of total portfolio performance, e.g., whether a total IRR should be calculated and reported.

MR. BADER said staff concurred with that recommendation and had revised the Private Equity Policies and Procedures to require that staff calculate and provide an IRR for the private equity program as a whole as part of the annual private equity tactical plan.

#5. 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.

MR. BADER said staff concurred with the recommendation and had revised the Private Equity Policies and Procedures to clarify the annual tactical plan work product and to change the due date to coincide with the ARMB meeting on private equity.

#6. Update the benchmark to reference the Thomson ONE database in the Private

Equity Policy.

MR. BADER said staff concurred with the recommendation and had revised the Private Equity Policies and Procedures to reflect the updated benchmark reference. He asked the Board to approve the revised policies and procedures by resolution.

<u>MS. HARBO moved that the Alaska Retirement Management Board adopt Resolution 2011-04 approving the Private Equity Partnership Policies and Procedures that were revised to reflect the staff recommendations</u>. <u>MR. TRIVETTE seconded</u>.

MR. RICHARDS said that setting a flat maximum for international private equity investment would provide all the flexibility below that number, so he did not understand the reasoning that establishing a band of 20%-45% allowed for more flexibility. He also referred to page five of the redline version of the Private Equity Policies and Procedures where it said that staff will calculate and report a private equity portfolio IRR at least annually as part of the private equity tactical plan, saying he did not understand inclusion of the words "at least," instead of just "annually."

MR. BADER accepted those as constructive amendments to improve the policies and procedures. He asked if the Board could adopt the changes today and staff would bring back the two adjustments to the policies and procedures at a later meeting.

MR. TRIVETTE said he understood that Mr. O'Leary had agreed with staff's recommendations, and he wanted to make sure, for the record, that the IAC members had no objections either. He noted that the IAC members shook their heads.

MR. PIHL indicated that he liked the words "at least annually" because circumstances might make it advisable for staff to report the private equity portfolio IRR more often than once a year.

The Chair called for an outcry vote, and the motion carried unanimously, 8-0.

8. Private Equity Tactical Plan

State Investment Officer ZACHARY HANNA introduced the ARMB's private equity managers present from Abbott Capital Management and Pathway Capital Management. He stated that Abbott, Pathway and Callan Associates had all reviewed the Private Equity 2011 Tactical Plan and the recommendations.

[The slides for this presentation and the detailed written private equity 2011 tactical plan are on file at the ARMB office.]

MR. HANNA reviewed private equity as an asset class, explaining the motivation, attributes and structure of private equity investing. He also talked about the three primary strategies — venture capital, buyout and special situations — and portfolio implementation, where selection of top-tier managers is critical. The goal is to build a well-diversified portfolio of high quality partnerships. Through 2010 the ARMB has invested in 218 partnerships with 94 firms.

MR. HANNA reported on the private equity market in 2010. Fundraising was very slow in the year, up just slightly from 2009, but well off the pace of prior years. Limited partners, like the ARMB, are still generally over-allocated to private equity and slow to commit to new funds. Many general partners postponed fundraising last year, and those that did not took longer to close funds and often closed below fund size targets.

MR. HANNA also spoke about investment-related trends. Deal activity increased significantly last year. There was a large amount of uninvested capital for general partners to put to work, and they were able to do so in 2010 as credit became more available and pricing reached transaction levels. Deal pricing and leverage increased moderately to roughly the level of 2004-2005. Regarding exit opportunities, corporate and private merger and acquisition activity picked up in 2010 and remain the dominant sources of liquidity for private equity. The IPO (initial public offering) market also continued its rebound. Much of this public market financing was used to pay down debt, rather than as true exits for equity sponsors.

MR. HANNA reviewed the history of the private equity program (see slide 11). Relative performance of the ARMB portfolio since 1998 has been good; in a comparison with partnerships that started investing in the same year, five out of the past nine vintages years through 2006 were top quartile, three were second quartile, and the last year was third quartile. The internal rate of return (IRR) since inception is 8.7%, up 160 basis points from 2009. Staff also calculates a public market equivalent return using the actual ARMB private equity cash flows to simulate buying and selling public market indices. The 8.7% IRR for the ARMB's private equity portfolio compares quite favorably with public market equivalent returns of 1.4% for the S&P 500 Index and 2.1% for the Russell 3000 Index — so well in excess of the portfolio's expected 350 basis-point spread.

MR. HANNA said the increases in exit opportunities flowing through to the ARMB resulted in distributions increasing to $201 million, slightly more than 2008 and 2009 combined. With the rise in underlying investment activity, ARMB contributions also increased 65% to $218 million for the year.

Through 2010 the ARMB's portfolio had $3 billion in total commitments, with $2.1 billion paid into partnerships. The total value at year end of $2.75 billion, including distributions, is 1.3 times the amount paid in.

The ARMB private equity portfolio is well diversified by strategy, and MR. HANNA stated that staff expects diversification to remain in line with long-term targets. He also described the industry, geographic region, and investment-stage diversification of the over 2,000 portfolio company investments in the ARMB portfolio. International is now 32.8% of the overall portfolio.

MR. HANNA explained that the commitment target for 2010 was $335 million; during the year, $209.1 million was committed to 18 partnerships. Commitments were low since many high-quality firms did not raise new funds during the year.

In terms of the 2011 outlook, private equity is recovering, along with increased economic and capital market stability. Continued improvement in the exit environment is expected. Corporations have very healthy balance sheets and record cash levels, which should translate into increased acquisitions in a slower-growth environment. Improvement in the IPO market is also expected. The investment pace will likely remain moderately strong. However, the large overhang of uninvested capital, combined with readily available debt financing, is likely to result in increased pricing and leverage levels. Fundraising is also expected to rebound this year, as general partners have been returning capital to limited partners, and limited partner allocation issues have lessened.

In the 2011 tactical plan staff recommended a commitment target of $335 million — $135 million for Abbott, $125 million for Pathway, and $75 million for direct partnership investments, with a gradual increase over the next five years. MR. HANNA referred to the ARMB's private equity allocation model that estimates forward commitments and funding projections as a percentage of the total retirement fund value. With the recommended commitment pacing, private equity should move to its allocation target of 7% of the retirement fund over the 10-year planning cycle.

Action: Resolution 2011-03 - Private Equity Plan
MR. TRIVETTE moved that the Alaska Retirement Management Board adopt Resolution 2011-03 approving the 2011 Annual Tactical Plan for private equity investments. MS. HARBO seconded.

Referring to the illiquidity of private equity, DR. MITCHELL asked if there had been any development in secondary markets to make some of the investments a little more liquid, and if staff or the gatekeepers participated in secondary market transactions.

MR. HANNA replied that both of the gatekeepers have bought limited partnership interests in the secondary market when they felt like the pricing was attractive. Staff also made an investment last year with Lexington Partners, which is a secondary fund whose business it is to buy portfolios of secondary private equity interests. In general, the secondary business is fairly cyclical in terms of it being viewed as a buyer’s market versus a seller’s market. Staff felt over the last couple of years that there were some fairly attractive buying opportunities as liquidity dried up coming out of 2008; that is now starting to turn and it is becoming more of a fairly priced market. Generally there can be a fairly wide bid-ask spread between a seller's expectation and a buyer's expectation in these transactions, so it is not a particularly efficient market.

MS. HARBO noted that $126 million of the 2010 target was not committed, and she wondered if that money was carried over to 2011. MR. HANNA said it was use-it-or-lose-it, that the commitment targets are effectively maximums. He added that staff looked at the ARMB's commitment targets over the past 12 years versus what was actually committed, and in general something like 80% of the maximums were committed. Any roll-forward would be in the sense that staff might make a recommendation that commitments increase over what they expected in the future as a result of having committed less in the past.

MR. O'LEARY mentioned that private equity as a percent of the total retirement fund is over 8%, and the strategic target is 7%, although it could be changed to 8% at this meeting. He asked for confirmation that staff would not recommend a change [in the 2011 tactical plan], whether the strategic target remains at 7% or moves to 8%.

MR. HANNA said that was correct. He added that in general staff likes to be fairly smooth with the annual commitment pacing to try to preserve some vintage-year diversification. So while there could be a commitment increase over the longer term, staff was not recommending any increase, and this year in particular.

MR. WILSON inquired about how the use-it-or-lose-it commitment target guideline puts pressure on the private equity advisors. MR. HANNA explained that the contract structures are slightly different for the two advisors. One of the advisors is paid on the market value of their portfolio (so in some sense they are incentivized, at least at the margin, to build that over time). But it is a long-term relationship, and everyone appreciates that there is more detriment to pushing out money in the long term than there is short-term gain from building up market value. The other advisor has a commitment structure whereby ARMB pays for an allocation every year irrespective of how much money the advisor puts out. It is part of staff's monitoring role to watch how the advisor spreads allocation across their client base.

COMMISSIONER HULTBERG asked how staff set $75 million as the 2011 commitment target for the direct partnership investments. MR. HANNA replied that it was a resource constraint that limited staff to two to four deals per year in order to do due diligence properly on the deals. They have done six deals in three years. There is growth over time but really it is an inflationary growth.

MR. PIHL inquired if there was a way to monitor that the ARMB gets its share of the best deals. MR. HANNA responded that both Callan and staff play a role in monitoring, and they look at how the deals perform that the gatekeepers did versus the universe of deals that had been available. Staff has been quite comfortable that the gatekeepers have put the ARMB into deals that have outperformed the average manager, and that on a revolving basis the ARMB is getting access to strong deals.

MR. TRIVETTE mentioned that the two gatekeepers have some overlapping investments in the same funds, and he asked if that was a problem. MR. HANNA stated that staff has thought quite a bit about Abbott's, Pathway's, and staff's group of investments, and their view is that the overlapping investments are high conviction names and funds where staff is very comfortable to have more money allocated. He added that regarding the direct investments staff has shied away from having three commitments to the same partnership, but they continue to think about it because the same logic applies that if those really are the highest conviction names then maybe the ARMB ought to be allocating three times to them. Maintaining three legal relationships with one entity is inefficient, but staff has not come up with a way to address that.

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

A scheduled break took place from 10:21 a.m. to 10:40 a.m.

9. Abbott Capital Management, LLC

Two of Abbott's managing directors, JONATHAN ROTH and TIM MALONEY, appeared before the Board to talk about private equity market conditions and developments during 2010 and the investment activity they conducted on the ARMB's behalf since their last report. *[A copy of Abbott Capital's slide presentation is on file at the ARMB office.]*

MR. ROTH said their report last year was that 2009 appeared to have been the low point for private equity and it was still a bit unclear as to how 2010 would play out. Abbott's general partners were using the term "green shoots" as they tried to be cautiously optimistic in describing the progress the underlying portfolio companies had made during the down turn of 2008-2009. There was not a material uptick in fundraising in 2010, but the capital markets in 2010 appeared to have shrugged off the uncertainty surrounding the economic recovery, the stubbornly high unemployment, the sovereign and state budget crises, the trade deficits, a weak housing market, rising commodity prices, and a fairly weak employment market. There was a dramatic uptick in merger and acquisition (M&A) activity and, as a result, new investment and divestment activity.

MR. ROTH stated that the liquidity seen in 2010 is continuing into early 2011. The IPO market recovered, and some noteworthy IPOs have taken place so far in 2011, signaling that the markets are going to be willing to consider some of the large offerings that will be in the pipeline for private equity for the near future. Abbott is beginning to see a flow of dividend recaps again but not nearly at the levels in the heyday, and the terms associated with many of these debt packages are much more reasonable. The general partners have been very patient to see the companies through, and now they see that the market is open; they do not know when the next correction might take place so they are focusing on returning capital and making distributions to the limited partners.

Venture capital had about ten years of nonperformance, for the most part. Regarding the earlier question about secondaries and liquidity, MR. ROTH said there has been a lot of discussion about a secondary market for privately held companies. This is a relatively new phenomenon, and the press is overstating how widely held this practice is; it is really limited to about a handful of companies. There are literally thousands of privately backed venture capital companies, and there really is not a secondary market for those privately held shares. The IPO market is on the rebound for technology buyouts. However, it has been a struggle for early stage health care: a tough FDA environment for the last two years, large pharmaceutical companies distracted with their own mergers and acquisitions at the highest level, and a follow-on financing market that has been very difficult. Abbott is not abandoning that space because they think it is important to be exposed to new technology, along with biotechnology and medical devices, and they are hopeful for conditions to improve.

MR. ROTH said the current conditions for the traditional buyout area appear to be that companies on the market that can show fairly resilient performance during the down turn of 2008-2010 are getting a lot of attention because general partners view them as a less risky proposal. Those companies are being bought at full fair value, similar to 2009. The trend has been to slightly larger buyout deals coming back, which helps get investment dollars into the market. For example, in the first quarter of 2011 the ARMB portfolio participated in the buyout of Del Monte, about a $5.3 billion transaction. The venture capital market has a lot of attention on social media and cloud computing.

MR. ROTH stated that fundraising was basically flat in 2010. Fewer funds were raised, funds were generally smaller, and it took longer to raise a fund. That is because there is a fair amount of healthy skepticism, and people are doing protracted due diligence. The latest statistic for 2011 shows that the average time to raise a fund shrank from 20 months down to 16 months. What gets a lot of press in terms of concerns is the word "overhang," which means the amount of money a general partner has raised in a fund and not invested. Abbott has identified one or two groups in the ARMB portfolio where a fund is maybe four years old and they have only invested 20% of the fund. Abbott monitors those situations carefully and proactively engages with the general partners to understand how they plan to address that and to discuss a fee rebate to the extent that the GP will not be deploying the full fund.

MR. ROTH briefly reviewed the promotions in the investment team at Abbott Capital and mentioned plans to hire two to three professionals across the organization.

MR. MALONEY reported that Abbott did eight deals for the ARMB portfolio in 2010: three in the special situations category, one in buyouts, and four in venture. Five of the eight funds raised less than $1 billion in total size, illustrating that Abbott committed the capital to relatively smaller funds. Abbott did four investments in the first quarter of 2011, including two energy related funds that are new to the Alaska portfolio, and in April they made two additional commitments. The total commitments year to date are about $43 million, and Abbott expects to meet its allocation number in 2011. The pipeline of potential investments in all three strategies is probably as robust as it has been in the past four or five years.

At MR. BADER's request, MR. MALONEY briefly described the life of a venture capital investment and how, because of an initial lockup period or other factors, it can be one to two years after a venture company goes public for a general partner to fully get out of the public position. MR. BADER remarked that after the IPO the fund is at risk to the market volatility of the stocks. He asked if Abbott took any actions to prevent that market volatility. MR. ROTH stated that a general partner may hold onto a publicly traded company for a long time — the GP may still be on the board of the company and be restricted from selling the shares. On the other hand, there are some benefits if a general partner believes that ultimately the now-public company will be acquired. Abbott does not like to pay general partners to make market calls like that, but sometimes there are situations where a little bit of latitude is called for.

MR. MALONEY next reviewed the ARMB portfolio performance metrics. The overall net IRR at year end was 7.8%, approximately a 50-basis-point increase from a year ago. Indicative of improving market conditions, the capital calls pace was up in 2010, and the distributions the ARMB received back from investments were up even further — $108.4 million, almost three times the level in 2009. The pace of distributions thus far in 2011 seems to be a bit ahead of the same period in 2010.

MR. MALONEY said the ARMB portfolio is diversified by time, by industry, by investment style, and geography. The portfolio is predominantly a U.S.-based portfolio, with about 32% allocated to international opportunities — the vast majority of that percentage is focused on mature economies in Western Europe and predominantly in buyout control investments.

MR. TRIVETTE asked about any general partners that Abbott was concerned about. MR. ROTH explained about the investment periods for funds, the general partner investment in their own funds, and that Abbott usually does not mind if a general partner asks for an extension to invest a fund because their clients have very long time horizons.

DR. MITCHELL requested comment on trends for negotiating terms and fees in the industry. MR. MALONEY replied that Abbott began to see a swing toward more favorable terms for limited partners at the time that the fundraising market became very challenging for general partners. Some firms, due to their very strong returns, had been able to command a premium carry of roughly 25% versus the standard of about 20%, and Abbott was able to negotiate those carries back down to the industry standards of 20%. That is a real positive coming out of the down turn in the market.

MR. ROTH concluded by saying that Abbott hopes that the Alaska retirement fund's portfolio will eclipse the $1 billion of distributions mark in 2011. He said that Abbott appreciated the ARMB's long-term support and took nothing for granted, striving each year to seek the best investments for the portfolio.

10. Pathway Capital Management, LLC

JAMES CHAMBLISS, Managing Director, and CANYON LEW, Senior Vice President, gave a presentation on the private equity portfolio that Pathway Capital manages on the ARMB's behalf. *[A copy of Pathway's presentation slides is on file at the ARMB office.]*

MR. CHAMBLISS spent a couple of minutes describing how Pathway manages the growth of assets under management and has expanded the team of investment professionals that finds and accesses the best funds, as well as the resources that work behind those people. He noted that in the 20 years since Pathway was established they have not lost one senior investment professional. They do not have any retirement or succession issues.

Addressing the private equity environment, MR. CHAMBLISS stated that the market has come back nicely. Pathway believes the quick return in the debt markets helped drive an increase in the private equity investment pace, helped prices increase, and resulted in debt levels coming back to levels they were not expecting. What has them cautiously optimistic is that a lot of the managers in the ARMB portfolio have taken advantage of the market and have returned a lot of distributions to investors in the last six months. Pathway expects the liquidity and IPO market will continue to come back for the remainder of the year, and the mergers and acquisitions market has been quite strong as well. The competition for deals and the pace of investments has Pathway slightly nervous, but the improvement in the underlying performance of the companies, and the realizations and distributions has them feeling good.

MR. LEW reviewed the commitment activity in the ARMB portfolio in 2010 compared to the tactical plan. They committed $117.4 million to nine partnerships, which worked out to an average commitment size of $13 million. The commitments were spread fairly evenly between buyout, venture capital, and special situations funds. Of the nine commitments made last year, three of them were new relationships. All the 2010 activity was within all the tactical plan target ranges, both by number of investments and by dollars. Last year was a somewhat slow fundraising year, particularly in the first half of the year. The one difference between 2009 and 2010 was that the quality of managers in the pipeline had improved.

MR. LEW stated that the 2011 tactical plan is unchanged from last year's plan. They are targeting up to $125 million in up to 14 partnerships. To date in 2011 they have committed $30.3 million to two partnerships — $15.3 million to a European buyout fund focused on the large end of the market, and $15 million to a growth-oriented special situations fund whose approach spans both venture and buyout strategies. Pathway is in the advanced stages with a U.S. middle market buyout fund that could result in a $15 million commitment. The fundamentals of their approach have not changed since the inception of their relationship with the ARMB in 2002.

MR. O'LEARY remarked that staff's presentation showed the ARMB portfolio has a nice venture capital position. He said Pathway's venture capital position is a bit lower than Abbott's and he was struck that Pathway had made no venture capital commitments thus far in 2011. He asked for comment.

MR. CHAMBLISS responded that their commitments thus far have been driven by the quality of the funds in the market. Pathway is primarily focused on investing with the best fund and is less focused on short-term, year-by-year diversification. Last year 40% of the commitments were in venture capital; so far this year they have not done a venture fund, although they expect to do a small handful of venture funds by the end of the year. He recalled that when the Board hired Pathway it was post-internet bubble, so there were virtually no venture funds raising money for the first three years of the relationship. They have been investing in venture funds, for the most part, from 2004 forward and are very comfortable with the overall allocation to the venture space.

MR. LEW reviewed the portfolio's performance since inception through September 30, 2010, noting that the $783 million in contributions have grown to approximately $1 billion in total value, generating a 12.1% IRR. He said Pathway is in the process of finalizing the year-end numbers, and it looks like a very strong fourth quarter.

MR. LEW talked about the investment strategy diversification at the partnership level: 51% of the portfolio is in buyout funds, 23% is in venture, and the remaining 26% is in special situations. The split between U.S. and non-U.S. funds is 88%/12%. He also presented diversification for the 1,233 active holdings at the underlying portfolio company level by strategy, industry, and geographic region. There are 38 countries represented in the 30% of the portfolio that is non-U.S., and Europe accounts for about two-thirds of that slice.

MR. LEW stated that after two consecutive years of declines, ARMB contributions rebounded in 2010, growing from $69 million in 2009 to $101 million last year. Contribution activity looks to be about $28 million for the first quarter of 2011. On the distribution side, the ARMB received $82 million last year, more than double 2009 levels. All the portfolio's core strategies showed increases in distribution activity in 2010. The first quarter of 2011 and the fourth quarter of 2010 represent the second and third largest quarterly distribution totals since the portfolio's inception.

The ARMB portfolio has generated $140 million in gains since March 31, 2009, which have now fully offset the peak-to-trough losses from the most recent financial down turn. Year-end data that Pathway has received so far indicates another $40 million in gains during the fourth quarter.

MR. LEW presented the vintage year performance versus the Thompson Reuters benchmarks, as well as performance by investment strategy.

In summary, MR. CHAMBLISS stated that the ARMB portfolio rebounded nicely from the market turmoil of 2008-2009 and it continues to outperform both the public and private market indices. The portfolio is well positioned to continue doing well going forward.

MR. TRIVETTE said he noticed that 56 of the 76 general partners had positive returns and he wondered if Pathway had any concerns about the others defaulting. MR. LEW replied that through September 30, 2010 there were 76 active partnerships in the portfolio and a few that have yet to draw their first capital. Sixty-two of the 76 partnerships have generated positive returns; of the 14 that have not, there were none that Pathway had any concerns about defaulting.

CHAIR SCHUBERT recessed the meeting for lunch at 11:55 a.m. She reconvened the Board at 1:15 p.m. to continue hearing reports.

11. Performance Measurement - December 31, 2010

MICHAEL O'LEARY of Callan Associates, Inc. presented the investment performance for the Alaska retirement funds for the periods ended December 31, 2010. *[A copy of Callan's presentation slides is on file at the ARMB office.]*

MR. O'LEARY said the economy saw a real recovery during calendar 2010, and it seemed to strengthen through the year and continue in the March 2011 quarter, although the March numbers have been revised downward from what was initially estimated. He referred to a chart showing the performance of major market indices over the last quarter, one year, three years, five years and ten years. The emerging markets over three of the time periods were the best performer, and, amazingly, three-month Treasury bills were the second-best performer over the three-year period (the three-year period captures the meltdown). Last year was a great year for equities and a rotten year for cash, and the bond market was surprisingly good through the whole year. In 2010 the MSCI-EAFE Index was up 7.8% in U.S. dollar terms, where the U.S. stock market as measured by the Russell 3000 Index was up almost 17%, and much of the differential between the developed international markets and the U.S. market was attributable to currency, most of which occurred later in the year.

MR. O'LEARY presented the Treasury yield curve during the December quarter, noting that rates went up in the fourth quarter but were still lower than where they had begun the year. He also showed a graph of the spread between riskier fixed income investments and Treasuries over the last 10 years. He said that after spiking in 2008 and early 2009 the spreads for investment-grade rated non-government issues have narrowed and look fairly typical in a longer-term historic context. Commercial mortgage-backed securities (CMBS) were the best place to be in 2010, followed by high yield bonds; they benefitted from the spread narrowing. Treasury bonds made 5.9% and agency bonds made only 4.4%.

The next graph compared emerging market equities, developed international markets and domestic equities, and illustrated the longer-term strength of emerging markets. But emerging markets were not immune from some of the issues during the fourth quarter, when the U.S. stock market was the best performer. That slow down was not so much currency affected, although there were some currency impacts, but it was more about concern in the latter part of the year that the rate of growth in emerging markets was too fast and unreasonable.

MR. O'LEARY spent some time explaining the six periods of interest rate hikes from 1982 to 2010 and the positive returns from bonds in many of those periods. He said that in a more normal environment short-term interest rates cannot be lower than inflation and have good things happen for a protracted period of time. The end of Quantitative Easing Two will be June 30, 2011, which has been the Federal Reserve's program of buying Treasuries. The Federal Reserve still has a bloated balance sheet and owns a lot of bonds, and interest payments and maturities will mean a lot of money coming in, some of which will be reinvested — and undoubtedly some of which will not be reinvested, and there will be some shrinkage of the balance sheet. Nobody knows exactly what that means, but it is a big change. The bottom line is that if one believes that interest rates are going to be higher over the two- to three-year period, it is hard to get excited about the expected return for bonds being good.

MR. O'LEARY stated that fortunately a recovery is underway in commercial real estate. Unfortunately, real estate is the single largest factor detracting from the ARMB's performance over the three-year period, having done worse than stocks. That may all change over the next 12 months. It is important for people to understand how the non-public markets — real estate and private equity — affect the pattern of the retirement fund's returns.

MR. O'LEARY showed a chart depicting factors about the major bear equity markets since the end of World War II, along with the S&P 500 Index return that would be necessary over one-year through 10-year periods to get back to the 2007 market peak.

Looking at an illustration of the asset allocation for PERS (as the proxy for all the unconstrained portfolios), MR. O'LEARY remarked that the asset allocation as of year end was a bit overweighted in equities and underweighted in real assets and in fixed income. The fixed income is easy to understand because it was a great quarter for stocks and a quarter when bonds went down. Everything is within permitted ranges. Compared to other public funds, the retirement fund has a comparatively low bond allocation, a comparatively high international allocation, and a comparatively high alternative investments allocation (private equity and absolute return). Real estate is also relatively high.

MR. O'LEARY reported that the December quarter performance was fairly good at 5.91%, although slightly below the target index return of 6.15%. There was not much asset allocation impact on performance in the quarter; the biggest positives were the overweighting in private equity and the underweighting in fixed income relative to targets. For the full year, the retirement fund did well, and the difference between the actual return of 12.45% and the target return was very narrow. The actual domestic equity return exceeded the target index, as did fixed income. Real assets were close but below target for the year, and international equity was above the target. Private equity returned 15.29% in 2010, but it was less than the public market index used as a short-term proxy. Absolute return was 4.73% for the year versus the target return of 5.13% (when the one-month lag in the reporting of absolute return was accounted for, the absolute return portfolio had a return of 5.43%).

There was a short discussion about the convention in the industry for measuring private equity performance and the ARMB's policy of lagging returns until receipt of audited valuation numbers from the underlying hedge funds. Real estate returns was another example of lagged reporting in the ARMB's case. The point was made that it makes the peer group comparisons on a one-year and three-year basis very difficult because it is an apples-and-oranges issue.

MR. O'LEARY reviewed the performance of the individual asset classes and made the following observations:

- Total bond portfolio performance compared to Callan's public fund fixed income database was very competitive.
- The in-house bond portfolio was very close to but slightly behind the Barclays Intermediate Treasury Index for the half-year that the portfolio became fully effective with that mandate.
- Mondrian, the non-US fixed income manager, has done a great job. Their target index changed during the fourth quarter to include emerging market debt, and future reporting will reflect that change.

- Lazard manages an emerging market debt portfolio that is contrasted against three-month LIBOR; it has been a nice diversifier.
- MacKay Shields is a reasonably conservative high-yield bond manager. The Board added high-yield bonds to the fixed income portfolio many years ago to increase returns, and over that time period it has increased returns over the investment-grade world as measured by the Barclays Aggregate Index. However, MacKay Shields has underperformed its high-yield target.
- Domestic equity performance was above the benchmark for the year and is very time-dependent for the longer periods.
- Relational, which had experienced protracted underperformance, was actually the best performer among the large cap managers during 2010.
- McKinley Capital did well in the year, as did Barrow Hanley.
- RCM had a weak full year but strengthened in the fourth quarter. Their long-term performance has been good.
- Every quarter Callan looks for pronounced growth or value biases in the component portfolios that constitute the large cap equity pool, and the answer was no pronounced bias for the December quarter.
- Small cap equity performance was fairly good for the year (up over 24%) and better than large cap, but below the benchmark return. Two managers, Jennison and Luther King, did really well for the full year, but Lord Abbett pulled the performance of the small cap pool down.
- Advent Capital has managed the convertible bond portfolio for a year, and the performance pattern was as expected — very equity like returns but not as good as the equity market.
- International equity performance for the full year was a strong 12.70% versus the index return of 11.60%.
- International equity ex-emerging market managers beat the developed market index, which was good.
- The emerging market equity managers in aggregate outperformed the emerging market index.
- Global equity manager Lazard underperformed the world index for the year. They have done better for the three, five, and seven years or longer, so no concern about the magnitude of their underperformance for one year.
- Callan's reporting for the real assets category was expanded per a recommendation from the IFS review. Real estate had a 12.35% return for 2010; while still behind the target return, it was good news. Farmland, timber, the internally managed TIPS portfolio, and the total energy funds were reported on separate lines.

MR. O'LEARY took time to explain several "stoplight" exhibits in the performance slides, which were created with green, yellow and red boxes to call attention to asset categories and managers that are doing either well or poorly.

He stated that the stable value fund, both in the Supplemental Benefit System (SBS) and Deferred Compensation Plan, had strong results. The Alaska Balanced Trust had unattractive relative results but the long-term absolute results are marvelous; the record has been very competitive, despite it being super conservative.

MR. BADER asked if staff should revisit their recommendation, which the Board adopted, to change the internal fixed income portfolio to an intermediate treasury mandate from the aggregate index mandate. He noted that the Barclays Aggregate Index showed positive returns in almost every period.

MR. O'LEARY said it was a great question. He was very comfortable with the intermediate treasury index as the objective, and the primary driver for that is that the retirement fund has so little bonds. If bonds are held as a diversifier, and the portfolio does not have many of them, the Board wants to make sure that they are not equity in disguise. During the market meltdown, a huge segment of the bond market cratered as if it was stocks. The structured mortgage product that was so popular in bond portfolios, and certainly the investment-grade credit part of the bond market, woefully underperformed Treasuries. If the ARMB could afford to have 30% or 40% of the portfolio in bonds and they went down a little that would not be bad. But the ARMB has less than 20% of the portfolio in bonds. So it is important to get that minimum protection on some meaningful portion of the portfolio. Some people might say it was overreacting and investing by looking in the rearview mirror, and they might be right, but the point is that a target of 18%-19% in bonds is not a big target.

CHAIR SCHUBERT commented that people seem to think that the likelihood of a double-dip recession has greatly diminished. But issues like the national debt ceiling cap, a possible slowdown in China, the possibility of a European debt crisis, devaluation of the dollar, and what is happening in the stock market, do not make her feel like the country is out of the woods yet.

MR. O'LEARY replied that she had a lot of company in those feelings. He said there seems to be genuine sentiment to try to reduce the magnitude of the current and future budgetary challenges at the federal government level. He thought that if the rate of governmental spending growth was reduced, somebody's income would get reduced along the way. It may be something that has to happen to address the longer-term problem, but that will be a negative in terms of the rate of future growth for a period of time. The dollar is in absolute freefall, so there are implications from that in terms of the ability to spend. Further, one can be reasonably concerned about the band aid approach to problems with the peripheral countries in Europe. At some point there has got to be fatigue on the part of the people in Europe who are subsidizing, in essence, the people who have taken advantage of that system. There are a lot of reasons why growth will be slower. The general forecast, though, is that this recovery is, has been, and will continue to be slower than other recoveries after major sharp recessions. The justification for that is that if there has been a financial crisis the recoveries tend to be slower. The astonishing thing is that the profitability of the recovery has been almost unprecedented. So from an equity valuation perspective, stocks are reasonably priced. There is still seemingly tons of excess liquidity around the world. The conundrum is, are people going to keep buying 0.1% short-term investments or are they going to try to make some money? It is important to recognize that things have recovered 90-some percent from the market low, so that has been a nice recovery.

CHAIR SCHUBERT thanked Mr. O'Leary for his presentation.

12. Actuarial Valuation Review - Fiscal Year 2010
Certification of Draft FY10 Actuarial Valuations for:
Public Employees' Retirement System (PERS)
Teachers' Retirement System (TRS)
PERS Defined Contribution Plan
TRS Defined Contribution Plan

LESLIE THOMPSON of Gabriel Roeder Smith & Company (GRS) gave an executive summary of the audit results from her firm's work in reviewing Buck Consultant's fiscal year 2010 actuarial valuation review. *[The detailed GRS report is on file at the ARMB office.]*

She thanked Buck for freely providing all the data she requested and for answering all the questions she asked of them. This year GRS had a greater effort because of the change in assumptions; she had her staff members do different pieces than what they would normally do so there was a fresh set of eyes looking at every piece of the retirement plans.

Starting with the PERS and TRS pension plans, MS. THOMPSON said the report included the actual audit itself and then some items that caught her attention while conducting the actuarial work. She started with her "ear-perking" observations first, saying she would be listening to Buck's presentation later in the afternoon to hear their explanations:

- Termination rates were creating consistent losses. Always being on one side, particularly the loss side, will cause upward pressure on contribution rates.
- Mortality rates were creating consistent losses. Buck reduced the mortality rates which should help alleviate the problem in future valuations.
- An issue raised in other audits was that a consistent component of the losses was under the "other" column. GRS recommended that Buck consider examining the gain/loss methodology used to determine the major sources of the "other" gain/loss.
- PERS had a bit of a gain in salary increases, meaning increases were not as high as assumed. TRS had a loss in salary increases.

MS. THOMPSON reviewed the test life observations part of GRS's audit work. She mentioned that the tiny tweaks in the report were little things that would have no material impact on the valuations but just needed to be fixed. GRS spoke with Buck on these, and Buck concurred with everything and will fix them in the 2011 valuation. She said the GRS matches were very close on the test life observations.

MS. THOMPSON stated that it was another good audit on the big PERS and TRS valuations. The valuation process incorporated all the assumption changes, and the little tweaks will be fixed in 2011.

Turning to the defined contribution plans (DCR), MS. THOMPSON said the DCR plans are very new and extremely well funded. Regarding items to watch out for, she had a similar comment on the health care because the total losses were mostly made up of "other." She urged the Board to spend time talking to Buck about that so the plan does not end up 200% funded and then experience a high velocity drop with no identified cause. It is important to find out if it is an assumption or a method that needs to be changed so the gain/loss experience is more in line. Lastly, the test life review was extremely clean.

CHAIR SCHUBERT thanked Ms. Thompson for her report, and called a scheduled break from 2:47 p.m. to 3:00 p.m.

13. Fiscal Year 2010 Draft Actuarial Valuation Reports for:
Public Employees' Retirement System (PERS)
Teachers' Retirement System (TRS)
PERS Defined Contribution Plan
TRS Defined Contribution Plan

DAVID SLISHINSKY, AARON JURGAITIS, and KYLA KALTENBACH of Buck Consultants, Inc. attended the meeting to present the fiscal year 2010 draft actuarial valuation results for the PERS and TRS defined benefit plans, as well as the benefits that are defined benefit-like that cover the defined contribution plan members of PERS and TRS. MR. SLISHINSKY informed the Board that Michelle DeLange left Buck in mid-March to join the family business.

MR. SLISHINSKY and MR. JURGAITIS reviewed the changes since last year's valuation:

- No change in benefit provisions.
- Buck implemented the changes in the actuarial valuations that the Board approved since the last valuation date. Some of those changes were fairly significant, including a reduction in the valuation interest rate (the expected long-term rate of return on the investments) from 8.25% to 8.0%. As part of that, the inflation assumption was changed from 3.5% to 3.12%. The reduction in the inflation

assumption impacted the salaries in the projected amounts of benefits, as well as the liabilities.

- There were mortality table changes that were significant for both plans but more so for the TRS.
- Two main changes on the medical plan assumptions were: (1) a decrease in the assumed Medicare Part B-only proportion of all current Medicare retirees from 3.5% to 0.6%; and (2) a decrease in the proportion assumed to be enrolled in Medicare Part B only from 3.5% to 0.6% for future Medicare retirees. With the new third party administrator, Buck was able to get an actual census of people who have Medicare Part B only coverage and no longer has to use an estimate. Buck will continue to use the 0.6% assumption for the future retirees as well.
- The payment lag for medical claims was changed from 2.6 months to 2.4 months, and for prescription claims from 0.5 months to 0.15 months.

MR. SLISHINSKY reviewed the valuation data that was used for PERS:

- Active member counts were down slightly, as expected for a closed plan, however, there were some people with prior service who were rehired this year.
- Inactive counts were down slightly.
- Vested terminations were down as well.
- There was an increase on retirees, disabled and beneficiaries.
- Overall, still a fairly level yet slightly declining total membership. The decline was about 0.4% from last year.
- Annual compensation was relatively flat, even though there are pay increases being granted to the actives. Salary is expected to decline as the active member counts decline as people retire and terminate.
- The market value of assets was up from $8.5 billion to almost $9.6 billion, based on contributions as well as investment return of about 10.2%.
- The actuarial value of assets was up from $10.2 billion to almost $11.2 billion, representing about an 8.9% increase and a rate of return of 7.2%. Buck smoothes in gains and losses over a five-year period to determine the actuarial value of assets, and there is still a significant amount of investment losses being smoothed in from the 2008-2009 markets.

MR. SLISHINSKY mentioned that when the ratio of actuarial value of assets to the market value of assets gets outside the corridor of 20% of market value then every amount of additional difference between the actuarial value and the market value is recognized, whether it is a loss or a gain. Last year there were extra losses that were recognized in the valuation, adding to increasing unfunded liabilities. This year the market value of assets had gains in excess of the assumed rate of return, and as a result there are some gains coming in; since the amount of gains is outside the corridor those gains are being immediately recognized. That means a bit of an increase in the actuarial value rate of return (7.2%), which is higher than it otherwise would have been because of that corridor.

- Annual benefit payments were up from $735 million to $821 million, an 11.7% increase from last year. With the increase in market value, the benefit payments are running about 8.6% of the market value for the last two fiscal years.
- Accumulated member contributions were up 3.6%.

MR. SLISHINSKY spent a few minutes explaining the asset smoothing history for PERS since 1996. He then described the calculations used to develop the PERS actuarial contribution for FY12 as a percentage of total pay. This year the total contribution rate was 38.30%, and last year it was 36.53%. Subtracting out the expected member contributions of $116 million resulted in the employer/State contribution rate of 32.83%.

MR. BADER inquired about why the member contributions are all allocated to pension and none to health care. MR. SLISHINSKY replied that all the active members in the defined benefit plan are contributing, and their contributions go to pension benefits. There are a few retirees who must pay some amount to health care, but it is very small. MR. BADER said he pointed it out because he did not know how the accountants accredited it to the account, but the investment people are always trying to keep the pension and health care funds in balance with the asset allocation.

MR. BARNHILL mentioned that almost all of the Mercer settlement contribution in 2010 went to the health care account, and he did not know if that was why Buck's calculation showed zero member contribution to health care, but there was no need for additional funding in health.

MR. SLISHINSKY presented the actuarial gains and losses on the total accrued liability of the PERS system. Retirement experience had a very small gain of $3.7 million. There was a $3 million loss on termination experience, meaning fewer people terminated than Buck expected, based upon their assumption. Buck has been noticing, for Alaska and other plans they work on, that people are delaying retirement, and Buck typically sees gains with that delayed retirement experience. Also, people are not terminating to the extent that they have been in the past. If there are fewer opportunities to move from their current job to a new job, that keeps people in their current job. Buck changed the assumption for retirement rates and also decreased termination rates as of June 30, 2010, so those changes will affect the gain/loss on total accrued liability next year.

Mortality experience was a $17 million loss for PERS. MR. SLISHINSKY said he guessed that the number would be positive next year because when they changed those assumptions they built in a margin based upon the experience. He said the other demographic experience that Ms. Thompson talked about was primarily rehires (almost 1,200 for PERS). Rehires were not included in the valuation last year, or were included as terminated vested people. And when people are rehired there is a re-establishment of their accrued liability that is greater than the accrued liability that was shown last year.

Salary increases was a slight gain. The PRPA (post-retirement pension adjustment) and Alaska COLA (cost-of-living adjustment) were gains — generally speaking, the CPI was less than Buck's assumption, so those increases were not as great this year.

MR. JURGAITIS explained that the large medical experience gain of $130 million was mostly claims experience. Two main things were going on. Two years ago the Board adopted the Society of Actuaries long-term trend model, which meant continuing the current trend at the time out so that the ultimate period is not reached until 2070 or so. Buck had expected medical costs to go up about 7.5%; costs actually went up around 10%-14%. Buck does not look at just one year of claims costs; instead, they do what is called trending and blending. For example, they would trend 2007, 2008 and 2009 forward to a common date, then blend all those years together, giving the older years less weight and the newer years more weight. In the past, the experience on the retiree health plan had a couple of years where claims were abnormally high, and those years are still included in the trend-and-blend of experience. That is what is driving the health care claims costs higher right now. Buck gave those years less weight because steps had been taken to mitigate some of those claims trends, so the last year or two the claims have been in the realm of reasonable or not abnormally large. Moving forward, if the claims continue as they are, the poor years will drop out, and the retirement system should have health care claims trends that are more in the high single digits instead of the low double digits, where they are right now.

MR. SLISHINSKY reported that the total pension and health care experience for PERS resulted in a loss of about $117 million. Health care was a loss of $131 million, which meant that pension had about a $13 million gain. That $13 million was 1/10th of 1% of the expected accrued liability for pension, and the health care was a loss of 1.7% of the expected accrued liability. Buck typically looks at around 3% as the point when those gains and losses become significant. Total experience was less than that threshold so they would not view it as significant. However, with the change in assumptions, and the fact that those changes are more conservative, Buck hopes that the experience next year will show some gains.

MR. SLISHINSKY reviewed the change in the total employer/State contribution rate that took into account new assumptions, the two-year delay, investment experience, salary increases, and demographic and medical experience. He mentioned that one change that impacted the contributions from last year was the effect of the two-year delay on the contributions. This happens because the actual contributions paid for FY10 were based on the actuarial valuation that was performed in 2007.

MR. TRIVETTE suggested that Buck include on the summary sheets the pages in the actuarial report where the assumptions are laid out so it would be easier to find them.

Referring to the $116 million in PERS employee contributions, MR. PIHL asked what they were paying for. MR. SLISHINSKY replied that those are the member contributions of all the members that were hired prior to 2006, and the contributions are being allocated to the pension assets.

MR. TRIVETTE said he recalled that the number was set in statute, which he did not think was 5.47% of total pay. MR. SLISHINSKY said the percentage was determined on total payroll that includes the defined benefit plan member payroll and the defined contribution plan payroll. He added that peace officers and firefighters contribute at a higher rate than others, so there is a blend that he thought was between 7.5% and 8.0%.

MR. SLISHINSKY showed a graph of the PERS contribution rate history. Another graph showed the increase of the PERS actuarial accrued liability over the last 15 years; from 2009 to 2010 the liability grew by $735 million, most of that due to the change in the actuarial assumptions. On the third graph illustrating the funding ratio history he said that at one time the PERS plan was 100% funded, but the last ten years have not been favorable to any retirement plan or any investment portfolio.

COMMISSIONER BUTCHER asked how Alaska ranked nationally. MR. SLISHINSKY responded that it is hard to compare Alaska to other state retirement plans because Alaska prefunds health care and has done so with the vigilance that it is as important as pension. Other states are putting money into pension and not putting money into retiree medical. MR. TRIVETTE added that only four other states prefund medical. He said the PERS system dropped from 101% funded to 75% in one year largely due to actuary stuff. He referenced the Milliman report, which is when the State hired a second actuary to review the work of the primary actuary.

CHAIR SCHUBERT questioned if Buck's chart on the PERS funding ratio history was correct, based on Mr. Trivette's explanation. MR. SLISHINSKY explained that for the funded ratios from 1995 through 2002 the prior actuary's (Mercer) methodology was to take the claims costs rates and roll them forward with medical costs trends, so they were falling further and further behind in the measure of the accrued liability on health care. That means the funded ratios during that period are probably inflated.

MR. BARNHILL observed that plainly the Buck chart on the PERS funding ratio was incorrect because the estimated liabilities in the year 1998 were $6 billion; fast forward to today and it is $18 billion. The benefits have not really changed, but people had no idea what the accrued liability was ten years ago.

Regarding comparing Alaska to other states, MR. JOHNSON said he thought there were GASB or FASB rules that required disclosure of the liability from medical as well as pensions, so he thought that information would be more available. MR. SLISHINSKY replied that the GASB calculations are based on GASB parameters that include lower interest rates, depending upon how well those plans are funded. It results in some different measurements when looking at the GASB numbers on OPEB (Other Post-

Employment Benefits) versus funding numbers. One place to look is the Pew Report, but even today that is old information.

MR. SLISHINSKY next reviewed the 2010 draft actuarial valuation results for the Teachers' Retirement System using the same type of exhibits and graphs he used for PERS. He noted that the number of members was down 0.6%, annual compensation was fairly flat, salaries were up 6.5% from the prior year, the rate of return on assets was about 10.6%, the market value of assets was up to over $4 billion, and the actuarial value of assets was up about 8.1% rate of return. Annual benefit payments were up from $412 million to $446 million, an increase of 8.3%.

MR. SLISHINSKY presented the calculation for the total actuarial contribution for TRS as a percentage of total pay (DB and DCR salaries) to reach 56.72%, up from 50.11% last year. Most of the increase was a result of the change in the actuarial assumptions. The member contribution was 7.16% of total pay, resulting in an employer/state contribution of 49.56% for FY12.

MR. SLISHINSKY highlighted the gains and losses on total accrued liability for TRS that were different than what happened in PERS. TRS experienced salary losses due to higher pay increases. The loss on medical experience for TRS was due to claims costs, the same as for PERS. The total loss of $90 million for TRS was less than 3% when compared to the expected actuarial accrued liability.

MR. SLISHINSKY said the good news was the asset gains on market value during the fiscal year ended June 30, 2010, which were about 2% greater than the rate of return assumption. Those gains are being recognized first this year and then over the next four years. The delayed gains prior to 2008 and the investment loss from 2008-2009 resulted in an actuarial value return of 7.2% for PERS and 8.1% for TRS, both slightly less than the 8.25% assumed rate of return. There were losses on the liabilities due to medical experience, primarily due to claims costs that were more than expected. There were losses on the liabilities for the demographic experience with fewer deaths than expected causing mortality losses, fewer terminations than expected causing termination losses, and there was a salary increase more than expected for TRS. There were also gains on retirement and on the PRPA and Alaska COLA. The unfunded liability increased from 2009 for both PERS and TRS, and the major impact was the new assumptions. The contribution rates increased, again, primarily due to the change in the assumptions.

MR. JURGAITIS addressed the health care reform that became law in March 2010 and the main items affecting the State of Alaska. The State's application for funds for the early retiree reinsurance program was approved, but there have been no disbursements as of yet. [Mr. Puckett said the State was expecting $15-$29 million on the first disbursement.] The removal of lifetime and annual limits is optional as long as AlaskaCare continues to be managed separately from the active plans [the current lifetime maximum is about $2 million; Buck calculated that going from $2 million to unlimited would have a very small impact]. The Cadillac tax was put into place to derive revenue from plans that are considered to be unduly rich. The Alaska retiree medical plan likely qualifies under that definition. However, under the guidelines for determining that tax Alaska is able to blend pre-Medicare and post-Medicare costs, which pushes the date for when the State would actually have to start paying on that tax quite a bit past 2018.

MR. SLISHINSKY presented the results of the valuations on occupational death and disability benefits and retiree medical benefits for the PERS defined contribution plan (DCR). The number of members grew 27% up to 9,200. There have been no benefit payments, and assets have been accumulating. Funding in the first three years of the plan was conservative because Buck wanted to build up assets to cover any adverse experience that could develop because of just a couple of occupational deaths or disabilities. None occurred so the plan is well funded. The assets are about $13.6 million, and the total accrued liability is about $8 million.

MR. SLISHINSKY presented the results of the valuations on occupational death and disability benefit and retiree medical benefits for the TRS defined contribution plan. The number of members rose to 2,246, up 25% from last year. There have been no benefit payments, and the market value and actuarial value of assets have grown.

MR. SLISHINSKY stated that Buck develops the State assistance rate, taking into consideration both the cost for the defined benefit plans and the defined contribution plans on total pay. The capped contribution rate for employers in PERS is 22% (includes both DB and DCR contributions). In TRS the capped contribution rate for employers is 12.56% of total pay. He described the calculation of the State assistance amount for FY13 when applied to the projected payroll for FY13: 13.84% or $307.3 million for PERS, and 40.11% or $302.8 million for TRS. The total State assistance of $601.1 million is an increase of $133 million over the prior year.

MR. SLISHINSKY reviewed the 30-year projections of the contribution rates, contribution amounts, and funding ratios, first for PERS and then for TRS.

MR. TRIVETTE and MS. HARBO suggested that Buck include some reference to the employee contributions on the charts so people are clear that the data depicted is only employer contributions. MR. SLISHINSKY indicated that they would find a way to represent the total contribution number.

COMMISSIONER BUTCHER asked how it was determined what year to get the unfunded liability paid off. MR. PIHL said it was clear in the legislative intent that a 25-year amortization period was to be used to address the unfunded liability of the defined benefit plans.

Prompted by MR. TRIVETTE, MR. SLISHINSKY explained that current GASB requirements are to amortize the unfunded liability over a period of no longer than 30 years. He added that there was something brewing in GASB to change everything; no longer are they going to link the disclosure to actuarial funding calculations. There will be a lot more volatility in those calculations for GASB disclosure. The proposal is to put what is called the net pension liability (otherwise called an unfunded liability) on the employer's balance sheet as a liability, which would include the State for the State's portion and all participating employers showing their portion. Then there would be a pension expense calculated each year, which is basically the change in that net pension liability, and any of the recognition amounts would run through the income statement.

MR. BADER reported that GASB made an announcement today that they were going to change the required discount rate to something lower than what the ARMB currently has. MR. SLISHINSKY said GASB, in a very close vote, approved using the discount rate that is the expected rate of return on assets to the extent those future benefit payments are expected to be funded. After that point in time, all future benefit payments are to be discounted at some lower-risk investment return, the kind of rate of return one would expect on general fund assets. By doing that, it increases the total value of the net pension liability for purposes of putting it on the balance sheet.

Responding to MR. O'LEARY's question about whose balance sheet the associated liabilities would be on, MR. SLISHINSKY said the PERS system was an agent multiple-employer system where the rates were calculated and determined for each employer separately. Under a cost sharing, all the employers agreed to share the cost, and as a result there is no longer any accounting or calculations individually for each employer. That is going to change back to calculating each employer's share of the net pension liability and a pension expense that all employers would run through their financial statements. Buck is thinking that as long as the system has a record of paying the actuarial rate and paying the contributions necessary to fund all the benefits, then there is a commitment on the part of the employers to pay for those benefits. And as a result there is expected to be assets to pay all those benefits, therefore, you can use the long-term rate of return expected on the assets for valuing all of those future benefit payments. It is what Buck is hoping will be the final interpretation for Alaska of the new proposals. If the proposed change does become the GASB standard, then Buck and the accountants will have a lot of work to do trying to figure out how to divvy up the net pension liability, which will be based on market value, not actuarial value. For Alaska, market value is still lagging actuarial value, so recognition of unfunded liabilities on the balance sheet would be higher using the market value than using the actuarial value. He said Buck could make a presentation on the topic, if the Board wished.

RECESS FOR THE DAY

CHAIR SCHUBERT thanked the Buck Consultant representatives for their presentation, and recessed the meeting for the day at 4:49 p.m.

Friday, April 29, 2011

CALL BACK TO ORDER

The Chair called the meeting back to order at 9:00 a.m.

REPORTS (Continued)

14. Adopt Asset Allocation

14(a). Resolution 2011-05
Defined Benefit PERS/TRS/JRS
PERS/TRS/JRS Retiree Health Trust Funds
Retiree Major Health Insurance Fund
PERS Peace Officer/Firefighters Occupational Death & Disability Fund
PERS, TRS, All Other Death & Disability Fund

MR. BADER reviewed the staff memorandum in the packet *[on file at the ARMB office]*. He reminded the trustees that the capital market projections that Callan presented at the February meeting were generally lower than those of the previous year. There are also other considerations to be mindful of: the defined benefit plans are closed to new participants, the assets at some point will peak out and start diminishing, and only the hybrid plans will be growing an asset base. This means that as the defined benefit plans decline the beneficiary pool dwindles and eventually disappears somewhere around 2080 or 2090. The annual benefit payments for PERS and TRS are greater than the contributions coming into the plans. This speaks to being mindful of liquidity interest when planning the asset allocation for the coming year. There is also a lump-sum State contribution that arrives each year, and it should not go into illiquid asset classes if it has to be accessed later on to make benefit payments. The recent PERS and TRS actuarial valuation reports show the accrued liability of PERS and TRS peaking somewhere around 2030. Although that is still well into the future, the Board needs to be cautious about undertaking investments that have 10-year lockups or commingled funds that have 10-year lives.

MR. BADER stated that with the foregoing observations in mind he held a teleconference on March 15 with Mr. O'Leary and the three Investment Advisory Council members. They discussed the capital market projections, the needs of the retirement plans, and had further email exchanges after the initial conversation. The group settled on the recommendations being made to the Board.

MR. BADER said there is an efficient frontier (getting the maximum expected return for a particular level of risk), and the Board can increase the risk appetite or decrease it, depending upon its will. When one undertakes an asset allocation that has a higher standard deviation, the more likely the variance in the geometric returns. The recommendations for PERS and TRS are different from the current year's targets. For example, the allocation for domestic equity is reduced by 2% (from 29% to 27%); fixed income is reduced by 1% (from 19% to 18%); private equity is increased 1% and it is already at that target; absolute return is increased by 1%; and cash is increased by 1%. Cash is not a big earner, but the asset allocation ought to acknowledge holding a good portion of the annual contribution from the State in cash because the money will soon be expended for benefits.

MR. BADER stated that the five-year geometric return of the recommended asset allocation is 7.45% with a standard deviation of 13.82%. This expected return is lower than the actuarial assumption of 8.0%. Looking at the efficient frontier, to get to an 8.0% geometric return would mean being almost entirely without bonds except for perhaps some high-yield bonds. It is the view of the group making the recommendation that it is the best for the ARMB.

MR. O'LEARY reminded everyone that when he reviewed the capital market projections in February he had talked about the 2.5% inflation forecast that Callan used in developing the asset projections. The actuary, in projecting the liabilities, is using the now-reduced rate of just over 3% inflation. If over the long run inflation is in fact 3%, he would expect the nominal return from the financial markets to generally be higher than what Callan is projecting. But today 2.5% is their best expectation, and it is closer to what the market is saying in the pricing of financial assets.

DR. JENNINGS related that the group talked about other dimensions of the cash decision, to increase it beyond the lumpy cash flows that the retirement trust funds receive. Other organizations he is involved with have ended up increasing their cash allocation, and the Board can take comfort that it is not atypical, as organizations have more illiquid investments, to recognize the need to have a bigger cash cushion. One organization has built in wider ranges to handle the exact kind of issues the ARMB faces with the lumpy cash flows.

MR. BADER mentioned that the Alaska Permanent Fund Corporation has increased its cash allocation to 2% in order to fund the annual dividend payment.

MR. WILSON stated that the most important decision the Board makes is its asset allocation: simplistically, about 80% of the asset classes is equity type risks, and fixed income and cash make up the other 20%. The most important decision after that is the portfolio's U.S. exposure compared to the international exposure. It is not an easy decision and a continual conversation when the group meets on a regular basis. The Boston Foundation with which he is affiliated is probably at the edge in that they look at the world indices and give the U.S. an equal weight, whereas most U.S. institutions overweight the U.S. People are beginning to move to where the Boston Foundation is, and the Foundation actually underweights developed Europe and overweights emerging markets. The ARMB has been continually edging in that direction, but it still has an overweight to the U.S. It is important to keep that in mind when considering the asset allocation.

MR. BADER asked the Board to consider Resolution 2011-05, which laid out the asset allocation for the PERS, TRS and Judicial retirement systems' pension and health trusts, as well as the defined benefit components of the defined contribution plans. Staff was recommending that they all have the same asset allocation because, as he mentioned in the CIO Report, staff is able to transfer ownership between all these funds and manage the cash inflows. At this time the PERS and TRS funds are not sufficiently different in their cash flows that they require different asset allocations.

MS. HARBO moved that the Alaska Retirement Management Board adopt Resolution 2011-2005. MR. TRIVETTE seconded.

MR. TRIVETTE informed the newest trustees that in previous years the Board has spent considerable time over a series of meetings discussing the asset allocation, so the fact that the Board was not spending a lot of time on it today did not mean it was not a critical decision. He thanked the IAC members, Mr. O'Leary, and Mr. Bader and his staff for all the time they spent on developing the asset allocation recommendations.

CHAIR SCHUBERT asked Mr. O'Leary if all Callan's public fund clients amended their asset allocation annually.

MR. O'LEARY said it was unusual for there to be a substantial change on an annual basis because it is creating a strategic framework. But the markets are changing so much that Callan and its clients think it is important to have updated projections that are still long term in nature but that reflect the different starting points. The change in the level of interest rates over the last two years has been remarkable, and that is a pivotal assumption that affects all the capital market expectations. The conclusions drawn from an asset-liability study done two or three years ago would be very similar to the conclusions one would draw today, and that type of detailed analysis is less frequent than the annual updating of projections which everyone recognizes will be wrong.

A vote was taken and the motion passed unanimously, with all nine trustees present.

14(b). Resolution 2011-06
Defined Benefit Alaska National Guard and Naval Militia Retirement Systems

MR. BADER explained that the military retirement system is based upon a set dollar amount per year of service, and the members have different ways they can take their distribution. It is more of a cash-as-you-go plan, as the Legislature makes an appropriation to the plan each year. The asset allocation does not move very much from year to year. He asked the Board to take action on Resolution 2011-06.

MR. WILLIAMS moved that the Alaska Retirement Management Board adopt Resolution 2011-06. MS. HARBO seconded. The motion carried unanimously, 9-0.

14(c). Resolution 2011-07
PERS/TRS Defined Contribution Holding Accounts

MR. BADER asked the Board to take action on Resolution 2011-07 adopting an asset allocation of 100% cash for the monies that are generally in transit from the State to the defined contribution accounts so the money is invested before it is transferred.

MS. HARBO moved that the Alaska Retirement Management Board adopt Resolution 2011-07. Seconded by MR. PIHL. The motion passed unanimously.

15. Crestline Investors, Inc. - Absolute Return

DOUG BRATTON, Crestline's founder, President and CIO, and CAROLINE COOLEY, Senior Partner and CIO of Diversified Funds, appeared before the Board to report on the absolute return portfolio the firm has managed since November 2004. *[A copy of Crestline's slides for this presentation is on file at the ARMB office.]*

MR. BRATTON spent a few minutes giving an overview of Crestline's active management of hedge funds, the organization's stability, the assets under management, and their largely institutional client base.

MR. BRATTON next presented the ARMB Blue Glacier Fund performance for the last year and a half and inception-to-date. Last year the portfolio returned 6.89%, which was about 183 basis points ahead of the benchmark (the HFRI Fund of Funds Conservative Index), and 175 basis points above the internal Treasury bill-based mandate for the fund of one called the Blue Glacier Fund. The first quarter of 2011 has been a very good quarter, up 2.16% versus 1.40% for the conservative index and 1.27% for the 3-month T-bill + 5% mandate. Over the life of the account, annualized returns are 4% versus 2.78% for the hedge fund conservative index. Returns since inception are behind the 3-month T-bill +5% benchmark, which made 7.43% over that period, but they have made ground over the past year and a half since the market crisis. The volatility of the ARMB's returns is in line with the 5% level. Crestline produced those returns with very low betas and reliance on the betas of other asset classes in the ARMB's portfolio.

Looking at a pie chart of the basic makeup of the portfolio, MR. BRATTON said it is very diversified among 14 strategies and 52 different funds, of which 34 represent about 80% of the portfolio. Sixty-six percent of the portfolio is in North America, 20% is in Europe, and the remainder is in Asia and global mandates. Fund sizes are varied, and Crestline is agnostic about the size of a fund and only looks for the managers that can create the best returns.

At the request of MR. RICHARDS, MR. BRATTON elaborated on the 14 hedge fund strategies in the ARMB portfolio. He clarified that Crestline does not change the number of strategies too much because they are always looking at the same playing field. They will add new strategies as they are developed around the world, but they try to move within the basic strategies as the attractiveness of strategies ebbs and flows. Crestline looks at the attractiveness of strategies first, then at the manager level, and then the quality of a manager to deliver the return they expect from that strategy.

DR. MITCHELL remarked that in plain ordinary equities there is a theory that maybe 20-25 stocks is enough to provide a diversified equity portfolio. He asked if there was such a number in the hedge fund business and when it gets to over-diversification.

MS. COOLEY replied that it is an active debate and a discussion that Crestline has been having with the ARMB staff in terms of the number of funds to have in the portfolio. The reason for diversification in a hedge fund portfolio is that every hedge fund they enter has business risk; Crestline is attempting to diversify not just the strategy allocation but also the business risk with any particular manager and to get a broad view of that strategy by having more than one manager in that space. Of the 52 funds in the ARMB portfolio, about 34 of them make up what Crestline considers the core. At any point in time, because they are active allocators to strategies, they are increasing some number and decreasing another and ending up with about 34 funds.

MR. WILSON asked Mr. Bratton to expand on the nature of Crestline's underlying strategies. MR. BRATTON said they divide the hedge fund world into six boxes and think about the amount of beta that is resident in each of those boxes: absolute return, relative value, event-driven, long-short equity, global macro, and trend-following strategies (CTAs).

Addressing the Board's consultant, CHAIR SCHUBERT said she was trying to figure out if Crestline has met its performance objective of 3-month T-bills + 5%. MR. O'LEARY said that was the long-term target return because there was not a real market index that was consistent. At inception of the portfolio the objective was to achieve better-than-bond returns at bond-like volatility. In the hierarchy of hedge fund approaches, what the Board hired was clearly the most conservative choice. That translated into a risk-free rate plus 5%. Given the market meltdown, any return target that never goes down was an exceedingly difficult target to achieve. It has not been achievable over this specific period (since November 2004) but it is nonetheless a reasonable long-term goal. The asset allocation just adopted for the total retirement fund has a 7.45% five-year expected return with a 2.5% inflation component to it, so essentially that is comparable to T-bills + 5%. Five percent real return would be additive relative to what Callan would expect bonds to produce over the intermediate to long term.

CHAIR SCHUBERT remarked that managers when hired say they will outperform by 5%, for example, but in a meltdown situation XYZ will happen. She asked if that happened in Crestline's case when the meltdown occurred.

MR. O'LEARY responded that the absolute return managers suffered more than he would have anticipated. They clearly went down less than the rest of the retirement fund, but it was more than anticipated.

MR. BRATTON said he agreed with that. In the 25-plus years he has been in the hedge fund business he never saw anything like 2008. If there was an epicenter of the storm, it was in the hedge fund universe, and Crestline's part of the hedge fund universe was hit worse than the others because of three things. In 2008 anyone who provided liquidity was penalized, and by and large the portfolio provides liquidity. Anyone who used leverage was penalized, and Wall Street took away all leverage. Those are the structural things that happened. There are always existing relative value relationships, say, between a convertible bond and its underlying stock, or municipal bonds and treasuries, but all those relationships went to unbelievable extremes — 500% of where they had ever gone, in some cases. Those extremes affected that part of the hedge fund world the most. No one can say it will never happen again, because it happened once, but it is not something that is anticipated, and it is something that everyone has now dialed into their risk of things that can happen and restructured their portfolios to take that into consideration and hopefully learn from that experience. He said that Crestline did not meet its overall performance objective of T-bills + 5% for the period. However, they did outperform, on a relative basis, their comparator index.

MR. BADER stated that what Chair Schubert brought to light had not escaped staff's notice. The standard deviation of 5.02% is a very low standard deviation and is very similar to what the standard deviation has been for the Barclays Aggregate Index during the period of time the ARMB has engaged Crestline. The standard deviation imposed upon Crestline and the other absolute return managers has been in the area of 4%-6%. As part of looking for ways to ramp up ARMB returns, staff asked Crestline if the ARMB's return objective could be easier met if the standard deviation constraint on them was relaxed. He and Mr. Hanna visited Crestline about a month and a half ago and looked at some of the strategies they think are worthwhile recommending to the Board.

MS. COOLEY next presented Crestline's outlook in the current market environment and one of the frameworks they use to say whether they should be increasing or decreasing a strategy. It is a generally positive environment for their hedge fund strategies, in particular the relative value and event-driven strategies they focus on. One reason for that is reduced competition from proprietary trading desks that are subject to the Voelker Rule (meaning they cannot use proprietary capital for trading on Wall Street as much as they used to). Also capital constraints being imposed on banks through Basel III, especially in Europe.

She said Crestline is starting to see in their world and in the markets generally that volatility is still high but has been coming down and has normalized. The environment has also been fairly liquid, and both of these are generally positive for Crestline's strategies. They are also seeing good dynamics in the event-driven space — high cash on corporate balance sheets, and increased corporate actions expected because of some of those dynamics. The headwinds are in some of the more beta-driven strategies, in particular in the distressed debt strategy, which can be a portion of the portfolio. Crestline is neutral to a large portion of their universe because they believe it will meet or exceed the return benchmarks within the portfolio. They have a modest overweight to equity market neutral, fixed income arbitrage and credit arbitrage. They have been decreasing the distressed structured products, which was their top-performing strategy over the past two years, because they see risks within that strategy.

MS. COOLEY said they are seeing smaller peaks in the S&P Volatility Index and a more normalized environment. That means that if Crestline is going to use options for hedging, less volatility lowers the hedging costs, which is good for portfolio management. Equity correlations have normalized after everybody was doing the same thing at the same time, and Crestline sees a very good environment for stock picking and they do not expect macro factors to be the driver of all stocks. There is a very high level of corporate cash, so what companies are going to do with that cash creates an interesting environment for event-driven strategies. High yield spreads have come in considerably to pre-crisis levels, so it is a less favorable environment for directional strategies. They expect the return earned in these strategies to be driven more by yield now rather than capital appreciation.

MS. COOLEY reviewed the risks that Crestline sees in the market: macro risks from sovereign credit concerns (contagion because of the crisis in Europe); inflation risk (the market is expecting inflation to pick up and is starting to price that in); the housing market is not very good (although they have had very strong performance from some of the distressed mortgage securities their managers owned, they have started to reduce that allocation because they believe there is still risk out there); and commercial mortgage-backed securities have all rallied quite strongly.

MS. COOLEY stated that more hedge funds are being launched than closed now, although not at the levels that occurred in 2005-2006. The flows into hedge funds have gotten hedge funds back to their peak. There is now over $2 trillion of assets being managed in hedge funds, and the money has been coming from institutional investors.

MR. BRATTON explained that Crestline has been working with ARMB staff on options for increasing hedge fund flexibility in the absolute return program and in Crestline's mandate specifically. They manage the ARMB's portfolio within volatility bands and other constraints, which is not inconsistent with what they do for other clients. ARMB staff has asked Crestline what they would change in the way they manage the portfolio if the Board wanted to increase absolute return program returns. Crestline has outperformed its benchmark since inception, so the degrees of freedom they are looking for are to absolutely increase the return level, not relatively increase the return level.

MR. BRATTON said that one of the levers they could pull to increase returns is concentration: they currently run a diversified portfolio with very tight risk/return guidelines. When viewed at the level of the ARMB's overall absolute return program, or even at the entire retirement fund level, the diversification in the Crestline portfolio is a very fine-grained level of diversification. By concentrating the portfolio, they could achieve a higher return target, if that was the goal. They looked historically at sizing up their higher conviction funds from a 5% position maximum to a 10% position maximum, and did the same thing for their strategies, to see what the results would have been for the ARMB portfolio. They saw that historically the return would have been improved by 220 basis points a year with similar volatility.

MR. BRATTON said the second way they looked at increasing returns is by incorporating more directionality or higher-volatility strategies into the portfolio. Crestline has an overall volatility target and they also have an overall beta target or market factors that they try to minimize in the portfolio. One may be equity. In this case, they have a separate track record of an equity-only allocation that includes a lot of those market neutral equity managers, as well as some long/short equity. Had they just looked at that part of the portfolio, it would have annualized at about a 450-basis-point increase above Crestline's standard portfolio. They could potentially size up that substrategy to a larger portion of the portfolio, which would be in the context of relaxed portfolio guidelines.

MR. BRATTON stated that those were two of the most logical ways to increase portfolio return, and they would require some modification of the program guidelines.

MR. WILSON inquired if Crestline's fees would change from one strategy to another. MR. BRATTON said no, that the ARMB is at the fund-of-one fee level.

MR. BADER asked if long/short equity was embedded in one of the two approaches that Mr. Bratton described. MR. BRATTON said it was in the second example he gave. MR. BADER said staff believes the availability to use the strategies the Mr. Bratton described by relaxing the ARMB's volatility constraints and guidelines for Crestline, and at least one other manager in this space, will result in improved returns.

Referring to the slide on Crestline's concentration strategy, DR. JENNINGS commented that increasing the concentration to 10% [on their highest conviction funds] would be on the order of $10-$20 million and was not unreasonable. However, because of larger positions in single stocks, there is significant headline risk from more press inquiries if one of those funds blows up. As good as the staff is, as good as the resources are, and as good as the manager is, a blowup will happen and it will be in the headlines, and people will want to know how it happened. He said he supported the idea of concentration, but he wanted to Board to go into it with its eyes open.

Regarding concentration, MR. WILSON stated that Crestline running 52 hedge funds is fairly substantial, compared to the peer group. In the three strategies that the Boston Foundation runs, they have more like 30 managers and get the biggest positions in the 5%-7% range. He supported lowering the number of funds from 52 to 30. He said that if one is thinking the next ten years will be like the last ten years, these kinds of strategies did really well. On the other hand, if one is thinking the next ten years will be more like the 1990s — the 1990s had an upward equity market — using equity-like will trail because one will not want to be short. He looked at it fundamentally as what kind of market will we experience over the next ten years, and it is impossible to predict. When the stock market is up sharply, like the last couple of years, the returns will look sort of mediocre, and he gathered that was what Mr. Bader and staff were grappling with. It is hard because there are so many different strategies, and it comes down to the focus and concentration in the different positions.

CHAIR SCHUBERT thanked the people from Crestline for the presentation. She called a scheduled break from 10:00 a.m. to 10:15 a.m.

16. Capital Guardian - International Equity

Three representatives from Capital Guardian joined the meeting to review the non-U.S. equity mandate: CHRIS RYDER, investment specialist, MICHAEL BOWMAN, relationship manager, and VINCE ORTEGA, client relationship associate. *[A copy of Capital Guardian's slide presentation is on file at the ARMB office.]*

MR. ORTEGA reported on the changes to the non-U.S. equity team over the last year. Philip Winston recently transitioned into a full manager role on the team as a result of Nilly Sikorski and Arthur Grumanski retiring in December 2010. He said the benefit of Capital's multiple portfolio manager system is that it allows the transitions to happen in a very seamless manner and with very little impact. He said nothing has changed in terms of their investment process, and the focus they created in the last couple of years is starting to pay dividends.

MR. RYDER stated that international equity markets have had a strong one-year period, with the MSCI EAFE Index returning 10.4%, much better than the three-year number that is still negative because of the market weakness in 2008. The ARMB portfolio was up over 14.5% for one year, and that outperformance has continued year to date in 2011 despite all the volatility in the markets, the uncertainty on the geopolitical level, and the natural disaster in Japan. Capital Guardian has been able to achieve positive relative returns for the portfolio over the longer-term as well.

Addressing the world outlook, MR. RYDER said the first quarter of this year was dominated by two big events: the earthquake and tsunami tragedy in Japan, with the subsequent uncertainty regarding the nuclear power plant; and the geopolitical risk that resurfaced in the Middle East and the impact to the ARMB portfolio related to energy prices. What is encouraging for the portfolio is that being underweight Japan was additive to the relative returns for the year-to-date period. On top of that, the stock selection in Japan, particularly owning some of the companies that are classically seen as more defensive in the Japanese market, was also additive, as was not owning Tokyo Electric Power (the company in charge of the nuclear plants). The other big story was that being overweight relative to the opportunity set in energy was also positive.

However, they were not quite as fortunate in avoiding all of the mine traps out there because one of the larger holdings in the portfolio is Cameco, the Canadian uranium producer. With the uncertainty that the nuclear situation in Japan created around the long-term growth prospects for nuclear, uranium prices were weaker during the quarter, and Cameco, as the world's largest producer of uranium, suffered as a consequence. One of the key tenets to how Capital invests is they have a three- to five-year investment horizon when looking at companies, and while there is still a lot of uncertainty around the short-term impact on nuclear build-out, the analysts remain constructive on Cameco because over the medium to long term there is still great pent-up demand for nuclear power. That is particularly true in some of the emerging markets, notably China, where over the next several years China is billed to manufacture around 27 new nuclear facilities. Capital believes that is still very much in the cards because of the great need in China for new sources of electricity as their economy grows very rapidly.

MR. RYDER said the other important feature is emerging markets. The ARMB gave Capital Guardian the ability to invest up to 10% of the portfolio in emerging markets. However, the importance of emerging markets to companies that are domiciled in the developed world is increasingly obvious. Capital has been very constructive for several years on the situation in emerging markets. Undoubtedly, the short term is clouded by concerns about inflation in emerging markets, India and China being two of the more obvious ones, but looking through that shorter-term uncertainty they can see that the long-term secular story for emerging markets is still a positive one. Every company in their portfolio has to have a strategy as to how they approach emerging markets.

MR. RYDER spent a few minutes talking about individual companies in the portfolio. He stressed that identifying companies that they think have superior growth prospects and that are attractively valued is how Capital builds the portfolio. They are aware of the country weightings and sector weightings, but that is not how they build the portfolio. The portfolio is currently focused on companies at the quality end of the spectrum, and these tend to be in market dominant positions or market leadership positions. These companies tend to have strong balance sheets and are not over-leveraged, and they tend to be companies that Capital thinks will be able to grow their market share over the coming three to five years. This is the overriding view of the portfolio managers as far as the global growth outlook goes.

It has been encouraging to see the rate of recovery in global markets and global economies. However, there is still a concern out there that many of the problems that caused the dislocation in 2008 have not yet been addressed, and in particular the issue of the level of indebtedness, be it at the state or federal government level in Europe or at the individual consumer level. The concern is that the environment that Capital envisions going forward may be one where global economic growth is not going to be as strong as historically it might have been. Within that slower-growth environment they believe the type of companies that are still going to do very well are those that can steal someone else's market share. Capital is focused on those sorts of companies to continue to add the type of returns that they have enjoyed over the past 18 months.

MR. RYDER described the sector positions in the non-U.S. developed markets portfolio. They are underweight financials, where they are focused on individual companies that they think have better than average growth prospects and are more attractively valued than others, because they have concerns that the financial sector is not going to earn the sort of returns in this coming decade that it has enjoyed in the past decade. HSBC avoided much of the worst of the situation in 2008; they addressed the issues that they had within their various operations very quickly, and for them the growth prospects are in Asia and in emerging markets. Over 10% of the portfolio is in the energy sector, but the companies tend to be in second-line energy related plays. There is a lot of uncertainty as to why crude oil prices are as high as they are, and the supply/demand equation would suggest a lower oil price. But the uncertainty in the Middle East has reintroduced a risk premium into the price of crude. That is tougher to analyze, and so Capital has tended to focus on energy plays that have a better secular growth story than just relying on the movement of crude prices.

The focus within the material sector is within infrastructure and the need, particularly in emerging markets, to build out infrastructure for all the new cities, and also in the developed world to build out the road system that has been under-invested in. Gold has been seen by some managers as a bit of a hedge against inflation, and Capital has some exposure to some of the major gold producers. They have been taking some money off the table in consumer staples, which is classically seen as more defensive parts of the market, and have been repositioning the portfolio toward a more pro-cyclical focus, in line with the idea that they are optimistically encouraged by the recovery over the last 18 months. Information technology is the largest single relative overweight within the portfolio, at just shy of 15%. They own a variety of companies in information technology and are not slanted toward one segment.

MR. RYDER reviewed diversification of the portfolio by country. It is still early days on Japan, and the big uncertainty is not the actual physical damage but the lack of understanding about the availability of power supply and if there will continue to be rolling blackouts. It might not impact a company in the Capital portfolio, but it could impact somebody along the supply chain that supplies into, or is a customer of, one of the companies that Capital owns. In addition, there are the long-term demographic headwinds that Japan faces. Emerging markets are 8.7% of the portfolio and that tends to be focused on globally competitive companies that happen to be domiciled in emerging markets, companies like Samsung. Capital recognizes that there are some headwinds nearer term with regards to inflation, and also concerns about valuations, so they are being quite selective about the opportunities they are seizing within the emerging markets space.

MR. RYDER said Capital took a trip to India recently. At the beginning of the year India was down 20%-plus because inflation is running just sub-10% and the country is on its eighth rate increase. The trip was to see if there were opportunities emerging from the Indian economy, because Capital is very constructive on the potential growth in India on the medium to long term. Just as important is understanding the inflationary pressures on Indian companies that are competing with companies in the developed world.

MR. BADER asked what Capital thought was causing 10% inflation in a country and if they saw any parallels in India with the United States or European countries. MR. RYDER said a key factor in the research trip was to try to understand what was behind the pickup in inflation in India. It is basically two things: certain government policies desired to enhance the rural voter, so they implemented a quasi-minimum wage; and the systemic inflation because India has under-invested in their roads and transportation systems (compared to China that has invested much more on building its infrastructure), so the Indian economy is constantly reaching bottlenecks and inflation is created as a result of that. There are some encouraging signs that the government is beginning to address those bottlenecks in the economy and that there might be some easing of those bottlenecks. On its trip, Capital spoke to a bank that reported a turnover of 70% of their teller staff per annum because tellers are getting job offers from other banks. That sort of uncertainty and wage pressure inflation will be very hard for Indian companies to cope with.

Speaking of China and India, MR. RYDER said that China is a centrally controlled economy and has been able to implement policies that have largely avoided inflationary bottlenecks like in India. However, the big concern with China is if they get that policy wrong then they do not have the totally free market economy to sort it out. It is a higher-risk, higher-reward situation for China. But one of the underlying tenets that Capital feels is that the Indian government has come to grips with the fact that they have a very large neighbor that they are going to be competing with over the next ten to twenty years in terms of resources, growth and regional strength — and they have to get their act together.

DR. MITCHELL observed that Capital Guardian has managed this portfolio for about ten years and has beaten the benchmark by 16 basis points. He asked if that was what the ARM Board could expect over the next ten years. Further, one of the challenges of the multiple manager portfolio system that Capital employs is that the client does not really know which investment manager is doing well and which is doing poorly. He asked which investment manager or researcher added value and which detracted value.

MR. RYDER replied that Capital had hoped to add more value over the lifetime of the ARMB portfolio than it has, given that it was a substantial period. But to be fair, markets over the last ten years have been somewhat unique in the volatility that has been created. He recalled that when he talked to the Board in 2009 Capital Guardian had been through a period of pretty tough performance; that tough performance stays with them through the lifetime of the account. They have managed to work through that and make some changes internally to sharpen the focus within the research and portfolio management teams. They are encouraged by the results that have transpired subsequently, and the changes fed through to the positive lifetime returns. They are always looking to do things better. Hopefully, when they report in ten years time the absolute return numbers will be better than 6% for international equity markets. Other accounts that have been with Capital since the inception of the fund in the late 1970s have enjoyed 150-odd basis points of outperformance. While they do not give targets as to what they expect, it certainly is something that they think is still achievable within international markets.

Regarding the individual portfolio managers, MR. RYDER said he recognized the client's frustration in that Capital does not disclose the individual performance of managers. Internally, it is a very open system, and everybody knows what everybody else is doing, both in terms of how they position their portfolio and their relative returns. Capital wants to make sure that the reasons why portfolio managers are doing what they are doing is because they want to make the best choice of the top ideas that they have as investors. Capital does not want the investment managers to succumb to feeling pressured to explain a bad year to the clients and becoming a quasi-indexer. That would destroy more value for the client than it would necessarily add in terms of the ability to see the individual manager results. He said the people would not be on the investment team if they had not gotten excellent long-term results. Capital is very much aware of each manager's investment style and how they are going to do in different types of markets, and they calibrate that to the benefit of the team as a whole. Part of Capital's process of refocusing for the portfolio management team is that some people are no longer with the firm.

MR. WILSON asked if the roughly 9% in emerging markets has been consistent over the 10-year period and how that has impacted the portfolio's relative performance, because emerging markets have done a lot better over the last ten years and that is not in the benchmark. MR. RYDER agreed that investing in emerging markets has been additive to the returns. He said the long-term average in emerging markets has been around 7%; the current 8.7% is toward the upper end, and they got close to 10% in the middle of last year. He said it comes back to individual companies rather than necessarily looking at an emerging market exposure. And, increasingly, the lines between emerging markets and developed markets are blurring. For example, Samsung is really more dependent on how handset sales in the U.S. are doing than it is with what is going on with the Korean market.

MR. WILSON asked if the ARMB should be using a different benchmark for Capital's non-U.S. equity portfolio, perhaps the All Country World ex-U.S Index. MR. RYDER said the All Country ex-U.S. benchmark has a greater degree of flexibility in emerging markets, which is currently around 24% of the index. Using that index relative to this portfolio would be asking Capital to fight with one hand tied behind their back. He reminded everyone that the ARMB has a separate emerging markets account with Capital, so it gets a greater degree of emerging market exposure there.

MR. PIHL inquired how much of the recent return has been currency driven and where Capital sees the dollar going. MR. RYDER said Capital has a team of currency experts that bring things to the attention of individual portfolio managers and analysts. Capital's approach is to look at the currency impact on one company versus another company, because a company may have facilities in different countries and wages to pay there or have debt denominated in other currencies. While Capital has people who forecast currencies on a more macro-economic perspective, that is not something that is necessarily reflected in the portfolio, other than at the individual company level. On Mr. Pihl's second question, MR. RYDER said it is difficult to say what will happen short term, but given the weakness in the dollar lately, and the U.S. not having fully addressed the debt situation, there is a feeling that the dollar could continue to be a weaker currency.

CHAIR SCHUBERT thanked the gentlemen from Capital for the presentation.

17. McKinley Capital Management - International Equity

MR. BADER introduced ALEX SLIVKA, director of institutional marketing, and ROB GILLAM, senior vice president and chief investment officer. *[A copy of McKinley's presentation booklet is on file at the ARMB office.]*

MR. SLIVKA informed the Board that in the two-year period since they last appeared at a meeting they met with ARMB staff five times to keep them up to speed with what was going on in what were turbulent times. McKinley has maintained the organization and added to staff and resources. They have introduced a specific emerging market only growth portfolio for clients that are looking for that type of growth exposure.

MR. GILLAM thanked the Board for its patience when McKinley's factors were out of favor and said their clients were being rewarded with some mean reversion coming back to the market. He said they had not changed anything about what they believe or their investment style of being dominantly quantitative and focused on the price momentum and the earnings acceleration components. They spent a lot of time, particularly with their staff in New York, on analyzing the analyst community and trying to ensure earnings surprise.

MR. GILLAM presented a graph of non-U.S. market phase performance for the period October 1995 to October 2010 to explain the history of the McKinley non-U.S. growth fund, why they had a difficult period, and why they believe in a long period of positive mean reversion that started last year. He stated that the growth phase we are in now is both the longest and the best for McKinley. The reason is that economic growth is relatively hard to come by; it is positive but not great. Companies have already done all the downsizing and streamlining that they can do, and now they have lots of cash, but they actually have to grow their revenues. That is difficult to do. The market as a whole in the non-U.S. space, and even in the U.S. space, has not-so-good earnings-related characteristics. Earnings surprise levels come down, earnings acceleration and growth come down, and earnings revisions get lowered. McKinley's portfolios have a high degree of all those things, so they own a scarce commodity in this phase of the market cycle. Part of the reason they do so well in this phase is because of that earnings driver; people recognize they are underweight growth and they relocate toward those companies that are growing, resulting in a price-chasing effect. That is the momentum component of what McKinley does. McKinley tends to do the best when both of the dominant risk exposures that they have — price momentum and earnings acceleration — are in favor. Returns tend to be lumpy with a few weeks of activity centered around earnings announcement season and then a couple of months of quiet.

MR. GILLAM stated that if this were a baseball game it would be in about the second or third inning of the mean reversion, with still a lot of upside to come. What has been comforting in the last three not-so-comforting years is that the momentum and growth risk exposures that McKinley has in all its portfolios have followed their historical patterns.

MR. GILLAM reported that toward the end of last year the portfolio had a lot of good stock selection on the emerging markets side of the equation, and that was dominantly in Asia (Taiwan and Korea). Even more exciting is that even in an environment where earnings growth is somewhat hard to come by as a company, the ARMB portfolio has a whole lot more of it than the average index-level stock. That relative spread has been growing, and that is another indication of McKinley being rewarded for owning something that is scarce.

MR. GILLAM said that typical at this phase, which is not that dissimilar to the latter stages of 1998, they tend to see companies in the later stage cyclical area exhibiting the characteristics that McKinley is looking for. That means less consumer discretionary, less emerging markets, less smaller cap companies — and the antithesis — more materials, more energy, more developed stocks, and more larger stocks. The portfolio has more of things that people need or stuff that is productivity enhancing, for example, technology and gadgets.

MR. BADER mentioned that the ARMB has individual mandates with McKinley for international equity and domestic large cap growth, totaling about $400 million. He said that would be more than half of McKinley's large cap equity. He asked if the domestic part of the global portfolio is a mirror of what is in the large cap growth.

MR. GILLAM explained that the process is exactly the same, so the characteristics of the large cap holdings in global are the same as the characteristics in the ARMB portfolio. For example, McKinley is dominantly U.S. technology on the U.S. side of global and has almost no non-U.S. technology. It is exactly the opposite in consumer staples and in materials. So there is not a perfect crossover between the U.S. holdings of large cap and the U.S. holdings on the global side. He added that because the products have the same characteristics McKinley has lost a lot of assets in U.S. large cap over the last four or five years as many clients that had large cap and international mandates migrated to the global equity product.

MR. TRIVETTE inquired about what the people in McKinley's New York office are doing. MR. GILLAM said they opened the office in 2007 to underscore the qualitative component of their process that analyzes the analyst community. Another benefit has been meeting with clients that are not traveling to Alaska for budgetary reasons.

MR. PIHL recalled that McKinley had very good performance for the ARMB to start with, then they had a tough period, and more recently the performance has been better. MR. GILLAM stated that their three-year and five-year return numbers encompass 2009, which was a horrendous year to be both growth and momentum-oriented. In the 90-year period that McKinley has studied, every 12 years or so there has been a five or six standard deviation event in momentum — that was off the bottom in March 2009. The good news is that those same studies also indicated that the very best risk exposure, despite those moves, is momentum. It has always more than made up for those losses, however painful. McKinley believes that mean reversion has started and will continue over the life of the growth phase of the market cycle, which is a fairly long period.

CHAIR SCHUBERT thanked the gentlemen from McKinley for the presentation.

18. Barrow Hanley Mewhinney & Strauss LLC - Small Cap Equity

MR. BADER said Barrow Hanley has been a large cap value equity manager for the ARMB for about four years and has been in the top 17% of investment managers in that mandate during that period. He said there was an action item later in the agenda related to considering Barrow Hanley's small cap value strategy, which had been closed and opened up again. He introduced portfolio manager JIM McCLURE.

[A copy of the Barrow Hanley Mewhinney & Strauss presentation slides is on file at the ARMB office.]

MR. McCLURE began with an overview of the Dallas-based organization, saying all their clients are institutions, and they are subadvisors of substantial assets in other funds. Barrow Hanley does value-oriented investment management in large cap equity, mid cap, small cap, and fixed income, and it is all done exactly the same way with a compact group of people sitting around the table sharing information. The firm has four generations of professionals, and it is well positioned to do whatever is necessary over whatever time period to make a transition. He explained that Barrow Hanley opened briefly to new accounts a few months ago because one of their largest accounts reduced its heavy overweighting.

MR. McCLURE stated that over the course of the most recent market cycle the fixed income people started to make an active contribution to the equity business. With the growth of credit derivatives, Barrow Hanley noticed the evidence of that beginning to show up earlier in credit spreads than it did in the stock market, particularly in small cap stocks where there might be a perceived threat or a strain. Any kind of information they can get like that is certainly useful to them.

MR. McCLURE said that he and his partner, John Harloe, do all their own numbers on every stock they own. They both learned the business from the same man at the same time and have worked together for the better part of 40 years.

MR. McCLURE listed the characteristics they look for in the small cap value equity strategy:

- Easily 95% of their effort is expended on fundamental research first hand. They are finding companies that meet criteria, and they are learning in the process. It often takes them years from the point they began the research process on an individual company to the point where they own it. More typical than not, they begin the process and never own the stock.
- They are looking for companies that have a specific business model, that has a repeatable and sustainable level of normalized profitability and cash generation, and that the free cash flow generation is relatively assured under normal conditions. They use those two criteria to set up the whole process.
- They are only looking for companies in what they call a low-expectations universe, deflated companies that have a great business model at the core.
- If they are still satisfied that what they thought fundamentally is still the case, then they take a large position in the stock and more forward for a normalization process. The heart of the whole thing is a stock that has a large gap between the market price on a current basis and what it is probably worth over the long run if it can return to normal levels of profitability and normal levels of valuation. They are not asking the company to do anything that it has not done before. They really appreciate companies that can go beyond resolving the difficulties and returning to normal to produce something extraordinary for shareholders in the process. That

usually means a recapitalization or a restructuring that makes the company even more profitable than it has been in the past.

- When they do it properly, they have a simultaneous expansion of fundamentals and valuation. But because the difficulties that created the opportunity are not trivial, the process of normalization takes years. This permits a very compact portfolio with low turnover, and they only have to find five, six or seven new ideas a year to take care of a 35 to 40-stock portfolio that turns over 20%-25% a year.
- The discriminator is cash earnings and free cash flow, and that is securities analysis one stock at a time. It is good old-fashioned shoe leather, getting to know the people who run the company and making investment decisions based upon what they learn.

MR. McCLURE described the steps in the construction process for the small cap value portfolio. While the portfolio has 35-40 stocks, there is a universe of about 150 stocks that they rank every day on what they believe they can make on the stock on a forward three-year basis in terms of relative performance. If money comes in or the stock market goes down and they have to make some decisions, going to that list that ranks how much money they can make on each stock compared to other stocks on the list is what helps them optimize the portfolio over the long run. He and Mr. Harloe have cannibalized the portfolio many times in the past, selling stocks they really liked and buying companies they liked even more.

MR. McCLURE said the process really comes down to experience, doing something that works and doing it for a long time. He said the sector exposure of the small cap value portfolio is probably more different now than it has been in years, and he anticipated that it would move to a more normal structure. Barrow Hanley does not do any top-down work. They did not decide they did not want any financials going into the market drop; they just could not find any that had depressed valuations and depressed fundamentals, and so they did not own financials. There are a lot of financial companies around with depressed valuations and depressed fundamentals now, and they are starting to build that section of the portfolio, although not as fast as they thought they would.

Turning to the small cap performance, MR. McCLURE reported that Barrow Hanley has to continue to do what they have done over many years and perhaps even improve on the numbers. He said it would be naive to not expect to have some bumpy periods in the future, but it will not make the slightest bit of difference to producing superior returns over the very long run. In fact, periods of disfavor are rife with opportunity to take advantage of that and to buy stocks they might not otherwise have a chance to buy.

DR. MITCHELL asked how much of the small cap value record was Barrow Hanley and how much of it was McClure and Harloe, and what happens to the product if McClure and/or Harloe should decide to do something else.

MR. McCLURE acknowledged that it was in large part McClure and Harloe because they are the ones who produce the record. They receive some support from the Barrow Hanley analyst staff, but those people do not produce most of the value-added. McClure and Harloe want the small cap value product, which has a good reputation and a good long-term record, to live on beyond them. They have promised the people around them that they will hire a young person this year who has no experience but has the right personality, with the idea that it will take at least ten years to set the stage. Probably three or four years after they hire someone, they will let that person help them hire a junior person to work with. McClure and Harloe will leave the process the way they created it: a combination of a couple of guys, with some help from a larger organization, that goes on and hopefully does what they have done.

CHAIR SCHUBERT thanked Mr. McClure for his presentation. She called a break for lunch at 11:37 a.m. The meeting reconvened at 1:15 p.m.

19. Overview of Tru-View

MR. BADER stated that the Board had previously approved the acquisition of a risk management tool. Staff subscribed to Tru-View, a tool offered by State Street, the ARMB's custodian, and that other notable institutional funds subscribe to. The Tru-View will provide staff with more information about risk in the retirement fund portfolio. At this meeting staff intended to acquaint the Board with some of the basic features of the software. He introduced state investment officer JIE SHAO, whom he had designated for the implementation of Tru-View.

MS. SHAO had a series of slides to supplement her presentation, and these are on file at the ARMB office.

MS. SHAO stated that at the total fund level staff wants to understand the forces that drive performance. There can be positive forces that increase the returns, and there can also be negative forces that will increase the risk of the total fund and cause a significant amount of loss. Return, standard deviation, funding status and the liquidity needs are four considerations that staff has been measuring and monitoring. In addition to these, staff would also like to understand the impact on the retirement fund if the U.S. inflation goes up to 3%, 5% or even higher. Would the fund experience significant loss of value, what would be the value at risk, and where would these losses come from? Tru-View was acquired to help staff learn more about the total fund.

MS. SHAO explained the two characteristics of Tru-View: it is a position-based risk management tool, and it is a value-at-risk based system. Value at risk, also called VaR, is used to estimate the probability of portfolio loss based on historical price trends and volatilities.

MS. SHAO presented some graphics examples of outputs provided by Tru-View. She explained how to interpret the output from an analysis of the capital versus risk allocations for the Board's investment policy asset classes. She pointed out that international equity and U.S. equity combined account for about 55% of the total capital allocation, but their risk contributes 71% of the retirement fund's total risk. Tru-View can also be used to further look at risk allocations within one asset class, such as the 11 portfolios within international equity. Staff can also drill down to the sector level or even position level within each one of those 11 portfolios.

MS. SHAO described how Tru-View provides analysis of fund risk under different market regimes by performing stress tests under historical events, such as the 9/11 attack. Staff can also perform scenario tests under hypothetical market conditions, such as if the S&P 500 drops 20%. Tru-View provides prepackaged stress tests to run the retirement fund against, and staff can also define their own stress tests. She showed a summary of stress and scenario test results on the total retirement fund, and highlighted that if the S&P 500 were to drop 20% the total fund has a 5% probability of losing about $2 billion out of a $15.8 billion total fund value. Staff is able to drill down further and find out where those losses might come from. Once they understand the sources of fund risk, then they can try to optimize the fund by changing fund allocations from either one asset class to another or from one portfolio to another, and then run the simulation of the reallocated fund to check whether such a reallocation makes sense.

In summary, MS. SHAO said the goal is to monitor and measure the fund dynamics, to test the fund under market regimes, and to optimize asset allocation at the implementation level in order to achieve more robust investment decisions.

MR. BADER stated that what comes out of the tool depends on assumptions that are put into the system. Investments that are priced daily have good data, but proxies have to be put in for investments that are priced less frequently, like private equity and real estate. He said Ms. Shao has been working with other staff on what are suitable proxies. As they go forward, staff hopes to be able to answer certain questions that the Board may want to know.

MR. O'LEARY said the investment world has really changed, and while the Board might not use a tool like Tru-View to do things day to day, it is terrific to have a tool that enables the Board and staff to better understand the risks associated with all the important policy decisions that the Board makes. The "what if" questions will now be easier to address.

MS. SHAO and MR. BADER answered several questions from trustees about the specific capabilities of Tru-View.

Responding to MR. PIHL, MR. BADER stressed that he intended to follow the strategic asset allocation provided by the Board and not use Tru-View to tactically move investments between the bands. He added that when cash comes into the retirement fund and investment staff has a choice of where to place it, Tru-View might prove helpful in that regard. But initially staff wants to look at the structure of the portfolio. It has been mentioned at previous meetings that the investment managers should be equal-weighted; staff can now look historically to see what would have happened over time if the managers had been equally weighted. Staff's intent is to give the Board a different prism through which to look at risk in the portfolio; today, risk is looked at only through standard deviation. The question of value at risk is, what are we willing to accept as a dollar loss in a year?

MR. JOHNSON asked if staff contemplated presenting some Tru-View outputs when they make future recommendations to the Board. MR. BADER said it was entirely possible.

20. Investment Actions

20(a). Small Cap Mandate - Hire Decision

MR. BADER reviewed the action memorandum in the meeting packet *[on file at the ARMB office]*. He said the ARMB's domestic small cap equity managers tend to be growthier than the Russell 2000 Index as a whole. For the past five years the median small cap manager has exceeded the Russell 2000 Value Index by 2.13% on an annualized basis. Over the same period the Barrow Hanley Mewhinney & Strauss small cap value fund has outperformed the Russell 2000 Value Index by 7.36%. This is one of the reasons to go with active management in the small cap equity space. Barrow Hanley also has a proven record of success with their large cap value strategy, and staff believes they will be able to continue that success with their small cap fund, if the Board elected to hire them.

MR. BADER reported that he and Ryan Bigelow visited Barrow Hanley and met with the investment team, talked to their compliance people, the back office people, the trading desk, and so on. They are convinced that Barrow Hanley will continue to do as good a job for the ARMB in the small cap space as they have in the domestic large cap equity space. The small cap product is only open for a short time, as Mr. McClure indicated in his presentation, and they would not be willing to accept more than $100 million at this time.

MR. TRIVETTE moved that the Alaska Retirement Management Board select Barrow Hanley Mewhinney & Strauss to invest up to $100 million in a domestic small cap value portfolio, and direct staff to enter into an investment contract with Barrow Hanley Mewhinney & Strauss, subject to successful contract and fee negotiations. Seconded by MR. PIHL.

MR. WILLIAMS inquired if staff envisioned the allocation to this manager coming from other active managers or drawing down on the passive index side. MR. BADER said his intent was to take the funding primarily from the small cap value index fund, which has about $200 million in it at this time. Staff may draw down from the other active managers as well.

MR. O'LEARY stated that the active component of the domestic small cap equity has done better than the index, and the passive component, given some of the delays in getting it implemented, has been used to balance the growth bias among the active managers and actually has detracted from returns as opposed to being neutral from a return perspective.

The motion passed unanimously, with all nine trustees present.

20(b). Small Cap Value Search

MR. BADER reviewed the action memorandum in the meeting packet *[on file at the ARMB office]*. He requested authority from the Board to engage Callan Associates to do a small cap value manager search. Barrow Hanley would be one new manager — and staff wanted the Board to hear from them and take action while their product was open for a brief period — but staff believes the portfolio needs additional small cap value managers to round out the portfolio. He said staff had previously informed the Board that this request would be coming once the micro cap managers had been hired; those managers are now in place and successfully contributing to the portfolio.

<u>MR. TRIVETTE moved that the ARMB direct Callan Associates and staff to conduct a search for one or more domestic small cap value managers</u>. <u>MS. HARBO seconded</u>.

The motion carried unanimously, 9-0.

21. Are Alternatives Like Stocks or Like Bonds?

[A copy of the research paper entitled "A Simple Stock-Bond Categorization of Alternative Investments" by Jennings and the slides used in this presentation are on file at the ARMB office.]

DR. JENNINGS said he looked into whether alternative investments were a stock or a bond because the question had come up at meetings of several organizations with which he is involved. There seemed to be some rules of thumb, such as real estate is seen as a hybrid of stocks and bonds, or high yield bonds have an equity like component, and he wanted to provide a science-based explanation that was a good answer to that question. People in board rooms hear that everything boils down to the two categories of stocks and bonds, and it is a reasonable heuristic for people to have. There is a tendency for people to use categories when thinking about investments; for example, the "value to growth" style categories are a useful way to reduce a lot of complex things into two buckets. That kind of hierarchical thinking helps everyone approach portfolios.

DR. JENNINGS said there was another paper in sort of the same camp where people from Morgan Stanley looked at how a portfolio as a whole was exposed to the broad U.S. equity market. Their contention was that a lot of the more exotic investments that institutional investors have been adding to portfolios really have not moved the needle that much on the broad exposure, that most investors have a 0.6 to 0.7 exposure to the broad equity market.

DR. JENNINGS stated that the idea of his paper was to develop a tool by saying that if investors are going to fund a new allocation, where does the money come from. There are probably better ways of categorizing a new allocation as a stock or a bond, but at the first level, where the efficient portfolio math says to take the funds from is a good heuristic for whether to categorize the new allocation as a stock or a bond.

DR. JENNINGS said that what ends up mattering is the risk of the new asset and how it is related to stocks and bonds. The surprises in the mathematics of the research are the amount of money invested and the returns of the asset, and those things end up kind of cancelling out. A portfolio's own risk profile does not matter: two people could have very different views of the riskiness of what they want the ultimate portfolio to be, but they would come to the same conclusion that they ought to categorize a new asset as a stock or a bond.

The major results of the research were as follows:

- Stocks as a broad category mapped on stocks.
- Bonds mapped on bonds.
- Private equity, as expected, ends up as a stock.
- Hedge funds and core real estate are generally bond-like. Core real estate is just barely into the bond region. The inputs he used for hedge funds could be subject to some debate, so maybe not one of the stronger results.

Some of the surprises were:

- Farmland ended up categorized as a bond (92% bonds and 8% stocks).
- People think of hedge funds as a hybrid, hoping for something approaching stock-like returns with bond-like risk. Yet, on the whole, hedge funds came out as more bond-like.
- Micro caps, which the Board recently made an allocation to, are "200% stocks," meaning to put a dollar into micro caps take two dollars out of stocks because micro caps are so risky. Also have a dollar in bonds. The calibration of the different stocks is interesting; the hope is for a return premium from that and that active management will add value in the micro cap space.
- Frontier markets, countries that are beyond the mainline emerging markets, have

some interesting diversification characteristics and are hybrids of stocks and bonds. The same is true of international small cap stocks (also hybrids).

DR. JENNINGS said he used the January data that staff provided for the asset allocation weights in the ARMB portfolio. In the bond portfolio, domestic fixed income, emerging market debt, high-yield debt, international fixed income, TIPS, and cash all act like debt. Of interest is that many people would characterize high-yield debt as something in the middle between stocks and bonds, and they came out surprisingly bond-like.

There were no surprises on the stock side of the ARMB portfolio, other than the international small cap equity being a 50/50 stock/bond hybrid, so some interesting diversification aspects there. In the alternatives portfolio, private equity is 130% stock-like, so it makes sense to see that as a riskier version of equities. Based on the inputs he used, hedge funds were 78% bond-like. Energy, which the ARMB has two commitments to, was a bit difficult to categorize because there were multiple flavors of energy in the paper. The ARMB approach is closest to the one he ended up categorizing as 89% bond-like. Timber is something of a hybrid (62% bond-like).

DR. JENNINGS said that real estate can be thought of as a spectrum from the most conservative core real estate (68% bond-like and could be thought of as a hybrid), up through value-added (hybrid, more equity like) to opportunistic (hybrid, 62% like a stock). REITs were 62% like a stock, which makes sense because they are collecting rents, etc. but also are priced each day in the equity market.

DR. JENNINGS explained that he took the ARMB's portfolio allocation at the end of January 2011 and applied it to the percentages he just described. The result was that the portfolio is perhaps more conservative than it would be if viewed at the high level asset allocation. For example, the asset allocation that was discussed earlier and that the Board approved would suggest an 80% stocks/20% bonds mix. However, counted his way based on his assumptions, the ARMB portfolio is 70% stock-like and 30% bond-like. It may make some sense to end up at the 70%/30%, if that were the fundamental underlying portfolio, and the Board gradually added new asset classes and was trying to maintain the same risk profile. But it is not necessarily something that is apparent when just looking at the asset mix the Board reviewed earlier.

DR. JENNINGS stressed that his whole approach was obviously a simplification, and there are extremely valid reasons to put a bond substitute or stock substitute in, and have hybrids in the middle. There are diversification elements that are brought to the table with the new asset classes that are useful. But it is nice to distill the portfolio down to the underlying fundamentals. The most useful and surprising information to him was that returns end up not mattering, that it is really more about the relationship of the new asset to the existing simple stocks and bonds portfolio.

CHAIR SCHUBERT thanked Dr. Jennings for his presentation.

UNFINISHED BUSINESS

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

2. Meeting Schedule
MS. HALL said the meeting schedule in the packet was updated for everything except the committee meetings this summer, which have yet to be scheduled.

3. Legal Report
MR. JOHNSON reported that as of yesterday there had been no definitive regulation announced on the proposal that board members be classified as municipal advisors. However, the group that is considering those regulations is meeting in Nashville, and two days ago they adopted as definitive some regulations relating to pay-for-play, so it is possible that regulations on the subject of municipal advisors will come out. Hopefully, the regulations will fit with what the statute says and not apply to the ARM Board.

MR. JOHNSON stated that he has been working with ARMB staff on a couple of matters, but there have not been a great number of new deals that involve legal lately. He also informed the Board that he had separately amicably from his former firm and had created a new law firm of Robert M. Johnson.

NEW BUSINESS - None.

OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD - None.

PUBLIC/MEMBER COMMENTS - None.

INVESTMENT ADVISORY COUNCIL COMMENTS

DR. MITCHELL said that many people probably agreed with Jim McClure when he said it was almost like torture to sit for two days and hear a lot of presentations. That got him thinking about the quality of presentations at the ARMB meetings. To him, a good investment presentation has to have three characteristics: clarity, believability, and something new. Clarity means that if you find a presentation to be incomprehensible or murky, it is very easy for a non-professional to think that it must be them. It is not; it is the presenter. So look for clarity in presentations. Regarding believability, no one is going to come before the Board and say their firm or fund is a fourth quartile fund and will always be a fourth quartile fund. So when presenters say they are in the first quartile and always will be in the first quartile, trustees have to consider if they believe them and if they would give their own money to them. Lastly, all the presentation material was distributed in the meeting packet beforehand so people could read it. So if the presentation does not add anything to what people already have in written form, what is the purpose of the presentation? — unless the presenter is humorous, in which case there is some added value there. He looks to a presenter to add either further explanation or something new to the written presentation.

DR. MITCHELL stated that with the characteristics of clarity, believability and something new in mind, he graded the eight outside presenters who came before the Board in the past two days. It came to one A, one A-, two Bs, one B-, two C+, and one C-, which is more or less something between a B- and a B.

TRUSTEE COMMENTS

MR. TRIVETTE said that Mr. Hanna has done an excellent job of reporting on private equity to the Board for years. Mr. Hanna's slides and answers to questions are at the top of where it needs to be. He said he would give Barrow Hanley an A and also give Mr. Bader an A for making sure the ARMB had a chance to get in the door with Barrow Hanley. He gave Mr. Puckett an A because it was his working with Buck Consultants that got the information out on the early retiree reinsurance program to capture some federal money for the retirement funds.

MS. ERCHINGER gave Jie Shao an A for an excellent report that was not only believable but easy to understand and something new. She added Mr. Bader under that umbrella as well.

FUTURE AGENDA ITEMS - None.

ADJOURNMENT

There being no objection and no further business to come before the board, the meeting adjourned at 2:17 p.m. on April 29, 2011, on a motion made by MS. HARBO and seconded by MR. RICHARDS.

Chair of the Board of Trustees
Alaska Retirement Management Board

ATTEST:

Corporate Secretary

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

Confidential Office Services
Karen Pearce Brown
Juneau, Alaska

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	Invoices & Summary of Billings - Buck Consultants, a Xerox Company	ACTION:	
DATE:	June 16, 2011	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 January, February and March 2011.

Attached is the summary totals for the nine months ended March 31, 2011.

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

	PERS	TRS	JRS	NGNMRS	EPORS	AHF	RHF	TOTAL
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	4,651	1,887	46	-	-	230	1,175	7,990
TOTAL	$ 74,554	33,883	10,962	76	-	230	1,175	$ 120,880

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

	PERS	TRS	JRS	NGNMRS	EPORS	AHF	RHF	TOTAL
Actuarial Valuations	$ 82,769	52,255	10,663	294	2,880	-	-	$ 148,861
ARMB Presentations	1,657	653	-	-	-	-	-	2,310
November Board Workshop	46,627	18,372	-	-	-	-	-	64,999
Adjustment to JRS Rollforward	-	-	3,123	-	-	-	-	3,123
Discussion on actuarial factor update	195	78	-	-	-	-	-	273
Other consulting	1,363	531	-	-	-	-	-	1,894
Termination cost study questions	1,033	-	-	-	-	-	-	1,033
TOTAL	$ 133,645	71,888	13,786	294	2,880	-	-	$ 222,493

Buck Consultants
Billing Summary
Through the Three Months Ended March 31, 2011

	PERS	TRS	JRS	NGNMRS	EPORS	AHF	RHF	TOTAL
Actuarial Valuations	$ 63,181	48,705	14,846	6,319	7,415	-	-	$ 140,466
Projections as follow up from Board Workshop	23,595	9,296	-	-	-	-	-	32,891
99 year Cashflows	4,306	1,696	-	-	-	-	-	6,002
DCR Repeal Letter	1,758	693	-	-	-	-	-	2,451
SB 38, SB 100, and HB 151	14,901	-	-	-	-	-	-	14,901
Other consulting	1,718	677	-	-	-	-	-	2,395
Termination cost study questions	1,788	-	-	-	-	-	-	1,788
TOTAL	$ 111,246	61,068	14,846	6,319	7,415	-	-	$ 200,894

Buck Consultants
Billing Summary
Through the Nine Months Ended March 31, 2011

	PERS	TRS	JRS	NGNMRS	EPORS	AHF	RHF	TOTAL
Actuarial Valuations	$ 187,960	$ 119,860	$ 25,509	$ 6,676	$ 10,295	$ -	$ -	$ 350,300
ARMB Presentations	10,843	5,637	-	-	-	-	-	16,480
November Board Workshop	46,627	18,372	-	-	-	-	-	64,999
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	-	-	6,814	-	-	-	-	6,814
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	576	458	-	-	-	-	-	1,034
Estimating PERS/TRS Healthcare Trust contributions	383	383	-	-	-	-	-	765
Factors discussion - actuarial equivalence	3,612	1,436	-	-	-	-	-	5,048
Projections as follow up from Board Workshop	23,595	9,296	-	-	-	-	-	32,891
99 year Cashflows	4,306	1,696	-	-	-	-	-	6,002
DCR Repeal Letter	1,758	693	-	-	-	-	-	2,451
SB 38, SB 100, and HB 151	14,901	-	-	-	-	-	-	14,901
Other consulting	3,081	1,208	-	-	-	-	-	4,289
Termination cost study questions	3,745	-	-	-	-	-	-	3,745
Audit Request	4,651	1,887	46	-	-	230	1,175	7,990
TOTAL	$ 319,445	166,838	39,594	6,689	10,295	230	1,175	$ 544,267

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.

February 21, 2011

Ms. Teresa Kesey
Chief Financial Officer
State of Alaska PERS
333 Willoughby, 6th Floor State Office Building
Juneau, AK 99811-0203

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

Client #: 00019732
Invoice #: 2069105

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

Services rendered from January 1 through January 31, 2011 (see attached): **$92,886.00**

Ok to process on 2/28/11

State of Alaska
January 2011 Invoice for Actuarial Services

	January 2011			Fiscal Year to Date July 2010 - June 2011		
Regular Services Under Contract	Services	Expenses	Total	Services	Expenses	Total
Work in process on 2010 actuarial valuations						
- PERS	$ 31,988		31,988			
- TRS	24,933		24,933			
- JRS	9,085		9,085			
- NGNMRS	5,031		5,031			
- EPORS	3,834		3,834			
Subtotal	$ 74,871	$ 0	$ 74,871	$ 297,301	$ 1,574	$ 298,875
Non-Regular Services						
Projections as follow up from Board workshop	$ 9,750	145	9,895			
DCR repeal letter	2,118		2,118			
99 year cashflows	6,002		6,002			
Subtotal	$ 17,870	$ 145	$ 18,015	$ 137,239	$ 145	$ 137,384
Grand Total	$ 92,741	$ 145	$ 92,886	$ 434,540	$ 1,719	$ 436,259

Staff Member	January 2011 Hours	Fiscal Year-to-Date July 2010 - June 2011 Hours
- Aaron Jurgaitis	4.75	28.25
- Becky Soderfelt	0.00	1.00
- Chris Hulla	3.50	22.00
- Colin Wein	120.75	436.50
- David Slishinsky	25.50	137.00
- Doug Fiddler	0.00	1.00
- Karen Hancock	4.00	17.50
- Kathy Recchiuti	0.50	9.25
- Kyla Kaltenbach	78.25	275.00
- Melissa Bissett	1.25	32.75
- Michelle DeLange	28.75	162.50
- Michelle Pritchard	36.25	149.25
- Monica DeGraff	0.00	1.00
- Robin Simon	1.50	1.50
- Tammy Ringel	26.75	85.75
- William Detweiler	2.75	18.25
	334.50	1378.50

RECEIVED
MAR 25 2011
Div. of Ret. & Benefits

buckconsultants A Xerox Company

March 22, 2011

Ms. Teresa Kesey
Chief Financial Officer
State of Alaska PERS
333 Willoughby, 6th Floor State Office Building
P.O. Box 110203
Juneau, AK 99811-0208

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

Client #: 00019732
Invoice #: 2071742

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 February 1 through February 28, 2011 (see attached): **$50,763.00**

RECEIVED

MAR 25 2011

Div. of Ret. & Benefits

State of Alaska

February 2011 Invoice for Actuarial Services

	February 2011			Fiscal Year to Date July 2010 - June 2011		
Regular Services Under Contract	Services	Expenses	Total	Services	Expenses	Total
Work in process on 2010 actuarial valuations						
- PERS	$ 13,833		13,833			
- TRS	10,388		10,388			
- JRS	2,940		2,940			
- NGNMRS	0		0			
- EPORS	2,911		2,911			
Subtotal	$ 30,072	$ 0	$ 30,072	$ 327,373	$ 1,574	$ 328,947
Non-Regular Services						
Termination cost questions from Kathy Lea	$ 1,788		1,788			
DCR repeal letter	333		333			
Projections as follow up from Board workshop	11,903		11,903			
SB38 and HB151	6,667		6,667			
Subtotal	$ 20,691	$ 0	$ 20,691	$ 157,930	$ 145	$ 158,075
Grand Total	$ 50,763	$ 0	$ 50,763	$ 485,303	$ 1,719	$ 487,022

Staff Member	February 2011 Hours	Fiscal Year-to-Date July 2010 - June 2011 Hours
- Aaron Jurgaitis	2.75	2.75
- Becky Soderfelt	0.00	0.00
- Chris Hulla	1.00	1.00
- Colin Wein	45.25	45.25
- David Slishinsky	33.50	33.50
- Doug Fiddler	0.00	0.00
- Karen Hancock	3.75	3.75
- Kathy Recchiuti	0.25	0.25
- Kyla Kaltenbach	55.75	55.75
- Melissa Bissett	5.25	5.25
- Michelle DeLange	27.75	27.75
- Michelle Pritchard	33.75	33.75
- Monica DeGraff	0.00	0.00
- Robin Simon	0.00	0.00
- Tammy Ringel	4.00	4.00
- William Detweiler	0.00	0.00
	213.00	213.00

buckconsultants

A Xerox Company

May 4, 2011

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

Ms. Teresa Kesey
Chief Financial Officer
State of Alaska PERS
333 Willoughby, 6th Floor State Office Building
P.O. Box 110203
Juneau, AK 99811-0203

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

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

Client #: 00019732
Invoice #: 2075088 (replaces invoice #2074524)

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

Services rendered from March 1, through March 31, 2011: $57,245.00

State of Alaska
March 2011 Invoice for Actuarial Services

	March 2011			Fiscal Year to Date July 2010 - June 2011		
	Services	Expenses	Total	Services	Expenses	Total
Regular Services Under Contract						
Work in process on 2010 actuarial valuations						
- PERS	$ 2,556		2,556			
- TRS	1,870		1,870			
- JRS	2,821		2,821			
- NGNMRS	1,288		1,288			
- EPORS	670		670			
Subtotal	$ 9,205	$ 0	$ 9,205	$ 336,578	$ 1,574	$ 338,152
Non-Regular Services						
Work in process on 2010 actuarial valuations of occupational death & disability and retiree medical benefits						
- PERS-DCR	$ 14,804		$ 14,804			
- TRS-DCR	11,514		11,514			
Projections as follow up from Board workshop requested by David Teal and Martin Pihl	11,093		11,093			
SB100 and HB151	8,234		8,234			
Miscellaneous emails and phone calls	2,395		2,395			
Subtotal	$ 48,040	$ 0	$ 48,040	$ 205,970	$ 145	$ 206,115
Grand Total	$ 57,245	$ 0	$ 57,245	$ 542,548	$ 1,719	$ 544,267

Staff Member	March 2011 Hours	Fiscal Year-to-Date July 2010 - June 2011 Hours
- Aaron Jurgaitis	0.50	31.50
- Becky Soderfelt	0.00	1.00
- Chris Hulla	5.50	28.50
- Colin Wein	46.50	528.25
- David Slishinsky	28.25	198.75
- Doug Fiddler	0.75	1.75
- Karen Hancock	5.75	27.00
- Kathy Recchiuti	0.25	9.75
- Kyla Kaltenbach	66.50	397.25
- Melissa Bissett	12.00	50.00
- Michelle DeLange	10.25	200.50
- Michelle Pritchard	29.75	212.75
- Monica DeGraff	0.00	1.00
- Robin Simon	1.00	2.50
- Tammy Ringel	0.00	89.75
- William Detweiler	0.00	18.25
	207.00	1798.50

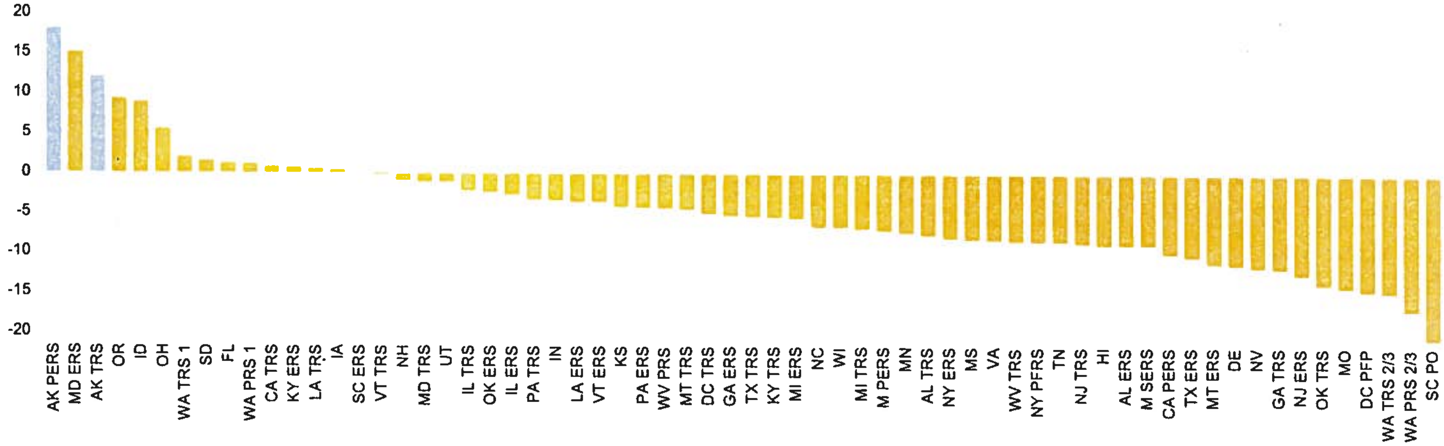
State of Alaska

- Alaska PERS 2009 stated funded ratio: 63.0%
- Alaska TERS 2009 stated funded ratio: 57.0%
- Adjusted funded ratios (assuming 5-year market value average)
  - PERS: 81.1%
  - TERS: 69.0%

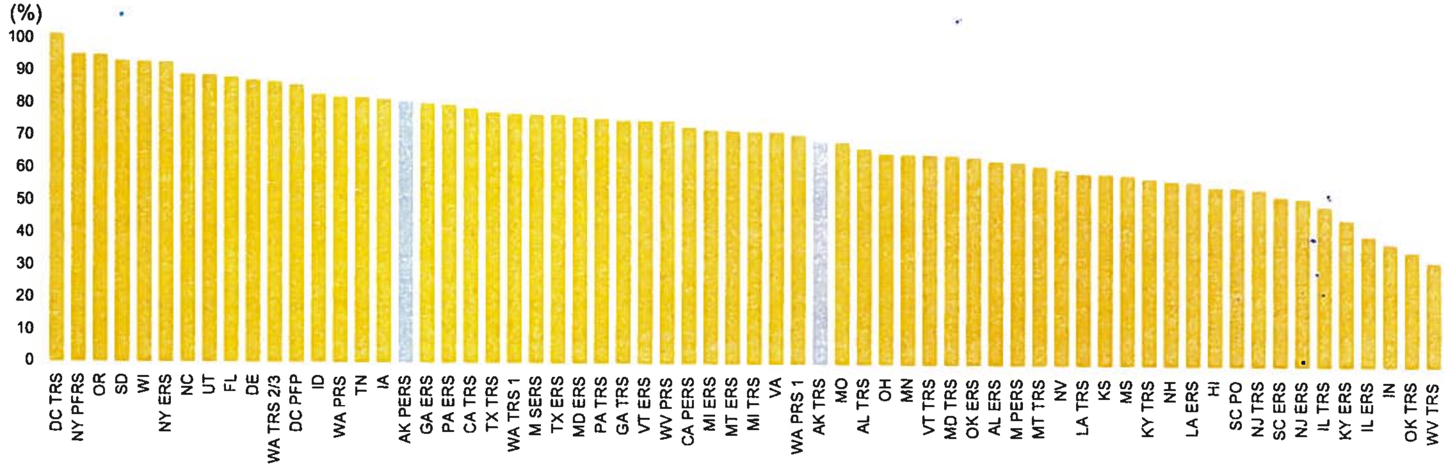
- Fitch excluded healthcare costs for Alaska to standardize comparison versus other states in assessing relative credit value
  - Indicates progress and opportunity for reframing Alaska's pension situation as relatively stronger than acknowledged in rating reports

Fitch Revised Funded Ratio with Adjusted Asset Values

Change in Funded Ratio
Fitch Adjusted Funded Ratio less 2009 Stated Funded Ratio



Fitch Adjusted Funded Ratio
Based on 2009 Information



Morgan Stanley

CHIEF INVESTMENT OFFICER REPORT

1. Rebalanced all defined benefit plans on April 20.
2. Increased amount of funding in large cap index funds by reducing allocations to RCM and McKinley by $25 million each and increasing Russell 1000 growth by $50 million.
3. Rebalanced all defined benefits plans on May 17.
4. Funded Barrow Hanley small cap value on June 1 by reducing Russell 2000 Value $100 million.
5. Resignation of Jie Shao
6. Employment of Joy Wilkinson
7. Remove Relational Investors from Watch List
8. ________
9. ________

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

April 18, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

Please make the following pool level transactions on 20 April 2011, to bring **PERS, TRS pension plans** and the **DC Plans** allocations closer to target.

AY6G & AY6W	
Large Cap Pool	46,744
Small Cap Pool	19,321
International Equity Pool	33,234
International Small Cap	1,434
Emerging Markets Equity	16,204
Private Equity	2,575
Intermediate Treasury	15,738
High Yield Pool	4,271
Emerging Markets Debt Pool	4,212
International Fixed Income	4,868
AK TIPS Pool	5,135
Energy Pool A	(1,329)
Farmland Pool A	5,730
REIT Pool A	394
Timber Pool A	2,038
AK Real Estate Pool	14,322
Absolute Return	(3,866)
Cash	(171,025)
	-

AYX2 & AYX4	
Large Cap Pool	92,012
Small Cap Pool	43,530
International Equity Pool	67,017
International Small Cap	1,931
Emerging Markets Equity	34,750
Private Equity	7,036
Intermediate Treasury	27,958
High Yield Pool	8,658
Emerging Markets Debt Pool	8,534
International Fixed Income	10,086
AK TIPS Pool	9,862
Energy Pool A	(3,347)
Farmland Pool A	12,410
REIT Pool A	715
Timber Pool A	4,113
AK Real Estate Pool	27,056
Absolute Return	(12,676)
Cash	(339,645)
	-

AYY3 & AYY5	
Large Cap Pool	231,753
Small Cap Pool	71,916
International Equity Pool	157,716
International Small Cap	10,935
Emerging Markets Equity	67,941
Private Equity	24,525
Intermediate Treasury	91,176
High Yield Pool	20,055
Emerging Markets Debt Pool	19,816
International Fixed Income	21,954
AK TIPS Pool	26,544
Energy Pool A	(3,377)
Farmland Pool A	23,511
REIT Pool A	2,209
Timber Pool A	9,695
AK Real Estate Pool	75,955
Absolute Return	2,869
Cash	(855,193)
	-

AY6H & AY6X	
Large Cap Pool	19,956
Small Cap Pool	8,205
International Equity Pool	14,163
International Small Cap	616
Emerging Markets Equity	6,894
Private Equity	5,779
Intermediate Treasury	6,664
High Yield Pool	1,821
Emerging Markets Debt Pool	1,796
International Fixed Income	2,074
AK TIPS Pool	2,195
Energy Pool A	(559)
Farmland Pool A	2,437
REIT Pool A	169
Timber Pool A	869
AK Real Estate Pool	6,122
Absolute Return	(1,612)
Cash	(77,589)
	-

AYY2 & AYY4	
Large Cap Pool	625,940
Small Cap Pool	210,524
International Equity Pool	431,229
International Small Cap	27,009
Emerging Markets Equity	191,946
Private Equity	51,361
Intermediate Treasury	237,341
High Yield Pool	54,955
Emerging Markets Debt Pool	54,238
International Fixed Income	60,778
AK TIPS Pool	70,974
Energy Pool A	(11,302)
Farmland Pool A	66,846
REIT Pool A	5,793
Timber Pool A	26,469
AK Real Estate Pool	201,723
Absolute Return	(7,271)
Cash	(2,298,553)
	-

AY21 & AY94	
Large Cap Pool	(758,638.00)
Small Cap Pool	(265,488)
International Equity	(525,387)
international Small Cap	(31,011)
Emerging Markets Equity Pool	(238,011)
Private Equity	(66,242)
Intermediate Treasury	(282,015)
High Yield	(67,067)
Emerging Markets Debt Pool	(66,203)
International Fixed Income	(74,611)
AK TIPS Pool	(85,542)
Energy Pool A	15,083
Farmland Pool A	(83,137)
REIT Pool A	(6,907)
Timber Pool A	(32,262)
AK Real Estate Pool	(242,386)
Absolute Return	18,348
Cash	2,791,476
	-

AY6I & AY6Y	
Large Cap Pool	21,305
Small Cap Pool	7,456
International Equity Pool	14,707
International Small Cap	860
Emerging Markets Equity	6,686
Private Equity	1,993
Intermediate Treasury	8,099
High Yield Pool	1,879
Emerging Markets Debt Pool	1,861
International Fixed Income	2,095
AK TIPS Pool	2,401
Energy Pool A	(422)
Farmland Pool A	2,335
REIT Pool A	194
Timber Pool A	907
AK Real Estate Pool	6,816
Absolute Return	(513)
Cash	(78,659)
	-

AYX3 & AYX5	
Large Cap Pool	51,818
Small Cap Pool	20,332
International Equity Pool	36,475
International Small Cap	1,752
Emerging Markets Equity	17,402
Private Equity	1,865
Intermediate Treasury	18,043
High Yield Pool	4,680
Emerging Markets Debt Pool	4,621
International Fixed Income	5,299
AK TIPS Pool	5,741
Energy Pool A	(1,326)
Farmland Pool A	6,129
REIT Pool A	446
Timber Pool A	2,243
AK Real Estate Pool	16,111
Absolute Return	(3,281)
Cash	(188,350)
	-

AY22 & AY95	
Large Cap Pool	(330,890.00)
Small Cap Pool	(115,796)
International Equity	(229,154)
International Small Cap	(13,526)
Emerging Markets Equity Pool	(103,812)
Private Equity	(28,892)
Intermediate Treasury	(123,004)
High Yield	(29,252)
Emerging Markets Debt Pool	(28,875)
International Fixed Income	(32,543)
AK TIPS Pool	(37,310)
Energy Pool A	6,579
Farmland Pool A	(36,261)
REIT Pool A	(3,013)
Timber Pool A	(14,072)
AK Real Estate Pool	(105,719)
Absolute Return	8,002
Cash	1,217,538
	-

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

Sincerely,

Gary M. Bader

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

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

April 18, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

Please make the following pool level transactions on 20 April 2011 to bring **PERS, TRS and JRS Retirement Health Plans** allocations closer to target.

	AYW2 & AYW5	AYW3 & AYW6	AYW4 & AYW7
Domestic Equity - Lg Cap	703,500	-726,800	23,300
Domestic Equity - Sm Cap	185,300	-191,200	5,900
International Equities	450,600	-466,800	16,200
International Small Cap	40,000	-41,400	1,400
Emerging Markets	147,900	-153,300	5,400
AY77 - Dom. Fixed Inc.	6,400	-6,700	300
Intermediate Treasury	-1,761,900	1,783,100	-21,200
International Fixed Income	56,500	-58,800	2,300
High Yield	-329,300	329,000	300
Emerging Market Debt	413,200	-416,100	2,900
Real Estate	161,200	-169,600	8,400
Farmland Pool A	-1,279,000	1,285,500	-6,500
Energy Pool A	2,468,800	-2,515,000	46,200
Timber Pool A	29,700	-31,000	1,300
REIT Pool	26,400	-27,400	1,000
TIPS	29,900	-30,900	1,000
Total Private Equity	233,500	-229,000	-4,500
Absolute Return	117,400	-121,400	4,000
AY70 - Short Term Pool	-1,700,100	1,787,800	-87,700
Total Asset Allocation	0	0	0

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

Sincerely,

Gary M. Bader

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

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(907) 465-3749

April 18, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

Please make the following pool level transactions on 20 April 2011 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	(11,997,100.00)	Large Cap Pool	11,997,100.00
Small Cap Pool	2,556,200.00	Small Cap Pool	(2,556,200.00)
International Equity Pool	6,151,000.00	International Equity Pool	(6,151,000.00)
International Small Cap	544,000.00	International Small Cap	(544,000.00)
Emerging Markets Equity	2,122,800.00	Emerging Markets Equity	(2,122,800.00)
Private Equity	3,355,800.00	Private Equity	(3,355,800.00)
Domestic Fixed Income	100,500.00	Domestic Fixed Income	(100,500.00)
Intermediate Treasury	(28,854,800.00)	Intermediate Treasury	28,854,800.00
International Fixed Income	831,900.00	International Fixed Income	(831,900.00)
Emerging Markets Debt	(216,700.00)	Emerging Markets Debt	216,700.00
High Yield Pool	1,405,900.00	High Yield Pool	(1,405,900.00)
Real Estate Pool	1,902,500.00	Real Estate Pool	(1,902,500.00)
Energy Pool A	(2,125,200.00)	Energy Pool A	2,125,200.00
Farmland Pool A	2,440,100.00	Farmland Pool A	(2,440,100.00)
REIT Pool A	380,200.00	REIT Pool A	(380,200.00)
Timber Pool A	429,400.00	Timber Pool A	(429,400.00)
TIPS Pool	405,400.00	TIPS Pool	(405,400.00)
Absolute Return	1,780,200.00	Absolute Return	(1,780,200.00)
Cash	18,787,900.00	Cash	(18,787,900.00)
	-		-

TRS Retirement Health	AYW3 & AYW6	TRS Pension	AY22 & AY95
Large Cap Pool	(4,523,100.00)	Large Cap Pool	4,523,100.00
Small Cap Pool	972,800.00	Small Cap Pool	(972,800.00)
International Equity Pool	2,338,000.00	International Equity Pool	(2,338,000.00)
International Small Cap	206,500.00	International Small Cap	(206,500.00)
Emerging Markets Equity	808,000.00	Emerging Markets Equity	(808,000.00)
Private Equity	1,270,800.00	Private Equity	(1,270,800.00)
Domestic Fixed Income	37,900.00	Domestic Fixed Income	(37,900.00)
Intermediate Treasury	(10,909,100.00)	Intermediate Treasury	10,909,100.00
International Fixed Income	316,300.00	International Fixed Income	(316,300.00)
Emerging Markets Debt	569,200.00	Emerging Markets Debt	(569,200.00)
High Yield Pool	(116,600.00)	High Yield Pool	116,600.00
Real Estate Pool	724,600.00	Real Estate Pool	(724,600.00)
Energy Pool A	2,501,900.00	Energy Pool A	(2,501,900.00)
Farmland Pool A	(454,000.00)	Farmland Pool A	454,000.00
REIT Pool A	144,000.00	REIT Pool A	(144,000.00)
Timber Pool A	163,200.00	Timber Pool A	(163,200.00)
TIPS Pool	155,200.00	TIPS Pool	(155,200.00)
Absolute Return	673,100.00	Absolute Return	(673,100.00)
Cash	5,121,300.00	Cash	(5,121,300.00)
	-		-

JRS Retirement Health	AYW4 & AYW7	JRS Pension	AY23 & AY96
Large Cap Pool	(71,500.00)	Large Cap Pool	71,500.00
Small Cap Pool	16,300.00	Small Cap Pool	(16,300.00)
International Equity Pool	39,100.00	International Equity Pool	(39,100.00)
International Small Cap	3,400.00	International Small Cap	(3,400.00)
Emerging Markets Equity	13,600.00	Emerging Markets Equity	(13,600.00)
Private Equity	20,700.00	Private Equity	(20,700.00)
Domestic Fixed Income	600.00	Domestic Fixed Income	(600.00)
Intermediate Treasury	(175,800.00)	Intermediate Treasury	175,800.00
International Fixed Income	5,300.00	International Fixed Income	(5,300.00)
Emerging Markets Debt	(800.00)	Emerging Markets Debt	800.00
High Yield Pool	8,500.00	High Yield Pool	(8,500.00)
Real Estate Pool	12,300.00	Real Estate Pool	(12,300.00)
Energy Pool A	(44,800.00)	Energy Pool A	44,800.00
Farmland Pool A	15,900.00	Farmland Pool A	(15,900.00)
REIT Pool A	2,300.00	REIT Pool A	(2,300.00)
Timber Pool A	2,700.00	Timber Pool A	(2,700.00)
TIPS Pool	2,800.00	TIPS Pool	(2,800.00)
Absolute Return	10,900.00	Absolute Return	(10,900.00)
Cash	138,500.00	Cash	(138,500.00)
	-		-

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

Sincerely,

Gary M. Bader

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

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

April 18, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

Please make the following pool level transactions on 20 April 2011, to bring the **Public Employees Retirement System, Teachers Retirement System** and **Judicial Retirement System** pension plan allocations closer together.

	AY21/AY94	AY22/AY95	AY23/AY96
Domestic Equity - Lg Cap	-1,313,700	1,104,700	209,000
Domestic Equity - Sm Cap	1,125,800	-1,154,000	28,200
International Equities	2,531,400	-2,586,900	55,500
International Small Cap	222,400	-227,100	4,700
Emerging Markets	864,600	-882,600	18,000
AY77 - Dom. Fixed Inc.	38,800	-39,700	900
Intermediate Treasury	-5,126,500	5,395,400	-268,900
International Fixed Income	334,600	-342,500	7,900
High Yield	979,700	-993,900	14,200
Emerging Market Debt	-493,200	496,200	-3,000
Real Estate	778,700	-807,300	28,600
Real Estate Pool B	279,800	-282,400	2,600
Farmland Pool A	1,077,800	-1,092,700	14,900
Energy Pool A	-2,160,000	2,208,000	-48,000
Timber Pool A	172,300	-176,900	4,600
REIT Pool	150,700	-154,200	3,500
TIPS	173,200	-176,300	3,100
Total Private Equity	1,348,300	-1,376,500	28,200
Absolute Return	687,500	-700,500	13,000
AY70 - Short Term Pool	-1,672,200	1,789,200	-117,000
Total Asset Allocation	0	0	0

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

Sincerely,

Gary M. Bader

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

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

April 19, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Wednesday, April 27, 2011. Please process the following cash transfers:

RCM Domestic Equity Large Cap (AY38)	<$25,000,000>
McKinley Domestic Equity Large Cap (AY48)	<$25,000,000>
SSgA Russell 1000 Growth (AY4L)	$50,000,000

If you have any questions, please do not hesitate to contact me at (907) 465-4399.

Sincerely,

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, ARMB Chair
Jerry Burnett, Deputy Commissioner
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer
Bob Mitchell, State Investment Officer

GMB/smh

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

May 12, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

Please make the following pool level transactions on May 17, 2011, to bring **PERS, TRS pension plans** and the **DC Plans** allocations closer to target.

	AY6G & AY6W	AYX2 & AYX4	AYY3 & AYY5
Large Cap Pool	(2,788)	(15,933)	(50,188)
Small Cap Pool	2,661	5,222	3,889
International Equity Pool	24,190	51,371	53,629
International Small Cap	1,406	2,630	1,343
Emerging Markets Equity	(4,181)	(11,710)	(21,178)
Private Equity	21,820	42,957	66,141
Intermediate Treasury	12,564	24,929	20,732
High Yield Pool	3,215	6,856	7,415
Emerging Markets Debt Pool	3,255	6,938	7,580
International Fixed Income	1,678	3,241	2,334
AK TIPS Pool	2,777	5,395	4,085
Energy Pool A	1,248	2,830	3,652
Farmland Pool A	2,621	5,587	6,124
REIT Pool A	71	59	(228)
Timber Pool A	924	1,807	1,479
AK Real Estate Pool	15,172	32,281	34,705
Absolute Return	13,350	29,583	36,117
Cash	(99,983)	(194,043)	(177,631)
	-	-	-

	AY6H & AY6X	AYY2 & AYY4	AY21 & AY94
Large Cap Pool	(6,806)	31,075	45,979.00
Small Cap Pool	480	33,150	(32,797)
International Equity Pool	6,802	277,017	(303,589)
International Small Cap	165	18,312	(17,044)
Emerging Markets Equity	(2,845)	(29,771)	54,854
Private Equity	3,131	252,447	(288,321)
Intermediate Treasury	2,568	175,181	(170,094)
High Yield Pool	931	36,712	(40,581)
Emerging Markets Debt Pool	946	37,205	(41,170)
International Fixed Income	279	21,261	(20,746)
AK TIPS Pool	487	35,027	(34,475)
Energy Pool A	465	13,238	(15,998)
Farmland Pool A	765	29,935	(33,159)
REIT Pool A	(34)	1,430	(833)
Timber Pool A	176	11,567	(11,539)
AK Real Estate Pool	4,357	173,504	(191,327)
Absolute Return	4,585	145,241	(168,693)
Cash	(16,452)	(1,262,531)	1,269,532
	-	-	-

	AY6I & AY6Y	AYX3 & AYX5	AY22 & AY95
Large Cap Pool	(1,391)	(20,005)	20,056.00
Small Cap Pool	920	780	(14,305)
International Equity Pool	8,519	14,475	(132,414)
International Small Cap	481	141	(7,434)
Emerging Markets Equity	(1,532)	(7,562)	23,925
Private Equity	7,882	19,698	(125,755)
Intermediate Treasury	3,835	4,473	(74,188)
High Yield Pool	1,140	2,012	(17,700)
Emerging Markets Debt Pool	1,153	2,050	(17,957)
International Fixed Income	582	420	(9,049)
AK TIPS Pool	968	773	(15,037)
Energy Pool A	448	1,095	(6,978)
Farmland Pool A	929	1,660	(14,462)
REIT Pool A	21	(122)	(364)
Timber Pool A	321	298	(5,033)
AK Real Estate Pool	5,372	9,386	(83,450)
Absolute Return	2,887	10,508	(73,578)
Cash	(32,535)	(40,080)	553,723
	-	-	-

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

Sincerely,

Gary M. Bader

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

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

May 12, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

Please make the following pool level transactions on May 17, 2011 to bring **PERS, TRS and JRS Retirement Health Plans** allocations closer to target.

	AYW2 & AYW5	AYW3 & AYW6	AYW4 & AYW7
Domestic Equity - Lg Cap	1,599,300	-1,593,500	-5,800
Domestic Equity - Sm Cap	619,000	-606,900	-12,100
International Equities	1,785,800	-1,753,100	-32,700
International Small Cap	158,800	-155,900	-2,900
Emerging Markets	648,900	-637,600	-11,300
AY77 - Dom. Fixed Inc.	-2,067,900	2,076,800	-8,900
Intermediate Treasury	-330,700	290,800	39,900
International Fixed Income	243,900	-239,500	-4,400
High Yield	-191,400	193,000	-1,600
Emerging Market Debt	538,100	-533,300	-4,800
Real Estate	755,200	-742,400	-12,800
Farmland Pool A	-1,249,300	1,256,400	-7,100
Energy Pool A	3,110,800	-3,150,000	39,200
Timber Pool A	125,700	-123,400	-2,300
REIT Pool	111,800	-109,900	-1,900
TIPS	124,900	-122,500	-2,400
Total Private Equity	928,800	-925,000	-3,800
Absolute Return	482,700	-474,300	-8,400
AY70 - Short Term Pool	-7,394,400	7,350,300	44,100
Total Asset Allocation	0	0	0

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

Sincerely,

Gary M. Bader

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

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

May 12, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

Please make the following pool level transactions on May 17, 2011 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	-957,600	770,000	187,600
Domestic Equity - Sm Cap	263,900	-250,400	-13,500
International Equities	643,000	-623,300	-19,700
International Small Cap	57,200	-55,600	-1,600
Emerging Markets	276,700	-271,700	-5,000
AY77 - Dom. Fixed Inc.	10,600	-10,500	-100
Intermediate Treasury	-6,339,700	6,124,600	215,100
International Fixed Income	92,200	-89,600	-2,600
High Yield	570,200	-570,000	-200
Emerging Market Debt	-441,100	444,800	-3,700
Real Estate	213,400	-208,500	-4,900
Real Estate Pool B	12,700	-17,900	5,200
Farmland Pool A	1,142,300	-1,142,600	300
Energy Pool A	-2,215,000	2,259,200	-44,200
Timber Pool A	48,000	-46,700	-1,300
REIT Pool	43,200	-42,200	-1,000
TIPS	47,700	-46,000	-1,700
Total Private Equity	350,500	-343,100	-7,400
Absolute Return	182,800	-179,400	-3,400
AY70 - Short Term Pool	5,999,000	-5,701,100	-297,900
Total Asset Allocation	0	0	0

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

Sincerely,

Gary M. Bader

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Elizabeth Walton, Investment Officer Fixed Income

Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

Alaska Retirement Management Board

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

May 13, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette – 2nd Floor
Boston, MA 02111-2900

Dear Mr. McElligott:

Please make the following pool level transactions on May 17, 2011 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	4,233,100.00	Large Cap Pool	(4,233,100.00)
Small Cap Pool	1,557,700.00	Small Cap Pool	(1,557,700.00)
International Equity Pool	4,588,200.00	International Equity Pool	(4,588,200.00)
International Small Cap	418,400.00	International Small Cap	(418,400.00)
Emerging Markets Equity	1,901,300.00	Emerging Markets Equity	(1,901,300.00)
Private Equity	7,442,800.00	Private Equity	(7,442,800.00)
Domestic Fixed Income	1,232,100.00	Domestic Fixed Income	(1,232,100.00)
Intermediate Treasury	(14,724,900.00)	Intermediate Treasury	14,724,900.00
International Fixed Income	647,700.00	International Fixed Income	(647,700.00)
Emerging Markets Debt	(257,600.00)	Emerging Markets Debt	257,600.00
High Yield Pool	1,154,200.00	High Yield Pool	(1,154,200.00)
Real Estate Pool	2,761,700.00	Real Estate Pool	(2,761,700.00)
Energy Pool A	(2,530,500.00)	Energy Pool A	2,530,500.00
Farmland Pool A	2,231,500.00	Farmland Pool A	(2,231,500.00)
REIT Pool A	288,800.00	REIT Pool A	(288,800.00)
Timber Pool A	326,700.00	Timber Pool A	(326,700.00)
TIPS Pool	323,400.00	TIPS Pool	(323,400.00)
Absolute Return	1,211,500.00	Absolute Return	(1,211,500.00)
Cash	(12,806,100.00)	Cash	12,806,100.00

TRS Retirement Health	AYW3 & AYW6	TRS Pension	AY22 & AY95
Large Cap Pool	1,594,600.00	Large Cap Pool	(1,594,600.00)
Small Cap Pool	587,900.00	Small Cap Pool	(587,900.00)
International Equity Pool	1,736,000.00	International Equity Pool	(1,736,000.00)
International Small Cap	158,000.00	International Small Cap	(158,000.00)
Emerging Markets Equity	715,600.00	Emerging Markets Equity	(715,600.00)
Private Equity	2,811,800.00	Private Equity	(2,811,800.00)
Domestic Fixed Income	464,300.00	Domestic Fixed Income	(464,300.00)
Intermediate Treasury	(5,547,000.00)	Intermediate Treasury	5,547,000.00
International Fixed Income	244,600.00	International Fixed Income	(244,600.00)
Emerging Markets Debt	536,300.00	Emerging Markets Debt	(536,300.00)
High Yield Pool	(196,500.00)	High Yield Pool	196,500.00
Real Estate Pool	1,045,200.00	Real Estate Pool	(1,045,200.00)
Energy Pool A	2,870,000.00	Energy Pool A	(2,870,000.00)
Farmland Pool A	(1,047,200.00)	Farmland Pool A	1,047,200.00
REIT Pool A	108,900.00	REIT Pool A	(108,900.00)
Timber Pool A	123,400.00	Timber Pool A	(123,400.00)
TIPS Pool	122,600.00	TIPS Pool	(122,600.00)
Absolute Return	460,300.00	Absolute Return	(460,300.00)
Cash	(6,788,800.00)	Cash	6,788,800.00

JRS Retirement Health	AYW4 & AYW7	JRS Pension	AY23 & AY96
Large Cap Pool	25,800.00	Large Cap Pool	(25,800.00)
Small Cap Pool	9,600.00	Small Cap Pool	(9,600.00)
International Equity Pool	28,800.00	International Equity Pool	(28,800.00)
International Small Cap	2,600.00	International Small Cap	(2,600.00)
Emerging Markets Equity	11,500.00	Emerging Markets Equity	(11,500.00)
Private Equity	46,200.00	Private Equity	(46,200.00)
Domestic Fixed Income	7,500.00	Domestic Fixed Income	(7,500.00)
Intermediate Treasury	(89,400.00)	Intermediate Treasury	89,400.00
International Fixed Income	4,000.00	International Fixed Income	(4,000.00)
Emerging Markets Debt	3,700.00	Emerging Markets Debt	(3,700.00)
High Yield Pool	2,000.00	High Yield Pool	(2,000.00)
Real Estate Pool	17,400.00	Real Estate Pool	(17,400.00)
Energy Pool A	(39,900.00)	Energy Pool A	39,900.00
Farmland Pool A	6,900.00	Farmland Pool A	(6,900.00)
REIT Pool A	1,700.00	REIT Pool A	(1,700.00)
Timber Pool A	2,100.00	Timber Pool A	(2,100.00)
TIPS Pool	2,100.00	TIPS Pool	(2,100.00)
Absolute Return	7,800.00	Absolute Return	(7,800.00)
Cash	(50,400.00)	Cash	50,400.00

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

Sincerely,

Gary M. Bader

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Jerry Burnett, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Steve Sikes, Manager of Real Assets Investments
Elizabeth Walton, Investment Officer Fixed Income
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

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

May 20, 2011

Mr. Michael McElligott
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette
LCC 3S
Boston, MA 02111-2900

Dear Mr. McElligott:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Wednesday, June 1, 2011. Please process the following cash transfers:

Russell 2000 Value (AY4P)	< $100,000,000 >
Barrow, Hanley, Mewhinney & Strauss Small Cap Value (AY4Q)	$100,000,000

If you have any questions, please do not hesitate to contact me at (907) 465-4399.

Sincerely,

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, ARMB Chair
Jerry Burnett, Deputy Commissioner
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer
Bob Mitchell, State Investment Officer
Charles Colton, State Investment Officer
Elizabeth Walton, State Investment Officer
Steve Sikes, State Investment Officer

GMB/smh

Alaska Retirement Management Board
Manager Watch List - June 2011

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
Lehman Real Estate	Performance	Yes 4/23/2009	Formal Notification. Continue Monitoring
Mariner Investment Absolute Return	Performance and ownership changes	Yes 4/25/08 & 12/2/10	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 March 31, 2011

ALASKA RETIREMENT MANAGEMENT BOARD
Schedule of Investment Income and Changes in Invested Assets by Fund
For the Nine Months Ending March 31, 2011

	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	$ 986,888,053	$ (143,680,682)	$ 6,225,686,344	15.67%	18.58%
Retirement Health Care Trust	3,833,176,873	759,320,621	415,912,283	5,008,409,777	30.66%	18.79%
Total Defined Benefit Plans	9,215,655,846	1,746,208,674	272,231,601	11,234,096,121	21.90%	18.67%
Defined Contribution Plans:						
Participant Directed Retirement	96,173,414	28,070,140	35,933,639	160,177,193	66.55%	24.59%
Health Reimbursement Arrangement	30,144,861	6,129,764	11,708,173	47,982,798	59.17%	17.03%
Retiree Medical Plan	7,853,893	1,545,896	1,885,611	11,285,400	43.69%	17.57%
Defined Benefit Occupational Death and Disability:						
Public Employees	3,242,936	642,776	909,456	4,795,168	47.87%	17.38%
Police and Firefighters	1,107,713	225,384	389,534	1,722,631	55.51%	17.30%
Total Defined Contribution Plans	138,522,817	36,613,960	50,826,413	225,963,190	63.12%	22.33%
Total PERS	**9,354,178,663**	**1,782,822,634**	**323,058,014**	**11,460,059,311**	22.51%	18.74%
Teachers' Retirement System (TRS)						
Defined Benefit Plans:						
Retirement Trust	2,714,697,061	499,039,150	(103,130,948)	3,110,605,263	14.58%	18.74%
Retirement Health Care Trust	1,268,139,257	242,805,773	76,246,405	1,587,191,435	25.16%	18.59%
Total Defined Benefit Plans	3,982,836,318	741,844,923	(26,884,543)	4,697,796,698	17.95%	18.69%
Defined Contribution Plans:						
Participant Directed Retirement	45,347,535	12,522,042	13,293,664	71,163,241	56.93%	24.08%
Health Reimbursement Arrangement	10,387,897	2,023,292	3,252,099	15,663,288	50.78%	16.84%
Retiree Medical Plan	3,502,267	672,313	755,147	4,929,727	40.76%	17.33%
Defined Benefit Occupational Death and Disability	1,448,887	277,015	300,995	2,026,897	39.89%	17.32%
Total Defined Contribution Plans	60,686,586	15,494,662	17,601,905	93,783,153	54.54%	22.30%
Total TRS	**4,043,522,904**	**757,339,585**	**(9,282,638)**	**4,791,579,851**	18.50%	18.75%
Judicial Retirement System (JRS)						
Defined Benefit Plan Retirement Trust	95,058,020	17,436,413	(3,017,825)	109,476,608	15.17%	18.64%
Defined Benefit Retirement Health Care Trust	16,979,122	3,129,988	(14,207)	20,094,903	18.35%	18.44%
Total JRS	**112,037,142**	**20,566,401**	**(3,032,032)**	**129,571,511**	15.65%	18.61%
National Guard/Naval Militia Retirement System (MRS)						
Defined Benefit Plan Retirement Trust	29,496,764	3,628,671	(199,510)	32,925,925	11.63%	12.34%
Other Participant Directed Plans						
Supplemental Annuity Plan	2,189,938,833	324,676,082	15,700,092	2,530,315,007	15.54%	14.77%
Deferred Compensation Plan	502,804,941	86,841,885	423,382	590,070,208	17.36%	17.26%
Total All Funds	**$ 16,231,979,247**	**$ 2,975,875,258**	**$ 326,667,308**	**$ 19,534,521,813**	**20.35%**	**18.15%**

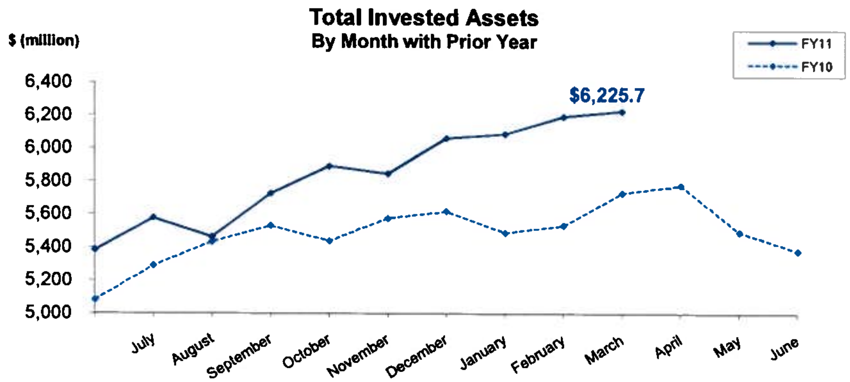
Notes:
(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses
(2) Income divided by beginning assets plus half of net contributions/(withdrawals)

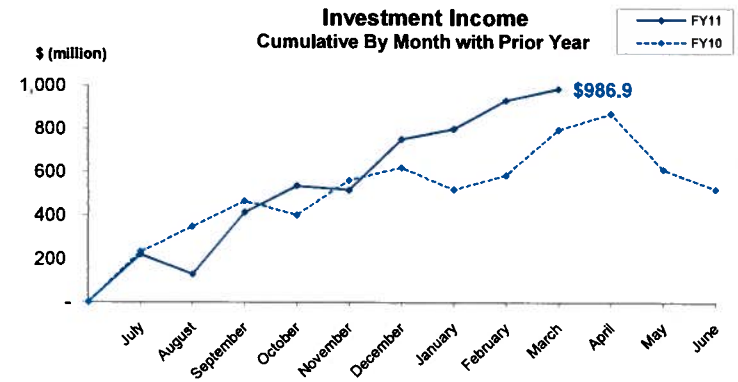
ALASKA RETIREMENT MANAGEMENT BOARD
Schedule of Investment Income and Changes in Invested Assets by Fund
For the Month Ended March 31, 2011

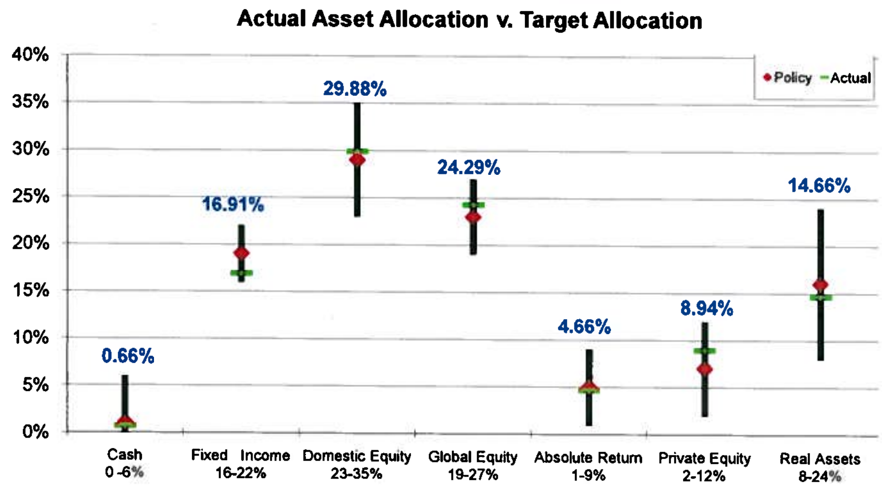
	Beginning Invested Assets	Investment Income [1]	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income [2]
Public Employees' Retirement System (PERS)						
Defined Benefit Plans:						
Retirement Trust	$ 6,193,495,397	$ 53,794,405	$ (21,603,458)	$ 6,225,686,344	0.52%	0.87%
Retirement Health Care Trust	4,969,398,715	44,077,048	(5,065,986)	5,008,409,777	0.78%	0.89%
Total Defined Benefit Plans	11,162,894,112	97,871,453	(26,669,444)	11,234,096,121	0.63%	0.88%
Defined Contribution Plans:						
Participant Directed Retirement	156,441,397	(636,121)	4,371,917	160,177,193	2.33%	-0.40%
Health Reimbursement Arrangement	46,043,009	425,634	1,514,155	47,982,798	4.04%	0.91%
Retiree Medical Plan	10,959,539	100,328	225,533	11,285,400	2.89%	0.91%
Defined Benefit Occupational Death and Disability:						
Public Employees	4,637,860	42,589	114,719	4,795,168	3.28%	0.91%
Police and Firefighters	1,664,358	15,256	43,017	1,722,631	3.38%	0.90%
Total Defined Contribution Plans	219,746,163	(52,314)	6,269,341	225,963,190	2.75%	-0.02%
Total PERS	**11,382,640,275**	**97,819,139**	**(20,400,103)**	**11,460,059,311**	0.68%	0.86%
Teachers' Retirement System (TRS)						
Defined Benefit Plans:						
Retirement Trust	3,105,119,230	26,992,277	(21,506,244)	3,110,605,263	0.18%	0.87%
Retirement Health Care Trust	1,578,465,285	13,934,412	(5,208,262)	1,587,191,435	0.55%	0.88%
Total Defined Benefit Plans	4,683,584,515	40,926,689	(26,714,506)	4,697,796,698	0.30%	0.88%
Defined Contribution Plans:						
Participant Directed Retirement	69,268,057	(276,546)	2,171,730	71,163,241	2.66%	-0.39%
Health Reimbursement Arrangement	15,045,336	139,149	478,803	15,663,288	3.95%	0.91%
Retiree Medical Plan	4,780,510	43,851	105,366	4,929,727	3.03%	0.91%
Defined Benefit Occupational Death and Disability	1,965,480	18,031	43,386	2,026,897	3.03%	0.91%
Total Defined Contribution Plans	91,059,383	(75,515)	2,799,285	93,783,153	2.90%	-0.08%
Total TRS	**4,774,643,898**	**40,851,174**	**(23,915,221)**	**4,791,579,851**	0.35%	0.86%
Judicial Retirement System (JRS)						
Defined Benefit Plan Retirement Trust	108,770,413	942,178	(235,983)	109,476,608	0.65%	0.87%
Defined Benefit Retirement Health Care Trust	19,911,646	175,907	7,350	20,094,903	0.91%	0.88%
Total JRS	**128,682,059**	**1,118,085**	**(228,633)**	**129,571,511**	0.69%	0.87%
National Guard/Naval Militia Retirement System (MRS)						
Defined Benefit Plan Retirement Trust	33,360,970	(232,700)	(202,345)	32,925,925	-1.32%	-0.70%
Other Participant Directed Plans						
Supplemental Annuity Plan	2,525,296,772	551,073	4,467,162	2,530,315,007	0.20%	0.02%
Deferred Compensation Plan	588,767,078	1,141,441	161,689	590,070,208	0.22%	0.19%
Total All Funds	**$ 19,433,391,052**	**$ 141,248,212**	**$ (40,117,451)**	**$ 19,534,521,813**	**0.52%**	**0.73%**

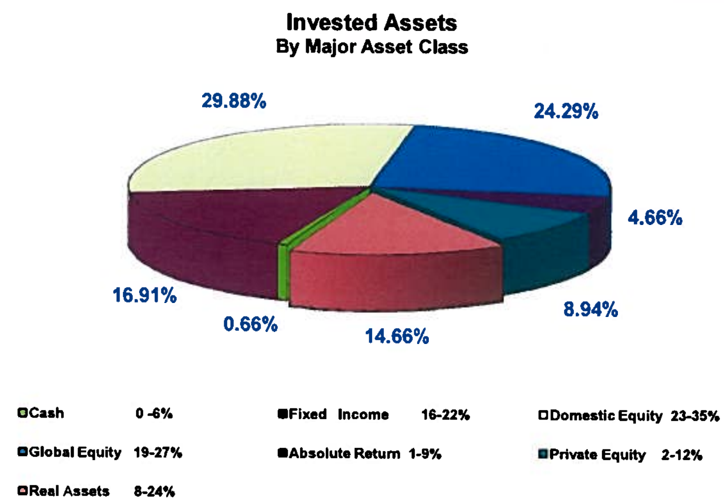
Notes:
(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses
(2) Income divided by beginning assets plus half of net contributions/(withdrawals)

PUBLIC EMPLOYEES' RETIREMENT TRUST FUND
As of March 31, 2011

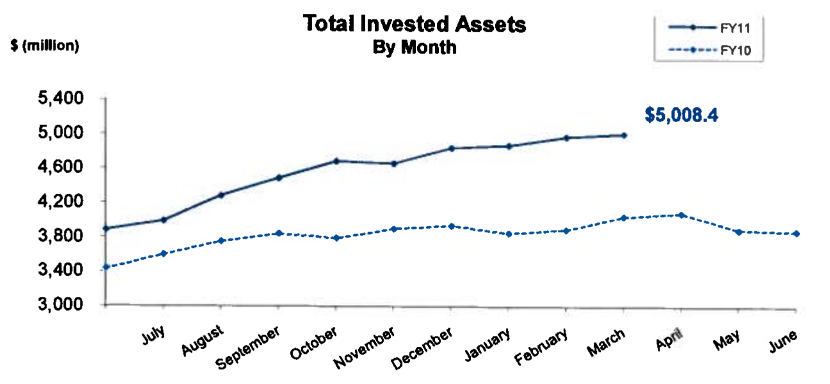


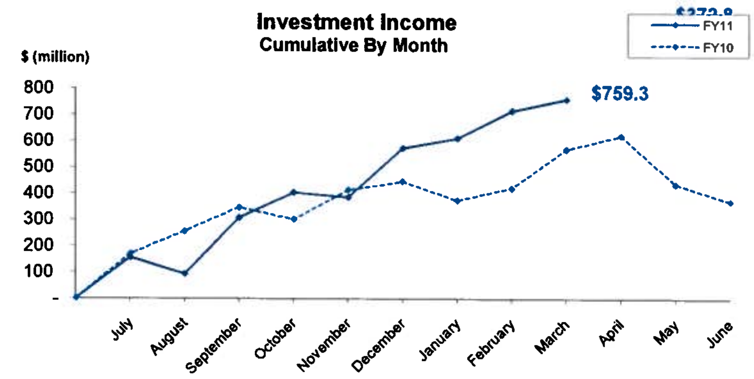


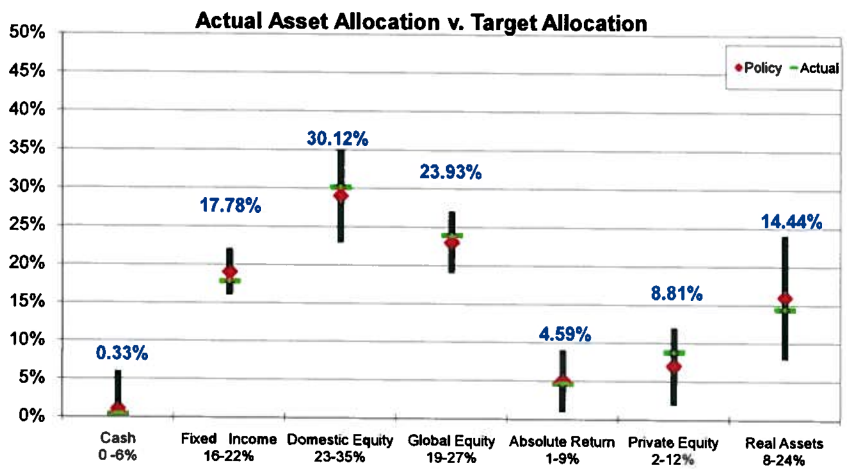


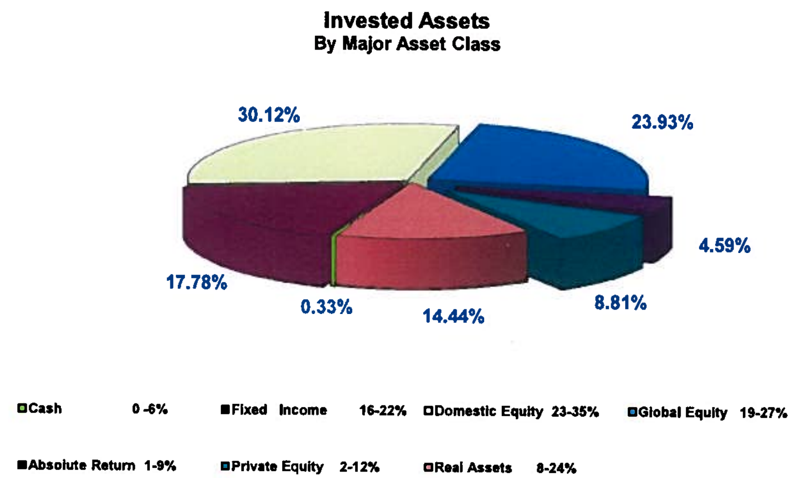


PUBLIC EMPLOYEES' RETIREE HEALTH CARE TRUST FUND
As of March 31, 2011

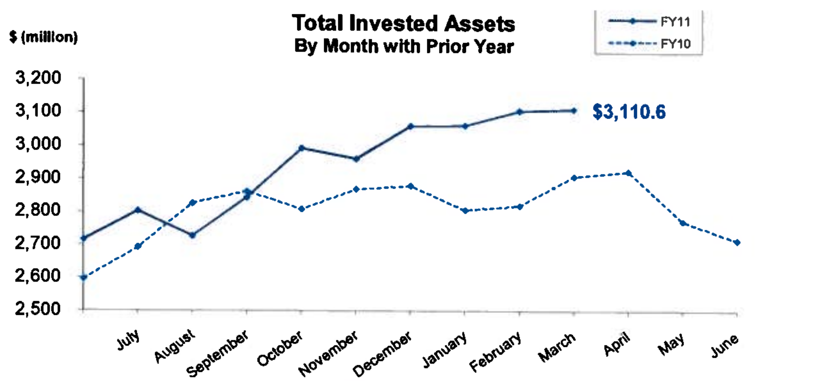


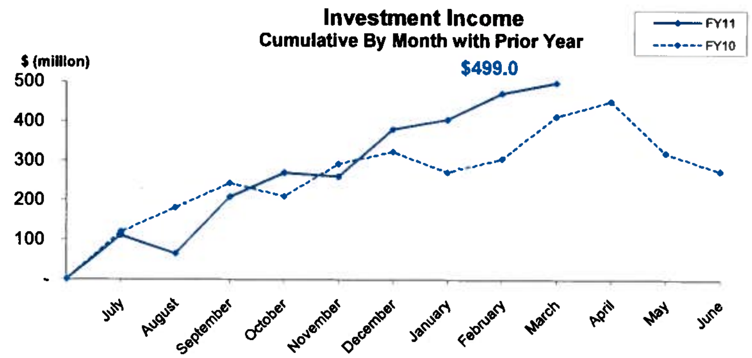


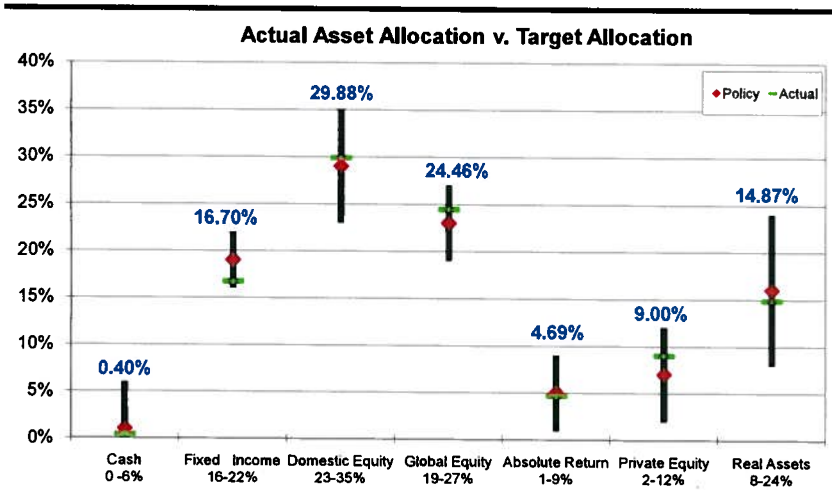


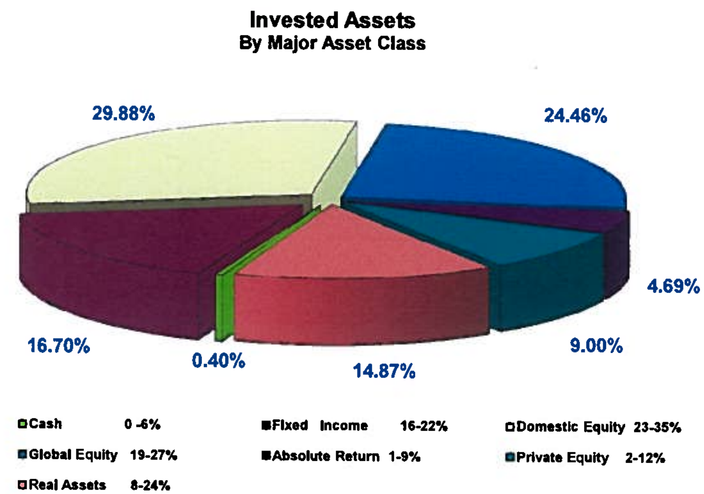


TEACHERS' RETIREMENT TRUST FUND
As of March 31, 2011

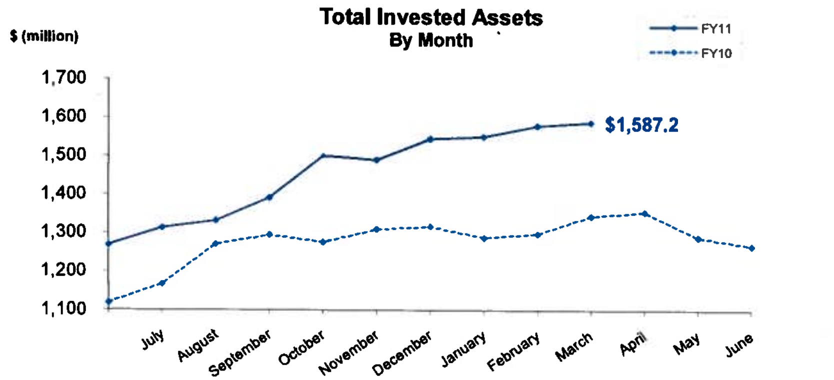


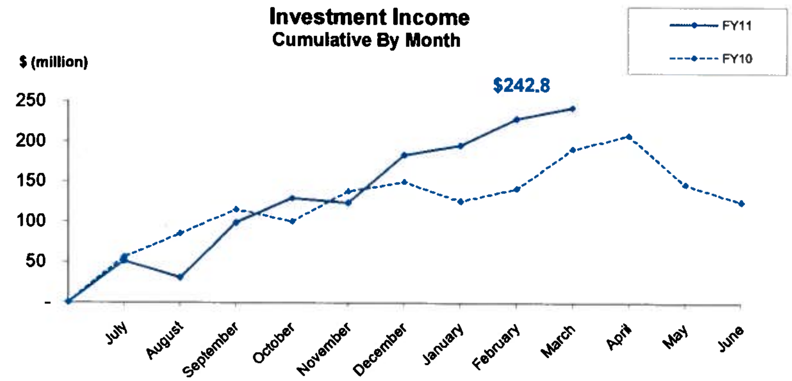


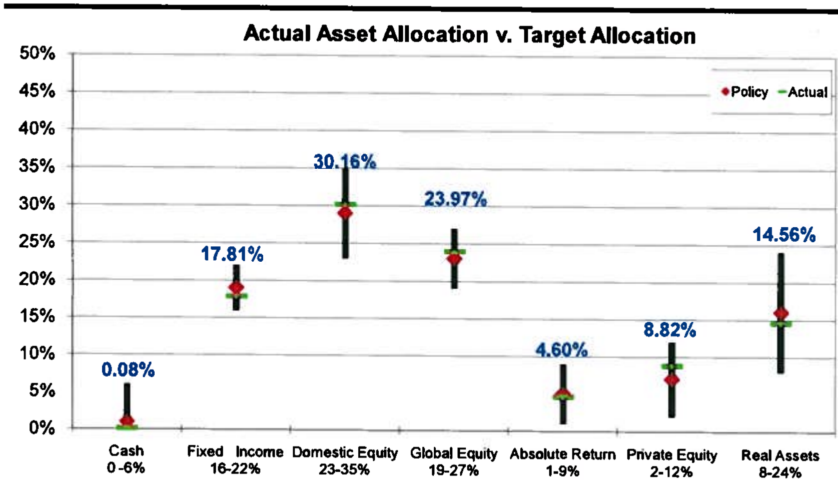


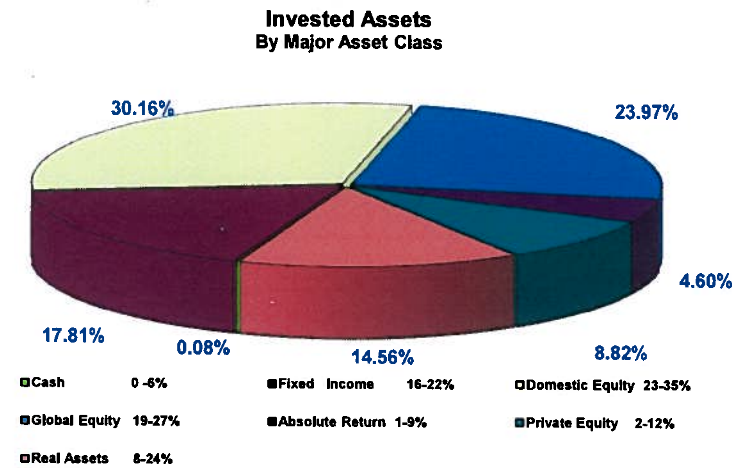


TEACHERS' RETIREE HEALTH CARE TRUST FUND
As of March 31, 2011

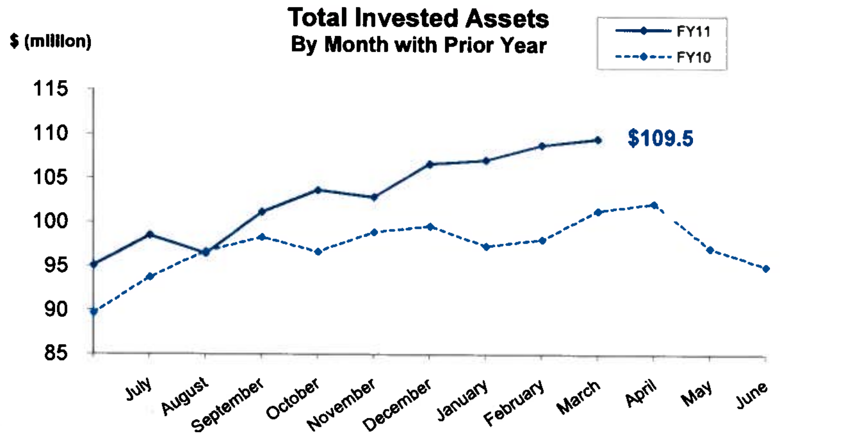


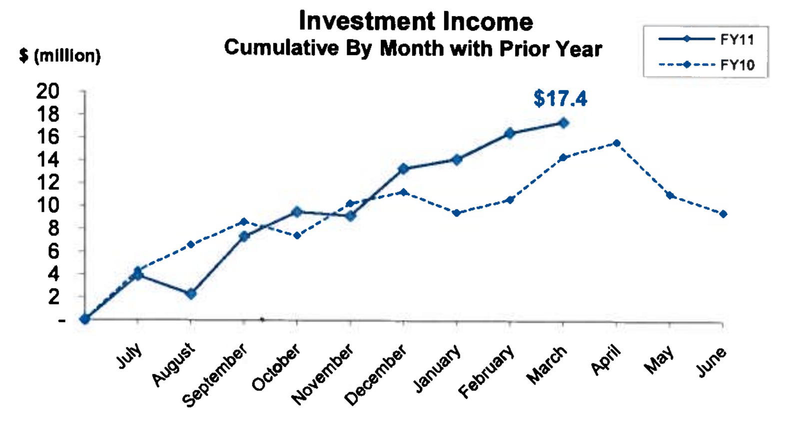


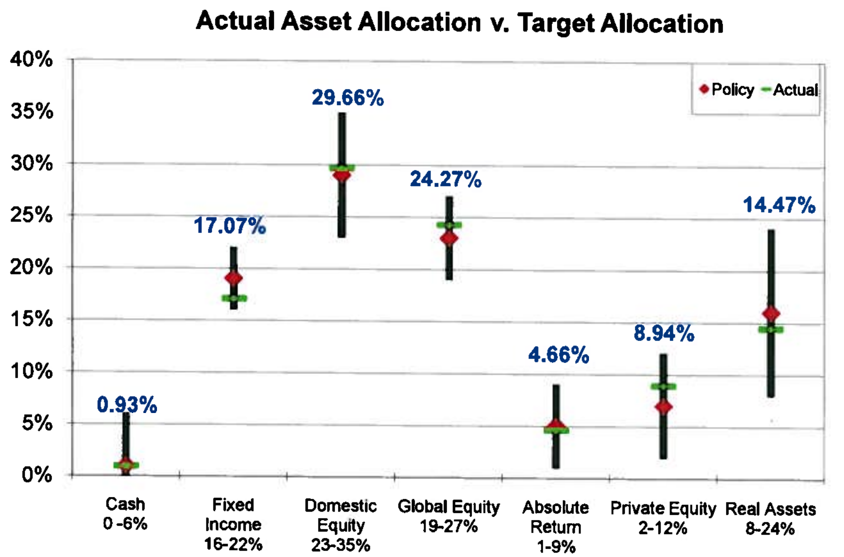


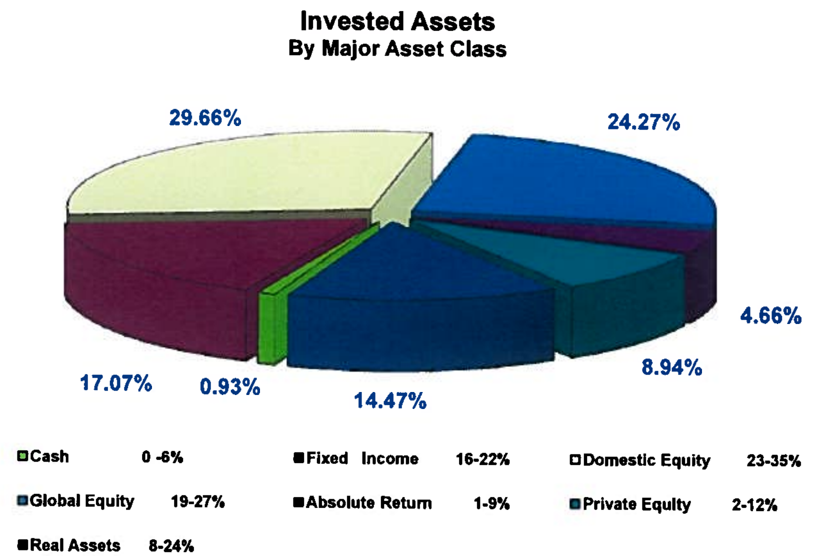


JUDICIAL RETIREMENT TRUST FUND
As of March 31, 2011

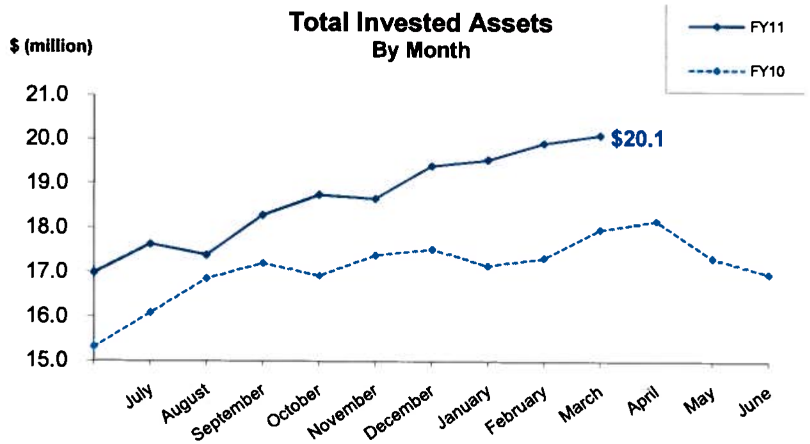


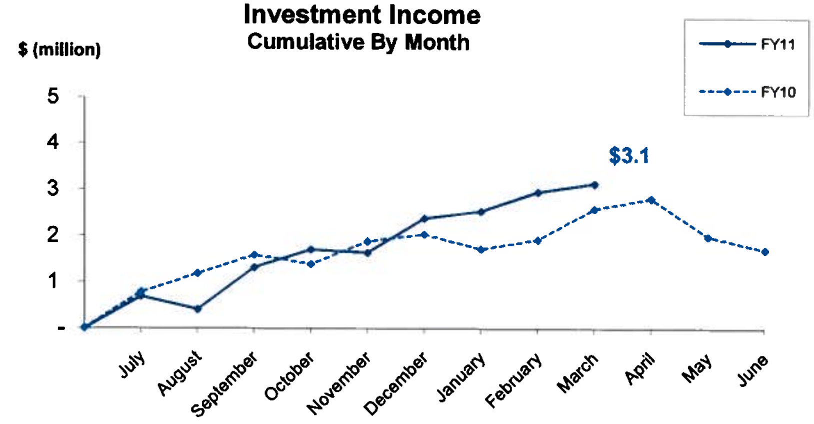


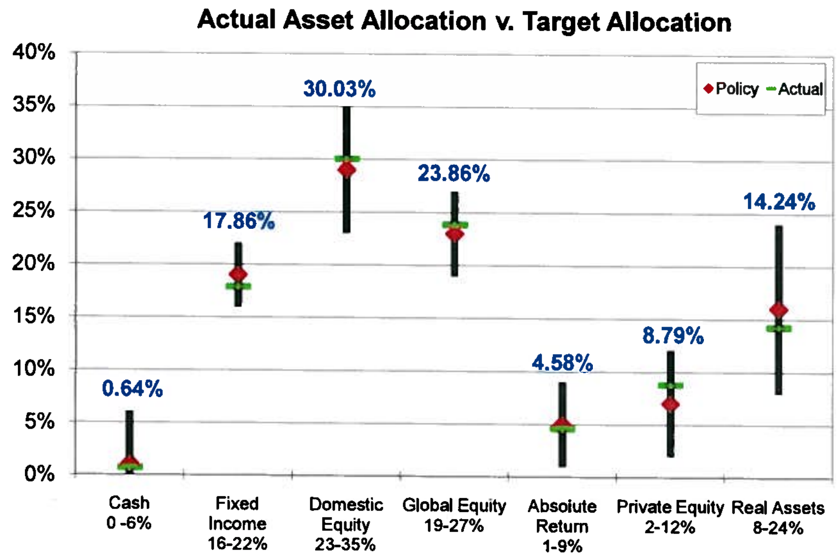


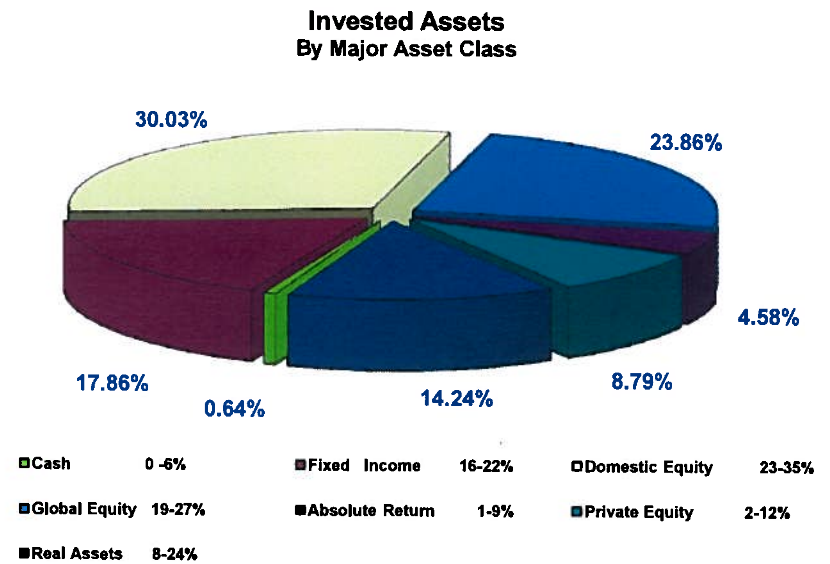


JUDICIAL RETIREE HEALTH CARE TRUST FUND
As of March 31, 2011

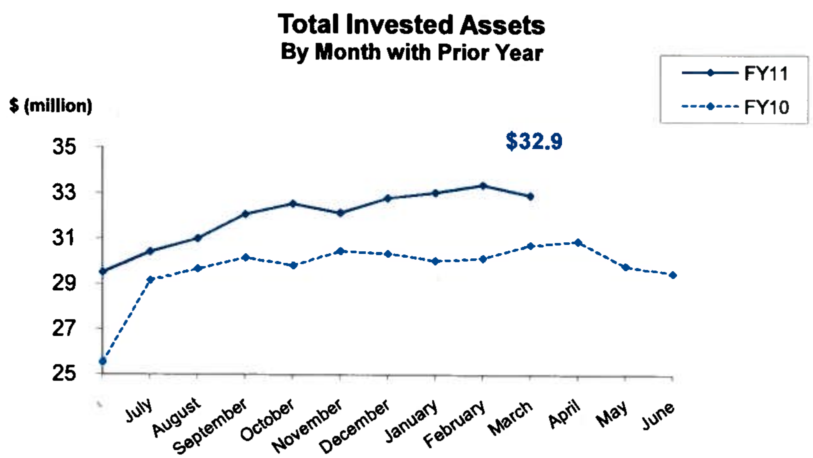


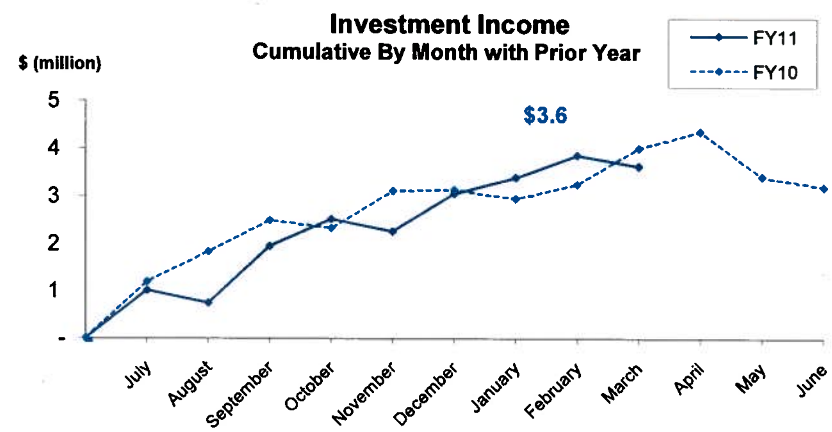


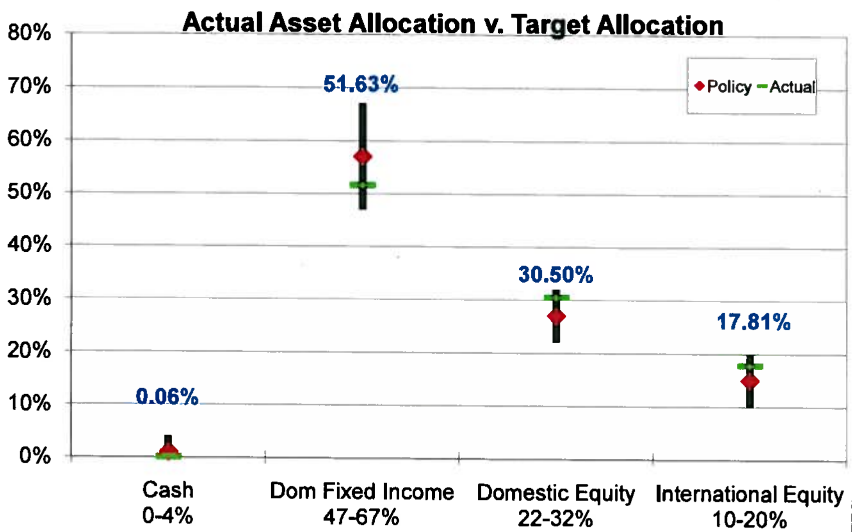


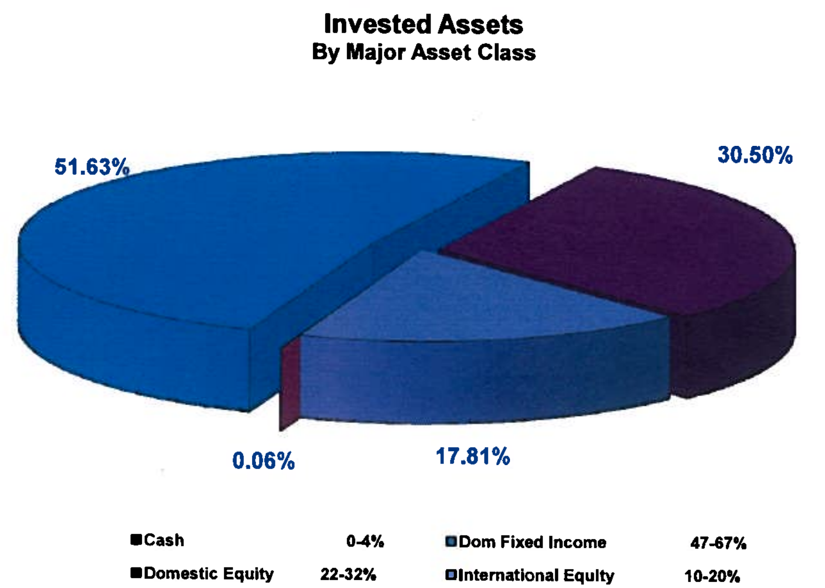


MILITARY RETIREMENT TRUST FUND
As of March 31, 2011









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 March 31, 2011

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**	$ 68,319,132	$ 21,073	$ 7,596,928	$ 75,937,133	11.15%
	Total Cash	68,319,132	21,073	7,596,928	75,937,133	11.15%
	Fixed Income					
1A	**US Treasury Fixed Income**	1,765,055,314	(773,717)	103,119,429	1,867,401,026	5.80%
77	**Internal Fixed Income Investment Pool**	52,526,180	(9,285,769)	-	43,240,411	-17.68%
	International Fixed Income Pool					
63	Mondrian Investment Partners	361,147,179	1,414,843	-	362,562,022	0.39%
	High Yield Pool					
9N	Rogge Global Partners Inc	-	-	-	-	0.00%
9P	MacKay Shields, LLC	399,240,741	1,889,139	-	401,129,880	0.47%
	Total High Yield	399,240,741	1,889,139	-	401,129,880	0.47%
	Emerging Debt Pool					
5M	Lazard Emerging Income	125,965,995	907,219	-	126,873,214	0.72%
	Total Fixed Income	2,703,935,409	(5,848,285)	103,119,429	2,801,206,553	3.60%
	(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 March 31, 2011

		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	107,798,259	2,307,155	(50,000,000)	60,105,414	-44.24%
4P	SSgA Russell 2000 Value	492,893,047	5,038,178	(150,000,000)	347,931,225	-29.41%
	Total Passive	600,691,306	7,345,333	(200,000,000)	408,036,639	-32.07%
	Actively Managed					
4D	Turner Investment Partners	-	-	-	-	
4F	Luther King Capital Management	124,733,167	6,131,581	-	130,864,748	4.92%
4G	Jennison Associates, LLC	160,354,267	4,732,931	-	165,087,198	2.95%
6A	SSgA Futures Small Cap	6,263,414	333,435	-	6,596,849	5.32%
4H	Lord Abbett & Co.	176,498,365	5,645,512	-	182,143,877	3.20%
	Total Active	467,849,213	16,843,459	-	484,692,672	3.60%
	Total Small Cap	1,068,540,519	24,188,792	(200,000,000)	892,729,311	-16.45%
	Large Cap Pool					
	Passively Managed					
4L	SSgA Russell 1000 Growth	534,086,562	670,280	-	534,756,842	0.13%
4M	SSgA Russell 1000 Value	1,146,048,392	2,195,462	(200,000,000)	948,243,854	-17.26%
4R	SSgA Russell 200	384,701,670	(1,121,387)	-	383,580,283	-0.29%
	Total Passive	2,064,836,624	1,744,355	(200,000,000)	1,866,580,979	-9.60%
	Actively Managed					
39	Cap Guardian Trust Co	10,107	-	-	10,107	0.00%
47	Lazard Freres	352,868,315	1,059,999	-	353,928,314	0.30%
48	McKinley Capital Mgmt.	412,754,442	3,913,381	-	416,667,823	0.95%
4U	Barrow, Haney, Mewhinney & Strauss	143,300,472	1,054,517	-	144,354,989	0.74%
4V	Quantitative Management Assoc.	138,834,469	879,820	-	139,714,289	0.63%
4W	Analytic SSgA Account	-	2,370,762	96,500,000	98,870,762	100.00%
4X	Analytic Buy Write Account	-	(925,055)	3,500,000	2,574,945	100.00%
4Y	RCM Buy Write Account	-	1,304,083	100,000,000	101,304,083	100.00%
38	RCM	448,693,817	(3,134,006)	-	445,559,811	-0.70%
6B	SSgA Futures large cap	8,082,061	50,690	-	8,132,751	0.63%
4J	Relational Investors, LLC	286,087,955	3,551,804	11,100,000	300,739,759	5.12%
	Total Active	1,790,631,638	10,125,995	211,100,000	2,011,857,633	12.35%
	Total Large Cap	3,855,468,262	11,870,350	11,100,000	3,878,438,612	0.60%

(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 March 31, 2011

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)
	Convertible Bond Pool					
52	Advent Capital	79,302,821	223,630	-	79,526,451	0.28%
	Total Convertible Bond Pool	79,302,821	223,630	-	79,526,451	0.28%
	Total Domestic Equity	5,003,311,602	36,282,772	(188,900,000)	4,850,694,374	-3.05%
	Global Equities Ex US					
	Small Cap Pool					
5B	Mondrian Investment Partners	113,329,717	2,667,364	-	115,997,081	2.35%
5D	Schroder Investment Management	121,924,536	854,937	-	122,779,473	0.70%
	Total Small Cap	235,254,253	3,522,301	-	238,776,554	1.50%
	Large Cap Pool					
65	Brandes Investment Partners	863,237,461	(31,846,721)	-	831,390,740	-3.69%
58	Lazard Freres	451,453,672	(1,606,201)	-	449,847,471	-0.36%
67	Cap Guardian Trust Co	644,567,464	(4,972,355)	-	639,595,109	-0.77%
68	State Street Global Advisors	390,849,123	(227,362)	-	390,621,761	-0.06%
6D	SSgA Futures International	118,752	35	-	118,787	0.03%
69	McKinley Capital Management	370,349,704	1,907,568	-	372,257,272	0.52%
	Total Large Cap	2,720,576,176	(36,745,036)	-	2,683,831,140	-1.35%
	Emerging Markets Equity Pool A [1]					
6P	Lazard Asset Management	287,594,953	15,720,173	-	303,315,126	5.47%
6Q	Eaton Vance	216,748,386	10,206,595	-	226,954,981	4.71%
62	The Capital Group Inc.	431,480,987	23,971,166	-	455,452,153	5.56%
	Total Emerging Markets Pool A	935,824,326	49,897,934	-	985,722,260	5.33%
	Total Global Equities	3,891,654,755	16,675,199	-	3,908,329,954	0.43%
	Private Equity Pool					
7Z	Merit Capital Partners	3,306,123	(109,880)	-	3,196,243	-3.32%
98	Pathway Capital Management LLC	645,710,961	34,623,491	(3,539,320)	676,795,132	4.81%
85	Abbott Capital	658,506,133	18,339,577	(16,445,919)	660,399,791	0.29%
8A	Blum Capital Partners-Strategic	21,137,209	20	-	21,137,229	0.00%
8P	Lexington Partners	17,099,037	(8)	1,538,789	18,637,818	9.00%
8Q	Onex Partnership III	5,953,721	(48,473)	-	5,905,248	-0.81%
8W	Warburg Pincus X	18,378,669	(5)	645,000	19,023,664	3.51%
8X	Angelo, Gordon & Co.	29,291,918	1,170,249	-	30,462,167	4.00%
	Total Private Equity	1,399,383,771	53,974,971	(17,801,450)	1,435,557,292	2.58%
	(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 March 31, 2011

		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.	118,657,444	505,795	25,000,000	144,163,239	21.50%
8N	Prisma Capital Partners	122,978,051	1,440,901	25,000,000	149,418,952	21.50%
9D	Mariner Investment Group, Inc.	209,962,104	1,034,256	-	210,996,360	0.49%
9E	Cadogan Management LLC	6,869,763	(65,650)	-	6,804,113	-0.96%
9F	Crestline Investors, Inc.	236,014,078	1,958,478	-	237,972,556	0.83%
	Total Absolute Return Investments	694,481,440	4,873,780	50,000,000	749,355,220	7.90%
	Real Assets					
	Farmland Pool A					
9B	UBS Agrivest, LLC	318,172,040	(59)	(10,377,517)	307,794,464	-3.26%
9G	Hancock Agricultural Investment Group	201,350,196	(39)	(3,575,000)	197,775,157	-1.78%
	Total Farmland Pool A	519,522,236	(98)	(13,952,517)	505,569,621	-2.69%
	Farmland Water Pool					
8Y	Hancock Water PPTY	7,035,313	-	-	7,035,313	0.00%
8Z	UBS Argivest, LLC	15,986,482	(9)	(170,000)	15,816,473	-1.06%
	Total Farmland Water Pool	23,021,795	(9)	(170,000)	22,851,786	-0.74%
	Timber Pool A					
9Q	Timberland INVT Resource LLC	114,209,012	-	-	114,209,012	0.00%
9S	Hancock Natural Resourse Group	71,601,249	(22)	700,000	72,301,227	0.98%
	Total Timber Pool A	185,810,261	(22)	700,000	186,510,239	0.38%
	Energy Pool A					
9A	EIG Energy Fund XD	16,384,802	11,863	-	16,396,665	0.07%
9Z	EIG Energy Fund XIV-A	63,792,480	358,603	8,000,000	72,151,083	13.10%
	Total Energy Pool A	80,177,282	370,466	8,000,000	88,547,748	10.44%
	REIT Pool					
9H	REIT Holdings	162,878,907	(2,033,345)	-	160,845,562	-1.25%
	Treasury Inflation Proof Securities					
6N	TIPS Internally Managed Account	183,763,599	1,710,172	-	185,473,771	0.93%

(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 March 31, 2011

		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	159,592,651	1,873,969	-	161,466,620	1.17%
7B	UBS Trumbull Property Fund	65,382,944	2,143,804	-	67,526,748	3.28%
	Total Core Commingled	224,975,595	4,017,773	-	228,993,368	1.79%
	Core Separate Accounts					
7D	Cornerstone Real Estate Advisers Inc.	149,102,974	3,748,720	-	152,851,694	2.51%
7E	LaSalle Investment Management	164,524,741	9,297,734	(332,476)	173,489,999	5.45%
7F	Sentinel Separate Account	93,165,980	3,832,203	(269,648)	96,728,535	3.82%
7G	UBS Realty	215,555,597	8,605,771	(866,116)	223,295,252	3.59%
	Total Core Separate	622,349,292	25,484,428	(1,468,240)	646,365,480	3.86%
	Non-Core Commingled Accounts					
7J	Lowe Hospitality Partners	3,660,396	333,560	-	3,993,956	9.11%
7N	ING Clarion Development Ventures II	18,869,827	2,577	(20,483)	18,851,921	-0.09%
7P	Silverpeak Legacy Pension Partners II, L.P. (3)	80,640,850	-	-	80,640,850	0.00%
7Q	Rothschild Five Arrows Realty Securities IV	43,289,549	2,238,149	-	45,527,698	5.17%
7R	Tishman Speyer Real Estate Venture VI	42,647,906	921,953	-	43,569,859	2.16%
7X	Tishman Speyer Real Estate Venture VII	11,635,318	(273,191)	-	11,362,127	-2.35%
7S	Rothschild Five Arrows Realty Securities V	11,361,161	(358,125)	20,580	11,023,616	-2.97%
7V	ING Clarion Development Ventures III	9,216,017	(379,219)	(9,041)	8,827,757	-4.21%
7W	Silverpeak Legacy Pension Partners III, L.P. (4)	10,720,031	-	-	10,720,031	0.00%
8R	BlackRock Diamond Property Fund	19,338,650	2,071,409	-	21,410,059	10.71%
8S	Colony Investors VIII, L.P.	28,265,679	195,121	767,050	29,227,850	3.40%
8U	LaSalle Medical Office Fund II	21,949,549	(1,640,214)	827,796	21,137,131	-3.70%
8V	Cornerstone Apartment Venture III	28,437,738	1,827,470	-	30,265,208	6.43%
	Total Non-Core Commingled	330,032,671	4,939,490	1,585,901	336,558,062	1.98%
	Total Real Estate	1,177,357,558	34,441,691	117,661	1,211,916,910	2.94%
	Total Real Assets	2,332,531,639	34,488,855	(5,304,856)	2,361,715,638	1.25%
	Totals	$ 16,093,617,748	$ 140,468,365	$ (51,289,949)	$ 16,182,796,164	0.55%

Notes

(1) Investment is represented by shares in (or as a percentage of) commingled equity investments which, at any given time, may be a combination of securities and cash.
(2) Investment is represented by shares in various hedge funds.
(3) Previously titled Lehman Brothers Real Estate Partners II
(4) Previously titled Lehman Brothers Real Estate Partners III

ALASKA RETIREMENT MANAGEMENT BOARD

Participant Directed Plans

Supplemental Annuity Plan
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
March 31, 2011

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Interim Transit Account					
Treasury Division (1)					
Cash and Cash Equivalents	$ 6,043,834	$ 1,316	$ 3,147,808	$ -	$ 9,192,958
Participant Options (2)					
T. Rowe Price					
Stable Value Fund	284,520,643	811,861	(1,892,180)	10,756,432	294,196,756
Small-Cap Stock Fund	88,940,892	3,225,809	(50,258)	4,023,630	96,140,073
Alaska Balanced Fund	1,088,668,399	240,264	(1,004,822)	(5,010,082)	1,082,893,759
Long Term Balanced Fund	317,789,102	47,277	2,742,552	(461,716)	320,117,215
Target 2010 Fund	22,942,866	4,415	(27,949)	(751,567)	22,167,765
AK Target Date 2010 Trust	6,292,398	(7,956)	(113,048)	(528,161)	5,643,233
AK Target Date 2015 Trust	87,527,841	(25,188)	227,481	(938,665)	86,791,469
AK Target Date 2020 Trust	34,464,243	(6,706)	113,097	(364,388)	34,206,246
AK Target Date 2025 Trust	14,417,964	2,315	198,005	500,352	15,118,636
AK Target Date 2030 Trust	4,327,047	2,272	124,970	64,196	4,518,485
AK Target Date 2035 Trust	4,952,848	1,892	120,449	(32,771)	5,042,418
AK Target Date 2040 Trust	4,198,947	(5,582)	166,539	(130,267)	4,229,637
AK Target Date 2045 Trust	3,295,466	1,333	204,117	(60,112)	3,440,804
AK Target Date 2050 Trust	3,162,144	8,030	269,528	145,719	3,585,421
AK Target Date 2055 Trust	2,045,781	(2)	60,297	(225,958)	1,880,118
Total Investments with T. Rowe Price	1,967,546,581	4,300,034	1,138,778	6,986,642	1,979,972,035
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst.	13,946,747	200	(156,350)	1,476,993	15,267,590
S&P 500 Stock Index Fund Series A	239,498,653	3,828	439,641	(5,413,673)	234,528,449
Russell 3000 Index	13,619,270	25,039	(252,151)	(556,989)	12,835,169
US Real Estate Investment Trust Index	23,174,821	(413,771)	15,352	(1,337,601)	21,438,801
World Equity Ex-US Index	12,142,119	(53,476)	39,191	114,408	12,242,242
Long US Treasury Bond Index	6,678,223	(4,451)	31,130	(149,526)	6,555,376
US Treasury Inflation Protected Securities Index	12,349,923	110,155	(178,410)	1,600,873	13,882,541
World Government Bond Ex-US Index	3,534,027	6,478	(28,171)	1,271,048	4,783,382
Global Balanced Fund	53,305,917	(1,352)	52,908	(806,793)	52,550,680
Total Investments with SSGA	378,249,700	(327,350)	(36,860)	(3,801,260)	374,084,230
Barclays Global Advisors					
Government Bond Fund	43,458,912	(30,151)	(35,950)	290,497	43,683,308
Intermediate Bond Fund	12,488,778	(10,622)	(983)	(451,165)	12,026,008
Total Investments with Barclays Global Investors	55,947,690	(40,773)	(36,933)	(160,668)	55,709,316
Brandes Institutional					
International Equity Fund Fee	83,344,664	(3,130,051)	272,761	(1,088,354)	79,399,020
RCM					
Sustainable Opportunities Fund	34,164,303	(252,103)	(18,392)	(1,936,360)	31,957,448
Total Externally Managed Funds	2,519,252,938	549,757	1,319,354	-	2,521,122,049
Total All Funds	$ 2,525,296,772	$ 551,073	$ 4,467,162	$ -	$ 2,530,315,007

Notes: (1) Represents net contributions in transit to/from the record keeper. (2) Source data provided by the record keeper, Great West Life.

Supplemental Annuity Plan
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
March 31, 2011
$ (Thousands)

	July	August	September	October	November	December	January	February	March
Invested Assets (At Fair Value)									
Investments with Treasury Division									
Cash and cash equivalents	$ 8,600	$ 7,237	$ 7,565	$ 7,126	$ 6,832	$ 5,677	$ 6,314	$ 6,044	$ 9,194
Investments with T. Rowe Price									
Stable Value Fund	283,711	286,962	292,402	289,439	287,138	288,466	282,743	284,521	294,198
Small-Cap Stock Fund	56,604	50,508	56,772	61,951	69,230	81,722	82,761	88,941	96,140
Alaska Balanced Fund	1,021,978	1,009,446	1,040,934	1,054,777	1,047,068	1,067,381	1,075,300	1,088,668	1,082,894
Long Term Balanced Fund	260,317	257,593	275,366	287,026	287,498	301,523	309,435	317,789	320,117
Target 2010 Fund	29,828	29,818	28,935	28,260	25,785	25,012	23,922	22,943	22,168
AK Target Date 2010 Trust	2,391	2,495	3,236	3,468	4,839	5,147	5,411	6,292	5,643
AK Target Date 2015 Trust	76,971	74,720	79,853	81,701	81,472	84,011	84,852	87,528	86,791
AK Target Date 2020 Trust	26,587	25,728	28,036	29,438	29,569	31,069	32,549	34,464	34,206
AK Target Date 2025 Trust	11,206	11,053	12,152	12,573	13,122	13,732	14,523	14,418	15,119
AK Target Date 2030 Trust	2,157	2,138	2,438	2,643	2,845	3,418	4,037	4,327	4,518
AK Target Date 2035 Trust	2,754	2,776	3,113	3,296	3,489	4,101	4,528	4,953	5,042
AK Target Date 2040 Trust	2,430	2,363	2,755	3,077	3,175	3,501	3,842	4,199	4,230
AK Target Date 2045 Trust	1,291	1,415	1,829	2,037	2,243	2,712	3,019	3,295	3,441
AK Target Date 2050 Trust	1,264	1,371	1,674	1,976	2,333	2,464	2,870	3,162	3,585
AK Target Date 2055 Trust	627	847	1,028	1,373	1,443	1,549	2,052	2,046	1,880
Investments with State Street Global Advisors									
State Street Treasury Money Market Fund - Inst.	14,076	13,812	13,926	13,924	12,914	13,180	12,675	13,947	15,268
S&P 500 Stock Index Fund Series A	200,659	191,347	205,473	212,506	215,082	228,427	235,890	239,499	234,528
Russell 3000 Index	6,703	6,272	6,945	7,728	8,736	10,235	12,506	13,619	12,835
US Real Estate Investment Trust Index	18,422	17,661	18,779	19,307	18,655	18,489	21,205	23,175	21,439
World Equity Ex-US Index	9,524	9,289	10,142	12,150	11,538	12,589	12,833	12,142	12,242
Long US Treasury Bond Index	12,373	15,914	13,157	11,459	8,154	6,412	5,356	6,678	6,555
US Treasury Inflation Protected Securities Index	13,401	13,788	14,030	15,070	14,682	13,542	12,578	12,350	13,883
World Govt Bond Ex	3,248	3,697	3,923	4,527	3,681	3,497	3,406	3,534	4,783
Global Balanced Fund	48,362	47,446	50,190	51,583	50,558	52,816	53,137	53,306	52,551
Investments with Barclays Global Investors									
Government Bond Fund	47,268	49,121	50,177	49,331	48,054	45,214	44,302	43,459	43,683
Intermediate Bond Fund	14,065	14,660	14,391	14,541	14,578	13,454	13,608	12,489	12,026
Investments with Brandes Investment Partners									
International Equity Fund Fee	72,916	69,081	74,715	77,769	72,132	75,660	79,416	83,345	79,399
Investments with RCM									
Sustainable Opportunities Fund	24,096	22,721	24,644	26,413	28,723	31,113	31,958	34,164	31,957
Total Invested Assets	$ 2,273,829	$ 2,241,276	$ 2,338,580	$ 2,386,469	$ 2,375,568	$ 2,446,113	$ 2,477,028	$ 2,525,297	$ 2,530,315
Change in Invested Assets									
Beginning Assets	$ 2,189,939	$ 2,273,829	$ 2,241,276	$ 2,338,580	$ 2,386,469	$ 2,375,568	$ 2,446,113	$ 2,477,028	$ 2,525,297
Investment Earnings	83,974	(33,295)	93,734	45,562	(10,367)	68,282	28,783	47,451	551
Net Contributions (Withdrawals)	(84)	742	3,570	2,327	(534)	2,263	2,132	818	4,467
Ending Invested Assets	$ 2,273,829	$ 2,241,276	$ 2,338,580	$ 2,386,469	$ 2,375,568	$ 2,446,113	$ 2,477,028	$ 2,525,297	$ 2,530,315

Deferred Compensation Plan
Schedule of Invested Assets and Changes in Invested Assets
for the Month Ended
March 31, 2011

Participant Options	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
T. Rowe Price					
Interest Income Fund	$ 161,091,752	$ 498,779	$ (694,392)	$ 3,441,189	$ 164,337,328
Small Cap Stock Fund	73,092,575	2,529,651	(8,047)	(1,259,497)	74,354,682
Long Term Balanced Fund	34,093,587	(2,179)	140,298	(65,261)	34,166,445
Alaska Balanced Trust	4,714,036	571	94,703	147,570	4,956,880
AK Target Date 2010 Trust	1,422,061	69	(513)	134,461	1,556,078
AK Target Date 2015 Trust	2,864,692	2,679	36,056	324,913	3,228,340
AK Target Date 2020 Trust	2,372,101	1,598	62,480	(229,059)	2,207,120
AK Target Date 2025 Trust	1,199,744	558	27,070	62,697	1,290,069
AK Target Date 2030 Trust	790,559	481	23,811	(708)	814,143
AK Target Date 2035 Trust	799,104	141	13,473	(7,009)	805,709
AK Target Date 2040 Trust	306,785	492	16,870	9,821	333,968
AK Target Date 2045 Trust	163,690	(30)	8,466	(10,636)	161,490
AK Target Date 2050 Trust	402,888	(2,342)	4,800	(129,205)	276,141
AK Target Date 2055 Trust	879,387	(812)	1,594	(61,589)	818,580
Total Investments with T. Rowe Price	284,192,961	3,029,656	(273,331)	2,357,687	289,306,973
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst.	5,857,937	77	19,438	469,037	6,346,489
Russell 3000 Index	5,460,793	13,018	(52,988)	(159,611)	5,261,212
US Real Estate Investment Trust Index	7,560,222	(137,144)	53,103	(248,288)	7,227,893
World Equity Ex-US Index	4,614,118	(18,206)	(30,814)	62,856	4,627,954
Long US Treasury Bond Index	1,564,010	(319)	17,286	256,408	1,837,385
US Treasury Inflation Protected Securities Index	6,018,367	59,109	(11,753)	492,897	6,558,620
World Government Bond Ex-US Index	1,253,427	5,801	(56,256)	265,838	1,468,810
Global Balanced Fund	38,373,037	6,323	89,507	(272,186)	38,196,681
Total Investments with SSGA	70,701,911	(71,341)	27,523	866,951	71,525,044
Barclays Global Investors					
S&P 500 Index Fund	129,015,000	21,842	124,592	(1,886,110)	127,275,324
Government/Credit Bond Fund	29,578,351	(16,284)	34,616	176,317	29,773,000
Intermediate Bond Fund	16,545,864	(10,442)	65,209	(385,557)	16,215,074
Total Investments with Barclays Global Investors	175,139,215	(4,884)	224,417	(2,095,350)	173,263,398
Brandes Institutional					
International Equity Fund Fee	46,826,601	(1,739,955)	95,294	(587,349)	44,594,591
RCM					
Sustainable Core Opportunities Fund	11,906,390	(72,035)	87,786	(541,939)	11,380,202
Total All Funds	$ 588,767,078	$ 1,141,441	$ 161,689	$ -	$ 590,070,208

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

Deferred Compensation Plan
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
March 31, 2011
$ (Thousands)

	July	August	September	October	November	December	January	February	March
Invested Assets (at fair value)									
Investments with T. Rowe Price									
Interest Income Fund									
Cash and cash equivalents	$ 9,218	$ 10,797	$ 12,555	$ 10,292	$ 8,520	$ 10,013	$ 5,787	$ 6,022	$ 7,044
Synthetic Investment Contracts	152,713	153,492	153,428	154,554	154,963	155,144	156,451	155,070	157,294
Small Cap Stock Fund	54,781	50,185	55,467	58,724	62,041	68,199	68,793	73,093	74,355
Long Term Balanced Fund	29,257	28,917	30,533	31,522	31,504	32,472	33,454	34,093	34,166
Alaska Balanced Trust	3,426	3,701	3,988	4,105	4,082	4,196	4,526	4,714	4,957
AK Target Date 2010 Trust	1,274	1,082	1,273	1,328	1,176	1,443	1,275	1,422	1,556
AK Target Date 2015 Trust	1,383	1,387	1,725	1,993	2,257	2,539	2,731	2,865	3,228
AK Target Date 2020 Trust	1,332	1,161	1,330	1,633	1,783	1,663	1,887	2,372	2,207
AK Target Date 2025 Trust	649	705	861	961	984	1,100	1,088	1,200	1,290
AK Target Date 2030 Trust	405	413	435	459	484	525	735	791	814
AK Target Date 2035 Trust	478	458	505	605	607	712	720	799	806
AK Target Date 2040 Trust	164	175	301	343	223	246	273	307	334
AK Target Date 2045 Trust	90	94	104	113	125	137	145	164	161
AK Target Date 2050 Trust	92	93	102	109	254	272	386	403	276
AK Target Date 2055 Trust	666	645	690	760	769	810	848	879	819
State Street Global Advisors									
State Street Treasury Money Market Fund - Ins	5,460	5,641	5,983	5,937	5,788	5,623	5,960	5,858	6,346
Russell 3000 Index	2,201	2,077	2,496	2,750	3,477	4,153	5,020	5,461	5,261
US Real Estate Investment Trust Index	5,748	5,217	5,747	6,188	6,054	5,921	7,046	7,560	7,228
World Equity Ex-US Index	3,597	3,523	3,848	4,375	4,367	4,582	4,848	4,614	4,628
Long US Treasury Bond Index	2,901	3,528	2,616	2,493	1,930	1,708	1,546	1,564	1,837
US Treasury Inflation Protected Securities Inde	5,826	6,109	6,148	6,596	6,929	6,157	6,211	6,018	6,559
World Government Bond Ex-US Index	1,157	1,350	1,391	1,711	1,200	1,227	1,172	1,253	1,469
Global Balanced Fund	34,105	33,789	35,812	36,794	36,059	37,692	37,840	38,373	38,197
Investments with Barclays Global Investors									
S&P 500 Index Fund	107,770	102,540	110,500	114,042	115,311	121,669	125,051	129,015	127,275
Government/Credit Bond Fund	31,515	32,352	32,485	32,199	31,246	30,445	30,053	29,578	29,773
Intermediate Bond Fund	17,567	17,954	17,747	17,647	17,313	16,768	16,745	16,546	16,215
Investments with Brandes Institutional									
International Equity Fund Fee	41,695	40,357	43,536	45,071	41,701	43,564	45,078	46,827	44,595
Investments with RCM									
Sustainable Opportunities Fund	8,064	7,699	8,497	9,039	9,866	10,651	11,036	11,906	11,380
Total Invested Assets	**$ 523,534**	**$ 515,441**	**$ 540,103**	**$ 552,343**	**$ 551,013**	**$ 569,631**	**$ 576,705**	**$ 588,767**	**$ 590,070**
Change in Invested Assets									
Beginning Assets	$ 502,805	$ 523,534	$ 515,441	$ 540,103	$ 552,343	$ 551,013	$ 569,631	$ 576,705	$ 588,767
Investment Earnings	20,548	(10,281)	24,972	11,994	(1,385)	19,905	7,152	12,797	1,141
Net Contributions (Withdrawals)	181	2,188	(310)	246	55	(1,287)	(78)	(735)	162
Ending Invested Assets	**$ 523,534**	**$ 515,441**	**$ 540,103**	**$ 552,343**	**$ 551,013**	**$ 569,631**	**$ 576,705**	**$ 588,767**	**$ 590,070**

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

Defined Contribution Retirement - Participant Directed PERS
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
March 31, 2011

Interim Transit Account	**Beginning Invested Assets**	**Investment Income**	**Net Contributions (Withdrawals)**	**Transfers in (out)**	**Ending Invested Assets**
Treasury Division [1]					
Cash and Cash Equivalents	$ 1,176,709	$ 84	$ 71,064	$ -	$ 1,247,857
Participant Options [2]					
T. Rowe Price					
Alaska Money Market	3,992,474	939	75,925	(183,391)	3,885,947
Small-Cap Stock Fund	23,324,161	1,118,561	447,297	5,692,312	30,582,331
Long Term Balanced Fund	7,767,630	(4)	109,942	85,738	7,963,306
Alaska Balanced Fund	259,712	200	12,803	17,228	289,943
AK Target Date 2010 Trust	226,963	237	22,869	-	250,069
AK Target Date 2015 Trust	1,001,503	688	77,240	(9,014)	1,070,417
AK Target Date 2020 Trust	1,725,317	2,266	165,744	(29)	1,893,298
AK Target Date 2025 Trust	2,224,628	3,274	210,754	17,667	2,456,323
AK Target Date 2030 Trust	2,416,165	3,197	193,664	(11,093)	2,601,933
AK Target Date 2035 Trust	2,548,037	3,469	215,014	(22,078)	2,744,442
AK Target Date 2040 Trust	4,093,277	5,124	292,886	(16,585)	4,374,702
AK Target Date 2045 Trust	3,820,184	6,059	354,632	(18,938)	4,161,937
AK Target Date 2050 Trust	4,348,138	7,087	401,756	(43,032)	4,713,949
AK Target Date 2055 Trust	1,177,519	2,139	114,133	-	1,293,791
Total Investments with T. Rowe Price	58,925,708	1,153,236	2,694,659	5,508,785	68,282,388
State Street Global Advisors					
Money Market	222,281	3	6,132	(11,353)	217,063
S&P 500 Stock Index Fund Series A	30,097,531	8,620	529,600	(715,681)	29,920,070
Russell 3000 Index	274,148	1,284	(456)	1,166	276,142
US Real Estate Investment Trust Index	391,795	(5,332)	10,892	7,227	404,582
World Equity Ex-US Index	258,008	(139)	7,740	7,479	273,088
Long US Treasury Bond Index	96,588	2	2,028	10,781	109,399
US Treasury Inflation Protected Sec Index	163,486	1,690	3,364	32,175	200,715
World Government Bond Ex-US Index	78,393	(156)	(763)	60,332	137,806
Global Balanced Fund	3,246,683	975	57,293	(61,226)	3,243,725
Total Investments with SSGA	34,828,913	6,947	615,830	(669,100)	34,782,590
Barclays					
Government Bond Fund	6,305,143	(4,475)	76,850	787,119	7,164,637
Intermediate Bond Fund	206,628	(141)	5,106	3,049	214,642
Total Investments with Barclays Global Investors	6,511,771	(4,616)	81,956	790,168	7,379,279
Brandes Institutional					
International Equity Fund Fee	43,386,074	(1,605,991)	754,322	315,592	42,849,997
RCM					
Sustainable Opportunities Fund	11,612,222	(185,781)	154,086	(5,945,445)	5,635,082
Total Externally Managed Funds	155,264,688	(636,205)	4,300,853	-	158,929,336
Total All Funds	$ 156,441,397	$ (636,121)	$ 4,371,917	$ -	$ 160,177,193

Notes: (1) Represents net contributions in transit to/from the record keeper. (2) Source data provided by the record keeper, Great West Life.

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
March 31, 2011
$ (Thousands)

	July	August	September	October	November	December	January	February	March
Invested Assets (At Fair Value)									
Investments with Treasury Division									
Cash and cash equivalents	$ 438	$ 315	$ 585	$ 651	$ 346	$ 489	$ 222	$ 1,176	$ 1,248
Investments with T. Rowe Price									
Alaska Money Market	4,138	4,327	4,476	4,747	4,741	4,637	4,164	3,992	3,886
Small-Cap Stock Fund	1,150	1,099	1,257	1,339	1,471	4,819	13,584	23,324	30,582
Long Term Balanced Fund	7,602	7,684	8,362	8,864	8,765	8,825	8,159	7,768	7,963
Alaska Balanced Fund	172	180	194	207	211	230	251	260	290
AK Target Date 2010 Trust	102	111	129	147	160	183	203	227	250
AK Target Date 2015 Trust	454	494	592	679	745	826	908	1,002	1,070
AK Target Date 2020 Trust	709	768	913	1,057	1,163	1,366	1,526	1,725	1,893
AK Target Date 2025 Trust	927	978	1,177	1,345	1,514	1,756	1,971	2,225	2,456
AK Target Date 2030 Trust	1,002	1,075	1,310	1,493	1,647	1,951	2,178	2,416	2,602
AK Target Date 2035 Trust	1,012	1,087	1,333	1,545	1,749	2,047	2,276	2,548	2,744
AK Target Date 2040 Trust	1,812	1,933	2,343	2,663	2,881	3,349	3,693	4,093	4,375
AK Target Date 2045 Trust	1,454	1,589	1,976	2,301	2,577	3,058	3,421	3,820	4,162
AK Target Date 2050 Trust	1,639	1,810	2,255	2,627	2,918	3,465	3,868	4,348	4,714
AK Target Date 2055 Trust	384	459	586	685	774	937	1,046	1,178	1,294
Investments with State Street Global Advisors									
Money Market	173	152	177	183	191	242	249	222	217
S&P 500 Stock Index Fund Series A	22,958	22,495	25,145	26,697	27,281	29,355	29,650	30,098	29,920
Russell 3000 Index	140	139	155	173	192	225	248	274	276
US Real Estate Investment Trust Index	174	223	266	235	308	319	371	392	405
World Equity Ex-US Index	167	170	188	182	187	243	248	258	273
Long US Treasury Bond Index	162	217	155	188	141	121	126	97	109
US Treasury Inflation Protected Sec Index	106	111	144	154	157	146	155	163	201
World Government Bond Ex-US Index	103	61	70	71	73	78	80	78	138
Global Balanced Fund	2,485	2,489	2,730	2,876	2,849	3,047	3,160	3,247	3,244
Investments with Barclays									
Government Bond Fund	3,668	3,759	3,881	4,016	4,109	4,442	5,335	6,305	7,165
Intermediate Bond Fund	215	212	220	240	245	234	203	207	215
Investments with Brandes Investment Partners									
International Equity Fund Fee	29,365	28,544	31,352	33,173	32,029	36,067	39,794	43,386	42,850
Investments with RCM									
Sustainable Opportunities Fund	23,131	22,556	25,444	27,346	28,206	27,051	19,507	11,612	5,635
Total Invested Assets	**$ 105,842**	**$ 105,040**	**$ 117,415**	**$ 125,884**	**$ 127,630**	**$ 139,508**	**$ 146,596**	**$ 156,441**	**$ 160,177**
Change in Invested Assets									
Beginning Assets	$ 96,173	$ 105,842	$ 105,040	$ 117,415	$ 125,884	$ 127,630	$ 139,508	$ 146,596	$ 156,441
Investment Earnings	6,556	(3,919)	8,321	4,355	(1,950)	7,175	3,196	4,972	(636)
Net Contributions (Withdrawals)	3,113	3,117	4,054	4,114	3,696	4,703	3,892	4,873	4,372
Ending Invested Assets	**$ 105,842**	**$ 105,040**	**$ 117,415**	**$ 125,884**	**$ 127,630**	**$ 139,508**	**$ 146,596**	**$ 156,441**	**$ 160,177**

Defined Contribution Retirement - Participant Directed TRS
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
March 31, 2011

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Interim Transit Account					
Treasury Division [1]					
Cash and Cash Equivalents	$ 264,534	$ 139	$ 68,076	$ -	$ 332,749
Participant Options [2]					
T. Rowe Price					
Alaska Money Market	1,627,756	382	41,110	(79,218)	1,590,030
Small-Cap Stock Fund	9,852,494	475,738	200,313	2,503,515	13,032,060
Long Term Balanced Fund	3,494,584	(1,285)	57,724	(62,478)	3,488,545
Alaska Balanced Fund	72,232	47	3,109	-	75,388
AK Target Date 2010 Trust	152,925	118	10,871	994	164,908
AK Target Date 2015 Trust	509,111	283	34,123	(4,196)	539,321
AK Target Date 2020 Trust	726,216	663	63,451	-	790,330
AK Target Date 2025 Trust	836,241	780	75,368	-	912,389
AK Target Date 2030 Trust	854,265	572	52,433	(3,976)	903,294
AK Target Date 2035 Trust	1,519,077	1,320	123,345	-	1,643,742
AK Target Date 2040 Trust	1,692,781	996	120,107	-	1,813,884
AK Target Date 2045 Trust	3,040,122	2,451	240,993	-	3,283,566
AK Target Date 2050 Trust	3,743,923	3,300	324,336	-	4,071,559
AK Target Date 2055 Trust	113,680	234	16,224	-	130,138
Total Investments with T. Rowe Price	28,235,407	485,599	1,363,507	2,354,641	32,439,154
State Street Global Advisors					
Money Market	26,606	1	153	-	26,760
S&P 500 Stock Index Fund Series A	12,205,219	1,155	226,122	(281,793)	12,150,703
Russell 3000 Index	111,525	784	2,594	2,932	117,835
US Real Estate Investment Trust Index	89,027	(1,151)	4,485	3,012	95,373
World Equity Ex-US Index	48,495	(100)	2,529	-	50,924
Long US Treasury Bond Index	14,550	4	636	23,103	38,293
US Treasury Inflation Protected Sec Index	69,116	764	1,670	2,334	73,884
World Government Bond Ex-US Index	6,458	32	(1)	-	6,489
Global Balanced Fund	1,959,800	570	33,678	(48,439)	1,945,609
Total Investments with SSGA	14,530,796	2,059	271,866	(298,851)	14,505,870
Barclays					
Government Bond Fund	2,615,674	(1,626)	51,292	319,842	2,985,182
Intermediate Bond Fund	59,522	(45)	776	2,052	62,305
Total Investments with Barclays Global Investors	2,675,196	(1,671)	52,068	321,894	3,047,487
Brandes Institutional					
International Equity Fund Fee	18,273,133	(682,397)	338,586	189,920	18,119,242
RCM					
Sustainable Opportunities Fund	5,288,991	(80,275)	77,627	(2,567,604)	2,718,739
Total Externally Managed Funds	69,003,523	(276,685)	2,103,654	-	70,830,492
Total All Funds	$ 69,268,057	$ (276,546)	$ 2,171,730	$ -	$ 71,163,241

Notes: (1) Represents net contributions in transit to/from the record keeper. (2) Source data provided by the record keeper, Great West Life.

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
March 31, 2011
$ (Thousands)

	July	August	September	October	November	December	January	February	March
Invested Assets (At Fair Value)									
Investments with Treasury Division									
Cash and cash equivalents	$ 76	$ 56	$ 141	$ 59	$ 195	$ 222	$ 437	$ 264	$ 333
Investments with T. Rowe Price									
Alaska Money Market	1,829	1,821	1,875	1,943	1,942	1,868	1,699	1,628	1,590
Small-Cap Stock Fund	486	441	502	552	586	2,087	5,920	9,852	13,032
Long Term Balanced Fund	3,937	3,874	4,165	4,384	4,293	4,213	3,719	3,495	3,489
Alaska Balanced Fund	61	56	58	61	62	66	68	72	75
AK Target Date 2010 Trust	79	78	87	101	110	124	130	153	165
AK Target Date 2015 Trust	307	284	316	326	366	424	462	509	539
AK Target Date 2020 Trust	339	316	374	445	497	587	655	726	790
AK Target Date 2025 Trust	397	378	433	514	580	686	748	836	912
AK Target Date 2030 Trust	422	390	434	506	575	684	759	854	903
AK Target Date 2035 Trust	713	677	783	915	1,036	1,231	1,348	1,519	1,644
AK Target Date 2040 Trust	865	830	948	1,098	1,191	1,420	1,526	1,693	1,814
AK Target Date 2045 Trust	1,448	1,390	1,595	1,858	2,087	2,470	2,721	3,040	3,284
AK Target Date 2050 Trust	1,673	1,611	1,856	2,205	2,498	2,987	3,328	3,744	4,072
AK Target Date 2055 Trust	30	29	37	51	63	83	96	114	130
Investments with State Street Global Advisors									
Money Market	12	12	12	12	32	32	33	27	27
S&P 500 Stock Index Fund Series A	10,055	9,523	10,426	11,040	11,315	12,106	12,103	12,205	12,151
Russell 3000 Index	48	48	58	62	65	79	108	112	118
US Real Estate Investment Trust Index	42	44	41	44	64	70	81	89	95
World Equity Ex-US Index	22	23	30	36	36	41	45	48	51
Long US Treasury Bond Index	10	11	11	11	12	12	14	15	38
US Treasury Inflation Protected Sec Index	80	73	73	76	77	78	79	69	74
World Government Bond Ex-US Index	2	2	2	2	2	2	-	6	6
Global Balanced Fund	1,518	1,478	1,582	1,650	1,648	1,756	1,834	1,960	1,946
Investments with Barclays									
Government Bond Fund	1,622	1,616	1,619	1,660	1,735	1,900	2,254	2,616	2,985
Intermediate Bond Fund	38	38	39	59	59	60	59	60	62
Investments with Brandes Investment Partners									
International Equity Fund Fee	13,066	12,298	13,214	13,932	13,509	15,199	16,752	18,273	18,119
Investments with RCM									
Sustainable Opportunities Fund	10,094	9,514	10,465	11,233	11,703	11,224	8,139	5,289	2,719
Total Invested Assets	$ 49,271	$ 46,911	$ 51,175	$ 54,835	$ 56,338	$ 61,711	$ 65,117	$ 69,268	$ 71,163
Change in Invested Assets									
Beginning Assets	$ 45,348	$ 49,271	$ 46,911	$ 51,175	$ 54,835	$ 56,338	$ 61,711	$ 65,117	$ 69,268
Investment Earnings	3,071	(1,764)	3,690	1,880	(848)	3,170	1,408	2,193	(277)
Net Contributions (Withdrawals)	852	(596)	575	1,780	2,351	2,203	1,998	1,958	2,172
Ending Invested Assets	$ 49,271	$ 46,911	$ 51,175	$ 54,835	$ 56,338	$ 61,711	$ 65,117	$ 69,268	$ 71,163

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT
(Supplement to the Treasury Division Report)

As of March 31, 2011

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 Eight Months Ending March 31, 2011

		Contributions				Expenditures				Net
		Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds	Admin-istrative	Total Expenditures	Net Contributions/ (Withdrawals)
Public Employees' Retirement System (PERS)										
Defined Benefit Plans:										
Retirement Trust		213,682,786	65,187,270	49,967	278,920,023	(391,822,554)	(8,874,619)	(21,903,533)	(422,600,706)	(143,680,683)
Retirement Health Care Trust		199,766,784	100,653,901	361,653,594	662,074,279	(240,596,368)	-	(5,565,627)	(246,161,995)	415,912,284
Total Defined Benefit Plans		413,449,570	165,841,171	361,703,561	940,994,302	(632,418,922)	(8,874,619)	(27,469,160)	(668,762,701)	272,231,601
Defined Contribution Plans:										
Participant Directed Retirement		42,549,066	-	1,000,000	43,549,066	-	(6,690,420)	(925,008)	(7,615,428)	35,933,638
Health Reimbursement Arrangement	(a)	11,708,173	-	-	11,708,173	-	-	-	-	11,708,173
Retiree Medical Plan	(a)	1,885,611	-	-	1,885,611	-	-	-	-	1,885,611
Occupational Death and Disability	(a)									
Public Employees		909,457	-	-	909,457	-	-	-	-	909,457
Police and Firefighters		417,165	-	-	417,165	(27,630)	-	-	(27,630)	389,535
Total Defined Contribution Plans		57,469,472	-	1,000,000	58,469,472	(27,630)	(6,690,420)	(925,008)	(7,643,058)	50,826,414
Total PERS		470,919,042	165,841,171	362,703,561	999,463,774	(632,446,552)	(15,565,039)	(28,394,168)	(676,405,759)	323,058,015
Teachers' Retirement System (TRS)										
Defined Benefit Plans:										
Retirement Trust		56,724,960	109,343,380	16,175	166,084,515	(257,569,013)	(2,273,335)	(9,373,113)	(269,215,461)	(103,130,946)
Retirement Health Care Trust		51,241,278	81,506,878	44,981,838	177,729,994	(99,276,690)	-	(2,206,898)	(101,483,588)	76,246,406
Total Defined Benefit Plans		107,966,238	190,850,258	44,998,013	343,814,509	(356,845,703)	(2,273,335)	(11,580,011)	(370,699,049)	(26,884,540)
Defined Contribution Plans:										
Participant Directed Retirement		15,671,007	-	197,552	15,868,559	-	(2,262,437)	(312,458)	(2,574,895)	13,293,664
Health Reimbursement Arrangement	(a)	3,252,098	-	-	3,252,098	-	-	-	-	3,252,098
Retiree Medical Plan	(a)	755,146	-	-	755,146	-	-	-	-	755,146
Occupational Death and Disability:	(a)	300,995	-	-	300,995	-	-	-	-	300,995
Total Defined Contribution Plans		19,979,246	-	197,552	20,176,798	-	(2,262,437)	(312,458)	(2,574,895)	17,601,903
Total TRS		127,945,484	190,850,258	45,195,565	363,991,307	(356,845,703)	(4,535,772)	(11,892,469)	(373,273,944)	(9,282,637)
Judicial Retirement System (JRS)										
Defined Benefit Plan Retirement Trust		3,326,745	727,183	6	4,053,934	(6,800,075)	-	(271,685)	(7,071,760)	(3,017,826)
Defined Benefit Retirement Health Care Trust		837,599	61,754	8,413	907,766	(902,710)	-	(19,264)	(921,974)	(14,208)
Total JRS		4,164,344	788,937	8,419	4,961,700	(7,702,785)	-	(290,949)	(7,993,734)	(3,032,034)
National Guard/Naval Militia Retirement System (NGNMRS)										
Defined Benefit Plan Retirement Trust	(a)	965,375	-	-	965,375	(1,030,726)	-	(134,160)	(1,164,886)	(199,511)
Other Participant Directed Plans										
Supplemental Annuity Plan		115,987,560	-	-	115,987,560	-	(96,612,089)	(3,675,378)	(100,287,467)	15,700,093
Deferred Compensation Plan		29,730,155	-	-	29,730,155	-	(28,507,660)	(799,111)	(29,306,771)	423,384
Total All Funds		749,711,960	357,480,366	407,907,545	1,515,099,871	(998,025,766)	(145,220,560)	(45,186,235)	(1,188,432,561)	326,667,310

(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 March 31, 2011

		Contributions				Expenditures				
		Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds	Admin-istrative	Total Expenditures	Net Contributions/ (Withdrawals)
Public Employees' Retirement System (PERS)										
Defined Benefit Plans:										
Retirement Trust		25,141,483	-	31,990	25,173,473	(44,378,340)	(1,126,584)	(1,272,007)	(46,776,931)	(21,603,458)
Retirement Health Care Trust		24,708,743	-	332,580	25,041,323	(29,508,139)	-	(599,170)	(30,107,309)	(5,065,986)
Total Defined Benefit Plans		49,850,226	-	364,570	50,214,796	(73,886,479)	(1,126,584)	(1,871,177)	(76,884,240)	(26,669,444)
Defined Contribution Plans:										
Participant Directed Retirement		5,292,436	-	-	5,292,436	-	(877,169)	(43,350)	(920,519)	4,371,917
Health Reimbursement Arrangement	(a)	1,514,155	-	-	1,514,155	-	-	-	-	1,514,155
Retiree Medical Plan	(a)	225,533	-	-	225,533	-	-	-	-	225,533
Occupational Death and Disability:	(a)									
Public Employees		114,719	-	-	114,719	-	-	-	-	114,719
Police and Firefighters		46,964	-	-	46,964	(3,947)	-	-	(3,947)	43,017
Total Defined Contribution Plans		7,193,807	-	-	7,193,807	(3,947)	(877,169)	(43,350)	(924,466)	6,269,341
Total PERS		57,044,033	-	364,570	57,408,603	(73,890,426)	(2,003,753)	(1,914,527)	(77,808,706)	(20,400,103)
Teachers' Retirement System (TRS)										
Defined Benefit Plans:										
Retirement Trust		8,255,338	-	299	8,255,637	(28,957,919)	(241,606)	(562,356)	(29,761,881)	(21,506,244)
Retirement Health Care Trust		7,079,326	-	110,782	7,190,108	(12,161,833)	-	(236,537)	(12,398,370)	(5,208,262)
Total Defined Benefit Plans		15,334,664	-	111,081	15,445,745	(41,119,752)	(241,606)	(798,893)	(42,160,251)	(26,714,506)
Defined Contribution Plans:										
Participant Directed Retirement		2,258,540	-	-	2,258,540	-	(71,190)	(15,620)	(86,810)	2,171,730
Health Reimbursement Arrangement	(a)	478,803	-	-	478,803	-	-	-	-	478,803
Retiree Medical Plan	(a)	105,366	-	-	105,366	-	-	-	-	105,366
Occupational Death and Disability:	(a)	43,386	-	-	43,386	-	-	-	-	43,386
Total Defined Contribution Plans		2,886,095	-	-	2,886,095	-	(71,190)	(15,620)	(86,810)	2,799,285
Total TRS		18,220,759	-	111,081	18,331,840	(41,119,752)	(312,796)	(814,513)	(42,247,061)	(23,915,221)
Judicial Retirement System (JRS)										
Defined Benefit Plan Retirement Trust		565,905	-	-	565,905	(781,498)	-	(20,390)	(801,888)	(235,983)
Defined Benefit Retirement Health Care Trust		121,521	-	861	122,382	(113,112)	-	(1,920)	(115,032)	7,350
Total JRS		687,426	-	861	688,287	(894,610)	-	(22,310)	(916,920)	(228,633)
National Guard/Naval Militia Retirement System (NGNMRS)										
Defined Benefit Plan Retirement Trust	(a)	-	-	-	-	(189,201)	-	(13,144)	(202,345)	(202,345)
Other Participant Directed Plans										
Supplemental Annuity Plan		16,077,601	-	-	16,077,601		(11,297,060)	(313,379)	(11,610,439)	4,467,162
Deferred Compensation Plan		3,232,413	-	-	3,232,413	-	(2,979,220)	(91,504)	(3,070,724)	161,689
Total All Funds		95,262,232	-	476,512	95,738,744	(116,093,989)	(16,592,829)	(3,169,377)	(135,856,195)	(40,117,451)

(a) Employer only contributions.

ARMB Board Meeting
Investment Performance
Periods Ended March 31, 2011

Michael J. O'Leary CFA
Executive Vice President

Paul Erlendson
Senior Vice President

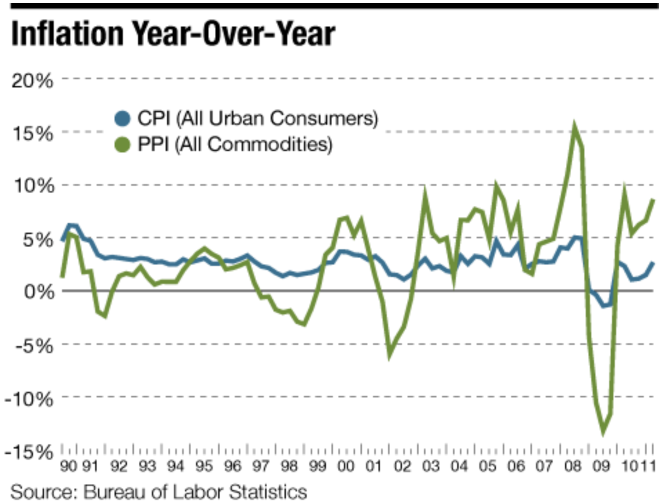
Preliminary Real Estate Returns are used in this report

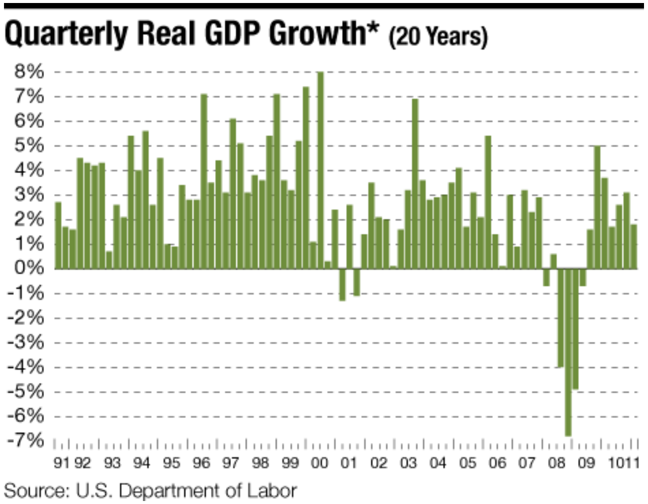
Prepared May 29, 2011

First Quarter Overview

- **Mideast turmoil**
- **Renewed concern regarding European credit**
- **Jump in many commodity price series**
  - UBS Commodity Index up 4.45%
  - Goldman Sachs Commodity Index up 11.56% (big energy weighting)
- **Continued real economic growth but initial estimates subsequently reduced**
- **Concern regarding policy tightening as many emerging economies began to fight inflation**
- **Domestic interest spreads continued to narrow**
- **Stocks and real estate continued recovery.**

Recovery continued but still slow



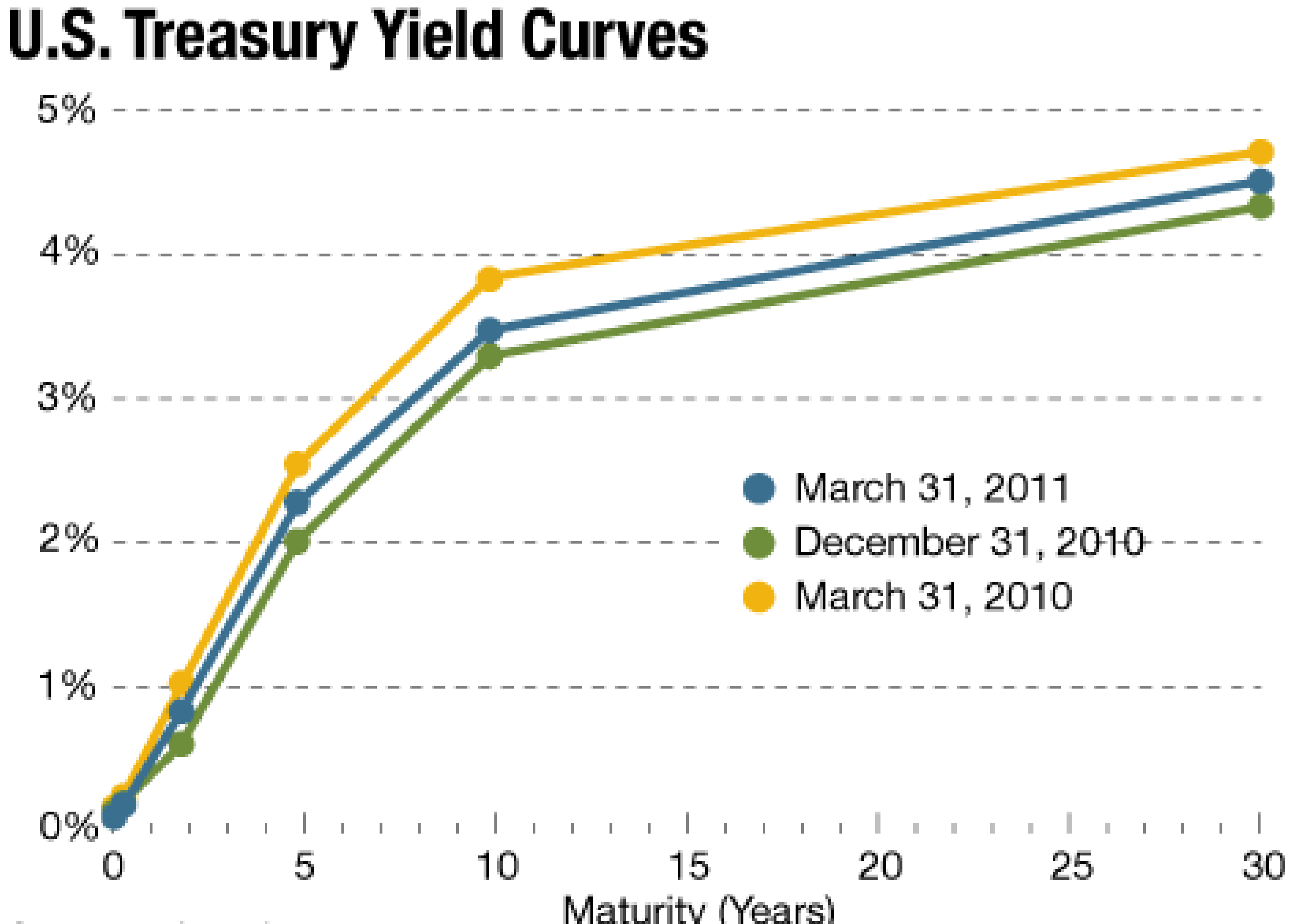


Recent Quarterly Indicators

Economic Indicators (seasonally adjusted)	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11
CPI–All Urban Consumers (year-over-year)	-1.4%	-1.3%	2.7%	2.3%	1.0%	1.1%	1.5%	2.7%
PPI–All Commodities (year-over-year)	-13.2%	-11.3%	4.2%	9.0%	5.5%	6.3%	6.6%	8.6%
Employment Cost–Total Compensation Growth	0.7%	1.8%	1.5%	2.6%	1.8%	1.8%	1.8%	2.6%
Nonfarm Business–Productivity Growth	6.9%	7.8%	6.3%	3.9%	-1.8%	2.3%	2.6%	1.3%
GDP Growth*	-0.7%	1.6%	5.0%	3.7%	1.7%	2.6%	3.1%	1.8%
Manufacturing Capacity Utilization (level %)	65.4	67.0	68.8	70.0	71.6	72.6	73.4	75.0
Consumer Sentiment Index (1966=1.000)	0.682	0.684	0.702	0.739	0.739	0.683	0.713	0.731

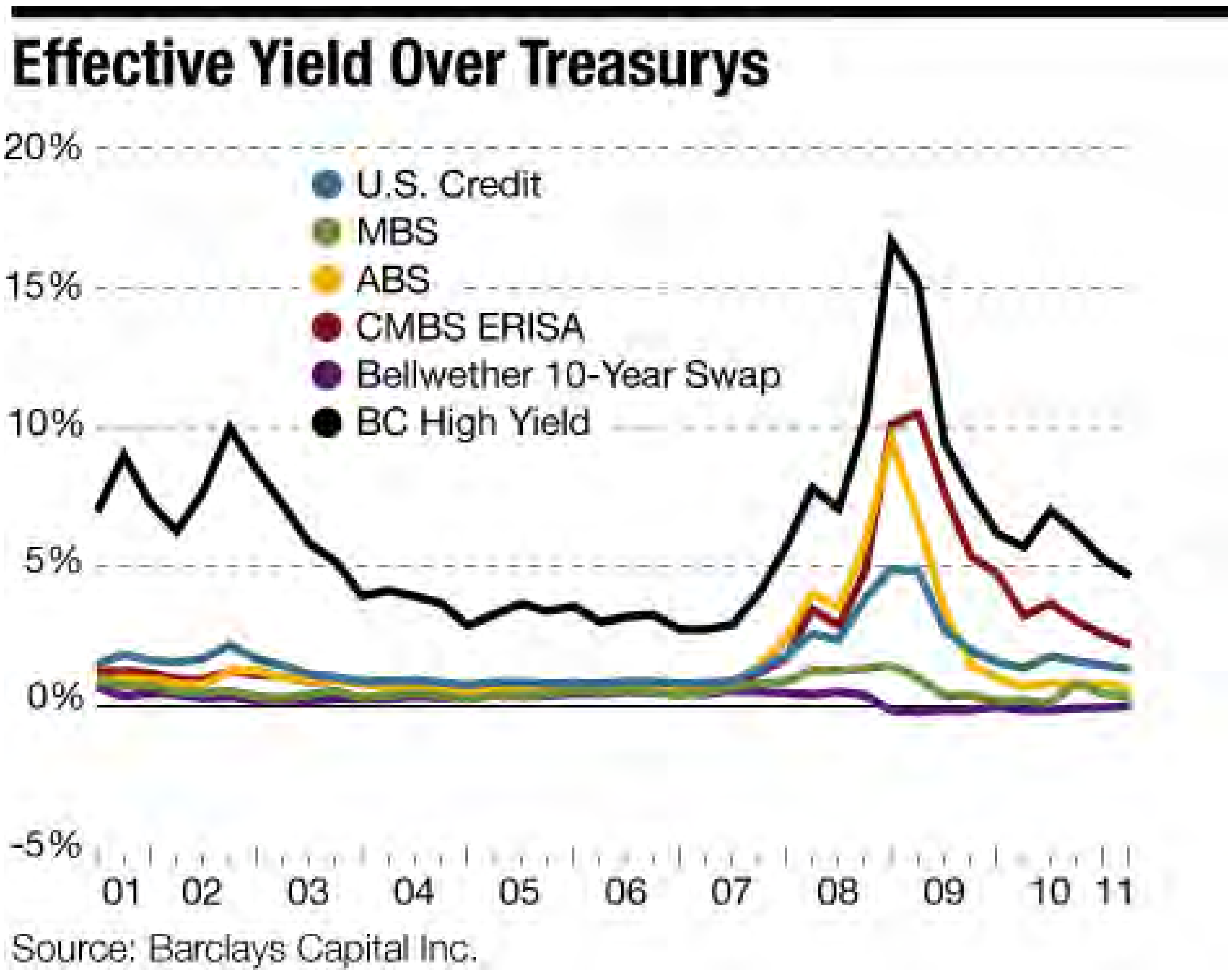
*The GDP estimates released on April 28, 2011 reflect the results of the comprehensive (or benchmark) revision of the national income and product accounts, according to the Bureau of Economic Analysis (BEA) Web site. More information on the revision is available at www.bea.gov/national/an1.htm.
Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, Reuters/University of Michigan

Fixed Income – Treasury Yield Curve



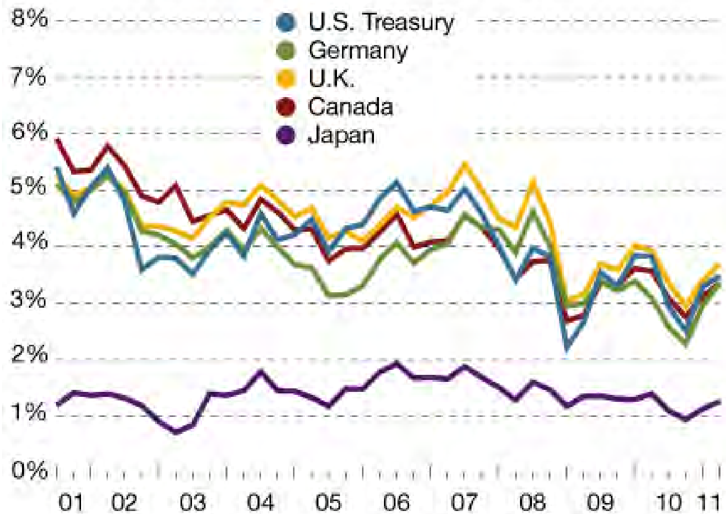
Source: Bloomberg

Spreads continued to narrow

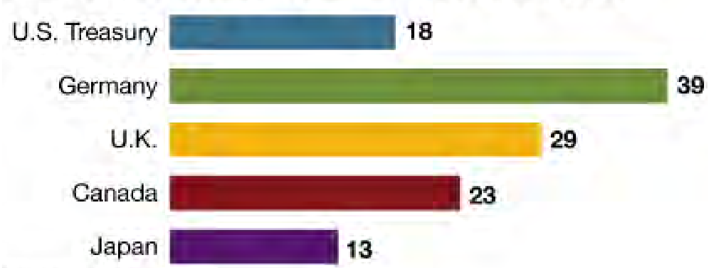


More Spread Info

10-Year Global Government Bond Yields

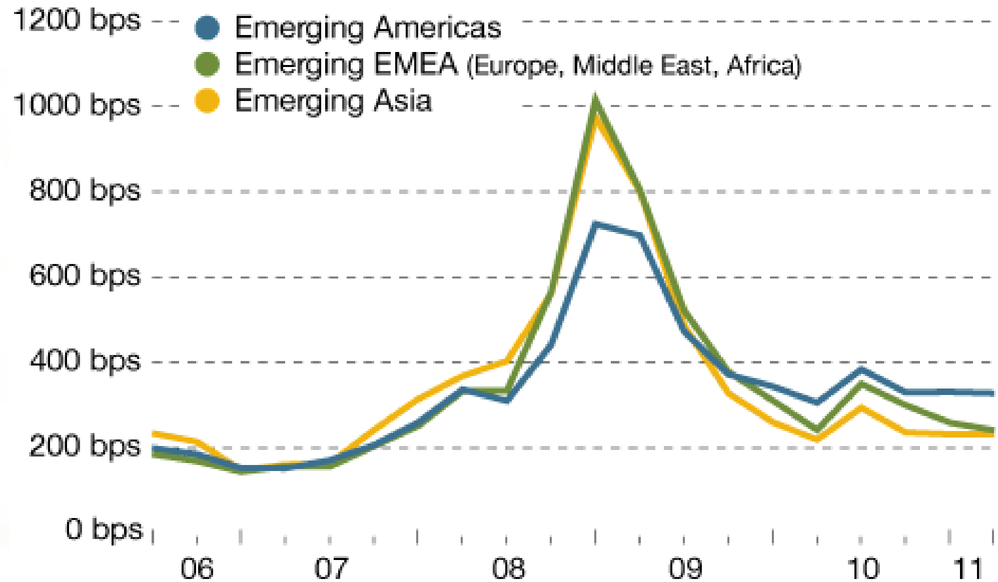


Change in 10-Year Yields from 4Q10 to 1Q11 (bps)



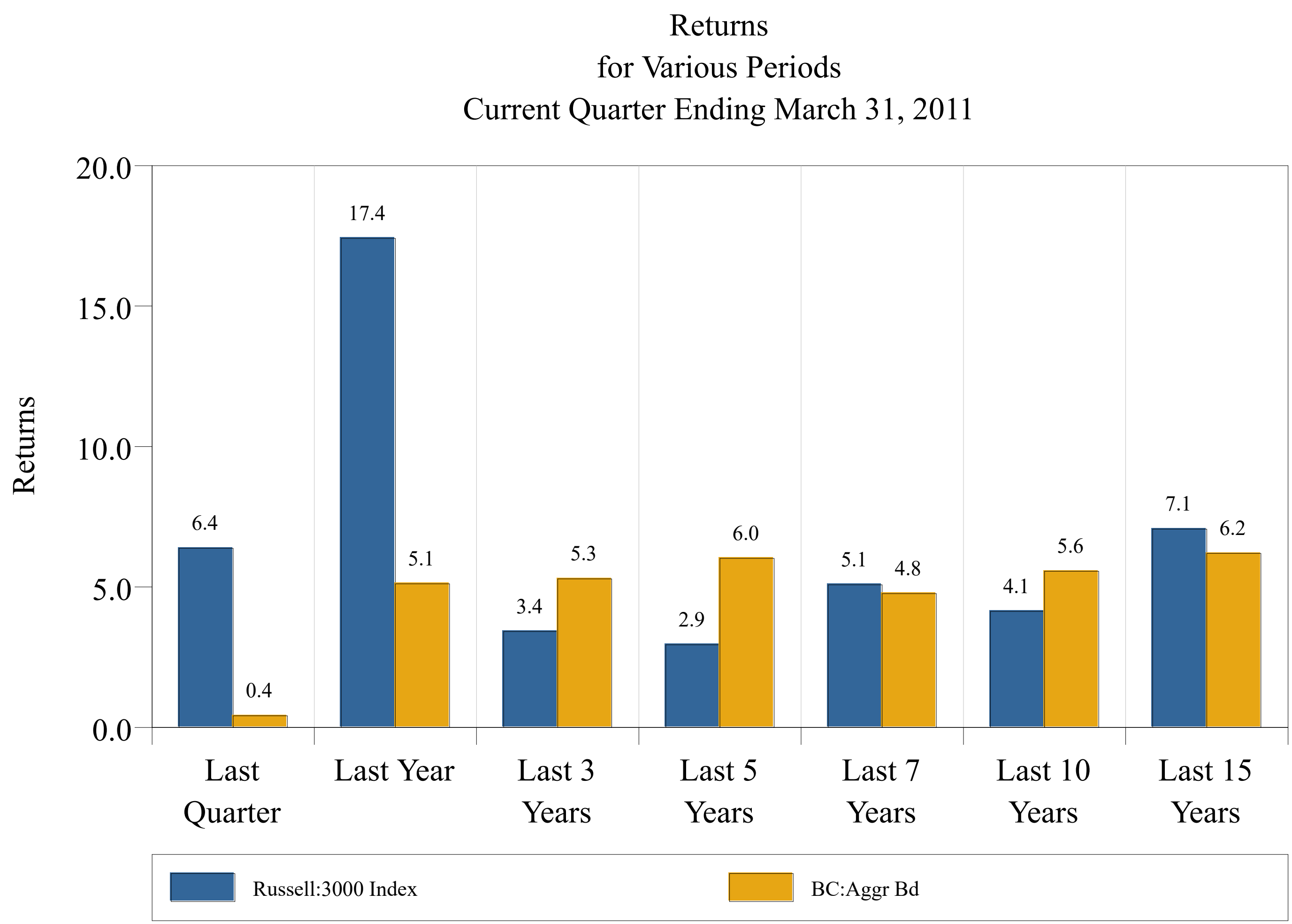
Source: Citigroup

Emerging Spreads by Region

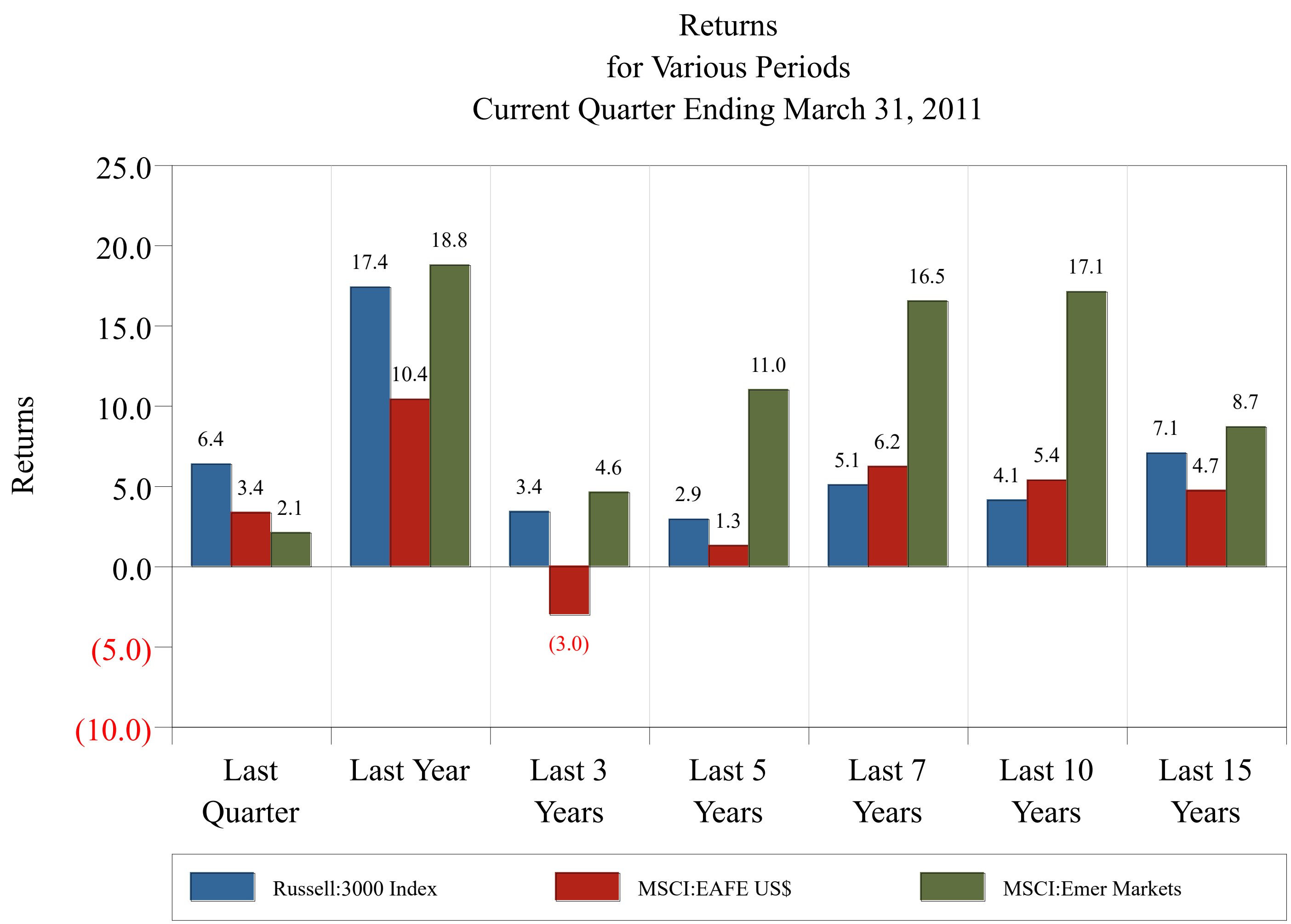


Source: Barclays Capital Inc.

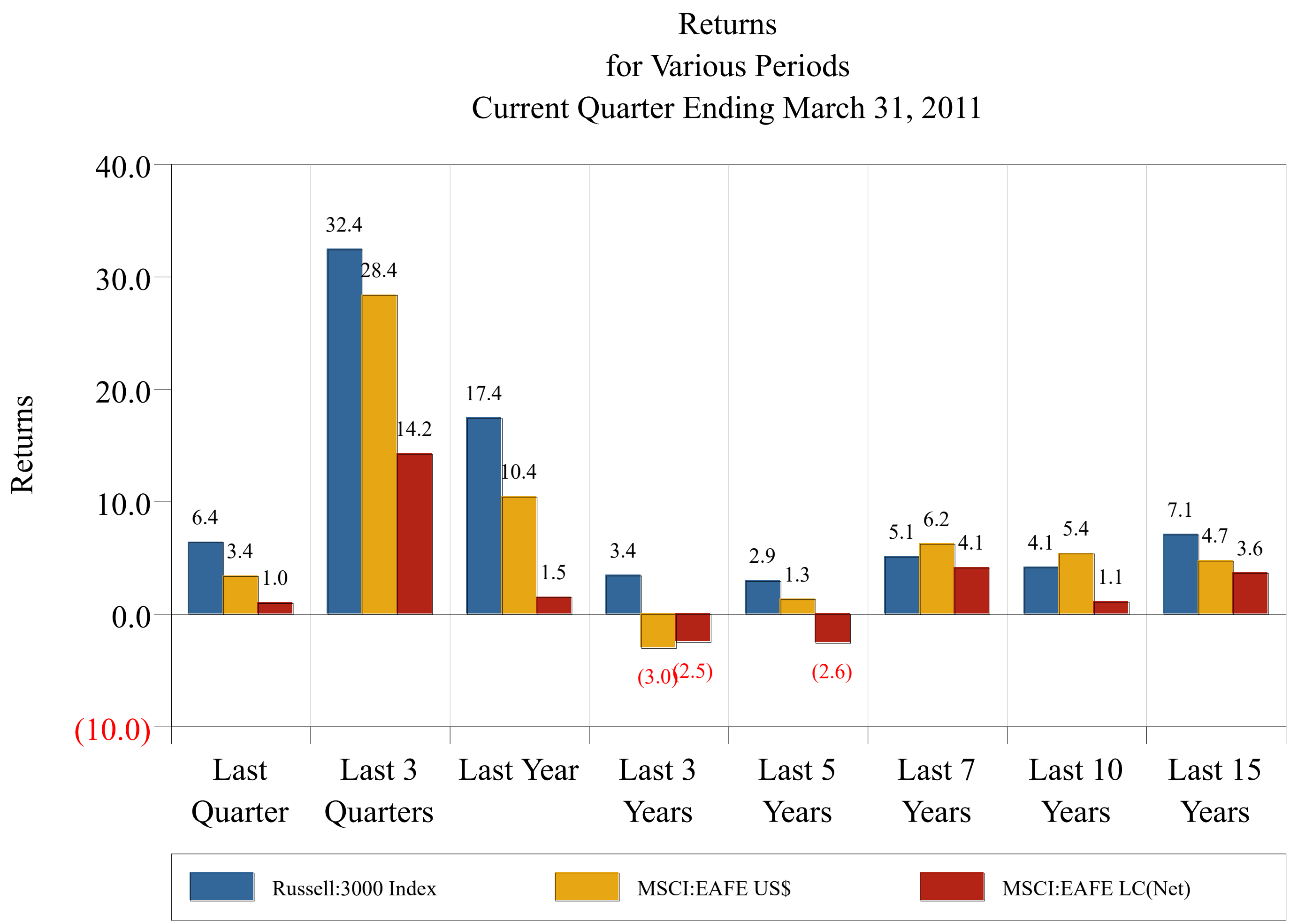
Stocks Versus Bonds 3/31/11



Developed Equity versus Emerging Markets



Local versus Dollar Returns



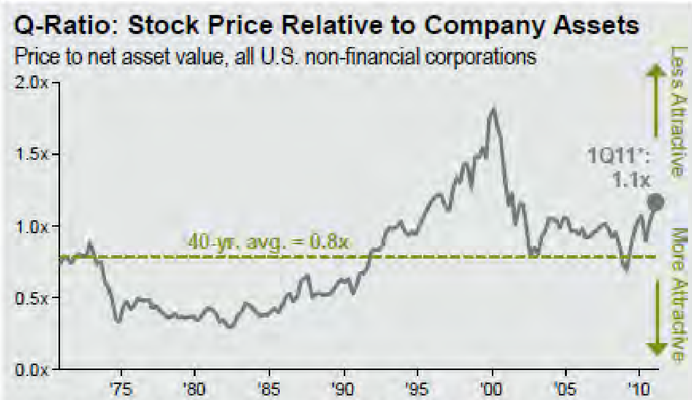
Absolute valuation measures indicate that stocks are “reasonably” valued

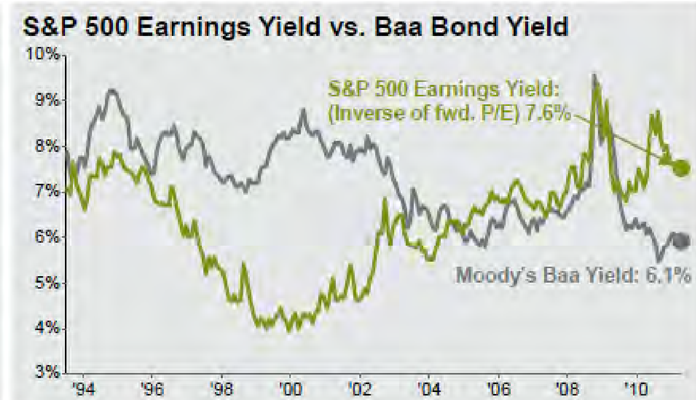
MARKET INSIGHTS

Stock Valuation Measures: S&P 500 Index

Equities

S&P 500 Index: Valuation Measures				Historical Averages			
Valuation Measure	**Description**	**Latest**	**1-year ago**	**3-year avg.**	**5-year avg.**	**10-year avg.**	**15-year avg.**
P/E	Price to Earnings	13.1x	14.1x	13.0x	13.6x	15.4x	17.1x
P/B	Price to Book	2.3	2.2	2.1	2.4	2.7	3.1
P/CF	Price to Cash Flow	8.8	8.9	8.3	9.1	10.5	11.2
P/S	Price to Sales	1.3	1.2	1.1	1.2	1.3	1.5
Div. Yield	Dividend Yield	2.0%	1.9%	2.3%	2.2%	2.0%	1.9%

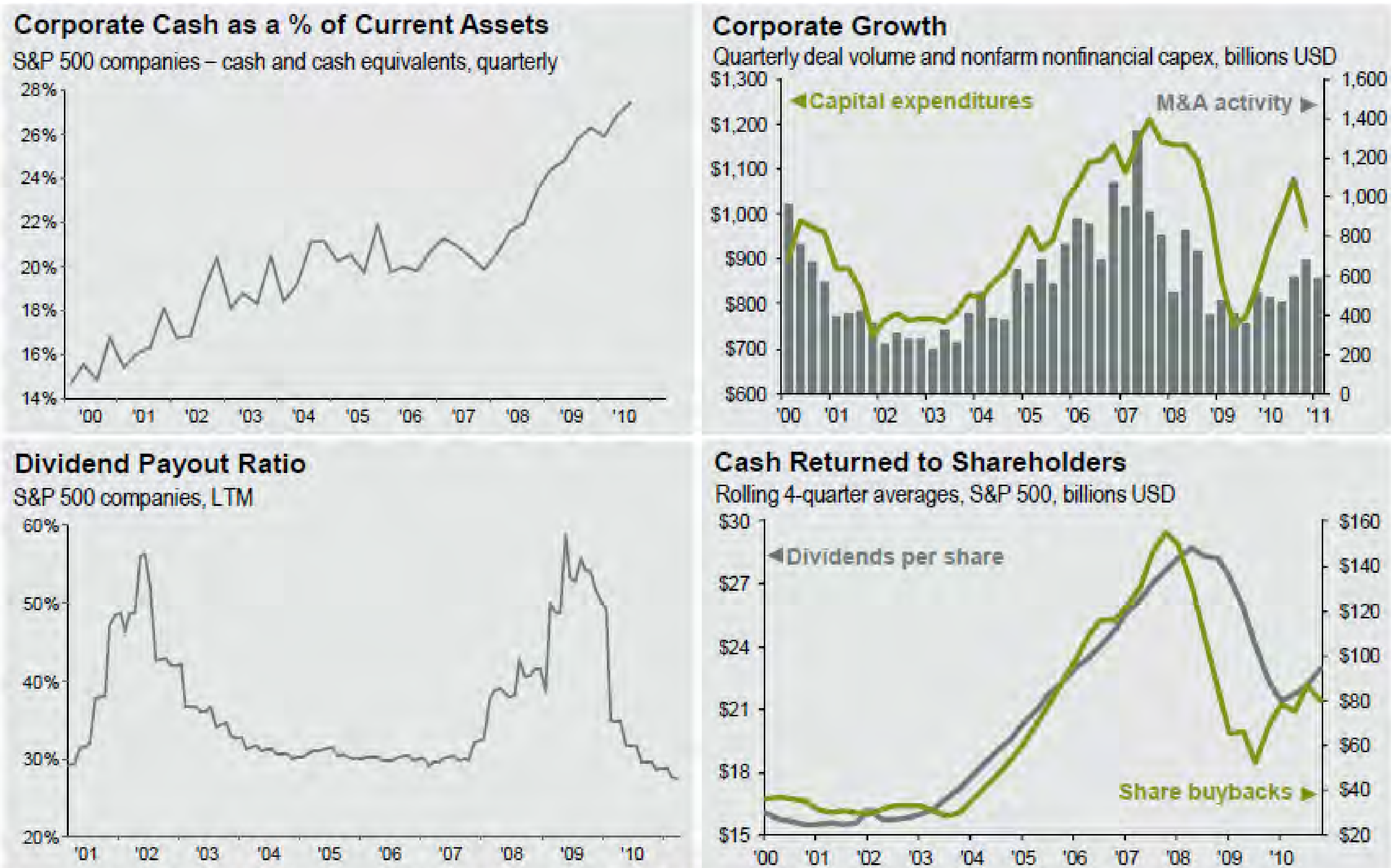




Source: (Top) Standard & Poor's, FactSet, J.P. Morgan Asset Management.
Price to Earnings is price divided by consensus analyst estimates of earnings per share for the next twelve months. Price to Book is price divided by book value per share. Data post-1992 include intangibles and are provided by Standard & 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. *1Q11 is an estimate provided by J.P. Morgan Asset Management as of 3/31/11.
(Bottom right) Standard & Poor's, Moody's, FactSet, J.P. Morgan Asset Management.

- **Reproduced from J.P. Morgan Guide to Markets Q2 2011**

Strong Profit Recovery Despite Leverage Contraction



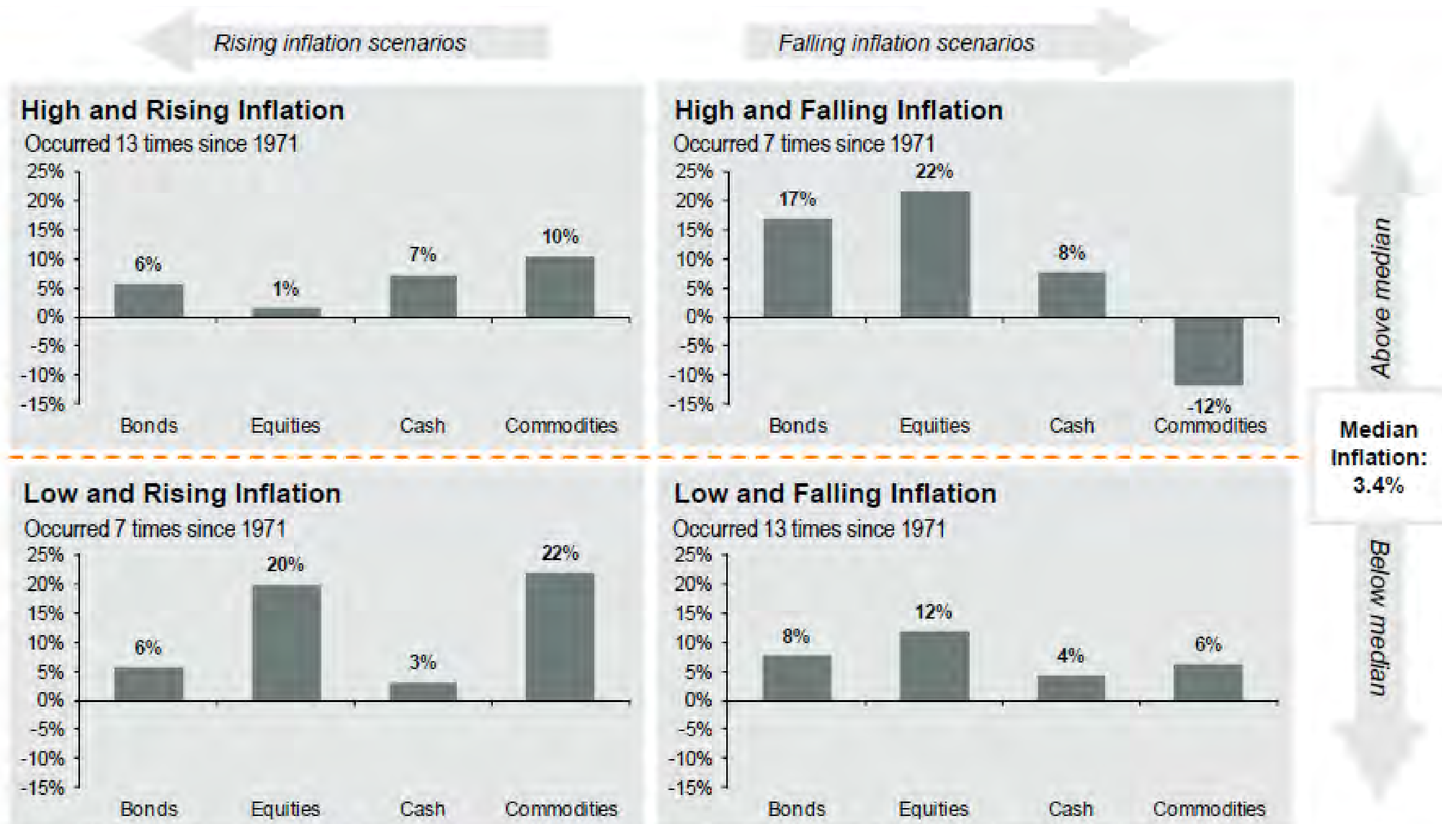
Source: Standard & Poor's, FRB, Bloomberg, FactSet, J.P. Morgan Securities, J.P. Morgan Asset Management.

(Top left) Standard & Poor's, FactSet, J.P. Morgan Asset Management. (Top right) M&A activity is quarterly number of deals of any value and capital expenditures are for nonfarm nonfinancial corporate business. (Bottom left) Standard & Poor's, FactSet, J.P. Morgan Asset Management. (Bottom right) Standard & Poor's, Compustat, FactSet, J.P. Morgan Asset Management. Data are most recent as of 3/31/11.

J.P.Mor
Asset Manag

- Source – JP Morgan Guide to the Markets 2Q 2011

Financial Markets & Inflation



Source: BLS, Barclays Capital, Robert Shiller, Federal Reserve, Strategas/Ibbotson, Standard and Poor's, FactSet, J.P. Morgan Asset Management.

High or low inflation distinction is relative to median CPI-U inflation for the period 1971 to 2010. Rising or falling inflation distinction is relative to previous year CPI-U inflation rate. Bond returns are based on the Barclays U.S. Aggregate index since its inception in 1976 and a composite bond index prior to that. Equity returns based on S&P 500 price return and annual dividend yield. Cash returns are based on the Barclays 1-3 Month T-Bill index since its inception in 1992 and 3-month T-Bill rates prior to that. Commodities returns based on GSCI.

For illustrative purposes only. Past performance is not indicative of comparable future returns. Data reflect most recently available as of 3/31/11.

J.P.Morgan
Asset Management

- Source JP Morgan Guide to the Markets Q2 2011

Real Estate – further improvement

Style Median and Index Returns* for Periods ended March 31, 2011

Private Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Real Estate Database (net of fees)	3.80	19.25	-9.50	-1.10	4.51	7.84
NCREIF Property**	3.36	16.03	-3.63	3.46	7.48	9.22
Public Real Estate	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
REIT Database	6.97	25.99	3.74	2.70	12.88	12.85
NAREIT Equity	7.50	25.02	2.64	1.70	11.52	10.91
Global Real Estate	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
REIT Global Database	3.32	19.92	-0.23	2.38	13.80	-
FTSE EPRA/NAREIT Developed	3.04	19.34	-1.69	0.83	10.72	8.48

*Returns less than one year are not annualized.

**Represents data available as of publication date.

All REIT returns are reported gross in USD.

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

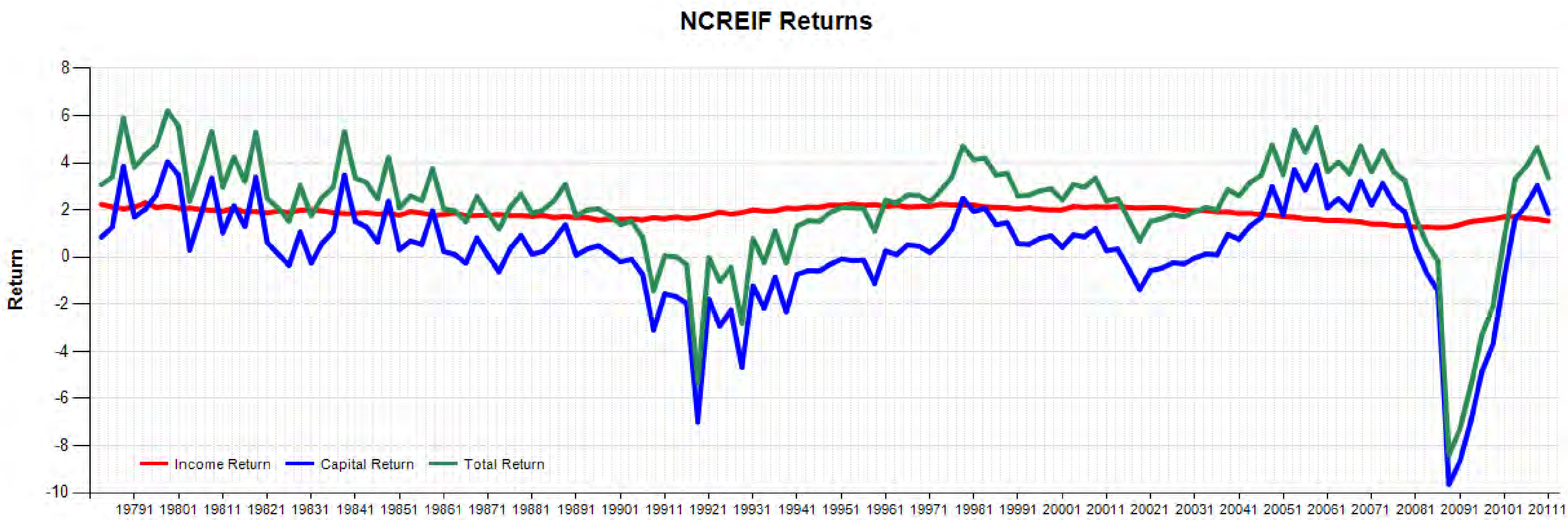
Overall Capitalization Rates

Sector	1Q11	4Q10	1Q10
Apartment	5.26%	5.42%	6.07%
Industrial	6.30%	6.57%	7.38%
Office	5.90%	5.97%	7.34%
Retail	6.32%	6.59%	7.11%

Rates based on unleveraged, value-weighted, appraisal capitalization data.

Source: NCREIF

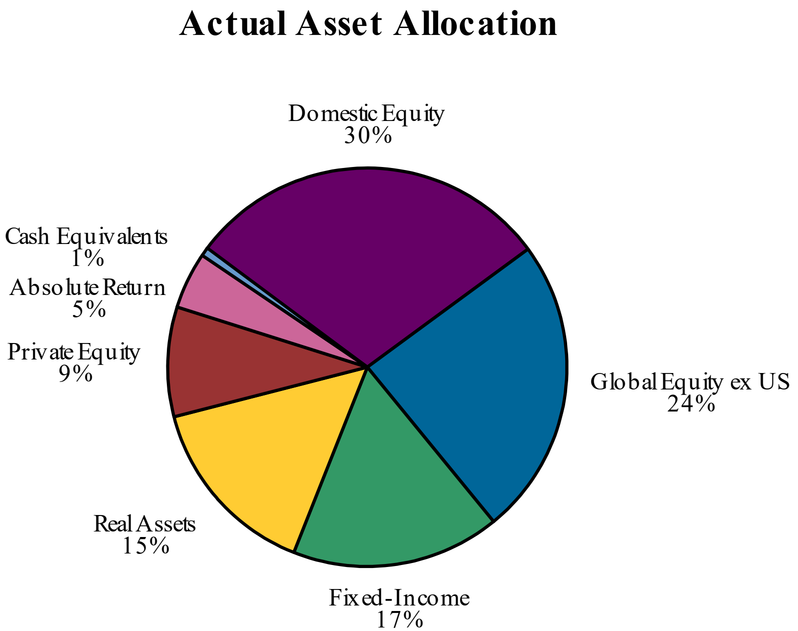
Real Estate – signs of improvement

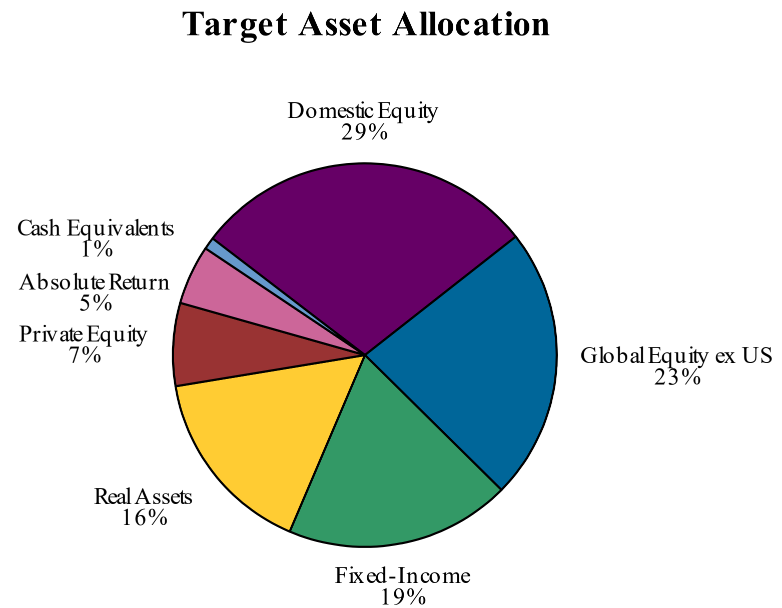


- Huge swing in unlevered real estate returns during the last twelve months
- REITS began their recovery along with the stock market in early 2009. Over the trailing 12 months NAREIT Equity Index up 25.0%.
- Over trailing three years NCREIF Property Index has a -3.63% return which compares unfavorably to REITS (+2.64%) and domestic equity indices (Russell 3000 +3.42%).

Asset Allocation – PERS

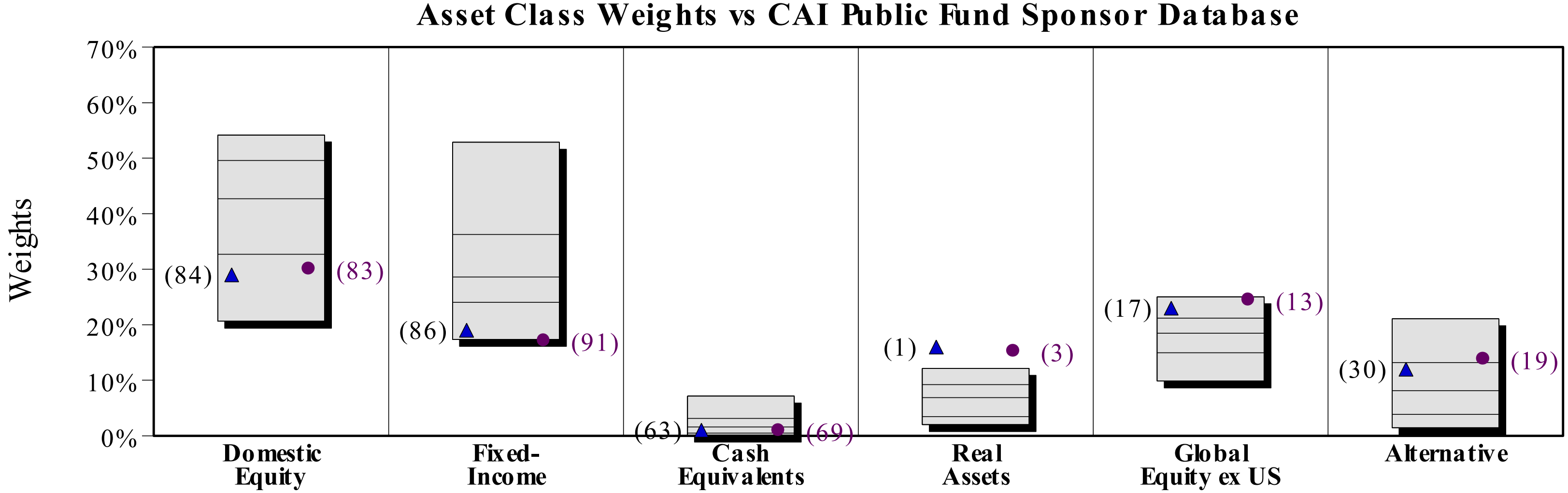
PERS is used as illustrative throughout the presentation. The other plans exhibit similar modest and understandable variations from strategic target allocations.





Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	1,860,494	29.8%	29.0%	0.8%	48,462
Global Equity ex US	1,511,935	24.2%	23.0%	1.2%	74,805
Fixed-Income	1,053,036	16.9%	19.0%	(2.1%)	(134,158)
Real Assets	935,204	15.0%	16.0%	(1.0%)	(64,538)
Private Equity	556,549	8.9%	7.0%	1.9%	119,168
Absolute Return	290,030	4.6%	5.0%	(0.4%)	(22,389)
Cash Equivalents	41,140	0.7%	1.0%	(0.3%)	(21,344)
Total	6,248,388	100.0%	100.0%		

Asset Allocation Versus Public Funds
Callan Public Fund Database



	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Alternative
10th Percentile	54.18	52.87	7.16	12.14	25.04	21.08
25th Percentile	49.57	36.27	3.14	9.21	21.19	13.19
Median	42.70	28.60	1.61	6.88	18.48	8.11
75th Percentile	32.70	24.04	0.51	3.48	14.97	3.87
90th Percentile	20.63	17.35	0.11	2.01	9.88	1.46
Fund ●	29.78	16.85	0.66	14.97	24.20	13.55
Target ▲	29.00	19.00	1.00	16.00	23.00	12.00
%Group Invested	96.70%	98.90%	67.03%	43.96%	85.71%	43.96%

- Total fixed income is below target while 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
March Quarter

PERS

Relative Attribution Effects for Quarter ended March 31, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	6.85%	6.38%	0.14%	0.02%	0.16%
Fixed-Income	17%	19%	0.48%	0.48%	(0.00%)	0.07%	0.07%
Real Assets	15%	16%	4.20%	2.75%	0.22%	0.01%	0.23%
Global Equity ex US	24%	23%	2.68%	3.49%	(0.20%)	(0.00%)	(0.20%)
Private Equity	9%	7%	6.36%	5.74%	0.05%	0.04%	0.09%
Absolute Return	5%	5%	2.41%	1.30%	0.05%	0.01%	0.06%
Cash Equivalents	1%	1%	0.16%	0.05%	0.00%	0.01%	0.01%
Total			**4.08%** =	**3.65%** +	**0.27%** +	**0.17%**	**0.43%**

- Real assets, particularly real estate, improved and aided performance after detracting for much of the past 2+ years. Real estate as reported by Townsend returned 6.1% for the quarter versus a target of 3.77% (remember real estate is lagged by 1-quarter).

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	30%	29%	17.97%	17.41%	0.17%	(0.06%)	0.11%
Fixed-Income	18%	19%	5.72%	5.72%	(0.01%)	0.12%	0.11%
Real Assets	15%	16%	12.28%	12.32%	(0.01%)	(0.13%)	(0.14%)
Global Equity ex US	23%	23%	13.57%	13.61%	(0.07%)	(0.14%)	(0.21%)
Private Equity	9%	7%	19.28%	17.26%	0.08%	0.10%	0.19%
Absolute Return	5%	5%	6.14%	5.16%	0.04%	(0.01%)	0.03%
Cash Equiv	1%	1%	-	-	0.00%	0.03%	0.03%
Total			**13.37%**	**=13.26%**	**+ 0.20%**	**+ (0.09%)**	**0.11%**

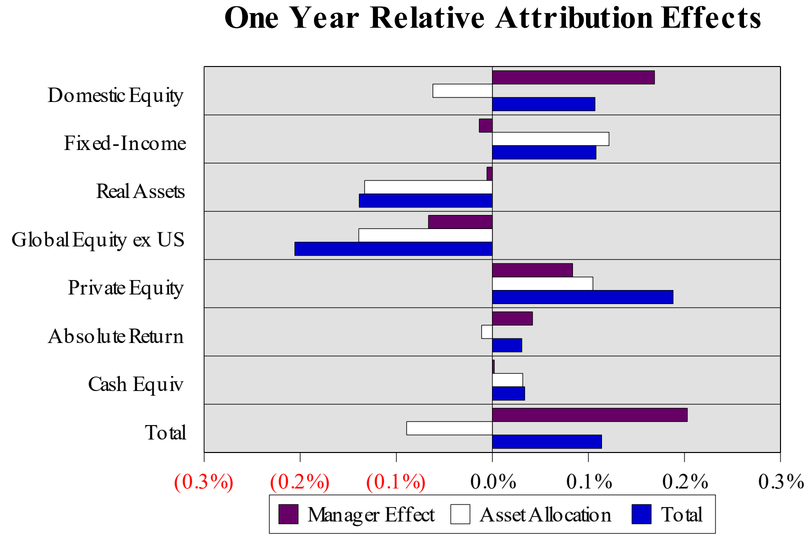
PERS Intermediate Term Performance

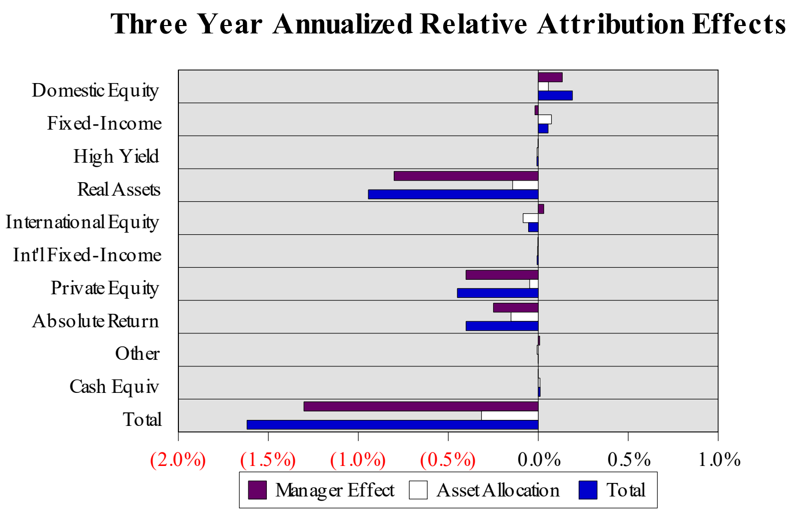
Five Year Annualized Relative Attribution Effects

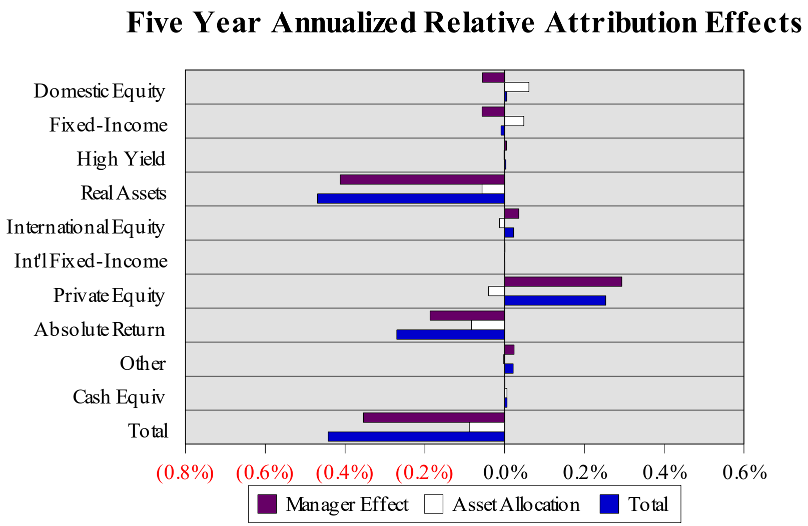
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	34%	2.58%	2.67%	(0.06%)	0.06%	0.01%
Fixed-Income	18%	19%	6.07%	6.34%	(0.06%)	0.05%	(0.01%)
High Yield	1%	1%	-	-	0.00%	(0.00%)	0.00%
Real Assets	14%	13%	2.70%	4.93%	(0.41%)	(0.06%)	(0.47%)
International Equity	20%	19%	3.96%	3.45%	0.04%	(0.01%)	0.02%
Int'l Fixed-Income	1%	1%	-	-	0.00%	(0.00%)	0.00%
Private Equity	8%	7%	9.05%	2.60%	0.29%	(0.04%)	0.25%
Absolute Return	4%	5%	2.33%	7.01%	(0.19%)	(0.08%)	(0.27%)
Other	1%	1%	-	-	0.02%	(0.00%)	0.02%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%

Total **3.85% = 4.29% + (0.35%) + (0.09%)** **(0.44%)**

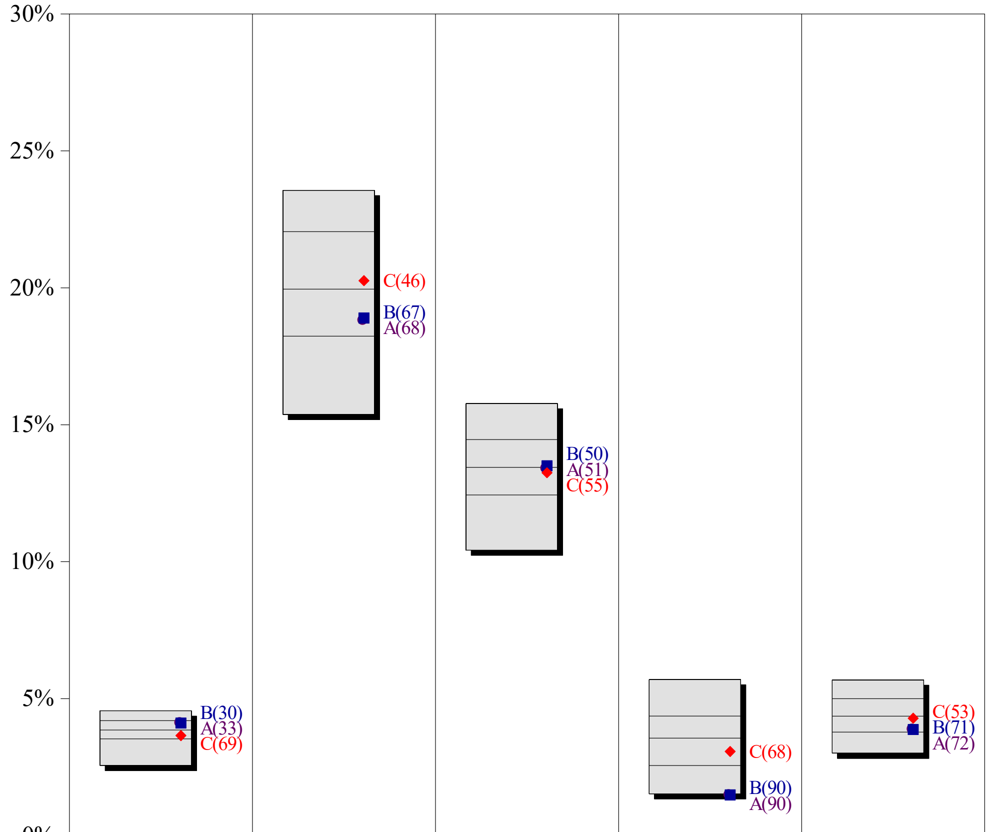
Performance Relative To Target Attribution Analysis





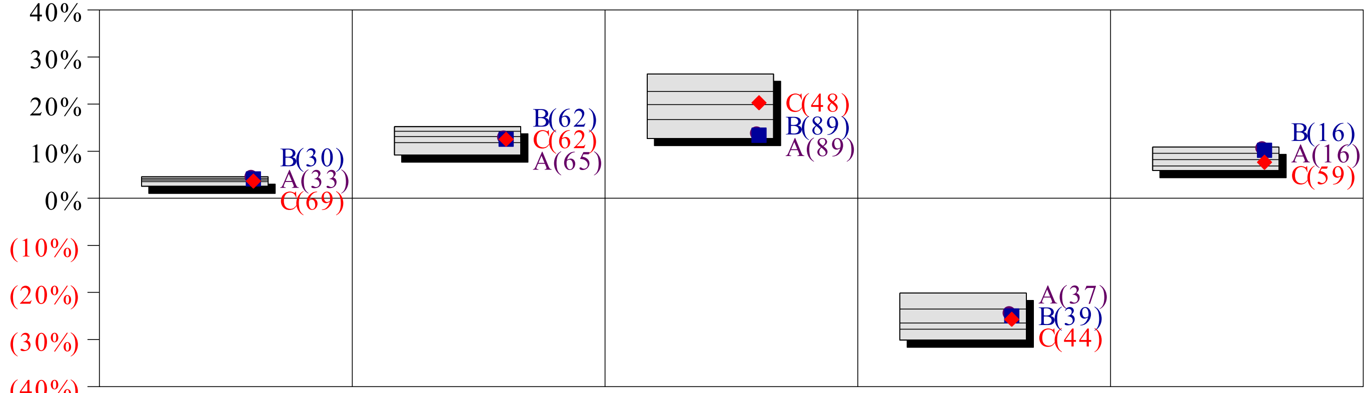


Cumulative Total Fund Returns



	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
10th Percentile	4.55	23.56	15.77	5.70	5.68
25th Percentile	4.20	22.05	14.46	4.37	5.00
Median	3.85	19.95	13.45	3.56	4.36
75th Percentile	3.53	18.23	12.44	2.56	3.78
90th Percentile	2.56	15.38	10.42	1.52	3.01
PERS Total Plan ● A	4.08	18.78	13.37	1.45	3.85
TRS Total Plan ■ B	4.11	18.90	13.50	1.49	3.87
Target Index ◆ C	3.65	20.26	13.25	3.07	4.29

Calendar Period Performance Relative to Public Fund Database

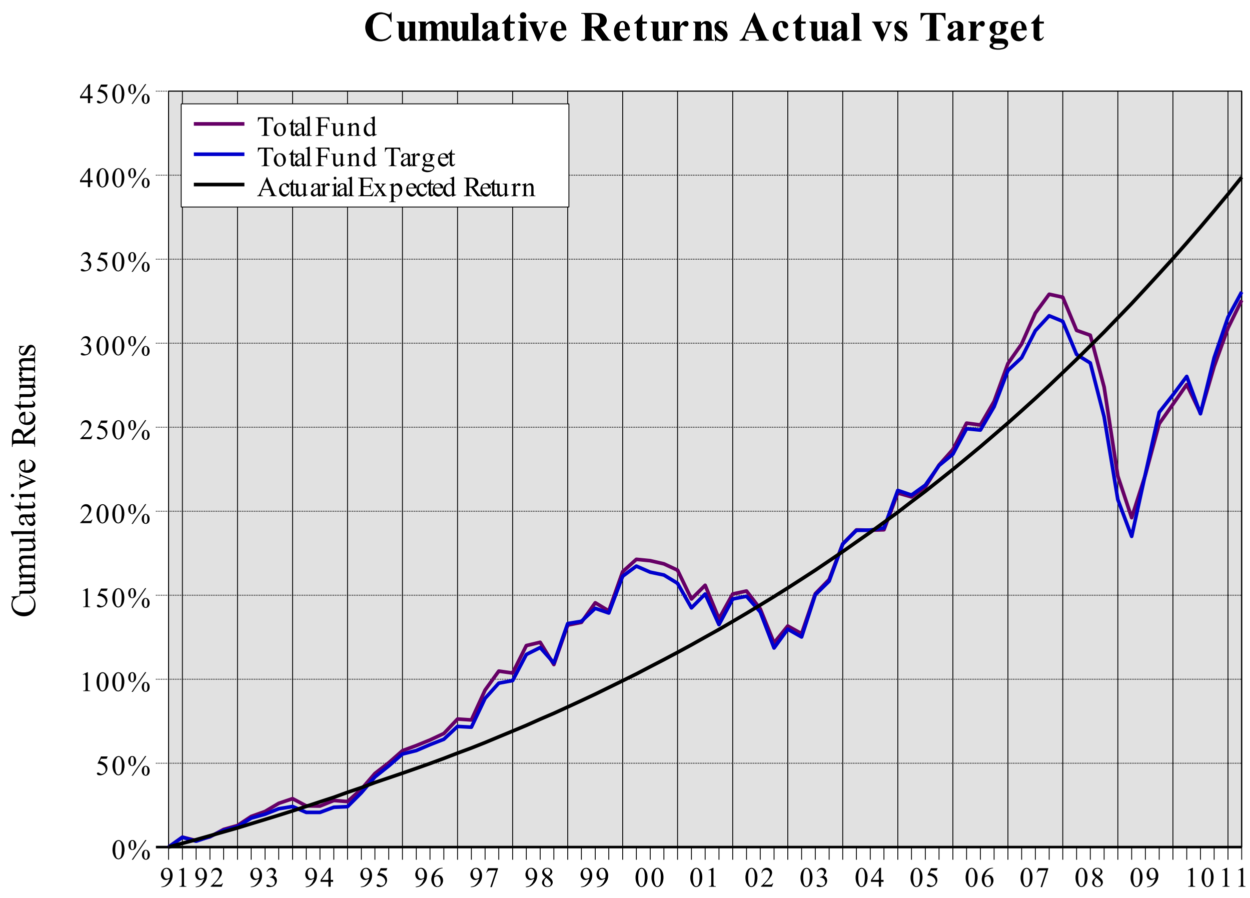


		12/2010- 3/2011	2010	2009	2008	2007
10th Percentile		4.55	15.24	26.40	(20.14)	10.87
25th Percentile		4.20	14.23	22.70	(23.53)	9.57
Median		3.85	13.09	19.91	(26.49)	8.20
75th Percentile		3.53	11.83	16.71	(27.81)	6.86
90th Percentile		2.56	9.19	12.73	(30.14)	5.88
PERS Total Plan	● A	4.08	12.45	13.31	(24.91)	10.17
TRS Total Plan	■ B	4.11	12.55	13.40	(24.98)	10.20
Target Index	◆ C	3.65	12.53	20.28	(25.71)	7.64

- ARMB's performance was heavily influenced by the valuation of illiquid investments. Evaluation of real estate and private equity resulted in relatively strong 2008 & weak 2009. Size of RE & poor results through meltdown had a significant effect on relative performance.
- During the recent quarter real estate outperformed its benchmark & raised trailing results above target for the 9-month & 1-year periods

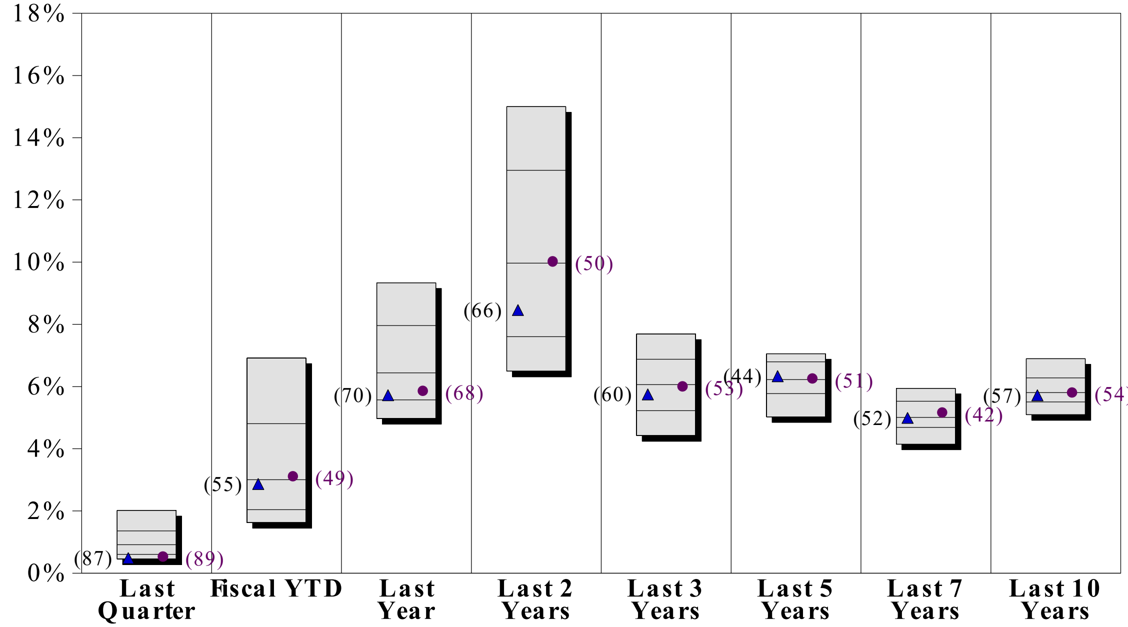
Long-term Return Relative to Target years

PERS



Total Bond Performance
(includes in-house & external portfolios)

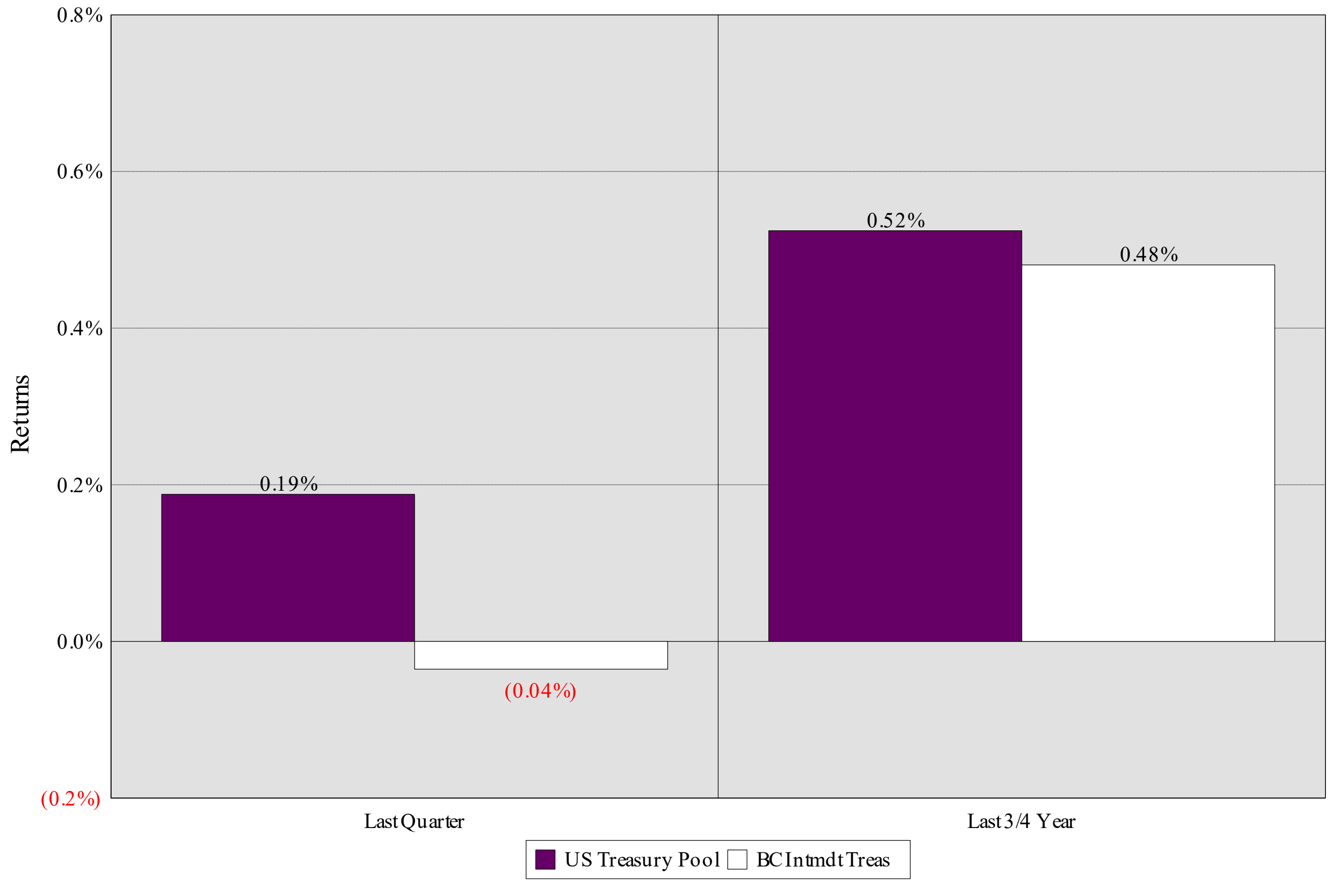
Performance vs Public Fund - Domestic Fixed (Gross)



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.02	6.92	9.33	15.00	7.69	7.06	5.94	6.90
25th Percentile	1.36	4.81	7.96	12.95	6.88	6.79	5.53	6.28
Median	0.92	3.01	6.44	9.96	6.06	6.22	5.01	5.81
75th Percentile	0.61	2.04	5.57	7.61	5.23	5.77	4.68	5.50
90th Percentile	0.45	1.62	4.97	6.49	4.42	5.02	4.15	5.10
Total Fixed-Income Pool ●	0.47	3.06	5.80	9.96	5.94	6.19	5.10	5.75
Fixed-Income Target ▲	0.48	2.87	5.72	8.46	5.75	6.34	4.99	5.72

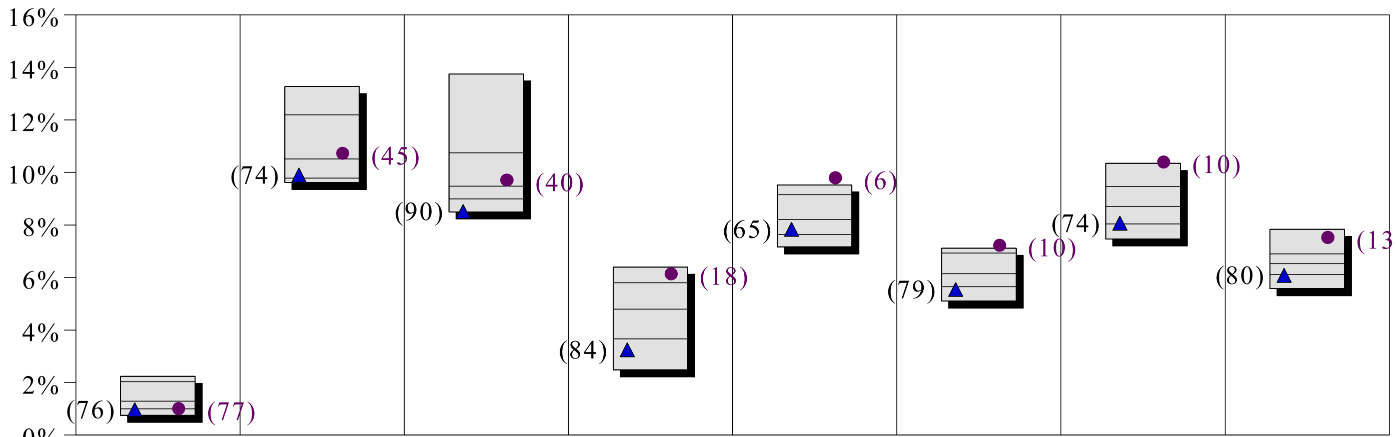
- Please note that the fixed income target was changed for fiscal 2011. This change reflects the shift from BC Aggregate to BC Intermediate Treasury Index for the majority of fixed assets.

In-house Portfolio –compared to BC Intermediate Treasury Index



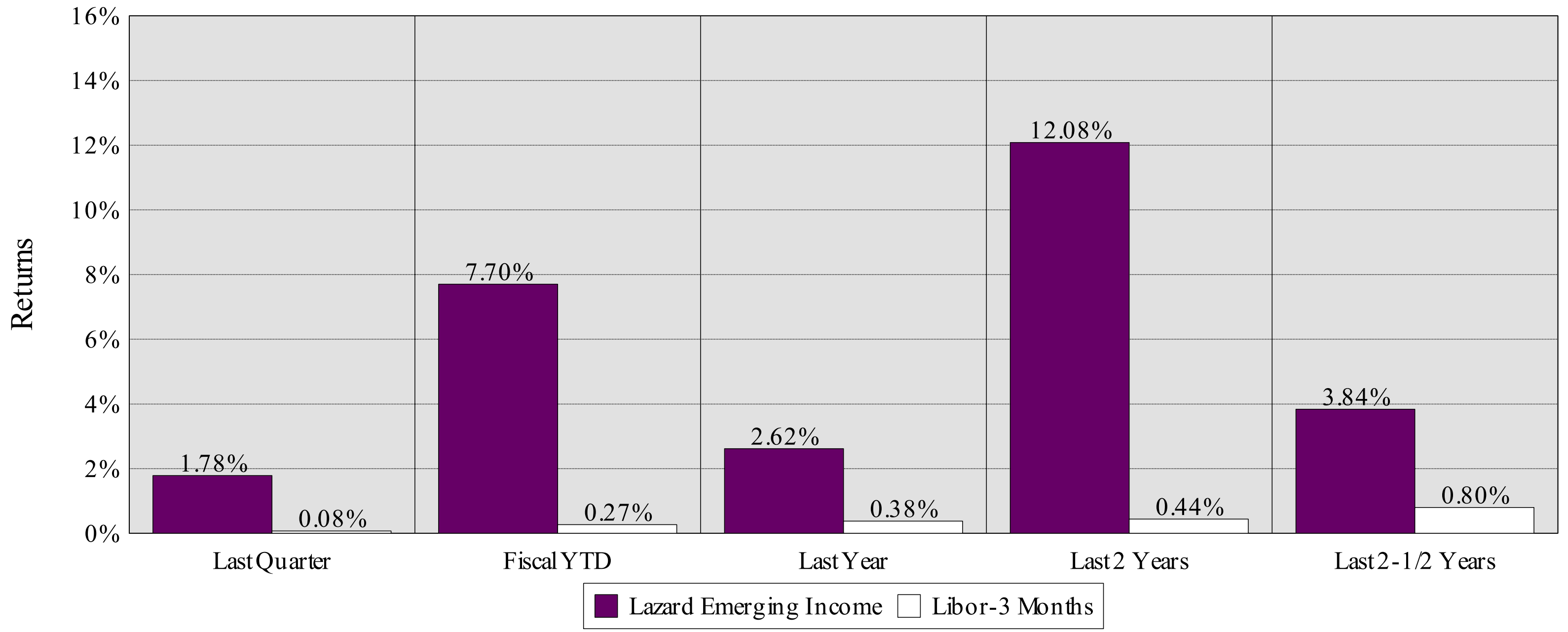
Non-US Fixed Income - Mondrian

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



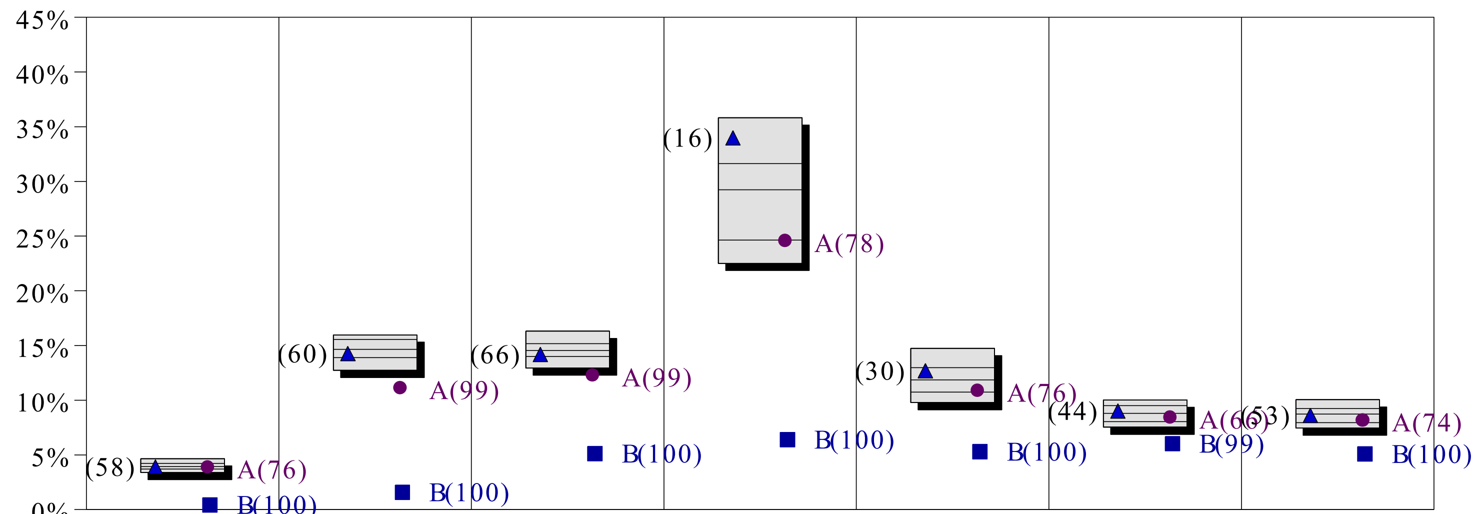
		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 14 Years
10th Percentile		2.24	13.27	13.76	6.39	9.53	7.11	10.35	7.84
25th Percentile		2.03	12.20	10.74	5.80	9.16	6.93	9.46	6.90
Median		1.29	10.51	9.48	4.79	8.21	6.14	8.71	6.53
75th Percentile		1.00	9.78	8.99	3.67	7.63	5.65	8.04	6.12
90th Percentile		0.75	9.61	8.50	2.49	7.17	5.10	7.47	5.58
Mondrian Investment Partners	●	0.92	10.63	9.62	6.05	9.70	7.14	10.31	7.43
Citi WGBI Non-US Idx	▲	0.97	9.90	8.52	3.25	7.83	5.54	8.07	6.09

Emerging Markets Debt - Lazard



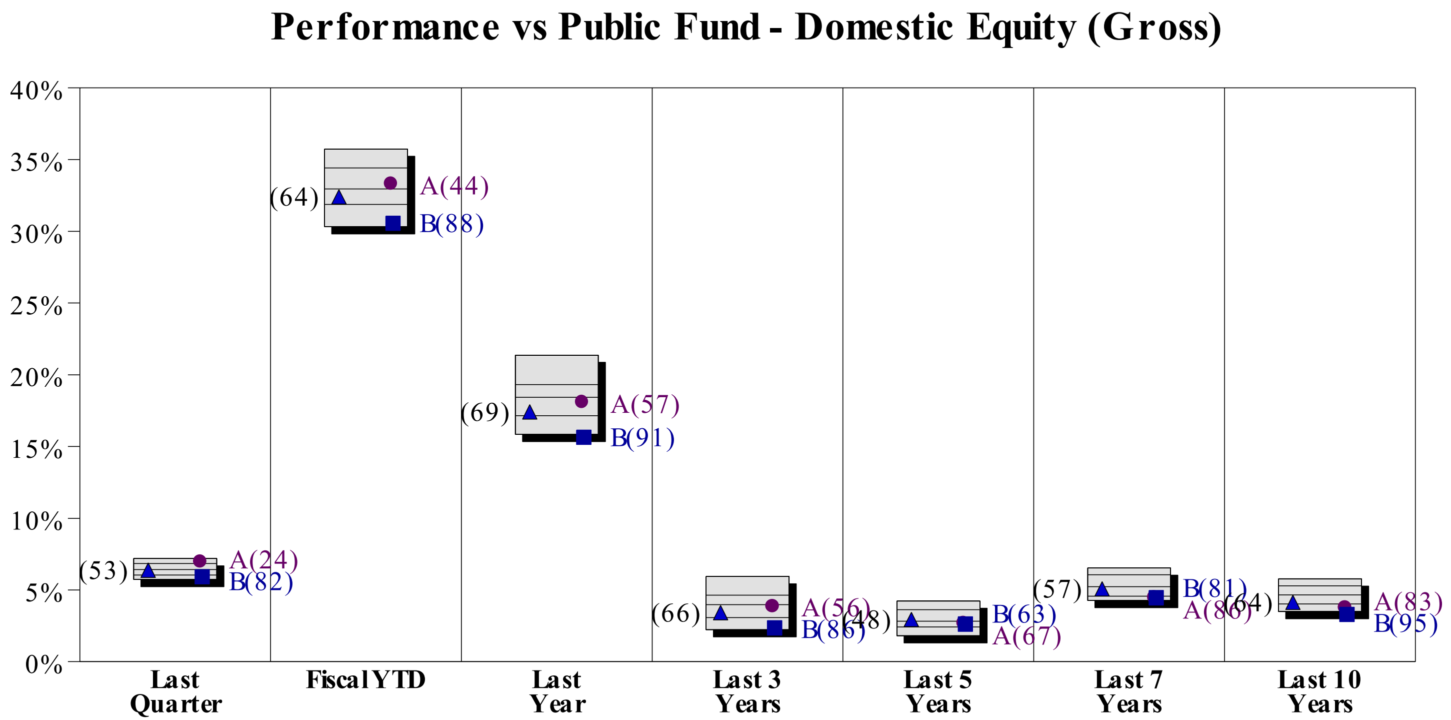
High Yield Bonds – MacKay Shields

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



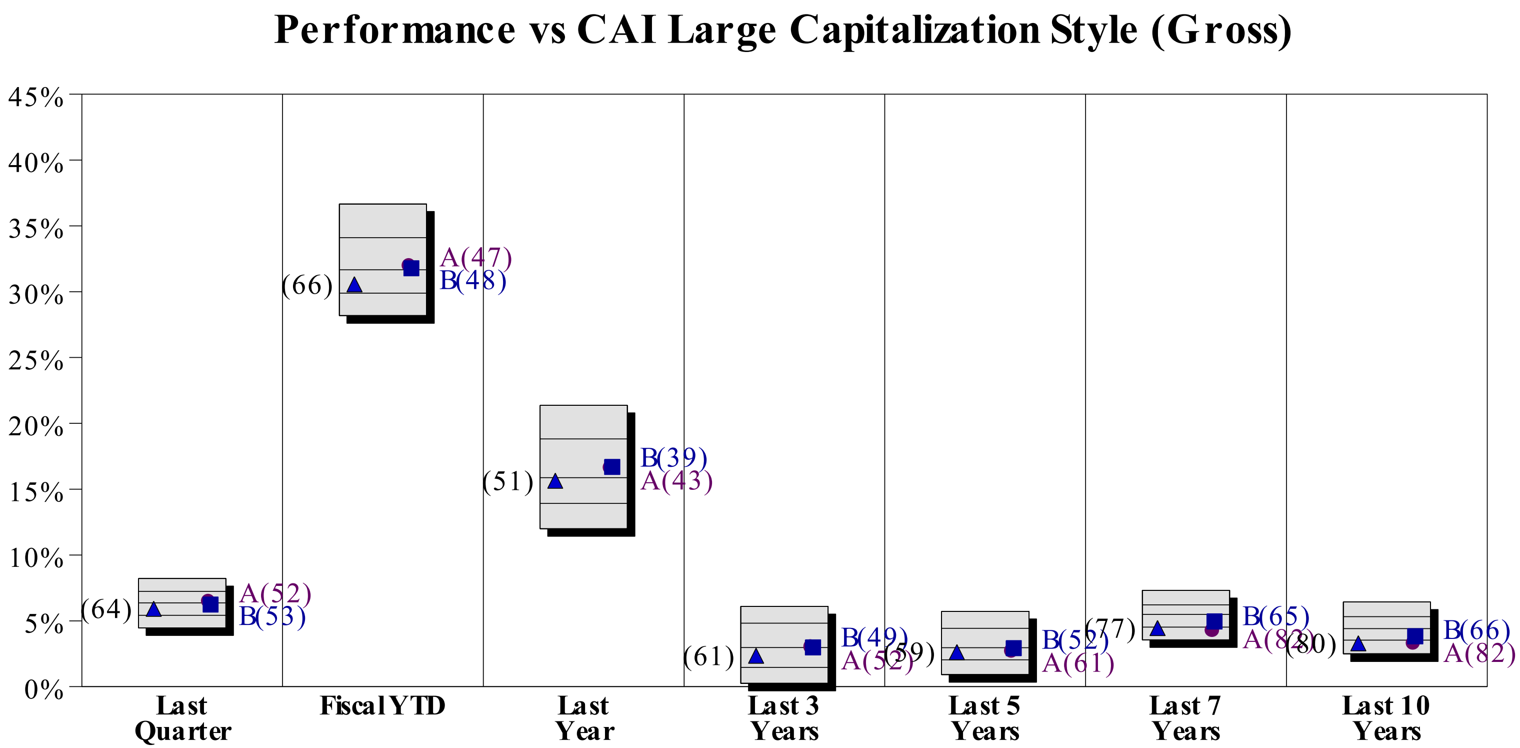
		Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile		4.66	15.97	16.31	35.82	14.74	10.02	10.04
25th Percentile		4.23	15.56	15.17	31.63	12.96	9.51	9.25
Median		3.93	14.64	14.54	29.24	11.85	8.80	8.74
75th Percentile		3.69	13.89	14.01	24.64	10.73	8.04	7.95
90th Percentile		3.40	12.73	12.94	22.52	9.78	7.53	7.46
MacKay Shields	● A	3.67	10.92	12.08	24.36	10.68	8.22	7.97
BC Aggregate Index	■ B	0.42	1.57	5.12	6.40	5.30	6.03	5.09
High Yield Target	▲	3.90	14.27	14.18	33.98	12.69	9.01	8.62

Total Domestic Equity



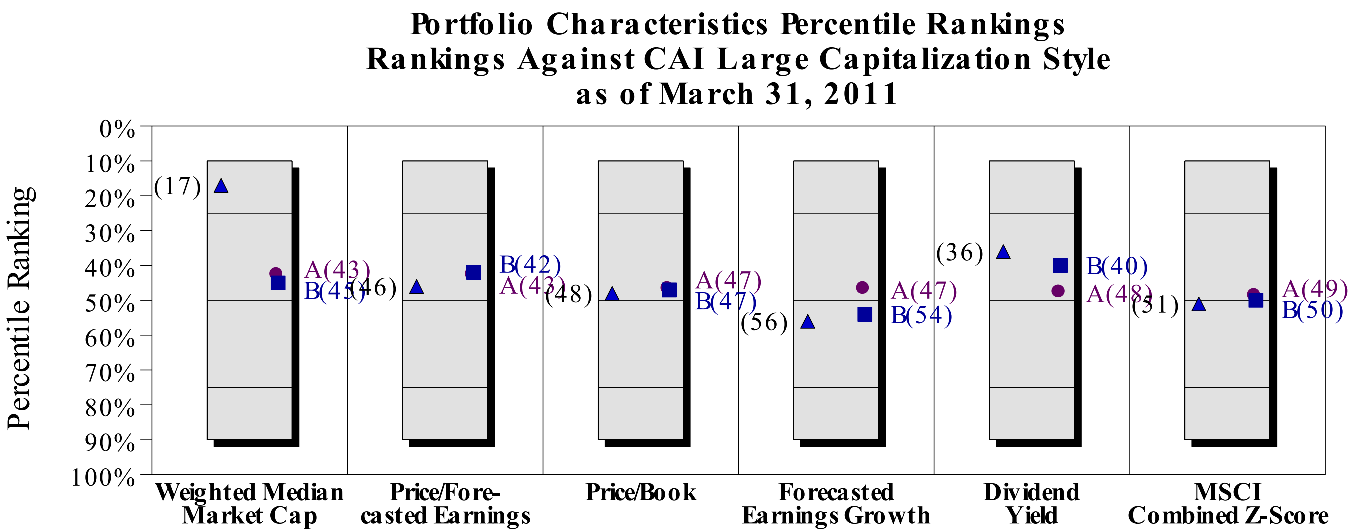
	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	7.19	35.73	21.37	5.94	4.23	6.53	5.78
25th Percentile	6.84	34.42	19.31	4.63	3.62	6.06	5.30
Median	6.42	32.95	18.44	3.97	2.82	5.23	4.66
75th Percentile	6.04	31.87	17.15	3.07	2.43	4.57	4.03
90th Percentile	5.74	30.32	15.85	2.24	1.82	4.26	3.50
Domestic Equity Pool ● A	6.85	33.19	17.97	3.74	2.57	4.35	3.65
Standard & Poor's 500 ■ B	5.92	30.56	15.65	2.35	2.62	4.46	3.29
Russell 3000 Index ▲	6.38	32.40	17.41	3.42	2.95	5.08	4.13

Large Cap Domestic Equity Pool



	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	8.21	36.67	21.37	6.09	5.72	7.31	6.43
25th Percentile	7.23	34.10	18.82	4.82	4.43	6.22	5.32
Median	6.36	31.66	15.87	2.97	2.96	5.48	4.41
75th Percentile	5.43	29.89	13.91	1.47	2.04	4.52	3.54
90th Percentile	4.47	28.19	11.99	0.26	0.92	3.56	2.49
Large Cap Pool ● A	6.33	31.81	16.46	2.85	2.54	4.11	3.14
Russell 1000 ■ B	6.24	31.77	16.69	2.98	2.93	4.95	3.83
S&P 500 Index ▲	5.92	30.56	15.65	2.35	2.62	4.46	3.29

Large Cap Total Equity Characteristics

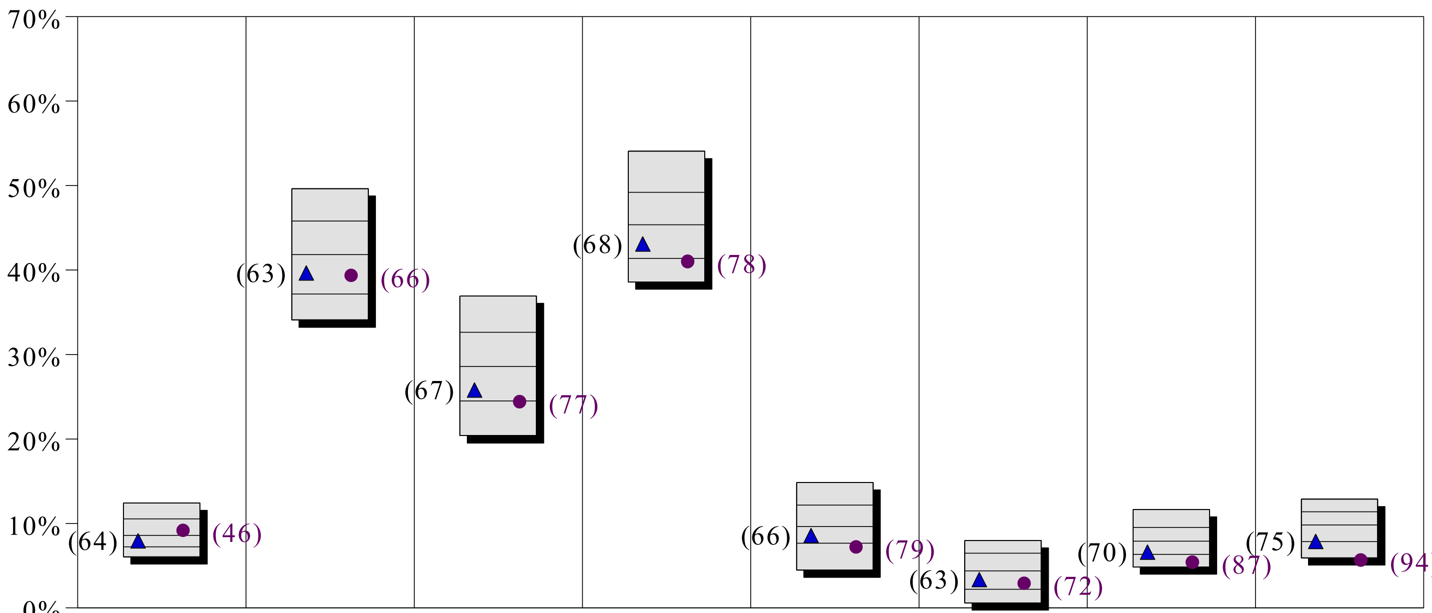


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	53.82	17.14	3.82	16.11	2.26	1.25
25th Percentile	46.94	14.95	3.28	13.86	2.00	0.79
Median	36.17	13.03	2.23	10.84	1.60	(0.00)
75th Percentile	28.00	12.02	1.83	9.02	1.04	(0.49)
90th Percentile	19.55	11.40	1.67	7.99	0.73	(0.75)
Large Cap Pool ● A	39.72	13.33	2.27	10.98	1.66	0.03
Russell 1000 ■ B	38.87	13.59	2.27	10.57	1.77	(0.01)
S&P 500 Index ▲	50.05	13.17	2.26	10.29	1.85	(0.03)

- Total Large cap pool does not exhibit either a significant or growth bias.

Small Cap Pool

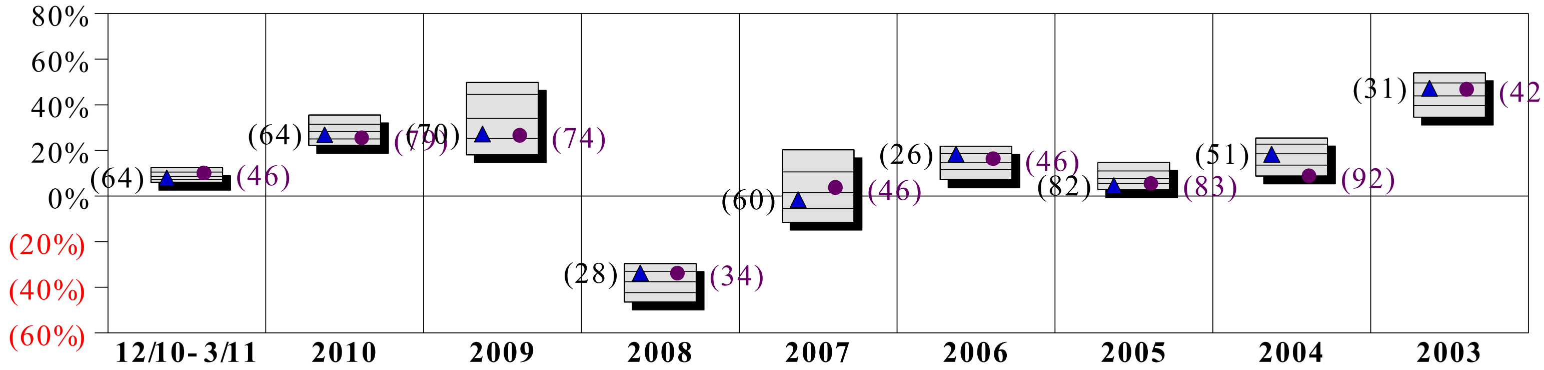
Performance vs CAI Small Capitalization Style (Gross)



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	12.41	49.62	36.93	54.06	14.85	7.97	11.63	12.86
25th Percentile	10.52	45.79	32.64	49.21	12.17	6.47	9.53	11.37
Median	8.58	41.82	28.58	45.37	9.64	4.38	7.88	9.80
75th Percentile	7.22	37.17	24.50	41.37	7.64	2.21	6.32	7.85
90th Percentile	6.05	34.09	20.38	38.57	4.47	0.60	4.86	5.93
Small Cap Pool ●	8.87	39.05	24.12	40.72	6.93	2.61	5.11	5.37
Russell 2000 Index ▲	7.94	39.65	25.79	43.09	8.57	3.35	6.60	7.87

Small Cap Performance – calendar periods

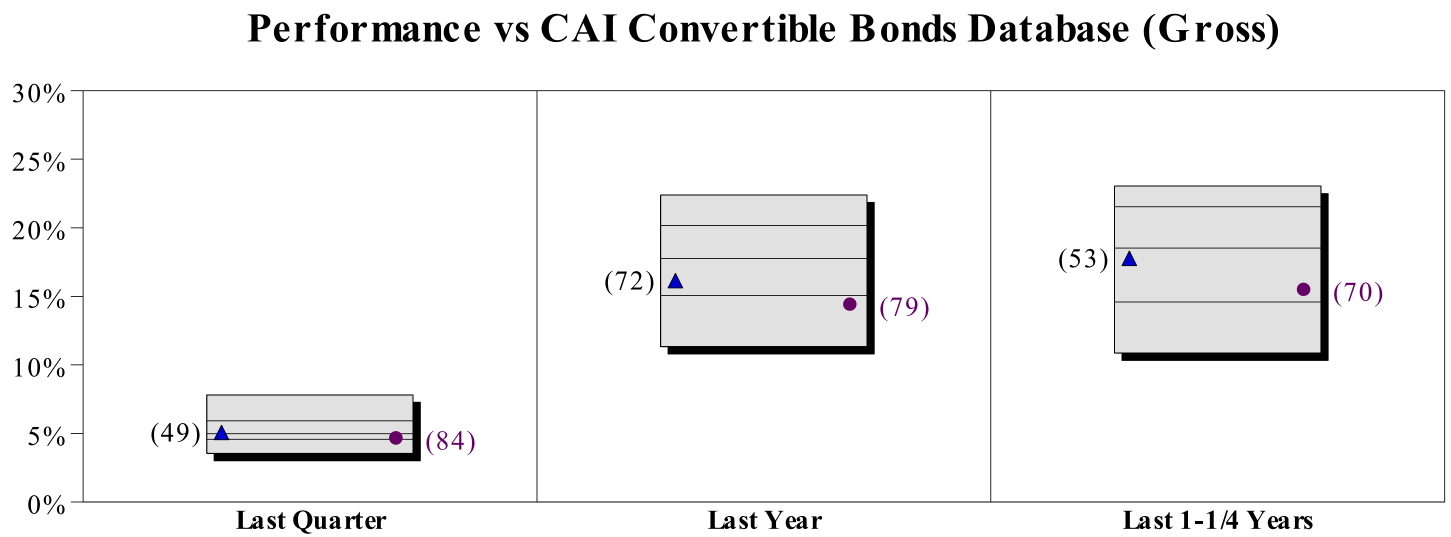
Performance vs CAI Small Capitalization Style (Gross)



		12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile		12.41	35.55	49.83	(29.58)	20.20	21.82	14.77	25.44	54.03
25th Percentile		10.52	31.53	44.57	(33.03)	10.55	18.62	10.97	22.73	49.55
Median		8.58	28.24	33.98	(37.57)	1.39	14.59	7.55	18.56	43.84
75th Percentile		7.22	24.99	25.24	(42.30)	(5.47)	11.58	5.55	13.61	39.60
90th Percentile		6.05	22.15	18.02	(46.48)	(11.43)	7.13	2.77	8.83	34.55
Small Cap Pool	●	8.87	24.35	25.40	(34.97)	2.53	15.24	4.28	7.65	45.62
Russell 2000 Index	▲	7.94	26.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33	47.25

- Total small cap pool – strong quarter & absolute return (i.e. better than large cap)

Convertible Bond Portfolio

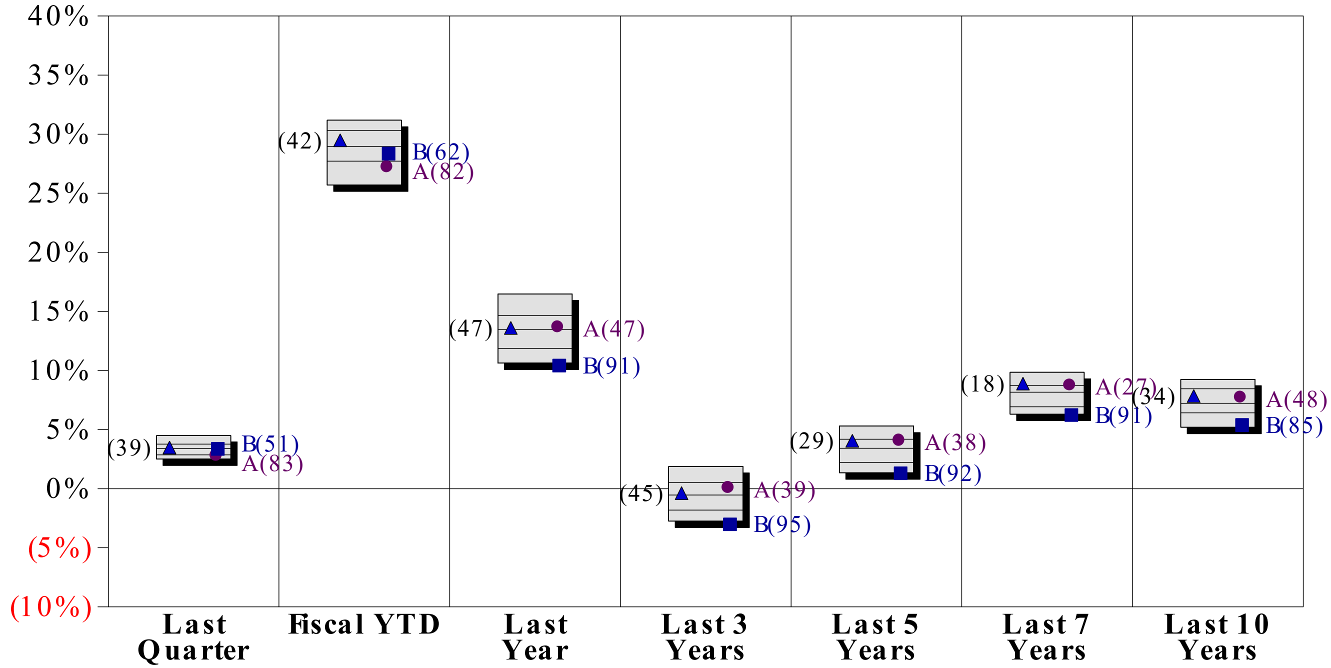


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	7.82	22.39	23.04
25th Percentile	5.92	20.16	21.53
Median	4.98	17.76	18.52
75th Percentile	4.58	15.05	14.59
90th Percentile	3.55	11.33	10.86
Advent Capital ●	4.48	14.25	15.34
ML All Conv ▲	5.07	16.15	17.78

- Advent convertible portfolio is part of the total domestic equity pool.
- It should tend to lag rising equity markets and outpace equities in declining and/or flat market

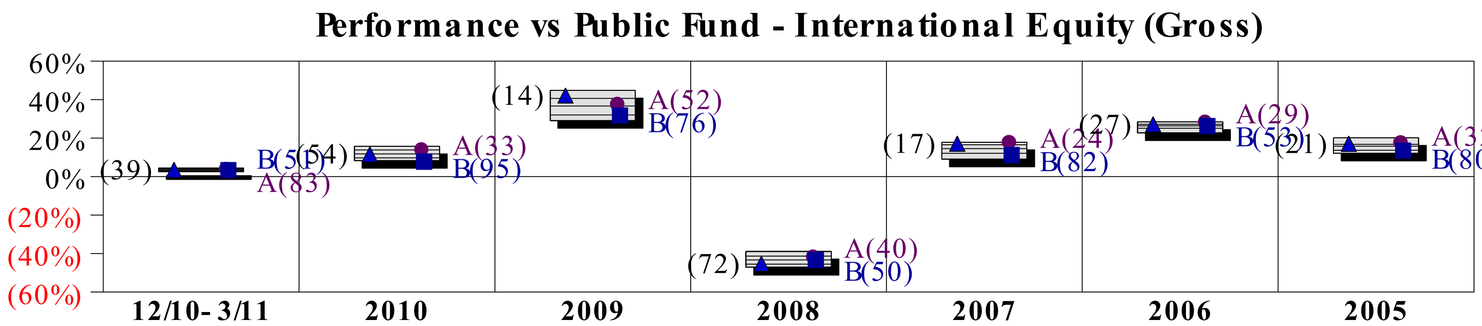
International Equity –compared to other public funds

Performance vs Public Fund - International Equity (Gross)



		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile		4.50	31.18	16.48	1.89	5.30	9.85	9.26
25th Percentile		3.77	30.31	14.65	0.53	4.18	8.71	8.46
Median		3.39	28.97	13.46	(0.55)	3.42	8.16	7.22
75th Percentile		2.86	27.71	11.87	(1.82)	2.23	6.93	6.41
90th Percentile		2.51	25.70	10.62	(2.75)	1.35	6.30	5.20
Employees' Total Int'l Equity	● A	2.68	27.10	13.57	(0.07)	3.96	8.64	7.60
MSCI EAFE Index	■ B	3.36	28.36	10.42	(3.01)	1.30	6.24	5.39
MSCI ACWI ex-US Index	▲	3.49	29.48	13.61	(0.38)	4.05	8.89	7.85

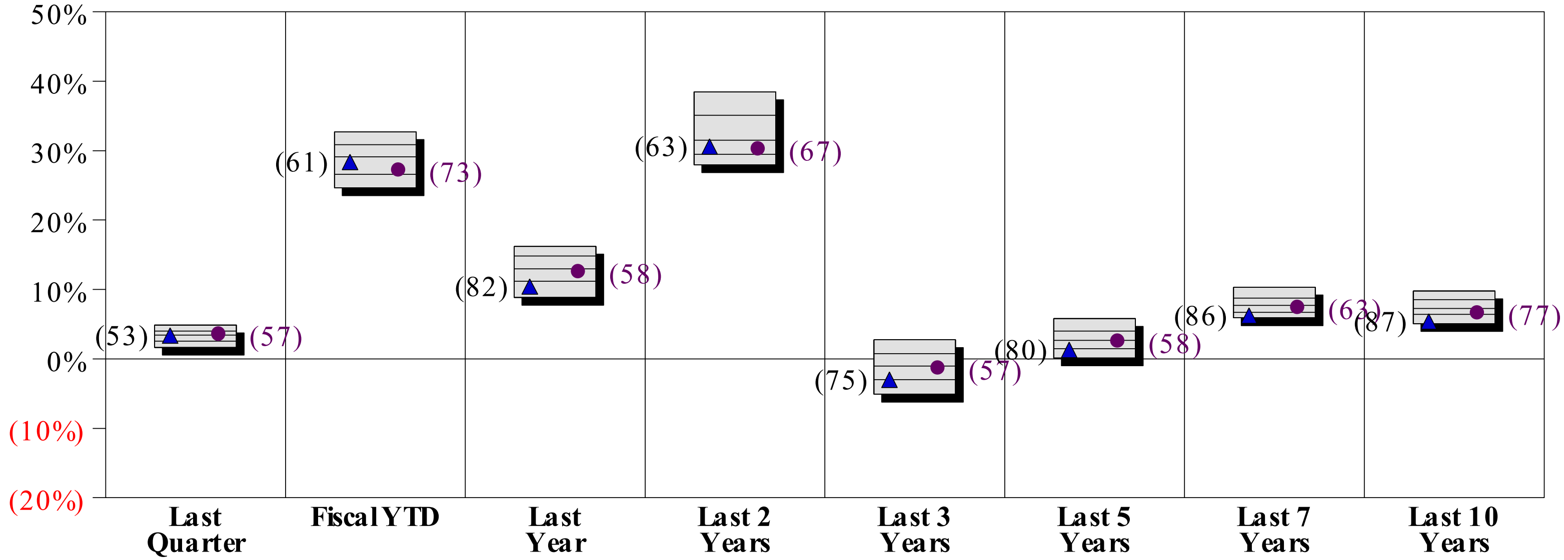
International - Calendar Periods



	12/10- 3/11	2010	2009	2008	2007	2006	2005
10th Percentile	4.50	15.76	44.80	(38.84)	17.89	28.48	20.22
25th Percentile	3.77	13.85	40.65	(41.28)	16.50	27.22	16.81
Median	3.39	11.82	36.66	(43.30)	14.59	26.44	15.89
75th Percentile	2.86	9.72	32.06	(45.51)	12.13	25.15	13.76
90th Percentile	2.51	8.37	29.07	(47.15)	9.11	22.70	12.19
Total International Equity ● A	2.68	12.70	36.35	(43.03)	16.61	27.06	16.53
MSCI EAFE Index ■ B	3.36	7.75	31.78	(43.38)	11.17	26.34	13.54
MSCI ACWI ex-US Index ▲	3.49	11.60	42.14	(45.24)	17.12	27.16	17.11

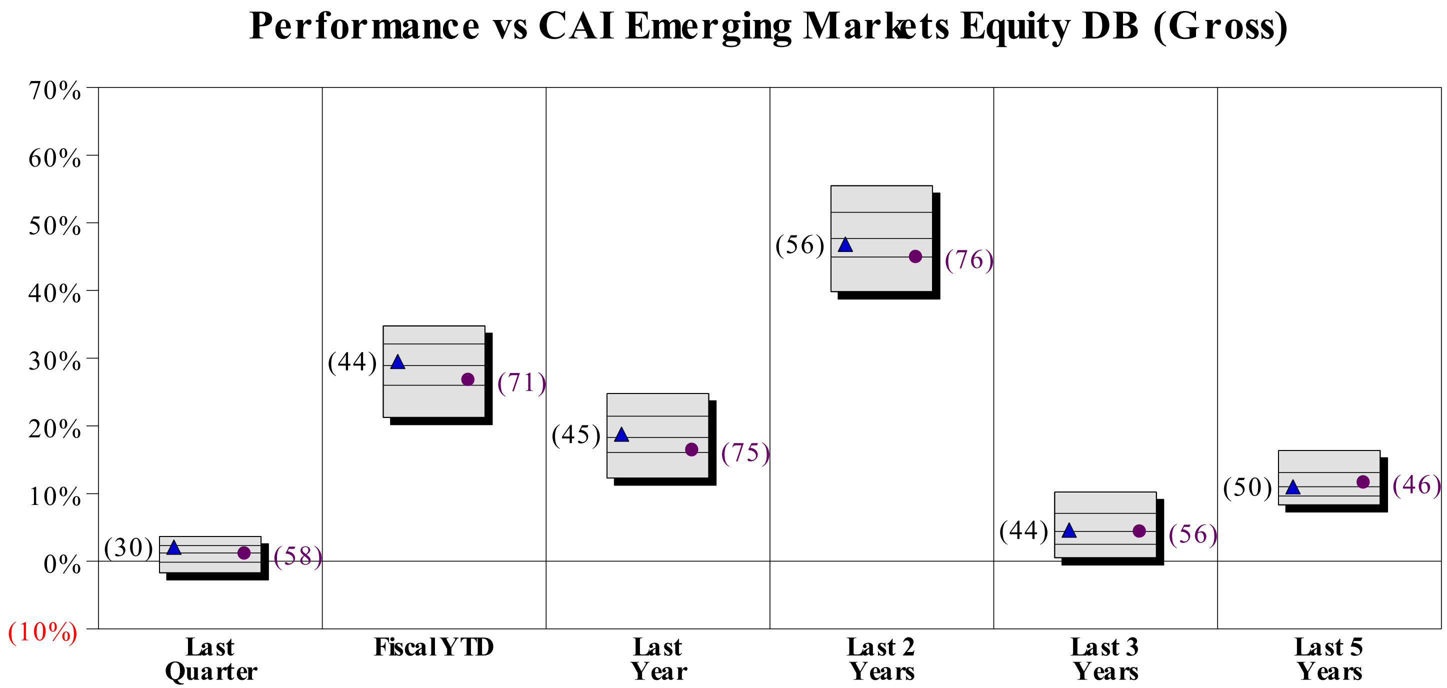
International ex EM versus Managers

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



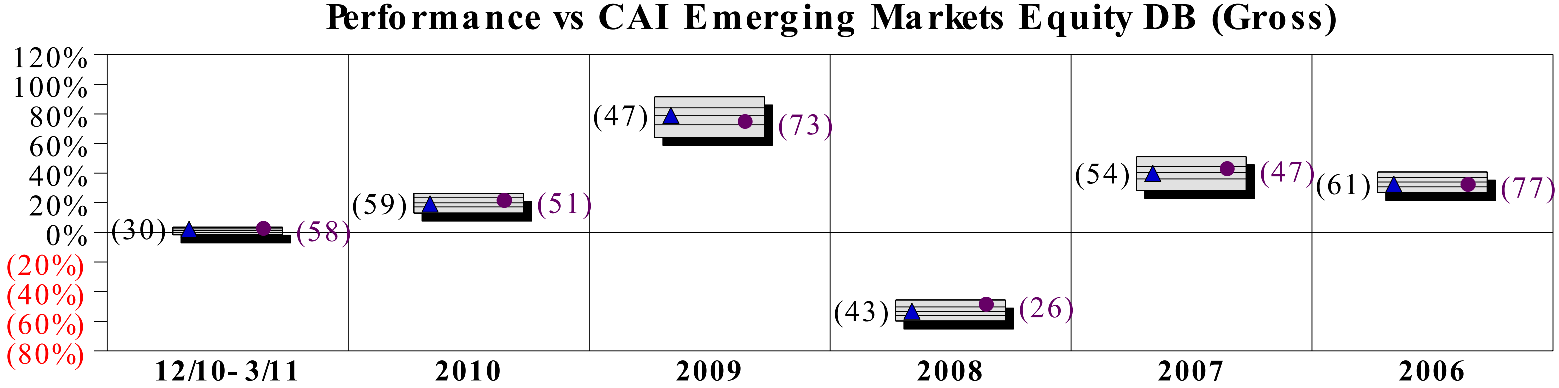
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	4.88	32.72	16.21	38.44	2.75	5.80	10.32	9.76
25th Percentile	4.02	30.84	14.80	35.09	0.75	4.00	8.75	8.53
Median	3.43	29.12	12.97	31.49	(1.04)	2.66	7.72	7.27
75th Percentile	2.55	26.60	11.18	29.48	(3.01)	1.48	6.68	6.40
90th Percentile	1.65	24.64	8.85	27.95	(5.11)	0.14	5.91	5.07
Int'l Equity Pool (ex Emerging. Mkt) ●	3.27	26.90	12.26	29.95	(1.64)	2.24	7.11	6.32
MSCI EAFE Index ▲	3.36	28.36	10.42	30.59	(3.01)	1.30	6.24	5.39

Emerging Markets Pool

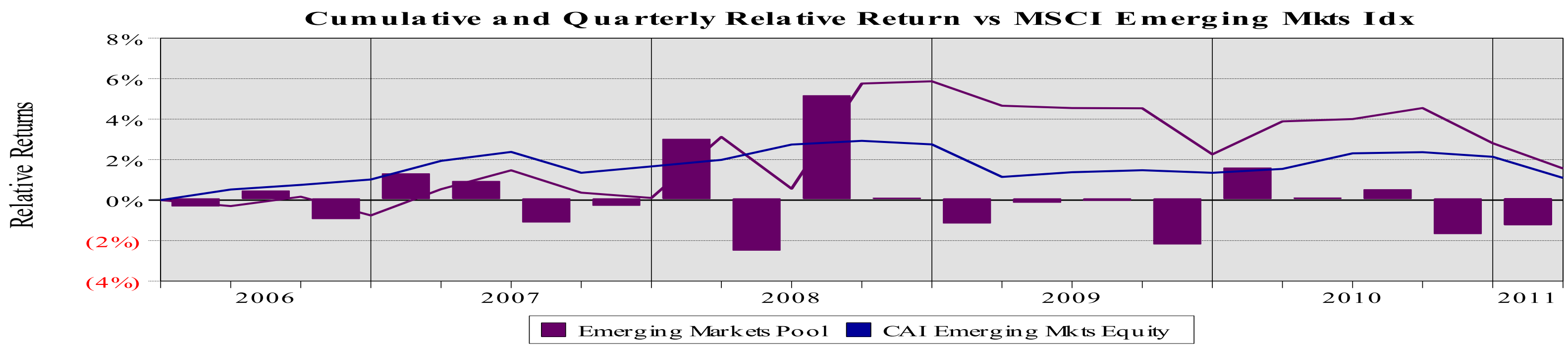


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	3.66	34.79	24.78	55.49	10.21	16.37
25th Percentile	2.33	32.12	21.43	51.55	7.08	13.11
Median	1.22	28.89	18.28	47.69	4.42	11.02
75th Percentile	(0.15)	26.01	16.08	44.94	2.52	9.64
90th Percentile	(1.69)	21.25	12.28	39.82	0.51	8.35
Emerging Markets Pool ●	0.86	26.48	16.12	44.66	4.09	11.36
MSCI Emerging Mkts Idx ▲	2.10	29.52	18.78	46.85	4.62	11.01

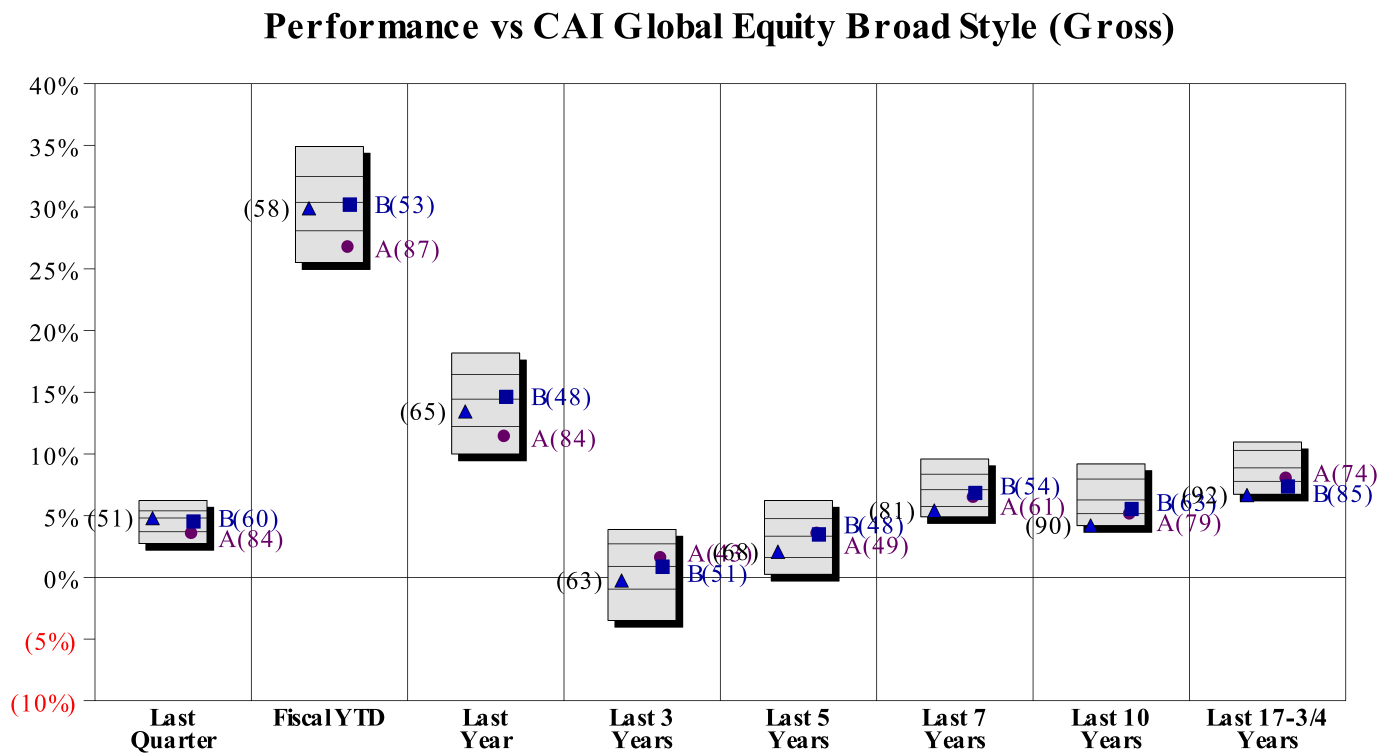
Emerging Markets Pool – Calendar Periods



	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	3.66	26.37	91.46	(45.62)	51.11	40.75
25th Percentile	2.33	23.76	83.98	(50.30)	44.65	37.25
Median	1.22	19.86	78.70	(53.37)	40.33	34.00
75th Percentile	(0.15)	17.29	72.71	(56.18)	36.00	30.78
90th Percentile	(1.69)	13.10	64.25	(59.73)	28.34	26.94
Emerging Markets Pool ●	0.86	19.83	72.93	(50.49)	40.99	30.55
MSCI Emerging Mkts Idx ▲	2.10	19.20	79.02	(53.18)	39.78	32.59



Global (Lazard)



		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 17-3/4 Years
10th Percentile		6.24	34.91	18.17	3.88	6.24	9.59	9.20	10.95
25th Percentile		5.39	32.48	16.44	2.72	4.76	8.35	7.96	10.29
Median		4.81	30.39	14.44	0.89	3.33	7.09	6.27	8.87
75th Percentile		3.71	28.09	12.24	(0.95)	1.62	5.75	5.17	7.78
90th Percentile		2.74	25.50	9.99	(3.49)	0.25	4.91	4.19	6.73
Lazard Global	● A	3.42	26.61	11.27	1.45	3.39	6.34	5.00	7.89
MSCI ACWI Idx	■ B	4.53	30.20	14.63	0.86	3.48	6.85	5.54	7.37
MSCI World Index	▲	4.80	29.90	13.45	(0.25)	2.08	5.41	4.21	6.67

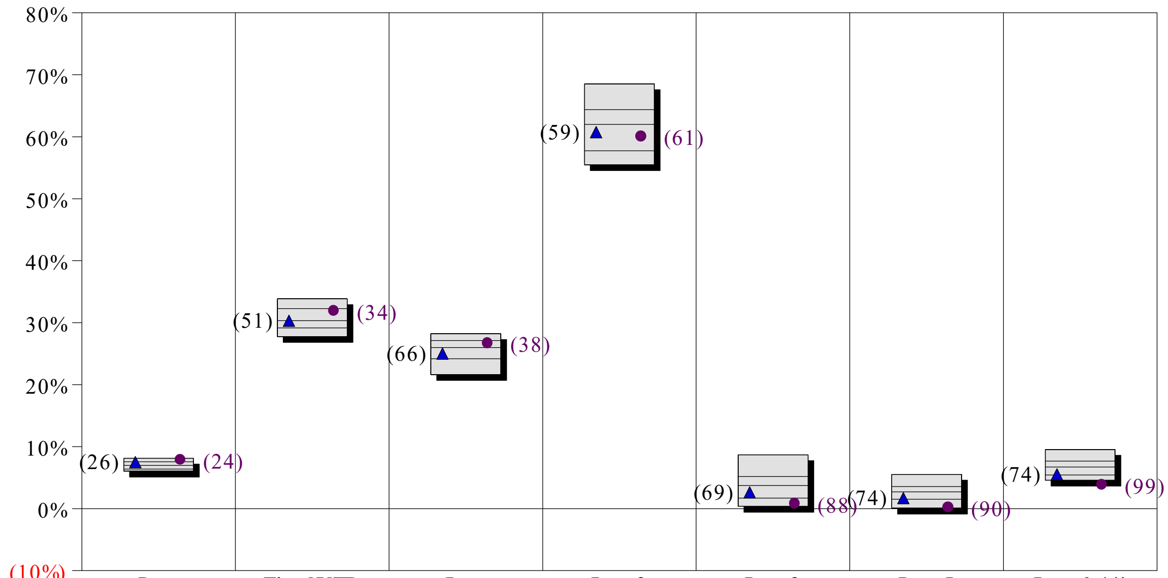
Real Assets Category

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Real Assets(Prelim)	**4.33%**	**9.48%**	**12.22%**	**-**	**-**
Real Assets Target (1)	2.75%	9.05%	12.23%	(0.26%)	5.39%
Real Estate Pool(Prelim)	6.10%	14.88%	17.84%	(10.23%)	(0.68%)
Real Estate Target (2)	3.77%	14.04%	16.97%	(2.31%)	3.79%
REIT Internal Portfolio	7.63%	31.66%	26.45%	0.56%	(0.03%)
NAREIT Equity Index	7.50%	30.31%	25.02%	2.64%	1.70%
Total Farmland	6.58%	8.84%	9.97%	9.42%	10.03%
UBS Agrivest	7.52%	9.66%	10.76%	9.51%	10.35%
Hancock Agricultural	5.10%	7.57%	8.76%	10.20%	9.92%
ARMB Farmland Target (3)	3.23%	8.11%	9.18%	9.94%	12.15%
Total Timber	3.40%	5.28%	0.68%	-	-
Timberland Investment Resources	2.09%	4.15%	(1.97%)	-	-
Hancock Timber	5.80%	7.21%	6.64%	-	-
NCREIF Timberland Index	0.75%	(0.15%)	0.84%	0.14%	6.67%
TIPS Internal Portfolio	1.89%	3.74%	7.97%	3.83%	-
BC US TIPS Index	2.08%	3.94%	7.91%	3.93%	6.25%
Total Energy Funds *	5.63%	11.53%	16.73%	10.69%	14.48%
CPI + 5%	3.46%	6.64%	8.04%	6.70%	7.41%

- Please note that real estate returns are provided by ARMB's real estate consultant

REIT Portfolio – strong absolute quarter & trailing year

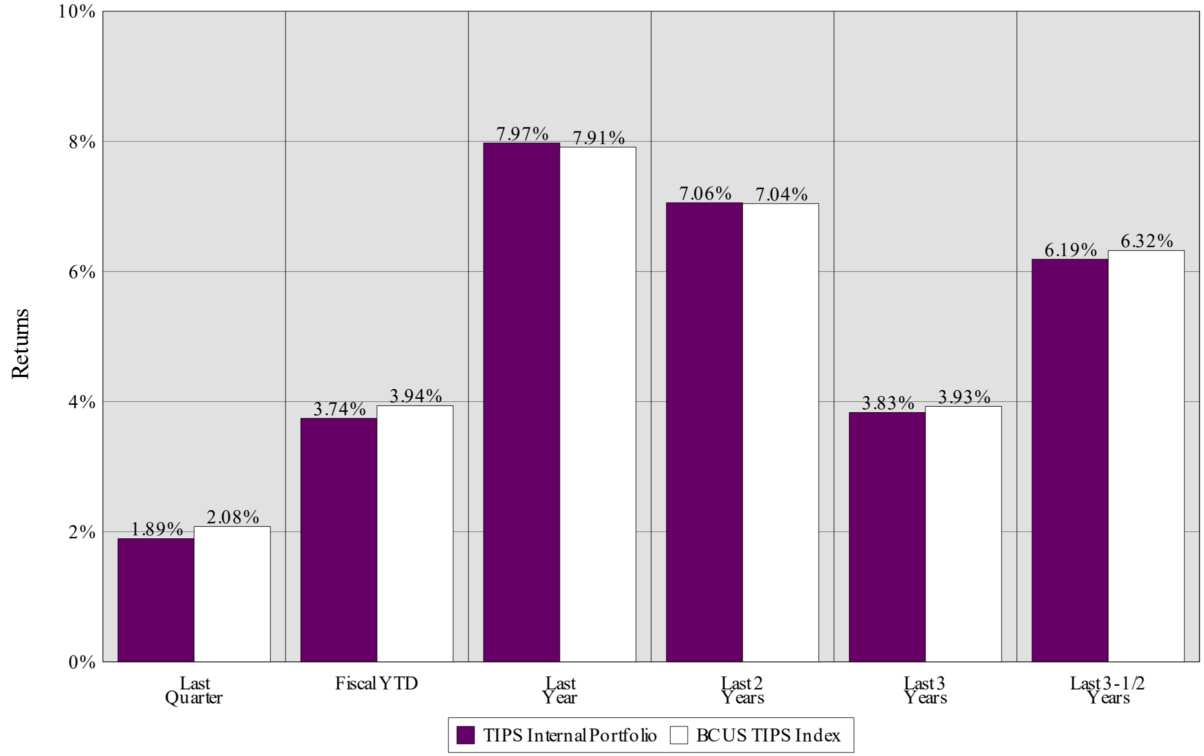
Performance vs CAI Real Estate-REIT DB (Gross)



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/4 Years
10th Percentile	8.13	33.86	28.22	68.53	8.67	5.53	9.55
25th Percentile	7.56	32.28	27.12	64.38	5.19	3.57	7.67
Median	6.97	30.33	25.99	62.00	3.74	2.70	6.72
75th Percentile	6.40	29.16	24.19	57.73	1.70	1.52	5.43
90th Percentile	6.04	27.77	21.64	55.48	0.37	0.07	4.57
REIT Holdings ●	7.63	31.66	26.45	59.79	0.56	(0.03)	3.61
NAREIT Equity Index ▲	7.50	30.31	25.02	60.75	2.64	1.70	5.53

- Excellent fiscal year to date & trailing 12 months.
- Portfolio increase during the current fiscal year was very timely.

Internally Managed TIPS Portfolio

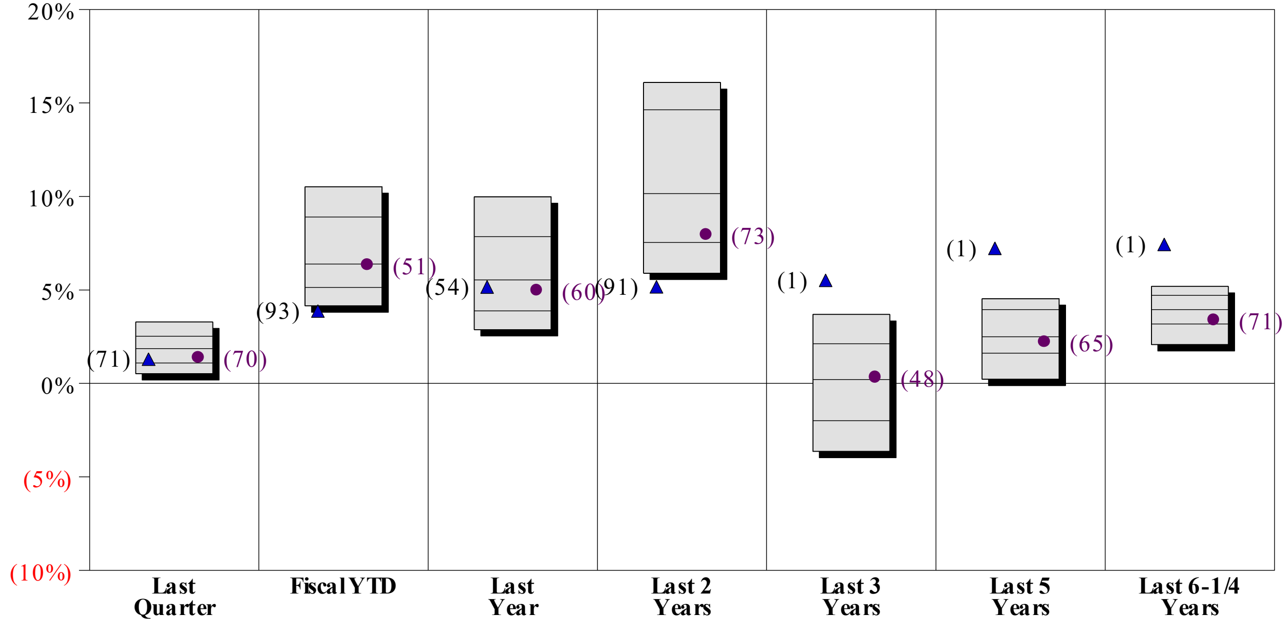


- Index performance at minimal cost.

Absolute Return Composite

Note – reflects March 31 values, while SS data used to calculate total fund is lagged 1-month

Performance vs Absolute Return Hedge FoFs Style (Net)



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/4 Years
10th Percentile	3.29	10.52	9.98	16.09	3.69	4.53	5.19
25th Percentile	2.53	8.90	7.85	14.64	2.13	3.95	4.71
Median	1.86	6.39	5.54	10.16	0.21	2.50	3.95
75th Percentile	1.09	5.14	3.88	7.54	(2.00)	1.62	3.17
90th Percentile	0.52	4.14	2.88	5.90	(3.63)	0.22	2.08
Absolute Return Composite ●	1.31	6.27	4.90	7.88	0.25	2.14	3.31
T-Bills + 5% ▲	1.30	3.88	5.16	5.17	5.51	7.23	7.44

Summary Manager – Strong Relative Performance

- **Strong – Both 1 year & 5 year (or since inception) results**
- **LC Domestic Equity**
  - Barrow Hanley & Quantitative – Large Cap Value
  - McKinley – Large Cap Growth
- **SC Domestic Equity**
  - Jennison Associates
  - Luther King
- **International Fixed**
  - Mondrian
  - Lazard Emerging
- **International Equity**
  - Capital Guardian
- **Absolute Return**
  - Crestline has the strongest results but essentially at median for 5-years
  - Too early for GAM (but weak so far) & PRISMA (but strong so far)
- **Global**
  - Lazard had weak year but 5-year results

Disappointing Performance for either 1 or 5 year periods (or since inception)

- **Domestic Equity**
  - RCM LC Growth – weak year but strong 5-year & longer returns
  - Relational – exceptional 1-year but still disappointing since inception
  - Lord Abbett SC Equity – strong quarter could not save year + pulled since inception below target
  - SSgA SC Value – both trailing 1-year & since inception below target
- **High Yield**
  - MacKay Shields – continues to lag target for both 1 & 5 years
- **International Equity**
  - Brandes – poor trailing 1-year but strong trailing 5-years & longer
  - McKinley – despite strong 1-year, 5-year results still lag.
- **Global**
  - Lazard – poor trailing 1-year but better than benchmark 5-year & longer
- **Emerging Markets**
  - Capital & Lazard lagged for the year but better than benchmark for longer term
  - Eaton Vance – below benchmark for 1-year and since inception
- **Absolute Return**
  - Mariner – poor trailing 1 & 5 year return
  - GAM – poor quarter pulled trailing 1-year well peers

Summary

- Very good quarter and trailing year despite numerous shocks (Japan, Mideast, PPI etc.)
- Employment gains are very encouraging but tightrope of EM inflation cooling efforts & mixed fiscal messages worth watching closely.
- Earnings growth will be harder to achieve & analysts may be overestimating pace.
- Equity valuation metrics still supportive of rising equities.
- Fixed income spreads have really narrowed. Almost impossible to envision fixed income returns of more than 4-5% in the short to medium term. Negative real yields across much of the yield curve.
- Many cross currents in institutional portfolios. Continuing interest in "inflation" hedges; multi-asset portfolios (Capital & PIMCO EM Equity & Debt combo products); pickup in hedge fund activity.
- ARMB has a pronounced "growth" tilt which should produce higher but more volatile results. Program is well diversified and has taken steps to moderate higher equity "beta" such as use of convertibles, covered calls, buy-write strategies.

Individual Account Option Performance - Balanced & Target Date Funds

Investment Manager	Market Value ($mm)	3/4 Year Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio
Balanced & Target Date Funds											
Alaska Balanced Fund	$1,088	**11.9** 99	**9.4** 90	**5.0** 13	**5.4** 11	**5.2** 22	**7.6** 99		**0.2** 3	**0.7** 99	**0.4** 1
CAI Mt Fd: Dom Bal Style											
Passive Target		11.5 99	9.2 91	4.9 14	5.3 11	5.1 25	7.2 100				0.4 1
Long Term Balanced Fund	$366	**19.3** 71	**12.2** 58	**4.3** 27	**4.6** 18	**5.3** 21	**12.6** 85		**0.1** 17	**0.7** 99	**0.2** 17
CAI Mt Fd: Dom Bal Style											
Passive Target		19.0 77	12.1 59	4.4 27	4.5 19	5.2 23	12.2 87				0.2 17
Target 2010 Fund	$22	**0.6** 100	**0.6** 100	**0.6** 94	**2.8** 77	**3.1** 88	**2.5** 99		**2.2** 1	**0.2** 100	**0.2** 30
CAI Tgt Date 2010											
Custom Index		0.5 100	0.4 100	0.3 94	2.4 86	2.9 93	2.5 99				0.1 69
Target 2010 Trust	$7	**17.2** 38	**10.8** 44								
CAI Tgt Date 2010											
Custom Index		17.4 35	10.9 43								
Target 2015 Trust	$91	**20.0** 34	**12.1** 39	**6.5** 1	**6.1** 1	**6.3** 8	**9.6** 84		**0.7** 1	**0.5** 100	**0.4** 5
CAI Tgt Date 2015											
Custom Index		20.2 33	12.1 36	6.2 2	5.8 1	6.1 9	9.7 84				0.4 6
Target 2020 Trust	$39	**22.5** 27	**13.0** 34	**3.7** 32	**3.9** 23	**5.6** 12	**14.7** 77		**0.3** 1	**0.6** 100	**0.1** 23
CAI Tgt Date 2020											
Custom Index		22.7 26	13.1 33	3.6 37	3.8 26	5.6 13	14.8 74				0.1 24
Target 2025 Trust	$20	**24.6** 26	**13.8** 46	**2.6** 59	**2.9** 41		**17.6** 50		**0.1** 34	**0.5** 100	**0.0** 41
CAI Tgt Date 2025											
Custom Index		25.0 22	13.9 41	2.4 63	2.8 42		17.7 50				0.0 42
Target 2030 Trust	$9	**26.6** 31	**14.5** 40								
CAI Tgt Date 2030											
Custom Index		26.8 29	14.6 36								
Target 2035 Trust	$10	**28.1** 40	**15.1** 45								
CAI Tgt Date 2035											
Custom Index		28.4 30	15.2 43								
Target 2040 Trust	$11	**28.1** 51	**15.1** 44								
CAI Tgt Date 2040											
Custom Index		28.4 42	15.2 41								
Target 2045 Trust	$11	**28.2** 50	**15.1** 43								
CAI Tgt Date 2040											
Custom Index		28.4 42	15.2 41								
Target 2050 Trust	$13	**28.2** 68	**15.1** 52								
CAI Tgt Date 2050											
Custom Index		28.4 63	15.2 50								
Target 2055 Trust	$4	**28.2** 99	**15.1** 53								
CAI Tgt Date 2055											
Custom Index		28.4 99	15.2 51								

Returns:
- above median
- third quartile
- fourth quartile

Risk:
- below median
- second quartile
- first quartile

Risk Quadrant:

Excess Return Ratio:
- above median
- third quartile
- fourth quartile

Tracking Error:
- below median
- second quartile
- first quartile

Sharpe Ratio:
- above median
- third quartile
- fourth quartile

Passive Options

ALASKA RETIREMENT MANAGEMENT BOARD - SBS
Investment Manager Performance Monitoring Summary Report
March 31, 2011

Investment Manager	Market Value ($mm)	3/4 Year Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio
Index Funds (Gross of Fee)											
State Street S&P Fund (i)	$235	**30.6** 62	**15.7** 46	**2.5** 69	**2.7** 65	**4.5** 82	**19.7** 42		**0.7** 8	**0.1** 100	**0.0** 65
CAI Large Cap Core Style											
S&P 500 Index		30.6 63	15.6 46	2.4 71	2.6 66	4.5 85	19.7 41				0.0 66
Russell 3000 Index (i)	$13	**32.3** 41	**17.4** 32								
CAI Large Cap Style											
Russell 3000 Index		32.4 41	17.4 32	3.4 41	2.9 51	5.1 61	20.3 49				0.0 51
World Eq Ex-US Index (i)	$12	**29.0** 53	**12.9** 50								
CAI Non-U.S. Equity Style											
MSCI ACWI x US (Net)		29.2 48	13.1 48	-0.8 49	3.6 37	8.4 32	25.2 26				0.1 39
Long US Treasury Bond Index (i)	$7	**-4.5** 95	**7.2** 97								
CAI Extended Mat FI Style											
BC Long Treas		-4.4 92	7.3 97	4.0 94	6.3 95	5.2 91	12.9 19				0.3 89
US Treasry Infl Prtcd SEC (i)	$14	**3.8** 67	**7.7** 60								
CAI Real Return											
BC US TIPS Index		3.9 39	7.9 40	3.9 69	6.2 75	5.0 80	5.4 29				0.7 85
World Gov't Bond Ex-US Indx (i)	$5	**9.8** 74	**8.4** 90								
CAI Non-U.S. F-I Style											
Citi WGBI Non-US Idx		9.9 74	8.5 90	3.2 84	7.8 65	5.5 79	10.3 40				0.5 78
US Real Estate Invmnt Trust (i)	$21	**29.4** 72	**24.1** 75								
CAI Real Estate-REIT DB											
US Select REIT Index		29.8 62	24.4 74								

Returns:
- above median
- third quartile
- fourth quartile

Risk:
- below median
- second quartile
- first quartile

Risk Quadrant:

Excess Return Ratio:
- above median
- third quartile
- fourth quartile

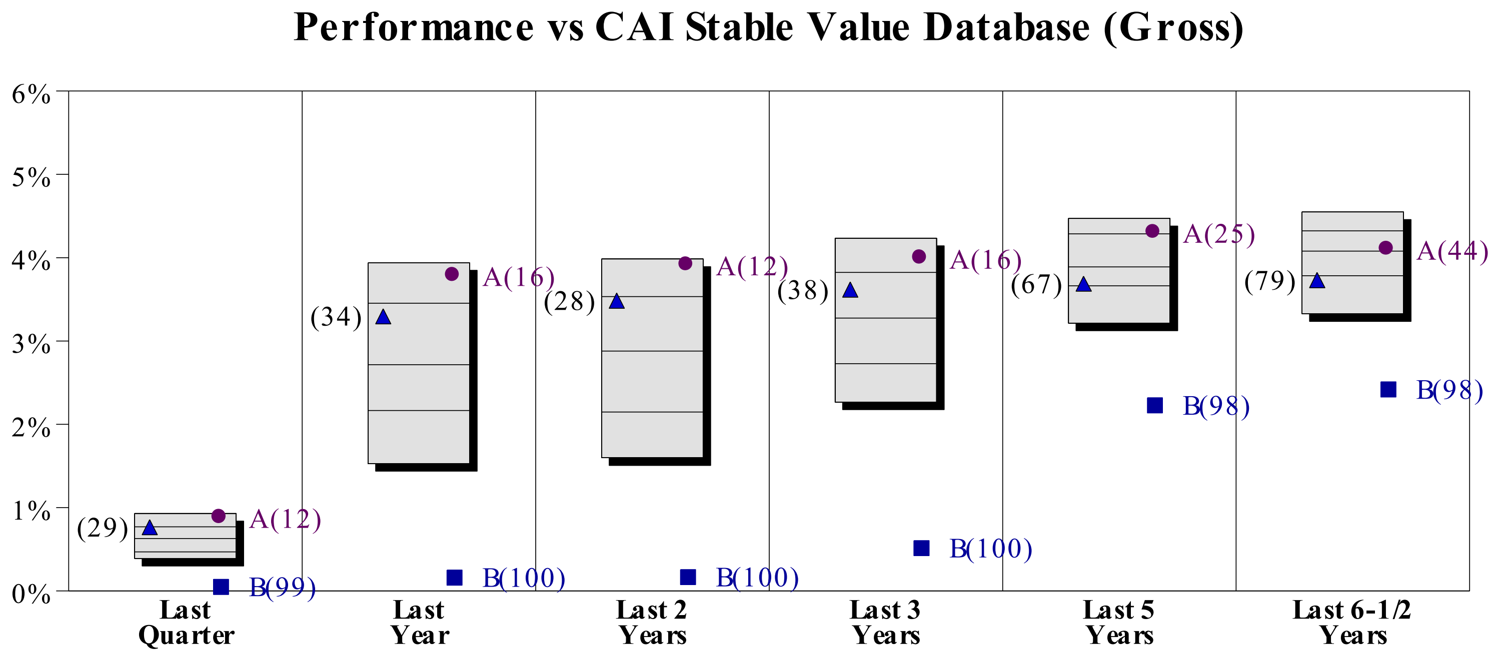
Tracking Error:
- below median
- second quartile
- first quartile

Sharpe Ratio:
- above median
- third quartile
- fourth quartile

(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Yellow manager & index ranking differ by <= +/- 20%tile. Red: manager & index ranking differ by > +/- 20%tile.

Supplement Exhibits

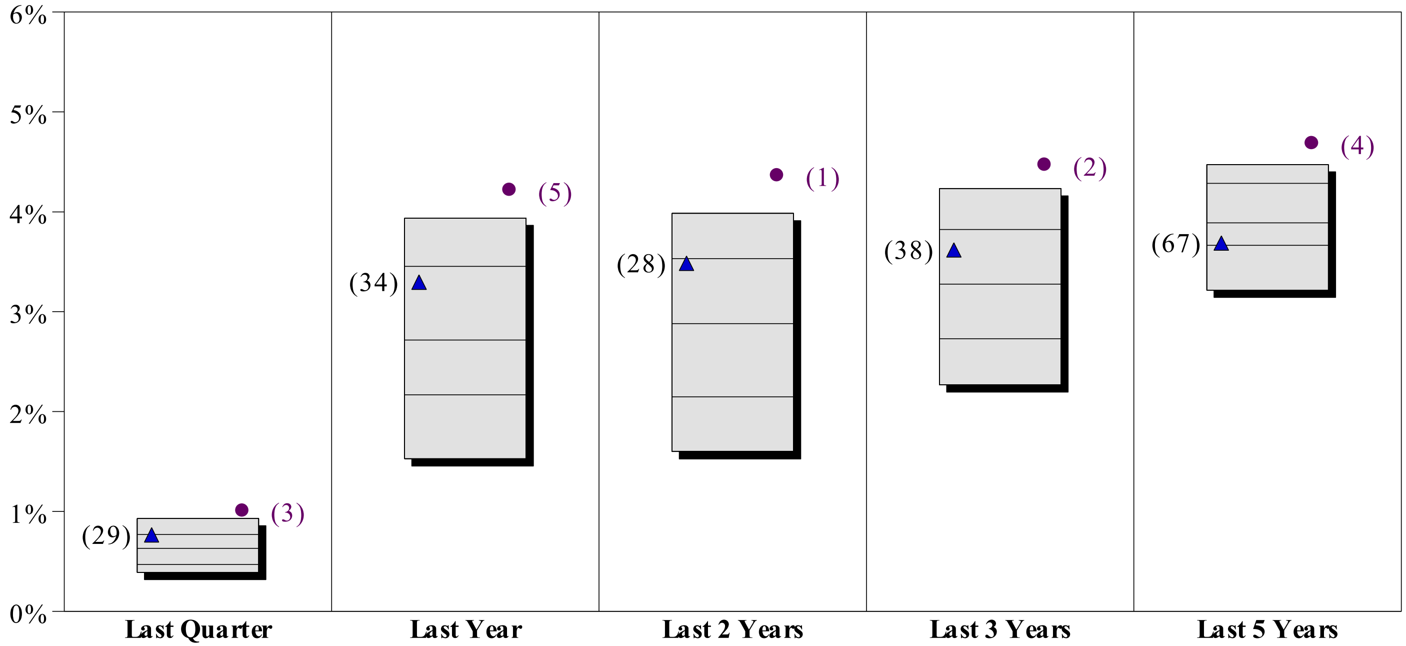
SBS Stable Value Option ($294 million)



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile	0.93	3.94	3.98	4.23	4.47	4.55
25th Percentile	0.77	3.45	3.53	3.82	4.28	4.32
Median	0.63	2.72	2.88	3.28	3.89	4.08
75th Percentile	0.47	2.17	2.15	2.73	3.66	3.78
90th Percentile	0.39	1.53	1.60	2.27	3.22	3.33
T. Rowe Price Stable Value Fund ● A	0.87	3.77	3.90	3.98	4.29	4.09
3-month Treasury Bill ■ B	0.05	0.16	0.17	0.51	2.23	2.42
5 Yr US Treas Rolling ▲	0.77	3.30	3.48	3.62	3.69	3.73

Deferred Compensation Plan – Interest Income ($164 million)

Performance vs CAI Stable Value Database (Gross)



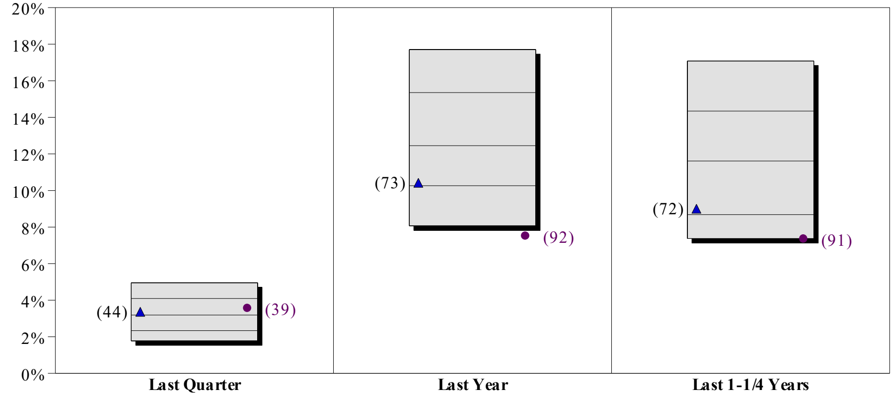
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	0.93	3.94	3.98	4.23	4.47
25th Percentile	0.77	3.45	3.53	3.82	4.28
Median	0.63	2.72	2.88	3.28	3.89
75th Percentile	0.47	2.17	2.15	2.73	3.66
90th Percentile	0.39	1.53	1.60	2.27	3.22
Interest Income Fund ●	0.99	4.20	4.35	4.45	4.67
5 Yr US Treas Rolling ▲	0.77	3.30	3.48	3.62	3.69

SBS Active Options

Brandes

International Equity

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

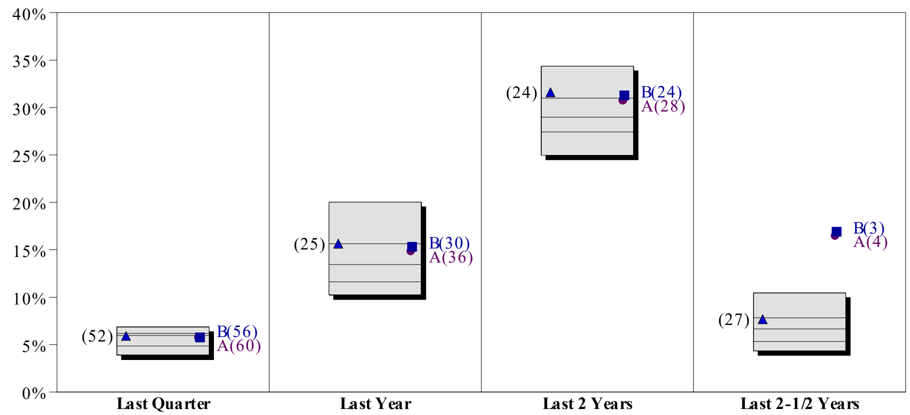


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	4.95	17.71	17.09
25th Percentile	4.09	15.36	14.34
Median	3.19	12.45	11.61
75th Percentile	2.34	10.26	8.68
90th Percentile	1.78	8.06	7.37
Brandes Int'l Fund ●	3.50	7.45	7.29
MSCI EAFE Index ▲	3.36	10.42	9.00

RCM – Socially Responsible

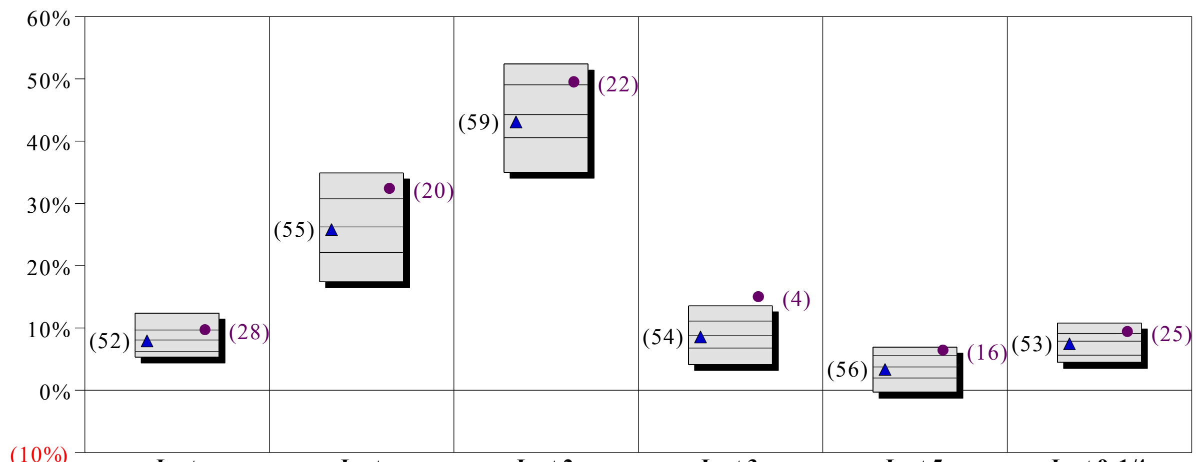
Large Cap Domestic Equity

Performance vs CAI MF - Core Equity Style (Net)



	Last Quarter	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	6.87	20.03	34.36	10.46
25th Percentile	6.19	15.63	30.98	7.82
Median	5.96	13.44	28.98	6.66
75th Percentile	4.86	11.61	27.42	5.34
90th Percentile	3.90	10.23	24.96	4.34
RCM- Net ● A	5.60	14.71	30.60	16.32
RCM- Gross ■ B	5.76	15.32	31.27	16.90
S&P 500 Index ▲	5.92	15.65	31.61	7.68

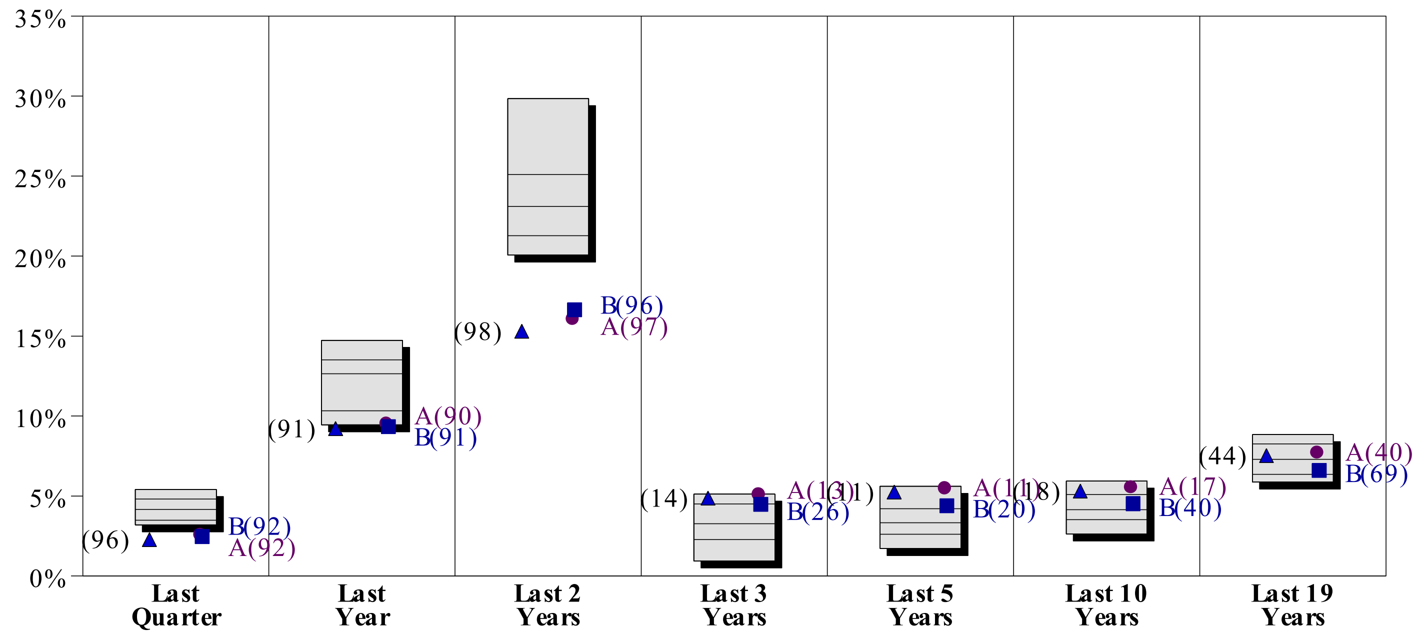
T. Rowe Price Small Cap Equity



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/4 Years
10th Percentile	12.40	34.90	52.38	13.56	6.92	10.81
25th Percentile	9.68	30.76	49.06	11.10	5.56	9.11
Median	8.08	26.22	44.25	8.76	3.75	7.89
75th Percentile	6.19	22.14	40.56	6.78	1.95	5.63
90th Percentile	5.34	17.42	35.01	4.12	(0.30)	4.47
T. Rowe Price Small-Cap Stock Trust ●	9.38	32.09	49.19	14.72	6.13	9.11
Russell 2000 Index ▲	7.94	25.79	43.09	8.57	3.35	7.46

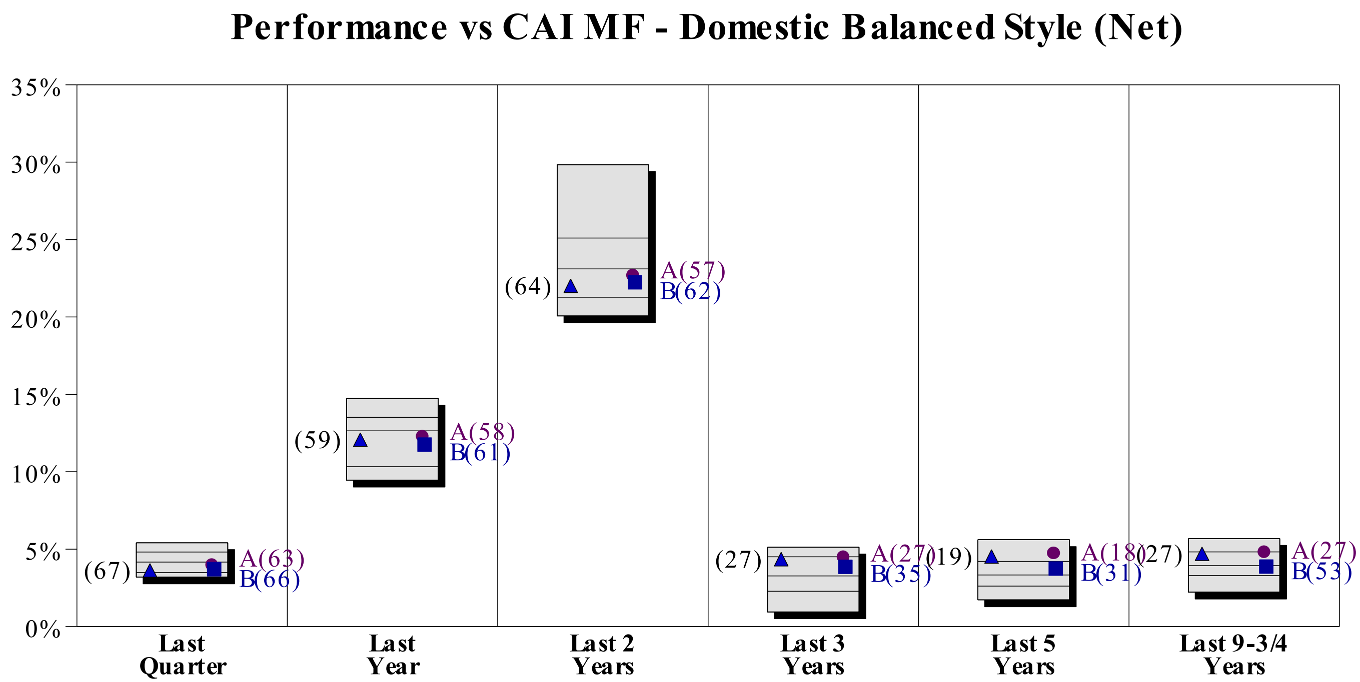
Balanced - $1.09 Billion

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 19 Years
10th Percentile		5.41	14.73	29.84	5.12	5.61	5.94	8.84
25th Percentile		4.81	13.51	25.10	4.51	4.21	5.09	8.26
Median		4.16	12.65	23.11	3.28	3.34	4.15	7.30
75th Percentile		3.48	10.33	21.28	2.29	2.61	3.53	6.36
90th Percentile		3.20	9.45	20.06	0.94	1.73	2.63	5.88
Alaska Balanced Fund	● A	2.47	9.41	15.95	4.98	5.37	5.42	7.60
Active Target	■ B	2.47	9.34	16.64	4.48	4.39	4.52	6.60
Passive Target	▲	2.28	9.22	15.30	4.87	5.25	5.31	7.53

Long-Term Balanced - $365 million



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-3/4 Years
10th Percentile	5.41	14.73	29.84	5.12	5.61	5.69
25th Percentile	4.81	13.51	25.10	4.51	4.21	4.82
Median	4.16	12.65	23.11	3.28	3.34	3.94
75th Percentile	3.48	10.33	21.28	2.29	2.61	3.29
90th Percentile	3.20	9.45	20.06	0.94	1.73	2.22
Long Term Balanced Fund ● A	3.84	12.16	22.54	4.35	4.60	4.69
Active Target ■ B	3.71	11.75	22.24	3.85	3.75	3.88
Passive Target ▲	3.63	12.08	22.02	4.35	4.53	4.70

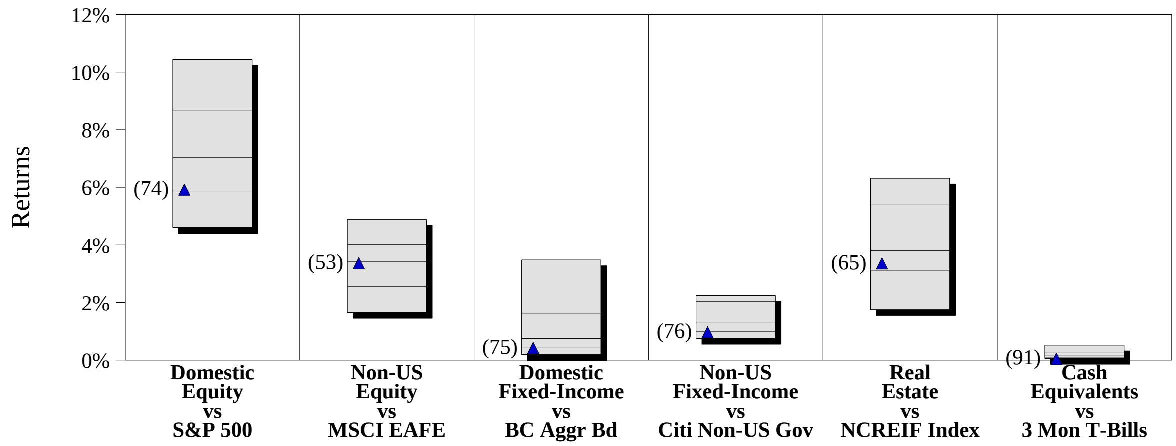
Callan Associates Inc.
Investment Measurement Service
Quarterly Review

Alaska Retirement Management Board
Board Report
with Preliminary Real Estate
March 31, 2011

Market Overview

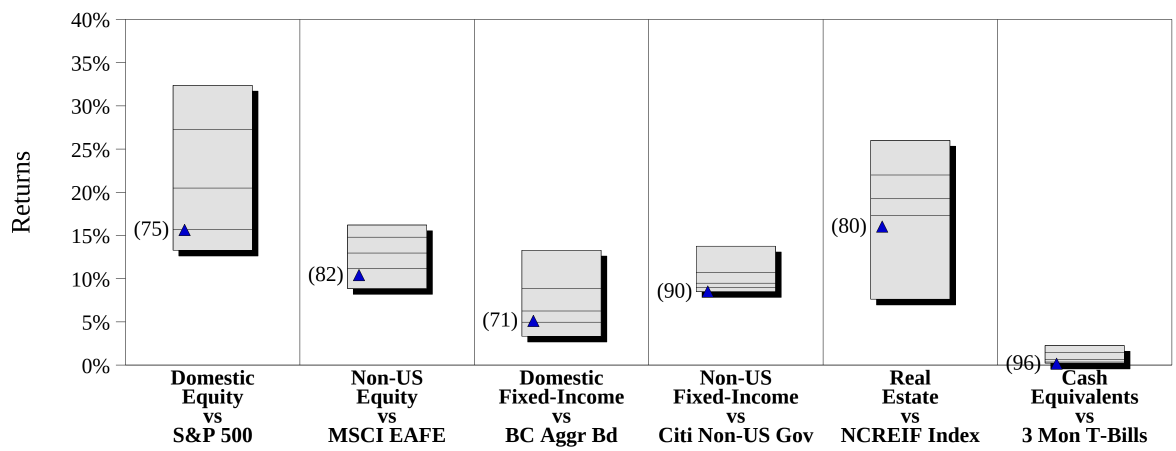
The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also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

Range of Separate Account Manager Returns by Asset Class
One Quarter Ended March 31, 2011



	Domestic Equity vs S&P 500	Non-US Equity vs MSCI EAFE	Domestic Fixed-Income vs BC Aggr Bd	Non-US Fixed-Income vs Citi Non-US Gov	Real Estate vs NCREIF Index	Cash Equivalents vs 3 Mon T-Bills
10th Percentile	10.44	4.88	3.48	2.24	6.32	0.52
25th Percentile	8.68	4.02	1.63	2.03	5.42	0.25
Median	7.03	3.43	0.75	1.29	3.80	0.14
75th Percentile	5.87	2.55	0.42	1.00	3.12	0.08
90th Percentile	4.60	1.65	0.19	0.75	1.75	0.05
Index ▲	5.92	3.36	0.42	0.97	3.36	0.05

Range of Separate Account Manager Returns by Asset Class
One Year Ended March 31, 2011



	Domestic Equity vs S&P 500	Non-US Equity vs MSCI EAFE	Domestic Fixed-Income vs BC Aggr Bd	Non-US Fixed-Income vs Citi Non-US Gov	Real Estate vs NCREIF Index	Cash Equivalents vs 3 Mon T-Bills
10th Percentile	32.38	16.21	13.29	13.76	26.00	2.27
25th Percentile	27.28	14.80	8.85	10.74	22.00	1.49
Median	20.49	12.97	6.26	9.48	19.25	0.62
75th Percentile	15.66	11.18	4.96	8.99	17.32	0.36
90th Percentile	13.29	8.85	3.34	8.50	7.62	0.22
Index ▲	15.65	10.42	5.12	8.52	16.03	0.16

DOMESTIC EQUITY
Active Management Overview

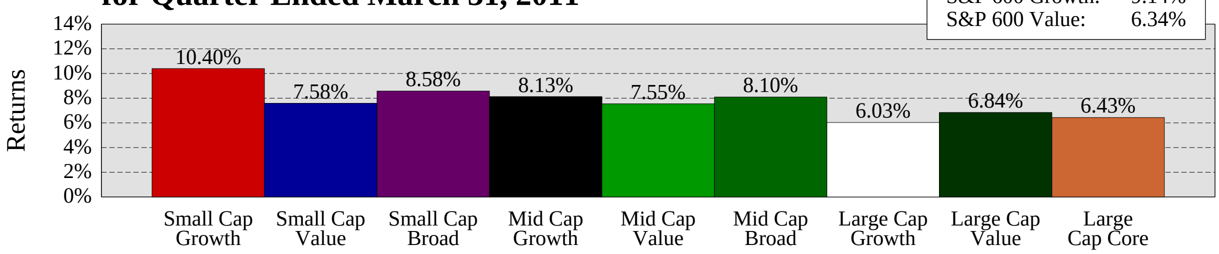
Active vs. the Index
With the nuclear crisis in Japan and continued political turmoil in North Africa and the Middle East in the first quarter of 2011, conditions seemed right for a significant dip in the domestic equity market. However, U.S. stocks were able to overcome these events and post positive returns for the third consecutive quarter. The S&P 500 managed its largest first quarter percentage gain since 1998 with a return of 5.92% for the quarter ended March 31, 2011. The median Large Cap Core manager posted a 6.43% return, 51 basis points ahead of the S&P 500 Index return. The median Mid Cap Broad manager, however, fell well below its benchmark, yielding an 8.10% return for the quarter, 126 basis points behind the S&P Mid Cap's return of 9.36%. The median Small Cap Growth Manager was again the highest performer for the quarter with a return of 10.40%, besting its benchmark, the S&P 600 Growth index, by 126 basis points. For the year ended March 31, 2011, the median Large Cap Core manager (15.41%) and the median Mid Cap Broad manager (25.21%) both underperformed their respective benchmarks, the S&P 500 (15.65%) and the S&P Mid Cap (26.95%). The median Small Cap manager (28.58%), however, managed to beat its benchmark, the S&P 600 (25.27%), by 331 basis points.

Large Cap vs. Small Cap
Small and Mid Cap funds continued their superiority over Large Cap funds in the first quarter of 2011. Returns for median Small and Mid Cap managers ranged from 7.55% (Mid Cap Value) to 10.40% (Small Cap Growth), whereas returns for the median Large Cap managers ranged from 6.03% (Large Cap Growth) to 6.84% (Large Cap Value). The benchmarks reflected this tilt as the S&P 600 and the S&P Mid Cap indexes posted returns of 7.71% and 9.36%, respectively. Small and Mid Cap funds were also ahead of Large Cap funds for the previous twelve months. The median Small Cap Broad manager returned 28.58%, 1,317 basis points ahead of the median Large Cap Core manager's return of 15.41%. The S&P 600 yielded a return of 25.27% for the same period, well ahead of the S&P 500's return of 15.65%.

Growth vs. Value
For the first quarter of 2011, growth stocks were more favorable than value stocks for Small and Mid Cap funds, but the opposite was true for Large Cap funds. The median Small Cap Growth fund returned 10.40%, 282 basis points ahead of the median Small Cap Value fund's return of 7.58%. Similarly, the Mid Cap Growth manager outperformed the Mid Cap Value manager, posting an 8.13% return, 58 basis points ahead of the 7.55% Mid Cap Value return. However, the median Large Cap Growth manager yielded a 6.03% return, which fell short of the median Large Cap Value manager's return of 6.84%. All growth funds significantly outperformed their value fund counterparts over the year ended March 31, 2011. The biggest spread difference came from Small Cap with the median Small Cap Growth manager returning an impressive 31.53% return, 753 basis points ahead of the median Small Cap Value manager's return of 24.00%.

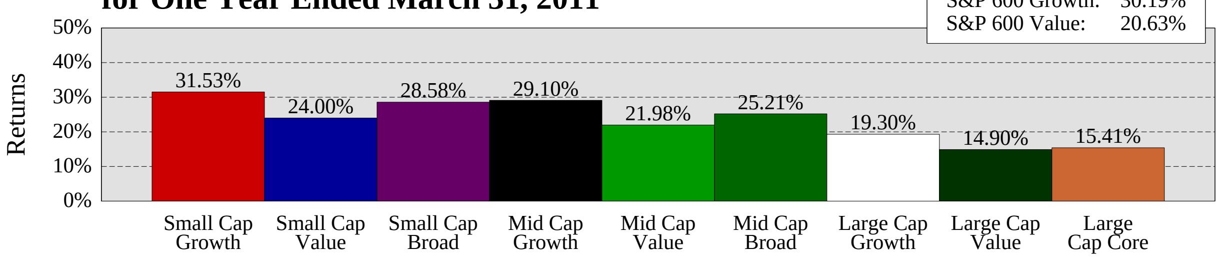
S&P 500:	5.92%
S&P 500 Growth:	5.07%
S&P 500 Value:	6.80%
S&P Mid Cap:	9.36%
S&P 600:	7.71%
S&P 600 Growth:	9.14%
S&P 600 Value:	6.34%

Separate Account Style Group Median Returns for Quarter Ended March 31, 2011



S&P 500:	15.65%
S&P 500 Growth:	16.56%
S&P 500 Value:	14.79%
S&P Mid Cap:	26.95%
S&P 600:	25.27%
S&P 600 Growth:	30.19%
S&P 600 Value:	20.63%

Separate Account Style Group Median Returns for One Year Ended March 31, 2011

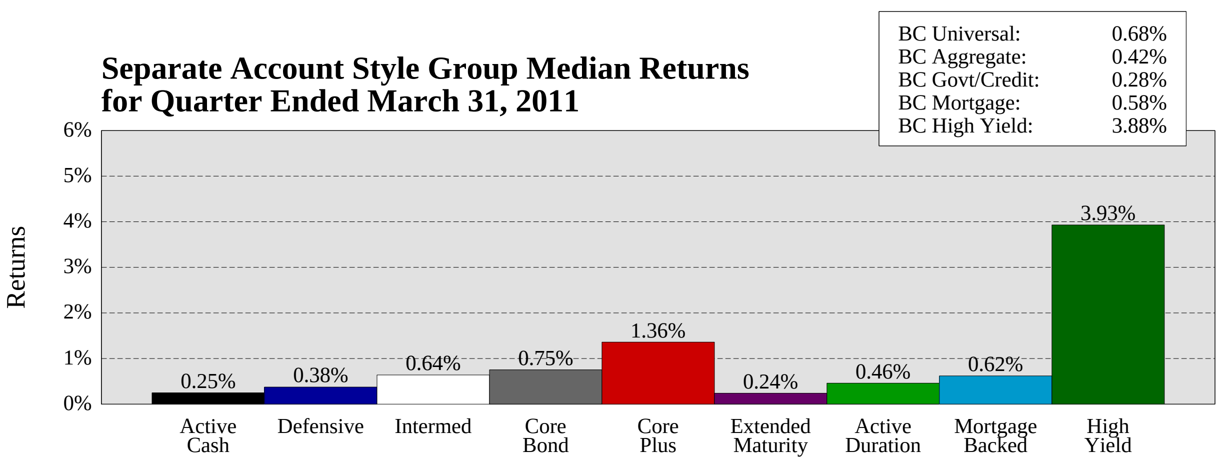


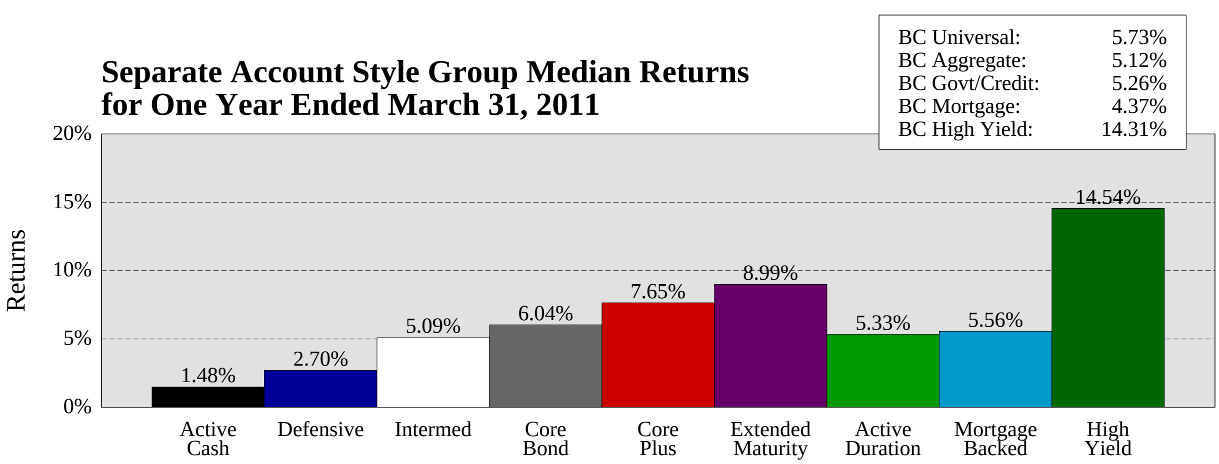
DOMESTIC FIXED-INCOME
Active Management Overview

Active vs. the Index
Despite significant unrest and instability in the Middle East, a devastating earthquake and threat of nuclear disaster in Japan, and the re-emergence of sovereign debt concerns in Europe, the domestic fixed-income markets were generally optimistic in the first quarter of 2011. The domestic fixed-income performance seen in the quarter is likely to be attributed to an improved outlook for the U.S. economy and the notion that further quantitative easing may no longer be necessary. The median Core Bond Fund posted a return of 0.75%, which outperformed the Barclays Capital Aggregate Index by 33 basis points. For the year ended March 31, 2011, the median fund finished ahead of the index with a return of 6.04%, 92 basis points ahead of the Barclays Capital Aggregate return of 5.12%.

Short vs. Long Duration
The Extended Maturity bond market continued to display lackluster performance in the first quarter of 2011, while the Intermediate market gained this period. The median Extended Maturity Fund gained 0.24% in the quarter ended March 31, 2011, 40 basis points behind the median Intermediate Fund which gained 0.64% for the quarter. For the twelve months ended March 31, 2011, the median Extended Maturity fund showed positive results with a return of 8.99%, 390 basis points ahead of the median Intermediate Fund's return of 5.09%.

Mortgages and High Yield
In the first quarter of 2011, Mortgage-backed bonds saw an improved return compared to the fourth quarter of 2010; however, the market remained slow-moving as February saw the fewest new home starts in nearly 2 years and a 9.6% plunge in existing home sales. The median Mortgage-Backed Fund posted a slightly positive return (0.62%) for the first quarter of 2011, slightly outperforming the Barclays Mortgage Index's return (0.58%) by 4 basis points. For the year ended March 31, 2011, the median Mortgage-Backed Fund outperformed the Barclays Mortgage Index generating a return of 5.56%, 119 basis points higher than the 4.37% index return. High Yield funds were the best performing group in the first quarter of 2011 (3.93%), besting the Barclays High Yield Index (3.88%) by 5 basis points. For the twelve months ended March 31, 2011, the median High Yield Fund produced a healthy return of 14.54%, outperforming the Barclays High Yield Index which returned 14.31%.





INTERNATIONAL EQUITY
Active Management Overview

Active vs. the Index
International Equity markets were generally positive during the first quarter of 2011 with high variability among specific regions and countries. Markets in North Africa and the Middle East were significantly affected by geopolitical troubles, while Japan was shaken by a natural disaster and an ongoing nuclear crisis. For the quarter ended March 31, 2011, the MSCI ACW Ex-US was up 3.49%, Europe leading the way with a median manager return of 6.08%, while the median Japan manager was down 3.77%. For the one year ended March 31, 2011, the median Emerging Markets manager led all groups returning 18.28%.

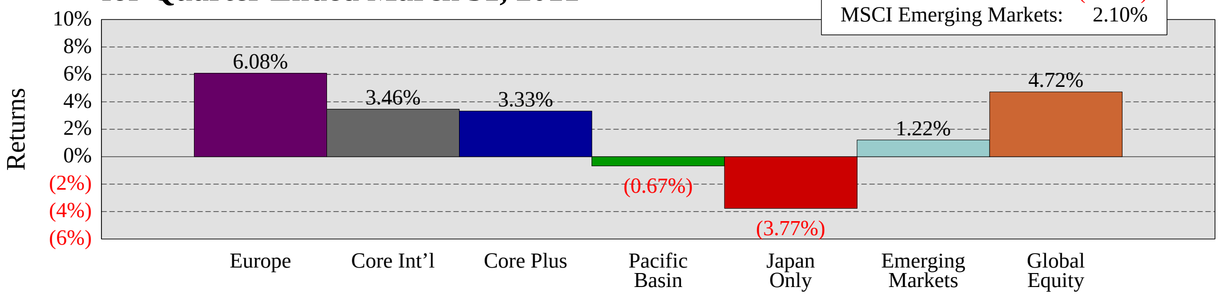
Europe
European stocks led all developed markets even with the continuing government debt crisis. During the first quarter, Portugal evolved as the biggest worry for many investors as it was expected to be the next European country to require an emergency bailout. Unlike the decline of the euro during the Greece bailout, the euro gained 6% in the first quarter against the U.S. dollar. For the quarter ended March 31, 2011, the median manager gained 6.08%, trailing the MSCI Europe Index by 38 basis points. For the one year ended March 31, 2011, the median manager bested the index by 1.95%.

Pacific
Pacific region markets were down largely because of the natural disaster and nuclear crisis in Japan. In Australia, the market made modest gains led by large mining companies despite the disastrous flooding that devastated several Australian regions. For the quarter ended March 31, 2011, the median Pacific Basin manager was down 0.67%, while the MSCI Pacific Index had a loss of 2.03%. For the twelve months ended March 31, 2011, the median manager (12.63%) bested the MSCI Pacific Index (6.87%) by 5.76%.

Emerging Markets
Emerging Markets performance varied widely with double digit losses in Egypt and Peru that were attributable to political and civil unrest. In contrast, Russia posted double digit gains due to rising oil prices and not being located in the Middle East. As a whole, Emerging Market stock returns lagged during the quarter primarily due to growing inflation concerns about rising oil and food prices. For the quarter ended March 31, 2011, returns were positive for the median manager at 1.22%, trailing the MSCI Emerging Markets Index return of 2.10%. For the one year ended March 31, 2011, the median manager yielded 18.28%, slightly underperforming the index's return of 18.78%.

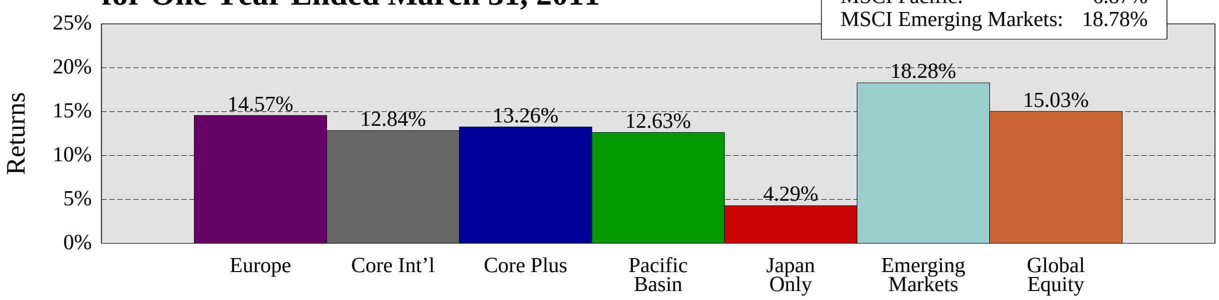
MSCI AC World Index	4.53%
MSCI ACW ex US Free:	3.49%
MSCI EAFE:	3.36%
MSCI Europe:	6.46%
MSCI Pacific:	(2.03%)
MSCI Emerging Markets:	2.10%

Separate Account Style Group Median Returns for Quarter Ended March 31, 2011



MSCI AC World Index	14.63%
MSCI ACW ex US Free:	13.61%
MSCI EAFE:	10.42%
MSCI Europe:	12.62%
MSCI Pacific:	6.87%
MSCI Emerging Markets:	18.78%

Separate Account Style Group Median Returns for One Year Ended March 31, 2011



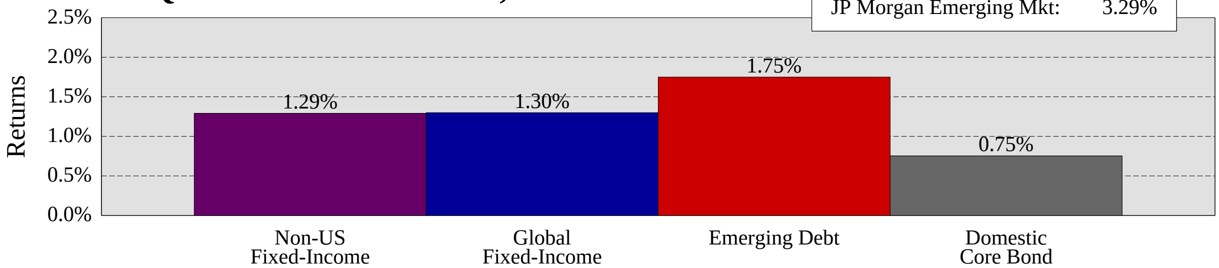
INTERNATIONAL FIXED-INCOME
Active Management Overview

Active vs. the Index
In the first quarter of 2011, global fixed-income markets were only slightly affected by a number of unprecedented events. The eruption of political revolutions in the Middle East and North Africa brought about a spike in crude oil prices which amplified global inflation risks and put upward pressure on global yields. This "did the trick," as many central banks across the globe began implementing policy aimed at monetary tightening. In Europe, as the sovereign ratings of Greece, Portugal, and Spain were downgraded during the quarter, yields on core bonds rose more than yields on U.S. Treasuries. The Citigroup Non-U.S. World Government Bond Index returned almost 1% this quarter, as global yields rose and the U.S. dollar weakened. Immediately following the 8.9 magnitude earthquake and resulting tsunami and nuclear disaster that struck the coastal region of Japan, there was some expectation that the yen would appreciate due to capital flow into Japan to fund rebuilding efforts, however, the short-term outcome left the yen unchanged against the U.S. dollar for the quarter. Additional rising energy costs due to flooding in Australia and a 6.3 magnitude earthquake in New Zealand caused rates to rally in the regions, 7 and 24 basis points, respectively, during the quarter. For the three months ended March 31, 2011, the median Non-U.S. Fixed-Income manager earned a steady 1.29% return, 32 basis points higher than its index, and the median Global Fixed- Income manager returned a comparable 1.30%, 64 basis points above its index. For the year ended March 31, 2011, the median Non-U.S. Fixed-Income manager bested its index by 96 basis points, and the median Global Fixed-Income manager outperformed its index by 0.98%.

Emerging Markets
At the start of the quarter, Emerging Debt managers feared that rising commodity prices would drive inflation to a risky level, particularly because these price increases are more impactful where food and clothing consumption are a significantly higher percentage of household incomes. In monetary policy, as the trend of upgrading the sovereign-debt of emerging markets continued, credit quality remained strong: Chile, Brazil, India, Israel, Hungary, Poland, Thailand, Peru, South Korea, Russia and China all tightened monetary policy during the first quarter. Fiscal challenges remain for some countries, most notably Turkey, whose central bank lowered base rates by 25 basis points. For the most part, Emerging Markets currencies remained stronger against the dollar. The J.P. Morgan Emerging Markets Bond Index returned 3.29% as local Asian bond yields ended the quarter 11 basis points higher, local Eastern European bond yields also rose by 16 basis points and Latin American bond yields increased to roughly 75 basis points higher than at the end of 2010. For the quarter ended March 31, 2011, the median Emerging Debt manager finished with a 1.75% return, a 1.54% below its index. For the year ended March 31, 2011 the median Emerging Debt manager was 3.17% above the index with a return of 10.82%.

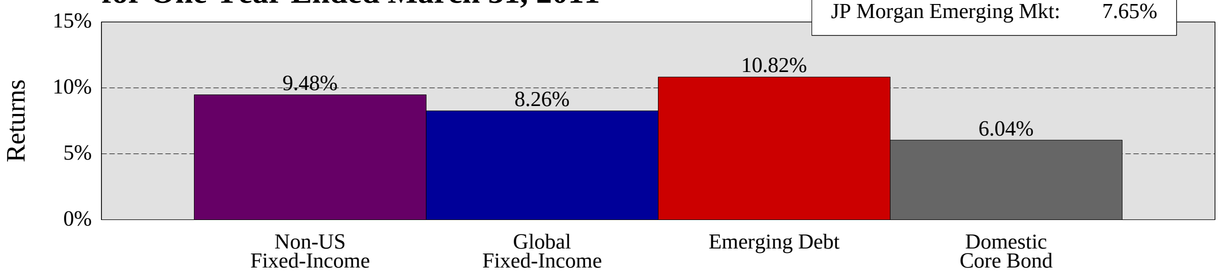
Separate Account Style Group Median Returns for Quarter Ended March 31, 2011

Citi World Govt:	0.66%
Citi Non-US Govt:	0.97%
Citi Non-US Hedged:	(0.89%)
JP Morgan Emerging Mkt:	3.29%



Separate Account Style Group Median Returns for One Year Ended March 31, 2011

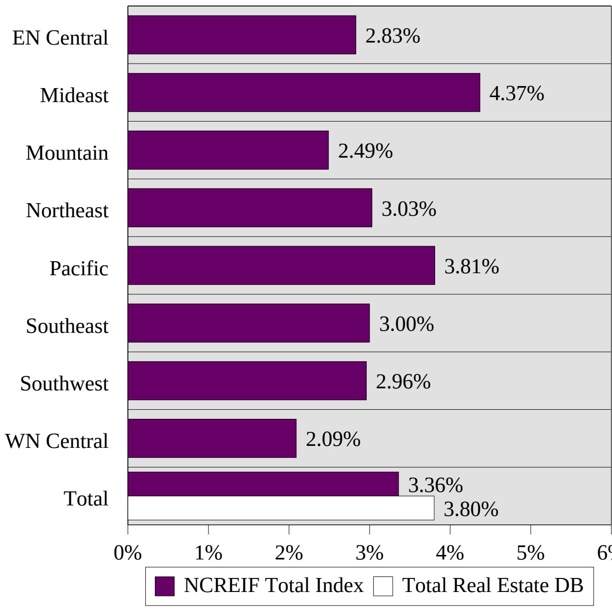
Citi World Govt:	7.28%
Citi Non-US Govt:	8.52%
Citi Non-US Hedged:	0.45%
JP Morgan Emerging Mkt:	7.65%



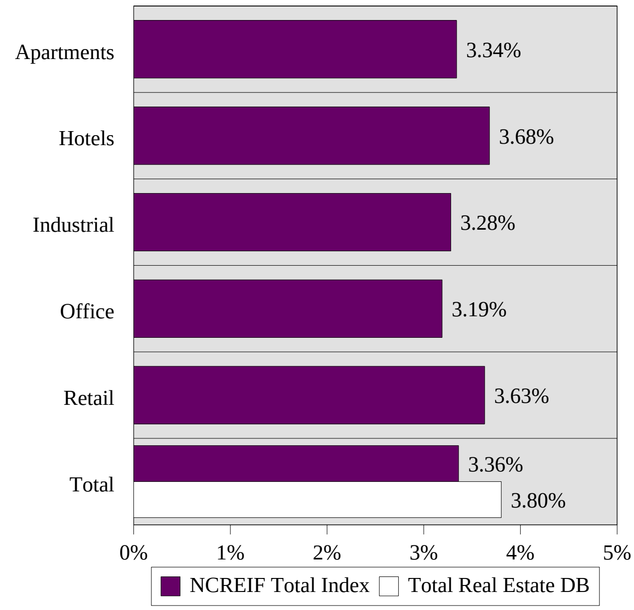
REAL ESTATE
MARKET OVERVIEW

The NCREIF Property Index (+3.36%) advanced during the first three months of 2011, comprised of a 1.84% appreciation return and a 1.52% income return. On a leveraged basis, the NCREIF total return was 12.05%. Hotels led sector performance, generating a 3.68% return, while Office lagged with a 3.19% return. Regionally, the East (+2.18%) led and the Midwest lagged (+1.17%). Transactional activity slowed as NCREIF recorded 70 transactions during the quarter.

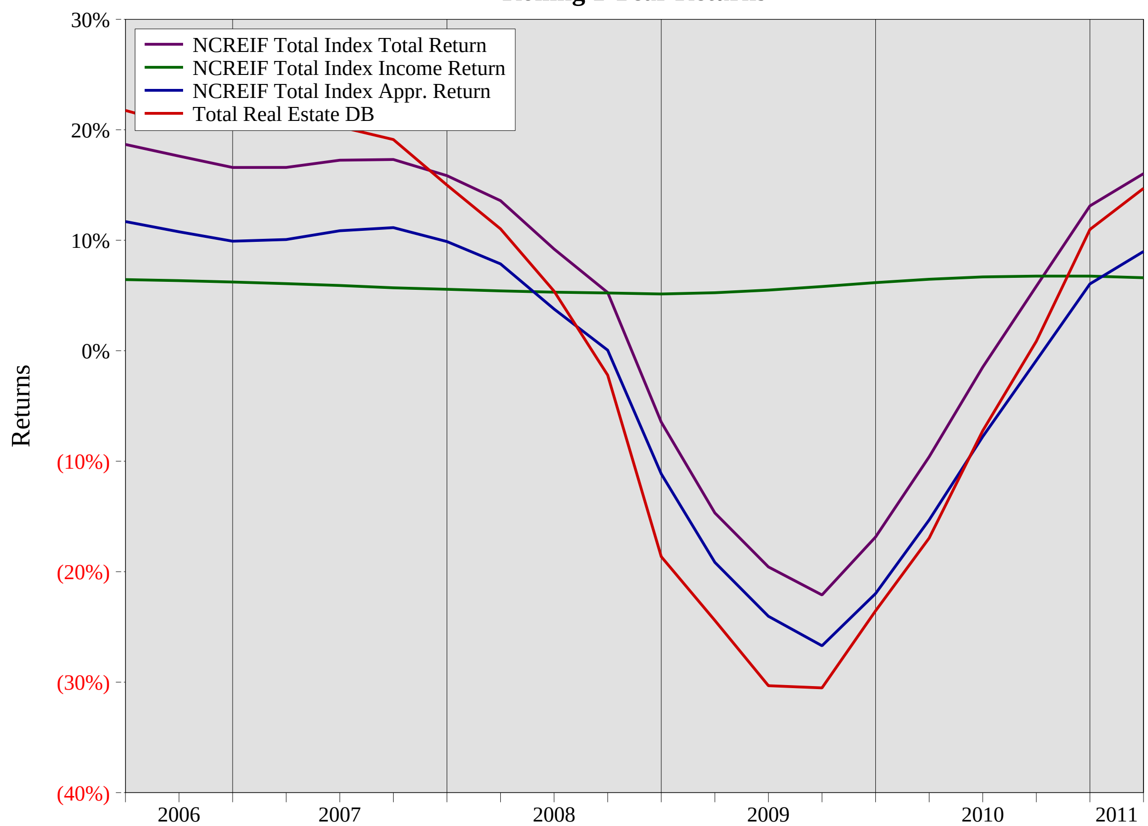
NCREIF Total Index Returns by Geographic Area
Quarter Ended March 31, 2011



NCREIF Total Index Returns by Property Type
Quarter Ended March 31, 2011



Rolling 1 Year Returns

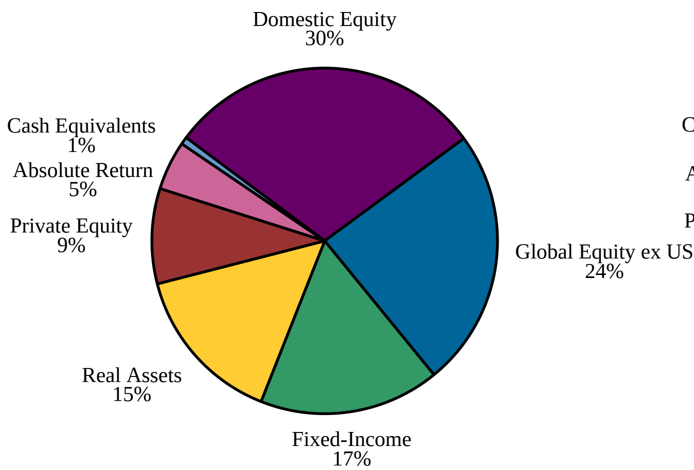


Employees’ Retirement
Plan

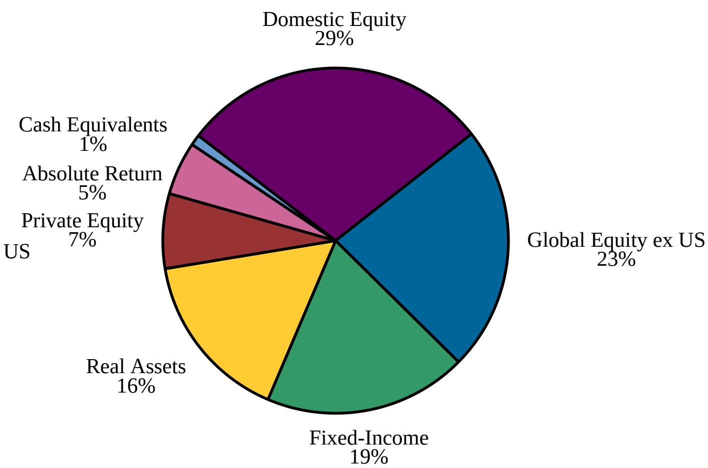
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2011. 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

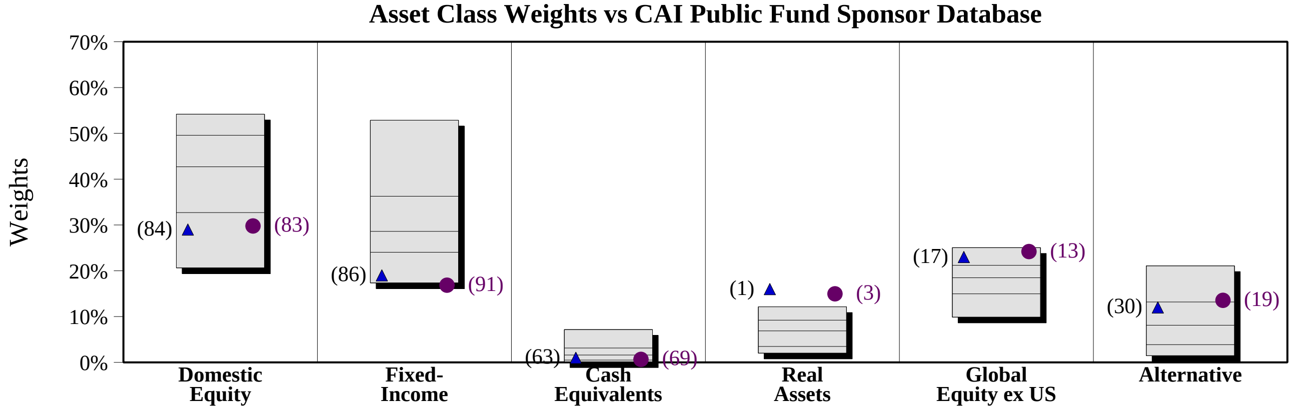


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	1,860,494	29.8%	29.0%	0.8%	48,462
Global Equity ex US	1,511,935	24.2%	23.0%	1.2%	74,805
Fixed-Income	1,053,036	16.9%	19.0%	(2.1%)	(134,158)
Real Assets	935,204	15.0%	16.0%	(1.0%)	(64,538)
Private Equity	556,549	8.9%	7.0%	1.9%	119,168
Absolute Return	290,030	4.6%	5.0%	(0.4%)	(22,389)
Cash Equivalents	41,140	0.7%	1.0%	(0.3%)	(21,344)
Total	6,248,388	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



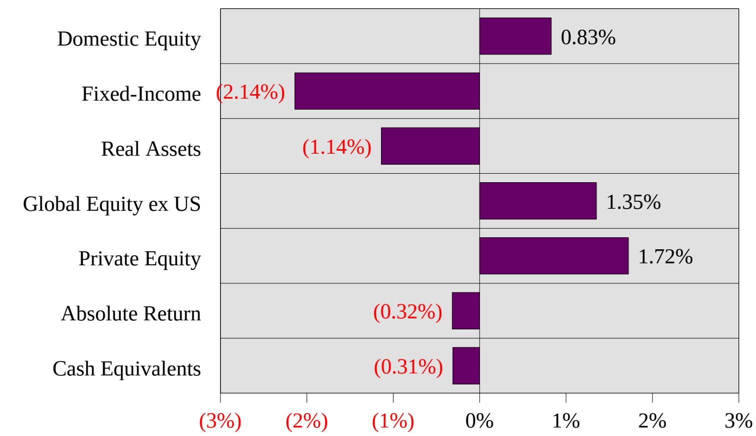
	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Alternative
10th Percentile	54.18	52.87	7.16	12.14	25.04	21.08
25th Percentile	49.57	36.27	3.14	9.21	21.19	13.19
Median	42.70	28.60	1.61	6.88	18.48	8.11
75th Percentile	32.70	24.04	0.51	3.48	14.97	3.87
90th Percentile	20.63	17.35	0.11	2.01	9.88	1.46
Fund ●	29.78	16.85	0.66	14.97	24.20	13.55
Target ▲	29.00	19.00	1.00	16.00	23.00	12.00
% Group Invested	96.70%	98.90%	67.03%	43.96%	85.71%	43.96%

* 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.

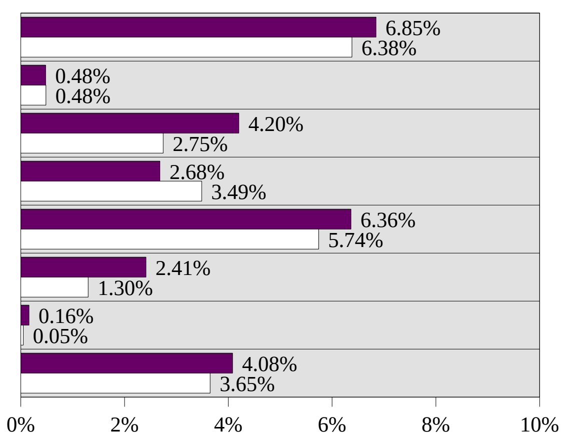
Quarterly Total Fund Relative Attribution - March 31, 2011

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.

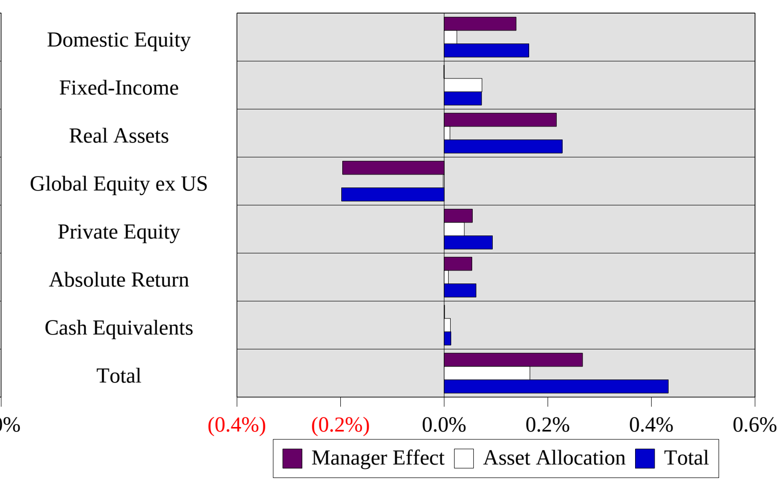
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2011

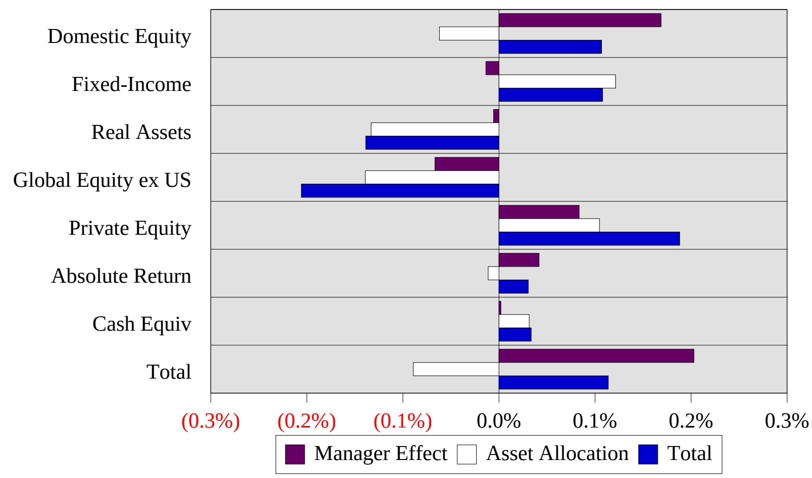
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	6.85%	6.38%	0.14%	0.02%	0.16%
Fixed-Income	17%	19%	0.48%	0.48%	(0.00%)	0.07%	0.07%
Real Assets	15%	16%	4.20%	2.75%	0.22%	0.01%	0.23%
Global Equity ex US	24%	23%	2.68%	3.49%	(0.20%)	(0.00%)	(0.20%)
Private Equity	9%	7%	6.36%	5.74%	0.05%	0.04%	0.09%
Absolute Return	5%	5%	2.41%	1.30%	0.05%	0.01%	0.06%
Cash Equivalents	1%	1%	0.16%	0.05%	0.00%	0.01%	0.01%
Total			**4.08%** =	**3.65%** +	**0.27%** +	**0.17%**	**0.43%**

* 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.

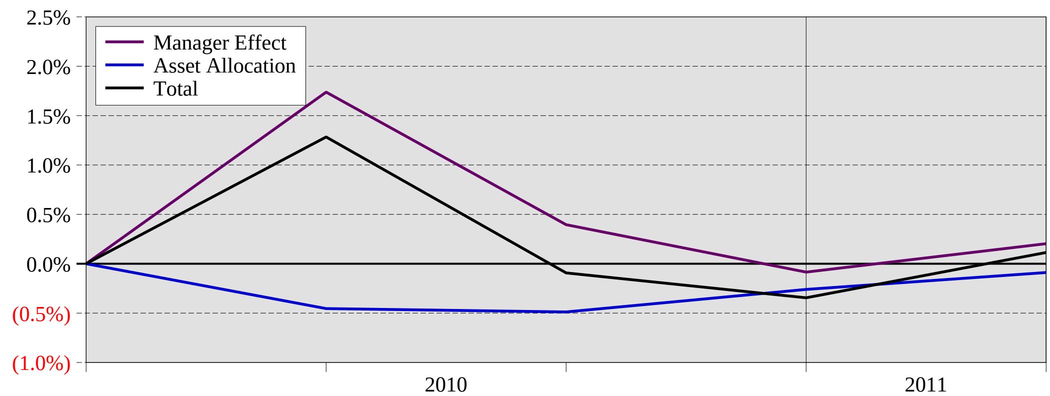
Cumulative Total Fund Relative Attribution - March 31, 2011

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

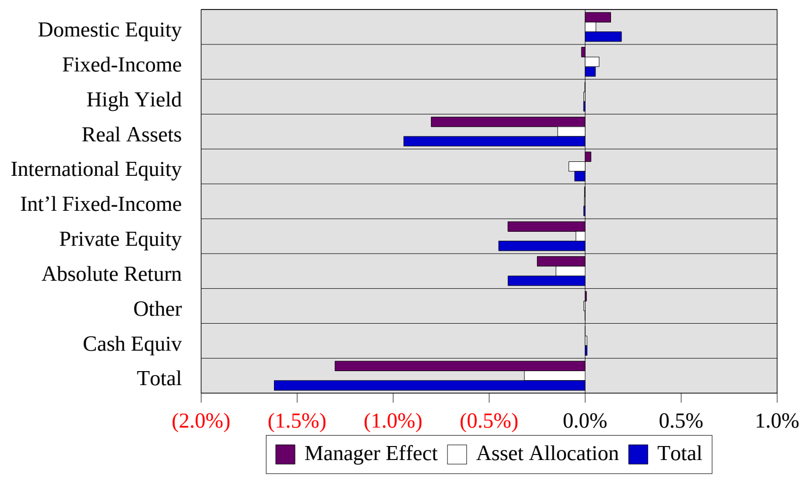
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	17.97%	17.41%	0.17%	(0.06%)	0.11%
Fixed-Income	18%	19%	5.72%	5.72%	(0.01%)	0.12%	0.11%
Real Assets	15%	16%	12.28%	12.32%	(0.01%)	(0.13%)	(0.14%)
Global Equity ex US	23%	23%	13.57%	13.61%	(0.07%)	(0.14%)	(0.21%)
Private Equity	9%	7%	19.28%	17.26%	0.08%	0.10%	0.19%
Absolute Return	5%	5%	6.14%	5.16%	0.04%	(0.01%)	0.03%
Cash Equiv	1%	1%	-	-	0.00%	0.03%	0.03%
Total			**13.37%**	**= 13.26%**	**+ 0.20%**	**+ (0.09%)**	**0.11%**

* 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.

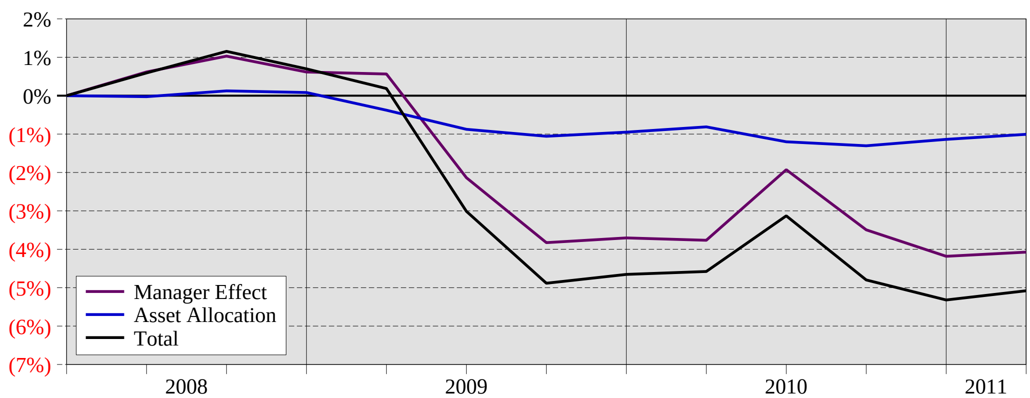
Cumulative Total Fund Relative Attribution - March 31, 2011

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

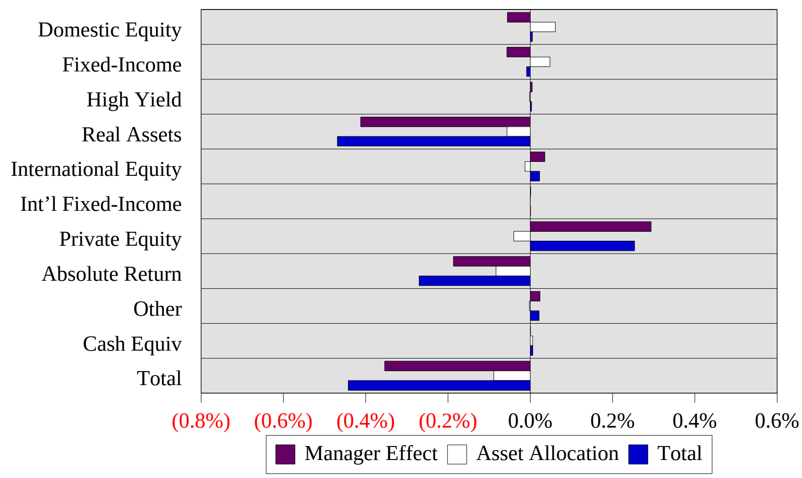
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	32%	3.74%	3.28%	0.13%	0.06%	0.19%
Fixed-Income	18%	19%	5.74%	5.75%	(0.02%)	0.07%	0.05%
High Yield	0%	0%	-	-	(0.00%)	(0.01%)	(0.01%)
Real Assets	16%	15%	(5.07%)	(0.51%)	(0.80%)	(0.14%)	(0.94%)
International Equity	20%	21%	(0.07%)	(0.79%)	0.03%	(0.08%)	(0.05%)
Int'l Fixed-Income	0%	0%	-	-	(0.00%)	(0.00%)	(0.01%)
Private Equity	9%	7%	0.37%	2.78%	(0.40%)	(0.05%)	(0.45%)
Absolute Return	5%	5%	(0.48%)	5.55%	(0.25%)	(0.15%)	(0.40%)
Other	0%	0%	-	-	0.01%	(0.01%)	0.00%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**1.45% =**	**3.07% +**	**(1.30%) +**	**(0.32%)**	**(1.62%)**

* 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.

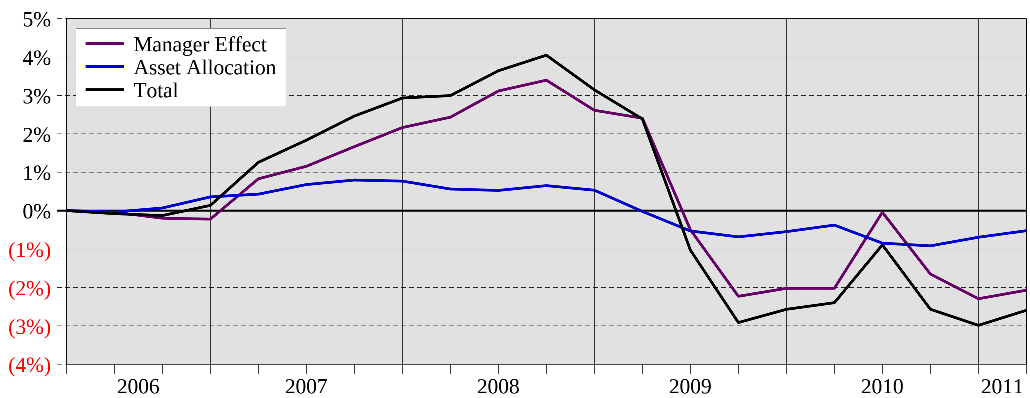
Cumulative Total Fund Relative Attribution - March 31, 2011

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

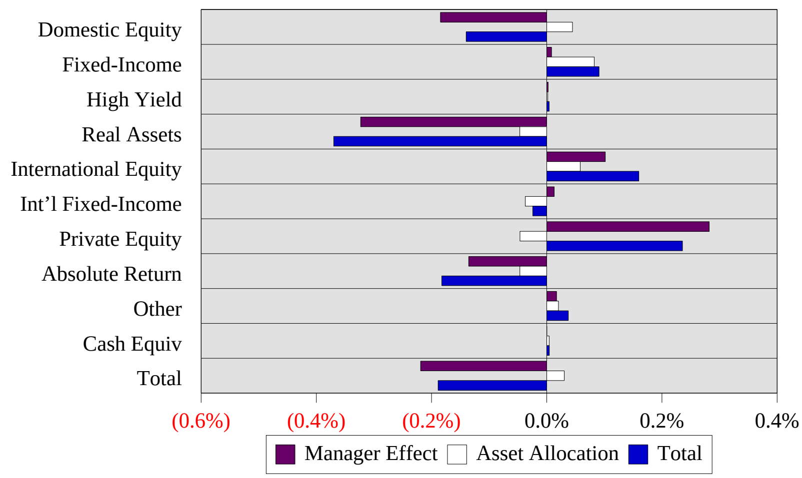
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	34%	2.58%	2.67%	(0.06%)	0.06%	0.01%
Fixed-Income	18%	19%	6.07%	6.34%	(0.06%)	0.05%	(0.01%)
High Yield	1%	1%	-	-	0.00%	(0.00%)	0.00%
Real Assets	14%	13%	2.70%	4.93%	(0.41%)	(0.06%)	(0.47%)
International Equity	20%	19%	3.96%	3.45%	0.04%	(0.01%)	0.02%
Int'l Fixed-Income	1%	1%	-	-	0.00%	(0.00%)	0.00%
Private Equity	8%	7%	9.05%	2.60%	0.29%	(0.04%)	0.25%
Absolute Return	4%	5%	2.33%	7.01%	(0.19%)	(0.08%)	(0.27%)
Other	1%	1%	-	-	0.02%	(0.00%)	0.02%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**3.85%** =	**4.29%** +	**(0.35%)** +	**(0.09%)**	**(0.44%)**

* 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% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

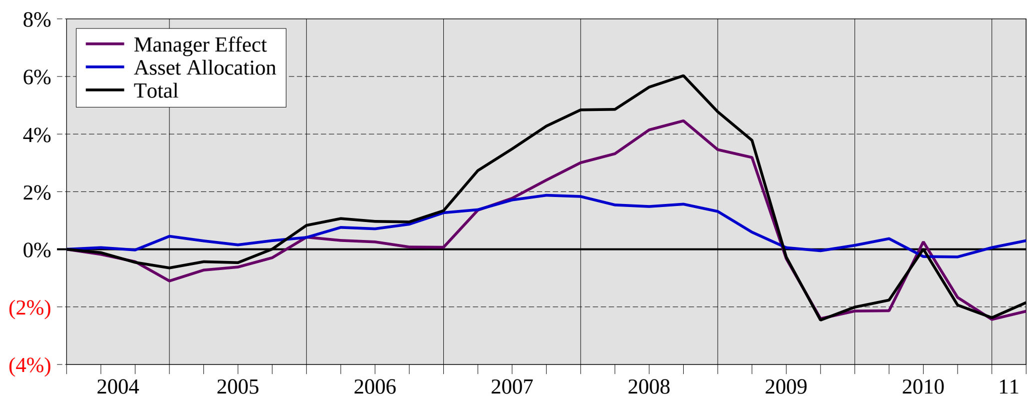
Cumulative Total Fund Relative Attribution - March 31, 2011

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

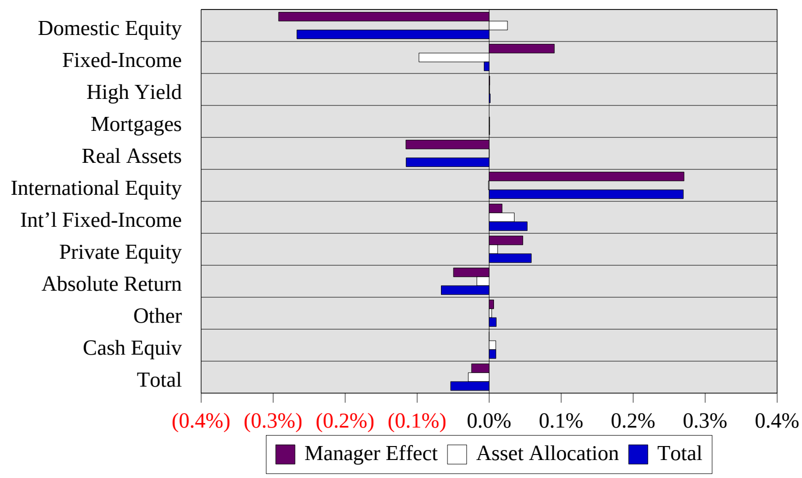
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	35%	34%	4.35%	4.77%	(0.18%)	0.04%	(0.14%)
Fixed-Income	20%	21%	5.01%	4.99%	0.01%	0.08%	0.09%
High Yield	1%	1%	-	-	0.00%	0.00%	0.00%
Real Assets	12%	12%	6.67%	8.56%	(0.32%)	(0.05%)	(0.37%)
International Equity	19%	18%	8.64%	7.84%	0.10%	0.06%	0.16%
Int'l Fixed-Income	2%	1%	-	-	0.01%	(0.04%)	(0.02%)
Private Equity	7%	7%	12.56%	5.92%	0.28%	(0.05%)	0.24%
Absolute Return	3%	4%	3.22%	6.93%	(0.14%)	(0.05%)	(0.18%)
Other	0%	2%	-	-	0.02%	0.02%	0.04%
Cash Equiv	0%	0%	-	-	0.00%	0.00%	0.00%
Total			**5.69% =**	**5.88% +**	**(0.22%) +**	**0.03%**	**(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.

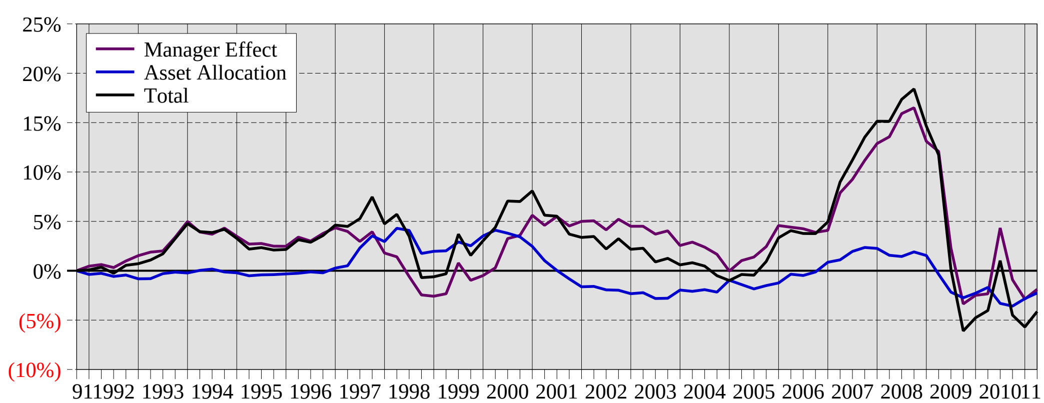
Cumulative Total Fund Relative Attribution - March 31, 2011

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 and One-Half Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Nineteen and One-Half Annualized Relative Attribution Effects

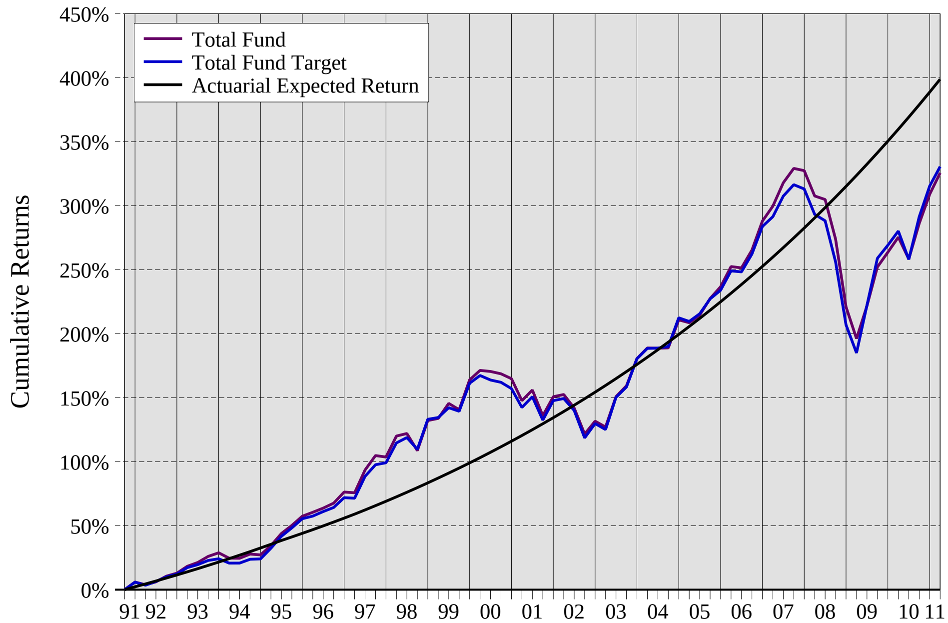
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	38%	8.18%	8.84%	(0.29%)	0.03%	(0.27%)
Fixed-Income	32%	32%	6.84%	6.61%	0.09%	(0.10%)	(0.01%)
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	0.00%	0.00%	0.00%
Real Assets	7%	8%	7.19%	7.63%	(0.12%)	0.00%	(0.12%)
International Equity	15%	14%	8.10%	6.22%	0.27%	(0.00%)	0.27%
Int'l Fixed-Income	2%	2%	-	-	0.02%	0.03%	0.05%
Private Equity	3%	3%	-	-	0.05%	0.01%	0.06%
Absolute Return	1%	1%	-	-	(0.05%)	(0.02%)	(0.07%)
Other	0%	1%	-	-	0.01%	0.00%	0.01%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**7.71% =**	**7.76% +**	**(0.02%) +**	**(0.03%)**	**(0.05%)**

* 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.

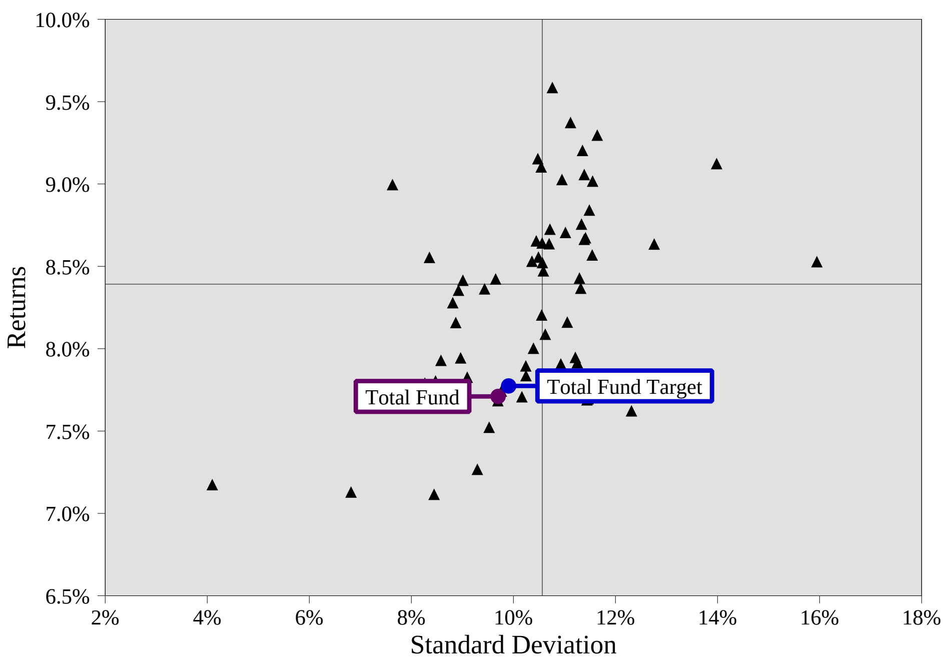
Cumulative Performance Relative to Target

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 and One-Half Year Annualized Risk vs Return



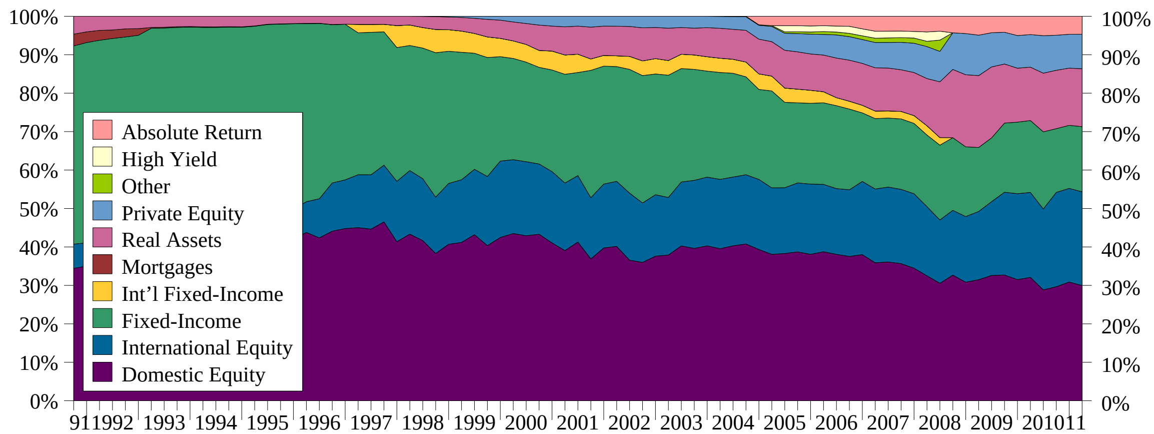
Triangles represent membership of the CAI Public Fund Sponsor Database

* 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.

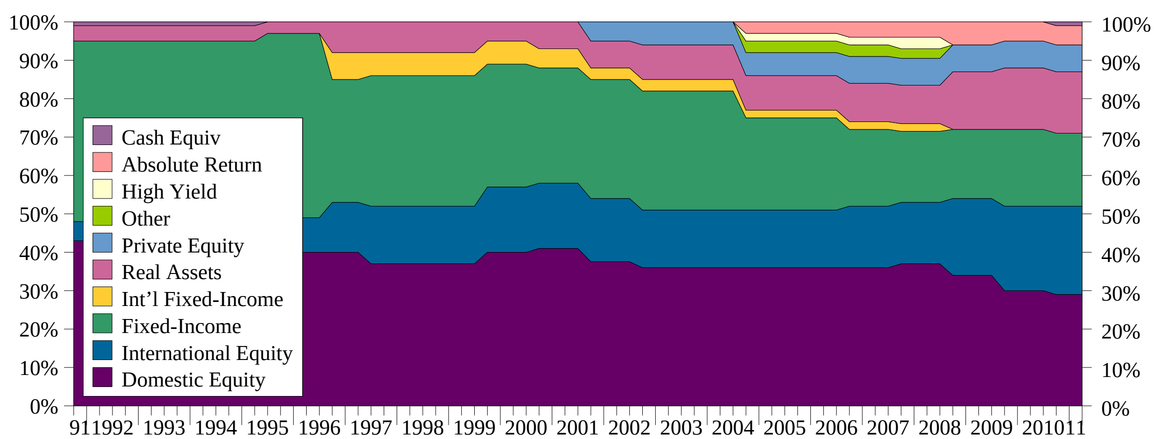
Actual vs Target Historical Asset Allocation

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.

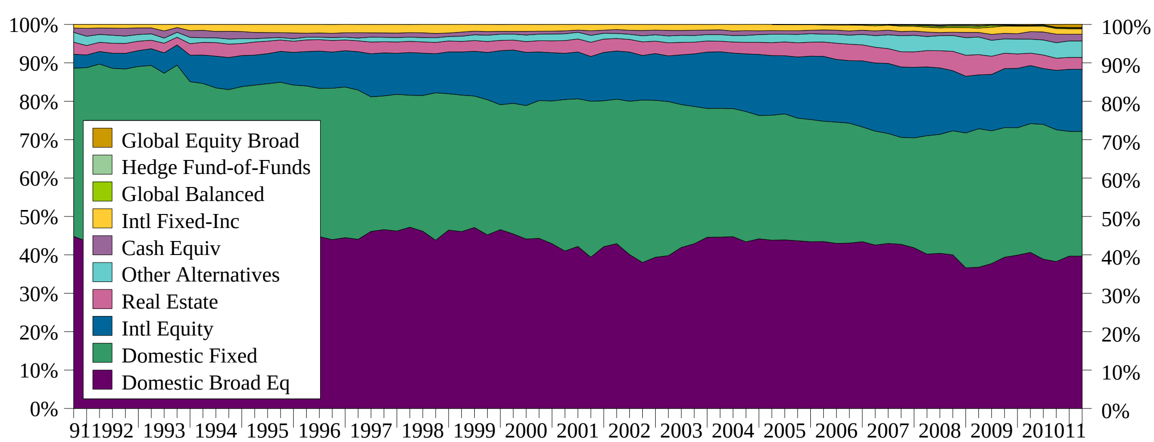
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

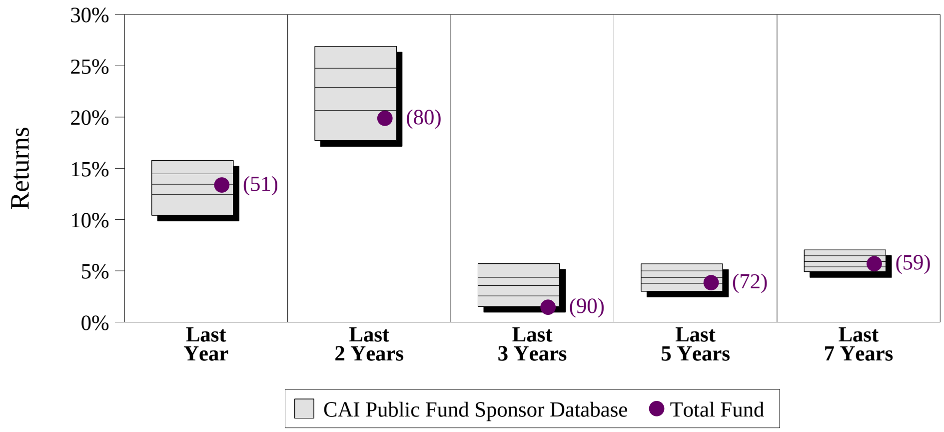


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index,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

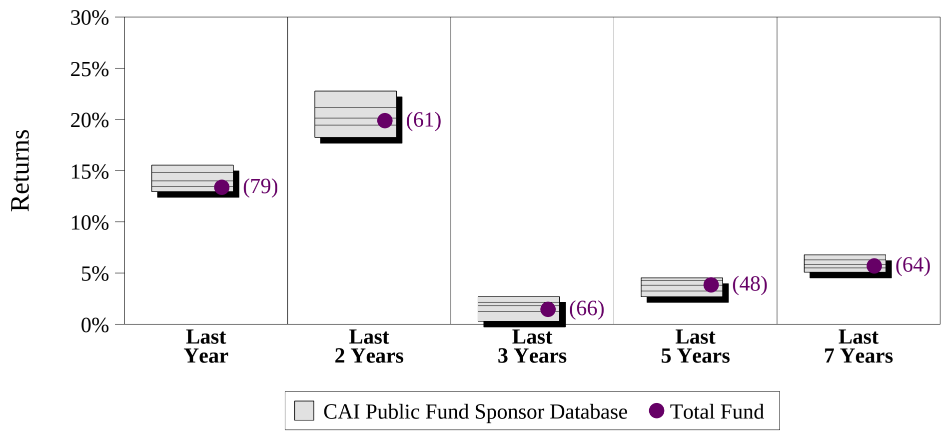
Total Fund Ranking

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 March 31, 2011. 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.

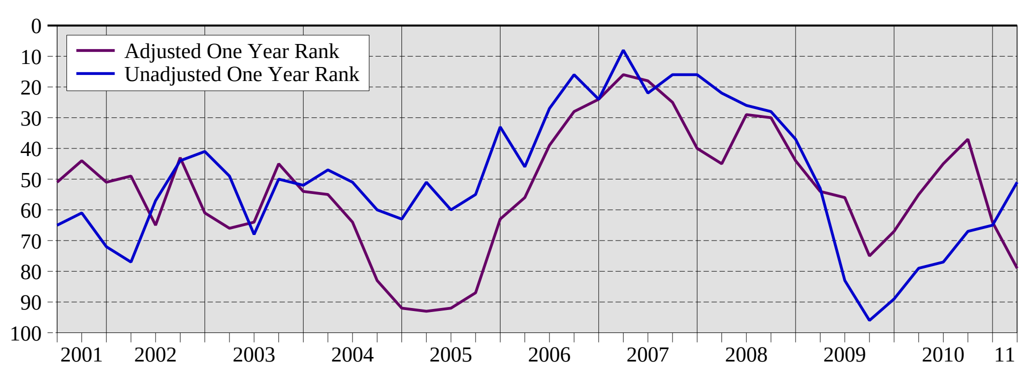
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



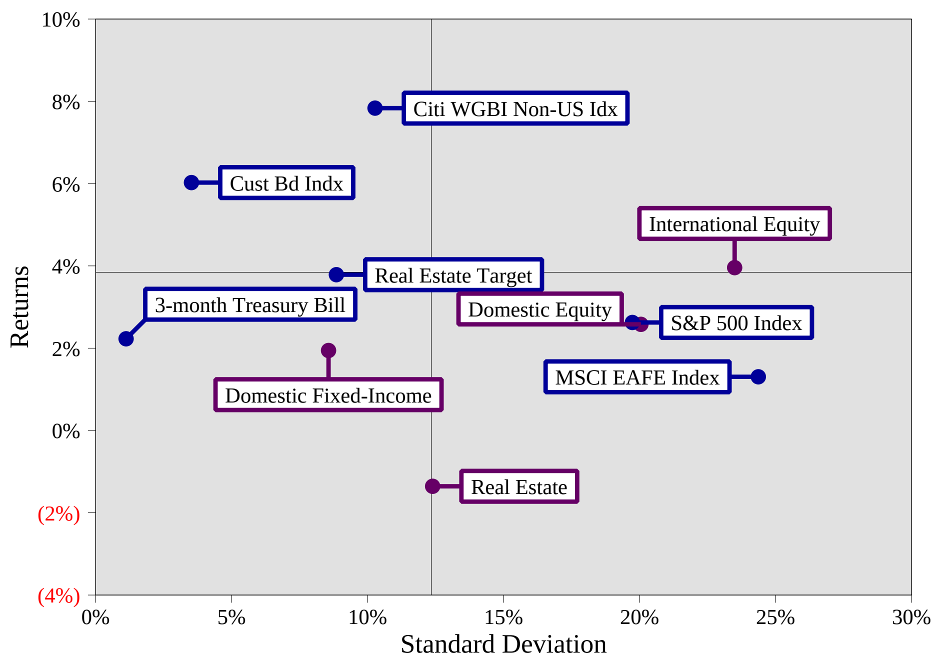
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



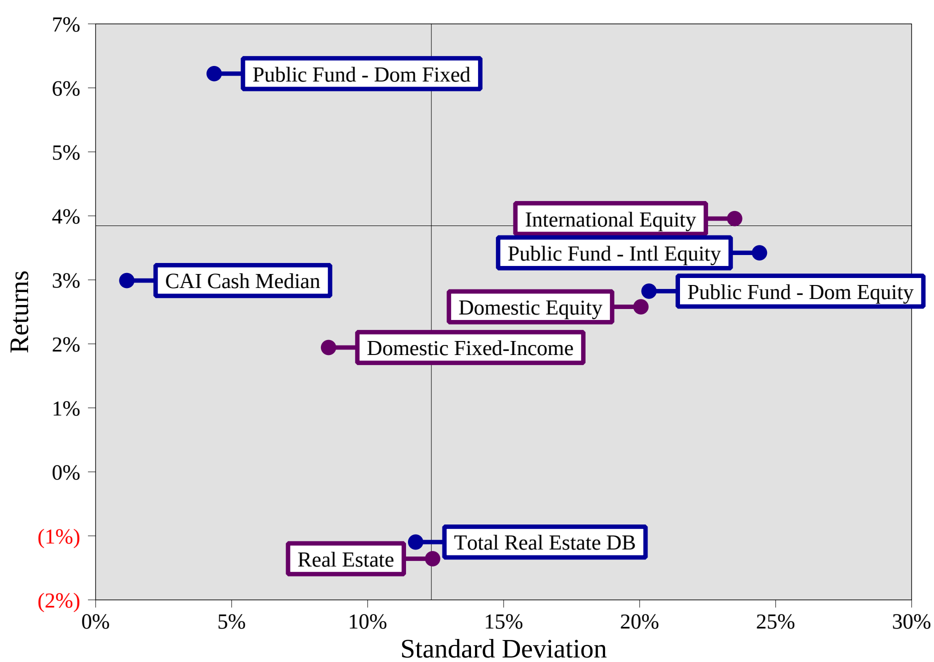
Asset Class Risk and Return

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



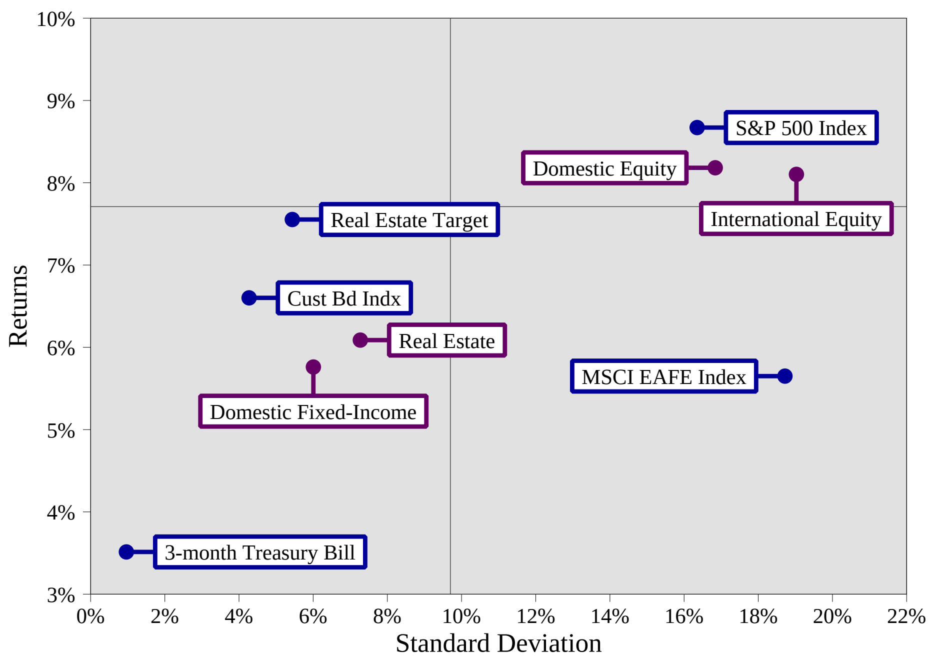
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



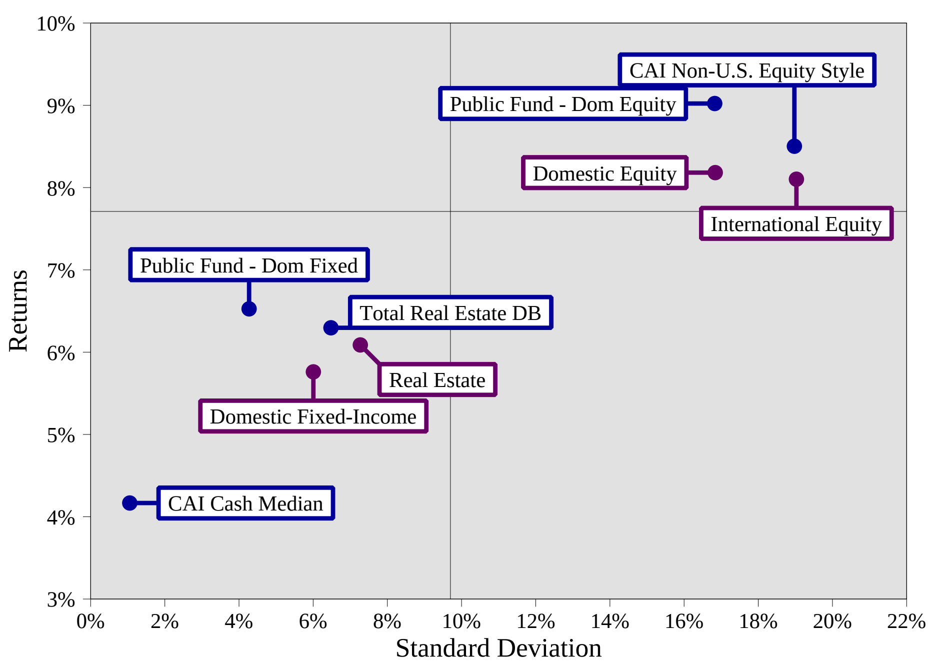
Asset Class Risk and Return

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

Nineteen and One-Half Year Annualized Risk vs Return
Asset Classes vs Benchmark Indices



Nineteen and One-Half Year Annualized Risk vs Return
Asset Classes vs Asset Class Median

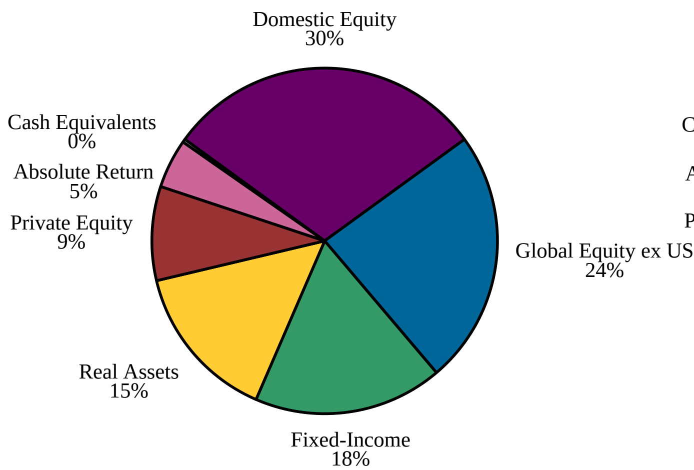


P E R S HEALTH CARE

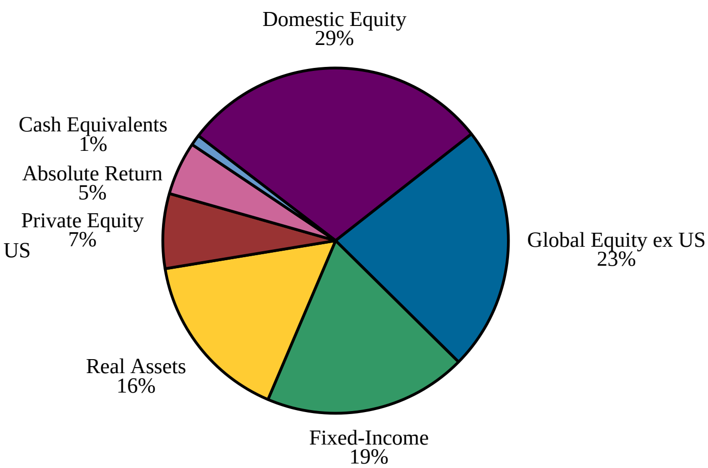
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2011. 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

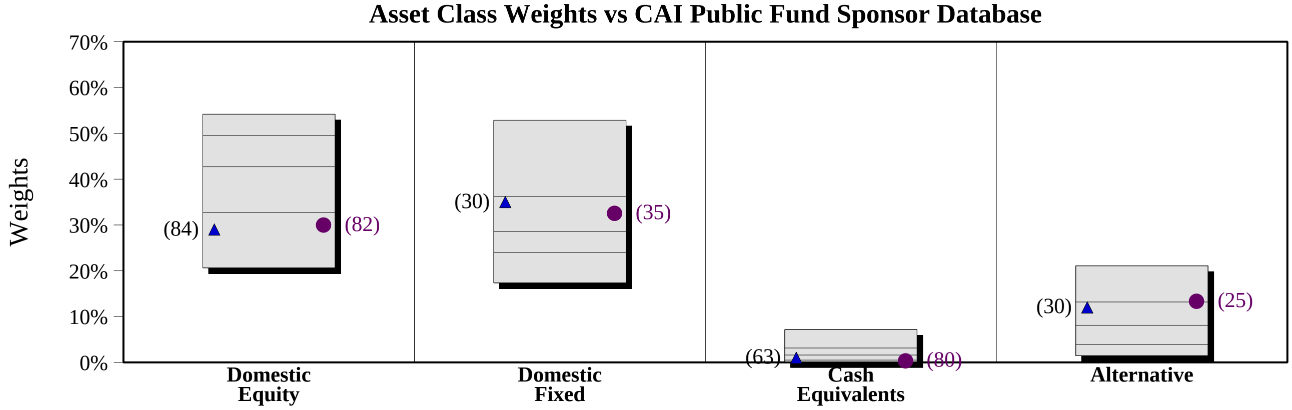


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	1,508,520	30.0%	29.0%	1.0%	49,326
Global Equity ex US	1,198,352	23.8%	23.0%	0.8%	41,061
Fixed-Income	890,645	17.7%	19.0%	(1.3%)	(65,379)
Real Assets	746,601	14.8%	16.0%	(1.2%)	(58,471)
Private Equity	441,152	8.8%	7.0%	1.8%	88,938
Absolute Return	229,864	4.6%	5.0%	(0.4%)	(21,721)
Cash Equivalents	16,568	0.3%	1.0%	(0.7%)	(33,749)
Total	5,031,702	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



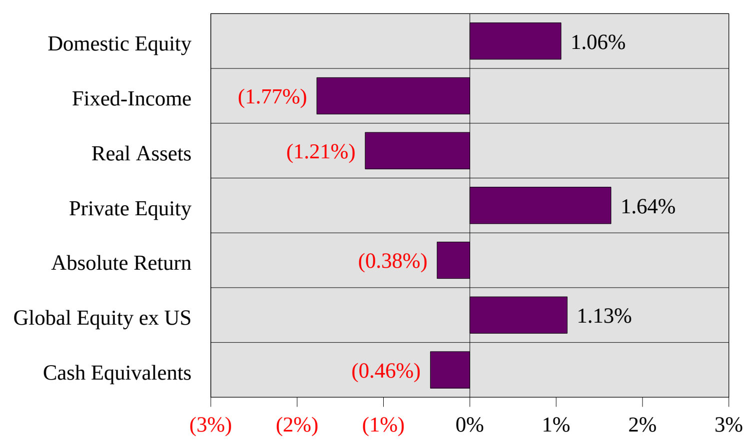
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	54.18	52.87	7.16	21.08
25th Percentile	49.57	36.27	3.14	13.19
Median	42.70	28.60	1.61	8.11
75th Percentile	32.70	24.04	0.51	3.87
90th Percentile	20.63	17.35	0.11	1.46
Fund ●	29.98	32.54	0.33	13.34
Target ▲	29.00	35.00	1.00	12.00
% Group Invested	96.70%	98.90%	67.03%	43.96%

* 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.

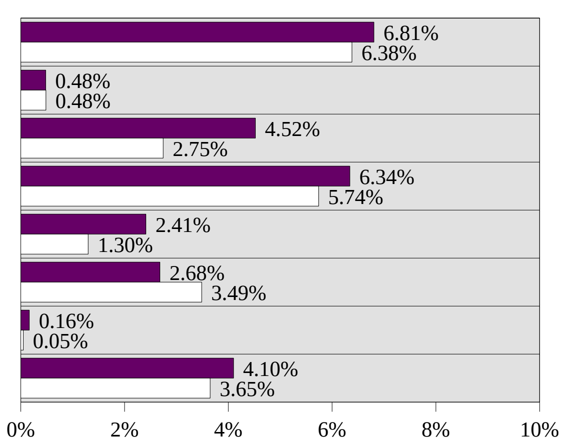
Quarterly Total Fund Relative Attribution - March 31, 2011

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.

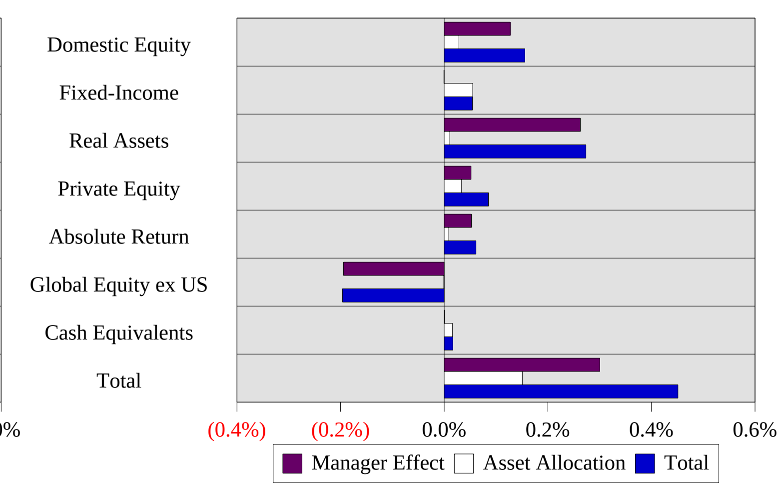
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2011

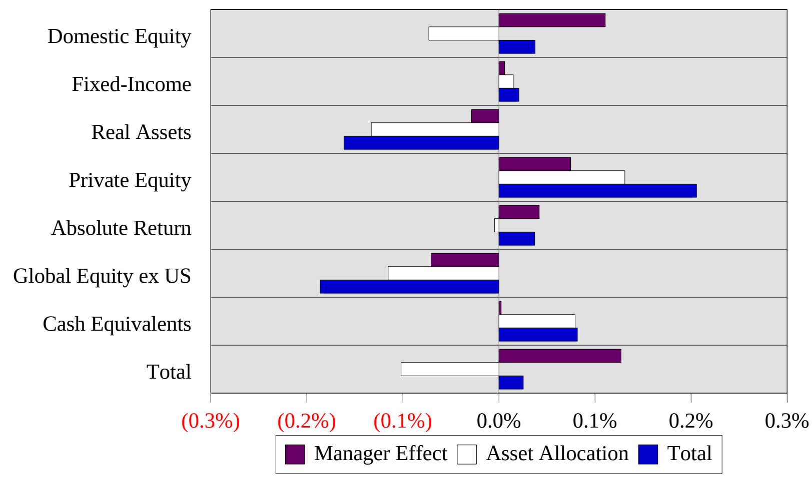
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	6.81%	6.38%	0.13%	0.03%	0.16%
Fixed-Income	17%	19%	0.48%	0.48%	(0.00%)	0.06%	0.05%
Real Assets	15%	16%	4.52%	2.75%	0.26%	0.01%	0.27%
Private Equity	9%	7%	6.34%	5.74%	0.05%	0.03%	0.09%
Absolute Return	5%	5%	2.41%	1.30%	0.05%	0.01%	0.06%
Global Equity ex US	24%	23%	2.68%	3.49%	(0.19%)	(0.00%)	(0.20%)
Cash Equivalents	1%	1%	0.16%	0.05%	0.00%	0.02%	0.02%
Total			**4.10% =**	**3.65% +**	**0.30% +**	**0.15%**	**0.45%**

* 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.

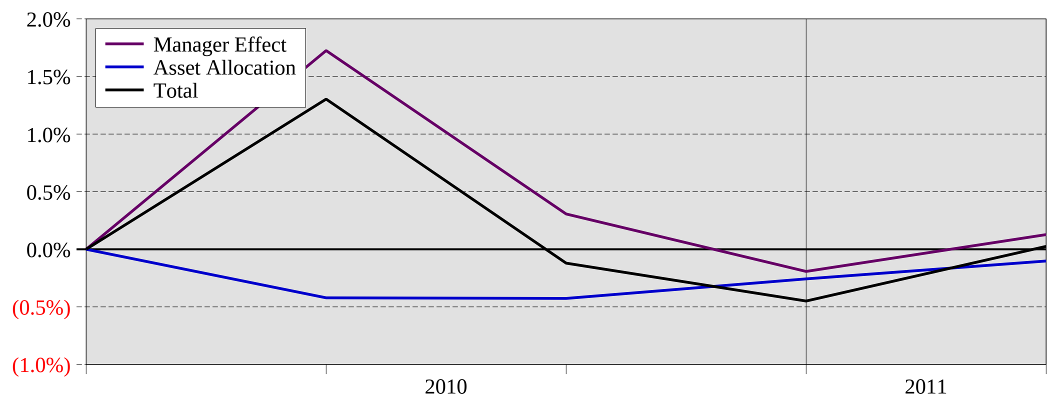
Cumulative Total Fund Relative Attribution - March 31, 2011

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

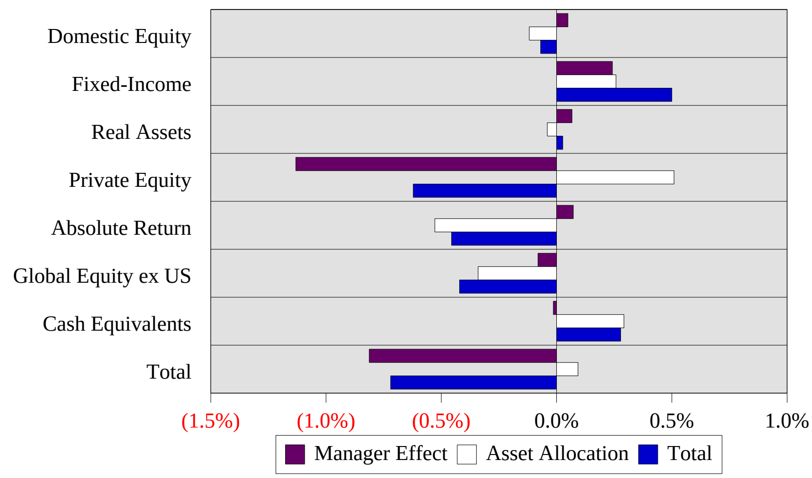
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	17.76%	17.41%	0.11%	(0.07%)	0.04%
Fixed-Income	18%	19%	5.78%	5.72%	0.01%	0.01%	0.02%
Real Assets	15%	16%	12.12%	12.32%	(0.03%)	(0.13%)	(0.16%)
Private Equity	9%	7%	19.35%	17.26%	0.07%	0.13%	0.21%
Absolute Return	5%	5%	6.15%	5.16%	0.04%	(0.00%)	0.04%
Global Equity ex US	23%	23%	13.54%	13.61%	(0.07%)	(0.12%)	(0.19%)
Cash Equivalents	1%	1%	0.56%	0.28%	0.00%	0.08%	0.08%
Total			**13.29%**	**= 13.26%**	**+ 0.13%**	**+ (0.10%)**	**0.03%**

* 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.

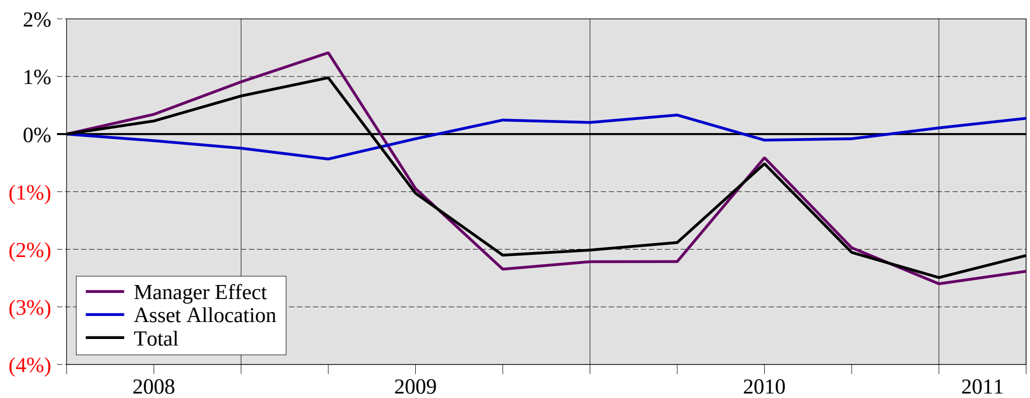
Cumulative Total Fund Relative Attribution - March 31, 2011

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 Three-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Two and Three-Quarter Annualized Relative Attribution Effects

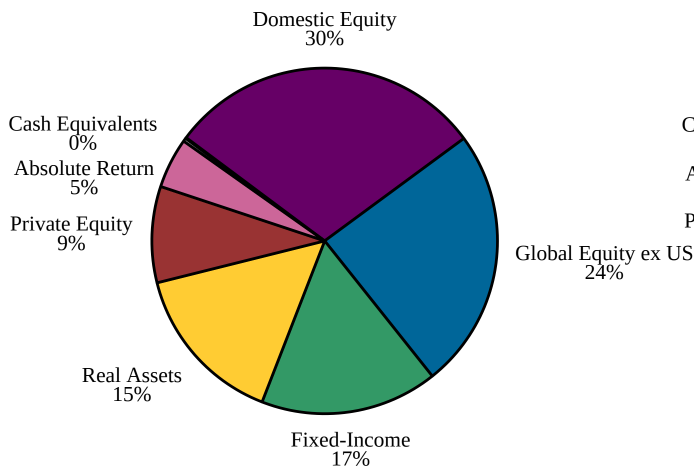
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	34%	32%	4.48%	4.38%	0.05%	(0.12%)	(0.07%)
Fixed-Income	19%	20%	7.66%	6.46%	0.24%	0.26%	0.50%
Real Assets	13%	13%	0.38%	(0.56%)	0.07%	(0.04%)	0.03%
Private Equity	6%	6%	9.65%	3.59%	(1.13%)	0.51%	(0.62%)
Absolute Return	3%	6%	5.52%	5.45%	0.07%	(0.53%)	(0.46%)
Global Equity ex US	23%	22%	(0.39%)	(0.10%)	(0.08%)	(0.34%)	(0.42%)
Cash Equivalents	2%	1%	1.11%	0.88%	(0.01%)	0.29%	0.28%
Total			**3.31% =**	**4.03% +**	**(0.81%) +**	**0.09%**	**(0.72%)**

* 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.

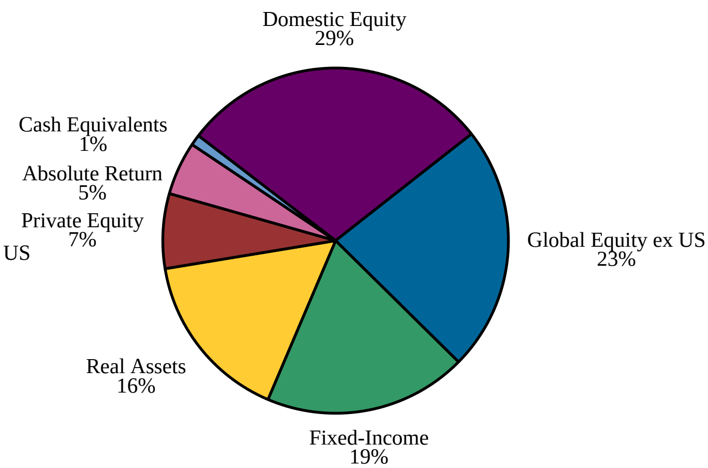
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2011. 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

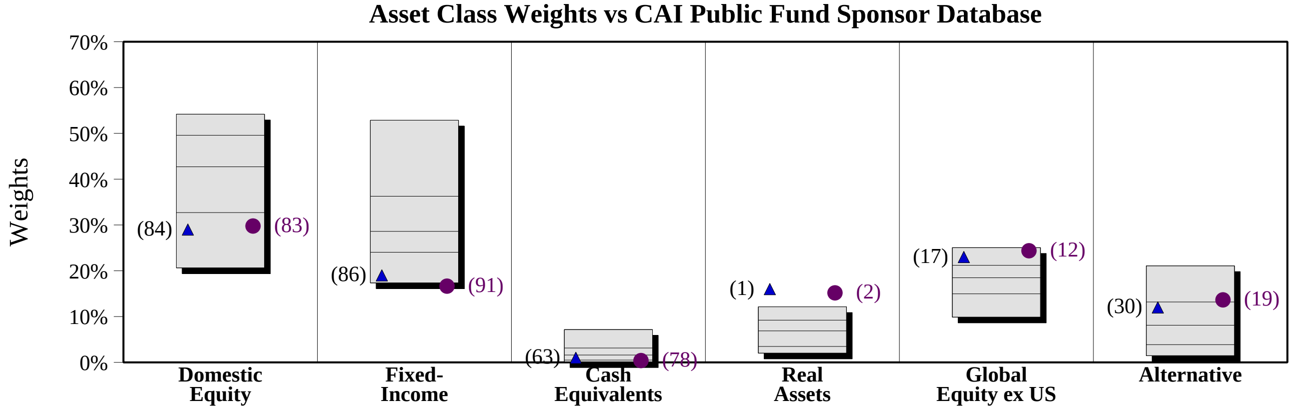


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	929,226	29.8%	29.0%	0.8%	23,839
Global Equity ex US	760,865	24.4%	23.0%	1.4%	42,800
Fixed-Income	519,611	16.6%	19.0%	(2.4%)	(73,573)
Real Assets	473,855	15.2%	16.0%	(0.8%)	(25,668)
Private Equity	280,088	9.0%	7.0%	2.0%	61,550
Absolute Return	145,947	4.7%	5.0%	(0.3%)	(10,154)
Cash Equivalents	12,430	0.4%	1.0%	(0.6%)	(18,790)
Total	3,122,022	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



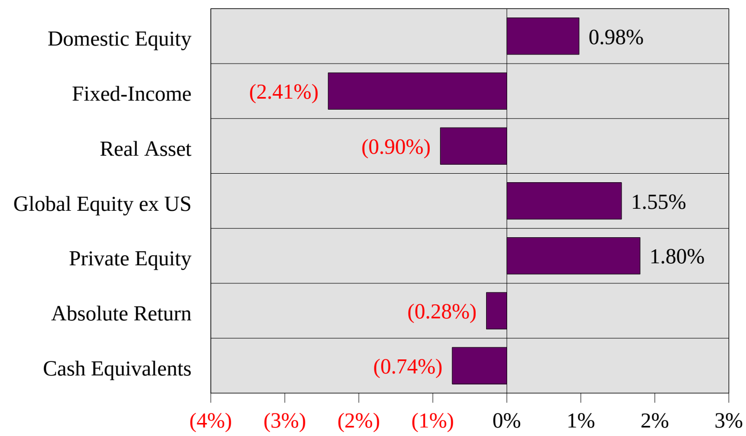
	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Alternative
10th Percentile	54.18	52.87	7.16	12.14	25.04	21.08
25th Percentile	49.57	36.27	3.14	9.21	21.19	13.19
Median	42.70	28.60	1.61	6.88	18.48	8.11
75th Percentile	32.70	24.04	0.51	3.48	14.97	3.87
90th Percentile	20.63	17.35	0.11	2.01	9.88	1.46
Fund ●	29.76	16.64	0.40	15.18	24.37	13.65
Target ▲	29.00	19.00	1.00	16.00	23.00	12.00
% Group Invested	96.70%	98.90%	67.03%	43.96%	85.71%	43.96%

* 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.

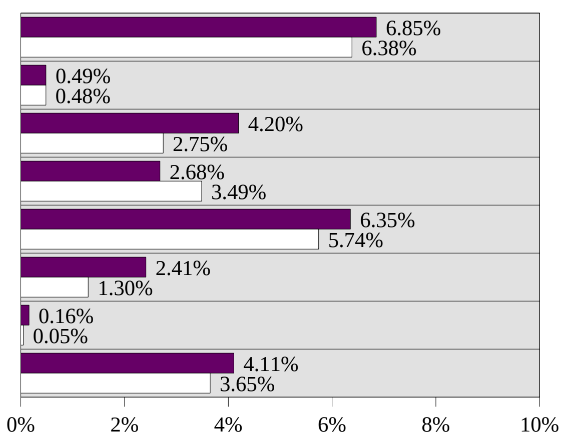
Quarterly Total Fund Relative Attribution - March 31, 2011

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.

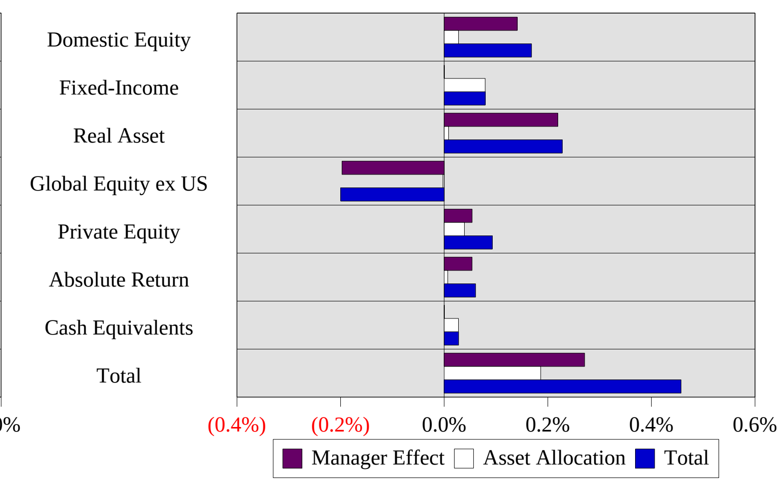
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2011

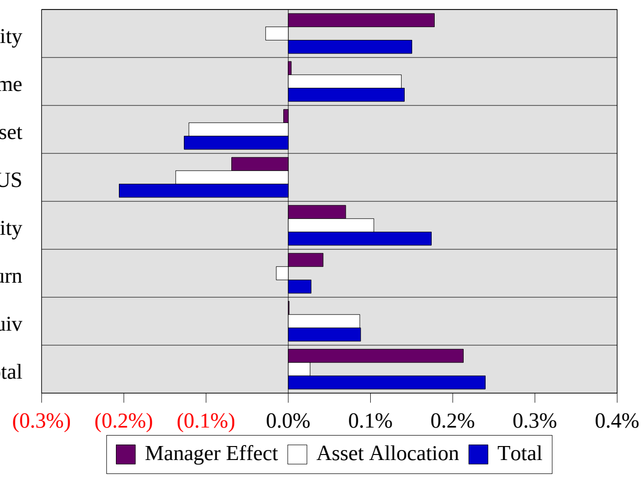
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	6.85%	6.38%	0.14%	0.03%	0.17%
Fixed-Income	17%	19%	0.49%	0.48%	0.00%	0.08%	0.08%
Real Asset	15%	16%	4.20%	2.75%	0.22%	0.01%	0.23%
Global Equity ex US	25%	23%	2.68%	3.49%	(0.20%)	(0.00%)	(0.20%)
Private Equity	9%	7%	6.35%	5.74%	0.05%	0.04%	0.09%
Absolute Return	5%	5%	2.41%	1.30%	0.05%	0.01%	0.06%
Cash Equivalents	0%	1%	0.16%	0.05%	0.00%	0.03%	0.03%
Total			**4.11% =**	**3.65% +**	**0.27% +**	**0.19%**	**0.46%**

* 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.

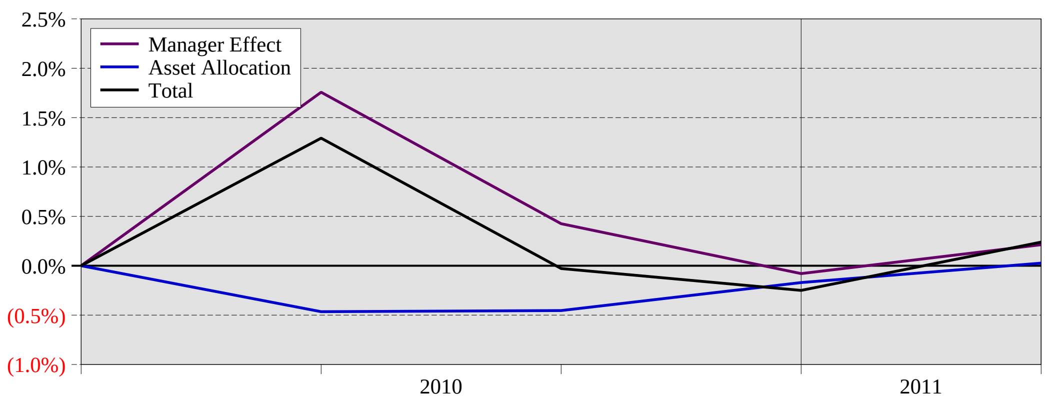
Cumulative Total Fund Relative Attribution - March 31, 2011

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

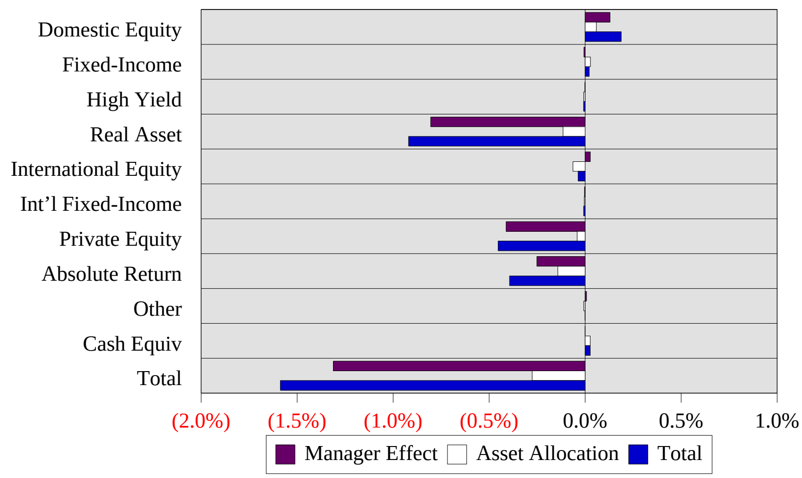
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	17.99%	17.41%	0.18%	(0.03%)	0.15%
Fixed-Income	17%	19%	5.83%	5.72%	0.00%	0.14%	0.14%
Real Asset	15%	16%	12.28%	12.32%	(0.01%)	(0.12%)	(0.13%)
Global Equity ex US	23%	23%	13.56%	13.61%	(0.07%)	(0.14%)	(0.21%)
Private Equity	9%	7%	19.26%	17.26%	0.07%	0.10%	0.17%
Absolute Return	5%	5%	6.14%	5.16%	0.04%	(0.01%)	0.03%
Cash Equiv	0%	1%	-	-	0.00%	0.09%	0.09%
Total			**13.50%**	**= 13.26%**	**+ 0.21%**	**+ 0.03%**	**0.24%**

* 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.

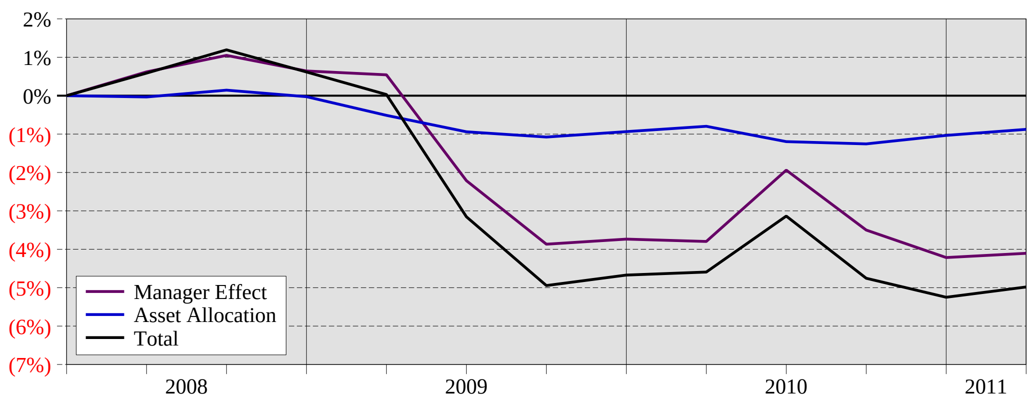
Cumulative Total Fund Relative Attribution - March 31, 2011

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

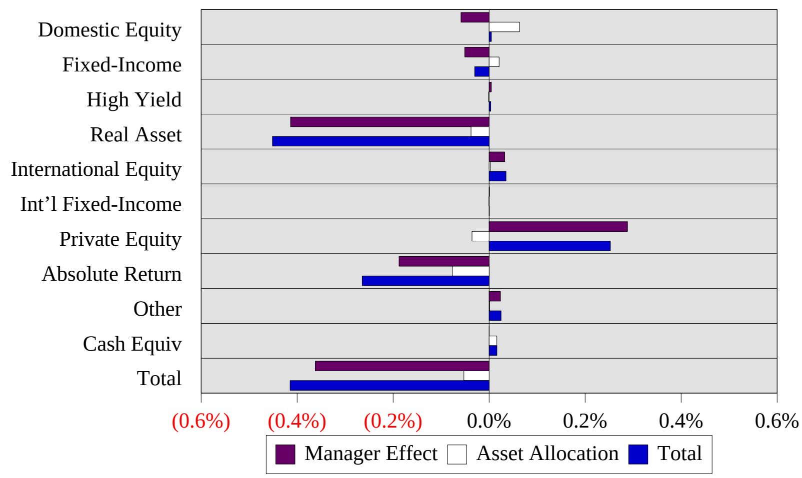
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	32%	32%	3.72%	3.28%	0.13%	0.06%	0.19%
Fixed-Income	17%	19%	5.81%	5.75%	(0.01%)	0.03%	0.02%
High Yield	0%	0%	-	-	(0.00%)	(0.01%)	(0.01%)
Real Asset	16%	15%	(5.05%)	(0.51%)	(0.80%)	(0.12%)	(0.92%)
International Equity	21%	21%	(0.07%)	(0.79%)	0.03%	(0.06%)	(0.04%)
Int'l Fixed-Income	0%	0%	-	-	(0.00%)	(0.00%)	(0.01%)
Private Equity	9%	7%	0.37%	2.78%	(0.41%)	(0.04%)	(0.45%)
Absolute Return	5%	5%	(0.48%)	5.55%	(0.25%)	(0.14%)	(0.39%)
Other	0%	0%	-	-	0.01%	(0.01%)	0.00%
Cash Equiv	0%	0%	-	-	0.00%	0.03%	0.03%
Total			**1.49%**	= **3.07%**	+ **(1.31%)**	+ **(0.28%)**	**(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.

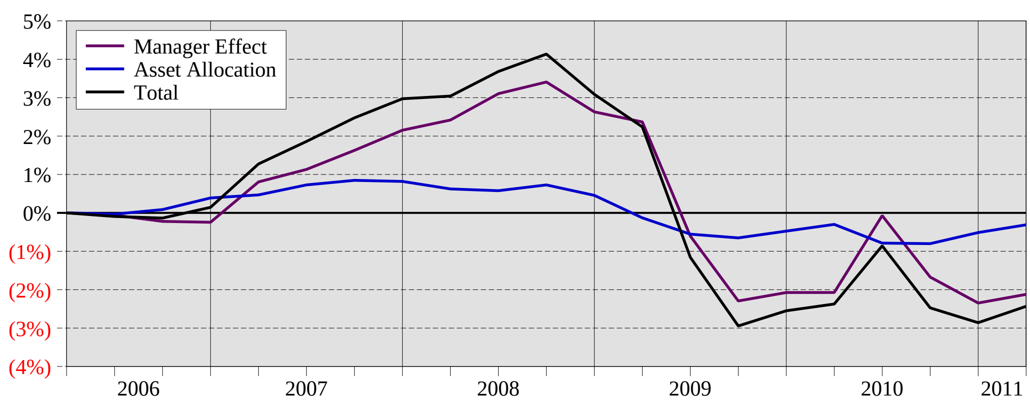
Cumulative Total Fund Relative Attribution - March 31, 2011

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

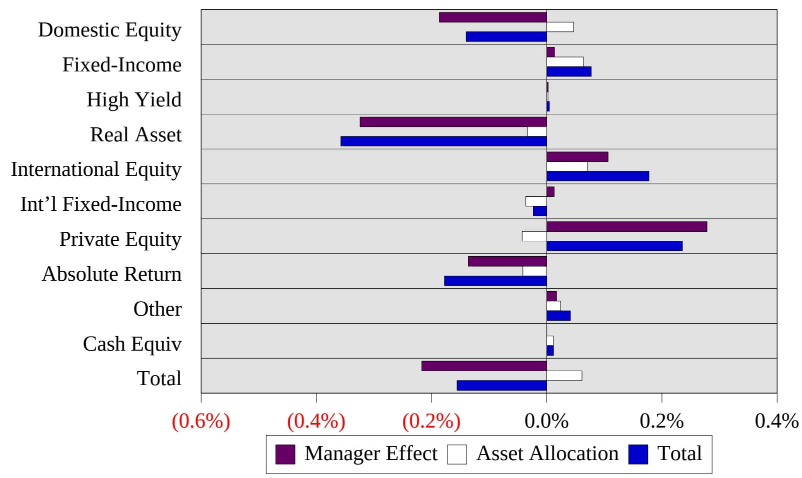
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	34%	34%	2.56%	2.67%	(0.06%)	0.06%	0.00%
Fixed-Income	18%	19%	6.10%	6.34%	(0.05%)	0.02%	(0.03%)
High Yield	1%	1%	-	-	0.00%	(0.00%)	0.00%
Real Asset	14%	13%	2.72%	4.93%	(0.41%)	(0.04%)	(0.45%)
International Equity	20%	19%	3.95%	3.45%	0.03%	0.00%	0.04%
Int'l Fixed-Income	1%	1%	-	-	0.00%	(0.00%)	0.00%
Private Equity	8%	7%	9.05%	2.60%	0.29%	(0.04%)	0.25%
Absolute Return	4%	5%	2.34%	7.01%	(0.19%)	(0.08%)	(0.26%)
Other	1%	1%	-	-	0.02%	0.00%	0.02%
Cash Equiv	0%	0%	-	-	0.00%	0.02%	0.02%
Total			**3.87% =**	**4.29% +**	**(0.36%) +**	**(0.05%)**	**(0.41%)**

* 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.

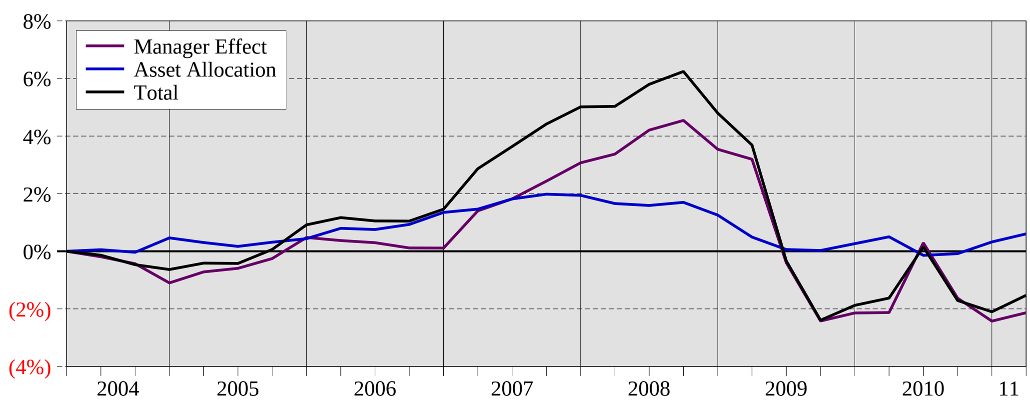
Cumulative Total Fund Relative Attribution - March 31, 2011

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

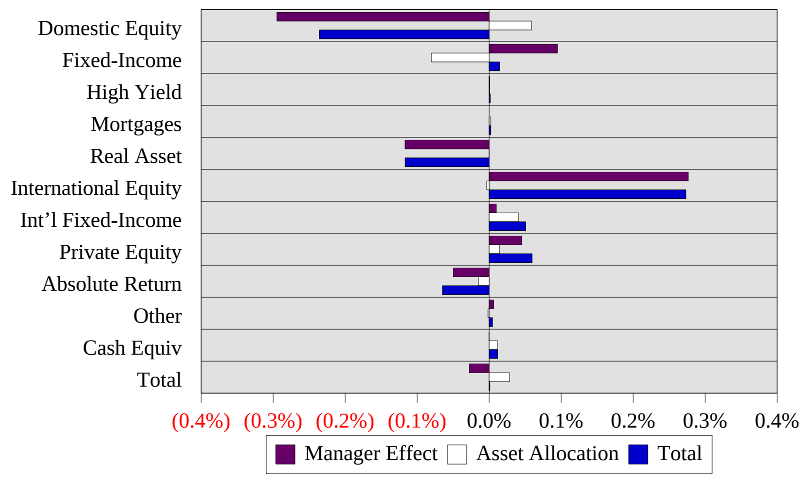
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	35%	34%	4.34%	4.77%	(0.19%)	0.05%	(0.14%)
Fixed-Income	20%	21%	5.04%	4.99%	0.01%	0.06%	0.08%
High Yield	1%	1%	-	-	0.00%	0.00%	0.00%
Real Asset	13%	12%	6.68%	8.56%	(0.32%)	(0.03%)	(0.36%)
International Equity	19%	18%	8.67%	7.84%	0.11%	0.07%	0.18%
Int'l Fixed-Income	2%	1%	-	-	0.01%	(0.04%)	(0.02%)
Private Equity	7%	7%	12.56%	5.92%	0.28%	(0.04%)	0.24%
Absolute Return	3%	4%	3.22%	6.93%	(0.14%)	(0.04%)	(0.18%)
Other	0%	2%	-	-	0.02%	0.02%	0.04%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**5.73% =**	**5.88% +**	**(0.22%) +**	**0.06%**	**(0.16%)**

* 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.

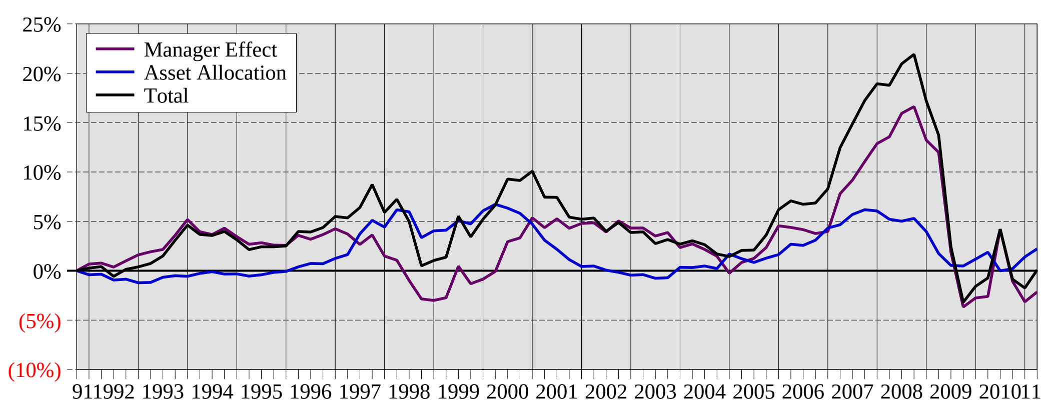
Cumulative Total Fund Relative Attribution - March 31, 2011

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 and One-Half Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



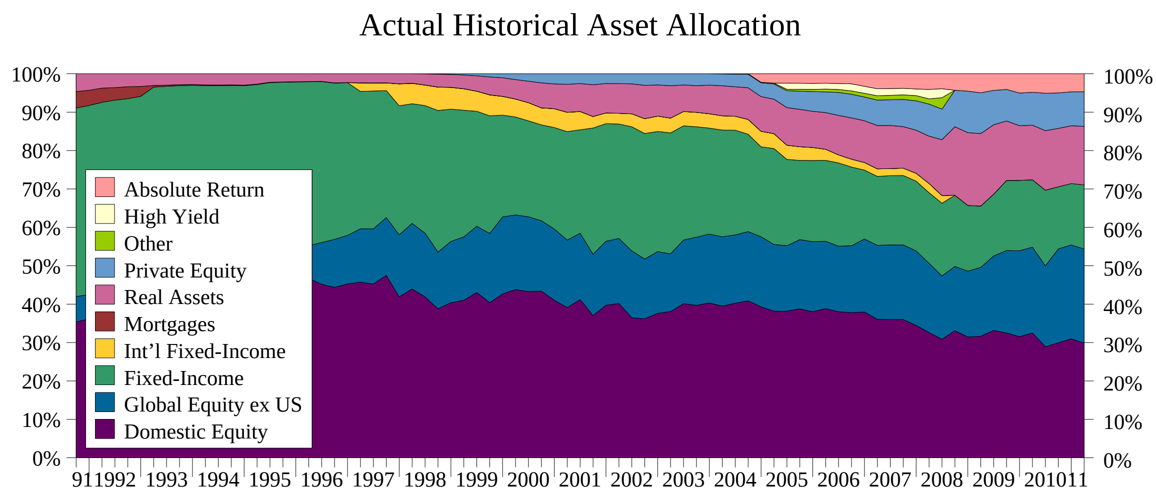
Nineteen and One-Half Annualized Relative Attribution Effects

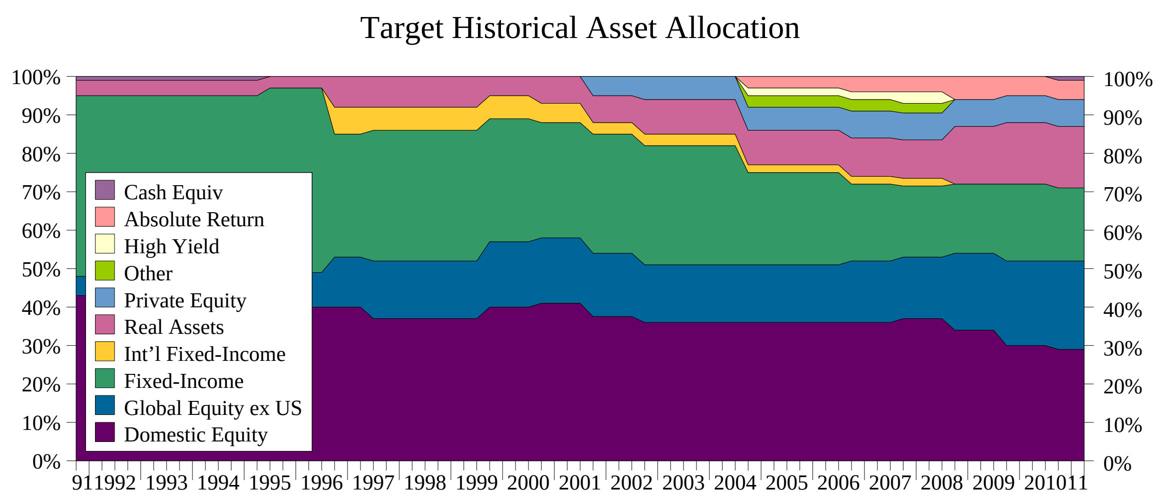
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	8.17%	8.84%	(0.29%)	0.06%	(0.24%)
Fixed-Income	31%	32%	6.85%	6.61%	0.09%	(0.08%)	0.01%
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	0.00%	0.00%	0.00%
Real Asset	7%	8%	7.16%	7.63%	(0.12%)	0.00%	(0.12%)
International Equity	15%	14%	8.12%	6.22%	0.28%	(0.00%)	0.27%
Int'l Fixed-Income	2%	2%	-	-	0.01%	0.04%	0.05%
Private Equity	3%	3%	-	-	0.05%	0.01%	0.06%
Absolute Return	1%	1%	-	-	(0.05%)	(0.02%)	(0.06%)
Other	0%	1%	-	-	0.01%	(0.00%)	0.00%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**7.76% =**	**7.76% +**	**(0.03%) +**	**0.03%**	**0.00%**

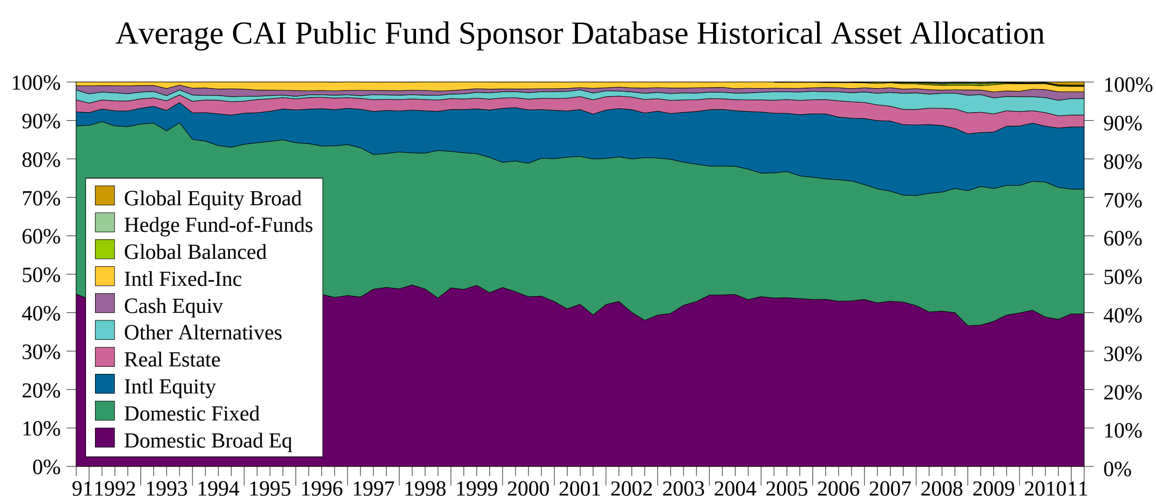
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index,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

Actual vs Target 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.





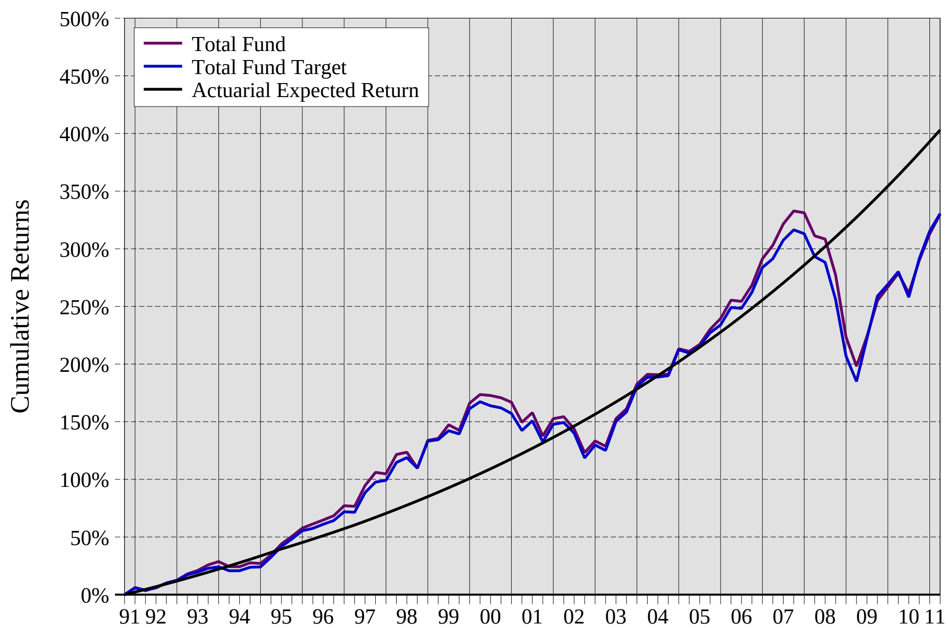


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index,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

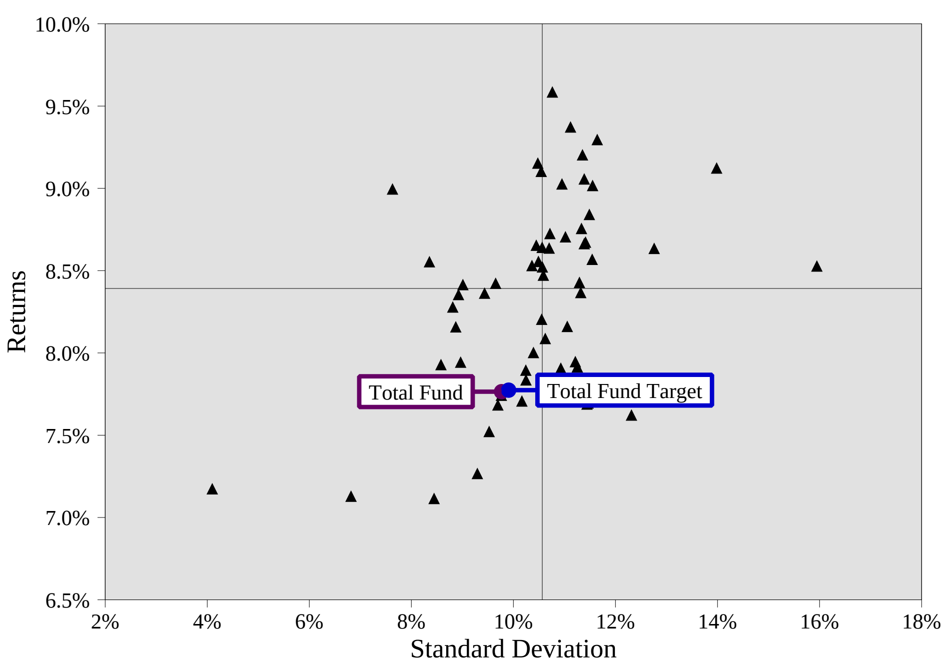
Cumulative Performance Relative to Target

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 and One-Half Year Annualized Risk vs Return



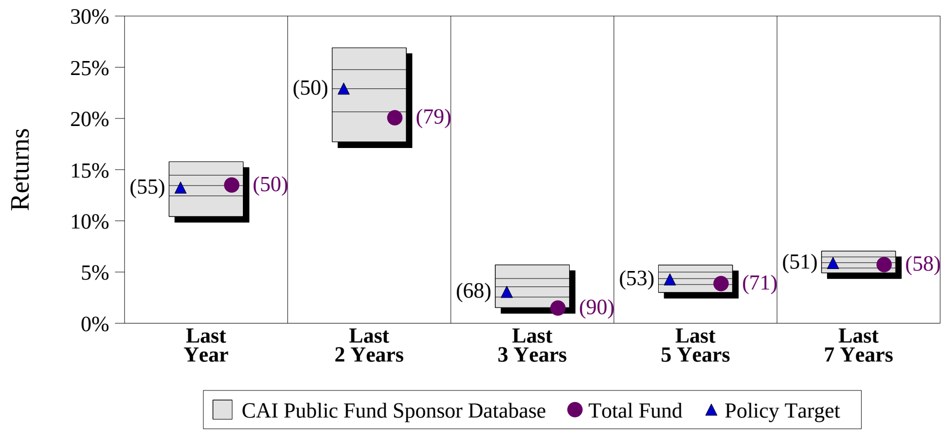
Triangles represent membership of the CAI Public Fund Sponsor Database

* 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.

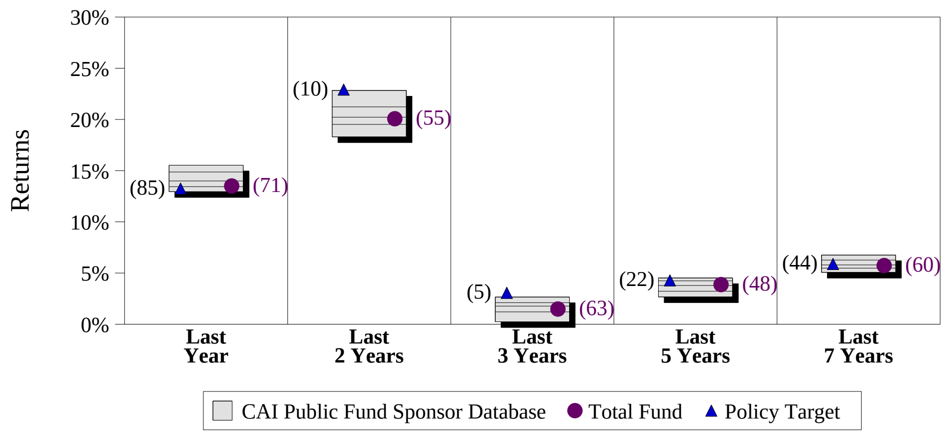
Total Fund Ranking

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 March 31, 2011. 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.

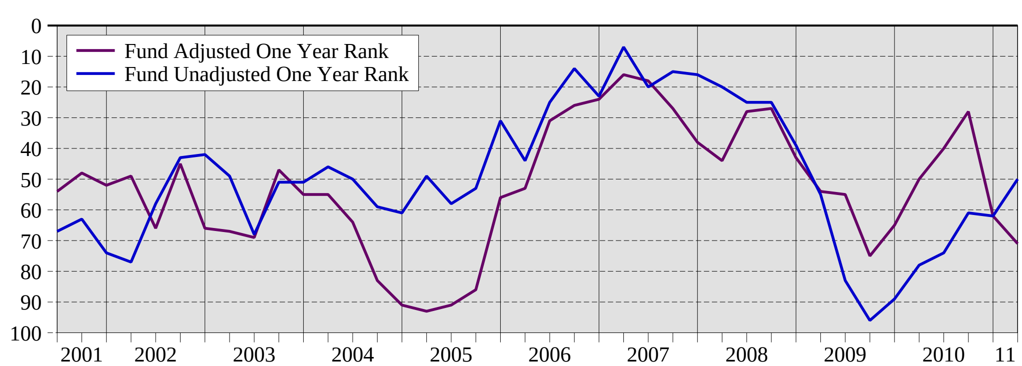
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



Rolling One Year Ranking vs CAI Public Fund Sponsor Database

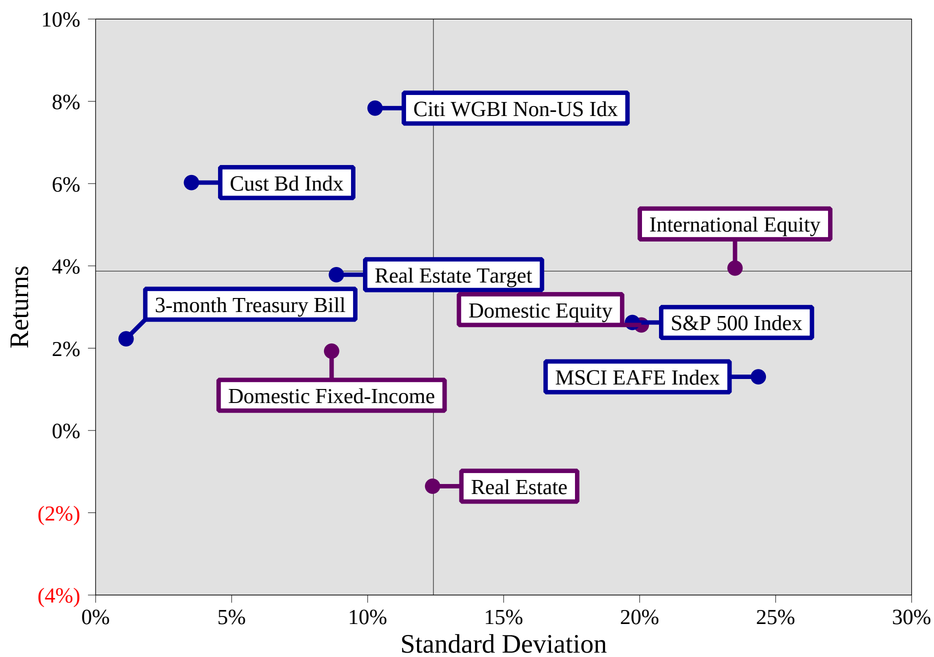


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index,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

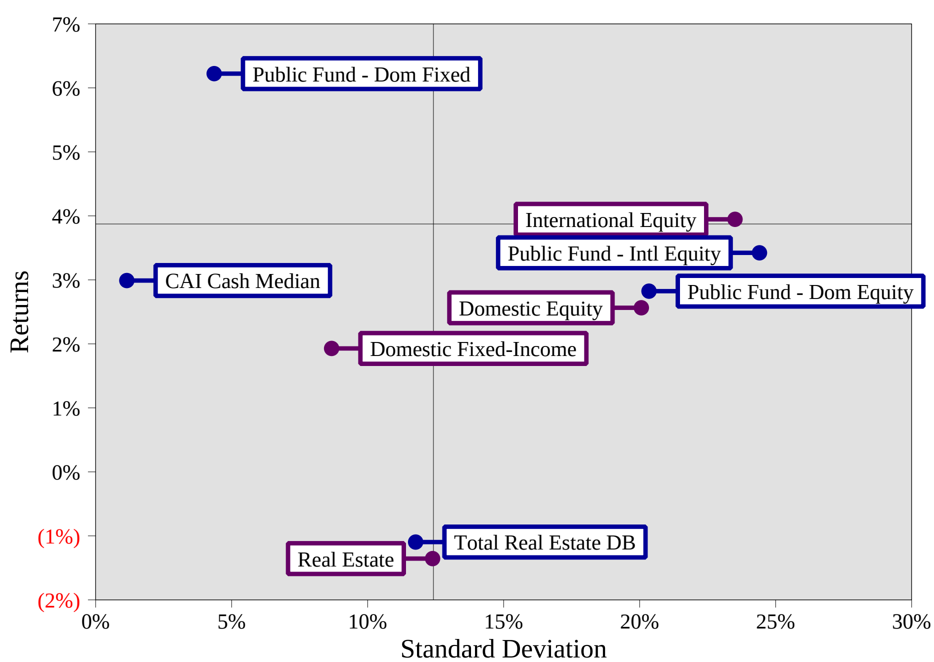
Asset Class Risk and Return

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



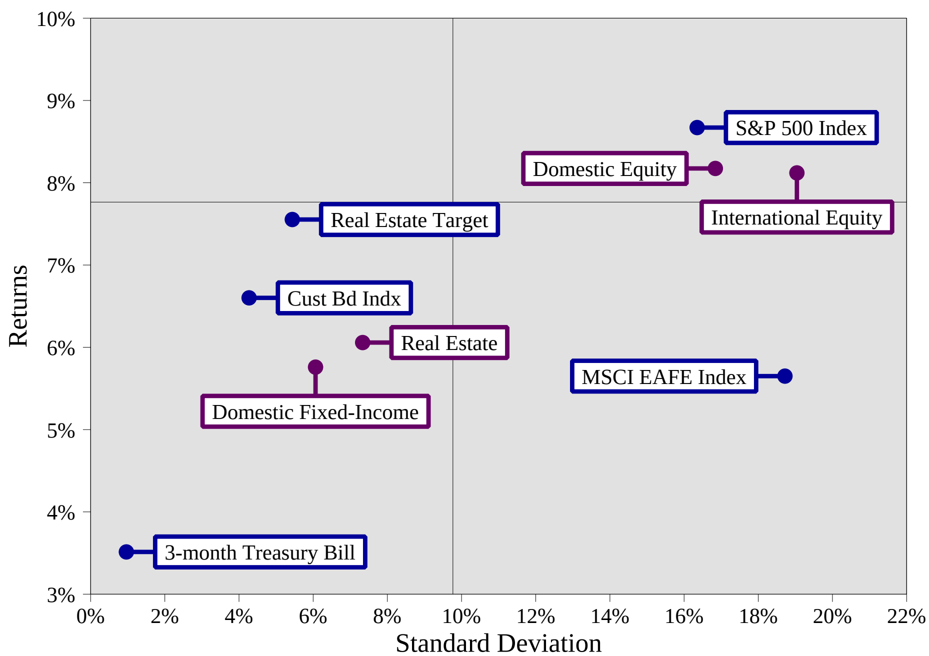
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



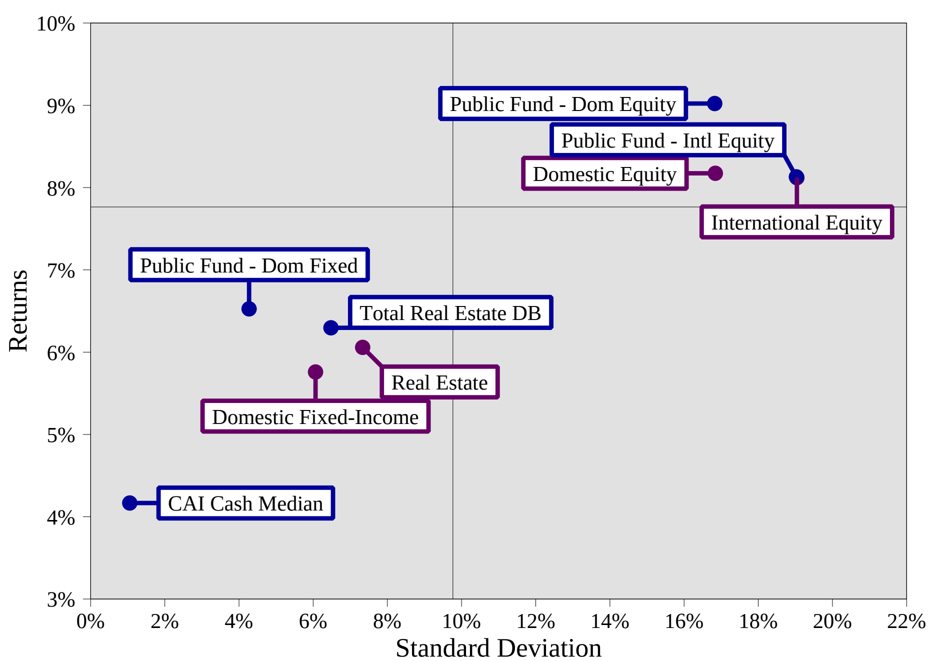
Asset Class Risk and Return

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

Nineteen and One-Half Year Annualized Risk vs Return
Asset Classes vs Benchmark Indices



Nineteen and One-Half Year Annualized Risk vs Return
Asset Classes vs Asset Class Median

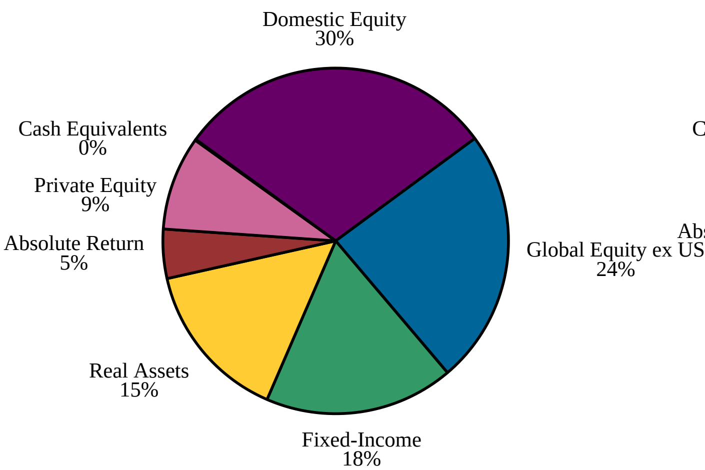


T R S HEALTH CARE

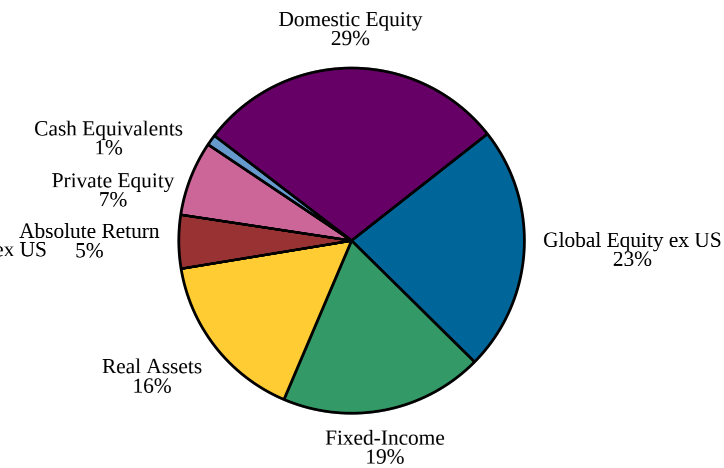
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2011. 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

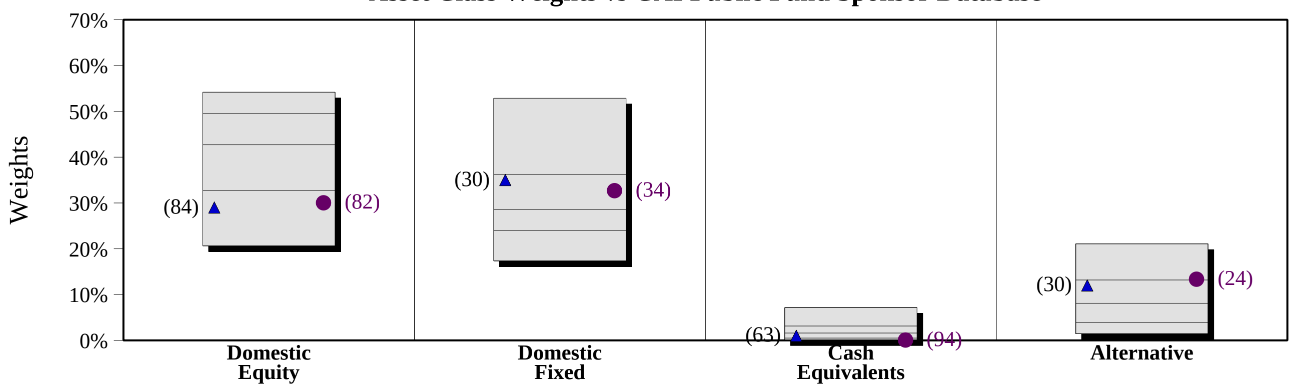


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	478,900	30.0%	29.0%	1.0%	16,471
Global Equity ex US	380,377	23.9%	23.0%	0.9%	13,623
Fixed-Income	282,641	17.7%	19.0%	(1.3%)	(20,330)
Real Assets	238,471	15.0%	16.0%	(1.0%)	(16,663)
Absolute Return	72,958	4.6%	5.0%	(0.4%)	(6,771)
Private Equity	140,038	8.8%	7.0%	1.8%	28,419
Cash Equivalents	1,198	0.1%	1.0%	(0.9%)	(14,748)
Total	1,594,582	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



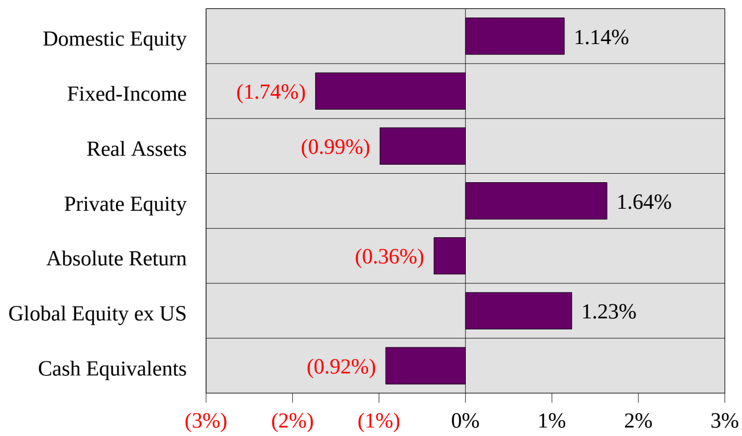
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	54.18	52.87	7.16	21.08
25th Percentile	49.57	36.27	3.14	13.19
Median	42.70	28.60	1.61	8.11
75th Percentile	32.70	24.04	0.51	3.87
90th Percentile	20.63	17.35	0.11	1.46
Fund ●	30.03	32.68	0.08	13.36
Target ▲	29.00	35.00	1.00	12.00
% Group Invested	96.70%	98.90%	67.03%	43.96%

* 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.

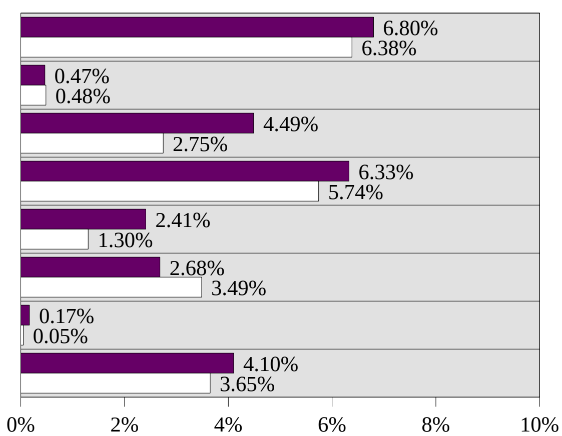
Quarterly Total Fund Relative Attribution - March 31, 2011

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.

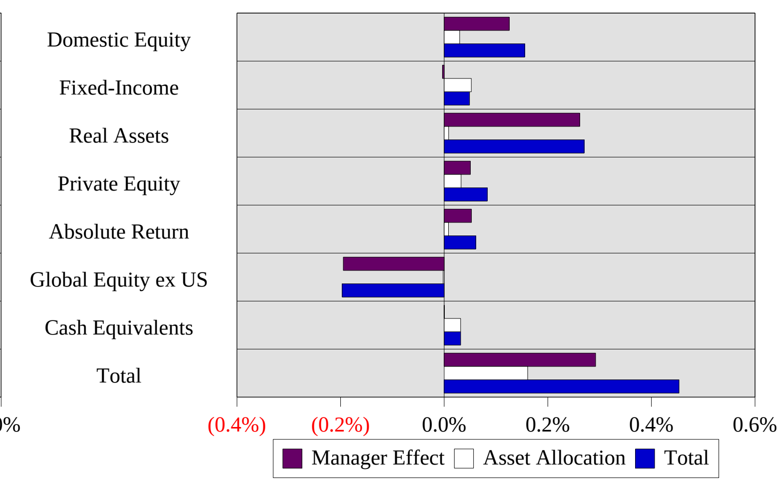
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2011

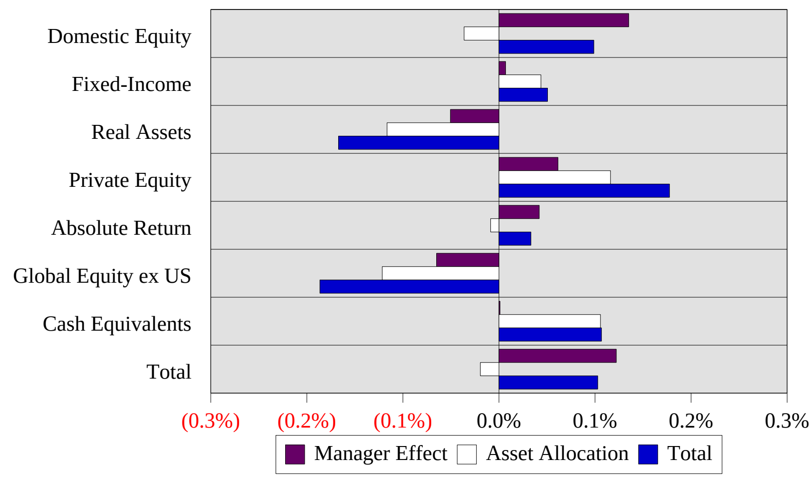
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	6.80%	6.38%	0.13%	0.03%	0.16%
Fixed-Income	17%	19%	0.47%	0.48%	(0.00%)	0.05%	0.05%
Real Assets	15%	16%	4.49%	2.75%	0.26%	0.01%	0.27%
Private Equity	9%	7%	6.33%	5.74%	0.05%	0.03%	0.08%
Absolute Return	5%	5%	2.41%	1.30%	0.05%	0.01%	0.06%
Global Equity ex US	24%	23%	2.68%	3.49%	(0.19%)	(0.00%)	(0.20%)
Cash Equivalents	0%	1%	0.17%	0.05%	0.00%	0.03%	0.03%
Total			**4.10% =**	**3.65% +**	**0.29% +**	**0.16%**	**0.45%**

* 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.

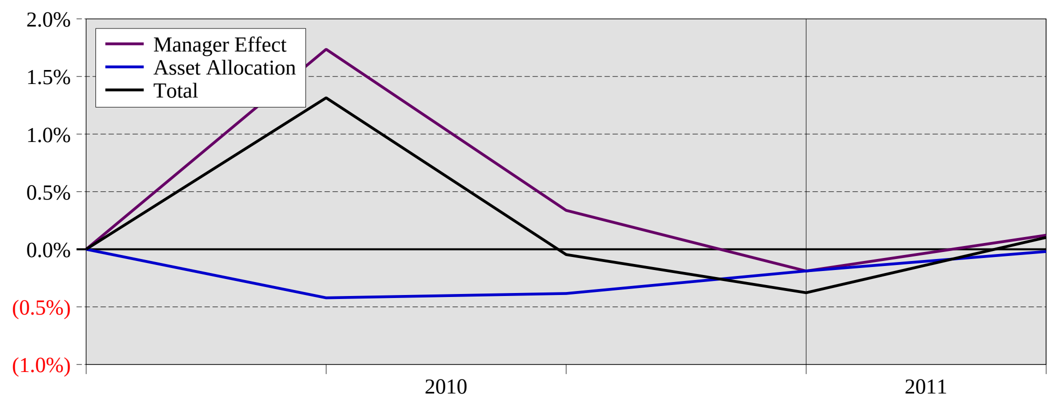
Cumulative Total Fund Relative Attribution - March 31, 2011

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

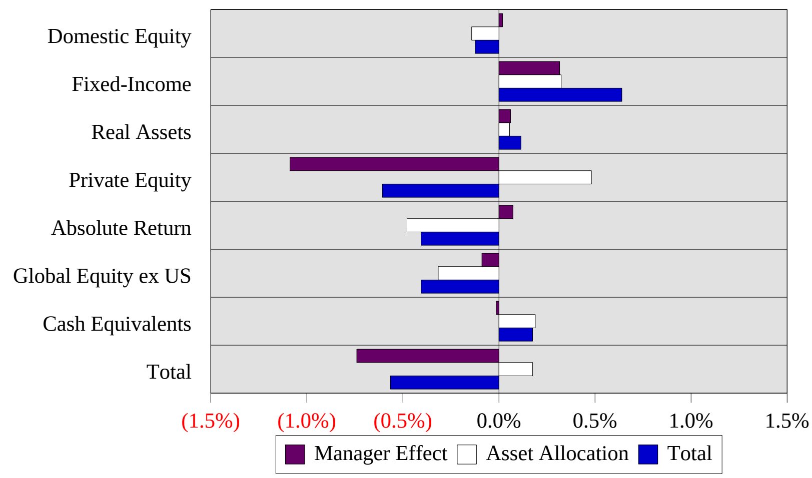
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	17.84%	17.41%	0.14%	(0.04%)	0.10%
Fixed-Income	18%	19%	5.80%	5.72%	0.01%	0.04%	0.05%
Real Assets	15%	16%	11.96%	12.32%	(0.05%)	(0.12%)	(0.17%)
Private Equity	9%	7%	19.29%	17.26%	0.06%	0.12%	0.18%
Absolute Return	5%	5%	6.14%	5.16%	0.04%	(0.01%)	0.03%
Global Equity ex US	23%	23%	13.57%	13.61%	(0.06%)	(0.12%)	(0.19%)
Cash Equivalents	0%	1%	0.56%	0.29%	0.00%	0.11%	0.11%
Total			**13.36%**	**= 13.26%**	**+ 0.12%**	**+ (0.02%)**	**0.10%**

* 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.

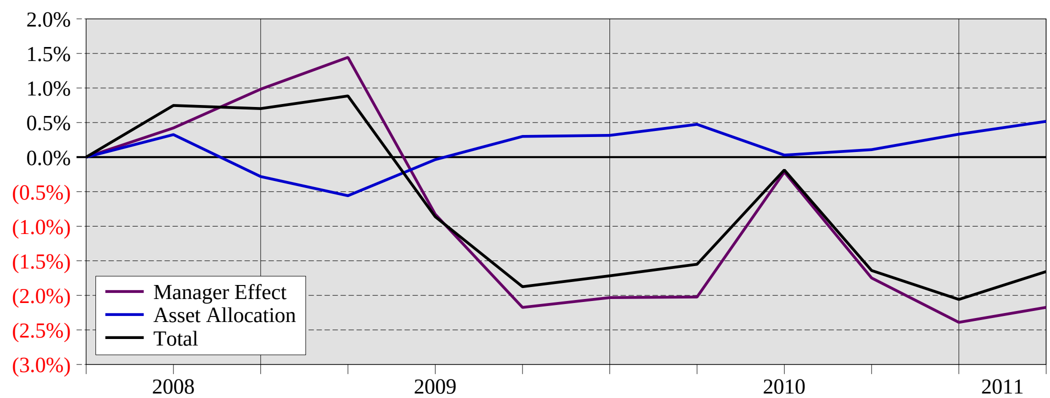
Cumulative Total Fund Relative Attribution - March 31, 2011

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 Three-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Two and Three-Quarter Annualized Relative Attribution Effects

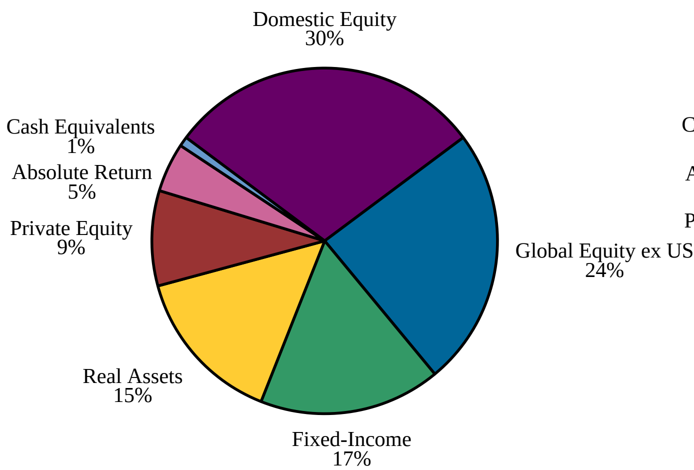
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	34%	32%	4.39%	4.38%	0.02%	(0.14%)	(0.12%)
Fixed-Income	19%	20%	7.98%	6.46%	0.32%	0.32%	0.64%
Real Assets	13%	13%	0.27%	(0.56%)	0.06%	0.06%	0.12%
Private Equity	6%	6%	9.63%	3.59%	(1.09%)	0.48%	(0.61%)
Absolute Return	3%	6%	5.52%	5.45%	0.07%	(0.48%)	(0.41%)
Global Equity ex US	23%	22%	(0.40%)	(0.10%)	(0.09%)	(0.32%)	(0.40%)
Cash Equivalents	1%	1%	1.57%	1.56%	(0.01%)	0.19%	0.18%
Total			**3.46% =**	**4.03% +**	**(0.74%) +**	**0.18%**	**(0.56%)**

* 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.

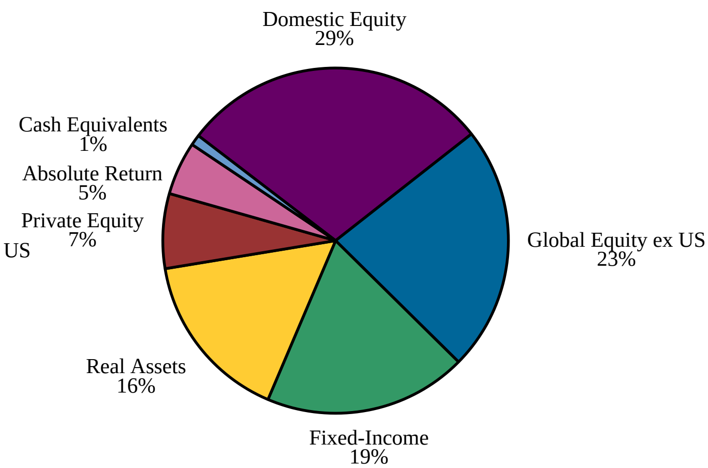
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2011. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.

Actual Asset Allocation

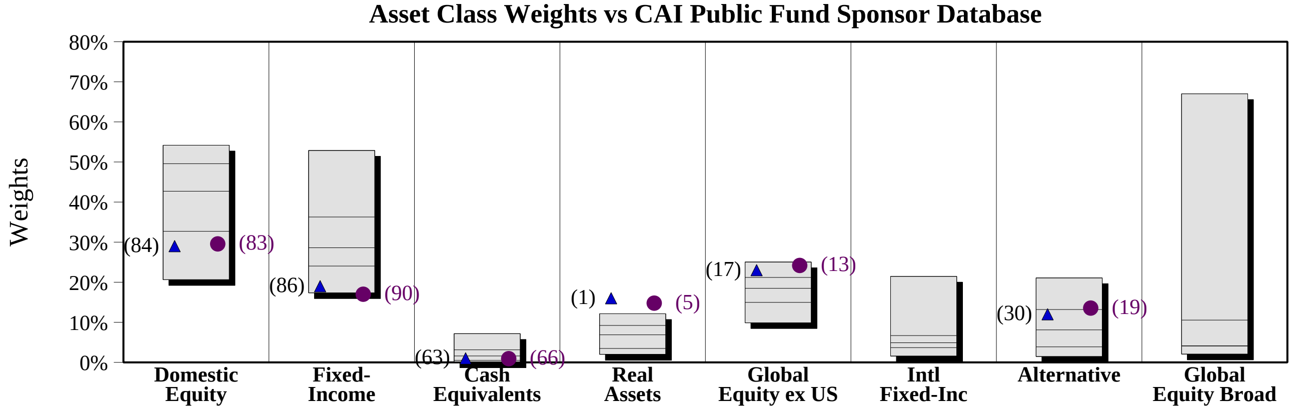


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	32,477	29.6%	29.0%	0.6%	613
Global Equity ex US	26,571	24.2%	23.0%	1.2%	1,300
Fixed-Income	18,689	17.0%	19.0%	(2.0%)	(2,188)
Real Assets	16,242	14.8%	16.0%	(1.2%)	(1,338)
Private Equity	9,782	8.9%	7.0%	1.9%	2,091
Absolute Return	5,099	4.6%	5.0%	(0.4%)	(395)
Cash Equivalents	1,015	0.9%	1.0%	(0.1%)	(83)
Total	109,875	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



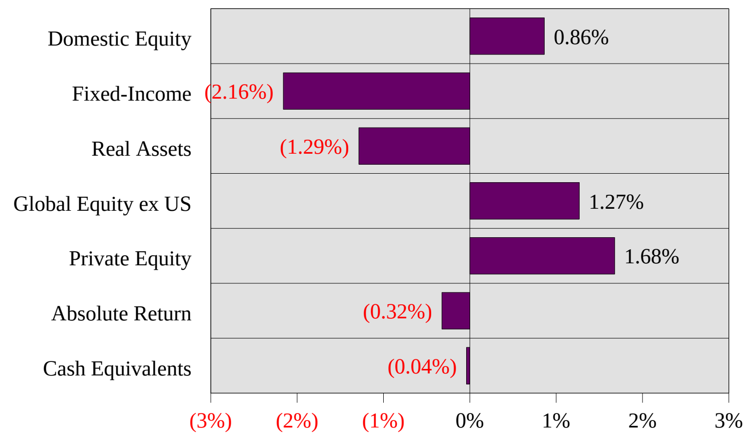
	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Intl Fixed-Inc	Alternative	Global Equity Broad
10th Percentile	54.18	52.87	7.16	12.14	25.04	21.46	21.08	67.01
25th Percentile	49.57	36.27	3.14	9.21	21.19	6.69	13.19	10.55
Median	42.70	28.60	1.61	6.88	18.48	4.89	8.11	4.14
75th Percentile	32.70	24.04	0.51	3.48	14.97	3.68	3.87	4.09
90th Percentile	20.63	17.35	0.11	2.01	9.88	1.57	1.46	2.06
Fund ●	29.56	17.01	0.92	14.78	24.18	-	13.54	-
Target ▲	29.00	19.00	1.00	16.00	23.00	-	12.00	-
% Group Invested	96.70%	98.90%	67.03%	43.96%	85.71%	17.58%	43.96%	7.69%

* 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.

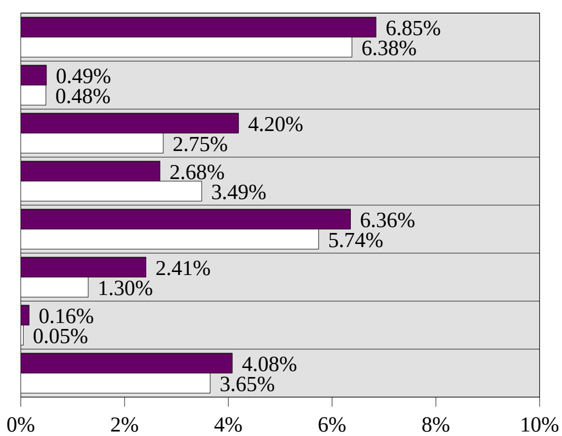
Quarterly Total Fund Relative Attribution - March 31, 2011

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.

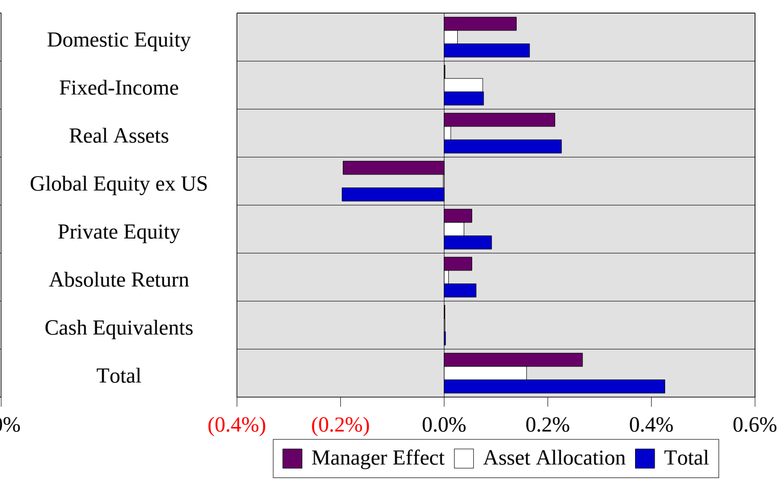
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2011

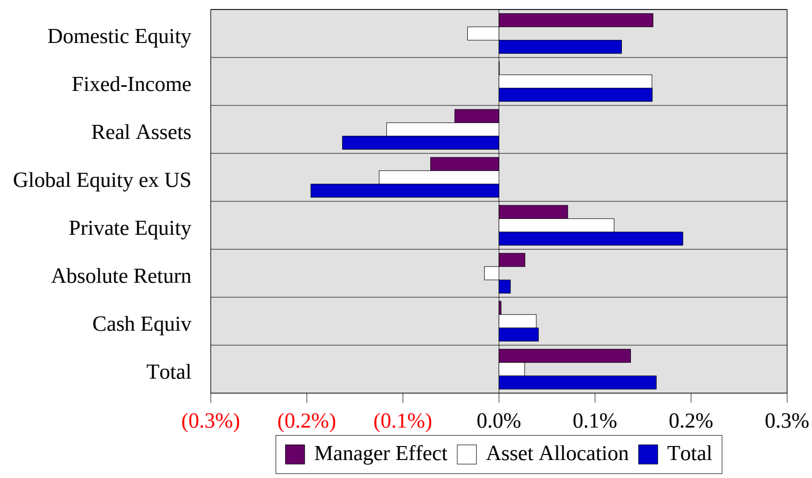
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	6.85%	6.38%	0.14%	0.03%	0.16%
Fixed-Income	17%	19%	0.49%	0.48%	0.00%	0.07%	0.08%
Real Assets	15%	16%	4.20%	2.75%	0.21%	0.01%	0.23%
Global Equity ex US	24%	23%	2.68%	3.49%	(0.19%)	(0.00%)	(0.20%)
Private Equity	9%	7%	6.36%	5.74%	0.05%	0.04%	0.09%
Absolute Return	5%	5%	2.41%	1.30%	0.05%	0.01%	0.06%
Cash Equivalents	1%	1%	0.16%	0.05%	0.00%	0.00%	0.00%
Total			**4.08%** =	**3.65%** +	**0.27%** +	**0.16%**	**0.43%**

* 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.

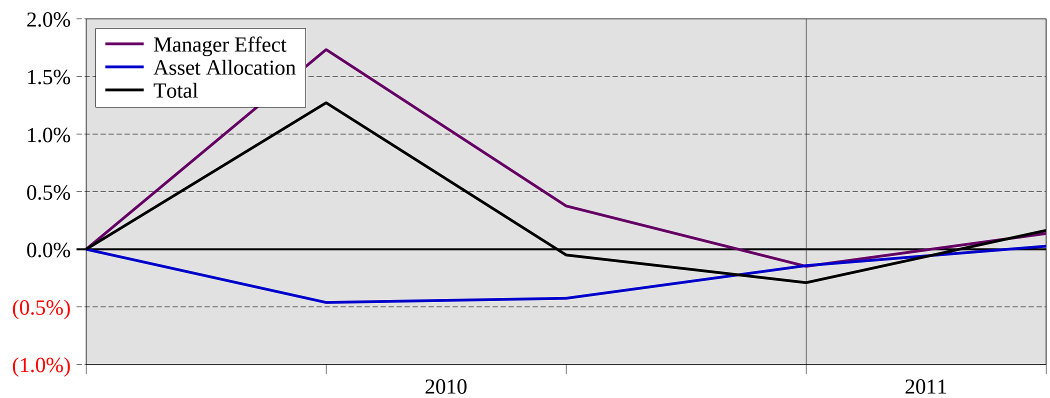
Cumulative Total Fund Relative Attribution - March 31, 2011

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

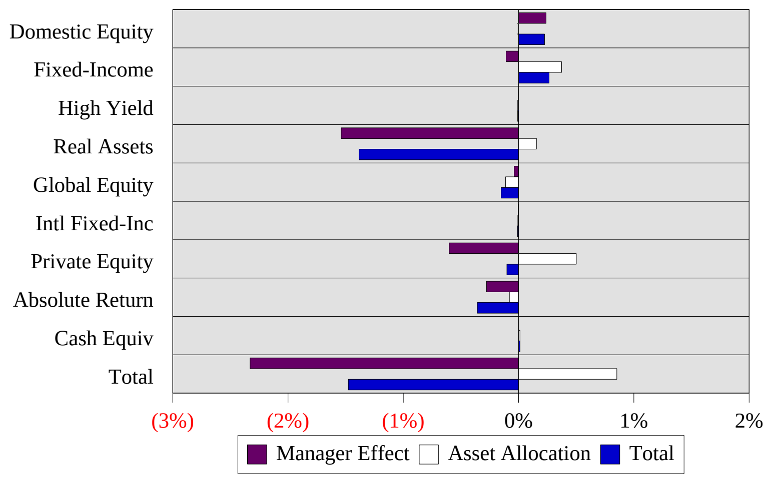
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	17.94%	17.41%	0.16%	(0.03%)	0.13%
Fixed-Income	18%	19%	5.81%	5.72%	0.00%	0.16%	0.16%
Real Assets	15%	16%	12.00%	12.32%	(0.05%)	(0.12%)	(0.16%)
Global Equity ex US	23%	23%	13.54%	13.61%	(0.07%)	(0.12%)	(0.20%)
Private Equity	9%	7%	19.31%	17.26%	0.07%	0.12%	0.19%
Absolute Return	5%	5%	5.87%	5.16%	0.03%	(0.02%)	0.01%
Cash Equiv	1%	1%	-	-	0.00%	0.04%	0.04%
Total			**13.42%**	**= 13.26%**	**+ 0.14%**	**+ 0.03%**	**0.16%**

* 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.

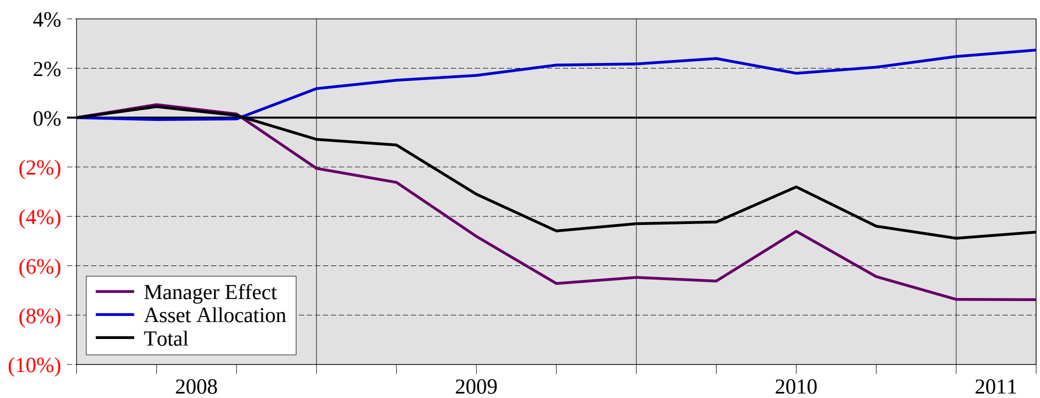
Cumulative Total Fund Relative Attribution - March 31, 2011

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

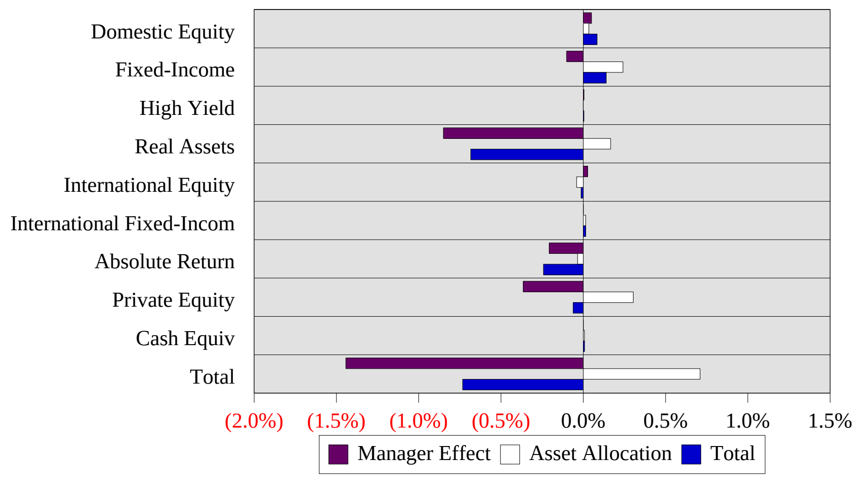
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	32%	4.17%	3.33%	0.24%	(0.01%)	0.23%
Fixed-Income	19%	19%	5.55%	5.80%	(0.11%)	0.37%	0.26%
High Yield	0%	0%	-	-	(0.00%)	(0.01%)	(0.01%)
Real Assets	15%	15%	(8.74%)	(0.51%)	(1.54%)	0.16%	(1.38%)
Global Equity	22%	21%	(0.24%)	(0.80%)	(0.04%)	(0.11%)	(0.15%)
Intl Fixed-Inc	0%	0%	-	-	(0.00%)	(0.01%)	(0.01%)
Private Equity	5%	6%	-	-	(0.60%)	0.50%	(0.10%)
Absolute Return	5%	5%	(0.60%)	5.55%	(0.28%)	(0.08%)	(0.36%)
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**1.56% =**	**3.04% +**	**(2.33%) +**	**0.85%**	**(1.48%)**

* 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.

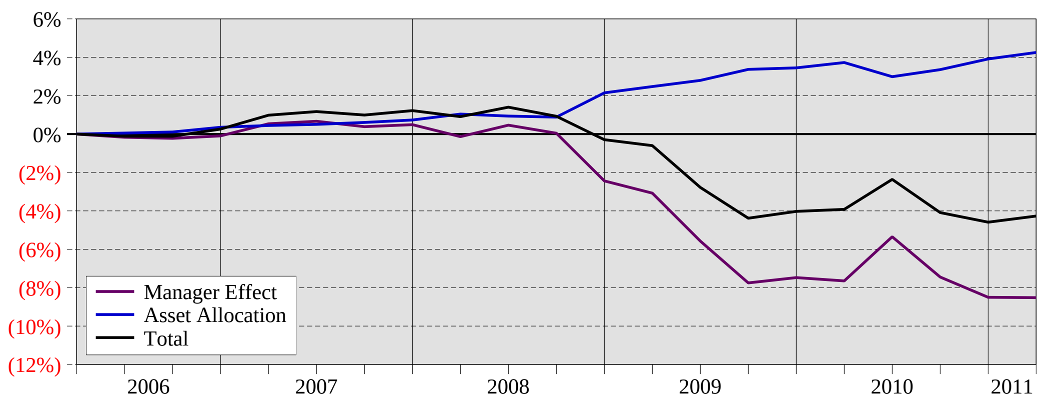
Cumulative Total Fund Relative Attribution - March 31, 2011

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

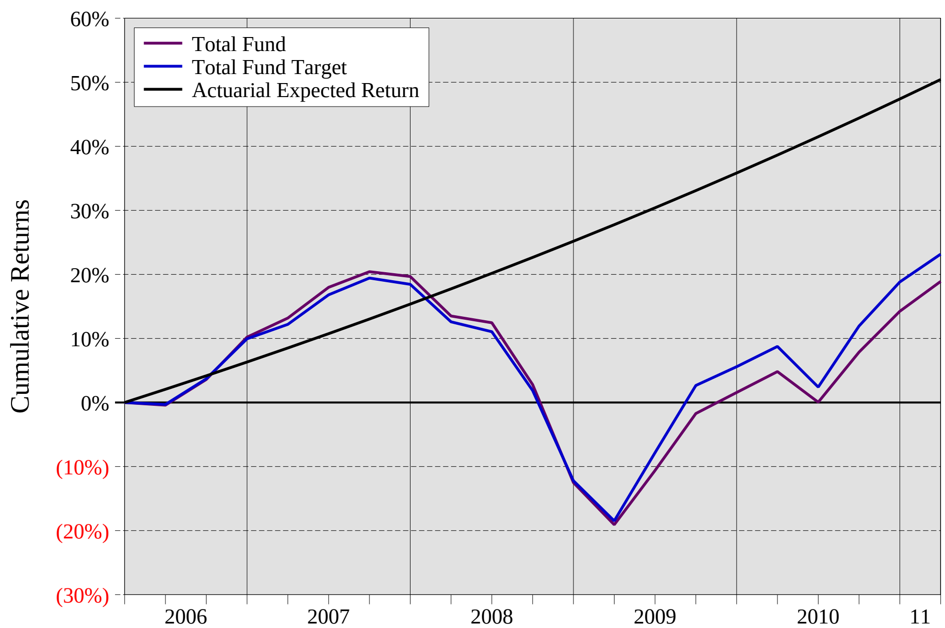
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	36%	36%	2.83%	2.56%	0.05%	0.03%	0.08%
Fixed-Income	19%	19%	6.18%	6.51%	(0.10%)	0.24%	0.14%
High Yield	1%	1%	-	-	0.00%	(0.00%)	0.00%
Real Assets	14%	13%	0.30%	4.93%	(0.85%)	0.17%	(0.68%)
International Equity	22%	21%	3.87%	3.29%	0.03%	(0.04%)	(0.01%)
International Fixed-Incom	1%	1%	-	-	0.00%	0.01%	0.02%
Absolute Return	4%	5%	2.24%	7.01%	(0.21%)	(0.03%)	(0.24%)
Private Equity	3%	4%	-	-	(0.37%)	0.30%	(0.06%)
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**3.52% =**	**4.26% +**	**(1.44%) +**	**0.71%**	**(0.73%)**

* 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.

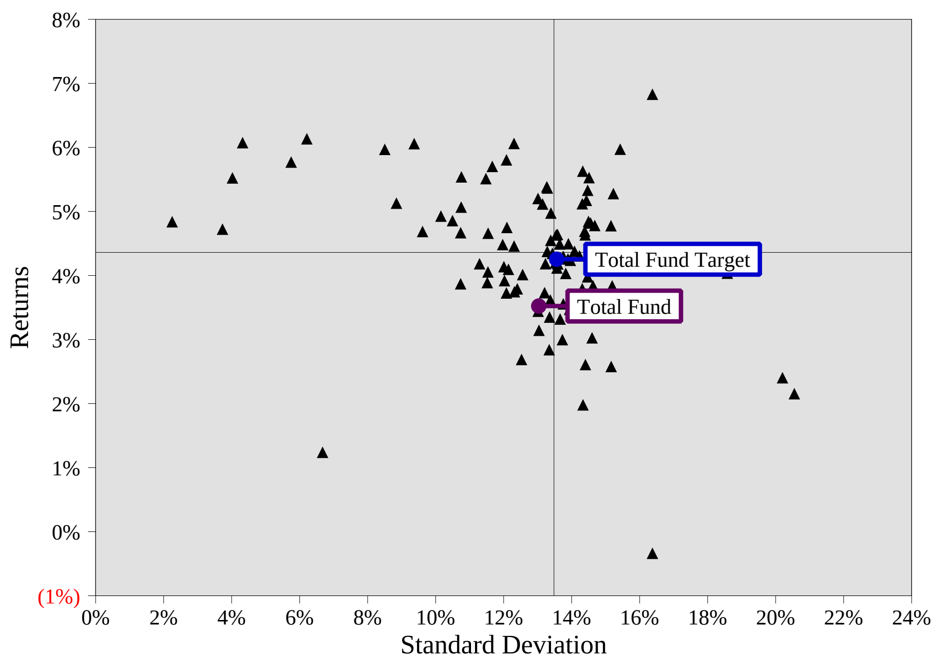
Cumulative Performance Relative to Target

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



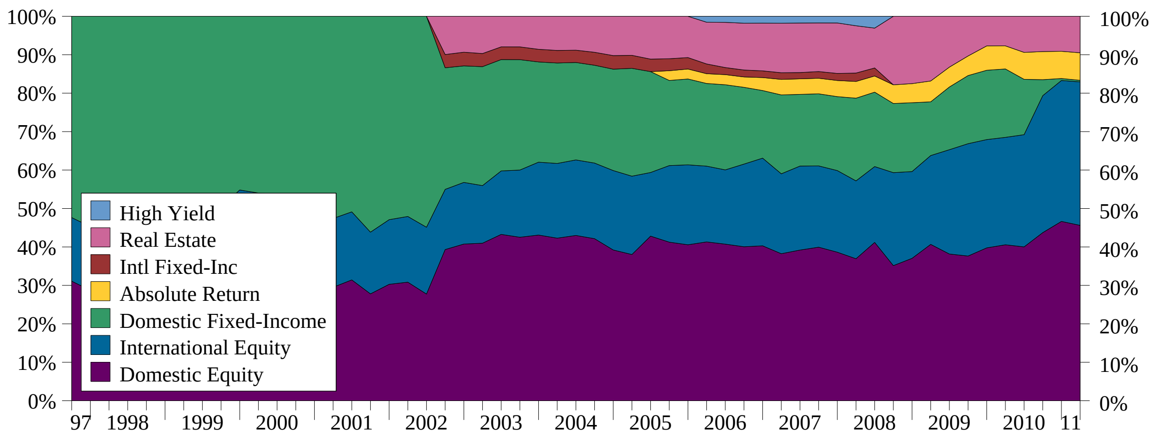
Triangles represent membership of the CAI Public Fund Sponsor Database

* 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.

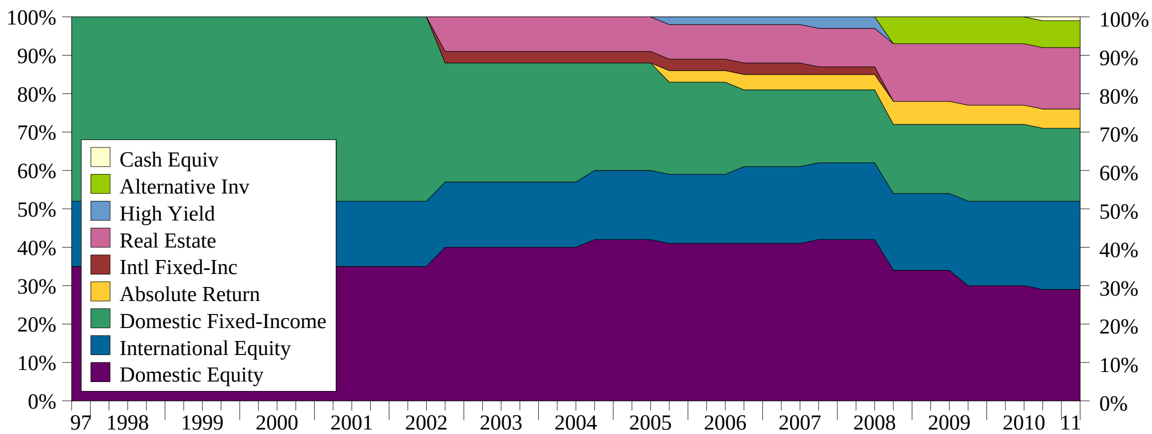
Actual vs Target Historical Asset Allocation

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.

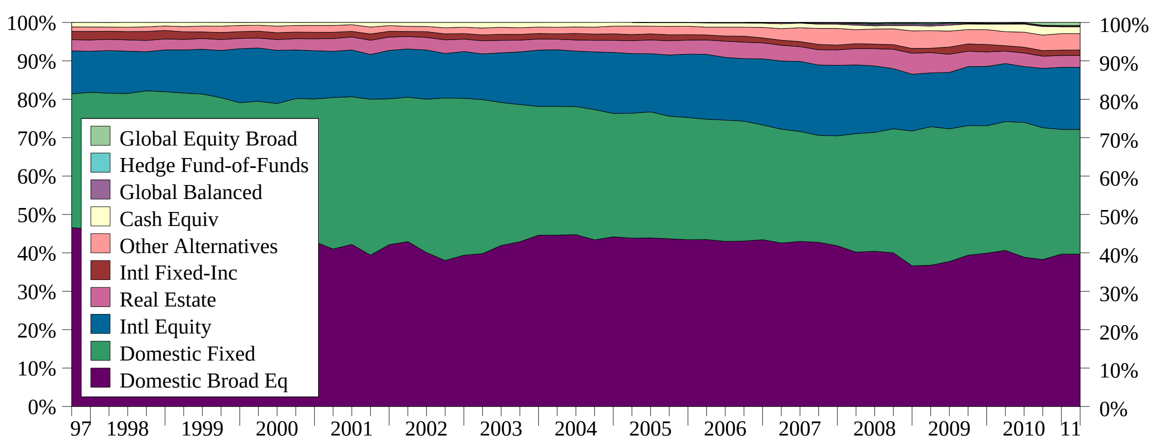
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

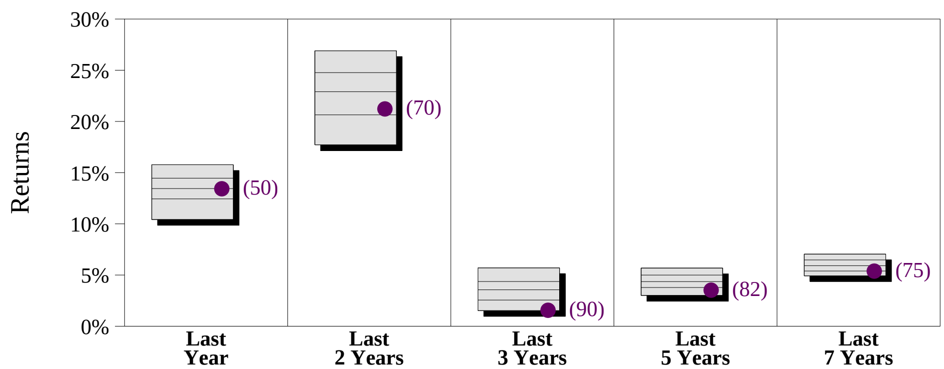


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.0% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 2.0% Citi WGBI Non-US Idx, 2.0% Hi Yld II Index,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

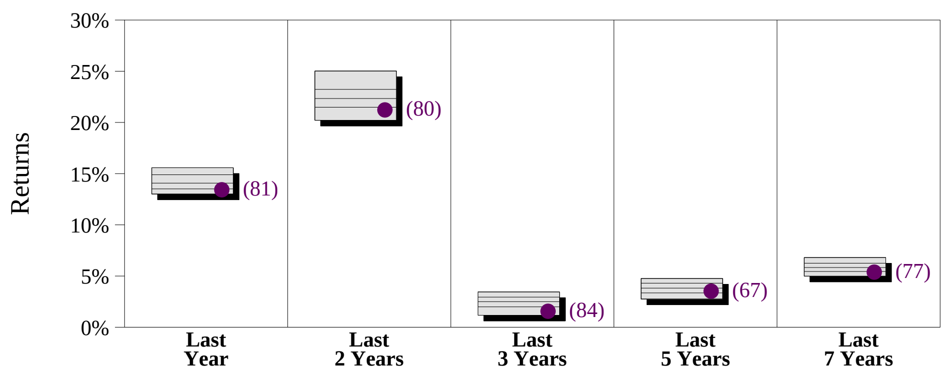
Total Fund Ranking

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 March 31, 2011. 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.

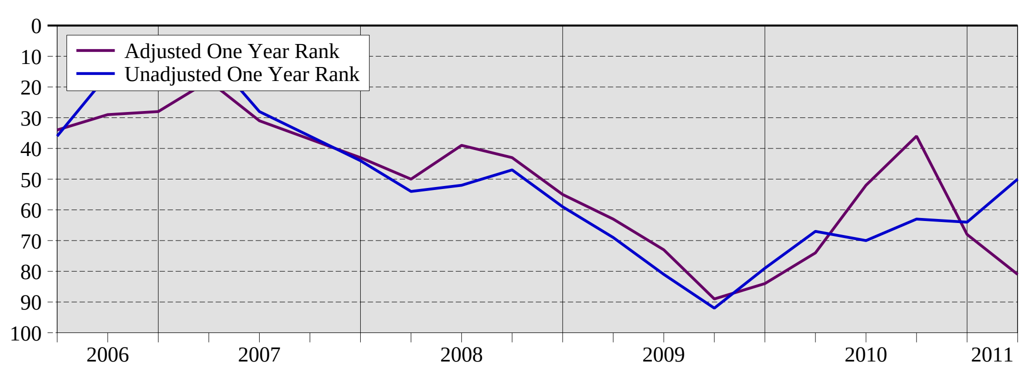
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



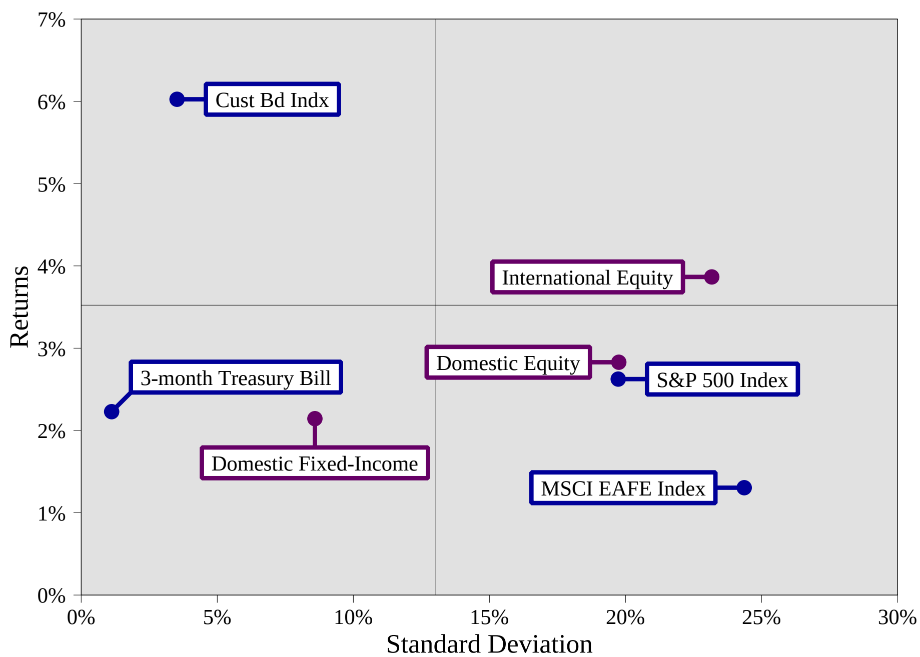
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



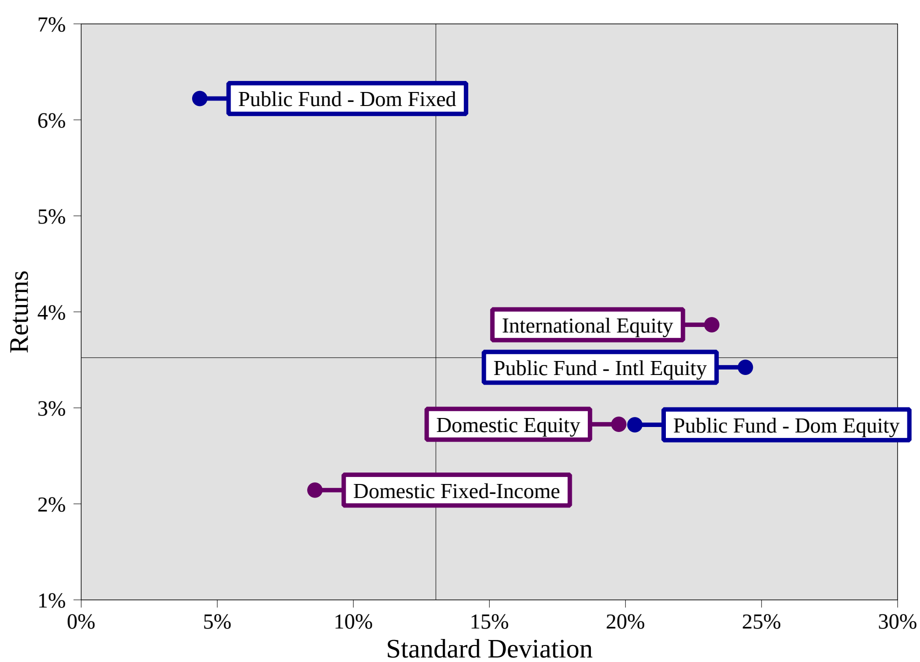
Asset Class Risk and Return

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

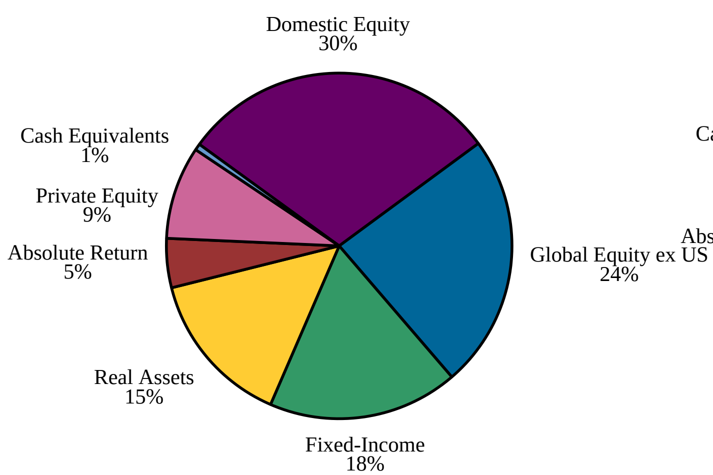


J R S HEALTH CARE

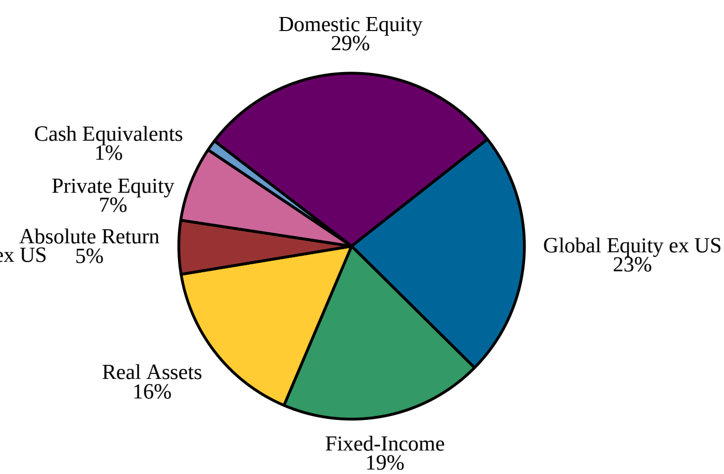
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2011. 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

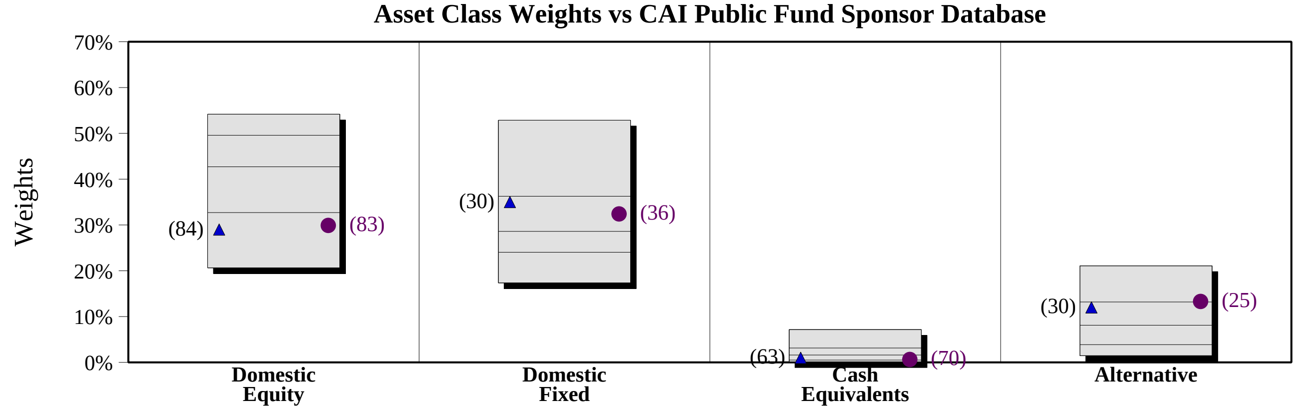


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	6,037	29.9%	29.0%	0.9%	182
Global Equity ex US	4,795	23.8%	23.0%	0.8%	152
Fixed-Income	3,588	17.8%	19.0%	(1.2%)	(247)
Real Assets	2,954	14.6%	16.0%	(1.4%)	(276)
Absolute Return	920	4.6%	5.0%	(0.4%)	(89)
Private Equity	1,765	8.7%	7.0%	1.7%	352
Cash Equivalents	128	0.6%	1.0%	(0.4%)	(74)
Total	20,188	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



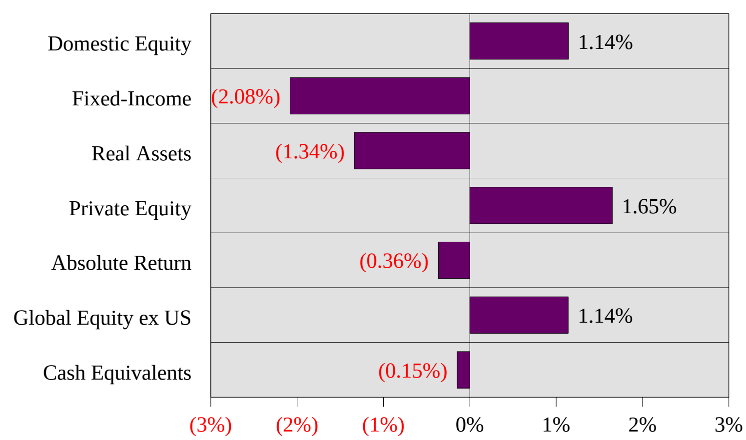
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	54.18	52.87	7.16	21.08
25th Percentile	49.57	36.27	3.14	13.19
Median	42.70	28.60	1.61	8.11
75th Percentile	32.70	24.04	0.51	3.87
90th Percentile	20.63	17.35	0.11	1.46
Fund ●	29.90	32.41	0.63	13.30
Target ▲	29.00	35.00	1.00	12.00
% Group Invested	96.70%	98.90%	67.03%	43.96%

* 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.

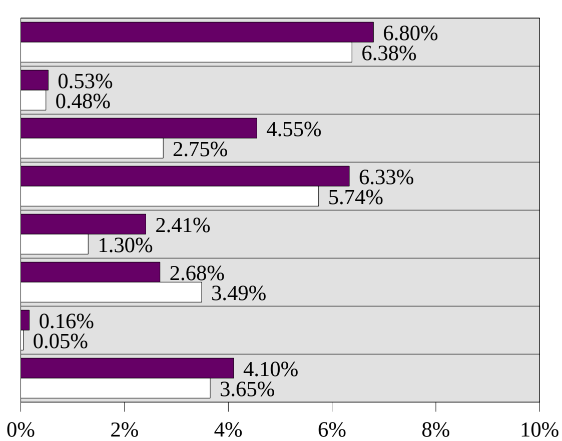
Quarterly Total Fund Relative Attribution - March 31, 2011

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.

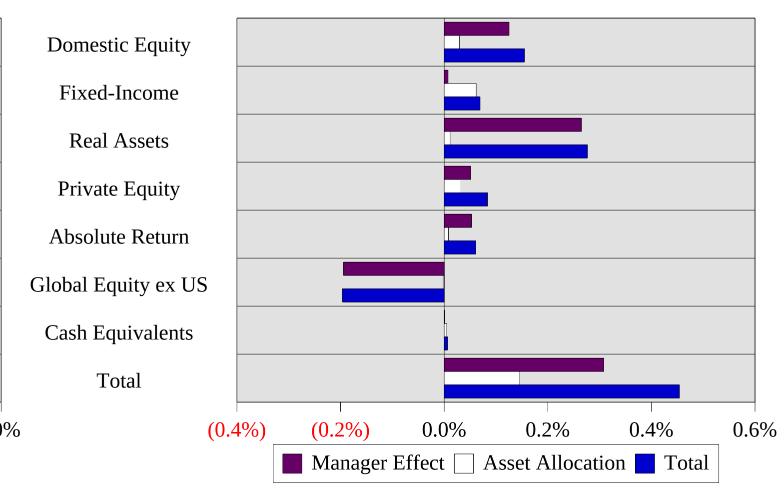
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	6.80%	6.38%	0.13%	0.03%	0.15%
Fixed-Income	17%	19%	0.53%	0.48%	0.01%	0.06%	0.07%
Real Assets	15%	16%	4.55%	2.75%	0.26%	0.01%	0.28%
Private Equity	9%	7%	6.33%	5.74%	0.05%	0.03%	0.08%
Absolute Return	5%	5%	2.41%	1.30%	0.05%	0.01%	0.06%
Global Equity ex US	24%	23%	2.68%	3.49%	(0.19%)	(0.00%)	(0.20%)
Cash Equivalents	1%	1%	0.16%	0.05%	0.00%	0.00%	0.01%

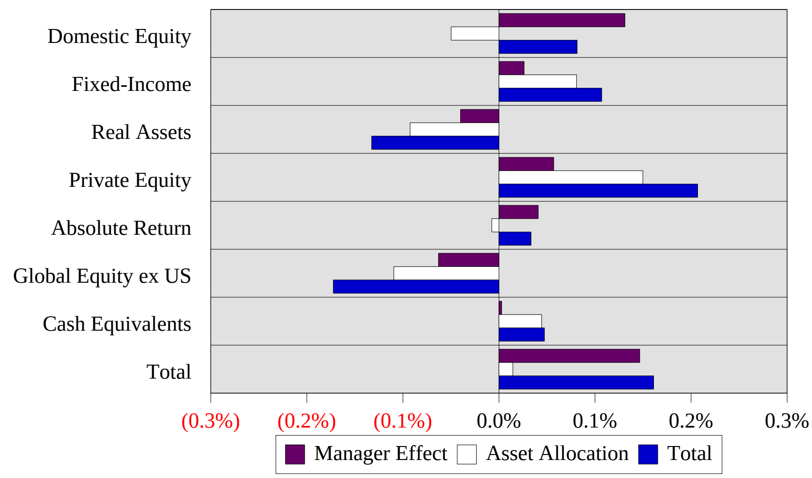
Total 4.10% = 3.65% + 0.31% + 0.15% 0.45%

* 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.

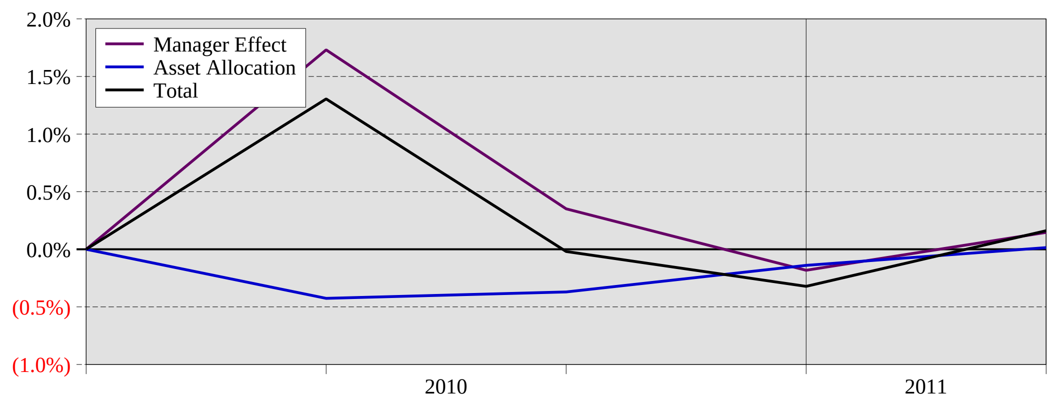
Cumulative Total Fund Relative Attribution - March 31, 2011

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

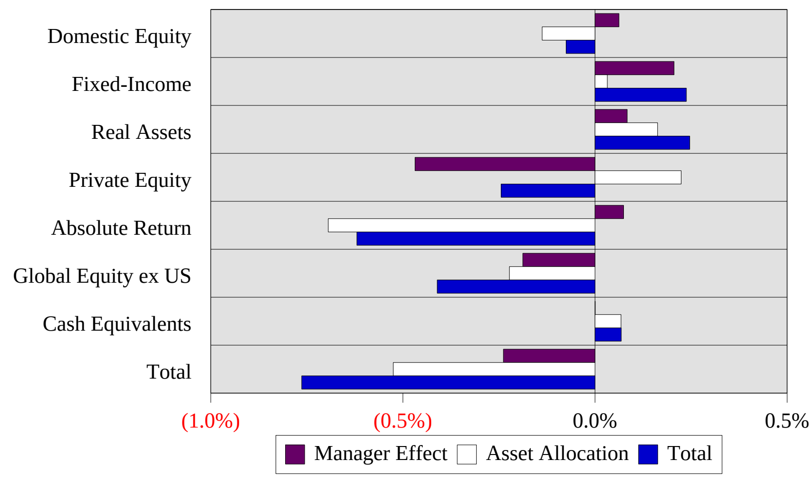
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	17.84%	17.41%	0.13%	(0.05%)	0.08%
Fixed-Income	18%	19%	5.89%	5.72%	0.03%	0.08%	0.11%
Real Assets	15%	16%	12.04%	12.32%	(0.04%)	(0.09%)	(0.13%)
Private Equity	9%	7%	19.29%	17.26%	0.06%	0.15%	0.21%
Absolute Return	5%	5%	6.14%	5.16%	0.04%	(0.01%)	0.03%
Global Equity ex US	23%	23%	13.57%	13.61%	(0.06%)	(0.11%)	(0.17%)
Cash Equivalents	1%	1%	0.57%	0.28%	0.00%	0.04%	0.05%
Total			**13.42%**	**= 13.26%**	**+ 0.15%**	**+ 0.01%**	**0.16%**

* 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 - March 31, 2011

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 Three-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects

Two and Three-Quarter Annualized Relative Attribution Effects

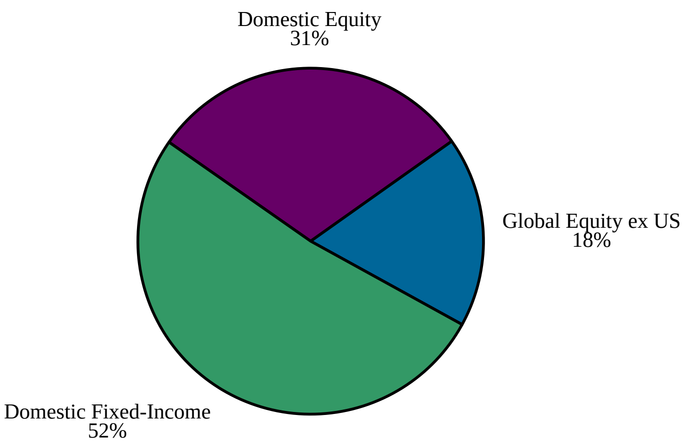
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	34%	32%	4.54%	4.38%	0.06%	(0.14%)	(0.08%)
Fixed-Income	19%	20%	7.49%	6.46%	0.21%	0.03%	0.24%
Real Assets	12%	13%	(0.22%)	(0.56%)	0.08%	0.16%	0.25%
Private Equity	5%	6%	9.60%	3.59%	(0.47%)	0.22%	(0.24%)
Absolute Return	3%	6%	5.52%	5.45%	0.07%	(0.69%)	(0.62%)
Global Equity ex US	23%	22%	(0.70%)	(0.10%)	(0.19%)	(0.22%)	(0.41%)
Cash Equivalents	2%	1%	1.25%	0.89%	0.00%	0.07%	0.07%
Total			**3.26% =**	**4.03% +**	**(0.24%) +**	**(0.52%)**	**(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.

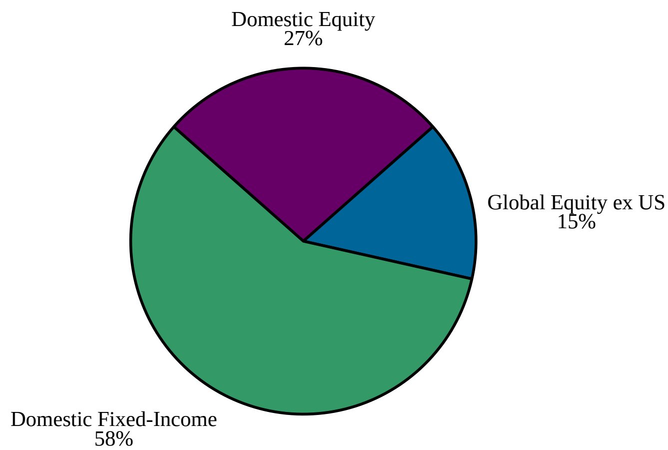
Actual vs Target Asset Allocation

The top left chart shows the Fund's asset allocation as of March 31, 2011. 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

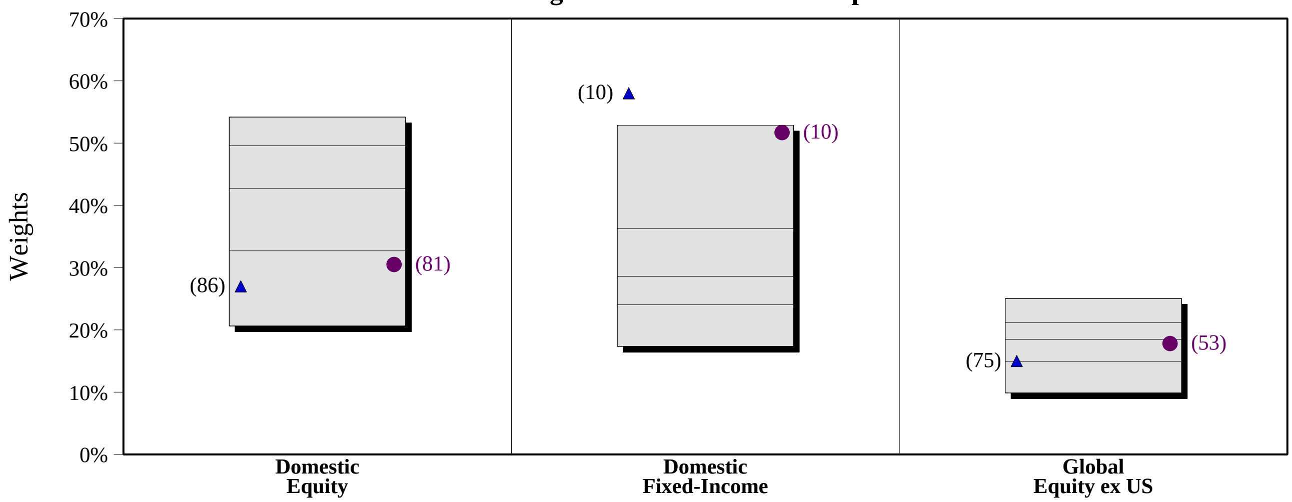


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	10,044	30.5%	27.0%	3.5%	1,154
Global Equity ex US	5,863	17.8%	15.0%	2.8%	924
Domestic Fixed-Income	17,019	51.7%	58.0%	(6.3%)	(2,078)
Total	32,926	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



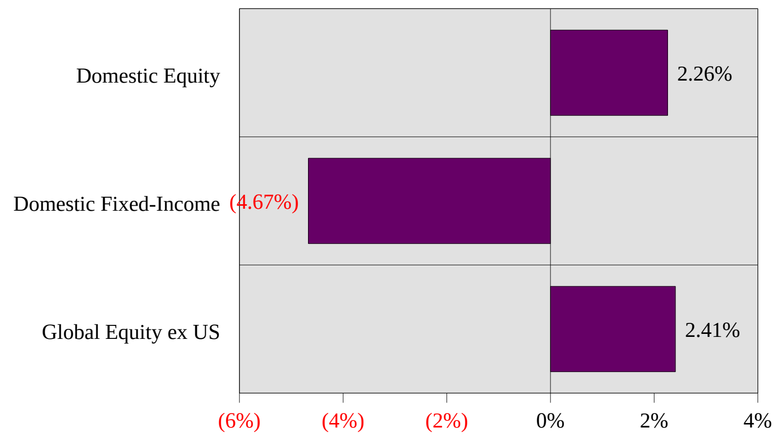
	Domestic Equity	Domestic Fixed-Income	Global Equity ex US
10th Percentile	54.18	52.87	25.04
25th Percentile	49.57	36.27	21.19
Median	42.70	28.60	18.48
75th Percentile	32.70	24.04	14.97
90th Percentile	20.63	17.35	9.88
Fund ●	30.50	51.69	17.81
Target ▲	27.00	58.00	15.00
% Group Invested	96.70%	98.90%	85.71%

* 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.

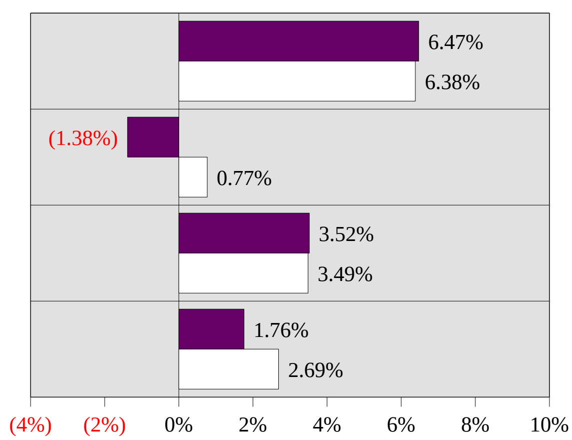
Quarterly Total Fund Relative Attribution - March 31, 2011

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.

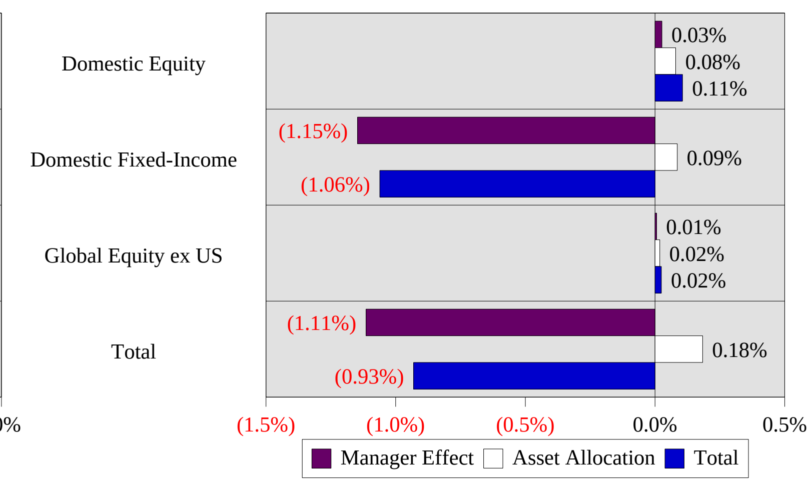
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2011

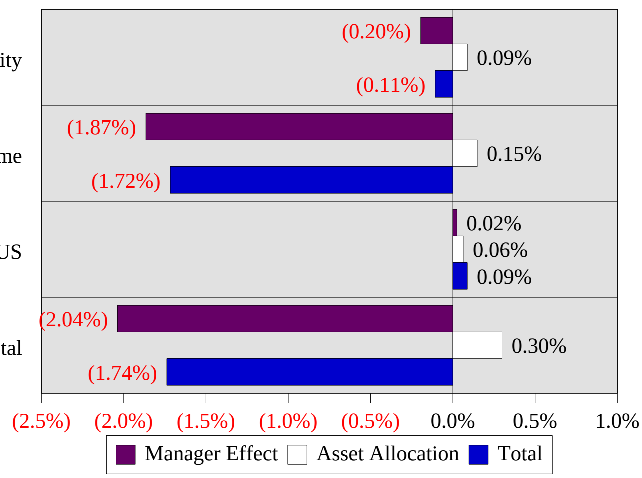
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	6.47%	6.38%	0.03%	0.08%	0.11%
Domestic Fixed-Income	53%	58%	(1.38%)	0.77%	(1.15%)	0.09%	(1.06%)
Global Equity ex US	17%	15%	3.52%	3.49%	0.01%	0.02%	0.02%
Total			**1.76%** =	**2.69%** +	**(1.11%)** +	**0.18%**	**(0.93%)**

* 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.

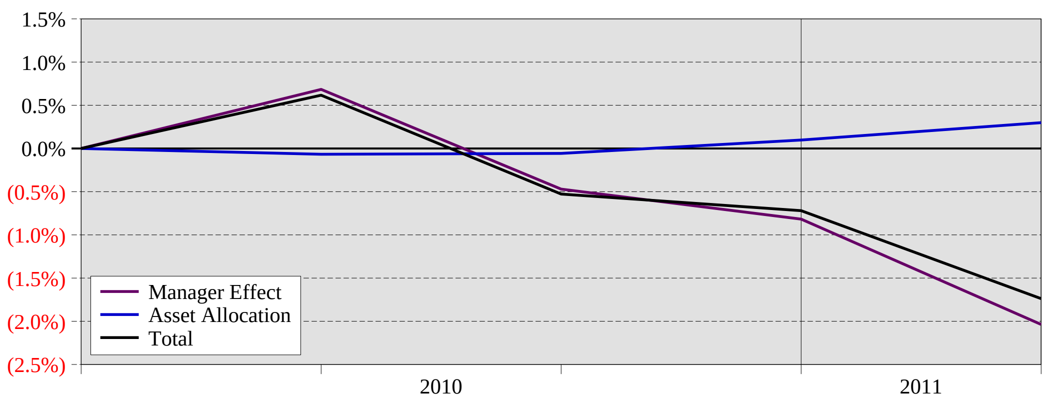
Cumulative Total Fund Relative Attribution - March 31, 2011

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

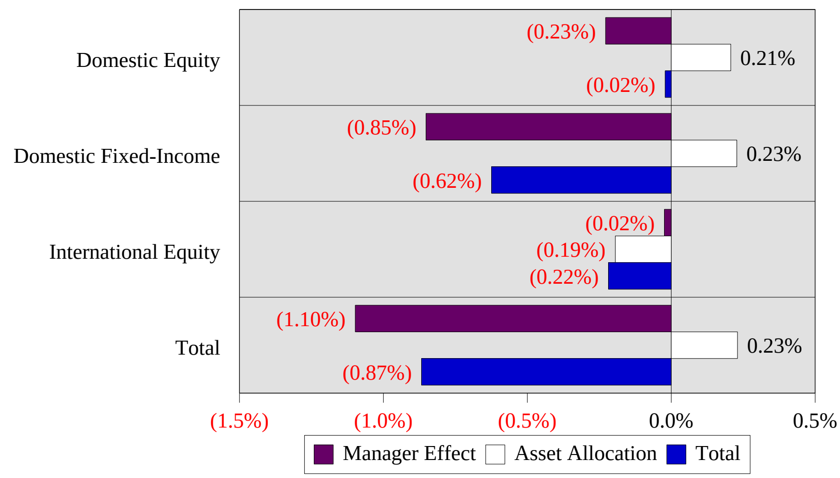
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	27%	27%	16.66%	17.41%	(0.20%)	0.09%	(0.11%)
Domestic Fixed-Income	57%	58%	2.93%	6.33%	(1.87%)	0.15%	(1.72%)
Global Equity ex US	16%	15%	13.84%	13.61%	0.02%	0.06%	0.09%
Total			**9.18%**	**= 10.92%**	**+ (2.04%)**	**+ 0.30%**	**(1.74%)**

* 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.

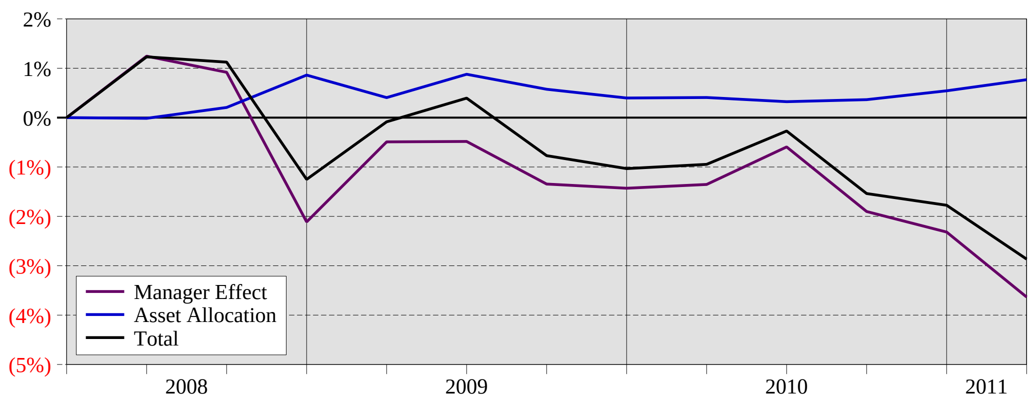
Cumulative Total Fund Relative Attribution - March 31, 2011

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

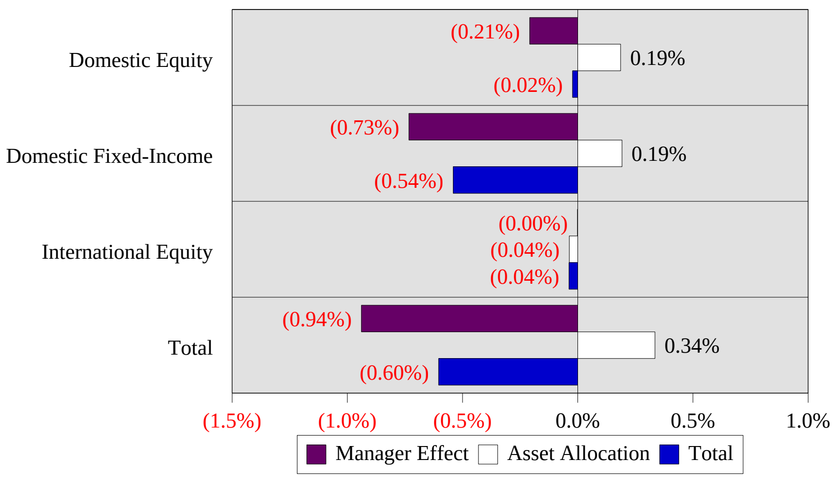
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	28%	3.08%	3.60%	(0.23%)	0.21%	(0.02%)
Domestic Fixed-Income	59%	59%	4.37%	5.72%	(0.85%)	0.23%	(0.62%)
International Equity	13%	13%	(0.55%)	(1.24%)	(0.02%)	(0.19%)	(0.22%)
Total			**4.49% =**	**5.36% +**	**(1.10%) +**	**0.23%**	**(0.87%)**

* 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.

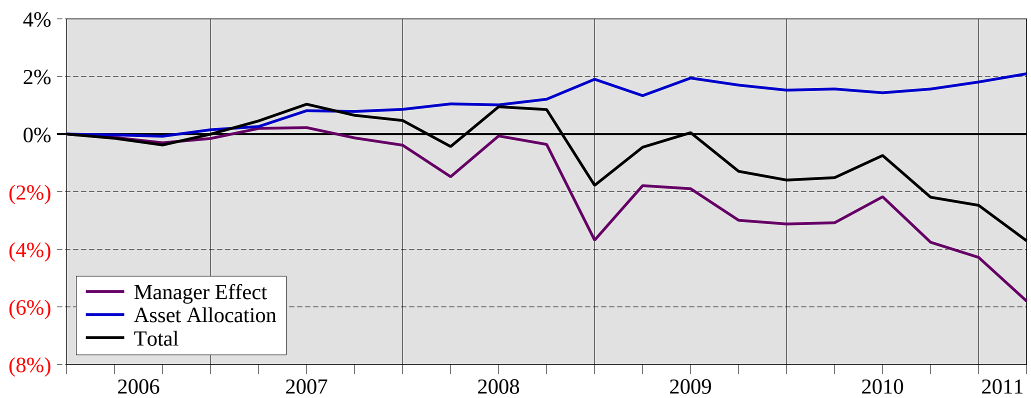
Cumulative Total Fund Relative Attribution - March 31, 2011

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

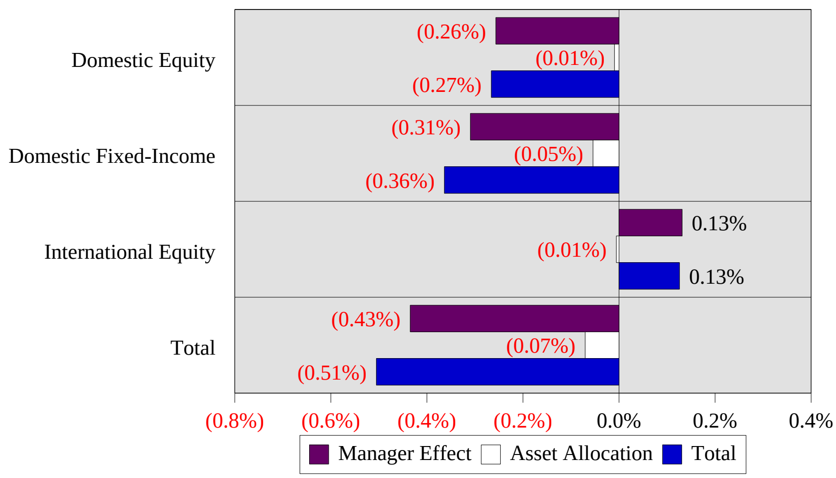
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	29%	2.24%	2.80%	(0.21%)	0.19%	(0.02%)
Domestic Fixed-Income	58%	59%	5.22%	6.37%	(0.73%)	0.19%	(0.54%)
International Equity	13%	12%	2.91%	2.41%	(0.00%)	(0.04%)	(0.04%)
Total			**4.96%** =	**5.56%** +	**(0.94%)** +	**0.34%**	**(0.60%)**

* 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.

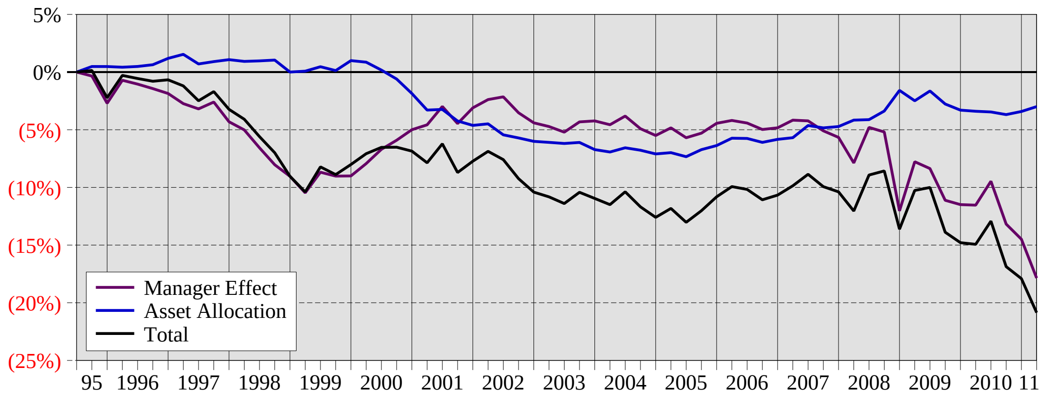
Cumulative Total Fund Relative Attribution - March 31, 2011

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 Three-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Fifteen and Three-Quarter Annualized Relative Attribution Effects

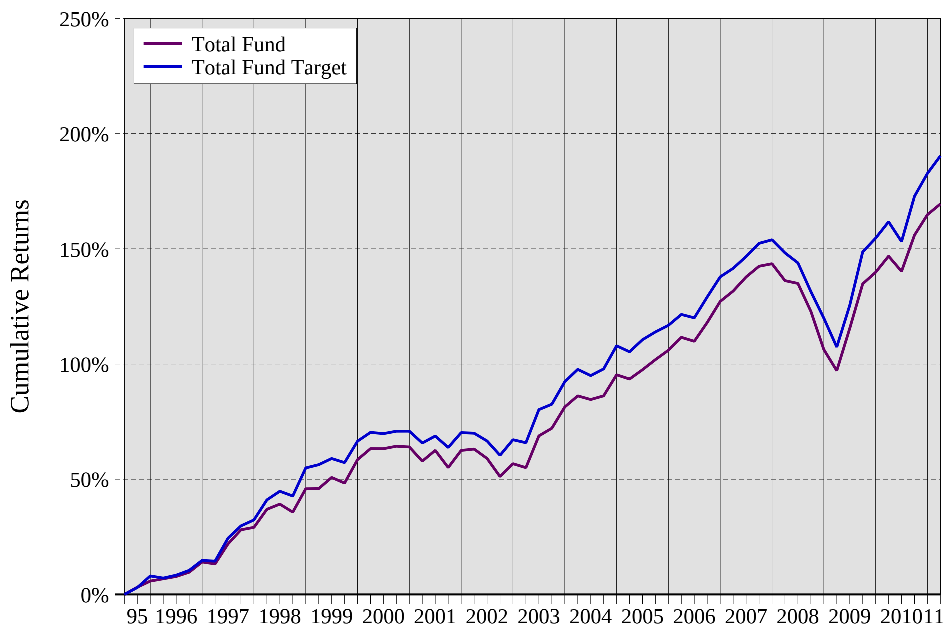
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	28%	7.03%	7.97%	(0.26%)	(0.01%)	(0.27%)
Domestic Fixed-Income	60%	62%	5.86%	6.30%	(0.31%)	(0.05%)	(0.36%)
International Equity	11%	10%	7.21%	5.59%	0.13%	(0.01%)	0.13%
Total			**6.50%** =	**7.00%** +	**(0.43%)** +	**(0.07%)**	**(0.51%)**

* 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.

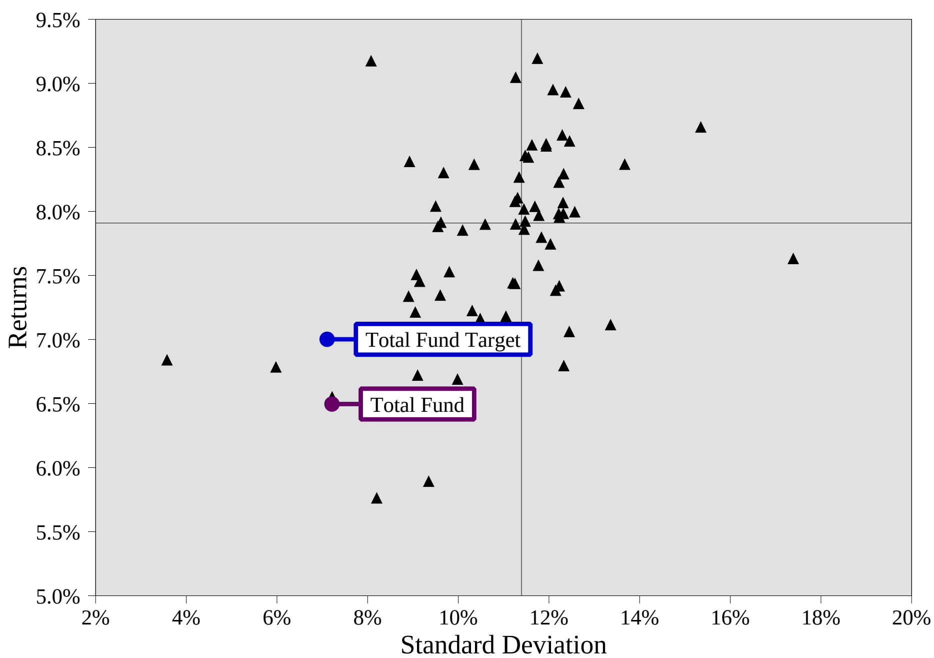
Cumulative Performance Relative to Target

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 Three-Quarter Year Annualized Risk vs Return



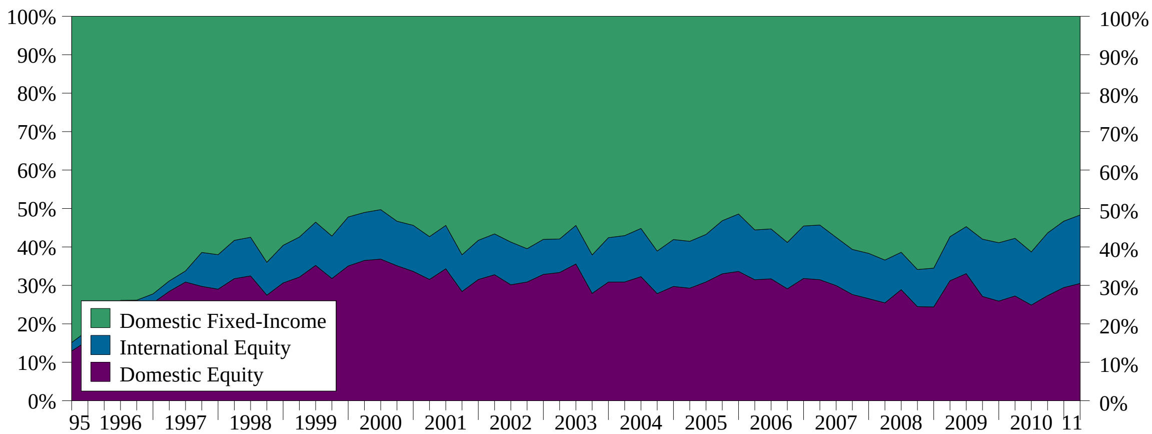
Triangles represent membership of the CAI Public Fund Sponsor Database

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

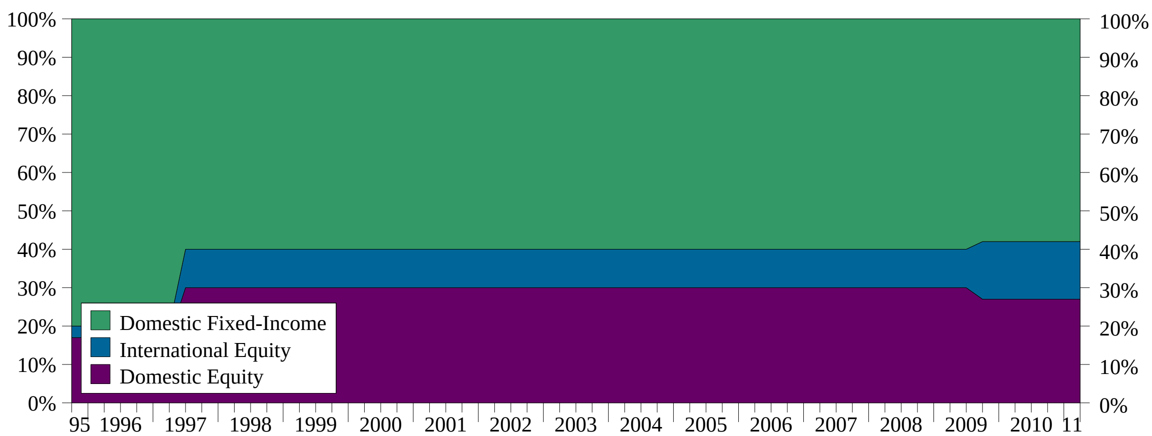
Actual vs Target Historical Asset Allocation

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

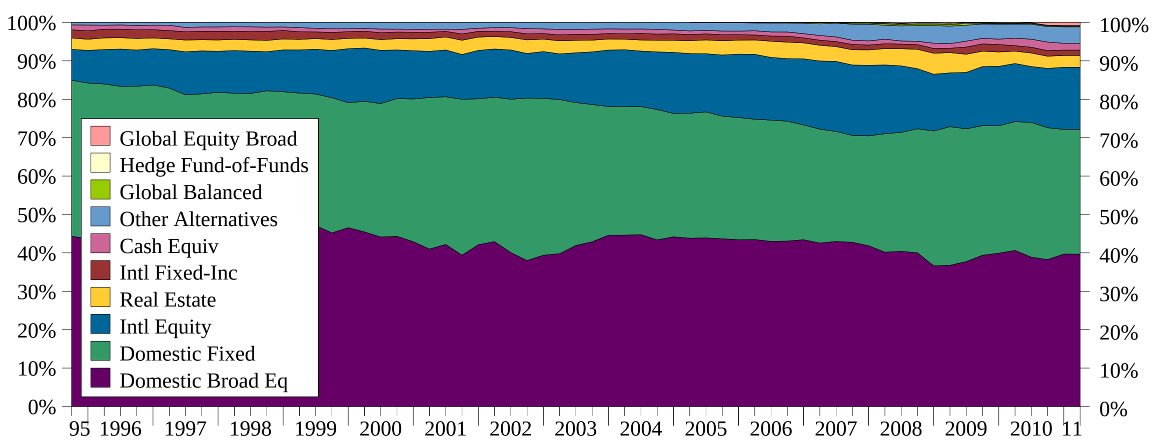
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

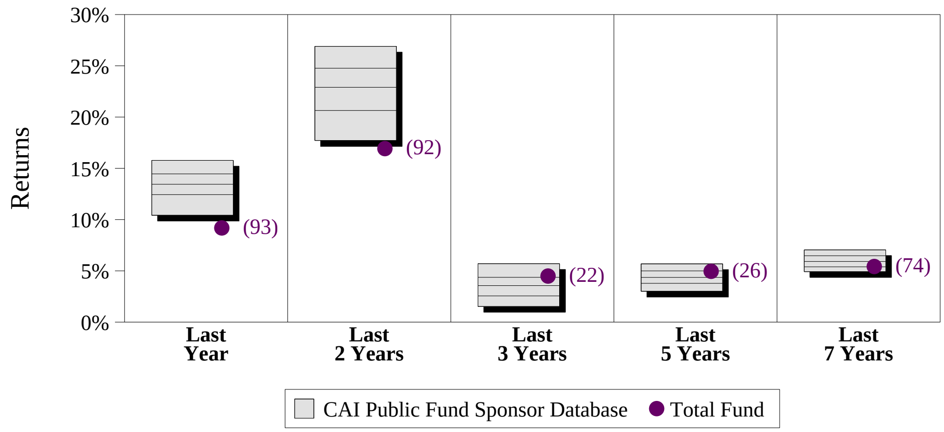


* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

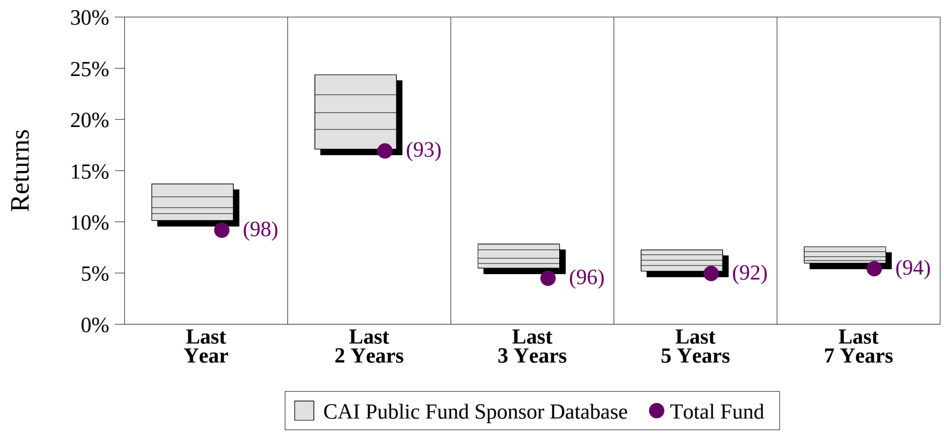
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended March 31, 2011. 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.

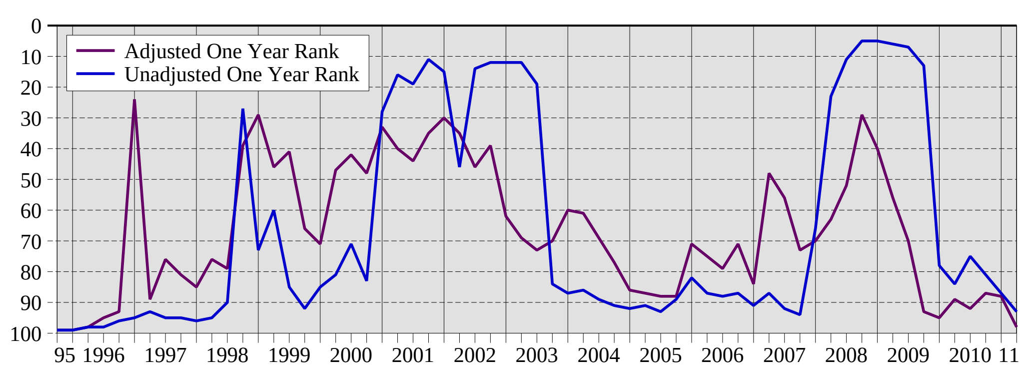
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



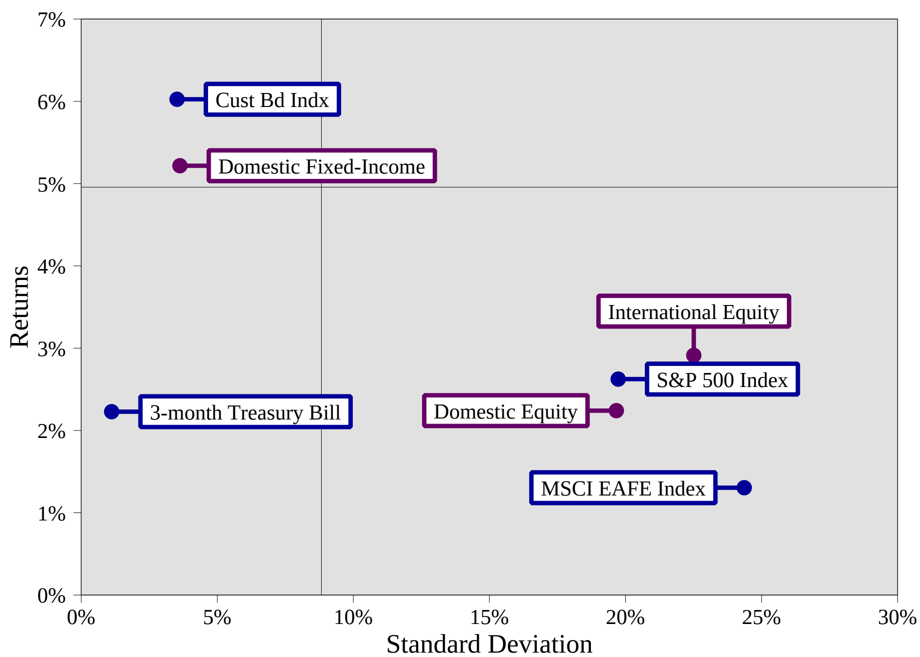
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



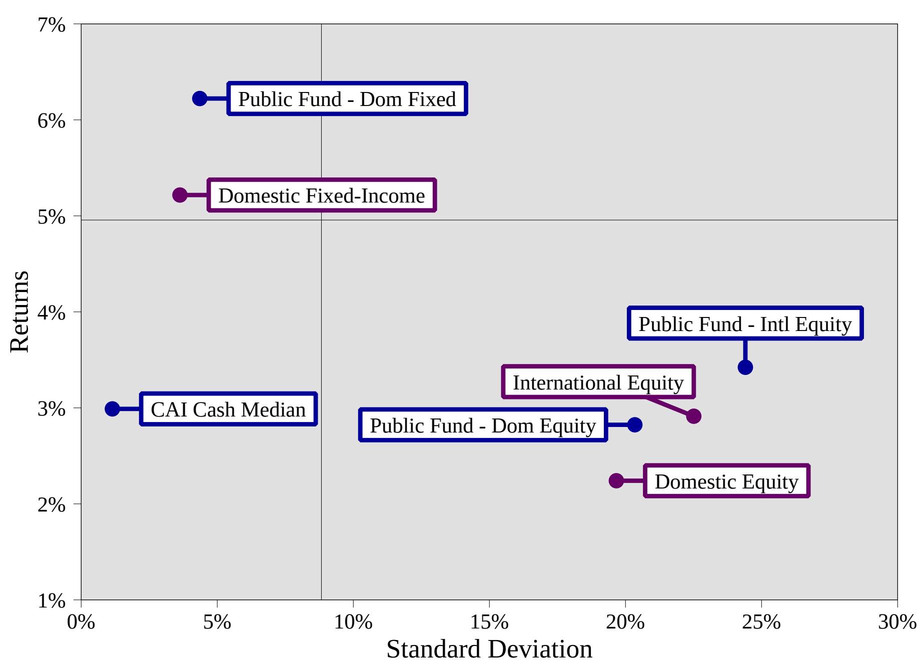
Asset Class Risk and Return

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



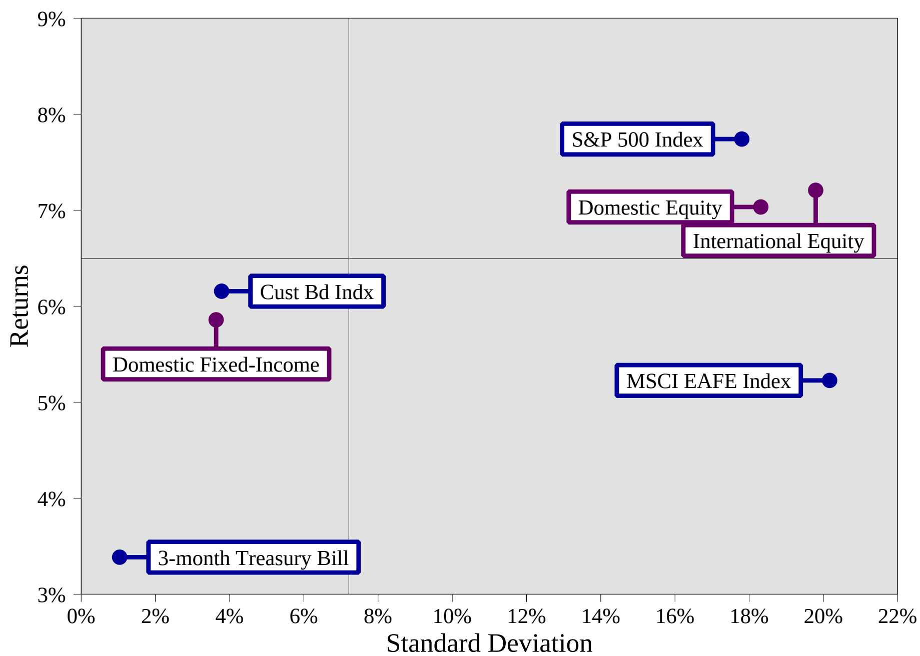
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



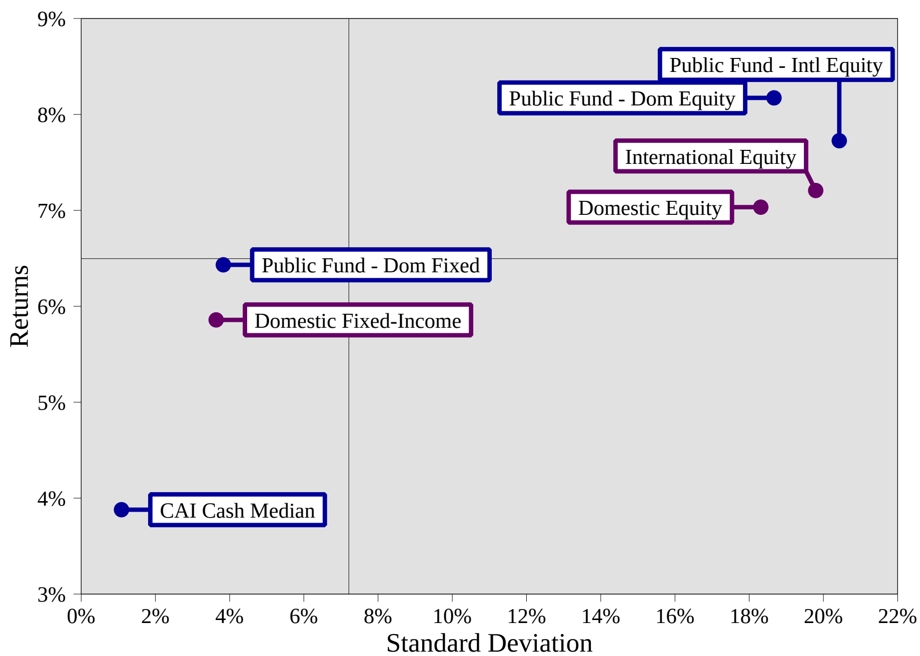
Asset Class Risk and Return

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

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



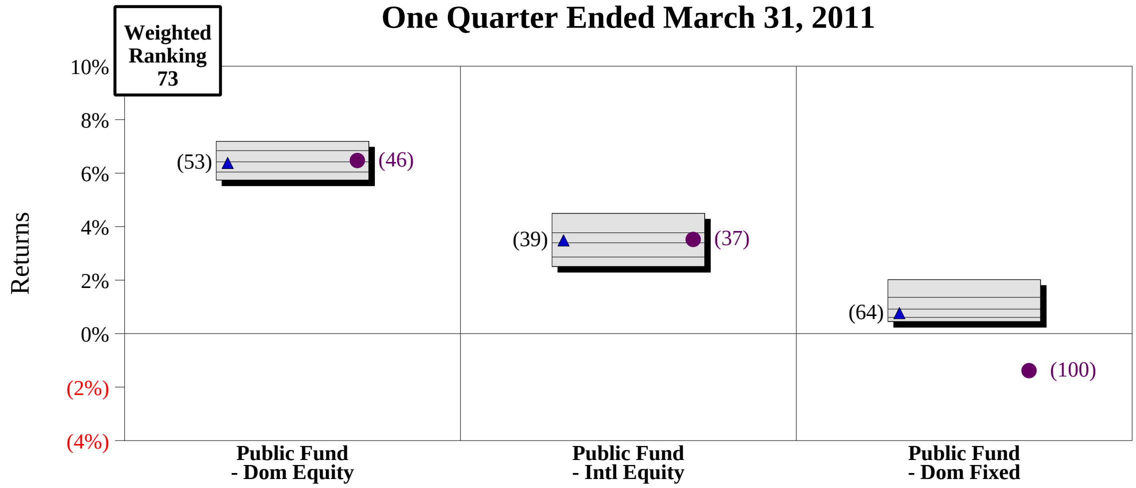
Fifteen and Three-Quarter Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



Asset Class Rankings

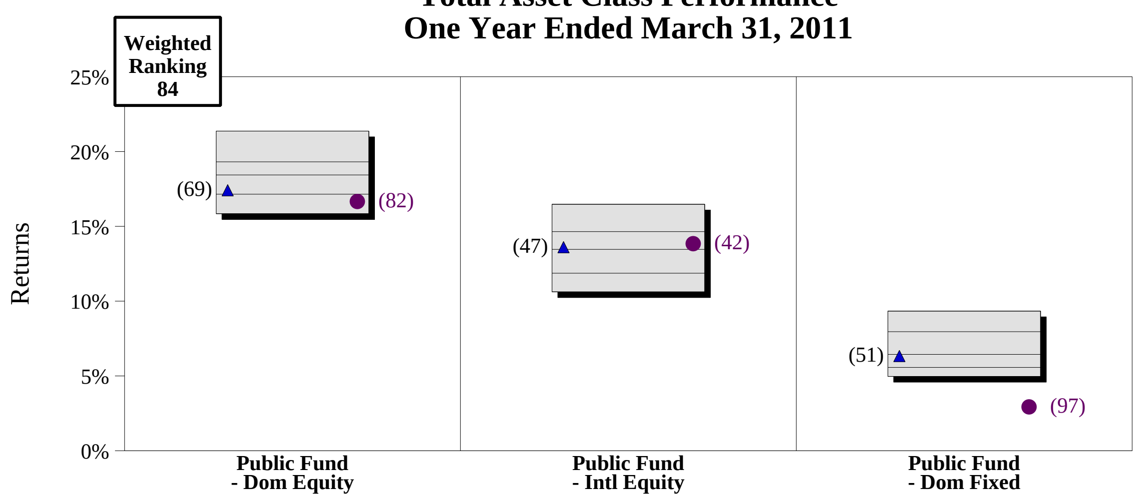
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper left corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
One Quarter Ended March 31, 2011



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	7.19	4.50	2.02
25th Percentile	6.84	3.77	1.36
Median	6.42	3.39	0.92
75th Percentile	6.04	2.86	0.61
90th Percentile	5.74	2.51	0.45
Asset Class Composite ●	6.47	3.52	(1.38)
Composite Benchmark ▲	6.38	3.49	0.77

Total Asset Class Performance
One Year Ended March 31, 2011



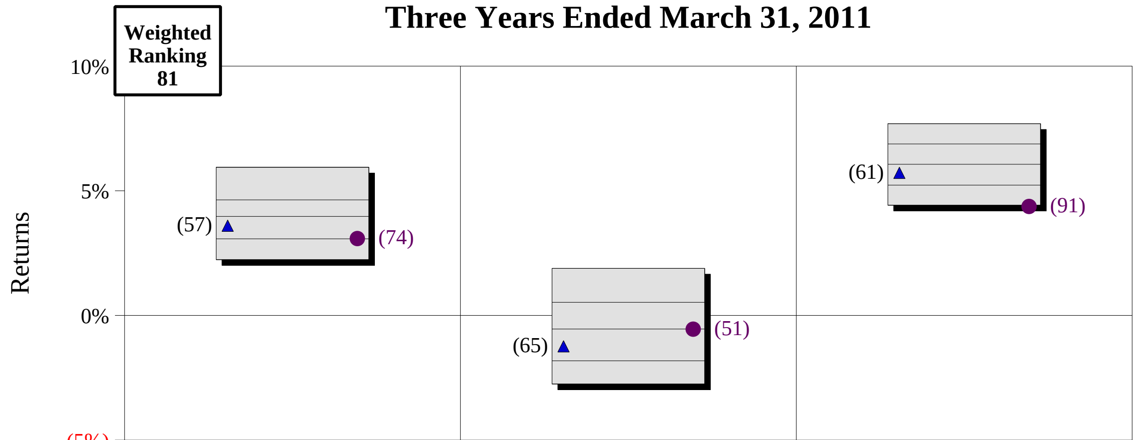
	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	21.37	16.48	9.33
25th Percentile	19.31	14.65	7.96
Median	18.44	13.46	6.44
75th Percentile	17.15	11.87	5.57
90th Percentile	15.85	10.62	4.97
Asset Class Composite ●	16.66	13.84	2.93
Composite Benchmark ▲	17.41	13.61	6.33

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

Asset Class Rankings

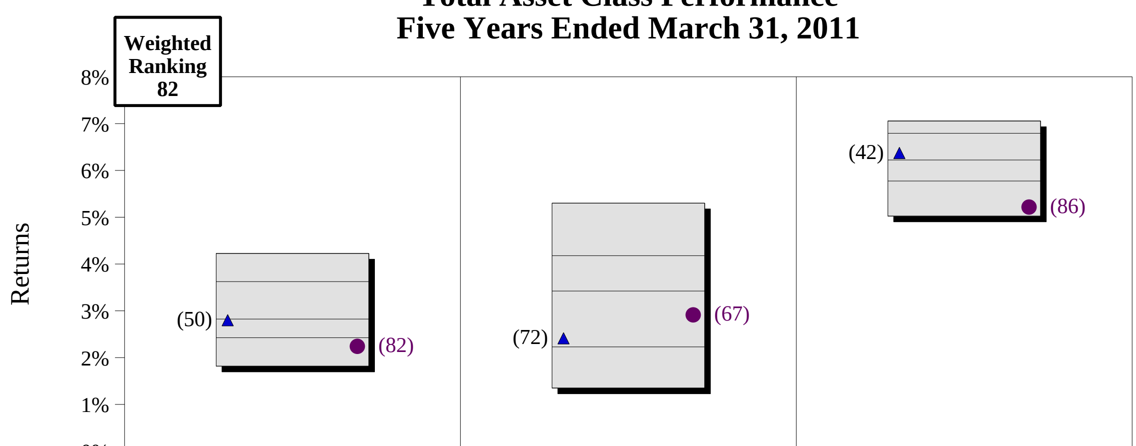
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper left corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
Three Years Ended March 31, 2011



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	5.94	1.89	7.69
25th Percentile	4.63	0.53	6.88
Median	3.97	(0.55)	6.06
75th Percentile	3.07	(1.82)	5.23
90th Percentile	2.24	(2.75)	4.42
Asset Class Composite ●	3.08	(0.55)	4.37
Composite Benchmark ▲	3.60	(1.24)	5.72

Total Asset Class Performance
Five Years Ended March 31, 2011

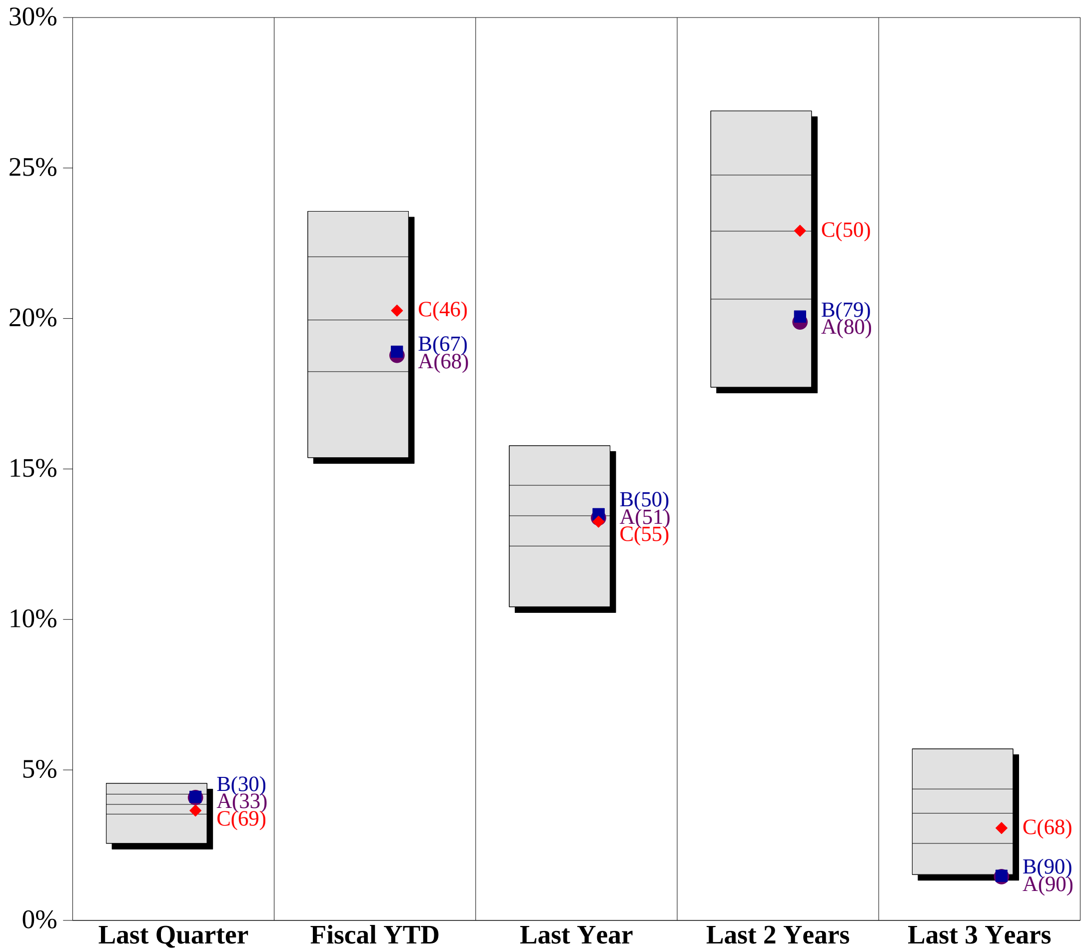


	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	4.23	5.30	7.06
25th Percentile	3.62	4.18	6.79
Median	2.82	3.42	6.22
75th Percentile	2.43	2.23	5.77
90th Percentile	1.82	1.35	5.02
Asset Class Composite ●	2.24	2.91	5.22
Composite Benchmark ▲	2.80	2.41	6.37

* 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.

Return Ranking

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



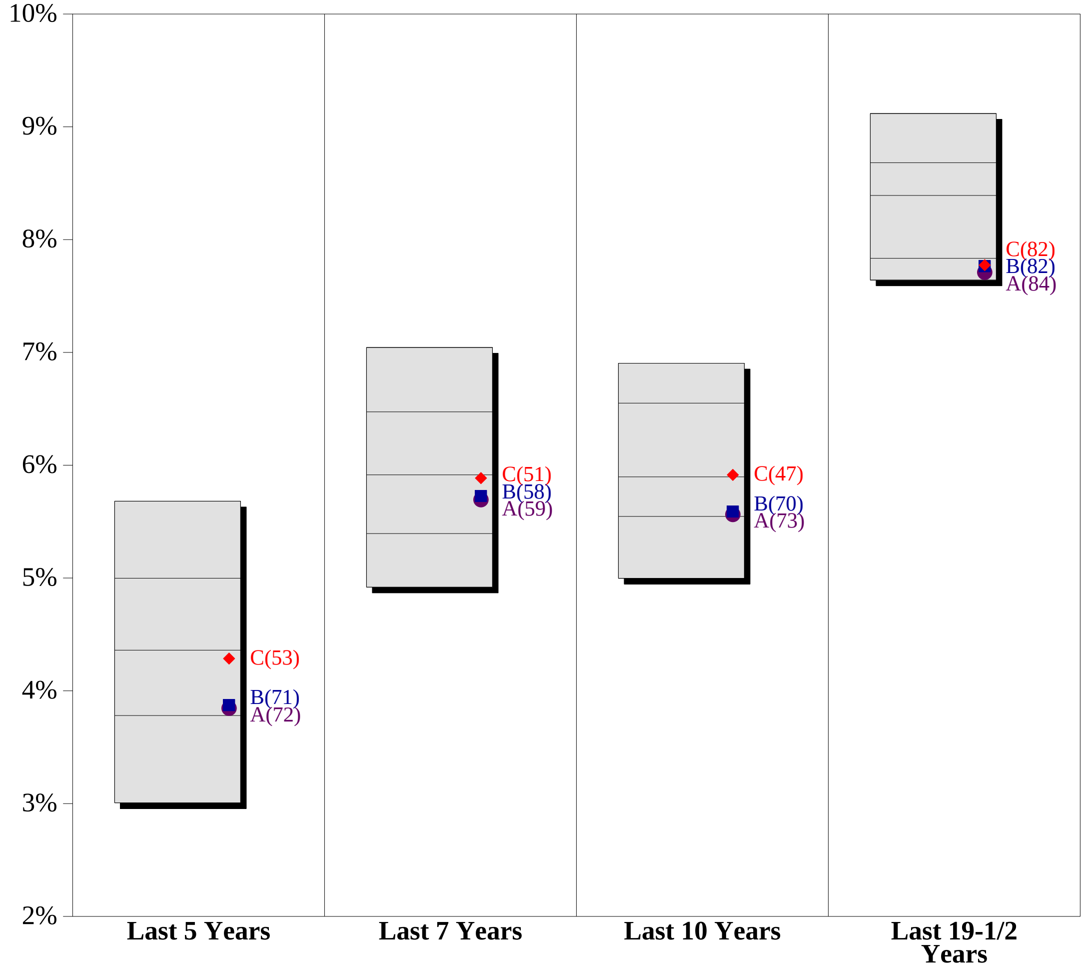
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	4.55	23.56	15.77	26.90	5.70
25th Percentile	4.20	22.05	14.46	24.77	4.37
Median	3.85	19.95	13.45	22.90	3.56
75th Percentile	3.53	18.23	12.44	20.64	2.56
90th Percentile	2.56	15.38	10.42	17.72	1.52
PERS Total Plan ● A	4.08	18.78	13.37	19.88	1.45
TRS Total Plan ■ B	4.11	18.90	13.50	20.07	1.49
Target Index ◆ C	3.65	20.26	13.25	22.92	3.07

* 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% N

ALASKA RETIREMENT MANAGEMENT BOARD
PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE
PERIODS ENDED MARCH 31, 2011

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.



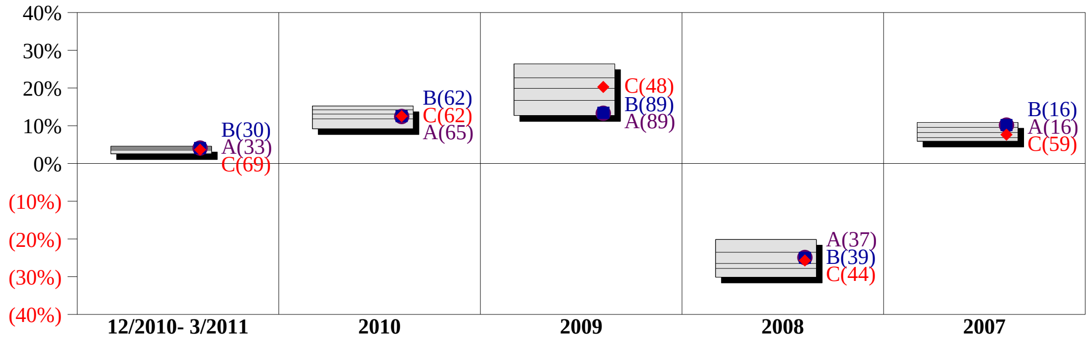
	Last 5 Years	Last 7 Years	Last 10 Years	Last 19-1/2 Years
10th Percentile	5.68	7.04	6.90	9.12
25th Percentile	5.00	6.47	6.55	8.68
Median	4.36	5.91	5.90	8.39
75th Percentile	3.78	5.39	5.55	7.83
90th Percentile	3.01	4.92	5.00	7.64
PERS Total Plan ● A	3.85	5.69	5.56	7.71
TRS Total Plan ■ B	3.87	5.73	5.59	7.76
Target Index ◆ C	4.29	5.89	5.91	7.77

* 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

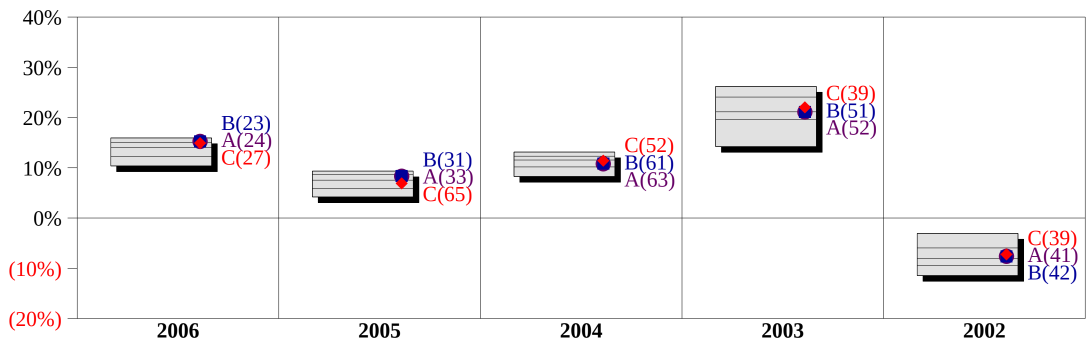
ALASKA RETIREMENT MANAGEMENT BOARD
PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE
RECENT PERIODS

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.



	12/2010- 3/2011	2010	2009	2008	2007
10th Percentile	4.55	15.24	26.40	(20.14)	10.87
25th Percentile	4.20	14.23	22.70	(23.53)	9.57
Median	3.85	13.09	19.91	(26.49)	8.20
75th Percentile	3.53	11.83	16.71	(27.81)	6.86
90th Percentile	2.56	9.19	12.73	(30.14)	5.88
PERS Total Plan ● A	4.08	12.45	13.31	(24.91)	10.17
TRS Total Plan ■ B	4.11	12.55	13.40	(24.98)	10.20
Target Index ◆ C	3.65	12.53	20.28	(25.71)	7.64



	2006	2005	2004	2003	2002
10th Percentile	15.94	9.34	13.13	26.19	(3.07)
25th Percentile	15.05	8.68	12.31	24.08	(5.96)
Median	14.04	7.54	11.55	21.14	(8.08)
75th Percentile	12.29	5.89	10.17	19.62	(9.44)
90th Percentile	10.37	4.20	8.26	14.22	(11.46)
PERS Total Plan ● A	15.24	8.31	10.79	21.11	(7.62)
TRS Total Plan ■ B	15.26	8.38	10.83	21.13	(7.62)
Target Index ◆ C	14.91	6.89	11.42	22.03	(7.24)

* 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 March 31, 2011, with the distribution as of December 31, 2010.

Asset Distribution Across Investment Managers

	March 31, 2011 Market Value	March 31, 2011 Percent	December 31, 2010 Market Value	December 31, 2010 Percent
Total Domestic Equity(T)	**$4,835,943,273**	**29.93%**	**$4,813,532,144**	**30.65%**
Large Cap Managers(T)	**$3,870,287,662**	**23.95%**	**$3,733,554,846**	**23.78%**
Barrow, Hanley	144,353,680	0.89%	133,940,502	0.85%
Lazard Asset Mgmt	353,928,314	2.19%	333,967,723	2.13%
McKinley Capital	416,661,721	2.58%	387,074,144	2.47%
Quantitative Mgmt Assoc	139,714,287	0.86%	130,131,331	0.83%
RCM	445,559,812	2.76%	425,855,793	2.71%
Relational Investors	300,739,759	1.86%	304,113,221	1.94%
SSgA Russell 1000 Growth	534,756,345	3.31%	504,391,425	3.21%
SSgA Russell 1000 Value	948,243,854	5.87%	1,150,926,901	7.33%
SSgA Russell 200	383,580,100	2.37%	363,153,807	2.31%
Analytic SSgA	98,870,762	0.61%	-	-
Analytic Buy Write	2,574,945	0.02%	-	-
RCM Holding Acct	101,304,083	0.63%	-	-
Small Cap Managers(T)	**$886,129,161**	**5.48%**	**$1,003,863,464**	**6.39%**
Jennison Associates	165,086,672	1.02%	151,219,947	0.96%
Lord, Abbett	182,143,877	1.13%	165,316,499	1.05%
Luther King	130,862,104	0.81%	116,042,729	0.74%
SSgA Russell 2000 Growth	60,105,414	0.37%	102,384,775	0.65%
SSgA Russell 2000 Value	347,931,093	2.15%	468,899,514	2.99%
Convertible Bonds	**$79,526,451**	**0.49%**	**$76,113,834**	**0.48%**
Advent Convertible Bond(T)	79,526,451	0.49%	76,113,834	0.48%
Fixed-Income (P)	**$2,785,228,511**	**17.24%**	**$2,614,635,783**	**16.65%**
International Fixed-Income Pool(T)	**$456,614,276**	**2.83%**	**$451,673,296**	**2.88%**
Mondrian	362,562,022	2.24%	359,269,078	2.29%
Lazard Emerging Income	94,052,255	0.58%	92,404,218	0.59%
High Yield(T)	**$401,129,880**	**2.48%**	**$386,937,226**	**2.46%**
MacKay Shields	401,129,880	2.48%	386,937,226	2.46%
International Equity Pool(T)	**$2,922,488,907**	**18.09%**	**$2,828,710,852**	**18.01%**
Brandes Investment	831,390,740	5.14%	875,934,832	5.58%
Capital Guardian	639,595,109	3.96%	617,647,041	3.93%
Lazard Asset Mgmt	449,847,471	2.78%	443,254,029	2.82%
McKinley Capital	372,257,272	2.30%	361,804,913	2.30%
Mondrian Intl Sm Cap	115,997,081	0.72%	111,795,538	0.71%
SSgA Int'l	390,621,761	2.42%	300,220,909	1.91%
Schroder Investment Mgmt	122,779,473	0.76%	118,053,591	0.75%
Emerging Markets Pool(T)	**$985,722,260**	**6.10%**	**$977,331,465**	**6.22%**
Capital Guardian	455,452,153	2.82%	446,406,430	2.84%
Eaton Vance	226,954,981	1.40%	225,253,882	1.43%
Lazard Emerging	303,315,126	1.88%	305,671,153	1.95%
Real Assets (P) Prelim	**$2,413,327,045**	**14.93%**	**$2,324,596,433**	**14.80%**
Private Equity(P)	**$1,429,374,417**	**8.85%**	**$1,366,500,002**	**8.70%**
Absolute Return(P)	**$744,818,157**	**4.61%**	**$727,678,883**	**4.63%**
Total All Plans(P)	**$16,159,682,093**	**100.00%**	**$15,702,682,118**	**100.00%**
Total Plans	**$16,159,682,093**	**100.0%**	**$15,702,682,118**	**100.0%**

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2011, with the distribution as of December 31, 2010.

Asset Distribution Across Investment Managers

	March 31, 2011		December 31, 2010	
	Market Value	**Percent**	**Market Value**	**Percent**
PERS	6,248,388,089	38.67%	6,073,746,224	38.68%
TRS	3,122,021,641	19.32%	3,066,257,229	19.53%
JRS	109,874,864	0.68%	106,848,422	0.68%
Military Total Plan	32,925,921	0.20%	32,790,835	0.21%
PERS Health Care	5,031,701,824	31.14%	4,854,979,144	30.92%
TRS Health Care	1,594,581,740	9.87%	1,548,611,773	9.86%
JRS Health Care	20,188,014	0.12%	19,448,491	0.12%
Total All Plans	**$16,159,682,093**	**100.0%**	**$15,702,682,118**	**100.0%**

(T) Total Pool
(P) Pension Pool

Investment Manager Returns

The table below details the rates of return for the Sponsor’s investment managers over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund’s accounts for that asset class.

Returns for Periods Ended March 31, 2011

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Equity Pool	**6.85%**	**33.19%**	**17.97%**	**3.74%**	**2.57%**
Large Cap Managers	**6.33%**	**31.81%**	**16.46%**	**2.85%**	**2.54%**
Barrow, Hanley	7.77%	32.72%	16.63%	5.21%	-
Barrow, Hanley(net)	7.65%	32.34%	16.12%	4.70%	-
Lazard Asset Mgmt.	5.97%	30.11%	14.26%	3.91%	4.30%
Lazard Asset Mgmt(net)	5.89%	29.87%	13.93%	3.59%	3.98%
McKinley Capital	7.64%	33.89%	19.43%	2.77%	3.58%
McKinley Capital(net)	7.55%	33.61%	19.06%	2.40%	3.21%
Quantitative Mgmt Assoc.	7.36%	32.14%	16.09%	2.80%	-
Quantitative Mgmt(net)	7.27%	31.86%	15.71%	2.41%	-
RCM	4.63%	31.60%	14.43%	5.09%	4.27%
RCM(net)	4.55%	31.38%	14.12%	4.77%	3.96%
Relational Investors(net)	7.68%	40.48%	24.73%	5.43%	1.60%
SSgA Russell 1000 Growth	6.02%	33.90%	18.50%	5.25%	-
SSgA Russell 1000 Gr(net)	6.01%	33.87%	18.46%	5.21%	-
SSgA Russell 1000 Value	6.33%	29.36%	15.02%	0.91%	-
SSgA Russell 1000 Val(net)	6.32%	29.34%	14.99%	0.88%	-
SSgA Russell 200	5.62%	29.15%	13.69%	1.39%	-
SSgA Russell 200(net)	5.61%	29.12%	13.64%	1.36%	-
Standard & Poor’s 500 Index	5.92%	30.56%	15.65%	2.35%	2.62%
Small Cap Managers	**8.87%**	**39.05%**	**24.12%**	**6.93%**	**2.61%**
Jennison Associates	9.17%	43.42%	30.08%	10.82%	6.27%
Jennison Associates(net)	8.98%	42.85%	29.31%	10.05%	5.52%
Lord, Abbett	10.18%	33.43%	17.18%	5.07%	2.83%
Lord, Abbett(net)	10.01%	32.91%	16.47%	4.37%	2.14%
Luther King	12.77%	51.96%	37.45%	10.57%	3.99%
Luther King(net)	12.64%	51.55%	36.90%	10.02%	3.45%
SSgA Russell 2000 Growth	10.33%	45.64%	32.25%	9.60%	-
SSgA Russell 2000 Gr(net)	10.32%	45.60%	32.20%	9.55%	-
SSgA Russell 2000 Value	7.22%	35.62%	20.83%	7.06%	-
SSgA Russell 2000 Val(net)	7.21%	35.59%	20.79%	7.02%	-
Russell 2000 Index	7.94%	39.65%	25.79%	8.57%	3.35%
Convertible Bond	**4.48%**	**18.27%**	**14.25%**	-	-
Advent Capital	4.48%	18.27%	14.25%	-	-
Advent Capital(net)	4.29%	17.69%	13.48%	-	-
International Equity Pool	**3.27%**	**26.90%**	**12.26%**	**(1.64%)**	**2.24%**
Brandes Investment	3.93%	23.72%	9.31%	(0.29%)	2.96%
Brandes Investment(net)	3.83%	23.41%	8.90%	(0.71%)	2.54%
Capital Guardian	3.55%	29.47%	15.12%	(1.30%)	2.35%
Capital Guardian(net)	3.45%	29.17%	14.71%	(1.72%)	1.93%
Lazard Asset Intl	1.49%	24.61%	9.58%	0.05%	2.97%
Lazard Asset Intl(net)	1.41%	24.36%	9.26%	(0.28%)	2.65%
McKinley Capital	2.89%	31.15%	16.33%	(5.68%)	0.52%
McKinley Capital(net)	2.76%	30.76%	15.81%	(6.20%)	0.00%
SSgA Int’l	3.35%	29.76%	14.43%	-	-
SSgA Int’l(net)	3.22%	29.37%	13.90%	-	-
Schroder Inv Mgmt	4.00%	-	-	-	-
Schroder Inv Mgmt(net)	3.81%	-	-	-	-
Mondrian Intl Sm Cap	3.76%	-	-	-	-
Mondrian Intl Sm Cap(net)	3.56%	-	-	-	-
MSCI EAFE Index	3.36%	28.36%	10.42%	(3.01%)	1.30%
MSCI ACWI ex-US IMI Index	3.22%	29.88%	14.06%	(0.26%)	3.83%
Emerging Markets Pool	**0.86%**	**26.48%**	**16.12%**	**4.09%**	**11.36%**
Capital Guardian(net)	2.03%	26.04%	16.58%	4.74%	12.39%
Lazard Emerging(net)	(0.77%)	26.19%	14.90%	4.20%	-
Eaton Vance(net)	0.76%	27.72%	16.85%	1.90%	-
MSCI Emerging Mkts	2.10%	29.52%	18.78%	4.62%	11.01%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2011

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Total Fixed-Income Pool	**0.47%**	**3.06%**	**5.80%**	**5.94%**	**6.19%**
US Treas Pool	0.19%	0.52%	4.09%	-	-
BC Govt/Credit Bd	0.28%	1.33%	5.26%	4.82%	5.83%
BC Aggregate Index	0.42%	1.57%	5.12%	5.30%	6.03%
BC Intmdt Treas	(0.04%)	0.48%	4.06%	3.39%	5.52%
International Fixed-Income Pool	**1.09%**	**9.44%**	**7.14%**	**5.41%**	**9.30%**
Mondrian Investment Partners	0.92%	10.63%	9.62%	6.05%	9.70%
Mondrian Inv Partners(net)	0.87%	10.48%	9.41%	5.83%	9.48%
Lazard Emerging Income	1.78%	7.70%	2.62%	-	-
Lazard Emerging Income(net)	1.72%	7.51%	2.37%	-	-
Citi Non-US Gvt Bd Idx	0.97%	9.90%	8.52%	3.25%	7.83%
High Yield	**3.67%**	**12.87%**	**13.44%**	**10.26%**	**7.84%**
MacKay Shields	3.67%	10.92%	12.08%	10.68%	8.22%
MacKay Shields(net)	3.56%	10.59%	11.63%	10.23%	7.77%
High Yield Target(1)	3.90%	14.27%	14.18%	12.69%	9.01%
Real Assets(Prelim)	**4.33%**	**9.48%**	**12.22%**	**-**	**-**
Real Assets Target	2.75%	9.05%	12.23%	(0.26%)	5.39%
Real Estate Pool(Prelim)	6.10%	14.88%	17.84%	(10.23%)	(0.68%)
Real Estate Target	3.77%	14.04%	16.97%	(2.31%)	3.79%
REIT Internal Portfolio	7.63%	31.66%	26.45%	0.56%	(0.03%)
NAREIT Equity Index	7.50%	30.31%	25.02%	2.64%	1.70%
UBS Agrivest(3)	7.52%	9.66%	10.76%	9.51%	10.35%
Hancock Agricultural(3)	5.10%	7.57%	8.76%	10.20%	9.92%
Timberland Investment Resources(3)	2.09%	4.15%	(1.97%)	-	-
Hancock Timber Resource(3)	5.80%	7.21%	6.64%	-	-
TIPS Internal Portfolio	1.89%	3.74%	7.97%	3.83%	-
Total TCW Energy Funds(2)	5.63%	11.53%	16.73%	10.69%	14.48%
CPI + 5%	3.46%	6.64%	8.04%	6.70%	7.41%
Private Equity	**6.35%**	**12.51%**	**19.30%**	**0.38%**	**9.06%**
Absolute Return	**2.41%**	**5.61%**	**6.14%**	**(0.47%)**	**2.34%**
Total All Plans	**4.09%**	**18.75%**	**13.36%**	**1.53%**	**3.89%**
Employees' Total Plan	4.08%	18.78%	13.37%	1.45%	3.85%
Teachers' Total Plan	4.11%	18.90%	13.50%	1.49%	3.87%
PERS & TRS Policy Target	3.65%	20.26%	13.25%	3.07%	4.29%
Judicial Total Plan	4.08%	18.84%	13.42%	1.56%	3.52%
PERS Health PLan	4.10%	18.66%	13.29%	2.60%	-
TRS Health Plan	4.10%	18.73%	13.36%	2.77%	-
JRS Health Plan	4.10%	18.80%	13.42%	2.34%	-
Military Total Plan	1.76%	12.18%	9.18%	4.49%	4.96%

* 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.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2011

	Last 7 Years	Last 10 Years	Last 19-1/2 Years
Domestic Equity Pool	**4.35%**	**3.65%**	**8.12%**
Large Cap Managers	**4.11%**	**3.14%**	**8.10%**
Lazard Asset Mgmt.	5.52%	4.45%	-
Lazard Asset Mgmt(net)	5.20%	4.12%	-
McKinley Capital	5.15%	2.90%	-
McKinley Capital(net)	4.77%	2.51%	-
RCM	5.64%	2.95%	-
RCM(net)	5.33%	2.64%	-
Standard & Poor's 500 Index	4.46%	3.29%	8.67%
Small Cap Managers	**5.11%**	**5.37%**	**-**
Russell 2000 Index	6.60%	7.87%	9.73%
Fixed-Income Pool	**5.10%**	**5.75%**	**6.86%**
BC Govt/Credit	4.49%	5.53%	6.58%
BC Aggregate	4.77%	5.56%	6.55%
International Fixed-Income Pool	**6.86%**	**10.11%**	**-**
Mondrian Investment Partners	7.14%	10.31%	-
Mondrian Inv Partners(net)	6.93%	10.11%	-
Citi Non-US Gvt Bd Idx	5.54%	8.07%	7.07%
International Equity Pool	**7.11%**	**6.32%**	**7.62%**
Brandes Investment	7.75%	8.11%	-
Brandes Investment(net)	7.33%	7.68%	-
Capital Guardian	6.95%	-	-
Capital Guardian(net)	6.54%	-	-
Lazard Asset Intl	7.30%	5.67%	-
Lazard Asset Intl(net)	6.97%	5.34%	-
MSCI Europe Index	7.01%	5.68%	8.31%
MSCI Pacific ex-Japan	13.62%	13.70%	9.43%
MSCI EAFE Index	6.24%	5.39%	5.65%
Emerging Markets Pool	**16.75%**	**16.86%**	**-**
Capital Guardian(net)	17.54%	17.02%	-
MSCI Emerging Mkts	16.54%	17.12%	10.69%
Citigroup Non-US Govt	5.54%	8.07%	7.07%
Real Estate(Prelim)	**4.14%**	**5.35%**	**5.73%**
Real Estate Target	7.77%	8.11%	7.55%
Total All Plans	**5.73%**	**5.59%**	**7.73%**
Employees' Total Plan	5.69%	5.56%	7.71%
Teachers' Total Plan	5.73%	5.59%	7.76%
PERS & TRS Policy Target	5.89%	5.91%	7.77%
Judicial Total Plan	5.38%	5.58%	7.29%
Military Total Plan	5.42%	5.49%	7.08%

* 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 March 31, 2011. 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.

	6/2010-3/2011	FY 2010	FY 2009	FY 2008	FY 2007
Domestic Equity Pool	**33.19%**	**15.46%**	**(26.74%)**	**(13.53%)**	**20.11%**
Large Cap Managers	**31.81%**	**13.80%**	**(26.29%)**	**(13.48%)**	**20.88%**
Barrow, Hanley	32.72%	17.08%	(23.43%)	(18.85%)	-
Barrow, Hanley(net)	32.34%	16.57%	(23.95%)	(19.35%)	-
Lazard Asset Mgmt.	30.11%	12.73%	(21.99%)	(12.77%)	24.63%
Lazard Asset Mgmt(net)	29.87%	12.41%	(22.31%)	(13.10%)	24.31%
McKinley Capital	33.89%	14.27%	(30.58%)	(1.04%)	16.47%
McKinley Capital(net)	33.61%	13.89%	(30.97%)	(1.40%)	16.09%
Quantitative Mgmt Assoc.	32.14%	16.51%	(25.93%)	(18.02%)	-
Quantitative Mgmt(net)	31.86%	16.12%	(26.33%)	(18.40%)	-
RCM	31.60%	9.14%	(19.81%)	(5.99%)	17.90%
RCM(net)	31.38%	8.82%	(20.14%)	(6.29%)	17.59%
Relational Investors(net)	40.48%	16.06%	(26.56%)	(27.40%)	32.37%
SSgA Russell 1000 Growth	33.90%	13.77%	(24.41%)	(5.79%)	-
SSgA Russell 1000 Gr(net)	33.87%	13.73%	(24.45%)	(5.82%)	-
SSgA Russell 1000 Value	29.36%	17.10%	(28.40%)	(18.68%)	-
SSgA Russell 1000 Val(net)	29.34%	17.06%	(28.44%)	(18.71%)	-
SSgA Russell 200	29.15%	11.39%	(24.90%)	(12.22%)	-
SSgA Russell 200(net)	29.12%	11.35%	(24.93%)	(12.26%)	-
Standard & Poor's 500 Index	30.56%	14.43%	(26.21%)	(13.12%)	20.59%
Small Cap Managers	**39.05%**	**21.11%**	**(28.98%)**	**(13.03%)**	**16.86%**
Jennison Associates	43.42%	26.29%	(26.43%)	(11.12%)	21.89%
Jennison Associates(net)	42.85%	25.52%	(27.21%)	(11.84%)	21.17%
Lord, Abbett	33.43%	15.11%	(29.62%)	(4.37%)	21.39%
Lord, Abbett(net)	32.91%	14.41%	(30.33%)	(5.05%)	20.70%
Luther King	51.96%	20.95%	(26.31%)	(16.44%)	15.09%
Luther King(net)	51.55%	20.40%	(26.85%)	(16.97%)	14.56%
SSgA Russell 2000 Growth	45.64%	13.88%	(24.23%)	-	-
SSgA Russell 2000 Gr(net)	45.60%	13.83%	(24.28%)	-	-
SSgA Russell 2000 Value	35.62%	23.98%	(24.43%)	(21.79%)	-
SSgA Russell 2000 Val(net)	35.59%	23.94%	(24.48%)	(21.84%)	-
Russell 2000 Index	39.65%	21.48%	(25.01%)	(16.19%)	16.43%
International Equity Pool	**26.90%**	**8.51%**	**(30.37%)**	**(9.36%)**	**27.85%**
Brandes Investment	23.72%	6.05%	(23.76%)	(13.07%)	29.88%
Brandes Investment(net)	23.41%	5.64%	(24.19%)	(13.50%)	29.45%
Capital Guardian	29.47%	10.44%	(31.73%)	(7.66%)	25.60%
Capital Guardian(net)	29.17%	10.03%	(32.16%)	(8.07%)	25.19%
Lazard Asset Intl	24.61%	8.84%	(23.86%)	(8.53%)	23.17%
Lazard Asset Intl(net)	24.36%	8.51%	(24.19%)	(8.85%)	22.85%
McKinley Capital	31.15%	9.26%	(42.91%)	(5.35%)	31.53%
McKinley Capital(net)	30.76%	8.73%	(43.45%)	(5.85%)	31.02%
MSCI Europe Index	32.78%	5.70%	(34.53%)	(11.34%)	32.44%
MSCI Pacific ex-Japan	35.89%	18.43%	(27.66%)	(1.83%)	42.56%
MSCI EAFE Index	28.36%	5.92%	(31.35%)	(10.61%)	27.00%
Emerging Markets Pool	**26.48%**	**22.84%**	**(24.96%)**	**3.96%**	**48.02%**
Capital Guardian(net)	26.04%	22.83%	(23.08%)	3.78%	52.08%
Lazard Emerging(net)	26.19%	25.16%	(27.63%)	-	-
Eaton Vance(net)	27.72%	23.02%	(29.47%)	-	-
MSCI Emerging Mkts	29.52%	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 March 31, 2011. 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.

	6/2010-3/2011	FY 2010	FY 2009	FY 2008	FY 2007
Total Fixed-Income Pool	**3.06%**	**11.63%**	**3.65%**	**6.55%**	**6.19%**
US Treas Pool	0.52%	-	-	-	-
BC Govt/Credit Bd	1.33%	9.65%	5.26%	7.24%	6.00%
BC Aggregate Index	1.57%	9.50%	6.05%	7.12%	6.12%
BC Intmdt Treas	0.48%	5.84%	6.12%	9.76%	5.29%
International Fixed-Income Pool	**9.44%**	**7.54%**	**4.88%**	**18.97%**	**1.97%**
Mondrian Investment Partners	10.63%	5.76%	7.43%	18.97%	1.97%
Mondrian Inv Partners(net)	10.48%	5.53%	7.21%	18.76%	1.75%
Lazard Emerging Income	7.70%	11.87%	-	-	-
Lazard Emerging Income(net)	7.51%	11.62%	-	-	-
Citi Non-US Gvt Bd Idx	9.90%	1.52%	3.53%	18.72%	2.19%
High Yield	**12.87%**	**19.67%**	**(2.40%)**	**(1.00%)**	**10.83%**
MacKay Shields	10.92%	21.65%	(1.72%)	0.56%	10.54%
MacKay Shields(net)	10.59%	21.20%	(2.17%)	0.11%	10.09%
High Yield Target(1)	14.27%	27.53%	(3.53%)	(2.11%)	11.69%
Real Assets(Prelim)	**9.48%**	**(0.09%)**	**(21.62%)**	-	-
Real Assets Target	9.05%	1.17%	(10.82%)	12.24%	14.18%
Real Estate Pool(Prelim)	14.88%	(3.80%)	(34.26%)	5.11%	21.18%
Real Estate Target	14.04%	3.65%	(21.13%)	6.82%	16.90%
REIT Internal Portfolio	31.66%	52.24%	(46.49%)	(15.72%)	12.18%
NAREIT Equity Index	30.31%	53.90%	(43.29%)	(13.64%)	12.57%
UBS Agrivest(3)	9.66%	4.01%	4.90%	17.04%	13.25%
Hancock Agricultural(3)	7.57%	8.50%	7.99%	13.58%	10.68%
Timberland Investment Resources(3)	4.15%	(3.01%)	-	-	-
Hancock Timber Resource(3)	7.21%	(2.74%)	-	-	-
TIPS Internal Portfolio	3.74%	7.18%	1.22%	-	-
Total TCW Energy Funds(2)	11.53%	12.74%	(3.77%)	33.66%	19.38%
CPI + 5%	6.64%	6.36%	3.02%	10.55%	7.67%
Private Equity	**12.51%**	**18.87%**	**(23.67%)**	**13.19%**	**28.74%**
Absolute Return	**5.61%**	**6.60%**	**(12.49%)**	**1.52%**	**10.00%**
Total All Plans	**18.75%**	**11.62%**	**(20.49%)**	**(3.13%)**	**18.93%**
Employees' Total Plan	18.78%	11.39%	(20.53%)	(3.13%)	18.93%
Teachers' Total Plan	18.90%	11.58%	(20.67%)	(3.12%)	18.97%
PERS & TRS Policy Target	20.26%	11.11%	(17.00%)	(4.73%)	16.99%
Judicial Total Plan	18.84%	11.92%	(20.51%)	(4.69%)	18.48%
PERS Health PLan	18.66%	11.87%	(17.61%)	-	-
TRS Health Plan	18.73%	12.04%	(17.45%)	-	-
JRS Health Plan	18.80%	11.89%	(17.82%)	-	-
Military Total Plan	12.18%	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 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.

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%)**
Absolute Return	**10.51%**	**-**	**-**	**-**	**-**
High Yield	**5.55%**	**-**	**-**	**-**	**-**
MacKay Shields	5.42%	-	-	-	-
MacKay Shields(net)	4.97%	-	-	-	-
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%	15.38%	4.25%	(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, 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 June 30, 2010

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 8 Years
Total Fund	**(4.53%)**	**11.62%**	**(4.87%)**	**2.73%**	**5.09%**
Total Fund(net)	**(4.61%)**	**11.28%**	**(5.19%)**	**2.40%**	**4.77%**
PERS	(4.55%)	11.39%	(5.00%)	2.65%	5.03%
PERS(net)	(4.62%)	11.05%	(5.33%)	2.31%	4.71%
TRS	(4.54%)	11.58%	(4.99%)	2.66%	5.05%
TRS(Net)	(4.62%)	11.23%	(5.32%)	2.34%	4.74%
PERS Health	(4.53%)	11.87%	-	-	-
PERS Health(net)	(4.61%)	11.53%	-	-	-
TRS Health	(4.52%)	12.04%	-	-	-
TRS Health(net)	(4.60%)	11.70%	-	-	-

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, 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 June 30, 2010

	Last 10 Years	Last 18-3/4 Years
Total Fund	**2.90%**	**7.08%**
Total Fund(net)	**2.60%**	**6.78%**
PERS(net)	2.55%	6.74%
TRS(Net)	2.56%	6.78%

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, 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.

	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
Total Fund	**11.62%**	**(20.36%)**	**(3.15%)**	**18.93%**	**11.75%**
Total Fund(net)	**11.28%**	**(20.72%)**	**(3.41%)**	**18.59%**	**11.44%**
PERS	11.39%	(20.53%)	(3.13%)	18.93%	11.74%
PERS(net)	11.05%	(20.92%)	(3.40%)	18.59%	11.43%
TRS	11.58%	(20.67%)	(3.12%)	18.97%	11.78%
TRS(Net)	11.23%	(21.01%)	(3.38%)	18.63%	11.47%
PERS Health	11.87%	(17.61%)	-	-	-
PERS Health(net)	11.53%	(17.98%)	-	-	-
TRS Health	12.04%	(17.45%)	-	-	-
TRS Health(net)	11.70%	(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, 2005. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001
Total Fund	**8.96%**	**15.08%**	**3.68%**	**(5.47%)**	**(5.37%)**
Total Fund(net)	**8.68%**	**14.76%**	**3.38%**	**(5.70%)**	**(5.63%)**
PERS	8.95%	15.08%	3.67%	(5.48%)	(5.37%)
PERS(net)	8.67%	14.76%	3.38%	(5.72%)	(5.63%)
TRS	9.01%	15.09%	3.68%	(5.49%)	(5.44%)
TRS(Net)	8.73%	14.78%	3.39%	(5.72%)	(5.70%)

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.

Domestic Equity

TOTAL DOMESTIC EQUITY POOL
PERIOD ENDED MARCH 31, 2011

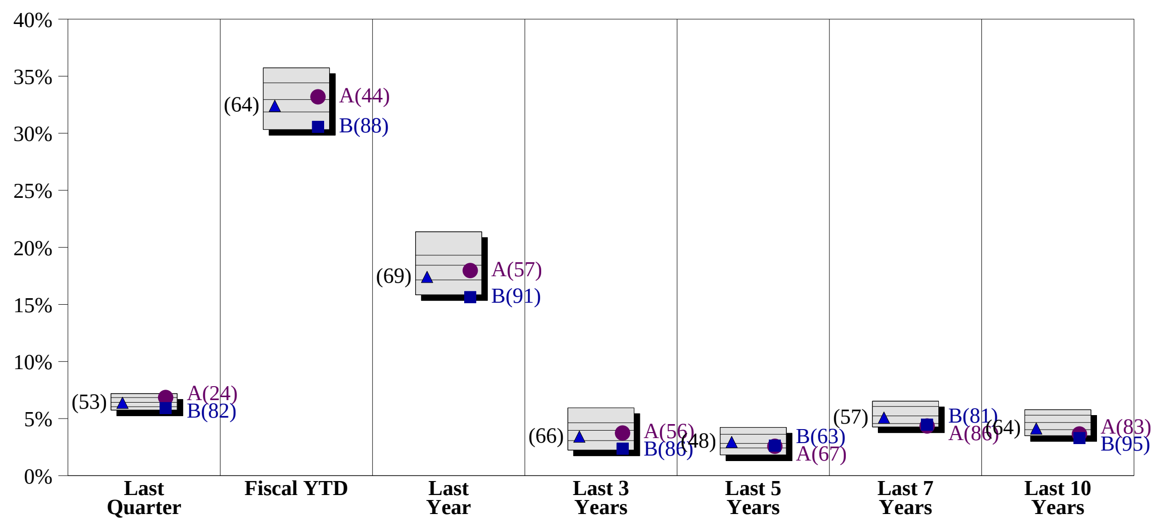
Investment Philosophy

The State of Alaska Total Equity Pool is diversified across large cap value, large cap growth, core, small cap value, and small cap growth equity styles so as to gain broad market exposure.

Quarterly Summary and Highlights

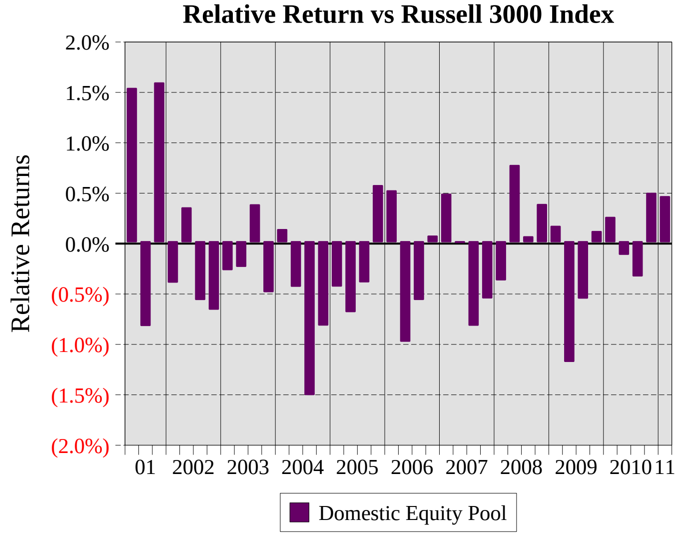
- Domestic Equity Pool's portfolio posted a 6.85% return for the quarter placing it in the 24 percentile of the Public Fund - Domestic Equity group for the quarter and in the 57 percentile for the last year.
- Domestic Equity Pool's portfolio outperformed the Russell 3000 Index by 0.47% for the quarter and outperformed the Russell 3000 Index for the year by 0.56%.

Performance vs Public Fund - Domestic Equity (Gross)

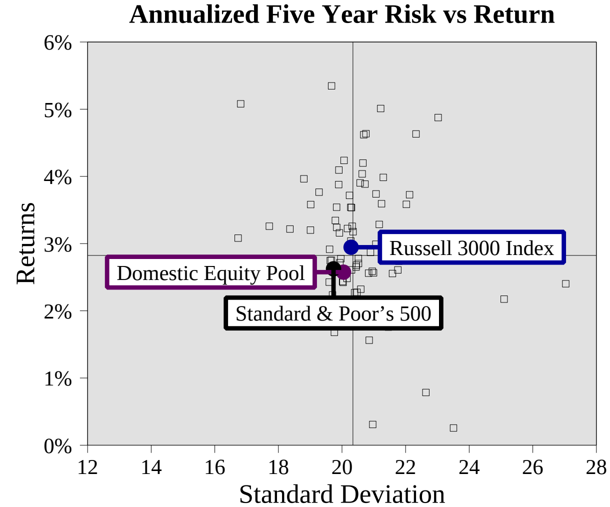


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	7.19	35.73	21.37	5.94	4.23	6.53	5.78
25th Percentile	6.84	34.42	19.31	4.63	3.62	6.06	5.30
Median	6.42	32.95	18.44	3.97	2.82	5.23	4.66
75th Percentile	6.04	31.87	17.15	3.07	2.43	4.57	4.03
90th Percentile	5.74	30.32	15.85	2.24	1.82	4.26	3.50
Domestic Equity Pool ● A	6.85	33.19	17.97	3.74	2.57	4.35	3.65
Standard & Poor's 500 ■ B	5.92	30.56	15.65	2.35	2.62	4.46	3.29
Russell 3000 Index ▲	6.38	32.40	17.41	3.42	2.95	5.08	4.13

Relative Return vs Russell 3000 Index



Public Fund - Domestic Equity (Gross)
Annualized Five Year Risk vs Return

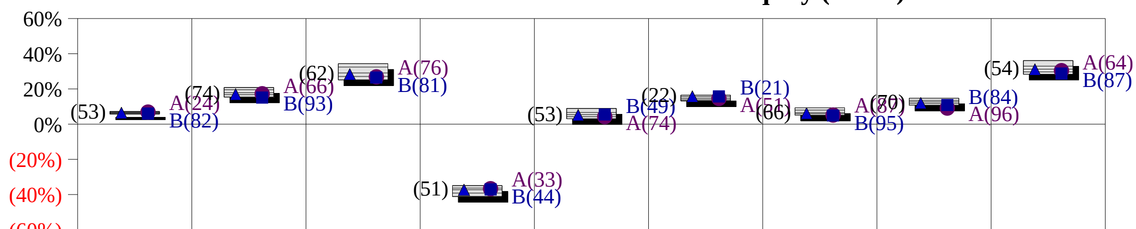


DOMESTIC EQUITY POOL
RETURN ANALYSIS SUMMARY

Return Analysis

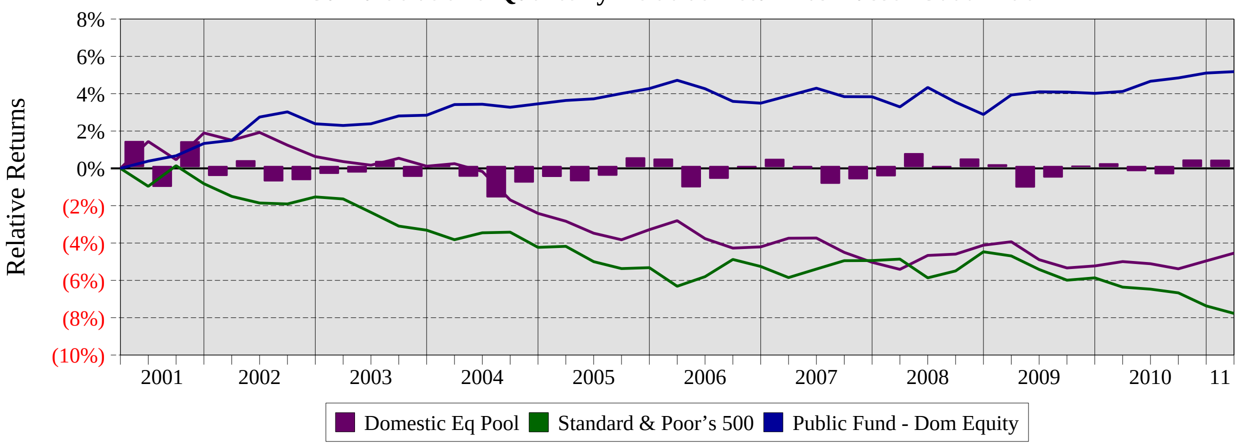
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

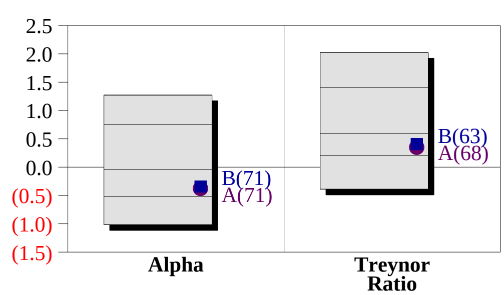


		12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile		7.19	20.80	34.37	(34.91)	8.90	16.47	9.31	14.74	36.10
25th Percentile		6.84	19.53	32.44	(36.35)	6.62	15.63	7.98	13.47	32.95
Median		6.42	17.88	29.08	(37.29)	5.39	14.61	6.56	12.61	31.24
75th Percentile		6.04	16.79	27.10	(39.16)	4.23	13.75	5.88	11.65	29.70
90th Percentile		5.74	15.37	25.14	(41.14)	3.05	13.17	5.06	10.73	28.32
Domestic Eq Pool	● A	6.85	17.26	26.85	(36.70)	4.23	14.61	5.17	9.12	30.38
Standard & Poor's 500	■ B	5.92	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88	28.68
Russell 3000 Index	▲	6.38	16.93	28.34	(37.31)	5.14	15.72	6.12	11.95	31.06

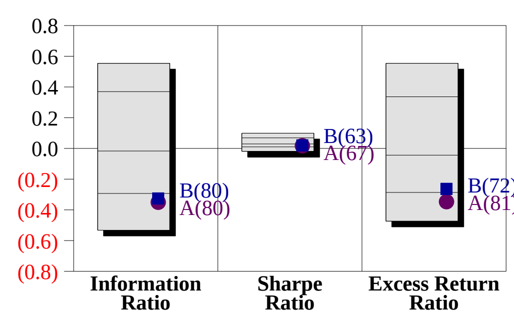
Cumulative and Quarterly Relative Return vs Russell 3000 Index



Risk Adjusted Return Measures vs Russell 3000 Index
Rankings Against Public Fund - Domestic Equity (Gross)
Five Years Ended March 31, 2011



		Alpha	Treynor Ratio
10th Percentile		1.27	2.02
25th Percentile		0.75	1.41
Median		(0.04)	0.59
75th Percentile		(0.52)	0.20
90th Percentile		(1.02)	(0.39)
Domestic Eq Pool	● A	(0.38)	0.35
Standard & Poor's 500	■ B	(0.34)	0.41



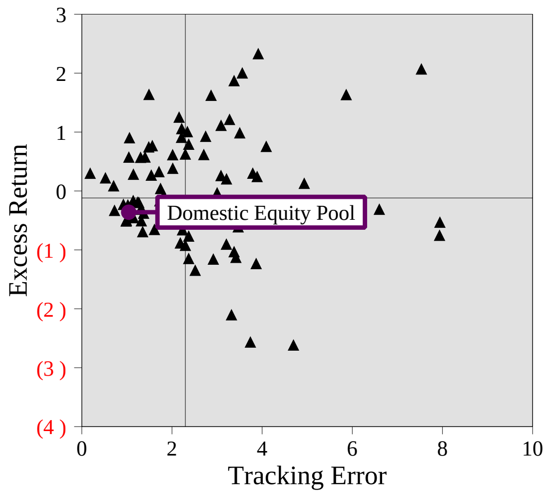
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.55	0.10	0.55
25th Percentile		0.37	0.07	0.34
Median		(0.02)	0.03	(0.04)
75th Percentile		(0.29)	0.01	(0.29)
90th Percentile		(0.53)	(0.02)	(0.47)
Domestic Eq Pool	● A	(0.35)	0.02	(0.35)
Standard & Poor's 500	■ B	(0.33)	0.02	(0.26)

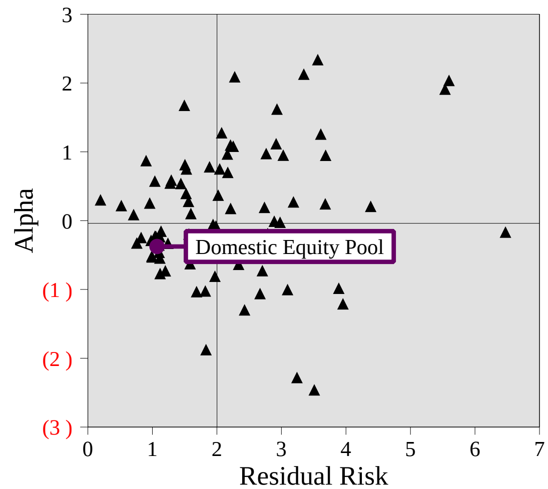
DOMESTIC EQUITY POOL
RISK ANALYSIS SUMMARY

Risk Analysis

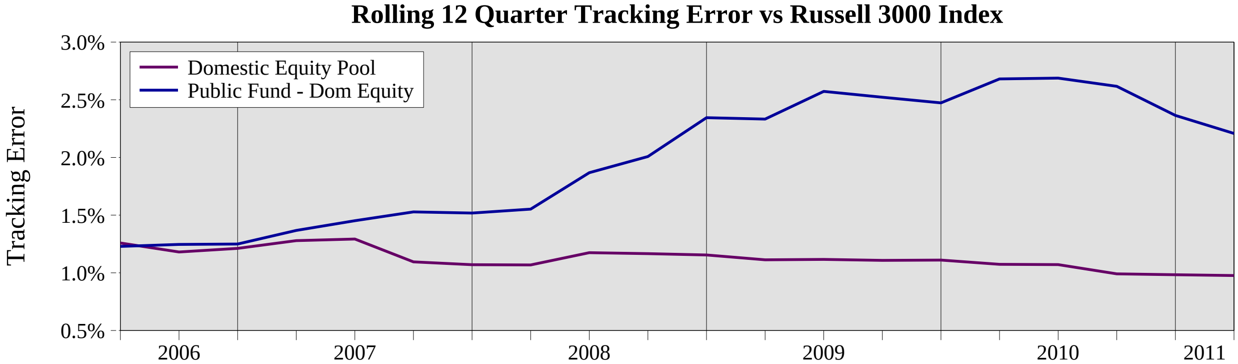
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

Risk Analysis vs Public Fund - Domestic Equity (Gross)
Five Years Ended March 31, 2011

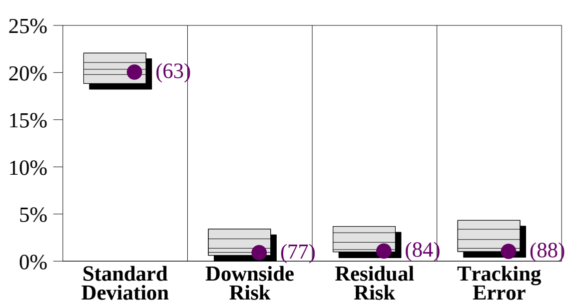


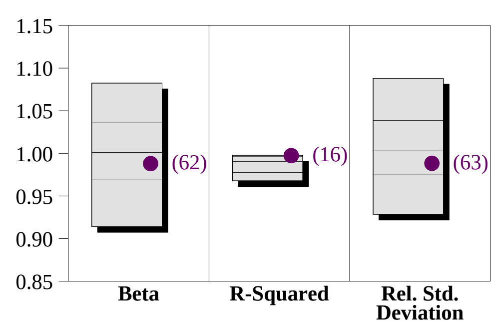


Rolling 12 Quarter Tracking Error vs Russell 3000 Index



Risk Statistics Rankings vs Russell 3000 Index
Rankings Against Public Fund - Domestic Equity (Gross)
Five Years Ended March 31, 2011





	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	22.07	3.41	3.68	4.33
25th Percentile	21.07	2.37	3.02	3.39
Median	20.34	1.37	2.00	2.30
75th Percentile	19.79	0.93	1.23	1.37
90th Percentile	18.83	0.61	0.98	1.01
Domestic Equity Pool ●	20.05	0.90	1.07	1.04

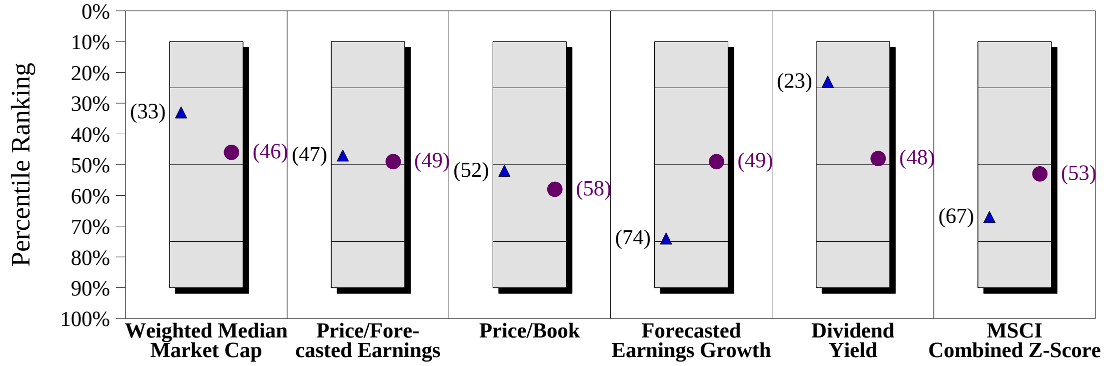
	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.08	1.00	1.09
25th Percentile	1.04	1.00	1.04
Median	1.00	0.99	1.00
75th Percentile	0.97	0.98	0.98
90th Percentile	0.91	0.97	0.93
Domestic Equity Pool ●	0.99	1.00	0.99

DOMESTIC EQUITY POOL
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against Public Fund - Domestic Equity
as of March 31, 2011

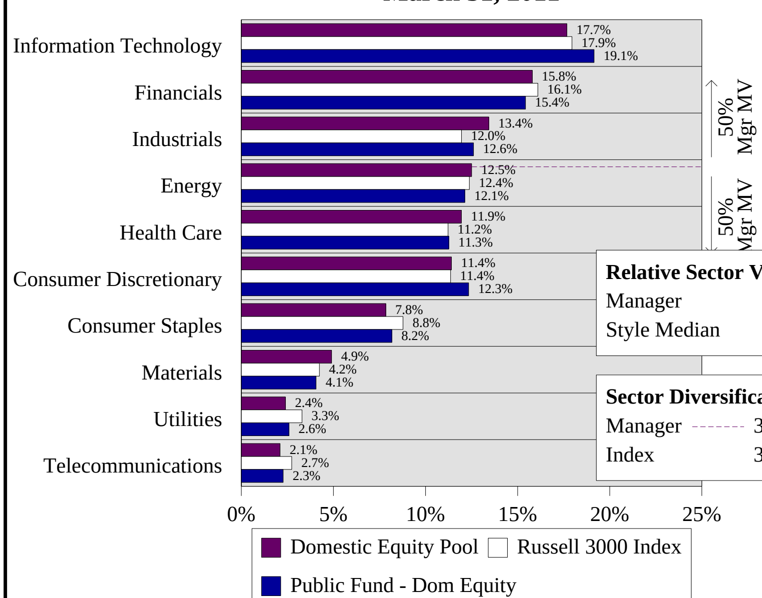


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	46.76	14.98	2.41	12.35	1.79	0.28
25th Percentile	33.16	14.54	2.32	11.79	1.70	0.18
Median	25.34	13.91	2.25	11.15	1.52	0.04
75th Percentile	18.88	13.70	2.21	10.60	1.36	(0.02)
90th Percentile	11.12	13.19	2.14	10.33	1.16	(0.03)
Domestic Equity Pool ●	25.84	13.92	2.23	11.16	1.54	0.04
Russell 3000 Index ▲	31.41	14.00	2.24	10.67	1.72	(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.

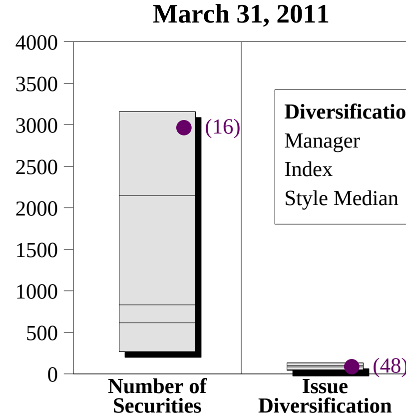
Sector Allocation
March 31, 2011



Relative Sector Variance	
Manager	6%
Style Median	6%

Sector Diversification	
Manager	3.25 sectors
Index	3.30 sectors

Diversification
March 31, 2011



Diversification Ratio	
Manager	3%
Index	3%
Style Median	10%

	Number of Securities	Issue Diversification
10th Percentile	3158	133
25th Percentile	2148	103
Median	831	84
75th Percentile	615	54
90th Percentile	268	43
Domestic Equity Pool ●	2965	87
Russell 3000 Index ▲	2921	91

LARGE CAP EQUITY POOL
PERIOD ENDED MARCH 31, 2011

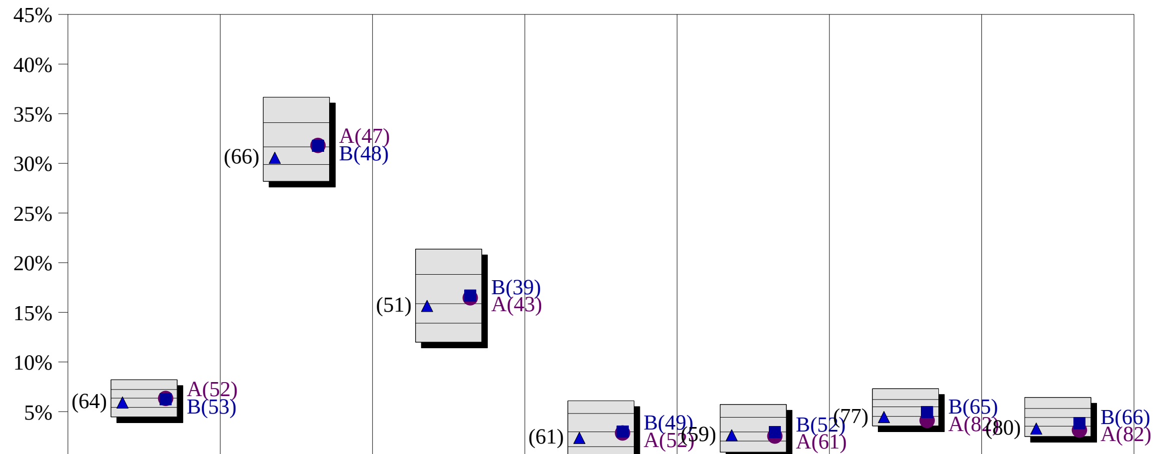
Investment Philosophy

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

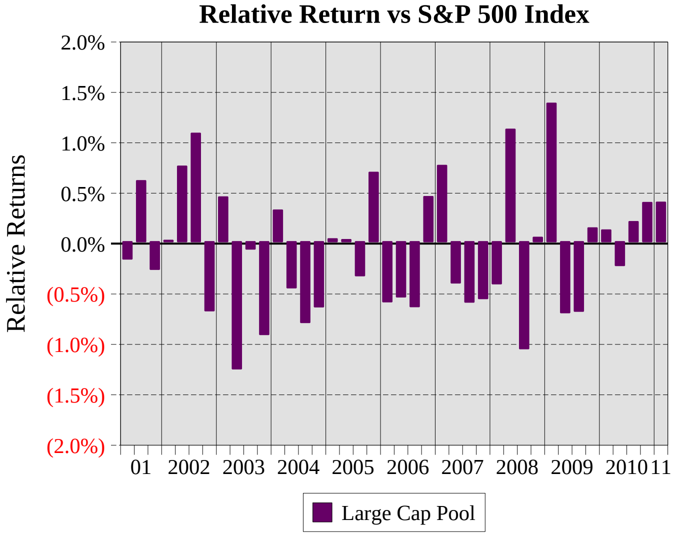
- Large Cap Pool's portfolio posted a 6.33% return for the quarter placing it in the 52 percentile of the CAI Large Capitalization Style group for the quarter and in the 43 percentile for the last year.
- Large Cap Pool's portfolio outperformed the S&P 500 Index by 0.41% for the quarter and outperformed the S&P 500 Index for the year by 0.82%.

Performance vs CAI Large Capitalization Style (Gross)

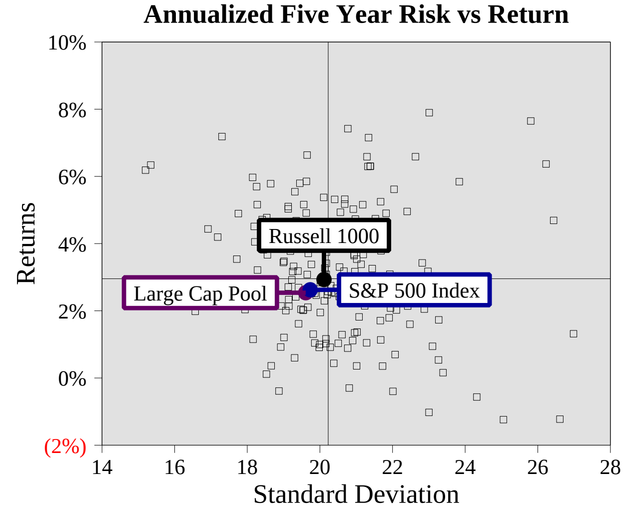


		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile		8.21	36.67	21.37	6.09	5.72	7.31	6.43
25th Percentile		7.23	34.10	18.82	4.82	4.43	6.22	5.32
Median		6.36	31.66	15.87	2.97	2.96	5.48	4.41
75th Percentile		5.43	29.89	13.91	1.47	2.04	4.52	3.54
90th Percentile		4.47	28.19	11.99	0.26	0.92	3.56	2.49
Large Cap Pool	● A	6.33	31.81	16.46	2.85	2.54	4.11	3.14
Russell 1000	■ B	6.24	31.77	16.69	2.98	2.93	4.95	3.83
S&P 500 Index	▲	5.92	30.56	15.65	2.35	2.62	4.46	3.29

Relative Return vs S&P 500 Index



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

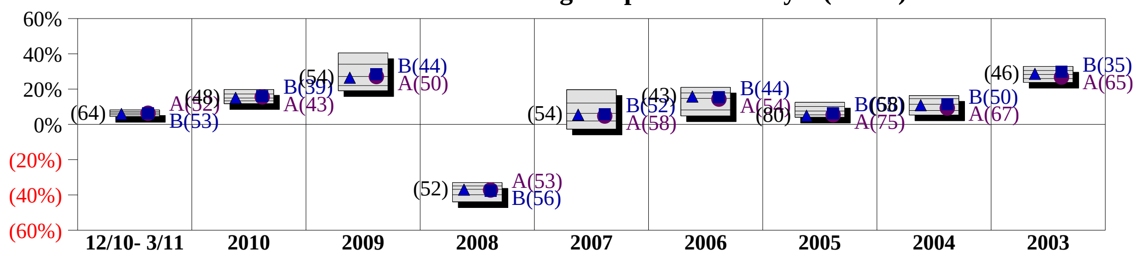


LARGE CAP POOL
RETURN ANALYSIS SUMMARY

Return Analysis

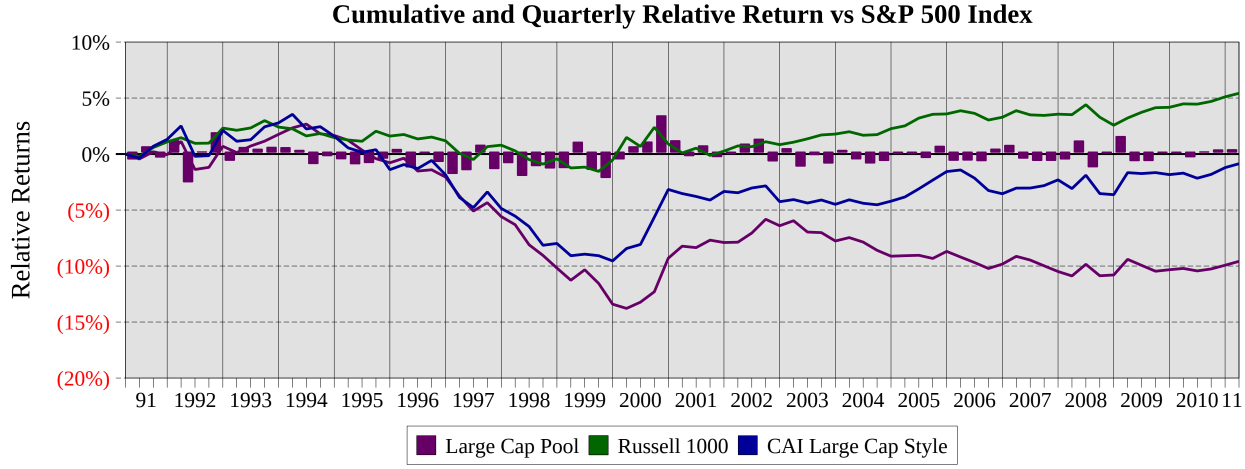
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

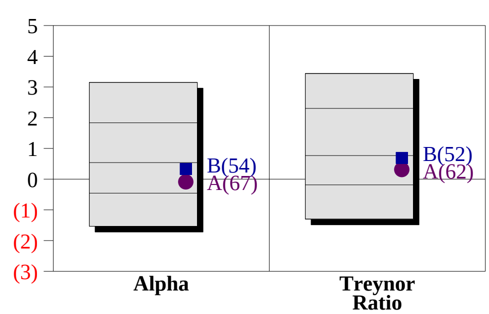


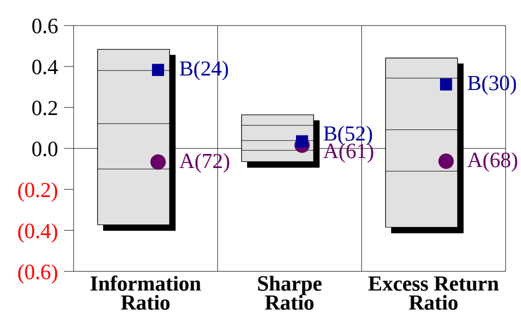
		12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile		8.21	19.78	40.53	(33.01)	19.68	21.00	12.52	16.37	32.89
25th Percentile		7.23	17.24	34.14	(34.90)	12.10	17.83	10.15	14.60	30.55
Median		6.36	14.94	27.16	(36.83)	6.26	14.75	7.57	11.39	28.31
75th Percentile		5.43	13.34	22.01	(39.91)	1.94	8.18	5.43	7.88	25.99
90th Percentile		4.47	11.72	19.06	(43.92)	(2.70)	4.80	4.01	5.30	23.80
Large Cap Pool	● A	6.33	15.58	27.13	(37.22)	4.72	14.35	5.41	9.25	26.81
Russell 1000	■ B	6.24	16.10	28.43	(37.60)	5.77	15.46	6.27	11.40	29.89
S&P 500 Index	▲	5.92	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88	28.68

Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Capitalization Style (Gross)
Five Years Ended March 31, 2011





		Alpha	Treynor Ratio
10th Percentile		3.15	3.44
25th Percentile		1.83	2.30
Median		0.54	0.77
75th Percentile		(0.46)	(0.19)
90th Percentile		(1.53)	(1.30)
Large Cap Pool	● A	(0.09)	0.31
Russell 1000	■ B	0.33	0.69

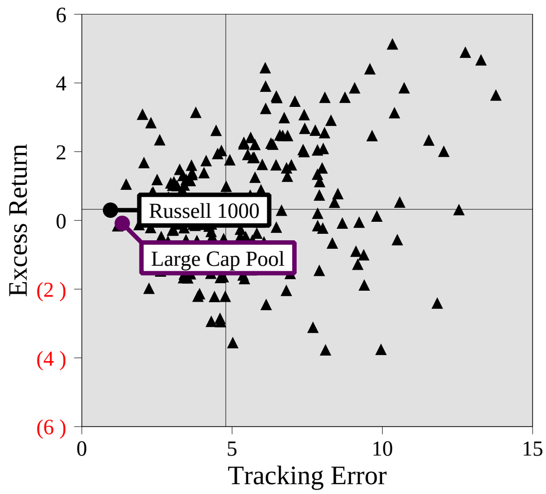
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.48	0.16	0.44
25th Percentile		0.38	0.11	0.34
Median		0.12	0.04	0.09
75th Percentile		(0.10)	(0.01)	(0.11)
90th Percentile		(0.37)	(0.06)	(0.38)
Large Cap Pool	● A	(0.07)	0.02	(0.06)
Russell 1000	■ B	0.38	0.03	0.31

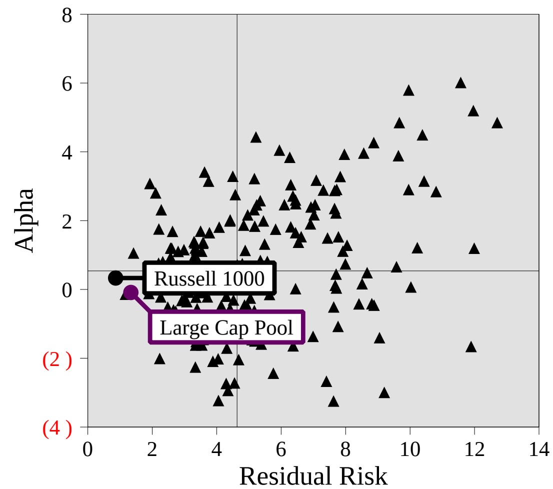
LARGE CAP POOL
RISK ANALYSIS SUMMARY

Risk Analysis

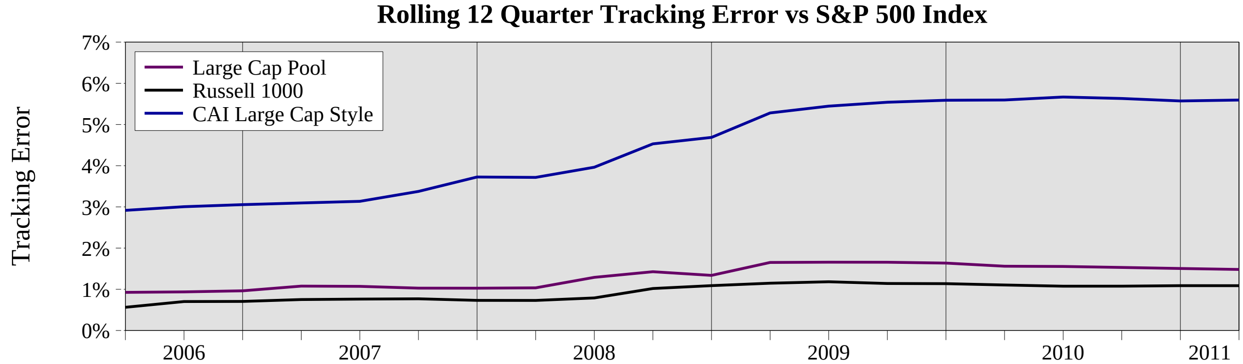
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

Risk Analysis vs CAI Large Capitalization Style (Gross)
Five Years Ended March 31, 2011

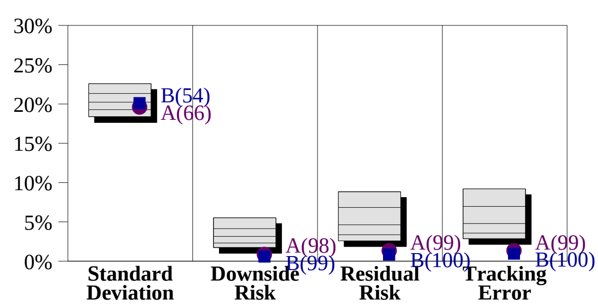


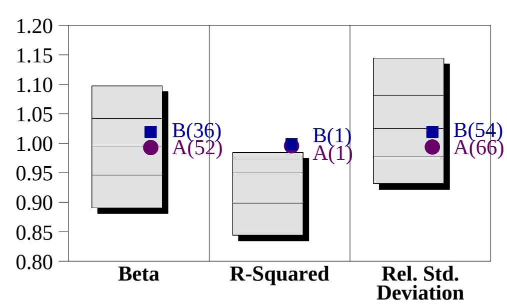


Rolling 12 Quarter Tracking Error vs S&P 500 Index



Risk Statistics Rankings vs S&P 500 Index
Rankings Against CAI Large Capitalization Style (Gross)
Five Years Ended March 31, 2011





	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	22.58	5.52	8.83	9.20
25th Percentile	21.34	4.14	6.84	6.96
Median	20.23	3.15	4.63	4.79
75th Percentile	19.28	2.31	3.37	3.57
90th Percentile	18.38	1.73	2.58	2.86
Large Cap Pool ● A	19.61	0.86	1.34	1.35
Russell 1000 ■ B	20.11	0.60	0.86	0.95

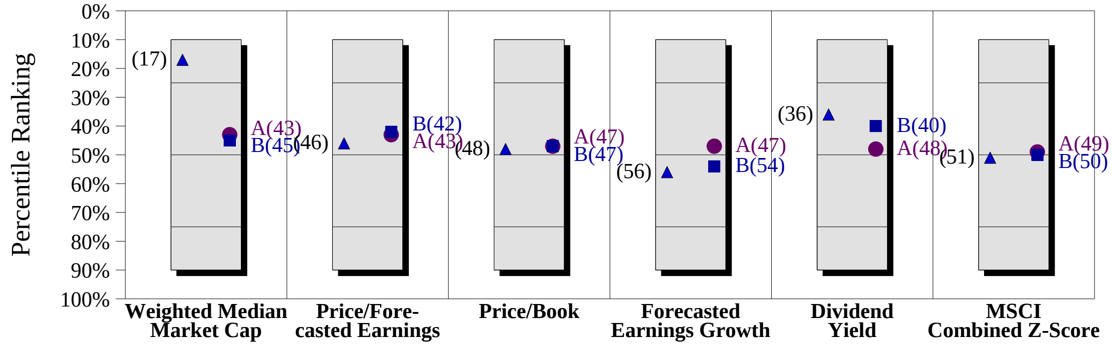
	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.10	0.98	1.14
25th Percentile	1.04	0.97	1.08
Median	1.00	0.95	1.03
75th Percentile	0.95	0.90	0.98
90th Percentile	0.89	0.84	0.93
Large Cap Pool ● A	0.99	1.00	0.99
Russell 1000 ■ B	1.02	1.00	1.02

LARGE CAP POOL
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Capitalization Style
as of March 31, 2011

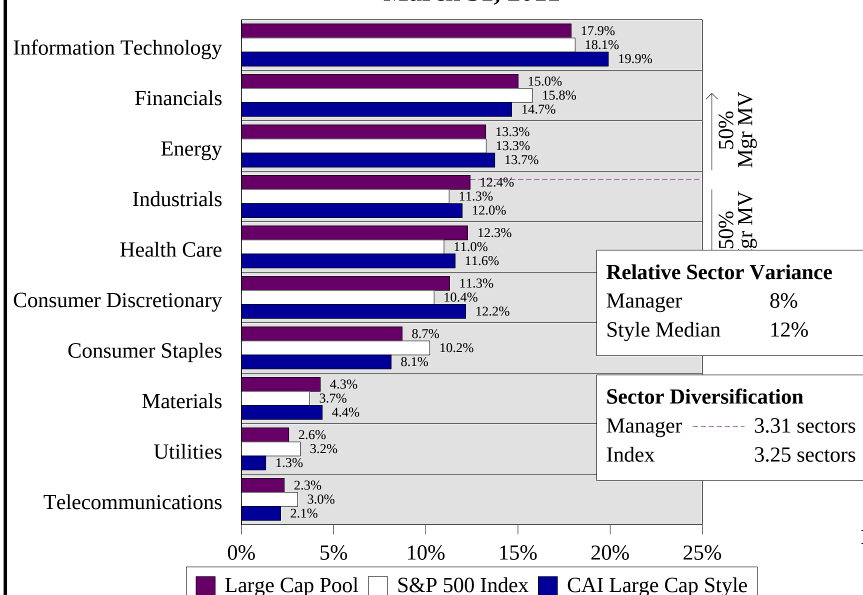


		Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile		53.82	17.14	3.82	16.11	2.26	1.25
25th Percentile		46.94	14.95	3.28	13.86	2.00	0.79
Median		36.17	13.03	2.23	10.84	1.60	(0.00)
75th Percentile		28.00	12.02	1.83	9.02	1.04	(0.49)
90th Percentile		19.55	11.40	1.67	7.99	0.73	(0.75)
Large Cap Pool	● A	39.72	13.33	2.27	10.98	1.66	0.03
Russell 1000	■ B	38.87	13.59	2.27	10.57	1.77	(0.01)
S&P 500 Index	▲	50.05	13.17	2.26	10.29	1.85	(0.03)

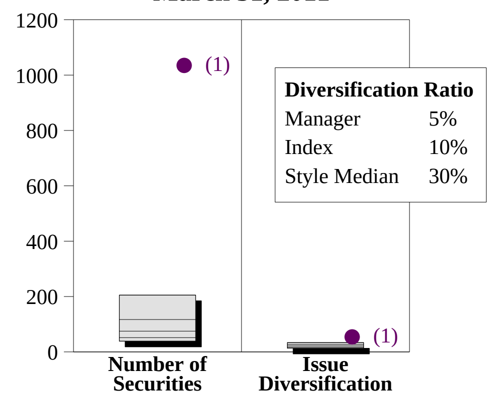
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



		Number of Securities	Issue Diversification
10th Percentile		205	34
25th Percentile		117	27
Median		75	22
75th Percentile		52	17
90th Percentile		39	13
Large Cap Pool	●	1035	54
S&P 500 Index	▲	500	52

BARROW, HANLEY
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Barrow Hanley uses a bottom-up stock selection process to identify securities having low price multiples and dividend yield greater than the market with prospects for above average profitability.

Quarterly Summary and Highlights

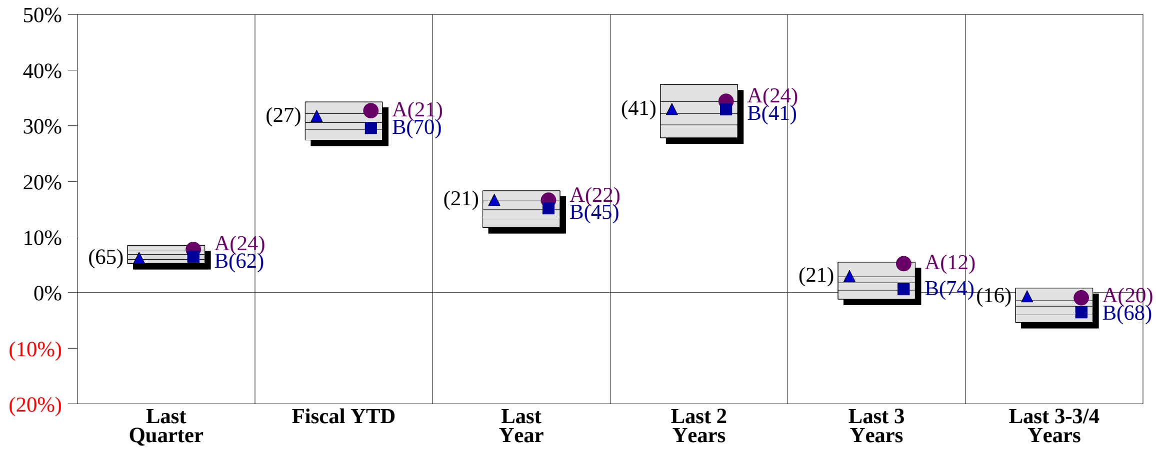
- Barrow, Hanley's portfolio posted a 7.77% return for the quarter placing it in the 24 percentile of the CAI Large Cap Value Style group for the quarter and in the 22 percentile for the last year.
- Barrow, Hanley's portfolio outperformed the Russell 1000 Index by 1.53% for the quarter and underperformed the Russell 1000 Index for the year by 0.07%.

Quarterly Asset Growth

Beginning Market Value	$133,940,502
Net New Investment	$0
Investment Gains/(Losses)	$10,413,178
Ending Market Value	$144,353,680

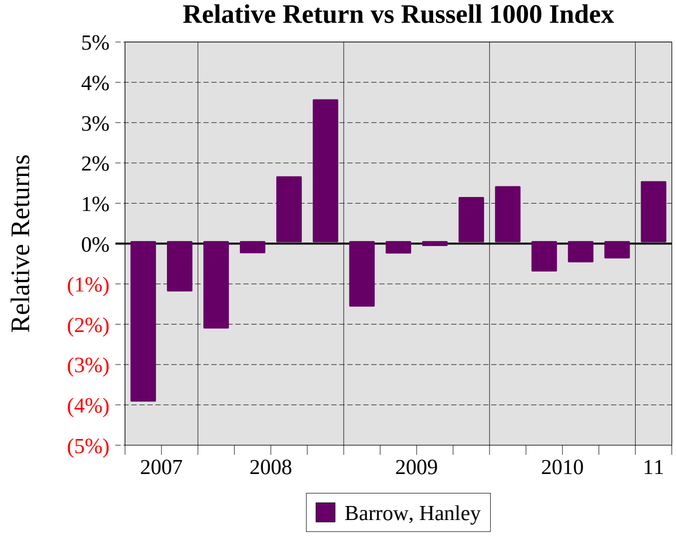
Percent Cash: 2.0%

Performance vs CAI Large Cap Value Style (Gross)

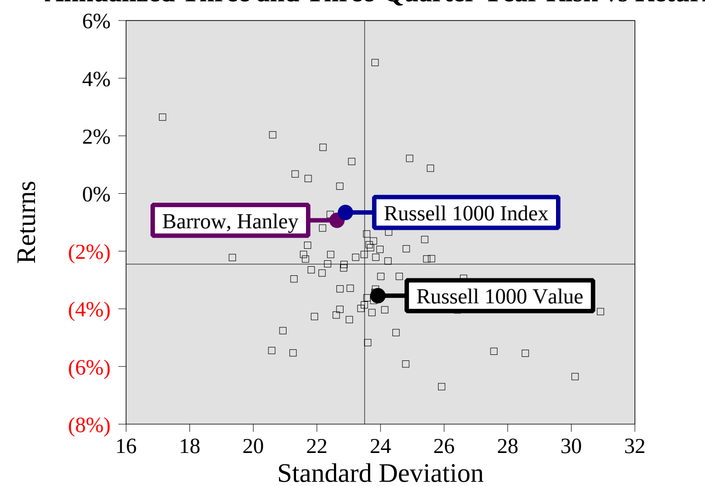


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	8.51	34.28	18.32	37.42	5.48	0.82
25th Percentile	7.66	32.20	16.49	34.35	2.85	(1.45)
Median	6.84	30.57	14.90	32.21	1.77	(2.45)
75th Percentile	5.95	29.35	13.23	30.16	0.43	(4.01)
90th Percentile	5.23	27.43	11.69	27.83	(1.18)	(5.36)
Barrow, Hanley ● A	7.77	32.72	16.63	34.41	5.21	(0.93)
Russell 1000 Value ■ B	6.46	29.60	15.15	32.97	0.60	(3.54)
Russell 1000 Index ▲	6.24	31.77	16.69	33.01	2.98	(0.66)

Relative Return vs Russell 1000 Index



CAI Large Cap Value Style (Gross)
Annualized Three and Three-Quarter Year Risk vs Return

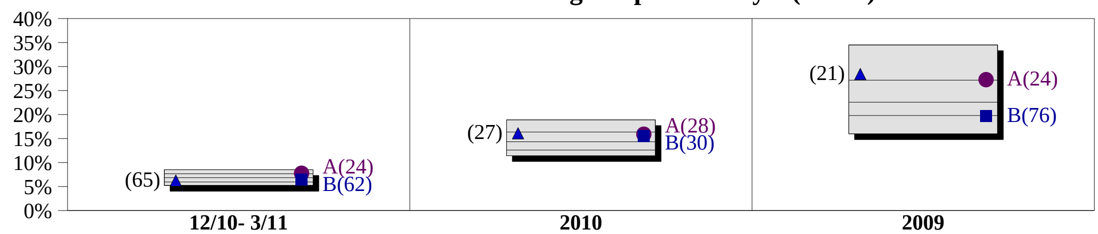


BARROW, HANLEY
RETURN ANALYSIS SUMMARY

Return Analysis

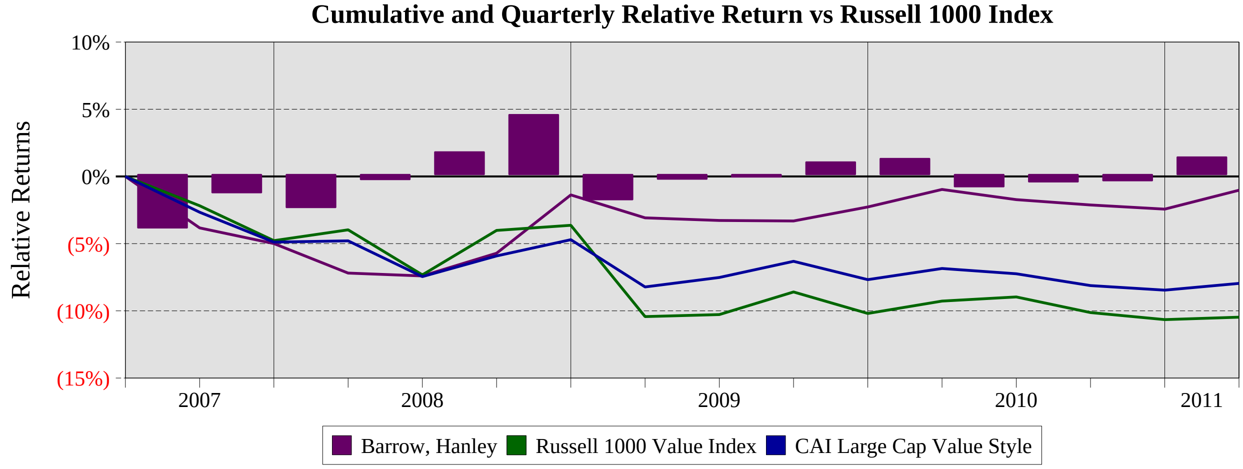
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

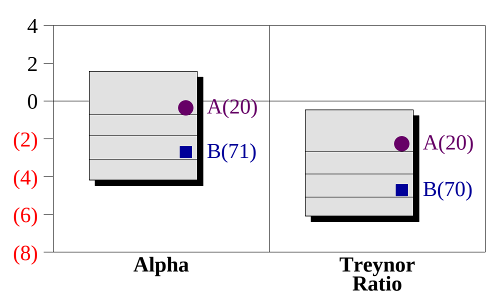


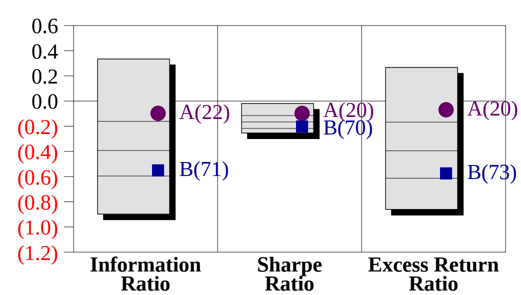
	12/10- 3/11	2010	2009
10th Percentile	8.51	18.90	34.50
25th Percentile	7.66	16.36	27.16
Median	6.84	14.33	22.57
75th Percentile	5.95	12.60	19.79
90th Percentile	5.23	11.42	15.98
Barrow, Hanley ● A	7.77	15.91	27.26
Russell 1000 Value Index ■ B	6.46	15.51	19.69
Russell 1000 Index ▲	6.24	16.10	28.43

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 Three-Quarter Years Ended March 31, 2011





	Alpha	Treynor Ratio
10th Percentile	1.57	(0.47)
25th Percentile	(0.72)	(2.68)
Median	(1.83)	(3.86)
75th Percentile	(3.08)	(5.09)
90th Percentile	(4.18)	(6.09)
Barrow, Hanley ● A	(0.36)	(2.26)
Russell 1000 Value Index ■ B	(2.70)	(4.72)

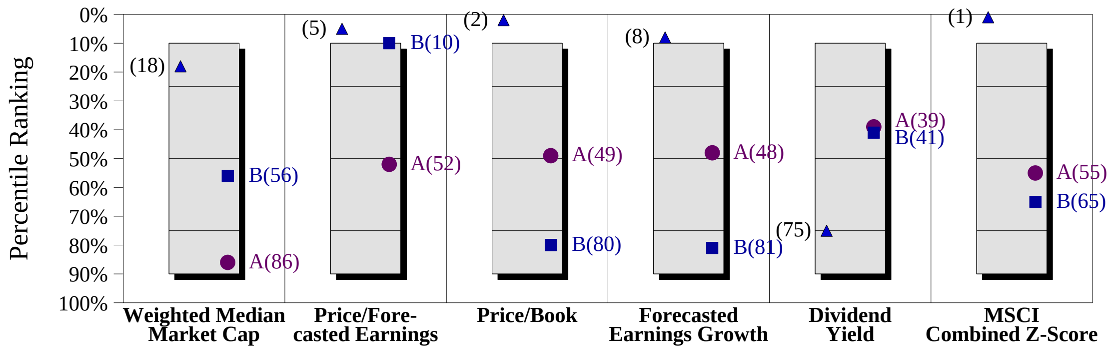
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.33	(0.02)	0.27
25th Percentile	(0.16)	(0.11)	(0.17)
Median	(0.39)	(0.17)	(0.40)
75th Percentile	(0.60)	(0.22)	(0.61)
90th Percentile	(0.90)	(0.25)	(0.86)
Barrow, Hanley ● A	(0.10)	(0.10)	(0.07)
Russell 1000 Value Index ■ B	(0.55)	(0.20)	(0.57)

EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of March 31, 2011

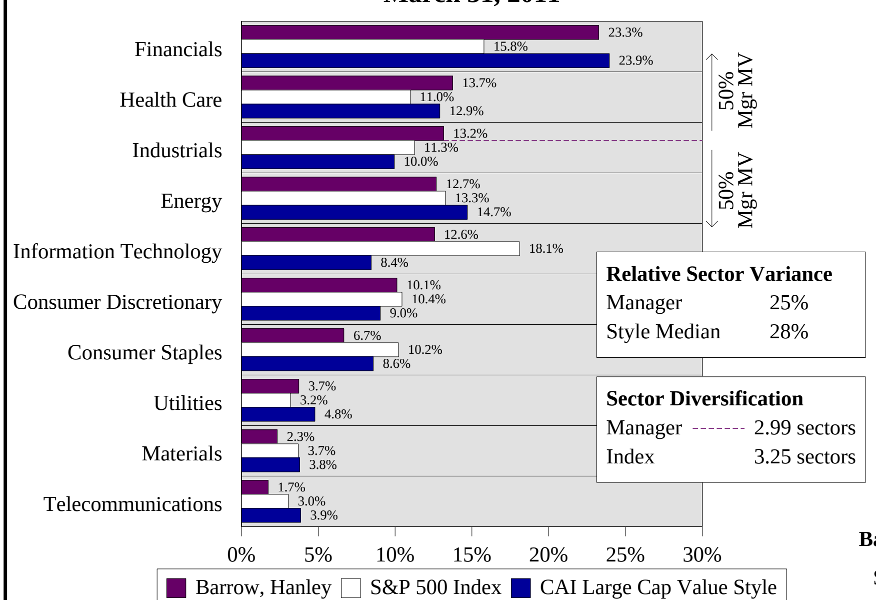


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	54.58	12.79	2.09	10.24	2.60	(0.29)
25th Percentile	47.19	12.36	1.88	9.48	2.27	(0.43)
Median	40.11	11.92	1.74	8.69	2.08	(0.63)
75th Percentile	31.06	11.44	1.67	8.00	1.85	(0.76)
90th Percentile	19.23	11.10	1.55	7.52	1.60	(0.86)
Barrow, Hanley ● A	23.38	11.85	1.76	8.79	2.16	(0.65)
Russell 1000 Value ■ B	37.13	12.79	1.64	7.78	2.14	(0.72)
S&P 500 Index ▲	50.05	13.17	2.26	10.29	1.85	(0.03)

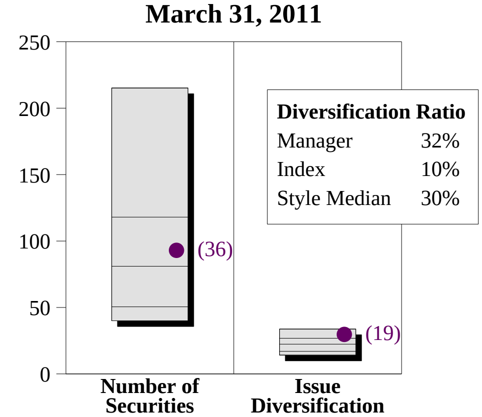
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	215	34
25th Percentile	118	27
Median	81	22
75th Percentile	51	17
90th Percentile	40	14
Barrow, Hanley ●	93	30
S&P 500 Index ▲	500	52

LAZARD ASSET MANAGEMENT
PERIOD ENDED MARCH 31, 2011

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

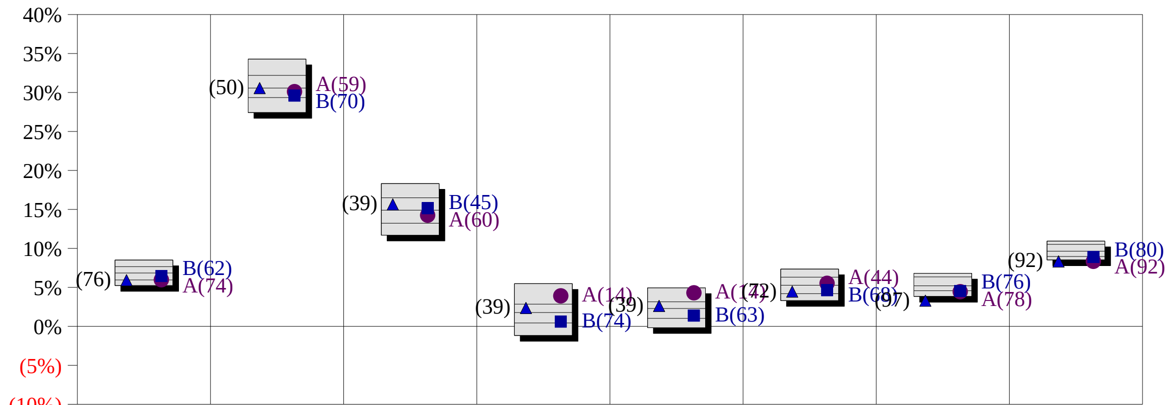
- Lazard Asset Mgmt's portfolio posted a 5.97% return for the quarter placing it in the 74 percentile of the CAI Large Cap Value Style group for the quarter and in the 60 percentile for the last year.
- Lazard Asset Mgmt's portfolio outperformed the S&P 500 Index by 0.06% for the quarter and underperformed the S&P 500 Index for the year by 1.39%.

Quarterly Asset Growth

Beginning Market Value	$333,967,723
Net New Investment	$0
Investment Gains/(Losses)	$19,960,591
Ending Market Value	$353,928,314

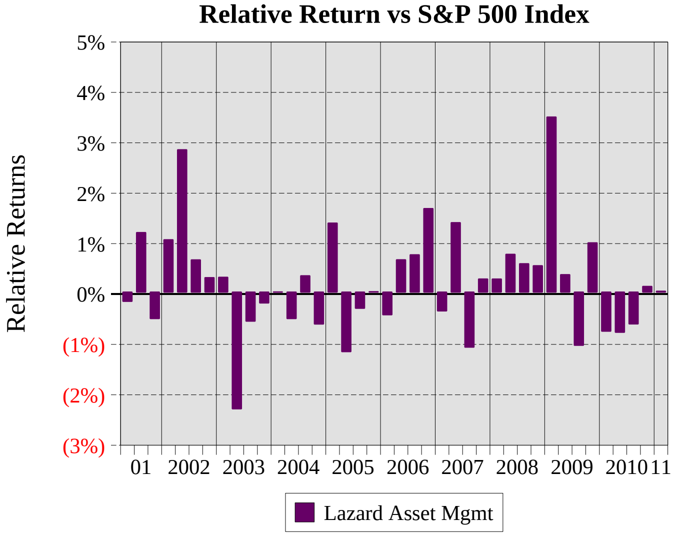
Percent Cash: 1.5%

Performance vs CAI Large Cap Value Style (Gross)

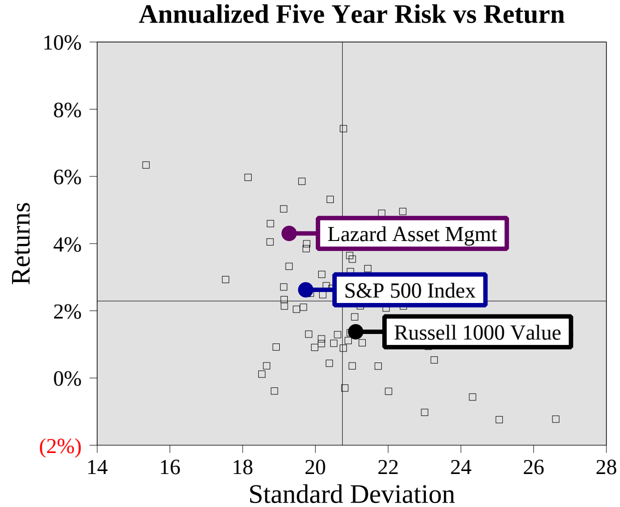


		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 17-3/4 Years
10th Percentile		8.51	34.28	18.32	5.48	4.94	7.35	6.80	10.94
25th Percentile		7.66	32.20	16.49	2.85	3.15	6.31	6.34	10.52
Median		6.84	30.57	14.90	1.77	2.29	5.27	5.20	9.64
75th Percentile		5.95	29.35	13.23	0.43	1.03	4.19	4.57	8.96
90th Percentile		5.23	27.43	11.69	(1.18)	(0.17)	3.30	3.84	8.52
Lazard Asset Mgmt	● A	5.97	30.11	14.26	3.91	4.30	5.52	4.45	8.34
Russell 1000 Value	■ B	6.46	29.60	15.15	0.60	1.38	4.63	4.53	8.91
S&P 500 Index	▲	5.92	30.56	15.65	2.35	2.62	4.46	3.29	8.33

Relative Return vs S&P 500 Index



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

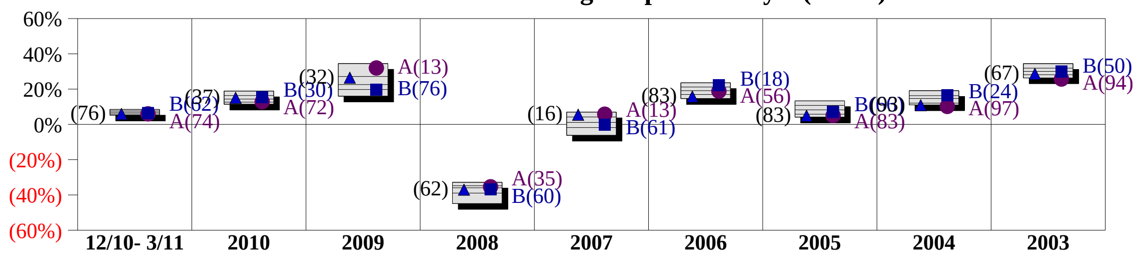


LAZARD ASSET MANAGEMENT
RETURN ANALYSIS SUMMARY

Return Analysis

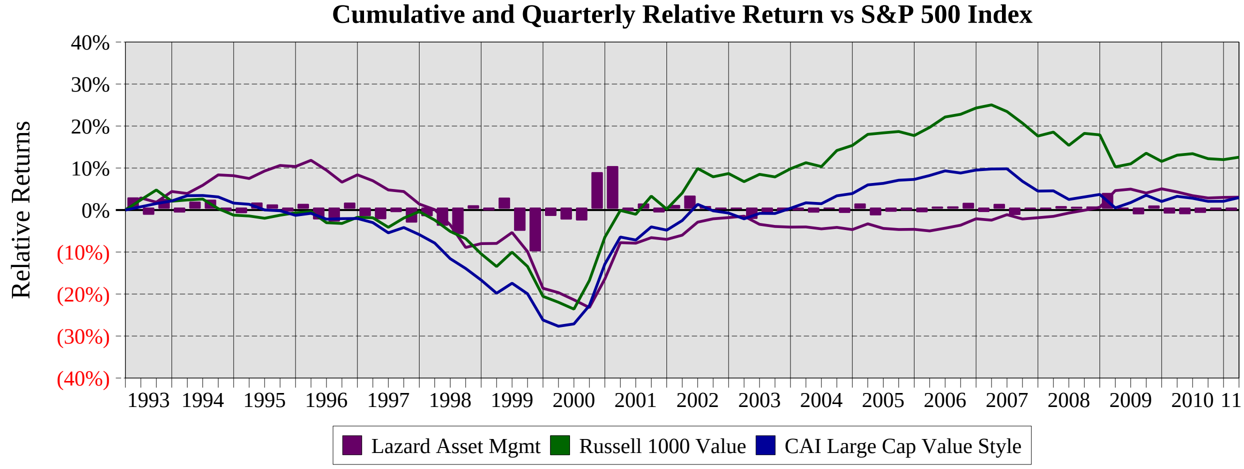
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

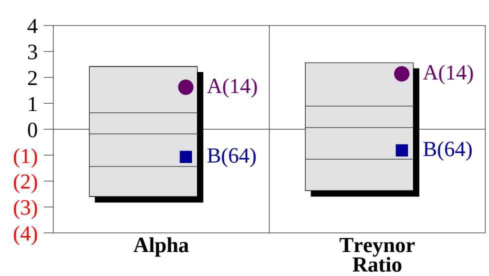


		12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile		8.51	18.90	34.50	(32.84)	6.97	23.59	13.33	19.14	34.46
25th Percentile		7.66	16.36	27.16	(34.78)	4.19	21.18	10.78	16.30	31.88
Median		6.84	14.33	22.57	(35.97)	1.12	19.13	8.24	14.68	30.06
75th Percentile		5.95	12.60	19.79	(38.95)	(1.81)	16.95	5.76	12.05	28.18
90th Percentile		5.23	11.42	15.98	(44.92)	(6.22)	14.63	4.10	11.03	26.33
Lazard Asset Mgmt	● A	5.97	12.83	31.98	(35.40)	5.77	18.84	4.98	10.20	25.71
Russell 1000 Value	■ B	6.46	15.51	19.69	(36.85)	(0.17)	22.25	7.05	16.49	30.03
S&P 500 Index	▲	5.92	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88	28.68

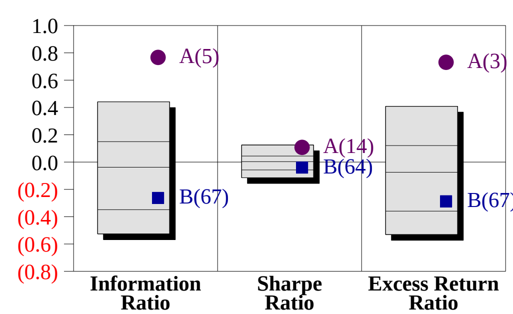
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Value Style (Gross)
Five Years Ended March 31, 2011



		Alpha	Treynor Ratio
10th Percentile		2.42	2.56
25th Percentile		0.63	0.89
Median		(0.18)	0.06
75th Percentile		(1.44)	(1.16)
90th Percentile		(2.60)	(2.37)
Lazard Asset Mgmt	● A	1.62	2.14
Russell 1000 Value	■ B	(1.07)	(0.81)



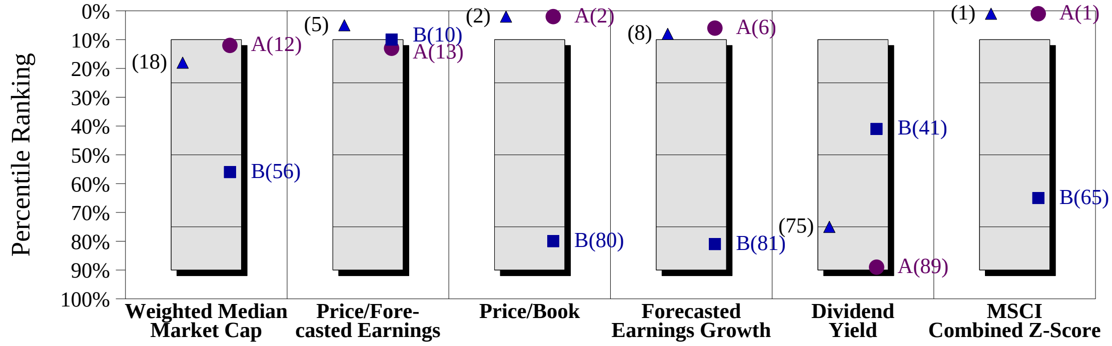
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.44	0.13	0.41
25th Percentile		0.15	0.04	0.12
Median		(0.04)	0.00	(0.07)
75th Percentile		(0.35)	(0.06)	(0.36)
90th Percentile		(0.53)	(0.11)	(0.53)
Lazard Asset Mgmt	● A	0.77	0.11	0.73
Russell 1000 Value	■ B	(0.26)	(0.04)	(0.29)

LAZARD ASSET MGMT
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of March 31, 2011

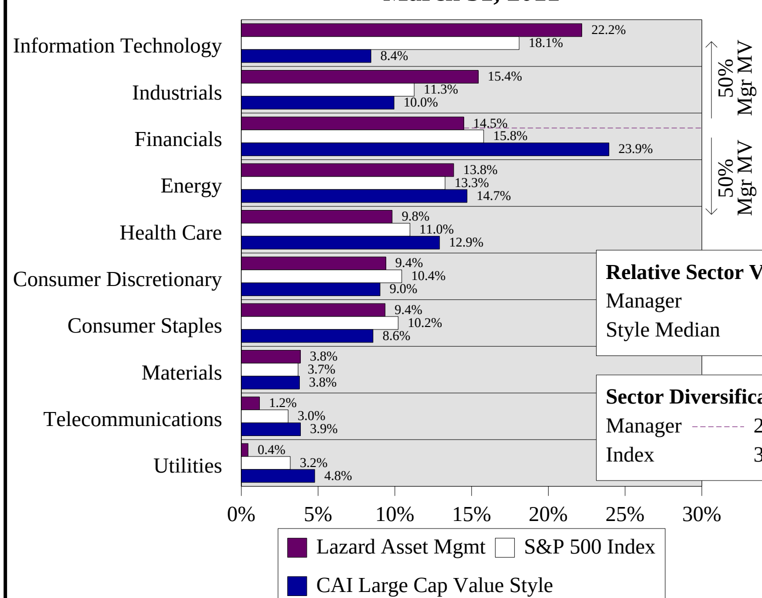


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	54.58	12.79	2.09	10.24	2.60	(0.29)
25th Percentile	47.19	12.36	1.88	9.48	2.27	(0.43)
Median	40.11	11.92	1.74	8.69	2.08	(0.63)
75th Percentile	31.06	11.44	1.67	8.00	1.85	(0.76)
90th Percentile	19.23	11.10	1.55	7.52	1.60	(0.86)
Lazard Asset Mgmt ● A	54.42	12.64	2.25	10.31	1.64	(0.04)
Russell 1000 Value ■ B	37.13	12.79	1.64	7.78	2.14	(0.72)
S&P 500 Index ▲	50.05	13.17	2.26	10.29	1.85	(0.03)

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
March 31, 2011



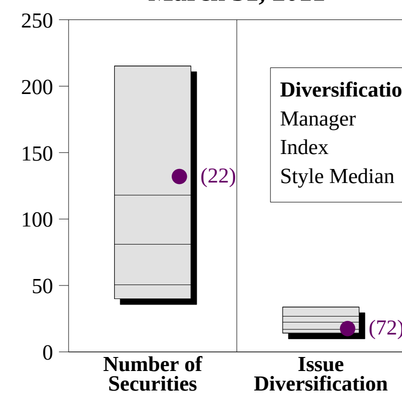
Relative Sector Variance

Manager	18%
Style Median	28%

Sector Diversification

Manager	2.85 sectors
Index	3.25 sectors

Diversification
March 31, 2011



Diversification Ratio

Manager	13%
Index	10%
Style Median	30%

	Number of Securities	Issue Diversification
10th Percentile	215	34
25th Percentile	118	27
Median	81	22
75th Percentile	51	17
90th Percentile	40	14
Lazard Asset Mgmt ●	132	18
S&P 500 Index ▲	500	52

MCKINLEY CAPITAL MANAGEMENT, INC.
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

McKinley Capital's investment philospohy 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

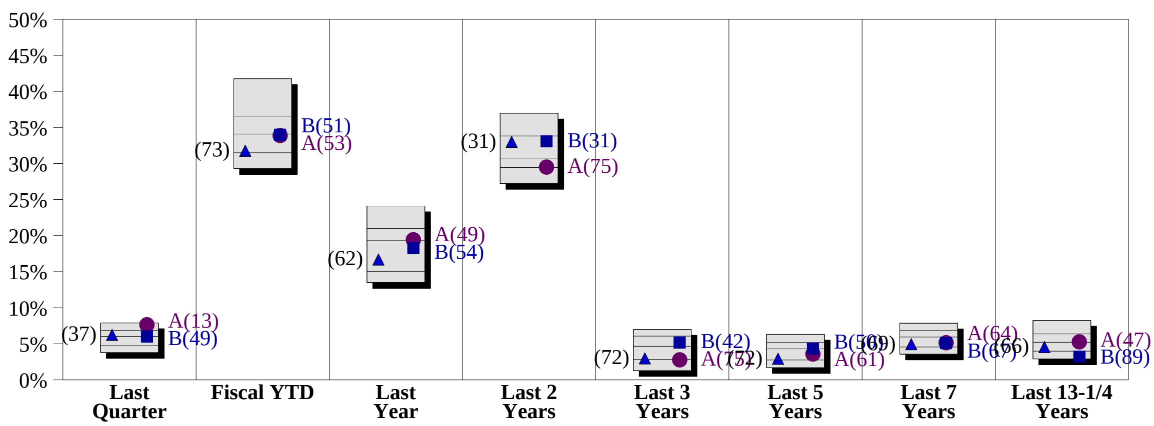
- McKinley Capital's portfolio posted a 7.64% return for the quarter placing it in the 13 percentile of the CAI Large Cap Growth Style group for the quarter and in the 49 percentile for the last year.
- McKinley Capital's portfolio outperformed the Russell 1000 Index by 1.40% for the quarter and outperformed the Russell 1000 Index for the year by 2.74%.

Quarterly Asset Growth

Beginning Market Value	$387,074,144
Net New Investment	$0
Investment Gains/(Losses)	$29,587,577
Ending Market Value	$416,661,721

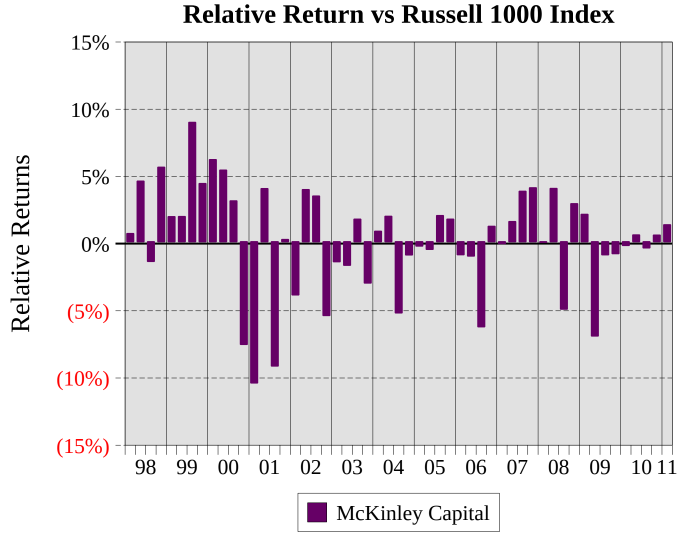
Percent Cash: 2.5%

Performance vs CAI Large Cap Growth Style (Gross)

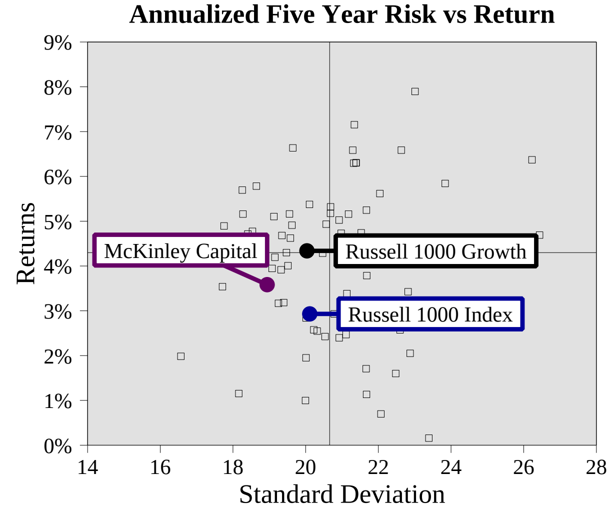


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 13-1/4 Years
10th Percentile	7.89	41.76	24.11	36.97	7.00	6.32	7.86	8.24
25th Percentile	6.84	36.58	20.98	33.82	6.07	5.18	6.83	6.37
Median	6.03	34.09	19.30	30.75	4.66	4.30	5.94	5.21
75th Percentile	4.74	31.49	15.05	29.44	2.83	2.76	4.55	3.98
90th Percentile	3.78	29.29	13.50	27.22	1.27	1.69	3.56	2.90
McKinley Capital ● A	7.64	33.89	19.43	29.51	2.77	3.58	5.15	5.27
Russell 1000 Growth ■ B	6.03	33.99	18.26	33.07	5.19	4.34	5.09	3.22
Russell 1000 Index ▲	6.24	31.77	16.69	33.01	2.98	2.93	4.95	4.55

Relative Return vs Russell 1000 Index



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

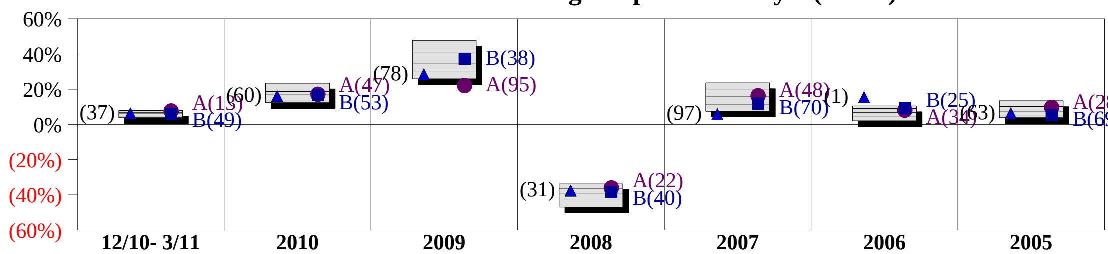


MCKINLEY CAPITAL
RETURN ANALYSIS SUMMARY

Return Analysis

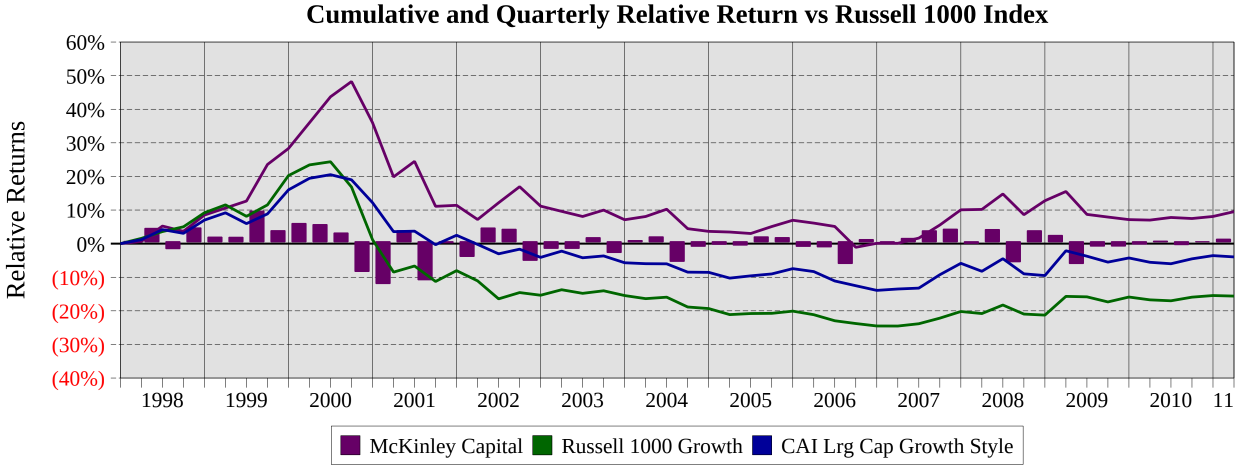
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

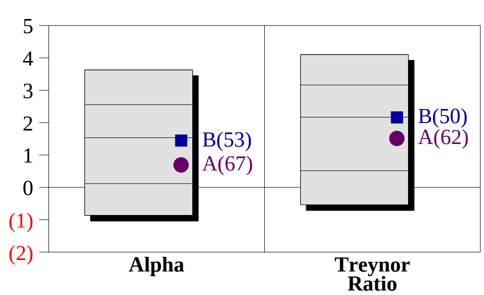


	12/10- 3/11	2010	2009	2008	2007	2006	2005
10th Percentile	7.89	23.44	47.80	(33.82)	23.58	10.47	13.37
25th Percentile	6.84	18.70	41.11	(36.57)	20.07	9.05	10.16
Median	6.03	16.77	34.39	(39.49)	16.01	6.70	7.14
75th Percentile	4.74	13.85	29.79	(42.96)	11.13	4.71	4.79
90th Percentile	3.78	12.31	25.86	(46.98)	7.46	2.00	3.77
McKinley Capital ● A	7.64	17.11	22.03	(36.06)	16.30	8.06	9.66
Russell 1000 Growth ■ B	6.03	16.71	37.21	(38.44)	11.81	9.07	5.26
Russell 1000 Index ▲	6.24	16.10	28.43	(37.60)	5.77	15.46	6.27

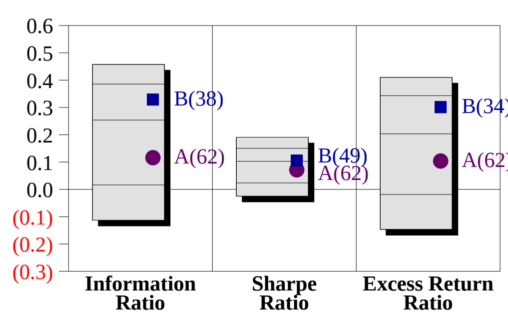
Cumulative and Quarterly Relative Return vs Russell 1000 Index



Risk Adjusted Return Measures vs Russell 1000 Index
Rankings Against CAI Large Cap Growth Style (Gross)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	3.63	4.10
25th Percentile	2.55	3.16
Median	1.53	2.17
75th Percentile	0.12	0.51
90th Percentile	(0.86)	(0.54)
McKinley Capital ● A	0.69	1.51
Russell 1000 Growth ■ B	1.45	2.16



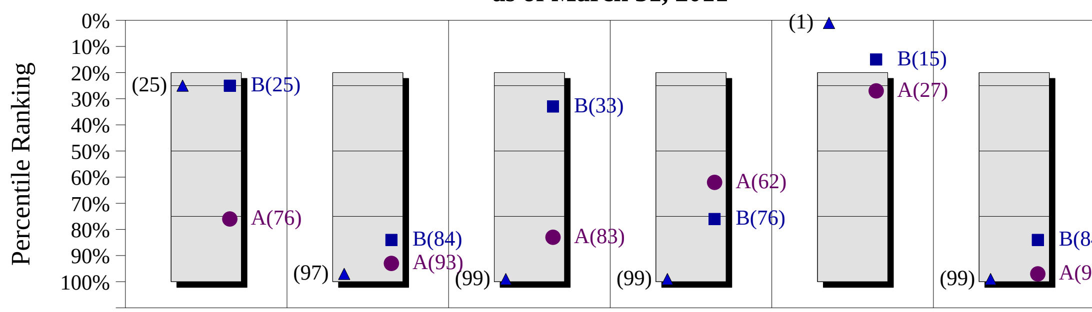
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.46	0.19	0.41
25th Percentile	0.39	0.15	0.34
Median	0.25	0.10	0.20
75th Percentile	0.02	0.02	(0.02)
90th Percentile	(0.11)	(0.02)	(0.15)
McKinley Capital ● A	0.12	0.07	0.10
Russell 1000 Growth ■ B	0.33	0.11	0.30

MCKINLEY CAPITAL
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Growth Style
as of March 31, 2011

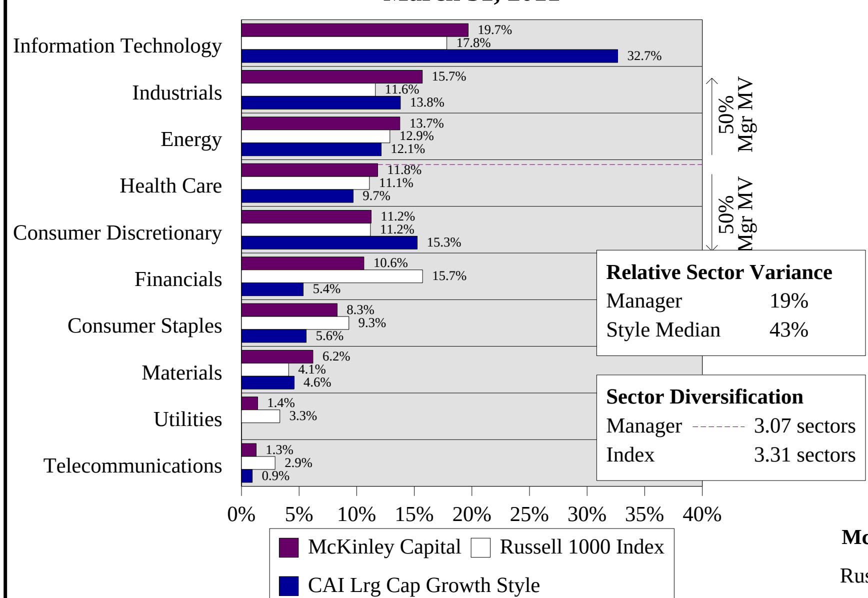


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	49.73	18.01	4.72	17.16	1.45	1.44
25th Percentile	39.81	17.21	3.90	16.15	1.25	1.26
Median	30.50	15.55	3.48	14.69	0.92	0.89
75th Percentile	25.81	14.69	3.17	13.30	0.73	0.75
90th Percentile	18.21	14.12	2.93	12.71	0.60	0.68
McKinley Capital ● A	25.05	14.02	3.08	13.99	1.18	0.51
Russell 1000 Growth ■ B	39.00	14.48	3.70	13.26	1.42	0.69
Russell 1000 Index ▲	38.87	13.59	2.27	10.57	1.77	(0.01)

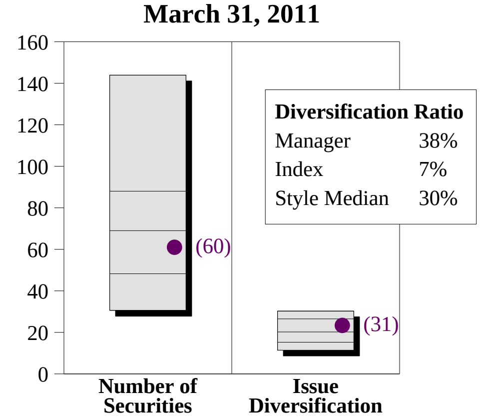
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	144	30
25th Percentile	88	26
Median	69	20
75th Percentile	48	15
90th Percentile	31	11
McKinley Capital ●	61	23
Russell 1000 Index ▲	973	73

QUANTITATIVE MGMT ASSOC
PERIOD ENDED MARCH 31, 2011

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

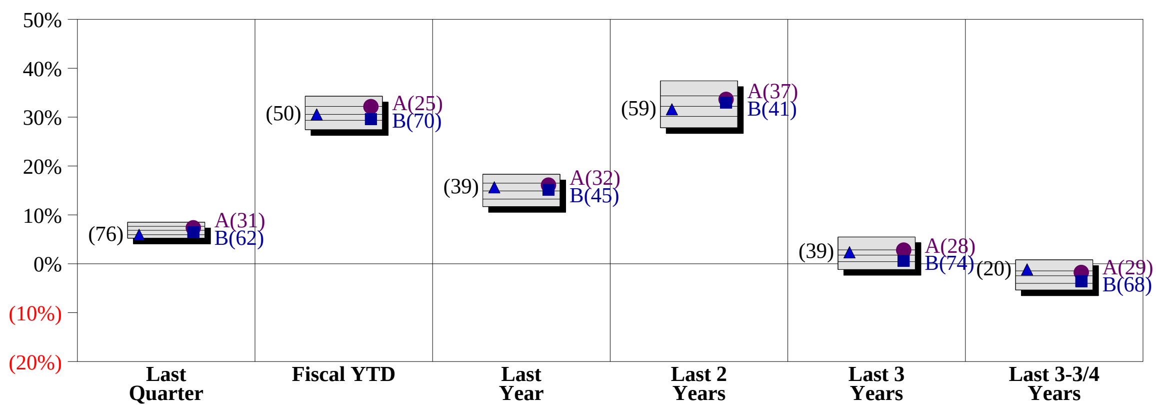
- Quantitative Mgmt Assoc's portfolio posted a 7.36% return for the quarter placing it in the 31 percentile of the CAI Large Cap Value Style group for the quarter and in the 32 percentile for the last year.
- Quantitative Mgmt Assoc's portfolio outperformed the S&P 500 Index by 1.44% for the quarter and outperformed the S&P 500 Index for the year by 0.45%.

Quarterly Asset Growth

Beginning Market Value	$130,131,331
Net New Investment	$0
Investment Gains/(Losses)	$9,582,957
Ending Market Value	$139,714,287

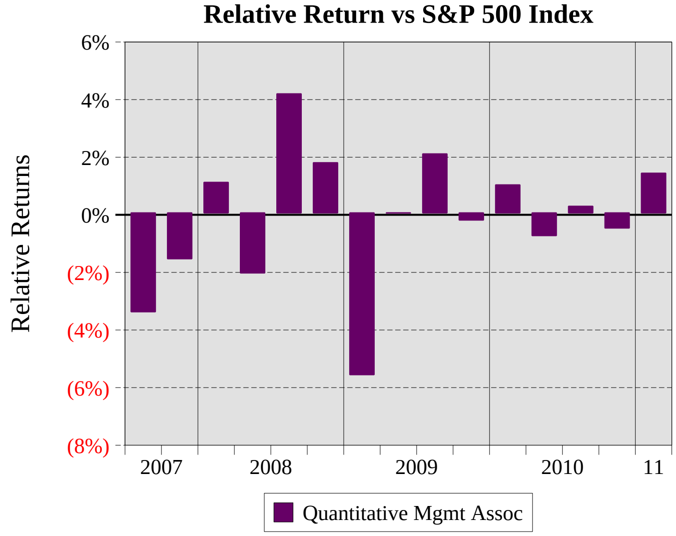
Percent Cash: 1.5%

Performance vs CAI Large Cap Value Style (Gross)

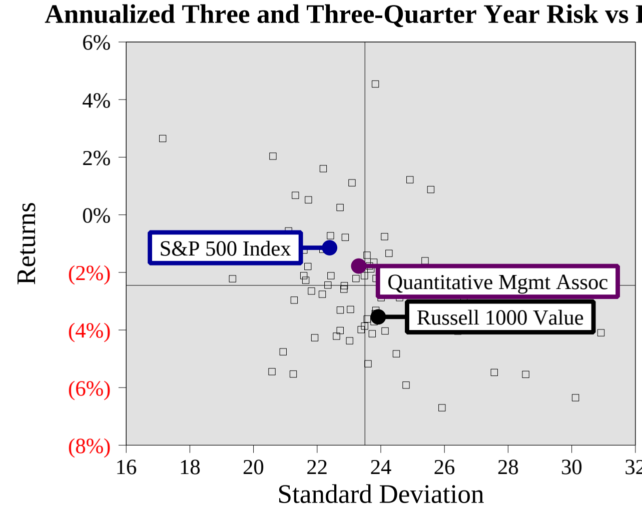


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	8.51	34.28	18.32	37.42	5.48	0.82
25th Percentile	7.66	32.20	16.49	34.35	2.85	(1.45)
Median	6.84	30.57	14.90	32.21	1.77	(2.45)
75th Percentile	5.95	29.35	13.23	30.16	0.43	(4.01)
90th Percentile	5.23	27.43	11.69	27.83	(1.18)	(5.36)
Quantitative Mgmt Assoc ● A	7.36	32.14	16.09	33.63	2.80	(1.78)
Russell 1000 Value ■ B	6.46	29.60	15.15	32.97	0.60	(3.54)
S&P 500 Index ▲	5.92	30.56	15.65	31.61	2.35	(1.14)

Relative Return vs S&P 500 Index



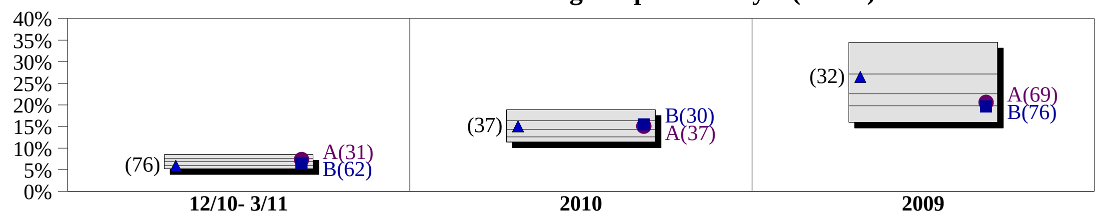
CAI Large Cap Value Style (Gross)
Annualized Three and Three-Quarter Year Risk vs Return



Return Analysis

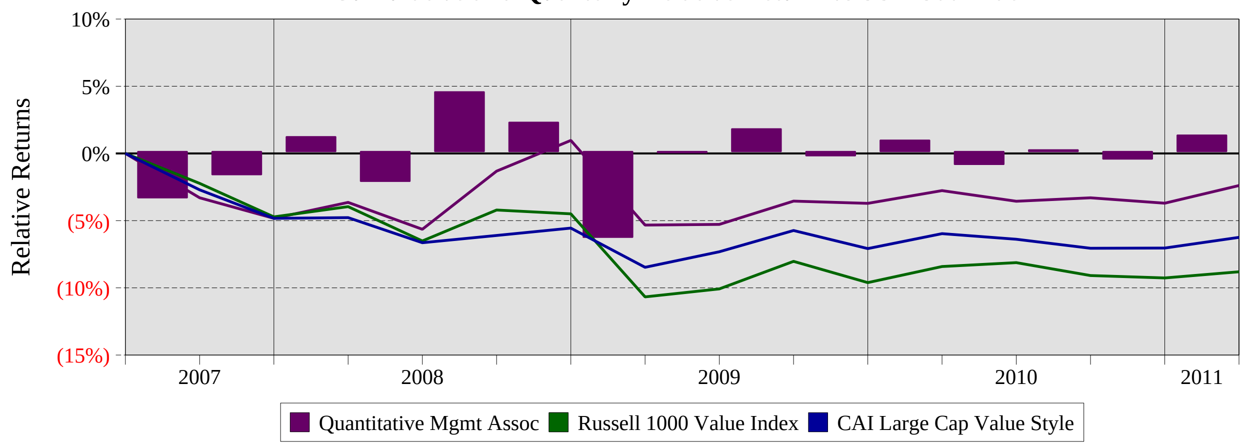
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

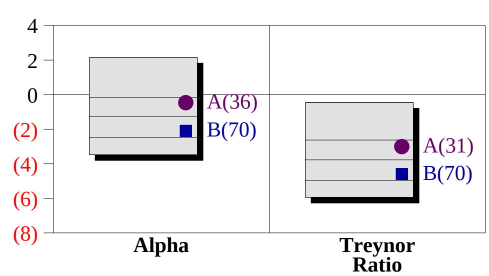


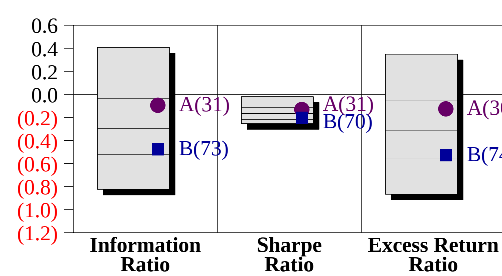
		12/10- 3/11	2010	2009
10th Percentile		8.51	18.90	34.50
25th Percentile		7.66	16.36	27.16
Median		6.84	14.33	22.57
75th Percentile		5.95	12.60	19.79
90th Percentile		5.23	11.42	15.98
Quantitative Mgmt Assoc	● A	7.36	15.08	20.60
Russell 1000 Value Index	■ B	6.46	15.51	19.69
S&P 500 Index	▲	5.92	15.06	26.47

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 Three-Quarter Years Ended March 31, 2011





		Alpha	Treynor Ratio
10th Percentile		2.16	(0.45)
25th Percentile		(0.15)	(2.63)
Median		(1.26)	(3.77)
75th Percentile		(2.49)	(4.96)
90th Percentile		(3.48)	(5.94)
Quantitative Mgmt Assoc	● A	(0.46)	(3.01)
Russell 1000 Value Index	■ B	(2.09)	(4.59)

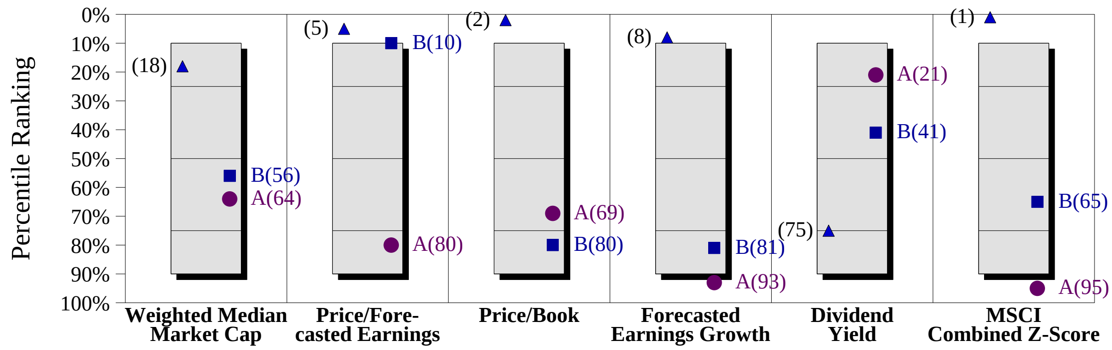
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.41	(0.02)	0.35
25th Percentile		(0.04)	(0.11)	(0.06)
Median		(0.29)	(0.17)	(0.31)
75th Percentile		(0.52)	(0.22)	(0.55)
90th Percentile		(0.82)	(0.25)	(0.87)
Quantitative Mgmt Assoc	● A	(0.09)	(0.13)	(0.13)
Russell 1000 Value Index	■ B	(0.48)	(0.20)	(0.53)

QUANTITATIVE MGMT ASSOC
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of March 31, 2011

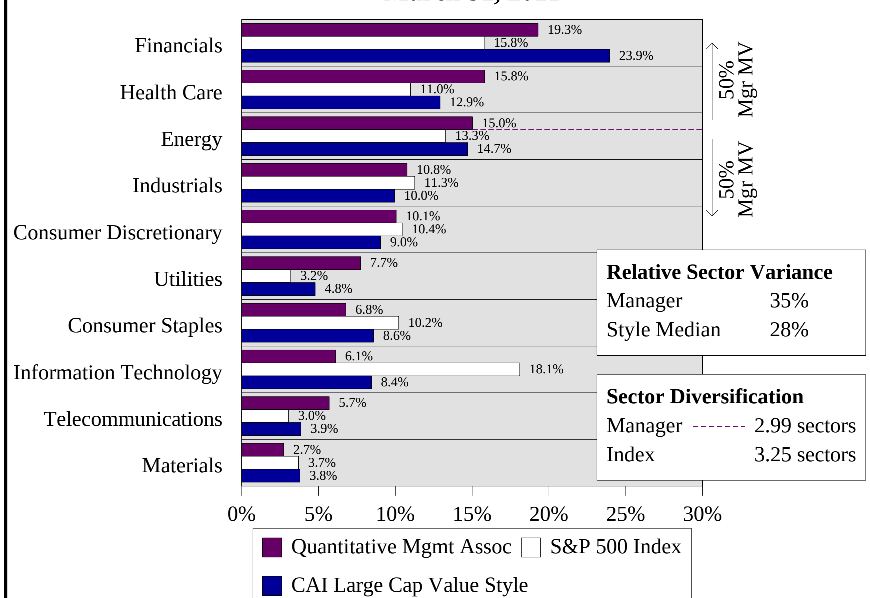


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	54.58	12.79	2.09	10.24	2.60	(0.29)
25th Percentile	47.19	12.36	1.88	9.48	2.27	(0.43)
Median	40.11	11.92	1.74	8.69	2.08	(0.63)
75th Percentile	31.06	11.44	1.67	8.00	1.85	(0.76)
90th Percentile	19.23	11.10	1.55	7.52	1.60	(0.86)
Quantitative Mgmt Assoc ● A	33.25	11.31	1.68	7.40	2.34	(0.90)
Russell 1000 Value ■ B	37.13	12.79	1.64	7.78	2.14	(0.72)
S&P 500 Index ▲	50.05	13.17	2.26	10.29	1.85	(0.03)

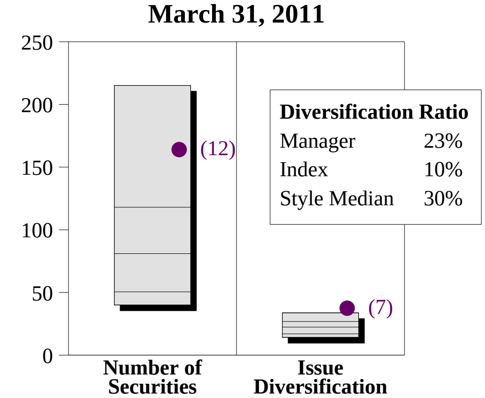
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	215	34
25th Percentile	118	27
Median	81	22
75th Percentile	51	17
90th Percentile	40	14
Quantitative Mgmt Assoc ●	164	37
S&P 500 Index ▲	500	52

RCM
PERIOD ENDED MARCH 31, 2011

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

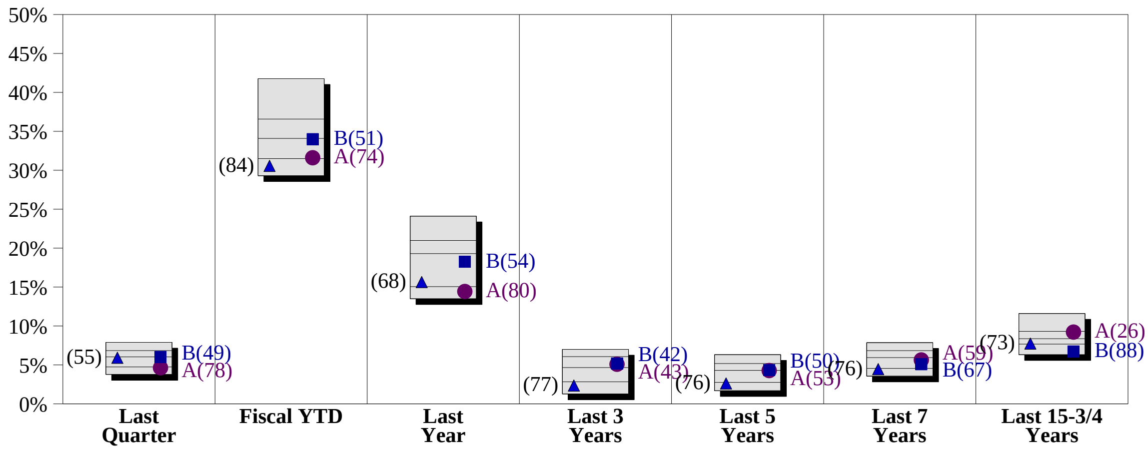
- RCM's portfolio posted a 4.63% return for the quarter placing it in the 78 percentile of the CAI Large Cap Growth Style group for the quarter and in the 80 percentile for the last year.
- RCM's portfolio underperformed the S&P 500 Index by 1.29% for the quarter and underperformed the S&P 500 Index for the year by 1.22%.

Quarterly Asset Growth

Beginning Market Value	$425,855,793
Net New Investment	$0
Investment Gains/(Losses)	$19,704,019
Ending Market Value	$445,559,812

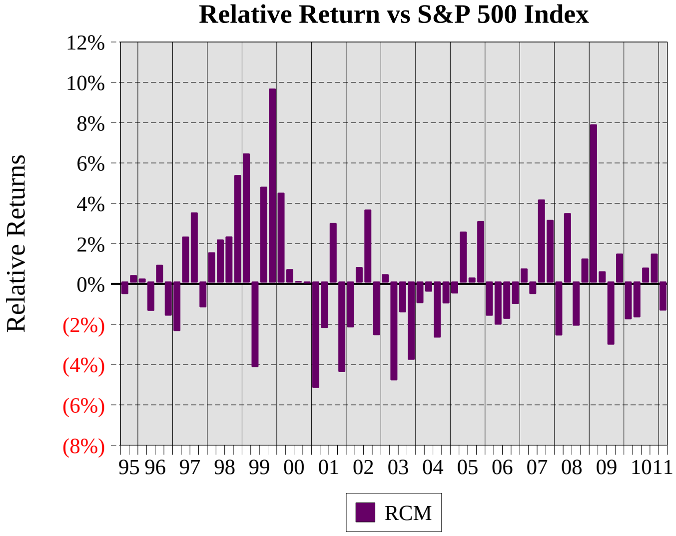
Percent Cash: 1.3%

Performance vs CAI Large Cap Growth Style (Gross)

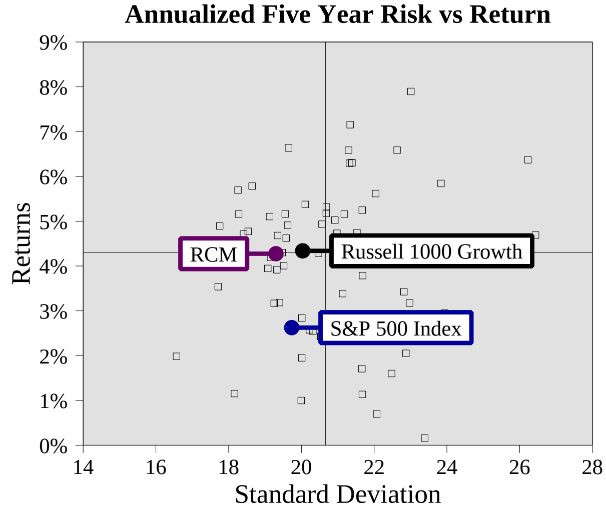


		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 15-3/4 Years
10th Percentile		7.89	41.76	24.11	7.00	6.32	7.86	11.60
25th Percentile		6.84	36.58	20.98	6.07	5.18	6.83	9.31
Median		6.03	34.09	19.30	4.66	4.30	5.94	8.37
75th Percentile		4.74	31.49	15.05	2.83	2.76	4.55	7.67
90th Percentile		3.78	29.29	13.50	1.27	1.69	3.56	6.31
RCM	● A	4.63	31.60	14.43	5.09	4.27	5.64	9.22
Russell 1000 Growth	■ B	6.03	33.99	18.26	5.19	4.34	5.09	6.73
S&P 500 Index	▲	5.92	30.56	15.65	2.35	2.62	4.46	7.74

Relative Return vs S&P 500 Index



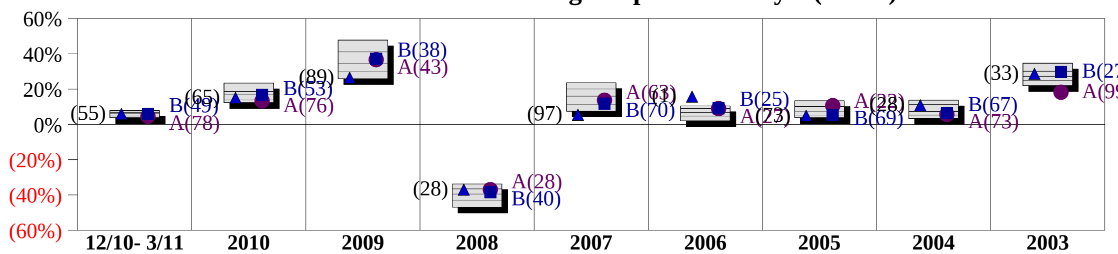
CAI Large Cap Growth Style (Gross)
Annualized Five Year Risk vs Return



Return Analysis

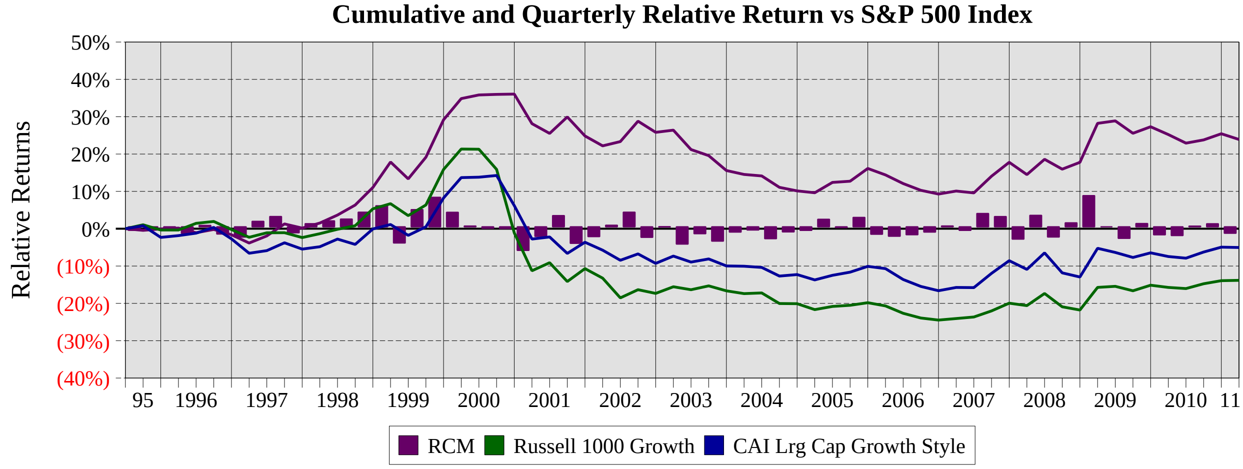
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

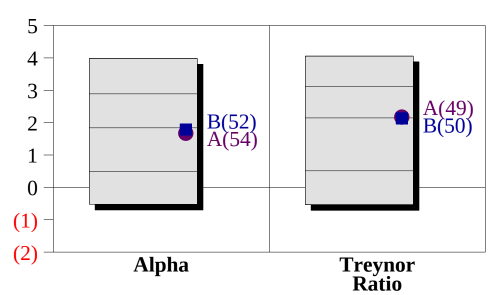


		12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile		7.89	23.44	47.80	(33.82)	23.58	10.47	13.37	13.76	34.69
25th Percentile		6.84	18.70	41.11	(36.57)	20.07	9.05	10.16	11.25	30.12
Median		6.03	16.77	34.39	(39.49)	16.01	6.70	7.14	7.36	27.26
75th Percentile		4.74	13.85	29.79	(42.96)	11.13	4.71	4.79	5.28	24.80
90th Percentile		3.78	12.31	25.86	(46.98)	7.46	2.00	3.77	3.31	21.95
RCM	● A	4.63	13.37	36.69	(37.00)	13.70	8.96	10.64	5.64	18.23
Russell 1000 Growth	■ B	6.03	16.71	37.21	(38.44)	11.81	9.07	5.26	6.30	29.75
S&P 500 Index	▲	5.92	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88	28.68

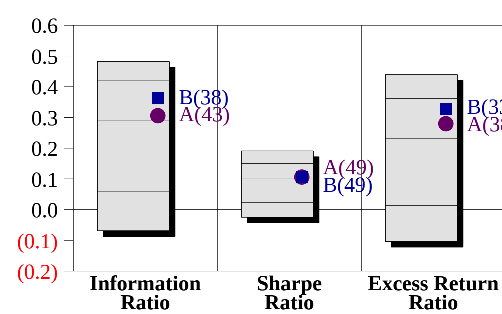
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Growth Style (Gross)
Five Years Ended March 31, 2011



		Alpha	Treynor Ratio
10th Percentile		3.98	4.06
25th Percentile		2.89	3.12
Median		1.84	2.15
75th Percentile		0.49	0.51
90th Percentile		(0.52)	(0.53)
RCM	● A	1.67	2.17
Russell 1000 Growth	■ B	1.78	2.13



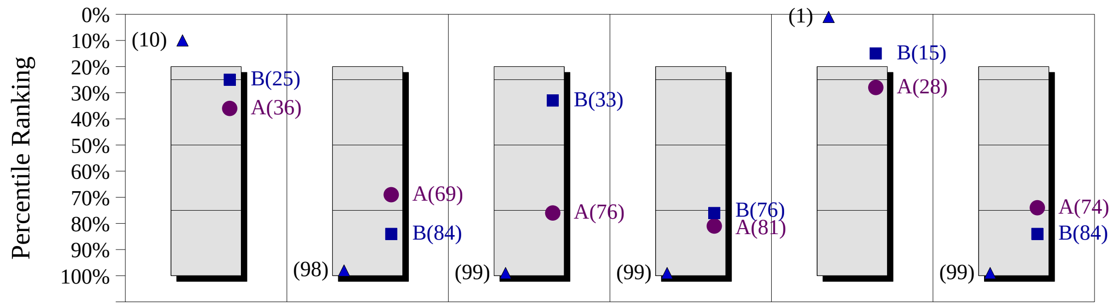
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.48	0.19	0.44
25th Percentile		0.42	0.15	0.36
Median		0.29	0.10	0.23
75th Percentile		0.06	0.02	0.01
90th Percentile		(0.07)	(0.02)	(0.10)
RCM	● A	0.31	0.11	0.28
Russell 1000 Growth	■ B	0.36	0.11	0.33

RCM
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Growth Style
as of March 31, 2011

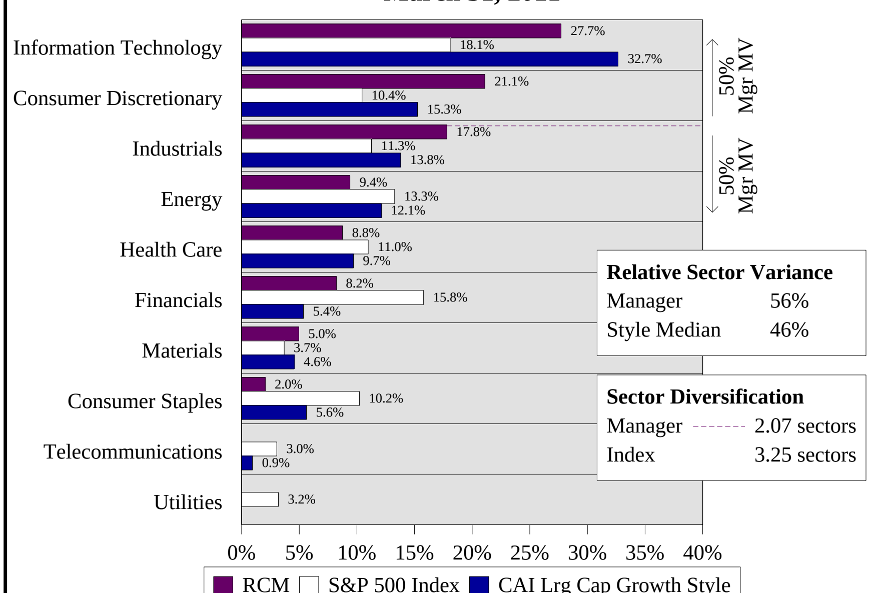


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	49.73	18.01	4.72	17.16	1.45	1.44
25th Percentile	39.81	17.21	3.90	16.15	1.25	1.26
Median	30.50	15.55	3.48	14.69	0.92	0.89
75th Percentile	25.81	14.69	3.17	13.30	0.73	0.75
90th Percentile	18.21	14.12	2.93	12.71	0.60	0.68
RCM ● A	34.51	14.80	3.15	13.16	1.15	0.76
Russell 1000 Growth ■ B	39.00	14.48	3.70	13.26	1.42	0.69
S&P 500 Index ▲	50.05	13.17	2.26	10.29	1.85	(0.03)

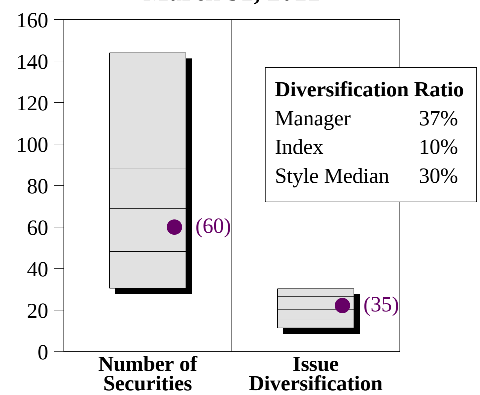
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	144	30
25th Percentile	88	26
Median	69	20
75th Percentile	48	15
90th Percentile	31	11
RCM ●	60	22
S&P 500 Index ▲	500	52

RELATIONAL INVESTORS
PERIOD ENDED MARCH 31, 2011

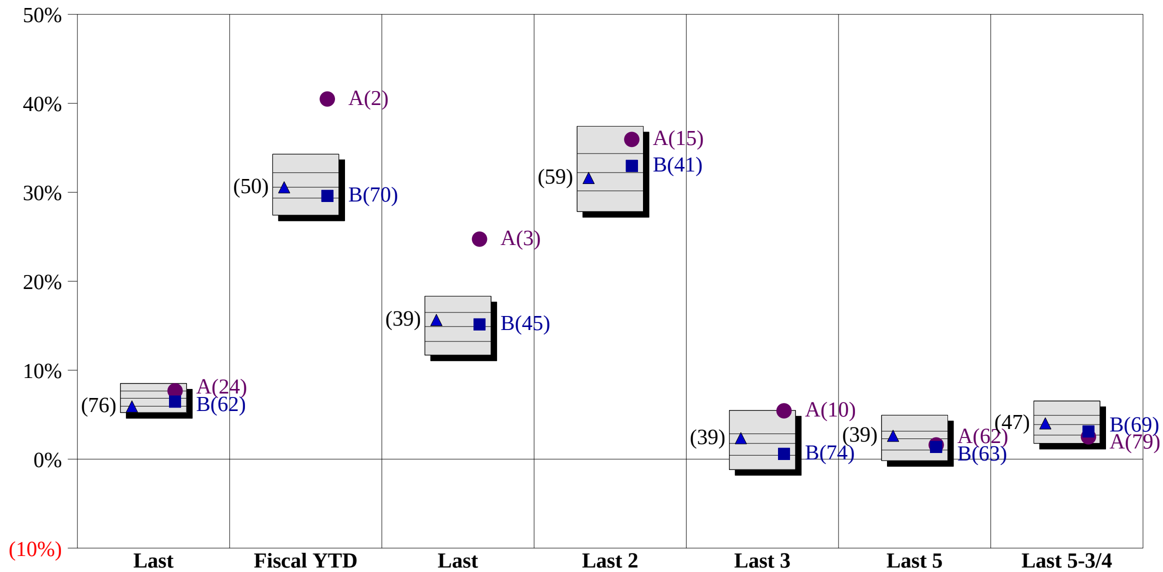
Quarterly Summary and Highlights

- Relational Investors's portfolio posted a 7.68% return for the quarter placing it in the 24 percentile of the CAI Large Cap Value Style group for the quarter and in the 3 percentile for the last year.
- Relational Investors's portfolio outperformed the S&P 500 Index by 1.76% for the quarter and outperformed the S&P 500 Index for the year by 9.08%.

Quarterly Asset Growth

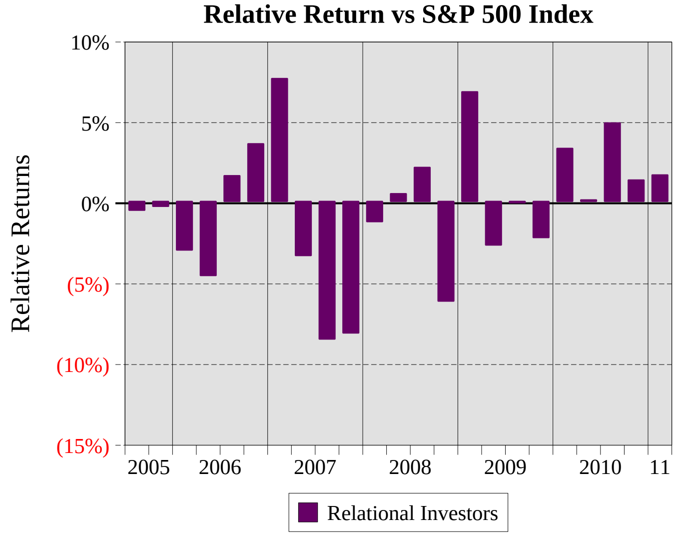
Beginning Market Value	$304,113,221
Net New Investment	$-24,677,962
Investment Gains/(Losses)	$21,304,500
Ending Market Value	$300,739,759

Performance vs CAI Large Cap Value Style (Gross)

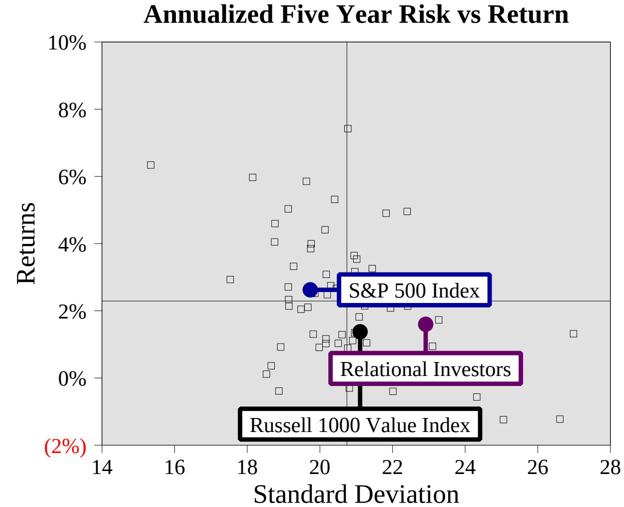


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	8.51	34.28	18.32	37.42	5.48	4.94	6.54
25th Percentile	7.66	32.20	16.49	34.35	2.85	3.15	4.93
Median	6.84	30.57	14.90	32.21	1.77	2.29	3.89
75th Percentile	5.95	29.35	13.23	30.16	0.43	1.03	2.70
90th Percentile	5.23	27.43	11.69	27.83	(1.18)	(0.17)	1.77
Relational Investors ● A	7.68	40.48	24.73	35.94	5.43	1.60	2.51
Russell 1000 Value Index ■ B	6.46	29.60	15.15	32.97	0.60	1.38	3.12
S&P 500 Index ▲	5.92	30.56	15.65	31.61	2.35	2.62	4.02

Relative Return vs S&P 500 Index



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

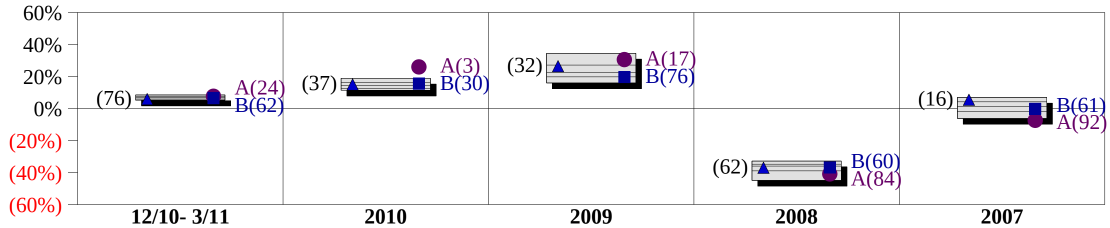


RELATIONAL INVESTORS
RETURN ANALYSIS SUMMARY

Return Analysis

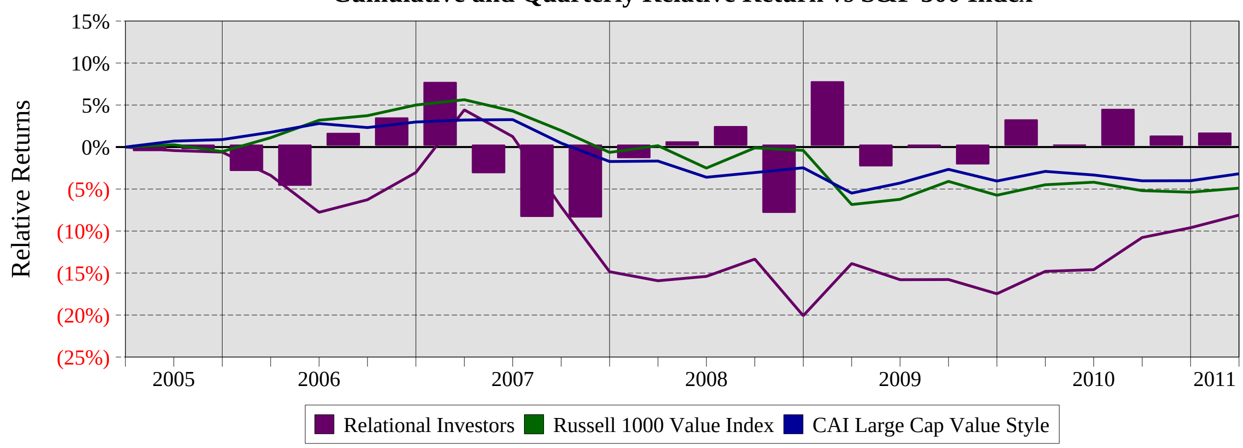
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

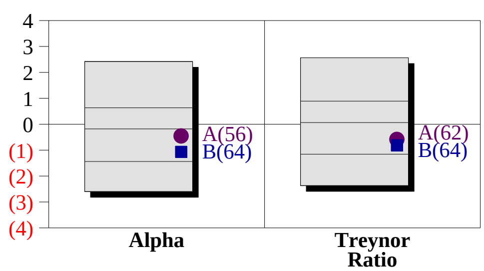


		12/10- 3/11	2010	2009	2008	2007
10th Percentile		8.51	18.90	34.50	(32.84)	6.97
25th Percentile		7.66	16.36	27.16	(34.78)	4.19
Median		6.84	14.33	22.57	(35.97)	1.12
75th Percentile		5.95	12.60	19.79	(38.95)	(1.81)
90th Percentile		5.23	11.42	15.98	(44.92)	(6.22)
Relational Investors	● A	7.68	26.02	30.60	(40.87)	(7.36)
Russell 1000 Value Index	■ B	6.46	15.51	19.69	(36.85)	(0.17)
S&P 500 Index	▲	5.92	15.06	26.47	(37.00)	5.49

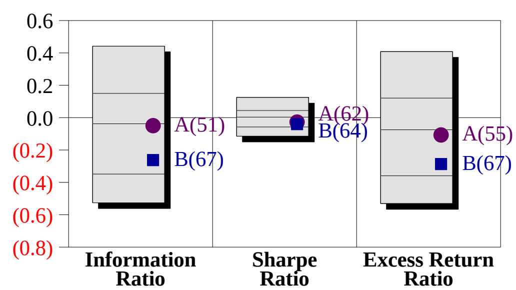
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Value Style (Gross)
Five Years Ended March 31, 2011



		Alpha	Treynor Ratio
10th Percentile		2.42	2.56
25th Percentile		0.63	0.89
Median		(0.18)	0.06
75th Percentile		(1.44)	(1.16)
90th Percentile		(2.60)	(2.37)
Relational Investors	● A	(0.45)	(0.59)
Russell 1000 Value Index	■ B	(1.07)	(0.81)



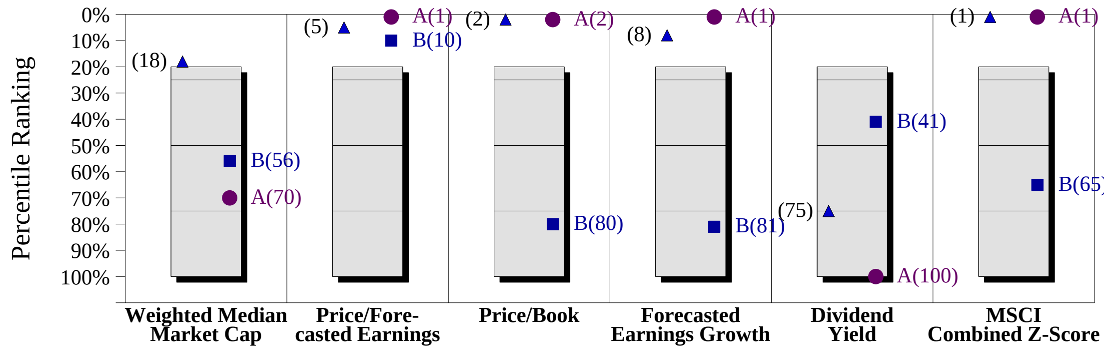
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.44	0.13	0.41
25th Percentile		0.15	0.04	0.12
Median		(0.04)	0.00	(0.07)
75th Percentile		(0.35)	(0.06)	(0.36)
90th Percentile		(0.53)	(0.11)	(0.53)
Relational Investors	● A	(0.05)	(0.03)	(0.11)
Russell 1000 Value Index	■ B	(0.26)	(0.04)	(0.29)

RELATIONAL INVESTORS
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of March 31, 2011

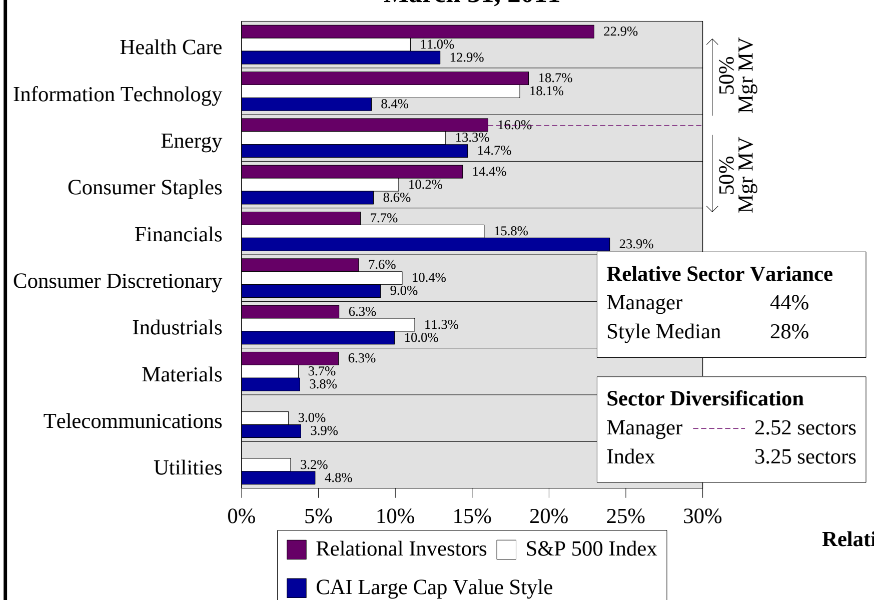


		Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile		54.58	12.79	2.09	10.24	2.60	(0.29)
25th Percentile		47.19	12.36	1.88	9.48	2.27	(0.43)
Median		40.11	11.92	1.74	8.69	2.08	(0.63)
75th Percentile		31.06	11.44	1.67	8.00	1.85	(0.76)
90th Percentile		19.23	11.10	1.55	7.52	1.60	(0.86)
Relational Investors	● A	32.24	13.90	2.32	13.57	1.11	0.35
Russell 1000 Value Index	■ B	37.13	12.79	1.64	7.78	2.14	(0.72)
S&P 500 Index	▲	50.05	13.17	2.26	10.29	1.85	(0.03)

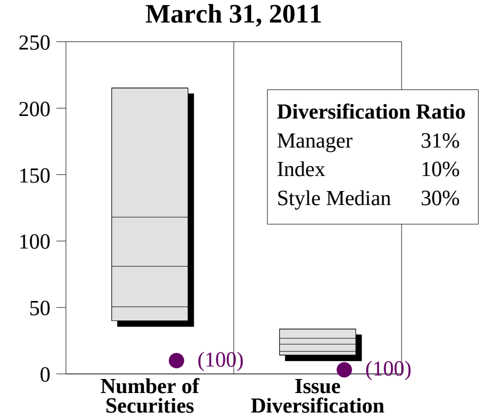
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



		Number of Securities	Issue Diversification
10th Percentile		215	34
25th Percentile		118	27
Median		81	22
75th Percentile		51	17
90th Percentile		40	14
Relational Investors	●	10	3
S&P 500 Index	▲	500	52

SSGA RUSSELL 1000 GROWTH
PERIOD ENDED MARCH 31, 2011

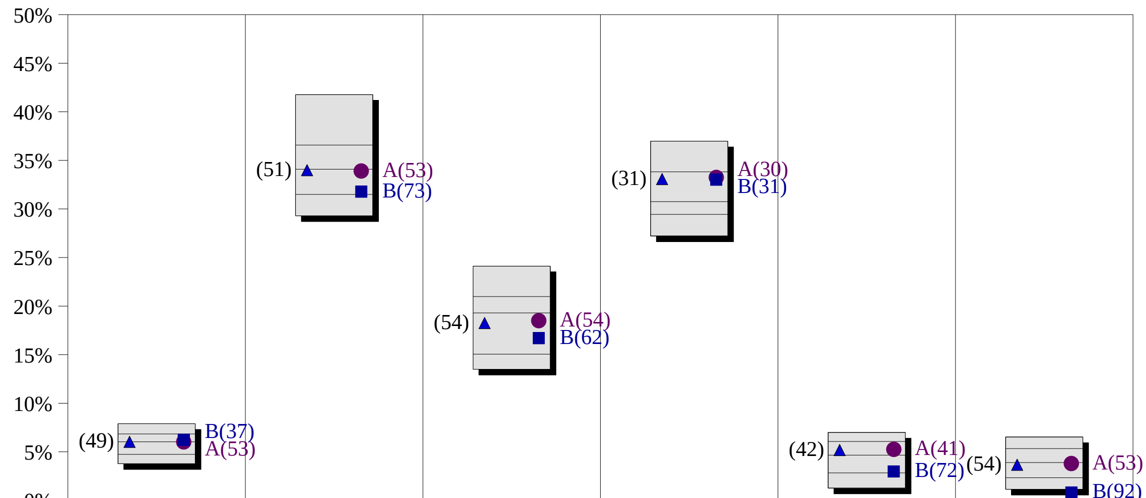
Quarterly Summary and Highlights

- SSgA Russell 1000 Growth's portfolio posted a 6.02% return for the quarter placing it in the 53 percentile of the CAI Large Cap Growth Style group for the quarter and in the 54 percentile for the last year.
- SSgA Russell 1000 Growth's portfolio underperformed the Russell 1000 Growth Index by 0.01% for the quarter and outperformed the Russell 1000 Growth Index for the year by 0.24%.

Quarterly Asset Growth

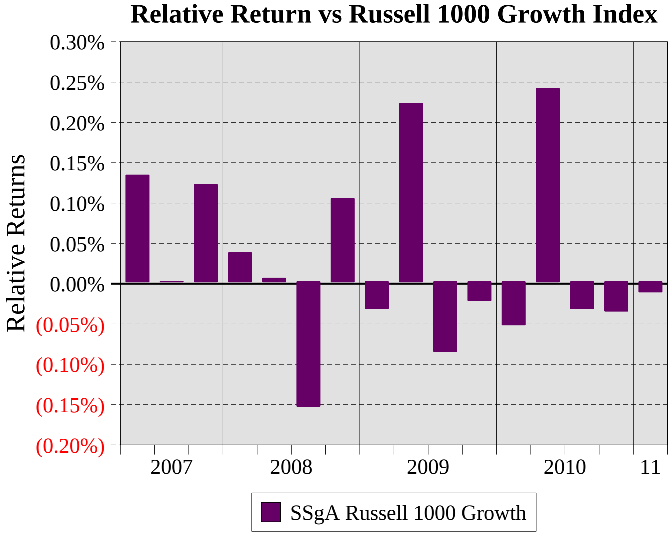
Beginning Market Value	$504,391,425
Net New Investment	$0
Investment Gains/(Losses)	$30,364,920
Ending Market Value	$534,756,345

Performance vs CAI Large Cap Growth Style (Gross)

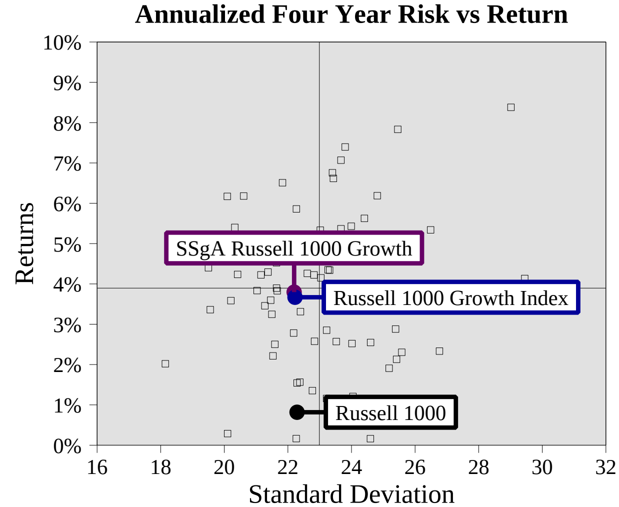


		Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile		7.89	41.76	24.11	36.97	7.00	6.53
25th Percentile		6.84	36.58	20.98	33.82	6.07	5.33
Median		6.03	34.09	19.30	30.75	4.66	3.90
75th Percentile		4.74	31.49	15.05	29.44	2.83	2.33
90th Percentile		3.78	29.29	13.50	27.22	1.27	1.14
SSgA Russell 1000 Growth	● A	6.02	33.90	18.50	33.25	5.25	3.80
Russell 1000	■ B	6.24	31.77	16.69	33.01	2.98	0.82
Russell 1000 Growth Index	▲	6.03	33.99	18.26	33.07	5.19	3.67

Relative Return vs Russell 1000 Growth Index



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

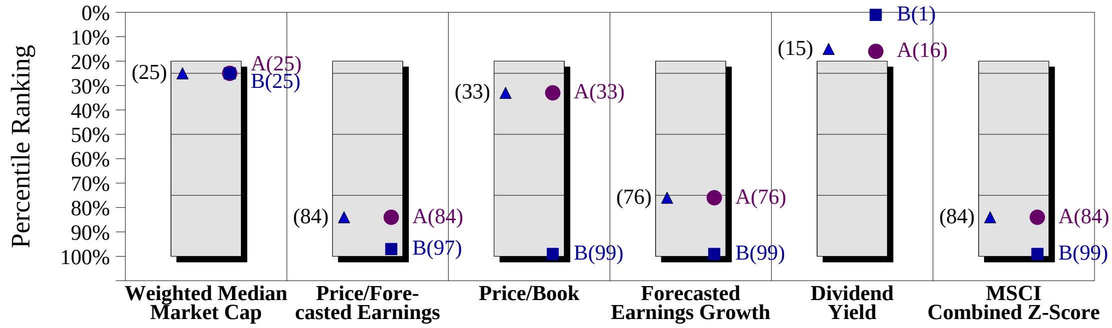


SSGA RUSSELL 1000 GROWTH
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Growth Style
as of March 31, 2011

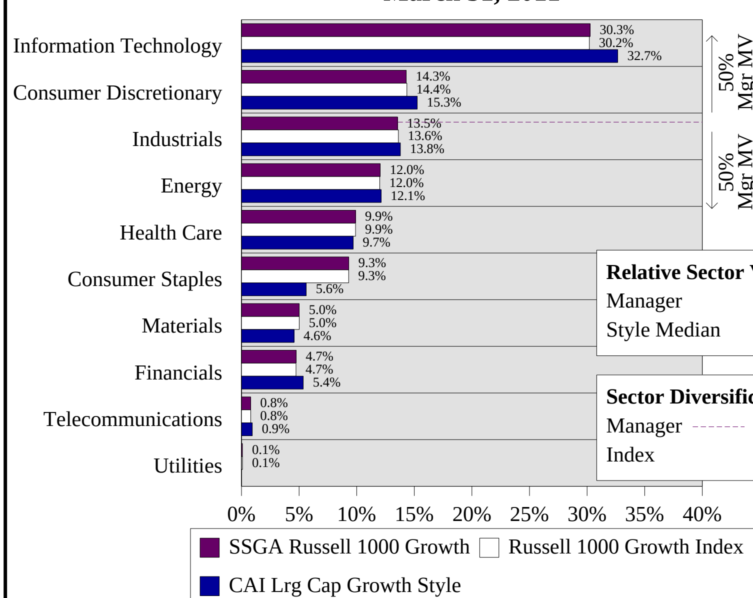


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	49.73	18.01	4.72	17.16	1.45	1.44
25th Percentile	39.81	17.21	3.90	16.15	1.25	1.26
Median	30.50	15.55	3.48	14.69	0.92	0.89
75th Percentile	25.81	14.69	3.17	13.30	0.73	0.75
90th Percentile	18.21	14.12	2.93	12.71	0.60	0.68
SSGA Russell 1000 Growth ● A	39.00	14.48	3.70	13.25	1.42	0.69
Russell 1000 ■ B	38.87	13.59	2.27	10.57	1.77	(0.01)
Russell 1000 Growth Index ▲	39.00	14.48	3.70	13.26	1.42	0.69

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
March 31, 2011



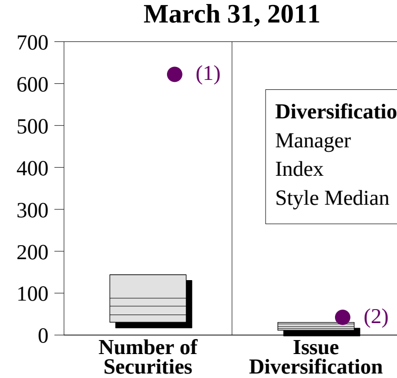
Relative Sector Variance

Manager	0%
Style Median	9%

Sector Diversification

Manager	2.40 sectors
Index	2.40 sectors

Diversification
March 31, 2011



Diversification Ratio

Manager	7%
Index	7%
Style Median	30%

	Number of Securities	Issue Diversification
10th Percentile	144	30
25th Percentile	88	26
Median	69	20
75th Percentile	48	15
90th Percentile	31	11
SSGA Russell 1000 Growth ●	622	42
Russell 1000 Growth Index ▲	624	42

SSGA RUSSELL 1000 VALUE
PERIOD ENDED MARCH 31, 2011

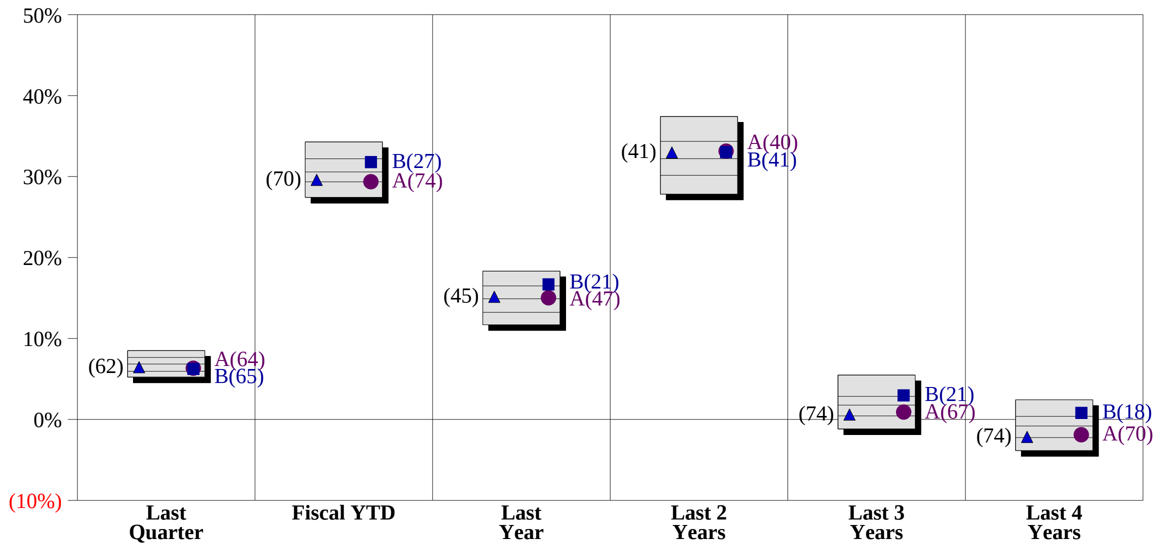
Quarterly Summary and Highlights

- SSgA Russell 1000 Value's portfolio posted a 6.33% return for the quarter placing it in the 64 percentile of the CAI Large Cap Value Style group for the quarter and in the 47 percentile for the last year.
- SSgA Russell 1000 Value's portfolio underperformed the Russell 1000 Value Index by 0.13% for the quarter and underperformed the Russell 1000 Value Index for the year by 0.13%.

Quarterly Asset Growth

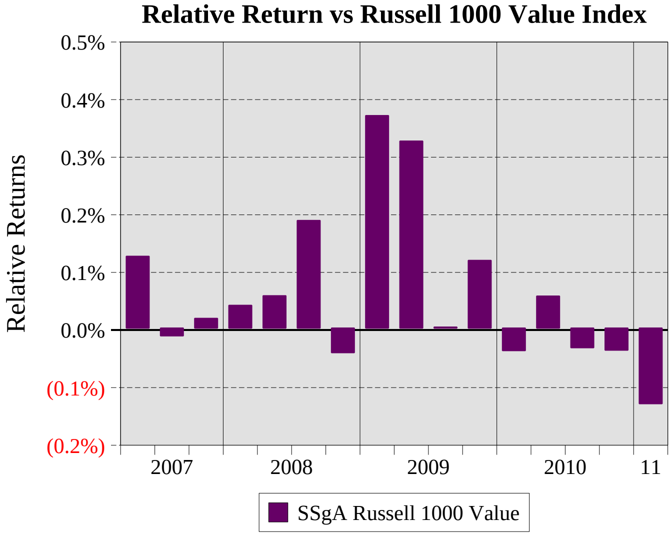
Beginning Market Value	$1,150,926,901
Net New Investment	$-272,667,036
Investment Gains/(Losses)	$69,983,990
Ending Market Value	$948,243,854

Performance vs CAI Large Cap Value Style (Gross)

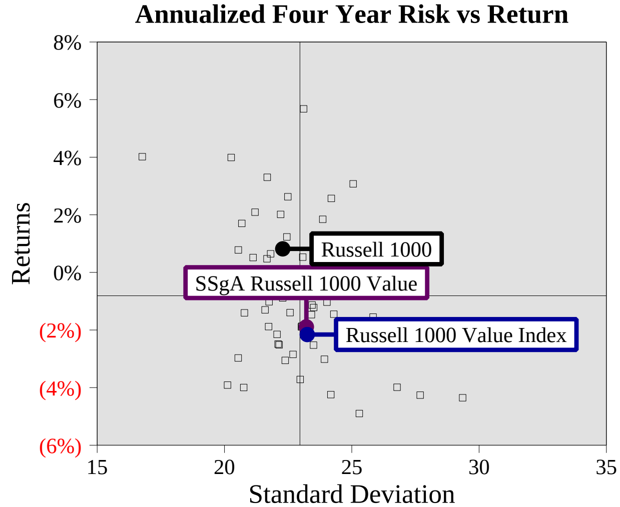


		Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile		8.51	34.28	18.32	37.42	5.48	2.43
25th Percentile		7.66	32.20	16.49	34.35	2.85	0.38
Median		6.84	30.57	14.90	32.21	1.77	(0.81)
75th Percentile		5.95	29.35	13.23	30.16	0.43	(2.24)
90th Percentile		5.23	27.43	11.69	27.83	(1.18)	(3.85)
SSgA Russell 1000 Value	● A	6.33	29.36	15.02	33.14	0.91	(1.89)
Russell 1000	■ B	6.24	31.77	16.69	33.01	2.98	0.82
Russell 1000 Value Index	▲	6.46	29.60	15.15	32.97	0.60	(2.16)

Relative Return vs Russell 1000 Value Index



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

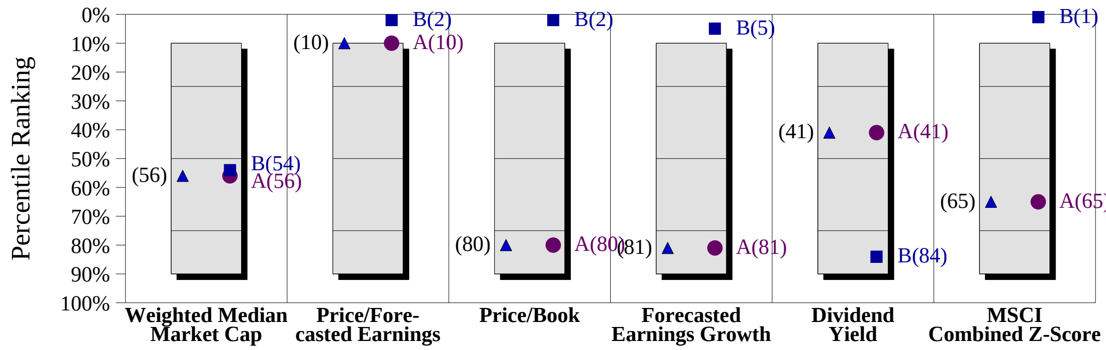


SSGA RUSSELL 1000 VALUE
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of March 31, 2011

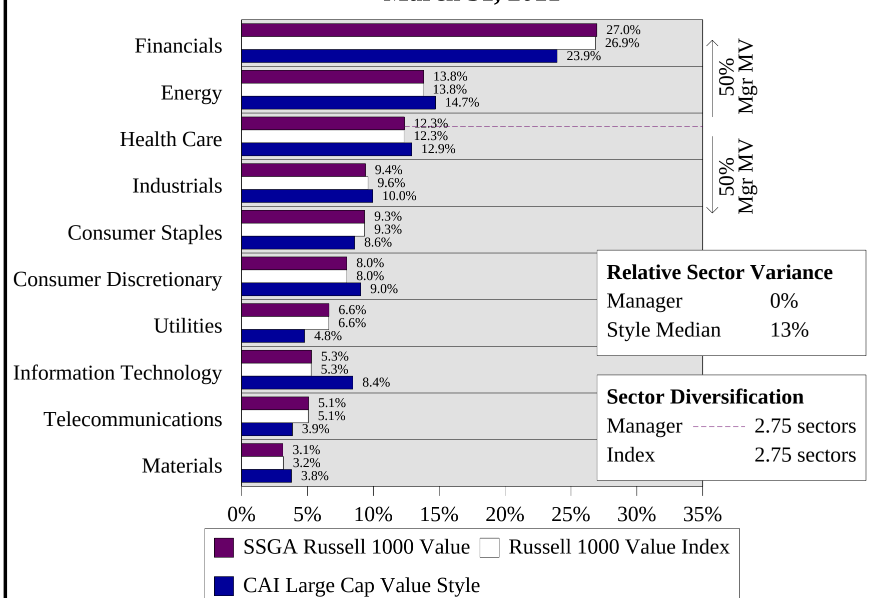


		Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile		54.58	12.79	2.09	10.24	2.60	(0.29)
25th Percentile		47.19	12.36	1.88	9.48	2.27	(0.43)
Median		40.11	11.92	1.74	8.69	2.08	(0.63)
75th Percentile		31.06	11.44	1.67	8.00	1.85	(0.76)
90th Percentile		19.23	11.10	1.55	7.52	1.60	(0.86)
SSGA Russell 1000 Value	● A	37.12	12.80	1.64	7.78	2.14	(0.72)
Russell 1000	■ B	38.87	13.59	2.27	10.57	1.77	(0.01)
Russell 1000 Value Index	▲	37.13	12.79	1.64	7.78	2.14	(0.72)

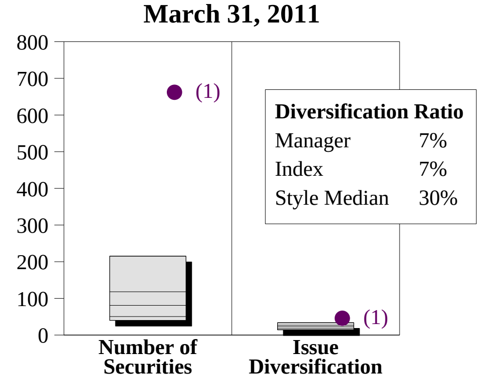
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



		Number of Securities	Issue Diversification
10th Percentile		215	34
25th Percentile		118	27
Median		81	22
75th Percentile		51	17
90th Percentile		40	14
SSGA Russell 1000 Value	●	662	46
Russell 1000 Value Index	▲	665	46

SSGA RUSSELL 200
PERIOD ENDED MARCH 31, 2011

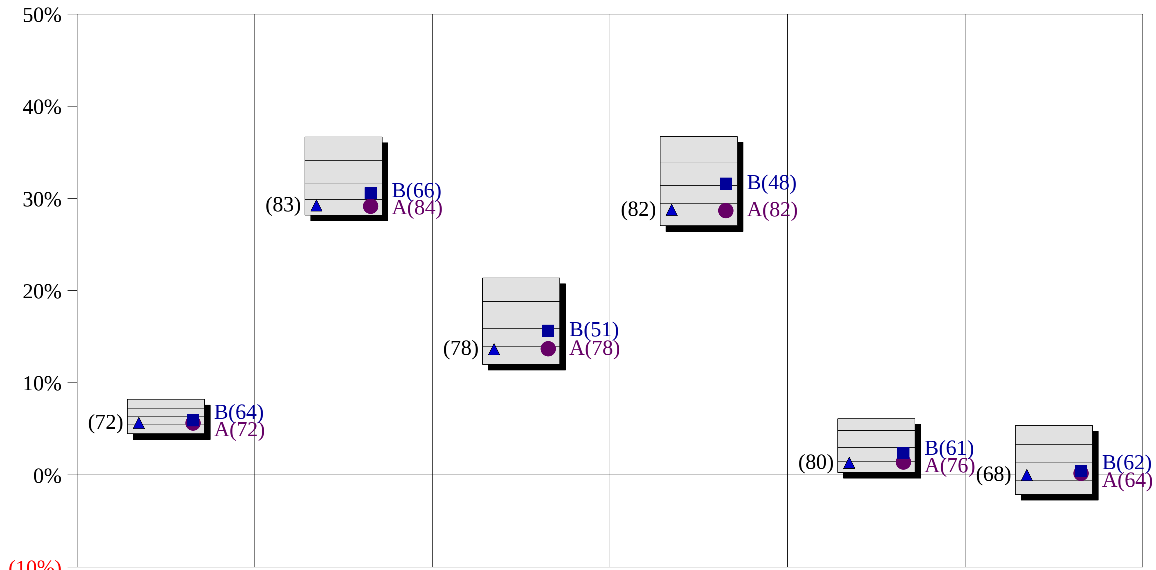
Quarterly Summary and Highlights

- SSgA Russell 200's portfolio posted a 5.62% return for the quarter placing it in the 72 percentile of the CAI Large Capitalization Style group for the quarter and in the 78 percentile for the last year.
- SSgA Russell 200's portfolio underperformed the Russell Top 200 by 0.01% for the quarter and outperformed the Russell Top 200 for the year by 0.05%.

Quarterly Asset Growth

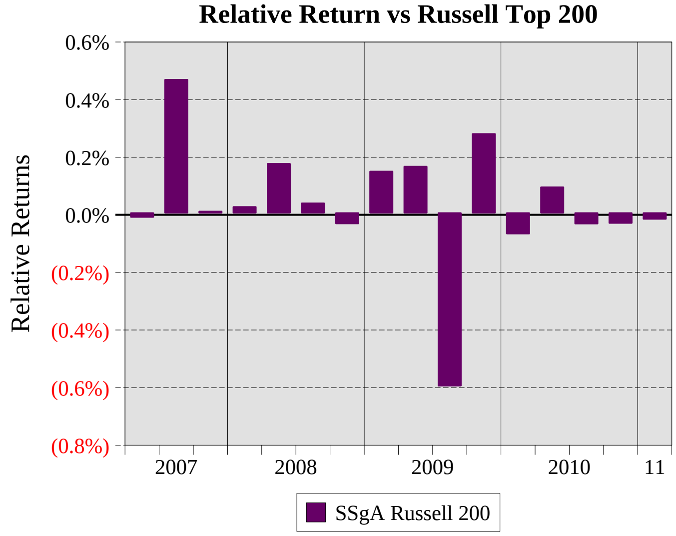
Beginning Market Value	$363,153,807
Net New Investment	$0
Investment Gains/(Losses)	$20,426,293
Ending Market Value	$383,580,100

Performance vs CAI Large Capitalization Style (Gross)

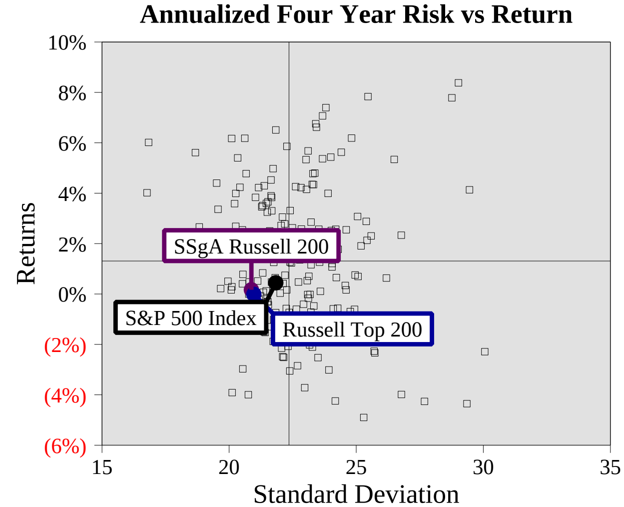


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	8.21	36.67	21.37	36.71	6.09	5.35
25th Percentile	7.23	34.10	18.82	33.95	4.82	3.31
Median	6.36	31.66	15.87	31.39	2.97	1.31
75th Percentile	5.43	29.89	13.91	29.43	1.47	(0.58)
90th Percentile	4.47	28.19	11.99	27.04	0.26	(2.12)
SSgA Russell 200 ● A	5.62	29.15	13.69	28.67	1.39	0.17
S&P 500 Index ■ B	5.92	30.56	15.65	31.61	2.35	0.44
Russell Top 200 ▲	5.64	29.24	13.64	28.76	1.32	(0.01)

Relative Return vs Russell Top 200



CAI Large Capitalization Style (Gross) Annualized Four Year Risk vs Return

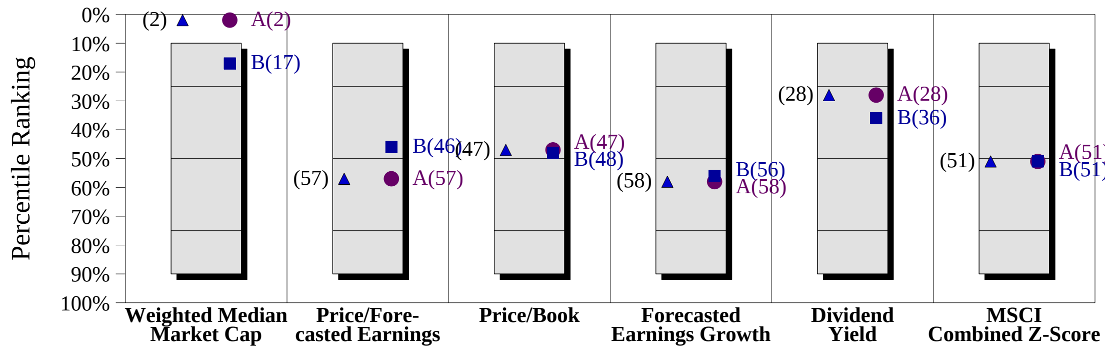


SSGA RUSSELL 200
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Capitalization Style
as of March 31, 2011

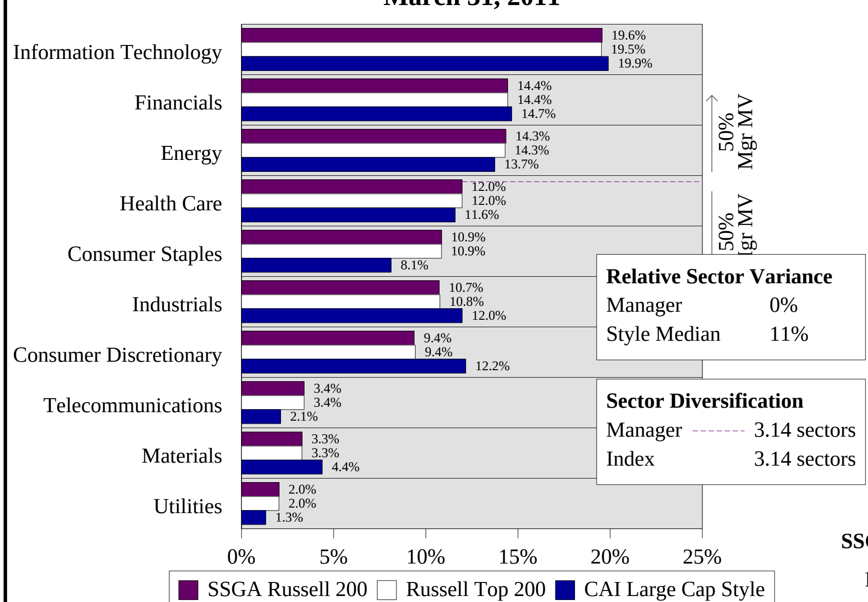


		Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile		53.82	17.14	3.82	16.11	2.26	1.25
25th Percentile		46.94	14.95	3.28	13.86	2.00	0.79
Median		36.17	13.03	2.23	10.84	1.60	(0.00)
75th Percentile		28.00	12.02	1.83	9.02	1.04	(0.49)
90th Percentile		19.55	11.40	1.67	7.99	0.73	(0.75)
SSGA Russell 200	● A	81.33	12.68	2.30	10.22	1.94	(0.03)
S&P 500 Index	■ B	50.05	13.17	2.26	10.29	1.85	(0.03)
Russell Top 200	▲	81.27	12.68	2.30	10.22	1.94	(0.03)

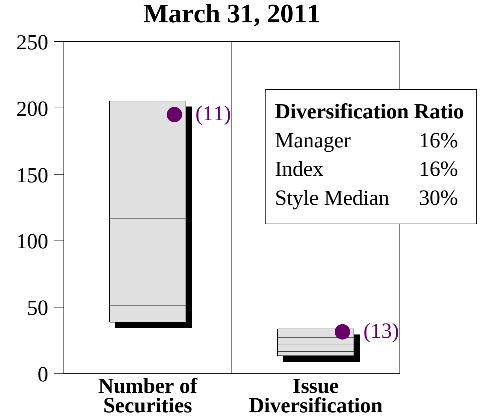
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



		Number of Securities	Issue Diversification
10th Percentile		205	34
25th Percentile		117	27
Median		75	22
75th Percentile		52	17
90th Percentile		39	13
SSGA Russell 200	●	195	31
Russell Top 200	▲	195	32

SMALL CAP EQUITY POOL
PERIOD ENDED MARCH 31, 2011

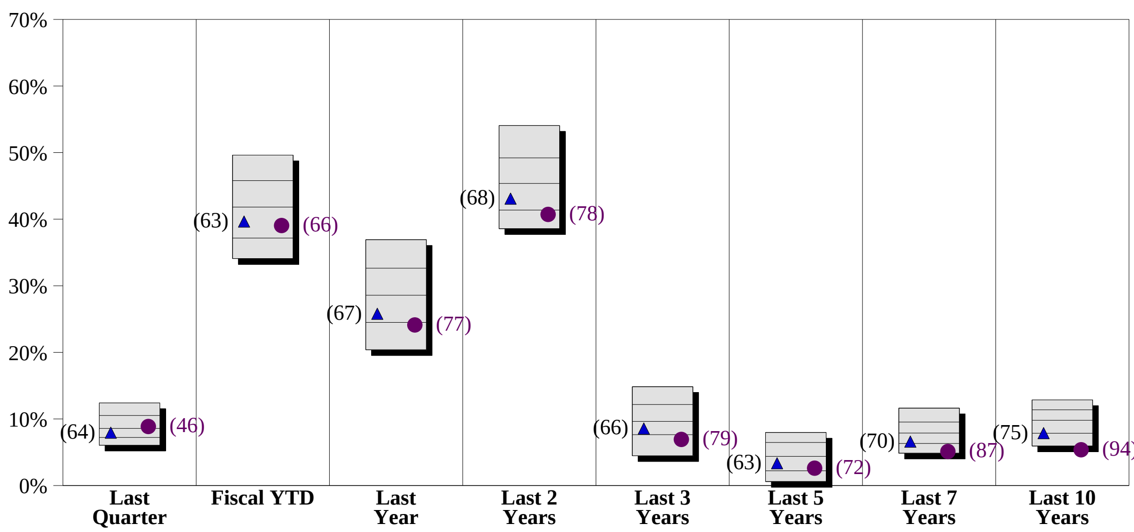
Investment Philosophy

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

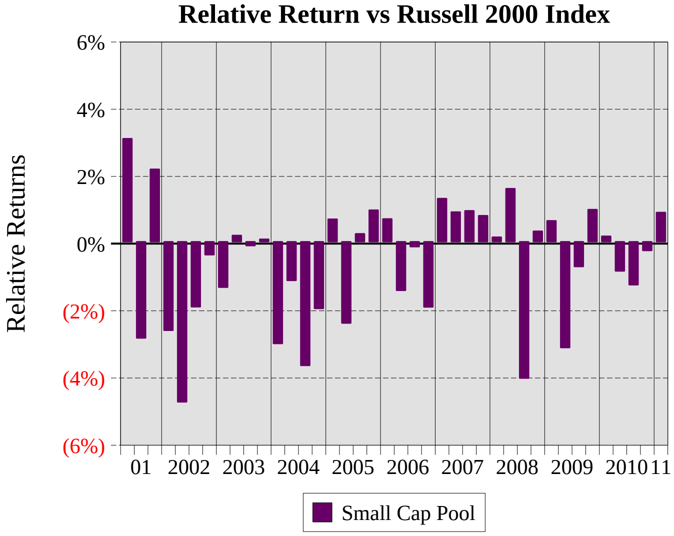
- Small Cap Pool's portfolio posted a 8.87% return for the quarter placing it in the 46 percentile of the CAI Small Capitalization Style group for the quarter and in the 77 percentile for the last year.
- Small Cap Pool's portfolio outperformed the Russell 2000 Index by 0.93% for the quarter and underperformed the Russell 2000 Index for the year by 1.68%.

Performance vs CAI Small Capitalization Style (Gross)

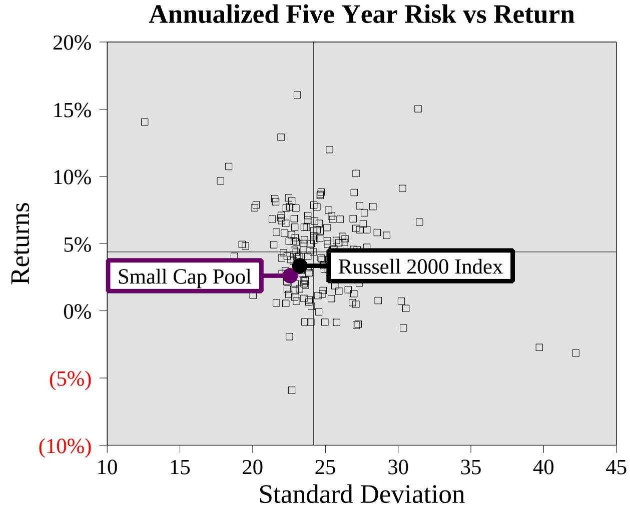


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	12.41	49.62	36.93	54.06	14.85	7.97	11.63	12.86
25th Percentile	10.52	45.79	32.64	49.21	12.17	6.47	9.53	11.37
Median	8.58	41.82	28.58	45.37	9.64	4.38	7.88	9.80
75th Percentile	7.22	37.17	24.50	41.37	7.64	2.21	6.32	7.85
90th Percentile	6.05	34.09	20.38	38.57	4.47	0.60	4.86	5.93
Small Cap Pool ●	8.87	39.05	24.12	40.72	6.93	2.61	5.11	5.37
Russell 2000 Index ▲	7.94	39.65	25.79	43.09	8.57	3.35	6.60	7.87

Relative Return vs Russell 2000 Index



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

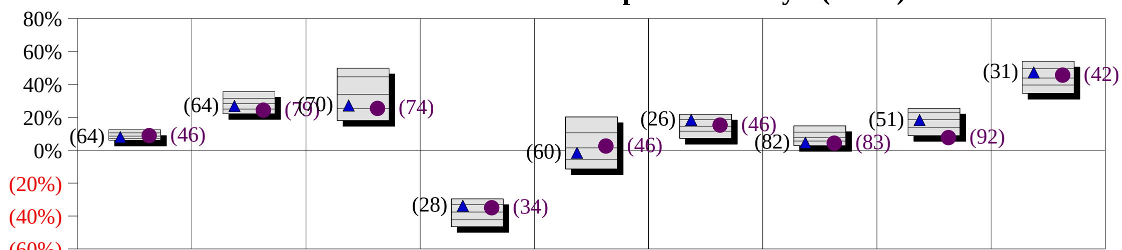


SMALL CAP POOL
RETURN ANALYSIS SUMMARY

Return Analysis

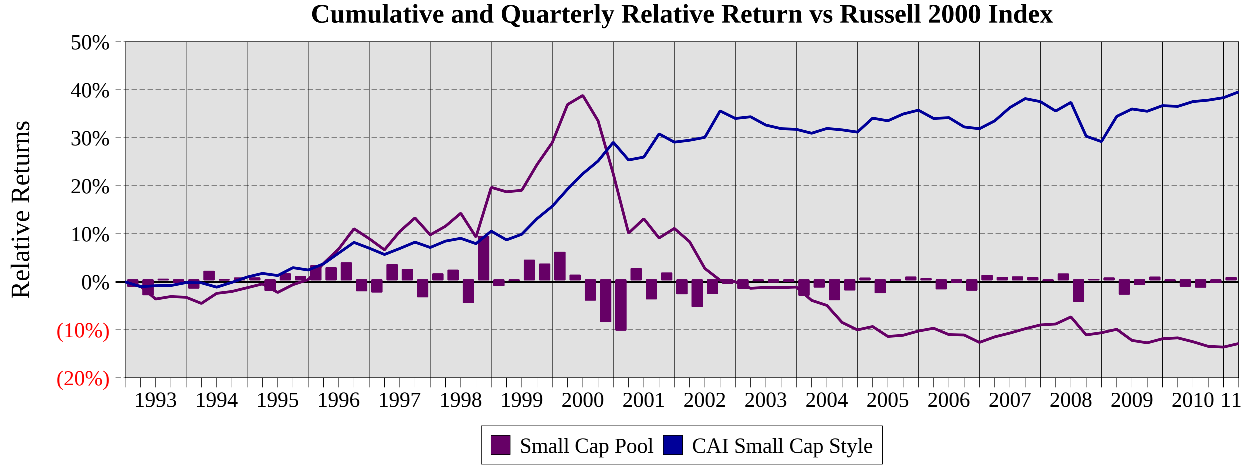
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

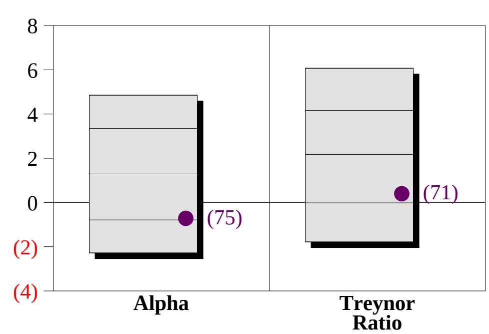


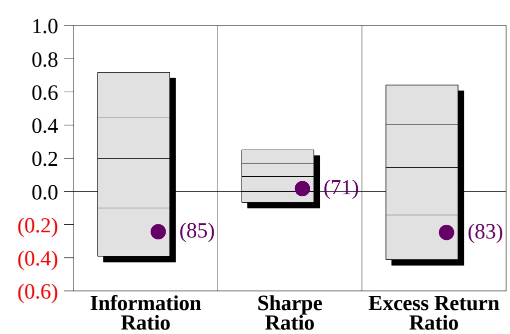
	12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	12.41	35.55	49.83	(29.58)	20.20	21.82	14.77	25.44	54.03
25th Percentile	10.52	31.53	44.57	(33.03)	10.55	18.62	10.97	22.73	49.55
Median	8.58	28.24	33.98	(37.57)	1.39	14.59	7.55	18.56	43.84
75th Percentile	7.22	24.99	25.24	(42.30)	(5.47)	11.58	5.55	13.61	39.60
90th Percentile	6.05	22.15	18.02	(46.48)	(11.43)	7.13	2.77	8.83	34.55
Small Cap Pool ●	8.87	24.35	25.40	(34.97)	2.53	15.24	4.28	7.65	45.62
Russell 2000 Index ▲	7.94	26.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33	47.25

Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended March 31, 2011





	Alpha	Treynor Ratio
10th Percentile	4.85	6.07
25th Percentile	3.34	4.16
Median	1.33	2.18
75th Percentile	(0.79)	(0.02)
90th Percentile	(2.28)	(1.78)
Small Cap Pool ●	(0.72)	0.40

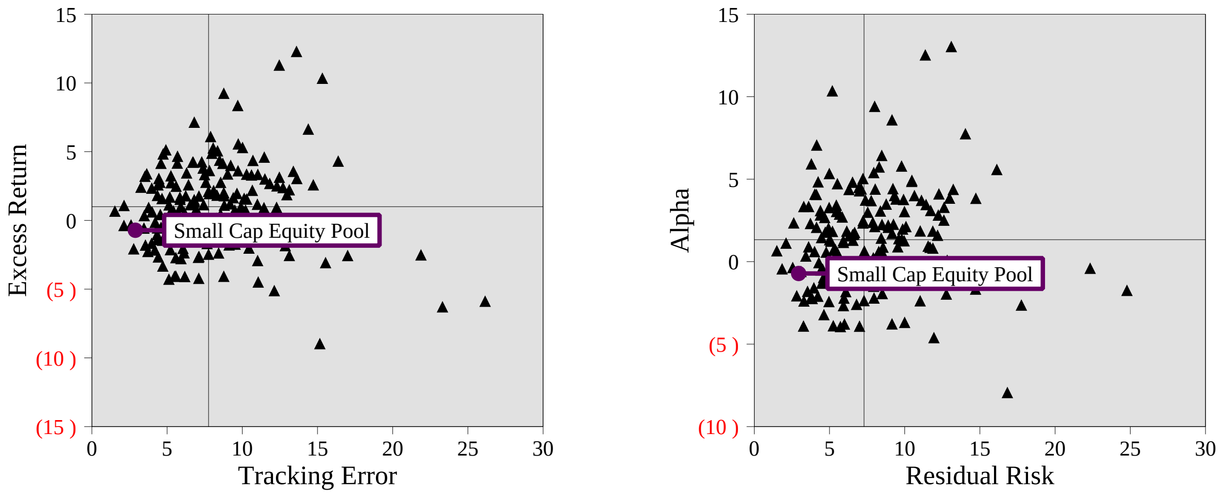
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.72	0.25	0.64
25th Percentile	0.44	0.17	0.40
Median	0.20	0.09	0.14
75th Percentile	(0.10)	(0.00)	(0.14)
90th Percentile	(0.39)	(0.07)	(0.41)
Small Cap Pool ●	(0.24)	0.02	(0.25)

SMALL CAP EQUITY POOL
RISK ANALYSIS SUMMARY

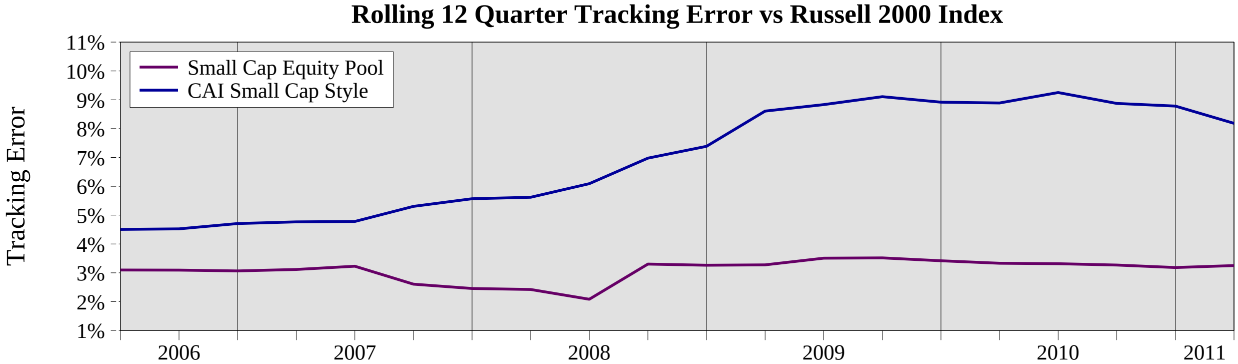
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

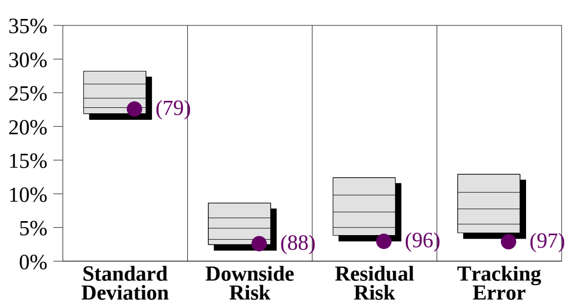
Risk Analysis vs CAI Small Capitalization Style (Gross)
Five Years Ended March 31, 2011



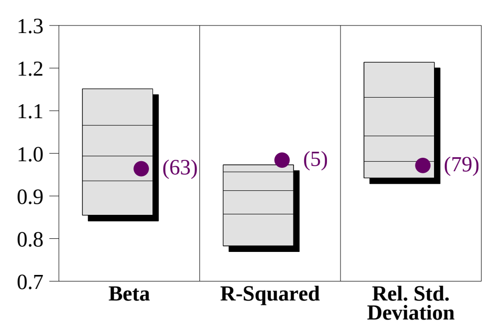
Rolling 12 Quarter Tracking Error vs Russell 2000 Index



Risk Statistics Rankings vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended March 31, 2011



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	28.21	8.63	12.41	12.90
25th Percentile	26.29	6.43	9.81	10.22
Median	24.19	4.89	7.30	7.76
75th Percentile	22.80	3.23	5.00	5.50
90th Percentile	21.90	2.46	3.83	4.20
Small Cap Equity Pool ●	22.58	2.60	2.95	2.89



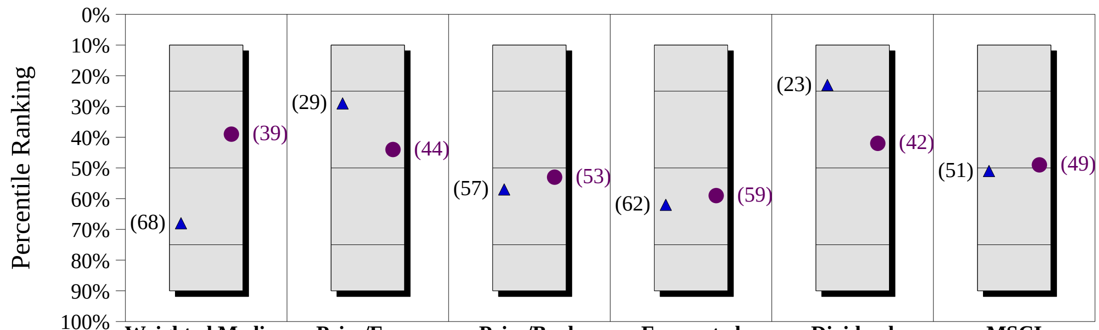
	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.15	0.97	1.21
25th Percentile	1.07	0.96	1.13
Median	0.99	0.91	1.04
75th Percentile	0.94	0.86	0.98
90th Percentile	0.85	0.78	0.94
Small Cap Equity Pool ●	0.96	0.98	0.97

SMALL CAP POOL
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Small Capitalization Style
as of March 31, 2011

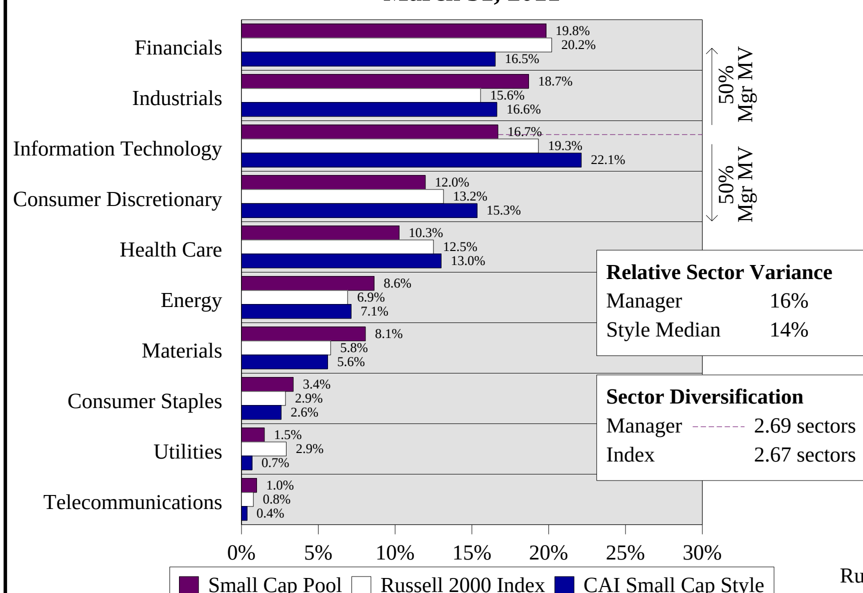


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.10	25.76	3.95	19.48	1.47	1.05
25th Percentile	1.75	21.68	3.05	16.64	1.08	0.76
Median	1.43	17.28	2.10	13.08	0.80	0.05
75th Percentile	1.18	15.35	1.69	10.02	0.30	(0.34)
90th Percentile	0.95	13.54	1.44	8.06	0.16	(0.65)
Small Cap Pool ●	1.54	18.07	2.08	12.16	0.92	0.08
Russell 2000 Index ▲	1.24	20.82	2.01	11.83	1.11	0.03

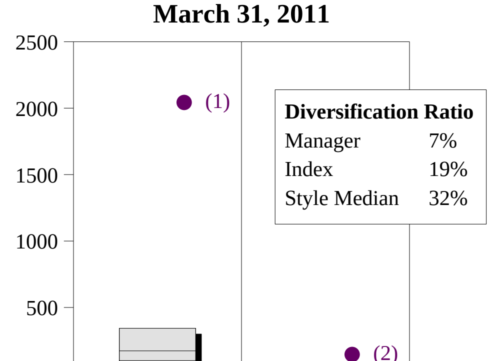
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	343	77
25th Percentile	174	50
Median	100	34
75th Percentile	69	24
90th Percentile	51	16
Small Cap Pool ●	2043	146
Russell 2000 Index ▲	1948	363

JENNISON ASSOCIATES
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Jennison's US Small Cap Equity is a blended small cap portfolio that holds both growth and value stocks that the team believes have above-average earnings potential and are available at reasonable prices.

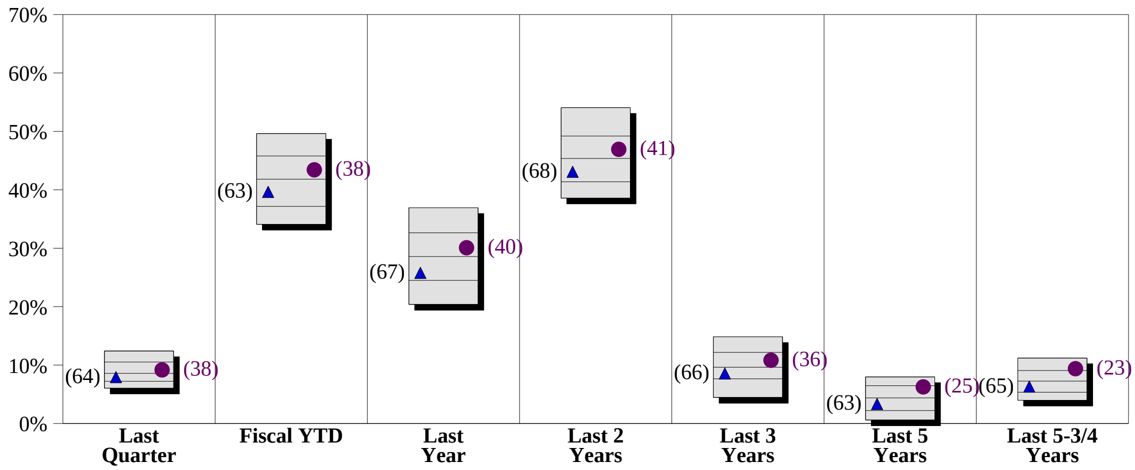
Quarterly Summary and Highlights

- Jennison Associates's portfolio posted a 9.17% return for the quarter placing it in the 38 percentile of the CAI Small Capitalization Style group for the quarter and in the 40 percentile for the last year.
- Jennison Associates's portfolio outperformed the Russell 2000 Index by 1.23% for the quarter and outperformed the Russell 2000 Index for the year by 4.29%.

Quarterly Asset Growth

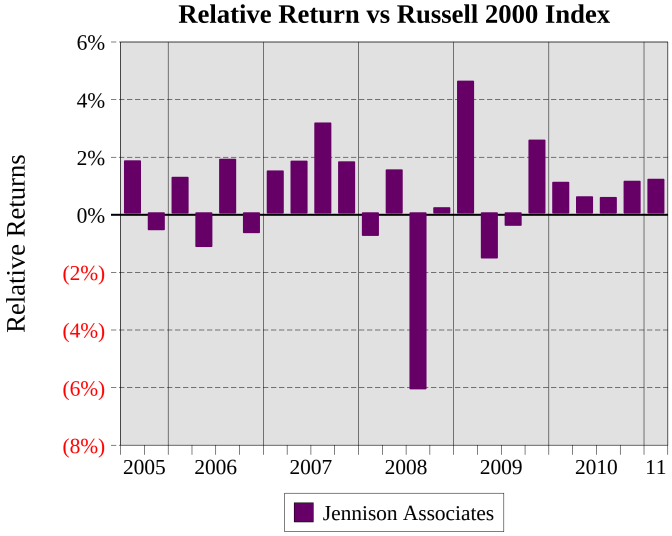
Beginning Market Value	$151,219,947
Net New Investment	$0
Investment Gains/(Losses)	$13,866,725
Ending Market Value	$165,086,672

Performance vs CAI Small Capitalization Style (Gross)

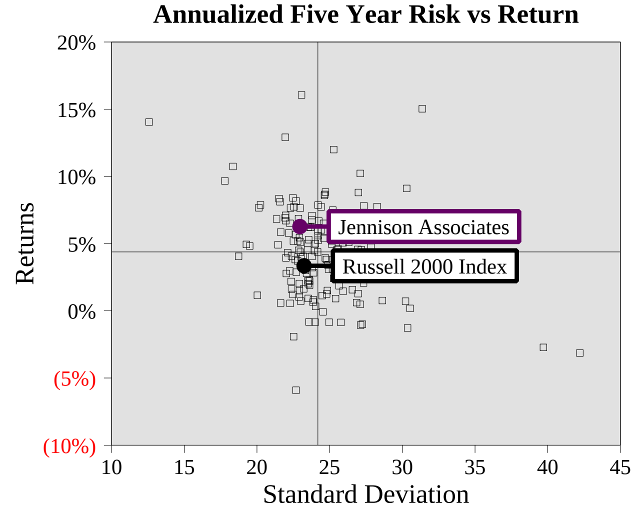


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	12.41	49.62	36.93	54.06	14.85	7.97	11.20
25th Percentile	10.52	45.79	32.64	49.21	12.17	6.47	9.07
Median	8.58	41.82	28.58	45.37	9.64	4.38	7.26
75th Percentile	7.22	37.17	24.50	41.37	7.64	2.21	5.35
90th Percentile	6.05	34.09	20.38	38.57	4.47	0.60	3.98
Jennison Associates ●	9.17	43.42	30.08	46.93	10.82	6.27	9.38
Russell 2000 Index ▲	7.94	39.65	25.79	43.09	8.57	3.35	6.32

Relative Return vs Russell 2000 Index



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

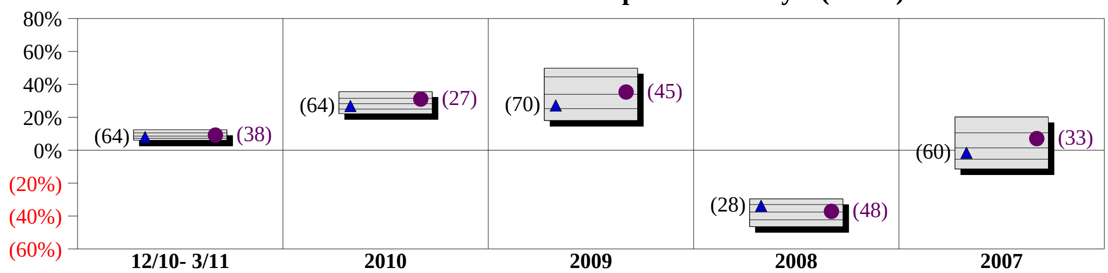


JENNISON ASSOCIATES
RETURN ANALYSIS SUMMARY

Return Analysis

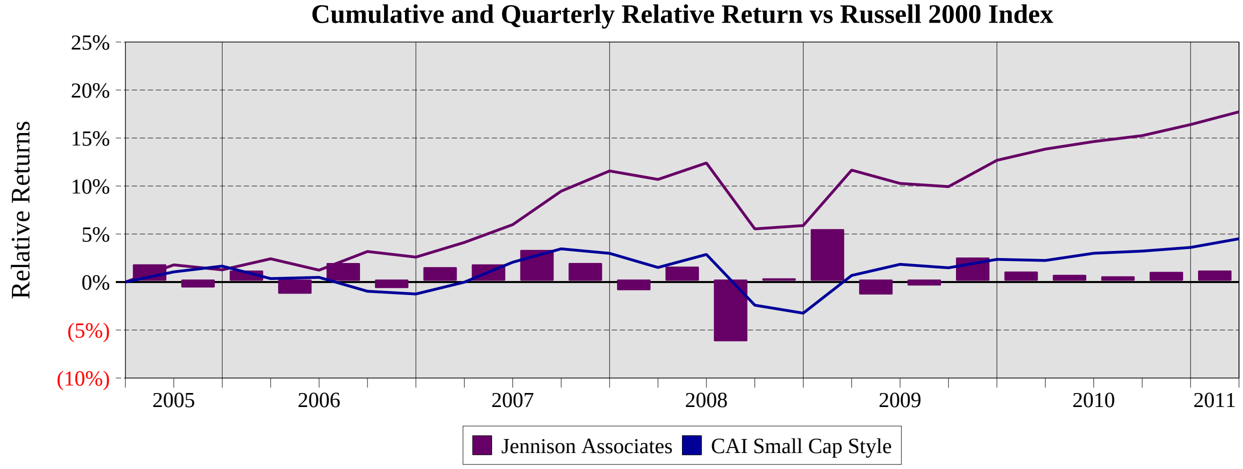
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

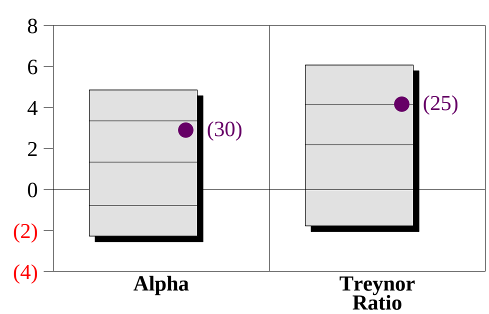


	12/10- 3/11	2010	2009	2008	2007
10th Percentile	12.41	35.55	49.83	(29.58)	20.20
25th Percentile	10.52	31.53	44.57	(33.03)	10.55
Median	8.58	28.24	33.98	(37.57)	1.39
75th Percentile	7.22	24.99	25.24	(42.30)	(5.47)
90th Percentile	6.05	22.15	18.02	(46.48)	(11.43)
Jennison Associates ●	9.17	31.05	35.34	(37.16)	7.05
Russell 2000 Index ▲	7.94	26.85	27.17	(33.79)	(1.57)

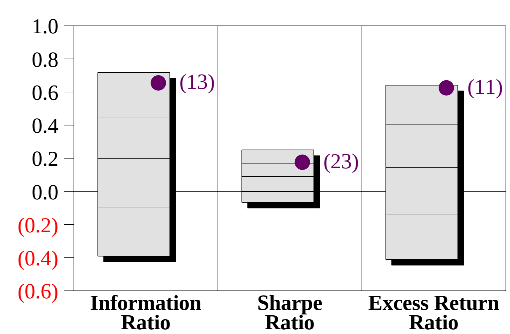
Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	4.85	6.07
25th Percentile	3.34	4.16
Median	1.33	2.18
75th Percentile	(0.79)	(0.02)
90th Percentile	(2.28)	(1.78)
Jennison Associates ●	2.89	4.16



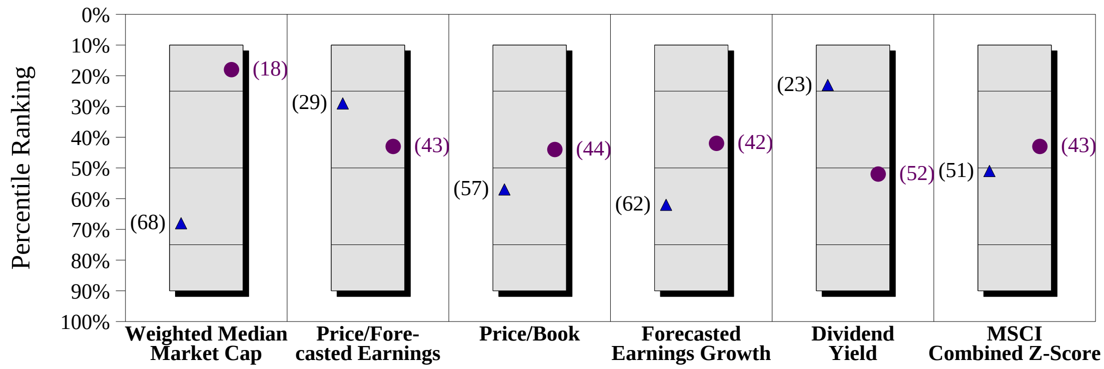
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.72	0.25	0.64
25th Percentile	0.44	0.17	0.40
Median	0.20	0.09	0.14
75th Percentile	(0.10)	(0.00)	(0.14)
90th Percentile	(0.39)	(0.07)	(0.41)
Jennison Associates ●	0.66	0.18	0.63

JENNISON ASSOCIATES
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Small Capitalization Style
as of March 31, 2011

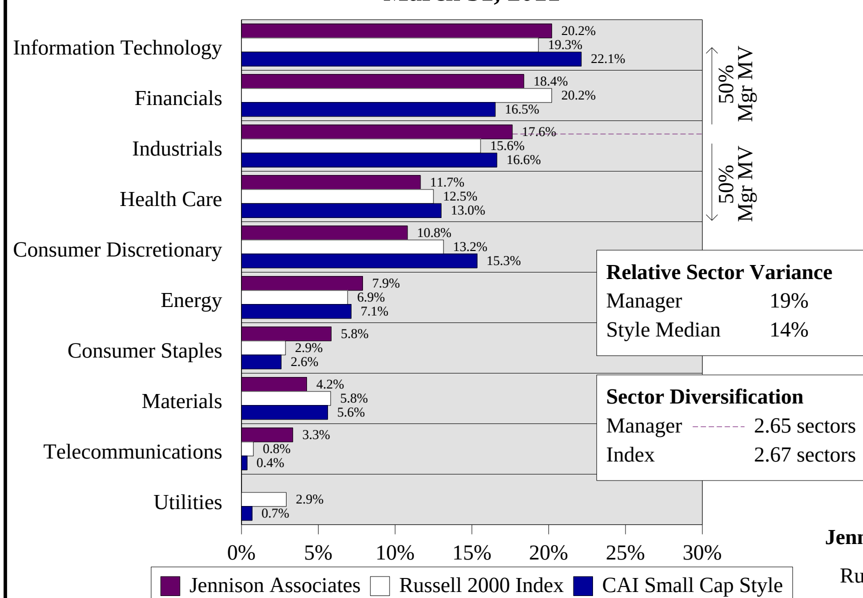


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.10	25.76	3.95	19.48	1.47	1.05
25th Percentile	1.75	21.68	3.05	16.64	1.08	0.76
Median	1.43	17.28	2.10	13.08	0.80	0.05
75th Percentile	1.18	15.35	1.69	10.02	0.30	(0.34)
90th Percentile	0.95	13.54	1.44	8.06	0.16	(0.65)
Jennison Associates ●	1.88	18.20	2.24	14.08	0.78	0.23
Russell 2000 Index ▲	1.24	20.82	2.01	11.83	1.11	0.03

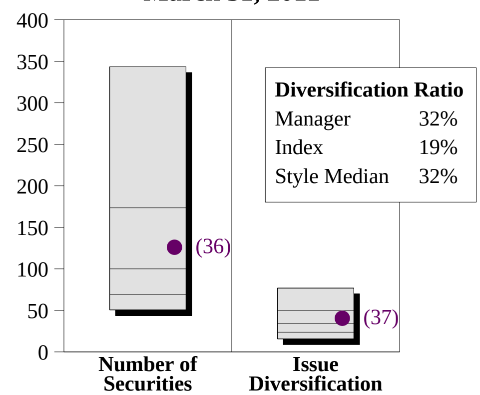
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	343	77
25th Percentile	174	50
Median	100	34
75th Percentile	69	24
90th Percentile	51	16
Jennison Associates ●	126	41
Russell 2000 Index ▲	1948	363

LORD, ABBETT
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Lord, Abbett utilizes a disciplined investment process that employs fundamental research in seeking to identify companies whose growth generates superior returns with acceptable levels of volatility.

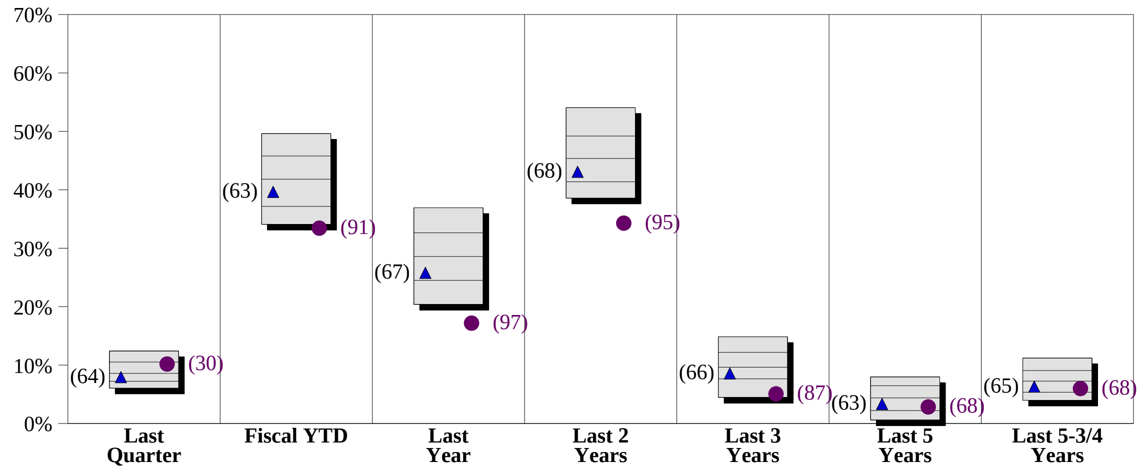
Quarterly Summary and Highlights

- Lord, Abbett's portfolio posted a 10.18% return for the quarter placing it in the 30 percentile of the CAI Small Capitalization Style group for the quarter and in the 97 percentile for the last year.
- Lord, Abbett's portfolio outperformed the Russell 2000 Index by 2.24% for the quarter and underperformed the Russell 2000 Index for the year by 8.62%.

Quarterly Asset Growth

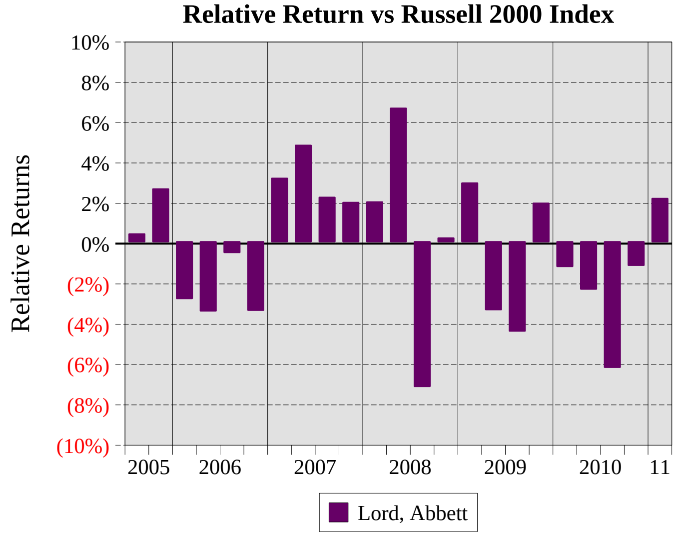
Beginning Market Value	$165,316,499
Net New Investment	$0
Investment Gains/(Losses)	$16,827,378
Ending Market Value	$182,143,877

Performance vs CAI Small Capitalization Style (Gross)

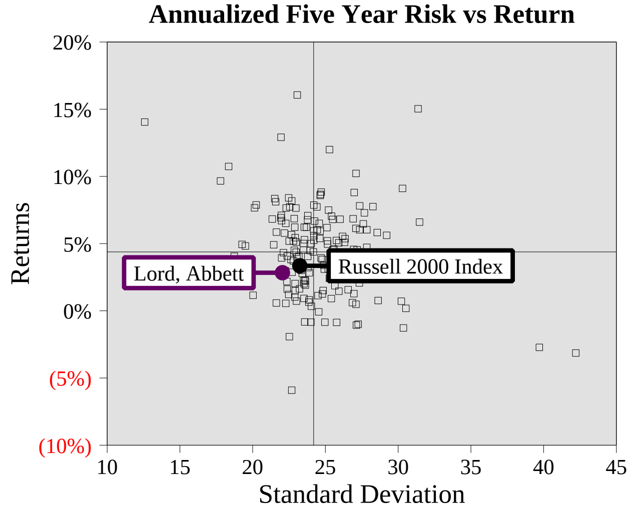


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	12.41	49.62	36.93	54.06	14.85	7.97	11.20
25th Percentile	10.52	45.79	32.64	49.21	12.17	6.47	9.07
Median	8.58	41.82	28.58	45.37	9.64	4.38	7.26
75th Percentile	7.22	37.17	24.50	41.37	7.64	2.21	5.35
90th Percentile	6.05	34.09	20.38	38.57	4.47	0.60	3.98
Lord, Abbett ●	10.18	33.43	17.18	34.29	5.07	2.83	5.98
Russell 2000 Index ▲	7.94	39.65	25.79	43.09	8.57	3.35	6.32

Relative Return vs Russell 2000 Index



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

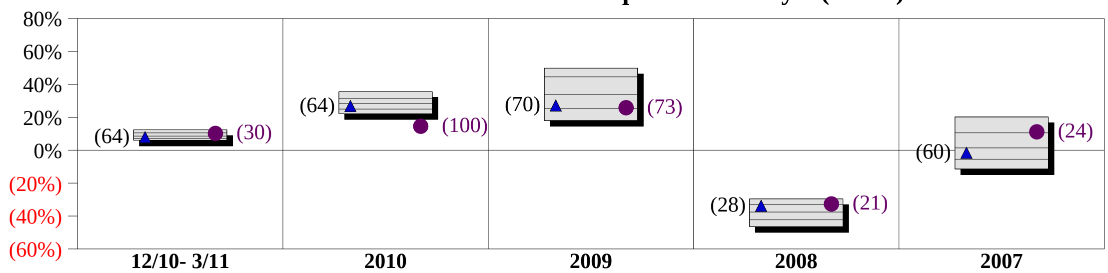


LORD, ABBETT
RETURN ANALYSIS SUMMARY

Return Analysis

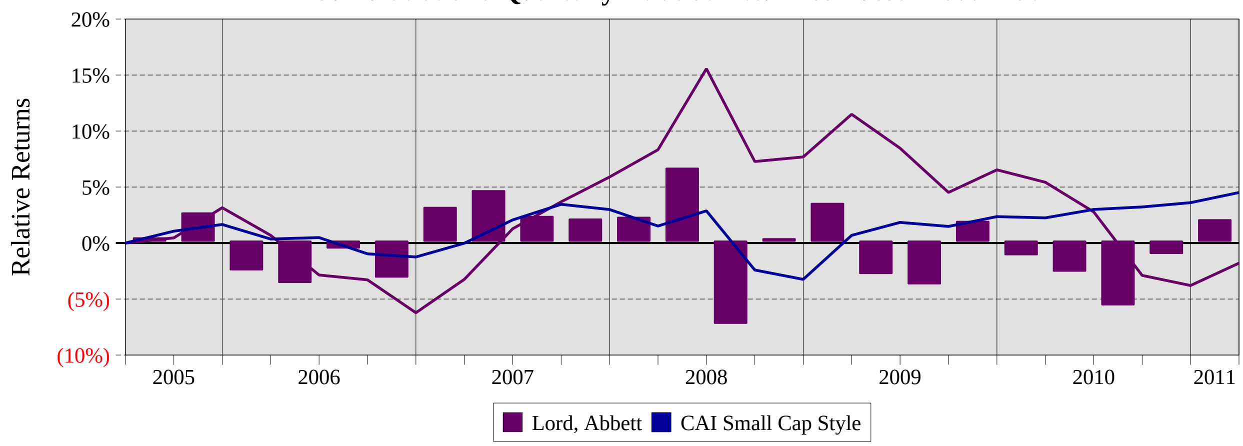
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

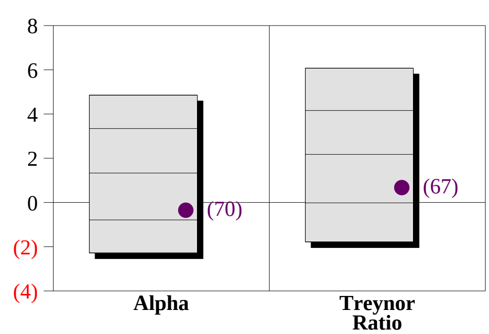


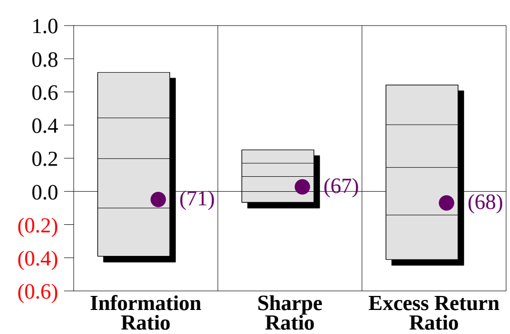
	12/10- 3/11	2010	2009	2008	2007
10th Percentile	12.41	35.55	49.83	(29.58)	20.20
25th Percentile	10.52	31.53	44.57	(33.03)	10.55
Median	8.58	28.24	33.98	(37.57)	1.39
75th Percentile	7.22	24.99	25.24	(42.30)	(5.47)
90th Percentile	6.05	22.15	18.02	(46.48)	(11.43)
Lord, Abbett ●	10.18	14.56	25.81	(32.67)	11.16
Russell 2000 Index ▲	7.94	26.85	27.17	(33.79)	(1.57)

Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended March 31, 2011





	Alpha	Treynor Ratio
10th Percentile	4.85	6.07
25th Percentile	3.34	4.16
Median	1.33	2.18
75th Percentile	(0.79)	(0.02)
90th Percentile	(2.28)	(1.78)
Lord, Abbett ●	(0.35)	0.67

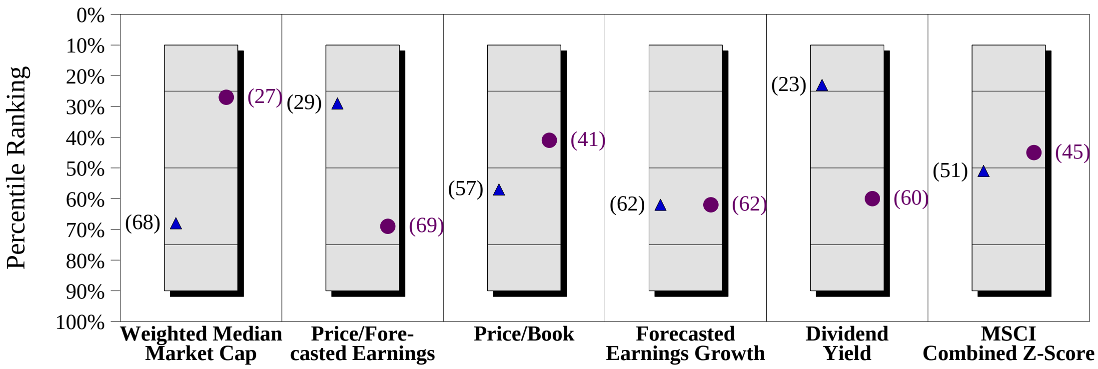
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.72	0.25	0.64
25th Percentile	0.44	0.17	0.40
Median	0.20	0.09	0.14
75th Percentile	(0.10)	(0.00)	(0.14)
90th Percentile	(0.39)	(0.07)	(0.41)
Lord, Abbett ●	(0.05)	0.03	(0.07)

LORD, ABBETT
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Small Capitalization Style
as of March 31, 2011

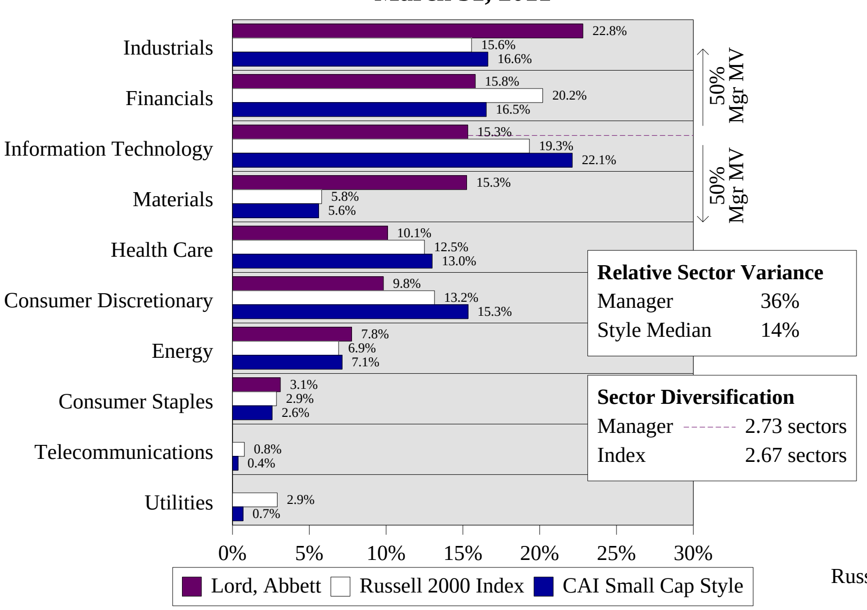


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.10	25.76	3.95	19.48	1.47	1.05
25th Percentile	1.75	21.68	3.05	16.64	1.08	0.76
Median	1.43	17.28	2.10	13.08	0.80	0.05
75th Percentile	1.18	15.35	1.69	10.02	0.30	(0.34)
90th Percentile	0.95	13.54	1.44	8.06	0.16	(0.65)
Lord, Abbett ●	1.71	15.93	2.32	11.88	0.55	0.21
Russell 2000 Index ▲	1.24	20.82	2.01	11.83	1.11	0.03

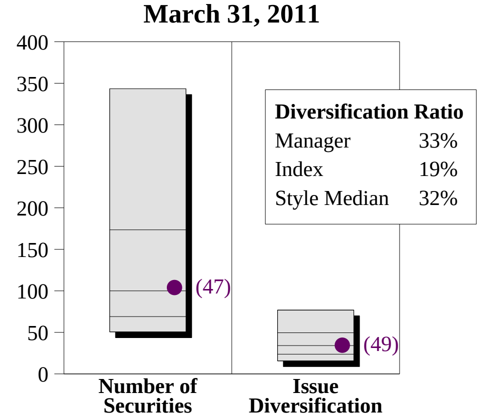
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	343	77
25th Percentile	174	50
Median	100	34
75th Percentile	69	24
90th Percentile	51	16
Lord, Abbett ●	104	35
Russell 2000 Index ▲	1948	363

LUTHER KING
PERIOD ENDED MARCH 31, 2011

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.

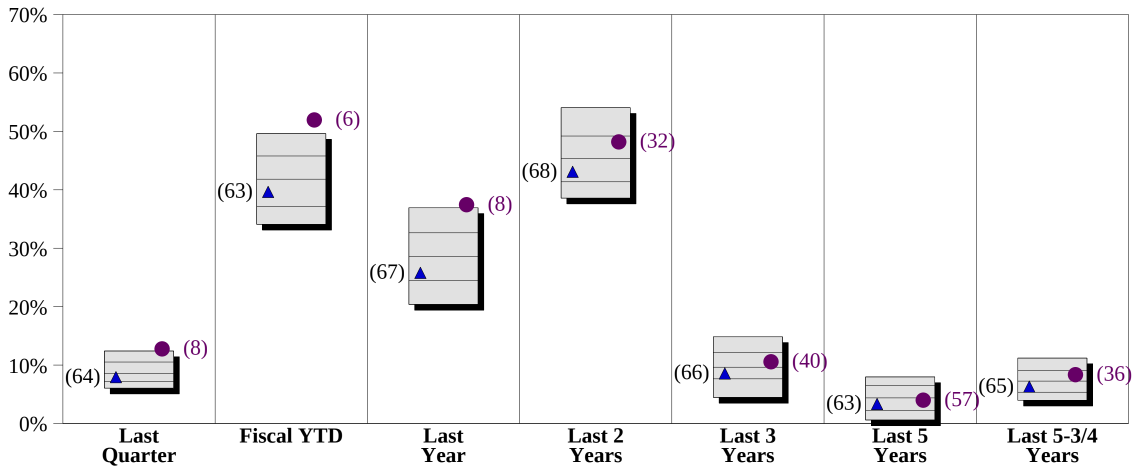
Quarterly Summary and Highlights

- Luther King's portfolio posted a 12.77% return for the quarter placing it in the 8 percentile of the CAI Small Capitalization Style group for the quarter and in the 8 percentile for the last year.
- Luther King's portfolio outperformed the Russell 2000 Index by 4.83% for the quarter and outperformed the Russell 2000 Index for the year by 11.66%.

Quarterly Asset Growth

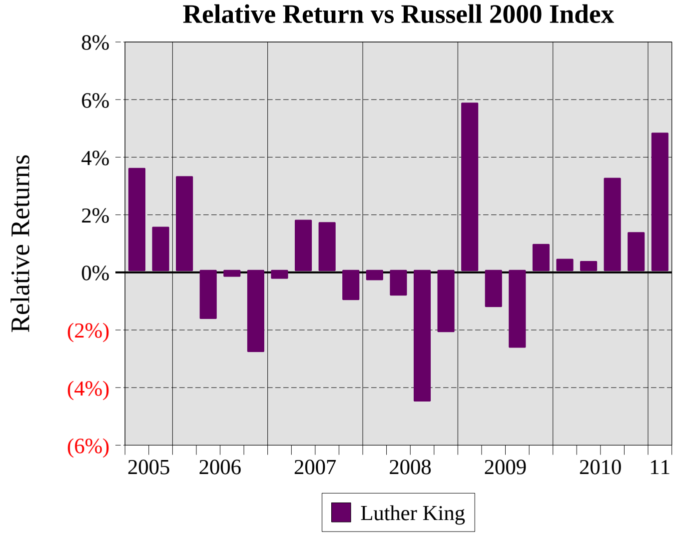
Beginning Market Value	$116,042,729
Net New Investment	$0
Investment Gains/(Losses)	$14,819,375
Ending Market Value	$130,862,104

Performance vs CAI Small Capitalization Style (Gross)

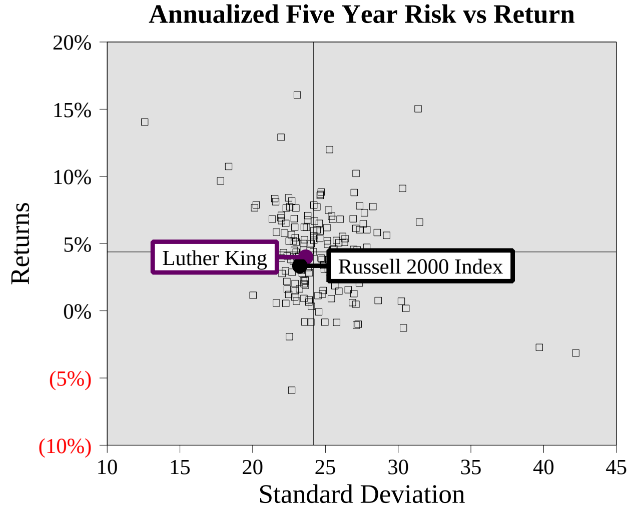


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	12.41	49.62	36.93	54.06	14.85	7.97	11.20
25th Percentile	10.52	45.79	32.64	49.21	12.17	6.47	9.07
Median	8.58	41.82	28.58	45.37	9.64	4.38	7.26
75th Percentile	7.22	37.17	24.50	41.37	7.64	2.21	5.35
90th Percentile	6.05	34.09	20.38	38.57	4.47	0.60	3.98
Luther King ●	12.77	51.96	37.45	48.20	10.57	3.99	8.36
Russell 2000 Index ▲	7.94	39.65	25.79	43.09	8.57	3.35	6.32

Relative Return vs Russell 2000 Index



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

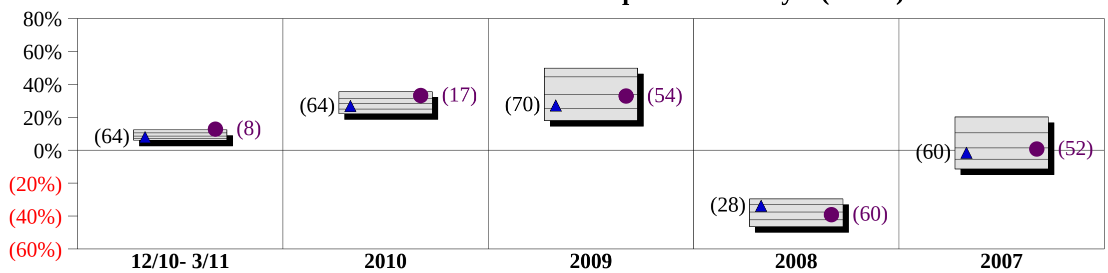


LUTHER KING
RETURN ANALYSIS SUMMARY

Return Analysis

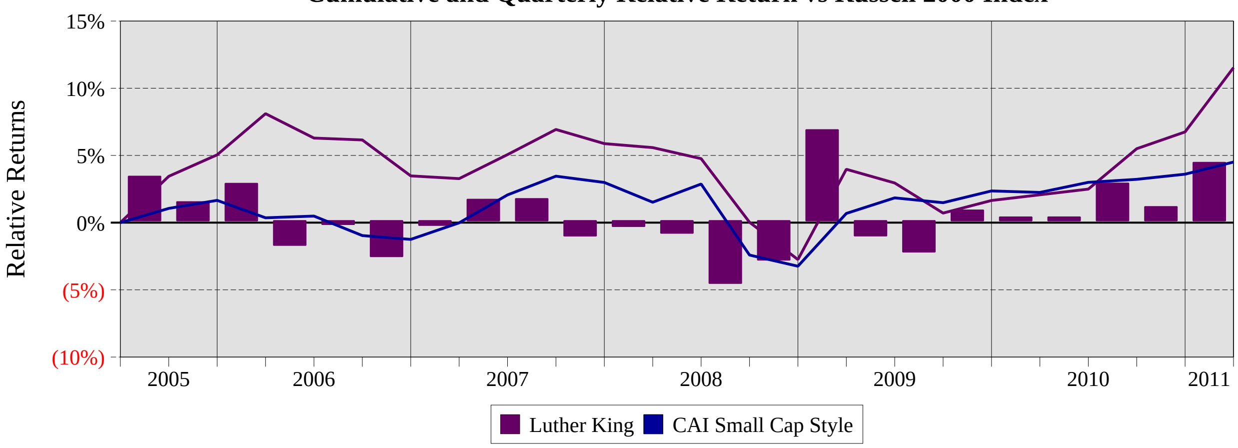
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

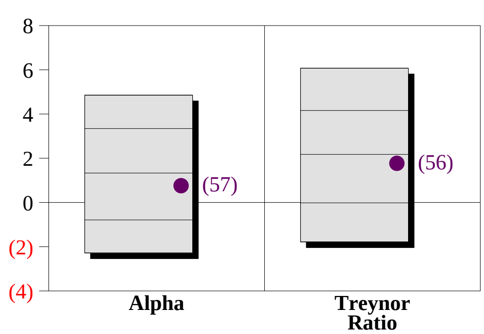


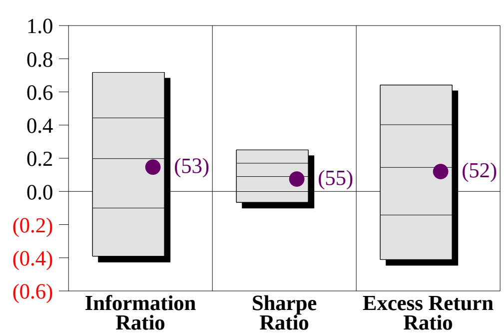
	12/10- 3/11	2010	2009	2008	2007
10th Percentile	12.41	35.55	49.83	(29.58)	20.20
25th Percentile	10.52	31.53	44.57	(33.03)	10.55
Median	8.58	28.24	33.98	(37.57)	1.39
75th Percentile	7.22	24.99	25.24	(42.30)	(5.47)
90th Percentile	6.05	22.15	18.02	(46.48)	(11.43)
Luther King ●	12.77	33.22	32.92	(39.18)	0.72
Russell 2000 Index ▲	7.94	26.85	27.17	(33.79)	(1.57)

Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended March 31, 2011





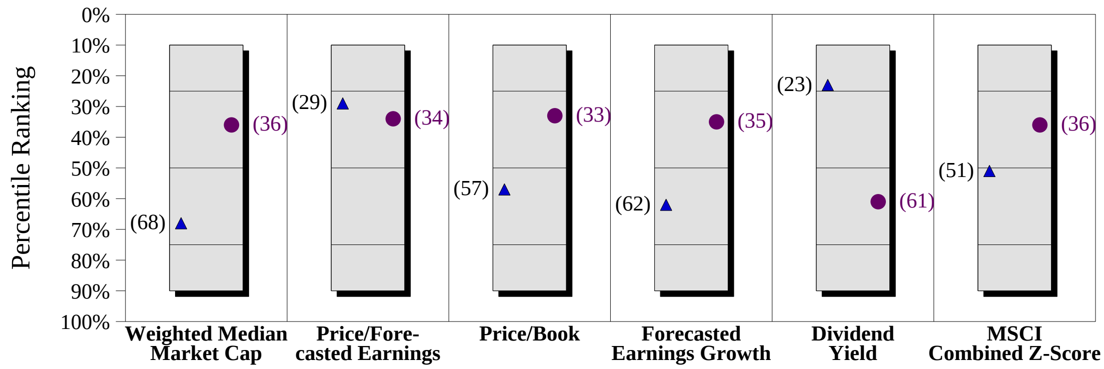
	Alpha	Treynor Ratio
10th Percentile	4.85	6.07
25th Percentile	3.34	4.16
Median	1.33	2.18
75th Percentile	(0.79)	(0.02)
90th Percentile	(2.28)	(1.78)
Luther King ●	0.76	1.77

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.72	0.25	0.64
25th Percentile	0.44	0.17	0.40
Median	0.20	0.09	0.14
75th Percentile	(0.10)	(0.00)	(0.14)
90th Percentile	(0.39)	(0.07)	(0.41)
Luther King ●	0.15	0.07	0.12

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Small Capitalization Style
as of March 31, 2011

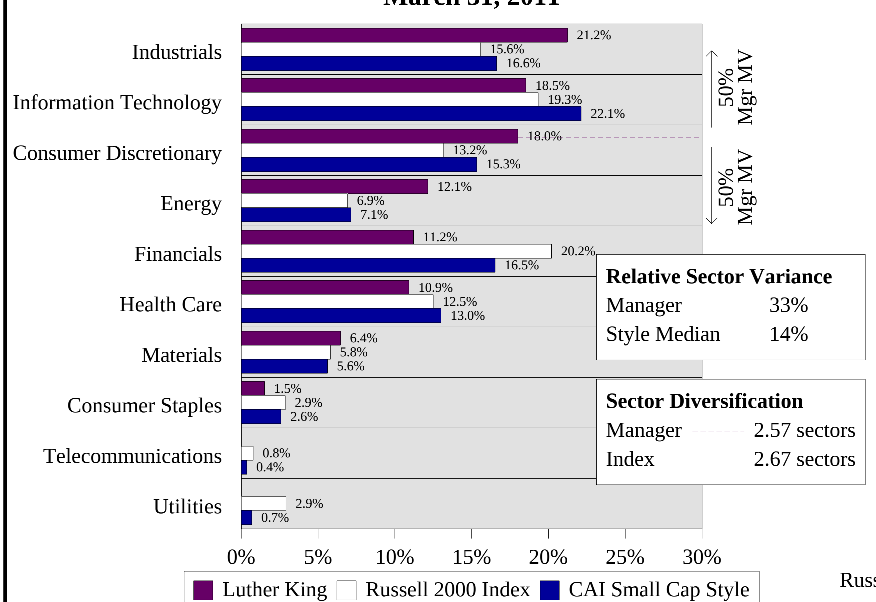


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.10	25.76	3.95	19.48	1.47	1.05
25th Percentile	1.75	21.68	3.05	16.64	1.08	0.76
Median	1.43	17.28	2.10	13.08	0.80	0.05
75th Percentile	1.18	15.35	1.69	10.02	0.30	(0.34)
90th Percentile	0.95	13.54	1.44	8.06	0.16	(0.65)
Luther King ●	1.60	19.58	2.76	14.78	0.54	0.44
Russell 2000 Index ▲	1.24	20.82	2.01	11.83	1.11	0.03

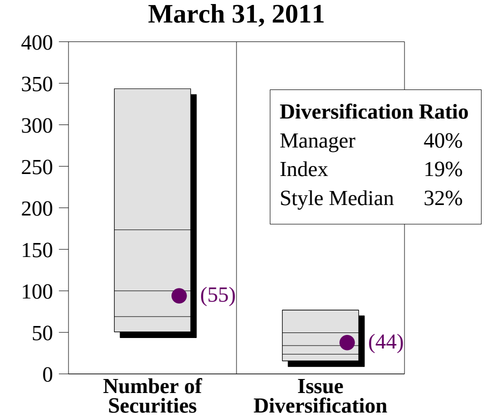
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



	Number of Securities	Issue Diversification
10th Percentile	343	77
25th Percentile	174	50
Median	100	34
75th Percentile	69	24
90th Percentile	51	16
Luther King ●	94	38
Russell 2000 Index ▲	1948	363

SSGA RUSSELL 2000 GROWTH
PERIOD ENDED MARCH 31, 2011

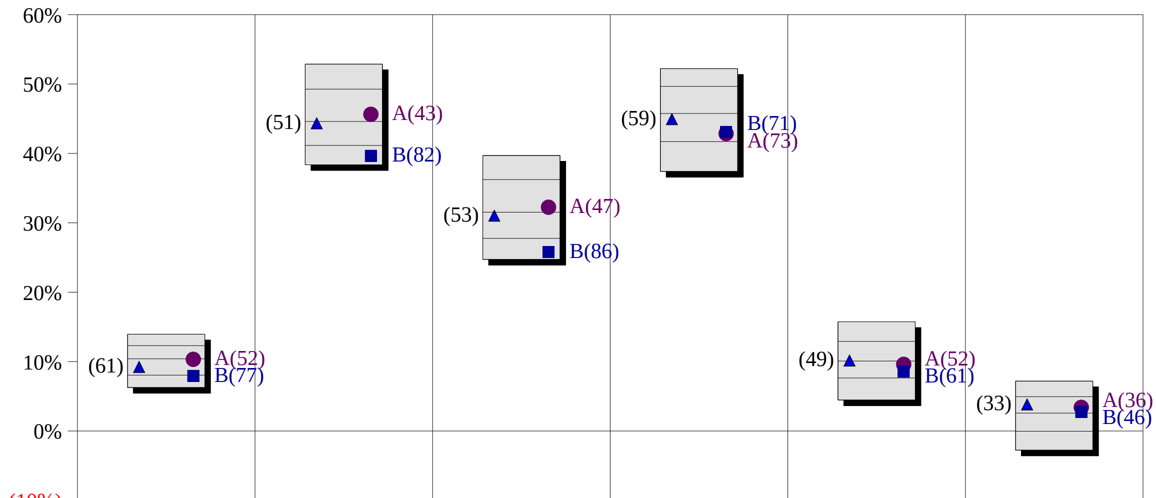
Quarterly Summary and Highlights

- SSgA Russell 2000 Growth's portfolio posted a 10.33% return for the quarter placing it in the 52 percentile of the CAI Small Cap Growth Style group for the quarter and in the 47 percentile for the last year.
- SSgA Russell 2000 Growth's portfolio outperformed the Russell 2000 Growth Index by 1.09% for the quarter and outperformed the Russell 2000 Growth Index for the year by 1.21%.

Quarterly Asset Growth

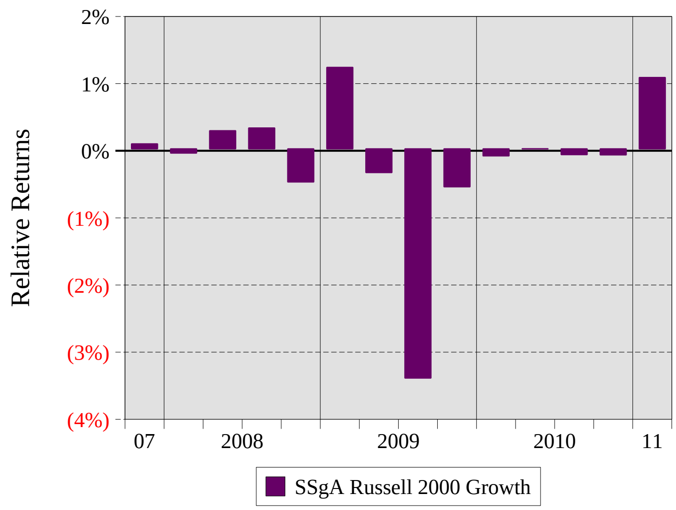
Beginning Market Value	$102,384,775
Net New Investment	$-50,000,000
Investment Gains/(Losses)	$7,720,639
Ending Market Value	$60,105,414

Performance vs CAI Small Cap Growth Style (Gross)

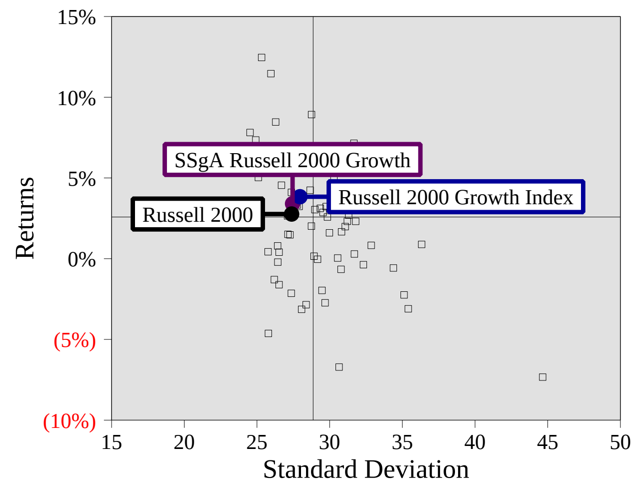


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	13.95	52.87	39.70	52.22	15.74	7.19
25th Percentile	12.30	49.26	36.23	49.66	12.92	4.95
Median	10.40	44.60	31.53	45.76	10.08	2.58
75th Percentile	8.05	41.15	27.76	41.71	7.64	(0.03)
90th Percentile	6.27	38.36	24.72	37.41	4.46	(2.76)
SSgA Russell 2000 Growth ● A	10.33	45.64	32.25	42.86	9.60	3.41
Russell 2000 ■ B	7.94	39.65	25.79	43.09	8.57	2.77
Russell 2000 Growth Index ▲	9.24	44.35	31.04	44.94	10.16	3.84

Relative Return vs Russell 2000 Growth Index



CAI Small Cap Growth Style (Gross)
Annualized Three and One-Half Year Risk vs Return

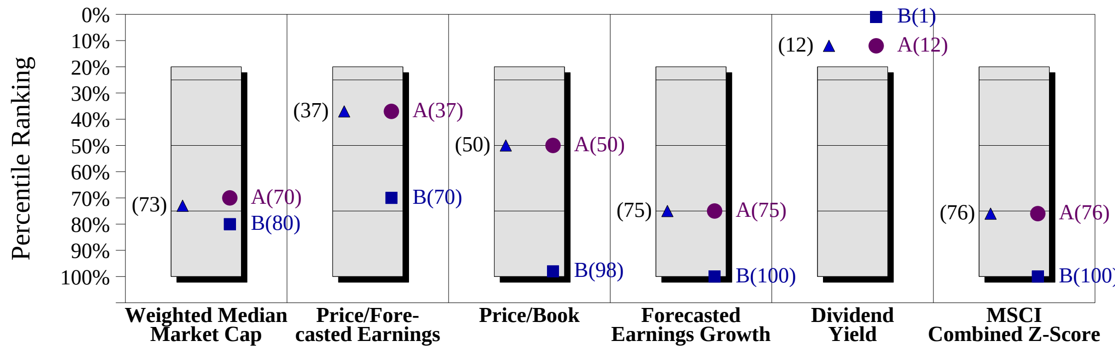


SSGA RUSSELL 2000 GROWTH
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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 March 31, 2011

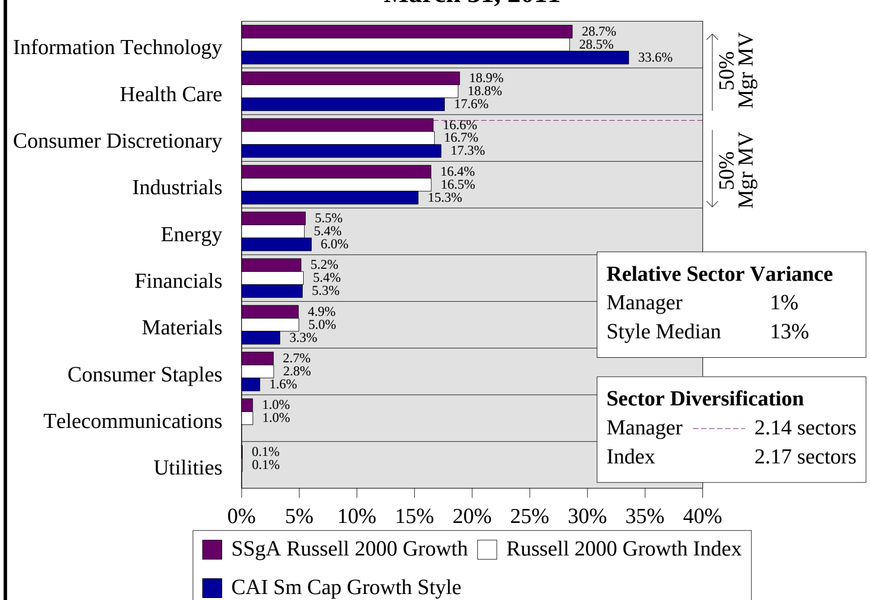


		Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile		2.31	30.87	4.78	22.44	0.51	1.33
25th Percentile		1.89	26.24	4.00	19.90	0.39	1.10
Median		1.51	23.41	3.44	17.63	0.22	0.86
75th Percentile		1.39	19.81	2.86	16.12	0.15	0.69
90th Percentile		1.00	16.63	2.64	14.57	0.06	0.41
SSgA Russell 2000 Growth	● A	1.41	24.55	3.44	16.11	0.49	0.69
Russell 2000	■ B	1.24	20.82	2.01	11.83	1.11	0.03
Russell 2000 Growth Index	▲	1.39	24.49	3.43	16.09	0.49	0.68

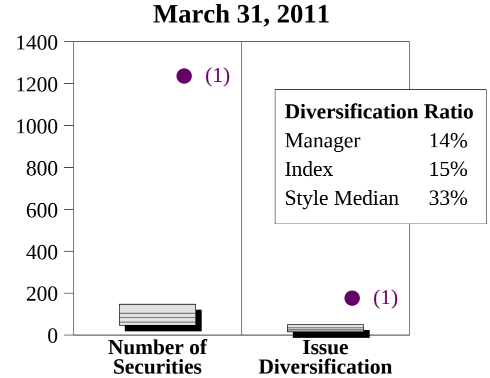
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



		Number of Securities	Issue Diversification
10th Percentile		147	50
25th Percentile		105	35
Median		83	28
75th Percentile		62	19
90th Percentile		46	15
SSgA Russell 2000 Growth	●	1236	176
Russell 2000 Growth Index	▲	1252	183

SSGA RUSSELL 2000 VALUE
PERIOD ENDED MARCH 31, 2011

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.

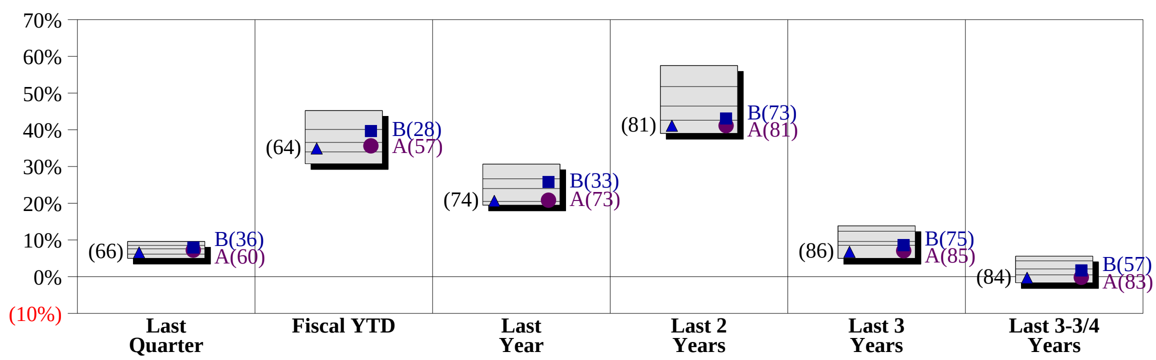
Quarterly Summary and Highlights

- SSgA Russell 2000 Value's portfolio posted a 7.22% return for the quarter placing it in the 60 percentile of the CAI Small Cap Value Style group for the quarter and in the 73 percentile for the last year.
- SSgA Russell 2000 Value's portfolio outperformed the Russell 2000 Value Index by 0.62% for the quarter and outperformed the Russell 2000 Value Index for the year by 0.19%.

Quarterly Asset Growth

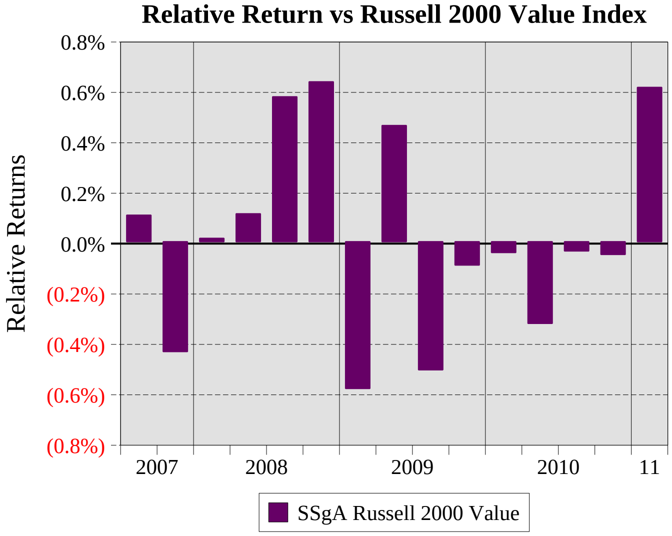
Beginning Market Value	$468,899,514
Net New Investment	$-150,000,000
Investment Gains/(Losses)	$29,031,579
Ending Market Value	$347,931,093

Performance vs CAI Small Cap Value Style (Gross)

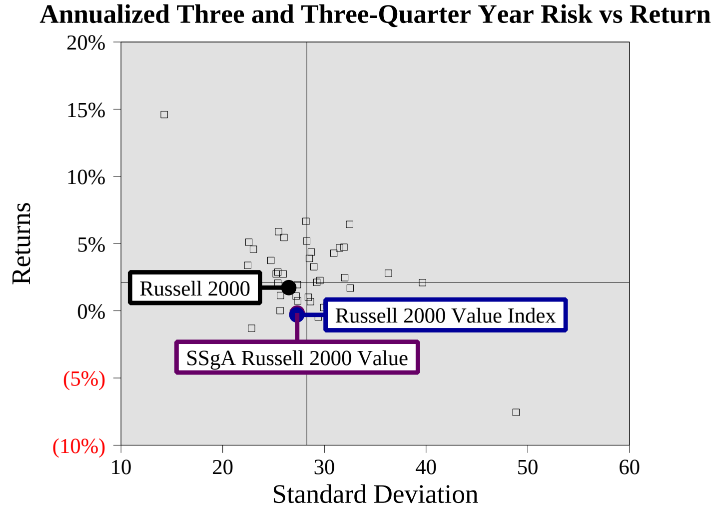


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	9.59	45.23	30.65	57.49	13.85	5.58
25th Percentile	8.51	40.09	26.65	51.77	12.38	4.31
Median	7.58	36.57	24.00	46.46	9.59	2.11
75th Percentile	6.14	33.98	20.49	42.62	8.55	0.49
90th Percentile	4.99	30.76	19.48	39.02	4.99	(1.65)
SSgA Russell 2000 Value ● A	7.22	35.62	20.83	41.14	7.06	(0.16)
Russell 2000 ■ B	7.94	39.65	25.79	43.09	8.57	1.72
Russell 2000 Value Index ▲	6.60	34.93	20.63	41.11	6.76	(0.30)

Relative Return vs Russell 2000 Value Index



CAI Small Cap Value Style (Gross)
Annualized Three and Three-Quarter Year Risk vs Return

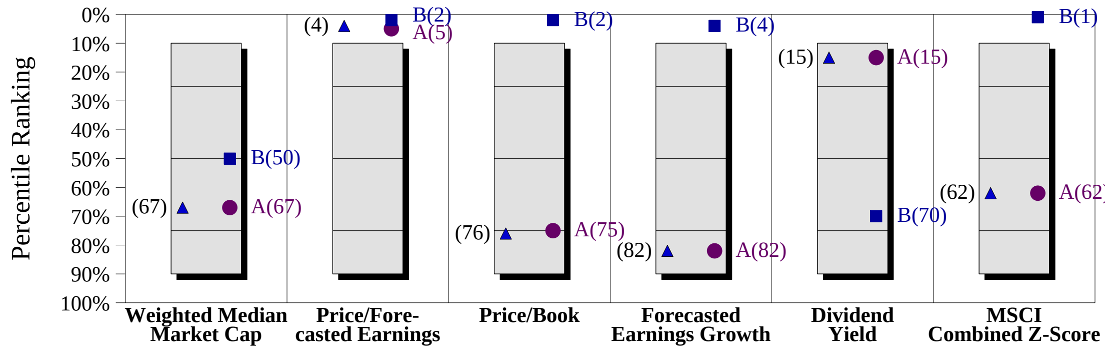


SSGA RUSSELL 2000 VALUE
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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 March 31, 2011

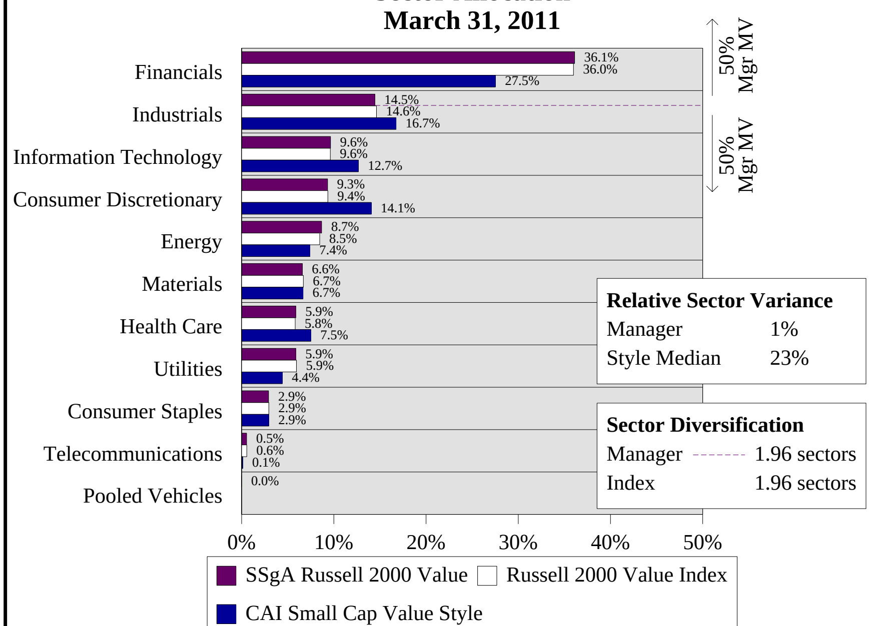


		Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile		1.86	17.44	1.77	11.41	1.98	(0.29)
25th Percentile		1.60	16.27	1.60	10.05	1.65	(0.48)
Median		1.24	15.04	1.49	8.83	1.24	(0.58)
75th Percentile		1.03	13.60	1.40	7.92	1.04	(0.68)
90th Percentile		0.81	12.42	1.26	6.15	0.96	(0.80)
SSgA Russell 2000 Value	● A	1.12	17.82	1.41	7.50	1.82	(0.65)
Russell 2000	■ B	1.24	20.82	2.01	11.83	1.11	0.03
Russell 2000 Value Index	▲	1.12	17.97	1.40	7.54	1.77	(0.65)

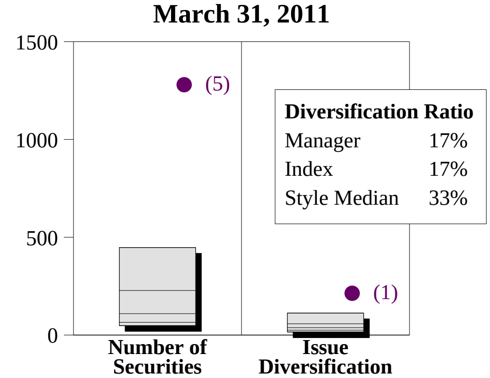
Sector Weights

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
March 31, 2011



Diversification
March 31, 2011



		Number of Securities	Issue Diversification
10th Percentile		448	112
25th Percentile		228	58
Median		110	38
75th Percentile		65	25
90th Percentile		48	16
SSgA Russell 2000 Value	●	1280	214
Russell 2000 Value Index	▲	1279	216

ADVENT CAPITAL
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Advent position themselves to be a "Best in Class" Investment Grade Convertible manager by offering a synergistic strategy that provides a risk-adjusted return. They use their research driven approach to invest in a portfolio of attractive investment grade convertible securities with positive asymmetry. Advent's investment philosophy in capital preservation through downside protection has enabled them to build a diversified platform, including a specialty in investment grade convertibles, which are inherently stable and mitigate business risk.

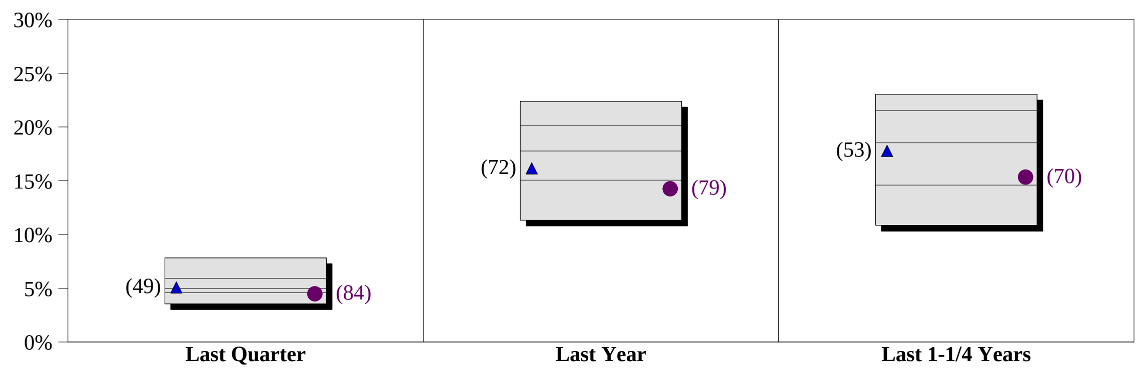
Quarterly Summary and Highlights

- Advent Capital's portfolio posted a 4.48% return for the quarter placing it in the 84 percentile of the CAI Convertible Bonds Database group for the quarter and in the 79 percentile for the last year.
- Advent Capital's portfolio underperformed the ML All Conv by 0.59% for the quarter and underperformed the ML All Conv for the year by 1.89%.

Quarterly Asset Growth

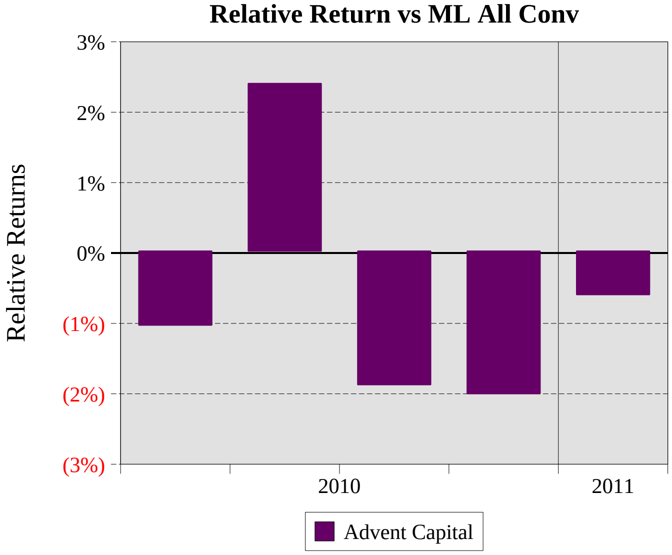
Beginning Market Value	$76,113,834
Net New Investment	$0
Investment Gains/(Losses)	$3,412,617
Ending Market Value	$79,526,451

Performance vs CAI Convertible Bonds Database (Gross)

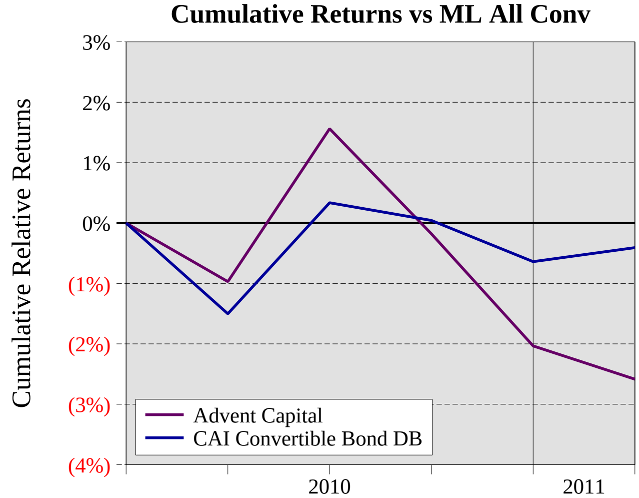


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	7.82	22.39	23.04
25th Percentile	5.92	20.16	21.53
Median	4.98	17.76	18.52
75th Percentile	4.58	15.05	14.59
90th Percentile	3.55	11.33	10.86
Advent Capital ●	4.48	14.25	15.34
ML All Conv ▲	5.07	16.15	17.78

Relative Return vs ML All Conv



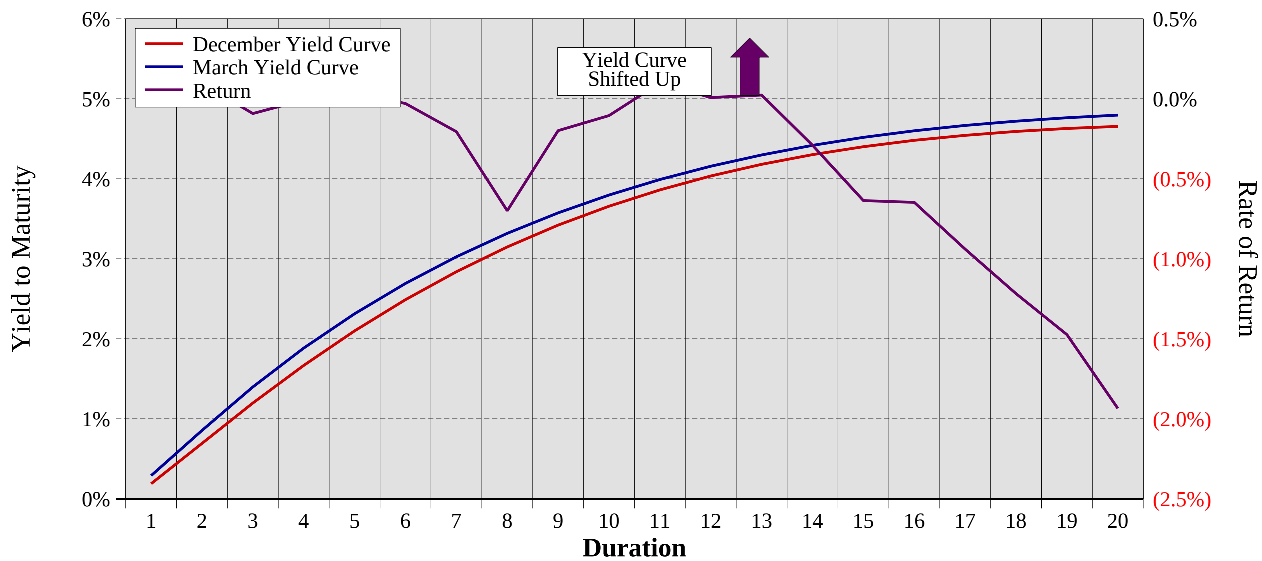
Cumulative Returns vs ML All Conv



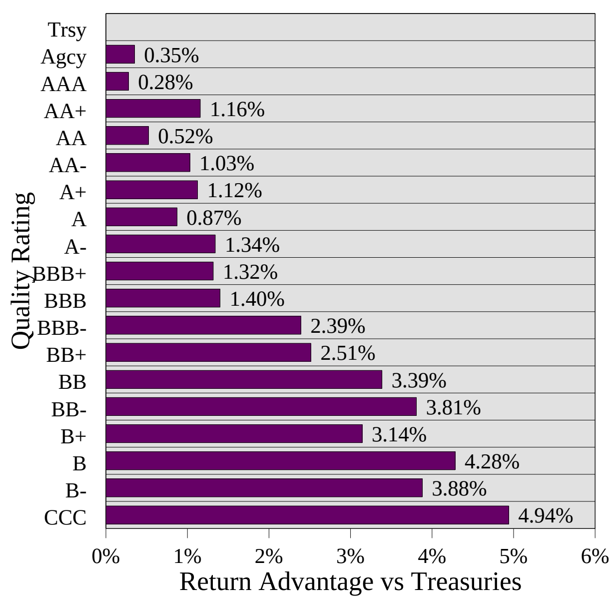
Factors Influencing Bond Returns

The charts below are designed to give you an overview of the factors that influenced bond market returns for the quarter. The first chart shows the shift in the Treasury yield curve and the resulting returns by duration. The second chart shows the average return premium (relative to Treasuries) for bonds with different quality ratings. The final chart shows the average return premium of the different sectors relative to Treasuries. These sector premiums are calculated after differences in quality and term structure have been accounted for across the sectors. They are typically explained by differences in convexity, sector specific supply and demand considerations, or other factors that influence the perceived risk of the sector.

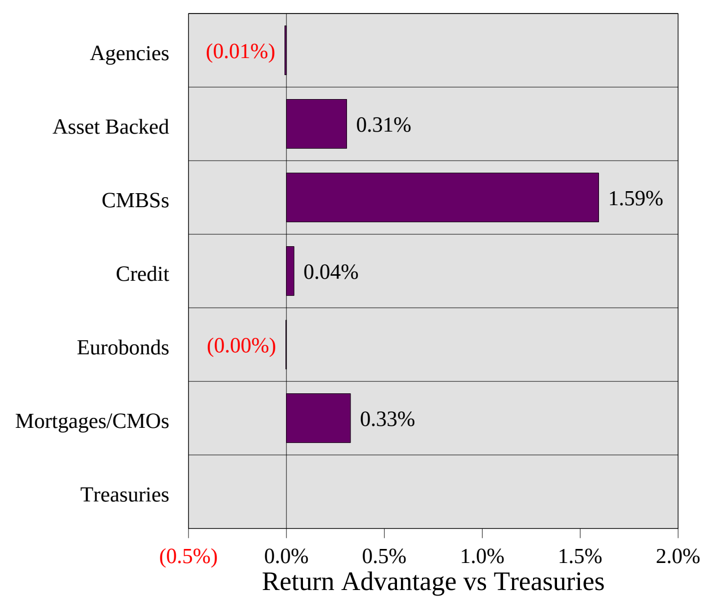
Yield Curve Change and Rate of Return
One Quarter Ended March 31, 2011



Duration Adjusted Return Premium to Quality
One Quarter Ended March 31, 2011



Quality and Duration Adjusted Return Premium by Sector
One Quarter Ended March 31, 2011

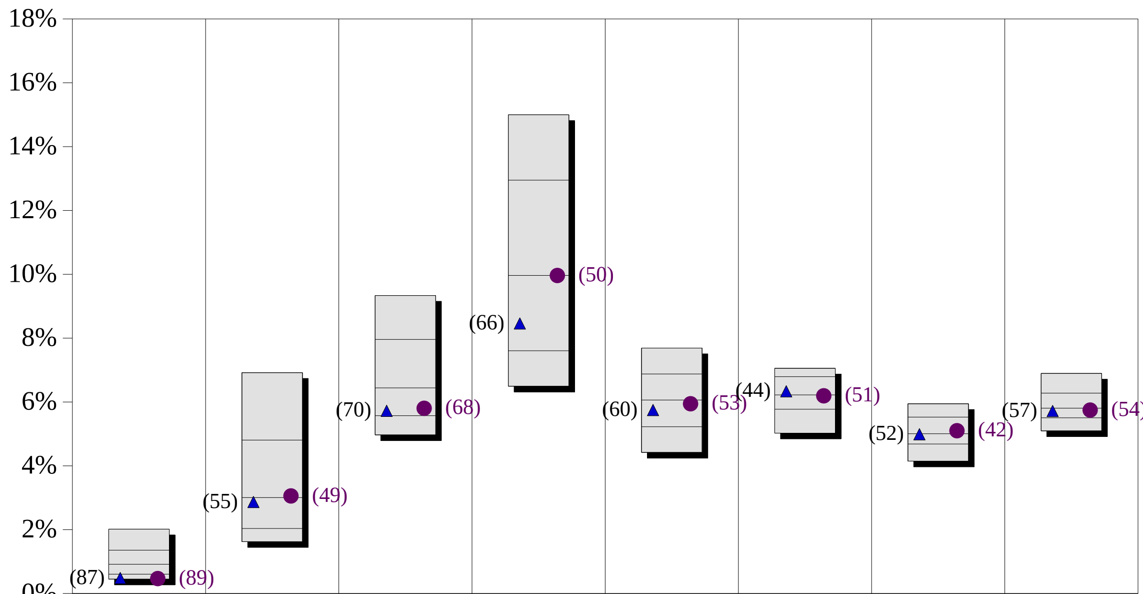


TOTAL FIXED-INCOME
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

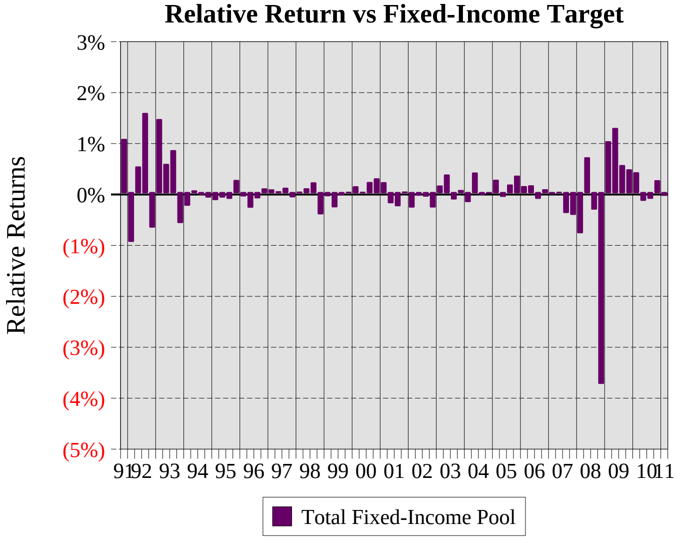
- Total Fixed-Income Pool's portfolio posted a 0.47% return for the quarter placing it in the 89 percentile of the Public Fund - Domestic Fixed group for the quarter and in the 68 percentile for the last year.
- Total Fixed-Income Pool's portfolio underperformed the Fixed-Income Target by 0.02% for the quarter and outperformed the Fixed-Income Target for the year by 0.08%.

Performance vs Public Fund - Domestic Fixed (Gross)

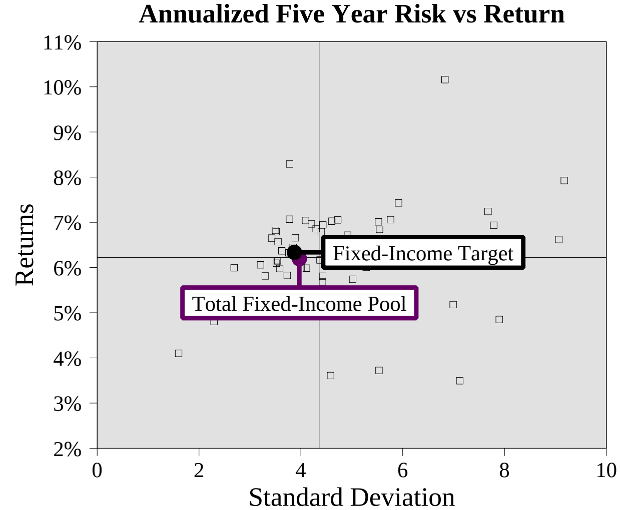


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.02	6.92	9.33	15.00	7.69	7.06	5.94	6.90
25th Percentile	1.36	4.81	7.96	12.95	6.88	6.79	5.53	6.28
Median	0.92	3.01	6.44	9.96	6.06	6.22	5.01	5.81
75th Percentile	0.61	2.04	5.57	7.61	5.23	5.77	4.68	5.50
90th Percentile	0.45	1.62	4.97	6.49	4.42	5.02	4.15	5.10
Total Fixed-Income Pool ●	0.47	3.06	5.80	9.96	5.94	6.19	5.10	5.75
Fixed-Income Target ▲	0.48	2.87	5.72	8.46	5.75	6.34	4.99	5.72

Relative Return vs Fixed-Income Target



Public Fund - Domestic Fixed (Gross)
Annualized Five Year Risk vs Return

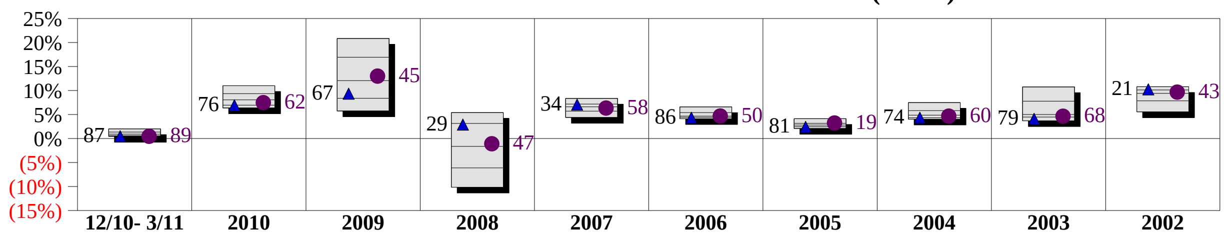


TOTAL FIXED-INCOME POOL
RETURN ANALYSIS SUMMARY

Return Analysis

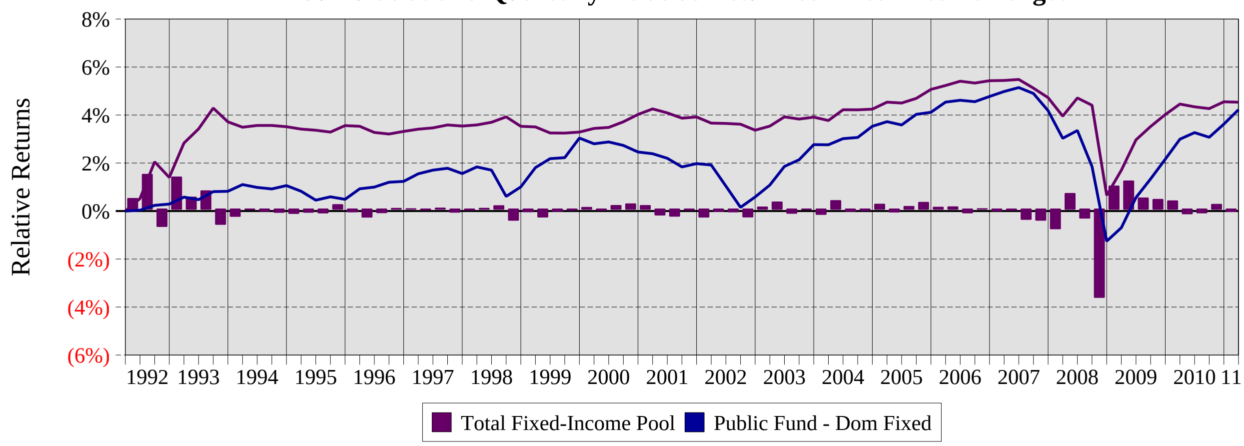
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Public Fund - Domestic Fixed (Gross)

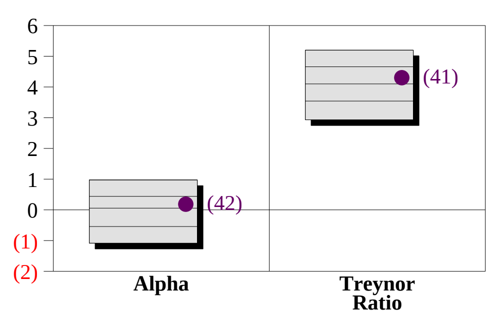


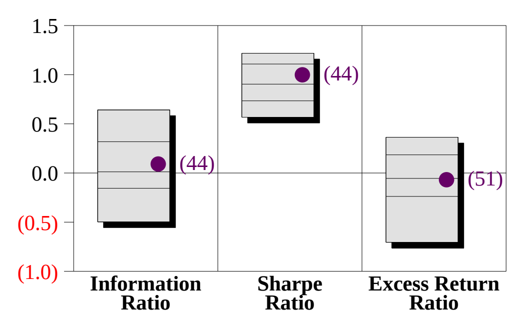
	12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003	2002
10th Percentile	2.02	11.01	20.84	5.41	8.36	6.59	4.14	7.49	10.76	10.80
25th Percentile	1.36	9.35	16.94	3.14	7.18	5.41	3.17	5.82	7.78	10.12
Median	0.92	8.06	12.07	(1.64)	6.61	4.68	2.81	4.87	5.01	9.41
75th Percentile	0.61	6.95	8.39	(6.11)	5.71	4.41	2.47	4.32	4.48	7.86
90th Percentile	0.45	6.37	5.75	(10.14)	4.39	4.12	2.09	4.03	3.70	5.56
Total Fixed-Income Pool ●	0.47	7.48	13.01	(1.09)	6.35	4.69	3.24	4.67	4.65	9.67
Fixed-Income Target ▲	0.48	6.93	9.35	2.91	7.07	4.33	2.43	4.34	4.10	10.26

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 March 31, 2011





	Alpha	Treynor Ratio
10th Percentile	0.97	5.20
25th Percentile	0.44	4.66
Median	0.06	4.10
75th Percentile	(0.54)	3.54
90th Percentile	(1.09)	2.93
Total Fixed-Income Pool ●	0.18	4.30

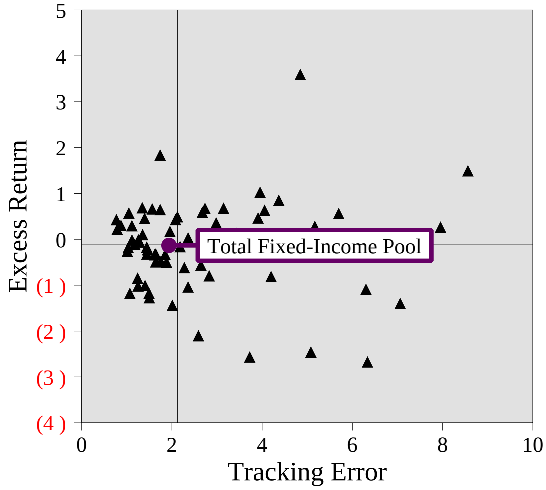
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.64	1.22	0.36
25th Percentile	0.32	1.11	0.18
Median	0.01	0.90	(0.05)
75th Percentile	(0.16)	0.73	(0.24)
90th Percentile	(0.50)	0.57	(0.71)
Total Fixed-Income Pool ●	0.09	1.00	(0.07)

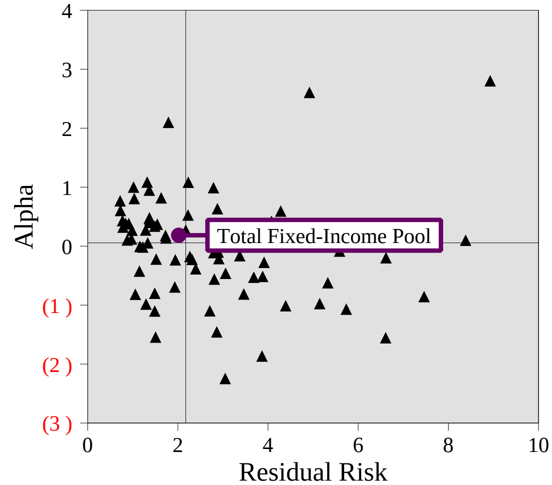
TOTAL FIXED-INCOME POOL
RISK ANALYSIS SUMMARY

Risk Analysis

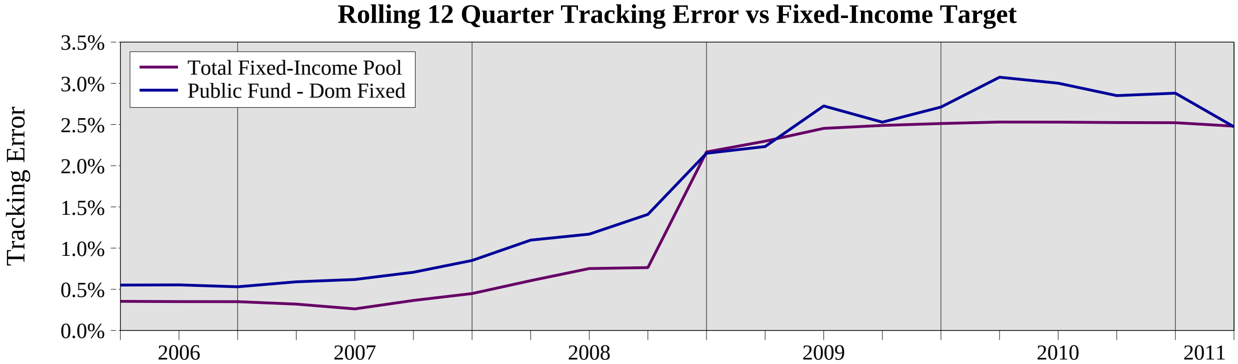
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

Risk Analysis vs Public Fund - Domestic Fixed (Gross)
Five Years Ended March 31, 2011

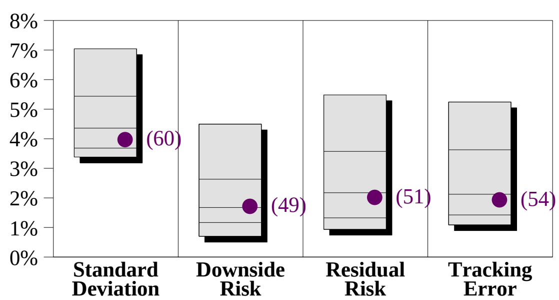


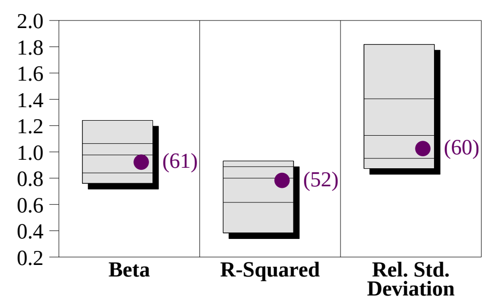


Rolling 12 Quarter Tracking Error vs Fixed-Income Target



Risk Statistics Rankings vs Fixed-Income Target
Rankings Against Public Fund - Domestic Fixed (Gross)
Five Years Ended March 31, 2011





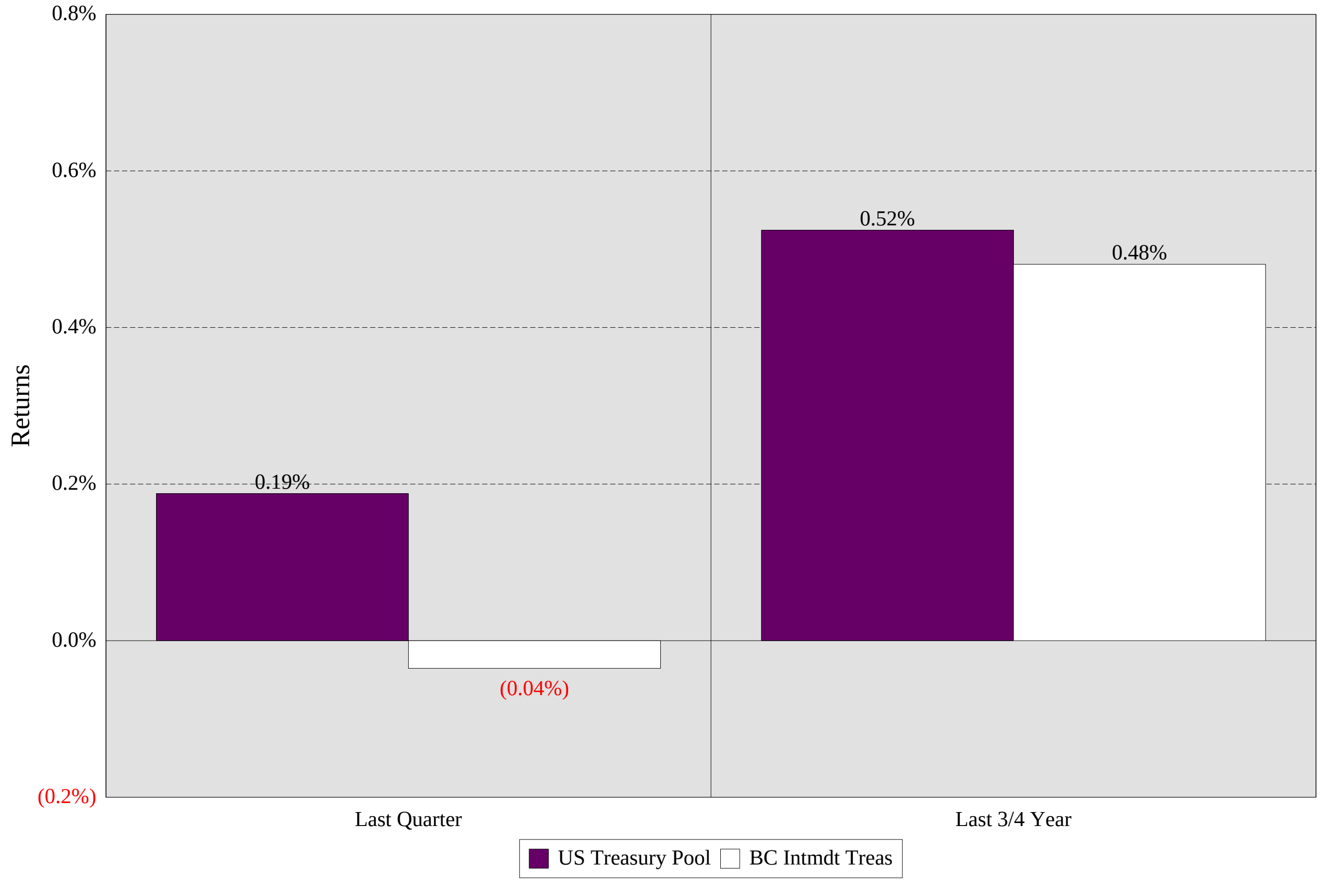
	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	7.04	4.50	5.48	5.24
25th Percentile	5.44	2.63	3.57	3.63
Median	4.36	1.67	2.17	2.12
75th Percentile	3.68	1.17	1.33	1.42
90th Percentile	3.38	0.70	0.93	1.09
Total Fixed-Income Pool ●	3.97	1.71	2.02	1.93

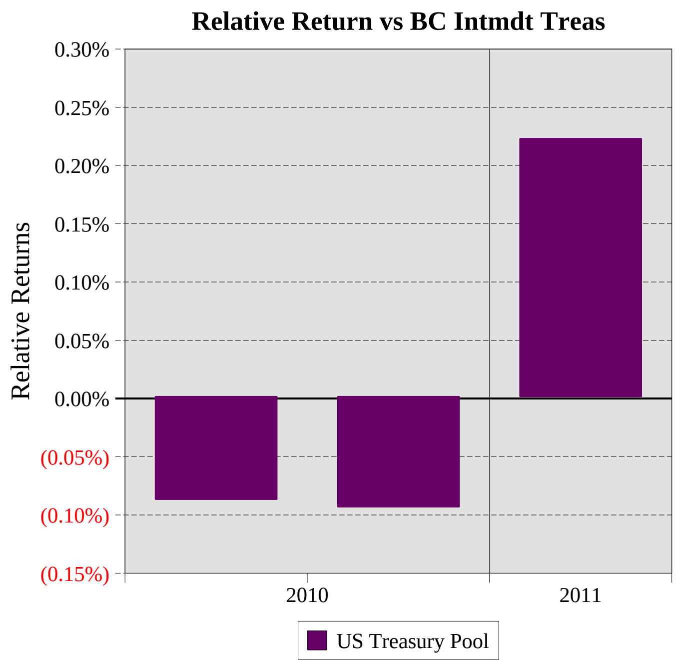
	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.24	0.93	1.82
25th Percentile	1.06	0.89	1.40
Median	0.98	0.80	1.13
75th Percentile	0.84	0.62	0.95
90th Percentile	0.76	0.38	0.87
Total Fixed-Income Pool ●	0.92	0.78	1.03

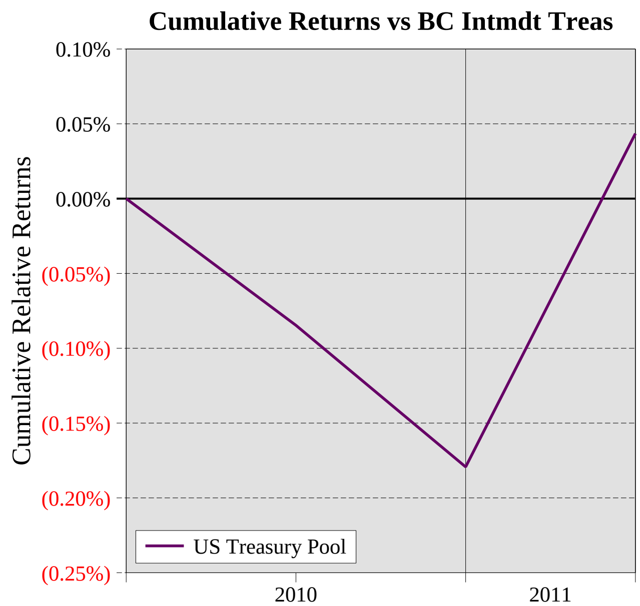
US TREASURY POOL
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

- US Treasury Pool's portfolio outperformed the BC Intmdt Treas by 0.22% for the quarter and outperformed the BC Intmdt Treas for the three-quarter year by 0.04%.







MONDRIAN INVESTMENT PARTNERS
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Mondrian Investment Partners attempts to add value through purchasing the sovereign and supranational debt of countries with strong fundamentals and little, if any, default experience.

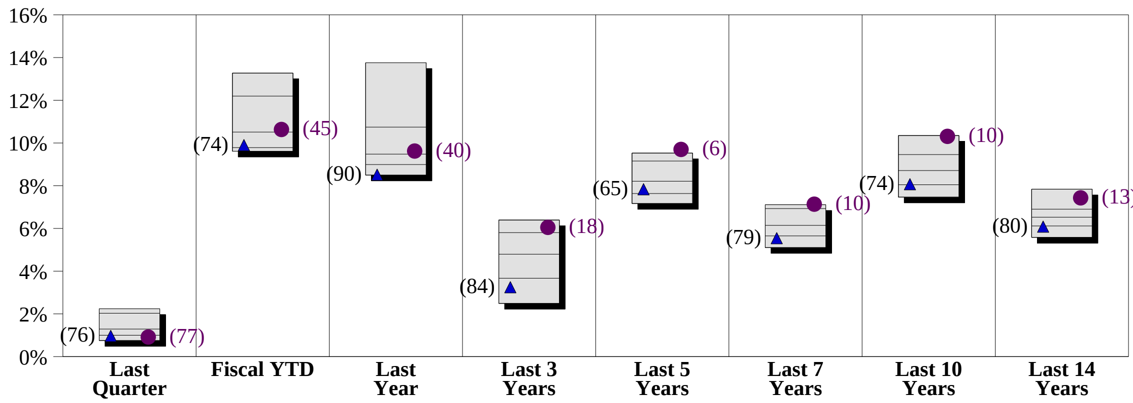
Quarterly Summary and Highlights

- Mondrian Investment Partners's portfolio posted a 0.92% return for the quarter placing it in the 77 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 40 percentile for the last year.
- Mondrian Investment Partners's portfolio underperformed the Citi WGBI Non-US Idx by 0.05% for the quarter and outperformed the Citi WGBI Non-US Idx for the year by 1.11%.

Quarterly Asset Growth

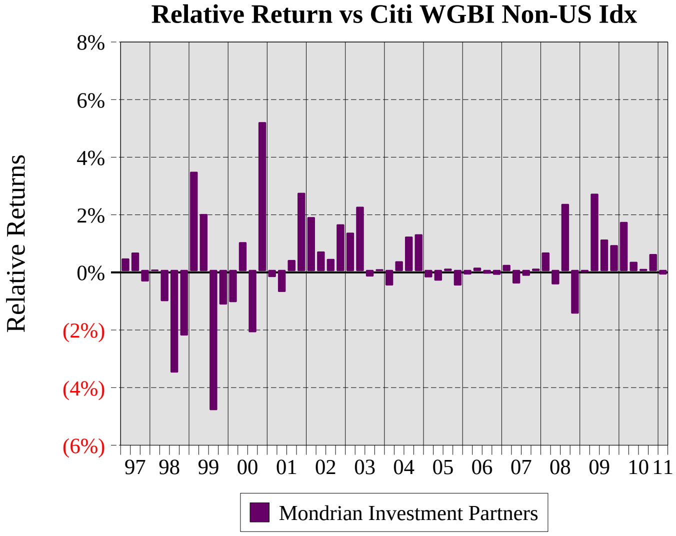
Beginning Market Value	$359,269,078
Net New Investment	$0
Investment Gains/(Losses)	$3,292,944
Ending Market Value	$362,562,022

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

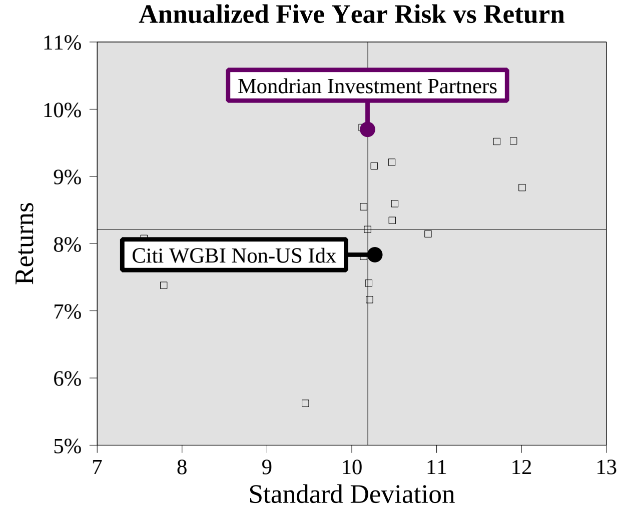


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 14 Years
10th Percentile	2.24	13.27	13.76	6.39	9.53	7.11	10.35	7.84
25th Percentile	2.03	12.20	10.74	5.80	9.16	6.93	9.46	6.90
Median	1.29	10.51	9.48	4.79	8.21	6.14	8.71	6.53
75th Percentile	1.00	9.78	8.99	3.67	7.63	5.65	8.04	6.12
90th Percentile	0.75	9.61	8.50	2.49	7.17	5.10	7.47	5.58
Mondrian Investment Partners ●	0.92	10.63	9.62	6.05	9.70	7.14	10.31	7.43
Citi WGBI Non-US Idx ▲	0.97	9.90	8.52	3.25	7.83	5.54	8.07	6.09

Relative Return vs Citi WGBI Non-US Idx



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

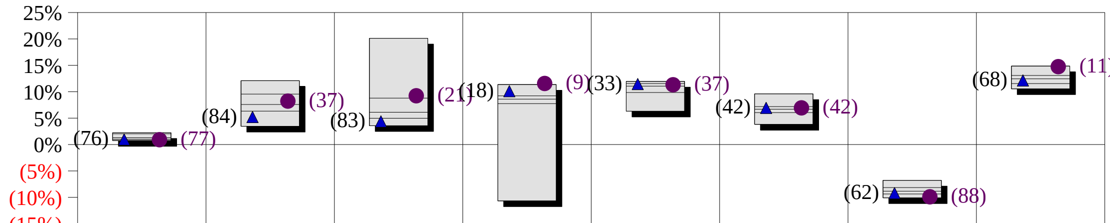


MONDRIAN INVESTMENT PARTNERS
RETURN ANALYSIS SUMMARY

Return Analysis

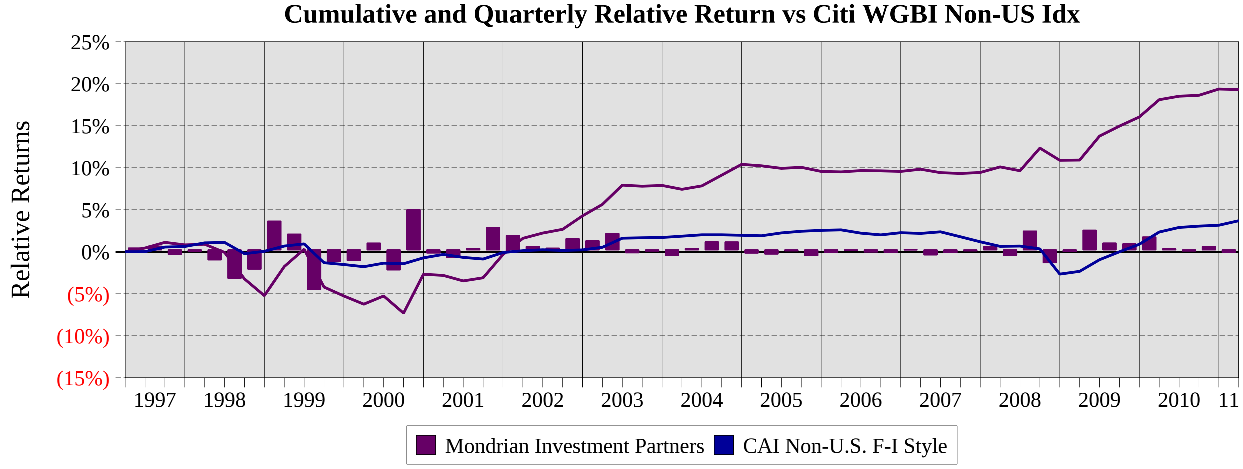
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

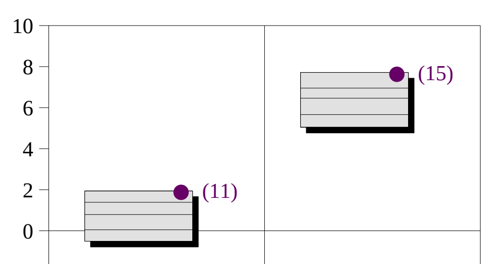


	12/10- 3/11	2010	2009	2008	2007	2006	2005	2004
10th Percentile	2.24	12.09	20.12	11.37	11.96	9.60	(6.78)	14.86
25th Percentile	2.03	9.55	8.79	9.22	11.56	7.18	(8.15)	13.08
Median	1.29	7.58	6.12	8.60	11.06	6.69	(8.83)	12.45
75th Percentile	1.00	6.33	4.98	7.75	9.85	6.04	(9.36)	11.54
90th Percentile	0.75	3.45	3.56	(10.67)	6.31	3.82	(10.09)	10.54
Mondrian Investment Partners ●	0.92	8.23	9.24	11.57	11.33	6.95	(9.90)	14.75
Citi WGBI Non-US Idx ▲	0.97	5.22	4.38	10.11	11.46	6.95	(9.21)	12.14

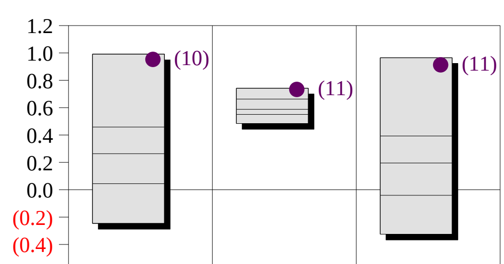
Cumulative and Quarterly Relative Return vs Citi WGBI Non-US Idx



Risk Adjusted Return Measures vs Citi WGBI Non-US Idx
Rankings Against CAI Non-U.S. Fixed-Inc Style (Gross)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	1.94	7.72
25th Percentile	1.39	6.95
Median	0.79	6.46
75th Percentile	0.05	5.66
90th Percentile	(0.51)	5.05
Mondrian Investment Partners ●	1.87	7.63



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.99	0.74	0.96
25th Percentile	0.46	0.66	0.39
Median	0.26	0.59	0.20
75th Percentile	0.04	0.55	(0.04)
90th Percentile	(0.25)	0.48	(0.32)
Mondrian Investment Partners ●	0.95	0.73	0.91

LAZARD EMERGING
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

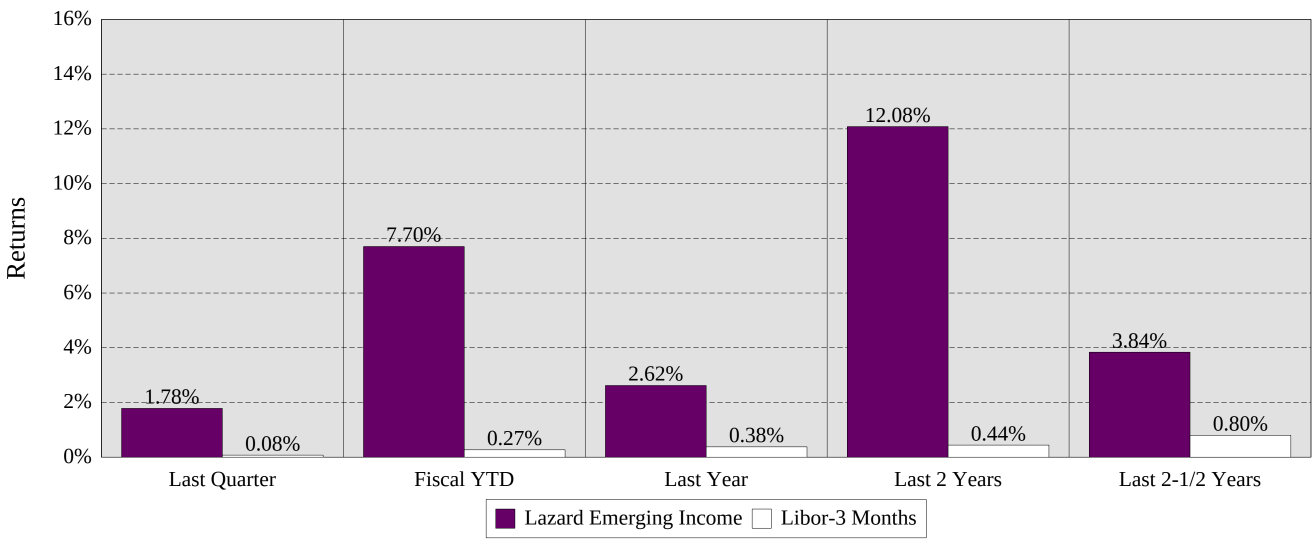
Lazard's Emerging Markets - Local Currency Debt strategy invests in short and intermediate-term fixed income securities from emerging market countries world-wide. These securities are denominated in the local currency and have short durations.

Quarterly Summary and Highlights

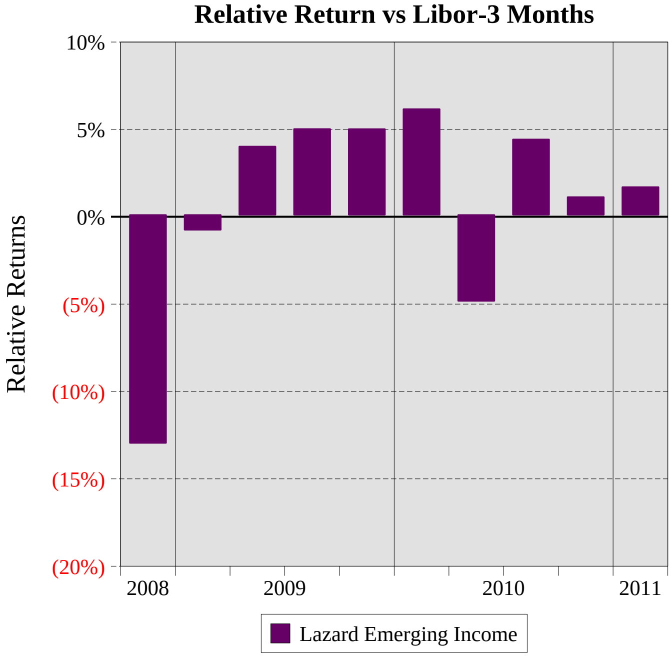
- Lazard Emerging Income's portfolio posted a 1.78% return for the quarter placing it in the 37 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 93 percentile for the last year.
- Lazard Emerging Income's portfolio outperformed the Libor-3 Months by 1.71% for the quarter and outperformed the Libor-3 Months for the year by 2.24%.

Quarterly Asset Growth

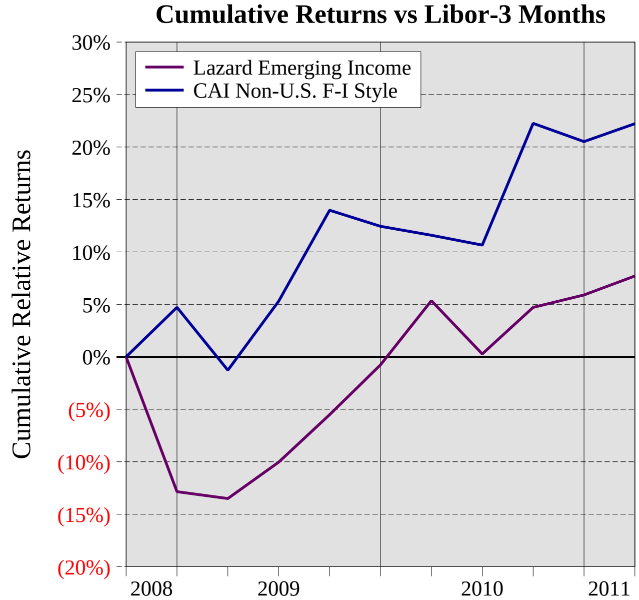
Beginning Market Value	$92,404,218
Net New Investment	$0
Investment Gains/(Losses)	$1,648,037
Ending Market Value	$94,052,255



Relative Return vs Libor-3 Months



Cumulative Returns vs Libor-3 Months



HIGH YIELD COMPOSITE
PERIOD ENDED MARCH 31, 2011

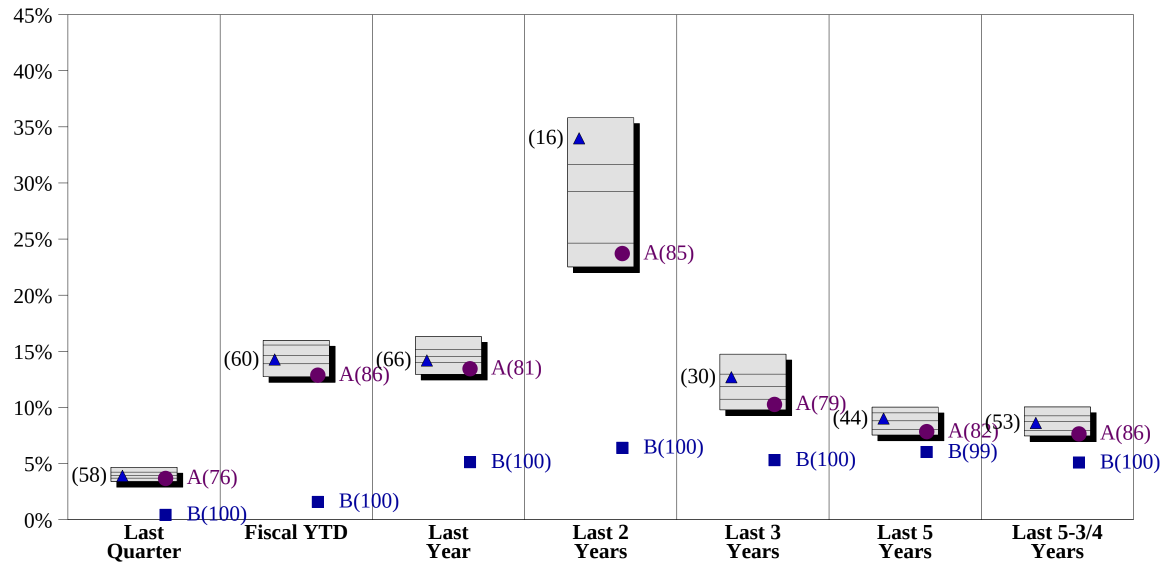
Quarterly Summary and Highlights

- High Yield Composite's portfolio posted a 3.67% return for the quarter placing it in the 76 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 81 percentile for the last year.
- High Yield Composite's portfolio underperformed the High Yield Target by 0.23% for the quarter and underperformed the High Yield Target for the year by 0.74%.

Quarterly Asset Growth

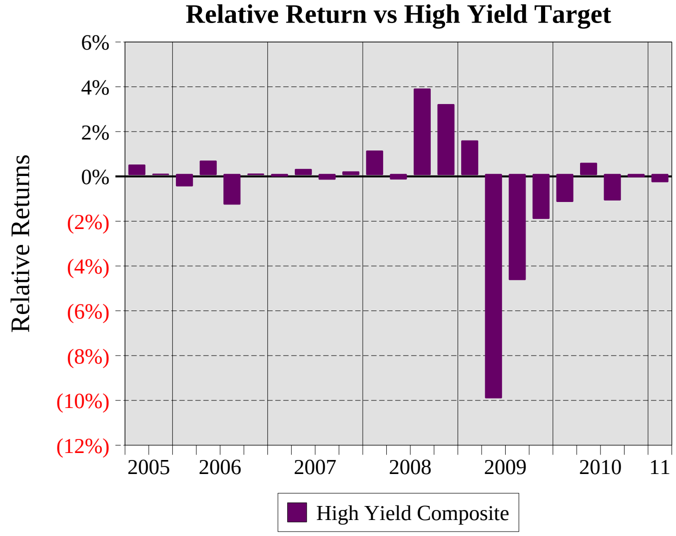
Beginning Market Value	$386,937,226
Net New Investment	$1,741
Investment Gains/(Losses)	$14,190,913
Ending Market Value	$401,129,880

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

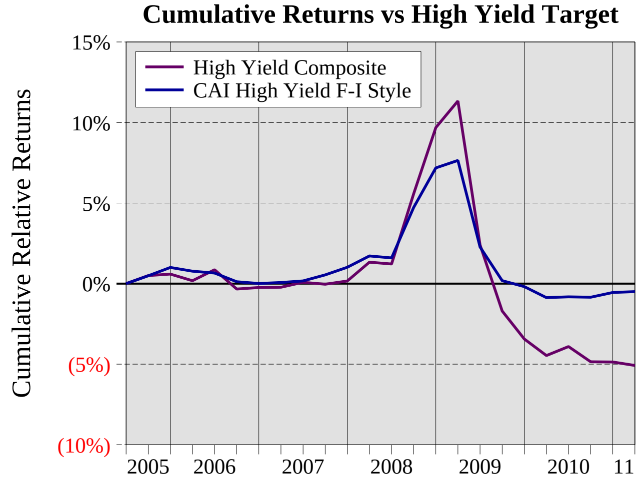


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	4.66	15.97	16.31	35.82	14.74	10.02	10.04
25th Percentile	4.23	15.56	15.17	31.63	12.96	9.51	9.25
Median	3.93	14.64	14.54	29.24	11.85	8.80	8.74
75th Percentile	3.69	13.89	14.01	24.64	10.73	8.04	7.95
90th Percentile	3.40	12.73	12.94	22.52	9.78	7.53	7.46
High Yield Composite ● A	3.67	12.87	13.44	23.71	10.26	7.84	7.64
BC Aggregate Index ■ B	0.42	1.57	5.12	6.40	5.30	6.03	5.09
High Yield Target ▲	3.90	14.27	14.18	33.98	12.69	9.01	8.62

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target



MACKAY SHIELDS
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Target: ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

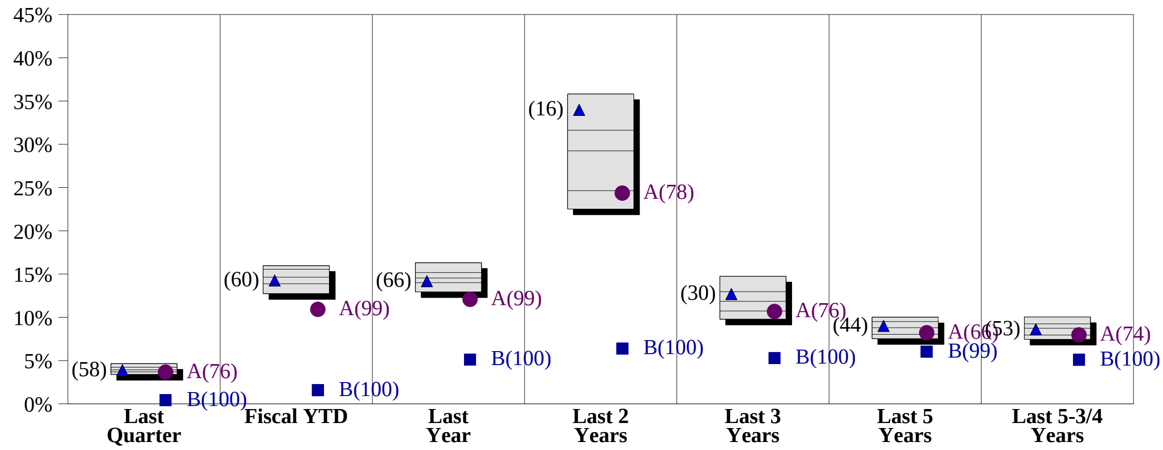
Quarterly Summary and Highlights

- MacKay Shields's portfolio posted a 3.67% return for the quarter placing it in the 76 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 99 percentile for the last year.
- MacKay Shields's portfolio underperformed the High Yield Target by 0.23% for the quarter and underperformed the High Yield Target for the year by 2.10%.

Quarterly Asset Growth

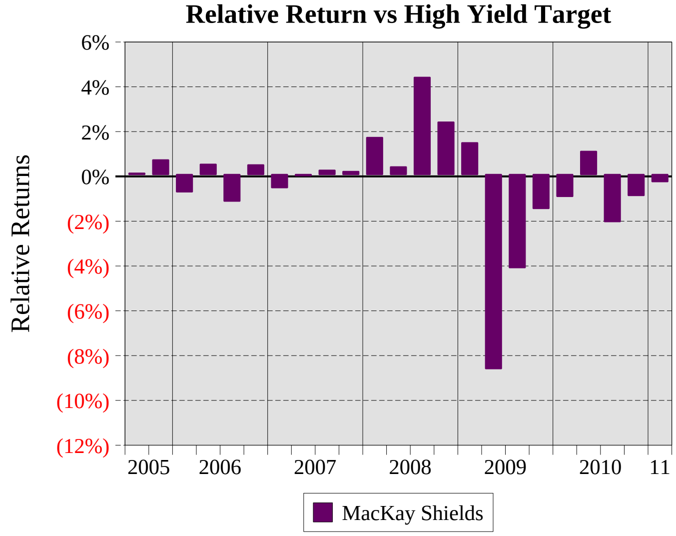
Beginning Market Value	$386,937,226
Net New Investment	$1,741
Investment Gains/(Losses)	$14,190,913
Ending Market Value	$401,129,880

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

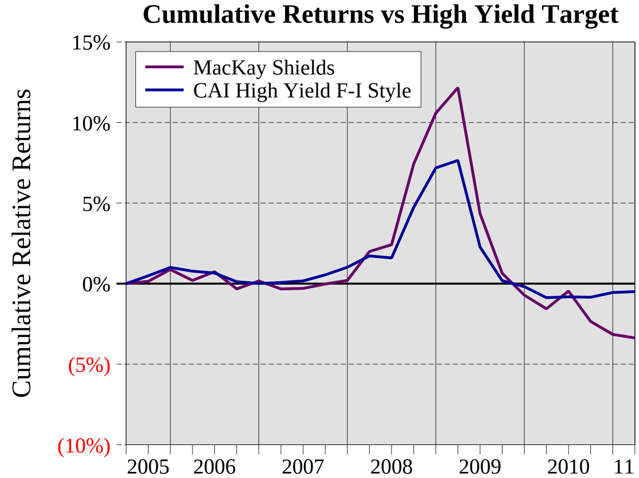


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	4.66	15.97	16.31	35.82	14.74	10.02	10.04
25th Percentile	4.23	15.56	15.17	31.63	12.96	9.51	9.25
Median	3.93	14.64	14.54	29.24	11.85	8.80	8.74
75th Percentile	3.69	13.89	14.01	24.64	10.73	8.04	7.95
90th Percentile	3.40	12.73	12.94	22.52	9.78	7.53	7.46
MacKay Shields ● A	3.67	10.92	12.08	24.36	10.68	8.22	7.97
BC Aggregate Index ■ B	0.42	1.57	5.12	6.40	5.30	6.03	5.09
High Yield Target ▲	3.90	14.27	14.18	33.98	12.69	9.01	8.62

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target

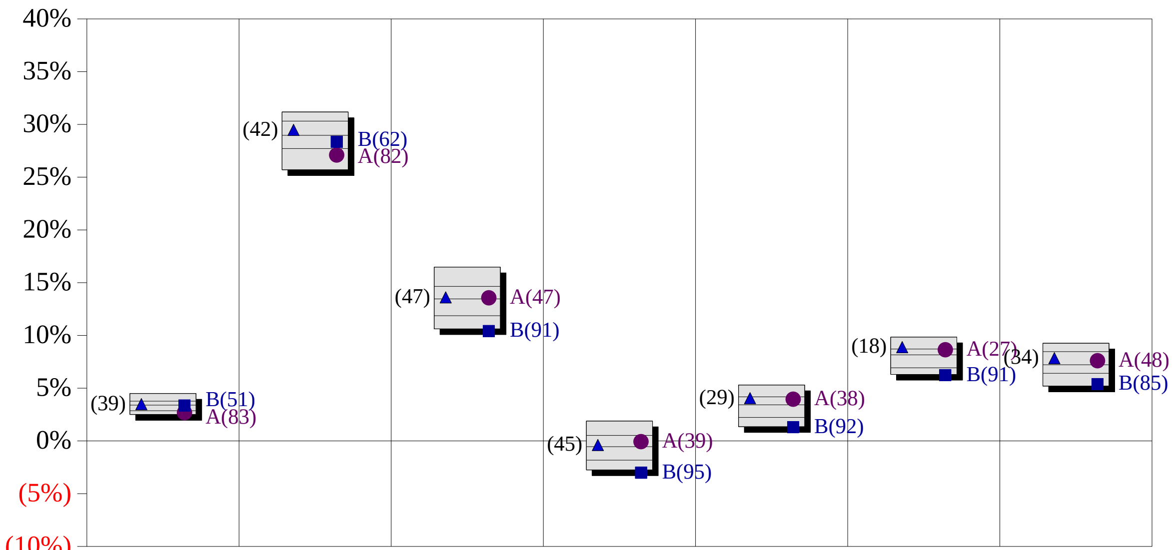


TOTAL INTERNATIONAL EQUITY
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

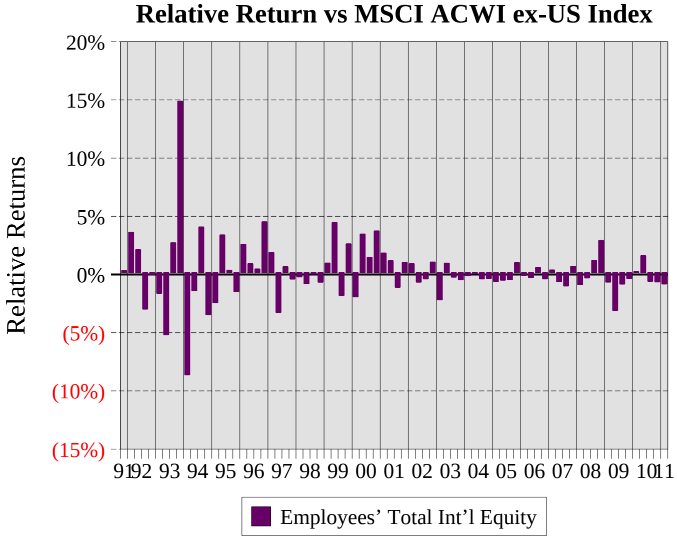
- Employees' Total Int'l Equity's portfolio posted a 2.68% return for the quarter placing it in the 83 percentile of the Public Fund - International Equity group for the quarter and in the 47 percentile for the last year.
- Employees' Total Int'l Equity's portfolio underperformed the MSCI ACWI ex-US Index by 0.80% for the quarter and underperformed the MSCI ACWI ex-US Index for the year by 0.04%.

Performance vs Public Fund - International Equity (Gross)

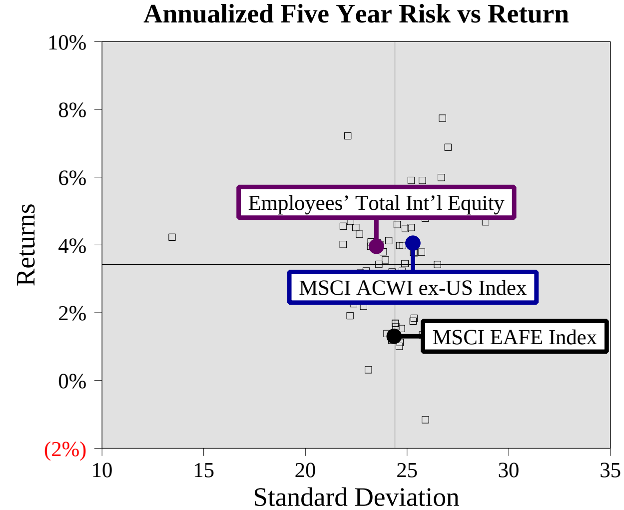


		Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile		4.50	31.18	16.48	1.89	5.30	9.85	9.26
25th Percentile		3.77	30.31	14.65	0.53	4.18	8.71	8.46
Median		3.39	28.97	13.46	(0.55)	3.42	8.16	7.22
75th Percentile		2.86	27.71	11.87	(1.82)	2.23	6.93	6.41
90th Percentile		2.51	25.70	10.62	(2.75)	1.35	6.30	5.20
Employees' Total Int'l Equity	● A	2.68	27.10	13.57	(0.07)	3.96	8.64	7.60
MSCI EAFE Index	■ B	3.36	28.36	10.42	(3.01)	1.30	6.24	5.39
MSCI ACWI ex-US Index	▲	3.49	29.48	13.61	(0.38)	4.05	8.89	7.85

Relative Return vs MSCI ACWI ex-US Index



Public Fund - International Equity (Gross)
Annualized Five Year Risk vs Return

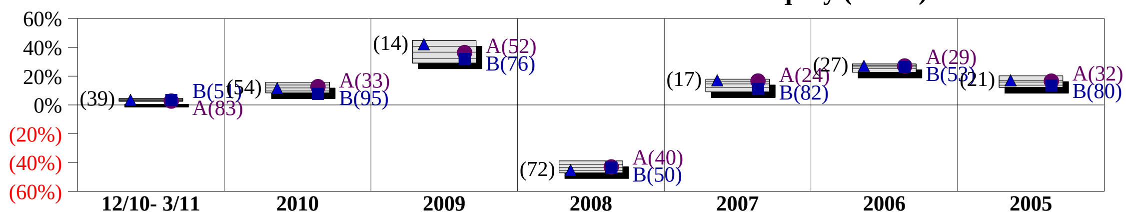


TOTAL INTERNATIONAL EQUITY
RETURN ANALYSIS SUMMARY

Return Analysis

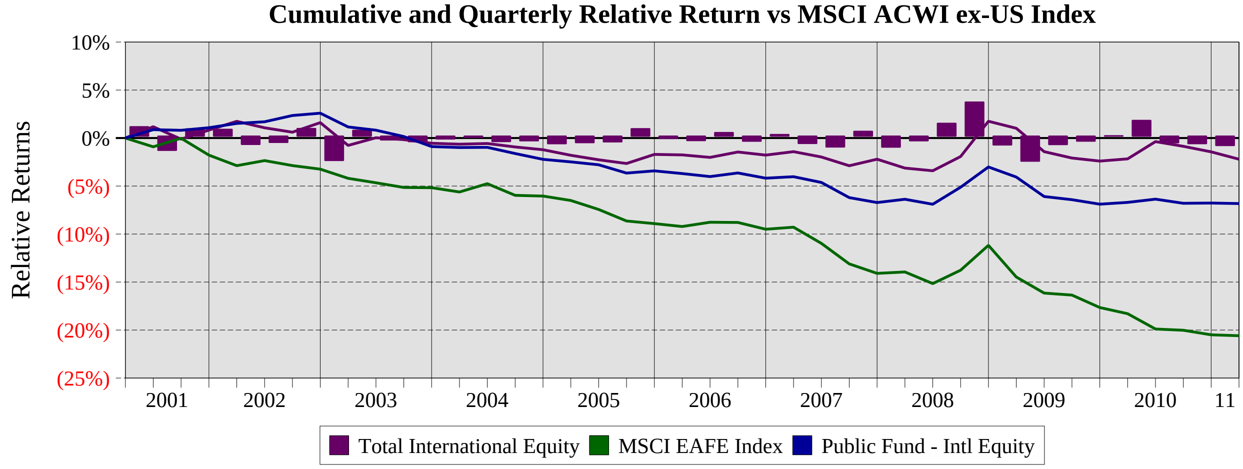
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

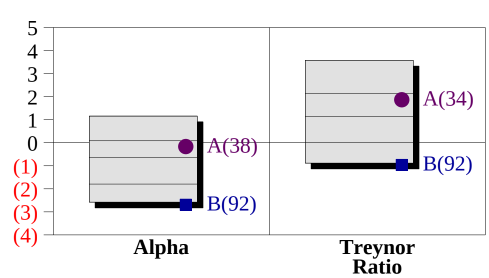


		12/10- 3/11	2010	2009	2008	2007	2006	2005
10th Percentile		4.50	15.76	44.80	(38.84)	17.89	28.48	20.22
25th Percentile		3.77	13.85	40.65	(41.28)	16.50	27.22	16.81
Median		3.39	11.82	36.66	(43.30)	14.59	26.44	15.89
75th Percentile		2.86	9.72	32.06	(45.51)	12.13	25.15	13.76
90th Percentile		2.51	8.37	29.07	(47.15)	9.11	22.70	12.19
Total International Equity	● A	2.68	12.70	36.35	(43.03)	16.61	27.06	16.53
MSCI EAFE Index	■ B	3.36	7.75	31.78	(43.38)	11.17	26.34	13.54
MSCI ACWI ex-US Index	▲	3.49	11.60	42.14	(45.24)	17.12	27.16	17.11

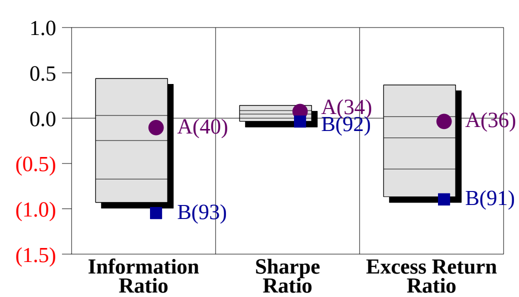
Cumulative and Quarterly Relative Return vs MSCI ACWI ex-US Index



Risk Adjusted Return Measures vs MSCI ACWI ex-US Index
Rankings Against Public Fund - International Equity (Gross)
Five Years Ended March 31, 2011



		Alpha	Treynor Ratio
10th Percentile		1.16	3.58
25th Percentile		0.09	2.14
Median		(0.64)	1.14
75th Percentile		(1.79)	0.00
90th Percentile		(2.58)	(0.89)
Total International Equity	● A	(0.17)	1.87
MSCI EAFE Index	■ B	(2.69)	(0.96)



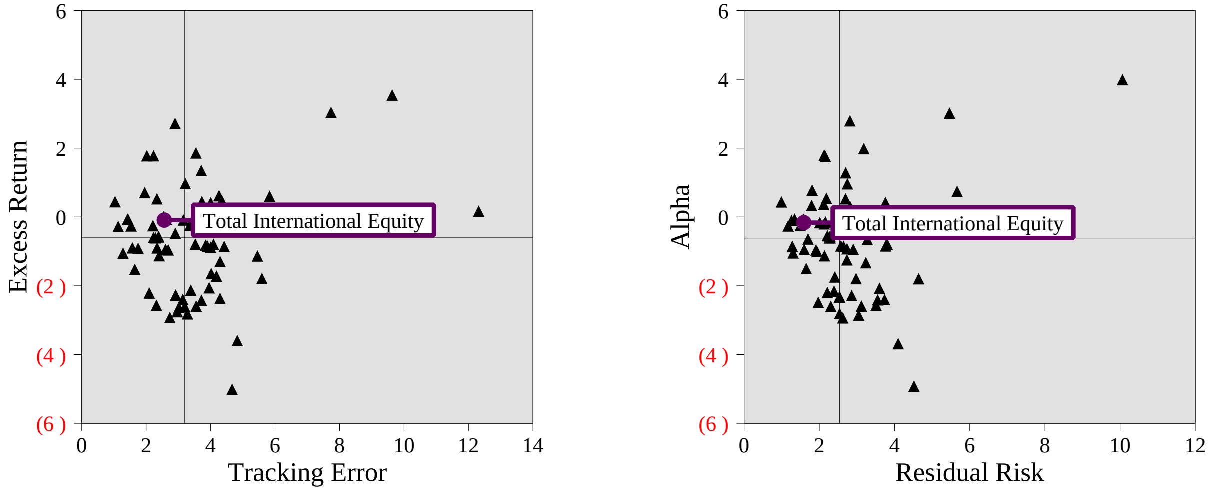
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.44	0.14	0.37
25th Percentile		0.03	0.08	0.02
Median		(0.25)	0.05	(0.22)
75th Percentile		(0.67)	0.00	(0.56)
90th Percentile		(0.93)	(0.03)	(0.87)
Total International Equity	● A	(0.10)	0.07	(0.04)
MSCI EAFE Index	■ B	(1.05)	(0.04)	(0.90)

TOTAL INTERNATIONAL EQUITY
RISK ANALYSIS SUMMARY

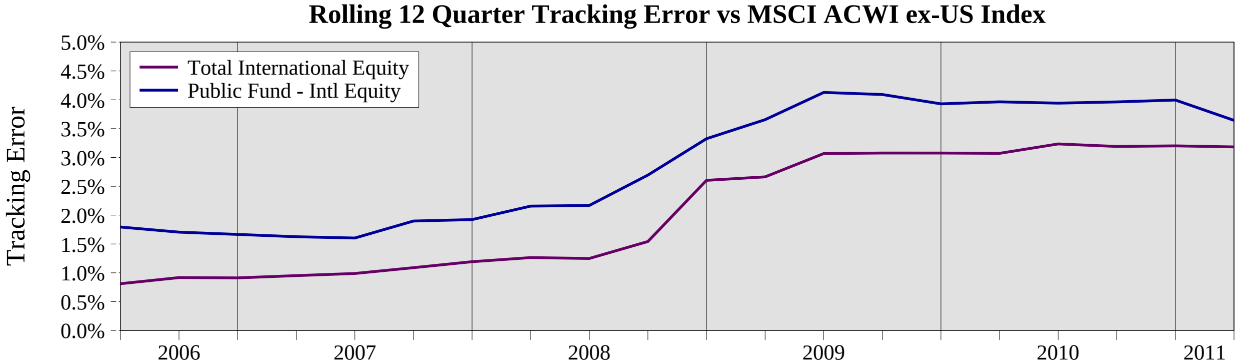
Risk Analysis

The graphs below analyze the risk or variation of a manager’s return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager’s risk statistics versus the peer group.

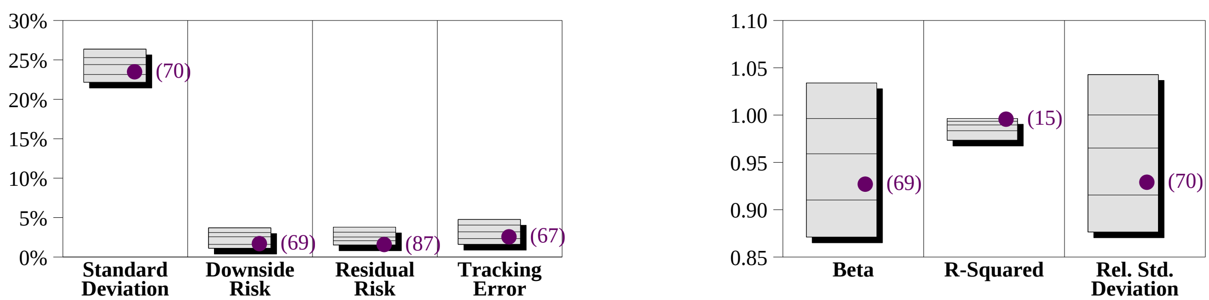
Risk Analysis vs Public Fund - International Equity (Gross)
Five Years Ended March 31, 2011



Rolling 12 Quarter Tracking Error vs MSCI ACWI ex-US Index



Risk Statistics Rankings vs MSCI ACWI ex-US Index
Rankings Against Public Fund - International Equity (Gross)
Five Years Ended March 31, 2011



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	26.37	3.71	3.79	4.76
25th Percentile	25.29	3.10	3.15	4.05
Median	24.41	2.57	2.54	3.20
75th Percentile	23.15	1.60	2.07	2.34
90th Percentile	22.16	1.11	1.53	1.60
Total International Equity ●	23.49	1.70	1.59	2.56

	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.03	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 ●	0.93	1.00	0.93

INTERNATIONAL EQUITY (EX EMERGING MARKETS)
PERIOD ENDED MARCH 31, 2011

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.

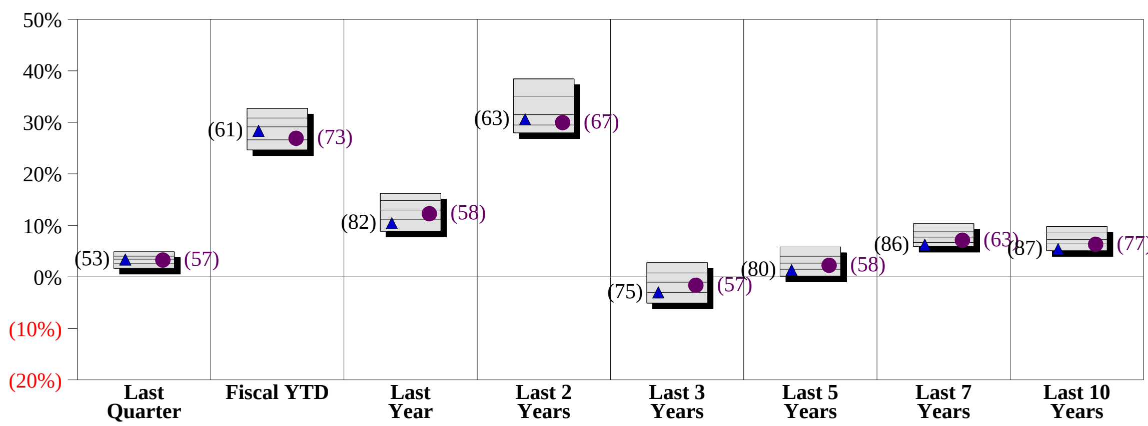
Quarterly Summary and Highlights

- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio posted a 3.27% return for the quarter placing it in the 57 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 58 percentile for the last year.
- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio underperformed the MSCI EAFE Index by 0.10% for the quarter and outperformed the MSCI EAFE Index for the year by 1.84%.

Quarterly Asset Growth

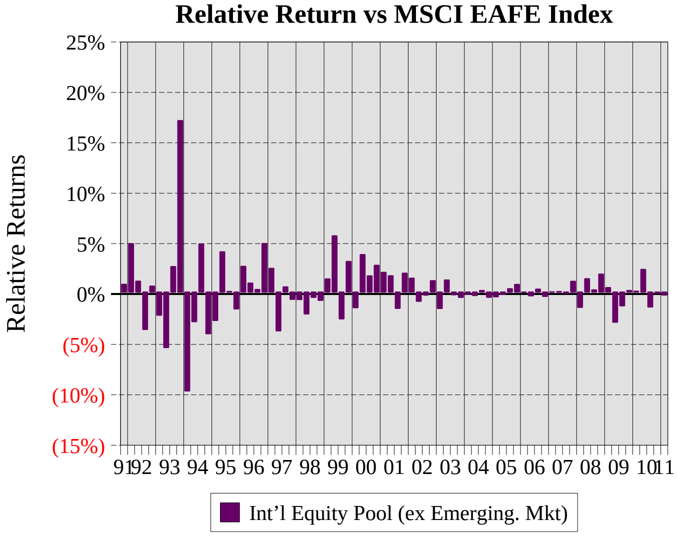
Beginning Market Value	$1,535,793,164
Net New Investment	$-2,992,679
Investment Gains/(Losses)	$49,899,789
Ending Market Value	$1,582,700,274

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

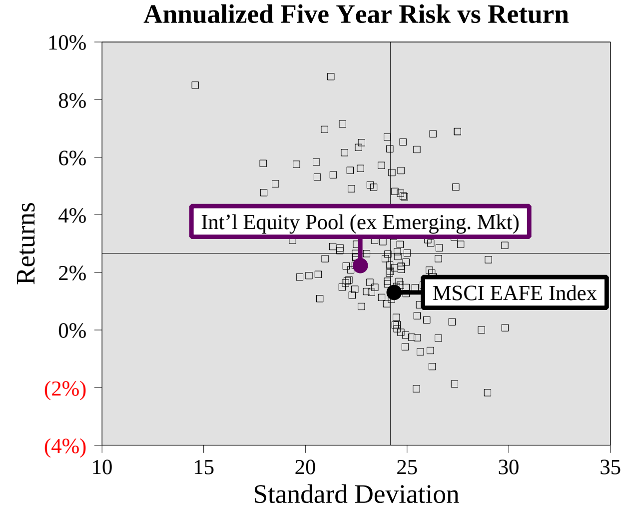


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	4.88	32.72	16.21	38.44	2.75	5.80	10.32	9.76
25th Percentile	4.02	30.84	14.80	35.09	0.75	4.00	8.75	8.53
Median	3.43	29.12	12.97	31.49	(1.04)	2.66	7.72	7.27
75th Percentile	2.55	26.60	11.18	29.48	(3.01)	1.48	6.68	6.40
90th Percentile	1.65	24.64	8.85	27.95	(5.11)	0.14	5.91	5.07
Int'l Equity Pool (ex Emerging. Mkt) ●	3.27	26.90	12.26	29.95	(1.64)	2.24	7.11	6.32
MSCI EAFE Index ▲	3.36	28.36	10.42	30.59	(3.01)	1.30	6.24	5.39

Relative Return vs MSCI EAFE Index



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

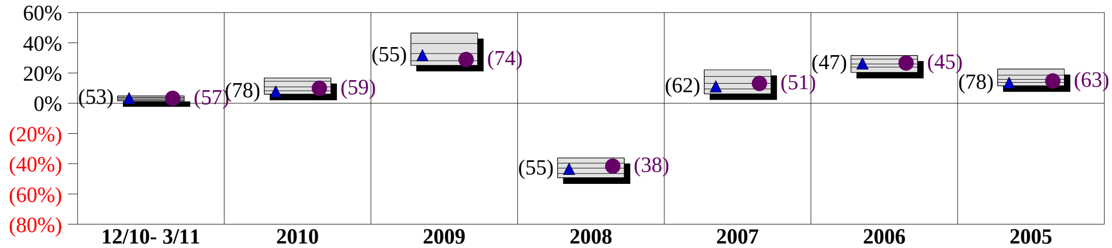


INT'L EQUITY POOL (EX EMERGING. MKT)
RETURN ANALYSIS SUMMARY

Return Analysis

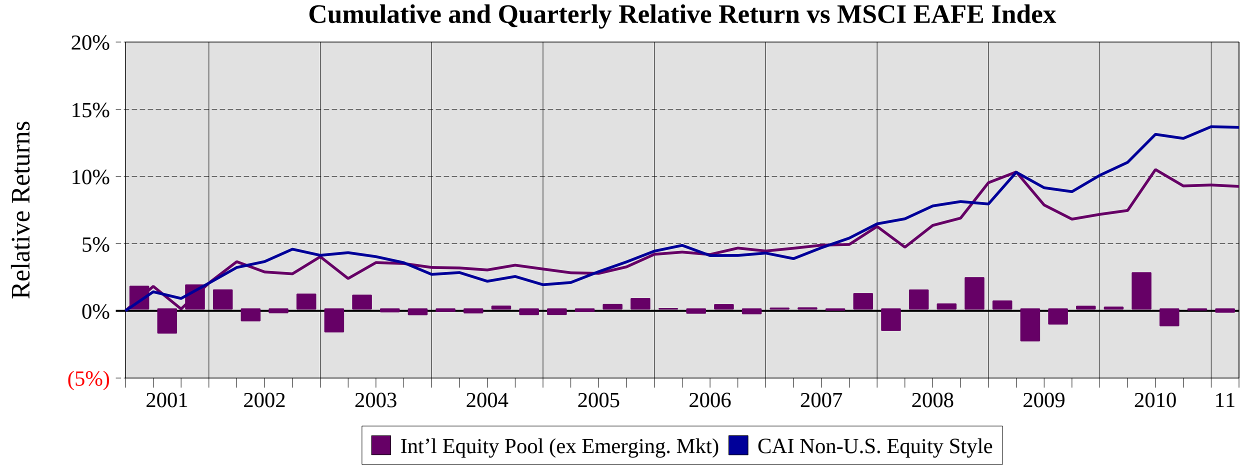
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

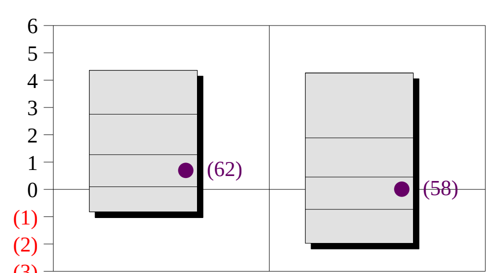


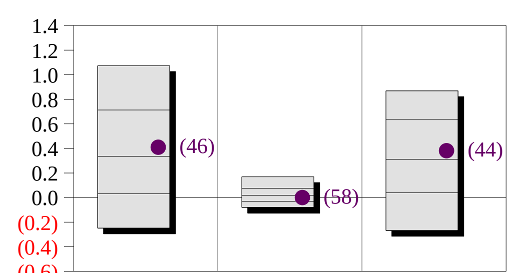
	12/10- 3/11	2010	2009	2008	2007	2006	2005
10th Percentile	4.88	16.73	46.43	(36.19)	22.09	31.57	22.67
25th Percentile	4.02	14.57	39.53	(39.62)	17.74	29.21	18.58
Median	3.43	10.83	32.89	(42.91)	13.16	25.98	15.78
75th Percentile	2.55	8.26	28.15	(46.49)	9.47	23.91	13.78
90th Percentile	1.65	5.97	25.08	(49.26)	6.21	20.44	11.55
Int'l Equity Pool (ex Emerging. Mkt) ●	3.27	9.95	28.94	(41.64)	13.12	26.64	14.74
MSCI EAFE Index ▲	3.36	7.75	31.78	(43.38)	11.17	26.34	13.54

Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended March 31, 2011





	Alpha	Treynor Ratio
10th Percentile	4.36	4.26
25th Percentile	2.75	1.89
Median	1.27	0.45
75th Percentile	0.10	(0.73)
90th Percentile	(0.82)	(1.97)
Int'l Equity Pool (ex Emerging. Mkt) ●	0.70	0.01

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.07	0.17	0.87
25th Percentile	0.71	0.08	0.64
Median	0.34	0.02	0.31
75th Percentile	0.03	(0.03)	0.04
90th Percentile	(0.25)	(0.08)	(0.27)
Int'l Equity Pool (ex Emerging. Mkt) ●	0.41	0.00	0.38

BRANDES INVESTMENT PARTNERS
PERIOD ENDED MARCH 31, 2011

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.

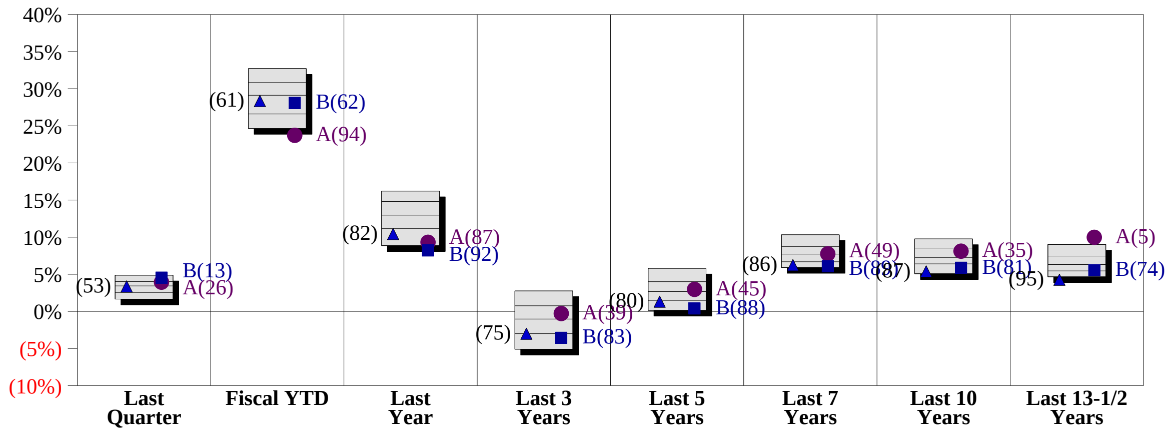
Quarterly Summary and Highlights

- Brandes's portfolio posted a 3.93% return for the quarter placing it in the 26 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 87 percentile for the last year.
- Brandes's portfolio outperformed the MSCI EAFE Index by 0.57% for the quarter and underperformed the MSCI EAFE Index for the year by 1.11%.

Quarterly Asset Growth

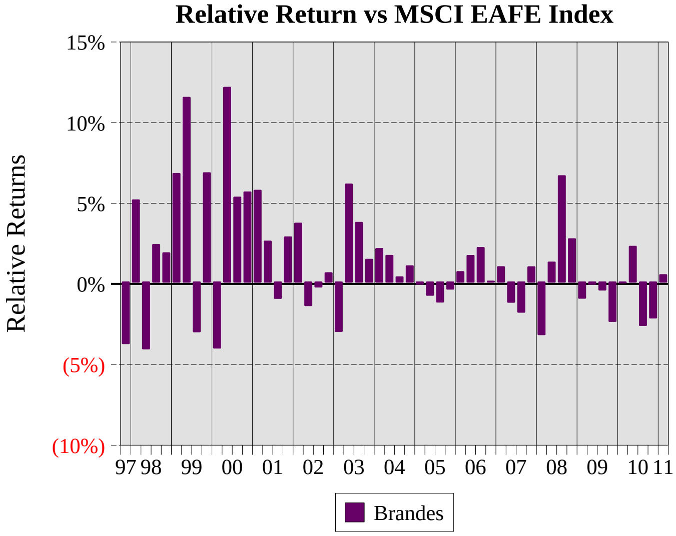
Beginning Market Value	$875,934,832
Net New Investment	$-79,962,928
Investment Gains/(Losses)	$35,418,836
Ending Market Value	$831,390,740

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

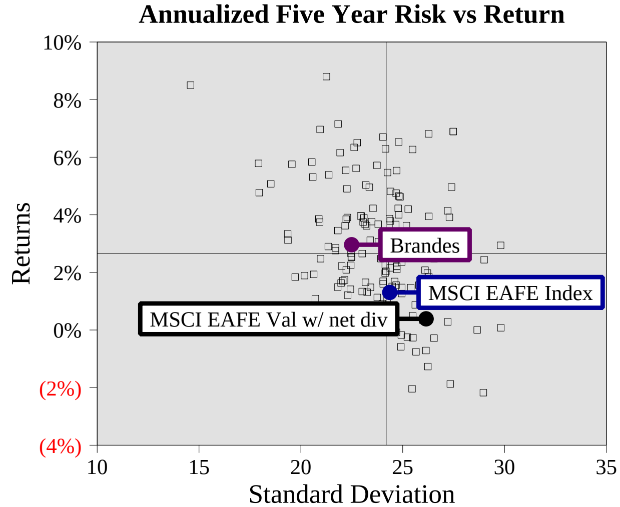


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13-1/2 Years
10th Percentile	4.88	32.72	16.21	2.75	5.80	10.32	9.76	9.02
25th Percentile	4.02	30.84	14.80	0.75	4.00	8.75	8.53	7.45
Median	3.43	29.12	12.97	(1.04)	2.66	7.72	7.27	6.31
75th Percentile	2.55	26.60	11.18	(3.01)	1.48	6.68	6.40	5.45
90th Percentile	1.65	24.64	8.85	(5.11)	0.14	5.91	5.07	4.66
Brandes ● A	3.93	23.72	9.31	(0.29)	2.96	7.75	8.11	9.98
MSCI EAFE Val w/ net div ■ B	4.55	28.09	8.21	(3.57)	0.39	6.09	5.88	5.55
MSCI EAFE Index ▲	3.36	28.36	10.42	(3.01)	1.30	6.24	5.39	4.27

Relative Return vs MSCI EAFE Index



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

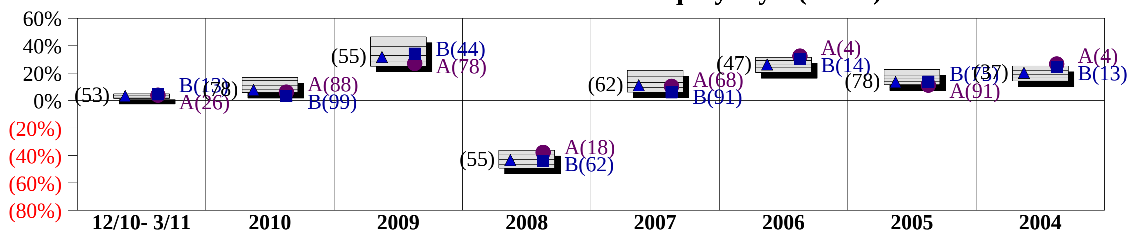


BRANDES
RETURN ANALYSIS SUMMARY

Return Analysis

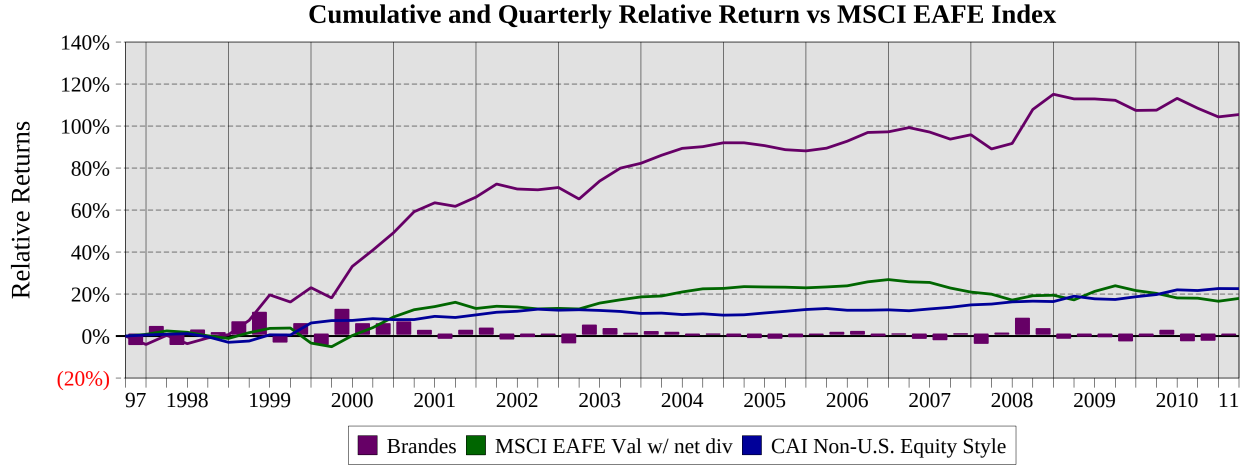
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

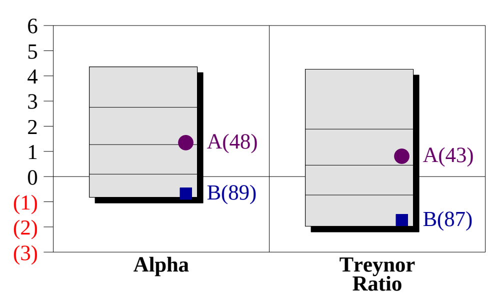


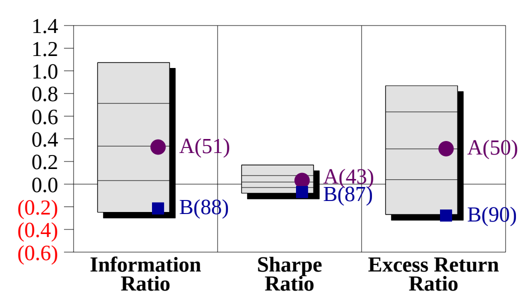
		12/10- 3/11	2010	2009	2008	2007	2006	2005	2004
10th Percentile		4.88	16.73	46.43	(36.19)	22.09	31.57	22.67	25.22
25th Percentile		4.02	14.57	39.53	(39.62)	17.74	29.21	18.58	22.05
Median		3.43	10.83	32.89	(42.91)	13.16	25.98	15.78	18.88
75th Percentile		2.55	8.26	28.15	(46.49)	9.47	23.91	13.78	16.48
90th Percentile		1.65	5.97	25.08	(49.26)	6.21	20.44	11.55	14.28
Brandes	● A	3.93	6.15	27.06	(37.80)	10.38	32.43	11.25	26.68
MSCI EAFE Val w/ net div	■ B	4.55	3.25	34.23	(44.09)	5.96	30.38	13.80	24.33
MSCI EAFE Index	▲	3.36	7.75	31.78	(43.38)	11.17	26.34	13.54	20.25

Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended March 31, 2011





		Alpha	Treynor Ratio
10th Percentile		4.36	4.26
25th Percentile		2.75	1.89
Median		1.27	0.45
75th Percentile		0.10	(0.73)
90th Percentile		(0.82)	(1.97)
Brandes	● A	1.35	0.81
MSCI EAFE Val w/ net div	■ B	(0.68)	(1.73)

		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		1.07	0.17	0.87
25th Percentile		0.71	0.08	0.64
Median		0.34	0.02	0.31
75th Percentile		0.03	(0.03)	0.04
90th Percentile		(0.25)	(0.08)	(0.27)
Brandes	● A	0.33	0.03	0.31
MSCI EAFE Val w/ net div	■ B	(0.21)	(0.07)	(0.28)

CAPITAL GUARDIAN
PERIOD ENDED MARCH 31, 2011

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.

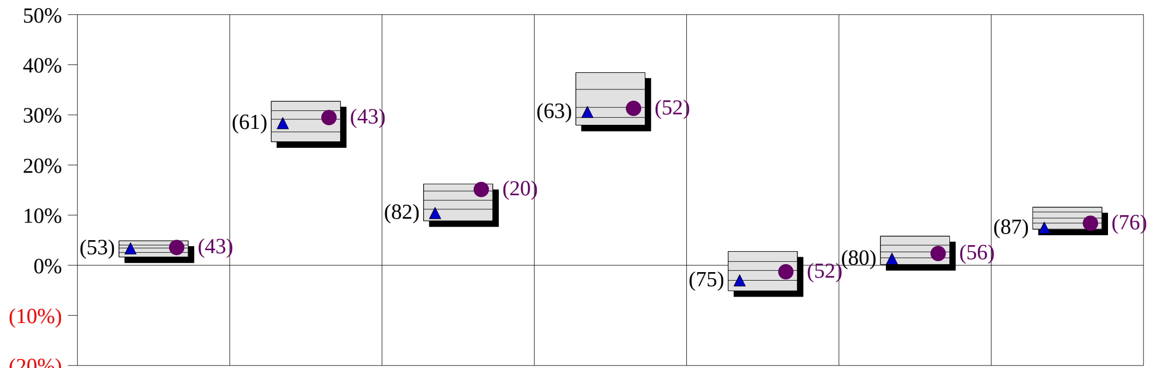
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a 3.55% 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 20 percentile for the last year.
- Capital Guardian's portfolio outperformed the MSCI EAFE Index by 0.19% for the quarter and outperformed the MSCI EAFE Index for the year by 4.70%.

Quarterly Asset Growth

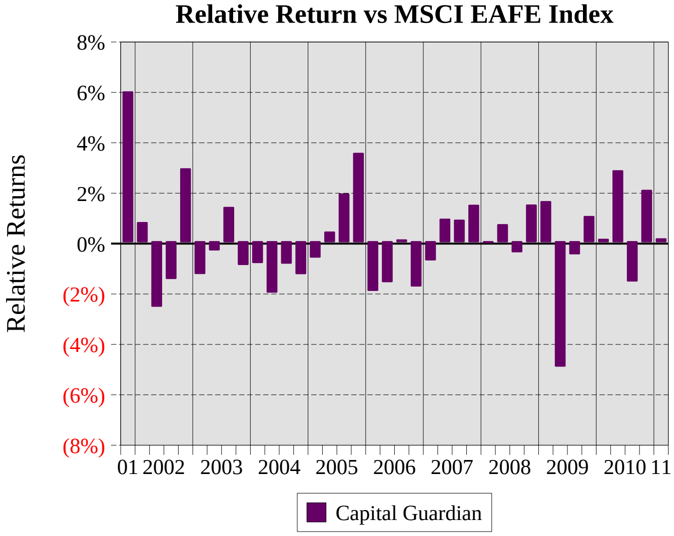
Beginning Market Value	$617,647,041
Net New Investment	$0
Investment Gains/(Losses)	$21,948,068
Ending Market Value	$639,595,109

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

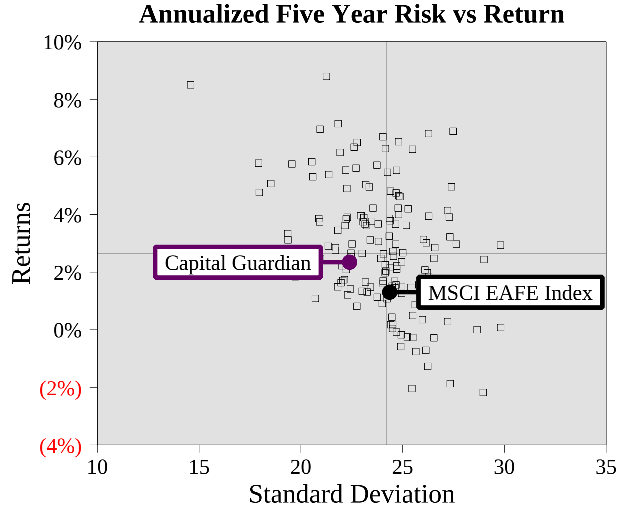


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/2 Years
10th Percentile	4.88	32.72	16.21	38.44	2.75	5.80	11.58
25th Percentile	4.02	30.84	14.80	35.09	0.75	4.00	10.62
Median	3.43	29.12	12.97	31.49	(1.04)	2.66	9.41
75th Percentile	2.55	26.60	11.18	29.48	(3.01)	1.48	8.41
90th Percentile	1.65	24.64	8.85	27.95	(5.11)	0.14	7.19
Capital Guardian ●	3.55	29.47	15.12	31.30	(1.30)	2.35	8.38
MSCI EAFE Index ▲	3.36	28.36	10.42	30.59	(3.01)	1.30	7.49

Relative Return vs MSCI EAFE Index



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

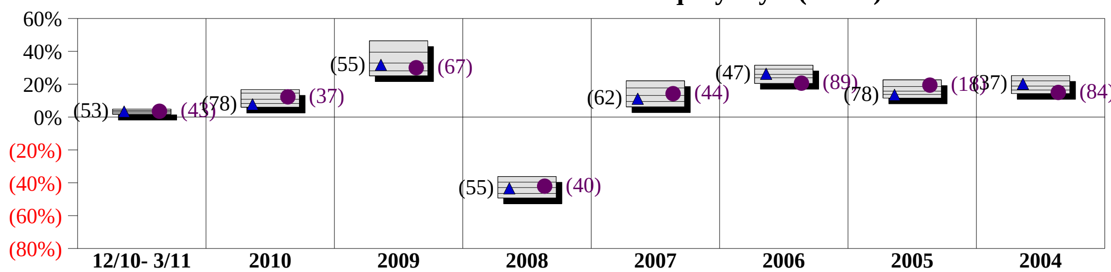


CAPITAL GUARDIAN
RETURN ANALYSIS SUMMARY

Return Analysis

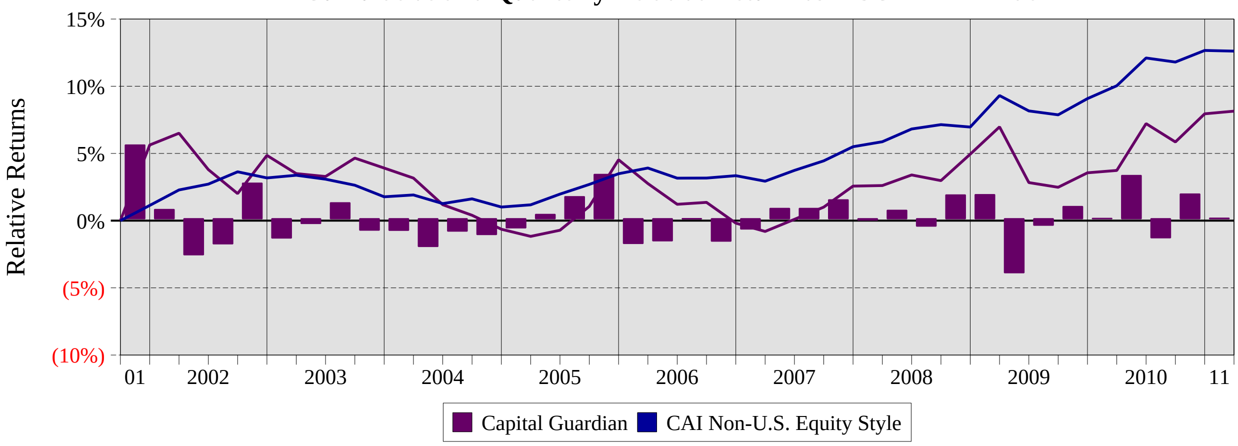
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

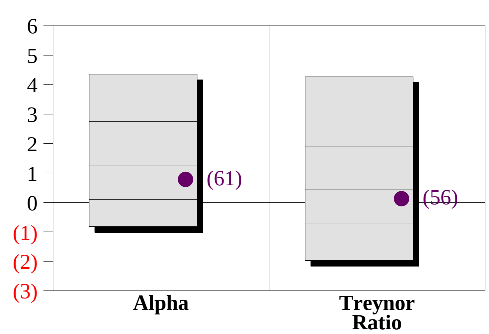


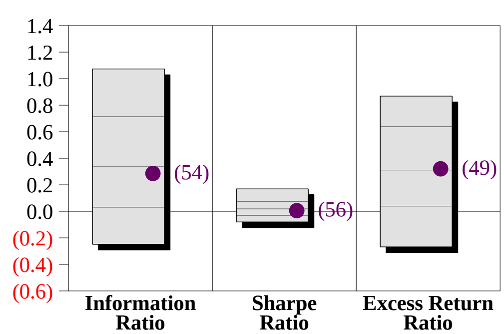
	12/10- 3/11	2010	2009	2008	2007	2006	2005	2004
10th Percentile	4.88	16.73	46.43	(36.19)	22.09	31.57	22.67	25.22
25th Percentile	4.02	14.57	39.53	(39.62)	17.74	29.21	18.58	22.05
Median	3.43	10.83	32.89	(42.91)	13.16	25.98	15.78	18.88
75th Percentile	2.55	8.26	28.15	(46.49)	9.47	23.91	13.78	16.48
90th Percentile	1.65	5.97	25.08	(49.26)	6.21	20.44	11.55	14.28
Capital Guardian ●	3.55	12.32	30.04	(42.07)	14.24	20.64	19.44	14.98
MSCI EAFE Index ▲	3.36	7.75	31.78	(43.38)	11.17	26.34	13.54	20.25

Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended March 31, 2011





	Alpha	Treynor Ratio
10th Percentile	4.36	4.26
25th Percentile	2.75	1.89
Median	1.27	0.45
75th Percentile	0.10	(0.73)
90th Percentile	(0.82)	(1.97)
Capital Guardian ●	0.78	0.13

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.07	0.17	0.87
25th Percentile	0.71	0.08	0.64
Median	0.34	0.02	0.31
75th Percentile	0.03	(0.03)	0.04
90th Percentile	(0.25)	(0.08)	(0.27)
Capital Guardian ●	0.29	0.01	0.32

LAZARD ASSET MANAGEMENT
PERIOD ENDED MARCH 31, 2011

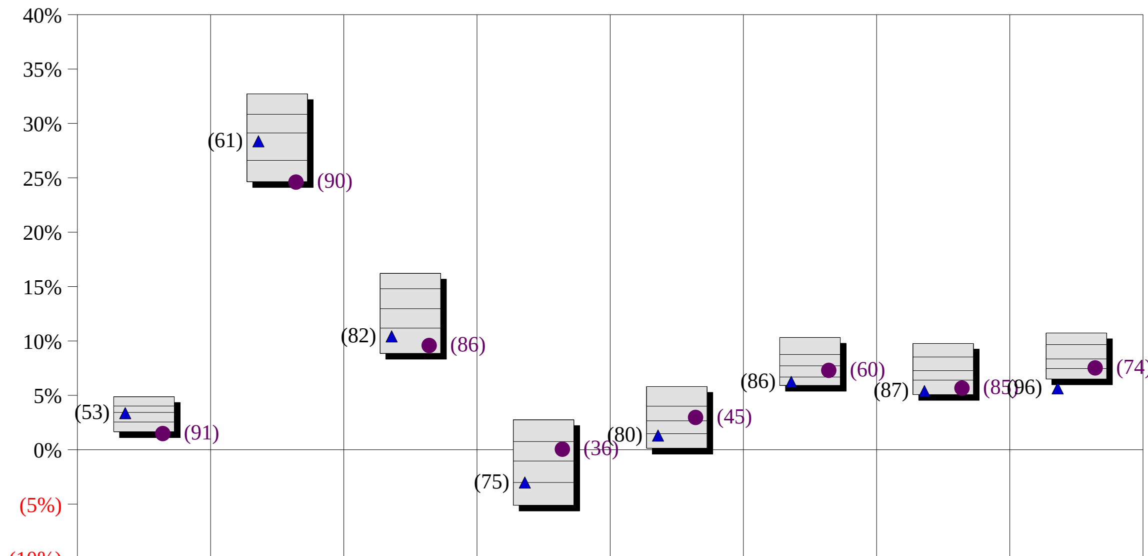
Quarterly Summary and Highlights

- Lazard Asset Mgmt's portfolio posted a 1.49% return for the quarter placing it in the 91 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 86 percentile for the last year.
- Lazard Asset Mgmt's portfolio underperformed the MSCI EAFE Index by 1.88% for the quarter and underperformed the MSCI EAFE Index for the year by 0.84%.

Quarterly Asset Growth

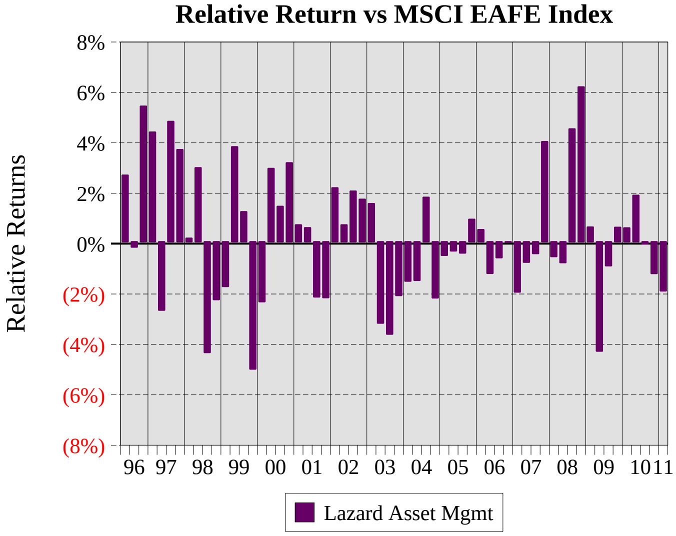
Beginning Market Value	$443,254,029
Net New Investment	$0
Investment Gains/(Losses)	$6,593,442
Ending Market Value	$449,847,471

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

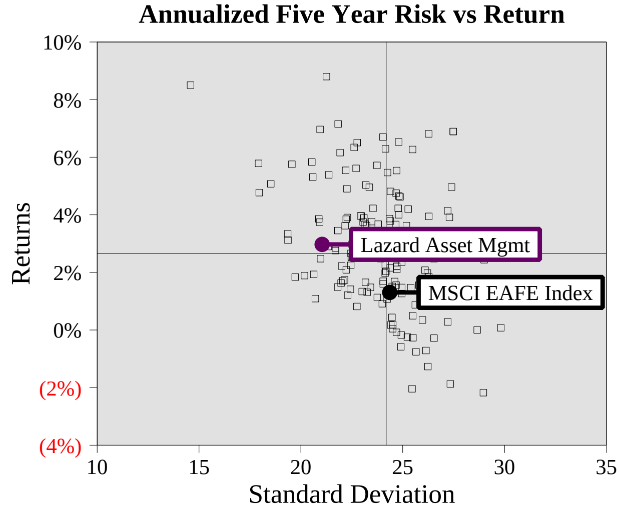


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 17-3/4 Years
10th Percentile	4.88	32.72	16.21	2.75	5.80	10.32	9.76	10.73
25th Percentile	4.02	30.84	14.80	0.75	4.00	8.75	8.53	9.66
Median	3.43	29.12	12.97	(1.04)	2.66	7.72	7.27	8.35
75th Percentile	2.55	26.60	11.18	(3.01)	1.48	6.68	6.40	7.46
90th Percentile	1.65	24.64	8.85	(5.11)	0.14	5.91	5.07	6.50
Lazard Asset Mgmt ●	1.49	24.61	9.58	0.05	2.97	7.30	5.67	7.52
MSCI EAFE Index ▲	3.36	28.36	10.42	(3.01)	1.30	6.24	5.39	5.65

Relative Return vs MSCI EAFE Index



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

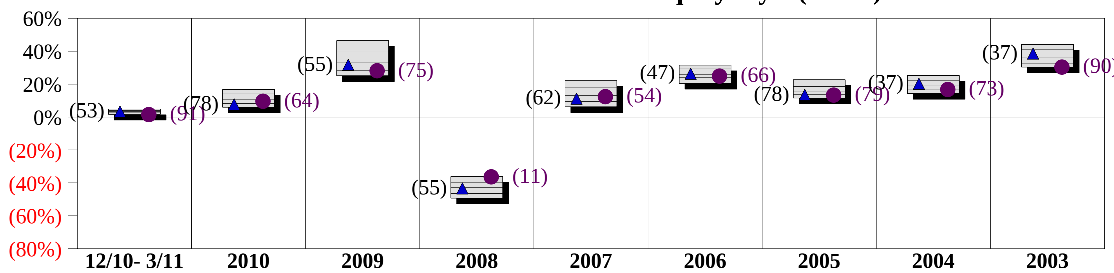


LAZARD ASSET MANAGEMENT
RETURN ANALYSIS SUMMARY

Return Analysis

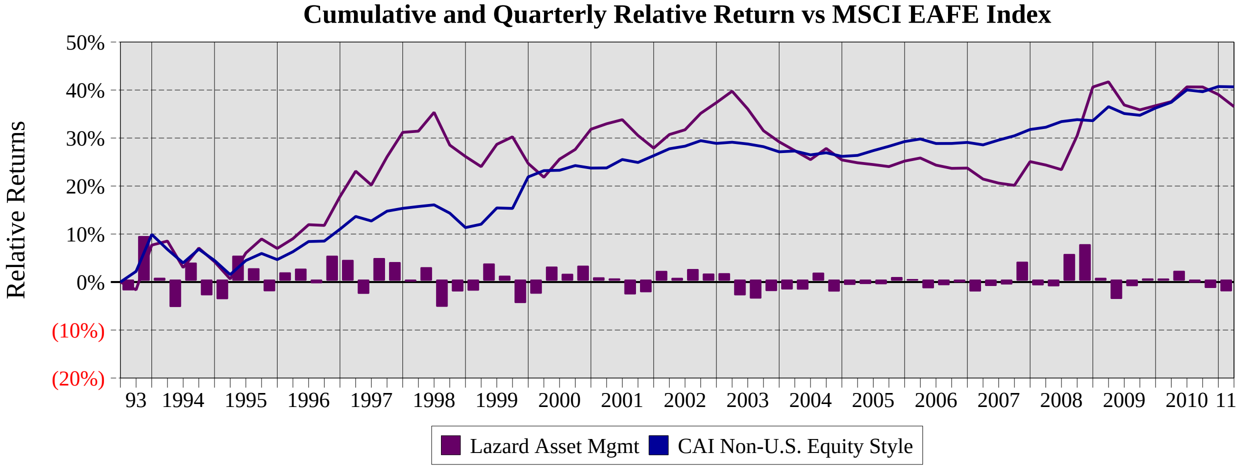
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

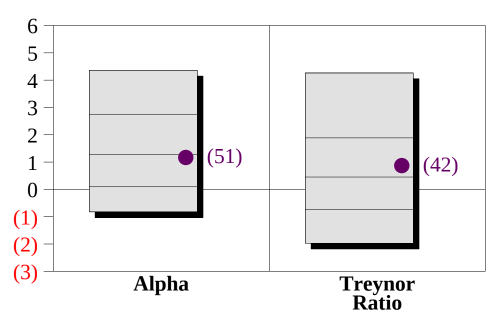


	12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	4.88	16.73	46.43	(36.19)	22.09	31.57	22.67	25.22	44.12
25th Percentile	4.02	14.57	39.53	(39.62)	17.74	29.21	18.58	22.05	40.89
Median	3.43	10.83	32.89	(42.91)	13.16	25.98	15.78	18.88	35.91
75th Percentile	2.55	8.26	28.15	(46.49)	9.47	23.91	13.78	16.48	32.32
90th Percentile	1.65	5.97	25.08	(49.26)	6.21	20.44	11.55	14.28	30.36
Lazard Asset Mgmt ●	1.49	9.59	28.13	(36.34)	12.38	24.87	13.33	16.73	30.35
MSCI EAFE Index ▲	3.36	7.75	31.78	(43.38)	11.17	26.34	13.54	20.25	38.59

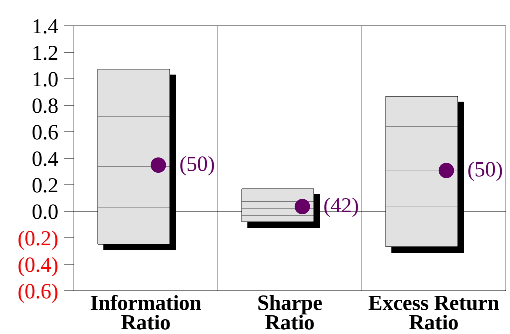
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	4.36	4.26
25th Percentile	2.75	1.89
Median	1.27	0.45
75th Percentile	0.10	(0.73)
90th Percentile	(0.82)	(1.97)
Lazard Asset Mgmt ●	1.17	0.87



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.07	0.17	0.87
25th Percentile	0.71	0.08	0.64
Median	0.34	0.02	0.31
75th Percentile	0.03	(0.03)	0.04
90th Percentile	(0.25)	(0.08)	(0.27)
Lazard Asset Mgmt ●	0.35	0.04	0.31

MCKINLEY CAPITAL
PERIOD ENDED MARCH 31, 2011

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.

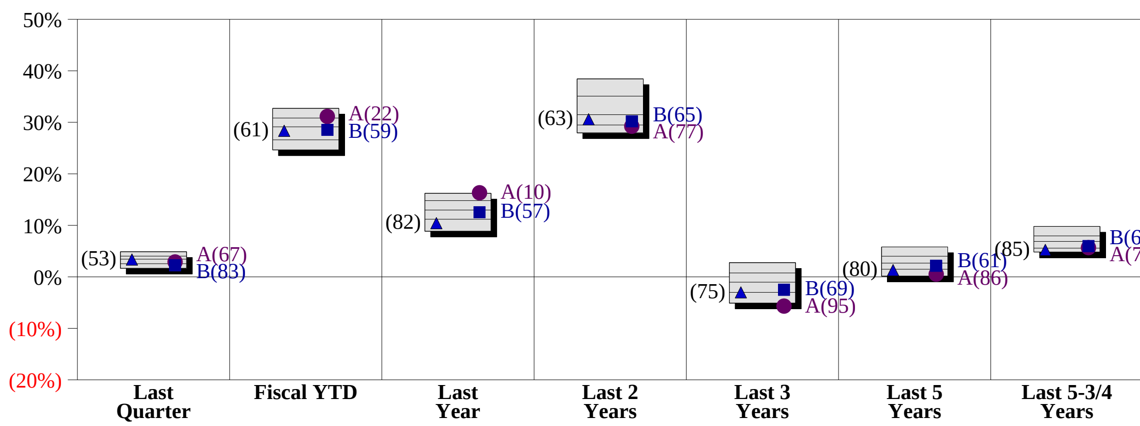
Quarterly Summary and Highlights

- McKinley Capital's portfolio posted a 2.89% return for the quarter placing it in the 67 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 10 percentile for the last year.
- McKinley Capital's portfolio underperformed the MSCI EAFE Index by 0.48% for the quarter and outperformed the MSCI EAFE Index for the year by 5.91%.

Quarterly Asset Growth

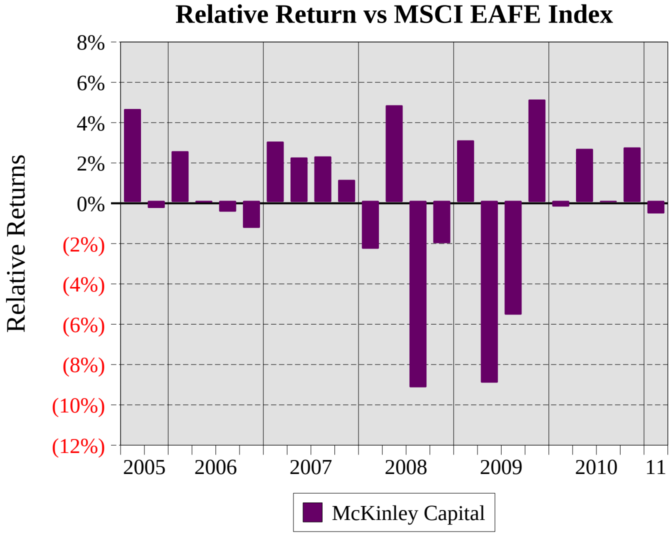
Beginning Market Value	$361,804,913
Net New Investment	$0
Investment Gains/(Losses)	$10,452,359
Ending Market Value	$372,257,272

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

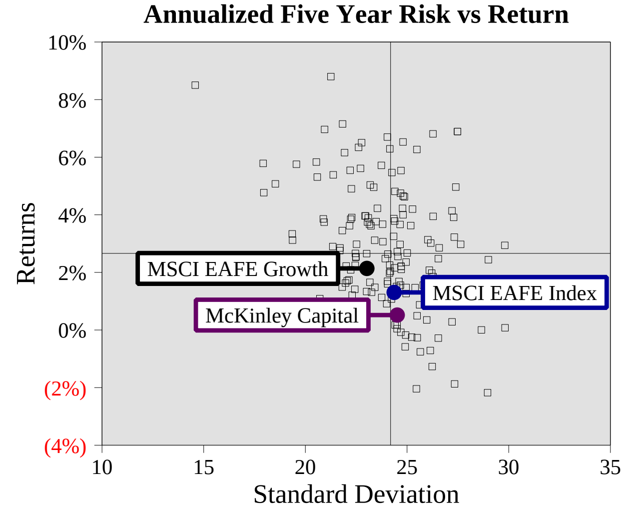


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	4.88	32.72	16.21	38.44	2.75	5.80	9.79
25th Percentile	4.02	30.84	14.80	35.09	0.75	4.00	7.95
Median	3.43	29.12	12.97	31.49	(1.04)	2.66	6.88
75th Percentile	2.55	26.60	11.18	29.48	(3.01)	1.48	5.57
90th Percentile	1.65	24.64	8.85	27.95	(5.11)	0.14	4.82
McKinley Capital ● A	2.89	31.15	16.33	29.24	(5.68)	0.52	5.66
MSCI EAFE Growth ■ B	2.22	28.54	12.55	30.19	(2.52)	2.14	5.98
MSCI EAFE Index ▲	3.36	28.36	10.42	30.59	(3.01)	1.30	5.23

Relative Return vs MSCI EAFE Index



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

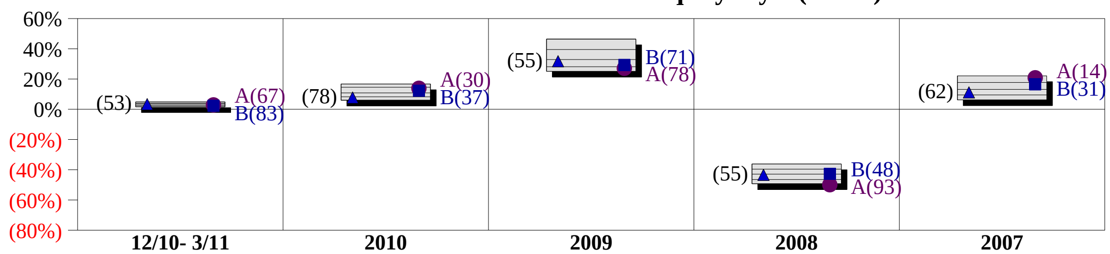


MCKINLEY CAPITAL
RETURN ANALYSIS SUMMARY

Return Analysis

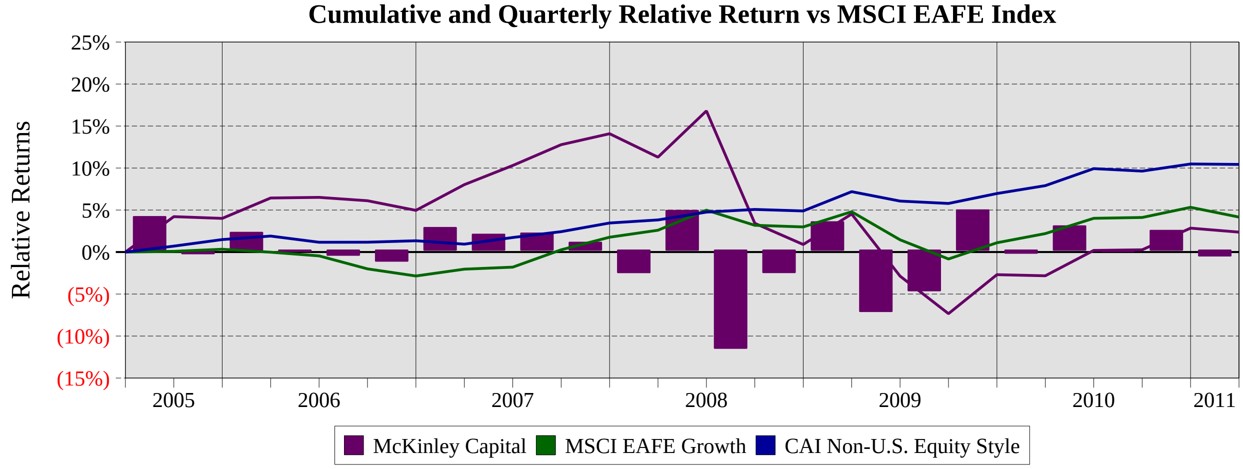
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

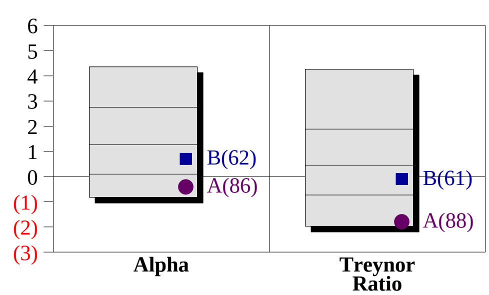


		12/10- 3/11	2010	2009	2008	2007
10th Percentile		4.88	16.73	46.43	(36.19)	22.09
25th Percentile		4.02	14.57	39.53	(39.62)	17.74
Median		3.43	10.83	32.89	(42.91)	13.16
75th Percentile		2.55	8.26	28.15	(46.49)	9.47
90th Percentile		1.65	5.97	25.08	(49.26)	6.21
McKinley Capital	● A	2.89	13.89	27.08	(49.92)	20.83
MSCI EAFE Growth	■ B	2.22	12.25	29.36	(42.70)	16.45
MSCI EAFE Index	▲	3.36	7.75	31.78	(43.38)	11.17

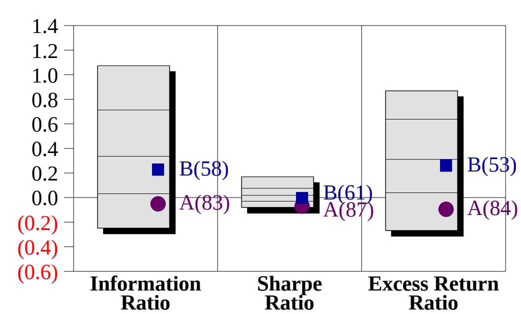
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended March 31, 2011



		Alpha	Treynor Ratio
10th Percentile		4.36	4.26
25th Percentile		2.75	1.89
Median		1.27	0.45
75th Percentile		0.10	(0.73)
90th Percentile		(0.82)	(1.97)
McKinley Capital	● A	(0.41)	(1.79)
MSCI EAFE Growth	■ B	0.70	(0.10)



		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		1.07	0.17	0.87
25th Percentile		0.71	0.08	0.64
Median		0.34	0.02	0.31
75th Percentile		0.03	(0.03)	0.04
90th Percentile		(0.25)	(0.08)	(0.27)
McKinley Capital	● A	(0.05)	(0.07)	(0.10)
MSCI EAFE Growth	■ B	0.23	(0.00)	0.26

SSGA INTL ACWI EX US
PERIOD ENDED MARCH 31, 2011

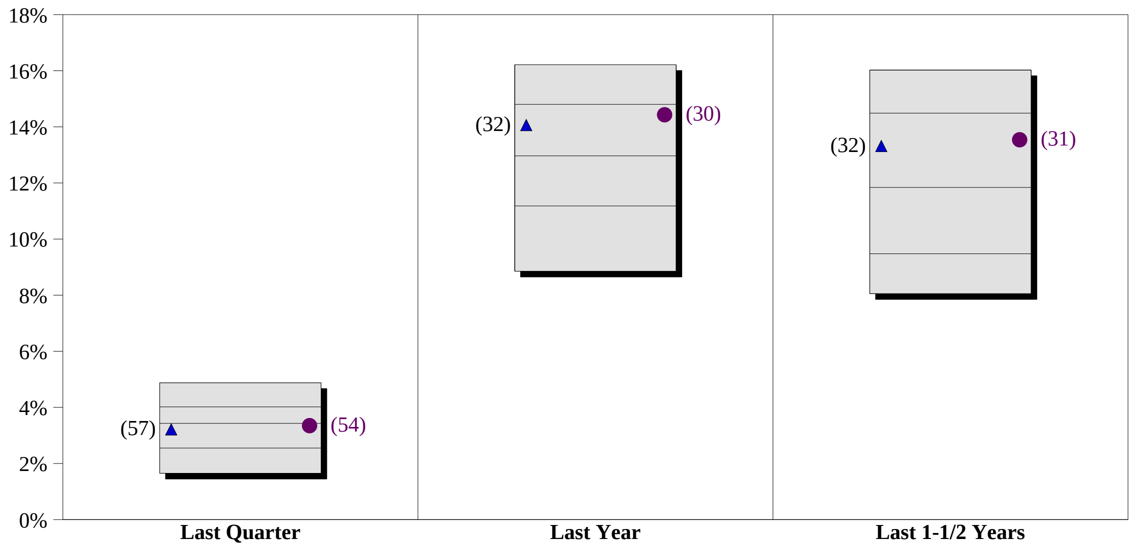
Quarterly Summary and Highlights

- SSgA Intl ACWI ex US's portfolio posted a 3.35% return for the quarter placing it in the 54 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 30 percentile for the last year.
- SSgA Intl ACWI ex US's portfolio outperformed the MSCI ACWI ex-US IMI Index (Net) by 0.13% for the quarter and outperformed the MSCI ACWI ex-US IMI Index (Net) for the year by 0.37%.

Quarterly Asset Growth

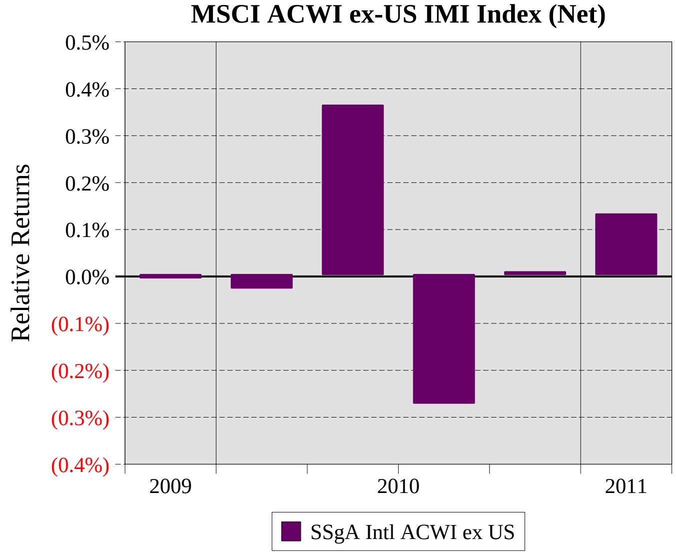
Beginning Market Value	$300,220,909
Net New Investment	$80,000,000
Investment Gains/(Losses)	$10,400,852
Ending Market Value	$390,621,761

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

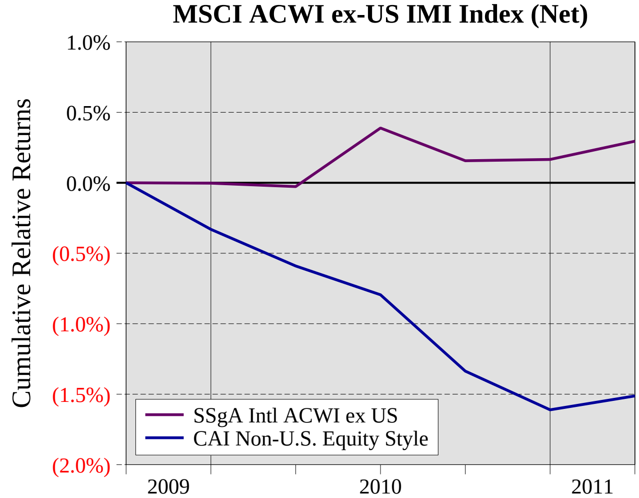


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	4.88	16.21	16.02
25th Percentile	4.02	14.80	14.49
Median	3.43	12.97	11.84
75th Percentile	2.55	11.18	9.48
90th Percentile	1.65	8.85	8.05
SSgA Intl ACWI ex US ●	3.35	14.43	13.54
MSCI ACWI ex-US IMI Index (Net) ▲	3.22	14.06	13.32

Relative Returns vs MSCI ACWI ex-US IMI Index (Net)



Cumulative Returns vs MSCI ACWI ex-US IMI Index (Net)



MONDRIAN INTL SM CAP
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Mondrian believes that the value of any investment lies in the future cash stream that they will receive as long term investors. In the case of equities, the cash stream is from inflation-adjusted dividends. Analysis undertaken with an objective to determine the present value of expected dividend streams can provide a consistent basis of comparison for securities in multiple countries and sectors, and denominated in multiple currencies.

Quarterly Summary and Highlights

- Mondrian Intl Sm Cap's portfolio posted a 3.76% return for the quarter placing it in the 28 percentile of the Mt Fd: Intl Small-Cap Inst Load group for the quarter and in the 71 percentile for the last one-half year.
- Mondrian Intl Sm Cap's portfolio outperformed the EAFE Small Cap Index by 0.80% for the quarter and underperformed the EAFE Small Cap Index for the one-half year by 1.09%.

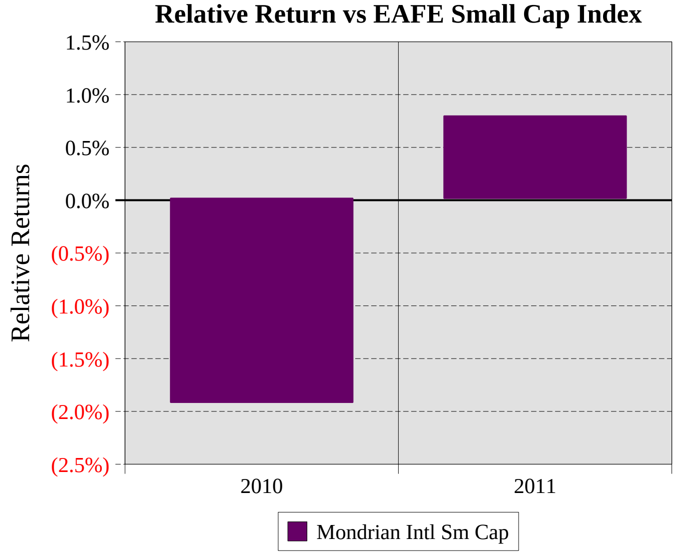
Quarterly Asset Growth

Beginning Market Value	$111,795,538
Net New Investment	$0
Investment Gains/(Losses)	$4,201,543
Ending Market Value	$115,997,081

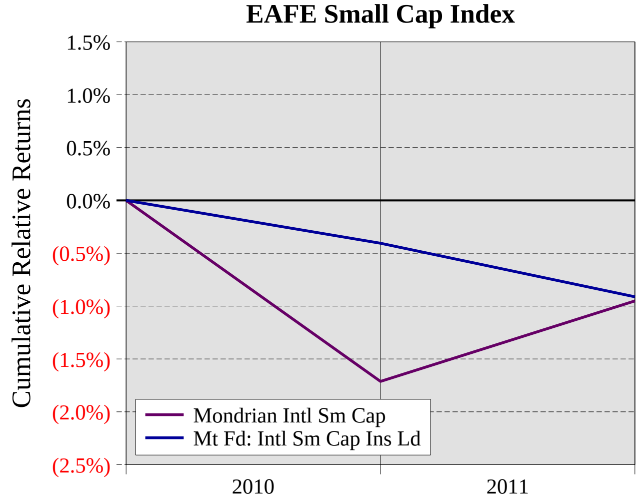
Performance vs Mt Fd: Intl Small-Cap Inst Load (Gross)

	Last Quarter	Last 1/2 Year
10th Percentile	4.38	17.47
25th Percentile	3.96	16.06
Median	3.16	15.00
75th Percentile	1.91	13.75
90th Percentile	1.47	10.58
Mondrian Intl Sm Cap ●	3.76	14.01
EAFE Small Cap Index ▲	2.96	15.11

Relative Return vs EAFE Small Cap Index



Cumulative Returns vs EAFE Small Cap Index



SCHRODER INV MGMT
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

The team believes that investing in smaller companies with superior characteristics and that are undervalued in the market will deliver superior investment returns. They seek to identify quality growth companies by devoting in-house resources to identify the fundamental attractions of each company's business model, gauging the scope and visibility of growth, the risks to that growth, and the quality and focus of its management. In appraising valuations, the team aims to look further out than the market (assessing investments based on a two- to three-year time frame) and apply a disciplined fair-value methodology.

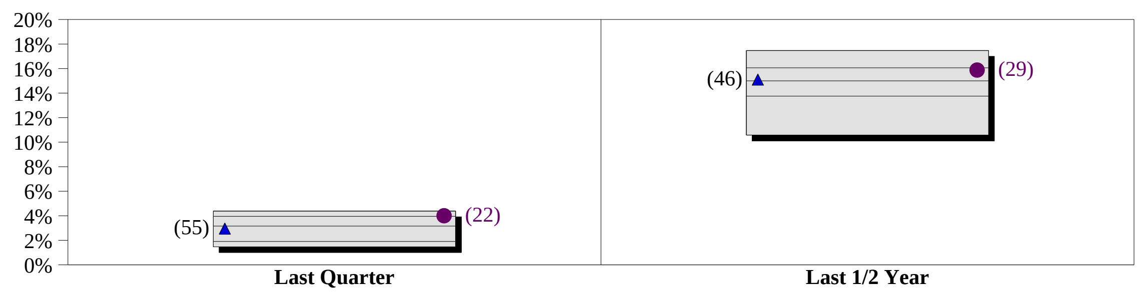
Quarterly Summary and Highlights

- Schroder Inv Mgmt's portfolio posted a 4.00% return for the quarter placing it in the 22 percentile of the Mt Fd: Intl Small-Cap Inst Load group for the quarter and in the 29 percentile for the last one-half year.
- Schroder Inv Mgmt's portfolio outperformed the EAFE Small Cap Index by 1.04% for the quarter and outperformed the EAFE Small Cap Index for the one-half year by 0.77%.

Quarterly Asset Growth

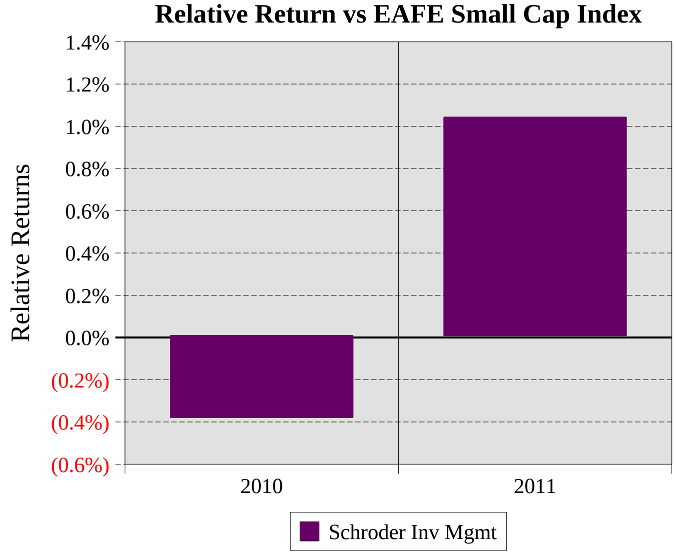
Beginning Market Value	$118,053,591
Net New Investment	$0
Investment Gains/(Losses)	$4,725,883
Ending Market Value	$122,779,473

Performance vs Mt Fd: Intl Small-Cap Inst Load (Gross)

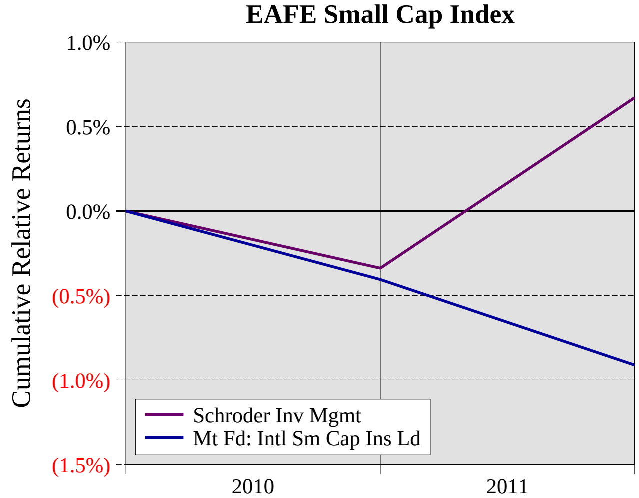


	Last Quarter	Last 1/2 Year
10th Percentile	4.38	17.47
25th Percentile	3.96	16.06
Median	3.16	15.00
75th Percentile	1.91	13.75
90th Percentile	1.47	10.58
Schroder Inv Mgmt ●	4.00	15.88
EAFE Small Cap Index ▲	2.96	15.11

Relative Return vs EAFE Small Cap Index



Cumulative Returns vs EAFE Small Cap Index



EMERGING MARKET POOL
PERIOD ENDED MARCH 31, 2011

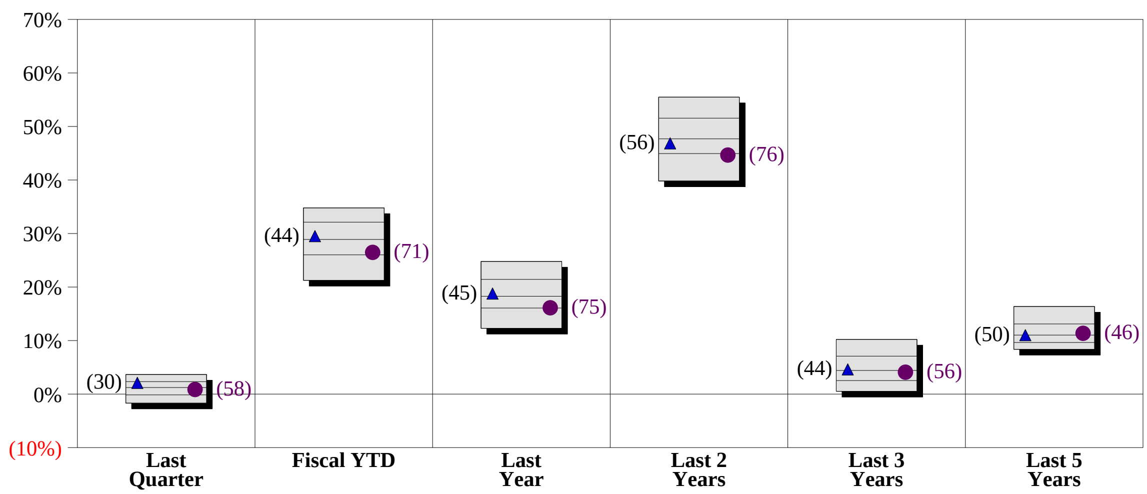
Investment Philosophy

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

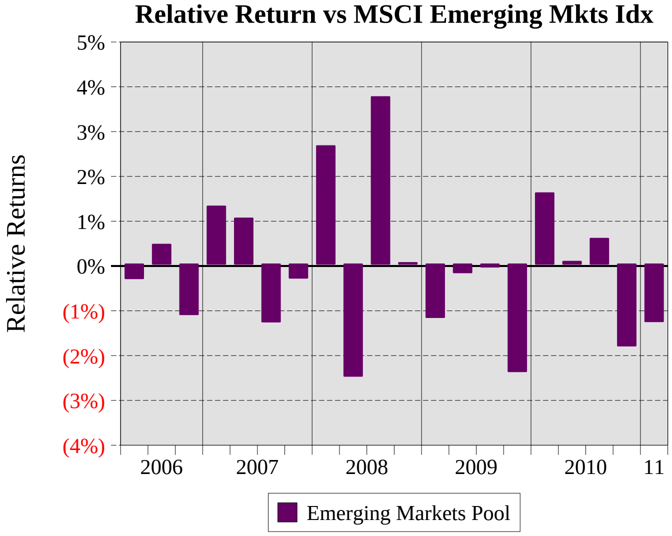
- Emerging Markets Pool's portfolio posted a 0.86% return for the quarter placing it in the 58 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 75 percentile for the last year.
- Emerging Markets Pool's portfolio underperformed the MSCI Emerging Mkts Idx by 1.24% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 2.66%.

Performance vs CAI Emerging Markets Equity DB (Gross)

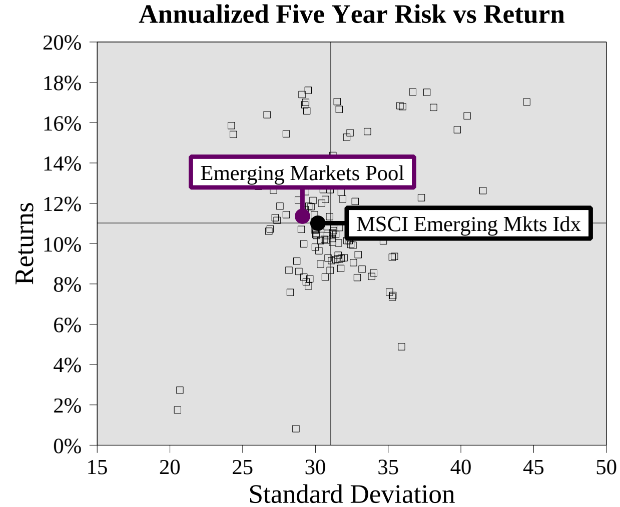


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	3.66	34.79	24.78	55.49	10.21	16.37
25th Percentile	2.33	32.12	21.43	51.55	7.08	13.11
Median	1.22	28.89	18.28	47.69	4.42	11.02
75th Percentile	(0.15)	26.01	16.08	44.94	2.52	9.64
90th Percentile	(1.69)	21.25	12.28	39.82	0.51	8.35
Emerging Markets Pool ●	0.86	26.48	16.12	44.66	4.09	11.36
MSCI Emerging Mkts Idx ▲	2.10	29.52	18.78	46.85	4.62	11.01

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return

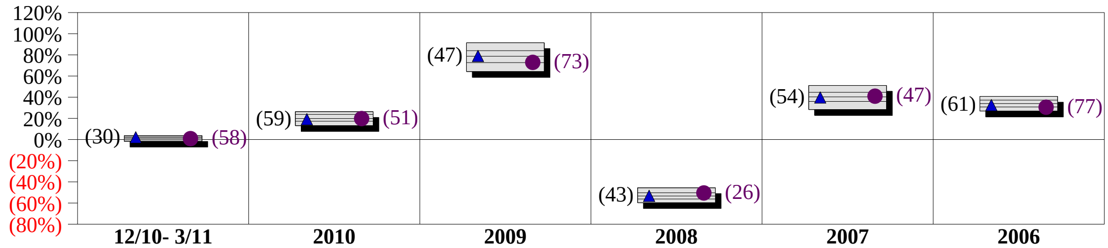


EMERGING MARKETS POOL
RETURN ANALYSIS SUMMARY

Return Analysis

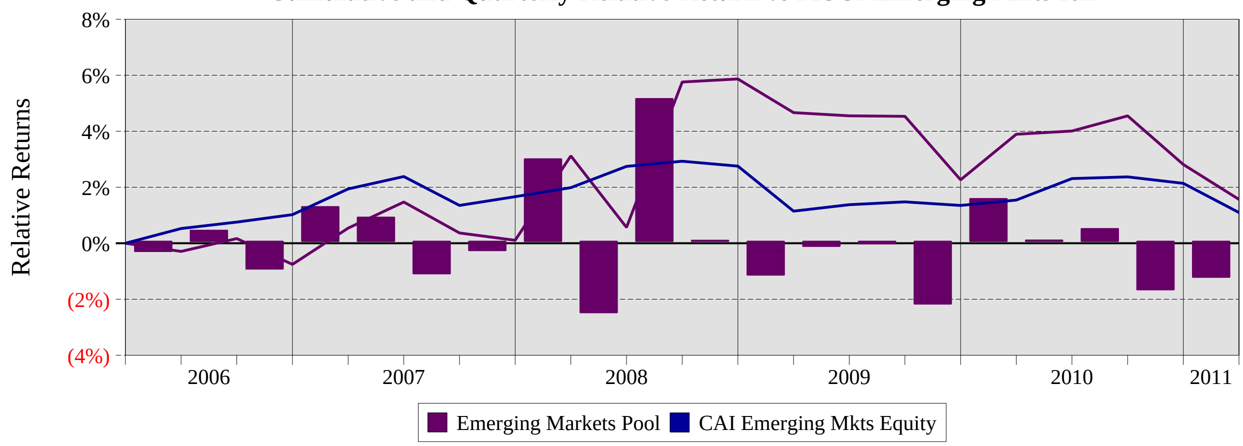
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

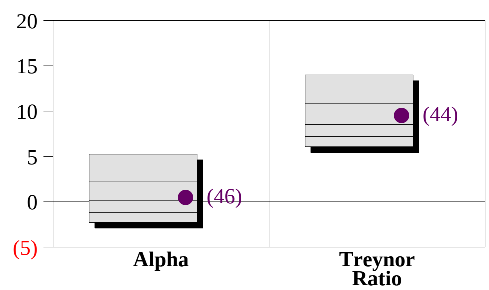


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	3.66	26.37	91.46	(45.62)	51.11	40.75
25th Percentile	2.33	23.76	83.98	(50.30)	44.65	37.25
Median	1.22	19.86	78.70	(53.37)	40.33	34.00
75th Percentile	(0.15)	17.29	72.71	(56.18)	36.00	30.78
90th Percentile	(1.69)	13.10	64.25	(59.73)	28.34	26.94
Emerging Markets Pool ●	0.86	19.83	72.93	(50.49)	40.99	30.55
MSCI Emerging Mkts Idx ▲	2.10	19.20	79.02	(53.18)	39.78	32.59

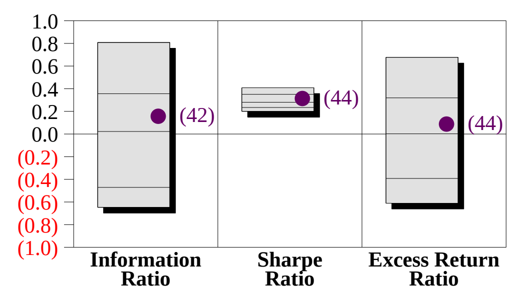
Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx
Rankings Against CAI Emerging Markets Equity DB (Gross)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	5.26	13.99
25th Percentile	2.19	10.82
Median	0.12	8.53
75th Percentile	(1.20)	7.20
90th Percentile	(2.27)	6.06
Emerging Markets Pool ●	0.47	9.52



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.81	0.41	0.68
25th Percentile	0.36	0.35	0.32
Median	0.02	0.28	0.00
75th Percentile	(0.47)	0.23	(0.39)
90th Percentile	(0.65)	0.20	(0.61)
Emerging Markets Pool ●	0.16	0.31	0.09

CAPITAL GUARDIAN TRUST COMPANY
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Capital utilizes a multiple portfolio manager system, which enables several key decision-makers to work on each account by dividing the portfolio into smaller segments. Each manager is free to make his or her own decisions as to individual security, country, and industry selection, timing and percentage to be invested for that portion of the assets.

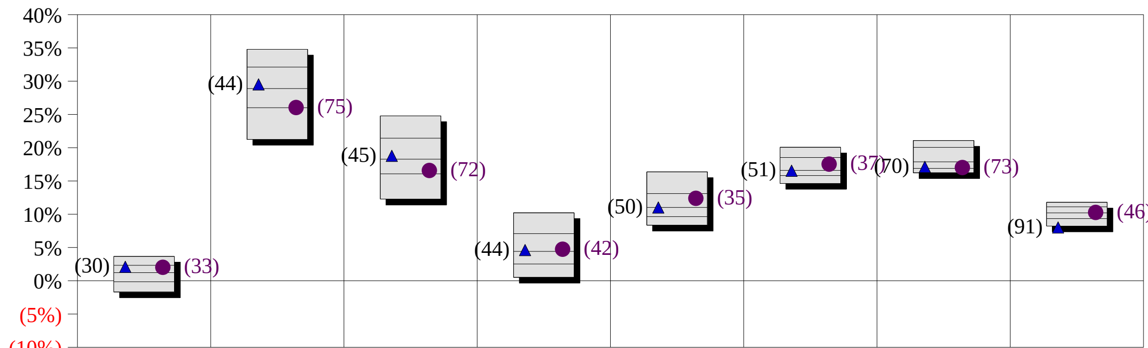
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a 2.03% return for the quarter placing it in the 33 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 72 percentile for the last year.
- Capital Guardian's portfolio underperformed the MSCI Emerging Mkts Idx by 0.07% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 2.20%.

Quarterly Asset Growth

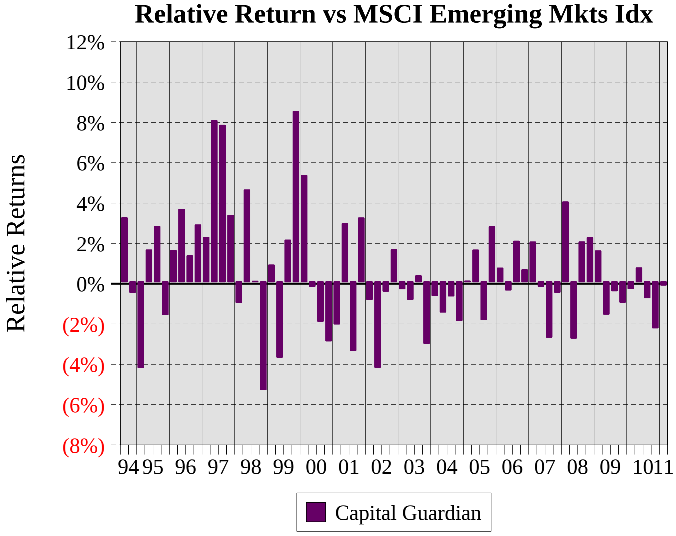
Beginning Market Value	$446,406,430
Net New Investment	$0
Investment Gains/(Losses)	$9,045,723
Ending Market Value	$455,452,153

Performance vs CAI Emerging Markets Equity DB (Gross)

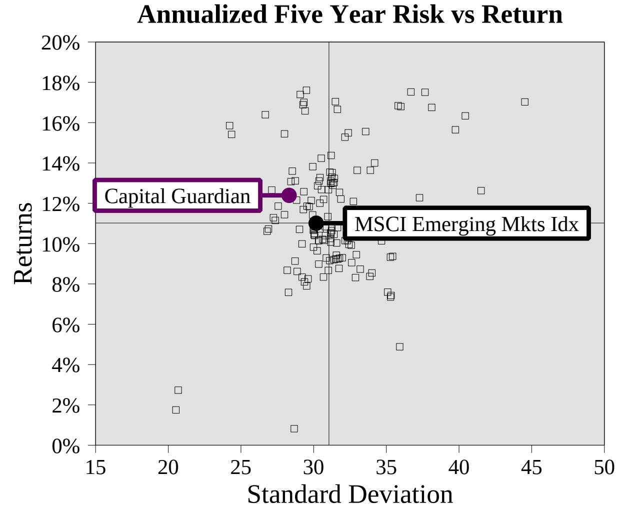


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 16-3/4 Years
10th Percentile	3.66	34.79	24.78	10.21	16.37	20.07	21.08	11.80
25th Percentile	2.33	32.12	21.43	7.08	13.11	18.53	20.05	11.12
Median	1.22	28.89	18.28	4.42	11.02	16.59	17.88	10.21
75th Percentile	(0.15)	26.01	16.08	2.52	9.64	15.81	16.89	9.35
90th Percentile	(1.69)	21.25	12.28	0.51	8.35	14.62	16.23	8.22
Capital Guardian ●	2.03	26.04	16.58	4.74	12.39	17.54	17.02	10.28
MSCI Emerging Mkts Idx ▲	2.10	29.52	18.78	4.62	11.01	16.54	17.12	8.02

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross)
Annualized Five Year Risk vs Return

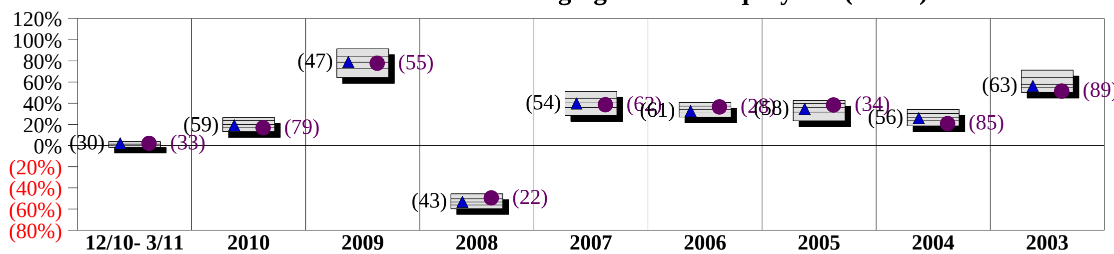


CAPITAL GUARDIAN TRUST COMPANY
RETURN ANALYSIS SUMMARY

Return Analysis

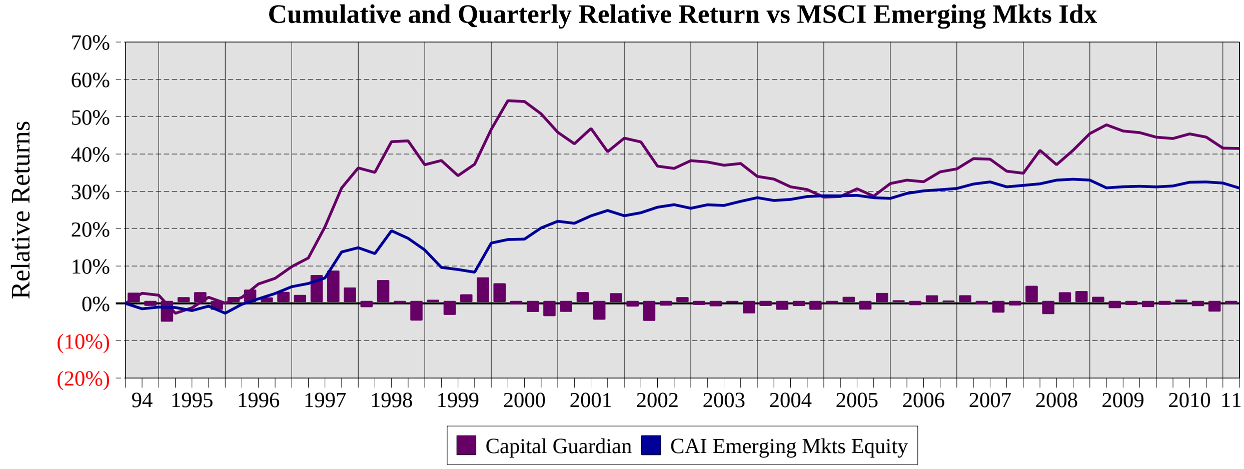
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

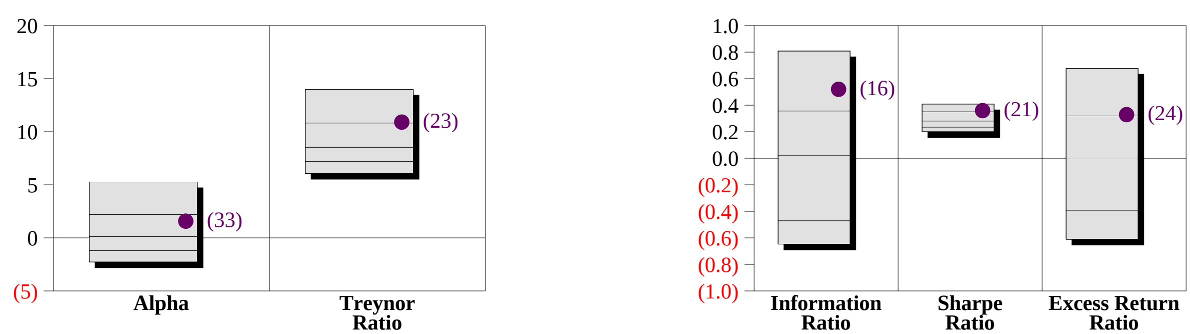


	12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	3.66	26.37	91.46	(45.62)	51.11	40.75	42.62	34.11	71.30
25th Percentile	2.33	23.76	83.98	(50.30)	44.65	37.25	39.82	30.33	64.32
Median	1.22	19.86	78.70	(53.37)	40.33	34.00	35.89	26.30	57.86
75th Percentile	(0.15)	17.29	72.71	(56.18)	36.00	30.78	31.60	23.45	54.73
90th Percentile	(1.69)	13.10	64.25	(59.73)	28.34	26.94	23.33	18.56	50.25
Capital Guardian ●	2.03	16.79	77.82	(49.49)	38.58	36.53	38.35	20.74	51.51
MSCI Emerging Mkts Idx ▲	2.10	19.20	79.02	(53.18)	39.78	32.59	34.54	25.95	56.28

Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx
Rankings Against CAI Emerging Markets Equity DB (Gross)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	5.26	13.99
25th Percentile	2.19	10.82
Median	0.12	8.53
75th Percentile	(1.20)	7.20
90th Percentile	(2.27)	6.06
Capital Guardian ●	1.57	10.90

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.81	0.41	0.68
25th Percentile	0.36	0.35	0.32
Median	0.02	0.28	0.00
75th Percentile	(0.47)	0.23	(0.39)
90th Percentile	(0.65)	0.20	(0.61)
Capital Guardian ●	0.52	0.36	0.33

EATON VANCE
PERIOD ENDED MARCH 31, 2011

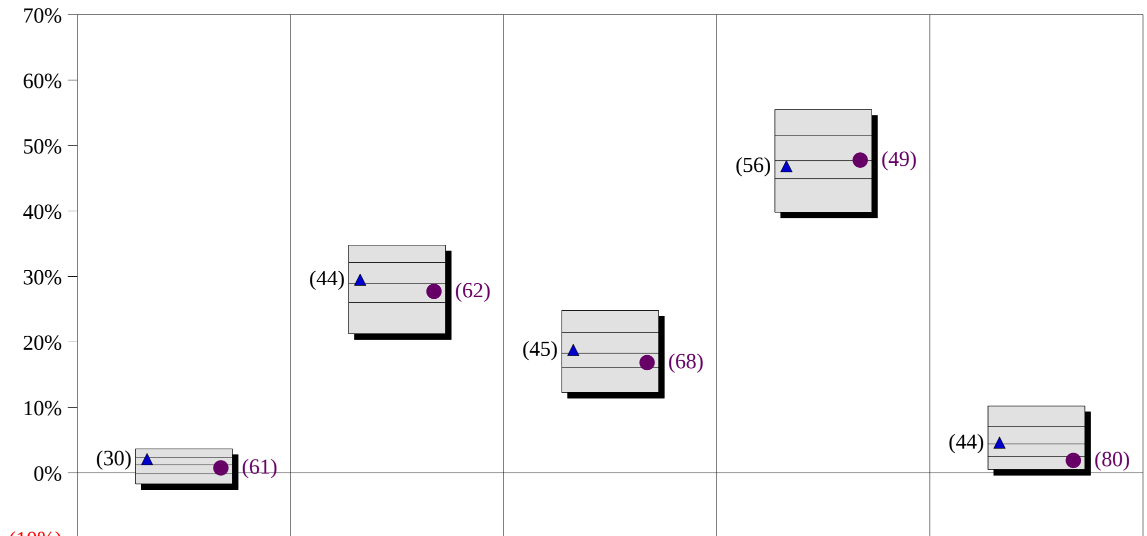
Quarterly Summary and Highlights

- Eaton Vance's portfolio posted a 0.76% return for the quarter placing it in the 61 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 underperformed the MSCI Emerging Mkts Idx by 1.34% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 1.94%.

Quarterly Asset Growth

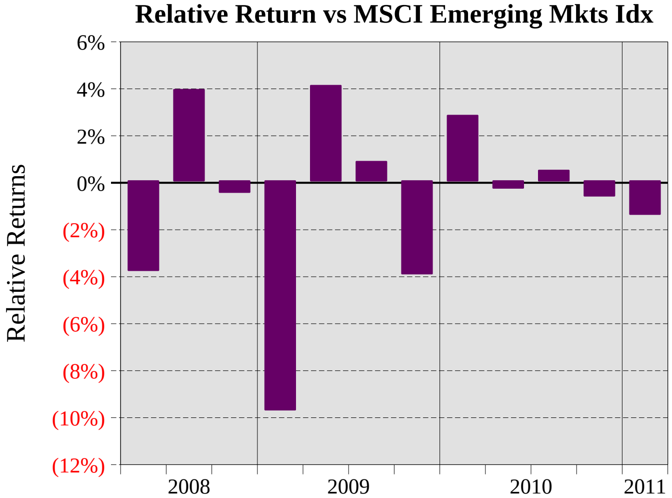
Beginning Market Value	$225,253,882
Net New Investment	$0
Investment Gains/(Losses)	$1,701,099
Ending Market Value	$226,954,981

Performance vs CAI Emerging Markets Equity DB (Gross)

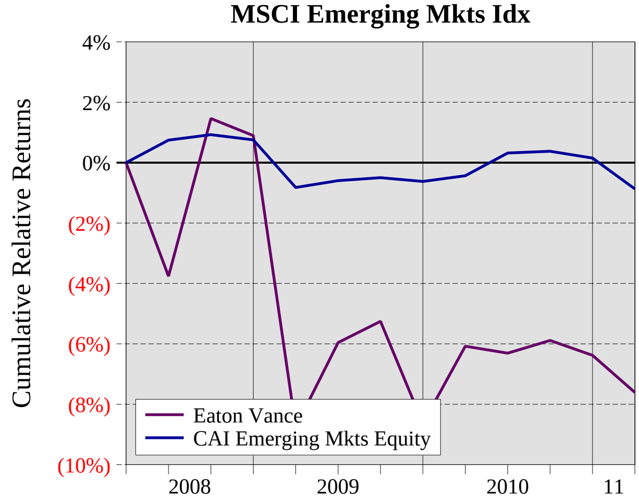


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years
10th Percentile	3.66	34.79	24.78	55.49	10.21
25th Percentile	2.33	32.12	21.43	51.55	7.08
Median	1.22	28.89	18.28	47.69	4.42
75th Percentile	(0.15)	26.01	16.08	44.94	2.52
90th Percentile	(1.69)	21.25	12.28	39.82	0.51
Eaton Vance ●	0.76	27.72	16.85	47.77	1.90
MSCI Emerging Mkts Idx ▲	2.10	29.52	18.78	46.85	4.62

Relative Return vs MSCI Emerging Mkts Idx



Cumulative Returns vs MSCI Emerging Mkts Idx



LAZARD EMERGING
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

Lazard employs a bottom-up stock selection process focusing on companies which are financially productive yet inexpensively priced.

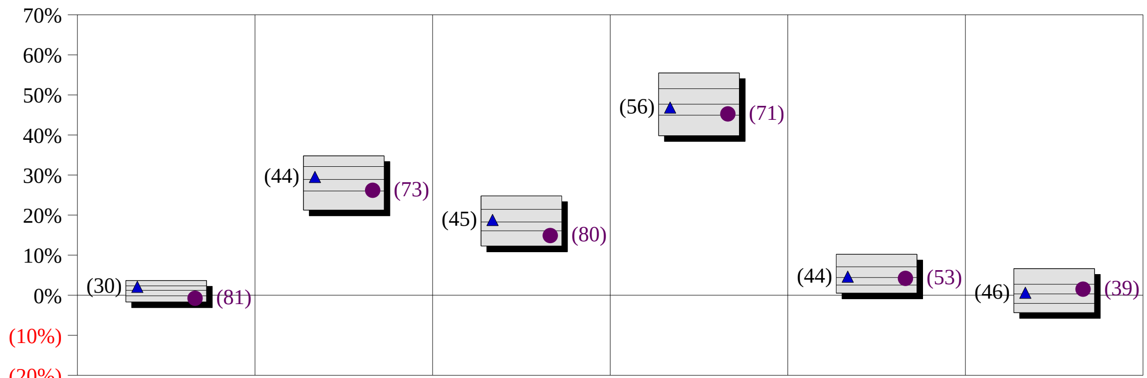
Quarterly Summary and Highlights

- Lazard Emerging's portfolio posted a (0.77)% return for the quarter placing it in the 81 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 80 percentile for the last year.
- Lazard Emerging's portfolio underperformed the MSCI Emerging Mkts Idx by 2.87% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 3.89%.

Quarterly Asset Growth

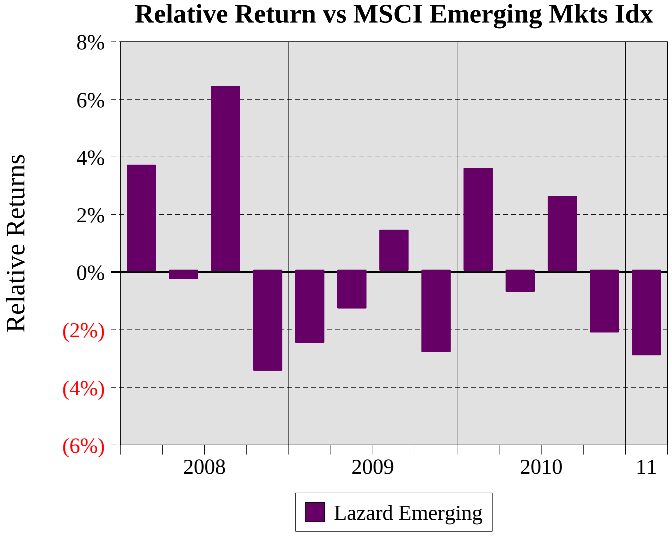
Beginning Market Value	$305,671,153
Net New Investment	$0
Investment Gains/(Losses)	$-2,356,027
Ending Market Value	$303,315,126

Performance vs CAI Emerging Markets Equity DB (Gross)

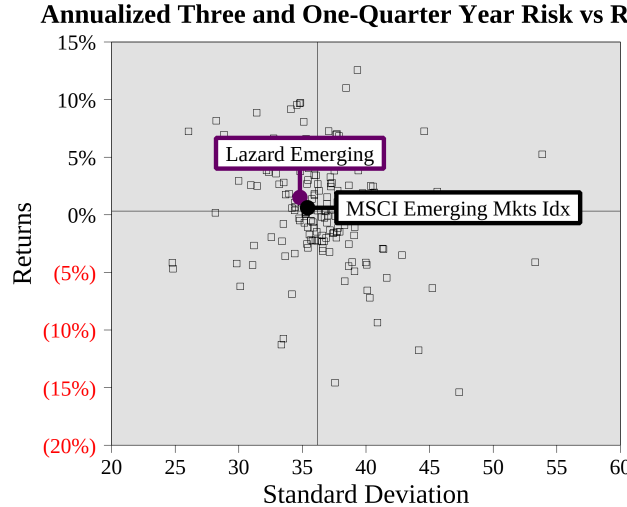


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	3.66	34.79	24.78	55.49	10.21	6.64
25th Percentile	2.33	32.12	21.43	51.55	7.08	2.73
Median	1.22	28.89	18.28	47.69	4.42	0.32
75th Percentile	(0.15)	26.01	16.08	44.94	2.52	(2.05)
90th Percentile	(1.69)	21.25	12.28	39.82	0.51	(4.36)
Lazard Emerging ●	(0.77)	26.19	14.90	45.26	4.20	1.51
MSCI Emerging Mkts Idx ▲	2.10	29.52	18.78	46.85	4.62	0.61

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross)
Annualized Three and One-Quarter Year Risk vs Return



LAZARD ASSET MANAGEMENT
PERIOD ENDED MARCH 31, 2011

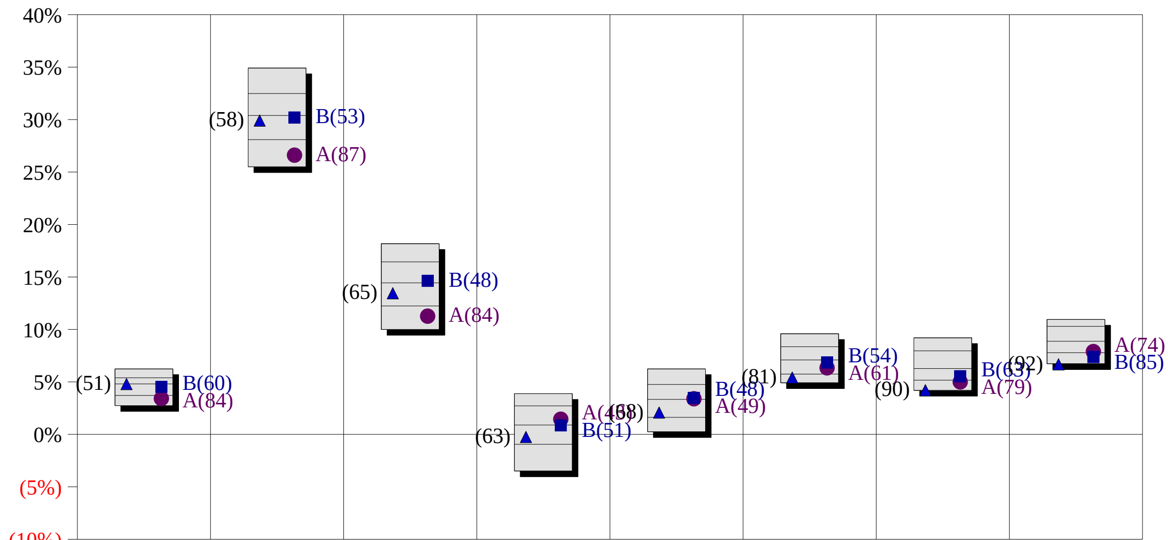
Quarterly Summary and Highlights

- Lazard Global's portfolio posted a 3.42% return for the quarter placing it in the 84 percentile of the CAI Global Equity Broad Style group for the quarter and in the 84 percentile for the last year.
- Lazard Global's portfolio underperformed the MSCI World Index by 1.38% for the quarter and underperformed the MSCI World Index for the year by 2.18%.

Quarterly Asset Growth

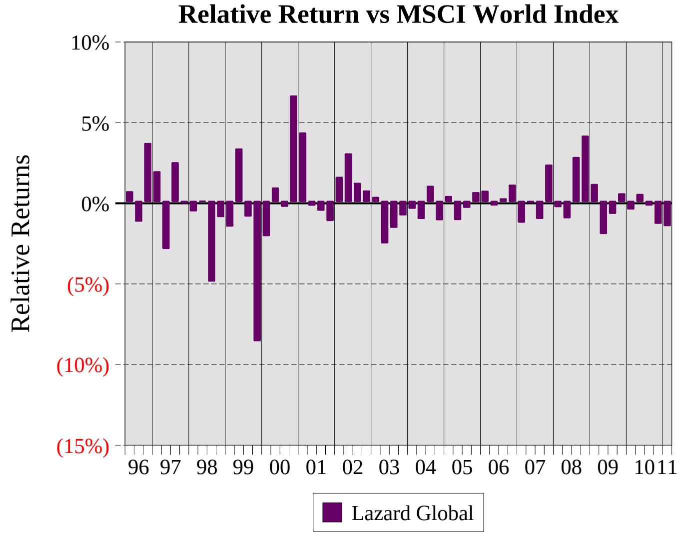
Beginning Market Value	$777,221,752
Net New Investment	$0
Investment Gains/(Losses)	$26,554,033
Ending Market Value	$803,775,785

Performance vs CAI Global Equity Broad Style (Gross)

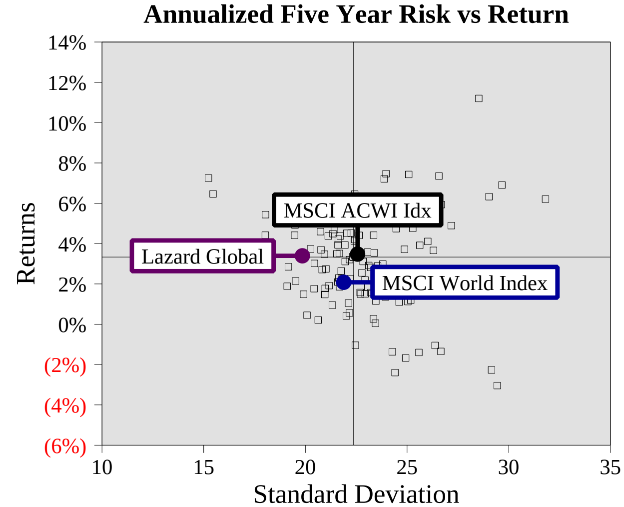


	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 17-3/4 Years
10th Percentile	6.24	34.91	18.17	3.88	6.24	9.59	9.20	10.95
25th Percentile	5.39	32.48	16.44	2.72	4.76	8.35	7.96	10.29
Median	4.81	30.39	14.44	0.89	3.33	7.09	6.27	8.87
75th Percentile	3.71	28.09	12.24	(0.95)	1.62	5.75	5.17	7.78
90th Percentile	2.74	25.50	9.99	(3.49)	0.25	4.91	4.19	6.73
Lazard Global ● A	3.42	26.61	11.27	1.45	3.39	6.34	5.00	7.89
MSCI ACWI Idx ■ B	4.53	30.20	14.63	0.86	3.48	6.85	5.54	7.37
MSCI World Index ▲	4.80	29.90	13.45	(0.25)	2.08	5.41	4.21	6.67

Relative Return vs MSCI World Index



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

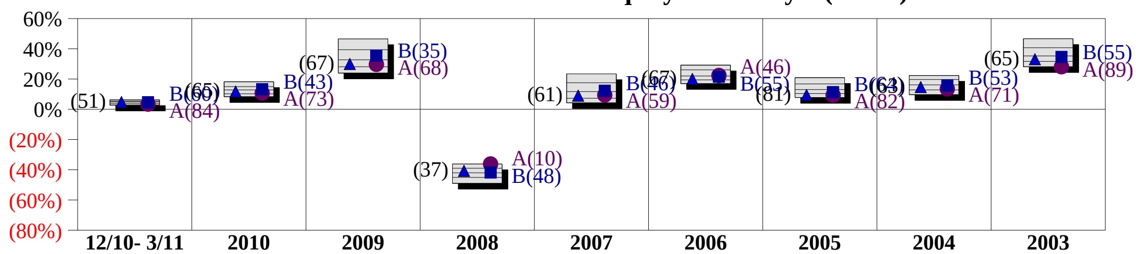


LAZARD ASSET MANAGEMENT
RETURN ANALYSIS SUMMARY

Return Analysis

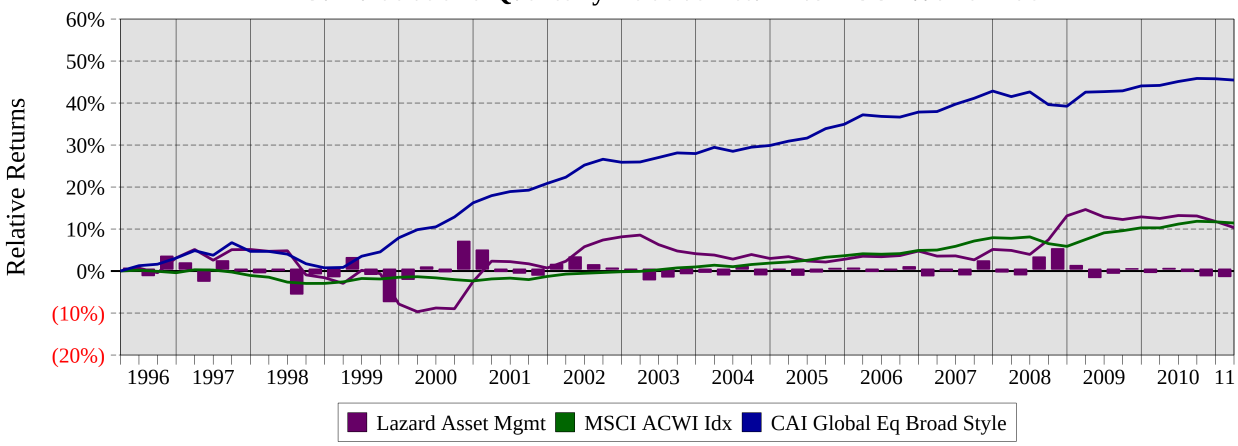
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

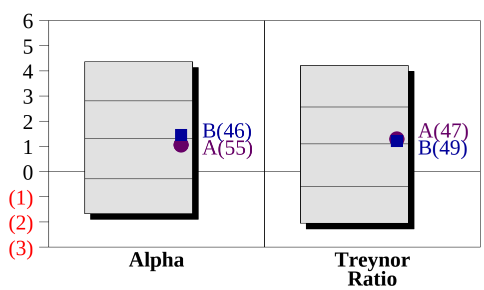


		12/10- 3/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile		6.24	18.20	46.57	(36.19)	23.41	29.21	20.91	22.36	46.65
25th Percentile		5.39	14.98	39.41	(39.02)	17.56	26.07	16.77	19.68	40.71
Median		4.81	12.78	32.73	(42.04)	11.69	22.02	13.05	16.14	35.28
75th Percentile		3.71	10.25	28.13	(45.09)	7.29	19.42	10.42	12.80	31.68
90th Percentile		2.74	8.30	23.94	(49.03)	4.27	16.96	7.76	9.66	28.12
Lazard Asset Mgmt	● A	3.42	10.70	29.70	(36.20)	9.45	22.34	9.29	13.48	28.15
MSCI ACWI Idx	■ B	4.53	13.21	35.41	(41.85)	12.18	21.53	11.37	15.75	34.63
MSCI World Index	▲	4.80	11.76	29.99	(40.71)	9.04	20.07	9.49	14.72	33.11

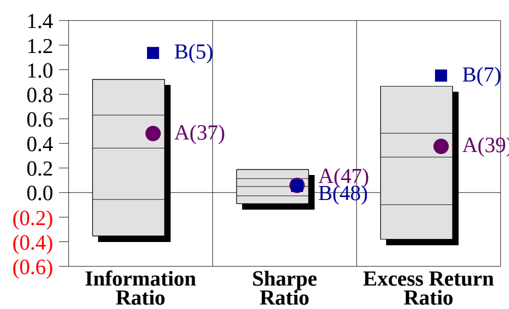
Cumulative and Quarterly Relative Return vs MSCI World Index



Risk Adjusted Return Measures vs MSCI World Index
Rankings Against CAI Global Equity Broad Style (Gross)
Five Years Ended March 31, 2011



		Alpha	Treynor Ratio
10th Percentile		4.36	4.21
25th Percentile		2.81	2.57
Median		1.32	1.10
75th Percentile		(0.29)	(0.59)
90th Percentile		(1.67)	(2.05)
Lazard Asset Mgmt	● A	1.06	1.29
MSCI ACWI Idx	■ B	1.45	1.21



		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.92	0.19	0.87
25th Percentile		0.63	0.11	0.48
Median		0.36	0.05	0.29
75th Percentile		(0.06)	(0.03)	(0.10)
90th Percentile		(0.35)	(0.09)	(0.38)
Lazard Asset Mgmt	● A	0.48	0.06	0.38
MSCI ACWI Idx	■ B	1.14	0.06	0.95

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2011

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Real Assets(Prelim)	**4.33%**	**9.48%**	**12.22%**	**-**	**-**
Real Assets Target (1)	2.75%	9.05%	12.23%	(0.26%)	5.39%
Real Estate Pool(Prelim)	6.10%	14.88%	17.84%	(10.23%)	(0.68%)
Real Estate Target (2)	3.77%	14.04%	16.97%	(2.31%)	3.79%
REIT Internal Portfolio	7.63%	31.66%	26.45%	0.56%	(0.03%)
NAREIT Equity Index	7.50%	30.31%	25.02%	2.64%	1.70%
Total Farmland	6.58%	8.84%	9.97%	9.42%	10.03%
UBS Agrivest	7.52%	9.66%	10.76%	9.51%	10.35%
Hancock Agricultural	5.10%	7.57%	8.76%	10.20%	9.92%
ARMB Farmland Target (3)	3.23%	8.11%	9.18%	9.94%	12.15%
Total Timber	3.40%	5.28%	0.68%	-	-
Timberland Investment Resources	2.09%	4.15%	(1.97%)	-	-
Hancock Timber	5.80%	7.21%	6.64%	-	-
NCREIF Timberland Index	0.75%	(0.15%)	0.84%	0.14%	6.67%
TIPS Internal Portfolio	1.89%	3.74%	7.97%	3.83%	-
BC US TIPS Index	2.08%	3.94%	7.91%	3.93%	6.25%
Total Energy Funds *	5.63%	11.53%	16.73%	10.69%	14.48%
CPI + 5%	3.46%	6.64%	8.04%	6.70%	7.41%

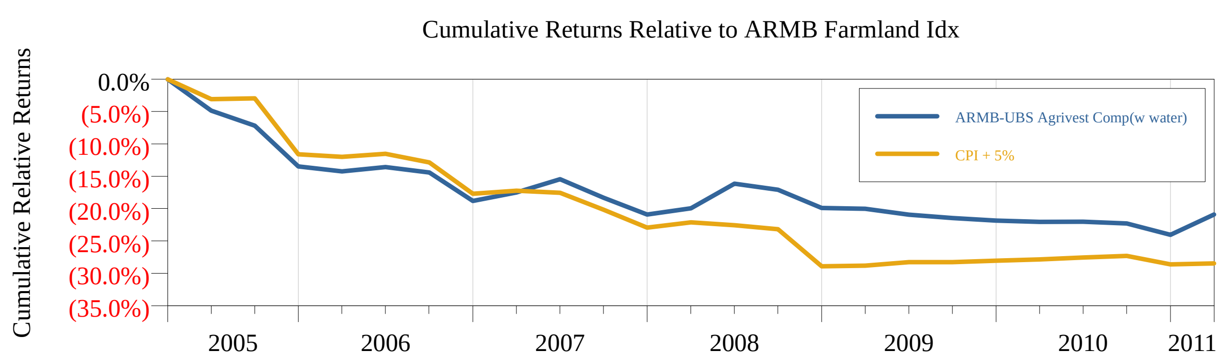
(1) Real Assets Target is 60% NCREIF Property Index, 10% NCREIF Farmland Index, 10% NCREIF Timberland Index, and 20% Barclays Capital US TIPS Index.
(2) ARMB Custom Real Estate Target is 90% NCREIF Property Index and 10% FTSE NAREIT All Equity REIT Index.
(3) ARMB Custom Farmland Target is leased-only properties in the NCREIF Farmland Index reweighted to reflect 90% row crops and 10% permanent crops until 1/1/08 and 80% row crops and 20% permanent crops thereafter .
Farmland and Timber data supplied by the manager and may vary from State Street returns due to timing variations.
* Return data supplied by State Street.

Farmland Manager Summary Page
UBS Agrivest

Investment Philosophy: Core US Domestic Farmland Separate Account

	Last Quarter	Fiscal Year	Since Inception
Income	0.76%	2.63%	4.28%
Appreciation	6.77%	6.91%	5.18%
Total	**7.52%**	**9.66%**	**9.62%**

As of quarter end:	
Portfolio Market Value	349,141,400
Number of Properties	65
Acres	100,143
Row Crops % of MV	87%
Permanent Crops % of MV	13%



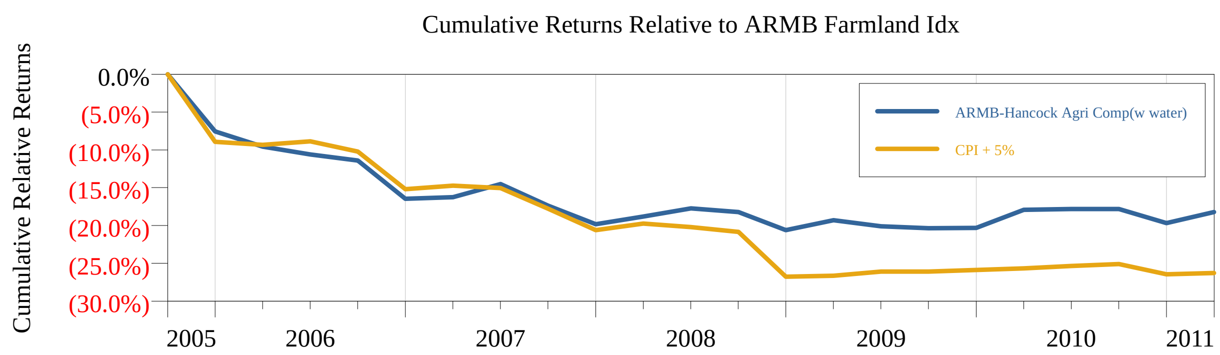
Region:	
Pacific West	25%
Mountain	25%
Delta	17%
Southern Plains	11%
Corn Belt	10%
Pacific Northwest	7%
Southeast	5%
Total	100.00%

Farmland Manager Summary Page
Hancock Agricultural Investment Group

Investment Philosophy: Core US Domestic Farmland Separate Account

	Last Quarter	Fiscal Year	Since Inception
Income	3.56%	5.90%	5.21%
Appreciation	1.54%	1.63%	4.08%
Total	**5.10%**	**7.57%**	**9.45%**

As of quarter end:	
Portfolio Market Value	213,000,000
Number of Properties	27
Acres	64,506
Row Crops % of MV	82%
Permanent Crops % of MV	18%



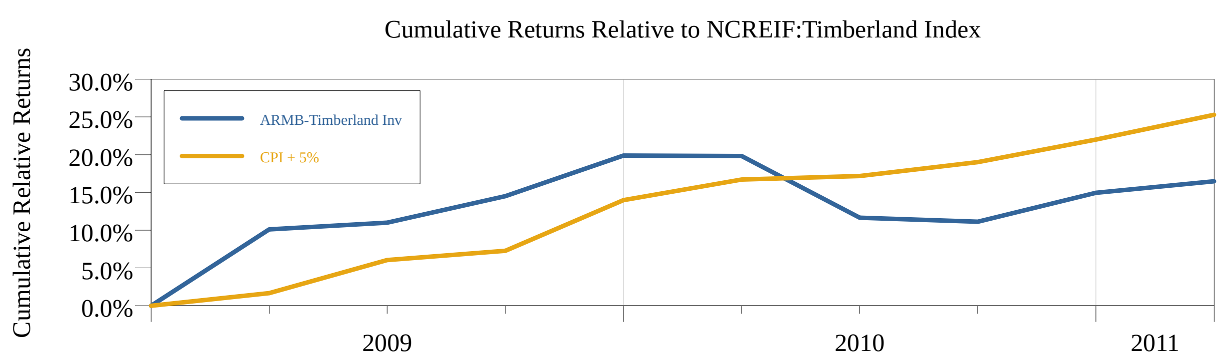
Region:	
Pacific West	18%
Mountain	18%
Delta	18%
Southern Plains	21%
Corn Belt	17%
Pacific Northwest	3%
Southeast	1%
Other	4%
Total	100.00%

Timberland Manager Summary Page
Timberland Investment Resources

Investment Philosophy: Core US Domestic Timberland Separate Account

	Last Quarter	Fiscal Year	Since Inception
Income	(0.38%)	(0.97%)	(1.28%)
Appreciation	2.47%	5.17%	6.34%
Total	**2.09%**	**4.15%**	**5.00%**

As of quarter end:		
Portfolio Market Value	116,600,000	
Number of Properties	6	
Acres	73,879	
Softwoods % of MV	38%	(Excludes MV of Land and Cash)
Hardwoods % of MV	11%	



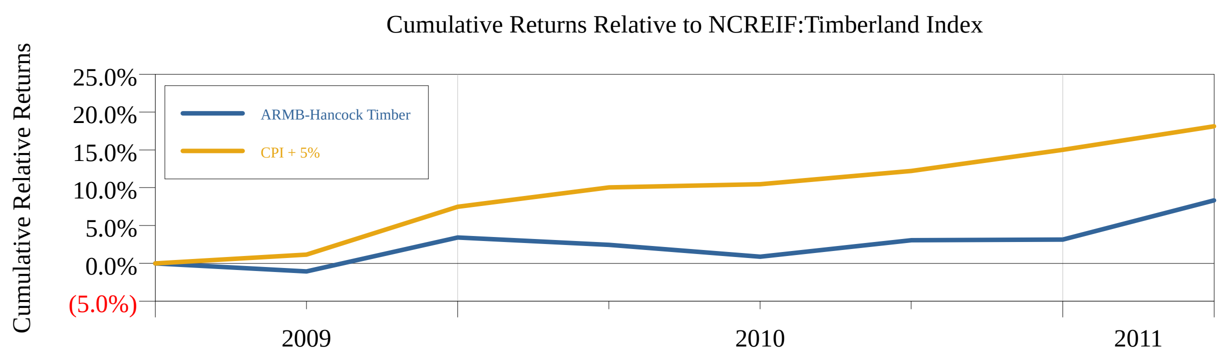
Region:	
South	100%
Pacific Northwest	0%
Northeast	0%
Lake States	0%
Total	100%

Timberland Manager Summary Page
Hancock Timber Resource Group

Investment Philosophy: Core US Domestic Timberland Separate Account

	Last Quarter	Fiscal Year	Since Inception
Income	(0.45%)	(1.65%)	(2.09%)
Appreciation	6.22%	8.95%	4.57%
Total	**5.80%**	**7.21%**	**2.42%**

As of quarter end:	
Portfolio Market Value	75,948,774
Number of Properties	3
Acres	36,875
Softwoods % of MV	19%
Hardwoods % of MV	81%



Region:	
South	50%
Pacific Northwest	50%
Northeast	0%
Lake States	0%
Total	100%

REIT HOLDINGS
PERIOD ENDED MARCH 31, 2011

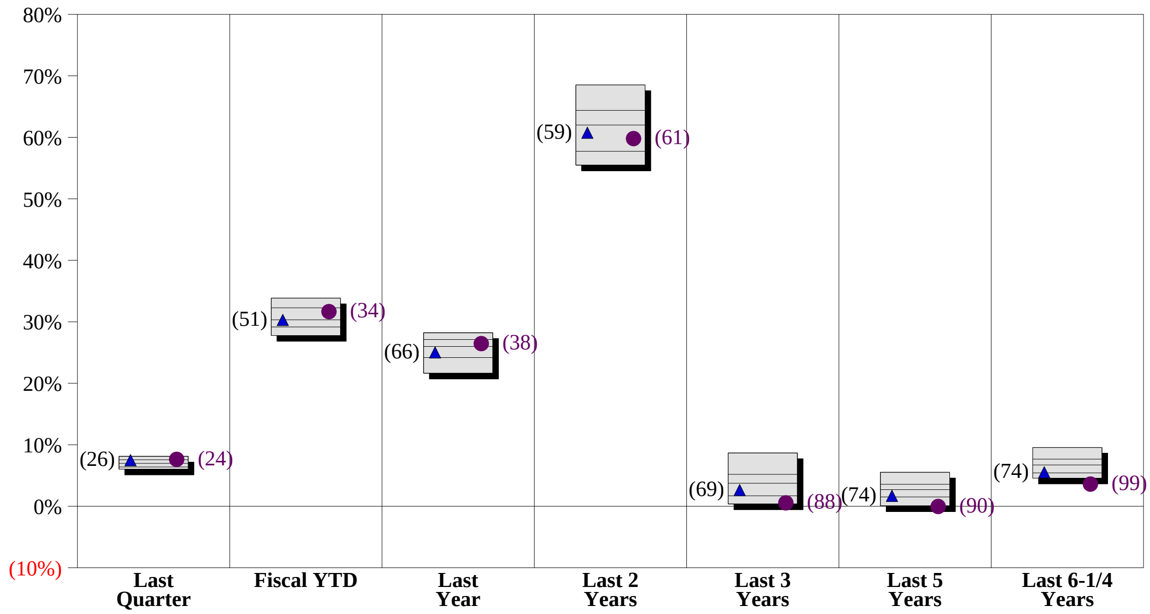
Quarterly Summary and Highlights

- REIT Holdings's portfolio posted a 7.63% return for the quarter placing it in the 24 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 38 percentile for the last year.
- REIT Holdings's portfolio outperformed the NAREIT Equity Index by 0.13% for the quarter and outperformed the NAREIT Equity Index for the year by 1.43%.

Quarterly Asset Growth

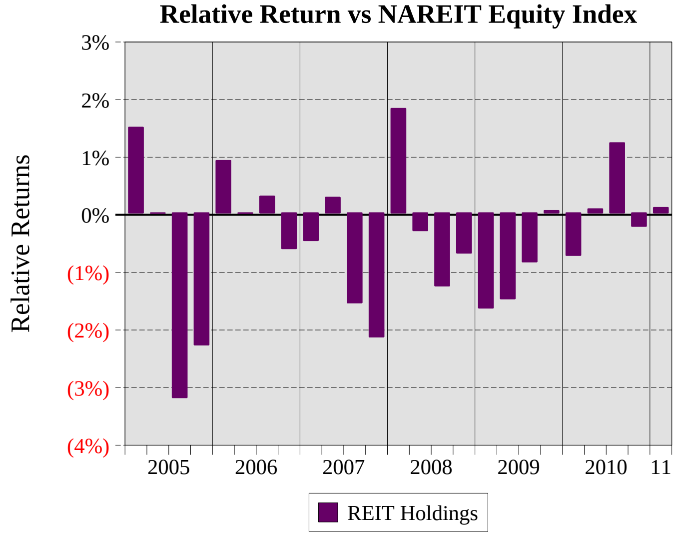
Beginning Market Value	$149,445,759
Net New Investment	$0
Investment Gains/(Losses)	$11,399,804
Ending Market Value	$160,845,563

Performance vs CAI Real Estate-REIT DB (Gross)

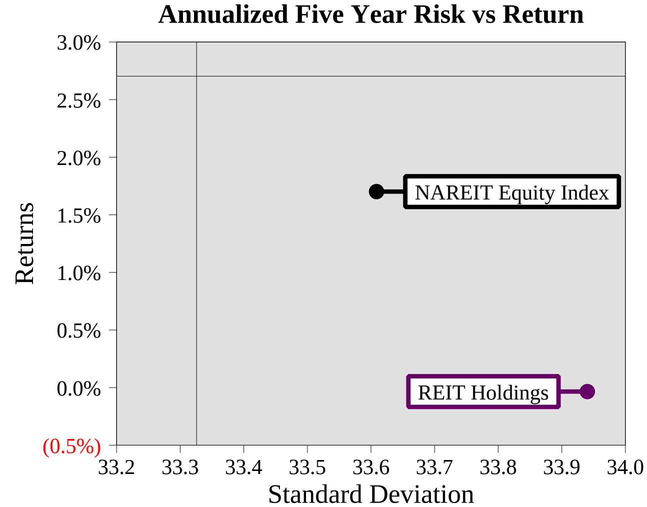


		Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/4 Years
10th Percentile		8.13	33.86	28.22	68.53	8.67	5.53	9.55
25th Percentile		7.56	32.28	27.12	64.38	5.19	3.57	7.67
Median		6.97	30.33	25.99	62.00	3.74	2.70	6.72
75th Percentile		6.40	29.16	24.19	57.73	1.70	1.52	5.43
90th Percentile		6.04	27.77	21.64	55.48	0.37	0.07	4.57
REIT Holdings	●	7.63	31.66	26.45	59.79	0.56	(0.03)	3.61
NAREIT Equity Index	▲	7.50	30.31	25.02	60.75	2.64	1.70	5.53

Relative Return vs NAREIT Equity Index



CAI Real Estate-REIT DB (Gross)
Annualized Five Year Risk vs Return

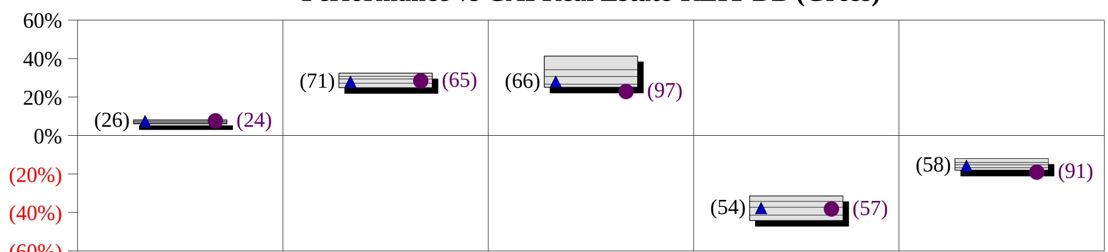


REIT HOLDINGS
RETURN ANALYSIS SUMMARY

Return Analysis

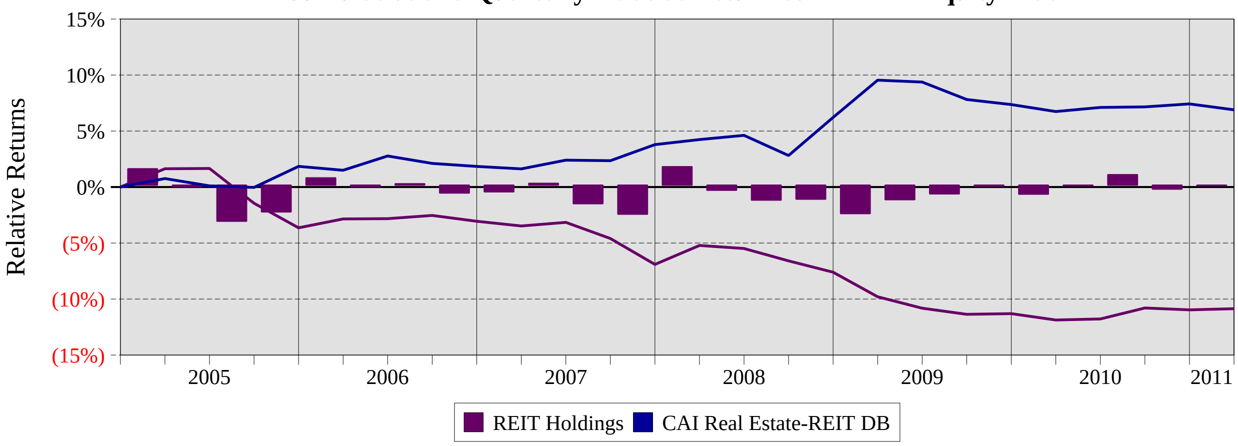
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

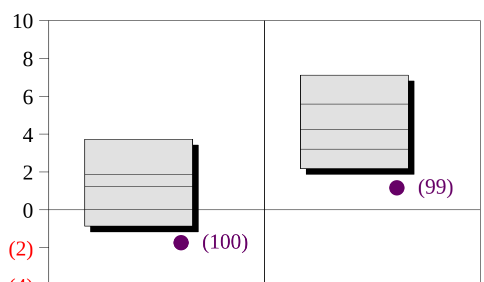


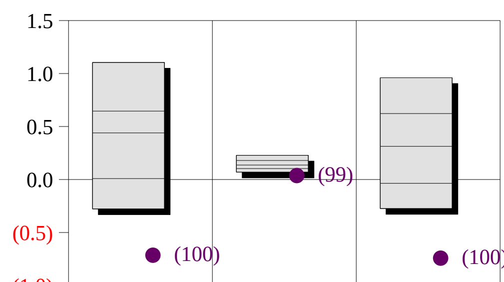
	12/10- 3/11	2010	2009	2008	2007
10th Percentile	8.13	32.41	41.29	(31.42)	(11.98)
25th Percentile	7.56	30.78	34.23	(34.23)	(14.06)
Median	6.97	29.37	30.67	(37.29)	(15.24)
75th Percentile	6.40	27.16	26.68	(41.37)	(16.75)
90th Percentile	6.04	24.86	25.08	(44.19)	(18.04)
REIT Holdings ●	7.63	28.44	22.87	(38.19)	(19.04)
NAREIT Equity Index ▲	7.50	27.95	27.99	(37.72)	(15.69)

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)
Six and One-Quarter Years Ended March 31, 2011





	Alpha	Treynor Ratio
10th Percentile	3.73	7.11
25th Percentile	1.86	5.59
Median	1.24	4.25
75th Percentile	0.03	3.20
90th Percentile	(0.86)	2.18
REIT Holdings ●	(1.74)	1.16

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.10	0.23	0.96
25th Percentile	0.65	0.18	0.62
Median	0.44	0.14	0.31
75th Percentile	0.01	0.10	(0.04)
90th Percentile	(0.28)	0.07	(0.27)
REIT Holdings ●	(0.71)	0.04	(0.74)

ALASKA RETIREMENT MANAGEMENT BOARD
TOP 10 PORTFOLIO HOLDINGS CHARACTERISTICS
REIT HOLDINGS
AS OF MARCH 31, 2011

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	$13,442,258	8.4%	8.53%	31.39	43.74	2.99%	21.40%
Equity Residential	Financials	$7,050,686	4.4%	9.23%	16.05	78.35	2.39%	5.00%
Vornado Realty Trust	Financials	$6,816,863	4.3%	5.86%	15.98	33.27	3.15%	5.50%
Public Storage	Financials	$6,062,341	3.8%	10.16%	18.89	35.78	2.89%	35.00%
Hcp Inc	Financials	$6,026,769	3.8%	4.55%	15.23	25.46	5.06%	7.65%
Boston Properties	Financials	$5,763,086	3.6%	10.77%	13.29	50.99	2.11%	(10.99)%
Weyerhaeuser Co	Financials	$5,646,684	3.5%	30.77%	13.18	31.14	2.44%	2.50%
Host Hotels & Resorts Inc	Financials	$5,385,807	3.4%	(1.36)%	11.73	110.06	0.45%	7.50%
Avalonbay Communities	Financials	$4,427,590	2.8%	7.51%	10.24	67.08	2.97%	6.00%
Prologis	Financials	$3,894,326	2.4%	11.52%	9.09	(399.50)	2.82%	1.53%

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
Weyerhaeuser Co	Financials	$5,646,684	3.5%	30.77%	13.18	31.14	2.44%	2.50%
Potlatch Corp New	Financials	$698,676	0.4%	25.20%	1.61	27.92	5.07%	2.60%
First Industrial Realty	Financials	$537,309	0.3%	22.63%	0.92	(17.49)	0.00%	2.80%
Strategic Hotels & Resorts I	Financials	$446,340	0.3%	21.93%	0.98	(19.55)	0.00%	47.20%
Extra Space Storage Inc	Financials	$792,157	0.5%	19.87%	1.81	54.50	2.70%	35.00%
Rayonier Inc	Financials	$2,149,695	1.3%	19.69%	5.02	22.74	3.47%	7.00%
Lexington Realty Trust	Financials	$546,975	0.3%	19.10%	1.35	(77.92)	4.92%	5.00%
Nationwide Health Pptys	Financials	$2,299,597	1.4%	18.38%	5.37	31.98	4.51%	0.94%
Plum Creek Timber Co Inc	Financials	$3,040,925	1.9%	17.58%	7.05	30.50	3.85%	2.00%
duPont Fabros Technology Inc	Financials	$632,440	0.4%	14.58%	1.45	28.20	1.98%	15.00%

10 Worst Performers

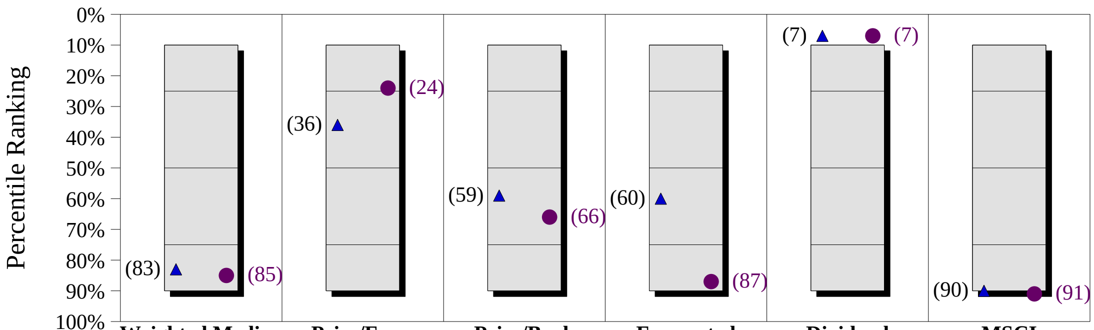
Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/ Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Getty Rlty Corp New	Financials	$224,682	0.1%	(25.30)%	0.75	17.07	8.39%	5.73%
Felcor Lodging Trust	Financials	$272,111	0.2%	(12.93)%	0.74	(6.19)	0.00%	10.00%
Hersha Hospitality Tr Sh Ben Int A	Financials	$459,518	0.3%	(9.24)%	1.00	74.25	3.37%	10.00%
Diamondrock Hospitality Co	Financials	$788,367	0.5%	(6.24)%	1.85	139.63	2.86%	7.50%
Saul Ctrs Inc	Financials	$269,082	0.2%	(5.19)%	0.82	73.03	3.23%	(7.12)%
First Potomac Real.Tst.	Financials	$347,603	0.2%	(5.18)%	0.76	(63.00)	5.08%	-
Piedmont Office Realty Tr In Com Cl	Financials	$1,384,321	0.9%	(2.18)%	2.58	25.54	6.49%	1.00%
Host Hotels & Resorts Inc	Financials	$5,385,807	3.4%	(1.36)%	11.73	110.06	0.45%	7.50%
Sunstone Hotel Invs Inc New	Financials	$550,056	0.3%	(1.36)%	1.20	(509.50)	0.00%	6.00%
Apartment Invest & Mgmt	Financials	$1,591,264	1.0%	(0.84)%	2.98	(19.74)	1.88%	5.00%

REIT HOLDINGS
EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Real Estate-REIT DB
as of March 31, 2011

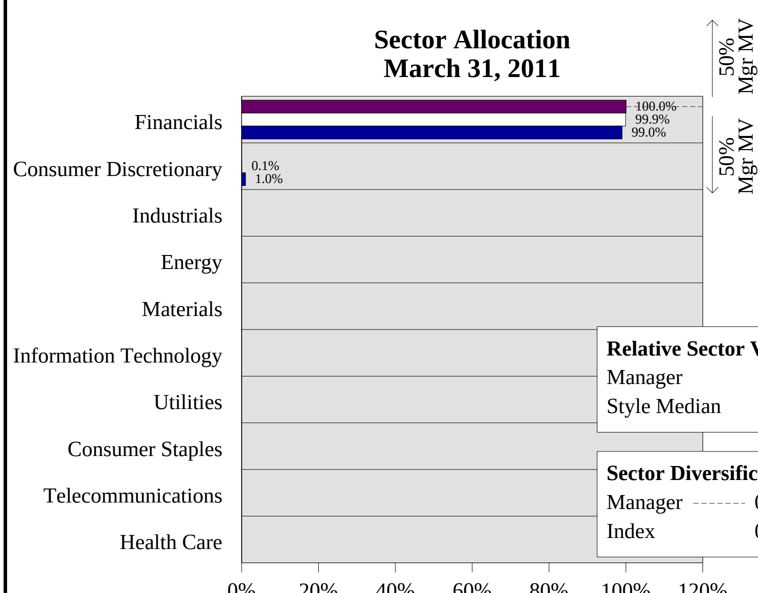


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	13.49	67.53	2.63	6.71	3.41	(0.11)
25th Percentile	10.63	56.21	2.50	6.33	3.38	(0.17)
Median	9.07	53.09	2.32	5.22	3.16	(0.24)
75th Percentile	8.35	48.90	2.25	4.25	3.00	(0.34)
90th Percentile	6.24	46.15	2.12	3.92	2.92	(0.41)
REIT Holdings ●	7.22	56.29	2.27	4.04	3.48	(0.43)
NAREIT Equity Index ▲	7.36	55.08	2.28	4.67	3.48	(0.41)

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.

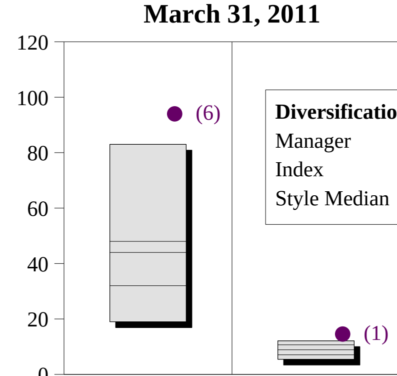
Sector Allocation
March 31, 2011



Relative Sector Variance	
Manager	0%
Style Median	2%

Sector Diversification	
Manager	0.50 sectors
Index	0.50 sectors

Diversification
March 31, 2011



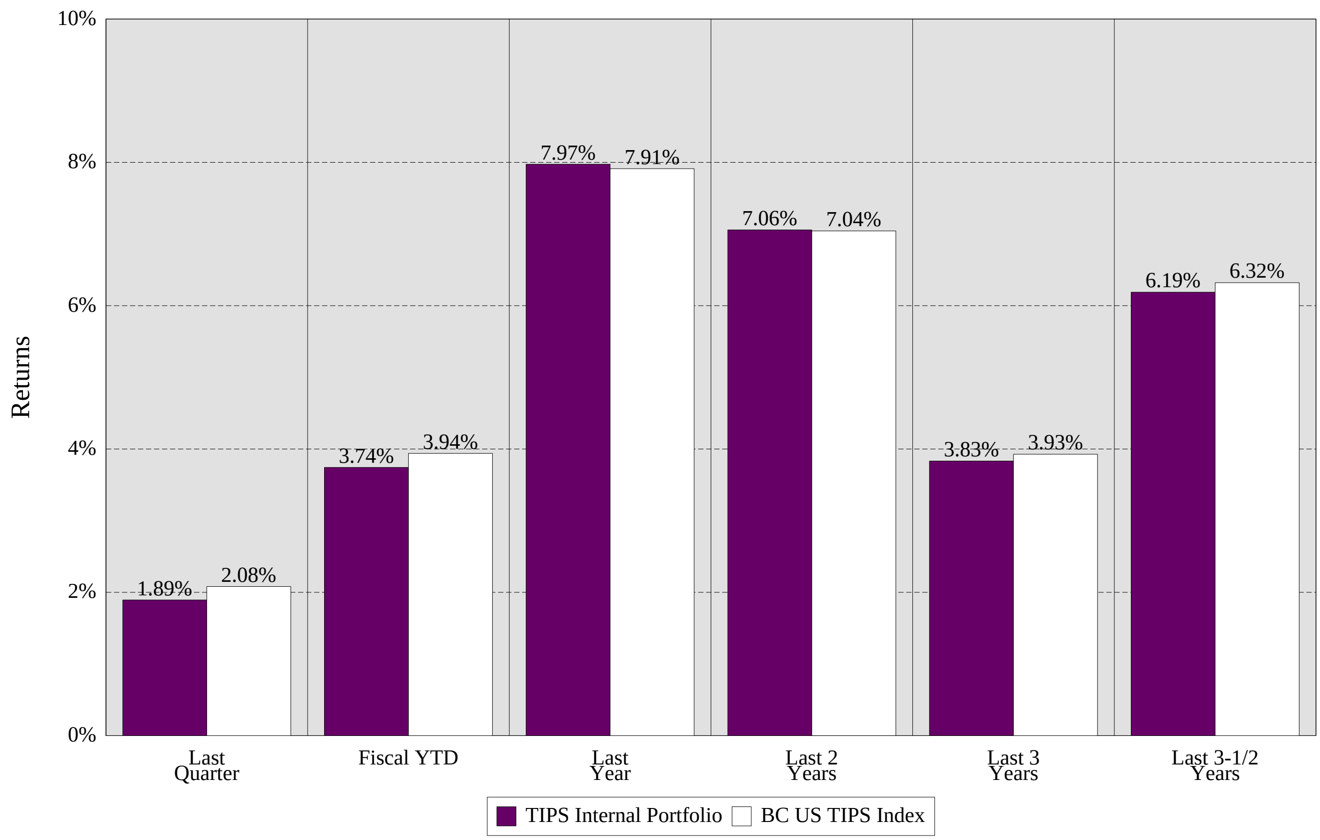
Diversification Ratio	
Manager	15%
Index	11%
Style Median	23%

	Number of Securities	Issue Diversification
10th Percentile	83	12
25th Percentile	48	11
Median	44	9
75th Percentile	32	7
90th Percentile	19	5
REIT Holdings ●	94	15
NAREIT Equity Index ▲	131	14

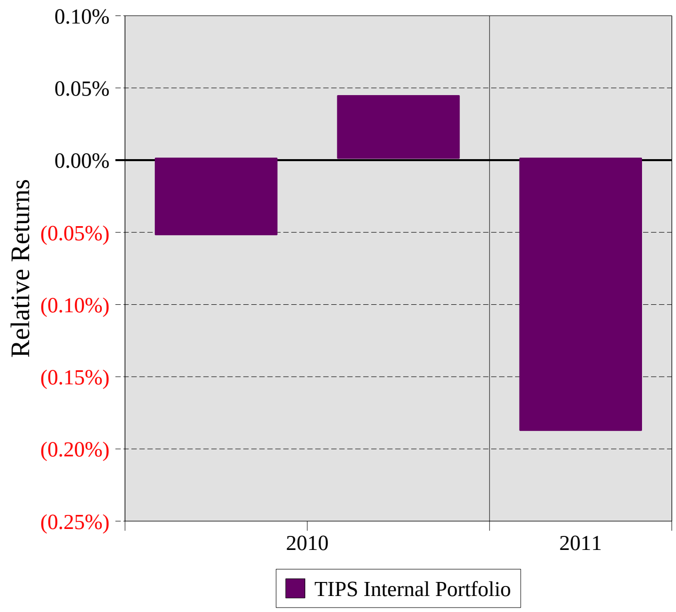
TIPS INTERNAL PORTFOLIO
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

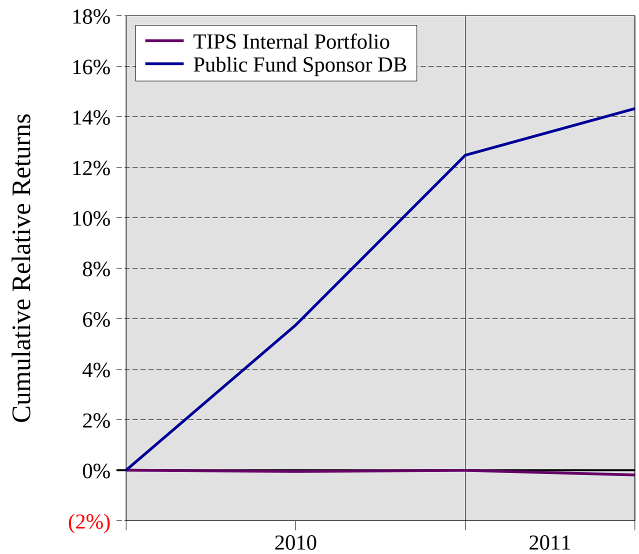
- TIPS Internal Portfolio's portfolio posted a 1.89% return for the quarter placing it in the 94 percentile of the CAI Public Fund Sponsor Database group for the quarter and in the 95 percentile for the last year.
- TIPS Internal Portfolio's portfolio underperformed the BC US TIPS Index by 0.19% for the quarter and outperformed the BC US TIPS Index for the year by 0.06%.



Relative Return vs BC US TIPS Index



Cumulative Returns vs BC US TIPS Index



ABSOLUTE RETURN COMPOSITE
PERIOD ENDED MARCH 31, 2011

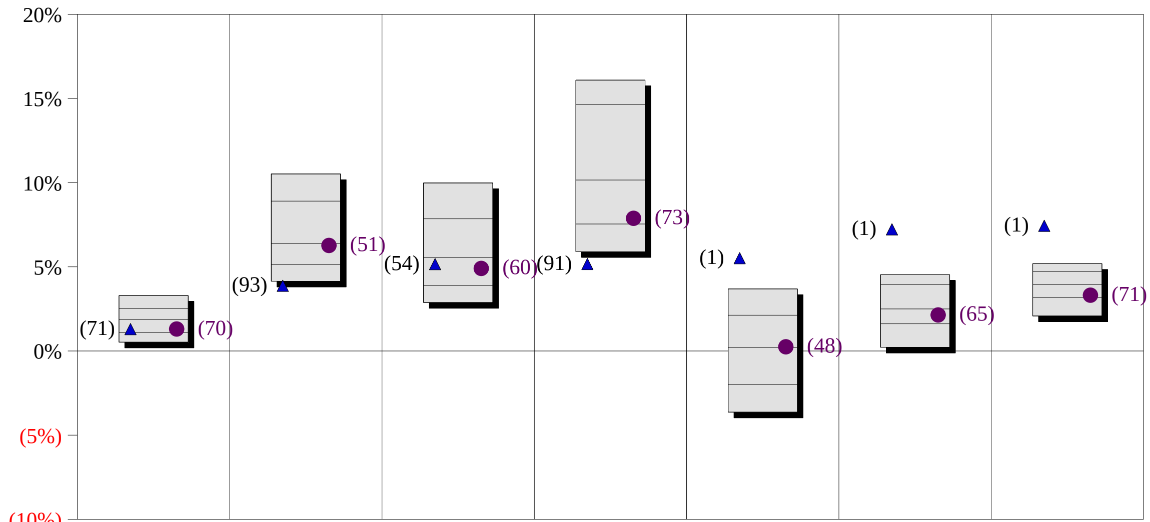
Investment Philosophy

The manager returns below are current through the periods shown.

Quarterly Summary and Highlights

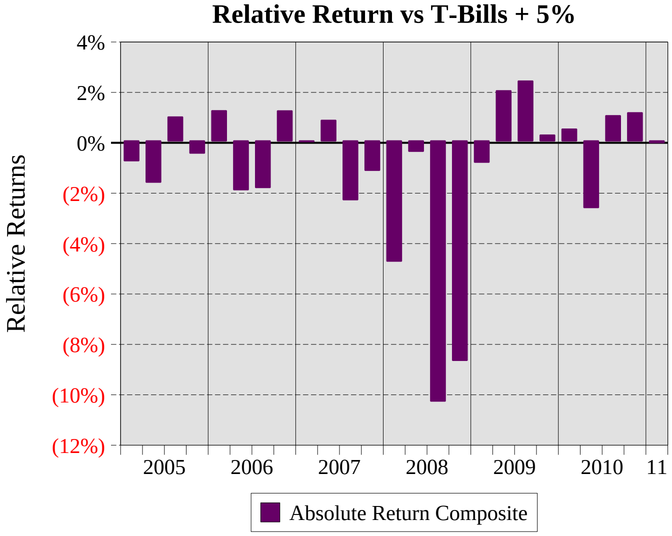
- Absolute Return Composite's portfolio posted a 1.31% return for the quarter placing it in the 70 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 60 percentile for the last year.
- Absolute Return Composite's portfolio outperformed the T-Bills + 5% by 0.01% for the quarter and underperformed the T-Bills + 5% for the year by 0.26%.

Performance vs Absolute Return Hedge FoFs Style (Net)

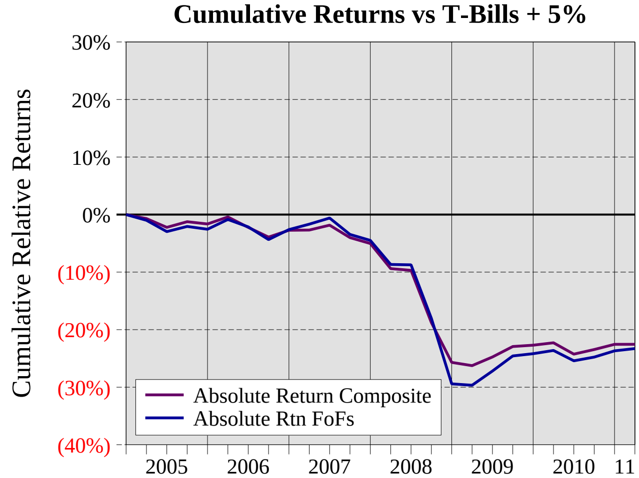


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/4 Years
10th Percentile	3.29	10.52	9.98	16.09	3.69	4.53	5.19
25th Percentile	2.53	8.90	7.85	14.64	2.13	3.95	4.71
Median	1.86	6.39	5.54	10.16	0.21	2.50	3.95
75th Percentile	1.09	5.14	3.88	7.54	(2.00)	1.62	3.17
90th Percentile	0.52	4.14	2.88	5.90	(3.63)	0.22	2.08
Absolute Return Composite ●	1.31	6.27	4.90	7.88	0.25	2.14	3.31
T-Bills + 5% ▲	1.30	3.88	5.16	5.17	5.51	7.23	7.44

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%

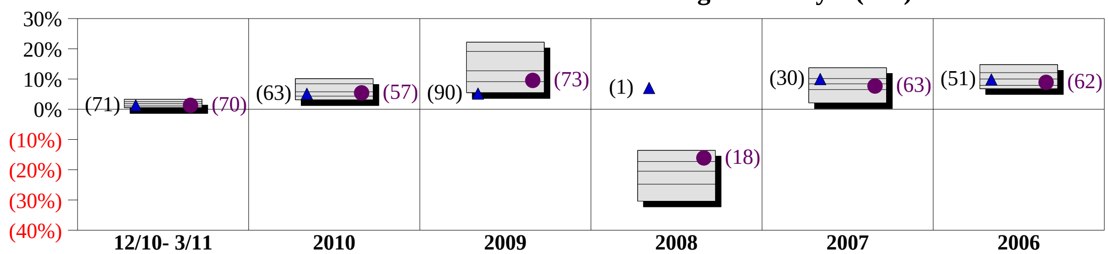


ABSOLUTE RETURN COMPOSITE
RETURN ANALYSIS SUMMARY

Return Analysis

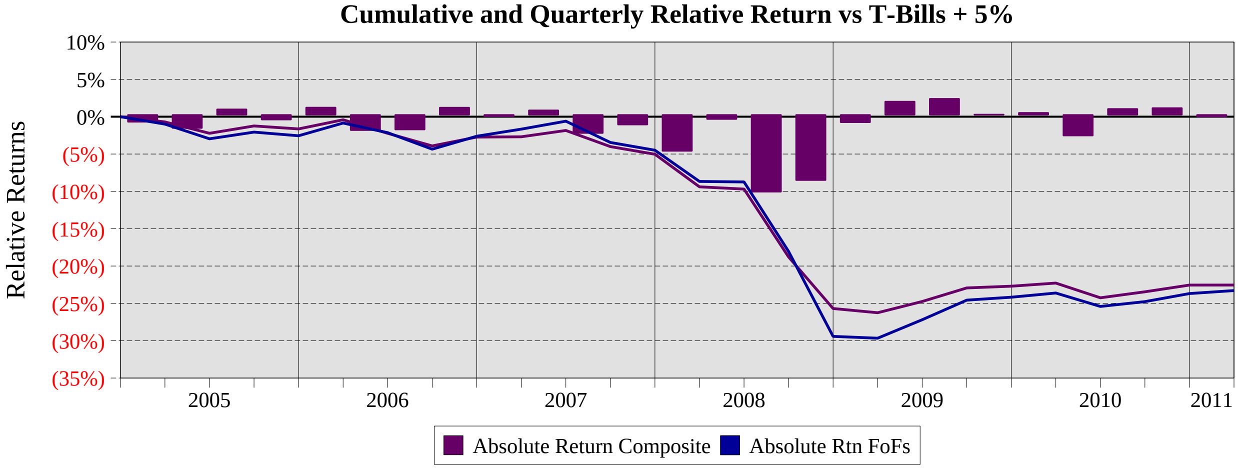
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

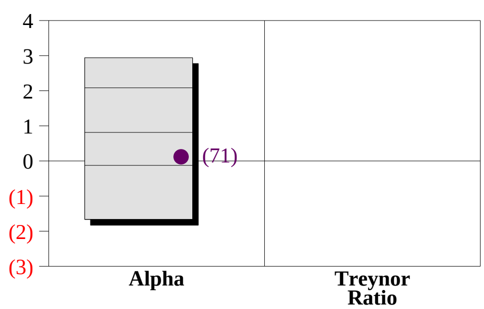


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	3.29	10.13	22.19	(13.60)	13.74	14.78
25th Percentile	2.53	8.43	19.14	(17.29)	10.16	12.11
Median	1.86	5.79	12.73	(20.49)	8.42	10.00
75th Percentile	1.09	4.34	9.14	(24.78)	6.52	7.91
90th Percentile	0.52	3.13	5.48	(30.39)	2.11	6.79
Absolute Return Composite ●	1.31	5.43	9.55	(16.10)	7.68	8.91
T-Bills + 5% ▲	1.30	5.13	5.21	7.06	10.00	9.85

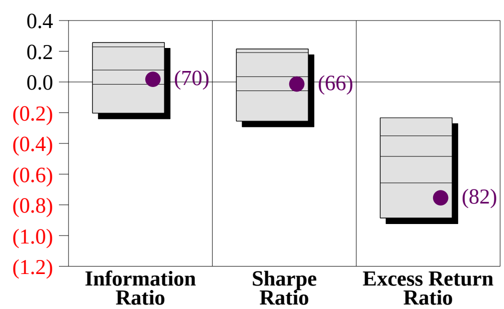
Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5%
Rankings Against Absolute Return Hedge FoFs Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	2.94	-
25th Percentile	2.08	-
Median	0.81	-
75th Percentile	(0.13)	-
90th Percentile	(1.67)	-
Absolute Return Composite ●	0.12	-



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.26	0.21	(0.23)
25th Percentile	0.23	0.19	(0.35)
Median	0.08	0.03	(0.48)
75th Percentile	(0.02)	(0.06)	(0.66)
90th Percentile	(0.20)	(0.26)	(0.89)
Absolute Return Composite ●	0.02	(0.01)	(0.75)

CADOGAN MANAGEMENT
PERIOD ENDED MARCH 31, 2011

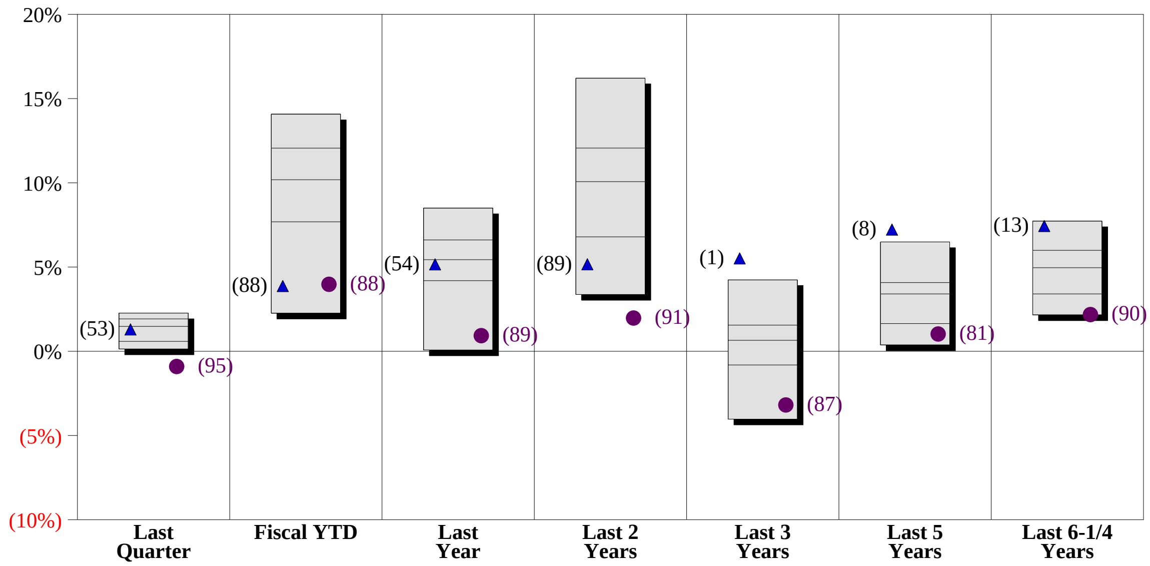
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

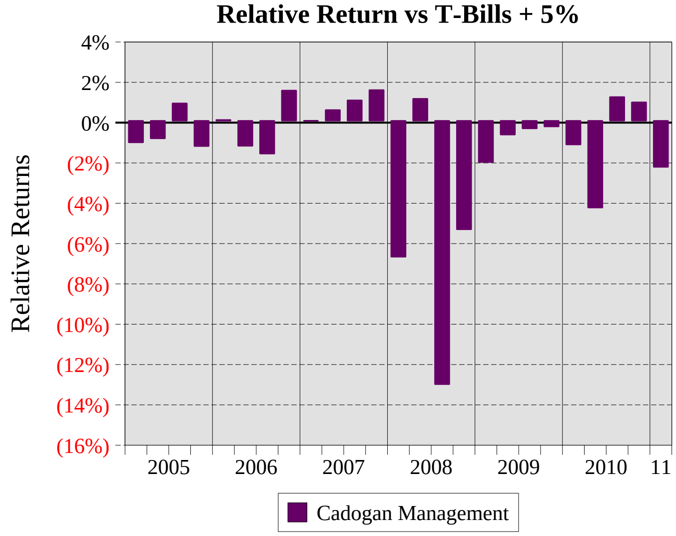
- Cadogan Management's portfolio posted a (0.90)% return for the quarter placing it in the 95 percentile of the Long Short Hedge FoF Style group for the quarter and in the 89 percentile for the last year.
- Cadogan Management's portfolio underperformed the T-Bills + 5% by 2.20% for the quarter and underperformed the T-Bills + 5% for the year by 4.23%.

Performance vs Long Short Hedge FoF Style (Net)

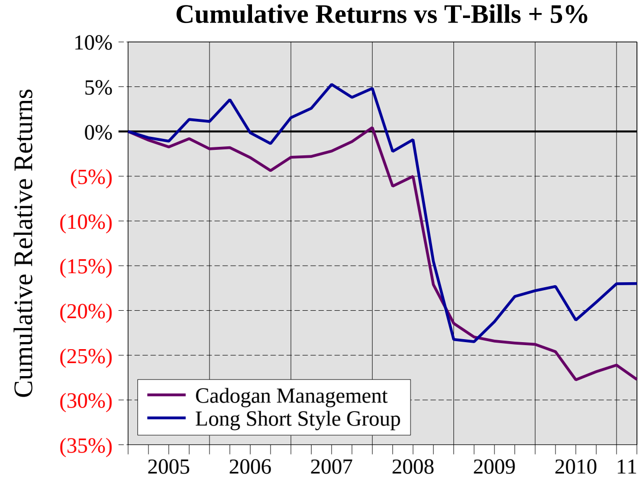


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/4 Years
10th Percentile	2.27	14.08	8.50	16.21	4.24	6.49	7.73
25th Percentile	1.92	12.06	6.61	12.06	1.55	4.08	5.99
Median	1.48	10.18	5.44	10.07	0.65	3.40	4.96
75th Percentile	0.59	7.68	4.19	6.79	(0.81)	1.64	3.40
90th Percentile	0.14	2.26	0.08	3.37	(4.03)	0.38	2.16
Cadogan Management ●	(0.90)	3.98	0.93	1.97	(3.19)	1.03	2.18
T-Bills + 5% ▲	1.30	3.88	5.16	5.17	5.51	7.23	7.44

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%

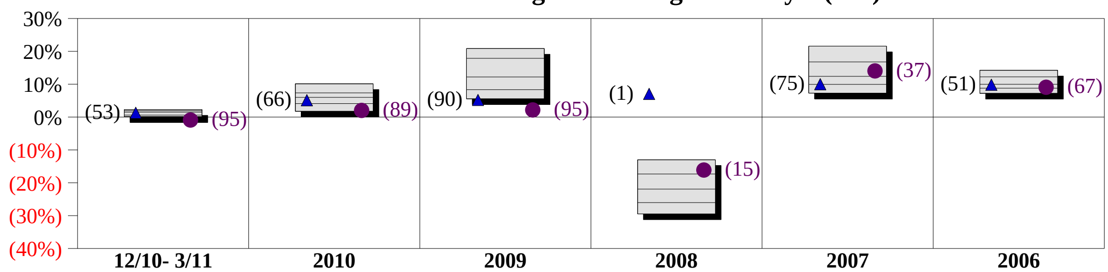


CADOGAN MANAGEMENT
RETURN ANALYSIS SUMMARY

Return Analysis

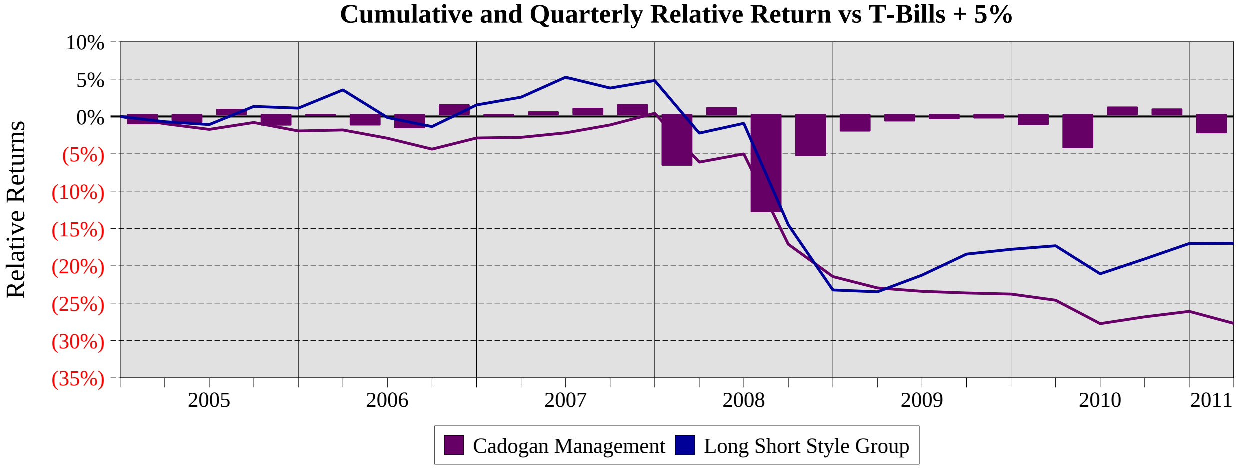
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

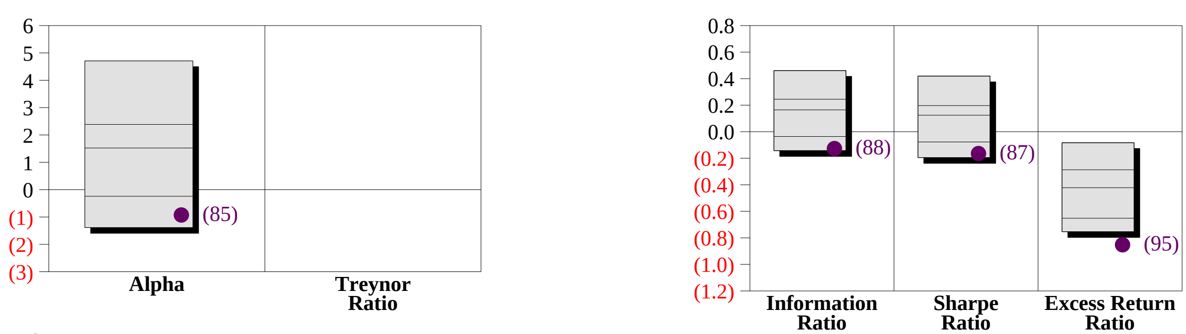


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	2.27	10.13	20.86	(13.02)	21.59	14.24
25th Percentile	1.92	7.37	17.88	(17.33)	16.78	12.24
Median	1.48	5.99	12.21	(21.92)	12.39	9.97
75th Percentile	0.59	4.10	8.34	(26.03)	9.94	8.79
90th Percentile	0.14	1.75	5.55	(29.48)	7.28	7.22
Cadogan Management ●	(0.90)	2.03	2.17	(16.12)	14.05	9.07
T-Bills + 5% ▲	1.30	5.13	5.21	7.06	10.00	9.85

Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5%
Rankings Against Long Short Hedge FoF Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	4.71	-
25th Percentile	2.39	-
Median	1.52	-
75th Percentile	(0.24)	-
90th Percentile	(1.39)	-
Cadogan Management ●	(0.93)	-

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.46	0.42	(0.08)
25th Percentile	0.24	0.20	(0.29)
Median	0.16	0.12	(0.42)
75th Percentile	(0.04)	(0.08)	(0.65)
90th Percentile	(0.14)	(0.20)	(0.75)
Cadogan Management ●	(0.13)	(0.16)	(0.85)

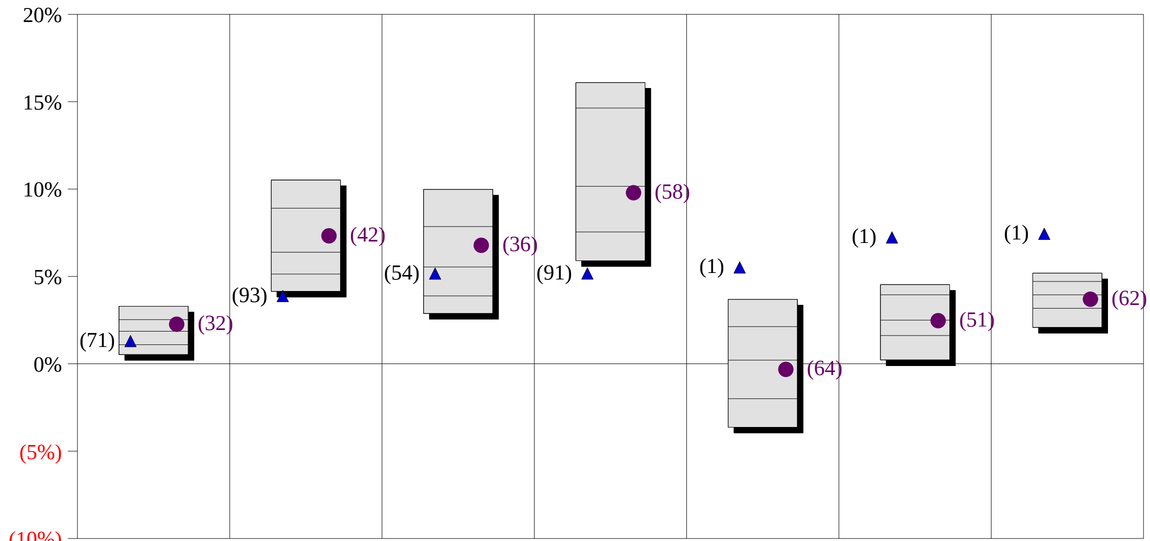
Investment Philosophy

The manager returns below are current through the periods shown.

Quarterly Summary and Highlights

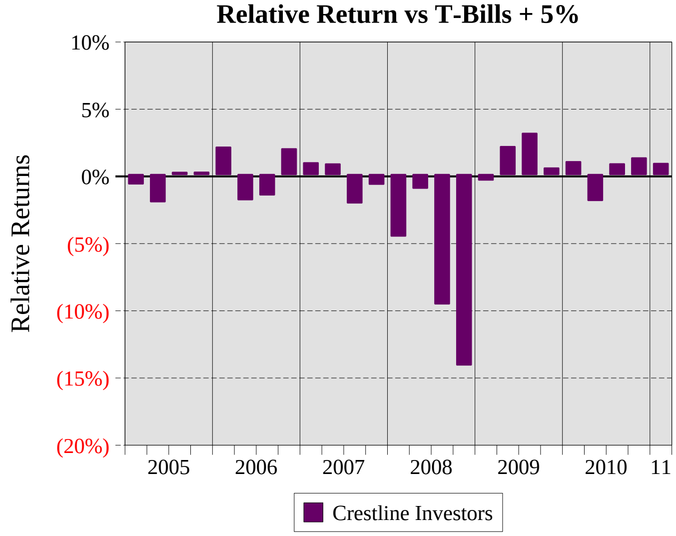
- Crestline Investors's portfolio posted a 2.26% return for the quarter placing it in the 32 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 36 percentile for the last year.
- Crestline Investors's portfolio outperformed the T-Bills + 5% by 0.96% for the quarter and outperformed the T-Bills + 5% for the year by 1.62%.

Performance vs Absolute Return Hedge FoFs Style (Net)

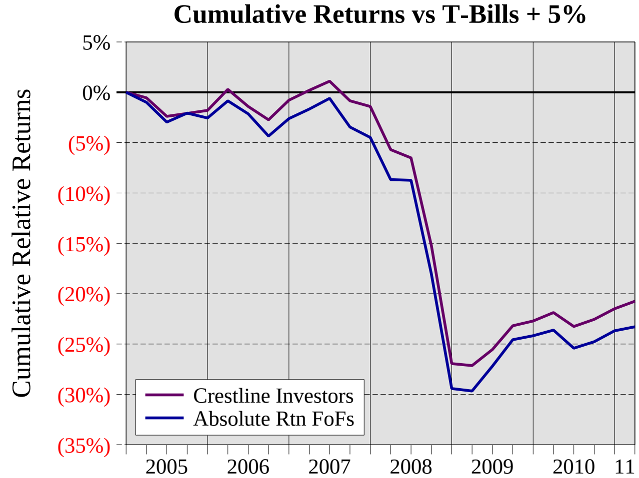


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/4 Years
10th Percentile	3.29	10.52	9.98	16.09	3.69	4.53	5.19
25th Percentile	2.53	8.90	7.85	14.64	2.13	3.95	4.71
Median	1.86	6.39	5.54	10.16	0.21	2.50	3.95
75th Percentile	1.09	5.14	3.88	7.54	(2.00)	1.62	3.17
90th Percentile	0.52	4.14	2.88	5.90	(3.63)	0.22	2.08
Crestline Investors ●	2.26	7.32	6.78	9.79	(0.32)	2.47	3.69
T-Bills + 5% ▲	1.30	3.88	5.16	5.17	5.51	7.23	7.44

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%

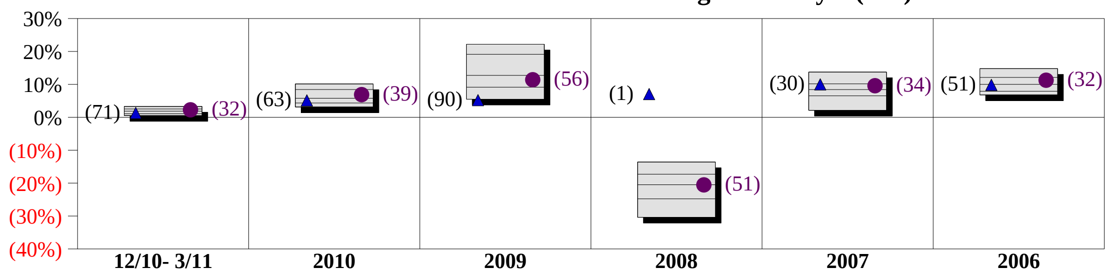


CRESTLINE INVESTORS
RETURN ANALYSIS SUMMARY

Return Analysis

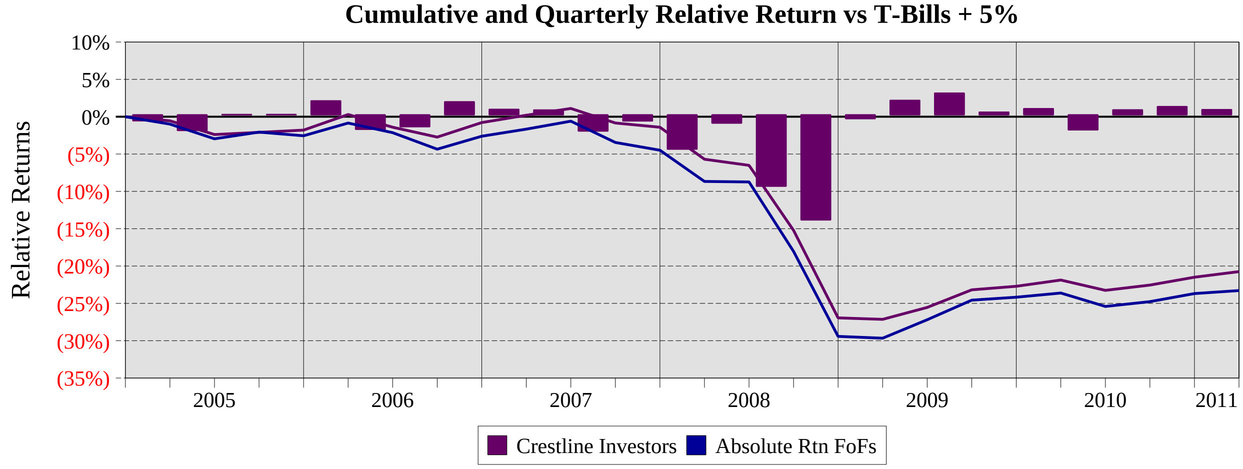
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

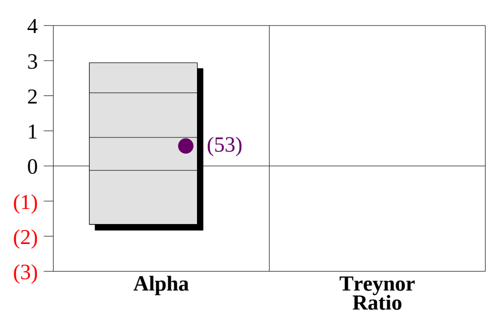


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	3.29	10.13	22.19	(13.60)	13.74	14.78
25th Percentile	2.53	8.43	19.14	(17.29)	10.16	12.11
Median	1.86	5.79	12.73	(20.49)	8.42	10.00
75th Percentile	1.09	4.34	9.14	(24.78)	6.52	7.91
90th Percentile	0.52	3.13	5.48	(30.39)	2.11	6.79
Crestline Investors ●	2.26	6.88	11.41	(20.54)	9.59	11.26
T-Bills + 5% ▲	1.30	5.13	5.21	7.06	10.00	9.85

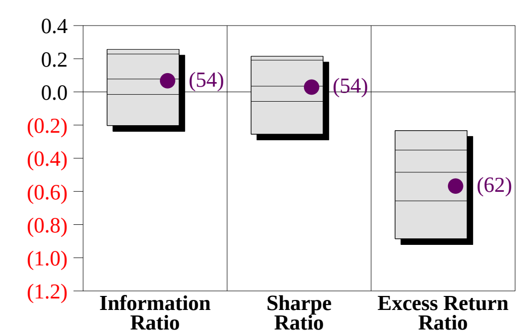
Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5%
Rankings Against Absolute Return Hedge FoFs Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	2.94	-
25th Percentile	2.08	-
Median	0.81	-
75th Percentile	(0.13)	-
90th Percentile	(1.67)	-
Crestline Investors ●	0.57	-



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.26	0.21	(0.23)
25th Percentile	0.23	0.19	(0.35)
Median	0.08	0.03	(0.48)
75th Percentile	(0.02)	(0.06)	(0.66)
90th Percentile	(0.20)	(0.26)	(0.89)
Crestline Investors ●	0.07	0.03	(0.57)

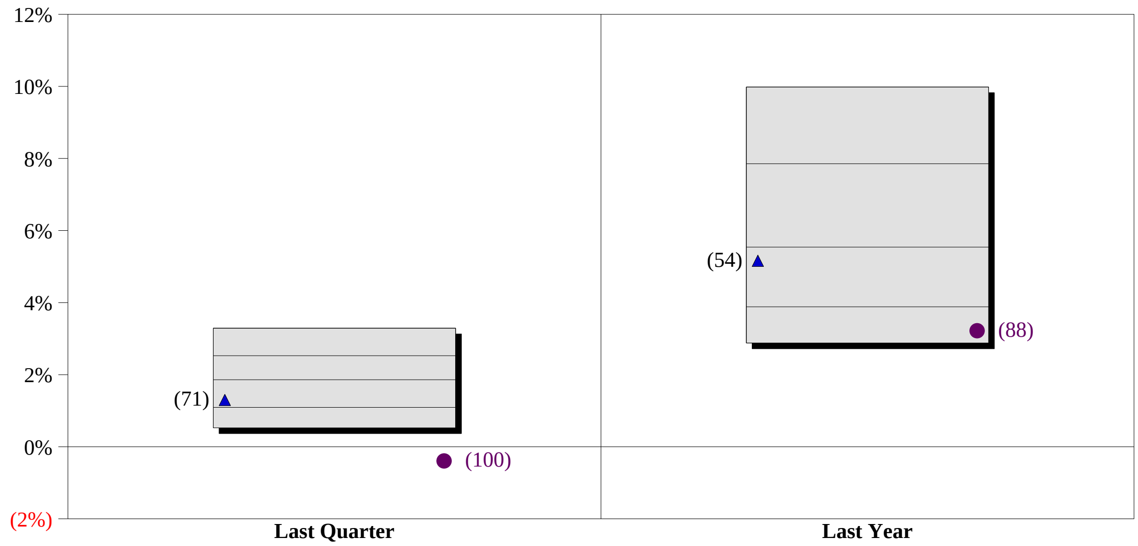
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

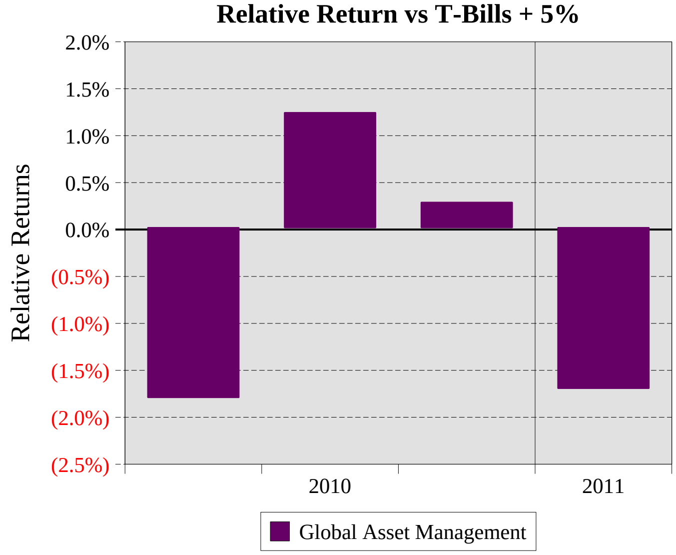
- Global Asset Management's portfolio posted a (0.39)% return for the quarter placing it in the 100 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 88 percentile for the last year.
- Global Asset Management's portfolio underperformed the T-Bills + 5% by 1.69% for the quarter and underperformed the T-Bills + 5% for the year by 1.94%.

Performance vs Absolute Return Hedge FoFs Style (Net)

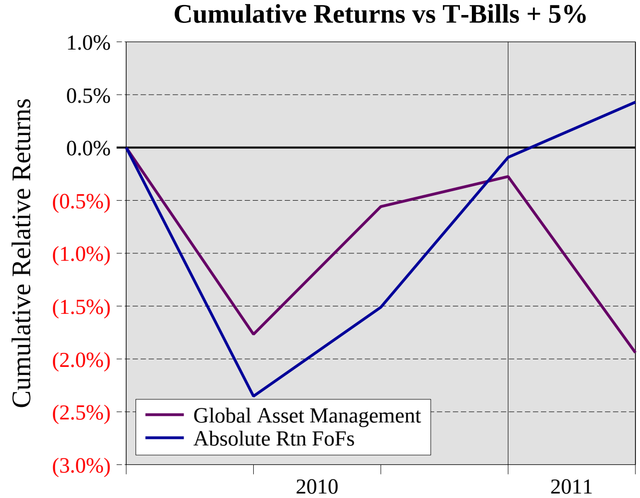


	Last Quarter	Last Year
10th Percentile	3.29	9.98
25th Percentile	2.53	7.85
Median	1.86	5.54
75th Percentile	1.09	3.88
90th Percentile	0.52	2.88
Global Asset Management ●	(0.39)	3.22
T-Bills + 5% ▲	1.30	5.16

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



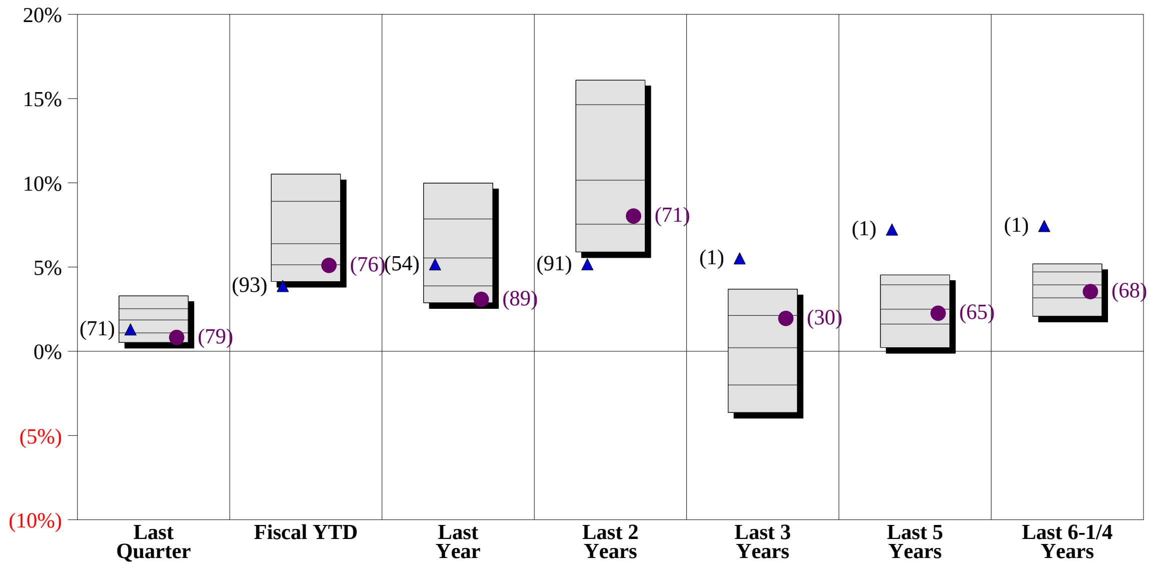
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

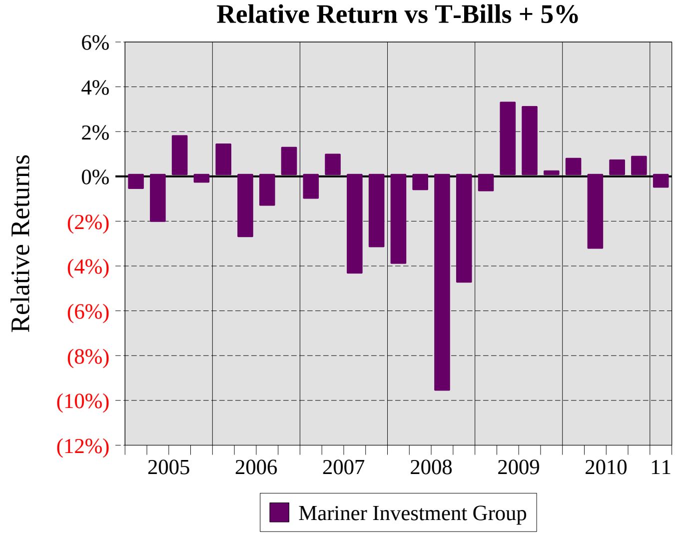
- Mariner Investment Group's portfolio posted a 0.82% return for the quarter placing it in the 79 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 89 percentile for the last year.
- Mariner Investment Group's portfolio underperformed the T-Bills + 5% by 0.48% for the quarter and underperformed the T-Bills + 5% for the year by 2.08%.

Performance vs Absolute Return Hedge FoFs Style (Net)

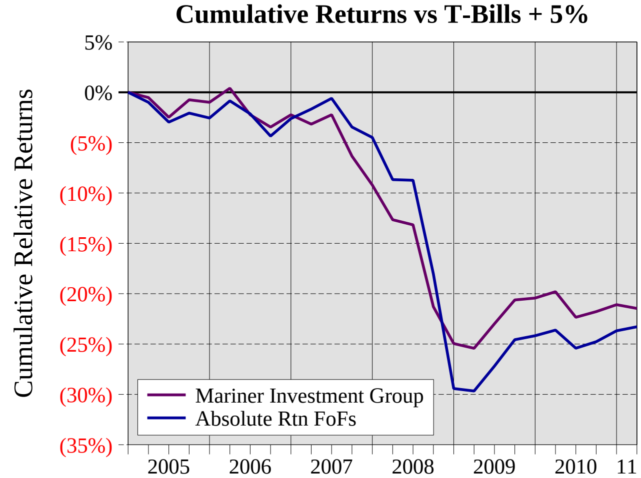


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/4 Years
10th Percentile	3.29	10.52	9.98	16.09	3.69	4.53	5.19
25th Percentile	2.53	8.90	7.85	14.64	2.13	3.95	4.71
Median	1.86	6.39	5.54	10.16	0.21	2.50	3.95
75th Percentile	1.09	5.14	3.88	7.54	(2.00)	1.62	3.17
90th Percentile	0.52	4.14	2.88	5.90	(3.63)	0.22	2.08
Mariner Investment Group ●	0.82	5.10	3.08	8.03	1.95	2.26	3.54
T-Bills + 5% ▲	1.30	3.88	5.16	5.17	5.51	7.23	7.44

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%

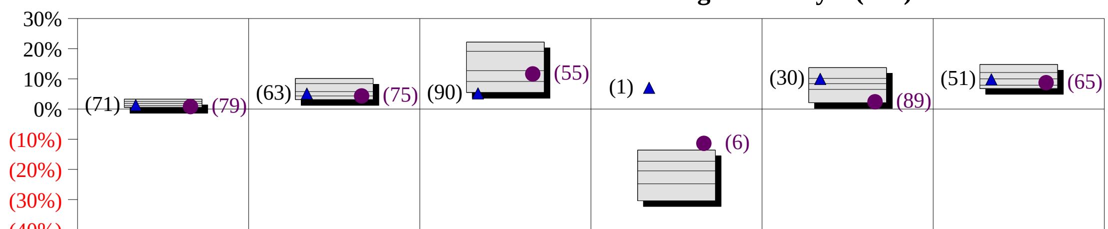


MARINER INVESTMENT GROUP
RETURN ANALYSIS SUMMARY

Return Analysis

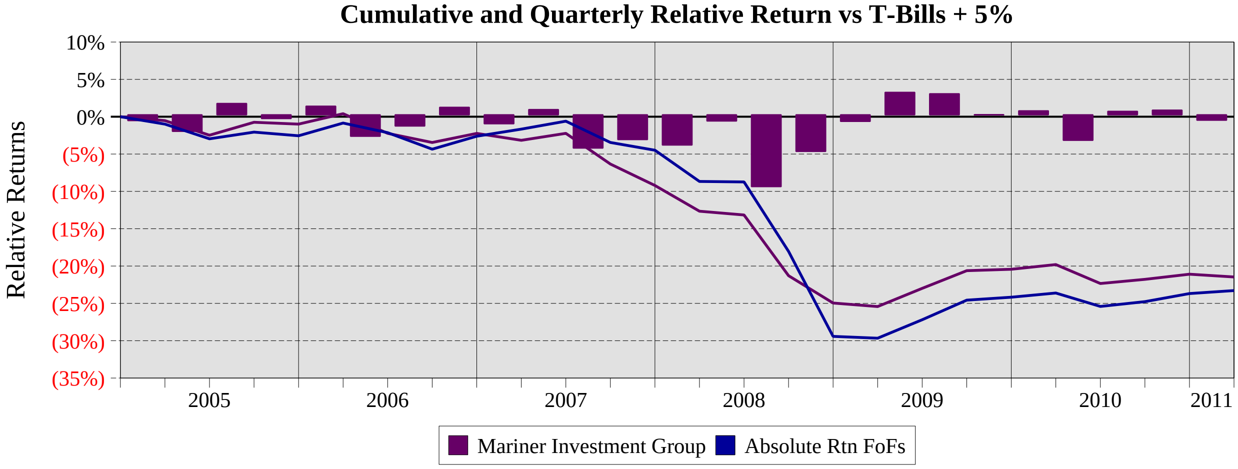
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

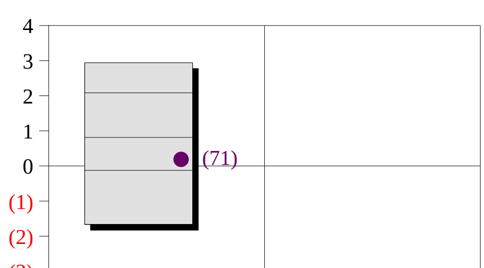


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	3.29	10.13	22.19	(13.60)	13.74	14.78
25th Percentile	2.53	8.43	19.14	(17.29)	10.16	12.11
Median	1.86	5.79	12.73	(20.49)	8.42	10.00
75th Percentile	1.09	4.34	9.14	(24.78)	6.52	7.91
90th Percentile	0.52	3.13	5.48	(30.39)	2.11	6.79
Mariner Investment Group ●	0.82	4.35	11.65	(11.36)	2.42	8.75
T-Bills + 5% ▲	1.30	5.13	5.21	7.06	10.00	9.85

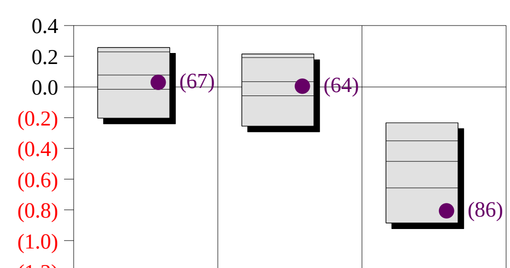
Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5%
Rankings Against Absolute Return Hedge FoFs Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	2.94	-
25th Percentile	2.08	-
Median	0.81	-
75th Percentile	(0.13)	-
90th Percentile	(1.67)	-
Mariner Investment Group ●	0.19	-



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.26	0.21	(0.23)
25th Percentile	0.23	0.19	(0.35)
Median	0.08	0.03	(0.48)
75th Percentile	(0.02)	(0.06)	(0.66)
90th Percentile	(0.20)	(0.26)	(0.89)
Mariner Investment Group ●	0.03	0.01	(0.81)

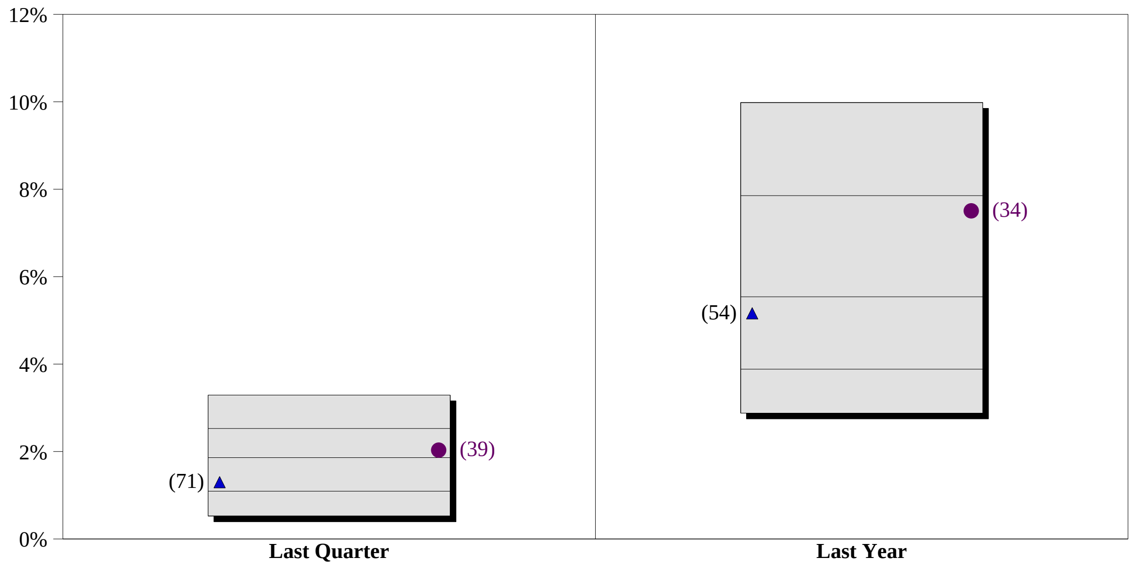
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

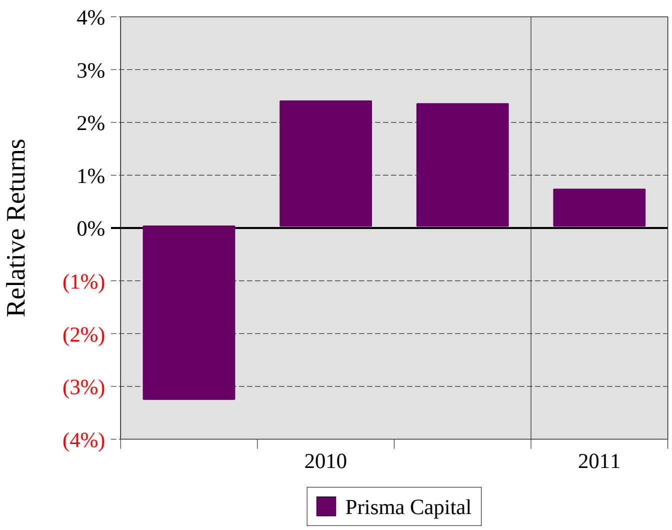
- Prisma Capital's portfolio posted a 2.03% return for the quarter placing it in the 39 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 34 percentile for the last year.
- Prisma Capital's portfolio outperformed the T-Bills + 5% by 0.73% for the quarter and outperformed the T-Bills + 5% for the year by 2.34%.

Performance vs Absolute Return Hedge FoFs Style (Net)

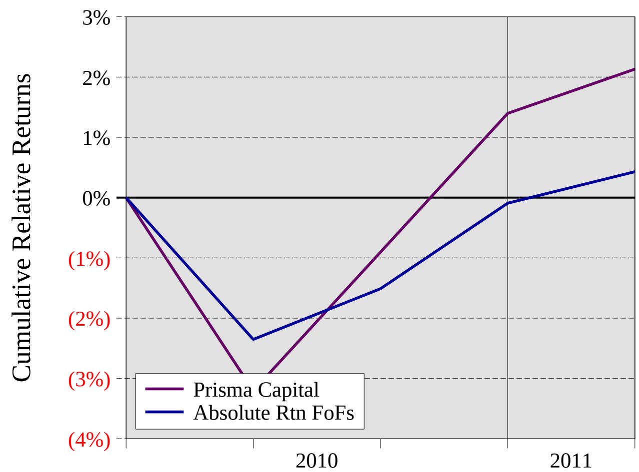


	Last Quarter	Last Year
10th Percentile	3.29	9.98
25th Percentile	2.53	7.85
Median	1.86	5.54
75th Percentile	1.09	3.88
90th Percentile	0.52	2.88
Prisma Capital ●	2.03	7.51
T-Bills + 5% ▲	1.30	5.16

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



CALLAN
INVESTMENTS
INSTITUTE

FIRST QUARTER 2011

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

Charticle – Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle?

Charticle – Real Return Strategies: A Closer Look

Ask the Expert – Private Equity: The Strategy Comes of Age
Jim Callahan, CFA and Gary Robertson

The Future of Stable Value
Lori Lucas, CFA

Beyond U.S. Timberland
Sarah Angus, CAIA

Publications

DC Observer and Callan DC Index™ – 4th Quarter 2010

Hedge Fund Monitor – 4th Quarter 2010

Capital Market Review – 1st Quarter 2011

Quarterly Performance Data – 1st Quarter 2011

Private Markets Trends – Winter 2010/2011

Surveys

2011 Investment Management Fee Survey – Coming soon!
Please contact Anna West (westA@callan.com) to participate.

2011 DC Trends Survey – January 2011

2010 Alternative Investments Survey – November 2010

RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: The 31st Annual National Conference – Jan/Feb 2011

Featuring: Henry Paulson, The Capital Markets Panel, Fareed Zakaria, Joshua Cooper Ramo, Dan Ariely, Arianna Huffington, and workshops on DC, portfolio structure, and real assets.

Presentations: The 31st Annual National Conference – Jan/Feb 2011

"Getting to the Ideal DC Plan"
"Post-Crash, Post-Modern Equity Portfolio Structures"
"Implementing Real Asset Portfolios"

Upcoming Educational Programs

June 2011 Regional Breakfast Workshops

June 22 in Atlanta
June 23 in San Francisco
"Latest Developments in Asset Allocation for DB and DC Plans"
Presenters: Greg Allen (President), Lori Lucas (DC consulting services), and Gene Podkaminer (capital markets research).
Registration is now open! Visit www.callan.com or contact us for more information.

If you have any questions regarding these programs, please contact Ray Combs at 415.974.5060 or institute@callan.com.

THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2011

EDUCATIONAL SESSIONS

An Introduction to Investments

October 18–19, 2011 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.

Topics for the session will include a description of the different parties involved in the investment management process, a brief outline of the types and characteristics of different plans, an introduction to fiduciary issues as they pertain to fund management and oversight, and an overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment programs

Tuition for the Introductory "Callan College" session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Advanced Investment Topics

July 12–13, 2011 in Chicago

This is a two day session that provides attendees with a thorough overview of prudent investment practices for both defined benefit and defined contribution funds. We cover the key concepts needed to successfully meet a fund's investment objectives.

Topics for the session will include the following primary components of the investment management process: The Role of the Fiduciary, Capital Market Theory, Asset Allocation, Manager Structure, Investment Policy Statements, Manager Search, Custody, Securities Lending, Fees, and Performance Measurement.

Tuition for the Advanced "Callan College" session is $2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2011

EDUCATIONAL SESSIONS

(continued)

Session on Private Real Assets

July 14, 2011 in Chicago

Callan Associates will share its expertise through a one day educational program designed to advance the participants' knowledge, understanding, and comfort with real estate, timber, infrastructure and agriculture. Callan's real estate specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends, and best practices. Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive one day program offers a blend of interactive discussion, lectures, presentations, and case studies.

Topics for the session will include an overview of the real estate market, evaluating the most efficient way to access the real estate asset class, understanding the risks associated with real estate investing and how to protect your investments, and an exploration of the other real return asset classes and their unique attributes with particular focus on timber, infrastructure and agriculture.

Tuition for the Private Real Assets "Callan College" session is $1,000 per person. Tuition includes instruction, all materials, breakfast and lunch.

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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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
American Yellowstone Advisors, LLC		Y
Analytic Investors	Y	
Angelo, Gordon & Co.	Y	
AOR 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
Attucks Asset Management, LLC	Y	
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baceline Investments, LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Capital Inc.	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	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Advisors	Y	
Cohen & Steers Capital Management Inc.	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Credo Capital Management	Y	
Crestline Investors	y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DF Dent & Company	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	

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Manager Name	Educational Services	Consulting Services
Eaton Vance Management	Y	Y
Emerald Advisers, Inc.	Y	
Epoch Investment Partners	Y	
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		
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
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		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 Amrica) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
iShares	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Kayne Anderson Rudnick Investment Management	Y	
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Login Circle	Y	
Longfellow Investment Management Co.	Y	
Loomis, Sayles & 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, I nc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miles Capital Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Mount Lucas Management	Y	
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	

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Manager Name	Educational Services	Consulting Services
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
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	Y
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant 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	
Rainer Investment Management		
RBC Global Asset Management (U.S.) Inc.		Y
Reinhart Partners Inc.	Y	
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	Y	
Sage Advisory Services, Ltd. Co.	Y	
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX	Y	
Smith Graham and Company		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	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	
The London Colmpany	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y

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Manager Name	Educational Services	Consulting Services
Tradewind Global Investors	Y	
Turner Investment Partners, Inc.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	
Virtus Investment Partners		Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Yellowstone Partners		Y
Zephyr Management	Y	

Callan Associates Inc.
Investment Measurement Service
Quarterly Review

State of Alaska
Deferred Compensation Plan
March 31, 2011

Deferred Compensation
Plan

The Deferred Compensation Plan is comprised of several different Barclays Global Investors Funds (29.4 %), an RCM Socially Responsible Fund (1.9%), a T. Rowe Price Small Cap Fund (12.6%), a Brandes Instl International Equity Fund (7.6%), a T Rowe Price Long Term Balanced Fund and Target Date Funds (8.6%) the Interest Income Fund (27.8%) and SSgA Funds (12.1%).

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
First quarter of 2011 performance is shown below.

	Market Value	*Annualized Gross Crediting Rate*	*Underlying Asset Performance*
BC Intermediate Aggregate	$164.3 mil	3.957%	0.40%

Investment Fund Balances

The table below compares the fund's investment fund balances as of March 31, 2011 with that of December 31, 2010.

Asset Distribution Across Investment Funds

	March 31, 2011		December 31, 2010	
	Market Value	**Percent**	**Market Value**	**Percent**
Balanced/Target Funds				
Alaska Balanced Fund	4,956,880	0.84%	4,195,920	0.74%
Long Term Balanced Fund	34,166,445	5.79%	32,472,831	5.70%
Target 2010 Trust	1,556,078	0.26%	1,442,509	0.25%
Target 2015 Trust	3,228,340	0.55%	2,539,363	0.45%
Target 2020 Trust	2,207,120	0.37%	1,663,305	0.29%
Target 2025 Trust	1,290,069	0.22%	1,100,037	0.19%
Target 2030 Trust	814,143	0.14%	524,960	0.09%
Target 2035 Trust	805,709	0.14%	711,584	0.12%
Target 2040 Trust	333,968	0.06%	246,215	0.04%
Target 2045 Trust	161,490	0.03%	137,270	0.02%
Target 2050 Trust	276,141	0.05%	271,995	0.05%
Target 2055 Trust	818,580	0.14%	809,953	0.14%
Domestic Equity Funds				
Large Cap Equity	127,275,324	21.57%	121,668,650	21.36%
RCM Socially Responsible	11,380,202	1.93%	10,650,821	1.87%
Russell 3000 Index	5,261,212	0.89%	4,153,035	0.73%
Small Cap Equity	74,354,682	12.60%	68,198,695	11.97%
International Equity Funds				
International Equity Fd	44,594,591	7.56%	43,563,869	7.65%
World Eq Ex-US Index	4,627,954	0.78%	4,582,087	0.80%
Fixed-Income Funds				
Govt/Credit Fd	29,773,000	5.05%	30,444,888	5.34%
Intermediate Bond Fund	16,215,074	2.75%	16,768,257	2.94%
Long US Treasury Bond	1,837,385	0.31%	1,708,427	0.30%
US TIPS	6,558,620	1.11%	6,157,111	1.08%
World Gov't Bond Ex-US	1,468,810	0.25%	1,226,800	0.22%
Global Balanced Funds				
SSgA Global Balanced	38,196,681	6.47%	37,692,086	6.62%
Real Estate Funds				
US REITS	7,227,893	1.22%	5,920,718	1.04%
Short Term Funds				
Interest Income Fund	164,337,328	27.85%	165,157,204	28.99%
SSgA Inst Trsry MM	6,346,489	1.08%	5,622,627	0.99%
Total Fund	**$590,070,208**	**100.0%**	**$569,631,217**	**100.0%**

INTEREST INCOME FUND
PERIOD ENDED MARCH 31, 2011

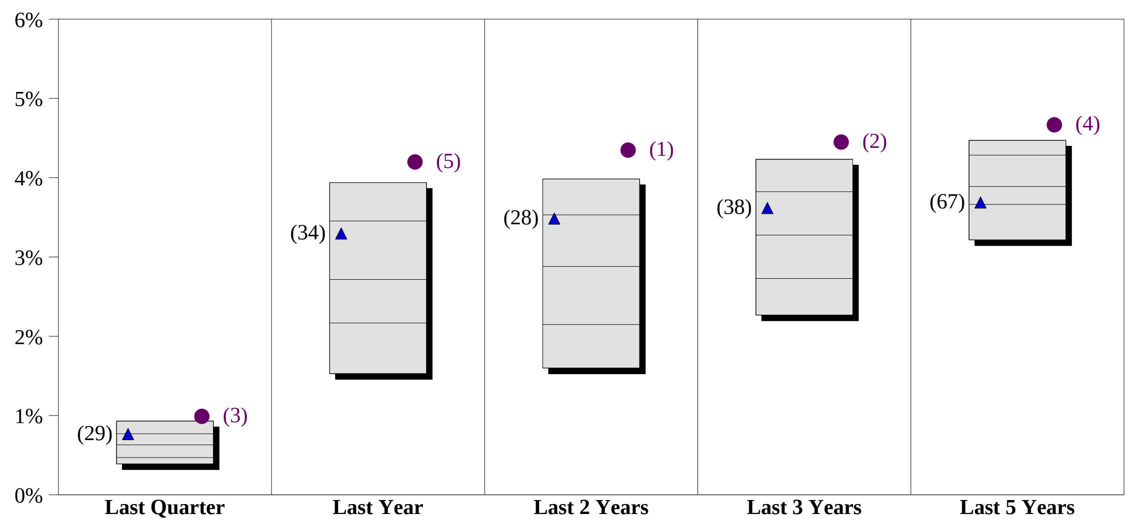
Investment Philosophy

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

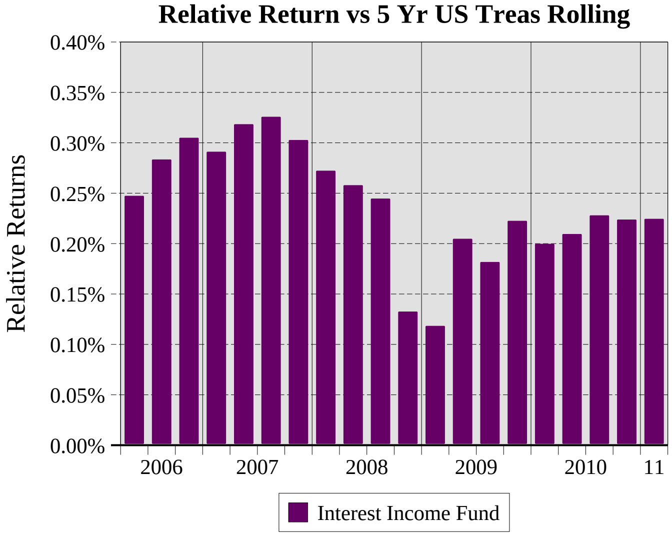
- Interest Income Fund's portfolio posted a 0.99% return for the quarter placing it in the 3 percentile of the CAI Stable Value Database group for the quarter and in the 5 percentile for the last year.
- Interest Income Fund's portfolio outperformed the 5 Yr US Treas Rolling by 0.22% for the quarter and outperformed the 5 Yr US Treas Rolling for the year by 0.90%.

Performance vs CAI Stable Value Database (Gross)

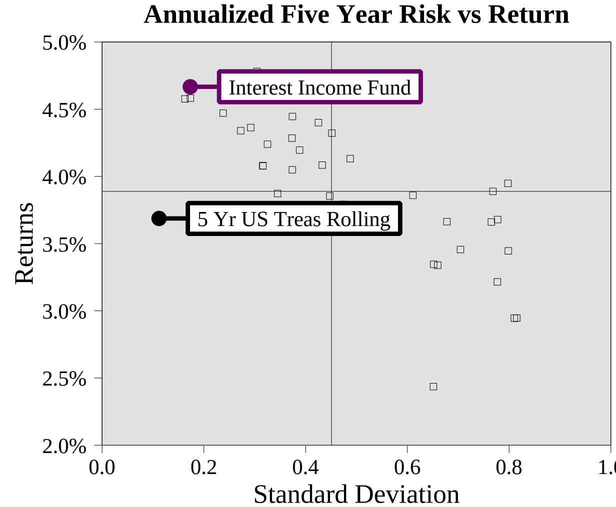


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	0.93	3.94	3.98	4.23	4.47
25th Percentile	0.77	3.45	3.53	3.82	4.28
Median	0.63	2.72	2.88	3.28	3.89
75th Percentile	0.47	2.17	2.15	2.73	3.66
90th Percentile	0.39	1.53	1.60	2.27	3.22
Interest Income Fund ●	0.99	4.20	4.35	4.45	4.67
5 Yr US Treas Rolling ▲	0.77	3.30	3.48	3.62	3.69

Relative Return vs 5 Yr US Treas Rolling



CAI Stable Value Database (Gross)
Annualized Five Year Risk vs Return

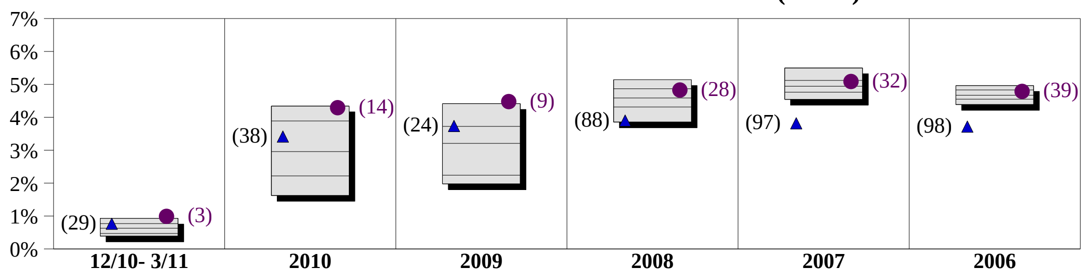


INTEREST INCOME FUND
RETURN ANALYSIS SUMMARY

Return Analysis

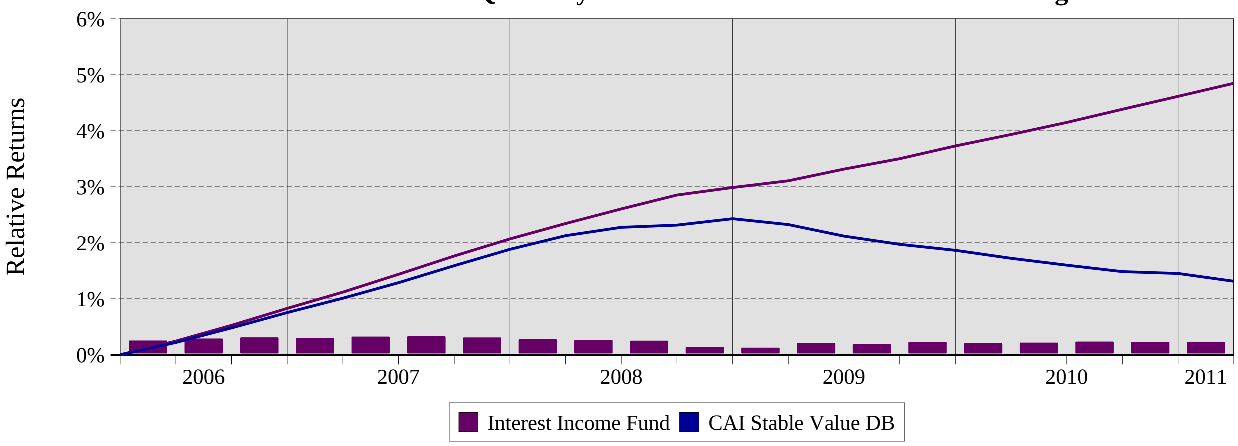
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

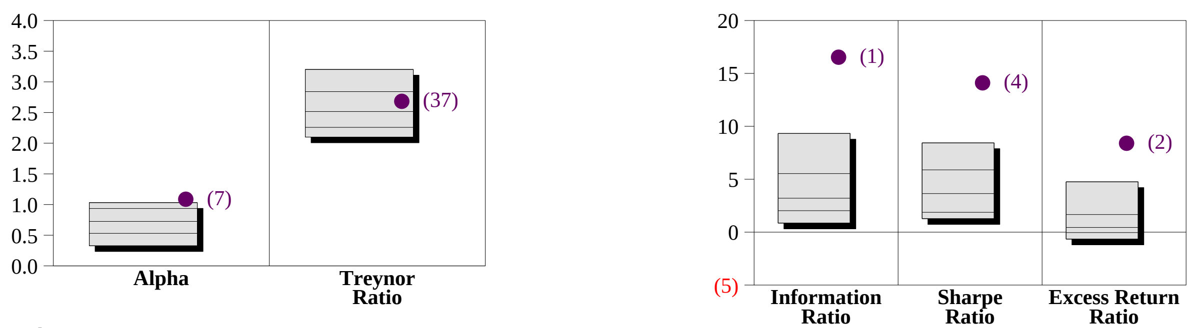


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	0.93	4.34	4.41	5.14	5.50	4.96
25th Percentile	0.77	3.89	3.72	4.87	5.12	4.83
Median	0.63	2.96	3.21	4.59	4.94	4.67
75th Percentile	0.47	2.22	2.24	4.31	4.76	4.55
90th Percentile	0.39	1.62	1.98	3.85	4.54	4.39
Interest Income Fund ●	0.99	4.29	4.48	4.83	5.09	4.79
5 Yr US Treas Rolling ▲	0.77	3.41	3.74	3.90	3.82	3.72

Cumulative and Quarterly Relative Return vs 5 Yr US Treas Rolling



Risk Adjusted Return Measures vs 5 Yr US Treas Rolling
Rankings Against CAI Stable Value Database (Gross)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	1.03	3.20
25th Percentile	0.94	2.84
Median	0.73	2.52
75th Percentile	0.53	2.26
90th Percentile	0.33	2.10
Interest Income Fund ●	1.09	2.68

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	9.33	8.44	4.76
25th Percentile	5.54	5.89	1.66
Median	3.21	3.65	0.45
75th Percentile	2.03	1.88	(0.04)
90th Percentile	0.85	1.27	(0.66)
Interest Income Fund ●	16.53	14.11	8.40

BLACKROCK INTERMEDIATE AGGREGATE
PERIOD ENDED MARCH 31, 2011

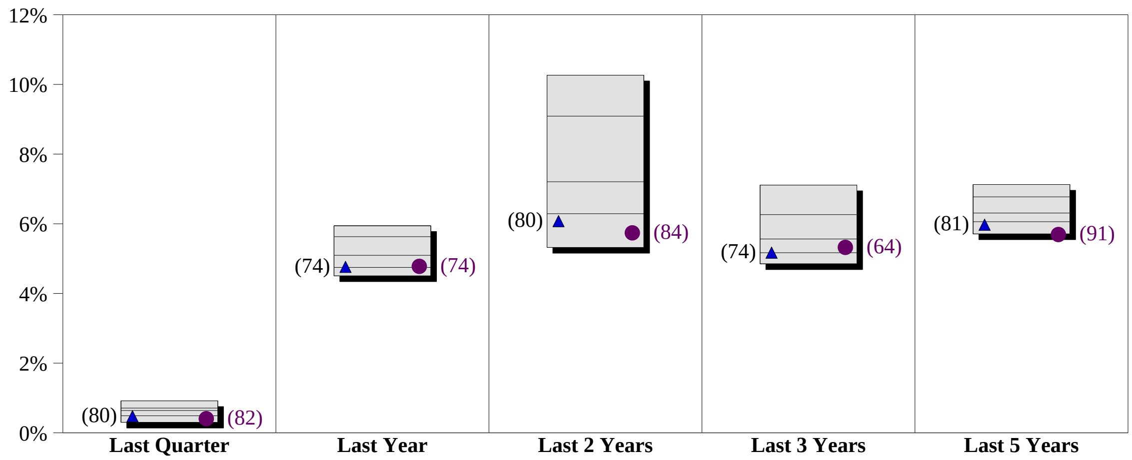
Investment Philosophy

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

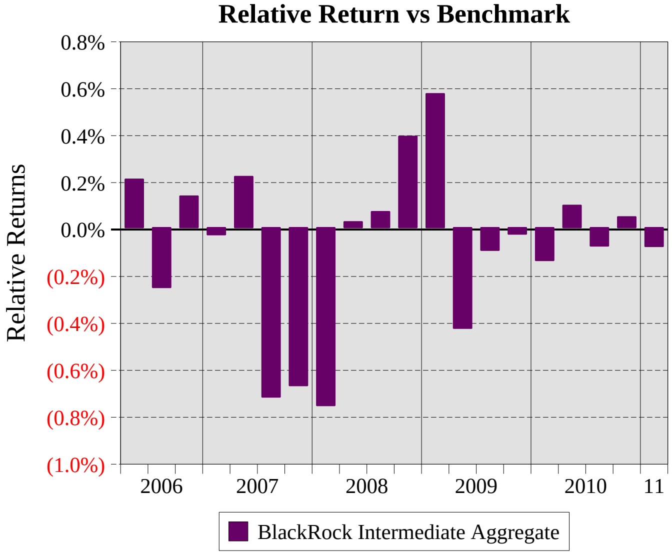
- BlackRock Intermediate Aggregate's portfolio posted a 0.40% return for the quarter placing it in the 82 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 74 percentile for the last year.
- BlackRock Intermediate Aggregate's portfolio underperformed the Benchmark by 0.07% for the quarter and outperformed the Benchmark for the year by 0.02%.

Performance vs CAI Intermediate Fixed-Inc Style (Gross)

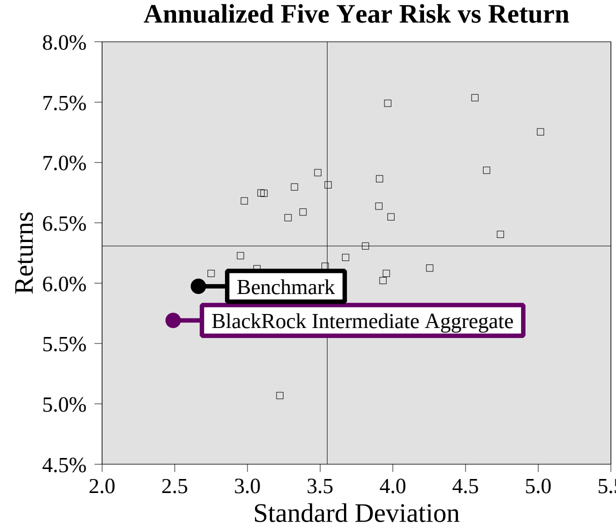


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	0.92	5.94	10.26	7.11	7.13
25th Percentile	0.71	5.63	9.09	6.26	6.77
Median	0.64	5.09	7.21	5.56	6.31
75th Percentile	0.49	4.75	6.29	5.17	6.06
90th Percentile	0.30	4.50	5.32	4.85	5.71
BlackRock Intermediate Aggregate ●	0.40	4.78	5.74	5.32	5.69
Benchmark ▲	0.48	4.76	6.08	5.17	5.97

Relative Return vs Benchmark



CAI Intermediate Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return

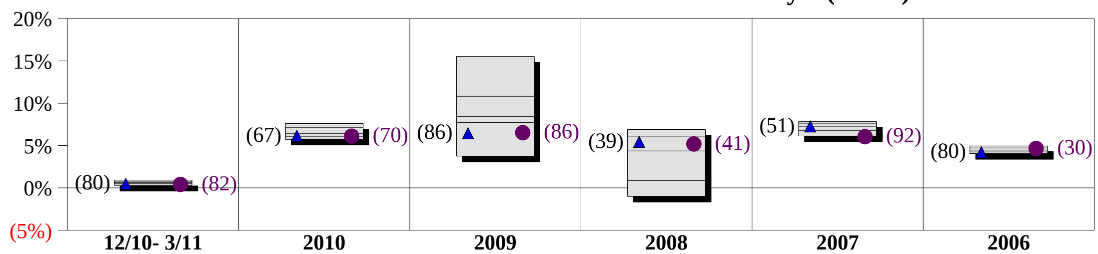


BLACKROCK AGGREGATE INTERMEDIATE
RETURN ANALYSIS SUMMARY

Return Analysis

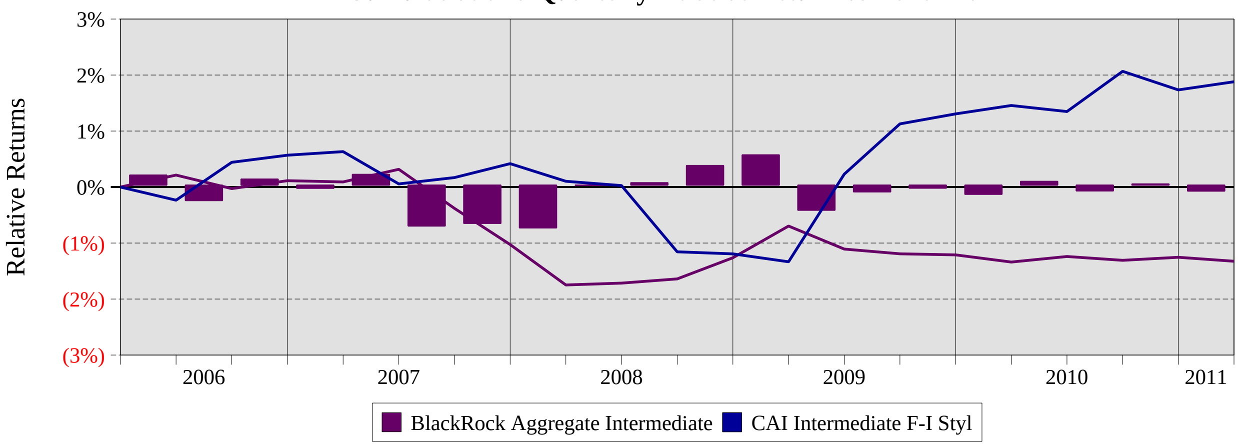
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

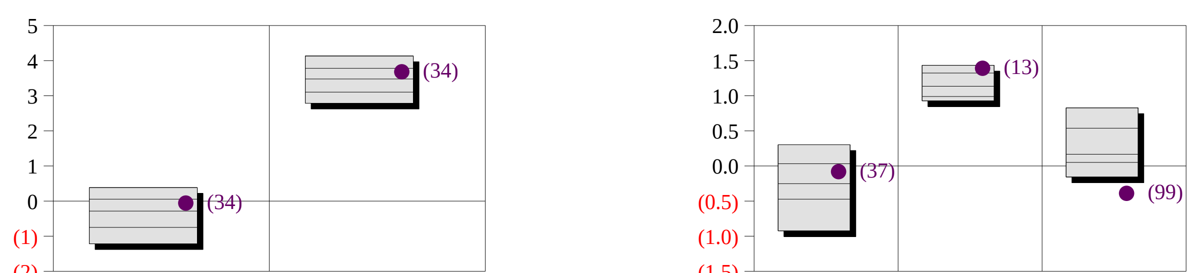


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	0.92	7.62	15.51	6.89	7.86	4.95
25th Percentile	0.71	7.11	10.82	6.11	7.64	4.72
Median	0.64	6.40	8.44	4.36	7.28	4.46
75th Percentile	0.49	6.04	7.72	0.86	6.76	4.25
90th Percentile	0.30	5.74	3.75	(1.00)	6.13	4.05
BlackRock Aggregate Intermediate ●	0.40	6.10	6.52	5.18	6.05	4.65
Benchmark ▲	0.48	6.15	6.46	5.43	7.27	4.22

Cumulative and Quarterly Relative Return vs Benchmark



Risk Adjusted Return Measures vs Benchmark
Rankings Against CAI Intermediate Fixed-Inc Style (Gross)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	0.38	4.13
25th Percentile	0.05	3.78
Median	(0.28)	3.48
75th Percentile	(0.75)	3.10
90th Percentile	(1.22)	2.79
BlackRock Aggregate Intermediate ●	(0.06)	3.68

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.30	1.43	0.83
25th Percentile	0.03	1.32	0.54
Median	(0.25)	1.14	0.17
75th Percentile	(0.47)	0.99	0.05
90th Percentile	(0.92)	0.93	(0.16)
BlackRock Aggregate Intermediate ●	(0.08)	1.39	(0.39)

Intermediate
Govt Bond Fund

INTERMEDIATE GOVT BOND FUND
PERIOD ENDED MARCH 31, 2011

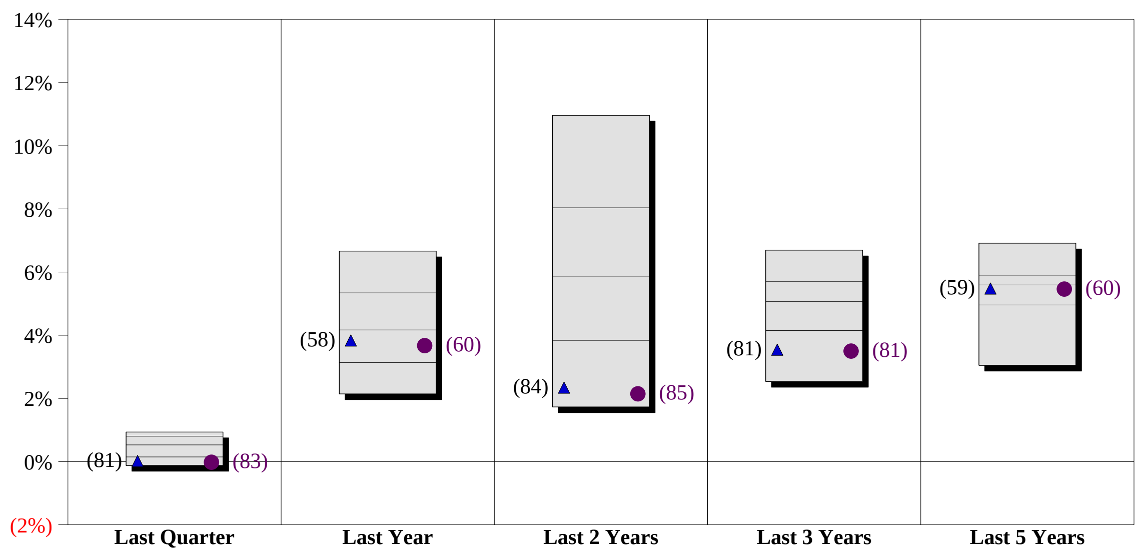
Investment Philosophy

The Intermediate Govt Bond Fund is managed by BlackRock. Annual fees are 13 basis points. Passively managed.

Quarterly Summary and Highlights

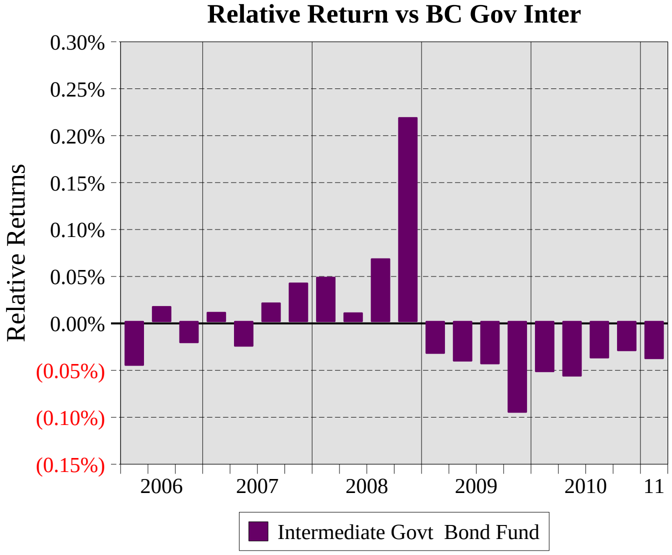
- Intermediate Govt Bond Fund's portfolio posted a (0.02)% return for the quarter placing it in the 83 percentile of the CAI MF - Intermediate Style group for the quarter and in the 60 percentile for the last year.
- Intermediate Govt Bond Fund's portfolio underperformed the BC Gov Inter by 0.04% for the quarter and underperformed the BC Gov Inter for the year by 0.16%.

Performance vs CAI MF - Intermediate Style (Net)

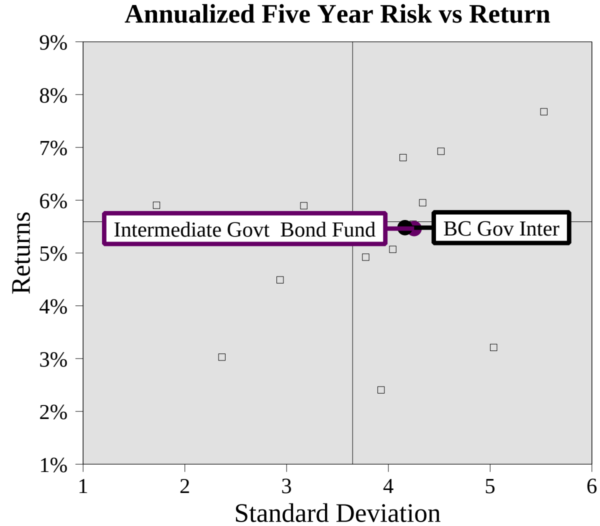


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	0.94	6.66	10.96	6.69	6.91
25th Percentile	0.80	5.34	8.04	5.70	5.90
Median	0.53	4.17	5.85	5.06	5.59
75th Percentile	0.15	3.14	3.84	4.15	4.96
90th Percentile	(0.12)	2.14	1.73	2.54	3.05
Intermediate Govt Bond Fund ●	(0.02)	3.67	2.15	3.50	5.46
BC Gov Inter ▲	0.02	3.83	2.34	3.54	5.48

Relative Return vs BC Gov Inter



CAI MF - Intermediate Style (Net)
Annualized Five Year Risk vs Return

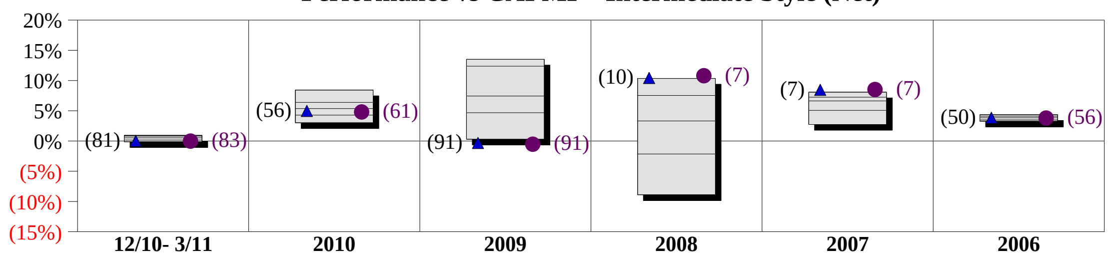


INTERMEDIATE GOVT BOND FUND
RETURN ANALYSIS SUMMARY

Return Analysis

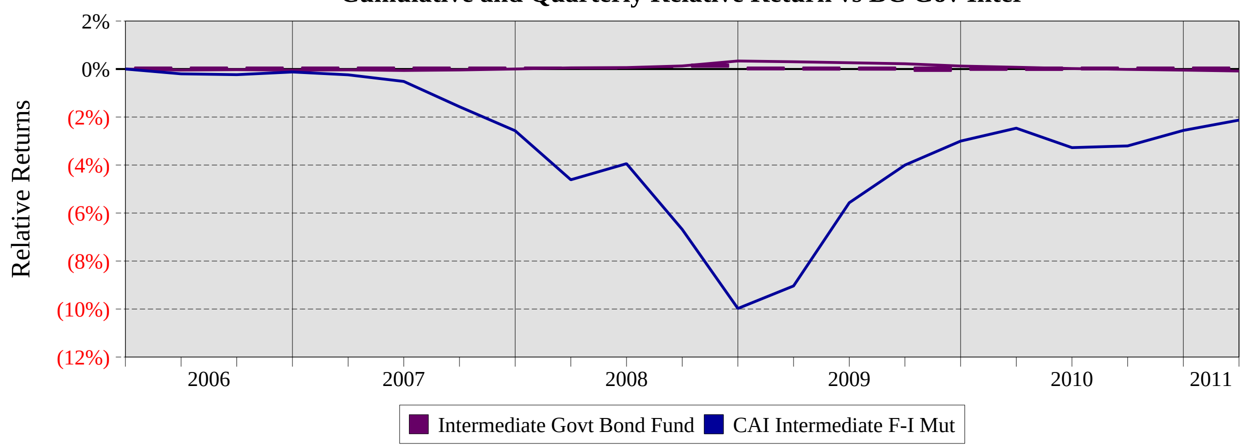
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

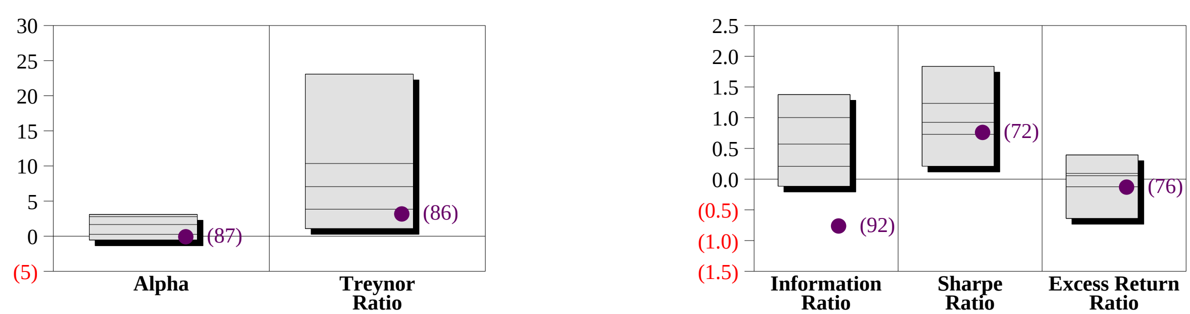


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	0.94	8.43	13.51	10.35	8.08	4.35
25th Percentile	0.80	6.39	12.38	7.53	7.25	4.09
Median	0.53	5.36	7.44	3.32	6.63	3.85
75th Percentile	0.15	4.28	4.68	(2.15)	5.07	3.49
90th Percentile	(0.12)	3.01	0.29	(8.89)	2.73	3.27
Intermediate Govt Bond Fund ●	(0.02)	4.80	(0.53)	10.80	8.52	3.79
BC Gov Inter ▲	0.02	4.98	(0.32)	10.43	8.47	3.84

Cumulative and Quarterly Relative Return vs BC Gov Inter



Risk Adjusted Return Measures vs BC Gov Inter
Rankings Against CAI MF - Intermediate Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	3.10	23.07
25th Percentile	2.78	10.35
Median	1.66	7.06
75th Percentile	0.26	3.84
90th Percentile	(0.55)	1.08
Intermediate Govt Bond Fund ●	(0.08)	3.17

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.38	1.84	0.39
25th Percentile	1.00	1.23	0.09
Median	0.57	0.92	0.06
75th Percentile	0.21	0.73	(0.12)
90th Percentile	(0.12)	0.21	(0.64)
Intermediate Govt Bond Fund ●	(0.76)	0.76	(0.13)

GOVT/CREDIT BOND FUND
PERIOD ENDED MARCH 31, 2011

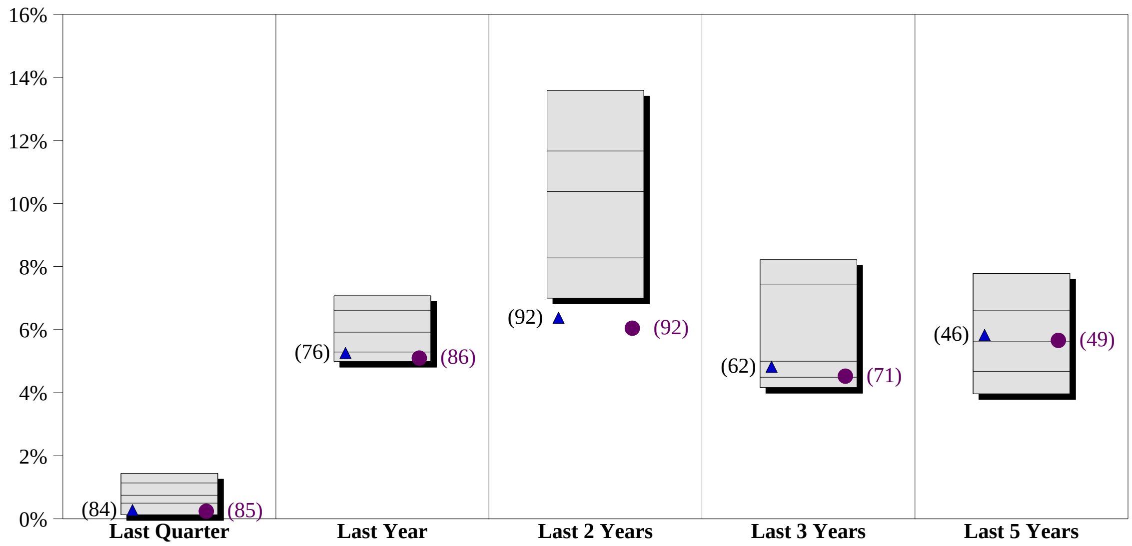
Investment Philosophy

The Govt/Credit Bond Fund is managed by BlackRock. Annual fees are 13 basis points. Passively managed.

Quarterly Summary and Highlights

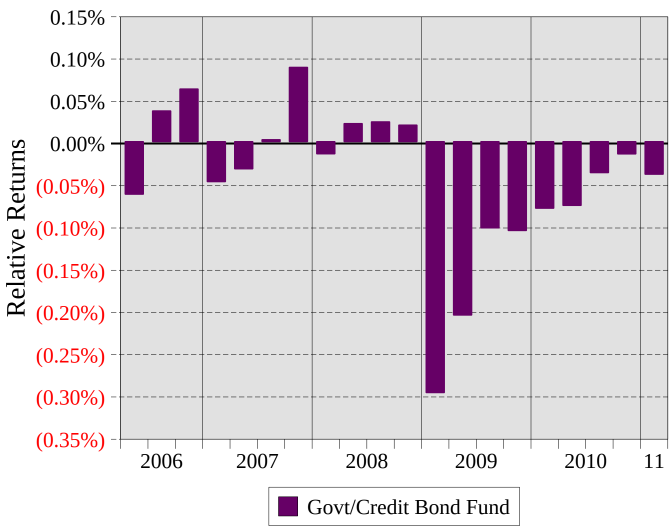
- Govt/Credit Bond Fund's portfolio posted a 0.24% return for the quarter placing it in the 85 percentile of the CAI MF - Core Bond Style group for the quarter and in the 86 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the BC Govt/Credit Bd by 0.04% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.16%.

Performance vs CAI MF - Core Bond Style (Net)

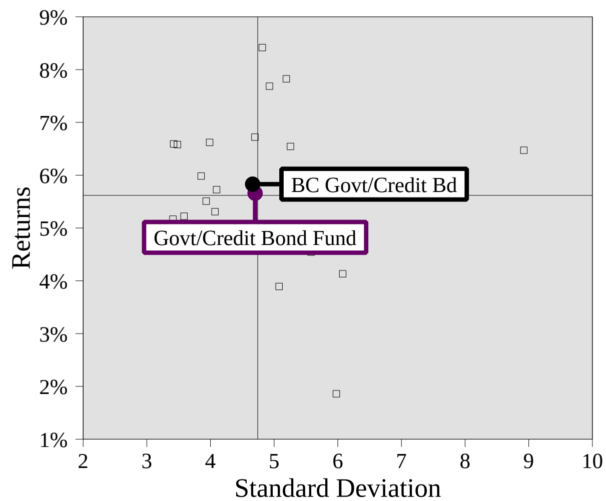


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	1.44	7.07	13.59	8.22	7.78
25th Percentile	1.14	6.61	11.67	7.44	6.60
Median	0.75	5.92	10.38	5.00	5.62
75th Percentile	0.50	5.29	8.28	4.49	4.68
90th Percentile	0.13	4.99	7.00	4.16	3.96
Govt/Credit Bond Fund ●	0.24	5.10	6.04	4.52	5.66
BC Govt/Credit Bd ▲	0.28	5.26	6.38	4.82	5.83

Relative Return vs BC Govt/Credit Bd



CAI MF - Core Bond Style (Net)
Annualized Five Year Risk vs Return

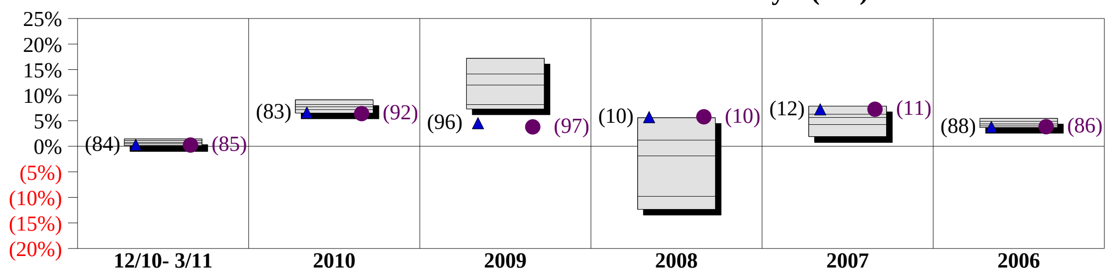


GOVT/CREDIT BOND FUND
RETURN ANALYSIS SUMMARY

Return Analysis

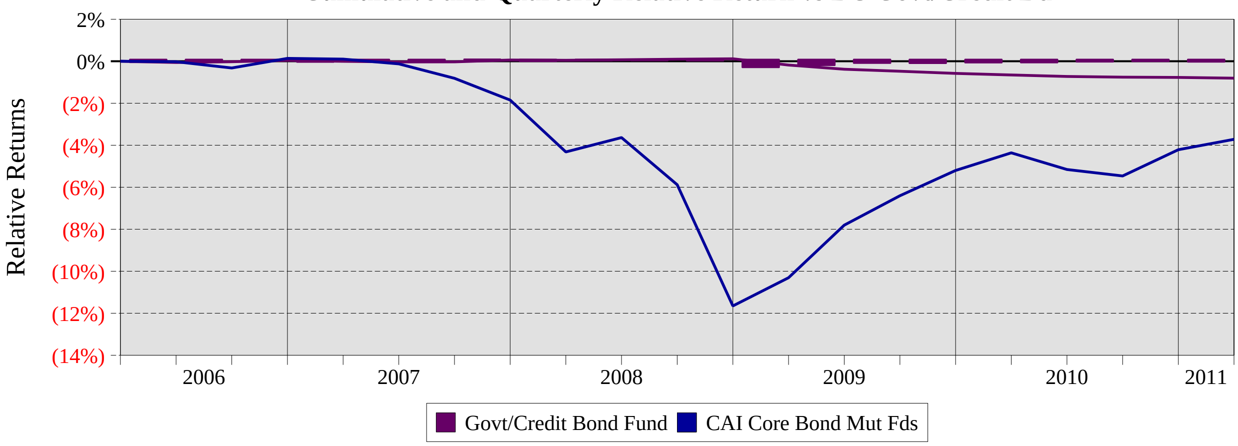
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

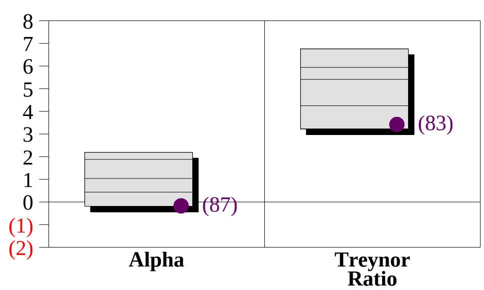


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	1.44	9.09	17.21	5.59	7.86	5.45
25th Percentile	1.14	8.16	14.15	1.21	6.27	4.87
Median	0.75	7.73	11.98	(1.88)	5.63	4.38
75th Percentile	0.50	7.17	8.16	(9.80)	4.25	3.99
90th Percentile	0.13	6.49	7.29	(12.35)	1.90	3.67
Govt/Credit Bond Fund ●	0.24	6.39	3.79	5.77	7.24	3.82
BC Govt/Credit Bd ▲	0.28	6.59	4.52	5.70	7.23	3.78

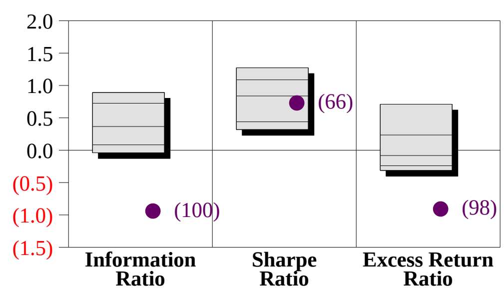
Cumulative and Quarterly Relative Return vs BC Govt/Credit Bd



Risk Adjusted Return Measures vs BC Govt/Credit Bd
Rankings Against CAI MF - Core Bond Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	2.19	6.76
25th Percentile	1.88	5.94
Median	1.04	5.41
75th Percentile	0.44	4.25
90th Percentile	(0.19)	3.22
Govt/Credit Bond Fund ●	(0.17)	3.42



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.89	1.27	0.71
25th Percentile	0.73	1.09	0.23
Median	0.37	0.84	(0.08)
75th Percentile	0.08	0.44	(0.24)
90th Percentile	(0.04)	0.32	(0.31)
Govt/Credit Bond Fund ●	(0.94)	0.73	(0.91)

US Treasury Inflation
Protected

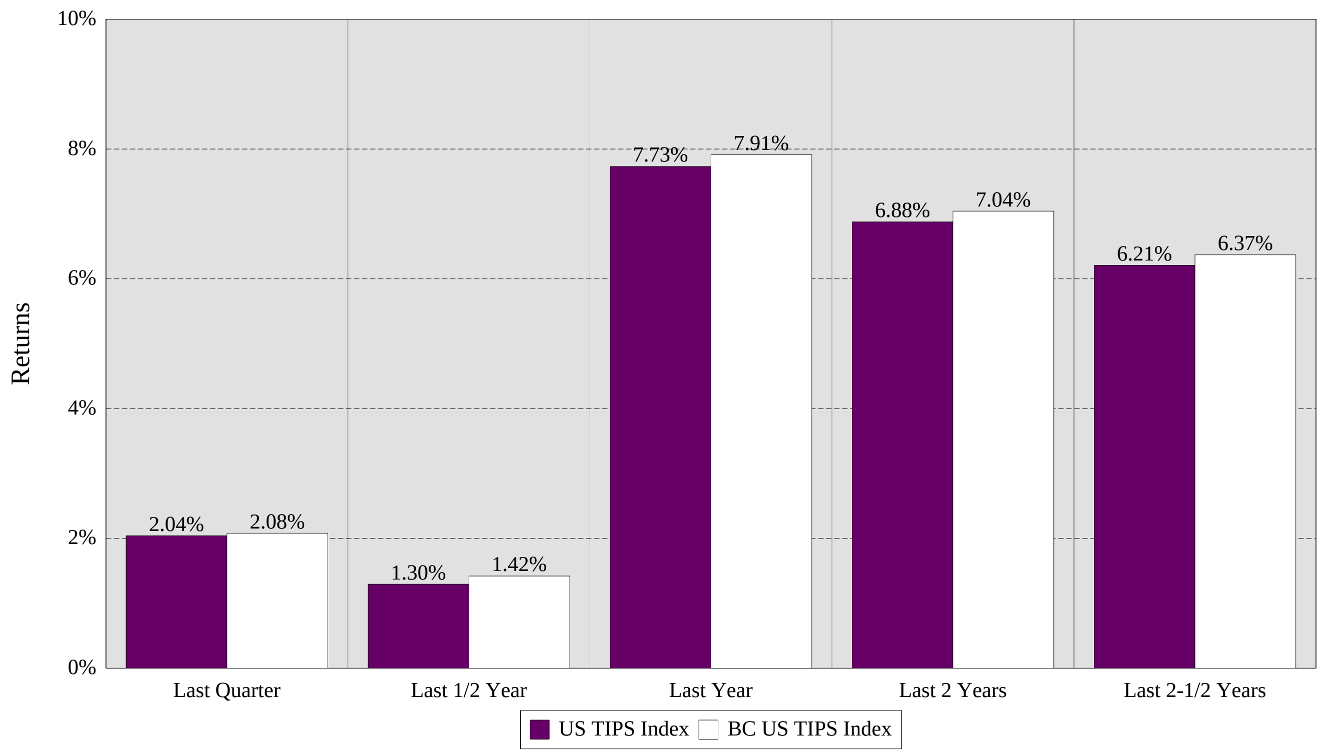
US TIPS INDEX
PERIOD ENDED MARCH 31, 2011

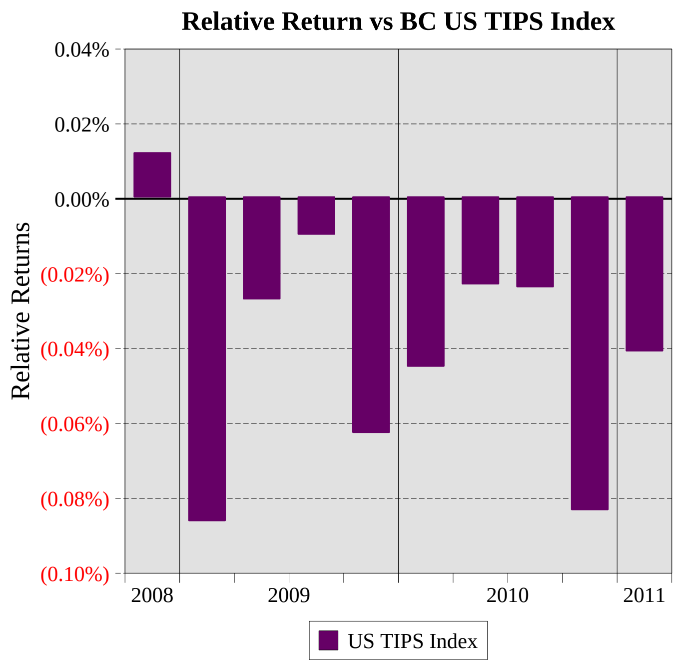
Investment Philosophy

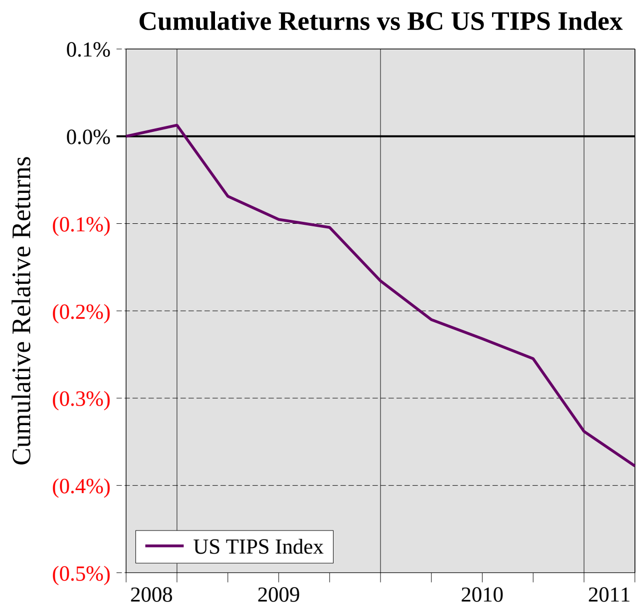
The US TIPS Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

Quarterly Summary and Highlights

- US TIPS Index's portfolio underperformed the BC US TIPS Index by 0.04% for the quarter and underperformed the BC US TIPS Index for the year by 0.18%.







Long US Treasury
Bond Index

LONG US TREASURY INDEX
PERIOD ENDED MARCH 31, 2011

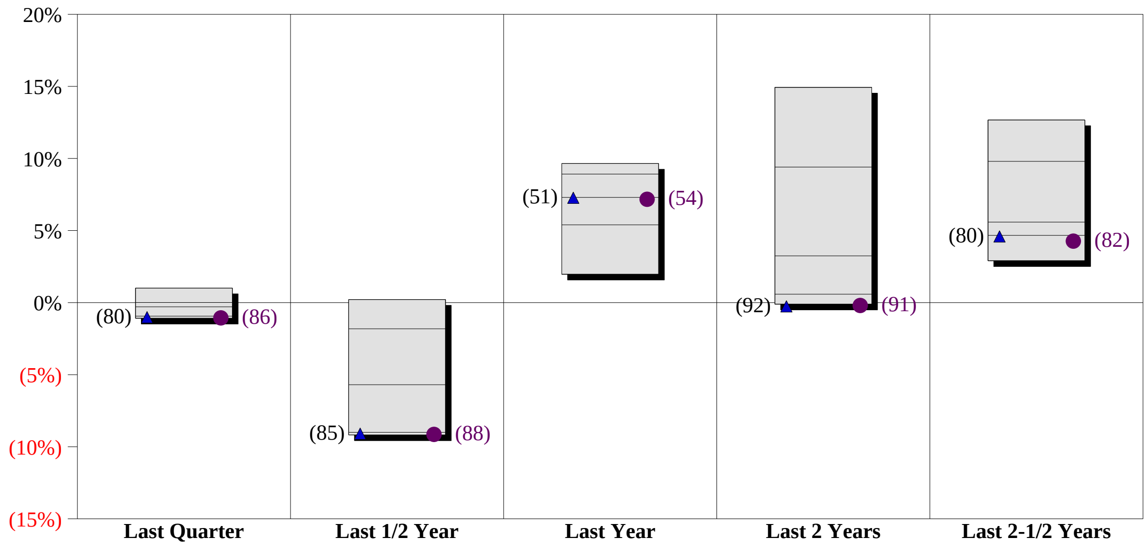
Investment Philosophy

The Long US Treasury Index is managed by SSgA. Annual fees are 7 basis points. Passively managed.

Quarterly Summary and Highlights

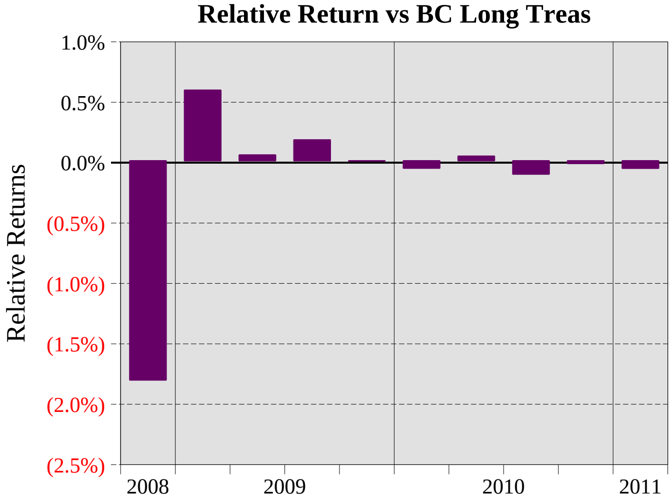
- Long US Treasury Index's portfolio posted a (1.06)% return for the quarter placing it in the 86 percentile of the CAI MF - Extended Maturity group for the quarter and in the 54 percentile for the last year.
- Long US Treasury Index's portfolio underperformed the BC Long Treas by 0.05% for the quarter and underperformed the BC Long Treas for the year by 0.11%.

Performance vs CAI MF - Extended Maturity (Gross)

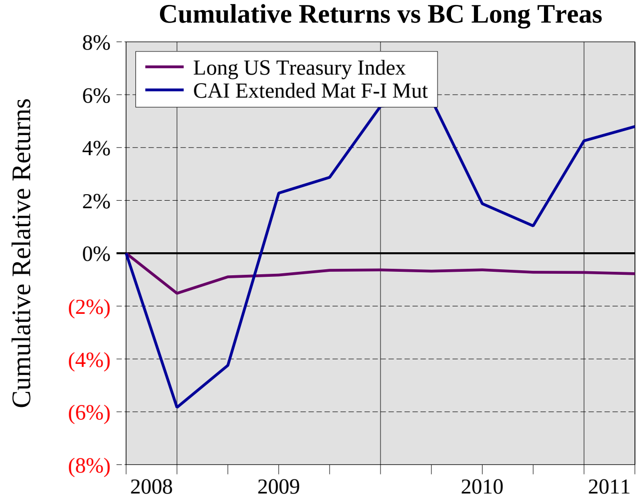


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	1.01	0.21	9.65	14.93	12.67
25th Percentile	0.01	(1.82)	8.92	9.40	9.80
Median	(0.29)	(5.69)	7.30	3.24	5.58
75th Percentile	(0.94)	(9.00)	5.40	0.58	4.66
90th Percentile	(1.09)	(9.18)	1.97	(0.11)	2.91
Long US Treasury Index ●	(1.06)	(9.14)	7.17	(0.20)	4.27
BC Long Treas ▲	(1.01)	(9.09)	7.27	(0.26)	4.59

Relative Return vs BC Long Treas



Cumulative Returns vs BC Long Treas



World Govt Bond
ex-US Index

WORLD GOVT BOND EX US
PERIOD ENDED MARCH 31, 2011

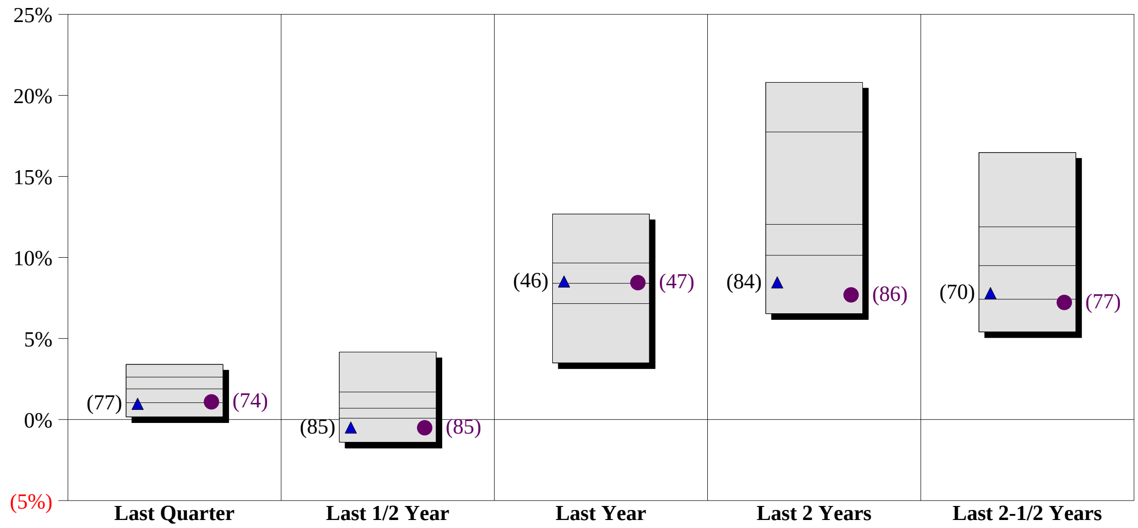
Investment Philosophy

The World Govt Bond ex US Index Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

Quarterly Summary and Highlights

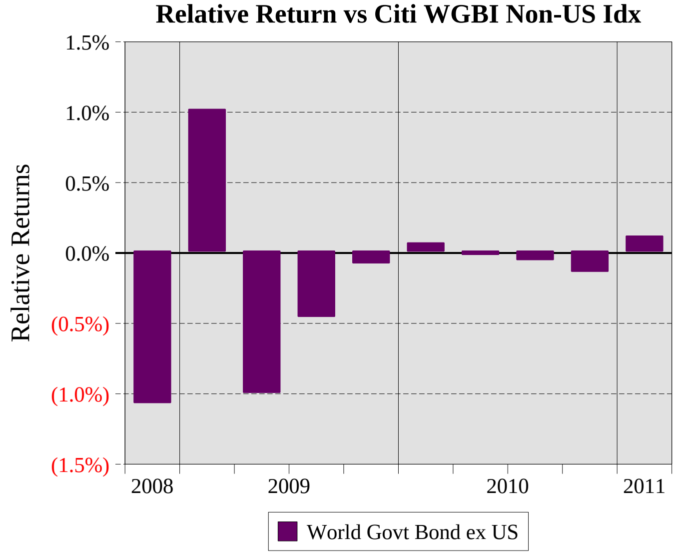
- World Govt Bond ex US's portfolio posted a 1.09% return for the quarter placing it in the 74 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 47 percentile for the last year.
- World Govt Bond ex US's portfolio outperformed the Citi WGBI Non-US Idx by 0.12% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.07%.

Performance vs CAI MF - Global Fixed Income Style (Gross)

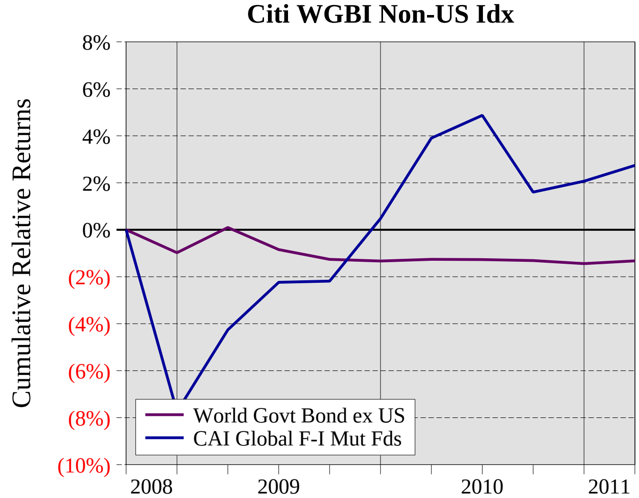


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	3.40	4.16	12.68	20.80	16.47
25th Percentile	2.62	1.70	9.66	17.74	11.89
Median	1.89	0.70	8.40	12.04	9.50
75th Percentile	1.04	0.08	7.15	10.13	7.42
90th Percentile	0.16	(1.40)	3.49	6.53	5.41
World Govt Bond ex US ●	1.09	(0.51)	8.45	7.69	7.22
Citi WGBI Non-US Idx ▲	0.97	(0.49)	8.52	8.46	7.80

Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx



S&P 500 Stock
Index Fund

S&P 500 STOCK INDEX FUND
PERIOD ENDED MARCH 31, 2011

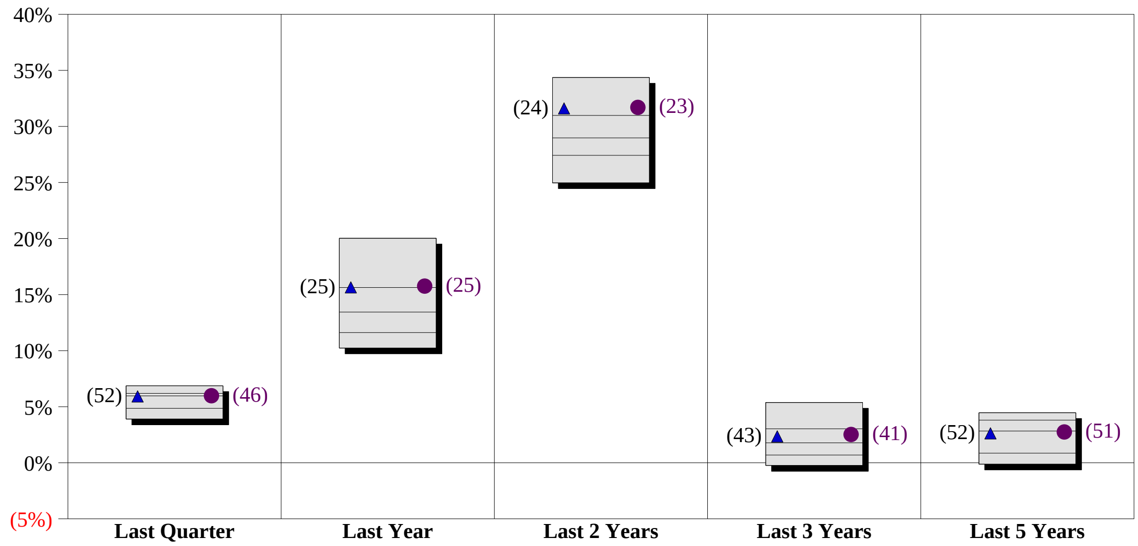
Investment Philosophy

The S&P 500 Stock Index Fund is managed by BlackRock. Annual fees are 3.5 basis points. Passively managed.

Quarterly Summary and Highlights

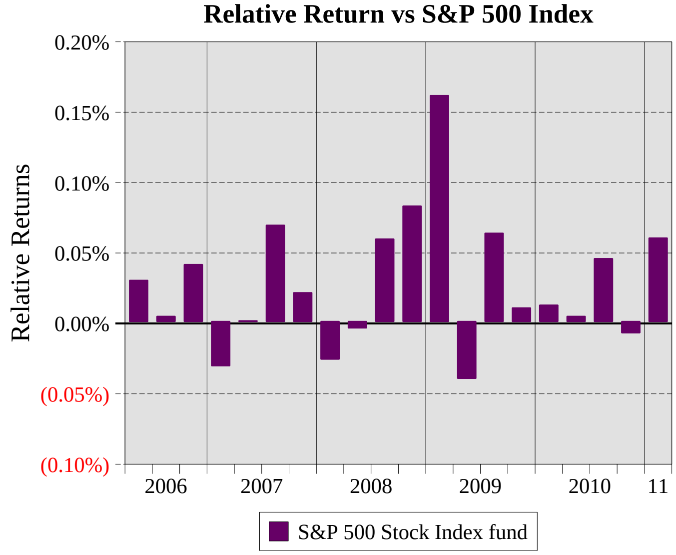
- S&P 500 Stock Index fund's portfolio posted a 5.98% return for the quarter placing it in the 46 percentile of the CAI MF - Core Equity Style group for the quarter and in the 25 percentile for the last year.
- S&P 500 Stock Index fund's portfolio outperformed the S&P 500 Index by 0.06% for the quarter and outperformed the S&P 500 Index for the year by 0.11%.

Performance vs CAI MF - Core Equity Style (Net)

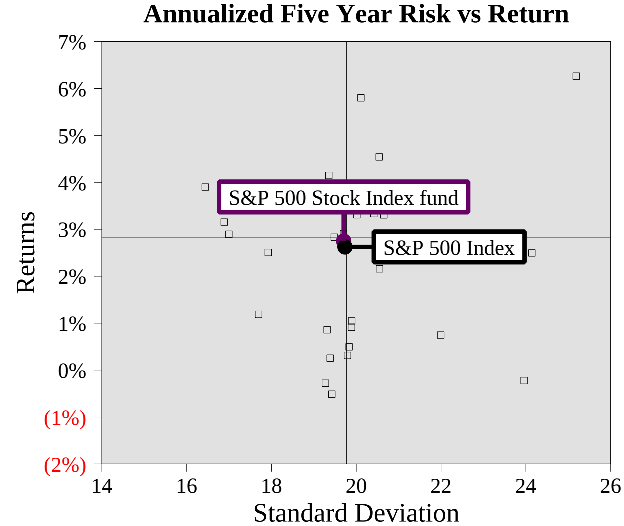


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	6.87	20.03	34.36	5.38	4.46
25th Percentile	6.19	15.63	30.98	3.03	3.80
Median	5.96	13.44	28.98	1.78	2.83
75th Percentile	4.86	11.61	27.42	0.69	0.86
90th Percentile	3.90	10.23	24.96	(0.24)	(0.13)
S&P 500 Stock Index fund ●	5.98	15.76	31.70	2.52	2.75
S&P 500 Index ▲	5.92	15.65	31.61	2.35	2.62

Relative Return vs S&P 500 Index



CAI MF - Core Equity Style (Net)
Annualized Five Year Risk vs Return

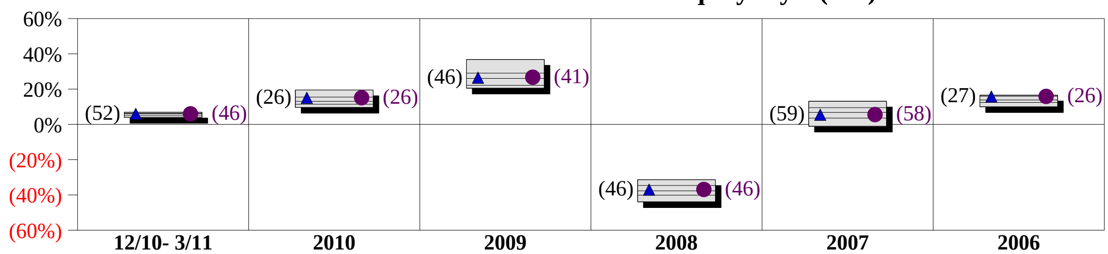


S&P 500 STOCK INDEX FUND
RETURN ANALYSIS SUMMARY

Return Analysis

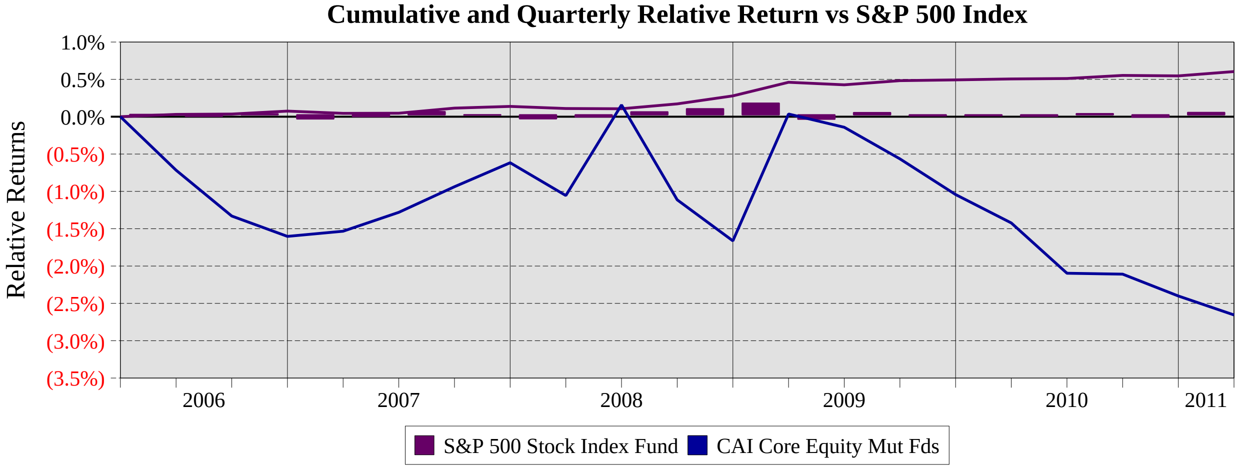
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

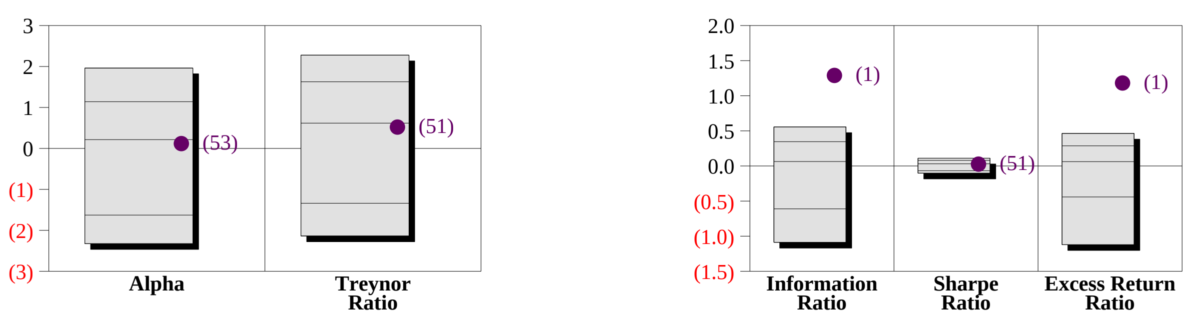


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	6.87	19.51	36.80	(31.36)	13.12	16.54
25th Percentile	6.19	15.47	29.07	(34.63)	9.48	15.95
Median	5.96	13.07	26.06	(37.68)	6.81	13.84
75th Percentile	4.86	11.43	22.15	(40.13)	3.56	12.42
90th Percentile	3.90	9.62	20.49	(43.92)	(1.09)	9.99
S&P 500 Stock Index Fund ●	5.98	15.13	26.74	(36.91)	5.56	15.88
S&P 500 Index ▲	5.92	15.06	26.47	(37.00)	5.49	15.79

Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI MF - Core Equity Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	1.96	2.28
25th Percentile	1.14	1.63
Median	0.21	0.62
75th Percentile	(1.63)	(1.34)
90th Percentile	(2.32)	(2.14)
S&P 500 Stock Index Fund ●	0.12	0.52

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.56	0.11	0.46
25th Percentile	0.35	0.08	0.29
Median	0.06	0.03	0.06
75th Percentile	(0.61)	(0.07)	(0.44)
90th Percentile	(1.09)	(0.10)	(1.12)
S&P 500 Stock Index Fund ●	1.29	0.03	1.18

SMALL CAP STOCK TRUST
PERIOD ENDED MARCH 31, 2011

Investment Philosophy

The Small Cap Stock Trust is managed by T. Rowe Price. The annual fees are 70 basis points. Actively managed.

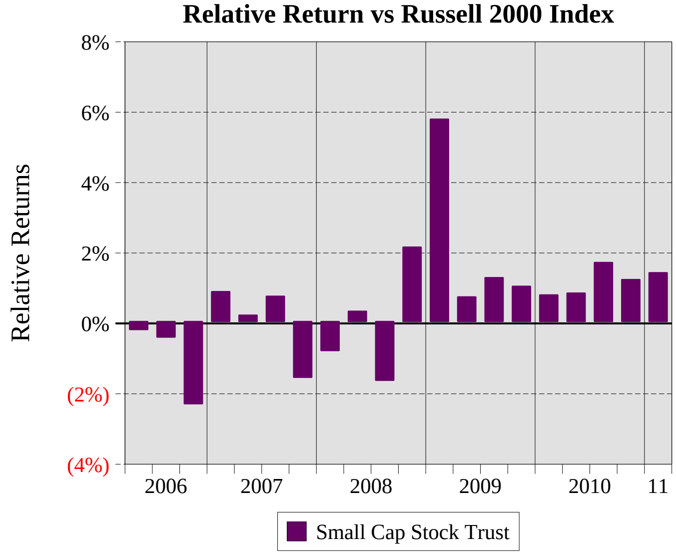
Quarterly Summary and Highlights

- Small Cap Stock Trust's portfolio posted a 9.38% return for the quarter placing it in the 28 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 20 percentile for the last year.
- Small Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 1.44% for the quarter and outperformed the Russell 2000 Index for the year by 6.30%.

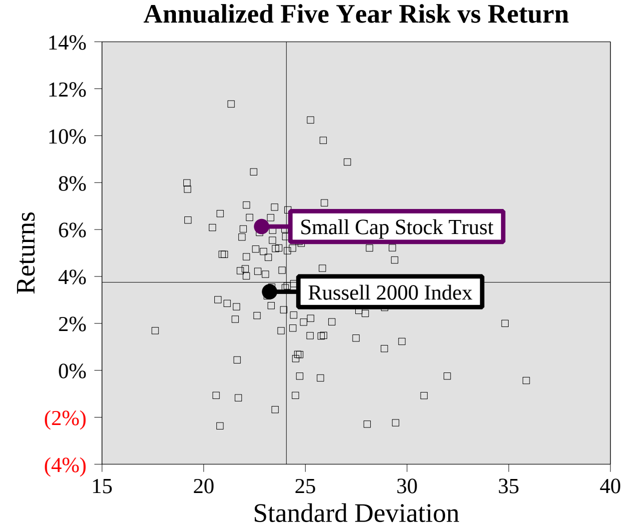
Performance vs CAI MF - Small Cap Broad Style (Net)

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	12.40	34.90	52.38	13.56	6.92
25th Percentile	9.68	30.76	49.06	11.10	5.56
Median	8.08	26.22	44.25	8.76	3.75
75th Percentile	6.19	22.14	40.56	6.78	1.95
90th Percentile	5.34	17.42	35.01	4.12	(0.30)
Small Cap Stock Trust ●	9.38	32.09	49.19	14.72	6.13
Russell 2000 Index ▲	7.94	25.79	43.09	8.57	3.35

Relative Return vs Russell 2000 Index



CAI MF - Small Cap Broad Style (Net)
Annualized Five Year Risk vs Return

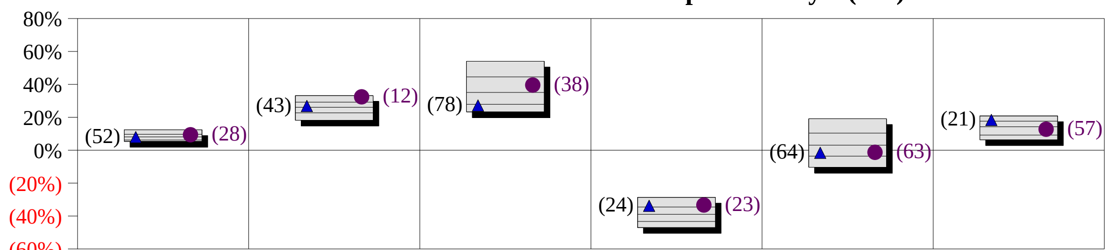


SMALL CAP STOCK TRUST
RETURN ANALYSIS SUMMARY

Return Analysis

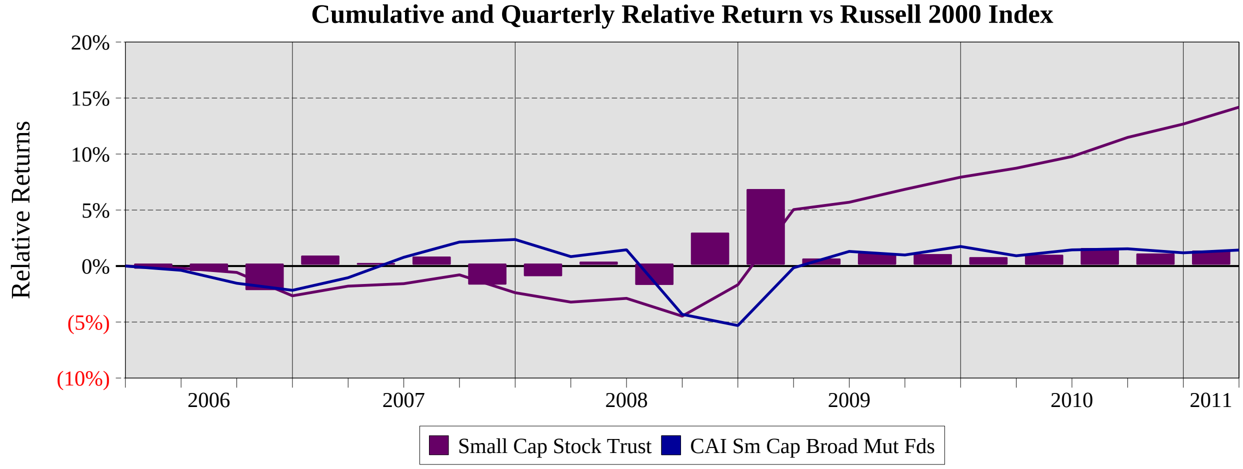
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

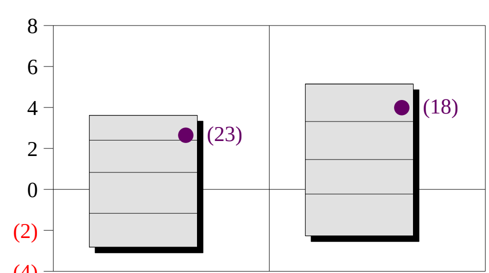


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	12.40	33.15	54.04	(28.66)	19.12	20.83
25th Percentile	9.68	29.20	44.52	(34.53)	10.39	17.65
Median	8.08	26.10	35.11	(38.94)	3.07	14.23
75th Percentile	6.19	22.70	27.89	(43.30)	(3.60)	9.19
90th Percentile	5.34	18.19	23.27	(47.03)	(10.37)	6.31
Small Cap Stock Trust ●	9.38	32.43	39.59	(33.30)	(1.29)	12.74
Russell 2000 Index ▲	7.94	26.85	27.17	(33.79)	(1.57)	18.37

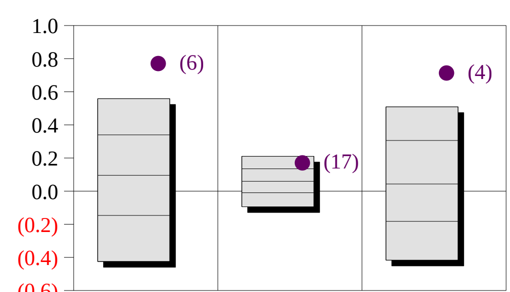
Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI MF - Small Cap Broad Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	3.61	5.15
25th Percentile	2.40	3.31
Median	0.83	1.46
75th Percentile	(1.17)	(0.23)
90th Percentile	(2.82)	(2.27)
Small Cap Stock Trust ●	2.64	3.99



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.56	0.21	0.51
25th Percentile	0.34	0.13	0.31
Median	0.10	0.06	0.04
75th Percentile	(0.15)	(0.01)	(0.18)
90th Percentile	(0.43)	(0.09)	(0.42)
Small Cap Stock Trust ●	0.77	0.17	0.71

RUSSELL 3000 INDEX FUND
PERIOD ENDED MARCH 31, 2011

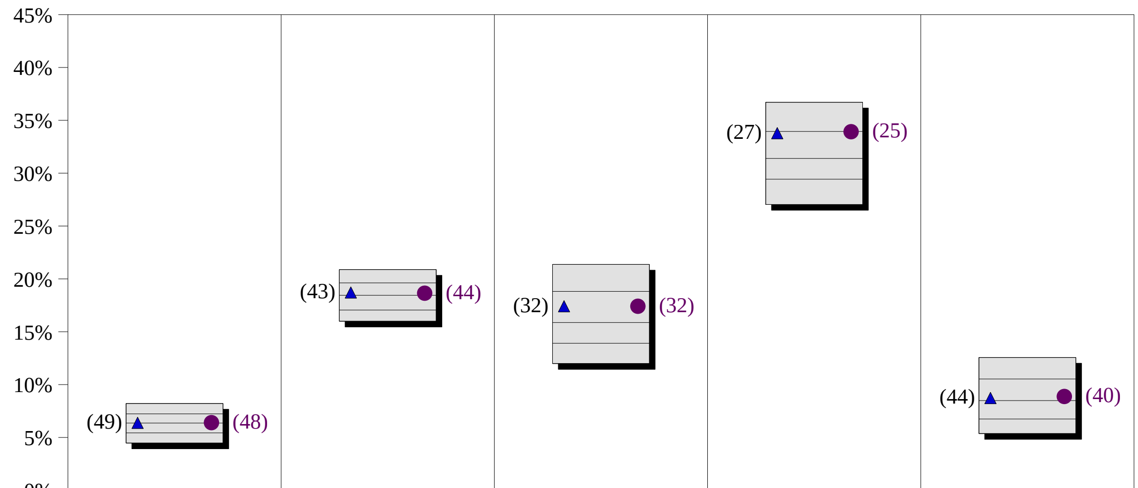
Investment Philosophy

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

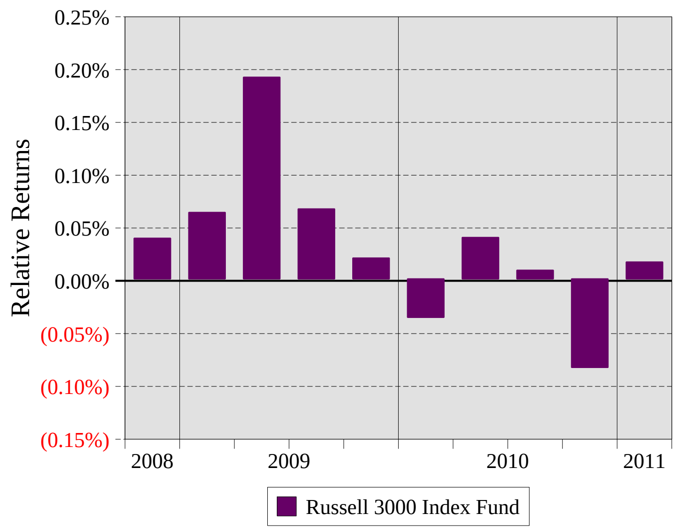
- Russell 3000 Index Fund's portfolio posted a 6.40% return for the quarter placing it in the 48 percentile of the CAI Large Capitalization Style group for the quarter and in the 32 percentile for the last year.
- Russell 3000 Index Fund's portfolio outperformed the Russell 3000 Index by 0.02% for the quarter and underperformed the Russell 3000 Index for the year by 0.00%.

Performance vs CAI Large Capitalization Style (Gross)

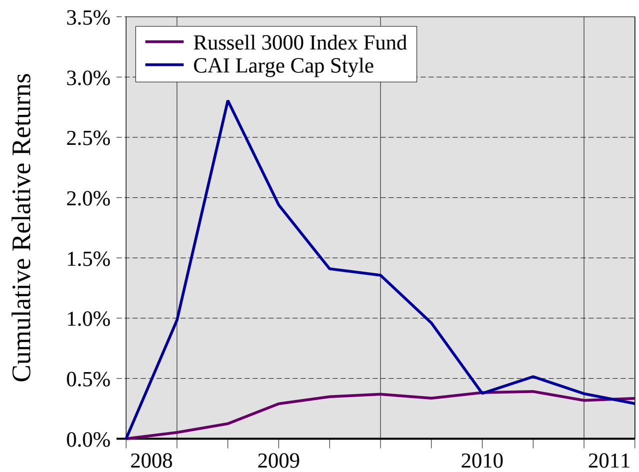


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	8.21	20.88	21.37	36.71	12.56
25th Percentile	7.23	19.62	18.82	33.95	10.53
Median	6.36	18.45	15.87	31.39	8.49
75th Percentile	5.43	17.05	13.91	29.43	6.74
90th Percentile	4.47	15.99	11.99	27.04	5.36
Russell 3000 Index Fund ●	6.40	18.65	17.41	33.93	8.88
Russell 3000 Index ▲	6.38	18.71	17.41	33.78	8.73

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



RCM SOCIALLY RESP(NET)
PERIOD ENDED MARCH 31, 2011

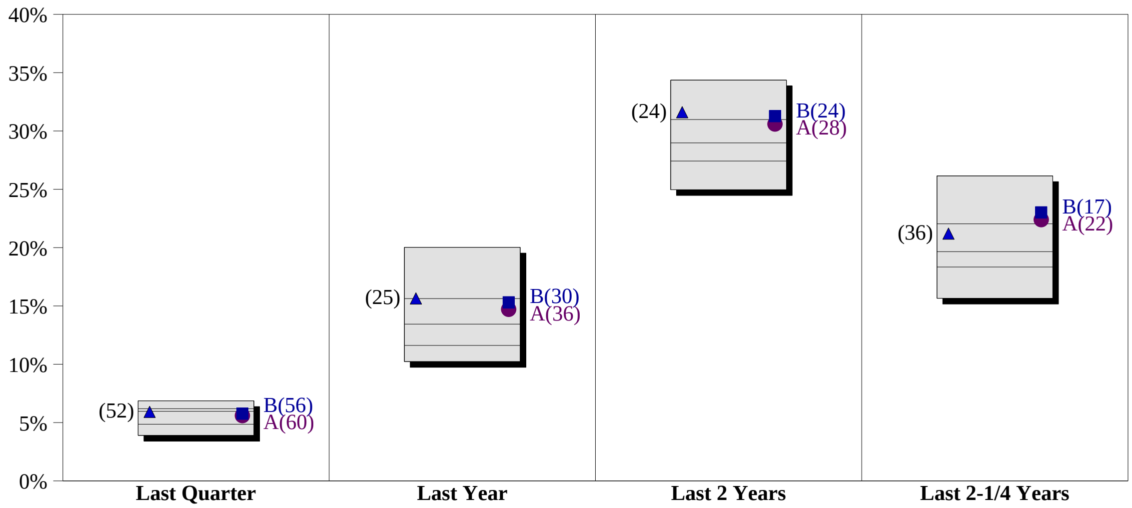
Investment Philosophy

The RCM Socially Responsible Inv. Fd is actively managed. Annual fees are 50 basis points.

Quarterly Summary and Highlights

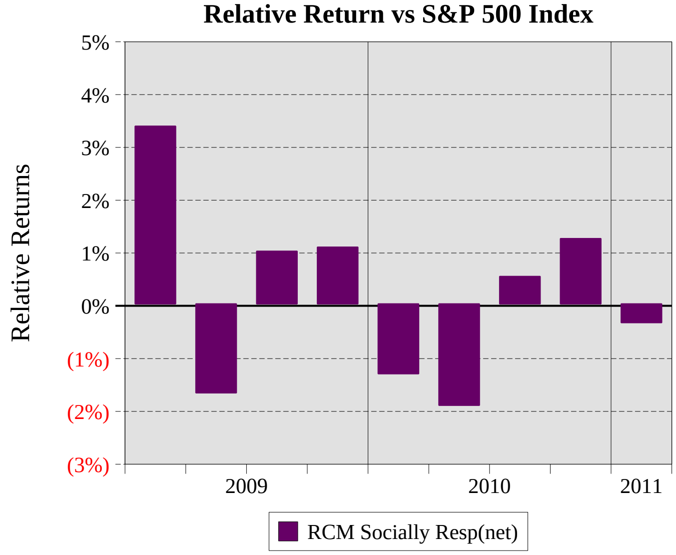
- RCM Socially Resp(net)'s portfolio posted a 5.60% return for the quarter placing it in the 60 percentile of the CAI MF - Core Equity Style group for the quarter and in the 36 percentile for the last year.
- RCM Socially Resp(net)'s portfolio underperformed the S&P 500 Index by 0.32% for the quarter and underperformed the S&P 500 Index for the year by 0.93%.

Performance vs CAI MF - Core Equity Style (Net)

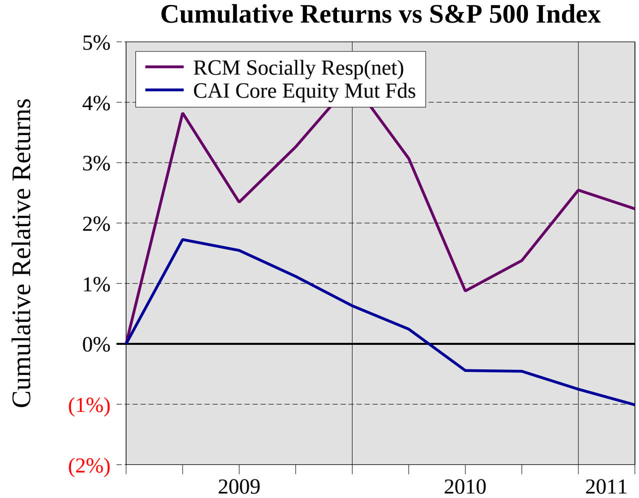


	Last Quarter	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	6.87	20.03	34.36	26.15
25th Percentile	6.19	15.63	30.98	22.04
Median	5.96	13.44	28.98	19.65
75th Percentile	4.86	11.61	27.42	18.34
90th Percentile	3.90	10.23	24.96	15.65
RCM Socially Resp(net) ● A	5.60	14.71	30.60	22.40
RCM Socially Resp(gross) ■ B	5.76	15.32	31.27	23.03
S&P 500 Index ▲	5.92	15.65	31.61	21.20

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



World Equity
ex-US Index

WORLD EQUITY EX-US
PERIOD ENDED MARCH 31, 2011

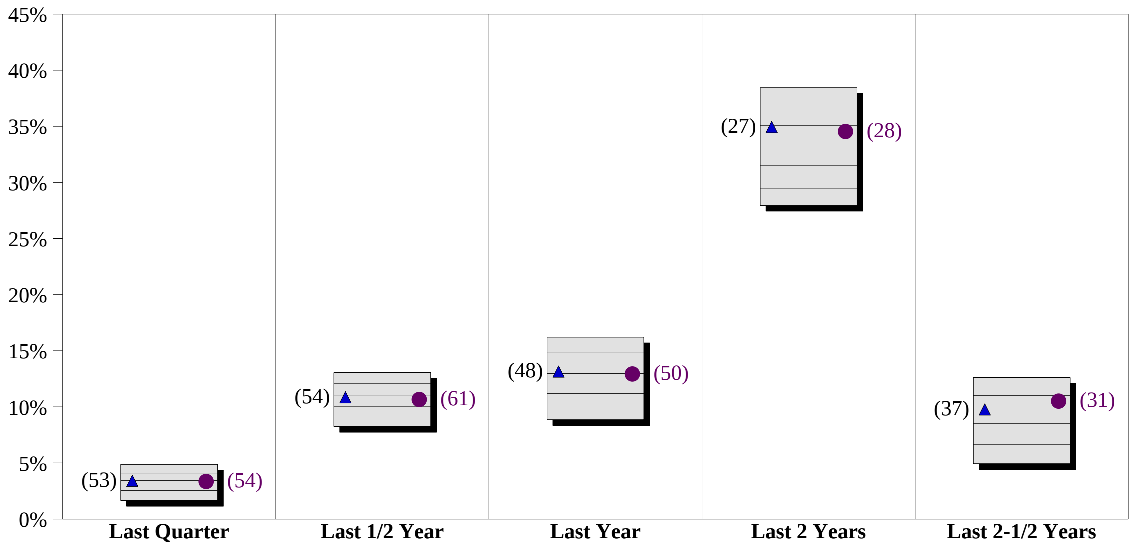
Investment Philosophy

The World Equity ex US fund is managed by SSgA. It is passively managed. Annual fees are 17 basis points.

Quarterly Summary and Highlights

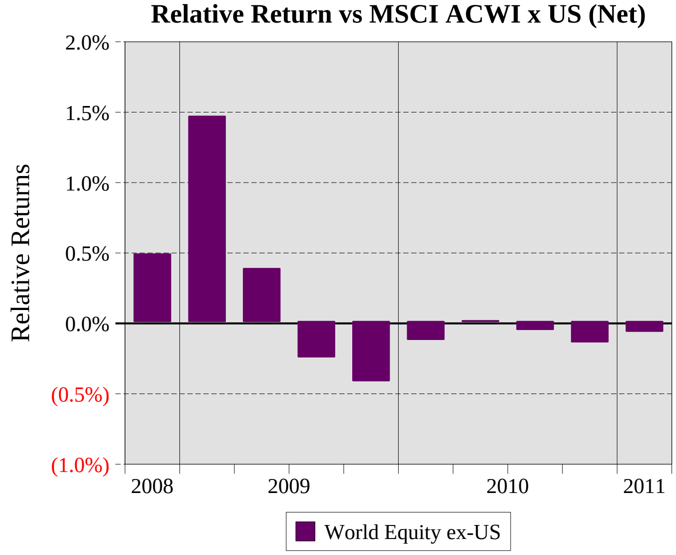
- World Equity ex-US's portfolio posted a 3.35% return for the quarter placing it in the 54 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 50 percentile for the last year.
- World Equity ex-US's portfolio underperformed the MSCI ACWI x US (Net) by 0.06% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 0.22%.

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

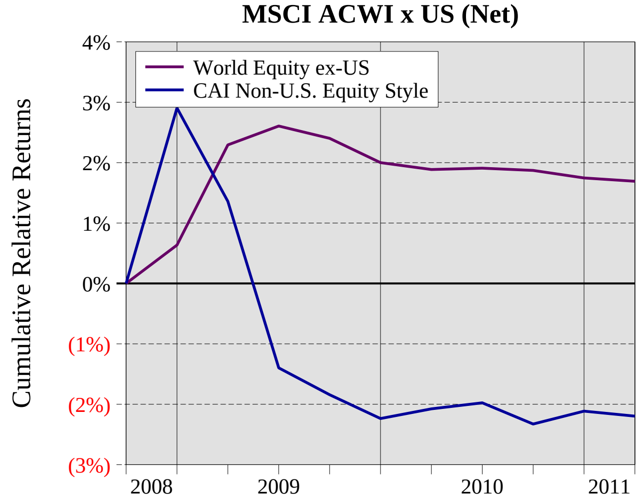


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	4.88	13.05	16.21	38.44	12.61
25th Percentile	4.02	12.09	14.80	35.09	11.00
Median	3.43	10.97	12.97	31.49	8.50
75th Percentile	2.55	10.05	11.18	29.48	6.63
90th Percentile	1.65	8.25	8.85	27.95	4.93
World Equity ex-US ●	3.35	10.66	12.93	34.54	10.51
MSCI ACWI x US (Net) ▲	3.41	10.85	13.15	34.94	9.77

Relative Return vs MSCI ACWI x US (Net)



Cumulative Returns vs MSCI ACWI x US (Net)



Long Term Balanced Trust

LONG TERM BALANCED TRUST
PERIOD ENDED MARCH 31, 2011

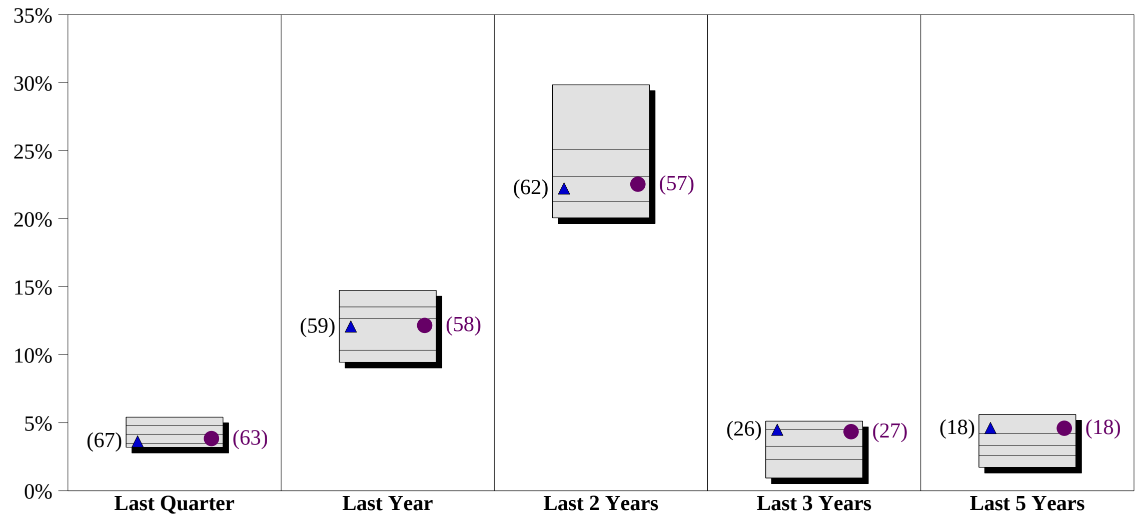
Investment Philosophy

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

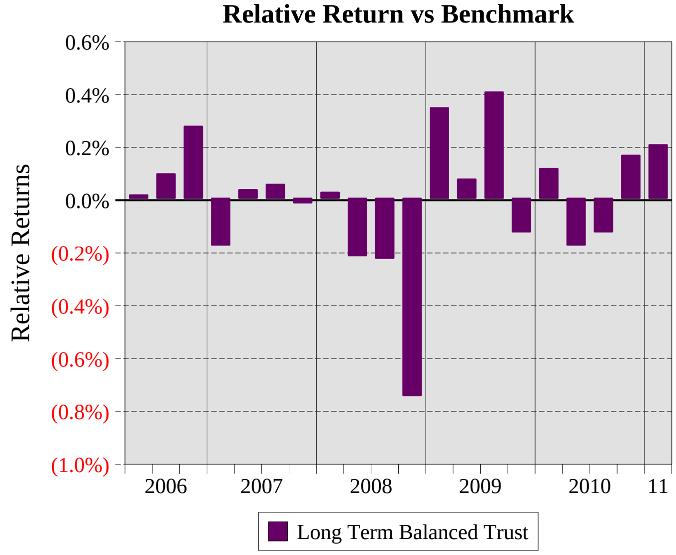
- Long Term Balanced Trust’s portfolio posted a 3.84% return for the quarter placing it in the 63 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 58 percentile for the last year.
- Long Term Balanced Trust’s portfolio outperformed the Benchmark by 0.21% for the quarter and outperformed the Benchmark for the year by 0.08%.

Performance vs CAI MF - Domestic Balanced Style (Net)

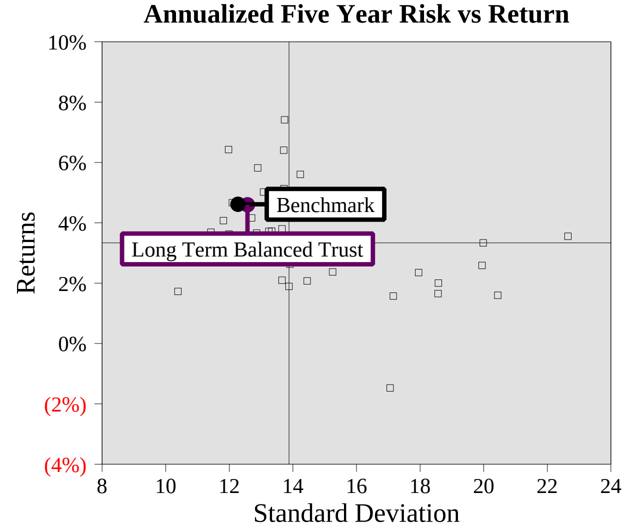


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	5.41	14.73	29.84	5.12	5.61
25th Percentile	4.81	13.51	25.10	4.51	4.21
Median	4.16	12.65	23.11	3.28	3.34
75th Percentile	3.48	10.33	21.28	2.29	2.61
90th Percentile	3.20	9.45	20.06	0.94	1.73
Long Term Balanced Trust ●	3.84	12.16	22.54	4.35	4.60
Benchmark ▲	3.63	12.08	22.23	4.49	4.61

Relative Return vs Benchmark



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return

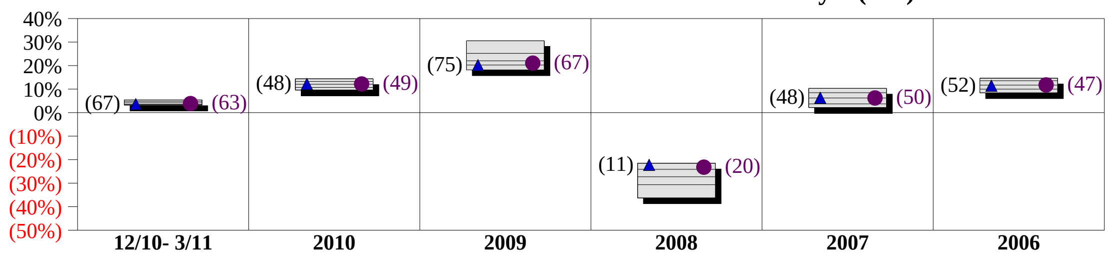


LONG TERM BALANCED TRUST
RETURN ANALYSIS SUMMARY

Return Analysis

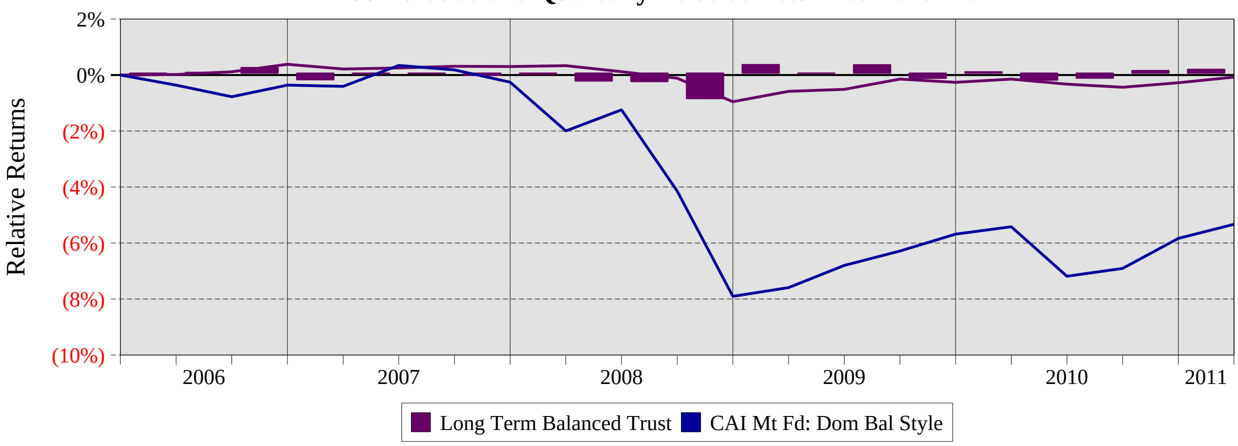
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

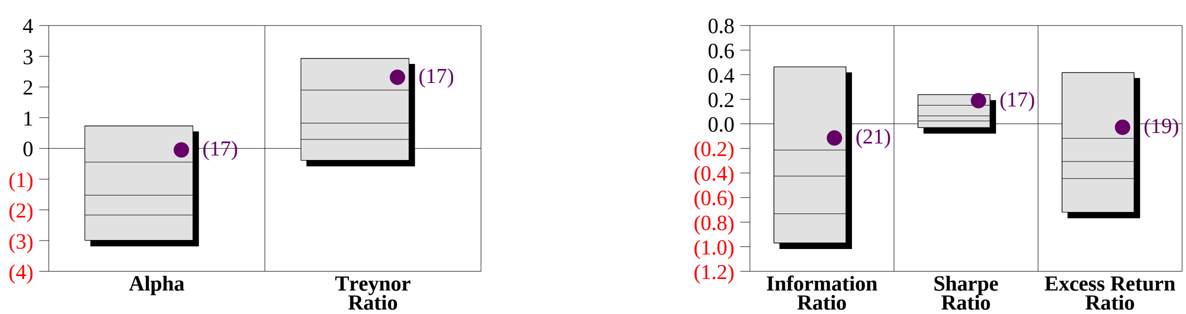


	12/10- 3/11	2010	2009	2008	2007	2006
10th Percentile	5.41	14.39	30.56	(21.52)	10.33	14.64
25th Percentile	4.81	13.26	25.21	(24.12)	8.48	13.58
Median	4.16	12.07	22.03	(27.29)	6.22	11.69
75th Percentile	3.48	10.70	20.24	(30.65)	3.73	9.99
90th Percentile	3.20	9.60	18.17	(36.29)	2.16	8.42
Long Term Balanced Trust ●	3.84	12.18	21.03	(23.19)	6.23	11.79
Benchmark ▲	3.63	12.19	20.19	(22.22)	6.32	11.45

Cumulative and Quarterly Relative Return vs Benchmark



Risk Adjusted Return Measures vs Benchmark
Rankings Against CAI MF - Domestic Balanced Style (Net)
Five Years Ended March 31, 2011



	Alpha	Treynor Ratio
10th Percentile	0.73	2.93
25th Percentile	(0.45)	1.90
Median	(1.52)	0.82
75th Percentile	(2.17)	0.29
90th Percentile	(2.99)	(0.39)
Long Term Balanced Trust ●	(0.05)	2.32

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.46	0.24	0.42
25th Percentile	(0.21)	0.15	(0.12)
Median	(0.43)	0.06	(0.31)
75th Percentile	(0.73)	0.02	(0.45)
90th Percentile	(0.97)	(0.03)	(0.72)
Long Term Balanced Trust ●	(0.11)	0.19	(0.03)

TARGET 2010
PERIOD ENDED MARCH 31, 2011

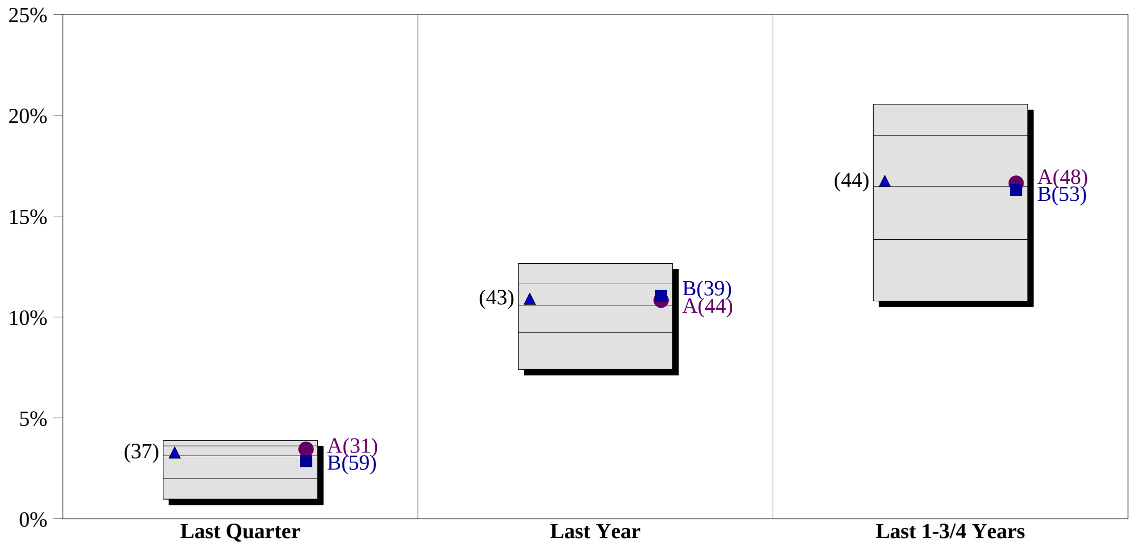
Investment Philosophy

Annual fees are 13 basis points.

Quarterly Summary and Highlights

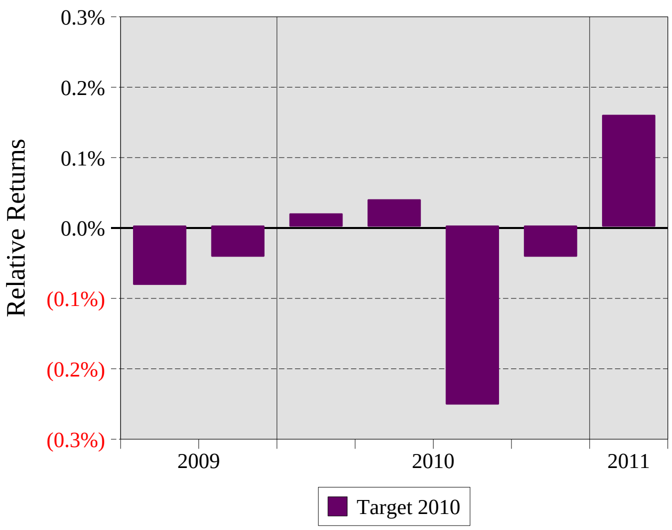
- Target 2010's portfolio posted a 3.45% return for the quarter placing it in the 31 percentile of the CAI Target Date 2010 group for the quarter and in the 44 percentile for the last year.
- Target 2010's portfolio outperformed the Custom Index by 0.16% for the quarter and underperformed the Custom Index for the year by 0.08%.

Performance vs CAI Target Date 2010 (Net)

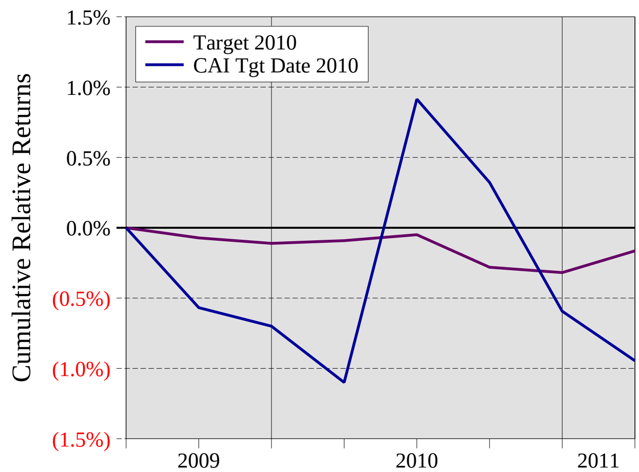


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	3.88	12.65	20.54
25th Percentile	3.61	11.64	19.00
Median	3.13	10.56	16.47
75th Percentile	2.00	9.24	13.84
90th Percentile	0.97	7.41	10.79
Target 2010 ● A	3.45	10.83	16.63
CAI Tgt Dt Idx 2010 ■ B	2.86	11.05	16.31
Custom Index ▲	3.29	10.91	16.74

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



TARGET 2015 TRUST
PERIOD ENDED MARCH 31, 2011

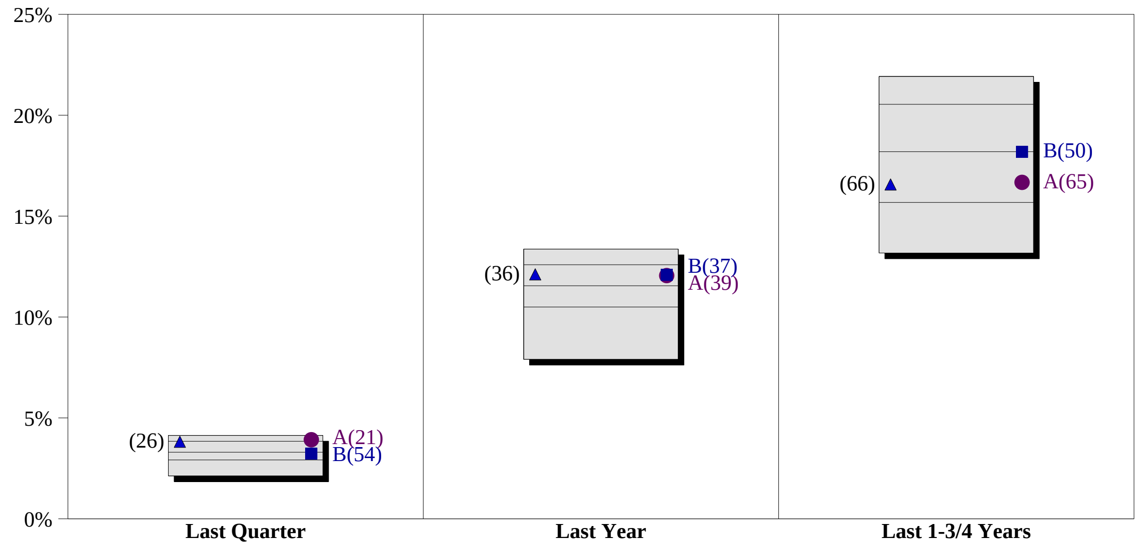
Investment Philosophy

Annual fees are 13 basis points.

Quarterly Summary and Highlights

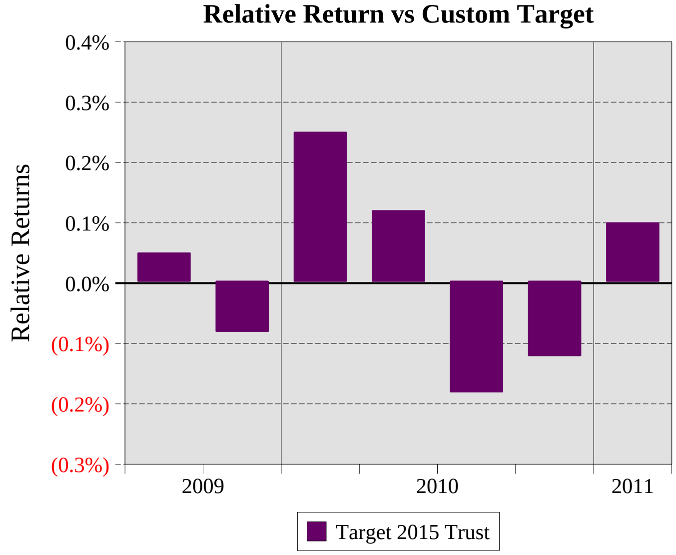
- Target 2015 Trust's portfolio posted a 3.92% return for the quarter placing it in the 21 percentile of the CAI Target Date 2015 group for the quarter and in the 39 percentile for the last year.
- Target 2015 Trust's portfolio outperformed the Custom Target by 0.10% for the quarter and underperformed the Custom Target for the year by 0.06%.

Performance vs CAI Target Date 2015 (Net)

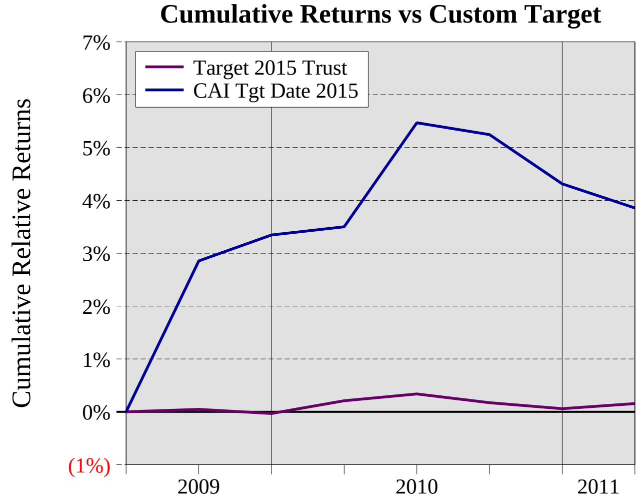


		Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile		4.13	13.37	21.92
25th Percentile		3.84	12.59	20.54
Median		3.30	11.55	18.19
75th Percentile		2.92	10.50	15.68
90th Percentile		2.13	7.90	13.17
Target 2015 Trust	● A	3.92	12.05	16.67
CAI Tgt Dt Idx 2015	■ B	3.23	12.09	18.19
Custom Target	▲	3.82	12.11	16.57

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2020 TRUST
PERIOD ENDED MARCH 31, 2011

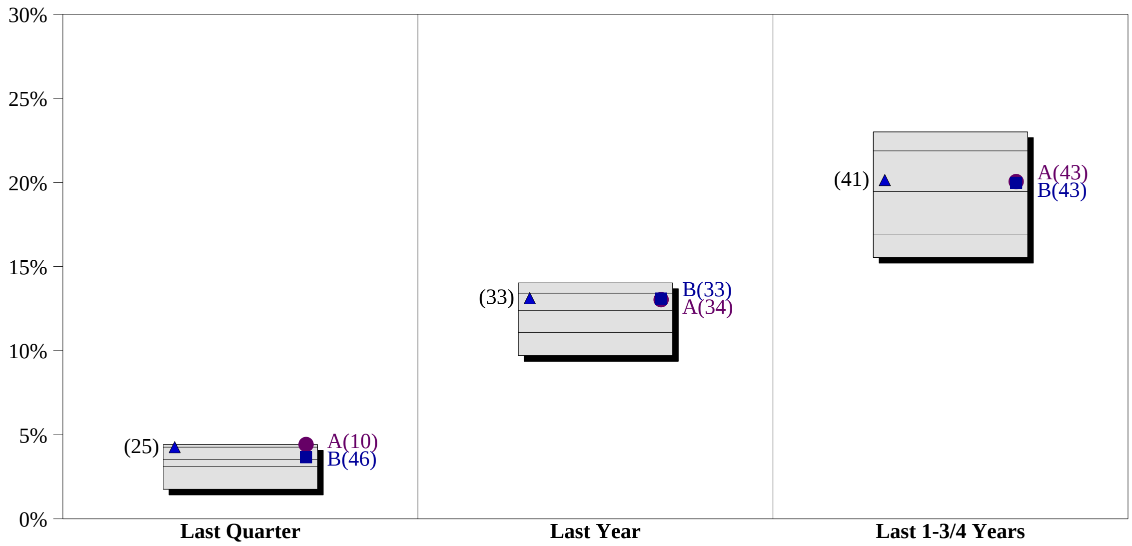
Investment Philosophy

Annual fees are 14 basis points.

Quarterly Summary and Highlights

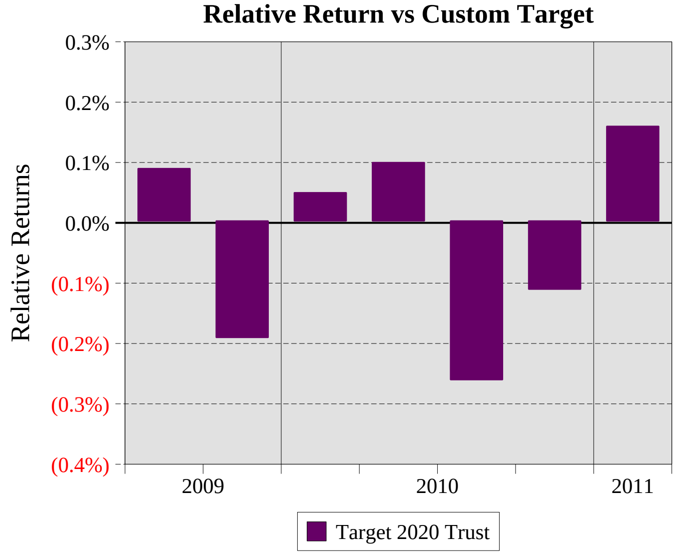
- Target 2020 Trust's portfolio posted a 4.42% return for the quarter placing it in the 10 percentile of the CAI Target Date 2020 group for the quarter and in the 34 percentile for the last year.
- Target 2020 Trust's portfolio outperformed the Custom Target by 0.16% for the quarter and underperformed the Custom Target for the year by 0.09%.

Performance vs CAI Target Date 2020 (Net)

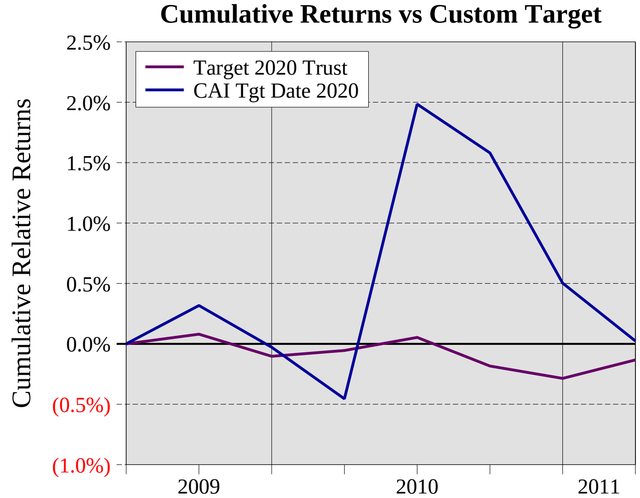


		Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile		4.41	14.03	23.01
25th Percentile		4.26	13.42	21.88
Median		3.53	12.38	19.46
75th Percentile		3.11	11.09	16.93
90th Percentile		1.76	9.71	15.54
Target 2020 Trust	● A	4.42	13.03	20.05
CAI Tgt Dt Idx 2020	■ B	3.66	13.10	19.98
Custom Target	▲	4.26	13.12	20.15

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2025 TRUST
PERIOD ENDED MARCH 31, 2011

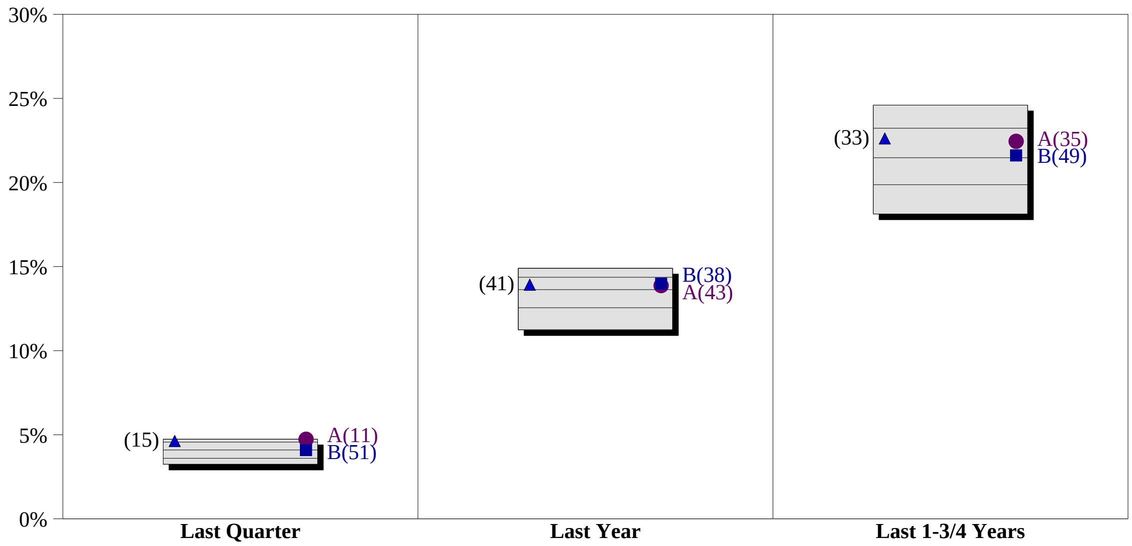
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

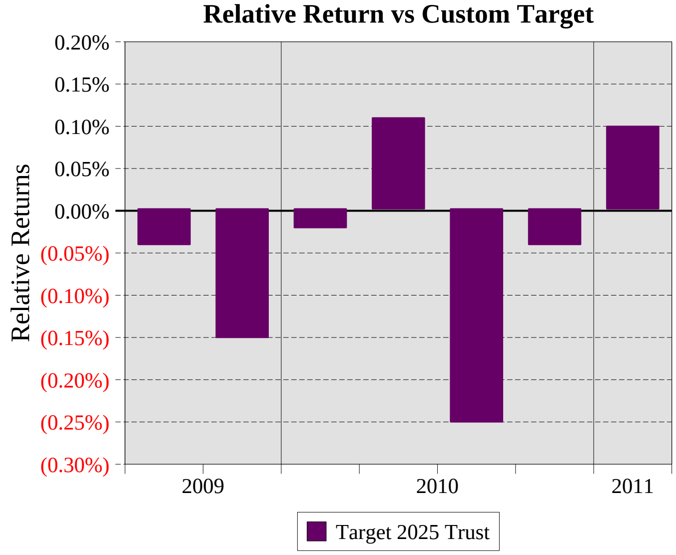
- Target 2025 Trust's portfolio posted a 4.73% return for the quarter placing it in the 11 percentile of the CAI Target Date 2025 group for the quarter and in the 43 percentile for the last year.
- Target 2025 Trust's portfolio outperformed the Custom Target by 0.10% for the quarter and underperformed the Custom Target for the year by 0.05%.

Performance vs CAI Target Date 2025 (Net)

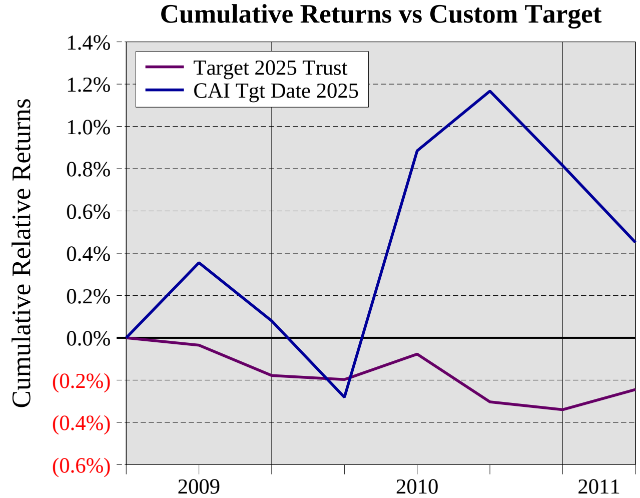


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	4.73	14.90	24.60
25th Percentile	4.56	14.36	23.23
Median	4.09	13.63	21.47
75th Percentile	3.60	12.55	19.87
90th Percentile	3.24	11.24	18.13
Target 2025 Trust ● A	4.73	13.87	22.45
CAI Tgt Dt Idx 2025 ■ B	4.09	13.99	21.61
Custom Target ▲	4.63	13.92	22.62

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2030 TRUST
PERIOD ENDED MARCH 31, 2011

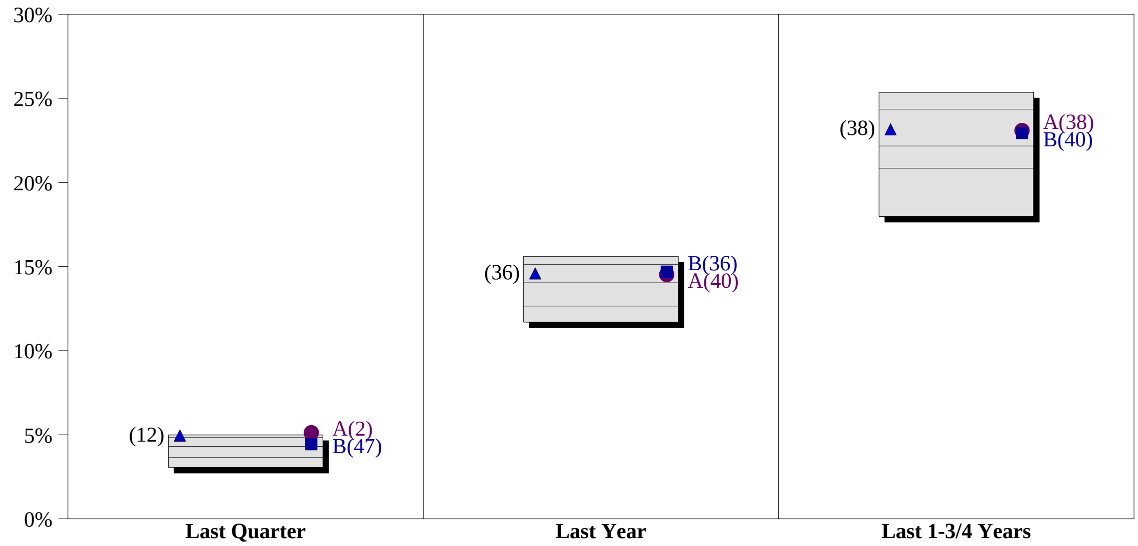
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

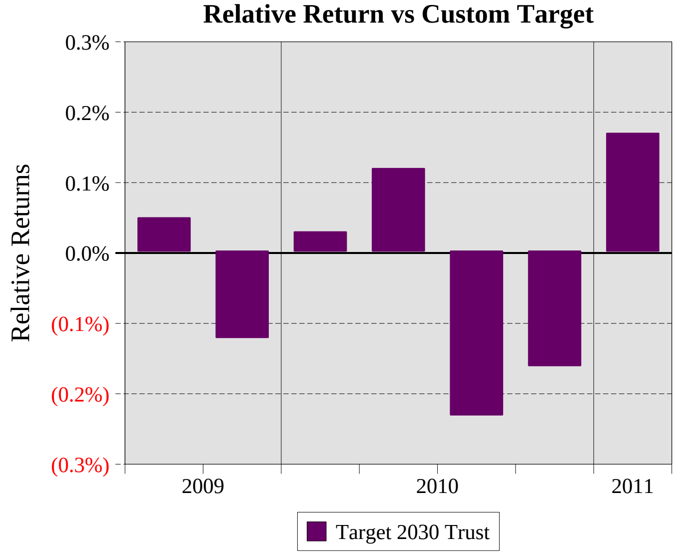
- Target 2030 Trust's portfolio posted a 5.12% return for the quarter placing it in the 2 percentile of the CAI Target Date 2030 group for the quarter and in the 40 percentile for the last year.
- Target 2030 Trust's portfolio outperformed the Custom Target by 0.17% for the quarter and underperformed the Custom Target for the year by 0.07%.

Performance vs CAI Target Date 2030 (Net)

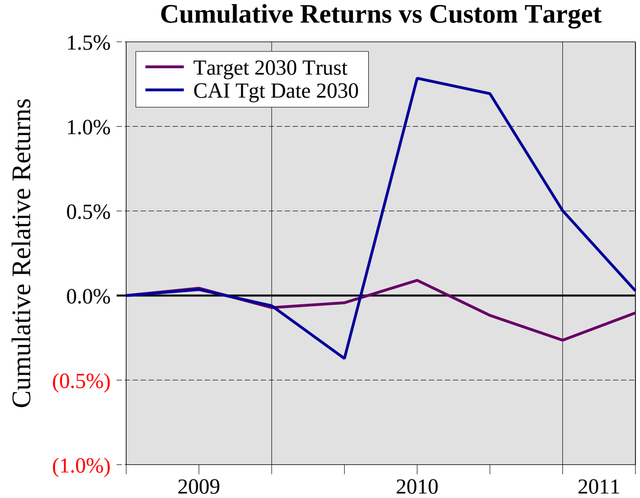


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	4.99	15.61	25.37
25th Percentile	4.83	15.11	24.36
Median	4.31	14.07	22.17
75th Percentile	3.65	12.65	20.85
90th Percentile	3.06	11.70	17.98
Target 2030 Trust ● A	5.12	14.52	23.09
CAI Tgt Dt Idx 2030 ■ B	4.43	14.70	22.94
Custom Target ▲	4.95	14.59	23.16

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2035 TRUST
PERIOD ENDED MARCH 31, 2011

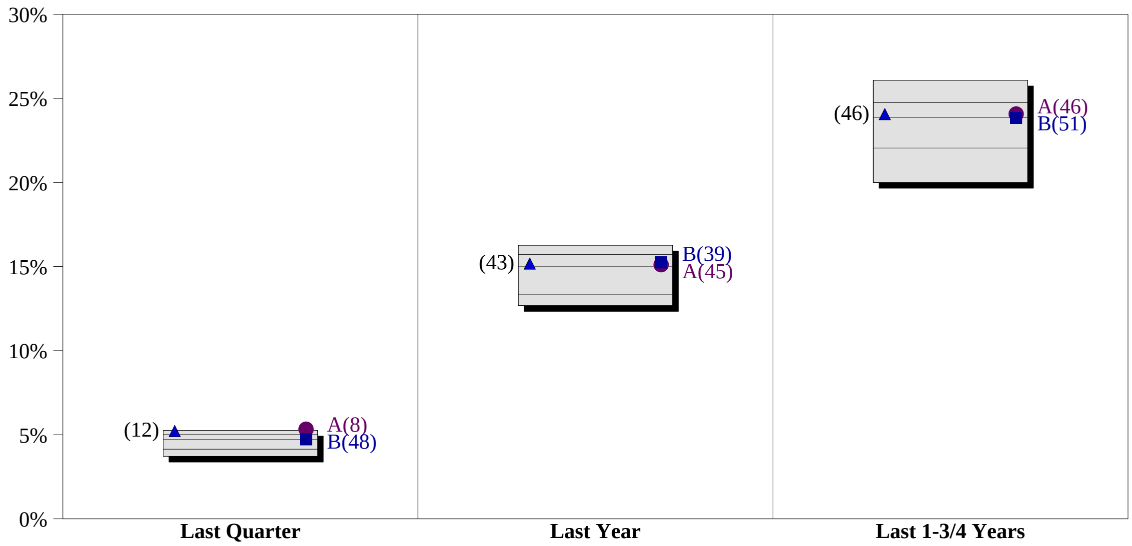
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

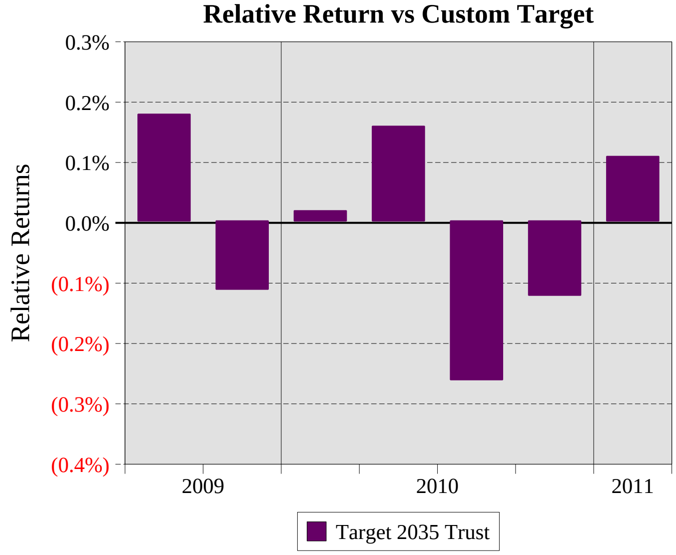
- Target 2035 Trust's portfolio posted a 5.33% return for the quarter placing it in the 8 percentile of the CAI Target Date 2035 group for the quarter and in the 45 percentile for the last year.
- Target 2035 Trust's portfolio outperformed the Custom Target by 0.11% for the quarter and underperformed the Custom Target for the year by 0.07%.

Performance vs CAI Target Date 2035 (Net)

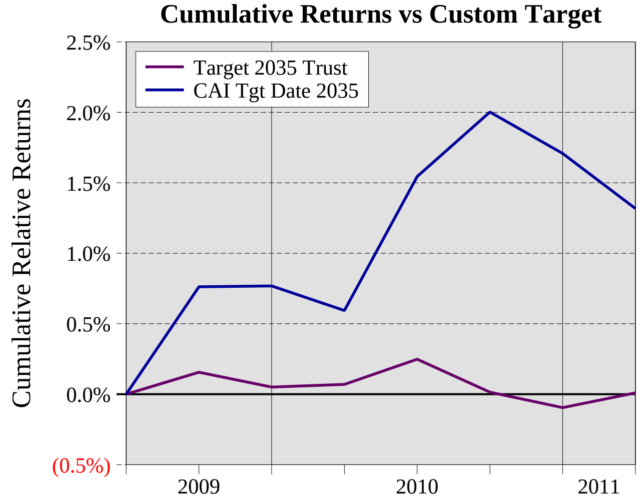


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	5.26	16.27	26.08
25th Percentile	5.01	15.72	24.75
Median	4.71	14.99	23.88
75th Percentile	4.14	13.32	22.05
90th Percentile	3.72	12.68	20.00
Target 2035 Trust ● A	5.33	15.11	24.07
CAI Tgt Dt Idx 2035 ■ B	4.73	15.24	23.84
Custom Target ▲	5.22	15.18	24.07

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2040 TRUST
PERIOD ENDED MARCH 31, 2011

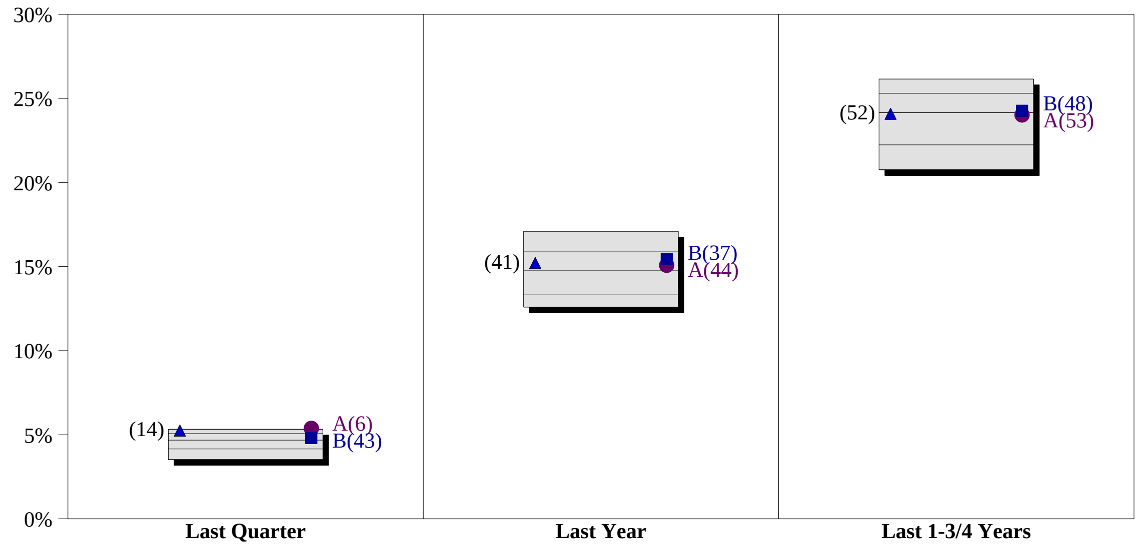
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

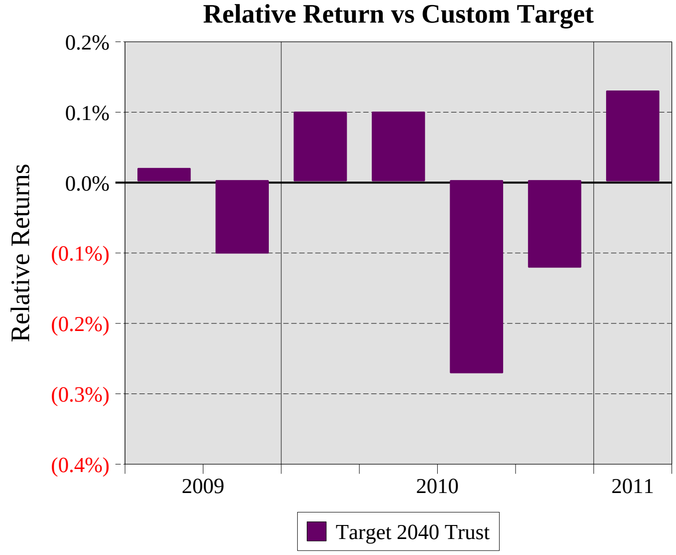
- Target 2040 Trust's portfolio posted a 5.38% return for the quarter placing it in the 6 percentile of the CAI Target Date 2040 group for the quarter and in the 44 percentile for the last year.
- Target 2040 Trust's portfolio outperformed the Custom Target by 0.13% for the quarter and underperformed the Custom Target for the year by 0.13%.

Performance vs CAI Target Date 2040 (Net)

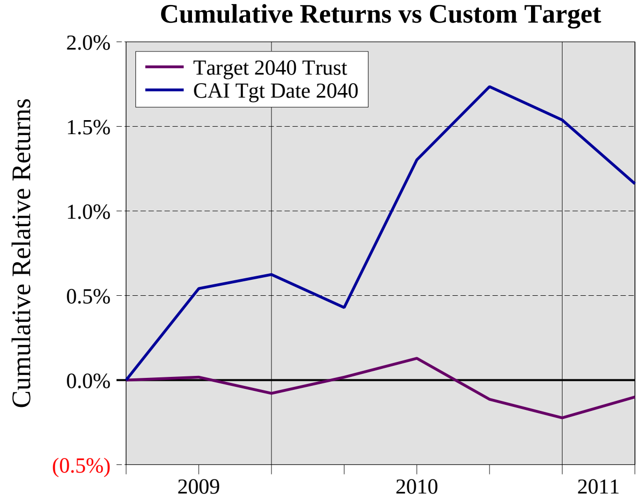


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	5.33	17.10	26.15
25th Percentile	5.07	15.88	25.30
Median	4.68	14.78	24.15
75th Percentile	4.16	13.32	22.24
90th Percentile	3.52	12.59	20.76
Target 2040 Trust ● A	5.38	15.08	24.02
CAI Tgt Dt Idx 2040 ■ B	4.81	15.44	24.27
Custom Target ▲	5.25	15.21	24.09

Relative Return vs Custom Target



Cumulative Returns vs Custom Target

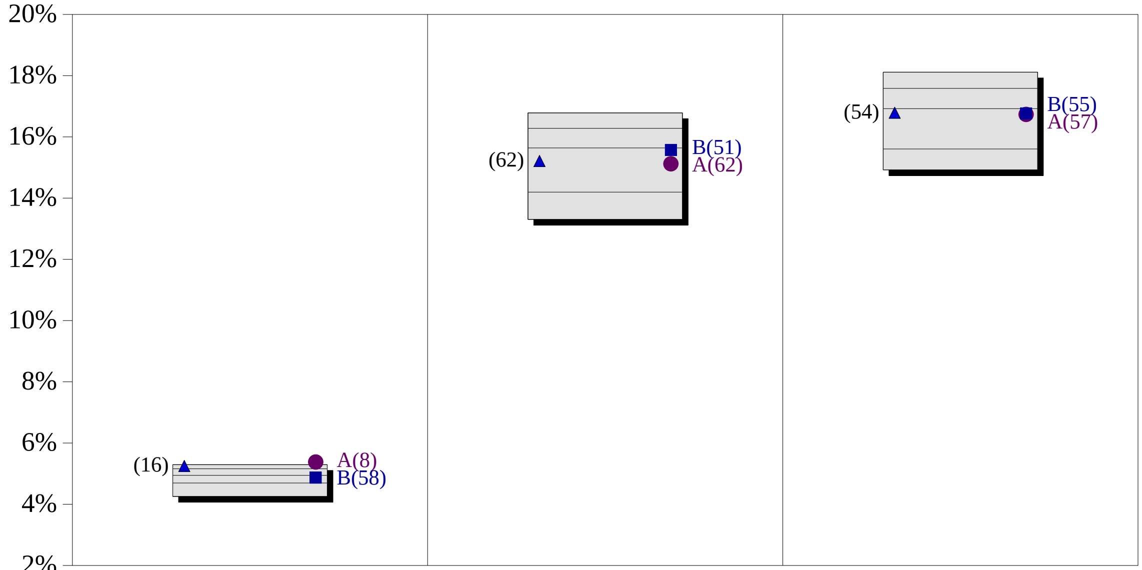


TARGET 2045 TRUST
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

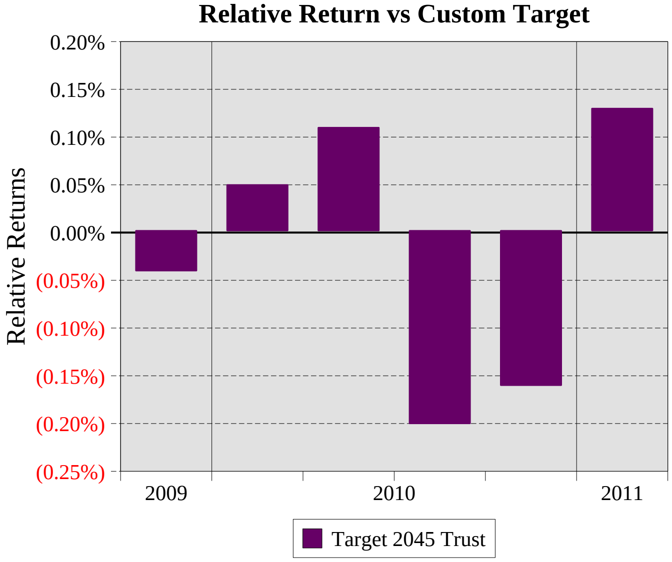
- Target 2045 Trust's portfolio posted a 5.38% return for the quarter placing it in the 8 percentile of the CAI Target Date 2045 group for the quarter and in the 62 percentile for the last year.
- Target 2045 Trust's portfolio outperformed the Custom Target by 0.13% for the quarter and underperformed the Custom Target for the year by 0.09%.

Performance vs CAI Target Date 2045 (Net)

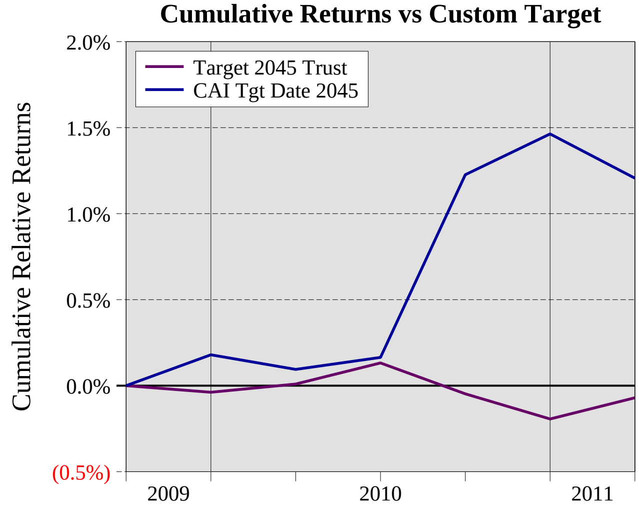


		Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile		5.29	16.78	18.11
25th Percentile		5.16	16.28	17.58
Median		4.94	15.64	16.92
75th Percentile		4.69	14.20	15.61
90th Percentile		4.25	13.30	14.92
Target 2045 Trust	● A	5.38	15.12	16.73
CAI Tgt Dt Idx 2045	■ B	4.87	15.57	16.77
Custom Target	▲	5.25	15.21	16.79

Relative Return vs Custom Target



Cumulative Returns vs Custom Target

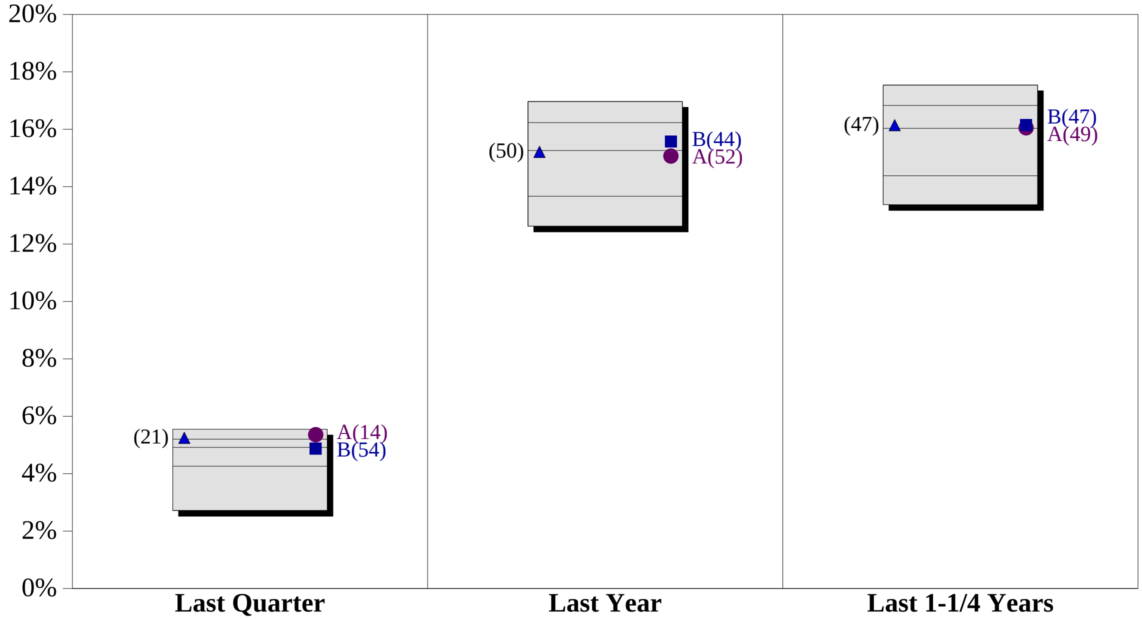


TARGET 2050
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

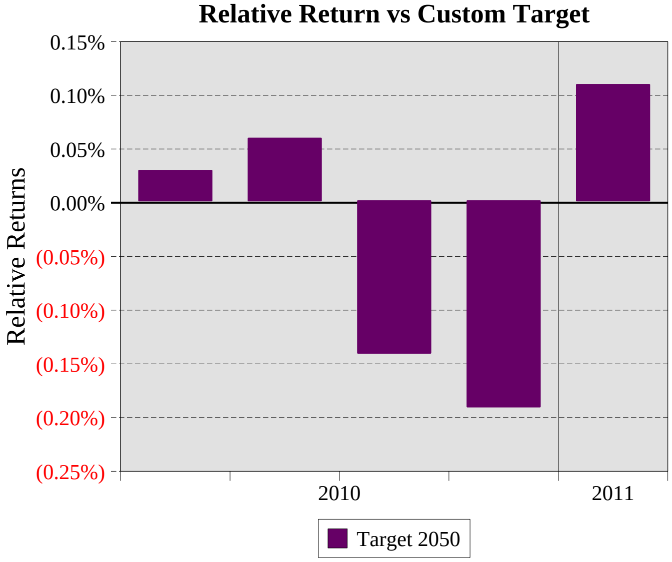
- Target 2050's portfolio posted a 5.36% return for the quarter placing it in the 14 percentile of the CAI Target Date 2050 group for the quarter and in the 52 percentile for the last year.
- Target 2050's portfolio outperformed the Custom Target by 0.11% for the quarter and underperformed the Custom Target for the year by 0.15%.

Performance vs CAI Target Date 2050 (Net)

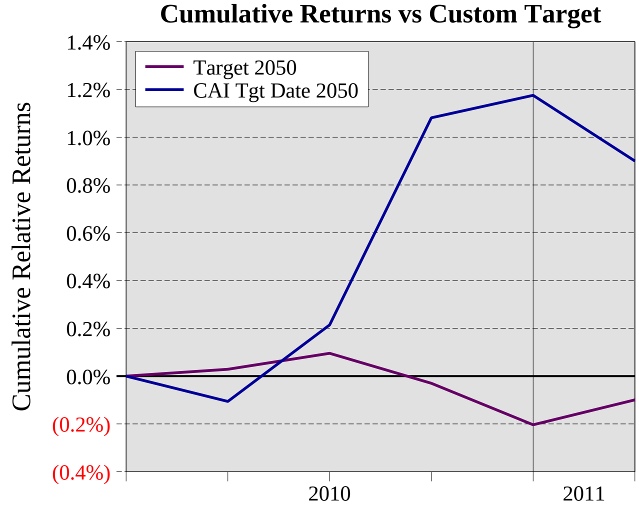


		Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile		5.55	16.97	17.54
25th Percentile		5.20	16.23	16.83
Median		4.92	15.26	16.03
75th Percentile		4.26	13.67	14.38
90th Percentile		2.72	12.62	13.37
Target 2050	● A	5.36	15.07	16.05
CAI Tgt Dt Idx 2045	■ B	4.87	15.57	16.15
Custom Target	▲	5.25	15.21	16.14

Relative Return vs Custom Target



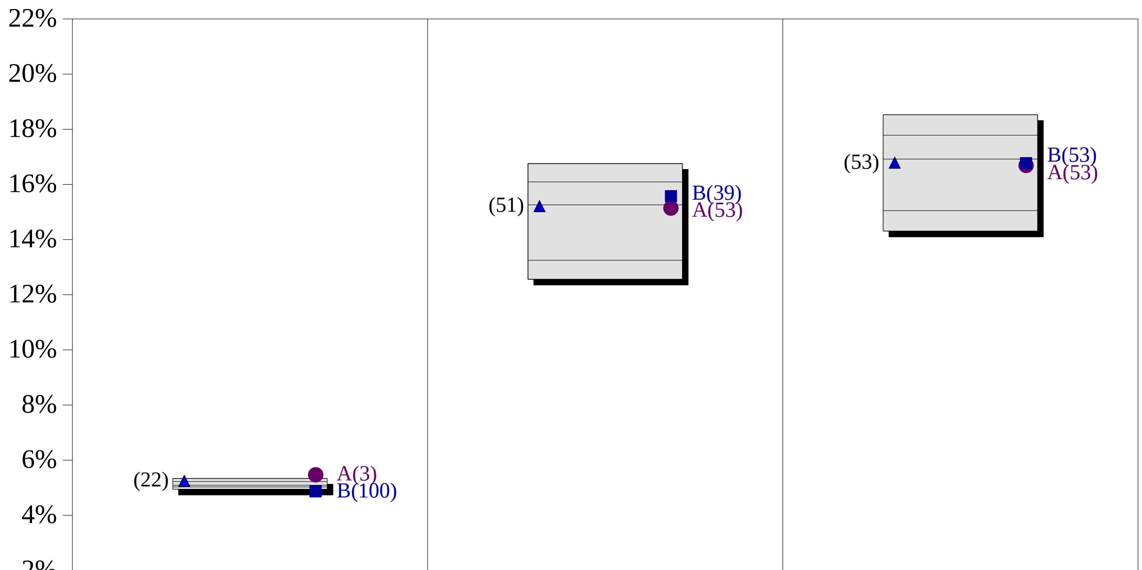
Cumulative Returns vs Custom Target



Quarterly Summary and Highlights

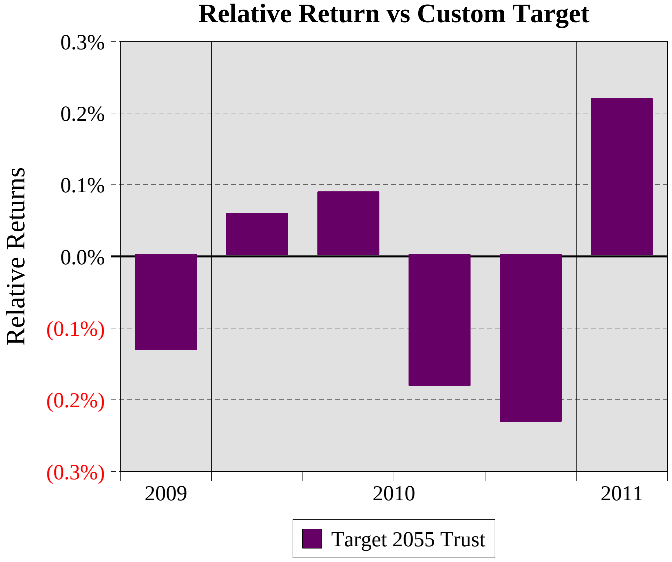
- Target 2055 Trust's portfolio posted a 5.47% return for the quarter placing it in the 3 percentile of the CAI Target Date 2055 group for the quarter and in the 53 percentile for the last year.
- Target 2055 Trust's portfolio outperformed the Custom Target by 0.22% for the quarter and underperformed the Custom Target for the year by 0.07%.

Performance vs CAI Target Date 2055 (Net)

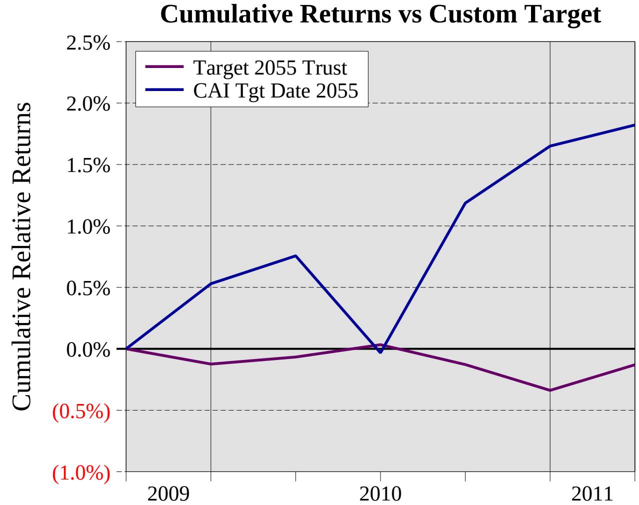


		Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile		5.33	16.75	18.53
25th Percentile		5.22	16.09	17.78
Median		5.09	15.26	16.92
75th Percentile		5.03	13.25	15.05
90th Percentile		4.95	12.56	14.31
Target 2055 Trust	● A	5.47	15.14	16.69
CAI Tgt Dt Idx 2045	■ B	4.87	15.57	16.77
Custom Target	▲	5.25	15.21	16.79

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



US Real Estate Investment
Trust Index

US REAL ESTATE INV TRUST
PERIOD ENDED MARCH 31, 2011

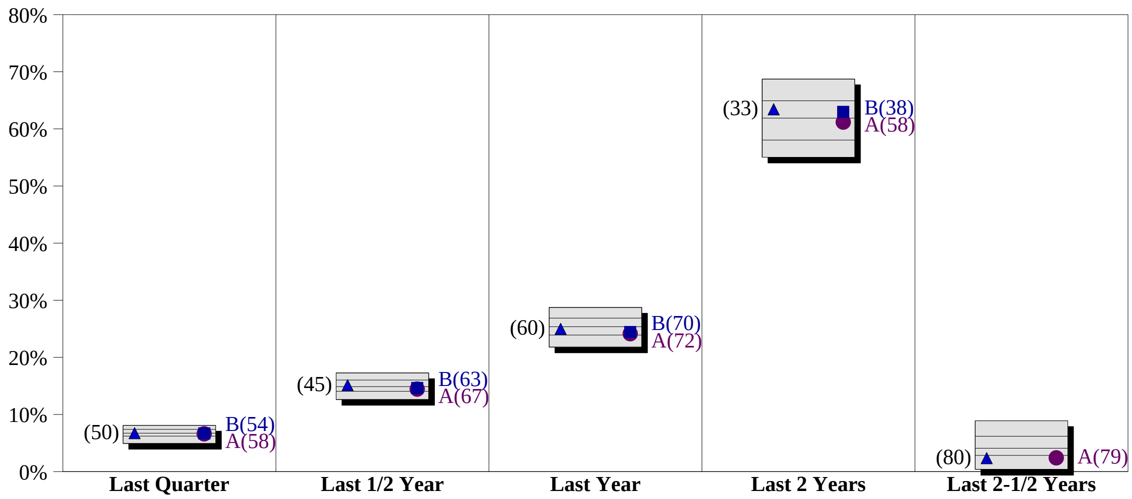
Investment Philosophy

The US Real Estate Investment Trust Index Fund is managed by SSgA. Passively managed. Annual fees are 17 basis points.

Quarterly Summary and Highlights

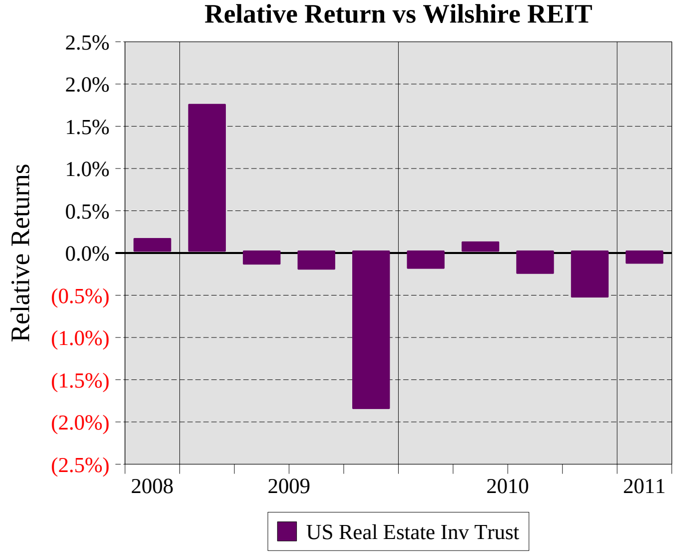
- US Real Estate Inv Trust's portfolio posted a 6.61% return for the quarter placing it in the 58 percentile of the Real Estate Mut Fds group for the quarter and in the 72 percentile for the last year.
- US Real Estate Inv Trust's portfolio underperformed the Wilshire REIT by 0.12% for the quarter and underperformed the Wilshire REIT for the year by 0.84%.

Performance vs Real Estate Mut Fds (Gross)

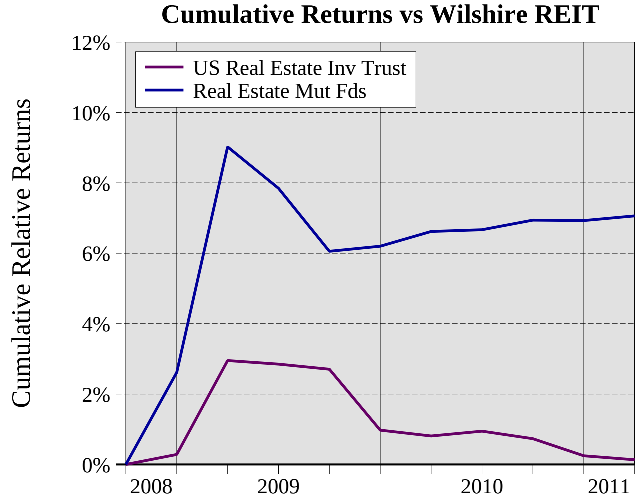


		Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile		8.10	17.28	28.74	68.72	8.90
25th Percentile		7.39	16.03	26.87	64.92	6.19
Median		6.73	14.87	25.37	61.89	4.09
75th Percentile		6.22	14.06	23.91	58.04	2.84
90th Percentile		4.92	12.62	21.80	55.03	0.40
US Real Estate Inv Trust	● A	6.61	14.45	24.14	61.18	2.41
US Select REIT Index	■ B	6.70	14.64	24.44	62.98	-
Wilshire REIT	▲	6.73	15.13	24.98	63.43	2.36

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

Charticle – Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle?

Charticle – Real Return Strategies: A Closer Look

Ask the Expert – Private Equity: The Strategy Comes of Age
Jim Callahan, CFA and Gary Robertson

The Future of Stable Value
Lori Lucas, CFA

Beyond U.S. Timberland
Sarah Angus, CAIA

Publications

DC Observer and Callan DC Index™ – 4th Quarter 2010

Hedge Fund Monitor – 4th Quarter 2010

Capital Market Review – 1st Quarter 2011

Quarterly Performance Data – 1st Quarter 2011

Private Markets Trends – Winter 2010/2011

Surveys

2011 Investment Management Fee Survey – Coming soon!
Please contact Anna West (westA@callan.com) to participate.

2011 DC Trends Survey – January 2011

2010 Alternative Investments Survey – November 2010

RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: The 31st Annual National Conference – Jan/Feb 2011

Featuring: Henry Paulson, The Capital Markets Panel, Fareed Zakaria, Joshua Cooper Ramo, Dan Ariely, Arianna Huffington, and workshops on DC, portfolio structure, and real assets.

Presentations: The 31st Annual National Conference – Jan/Feb 2011

"Getting to the Ideal DC Plan"
"Post-Crash, Post-Modern Equity Portfolio Structures"
"Implementing Real Asset Portfolios"

Upcoming Educational Programs

June 2011 Regional Breakfast Workshops

June 22 in Atlanta
June 23 in San Francisco
"Latest Developments in Asset Allocation for DB and DC Plans"
Presenters: Greg Allen (President), Lori Lucas (DC consulting services), and Gene Podkaminer (capital markets research).
Registration is now open! Visit www.callan.com or contact us for more information.

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2011

EDUCATIONAL SESSIONS

An Introduction to Investments

October 18–19, 2011 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.

Topics for the session will include a description of the different parties involved in the investment management process, a brief outline of the types and characteristics of different plans, an introduction to fiduciary issues as they pertain to fund management and oversight, and an overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment programs

Tuition for the Introductory "Callan College" session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Advanced Investment Topics

July 12–13, 2011 in Chicago

This is a two day session that provides attendees with a thorough overview of prudent investment practices for both defined benefit and defined contribution funds. We cover the key concepts needed to successfully meet a fund's investment objectives.

Topics for the session will include the following primary components of the investment management process: The Role of the Fiduciary, Capital Market Theory, Asset Allocation, Manager Structure, Investment Policy Statements, Manager Search, Custody, Securities Lending, Fees, and Performance Measurement.

Tuition for the Advanced "Callan College" session is $2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2011

EDUCATIONAL SESSIONS

(continued)

Session on Private Real Assets

July 14, 2011 in Chicago

Callan Associates will share its expertise through a one day educational program designed to advance the participants' knowledge, understanding, and comfort with real estate, timber, infrastructure and agriculture. Callan's real estate specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends, and best practices. Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive one day program offers a blend of interactive discussion, lectures, presentations, and case studies.

Topics for the session will include an overview of the real estate market, evaluating the most efficient way to access the real estate asset class, understanding the risks associated with real estate investing and how to protect your investments, and an exploration of the other real return asset classes and their unique attributes with particular focus on timber, infrastructure and agriculture.

Tuition for the Private Real Assets "Callan College" session is $1,000 per person. Tuition includes instruction, all materials, breakfast and lunch.

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

Confidential – For Callan Client Use Only

Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 03/31/11, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
American Yellowstone Advisors, LLC		Y
Analytic Investors	Y	
Angelo, Gordon & Co.	Y	
AOR 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
Attucks Asset Management, LLC	Y	
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baceline Investments, LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Capital Inc.	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	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Advisors	Y	
Cohen & Steers Capital Management Inc.	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Credo Capital Management	Y	
Crestline Investors	y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DF Dent & Company	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	

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Manager Name	Educational Services	Consulting Services
Eaton Vance Management	Y	Y
Emerald Advisers, Inc.	Y	
Epoch Investment Partners	Y	
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		
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
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		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 Amrica) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
iShares	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Kayne Anderson Rudnick Investment Management	Y	
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Login Circle	Y	
Longfellow Investment Management Co.	Y	
Loomis, Sayles & 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, I nc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miles Capital Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Mount Lucas Management	Y	
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	

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Manager Name	Educational Services	Consulting Services
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
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	Y
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant 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	
Rainer Investment Management		
RBC Global Asset Management (U.S.) Inc.		Y
Reinhart Partners Inc.	Y	
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	Y	
Sage Advisory Services, Ltd. Co.	Y	
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX	Y	
Smith Graham and Company		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	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	
The London Colmpany	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y

Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 03/31/11, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

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

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
Tradewind Global Investors	Y	
Turner Investment Partners, Inc.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	
Virtus Investment Partners		Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Yellowstone Partners		Y
Zephyr Management	Y	

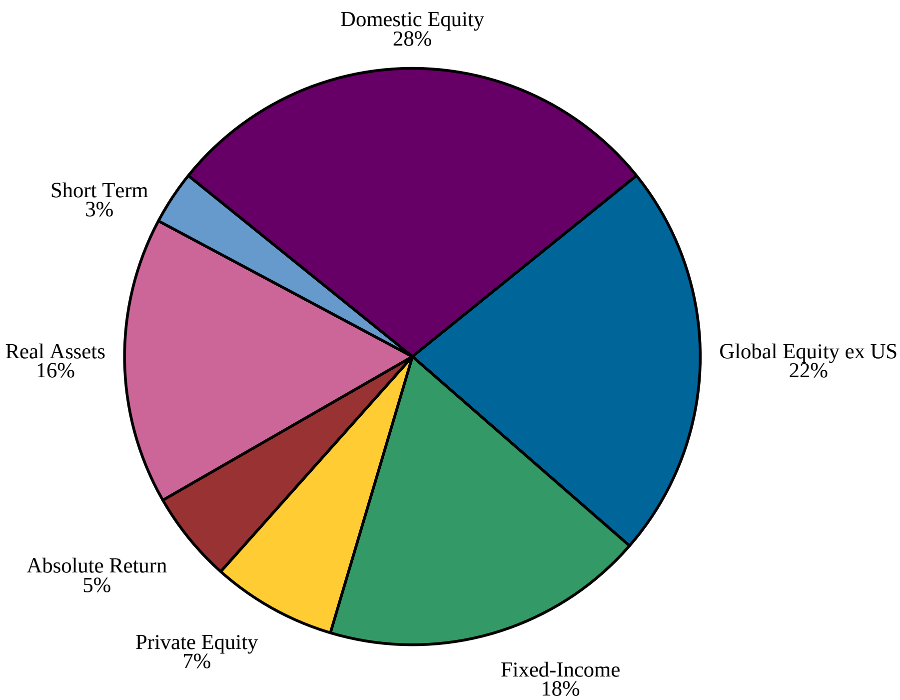
Callan Associates Inc.
Investment Measurement Service
Quarterly Review

Alaska Retirement Management Board
Defined Contribution Plans
March 31, 2011

Actual Asset Allocation

ARMB PERS Retiree Medical allocation as of June 30, 2010.

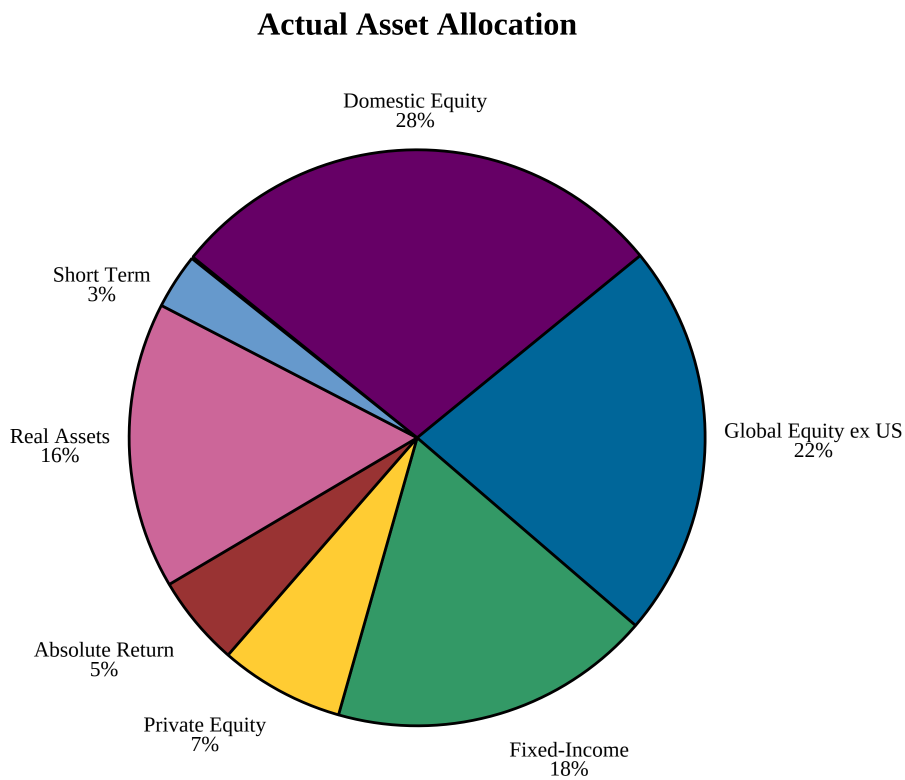
Actual Asset Allocation



Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	3,220,658	28.4%
Global Equity ex US	2,521,321	22.2%
Fixed-Income	2,060,891	18.2%
Private Equity	796,633	7.0%
Absolute Return	584,424	5.1%
Real Assets	1,828,844	16.1%
Short Term	339,358	3.0%
Total	11,352,128	100.0%

Actual Asset Allocation

ARMB TRS Retiree Medical allocation as of June 30, 2010.

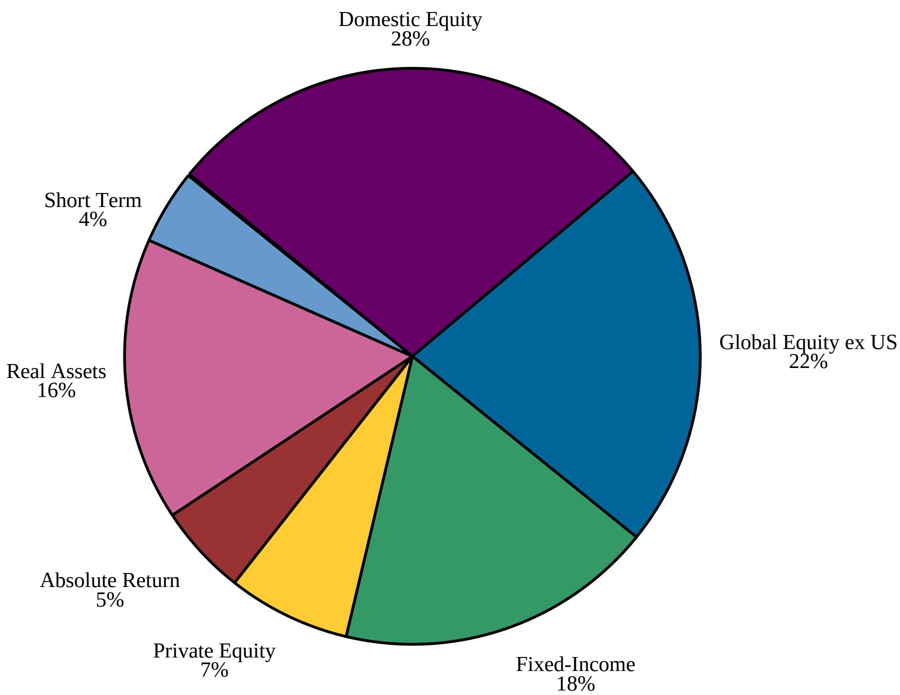


Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	1,404,494	28.3%
Global Equity ex US	1,099,536	22.2%
Fixed-Income	898,777	18.1%
Private Equity	347,391	7.0%
Absolute Return	254,873	5.1%
Real Assets	797,584	16.1%
Short Term	156,173	3.1%
Total	4,958,829	100.0%

Actual Asset Allocation

ARMB PERS Health Reimbursement allocation as of June 30, 2010.

Actual Asset Allocation

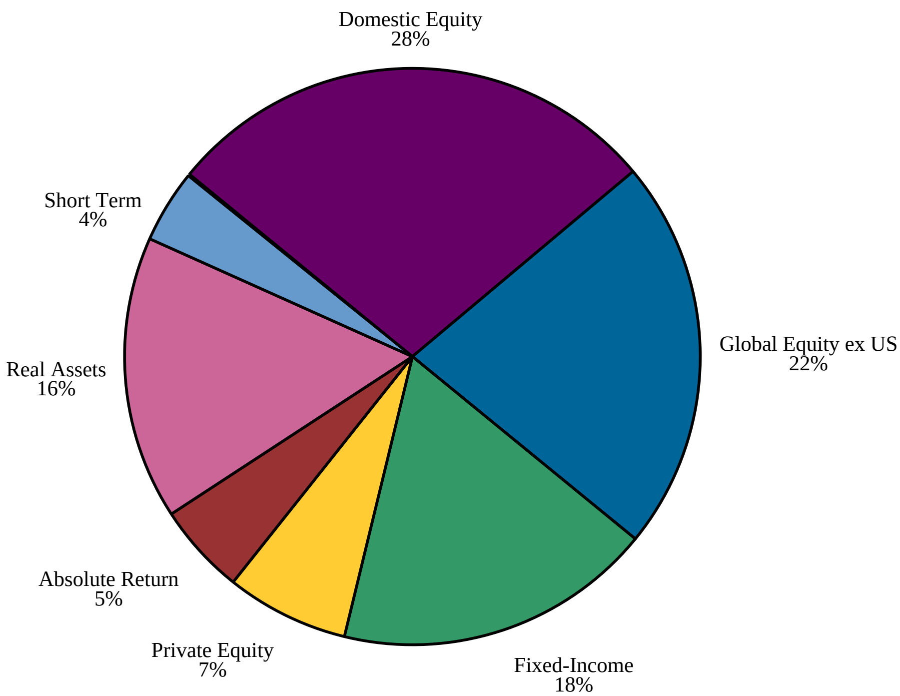


Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	13,526,079	28.0%
Global Equity ex US	10,589,784	21.9%
Fixed-Income	8,657,354	17.9%
Private Equity	3,345,332	6.9%
Absolute Return	2,455,031	5.1%
Real Assets	7,683,006	15.9%
Short Term	2,006,553	4.2%
Total	48,263,140	100.0%

Actual Asset Allocation

ARMB TRS Health Reimbursement allocation as of June 30, 2010.

Actual Asset Allocation



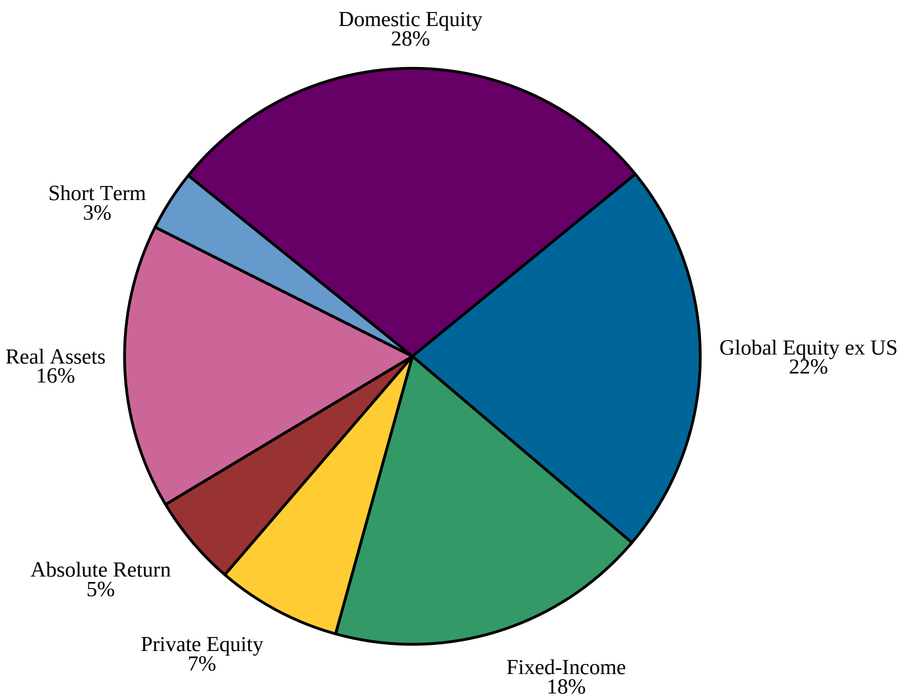
Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	4,418,057	28.0%
Global Equity ex US	3,459,007	22.0%
Fixed-Income	2,827,843	17.9%
Private Equity	1,092,687	6.9%
Absolute Return	801,915	5.1%
Real Assets	2,509,597	15.9%
Short Term	645,751	4.1%
Total	15,754,857	100.0%

ODD

Actual Asset Allocation

ARMB PERS ODD allocation as of June 30, 2010.

Actual Asset Allocation

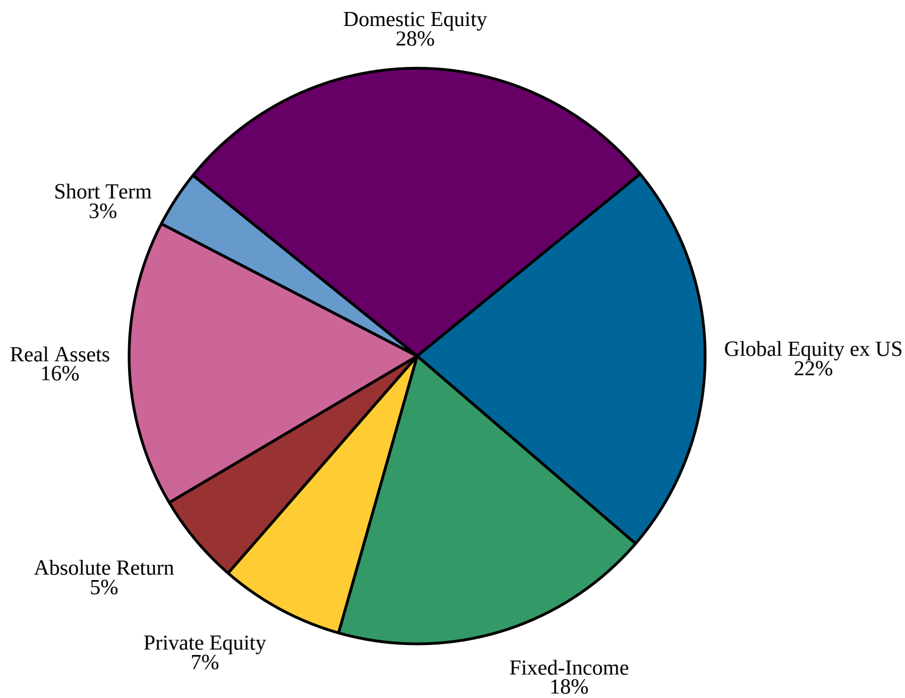


Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	1,362,775	28.3%
Global Equity ex US	1,066,893	22.1%
Fixed-Income	872,107	18.1%
Private Equity	337,083	7.0%
Absolute Return	247,312	5.1%
Real Assets	773,931	16.0%
Short Term	163,302	3.4%
Total	4,823,402	100.0%

Actual Asset Allocation

ARMB TRS ODD allocation as of June 30, 2010.

Actual Asset Allocation

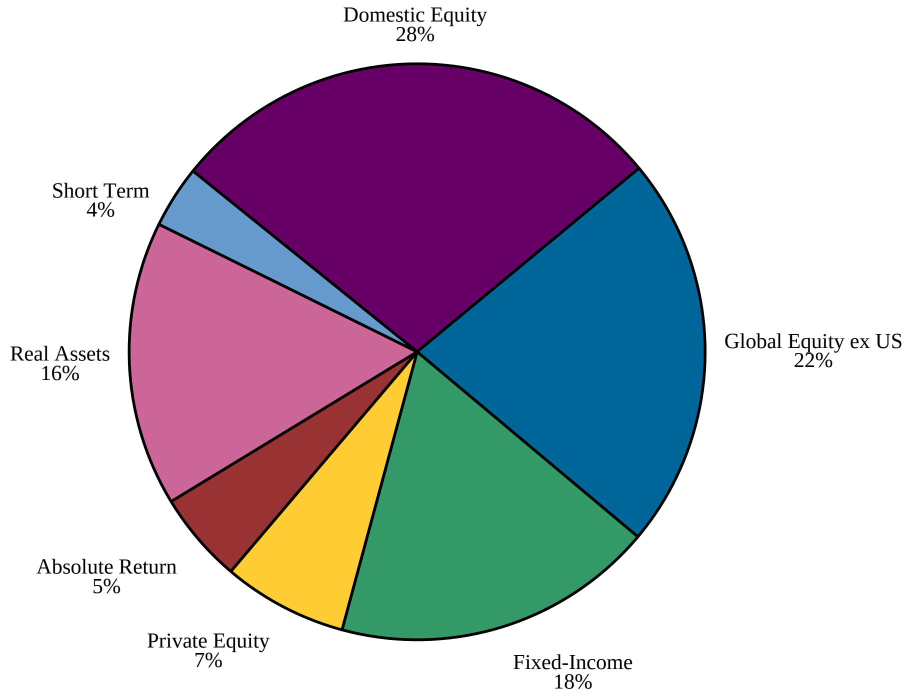


Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	577,441	28.3%
Global Equity ex US	452,069	22.2%
Fixed-Income	369,529	18.1%
Private Equity	142,827	7.0%
Absolute Return	104,791	5.1%
Real Assets	327,925	16.1%
Short Term	64,279	3.2%
Total	2,038,860	100.0%

Actual Asset Allocation

ARMB P & F ODD allocation as of June 30, 2010.

Actual Asset Allocation



Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	488,903	28.2%
Global Equity ex US	382,742	22.1%
Fixed-Income	312,853	18.1%
Private Equity	120,929	7.0%
Absolute Return	88,717	5.1%
Real Assets	277,631	16.0%
Short Term	60,983	3.5%
Total	1,732,757	100.0%

Investment Fund Returns

The table below details the rates of return for the Sponsor's investment funds over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended March 31, 2011

	Last Quarter	Last 1-1/4 Years	Last Year	Last 2 Years	Last 4-1/4 Years
Total Retiree Medical Plan	**3.96%**	**12.88%**	**12.98%**	**21.32%**	**1.00%**
Retiree Medical PERS	**3.98%**	**12.89%**	**13.01%**	**21.31%**	**-**
Retiree Medical TRS	**3.91%**	**12.86%**	**12.93%**	**21.38%**	**-**
Benchmark	3.65%	13.10%	13.25%	24.64%	0.99%
Total Health Reimbursement	**3.86%**	**12.63%**	**12.70%**	**21.20%**	**1.12%**
Health Reimbursement PERS	**3.87%**	**12.61%**	**12.68%**	**21.15%**	**-**
Health Reimbursement TRS	**3.86%**	**12.69%**	**12.77%**	**21.37%**	**-**
Benchmark	3.65%	13.10%	13.25%	24.64%	0.99%
ODD PERS	**3.86%**	**12.74%**	**12.82%**	**21.18%**	**0.98%**
Benchmark	3.65%	13.10%	13.25%	24.64%	0.99%
ODD TRS	**3.90%**	**12.85%**	**12.93%**	**21.56%**	**-**
Benchmark	3.65%	13.10%	13.25%	24.64%	0.99%
DC ODD P& F	**3.89%**	**12.56%**	**12.70%**	**-**	**-**
Benchmark	3.65%	13.10%	13.25%	24.64%	0.99%

* 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.

PERS Defined Contribution Plan

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2011, with the distribution as of December 31, 2010.

Asset Distribution Across Investment Managers

	March 31, 2011		December 31, 2010	
	Market Value	**Percent**	**Market Value**	**Percent**
Balanced/Target Funds				
Alaska Balanced Trust	289,943	0.18%	230,499	0.17%
Alaska Long-Term Balanced	7,963,306	5.01%	8,825,193	6.35%
2010 Trust	250,069	0.16%	182,742	0.13%
2015 Trust	1,070,417	0.67%	825,970	0.59%
2020 Trust	1,893,298	1.19%	1,365,827	0.98%
2025 Trust	2,456,323	1.55%	1,755,530	1.26%
2030 Trust	2,601,933	1.64%	1,950,536	1.40%
2035 Trust	2,744,442	1.73%	2,046,704	1.47%
2040 Trust	4,374,702	2.75%	3,348,824	2.41%
2045 Trust	4,161,937	2.62%	3,058,452	2.20%
2050 Trust	4,713,949	2.97%	3,464,779	2.49%
2055 Trust	1,293,791	0.81%	936,791	0.67%
Domestic Equity Funds				
S&P 500 Stock Index Fd	29,920,070	18.83%	29,354,963	21.12%
RCM Socially Resp Inv Fd	5,635,082	3.55%	27,050,741	19.46%
Russell 3000 Index Fd	276,142	0.17%	224,858	0.16%
T. Rowe Small Cap	30,582,331	19.24%	4,819,096	3.47%
International Equity Funds				
Brandes Intl Equity	42,849,997	26.96%	36,066,662	25.94%
World Equity ex US	273,088	0.17%	242,650	0.17%
Fixed-Income Funds				
BlackRock Govt/Credit	7,164,637	4.51%	4,441,564	3.19%
Long US Treasury Bd	109,399	0.07%	121,386	0.09%
Intermediate Bond Fund	214,642	0.14%	234,107	0.17%
US TIPS	200,715	0.13%	145,636	0.10%
World Govt Bd ex US	137,806	0.09%	77,541	0.06%
Global Balanced Funds				
SSgA Global Balanced	3,243,725	2.04%	3,047,382	2.19%
Real Estate Funds				
US REIT Index	404,582	0.25%	318,836	0.23%
Short Term Funds				
Money Market	3,885,947	2.45%	4,637,322	3.34%
SSgA Treas Money Mkt Fd	217,063	0.14%	242,094	0.17%
Total	**$158,929,336**	**100.0%**	**$139,016,685**	**100.0%**

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2011, with the distribution as of December 31, 2010.

Asset Distribution Across Investment Managers

	March 31, 2011		December 31, 2010	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Trust	75,388	0.11%	65,874	0.11%
Alaska Long-Term Balanced	3,488,545	4.93%	4,212,607	6.85%
2010 Trust	164,908	0.23%	124,349	0.20%
2015Trust	539,321	0.76%	424,367	0.69%
2020 Trust	790,330	1.12%	587,380	0.96%
2025 Trust	912,389	1.29%	685,809	1.12%
2030 Trust	903,294	1.28%	683,900	1.11%
2035 Trust	1,643,742	2.32%	1,231,346	2.00%
2040 Trust	1,813,884	2.56%	1,419,530	2.31%
2045 Trust	3,283,566	4.64%	2,470,344	4.02%
2050 Trust	4,071,559	5.75%	2,987,245	4.86%
2055 Trust	130,138	0.18%	82,725	0.13%
Domestic Equity Funds				
S&P 500 Stock Index Fd	12,150,703	17.15%	12,106,205	19.69%
RCM Socially Resp Inv Fd	2,718,739	3.84%	11,223,582	18.25%
Russell 3000 Index Fd	117,835	0.17%	78,557	0.13%
T. Rowe Small Cap	13,032,060	18.40%	2,086,883	3.39%
International Equity Funds				
Brandes Intl Equity	18,119,242	25.58%	15,199,355	24.72%
World Equity ex US	50,924	0.07%	41,175	0.07%
Fixed-Income Funds				
BlackRock Govt/Credit	2,985,182	4.21%	1,899,684	3.09%
Long US Treasury Bd	38,293	0.05%	11,641	0.02%
Intermediate Bond Fund	62,305	0.09%	59,535	0.10%
US TIPS	73,884	0.10%	78,164	0.13%
World Govt Bd ex US	6,489	0.01%	1,705	0.00%
Global Balanced Funds				
SSgA Global Balanced	1,945,609	2.75%	1,755,651	2.86%
Real Estate Funds				
US REIT Index	95,373	0.13%	70,423	0.11%
Short Term Funds				
Alaska Money Market	1,590,030	2.24%	1,868,479	3.04%
SSgA Money Mkt	26,760	0.04%	32,384	0.05%
Total	**$70,830,492**	**100.0%**	**$61,488,899**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2011

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 4-1/2 Years
S&P 500 Stock Index Fd	**5.93%**	**30.61%**	**15.71%**	**2.47%**	**2.09%**
RCM Socially Responsible Inv(1)	**5.60%**	**32.32%**	**14.71%**	-	-
S&P 500 Index	5.92%	30.56%	15.65%	2.35%	2.00%
Russell 3000 Index Fund	**6.40%**	**32.34%**	**17.41%**	-	-
Russell 3000	6.38%	32.40%	17.41%	3.42%	2.70%
T. Rowe Price Small-Cap Stock Tr	**9.38%**	**45.25%**	**32.09%**	**14.72%**	**8.09%**
Russell 2000	7.94%	39.65%	25.79%	8.57%	4.82%
Brandes International Equity Fund	**3.50%**	**22.88%**	**7.45%**	-	-
MSCI EAFE Index	3.36%	28.36%	10.42%	(3.01%)	0.43%
World Equity ex US	**3.35%**	**28.96%**	**12.93%**	-	-
MSCI ACWI x US (Net)	3.41%	29.23%	13.15%	(0.85%)	3.12%
SSgA Global Balanced	**2.93%**	**19.05%**	**11.53%**	-	-
Global Balanced Target	2.88%	18.91%	11.36%	-	-
BlackRock Govt/Credit Bond Fund(2)	**0.24%**	**1.24%**	**5.10%**	**4.52%**	**5.47%**
BC Govt/Credit Bd	0.28%	1.33%	5.26%	4.82%	5.63%
Long US Treasury Bond	**(1.06%)**	**(4.50%)**	**7.17%**	-	-
BC Long Treasury	(1.01%)	(4.36%)	7.27%	3.99%	5.83%
Intermediate Bond Fund	**(0.02%)**	**0.46%**	**3.67%**	-	-
BC Govt Intermediate	0.02%	0.56%	3.83%	3.54%	5.36%
US TIPS	**2.04%**	**3.79%**	**7.73%**	-	-
BC US TIPS Index	2.08%	3.94%	7.91%	3.93%	6.02%
World Govt Bond ex US	**1.09%**	**9.84%**	**8.45%**	-	-
Citi Non-US Gvt Bd Idx	0.97%	9.90%	8.52%	3.25%	7.58%
Alaska Balanced Trust	**2.47%**	**11.87%**	**9.41%**	**4.98%**	**5.17%**
Alaska Balanced Benchmark	2.28%	11.51%	9.22%	4.87%	5.04%
Alaska Long-Term Balanced Tr	**3.84%**	**19.32%**	**12.16%**	**4.35%**	**4.29%**
Alaska Long-Term Bal. Benchmark	3.63%	19.01%	12.08%	4.35%	4.24%
Target 2010 Trust	**3.45%**	**17.23%**	**10.83%**	-	-
Target 2010 Benchmark	3.29%	17.37%	10.91%	-	-
Target 2015 Trust	**3.92%**	**20.00%**	**12.05%**	-	-
Target 2015 Benchmark	3.82%	20.22%	12.11%	-	-
Target 2020 Trust	**4.42%**	**22.52%**	**13.03%**	-	-
Target 2020 Benchmark	4.26%	22.74%	13.12%	-	-

(1) RCM Socially Responsible Inv Fd replaced the Sentinel Sustainable Core Opp Fund on October 31, 2008.
(2) Relaced SSgA Govt/Corp Bond Fund during August 2007.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended March 31, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2011

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 4-1/2 Years
Target 2025 Trust	**4.73%**	**24.75%**	**13.87%**	**2.60%**	**2.47%**
Target 2025 Benchmark	4.63%	24.96%	13.92%	2.43%	2.34%
Target 2030 Trust	**5.12%**	**26.56%**	**14.52%**	**-**	**-**
Target 2030 Benchmark	4.95%	26.80%	14.59%	-	-
Target 2035 Trust	**5.33%**	**28.10%**	**15.11%**	**-**	**-**
Target 2035 Benchmark	5.22%	28.41%	15.18%	-	-
Target 2040 Trust	**5.38%**	**28.15%**	**15.08%**	**-**	**-**
Target 2040 Benchmark	5.25%	28.44%	15.21%	-	-
Target 2045 Trust	**5.38%**	**28.18%**	**15.12%**	**-**	**-**
Target 2045 Benchmark	5.25%	28.44%	15.21%	-	-
Target 2050 Trust	**5.36%**	**28.19%**	**15.07%**	**-**	**-**
Target 2050 Benchmark	5.25%	28.44%	15.21%	-	-
Target 2055 Trust	**5.47%**	**28.23%**	**15.14%**	**-**	**-**
Target 2055 Benchmark	5.25%	28.44%	15.21%	-	-
US Real Estate Inv Trust	**6.61%**	**29.45%**	**24.14%**	**-**	**-**
US Select REIT Index	6.70%	29.80%	24.44%	-	-
Alaska Money Market Trust	**0.06%**	**0.21%**	**0.33%**	**0.95%**	**2.29%**
Citigroup 90-day T-Bill	0.04%	0.11%	0.15%	0.47%	1.79%
SSgA Treas Mny Mkt	**0.01%**	**0.02%**	**0.02%**	**-**	**-**
Citigroup 90-day T-Bill	0.04%	0.11%	0.15%	0.47%	1.79%

S&P 500 STOCK INDEX FD
PERIOD ENDED MARCH 31, 2011

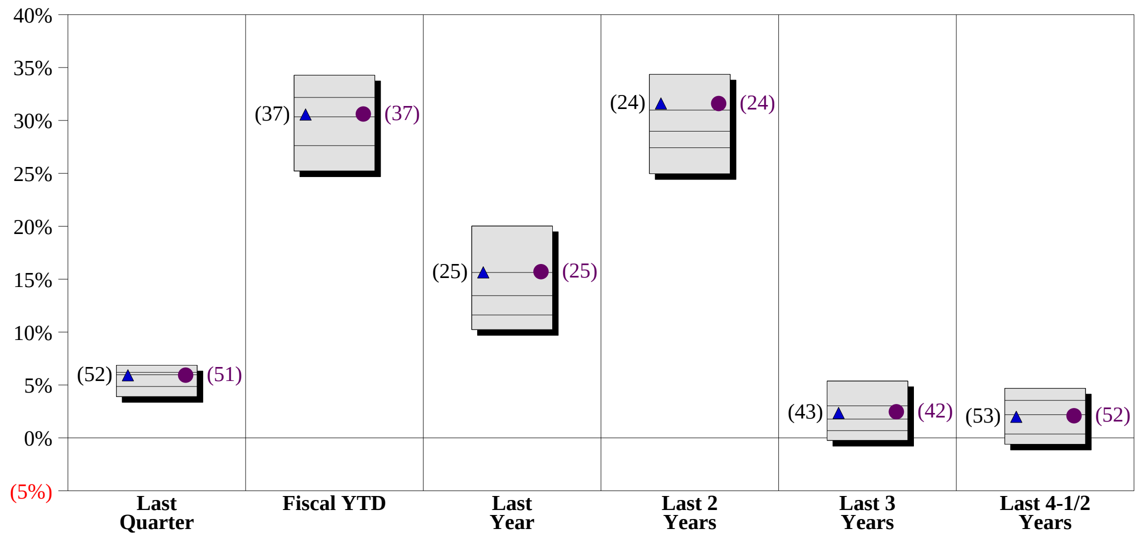
Investment Philosophy

State Street believes that their passive investment strategy can provide market-like returns with minimal transaction costs.

Quarterly Summary and Highlights

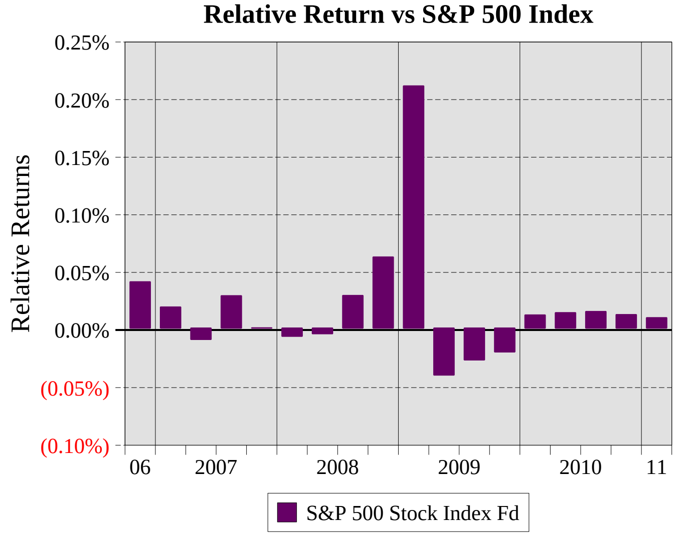
- S&P 500 Stock Index Fd's portfolio posted a 5.93% return for the quarter placing it in the 51 percentile of the CAI MF - Core Equity Style group for the quarter and in the 25 percentile for the last year.
- S&P 500 Stock Index Fd's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and outperformed the S&P 500 Index for the year by 0.06%.

Performance vs CAI MF - Core Equity Style (Net)

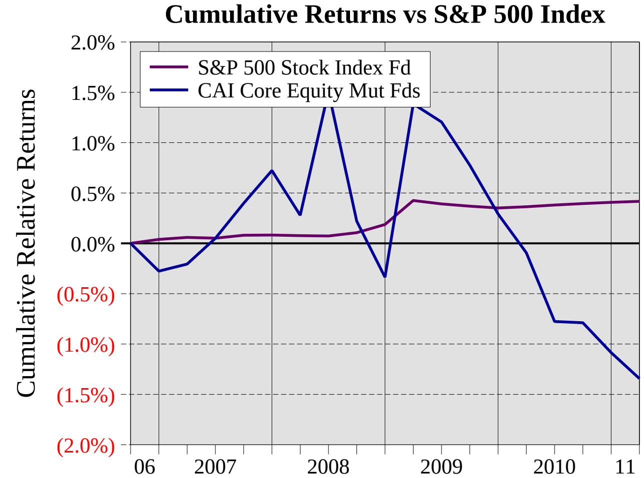


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	6.87	34.28	20.03	34.36	5.38	4.68
25th Percentile	6.19	32.17	15.63	30.98	3.03	3.54
Median	5.96	30.34	13.44	28.98	1.78	2.19
75th Percentile	4.86	27.62	11.61	27.42	0.69	0.37
90th Percentile	3.90	25.22	10.23	24.96	(0.24)	(0.60)
S&P 500 Stock Index Fd ●	5.93	30.61	15.71	31.60	2.47	2.09
S&P 500 Index ▲	5.92	30.56	15.65	31.61	2.35	2.00

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index

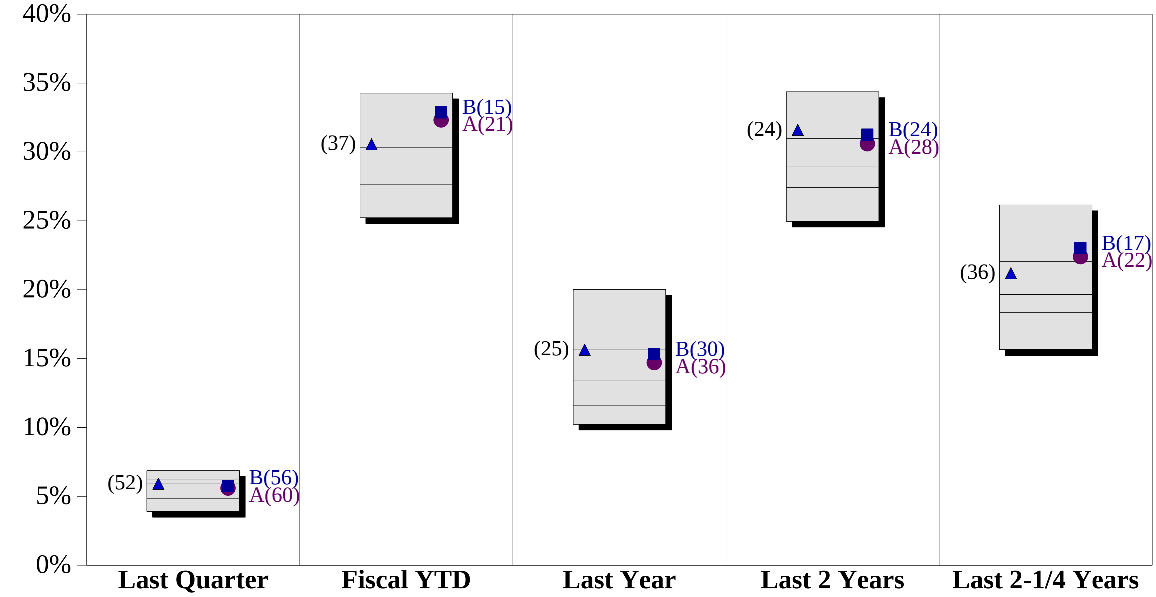


RCM SOCIALLY RESP.(NET)
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

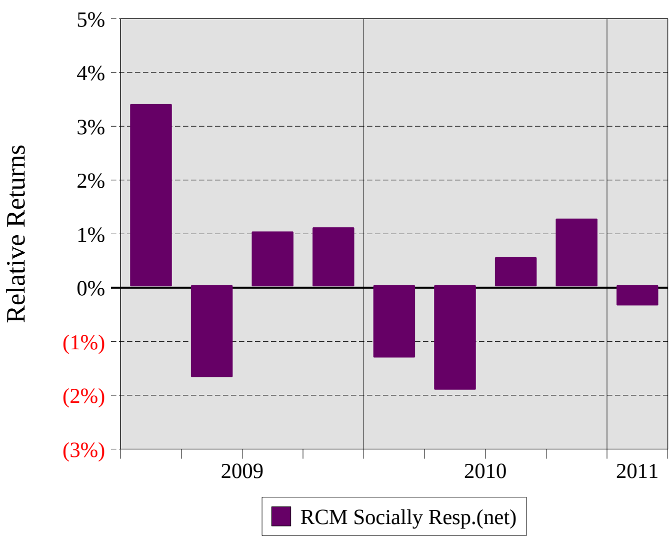
- RCM Socially Resp.(net)'s portfolio posted a 5.60% return for the quarter placing it in the 60 percentile of the CAI MF - Core Equity Style group for the quarter and in the 36 percentile for the last year.
- RCM Socially Resp.(net)'s portfolio underperformed the S&P 500 Index by 0.32% for the quarter and underperformed the S&P 500 Index for the year by 0.93%.

Performance vs CAI MF - Core Equity Style (Net)

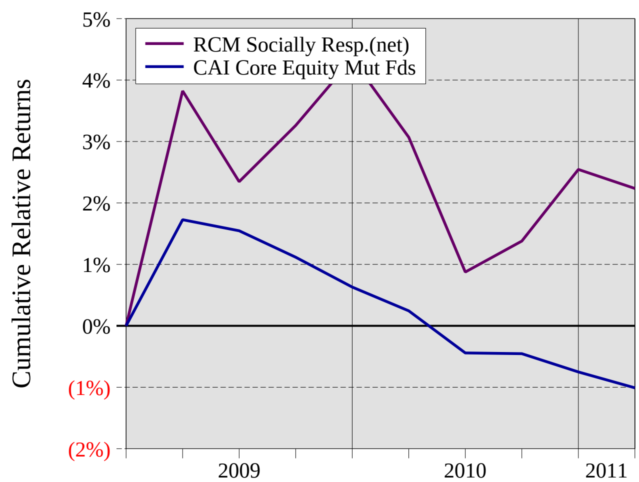


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	6.87	34.28	20.03	34.36	26.15
25th Percentile	6.19	32.17	15.63	30.98	22.04
Median	5.96	30.34	13.44	28.98	19.65
75th Percentile	4.86	27.62	11.61	27.42	18.34
90th Percentile	3.90	25.22	10.23	24.96	15.65
RCM Socially Resp.(net) ● A	5.60	32.32	14.71	30.60	22.40
RCM Socially Resp.(gross) ■ B	5.76	32.87	15.32	31.27	23.03
S&P 500 Index ▲	5.92	30.56	15.65	31.61	21.20

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



RUSSELL 3000 INDEX FUND
PERIOD ENDED MARCH 31, 2011

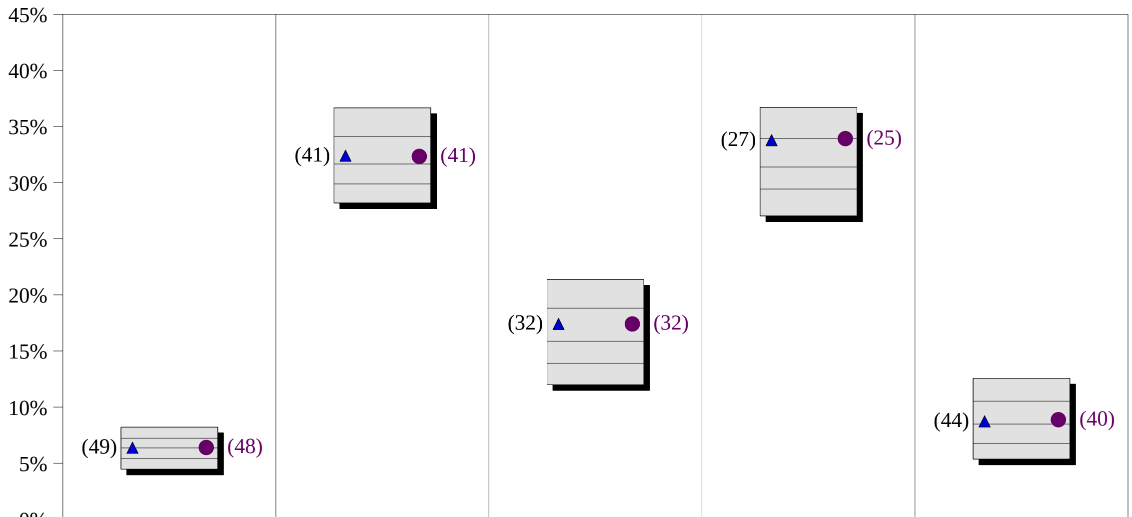
Investment Philosophy

The Russell 3000 Index Strategy seeks to replicate the returns and characteristics of the Russell 3000 Index. .

Quarterly Summary and Highlights

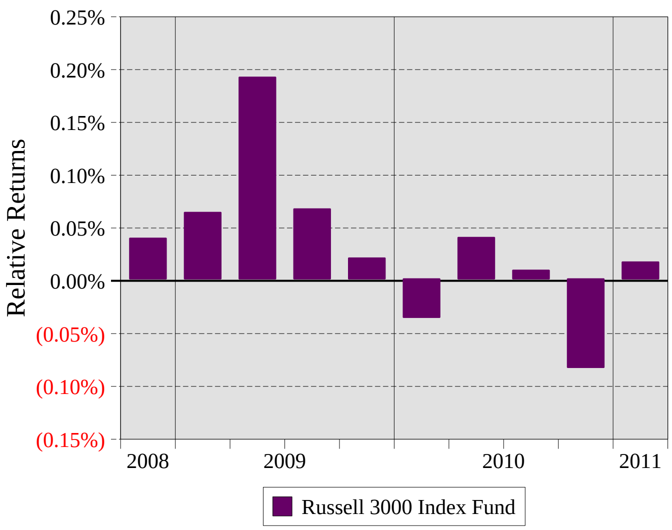
- Russell 3000 Index Fund's portfolio posted a 6.40% return for the quarter placing it in the 48 percentile of the CAI Large Capitalization Style group for the quarter and in the 32 percentile for the last year.
- Russell 3000 Index Fund's portfolio outperformed the Russell 3000 Index by 0.02% for the quarter and underperformed the Russell 3000 Index for the year by 0.00%.

Performance vs CAI Large Capitalization Style (Gross)

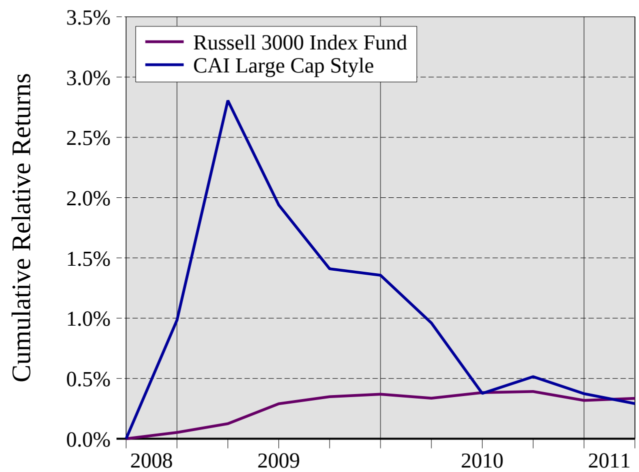


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	8.21	36.67	21.37	36.71	12.56
25th Percentile	7.23	34.10	18.82	33.95	10.53
Median	6.36	31.66	15.87	31.39	8.49
75th Percentile	5.43	29.89	13.91	29.43	6.74
90th Percentile	4.47	28.19	11.99	27.04	5.36
Russell 3000 Index Fund ●	6.40	32.34	17.41	33.93	8.88
Russell 3000 Index ▲	6.38	32.40	17.41	33.78	8.73

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



T. ROWE PRICE SMALL-CAP
PERIOD ENDED MARCH 31, 2011

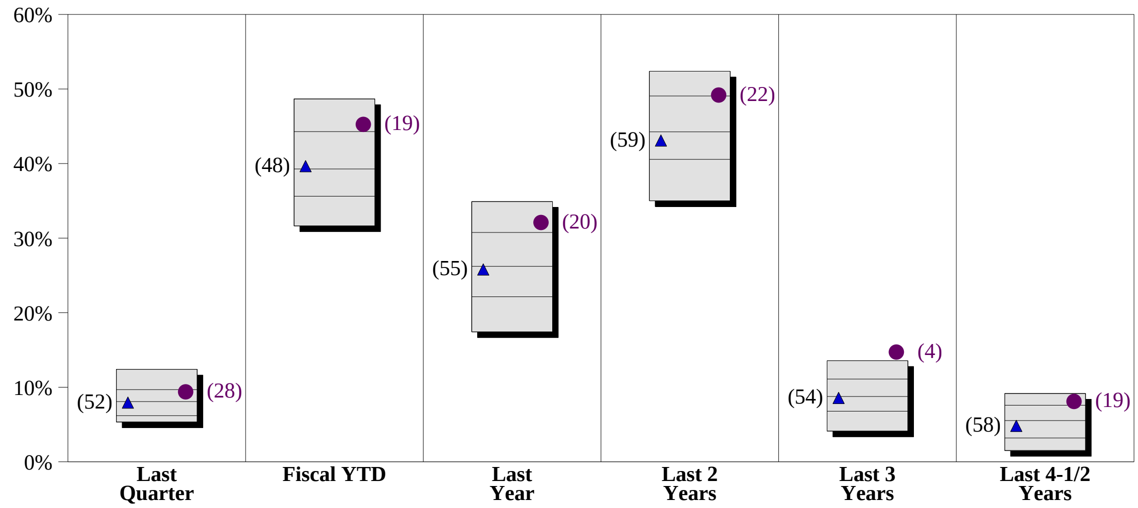
Investment Philosophy

T. Rowe Price believes that opportunistically blending small-cap value and growth stocks to capitalize on valuation anomalies will produce superior and consistent returns. They also believe that a broadly diversified portfolio can achieve those returns with below-market volatility.

Quarterly Summary and Highlights

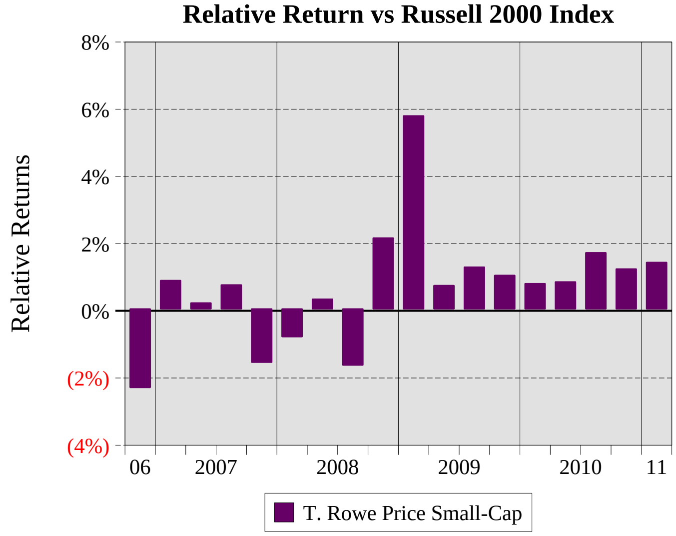
- T. Rowe Price Small-Cap's portfolio posted a 9.38% return for the quarter placing it in the 28 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 20 percentile for the last year.
- T. Rowe Price Small-Cap's portfolio outperformed the Russell 2000 Index by 1.44% for the quarter and outperformed the Russell 2000 Index for the year by 6.30%.

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

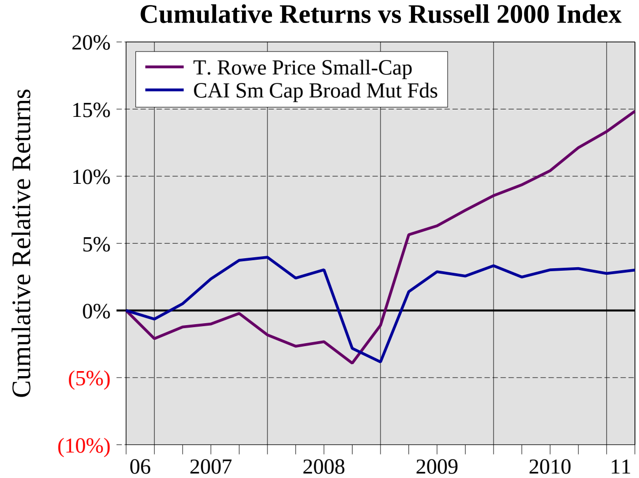


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	12.40	48.67	34.90	52.38	13.56	9.16
25th Percentile	9.68	44.28	30.76	49.06	11.10	7.59
Median	8.08	39.27	26.22	44.25	8.76	5.53
75th Percentile	6.19	35.62	22.14	40.56	6.78	3.19
90th Percentile	5.34	31.64	17.42	35.01	4.12	1.51
T. Rowe Price Small-Cap ●	9.38	45.25	32.09	49.19	14.72	8.09
Russell 2000 Index ▲	7.94	39.65	25.79	43.09	8.57	4.82

Relative Return vs Russell 2000 Index



Cumulative Returns vs Russell 2000 Index



BRANDES INTERNATIONAL EQUITY FUND
PERIOD ENDED MARCH 31, 2011

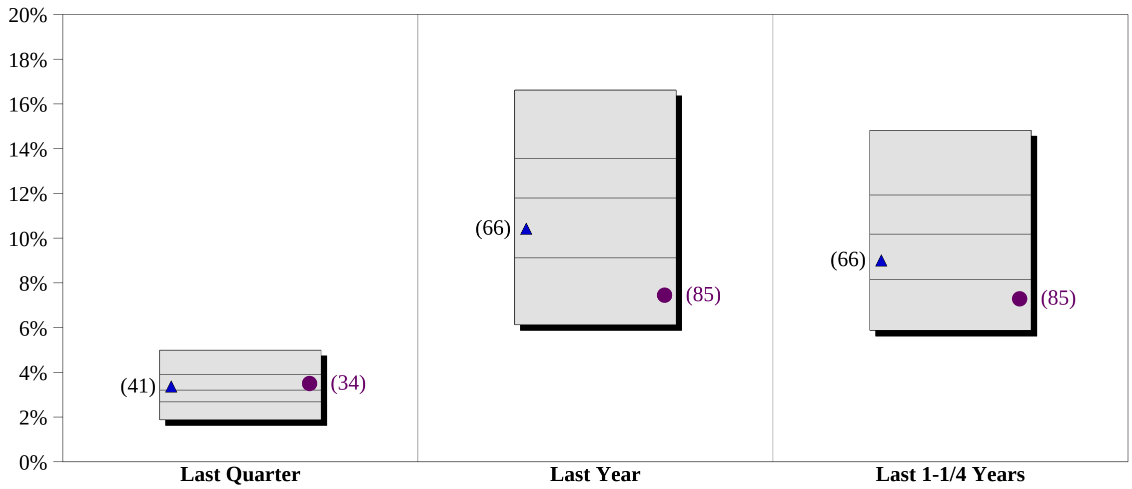
Investment Philosophy

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

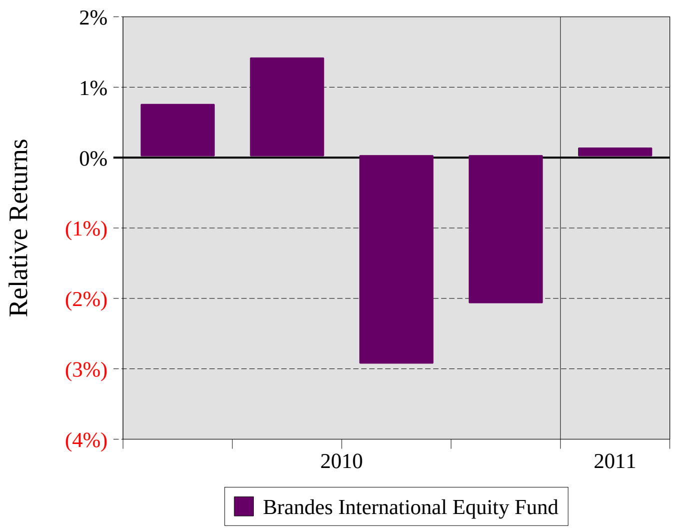
- Brandes International Equity Fund's portfolio posted a 3.50% return for the quarter placing it in the 34 percentile of the CAI MF - Intl Core Equity Style group for the quarter and in the 85 percentile for the last year.
- Brandes International Equity Fund's portfolio outperformed the MSCI EAFE Index by 0.14% for the quarter and underperformed the MSCI EAFE Index for the year by 2.97%.

Performance vs CAI MF - Intl Core Equity Style (Net)

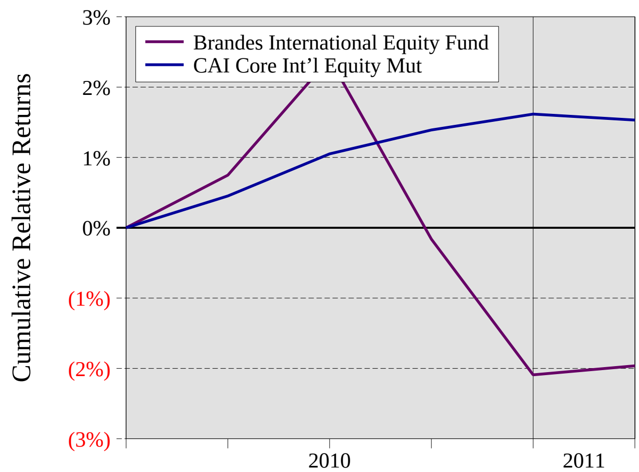


	Last Quarter	Last Year	Last 1-1/4 Years
10th Percentile	4.99	16.62	14.82
25th Percentile	3.90	13.56	11.93
Median	3.21	11.79	10.18
75th Percentile	2.68	9.12	8.16
90th Percentile	1.88	6.13	5.87
Brandes International Equity Fund ●	3.50	7.45	7.29
MSCI EAFE Index ▲	3.36	10.42	9.00

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index

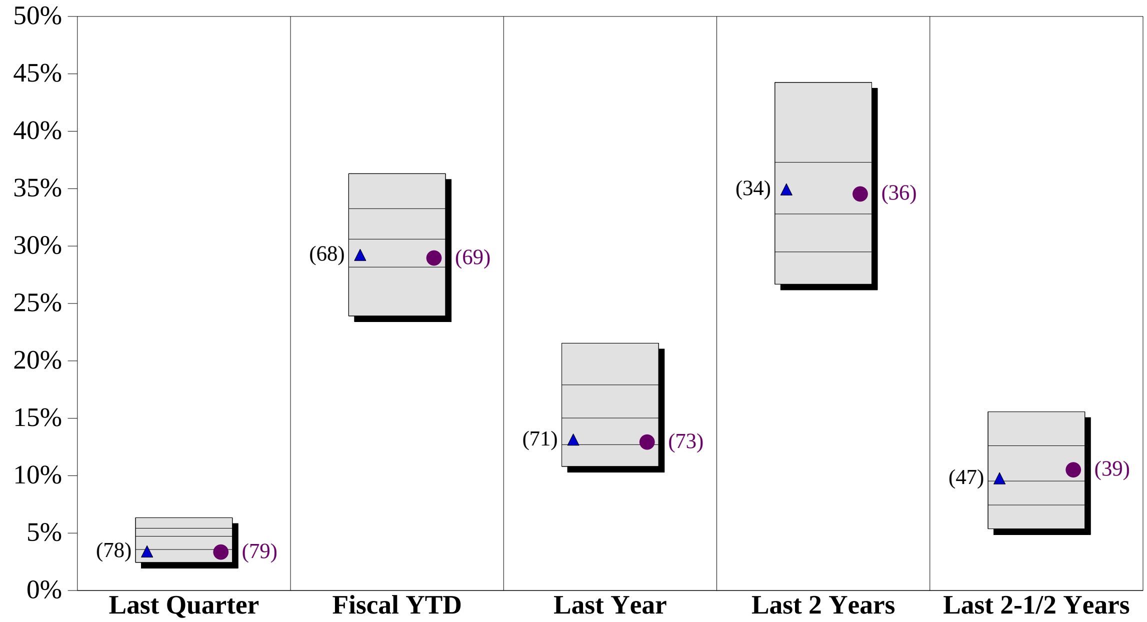


WORLD EQUITY EX US
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

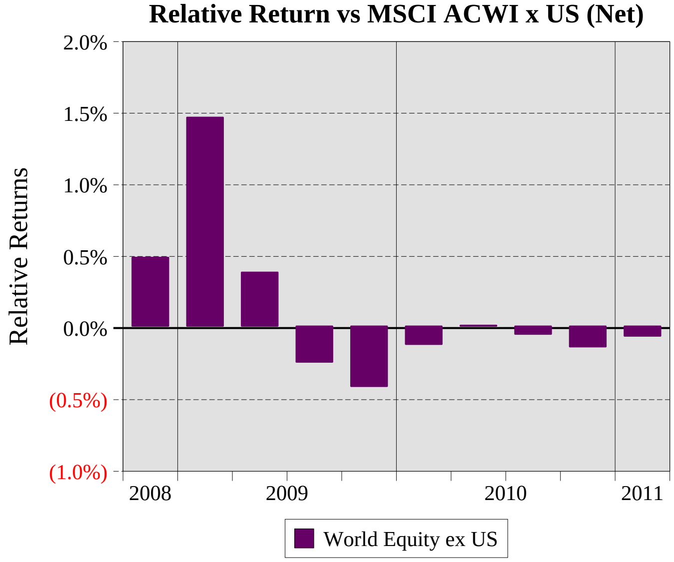
- World Equity ex US's portfolio posted a 3.35% return for the quarter placing it in the 79 percentile of the CAI Global Equity Database group for the quarter and in the 73 percentile for the last year.
- World Equity ex US's portfolio underperformed the MSCI ACWI x US (Net) by 0.06% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 0.22%.

Performance vs CAI Global Equity Database (Gross)

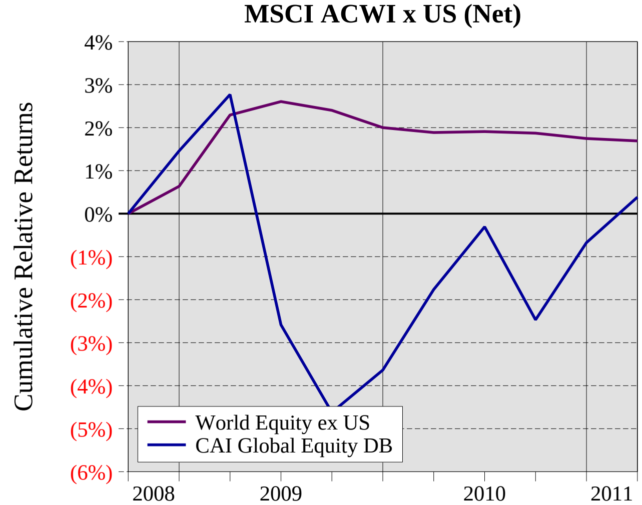


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	6.34	36.31	21.54	44.25	15.57
25th Percentile	5.42	33.26	17.91	37.30	12.61
Median	4.72	30.60	15.03	32.80	9.53
75th Percentile	3.57	28.17	12.70	29.49	7.45
90th Percentile	2.44	23.91	10.81	26.68	5.38
World Equity ex US ●	3.35	28.96	12.93	34.54	10.51
MSCI ACWI x US (Net) ▲	3.41	29.23	13.15	34.94	9.77

Relative Return vs MSCI ACWI x US (Net)



Cumulative Returns vs MSCI ACWI x US (Net)



GOVT/CREDIT BOND FUND
PERIOD ENDED MARCH 31, 2011

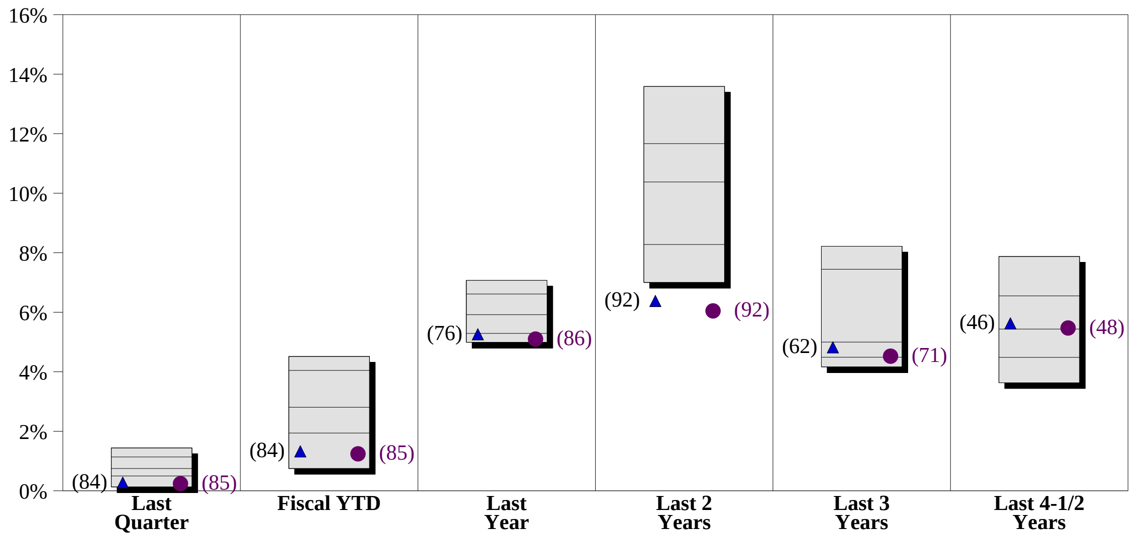
Investment Philosophy

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

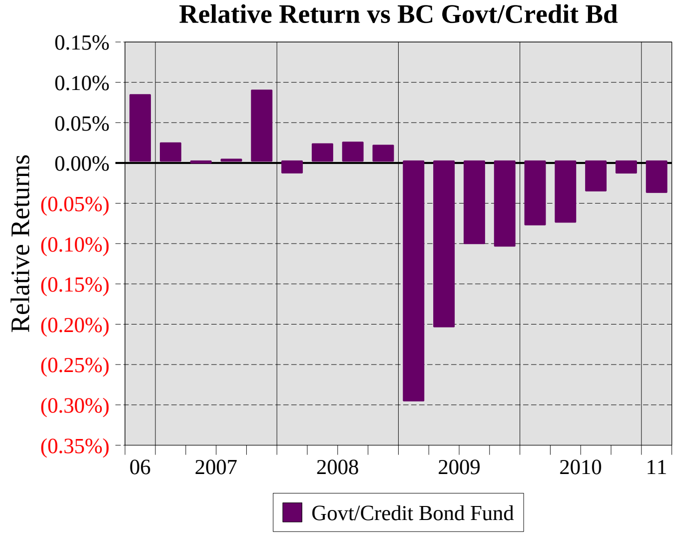
- Govt/Credit Bond Fund's portfolio posted a 0.24% return for the quarter placing it in the 85 percentile of the CAI MF - Core Bond Style group for the quarter and in the 86 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the BC Govt/Credit Bd by 0.04% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.16%.

Performance vs CAI MF - Core Bond Style (Net)

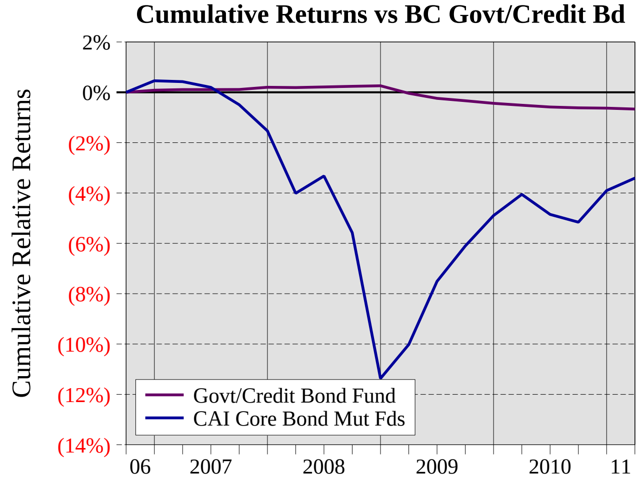


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	1.44	4.51	7.07	13.59	8.22	7.87
25th Percentile	1.14	4.04	6.61	11.67	7.44	6.55
Median	0.75	2.81	5.92	10.38	5.00	5.43
75th Percentile	0.50	1.94	5.29	8.28	4.49	4.48
90th Percentile	0.13	0.75	4.99	7.00	4.16	3.63
Govt/Credit Bond Fund ●	0.24	1.24	5.10	6.04	4.52	5.47
BC Govt/Credit Bd ▲	0.28	1.33	5.26	6.38	4.82	5.63

Relative Return vs BC Govt/Credit Bd



Cumulative Returns vs BC Govt/Credit Bd

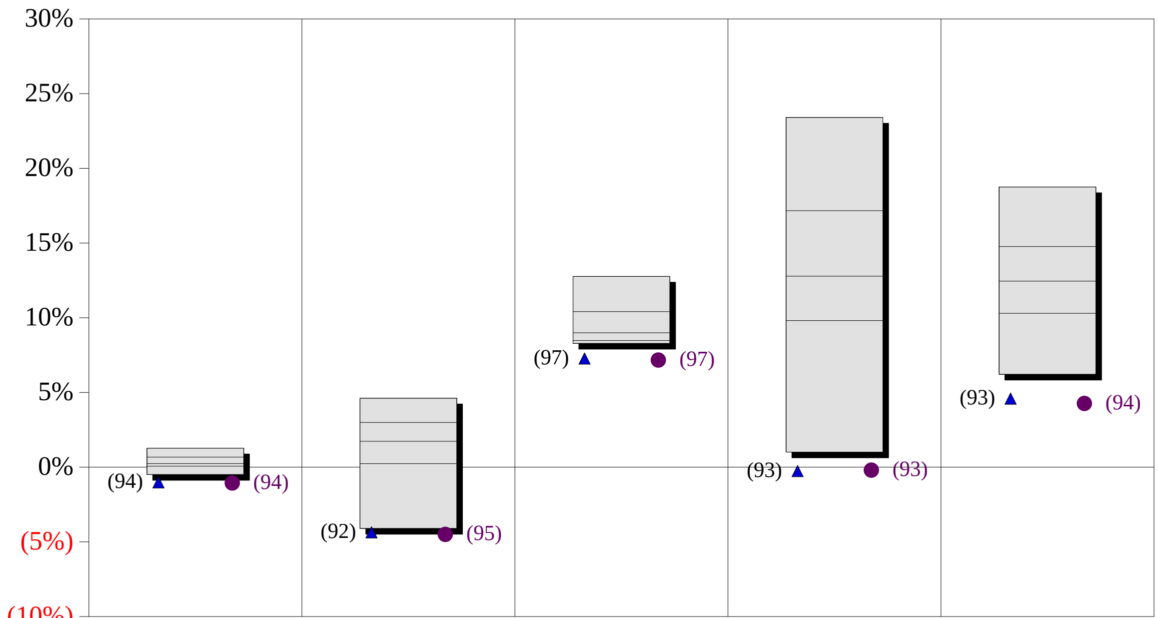


LONG US TREASURY BOND
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

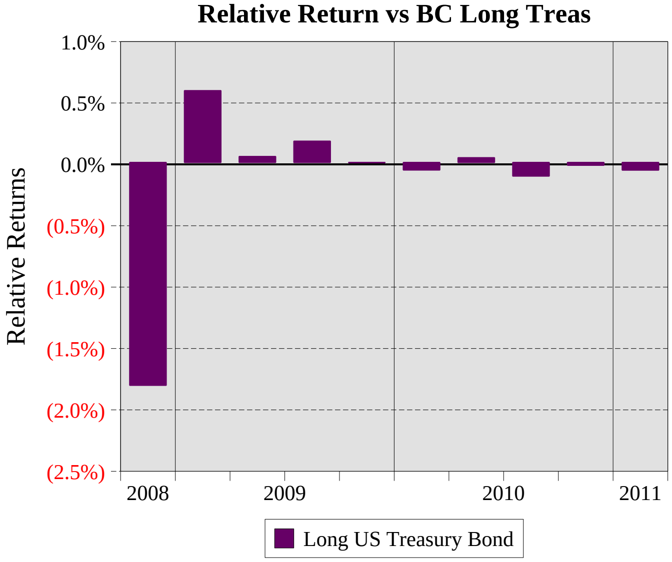
- Long US Treasury Bond's portfolio posted a (1.06)% return for the quarter placing it in the 94 percentile of the CAI Extended Maturity Fixed-Inc Style group for the quarter and in the 97 percentile for the last year.
- Long US Treasury Bond's portfolio underperformed the BC Long Treas by 0.05% for the quarter and underperformed the BC Long Treas for the year by 0.11%.

Performance vs CAI Extended Maturity Fixed-Inc Style (Gross)

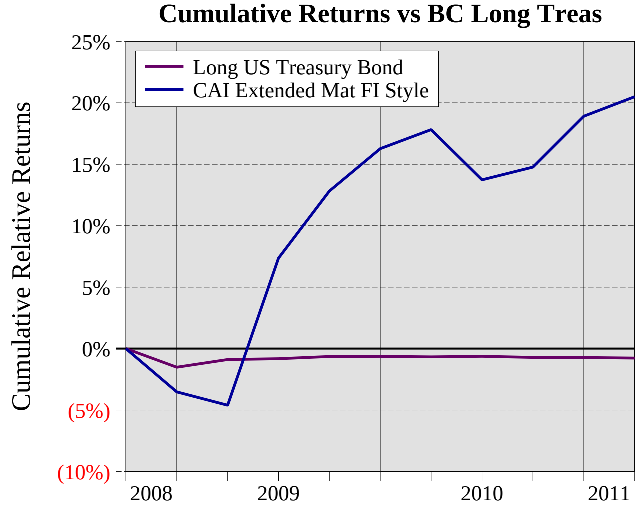


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	1.27	4.62	12.77	23.41	18.75
25th Percentile	0.67	2.99	10.41	17.17	14.77
Median	0.24	1.73	8.99	12.78	12.45
75th Percentile	0.06	0.23	8.48	9.81	10.30
90th Percentile	(0.50)	(4.10)	8.28	1.01	6.21
Long US Treasury Bond ●	(1.06)	(4.50)	7.17	(0.20)	4.27
BC Long Treas ▲	(1.01)	(4.36)	7.27	(0.26)	4.59

Relative Return vs BC Long Treas



Cumulative Returns vs BC Long Treas



INTERMEDIATE BOND FUND
PERIOD ENDED MARCH 31, 2011

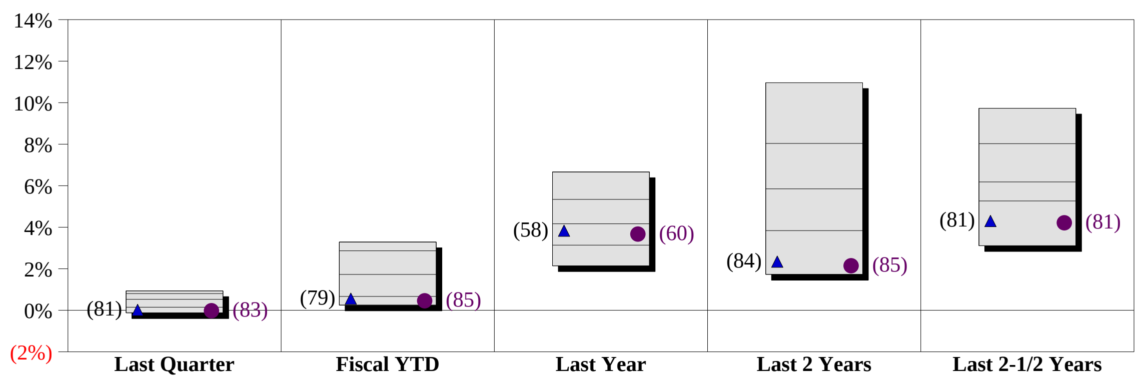
Investment Philosophy

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

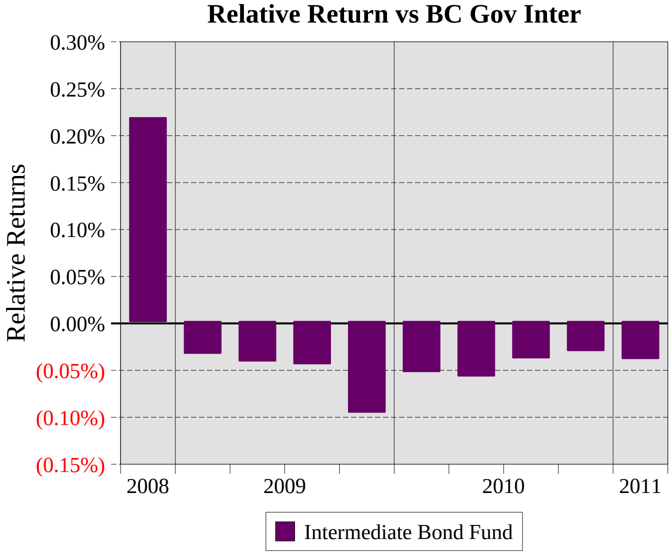
- Intermediate Bond Fund's portfolio posted a (0.02)% return for the quarter placing it in the 83 percentile of the CAI MF - Intermediate Style group for the quarter and in the 60 percentile for the last year.
- Intermediate Bond Fund's portfolio underperformed the BC Gov Inter by 0.04% for the quarter and underperformed the BC Gov Inter for the year by 0.16%.

Performance vs CAI MF - Intermediate Style (Net)

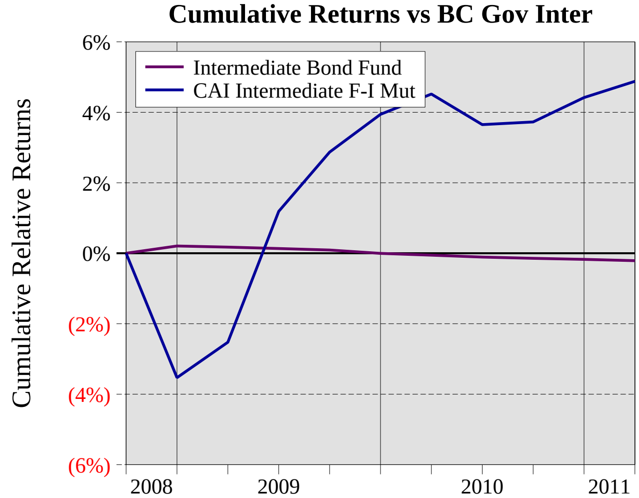


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	0.94	3.29	6.66	10.96	9.73
25th Percentile	0.80	2.87	5.34	8.04	8.03
Median	0.53	1.73	4.17	5.85	6.18
75th Percentile	0.15	0.67	3.14	3.84	5.27
90th Percentile	(0.12)	0.25	2.14	1.73	3.11
Intermediate Bond Fund ●	(0.02)	0.46	3.67	2.15	4.21
BC Gov Inter ▲	0.02	0.56	3.83	2.34	4.30

Relative Return vs BC Gov Inter



Cumulative Returns vs BC Gov Inter



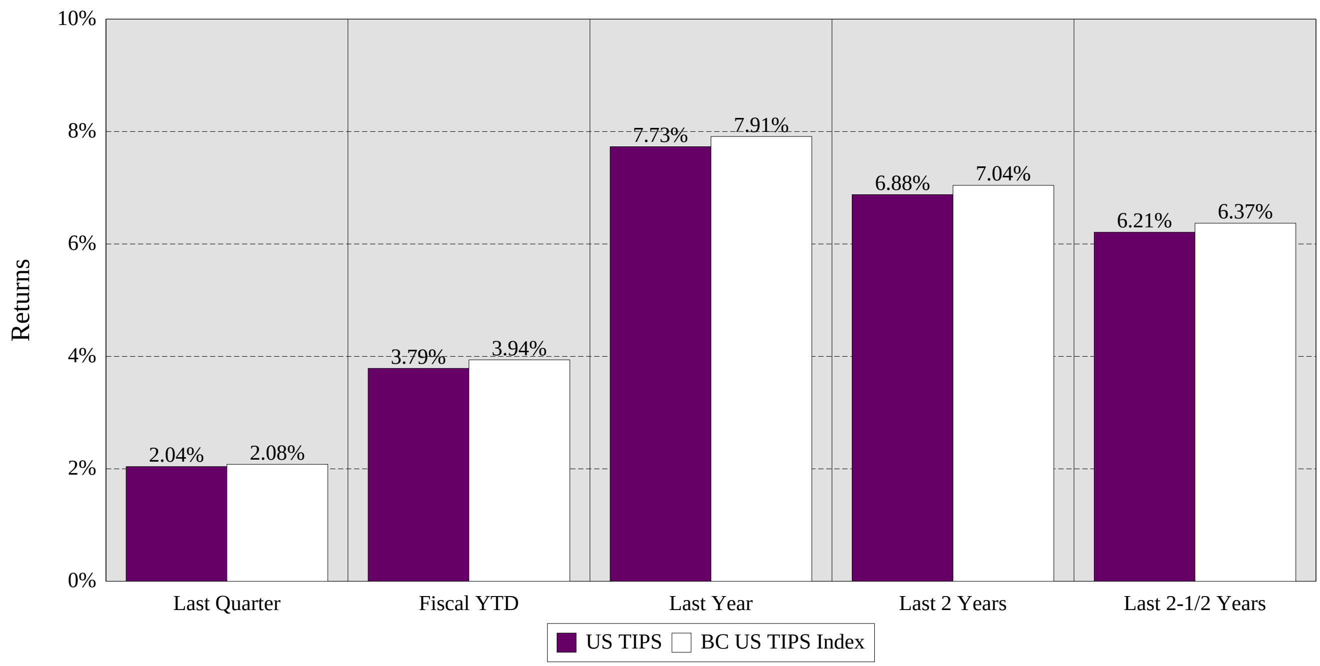
US TIPS
PERIOD ENDED MARCH 31, 2011

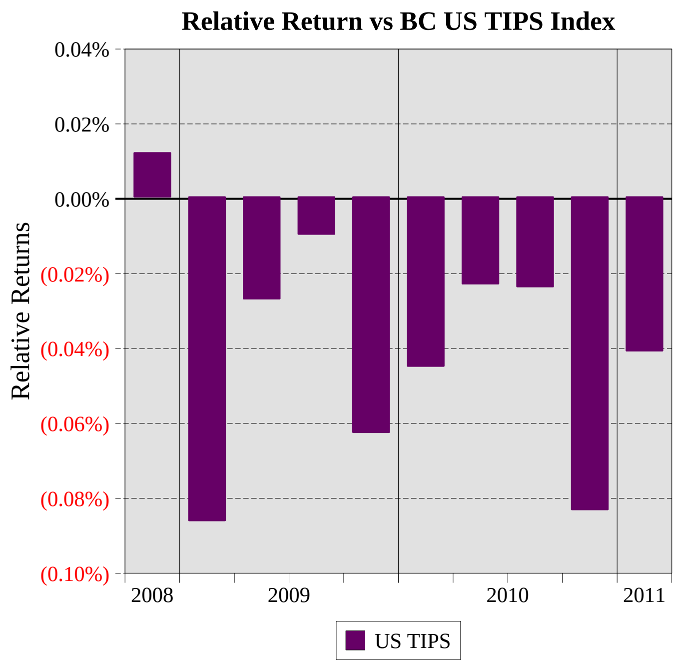
Investment Philosophy

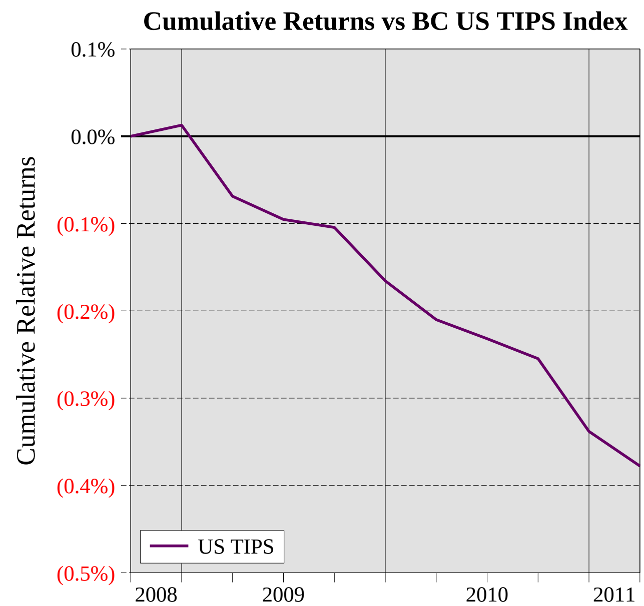
The Passive Treasury Inflation Protected Securities Strategy seeks to match the total rate of return of the BC Inflation Notes Index by investing in a portfolio of US Treasury inflation protected securities. It is managed duration neutral to the Index at all times. Overall sector and security weightings are also matched to the Index. The strategy is one of full replication, owning a market-value weight of each security in the benchmark.

Quarterly Summary and Highlights

- US TIPS's portfolio underperformed the BC US TIPS Index by 0.04% for the quarter and underperformed the BC US TIPS Index for the year by 0.18%.





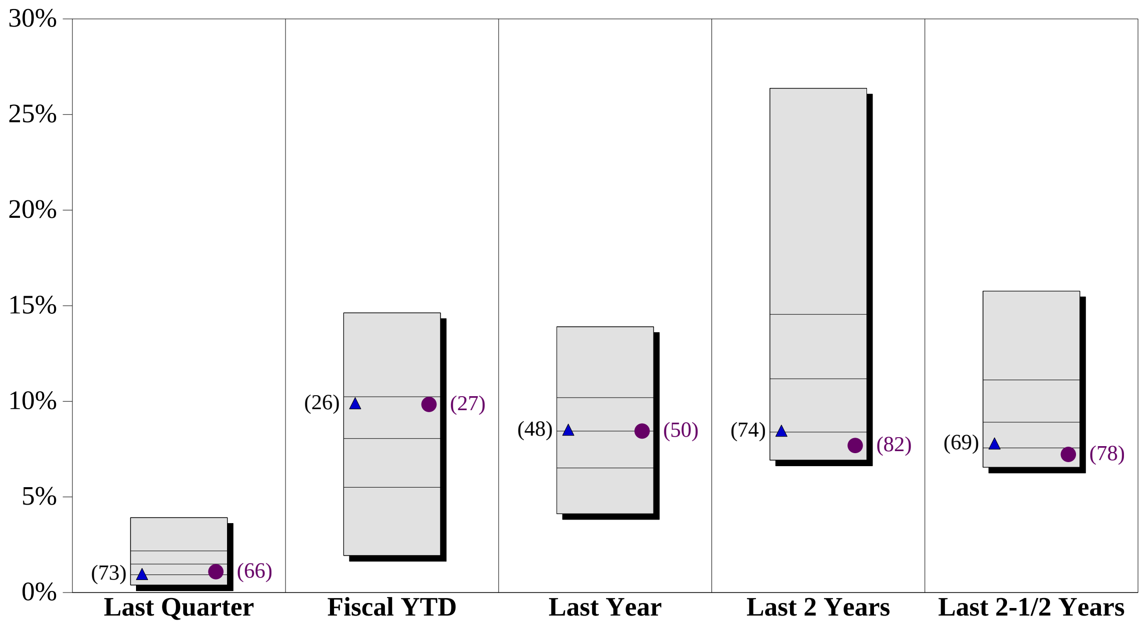


WORLD GOVT BOND EX US
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

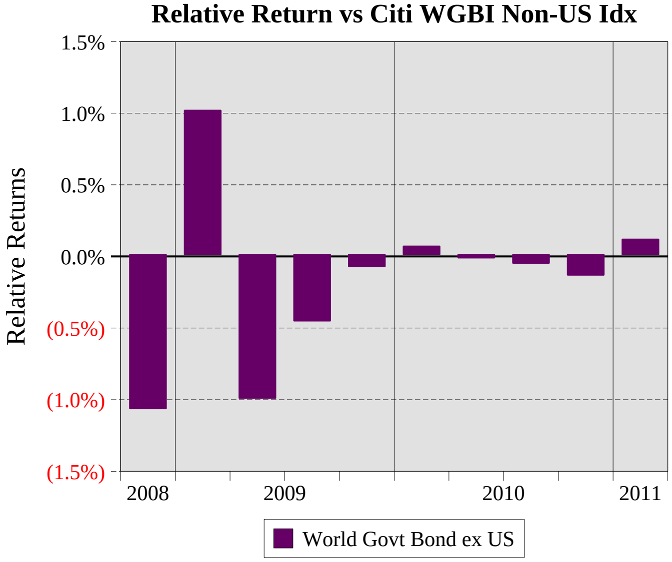
- World Govt Bond ex US's portfolio posted a 1.09% return for the quarter placing it in the 66 percentile of the CAI Global Fixed-Income Database group for the quarter and in the 50 percentile for the last year.
- World Govt Bond ex US's portfolio outperformed the Citi WGBI Non-US Idx by 0.12% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.07%.

Performance vs CAI Global Fixed-Income Database (Gross)

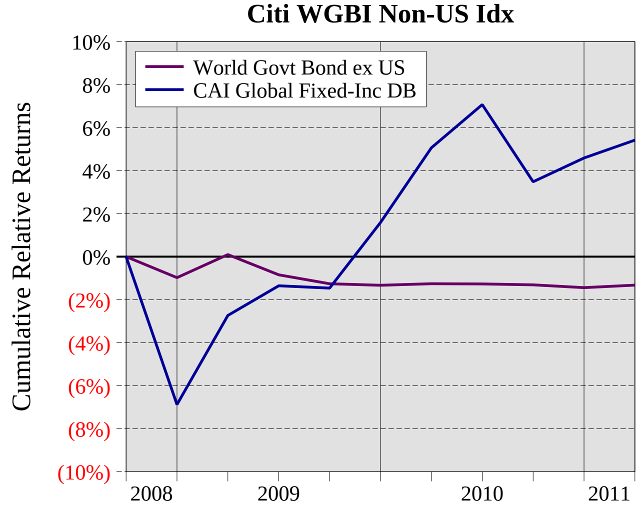


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	3.92	14.63	13.90	26.37	15.77
25th Percentile	2.18	10.24	10.19	14.55	11.12
Median	1.49	8.06	8.44	11.18	8.91
75th Percentile	0.93	5.50	6.52	8.39	7.56
90th Percentile	0.39	1.94	4.12	6.92	6.55
World Govt Bond ex US ●	1.09	9.84	8.45	7.69	7.22
Citi WGBI Non-US Idx ▲	0.97	9.90	8.52	8.46	7.80

Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx

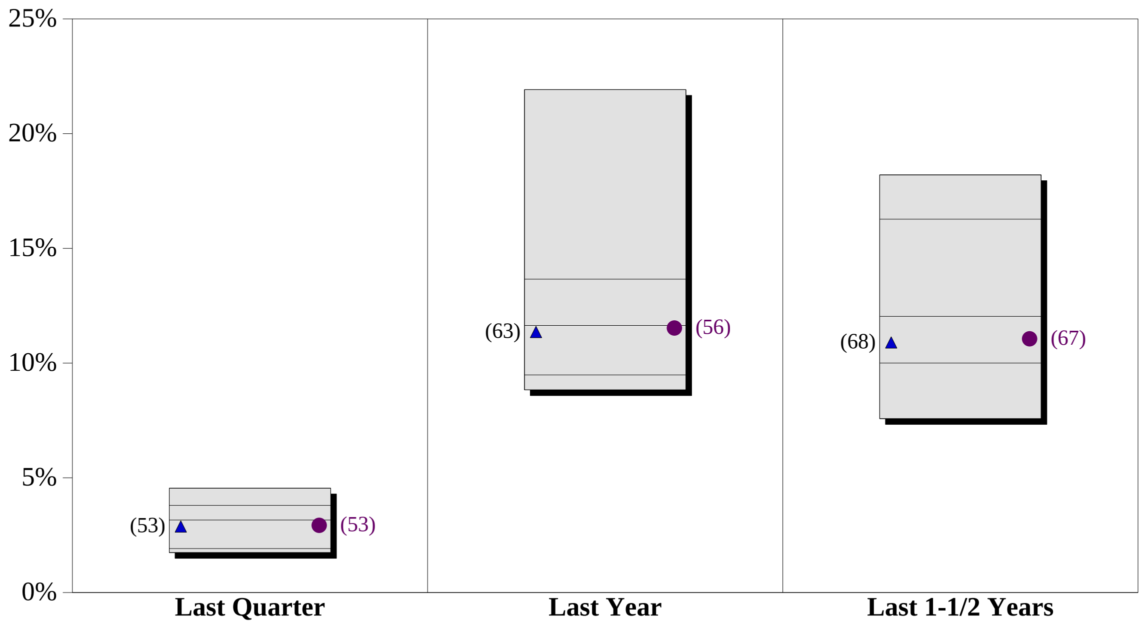


SSGA GLOBAL BALANCED
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

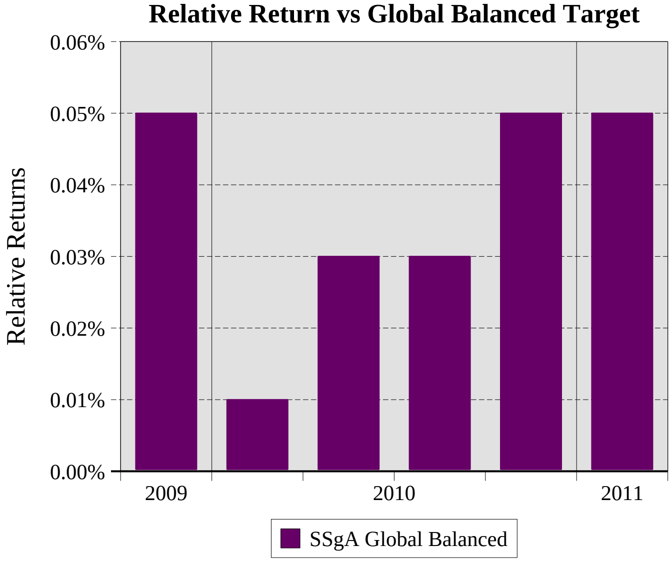
- SSgA Global Balanced's portfolio posted a 2.93% return for the quarter placing it in the 53 percentile of the CAI MF - Global Balanced Style group for the quarter and in the 56 percentile for the last year.
- SSgA Global Balanced's portfolio outperformed the Global Balanced Target by 0.05% for the quarter and outperformed the Global Balanced Target for the year by 0.17%.

Performance vs CAI MF - Global Balanced Style (Net)

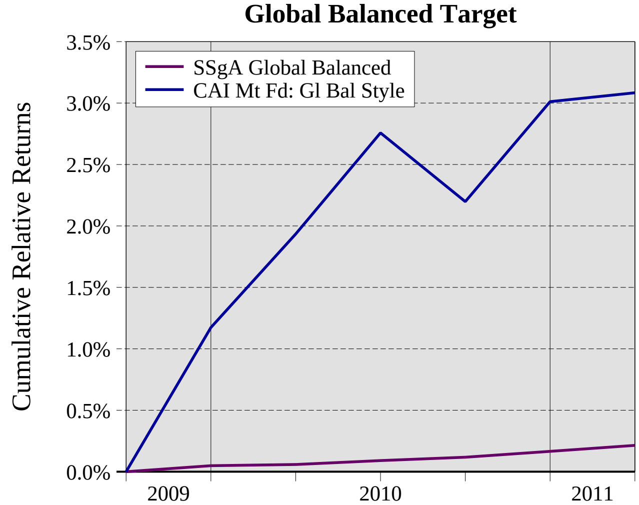


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	4.55	21.92	18.20
25th Percentile	3.80	13.66	16.27
Median	3.16	11.64	12.04
75th Percentile	1.92	9.48	10.00
90th Percentile	1.74	8.83	7.58
SSgA Global Balanced ●	2.93	11.53	11.06
Global Balanced Target ▲	2.88	11.36	10.90

Relative Return vs Global Balanced Target



Cumulative Returns vs Global Balanced Target



ALASKA BALANCED TRUST
PERIOD ENDED MARCH 31, 2011

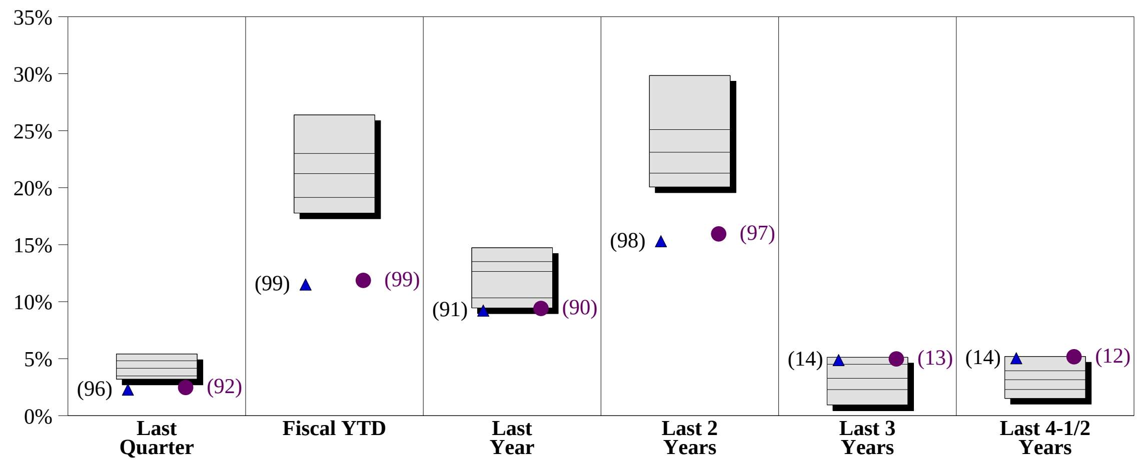
Investment Philosophy

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: 60.0% BC Aggegate Bond, 29.6% Russell 3000, 7.4% MSCI EAFE and 3.0% TBIL.

Quarterly Summary and Highlights

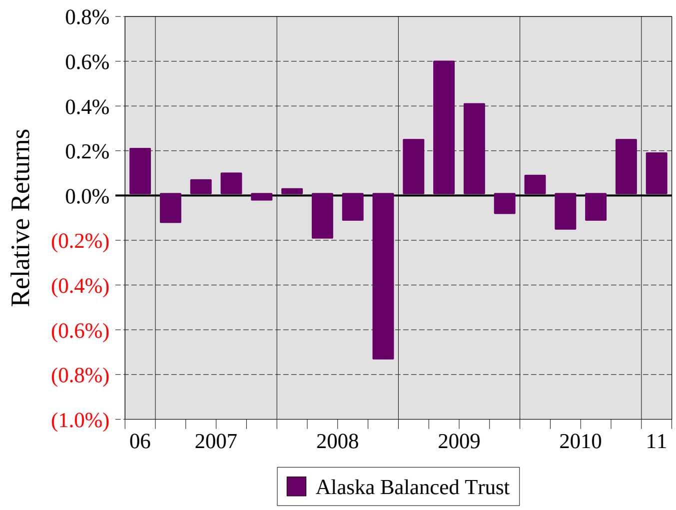
- Alaska Balanced Trust's portfolio posted a 2.47% return for the quarter placing it in the 92 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 90 percentile for the last year.
- Alaska Balanced Trust's portfolio outperformed the Alaska Balanced Benchmark by 0.19% for the quarter and outperformed the Alaska Balanced Benchmark for the year by 0.19%.

Performance vs CAI MF - Domestic Balanced Style (Net)

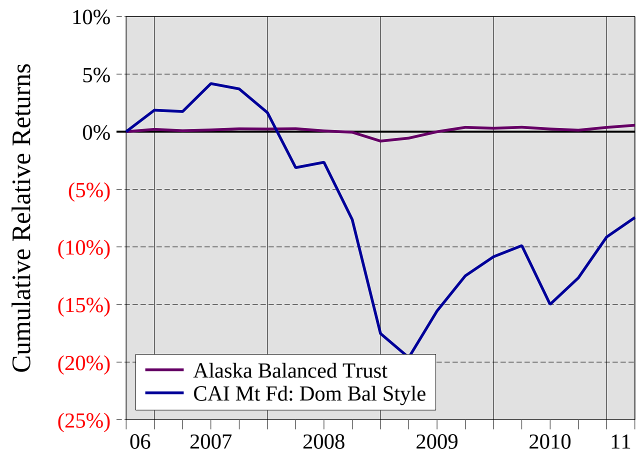


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	5.41	26.39	14.73	29.84	5.12	5.19
25th Percentile	4.81	23.00	13.51	25.10	4.51	3.94
Median	4.16	21.23	12.65	23.11	3.28	3.15
75th Percentile	3.48	19.15	10.33	21.28	2.29	2.29
90th Percentile	3.20	17.77	9.45	20.06	0.94	1.51
Alaska Balanced Trust ●	2.47	11.87	9.41	15.95	4.98	5.17
Alaska Balanced Benchmark ▲	2.28	11.51	9.22	15.30	4.87	5.04

Relative Returns vs Alaska Balanced Benchmark



Cumulative Returns vs Alaska Balanced Benchmark



ALASKA LONG-TERM BALANCED TR
PERIOD ENDED MARCH 31, 2011

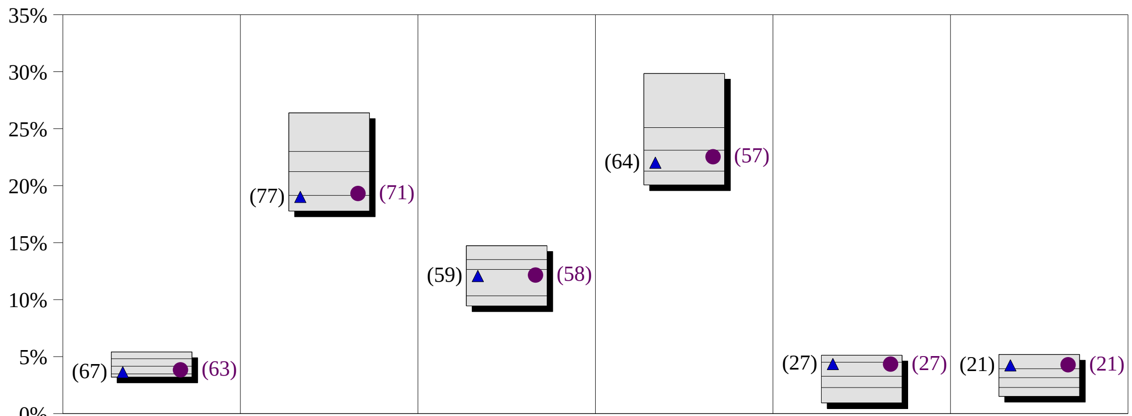
Investment Philosophy

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: 36.0% BC Aggegate Bond, 49.6% Russell 3000, 12.4% MSCI EAFE and 2.0% TBIL.

Quarterly Summary and Highlights

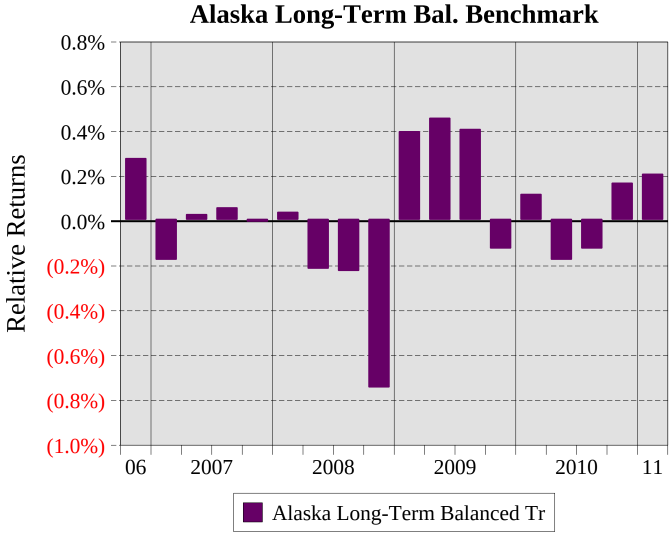
- Alaska Long-Term Balanced Tr's portfolio posted a 3.84% return for the quarter placing it in the 63 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 58 percentile for the last year.
- Alaska Long-Term Balanced Tr's portfolio outperformed the Alaska Long-Term Bal. Benchmark by 0.21% for the quarter and outperformed the Alaska Long-Term Bal. Benchmark for the year by 0.08%.

Performance vs CAI MF - Domestic Balanced Style (Net)

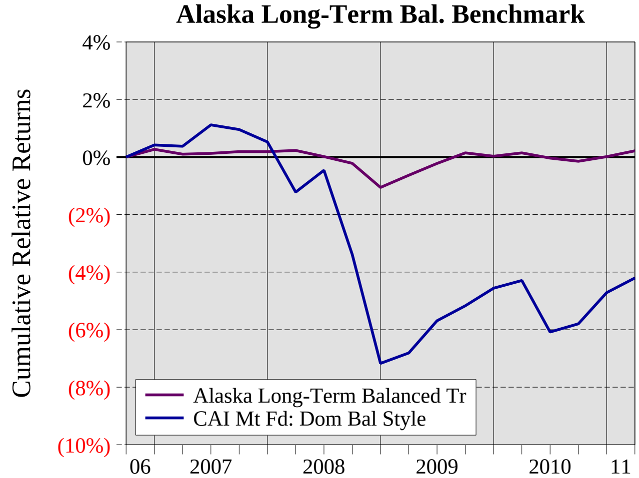


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	5.41	26.39	14.73	29.84	5.12	5.19
25th Percentile	4.81	23.00	13.51	25.10	4.51	3.94
Median	4.16	21.23	12.65	23.11	3.28	3.15
75th Percentile	3.48	19.15	10.33	21.28	2.29	2.29
90th Percentile	3.20	17.77	9.45	20.06	0.94	1.51
Alaska Long-Term Balanced Tr ●	3.84	19.32	12.16	22.54	4.35	4.29
Alaska Long-Term Bal. Benchmark ▲	3.63	19.01	12.08	22.02	4.35	4.24

Relative Returns vs Alaska Long-Term Bal. Benchmark



Cumulative Returns vs Alaska Long-Term Bal. Benchmark



2010 TARGET TRUST
PERIOD ENDED MARCH 31, 2011

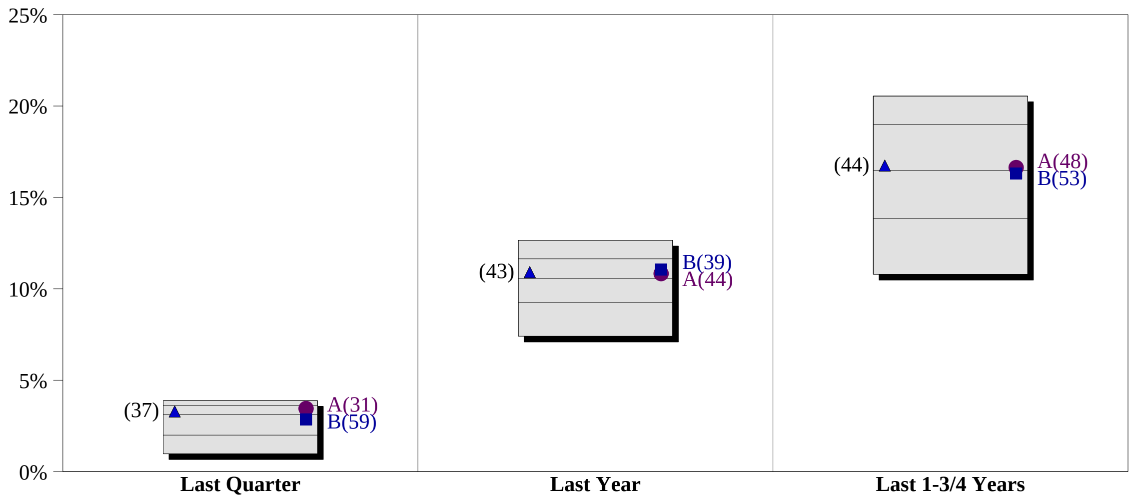
Investment Philosophy

The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2010 approaches. Benchmark: 35.0% BC Aggegate Bond, 43.5% Russell 3000, 11.0% MSCI EAFE and 10.5% TBIL.

Quarterly Summary and Highlights

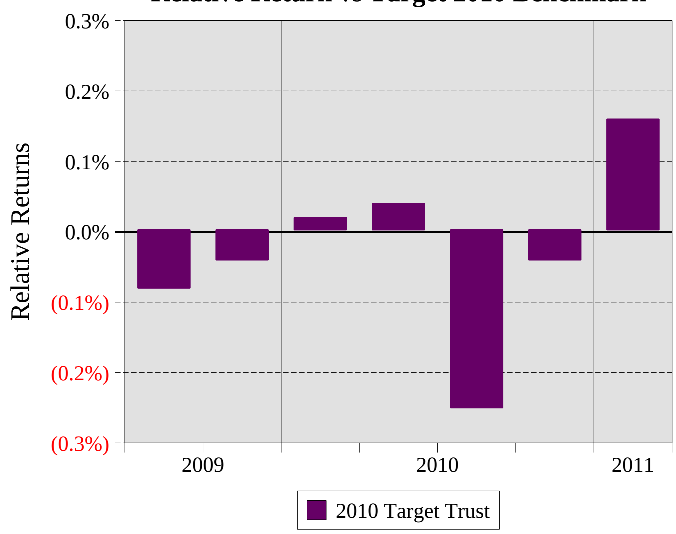
- 2010 Target Trust's portfolio posted a 3.45% return for the quarter placing it in the 31 percentile of the CAI Target Date 2010 group for the quarter and in the 44 percentile for the last year.
- 2010 Target Trust's portfolio outperformed the Target 2010 Benchmark by 0.16% for the quarter and underperformed the Target 2010 Benchmark for the year by 0.08%.

Performance vs CAI Target Date 2010 (Net)

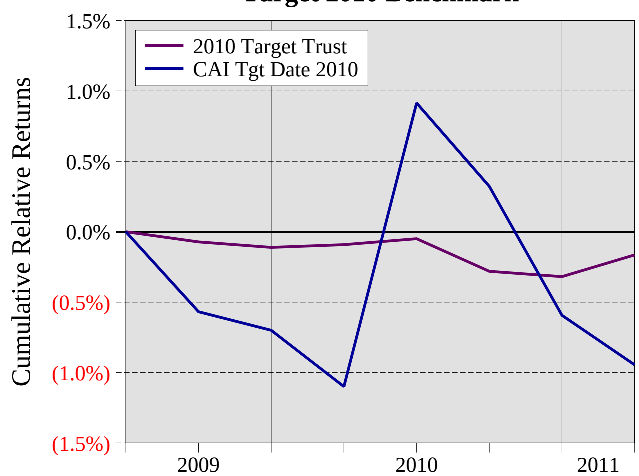


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	3.88	12.65	20.54
25th Percentile	3.61	11.64	19.00
Median	3.13	10.56	16.47
75th Percentile	2.00	9.24	13.84
90th Percentile	0.97	7.41	10.79
2010 Target Trust ● A	3.45	10.83	16.63
CAI Tgt Dt Idx 2010 ■ B	2.86	11.05	16.31
Target 2010 Benchmark ▲	3.29	10.91	16.74

Relative Return vs Target 2010 Benchmark



Cumulative Returns vs Target 2010 Benchmark



2015 TARGET TRUST
PERIOD ENDED MARCH 31, 2011

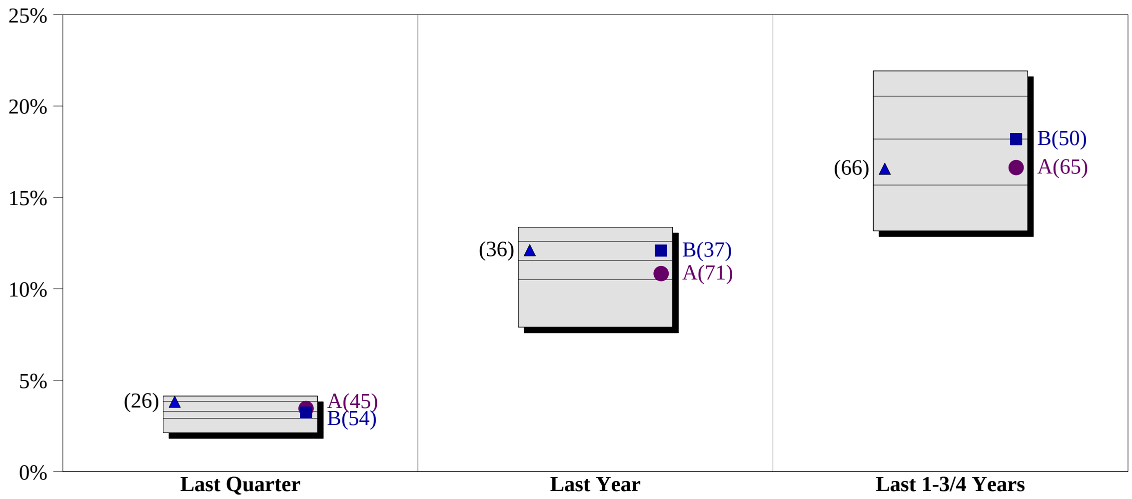
Investment Philosophy

The Trust is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2015 approaches. Benchmark: 30.0% BC Aggegate Bond, 51.0% Russell 3000, 13.0% MSCI EAFE and 6.0% TBIL.

Quarterly Summary and Highlights

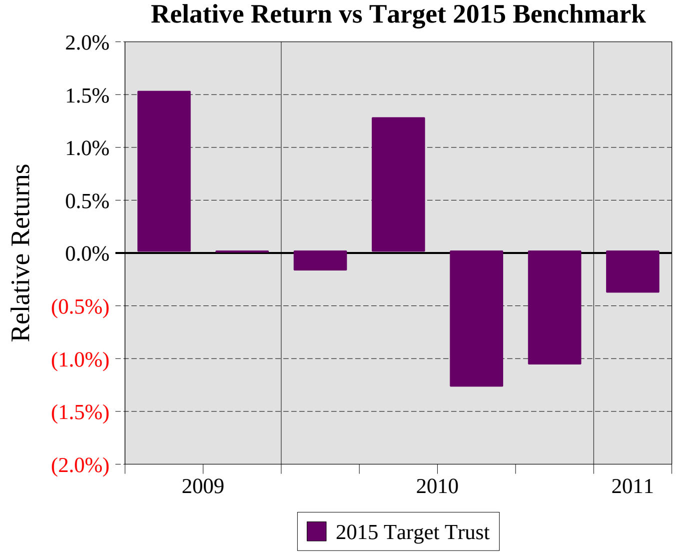
- 2015 Target Trust's portfolio posted a 3.45% return for the quarter placing it in the 45 percentile of the CAI Target Date 2015 group for the quarter and in the 71 percentile for the last year.
- 2015 Target Trust's portfolio underperformed the Target 2015 Benchmark by 0.37% for the quarter and underperformed the Target 2015 Benchmark for the year by 1.28%.

Performance vs CAI Target Date 2015 (Net)

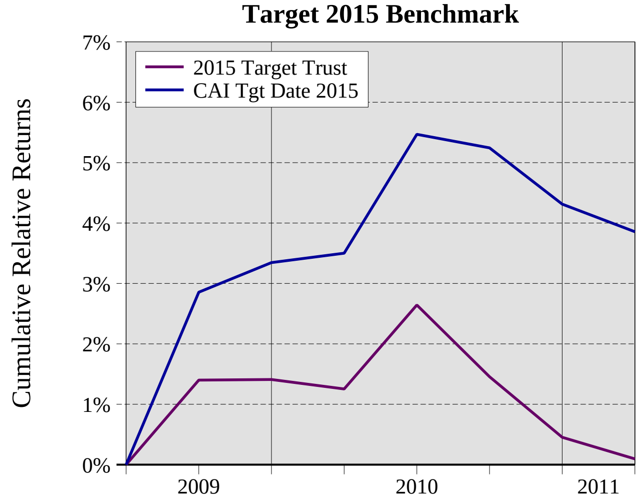


		Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile		4.13	13.37	21.92
25th Percentile		3.84	12.59	20.54
Median		3.30	11.55	18.19
75th Percentile		2.92	10.50	15.68
90th Percentile		2.13	7.90	13.17
2015 Target Trust	● A	3.45	10.83	16.63
CAI Tgt Dt Idx 2015	■ B	3.23	12.09	18.19
Target 2015 Benchmark	▲	3.82	12.11	16.57

Relative Return vs Target 2015 Benchmark



Cumulative Returns vs Target 2015 Benchmark



2020 TARGET TRUST
PERIOD ENDED MARCH 31, 2011

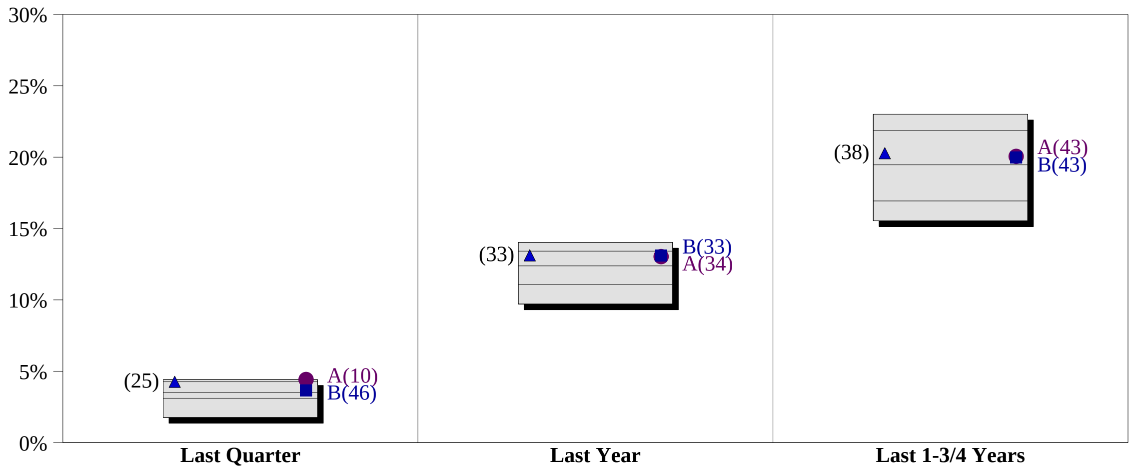
Investment Philosophy

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, 57.5% Russell 3000, 14.5% MSCI EAFE and 3.0% TBIL.

Quarterly Summary and Highlights

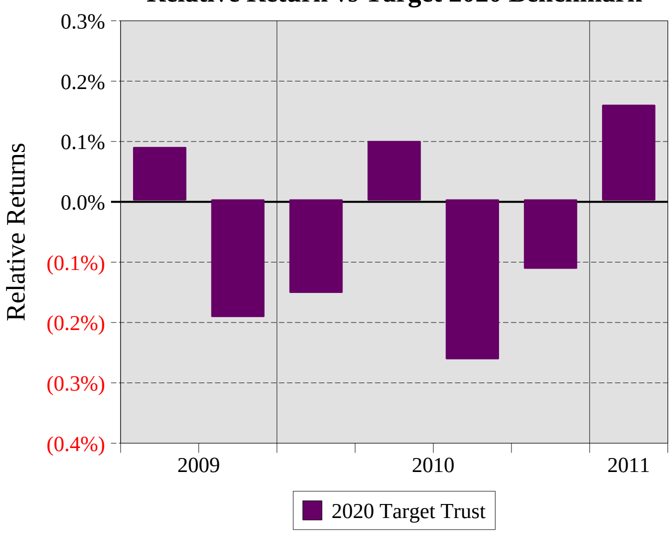
- 2020 Target Trust's portfolio posted a 4.42% return for the quarter placing it in the 10 percentile of the CAI Target Date 2020 group for the quarter and in the 34 percentile for the last year.
- 2020 Target Trust's portfolio outperformed the Target 2020 Benchmark by 0.16% for the quarter and underperformed the Target 2020 Benchmark for the year by 0.09%.

Performance vs CAI Target Date 2020 (Net)

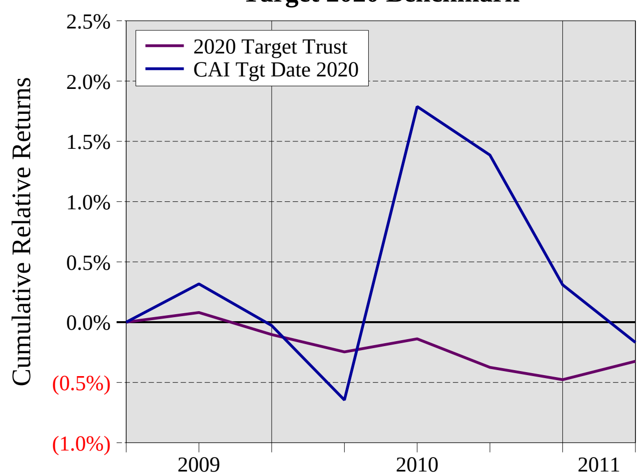


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	4.41	14.03	23.01
25th Percentile	4.26	13.42	21.88
Median	3.53	12.38	19.46
75th Percentile	3.11	11.09	16.93
90th Percentile	1.76	9.71	15.54
2020 Target Trust ● A	4.42	13.03	20.05
CAI Tgt Dt Idx 2020 ■ B	3.66	13.10	19.98
Target 2020 Benchmark ▲	4.26	13.12	20.28

Relative Return vs Target 2020 Benchmark



Cumulative Returns vs Target 2020 Benchmark



2025 TARGET TRUST
PERIOD ENDED MARCH 31, 2011

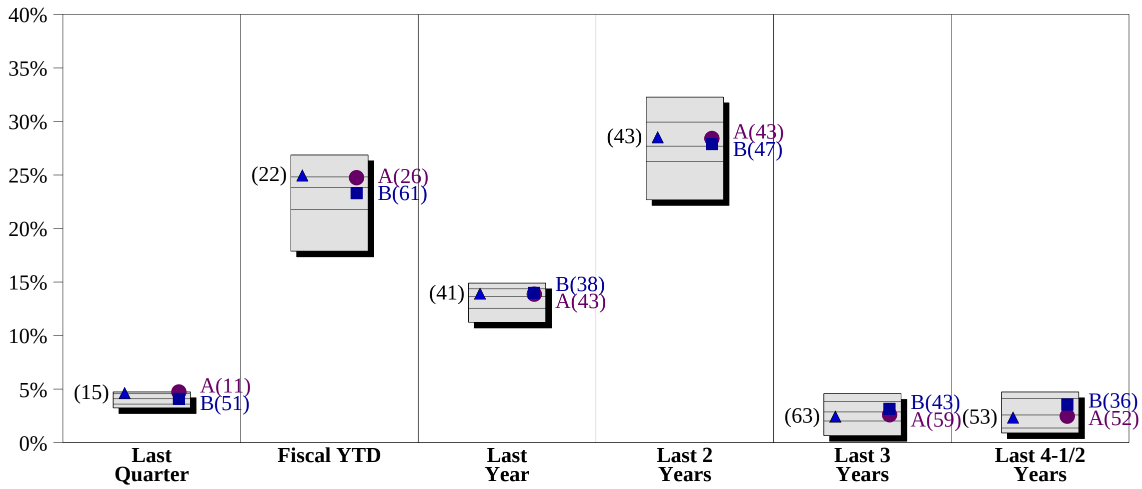
Investment Philosophy

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: 20.5% BC Aggegate Bond, 63.0% Russell 3000, 15.5% MSCI EAFE and 1.0% TBIL.

Quarterly Summary and Highlights

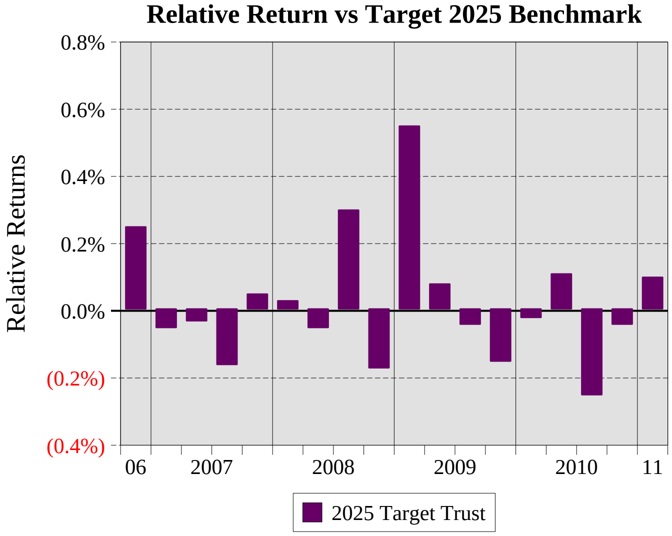
- 2025 Target Trust's portfolio posted a 4.73% return for the quarter placing it in the 11 percentile of the CAI Target Date 2025 group for the quarter and in the 43 percentile for the last year.
- 2025 Target Trust's portfolio outperformed the Target 2025 Benchmark by 0.10% for the quarter and underperformed the Target 2025 Benchmark for the year by 0.05%.

Performance vs CAI Target Date 2025 (Net)

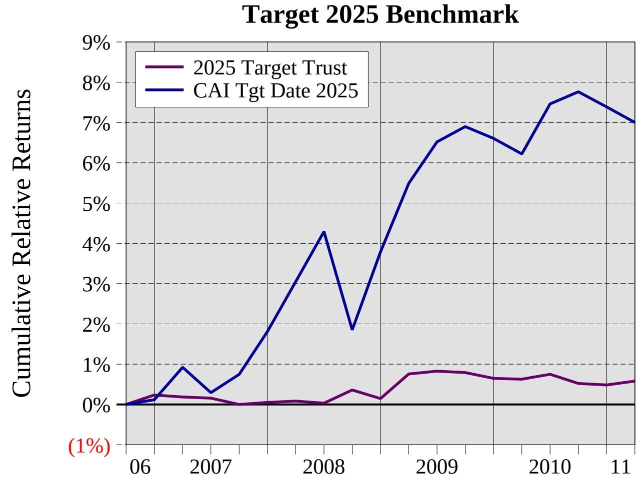


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	4.73	26.87	14.90	32.27	4.58	4.73
25th Percentile	4.56	24.82	14.36	29.94	3.85	4.13
Median	4.09	23.81	13.63	27.69	2.87	2.58
75th Percentile	3.60	21.79	12.55	26.25	2.02	1.36
90th Percentile	3.24	17.89	11.24	22.68	0.65	0.90
2025 Target Trust ● A	4.73	24.75	13.87	28.41	2.60	2.47
CAI Tgt Dt Idx 2025 ■ B	4.09	23.30	13.99	27.89	3.16	3.54
Target 2025 Benchmark ▲	4.63	24.96	13.92	28.52	2.43	2.34

Relative Return vs Target 2025 Benchmark



Cumulative Returns vs Target 2025 Benchmark



2030 TARGET TRUST
PERIOD ENDED MARCH 31, 2011

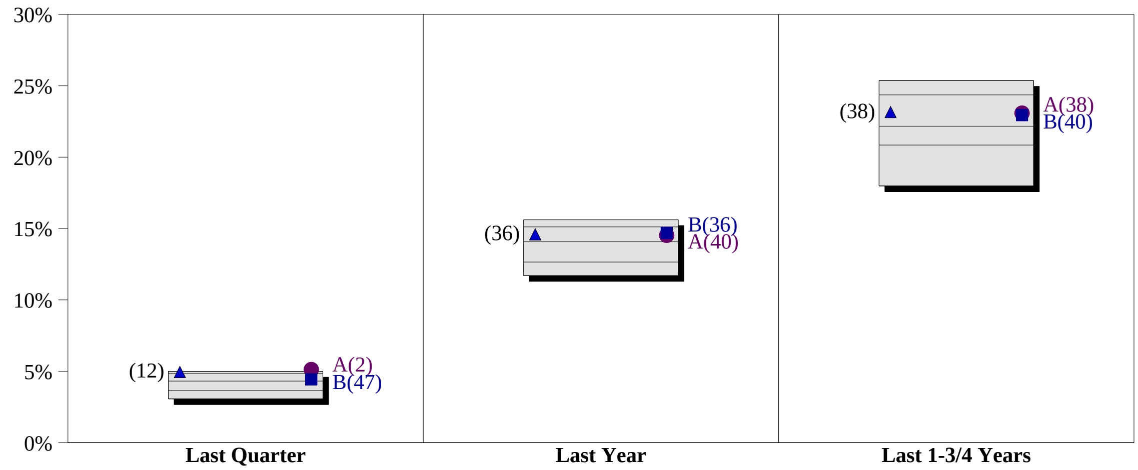
Investment Philosophy

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: 15.5% BC Aggegate Bond, 67.5% Russell 3000 and 17.0% MSCI EAFE.

Quarterly Summary and Highlights

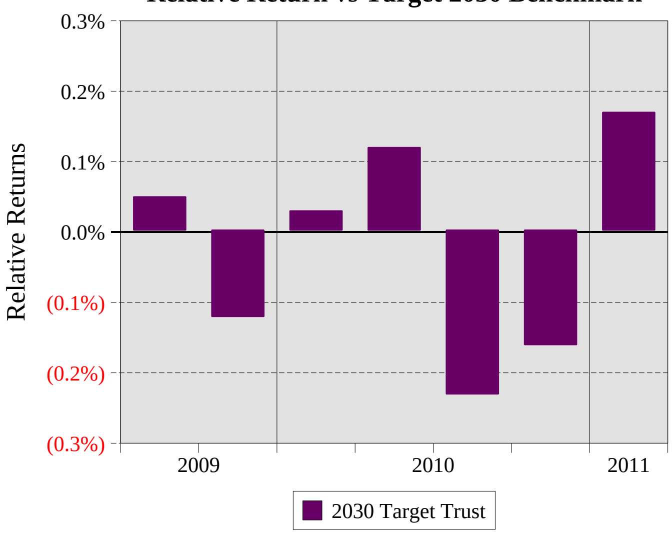
- 2030 Target Trust's portfolio posted a 5.12% return for the quarter placing it in the 2 percentile of the CAI Target Date 2030 group for the quarter and in the 40 percentile for the last year.
- 2030 Target Trust's portfolio outperformed the Target 2030 Benchmark by 0.17% for the quarter and underperformed the Target 2030 Benchmark for the year by 0.07%.

Performance vs CAI Target Date 2030 (Net)

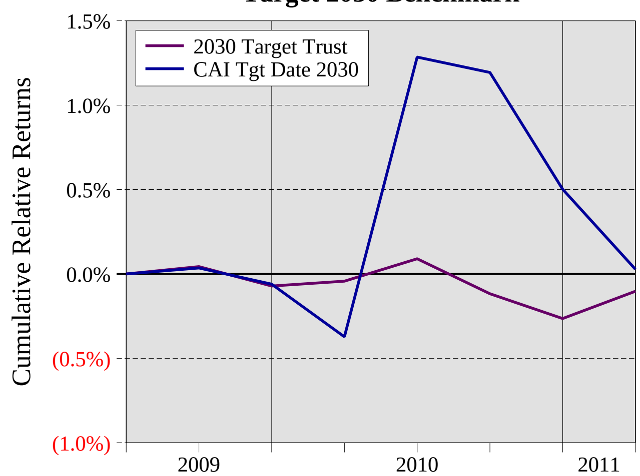


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	4.99	15.61	25.37
25th Percentile	4.83	15.11	24.36
Median	4.31	14.07	22.17
75th Percentile	3.65	12.65	20.85
90th Percentile	3.06	11.70	17.98
2030 Target Trust ● A	5.12	14.52	23.09
CAI Tgt Dt Idx 2030 ■ B	4.43	14.70	22.94
Target 2030 Benchmark ▲	4.95	14.59	23.16

Relative Return vs Target 2030 Benchmark



Cumulative Returns vs Target 2030 Benchmark



TARGET 2035 TRUST
PERIOD ENDED MARCH 31, 2011

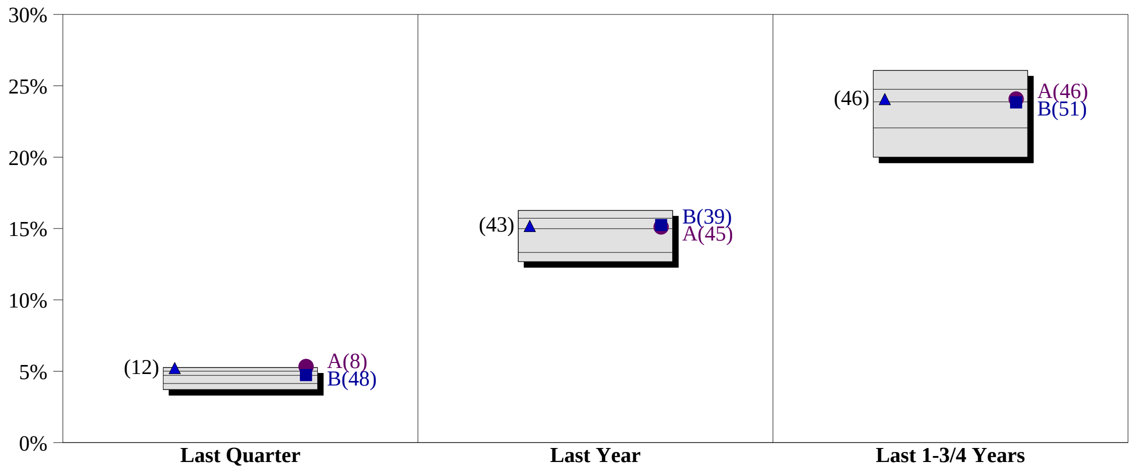
Investment Philosophy

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: 10.5% BC Aggegate Bond, 71.5% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

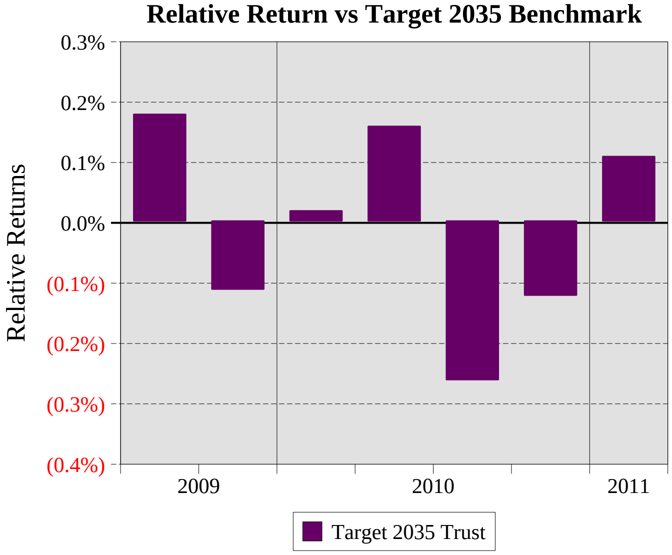
- Target 2035 Trust's portfolio posted a 5.33% return for the quarter placing it in the 8 percentile of the CAI Target Date 2035 group for the quarter and in the 45 percentile for the last year.
- Target 2035 Trust's portfolio outperformed the Target 2035 Benchmark by 0.11% for the quarter and underperformed the Target 2035 Benchmark for the year by 0.07%.

Performance vs CAI Target Date 2035 (Net)

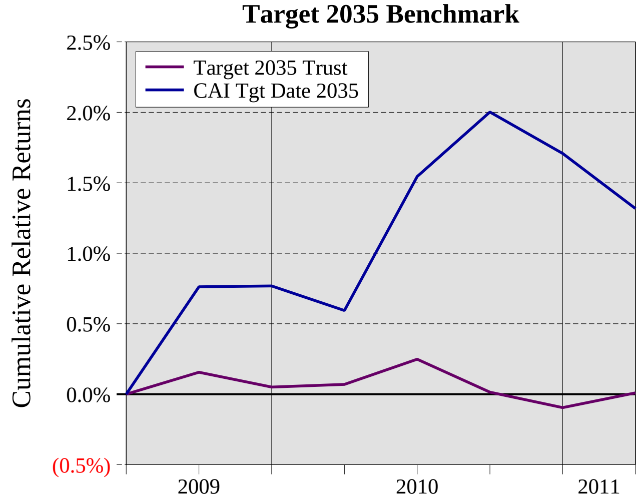


		Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile		5.26	16.27	26.08
25th Percentile		5.01	15.72	24.75
Median		4.71	14.99	23.88
75th Percentile		4.14	13.32	22.05
90th Percentile		3.72	12.68	20.00
Target 2035 Trust	● A	5.33	15.11	24.07
CAI Tgt Dt Idx 2035	■ B	4.73	15.24	23.84
Target 2035 Benchmark	▲	5.22	15.18	24.07

Relative Return vs Target 2035 Benchmark



Cumulative Returns vs Target 2035 Benchmark



TARGET 2040 TRUST
PERIOD ENDED MARCH 31, 2011

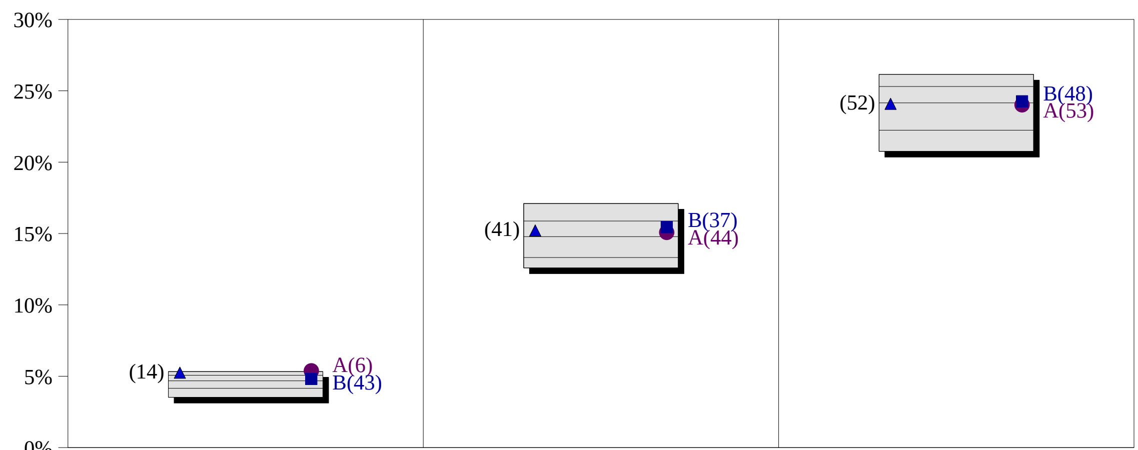
Investment Philosophy

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 Aggegate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

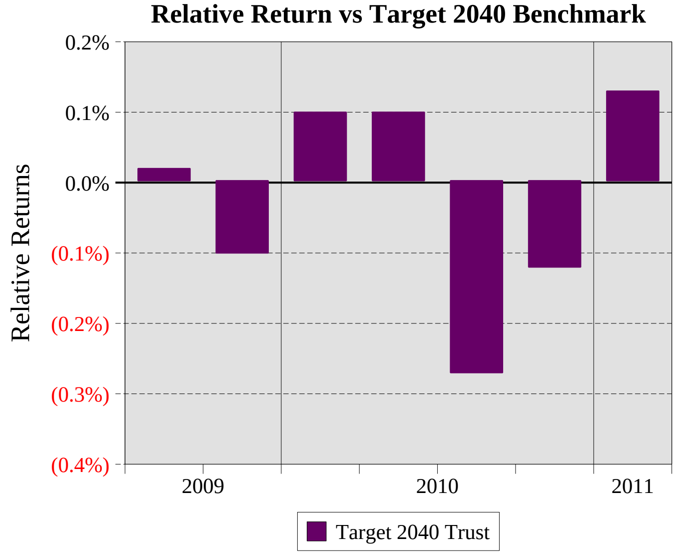
- Target 2040 Trust's portfolio posted a 5.38% return for the quarter placing it in the 6 percentile of the CAI Target Date 2040 group for the quarter and in the 44 percentile for the last year.
- Target 2040 Trust's portfolio outperformed the Target 2040 Benchmark by 0.13% for the quarter and underperformed the Target 2040 Benchmark for the year by 0.13%.

Performance vs CAI Target Date 2040 (Net)

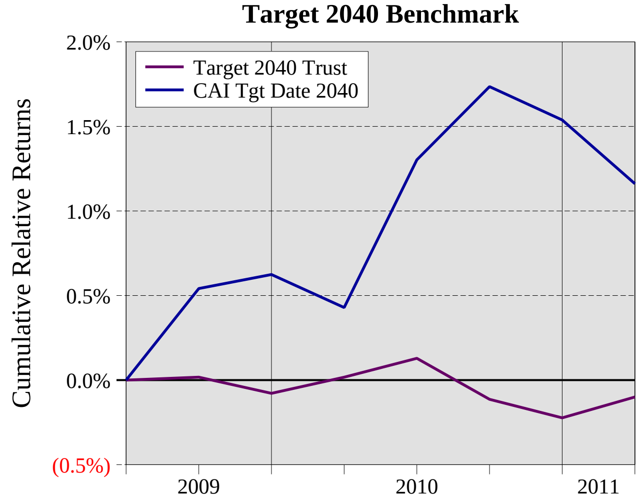


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	5.33	17.10	26.15
25th Percentile	5.07	15.88	25.30
Median	4.68	14.78	24.15
75th Percentile	4.16	13.32	22.24
90th Percentile	3.52	12.59	20.76
Target 2040 Trust ● A	5.38	15.08	24.02
CAI Tgt Dt Idx 2040 ■ B	4.81	15.44	24.27
Target 2040 Benchmark ▲	5.25	15.21	24.09

Relative Return vs Target 2040 Benchmark



Cumulative Returns vs Target 2040 Benchmark



TARGET 2045 TRUST
PERIOD ENDED MARCH 31, 2011

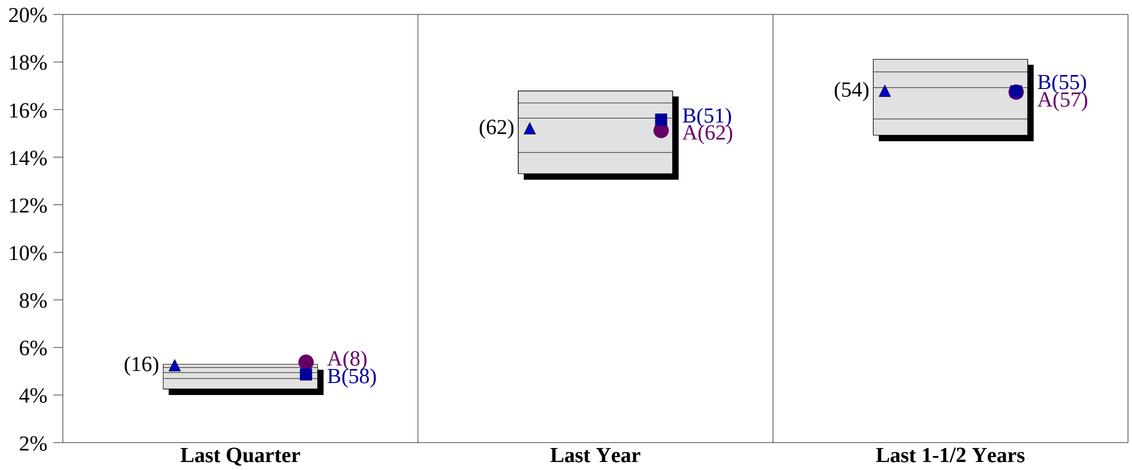
Investment Philosophy

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 Aggegate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

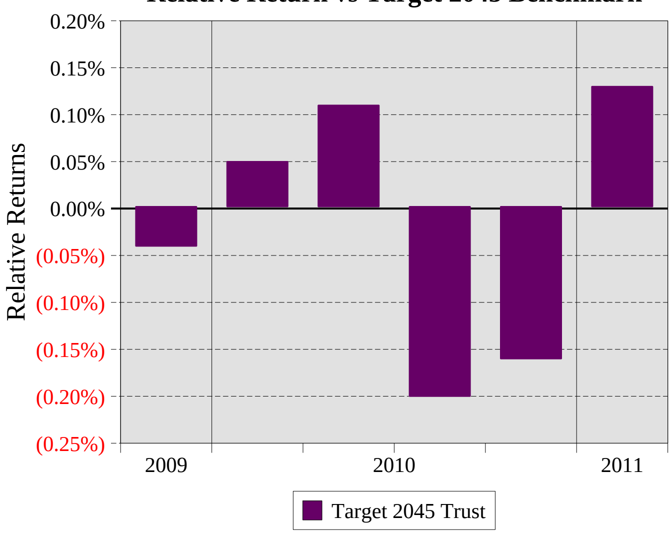
- Target 2045 Trust's portfolio posted a 5.38% return for the quarter placing it in the 8 percentile of the CAI Target Date 2045 group for the quarter and in the 62 percentile for the last year.
- Target 2045 Trust's portfolio outperformed the Target 2045 Benchmark by 0.13% for the quarter and underperformed the Target 2045 Benchmark for the year by 0.09%.

Performance vs CAI Target Date 2045 (Net)

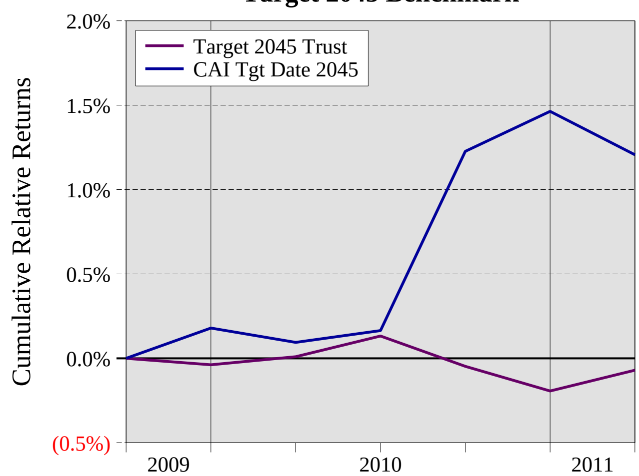


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	5.29	16.78	18.11
25th Percentile	5.16	16.28	17.58
Median	4.94	15.64	16.92
75th Percentile	4.69	14.20	15.61
90th Percentile	4.25	13.30	14.92
Target 2045 Trust ● A	5.38	15.12	16.73
CAI Tgt Dt Idx 2045 ■ B	4.87	15.57	16.77
Target 2045 Benchmark ▲	5.25	15.21	16.79

Relative Return vs Target 2045 Benchmark



Cumulative Returns vs Target 2045 Benchmark



TARGET 2050 TRUST
PERIOD ENDED MARCH 31, 2011

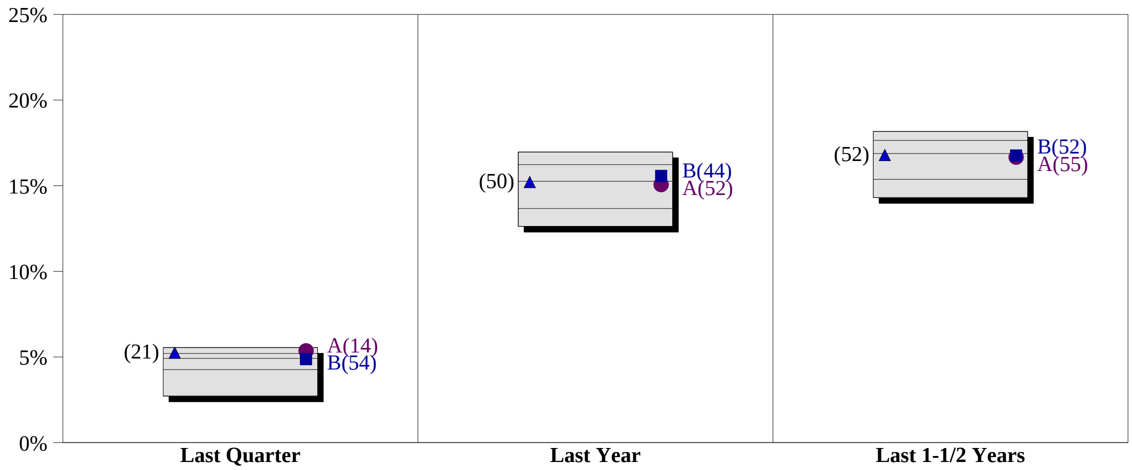
Investment Philosophy

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 Aggegate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

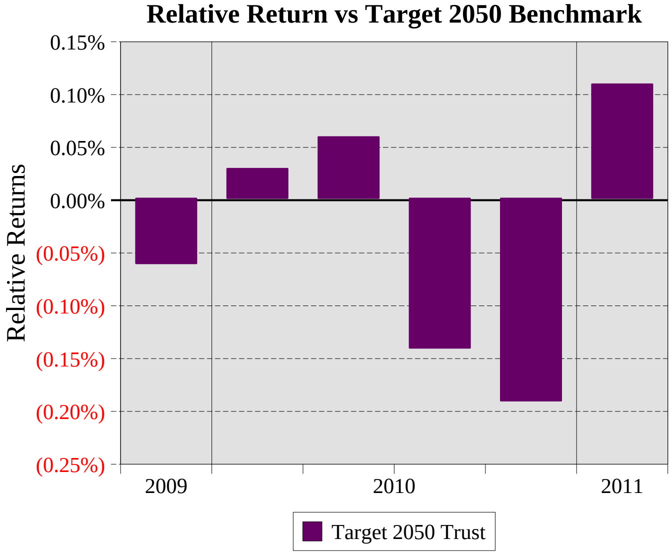
- Target 2050 Trust's portfolio posted a 5.36% return for the quarter placing it in the 14 percentile of the CAI Target Date 2050 group for the quarter and in the 52 percentile for the last year.
- Target 2050 Trust's portfolio outperformed the Target 2050 Benchmark by 0.11% for the quarter and underperformed the Target 2050 Benchmark for the year by 0.15%.

Performance vs CAI Target Date 2050 (Net)

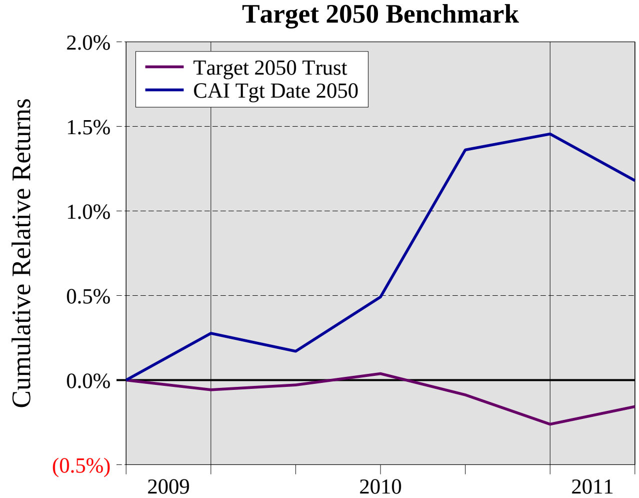


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	5.55	16.97	18.17
25th Percentile	5.20	16.23	17.65
Median	4.92	15.26	16.88
75th Percentile	4.26	13.67	15.37
90th Percentile	2.72	12.62	14.30
Target 2050 Trust ● A	5.36	15.07	16.67
CAI Tgt Dt Idx 2045 ■ B	4.87	15.57	16.77
Target 2050 Benchmark ▲	5.25	15.21	16.79

Relative Return vs Target 2050 Benchmark



Cumulative Returns vs Target 2050 Benchmark



TARGET 2055 TRUST
PERIOD ENDED MARCH 31, 2011

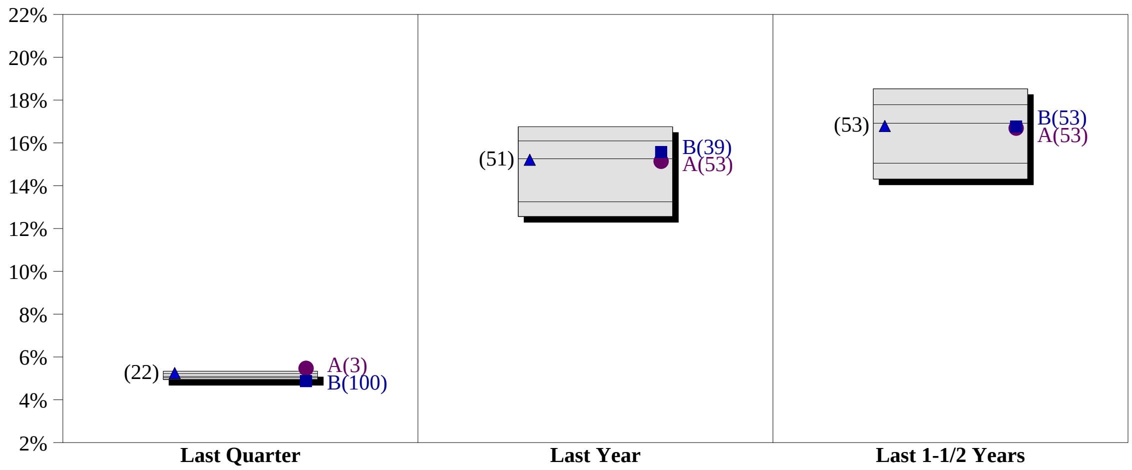
Investment Philosophy

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 Aggegate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

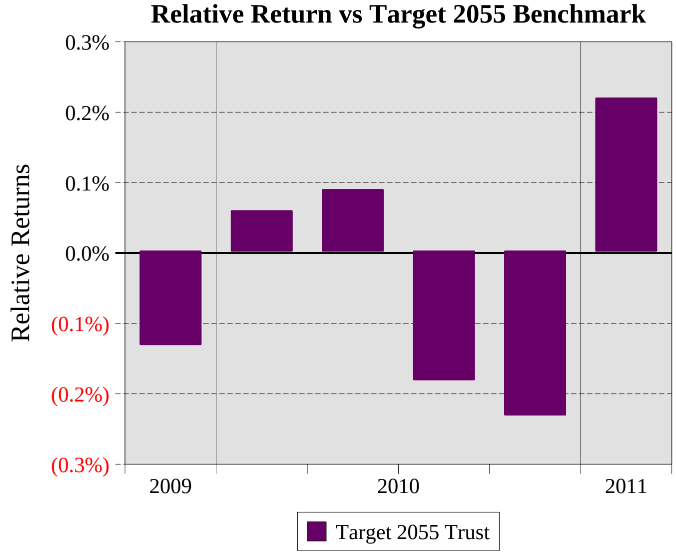
- Target 2055 Trust's portfolio posted a 5.47% return for the quarter placing it in the 3 percentile of the CAI Target Date 2055 group for the quarter and in the 53 percentile for the last year.
- Target 2055 Trust's portfolio outperformed the Target 2055 Benchmark by 0.22% for the quarter and underperformed the Target 2055 Benchmark for the year by 0.07%.

Performance vs CAI Target Date 2055 (Net)

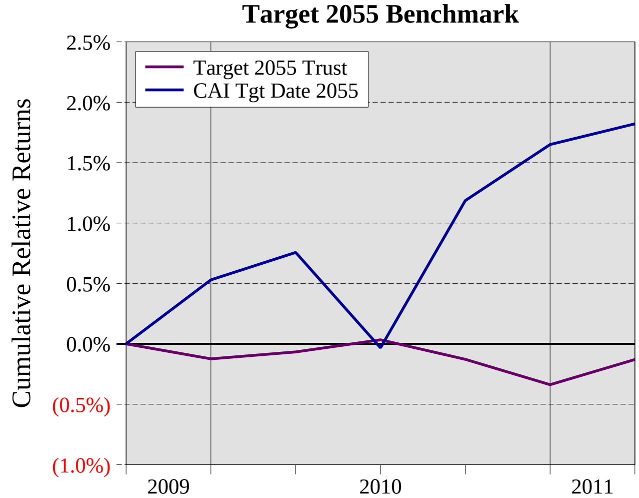


		Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile		5.33	16.75	18.53
25th Percentile		5.22	16.09	17.78
Median		5.09	15.26	16.92
75th Percentile		5.03	13.25	15.05
90th Percentile		4.95	12.56	14.31
Target 2055 Trust	● A	5.47	15.14	16.69
CAI Tgt Dt Idx 2045	■ B	4.87	15.57	16.77
Target 2055 Benchmark	▲	5.25	15.21	16.79

Relative Return vs Target 2055 Benchmark



Cumulative Returns vs Target 2055 Benchmark

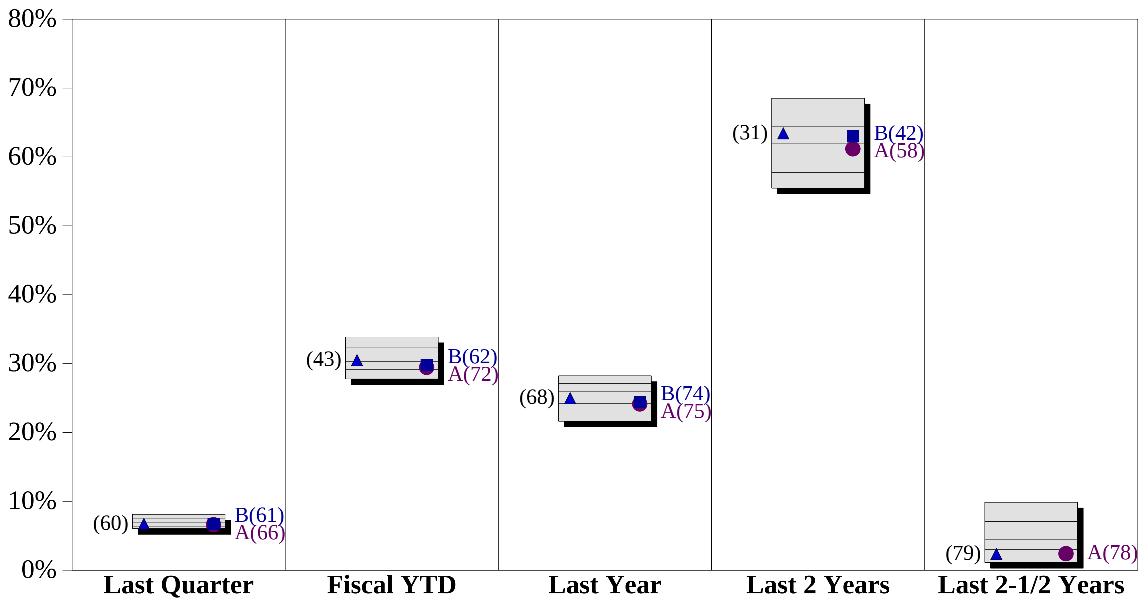


US REAL ESTATE INV TRUST
PERIOD ENDED MARCH 31, 2011

Quarterly Summary and Highlights

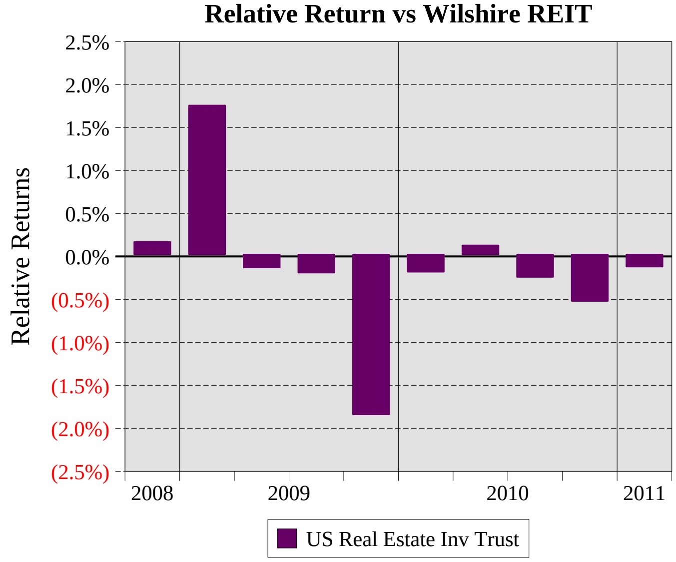
- US Real Estate Inv Trust's portfolio posted a 6.61% return for the quarter placing it in the 66 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 75 percentile for the last year.
- US Real Estate Inv Trust's portfolio underperformed the Wilshire REIT by 0.12% for the quarter and underperformed the Wilshire REIT for the year by 0.84%.

Performance vs CAI Real Estate-REIT DB (Gross)

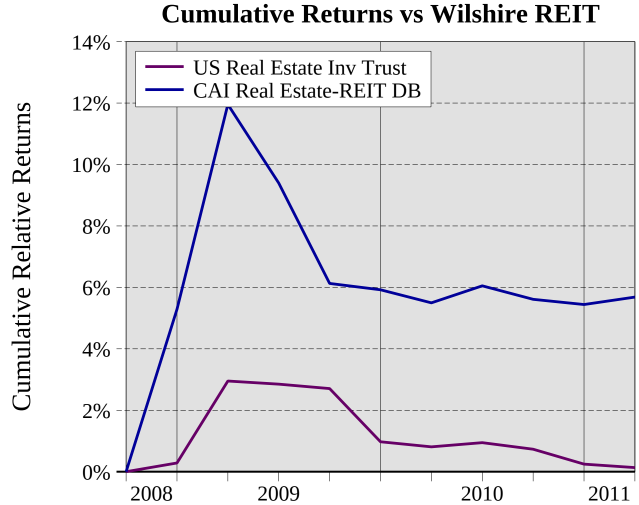


		Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile		8.13	33.86	28.22	68.53	9.87
25th Percentile		7.56	32.28	27.12	64.38	7.07
Median		6.97	30.33	25.99	62.00	4.42
75th Percentile		6.40	29.16	24.19	57.73	3.02
90th Percentile		6.04	27.77	21.64	55.48	1.12
US Real Estate Inv Trust	● A	6.61	29.45	24.14	61.18	2.41
US Select REIT Index	■ B	6.70	29.80	24.44	62.98	-
Wilshire REIT	▲	6.73	30.50	24.98	63.43	2.36

Relative Return vs Wilshire REIT



Cumulative Returns vs Wilshire REIT



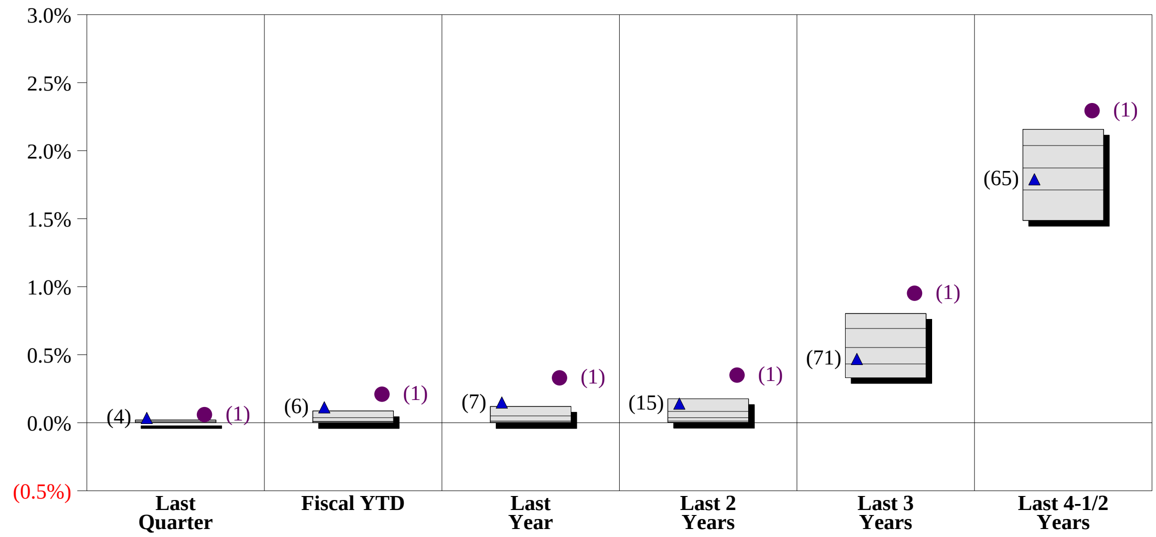
Investment Philosophy

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

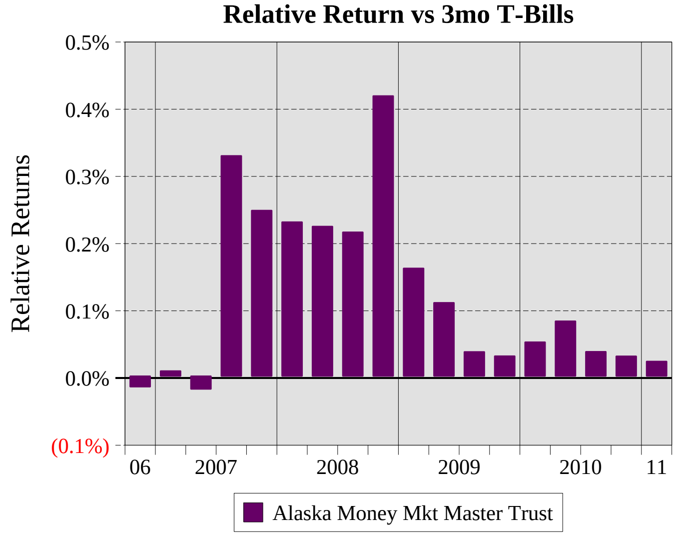
- Alaska Money Mkt Master Trust's portfolio posted a 0.06% return for the quarter placing it in the 1 percentile of the Money Market Funds group for the quarter and in the 1 percentile for the last year.
- Alaska Money Mkt Master Trust's portfolio outperformed the 3mo T-Bills by 0.02% for the quarter and outperformed the 3mo T-Bills for the year by 0.18%.

Performance vs Money Market Funds (Net)

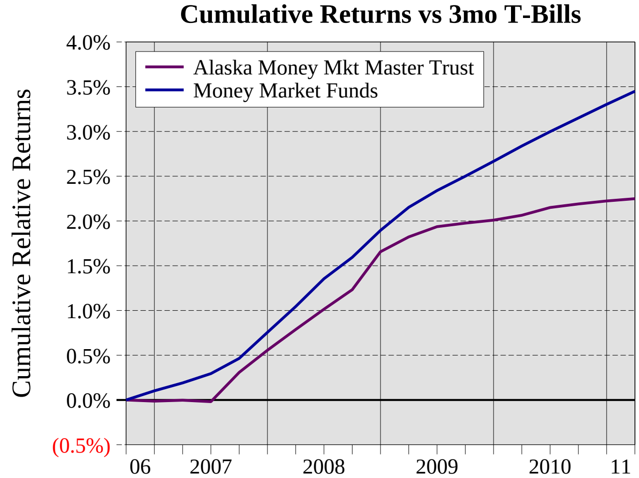


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	0.02	0.09	0.12	0.18	0.80	2.16
25th Percentile	0.01	0.04	0.05	0.08	0.69	2.04
Median	0.00	0.01	0.01	0.04	0.55	1.87
75th Percentile	0.00	0.01	0.01	0.01	0.43	1.71
90th Percentile	0.00	0.00	0.00	0.00	0.33	1.49
Alaska Money Mkt Master Trust ●	0.06	0.21	0.33	0.35	0.95	2.29
3mo T-Bills ▲	0.04	0.11	0.15	0.14	0.47	1.79

Relative Return vs 3mo T-Bills



Cumulative Returns vs 3mo T-Bills



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

Charticle – Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle?

Charticle – Real Return Strategies: A Closer Look

Ask the Expert – Private Equity: The Strategy Comes of Age
Jim Callahan, CFA and Gary Robertson

The Future of Stable Value
Lori Lucas, CFA

Beyond U.S. Timberland
Sarah Angus, CAIA

Publications

DC Observer and Callan DC Index™ – 4th Quarter 2010

Hedge Fund Monitor – 4th Quarter 2010

Capital Market Review – 1st Quarter 2011

Quarterly Performance Data – 1st Quarter 2011

Private Markets Trends – Winter 2010/2011

Surveys

2011 Investment Management Fee Survey – Coming soon!
Please contact Anna West (westA@callan.com) to participate.

2011 DC Trends Survey – January 2011

2010 Alternative Investments Survey – November 2010

RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: The 31st Annual National Conference – Jan/Feb 2011

Featuring: Henry Paulson, The Capital Markets Panel, Fareed Zakaria, Joshua Cooper Ramo, Dan Ariely, Arianna Huffington, and workshops on DC, portfolio structure, and real assets.

Presentations: The 31st Annual National Conference – Jan/Feb 2011

“Getting to the Ideal DC Plan”
“Post-Crash, Post-Modern Equity Portfolio Structures”
“Implementing Real Asset Portfolios”

Upcoming Educational Programs

June 2011 Regional Breakfast Workshops

June 22 in Atlanta
June 23 in San Francisco
“Latest Developments in Asset Allocation for DB and DC Plans”
Presenters: Greg Allen (President), Lori Lucas (DC consulting services), and Gene Podkaminer (capital markets research).
Registration is now open! Visit www.callan.com or contact us for more information.

If you have any questions regarding these programs, please contact Ray Combs at 415.974.5060 or institute@callan.com.

THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2011

EDUCATIONAL SESSIONS

An Introduction to Investments

October 18–19, 2011 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.

Topics for the session will include a description of the different parties involved in the investment management process, a brief outline of the types and characteristics of different plans, an introduction to fiduciary issues as they pertain to fund management and oversight, and an overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment programs

Tuition for the Introductory "Callan College" session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Advanced Investment Topics

July 12–13, 2011 in Chicago

This is a two day session that provides attendees with a thorough overview of prudent investment practices for both defined benefit and defined contribution funds. We cover the key concepts needed to successfully meet a fund's investment objectives.

Topics for the session will include the following primary components of the investment management process: The Role of the Fiduciary, Capital Market Theory, Asset Allocation, Manager Structure, Investment Policy Statements, Manager Search, Custody, Securities Lending, Fees, and Performance Measurement.

Tuition for the Advanced "Callan College" session is $2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

FIRST QUARTER 2011

EDUCATIONAL SESSIONS

(continued)

Session on Private Real Assets

July 14, 2011 in Chicago

Callan Associates will share its expertise through a one day educational program designed to advance the participants' knowledge, understanding, and comfort with real estate, timber, infrastructure and agriculture. Callan's real estate specialists have extensive knowledge and experience within each area and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends, and best practices. Callan recognizes the need for increasing the knowledge base of institutional investors in this evolving financial landscape. This intensive one day program offers a blend of interactive discussion, lectures, presentations, and case studies.

Topics for the session will include an overview of the real estate market, evaluating the most efficient way to access the real estate asset class, understanding the risks associated with real estate investing and how to protect your investments, and an exploration of the other real return asset classes and their unique attributes with particular focus on timber, infrastructure and agriculture.

Tuition for the Private Real Assets "Callan College" session is $1,000 per person. Tuition includes instruction, all materials, breakfast and lunch.

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

Confidential – For Callan Client Use Only

Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 03/31/11, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

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

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
American Yellowstone Advisors, LLC		Y
Analytic Investors	Y	
Angelo, Gordon & Co.	Y	
AOR 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
Attucks Asset Management, LLC	Y	
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baceline Investments, LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Capital Inc.	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	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Advisors	Y	
Cohen & Steers Capital Management Inc.	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Credo Capital Management	Y	
Crestline Investors	y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DF Dent & Company	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	

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Manager Name	Educational Services	Consulting Services
Eaton Vance Management	Y	Y
Emerald Advisers, Inc.	Y	
Epoch Investment Partners	Y	
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		
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
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		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 Amrica) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
iShares	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Kayne Anderson Rudnick Investment Management	Y	
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Login Circle	Y	
Longfellow Investment Management Co.	Y	
Loomis, Sayles & 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, I nc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miles Capital Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Mount Lucas Management	Y	
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	

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Manager Name	Educational Services	Consulting Services
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
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	Y
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant 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	
Rainer Investment Management		
RBC Global Asset Management (U.S.) Inc.		Y
Reinhart Partners Inc.	Y	
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	Y	
Sage Advisory Services, Ltd. Co.	Y	
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX	Y	
Smith Graham and Company		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	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	
The London Colmpany	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y

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Manager Name	Educational Services	Consulting Services
Tradewind Global Investors	Y	
Turner Investment Partners, Inc.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	
Virtus Investment Partners		Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Yellowstone Partners		Y
Zephyr Management	Y	

Confidential

Lexington Capital Partners VII, L.P.

Global Private Equity Secondary Acquisition Fund

Presentation to Alaska Retirement Management Board

June 16, 2011

LexingtonPartners

Lexington Partners

Important Notice

This presentation (the "Presentation") does not constitute an offer to sell or a solicitation of an offer to purchase Interests in Lexington Capital Partners VII, L.P. ("LCP VII" or the "Partnership"). Any such offer or solicitation shall only be made pursuant to the confidential private placement memorandum of the Partnership, as amended from time to time (the "PPM"), which qualifies in its entirety the information set forth herein and which should be read carefully prior to investment in the Partnership for a description of the merits and risks of an investment in the Partnership. An investment in the Partnership entails a high degree of risk and no assurance can be given that the Partnership's investment objective will be achieved or that investors will receive a return of their capital. Capitalized terms used throughout this document shall have the meanings ascribed to such terms in the LCP VII PPM or as otherwise defined herein.

None of Lexington Partners Advisors L.P., the investment adviser of the Partnership, or its respective officers, directors or affiliates (collectively "Lexington"), makes 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. Lexington disclaims any and all liability relating to this information, including, without limitation, any express or implied representation or warranty for statements contained in or omissions from any information set forth in these materials. Lexington does not have or undertake any obligation to update or keep current the information contained herein.

In considering the prior performance information contained herein, prospective investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Partnership will achieve comparable results or that the Partnership will be able to implement its investment strategy or achieve its investment objectives. Unless otherwise indicated, all internal rates of return are presented on a "gross" basis (i.e., they do not reflect the management fees, carried interest, taxes, transaction costs and other expenses to be borne by investors in the Partnership, which will reduce returns and, in the aggregate, are expected to be substantial). However, such Gross IRRs are net of all fees, expenses and "carried interest" borne by investors in the underlying private equity funds. See page 20 for latest available Net IRR information as of December 31, 2010 (based on September 30, 2010 underlying GP values). Net IRRs are after all management fees, carried interest, taxes (but do not include taxes or withholdings incurred by investors directly) and other expenses.

Statements contained in this Presentation (including those relating to current and future market conditions and trends, in respect thereof) that are not historical facts are based on Lexington's current expectations, estimates, projections, opinions and/or beliefs. Certain information contained in this Presentation constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue", "pro forma" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Partnership may differ materially from those reflected or contemplated in such forward-looking statements.

Certain economic and market information contained herein has been obtained from published sources prepared by other parties, that in certain cases has not been updated through the date hereof. In addition, certain information relating to the investment performance has been derived from third-party financial portfolio reports obtained by Lexington. While such sources are believed to be reliable for the purpose used herein, none of the Partnership, the General Partner, any placement agent, or any of their respective directors, officers, employees, partners, members, shareholders or affiliates, or any other person assumes any responsibility for the accuracy or completeness of such information.

In considering the Investment Activity on page 11, the Partnership's participation in "Closed" transactions reflects all capital calls and distributions between Record Date and date of closing as well as available capital at date of closing. The Partnership's participation in "Committed" transactions remains subject to additional interim capital calls and distributions (between Record Date and date of closing) and available capital at date of closing.

Lexington Partners

Table of Contents

I. Lexington Partners Overview

Lexington Partners

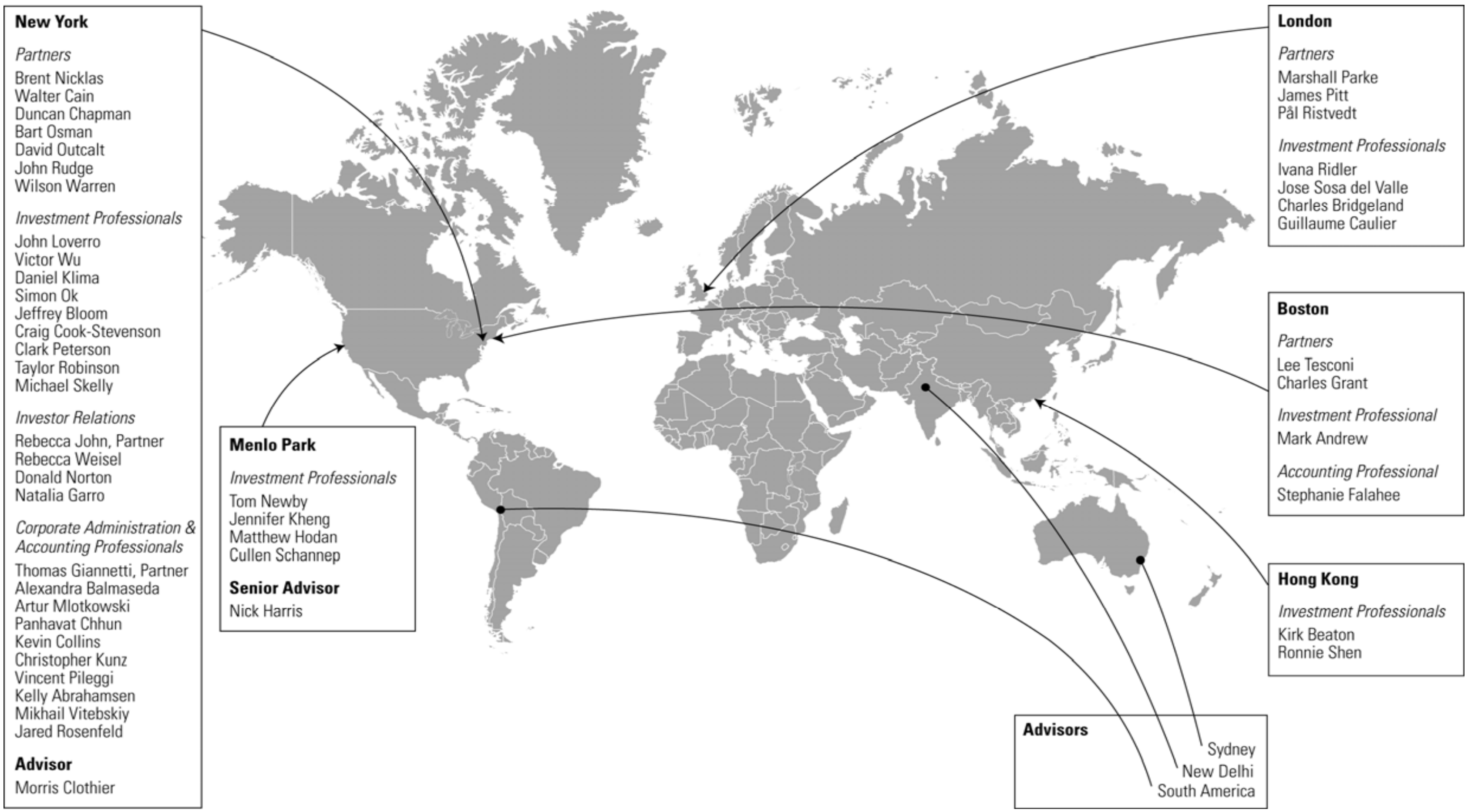
Secondary Market Leader

■ Leadership position	Largest independent manager with approximately $18 billion of secondary capital and over 290 secondary transactions completed acquiring more than 1,600 interests
■ Global platform	70 people strategically located in major PE centers: New York, Boston, Menlo Park, London, and Hong Kong; local advisors in Australia, India and South America
■ Experienced team	Senior professionals have worked together for 12 years on average
■ Strong GP relationships	GPs serve as an important referral network, provide private information, and these relationships mitigate transfer risk
■ Informational advantage	Invested in over 1,100 funds managed by more than 500 GP sponsors
■ Reliable counterparty	Recognized by sellers around the world as ideal counterparty with proven ability to close transactions
■ Strong sponsorship	Attracted commitments from over 240 institutional investors including 16 of the largest 30 global investors as measured by commitments to alternative investments
■ Syndication capability	Committed $11.6 billion to secondary transactions with a total value at purchase of $20.6 billion – $9.0 billion syndicated to co-investors or allocated to Limited Partners
■ Attractive returns	Since 1990, the LCP Funds have generated a Gross IRR of 24.7% and Net IRR of 20.7% through varying economic cycles without the use of leverage at the fund level
■ Reduced risk	Attractive absolute returns achieved on a superior risk-adjusted basis

Lexington Partners

Global Platform

- Strategically located in the major private equity money centers, facilitating contact with sellers and GPs globally
- Enhanced ability to originate, underwrite and acquire broadly diversified portfolios of secondary PE interests



Lexington Partners

Substantial Capital Base

Lexington Partners
$20,000,000,000

Secondary Funds
$17,600,000,000

Lexington Capital Partners VII
All Private Equity Secondaries
$5,000,000,000 (in formation)
2010

Lexington Global Partners
All Private Equity Secondaries
$1,500,000,000 (in formation)
2010

Lexington Middle Market Investors II
Young Middle Market Secondaries
$650,000,000
2008

Lexington Capital Partners VI
All Private Equity Secondaries
$3,800,000,000
2006

Lexington Middle Market Investors
Young Middle Market Secondaries
$555,000,000
2004

Lexington Capital Partners V
All Private Equity Secondaries
$2,000,000,000
2002

Lexington Capital Partners I – IV
All Private Equity Secondaries
$2,615,000,000
1996 – 2000

Co-Managed Secondary Funds
All Private Equity Secondaries
$1,200,000,000
1990 – 1995

Co-Investment Funds
$2,400,000,000

Co-Investment Partners Europe
European Co-Investments
€288,000,000
2007

Co-Investment Partners II, Pool II
Co-Investments
$505,000,000
2007

Co-Investment Partners II, Pool I
Co-Investments
$505,000,000
2005

Co-Investment Partners, Pool IV
Co-Investments
$252,500,000
2004

Co-Investment Partners, Pool III
Co-Investments
$252,500,000
2002

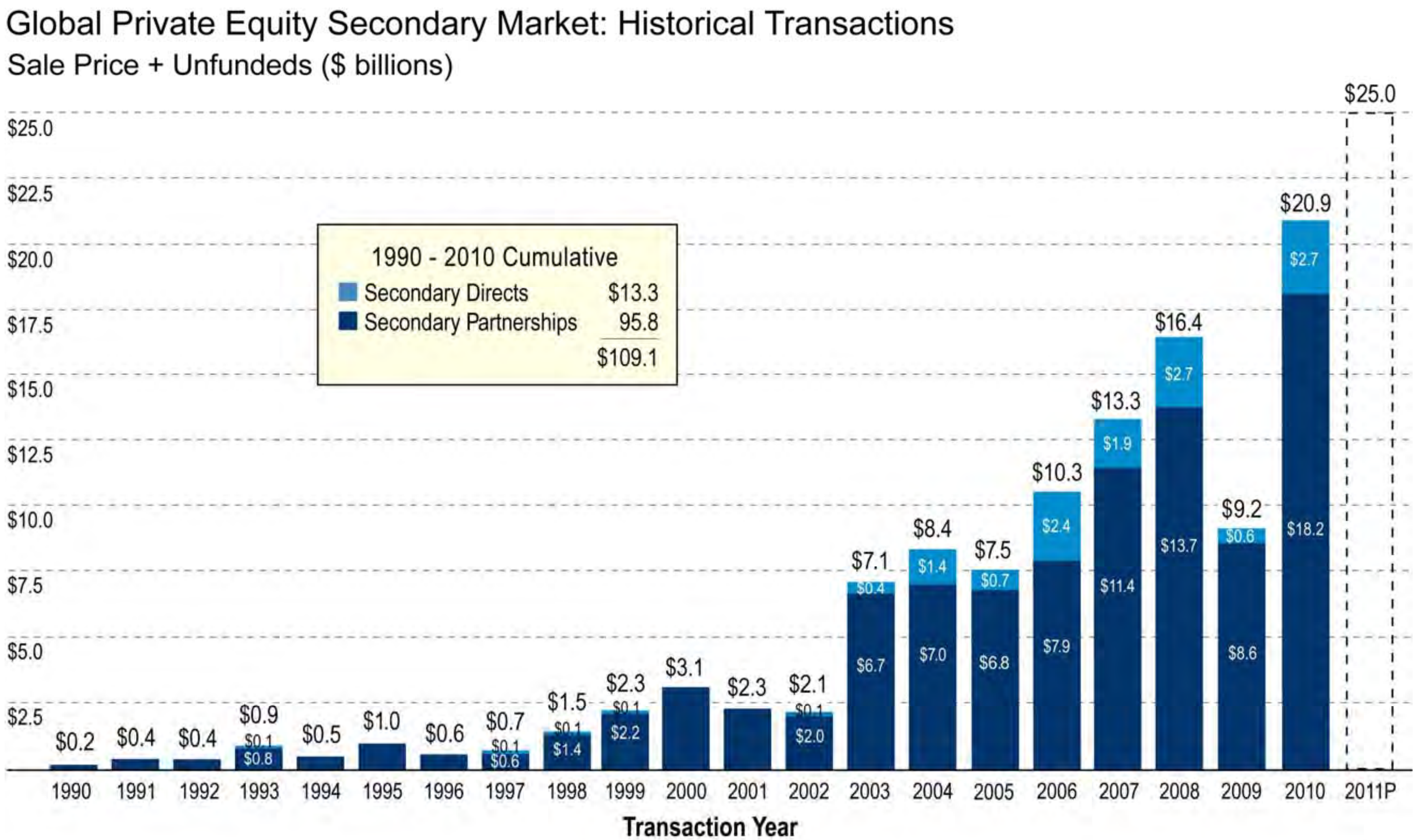
Co-Investment Partners, Pool II
Co-Investments
$252,500,000
1999

Co-Investment Partners, Pool I
Co-Investments
$252,500,000
1998

II. Secondary Market Review

Lexington Partners

Secondary Market Review: Historical Transactions



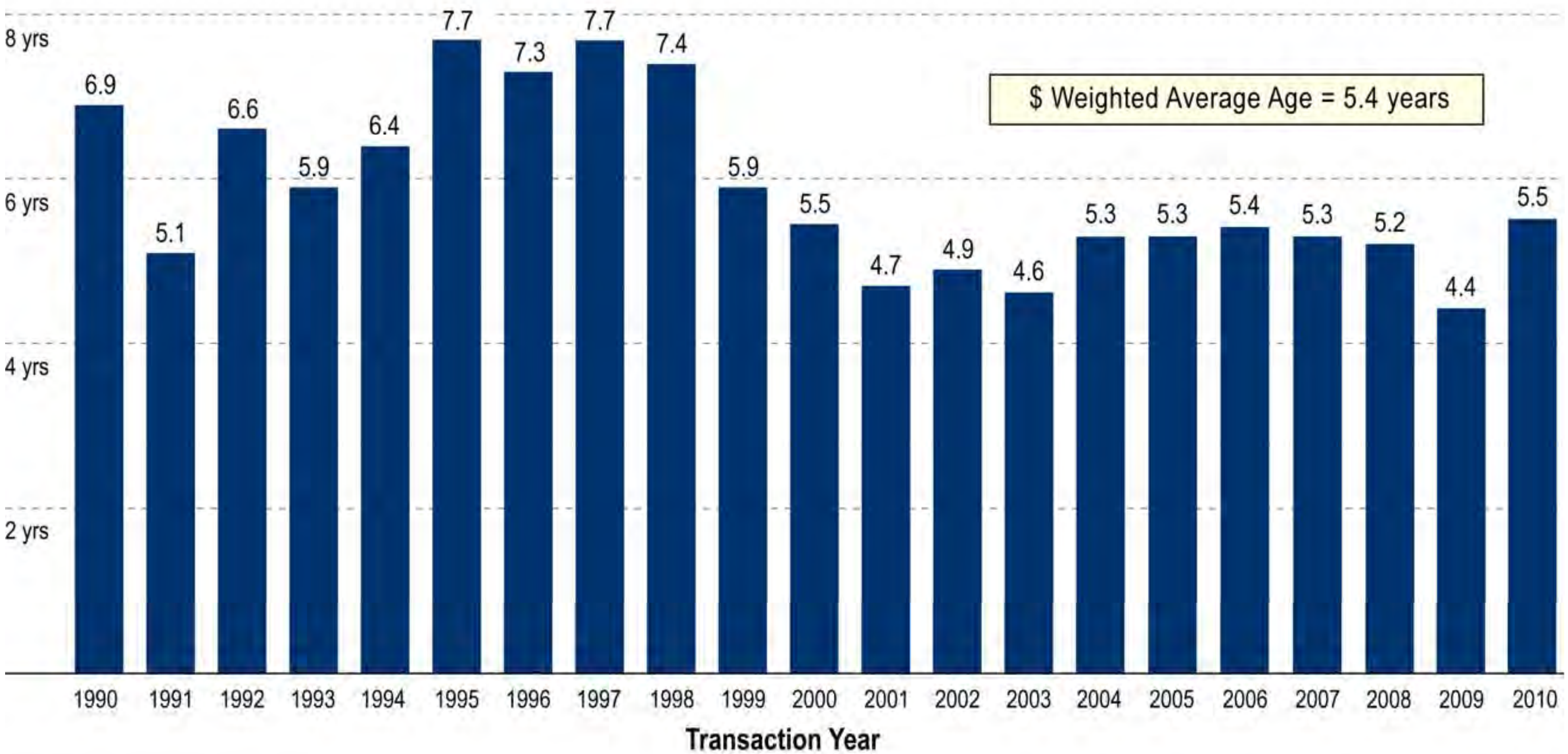
Source: Lexington Database.

Note: Excludes secondary transactions involving real estate partnerships and royalty payments.

Lexington Partners

Secondary Market Review: Weighted Average Age

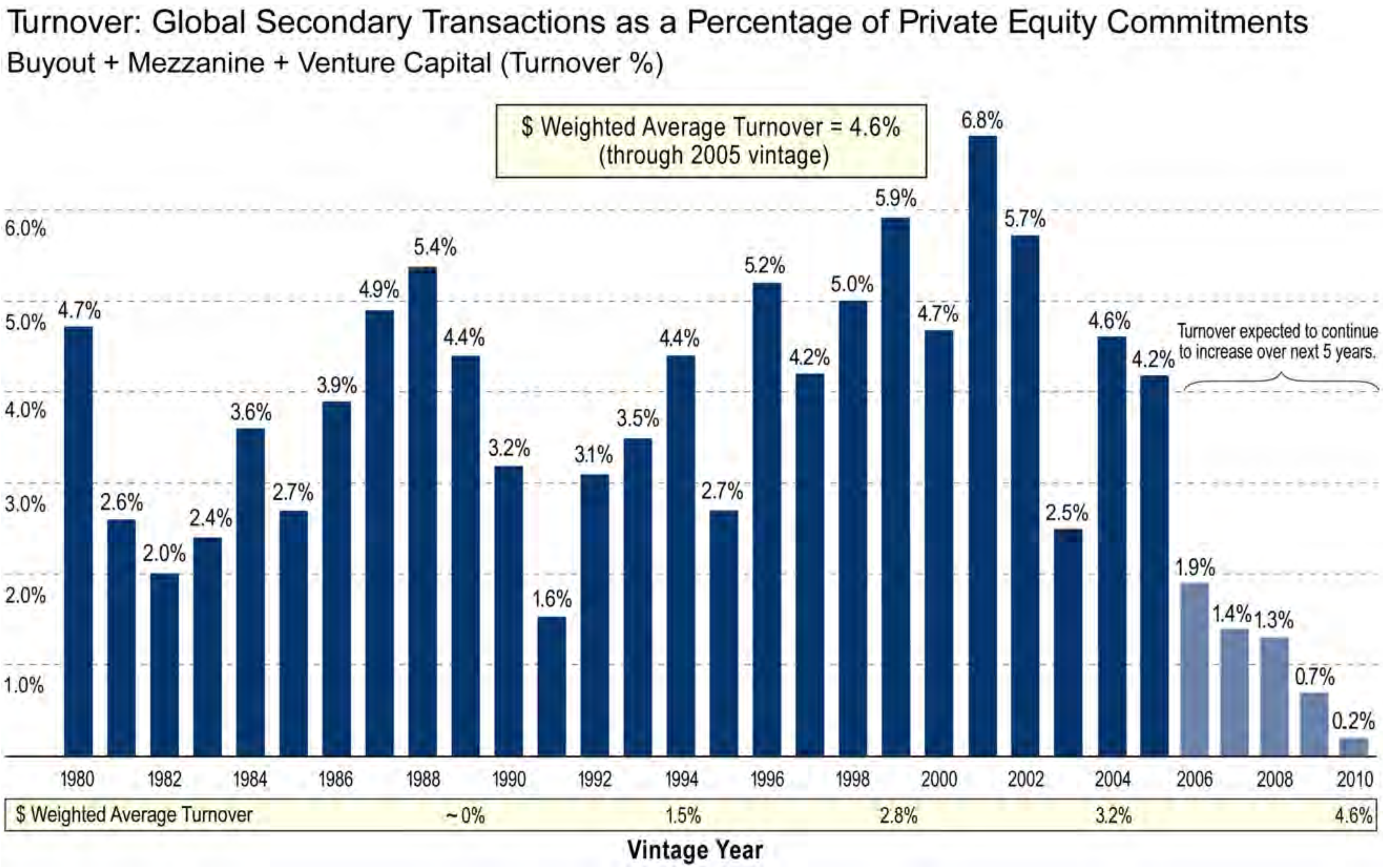
Average Age: of Private Equity Partnerships Sold in Global Secondary Transactions
Buyout + Mezzanine + Venture Capital ($ Weighted Average Age)



Source: Lexington Database.

Lexington Partners

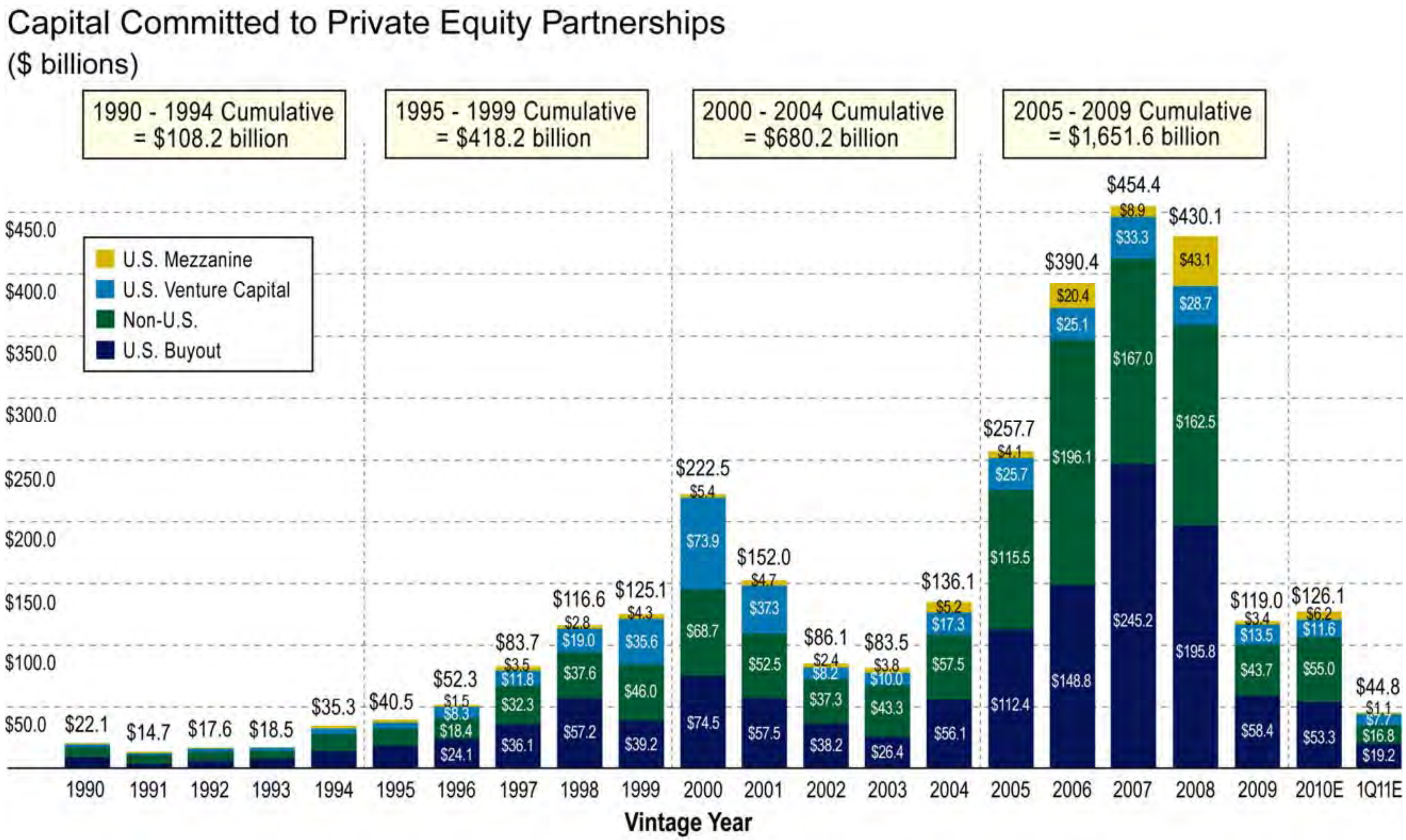
Secondary Market Review: Weighted Average Turnover



Source: Lexington Database.

Lexington Partners

Secondary Market Review: Cumulative Primary Capital



Sources: Dow Jones Private Equity Analyst / LP Source, EVCA, AVCJ, Macdonald & Associates (Canada), Venture Equity Latin America.

Note: Capital Committed to non-U.S. dollar denominated partnerships (2006 – 2010 vintages) converted to USD using 12/31/10 exchange rates. Earlier vintage years converted to USD using their respective year-end spot rates.

Lexington Partners

Secondary Market Review: Market Opportunity

Global Private Equity Secondary Market Opportunity

2010 – 2014 Projection

Item	Amount	Rationale
• Capital committed to global private equity partnerships	$1,651.6 billion	2005 - 2009 cumulative capital
• Turnover rate	4.6%	Historical industry $ weighted average
• 5-year projection: secondary partnership transactions	$76 bn	4.6% x $1,651.6 billion
• 5-year projection: secondary direct transactions	$10 bn	Recent full year actuals
• 5-year projection: secondary partnerships and directs	$86 bn	
• 5-year projection: annual average	$17 bn	
• **Lexington 5-year opportunity**	$8 bn	Assumes 10% share for Lexington
• **Lexington annual opportunity**	$1.7 bn	Assumes 10% share for Lexington

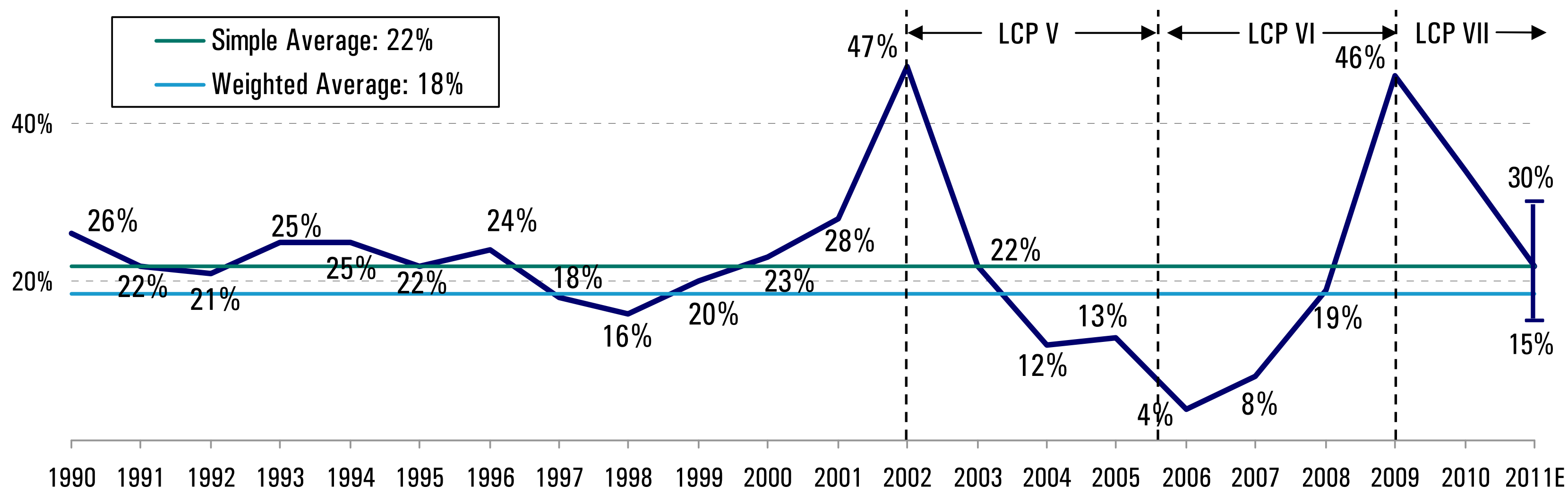
Note: Lexington is currently actively monitoring and sourcing private equity assets held by hedge funds (estimated to be $35 – $50 billion) and co-investments held by banks and traditional LPs (estimated to be $40 – $60 billion). Continued turnover of these additional sources of private equity assets is incremental to the above secondary market opportunity and may be significant.

Lexington Partners

Secondary Market Review: Discounts

- In line with experience following tech bubble, discounts narrowed in 2010 as GPs wrote down assets
- More realistic values and lower uncertainty have reduced bid-ask spread, in turn spurring greater volumes in the secondary market
- Underlying PE values have now increased for 8 consecutive quarters since March 2009 low
- Lexington expects discounts in 2011 to trade within long-term historical ranges offering continued attractive return opportunities

Weighted Purchase Price Discount to Market Value



Source: Lexington Database (includes over 5,500 private equity interests). Copyright 2011 Lexington Partners.

III. Lexington Capital Partners VII

Lexington Capital Partners VII

Snapshot

- Vintage 2010 global secondary acquisition fund; target capitalization of $5 billion
- LCP VII has committed to 16 secondary purchases including 3 of the largest 10 secondary transactions in 2010
  - Total invested capital of $2.0 billion (39% of target capitalization)
  - Discount of $529 million or 28% to estimated current market value
  - LCP VII expects to distribute over $220 million (or 16% of invested capital) in July 2011 from closed and announced exits completed at an approximate 2.0x multiple to LCP VII cost
- Deal Pipeline
  - Continued robust transaction pipeline due to increased financial regulation and general liquidity needs
  - Broad array of sellers: financial institutions, pension funds, endowments, hedge funds, FoFs
  - Broad variety of assets: partnership portfolios, directs, spinouts, co-investments
  - Actively reviewing transactions with aggregate value of $8 billion; bids outstanding on deals totaling $1 billion
  - Continued flow of exclusive or limited competitive opportunities with repeat sellers
  - Lexington's position as a counterparty has never been stronger

Lexington Capital Partners VII

Investment Activity

LCP VII Investment Activity
As of May 2011

($ millions)	U.S. Financial Institution	U.S. Financial Institution	U.S. Financial Institution	U.S. Financial Institution	European Financial Institution	European Financial Institution	U.S. Endowment	U.S. Public Pension	U.S. Public Pension	European Insurance Company	6 Transactions <$40 million	Total
Record Date	Dec-09	Mar-10	Mar-10	Mar-10	Dec-09	Jun-10	Jun-10	Sep-10	Sep-10	Sep-10	Dec-09 - Jan-11	
Sourcing	Negotiated	Exclusive	Limited	Exclusive	Exclusive	Competitive	Limited	Competitive	Competitive	Competitive	Primarily Exclusive	
Status	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Committed	3 Closed, 3 Committed	
Assets Include	Partnership	Co-Inv / Partnership	Partnership	Co-Inv	Directs	Partnership	Partnership	Partnership	Partnership	Partnership	Partnership / Directs	
Private Equity Interests	2	128	1	1	1	33	21	3	5	6	17	218
Current Market Value	$130.6	$759.0	$33.2	$52.0	$54.7	$457.1	$33.1	$112.2	$59.6	$60.8	$116.0	$1,868.3
Unfunded Commitments	$41.1	$106.1	$23.6	$0.0	$18.6	$123.2	$15.7	$65.6	$15.6	$14.9	$37.7	$462.1
Purchase Price												$1,339.2
Purchase Discount ($)												$529.1
Purchase Discount (%)												28.3%
Total Secondary Committed Capital												$1,801.3
Total Primary Committed Capital (not to exceed 5% of capitalization)												$156.7
Total Capital Invested or Committed to Invest												$1,958.0

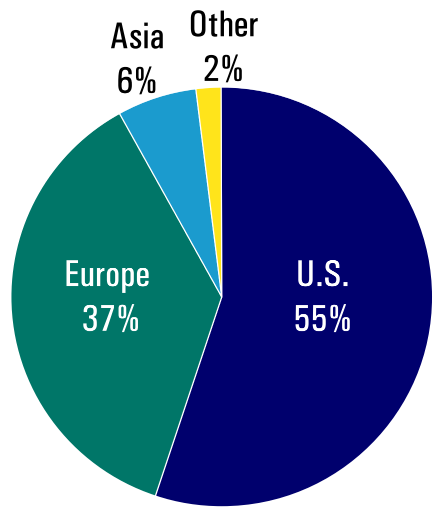
Note: As outlined on page i, "Committed" deals are subject to additional interim activity and available capital at time of closing.

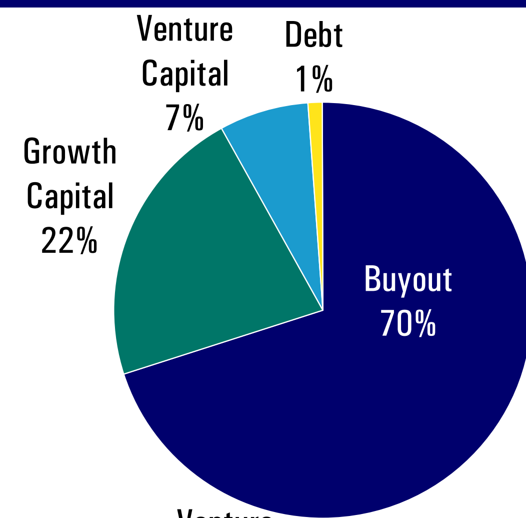
Lexington Capital Partners VII

Geography & Investment Sector Diversification

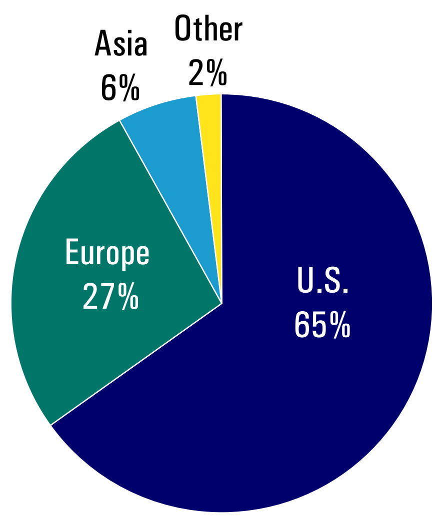
Geography | Sector Focus

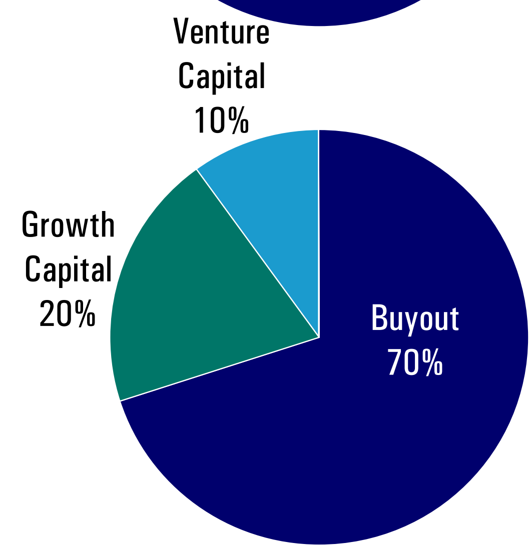
Current





Projected





Note: Based on Current Market Value of secondary partnerships. There can be no assurance regarding the investment opportunities available to LCP VII.

Lexington Capital Partners VII

Deal Pipeline

($ in millions)

Seller	Seller Type	Assets Include	MV	Unfunded	Total
Anticipated to Close during First Half 2011					
Seller 1	Financial Services	Partnership	$816	$484	$1,300
Seller 2	Sovereign Wealth Fund	Partnership	202	64	266
Seller 3	Pension Fund	Partnership	295	50	345
Seller 4	Endowment	Partnership	170	30	200
Seller 5	Pension Fund	Partnership	129	38	167
Seller 6	Corporation	Directs	71	54	125
Seller 7	Pension Fund	Partnership	1,221	0	1,221
Seller 8	Family Office	Partnership	12	0	12
Seller 9	Financial Services	Spinout	15	8	23
Seller 10	Financial Services	Partnership	400	175	575
Seller 11	Pension Fund	Partnership	612	303	915
Seller 12	Pension Fund	Partnership	128	137	265
Seller 13	Pension Fund	Partnership	525	175	700
Seller 14	Financial Services	Partnership	1,035	315	1,350
Seller 15	Family Office	Partnership	100	40	140
Seller 16	Financial Services	Partnership	200	80	280
	Near-Term		$5,931	$1,953	$7,884
Anticipated to Close during Second Half 2011					
Seller 17	Financial Services	Spinout	$3,000	$1,000	$4,000
Seller 18	Financial Services	Partnership	700	200	900
Seller 19	Financial Services	Spinout	750	750	1,500
	Medium-Term		$4,450	$1,950	$6,400
	Total		$10,381	$3,903	$14,284

Lexington Capital Partners VII

Performance Summary

$50 million Commitment to LCP VII[1] *(For Illustrative Purposes)* *($ in thousands)*	12/31/2010	Pro Forma 03/31/2011
LP Commitment	$50,000	$50,000
Committed Capital (Price + Unfunded)[2]	$15,919	$19,579
% Committed	*32%*	*39%*
Invested Capital	$7,145	$14,012[3]
% Invested	*15%*	*28%*
Accrued Distributions	$757	$2,211[4]
% Invested Capital	*10%*	*16%*
Residual Value	9,725	17,045[4]
Total Realized / Unrealized Value	$10,482	$19,256
Gross IRR	>100%	>100%
Gross Multiple	1.4x	1.4x

[1] Assumes target capitalization of $5 billion.
[2] Includes closed and committed purchases.
[3] Includes purchase price for committed transactions pending close.
[4] Pro forma for closed and announced exits, and mark-to-market public holdings as of 03/31/11.

Lexington Capital Partners VII

Competitive Terms

- Lexington believes that LCP VII has the most attractive economic terms among dedicated secondary funds

Terms	LCP VII
Target / Maximum Capitalization	$5 billion / $6 billion
Investments in Secondary Entities Investments in Primary Entities	95% of committed capital 5% of committed capital
Management Fee - Investment Period - Post Investment Period	0.94% of committed capital, provided that primary capital is 0.5% 0.85% of RV + unfunded commitments on secondaries; 0.5% of RV + unfunded commitments on primaries **Average annual fee of 0.68% over a 10-year life**
Carried Interest	10.0% of secondary profits (after return of all secondary contributed capital, fees and expenses, and a 7% preferred return) 0.0% of primary profits
Investment Period	Up to 5 years
Partnership Term	10 years + three 1-year extensions
GP Commitment	1.0% of committed capital

Lexington Capital Partners VII

ILPA Scorecard

Lexington	
	■ Alignment of Interest
Yes	✓ Substantial GP equity commitment (LCP VII = $50 million)
Yes	✓ Best practice all-contribution-plus-preferred-return-back-first model
Yes	✓ LP favorable clawback provision
Yes	✓ 100% of transaction & monitoring fees offset GP Management Fee
Yes	✓ Carried Interest distributed deeply & equitably throughout firm
	■ Governance
Yes	✓ SEC registered investment adviser
Yes	✓ Key person & "for cause" provisions protective of LPs' interests
Yes	✓ Supermajority vote of LPs required to suspend investment period or remove GP
Yes	✓ Highly diversified portfolio consistent with stated strategy
	■ Transparency
Yes	✓ Transparent sharing of information – Comprehensive financial reporting – FAS 157 compliant valuation policy – Fees and carried interest disclosed – Detailed due diligence information provided

Appendix: Lexington Investment Performance

Lexington Partners

LCP Funds: Secondary Investment Experience

($ in millions)	Co-Mgd Funds	LCP I	LCP II	LCP III	LCP IV	LCP V	LCP VI	LCP VII	Total
Sector Focus	All PE	Mezz.	Buyout	Venture	Non-U.S.	All PE	All PE	All PE	**-**
Vintage Year	1990-1995	1996	1998	1999	2000	2002	2006	2010	**1990-2010**
Commitment Status %	100%	100%	100%	100%	100%	100%	100%	39%	**-**
Transactions	78	12	20	16	12	38	73	16	**265**
Interests	354	21	107	150	92	323	420	248	**1,715**
Companies	1,000	100	1,000	1,800	1,200	3,200	2,500	1,000+	**11,800**
Purchase Discount %	30%	27%	26%	33%	36%	27%	22%	28%	**27%**
Purchase Discount $	**$395.8**	**$80.6**	**$237.0**	**$201.7**	**$152.2**	**$405.0**	**$709.1**	**$529.1**	**$2,710.5**

Lexington Partners

LCP Funds: Secondary Investment Performance

As of December 31, 2010

($ in millions)	Co-Mgd Funds	LCP I	LCP II	LCP III	LCP IV	LCP V	LCP VI	LCP VII	Total
Total Capital	$1,017.1	$242.4	$1,111.1	$656.6	$606.0	$2,004.2	$3,773.9	$5,000.0[1]	**$14,411.3**
Committed Capital	$1,003.3	$240.5	$1,111.1	$656.6	$606.0	$2,004.2	$3,773.9	$1,958.0	**$11,353.6**
Invested Capital	$998.4	$231.8	$1,046.7	$620.7	$567.3	$1,836.6	$3,305.8	$1,404.0	**$10,011.3**
Reported Value	$42.8	$2.9	$99.7	$65.3	$109.5	$710.9	$2,928.2	$1,704.5	**$5,663.8**
Distributions	$1,980.8	$313.8	$1,385.7	$756.6	$981.9	$2,544.9	$1,074.5	$221.1	**$9,259.3**
Gross Multiple	2.0x	1.4x	1.4x	1.3x	1.9x	1.8x	1.2x	1.4x	**1.7x**
Gross Multiple on Peak Invested Capital	**2.6x**	**1.8x**	**1.8x**	**2.0x**	**3.1x**	**2.7x**	**1.3x**	**NM**	**2.4x**
Gross IRR	**30.3%**	**17.4%**	**10.9%**	**12.6%**	**24.9%**	**25.6%**	**NM**	**NM**	**24.7%**

Note: Aside from $157 million of seller financing associated with LVP (1990) and LEP III (1993), all Lexington returns are unlevered.

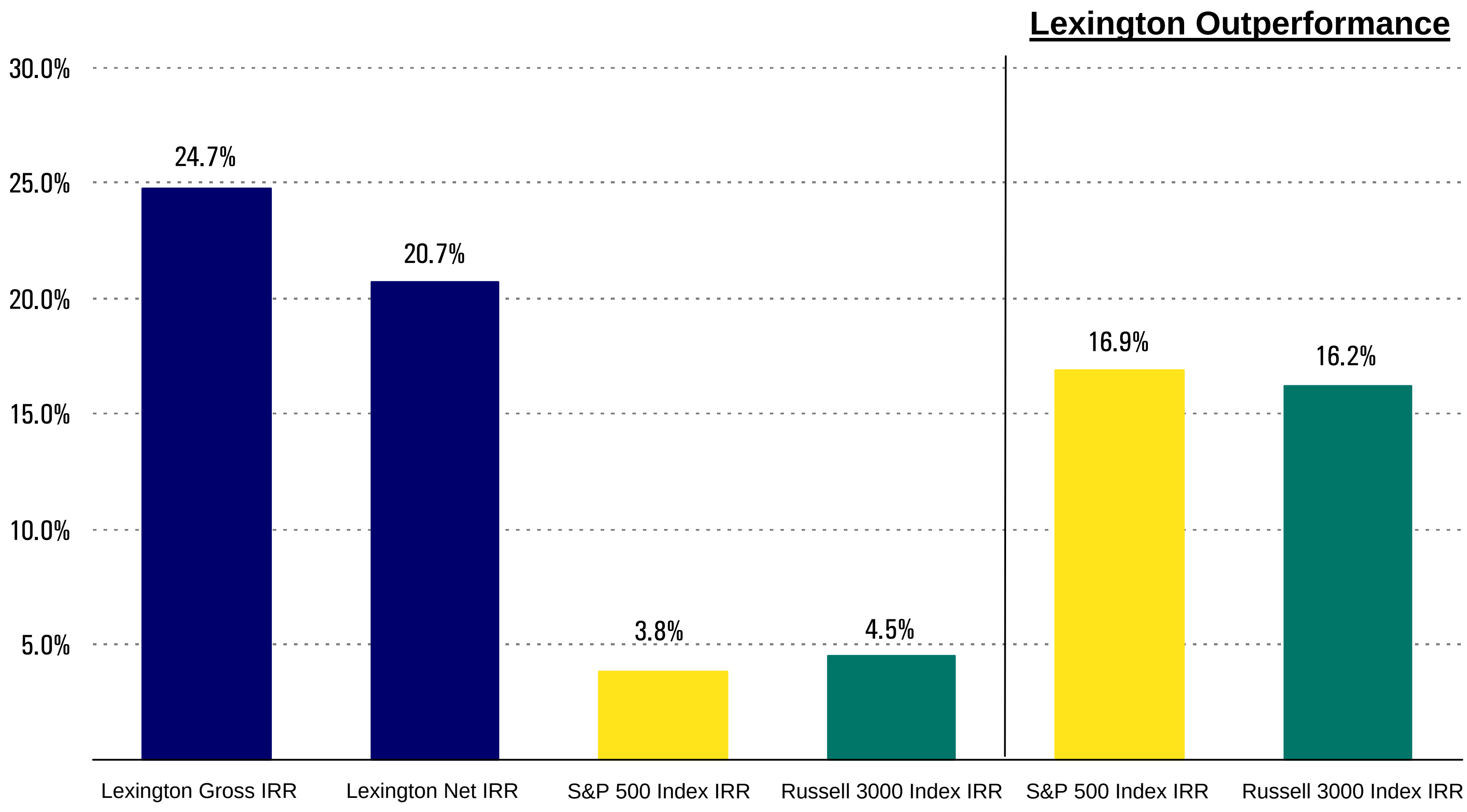
Note: LCP VI & VII are presented pro forma for closed and announced exits and mark-to-market public holdings. LCP VII includes purchase price and reported value at closing for committed transactions pending close.

[1] Target capitalization. *Note: See page 20 for additional endnotes.*

Lexington Partners

LCP Funds: Performance vs. Market Indices

As of December 31, 2010



As used throughout this presentation, Public Market Index returns are calculated using the "Public Market Equivalent Approach" outlined in the endnotes.
Sources: S&P 500 and Russell 3000 performance from initial cash flows to December 31, 2010; Standard & Poor's, Russell Investments, Lexington.

Endnotes

Lexington Partners

Endnotes

Current Market Value: Current Market Value as defined on page 11 and used herein represents the Market Value at time of purchase updated for most recent general partner values, public mark-to-market, completed and announced exits, and Lexington's conservative estimates.

Management Fee: The summary of certain principal terms outlined on page 15 is qualified in its entirety by the LCP VII Partnership Agreement. The Investment Period Management Fee has been calculated based on existing managed accounts and the attainment of maximum capitalization.

Co-Managed Funds: Lexington had primary investment responsibility for the Co-Managed Buyout and Mezzanine Funds. Landmark Partners had primary investment responsibility for the Co-Managed Venture Capital Funds.

Committed Capital: Net of management fee recycling and pro forma for secondary transactions and new fund commitments committed to following December 31, 2010 with aggregate committed capital (taking into account purchase price plus unfunded obligations) of $931 million (LCP VII).

Reported Value: "Reported Value" is the aggregate value of the Lexington secondary fund's interests, as applicable, in each underlying private equity fund as most recently reported by the general partners thereof, increased for cash contributions paid to, and decreased for realized cash proceeds received from, such underlying investment funds for the intervening period between the quarter-end date most recently reported and the Lexington secondary fund's quarter-end date for reporting purposes. Reported Values are net of all fees, expenses and "carried interest" borne by investors in the underlying private equity funds. The actual returns on investments for which a Reported Value has been used to calculate Gross IRRs and Net IRRs will depend on, among other factors, the value of the assets and market conditions at the time of disposition of each underlying investment of the applicable underlying fund, which may differ from the assumptions of the general partners of the underlying funds on which the Reported Value is based.

Gross IRR and Net IRR: "Gross IRR" and "Net IRR" mean an aggregate, compound, annual, gross or net, as applicable, internal rate of return on investments. Such Gross IRRs and Net IRRs are calculated using Reported Value and on the basis of the actual timing of cash inflows and outflows, aggregated monthly (LCP I-V and the Co-Managed Funds) or daily (LCP VI and LCP VII), and the returns are annualized; provided that in the case of Gross IRRs, cash inflows and outflows are aggregated daily. Gross IRRs of LCP I-VII do not reflect the management fees, "carried interest," taxes, and other expenses to be borne by investors in the applicable Lexington partnership, which will reduce returns and, in the aggregate, are expected to be substantial. However, such Gross IRRs are net of all fees, expenses and "carried interest" borne by investors in the underlying private equity funds. Gross IRRs of the Co-Managed Funds do not reflect the "carried interest" and taxes to be borne by investors in the applicable Co-Managed fund, which will reduce returns and, in the aggregate, are expected to be substantial, but are net of management fees and other expenses. IRRs may also not reflect the reinvestment of certain dividends, gains and other portfolio earnings. Net IRRs are after all estimated management fees, organizational expenses and "carried interest". "NM" implies an IRR or multiple that is not meaningful. Advisory fees, management fees and carried interest are described in Lexington Partners Advisors' Form ADV Part II.

As of December 31, 2010, these funds have generated Net IRR's of 28.5% (Co-Managed Funds), 13.2% (LCP I), 8.2% (LCP II), 8.6% (LCP III), 19.6% (LCP IV), 20.0% (LCP V), NM (LCP VI), NM (LCP VII) and 20.7% (Total (excluding LCP VI & LCP VII)). As of December 31, 2010, the total Gross IRR including LCP VI and LCP VII is 23.5%. The total Net IRR including LCP VI and LCP VII is 18.4%.

Gross Multiple: Distributions plus Reported Value divided by Invested Capital.

Gross Multiple on Peak Invested Capital: Reported Value plus Net Distributions (Distributions less Invested Capital) since the point of the Peak Invested Capital divided by Peak Invested Capital.

Total: Performance information excludes LCP VI and LCP VII as these funds are too young to have achieved meaningful returns.

Public Market Equivalent Approach: S&P 500/Russell 3000 Index returns have been calculated using a "public market equivalent approach" whereby cash flows into and out of private equity funds are treated as investments and sales in the S&P 500/Russell 3000 Index, interim balances are carried forward at riskless rates, and the resulting ending value is treated as a measure of performance. The returns for the S&P 500/Russell 3000 Indices have been calculated without dividend reinvestment. The market volatility, liquidity and other characteristics of private equity investments are materially different from those of the indices.

Alaska Retirement Management Board
Portfolio Review
June 16, 2011

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T.RowePrice®

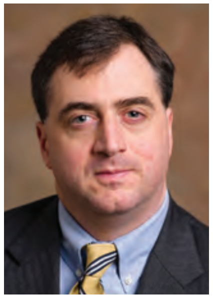
T. Rowe Price — Presenters

Portfolio Management

Edmund M. Notzon, III, Ph.D., CFA

Vice President — Senior Portfolio Manager and Chairman, Asset Allocation Committee

- 21 years investment experience;
- 21 years with T. Rowe Price.



Portfolio Management

Charles M. Shriver, CFA

Vice President — Portfolio Manager

- 12 years investment experience;
- 19 years with T. Rowe Price.

Portfolio Management

Antonio L. Luna, CFA

Vice President — Portfolio Manager

- 17 years investment experience;
- 15 years with T. Rowe Price.

Client Service

Robert A. Birch

Vice President — Director: U.S. Institutional Client Service

- 24 years of institutional investment and consulting experience;
- 10 years with T. Rowe Price.

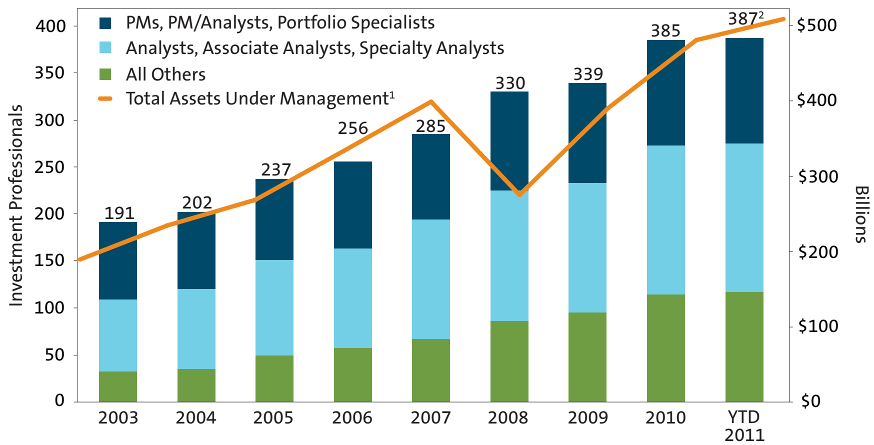
Table of Contents

Overview of T. Rowe Price Group

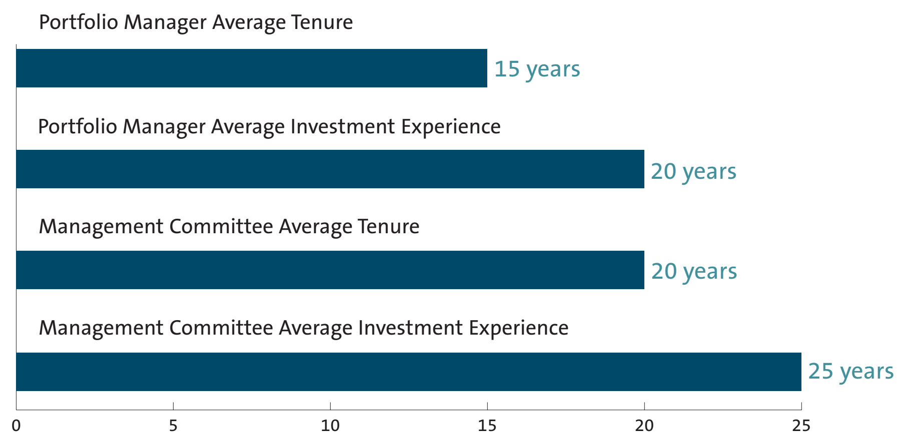
T. Rowe Price Update

As of March 31, 2011

Continued Investment in Our Global Research Team



Long Tenure Perpetuates Our Philosophy and Investment Approach



- **Financial Strength and Strategic Investment:**
  - Strong balance sheet with $1.8 billion in cash and no outstanding long-term debt
  - Steady growth in global assets, with a compound annual growth rate of 13.1% in total AUM over 10 years
  - Diversity of assets:
    - U.S. Equity 59.6%, Non-U.S. Equity 15.9%, U.S. Fixed Income 20.5%, and Non-U.S. Fixed Income 4.0%
    - Institutional accounts represent over 50% of the firm's assets under management
- **Measured Growth of Our Investment Team:**
    - In 2010, we hired 16 investment professionals in Fixed Income (12 in Baltimore, 3 in London, and 1 in Hong Kong) and 20 investment professionals in Equity (9 in Baltimore, 7 in London, 2 in Singapore, 1 in Hong Kong, and 1 in Sydney)
    - Six of the 11 MBA interns from the 2010 class were hired for full time positions (2 in Baltimore, 2 in London, 1 in Hong Kong, and 1 in Singapore)
    - In Q1 2011, we hired 4 investment professionals in Fixed Income (3 in Baltimore and 1 in London) and 3 investment professionals in Equity (2 in Baltimore and 1 in Sydney)
    - Thirteen MBA interns are slated for summer 2011 (8 in Baltimore, 2 in London, 1 in Hong Kong, 1 in Singapore, and 1 in Tokyo)
  - Expanded investment management and research capabilities in Sydney and Hong Kong offices

[1] The combined assets under management of the T. Rowe Price group of companies as of March 31, 2011. The T. Rowe Price group of companies includes T. Rowe Price Associates, Inc., T. Rowe Price International Ltd, T. Rowe Price Hong Kong Limited, T. Rowe Price Singapore Private Ltd., and T. Rowe Price (Canada), Inc.

[2] 72 portfolio managers, 4 portfolio manager/analysts, 7 associate portfolio managers, 3 regional portfolio managers, 9 sector portfolio managers, 121 research analysts/credit analysts, 25 quantitative analysts, 11 asset allocation analysts, 4 investment risk management analysts, 2 distribution management specialist/analysts, 24 associate analysts, 17 portfolio specialists/generalists, 3 specialty analysts, 54 traders, 2 economists, 20 portfolio modeling associates, and 9 management associates.

T. Rowe Price Perspectives and Research

As of March 31, 2011

- **Perspective from T. Rowe Price's Japan Office:**
  - Tokyo office remained open throughout the crisis — our business continuity plan allowed employees to work remotely, but the majority worked in the office
  - Campbell Gunn, Japanese Equity Strategy Portfolio Manager, believes that once Japan's market settles down, Japanese equities could outperform the rest of the world's stocks for the next few years. He shares his perspective on Japan in a web video, posted on troweprice.com/institutional

- **T. Rowe Price Investment Symposium 2011:**
  - Takes place November 16-18, 2011, at the Baltimore Marriott Waterfront Hotel, Baltimore, MD
  - Keynote speakers are:
    - General Colin L. Powell, U.S.A. (Ret.), former United States Secretary of State (2001-2005) and chairman of the Joint Chiefs of Staff
    - Charlie Cook, publisher of *The Cook Political Report* and political analyst for the National Journal Group
  - The intent of the Symposium is to offer insightful perspectives on global markets, current investment challenges and opportunities, and the environment going forward. It is designed to ensure attendees have the opportunity to interact with senior investment professionals
  - For information on the Symposium and to register please visit troweprice.com/symposium11

- **Investment Dialogues:**
  - Robert Smith, International Growth Equity Strategy Portfolio Manager, on China's Emerging Automation Boom
  - Mike Conelius, Emerging Markets Bond Strategy Portfolio Manager, on Emerging Market Corporate Bonds
  - Floating Rate Bank Loans — A Compelling Opportunity for Income Generation as Credit Fundamentals Improve
  - To access these on troweprice.com/institutional, go to the *Perspectives & Research* tab and click on *Investment Dialogues*

Visit our institutional website at troweprice.com/institutional for news and updates.

Account Management

Alaska Retirement Management Board

Overall Account Management

PRIMARY RELATIONSHIP MANAGER

Christopher W. Dyer	**1-410-345-6688**

Responsible for plan promotion and oversight.

Investment Management

PRIMARY INVESTMENT MANAGERS

Ned Notzon	**1-410-345-5705**
Richard T. Whitney	**1-410-345-7638**
Charles Shriver	**1-410-345-2210**

ADDITIONAL INVESTMENT MANAGERS

Fixed Income	**Equity**
Tony Luna	Neil Smith
Joe Lynagh	Fred Bair
Robert Larkins	Paul Wojcik
	Greg McCrickard

Responsible for investment management for all State of Alaska assets at T. Rowe Price.

Client Service and Investment Reviews

CLIENT SERVICE

Robert A. Birch	**1-410-345-4788**
John Plowright	**1-415-772-1117**

Responsible for coordination of client information, investment reviews, and coordination of the relationship with Great West.

T. Rowe Price Asset Allocation and Alaska Retirement Portfolios

T. Rowe Price Asset Allocation Products and Separate Accounts

As of March 31, 2011

Lower ←			Volatility Level	→ Higher	
Total Product Type Assets	Fixed Income	Conservative Balanced	Balanced	Aggressive Balanced	Equity
Total Assets $95.7 Billion	**$7.5 Billion**	**$6.3 Billion**	**$23.8 Billion**	**$52.9 Billion**	**$6.6 Billion**
Total Portfolios 112	**14**	**11**	**22**	**34**	**31**

T. Rowe Price has experience in an array of products utilizing many asset classes combined at various risk levels.

Numbers may not total due to rounding.
Assets do not include the CSP holdings in Spectrum Income and Balanced funds so as to avoid double counting.
Assets include CSP assets which are held outside of T. Rowe Price, but where T. Rowe Price influences trade decisions.

Asset Allocation Team

As of March 31, 2011

		Total Years of Investment Experience	Total Years of Investment Experience with T. Rowe Price
Management			
Richard T. Whitney, CFA, *Director*	MBA, University of Chicago, Graduate School of Business	26	25
Edmund M. Notzon, III, CFA	Ph.D., Stanford University	21	21
Jerome A. Clark, CFA	MBA, The Johns Hopkins University	18	18
Portfolio and Product Management			
Charles M. Shriver, CFA	MSF, Loyola College	12	12
Wyatt A. Lee, CFA	MBA, Washington University	13	11
Kim E. DeDominicis	MBA, New York University	8	7
Guido F. Stubenrauch, CFA	MSF, Loyola College	7	7
Research and Development			
Stefan Hubrich, CFA	Ph.D., University of Maryland	7	5
James A. Tzitzouris	Ph.D., The Johns Hopkins University	12	12
Anna A. Dreyer	Ph.D., Massachusetts Institute of Technology	2	2
Richard K. Fullmer, CFA	MSc, Boston University	22	0
Fanshi Zhao	MSc, Yale University	3	3
Farris G. Shuggi	MSc, Washington University	2	2
Robert A. Panariello	MSE, The Johns Hopkins University	5	5
Kevin R. Yang	BS, University of Maryland Baltimore County	3	3
Robert L. Harlow	BS, The Johns Hopkins University	2	2

T. Rowe Price Relationship Highlights

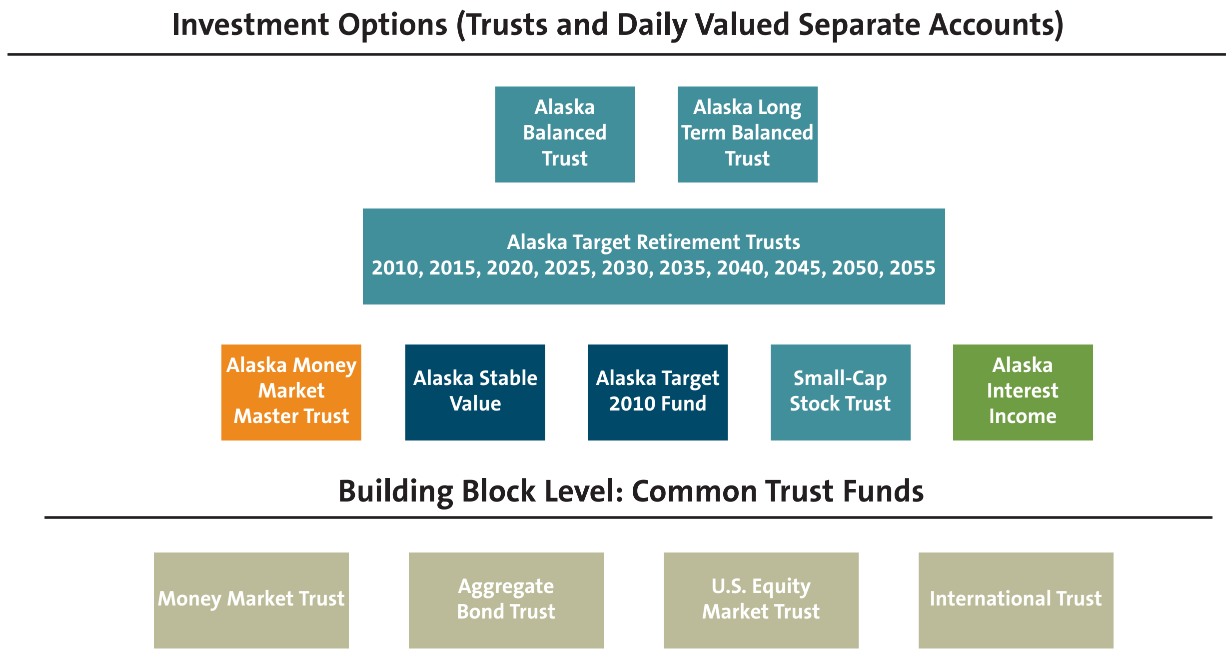
State of Alaska Retirement Management Board

- **A successful partnership since 1992**
- **Encompasses multiple investment strategies**
  - Balanced Trust
  - Long-Term Balanced Trust
  - Target Date Portfolios
  - Money Market Master Trust
  - Small-Cap Stock Trust
  - Stable Value Fund
  - Interest Income Fund

- **Customized portfolios designed to withstand extreme market environments**

- **Portfolio Management**
  - Ned Notzon will retire at the end of 2011.
  - Charles Shriver will replace Ned Notzon as co-portfolio manager.
  - Rich Whitney continues in his position of co-portfolio manager.

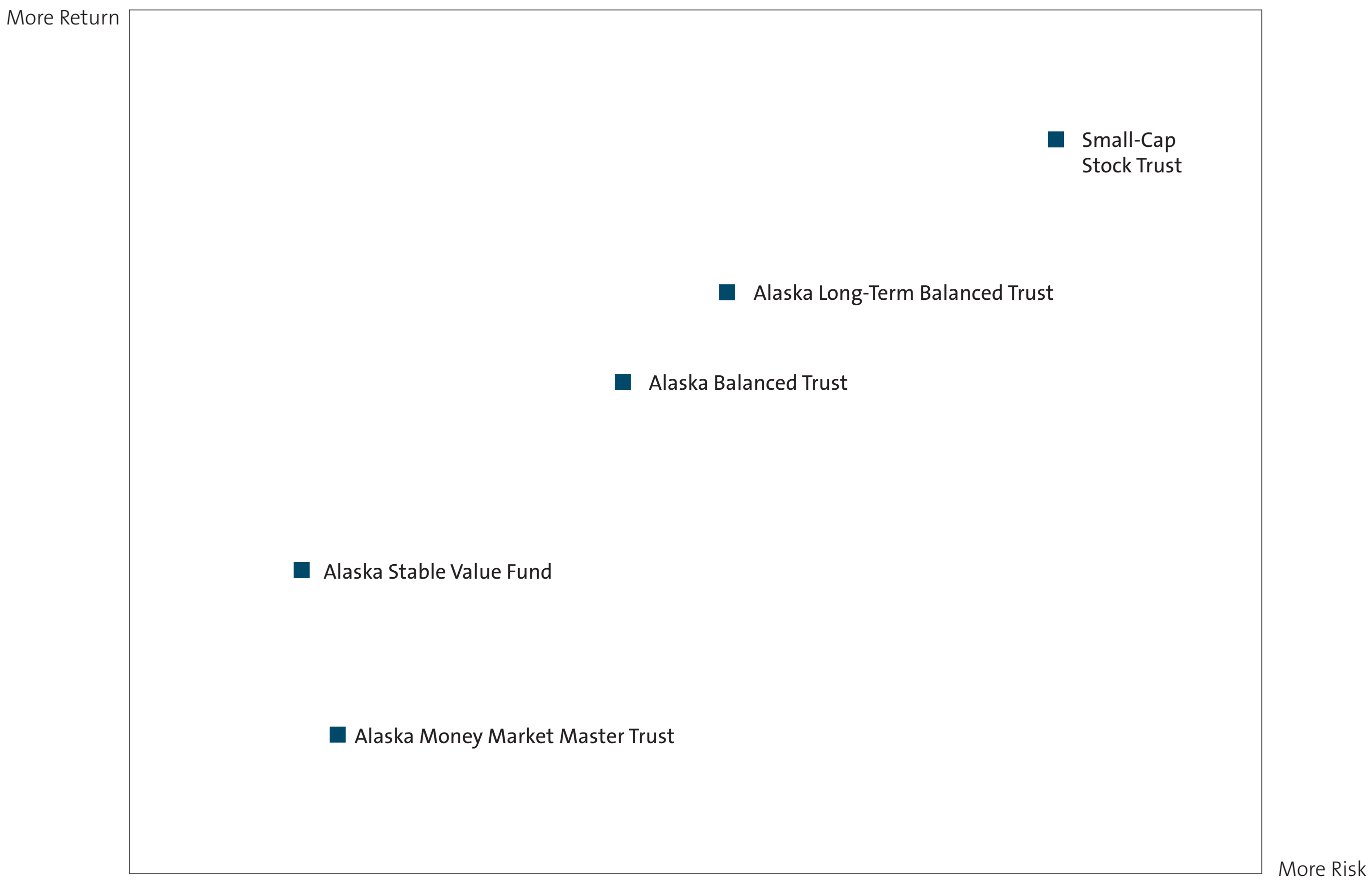
Structure of Investment Options



- **Building Block Level — Common Trust Funds**
- **SBS, PERS, TRS, and Deferred Compensation Plan (Common Trust Funds)**
- **SBS Only (Separate Accounts)**
- **PERS/TRS Only (Common Trust Funds)**
- **Deferred Compensation Plan Only (Separate Account)**

The Alaska Balanced Trust, Alaska Long-Term Balanced Trust, Alaska Money Market Master Trust, Alaska Target Retirement 2010-2055 Trusts, T. Rowe Price Small-Cap Stock Trust, Money Market Trust, Aggregate Bond Trust, U.S. Equity Market Trust, and the International Trust are not mutual funds. They are common trust funds established by T. Rowe Price Trust Company under Maryland banking law, and their units are exempt from registration under the Securities Act of 1933. Units of the trusts are not deposits or obligations of, or guaranteed by, the U.S. government or its agencies or T. Rowe Price Trust Company and are subject to investment risks, including possible loss of principal.

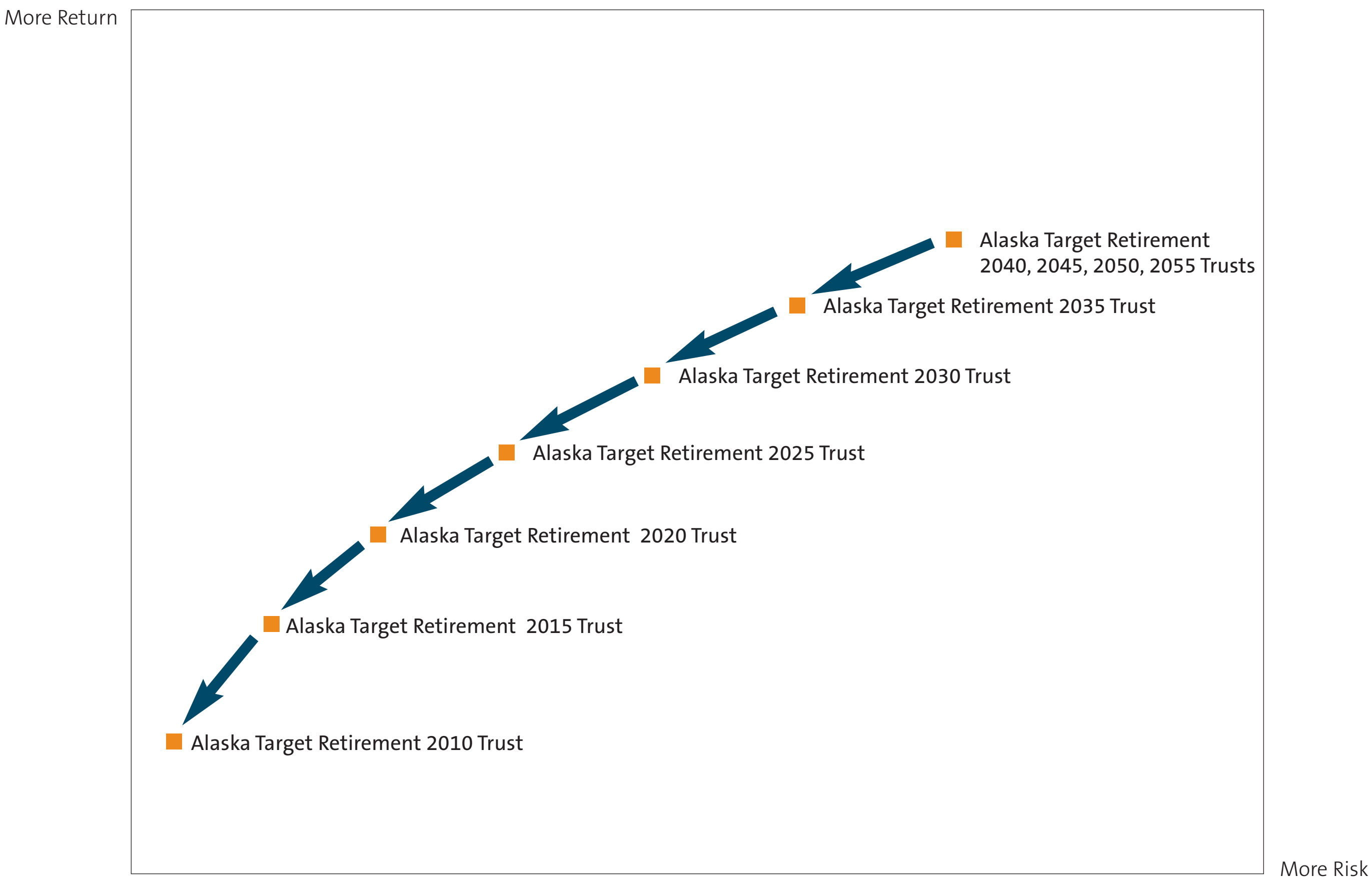
Risk/Return Characteristics



This illustration is intended to show the expected risk/return relationships among the investment options and is not intended to represent actual returns for any product or time period.

Investment Options — Target Date Portfolios

Risk/Return Characteristics



This illustration is intended to show the expected risk/return relationships among the investment options and is not intended to represent actual returns for any product or time period.

Development of Investment Options

Working Together to Improve Investment Options

- **1992** — Alaska Balanced Fund
- **1996** — Alaska Target Date Funds - 2000/2005/2010/2015
- **2000** — Alaska Target Date 2020
- **2001** — Alaska Long-Term Balanced Fund to complement more conservative Balanced Fund; Small-Cap Stock Trust offered as stand-alone investment option
- **2004** — Stable Value Fund offered as stand-alone investment option for the Alaska SBS plan
- **2005** — Alaska Target 2025 with Glidepath designed to flow into Alaska Balanced Fund
- **2006** — Alaska Balanced Trust, Long-Term Balanced Trust, 2025 Trust and Money Market Master Trust established to facilitate creation of diversified investment options for PERS/TRS defined contribution plans

- **2008** — Consolidation of GNMA and Govt/Corp into Aggregate Bond Trust and Large-Cap and Small-Cap into U.S. Equity Trust
- **2009** — New Target Retirement Date glidepath extends through retirement
- **2009** — Balanced Trust and Target Retirement Date Trusts offered consistently across SBS, PERS, and TRS plans
- **2009** — Target Retirement Date Trusts become default allocations for SBS, PERS, and TRS
- **2009** — New Alaska Target Retirement Date Trusts (2030-2055) added to plan option lineup

Attributes of the Alaska Retirement Plans

- **Custom suite of portfolios designed specifically for Alaska featuring on-going enhancements**
  - Balanced portfolio offered in 1992 tailored to custom, conservative growth risk profile
  - Target Date portfolios introduced in 1996
- **Breadth of investment offerings**
  - **Target Date** Retirement Trusts from 2010-2055 in five year intervals as default investment option
  - Balanced and Long-Term Balanced Trusts for investors seeking **target risk** profiles
- **Intelligently designed**
  - Target Date Retirement Trusts built on principles and rigor of T. Rowe Price's Retirement Glidepath
  - Balanced Trust has offered conservative growth through volatile markets since 1992
  - Balanced Trust captured 88% of the S&P 500 Index return since 1992 with 40% of the volatility
- **Broad diversification**
  - Core U.S. stocks and investment grade bonds with diversification in small-cap and non-US stocks
- **Risk aware**
  - Investment management and reporting consistent with Alaska's specific risk parameters
- **Cost competitive**
  - Weighted average investment management fee of 10 basis points
- **Replacement income adequacy**

Working together to enhance the likelihood of long-term success for plan participants.

Overview of Investment Options

Account Assets

As of March 31, 2011

	Assets	Inception Date
Balanced Trust	$1,088,463,332	3/31/92
Long-Term Balanced Trust	365,625,263	6/30/01
Target 2010 Fund	22,170,324	2/1/96
Target Retirement 2010 Trust	7,440,086	4/2/09
Target Retirement 2015 Trust	91,461,370	2/1/96
Target Retirement 2020 Trust	39,121,857	11/2/00
Target Retirement 2025 Trust	19,778,115	11/2/05
Target Retirement 2030 Trust	8,833,692	4/6/09
Target Retirement 2035 Trust	10,228,745	4/15/09
Target Retirement 2040 Trust	10,732,233	4/2/09
Target Retirement 2045 Trust	11,064,431	8/4/09
Target Retirement 2050 Trust	12,567,917	8/5/09
Target Retirement 2055 Trust	4,118,092	8/5/09
Money Market Master Trust	12,332,162	8/11/06
Small-Cap Stock Trust	213,598,934	12/10/01
Alaska Supplemental Annuity Plan Stable Value Fund	293,914,515	10/31/04
State of Alaska Deferred Compensation Plan Interest Income Fund	163,805,952	3/31/94
Total	$2,161,658,085	

- **17 Options**
- **Total Assets: $2,161,658,085**

Numbers may not total due to rounding.

Summary of Recent Enhancements

- **2008 Consolidated Building Block Trusts**
  - U.S. Equity Market Trust
  - International Trust
  - Aggregate Bond Trust
  - Money Market Trust

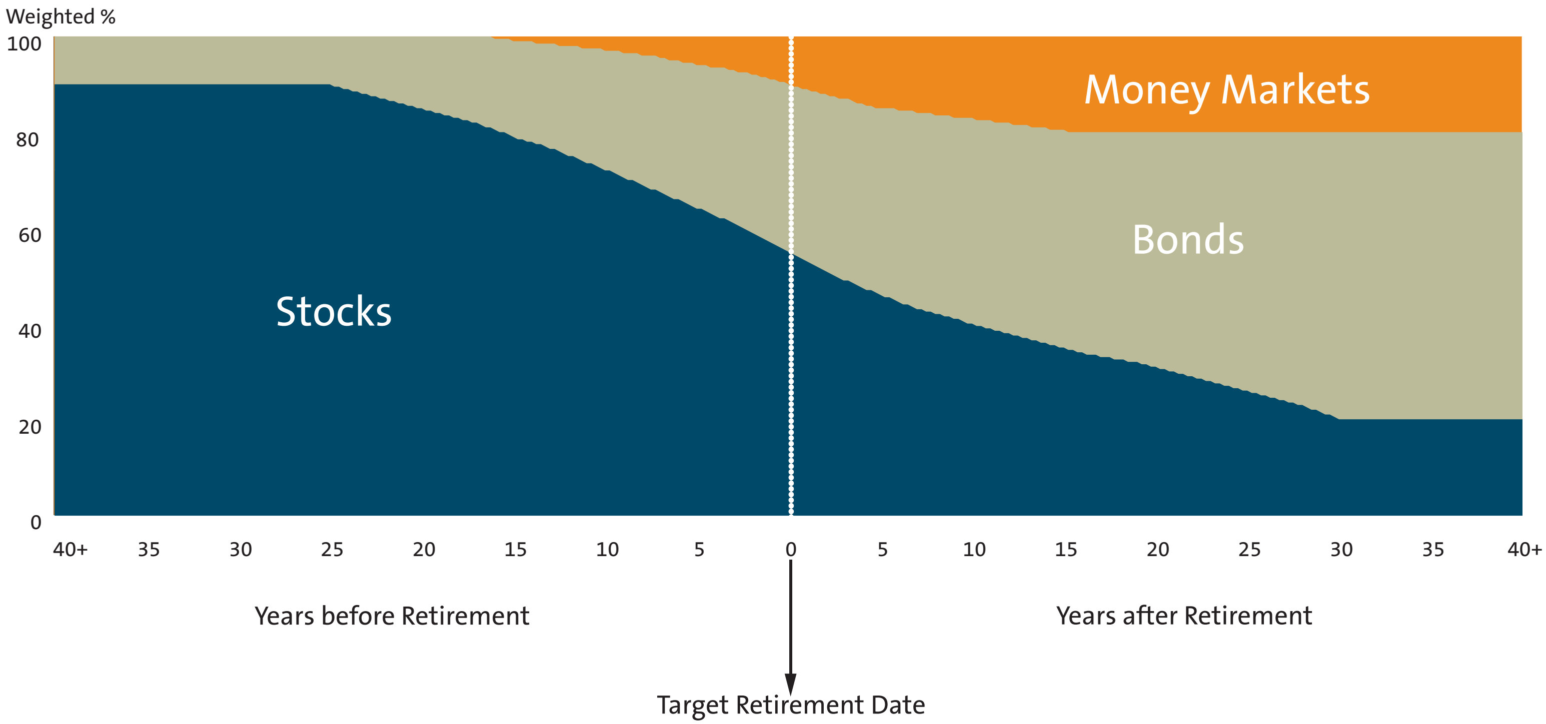
- **2009-2010 Transition to Glidepath through Retirement**

- **2009-2010 Increase Neutral Allocation to Non-U.S. Equity to 20% of Equity**

- **Seven New Target Date Investment Options Offered at Five Year Intervals**
  - Target Date 2010, 2030-2055 Trusts

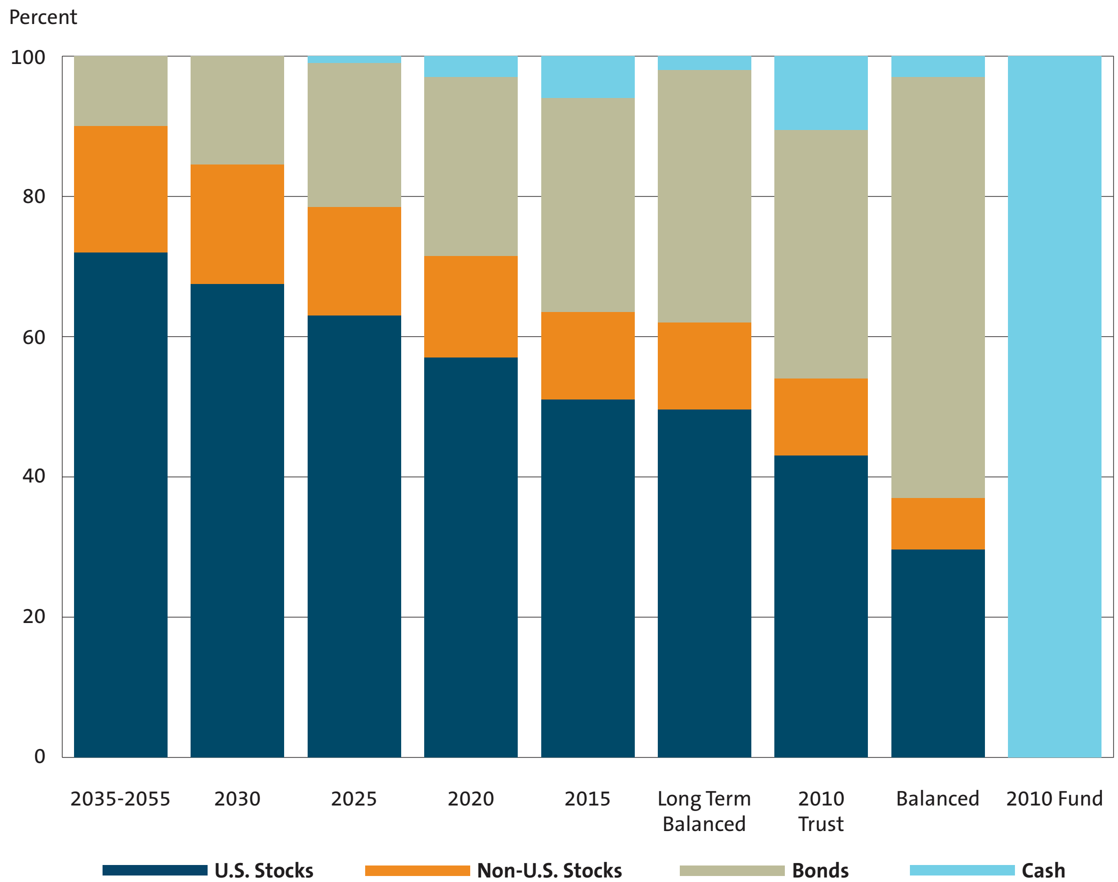
- **Alaska Target 2010 Fund Scheduled to Distribute Assets June 30, 2011**

Glidepath Through Retirement



Current Asset Allocation

Allocation to Stocks, Bonds, and Cash for Target Date and Balanced Portfolios



The Target Date Trusts and the two Balanced Trusts offer investors a broad range of risk and return options.

Sector Diversification Among Underlying Portfolios

- **Stocks**
  - U.S. Equity Market Trust
    - Large-Cap
    - Mid-Cap
    - Small-Cap
  - International Trust
    - Developed Non-U.S. Stocks

- **Bonds**
  - Aggregate Bond Trust
    - U.S. Investment Grade
      - Government
      - Corporate
      - Mortgages
      - Asset-Backed Securities
      - Commercial Mortgage-Backed Securities

- **Money Market Trust**
  - U.S. and Non-U.S. Money Market Securities

Strategy Highlights for Underlying Equity Portfolios

U.S. Equity Market Trust

Portfolio Management

E. Frederick Bair, CFA, CPA

14 years of investment experience;
12 years with T. Rowe Price.

- BS, Pennsylvania State University

Investment Approach

- Seeks to match the performance of the U.S. equity market, as represented by the Russell 3000 Index.
- Large-cap stocks represent the majority of the index's market cap weighted value.
- Attempts to accomplish its objective by investing in a sample of stocks that are representative of the index.

Benchmark

- Russell 3000 Index

Portfolio Construction

- 900-1,000 stock portfolio
- Issuer concentration generally +/- 0.40% relative to the benchmark weight
- Sector weight generally +/- 1.00% relative to the benchmark weight
- Expected tracking error 25-50 basis points

International Trust

Portfolio Management

E. Frederick Bair, CFA, CPA

14 years of investment experience;
12 years with T. Rowe Price.

- BS, Pennsylvania State University

Neil Smith, CFA

16 years of investment experience;
16 years with T. Rowe Price.

- B.Sc, University of Essex
- MBA, University of London

Investment Approach

- Seeks to match the performance of the MSCI EAFE Index, an equity market index based on 85% of the free-float adjusted market capitalization in about 30 developed market countries excluding the U.S. and Canada.
- Attempts to accomplish its objective by investing in stocks that are representative of the index

Benchmark

- MSCI EAFE Index

Portfolio Construction

- 1,100-1,300 stock portfolio
- Issuer concentration generally +/- 1.00% relative to the benchmark weight
- Sector weight generally +/- 2.00% relative to the benchmark weight
- Country weight generally +/- 2.00% relative to the benchmark weight
- Expected tracking error 90-225 basis points

Strategy Highlights for Underlying Fixed Income Portfolios

Aggregate Bond Trust

Portfolio Management Team

Robert M. Larkins, CFA

7 years of investment experience;

7 years with T. Rowe Price.

- BS, Brigham Young University
- MBA, University of Pennsylvania

Investment Approach

- Primarily focus on investment-grade U.S. fixed income securities represented in the Barclays Capital U.S. Aggregate Index.
- Integrate proprietary credit and capital market research to identify market inefficiencies.
- Seeks to add value at the margin by coupling limited active management techniques with the risk-controlled aspects of passive management.
- Emphasize individual security selection and modest strategic and tactical deviations versus the benchmark.

Benchmark

- Barclays Capital U.S. Aggregate Index

Portfolio Construction

- Major spread sector weights will vary +/- 3% relative to the Barclays Capital U.S. Aggregate Index
- Average credit quality of the portfolio will range from AA to AAA
- Duration is generally managed within +/- 0.20 years of the benchmark
- Issuer concentration is generally +/- 0.20% relative to the benchmark weight
- Target tracking error of less than 30 basis points

Money Market Trust

Portfolio Management Team

Joseph K. Lynagh, CFA

16 years of investment experience;

20 years with T. Rowe Price.

- BS, Loyola College
- MSF, Loyola College

Investment Approach

- Seeks to preserve capital, liquidity and, consistent with these goals, the highest possible current income yield. The portfolio is managed to maintain a stable share price of $1.00.
- Investment decisions are based on the objectives of quality, liquidity, diversification and yield. Seeks to minimize price volatility through maturity management and security selection.

Benchmark

- Citigroup 3-month Treasury Bill Index

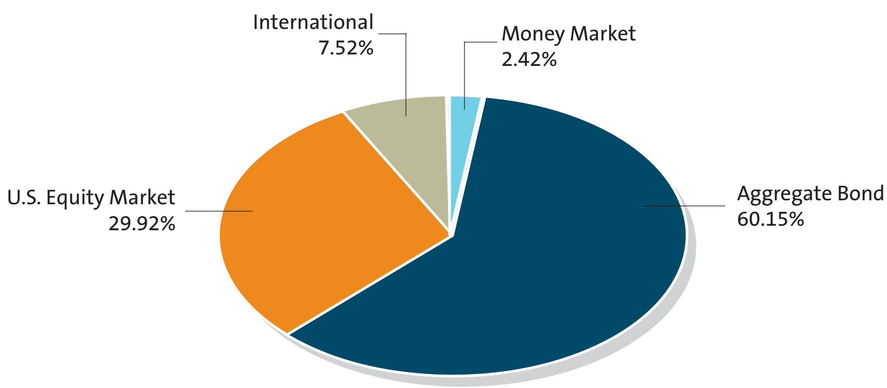
Portfolio Construction

- Diversified portfolio with 50-100 securities
- Maximum 5% per issuer
- Weighted average maturity will generally not exceed 60 days
- Invests in securities with maturities of less than one year

Asset Allocation

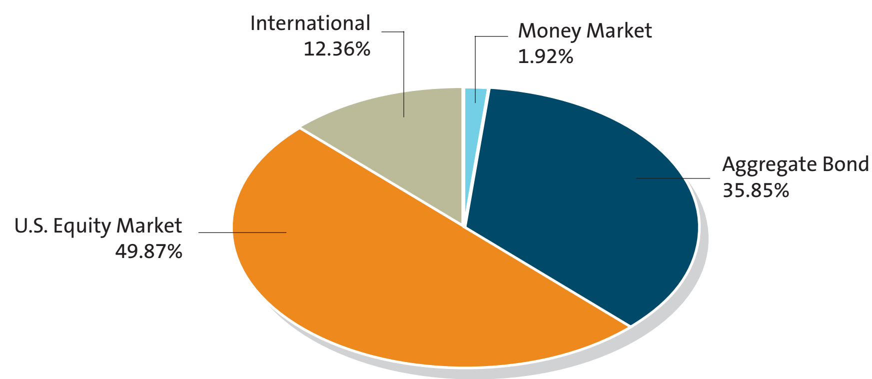
As of March 31, 2011

Balanced Trust



	Stocks	Bonds
Current Weight	37.4%	62.6%
Neutral Weight	35.0	65.0
Difference	2.4	-2.4

Long-Term Balanced Trust



	Stocks	Bonds
Current Weight	62.2%	37.8%
Neutral Weight	60.0	40.0
Difference	2.2	-2.2

Numbers may not total due to rounding.

The Case for the T. Rowe Price Glidepath

T. Rowe Price Target Date Investment Philosophy

We Believe:	Our Differentiation:
• The risk of outliving retirement assets should be the key driver of managing retirement portfolios.	• Maintain significant equity allocations based on proprietary asset allocation modeling and research.
• Time horizon should drive asset allocation throughout an investor's life.	• Allocations continue to shift for 30 years after target date.

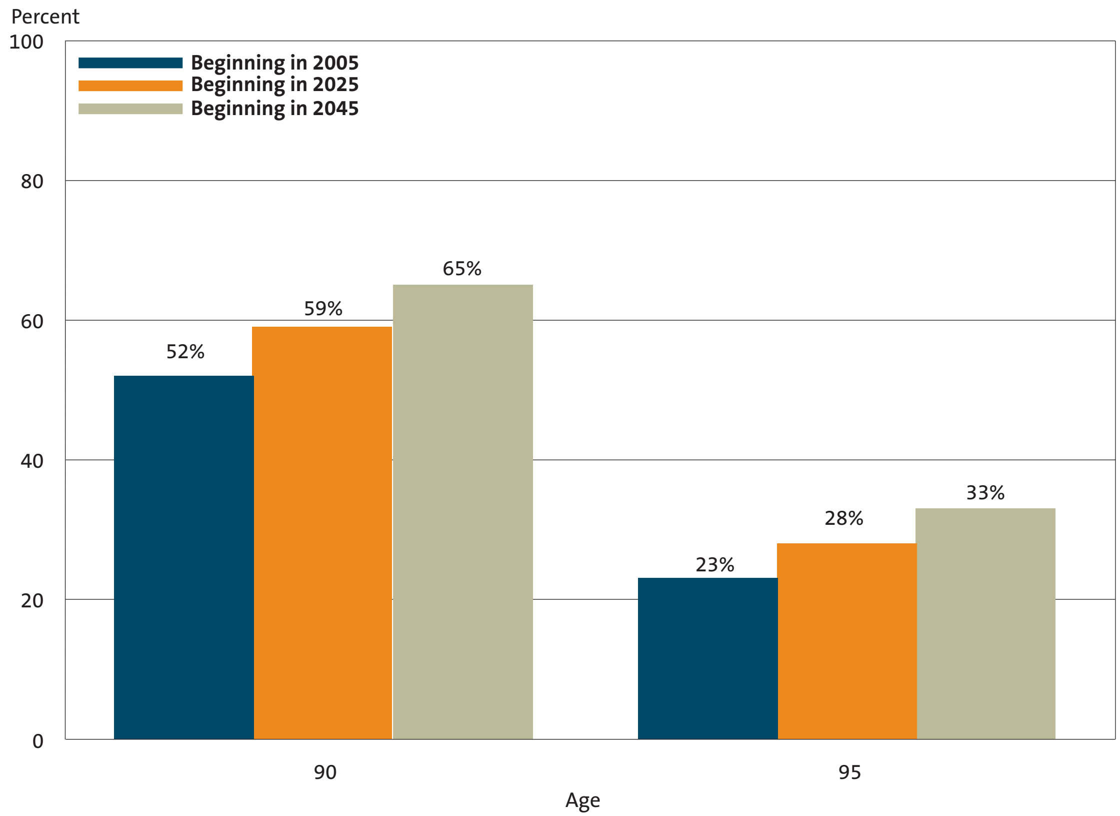
Case for Target Date Equity Exposure

- **Target-date products are designed for investors with a very diverse set of retirement needs.**
- **T. Rowe Price target-date products are designed to provide assets from which to draw retirement income over a long horizon. We recognize few investors need all their assets immediately upon retirement.**
- **Under conservative retirement assumptions, most asset allocation strategies can result in successful retirement outcomes.**
- **Higher equity allocation is especially important to provide for longevity risk, unexpected cash flows, and over-withdrawing behavior.**
- **An extended glidepath design maintains the benefits of equity exposure in retirement while re-distributing risk across the lifetime of the investment.**

We believe adequate equity exposure and an extended glidepath best position investors for a successful retirement.

Longevity: Underlying Driver of Retirement Risk

Odds of at Least One Member of a 65-Year-Old Couple Living to Age…



Retirees face an increasing risk of "living too long" rather than "dying too soon."

Source: Society of Actuaries.

Investment Review

Alaska Balanced Trust

Periods Ended March 31, 2011

Net of All Fees and Expenses	Three Months	One Year	Annualized Three Years	Five Years	Ten Years	Trust Inception 2/1/96[1]	Beginning 3/31/92[2]
Balanced Trust	**2.47%**	**9.41%**	**4.98%**	**5.36%**	**5.42%**	**6.69%**	**7.53%**
Custom Index[3]	2.28	9.23	4.88	5.26	5.31	6.65	7.53
Difference	0.19	0.18	0.10	0.10	0.11	0.04	0.00

[1] Custom Index performance is from January 31, 1996.

[2] The inception date for the Balanced Trust is for a respective predecessor product managed substantially in the same style, and performance for the respective predecessor product has been used for periods prior to the current product's inception. For all Trusts performance has been calculated beginning with the first full month of operations.

[3] "Custom Index" refers to the component benchmarks weighted according to the strategic allocation for each option. Prior to October 29, 2008, the weighted benchmark components consisted of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Government/Credit Index, Barclays Capital U.S. GNMA Index, S&P 500 Index, Russell 2500 Index, and MSCI EAFE Index. As of October 29, 2008, the weighted benchmark components consist of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Aggregate Index, Russell 3000 Index, and MSCI EAFE Index.

Alaska Long-Term Balanced Trust

Periods Ended March 31, 2011

Net of All Fees and Expenses	Three Months	One Year	Annualized Three Years	Trust Inception 6/30/06[1]	Five Years	Beginning 6/30/01[2]
Long-Term Balanced Trust	**3.84%**	**12.15%**	**4.35%**	**5.06%**	**4.60%**	**4.69%**
Custom Index[3]	3.63	12.07	4.35	4.99	4.53	4.70
Difference	0.21	0.08	0.00	0.07	0.07	-0.01

[1] The inception date for the Long-Term Balanced Trust is for a respective predecessor product managed substantially in the same style, and performance for the respective predecessor product has been used for periods prior to the current product's inception. For all Trusts performance has been calculated beginning with the first full month of operations.

[2] Inception date for Long-Term Balanced Trust is June 18, 2001.

[3] "Custom Index" refers to the component benchmarks weighted according to the strategic allocation for each option. Prior to October 29, 2008, the weighted benchmark components consisted of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Government/Credit Index, Barclays Capital U.S. GNMA Index, S&P 500 Index, Russell 2500 Index, and MSCI EAFE Index. As of October 29, 2008, the weighted benchmark components consist of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Aggregate Index, Russell 3000 Index, and MSCI EAFE Index.

Alaska Target Date Portfolios and Money Market Master Trust

Periods Ended March 31, 2011

			Annualized				
Net of All Fees and Expenses	Three Months	One Year	Three Years	Five Years	Ten Years	Since Inception[1]	Inception Dates
Target 2010 Fund	**0.08%**	**0.56%**	**0.63%**	**2.74%**	**3.05%**	**6.26%**	**2/1/96**
Custom Index[2]	0.04	0.38	0.29	2.39	2.94	6.22	
Difference	0.04	0.18	0.34	0.35	0.11	0.04	
Target Retirement 2010 Trust	**3.45**	**10.83**				**18.08**	**4/2/09**
Custom Index[3]	3.29	10.91				17.78	
Difference	0.16	-0.08				0.30	
Target Retirement 2015 Trust	**3.92**	**12.05**	**6.47**	**6.03**	**4.82**	**7.27**	**2/1/96**
Custom Index[2]	3.82	12.11	6.16	5.76	4.88	7.33	
Difference	0.10	-0.06	0.31	0.27	-0.06	-0.06	
Target Retirement 2020 Trust	**4.42**	**13.04**	**3.73**	**3.93**	**4.76**	**4.76**	**11/2/00**
Custom Index[2]	4.26	13.12	3.56	3.79	4.69	4.69	
Difference	0.16	-0.08	0.17	0.14	0.07	0.07	
Target Retirement 2025 Trust	**4.73**	**13.77**	**2.58**	**2.86**		**3.58**	**11/2/05**
Custom Index[2]	4.63	13.93	2.44	2.80		3.57	
Difference	0.10	-0.16	0.14	0.06		0.01	
Money Market Master Trust	**0.06**	**0.34**	**0.95**	**2.59**	**2.38**	**2.35**	**8/11/06**
Citigroup 3-Month Treasury Bill Index[4]	0.04	0.15	0.47	2.10	2.12	1.85	
Difference	0.02	0.19	0.48	0.49	0.26	0.50	

[1] Inception date for the Money Market Master Trust, as well as the Target 2010 Fund are as stated. For all other products, the inception date is for a respective predecessor product managed substantially in the same style, and performance for the respective predecessor product has been used for periods prior to the current product's inception. For all Trusts performance has been calculated beginning with the first full month of operations.

[2] "Custom Index" refers to the component benchmarks weighted according to the strategic allocation for each option. Prior to October 29, 2008, the weighted benchmark components consisted of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Government/Credit Index, Barclays Capital U.S. GNMA Index, S&P 500 Index, Russell 2500 Index, and MSCI EAFE Index. As of October 29, 2008, the weighted benchmark components consist of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Aggregate Index, Russell 3000 Index, and MSCI EAFE Index.

[3] "Custom Index" refers to the components benchmarks weighted according to the strategic allocation for each option. The weighted benchmark components consist of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Aggregate Index, Russell 3000 Index, and MSCI EAFE Index.

[4] Intra-month returns are not available for the Citigroup 3-Month Treasury Bill Index and therefore we have used the Alaska Money Market Trust as a proxy for since inception returns

Alaska Target Date Portfolios

Periods Ended March 31, 2011

Net of All Fees and Expenses	Three Months	One Year	Annualized Since Inception[1]	Annualized Inception Dates
Target Retirement 2030 Trust	**5.12%**	**14.52%**	**24.66%**	**4/6/09**
Custom Index[2]	4.95	14.60	24.73	
Difference	0.17	-0.08	-0.07	
Target Retirement 2035 Trust	**5.33**	**15.11**	**25.75**	**4/15/09**
Custom Index[2]	5.22	15.18	25.68	
Difference	0.11	-0.07	0.07	
Target Retirement 2040 Trust	**5.38**	**15.08**	**25.63**	**4/2/09**
Custom Index[2]	5.25	15.21	25.70	
Difference	0.13	-0.13	-0.07	
Target Retirement 2045 Trust	**5.38**	**15.11**	**18.58**	**8/4/09**
Custom Index[2]	5.25	15.21	18.63	
Difference	0.13	-0.10	-0.05	
Target Retirement 2050 Trust	**5.36**	**15.06**	**18.58**	**8/5/09**
Custom Index[2]	5.25	15.21	18.63	
Difference	0.11	-0.15	-0.05	
Target Retirement 2055 Trust	**5.47**	**15.14**	**18.61**	**8/5/09**
Custom Index[2]	5.25	15.21	18.63	
Difference	0.22	-0.07	-0.02	

[1] For all Trusts, performance has been calculated beginning with the first full month of operations.

[2] "Custom Index" refers to the component benchmarks weighted according to the strategic allocation for each option. Prior to October 29, 2008, the weighted benchmark components consisted of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Government/Credit Index, Barclays Capital U.S. GNMA Index, S&P 500 Index, Russell 2500 Index, and MSCI EAFE Index. As of October 29, 2008, the weighted benchmark components consist of Citigroup 3-Month Treasury Bill Index, Barclays Capital U.S. Aggregate Index, Russell 3000 Index, and MSCI EAFE Index.

Return Attribution

One Year Period Ended March 31, 2011

	Balanced	Long-Term Balanced	Target 2010 Fund	Target Retirement 2010 Trust	Target Retirement 2015 Trust	Target Retirement 2020 Trust	Target Retirement 2025 Trust
In Percents:							
Portfolio Return (Net of All Fees and Expenses)	9.41%	12.15%	0.56%	10.83%	12.05%	13.04%	13.77%
Benchmark Return	9.23	12.07	0.38	10.91	12.11	13.12	13.93
Difference	0.18	0.08	0.18	-0.08	-0.06	-0.08	-0.16

	Balanced	Long-Term Balanced	Target 2010 Fund	Target Retirement 2010 Trust	Target Retirement 2015 Trust	Target Retirement 2020 Trust	Target Retirement 2025 Trust
In Basis Points:							
Selection Effect (Performance Before Fees)	11	10	31	14	11	12	11
Allocation Effect	22	25	-1	8	-6	8	11
Cash Flow and Rebalancing	-5	-11	3	-15	6	-7	-13
All Fees and Expenses[1]	-10	-16	-15	-15	-17	-21	-25
- *Investment Management Fees*	*-6*	*-10*	*-7*	*-9*	*-10*	*-11*	*-12*
- *Custody and Accounting — Fixed*	*-1*	*-1*	*-4*	*-1*	*-2*	*-4*	*-7*
- *Custody and Accounting — Variable*	*-2*	*-4*	*-3*	*-4*	*-4*	*-4*	*-4*
- *Foreign Taxes*	*-1*	*-1*	*0*	*-1*	*-2*	*-2*	*-2*
- Attribution Total	18 bps	8 bps	18 bps	-8 bps	-6 bps	-8 bps	-16 bps

[1] Reflects fees for portfolio management, custody, and accounting charges associated with the portfolio.
Numbers may not total due to rounding.

Return Attribution

One Year Period Ended March 31, 2011

	Target Retirement 2030 Trust	Target Retirement 2035 Trust	Target Retirement 2040 Trust	Target Retirement 2045 Trust	Target Retirement 2050 Trust	Target Retirement 2055 Trust
In Percents:						
Portfolio Return (Net of All Fees and Expenses)	14.52%	15.11%	15.08%	15.11%	15.06%	15.14%
Benchmark Return	14.60	15.18	15.21	15.21	15.21	15.21
Difference	-0.08	-0.07	-0.13	-0.10	-0.15	-0.07

In Basis Points:						
Selection Effect (Performance Before Fees)	11	11	11	11	10	11
Allocation Effect	5	3	2	4	4	4
Cash Flow and Rebalancing	-5	0	-5	-4	-8	-1
All Fees and Expenses[1]	-19	-21	-21	-21	-21	-21
- *Investment Management Fees*	*-12*	*-13*	*-13*	*-13*	*-13*	*-13*
- *Custody and Accounting — Fixed*	*-1*	*-1*	*-1*	*-1*	*-1*	*-1*
- *Custody and Accounting — Variable*	*-4*	*-5*	*-5*	*-5*	*-5*	*-5*
- *Foreign Taxes*	*-2*	*-2*	*-2*	*-2*	*-2*	*-2*
- Attribution Total	-8 bps	-7 bps	-13 bps	-10 bps	-15 bps	-7 bps

[1] Reflects fees for portfolio management, custody, and accounting charges associated with the portfolio.
Numbers may not total due to rounding.

Performance — Building Block Portfolios

Periods Ended March 31, 2011

			Annualized					
Components (Net of All Fees and Expenses)	Three Months	One Year	Three Years	Five Years	Ten Years	As of 10/30/08	Since 2/28/96	Beginning 3/31/92
Money Market Trust[1]	**0.06%**	**0.34%**	**0.95%**	**2.59%**	**2.38%**	**0.54%**	**3.37%**	**3.56%**
Citigroup 3-Month Treasury Bill Index	0.04	0.15	0.47	2.10	2.12	0.19	3.18	3.39
Difference	0.02	0.19	0.48	0.49	0.26	0.35	0.19	0.17
Aggregate Bond Trust[1]	**0.49**	**5.17**				**8.76**		
Aggregate Bond Index	0.42	5.12				8.37		
Difference	0.07	0.05				0.39		
U.S. Equity Market Trust[1]	**6.45**	**17.29**				**18.43**		
Russell 3000 Index	6.38	17.41				18.25		
Difference	0.07	-0.12				0.18		
International Trust[1]	**3.83**	**10.75**	**-4.42**	**0.26**	**5.79**	**17.02**	**6.39**	
MSCI EAFE Index	3.45	10.90	-2.53	1.78	5.83	17.90	5.24	
Difference	0.38	-0.15	-1.89	-1.52	-0.04	-0.88	1.15	

[1] Inception date for the Aggregate Bond Trust, as well as the U.S. Equity Market Trust are as stated (As of October 30, 2008). For all other products, the inception date is for a respective predecessor product managed substantially in the same style, and performance for the respective predecessor product has been used for periods prior to the current product's inception. For all Trusts performance has been calculated beginning with the first full month of operations.

Stable Value Portfolios

State of Alaska Deferred Compensation Plan Interest Income Fund
Alaska Supplemental Annuity Plan Stable Value Fund

Total Return Performance

Periods Ended March 31, 2011

Annualized Returns[1]

		Annualized				
	One Year	Three Years	Five Years	Ten Years	Since Inception	Inception Date
State of Alaska Deferred Compensation Plan Interest Income Fund (Gross of Investment Management Fees)	4.00%	4.25%	4.47%	4.69%	5.60%	3/31/94
Alaska Supplemental Annuity Plan Stable Value Fund (Gross of Investment Management Fees)[1]	3.78	3.99	4.30		4.15	10/31/04
Hueler Pooled Fund Index[2,3]	3.06	3.44	4.01	4.48		–
Lipper Money Market Index[3,4]	0.03	0.60	2.18	1.96		–

[1] Since inception, the performance return of the Alaska Supplemental Annuity Plan Stable Value Fund has been impacted by a gradual transition from a money market fund to a stable value product.

[2] The Hueler Stable Value Pooled Fund Index (the "Hueler Index") is an equal-weighted total return across all participating funds in the Hueler Analytics Pooled Fund Comparative Universe (the "Hueler Universe"). The Hueler Universe is provided by Hueler Analytics, a Minnesota-based stable value data and research firm, which has developed the Hueler Universe for use as a comparative database to evaluate collective trust funds and other pooled vehicles with investments in stable value instruments. The Universe is comprised of pooled stable value funds with common investment objectives of stability of principal; the number of participating funds in the Hueler Universe may vary over the different historic periods. Hueler Index rates of return are reported gross of management fees.

[3] No industry standard benchmark exists for stable value and these indices are included for discussion purposes only.

[4] The Lipper Money Market Funds Index is an equally weighted performance index of the largest qualifying funds in this Lipper category. Lipper index gross of fees performance is not available. Source of Lipper data: Lipper Inc.

Past performance cannot guarantee future performance.

Market-to-Book Ratio

As of March 31, 2011

Market-to-Book Ratio vs. Hueler Universe

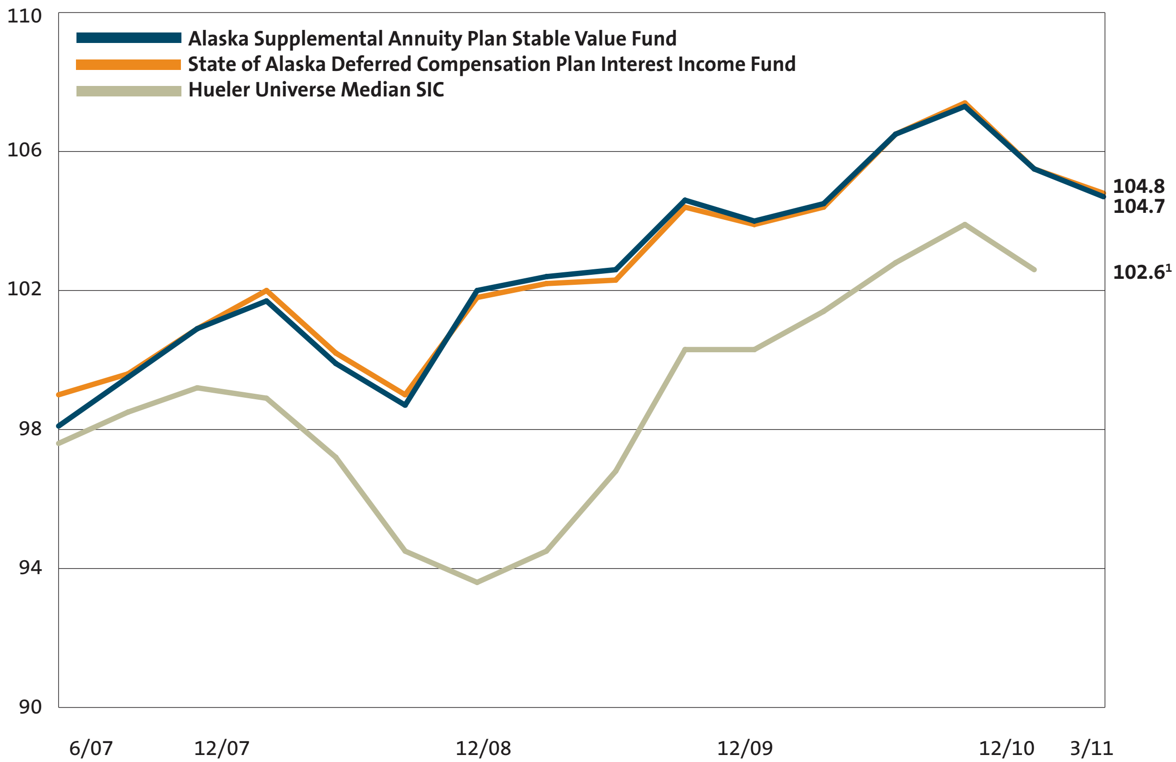
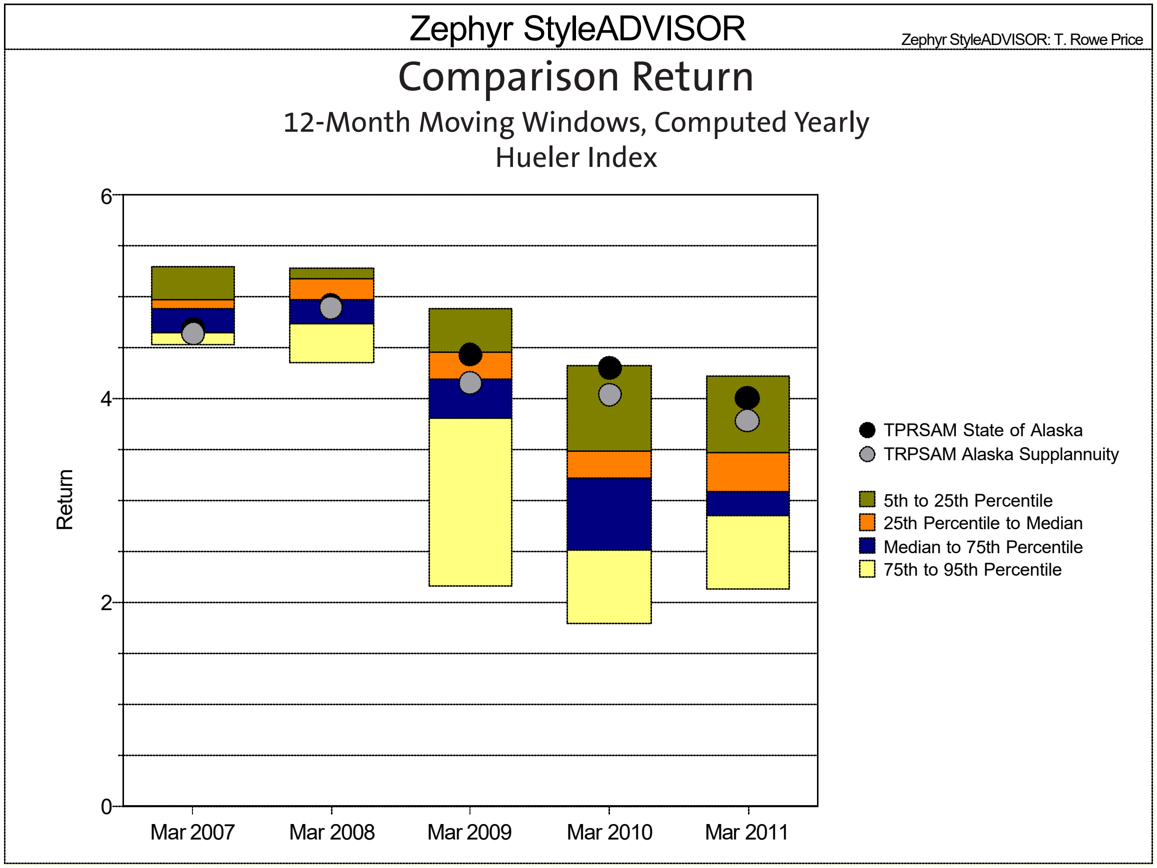


Chart presents the market value/book value ratio of SICs for constituents of the Hueler Pooled Fund Universe (the Universe) and the dollar-weighted average of SICs held by the Alaska Supplemental Annuity Plan Stable Value Fund and by the State of Alaska Deferred Compensation Plan Interest Income Fund.

[1] The Hueler Universe Median SIC market-to-book ratio is as of December 31, 2010 since the March 31, 2011 information has not been released

Return Comparison

Periods Ended March 31, 2011

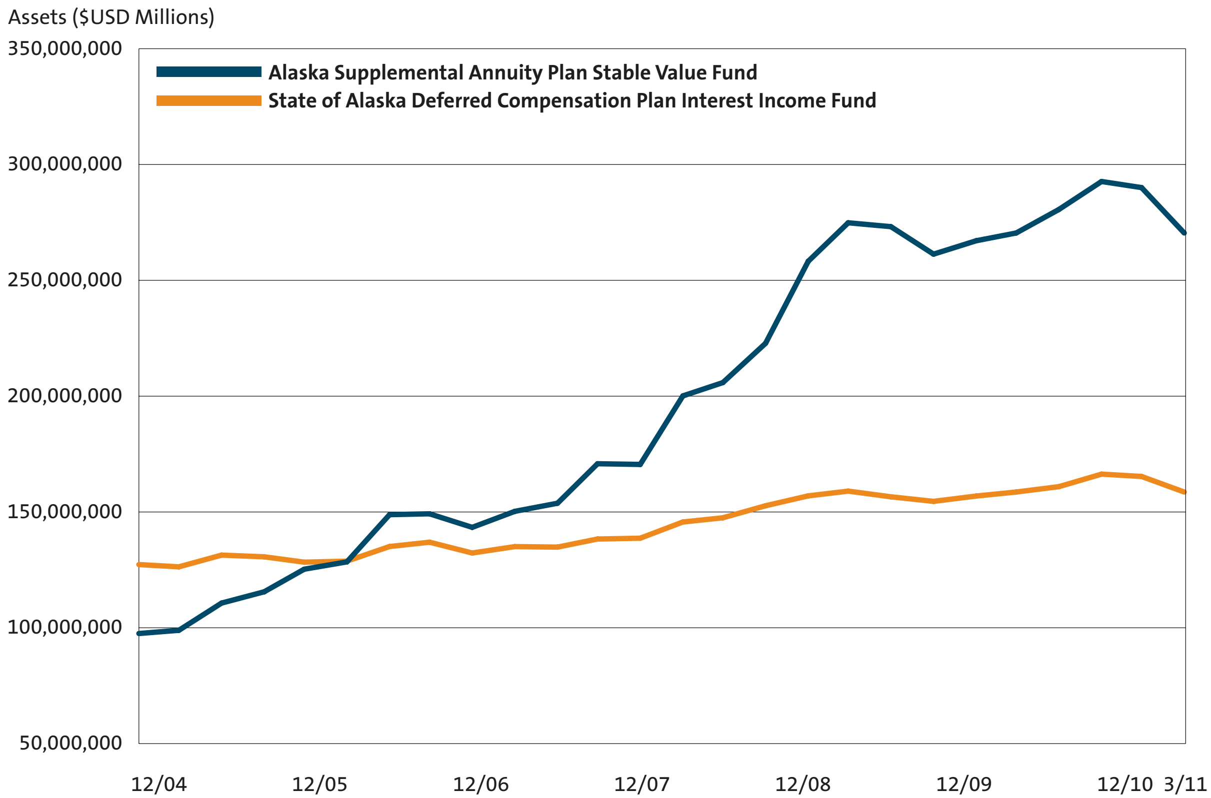


The Hueler Stable Value Pooled Fund Index (the "Hueler Index") is an equal-weighted total return across all participating funds in the Hueler Analytics Pooled Fund Comparative Universe (the "Hueler Universe"). The Hueler Universe is provided by Hueler Analytics,a Minnesota-based stable value data and research firm, which has developed the Hueler Universe for use as a comparative data base to evaluate collective trust funds and other pooled vehicles with investments in stable value instruments. The Hueler Universe is comprised of pooled stable value funds with common investment objectives of stability of principal; the number of participating funds in the Hueler Universe may vary over the different historic periods. Hueler Index rates of return are reported gross of management fees.

Hueler Index performance is presented for comparative purposes only. Any further dissemination, distribution, or copying of the Hueler Universe data is strictly prohibited without prior approval or authorization from Hueler Analytics.

Asset Growth

As of March 31, 2011



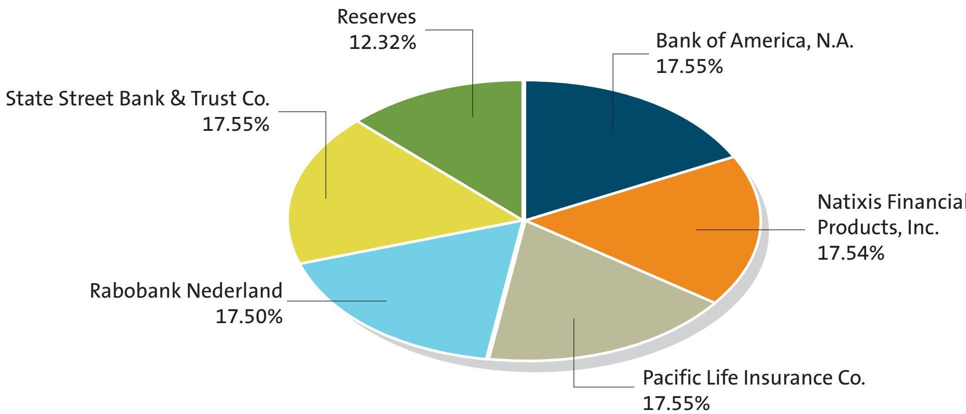
- **The SBS Stable Value Fund's assets have grown substantially as compared to the 457 Interest Income Fund's assets during the last five years.**

Contract Issuer Diversification

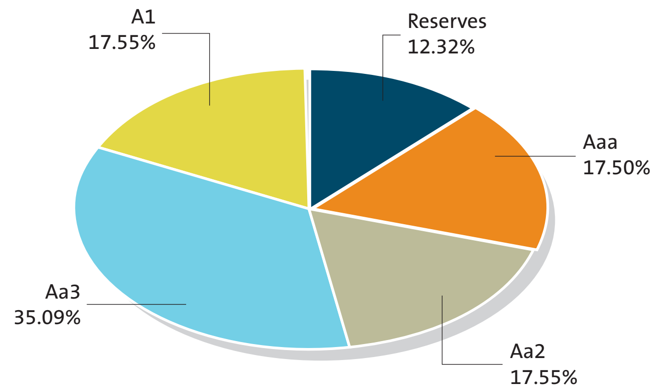
Alaska Supplemental Annuity Plan Stable Value Fund

As of March 31, 2011

Issuer Diversification



Issuer Credit Quality[1]



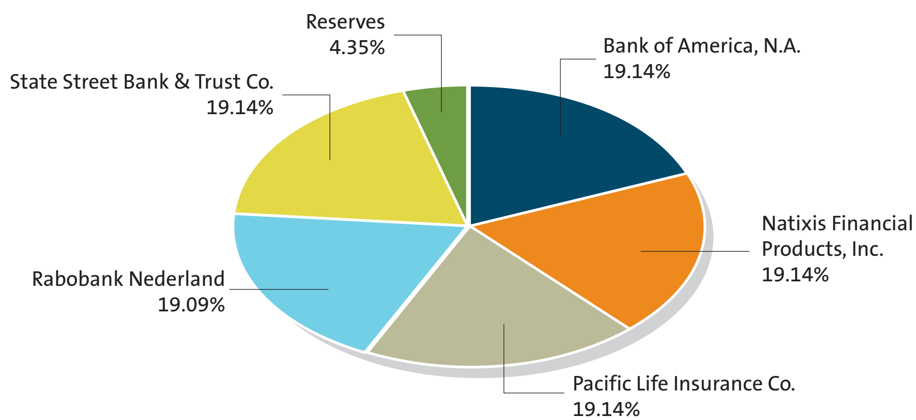
- **Fund is well diversified with five contract issuers**
- **High average credit quality of AA-**

[1] Issuer credit quality is based on Moody's rating.
Numbers may not total due to rounding.

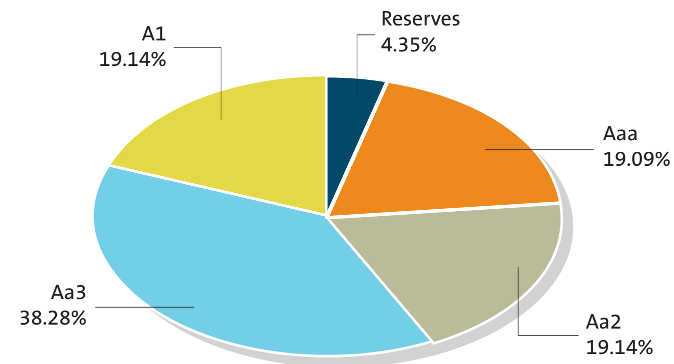
Contract Issuer Diversification

State of Alaska Deferred Compensation Plan Interest Income Fund
As of March 31, 2011

Issuer Diversification



Issuer Credit Quality[1]



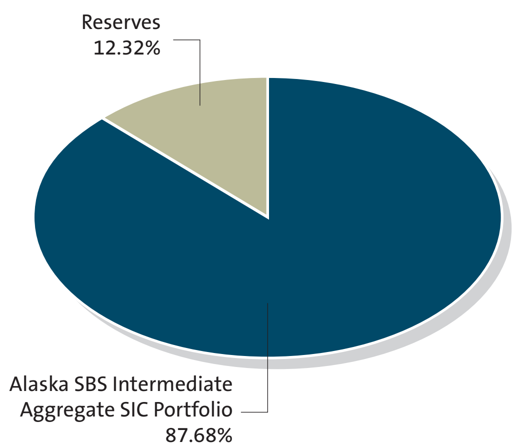
- **Fund is well diversified with five contract issuers**
- **High average credit quality of AA-**

[1] Issuer credit quality is based on T. Rowe Price rating.
Numbers may not total due to rounding.

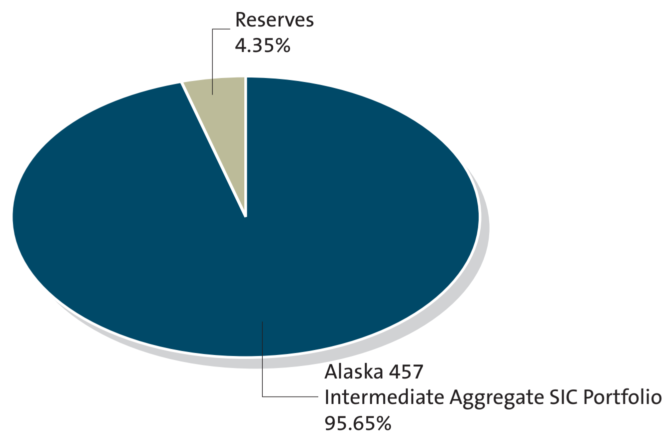
Strategy Allocation

As of March 31, 2011

**Alaska Supplemental Annuity Plan
Stable Value Fund**



**State of Alaska Deferred Compensation Plan
Interest Income Fund**



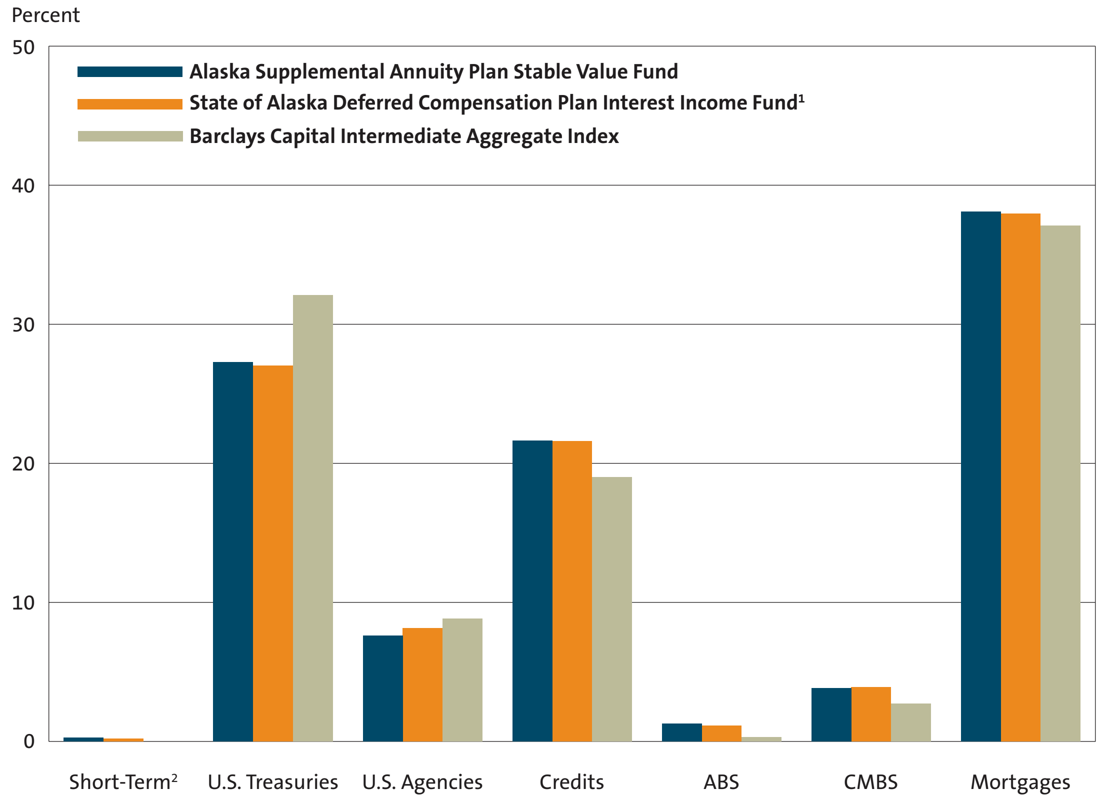
- **In 2008, transitioned underlying SIC portfolios to more passively managed strategy benchmarked to Barclays Capital Intermediate Aggregate Index**
- **Cash allocation is greater in SBS Stable Value Fund due to increased participant cash flow volatility**

Numbers may not total due to rounding.

Detailed Characteristics of Underlying Bond Portfolio

Sector Allocation

As of March 31, 2011



- **Underlying bond sectors closely match benchmark.**

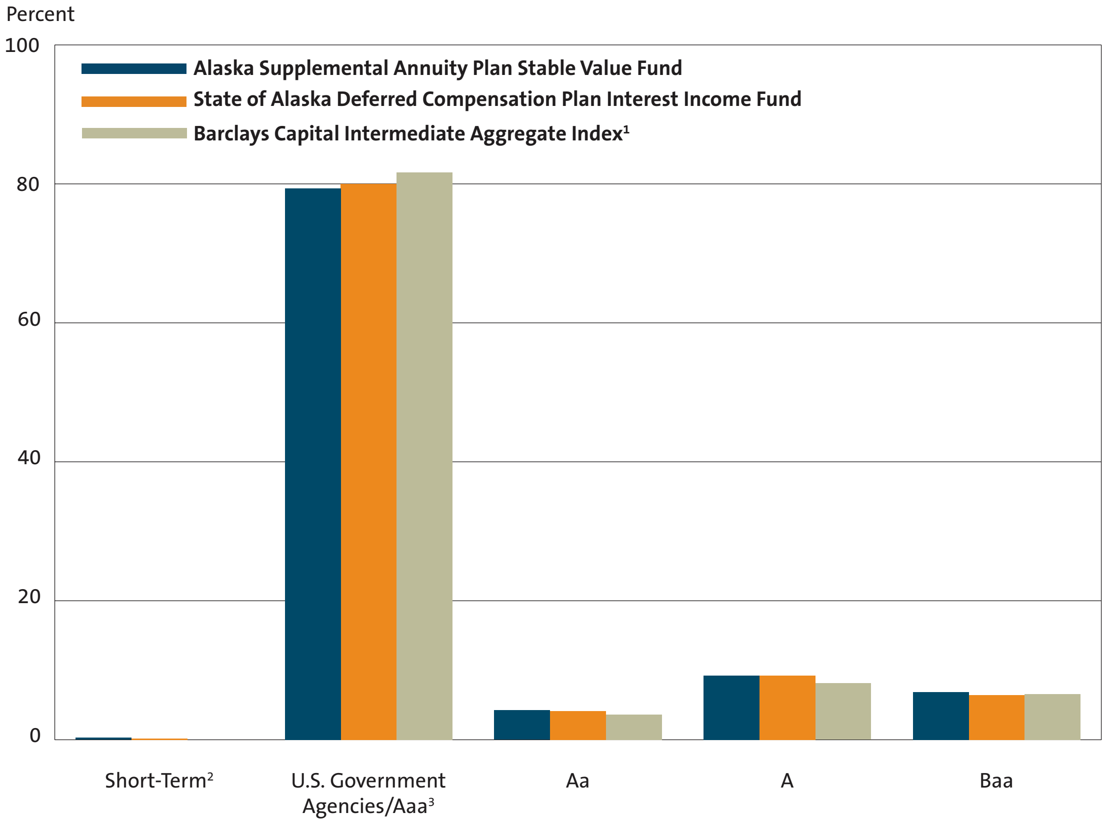
[1] The Barclays Capital Intermediate Aggregate Index is a component of the Barclays Capital U.S. Aggregate Index. Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

[2] Represents cash held in SIC portfolios.

Detailed Characteristics of Underlying Bond Portfolio

Quality Allocation

As of March 31, 2011



- **Underlying bond credit quality closely resembles benchmark.**

[1] The Barclays Capital Intermediate Aggregate Index is a component of the Barclays Capital U.S. Aggregate Index. Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

[2] Represents cash position in the SIC portfolio

[3] Credit quality as determined by Moody's. When Moody's ratings are unavailable, Standard & Poor's ratings were used. When both Moody's and Standard & Poor's ratings are unavailable, T. Rowe Price Associates, Inc. ratings were used. U.S. Government Agencies includes U.S. Treasury obligations as well as debentures, pass-throughs, CMOs and project loans issued by Agencies of the U.S. Government.

Stable Value....

Issue	T. Rowe Price Commentary
Scarce wrap capacity	• After financial crisis, wrap capacity in the industry has been impacted to the point where several providers have ceased to accept new cash and others have exited the business entirely. • Rabobank has expressed the desire to exit the wrap business and will unwind their book over time. We plan to replace Rabobank in the Alaska portfolios as capacity conditions permit and are engaged in negotiations with other providers.
Wrap Providers becoming more conservative and look to "de-risk" portfolios	• Wrap issuers are renegotiating contract provisions and investment guidelines with more restrictive terms. This could dampen future returns of stable value products.
Upward pressure on wrap fees	• With a lack of capacity, wrap fees are increasing. The average wrap fee for the Alaska portfolios a few years ago was approximately 8 basis points versus the current average of 15 basis points (market currently pricing wraps at 20 basis points). • Higher fees will dampen future returns for stable value portfolios but also will attract new counterparties into the industry.

Small-Cap Stock Trust

Small-Cap Stock Trust

- **Objective**
  - The Small-Cap Stock Trust is a broadly diversified portfolio of small-cap growth and value stocks with the potential for long-term capital appreciation and below market risk.
  - Invests primarily in small companies whose market caps fall within the range of companies in the Russell 2000 Index, generally between $7 million and $3.2 billion.
  - Invests in companies with proven attractive business models and good financial characteristics at reasonable valuations with the potential for a catalyst to cause the stock price to rise.

- **Benchmark**
  - Russell 2000 Index

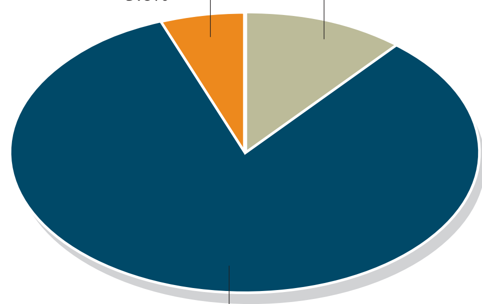
- **Distinguishing attributes**
  - Same lead portfolio manager since inception.
  - Strict adherence to investment style throughout market cycles.
  - Solid long-term performance record relative to the Russell 2000 Index.

Small-Cap Core Strategy Assets Under Management

U.S. Small-Cap Core Strategy: $9.1 Billion

As of March 31, 2011

Figures Shown in U.S. Dollars



[1] Other represents the U.S. Smaller Companies Equity Fund - SICAV and the Small-Cap Stock Trust. **This information is not intended to be an offer or solicitation of the sale of any product to any investor in which distribution or purchase is not authorized based on the investor's domicile.** The T. Rowe Price Mutual Funds are not registered for sale outside of the U.S. The T.Rowe Price Funds SICAV are Luxembourg-registered funds available to non-U.S. institutions domiciled in qualifying jurisdictions. The T. Rowe Price Small Cap Stock Trust (“Trust”) is a common trust fund established by the T. Rowe Price Trust Company under Maryland banking law, and its units are exempt from registration under the Securities Act of 1933. Investments in the Trust are not deposits or obligations of or guaranteed by the U.S. government or its agencies or the T. Rowe Price Trust Company and are subject to investment risks, including possible loss of principal.

[2] This fund closed as of 4:00 p.m. on 20 February 2004, but continues to accept additional investments from existing shareholders.

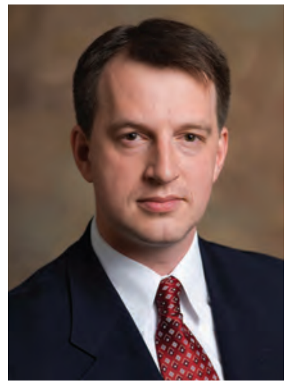
Investment Team

As of 31 Mar 2011

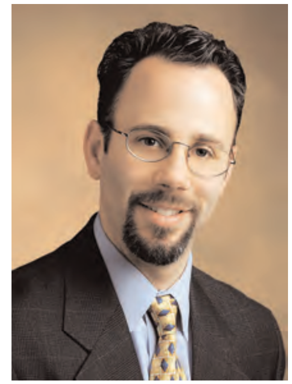
U.S. Small-Cap Core Strategy
Portfolio Management Team
Stability | Depth | Collaboration

Gregory A. McCrickard, CFA[1]
Portfolio Manager
- 26 years of investment experience
- 24 years with T. Rowe Price
- BA, University of Virginia
- MBA, Tuck School of Business, Dartmouth College

Preston G. Athey, CFA, CIC
Portfolio Manager
- 33 years of investment experience
- 32 years with T. Rowe Price
- BA, Yale University
- MBA, Stanford University



J. David Wagner, CFA
Associate Portfolio Manager
- 12 years of investment experience
- 11 years with T. Rowe Price
- BA, College of William and Mary
- MBA, The Darden School, University of Virginia



Michael F. Sola, CFA
Portfolio Manager
- 15 years of investment experience
- 15 years with T. Rowe Price
- BS, College of William and Mary
- MBA, University of Chicago

Stephon A. Jackson, CFA
Portfolio Specialist
- 24 years of investment experience
- 3 years with T. Rowe Price
- BS, University of North Carolina at Chapel Hill
- MBA, The Wharton School, University of Pennsylvania

Equity Research Team
120 Research Analysts | Industry Specialists[2]

Extensive collaboration among investment professionals enhances idea generation.

[1] Lead portfolio manager for U.S. Small-Cap Core Strategy.
[2] 8 sector portfolio managers, 82 research analysts, 24 associate research analysts, 3 quantitative analysts, and 3 specialty analysts.

Equity Research Team

As of 30 Apr 2011

DIRECTOR OF GLOBAL EQUITY
HEAD OF EQUITY RESEARCH
William J. Stromberg, CFA *BAL*

DIRECTORS OF EQUITY RESEARCH

Kes Visuvalingam, CFA *SGP*
Asia

Kamran Baig *LON*
EMEA and Latin America

Anna M. Dopkin, CFA *BAL*
North America

Charles G. Pepin *BAL*
North America

Jason B. Polun, CFA *BAL*
North America

HEALTH CARE

Mark Bussard, MD *BAL*
Medtech, Dental, Orthopedic

Melissa Gallagher, Ph.D. *LON*
O.U.S. Pharma

Kris H. Jenner, MD, D. Phil[1] *BAL*
U.S. Pharma & Biotech

Graham M. McPhail *BAL*
HC Services

Jason Nogueira, CFA *BAL*
HC Services

Taymour R. Tamaddon, CFA *BAL*
Hospital Supply, Life Sciences and Ophthalmology

Rouven Wool-Lewis, Ph.D. *BAL*
HC Services

BUSINESS SERVICES

Daniel Flax *BAL*
IT, Consulting, Market Research

Andrew Fones *BAL*
Payroll Processors, Staffing, Education

Joshua B. Nelson *BAL*
Payroll Processors, Staffing, Education

Clark R. Shields *BAL*
Transaction Processors, Financial Services Related, Other

FINANCIAL SERVICES

Hari Balkrishna *LON*
Europe Banks

Christopher T. Fortune *BAL*
Banks (Smaller)/Thrifts

Nina Jones, CPA *BAL*
Real Estate

Yoichiro Kai *TOK*
Japan Financials/Real Estate

David M. Lee, CFA[1] *BAL*
Real Estate

Ian C. McDonald, CFA *BAL*
Canadian Ins Companies; Exchanges

Eric C. Moffett *HKG*
Asia Ex-Japan Real Estate

Kathryn Mongelli *BAL*
Credit Card Processors

Hwee Jan Ng, CFA *SGP*
Asia Ex-Japan Financials

Sridhar Nishtala *SGP*
Asia Ex-Japan Ins

Jason Polun, CFA *BAL*
Money Center Banks, Specialty Finance

Frederick Rizzo, CFA *LON*
European Banks

Gabriel Solomon *BAL*
Multi-line, P&C Ins

Mitchell Todd, CA *LON*
Europe Ins/Financials

Eric L. Veiel, CFA[1] *BAL*
Life Ins, Asset Managers, Investment Banks

Marta Yago *LON*
European Real Estate, Asset Managers and Brokerage Firms, Rating Agencies

TECHNOLOGY

Kennard W. Allen[1] *BAL*
Software

David J. Eiswert, CFA[1] *BAL*
U.S. & Europe Communications Equipment

Daniel Flax *BAL*
PC Hardware, Storage

Rhett K. Hunter *BAL*
Small-Cap Generalist

Shalin Mody *BAL*
Smid-Cap Generalist

Hiroaki Owaki, CFA *TOK*
Japan Generalist

Joshua K. Spencer, CFA *BAL*
Semiconductors & Equipment

Thomas H. Watson *BAL*
Software

Nalin Yogasundram *BAL*
Alt Energy

Alison Yip *HKG*
Asia Ex-Japan Generalist

MEDIA/TELECOM

Archibald Ciganer, CFA *TOK*
Japan Media, Telecom Services

Paul D. Greene *BAL*
Adv, Diversified Media, Radio, TV, Publishing

Daniel Martino, CFA[1] *BAL*
Telecom Services & Cable

Justin P. White *BAL*
Internet Infrastructure, Cable, Canadian Telecom Services

Christopher Whitehouse *LON*
Europe Media, Telecom Services

Wenli Zheng *HKG*
Asia Telecom Services

CONSUMER/RETAIL

Paulina Amieva *LON*
Latin America Retail

Francisco M. Alonso *BAL*
Soft Goods, Hard Goods, Discount Stores, Textiles, Apparel

Ira W. Carnahan, CFA *BAL*
Soft Goods, Toys, Nutrition, Diet and Direct Sellers, Outdoor Equipment

Archibald Ciganer, CFA *TOK*
Japan Food & Beverage, Tobacco, Home Personal Care, Retail

Jessie Ding *HKG*
Consumer Discretionary

Barry Henderson *BAL*
Hard Goods, Discount Stores, Gaming

Michael Lasota *BAL*
Cruise Lines, Commercial Brokers, Lodging

Ian C. McDonald, CFA *BAL*
Housing

Sridhar Nishtala *SGP*
Asia Ex-Japan Conglomerates, Retail, Food & Beverage, Tobacco, Home Personal Care, Leisure & Gaming

Robert T. Quinn, Jr. *BAL*
Food, Beverage, Tobacco, Personal Care, Cosmetics, Conglomerates (Multi-Cap)

Sebastian Schrott *LON*
European Retail and Luxury Goods

Amit Seth *BAL*
Branded Apparel, Footwear

Jonty Starbuck, CFA *LON*
Europe Food, Beverage, Tobacco, Personal Care, Gaming, Lodging

Ashley R. Woodruff, CFA *BAL*
Restaurants, Supermarkets

INDUSTRIALS

Peter J. Bates, CFA *BAL*
Env Services, Railroads, Ind Manufacturing, Agriculture Equipment, Capital Goods, Mega Conglomerates

Archibald Ciganer, CFA *TOK*
Transport

Andrew Davis *BAL*
Railroads

Jonathan Chou *BAL*
Auto Manufacturers, Distributors

Jin Jeong *LON*
Europe Capital Goods, Auto

Susanta Mazumdar[1] *SGP*
Asia Ex-Japan Infrastructure

Sridhar Nishtala *SGP*
Airlines

Curt J. Organt, CFA *BAL*
Smid-Cap Generalist, Distribution

Austin M. Powell, CFA *TOK*
Japan Ind Manufacturing

David L. Rowlett, CFA *BAL*
Aerospace and Defense

Jeneiv Shah, CFA *LON*
Eastern Europe Autos, Transport, Airlines

John C. A. Sherman *LON*
Aerospace and Defense, Transport, Logistics

Clark R. Shields *BAL*
Air Freight, Logistics

Eunbin Song *SGP*
Steel, Shipbuilding, E&C, Power Equipment, Tech Materials

Kwame Webb, CFA *BAL*
Trucking, Airlines, Air Freight, Logistics (Small-Cap)

Christopher Yip, CFA *HKG*
Asia Ex-Japan Ind Manufacturing

Wenli Zheng *HKG*
Asia Ex-Japan Power Equipment

NATURAL RESOURCES

Haider Ali *SGP*
Asia Ex-Japan Oil and Gas, Bulk Commodities, Non-ferrous Metals

Ryan N. Burgess *BAL*
Chemicals, Utilities

Archibald Ciganer, CFA *TOK*
Japan Utilities

Shawn T. Driscoll *TOK*
E&P, Coal, E&C

Vitaliy Elbert *LON*
Metals & Mining

Shinwoo Kim *BAL*
Energy Services

Jeremy Kokemor *BAL*
Smid-Cap Metals

Steven D. Krichbaum *BAL*
Small-Cap Utilities

Ben Landy *BAL*
Fertilizer, Ind Gases

Ryan Martyn *SYD*
Australia Energy

Susanta Mazumdar[1] *SGP*
Asia Ex-Japan Utilities

Heather K. McPherson, CPA[1] *BAL*
Paper, Forest Products

Timothy E. Parker, CFA[1] *BAL*
Energy Service, E&P, Global Energy Majors

Craig Pennington *LON*
Global Energy Majors, E&P, Refining

Rick de los Reyes *BAL*
Metals & Mining

Naoto Saito *TOK*
Japan Energy, Chemicals, Trading Companies

Ami Shah *LON*
Europe Utilities

Jeneiv Shah, CFA *LON*
Eastern Europe Mid-Cap Oils

John C. A. Sherman *LON*
Chemicals

John Williams *BAL*
Energy

Nalin Yogasundram *BAL*
Alt Energy

REGIONAL GENERALISTS

Ulle Adamson, CFA *LON*
EMEA

Martin Baylac *BA*
Latin America

José Costa Buck[1] *BA*
Latin America

Simon Cheng, CFA *HKG*
Greater China Small-Cap

Uebe Rezeck Filho *LON*
Europe Small-Cap

Ben Griffiths, CFA *LON*
Europe Small-Cap

Leigh Innes, CFA[1] *LON*
EMEA Generalist

Mark Lawrence, CFA *LON*
Middle East and Africa

Sebastien Mallet *LON*
Europe Small-Cap

Joseph Rohm[1] *LON*
EMEA

Francisco Sersale *BA*
Latin America

Miki Takeyama, CMA *LON*
Japan Smid-Cap

Sindee Tan, CFA *LON*
Europe Small-Cap

Verena Wachnitz, CFA *BA*
Latin America

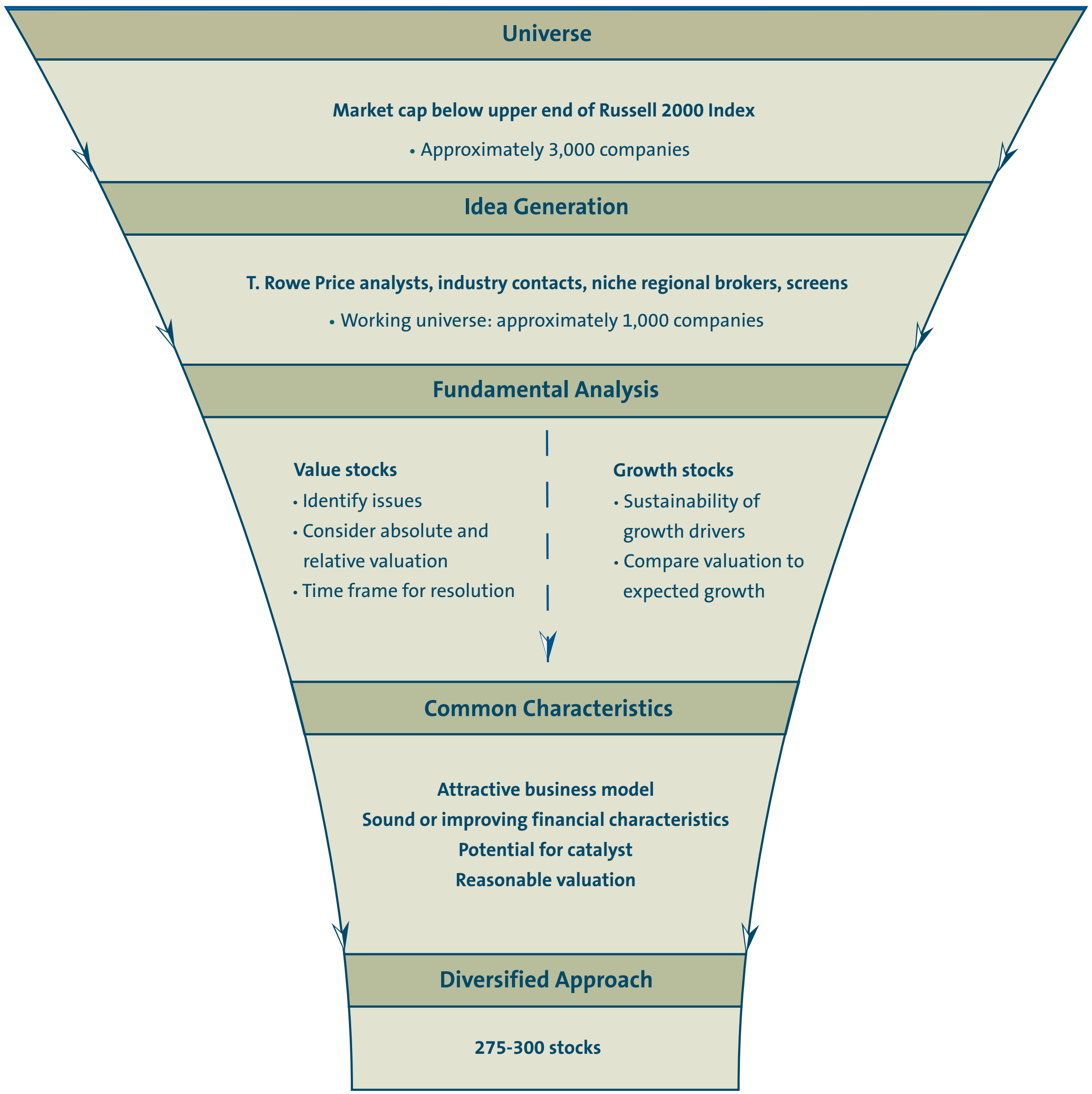
Hiroshi Watanabe, CFA *TOK*
Japan Smid-Cap

BAL	Baltimore
BA	Buenos Aires
LON	London
SYD	Sydney
SGP	Singapore
HKG	Hong Kong
TOK	Tokyo

120 Equity Research Professionals worldwide.[2]

[1] Also has portfolio management responsibilities.
[2] 8 sector portfolio managers, 82 research analysts, 24 associate research analysts, 3 quantitative analysts, and 3 specialty analysts as of 31 March 2011.

U.S. Small-Cap Core Strategy



Investment Process

- **Identify small-cap companies whose shares appear mispriced**
  - Value core combined with opportunistic approach to growth
- **Pursue collaborative approach to fundamental research**
  - Appraise industry structure and market position
  - Analyze business model viability
  - Assess management quality and shareholder orientation
  - Identify potential catalysts and quantify upside
  - Seek solid or improving financial characteristics
    - Free cash flow generation potential
    - Sound or improving financial leverage
- **Key considerations**
  - Value stocks: controversy surrounding company can be resolved in reasonable time frame
  - Growth stocks: growth drivers for the business are sustainable
- **Balance relative valuation with inherent risk**
  - Sufficient reward for acceptable level of risk

Investment Process

U.S. Small-Cap Core Strategy

- **Portfolio Construction**
  - 275-300 securities
  - Position sizes typically range from 0.15% to 2.50%
  - Primary sector weights generally vary from 0.5X to 2.0X of the Russell 2000 Index weights

- **Sell Discipline**
  - Deteriorating fundamentals
  - Change in investment thesis
    - Catalyst no longer apparent
    - Loss of confidence in management
  - Excessive valuation
  - Displacement by a better idea

Account Status and Performance

Small-Cap Stock Trust
Account Assets as of March 31, 2011 = $213,598,934
Periods Ended March 31, 2011

			Annualized			
	Three Months	One Year	Three Years	Five Years	Seven Years	Since Inception 12/10/01
Small-Cap Stock Trust (Net of All Fees and Expenses)[1]	9.38%	32.10%	14.71%	6.13%	9.31%	9.50%
Russell 2000 Index	7.94	25.79	8.57	3.35	6.60	7.78
Difference	1.44	6.31	6.14	2.78	2.71	1.72

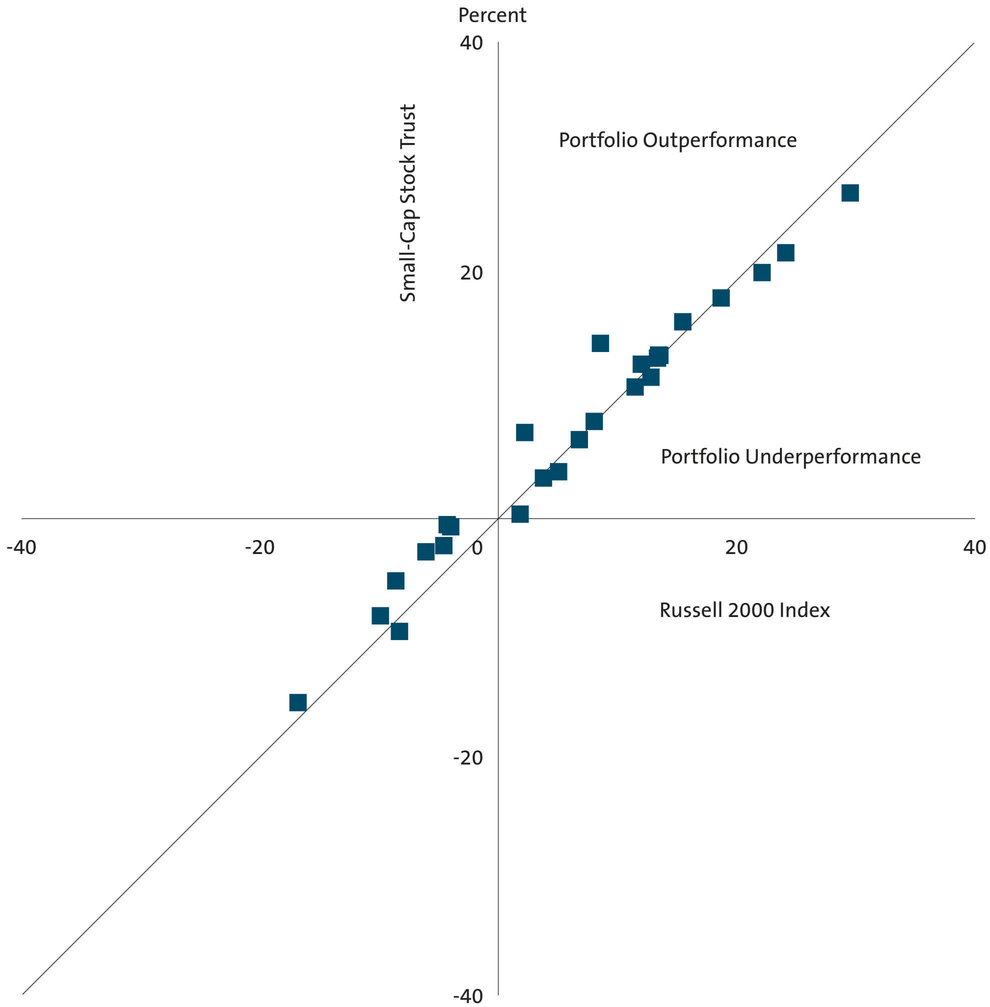
[1] Reflects deduction of highest applicable fee schedule without benefit of breakpoints. Investment return and principal value will vary. Past performance cannot guarantee future results.

Total Return Performance

Three-Year Rolling Returns (Annualized Net of Fees) — Small-Cap Stock Trust vs. Russell 2000 Index

Calculated Quarterly from December 31, 2001 to December 31, 2011

Figures Shown in U.S. Dollars



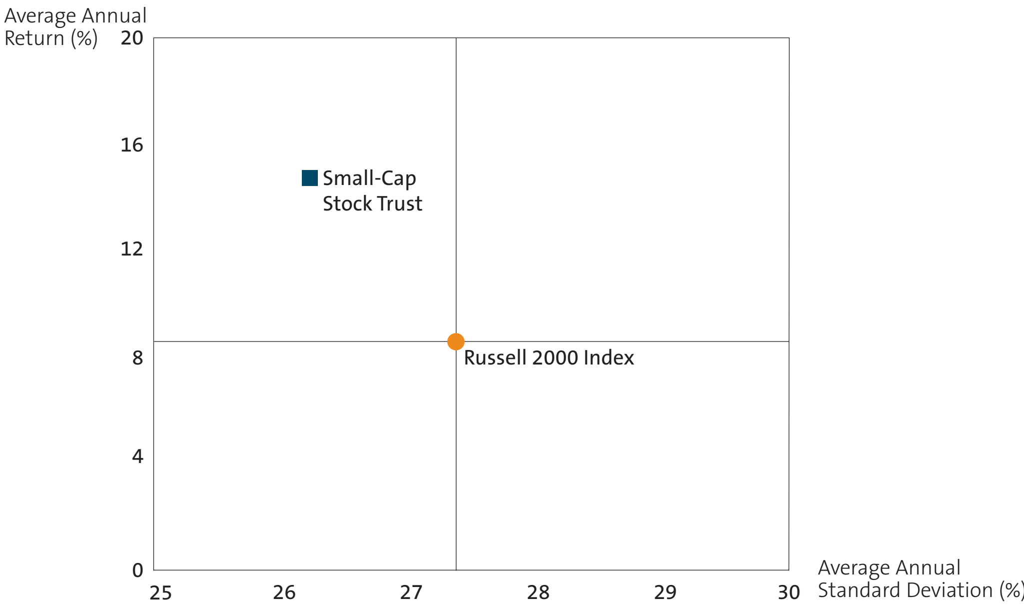
Each point represents the performance of the portfolio and its benchmark for a three-year annualized period. Points above the diagonal represent outperformance relative to the benchmark. Points below the diagonal represent relative underperformance.

Figures shown net of fees. Past performance cannot guarantee future results.

Total Return Performance

Risk/Return Characteristics

Three Years Ended March 31, 2011

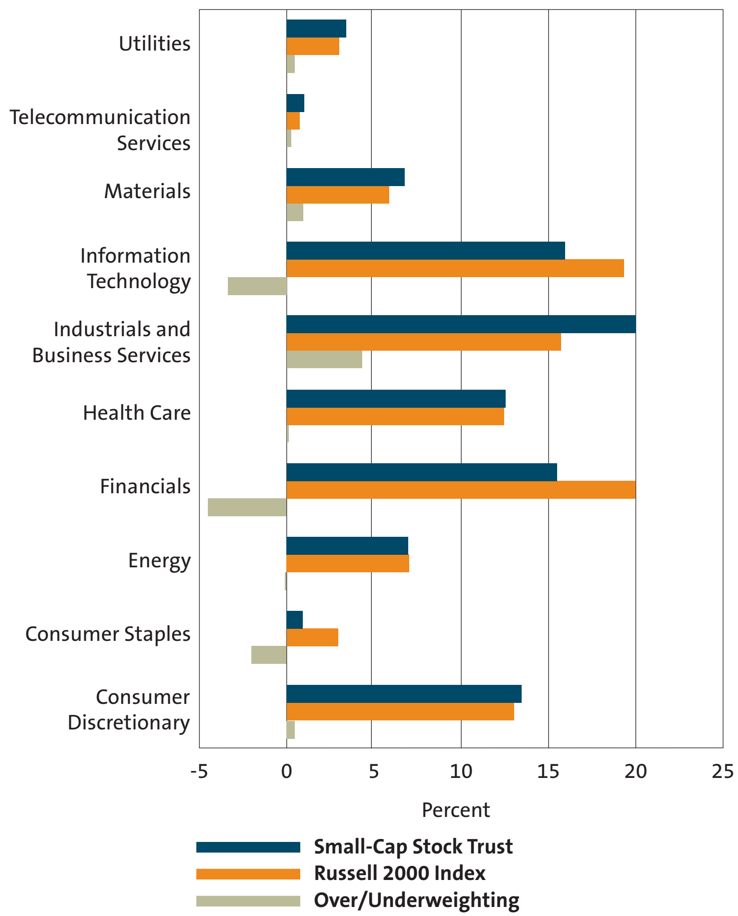


	Three Years	
	Small-Cap Stock Trust	Russell 2000 Index
Annualized Total Return	14.71%	8.57%
Annualized Standard Deviation	26.23%	27.38%
Historical Tracking Error	3.19%	0.00%
Beta	0.95	1.00
R-Squared	0.99	1.00
Alpha	5.93%	0.00%
Sharpe Ratio	0.54	0.29
Information Ratio	2.19	0.00

Statistics based on monthly gross returns.

Sector Diversification

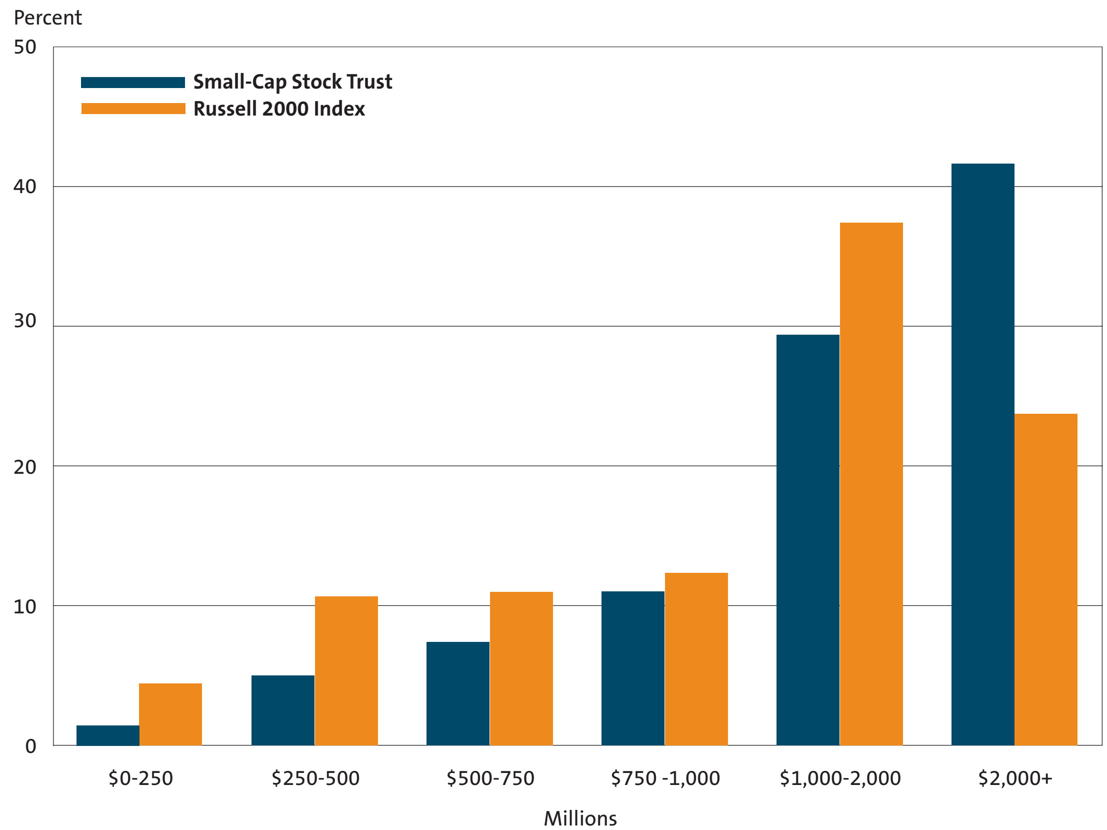
Small-Cap Stock Trust
As of March 31, 2011



T. Rowe Price uses the MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. Each year, MSCI and S&P make changes to the GICS structure. The last change occurred on 1 July 2010. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

Market Capitalization Range

Small-Cap Stock Trust
As of March 31, 2011
Market Capitalization Shown in U.S. Dollars



Portfolio Characteristics

Small-Cap Stock Trust

As of March 31, 2011
Market Capitalization Shown in U.S. Dollars

	Small-Cap StockTrust	Russell 2000 Index
5-Year Projected EPS Growth Rate[1]	14.5%	13.1%
Price to Earnings		
12 Months Forward[1]	20.6X	19.1X
Relative to Russell 2000 Index (12 Months Forward)	1.08	1.00
Return on Equity (Last 12 Months)	11.8%	10.7%
Price to Book	2.9X	2.4X
Long-Term Debt as % of Capitalization	24.3%	21.4%
Unweighted Median Market Capitalization (Millions)	$1,328	$567
Investment Weighted Median Market Capitalization (Millions)	$1,811	$1,278
Investment Weighted Average Market Capitalization (Millions)	$2,195	$1,447
Number of Holdings	314	2,000
20 Largest Holdings	18.4%	5.5%
Turnover (Last 12 Months)	25.3	N/A

[1] Source: IBES.
Statistics are Investment Weighted Median unless otherwise noted.

Appendix

As of March 31, 2011

U.S. Equity Market Trust

Total Net Assets: $627,673,544

Investment Approach

- Seeks to match the performance of the U.S. equity market, as represented by the Russell 3000 Index.
- Index reflects the performance of the largest 3,000 U.S. companies; large-cap stocks represent the majority of the index's market cap weighted value
- Attempts to accomplish its objective by investing in a sample of stocks that are representative of the index.

Portfolio Construction

- 900-1000 stock portfolio
- Issuer concentration generally +/- 0.40% relative to the benchmark weight
- Sector weight generally +/- 1.00% relative to the benchmark weight
- Expected tracking error 25-50 basis points

Benchmark

- Russell 3000 Index

Portfolio Management Team[1]

E. Frederick Bair, CFA, CPA
14 years of investment experience;
12 years with T. Rowe Price.
- BS, Pennsylvania State University

[1] For a complete list of the members of the fund's Investment Advisory Committee, please refer to the fund's prospectus.

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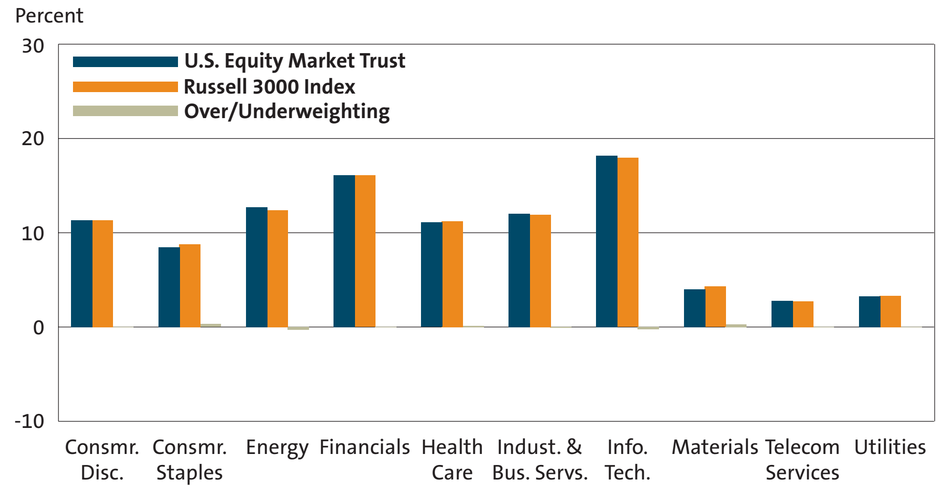
U.S. Equity Market Trust

Top 10 Holdings

Company	% of Fund
ExxonMobil	2.9%
Apple	2.3
Chevron	1.6
IBM	1.4
Microsoft	1.4
GE	1.4
Procter & Gamble	1.2
AT&T	1.2
JPMorgan Chase	1.2
Pfizer	1.1
Total	15.6%

Sector Diversification



Portfolio Characteristics

	U.S. Equity Market Trust	Russell 3000 Index
Projected Earnings Growth Rate[1,2]	10.63%	10.63%
Price to Earnings (12 Months Forward)[1,2]	14.61X	14.71X
Return on Equity (Last 12 Months)	17.00%	17.00%
Price to Book	2.74X	2.74X
Unweighted Median Market Capitalization (Millions)	$4,754	$1,088
Investment Weighted Median Market Capitalization (Millions)	$32,302	$32,226
Investment Weighted Average Market Capitalization (Millions)	$76,997	$76,006
Number of Holdings	978	2,921

[1] Source: IBES.

[2] These statistics are based on the companies in the trust's portfolio and are not a projection of future trust performance.

Statistics are Investment Weighted Median unless otherwise noted.

T. Rowe Price uses the MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. Each year, MSCI and S&P make changes to the GICS structure. The last change occurred on 1 July 2010. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

The information shown does not reflect any ETFs that may be held in the portfolio.

Numbers may not total due to rounding.

U.S. Equity Market Trust

Performance

	Three Months	One Year	Annualized Since Inception 10/30/08
U.S. Equity Market Trust (Net of All Fees and Expenses)[1]	6.45%	17.29%	18.43%
Russell 3000 Index	6.38	17.41	18.25
Difference	0.07	-0.12	0.18

[1] Performance figures reflect the deduction of a 17 basis point annual trustee fee, which is used primarily to pay normal operating expenses of the trust, including custodial, accounting, and investment management fees.

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Unit price, principal value, and return will vary, and you may have a gain or loss when you sell your Units.

As of March 31, 2011

International Trust

Total Net Assets: $158,595,253

Investment Approach

- Seeks to match the performance of the MSCI EAFE Index, an equity market index based on 85% of the free-float adjusted market capitalization in about 30 developed market countries excluding the U.S. and Canada.
- Attempts to accomplish its objective by investing in stocks that are representative of the index

Portfolio Construction

- 1100-1300 stock portfolio
- Issuer concentration generally +/- 1.00% relative to the benchmark weight
- Sector weight generally +/- 2.00% relative to the benchmark weight
- Country weight generally +/- 2.00% relative to the benchmark weight
- Expected tracking error 90-225 basis points

Benchmark

- MSCI EAFE Index

Portfolio Management Team[1]

E. Frederick Bair, CFA, CPA
14 years of investment experience;
12 years with T. Rowe Price.
- BS, Pennsylvania State University

Neil Smith, CFA
16 years of investment experience;
16 years with T. Rowe Price.
- B.Sc, University of Essex
- MBA, University of London

[1] For a complete list of the members of the fund's Investment Advisory Committee, please refer to the fund's prospectus.

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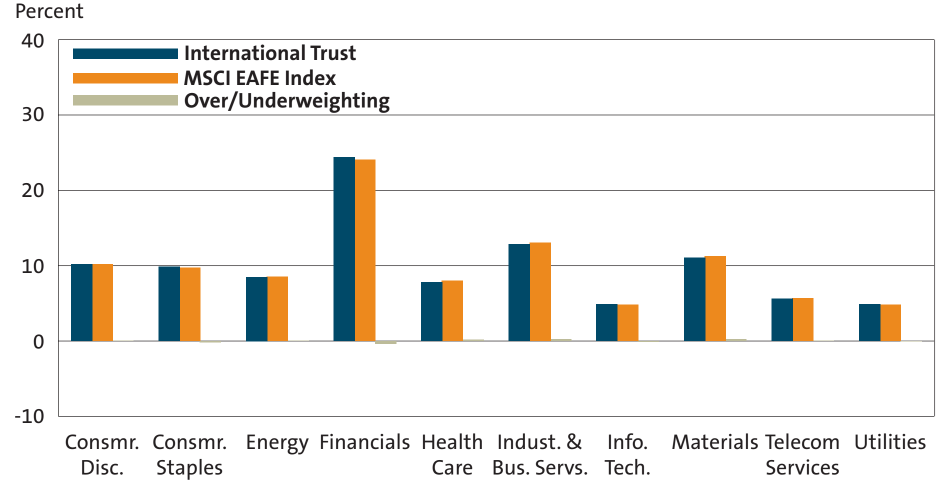
International Trust

Top 10 Holdings

Company	% of Fund
Nestle	1.6%
HSBC	1.5
BHP Billiton	1.3
BP	1.1
Total	1.1
Royal Dutch Shell	1.1
Vodafone	1.0
Siemens	1.0
Novartis	1.0
Telefonica	1.0
Total	11.8%

Sector Diversification



Portfolio Characteristics

	International Trust	MSCI EAFE Index
Projected Earnings Growth Rate[1,2]	10.21%	10.17%
Price to Earnings (12 Months Forward)[1,2]	10.95X	10.95X
Return on Equity (Last 12 Months)	12.54%	12.54%
Price to Book	1.59X	1.59X
Unweighted Median Market Capitalization (Millions)	$5,474	$7,516
Investment Weighted Median Market Capitalization (Millions)	$37,269	$37,269
Investment Weighted Average Market Capitalization (Millions)	$57,732	$58,770
Number of Holdings	1,221	966

[1] Source: IBES.

[2] These statistics are based on the companies in the trust's portfolio and are not a projection of future trust performance.
Statistics are Investment Weighted Median unless otherwise noted.

T. Rowe Price uses the MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. Each year, MSCI and S&P make changes to the GICS structure. The last change occurred on 1 July 2010. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

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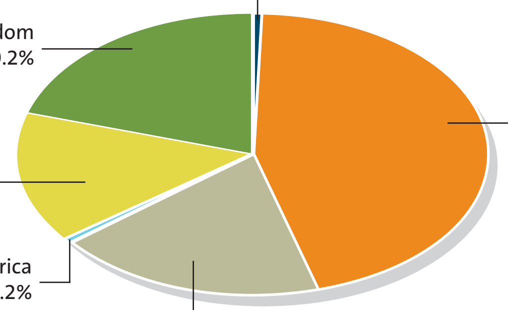
Numbers may not total due to rounding.

International Trust

Region Exposure



Top 20 Country Holdings

Country	Percent
United Kingdom	20.2%
Japan	18.7
France	11.0
Australia	8.7
Germany	8.4
Switzerland	7.6
Spain	3.9
Hong Kong	3.5
Sweden	3.2
Italy	3.1
Netherlands	2.6
Singapore	1.7
Denmark	1.3
Finland	1.0
China	1.0
Norway	1.0
Belgium	1.0
Israel	0.7
Austria	0.4
Portugal	0.3

Numbers may not total due to rounding.

International Trust

Performance

			Annualized		
	Three Months	One Year	Three Years	Five Years	Ten Years
International Trust (Net of All Fees and Expenses)[1]	3.83%	10.75%	-4.42%	0.26%	5.79%
MSCI EAFE Index	3.45	10.90	-2.53	1.78	5.83
Difference	0.38	-0.15	-1.89	-1.52	-0.04

[1] Performance figures reflect the deduction of a 44 basis point annual trustee fee, which is used primarily to pay normal operating expenses of the trust, including custodial, accounting, and investment management fees.

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Unit price, principal value, and return will vary, and you may have a gain or loss when you sell your Units.

Alaska International Trust

- **Recent Activity Related to the Alaska International Trust**
  - Request from the State of Alaska to manage the Alaska International Trust with greater restrictions on country, sector, and security weightings
    - November 2008 portfolio transition to new mandate

  - Gradually increase international neutral allocation to 20% of equities for Alaska Balanced, Long-Term Balanced, 2015, 2020, and 2025 Retirement Trusts from prior weights ranging from 0% to 7% of equities
    - 2nd quarter 2009 to 2nd quarter 2010

  - Sources of Alaska International Trust Relative Performance
    - September 2008 through November 2008
    - ◦ Underperformed MSCI EAFE by 281 basis points
      - -150 basis points from country, sector, security selection
      - -131 basis points from cash flow, fees, and other factors

    - December 2008 through March 2011
    - ◦ Underperformed the MSCI EAFE Index by 58 basis points, annualized
      - +1 bps (annualized) from country, sector, security selection
      - -59 bps (annualized) from cash flow, fees, and other factors

- **Expectations for the Alaska International Trust**

- Expected Tracking Error:	90-225 basis points
- Country, sector, security selection:	50-150 basis points
- Withholding taxes:	10-20 basis points
- T. Rowe Price management fee:	15 basis points
- Custody, accounting, transaction costs:	15-40 basis points

Aggregate Bond Trust

Total Net Assets: $835,669,374

Investment Approach

- Primarily focus on investment-grade U.S. fixed income securities represented in the Barclays Capital U.S. Aggregate Index.
- Integrate proprietary credit and capital market research to identify market inefficiencies.
- Seek to add value at the margin by coupling limited active management techniques with the risk-controlled aspects of passive management.
- Emphasize individual security selection and modest strategic and tactical deviations versus the benchmark.

Portfolio Construction

- Major spread sector weights will vary +/- 3% relative to the Barclays Capital U.S. Aggregate Index
- Average credit quality of the portfolio will range from AA to AAA
- Duration is generally managed within +/- 0.20 years of the benchmark
- Issuer concentration is generally +/- 0.20% relative to the benchmark weight
- Target tracking error of less than 30 basis points

Benchmark

- Barclays Capital U.S. Aggregate Index

Portfolio Management Team

Robert M. Larkins, CFA
7 years of investment experience;
7 years with T. Rowe Price.
- BS, Brigham Young University
- MBA, University of Pennsylvania

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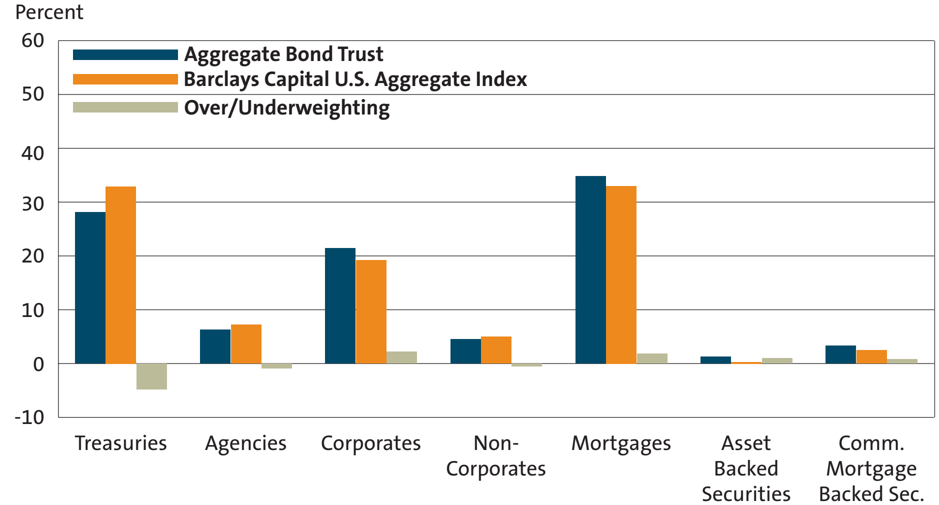
Aggregate Bond Trust

Top 10 Holdings[3]

Company	% of Fund
GE	0.8%
Bank of America	0.7
Citigroup	0.6
JPMorgan Chase	0.6
Goldman Sachs	0.5
Verizon Communications	0.5
Morgan Stanley	0.5
Wells Fargo	0.5
European Investment Bank	0.4
Berkshire Hathaway	0.4
Total	5.4%

Sector Diversification



Portfolio Characteristics

	Aggregate Bond Trust	Barclays Capital U.S. Aggregate Index
Weighted Average Maturity[1,2]	7.34 Years	7.19 Years
Effective Duration[1,2]	5.03 Years	5.12[4] Years
Yield to Maturity	3.10%	3.07%
Average Quality	AA+	AA1
Number of Issues	1,150	8,001
Average Coupon	4.44%	4.21%

[1] Source: IBES.

[2] These statistics are based on the companies in the trust's portfolio and are not a projection of future trust performance.
Statistics are Investment Weighted Median unless otherwise noted.

T. Rowe Price uses the MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. Each year, MSCI and S&P make changes to the GICS structure. The last change occurred on 1 July 2010. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

The information shown does not reflect any ETFs that may be held in the portfolio.
Numbers may not total due to rounding.

[3] Top 10 holdings excludes U.S. Treasuries, Securitized Products, and TRP Institutional Funds.

[4] Statistics Universe.

Aggregate Bond Trust

Performance

	Three Months	One Year	Annualized Since Inception 10/30/08
Aggregate Bond Trust (Net of All Fees and Expenses)[1]	0.49%	5.17%	8.76%
Barclays Capital U.S. Aggregate Index	0.42	5.12	8.37
Difference	0.07	0.05	0.39

[1] Performance figures reflect the deduction of a 9 basis point annual trustee fee, which is used primarily to pay normal operating expenses of the trust, including custodial, accounting, and investment management fees.

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Unit price, principal value, and return will vary, and you may have a gain or loss when you sell your Units.

Money Market Trust

Total Net Assets: $82,251,673

Investment Approach

- Seeks to preserve capital, liquidity and, consistent with these goals, the highest possible current income yield. The portfolio is managed to maintain a stable share price of $1.00.[1]
- Investment decisions are based on the objectives of quality, liquidity, diversification and yield. Minimal price volatility is sought through maturity management and security selection.
- Managed to the same industry standards as other T. Rowe Price money market mutual funds.
- Invests in high-quality, U.S. dollar-denominated securities that have been determined to present minimal credit risk.

Portfolio Construction

- Diversified portfolio with 50-100 securities
- Maximum 5% per issuer, subject to the following internal credit evaluation:
  - T. Rowe Price Short-Term Rating of 1: 0%-5% for an issuer
  - T. Rowe Price Short-Term Rating of 2: 0%-3.75% for an issuer
  - T. Rowe Price Short-Term Rating of 3+: 0%-2% for an issuer
- Weighted average maturity will generally not exceed 60 days
- Invests in securities with maturities of less than one year

Benchmark

- Citigroup 3-month Treasury Bill Index

[1] An investment in the Money Market Trust is not insured or guaranteed by the FDIC or any other government agency. Although the trust seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the trust.

Portfolio Management Team

Joseph K. Lynagh, CFA
16 years of investment experience;
20 years with T. Rowe Price.
- BS, Loyola College
- MSF, Loyola College

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Money Market Trust

Top 10 Holdings

Issuer	% of Portfolio	S&P Rating
Baltimore Co. SR 2008 CP	2.7	A-1+
Amsterdam Funding 4/2 144A CP	2.7	A-1
Danske 4/2 CP	2.7	A-1
Bear Stearns	2.6	A+
Paccar Financial CP	2.5	A-1
MD STAD SPORTS TAXBLE A VRDN	2.5	A-1
Straight A Funding 4/2 144A CP	2.4	A-1+
TX State TAX VETS FD I-C VRDN	2.4	A-1+
Nordea Bank AB 144A	2.3	AA-
So. UTE Indian Tribe TAXBL VRDN	2.2	A-1+
Total	24.7%	

Maturity and Credit Quality Ranges

Maturity	% of Portfolio	% of Index	Difference
0-30 Days	60.3%	0.0%	60.3%
31-60 Days	22.2	0.0	22.2
61-90 Days	5.3	100.0	-94.7
91-120 Days	3.2	0.0	3.2
121-180 Days	3.0	0.0	3.0
181-365 Days	6.0	0.0	6.0

Credit Quality			
A-1	97.7	100.0	-2.3
AA	2.3	0.0	2.3
A	0.0	0.0	0.0
BAA	0.0	0.0	0.0

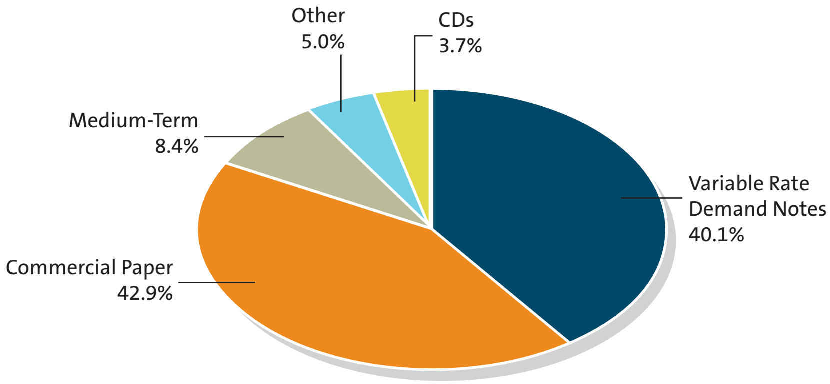
Portfolio Characteristics

	Money Market Trust	Citigroup 3-Month Treasury Bill Index	Peer Group	Difference[1]
Weighted Average Maturity (Days)	44.2	90.0	48.0	-3.8
Weighted Average Effective Duration (Years)	0.12	N/A		
Weighted Average Quality	AAA	AAA		
Current Yield	0.24%	N/A		

[1] Weighted Average Maturity difference is between the Portfolio and it's Peer Group.
Numbers may not total due to rounding.

Money Market Trust

Sector Allocation



Money Market Trust

Performance

	Three Months	One Year	Annualized Three Years	Annualized Five Years	Annualized Ten Years
Money Market Trust (Net of All Fees and Expenses)[1]	0.06%	0.34%	0.95%	2.59%	2.38%
Citigroup 3-Month Treasury Bill Index	0.04	0.15	0.47	2.10	2.12
Difference	0.02	0.19	0.48	0.49	0.26

[1] Performance figures reflect the deduction of a 11 basis point annual trustee fee, which is used primarily to pay normal operating expenses of the trust, including custodial, accounting, and investment management fees.

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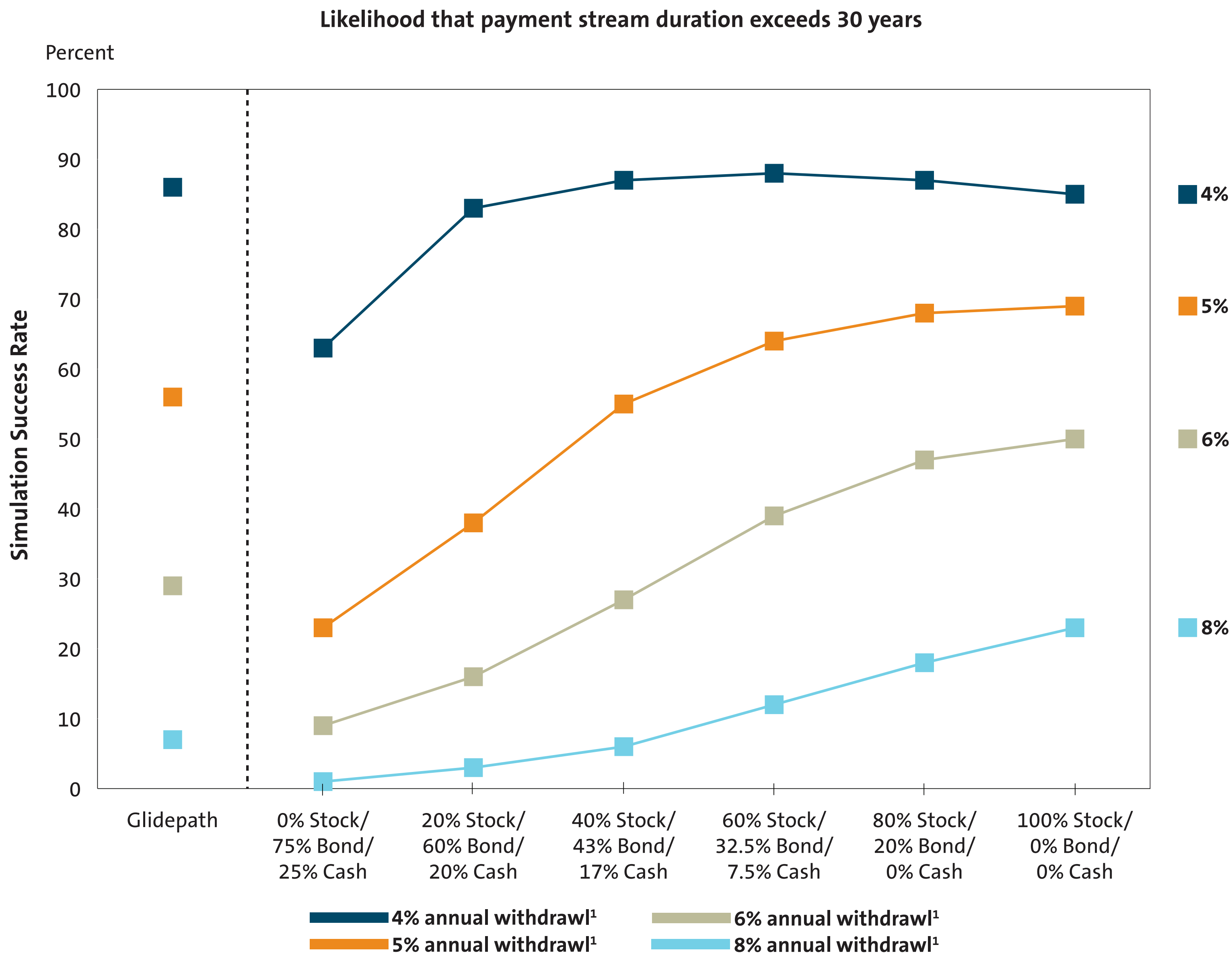
Importance of Equity Exposure to Minimize Risk of Outliving Assets

- **Simulation success rate measures the likelihood that retirement income payment stream duration exceeds 30 years.**
- **Allocations of 40% or higher in equities support a recommended 4% withdrawal rate with a success rate of 85% or higher**
- **Higher (5% and above) withdrawal rates benefit from higher equity allocations.**
  - e.g., a 6% withdrawal rate is associated with 9% success in a fixed income portfolio, but still has 50% success in an equity portfolio

Adequate equity exposure is necessary to successfully fund long retirement horizons.

Importance of Equity Exposure to Minimize Risk of Outliving Assets



[1] Withdrawal increases annually by the rate of inflation.

Importance of Equity Exposure for Balances Late in Retirement

- **Purchasing power remaining measures the inflation-adjusted final balance at age 95 as a percentage of the initial balance.[1]**

- **Purchasing power remaining is an indication of the cushion provided by a retirement strategy (e.g., ability to tolerate spending spikes or longevity beyond 30 years).**

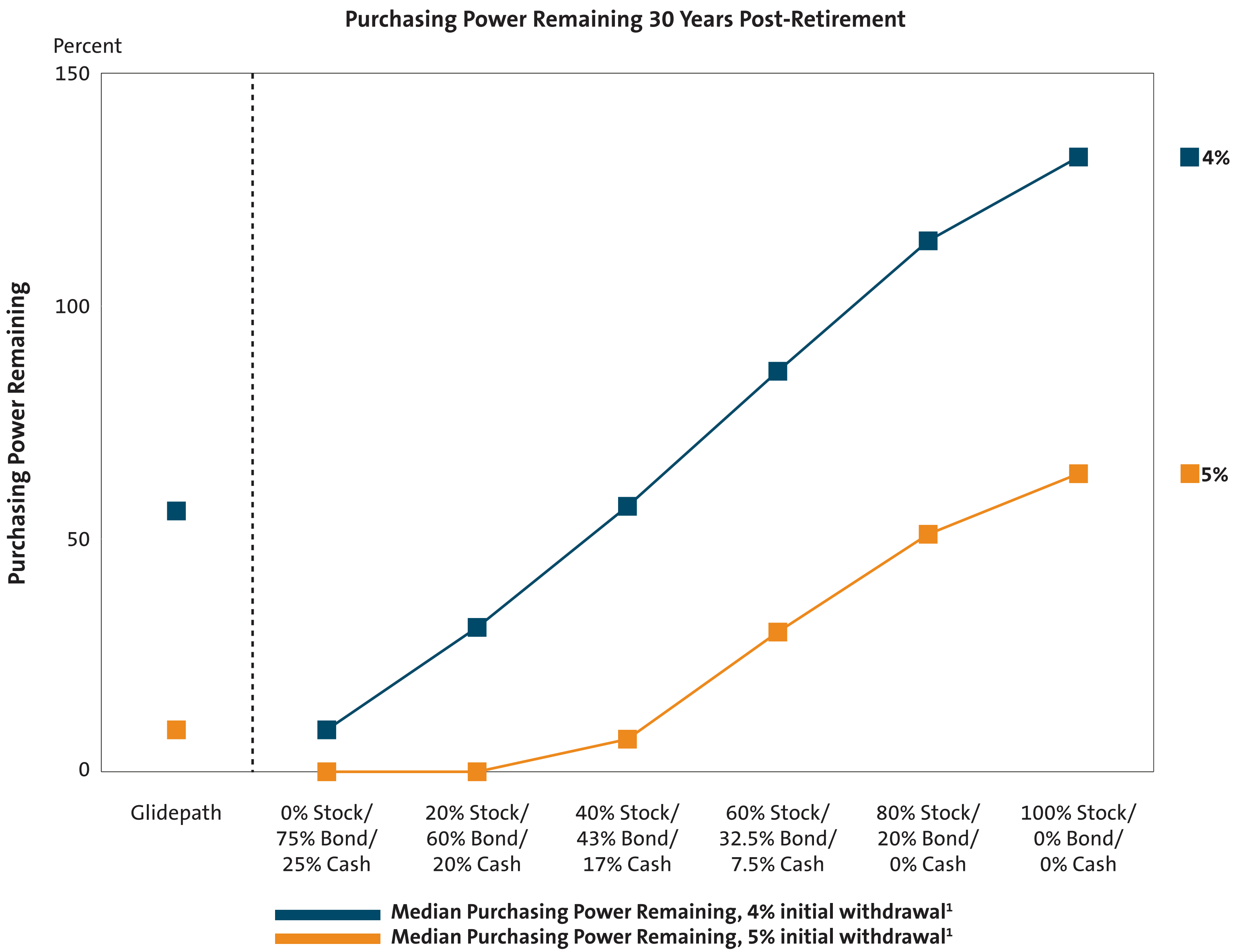
- **Remaining purchasing power universally increases with equity.**

- **Remaining purchasing power for withdrawal rates above 5% not shown as remaining purchasing power almost always zero at percentiles shown due to the low simulation success rates.**

Equity exposure in retirement can help provide a cushion against unplanned events.

[1] Final balance/(initial balance at age 65* 1.03^30).

Importance of Equity Exposure for Balances Late in Retirement



[1] Withdrawal increases annually by the rate of inflation.

Achieving Replacement Income Goals

Updated analysis reinforces effectiveness of the Glidepath portfolio in helping participants build and sustain assets to meet their long-term replacement income needs in retirement

- **84% success rate for 90% replacement income**
  - Analysis for model participant in SBS and DCR Plans (PERS Tier IV example)
- Retirement plan participants generally target 75% to 89% replacement income[1]

- **Assumptions: Participant invests through both the SBS and DCR plans**
  - 40 year contribution period
  - Annual Contribution for Defined Contribution Plan: 13% (PERS Tier IV Assumptions: 5% Employer + 8% Employee)
  - Annual Contribution for Supplemental Annuity Plan: 12.26% (6.13% Employer + 6.13% Employee)
  - Employee salary grows at a rate of inflation plus 50 basis points annually
  - 30 year distribution period, with an annual withdrawal amount of 90% of final salary adjusted for inflation
  - Distributions grow annually at the rate of inflation

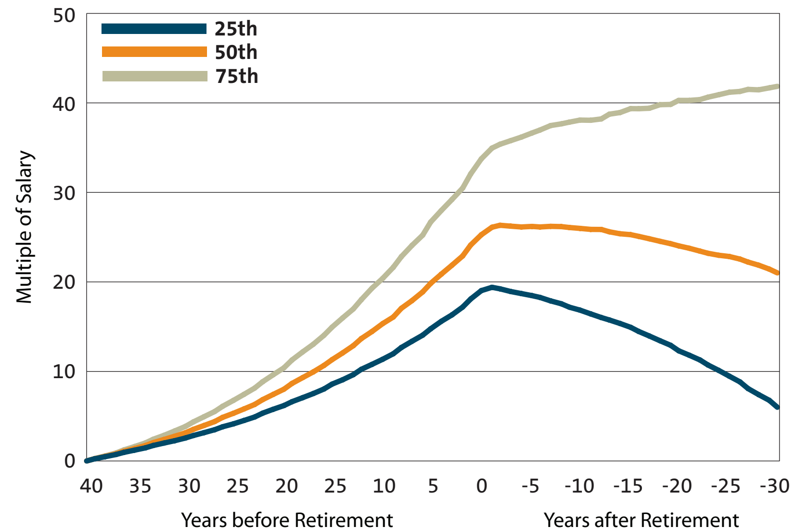
The Target Date glidepath helps participants stay on course to reach their replacement income goals by adjusting its risk profile consistent with the investment time horizon.

Please see Section 5 "Evaluation of T. Rowe Price Investments for the State of Alaska SBS and DCR Plans" for details of the analysis and important assumptions.

[1] Jack VanDerhei, "Measuring Retirement Income Adequacy: Calculating Realistic Income Replacement Rates," EBRI Issue Brief 297 (September, 2006): 4.

Accumulation and Distribution Case: Participant in SBS and DCR Plans

Investment in Glidepath Portfolio: Balance as a Multiple of Salary
SBS and DCR Participant — PERS Tier IV Assumptions



- **25th Percentile: Balance at Retirement represents 20x at retirement salary**
  - 90% replacement income requires a 4.7% initial distribution rate
- **50th Percentile: Balance at Retirement represents 26x at retirement salary**
  - 90% replacement income requires a 3.6% initial distribution rate
- **75th Percentile: Balance at Retirement represents 34x at retirement salary**
  - 90% replacement income requires a 2.7% initial distribution rate

Varying investment outcomes can impact distribution rates for a given replacement income.

Monte Carlo Simulation

- **Monte Carlo simulations model future uncertainty. In contrast to tools generating average outcomes, Monte Carlo analyses produce outcome ranges based on probability — thus incorporating future uncertainty.**

- **Material Assumptions include:**
- **Underlying returns and inflation are generated from a structural model built up from factors relating to both financial markets and the broad economy. Underlying long-term rates of return for the asset classes are not directly based on historical returns. Rather, they represent assumptions that take into account, among other things, historical returns. They also include our estimates for reinvested dividends and capital gains.**

- **The monthly returns and inflation are then used to generate many different scenarios (10,000 scenarios), representing a spectrum of possible return outcomes for the modeled asset classes and inflation. Analysis results are directly based on these scenarios.**

- **Material Limitations include:**

- **The analysis relies on assumptions, combined with a return model that generates a wide range of possible return and inflation scenarios from these assumptions. Despite our best efforts, there is no certainty that the assumptions and the model will accurately predict asset class return ranges, or inflation going forward. As a consequence, the results of the analysis should be viewed as approximations, and users should allow a margin for error and not place too much reliance on the apparent precision of the results. Users should also keep in mind that seemingly small changes in input parameters, including the initial values for the underlying factors, may have a significant impact on results, and this (as well as mere passage of time) may lead to considerable variation in results for repeat users.**

- **Extreme market movements may occur more often than in the model.**

- **Market crises can cause asset classes to perform similarly, lowering the accuracy of our projected return assumptions, and diminishing the benefits of diversification (that is, of using many different asset classes) in ways not captured by the analysis. As a result, returns actually experienced by the investor may be more volatile than projected in our analysis.**

Monte Carlo Simulation

- Asset class dynamics, including but not limited to risk, return and the duration of "bull" and "bear" markets, can differ than those in the modeled scenarios.
- The analysis does not use all asset classes. Other asset classes may be similar or superior to those used.
- Taxes are not taken into account.
- The analysis models asset classes, not investment products. As a result, the actual experience of an investor in a given investment product (e.g., a mutual fund) may differ from the range of projections generated by the simulation, even if the broad asset allocation of the investment product is similar to the one being modeled. Possible reasons for divergence include, but are not limited to, active management by the manager of the investment product. Active management for any particular investment product — the selection of a portfolio of individual securities that differs from the broad asset classes modeled in this analysis — can lead to the investment product having higher or lower returns than the range of projections in this analysis.
- Modeling Assumptions
- The primary asset classes used for this analysis are stocks, bonds, and cash. An effectively diversified portfolio theoretically involves all investable asset classes including stocks, bonds, real estate, foreign investments, commodities, precious metals, currencies, and others. Since it is unlikely that investors will own all of these assets, we selected the ones we believed to be the most appropriate for long-term investors.
- IMPORTANT: The projections or other information generated by the T. Rowe Price Investment Analysis Tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The simulations are based on assumptions. There can be no assurance that the projected or simulated results will be achieved or sustained. The charts present only a range of possible outcomes. Actual results will vary with each use and over time, and such results may be better or worse than the simulated scenarios. Clients should be aware that the potential for loss (or gain) may be greater than demonstrated in the simulations.
- The results are not predictions, but they should be viewed as reasonable estimates. Source: T. Rowe Price Associates, Inc.

Target Date Glidepath Long-Term Risk and Return Assumptions

	Annualized compound rate of return	Volatility
Glidepath 30 Years Pre	7.9%	16.3%
Glidepath 20 Years Pre	7.8	15.5
Glidepath 10 Years Pre	7.5	13.3
Glidepath Retirement	7.0	10.6
Glidepath 10 Years Post	6.5	8.3
Glidepath 20 Years Post	6.2	7.2
Glidepath 30 Years Post	5.8	6.1
Stocks	8.0	18.0
Bonds	5.3	6.5
Cash	4.0	3.0

The risk profile of the Glidepath automatically adjusts based on an investor's time horizon.

Biographical Backgrounds

Edmund (Ned) M. Notzon III Ph.D., CFA
Ned Notzon is a vice president of T. Rowe Price Group, Inc., and T. Rowe Price Associates, Inc., and is a portfolio manager in the firm's U.S. Asset Allocation Group. He is chairman of the firm's Asset Allocation Committee and portfolio manager of several asset allocation portfolios. Ned serves as president and Investment Advisory Committee chairman of the Balanced Fund, Spectrum Funds, and Personal Strategy Funds. He is president and cochairman of the Retirement Funds. Prior to joining T. Rowe Price in 1989, Ned was a charter member of the U.S. Senior Executive Service and director of the Analysis and Evaluation Division in the Office of Water Regulations and Standards of the U.S. Environmental Protection Agency. He earned an S.B. in mathematics from Massachusetts Institute of Technology and an M.S. in statistics and a Ph.D. in operations research from Stanford University. Ned also has completed Harvard Business School's program for senior managers in Government and has earned the Chartered Financial Analyst designation.

Charles M. Shriver, CFA
Charles Shriver is a vice president of T. Rowe Price Associates, Inc. He is a portfolio manager for several asset allocation portfolios within the Asset Allocation Group and an associate portfolio manager for the Spectrum and Personal Strategy Funds. Charles has been with the firm since 1991. Charles earned a B.A. in economics and rhetoric/communications studies from the University of Virginia; an M.S.F. in finance from Loyola College in Baltimore, Maryland; and a graduate diploma in public economics from Stockholm University. He is a Series 6, 7, and 63, registered representative and has earned the Chartered Financial Analyst designation.

Biographical Backgrounds

Antonio L. Luna, CFA

Tony Luna is a portfolio manager in the Fixed Income Division at T. Rowe Price. Mr. Luna specializes in managing stable value and synthetic investment contract portfolios, as well as co-managing the T. Rowe Price Stable Value Common Trust Fund. He is a vice president of T. Rowe Price Group, Inc., T. Rowe Price Associates, Inc., and T. Rowe Price Trust Company.

Mr. Luna has 17 years of investment experience, 15 of which have been with T. Rowe Price. Prior to joining the firm in 1996, he worked with The Ryland Group in its Mortgage Structuring Division.

Mr. Luna earned a B.S. in finance from Towson University and an M.S. in finance from Johns Hopkins University. He also has earned the Chartered Financial Analyst designation.

Robert A. Birch

Bob Birch is the director of U.S. Institutional Client Services for the Global Investment Services division of T. Rowe Price. He is also a vice president of T. Rowe Price Group, Inc., and T. Rowe Price Associates.

Mr. Birch has over 23 years of investment experience, nine of which have been at T. Rowe Price. Prior to joining the firm in 2001, he was a principal and senior consultant with William M. Mercer Investment Consulting, Inc. He also previously served as the investment officer for a $4.5 billion multi-employer pension plan.

Mr. Birch earned a B.S. in management from the University of Utah and an M.B.A. in finance and investments from the George Washington University. He authored a chapter, “Managing Equity Style Exposures, a Plan Sponsor’s Perspective,” in Equity Style Management, Irwin 1995, and is a former chairperson of the Washington Area Investment Forum.

State of Alaska Retirement Systems

Actuarial Presentation to the Alaska Retirement Management Board

June 16, 2011

Agenda

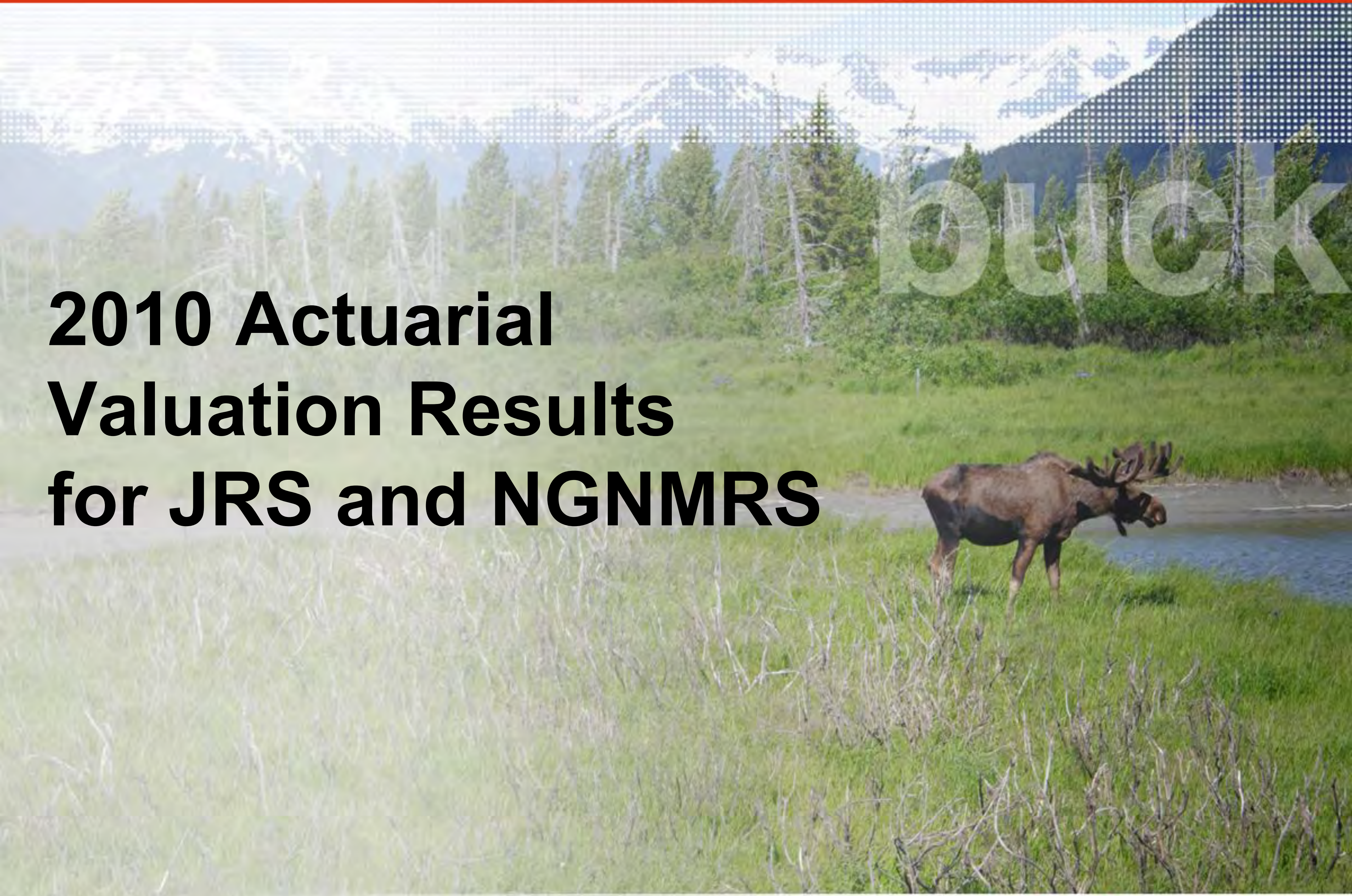
- Introduction
- 2010 Actuarial Valuation Results
  - JRS
  - NGNMRS
- Summary of All FY13 Employer/State Contribution Rates
- State Assistance Calculation
- Questions

State of Alaska Retirement Systems Introduction

- Alaska Retirement Systems consists of four traditional defined benefit (DB) pension plans and two defined contribution with DB type occupational death and disability and retiree healthcare benefits (DC plans)
  - Public Employees' Retirement System (PERS)
  - Teachers' Retirement System (TRS)
  - Judicial Retirement System (JRS)
  - National Guard and Naval Militia Retirement System (NGNMRS)
  - PERS Defined Contribution Retirement (DCR) Plan
  - TRS Defined Contribution Retirement (DCR) Plan

- Actuarial valuations are performed annually as of June 30. The most recent is as of June 30, 2008

- ARM Board has responsibility for PERS, TRS and NGNMRS. Commissioner of Administration and the ARM Board are responsible for JRS



2010 Actuarial Valuation Results for JRS and NGNMRS

Changes Since Last Year

- No change in Benefit Provisions for JRS and NGNMRS
- Change in Actuarial Assumptions due to experience analysis performed covering the four year period ending June 30, 2009
- Change in the assumptions regarding future net healthcare benefit costs for JRS as follows:
  - Decrease in the assumed Medicare Part B only proportion of all current Medicare retirees from 3.5% to 0.6%
  - Decrease in the proportion assumed to be enrolled in Part B only from 3.5% to 0.6% for future Medicare retirees
- No change in Asset Valuation Method for JRS and NGNMRS

Changes Since Last Year (cont'd)

- No change in the Funding Method for JRS and NGNMRS
- No change in Healthcare Base Claim Cost Rate methodology for JRS except for the following
  - Use of 2.4 months lag for medical claims and 0.15months lag for prescription claims vs. 2.6 and 0.5 respectively

Judicial Retirement System

Pension and Healthcare

($ in thousands)

	June 30, 2008	June 30, 2009 (Roll Forward)	June 30, 2010
1. Number			
- Active	73	73	72
- Inactive Non Vested	1	1	0
- Vested Terminations	5	5	4
- Retired and beneficiaries	90	90	99
- Total	169	169	175
3. Annual Compensation*			
- Total	$ 10,462	$ 10,881	$ 11,846
- Average (Actual)	$ 143,319	N/A	$ 164,522
3. Assets			
- Market Value	$ 133,812	$ 105,978	$ 112,817
- Actuarial Value	141,236	127,174	134,694
- % AV to MV	105.6%	120.0%	119.4%
4. Annual Benefit Payments			
- Total	$ 6,948	$ 8,138	$ 9,346
- % of Market Value	5.2%	7.7%	8.3%

*Total Annual Compensation for Prior Year.

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Judicial Retirement System

Pension and Healthcare

Total System Assets ($ in thousands)

	Year Ending June 30, 2010
1. Initial Actuarial Value (BOY, before corridor)	$142,678
Contributions	5,179
Disbursements, Net of Medicare Part D Subsidy	(9,310)
Expected Return on Market Value	8,511
2. Expected Actuarial Value (EOY)	$147,058
3. 5-year Smoothing	(8,667)
4. Preliminary Actuarial Value (EOY)	$138,391
5. Future Smoothing Amount	(25,574)
6. Market Value (EOY)	$ 112,817
7. 120% of Market Value*	$ 134,694
8. 80% of Market Value*	$ 90,254
9. Final Actuarial Value (EOY)	$ 134,694
10. Ratio Market Value to Actuarial Value	95%

*Applied to pension and healthcare assets separately

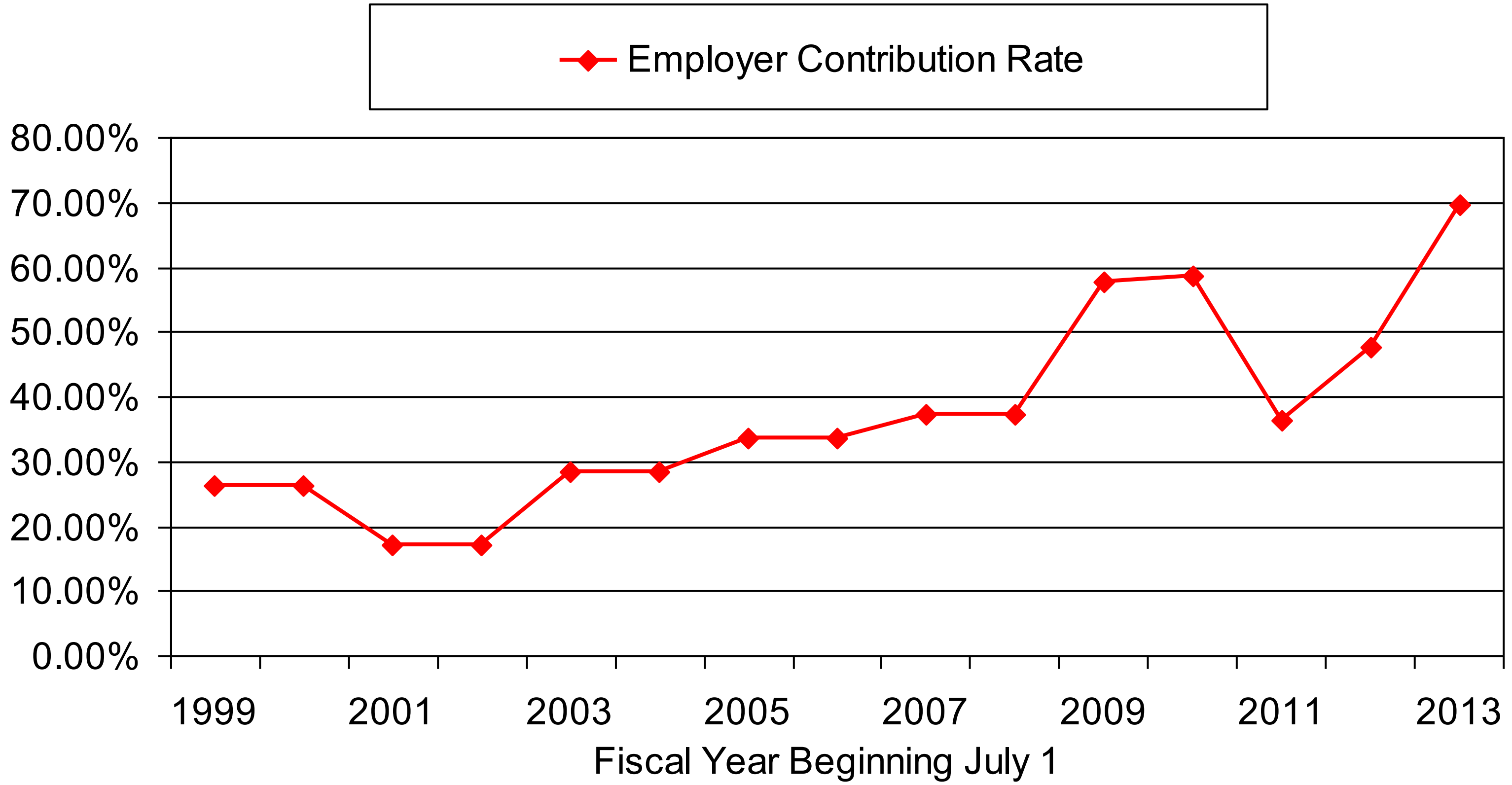
Judicial Retirement System
Pension and Healthcare

Actuarial Contribution Under Entry Age Actuarial Cost Method
($ in thousands)

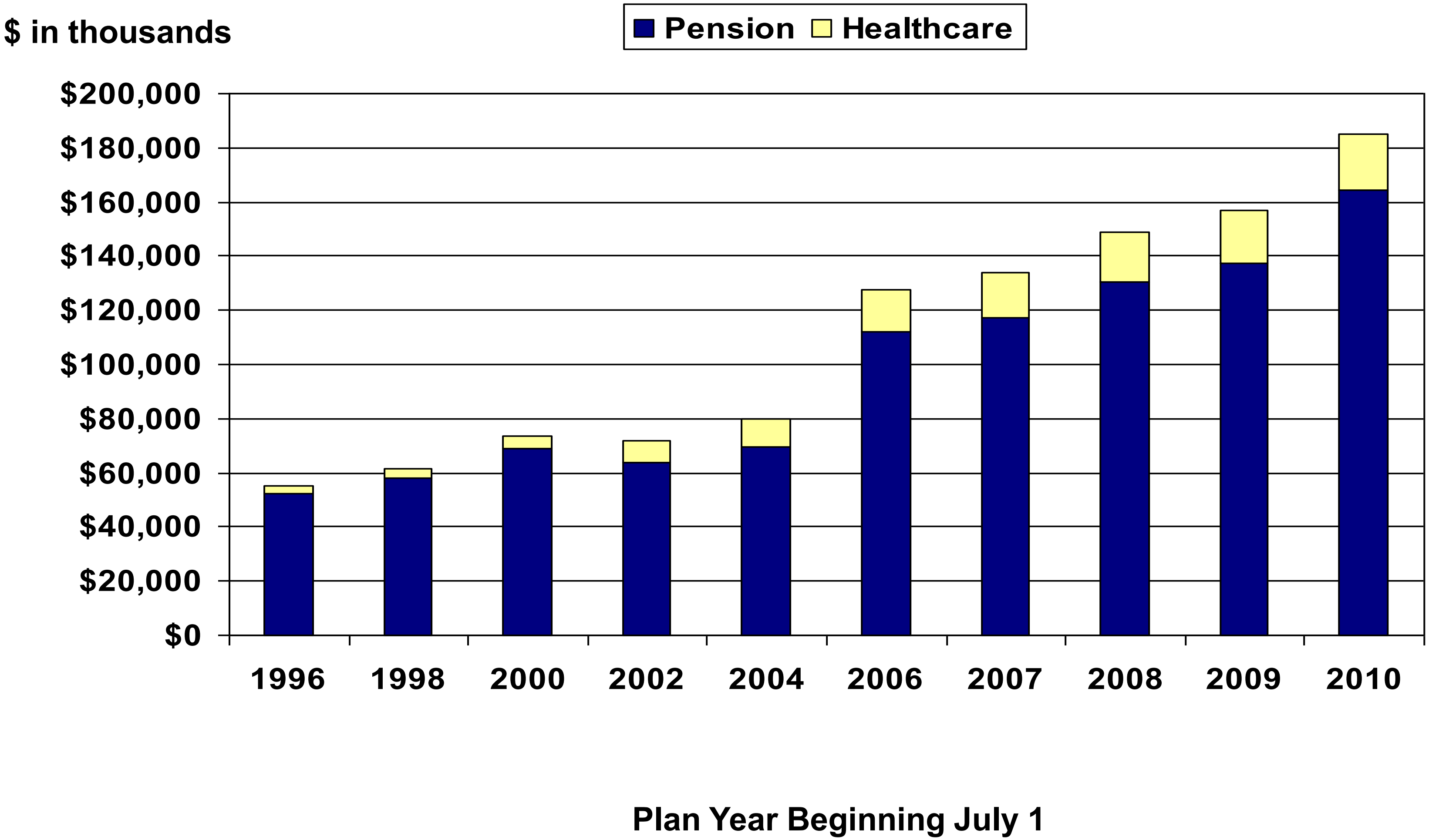
Funding	Pension	Healthcare	Total
1. Actuarial Accrued Liability	$ 164,524	$ 20,304	$ 184,828
2. Actuarial Value of Assets	115,000	19,694	134,694
3. Unfunded Actuarial Accrued Liability	$ 49,524	$ 610	$ 50,134
4. Funded Ratio	69.9%	97.0%	72.9%
5. Annual Actuarial Contribution			
– Normal Cost	$ 4,885	$ 662	$ 5,547
– Amortization of Unfunded (25) Years	3,400	126	3,526
– Total Contribution	$ 8,285	$ 788	$ 9,073
– % of Pay	68.57%	6.52%	75.09%
6. Member Contribution			
– Amount	$ 678	$ 0	$ 678
– % of Pay	5.61%	0.00%	5.61%
7. Employer Required Contribution			
– Amount	$ 7,607	$ 788	$ 8,395
– % of Pay	62.96%	6.52%	69.48%

Total Pay is expected to be $12,083 for FY11.

Judicial Retirement System
Total Employer Contribution Rate History
1999 - 2013



JRS Actuarial Accrued Liability History
Pension and Healthcare



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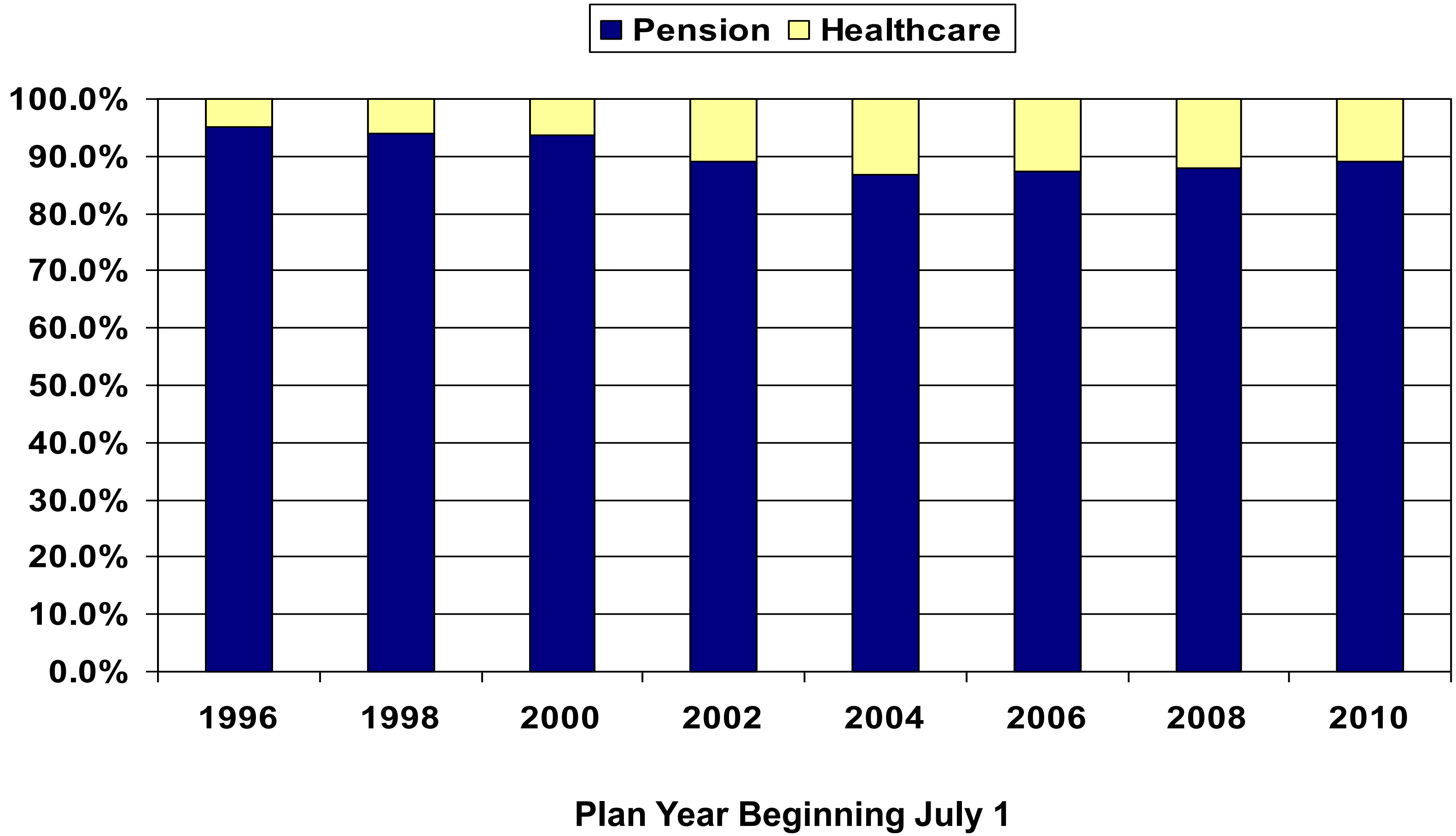
JRS Actuarial Accrued Liability History
Distribution % Between Pension and Healthcare



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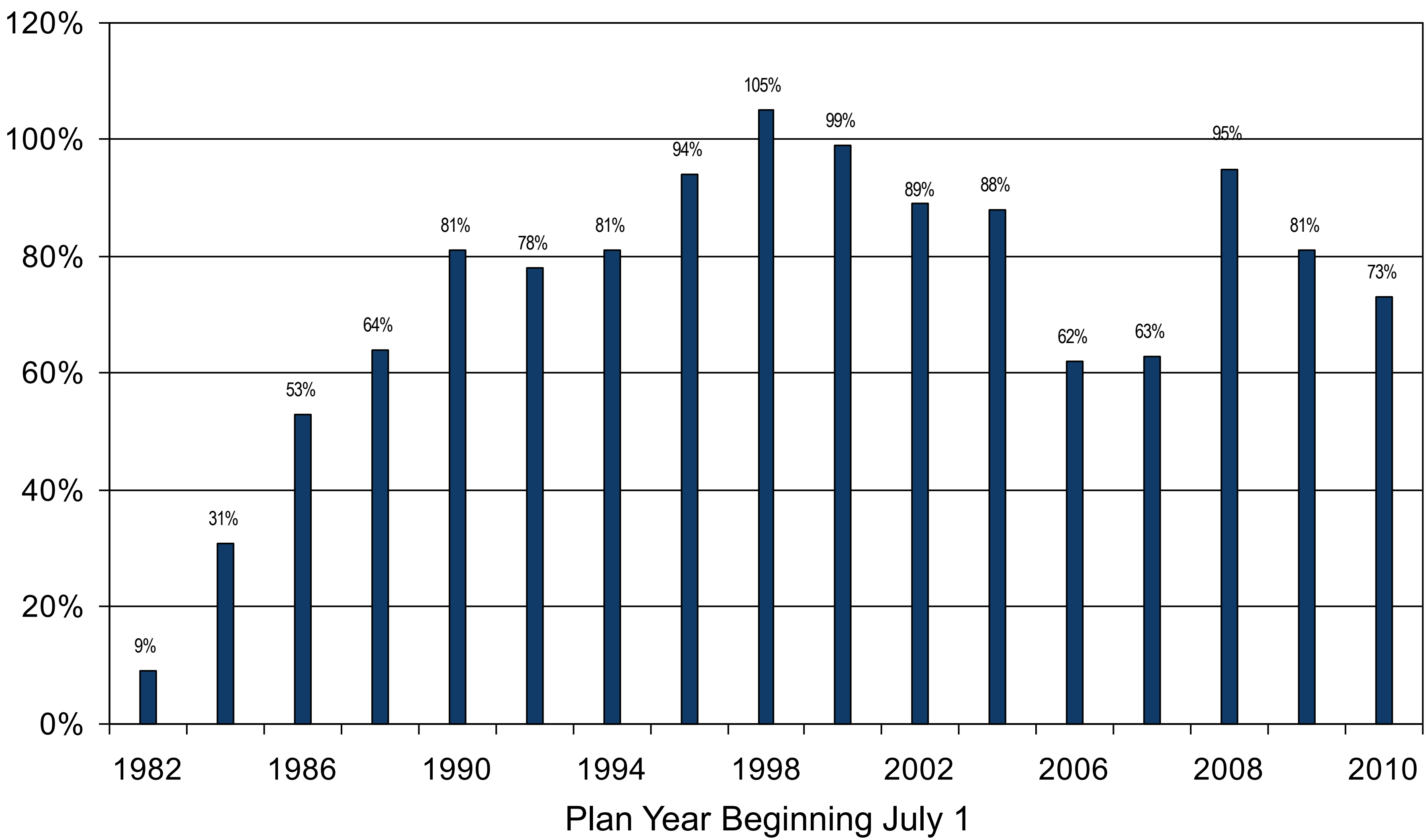
JRS Funding Ratio History

Pension and Healthcare
Based on Valuation Assets



National Guard and Naval Militia Retirement System

($ in thousands)

	June 30, 2008	June 30, 2009 (Roll Forward)	June 30, 2010
1. Number			
- Active	3,897	3,897	4,085
- Vested Terminations	1,148	1,148	1,251
- Retired and Beneficiaries	516	516	547
- Total	5,561	5,561	5,883
2. Assets			
- Market Value	$27,189	$25,430	$29,432
- Actuarial Value	28,371	30,123	32,001
- % AV to MV	104.3%	118.5%	108.7%

National Guard and Naval Militia Retirement System

Total System Assets ($ in thousands)

	Year Ending June 30, 2010
1. Actuarial Value (BOY)	$ 30,123
Contributions	2,603
Disbursements	(1,647)
Expected Return on Market Value	1,878
2. Preliminary Actuarial Value (EOY)	$ 32,957
3. 5-year Smoothing	(956)
4. Actuarial Value (EOY)	$ 32,001
5. Future Smoothing Amount	(2,569)
6. Market Value (EOY)	$ 29,432

National Guard and Naval Militia Retirement System

Actuarial Contribution Under Entry Age Actuarial Cost Method
($ in thousands)

Funding	June 30, 2008*	June 30, 2009* (Roll-Forward)	June 30, 2010*
1. Actuarial Accrued Liability	$ 28,905	$ 30,208	$ 30,034
2. Actuarial Value of Assets	28,371	30,123	32,001
3. Unfunded Actuarial Accrued Liability	$ 534	$ 85	$ (1,966)
4. Funded Ratio	98.2%	99.7%	106.5%
5. Annual Actuarial Contribution			
– Normal Cost	$ 744	$ 744	$ 605
– Amortization of Unfunded	84	14	(308)
– Expense Load	137	138	134
– Total Contribution	$ 965	$ 896	$ 431

* *Contribution calculated by amortizing the unfunded accrued liability over 8 years.*

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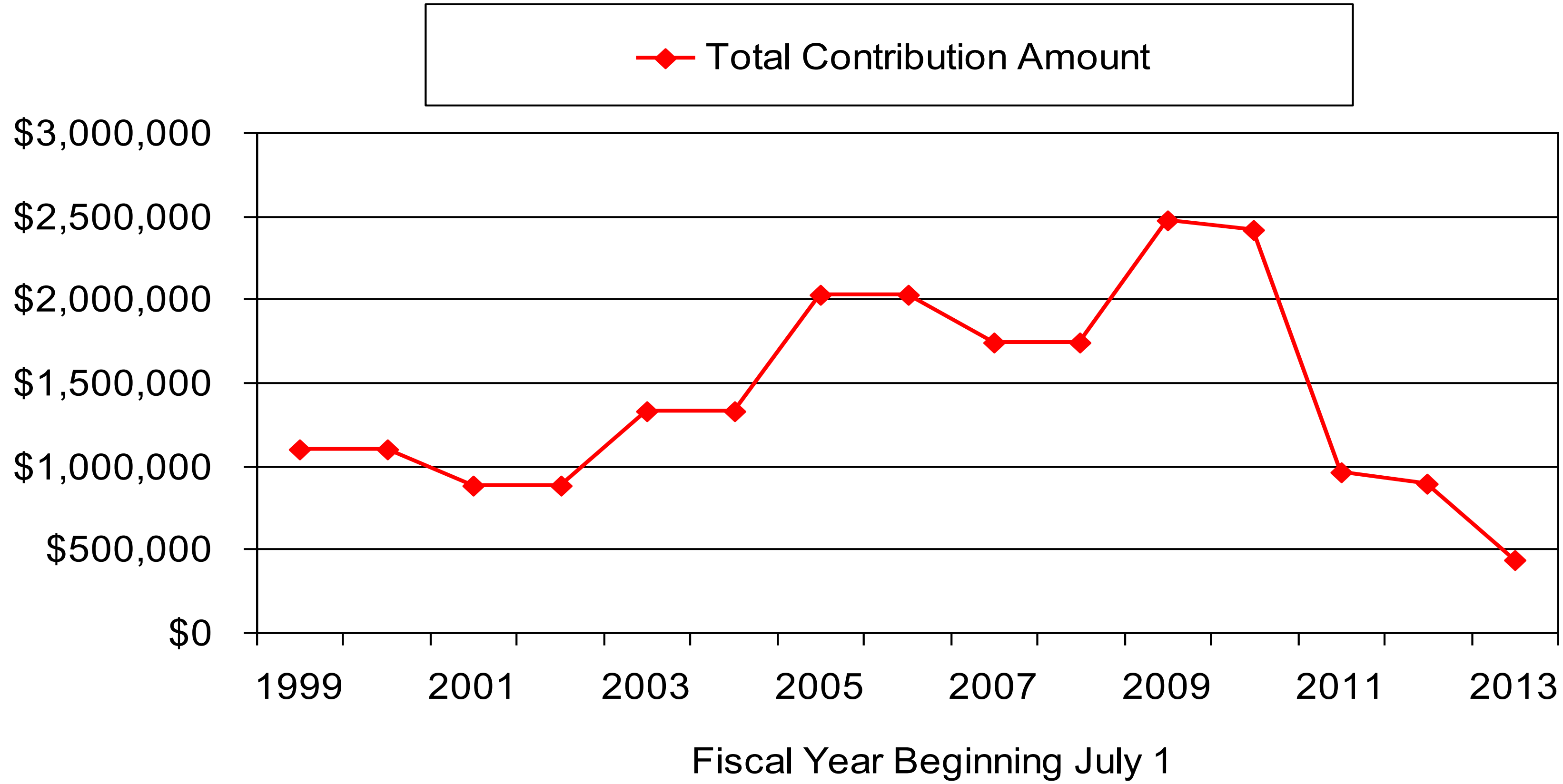
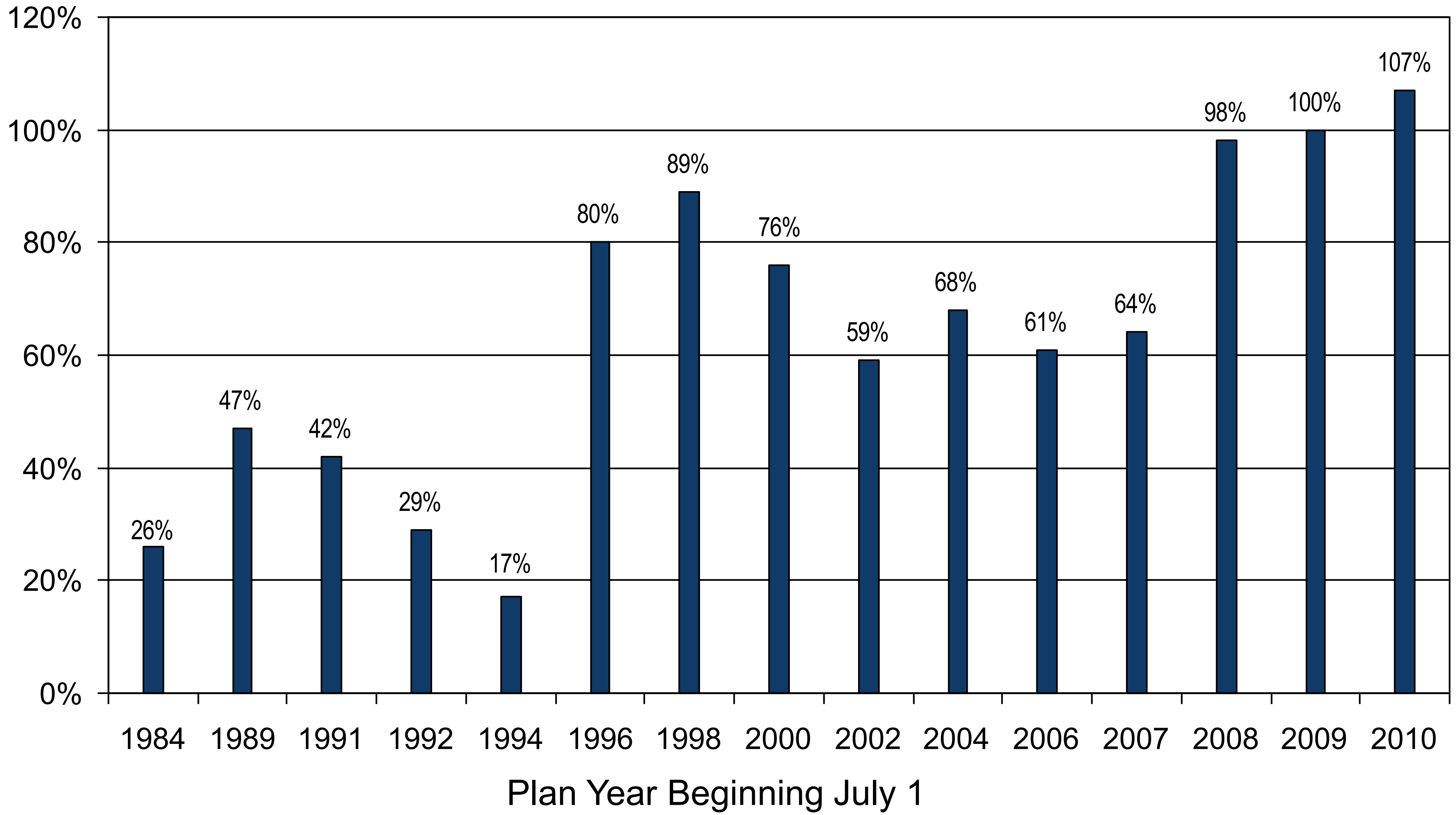
National Guard and Naval Militia Retirement System

Total Contribution Amount History
1999 - 2013



National Guard and Naval Militia Retirement System Funding Ratio History

Based on Valuation Assets



Conclusions and Comments

- JRS
  - Asset gains experienced over the past year. Rate of return on market value was 10.60%, or 2.35% more than the 8.25% assumed rate of return. Rate of return on actuarial value was 8.7%, or .45% more than the 8.25% assumed rate of return
  - Actuarial assumptions changed for 2010 valuation. Employer contribution rate increased from 53.88% to 69.48% and funded ratio declined from 79.7% to 72.9%

- NGNMRS
  - Asset gains and losses experienced over the past year. Rate of return on market value was 11.8%, or 4.55% more than the 7.25% assumed rate of return. Rate of return on actuarial value was 3.0%, or 4.25% less than the 7.25% assumed rate of return.
  - Actuarial assumptions changed for 2010 valuation. Contribution decreased from $730k to $431k and funded ratio increased from 104.2% to 106.5%

Conclusions and Comments (cont'd)

- Changes in Unfunded Liability

($ in thousands)	JRS	NGNMRS
2009 Rolled Forward Unfunded Liability	$ 29,506	$ 85
− Change in Assumptions	15,983	(666)
− Expected Increase	101	(156)
− Asset (Gain)/Loss	(1,392)	1,297
− Decremental and Other (Gains)/Losses	4,417	(790)
− Contribution Delay	1,519	(1,736)
2010 Unfunded Liability	$ 50,134	$ (1,966)

Conclusions and Comments (cont'd)

- Increased employer contribution rate for JRS and decreased employer contribution amount for NGNMRS

	% of Pay	($ in thousands)
	JRS	**NGNMRS**
– 2008	36.20%	$ 965
– 2009 (Roll Forward)	47.58%	$ 896
– 2010	69.48%	$ 431
– Change from 2009 to 2010	+21.90%	$ (465)

- Funded ratios increased over last year

	JRS	**NGNMRS**
– 2008	95.0%	98.2%
– 2009 (Roll Forward)	81.2%	99.7%
– 2010	72.9%	106.5%
– Change from 2009 to 2010	(8.3%)	+6.8%

Summary of FY13 Employer Contribution Rates

	% of Total DB & DCR Pay		% of Pay	$ Amount	% of DCR Pay	
	PERS	TRS	JRS	NGNMRS	PERS	TRS
Pension	15.45%	30.53%	62.96%	$431,367	N/A	N/A
Medical	17.38%	19.03%	6.52%	N/A	0.48%	0.49%
Occupational Death & Disability	N/A	N/A	N/A	N/A	0.22%	0.00%
Total	32.83%	49.56%	69.48%	$431,367	0.70%	0.49%
State Assistance	$307.3M	$302.8M				

Development of Additional State Contribution for FY13

	PERS		TRS	
	Rate	Amount (in millions)	Rate	Amount (in millions)
Expected Payroll for FY13				
− DB		$ 1,453.3		$ 531.2
− DCR		767.1		223.7
− Total		$ 2,220.4		$ 754.9
Employer State Actuarial Contributions				
− Actuarial Contribution for DB Plan	32.83%	$ 729.0	49.56%	$ 374.1
− DCR Contribution	3.01%	$ 66.7	3.11%	$ 23.5
− Total Required Contribution	35.84%	$ 795.7	52.67%	$ 397.6
− Total Limited Employer Contribution	(22.00%)	(488.4)	(12.56%)	(94.8)
− Additional State Contribution for FY13	13.84%	$ 307.3	40.11%	$ 302.8

Total State Assistance = $610.1 million

Questions?

DRAFT

State of Alaska
Judicial Retirement System

Actuarial Valuation Report
As of June 30, 2010

buckconsultants

Submitted By:
Buck Consultants
1200 Seventeenth Street, Suite 1200
Denver, CO 80202

buckconsultants A Xerox Company

DRAFT

April 8, 2011

State of Alaska
The Alaska Retirement Management Board
The Department of Revenue, Treasury Division
The Department of Administration, Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Dear Members of The Alaska Retirement Management Board, The Department of Revenue and The Department of Administration:

Actuarial Certification

The annual actuarial valuation required for the State of Alaska Judicial Retirement System has been prepared as of June 30, 2010 by Buck Consultants. The purposes of the report include:

(1) a presentation of the valuation results of the System as of June 30, 2010;

(2) a review of experience under the System for the year ended June 30, 2010;

(3) a determination of the appropriate contribution rate which will be applied for the fiscal year ending June 30, 2013; and

(4) the provision of reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The following schedules that we have prepared are included in this report:

(1) Summary of actuarial assumptions and methods (Section 2.3)

(2) Schedule of active member valuation data (Section 3.2, 3.3 and 3.4)

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data provided to us by the Division of Retirement and Benefits and financial information provided in the financial statements audited by KPMG LLP, to determine a sound value for the System liability. The employee data has not been audited, but it has been reviewed and found to be consistent, both internally and with prior years' data. The actuarial assumptions are based on the results of an experience study presented to The Alaska Retirement Board (Board) in September 2010 and adopted by the Board in December 2010. Actuarial methods, medical cost trend, and assumed blended medical premiums were also reviewed during the experience study.

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720.359.7700 • 720.359.7701 (fax)

The contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing in FY11 and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent gains/losses and other changes. The amortization period is set by the Alaska Retirement Management Board (Board). Contribution rates are recommended by the Actuary and adopted by the Board each year. The ratio of valuation assets to liabilities decreased from 95.0% to 72.9% during the year. This report provides an analysis of the factors that led to the decrease.

A summary of the actuarial assumptions and methods is presented in Section 2.3 of this report. The assumptions, when applied in combination, fairly represent past and anticipated future experience of the System.

The funding objective of the plan, as adopted by the ARM Board, is to set a contribution rate that will pay the normal cost and amortize the initial unfunded actuarial accrued liability and each subsequent annual change in the unfunded actuarial accrued liability over a closed 25-year period as a level percentage of payroll. The funding objective for the plan, as adopted by the ARM Board, is currently being met.

Future contribution requirements may differ from those determined in the valuation because of:

(1) differences between actual experience and anticipated experience based on the assumptions;

(2) changes in actuarial assumptions or methods;

(3) changes in statutory provisions; or

(4) differences between the contribution rates determined by the valuation and those adopted by the Board.

The undersigned are members of the American Academy of Actuaries and the Society of Actuaries, are fully qualified to provide actuarial services to the State of Alaska, and are available to answer questions regarding this report.

We believe that the assumptions and methods used for funding purposes and for the disclosures presented in this report satisfy the parameter requirements set forth in the Government Accounting Standards Board (GASB) Statement Nos. 25 and 43.

We believe that this report conforms with the requirements of the Alaska statutes, and where applicable, other federal and accounting laws, regulations and rules, as well as generally accepted actuarial principles and practices.

Sincerely,

David H. Slishinsky, FCA, ASA, EA, MAAA
Principal, Consulting Actuary

The undersigned actuary is responsible for all assumptions related to the average annual per capita health claims cost and the health care cost trend rates, and hereby affirms her qualification to render opinions in such matters, in accordance with the qualification standards of the American Academy of Actuaries.

Melissa Bissett, FSA, MAAA
Senior Consultant, Health & Productivity

Contents

Report Highlights

This report has been prepared by Buck Consultants, an ACS Company, to:

- Present the results of a valuation of the State of Alaska Judicial Retirement System as of June 30, 2010;
- Review experience under the System for the period July 1, 2008 to June 30, 2010;
- Determine the contribution rate for the System for Fiscal Year 2013;
- Provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

This report is divided into three sections. Section 1 contains the results of the valuation. It includes the experience of the System during the 2008/2009 and 2010 plan years, the current annual costs, and reporting and disclosure information.

Section 2 provides reporting and disclosure information for financial statements, governmental agencies and other interested parties.

Section 3 describes the basis of the valuation. It summarizes the System provisions, provides information relating to the System members, and describes the funding methods and actuarial assumptions used in determining liabilities and costs.

The principal results are as follows:

Funding Status as of June 30	**2008**	**2010**
(a) Valuation assets	$ 141,235,655	$ 134,694,195
(b) Pension accrued liability	130,596,048	164,523,775
(c) Healthcare accrued liability	18,141,832	20,304,331
(d) Accrued liability, (b)+(c)	$ 148,737,880	$ 184,828,106
(e) Funding Ratio, (a)/(d)	95.0%	72.9%

Recommended Contribution Rates for Pension:	**FY11**	**FY13**
(a) Employer Normal Cost Rate	25.97%	34.82%
(b) Past Service Cost Rate	5.77%	28.14%
(c) Total Employer Contribution Rate, (a)+(b)	31.74%	62.96%

Recommended Contribution Rates for Healthcare:	**FY11**	**FY13**
(a) Employer Normal Cost Rate	3.97%	5.48%
(b) Past Service Cost Rate	0.49%	1.04%
(c) Total Employer Contribution Rate, (a)+(b)	4.46%	6.52%

Recommended Contribution Rates:	**FY11**	**FY13**
(a) Employer Normal Cost Rate	29.94%	40.30%
(b) Past Service Cost Rate	6.26%	29.18%
(c) Total Employer Contribution Rate, (a)+(b)	36.20%	69.48%

For the June 30, 2009 valuation results, we performed a roll forward of liabilities and determined the FY12 contribution rates using actual assets. The contribution rates that were calculated for FY12 were 42.80% for Pension, 4.78% for Healthcare, and 47.58% in Total.

Analysis of Valuation

(1) Actuarial Methods and Assumptions

The actuarial cost method is Entry Age Normal. The actuarial value of assets is the 5-year smoothing method.

(2) Salary Increases

Salaries for active judges changed between June 30, 2008 and June 30, 2010. The following table presents the annual base salaries for the different court appointments:

	June 30, 2008	June 30, 2010
District Court	$ 140,748	$ 147,876
Superior Court	165,996	174,396
Appellate Court	169,608	178,188
Supreme Court	179,520	188,604
Administrative Director	165,996	174,396
Chief Justice	180,048	189,156

(3) Investment Experience

The approximate FY09 investment return based on market values was (20.6)% and the approximate FY10 investment return based on market values was 10.6% compared to the expected investment return of 8.25%. This resulted in a loss of approximately $38 million for FY09 and a gain of approximately $2 million for FY10 from investment experience. The asset valuation method recognizes 20 percent of the FY10 gain this year and an additional 20 percent in each of the next 4 years. In addition, 20 percent of the FY07 gain, 20 percent of the FY08 loss and 20 percent of the FY09 loss were recognized this year. The approximate FY10 investment return based on actuarial value was 8.7% compared to the expected investment return of 8.25%. The net result was an investment gain of approximately $1 million to the System on the actuarial value of assets.

(4) Demographic Experience

The number of active members decreased from 73 to 72 for the two year period. There were 10 new entrants to the plan with an average entry age significantly higher than the continuing members. The average age of active members increased by 0.94 years, the average past service decreased by 1.00 years, and the average entry age increased by 1.94 years. Due to the increase in average entry age, the normal cost rate increased 3%. There were small changes in the inactive statistics as well. The membership statistics are found in Sections 3.2 through 3.4 of this report. There were large losses in retirement over the last two years that increased the unfunded liability and past service cost rate. The overall demographic experience produced an actuarial loss.

(5) Changes in Methods from the Prior Valuation

There were no changes in asset or valuation methods from the prior valuation.

(6) Changes in Assumptions from the Prior Valuation

Effective for the June 30, 2010 valuation, the Board adopted the changes to the demographic and economic assumptions recommended by the actuary based on the results of an experience analysis performed on the population experience from July 1, 2005 through June 30, 2009. The changes in assumptions were adopted by the Board during the December 2010 Board meeting. Also, the assumed Medicare Part B Only proportion of all Medicare retirees decreased from 4% to 0.6%. Wells Fargo now provides census information which indicates the Medicare Part B Only enrollment.

(7) Changes in Benefit Provisions Since the Prior Valuation

There have been no changes in benefit provisions since the prior valuation.

(8) Summary

The overall effect of system experience during the two-year period resulted in a decrease in the funding ratio from 95.0% to 72.9%. The total contribution rate increased from 36.20% to 69.48%.

		Pension	Healthcare	Total
1.	Total employer contribution rate from June 30, 2008 valuation	31.74%	4.46%	36.20%
2.	Change during FY09	11.06%	0.32%	11.38%
3.	Total employer contribution rate from June 30, 2009 roll-forward valuation	42.80%	4.78%	47.58%
4.	Change due to:			
	a. Change in assumptions	14.51%	2.17%	16.68%
	b. Investment experience	(0.83%)	0.10%	(0.73%)
	c. State of Alaska appropriation	(0.60%)	(0.21%)	(0.81%)
	d. Demographic experience, medical experience and new entrants[1]	7.08%	(0.32%)	6.76%
	e. Total	20.16%	1.74%	21.90%
5.	Total employer contribution rate this year [3 + 4e]	62.96%	6.52%	69.48%

[1] *Includes changes in healthcare assumptions.*

Section 1

This section sets forth the results of the actuarial valuation.

Section 1.1	Shows the asset information for FY09 and FY10.
Section 1.2	Shows the actuarial present values as of June 30, 2010.
Section 1.3	Calculates the actuarial gain or loss for FY10.
Section 1.4	Develops the total contribution rate.
Section 1.5	Schedule of past service cost amortizations.

Section 1 *(continued)*

1.1(a) Statement of Changes in Net Assets as of June 30, 2009

Fiscal Year 2009	Pension	Healthcare	Total Market Value
(1) Net Assets, June 30, 2008 (market value)	$ 116,209,622	$ 17,602,098	$ 133,811,720
(2) Additions:			
(a) Member Contributions	$ 594,674	$ 15,138[1]	$ 609,812
(b) Employer Contributions	4,937,406	1,411,259	6,348,665
(c) State of Alaska Appropriation	727,183	61,754	788,937
(d) Interest and Dividend Income	3,576,220	346,157	3,922,377
(e) Net Appreciation (Depreciation) in Fair Value of Investments	(27,851,745)	(3,250,718)	(31,102,463)
(f) Medicare Part D Subsidy	0	28,166	28,166
(g) Other	0	0	0
(h) Total Additions	$ (18,016,262)	$ (1,388,244)	$ (19,404,506)
(3) Deductions:			
(a) Medical Benefits	$ 0	$ 762,460	$ 762,460
(b) Retirement Benefits	7,375,193	0	7,375,193
(c) Investment Expenses	172,261	56	172,317
(d) Administrative Expenses	70,057	49,173	119,230
(e) Total Deductions	$ 7,617,511	$ 811,689	$ 8,429,200
(4) Net Assets, June 30, 2009 (market value)	$ 90,575,849	$ 15,402,165	$ 105,978,014
Approximate Market Value Investment Return Rate During FY09 Net of All Expenses			(20.6)%

Allocation of assets between pension and postemployment healthcare was reported to us by the Division of Retirement and Benefits.

[1] *These contributions are premiums paid by retirees who are not eligible for system-paid medical benefits.*

Section 1 *(continued)*

1.1(b) Statement of Net Assets as of June 30, 2009

As of June 30, 2009	Pension	Healthcare	Total Market Value
Cash and Cash Equivalents	$ 558,447	$ 393,743	$ 952,190
Domestic Equity Pool	28,479,813	5,139,627	33,619,440
Domestic Fixed Income Pool	0	0	0
International Equity Pool	17,354,592	2,834,507	20,189,099
Real Estate Pool	12,755,729	974,052	13,729,781
International Fixed Income Pool	1,391,941	271,947	1,663,888
Private Equity Pool	6,113,583	575,716	6,689,299
Treasury Inflation Protection Pool	731,714	259,692	991,406
Retirement Fixed Income Pool	11,609,383	2,459,423	14,068,806
Emerging Markets Equity Pool	2,889,737	606,575	3,496,312
High Yield Pool	2,030,825	388,415	2,419,240
Absolute Return Pool	3,857,812	986,634	4,844,446
Emerging Debt Pool	701,835	137,263	839,098
Other Investments Pool	1,198,946	285,626	1,484,572
Total Cash and Investments	$ 89,674,357	$ 15,313,220	$ 104,987,577
Net Receivables	174,309	18,692	193,001
Receivable Contribution	727,183	61,754	788,937
Other Assets	0	8,499	8,499
Total Assets	$ 90,575,849	$ 15,402,165	$ 105,978,014

Section 1 *(continued)*
1.1(c) Statement of Changes in Net Assets as of June 30, 2010

Fiscal Year 2010	Pension	Healthcare	Total Market Value
(1) Net Assets, June 30, 2009 (market value)	$ 90,575,849	$ 15,402,165	$ 105,978,014
(2) Additions:			
(a) Member Contributions	$ 636,381	$ 16,200[1]	$ 652,581
(b) Employer Contributions	2,509,628	467,159	2,976,787
(c) State of Alaska Appropriation	1,144,424	405,576	1,550,000
(d) Interest and Dividend Income	1,748,159	306,203	2,054,362
(e) Net Appreciation (Depreciation) in Fair Value of Investments	7,798,530	1,406,350	9,204,880
(f) Medicare Part D Subsidy	0	35,544	35,544
(g) Other	2	0	2
(h) Total Additions	$ 13,837,124	$ 2,637,032	$ 16,474,156
(3) Deductions:			
(a) Medical Benefits	$ 0	$ 1,031,333	$ 1,031,333
(b) Retirement Benefits	8,314,505	0	8,314,505
(c) Investment Expenses	217,821	51	217,872
(d) Administrative Expenses	47,125	24,400	71,525
(e) Total Deductions	$ 8,579,451	$ 1,055,784	$ 9,635,235
(4) Net Assets, June 30, 2010 (market value)	$ 95,833,522	$ 16,983,413	$ 112,816,935
Approximate Market Value Investment Return Rate During FY10 Net of All Expenses			10.6%

Allocation of assets between pension and postemployment healthcare was reported to us by the Division of Retirement and Benefits.

[1] *These contributions are premiums paid by retirees who are not eligible for system-paid medical benefits.*

Section 1 *(continued)*
1.1(d) Statement of Net Assets as of June 30, 2010

As of June 30, 2010	Pension	Healthcare	Total Market Value
Cash and Cash Equivalents	$ 1,310,564	$ 170,462	$ 1,481,026
Domestic Equity Pool	27,456,308	4,877,662	32,333,970
Domestic Fixed Income Pool	4,935,321	764,518	5,699,839
International Equity Pool	14,565,437	2,540,157	17,105,594
Real Estate Pool	8,381,097	1,488,333	9,869,430
International Fixed Income Pool	1,442,991	246,269	1,689,260
Private Equity Pool	9,274,772	1,611,587	10,886,359
Treasury Inflation Protection Pool	537,129	105,067	642,196
Retirement Fixed Income Pool	8,565,503	1,881,408	10,446,911
Emerging Markets Equity Pool	5,456,905	1,014,379	6,471,284
High Yield Pool	2,356,885	405,054	2,761,939
Absolute Return Pool	4,808,496	838,267	5,646,763
Emerging Debt Pool	730,086	126,705	856,791
Other Investments Pool	5,236,527	909,253	6,145,780
Total Cash and Investments	$ 95,058,021	$ 16,979,121	$ 112,037,142
Net Receivables	48,304	(65,961)	(17,657)
Receivable Contribution	727,183	61,754	788,937
Other Assets	14	8,499	8,513
Total Assets	$ 95,833,522	$ 16,983,413	$ 112,816,935

Section 1 *(continued)*

1.1(e) Actuarial Value of Assets

The actuarial value of assets was set equal to the market value at June 30, 2002. Future investment gains and losses will be recognized 20% per year over 5 years. In no event may valuation assets be less than 80% or more than 120% of market value as of the current valuation date.

In Thousands	Pension	Healthcare	Total
(1) Deferral of Investment Return for FY10			
(a) Market Value, June 30, 2009[1]	$ 90,575,849	$ 15,402,165	$ 105,978,014
(b) Contributions for FY10	4,290,433	888,935	5,179,368
(c) Medicare Part D Subsidy	0	35,544	35,544
(d) Benefit Payments for FY10	8,314,505	1,031,333	9,345,838
(e) Actual Investment Return *(net of expenses)*	9,281,745	1,688,102	10,969,847
(f) Expected Return Rate *(net of expenses)*	8.25%	8.25%	8.25%
(g) Expected Return - Weighted for Timing[2]	7,249,811	1,261,264	8,511,075
(h) Investment Gain/(Loss) for the Year *(e. – g.)*	2,031,934	426,838	2,458,772
(i) Deferred Investment Return	(22,863,850)	(2,710,556)	(25,574,406)
(2) Actuarial Value, June 30, 2010			
(a) Market Value, June 30, 2010	$ 95,833,522	$ 16,983,413	$ 112,816,935
(b) 2010 Deferred Investment Return/(Loss)	(22,863,850)	(2,710,556)	(25,574,406)
(c) Preliminary Actuarial Value, June 30, 2010 *(a. - b.)*	118,697,372	19,693,969	138,391,341
(d) Upper Limit: 120% of Market Value, June 30, 2010	115,000,226	20,380,095	N/A
(e) Lower Limit: 80% of Market Value, June 30, 2010	76,666,818	13,586,731	N/A
(f) Actuarial Value, June 30, 2010 *(c. limited by d. and e.)*	$ 115,000,226	$ 19,693,969	$ 134,694,195
(g) Ratio of Actuarial Value of Assets to Market Value of Assets	120.0%	116.0%	119.4%
(h) Approximate Actuarial Value Investment Return Rate During FY10 Net of All Expenses	9.0%	6.8%	8.7%

[1] *Includes State of Alaska appropriation of $788,937 as a receivable as of June 30, 2009.*
[2] *State of Alaska appropriation of $788,937 is excluded from expected return.*

1.1(e) Actuarial Value of Assets *(continued)*

The tables below show the development of gain/(loss) to be recognized in the current year.

Pension

Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007[1]	$ 7,344,765	$ 4,406,859	$ 1,468,953	$ 1,468,953
6/30/2008	(13,849,954)	(5,539,982)	(2,769,991)	(5,539,981)
6/30/2009	(34,030,615)	(6,806,123)	(6,806,123)	(20,418,369)
6/30/2010	2,031,934	0	406,387	1,625,547
Total	**$ (38,503,870)**	**$ (7,939,246)**	**$ (7,700,774)**	**$ (22,863,850)**

Healthcare

Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007[1]	$ 338,252	$ 202,950	$ 67,651	$ 67,651
6/30/2008	(1,192,229)	(476,892)	(238,446)	(476,891)
6/30/2009	(4,404,642)	(880,928)	(880,928)	(2,642,786)
6/30/2010	426,838	0	85,368	341,470
Total	**$ (4,831,781)**	**$ (1,154,870)**	**$ (966,355)**	**$ (2,710,556)**

Total

Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007	$ 7,683,017	$ 4,609,809	$ 1,536,604	$ 1,536,604
6/30/2008	(15,042,183)	(6,016,874)	(3,008,437)	(6,016,872)
6/30/2009	(38,435,257)	(7,687,051)	(7,687,051)	(23,061,155)
6/30/2010	2,458,772	0	491,755	1,967,017
Total	**$ (43,335,651)**	**$ (9,094,116)**	**$ (8,667,129)**	**$ (25,574,406)**

[1] *The pension and healthcare assets bases were allocated using a ratio of market value of assets as of June 30, 2007.*

Section 1 *(continued)*
1.2 Breakdown of Accrued Liability and Normal Cost

At June 30, 2010	Normal Cost	Accrued Liability
Active Members		
Retirement Benefits	$ 4,442,128	$ 45,117,015
Disability Benefits	14,661	(29,823)
Death Benefits	102,870	558,352
Termination Benefits[1]	325,590	(965,498)
Medical and Prescription Drug Benefits	724,703	6,243,388
Medicare Part D Subsidy	(63,112)	(569,881)
Subtotal	$ 5,546,840	$ 50,353,553
Benefit Recipients		
Retiree Benefits		$ 104,261,214
Survivor Benefits		10,388,905
Disability Benefits		0
Medical and Prescription Drug Benefits		15,175,978
Medicare Part D Subsidy		(1,412,354)
Subtotal		$ 128,413,743
Vested Terminations		
Deferred Retirement Benefits		$ 5,193,610
Medical and Prescription Drug Benefits		927,029
Medicare Part D Subsidy		(59,829)
Subtotal		$ 6,060,810
Non-Vested Terminations		$ 0
Total	**$ 5,546,840**	**$ 184,828,106**
Total Pension	**$ 4,885,249**	**$ 164,523,775**
Total Healthcare, Net of Part D Subsidy	**$ 661,591**	**$ 20,304,331**

[1] *Includes return of contributions.*

Section 1 *(continued)*

1.3 Development of Actuarial Gain/(Loss) for FY10

Liability Gain/(Loss)		Pension	Healthcare	Total
(1)	Accrued Liability, June 30, 2009	$ 137,586,315	$ 19,093,191	$ 156,679,506
(2)	Normal Cost for FY10	3,736,779	462,781	4,199,560
(3)	Interest on (1) and (2) at 8.25%	11,659,155	1,613,368	13,272,523
(4)	Benefit Payments for FY10	8,314,505	1,031,333	9,345,838
(5)	Refund of Contributions for FY10	0	0	0
(6)	Interest on (4) and (5) at 8.25% for one-half year	336,177	41,699	377,876
(7)	Change in Assumptions	13,976,981	2,006,196	15,983,177
(8)	Expected Accrued Liability, June 30, 2010 (1) + (2) + (3) – (4) – (5) – (6) + (7)	$ 158,308,548	$ 22,102,504	$ 180,411,052
(9)	Accrued Liability, June 30, 2010	164,523,775	20,304,331	184,828,106
(10)	**Liability Gain/(Loss) (8) – (9)**	**$ (6,215,227)**	**$ 1,798,173**	**$ (4,417,054)**
Asset Gain/(Loss)				
(11)	Valuation Assets, June 30, 2009	$ 108,691,018	$ 18,482,598	$ 127,173,616
(12)	Interest on (11) at 8.25%[1]	8,907,016	1,519,720	10,426,736
(13)	Member Contributions for FY10	636,381	16,200[2]	652,581
(14)	Employer Contributions for FY10	2,509,628	467,159	2,976,787
(15)	State of Alaska Appropriation Relief	1,144,424	405,576	1,550,000
(16)	Medicare Part D Subsidy	0	35,544	35,544
(17)	Interest on (13), (14), (15) and (16) at 8.25% for one-half year	173,473	37,379	210,852
(18)	Benefit Payments for FY10	8,314,505	1,031,333	9,345,838
(19)	Refund of Contributions for FY10	0	0	0
(20)	Interest on (19) and (20) at 8.25% for one-half year	336,177	41,699	377,876
(21)	Expected Valuation Assets, June 30, 2010 (11) + (12) + (13) + (14) + (15) + (16) + (17) – (18) – (19) – (20)	$ 113,411,258	$ 19,891,144	$ 133,302,402
(22)	Valuation Assets, June 30, 2010	115,000,226	19,693,969	134,694,195
(23)	**Asset Gain/(Loss) (22) – (21)**	**$ 1,588,968**	**$ (197,175)**	**$ 1,391,793**
Total Gain/(Loss)				
(24)	**Actuarial Gain/(Loss) (10) + (23)**	**$ (4,626,259)**	**$ 1,600,998**	**$ (3,025,261)**
(25)	**Effect of Delay on Contributions and State Appropriations**	**$ (1,848,521)**	**$ 329,658**	**$ (1,518,863)**
(26)	**Total Gain/(Loss) to be Amortized (24) + (25)**	**$ (6,474,780)**	**$ 1,930,656**	**$ (4,544,124)**

[1] *State of Alaska appropriation of $788,937 does not receive interest.*
[2] *These contributions are premiums paid by retirees who are not eligible for system paid medical benefits.*

Section 1 *(continued)*
1.4 Calculation of Total Contribution Rate for FY13

Normal Cost	Pension	Healthcare	Total
(1) Total Normal Cost	$ 4,885,249	$ 661,591	$ 5,546,840
(2) Total Base Salaries for Upcoming Fiscal Year	$ 12,082,560	$ 12,082,560	$ 12,082,560
(3) Total Normal Cost Rate, (1) / (2)	40.43%	5.48%	45.91%
(4) Average Member Contribution Rate	5.61%	0.00%	5.61%
(5) Employer Normal Cost Rate, (3) - (4)	34.82%	5.48%	40.30%

Past Service Rate	Pension	Healthcare	Total
(1) Accrued Liability	$164,523,775	$ 20,304,331	$ 184,828,106
(2) Valuation Assets	115,000,226	19,693,969	134,694,195
(3) Total Unfunded Liability, (1) - (2)	$ 49,523,549	$ 610,362	$ 50,133,911
(4) Funded Ratio, (2) / (1)	69.9%	97.0%	72.9%
(5) Past Service Cost Amortization Payment (See Section 1.5)	$ 3,399,999	$ 125,745	$ 3,525,744
(6) Total Base Salaries for Upcoming Fiscal Year	$ 12,082,560	$ 12,082,560	$ 12,082,560
(7) Past Service Cost Rate, (5) / (6)	28.14%	1.04%	29.18%
Total Employer Contribution Rate	**62.96%**	**6.52%**	**69.48%**

Section 1 *(continued)*

1.5 Schedule of Past Service Cost Amortizations

	Pension				
	Amortization Period		Balances		
Charge	Date Created	Years Left	Initial	Outstanding	Beginning-of-Year Payment
Initial Unfunded Liability[1]	06/30/2002	17	$ 5,864,449	$ 6,260,451	$ 502,461
FY03/FY04 Loss[1]	06/30/2004	19	855,068	909,504	67,727
Loss due to revaluation of plan liabilities[1]	06/30/2005	20	9,115,451	9,638,310	694,188
FY05/FY06 Loss[1]	06/30/2006	21	18,186,558	19,070,357	1,331,616
FY07 Loss	06/30/2007	22	1,364,721	1,416,919	96,125
FY08 Gain	06/30/2008	23	(29,014,739)	(29,800,653)	(1,968,001)
FY09 Loss	06/30/2009	24	21,273,454	21,576,900	1,389,505
Change in Assumptions	06/30/2010	25	13,976,981	13,976,981	879,126
FY10 Loss	06/30/2010	25	6,474,780	6,474,780	407,252
Total				**$ 49,523,549**	**$ 3,399,999**

[1] *The pension and healthcare split was done using a ratio of unfunded accrued liability as of June 30, 2006.*

Section 1 *(continued)*
1.5 Schedule of Past Service Cost Amortizations

Healthcare					
	Amortization Period		Balances		
Charge	Date Created	Years Left	Initial	Outstanding	Beginning-of-Year Payment
Initial Unfunded Liability[1]	06/30/2002	17	$ 2,295,257	$ 2,450,246	$ 196,655
FY03/FY04 Loss[1]	06/30/2004	19	334,660	355,965	26,507
Loss due to revaluation of plan liabilities[1]	06/30/2005	20	3,567,649	3,772,287	271,695
FY05/FY06 Loss[1]	06/30/2006	21	7,117,943	7,463,847	521,174
FY07 Gain	06/30/2007	22	(810,073)	(841,056)	(57,058)
FY08 Change in Assumptions	06/30/2008	23	789,072	810,445	53,521
FY08 Gain	06/30/2008	23	(14,011,596)	(14,391,124)	(950,373)
FY09 Loss	06/30/2009	24	901,355	914,212	58,873
Change in Assumptions	06/30/2010	25	2,006,196	2,006,196	126,186
FY10 Gain	06/30/2010	25	(1,930,656)	(1,930,656)	(121,435)
Total				**$ 610,362**	**$ 125,745**

[1] *The pension and healthcare split was done using a ratio of unfunded accrued liability as of June 30, 2006.*

Section 1 *(continued)*

1.5 Schedule of Past Service Cost Amortizations

	Total				
	Amortization Period		Balances		
Charge	Date Created	Years Left	Initial	Outstanding	Beginning-of-Year Payment
Initial Unfunded Liability	6/30/2002	17	$ 8,159,706	$ 8,710,697	$ 699,116
FY03/FY04 Loss	6/30/2004	19	1,189,728	1,265,469	94,234
Loss due to revaluation of plan liabilities	06/30/2005	20	12,683,100	13,410,597	965,883
FY05/FY06 Loss	06/30/2006	21	25,304,501	26,534,204	1,852,790
FY07 Loss	06/30/2007	22	554,648	575,863	39,067
FY08 Change in Assumptions	06/30/2008	23	789,072	810,445	53,521
FY08 Gain	06/30/2008	23	(43,026,335)	(44,191,777)	(2,918,374)
FY09 Loss	06/30/2009	24	22,174,809	22,491,112	1,448,378
Change in Assumptions	06/30/2010	25	15,983,177	15,983,177	1,005,312
FY10 Loss	06/30/2010	25	4,544,124	4,544,124	285,817
Total				**$ 50,133,911**	**$ 3,525,744**

Section 2
Information Required by GASB Nos. 25 and 43

This section contains supplementary information on retirement benefits that is required to be disclosed in financial statements to comply with Statements No. 25 and 43 of the Governmental Accounting Standards Board (GASB Nos. 25 and 43). GASB No. 43 first applies for the June 30, 2006 disclosure.

Section 2 *(continued)*

2.1 Schedule of Employer Contributions

Prior to adoption of GASB Statement No. 25 and 26 in 1997, an ARC was not determined pursuant to the parameters of the statements. Therefore, history prior to 1997 has not been shown. The exhibit below shows the combined annual required contribution for fiscal years ending in 2004 and before.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 1998	$ 2,204,026	100.0%
June 30, 2000	1,510,516	100.0%
June 30, 2002	1,005,968	100.0%
June 30, 2004	1,786,835	100.0%

The following shows pension disclosure under GASB No. 25 for fiscal year ending 2006 and later.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2006	$ 2,133,876	115.6%
June 30, 2007	$ 3,168,943	100.0%
June 30, 2008	$ 3,898,001	1,045.0%
June 30, 2009	$ 4,937,406	100.0%
June 30, 2010	$ 5,236,646	69.8%

The following shows healthcare disclosure without regard to Medicare Part D subsidy under GASB No. 43 for fiscal year ending 2006 and later.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2006	$ 262,631	115.6%
June 30, 2007	$ 486,800	100.0%
June 30, 2008	$ 567,415	2,489.4%
June 30, 2009	$ 1,411,259	100.0%
June 30, 2010	$ 1,432,721	60.9%

Section 2 *(continued)*

2.2 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 1998	$ 64,689,972	$ 61,483,386	N/A	105.2%	$ 5,716,092	N/A
June 30, 2000	72,660,197	73,483,475	823,278	98.9%	5,701,980	14.4%
June 30, 2002	63,683,909	71,843,615	8,159,706	88.6%	5,941,860	137.3%
June 30, 2004	70,455,634	80,052,559	9,596,925	88.0%	6,529,608	147.0%

Note: Prior to adoption of GASB Statements No. 25 and 26 in 1997, information which does not meet the parameters of GASB 25 was used to determine funding requirements. Therefore, the history prior to 1997 has not been shown.

The exhibit below shows the pension disclosure under GASB No. 25.

	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2006	$ 77,310,716	$ 111,819,972	$ 34,509,256	69.1%	$ 7,130,592	484.0%
June 30, 2008	$ 122,882,726	$ 130,596,048	$ 7,713,322	94.1%	$ 10,462,322	73.7%
June 30, 2010	$ 115,000,226	$ 164,523,775	$ 49,523,549	69.9%	$ 11,845,548	418.1%

The exhibit below shows the postemployment healthcare disclosure without regard to Medicare Part D under GASB No. 43.

	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2006	$ 2,399,387	$ 17,794,213	$ 15,394,826	13.5%	$ 7,130,592	215.9%
June 30, 2008	$ 18,352,929	$ 19,941,128	$ 1,588,199	92.0%	$ 10,462,322	15.2%
June 30, 2010	$ 19,693,969	$ 22,346,395	$ 2,652,426	88.1%	$ 11,845,548	22.4%

Section 2 *(continued)*
2.3 Actuarial Assumptions, Methods and Additional Information

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay for Pension; Level Dollar for Healthcare
Amortization Method	– Level percentage of pay normal cost for Pension – Level dollar normal cost for Healthcare
Equivalent Single Amortization Period	21 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment rate of return*	8.00%
Projected salary increases	4.12%
*Includes inflation at	3.12%
Cost-of-living adjustment	4.12%

GASB 43 requires that the discount rate used in the valuation be the estimated long-term yield on investments that are expected to finance postemployment benefits. Depending on the method by which a plan is financed, the relevant investments could be plan assets, employer assets or a combination of plan and employer assets. The investment return should reflect the nature and the mix of both current and expected investments and the basis used to determined the actuarial value of assets.

The State of Alaska Judicial Retirement System's retiree health care benefits are being fully funded. Therefore, the 8.00% discount rate used for GASB 25 reporting is also applied herein for GASB 43 reporting.

Based on GASB accounting rules, the retiree drug subsidy the State of Alaska receives under Medicare Part D has not been recognized for GASB 43 disclosure purposes.

Using the GASB 43 discount rate determined above and disregarding future Medicare Part D payments, the fiscal 2013 employer ARC for accounting purposes is 8.10% of pay for healthcare benefits and 71.06% of pay for healthcare and pension benefits combined.

Section 3
Basis of the Valuation

In this section, the basis of the valuation is presented and described. This information – the provisions of the System and the census of members – is the foundation of the valuation, since these are the present facts upon which benefit payments will depend.

A summary of the System's provisions is provided in Section 3.1 and member census information is shown in Section 3.2 to Section 3.4.

The valuation is based upon the premise that the System will continue in existence, so that future events must also be considered. These future events are assumed to occur in accordance with the actuarial assumptions and concern such events as the earnings of the fund; the number of members who will retire, die or terminate their services; their ages at such termination and their expected benefits.

The actuarial assumptions and the actuarial cost method, or funding method, which have been adopted to guide the sponsor in funding the System in a reasonable and acceptable manner, are described in Section 3.5.

Section 3 *(continued)*
3.1 Summary of Plan Provisions

(1) Effective Date

May 4, 1963, with amendments through June 30, 2010.

(2) Administration of Plan

The Commissioner of Administration is responsible for administering the Judicial Retirement System (JRS). The Alaska Retirement Management Board is responsible for managing and investing the fund (Ch 5, SLA 2005).

(3) Members Included

JRS membership is mandatory for all Supreme Court justices and Superior, District and Appellate Court judges. The administrative director of the Court System may elect to participate in either the JRS or the Public Employees' Retirement System (PERS).

(4) Credited Service

Members receive credit for each day of JRS employment. Earlier service as a magistrate or deputy magistrate before July 1, 1967 is covered under the JRS. JRS members become vested in the plan after reaching 5 years of credited service.

(5) Member Contributions

Members hired after July 1, 1978, are required to contribute 7% of their base annual salaries. Contributions are required for a maximum of 15 years. Members hired before July 1, 1978 are not required to contribute.

Interest Credited: 4.5% compounded semiannually on June 30 and December 31.

Refund of Contributions: Nonvested members may receive a refund of their contributions and interest earned if they terminate employment. Refunded contributions, plus 7% indebtedness interest, must be repaid before appointment to retirement.

JRS contributions for terminated members may be attached to satisfy claims under Alaska Statute 09.38.065 or federal tax levies. Contributions that are attached to satisfy claims or tax levies may be reinstated at any time. The member is not required to return to JRS employment.

(6) Retirement Eligibility and Benefits

Normal Retirement: Members are eligible for normal retirement at age 60 if they have at least five years of JRS service. Terminated, vested members may defer retirement and begin receiving normal retirement benefits when they reach age 60. Vesting is completion of at least five years of JRS service.

Early Retirement: Members are eligible for early retirement at any age if they have at least 20 years of service. Terminated, vested members may defer retirement and begin receiving early retirement benefits when they reach age 55. Under early retirement, members receive reduced benefits equal to the actuarial equivalent of their normal retirement benefits. Early benefits are based on the member's service and early retirement date.

Type of Benefit: Lifetime monthly benefits are paid to the member. Upon the member's death, a survivor's benefit (below) may be payable if the member has an eligible spouse or dependent children.

Computation of Normal Retirement Benefit: 5% of authorized monthly base salary for each year of JRS service up to a maximum of 15 years. JRS retirement benefit payments are recalculated when the salary for the office held by the member at the time of retirement changes. The maximum JRS benefit payable to a member is 75% of the authorized salary.

(7) Survivor's Benefits

Survivor's benefits are payable to the spouse of a member if they have been married for at least one year immediately preceding the member's death and the member has at least two years of JRS service. The monthly survivor's benefit is equal to the greater of:

(a) one-half of the monthly benefit that the member would have received if retired at the time of death; or

(b) 30% of the authorized monthly base salary if the member was not eligible to retire, or was entitled to less than 60% of the authorized monthly base salary.

If there is no eligible surviving spouse, the member's dependent children receive, in equal shares, 50% of the benefit under (a) or (b) until age 19 or 23 and attending an accredited educational or technical institution on a full-time basis.

When there is both an eligible surviving spouse and dependent children residing in separate households, the spouse and children share equally the benefit under (a) or (b) while the children are under 19 or 23 and attending an accredited educational or technical institution on a full-time basis.

When there is no surviving spouse or dependent children, the members' contribution account balance, including interest earned, will be paid to the designated beneficiary.

(8) Disability Benefits

Members are eligible to receive monthly disability benefits at any age if they become incapacitated and they have at least two years of JRS service. Disability benefits are calculated the same as normal retirement benefits.

(9) Medical Benefits

Medical benefits are provided at no cost to JRS members, their spouses and dependents while monthly retirement, disability and survivor benefits are being paid.

Changes Since the Prior Valuation

There have been no changes in benefit provisions since the prior valuation.

Section 3 *(continued)*

3.2 Changes in System Participation from June 30, 2008 to June 30, 2010

	Active Members	Vested Members	Nonvested Members	Benefit Recipients	Total
Total at June 30, 2008	73	5	1	90	169
New Entrants	10	0	0	0	10
Rehires	2	(1)	0	(1)	0
Nonvested Terminations	0	0	0	0	0
Refund of Contributions	0	0	(1)	0	(1)
Vested Terminations	(1)	1	0	0	0
Retirements	(12)	(1)	0	13	0
New Survivors	0	0	0	0	0
New QDROs	0	0	0	0	0
Deaths	0	0	0	(3)	(3)
Total at June 30, 2010	72	4	0	99	175

Section 3 *(continued)*

3.3 Member Census Information

As of June 30	2002	2004	2006	2008	2010
Active Members					
1. Number	56	62	66	73	72
2. Average Age	52.88	54.19	54.70	55.64	56.58
3. Average Service	10.85	10.68	10.45	10.20	9.20
4. Average Entry Age	42.03	43.51	44.25	45.44	47.38
5. Average Annual Base Pay	$ 106,105	$ 105,316	$ 146,458	$ 159,617	$ 167,813
6. Number Vested	N/A	44	41	46	45
Vested Terminated Members					
1. Number	11	11	7	5	4
2. Average Age	54.97	54.94	55.88	54.81	57.53
3. Average Service	9.65	10.08	12.22	7.67	10.99
4. Average Monthly Benefit	$ 3,879	$ 3,911	$ 6,653	$ 4,743	$ 6,823
Non-Vested Terminated Members					
1. Number	0	0	0	1	0
2. Average Age	0	0	0	56.95	0
3. Average Service	0	0	0	1.5	0
4. Average Account Balance	$ 0	$ 0	$ 0	$ 12,191	$ 0
Benefit Recipients					
1. Number	71	75	86	90	99
2. Average Age	69.91	70.35	70.16	70.92	71.42
3. Average Monthly Benefit	$ 4,354	$ 4,255	$ 6,029	$ 6,765	$ 7,484

Section 3 *(continued)*
3.4 Distributions of Active Members

Annual Earnings By Age

Age Groups	Number	Total Earnings	Average Earnings
0-19	0	$ 0	$ 0
20-24	0	0	0
25-29	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	4	579,888	144,972
45-49	6	987,780	164,630
50-54	17	2,724,564	160,268
55-59	24	4,070,928	169,622
60-64	17	2,794,764	164,398
65-69	4	687,624	171,906
70-74	0	0	0
75-79	0	0	0
80 +	0	0	0
Total	72	$11,845,548	$ 164,522

Annual Earnings By Service

Years of Service	Number	Total Earnings	Average Earnings
0	6	$ 947,844	$ 157,974
1	4	631,896	157,974
2	7	1,184,760	169,251
3	6	999,852	166,642
4	4	657,900	164,475
0-4	27	4,422,252	163,787
5-9	23	3,752,280	163,143
10-14	8	1,319,520	164,940
15-19	6	977,568	162,928
20-24	2	355,884	177,942
25-29	6	1,018,044	169,674
30-34	0	0	0
35-39	0	0	0
40 +	0	0	0
Total	72	$11,845,548	$ 164,522

Years of Service By Age

	Years of Service									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
0-19	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0
40-44	1	3	0	0	0	0	0	0	0	4
45-49	4	1	1	0	0	0	0	0	0	6
50-54	7	9	0	1	0	0	0	0	0	17
55-59	9	5	5	3	1	1	0	0	0	24
60-64	6	4	1	2	1	3	0	0	0	17
65-69	0	1	1	0	0	2	0	0	0	4
70-74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
	27	23	8	6	2	6	0	0	0	72

Total annual earnings are the annualized earnings for the fiscal year ending on the valuation date.

Section 3 *(continued)*

3.5 Actuarial Basis

Summary of Actuarial Assumptions and Methods

Actuarial Method – Entry Age Actuarial Cost.

Liabilities and contributions shown in the report are computed using the Entry Age Actuarial Cost method of funding. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll. However, in keeping with GASB requirements, the net amortization period will not exceed 30 years.

Projected pension and preretirement spouse's death benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for pension benefits (constant dollar amount for healthcare benefits), from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Valuation of Assets

Effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method will be phased in over five years. Assets are initialized at market value as of June 30, 2006. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from financial statements audited by KPMG LLP. Valuation assets are constrained to a range of 80% to 120% of the market value of assets.

3.5 Actuarial Basis

Valuation of Medical and Prescription Drug Benefits

This section outlines the detailed methodology used to develop the initial per capita claims cost rates for the State of Alaska Judges' Retirement System postemployment healthcare plan. Note that methodology reflects the results of our annual experience rate update for the period July 1, 2010 to June 30, 2011.

Base claims cost rates are incurred healthcare costs expressed as a rate per member per year. Ideally, claims cost rates should be derived for each significant component of cost that can be expected to require differing projection assumptions or methods, i.e., medical claims, prescription drug claims, administrative costs, etc. Separate analysis is limited by the availability and credibility of cost and enrollment data for each component of cost. This valuation reflects non-prescription claims separated by Medicare status, including eligibility for free Part A coverage. Prescription costs are analyzed separately as in prior valuations. Administrative costs are assumed in the final per capita claims cost rates used for valuation purposes, as described below. Analysis to date on Medicare Part A coverage is limited since Part A claim data is not available by individual, nor is this status incorporated into historical claim data.

We analyzed Wells Fargo Insurance Services (WFIS) and Premera management level reporting for fiscal 2007 through fiscal 2010, as well as WFIS and Premera claim level data for the same period and derived recommended base claims cost rates as described in the following steps:

1. Based on analysis described in our Experience Study, dental, vision and audio claims (DVA) are excluded from data analyzed for this valuation.

2. Available management level reporting does not show claims or enrollment separately for Medicare and non-Medicare plan participants, but does include overall statistics as to the percentage of claims and enrollment attributable to both groups. Claim level reporting and the State's approved RDS listing from Medicare were used to augment cost data by Medicare status.

3. Alaska retirees who do not have 40 quarters of Medicare-covered compensation do not qualify for Medicare Part A coverage free of charge. This is a relatively small and closed group. Medicare was applied to State employment for all employees hired after March 31, 1986. For these "no-Part A" individuals, the State is the primary payer for hospital bills and other Part A services. Thus, claims costs are higher for the no-Part A group. To date, claim experience is not available separately for participants with both Medicare Parts A and B and those with Part B only. Therefore, higher no-Part A claims are spread across the entire retired population and have been applied to future claims of current active employees projected to retire in the future. To the extent that no-Part A claims can be isolated and applied strictly to the appropriate closed group, actuarial accrued liability will be more accurate and will be lower. The larger the no-Part A population, the more accrued liabilities will decrease.

   Based on census data received from WFIS, 0.6% of the current retiree population, for all plans, was identified as having coverage only under Medicare Part B. For future retirees, we assume their Part A eligible status based on a combination of date of hire, date of birth, tier, etc.

   All claims cost rates developed from management level reporting have been compared to similar rates developed from claim level data.

3.5 Actuarial Basis

4. The steps above result in separate paid claims cost rates for medical and prescription benefits for non-Medicare, Medicare Part B only and Medicare Part A&B members for the past four fiscal years. Medical claims cost rates reflect differing average ages and levels of Medicare coordination for each group. Prescription claims cost rates reflect differing average ages. We converted paid claim data to incurred cost rates projected from each historical data period to the valuation year using a weighted average of national and Alaska-specific trend factors and developed weighted average incurred claims cost rates. The assumed lag between medical claim incurred and paid dates is approximately 2.4 months for medical claims and 0.15 months for prescription claims.

Section 3 *(continued)*
3.5 Actuarial Basis

June 30, 2010 Valuation – FY 2011 Claims Cost Rates

	Medical			Prescription Drugs			
	Pre-Medicare	Medicare A&B	Medicare B Only	Pre-Medicare	Medicare A&B	Medicare B Only	Total
Fiscal 2007 Paid Claims	**$ 129,762,975**	**$ 22,677,328**	**$ 3,524,812**	**$ 46,176,199**	**$ 42,348,638**	**$ 2,391,089**	**$ 246,881,041**
Membership	33,446	20,315	1,069	33,446	20,315	1,069	54,830
Paid Claims Cost Rate	$ 3,880	$ 1,116	$ 3,297	$ 1,381	$ 2,085	$ 2,236	$ 4,503
Trend to FY2011	1.512	1.512	1.512	1.467	1.467	1.467	
FY 2011 Paid Cost Rate	$ 5,866	$ 1,688	$ 4,984	$ 2,026	$ 3,059	$ 3,282	$ 6,734
Paid to Incurred Factor*	1.022	1.022	1.022	1.001	1.001	1.001	
FY 2011 Incurred Cost Rate	**$ 5,995**	**$ 1,725**	**$ 5,094**	**$ 2,028**	**$ 3,062**	**$ 3,285**	**$ 6,830**
Fiscal 2008 Paid Claims	**$ 169,598,064**	**$ 28,657,490**	**$ 6,079,463**	**$ 53,506,123**	**$ 52,529,773**	**$ 2,346,512**	**$ 312,717,425**
Membership	33,630	21,434	893	33,630	21,434	893	55,957
Paid Claims Cost Rate	$ 5,043	$ 1,337	$ 6,807	$ 1,591	$ 2,451	$ 2,627	$ 5,589
Trend to FY2011	1.358	1.358	1.358	1.316	1.316	1.316	
FY 2011 Paid Cost Rate	$ 6,847	$ 1,815	$ 9,243	$ 2,094	$ 3,226	$ 3,459	$ 7,508
Paid to Incurred Factor*	1.022	1.022	1.022	1.001	1.001	1.001	
FY 2011 Incurred Cost Rate	**$ 6,998**	**$ 1,855**	**$ 9,446**	**$ 2,096**	**$ 3,229**	**$ 3,462**	**$ 7,618**
Fiscal 2009 Paid Claims	**$ 185,275,626**	**$ 39,286,392**	**$ 3,949,927**	**$ 61,062,842**	**$ 60,195,838**	**$ 1,412,907**	**$ 351,183,532**
Membership	32,943	24,624	539	32,943	24,624	539	58,106
Paid Claims Cost Rate	$ 5,624	$ 1,595	$ 7,327	$ 1,854	$ 2,445	$ 2,621	$ 6,044
Trend to FY2011	1.221	1.221	1.221	1.184	1.184	1.184	
FY 2011 Paid Cost Rate	$ 6,866	$ 1,948	$ 8,944	$ 2,194	$ 2,893	$ 3,102	$ 7,300
Paid to Incurred Factor*	1.022	1.022	1.022	1.001	1.001	1.001	
FY 2011 Incurred Cost Rate	**$ 7,017**	**$ 1,991**	**$ 9,141**	**$ 2,196**	**$ 2,896**	**$ 3,105**	**$ 7,407**

* As data specific to Medicare and Pre-Medicare retirees is provided, lag factors specific to Medicare status will be reflected.

Section 3 *(continued)*
3.5 Actuarial Basis

June 30, 2010 Valuation – FY 2011 Claims Cost Rates

	Medical			Prescription Drugs			
	Pre-Medicare	Medicare A&B	Medicare B Only	Pre-Medicare	Medicare A&B	Medicare B Only	Total
Fiscal 2010 Paid Claims	**$ 199,739,865**	**$ 51,373,725**	**$ 1,215,832**	**$ 62,310,224**	**$ 73,005,066**	**$ 414,101**	**$ 388,058,813**
Membership	32,026	27,915	156	32,026	27,915	156	60,097
Paid Claims Cost Rate	$ 6,237	$ 1,840	$ 7,794	$ 1,946	$ 2,615	$ 2,654	$ 6,457
Trend to FY2011	1.130	1.130	1.130	1.096	1.096	1.096	
FY 2011 Paid Cost Rate	$ 7,050	$ 2,080	$ 8,810	$ 2,132	$ 2,866	$ 2,909	$ 7,221
Paid to Incurred Factor*	1.022	1.022	1.022	1.001	1.001	1.001	
FY 2011 Incurred Cost Rate	**$ 7,205**	**$ 2,126**	**$ 9,003**	**$ 2,134**	**$ 2,869**	**$ 2,912**	**$ 7,327**
Weighted Average 7/1/2010-6/30/2011 Incurred Claims Cost Rates:							
At average age	$ 6,967	$ 1,978	$ 8,756	$ 2,141	$ 2,971	$ 3,136	$ 7,427
At age 65*	$ 8,606	$ 1,563	$ 6,654	$ 2,600	$ 2,600	$ 2,600	$ 7,924

* As data specific to Medicare and Pre-Medicare retirees is provided, lag factors specific to Medicare status will be reflected.

3.5 Actuarial Basis

Following the development of total projected costs, a distribution of per capita claims cost was developed. This was accomplished by allocating total projected costs to the population census used in the valuation. The allocation was done separately for each of prescription drugs and medical costs for the Medicare eligible and pre-Medicare populations. The allocation weights were developed using participant counts by age and assumed morbidity and aging factors. Results were tested for reasonableness based on historical trend and external benchmarks for costs paid by Medicare.

Below are the results of this analysis:

Distribution of Per Capita Claims Cost by Age
for the Period July 1, 2010 through June 30, 2011

Age	Medical and Medicare Parts A & B	Medical and Medicare Part B Only	Prescription Drug	Medicare Retiree Drug Subsidy
45	$ 4,766	$ 4,766	$ 1,372	$ 0
50	5,392	5,392	1,629	0
55	6,101	6,101	1,935	0
60	7,246	7,246	2,243	0
65	1,563	6,654	2,600	515
70	1,902	8,096	2,801	555
75	2,258	9,613	2,988	592
80	2,433	10,356	3,063	607

Changes in Methods Since the Prior Valuation

There were no changes in methods from the prior valuation, except for any described in the healthcare sections above.

Summary of Actuarial Assumptions and Methods *(continued)*

Investment Return	8.00% per year, compound annually, net of expenses for all funding calculations and pension disclosure; 8.00% for healthcare liabilities under GASB 43.
Pre-termination Mortality	45% of the male rates and 55% of the female rates of the 1994 Group Annuity Mortality (GAM) Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA. (See Table 1.)
Post-termination Mortality	1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA. Setback 1 year for females and 3 years for males. (See Table 2.)
Salary Scale	4.12% per year, compounded annually.
Total Payroll Growth	3.62% per year.
Total Inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.12% annually.
Per Capita Claims Cost	Sample claims cost rates adjusted to age 65 for FY11 medical and prescription are shown below:

	Medical	Prescription Drugs
Pre-Medicare	$8,606	$2,600
Medicare Parts A & B	$1,563	$2,600
Medicare Part B Only	$6,654	$2,600
Medicare Part D	N/A	$515

Health Cost Trend

The table below shows the rate used to project the cost from the shown fiscal year to the next fiscal year. For example, 6.9% is applied to the FY11 medical claims costs to get the FY12 medical claims costs.

	Medical	Prescription Drugs
FY11	6.9%	8.3%
FY12	6.4%	7.1%
FY13	5.9%	5.9%
FY14	5.9%	5.9%
FY15	5.9%	5.9%
FY16	5.9%	5.9%
FY17	5.9%	5.9%
FY25	5.8%	5.8%
FY50	5.7%	5.7%
FY100	5.1%	5.1%

For the June 30, 2008 valuation, the Society of Actuaries' Healthcare Cost Trend Model was adopted. This model effectively begins estimating trend amounts beginning in 2012 and projects out to 2100. The model has been populated with assumptions that are specific to the State of Alaska.

Section 3 *(continued)*
3.5 Actuarial Basis

Summary of Actuarial Assumptions and Methods *(continued)*

Aging Factors	**Age**	**Medical**	**Prescription Drugs**
	0-44	2.0%	4.5%
	45-54	2.5%	3.5%
	55-64	3.5%	3.0%
	65-73	4.0%	1.5%
	74-83	1.5%	0.5%
	84+	0.5%	0.0%

Medical Participation	Because medical benefits are provided at no cost to the retiree, we have assumed 100% participation in the medical plans.
Turnover	a. 3% if service is less than 10 years. b. 1% if service is greater than 10 years.
Retirement	a. 3% if vested and age is less than 59. b. 10% if vested and age is greater than 59. c. 100% at age 70. Terminated vested members are expected to commence benefits at age 60.
Disability	In accordance with Table 3. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table.
Maximum Retirement Age	Age 70
Marital Status	90% of male and 70% of female active and inactive members are assumed to be married. Husbands are assumed to be 4 years older than their wives.
Form of Payment	Married members are assumed to choose the 50% Joint and Survivor benefit option. Single members are assumed to choose the Modified Cash Refund Annuity.
Contribution Refunds	0% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.

Section 3 *(continued)*
3.5 Actuarial Basis

Changes in Assumptions Since the Last Valuation

	June 30, 2008	June 30, 2010
Investment Return	8.25% per year, compounded annually, net of expenses.	8.00% per year, compounded annually, net of expenses.
Pre-termination Mortality	55% of the male rates and 60% of the female rates of the 1994 GAM Table, 1994 Base Year without margin.	45% of the male rates and 55% of the female rates of the 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA.
Post-termination Mortality	1994 GAM Table, 1994 Base Year without margin, with a 3-year setback for males and a 1-year setback for females.	1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA, with a 3-year setback for males and a 1-year setback for females.
Salary Scale	4% per year, compounded annually.	4.12% per year, compounded annually.
Total Payroll Growth	4% per year.	3.62% per year.
Total Inflation	3.5% annually.	3.12% annually.
Turnover	3% if service is greater than 15 years.	3% if service is less than 10 years and 1% if service is greater than 10 years.
Retirement	6% if vested and age is less than 65 and 10% if vested and age is greater than 65, 100% at age 70.	3% if vested and age is less than 59 and 10% if vested and age is greater than 59, 100% at age 70.
Disability Mortality	Table ranging from 5.10% for males and 4.26% for females at age 20 to 8.13% for males and 4.73% for females at age 64.	RP-2000 Disabled Retiree Mortality Table.
Marital Status	90% of active and inactive members are assumed to be married.	90% of male and 70% of female active and inactive members are assumed to be married.

Table 1
Pre-Termination Mortality Rates
Annual Rates Per 1,000 Members

	Rate			Rate	
Age	Male	Female	Age	Male	Female
20	.170	.123	45	.596	.423
21	.182	.122	46	.638	.441
22	.194	.123	47	.690	.466
23	.214	.127	48	.749	.505
24	.235	.129	49	.813	.548
25	.264	.132	50	.884	.610
26	.301	.138	51	.965	.683
27	.320	.142	52	1.059	.784
28	.332	.148	53	1.181	.897
29	.343	.156	54	1.311	1.018
30	.353	.171	55	1.487	1.164
31	.361	.189	56	1.696	1.352
32	.369	.202	57	1.950	1.570
33	.373	.210	58	2.244	1.806
34	.374	.219	59	2.525	2.077
35	.374	.229	60	2.841	2.387
36	.379	.240	61	3.263	2.738
37	.392	.254	62	3.684	3.136
38	.405	.271	63	4.246	3.590
39	.423	.289	64	4.790	4.097
40	.445	.315			
41	.471	.341			
42	.500	.366			
43	.530	.389			
44	.561	.409			

3.5 Actuarial Basis

Table 2
Post-Termination Mortality Rates
Annual Rates Per 1,000 Members

Age	Rate Male	Rate Female	Age	Rate Male	Rate Female
50	1.532	0.997	70	15.123	12.424
51	1.663	1.109	71	16.336	13.422
52	1.806	1.241	72	17.873	14.342
53	1.964	1.426	73	19.147	15.830
54	2.145	1.631	74	20.940	17.260
55	2.354	1.851	75	22.981	19.177
56	2.625	2.117	76	25.175	20.940
57	2.914	2.457	77	27.475	23.377
58	3.305	2.854	78	30.609	26.690
59	3.769	3.284	79	33.609	29.853
60	4.333	3.777	80	37.879	33.273
61	4.986	4.339	81	42.924	37.068
62	5.611	4.979	82	48.681	41.355
63	6.312	5.701	83	55.102	46.249
64	7.251	6.527	84	62.135	51.616
			85	69.722	57.377
65	8.188	7.450			
66	9.436	8.442			
67	10.644	9.476			
68	11.956	10.523			
69	13.618	11.499			

Section 3 *(continued)*
3.5 Actuarial Basis

Table 3
Disability Rates
Annual Rates Per 1,000 Members

Age	Rate	Age	Rate
20	.17	45	.41
21	.17	46	.44
22	.18	47	.48
23	.18	48	.52
24	.18	49	.56
25	.19	50	.60
26	.19	51	.65
27	.19	52	.72
28	.20	53	.80
29	.20	54	.89
30	.21	55	1.00
31	.21	56	1.15
32	.22	57	1.34
33	.22	58	1.53
34	.23	59	1.80
35	.24		
36	.25		
37	.26		
38	.27		
39	.28		
40	.29		
41	.30		
42	.32		
43	.34		
44	.37		

DRAFT

State of Alaska
National Guard and Naval Militia
Retirement System

Actuarial Valuation Report as of June 30, 2010

Submitted By:
Buck Consultants
1200 Seventeenth Street, Suite 1200
Denver, CO 80202

DRAFT

buckconsultants A Xerox Company

May 27, 2011

State of Alaska
The Alaska Retirement Management Board
The Department of Revenue, Treasury Division
The Department of Administration, Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Dear Members of The Alaska Retirement Management Board, The Department of Revenue, and The Department of Administration:

Actuarial Certification

The bi-annual actuarial valuation required for the State of Alaska National Guard and Naval Militia Retirement System has been prepared as of June 30, 2010 by Buck Consultants. The purposes of the report include:

(1) a presentation of the valuation results of the System as of June 30, 2010;

(2) a determination of the appropriate contribution rate for the System which will be applied for the fiscal year ending June 30, 2013; and

(3) the provision of reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The following schedules that we have prepared are included in this report:

(1) Summary of actuarial assumptions and methods (Section 3.5)

(2) Schedule of employer contributions (Section 2.1)

(3) Schedule of funding progress (Section 2.2)

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data provided to us by the Division of Retirement and Benefits and financial information provided in the financial statements audited by KPMG LLP, to determine a sound value for the System liability. The employee data has not been audited, but it has been reviewed and found to be consistent, both internally and with prior valuation's data. The actuarial assumptions are based on the results of an experience study presented to the Alaska Retirement Management Board (Board) in September 2010 and adopted by the Board in December 2010. Actuarial methods were also reviewed during the experience study.

The contribution requirements reflect the cost of benefits accruing in FY11 and FY12 and an amortization as a level dollar amount of the initial unfunded accrued liability and subsequent gains/losses over a period of 20 years less average military service of active members. The amortization period is set by the Board. Contribution levels are recommended by the Actuary and adopted by the Board each year. The funding objective for the plan, as adopted by the Board, is currently being met.

A summary of the actuarial assumptions and methods is presented in Section 3.5 of this report. The assumptions, when applied in combination, fairly represent past and anticipated future experience of the System.

Future contribution requirements may differ from those determined in the valuation because of:

(1) differences between actual experience and anticipated experience based on the assumptions;

(2) changes in actuarial assumptions or methods;

(3) changes in statutory provisions; or

(4) differences between the contribution amounts determined by the valuation and those adopted by the Board.

The undersigned is a member of the American Academy of Actuaries and the Society of Actuaries, is fully qualified to provide actuarial services to the State of Alaska, and is available to answer questions regarding this report.

We believe that the assumptions and methods used for funding purposes and for the disclosures presented in this report satisfy the parameter requirements set forth in the Government Accounting Standards Board (GASB) Statement No. 25.

We believe that this report conforms with the requirements of the Alaska statutes, and where applicable, other federal and accounting laws, regulations and rules, as well as generally accepted actuarial principles and practices.

Sincerely,

David H. Slishinsky, ASA, EA, MAAA
Principal, Consulting Actuary

Contents

Report Highlights

This report has been prepared by Buck Consultants for the State of Alaska National Guard and Naval Militia Retirement System to:

1. present the results of a valuation of the State of Alaska National Guard and Naval Militia Retirement System as of June 30, 2010;

2. determine the contribution rate for the System for Fiscal Year 2013;

3. provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The report is divided into three sections. Section 1 contains the results of the valuation. It includes a development of assets during the 2009 and 2010 fiscal years, the current annual costs and reporting and disclosure information.

Section 2 contains disclosure information required by GASB No. 25. It contains schedules of employer contributions and funding progress.

Section 3 describes the basis of the valuation. It summarizes the System provisions, provides information relating to the System's participants, and describes the funding methods and actuarial assumptions used in determining liabilities and costs.

The principal results are as follows:

Funding Status as of June 30		**2008**		**2010**
1. Valuation Assets	$	28,370,756	$	32,000,585
2. Accrued Liability		28,904,645		30,034,407
3. Funding Ratio, *(1) ÷ (2)*		98.2%		106.5%

Recommended Contribution Amounts		**FY11**		**FY13**
1. Normal Cost	$	744,154	$	605,097
2. Past Service Cost		84,175		(307,730)
3. Expense Load		137,000		134,000
4. Total Annual Contribution, *(1) + (2) + (3)*	$	965,329	$	431,367

The recommended contribution amount for FY12 based on a roll-forward valuation as of June 30, 2009 is $895,565.

Analysis of the Valuation

The funding ratio increased from 98.2% at June 30, 2008, to 106.5% at June 30, 2010. This increase was primarily due to a combination of the effects of the changes in assumptions used in the valuation, as well as a surplus between the actuarially required and actual contributions.

The annual rate of return on market value of assets during the year was 11.76%. The annual rate of return on actuarial value of assets during the year was 3.01%, compared to the assumed rate of 7.25%, resulting in an actuarial loss from investment return of approximately $1.3 million for FY10.

Effective for the June 30, 2010 valuation, the Board adopted the changes to the demographic and economic assumptions recommended by the actuary based on the results of an experience analysis performed on the population experience from July 1, 2005 through June 30, 2009. The changes in assumptions were adopted by the Board during the December 2010 Board meeting.

Section 1

This section sets forth the results of the actuarial valuation.

Section 1.1	Shows the transactions of the System's fund during FY09 and FY10.
Section 1.2	Shows the actuarial present value of benefits and the normal cost as of June 30, 2010.
Section 1.3	Shows the development of the total contribution.

1.1(a) Statement of Net Assets

Net Assets as of June 30	2009	2010
Assets:		
1. Cash and Cash Equivalents	$ 2,152	$ 14,856
2. Domestic Equity Pool	8,433,391	7,340,828
3. International Equity Pool	3,117,222	4,076,849
4. Retirement Fixed Income Pool	13,954,357	13,244,918
5. Domestic Fixed Income Pool	0	4,819,313
6. **Total Assets** *(1) + (2) + (3) + (4) + (5)*	**25,507,122**	**29,496,764**
Liabilities:		
7. Accrued expenses	65,354	52,525
8. Due to State of Alaska General Fund	11,926	12,517
9. **Total Liabilities** *(7) + (8)*	**77,280**	**65,042**
Total Net Assets *(6) – (9)*	**$ 25,429,842**	**$ 29,431,722**

1.1(b) Statement of Changes in Net Assets

Change in Net Assets as of June 30		2009		2010
Receipts:				
1. Employer Contributions	$	2,473,300	$	2,603,300
2. State of Alaska Appropriation		0		0
3. Investment Income		(2,521,251)		3,202,804
4. **Total Receipts** *(1) + (2) + (3)*	**$**	**(47,951)**	**$**	**5,806,104**
Disbursements:				
5. Retirement Benefits	$	1,535,247	$	1,647,349
6. Administrative Expenses		150,946		117,747
7. Investment Expenses		24,942		39,128
8. **Total Disbursements** *(5) +(6) + (7)*	$	**1,711,135**	**$**	**1,804,224**
9. **Net Income** *(4) - (8)*	**$**	**(1,759,086)**	**$**	**4,001,880**
10. Net Assets Available for Benefits at beginning of year	**$**	27,188,928	**$**	25,429,842
11. **Net Assets Available for Benefits at end of year** *(9) + (10)*	**$**	**25,429,842**	**$**	**29,431,722**
Estimated Investment Return, Net of All Expenses		(9.8)%		11.8%

1.1(c) Actuarial Value of Assets

The actuarial value of assets was equal to the market value at June 30, 2006. Future investment gains and losses will be recognized 20% per year over 5 years. In no event may valuation assets be less than 80% or more than 120% of market value as of the current valuation date.

In Thousands

1.	Deferral of Investment Return for FY10	
	a. Market Value, June 30, 2009	$ 25,429,842
	b. Contributions for FY10	2,603,300
	c. Benefit Payments for FY10	1,647,349
	d. Actual Investment Return *(net of expenses)*	3,045,929
	e. Expected Return Rate *(net of expenses)*	7.25%
	f. Expected Return - Weighted for Timing	1,877,710
	g. Investment Gain/(Loss) for the Year *(d. – f.)*	1,168,219
	h. Deferred Investment Return/(Loss)	(2,568,863)
2.	Actuarial Value, June 30, 2010	
	a. Market Value, June 30, 2010	$ 29,431,722
	b. 2010 Deferred Investment Return/(Loss)	(2,568,863)
	c. Preliminary Actuarial Value, June 30, 2010 *(a. - b.)*	32,000,585
	d. Upper Limit: 120% of Market Value, June 30, 2010	35,318,066
	e. Lower Limit: 80% of Market Value, June 30, 2010	23,545,378
	f. Actuarial Market Value, June 30, 2010 *(c. limited by d. and e.)*	$ 32,000,585
	g. Ratio of Actuarial Value of Assets to Market Value of Assets	108.7%
	h. Approximate Actuarial Value Investment Return Rate During FY10 Net of All Expenses	3.0%

1.1(c) Actuarial Value of Assets *(continued)*

The tables below show the development of gain/(loss) to be recognized in the current year.

Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007	$ 914,738	$ 548,844	$ 182,948	$ 182,946
6/30/2008	(2,163,337)	(865,334)	(432,667)	(865,336)
6/30/2009	(4,701,746)	(940,349)	(940,349)	(2,821,048)
6/30/2010	1,168,219	0	233,644	934,575
Total	**$ (4,782,126)**	**$ (1,256,839)**	**$ (956,424)**	**$ (2,568,863)**

1.2 Actuarial Values

As of June 30, 2010	Normal Cost	Accrued Liability
Active Members		
1. Retirement Benefits	$ 568,569	$ 10,330,534
2. Termination Benefits	0	0
3. Death Benefits	21,744	250,056
4. Disability Benefits	14,784	265,777
5. **Total Active Actuarial Value** *(1) + (2) + (3) + (4)*	$ **605,097**	$ **10,846,367**
Inactive Members		
6. Vested Terminated		$ 14,705,434
7. Retirees (including QDROs)		4,482,606
8. **Total Inactive Actuarial Value** *(6)* + *(7)*		$ **19,188,040**
Total Actuarial Value *(5) + (8)*	$ **605,097**	**$ 30,034,407**

1.3 Development of Actuarial Gain/(Loss) for FY10

1.	Accrued Liability, June 30, 2009	$ 30,208,411
2.	Normal Cost for FY10	744,154
3.	Interest on (1) and (2) at 7.25%	2,244,061
4.	Benefit Payments for FY10	1,647,349
5.	Interest on (4) at 7.25% for one-half year	58,672
6.	Change in Assumptions	(666,018)
7.	Expected Accrued Liability, June 30, 2010 (1) + (2) + (3) – (4) – (5) + (6)	$ 30,824,587
8.	Accrued Liability, June 30, 2010	30,034,407
9.	**Liability Gain/(Loss) (7) – (8)**	$ 790,180
10.	Valuation Assets, June 30, 2009	$ 30,123,348
11.	Interest on (10) at 7.25%	2,183,943
12.	Contributions for FY10	2,603,300
13.	Interest on (12) at 7.25% for one-half year	92,719
14.	Benefit Payments for FY10	1,647,349
15.	Interest on (14) at 7.25% for one-half year	58,672
16.	Expected Valuation Assets, June 30, 2010 (10) + (11) + (12) + (13) – (14) – (15)	$ 33,297,289
17.	Valuation Assets, June 30, 2010	32,000,585
18.	**Asset Gain/(Loss) (17) – (16)**	$ (1,296,704)
19.	**Actuarial Gain/(Loss) (9) + (18)**	$ (506,524)
20.	**Effect of Contribution Surplus/(Deficit) due to Contribution Delay**	$ 1,735,525
21.	**Total Gain/(Loss (19) + (20)**	$ 1,229,001

1.4 Calculation of Total Contribution Amount – FY13

1. Accrued Liability	$	30,034,407
2. Assets		32,000,585
3. Total Unfunded Accrued Liability, *(1) – (2)*	$	(1,966,178)
4. Amortization Factor (8.0 years) (assuming payments at beginning of the year)		6.389289
5. Past Service Payment, *(3) ÷ (4)*	$	(307,730)
6. Normal Cost		605,097
7. Expense Load		134,000
8. **Total Contribution**, *(5) + (6) + (7)*	**$**	**431,367**

Section 2

This section contains supplementary information on retirement benefits that is required to be disclosed in financial statements to comply with Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25)

Section 2.1 Presents the Schedule of Employer Contributions.

Section 2.2 Presents the Schedule of Funding Progress.

Section 2.3 Actuarial Assumptions, Methods, and Additional Information.

2.1 Schedule of Employer Contributions

Fiscal Year Ended June 30	Annual Required Contribution	Actual Annual Contribution	Supplemental Contributions	Total Contributions	Percentage Contributed
1996	$ 1,359,862	$ 1,104,400	$ 8,000,000[1]	$ 9,104,400	669.5%
1997	1,626,000	1,434,900	0	1,434,900	88.2%
1998	1,626,000	1,434,900	0	1,434,900	88.2%
1999	1,104,519	1,104,519	0	1,104,519	100.0%
2000	1,104,519	1,104,500	0	1,104,500	100.0%
2001	879,784	879,800	0	879,800	100.0%
2002	879,784	879,800	0	879,800	100.0%
2003	1,322,502	1,322,500	0	1,322,500	100.0%
2004	1,322,502	1,322,500	0	1,322,500	100.0%
2005	2,025,257	1,996,800	0	1,996,800	98.6%
2006	2,025,257	2,053,800	0	2,053,800	101.4%
2007	1,737,406	1,737,406	0	1,737,406	100.0%
2008	1,737,406	1,737,406	10,000,000[2]	11,737,406	675.6%
2009	2,473,282	2,473,300	0	2,473,300	100.0%
2010	2,415,077	2,603,300	0	2,603,300	107.8%

[1] *During the year ended June 30, 1996, the System received an $8,000,000 supplemental appropriation from the State of Alaska General Fund to increase System funding. This appropriation was in addition to the amount designated for the 1996 actuarial required contribution. The original contribution requirements for the years ended June 30, 1998 and 1997 were calculated to be $2,584,919. These contribution requirements were revised to $1,626,000 as a result of the supplemental contribution in fiscal year 1996.*

[2] *During the year ended June 30, 2008, the System received a $10,000,000 supplemental appropriation from the State of Alaska General Fund to increase System funding.*

2.2 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets *(a)*	Actuarial Accrued Liabilities (AAL)[3] *(b)*	Unfunded AAL (UAAL) *(b - a)*	Funded Ratio *(a ÷ b)*	Covered Payroll *(c)*	UAAL as a Percentage of Covered Payroll *((b - a) ÷ c)*
June 30, 1998	$ 12,671,276	$ 14,252,184	$ 1,580,908	88.9%	N/A	N/A
June 30, 2000	13,734,397	17,967,471	4,233,074	76.4%	N/A	N/A
June 30, 2002	12,114,025	20,545,214	8,431,189	59.0%	N/A	N/A
June 30, 2004	13,391,055	19,749,305	6,358,250	67.8%	N/A	N/A
June 30, 2006	15,587,569	25,457,589	9,870,020	61.2%	N/A	N/A
June 30, 2008	28,370,756	28,904,645	533,889	98.2%	N/A	N/A
June 30, 2010	32,000,585	30,034,407	(1,966,178)	106.5%	N/A	N/A

2.3 Actuarial Assumptions, Methods and Additional Information

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Amortization Period	20 years less average military service of active members
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions	
Investment rate of return*	7.00% per annum
Projected salary increases	None
Cost-of-living adjustment	None

* Includes inflation at 3.12% per annum.

[3] *Prior to the June 30, 2006 valuation, Projected Unit Credit was the actuarial cost method used to determine actuarial accrued liability. Effective for the June 30, 2006 valuation, the Entry Age Normal Level Dollar Cost Method is used.*

Section 3

In this section, the basis of the valuation is presented and described. This information -- the provisions of the System and the census of members – is the foundation of the valuation, since these are the present facts upon which benefit payments will depend.

Employee data was provided by the System. This information would customarily not be verified by a system's actuary. We have reviewed the data for internal consistencies and made best estimates of the missing or inconsistent data.

A summary of the System's provisions is provided in Section 3.1 and member census information is shown in Sections 3.1, 3.2 and 3.3.

The valuation is based upon the premise that the System will continue in existence, so that future events must also be considered. These future events are assumed to occur in accordance with the actuarial assumptions and concern such events as the earnings of the fund, the number of members who will retire, die, terminate their services, their ages at such termination and their expected benefits.

The actuarial assumptions and methods, which have been adopted to guide the sponsor in funding the System in a reasonable and acceptable manner, are described in Section 3.5.

3.1 Summary of System Provisions

1. Effective Date

January 1, 1973.

2. Members Included

Members of the Alaska National Guard who were active on or after January 1, 1973, and members of the Alaska Naval Militia who were active on or after July 1, 1980.

3. Eligibility Service

Eligibility service is defined as the combined Alaska guard service, guard service in any other state, active military service and the reserves of them. A member must have 20 years of eligibility service to be vested in the National Guard and Naval Militia Retirement System.

4. Benefit Service

Benefit service is defined as satisfactory service in any branch of the Alaska guard. A member must have 5 years of benefit service to be vested in the National Guard and Naval Militia Retirement System. Benefit service is also used to determine the length of the member's pension retirement benefit.

5. Retirement

(a) Eligibility:

Members are eligible for voluntary retirement after completing 20 years of satisfactory service in the Alaska National Guard, Alaska Naval Militia or U.S. Armed Forces, and the reserve of them or any combination of that service if they have at least five years of Alaska National Guard or Naval Militia service. Credit is also allowed for Territorial Guard service rendered to the former territory of Alaska.

Members are eligible for involuntary retirement at any time assuming there has been no misconduct.

(b) Benefit:

Eligible members may elect to receive:

(i) monthly benefits of $100 which are payable for a period equal to the number of months that they were active members;
(ii) a lump sum benefit equal to the actuarial equivalent of (i); or
(iii) monthly payments until age 72 equal to the actuarial equivalent of (i).

6. Vesting

Members are 100% vested after 20 years of total service in the Alaska National Guard, Alaska Naval Militia, U.S. Armed Forces or Reserves, or any combination of that service if members have at least five years of Alaska National Guard or Naval Militia service.

3.1 Summary of System Provisions *(continued)*

7. Death Benefits

(a) Active Members: If the member has at least five years of active service in the Alaska National Guard or Naval Militia, the designated beneficiary will receive a lump sum benefit equal to the benefit in 5(b) above.

(b) Retired or Terminated Vested Members:

The designated beneficiary will receive a lump benefit equal to the remaining benefits payable in 5(b) above.

8. Disability Benefits

Members are eligible to receive monthly disability benefits of $100 (which are payable for a period equal to the number of months that they were active members) at any age if they become incapacitated and are vested in the plan.

3.2 Changes in System Participation from June 30, 2008 to June 30, 2010

	Active Members	Vested Members	Benefit Recipients	Total
Total at June 30, 2008	3,897	1,148	516	5,561
New Entrants	1,146	0	0	1,146
Rehires	79	(11)	0	68
Nonvested Terminations	(811)	0	0	(811)
Vested Terminations	(164)	164	0	0
Retirements	(55)	(28)	83	0
New Survivors	0	0	0	0
New QDROs	0	0	0	0
Deaths	(5)	(8)	(12)	(25)
Data Change/Expiration of Benefits	(2)	(14)	(40)	(56)
Total at June 30, 2010	4,085	1,251	547	5,883

3.3 Participant Census Information

Census Information as of June 30	2008	2010
Active Air Guard Members		
Number	1,956	2,208
Number Vested	524	531
Average Age	36.16	35.53
Average Alaska Guard Service	8.18	7.81
Average Total Military Service	14.54	13.78
Active Army Guard Members		
Number	1,866	1,789
Number Vested	260	250
Average Age	31.94	31.99
Average Alaska Guard Service	5.19	5.09
Average Total Military Service	10.16	10.15
Active Naval Militia Members		
Number	75	88
Number Vested	20	18
Average Age	37.63	36.08
Average Alaska Militia Service	6.14	5.57
Average Total Military Service	13.39	11.23
Total Active Members		
Number	3,897	4,085
Number Vested	804	799
Average Age	34.17	33.99
Average Alaska Guard Service	6.71	6.57
Average Total Military Service	12.42	12.14
Vested Terminated Members		
Number	1,148	1,251
Average Age	53.50	54.78
Average Alaska Guard Service	18.29	17.96
Average Total Military Service	25.79	25.61
Retirees (including QDROs)		
Number	516	547
Average Age	58.95	58.75
Average Years Remaining	11.58	11.61

3.4 (a) Distributions of Active Participants – All Actives

	Total Military Service									
Age Group	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**	**Total**
0-19	201	0	0	0	0	0	0	0	0	201
20-24	563	128	0	0	0	0	0	0	0	691
25-29	165	493	90	0	0	0	0	0	0	748
30-34	71	149	389	55	0	0	0	0	0	664
35-39	20	65	133	283	66	0	0	0	0	567
40-44	15	30	55	144	309	37	0	0	0	590
45-49	2	5	39	43	125	117	26	0	0	357
50-54	1	2	11	24	30	52	63	4	0	187
55-59	0	1	0	5	10	23	21	13	2	75
60-64	0	1	0	0	1	2	1	0	0	5
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
Total	**1,038**	**874**	**717**	**554**	**541**	**231**	**111**	**17**	**2**	**4,085**

3.4 (b) Distributions of Active Participants – Air Actives

	Total Military Service									
Age Group	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**	**Total**
0-19	57	0	0	0	0	0	0	0	0	57
20-24	209	46	0	0	0	0	0	0	0	255
25-29	81	282	48	0	0	0	0	0	0	411
30-34	32	86	242	34	0	0	0	0	0	394
35-39	4	37	81	186	31	0	0	0	0	339
40-44	5	11	34	85	203	27	0	0	0	365
45-49	1	3	19	23	85	85	14	0	0	230
50-54	1	1	3	13	19	34	37	4	0	112
55-59	0	0	0	3	9	11	11	7	1	42
60-64	0	1	0	0	0	2	0	0	0	3
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
Total	**390**	**467**	**427**	**344**	**347**	**159**	**62**	**11**	**1**	**2,208**

3.4 (c) Distributions of Active Participants – Army Actives

	Total Military Service									
Age Group	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**	**Total**
0-19	142	0	0	0	0	0	0	0	0	142
20-24	335	80	0	0	0	0	0	0	0	415
25-29	78	204	42	0	0	0	0	0	0	324
30-34	36	63	142	21	0	0	0	0	0	262
35-39	16	25	51	90	35	0	0	0	0	217
40-44	9	16	21	58	98	10	0	0	0	212
45-49	1	1	18	20	38	31	12	0	0	121
50-54	0	1	6	11	11	17	25	0	0	71
55-59	0	0	0	2	1	8	8	5	1	25
60-64	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
Total	**617**	**390**	**280**	**202**	**183**	**66**	**45**	**5**	**1**	**1,789**

3.4 (d) Distributions of Active Participants – Navy Actives

	Total Military Service									
Age Group	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**	**Total**
0-19	2	0	0	0	0	0	0	0	0	2
0-24	19	2	0	0	0	0	0	0	0	21
25-29	6	7	0	0	0	0	0	0	0	13
30-34	3	0	5	0	0	0	0	0	0	8
35-39	0	3	1	7	0	0	0	0	0	11
40-44	1	3	0	1	8	0	0	0	0	13
45-49	0	1	2	0	2	1	0	0	0	6
50-54	0	0	2	0	0	1	1	0	0	4
55-59	0	1	0	0	0	4	2	1	0	8
60-64	0	0	0	0	1	0	1	0	0	2
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
Total	**31**	**17**	**10**	**8**	**11**	**6**	**4**	**1**	**0**	**88**

3.5 Actuarial Methods and Assumptions

1. **Actuarial Method –** Entry Age Normal Actuarial Cost. Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost method of funding. Any funding surpluses or unfunded accrued liability is amortized over 20 years less the average total military service of active members.

   The Accrued Liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date).

   The Unfunded Liability is the excess of the actuarial accrued liability over the actuarial value of system assets measured on the valuation date.

   Under this method, differences between the actual experience and that assumed in the determination of costs and liabilities will emerge as adjustments in the Unfunded Liability, subject to amortization.

2. **Actuarial Assumptions**

   (a) Interest — 7.00% per year, compounded annually, net of investment expenses.

   (b) Administrative Expenses — The expense load is equal to the average of the prior 2 years actual administrative expenses rounded to the nearest $1,000 as follows:

Fiscal Year Ending June 30	Amount
2009	$ 150,946
2010	117,747
Total	$ 268,693
	÷ 2
Expense Load (Rounded)	$ 134,000

   (c) Mortality — Pre-termination: 1994 Group Annuity Mortality (GAM) Table, sex distinct, 1994 Base Year without margin, projected to 2013 using Projection Scale AA, 80% of the male table for males and 60% of the female table for females.

   Post-termination: 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA for males and with a 1-year set-forward for females.

   Disability: RP-2000 Disabled Retiree Mortality Table.

   (d) Turnover — Sample rates are:

Select Rates of Turnover During the First 5 Years of Employment		Ultimate Rates of Turnover After the First 5 Years of Employment	
Year of Employment	Unisex Rate	Age	Unisex Rate
1	20.00%	30	7.40%
2	10.00%	40	6.06%
3	10.00%	50	3.26%
4	10.00%		
5	10.00%		

3.5 Actuarial Methods and Assumptions *(continued)*

(e) Disability

Incidence rates based upon the 2005-2009 actual experience of the State of Alaska Public Employees' Retirement System Peace Officer/Firefighter Plan.

Sample rates are shown below.

Age	Unisex Rate
20	.088%
25	.094%
30	.105%
35	.120%
40	.144%
45	.203%
50	.300%
55	.500%
60	1.054%

(f) Retirement Age

Active members are assumed to retire beginning at the earliest eligible retirement age according to the following rates:

Age	Rate	Age	Rate
<51	5%	58	56%
51	11%	59	62%
52	18%	60	68%
53	24%	61	75%
54	30%	62	81%
55	37%	63	87%
56	43%	64	94%
57	49%	65+	100%

Vested Terminated members are assumed to retire at current age or age 50, whichever is later.

(g) Assets

Effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method is initialized as of June 30, 2006 at market value and will be phased in over the next five years. Valuation assets are constrained to a range of 80% to 120% of the market value of assets.

3. **Changes in Methods Since the Prior Valuation**

There were no changes in methods from the prior valuation.

3.5 Actuarial Methods and Assumptions *(continued)*

4. **Changes in Assumptions Since the Prior Valuation**

	June 30, 2008	June 30, 2010
Investment Return	7.25% per year, compounded annually, net of expenses.	7.00% per year, compounded annually, net of expenses.
Pre-termination Mortality	1994 GAM Table, 1994 Base Year without margin.	80% of the male rates and 60% of the female rates of the 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA.
Post-termination Mortality	1994 GAM Table, 1994 Base Year without margin.	1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA for males and with a 1-year set-forward for females.
Total Inflation	3.5% annually.	3.12% annually.
Turnover	– Unisex – 2-year select period – Ultimate follows T-3 Table from Pension Actuary's Handbook	– Unisex – 5-year select period – Increase all ultimate rates by 50%
Retirement	Members are assumed to retire after 20 years of eligibility service, unless they complete 20 years before age 55. Then it is assumed that they will work one-half of the remaining years to age 55.	Assumed to begin retiring at the earliest eligible retirement age in accordance with the table of retirement rates.
Disability Mortality	Table ranging from 5.10% for males and 4.26% for females at age 20 to 8.13% for males and 4.73% for females at age 64.	RP-2000 Disabled Retiree Mortality Table.
Disability	Disability rates under Group Long Term Disability policies, as given in the 1978 Society of Actuaries Study.	Incidence rates based upon the 2005-2009 actual experience of the State of Alaska Public Employees' Retirement System Peace Officer/Firefighter Plan.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Certification of Actuarial Review

ACTION: X

DATE: June 16, 2011

INFORMATION:

BACKGROUND:

AS 39.10.220 (a) (9) prescribes certain duties and reports that the Alaska Retirement Management Board is responsible for securing from a member of the American Academy of Actuaries. Additionally it contains a requirement that "the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the board."

STATUS:

Buck Consultants, the board's actuary, has completed: (1) a valuation of the Public Employees' Retirement System (PERS) as of June 30, 2010, (2) a valuation of the Teachers' Retirement System (TRS) as of June 30, 2010, (3) a valuation of the Defined Contribution Retirement Plan as of June 30, 2010, (4) a valuation of the Judicial Retirement System (JRS) as of June 30, 2010, and (5) a valuation of the National Guard Naval Militia System (NGNMRS) as of June 30, 2010.

Gabriel Roeder Smith & Company (GRS), the board's second actuary, has reviewed the work products prepared by Buck Consultants: (1) A letter and final report describing a review of the June 30, 2010 PERS and TRS valuations, (2) a letter and final report describing a review of the June 30, 2010 Defined Contribution Retirement Plan, (3) a letter and report describing a review of the June 30, 2010 JRS valuation, and (4) a letter and report describing a review of the June 30, 2010 NGNMRS valuation.

RECOMMENDATION:

That the Alaska Retirement Management Board formally accept the review and certification of actuarial reports by Gabriel Roeder Smith & Company, and that staff coordinate with the Division of Retirement & Benefits and Buck Consultants to discuss and implement the suggestions and recommendations of the reviewing actuary where considered appropriate.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	Acceptance of Actuarial Reports PERS DB TRS DB, PERS DCR and TRS DCR	ACTION:	X
DATE:	June 16, 2011	INFORMATION:	

BACKGROUND:

AS 37.10.220(a)(8) prescribes that the Alaska Retirement Management Board (Board) "coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios and to certify to the appropriate budgetary authority of each employer in the system".

AS 37.10.220(a)(9) provides that the Board have "the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the Board".

STATUS:

Buck Consultants has completed the following reports and the reports have been presented to the Board:

1) an actuarial valuation of the Public Employees' Retirement System as of June 30, 2010
2) an actuarial valuation of the Teachers' Retirement System as of June 30, 2010
3) an actuarial valuation of the Public Employees' Retirement System – Defined Contribution Retirement Plan (for Occupational Death and Disability and Retiree Medical Benefits) as of June 30, 2010
4) an actuarial valuation of the Teachers' Retirement System – Defined Contribution Retirement Plan (for Occupational Death and Disability and Retiree Medical Benefits) as of June 30, 2010

Gabriel Roeder Smith & Company (GRS), the Board's actuary, has reviewed the above actuarial valuations and has provided their report to the Board.

RECOMMENDATION:

That the Alaska Retirement Management Board accepts the actuarial valuation reports prepared by Buck Consultants for the Public Employees', Teachers', Public Employees' Defined Contribution (for Occupational Death and Disability and Retiree Medical Benefits) and Teachers' Defined Contribution for Occupational Death and Disability and Retiree Medical Benefits) retirement system as of June 30, 2010 in order to set the actuarially determined contribution rates attributable to employers.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	Absolute Return Recommendations: IFS Task Area B.4, Recommendation #1 IFS Task Area B.4, Recommendation #2 IFS Task Area B.4, Recommendation #3 Correlation/Beta Change	ACTION: INFORMATION:	X
DATE:	June 17, 2011		

BACKGROUND

AS 37.10.220(a)(11) and (12) require that the Alaska Retirement Management Board (Board) contract for an independent audit of the state's performance consultant not less than once every four years, obtain an external performance review to evaluate the investment policies of each fund entrusted to the board and report the results of the review. The Board entered into a contract with Independent Fiduciary Services (IFS) to provide the required reviews. IFS presented its final report at the December 2, 2010 Board meeting. At the conclusion of the presentation, CIO Gary Bader advised the trustees that each individual recommendation would be brought before the trustees at future meetings with a staff recommendation on action or implementation.

STATUS

IFS Task Area B.4 – Absolute Return Investment Guidelines, Recommendation #1, page 60, states:

> *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.*

Staff has revised the Absolute Return Investment Policies and Procedures to more explicitly allow for strategy specific guidelines to be tailored by contract or written ARMB staff direction to particular investment manager mandates and styles.

IFS Task Area B.4 – Absolute Return Investment Guidelines, Recommendation #2, page 60, states:

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.

Staff has revised the Absolute Return Investment Policies and Procedures to provide more granular strategy exposures using the Dow Jones Credit Suisse Hedge Fund Index categories.

IFS Task Area B.4 – Absolute Return Investment Guidelines, Recommendation #3, page 61, states:

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.

Staff has revised the Absolute Return Investment Policies and Procedures to more permissively allow for risk hedging at the portfolio level with staff approval.

Additional Staff Recommendation – Change diversification measurement from correlation to beta:

In consultation with Callan and the ARMB's absolute return managers, staff is recommending that the ARMB change its diversification measurement from correlation which takes into account the direction of returns to beta which takes into account the direction and the magnitude of returns.

RECOMMENDATION

That the Alaska Retirement Management Board adopt Resolution 2011-08 approving the Absolute Return Investment Policies and Procedures revised to reflect the staff recommendations.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to Absolute Return Investment Guidelines

Resolution 2011-08

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 each of the funds entrusted to it; 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 absolute return strategies; and

WHEREAS the Board will establish and from time to time as necessary modify guidelines for absolute return strategies.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the attached Absolute Return Investment Guidelines, regarding investment in absolute return strategies.

This resolution repeals and replaces Resolution 2006-08

DATED at Anchorage, Alaska this ______ day of June, 2011.

____
Chair

ATTEST:

____
Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

ABSOLUTE RETURN

INVESTMENT POLICIES & PROCEDURES

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ALASKA RETIREMENT MANAGEMENT BOARD

INTRODUCTION – ABSOLUTE RETURN CHARACTERISTICS

The Alaska Retirement Management Board (ARMB) has determined that an allocation to "absolute return strategies" should improve the return and risk characteristics of the defined benefit pension portfolios. ARMB has made an allocation to be invested in a diversified basket of such approaches and ARMB's absolute return program will be comprised of investments in underlying hedge funds. ARMB recognizes that absolute return strategies are not an asset class but rather a number of investment management strategies that when undertaken skillfully exhibit return patterns that are largely uncorrelated to traditional asset classes (stocks, bonds etc). The spectrum of absolute return strategies is broad. It includes approaches that have historically tended to exhibit risk characteristics, as measured by standard deviation of returns, similar to bond investments. At the other end of the spectrum are strategies that exhibit significant volatility of returns. ARMB's intent is to invest in some combination of strategies that, in aggregate, will exhibit a volatility pattern that is more "bond" like than "equity" like. Ideally, the standard deviation of annual returns will be in the 4-6% range and even in extreme market environments should be less than 8%. As a frame of reference, recent standard deviation statistics for domestic equities have ranged from 14-17% while investment grade bonds have exhibited standard deviations of 3.5-4.5%.

Managers of absolute return portfolios frequently employ leverage, engage in short sales, utilize complex instruments (e.g. derivatives, swaps etc.) and complex strategies. Unlike investments in traditional stock and bond portfolios, absolute return strategies do not have an inherent "natural" return pattern that is augmented by manager skill. Instead, the return is almost entirely dependent upon manager skill. Many of the strategies used have long histories so that "typical" or reasonable expectations may be formulated. These expectations are not assured and in any case require skillful implementation by the manager. Many "absolute return" strategies are dependent upon market liquidity, the level and stability of interest rates and volatility of markets (volatility often enhances opportunities). The widely accepted universe of investment strategies utilized by absolute return managers includes event-driven (e.g., merger arbitrage, distressed securities, special situations), relative value (e.g., convertible arbitrage, fixed-income arbitrage, market neutral equity), and directional/opportunistic/tactical (e.g., long/short equity, global macro, and managed futures) "styles" that tend to have low correlations to traditional, long-only equity and fixed-income strategies.

Unlike long-only managers whose returns are substantially explained by capital market movements, absolute return managers achieve returns substantially independent of normal market cycles. With their highly discretionary use of risk capital, they seek to generate profits regardless of conditions in the equity or fixed-income markets. To control risk or enhance return, they will often use short-selling, derivatives, leverage, and, in certain cases, illiquid securities. While these strategies often seek to mitigate the impact of general market's directional movements, returns are still heavily influenced by market-related activity, such as trading volume, market volatility, mergers & acquisitions, bankruptcy, IPOs and other corporate issuance. Notwithstanding the effectiveness of a particular investment strategy, returns are dependent upon exceptional manager skill.

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Absolute return managers typically utilize a limited partnership structure or other investment vehicles to limit investor liability and to accommodate a generous profit sharing structure that is typical to the arena. Hedge fund managers frequently receive performance-based fees typically 20% (or more) of net profits, plus 1% (or more) in management fees. Fund of hedge fund managers also typically employ a management and incentive fee structure, but at a lower level than the underlying funds. Helping to further reduce the agency risks found in most long-only manager relationships, hedge fund managers typically invest, and are usually expected to invest, a significant portion of their personal net worth alongside their investors. In addition, to the extent funds lose capital, a high watermark provision typically defers incentive fees until the losses have been recouped. Nevertheless, incentive fees on upside performance can, at the margin, adversely motivate hedge fund managers to consider riskier opportunities, thus warranting careful ongoing review of investments in funds of such managers.

I. INVESTMENT OBJECTIVES AND IMPLEMENTATION

A. INVESTMENT OBJECTIVES

ARMB's aggregate absolute return program seeks 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. This will be delivered through investments in underlying hedge funds that, in aggregate, do not materially rely upon the direction of the equity or fixed-income markets. This program's value-added return will be primarily derived from selection of the manager and, to a lesser degree, strategy allocation. However, for purposes of risk diversification, the Investment Manager is not expected to create concentrated exposures to individual investments or investment strategies, as defined below under Program Risk Management and Implementation.

B. IMPLEMENTATION APPROACH

The due diligence process of evaluating individual hedge funds is particularly challenging and requires significant experience and knowledge of this portion of the investment management universe. As such, it poses certain challenges to a potential investor with limited resources. Therefore, to invest in this area ARMB recognizes the need to delegate this fiduciary responsibility. Accordingly, ARMB will select, with assistance from its investment consultant, an investment adviser ("Investment Manager") who is qualified to properly assemble and manage a diversified portfolio of investments. The structure utilized may be:

1. A portfolio separately managed by an Investment Manager and comprised of limited liability interests in individual limited liability entities;
2. An investment with limited liability in a "fund of one" that invests exclusively in a diversified portfolio managed by the Investment Manager and comprised of limited liability entities;
3. Investments with limited liability in one or more "funds of funds" that are structured to invest in diversified portfolios of various limited liability entities. A key distinction between this approach and approach #2 is that there would be other investors participating with ARMB.

ARMB may use one, two or all three of these approaches. The determination of the ideal approach will be influenced by the willingness of qualified Investment Managers (or potential general partners) to enter into agreements and the effects on ARMB's ability to access the best underlying investments.

When conducting a search for an Investment Manager, ARMB shall apply the following guidelines for qualifying an Investment Manager:

1. The Investment Manager of a separate absolute return portfolio shall be a bank, insurance company, or a registered investment adviser under the Investment Advisers Act of 1940.
2. In the case of a fund of funds vehicle in which other investors may participate, ARMB prefers that its investment shall not represent more than 10% of the commingled vehicle's total market value, except if the vehicle has substantially the same managers and strategic allocations as another vehicle of the Investment Manager, in which case the investment shall not exceed 10% of the total market value of the combined vehicles. ARMB also prefers that no other investor, besides those affiliated with the Investment Manager, would hold more than 10% of assets in such commingled vehicle(s).
3. The Investment Manager must represent on an initial and recurring basis that its personnel responsible for carrying out services with ARMB have not, to the best knowledge of the Investment Manager, been convicted of any crime or found liable in a civil or administrative proceeding or pleaded no contest or agreed to any consent decree with respect to any matter involving breach of trust or fiduciary duty, fraud, securities law violations, violations of disclosure provisions in bankruptcy law regulations or any act or omission involving moral turpitude.

C. PORTFOLIO PERFORMANCE OBJECTIVES

Evaluation of quarterly performance is necessary to assess the program's progress toward its long-term investment goals. It is understood that there will likely be periods during which performance deviates from long-term return objectives. During such times, greater emphasis shall be placed on performance comparisons with fund-of-fund managers that employ similar styles or strategic allocations.

The performance objectives for each individual Investment Manager are as follows:

1. To achieve a minimum of 5.0% annualized excess return over 3-month Treasury bills based upon rolling 3-year periods, net of all fees.
2. To achieve an above-median ranking in a comparable style group of hedge fund-of-funds based upon rolling 3-year periods.
3. To achieve the above return objective with an expected annual standard deviation of such returns in the 4-6% range, with a maximum of 8% based on rolling 3-year periods.
4. To achieve the above return and volatility objectives with low exposure to the equity and the bond markets, beta should not consistently exceed either 0.25 to the S&P 500 Stock Index or 0.25 to the Barclays Aggregate Bond Index based upon rolling 3-year periods unless permitted in writing by the Chief Investment Officer.

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Attaining these objectives does not guarantee continued investment by ARMB nor does failure to achieve these guidelines mandate termination of the investment.

D. PROGRAM RISK MANAGEMENT AND IMPLEMENTATION

The selection and management of assets in the absolute return portfolio will be guided to generate a high level of risk adjusted return and to maintain prudent diversification of assets and specific investments.

While specific investment guidelines for fund-of-funds vehicles are determined by the vehicle's governing legal documentation for each fund offering, ARMB shall apply the following measures of risk management and diversification for evaluating and reviewing an absolute return program based on a broadly diversified mandate involving one or more Investment Managers:

1. Institutional Quality

All underlying hedge fund investments must be of institutional investment quality. Institutional quality will be defined as being of a quality whereby the investment would be considered acceptable by other prudent institutional investors.

2. Leverage

The underlying hedge funds in ARMB's portfolio shall use leverage in a prudent manner that is consistent with leverage applied in similar hedge fund strategies and that when aggregated is consistent with fund-of-funds programs broadly diversified across both directional and non-directional strategies. ***ARMB does not permit financial leverage by the Investment Manager*** except in the case of a commingled fund where leverage is only used to facilitate the timing of purchases and redemptions.

3. Liquidity/Redemption

The underlying redemption schedules for each Investment Manager shall be such that at least 25% of the funds under management have quarterly (or more frequent) redemption, up to an additional 60% may have less frequent, but up to annual redemption, and 15% may have up to two year redemption. These redemption periods are subject to standard notice periods and holdbacks pending annual audits. Notwithstanding stated redemption schedules, ARMB recognizes that such timetables for liquidity may be suspended under certain circumstances, such as periods of unusual financial stress within markets or within underlying hedge funds. ARMB will continue to evaluate the tradeoffs of allowing for redemption periods of up to three years.

4. Strategy

To be broadly diversified by strategic allocations, ARMB's program shall contain exposures to the three broad investment categories of underlying funds: relative value, event driven, and directional/opportunistic/tactical strategies and the overall allocation to any one of these broad categories should be at least 20% of ARMB's absolute return assets. The targeted maximum exposure to any one underlying fund strategy as defined by the Credit Suisse Hedge Fund Index shall be as follows:

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Deleted: S&P Hedge Fund

Deleted: (e.g., convertible arbitrage, market neutral equity, fixed-income arbitrage, merger arbitrage, distressed securities, special situations, global macro, and managed futures) shall be 40% of ARMB's allocated assets, unless otherwise specifically exempted by the Board

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Long/Short Equity (including Market Neutral and Short Biased)	65%
Event Driven (including Distressed and Risk Arbitrage)	50%
Multi-Strategy/Other	40%
Fixed Income Arbitrage	30%
Global Macro	25%
Convertible Arbitrage	15%
Managed Futures	15%

The above targeted exposures will be based on the combined allocations to fund-of-fund portfolios and individual separate portfolios, if any. Investment Manager's need to be aware of these program level strategy guidelines, but individual portfolios are not required to meet them. Investment Manager specific strategy guidelines may be implemented in individual contracts or through written direction by the Chief Investment Officer to tailor investment manager specific guidelines to particular mandates or styles.

Deleted: Because of the highly uncorrelated nature of individual long-short equity managers to each other, the targeted maximum exposure to long-short equity managers shall be 60%.

5. Manager

To be broadly diversified by hedge fund manager, each of ARMB's absolute return portfolios shall contain exposure to a minimum of 20 individual hedge funds, with the maximum exposure to any one underlying fund, or group of affiliated funds, limited to 10% of ARMB's aggregate fund program, unless otherwise specifically exempted by ARMB staff.

6. Risk Management at the Portfolio Level

The ARMB's absolute return program shall permit the Investment Manager to hedge risk at the portfolio level (via index options, futures, CDS's, of through other means) with prior approval from the Chief Investment Officer.

Deleted: Unless otherwise specifically exempted by ARMB staff,

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E. REPORTING

1. Monthly Reporting

The Investment Manager is required to provide, or cause to be provided, at least the following information on a monthly basis.

a. Within 30 calendar days, the Investment Manager shall provide to ARMB and the Custodian a report of ARMB's account cash flows and valuations, and any other information reasonably requested. If an external administrator is used, this information should come directly from the administrator to ARMB and the Custodian.

2. Quarterly Reporting

The Investment Manager is required to provide, or cause to be provided, at least quarterly reports to ARMB that shall minimally include the following:

a. Calculation of estimated net asset value with a summary of discrepancies, if any, with ARMB's custodian bank outstanding more than 90 days. If an external administrator is used, this information should come directly from the administrator to ARMB.

b. Performance results and attribution on a strategy basis with results on a fund basis available on request.

c. Listing of strategic allocations (e.g., convertible arbitrage, market neutral equity, fixed-income arbitrage, multi-strategy relative value, distressed, merger arbitrage, multi-strategy event-driven, long-short equity, global macro, managed futures) as a percent of the Investment Manager's total fund assets as of quarter end.

d. Disclosure of any positions of financial or market leverage, on a strategy basis and an aggregate basis.

e. Identification of any underlying managers with a market value greater than 2% of total fund assets or fund of fund assets. For regular reporting pseudonyms may be used in the place of sensitive fund names, but more detailed information must be available on request per Section E.5 below.

f. Notice of changes in organizational structure, ownership, key personnel, and investment strategy of the firm. Material changes shall be reported in a timely manner by at least two means of communication (e.g., phone call, email, fax, and/or letter). Generally, timely reporting means reporting PRIOR to a material change.

3. Annual Reporting

The Investment Manager is required to provide, or cause to be provided, the following information on at least an annual basis.

a. Annual filing of Form ADV with the Securities and Exchange Commission.

b. Annual financial statements for ARMB's absolute return portfolio audited by an accounting firm acceptable to ARMB.

c. Ongoing annual report of compliance with the Investment Management Agreement representations with particular attention to the subsection regarding the ethical/legal conduct of personnel.

4. Meetings with ARMB

The Investment Manager is required to meet with ARMB and staff in Alaska as reasonably requested and at least annually. These meetings will provide the Investment Manager with the opportunity to discuss how its investment strategy has evolved since previous meetings. The written and oral presentations at these meetings should, at minimum, include the following:

a. *Performance for Past Period*: Standard time periods for each report should include at least: Last Quarter, Year to Date, Latest 12 Months, 3 Years and Since Inception. Returns should be annualized for periods over one year and calculated on a time-weighted basis for the total portfolio. All returns should be net of all management and incentive fees.

b. *Rationale for Performance Results*: Discussion of the rationale for performance results, relating specifically to strategic and manager allocations during the current review period.

c. *Specific Near-Term Strategy*: Discussion of the Investment Manager's strategy for the portfolio over the near-term period.

d. *Changes in the Investment Manager's Firm*: Discussion of any changes in the Investment Manager's firm including, but not limited to, organizational structure, ownership, key personnel, investment strategy and philosophy.

e. *Changes in the Fund's Requirements*: Discussion of any changes in the Investment Manager's fund objectives or guidelines, particularly in relation to ARMB's above stated objectives and guidelines.

5. Transparency

To meet fiduciary obligations ARMB may, at times, require 100% transparency with respect to underlying hedge fund investments. This transparency shall include at minimum information with respect to all underlying hedge fund names, hedge fund strategies, background information on hedge fund principals, and historical performance information. All information supplied shall be subject to the confidentiality provisions described in Section III and the legal agreements with the Investment Manager.

6. Other Information

The Investment Manager will also provide any other reasonable information requested by the Staff, or ARMB's Custodian Bank, or other agent of ARMB.

F. CONFLICTS OF INTEREST

1. Investment Manager Affiliated/Proprietary Products

In absolute return investing, there may be situations wherein the Investment Manager may recommend its proprietary investment product(s) or may have a financial interest in investment products recommended for investment. If considering placing ARMB in such product(s), an analysis of why competing products are not suitable must be presented for the Staff's review, and any investment must be approved by Staff.

2. Allocation of Investments/Redemptions Among Accounts

There may be instances where the Investment Manager will either need to allocate an investment opportunity or to redeem an investment opportunity from a number of clients or competing products (i.e., fund-of-funds). The Investment Manager must have suitable protective covenants or processes for resolving conflicts in allocation and redemption among accounts.

3. Personal Investments

The Investment Manager will provide ARMB with its policies for personal investments by employees and notify Staff of any changes. The Investment Manager's employees are permitted to invest personally or otherwise have beneficial interest in investments held on

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behalf of clients such as ARMB only after the Investment Manager makes sure that ARMB's portfolio has an opportunity to secure a full and appropriate allocation. Similarly, the Investment Manager's employees are permitted to sell an interest in investments that are also held by ARMB only after the Investment Manager makes sure that ARMB's portfolio has an opportunity to first and fully liquidate the holding. This section shall not apply to employee investments in the Investment Manager's commingled funds.

G. TAX CONSEQUENCES

The Investment Manager will endeavor (with best efforts attempts) to preclude federal and other taxation of ARMB (or its subsidiary entities as the case may be) including at the investment entity level, and to minimize UBIT incidence by ARMB. This may include investing in entities that do not intend to generate UBIT and when possible employing vehicles structured to shield the System from UBIT. It is required that any investments structured to avoid taxation be designed such that secondary sales or replacement of the Investment Manager are not impeded.

H. LINES OF RESPONSIBILITY

Well-defined lines of responsibility and accountability will be required of all participants in ARMB's absolute return investment program. Participants are identified as:

1. ***Board of Trustees*** - The fiduciaries elected by the Public Employees and Teachers Retirement Systems and appointed by the Governor to represent the beneficiaries' interest.
2. ***Staff*** - Investment professionals on the staff of the Department of Revenue and assigned ARMB responsibilities who will assist in the absolute return investment program's design, policy implementation and administration.
3. ***Investment Manager(s)*** - Qualified fiduciaries that provide institutional absolute return investment management services and maintain a discretionary relationship with ARMB in implementing the absolute return program. In separate account relationships the Investment Manager must be a bank, insurance company, or a Registered Investment Advisor under the Investment Company Act of 1940, registered with the Security and Exchange Commission.
4. ***Consultant*** - Professionals retained to support ARMB through the provision of expert absolute return and alternative investment program knowledge and technical support.

The responsibilities, with respect to the absolute return portfolio, of the parties cited above are outlined in Section II.A.1-4.

II. PROCEDURES FOR INVESTMENT

A. GENERAL ALLOCATION OF RESPONSIBILITIES

The absolute return program shall be implemented and monitored through the coordinated efforts of the Board of Trustees for the Alaska Retirement Management Board (the "Board"); ARMB's Staff (the "Staff"); the qualified Investment Manager(s) (the "Manager") and the Consultant

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("Consultant"). Delegation of responsibilities for each participant is described in the following sections.

1. Board of Trustees

Board of Trustees shall approve the investment policies and objectives which the Trustees judge to be appropriate and prudent to implement its strategic plan for the investment of ARMB's assets; review the performance criteria and policy guidelines for the measurement and evaluation of the investment managers of ARMB's assets; review the Consultant and Staff's recommendations to retain a qualified investment manager(s) and set discretionary investment limits; supervise the investment of ARMB's assets to ensure that ARMB's investments remain in accordance with the Board's strategic planning and the ARMB's Objectives and Policies and the *Absolute Return Policies and Procedures* documents. The Board shall select and make ongoing retention decisions regarding all service providers including the investment manager.

The Board of Trustees will guide the execution of the program by review and approval of long term target ranges for absolute return strategies prepared by Staff, which will be updated and revised periodically as appropriate. The Board will monitor the program's progress and results through a performance measurement report prepared quarterly by the Consultant and reviewed by Staff, and as appropriate shall consult with the Investment Advisory Council.

2. Staff

The Staff will develop draft investment objectives and policy language for Board consideration. The Staff will guide the execution of the program by developing long-term target ranges for absolute return strategies, which will be updated and revised periodically as appropriate. The Staff will also review the Manager's quarterly portfolio reports and review the Manager's and the portfolio's performance in relation to assigned responsibilities.

The Staff will coordinate program compliance among all participants and communicate the investment policies, objectives and performance criteria to the Investment Manager(s). The Staff will coordinate the receipt and distribution of capital.

Staff and Consultant will identify qualified Investment Manager(s) for implementation of absolute return investment program, and will advise the Board of Trustees of any material changes in the manager organization(s).

3. Investment Manager(s)

The Investment Manager(s) shall acquire and manage, on a discretionary basis, absolute return investments on behalf of ARMB and in accordance with the Investment Objectives as described in Section I of ARMB's *Absolute Return Policy and Procedures* document and the Investment Policies as described in Section II.

The asset allocation executed by the Manager will be dictated by the target strategy ranges established in the *Absolute Return Policies and Procedures*.

4. Consultant

As approved by the Board, the Consultant shall advise on program development, conduct Investment Manager searches when requested; and provide independent, third party advice and information. The Consultant will also be available to be retained to conduct special project work when requested by ARMB.

B. INVESTMENT PROCEDURE

Absolute return investments in compliance with ARMB's Policies Procedures shall be acquired through the following process:

Eligible Investments and Target Ranges: The Investment Manager shall construct an absolute return portfolio designed to meet ARMB's criteria as discussed in the document with particular focus on the expected return and volatility parameters and the risk management guidelines in Section I.

Specific Investments: The Investment Manager will identify underlying hedge funds that are in compliance with ARMB investment guidelines. The Investment Manager will be responsible for all aspects of evaluation and closing.

C. SPECIFIC MANAGER RESPONSIBILITIES

1. Funding Procedures

The Investment Manager shall provide ARMB, on a best efforts basis, with five (5) days notice of capital additions. ARMB shall also be provided with documented wiring instructions in advance.

2. Investment Management

Investment Managers are directly accountable for the following investment management responsibilities. This section designates certain investment responsibilities that the Investment Manager will perform or cause to be performed.

a. The Investment Manager will be responsible for evaluating investment opportunities and selecting, on a discretionary basis with fiduciary responsibility, absolute return investments to be made on behalf of ARMB. The screening and selection will be made with a view to maximize ARMB's risk adjusted rate of return, within the parameters and allocations of each absolute return strategy as set by the Board of Trustees in the Policies and Procedures.

b. Conduct full and proper due diligence while fully documenting the process. Due diligence will be conducted to a standard of completeness attributable to a prudent expert. The Investment Manager will make available for review by ARMB, or its agents, the Investment Manager policies, procedures, and standards for conducting due diligence, and the due diligence documentation performed on any investment made on ARMB's behalf. On-site visits by the Investment Manager at the underlying hedge fund

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manager's main office will be a mandatory part of investment due diligence.

c. With respect to limited partnerships, funds or other entities in which the Investment Manager invests, the Investment Manager shall require that each general partner, manager, or principal of such entity, as the case may be, provide written representation that each investment professional has not been convicted of any crime or found liable in a civil or administrative proceeding or pleaded no contest or agreed to any consent decree with respect to any matter involving breach of trust or fiduciary duty, fraud, securities law violations, violations of disclosure provisions in bankruptcy law regulations or any act or omission involving moral turpitude **OR** shall prior to entry into such investments inform ARMB that obtaining such representations is not possible or unnecessary under the circumstances presented.

d. Negotiate investment terms and conditions, partnership agreements and other closing documents on ARMB's behalf, with a view to maximize returns, minimize expenses, safeguard ARMB's assets, secure investor rights, and make investments on ARMB's behalf.

3. Ongoing Operations

The Investment Manager shall manage or cause to be managed by an external administrator acceptable to ARMB, each investment made such as to enhance ARMB's value in the investment. The Investment Manager shall be responsible for conducting or supervising the following services with respect to each investment:

a. Monitoring and Voting -- Maintaining close communication with the underlying hedge fund managers, maintaining an awareness of and documenting the progress and level of performance of each investment. As appropriate, this will include attendance at annual meetings and sitting on advisory boards. It will also involve voting on ARMB's behalf as the need arises.

b. Adding Value -- The Investment Manager shall take all necessary or appropriate steps consistent with applicable capital and operating budgets to assure ARMB's investment is managed to or above its anticipated performance level.

c. Disbursement, Receipt and Cash Management -- Develop procedures for funding commitments on a timely basis and coordinating the receipt of cash distribution from the investments, including a policy for the orderly liquidation of any in-kind distributions received.

d. Books and Records -- The Investment Manager and/or an external administrator shall maintain books of account with correct entries of all receipts and expenditures incident to the management of the investment. These books, together with all records, correspondence, files and other documents, shall at all times be open to the inspection of ARMB. The Investment Manager shall maintain complete and accurate records of all transactions related to the managed investment, including receipts and all correspondence relating thereto on such forms as ARMB's auditors may reasonably require and make such records available for inspection and copying by ARMB at all

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reasonable times. The Investment Manager shall bear the costs associated with the retention of such records and if ARMB shall request copies of such records, the Investment Manager shall bear the cost of duplicating and sending such records to ARMB.

e. On-Going Review -- The Investment Manager shall keep itself informed of the overall market conditions relative to the managed investments and the managed investments' competitive position in the applicable investment strategies. The Investment Manager will also be responsible for ensuring compliance with hedge fund agreements, attending to amendments, resolutions, voting proxies, and other investment related matters. All such activities will be undertaken with a view toward maximizing value to ARMB.

f. Disposition Review -- The Investment Manager shall review the managed investments with respect to continued timely return of capital, income and gains. The Investment Manager will be responsible for managing to cash any in-kind distributions received from the investments.

g. Notice -- The Investment Manager shall notify the Staff as soon as practicable in writing of any investigation, examination or other proceeding involving the investments or investment sponsors commenced by any regulatory agency or of any action, suit or proceeding commenced against or by the Investment Manager or an investment sponsor.

4. Portfolio Accounting and Financial Control

The Investment Manager shall be responsible for accounting, reporting and financial control and administration systems that shall at least meet the following objectives:

a. Financial/Accounting Control -- The Investment Manager and/or an external administrator or custodian will provide control systems to protect assets, detect errors and insure the reliability of information generated by the accounting system.

b. Investments' Financial Statements -- On at least a quarterly basis, unless specifically exempted by Staff, the Investment Manager will require from underlying hedge funds unaudited financial statements or capital balance statements, and annually, audited financial statements.

D. SPECIFIC CONSULTANT RESPONSIBILITIES

The Consultant will provide consultation on the initial development and ongoing review and recommendation of revisions to ARMB's Policies and Objectives as well as *Absolute Return Policies and Procedures*, and assist with Investment Manager searches when requested by ARMB. The Consultant will provide ongoing quarterly Investment Manager performance evaluation, independent third party advice and information, and will also be available to be retained to perform special projects as requested by the Board.

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III. CONFIDENTIALITY

Pursuant to 15 AAC 112.770, ARMB shall withhold from other persons all information furnished to it by Investment Manager(s) or Consultant(s) which is reasonably designated by Investment Manager(s) or Consultant(s) as being confidential or proprietary, within the meaning of Alaska Statutes regarding rights to public information, except to the extent that the information is needed by ARMB in order to adequately report on the status and performance of the portfolio, or to comply with a court subpoena or with an official criminal investigation.

Those portions of reports provided pursuant to Section I.E of this document shall be considered confidential pursuant to 15 AAC 112.770 to the extent that information is reasonably designated by Investment Manager(s) as being confidential or proprietary, or to the extent the disclosure of which would unfairly prejudice the ability of Investment Manager(s) or ARMB to invest in the absolute return investment space.

IV. REVISIONS

This document will be reviewed no less than annually and revised as appropriate.

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ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY 13 PERS Employer Contribution Rate Tier I - III

ACTION: X

DATE: June 17, 2011

INFORMATION:

BACKGROUND:

AS 39.35.270 requires that the amount of each Public Employees' Retirement System (PERS) employer's contribution to the system shall be determined by applying the employer's contribution rate, as certified by the Alaska Retirement Management Board (Board), to the total compensation paid to the active employee. Statutory employer contribution and additional state contribution are established under the following two sections of Alaska Statute:

Sec. 39.35.255. Contributions by employers. (a) Each employer shall contribute to the system every payroll period an amount calculated by applying a rate of 22 percent of the greater of the total of all base salaries

(1) paid by the employer to employees who are active members of the system, including any adjustments to contributions required by AS 39.35.520; or

(2) paid by the employer to employees who were active members of the system during the corresponding payroll period for the fiscal year ending June 30, 2007."

and:

Sec. 39.35.280. Additional state contributions. In addition to the contributions that the state is required to make under AS 39.35.255 as an employer, the state shall contribute to the plan each July 1 or, if funds are not available on July 1, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contributions that the administrator estimates will be allocated under AS 39.35.255(c), is sufficient to pay the plan's past service liability at the contribution rate adopted by the board under AS 37.10.220 for that fiscal year.

STATUS:

The Division of Retirement & Benefits' actuary, Buck Consultants, has completed the actuarial valuation of the PERS as of June 30, 2010. The valuation has been reviewed by the Board's actuary, Gabriel, Roeder, Smith & Co. (GRS).

According to the PERS June 30, 2010 actuarial valuation report, and confirmed by GRS, the Fiscal Year 2013 employer contribution rate was calculated at 32.83 percent. However, during the June 2010 Board meeting, Buck Consultants presented to the Board an alternative method of calculating the employer rate incorporating the normal cost of the Defined Contribution Retirement plan. At the November 2010 Board Trustee Study Group, the group decided to recommend the Board adopt the alternative calculation to make clear the state additional contribution needed to pay the unfunded liability. At the April 2011 Board meeting Buck presented the additional contribution rate needed as 3.01 percent, see attached slide. Therefore the contribution rate attributable to employers is calculated at 35.84 percent.

RECOMMENDATION:

That the Alaska Retirement Management Board set Fiscal Year 2013 PERS actuarially determined contribution rates attributable to employers consistent with its fiduciary duty, as set out in the attached form of Resolution 2011-09.

Development of Additional State Contribution for FY13

	PERS		TRS	
	Rate	Amount (in millions)	Rate	Amount (in millions)
Expected Payroll for FY13				
– DB		$ 1,453.3		$ 531.2
– DCR		767.1		223.7
– Total		$ 2,220.4		$ 754.9
Employer State Actuarial Contributions				
– Actuarial Contribution for DB Plan	32.83%	$ 729.0	49.56%	$ 374.1
– DCR Contribution	3.01%	$ 66.7	3.11%	$ 23.5
– Total Required Contribution	35.84%	$ 795.7	52.67%	$ 397.6
– Total Limited Employer Contribution	(22.00%)	(488.4)	(12.56%)	(94.8)
– Additional State Contribution for FY13	13.84%	$ 307.3	40.11%	$ 302.8

Total State Assistance = $610.1 million

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2013 Employer Contribution Rate
For the Public Employees' Retirement System

Resolution 2011-09

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability; and

WHEREAS, AS 39.35.255 establishes a statutory employer contribution rate of 22.00 percent and AS 39.35.280 requires additional state contribution to make up the difference between 22.00 percent and the actuarially determined contribution rate;

WHEREAS, the June 30, 2010 PERS actuarial valuation report determines that the actuarially determined contribution rate for pension benefits is 15.45 percent composed of the normal cost rate of 2.55 percent and past service rate of 12.90 percent;

WHEREAS, the June 30, 2010 PERS actuarial valuation report determines that the actuarially determined contribution rate for postemployment healthcare benefits is 17.38 percent composed of the normal cost rate of 6.12 percent and past service rate of 11.26 percent;

WHEREAS, in April 2011 Buck Consultants presented the employer rate incorporating the normal cost of the Defined Contribution Retirement Plan of 3.01 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2013 actuarially determined contribution rate attributable to employers participating in the Public Employees' Retirement System is set at 35.84 percent, composed of the contribution rate for defined benefit pension of 15.45 percent, the contribution rate for postemployment healthcare of 17.38 percent, and the contribution rate for defined contribution pension of 3.01 percent.

DATED at Anchorage, Alaska this _____ day of June, 2011.

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Chair

ATTEST:

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Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	FY 2013 PERS Retiree Major Medical Insurance and Occupational Death & Disability Benefit Rates	ACTION:	X
DATE:	June 17, 2011	INFORMATION:	

BACKGROUND:

The Alaska Retirement Management Board (Board) establishes rates for the Public Employees' Retirement System (PERS) Tier IV Defined Contribution Retirement Plan (DCR) for the following plans: 1) Retiree Major Medical Insurance (RMMI) and 2) Occupational Death & Disability (OD&D) under the following two sections in Alaska Statute:

Retiree Major Medical Insurance
AS 39.35.750 (b) requires that "An employer shall also contribute an amount equal to a percentage, as adopted by the board, of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance."

and:

Occupational Death & Disability
AS 39.35.750 (e) requires that "An employer shall make annual contributions to the plan in an amount determined by the board to be actuarially required to fully fund the cost of providing occupational disability and occupational death benefits under AS 39.35.890 and 39.35.892. The contribution required under this subsection for peace officers and fire fighters and the contribution required under this subsection for other employees shall be separately calculated based on the actuarially calculated costs for each group of employees."

STATUS:

The Division of Retirement & Benefits' actuary, Buck Consultants, has completed the actuarial valuation of the PERS DCR Plan as of June 30, 2010. The valuation has been reviewed by the Board's actuary, Gabriel, Roeder, Smith & Co. (GRS).

According to the PERS DCR Plan actuarial valuation report, and confirmed by GRS, the Fiscal Year 2013 actuarially determined contribution rate attributable to employers for the Retiree Major Medical Insurance (RMMI) should be 0.48 percent; for the peace officer/firefighter

Occupational Death & Disability (OD&D) Benefit should be 0.99 percent; and for “all other” OD&D Benefit should be 0.14 percent.

RECOMMENDATION:

That the Alaska Retirement Management Board set Fiscal Year 2013 Retiree Major Medical Insurance and Occupational Death & Disability Benefit rates as set out in the following resolutions:

1) Resolution 2011-10: Public Employees’ Defined Contribution Retirement Plans Retiree Major Medical Insurance Rate
2) Resolution 2011-11: Public Employees’ Defined Contribution Retirement Plan Occupational Death & Disability Benefit Rates

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2013 Employer Contribution Rate
For Public Employees' Defined Contribution Retirement Plan
Retiree Major Medical Insurance

Resolution 2011-10

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220 requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios; and

WHEREAS, AS 39.35.750(b) requires the Board to approve an amount equal to a percentage of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance;

WHEREAS, the June 30, 2010 PERS Defined Contribution actuarial valuation report determines that the actuarially determined contribution rate for retiree major medical insurance is 0.48 percent composed of the normal cost rate of 0.50 percent and past service rate of -0.02 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, the Fiscal Year 2013 employer contribution rate for the retiree major medical insurance for the public employees' defined contribution plan is set at 0.48 percent.

DATED at Anchorage, Alaska this _____ day of June, 2011.

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Chair

ATTEST:

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Secretary

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2013 Employer Contribution Rate
For Public Employees' Defined Contribution Retirement Plan
Occupational Death & Disability Benefit Rates

Resolution 2011-11

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220 requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios; and

WHEREAS, AS 39.35.750(e) requires the Board to determine an actuarially sound amount required to fully fund the cost of providing occupational disability and occupational death benefits under AS 39.35.890 and 39.35.892, and that such contribution for peace officers and fire fighters, and the contribution for other employees shall be calculated separately;

WHEREAS, the June 30, 2010 PERS Defined Contribution actuarial valuation report determines that the actuarially determined contribution rate for peace officer / firefighter occupational death & disability is 0.99 percent composed of the normal cost rate of 1.08 percent and past service rate of -0.09 percent and the "all other" is 0.14 percent composed of the normal cost rate of 0.19 percent and past service rate is -0.05 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, the Fiscal Year 2013 employer contribution rate for public employees' occupational death and disability benefit rate is set at 0.99 percent for peace officers and fire fighters, and at 0.14 percent for all other Public Employees' Retirement System employees.

DATED at Anchorage, Alaska this _____ day of June, 2011.

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Chair

ATTEST:

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Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY 13 TRS Employer Contribution Rate
Tier I - II

DATE: June 17, 2011

ACTION: X

INFORMATION: ____

BACKGROUND:

AS 14.25.070 requires that the amount of each Teachers' Retirement System (TRS) employer's contribution to the system shall be determined by applying the employer's contribution rate, as certified by the Alaska Retirement Management Board (ARMB), to the total compensation paid to the active employee. Statutory employer contribution and additional state contribution are established under the following two sections of Alaska Statute:

Sec. 14.25.070. Contributions by employers. (a) Each employer shall contribute to the system every payroll period an amount calculated by applying a rate of 12.56 percent to the total of all base salaries paid by the employer to active members of the system, including any adjustments to contributions required by AS 14.25.173(a).

and:

Sec. 14.25.085. Additional state contributions. In addition to the contributions that the state is required to make under AS 14.25.070 as an employer, the state shall contribute to the plan each July 1 or, if funds are not available on July 1, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contributions that the administrator estimates will be allocated under AS 14.25.070(c), is sufficient to pay the plan's past service liability at the contribution rate adopted by the board under AS 37.10.220 for that fiscal year.

STATUS:

The Division of Retirement & Benefits' actuary, Buck Consultants, has completed the actuarial valuation of the TRS as of June 30, 2010. The valuation has been reviewed by the Board's actuary, Gabriel, Roeder, Smith & Co. (GRS).

According to the TRS June 30, 2010 actuarial valuation report, and confirmed by GRS, the Fiscal Year 2013 employer contribution rate was calculated at 49.56 percent. However, during the June 2010 Board meeting, Buck Consultants presented to the Board an alternative method of calculating the employer rate incorporating the normal cost of the Defined Contribution Retirement plan. At the November 2010 Board Trustee Study Group, the group decided to recommend the Board adopt the alternative calculation to make clear the state additional contribution needed to pay the unfunded liability. At the April 2011 Board meeting Buck presented the additional contribution rate needed as 3.11 percent, see attached slide. Therefore the contribution rate attributable to employers is calculated at 52.67 percent.

RECOMMENDATION:

That the Alaska Retirement Management Board set Fiscal Year 2013 TRS actuarially determined contribution rates attributable to employers consistent with its fiduciary duty, as set out in the attached form of Resolution 2011-12.

Development of Additional State Contribution for FY13

	PERS		TRS	
	Rate	Amount (in millions)	Rate	Amount (in millions)
Expected Payroll for FY13				
– DB		$ 1,453.3		$ 531.2
– DCR		767.1		223.7
– Total		$ 2,220.4		$ 754.9
Employer State Actuarial Contributions				
– Actuarial Contribution for DB Plan	32.83%	$ 729.0	49.56%	$ 374.1
– DCR Contribution	3.01%	$ 66.7	3.11%	$ 23.5
– Total Required Contribution	35.84%	$ 795.7	52.67%	$ 397.6
– Total Limited Employer Contribution	(22.00%)	(488.4)	(12.56%)	(94.8)
– Additional State Contribution for FY13	13.84%	$ 307.3	40.11%	$ 302.8

Total State Assistance = $610.1 million

buckconsultants

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2013 Employer Contribution Rate
For the Teachers' Retirement System

Resolution 2011-12

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability; and

WHEREAS, AS 14.25.070 establishes a statutory employer contribution rate of 12.56 percent and AS 14.25.085 requires additional state contribution to make up the difference between 12.56 percent and the actuarially determined contribution rate;

WHEREAS, the June 30, 2010 TRS actuarial valuation report determines that the actuarially determined contribution rate for pension benefits is 30.53 percent composed of the normal cost rate of 3.15 percent and past service rate of 27.38 percent;

WHEREAS, the June 30, 2010 TRS actuarial valuation report determines that the actuarially determined contribution rate for postemployment healthcare benefits is 19.03 percent composed of the normal cost rate of 4.32 percent and past service rate of 14.71 percent;

WHEREAS, in April 2011 Buck Consultants presented the employer rate incorporating the normal cost of the Defined Contribution Retirement Plan of 3.11 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2013 actuarially determined contribution rate attributable for employers participating in the Teachers' Retirement System is set at 52.67 percent, composed of the contribution rate for defined benefit pension of 30.53 percent, the contribution rate for postemployment healthcare of 19.03 percent, and the contribution rate for defined contribution pension of 3.11 percent.

DATED at Anchorage, Alaska this _____ day of June, 2011.

____
Chair

ATTEST:

____
Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	FY 2013 TRS Retiree Major Medical Insurance and Occupational Death & Disability Benefit Rates	ACTION:	X
DATE:	June 17, 2011	INFORMATION:	

BACKGROUND:

The Alaska Retirement Management Board (Board) establishes rates for the Teachers' Retirement System (TRS) Tier III Defined Contribution Retirement Plans for the following plans: 1) Retiree Major Medical Insurance (RMMI) and 2) Occupational Death & Disability (OD&D) under the following two sections in Alaska Statute:

Retiree Major Medical Insurance
AS 14.25.350 (b) requires that "An employer shall also contribute an amount equal to a percentage, as approved by the board, of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance."

and:

Occupational Death & Disability
AS 14.25.350 (e) requires that "An employer shall make annual contributions to a trust account in the plan, applied as a percentage of each member's compensation from July 1 to the following June 30, in an amount determined by the board to be actuarially required to fully fund the cost of providing occupational disability and occupational death benefits under AS 14.25.310 - 14.25.590. The contribution required under this subsection for peace officers and fire fighters and the contribution required under this subsection for other employees shall be separately calculated based on the actuarially calculated costs for each group of employees."

STATUS:

The Division of Retirement & Benefits' actuary, Buck Consultants, has completed the actuarial valuation of the TRS DCR Plan as of June 30, 2010. The valuation has been reviewed by the Board's actuary, Gabriel, Roeder, Smith & Co. (GRS).

According to the TRS DCR Plan actuarial valuation report, and confirmed by GRS, the Fiscal Year 2013 actuarially determined contribution rate attributable to employers for the Retiree

Major Medical Insurance (RMMI) should be 0.49 percent and for the Occupational Death & Disability (OD&D) Benefit should be 0.00 percent.

RECOMMENDATION:
That the Alaska Retirement Management Board set Fiscal Year 2013 TRS Retiree Major Medical Insurance and Occupational Death & Disability Benefit rates as set out in the following resolutions:

1) Resolution 2011-13: Teachers' Defined Contribution Retirement Plans Retiree Major Medical Insurance Rate
2) Resolution 2011-14: Teachers' Defined Contribution Retirement Plan Occupational Death & Disability Benefit Rate

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2013 Employer Contribution Rate
For Teachers' Defined Contribution Retirement Plan
Retiree Major Medical Insurance

Resolution 2011-13

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220 requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios; and

WHEREAS, AS 14.25.350(b) requires the Board to approve an amount equal to a percentage of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance;

WHEREAS, the June 30, 2010 TRS Defined Contribution actuarial valuation report determines that the actuarially determined contribution rate for retiree major medical insurance is 0.49 percent composed of the normal cost rate of 0.57 percent and past service rate of -0.08 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, the Fiscal Year 2013 employer contribution rate for the retiree major medical insurance for the teachers' defined contribution plan is set at 0.49 percent.

DATED at Anchorage, Alaska this _____ day of June, 2011.

____
Chair

ATTEST:

____
Secretary

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2013 Employer Contribution Rate
For Teachers' Defined Contribution Retirement Plan
Occupational Death & Disability Benefit Rate

Resolution 2011-14

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220 requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios; and

WHEREAS, AS 14.25.350 (e) requires the Board to determine an actuarially sound amount required to fully fund the cost of providing occupational disability and occupational death benefits under AS 14.25.310 – 14.25.590;

WHEREAS, the June 30, 2010 TRS Defined Contribution actuarial valuation report determines that the actuarially determined contribution rate for occupational death & disability is 0.00 percent composed of the normal cost rate of 0.04 percent and past service rate of -0.04 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, the Fiscal Year 2013 employer contribution rate for teachers' occupational death and disability benefit rate is set at 0.00 percent for all Teachers' Defined Contribution Retirement Plan employees.

DATED at Anchorage, Alaska this _____ day of June, 2011.

____
Chair

ATTEST:

____
Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Lexington Capital Partners VII ACTION: X

DATE: June 17, 2011 INFORMATION:

BACKGROUND:

The Alaska Retirement Management Board (ARMB) has delegated authority to the CIO to make investments in private equity limited partnerships subject to due diligence and the concurrence of Callan Associates. In December of 2009, the ARMB, through the CIO, made a $50 million commitment to Lexington Capital Partners VII, L.P.

Lexington Partners is the largest independent manager of secondary private equity partnerships with $18 billion of secondary capital invested in over 1,100 private equity funds. Lexington has an experienced team of 70 professionals located in major private equity centers around the world. Since 1994, the firm has demonstrated expertise in sourcing, underwriting, and acquiring diverse portfolios of secondary private equity interests. Through December 31, 2010, Lexington has achieved overall returns of 24.7% and a multiple of invested capital of 1.7x. Lexington's lowest performing fund generated a 10.9% return and a 1.4x multiple of capital.

STATUS:

Through the first 18 months of the fund's life, Lexington has invested $2 billion in 16 secondary purchases. The discount to estimated current market value is 28% and the fund has an early multiple of invested capital of 1.4x and an early IRR in excess of 100%. Due to increased financial regulation and general liquidity needs, Lexington has a significant transaction pipeline and expects a continued flow of limited-competition opportunities from repeat sellers. ARMB staff is comfortable with Lexington's opportunity set and the execution of their investment strategy.

Lexington Capital Partners VII is holding its final close in June of 2011 on roughly $6 billion in total capital. Lexington has interest from new and existing investors in the remaining fund capacity, but existing limited partners have priority. Secondary funds are inherently well diversified and staff recommends that the ARMB commit an additional $25 million to Lexington Capital Partners VII. This additional commitment would share in the full economics of the fund in a similar fashion to the original commitment and would bring the ARMB's total commitment to $75 million.

RECOMMENDATION:

That the Alaska Retirement Management Board approve an additional $25 million private equity commitment to Lexington Capital Partners VII, L.P.

Alaska Retirement Management Board
Proposed 2012 Meeting Calendar

February 15	Committee Meetings: Audit
February 16-17 Thursday-Friday Juneau	*Review Capital Market Assumptions *Manager Presentations *Actuarial Audit Report
April 26-27 Thursday-Friday Anchorage	*Adopt Asset Allocation *Performance Measurement – 4^{th} Quarter *Buck Consulting Actuary Report *GRS Actuary Certification *Review Private Equity Annual Plan Abbott Capital Management Pathway Capital Management *Manager Presentations
June 20	Committee Meetings: Audit
June 21-22 Thursday-Friday Anchorage	*Final Actuary Report/Adopt Valuation/Contribution Rates *Performance Measurement – 1^{st} Quarter *Manager Presentations
September 19	Committee Meetings: Audit Budget Defined Contribution Plan
September 20-21 Thursday-Friday Fairbanks	*Audit Results/Assets – KPMG *Approve Budget *Performance Measurement – 2^{nd} Quarter *Real Estate Annual Plan *Real Estate Evaluation – Townsend Group *Manager Presentations
October _____	Education Conference
December 5	Committee Meetings: Audit
December 6-7 Thursday-Friday Anchorage	Audit Report - KPMG Performance Measurement – 3^{rd} Quarter Manager Review (Questionnaire) Private Equity Review Economic Round Table *Manager Presentations

ALASKA RETIREMENT MANAGEMENT BOARD
M E M O R A N D U M

To: ARMB Trustees
From: Judy Hall
Date: June 3, 2011
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
Gary Bader	Chief Investment Officer	Deferred Compensation Plan	4/19/11
Bob Mitchell	Investment Officer	Equities	4/26/11 5/9/11